

State's Economic Growth to Moderate in 2024

California's economic growth is projected to moderate in 2024 after rebounding strongly in 2023 from a near stall in the prior year. Ongoing spillovers from a slower-growing tech sector, a cooling labor market, and headwinds from high interest rates and high inflation underpin expectations for modest but still positive growth in 2024 for the Golden State's economy.

The state's population will recover further in 2024 after losses in 2021 and 2022 as job opportunities out of state become less plentiful and high national housing costs make moving elsewhere less appealing. Payroll growth is projected to slow markedly to 0.3% in 2024 from 2.1% in 2023. The Golden State's job market will likely be under pressure from slower tech hiring and a cool housing market, especially in the first half of next year, before hiring picks up in the latter half. A cooler labor market will limit total personal income growth to modestly above the pace of inflation.

California's housing market is expected to rebound next year from 2023's sharp construction slump, especially in the second half of next year, as lower mortgage rates and limited supply spur residential construction. Single-family construction is expected to lead residential construction in 2024. Multi-family housing starts are expected to pull back after strong growth in the prior three years, but their impact on overall housing supply will be limited as they are a smaller share of the overall market. House prices are forecast to increase moderately as the housing recovery gains traction.

California Economic Outlook											
	1Q'23a	2Q'23a	3Q'23p	4Q'23f	1Q'24f	2Q'24f	3Q'24f	4Q'24f	2022a	2023p	2024f
State Output											
Real GDP (Chained 2012 Billions \$)	2,919.9	2,929.8	2,954.4	2,957.6	2,960.2	2,968.4	2,977.7	2,987.2	2,885.6	2,940.4	2,973.3
Percent Change Annualized	1.2	1.4	3.4	0.4	0.3	1.1	1.3	1.3	0.4	1.9	1.1
Labor and Demographics											
Payroll Jobs (Millions)	18.0	18.1	18.1	18.1	18.1	18.1	18.1	18.2	17.7	18.1	18.1
Percent Change Annualized	1.8	2.6	0.7	0.0	-0.4	0.3	0.6	0.6	5.6	2.1	0.3
Unemployment Rate (Percent)	4.3	4.5	4.6	4.8	5.0	5.0	5.1	5.1	4.2	4.6	5.0
Population (Millions)	39.2	39.3	39.4	39.5	39.6	39.6	39.7	39.8	39.1	39.3	39.7
Percent Change Annualized	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	-0.1	0.7	0.9
Personal Income											
Total Personal Income (Nominal Billions \$)	3,088.5	3,124.5	3,159.2	3,190.1	3,215.7	3,244.4	3,277.4	3,312.5	3,006.6	3,140.6	3,262.5
Percent Change Annualized	4.0	4.7	4.5	4.0	3.2	3.6	4.1	4.3	-0.2	4.5	3.9
Housing											
Housing Starts (Thousands, Annual Rate)	95.5	106.9	106.5	103.6	103.1	103.2	103.8	104.4	110.4	103.1	103.6
Percent Change Annualized	-30.9	57.1	-1.5	-10.3	-1.9	0.3	2.3	2.4	-1.8	-6.6	0.5
Single-Family Housing Starts (1,000s Units, Annual Rate)	45.3	62.6	64.5	63.9	62.8	62.6	63.7	64.2	66.9	59.1	63.3
Multi-Family Housing Starts (1,000s Units, Annual Rate)	50.2	44.2	41.9	39.6	40.3	40.5	40.1	40.2	43.5	44.0	40.3
House Price Index, FHFA (1991 Q1=100, SA)	431	436	436	438	438	443	444	446	424	435	443
Year/Year Percent Change	5.5	1.6	1.8	1.7	1.6	1.7	1.7	1.9	15.8	2.6	1.7
a = actual p=preliminary f = forecast											

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