



Marin County Office of Education
Property Tax Forum: 2019

March, 19, 2019

Jon Haveman, Ph.D.
National Economic Education Delegation



National Economic Education Delegation

• **Vision**

- One day, the public discussion of policy issues will be grounded in an accurate perception of the underlying economic principles and data.

• **Mission**

- NEED unites the skills and knowledge of a vast network of professional economists to promote understanding of the economics of policy issues in the United States.

• **NEED Presentations**

- Are **nonpartisan** and intended to reflect the consensus of the economics profession.

Who Are We?

- **Honorary Board: 44 members**

- 2 Fed Chairs: Janet Yellen, Ben Bernanke
- 6 Chairs Council of Economic Advisers
 - o Furman (D), Rosen (R), Bernanke (R), Yellen (D), Tyson (D), Goolsbee (D)
- 3 Nobel Prize Winners
 - o Akerlof, Smith, Maskin

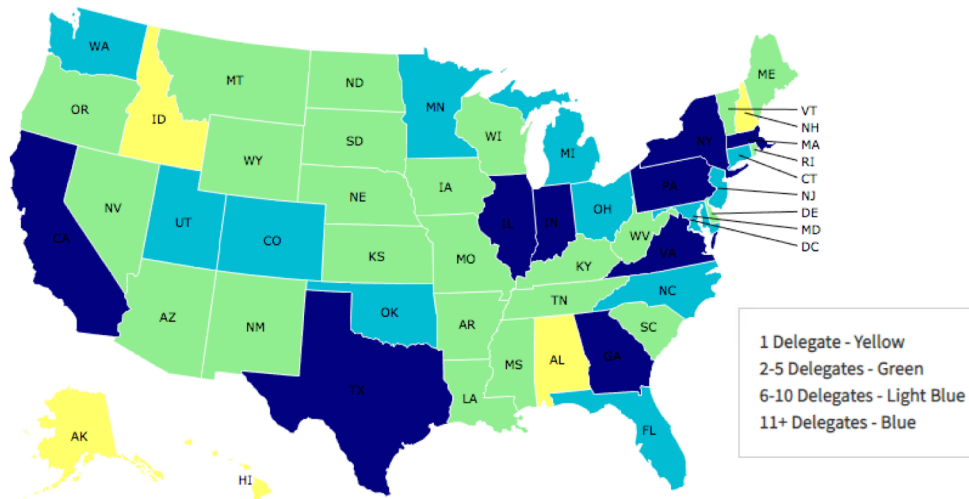
- **Delegates: 361 members**

- At all levels of academia and some in government service
- All have a Ph.D. in economics
- Crowdsource slide decks
- Give presentations

- **Global Partners: 42 Ph.D. Economists**

- Aid in slide deck development

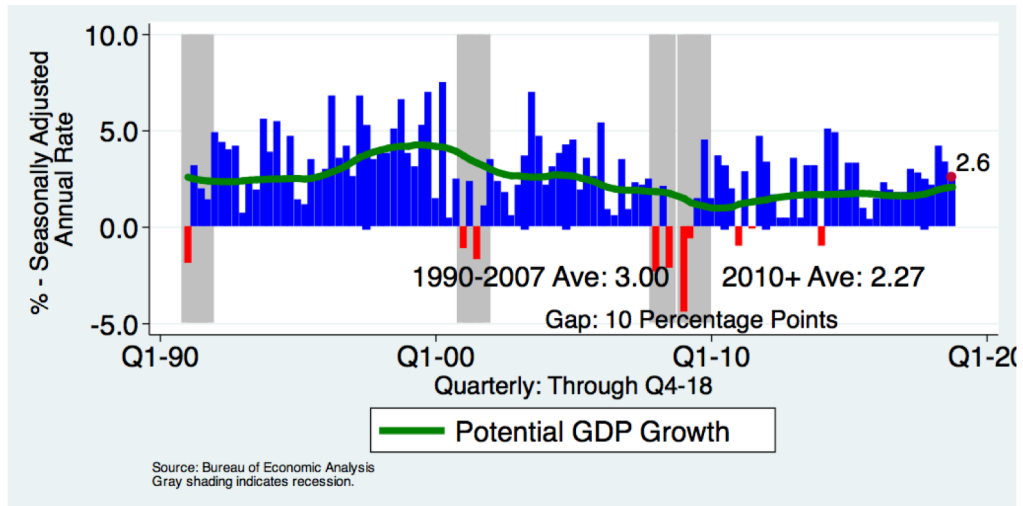
Where Are We?



