San Diego Labor Market and Economic Overview

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The views expressed in this presentation are my own and do not represent those of the Federal Reserve Bank of San Francisco or the Federal Reserve System.
U.S. GDP growth 0.4% for Q4 2012

Percent Change in Real GDP, 2005-2012

Source: Bureau of Economic Analysis
Western states showing stronger GDP growth

Percent Change in Real GDP by State, 2011 vs. 2010

CA 2.0

Far West = 2.1

U.S. = 1.5

Highest quintile
Second quintile
Third quintile
Fourth quintile
Lowest quintile
California mortgage delinquencies continue to fall

Source: Mortgage Bankers Association, National Delinquency Survey
CA housing starts slowly trending up

Housing Starts (in thousands), California 2000-2012

Source: Bank of Tokyo-Mitsubishi UFJ, Haver Analytics. Seasonally adjusted.
So. California house prices stabilized and trending up

House Price Index (2000=100)

Source: HFHA House Price Index (formerly OFHEO House Price Index)
California and Nevada have the highest unemployment among 12th District states.

Unemployment Rates in the 12th District

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<td>AZ</td>
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U.S. (Feb. 2013) - 7.7%

Source: Bureau of Labor Statistics
California labor force continues to grow, employment recovering

Labor Force and Employment in California, 2003-2013

Source: Bureau of Labor Statistics
California has added jobs for the last several quarters, San Diego job growth on pace

Employment (Year-over-Year Growth)

Source: Bureau of Labor Statistics (quarterly data through end of 2012)
Unemployment rates declining in Southern California counties

County Unemployment Rate, 2000 - 2012

Source: Bureau of Labor Statistics, not seasonally adjusted
San Diego employment continues to grow

Total Nonfarm Employment (in thousands) 2003-2013
San Diego-Carlsbad-San Marcos

Source: Bureau of Labor Statistics, not seasonally adjusted
But long-term unemployment persists

Unemployment in California by Duration
(12 month moving average)

Despite improvements in unemployment, California labor market remains stressed

California U-3 and U-6
Four-quarter average, % of total* labor force

Total Unemployment (U-6)

Official Unemployment (U-3)

Source: Bureau of Labor Statistics

* Total labor force and unemployment (U-6) includes discouraged and marginally attached workers and those working part time for economic reasons, as defined by the Bureau of Labor Statistics.
Growth in lower wage work

Jobs Lost in the Recession
- Higher Wage: 20%
- Mid Wage: -60%
- Lower Wage: -21%

Jobs Gained in the Recovery
- Higher Wage: 20%
- Mid Wage: 22%
- Lower Wage: 58%

Source: National Employment Law Project
Median Annual Incomes of the Top Four Occupations in the U.S., 2011

- Office Clerks: $27,186
- Retail Salespersons: $21,008
- Cashiers: $18,824
- Food Preparation and Servers: $18,221

U.S. Median Household Income ($52,762)
Income needed to afford median rent ($34,840)
Poverty Limit 4-person Household ($22,350)

Earnings and unemployment by education, 2012

Unemployment rate vs. Median weekly earnings by level of education completed.

Real wages have fallen over time for less educated

Real Hourly Wages by Education, 1973-2011 (Indexed, 1973=100)

Concluding Thoughts

• California and San Diego economy showing signs of improvement
  • Housing market strengthening
  • Unemployment declining

• But employment conditions still difficult for many

• Considerations for LMI workers
  • Fewer mid-wage jobs, more low-wage jobs
  • Most low-wage jobs don’t pay living wages
  • Increasing importance of educational attainment