California Economic Overview
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Marin Economic Forum

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Contents

KEY OBSERVATIONS

- Forecasts suggest that California should continue to be a bright light in economic and employment growth in the United States.
- California's employment growth has outpaced the rest of the country throughout most of the recovery and is likely to continue to do so.
- The Bay Area has been a primary driver of this faster employment growth rate.
- The unemployment rate remains above the national average but is falling, and some forecasters predict that it will be only slightly above the national rate by 2016.
- Personal income in California has rebounded well following the recession. Although potentially a source of increasing inequality in the state, this is a positive development.
- Housing markets have recovered from the recent boom-bust, with current prices above long-term trend growth. This has contributed to a resurgence in construction employment growth and to some extent residential fixed investment.
- Income inequality and poverty are becoming significant and growing problems in California.
- A key driver of prosperity in California is investments in new technologies and products. California and the Bay Area in particular have no peers in the United States. Venture capital funding is easier to obtain in the Bay Area than anywhere else in the country.
- The state is not without difficulties. Providing adequate education to offset the issues of inequality and poverty and managing the effects of the recent and continuing drought rank highly among the state's most pressing issues.

CALIFORNIA ECONOMY: Very Much Still the Grizzly

California's economy is in good shape. It is showing robust economic growth, solid employment growth, and a booming housing market. In May of this year, employment in the state finally recovered to the level seen previous to the Great Recession of 2007-2009 (Figure 1). While perhaps an important psychological milestone, that recovery was more than four years in the making. Although California had more employment to recover, the US and California recovered their prerecession peaks in employment at the same time (May 2014). As California experienced a more significant hit to employment during the recession, this indicates a faster rate of employment growth in California than nationwide during the recovery.

Despite the recovery to prerecession levels of employment, unemployment in California remains high – at 7.4% in August 2014 – and that rate is still comparable to the highest rates during the previous recession (the Dot Com Recession of 2001-02, Figure 2). State GDP recovered in just 3 years and California's GDP has been growing faster than the national GDP since 2011, as evidenced by its rising share of national GDP (Figure 3).

Figure 1: California and Bay Area Employment

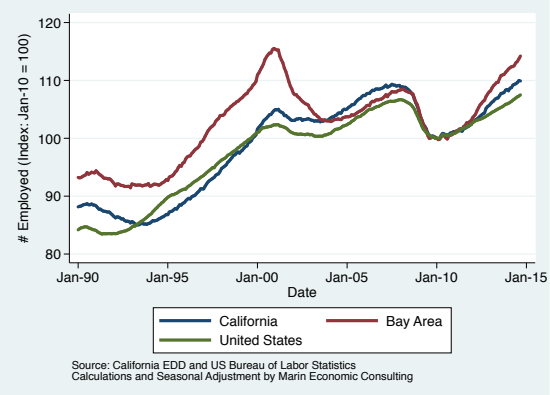
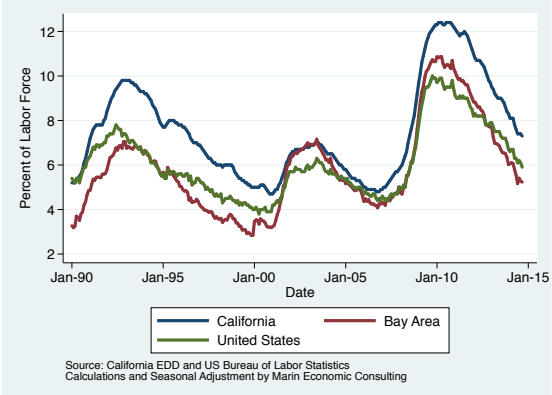


Figure 2: California and Bay Area Unemployment



Key to California's continued success has been the rapid pace of growth in the San Francisco Bay Area. This growth is synonymous with the behavior and contributions of the grizzly in the wild. Grizzly bears undertake the difficult task of catching the salmon. They then eat the choicest bits, those with the highest fat content (eggs, brain, and skin), leaving behind the rest to the benefit of other animals; eagles, ravens, and gulls, in particular. Technology companies in the Bay Area develop new products, often benefiting handsomely from the effort, that can provide the tools that raise productivity and growth prospects for other parts of the state and country.

Personal income in the state, along with state GDP, began to recover in 2010, having experienced only one year of decline (Figure 4). Recovering more quickly than most aspects of the economy,

total personal income exceeded its prerecession levels in 2011. It is also likely to recover its prerecession trajectory by 2017.

