

The Chapman University Economic Forecast



A. GARY ANDERSON CENTER FOR ECONOMIC RESEARCH
CHAPMAN UNIVERSITY

Los Angeles Times

THE ECONOMY

Wednesday, June 25, 2008

Chapman sees U.S. in recession

University economists say the state too is suffering as the housing crisis trickles to the job market.

By CONOR L. SANCHEZ
Times Staff Writer

Ups and downs

Chapman forecasters see declining U.S. output and housing prices bottoming out. Quarter-over-quarter percent changes are shown below.

Real gross domestic product

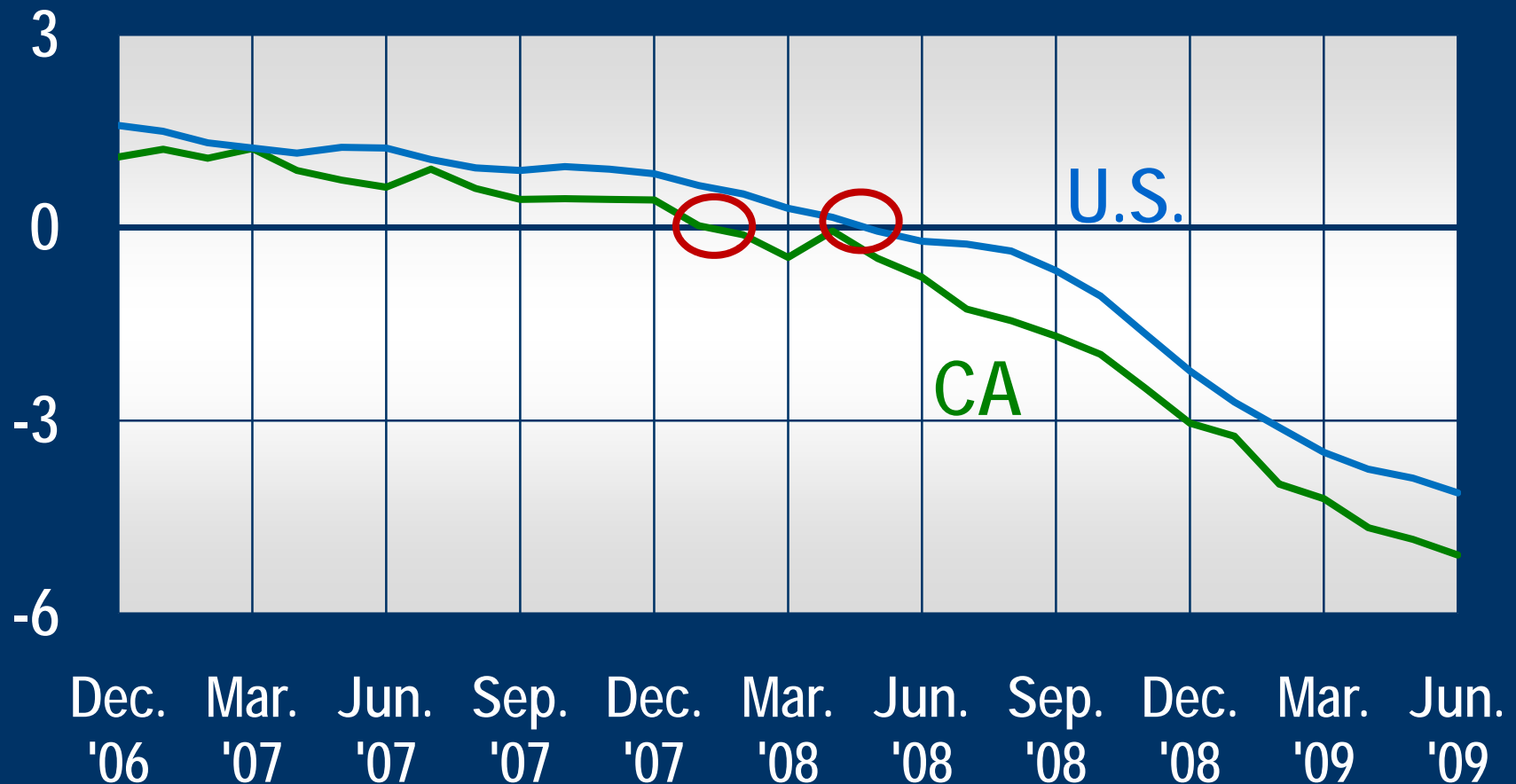
■ Actual

■ Projected

6%


Payroll Job Growth

Yr/Yr % Change



Payroll Job Growth

June '08 to June '09

Metropolitan Areas	Number of Jobs Gained (+) or Lost (-) (In thousands)	% Change
Inland Empire	-76.3	-6.2
Sacramento	-46.2	-5.2
San Francisco	-50.5	-5.0
Ventura	-14.7	-5.0
Orange County	-70.8	-4.7
Santa Clara	-43.4	-4.7
Los Angeles	-188.3	-4.6
Oakland	-46.3	-4.5
San Diego	-54.7	-4.2
Fresno	-11.2	-3.7

