



Business Strategies

OUTLOOK 2009

Economic Vitality & Business Prospects



ORANGE COUNTY



Orange County
Workforce Investment Board



Where California Stands

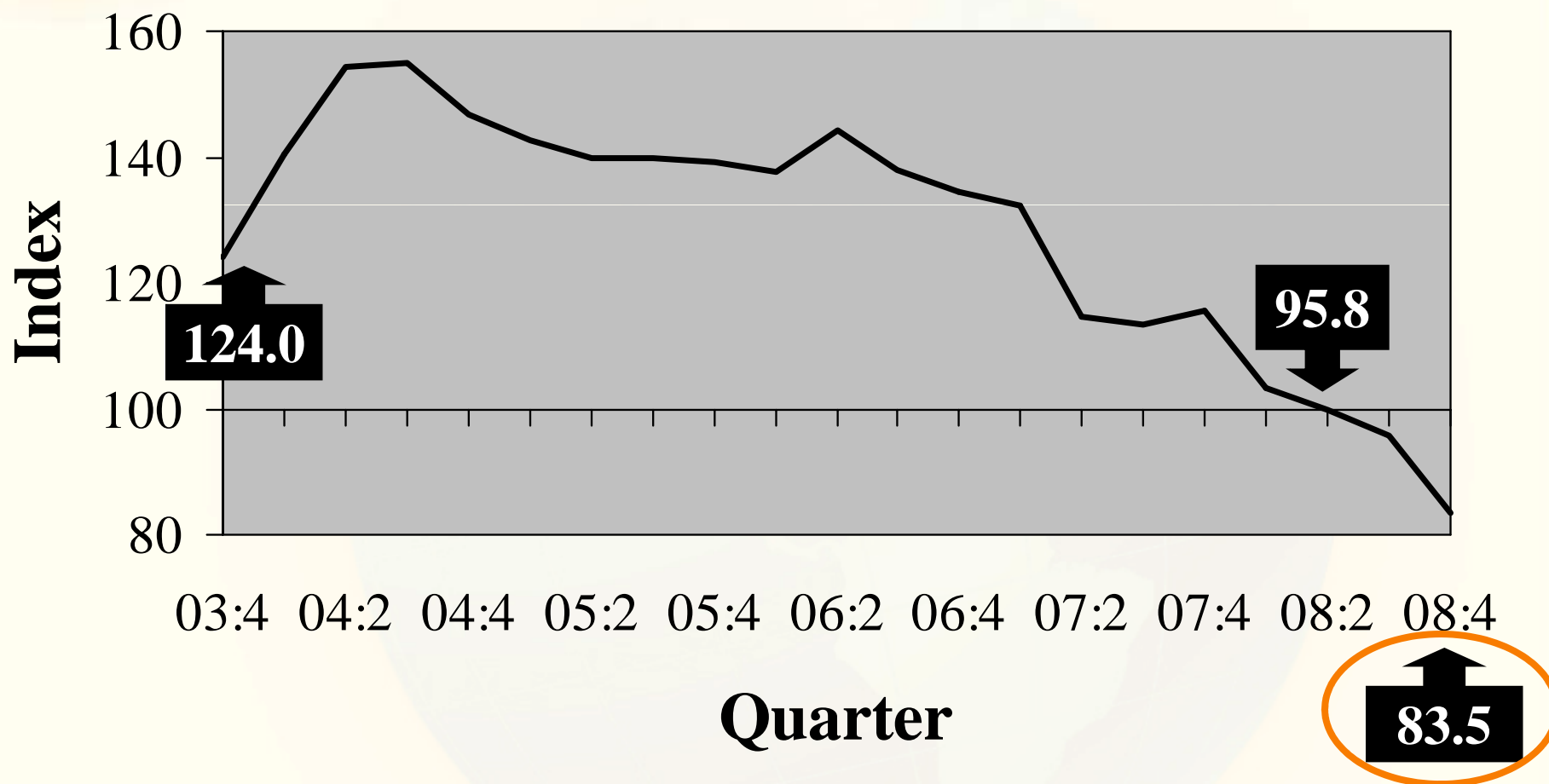
- So far, employment and growth no worse than recent slowdowns
- California's economic indicators look broadly like U.S.
- Housing in California much worse
- Hardest hit:
 - Southern California
 - Construction and finance