Figure 3: California GDP

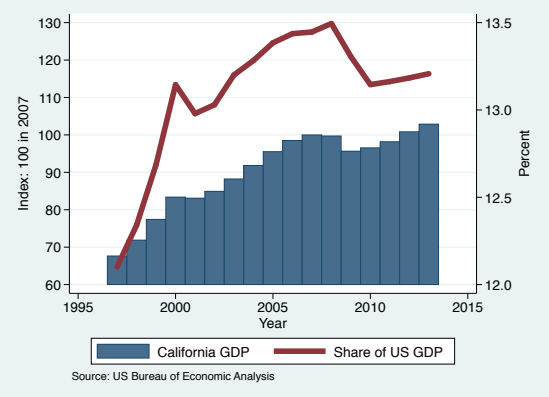
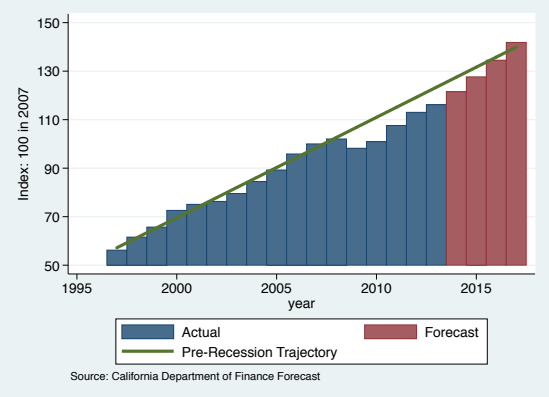


Figure 4: Personal Income in California



Along with the need to continue to create jobs, the state faces a number of other challenges. Among those – with some irony in light of the housing bubble – are housing shortages that are once again causing home prices to rise rapidly, increased levels of income inequality and poverty, and an acute water shortage.

JOB GROWTH

Over the 12-month period that ended in August 2014, employment in California grew by 1.9%. Though slower than growth during much of 2012 and 2013, it was comparable to employment growth nationwide during the same period. Employment growth around the state remains uneven, with significant parts of the San Francisco Bay Area continuing to grow at a rate of 3.5% or more per year (Table 1). Other fast-growing areas in California include San Diego and the Inland Empire. Employment in much of the rest of the state, including the Central Coast and Central Valley, has been growing more slowly.

Across industries, growth is similarly uneven. A small number of sectors are growing rapidly. These include construction, information, professional/business services, and education/health services. Each of these sectors contributes significantly to the state's economy and has been growing in excess of 2.9% per year (Table 2).

The construction sector, aided primarily by increased commercial and multi-unit residential building, has grown by 6.0% in the last year. Much of this growth has been concentrated in the rapidly-expanding San Francisco Bay Area; solid growth has taken place in San Diego as well.

Showing more balanced growth, the professional/business services sector has grown rapidly throughout much of the state during the recovery. This sector includes legal, accounting, talent management, and many other business services.

Despite recent growth, the manufacturing and financial services (finance and insurance) sectors have been losing ground. These are both important sectors for California, but as sources of employment, their influence has been waning. Despite the slow growth in the sector's employment, California's manufacturing output continues to grow, but more slowly than nationwide growth since the end of the 2007-2009 recession.

Table 1: California Employment By Region (Thousands, Seasonally Adjusted)

