



The Post-Covid Economy

Where are we and what next?

Focus on the East Bay

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Big Themes on the Economy



- The US economy was fundamentally healthy in 2019, and most households (including renters) had a much better ability to weather an economic storm than they did in 2007
- The Covid pandemic has been a tragic natural disaster. Yet history shows that natural disasters have limited long-run economic impact. A quicker-than-normal recovery was almost certain.
- The fiscal and monetary policy reactions to the crisis have been overwhelming. As a result, the US economy will see an even *more* rapid recovery. But it will also introduce dangerous instabilities into the next expansion.
- By the end of Q2 2021 the US economy will close the output gap that started in Q1 2020, implying the entire business cycle was 6 quarters long. Full recovery took 9 years during the Great Recession.
- While there is little doubt that a portion of households continue to struggle, yet overall, the economic health of American workers looks remarkably strong.
- The housing situation is not dire; housing is not a bubble (yet), and we are not facing an eviction crisis
- National and local policy leaders should be focused on using narrow policy measures to help those still in need, and then start to turn their attention to managing this next expansion

Miserabilism and the Pandemic



- The Economic Debate

- The macro debate, “U”, “V”, or whatever... most called “U”—slow recovery
- Our outlook “V”—This is not the great recession situation

- The Pandemic Business Cycle

- The recession ended in April
- 70% recovery in economic activity since trough even with last surge
- Plenty of dry powder for post-Covid economic surge even without stimulus plans 2 & 3

BEACON

ECONOMICS

The Great Recession vs Today



Then

Now

The Pre-Recession Economy

Over-heated by sub-prime lending bubble

Slow steady growth due to labor shortages / trade disruptions

Consumer Finances

Record high debt / income, record low savings

Record low FOR, 30 year high in savings rates

Housing

Record high share housing for sale / rent, massive HPI growth

Record low share housing for sale / rent, slowing HPI growth

Recession Driver

Demand shock caused by collapse in wealth, flow-stock issues

Supply shock driven by fear and health mandates

Government Stimulus

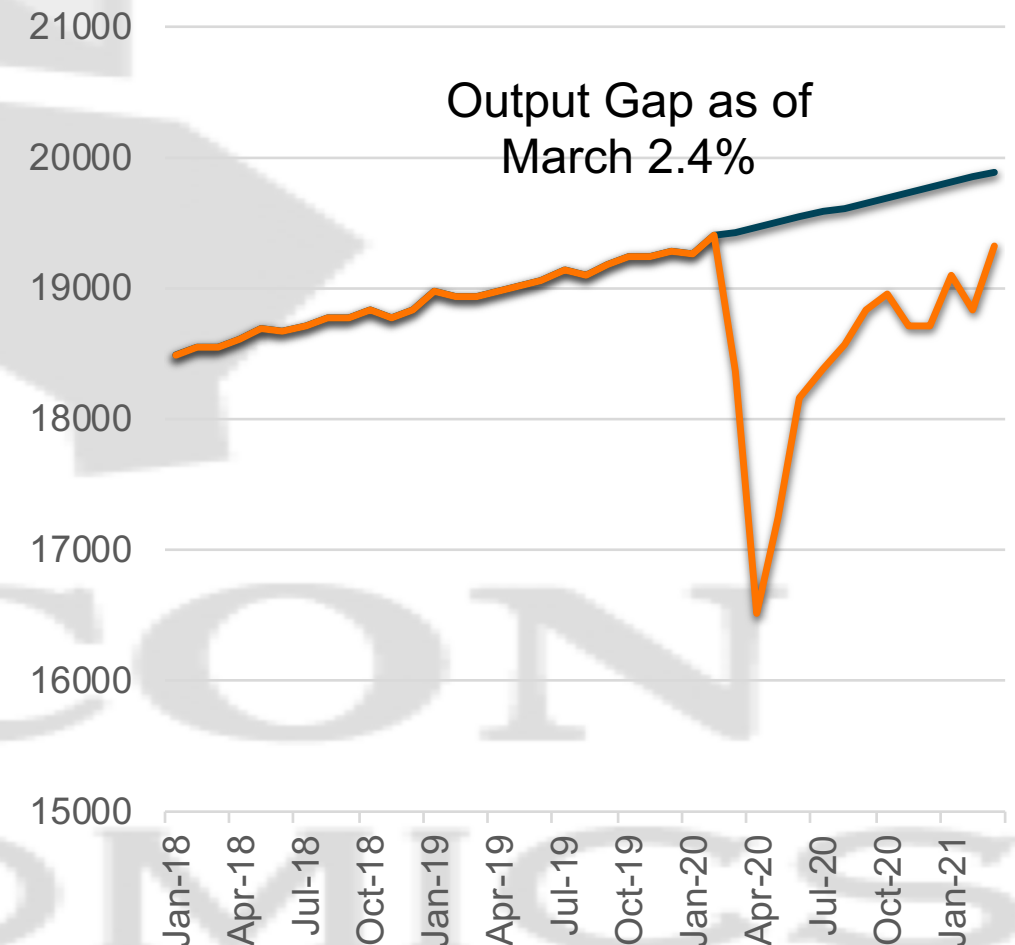
Too little, too late

Too much, too soon

Where Are We Now?

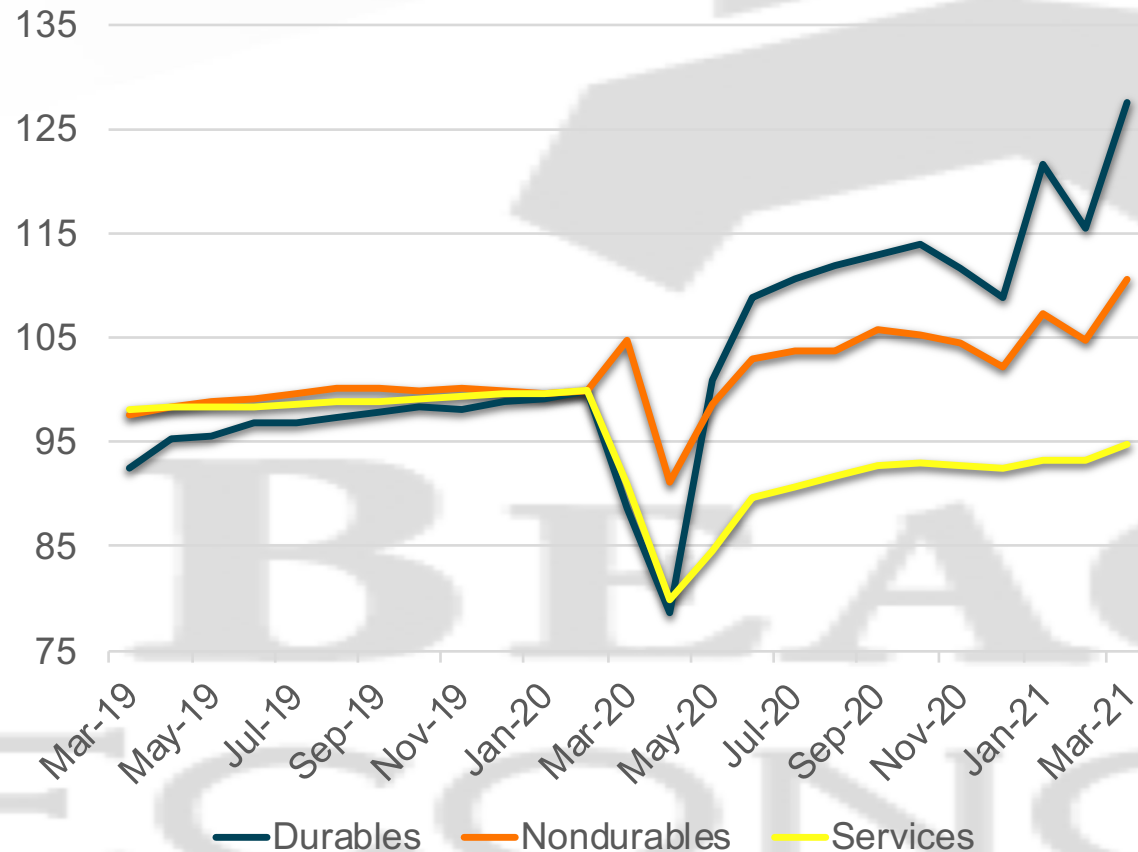
	2018	2019	2020		2021	Q419-Q121
					Q1	Gap
GDP	3.00	2.20	-3.50		6.40	-0.9%
Consumption	1.85	1.64	-2.63		7.02	-0.1%
Durable goods	0.48	0.34	0.45		2.95	21.7%
Nondurable goods	0.38	0.44	0.35		2.00	7.7%
Services	0.98	0.86	-3.43		2.07	-5.7%
Investment	1.08	0.30	-0.92		-0.87	2.4%
Structures	0.11	-0.02	-0.33		-0.12	-17.1%
Equipment	0.45	0.12	-0.29		0.93	7.5%
IPP	0.34	0.29	0.08		0.48	4.6%
Residential	-0.02	-0.07	0.23		0.49	17.3%
Change inventories	0.20	-0.02	-0.61		-2.64	
Net exports	-0.25	-0.18	-0.14		-0.87	
Exports	0.36	-0.01	-1.47		-0.10	-11.2%
Imports	-0.62	-0.16	1.33		-0.77	0.8%
Government	0.32	0.40	0.20		1.12	1.0%
Federal	0.18	0.26	0.29		0.93	5.8%
State and local	0.13	0.14	-0.09		0.19	-1.9%

Actual GDP and Trend



A Winner / Loser Recovery

Real Consumer Spending
(indexed, Feb 2020 = 100)



Retail Sales Numbers

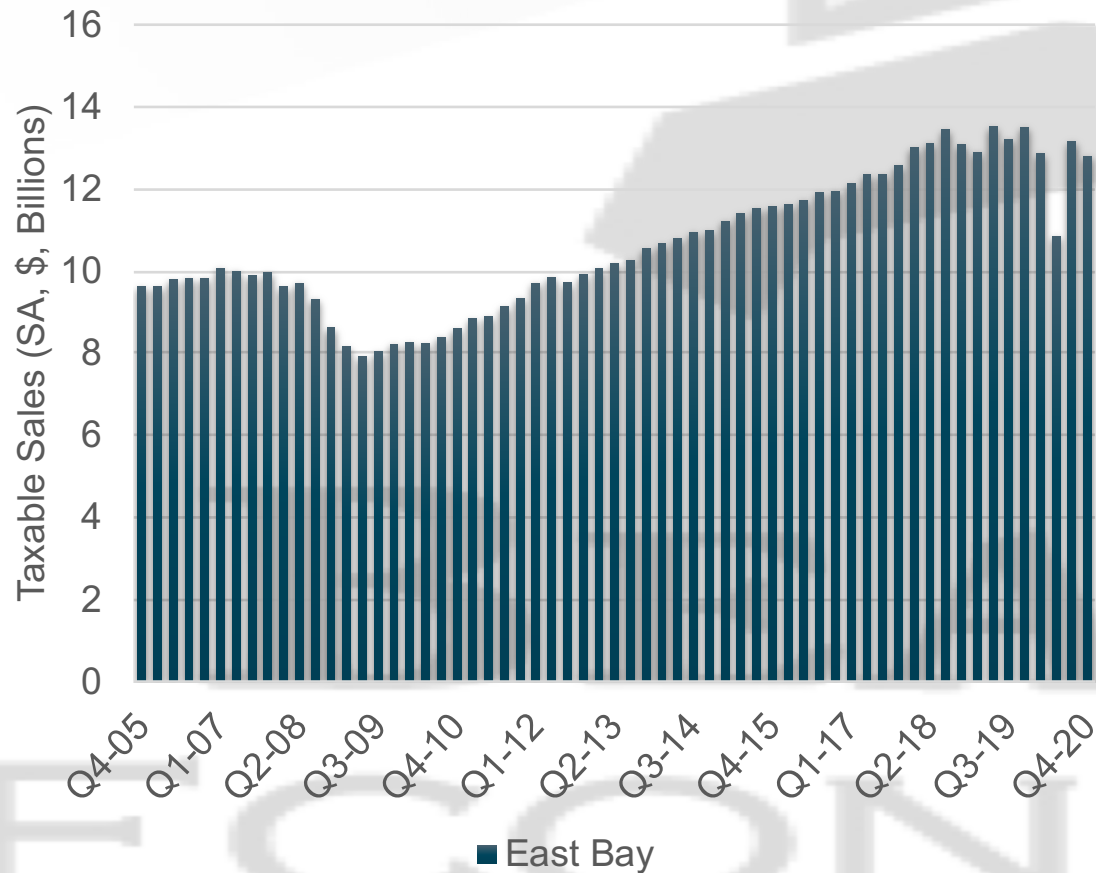
February to February Growth Rate

Total	6.7%
Non-Store	27.4%
Sporting / Hobby	16.5%
Hardware	15.3%
Food / Beverage	11.1%
Auto Dealers	10.2%
Furniture	8.6%
Health	4.5%
Department Stores	4.0%
Gasoline	1.6%
Appliances	-4.1%
Clothing	-12.7%
Restaurants / Bars	-16.0%

Business Activity



East Bay Taxable Sales

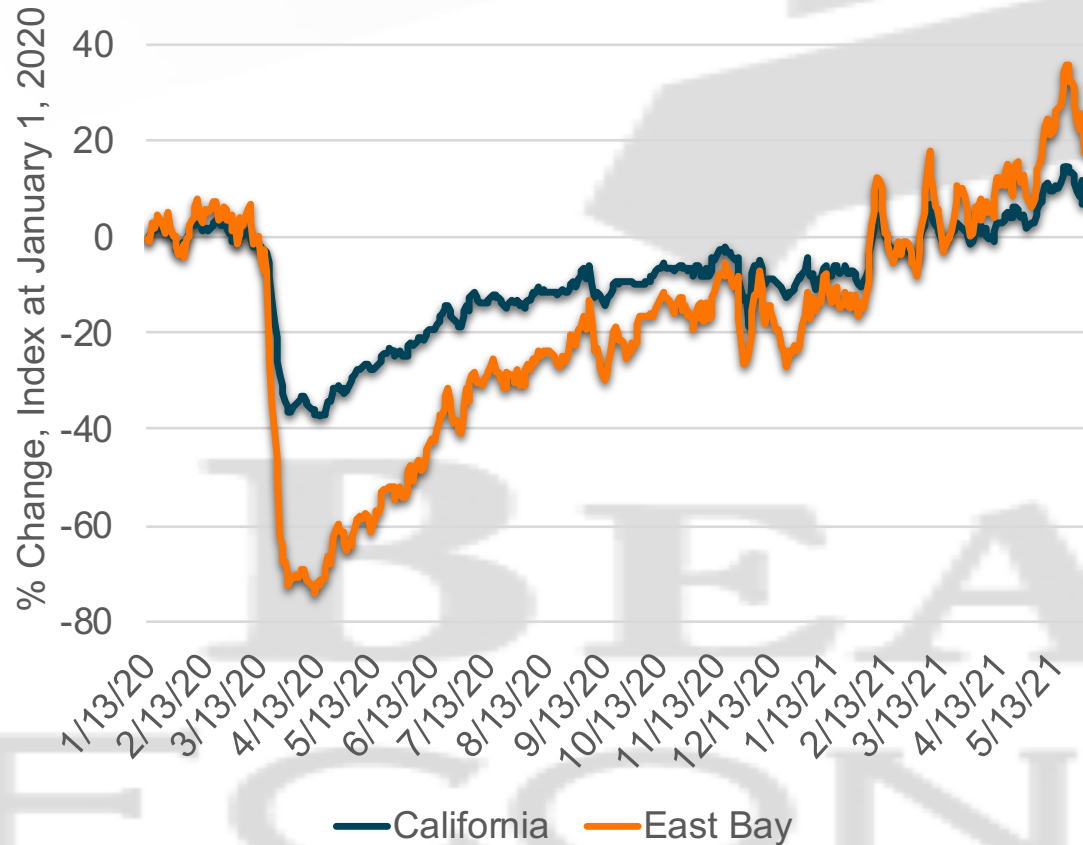


Category	East Bay 2020 Sales Tax Receipts (\$, Mil)	1-Yr Growth
Total	500.3	-7.5
County & State Pool	120.9	30.1
Food and Drugs	29.6	5.6
Building and Construction	48.8	-1.7
Business and Industry	78.4	-4.8
Autos and Transportation	82.8	-8.5
General Consumer Goods	71.8	-24.0
Restaurants and Hotels	40.9	-33.4
Fuel and Service Stations	26.9	-35.0

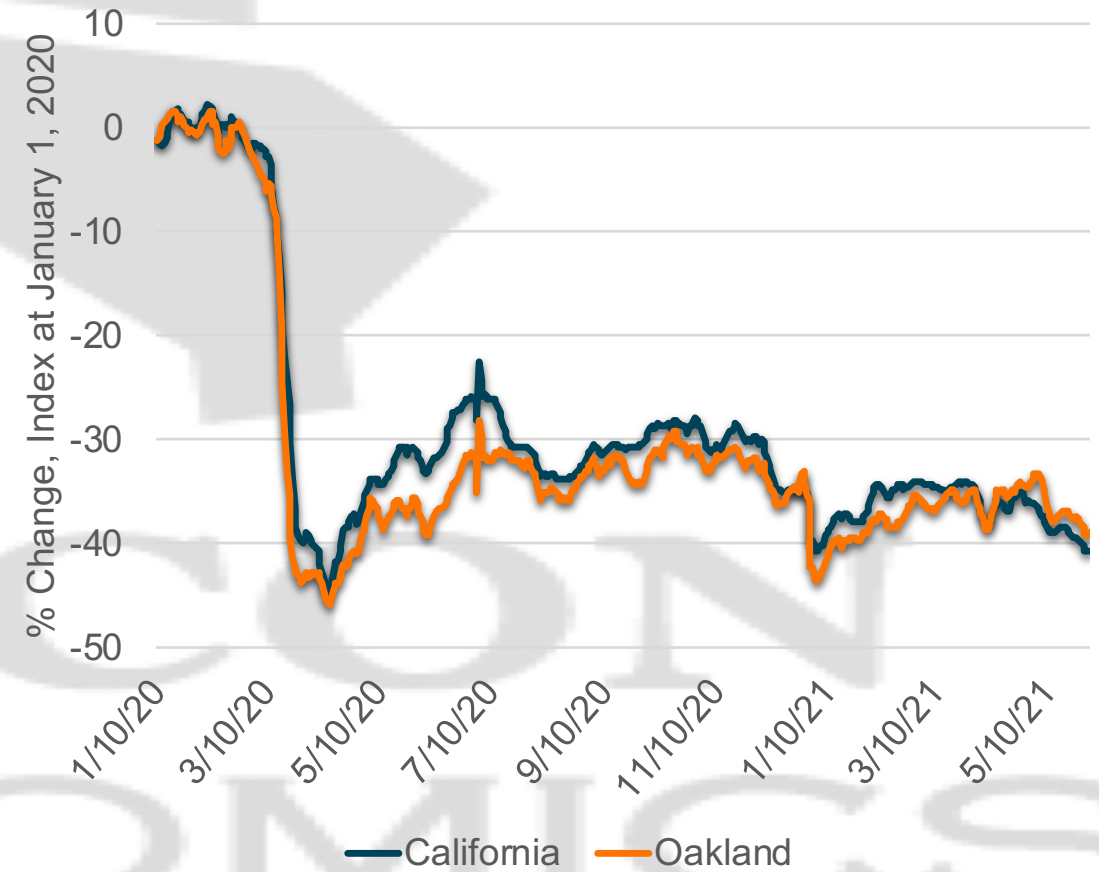
Business Activity



Consumer Spending

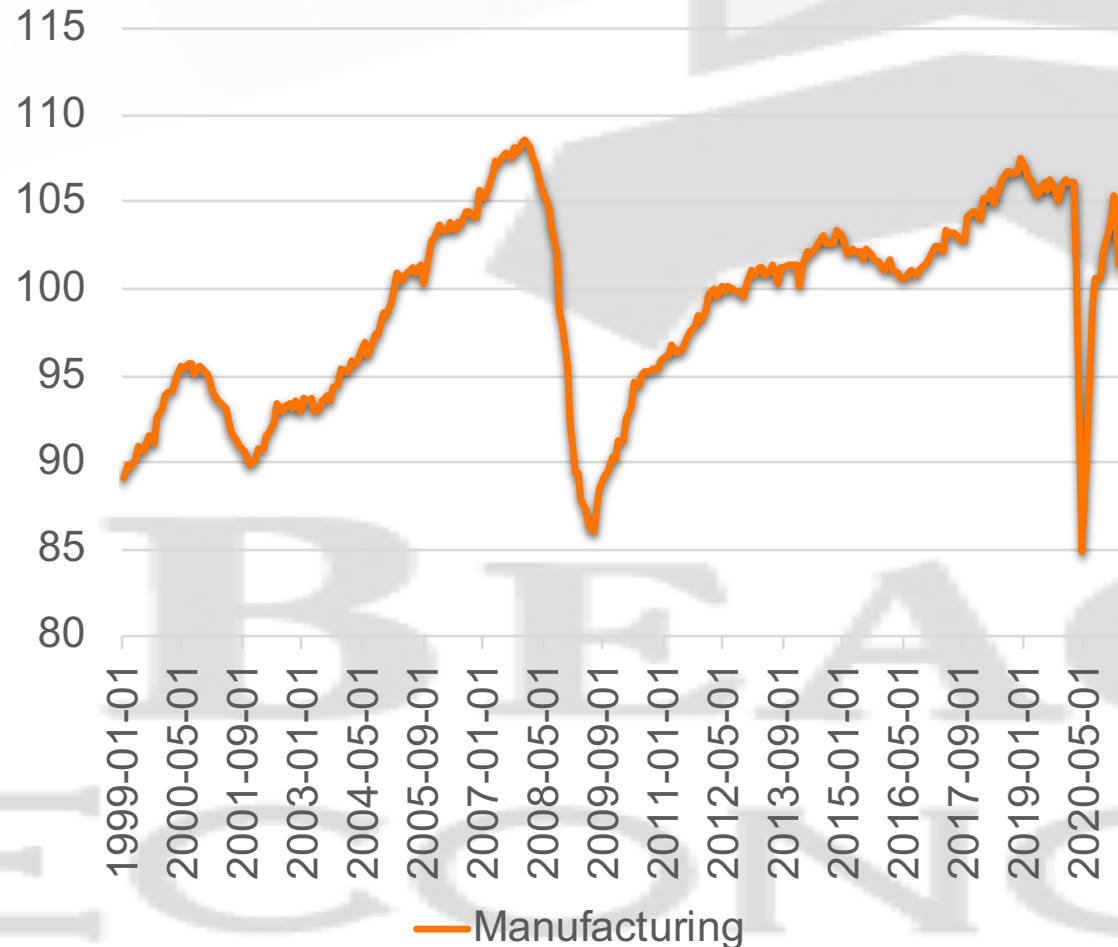


Small Business Openings

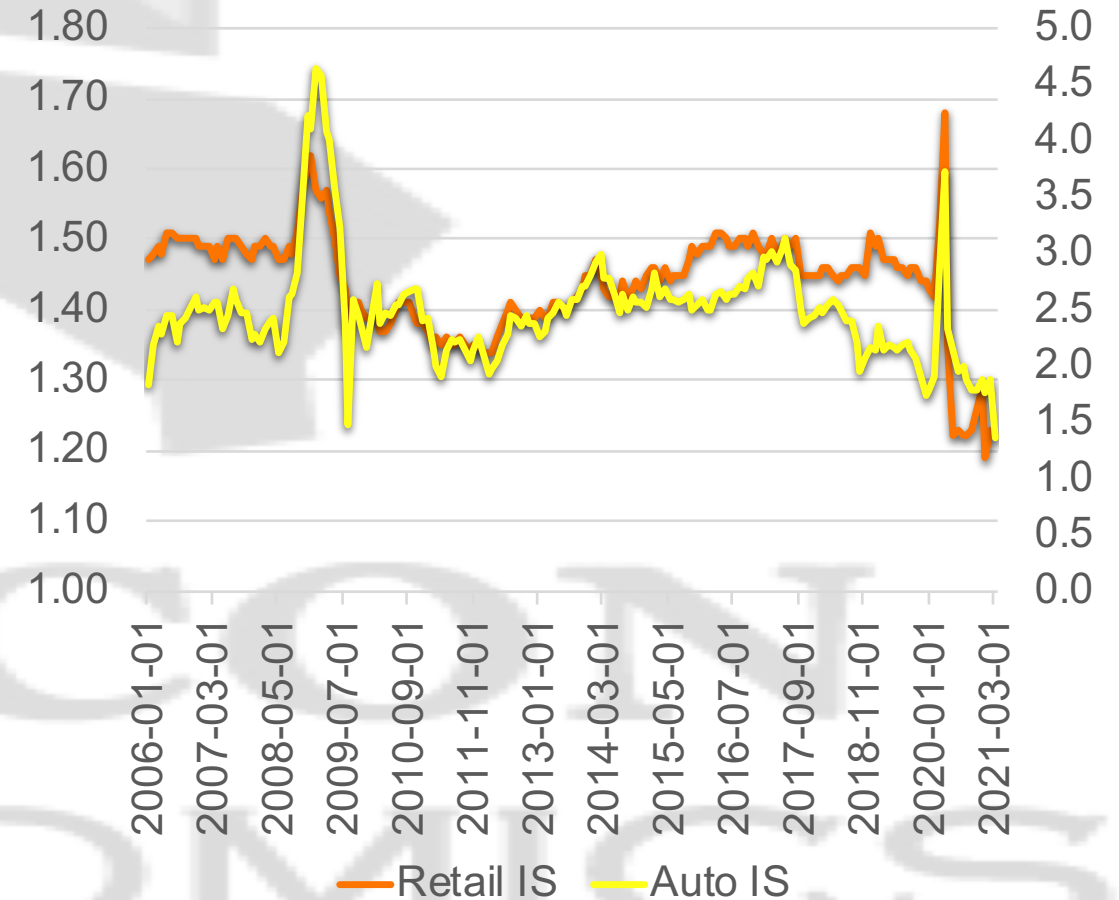


Production Trends

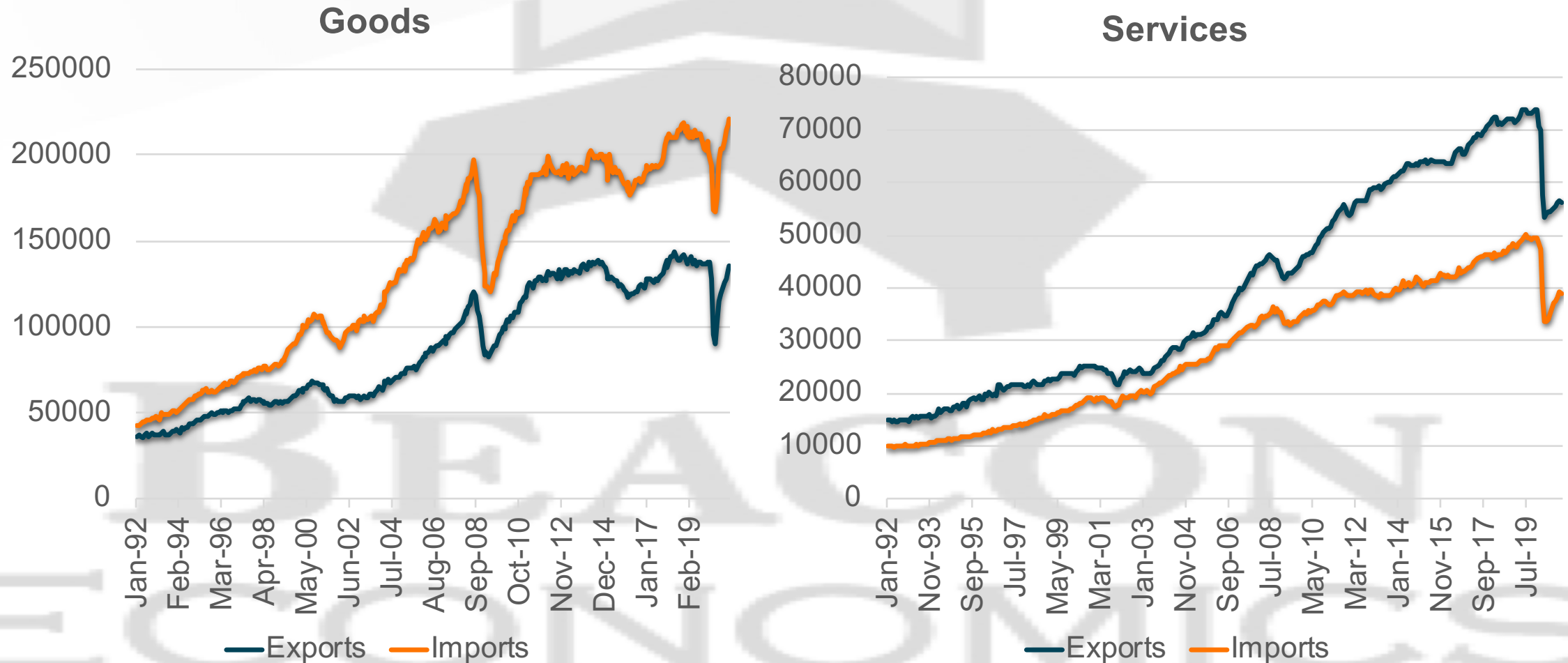
Industrial Production Indexes



Inventory to Sales Ratios

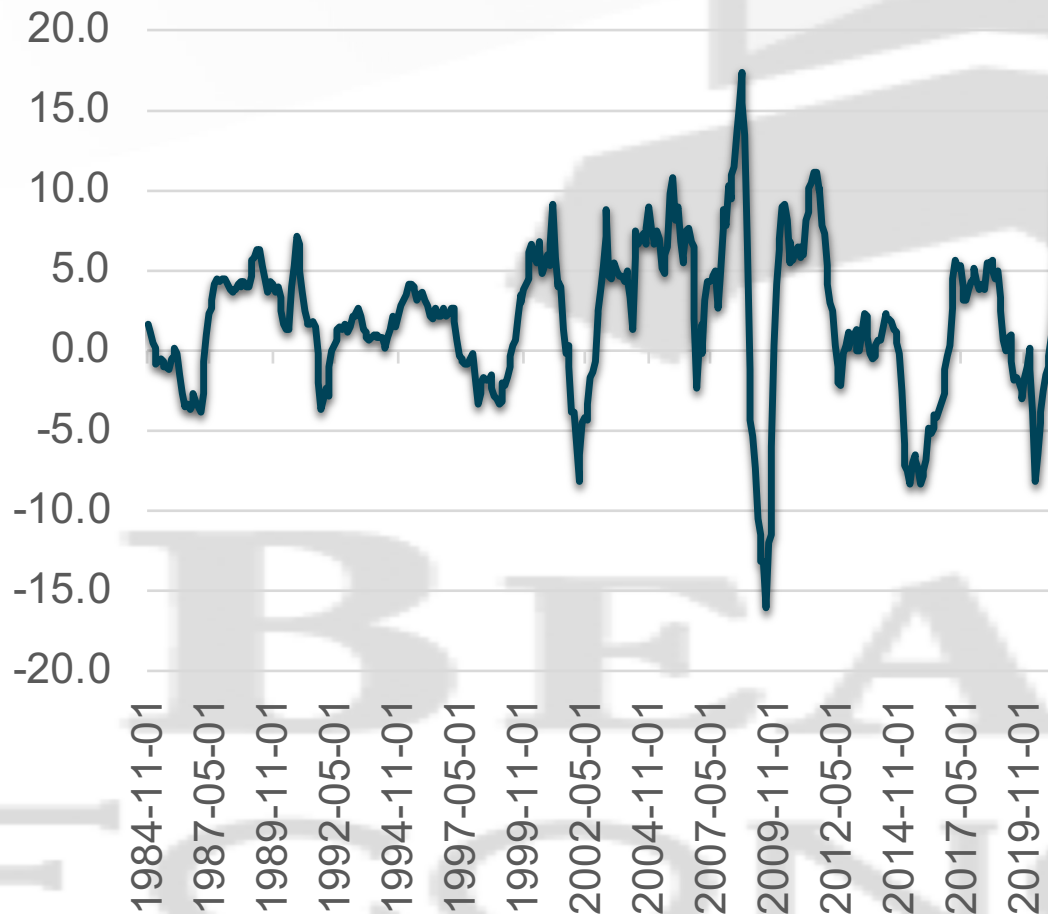


Trade Flows



Caught Off Guard...

