

# OCTA

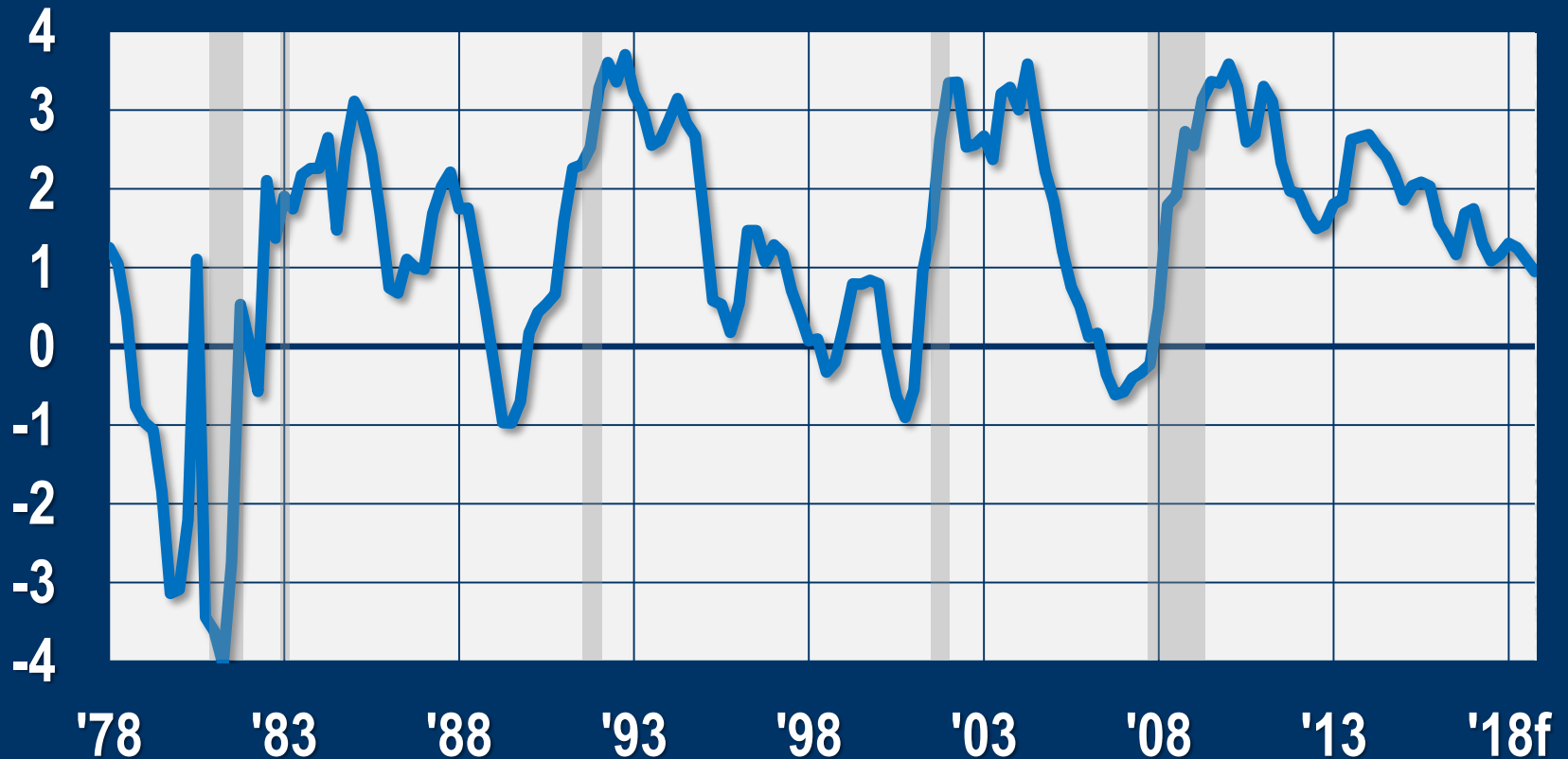
**Economic Forecast  
July 25, 2018**

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**A. Gary Anderson Center for Economic Research  
Argyros School of Business and Economics  
Chapman University**