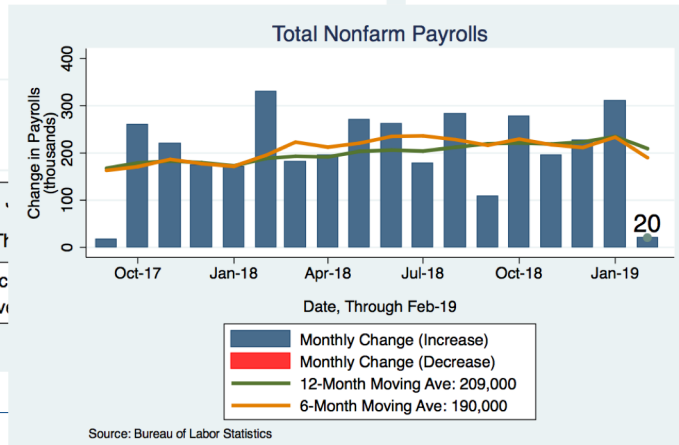
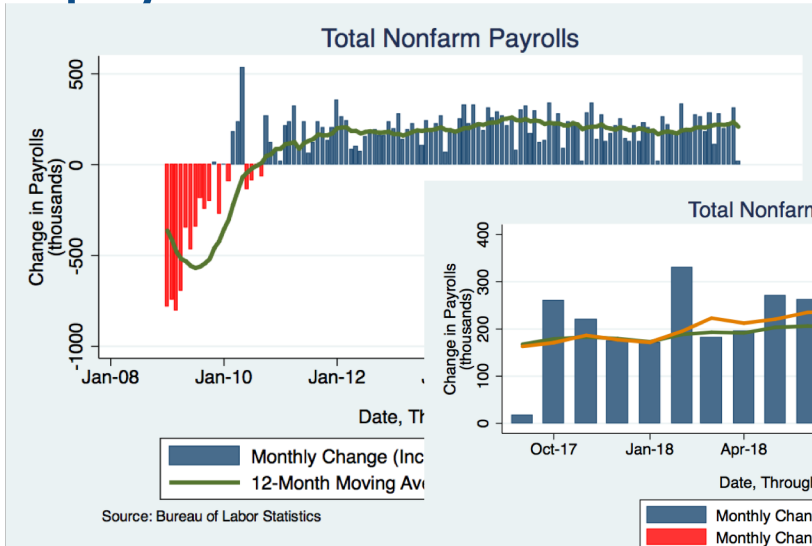
Outline

- **Overall Economic Trends**
 - US Economy
 - California Economy
 - Bay Area Economy
- **Marin County**
 - Sources of appreciation
- **Economy**
 - Prospects for supporting home price appreciation

GDP Growth

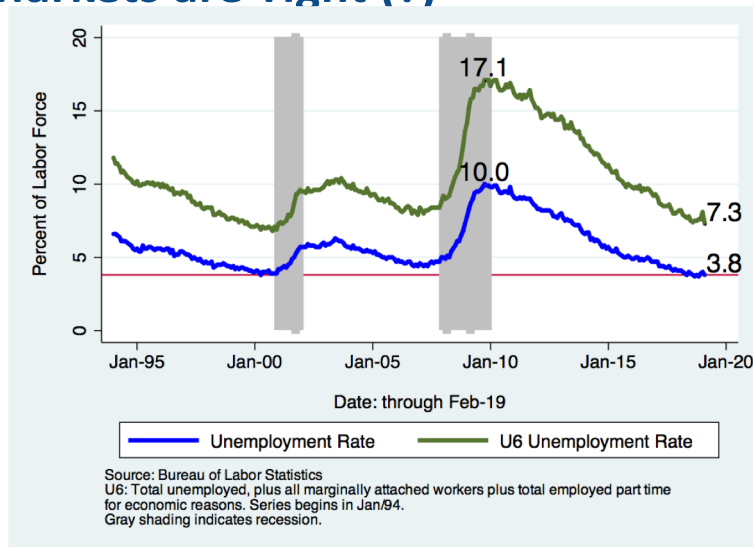


US Employment Growth



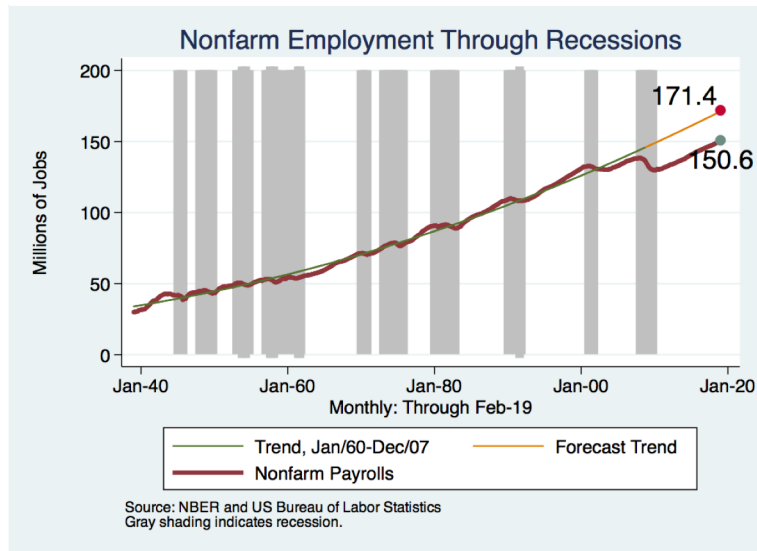
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Labor Markets are Tight (?)