	Sep Non-Farm	Aug to	Jul to	3-Mon Chg.		6-Mon Chg.		Year Chg.	
September 2014	Payroll	Sep	Aug	Chg.	%	Chg.	%	Chg.	%
California	15,530.5	−9.8	44.9	66.6	0.4	162.0	1.1	297.0	1.9
BAY REGION	3,569.4	14.7	14.0	35.7	1.0	57.9	1.6	102.3	3.0
San Francisco (MSA)	2,177.8	7.8	5.1	20.2	0.9	38.8	1.8	60.6	2.9
Oakland (MD)	1,061.4	2.3	0.7	5.2	0.5	13.1	1.2	21.1	2.0
San Francisco (MD)	1,116.4	5.5	4.4	15.1	1.4	25.7	2.4	39.5	3.7
San Jose	1,006.4	5.1	8.4	14.2	1.4	17.4	1.8	34.1	3.5
Santa Rosa	188.3	0.8	0.6	−0.0	−0.0	0.5	0.3	4.0	2.1
Vallejo	128.4	0.8	0.2	1.1	0.9	1.1	0.9	2.7	2.1
Napa	68.5	0.2	−0.2	0.2	0.3	0.0	0.0	1.0	1.5
CENTRAL COAST	505.7	1.4	0.4	2.5	0.5	2.7	0.5	7.2	1.4
Santa Barbara	175.5	0.2	0.8	1.7	1.0	1.3	0.7	2.7	1.5
Salinas	127.5	0.4	0.2	0.5	0.4	0.0	0.0	1.9	1.5
San Luis Obispo	107.5	0.8	−0.8	−0.1	−0.0	0.4	0.4	1.5	1.4
Santa Cruz	95.1	0.0	0.2	0.4	0.4	1.0	1.1	1.2	1.3
NORTH CENTRAL VALLEY	1,266.1	0.6	−1.1	2.2	0.2	8.6	0.7	23.2	1.9
Sacramento	885.7	0.1	−0.4	1.9	0.2	8.1	0.9	17.9	2.1
Stockton	204.7	−0.0	−0.4	−0.2	−0.1	0.5	0.3	2.8	1.4
Chico	76.0	0.2	−0.1	0.2	0.2	0.3	0.4	1.8	2.5
Redding	61.0	0.5	−0.1	0.2	0.4	−0.5	−0.8	0.6	1.0
Yuba	38.7	−0.1	−0.1	0.1	0.2	0.2	0.4	0.1	0.3
SOUTH CENTRAL VALLEY	943.2	2.3	−1.3	4.2	0.5	6.2	0.7	16.4	1.8
Fresno	316.3	1.2	−1.0	−0.1	−0.0	2.3	0.7	7.8	2.5
Bakersfield	255.5	0.3	0.1	3.8	1.5	2.4	0.9	4.3	1.7
Modesto	158.6	0.3	−0.7	−0.4	−0.2	0.6	0.4	1.8	1.2
Visalia	115.1	0.4	0.0	0.8	0.7	0.8	0.7	1.8	1.6
Merced	60.7	0.1	0.1	−0.0	−0.0	0.1	0.1	0.4	0.7
Hanford	37.1	−0.0	0.1	0.1	0.3	0.0	0.1	0.3	0.8
SOUTHERN CALIFORNIA	8,661.4	12.0	14.4	45.1	0.5	83.1	1.0	171.2	2.0
Los Angeles (MSA)	5,698.7	10.4	10.2	25.1	0.4	48.8	0.9	101.6	1.8
Los Angeles (MD)	4,212.8	6.2	9.0	18.0	0.4	39.2	0.9	73.3	1.8
Orange County (MD)	1,485.9	4.1	1.1	7.1	0.5	9.6	0.7	28.3	1.9
San Diego	1,350.4	0.1	2.1	9.1	0.7	12.1	0.9	33.7	2.6
Inland Empire	1,267.3	0.2	2.3	8.8	0.7	19.9	1.6	29.8	2.4
Ventura	292.9	1.0	0.0	2.1	0.7	2.4	0.8	5.6	1.9
El Centro	52.0	0.3	−0.2	0.1	0.2	−0.0	−0.1	0.5	1.0

Source: California EDD, Calculations and Seasonal Adjustment by Marin Economic Consulting
Monthly updates to this table area available at: `http://www.MarinEconomicConsulting.com/reports.html`

Although the recession brought with it many changes, the overall distribution of California employment across industry sectors has not changed significantly. Several sectors have grown in relative terms while several have declined, but outside of sectors clearly tied to the housing bubble (construction and real estate financing), there have not been major industry shifts or dramatic losses of major industries.

Table 2: California Employment By Sector (Thousands, Seasonally Adjusted)

