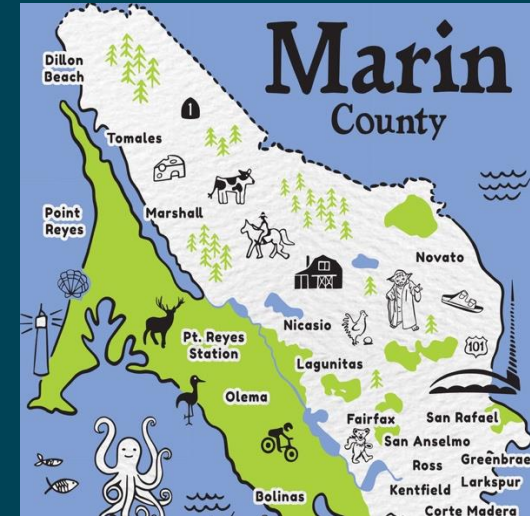




Social Narratives / Economic Realities

The California Outlook

Focus on Marin County



Christopher Thornberg, PhD

Founding Partner, Beacon Economics

April 2025



Beacon Economics

- Economic research firm founded in 2006 with a commitment to letting the *data* drive the *answer*.

Today's Presentation

- What we *think* is happening in our economy (our social narrative or “lived experience”)
- What is *actually* happening in our economy (our objective statistical reality)
- It is the combination of the two that drives the forecast: Narratives drive choices, while economics determines outcomes.

Good choices and smart policies start with the correct narrative.



Slides available by using QR code at end of presentation, or email Kristen@beaconecon.com

The Recent Forecast Narratives

2019: The Real Estate Recession

2020: The Pandemic Depression

2023: The Yield Curve Recession

Real Estate | Market Outlook

Housing Market Crisis 2.0: The Jury Is In For 2018-2019

Coronavirus to cause worst economic downturn since Great Depression, IMF forecasts

She said the IMF would release an updated world economic forecast on Tuesday that would show just how quickly the coronavirus outbreak ...

7 hours ago

Survey: The U.S. economy has a 64% chance of entering a recession this year



Written by [Sarah Foster](#), Edited by [Amy Sims](#)

Published on January 04, 2023 | 5 min read



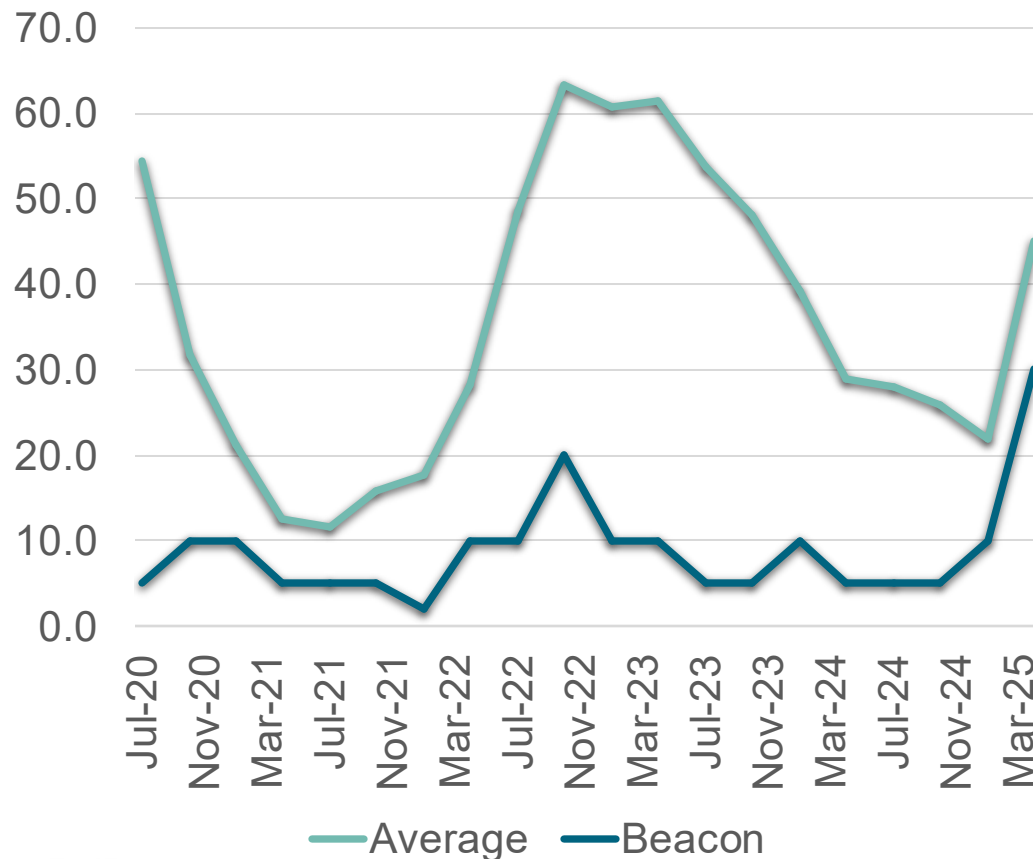
“The only function of election polls is to make economic forecasting look respectable.”

-Christopher Thornberg



Beacon's US Outlook

WSJ Recession Probability
Chance of US entering a recession
in the next 12 months



Stuck the Soft Landing?

- Economy has cooled from white-hot to hot
- Inflation down, credit up, household finances still solid despite low consumer sentiment

Unstable Foundations

- Strong household finances a function of unsustainable asset bubbles and Fed deficits
- External imbalances starting to grow rapidly

The New Administration

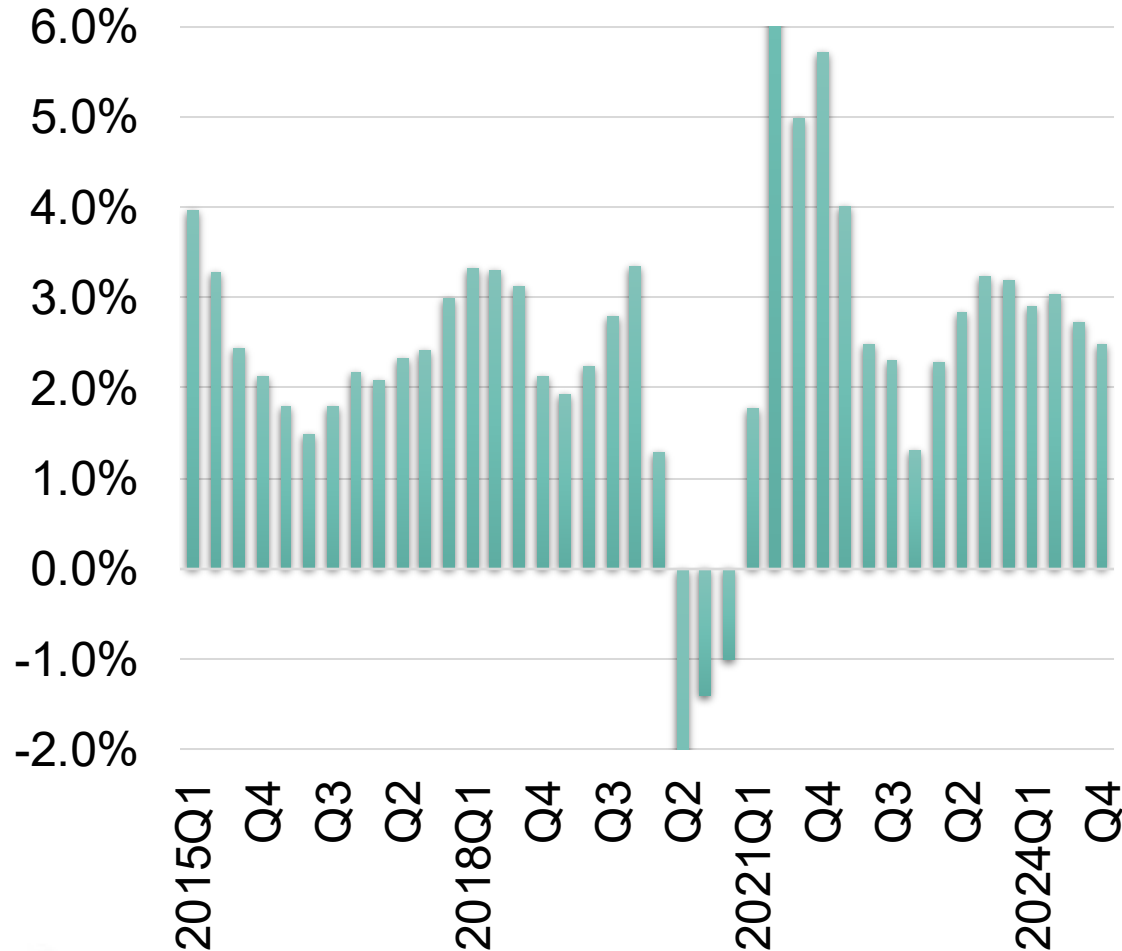
- Meet the new boss, same as the old boss—be worried about what they *won't* do—fix the deficit
- Policy moves could cause a quicker external reset
- Recession will start only when the turmoil finally reaches households and consumer spending



Growth Solid Coming Into 2025



Real GDP Growth Y-o-Y



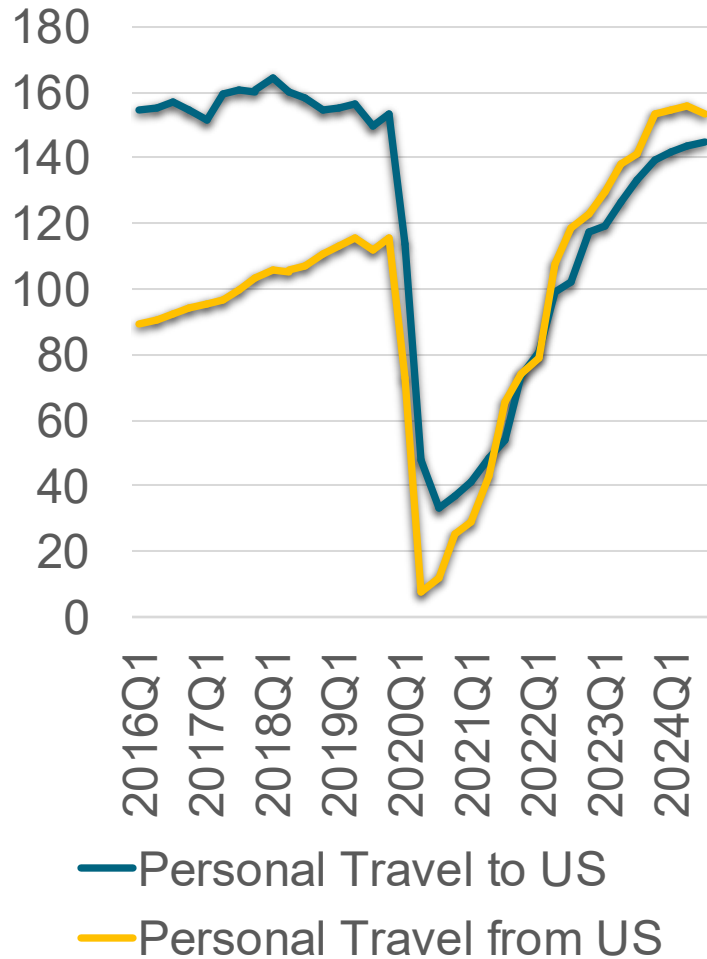
Contributions to Real Growth

	2022	2023	2024
GDP	2.5	2.9	2.8
Final Demand	2.3	2.8	3.1
Personal consumption	2.1	1.7	1.9
Durable goods	-0.2	0.3	0.2
Nondurable goods	0.0	0.1	0.3
Services	2.2	1.3	1.4
Fixed investment	0.5	0.4	0.7
Structures	0.1	0.3	0.1
Equipment	0.2	0.2	0.2
Intellectual property	0.6	0.3	0.2
Residential	-0.4	-0.4	0.2
Change inventories	0.6	-0.4	0.1
Net exports	-0.4	0.5	-0.4
Exports	0.8	0.3	0.4
Imports	-1.2	0.2	-0.7
Government	-0.2	0.7	0.6

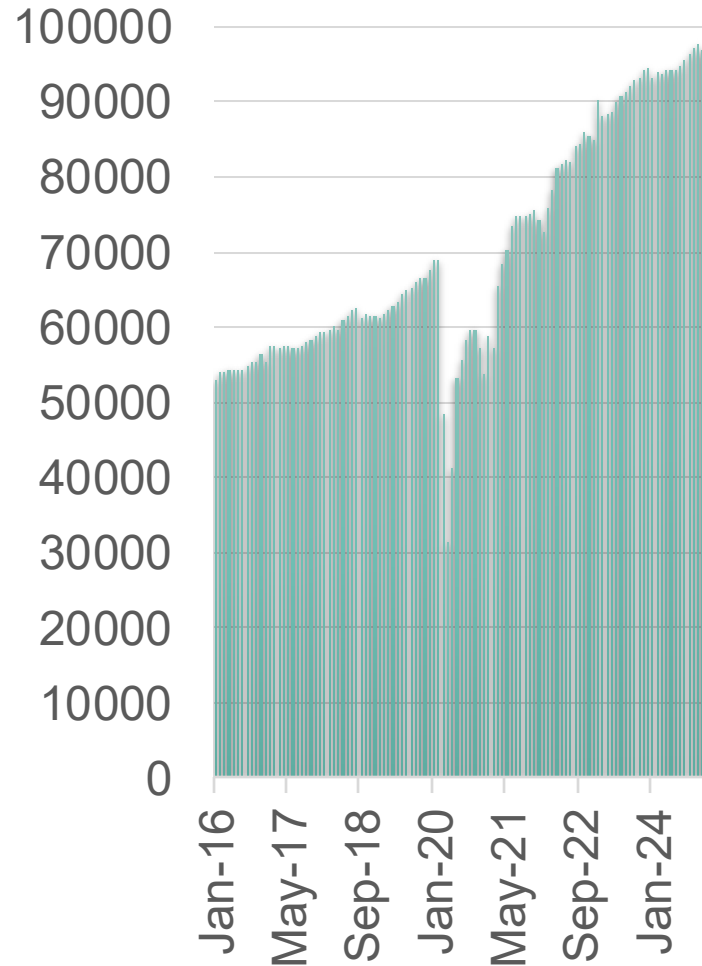


The party is still going...

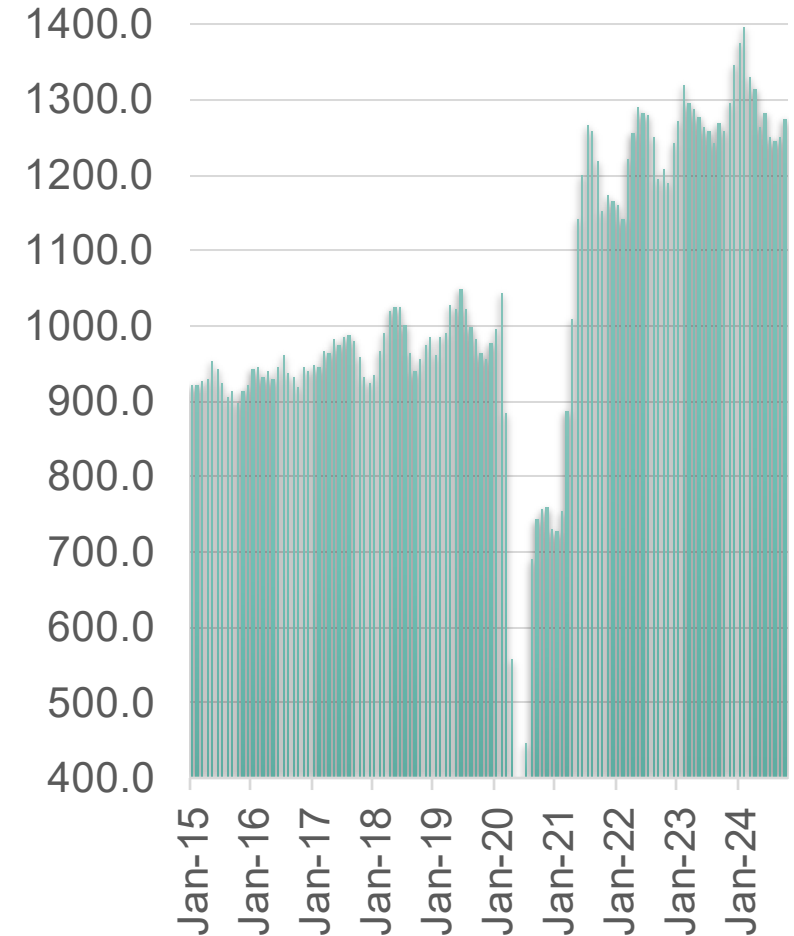
Real Travel Spending



Restaurant Retail



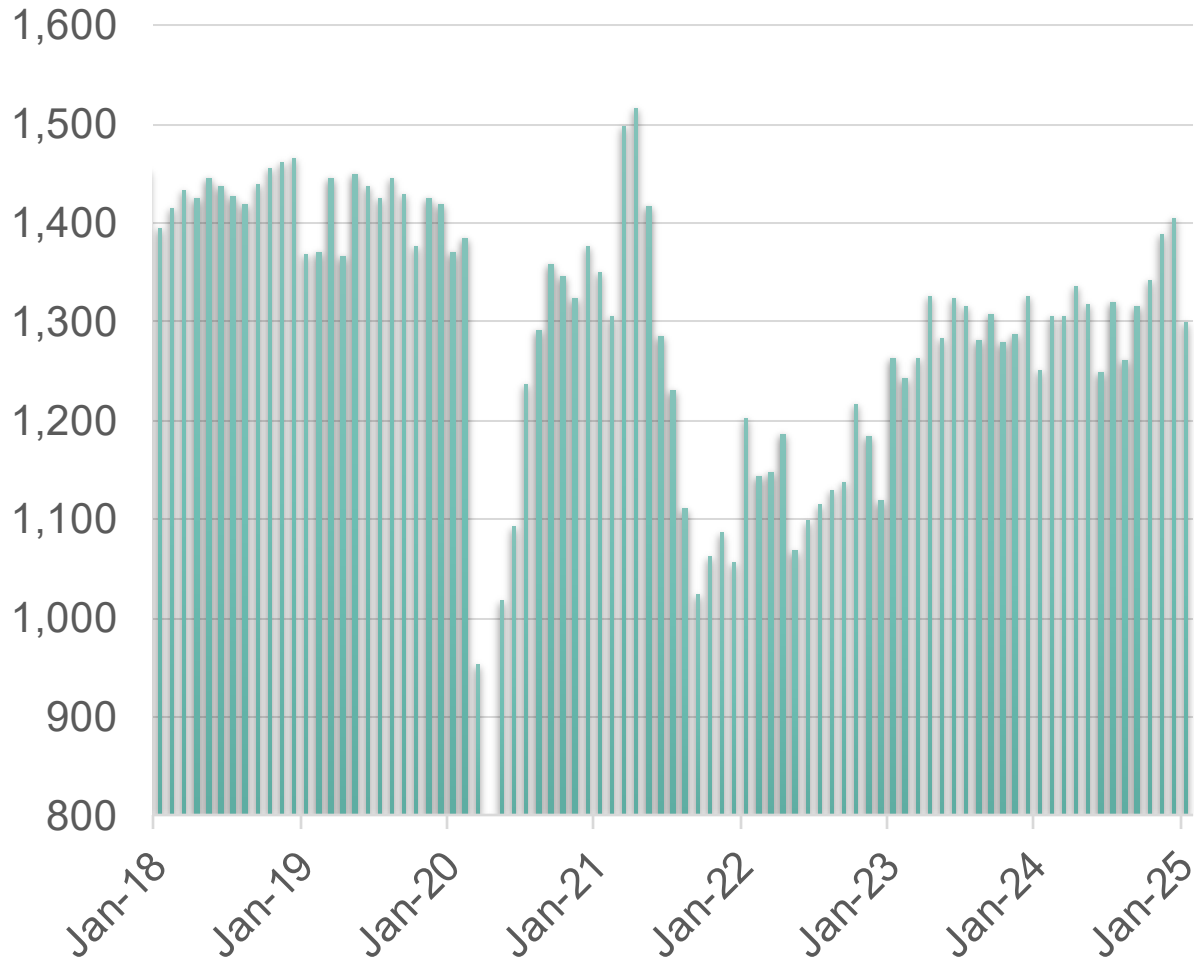
Las Vegas Gaming Revenues



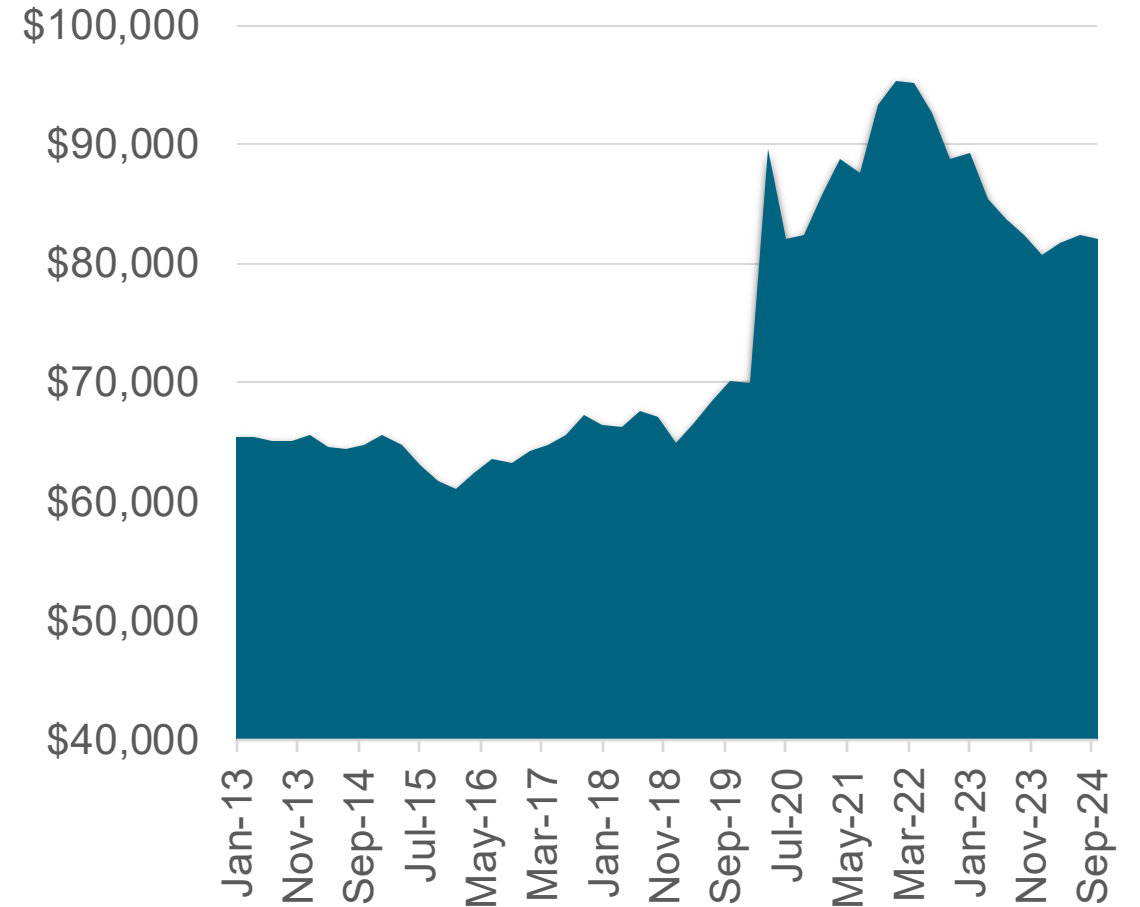
Auto Sales: Quality over quantity



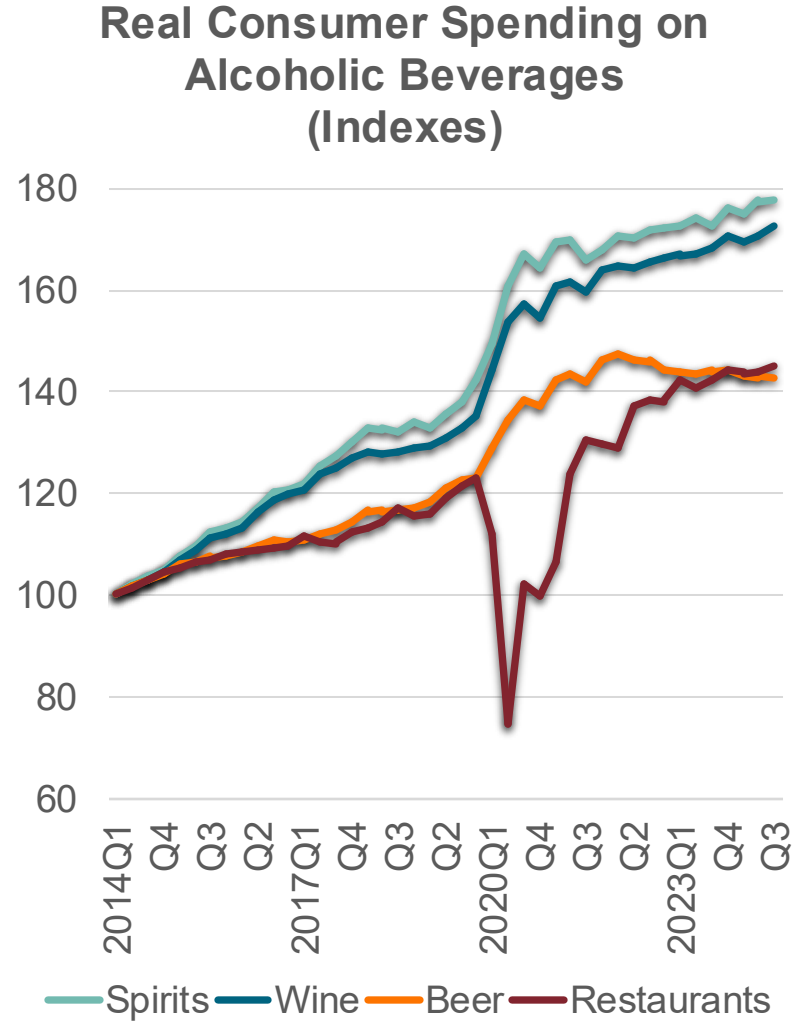
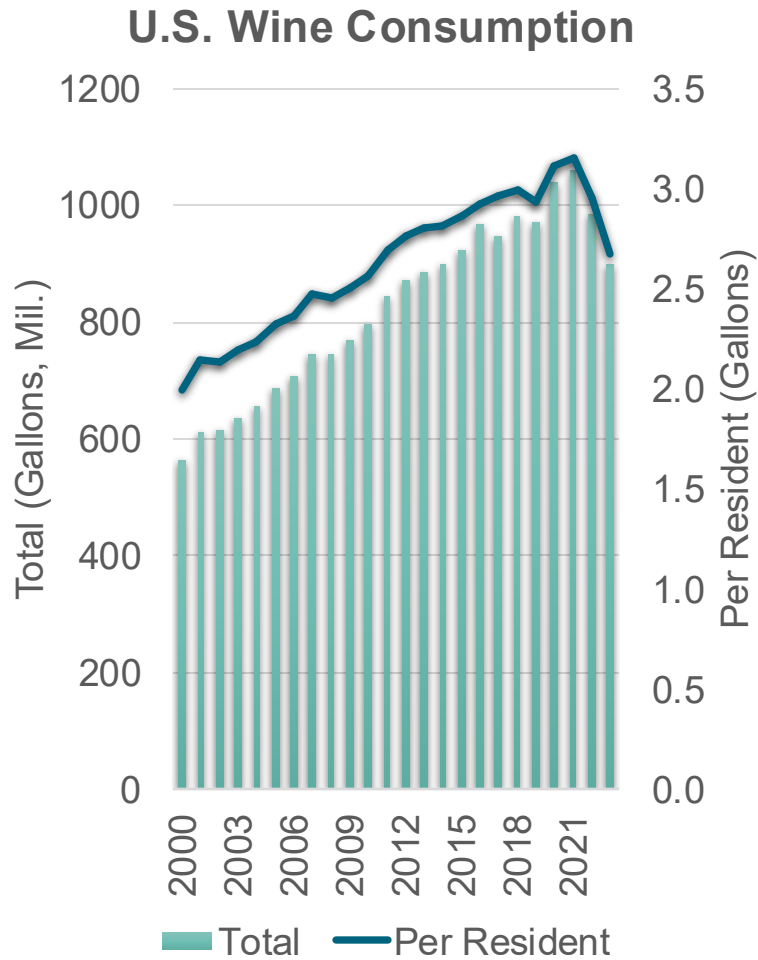
Auto and Light Truck Sales (000s, SA)



Average Value per Vehicle *Inflation Adjusted*



Same with the Wine biz!

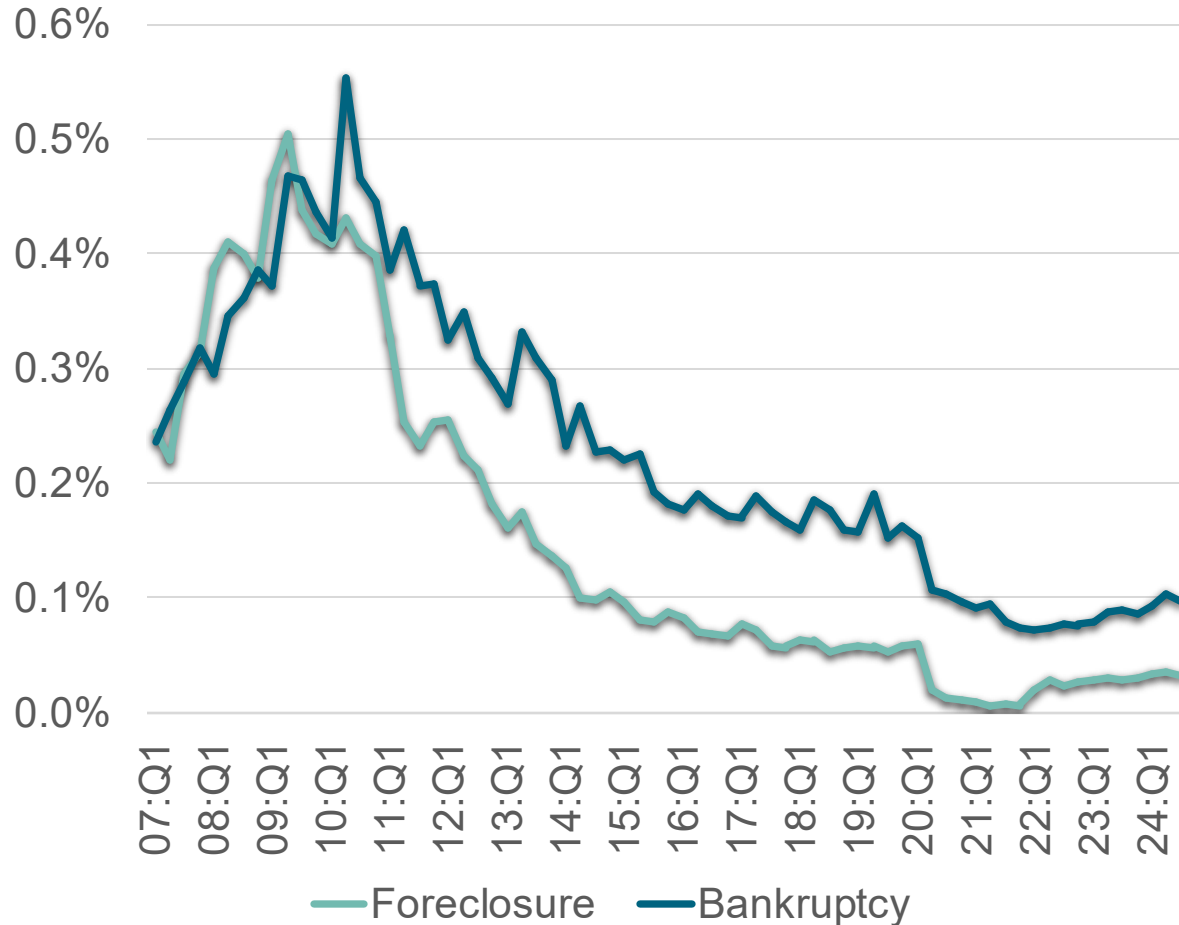


Location	Grape Acreage 2022	10-Year Chg. (%)
United States	1,108,161	-2.7
Fresno, CA	160,324	-25.6
San Joaquin, CA	111,972	4.9
Kern, CA	95,424	-12.5
Sonoma, CA	72,358	15.4
Napa, CA	57,780	15.6
Monterey, CA	57,017	0.9
Madera, CA	55,989	-23.8
Tulare, CA	50,260	-16.3
SLO, CA	45,696	14.7

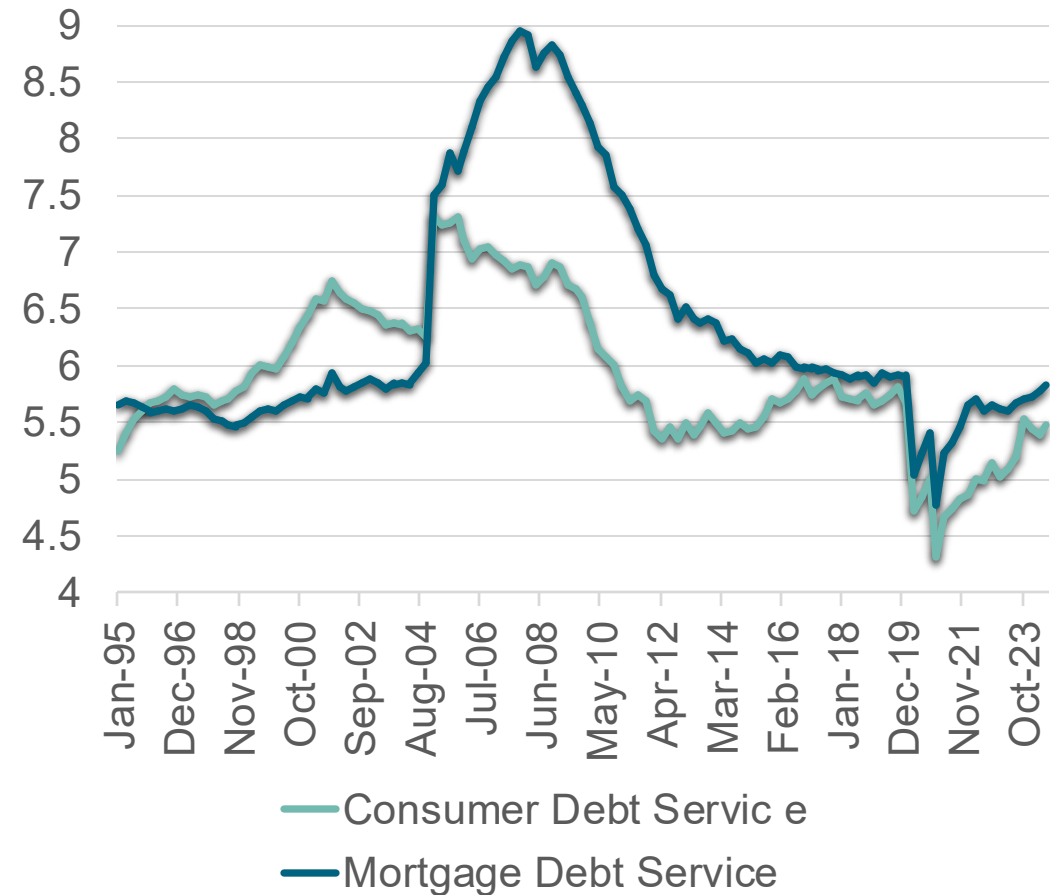


Little topline household distress

Foreclosures and Bankruptcies (As % of Households)

