California Economic Forecast
Navigating Economic Trends

A Partnership that matters

AVENU
INSIGHTS & ANALYTICS

UCLA Anderson
FORECAST

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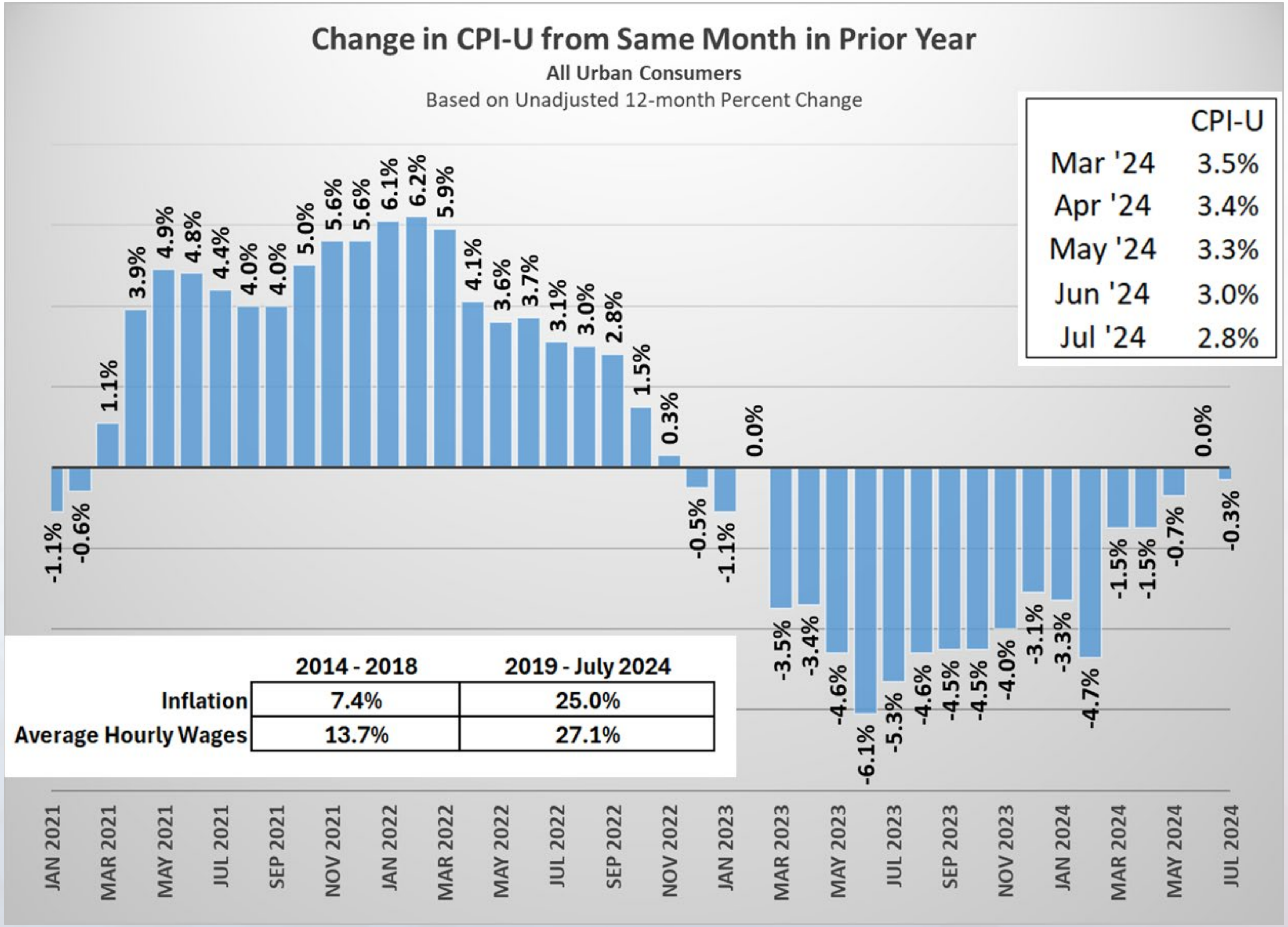
The Shifting Tides of the Uncertain Economy

Inflation Continues to Slow



	CPI-U
Mar '24	3.5%
Apr '24	3.4%
May '24	3.3%
Jun '24	3.0%
Jul '24	2.8%

	2014 - 2018	2019 - July 2024
Inflation	7.4%	25.0%
Average Hourly Wages	13.7%	27.1%

