

# The Economic Outlook and Orange County Taxable Sales

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# Trump Administration Economic Policy (Part 1)

## ❖ TARIFFS

### ❖ On who?

#### ❖ Penalty & National Security Tariffs

- ❖ China
- ❖ EU



#### ❖ Negotiating Tariffs

- ❖ Mexico
- ❖ Canada
- ❖ Denmark



### ❖ Price estimates of the 2018 tariffs & Smoot-Hawley Tariffs 1930

### ❖ Disruption estimates of negotiating tariffs

# Trump Administration Economic Policy (Part 2)

## ❖ IMMIGRATION

### ❖ How fast?

- ❖ Logistics
- ❖ Legal challenges
- ❖ Diminishing returns

### ❖ What sectors

- ❖ Agriculture
- ❖ Non-durable goods manufacturing
- ❖ Health care and social services
- ❖ Leisure and hospitality
- ❖ Construction



# THE FED QUANDRY

## WILL THE FED LOWER RATES IN 2025, 2026, 2027?

**We assume “no” because the uncertainties are too large**

- Downside risk now due to weakening economy
- Upside risk from higher inflation & unanchoring of expectations

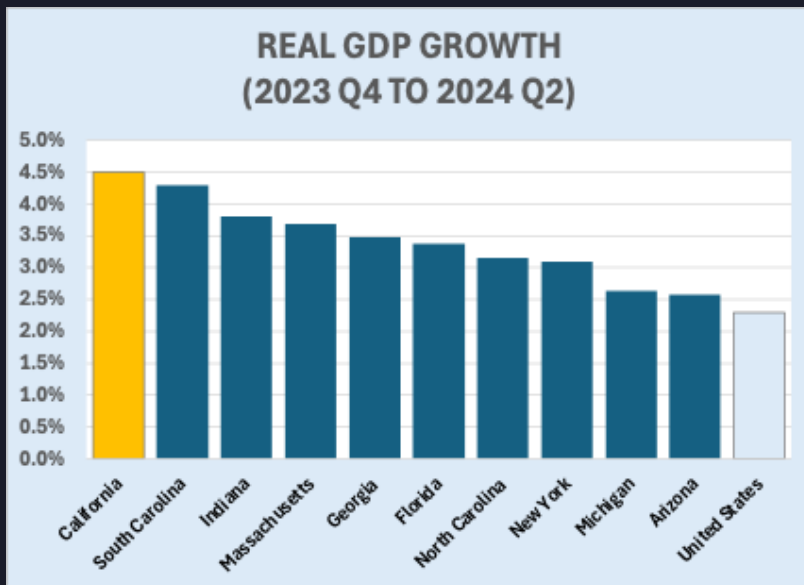


# CALIFORNIA OUTLOOK

## SOME WORRIESOME SIGNS



# THE CALIFORNIA ECONOMY IS STILL GROWING BUT AT A SLOWER RATE

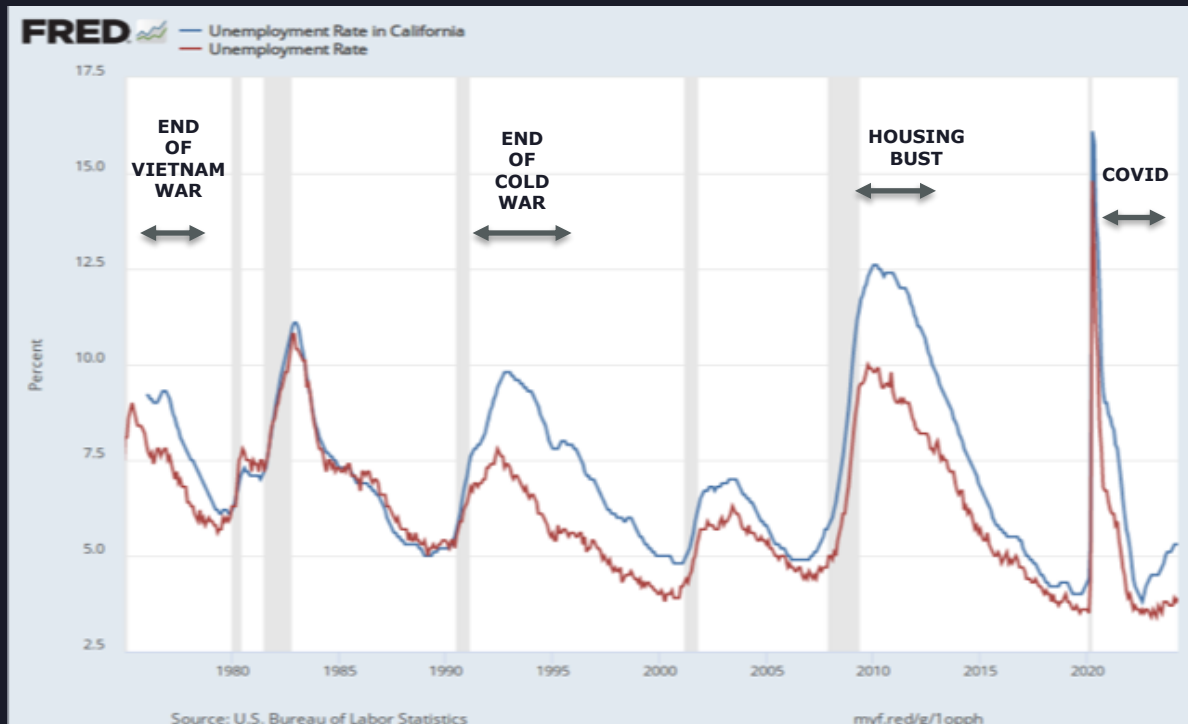


## 2024 Real GDP Growth

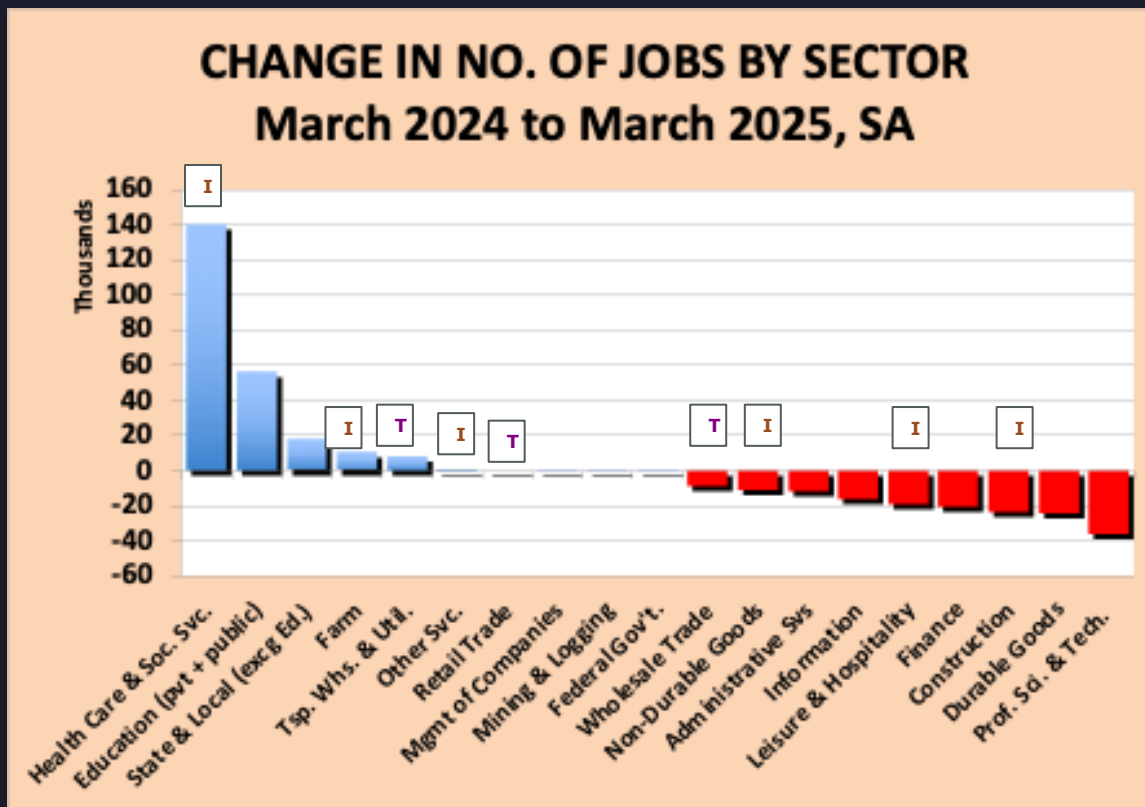
	CA	U.S.
Q1	6.3%	1.6%
Q2	2.8%	3.0%
Q3	3.1%	3.0%
Q4	1.4%	2.4%