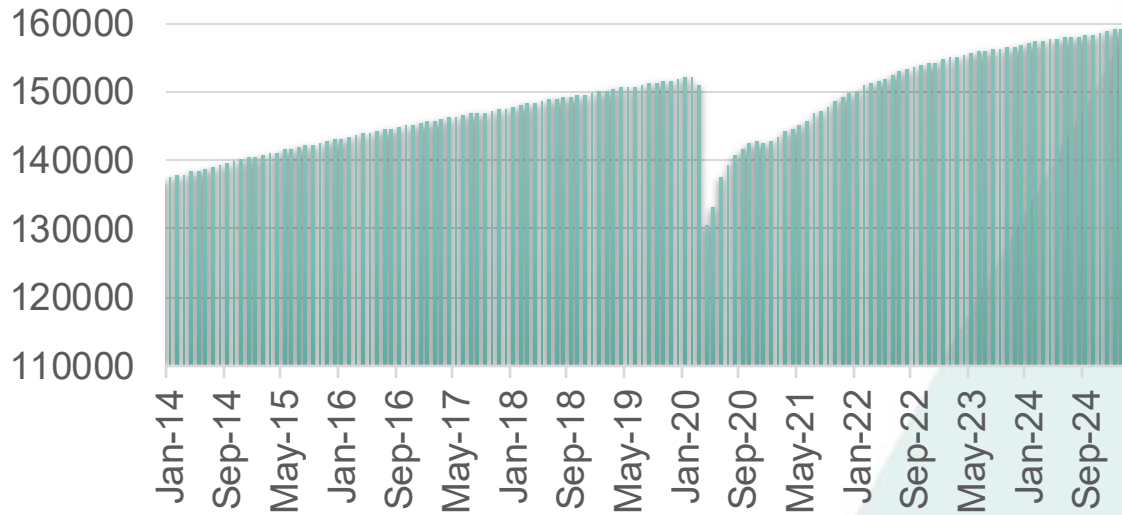


Household Debt Service Ratios Share of DPI

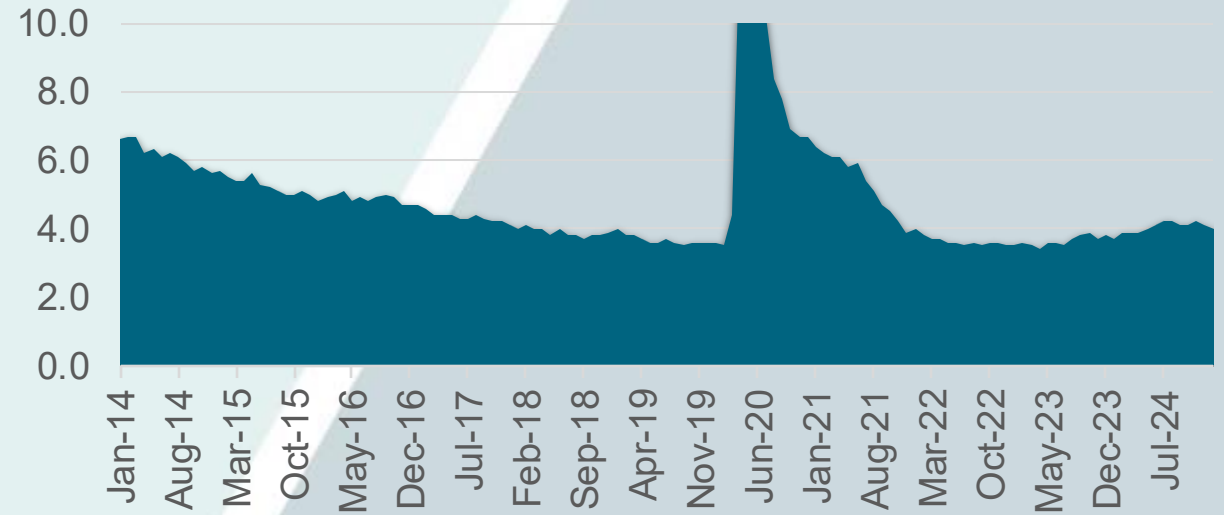


US Labor Markets: Still Tight

US Payroll Employment (000s)



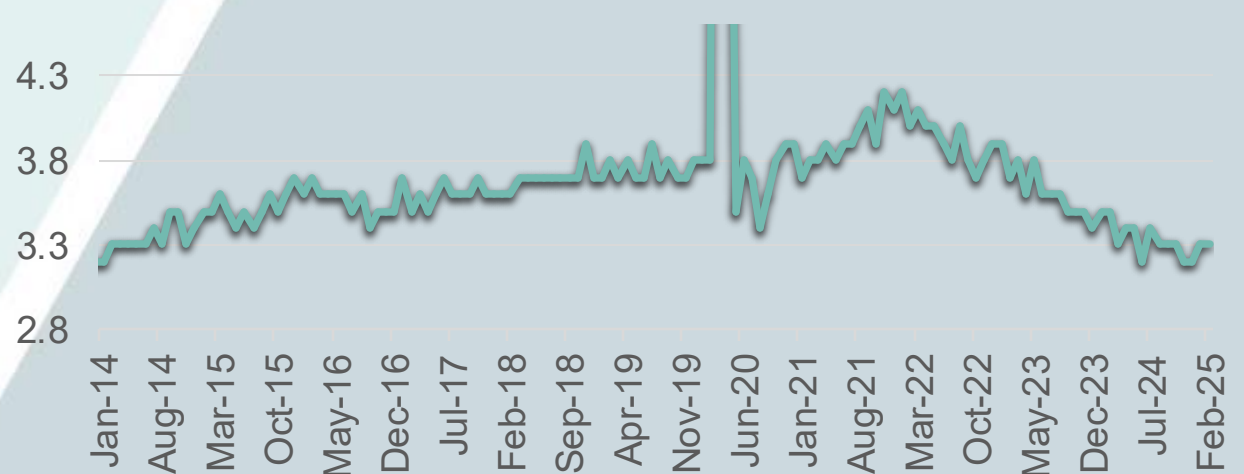
US Unemployment Rate (%)



US Job Openings Rate



US Separations Rate



Real Wages are Still Rising

YoY Growth Real Hourly Wages



National Hourly Wage Growth (Nominal) 2019-24

	Q4 24	5 Yr Gr
Limited-service restaurants	\$18.3	37.9%
Grocery retailers	\$21.8	37.6%
Full-service restaurants	\$22.5	34.7%
Gasoline stations	\$19.1	33.9%
Traveler accommodation	\$24.1	31.6%
Clothing retailers	\$23.9	25.0%
Hobby, toy, and game retailers	\$19.5	21.2%
Amusement parks and arcades	\$22.1	19.9%
Warehousing and storage	\$24.6	19.5%
General merchandise retailers	\$21.6	17.4%
Hardware retailers	\$22.3	17.0%

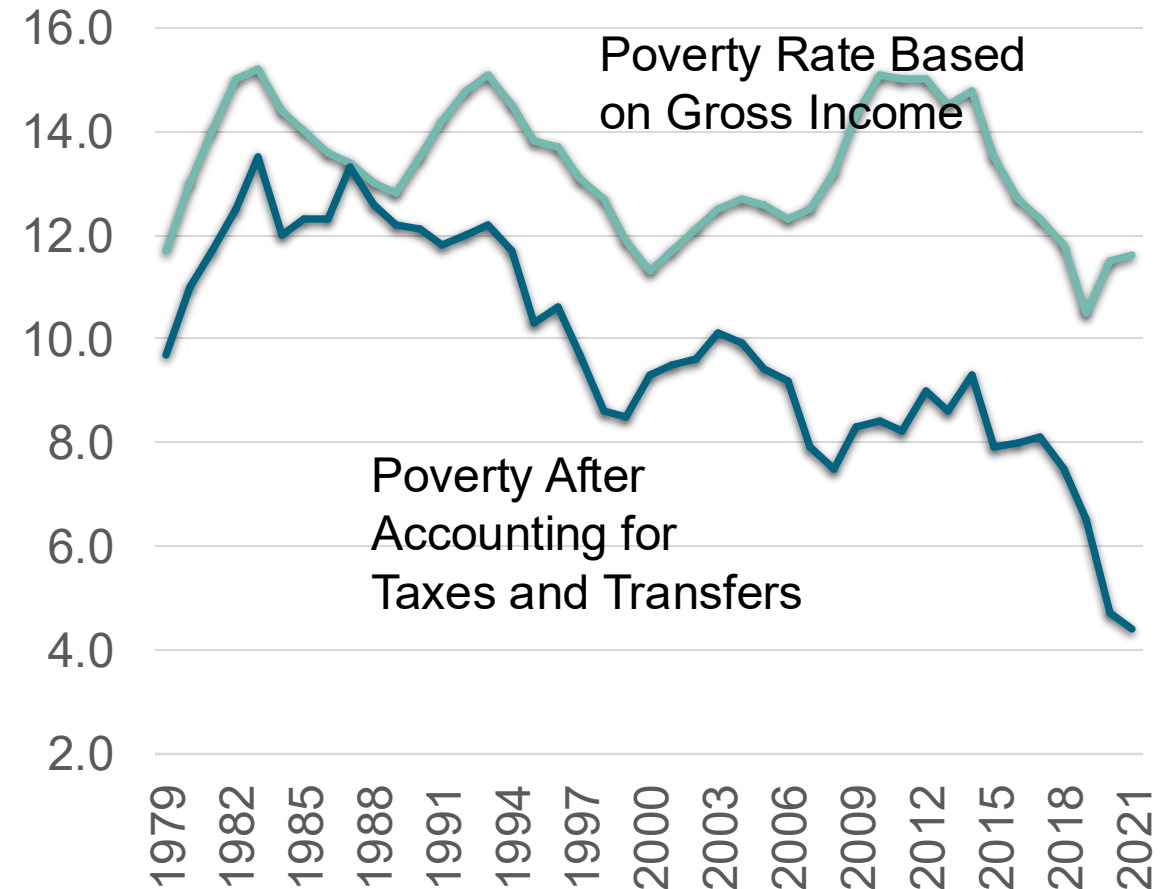


Broad Based Economic Gains

Growth in Household Consumption Expenditures 18-23

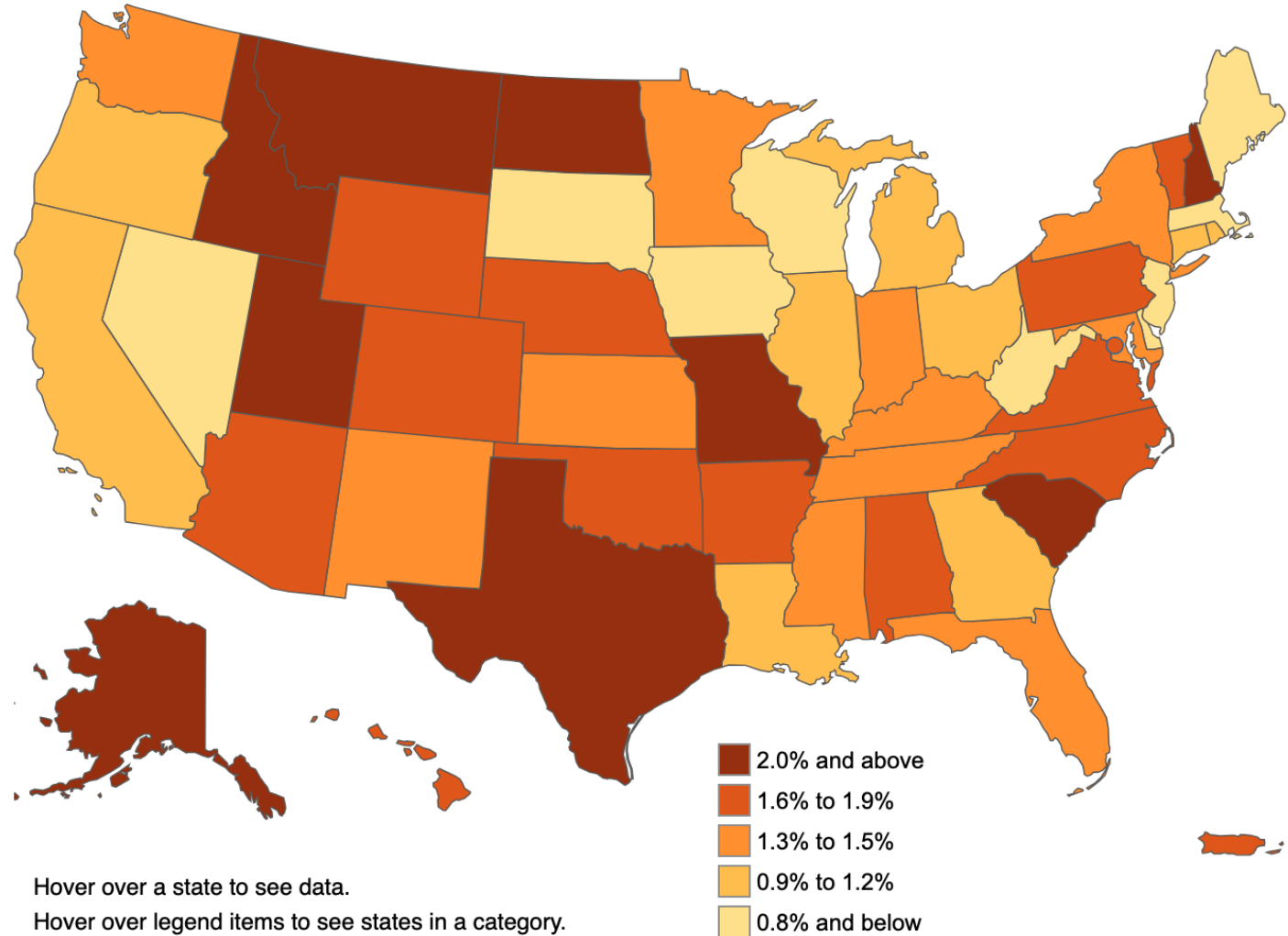
	Annual 2023	Gr 18-23
Bottom 20%	\$33,776	27.9%
20-40%	\$48,923	22.4%
40-60%	\$65,487	26.6%
60-80%	\$87,922	27.2%
80-100%	\$150,093	26.4%

US Poverty Rates (Official and CBO Adjusted)



Regional Job Growth

Change in nonfarm employment by state, December 2023 to December 2024, seasonally adjusted

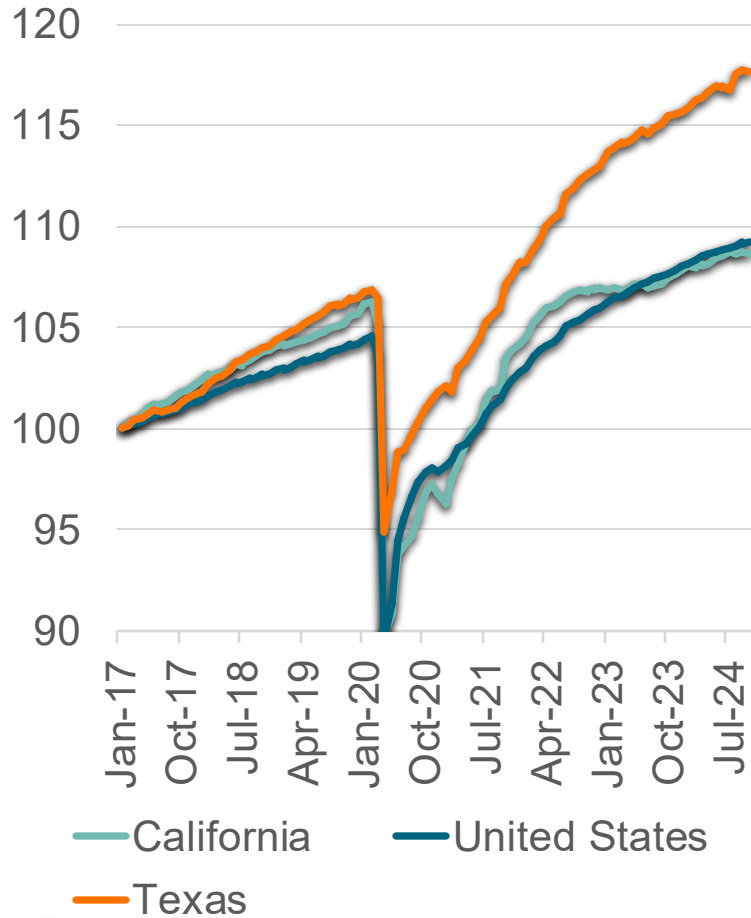


Hover over a state to see data.
Hover over legend items to see states in a category.
Source: U.S. Bureau of Labor Statistics.

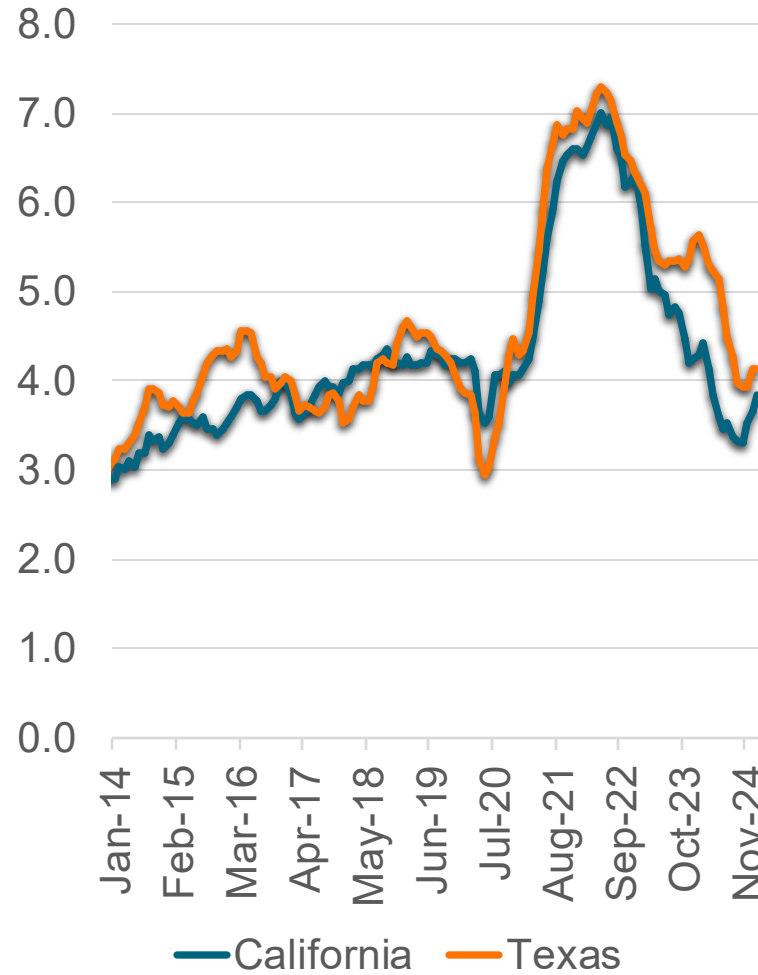


California Employment

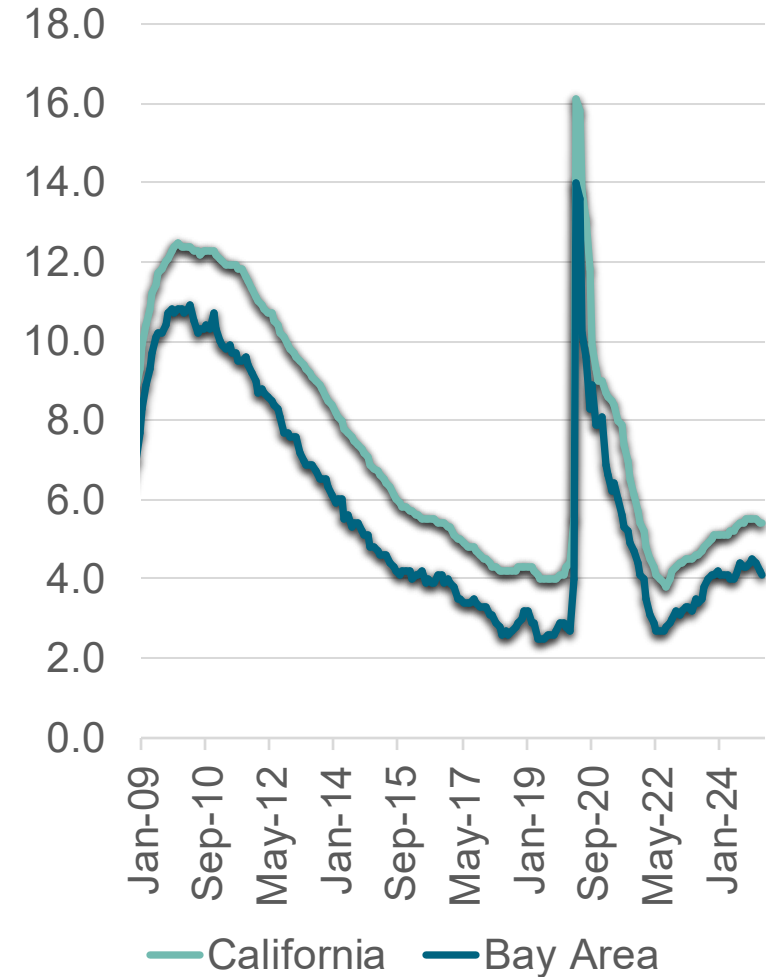
Indexes of Nonfarm Employment



Job Opening Rate

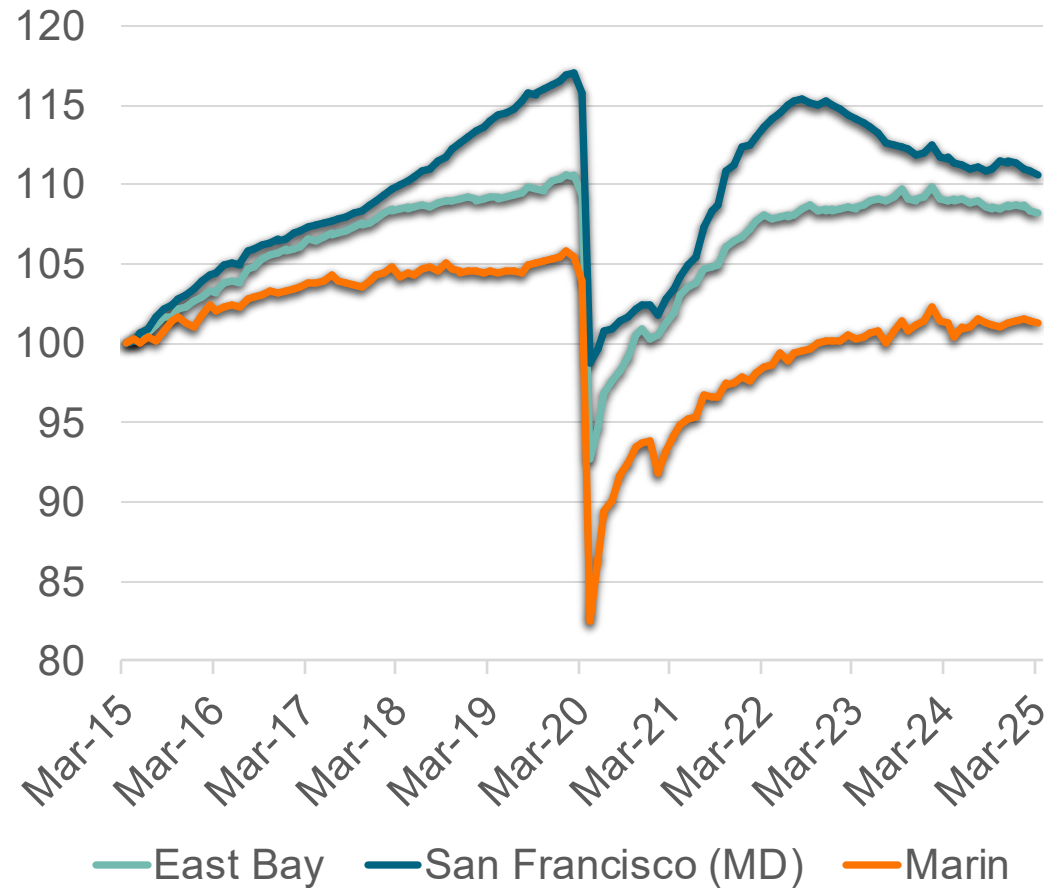


Unemployment Rate



Nonfarm Employment

Indexed Nonfarm Employment

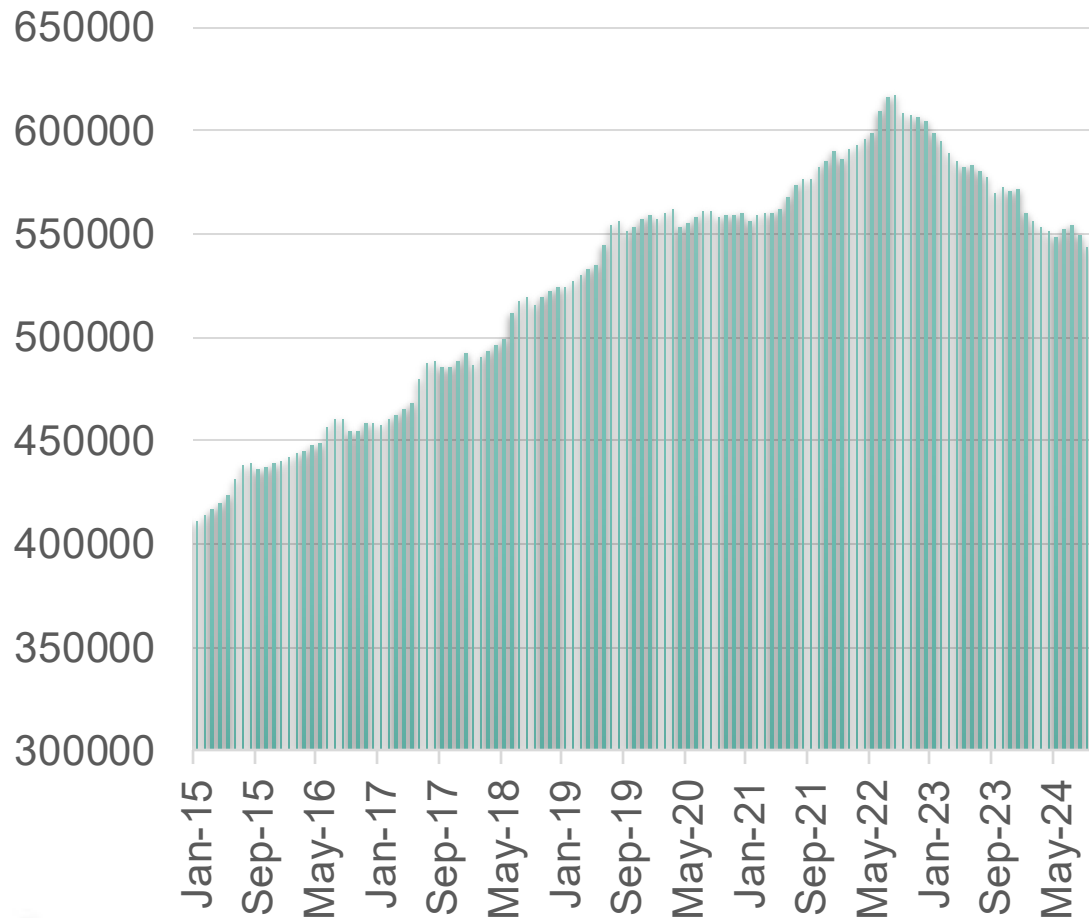


Location	Feb-25 Emplt (000s)	1-Year Chg. (%)	Chg. since Feb-20 (%)
Austin	1,370.1	1.4	16.6
Dallas	4,298.2	1.3	11.1
Salt Lake City	836.3	1.6	9.1
Sacramento	1,091.7	0.9	5.0
Denver	1,631.9	-0.3	4.9
Seattle	2,152.8	1.0	1.6
Boston	2,759.1	-0.1	-0.8
Los Angeles (MD)	4,594.5	0.1	-0.9
San Jose	1,149.0	-0.6	-1.4
Oakland (MD)	1,176.0	-0.7	-2.1
Marin	112.6	0.1	-4.0
San Francisco (MD)	1,142.0	-0.8	-5.5

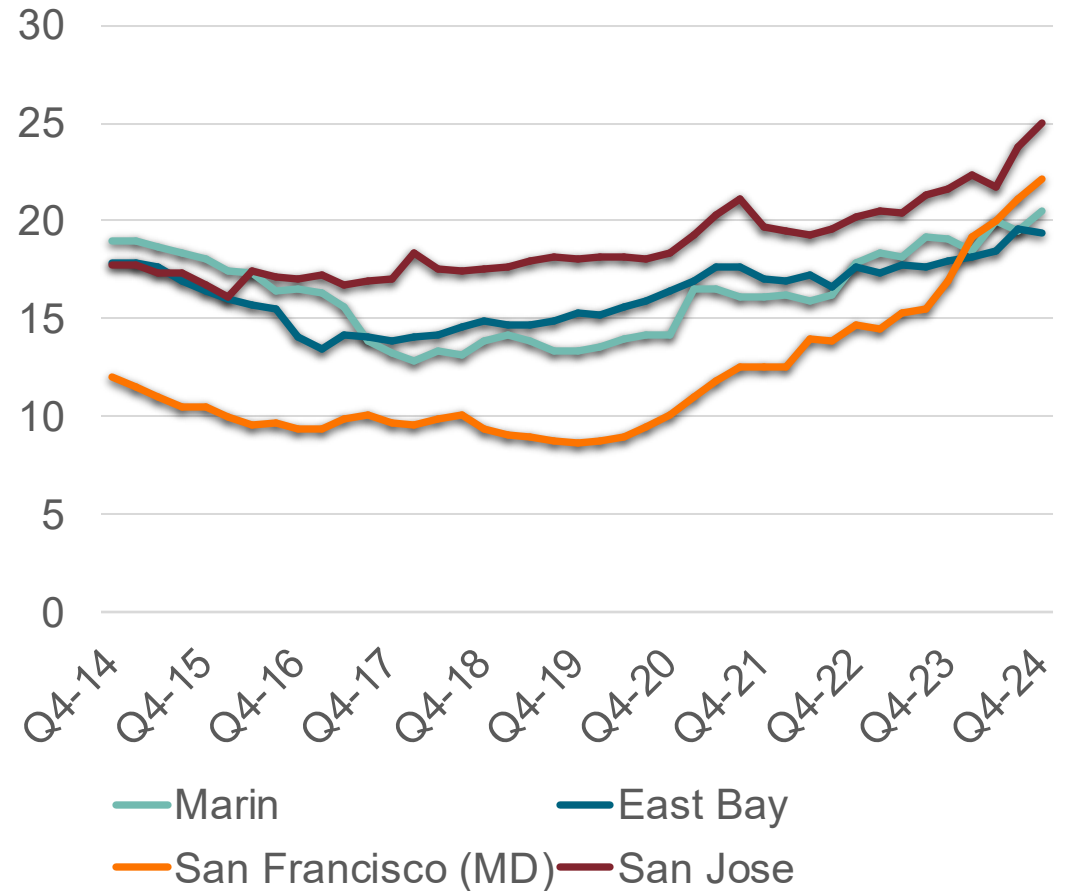


Bay Area Tech

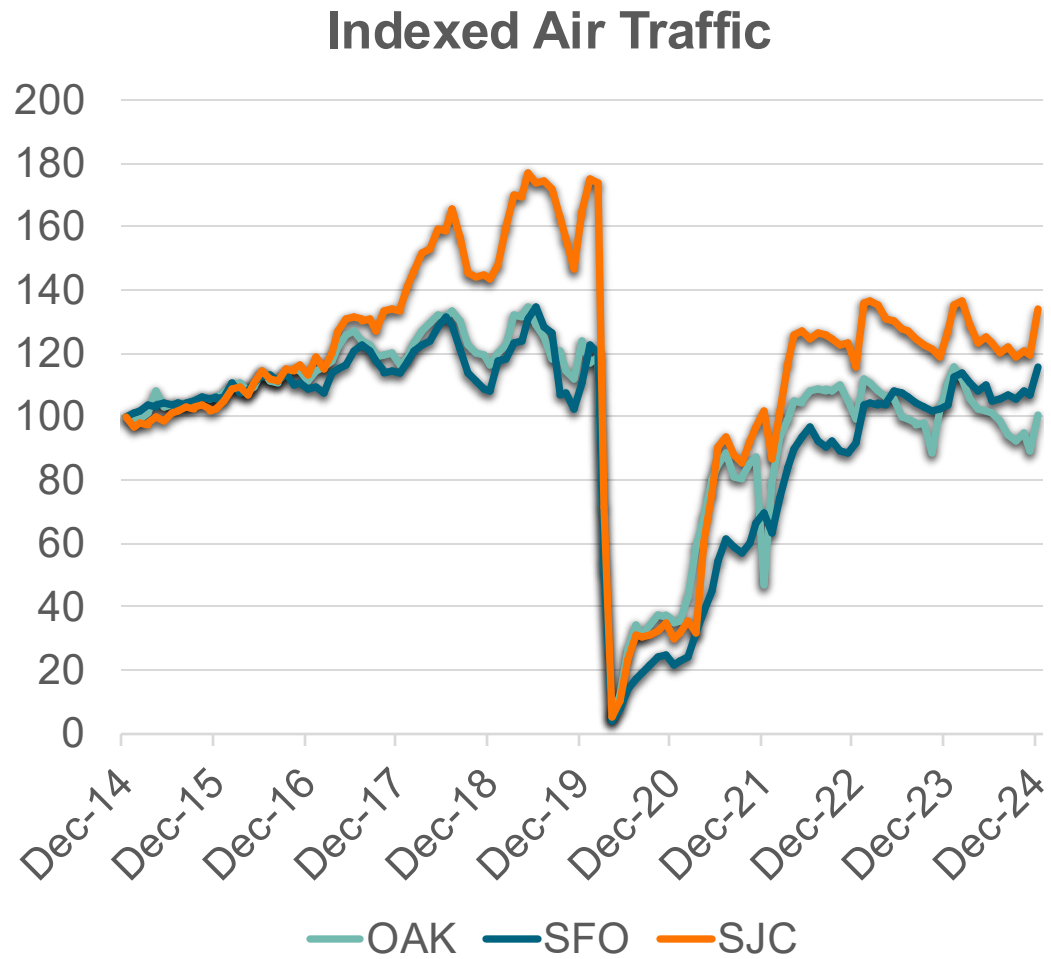
6 County Bay Area Tech Employment



Office Vacancy Rate



Air Travel and Hotels



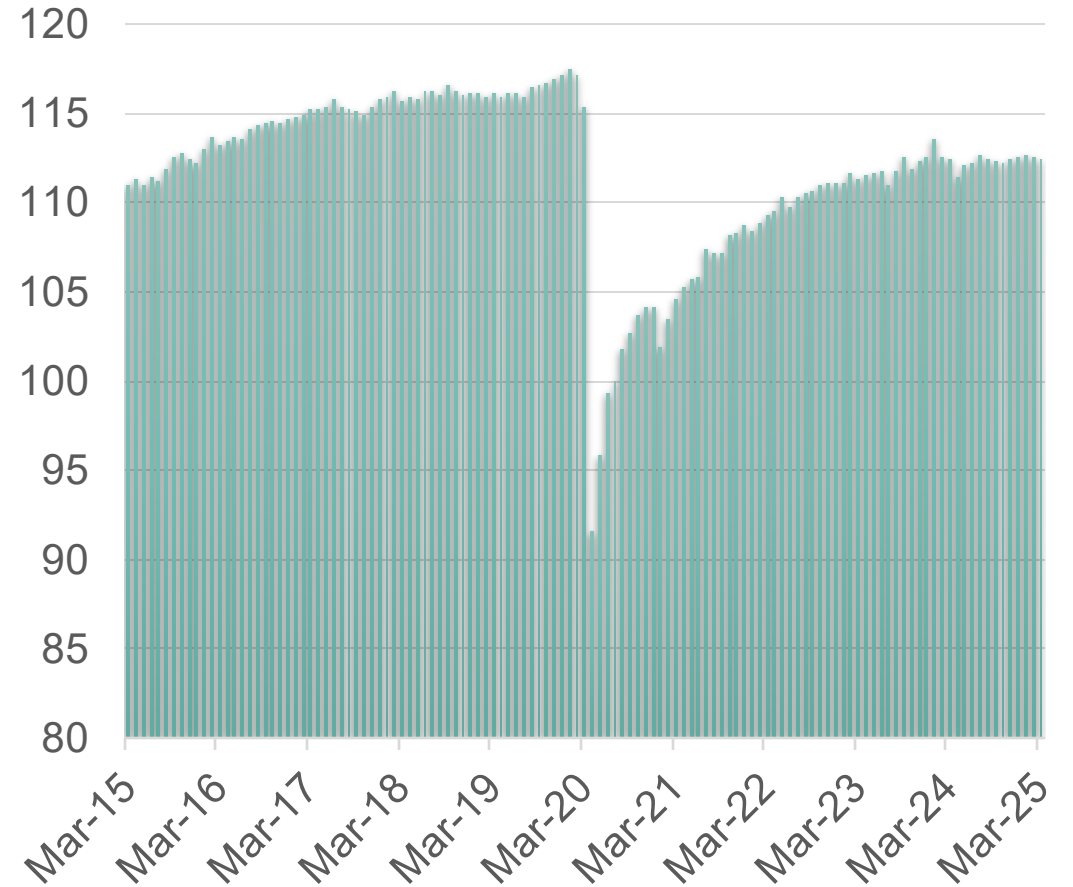
Location	RevPAR Q4-24 (\$)	1-Year Chg. (%)	5-Year Chg. (%)
Las Vegas	131.0	10.2	97.7
San Diego	155.6	-0.7	39.7
Orange County (MD)	137.3	-4.1	26.2
Phoenix	119.3	2.5	24.9
Sacramento	113.2	11.4	20.6
Inland Empire	88.6	-2.8	12.1
Los Angeles (MD)	146.4	4.6	12.0
San Jose	118.5	7.5	-16.6
Oakland (MD)	90.1	-4.3	-24.8
San Francisco (MD)	131.6	-10.3	-29.4