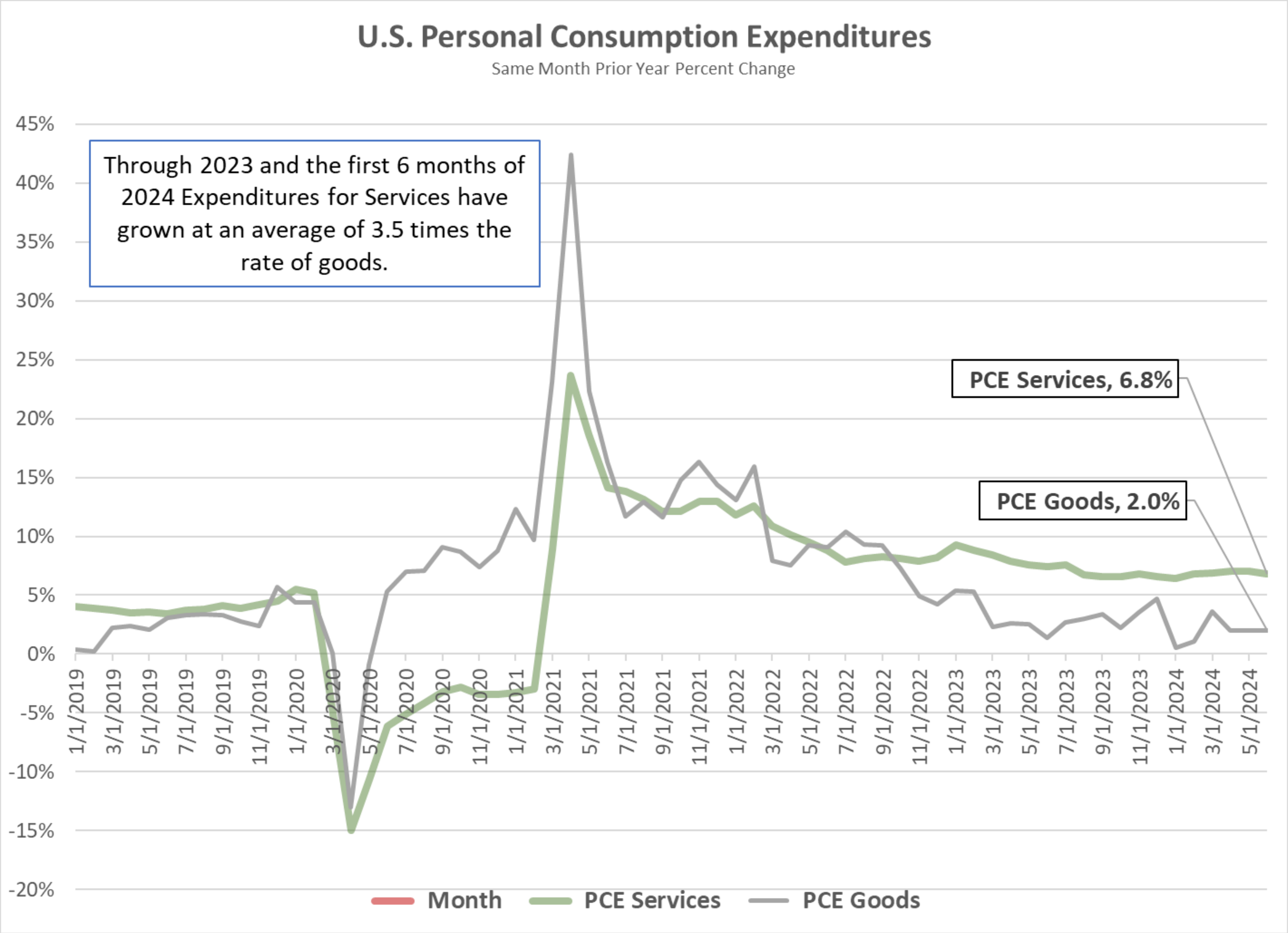
Cost of Goods Remains High

Post-Election Economic Impacts

Policy Shifts Could Impact Local Government Funding

Port strike and recovery from natural disasters could disrupt supply and demand of goods