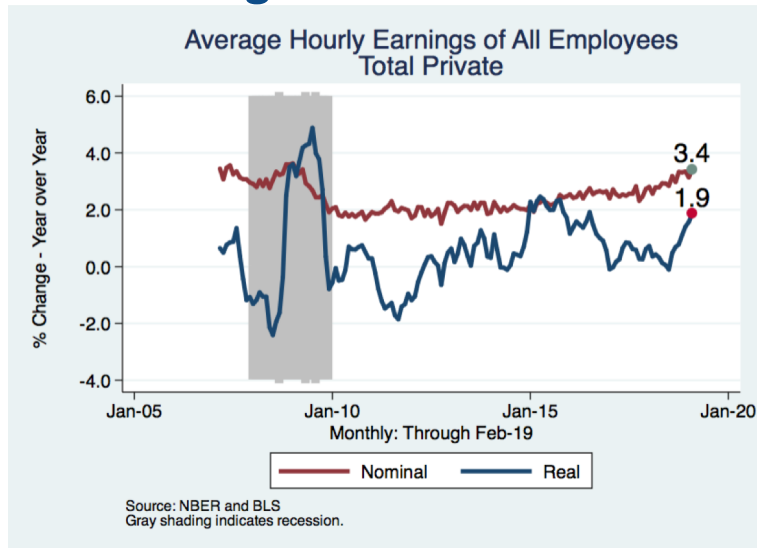
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Employment Has More Recovering to do!



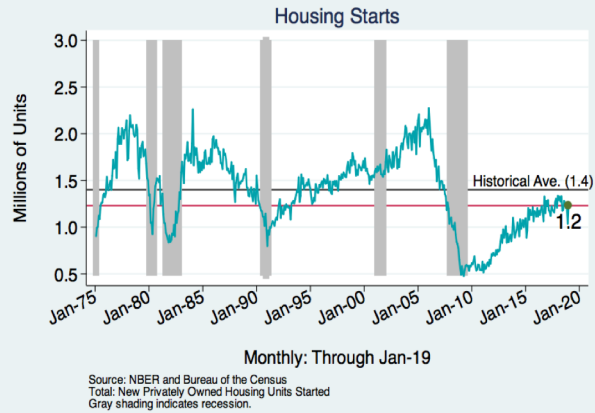
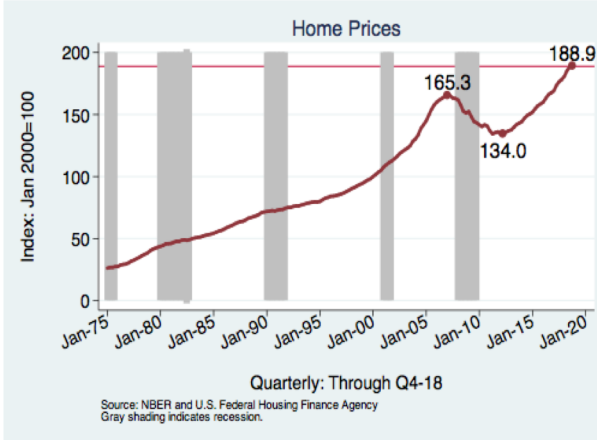
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Wages are Growing: Faster and Faster!

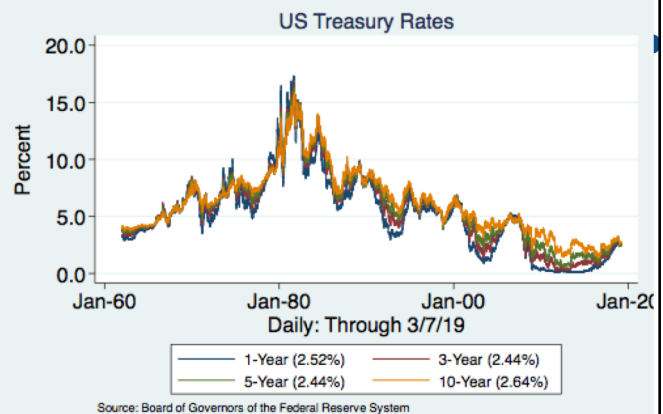
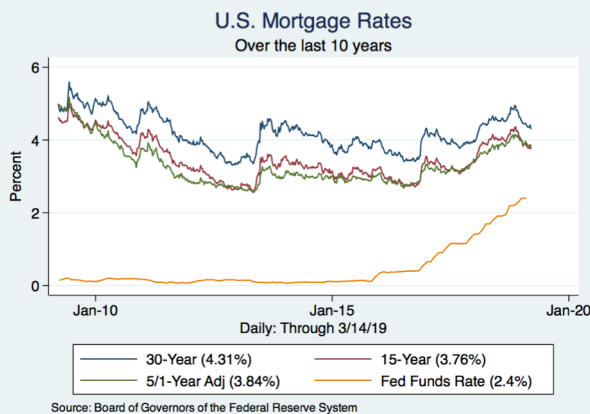


