

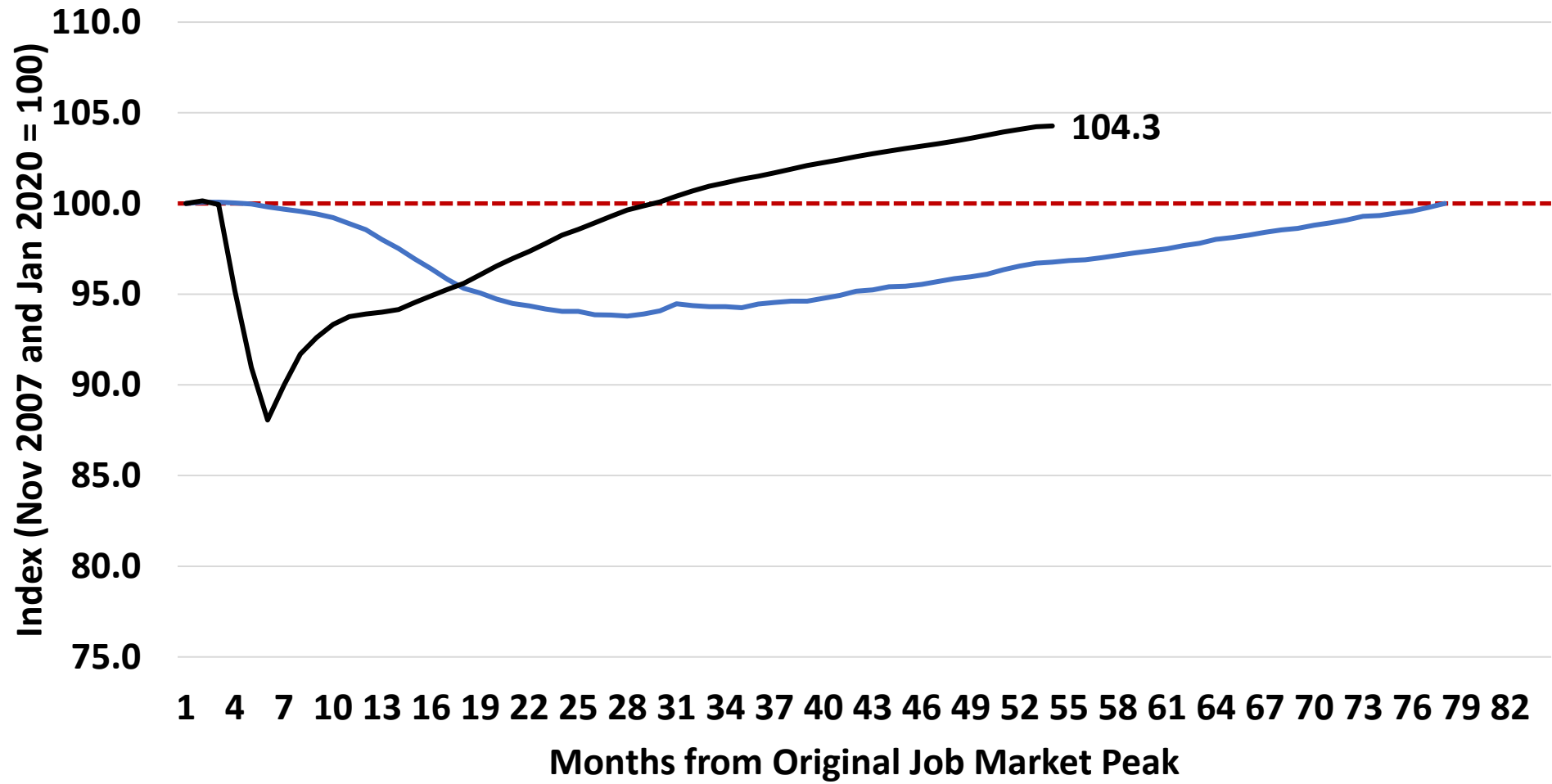


Marin Economic Briefing

MARIN ECONOMIC FORUM

JULY 22, 2024

Employment Recovery Comparison, United States, Great Recession and COVID-19 Recession, Months from Peak Employment, Index Nov 2007 and Jan 2020 = 100, to June 2024



Almost all sectors of American labor market recovered from 2020:

- Hotels not yet and permanent change likely
- Restaurants almost there

Growth is fading in construction and manufacturing

Services carrying current market

— Great Recession — COVID-19

The Fed's Favorite Price Index, 2007 to 2026 and beyond: What to do about rates?



