



U.S. and Alameda Economic Update: Where Do We Go From Here?

Alameda Chamber of Commerce
Economic Forecast
October 1, 2021

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National Economic Education Delegation

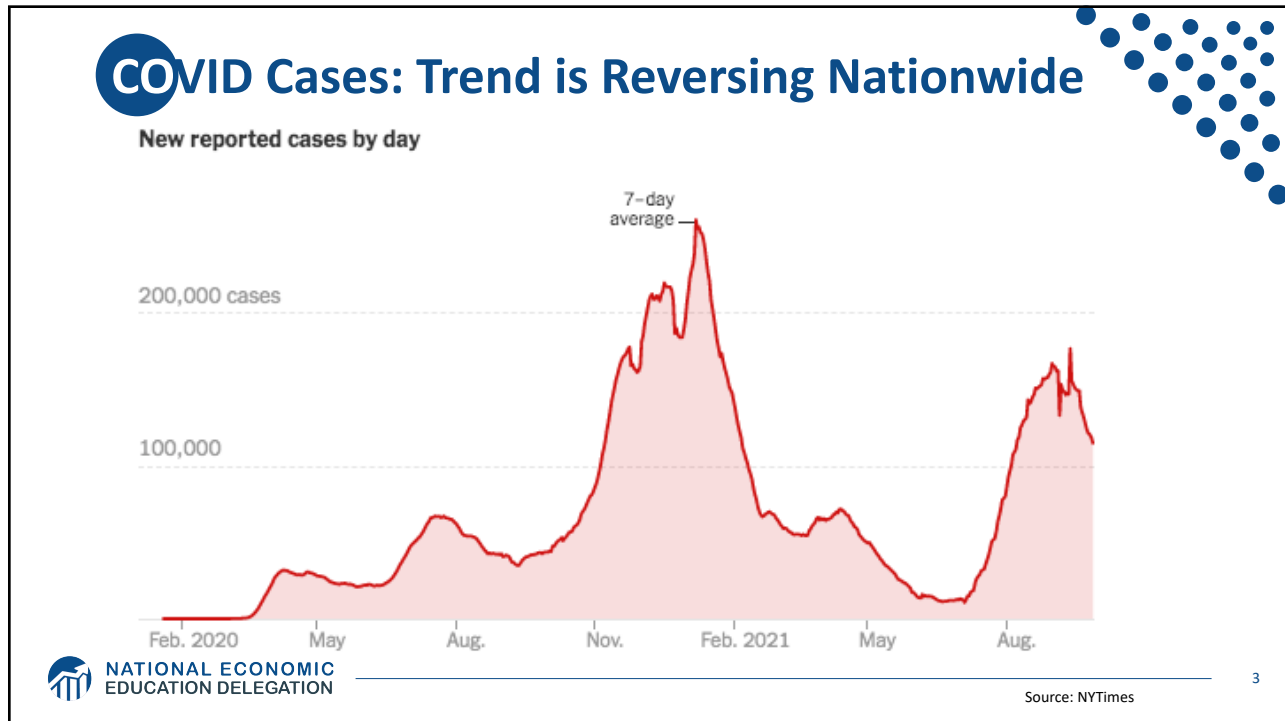


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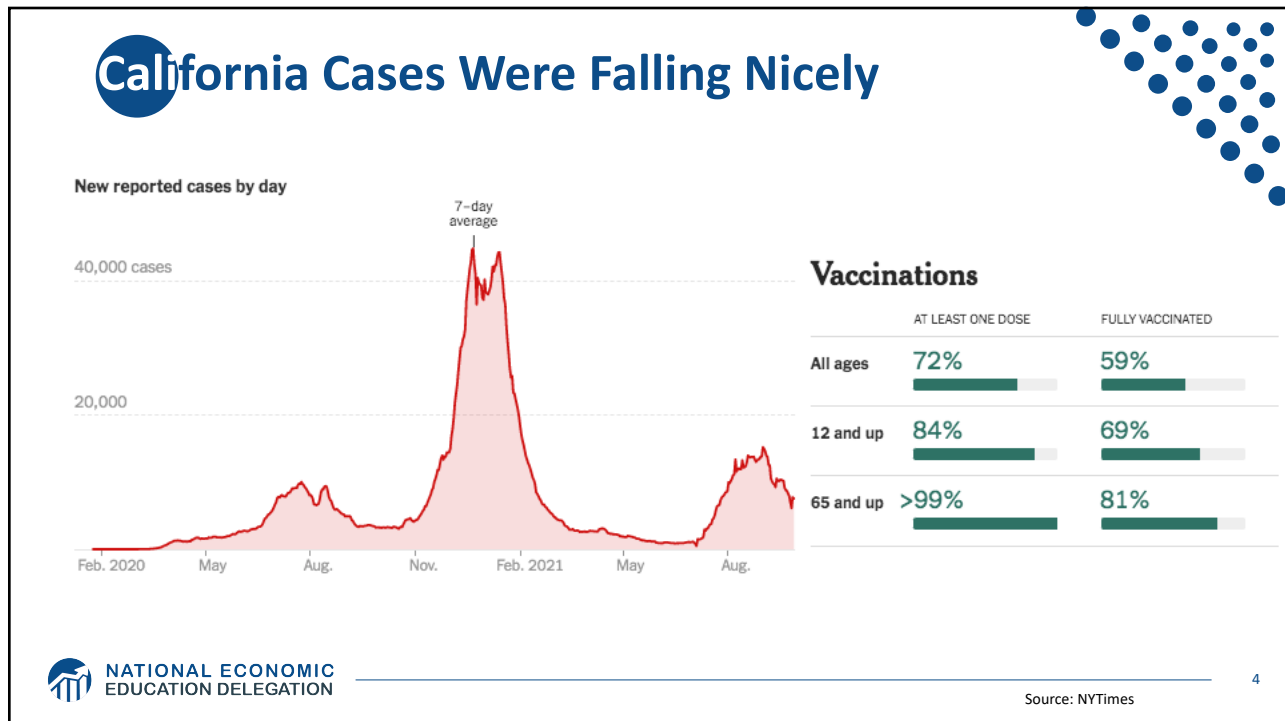
Outline