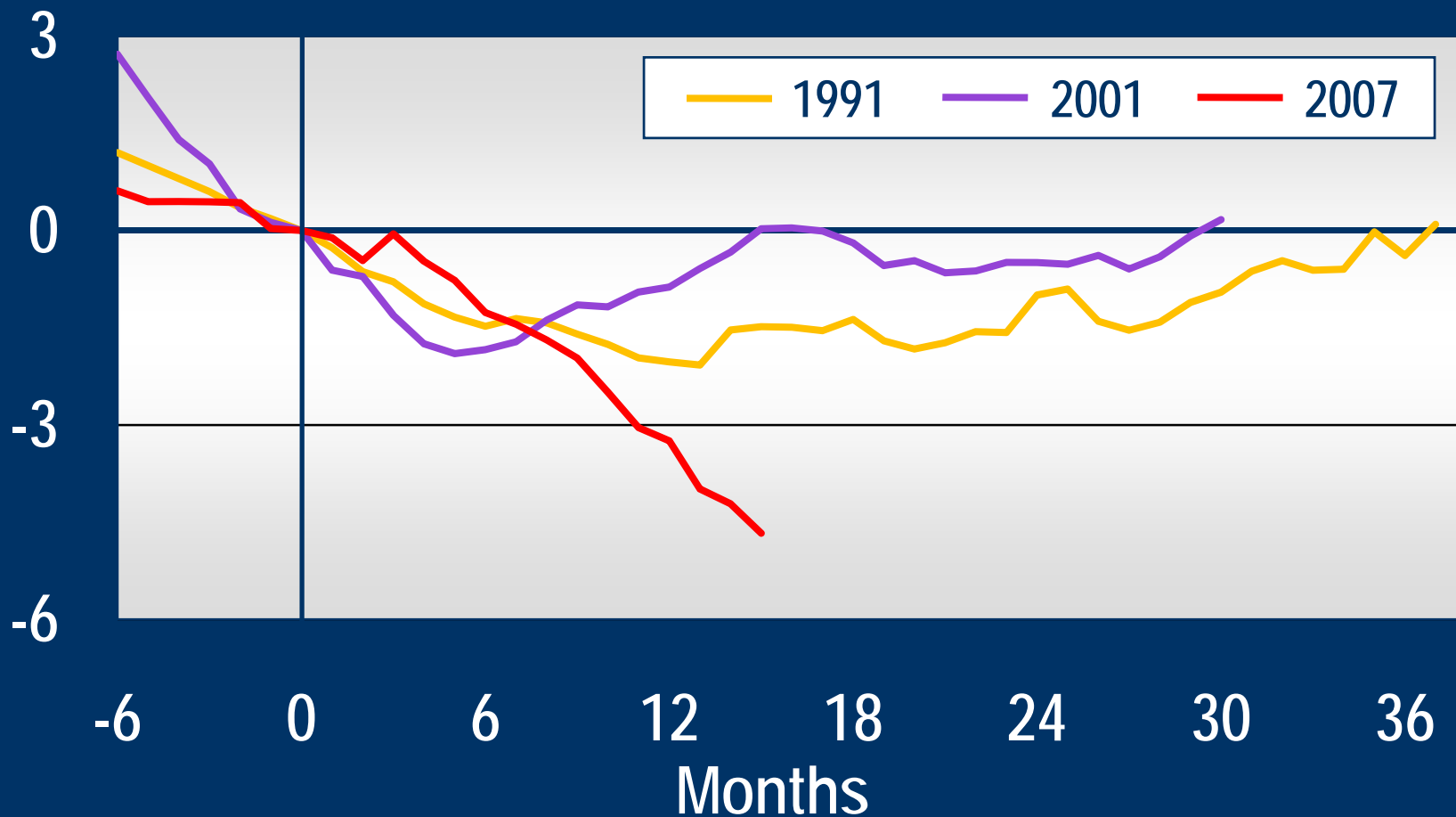
Change in Payroll Employment California

June '08 to June '09

	Number of Jobs Gained (+) or Lost (-)	% Change
Construction	-150,500	-17.8
Manufacturing	-115,100	-8.0
Trade, Transportation & Utilities	-189,000	-6.5
Financial Activities	-50,300	-5.9
Professional & Business Services	-121,700	-5.4
Information	-22,100	-4.6
Leisure & Hospitality	-62,500	-4.0
Government/Other	-15,400	-0.5
Educational & Health Services	+19,900	+1.2
Total	-706,700	-4.7

