

# 2008 Economic Outlook

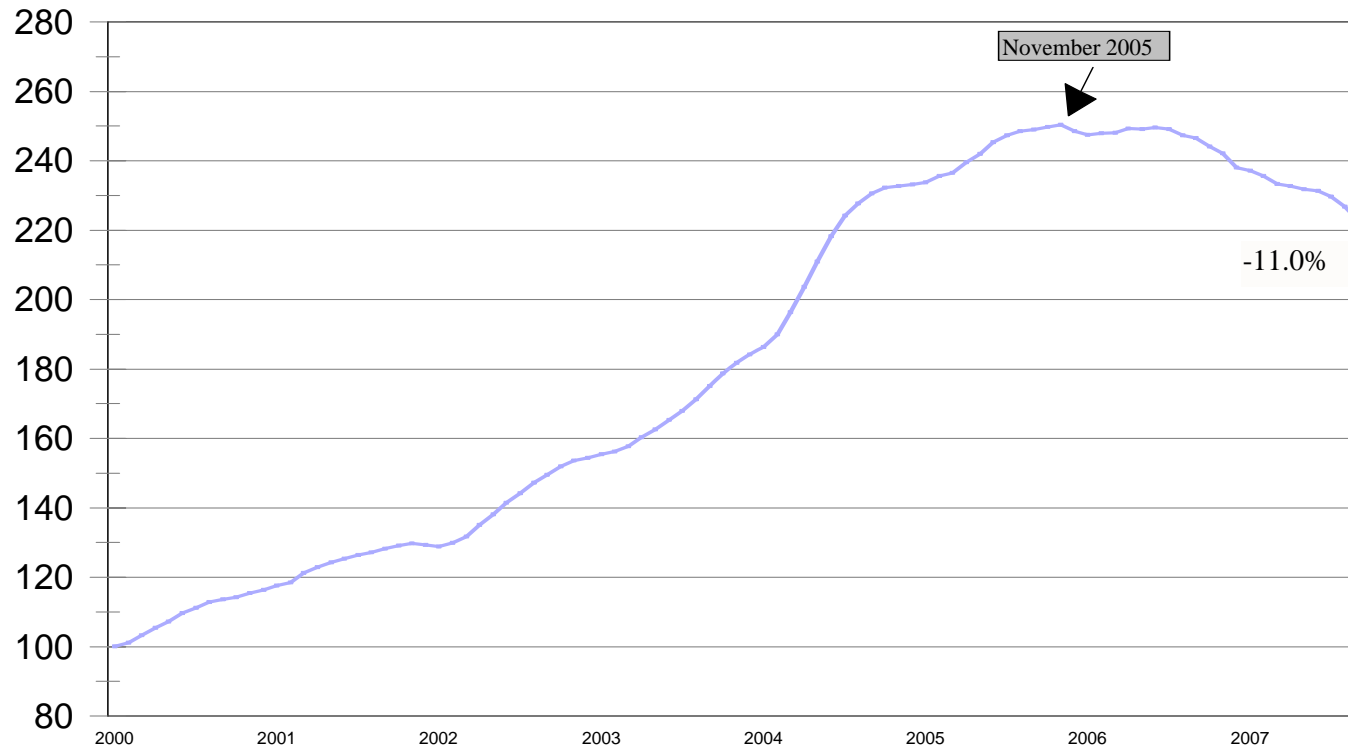
Alan Gin

Associate Professor of  
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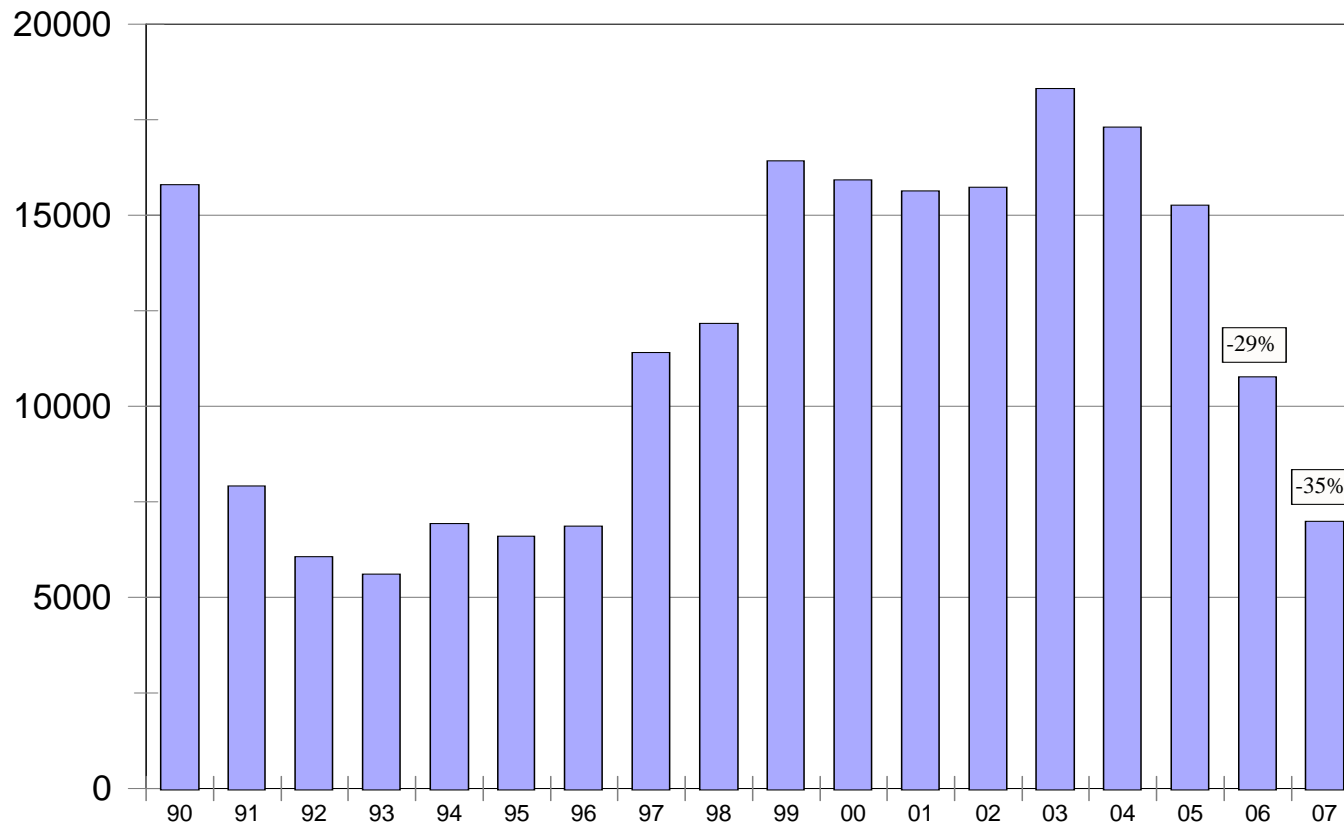
# S&P/Case-Shiller Home Price Index