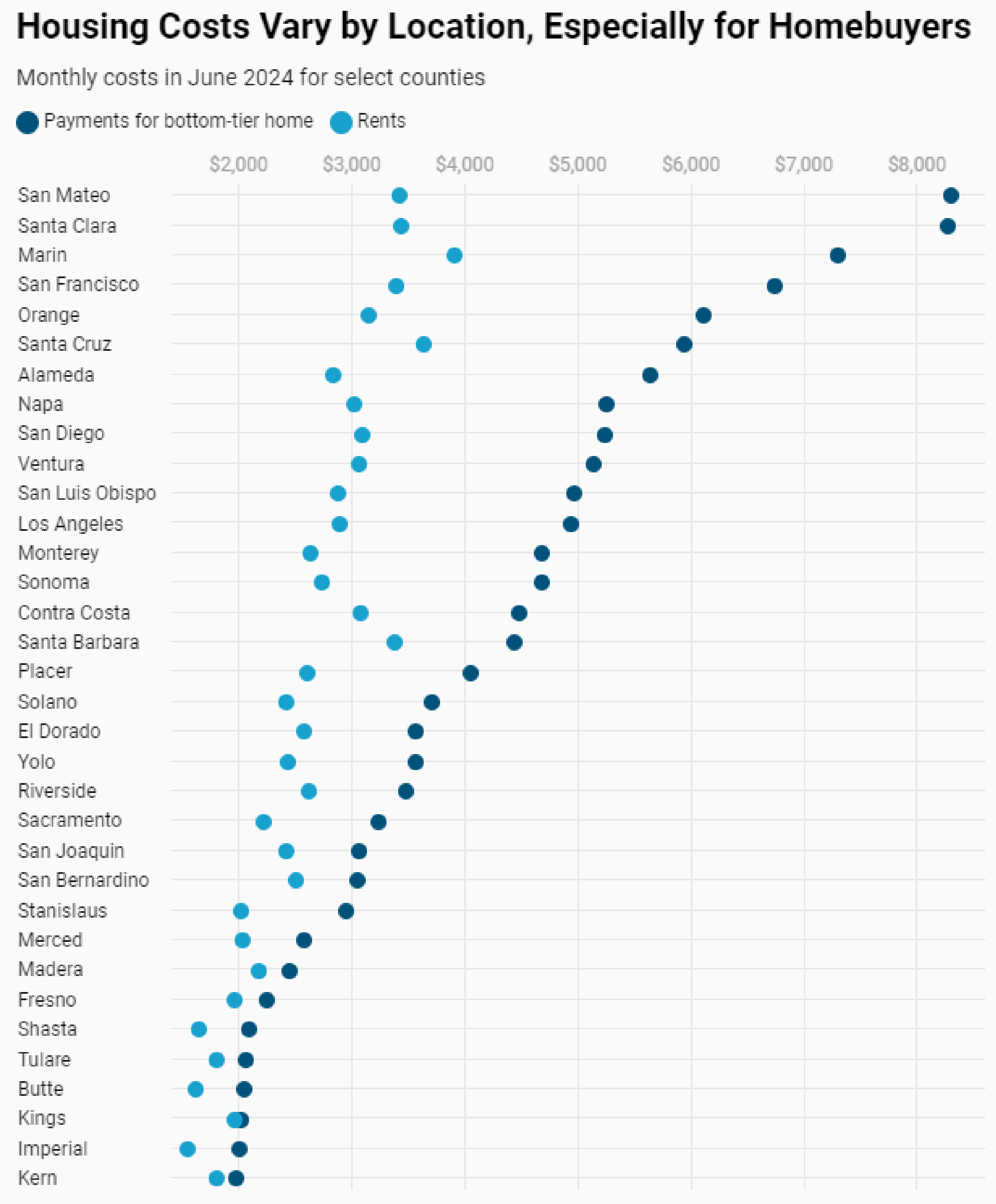
Sales Tax Revenues have become more volatile