California Payroll Employment

Yr/Yr % Change

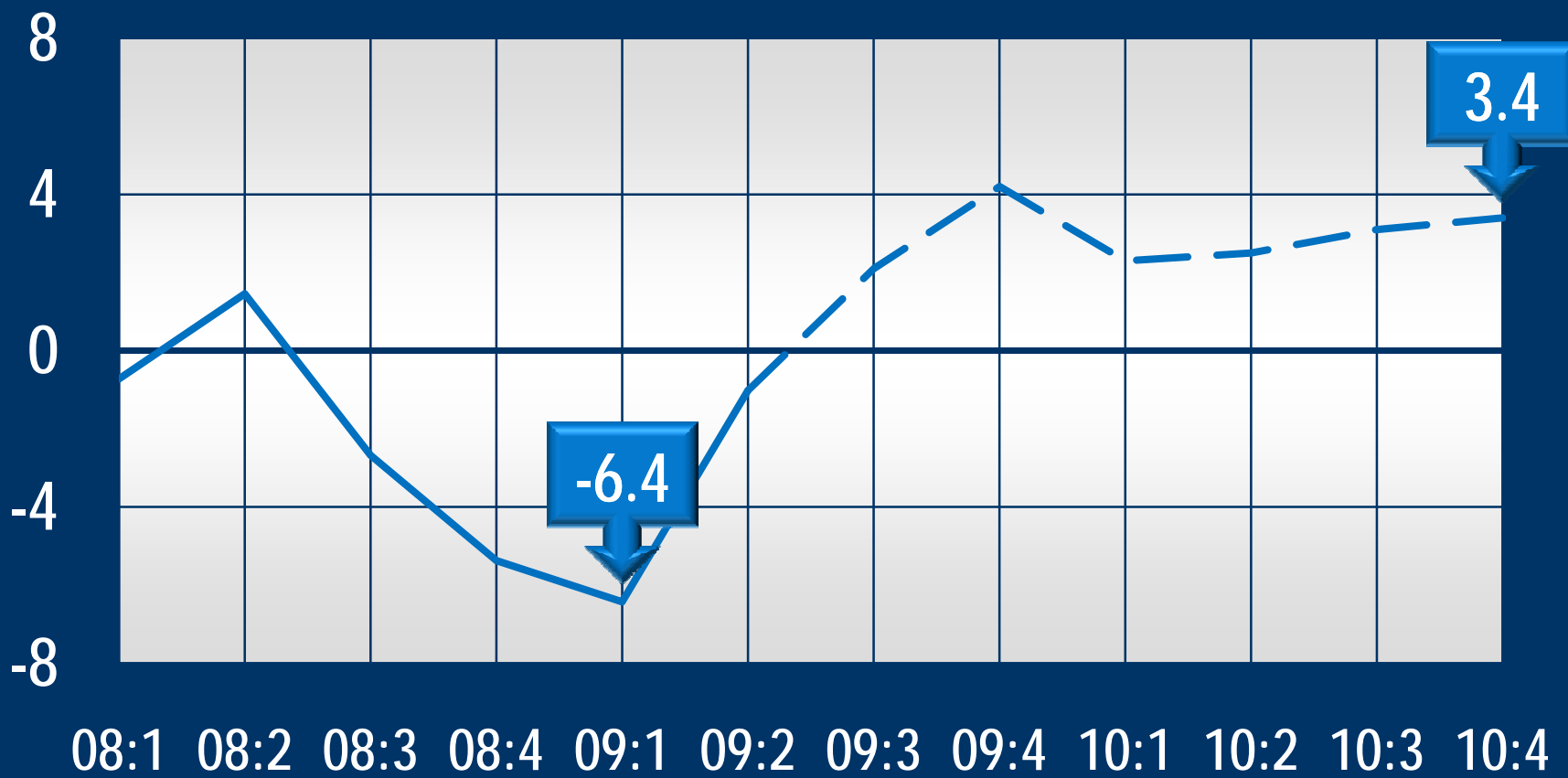


The Most Influential Economic Variables Affecting Job Outlook





	Projected Impact	
	2009	2010
Real GDP		
Real Exports		
Construction Spending		

Real GDP

Qtr/Qtr % Change



The Most Influential Economic Variables Affecting Job Outlook

	Projected Impact	
	2009	2010
Real GDP		
Real Exports		
Construction Spending		







California

Total Building Permit Valuation

Billions of \$

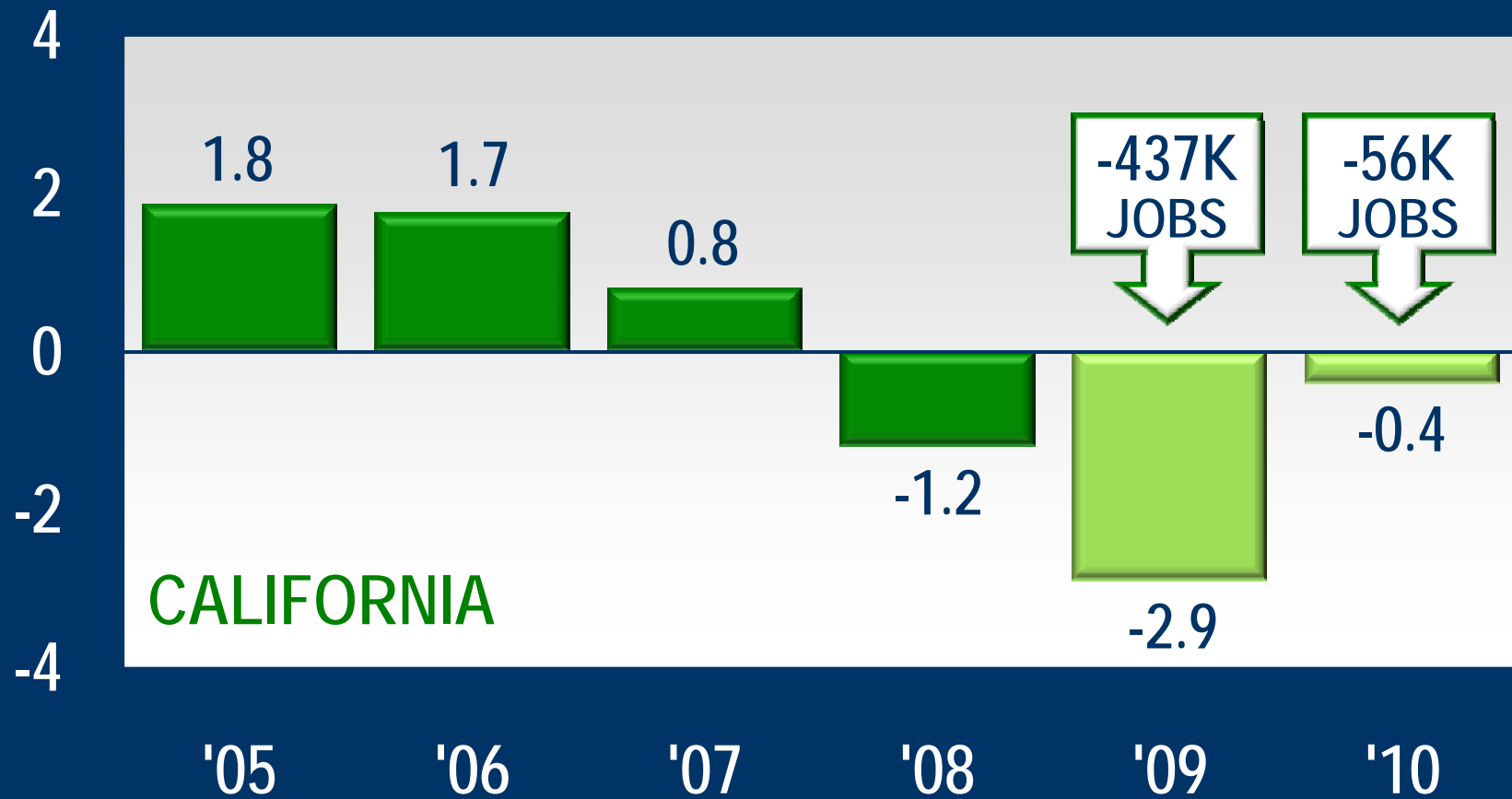


The Most Influential Economic Variables Affecting Job Outlook

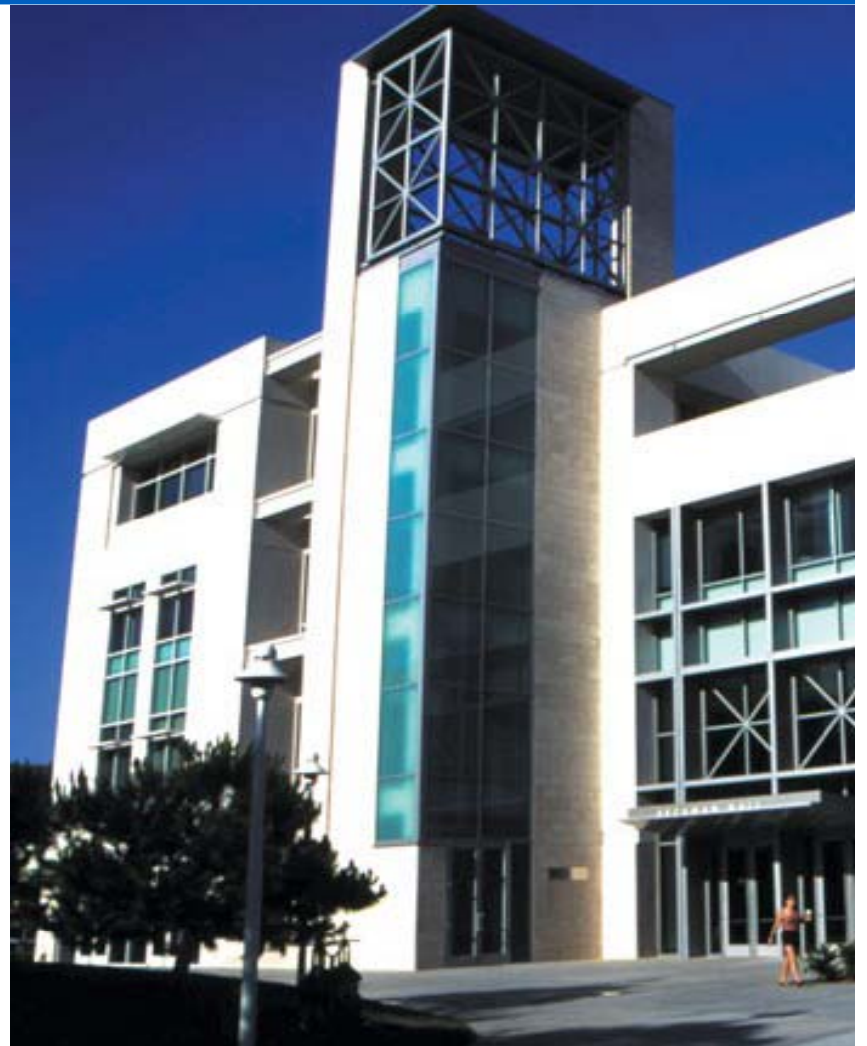
	Projected Impact	
	2009	2010
Real GDP		
Real Exports		
Construction Spending		

Job Growth

Annual % Change



Housing Bubble



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Two sides of the coin on price of homes

A pair of local economists face off on the state of the market and focus on different factors.