Recent Economic Challenges

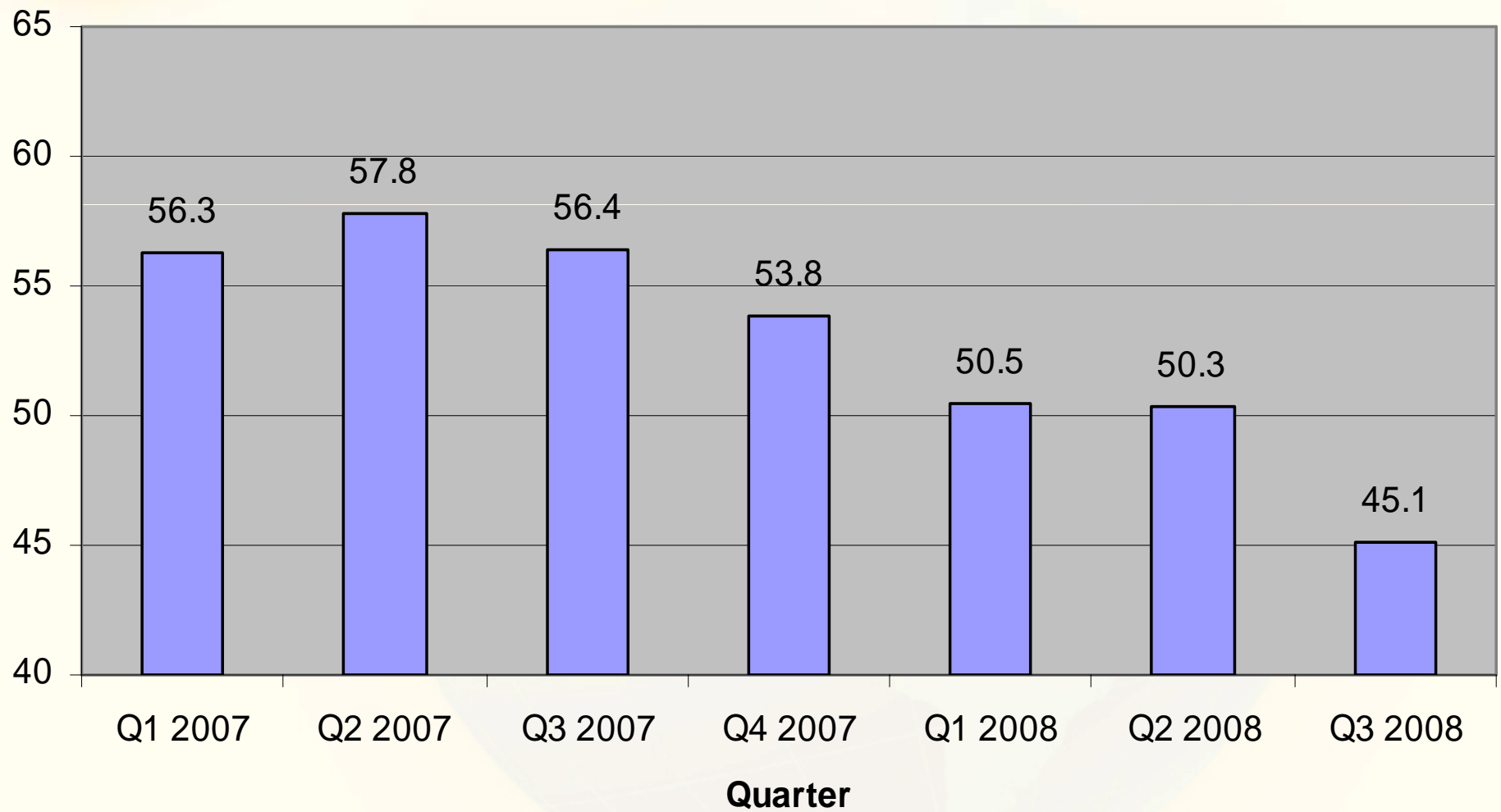
- California's unemployment rate currently stands at 8.4% in November 2008, up from 5.7% a year ago and 4.2% in 2006
- The Financial, Construction, and Trade, Transportation and Utilities sectors accounted for more than 2/3rds of the 136,100 job losses in the last year
- Median home prices are down 37.7% in 2008