Trends in Property Taxes

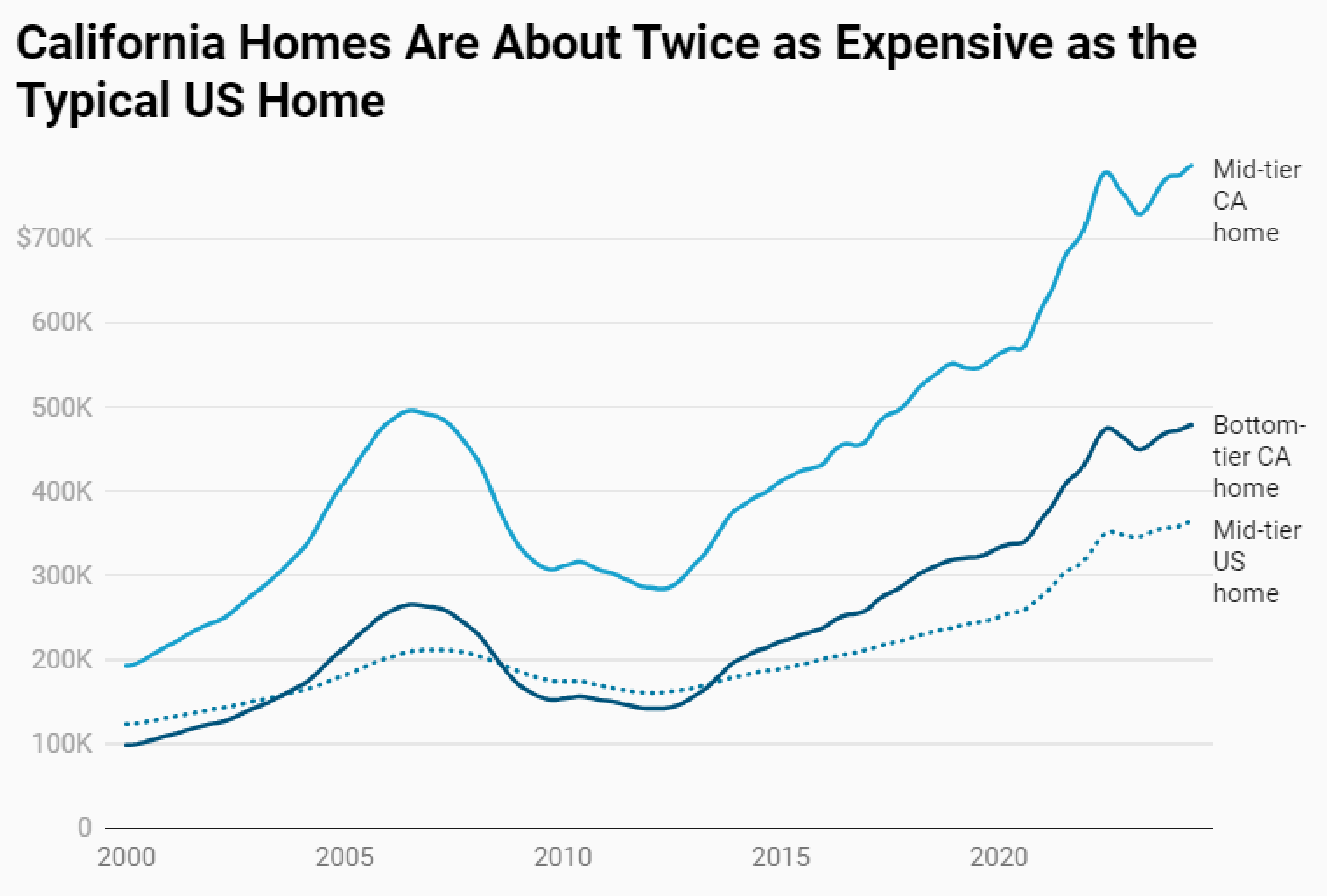
Residential

Commercial



Cost of Housing in California Remains High

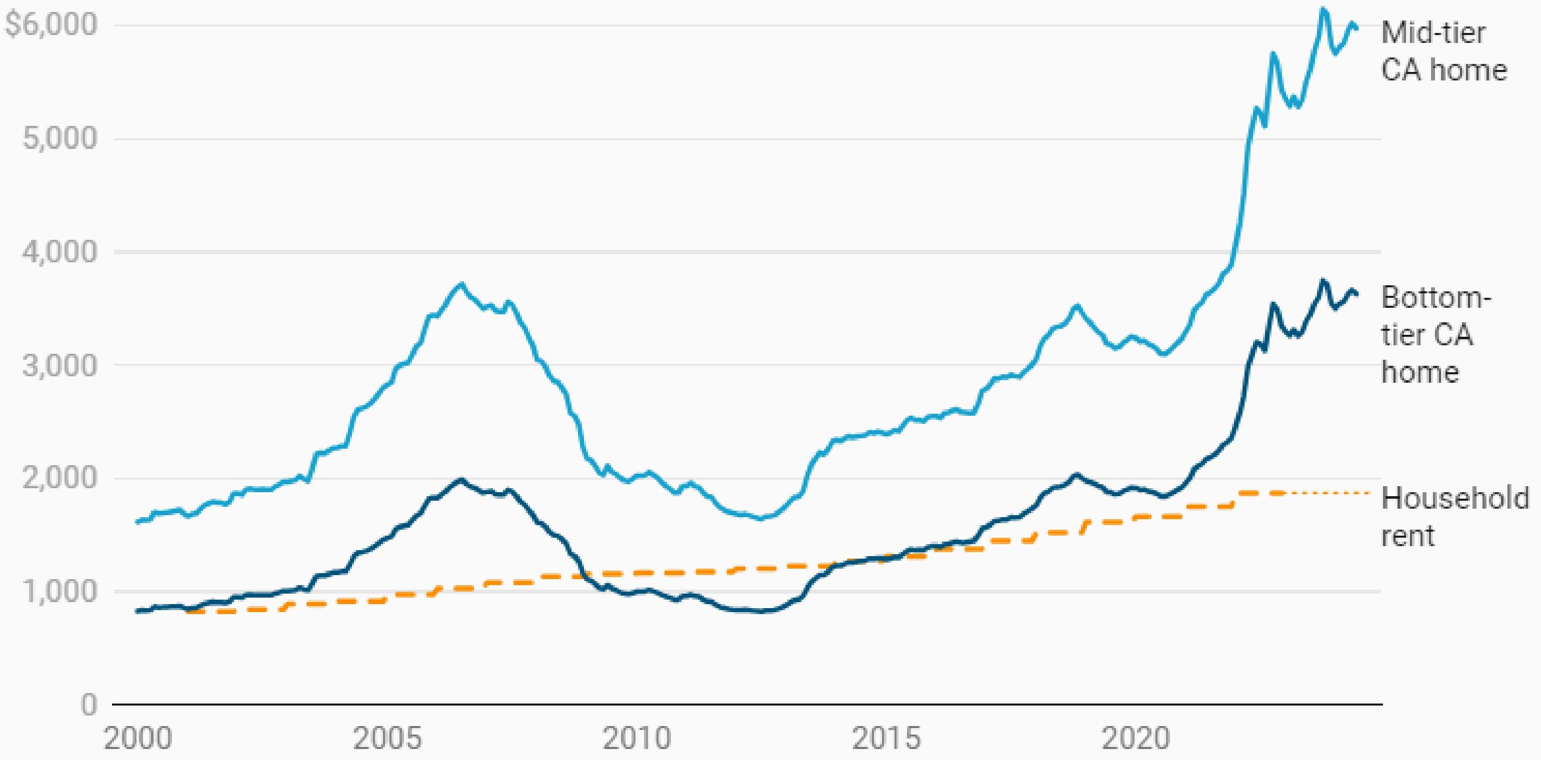
How expensive is housing in California?



Source: Chart Legislative Analyst's Office, Zillow Home Value Index

What’s a typical monthly payment in California?