To consider:

Rate cuts to come when Federal Reserve believes their job is “complete”

If data continue to beat year-end forecast, rate cut(s) should come in last quarter of 2024

Notes: FOMC projection is the median, range, and central tendency for Q4/Q4 percent changes, from the June 2024 meeting. Red dots indicate median projections. Core PCE Price Index excludes expenditures on gasoline and food services.

Source: Bureau of Economic Analysis & Board of Governors via Haver Analytics

Federal Reserve Philadelphia Forecast, Survey of Professional Forecasters

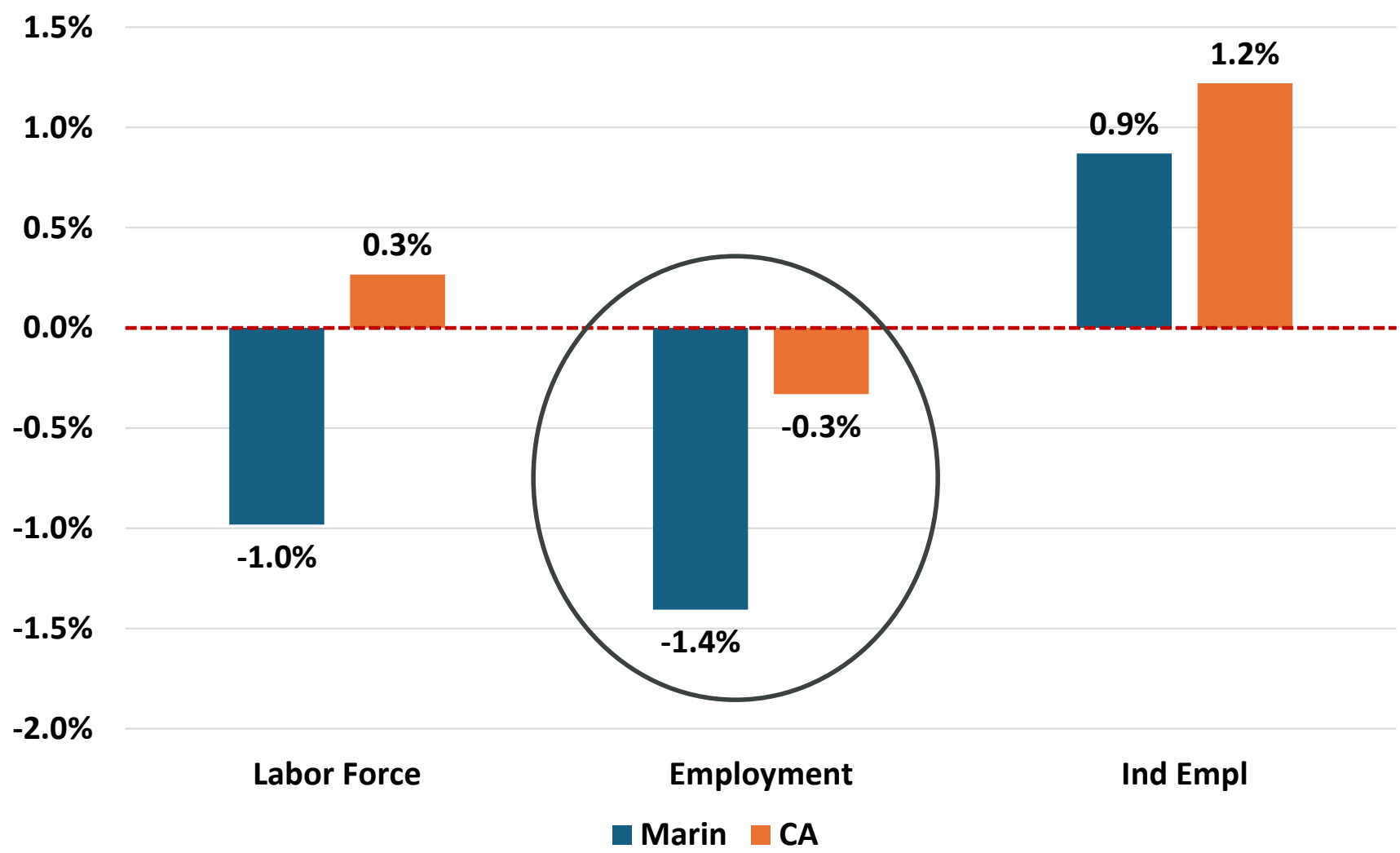


These data are from May 2024

Bottom Line: No recession in any forecasts yet, but have to expect some turbulence coming