# Interest Rate Spread

## 10-Year T-Bond Less Fed Funds Rate

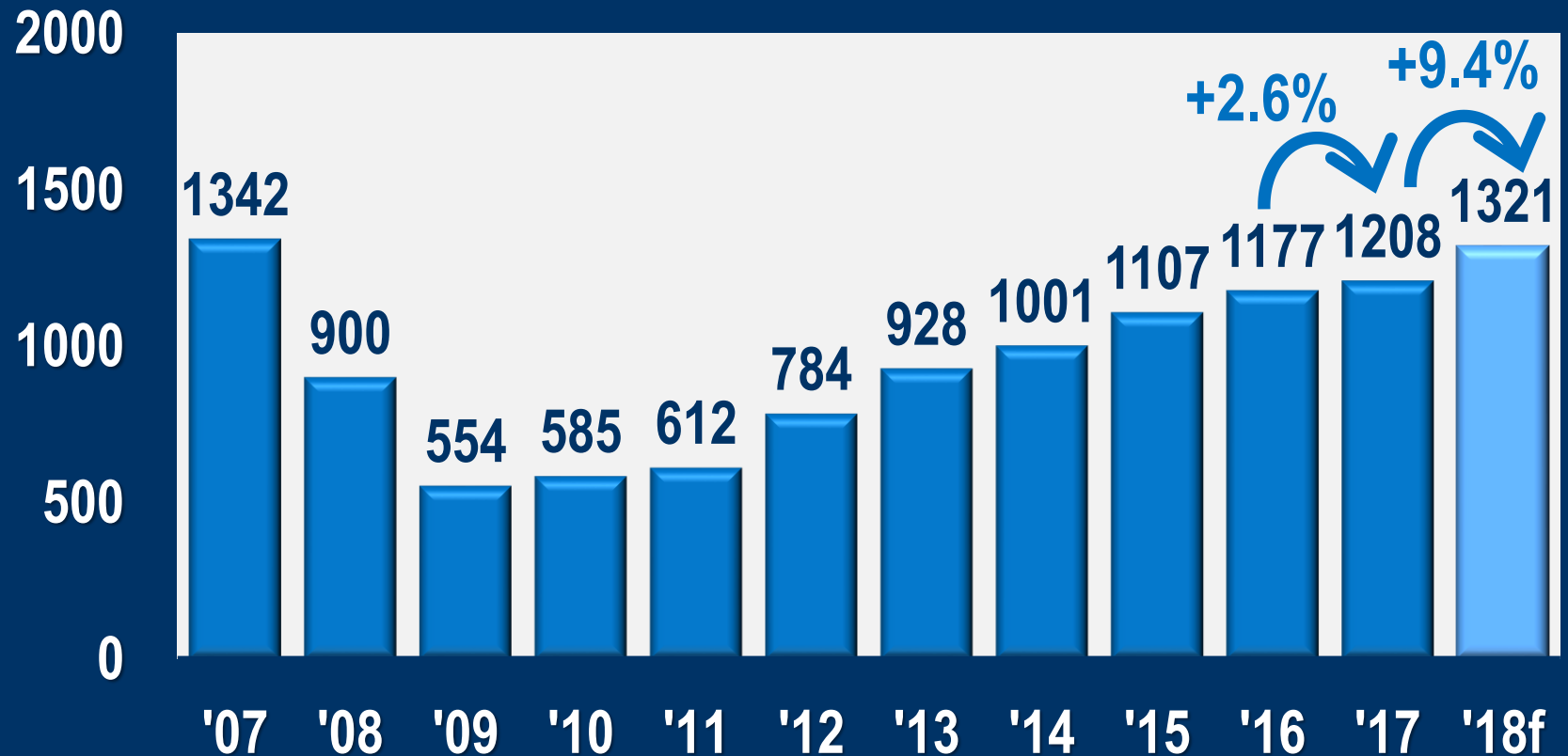


# Household Debt Service Payments As a Percentage of Disposable Income



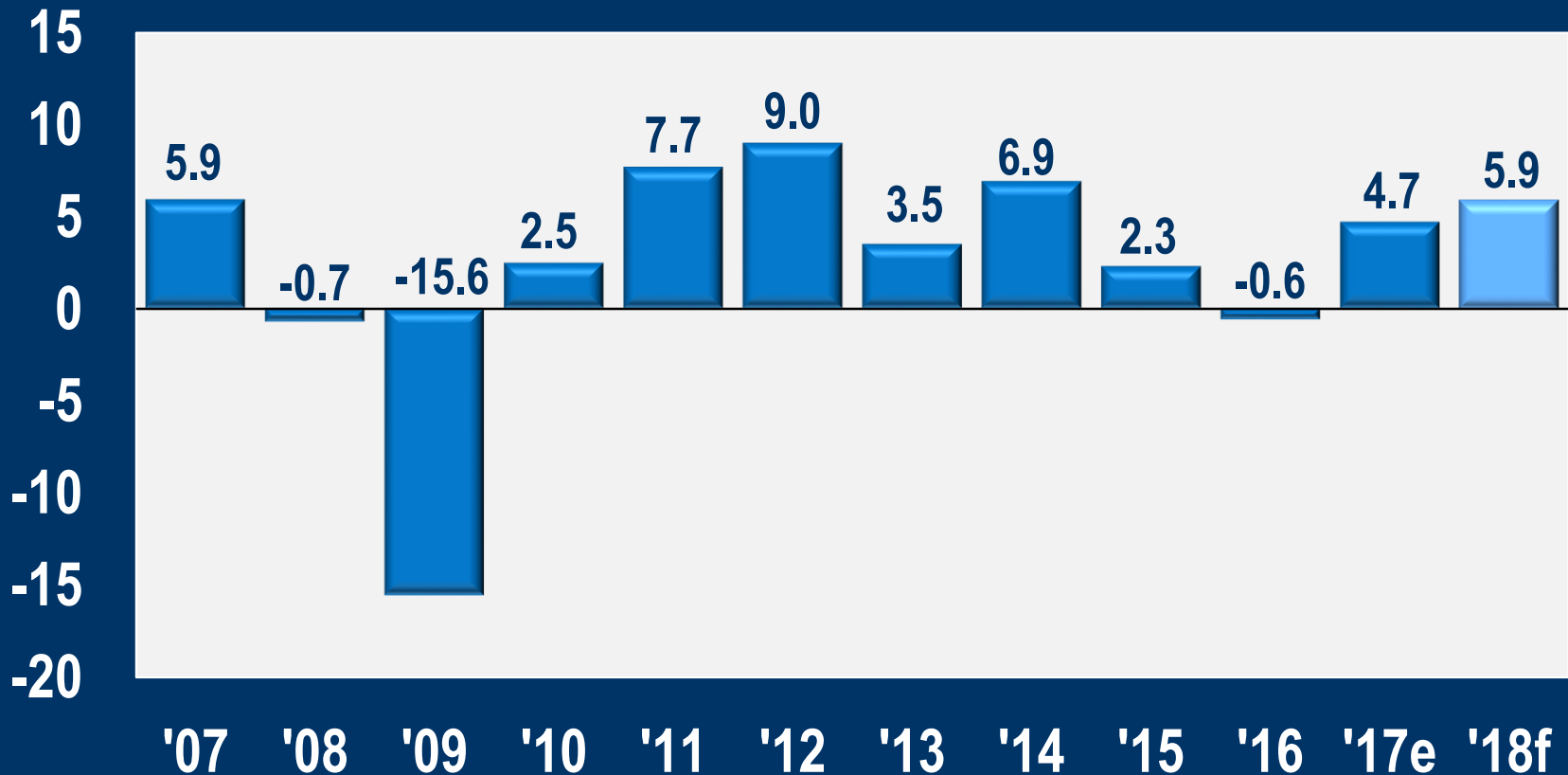
# Housing Starts

Thousands of Units

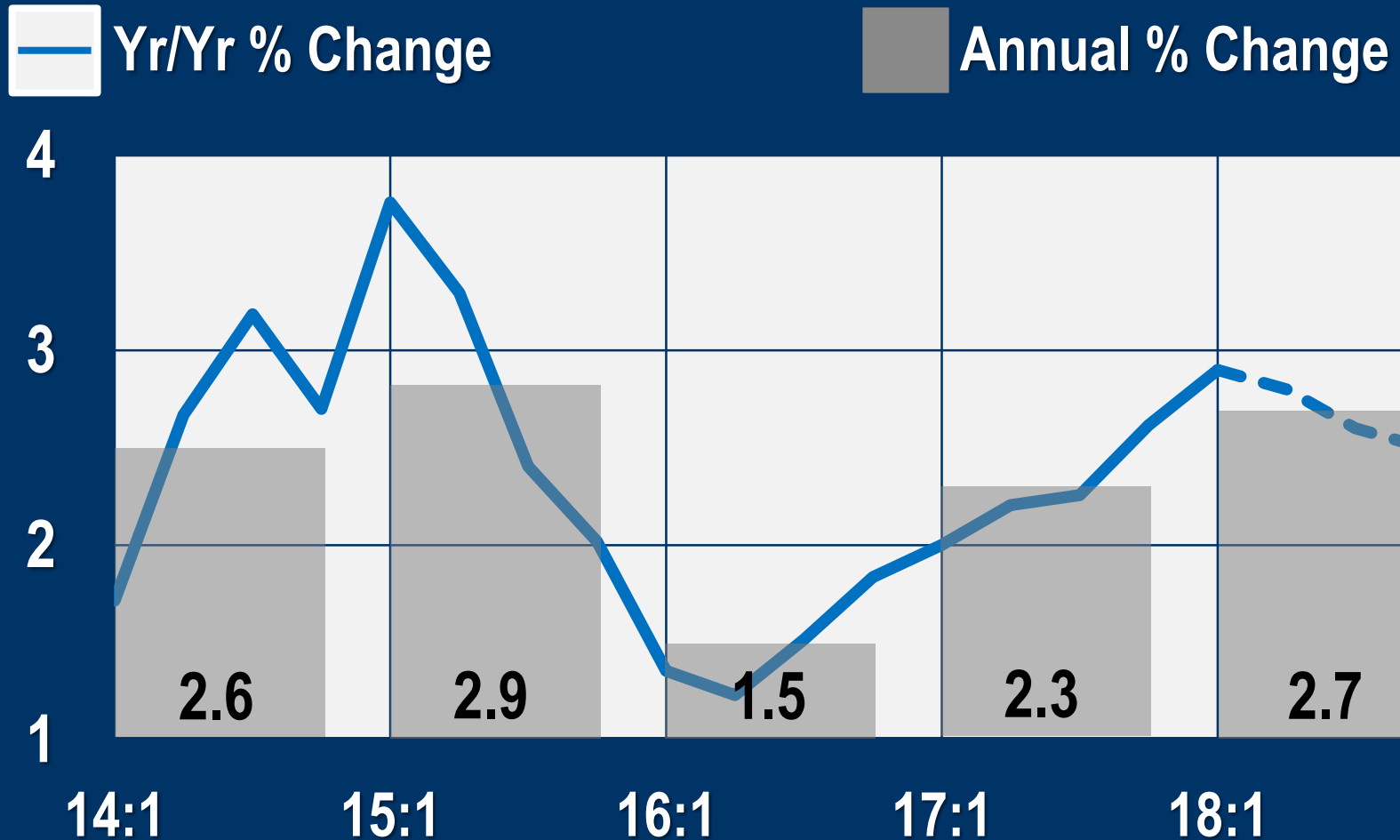