	Sep Non-Farm	Aug to	Jul to	3-Mon Chg.		6-Mon Chg.		Year Chg.	
September 2014	Payroll	Sep	Aug	Chg.	%	Chg.	%	Chg.	%
Farm	404.2	−1.2	0.2	3.8	0.9	0.6	0.1	5.0	1.3
Total Nonfarm	15,530.5	−9.8	44.9	66.6	0.4	162.0	1.1	297.0	1.9
Goods Producing	1,961.1	4.3	13.4	19.8	1.0	14.7	0.8	36.0	1.9
Construction	680.7	4.4	13.5	15.3	2.3	15.0	2.3	38.3	6.0
NR/Mining	31.5	0.0	0.1	0.1	0.3	0.3	1.0	1.1	3.6
Manufacturing	1,248.9	−0.1	−0.2	4.4	0.4	−0.6	−0.0	−3.4	−0.3
Durable Goods	789.0	2.7	2.3	6.5	0.8	4.2	0.5	9.4	1.2
Non-Durable Goods	459.9	−2.8	−2.5	−2.1	−0.5	−4.8	−1.0	−12.8	−2.7
Service-Providing	13,569.4	−14.1	31.5	46.8	0.3	147.3	1.1	261.0	2.0
Trade Transport Util.	2,848.7	1.4	−8.7	−6.7	−0.2	11.5	0.4	36.2	1.3
Wholesale Trade	710.0	1.7	−3.7	−4.7	−0.7	−0.3	−0.0	6.9	1.0
Retail Trade	1,625.3	−3.0	−3.3	−1.4	−0.1	9.5	0.6	21.0	1.3
Transport Warehouse Util.	513.4	2.7	−1.7	−0.6	−0.1	2.3	0.5	8.3	1.6
Information	476.0	−1.8	5.8	6.2	1.3	13.6	2.9	22.3	4.9
Fin. Activities	778.9	−0.8	3.6	1.7	0.2	1.0	0.1	−5.6	−0.7
Finance and Ins.	513.1	−1.9	3.4	1.8	0.4	−4.8	−0.9	−11.3	−2.2
Real Estate	265.8	1.1	0.2	−0.1	−0.0	5.8	2.2	5.7	2.2
Professional/Business	2,456.4	12.1	12.9	36.4	1.5	59.4	2.5	102.0	4.3
Prof Sci and Tech	1,191.7	5.4	0.2	14.8	1.3	23.7	2.0	45.1	3.9
Management	225.7	0.4	1.1	1.1	0.5	3.0	1.3	7.8	3.6
Admin Support	1,039.0	6.3	11.6	20.5	2.0	32.7	3.2	49.1	5.0
Education/Health	2,393.3	−8.2	8.4	3.8	0.2	37.6	1.6	67.6	2.9
Educ. Services	355.5	−0.3	−1.4	−4.8	−1.3	2.9	0.8	8.3	2.4
Health Care	2,037.8	−7.9	9.8	8.6	0.4	34.7	1.7	59.3	3.0
Leisure and Hosp.	1,717.4	−4.2	2.8	4.8	0.3	23.2	1.4	38.3	2.3
Other Services	518.5	−5.9	2.6	−2.2	−0.4	−3.9	−0.7	2.4	0.5
Government	2,380.2	−6.7	4.1	2.8	0.1	4.9	0.2	−2.2	−0.1
Fed Gov	241.9	0.4	−1.0	0.1	0.0	0.1	0.0	−2.5	−1.0
State Gov	494.8	−1.5	2.0	1.3	0.3	4.1	0.8	9.0	1.9
Local Gov	1,643.5	−5.6	3.1	1.4	0.1	0.7	0.0	−8.7	−0.5

Source: California EDD, Calculations by Marin Economic Consulting
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Among the changes is growth in California's health care sector that is more in line with nationwide growth in that sector. California's information sector has continued to grow (mainly through increased publishing and software development). Its share of all employment in California is 44% greater than in the country as a whole. The financial sector in California continues to shrink; this category includes commercial banking, investment banking, mortgage and other financial jobs. It is down about 23% from a peak of over 650 thousand employees in 2005; a peak that was artificially high because of the activity spurred by the housing bubble.

CALIFORNIA v. TEXAS: The Jobs Growth Debate

Though California's employment growth has outpaced the nation's during the recovery, it has been significantly overshadowed by employment growth in Texas (Figure 5). Employment nationwide is up just over 7% and just over 10% in California from the depths of the recession. However, employment in Texas has increased by nearly 14%. Faster growth in Texas is not a new phenomenon and has been a part of the landscape for the last 25 years.

Figure 5: Employment Growth in the U.S., Texas, and California

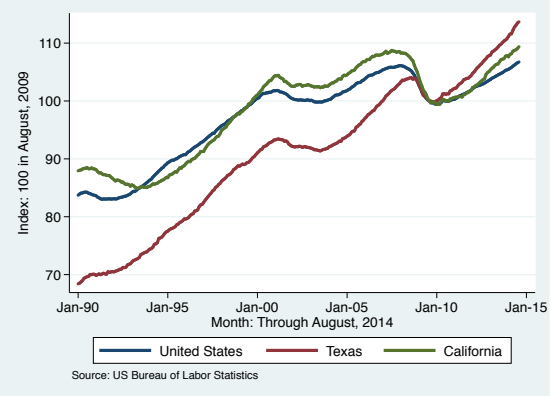
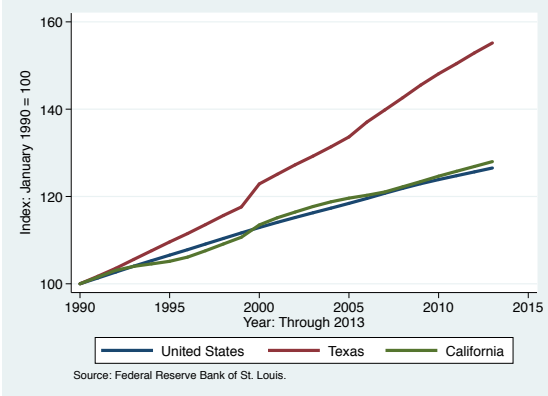


Figure 6: Population Growth in the U.S., Texas, and California



What is unclear is the source of the employment growth in Texas. From 1990 to 2012, the population of Texas grew from just over 16 million to just over 26 million – an astounding growth rate of about 55% over that 22-year period. The California and US populations, by contrast, both grew by approximately 28%, with California growing slightly faster than the nation as a whole (Figure 6).