	Real GDP (%)		Unemployment Rate (%)		Core PCE Inflation (%)	
Annual data (projections based on annual-average levels):	Previous	New	Previous	New	Previous	New
2024	2.4	2.5	3.9	3.9	2.1	2.9
2025	1.8	1.9	4.1	4.1	2.0	2.2
2026	2.2	1.9	4.1	4.1	2.0	2.1
2027	1.7	2.1	4.0	4.1	N/A	N/A

Labor Force and Employment, Marin County and California on Avg., Compared to Industry Jobs, June 2023 to June 2024, % Change



US unemployment at 4.1% after seasonal adjustments in June 2024

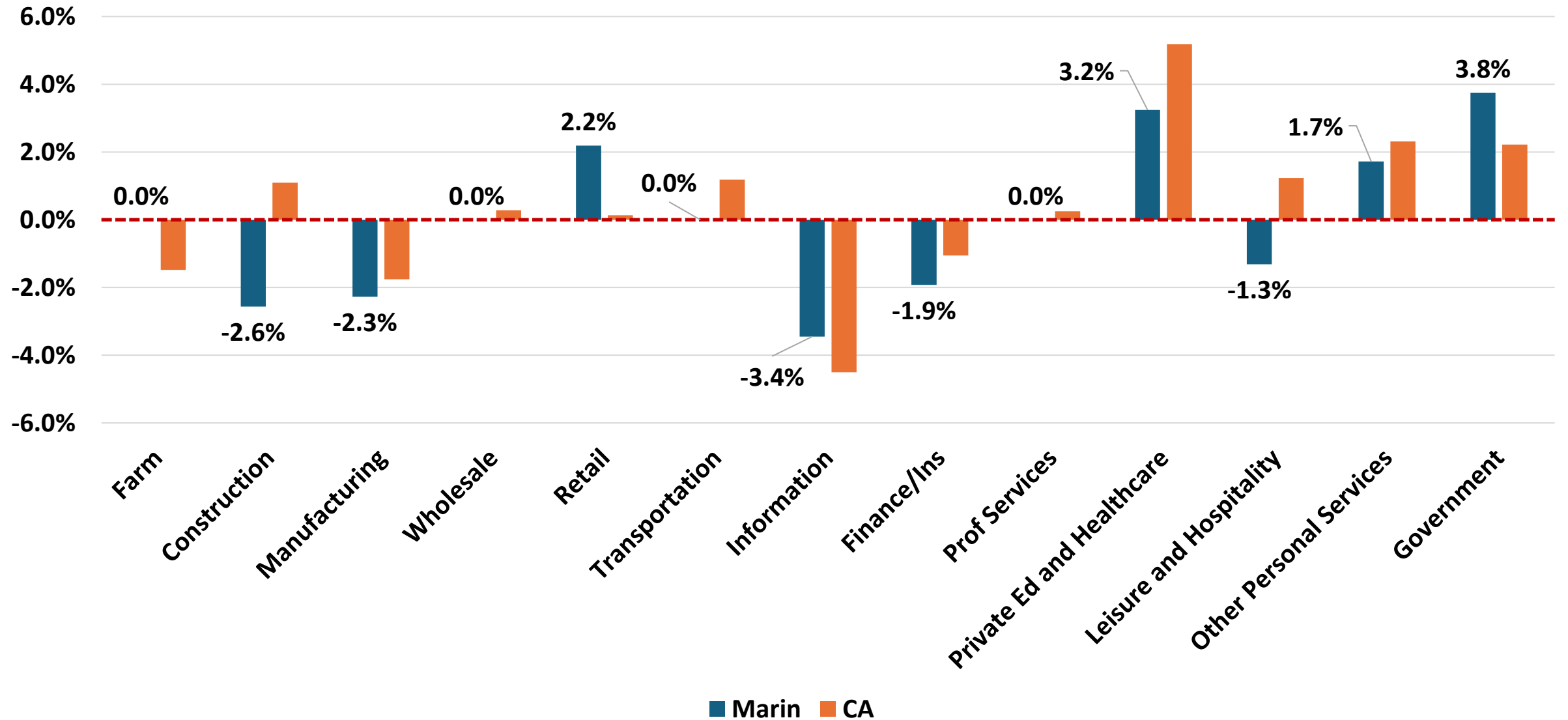
California unemployment at 5.2% after seasonal adjustments