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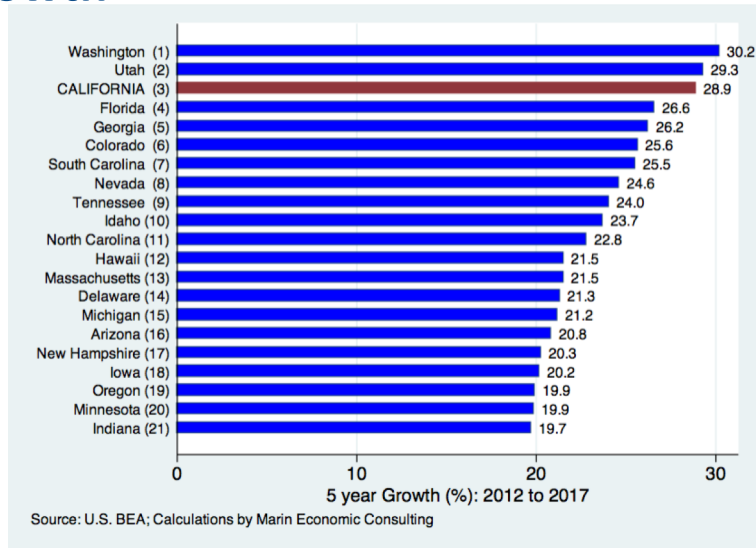
National Home Prices and Housing Starts



Interest Rates

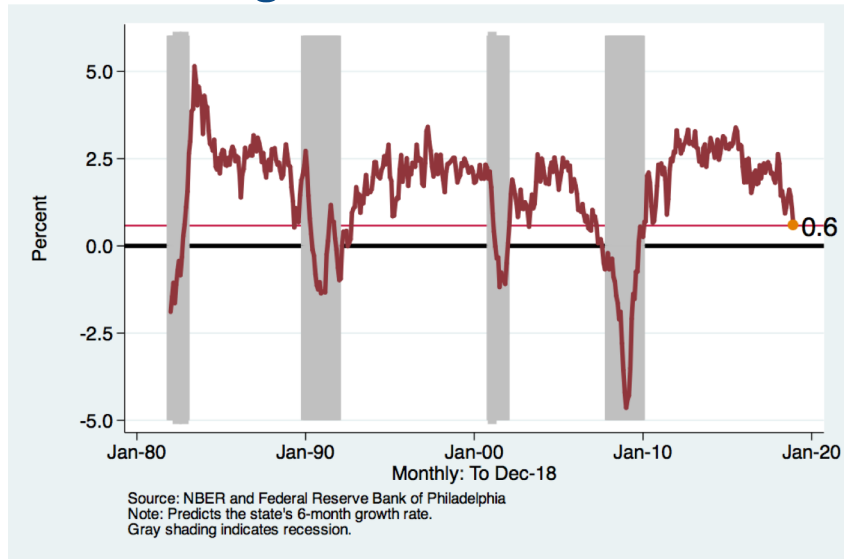


GS^P Growth



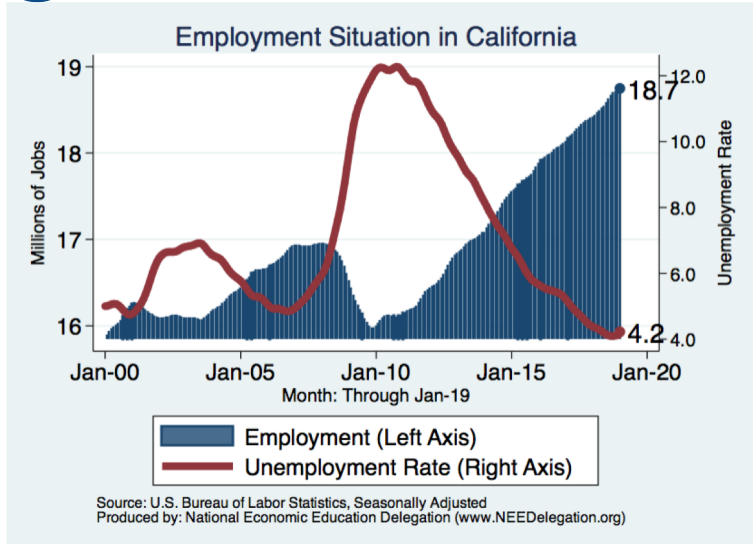
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California Leading Index



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CA Employment Growth is Slowing

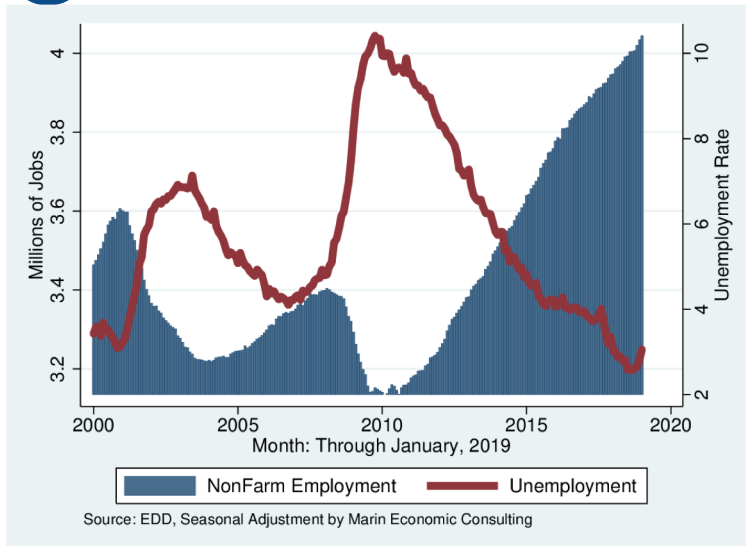


Growth Rate:

- Last Month: 0.2%
- Last Year: 1.4%
- Last 3 Years: 2.0%
- Last 5 Years: 2.5%



Bay Area is Growing Well: Employment

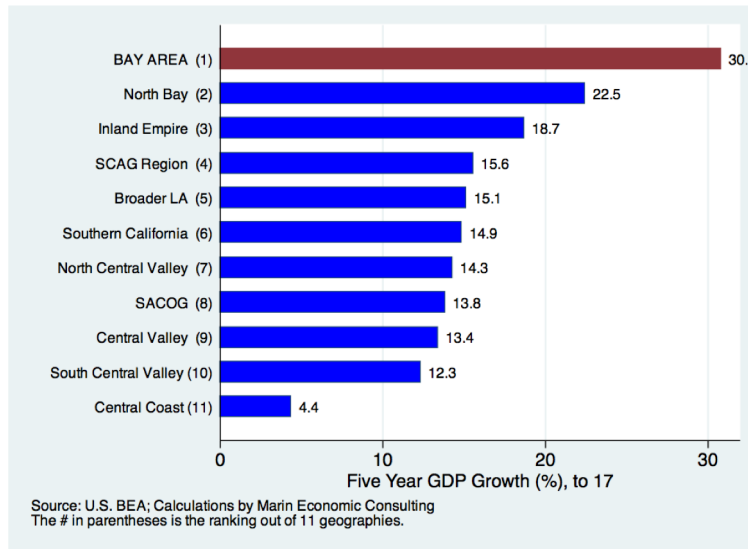


Growth Rate:

- Last Month: 3.1%
- Last Year: 2.5%
- Last 3 Years: 2.4%
- Last 5 Years: 3.0%

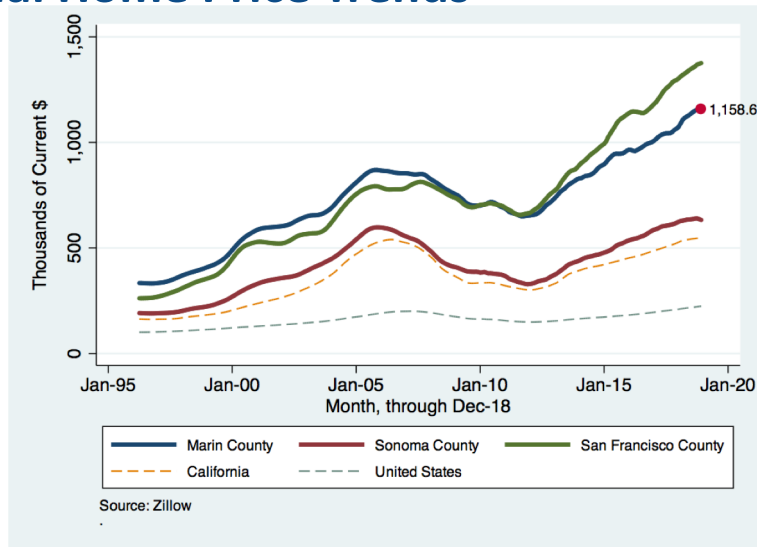


Bay Area is Growing Well: GSP – Over 5 Years



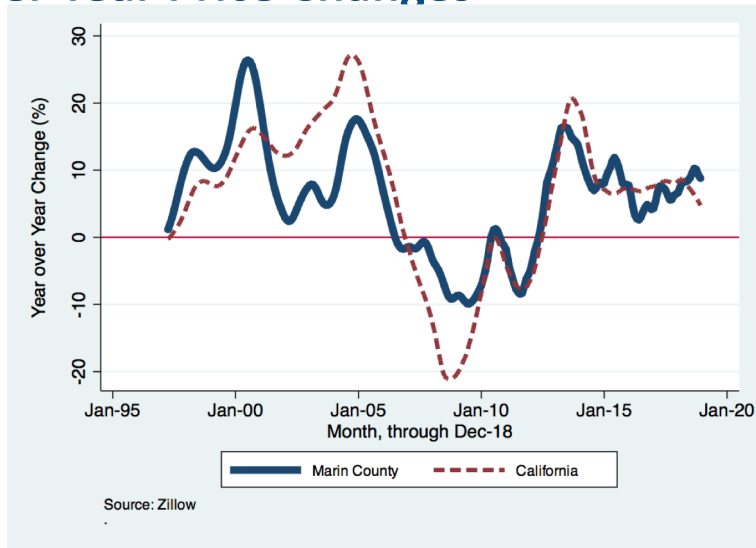
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Regional Home Price Trends



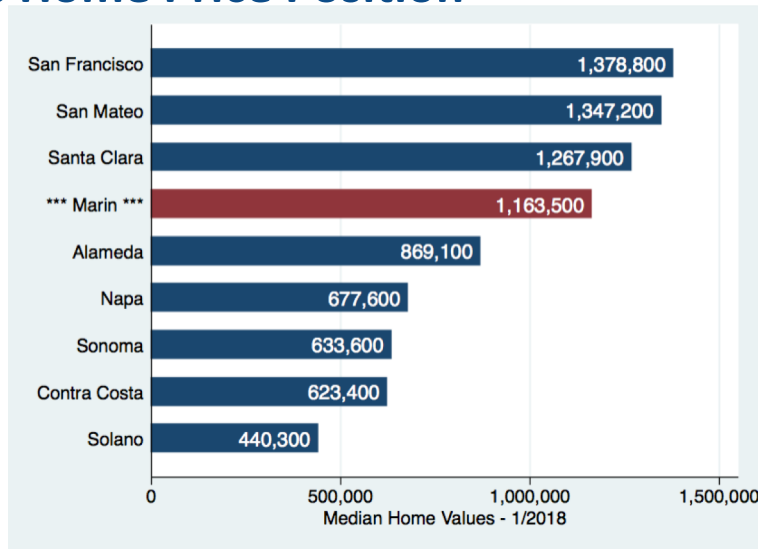
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Year over Year Price Changes