- State of the Pandemic
- US Economic Growth
- Inflation
- Alameda

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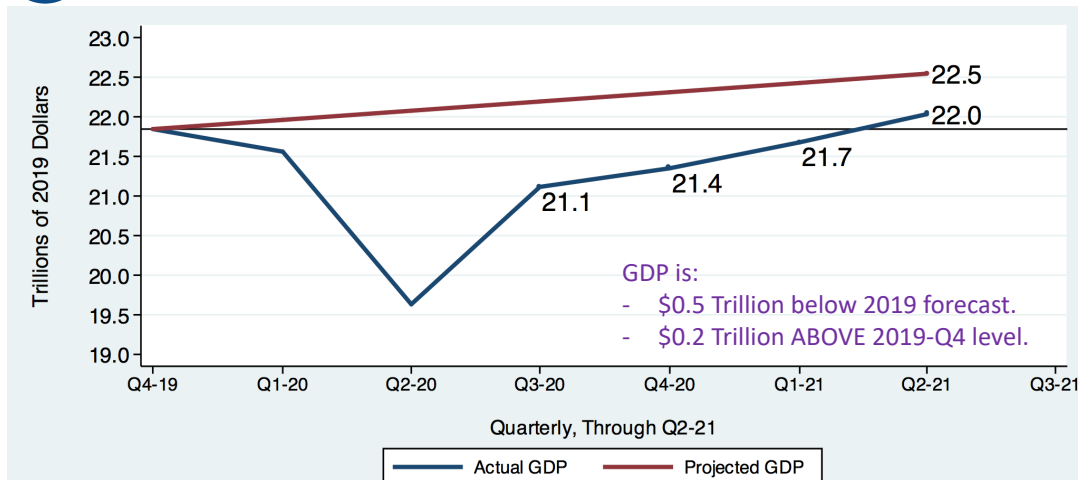


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US Economic Growth

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GDP Trajectory: Pandemic Plunge!



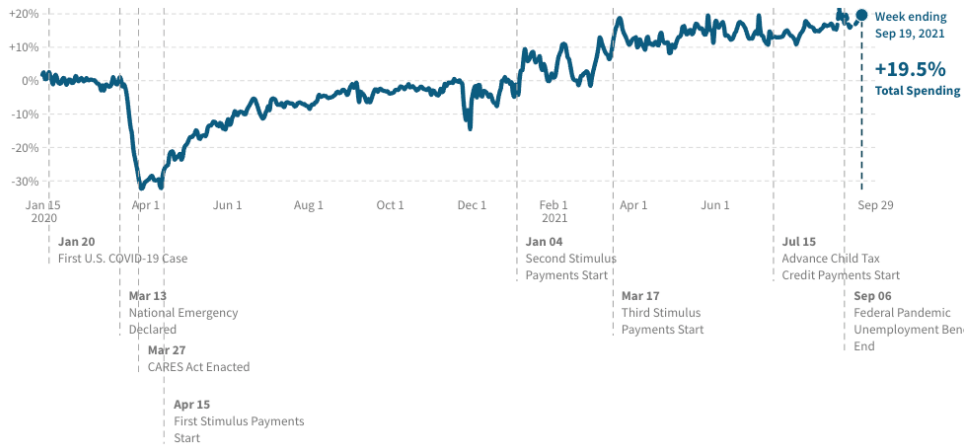
GDP is:
- \$0.5 Trillion below 2019 forecast.
- \$0.2 Trillion ABOVE 2019-Q4 level.

Source: Bureau of Economic Analysis. Projected GDP is a continuation of the 2011-2019 trend.
Graph by: National Economic Education Delegation (www.NEEDelegation.org)

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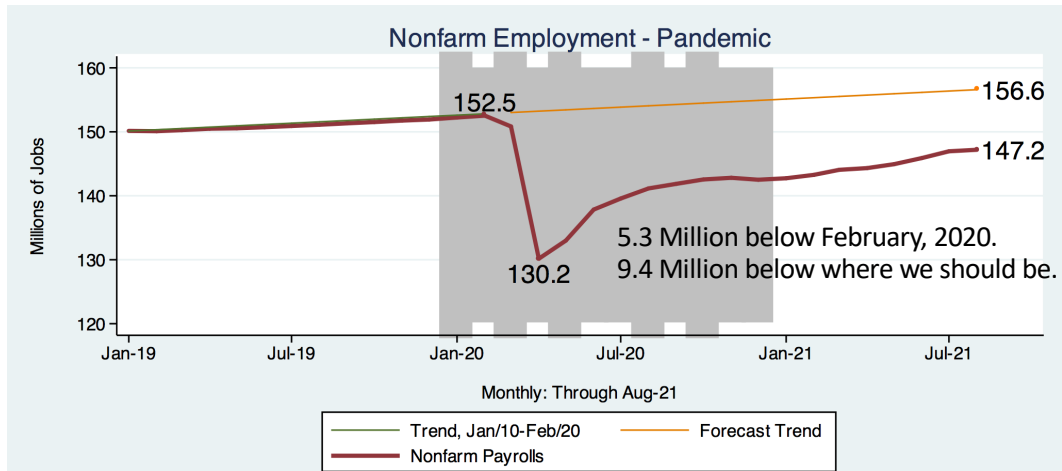
Spending Patterns Since First US Case

In the United States, as of September 19, 2021, total spending by all consumers increased by **19.5%** compared to January 2020.



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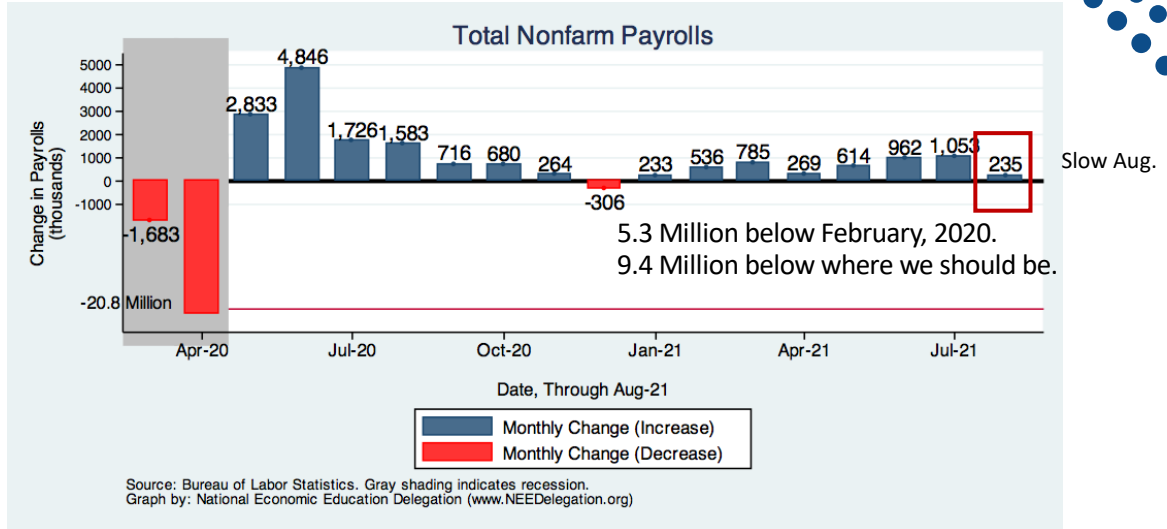
Employment Gap