Marin Industry Employment

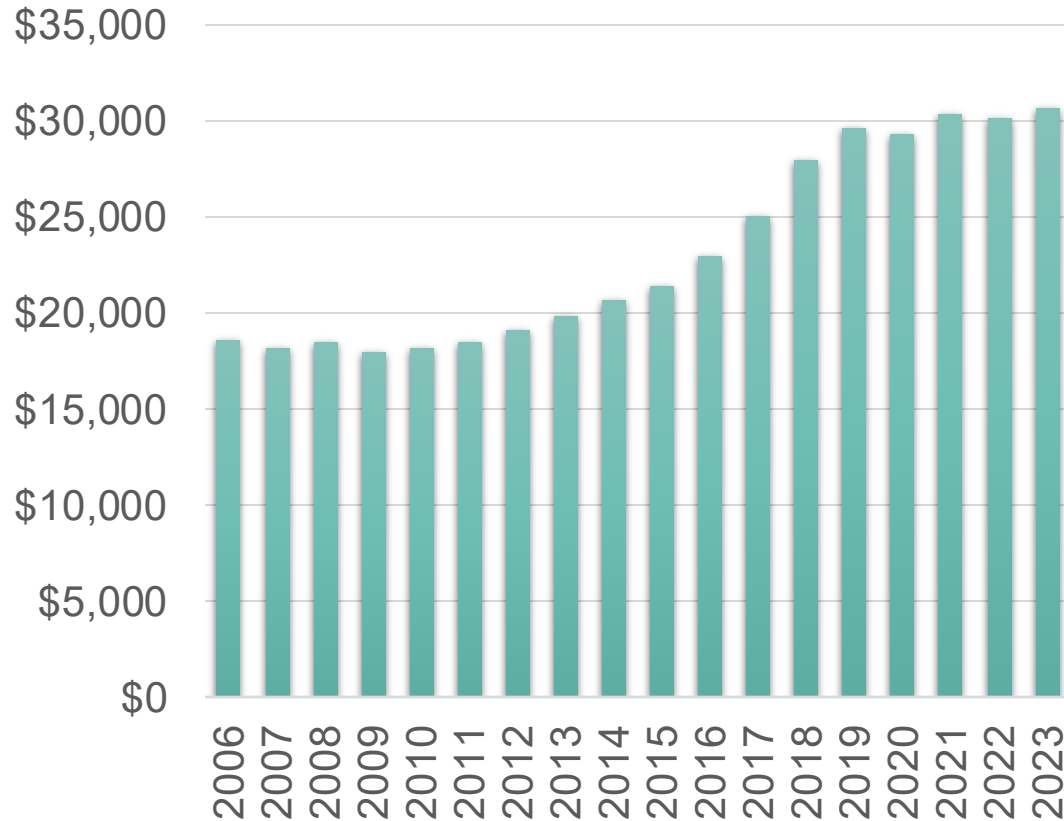
Marin Industry	Mar-25 Emplt (000s)	1-Year Chg. (000s)	1-Year Chg. (%)	LQ
Total Nonfarm	112.4	0.0	0.0	1.0
Education/Health	22.5	0.4	1.9	1.2
Government	16.0	0.3	1.9	1.0
Leisure and Hospitality	14.9	0.2	1.6	1.2
Other Services	5.9	0.1	1.9	1.4
Retail Trade	13.3	0.1	0.8	1.2
Information	2.9	0.0	0.3	1.4
Logistics	1.5	0.0	0.3	0.3
Wholesale Trade	2.2	0.0	0.1	0.5
NR/Construction	7.3	-0.1	-1.2	1.2
Manufacturing	4.0	-0.2	-4.6	0.4
Professional/Business	17.3	-0.4	-2.2	1.1
Financial Activities	4.6	-0.5	-9.8	0.7

Marin Nonfarm Employment



Gross Domestic Product

Marin Real GDP (\$Mil)

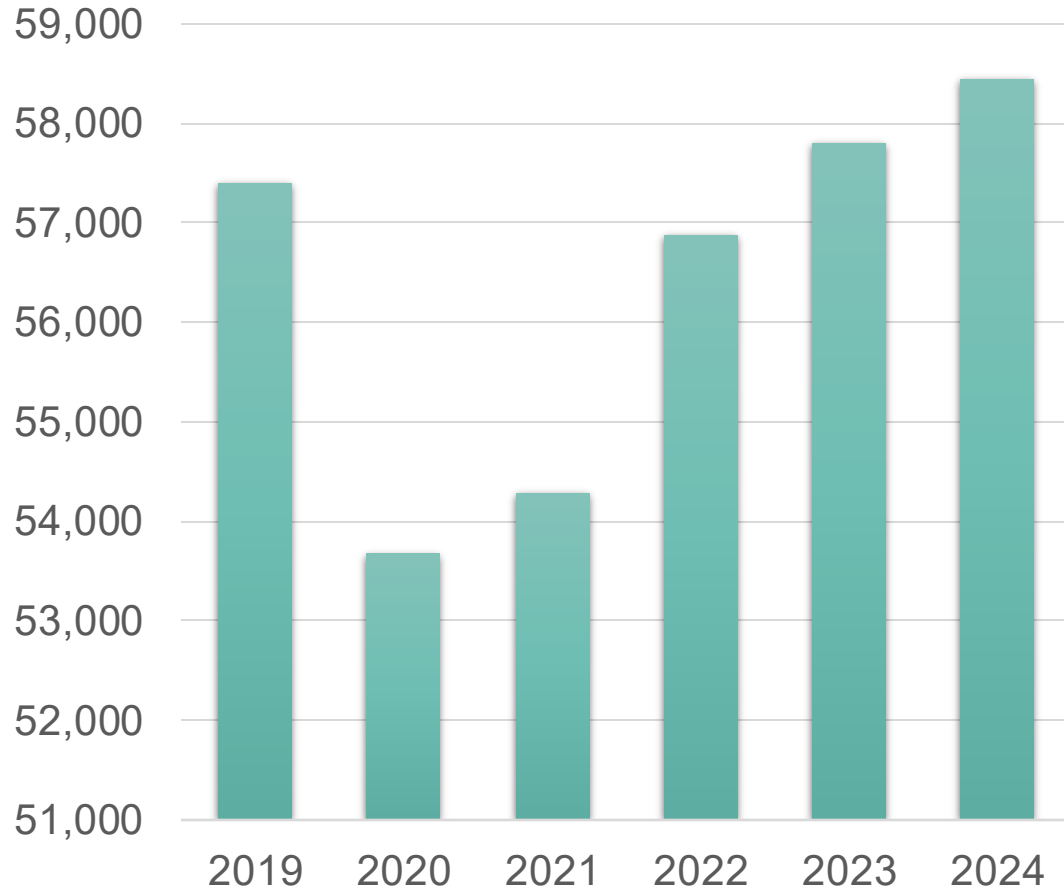


Marin County Largest Industries	Real GDP 2023 (\$ Mil.)	1-Year Chg. (%)	5-Year Chg. (%)	LQ
Total All Industries	30,661	1.6	9.4	1.0
Manufacturing	7,514	-1.6	8.6	2.3
Financial Activities	6,386	2.2	13.9	1.2
Professional/Business	4,743	0.0	24.7	1.0
Education/Health Care	2,393	4.3	10.7	1.0
Information	2,145	10.2	54.0	0.5
Government	1,881	4.2	-7.1	0.6
Retail Trade	1,676	10.3	-0.8	1.0



City of San Rafael Employment

City of San Rafael Jobs

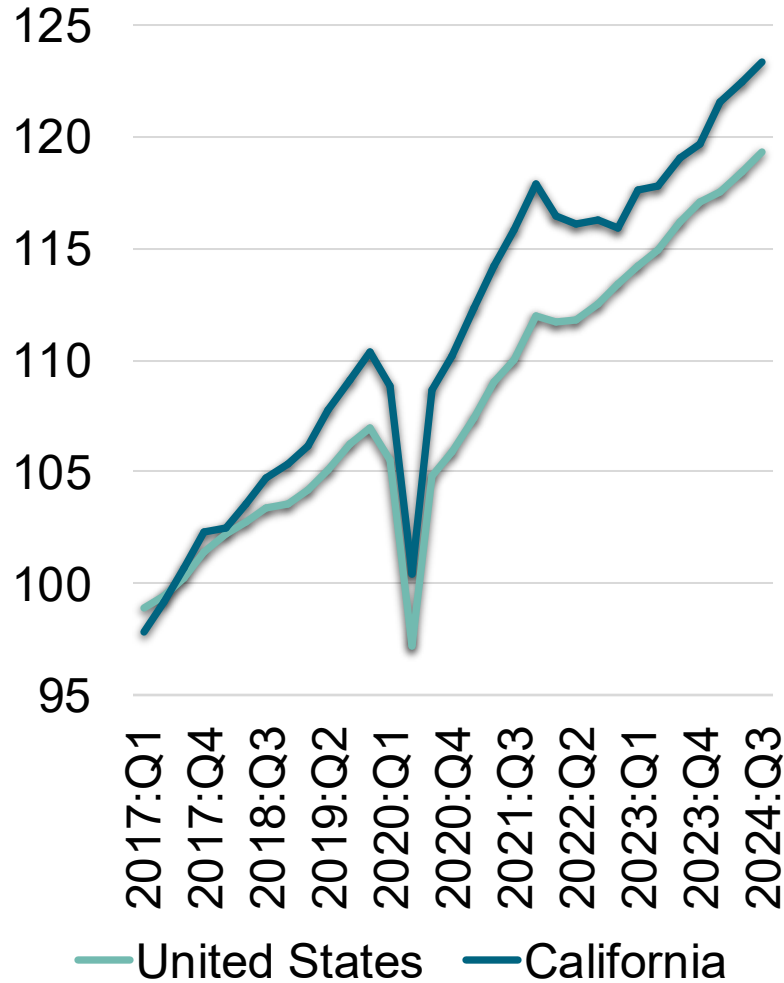


City of San Rafael Industry	2024 Jobs	1-Yr Chg. (#)	1-Yr Chg. (%)	LQ
Total	58,436	1,028	1.8	1.0
Real Estate	6,691	1,671	0.3	2.0
Finance and Insurance	3,639	675	0.2	1.0
Government	898	459	1.0	0.1
Health Care	9,632	326	0.0	1.5
Admin Support	3,840	13	0.0	1.1
Construction	4,914	4	0.0	1.5
Prof., Sci., and Tech.	6,620	-15	0.0	1.5
Manufacturing	1,383	-44	0.0	0.4
Information	1,158	-79	-0.1	1.1
Management	1,499	-140	-0.1	1.8
Transportatio/Warehouse	1,141	-142	-0.1	0.4
Arts, Ent., and Rec.	1,844	-163	-0.1	1.5
Other Services	3,405	-169	0.0	1.1
Education	1,727	-259	-0.1	1.2
Wholesale Trade	954	-326	-0.3	0.5
Accom/Food Services	3,303	-332	-0.1	0.8
Retail Trade	5,670	-481	-0.1	1.1

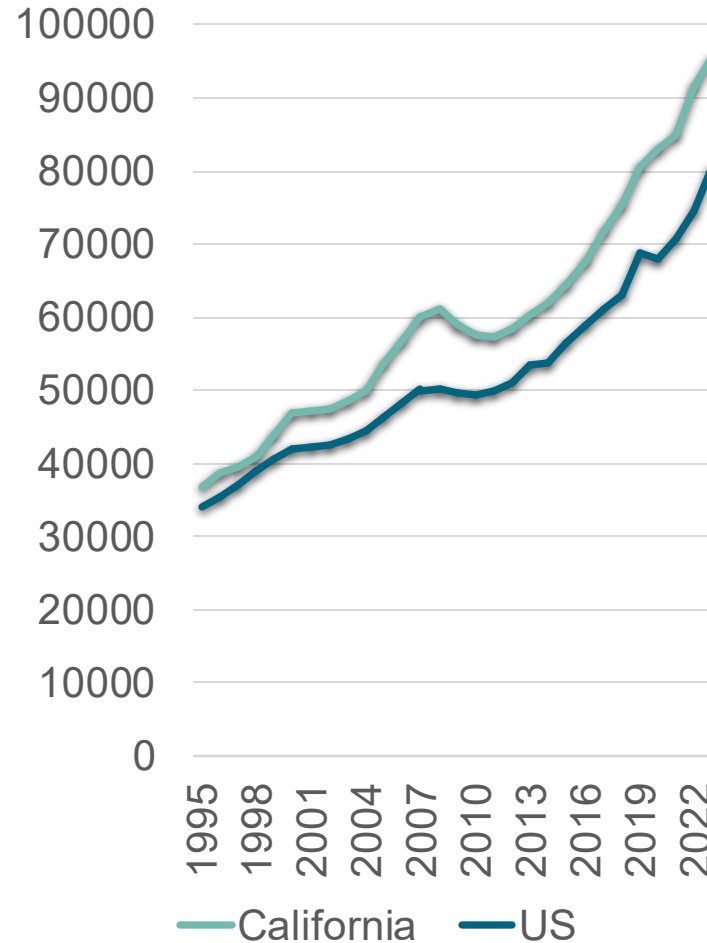


Growth on the Intensive Margin

Real GDP (Index)



Median HH Incomes



Ranked Median Household Income by County

Rank out of 3,200	County	2023 Med HH Inc
2	Santa Clara	\$154,954
3	San Mateo	\$151,485
10	Marin	\$139,644
18	San Francisco	\$126,730
25	Contra Costa	\$122,794
30	Alameda	\$119,931
52	Orange	\$110,042
54	Placer	\$109,713
56	El Dorado	\$108,594
59	Ventura	\$107,667
61	San Benito	\$107,324
70	Santa Cruz	\$105,631
77	Napa	\$104,686
82	San Diego	\$103,674



Household Income Growth

City	2023 Median HH Income (\$)	5-Year Chg. (%)
California	95,521	26.9
Stockton	76,191	40.3
Fresno	67,603	35.7
San Diego	105,780	32.8
Long Beach	81,606	32.5
Bakersfield	79,355	32.3
Sacramento	85,928	32.1
Riverside	88,175	30.0
Oakland	96,828	26.6
San Jose	136,229	20.5
San Francisco	126,730	12.8
Anaheim	84,872	11.4

Median Household Income 2019–2023			
	CA 2023	CA / US	GR
All Households	95,521	22.9%	18.7%
Hispanic origin	79,187	14.0%	24.4%
African American	67,476	25.1%	22.4%
Asian	123,928	10.8%	19.0%
White alone	106,214	27.8%	15.3%
Pacific Islander	95,404	28.5%	13.7%

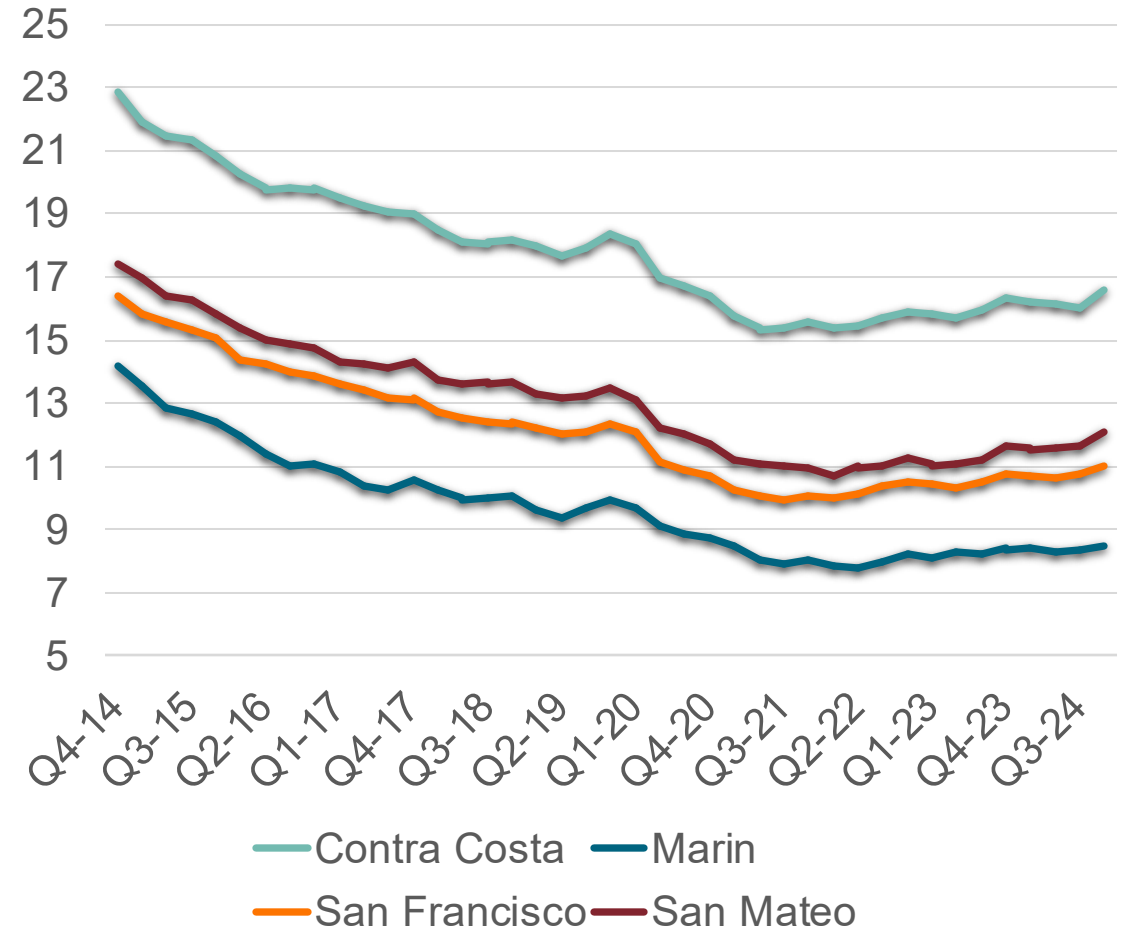


Average Weekly Wages



Location	Feb-25 Avg. Weekly Wage (\$)	1-Year Chg. (%)	Chg. since Feb-20 (%)
California	1,378	5.6	15.5
Inland Empire	1,142	6.0	22.5
Fresno	1,078	1.0	22.3
San Diego	1,351	6.9	20.0
Sacramento	1,233	7.1	19.8
Stockton	1,059	8.9	18.5
Los Angeles (MD)	1,336	2.3	14.4
Orange County (MD)	1,342	8.6	13.8
San Jose	1,916	3.9	9.3
East Bay	1,395	5.3	8.7
Marin	1,274	-5.4	8.6
Bakersfield	1,119	-0.9	8.5

Equifax Subprime Credit Population

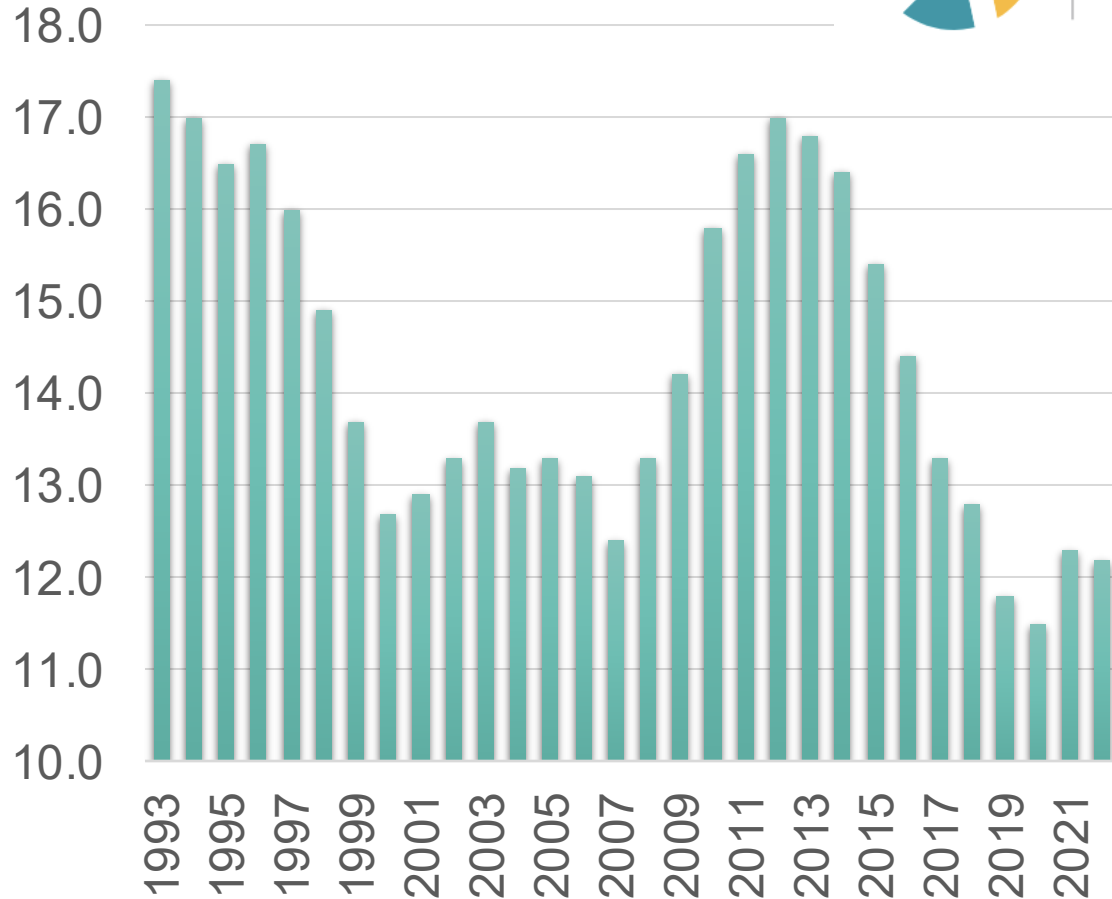


State Inequality?

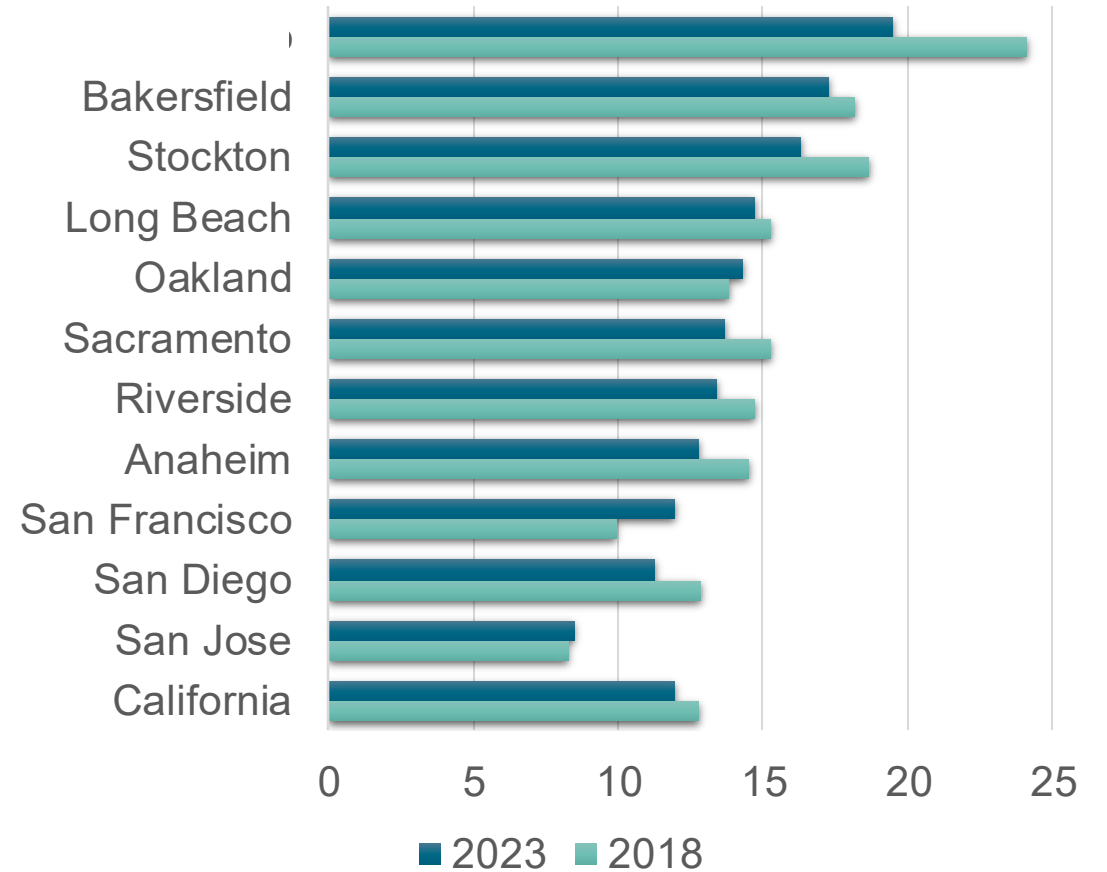
California Poverty Rate



California Budget & Policy Center

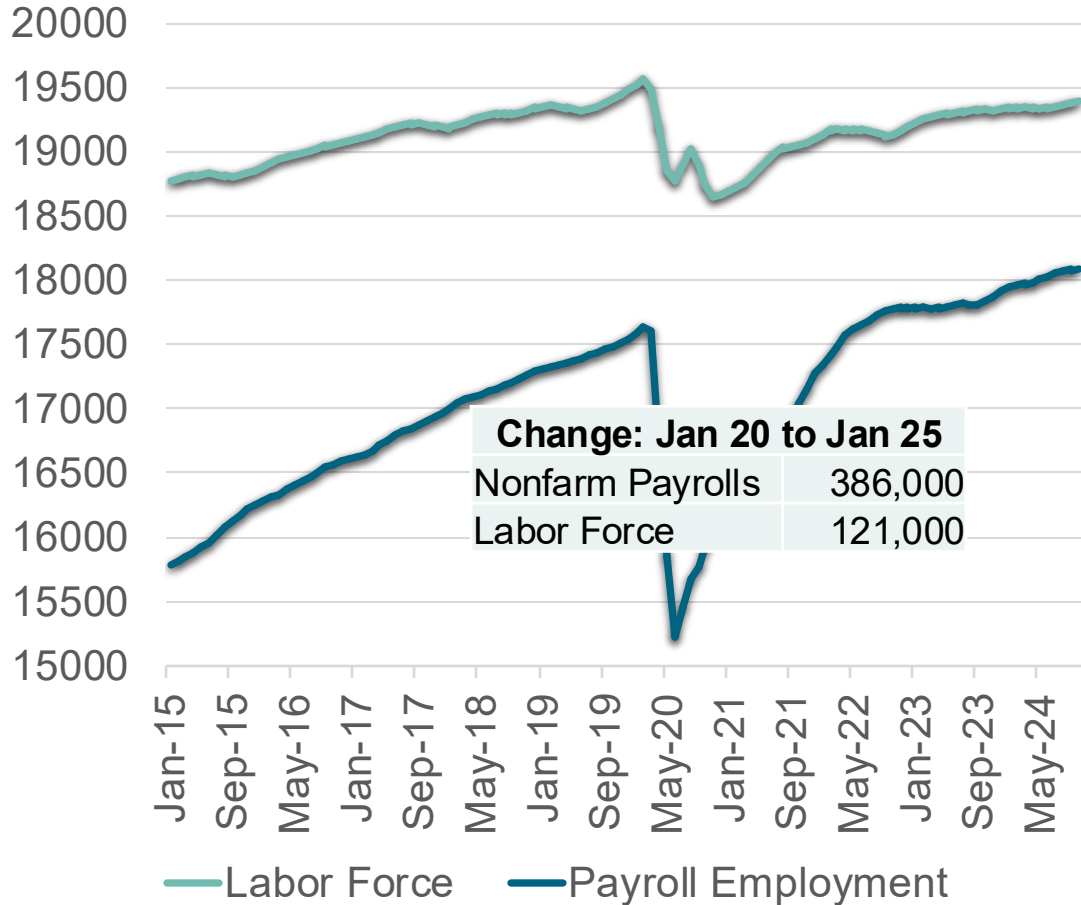


Poverty Rate



Regional Growth Differences?

California Employment and Labor Force

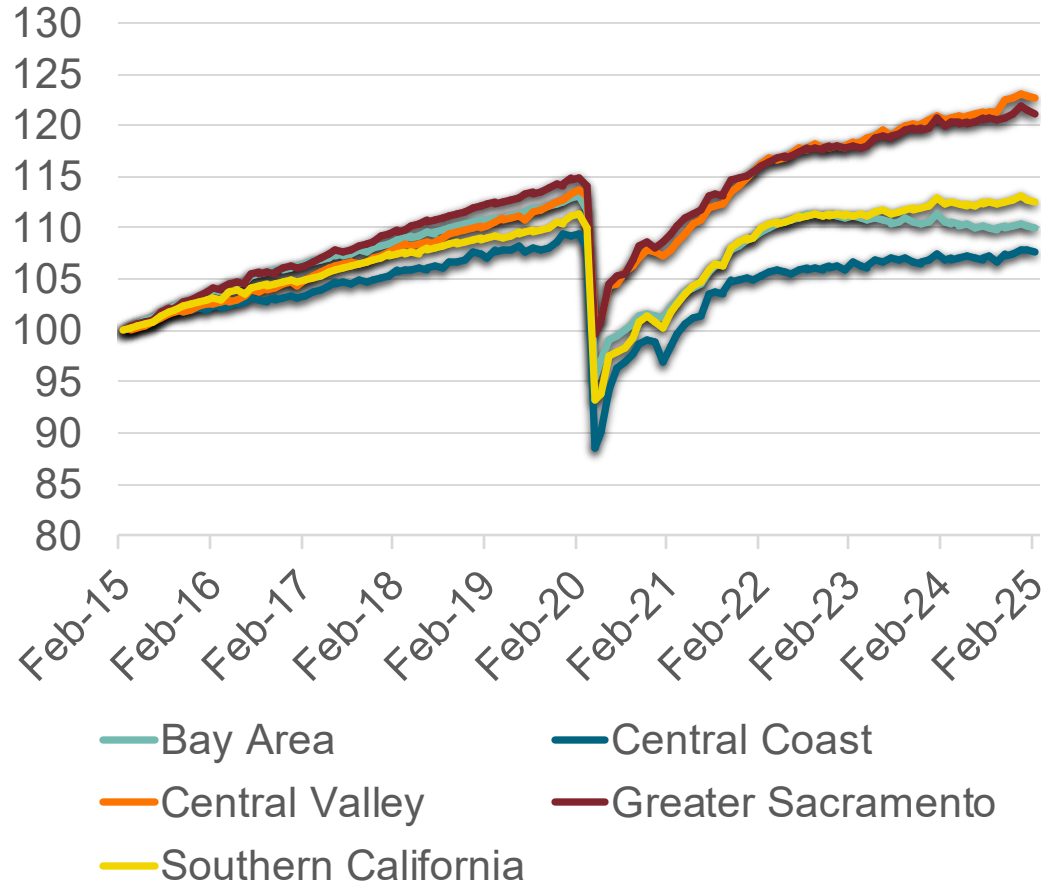


Housing Permits by State



Unemployment and Labor Force

Indexed Nonfarm Employment

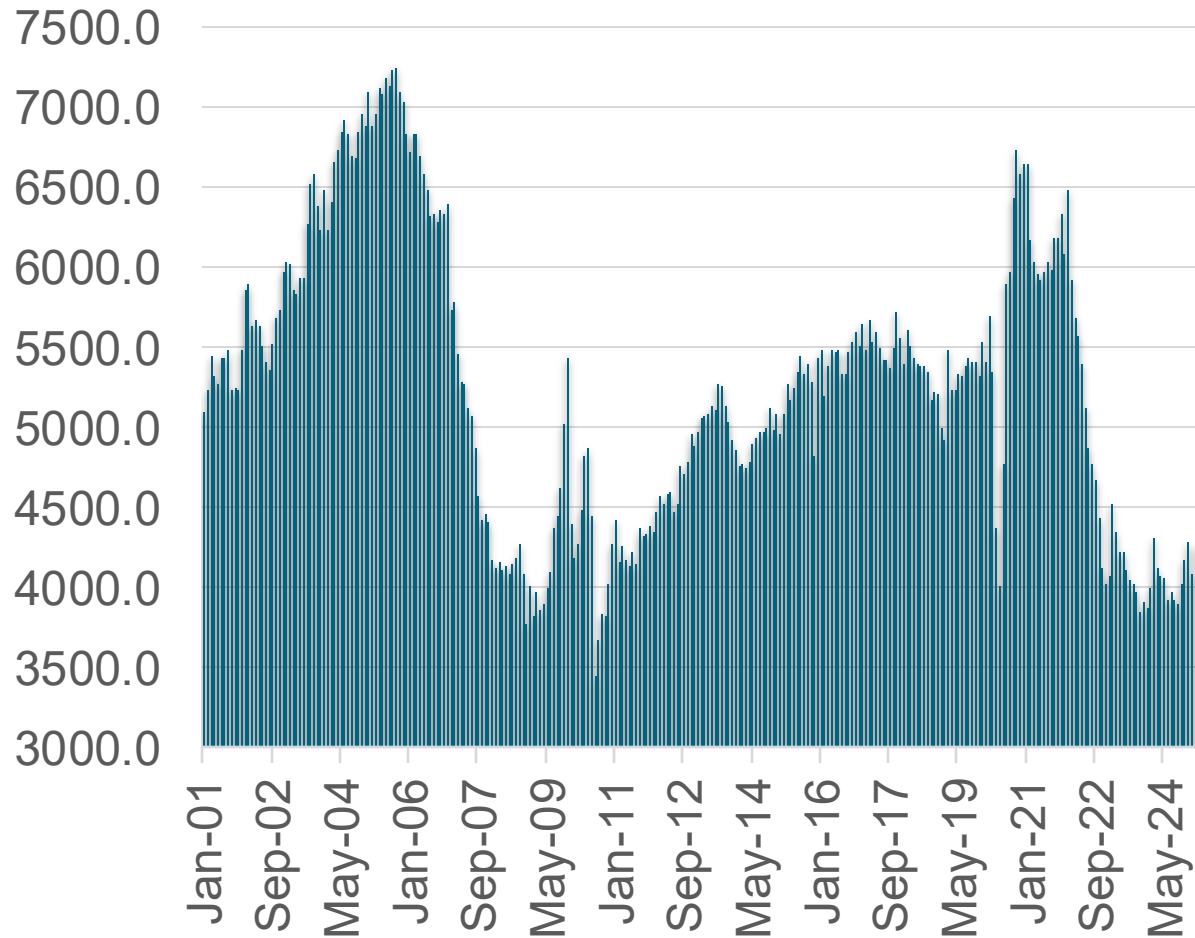


	Total Nonfarm		Labor Force	
	Feb-25	5 Yr	Feb-25	5 Yr
Inland Empire	1705	7.3%	2216	6.7%
Fresno	446	8.2%	548	6.4%
Central Valley	1483	8.0%	1997	6.0%
Greater Sacramento	1145	5.4%	1274	5.3%
California	18004	1.9%	19707	0.4%
Central Coast	557	-1.5%	724	0.0%
Southern California	9938	1.3%	11044	-0.3%
Ventura	316	0.2%	422	-0.5%
Greater Los Angeles	8314	1.0%	9306	-0.9%
Bay Area	4009	-2.7%	4103	-2.2%
Los Angeles (MD)	4601	-0.7%	5038	-4.2%

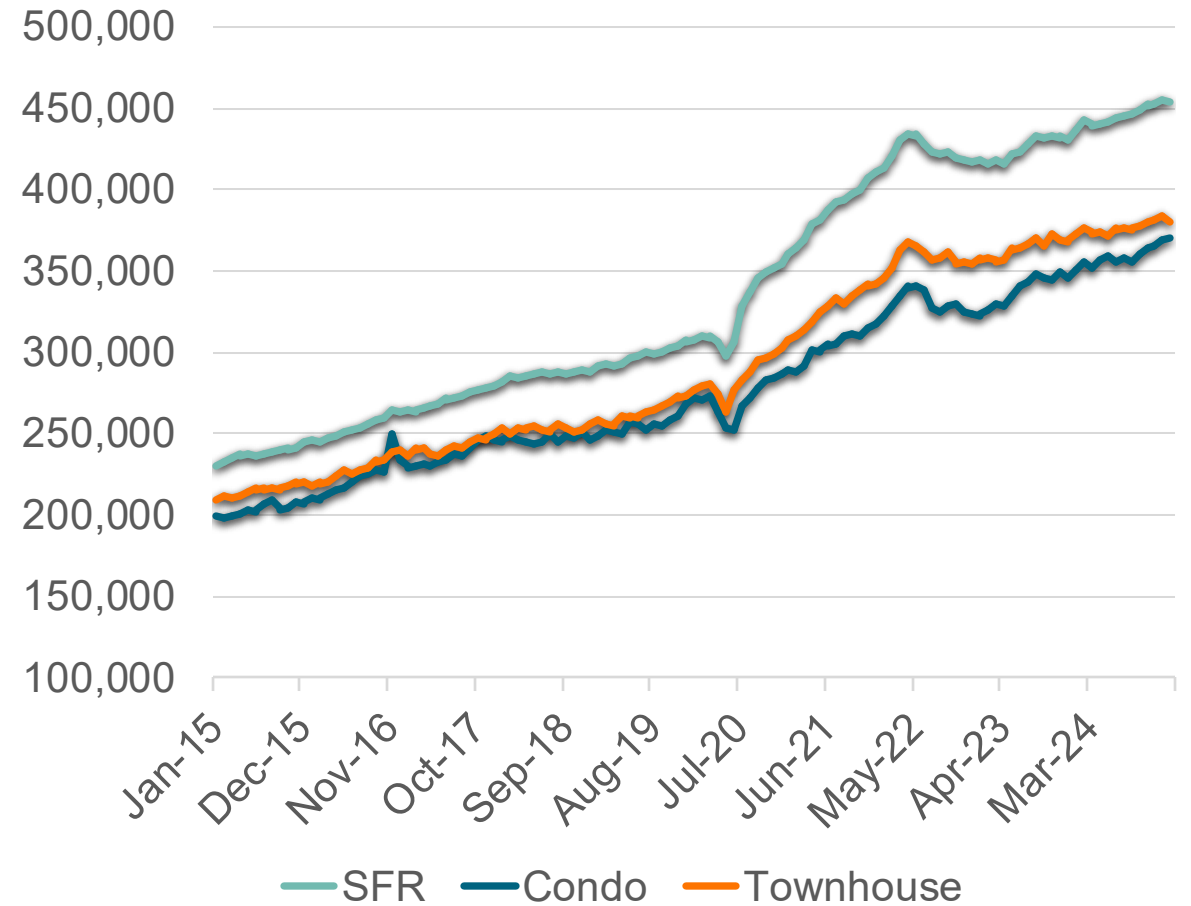


A rate shocked market—and yet...

Existing Home Sales SAAR (NAR)



U.S. Median Home Price



Supply, Supply, Supply...