Monthly Payments for a Typical California Home Are Nearly $6,000



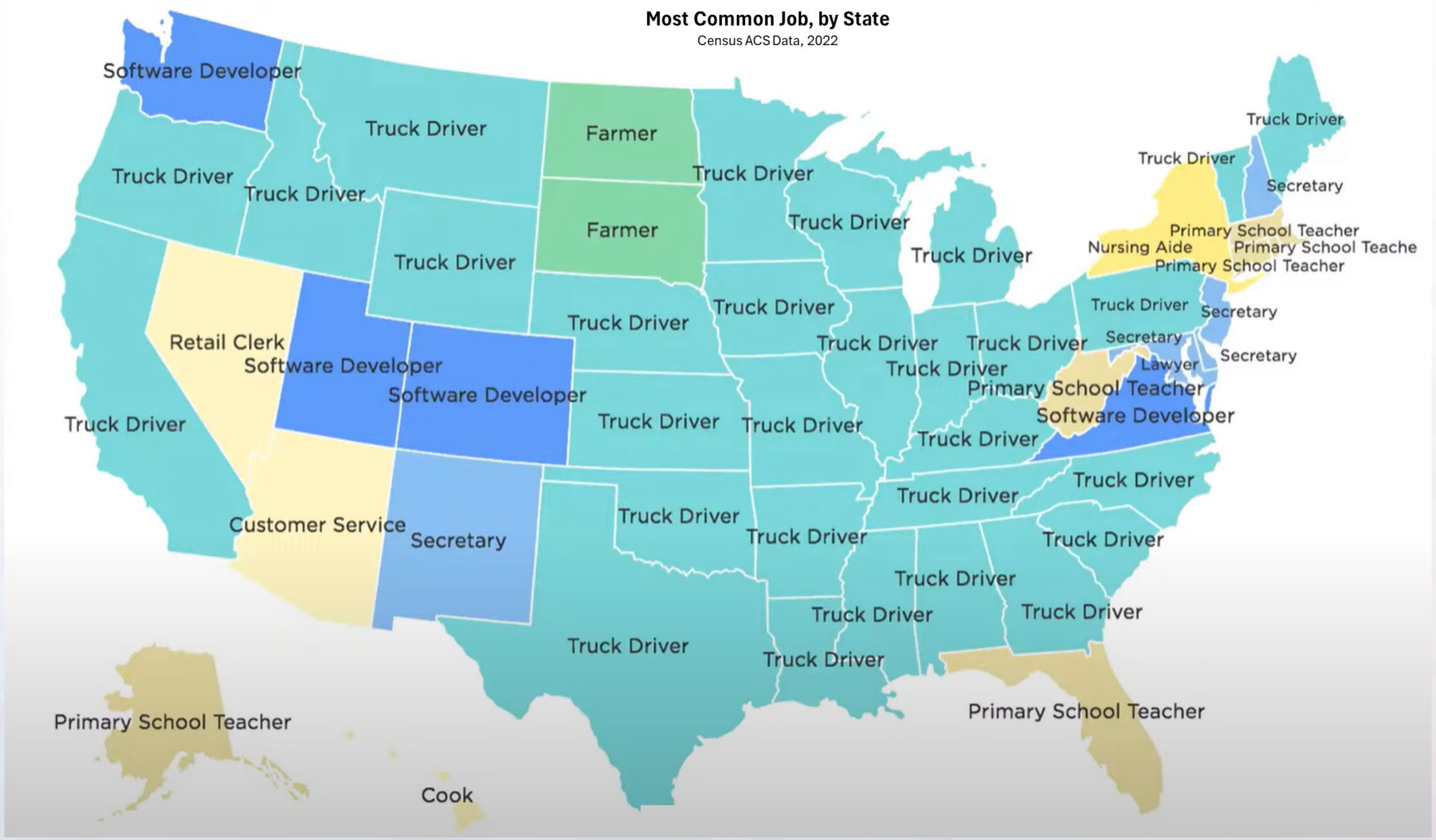
Monthly home payments assume a 30-year mortgage, 10 percent down payment, 1.1 percent property tax rate, 0.38 percent homeowners’ insurance rate, and 0.558 percent private mortgage insurance rate. For purposes of this chart, these assumptions do not change over time. As a result, trends over time reflect changes in home prices and mortgage rates.

Source: Chart Legislative Analyst’s Office, Zillow Home Value Index, Census, Freddie Mac

Money spent on housing is not available to make taxable purchases of goods

The big unknowns: Artificial Intelligence and Climate Change

AI: Planning for Transitions



Courtesy of M. Keith Chen
Professor of Behavioral Economics UCLA Anderson

How much hotter is it in California?