PPI: Commodities



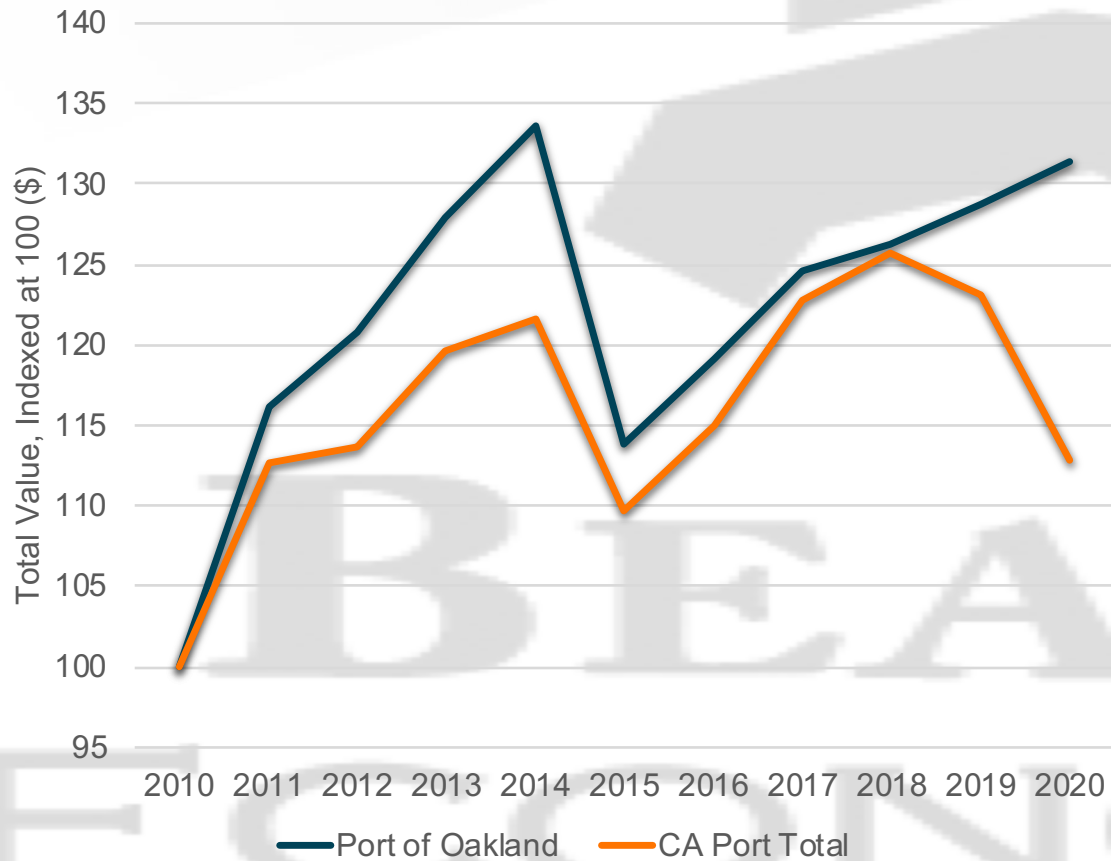
April to April Price Change

Jet fuel	135.1
No. 2 diesel fuel	126.7
Softwood lumber	121.1
Building paper and board	95.5
Lubricating oil base stocks	71.4
Plywood	70.4
Steel mill products	67
Fats and oils, inedible	66.2
Asphalt	64.3
Phosphates	51.3
Copper and brass mill shapes	49
Basic organic chemicals	47.8
Plastic resins and materials	42.1
Primary nonferrous metals	33.8
Hardwood lumber	31.6
Fats and oils	31.4
Industrial natural gas	29.9

Trade



Exports, Indexed at 100

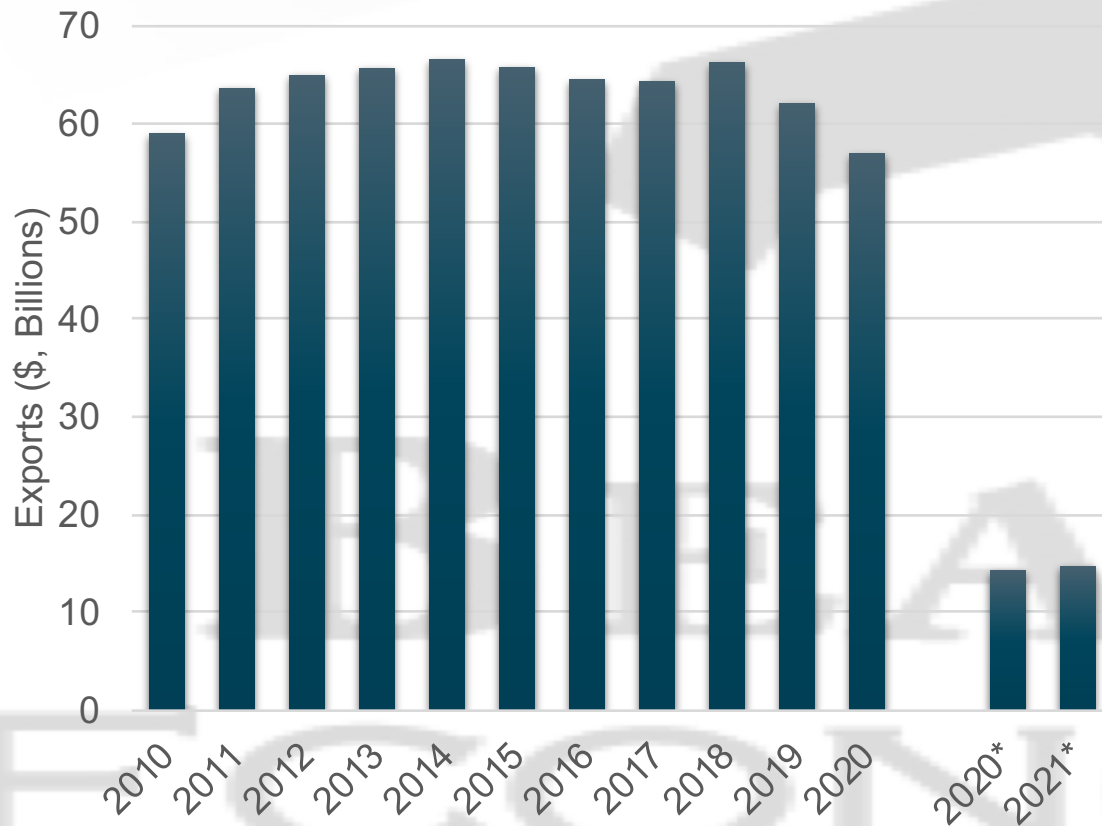


Port	Imports (\$, Billions)		Exports (\$, Billions)	
	2020	1-Yr Chg	2020	1-Yr Chg
Port of Oakland	30.1	-0.8	20.7	0.4
CA Total	489.3	-29.9	189.7	-17.2

Tech Exports



**Tech Related Subsector Exports
California**

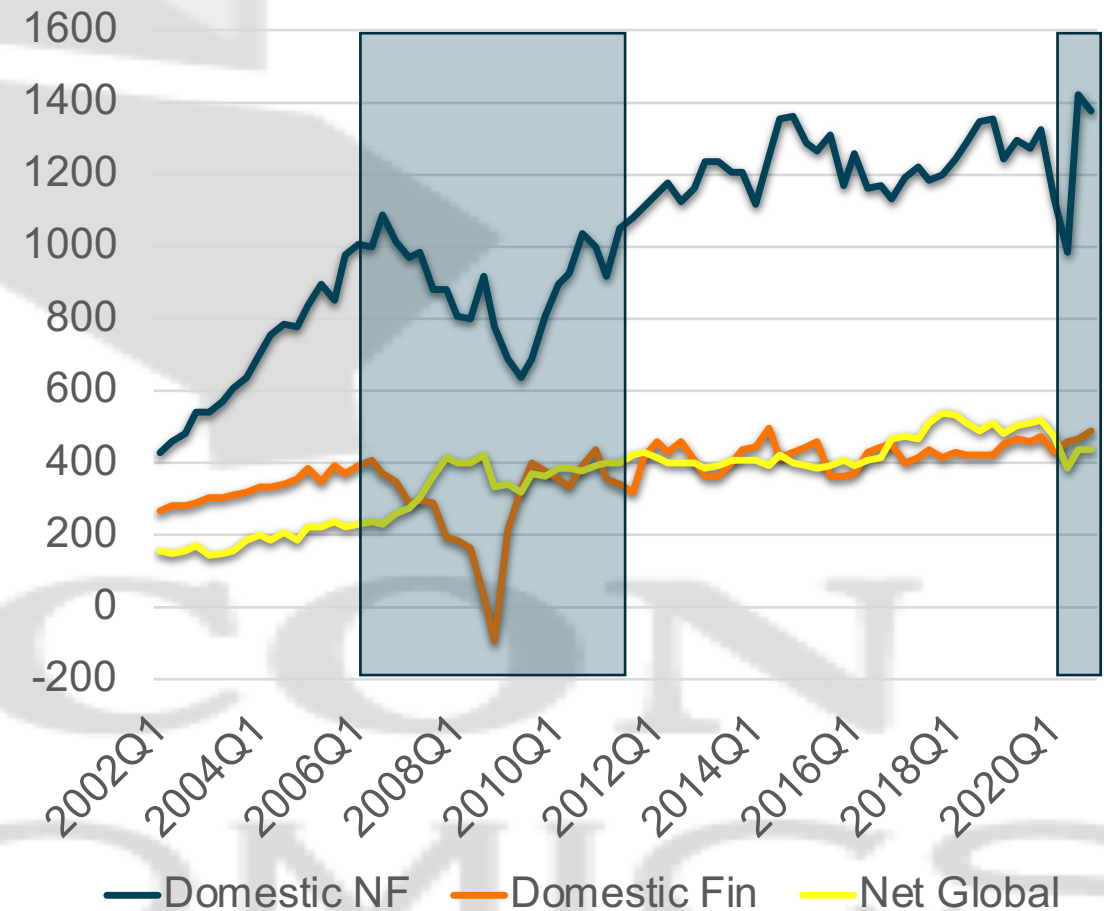


Tech Industry	Mar-21 YTD (\$, Bil.)	1-Yr % Change
Total Tech	14.8	3.1
Computer/electronic Mfctg	9.4	2.9
Pharmaceutical Mfctg	2.2	24.5
Aerospace Products	1.8	-14.8
Medical equipment	1.4	4.7

Profits and Investments

	2019	2021	
	Q4	Q1	
Computers	134.4	187.7	39.7%
Other IT Eq	358.3	429.4	19.8%
Res Structures	594.6	697.6	17.3%
Software	461.8	508.6	10.1%
Industrial equipment	245.3	252.9	3.1%
Research development	445.3	457	2.6%
Other equipment	248.5	254.3	2.3%
Transportation eq	283	262.5	-7.2%
Commercial health Str	163.4	150.1	-8.1%
Entertainment, literary	84.3	76.4	-9.4%
Power communication	120.1	106.2	-11.6%
Manufacturing Str	61.3	48.7	-20.6%
Other structures	96.4	75.8	-21.4%
Mining exploration	107.9	71.4	-33.8%

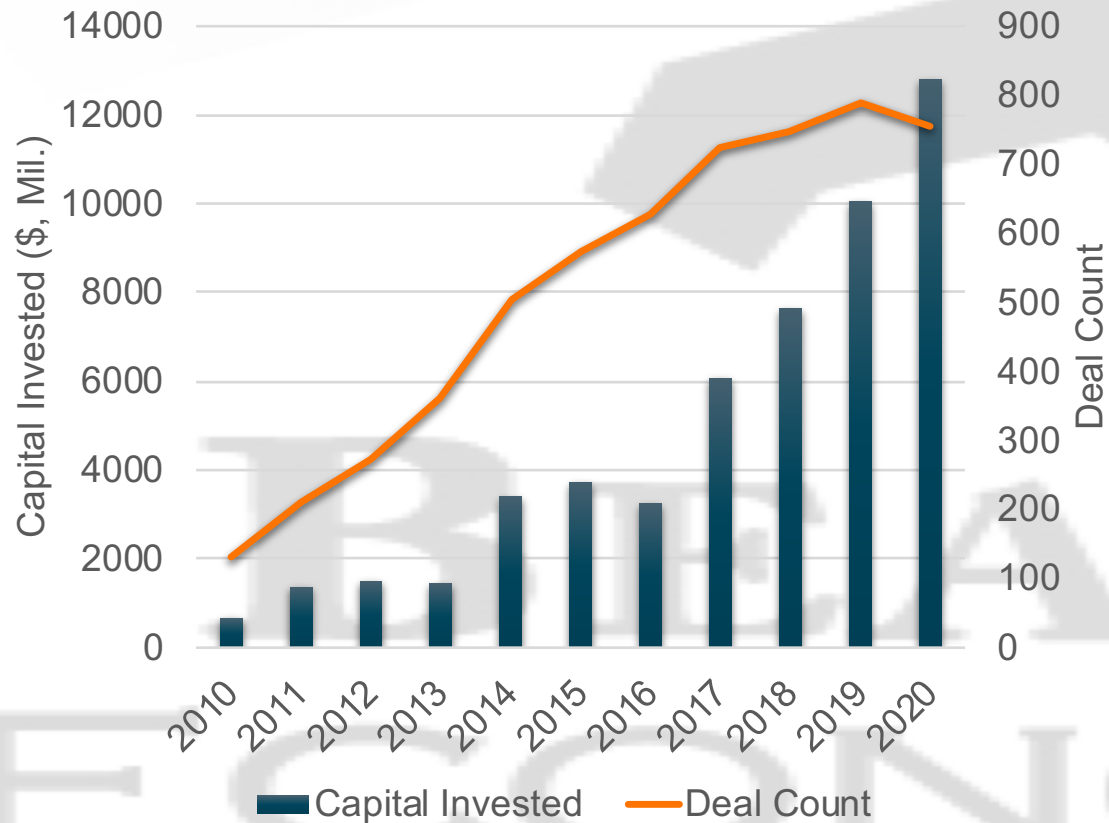
Nominal Gross Corporate Profits



Venture Capital



**Capital Invested and Deal Count
San Jose**

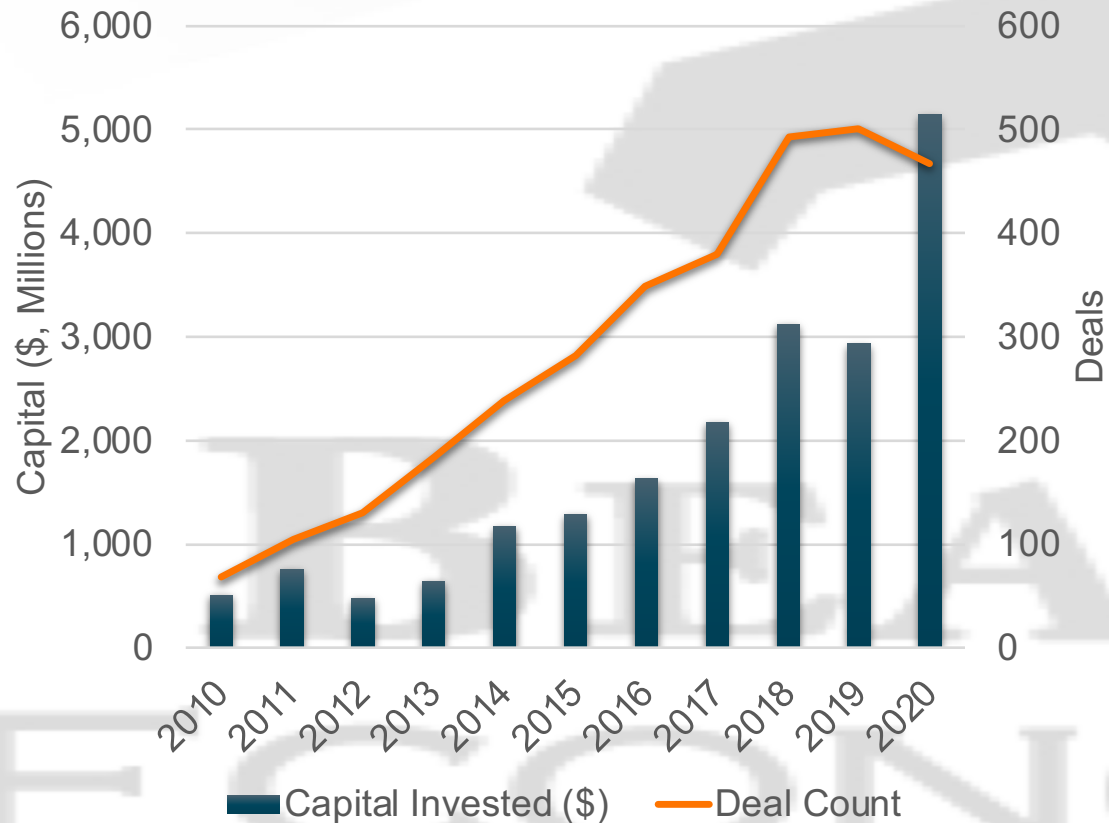


Company	Deal Size (\$, Mil.)	Industry
Waymo	3,000.0	Automotive
Netskope	340.0	Network Management
SentinelOne	267.0	Network Management
Cohesity	250.0	Database Software
Next Insurance	250.0	Commercial/Prof Insurance
SambaNova Systems	250.0	Business/Productivity
ThoughtSpot	248.0	Business/Productivity
PsiQuantum	229.7	Computer/Parts/Peripherals
Fungible	200.0	Systems/Info Management
Gong	200.0	Business/Productivity

Venture Capital



**Capital Invested and Number of Deals
East Bay**

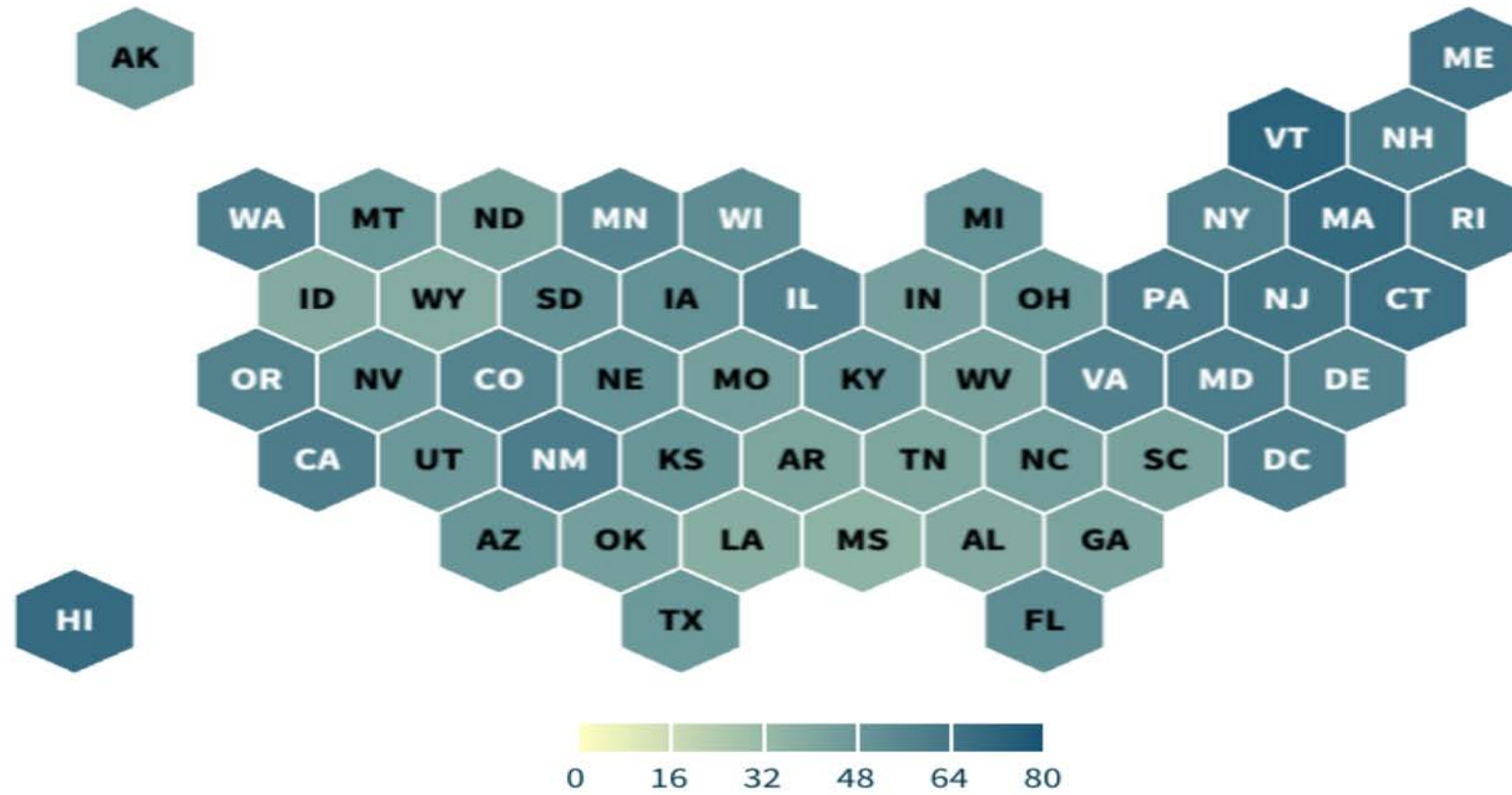


Company Name	Deal Size (\$, Mil.)	Industry Code
Pony.ai	462.0	Automotive
Pony.ai	367.0	Automotive
Perfect Day	300.0	Food Products
Upside Foods	186.3	Food Products
Tekion	150.0	Business Software
Fivetran	100.0	Business Software
Pivot Bio	100.0	Agricultural Chemicals
RefleXion Medical	100.0	Biotechnology
Geltor	91.3	Biotechnology
BioAge	90.0	Drug Discovery
Halio.	87.0	Electronic Equip/Instruments
Good Eggs	80.0	Specialty Retail
Rigetti	79.0	Application Semiconductors
Everlaw	78.0	Business Software
Truepill	75.0	Healthcare Tech Systems

And Now?

Share of Population Vaccinated Against COVID-19 ⓘ

Percent Vaccinated with One or More Doses



And Now?

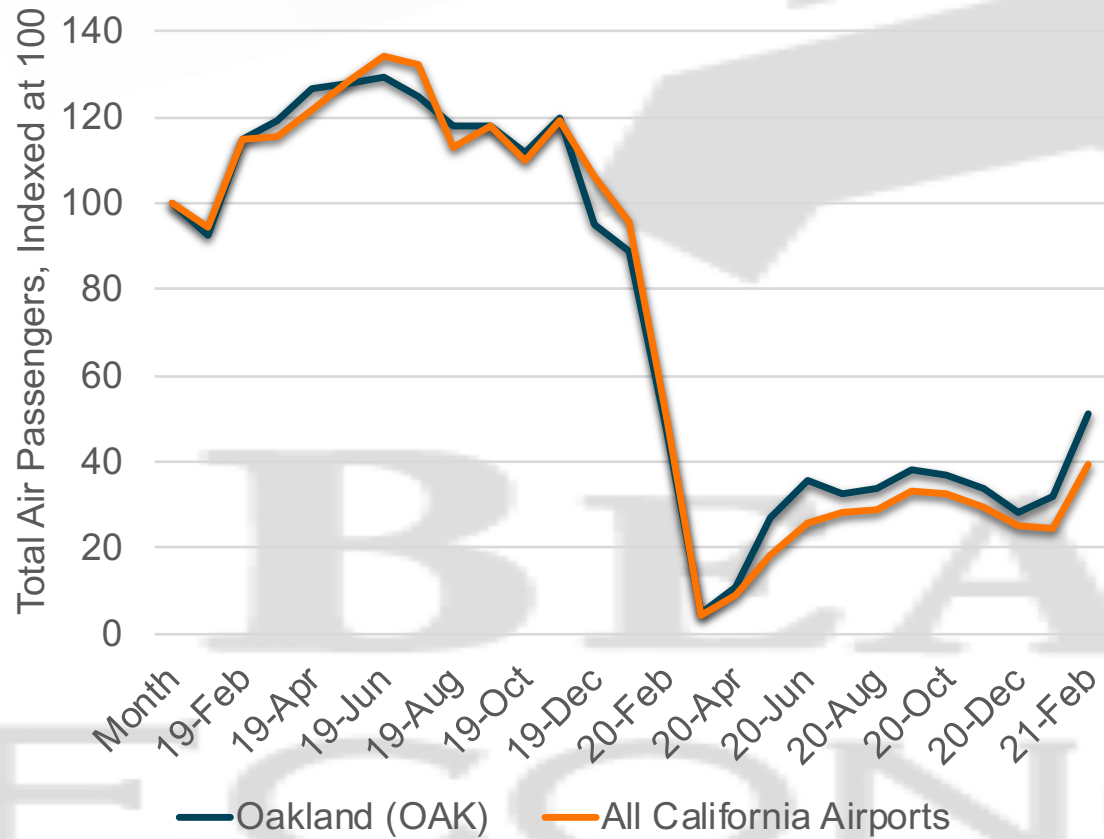
California Consumer Spending by Category *Opportunity Insights*



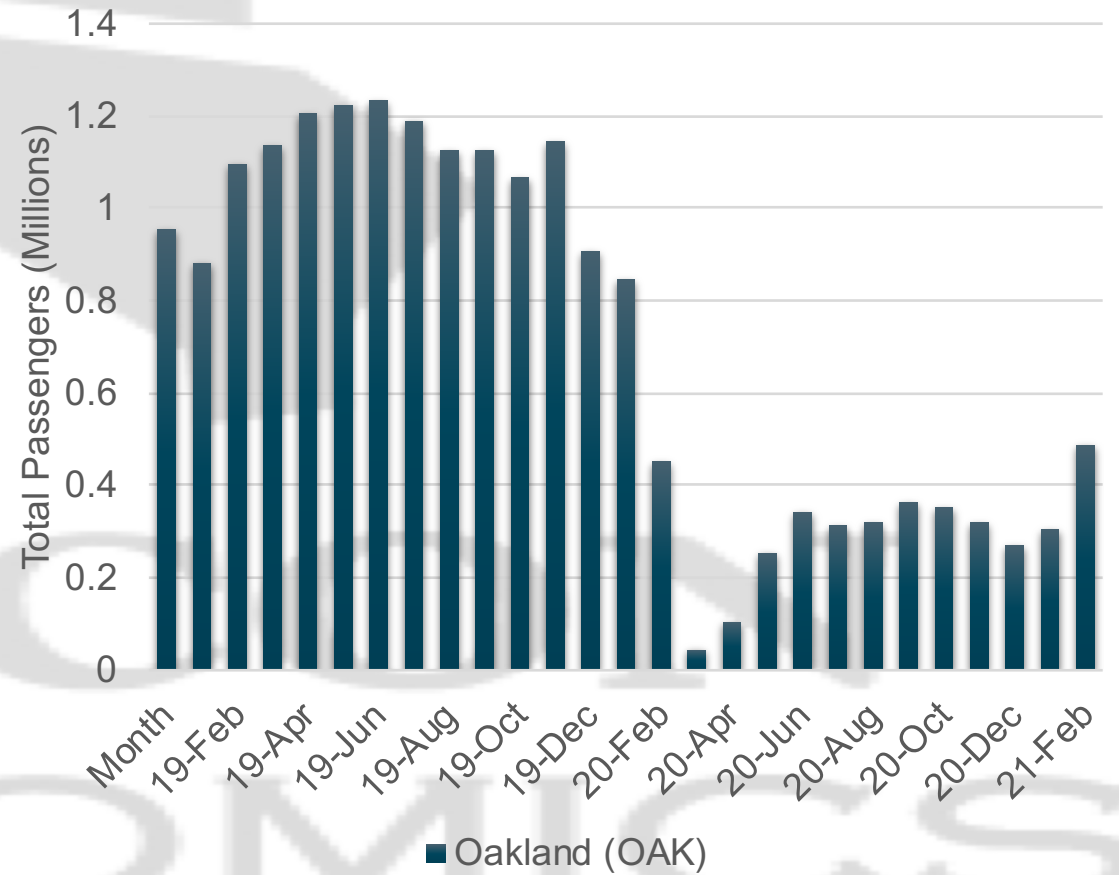
Air Travel



Total Air Passengers, Indexed at 100



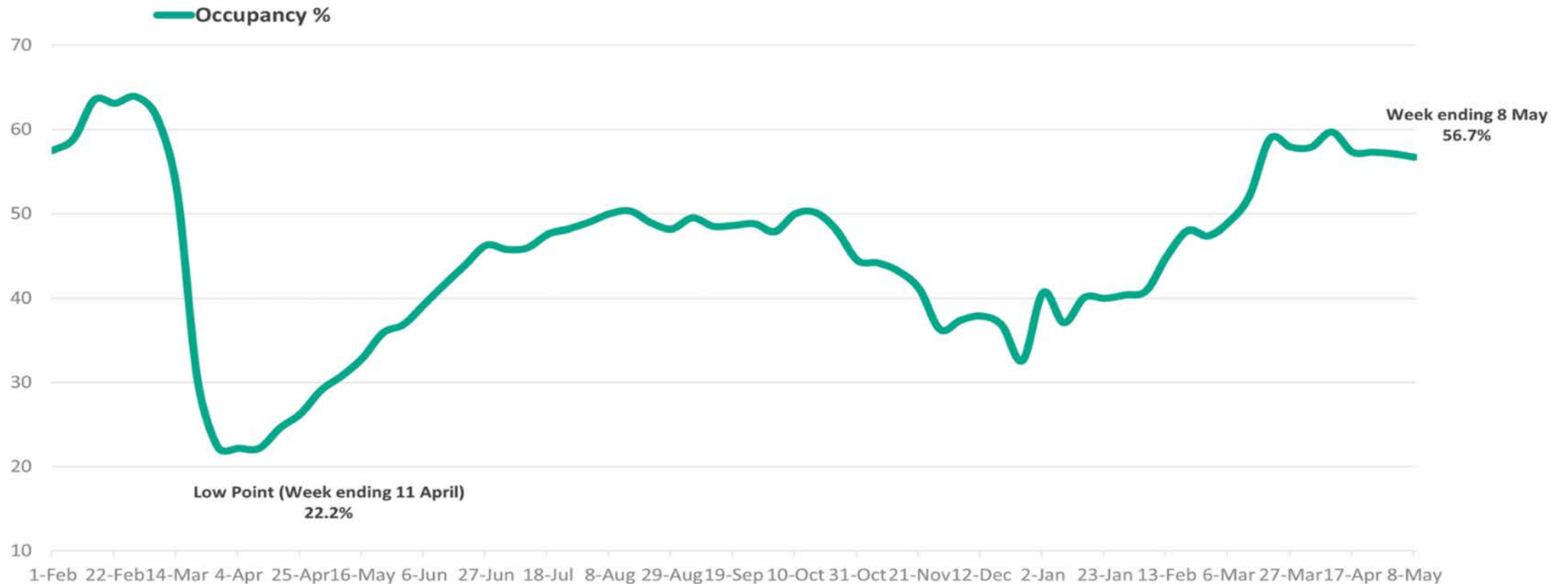
Total Air Passengers



Hotels and Airports

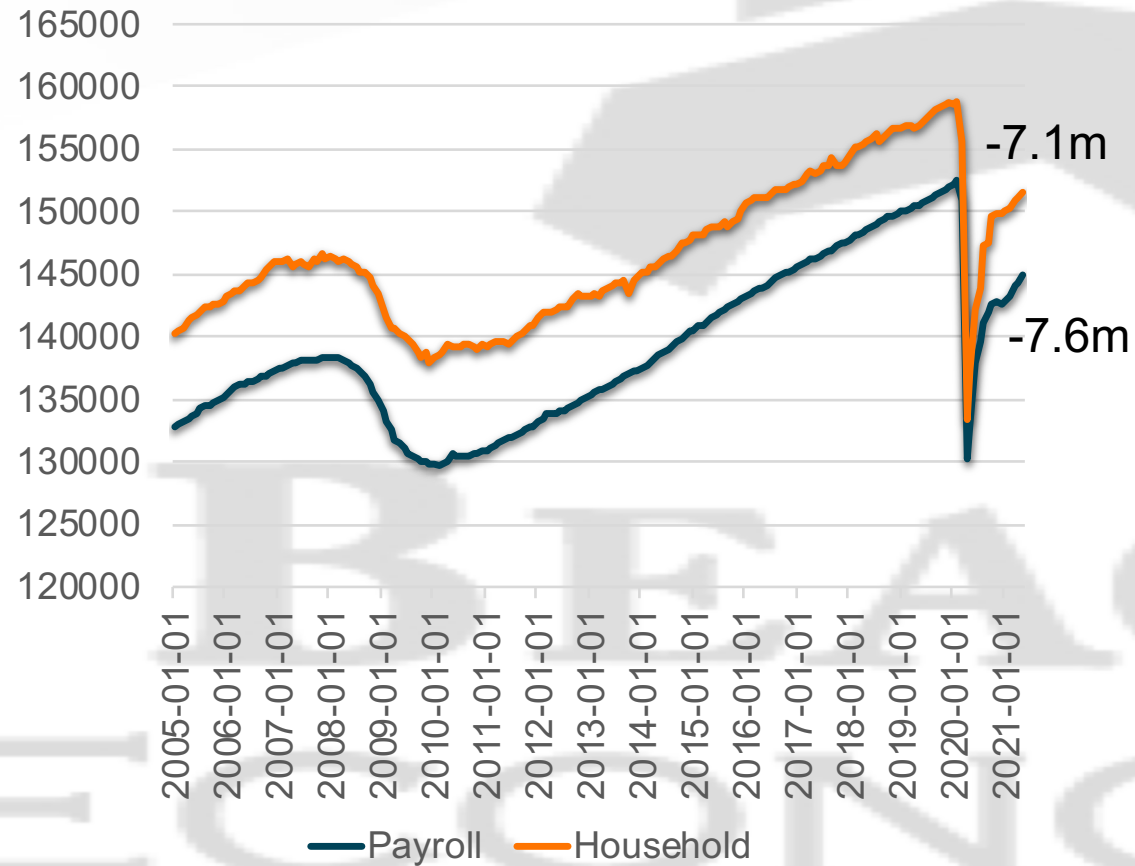
U.S. Hotel Occupancy

Weeks ending with specified dates

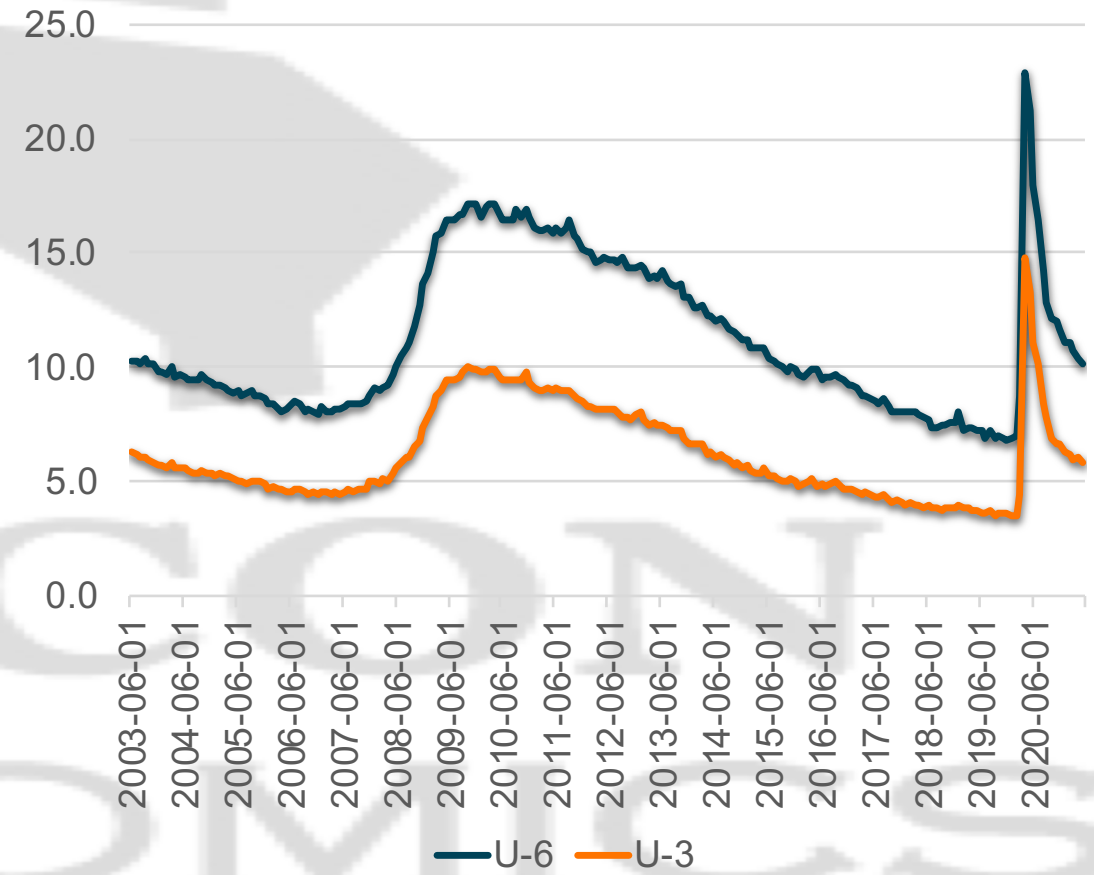


Labor Market Blues

Employment

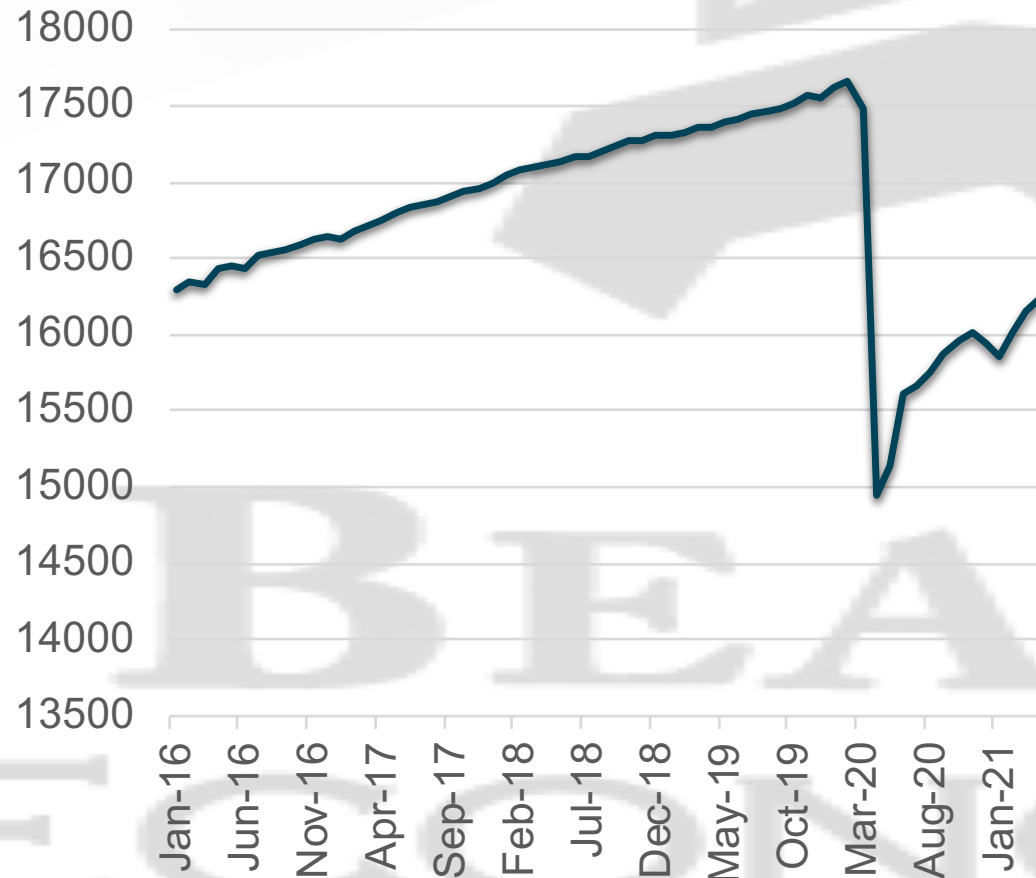


Unemployment Rate



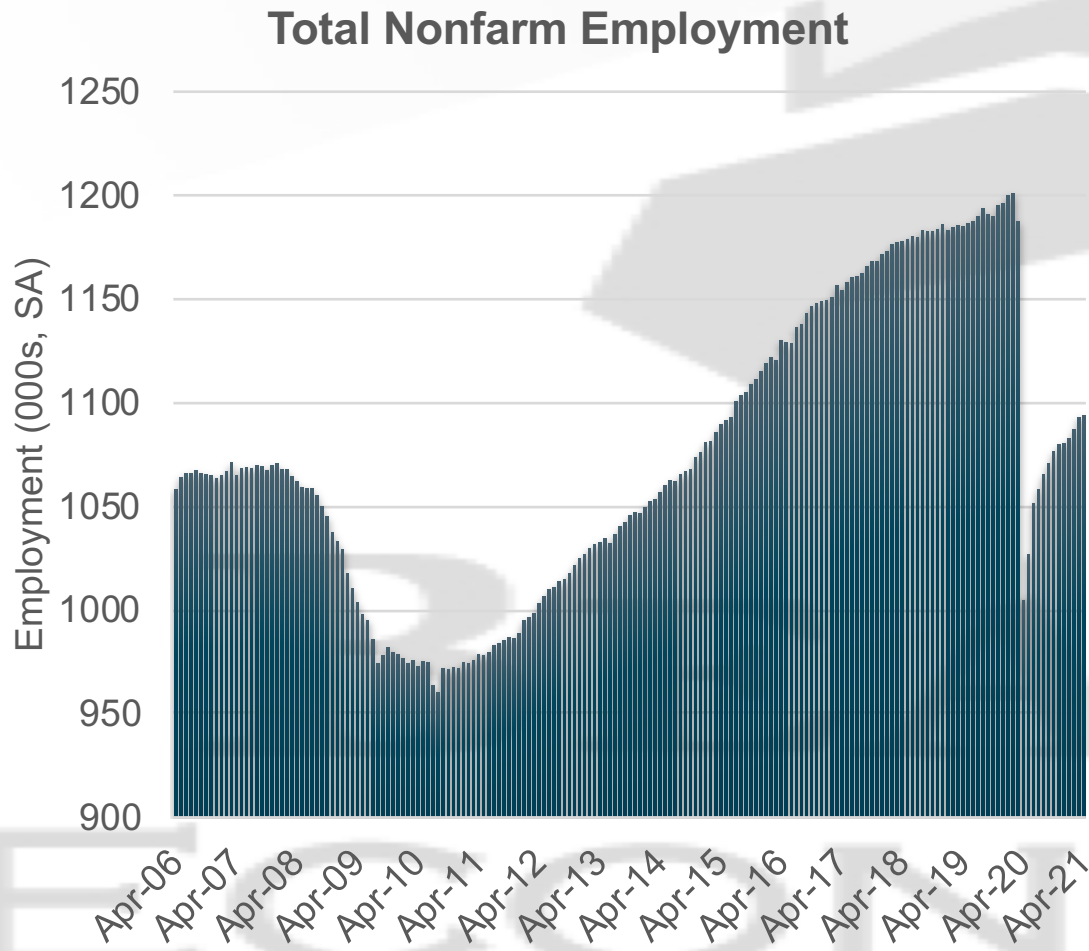
California's Situation

CA State Payroll Employment



	May-21	Change From May 2019	% Change
Civilian Labor Force	18,908	-397	-2.1%
Civilian Employment	17,418	-1,098	-5.9%
Civilian Unemployment	1,490	701	88.9%
Total Nonfarm	16,353	-1,037	-6.0%
Accommodation & Food	1,322	-382	-22.4%
Government	2,403	-197	-7.6%
Arts, Entertainment	219	-109	-33.3%
Other Services	469	-106	-18.5%
Retail Trade	1,571	-88	-5.3%
Manufacturing	1,256	-72	-5.4%
Wholesale Trade	648	-46	-6.6%
Professional	2,670	-42	-1.5%
Financial Activities	812	-27	-3.2%
Information	539	-19	-3.3%
Educational & Health	2,779	-13	-0.5%
Construction	883	-1	-0.1%
Logistics	765	68	9.7%