April 2025 U-Rate  
5.3%      4.2%

# How unusual is the 1.1 differential?



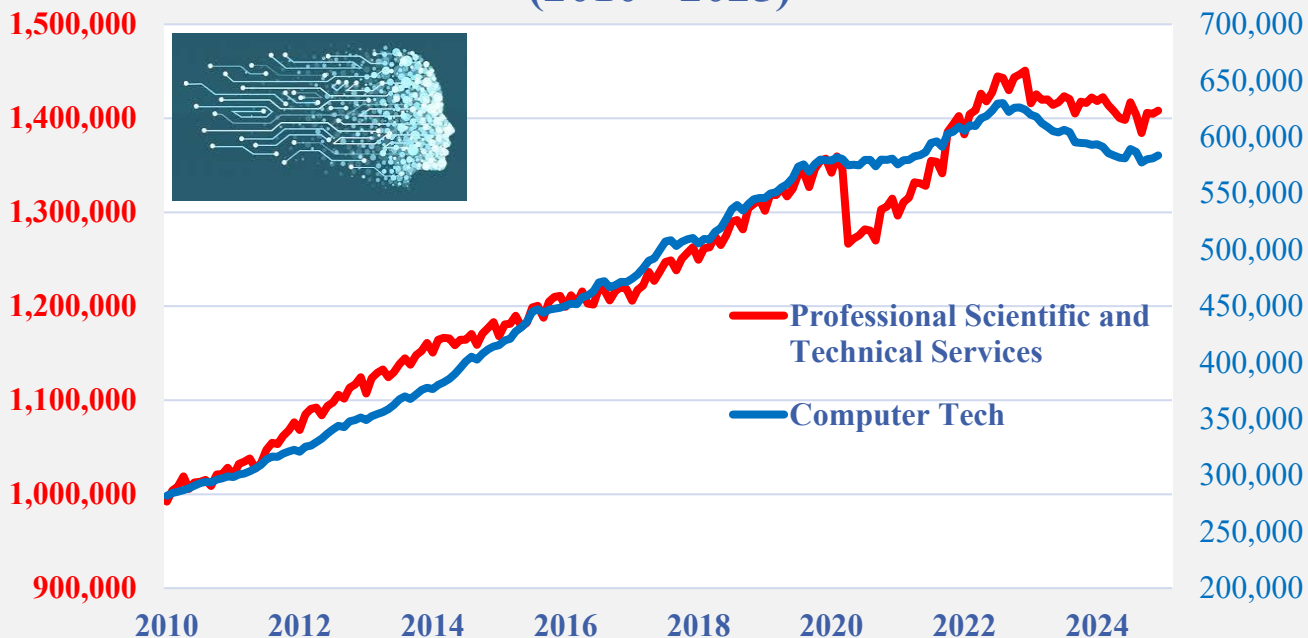
## WHERE IS THE UNEMPLOYMENT? WHERE IS THE GROWTH?