Source: NBER and US Bureau of Labor Statistics. Gray shading indicates recession. Graph by: National Economic Education Delegation (www.NEEDelegation.org)

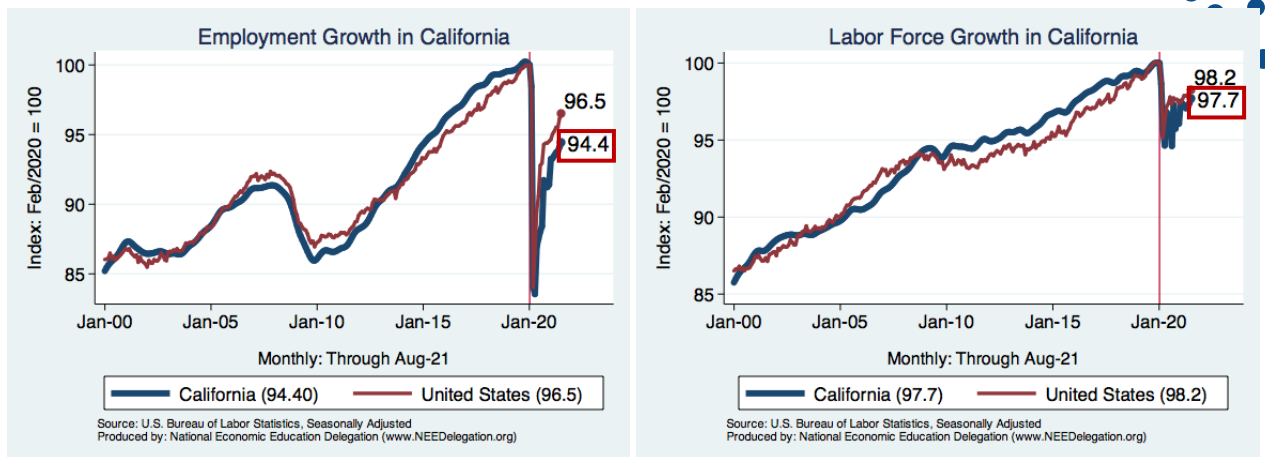
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Employment Gap



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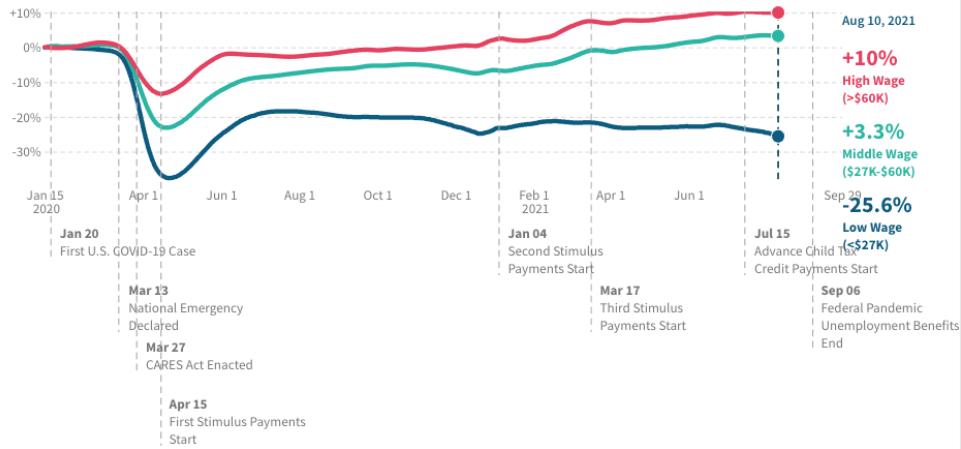
Employment in California



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Not All Jobs Are Recovering

In the United States, as of August 10 2021, employment rates among workers in the bottom wage quartile decreased by **25.6%** compared to January 2020 (not seasonally adjusted).



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Why Slow Employment Growth?

- **It might be:**

- Continued fear of the virus.
- Microchip shortages.
- Geographic mismatch and an unwillingness to relocate...yet.
- Childcare – lack of availability.
- People wanting to do better.
 - o Facilitated by additional UI payments.
- People dropping out of the labor force.

- **It probably isn't the generous UI checks.**

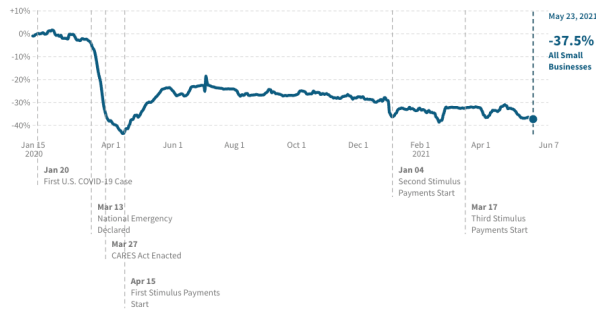
- Low wage employment is growing faster in states WITH supplement than in states w/o.

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Another Hard-Hit Sector: Small Business

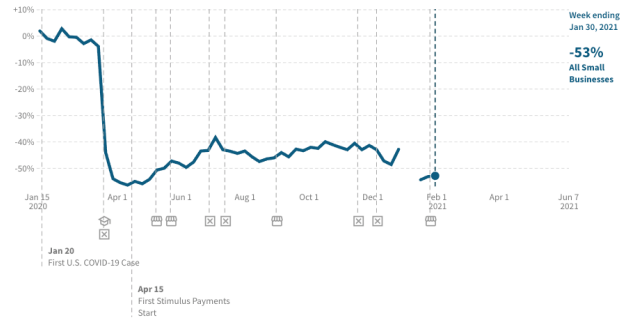
Small Biz Closures in the United States

In the United States, as of May 23 2021, the number of small businesses open decreased by **37.5%** compared to January 2020.