Employment – East Bay

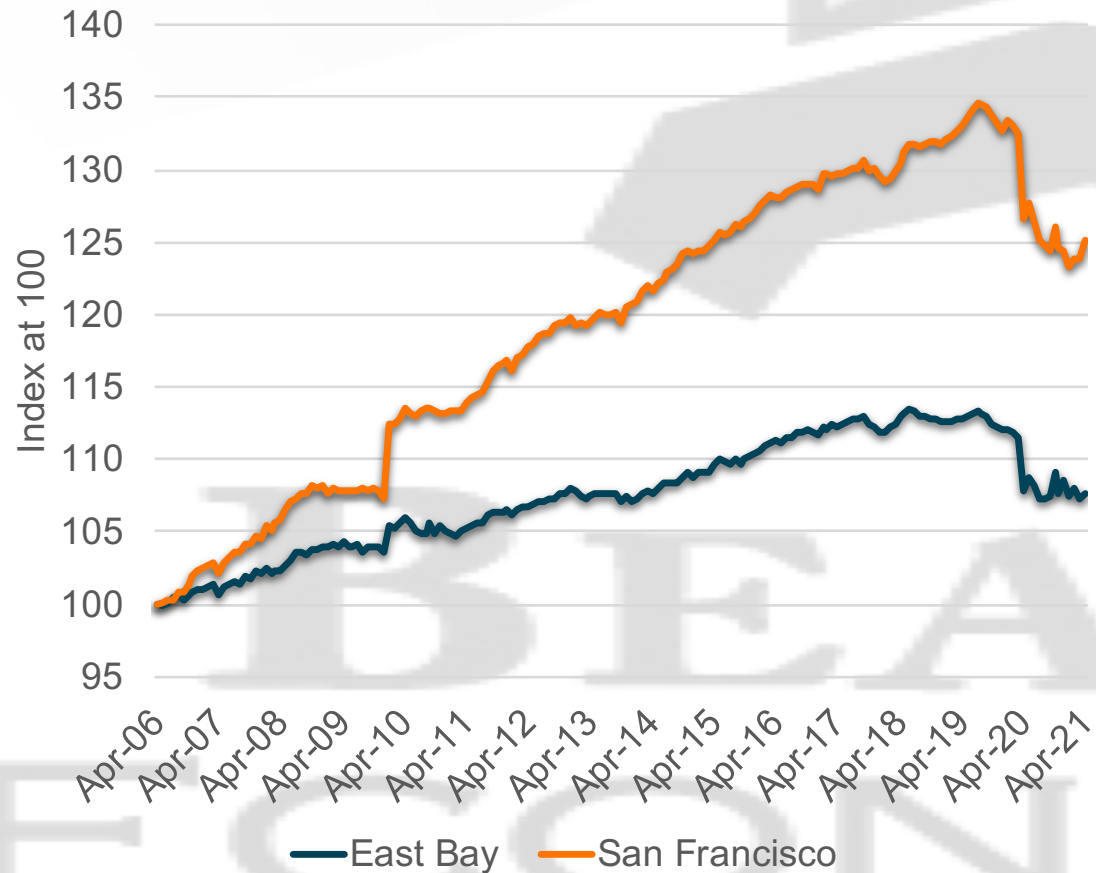


Industry	Apr-21 Emp (000s, SA)	1-Yr Chg (000s, SA)	1-Yr % Growth	
			East Bay	CA
Total Nonfarm	1094	-107	-8.9	-8.0
Prof Sci and Tech	104	1	1.0	-1.1
Construction	74	-3	-4.3	-3.0
Education/Health	192	-10	-5.0	-3.6
Retail Trade	101	-10	-8.6	-4.5
Financial Activities	51	-4	-7.4	-4.8
Management	23	-2	-8.0	-5.2
Manufacturing	99	-3	-2.6	-5.7
Wholesale Trade	41	-4	-8.6	-6.5
Admin Support	62	-8	-11.2	-6.9
Government	161	-14	-8.1	-8.1
Information	25	-2	-8.6	-9.5
Leisure and Hospitality	79	-41	-34.2	-28.1

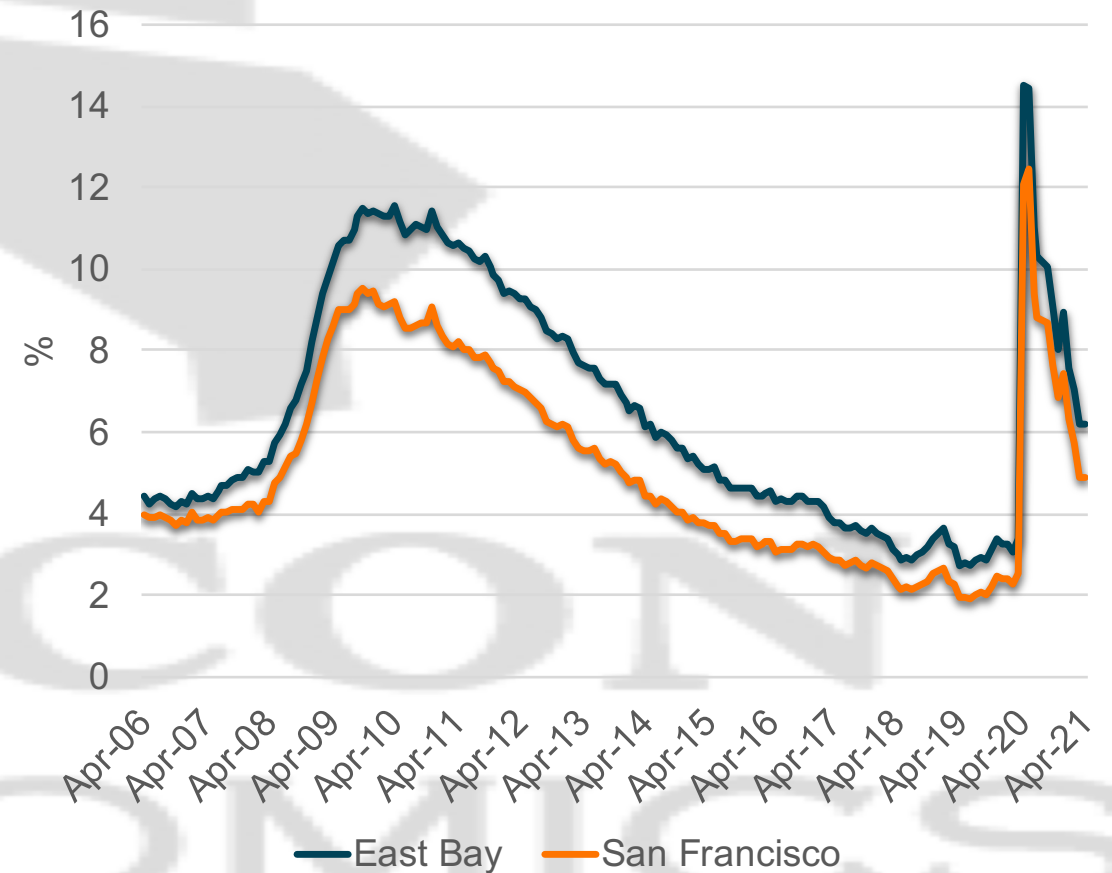
Labor Market



Labor Force Growth

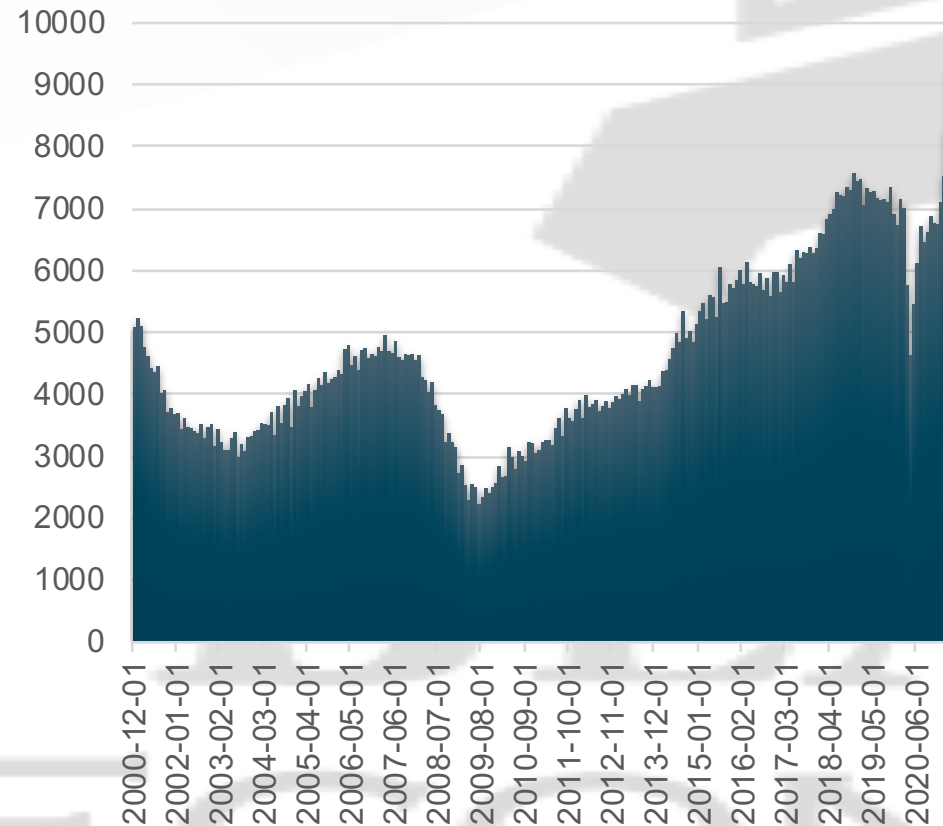


Unemployment Rate



And Yet, Labor Shortages?

US Job Openings



Industry	Job Openings	Payroll Gap	Diff	Change Openings-19 to 21
Total nonfarm	9,286	-8,215	1,071	2,029
Professional and business	1,517	-748	769	348
Retail trade	965	-400	565	208
Manufacturing	851	-515	336	388
Finance and insurance	310	-63	247	71
Logistics	386	-142	244	46
Construction	357	-196	161	-57
Health care	1,319	-1,170	149	66
Wholesale trade	320	-228	92	53
Other services	390	-352	38	149
Mining and logging	23	-75	-52	-5
Information	110	-227	-117	-4
Government	913	-1,244	-331	191
Leisure and hospitality	1,586	-2,848	-1,262	564

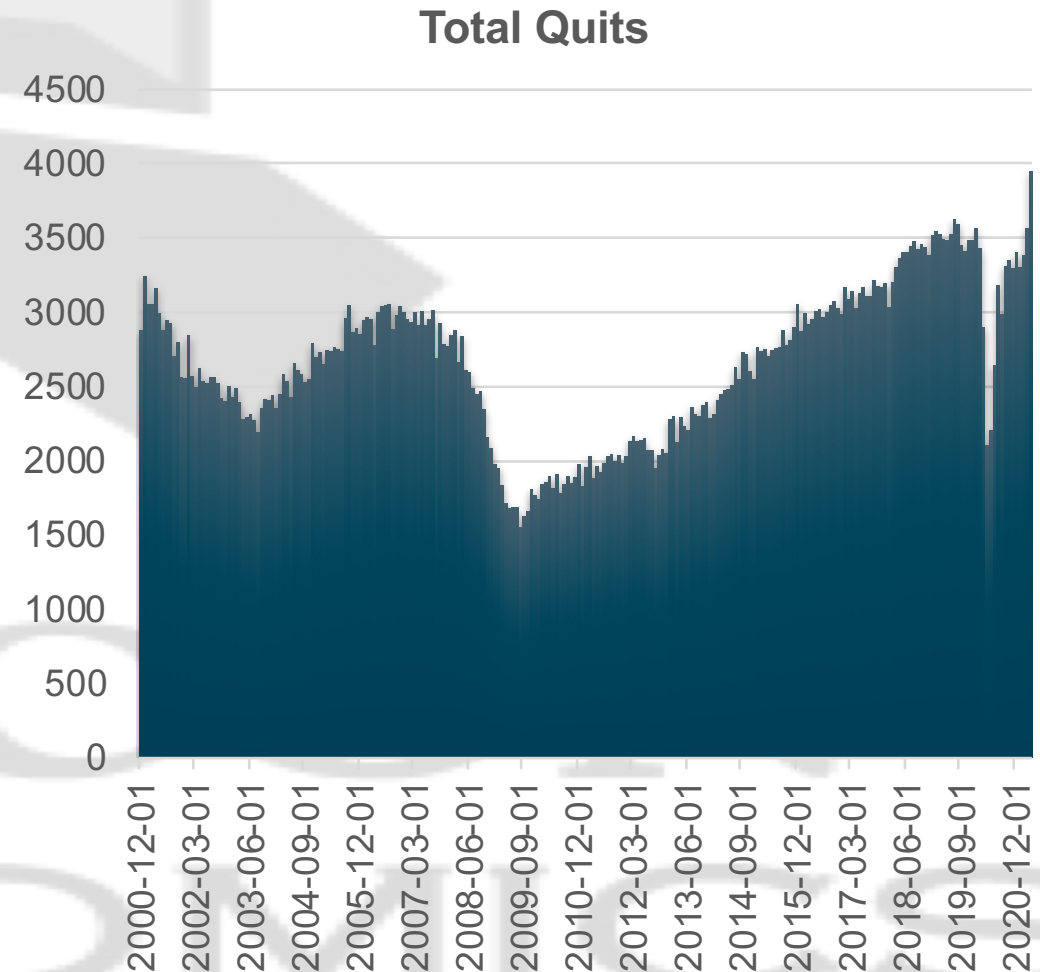
Is It Labor Demand or Labor Supply?

- Labor shortages

- Skill mismatches
- Truly unemployed vs temporary layoff
- High unemployment payments
- Labor force retirees
- Demographic challenges for labor supply

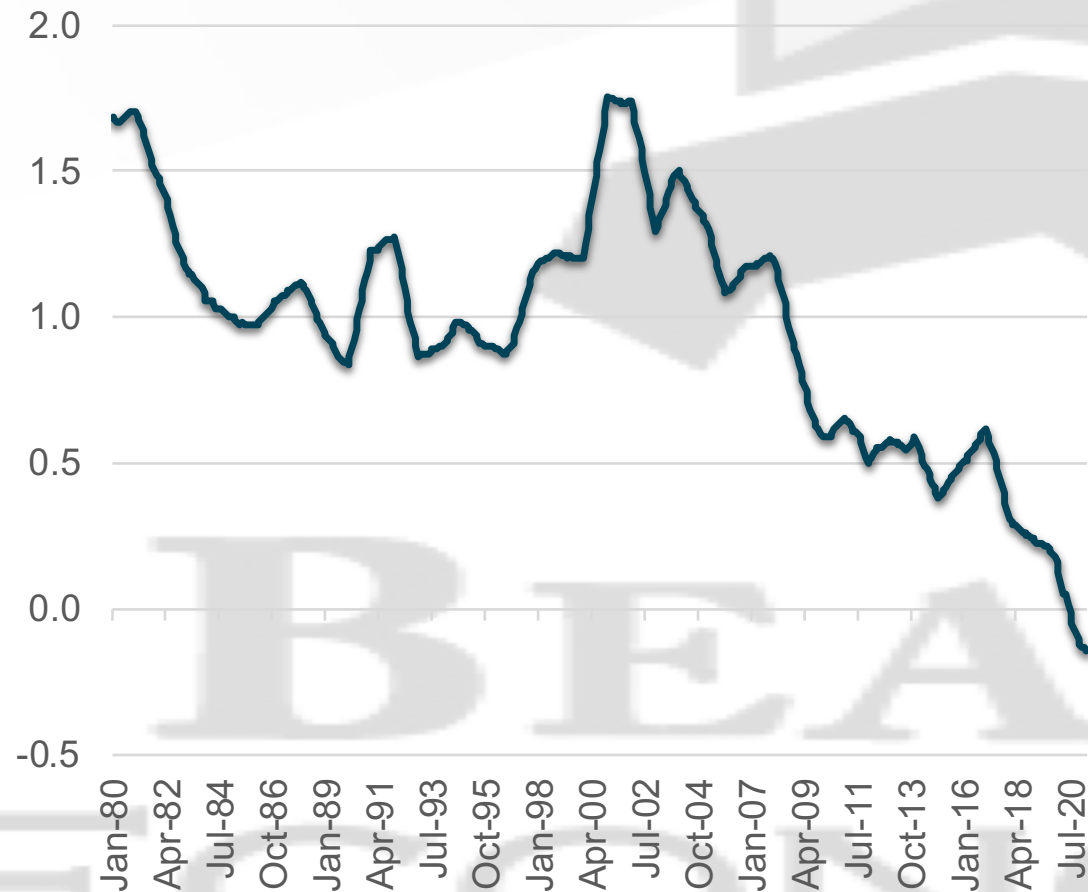
- Labor Force Accounting

- Down 7.5 million household jobs
- Only 4 million additional unemployed, 1 million of these additional in temporary layoff
- 3.5 million fewer in workforce, 60%+ have opted for early retirement
- 9.2 million job opening for 3 million workers with 1.5 million potential re-entrants

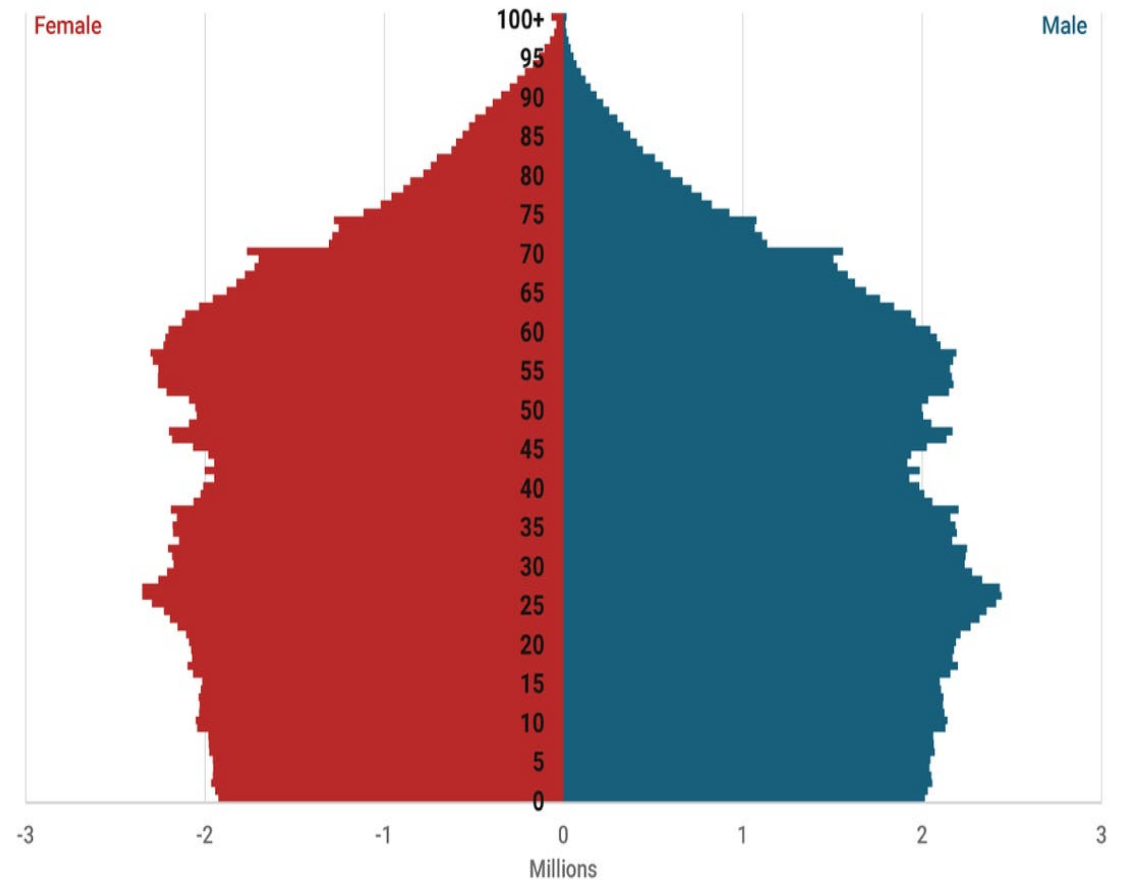


The Labor Force Issue

Growth in Working Age US Population

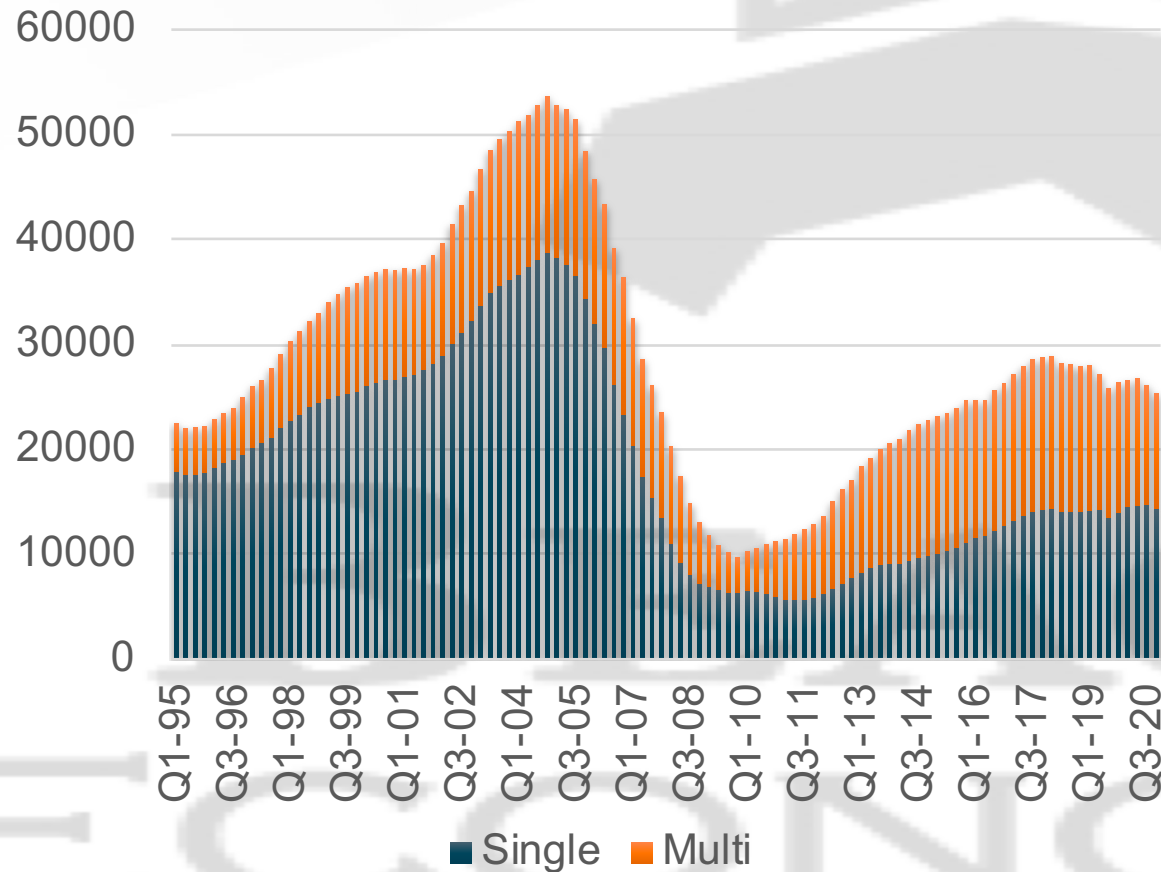


US population by age and sex, 2017

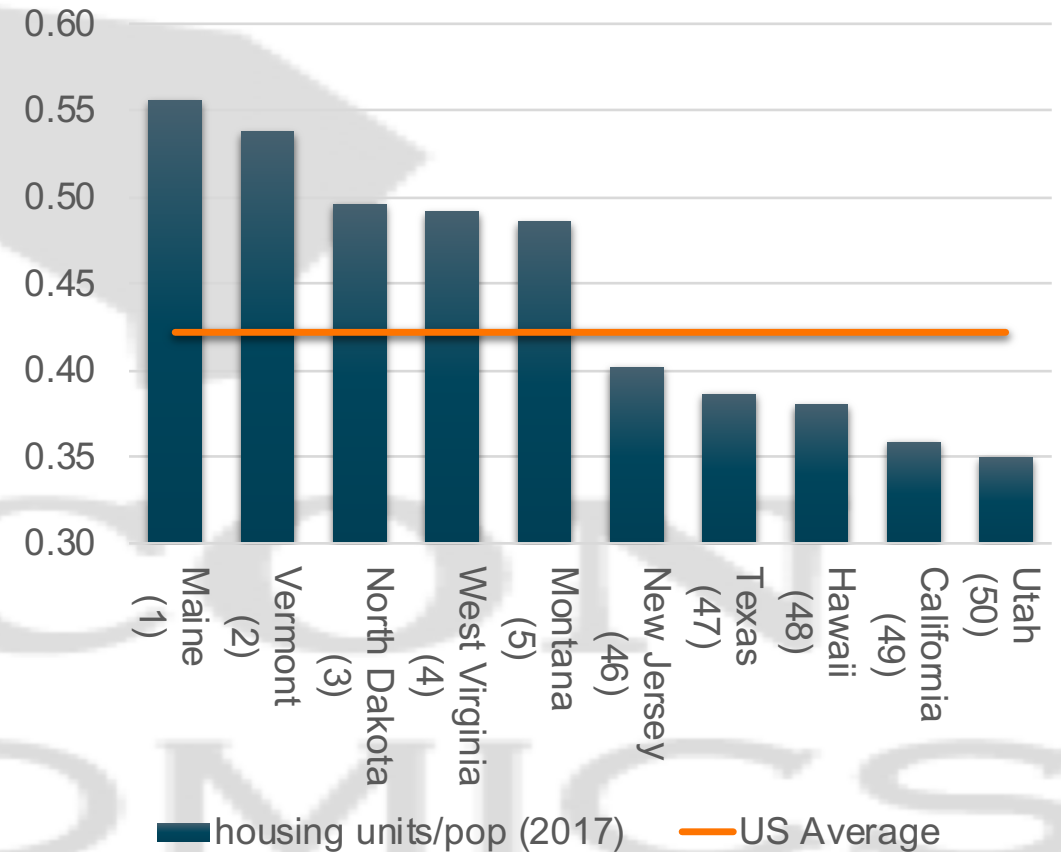


Whither the Housing Crisis?

CA Building Permits

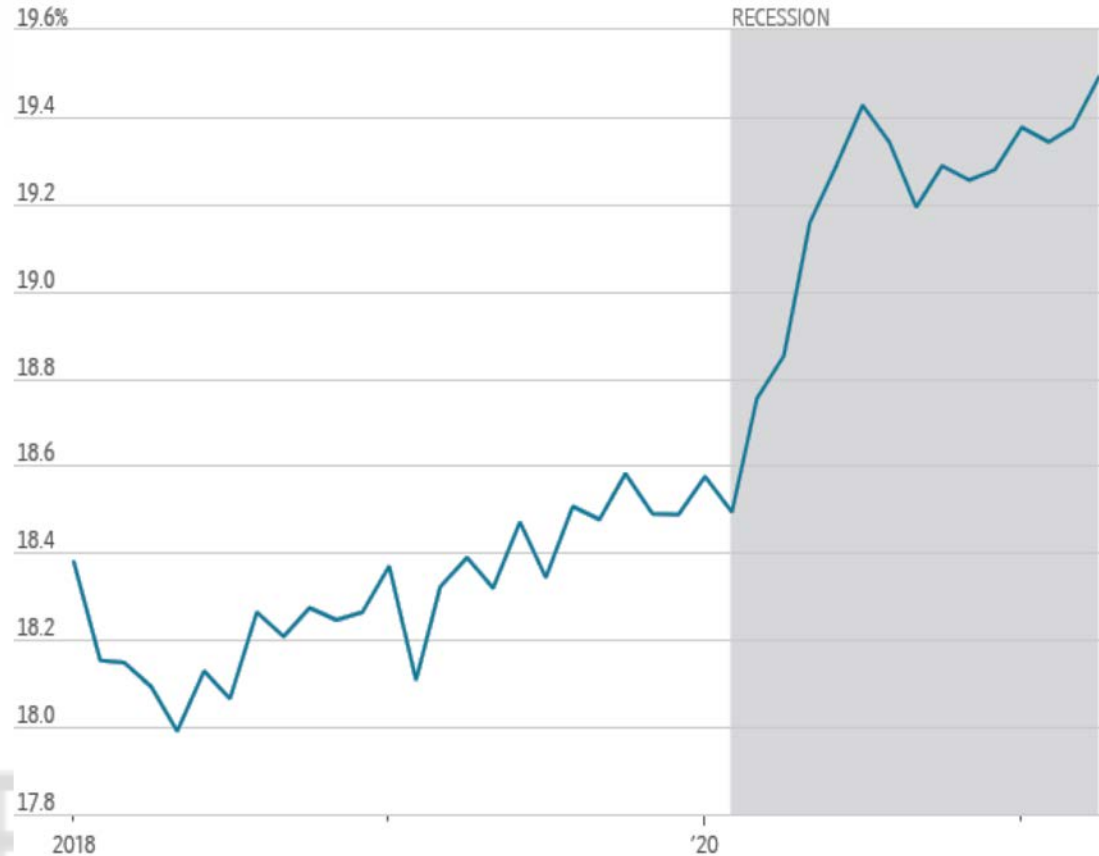


Housing Units per Capita (2017) - Top 5 and Bottom 5 States)



The Labor Force Issue

Share of Population Retired

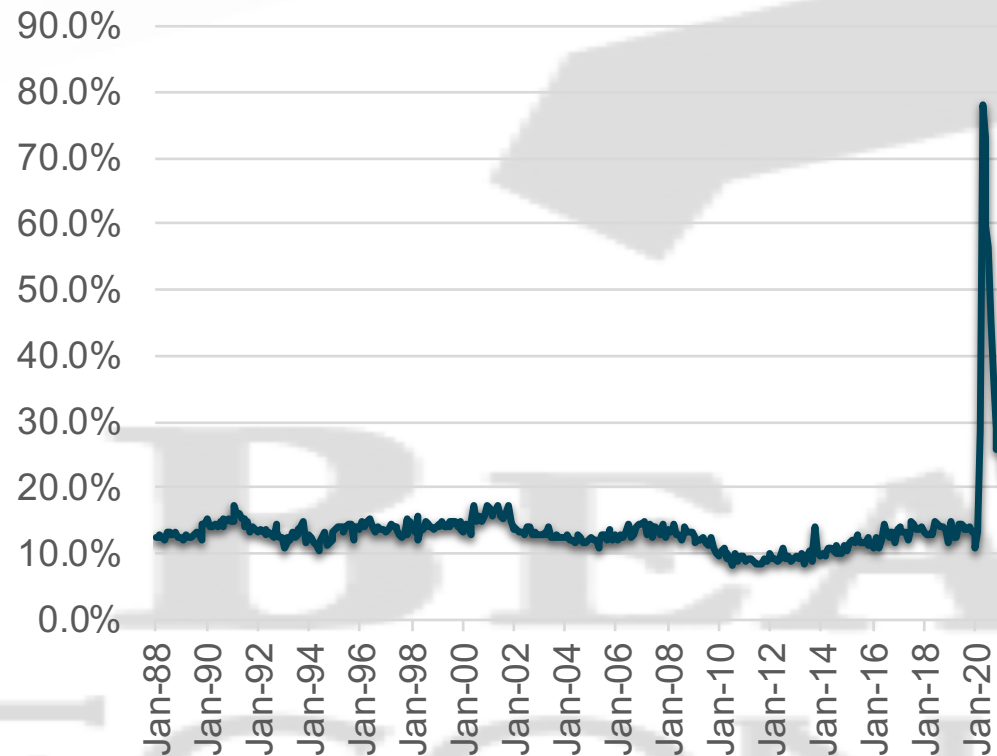


Source: Federal Reserve Bank of Dallas

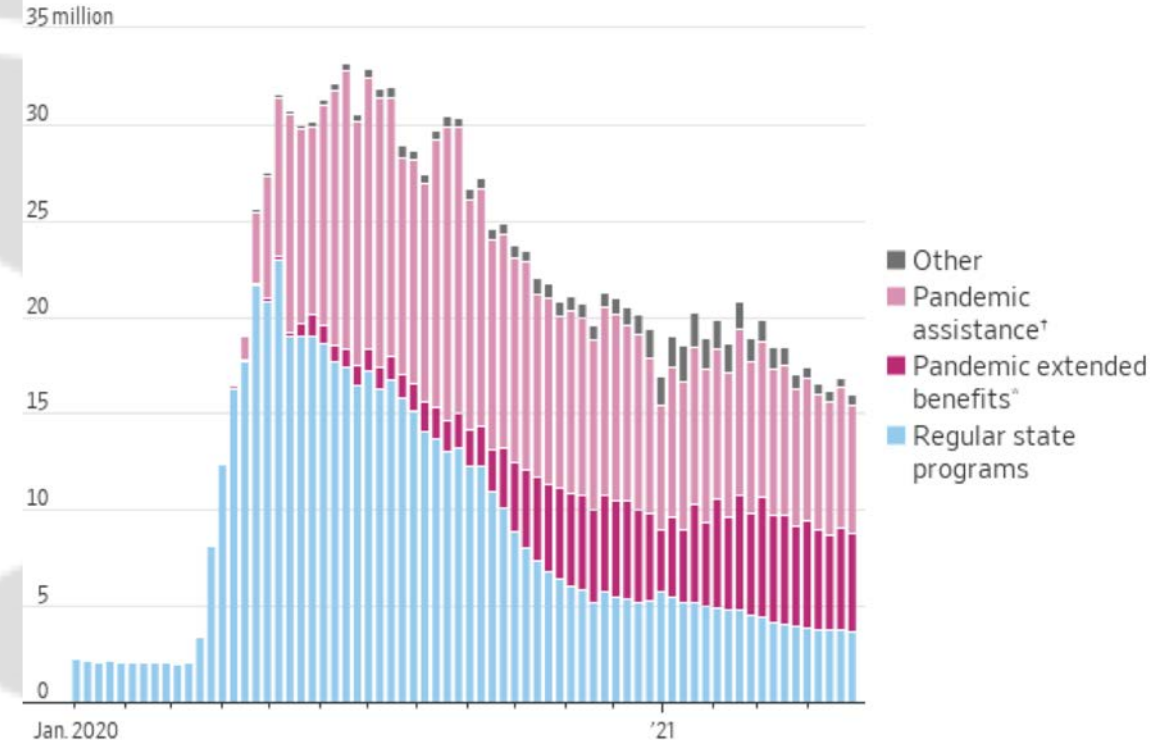
	Mar-20	Mar-21	
Men, 16 years and over	68.5	67.3	-1.2
16 to 19 years	35.1	35.3	0.2
20 to 24 years	71.5	72.4	0.9
25 to 34 years	88.7	87.3	-1.4
35 to 44 years	90.7	89.6	-1.1
45 to 54 years	87.4	85.7	-1.7
55 years and over	45.6	43.9	-1.7
Women, 16 years and over	57.1	56.1	-1.0
16 to 19 years	36.0	36.5	0.5
20 to 24 years	68.5	68.2	-0.3
25 to 34 years	76.3	76.0	-0.3
35 to 44 years	76.2	74.5	-1.7
45 to 54 years	76.0	75.1	-0.9
55 years and over	34.5	33.4	-1.1

Will the Real Unemployed Stand Up?