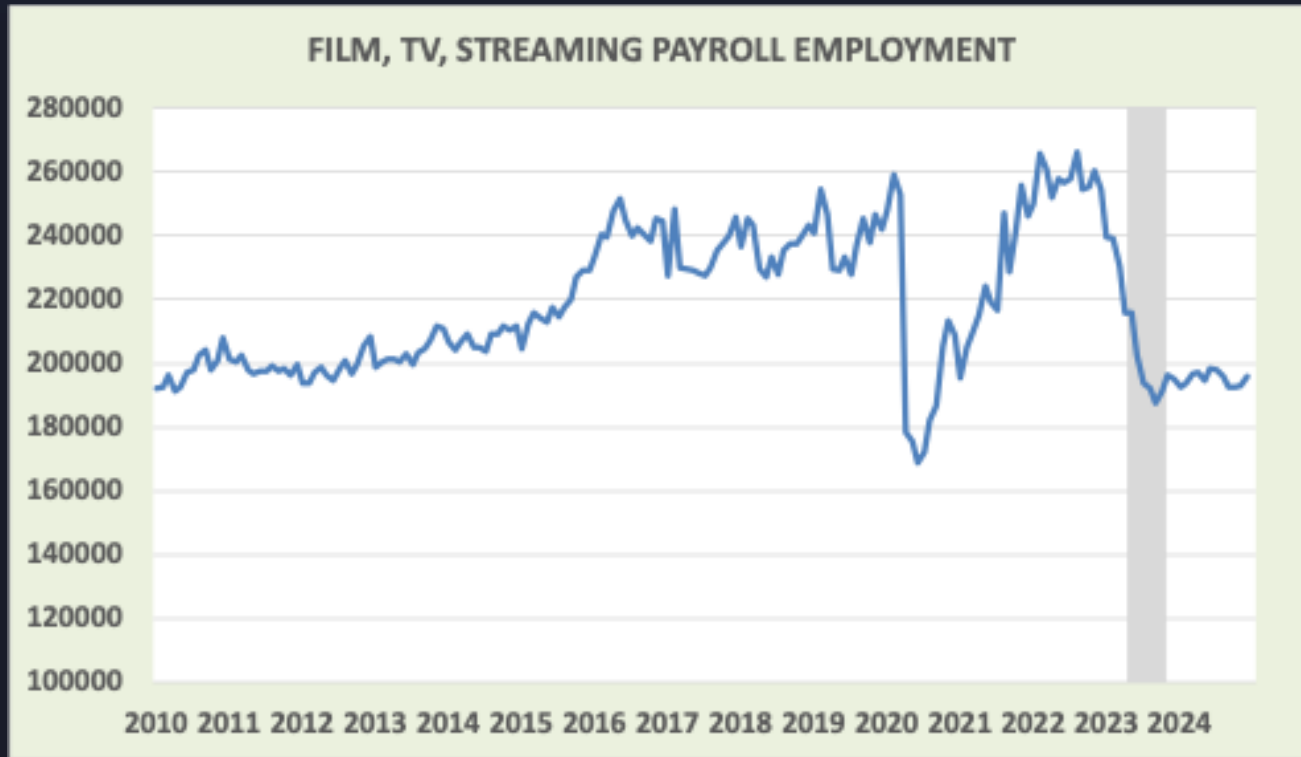






## TECHNOLOGY EMPLOYMENT IN CALIFORNIA (2010 - 2025)





Existing Single Family Home Sales  
( Jan. 2016 to March 2025, SA)



**Limited inventory & high prices  
should lead to a building boom**

## California Housing Markets

CALIFORNIA MEDIAN SF HOME PRICE  
(Jan. 2016 to March 2025, SA)