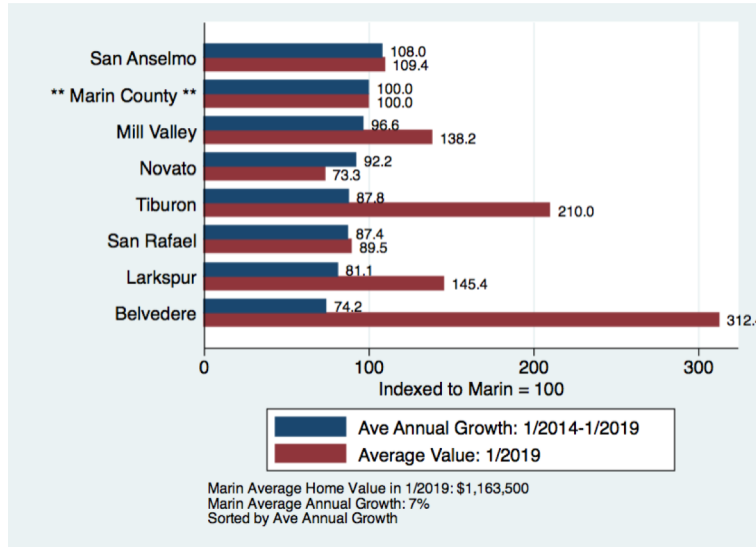
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Marin's Home Price Position



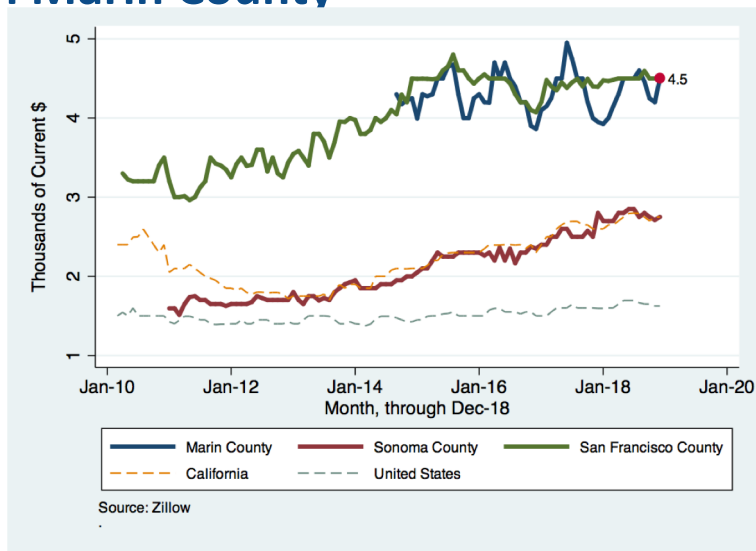
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Home Price Appreciation w/in Marin



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Rents in Marin County



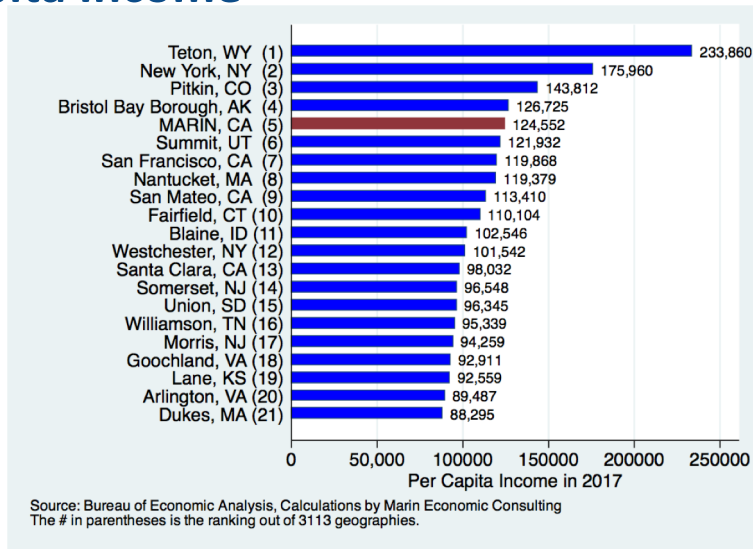
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Marin Home Price Drivers