California Employment Indicator Index





Manufacturing Composite Index





Payroll Job Growth

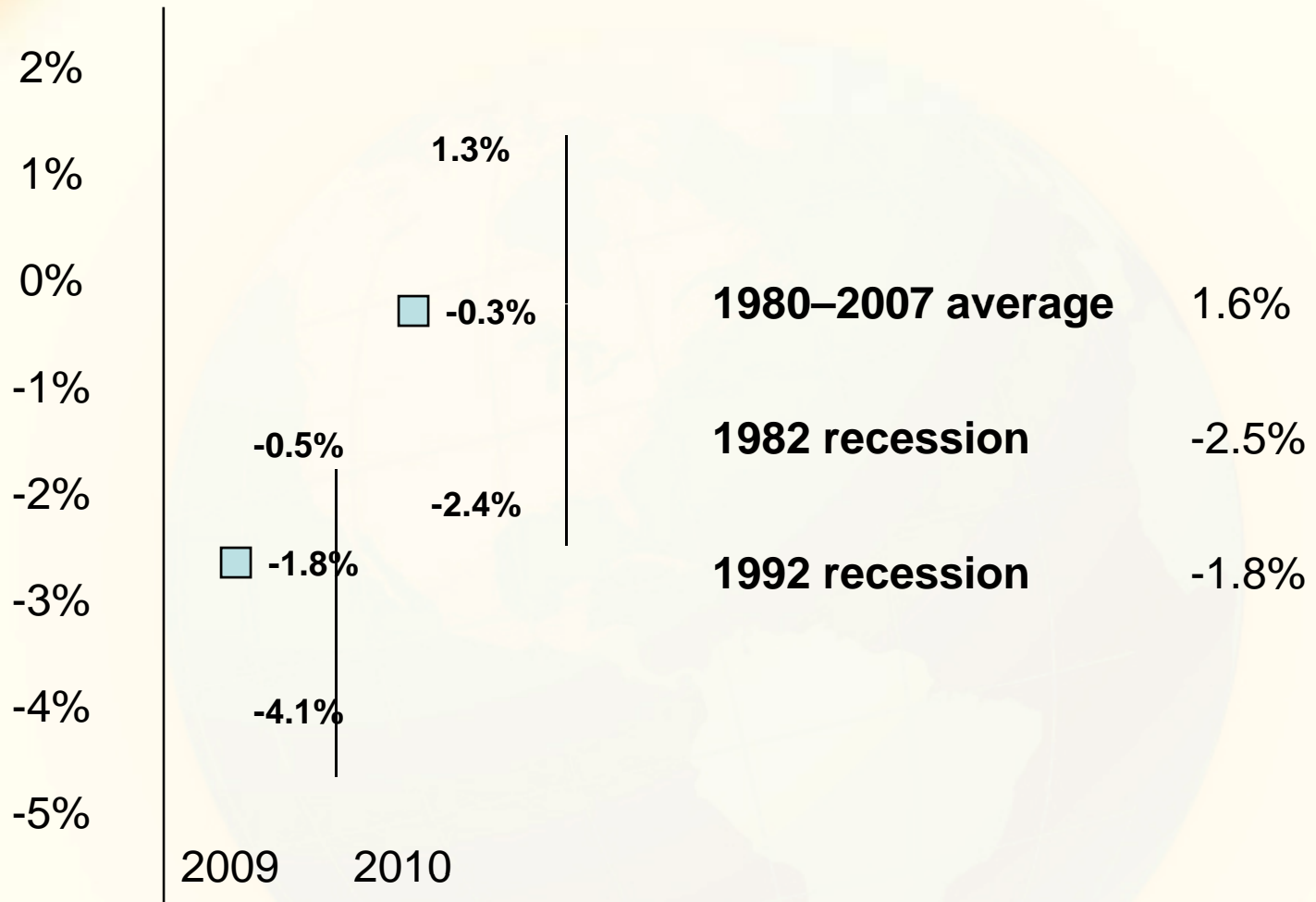
Metropolitan Area	Number of Jobs Gained (+) or Lost (-) (in thousands)	% Change
Orange	-35.1	-2.3
Oakland	-22.5	-2.1
Ventura	-5.5	-1.9
Inland Empire	-23.3	-1.8
Sacramento	-11.4	-1.3
San Diego	-12.2	-0.9
Fresno	-2.2	-0.7
Los Angeles	-15.5	-0.4
Santa Clara	+0.7	+0.1
San Francisco	+2.3	+0.2



How Our Neighbors Have Fared

- San Diego County's unemployment rate is 6.9%, with median home prices down 30.2%
- Los Angeles County's unemployment rate is 8.9%, with median home prices down 31.9%
- Orange County's unemployment is 6.1%, with median home prices down 29.7%
- San Francisco County's unemployment rate is 5.7%, with median home prices down 20.5%
- Santa Clara's unemployment rate is 7.2%, with median home prices down 33.6%
- Contra Costa County's unemployment rate is 7.2%, with median home prices down 49.9%
- Alameda County's unemployment rate is 7.2%, with median home prices down 36.9%
- San Bernardino County's unemployment rate is 9.5%, with median home prices down 42.9%
- Riverside County's unemployment rate is 9.5%, with median home prices down 41.1%