It is reasonably clear that much of the growth in employment in Texas is a response to its population increase. With more people, there is a fundamental need to provide more services, in particular health care and education. Indeed, these two sectors contributed substantially to overall growth in Texas employment. Between 2000 and 2013, 46% of jobs in Texas that pay above the national median were in health care and education.

An examination of employment growth by occupation in Texas, California, and the United States between 2009 and 2012 suggests that in California – and, to a lesser extent, in the United States as a whole – it was indeed the pull of high wages and increased demand in high-wage occupations that drove employment growth. At the same time, in Texas there is a significant negative correlation between wages paid in an occupation (in either 2009 or 2012) and employment growth in the occupation. Wage growth in California occurred in largely high-wage sectors, while wage growth in Texas occurred in largely low-wage sectors.

The appeal of Texas from both worker and employer perspectives is readily apparent. The cost of living in Texas is much lower than in many places throughout the country. Business regulations are much less restrictive than in California in particular. The median price of a home in Texas is currently $134,000, while in California it is nearly three times that at $389,000.

In addition to the lower cost of living, there is no state income tax in Texas, while state income taxes in California are often decried as overly burdensome and a source of outmigration from the state. As it is impossible to provide services without state tax revenue, there are higher than average property and sales taxes in Texas as well as lower than average spending on services for the citizenry. Once this balance in government tax policy is acknowledged, coupled with lower levels of services, it becomes clear that Texas is not necessarily a more desirable place to live.

HOUSING

Housing in California has historically been a boom and bust sector. Lately, however, the booms are getting stronger and the busts more painful. The bubble that burst at the end of 2006 was historic in nature. The home price index increased from just 200 in 1995 to over 625 by the end of 2005 (Figure 7). This is more than a tripling of prices. The bursting of the bubble brought home prices down to a level that might be considered more commensurate with the long term trend in prices, but home prices have run back up dramatically since mid-2012.

Figure 7: California Case-Shiller Home Price Index

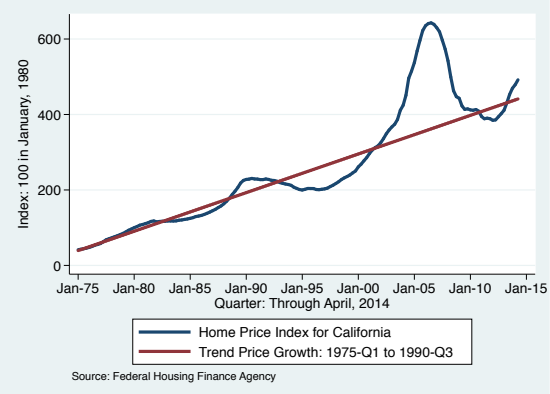
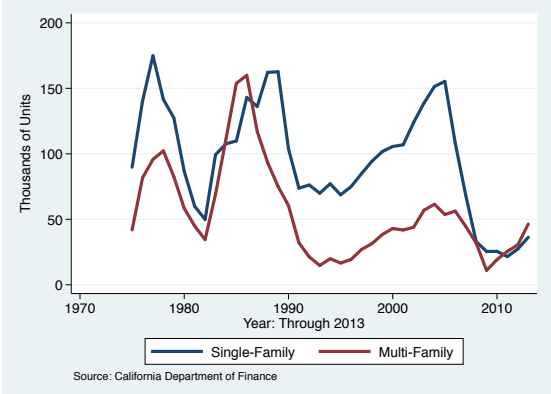


Figure 8: Residential Building Permits Issued in California



Over the course of the last year (September 2013 to September 2014), home prices in California have increased by 8.1% (Table 3). Certain locations have been increasing even faster. In particular, median home prices in the Bay Area have increased by 14% year over year.