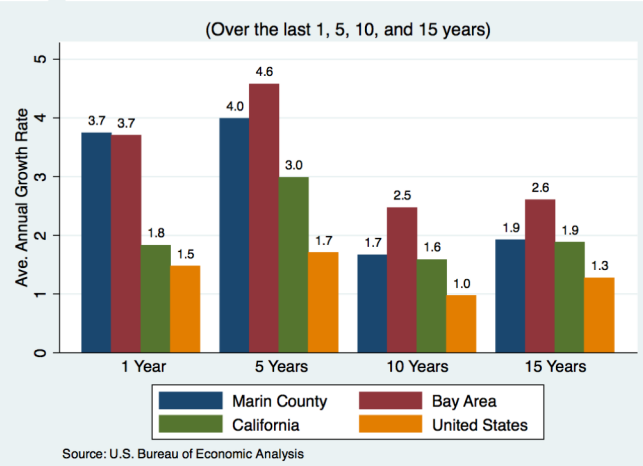
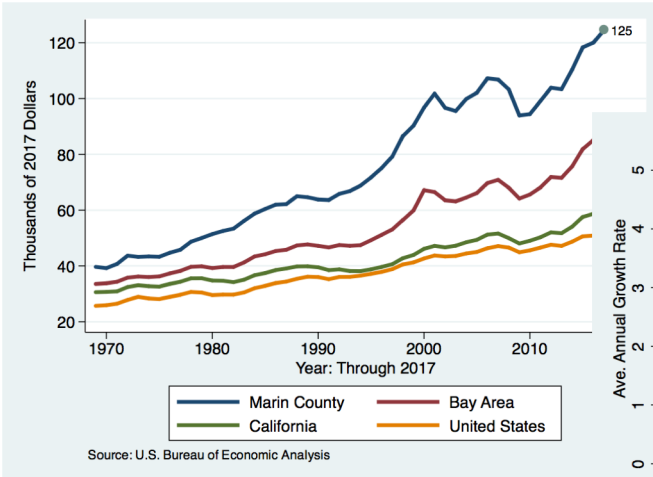
- High income families
- High quality of life
 - Bay Area, generally
 - Marin County, specifically
 - Good schools, open space
- In-migration
- Lack of building



Per Capita Income

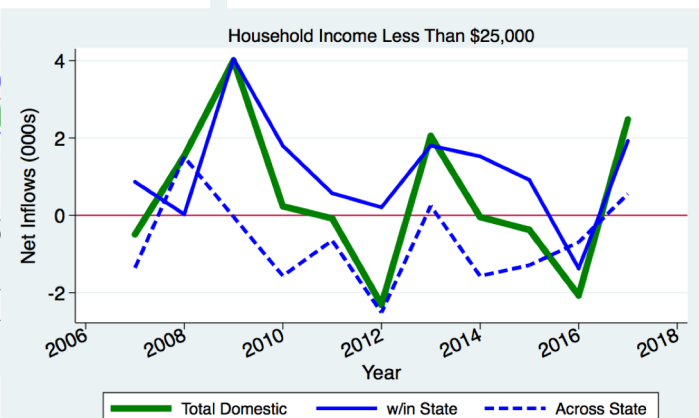
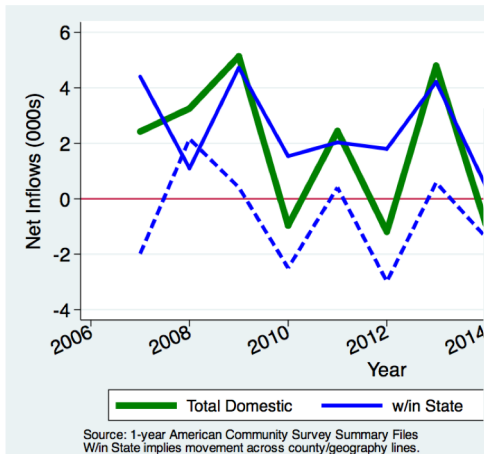


Per Capita Income is High and Growing Quickly



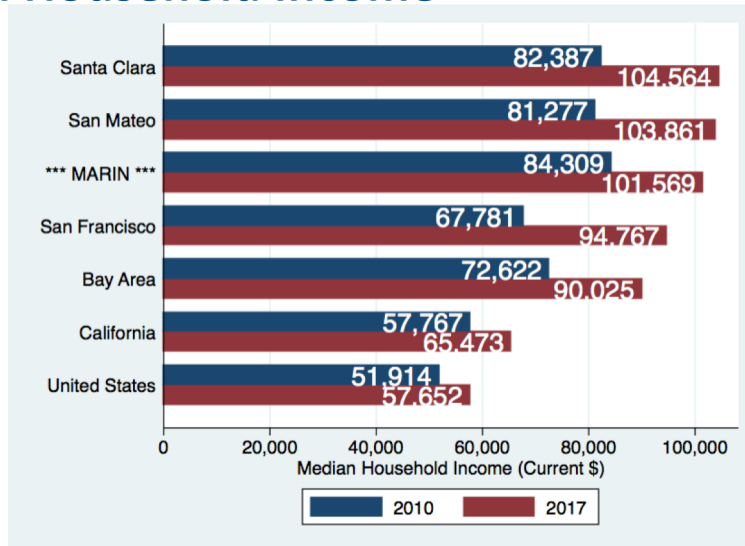
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Migration into Marin