By MARY ANN MILBOURN
THE ORANGE COUNTY REGISTER

Bubble or no bubble? The experts can't agree.

"I don't use the word 'bubble' because I don't think there is one," said ... an economist and director of USC's master of real-estate development program. "Bubble is a word that you use to characterize markets that are irrational, that don't have underlying economic fundamentals to explain what's going on. I don't think that's what's really going on in today's housing market."

September 25, 2005

*Esmael Adibi ...
has the opposite viewpoint.*

*"Is there a housing bubble? Yes, I believe there is,"
he said.*

*His concern about a bubble, he said, stems from
three other factors – the popularity of adjustable-rate
mortgages, the large number of real-estate investors
and second-home buyers, and the problem of
affordability.*

"...it's going to be devastating."

September 25, 2005

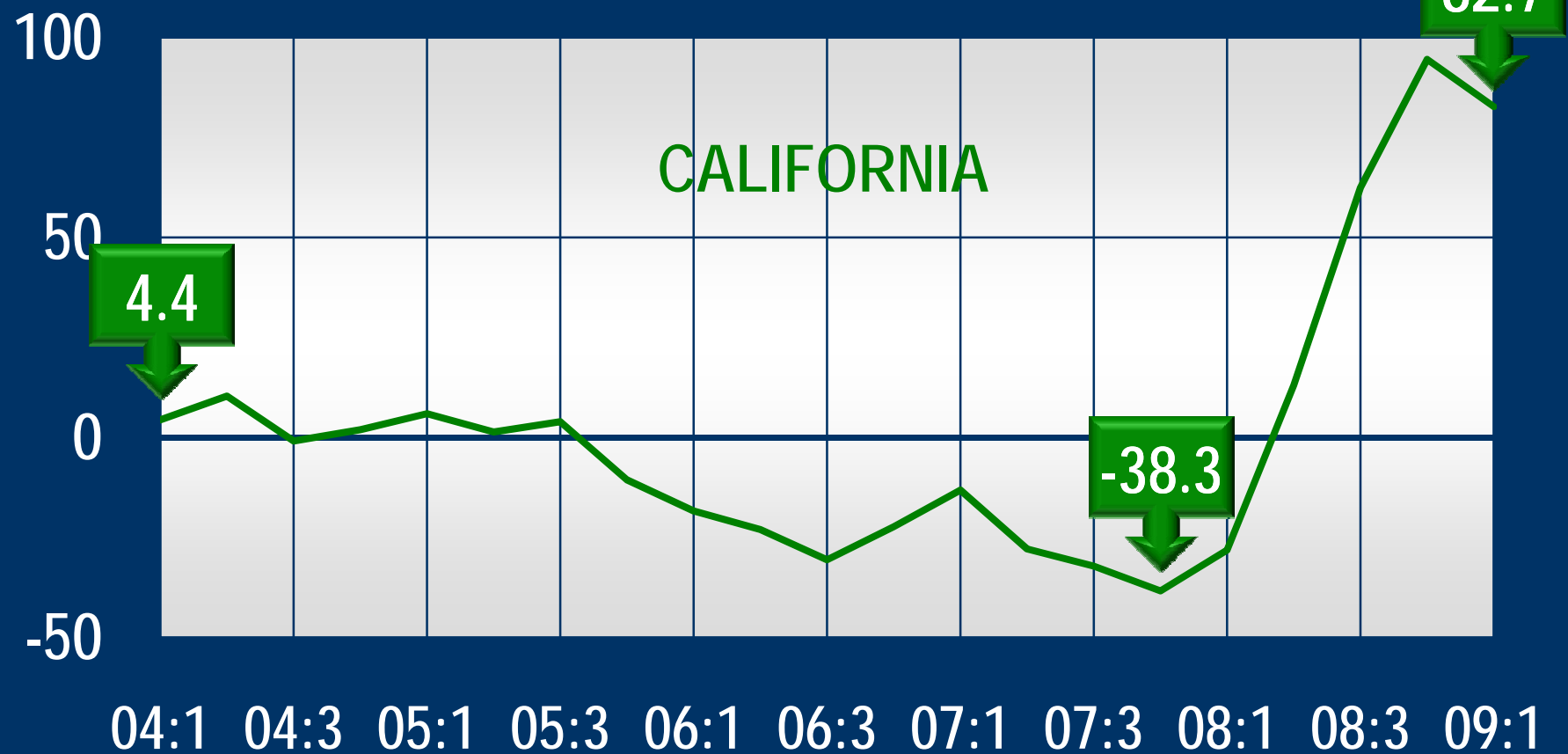
Resale Single-Family Housing Prices

Thousands of \$