# Nonresidential Investment - US

Yr/Yr % Change

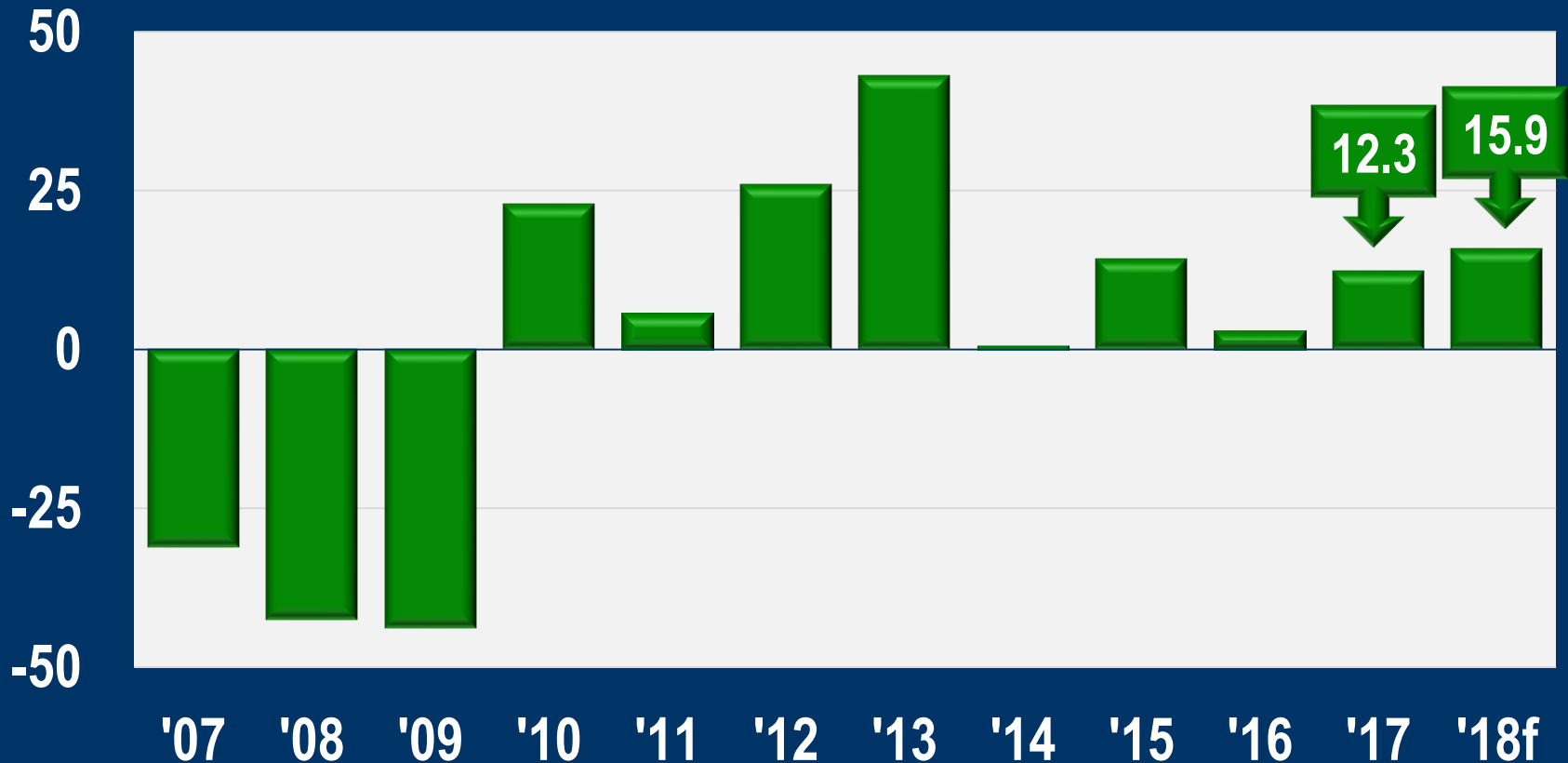


# Real GDP



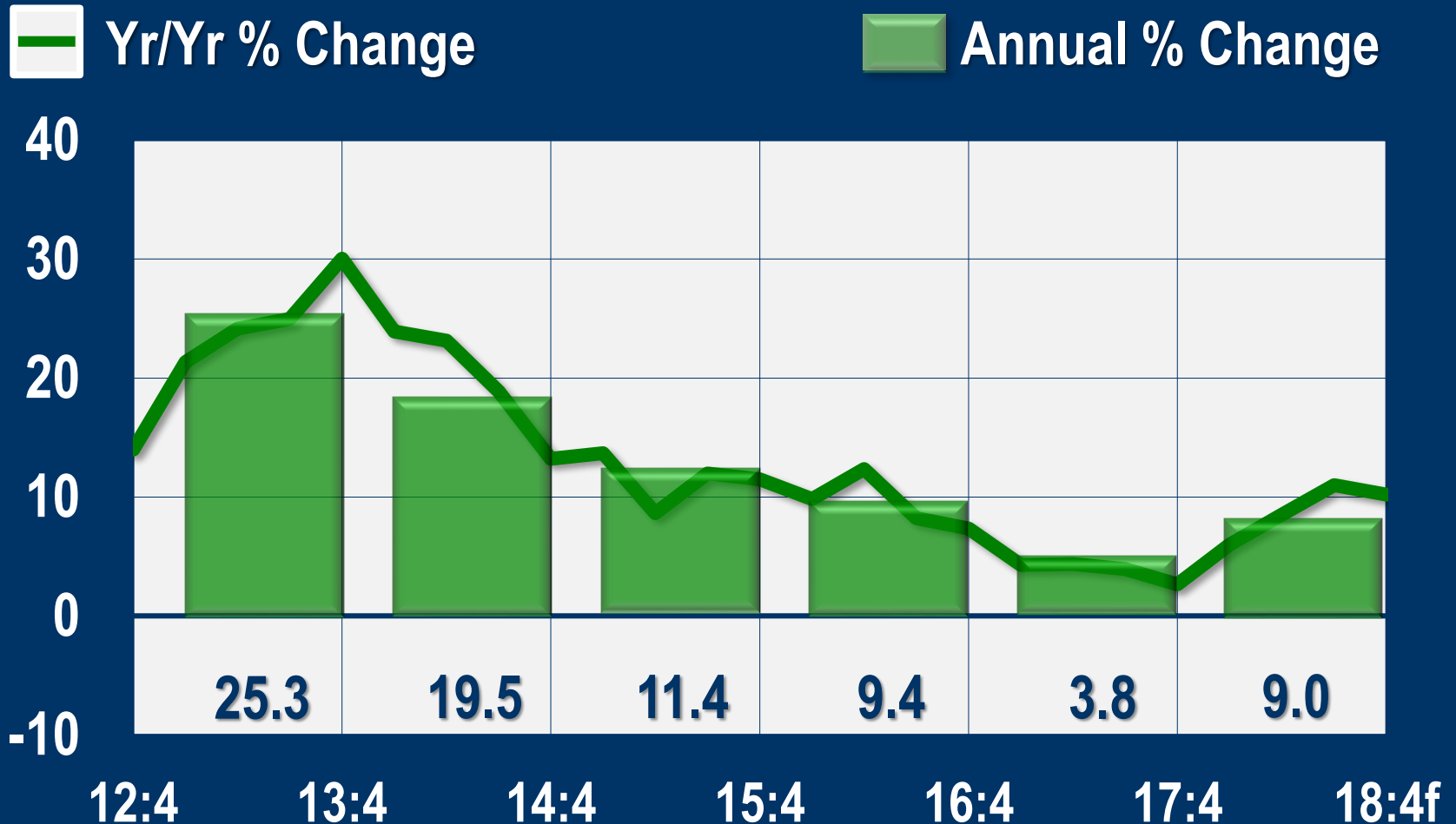
# California Permits 2007-2018

Yr/Yr % Change



Source: Construction Industry Research Board

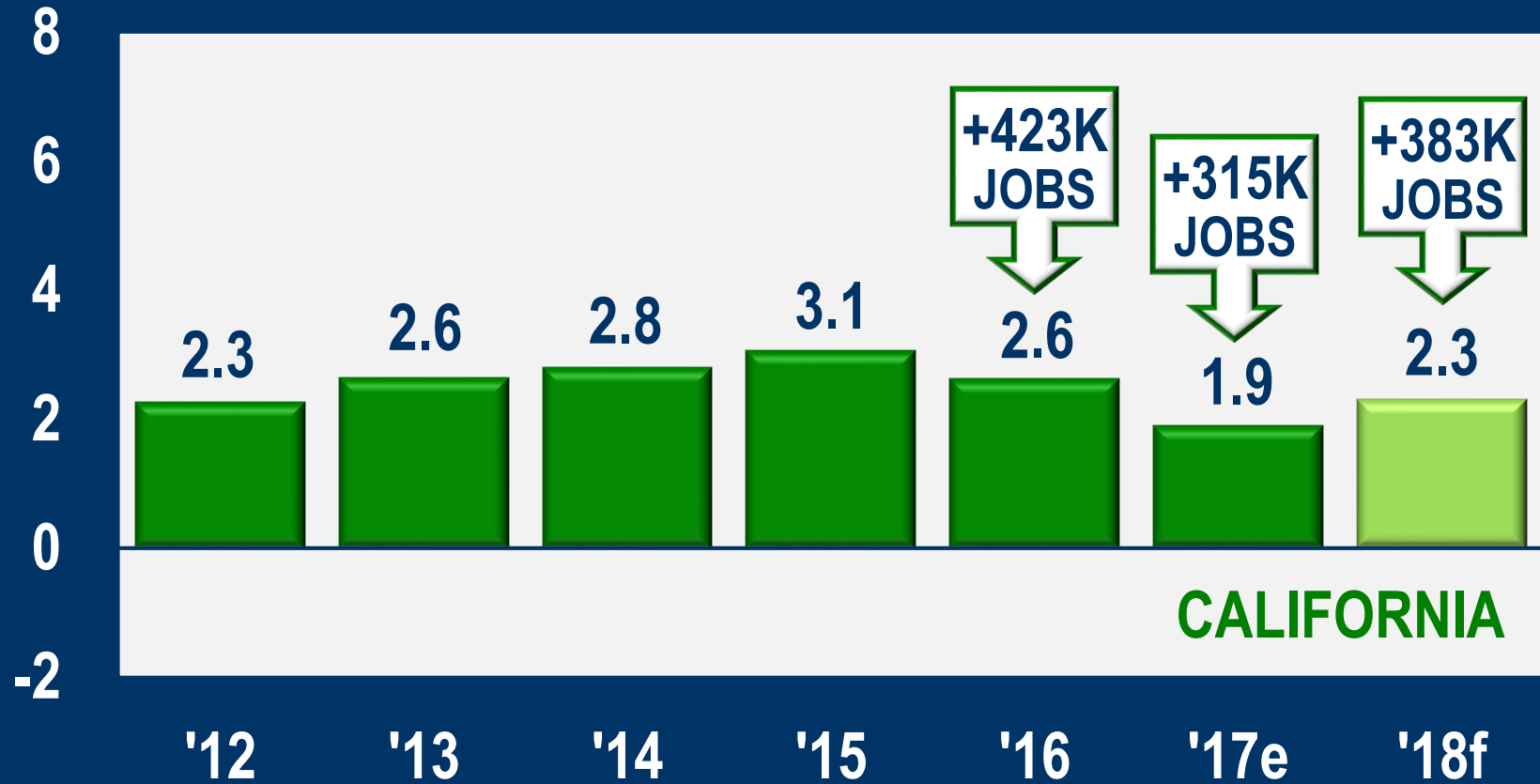