Marin County at 3.9% U rate

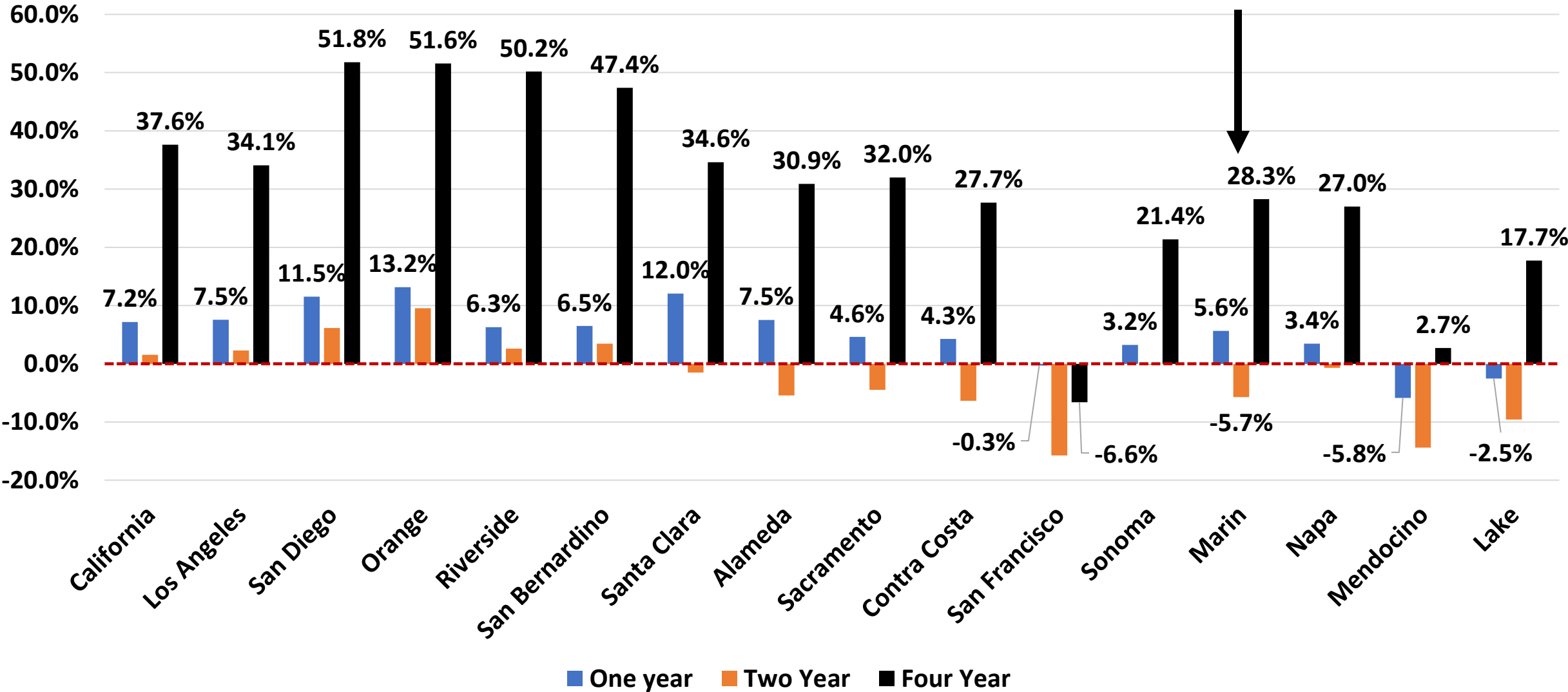
Key issues:

- 1. Employment of Californians basically flat in aggregate for almost 24 months
- 2. Like Marin County: hiring from outside

Employment at Marin County and California Industries, June 2023 to June 2024, % Change in Hiring