Small Biz Closures in San Francisco

In San Francisco, as of January 30 2021, the number of small businesses open decreased by **53%** compared to January 2020.

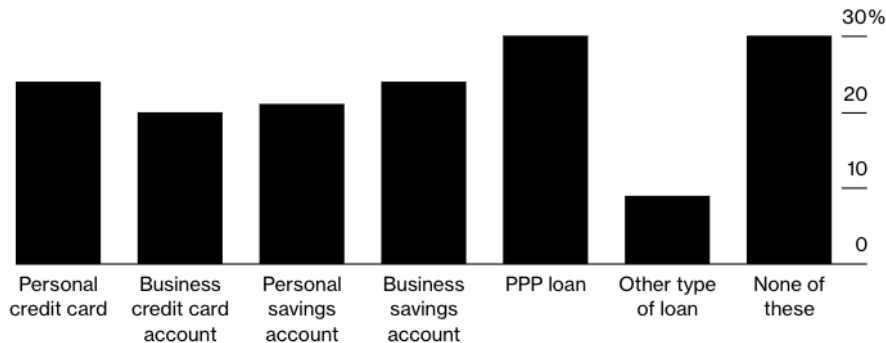


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Small Businesses: They Didn't Get Enough PPP

Small Business Owners Turn to Their Own Funds

In total, 70% of respondents were using at least one form of financial support to get their business through the pandemic.



CreditCards.com
Respondents could choose more than one option.

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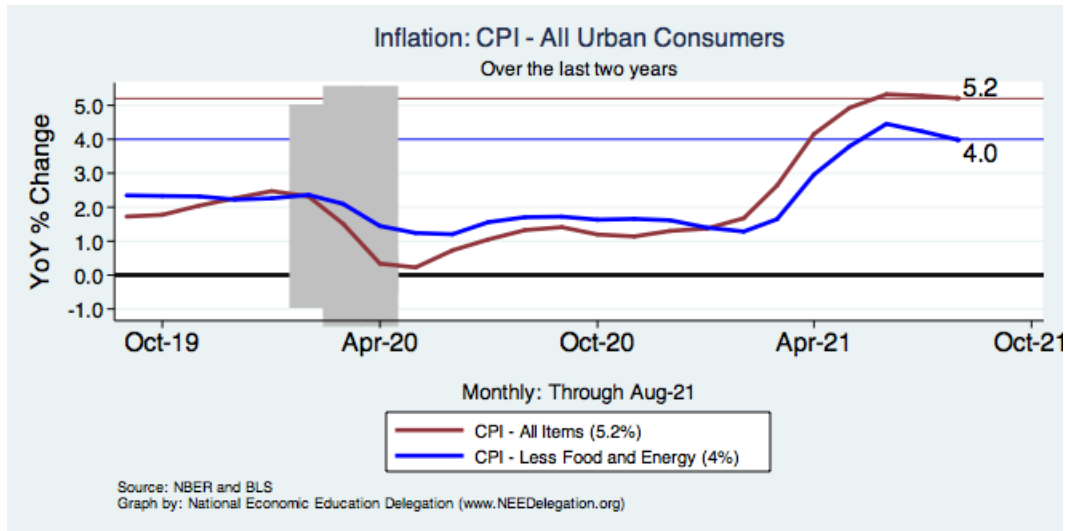
Inflation



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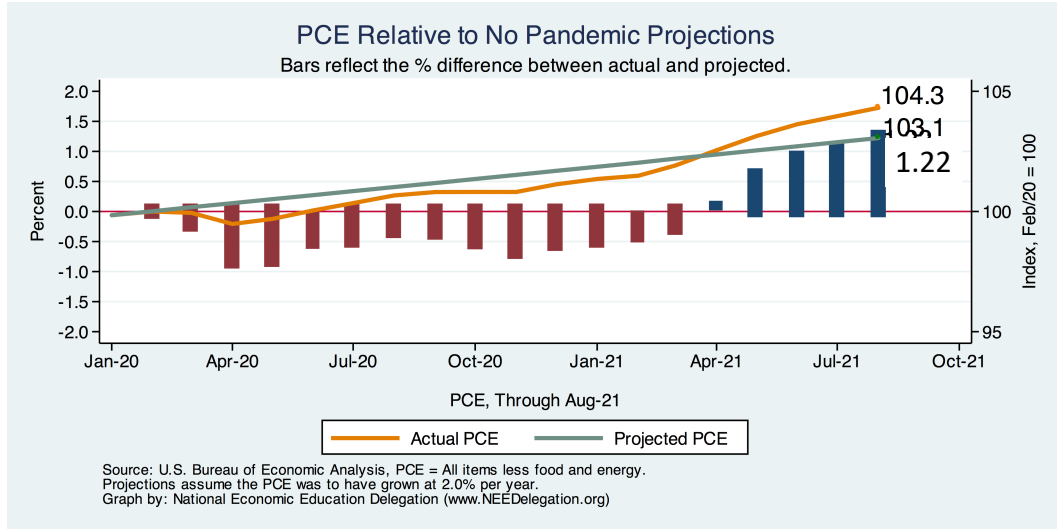
Inflation – Climbing! Should we worry?



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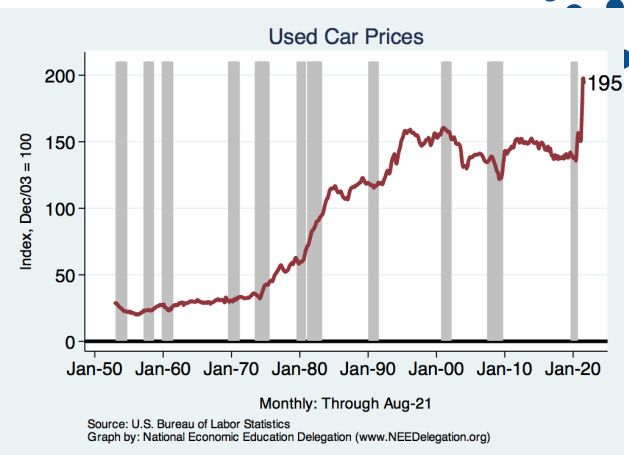
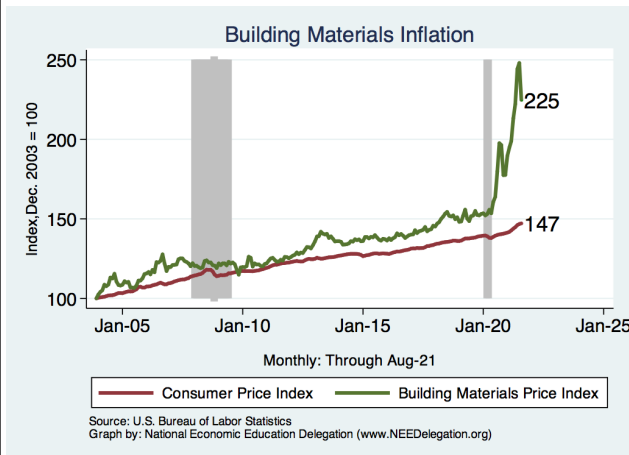
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Inflation – PCE and Fed Suggest: No!