## San Diego (2000 - Present)



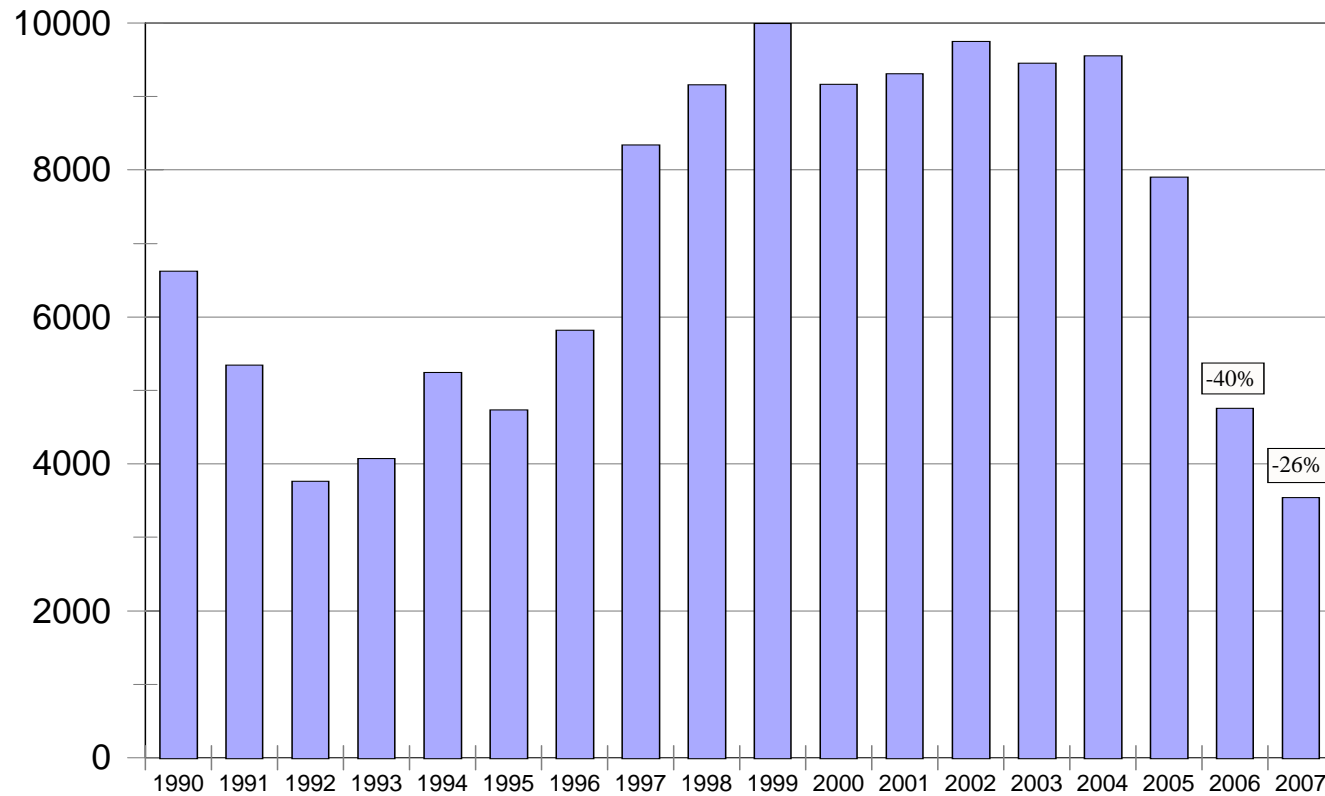
# Residential Units Authorized

## San Diego County (1990 - Present)



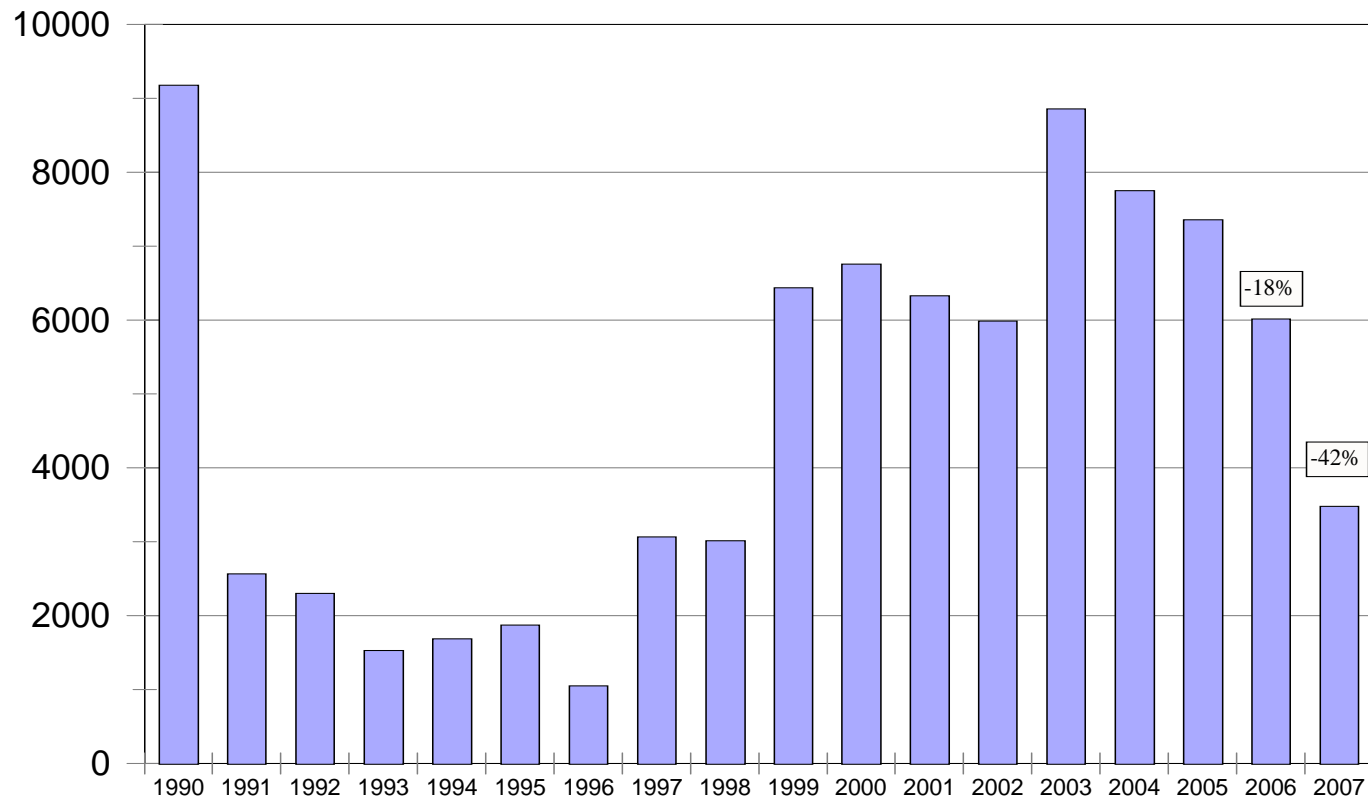
# Single-Family Units Authorized

San Diego County (1990 - Present)