Part of the rapid growth in prices is due to the continued lack of building in the state. The Bay Area has been especially slow in building single-family housing for several decades. Although California

saw a boom in building during the housing bubble, the number of single-family residential permits issued in the state was not markedly different from either of the previous periods of significant building in the late 1970s and late 1980s (Figure 8). The 1990s as a whole saw very little permitting and building of single-family residences. Permitting for multi-family housing is now on the rise but is still well below levels seen in the past.

For a wide variety of reasons, building homes in California remains difficult and shows no signs of keeping pace with increases in demand. Currently, levels of permitting for single-family homes are well below anything observed in the last 40 years. The logical expectation is that home prices will continue to rise at a rapid rate, though slower than in the last several years. It is also true that rental prices will likely remain high as the supply of new multi-family units will not keep pace with demand.

Table 3: Home Sales and Median Prices by County

	Sales	Median Prices		
All Homes	Sep. 2014	Sep. 2013	Sep. 2014	% Change
Alameda	1,613	$510,500	$560,000	9.7%
Contra Costa	1,460	$409,000	$450,000	10.0%
Marin	270	$750,000	$880,000	17.3%
Napa	108	$431,500	$500,000	15.9%
Santa Clara	1,732	$640,000	$694,500	8.5%
San Francisco	510	$820,000	$938,000	14.4%
San Mateo	656	$680,000	$790,000	16.2%
Solano	509	$273,500	$305,000	11.5%
Sonoma	585	$409,500	$458,250	11.9%
California	36,316	$355,000	$389,000	9.6%
Bay Area	7,443	$530,000	$604,000	14.0%
Southern California	19,348	$382,000	$413,000	8.1%

Source: DQNews.com

Pockets of the state will see significant price increases continue where housing shortages are particularly acute. This includes, in particular, San Francisco and much of the Bay Area. Housing shortages and a booming, wealthy technology sector have been spurring rapid price increases throughout the region.

INCOME INEQUALITY

There has been a great deal of conversation about increasing income inequality in the United States in recent decades. The issue is no less acute in California and is perhaps more pressing. In 1989, inequality in California was comparable to, but slightly less than, that in the rest of the United States as a whole; the Gini coefficient for the state was 44.1, while it was 44.5 nationwide. The Gini coefficient is a common measure of relative income inequality, with a Gini coefficient of zero indicating perfect equality and a coefficient of 100 corresponding to one person holding all of the wealth in the region in question. A Gini coefficient of 42 or 43 is high by historical and international standards.

Despite the high income inequality in 1989, the Gini coefficient in California increased dramatically by 1999, to a point where it was greater than in the rest of the country; 47.5 in California versus 46.3 in the rest of the country. The gap in income inequality between California and the US narrowed somewhat with the bursting of the technology bubble, a significant driver of inequality in California in the late 1990s. By 2009, income inequality in California was slightly less than the nationwide measure (Figure 9).

Figure 9: Household Income Inequality, 2007-2013

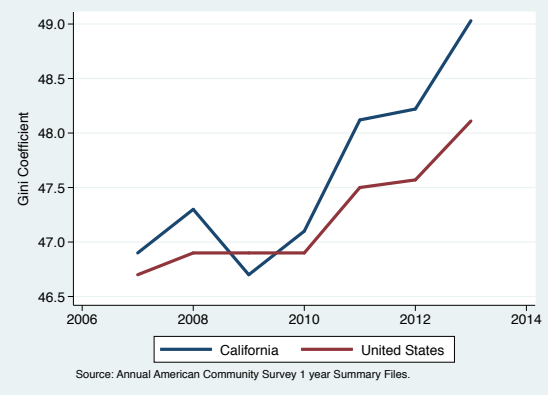
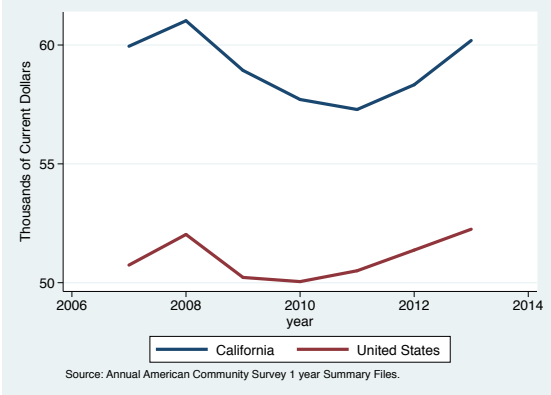
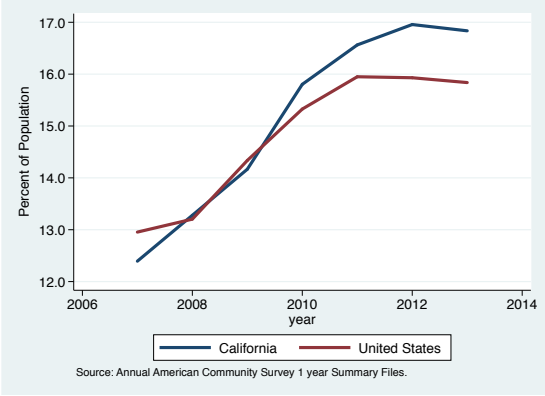


Figure 10: Median Household Income, 2007-2013



During the recovery, however, income inequality in California has grown faster than it has nationwide. In the same time period, median household income has declined relative to the rest of the country, and poverty rates have increased faster than in the rest of the country (Figures 10 and 11).