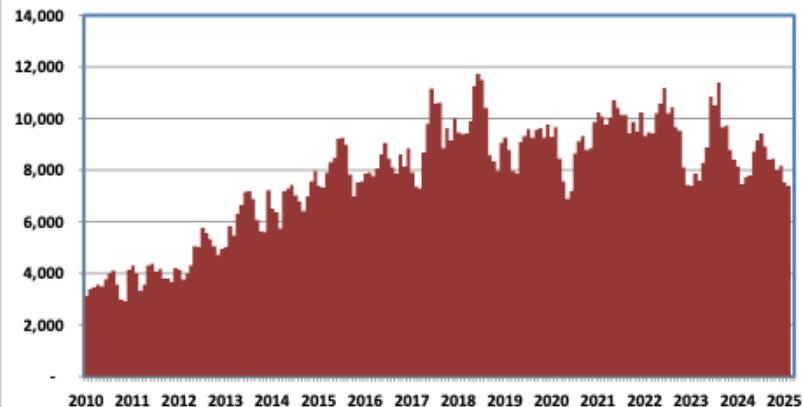


# California Housing Markets: Labor Force Constraints

## Residential Construction Payroll Jobs

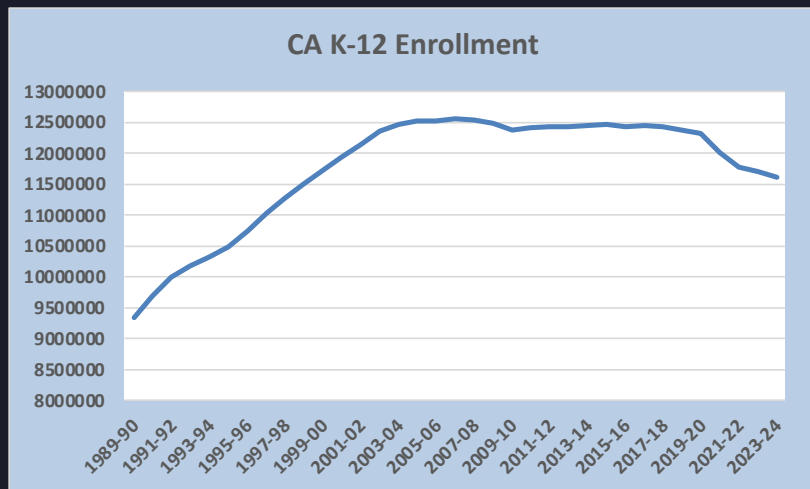


## Monthly California New Residential Permits (3 Mo. Moving Average, No. of Units)



# SECTORS OF CONCERN

## EDUCATION



## GIG WORK



# SUMMARY

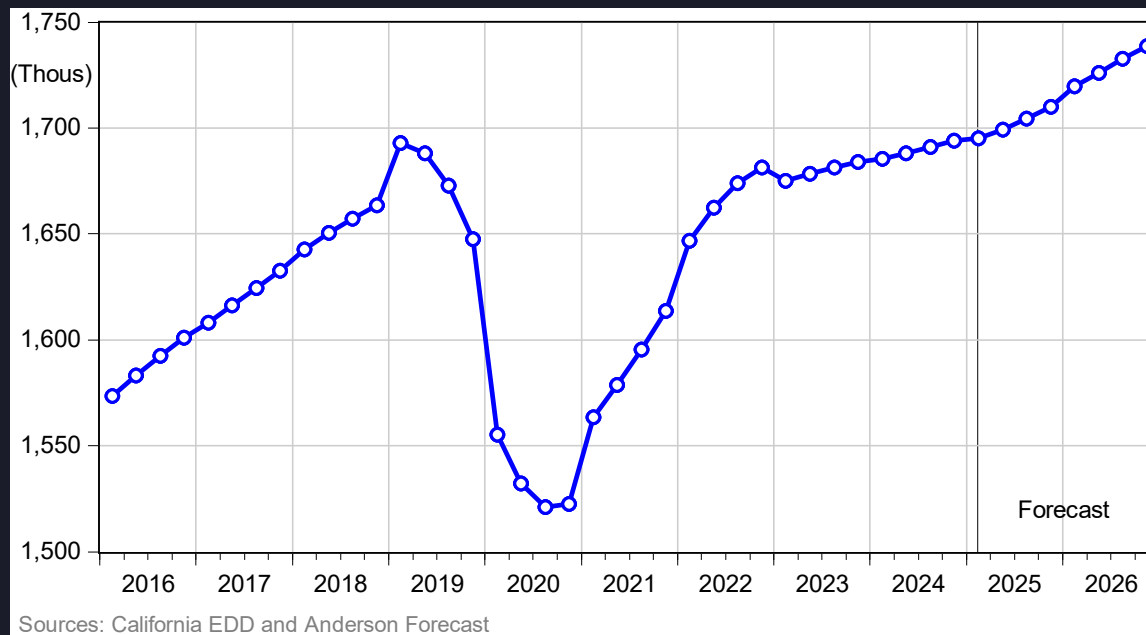
- Manufacturing, Finance & Tech recovering in 2025/2026
- Agriculture & Construction ?
- Slower growth in 2025 & early 2026 accelerating thereafter

# RISKS TO THE FORECAST

Size and Timing of Deportations  
More Extensive Tariffs and Retaliation  
Geopolitical  
Disruption in the Federal Government