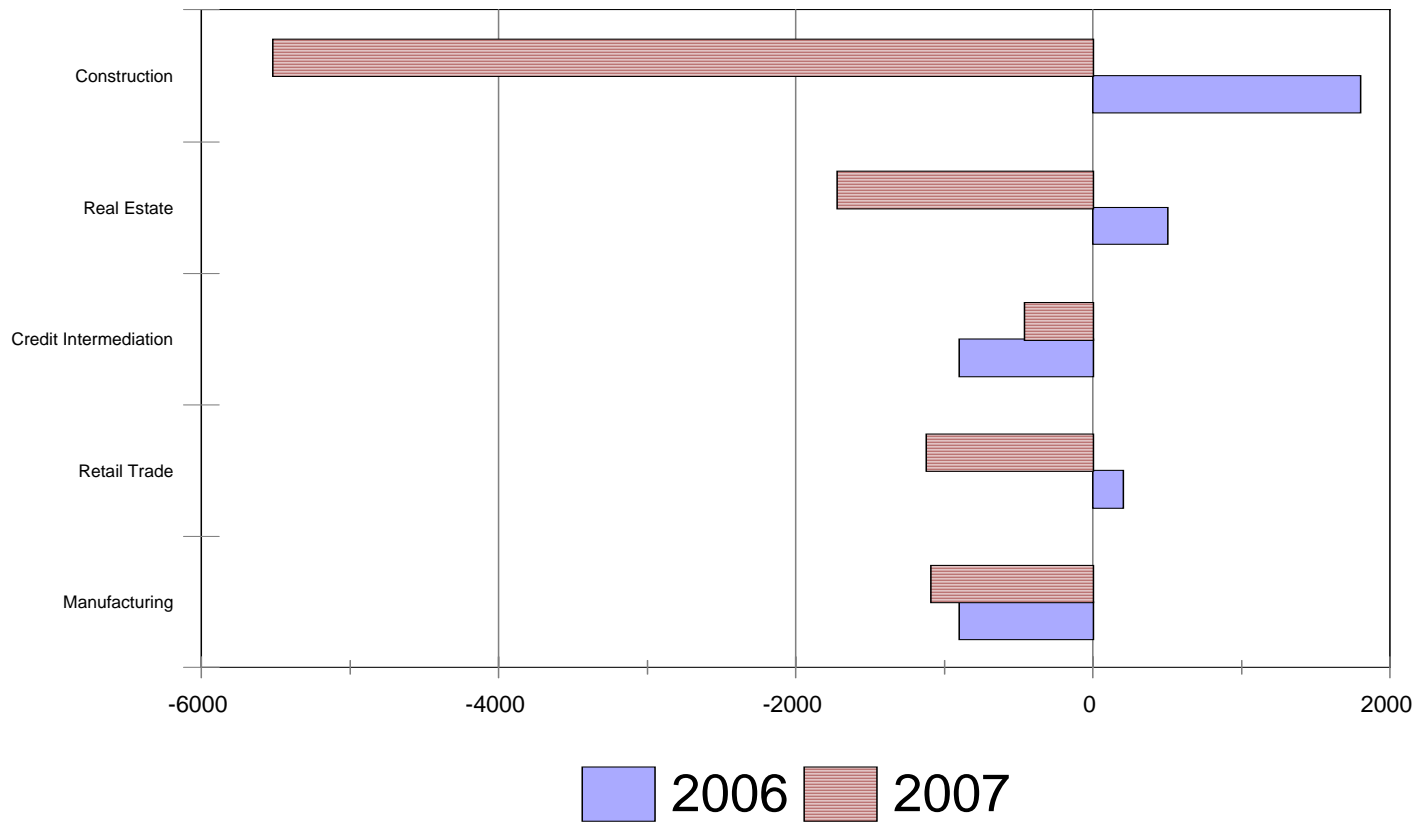
# Multiple Family Units

## San Diego County (1990 - Present)



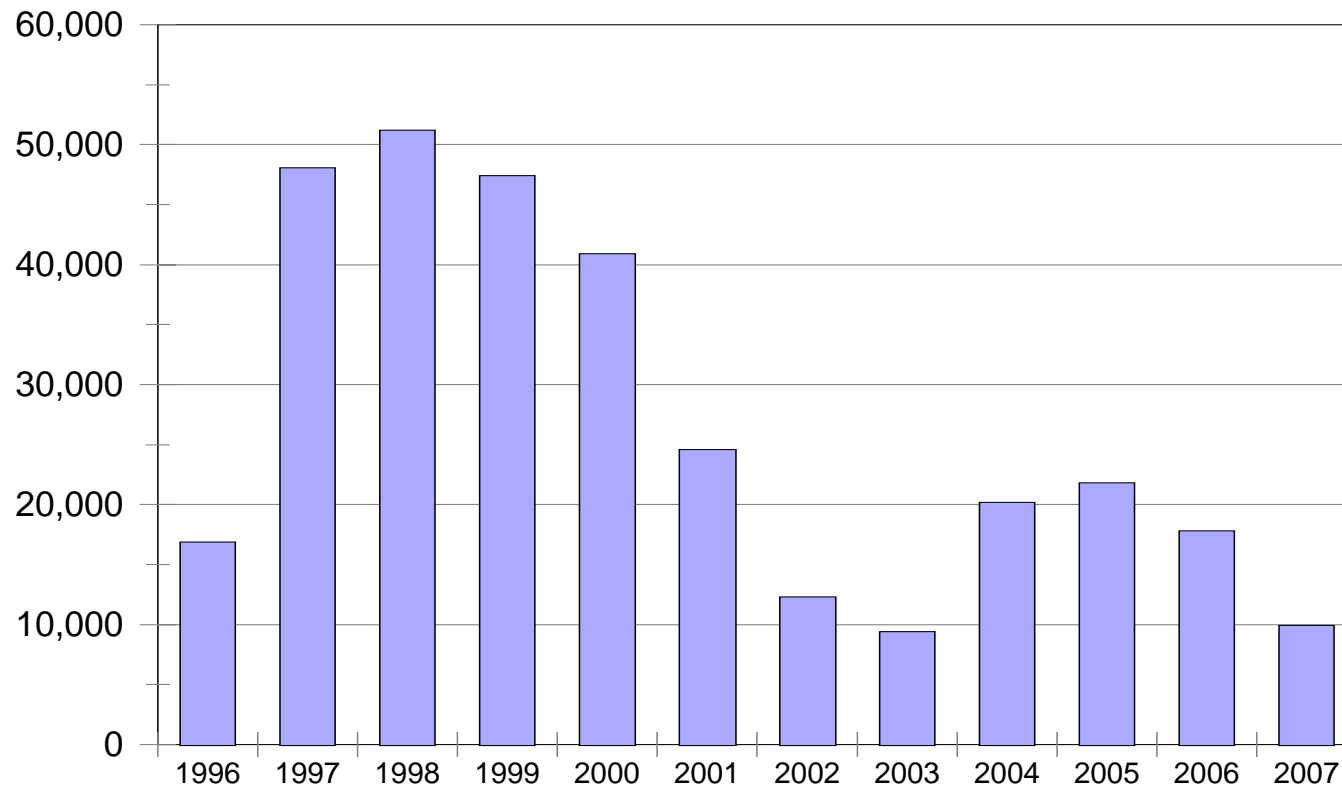
# Job Growth

## Selected Industries (2006 - 2007)



# Employment Growth

## San Diego County (1996 - 2007)

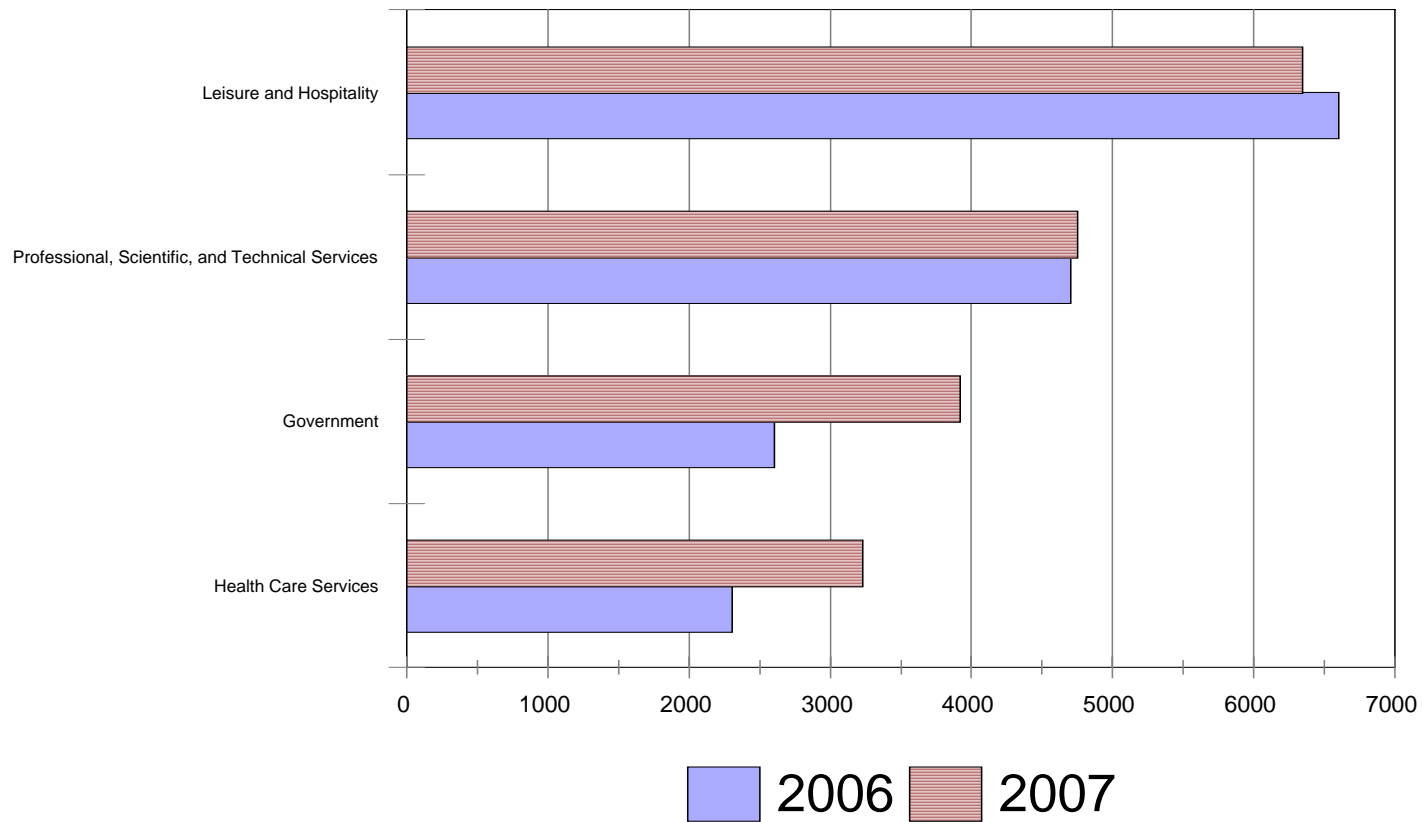


# Outlook for San Diego

- ◆ Recession in San Diego not likely
  - Employment decreased only 4 times in the last 30 (3 years in the 1990s)
  - Few of the old-line cyclical industries
  - Military spending independent of the business cycle
  - Tourism strong in almost all environments