# Construction Spending California





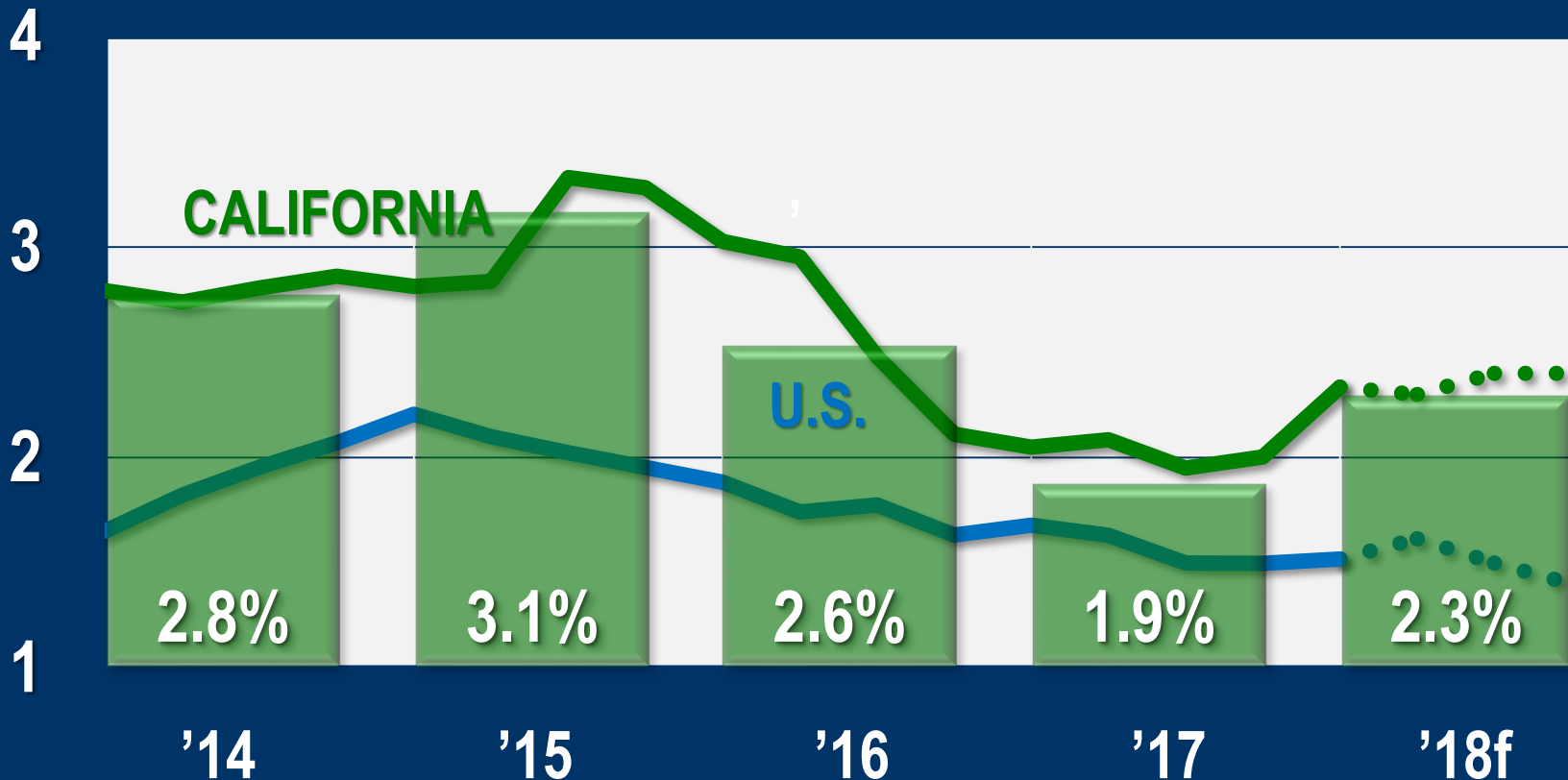
# Job Growth

Annual % Change

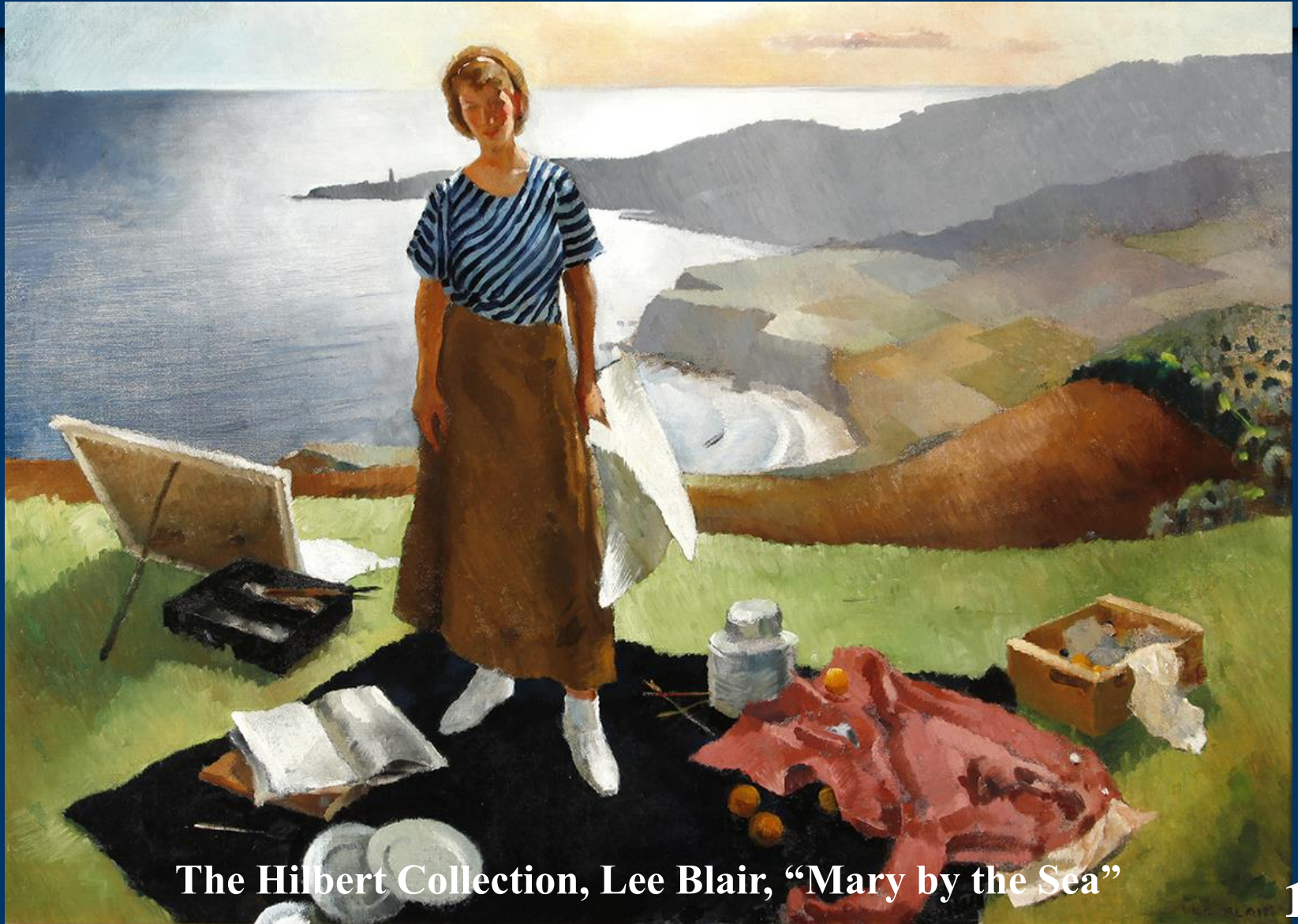


# Payroll Employment

Annual % Change  
Quarterly % Change



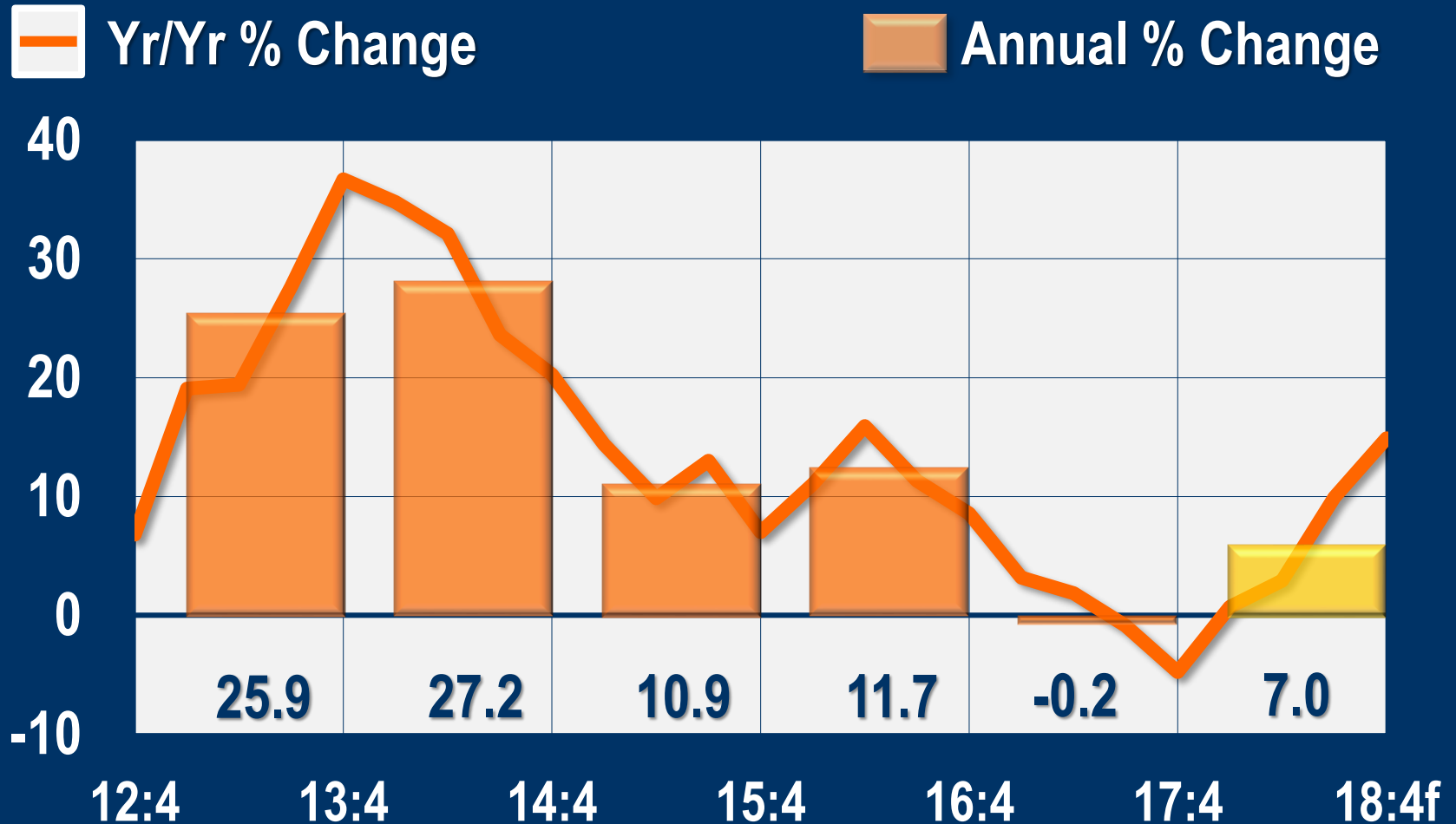
# Orange County Outlook



The Hilbert Collection, Lee Blair, "Mary by the Sea"