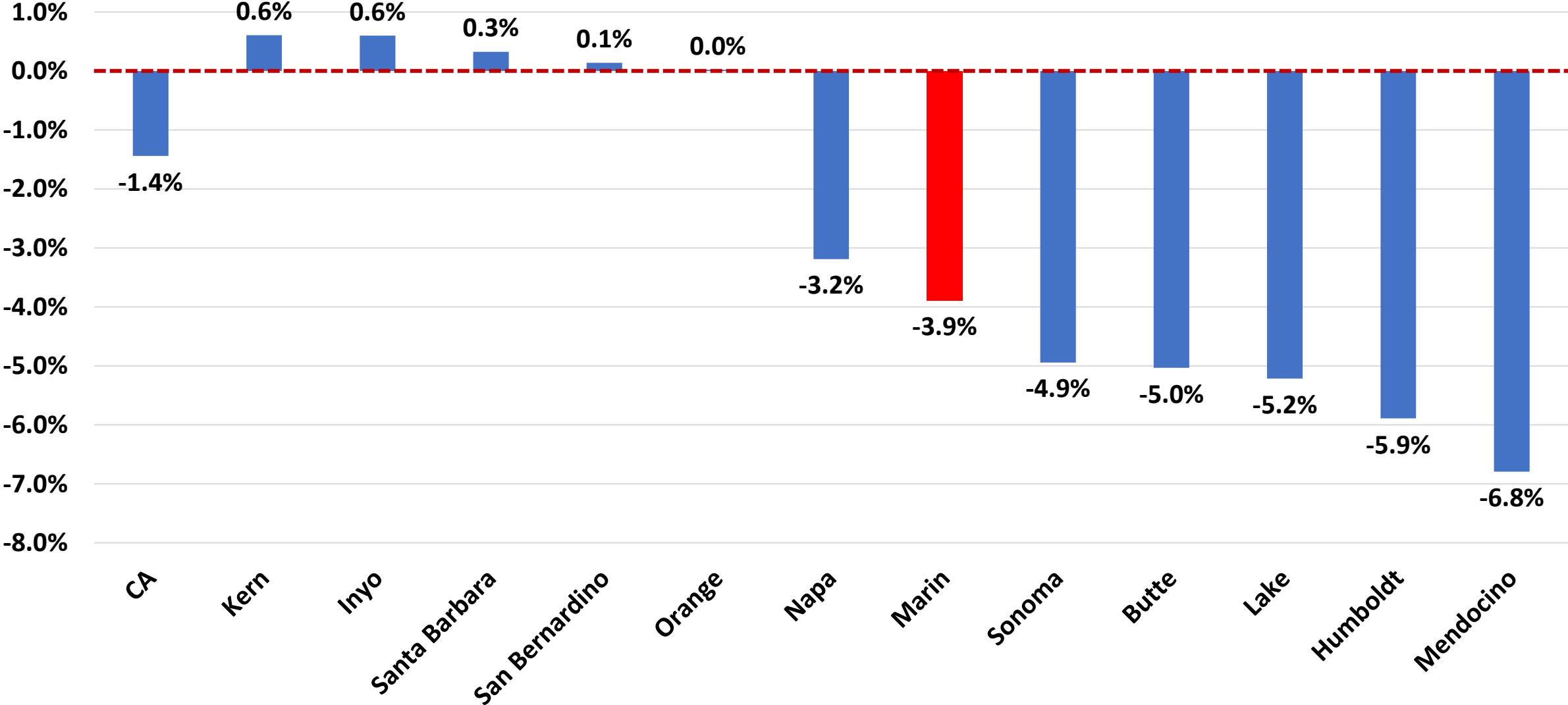


Median Housing Price Growth, May 2024 as compared to May 2023 and May 2020, % Change, CA and Selected Counties