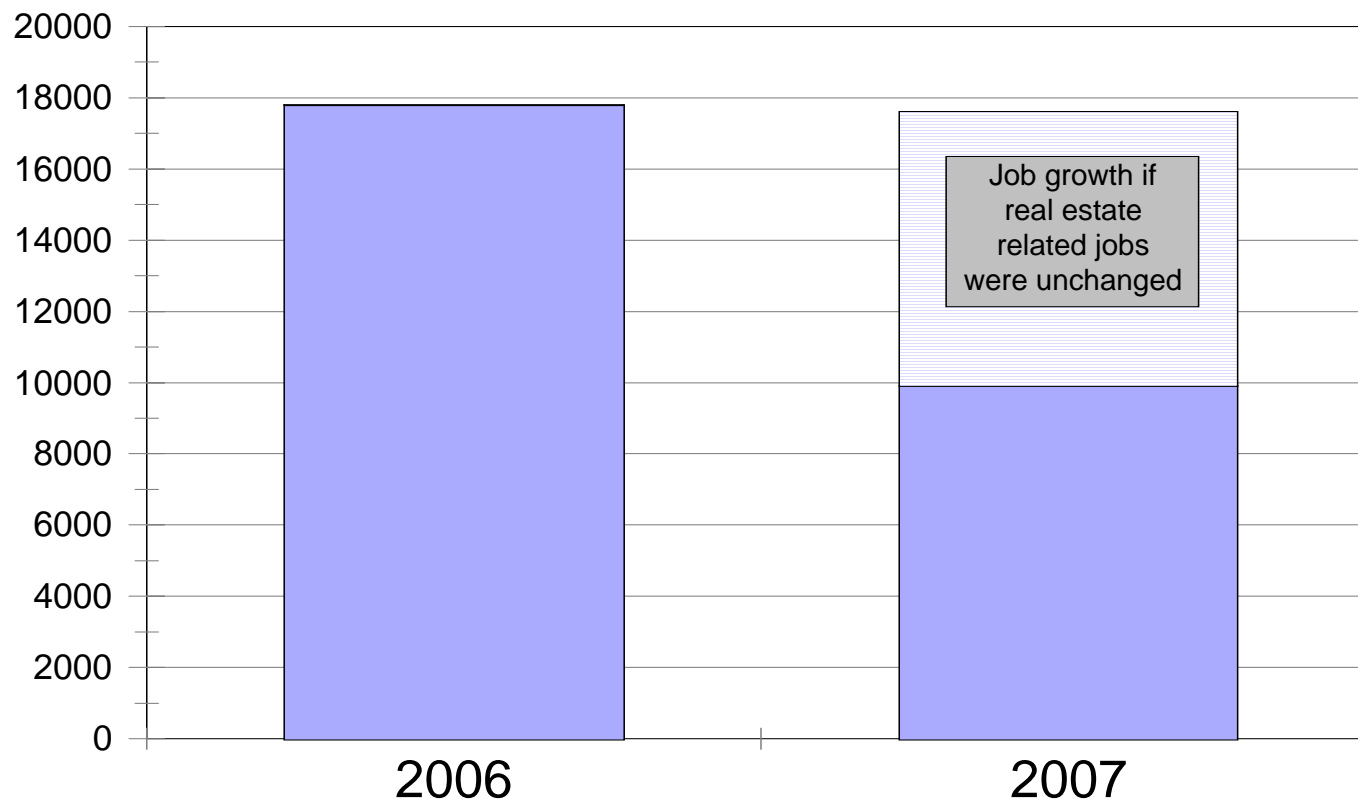
# Job Growth

Selected Industries (2006 - 2007)



# Job Growth

San Diego County (2006 vs. 2007)



# Outlook for San Diego

## ◆ Recession, San Diego-style:

- Slower job growth (8,000 – 10,000)
- Higher unemployment (to top 5%)
- Slower economic activity (home sales, retail sales)