US Housing Vacancy Rates (%)



New SF Home Sales and Starts



The Yin and Yang of New Home Markets

Months Supply of Units for Sale



Liquidity
Constrained
Housing
Market

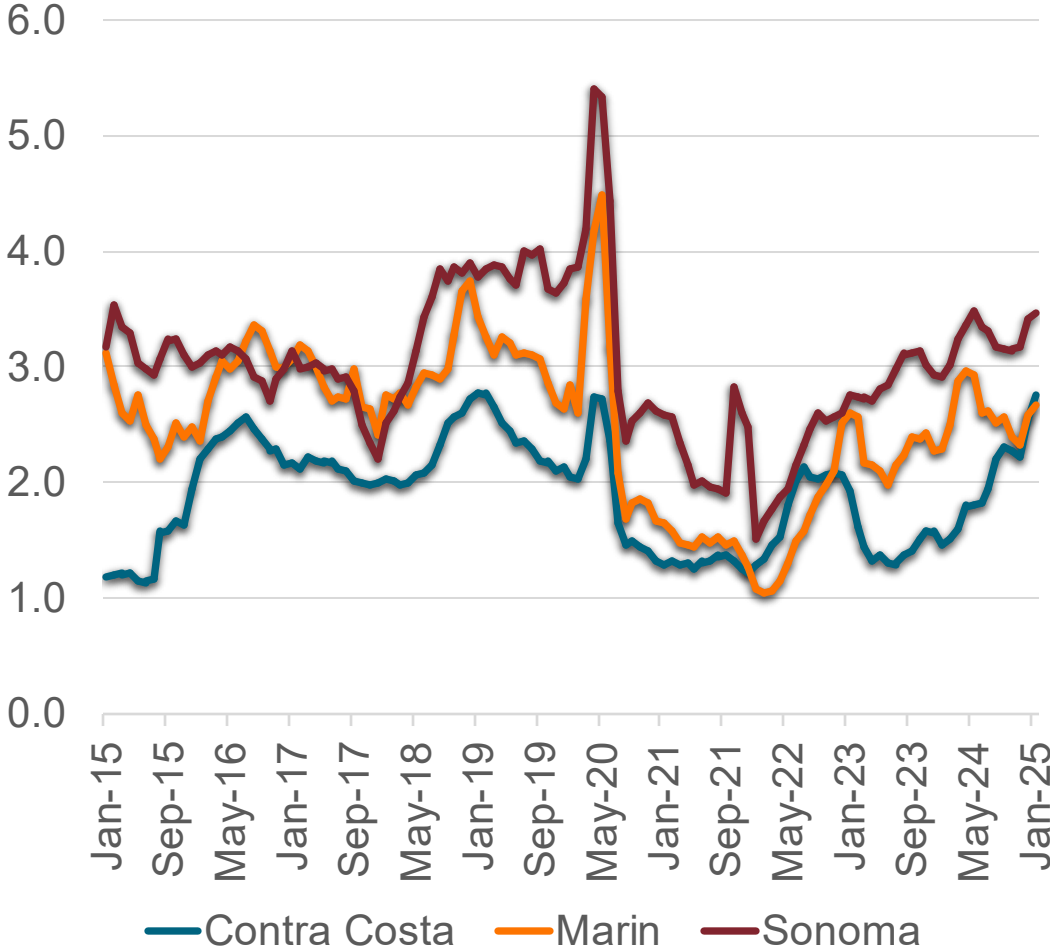


Normal
Housing
Market



Home Inventory

Months Supply of Homes



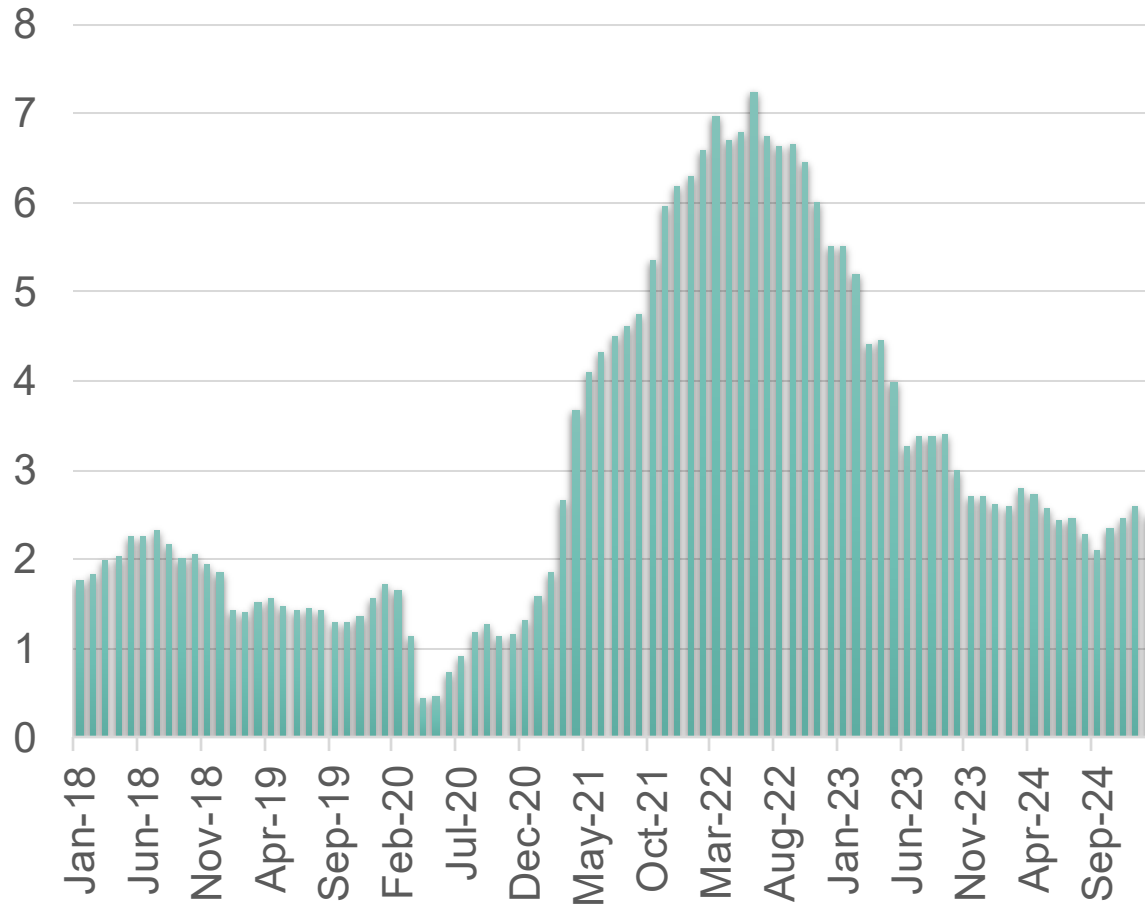
Median Home Price



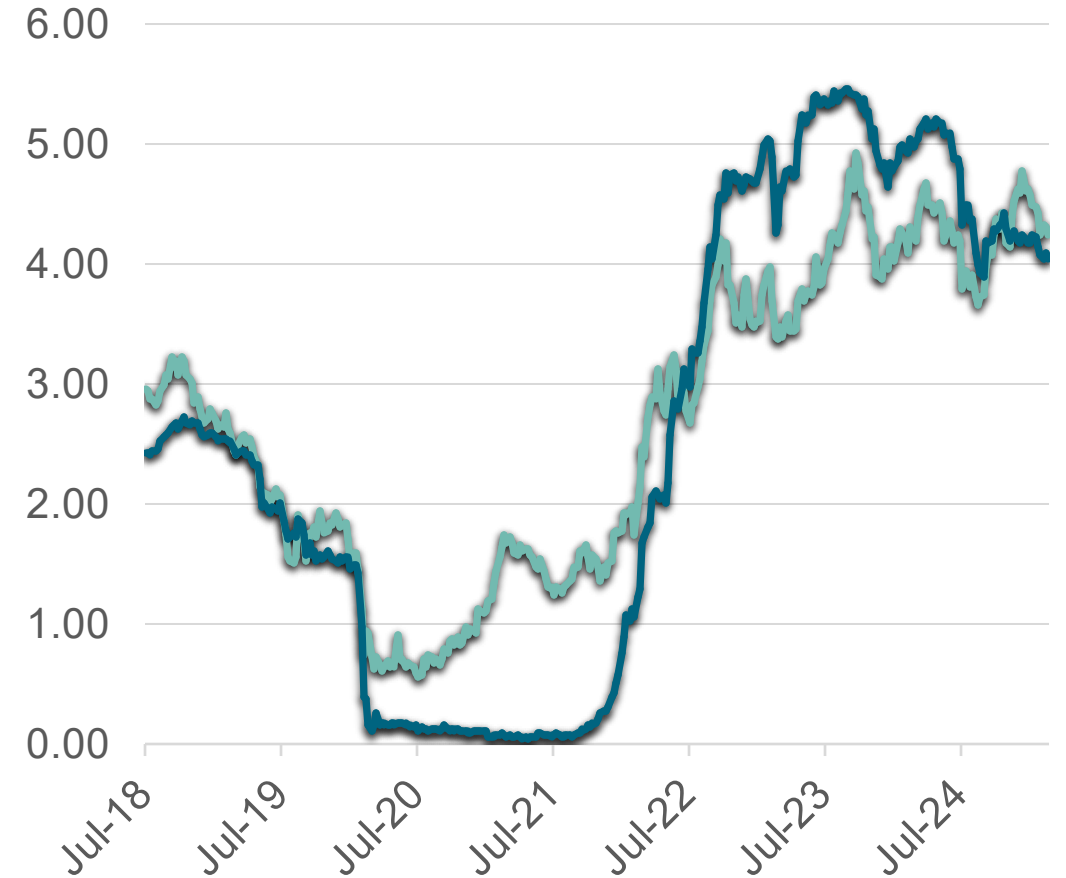
Inflation Down, Fed Backing Off



PCE Deflator (YoY Growth %)

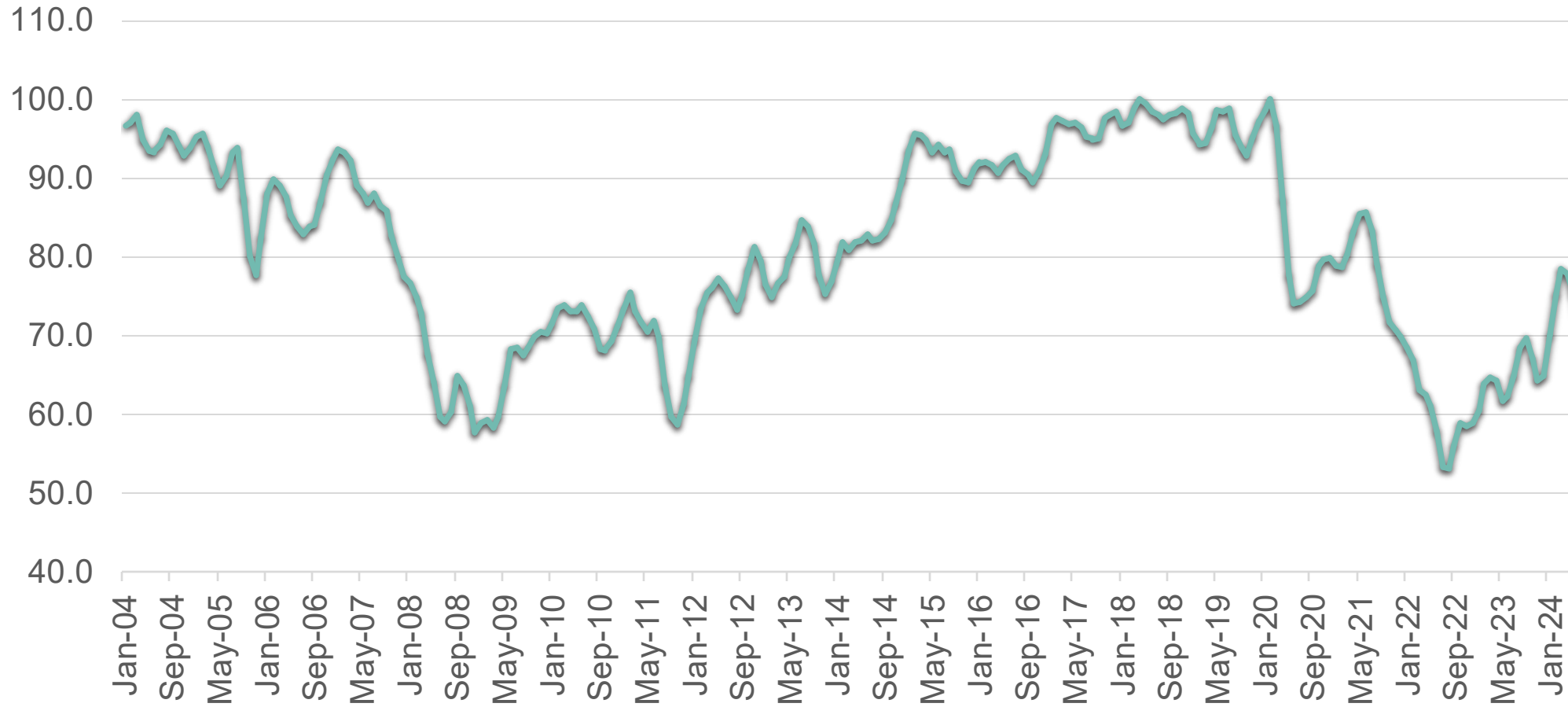


Interest Rates



The national mood?

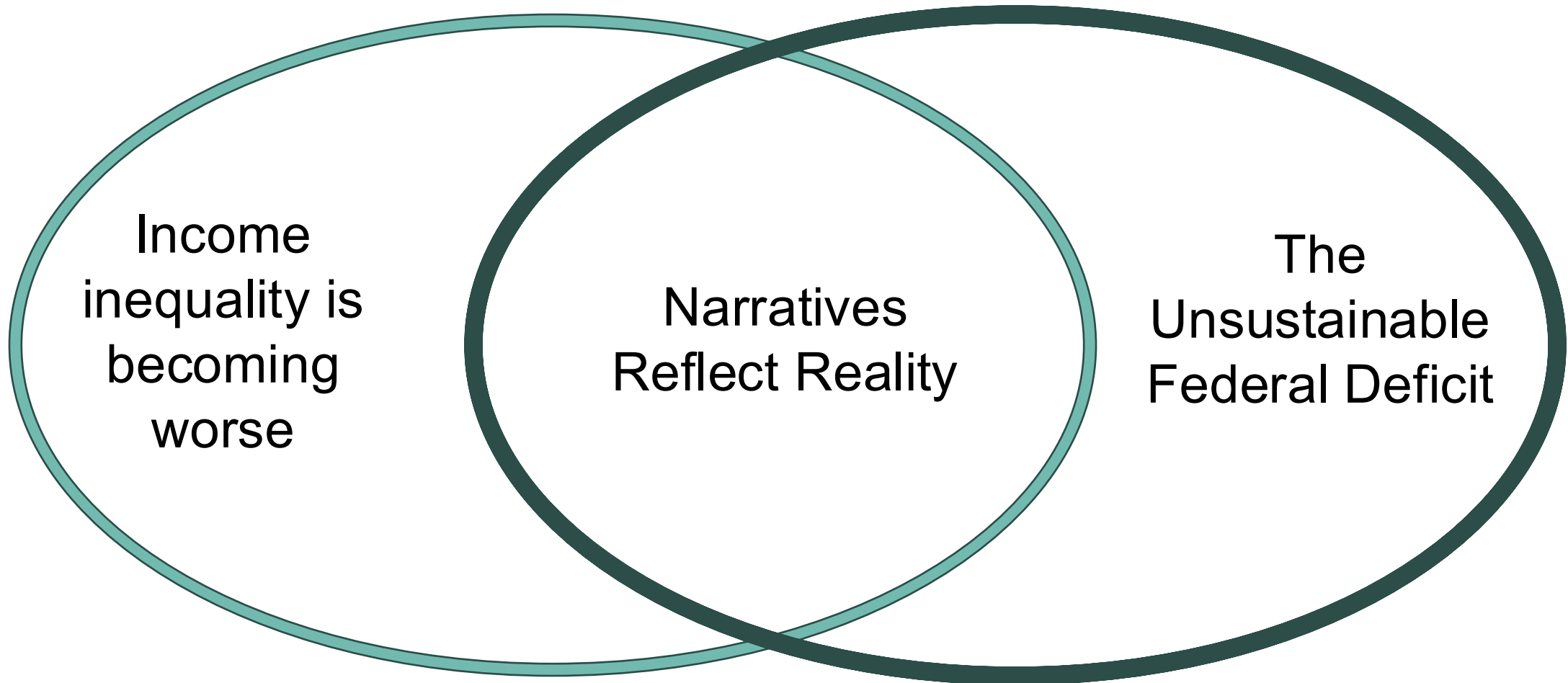
U Mich Consumer Sentiment Smoothed



Beware the Narrative

Social Narratives

Economic Reality



Income
inequality is
becoming
worse

Narratives
Reflect Reality

The
Unsustainable
Federal Deficit



False Narrative: Pandemics Cause Depressions

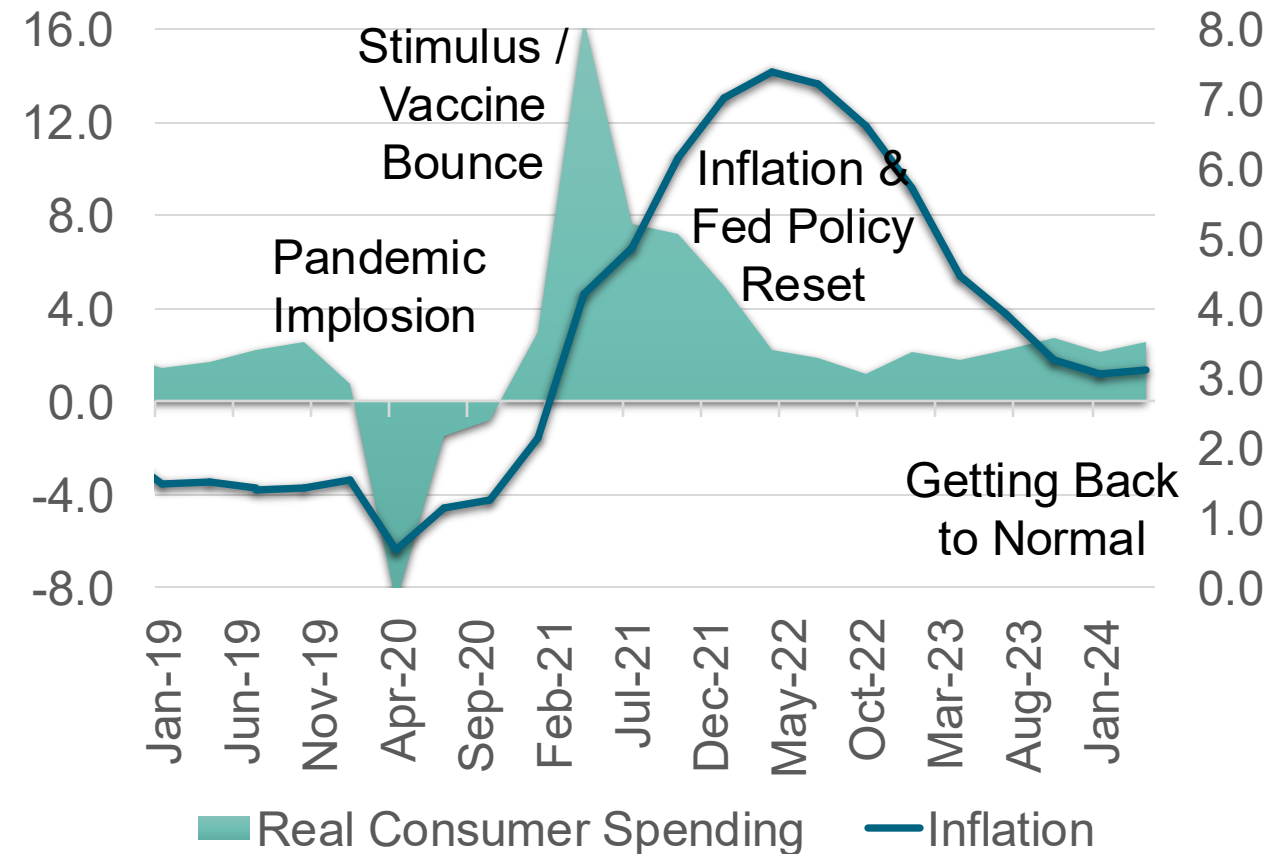
Pandemics do not cause depressions.

- Lost Output during Pandemic: \$850 Billion
- Stimulus deployed: \$6 trillion
- Efforts supported by \$5 trillion in QE

The Stimulus Multiplier

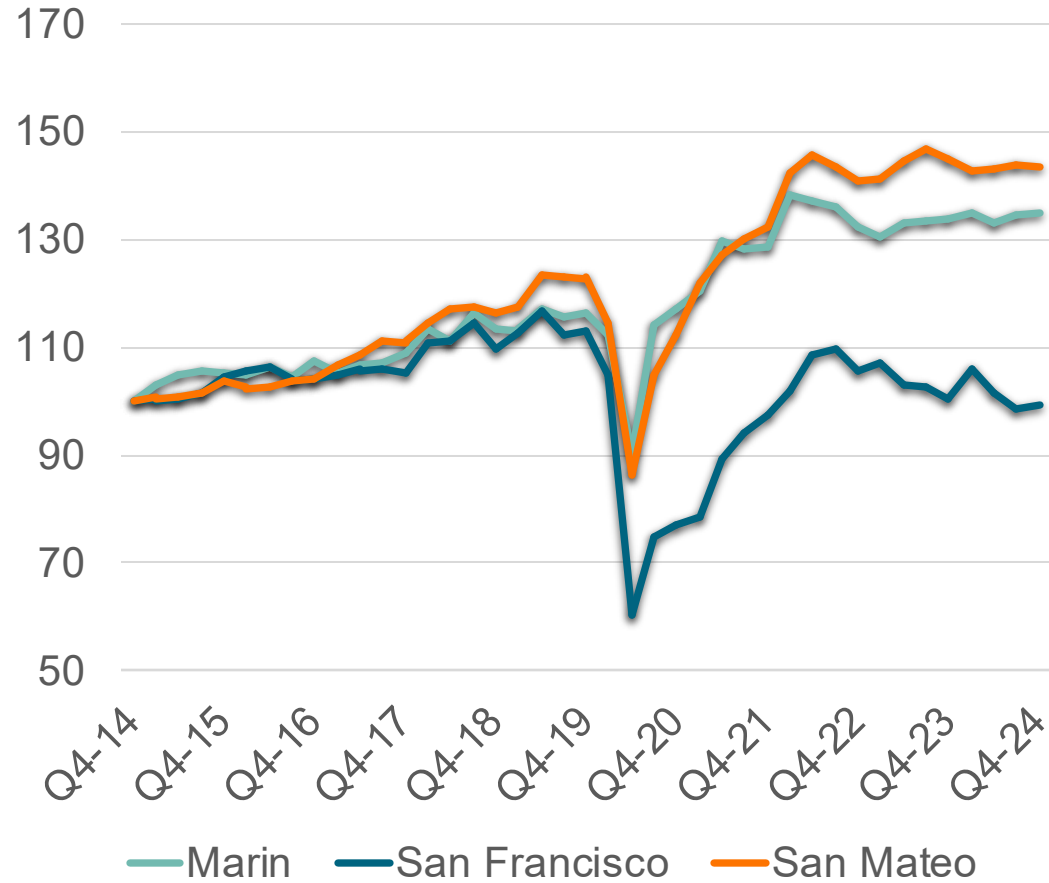
- Initial stimulus \$50k per household
- Asset prices: \$200K more in net worth
- 26% increase in average net worth

YOY Changes in Real Consumer Spending and Price Changes (%)



Tax Receipts

Indexed Tax Receipts

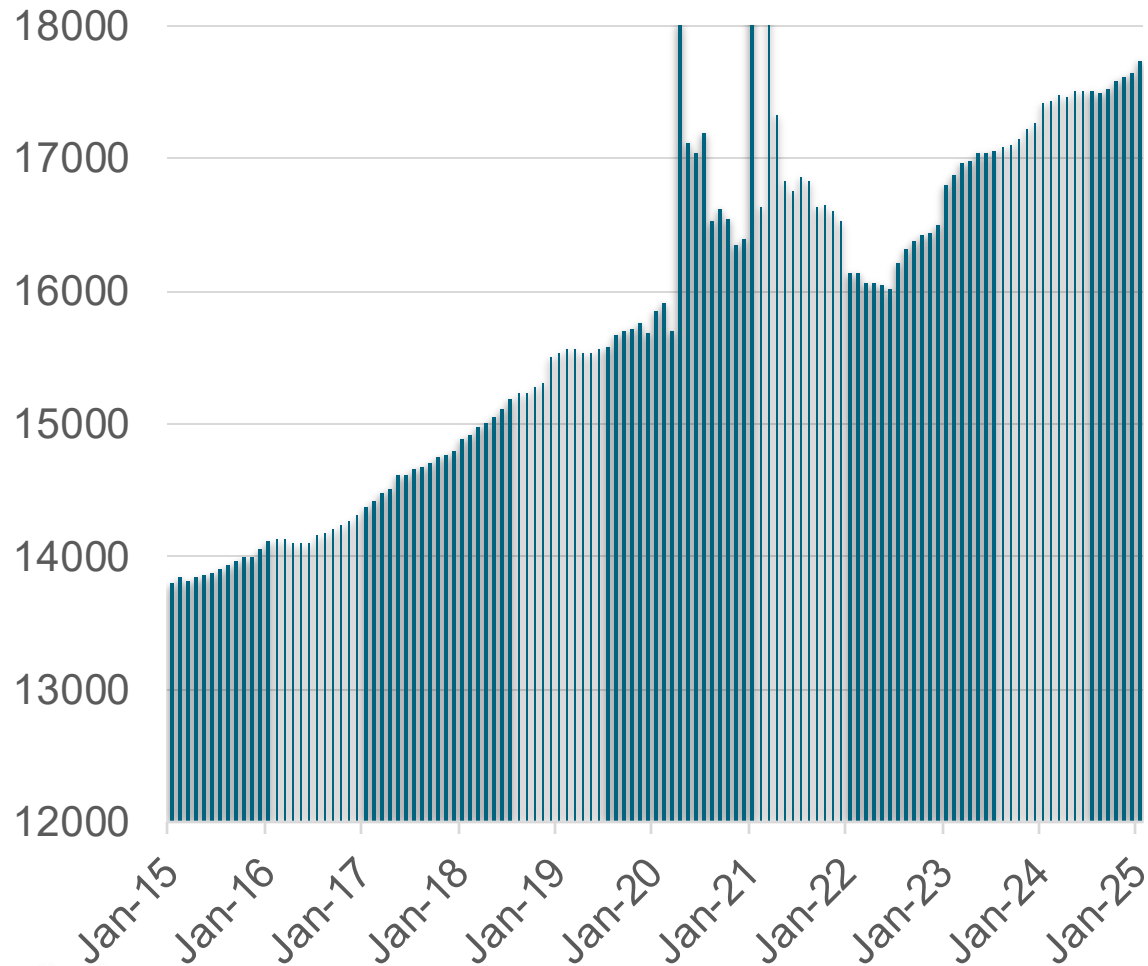


Location	Q4-24 (\$, 000s)	1-Year Chg. (%)	5-Year Chg. (%)
Marin County	1,625	0.2	16.6
Novato	244	-0.7	19.4
Uninc. Marin County	133	6.2	18.1
San Rafael	505	-0.1	15.1
San Jose	5,637	-1.0	14.8
Corte Madera	170	1.0	14.4
Mill Valley	78	-1.1	13.6
Larkspur	55	-4.7	4.1
Oakland	1,152	-3.8	-4.0
San Francisco	4,503	-3.3	-13.4

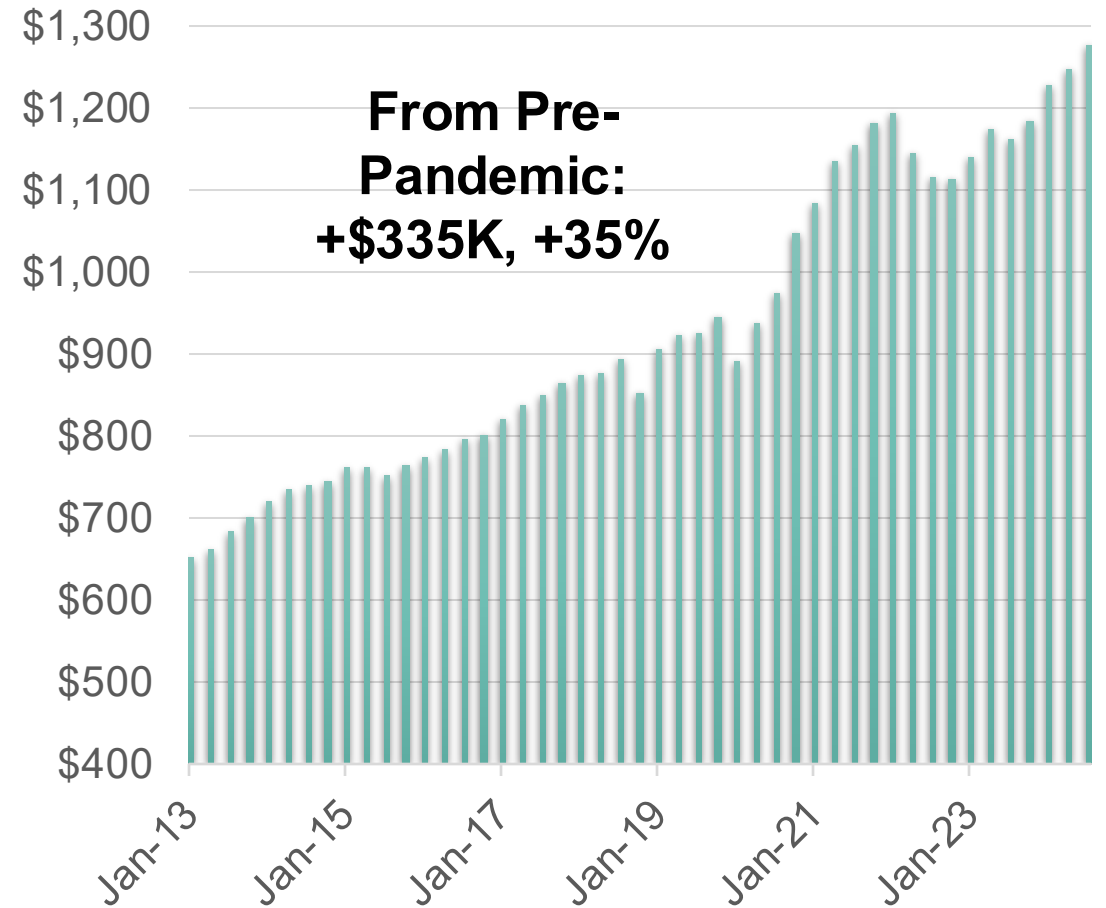


SR Outlook for Consumers: Still Good

Real Disposable Income

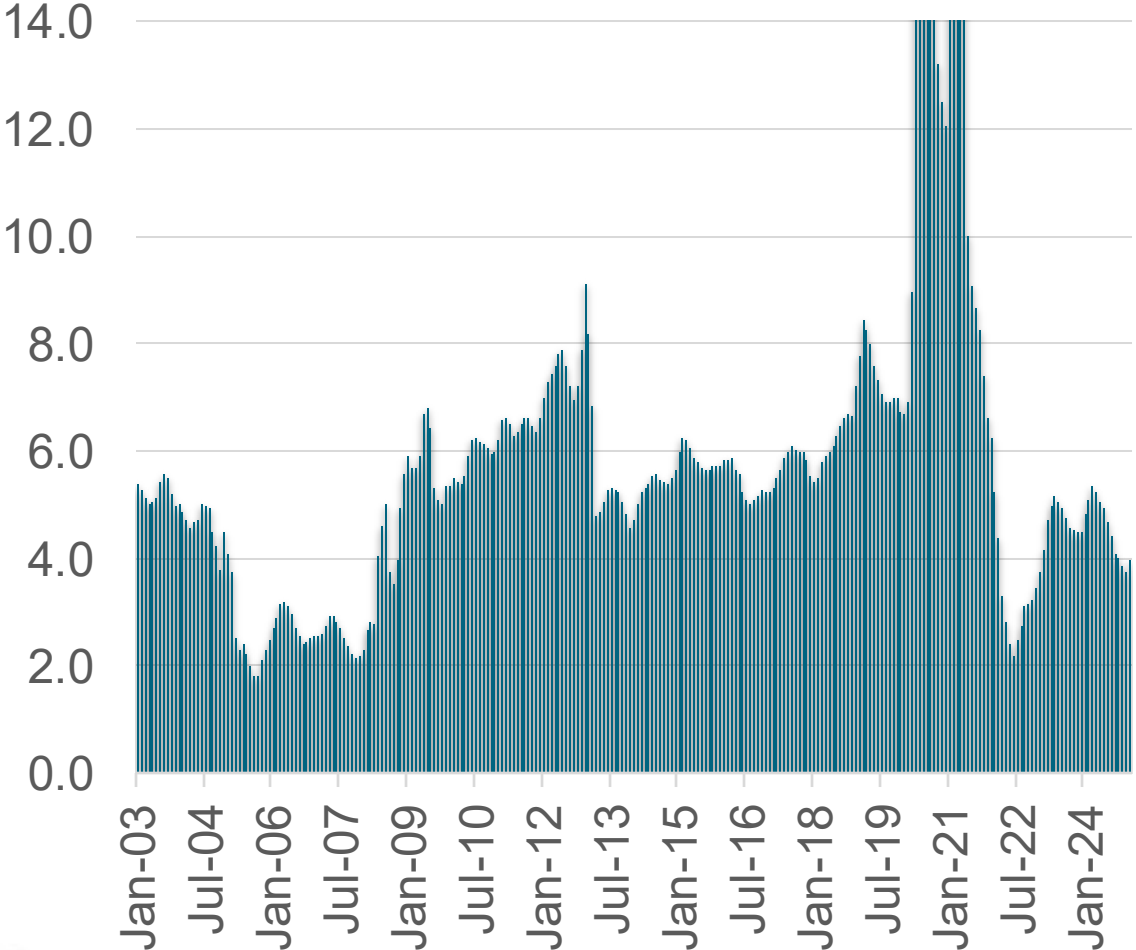


Average Net Worth Per Household (\$000s)

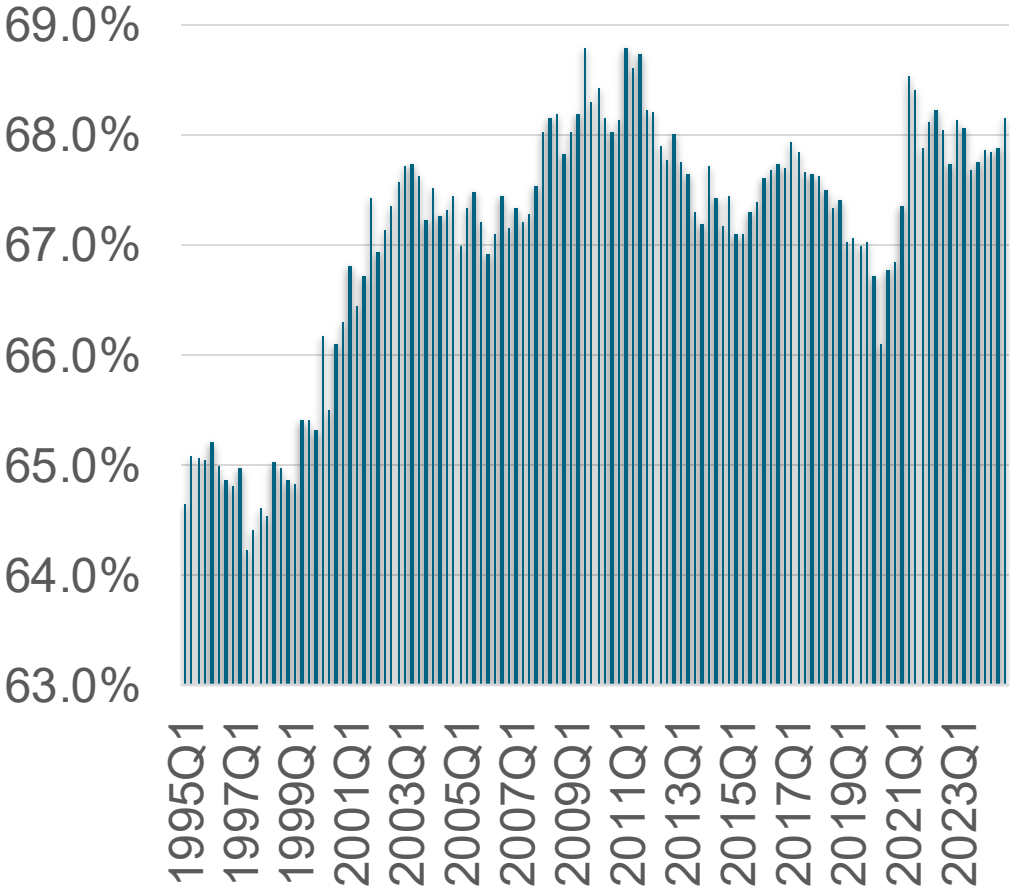


Too Good?