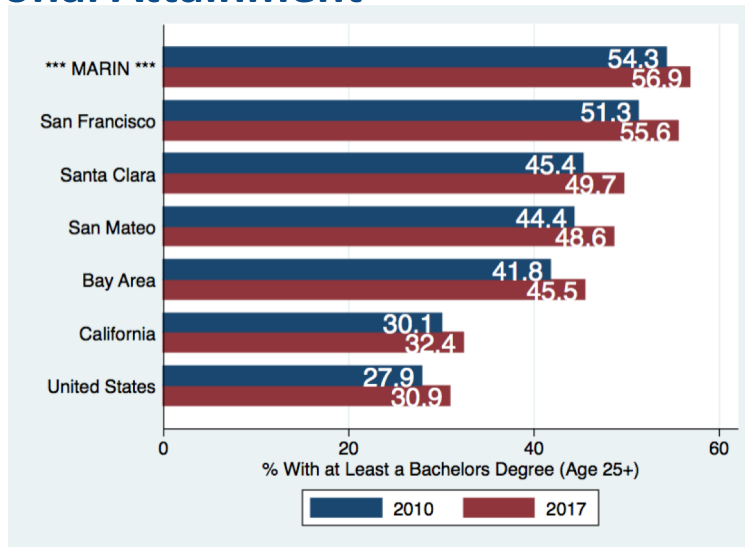


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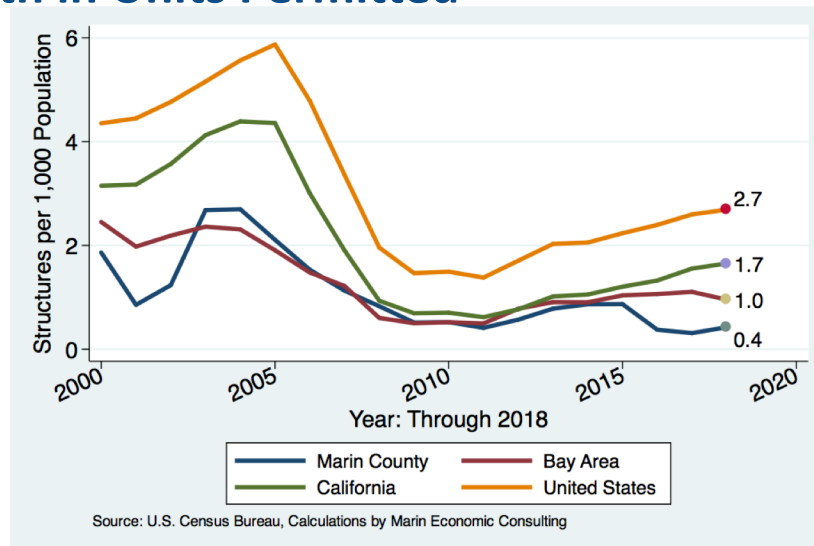
Median Household Income



Educational Attainment



Growth in Units Permitted



What to Expect?

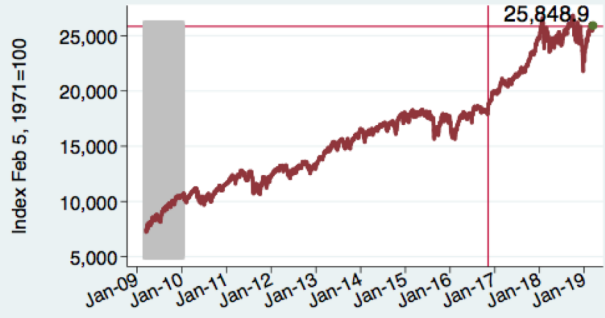
- **2018 was a good year**
 - 2019 is where the rubber hits the road
 - 2020 even less optimism
- **Wage increases, though moderate**
 - LF has lots of room to grow
- **Housing shortages are the most significant constraint on growth**
 - New construction will provide some, but not much growth in rolls
- **Expect interest rate stability**
- **Political uncertainty**
 - Takes the eye off the ball
- **Stock markets remain a source of concern**

Significant Concern: Stock Market



Daily: Through 3/15/19

Source: NBER and FRED, Federal Reserve Bank of St. Louis
Gray shading indicates recession.



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Source: NBER and FRED, Federal Reserve Bank of St. Louis
Gray shading indicates recession.



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Policy Initiatives

Topic	Front and Center?	Should it be?	Why?
Trade	Yes	No	Not the issue/Dangerous
Jobs	Yes	No	Worry about labor force
Rising Wages	Yes	Maybe	Still slow/profits are high
Inflation	Yes	No	Pretty stable
Tax Burden of the Rich	Yes	Maybe	Counterproductive
Infrastructure	No	Yes	Crumbling/productivity
Income Inequality	No	Yes	Slows growth
Poverty	No	Yes	Productive capacity
Budget Deficits	No	Yes	Harder to deal w/recession
Climate Change	No	Yes	Long term expensive
Health Care	No	Yes	Productive Capacity
Education	No	Yes	Long term prosperity



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Summary

- **Economy will broadly continue to grow, but weakly**
- **Housing markets in Marin are likely to continue to reflect tightness**
 - Price appreciation, though slower turnover
- **Greatest threat is the combination of:**
 - Political (mostly policy) uncertainty
 - Increasingly jittery stock market



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Thank you!

Any Questions?

www.NEEDelegation.org

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