Existing Home Sales

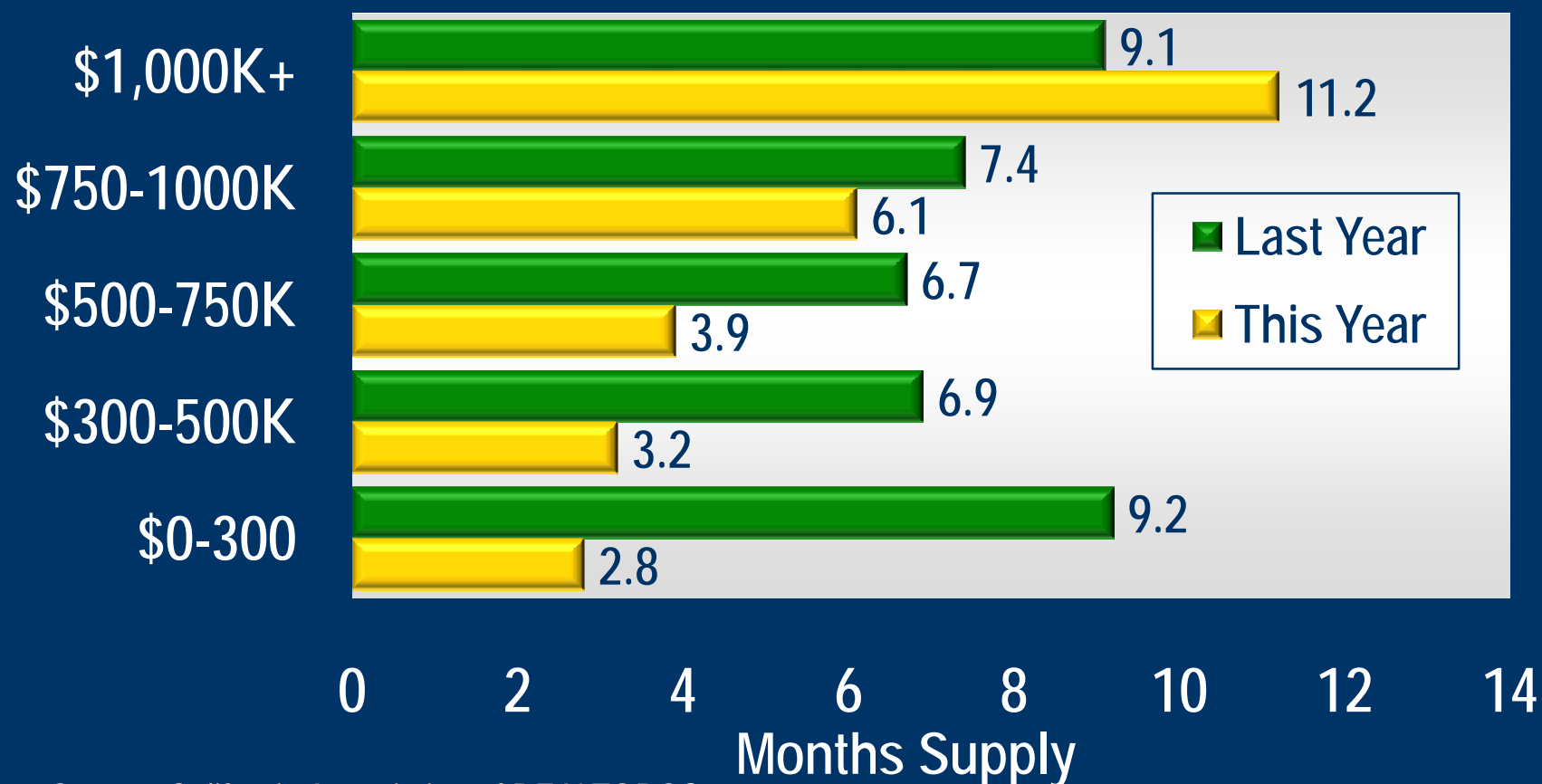
Yr/Yr % Change



Unsold Inventory By Price Range

California Existing Homes June '09 vs. June '08

Thousands of \$



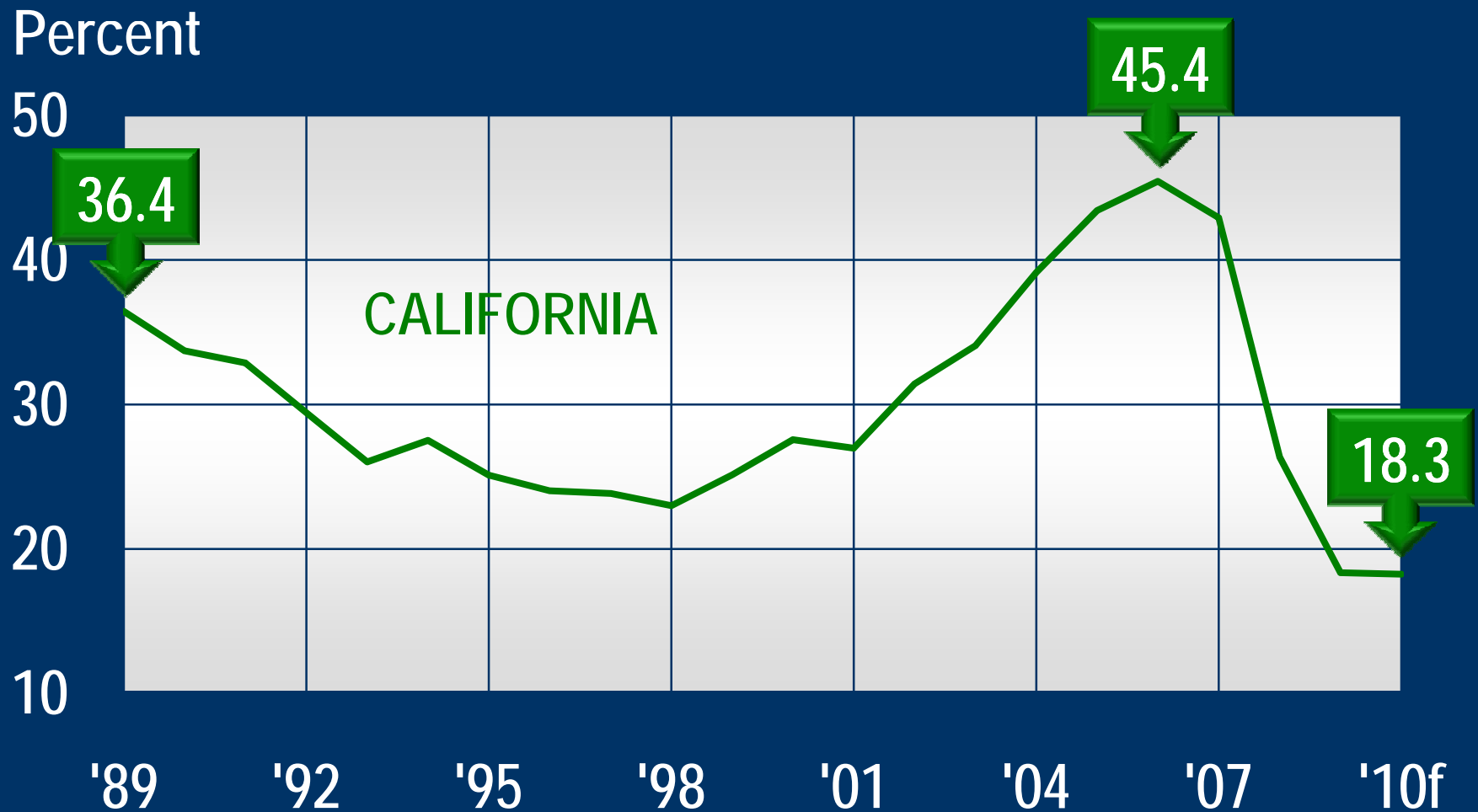
Source: California Association of REALTORS®

Factors Affecting Housing Prices

	Projected Impact	
	2009	2010
Housing Affordability *		

** Housing affordability is computed based on home prices, mortgage rates, and median family income.*

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



Factors Affecting Housing Prices

	Projected Impact	
	2009	2010
Housing Affordability *	positive	positive
Underwriting Standards	negative	neutral
New Housing Permits		

** Housing affordability is computed based on home prices, mortgage rates, and median family income.*

Factors Affecting Housing Prices

	Projected Impact	
	2009	2010
Housing Affordability *	positive	positive
Underwriting Standards	negative	neutral
New Housing Permits	positive	positive
Inventory of Resale Homes		