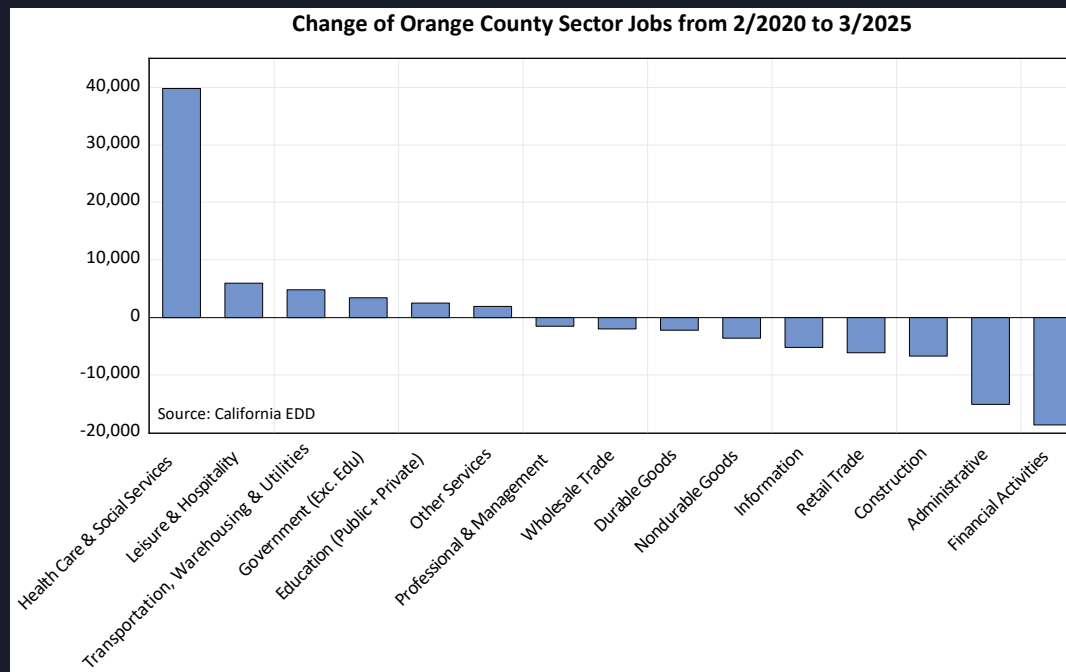
## O.C. payroll job growth is forecast to slow in 2025 and accelerate in 2026



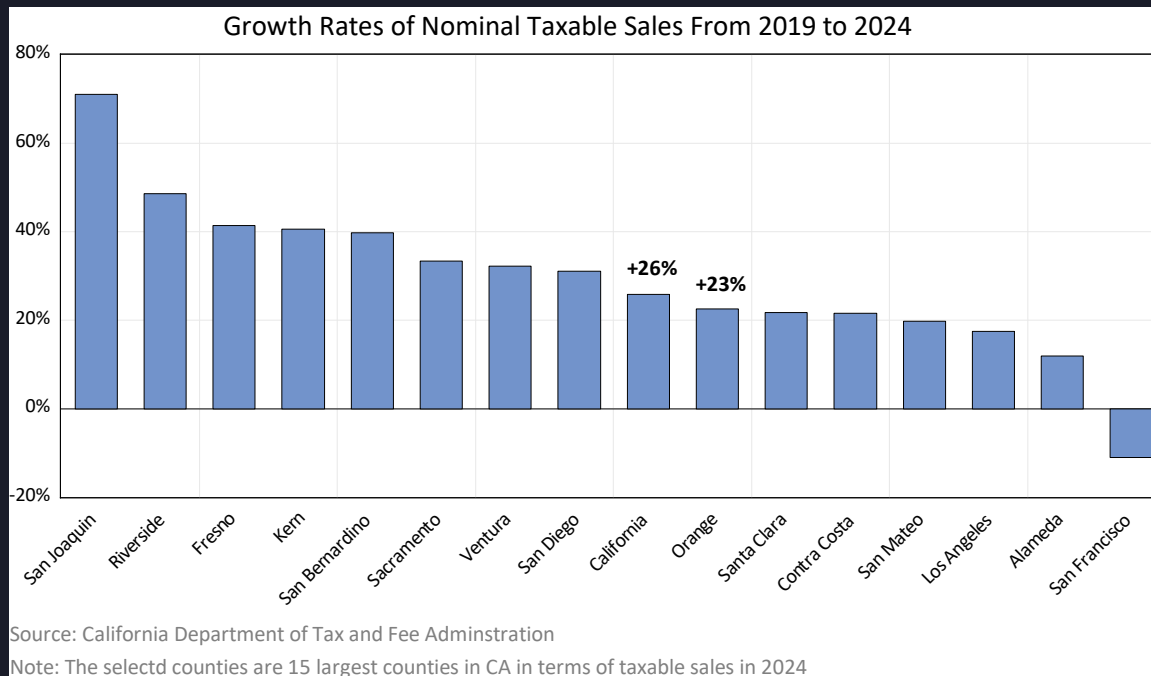
Payroll job growth:  
2023: 0.8%  
2024: 0.6%