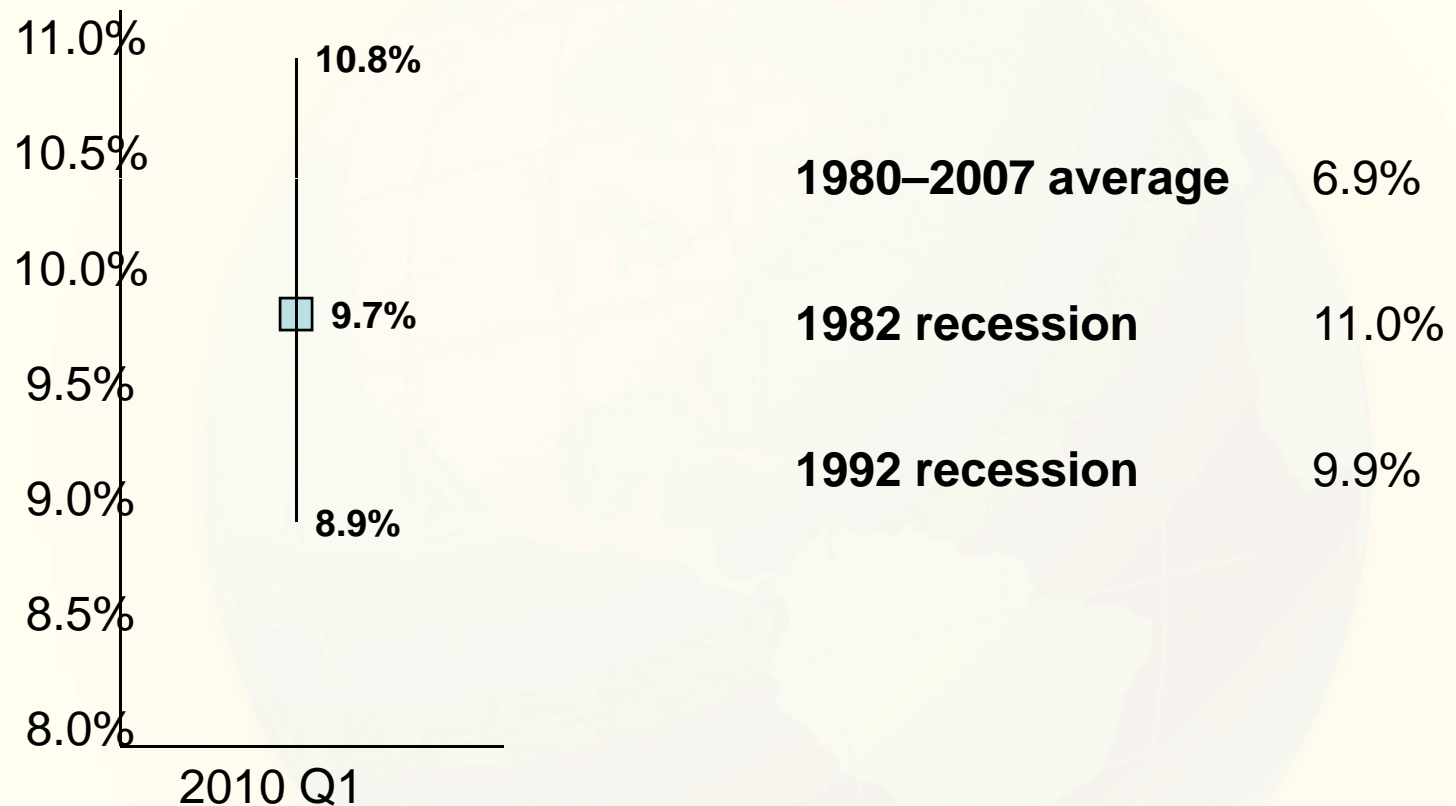
California Forecast: Job Growth



Graphs show high, low, and average forecasts:

LAO, UCSB, UCLA, Milken, DoF, and Chapman

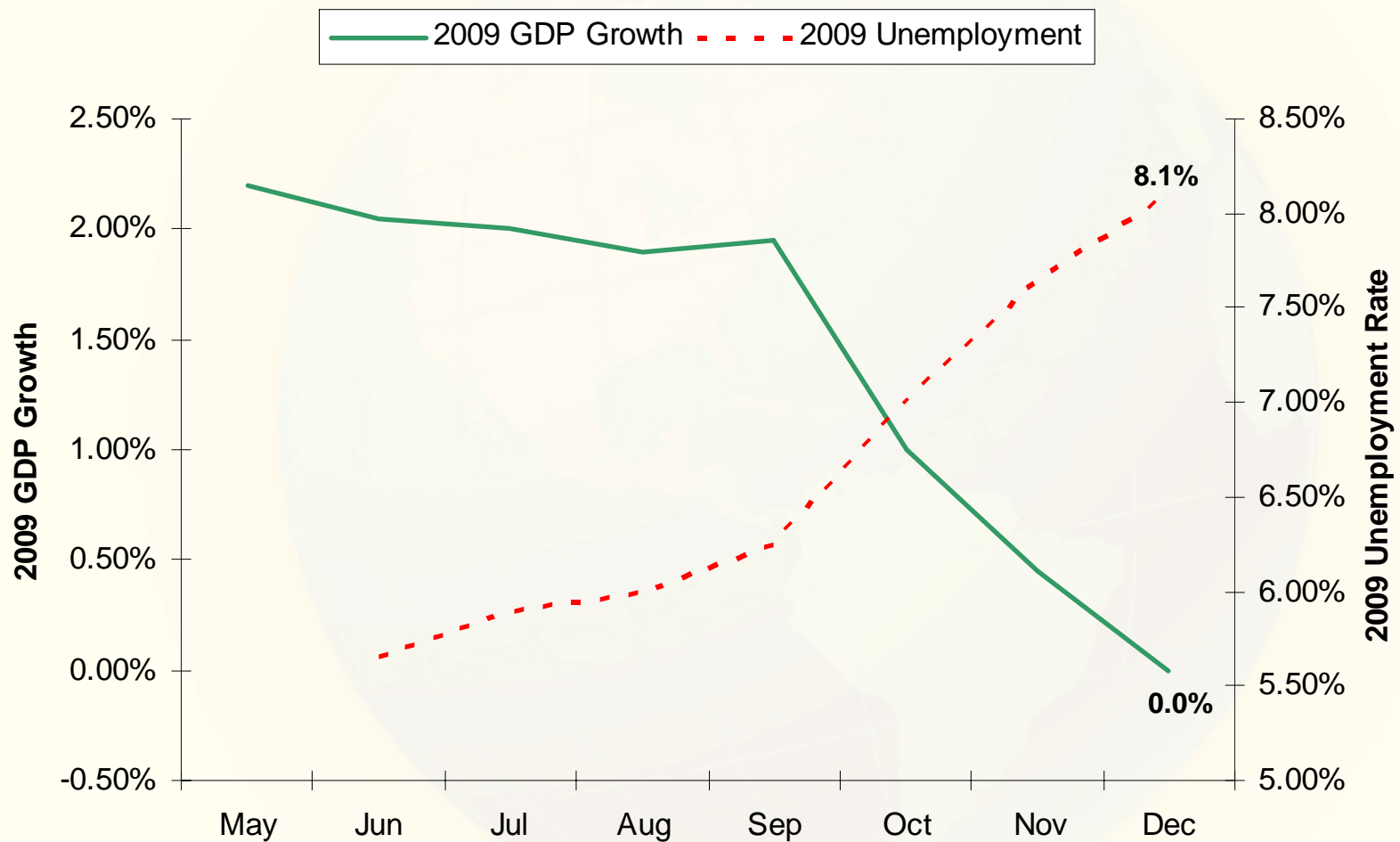
California Forecast: Unemployment



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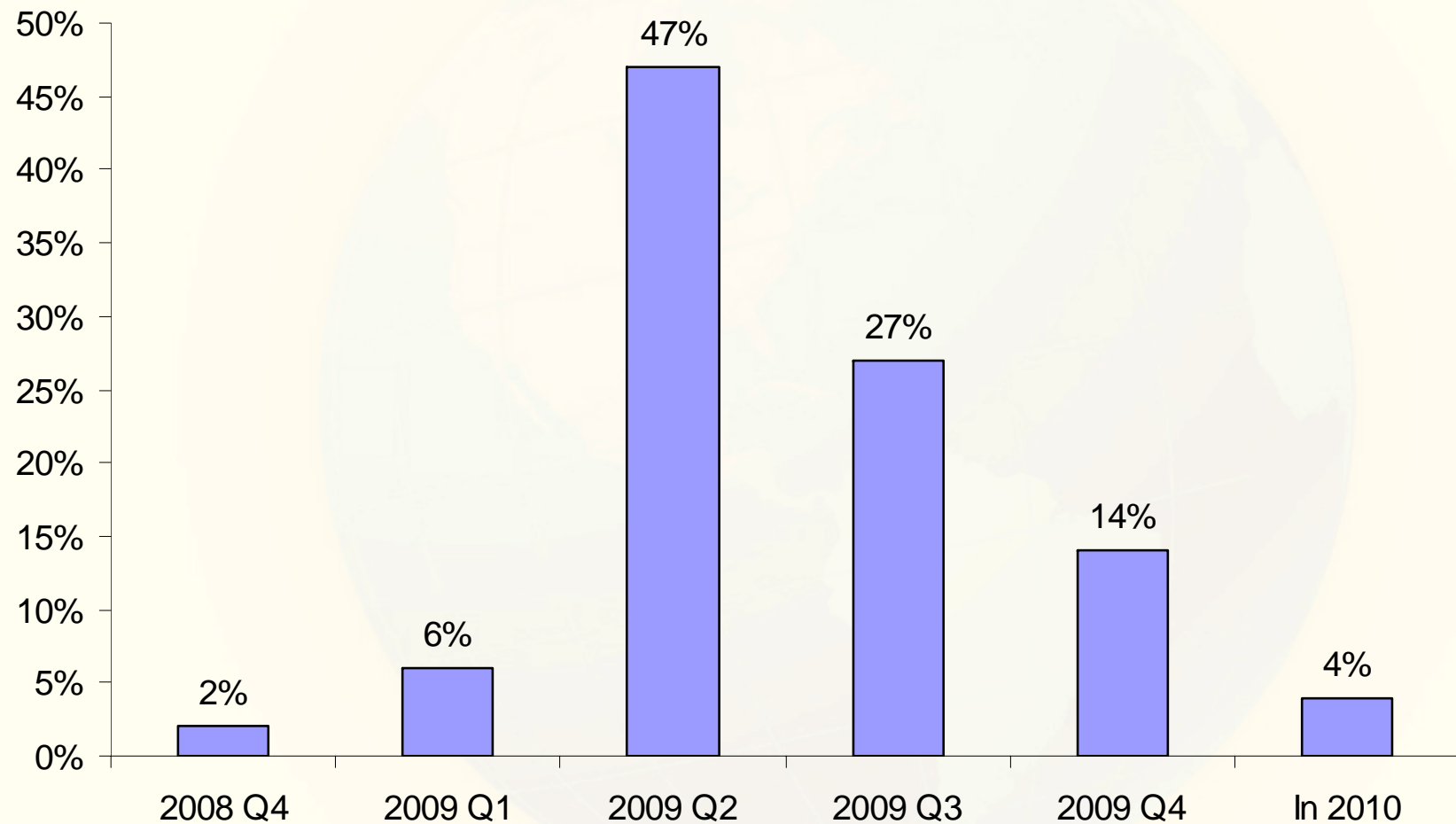
National Forecast Continues to Deteriorate

Economic predictions for 2009, by month of prediction
(*Wall Street Journal* economic forecasting site, 12/11/08)



How Long a Recession?