California June-July Average Temperature

Units: Degrees Fahrenheit

Base Period: 2015-2024

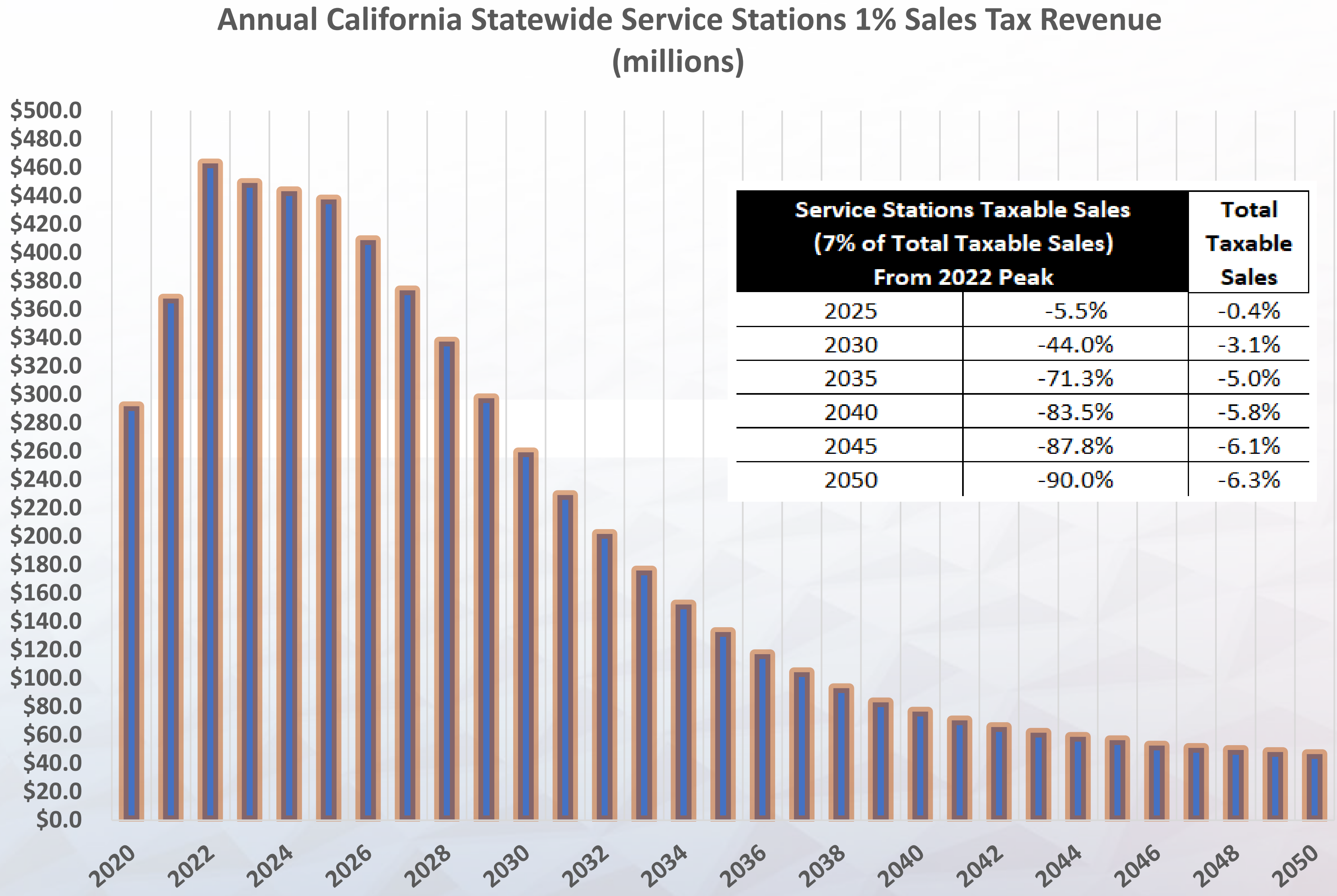
Year	Average	Anomaly
2015	74.7	-0.4
2016	75.2	0.1
2017	75.8	0.7
2018	75.5	0.4
2019	73.3	-1.8
2020	73.5	-1.6
2021	77.4	2.3
2022	74.8	-0.3
2023	72.9	-2.2
2024	**77.9**	**2.8**

Anomaly is amount above or below the ten year average

Source: National Oceanic and Atmospheric Administration (NOAA)

Money spent on electricity for cooling is not available to make taxable purchases of goods

How will Zero Emission Vehicles (ZEVs) impact CA Taxable Sales?



Service Stations Taxable Sales (7% of Total Taxable Sales) From 2022 Peak		Total Taxable Sales
2025	-5.5%	-0.4%
2030	-44.0%	-3.1%
2035	-71.3%	-5.0%
2040	-83.5%	-5.8%
2045	-87.8%	-6.1%
2050	-90.0%	-6.3%

How is this impacting California's Economy?

$53 billion

Consumption spending lost because of CA housing costs.

$85 billion

Economic activity related to construction lost because of CA housing costs.

Question & Answers