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Inflation: Concentrated

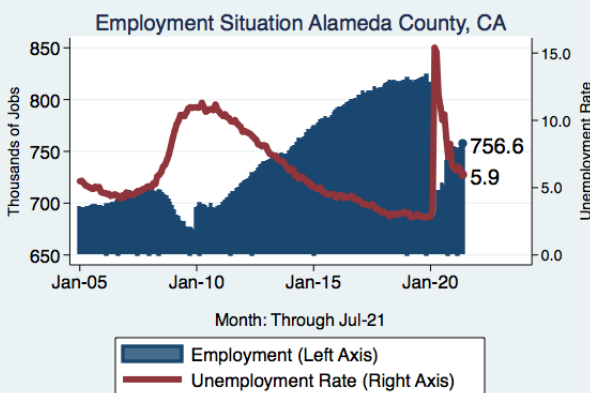


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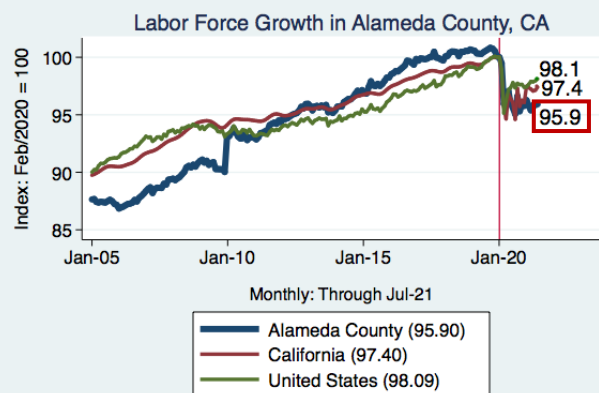
Alameda Indicators

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Employment in Alameda County

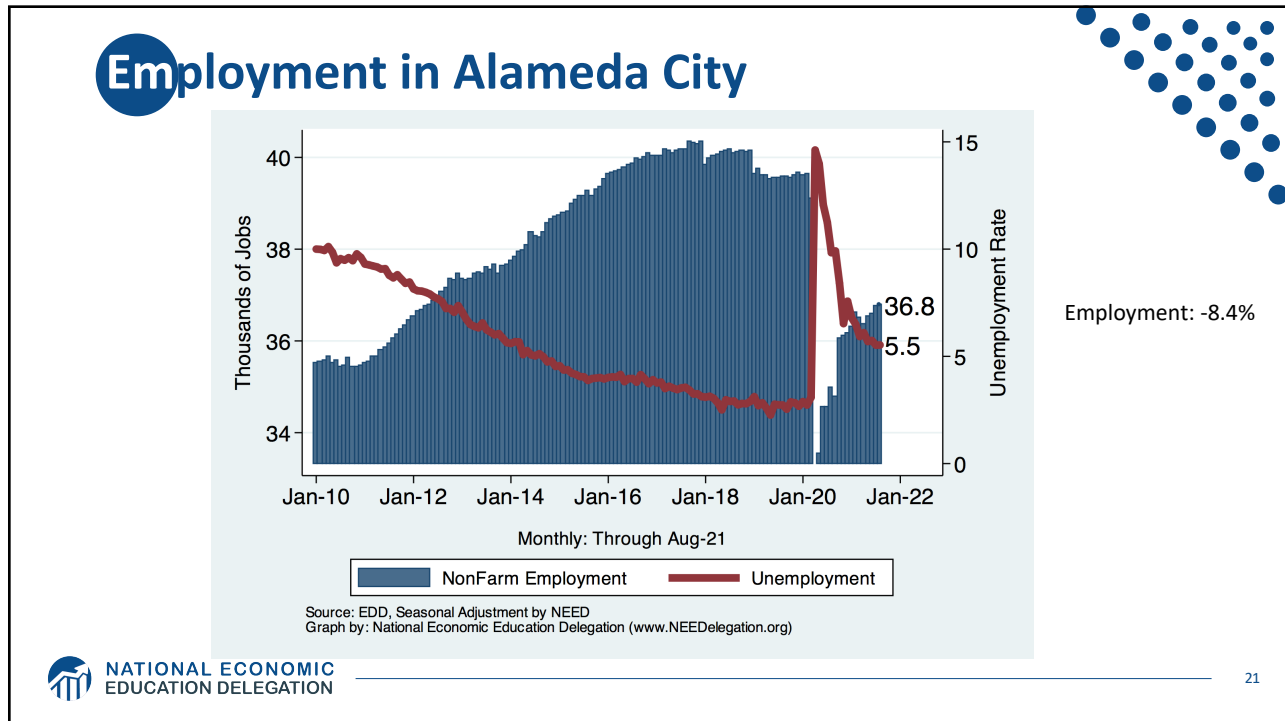


Source: U.S. Bureau of Labor Statistics, Seasonally Adjusted
Produced by: National Economic Education Delegation (www.NEEDelegation.org)