# Outlook for San Diego

## ◆ Potential areas of concern:

- Weak housing market

- High gas prices

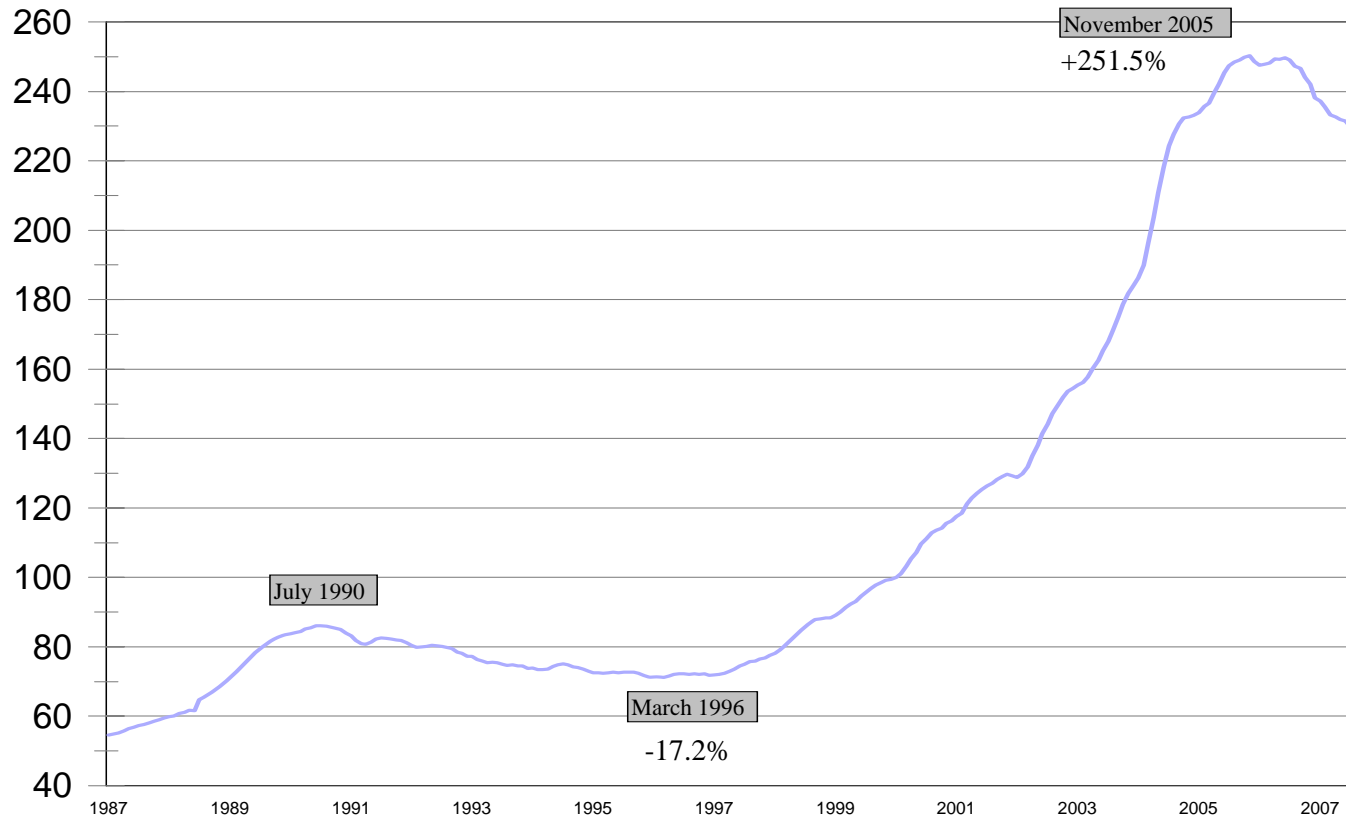
- Consumer confidence adversely affected

# Outlook for San Diego

- ◆ **Housing market will remain weak**
  - **Continued pressure on prices**
  - **Decline in the mid-single digits**
  - **Prices may bottom out in mid-2008 at the earliest, not likely to rise until 2009**