Share Unemployed on Temporary Layoff



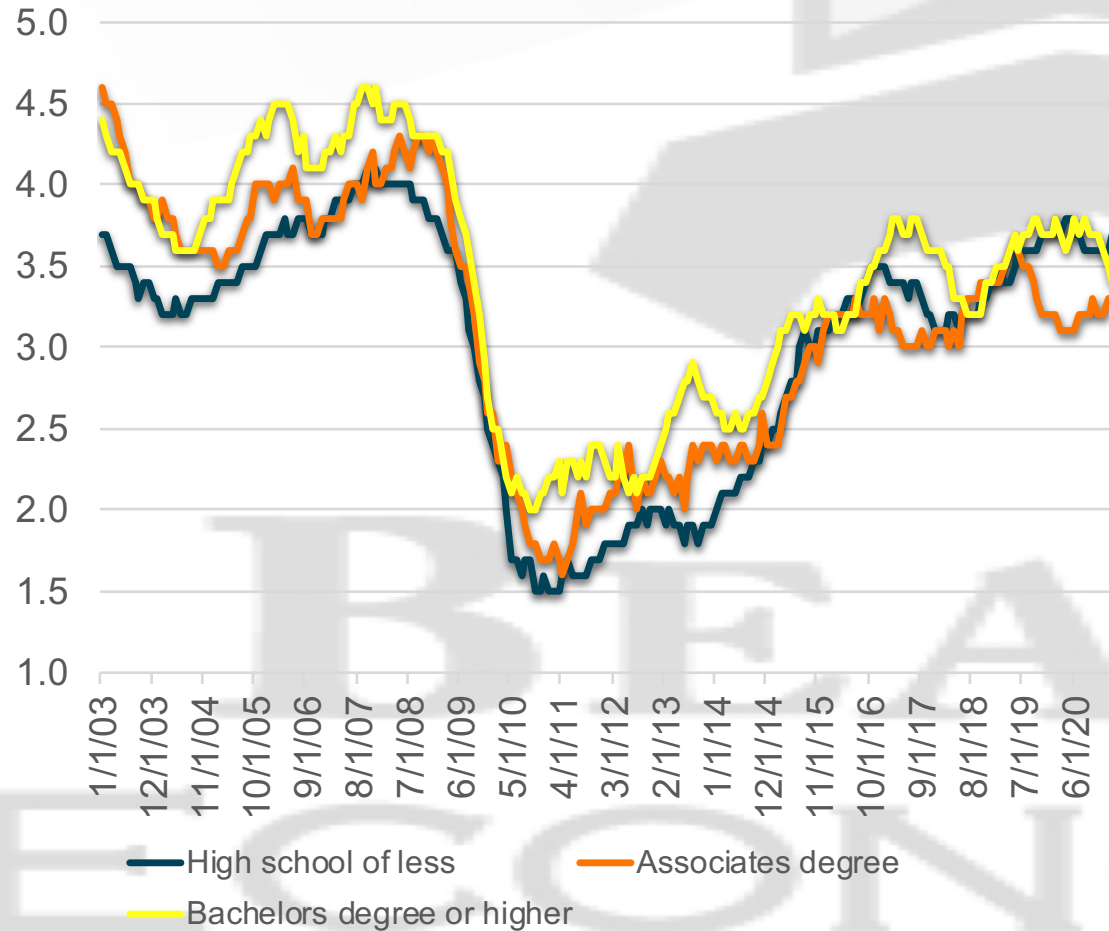
Number of people claiming unemployment benefits, by program



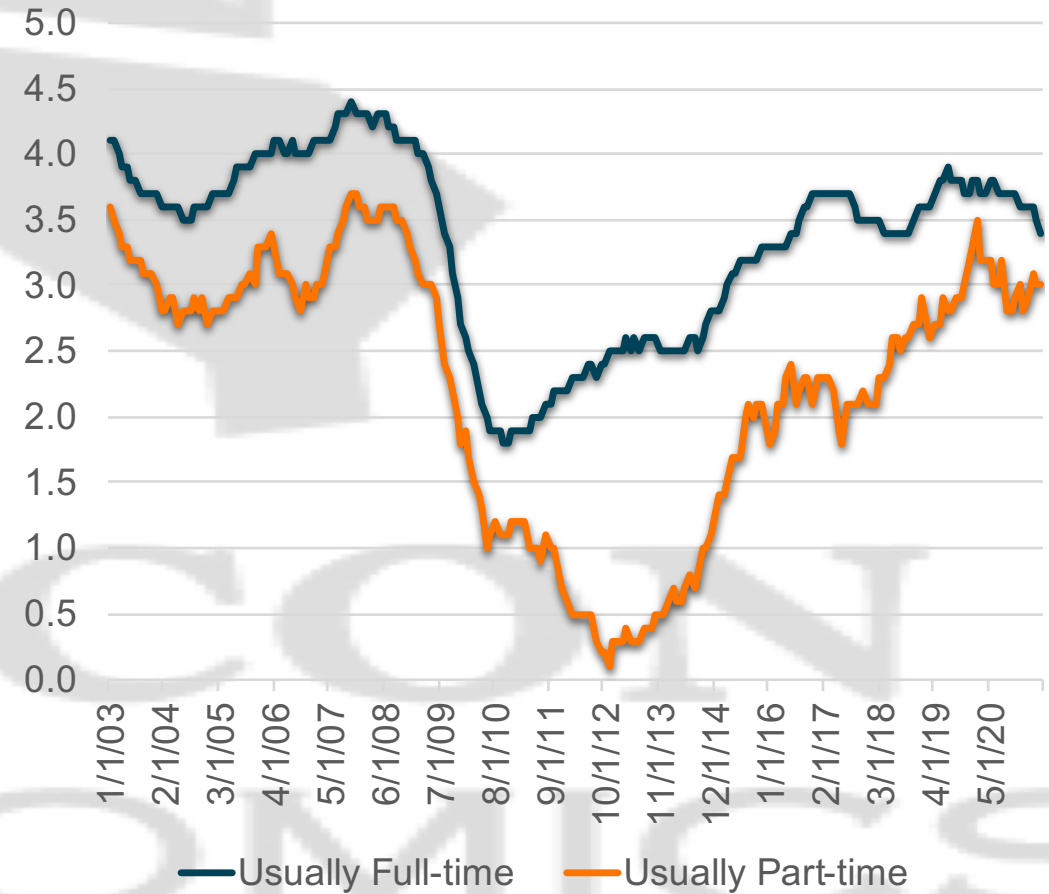
* Reflects Pandemic Emergency Unemployment Compensation for those who exhausted other programs.*
† Reflects Pandemic Unemployment Assistance for self-employed and others not typically eligible.
Source: Labor Department

Not a “K” At All

Earnings Growth by Level of Education

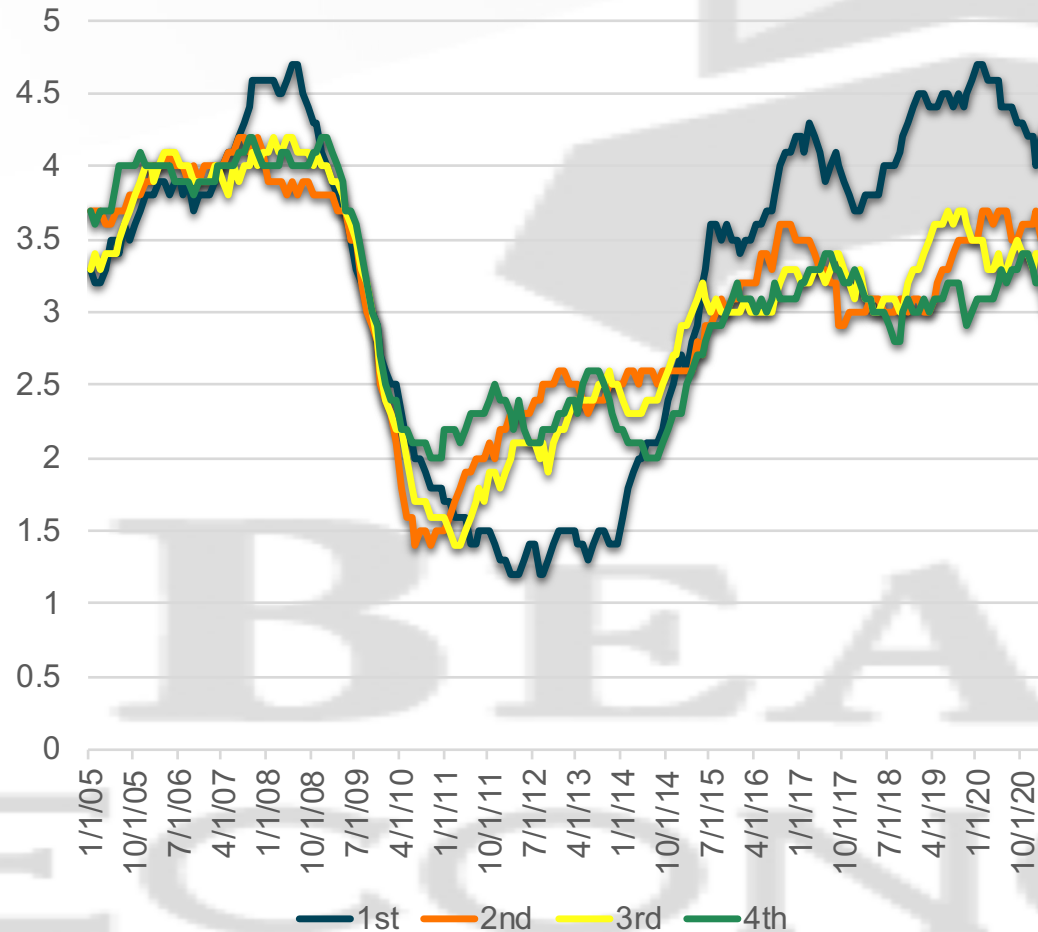


Earnings Growth by Hours

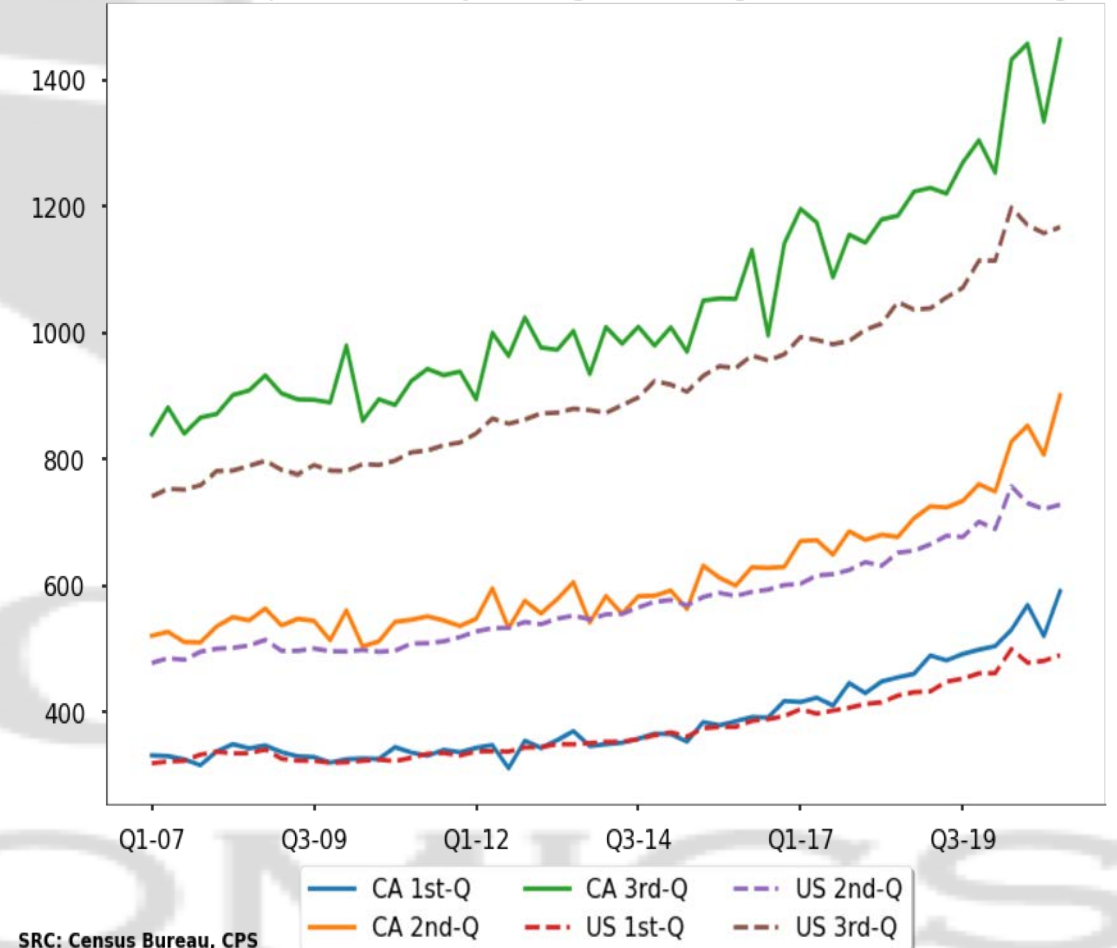


Incomes by Quartile

Wage Gains by Quartile



Bottom 3 quartiles weekly earnings in CA outgrew the national average

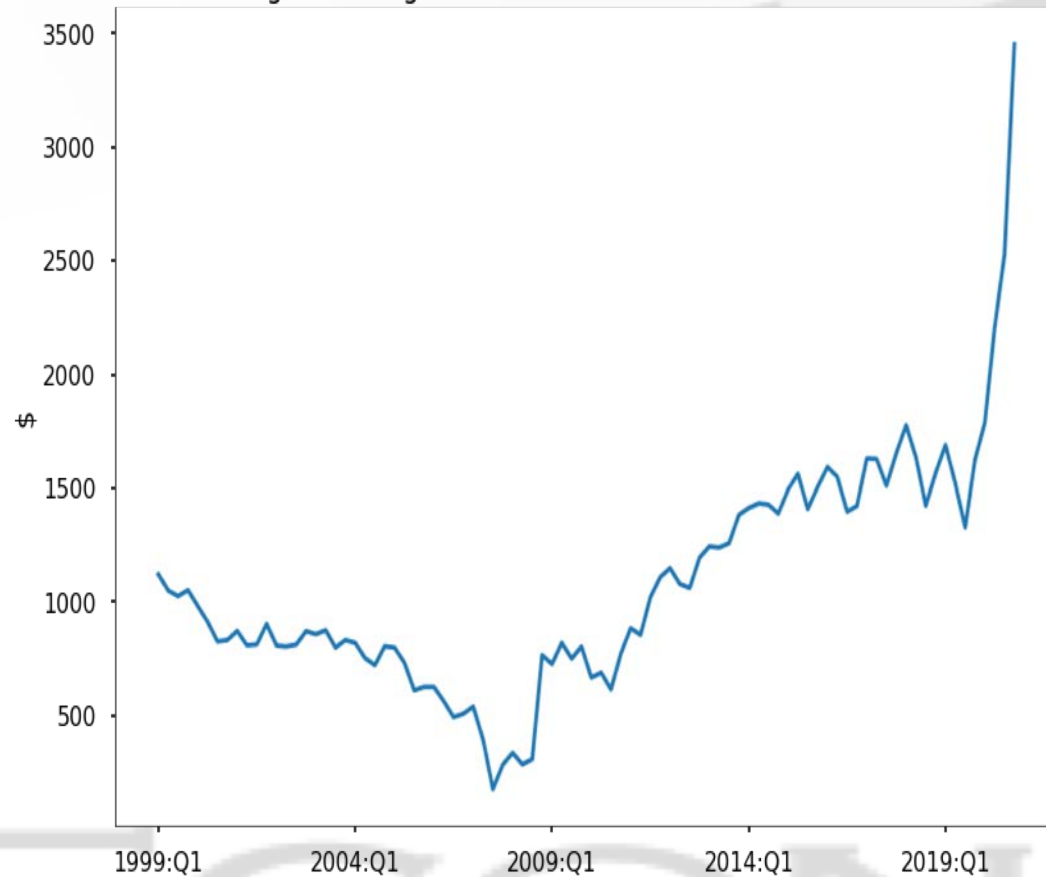


SRC: Census Bureau, CPS

Economic Condition of Low-Income Households



Average checking account balance for bottom 50% of earners



SRC: Federal Reserve Board, DFA

California low income spending remains elevated despite pandemic



SRC: Opportunity insights

Federal Policy (Over)reaction

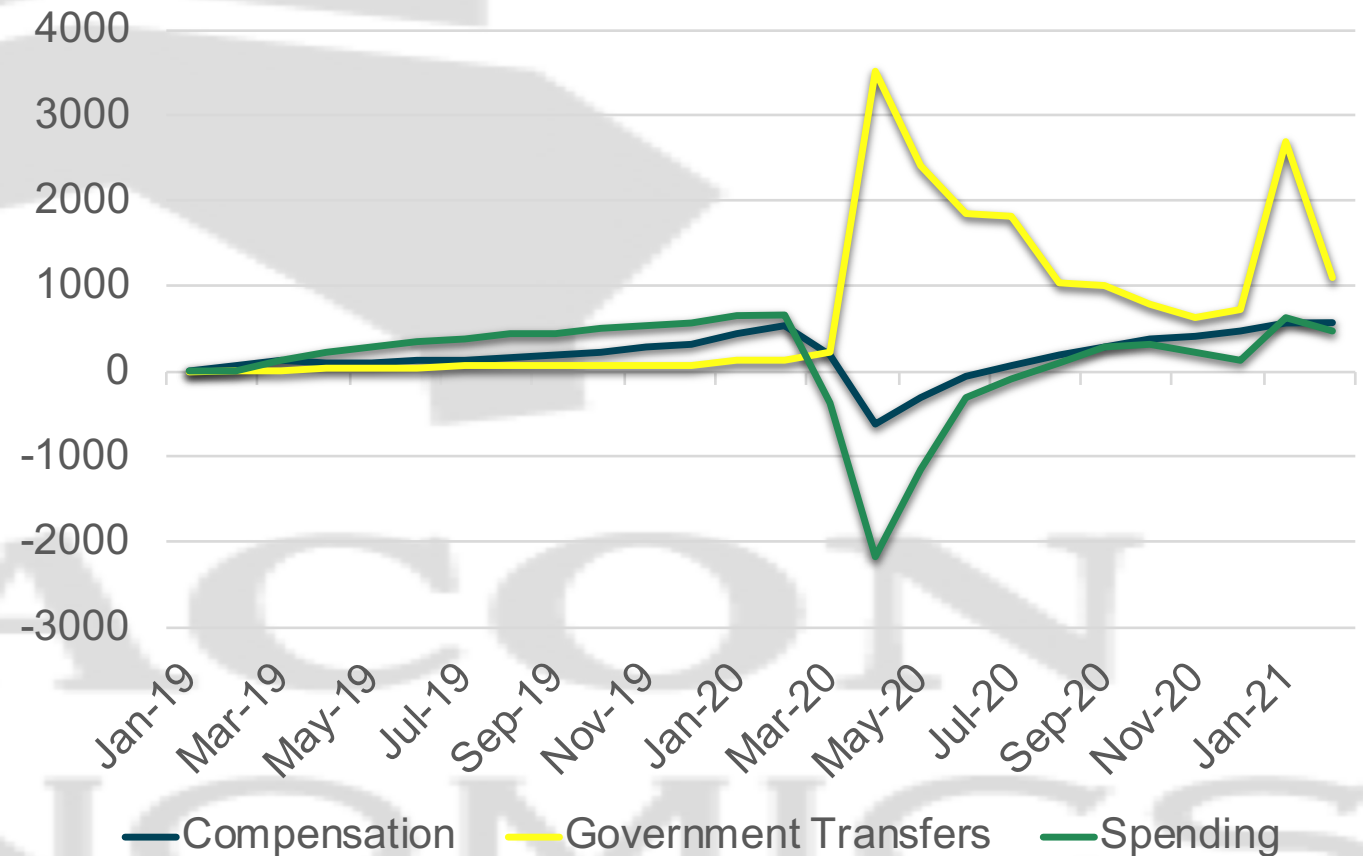
Fiscal Stimulus Plans: \$5.1 trillion

- Unemployment Insurance
- Local Government Support
- PPP Loans
- Direct Transfers to People

Personal Income

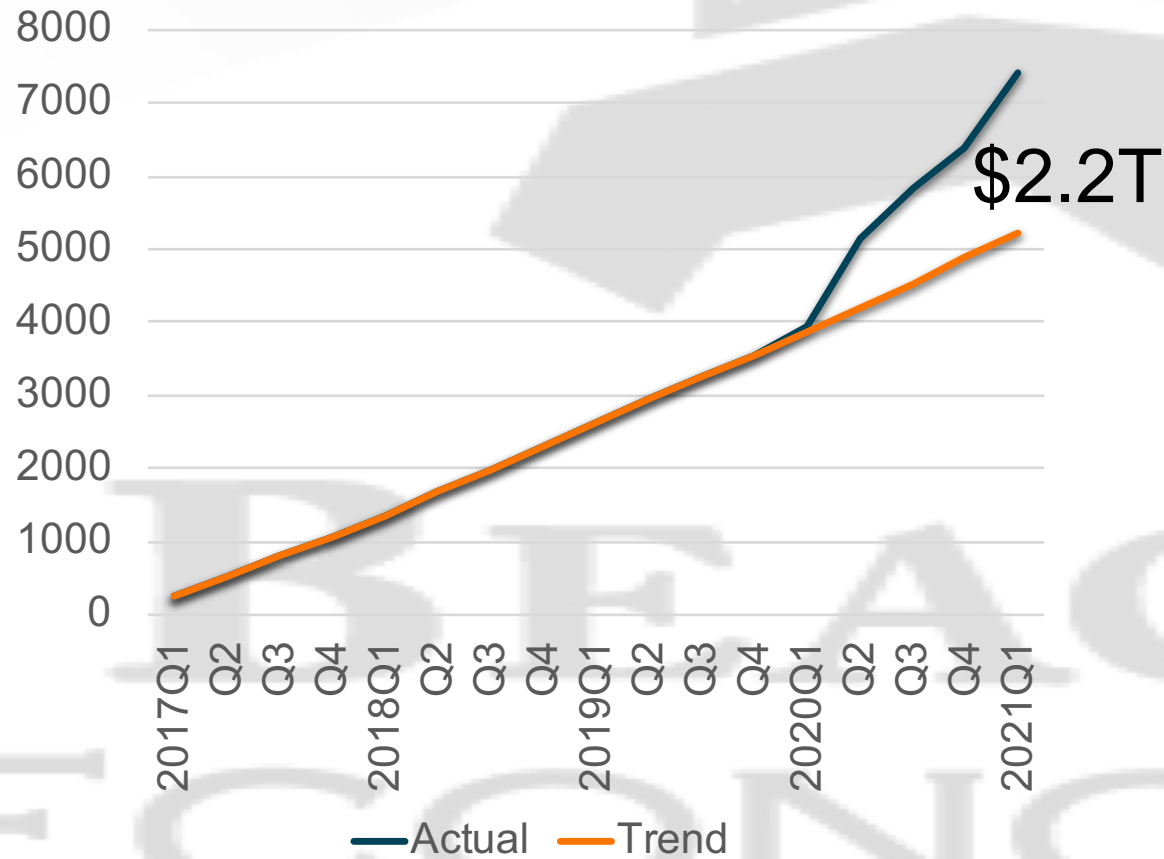
- \$525 billion in lost earnings
- \$1.67 trillion in direct payments
- > 3 to 1 replacement

Personal Income Trends (2019 = 0)

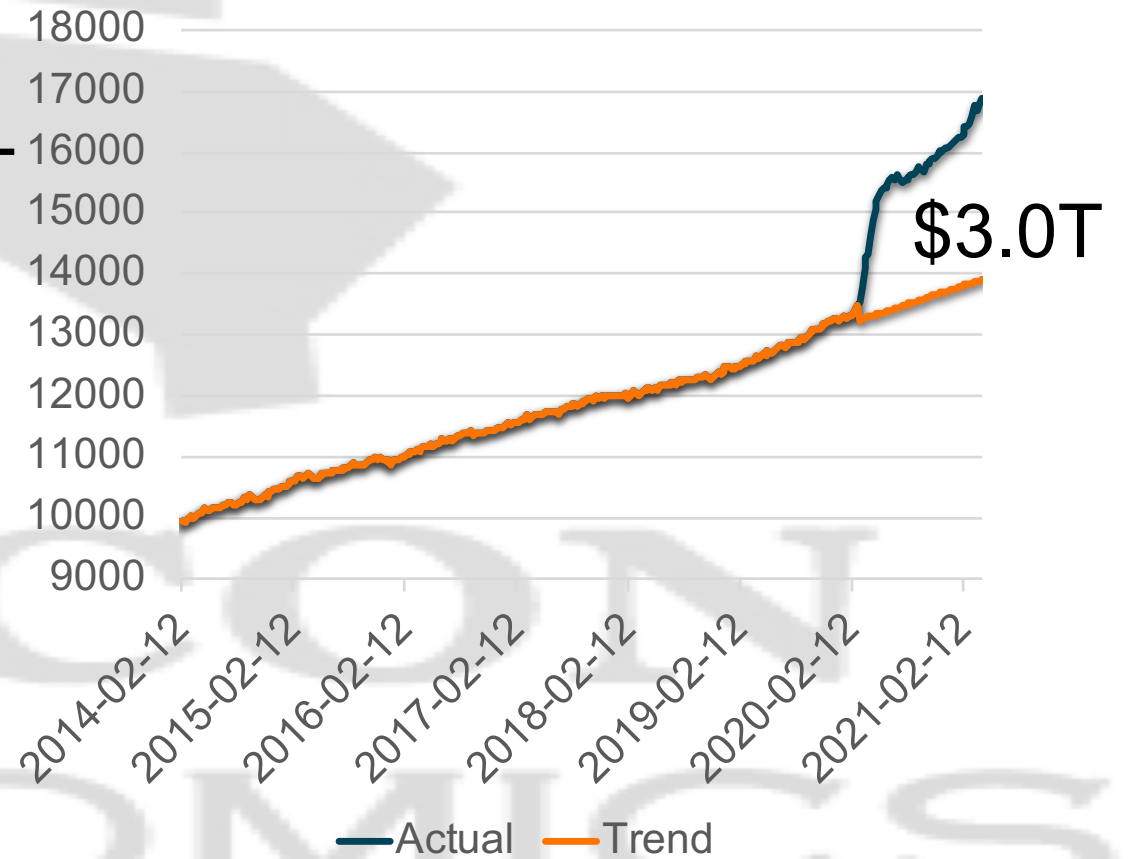


Excess Savings / Cash

Cumulative Household Savings

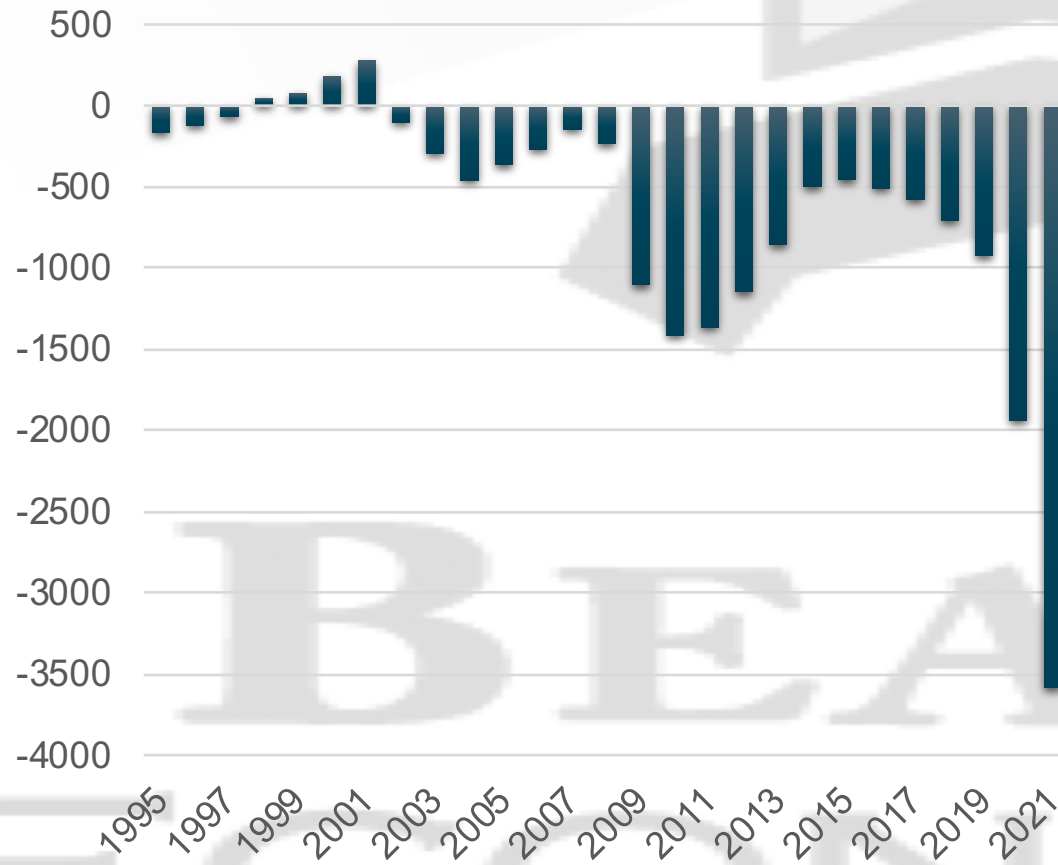


Bank Cash Deposits

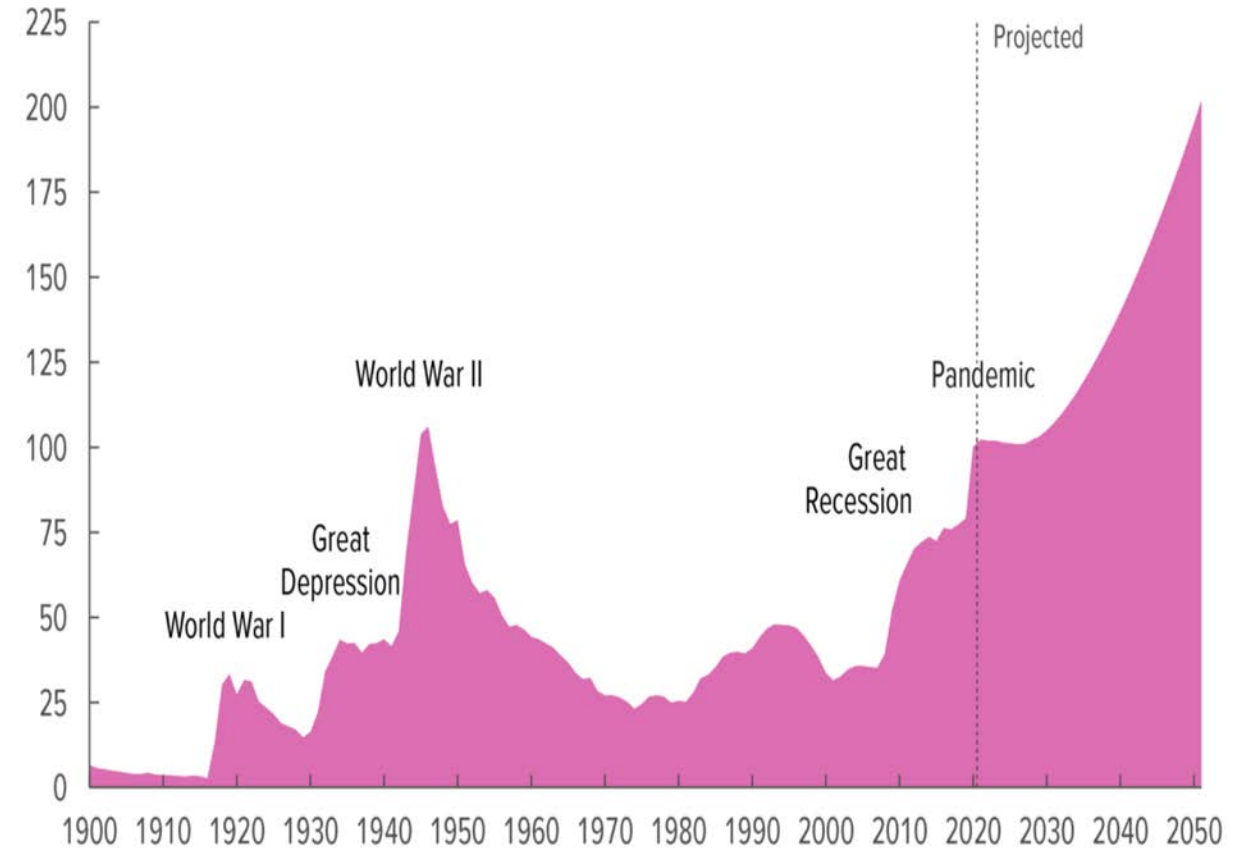


Context

12 Month Budget Deficit to April 2021

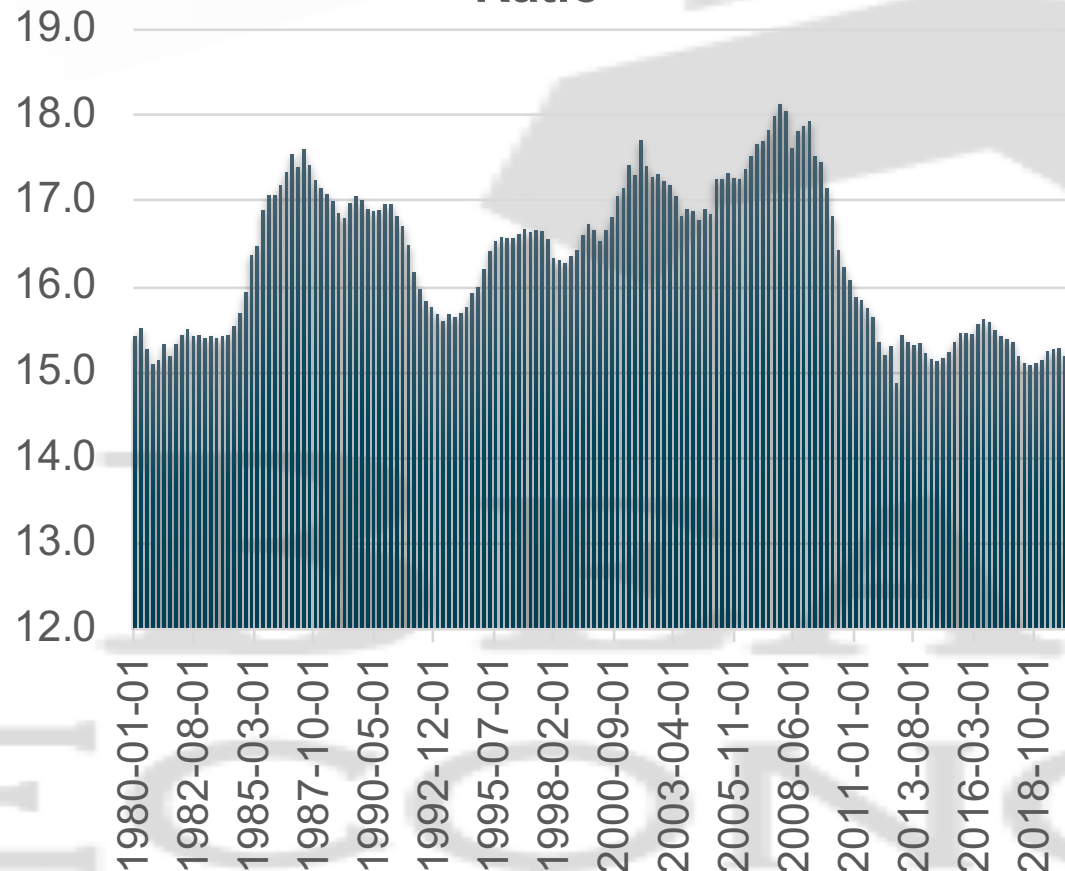


Percentage of Gross Domestic Product



Intergenerational Transfers

Household Financial Obligation
Ratio



Real Net Worth by Age Householder

	Median		Mean	
	1989	2019	1989	2019
Less than 35	15.6	13.9	93.2	76.3
	-11%		-18%	
35–44	112.2	91.3	293.6	436.2
	-19%		49%	
45–54	196.4	168.6	549.7	833.2
	-14%		52%	
55–64	194.6	212.5	612.1	1,175.9
	9%		92%	
65–74	152.5	266.4	556.4	1,217.7
	75%		119%	
75 or more	144.1	254.8	480.5	977.6
	77%		103%	