Figure 11: Poverty Rates, 2007-2013



Poverty has increased for all groups in California, but most significantly for Hispanics and children (Table 4). Although overall poverty in California increased from 12.4% in 2007 to 16.8% in 2012, or 4.4 percentage points, the rate for Hispanics increased by 6.1 percentage points and the rate for children increased by 6.8 percentage points. In 2012, poverty rates for Hispanic and black individuals were nearly double those for white and Asian individuals. The period between 2007 and 2012 saw nearly 600,000 children in California added to the ranks of the impoverished and nearly 1.2 million Hispanics.

Much of the growing inequality statewide is driven by differences across counties in household incomes and poverty rates. High incomes and low rates of poverty are concentrated in the San

Table 4: Poverty Rates by Race and Age in California (Percent of Population in 2007 and 2012)

Poverty by Race			Poverty by Age		
Race	2007	2012	Age	2007	2012
White, Not Hispanic	7.5	10.3	Under 18	17.1	23.9
Black, Not Hispanic	20.1	25.5	18–34	14.6	19.4
Asian, Not Hispanic	9.7	12.3	35–49	9.5	14.3
Hispanic	17.8	23.9	50–64	8.4	11.3
			65+	8.1	10.1
Total	12.4	16.8	Total	12.4	16.8

Source: 2007 and 2012 1 year American Community Survey Public Use Microdata Samples (PUMS)

Francisco Bay Area, while low incomes and high rates of poverty are common in inland and northern counties (Figures 12 and 13). The five counties with the highest median household income are in the Bay Area. Similarly, five of the six counties with the lowest rates of poverty are also in the Bay Area.

Figure 12: Median Incomes in California Counties, 2013

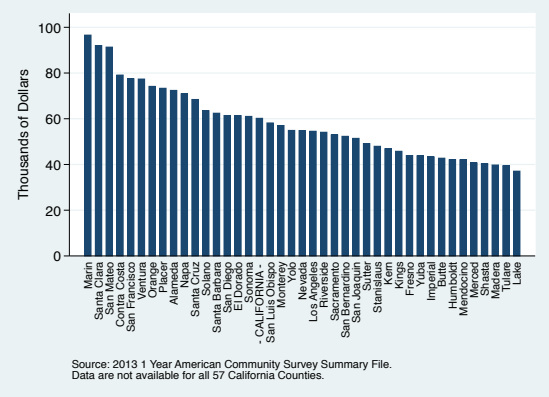
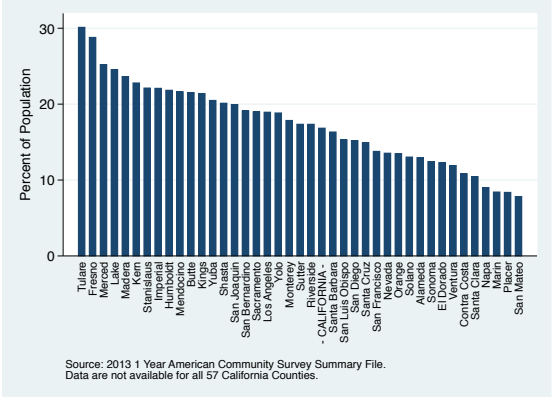


Figure 13: Poverty Rates in California Counties, 2013



VENTURE CAPITAL

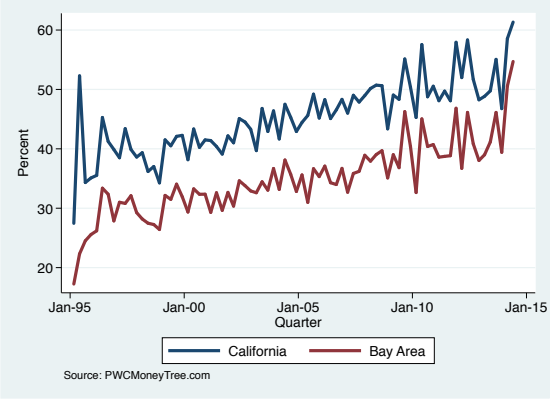
Silicon Valley has long been known as a venture capital (VC) hotbed for both those seeking capital and those seeking to invest. Of primary importance for the California and Bay Area economies is the extent to which funds are invested in the state or region. Figure 14 illustrates that, in recent years, California has tended to be the destination of more than half of all VC funds invested in the United States. The Bay Area receives the vast majority of these funds, generally 80% of the funds invested in California. This is important for California going forward, as it contributes to California's status as the place where firms working on leading-edge technologies and products are either born or go