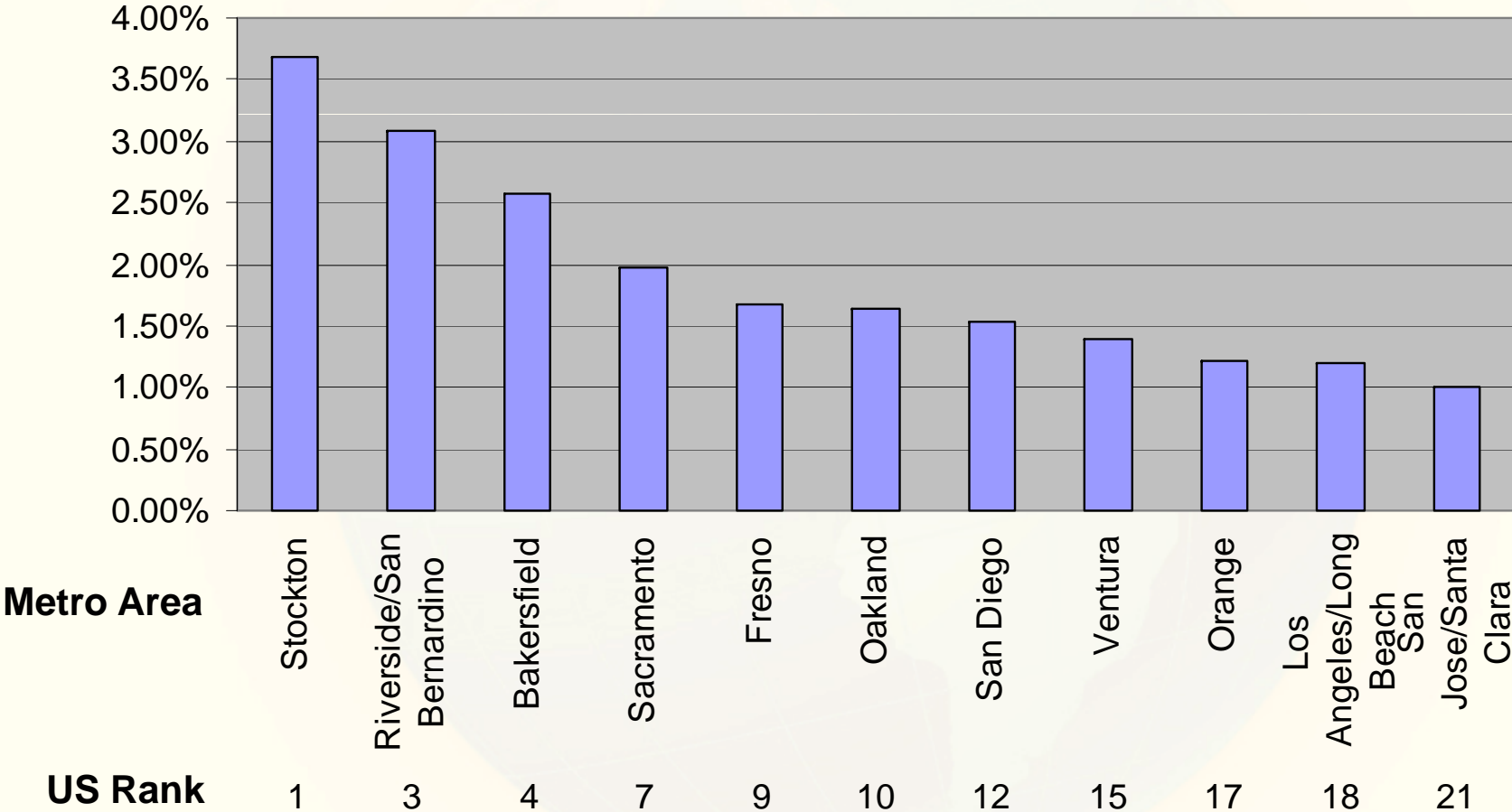
Share of economists predicting when national recession will end
(*Wall Street Journal* economic forecasting site, 12/11/08)