Household Savings Rate (% DPI)

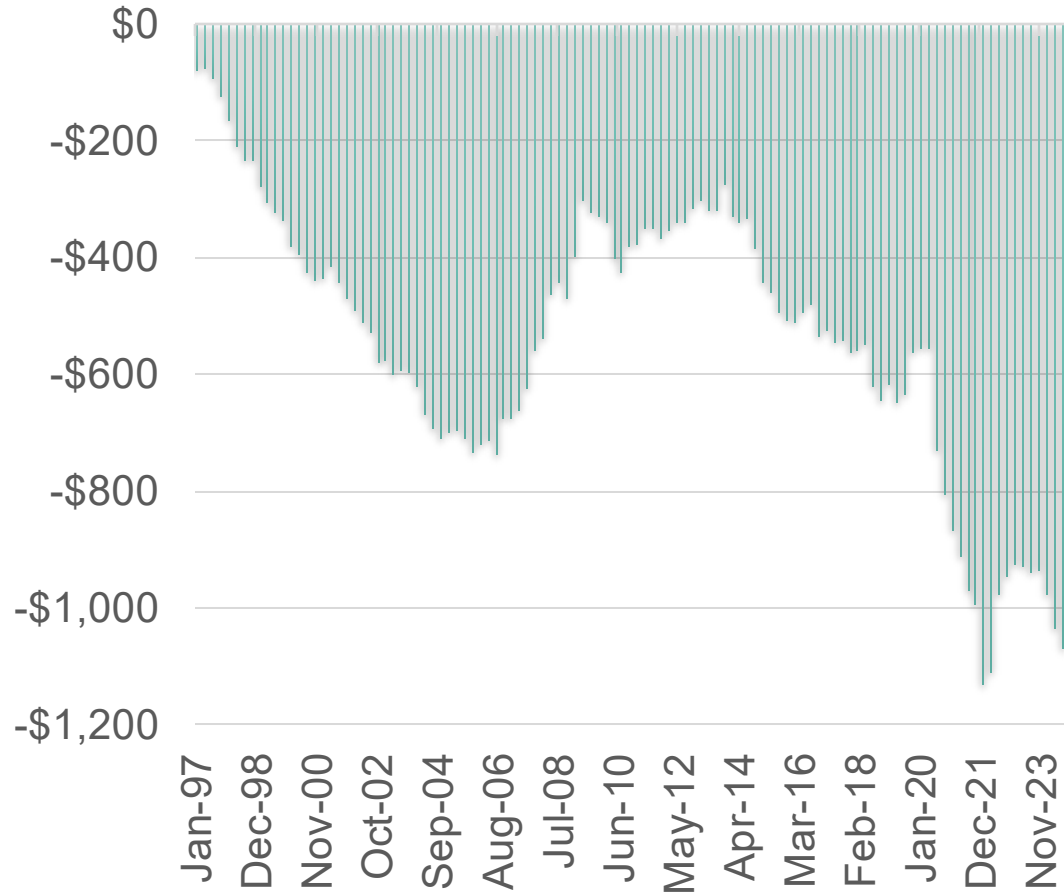


Consumer Spending Share GDP

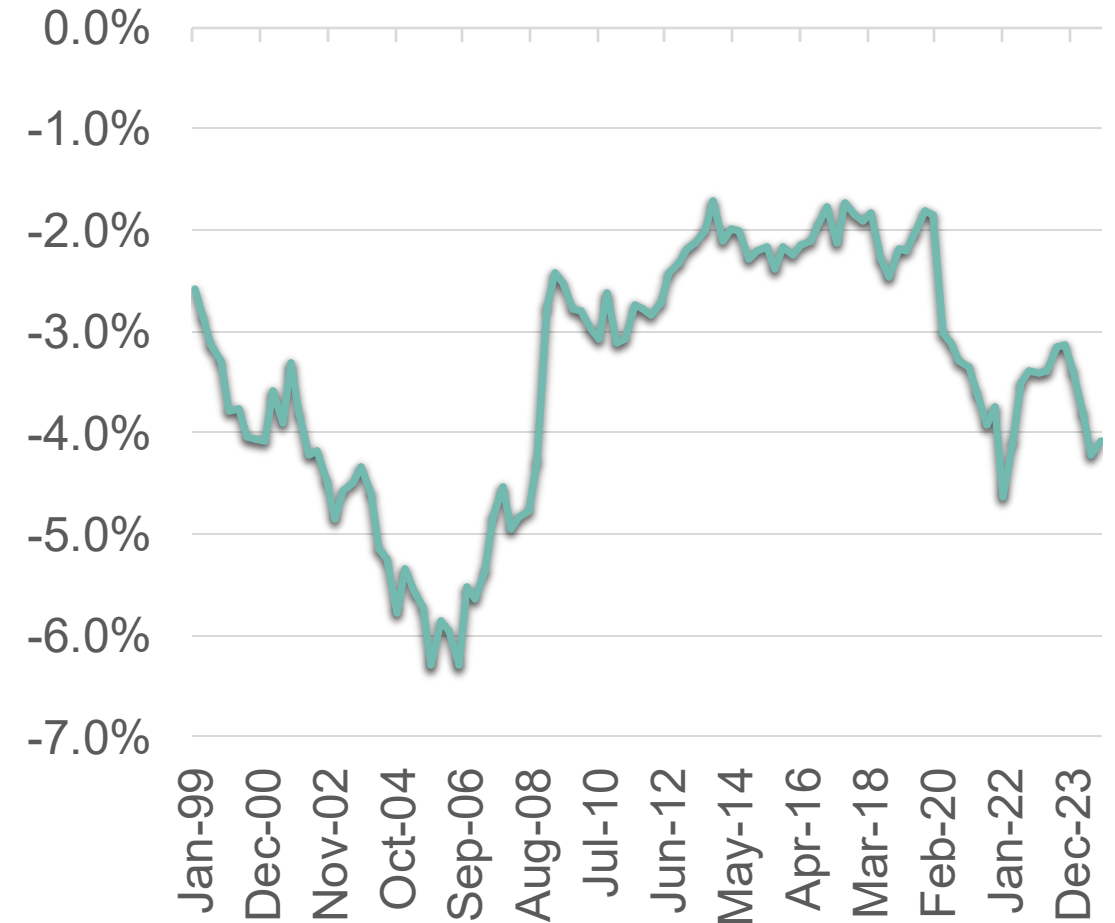


An Over-Consumption Problem

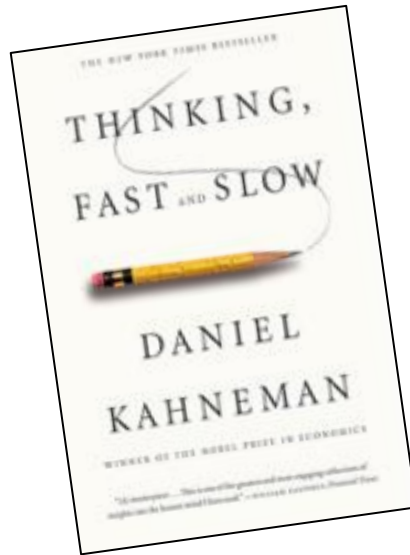
US Trade Deficit (\$Bil, Real)



US Current Account as % of GDP



How do narratives go astray?



	<u>Style</u>	<u>Rules</u>
Type 1	Fast, Emotional	Heuristics
Type 2	Slow, deliberative	Deduction

Care/ harm	Liberty/ oppression	Fairness/ cheating
Loyalty/ betrayal	Authority/ subversion	Sanctity/ degradation

Moral Nodes: Social issues that blind us emotionally

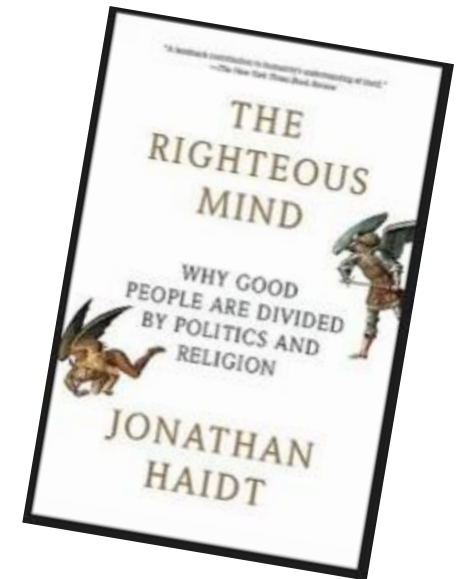
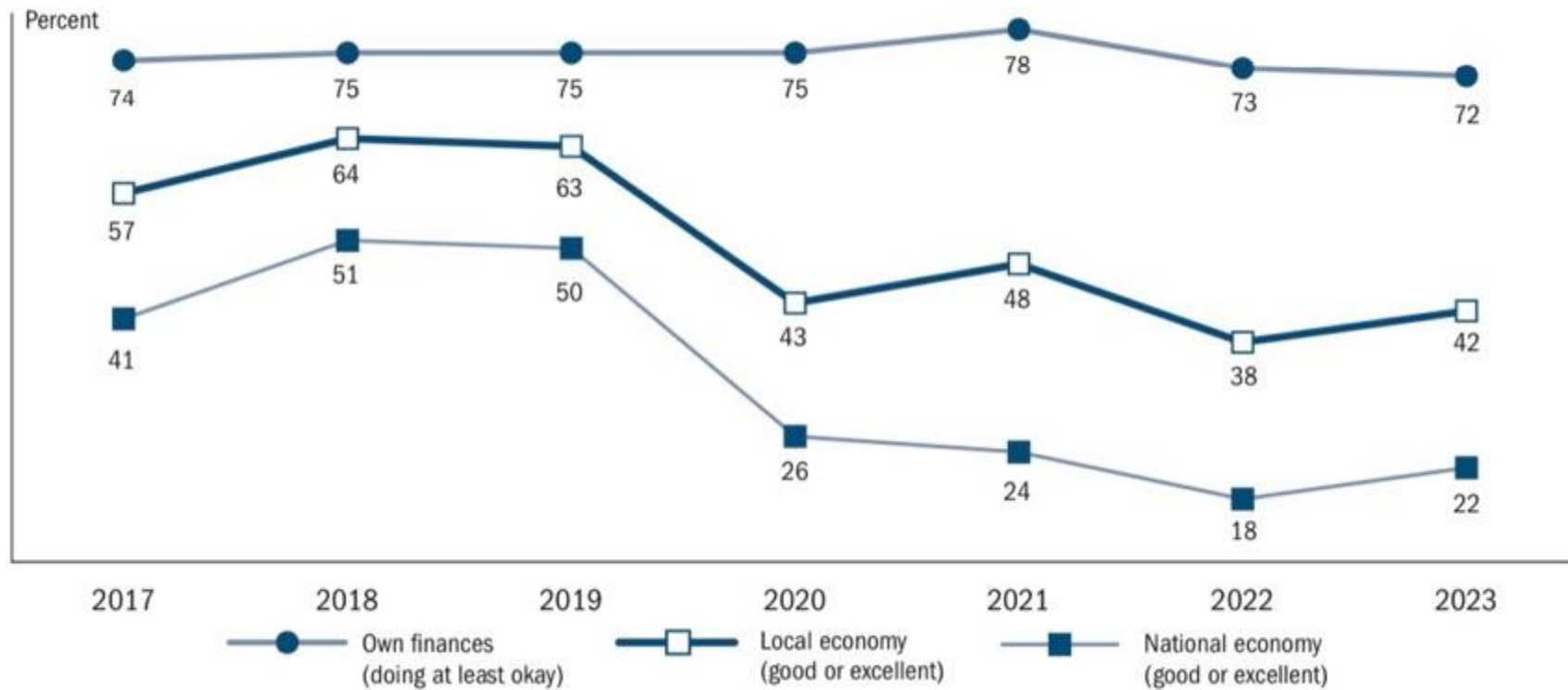


Figure 7. Assessment of own financial well-being, local economy, and national economy (by year)



Note: Among all adults.



Excess Money + Demand = Inflation

Money and Prices

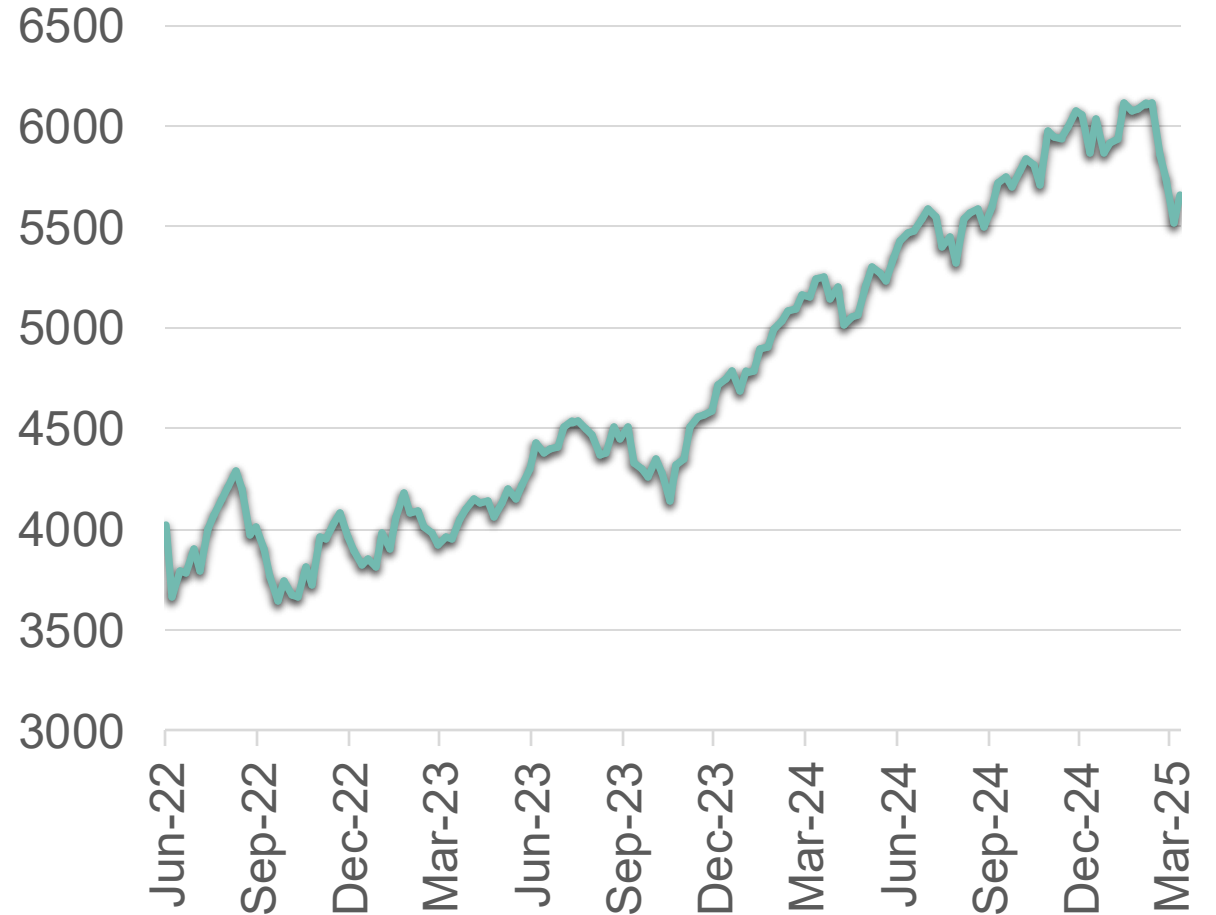


And the new administration?

Policy Uncertainty Indexes

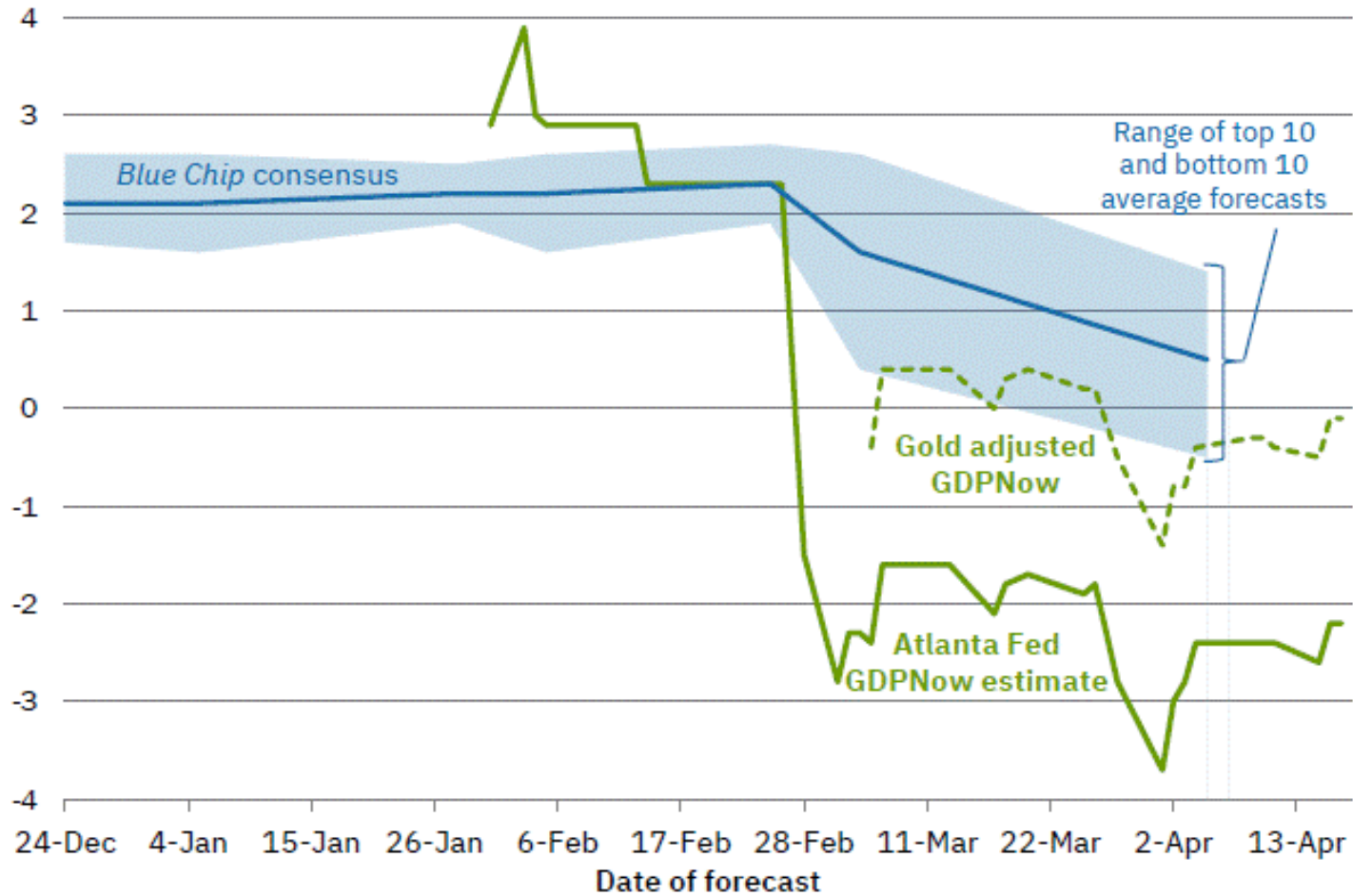


S&P 500



Evolution of Atlanta Fed GDPNow real GDP estimate for 2025: Q1

Quarterly percent change (SAAR)



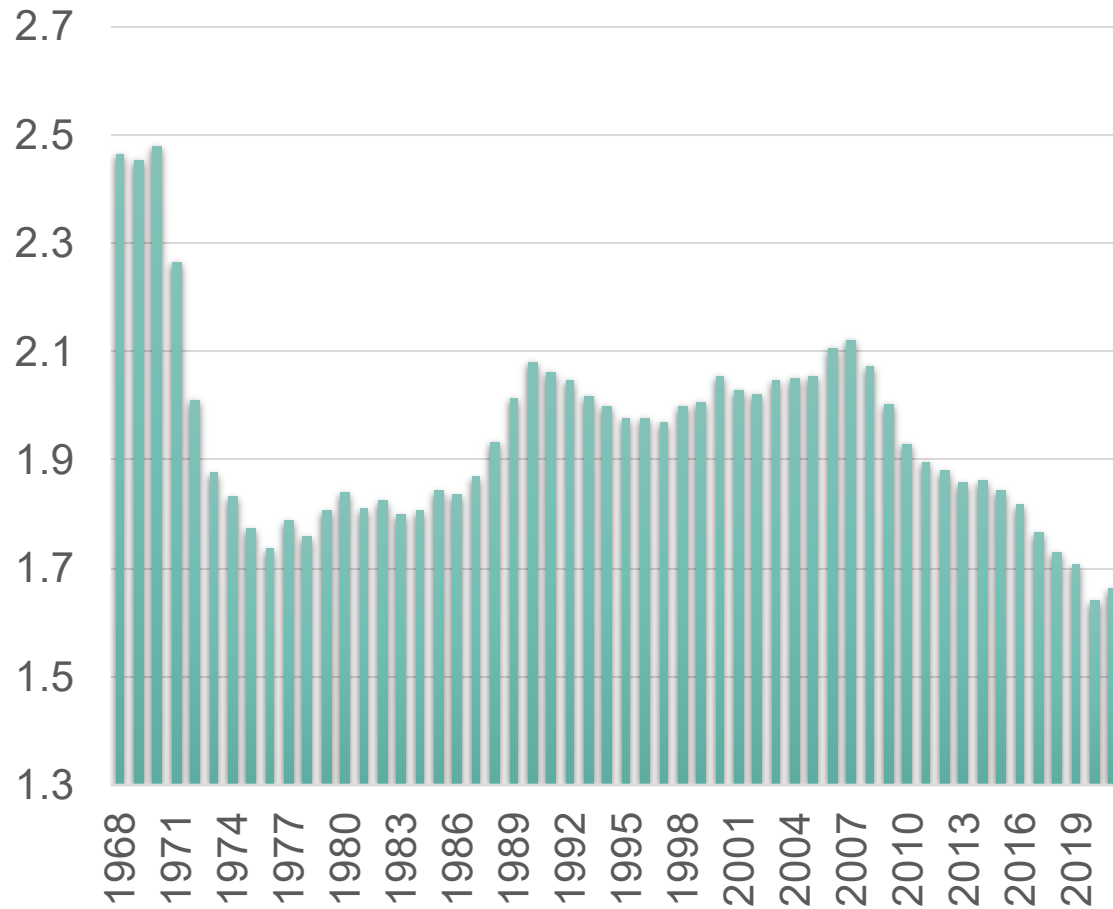
Sources: Blue Chip Economic Indicators and Blue Chip Financial Forecasts

Note: The top (bottom) 10 average forecast is an average of the highest (lowest) 10 forecasts in the Blue Chip survey.

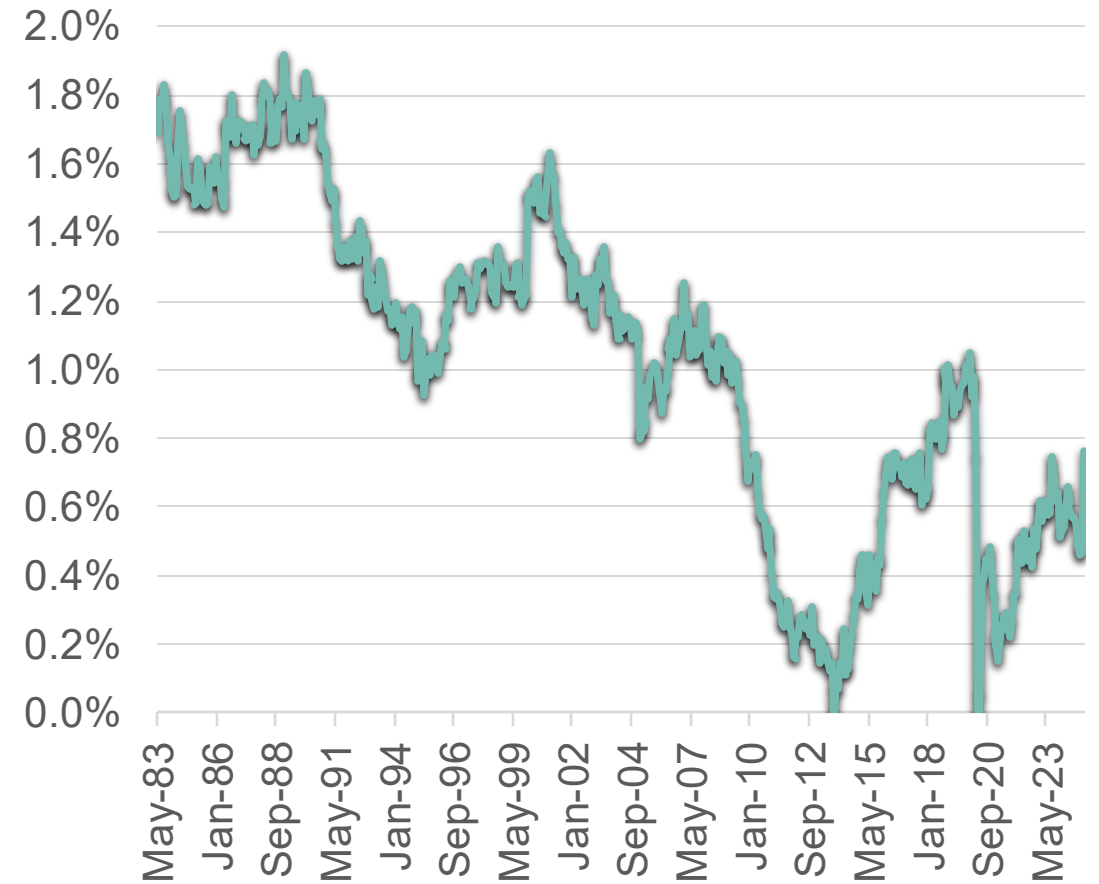


Labor Supply Issues

US Birth Rate

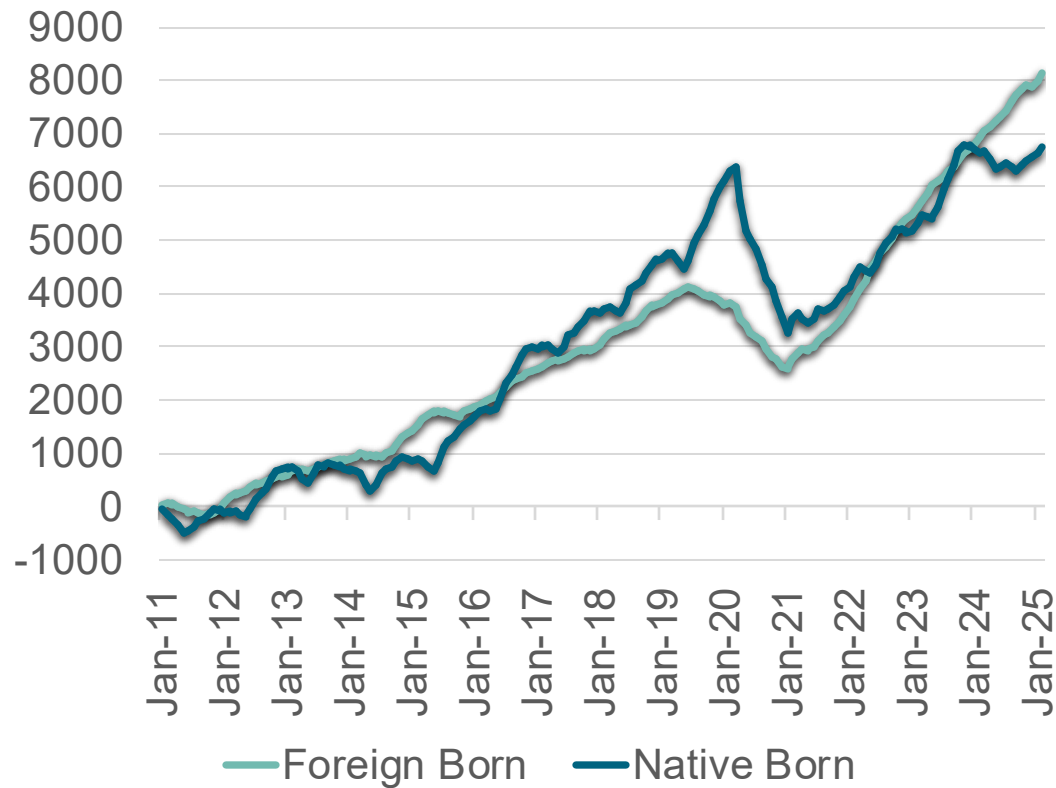


US Labor Force Growth (5 year Average)



Migration and the US Labor Force

Accumulation of US Labor Force by Birthplace (000s)

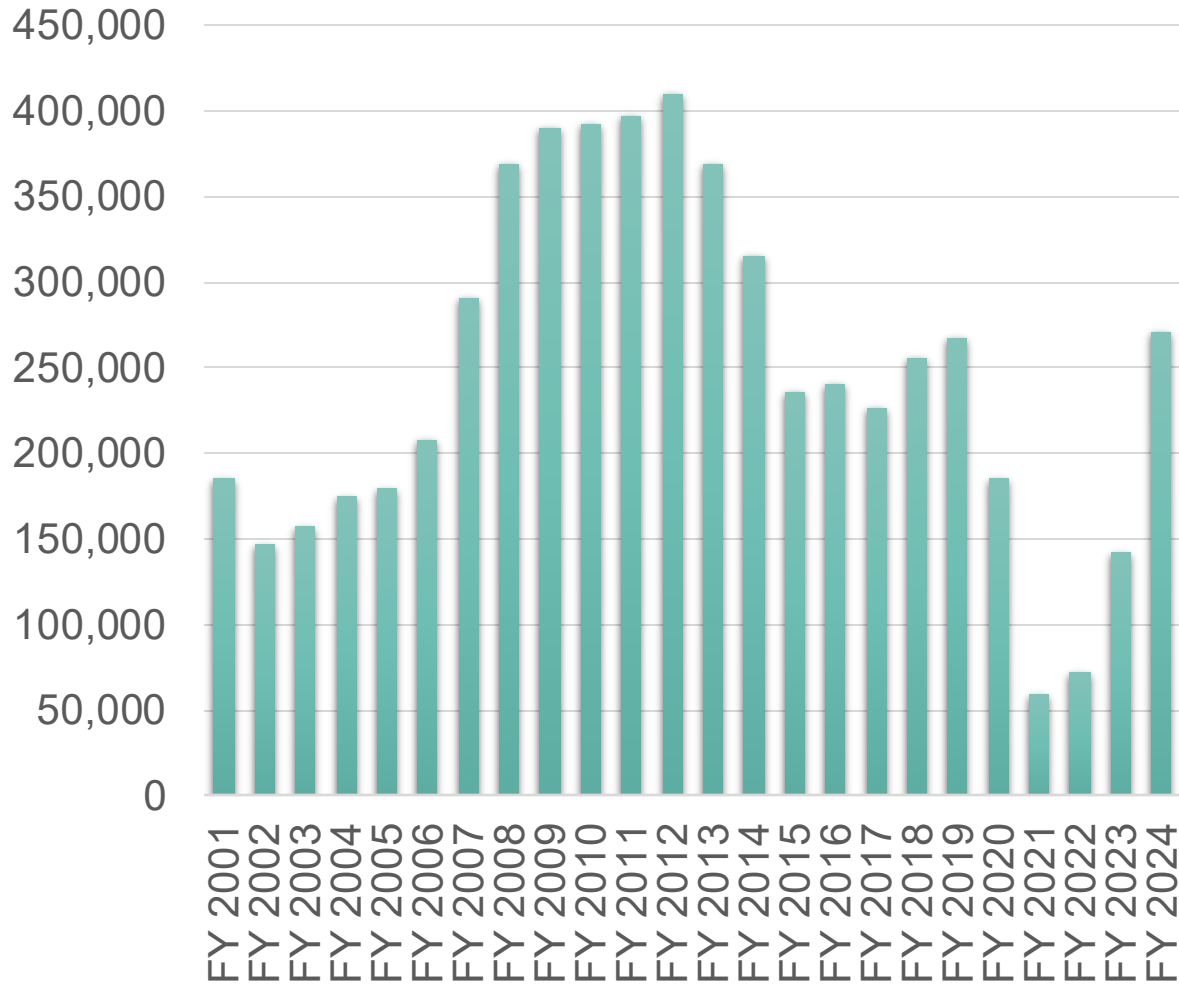


State	2023 Foreign Born % of LF	State	2023 Foreign Born % of LF
California	33.3	Connecticut	19.5
New Jersey	30.2	Illinois	18.7
New York	27.9	Virginia	17.3
Florida	27.7	Wash DC	16.7
Nevada	23.7	Rhode Island	16.5
Hawaii	23.7	Arizona	16.3
Texas	22.6	Georgia	15.5
Maryland	21.9	United States	8.4
Massachusetts	21.9	Delaware	15.2
Washington	20.1	New Mexico	13.1

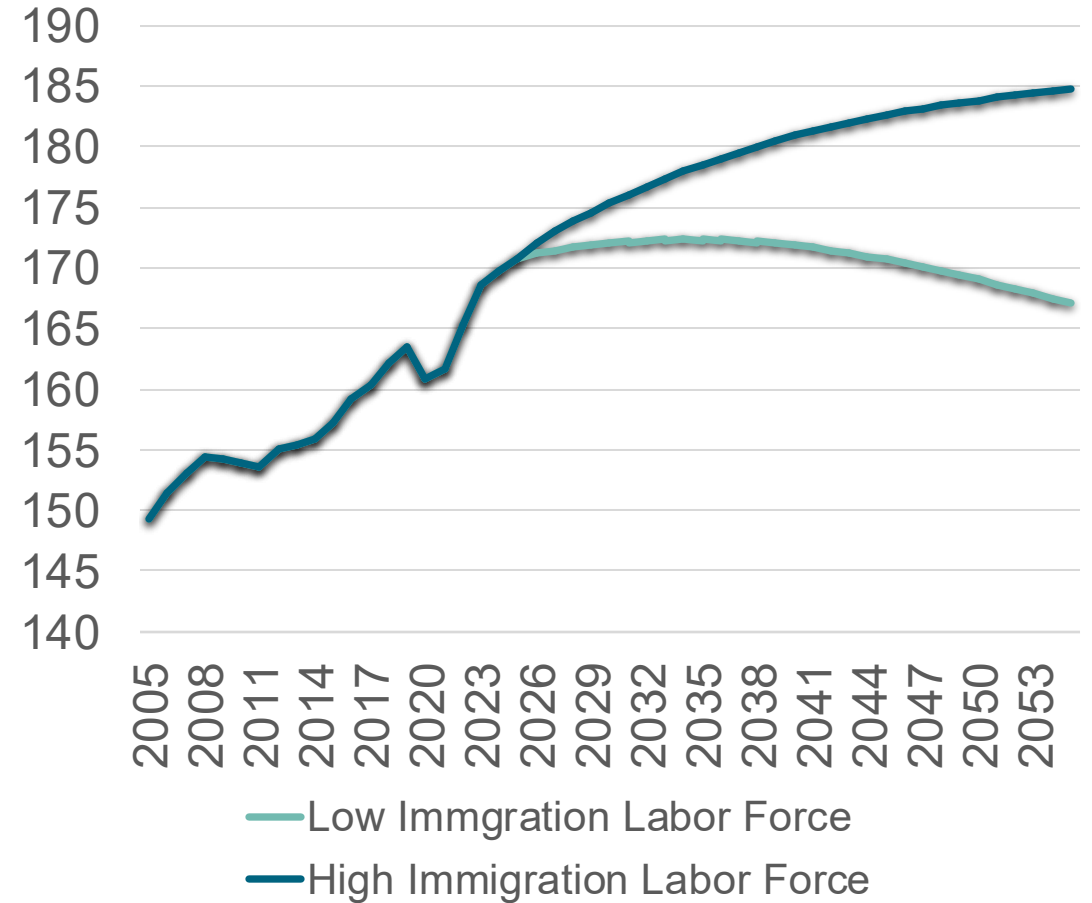


Which is the bigger issue?