to thrive. This access to venture capital is an important source California's competitive advantage in the competition for jobs and economic activity in the United States.

CALIFORNIA INTO THE FUTURE

California's future continues to be bright, an assessment that is readily supported by both the California Department of Finance and the UCLA Anderson forecasts for the state. Both studies provide forecasts of solidly growing payroll employment, a high rate of growth in personal income, and falling unemployment. Both employment and personal income are forecast to grow more quickly in California than in the rest of the country. By 2016, unemployment in the state is forecast to be just 0.3 percentage points higher than in the nation as a whole.

Figure 14: California and Bay Area Shares of Venture Capital Investments in the United States



However, the state is not without difficulties. Housing and poverty are now major issues going forward. The housing problem is limited to specific regions, with the Bay Area being exhibit number one. Tight housing markets are going to be a continued source of drag on population and economic growth.

The state is increasingly suffering from a bifurcation of its populace, as evidenced by higher rates of income inequality combined with higher rates of poverty. The underfunding of schools in the state is one source of the problem. The loss of middle-wage workers and jobs is another.

The ongoing drought is also a source of trouble going forward. Researchers at UC Davis have found that the costs of the 2014 drought are in excess of $2.2 billion in economic activity and more than 17 thousand jobs. Should the drought in California continue, the economic impact could become more severe and could affect the state's economy more widely.

At the same time, the venture capital statistics presented above indicate that California continues to be the go-to place for the latest and greatest technologies and products; a reputation that has served the state well over the years and is highly likely to continue to do so.

APPENDIX: Forecast for 2014-2017

Table A.1: California Forecast: 2014-2017

California Labor Force	Annual Percent Change						
and Employmnet	2011	2012	2013	2014	2015	2016	2017
Civilian Labor Force	0.5	0.6	0.4	0.7	0.9	0.7	0.8
Civilian Unemployment Rate (Level)	11.8	10.4	8.9	7.6	6.9	6.5	6.1
Farm Employment	1.9	2.5	3.1	−2.2	0.5	0.2	0.1
Non-Farm Employment	1.0	2.4	3.0	2.5	2.5	2.4	2.3
Goods Producing	0.5	1.9	2.3	2.4	2.1	1.9	1.9
Construction	0.2	5.1	7.7	5.4	2.5	2.6	1.7
Manufacturing	0.5	0.3	−0.2	1.0	1.9	1.5	2.0
Service Providing	1.1	2.5	3.1	2.5	2.5	2.5	2.4
Trade, Transportation & Utilities	1.9	2.1	2.5	2.1	1.6	1.0	0.8
Information	0.4	1.0	2.6	−0.2	0.1	1.9	2.5
Financial Activities	0.2	1.5	1.0	1.5	3.2	3.0	2.7
Professional and Business Services	2.8	5.0	4.4	3.7	3.5	3.1	2.8
Educational and Health Services	1.4	4.3	5.9	3.2	3.3	3.4	3.3
Leisure and Hospitality	2.3	4.1	4.6	4.2	3.9	3.2	3.1
Other Services	1.8	2.2	2.1	1.7	2.3	2.4	2.3
Government	−1.8	−1.2	−0.3	1.1	1.2	2	2.3
California	Annual Percent Change						
Personal Inocme	2011	2012	2013	2014	2015	2016	2017
Total Personal Income	6.6	5.0	2.8	4.6	5.1	5.4	5.5
Taxable Personal Income	5.7	5.9	3.8	5.6	5.7	5.6	5.8
Total Wages and Salaries	4.3	5.9	3.4	4.8	5.2	5.1	5.1
Disposable Income	5.3	4.6	1.6	4.4	5	5.3	5.4
California	Annual Percent Change						
Construction	2011	2012	2013	2014	2015	2016	2017
Total Units (Thousand Permits)	5.2	23.9	45.1	26.9	15.5	15.0	9.2
Single Family	−14.8	27.4	32.6	36.1	18.0	22.1	14.0

Source: California Department of Finance