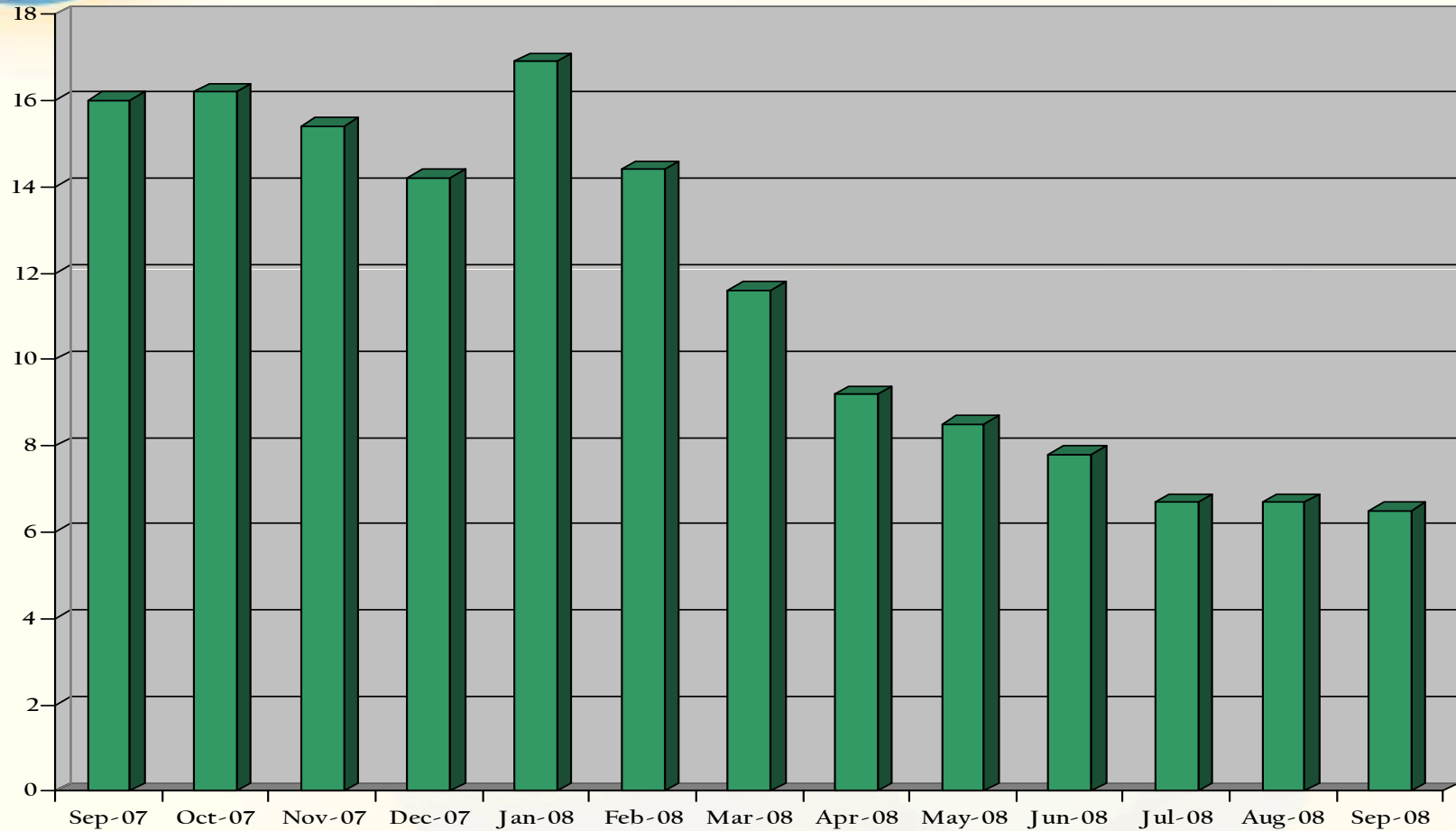
California Foreclosures

11 of the Top 25 US Metro Foreclosure Markets are in California

% HU with FC Filing



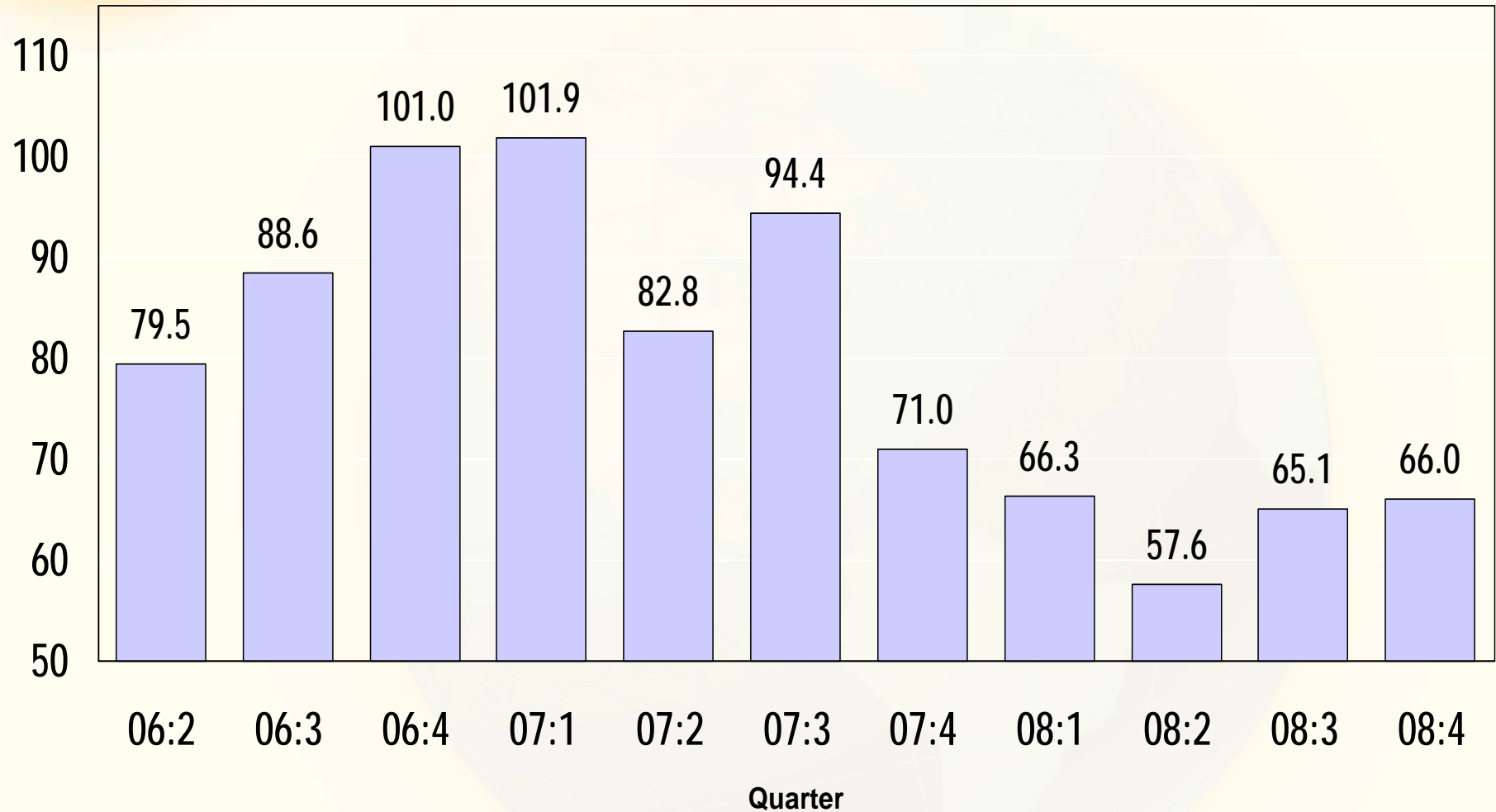
California home inventory steadily declines