Total Removal by Fiscal Year

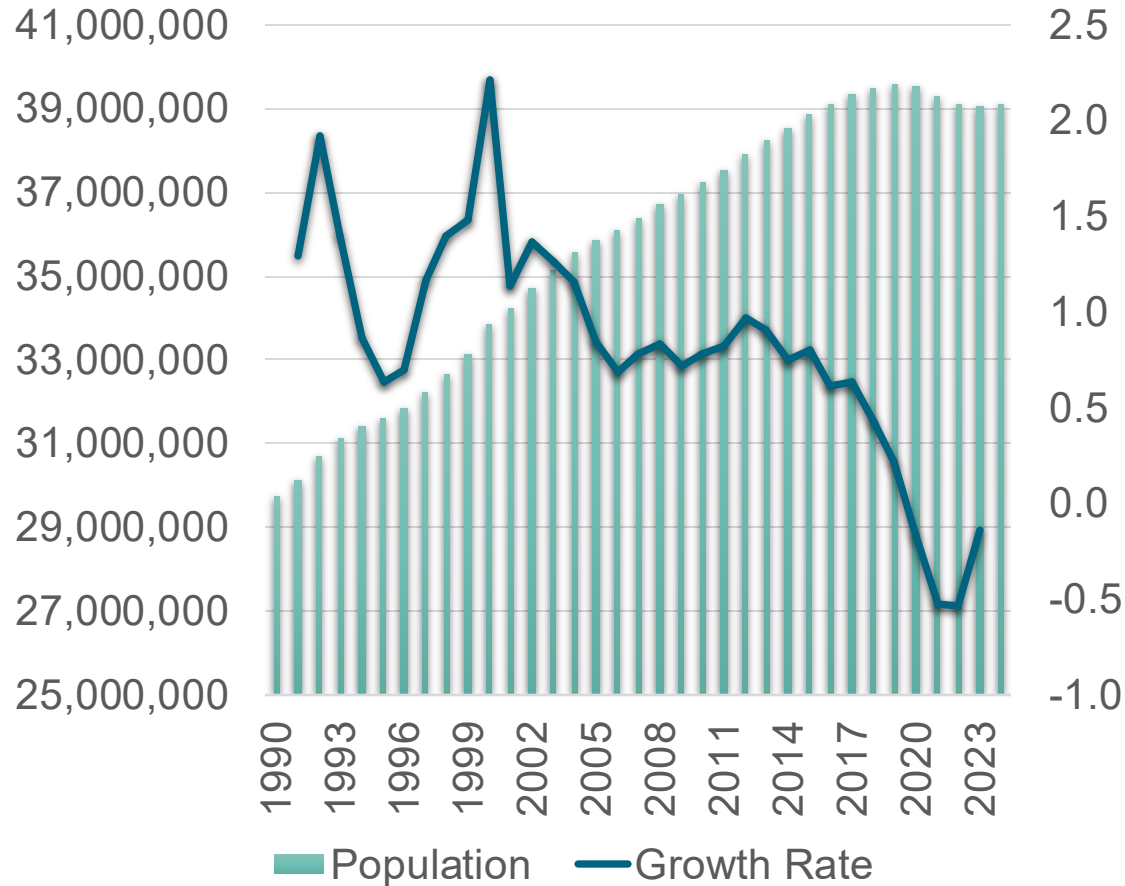


Immigration and Labor Force Levels (Millions workers)



CA Population Declines

California Population

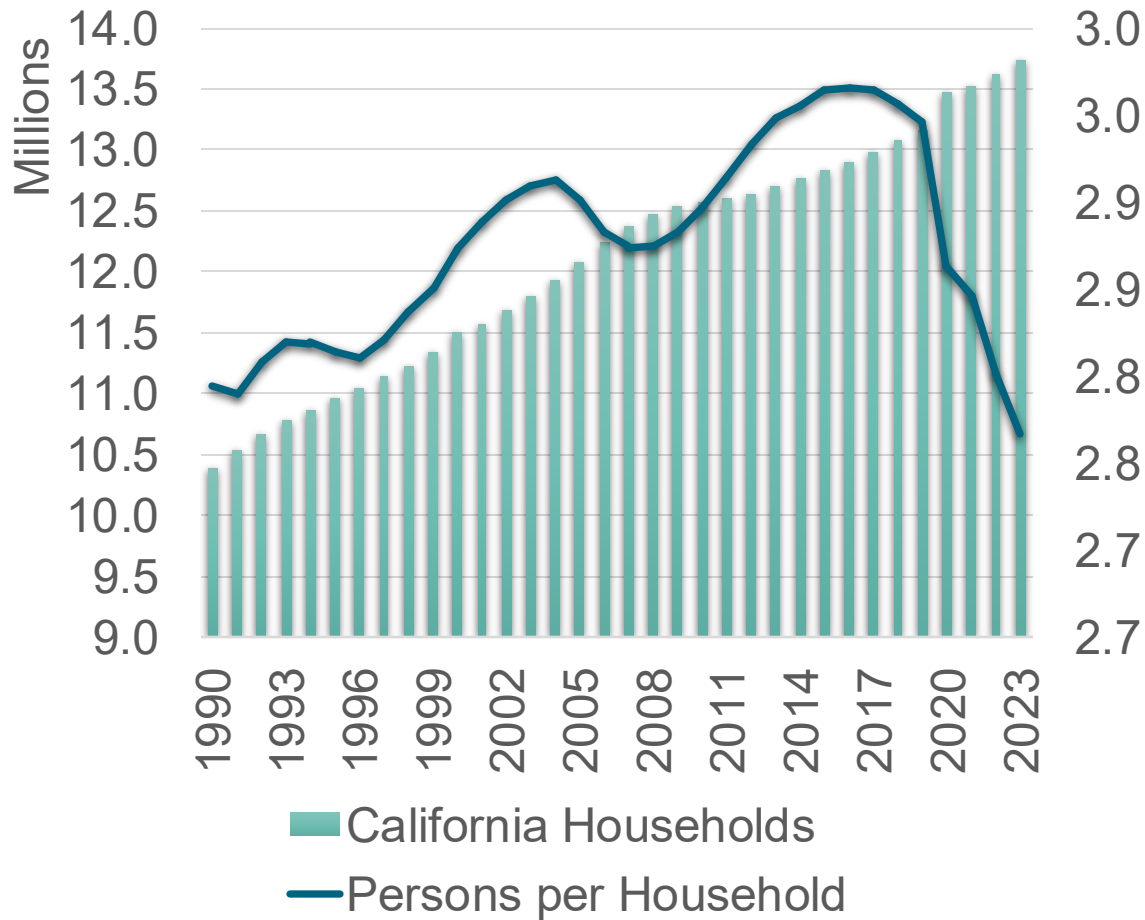


County	2024 Total Population	10-Year Chg. (%)
California	39,128,162	1.5
San Joaquin	791,408	11.3
Sacramento	1,578,938	7.7
Riverside	2,442,378	6.6
Fresno	1,017,431	5.4
Kern	910,300	4.6
Contra Costa	1,146,626	4.3
San Bernardino	2,181,433	4.1
Alameda	1,641,869	3.2
San Diego	3,291,101	1.8
Orange	3,150,835	0.9
Santa Clara	1,903,198	0.9
San Francisco	843,071	-1.2
San Mateo	741,565	-1.7
Los Angeles	9,824,091	-2.5
Ventura	823,863	-2.5

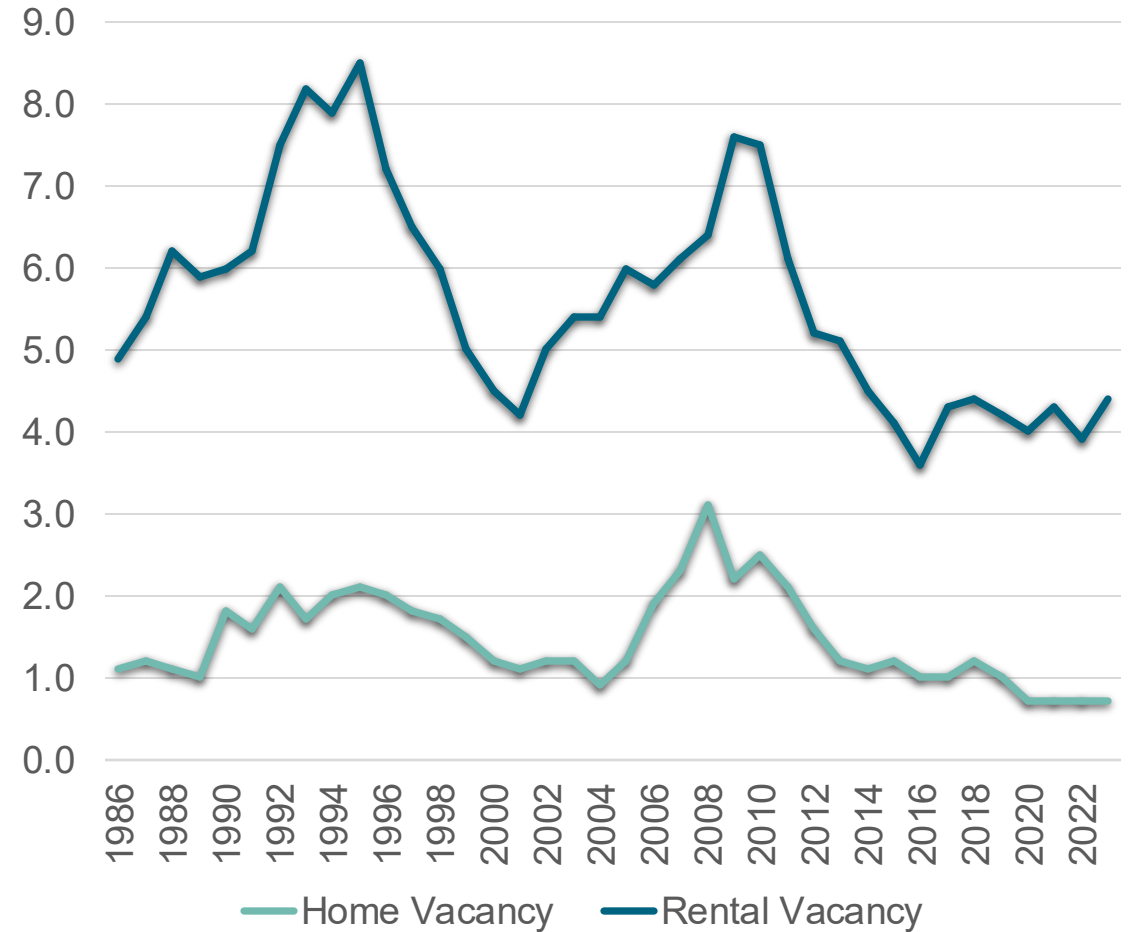


California's "Fleeing" Population?

California Households

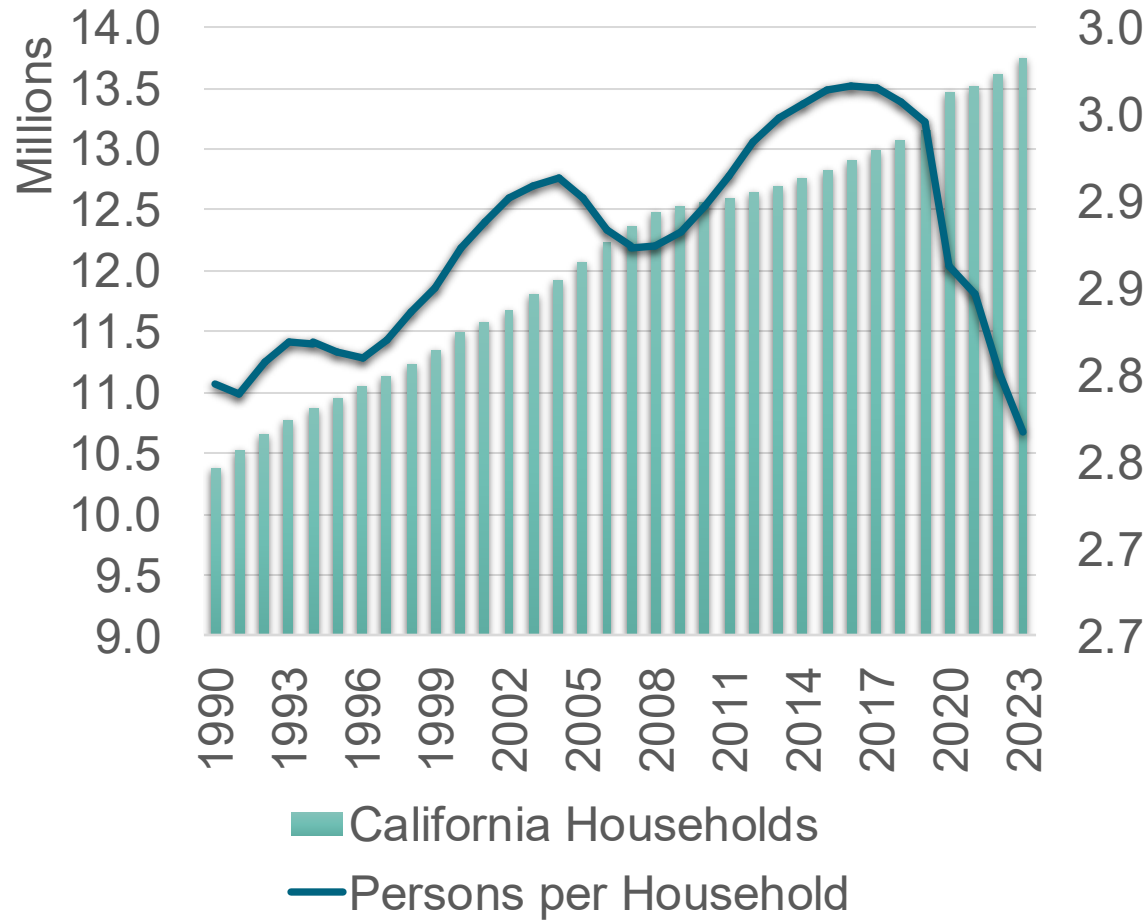


State Housing Vacancy Rates

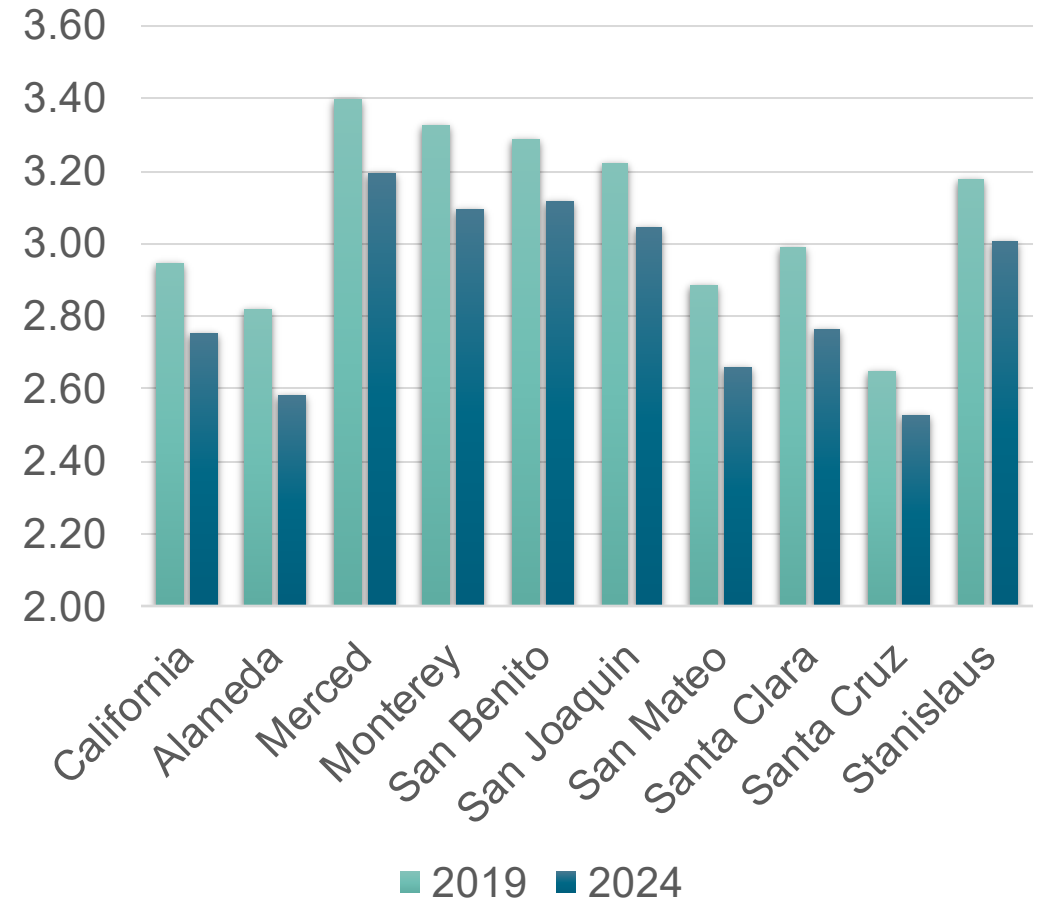


California's "Fleeing" Population?

California Households



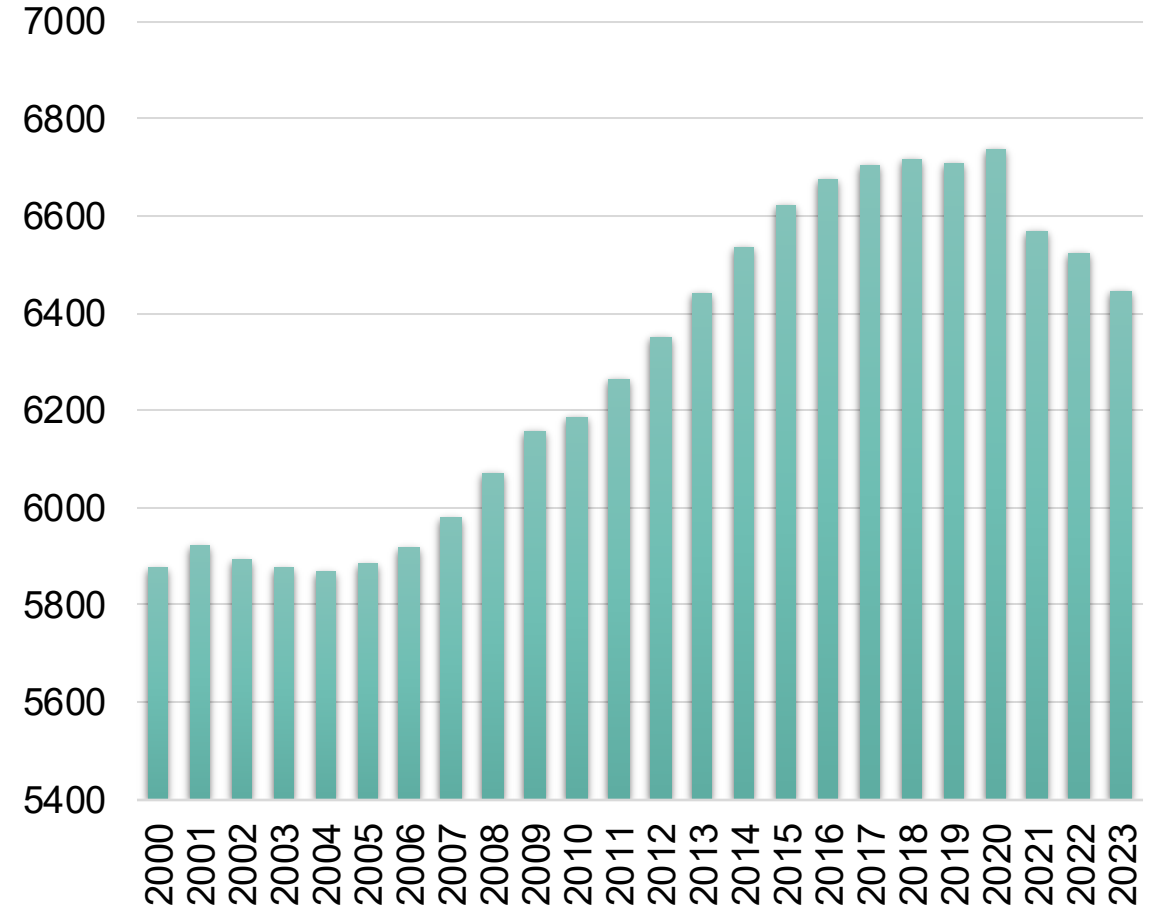
Household Size



Local Housing Needs

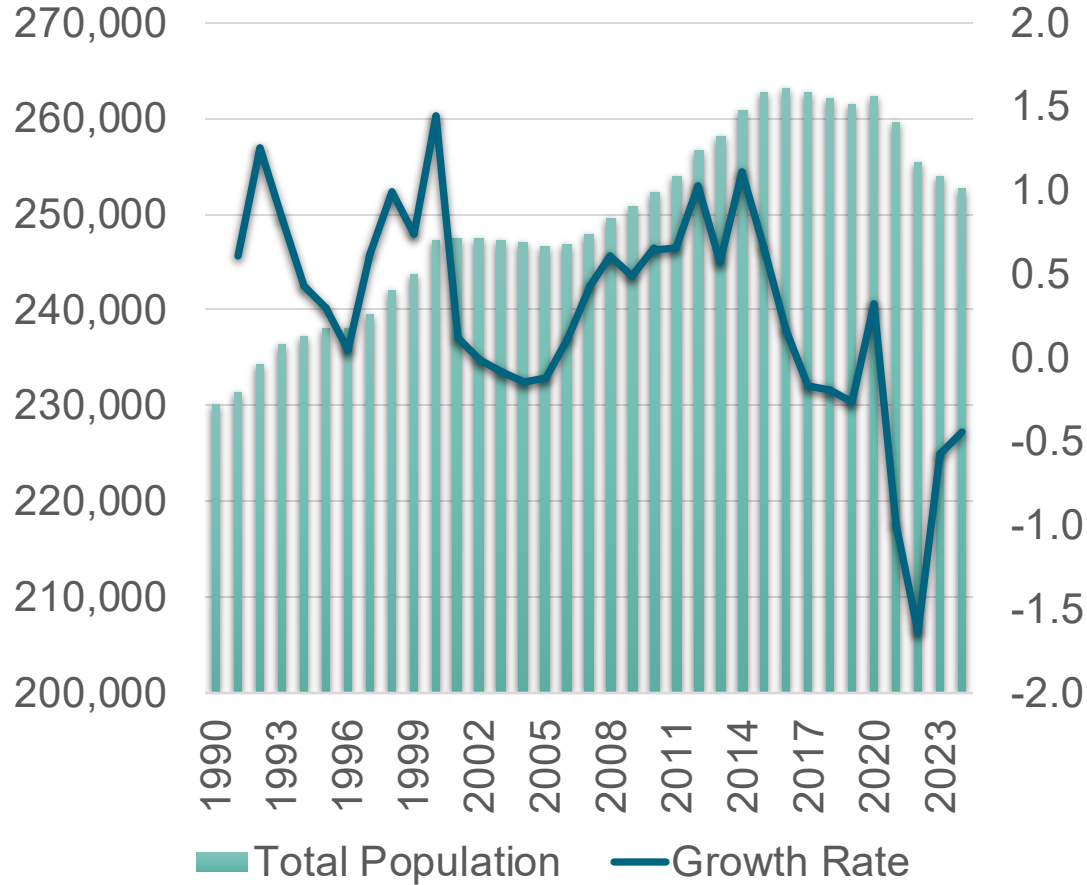
County	Alameda	San Mateo	Santa Clara
Population	1,591	731	1,860
Pop 10 Yr Gr	2.5%	-1.4%	0.7%
HHs 10 Yr Gr	10.2%	5.6%	8.4%
PPH	2.58	2.66	2.77
10 Yr Gr	-7.0%	-6.7%	-7.2%

Population Bay Population



Population

Marin County Population

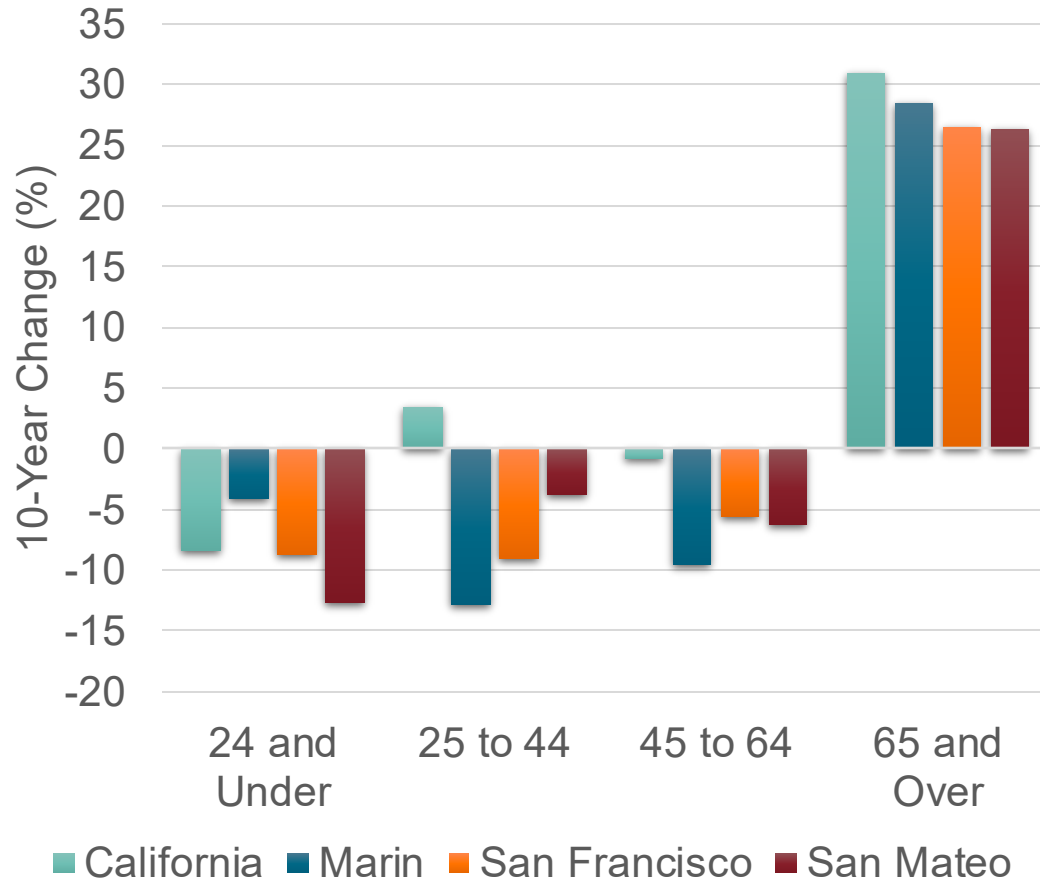


	People Per Household		Households	
		10 Yr 2024Ch%		10 Yr 2024Ch%
California	2.75	-6.9%	13,880	8.8%
Alameda	2.58	-7.6%	616	11.0%
Contra Costa	2.72	-4.5%	417	9.2%
Marin	2.34	-3.7%	105	0.8%
Napa	2.55	-7.7%	51	3.1%
San Francisco	2.11	-10.5%	384	9.5%
San Mateo	2.66	-7.4%	275	6.1%
Santa Clara	2.77	-8.3%	673	9.3%
Sonoma	2.44	-5.7%	193	2.4%



Population by Age and Housing Stock

10-Year Population Change by Age

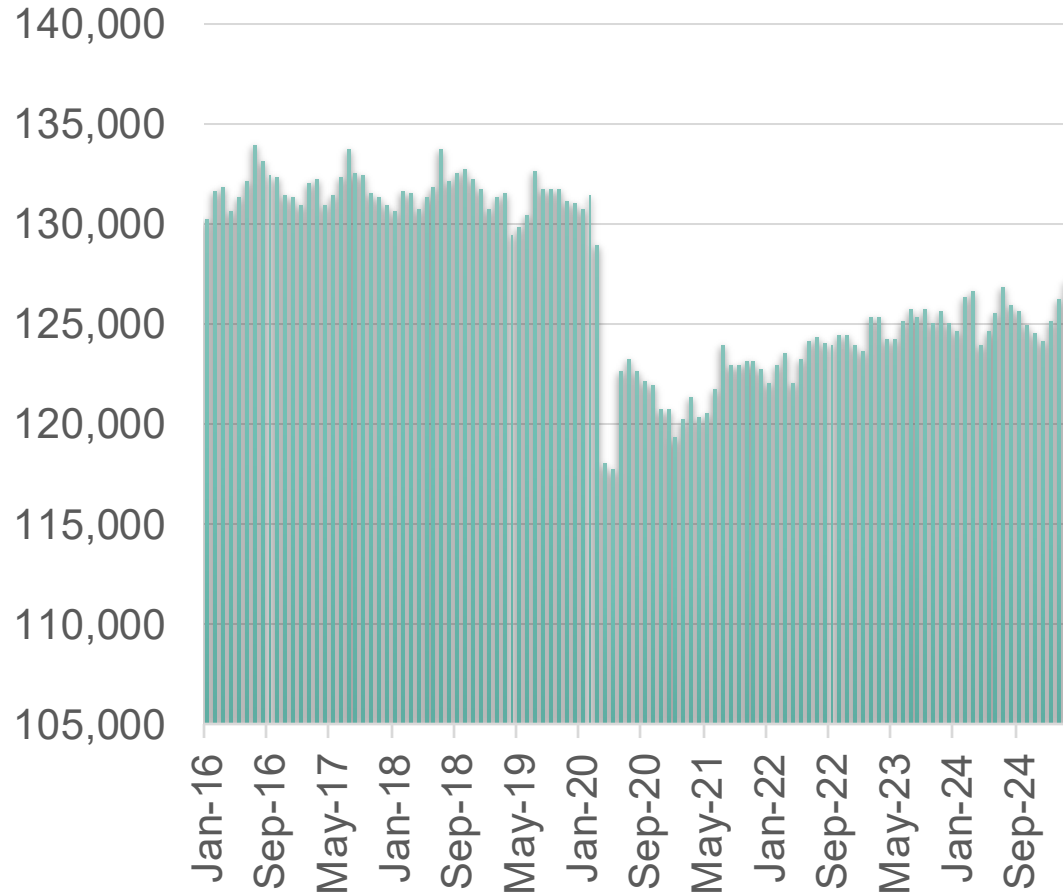


County	2024 Housing Units	1-Year Chg. (%)	10-Year Chg. (%)
California	14,824,827	0.8	7.1
San Joaquin	265,558	1.0	12.1
San Francisco	420,416	0.5	10.3
Alameda	647,509	0.9	9.9
Santa Clara	705,646	0.6	9.5
Orange	1,157,425	0.7	8.9
Fresno	349,217	0.8	8.3
Sacramento	606,021	0.8	7.9
Solano	166,656	1.0	7.7
San Diego	1,266,919	0.8	7.3
Contra Costa	433,574	0.7	6.9
Los Angeles	3,696,408	0.9	6.4
San Mateo	289,782	0.6	5.9
Sonoma	210,080	0.9	1.7
Marin	112,507	0.3	0.8



Labor Force Issues

Marin County Labor Force



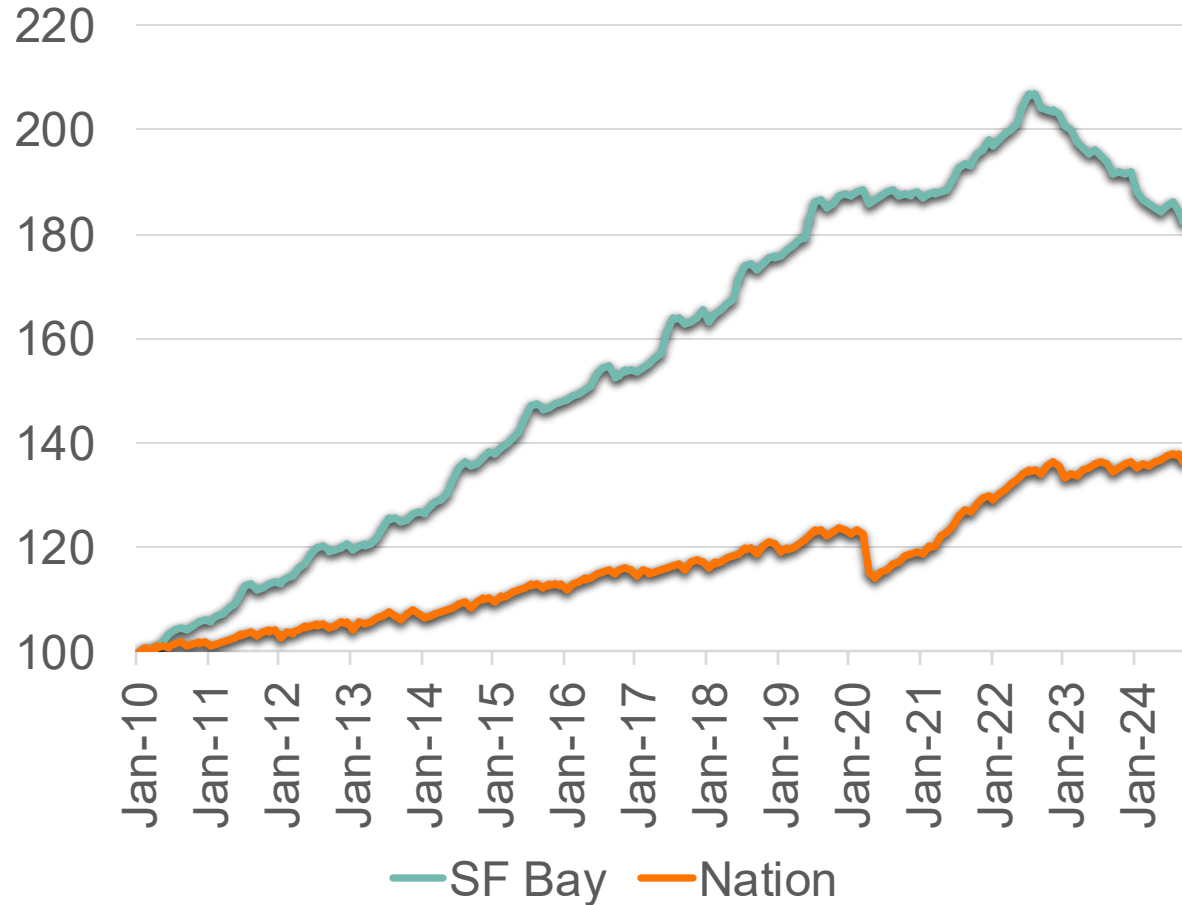
Marin County	2023	Marin 5-Year Chg. (%)	CA 5-Year Chg. (%)	US 5-Year Chg. (%)
Labor Force by Age	129,768	-6.2	0.7	4.2
24 and Under	13,550	14.5	-2.7	3.5
25 to 44	41,169	-4.6	0.6	5.5
45 to 64	56,683	-14.5	-0.9	0.7
65 and Over	18,267	7.5	20.4	20.4
Labor Force by Edu	97,890	-10.7	-0.1	3.2
Less than HS	6,913	-2.6	-6.2	-5.3
High School	9,257	3.0	-3.2	-1.9
Some College	17,499	-22.8	-9.3	-4.4
Bachelor's plus	64,210	-9.3	10.6	14.6