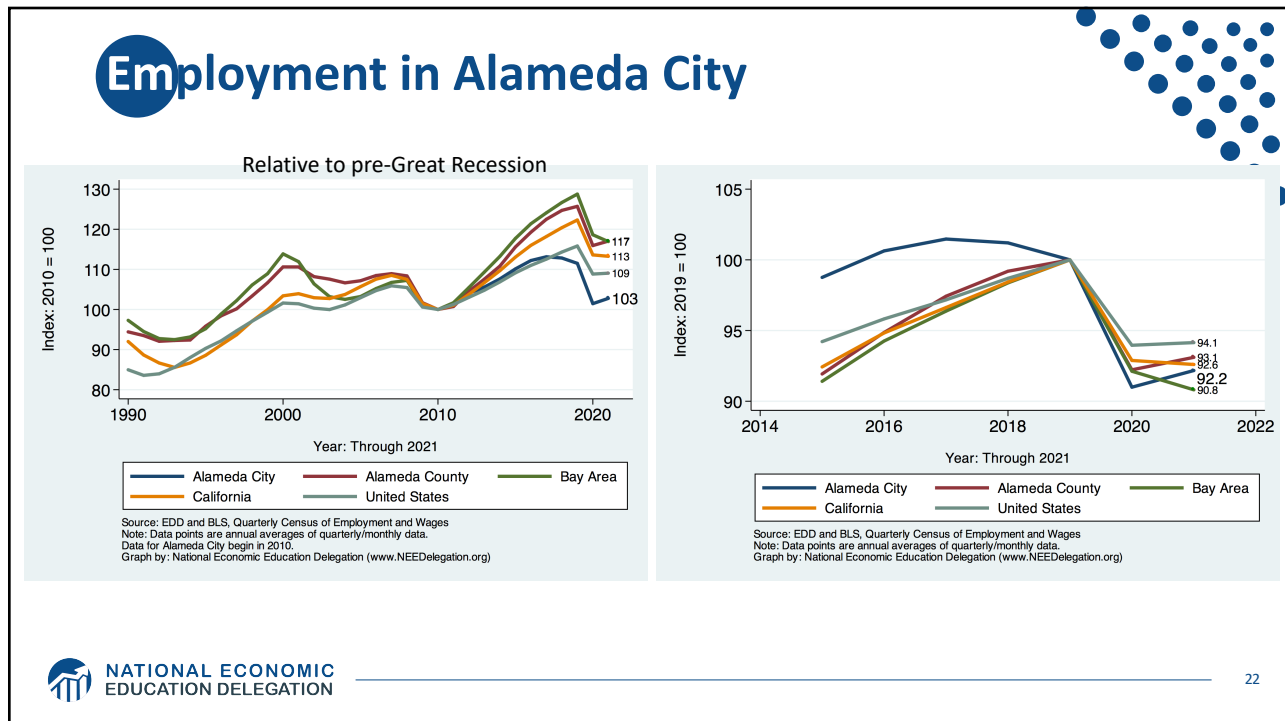


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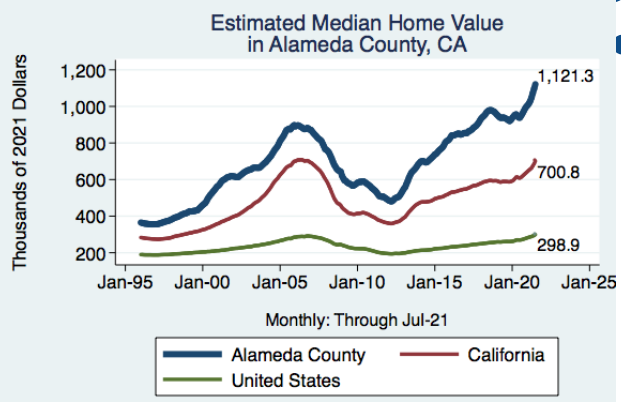
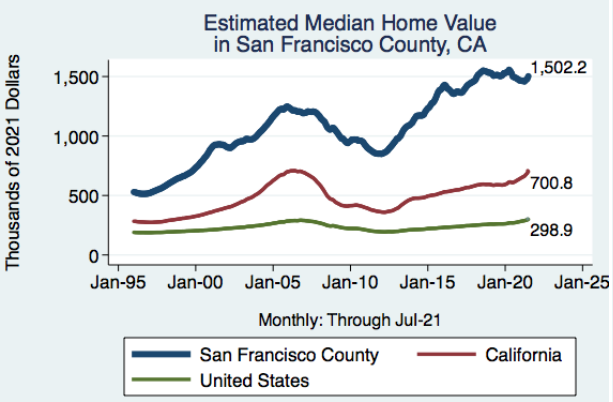


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RE Experiences Differ!

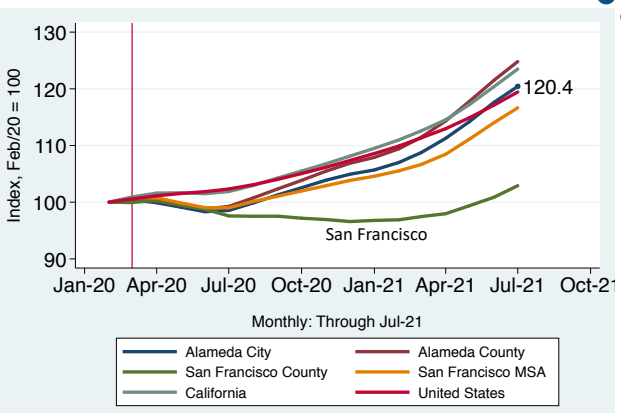
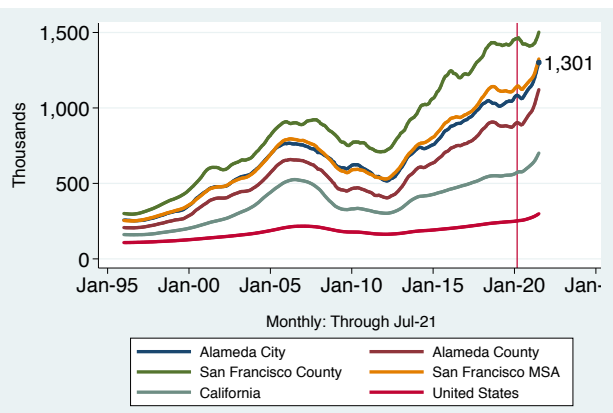


Source: Zillow Housing Data, <https://www.zillow.com/research/data/>
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Alameda City Real Estate



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Conclusion: Where do we go from here?

- **U.S. Economy:**

- Solid road to recovery. Followed by slow growth.
- Structural changes will present challenges.
- Stock markets are jittery. China may be in trouble. U.S. politicians....
- OECD Forecast for U.S.: 6% in 2021, 3.9% in 2022.

- **Alameda City – will shine in the wake of the pandemic.**

- Telecommuting
- Lots of green shoots that Lois will talk to you about.



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Thank you!