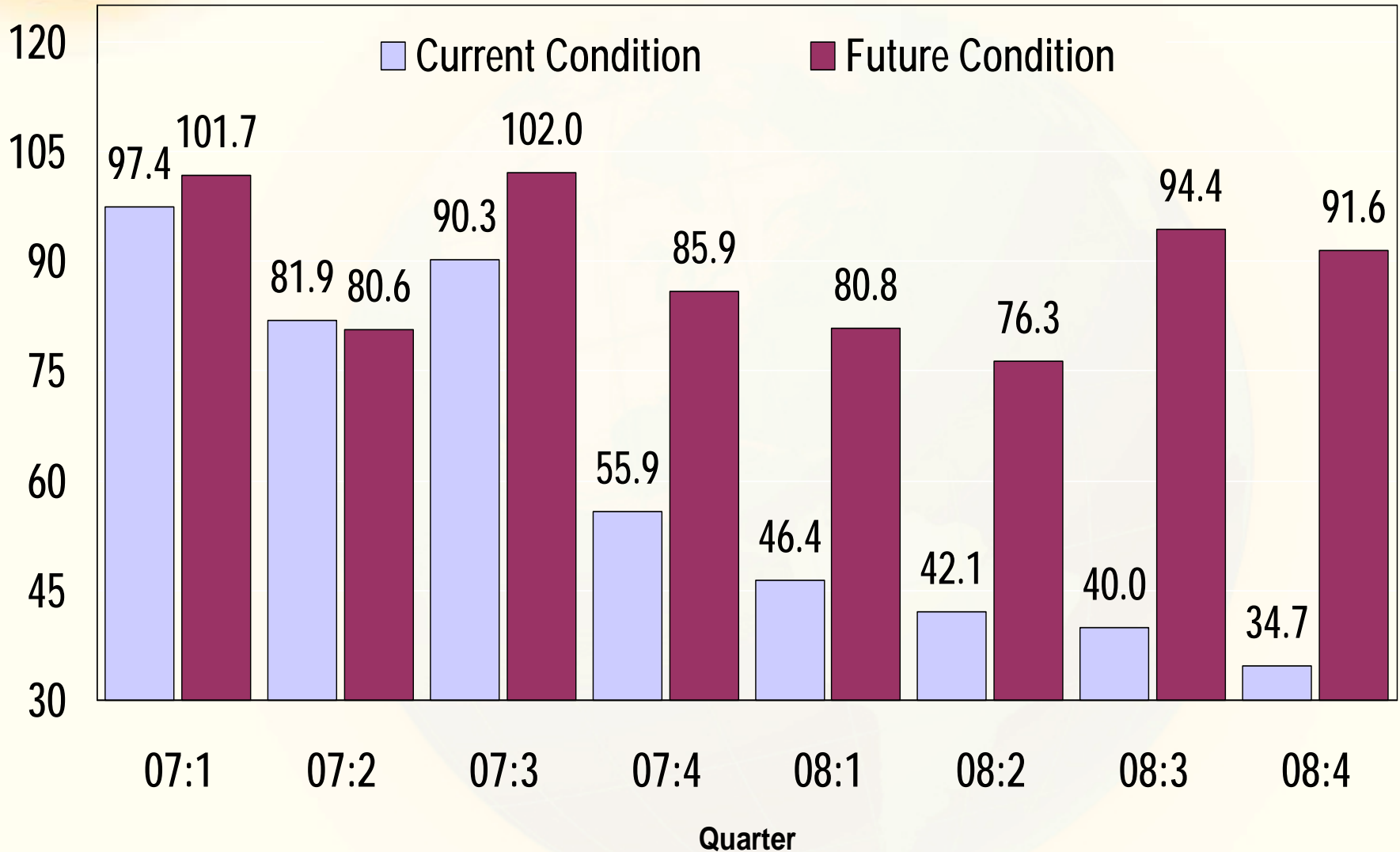
Unsold inventory of existing homes

SOURCE – California Association of Realtors

California Consumer Sentiment



California Consumer Sentiment Current v. Future Conditions





OC Has Been Here Before

- In 1990, Orange County's unemployment rate stood at 3.5%, rising to 5.3% in 1991, 6.7% in 1992, and peaking at 6.9% in 1993
- From then on, the Orange County economic engine began to create jobs, jobs, jobs
- Beginning in the latter half of 1993, by 1999 Orange County created over 230,000 jobs taking the unemployment rate down to 2.7%



CA Has Been Here Before

- In 1990, California's unemployment rate stood at 5.8%, rising to 7.8% in 1991, 9.4% in 1992, and peaking at 9.5% in 1993
- Beginning in the latter half of 1993, by 1999 California created over 1,758,6000 jobs taking the unemployment rate down to 5.3%



Timeline to Recovery

- Mid-2009: GDP growth turns positive, recession officially ends
- Late 2009 or early 2010: Job growth turns positive
- Early to mid-2010: Unemployment rate peaks
- 2010 (but who knows): Housing prices rise
 - *WSJ* poll: -4.9% in 2009
 - California predictions vary wildly
 - Does economic recovery depend on housing?