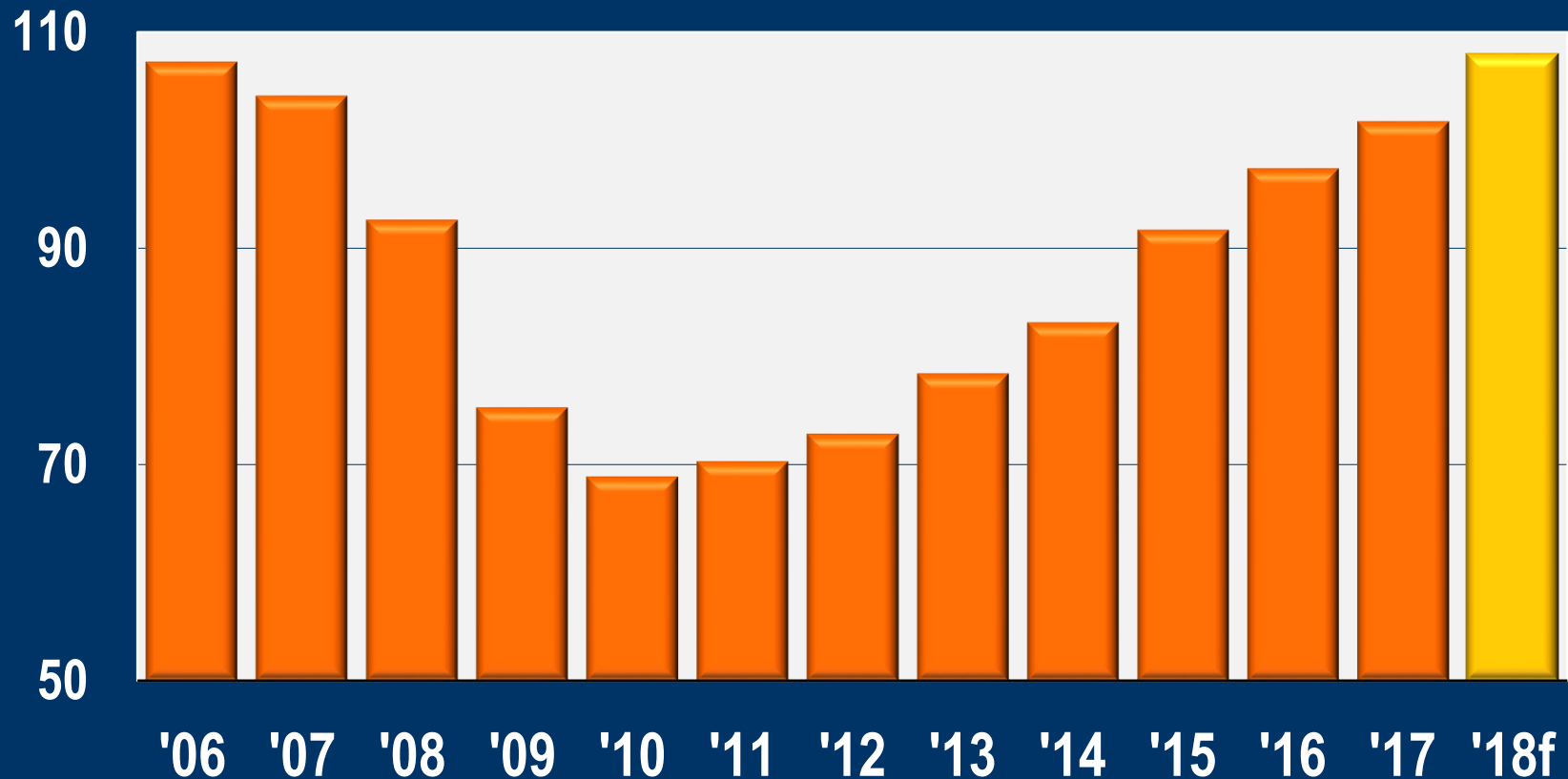


# Construction Spending Orange County



# Construction Employment Orange County

In Thousands



# Purchasing Managers Index

## Orange County

Index



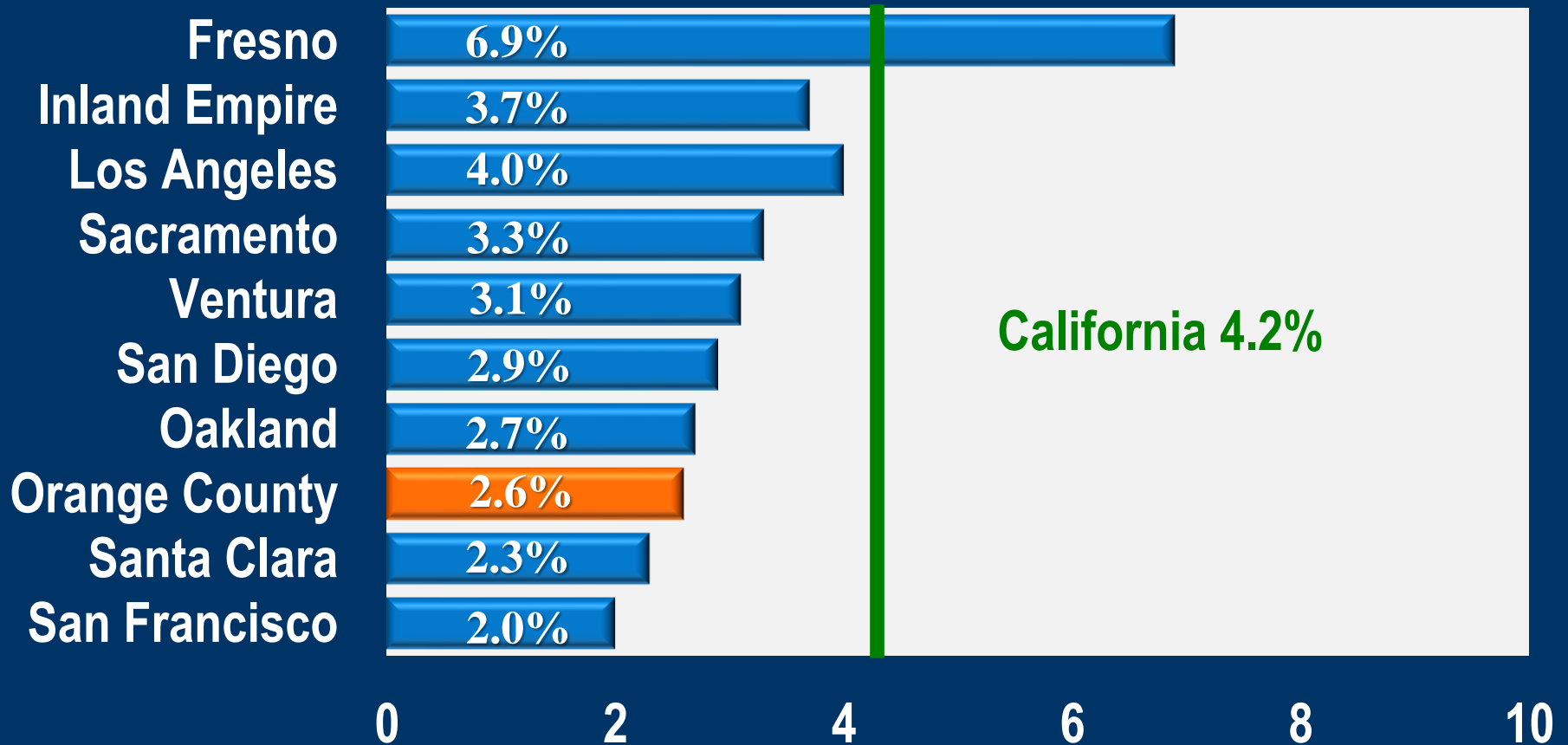
# Manufacturing Jobs

	Total % Change 2007 to 2017		
	U.S.	California	Orange County
<b>Manufacturing Jobs</b>	<b>-10.3%</b>	<b>-10.7%</b>	<b>-12.1%</b>