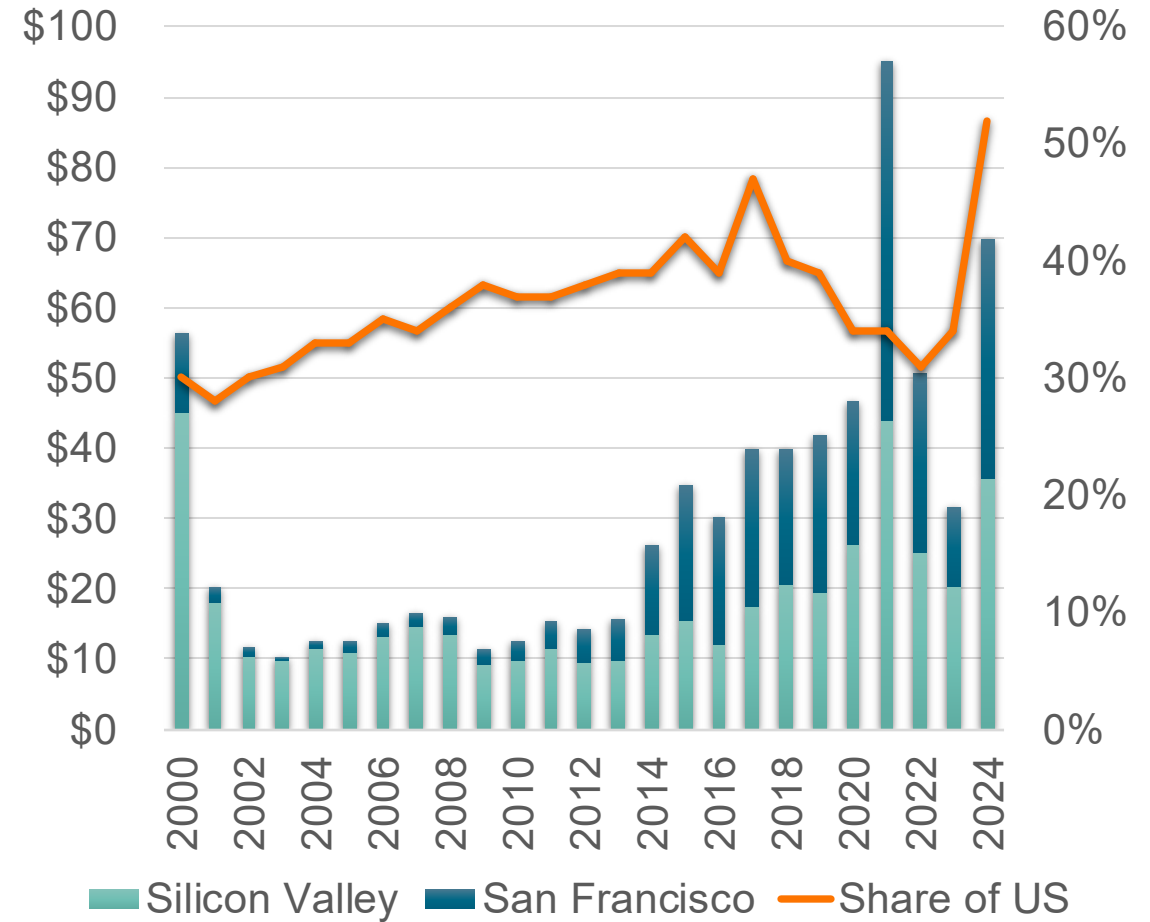
The Tech Sector



Index of tech jobs

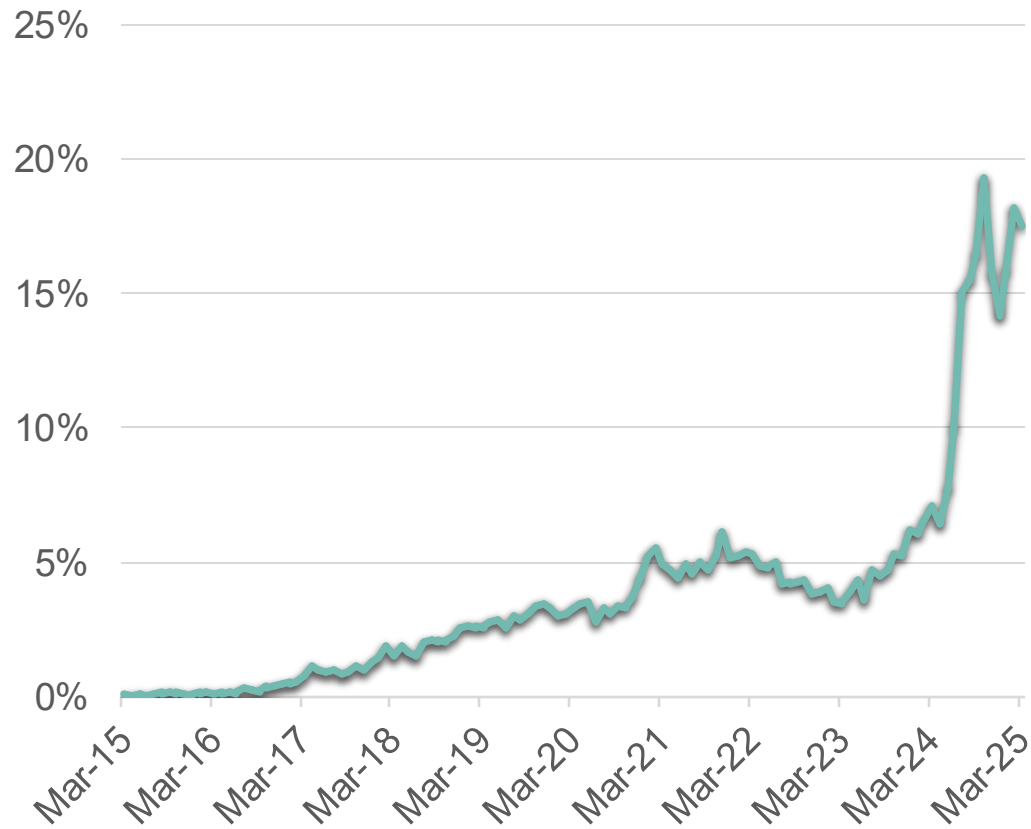


VC Funding in Greater Silicon Valley

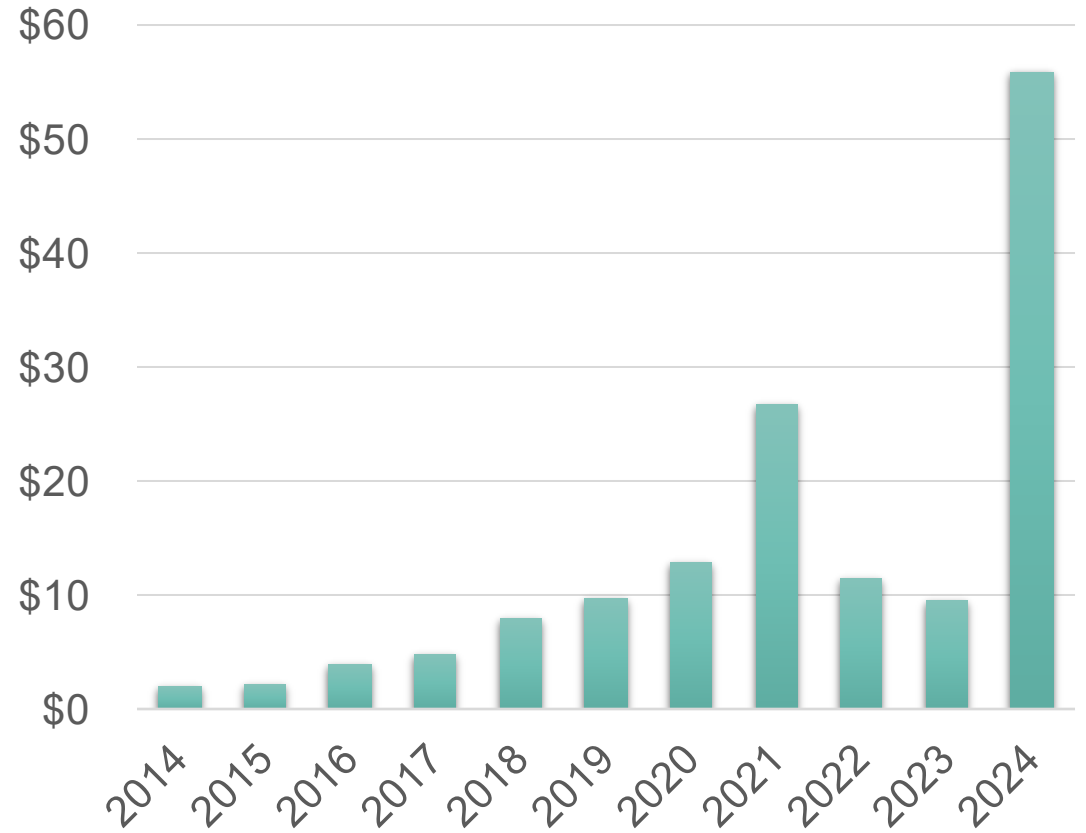


Venture Capital Investment

Share of San Jose MSA Postings with AI in Job Description

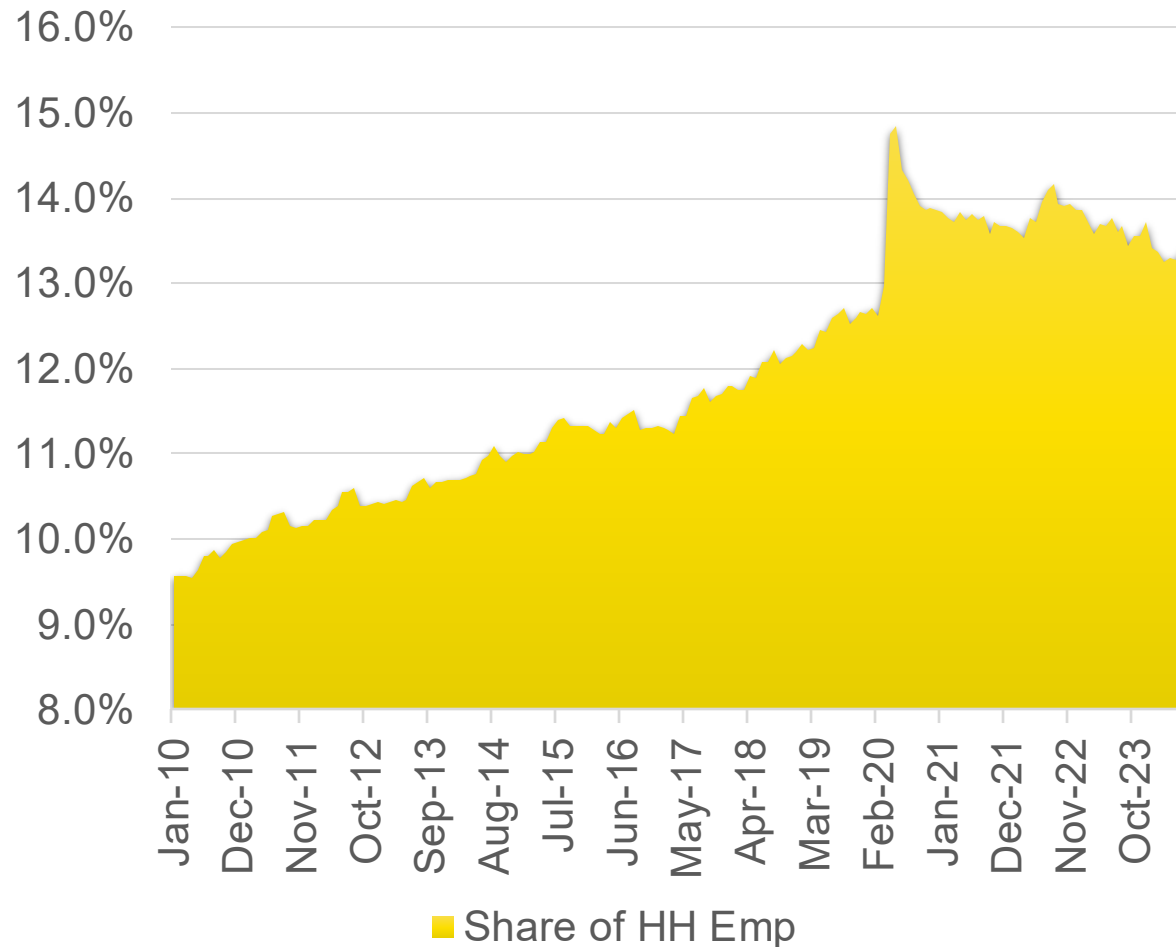


VC Funding to AI Companies in Greater Silicon Valley



Labor Force

Bay Tech Share of HH Emp



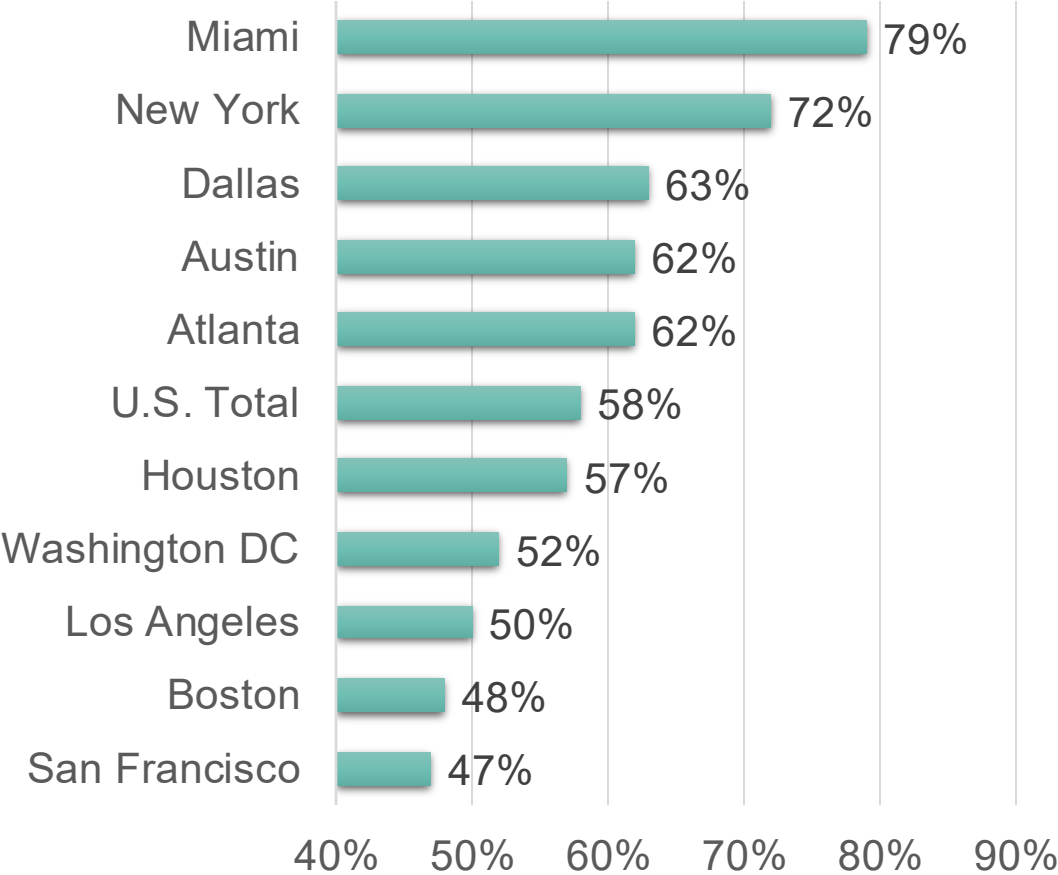
Marin Employment: Long Run

	Mar-25	
Civilian Labor Force	127,200	-11,300
Civilian Employment	122,400	-11,100
Total, All Industries	111,800	1,500
Education / Health Services	22,700	2,600
Construction	7,000	800
Other Services	5,800	600
Government	16,100	600
Manufacturing	4,000	400
Transportation, Warehousing	1,400	200
Total Farm	400	100
Information	2,800	0
Wholesale Trade	2,200	-300
Professional and Business	17,300	-600
Leisure and Hospitality	14,400	-600
Retail Trade	13,200	-700
Financial Activities	4,500	-1,600



Return to Office

Return to Office - Jan-20 vs. Feb-25



Hours Worked at Home as a % of Hours Worked	Dec-22	Dec-23	Dec-24
Total Nonfarm	14.7	15.8	16.1
Mining	8.7	10.9	6
Construction	3.8	4.2	5.6
Manufacturing	12.2	12.3	12.6
Wholesale and Retail Trade	9.9	10.2	9.8
Transportation and Utilities	5.6	7.6	6.8
Information	39.7	39.8	41.2
Financial Activities	35.6	40	39.6
Professional/Business	32.6	34.2	34.5
Education/Health	8.9	10.8	11.3
Leisure and Hospitality	5	5	5.4
Other Services	8.7	10.2	11.6
Public Administration	16.3	17.6	16.3



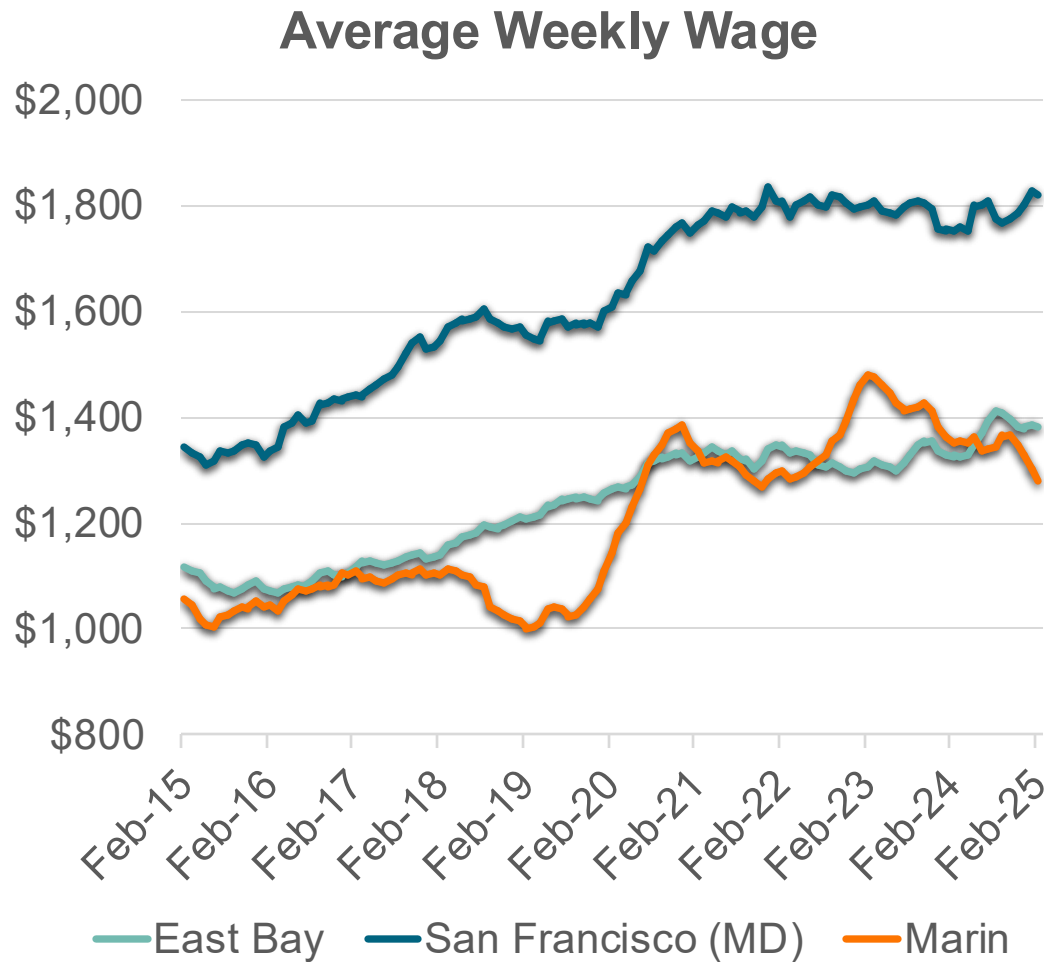
Work from Home / Commute

Work from Home	WFH 2018 (%)	WFH 2023 (%)
United States	5.3	13.8
California	6.0	14.6
Alameda	6.9	20.4
Contra Costa	6.8	17.7
Marin	15.4	26.3
San Francisco	6.3	24.4
San Mateo	5.4	18.5
Santa Clara	5.0	16.4

Marin County Workers: Place of Residence	2018	2023
Marin	62.2	73.9
San Francisco	23.0	13.3
San Mateo	1.4	3.9
Other	3.9	3.2
Sonoma	3.7	2.6
Alameda	3.1	2.5
Contra Costa	2.4	0.4
Napa	0.2	0.1



Average Weekly Wages



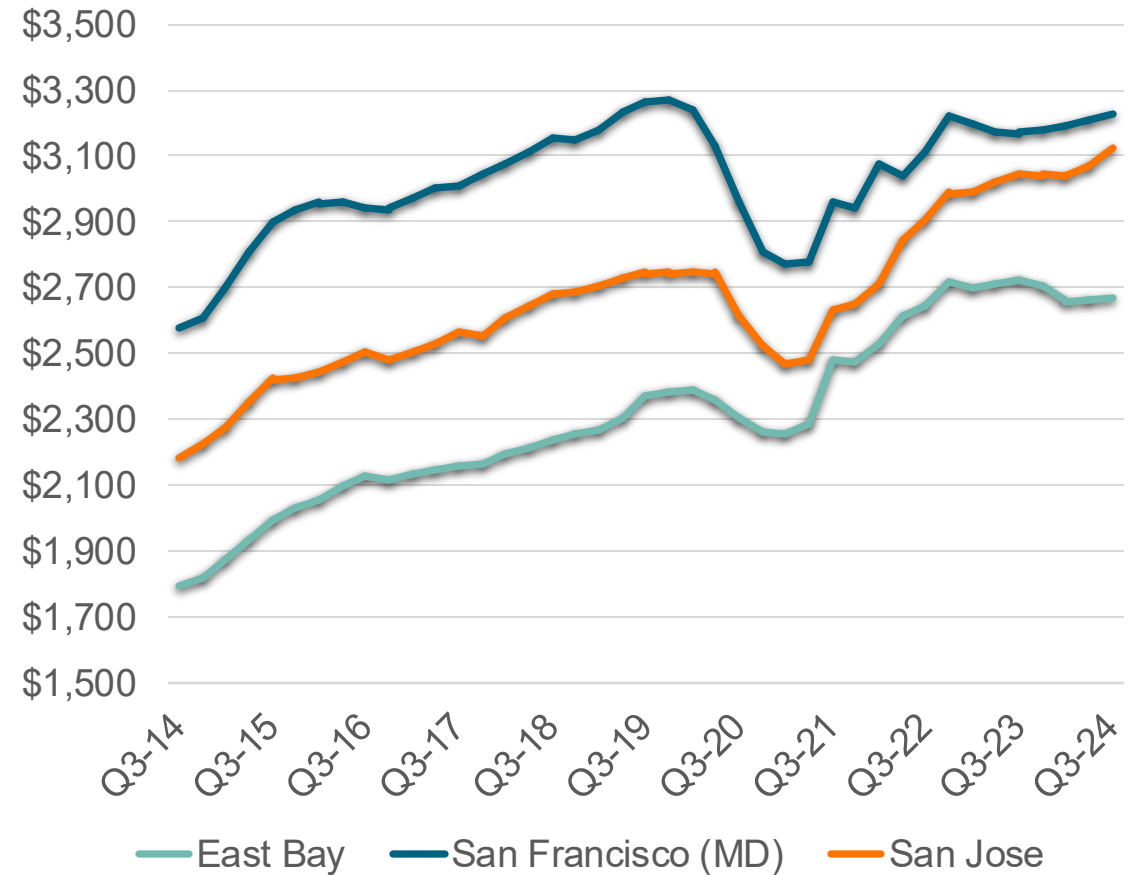
Location	Feb-25 Avg. Weekly Wage (\$)	1-Year Chg. (%)	Chg. since Feb-20 (%)
California	1,378	5.6	15.5
Inland Empire	1,142	6.0	22.5
Fresno	1,078	1.0	22.3
San Diego	1,351	6.9	20.0
Sacramento	1,233	7.1	19.8
Stockton	1,059	8.9	18.5
Los Angeles (MD)	1,336	2.3	14.4
Orange County (MD)	1,342	8.6	13.8
San Jose	1,916	3.9	9.3
East Bay	1,395	5.3	8.7
Marin	1,274	-5.4	8.6
Bakersfield	1,119	-0.9	8.5



Affordability

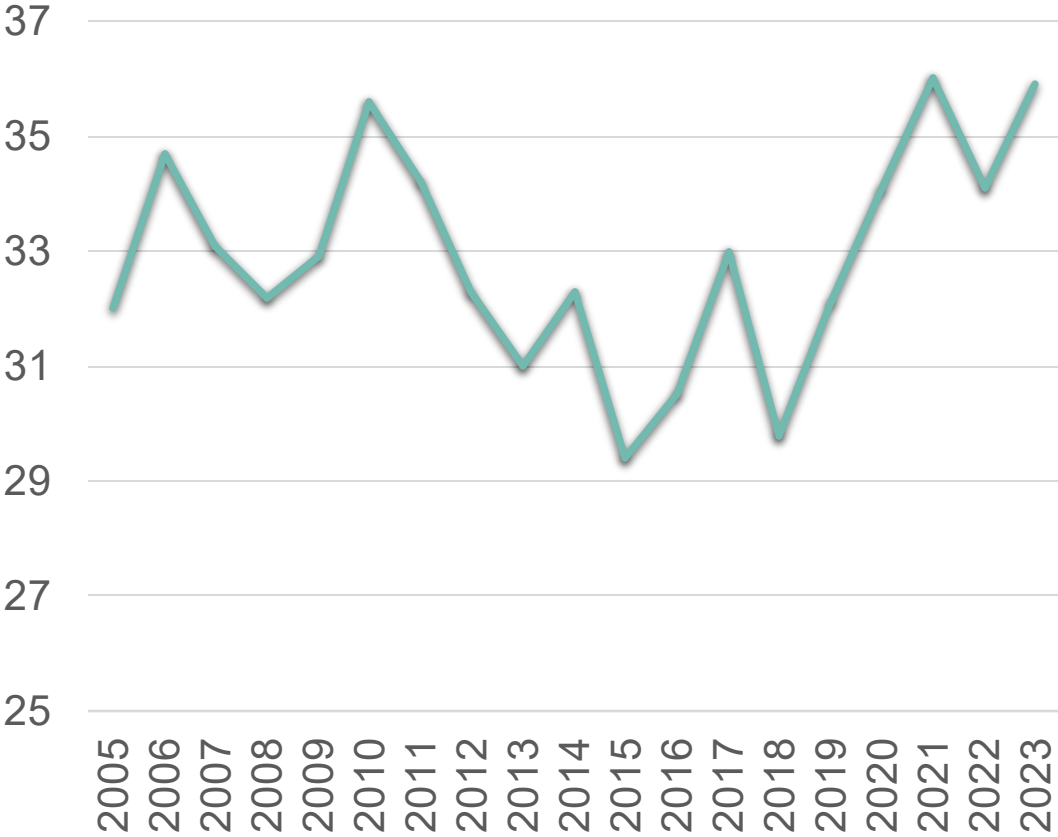
Owner Occupied			Tenant Occupied		
	35.0 percent or more	35.0 percent or more		35.0 percent or more	35.0 percent or more
Los Angeles	34%	35%	Florida	47%	52%
Marin	33%	34%	SLO	47%	52%
SLO	32%	31%	Marin	42%	51%
Orange	30%	31%	Fresno	47%	49%
San Francisco	30%	31%	Orange	47%	49%
California	29%	31%	Los Angeles	48%	48%
Kern	26%	30%	Contra Costa	44%	47%
Contra Costa	25%	29%	Kern	47%	47%
Florida	26%	29%	California	45%	47%
Alameda	24%	28%	Sacramento	46%	46%
San Mateo	29%	28%	Arizona	38%	45%
Fresno	25%	27%	Alameda	40%	44%
Sacramento	24%	25%	Texas	40%	43%
Santa Clara	26%	24%	San Mateo	40%	39%
Texas	21%	23%	Santa Clara	36%	37%
Arizona	20%	22%	San Francisco	28%	32%

Apartment Rent



Apartments

Marin County: Rent as % of HH Income

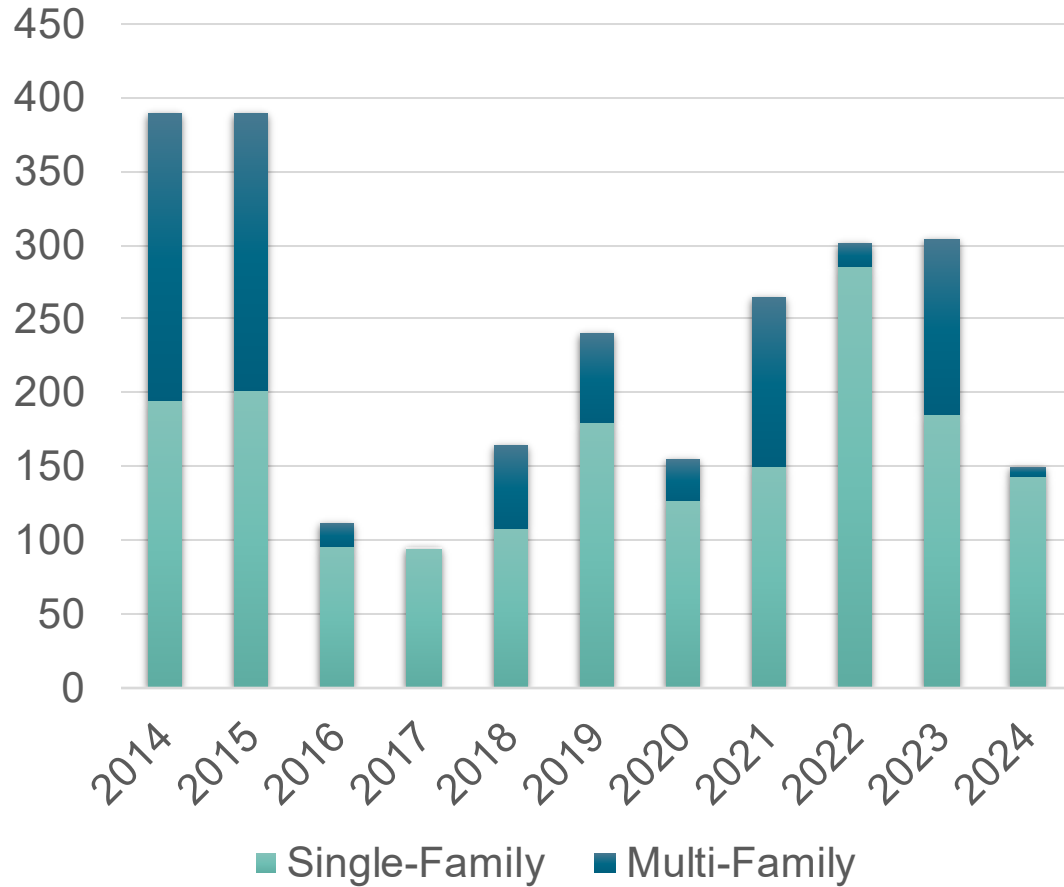


	Post Rent Income 2023	Post Rent Income 2018	Rent to Income 2023
Contra Costa County	47474	44440	36.9%
Los Angeles County	42424	32575	34.9%
California	44900	34108	34.7%
Arizona	36258	29555	34.7%
Alameda County	54385	48222	33.7%
United States	34847	27835	32.6%
Texas	35224	28630	32.5%
San Joaquin County	41328	31881	32.5%

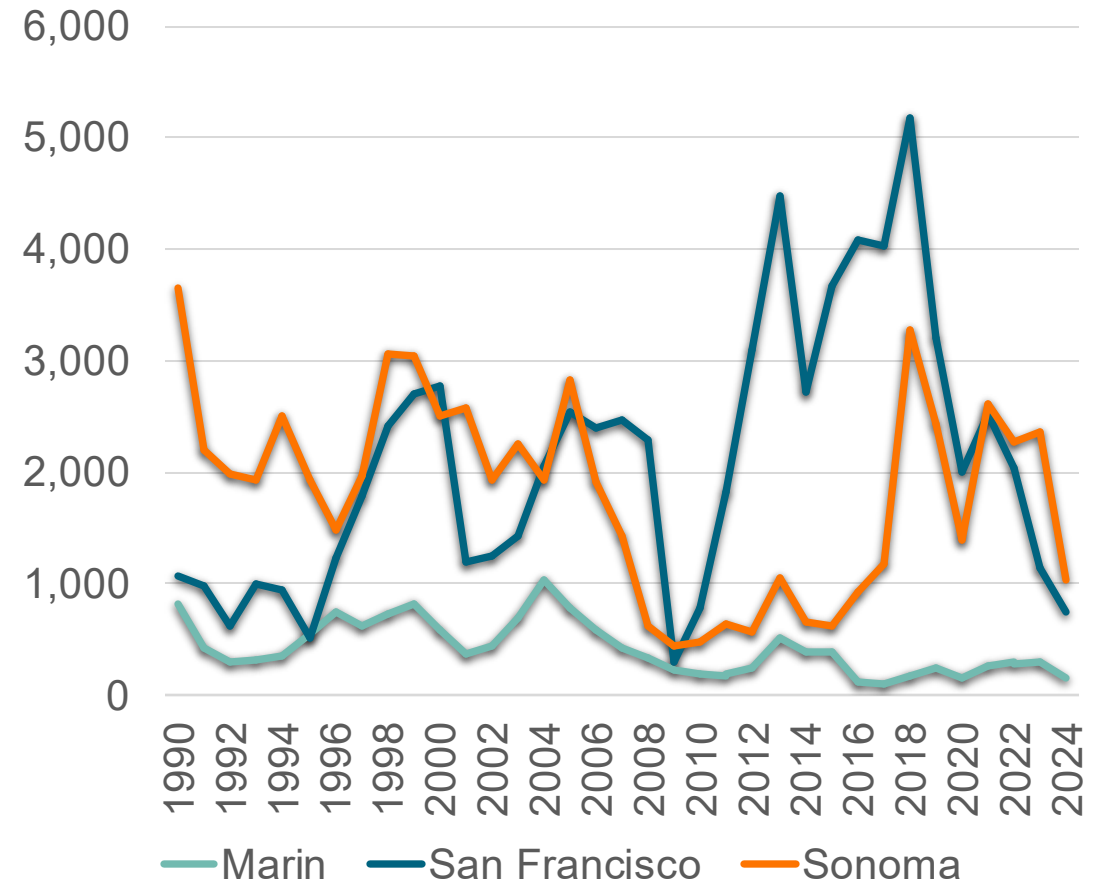


Residential Permits

Marin County Residential Permits

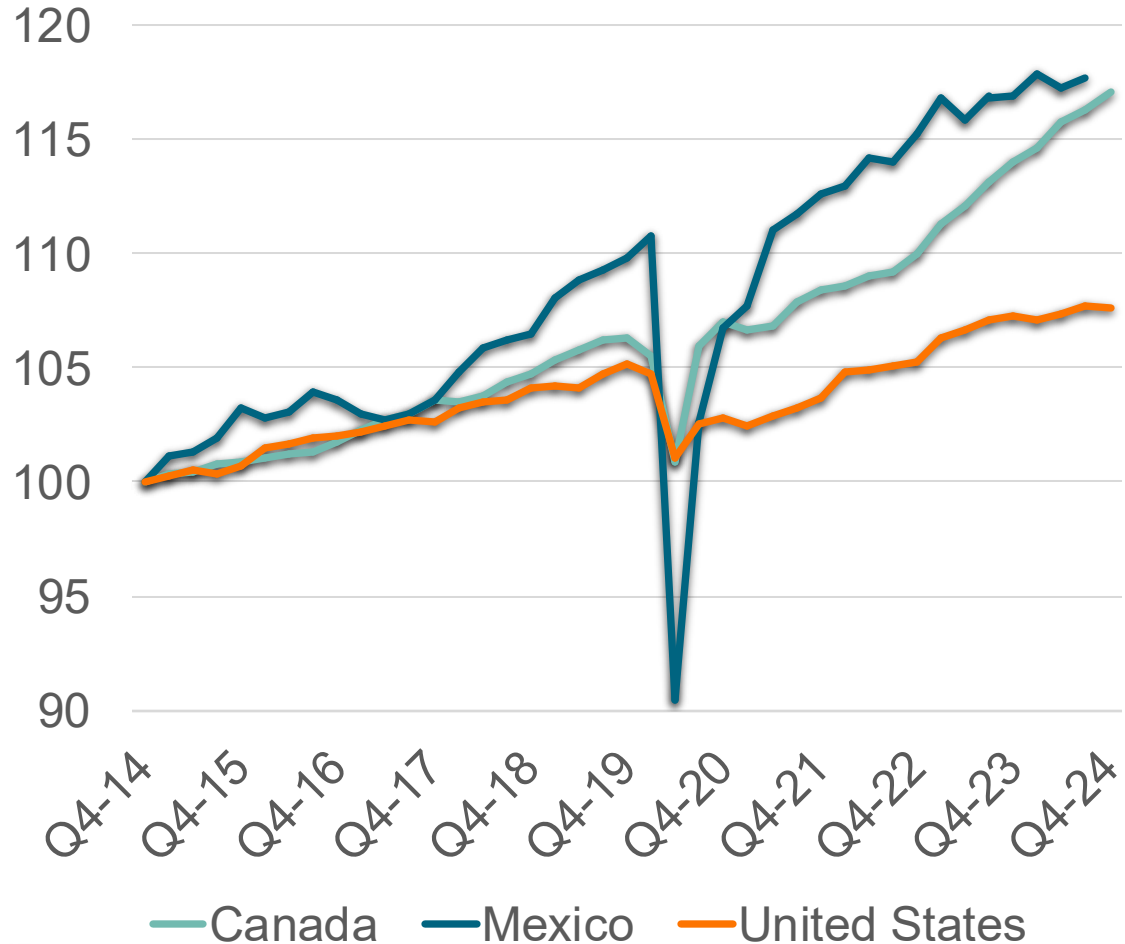


Residential Permits

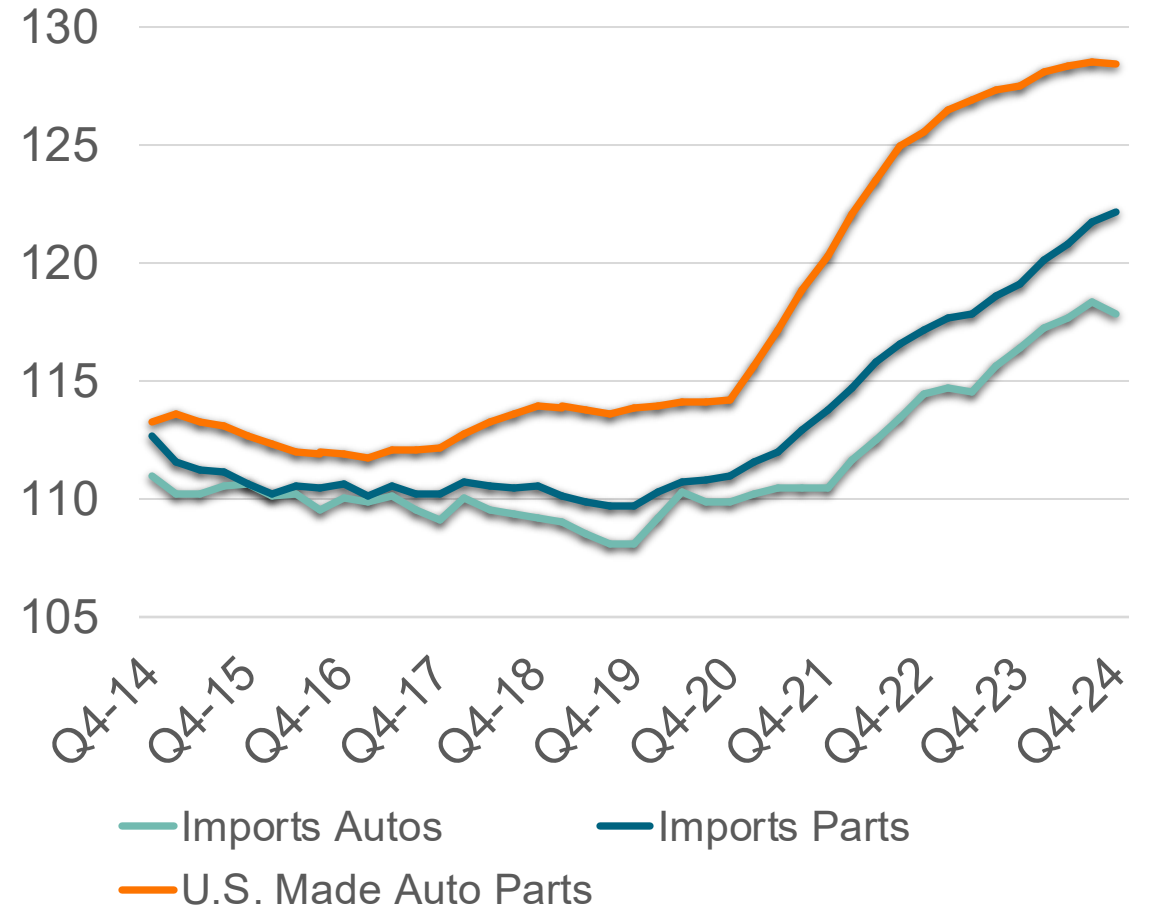


North American Labor Force Trends

Indexed Labor Force



Producer Price Indexes



The Overall Trade Impact

Country	Imports 2024 (\$ Bil.)	1-Year Chg. (%)	5-Year Chg. (%)	Share of Imports (%)
Total Imports	3,267	6.1	31.1	100.0
Mexico	506	6.4	42.1	15.5
China	439	2.8	-2.3	13.4
Canada	413	-1.4	29.5	12.6
Germany	160	0.7	25.9	4.9
Japan	148	0.7	3.2	4.5
Vietnam	137	19.3	105.5	4.2
Korea, Republic Of	132	13.3	69.8	4.0
Taiwan	116	32.5	114.4	3.6
Ireland	103	25.4	66.9	3.2
India	87	4.5	51.0	2.7