** Housing affordability is computed based on home prices, mortgage rates, and median family income.*

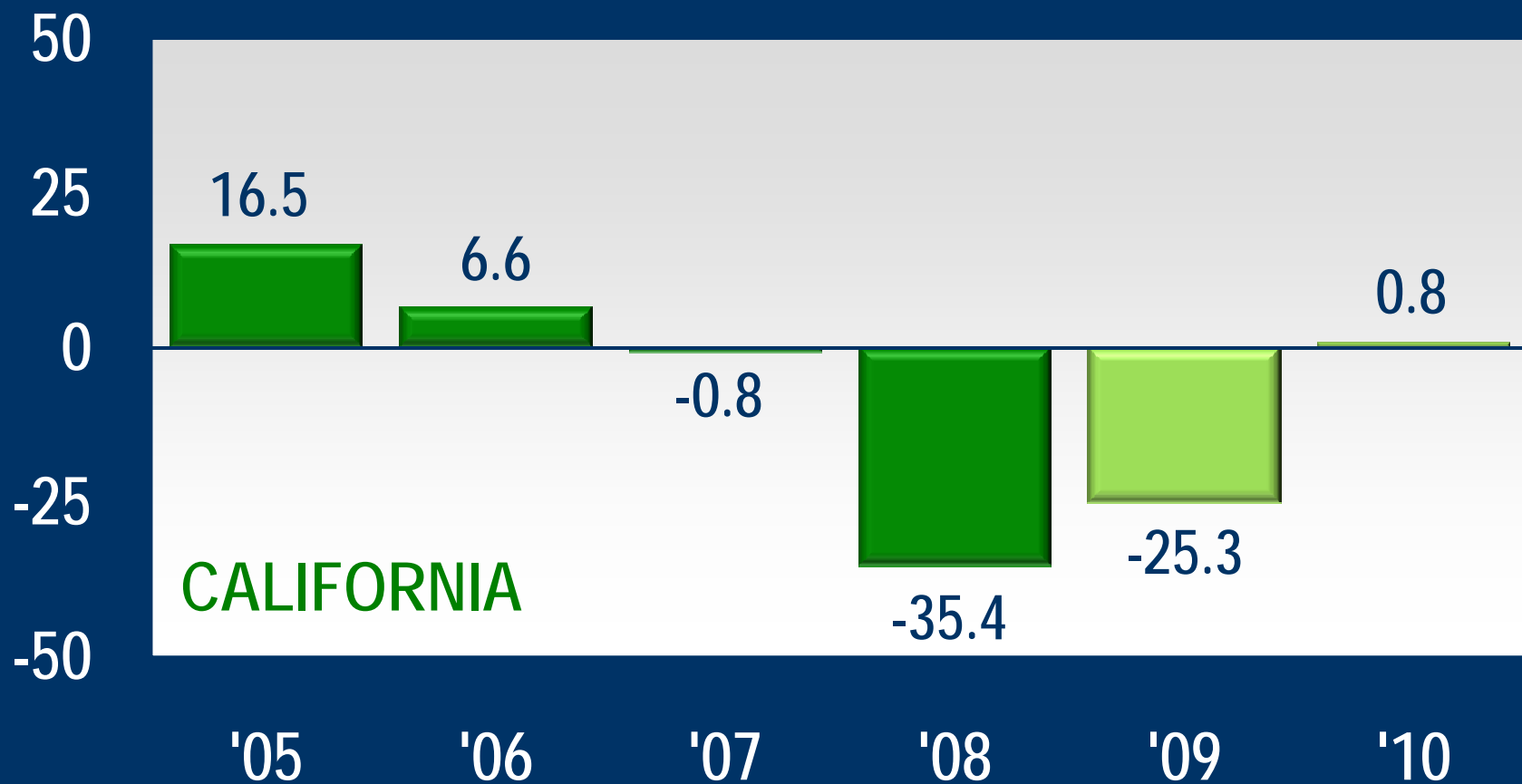
Factors Affecting Housing Prices

	Projected Impact	
	2009	2010
Housing Affordability *	positive	positive
Underwriting Standards	negative	neutral
New Housing Permits	positive	positive
Inventory of Resale Homes	negative	neutral
Unemployment Rate	negative	negative
Job Creation	negative	neutral

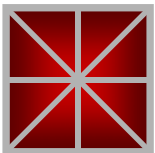
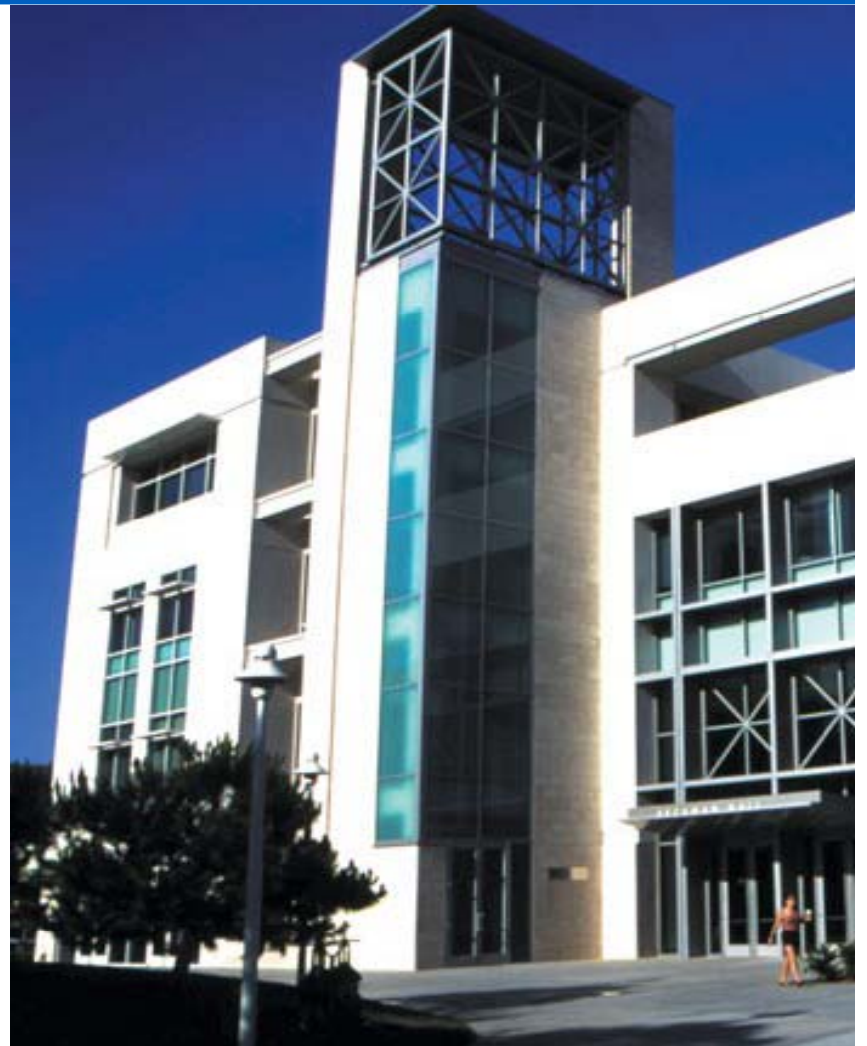
** Housing affordability is computed based on home prices, mortgage rates, and median family income.*