# Unemployment Rate

## May 2018

Percent





# Job Growth Orange County

Annual % Change



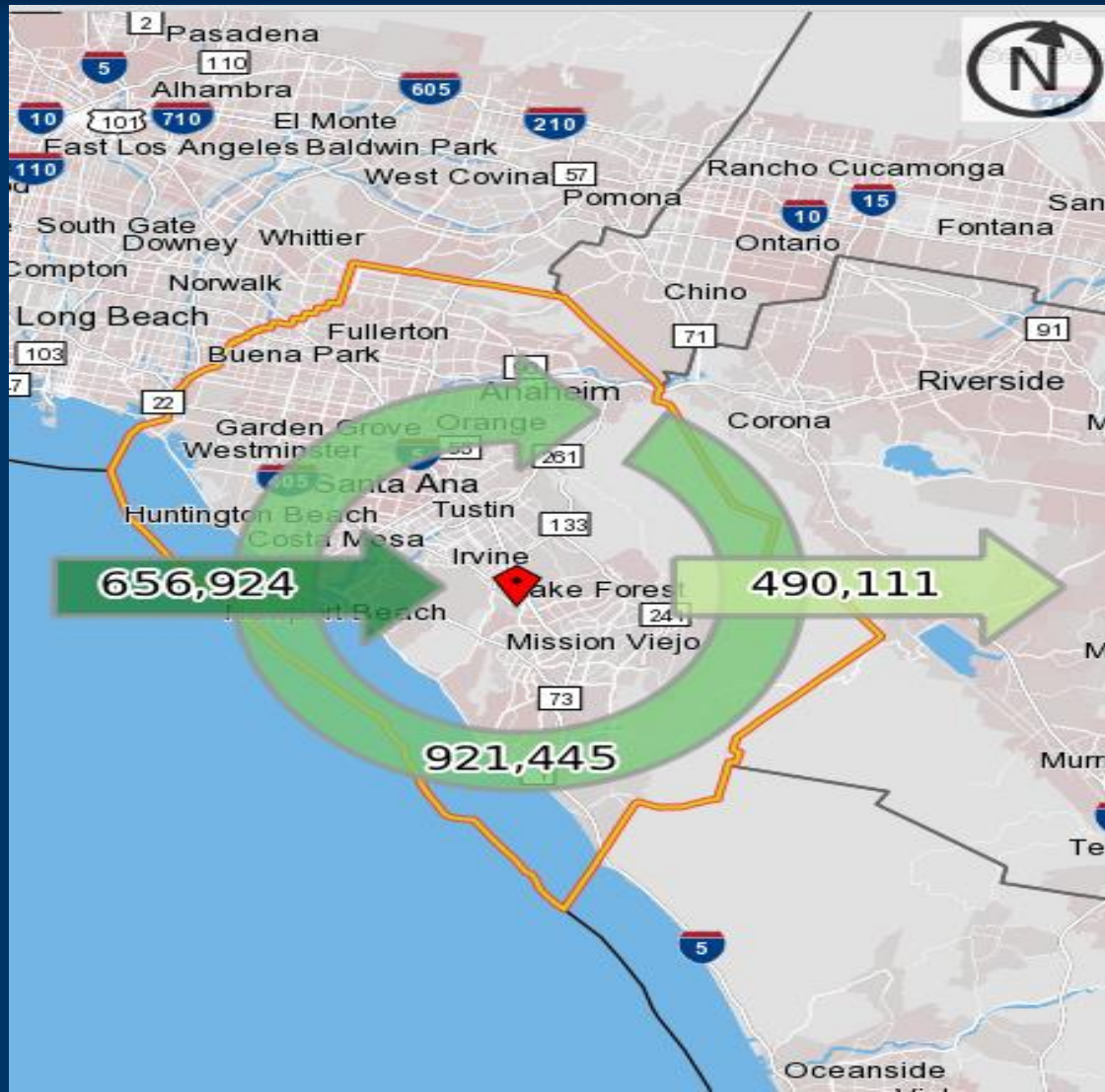
# Employment by Industry

## Orange County

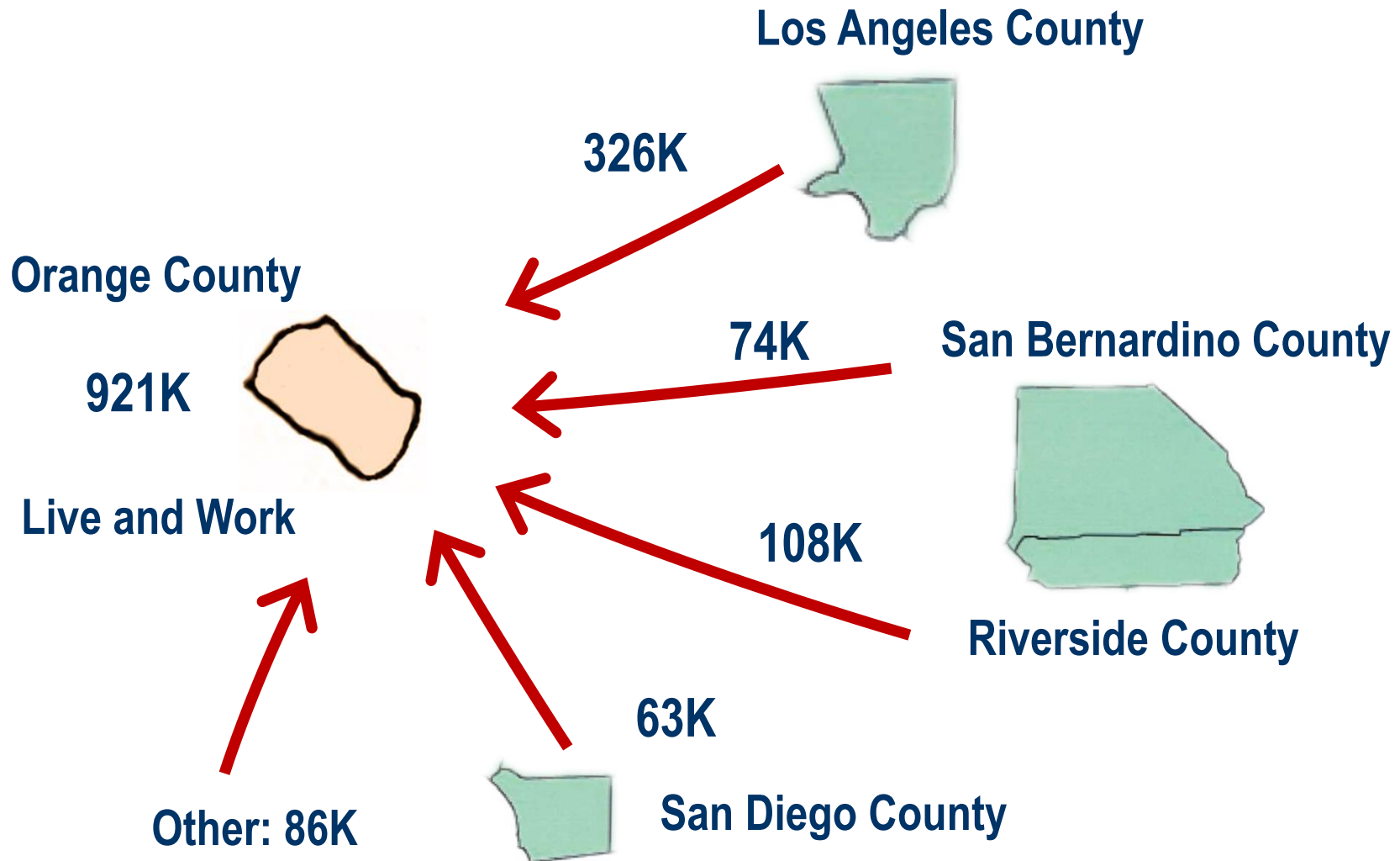
<b>Sector</b>	<b>2017 Employment</b>	<b>Employment % Share</b>	<b>2010 – 2017 % Change</b>	<b>2017Q4 Annual Wages (\$)</b>
Leisure & Hospitality	218,233	13.5	29.4	28,704
Education & Health Services	215,625	13.3	27.5	53,248
Trade, Transportation & Utilities	263,008	16.3	7.0	54,860
Professional & Business Services	301,692	18.7	23.2	74,672
Construction	101,675	6.3	47.6	77,012
Manufacturing	158,642	9.8	5.4	78,312
Information	272,267	1.7	10.0	109,408
Financial Activities	118,950	7.4	14.9	113,724

Source: EDD, QCEW

# Orange County Inflow/Outflow Job Counts - 2015



# Orange County Jobs Where workers live - 2015



# Payroll Jobs – Orange County

## Where do workers live?

Work in O.C.	2002	2014	2015
% Live in LA County	21.6	20.4	20.7
% Live in Inland Empire	9.9	11.8	11.5
% Live Elsewhere	7.0	10.1	9.4
	38.5	42.3	41.6

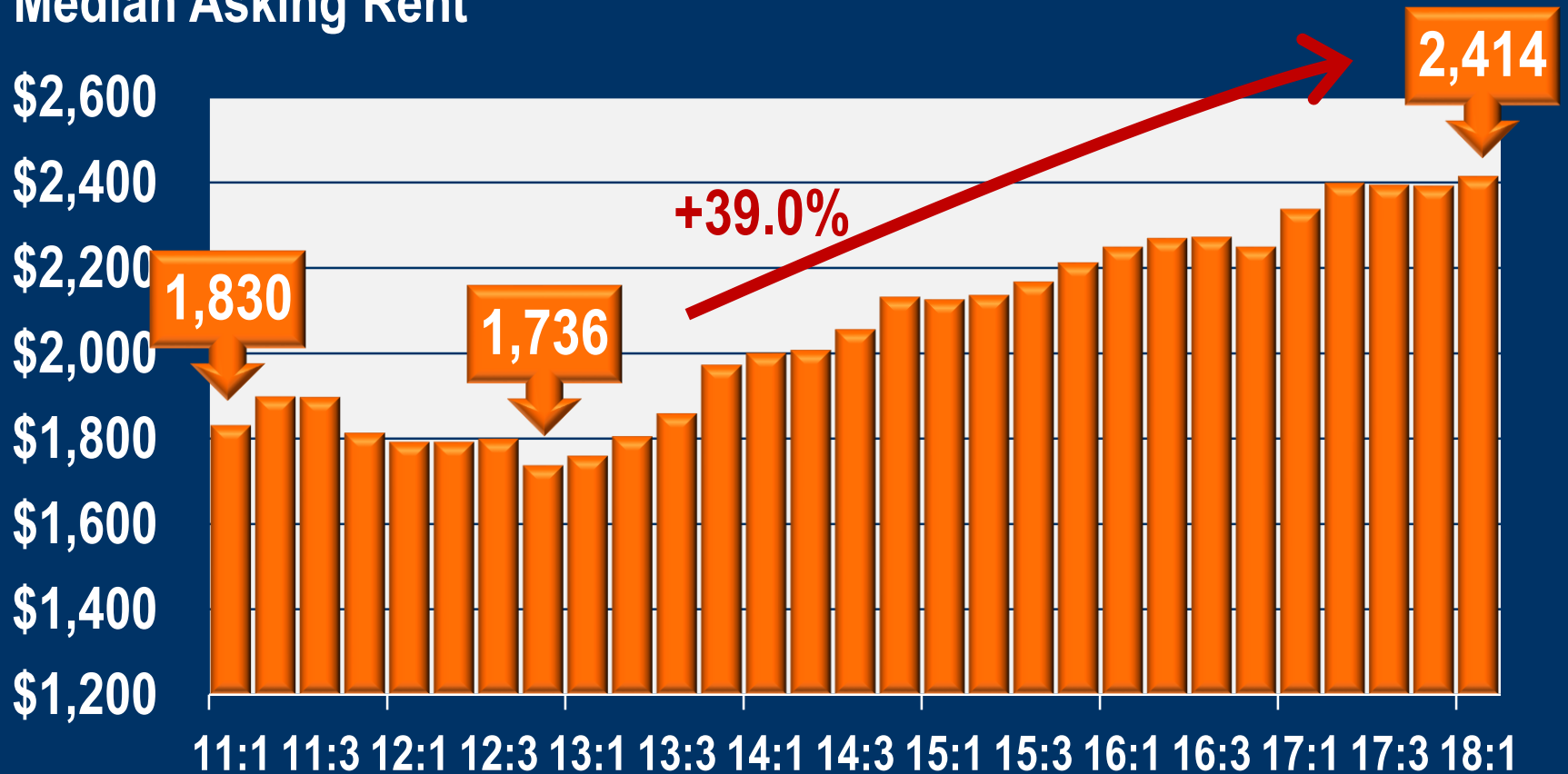
# Housing Outlook



The Hilbert Collection, Bradford J. Salamon, "Disneyland, Vintage 1960"