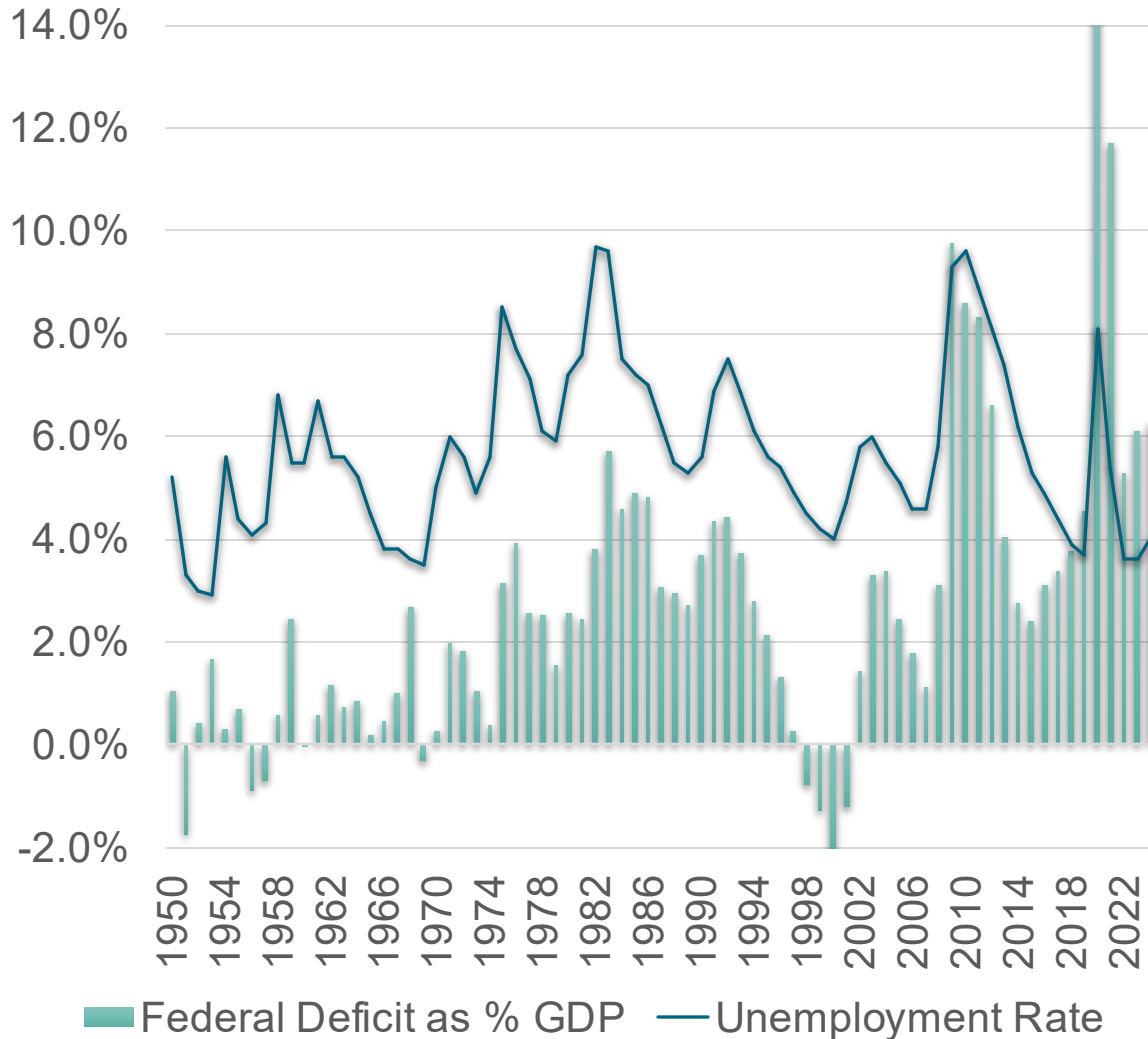
The Tariff Tax: Context

	Billions	Share GDP
GDP	\$29,723	
Total Imports Goods	\$3,267	11.0%
~~New Tariffs	\$653	2.2%
Federal Deficit	-\$1,847	-6.2%
Personal Taxes to Feds	\$2,391	8.0%
Corp Taxes to Fed	\$490	1.6%



The Federal Deficit

Deficits and Unemployment

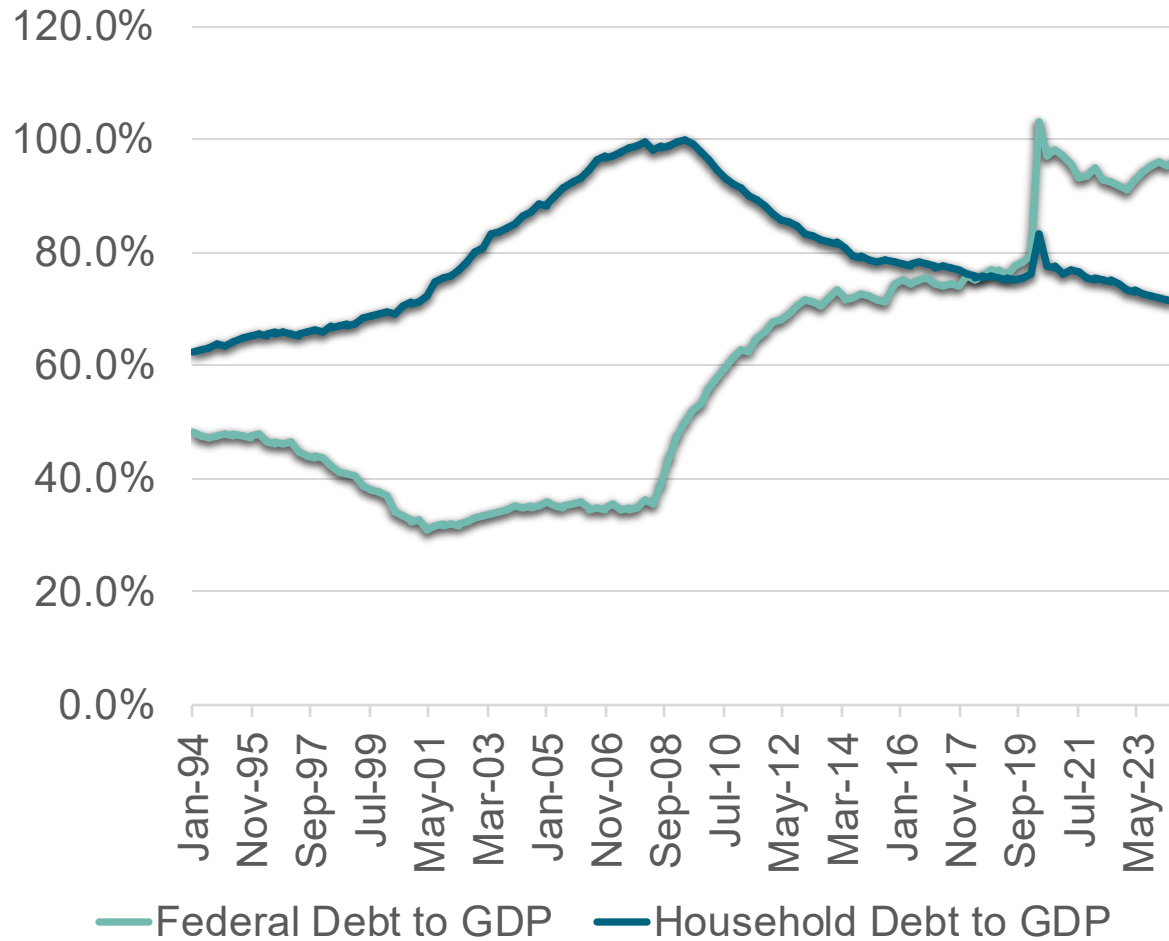


A Spending Issue

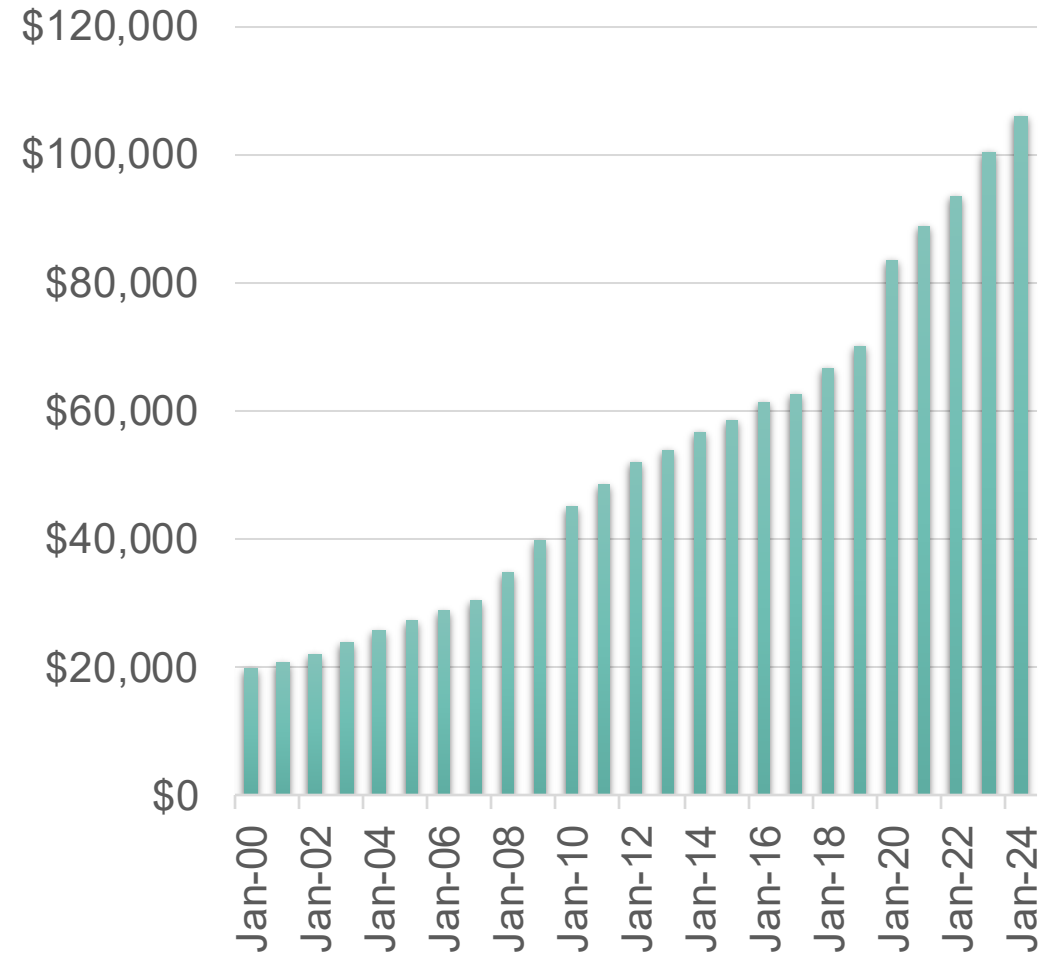


The Public-Private Debt Swap

Publicly Held Debt to GDP Ratios



Per Capita Federal Debt



Deficit Closing?

- \$15,500 per household per year
- Higher Taxes: 8% of Household Disposable Household Income
- Reduced Spending: 25% of total current Fed expenditures





Policymakers May Double Down on Baseline Manipulation April 23, 2025

Policymakers are considering enacting several new tax cuts on top of the Tax Cuts and Jobs Act (TCJA) extension in the forthcoming reconciliation bill, including no taxes on tips, Social Security benefits, and overtime pay.

“This ad-hoc, inconsistent, manipulative, and disingenuous approach to budgeting is enough to make your head explode, and it is going to make the debt explode. Congress isn’t even *pretending* to do honest budgeting at this point.”

Maya MacGuineas, president of the Committee for a Responsible Federal Budget

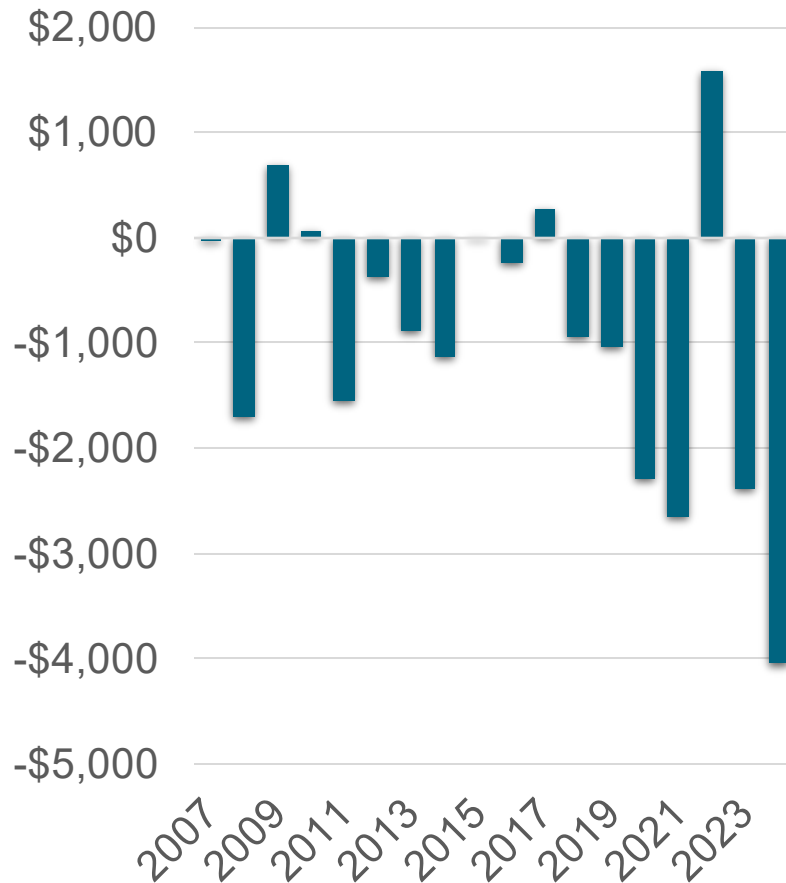


Who is Paying the Bills?

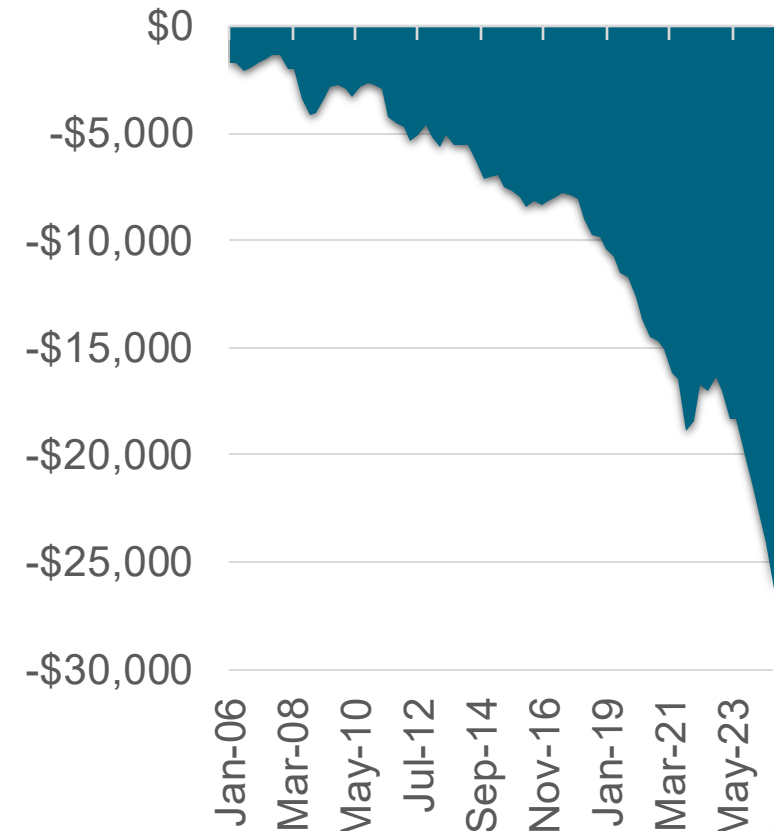
US Current Account Deficit as % of GDP



US External Net Investment Flows, \$Billions

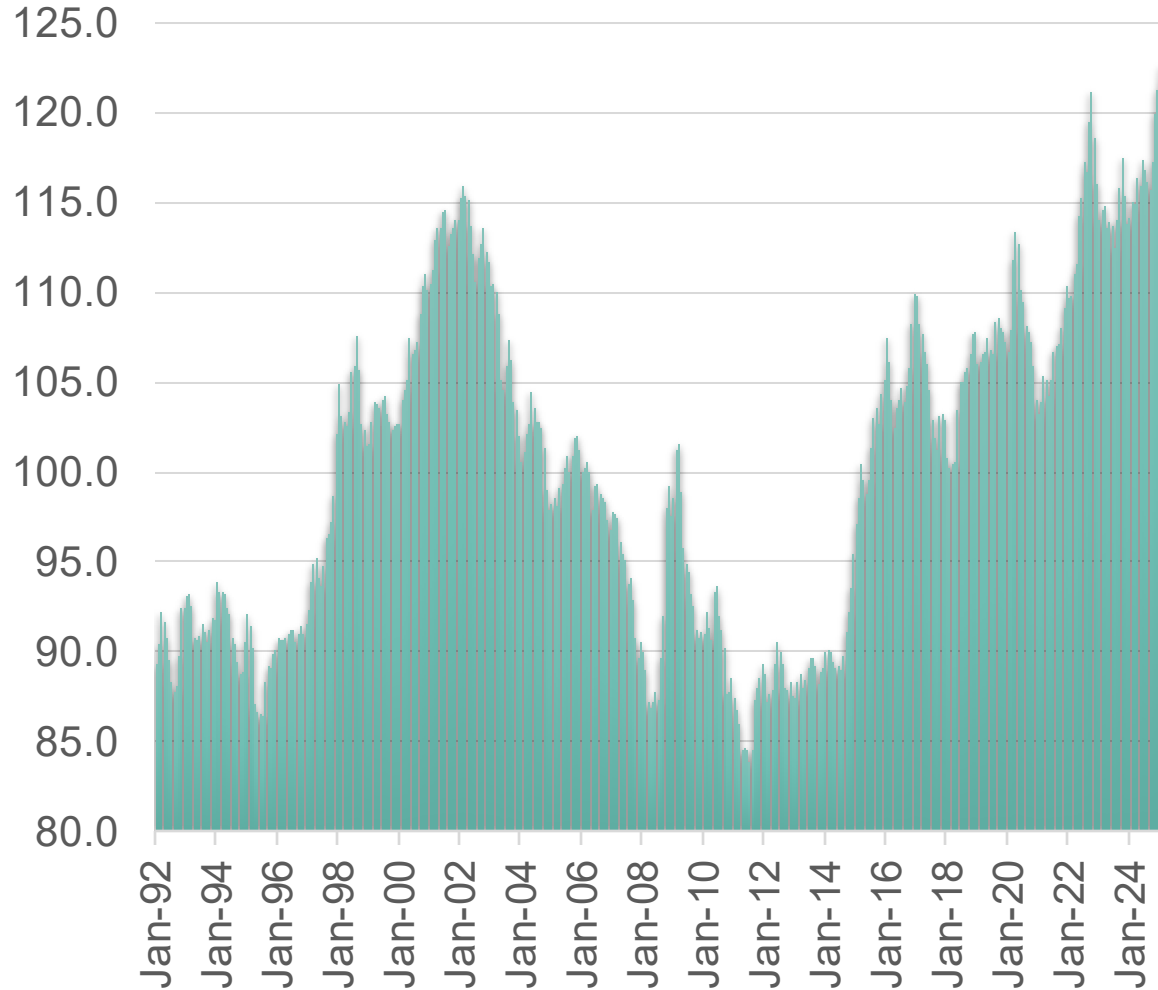


U.S. Net International Investment Position \$Billions

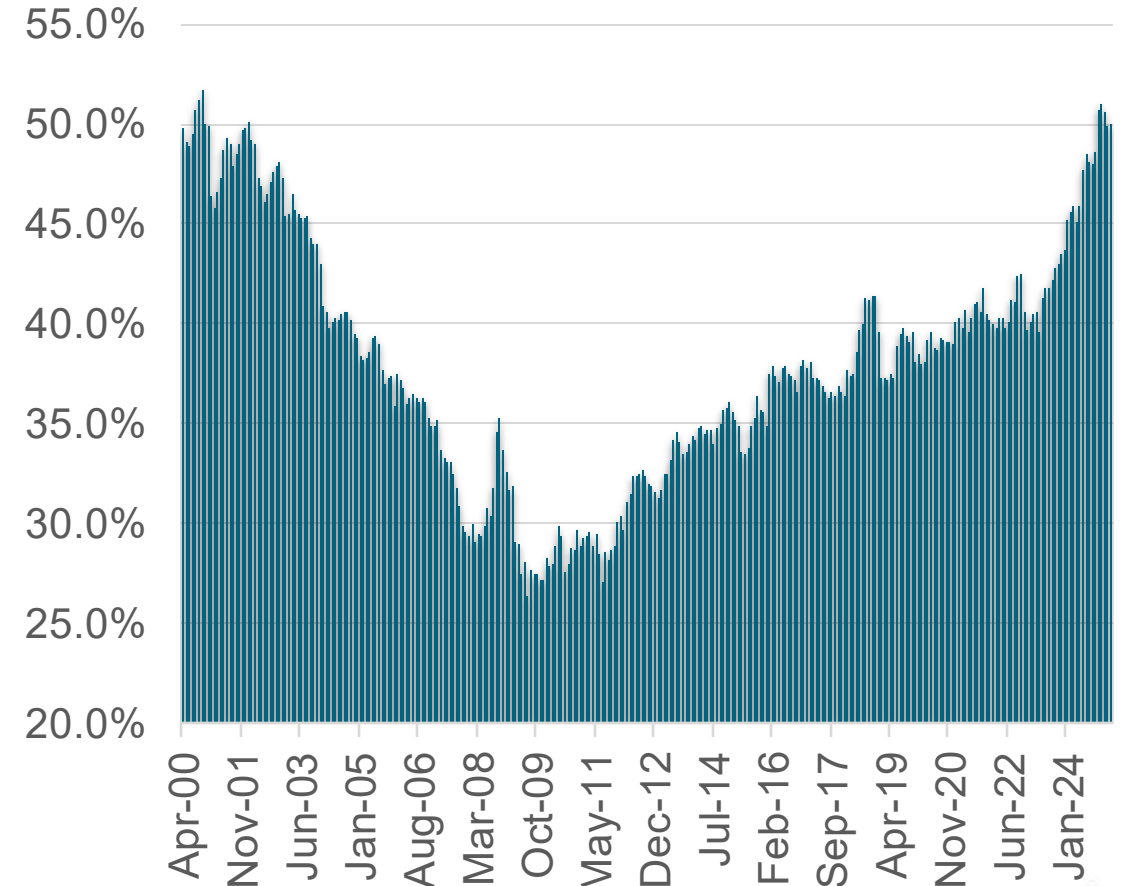


Chasing Yield, Not Value

Real Value \$US (Broad Index)



US Equity Market Capitalization as Share of Global Total



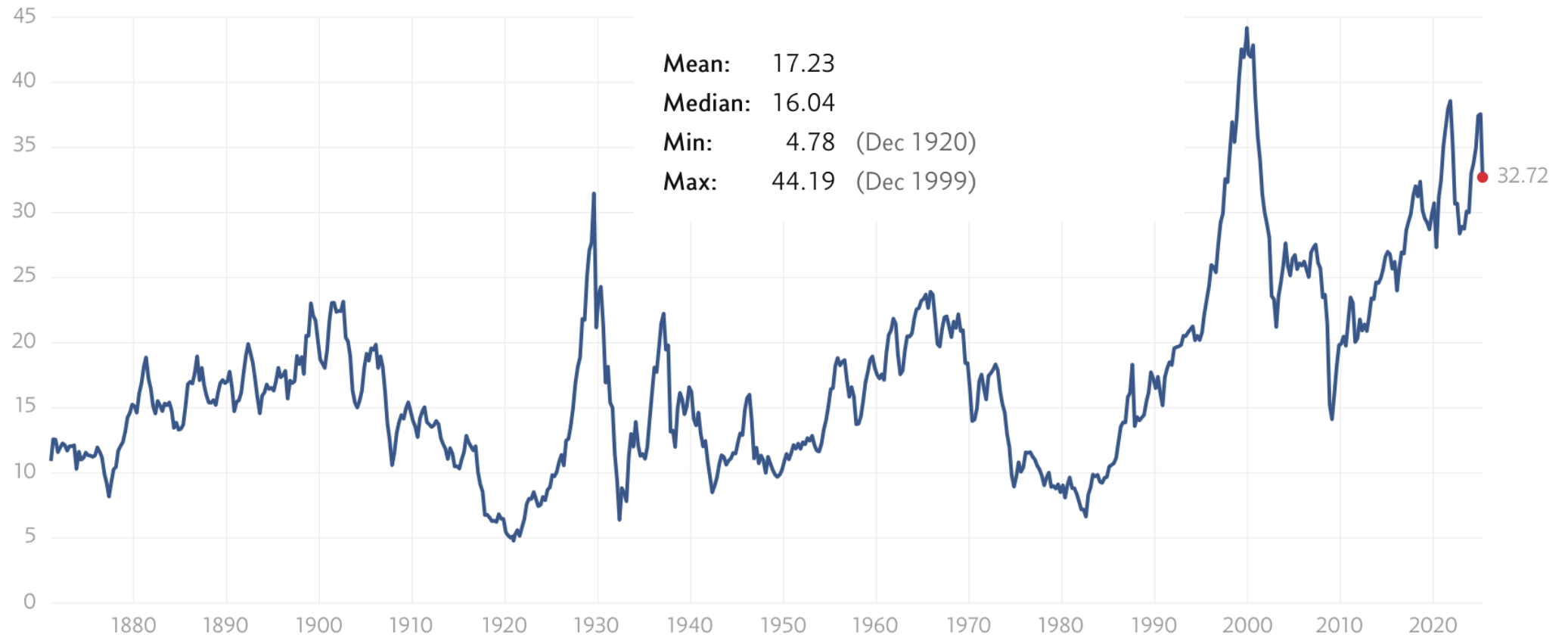
Powell's Other Legacy; Asset Bubbles

Shiller Stock Market Price Earnings Ratio

1Y 2Y 5Y 10Y 20Y 50Y All

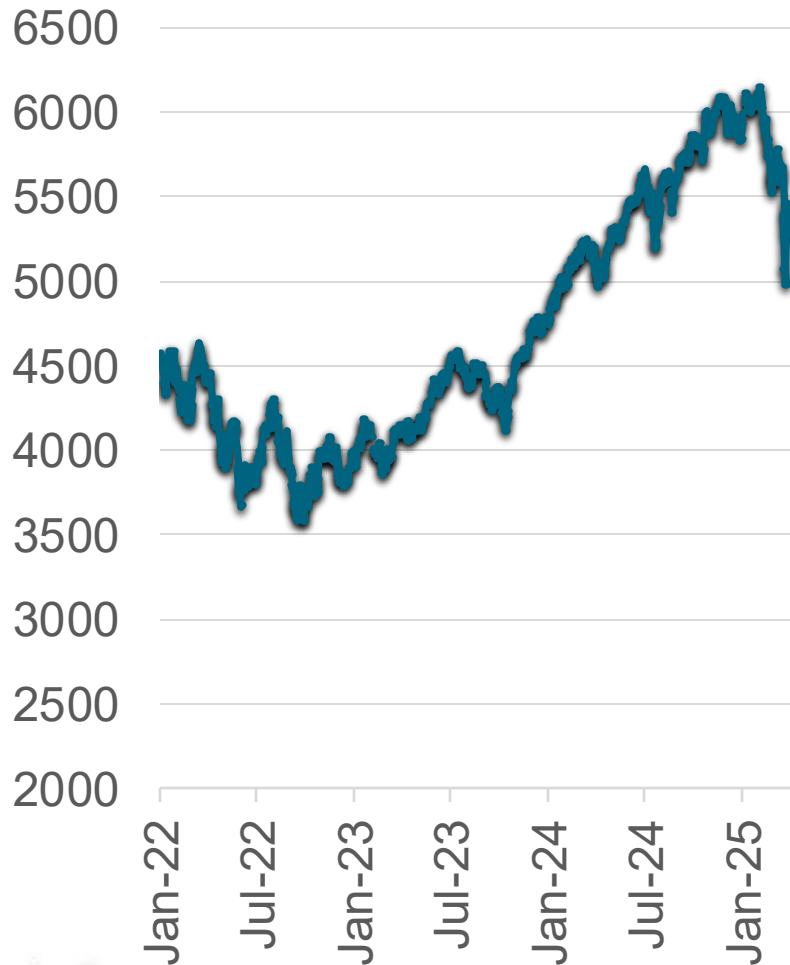
Current Shiller PE Ratio: 32.72 +0.86 (2.70%)

4:00 PM EDT, Tue Apr 22



The Recent Reactions to Turbulence

S&P 500 Daily Close



10 Year Treasury Rate (%)



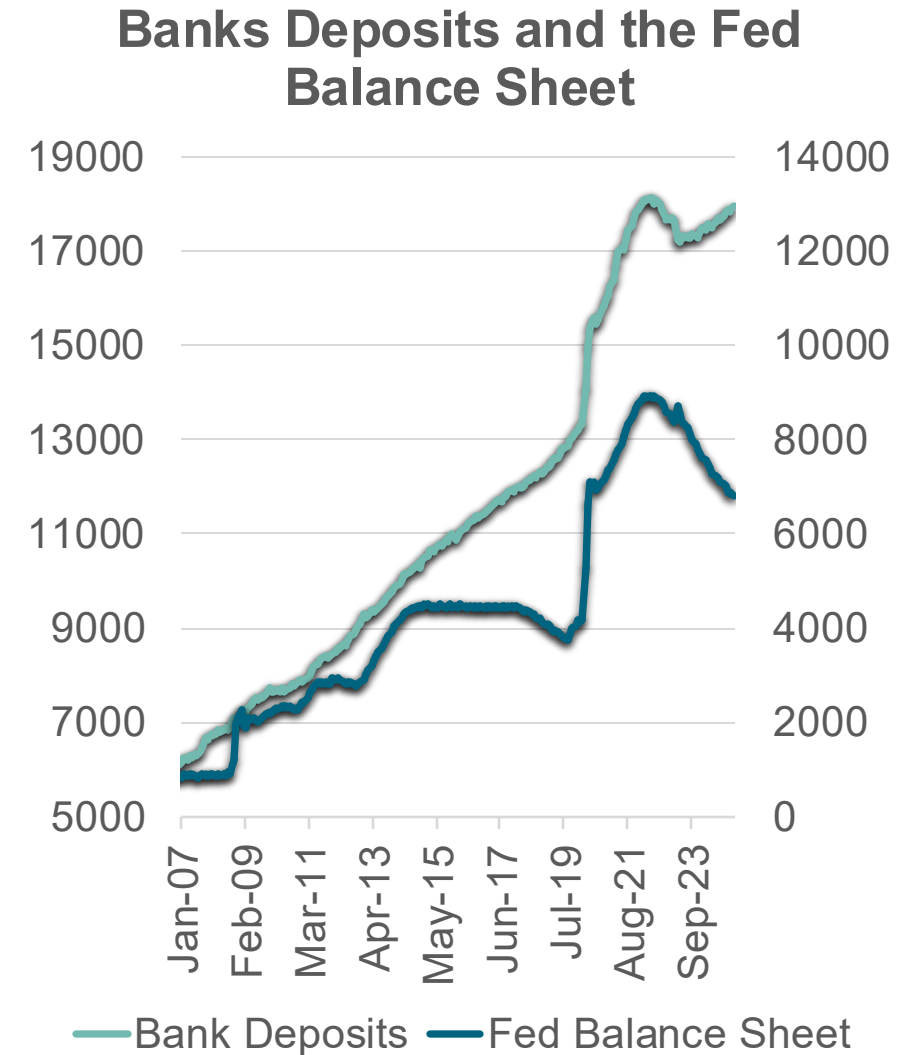
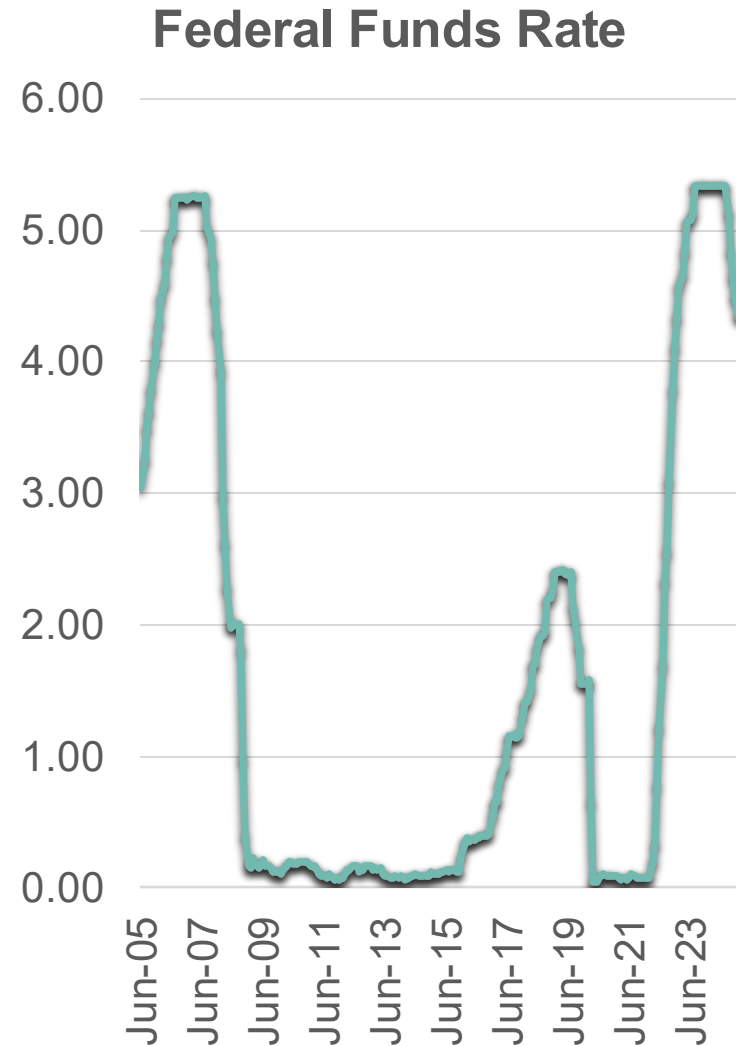
Dollar Index



Where is the Fed?

The Federal Reserve's Narrative

- US inflation due to some exogenous shock
- Inflation is now being driven by inflation expectations
- Inflation is causing substantial harm to American households
- The Fed must fight inflation and it is worth the loss of some jobs / higher unemployment



Growing Risks

Strong Economic Momentum

- Consumer finances / spending remains solid
- Credit constraints lifting, rate shock passing

Headwinds will intensify

- Fed deficits, frothy asset markets, external imbalances
- Important #s: The \$US, HH Savings, 10 Year Bond

Policy turbulence slowing capital inflows

- Slowing flow of money will drive dollar down, rates up
- Federal budget deficit will cushion blow to households for now
- What will set off a budget crisis? How will this hit households?

The real issue?

- The narrative is running amuck
- Political chaos in its wake leaving US policy rudderless

For a copy of slides,
please use the QR Code



Or contact:
Kristen@beaconecon.com

The Narrative / Reality Gap

	Q4 12	Q4 16	Q4 20	Q4 24
	Obama	Trump	Biden	Trump
Real GDP Growth YoY Gr	1.6%	2.2%	-1.0%	2.5%
Unemployment Rate	7.8%	4.8%	6.8%	4.1%
Real Per Capita DPI	\$42,342	\$43,846	\$49,476	\$51,637
Household Debt (% GDP)	84.5%	77.9%	77.5%	70.0%
Household Net Worth (% GDP)	413.9%	469.3%	562.3%	539.5%
UM: Consumer Sentiment	79.4	93.1	79.8	72.1
Federal Deficit % GDP	-6.5%	-3.1%	-16.2%	-6.9%
Federal Debt: % GDP	100.1%	104.6%	125.7%	121.9%
Current Account (% GDP)	-2.3%	-2.0%	-3.3%	-4.0%
Net Int Investment (% GDP)	-27.8%	-43.3%	-66.7%	-88.3%
\$Dollar (Broad Real)	87.9	108.0	105.7	119.5
Shiller P/E Ratio	21.24	27.08	32.51	37.22



Welcome to the Age of Confirmation Bias!

“New information platforms feed the ancient instinct people have to find information that syncs with their perspectives... The information environment will not improve. The problem is human nature”

— Pew Charitable Trust, *The Future of Truth and Misinformation Online*

“People can believe pretty much whatever they want to believe about moral and political issues, as long as some other people near them believe it.

— Jonathan Haidt, *The Righteous Mind: Why Good People are Divided by Politics and Religion*