Source: Zillow™ Research

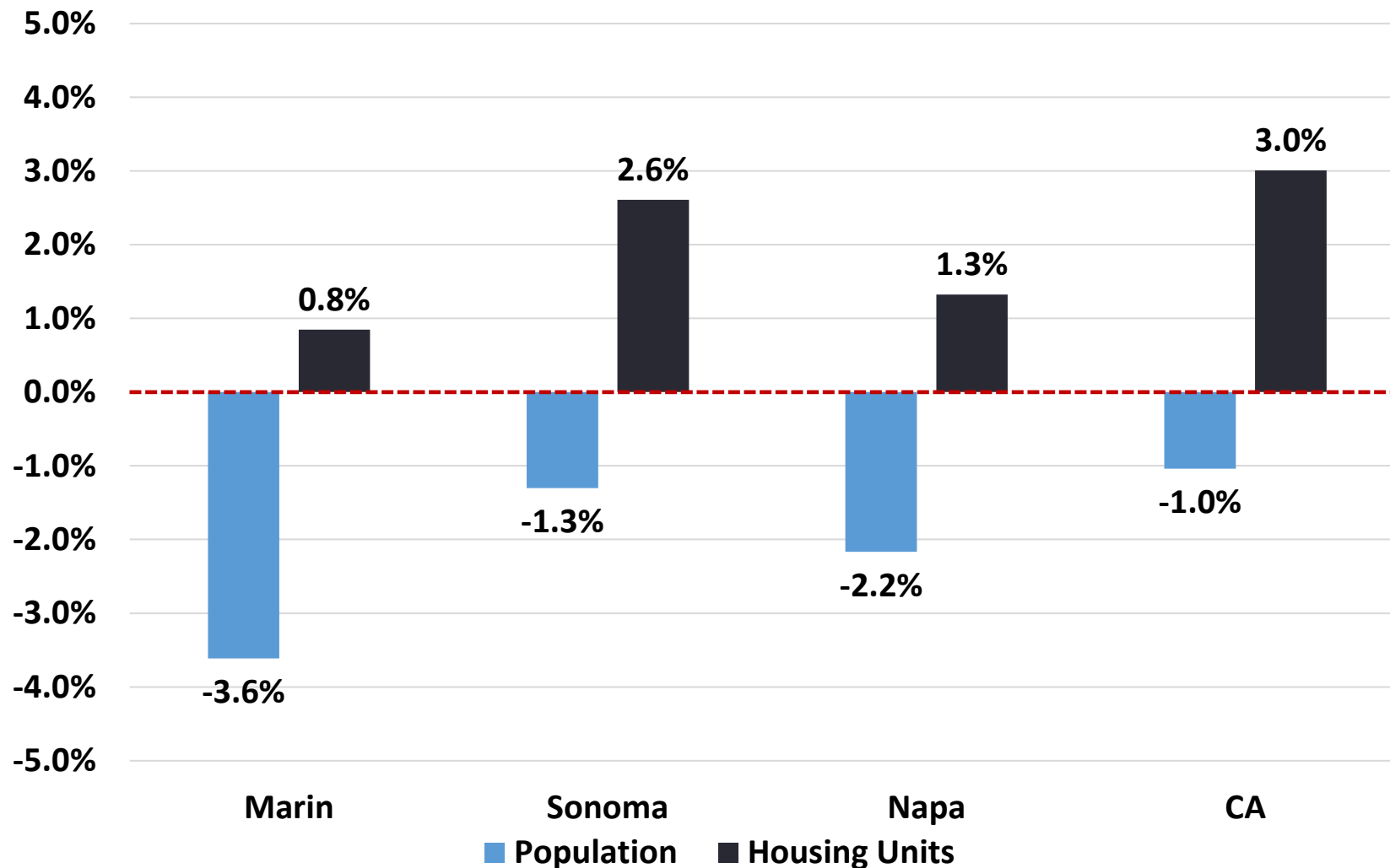
Housing Forecast, Median Home Prices, May 2024 to May 2025, % Change, CA and Selected MSAs



Source: Zillow™ Research

Population and Housing Unit Data, 2020 – 2024

% Change over 4 Years



Marin County new Units since 2020: 63% are single-family, for-sale units (initially)

Sonoma County: still fewer single-family homes than in 2017 (more housing units overall)

Regional loss of population a warning, with mixed effects

Mixed Indicators: Watching 2025 and Beyond

- Continued Growth
 - Labor market gains
 - Steady inflation
 - Equity markets strength
 - Interest rate stability
 - Stasis in global conflicts
- Recession/Slowdown
 - Rising delinquencies, low savings rate
 - Continued pinch of compounding inflation
 - General political issues in advanced economies
 - Global conflicts continue: generate further uncertainty

For Marin County:

- Will not recess on its own, but older, smaller population means more pressure on Marin-based businesses that provide services: watch downtowns
- The search for more and better workers to continue

Things to Watch in 2024-Marine County

- Supervisor Election
- Local and Regional bond measures
- Housing Elements approved Y/N?
- Consumer activity vs. 2023

Going forward in 2024

- Big uncertainty and stagnation in commercial real estate
- Private sector jobs down significantly led by tech and finance (\$\$\$)
- Job growth in the lower wage sectors (healthcare, government, social services)
 - Social service job growth closely linked to public funding