# Orange County 2-Bedroom Apartment Rents

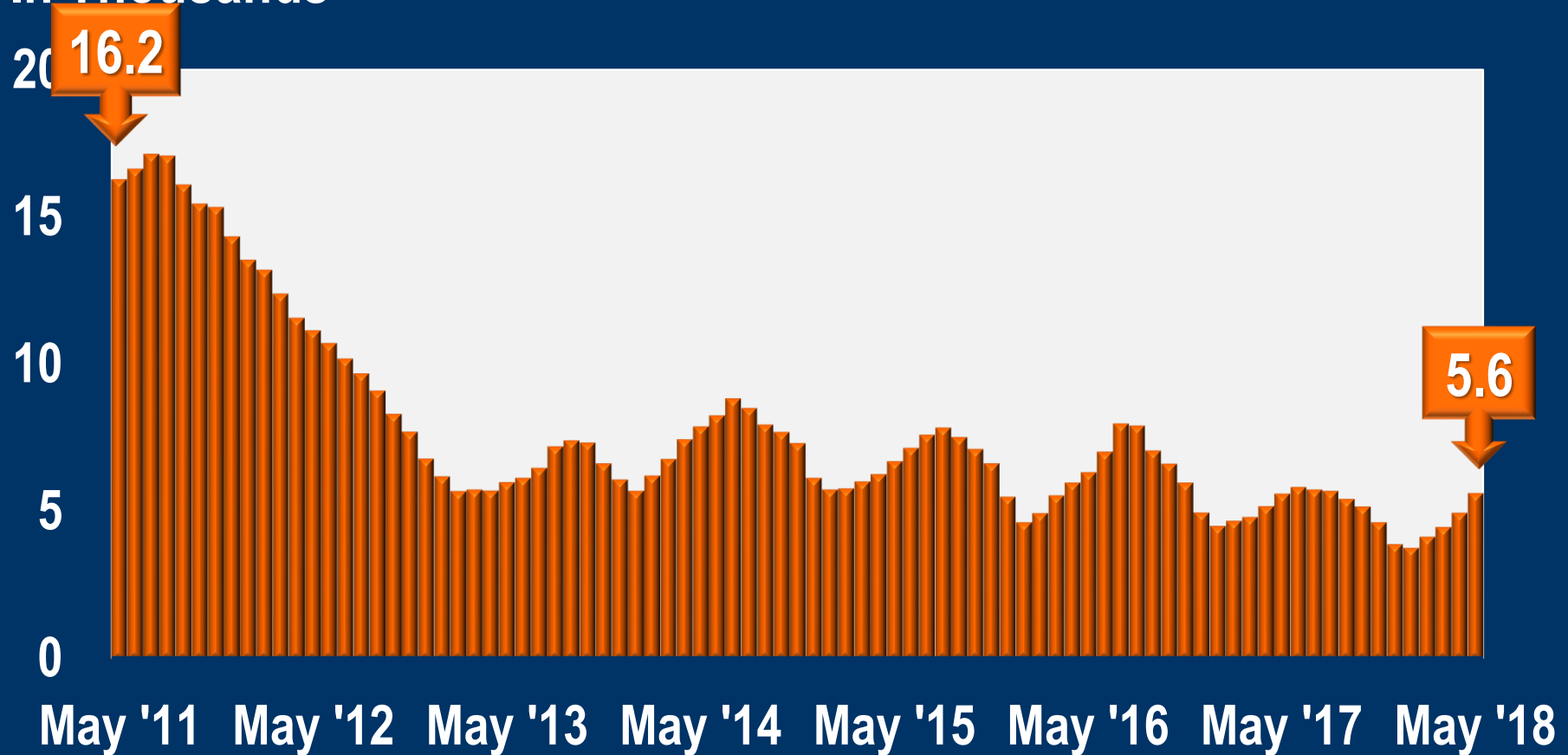
## Median Asking Rent



Source: Zillow

# Unsold Inventory Orange County

In Thousands





# Supply of Unsold Homes Orange County

Months



# Residential Building Permits Orange County

Thousands of Units



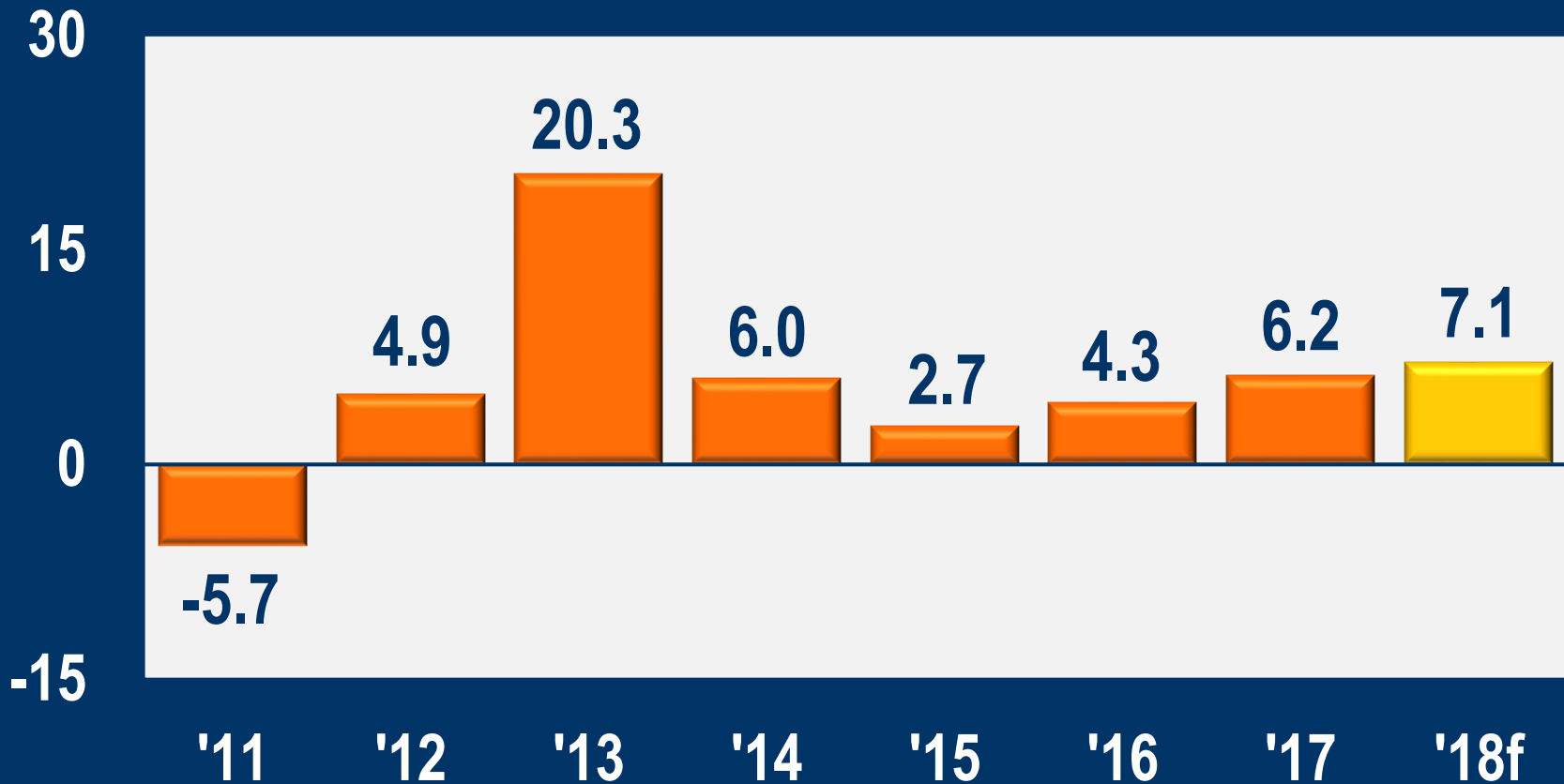
# Single Family Homes As a Percentage of Total Housing Unit Permits

Percent



# Resale Single-Family Housing Prices Orange County

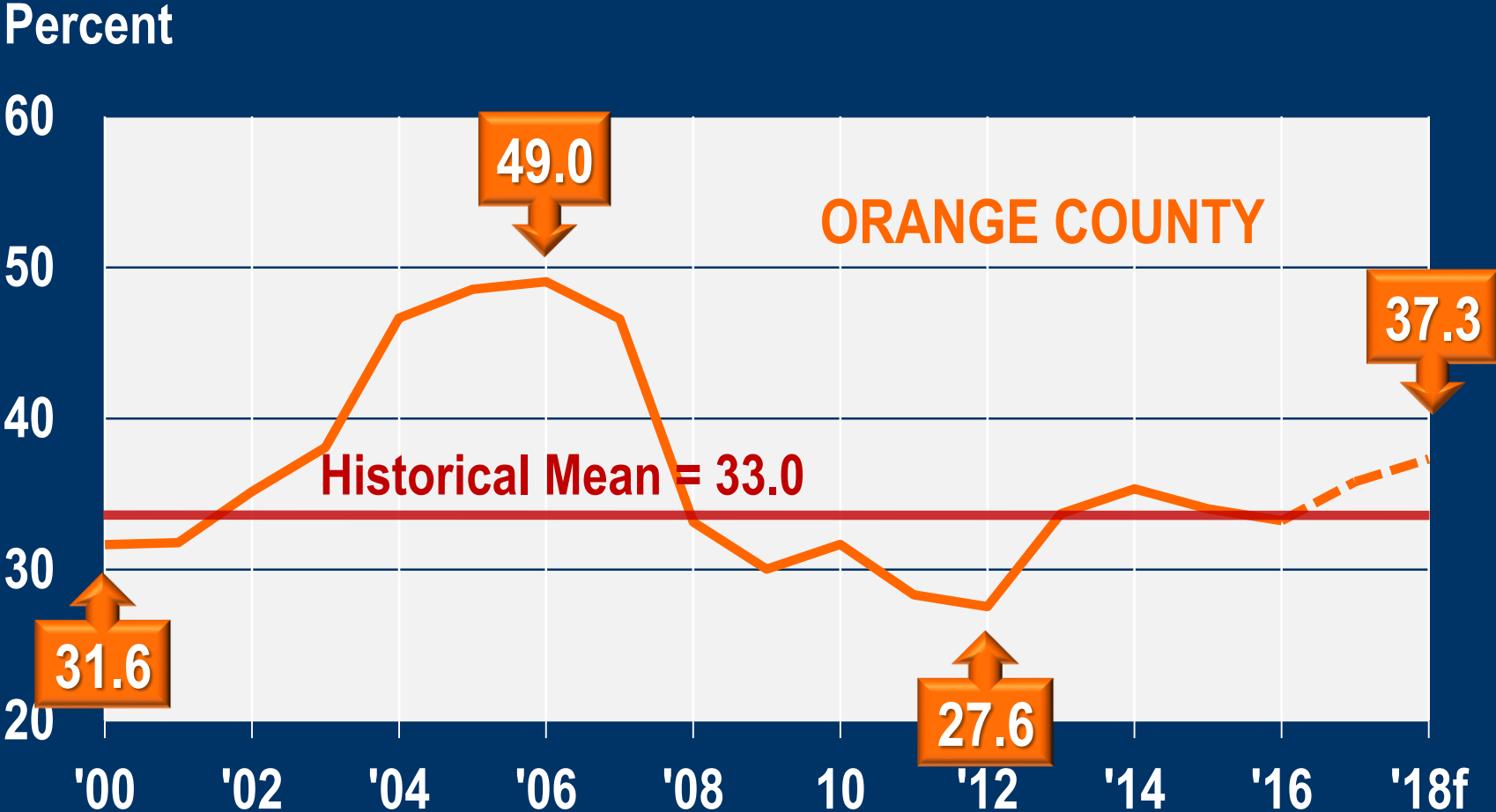
Annual % Change



# Median Single-Family Home Prices Orange County



# Percent of Median Family Income Needed for Mortgage Payment on Median-Priced Home



# Factors Affecting Consumer Spending

- **Mild wage growth**
  - **Strong level of employment growth**
  - **Higher home prices**
  - **Higher equity market**
- } **Positive wealth effect**