Any Questions?

www.NEEDelegation.org

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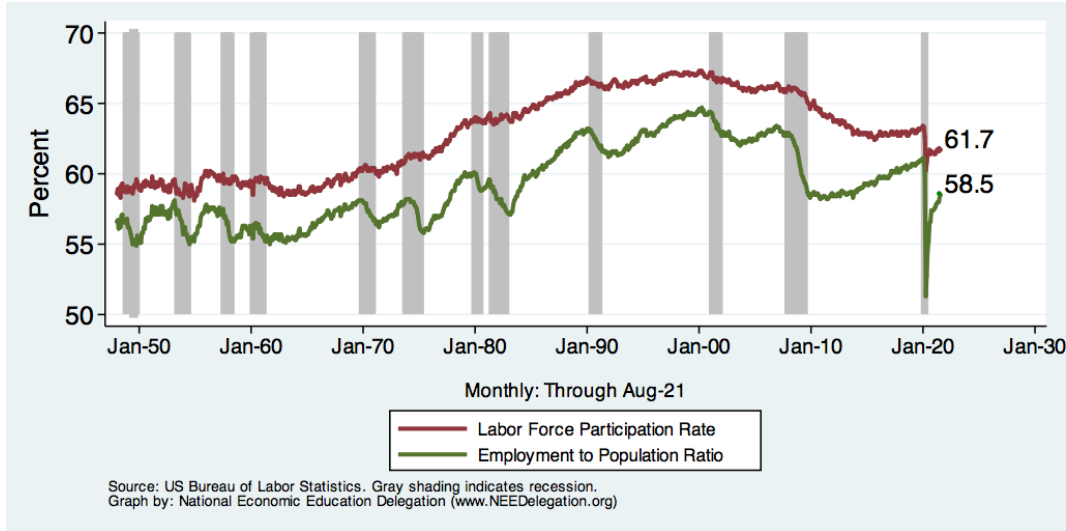


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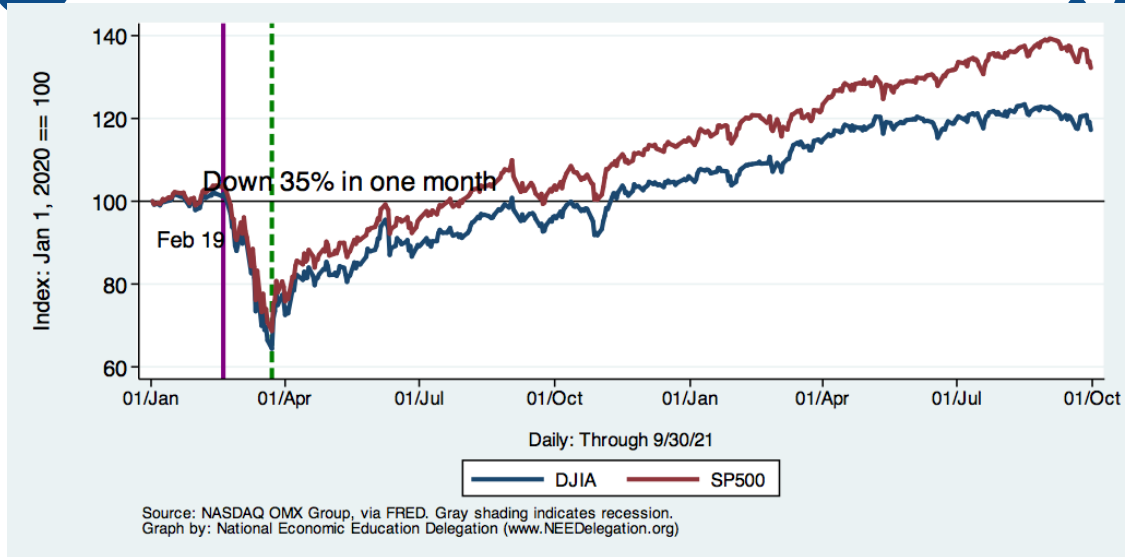
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Labor Force is Shrinking



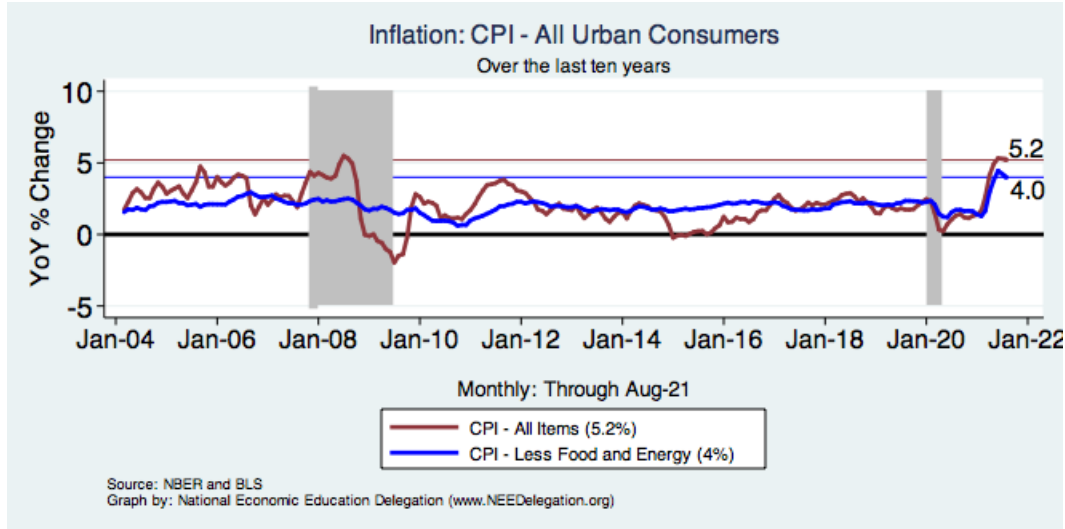
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DJIA and S&P 500