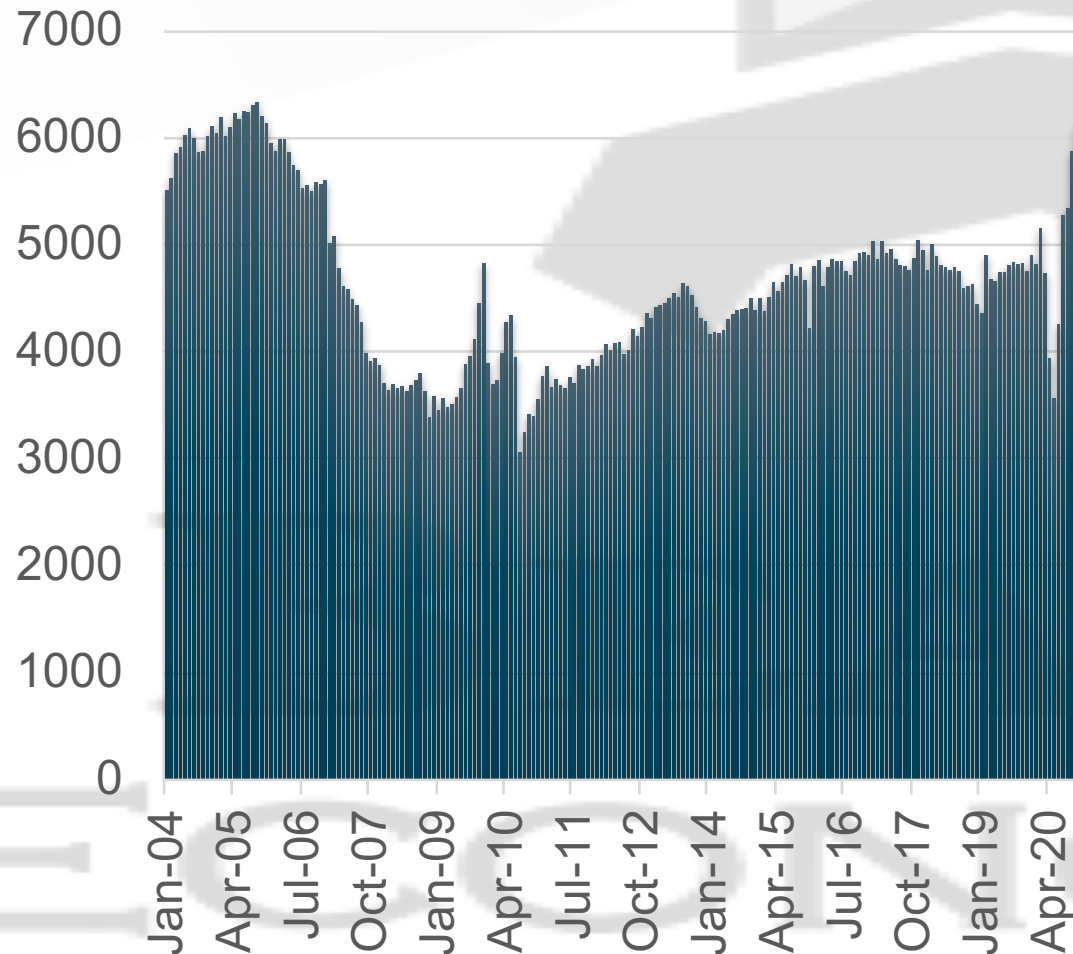
Asset Markets a Bit Frothy?



Housing – U.S.



Existing Home Sales

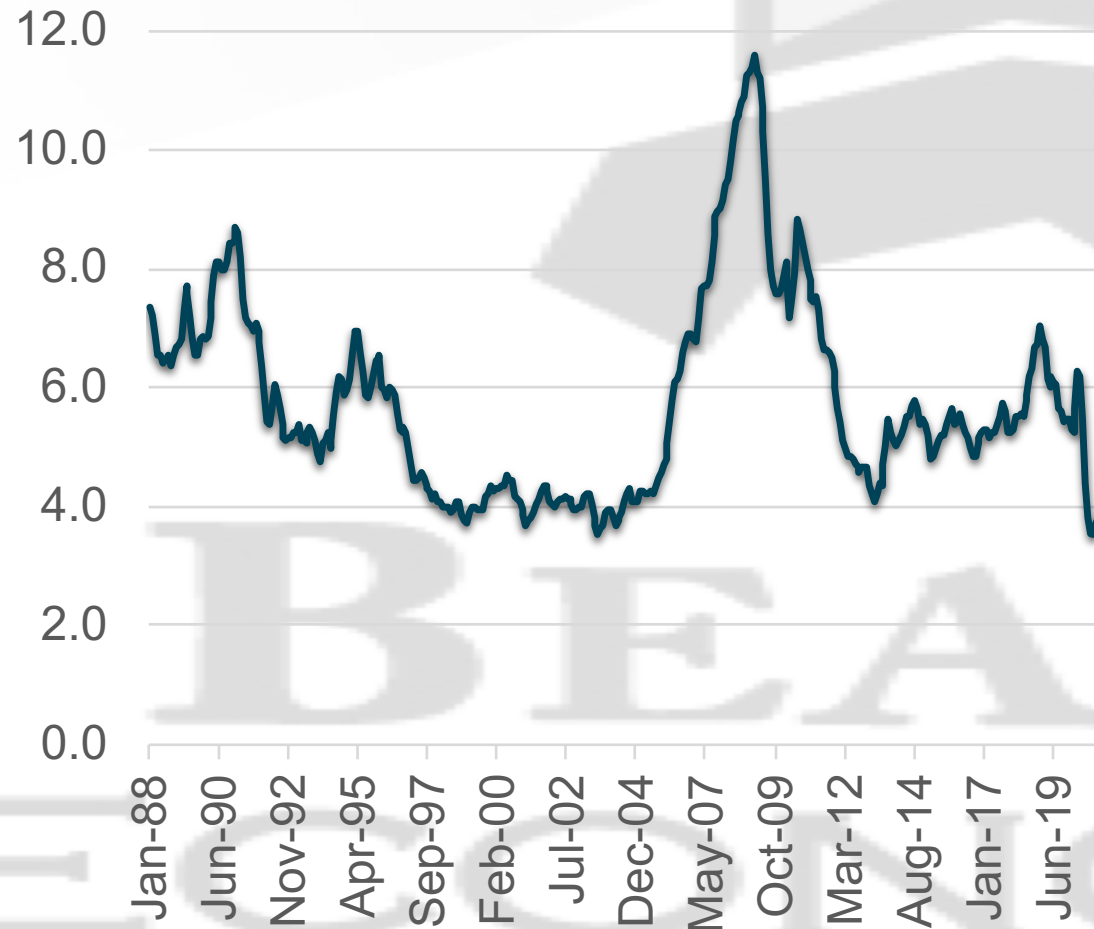


MSA Based Case Shiller HPI Annualized

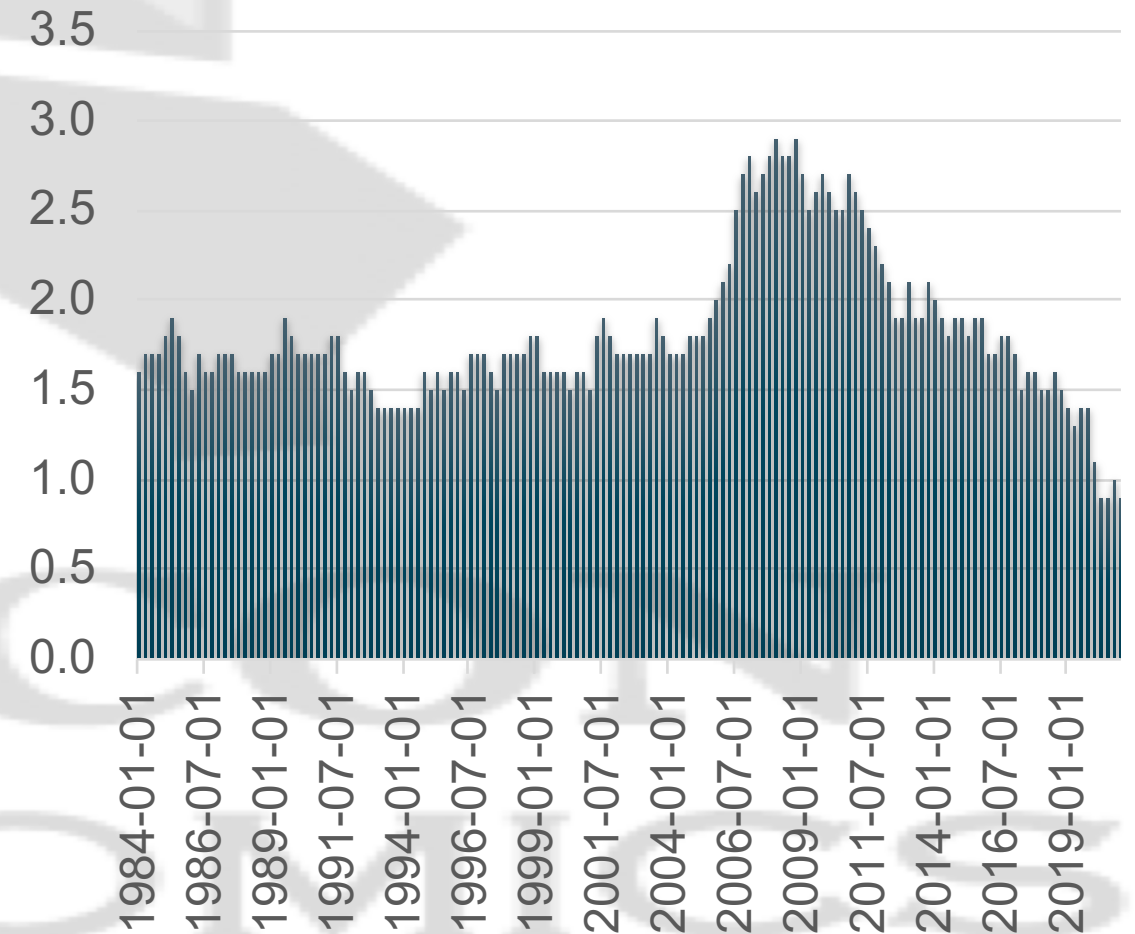
	Feb-Aug 19	Aug-Feb 20	Feb-Aug 20	Aug-Feb 21
National	3.7%	4.8%	6.9%	17.2%
Phoenix	6.8%	8.2%	11.6%	23.4%
Seattle	3.0%	9.0%	8.0%	23.2%
San Diego	5.0%	4.2%	11.1%	23.1%
New York City	-1.1%	4.0%	3.1%	20.7%
San Francisco	3.7%	3.5%	5.1%	17.1%
Portland	3.7%	6.1%	6.3%	16.8%
Denver	2.3%	4.4%	6.2%	16.4%
Dallas	2.3%	2.6%	5.8%	16.1%
Los Angeles	2.1%	5.3%	8.3%	15.7%
Atlanta	3.5%	5.7%	4.8%	15.4%
Las Vegas	1.6%	5.5%	3.9%	14.5%

Historically Tight Markets

Months Supply Homes for Sale



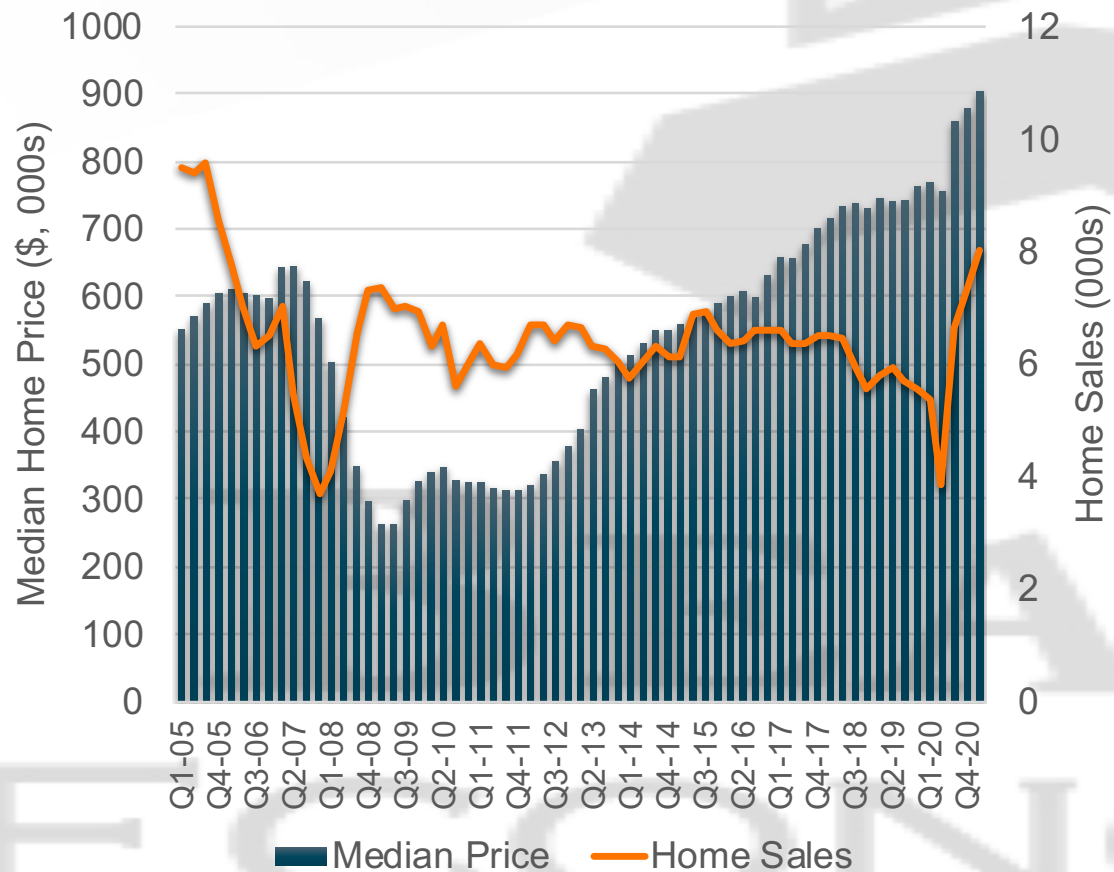
Homeowner Vacancy Rate



Housing Market



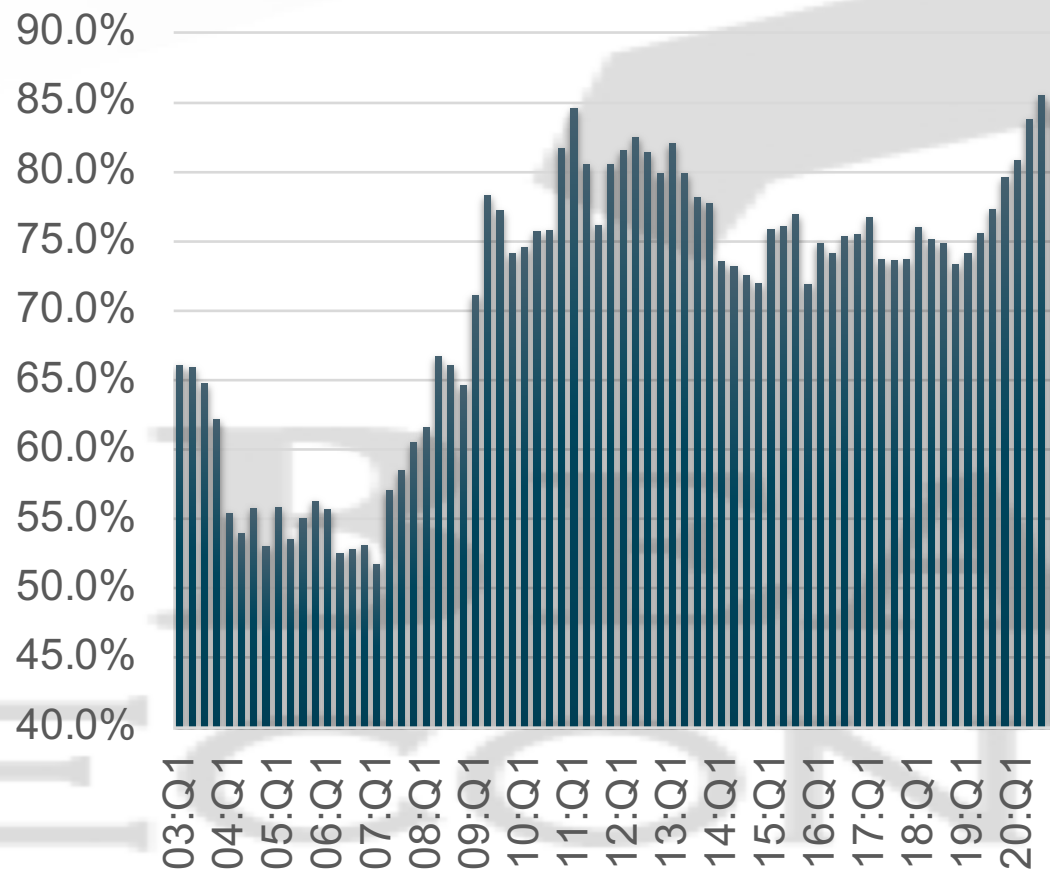
East Bay Home Prices and Sales



Region	Median Prices		Home Sales	
	Q1-21 (\$, 000s)	1-Yr % Gr	Q1-21	1-Yr % Gr
Monterey	779	27.0	2899	38.2
Contra Costa	775	22.7	723	32.4
Alameda	950	13.4	1856	25.4
Ventura	720	11.8	2976	60.2
San Francisco	1,500	2.7	690	55.1

Bubble Alert? Not Yet...

Share Mortgage Originations > 720
Fico

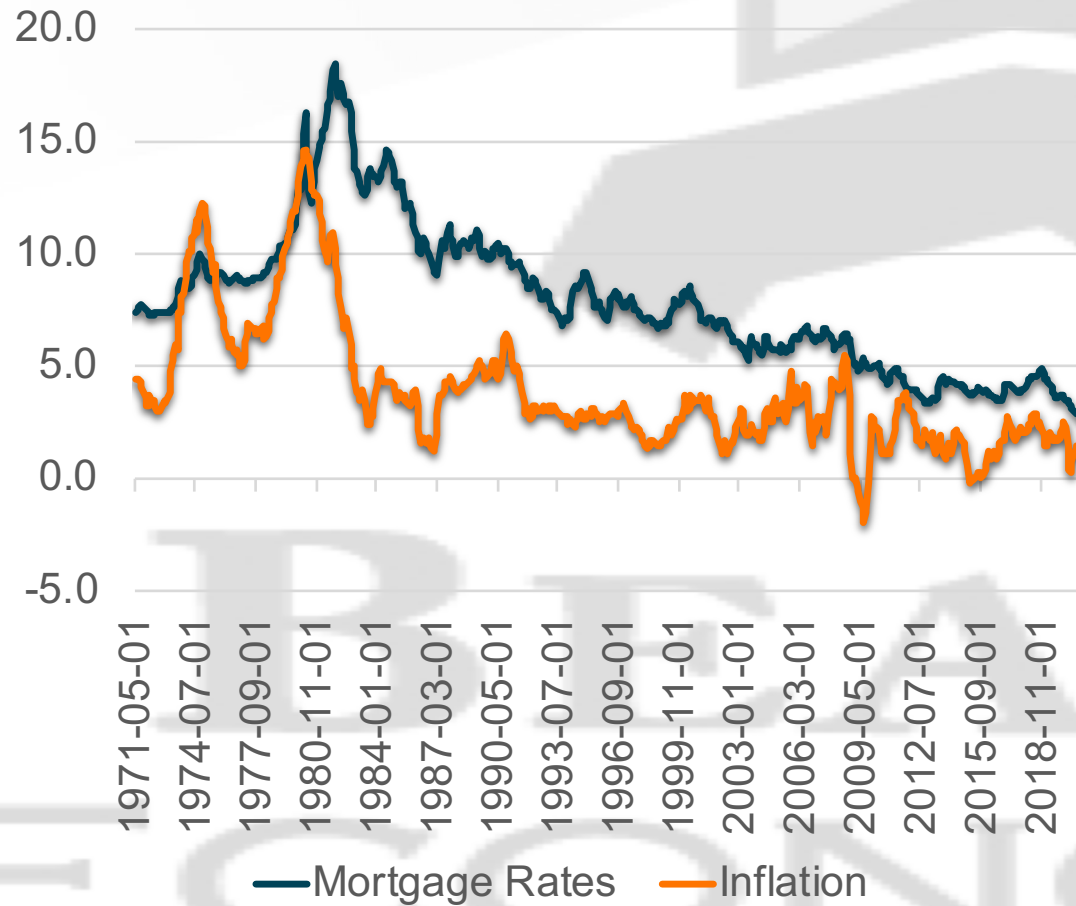


Owner Costs as % Income

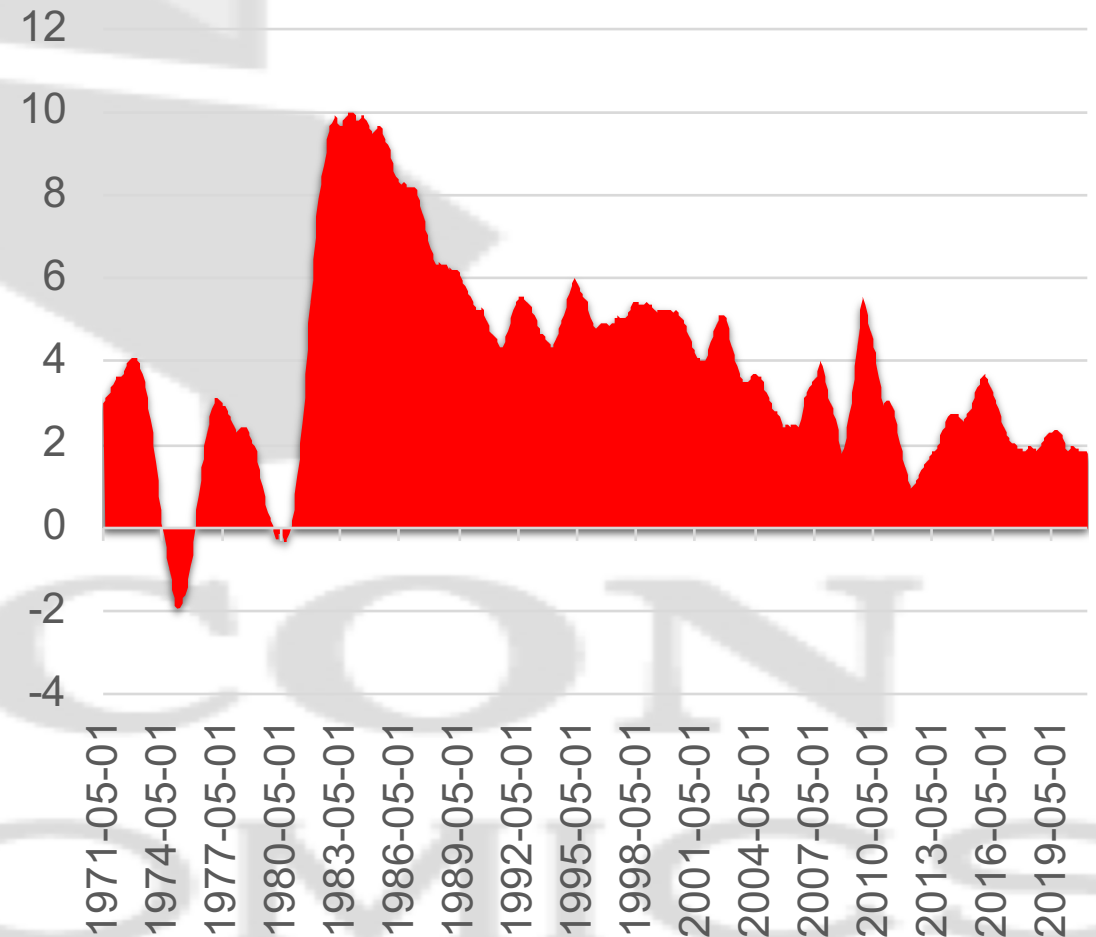
		2011	2019
	Units w/ Mortgage	Less than 20.0 percent	
US	49,049,732	34.9%	47.6%
Arizona	1,023,943	32.8%	48.0%
California	5,064,795	23.8%	35.1%
Colorado	948,904	36.2%	45.1%
Nevada	403,792	29.8%	44.2%
Utah	446,690	33.6%	47.7%
		35.0 percent or more	
US	49,049,732	28.1%	19.9%
Arizona	1,023,943	30.5%	19.3%
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Mortgage Rates