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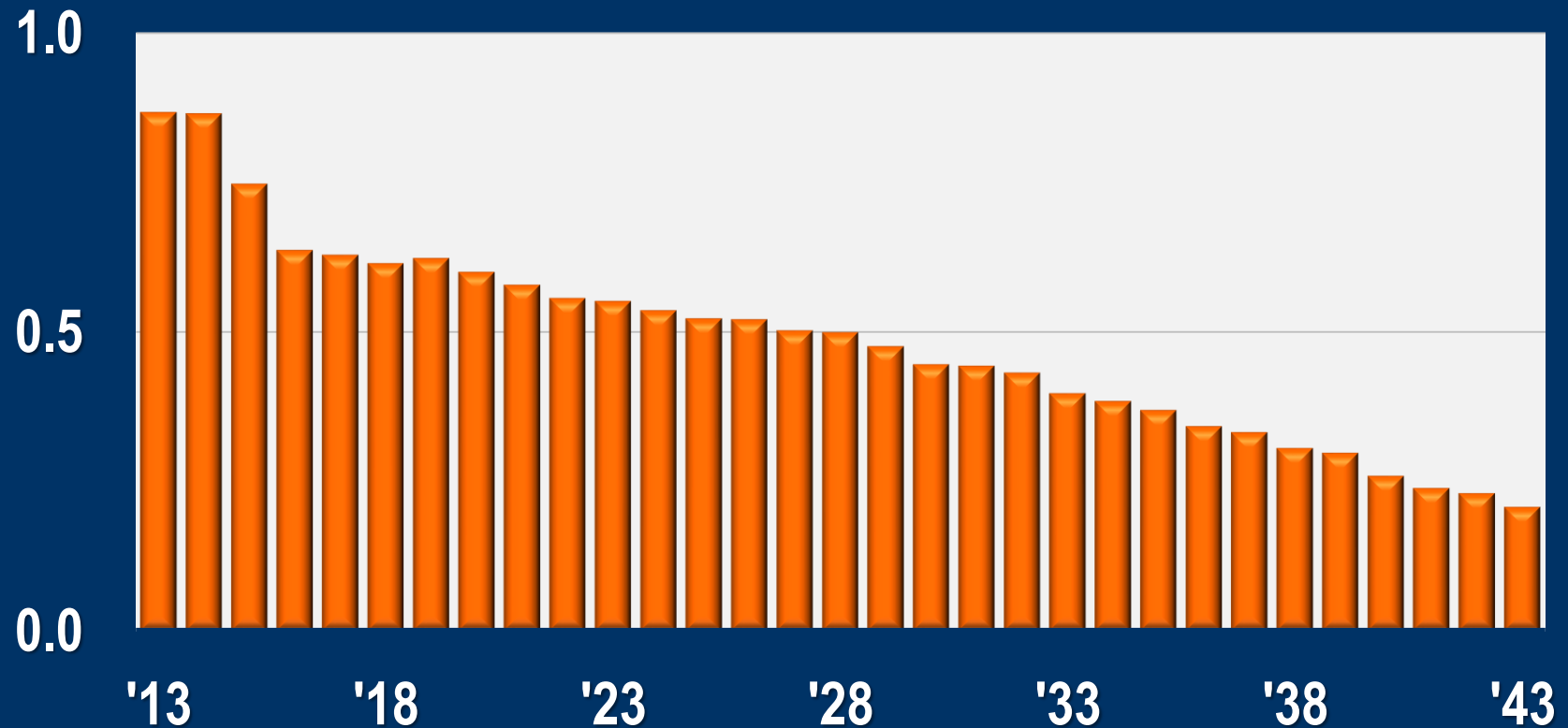


# Factors Affecting Consumer Spending

- **Mild wage growth**
  - **Strong level of employment growth**
  - **Higher home prices**
  - **Higher equity market**
  - **Lower debt service**
  - **Low inflation rate**
- } **Positive wealth effect**

# Total Population Orange County

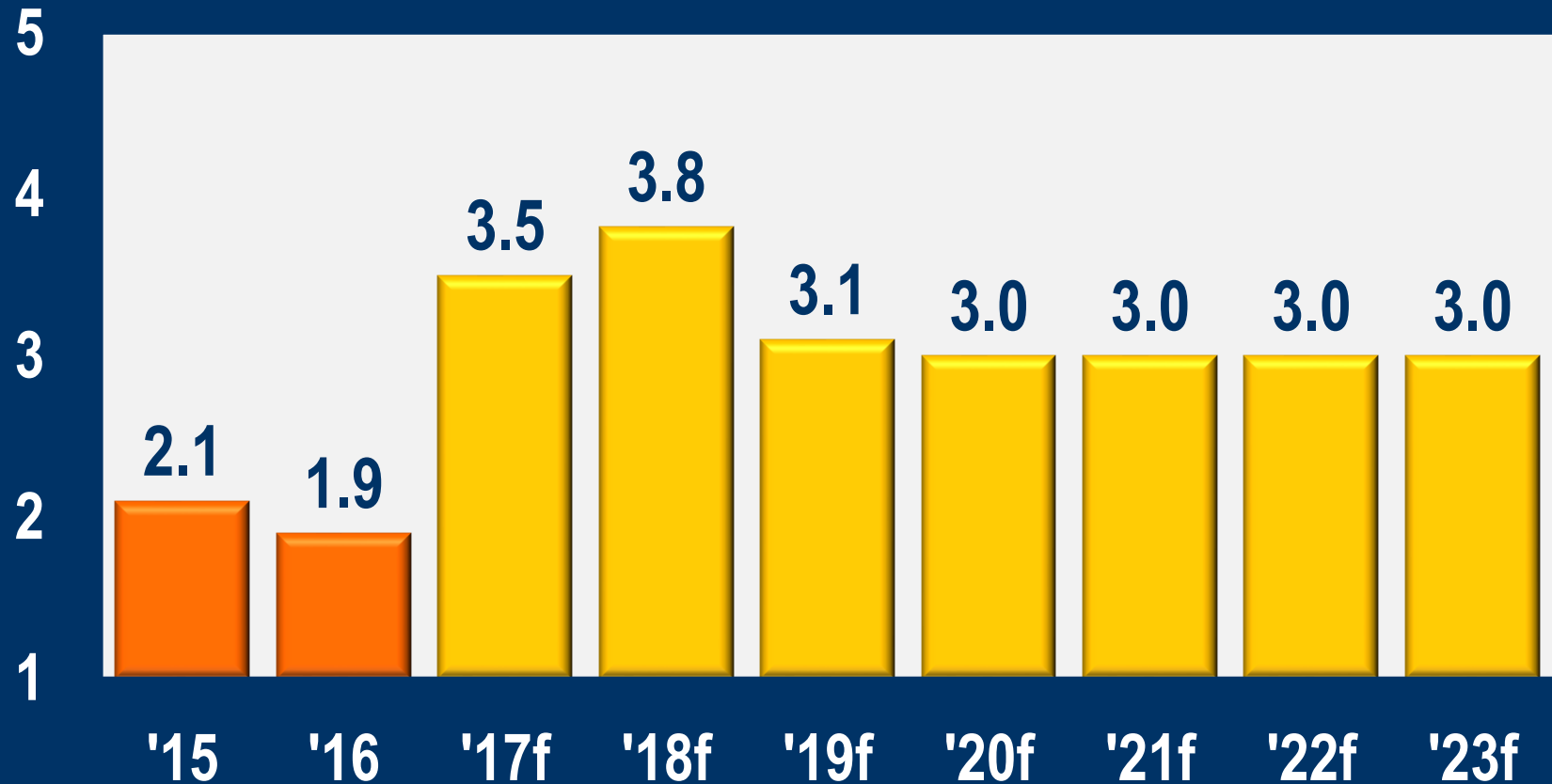
Yr/Yr % Change



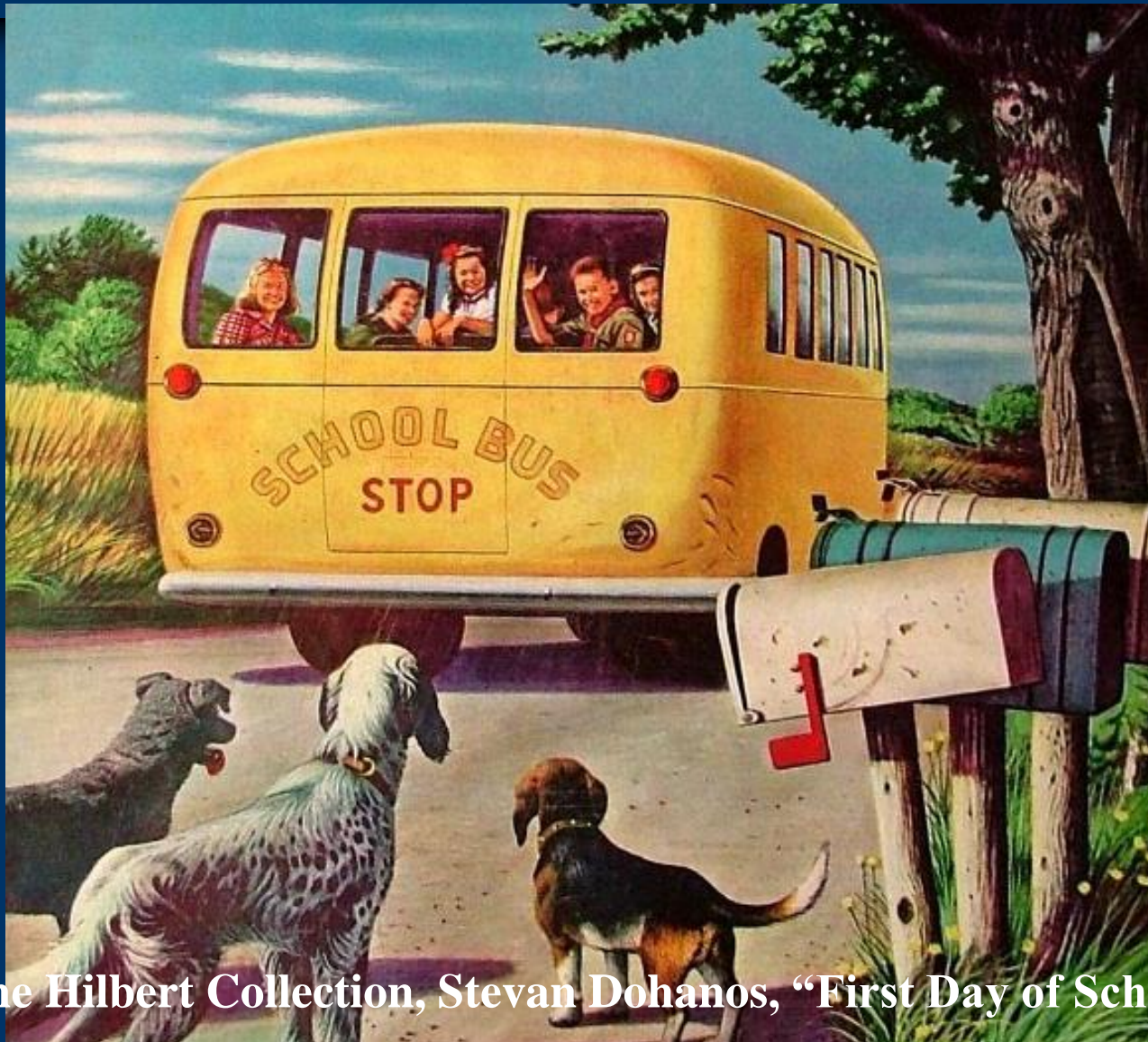
Source: California Department of Finance

# Taxable Sales Orange County

Annual % Change



# Chapman Economic Forecast



The Hilbert Collection, Stevan Dohanos, "First Day of School"