Forecast:  
2025: 0.7%  
2026: 1.6%

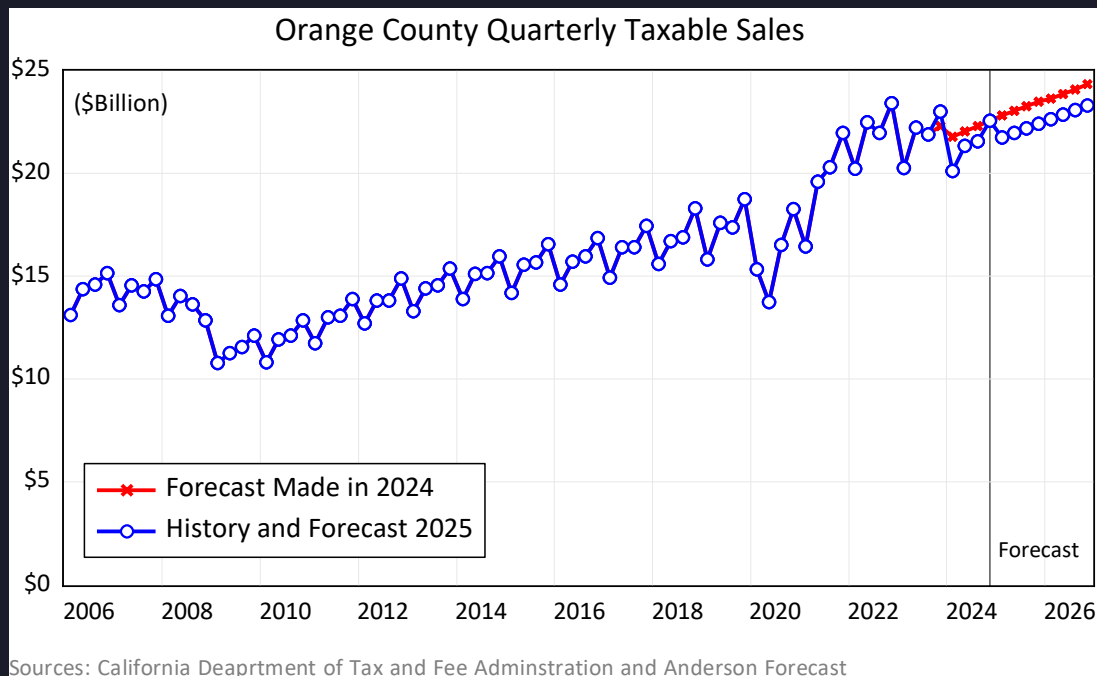
The job gains: health care, leisure & hospitality, transportation & warehousing  
The job losses: construction, administrative services and financial activities