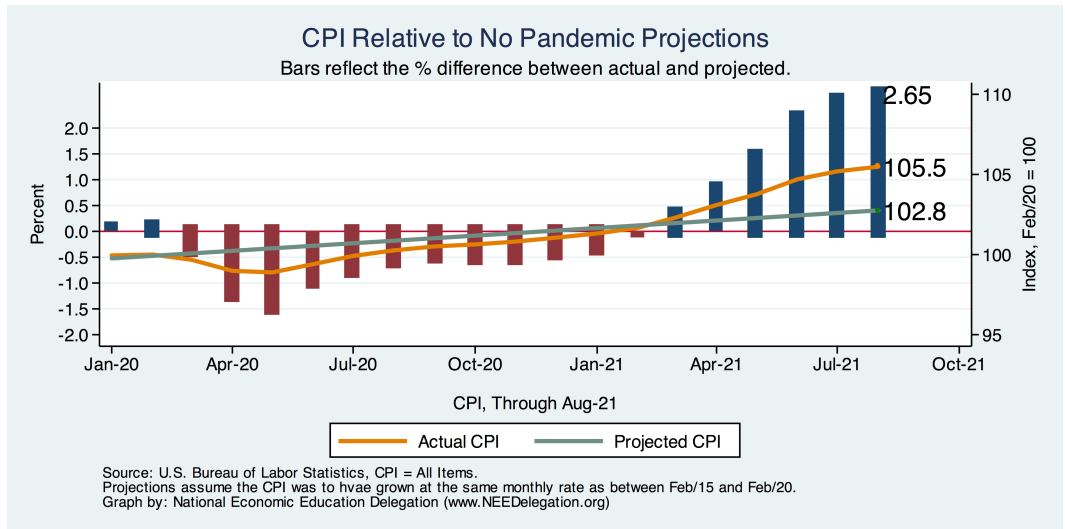
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Inflation – Prepandemic Stability



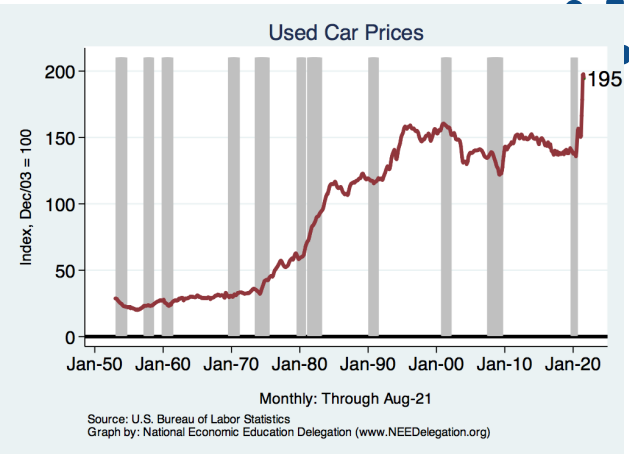
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Inflation – CPI Suggests: Yes!



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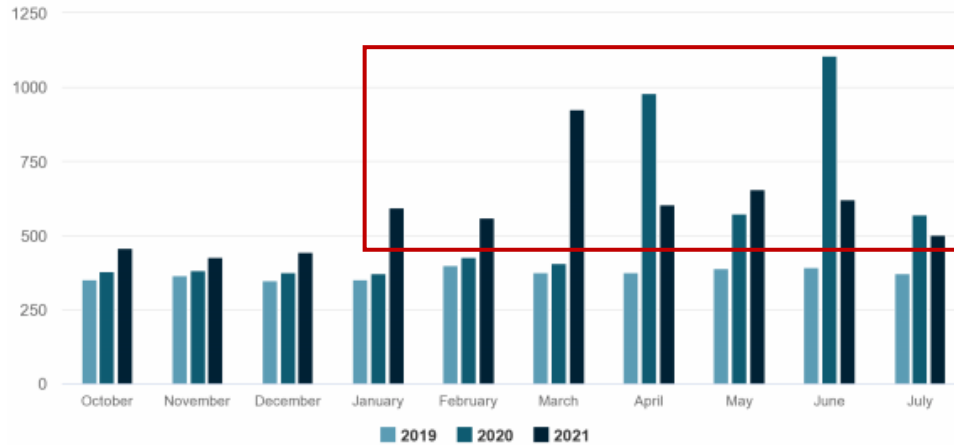
Inflation: Concentrated



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Trillions in Pandemic Spending

Monthly Outlays
Fiscal Years 2019, 2020, 2021
Billions of Dollars



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Why so Excited About Telecommuting?

- **Productivity at home appears to be really high during pandemic.**
 - Nothing else to do.
 - Short term – corporate culture and new hires – visibility to the boss – camaraderie.
- **CEOs are salivating over reduced Comm RE costs.**



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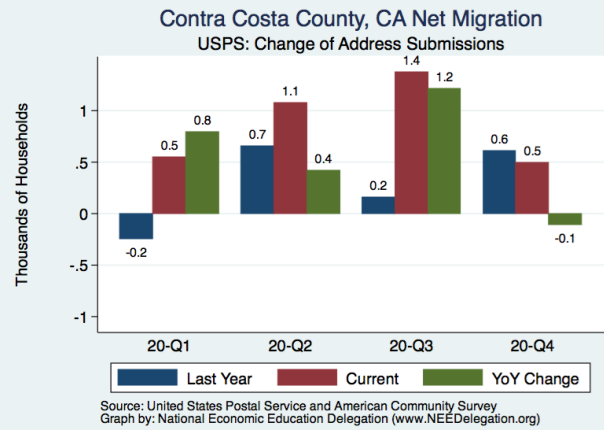
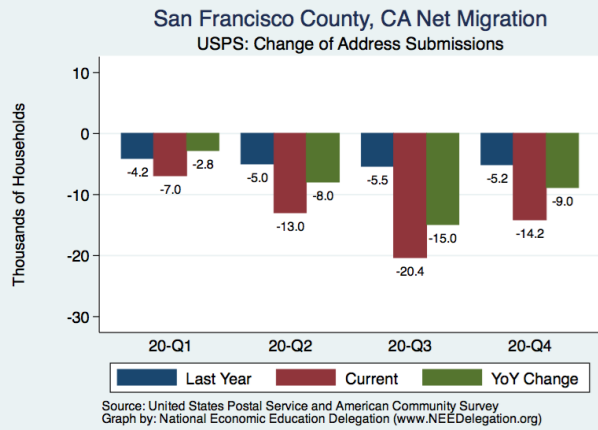
Telecommuting – Will it Stick?

- **Working from home is ALWAYS less productive than working in the office.**
 - But the gap has shrunk because of technology.
- **In the interest of workplace productivity, employers are likely to allow more working from home.**
 - Increased in-office moral and hence productivity.
 - But not 100% or even 50%. How much?
- **Has important implications for real estate.**



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Population Change: San Francisco & CCC



www.NEEDelegation.org/LocalGraphs

For every state and county in the United States.
Detailed graphs on employment, housing, moves, and other statistics.