Mortgage rates and Inflation



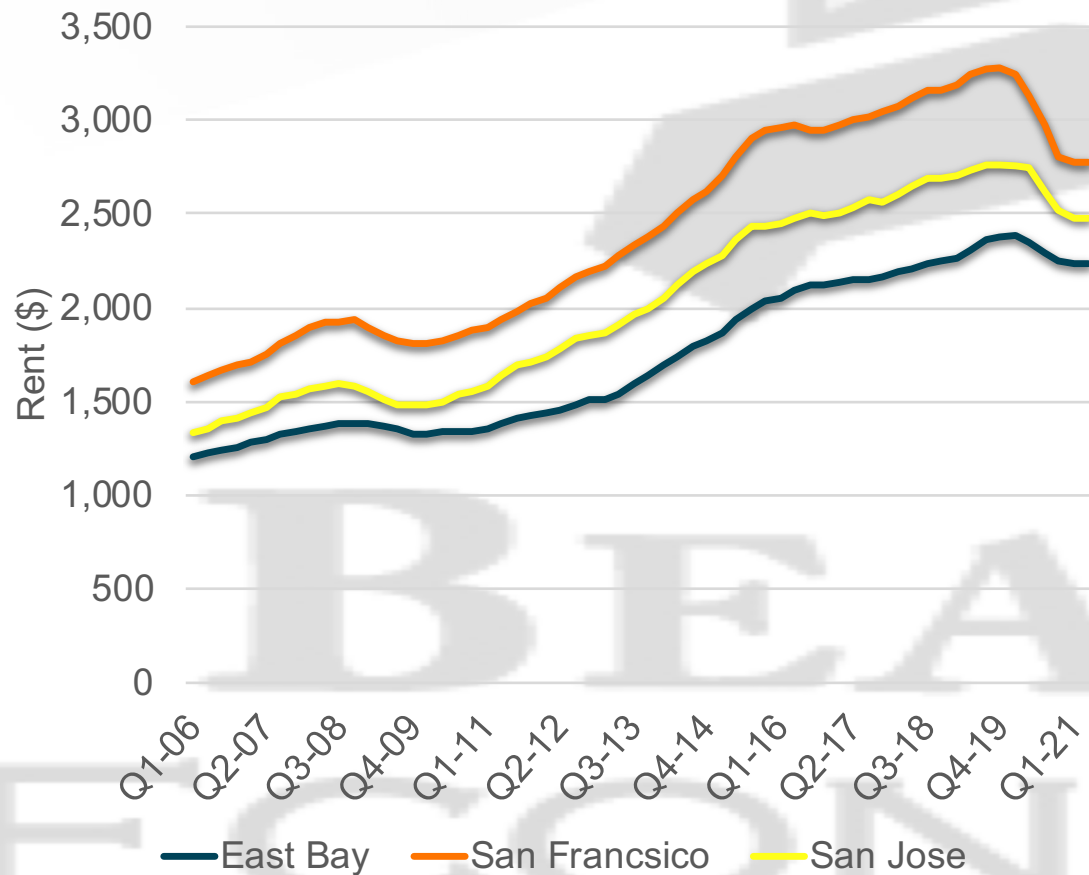
Inflation Rate Gap



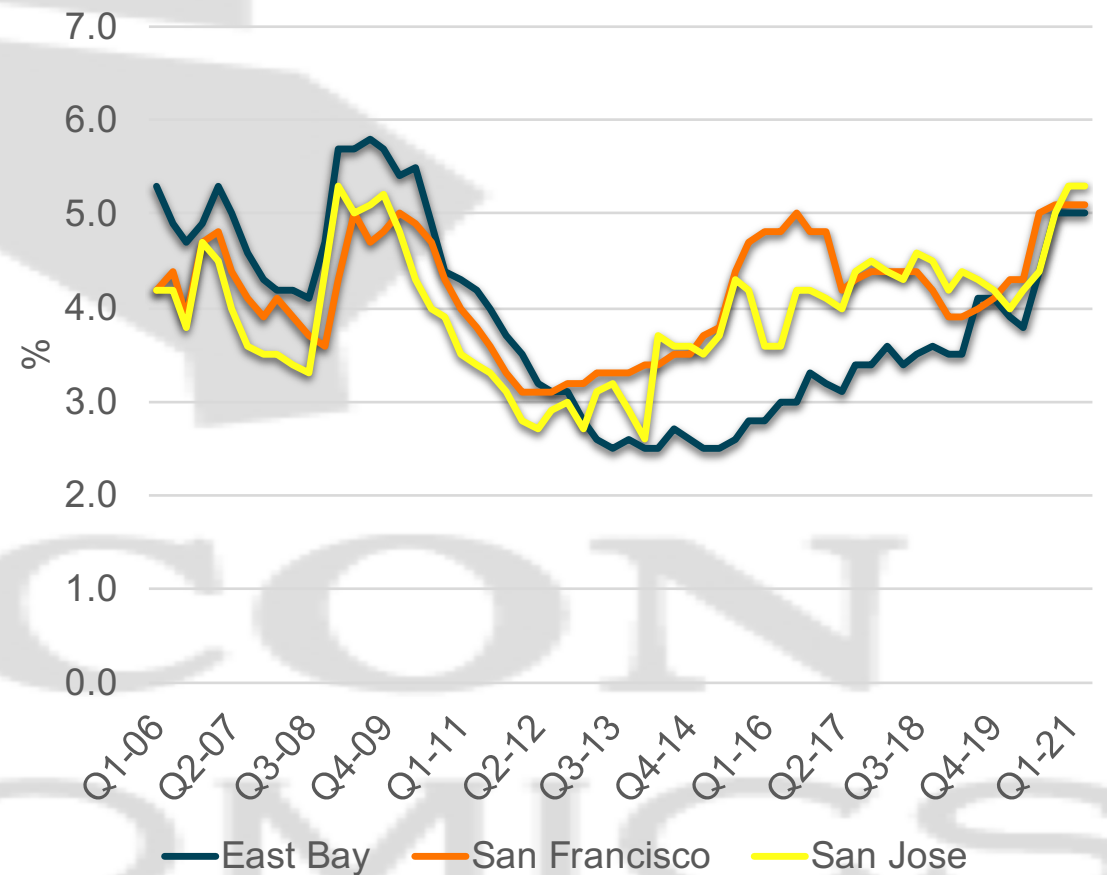
Apartments



Cost of Rent



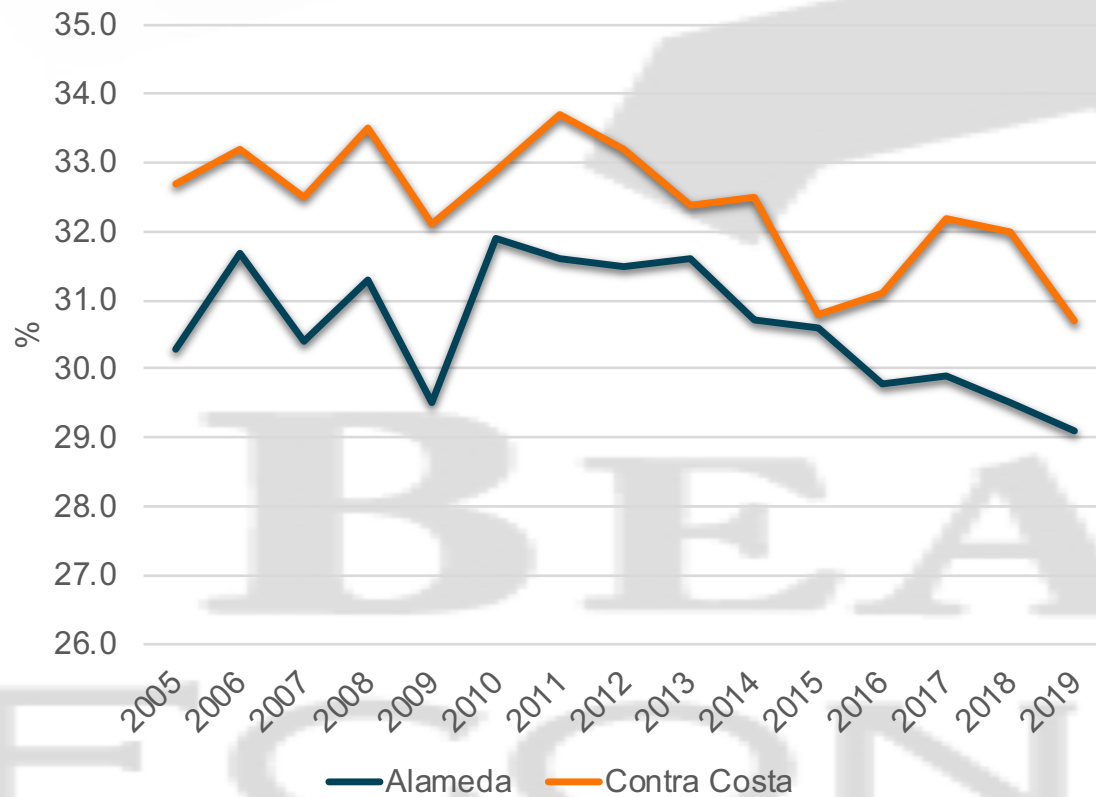
Vacancy Rates



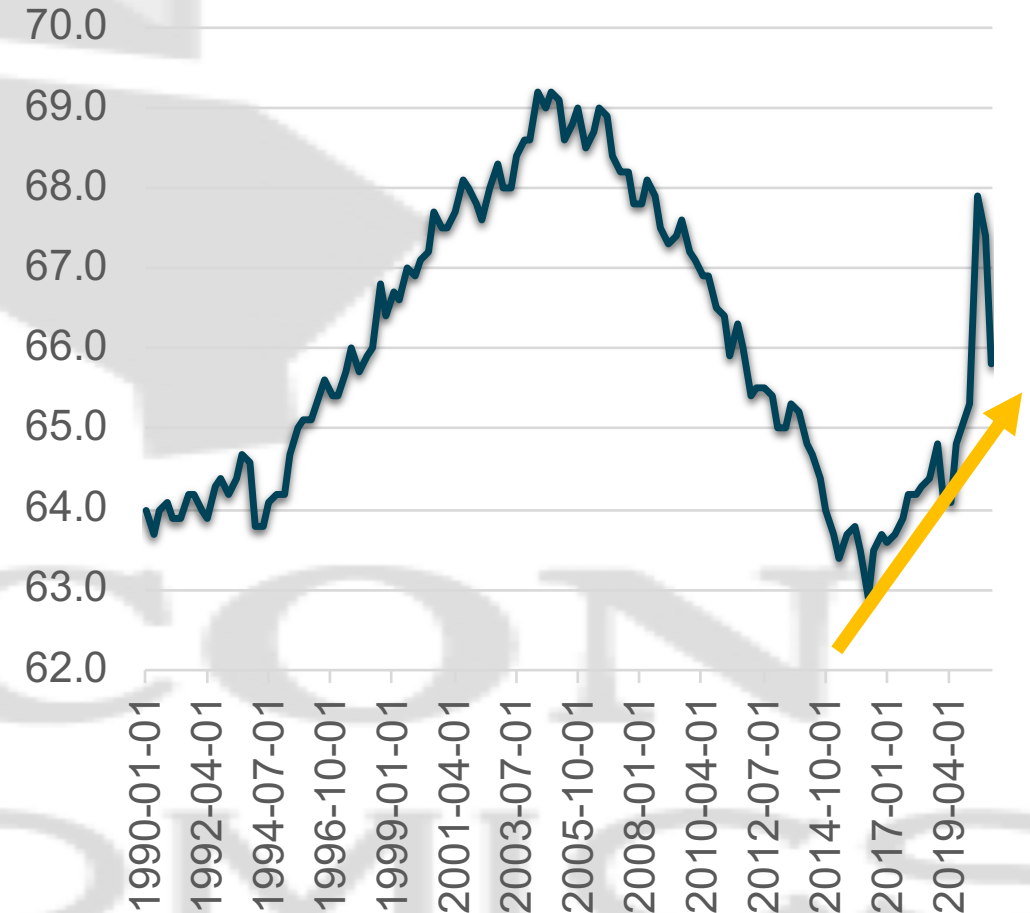
Household Income



East Bay Median Rent as % of HH Income

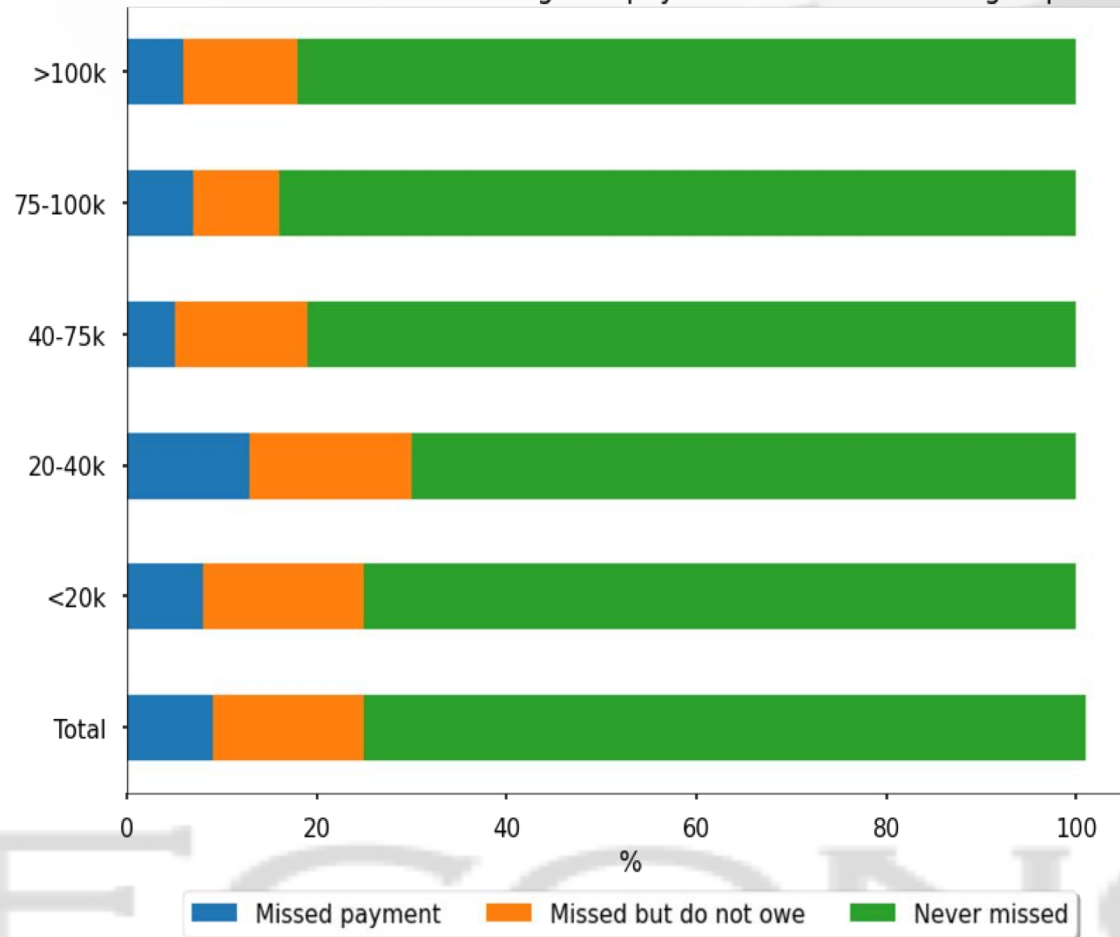


US Home-Ownership Rate



Financial Status of Renters

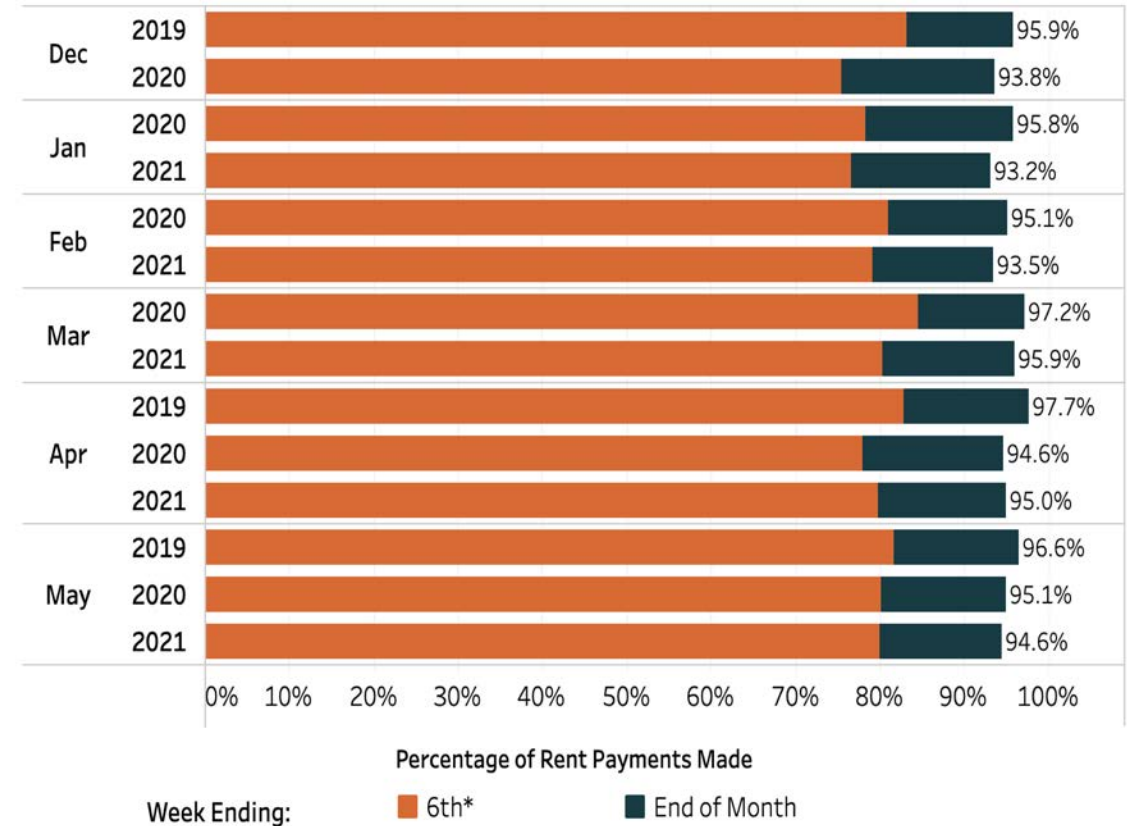
Lowest earners not missing rent payment more than other groups



SRC: Federal Reserve Bank of Philadelphia

Rent Payment Tracker: Full Month Results

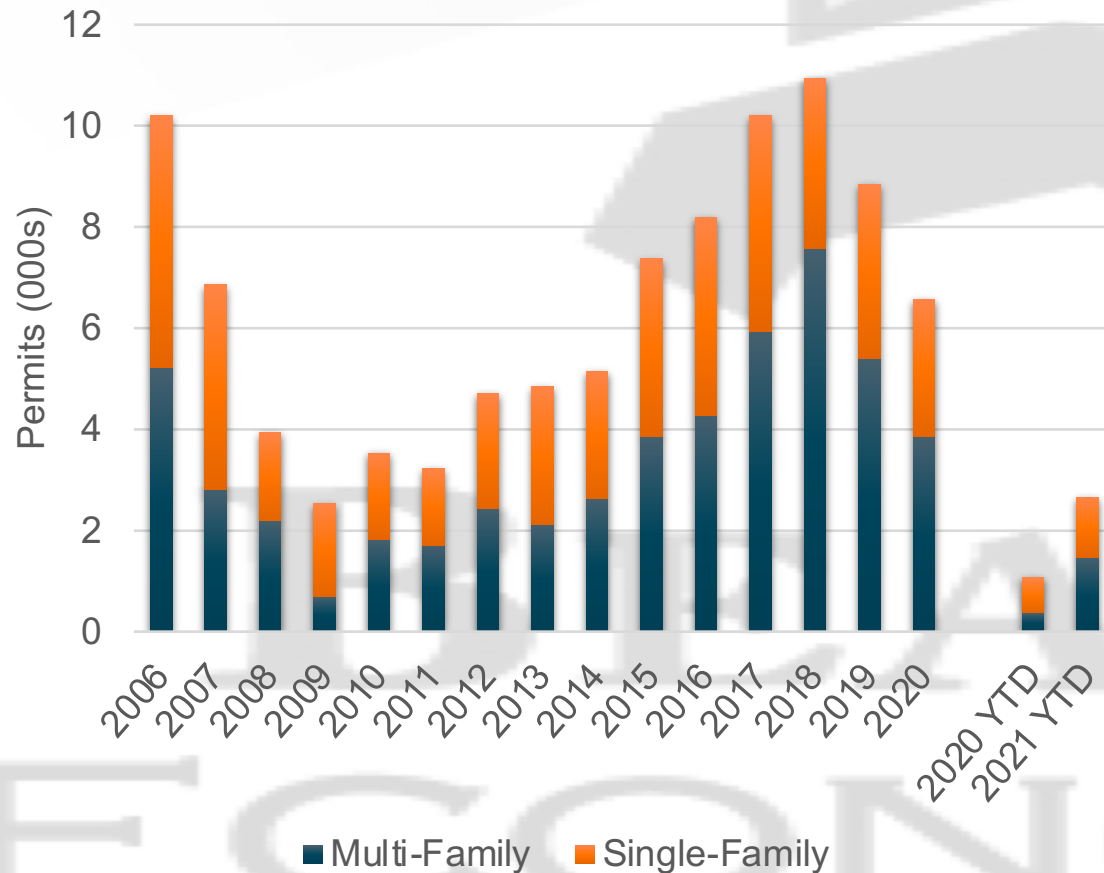
**Data collected from between 11.1 - 11.7 million apartment units each month



Residential Permits

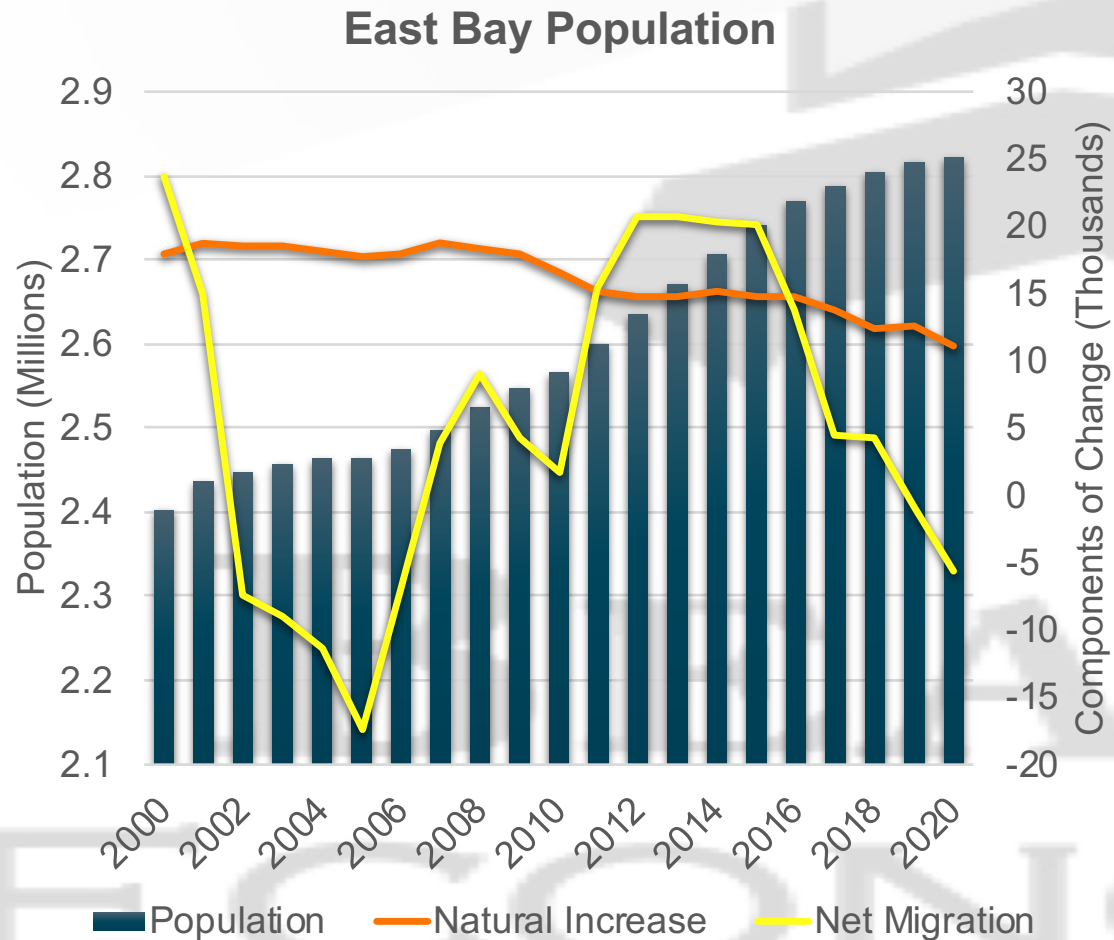


East Bay Residential Permit Units



County	Single-family Permits		Multi-family Permits	
	Q1-21 YTD	1-Yr Chg, Q1-20 YTD	Q1-21 YTD	1-Yr Chg, Q1-20 YTD
Contra Costa	656	245	661	503
Alameda	546	243	811	599
Monterey	80	28	30	-17
San Francisco	22	7	544	-410
Ventura	114	4	39	-228

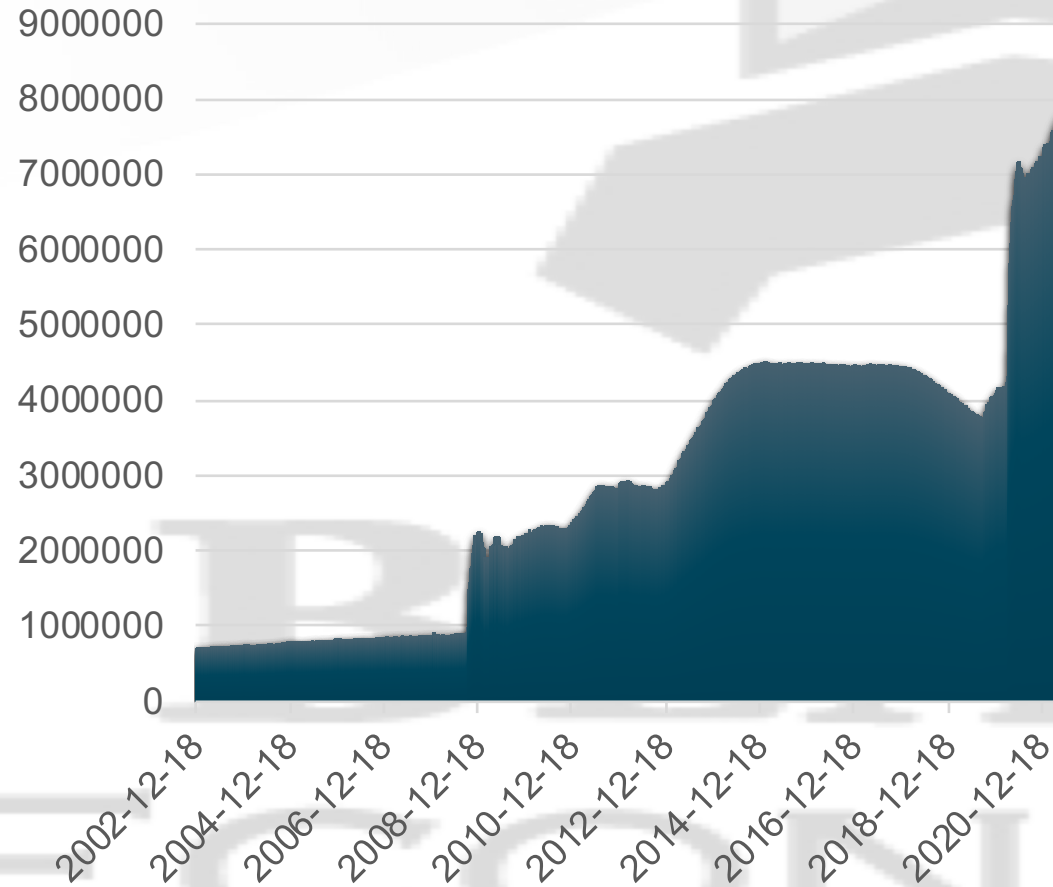
Population



City	Contra Costa County 2020 Population (000s)	1-Yr % Growth
County Total	2,824	0.6
Incorporated	2501	0.7
Oakland	433	0.7
Unincorporated	322	-0.2
Fremont	234	0.3
Hayward	160	0.1
Concord	130	-0.2
Berkeley	122	0.2
Antioch	112	0.1
Richmond	111	0.4

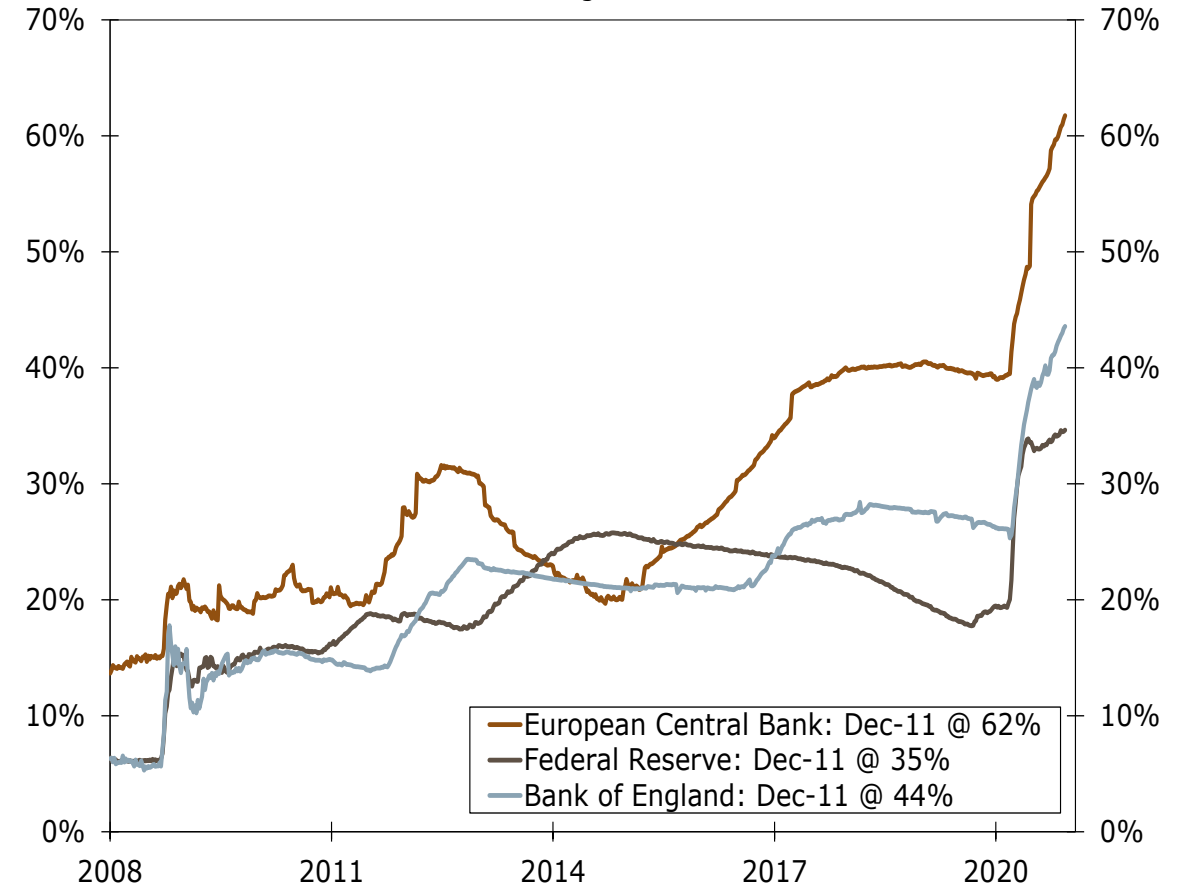
Federal Reserve Policy

Total Assets: US Federal Reserve



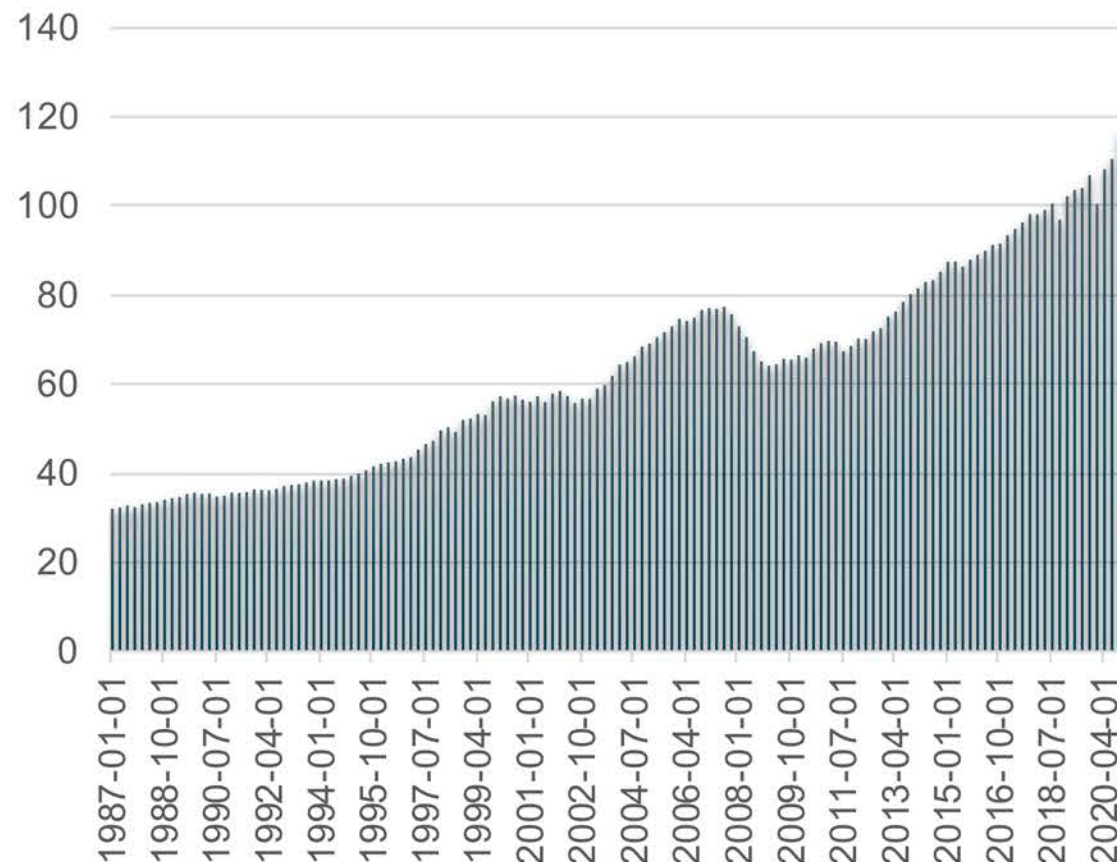
Major Central Bank Balance Sheets

Percentage of GDP

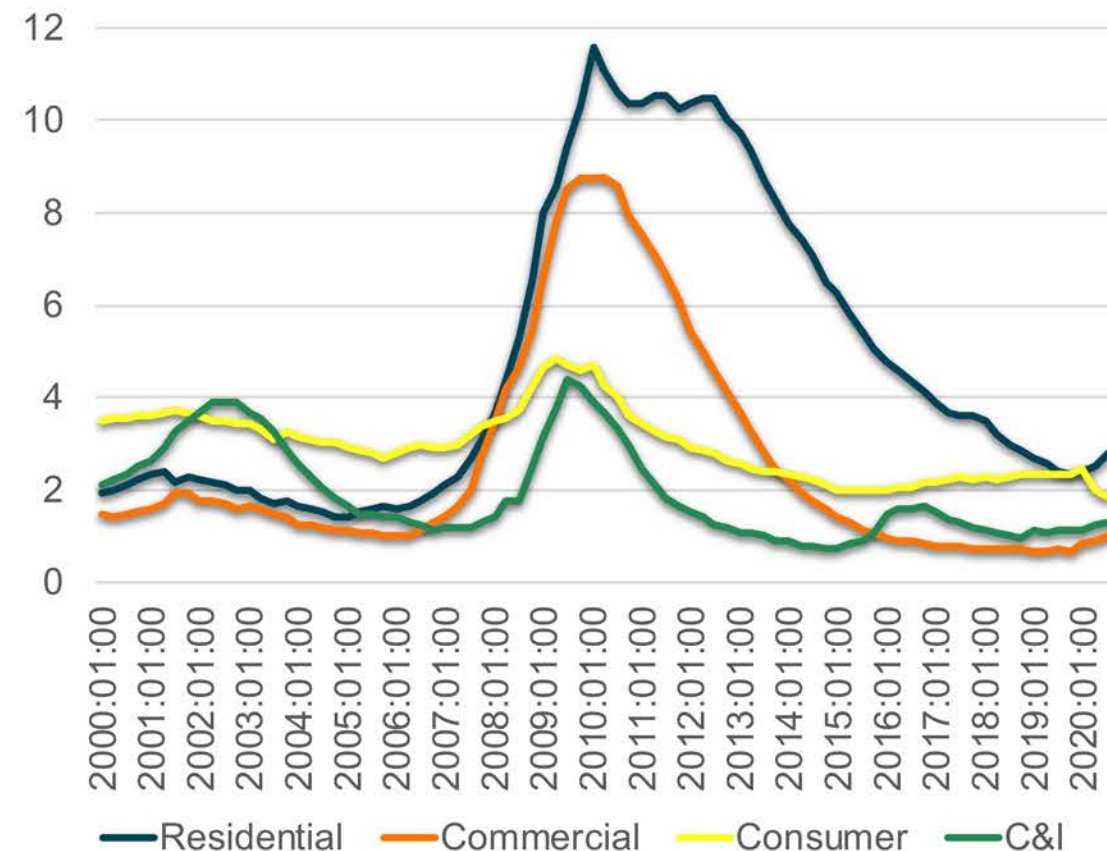


Fighting The Last War...

US Household Real Net Worth

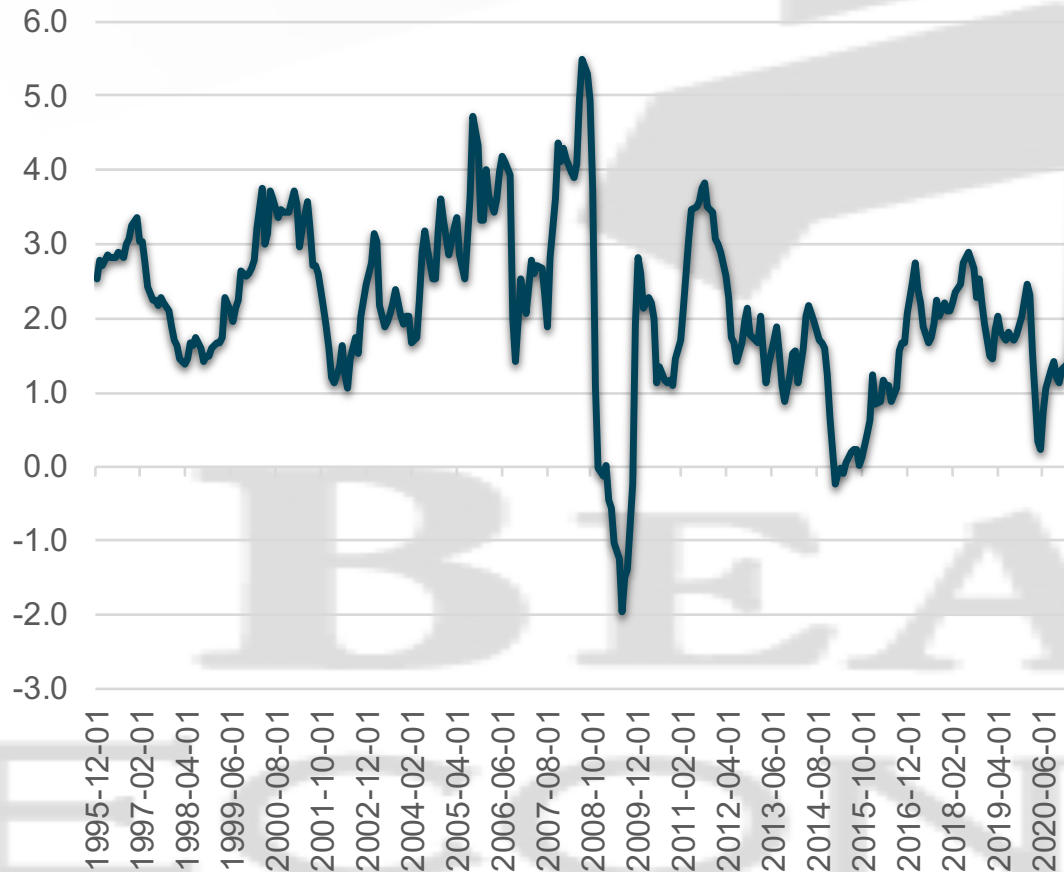


Commercial Bank Loan Delinquencies

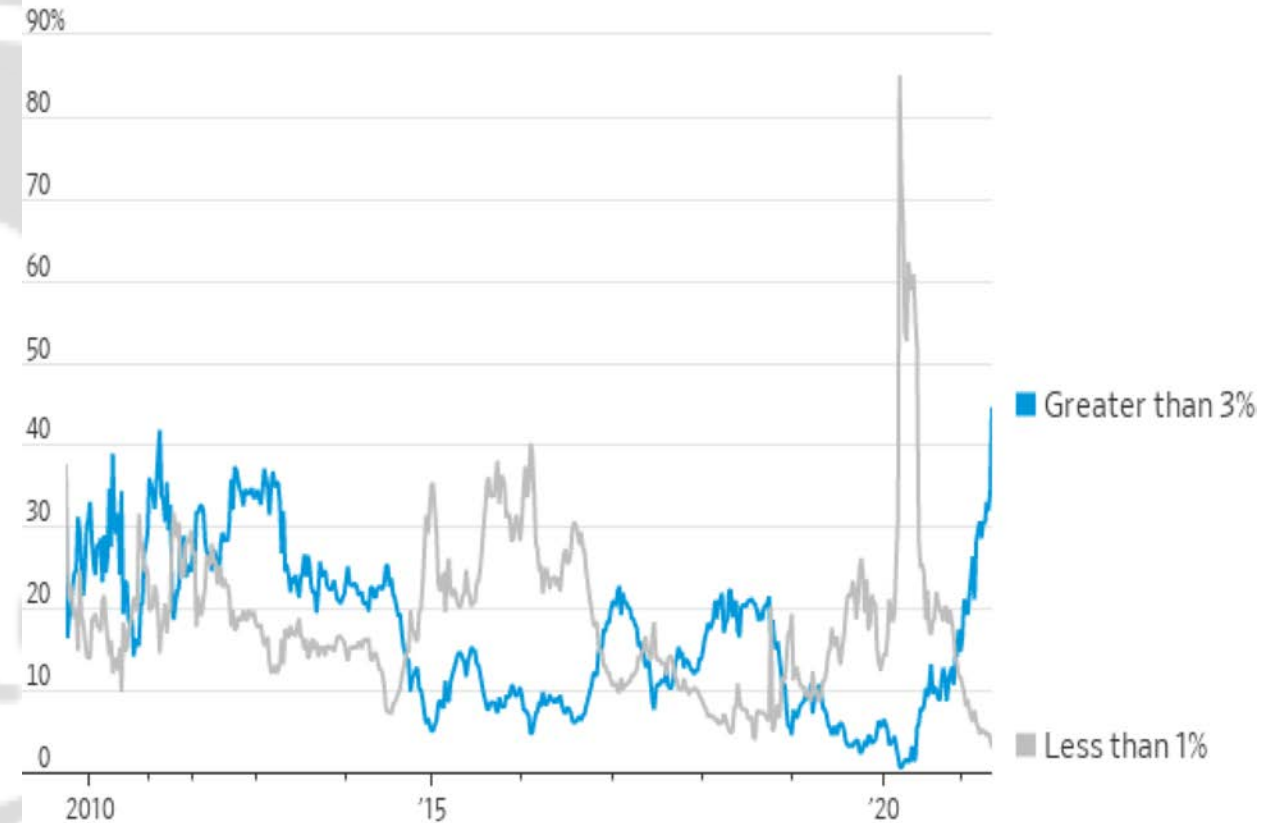


Inflation and Inflation Potential

YOY Growth CPI



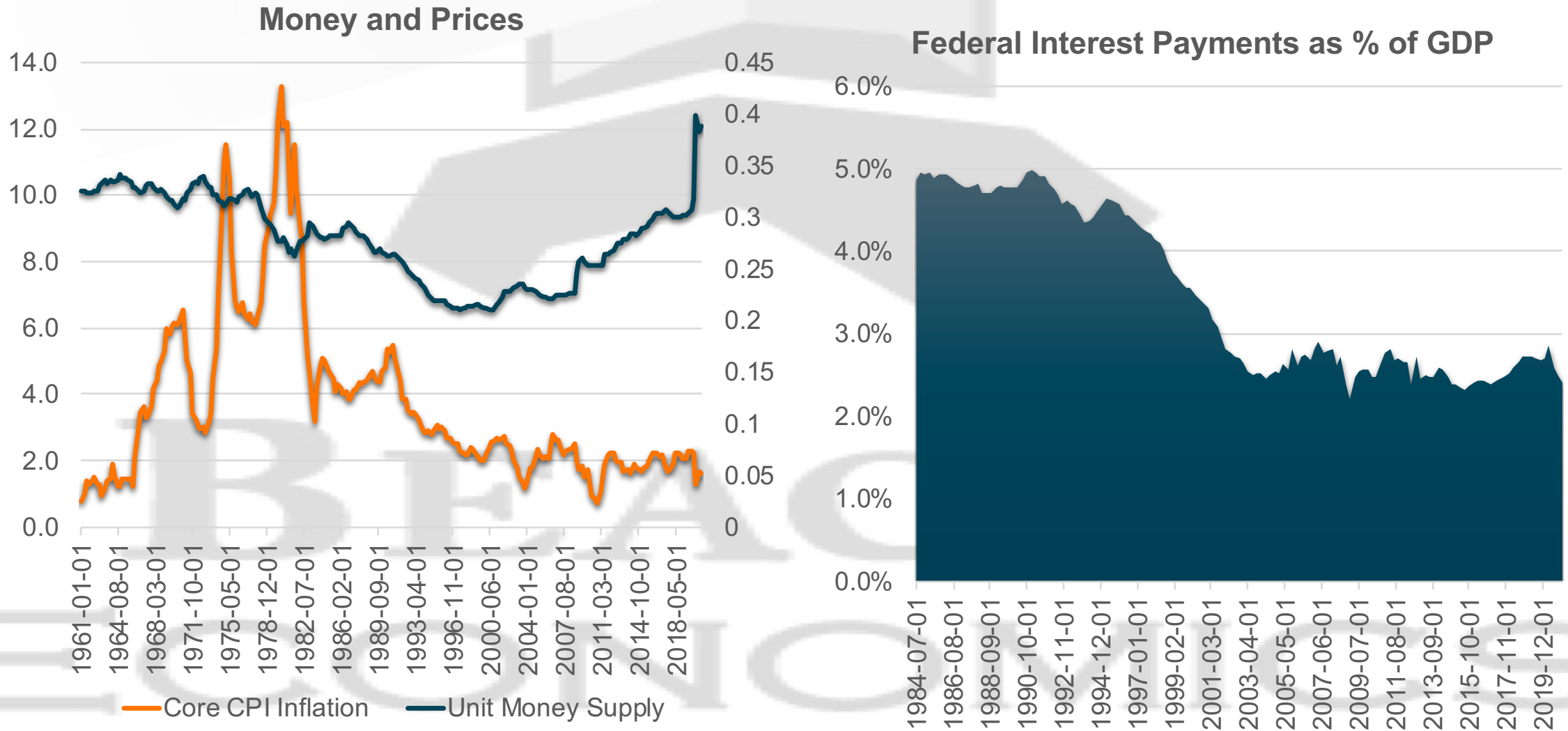
Option-implied probability of inflation over the next five years being:



Note: Through May 5

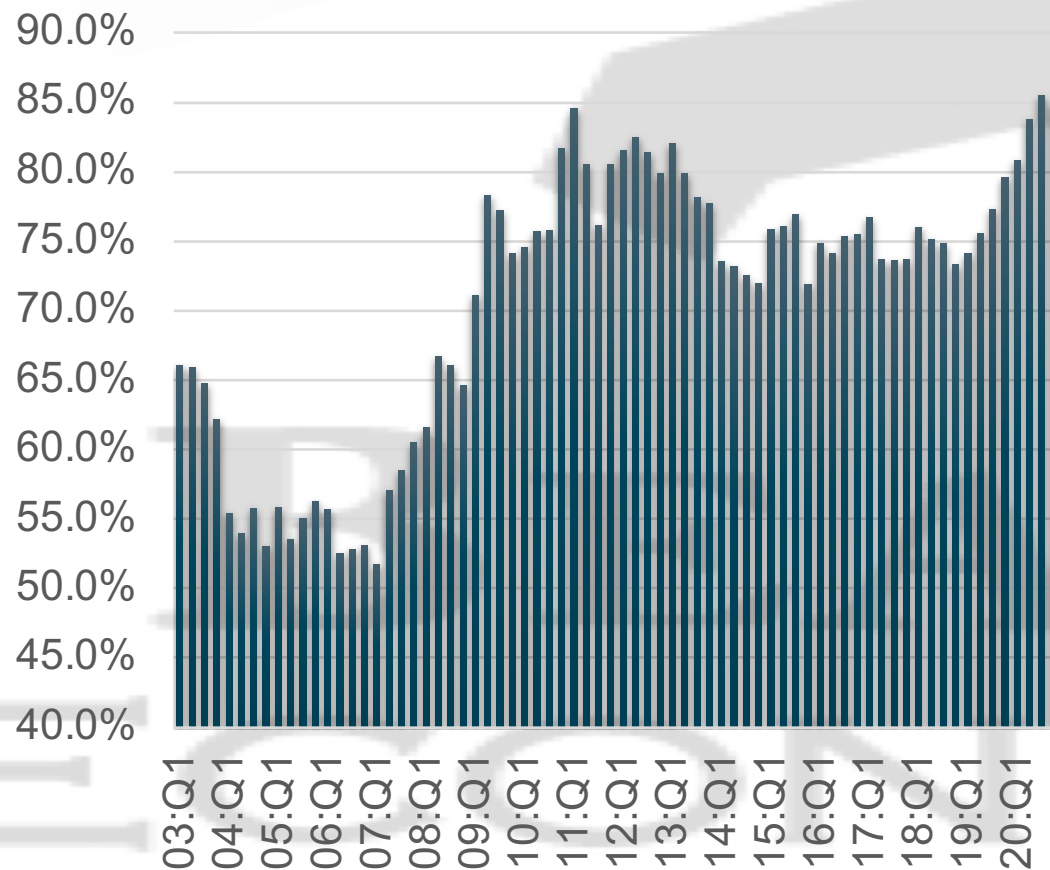
Source: Federal Reserve Bank of Minneapolis

Interaction of Monetary and Fiscal Problems



Bubble Alert? Not Yet...

Share Mortgage Originations > 720
Fico

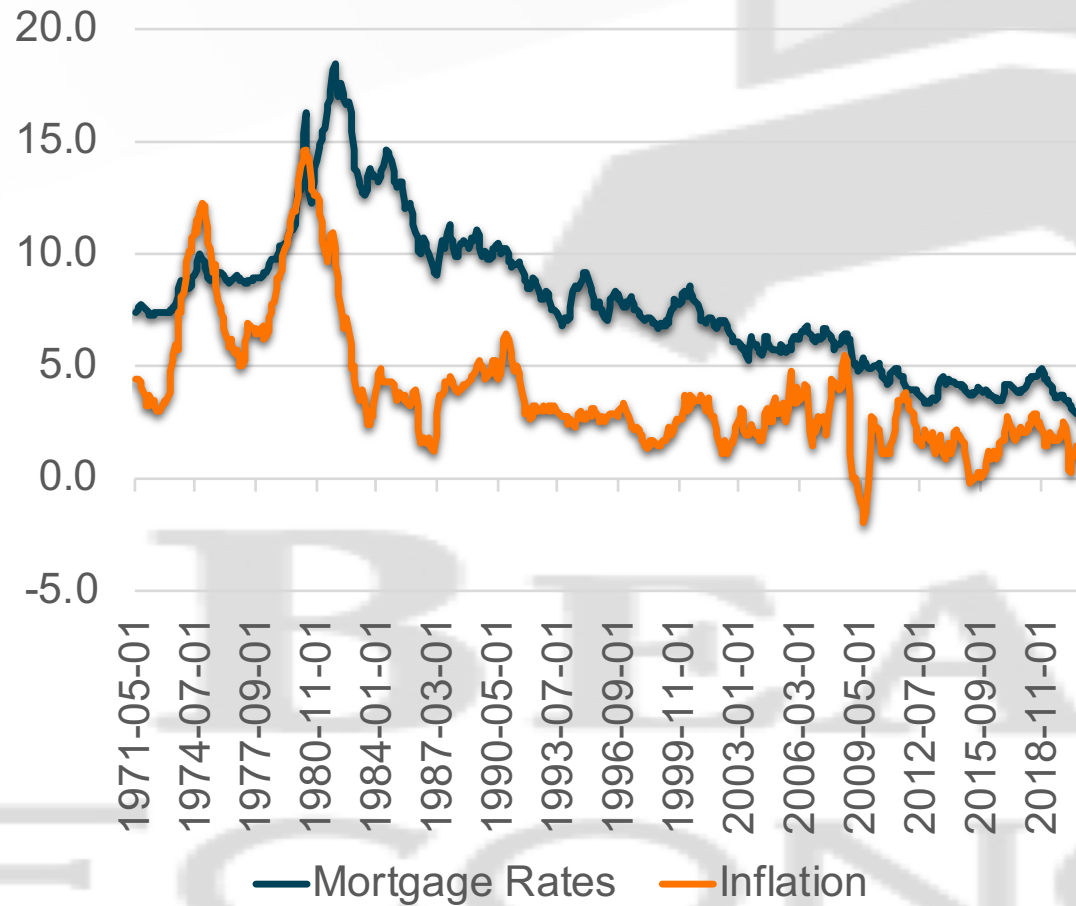


Owner Costs as % Income

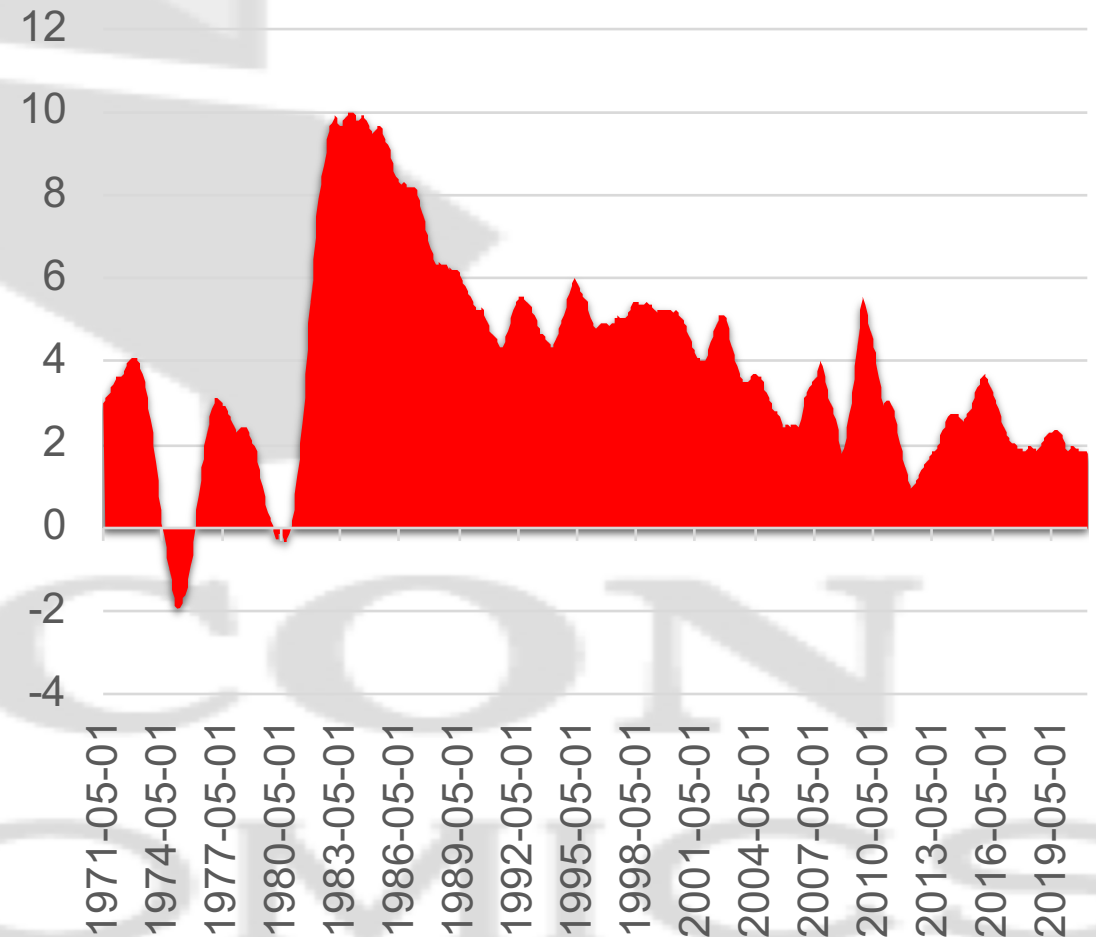
		2011	2019
	Units w/ Mortgage	Less than 20.0 percent	
US	49,049,732	34.9%	47.6%
Arizona	1,023,943	32.8%	48.0%
California	5,064,795	23.8%	35.1%
Colorado	948,904	36.2%	45.1%
Nevada	403,792	29.8%	44.2%
Utah	446,690	33.6%	47.7%
		35.0 percent or more	
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Mortgage Rates

Mortgage rates and Inflation

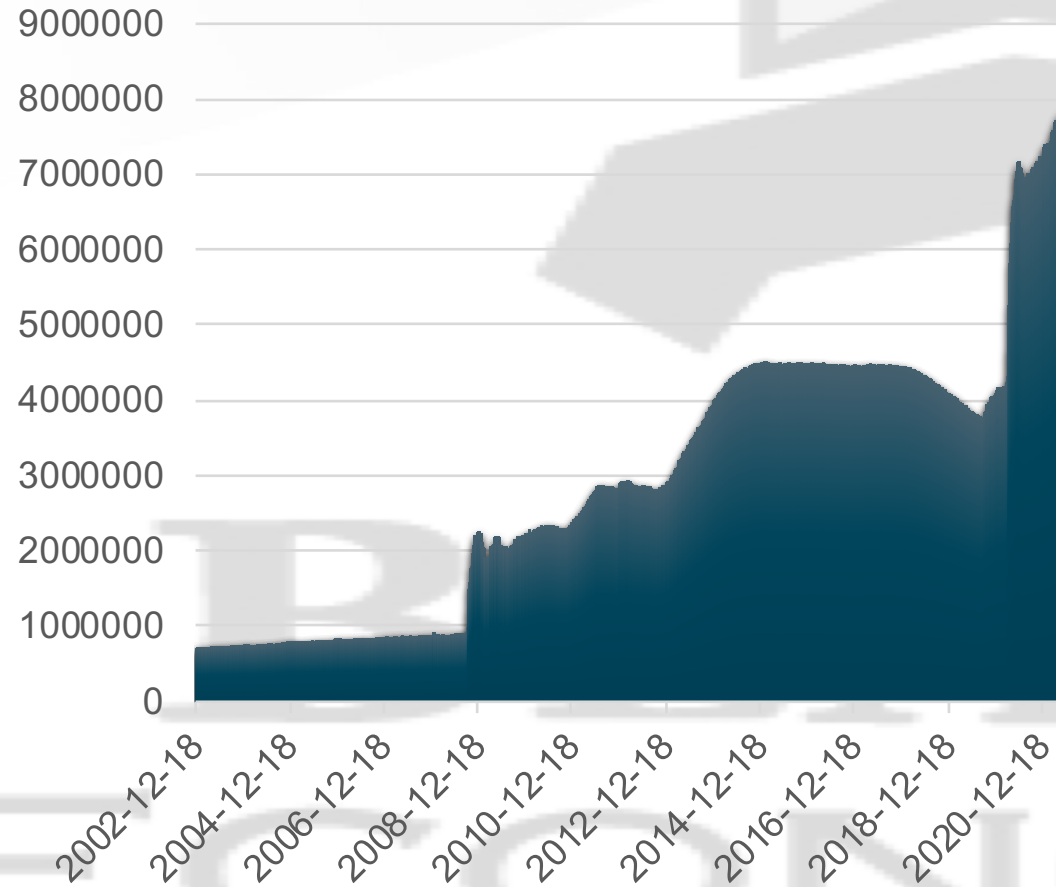


Inflation Rate Gap



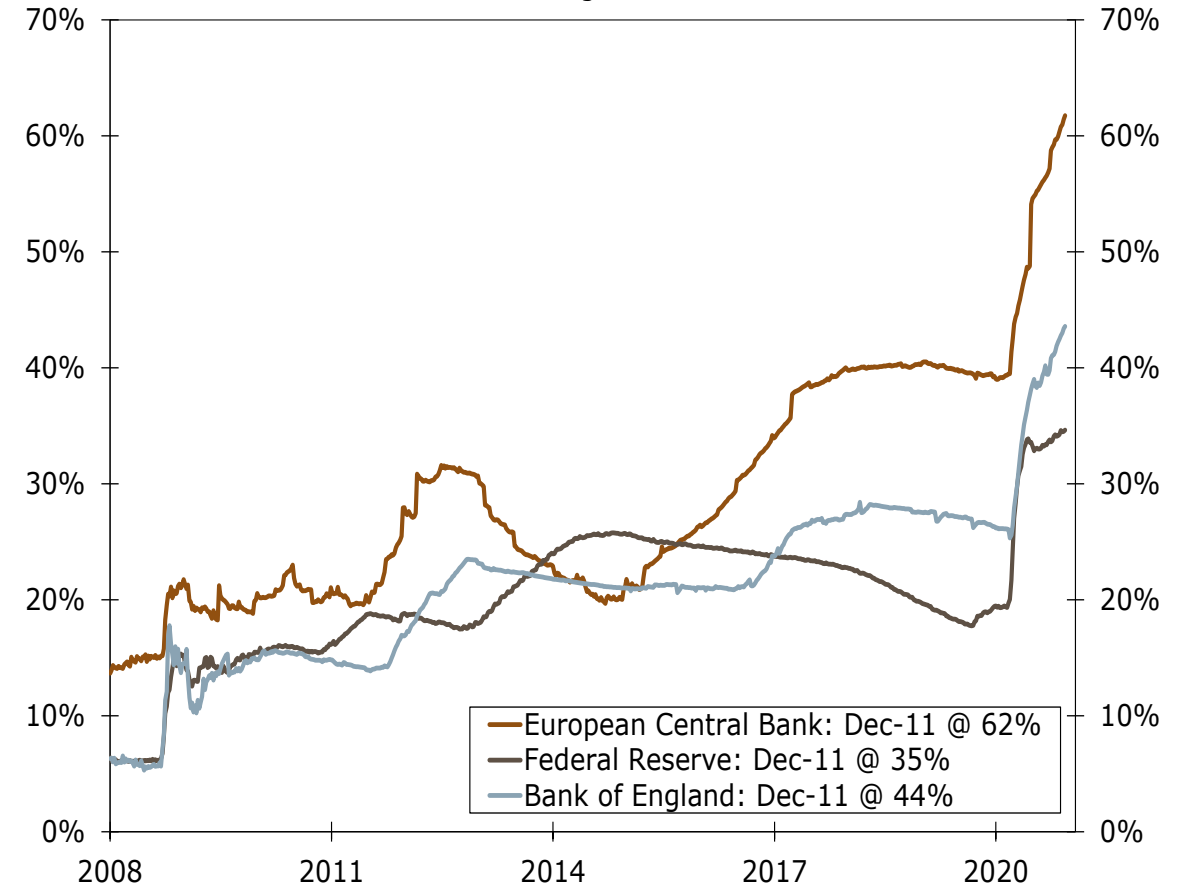
Federal Reserve Policy

Total Assets: US Federal Reserve



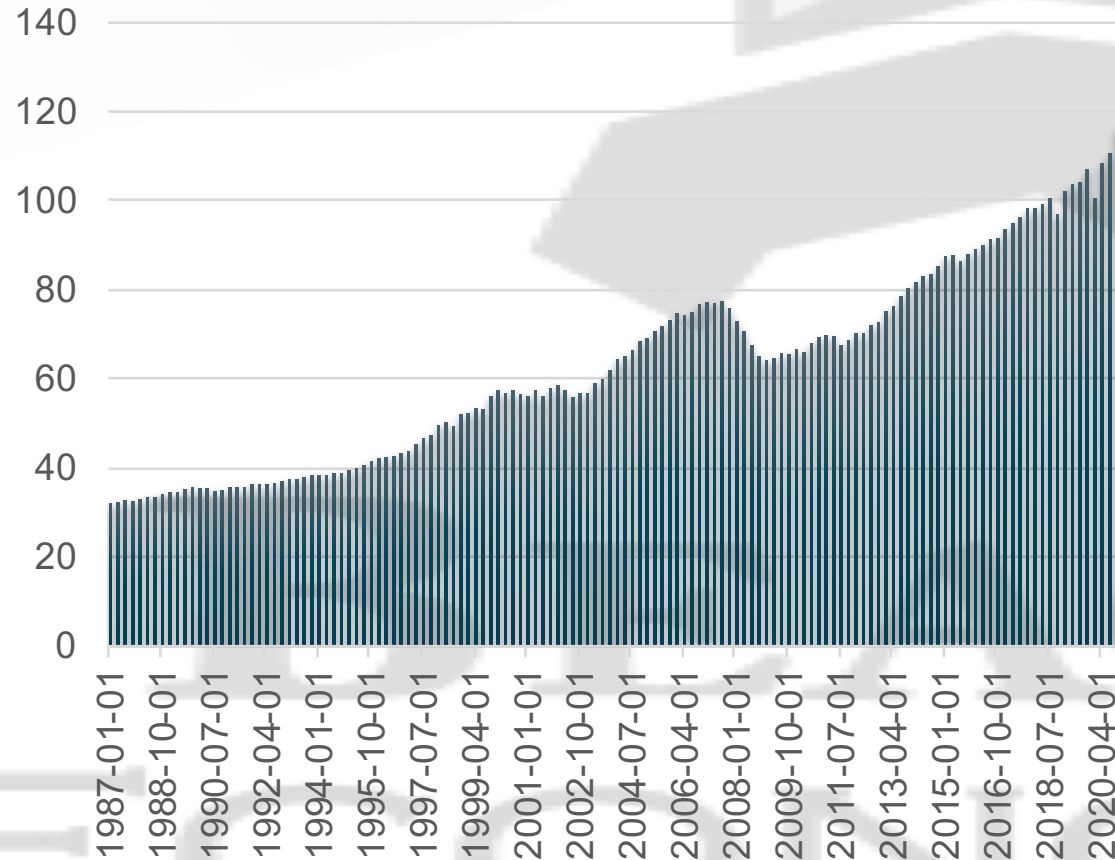
Major Central Bank Balance Sheets

Percentage of GDP

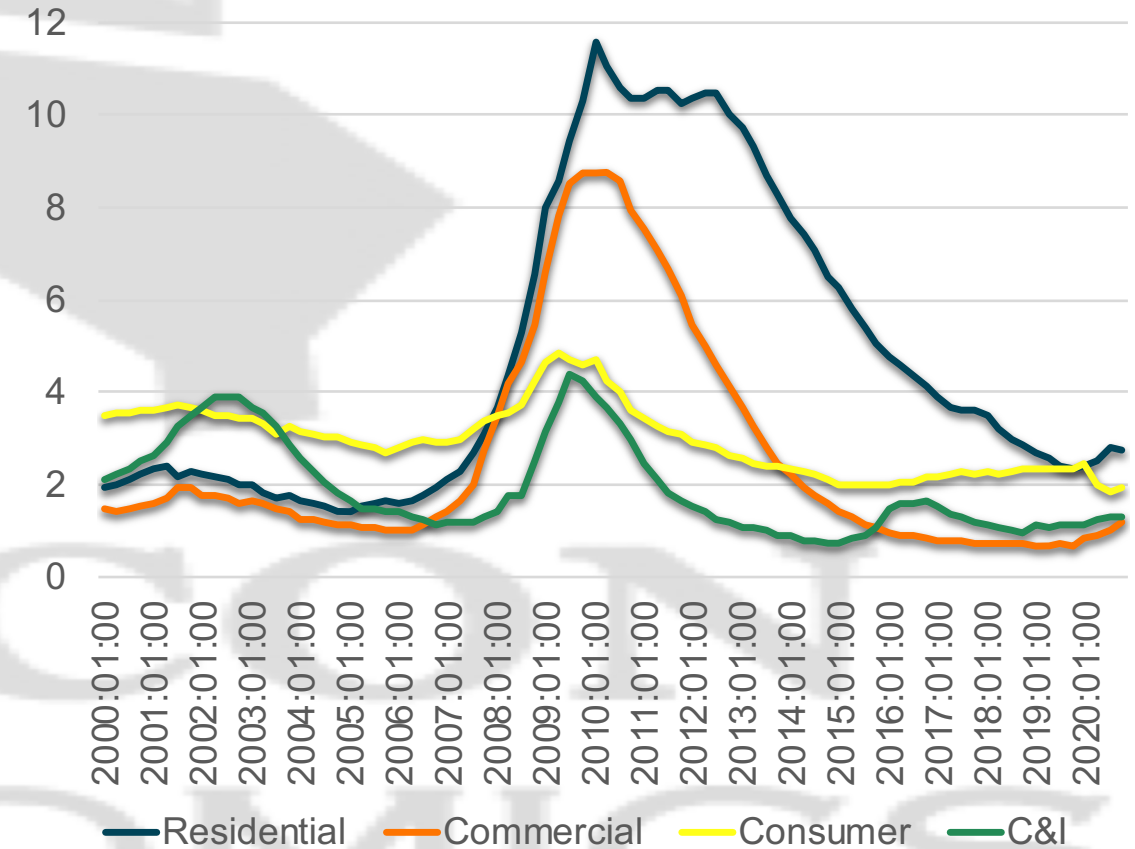


Fighting The Last War...

US Household Real Net Worth

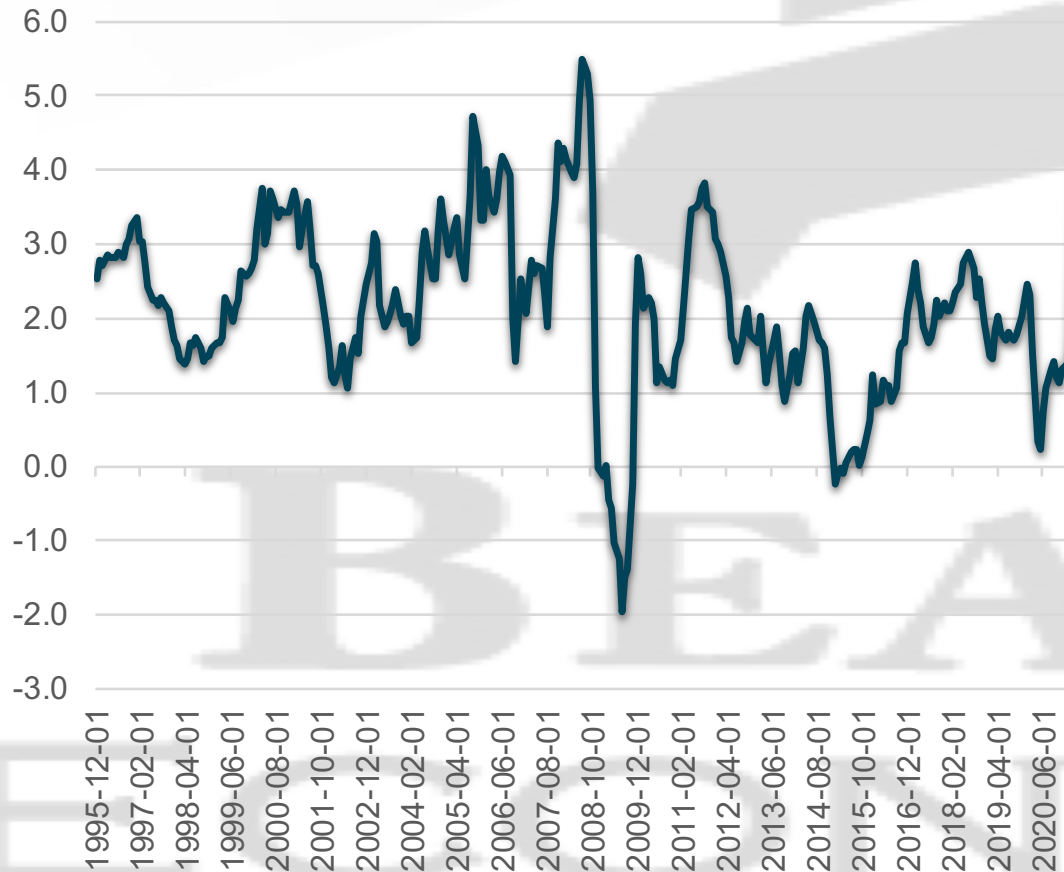


Commercial Bank Loan Delinquencies

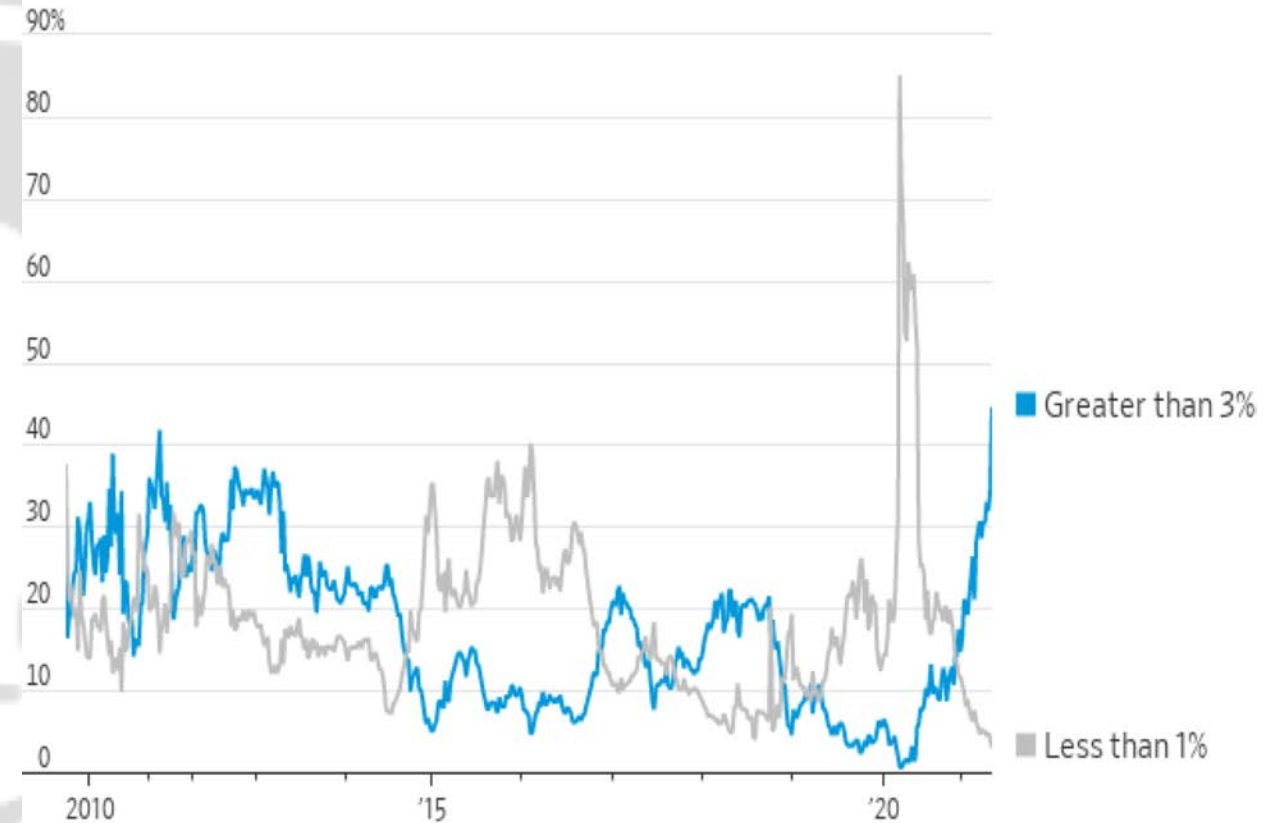


Inflation and Inflation Potential

YOY Growth CPI



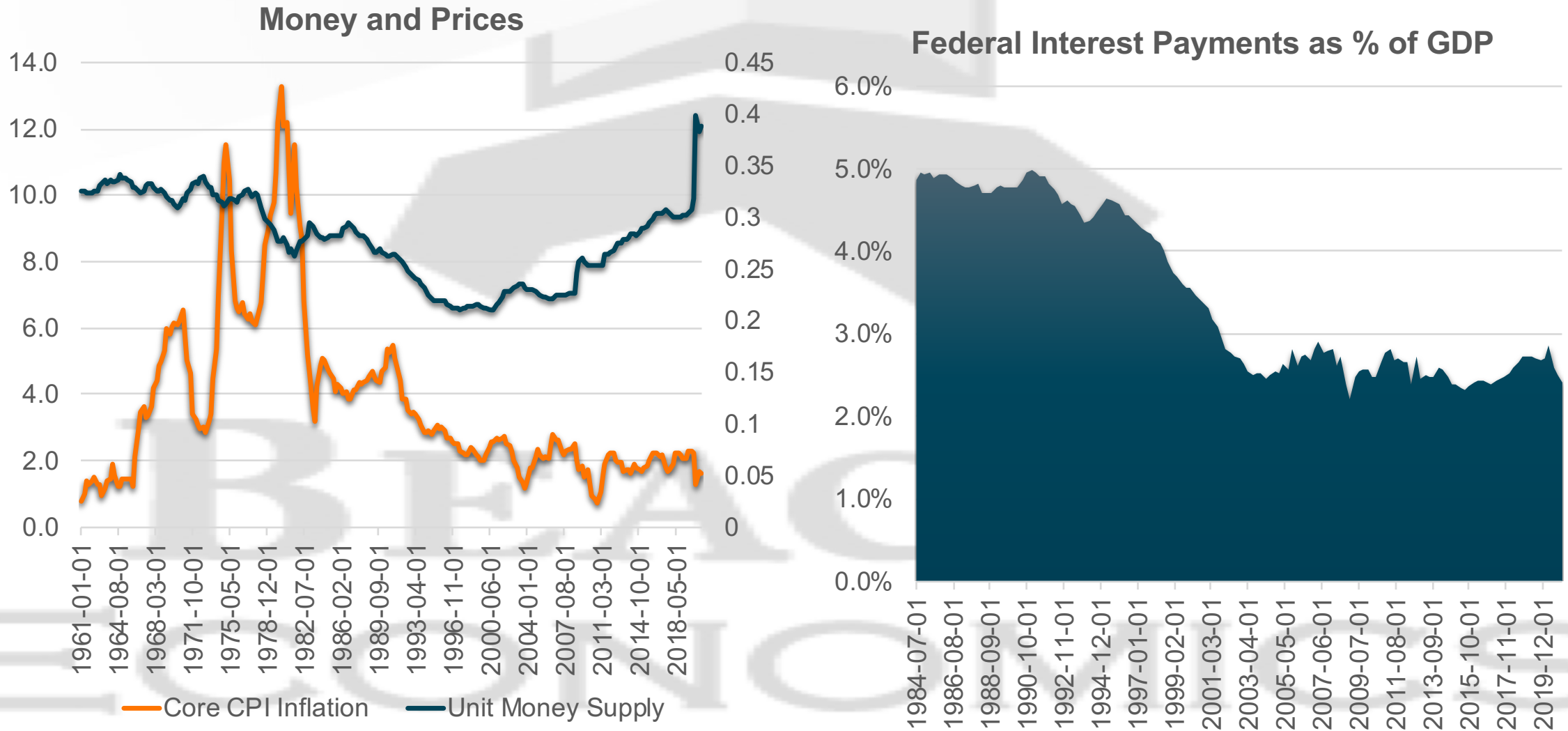
Option-implied probability of inflation over the next five years being:



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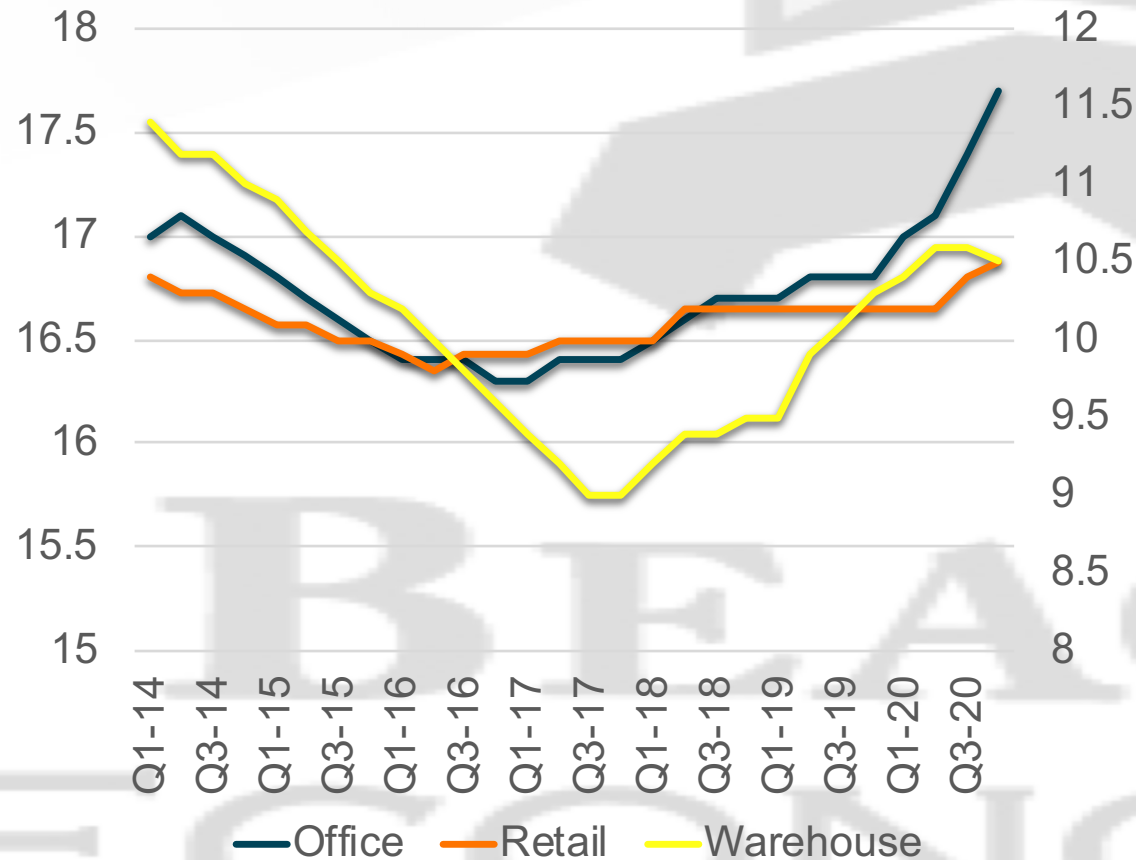
Source: Federal Reserve Bank of Minneapolis

Interaction of Monetary and Fiscal Problems

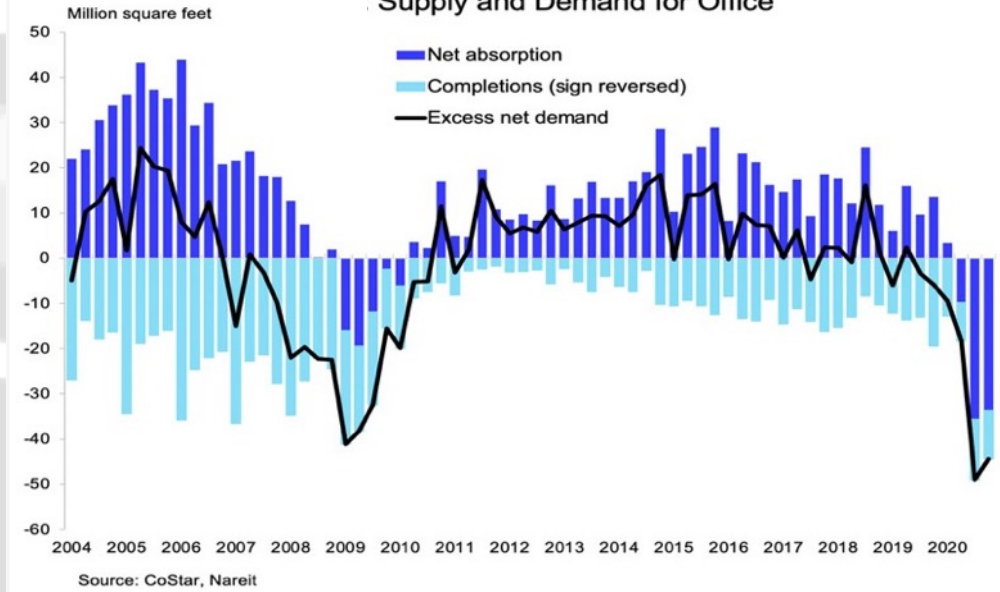


Commercial Real Estate

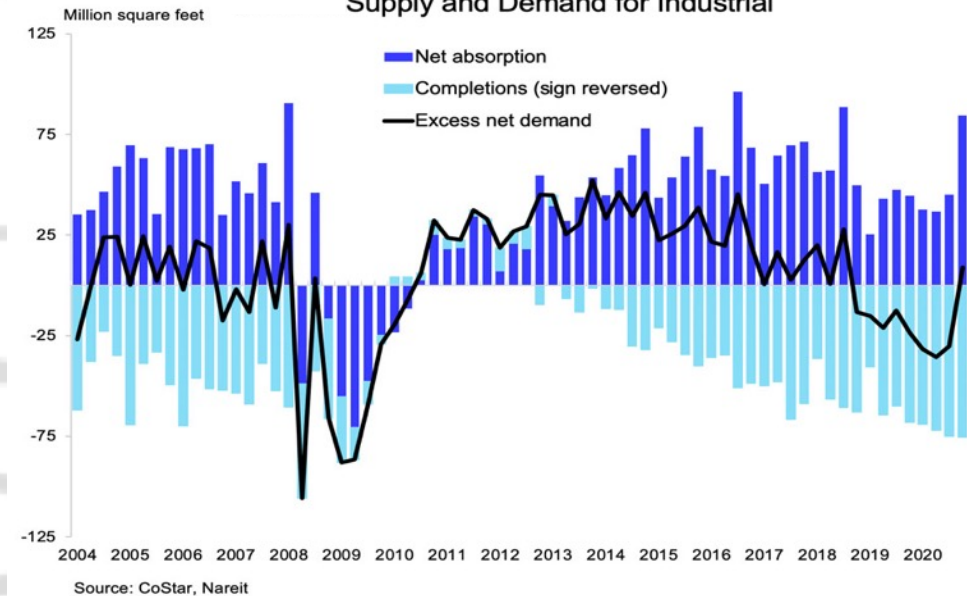
Vacancy Rates (REIS)



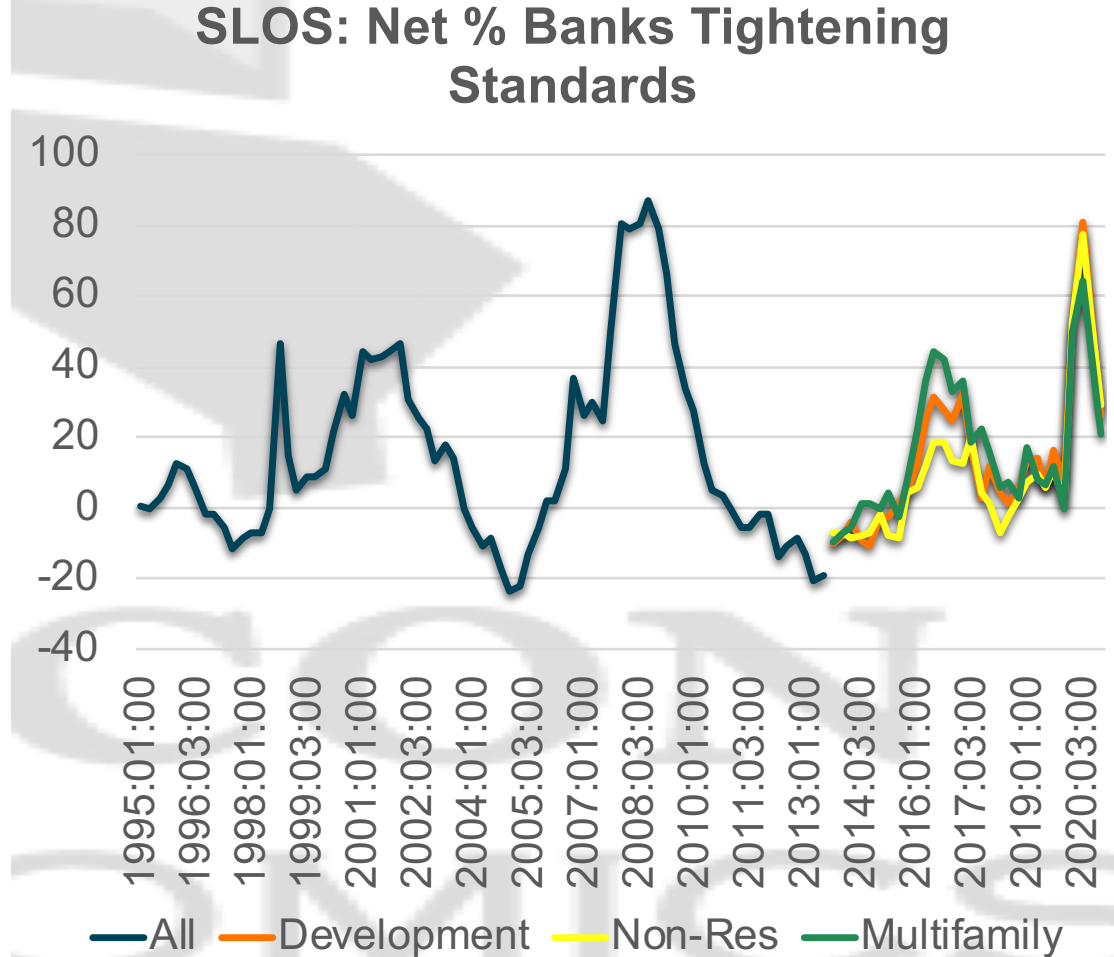
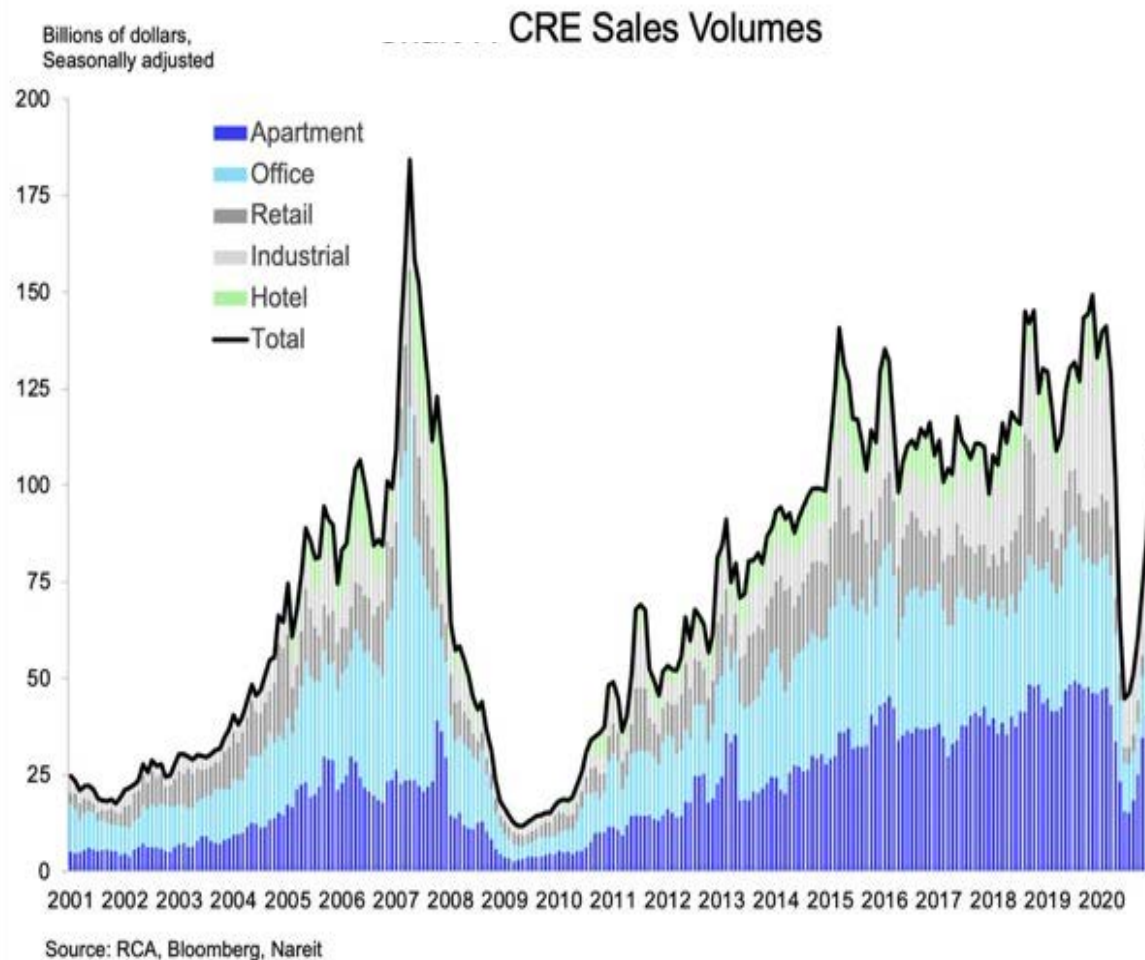
Supply and Demand for Office



Supply and Demand for Industrial



Sales and Price Trends (WF / RCA)



Nonresidential Rents and Vacancies



Office	Cost of Rent		Vacancy Rates	
	Q1-21 (\$/sf)	1-Yr % Gr	Q1-21 (%)	1-Yr Chg
San Jose	47.6	0.4	20.1	1.9
San Francisco	65.0	-0.5	11.8	2.8
East Bay	35.2	-0.7	17.7	2.1

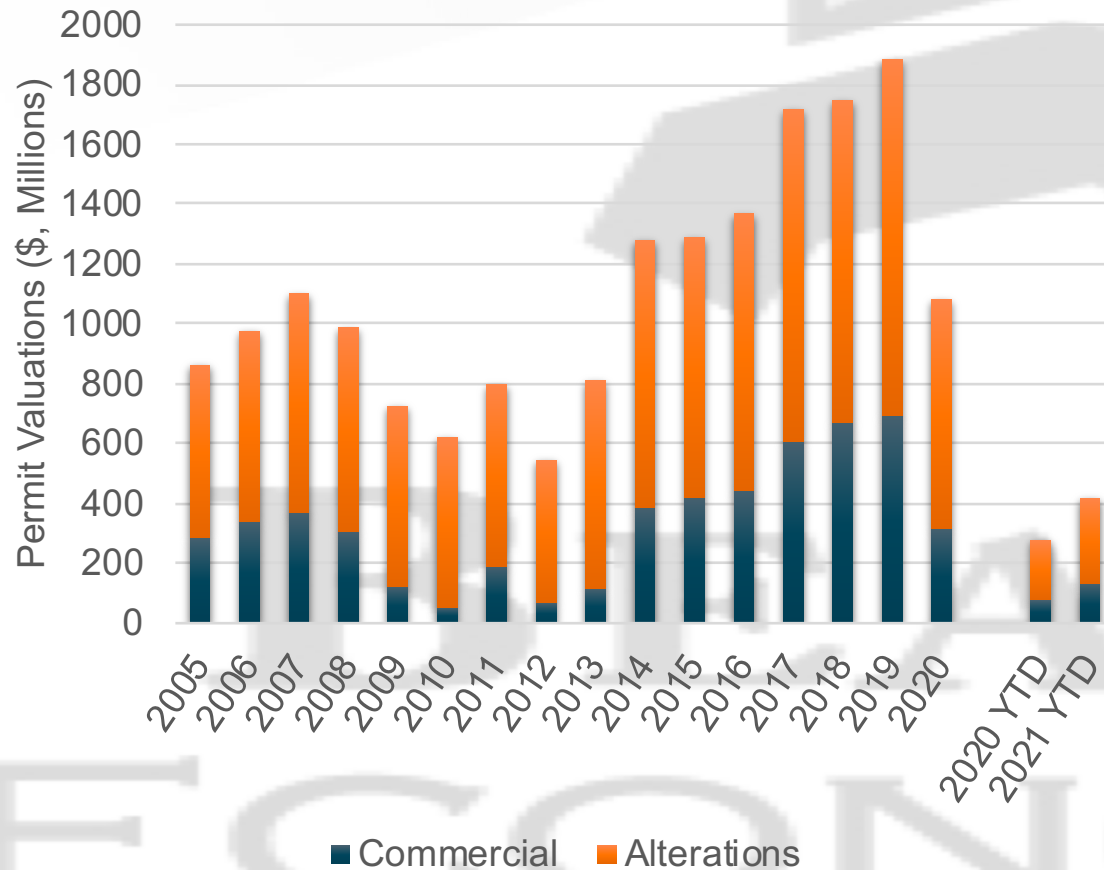
Retail				
San Jose	37.8	0.2	5.8	0.4
San Francisco	40.8	-1.5	4.4	-0.1
East Bay	31.7	-1.6	9.0	0.9

Warehousing/Distribution				
San Jose	8.6	1.3	9.1	0.9
East Bay	6.9	1.2	9.4	-0.4
San Francisco	10.3	-0.3	4.9	-0.7

Nonresidential Real Estate



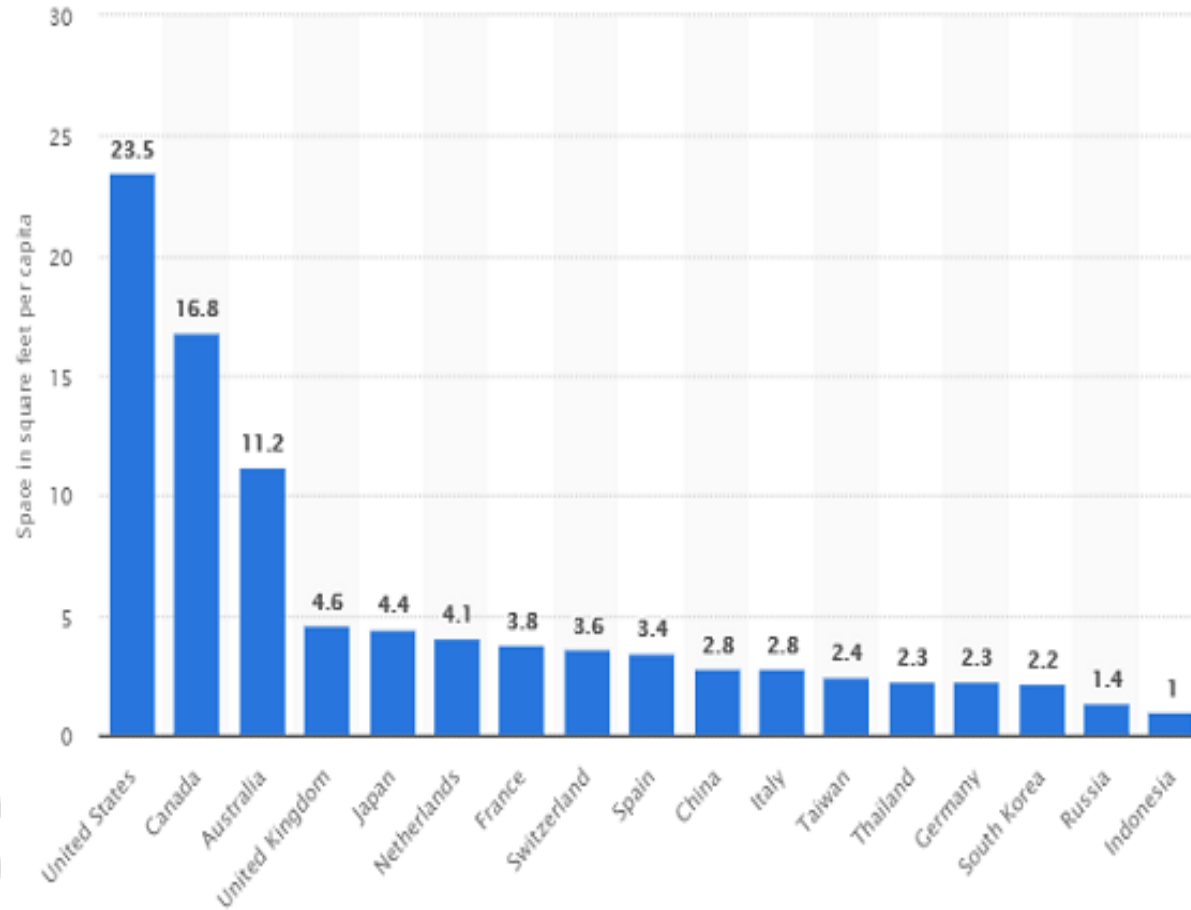
East Bay Non Res. Permits Values



Permit Type	Q1-21 YTD Permit Value, (\$, Mil)	Abs. Change vs. Q1-20 YTD (\$, Mil)
Alterations	287.3	84.5
Commercial	131.4	53.8
Office	39.2	33.3
Hotel	10.0	0.5
Store	59.7	-2.5

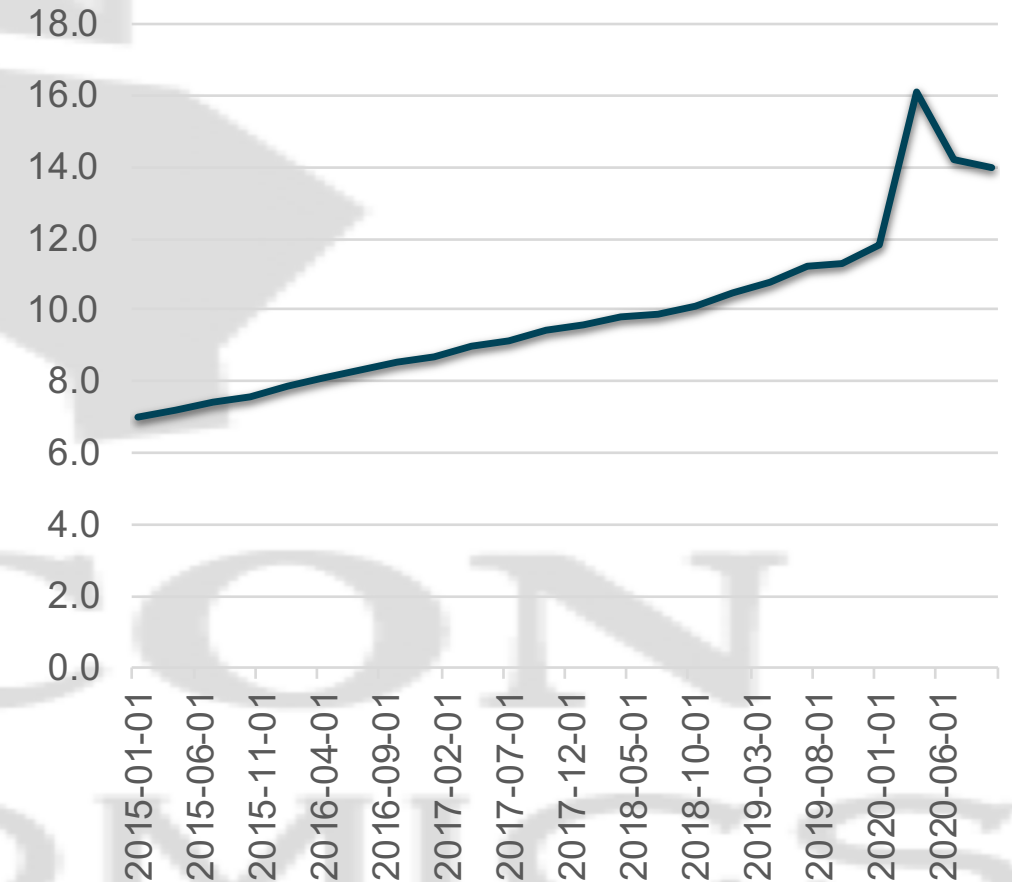
The Retail Dilemma

Retail space per capita in selected countries worldwide in 2018
(in square feet)



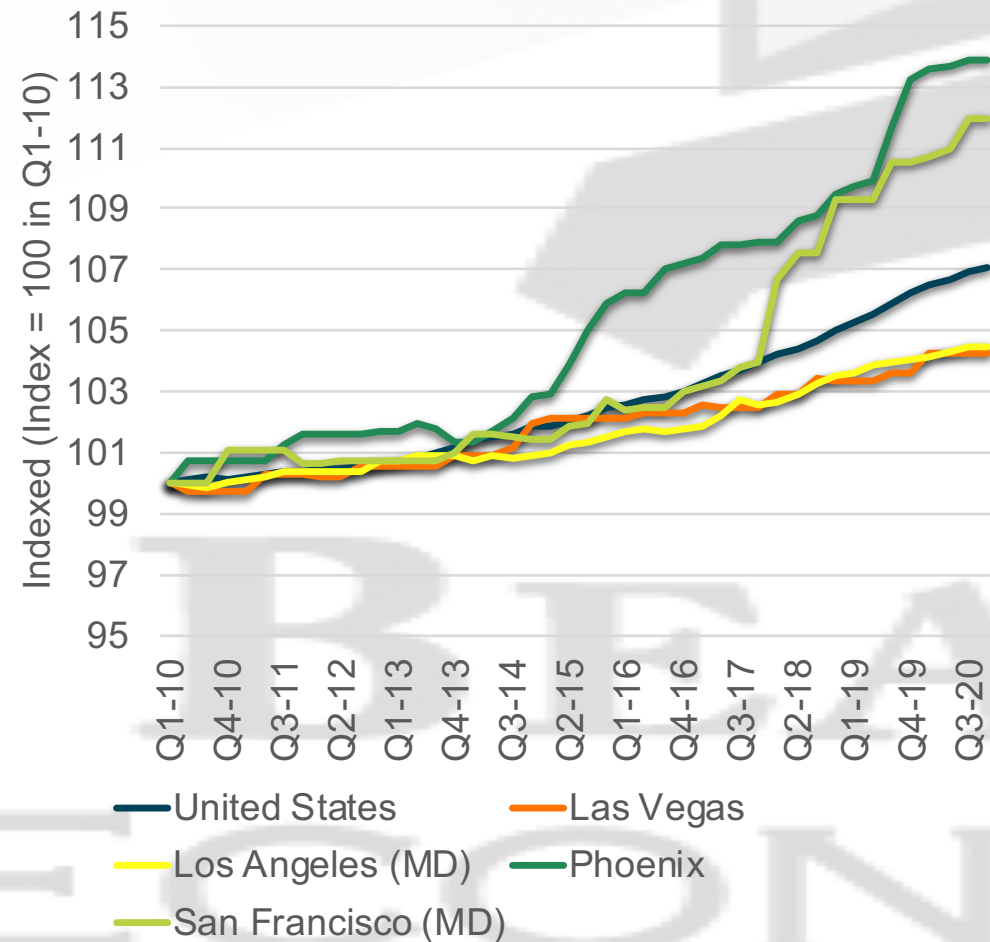
© Statista 2020

E-Commerce Share Retail Sales



Office Space

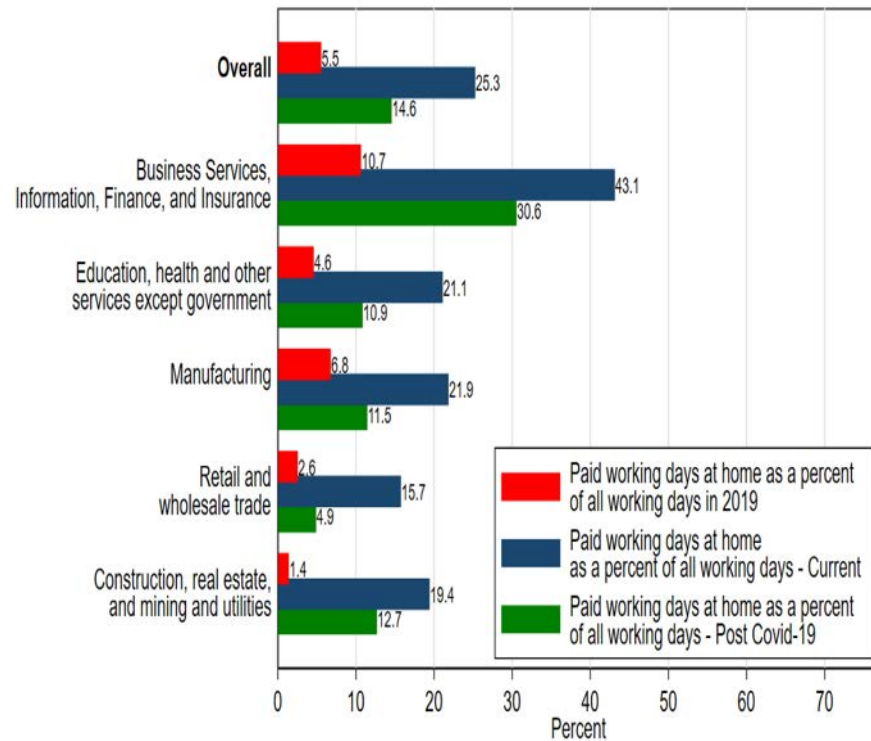
Office Property Stock



Submarket Name	Building Class	2021Q1	2 Yr Ch	2021Q1	2 Yr Ch
Tempe	A	12.5%	1.6%	\$29.6	8.4%
North Central	A	13.7%	-3.4%	\$26.6	5.7%
Northwest	A	18.5%	-0.3%	\$23.4	2.7%
Scottsdale	A	18.7%	-1.4%	\$32.0	4.7%
Camelback	A	21.4%	-1.4%	\$26.7	6.3%
East Central	A	23.0%	1.0%	\$27.9	2.2%
Mesa/Chandler	A	23.3%	-1.7%	\$18.7	4.8%
Downtown	A	25.4%	3.9%	\$36.1	1.7%
Uptown	A	26.6%	1.7%	\$22.2	4.7%
West	A	28.5%	-2.4%	\$24.5	1.0%
Camelback	BC	17.7%	0.1%	\$35.5	4.0%
Scottsdale	BC	18.6%	-1.1%	\$26.4	3.5%
Downtown	BC	21.5%	0.8%	\$29.0	0.8%
Mesa/Chandler	BC	22.6%	-0.5%	\$29.4	5.9%
Northwest	BC	23.2%	-3.1%	\$20.4	2.2%
Tempe	BC	25.7%	-0.4%	\$23.3	3.7%
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North Central	BC	29.4%	2.1%	\$23.6	11.7%
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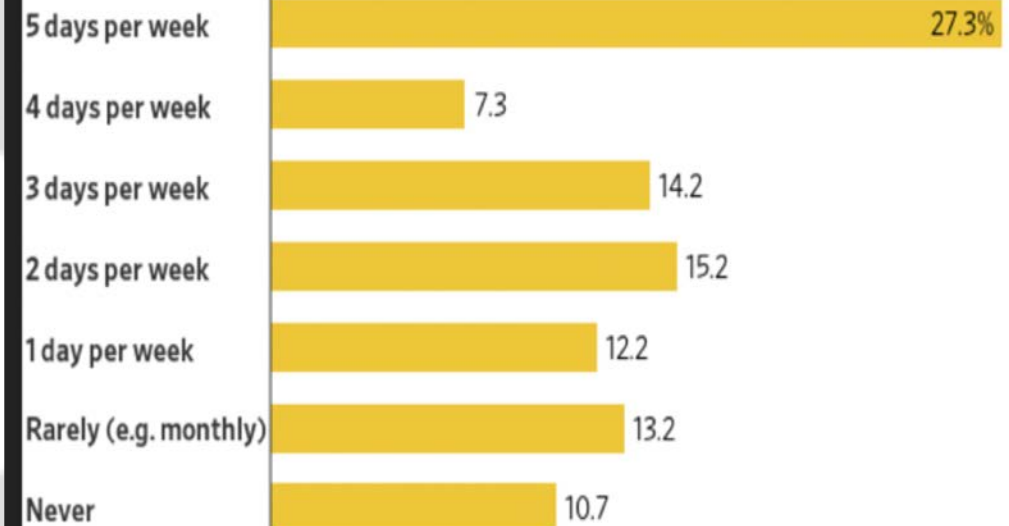
Work From Home & The Future of Downtown

Chart 2: Paid WFH Days as a Share of All Working Days before, during, and after the Pandemic



How often would you like to work from home?

Percentage of respondents* who would like to have paid work days at home after the pandemic



* Respondents reported they are able to work from home or did at some point during Covid

Note: From a survey conducted by Inc-Query and QuestionPro of U.S. residents aged 20-64, earning more than \$20,000 per year in 2019. Data are from 15,000 survey responses collected between May and Oct. 2020.

Source: Stanford University

The Long Run Still Matters



- The Economy is back..
 - The “V” was the only logical outcome
 - Recovery hampered not by lack of demand but by lack of supply
 - Lucky at some level: Spanish Flu 100x as deadly, record roll out of vaccines
- Baseline Forecast
 - 9%Q2, 6.5% Q3, 4% Q4
 - Unemployment below 5% by year end
 - Global tourism to lag
 - US / California economy will remain heated for the next few years: a new roaring 20's?
- Forecast Wildcards
 - New variants of virus vs Vaccine roll outs
 - A new financial bubble? Inflation?
 - Public debt explosion, labor shortages
- Labor market slow recovery is a function of labor supply
 - Good for workers at all skill levels, reduces inequality issues
 - Bad for businesses, consumers in short run
 - Businesses will have to deal with labor supply shortages for a while
- The true enemy: Miserabilism
 - Problem before the pandemic
 - More bad policy driven by a basic lack of context
 - Health needs conflated with culture wars
 - No consideration for tomorrow / the next generation
- Policy Thoughts
 - State needs refocus on long run issues such as lack of housing supply
 - Immigration policy
 - Programs to encourage senior employment choices

What can Beacon do for you?



Connect with us.

To view again or download this presentation and for further information, go to: **www.BeaconEcon.com**

Continue the conversation.

Contact **Dr. Chris Thornberg** directly at **chris@beaconecon.com** or **310.571.3399**

Let's discuss your goals and needs.

Beacon has **6 Practice Areas** covering a range of services and products.

Our 6 Practice Areas



*Housing, Land
Use, & Real Estate
Advisory*



*Sustainable
Growth and
Development*



*Economic &
Revenue
Forecasting*



*Economic, Fiscal
and Social Impact
Analysis*



*Regional and Sub-
Regional Analysis*



*Litigation and
Testimony*

Portfolio Spotlight



Regional and Sub-Regional Analysis

Beacon conducts analysis at an international, national, state, county, and city level -- and even down to the zip code, pending data availability. We analyze data on **Employment, Industry, Real Estate, and Consumption**.

Past Clients:

- City and County of Los Angeles
- City and County of Riverside
- East Bay Economic Dev. Agency



Impact (Economic, Fiscal, Social) & EB5 Analysis

Beacon has evaluated the impact of entities **like universities, music festivals, infrastructure projects, and real estate development projects**. Beacon has also conducted impact analyses that combine more than one of the above like that of **L.A's Olympic bid**.

Past Clients:

- University of Southern California
- Metropolitan Water District
- LA 2024 Olympic Bid Committee



Sustainable Growth & Development

Beacon conducts industry and policy analysis on topics like **green innovation, tech and workforce development, and industry sector strategies**. Beacon has strong in-house expertise around **housing policy** and **economic development** support.

Past Clients:

- California Apartment Association
- Long Beach Downtown Dev. Corp.
- Santa Cruz Workforce Dev. Board



Housing, Land Use, & Real Estate Advisory



Economic & revenue forecasting



Litigation and testimony



Thank You

Chris@BeaconEcon.com | beaconecon.com