Resale Single-Family Housing Prices

Annual % Change

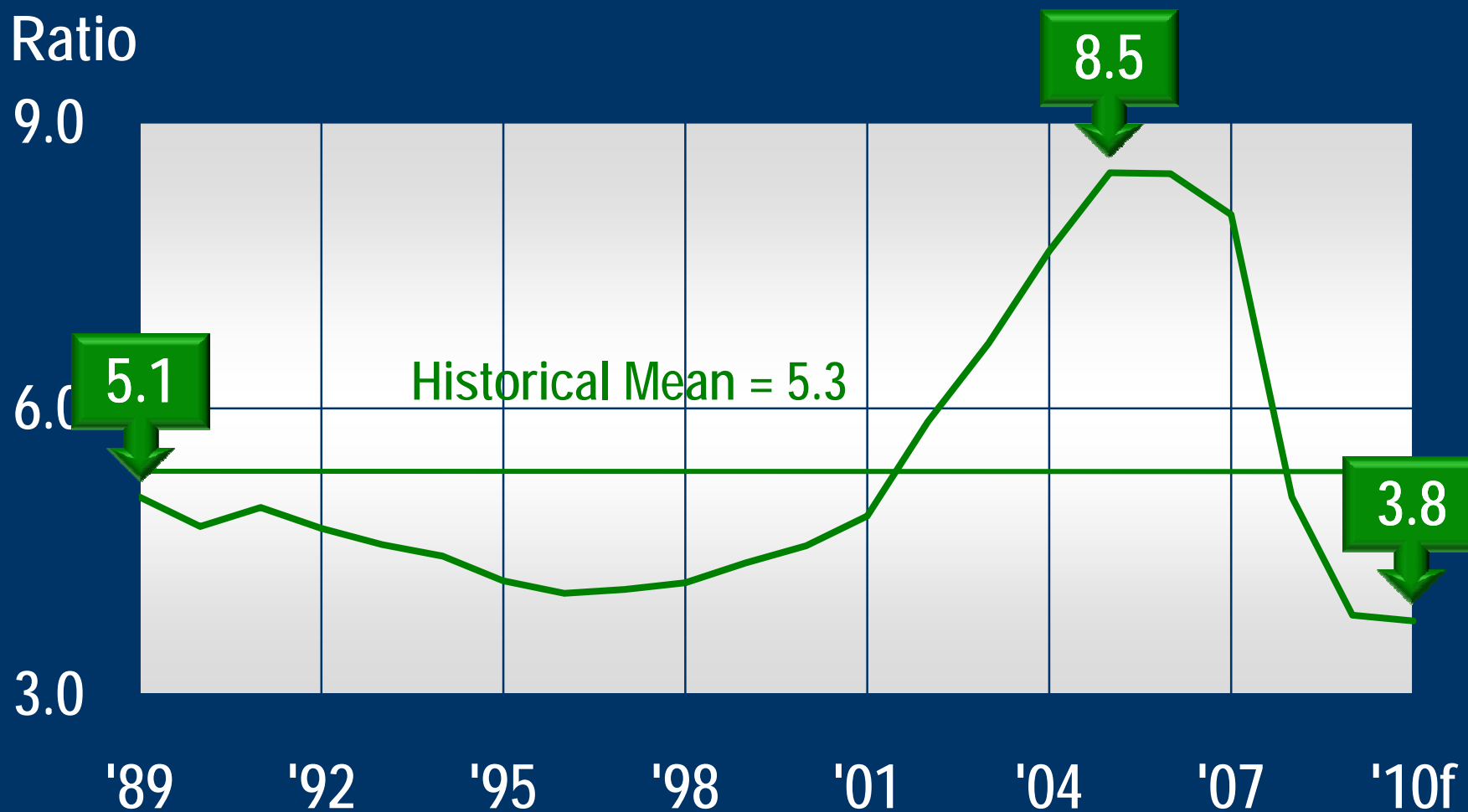


Home Prices: Are We At The Bottom?

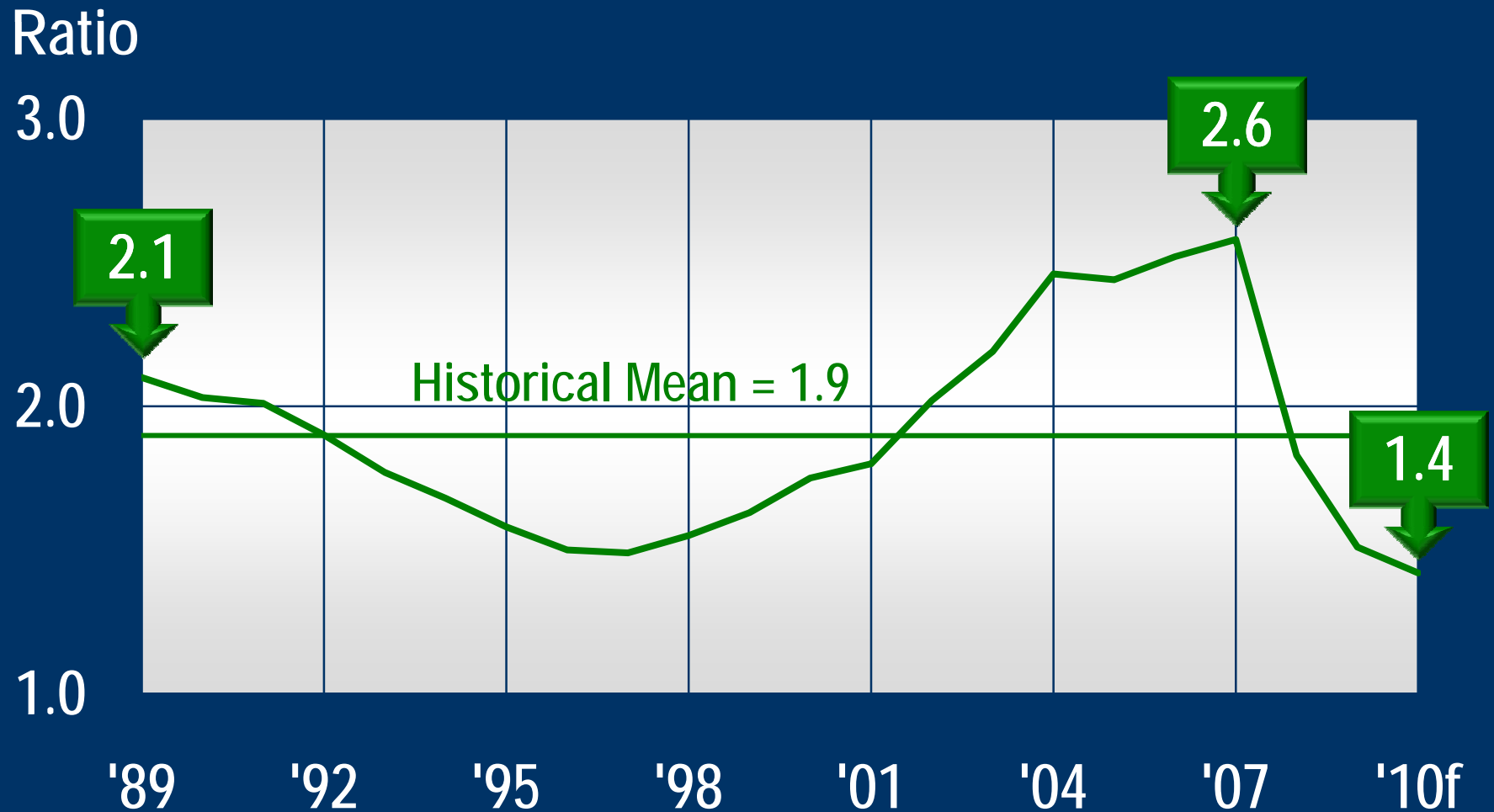


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Ratio of Median-Priced Existing Single-Family Home to Median Family Income