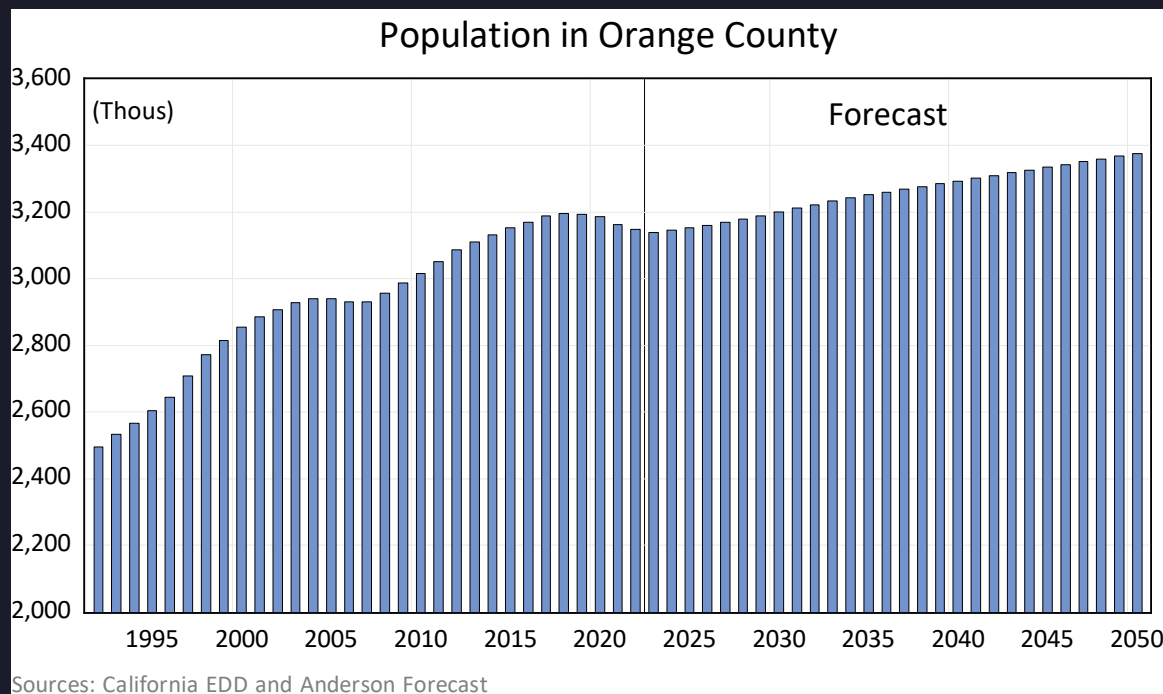
## Inland counties had a higher growth of nominal taxable sales due to higher growths of jobs and population



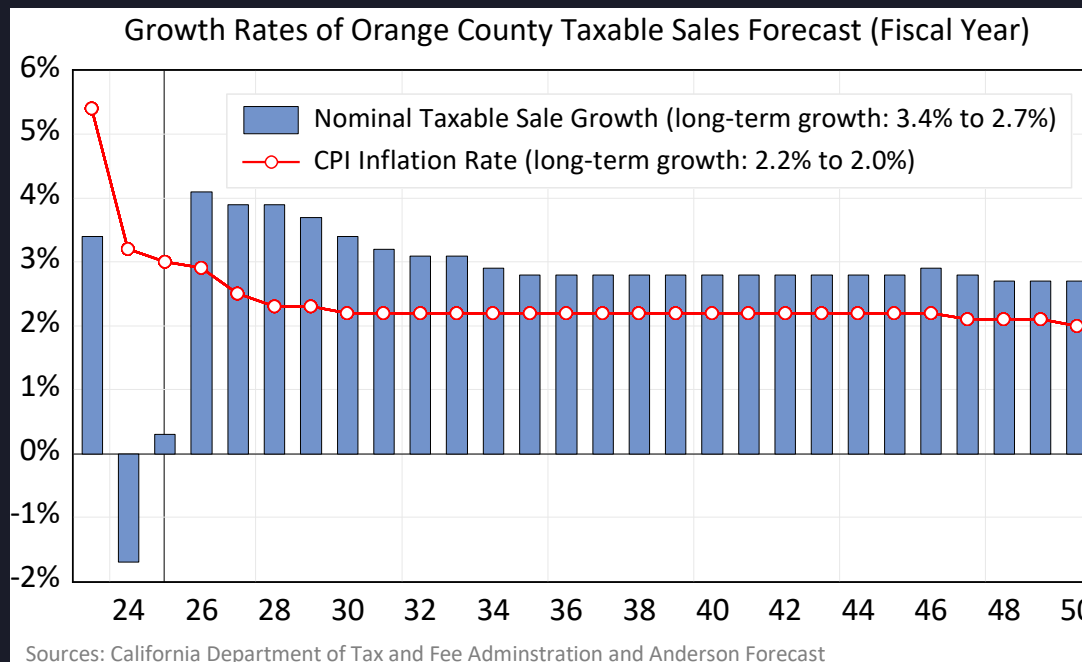
## O.C. actual taxable sales in 2024 were lower than our forecast due to lower job growth and more out-migration



Population growth in O.C. is forecast to slow down to 0.15% in the next three decades



# The long-term growth of O.C. taxable sales is forecast to slow to 2.8% in 2035 and to 2.7% by 2050



# Orange County Summary

- Orange County's economy grew slightly slower than California's, reflecting weaker job and population growth.
- We forecast slower economic growth for Orange County in 2025 due to trade policy uncertainty, followed by a rebound in 2026.