# S&P/Case-Shiller Home Price Index

## San Diego (1987 - Present)

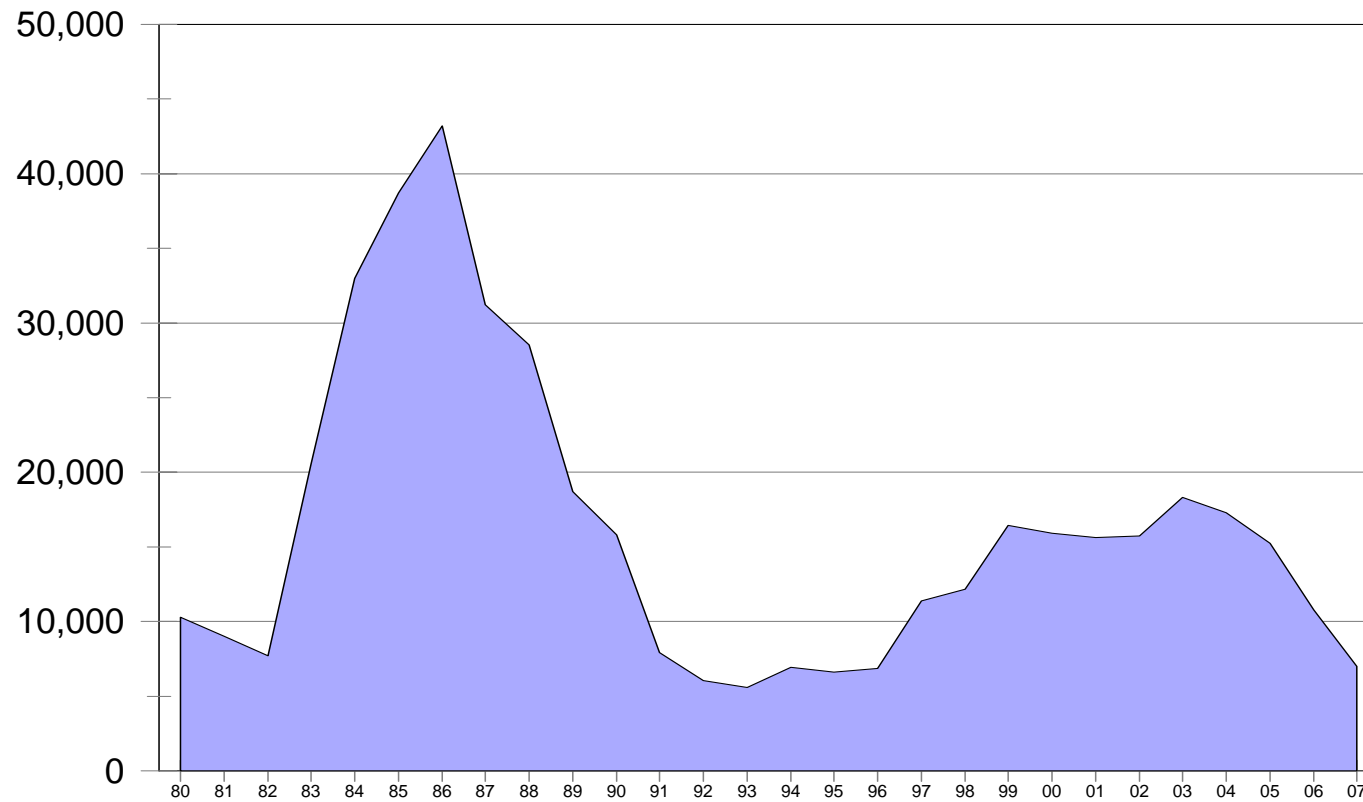


# Outlook for San Diego

- ◆ **Housing market will remain weak**
  - **Many more foreclosures to come**
  - **Construction to remain at mid-1990s levels**

# Residential Units Authorized

## San Diego County (1980 - 2007)

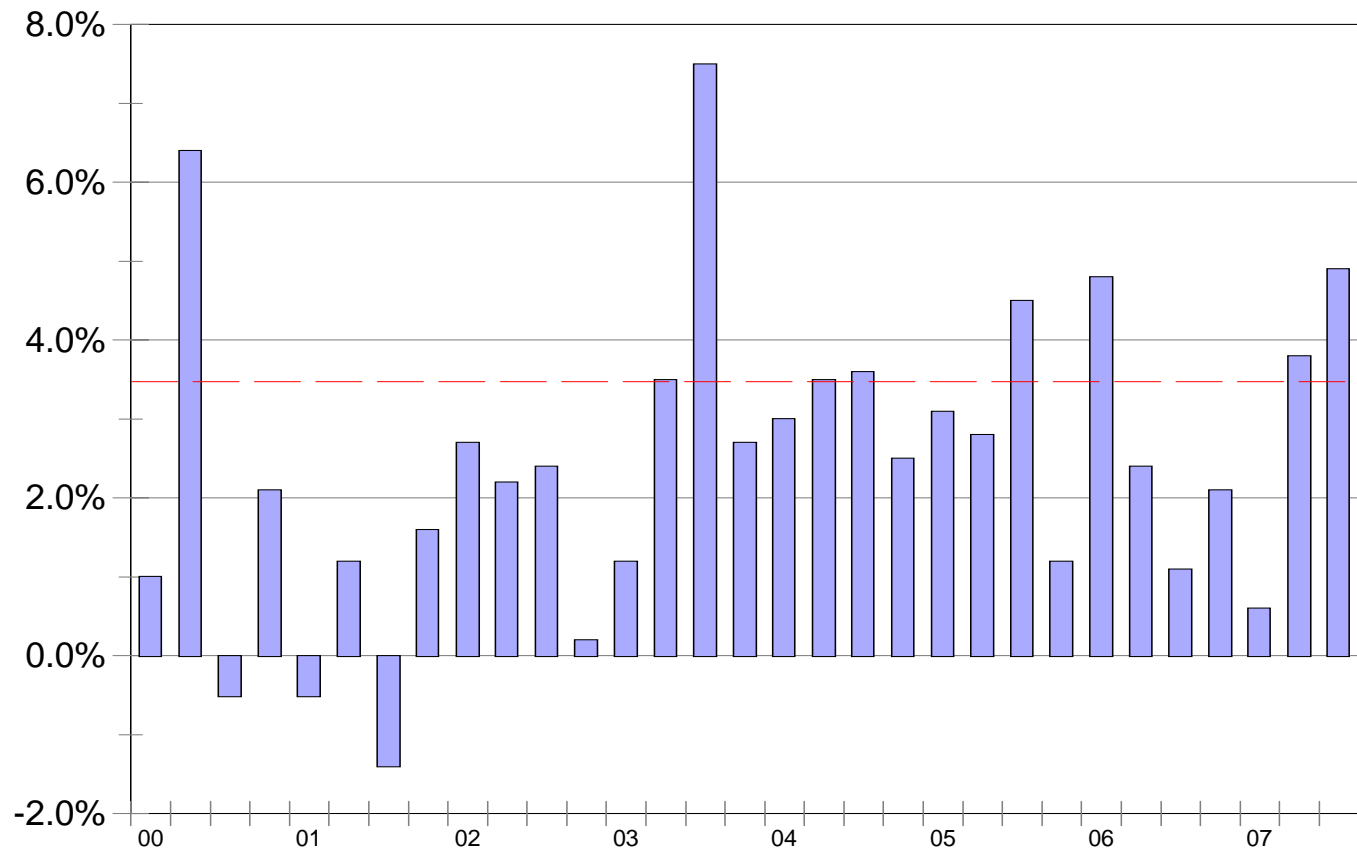


# National Economy

## 2008 Forecast:

- ◆ GDP growth = 2.0 – 2.5%
  - Weakness in the housing market
  - High oil and gas prices
  - Geopolitical developments

# GDP Growth, 2000 - 2005



# National Economy

## ◆ Fed under pressure

- Weak housing market => rate cut
- Weak dollar => no cut
- Likely to bow to pressure in an election year and continue to cut rates (50 basis points)

# Interest Rates

## Short-Term vs. Long-Term