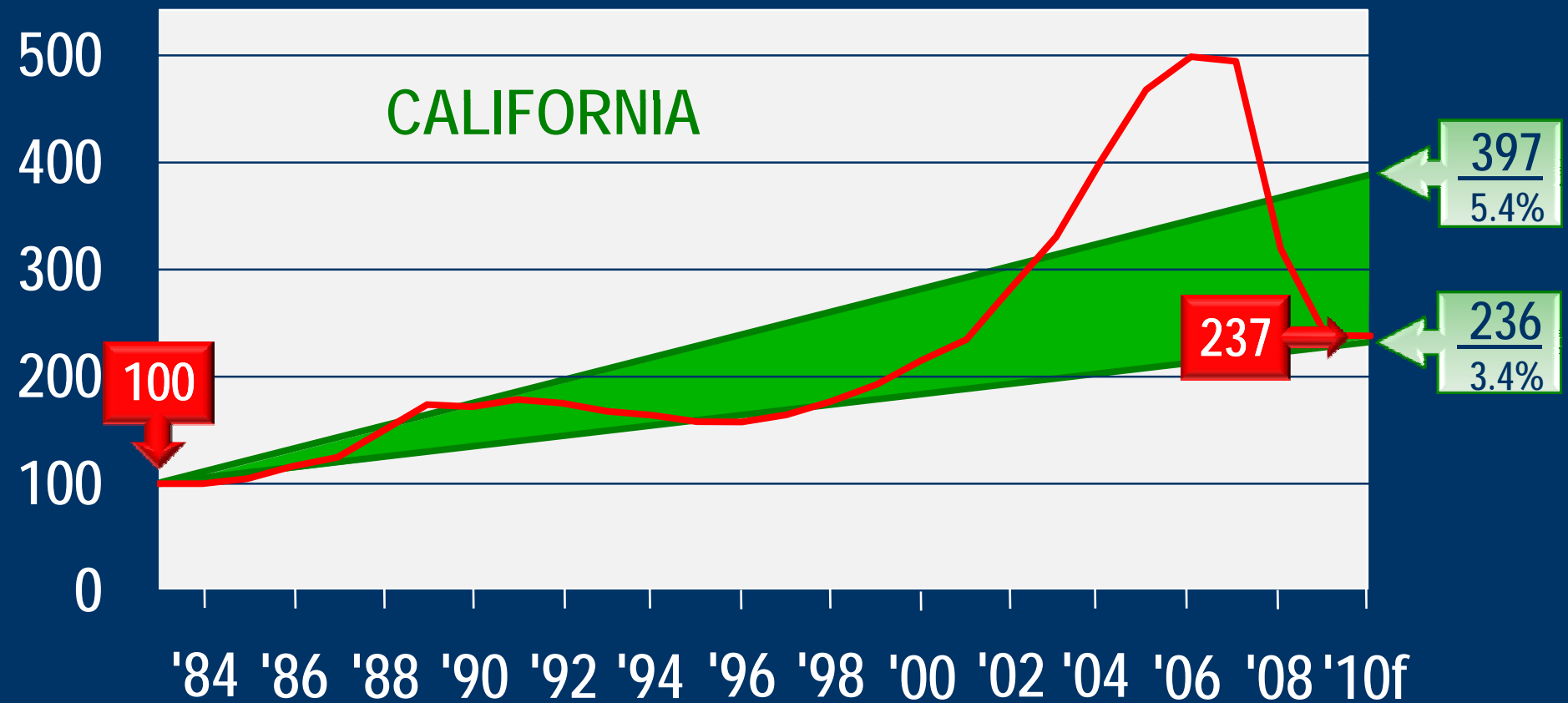


Ratio of California Home Prices to U.S.

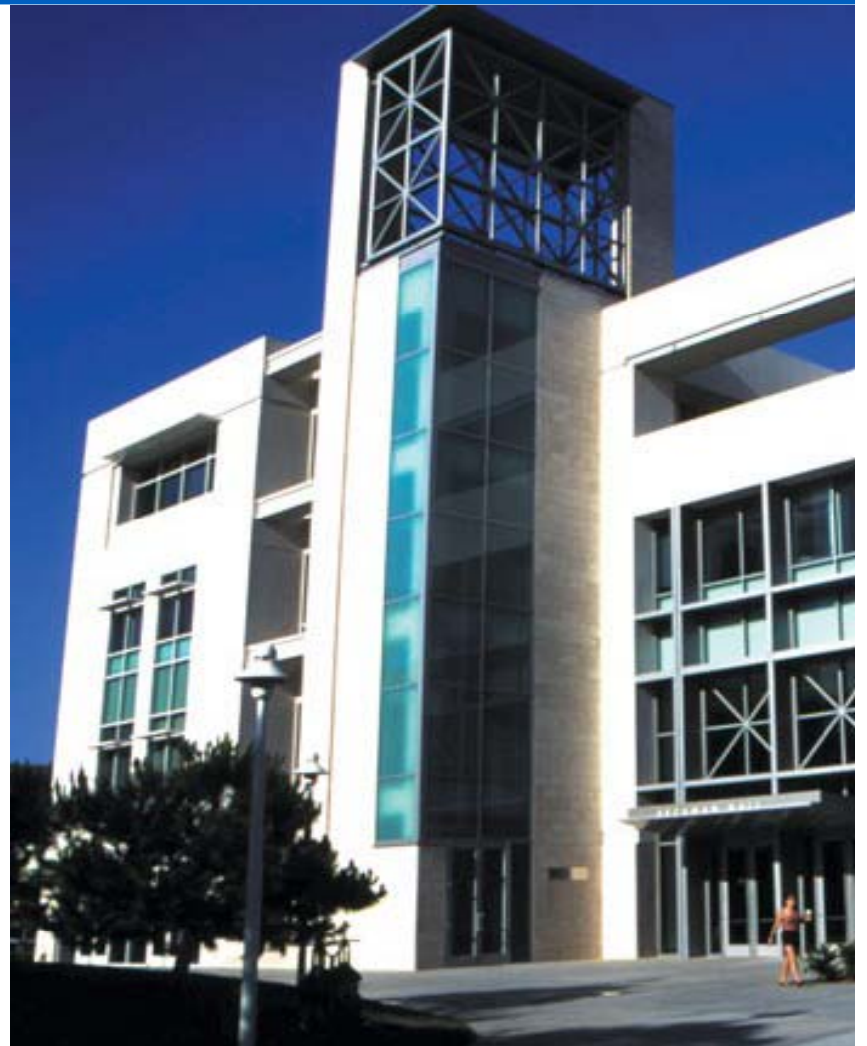


Median Home Price Appreciation & Inflation Rates

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