



Social Narratives / Economic Realities

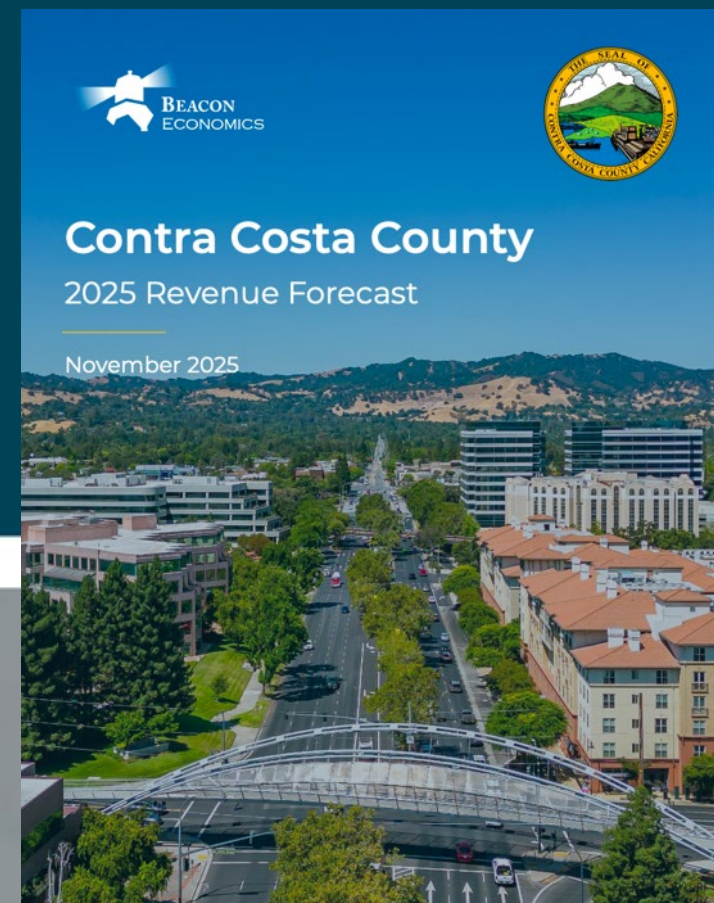
Federal Deficits, Tech Bubbles and the California Outlook

Focus on Contra Costa County

Christopher Thornberg, PhD

Founding Partner, Beacon Economics

January 2026



The 2025 Narratives

ECONOMY

Hiring slows in December, but the Policy Uncertainty Index

ECONOMY | THE OUTLOOK

Economists Shrug Off Trumponomics, Boost 2026 Growth Outlook Back Above 2%

Last year, economists slashed expectations amid tariffs and other Trump policies. The latest survey shows those concerns have largely receded.

By [Harriet Torry](#) [Follow](#) and [Anthony DeBarros](#) [Follow](#)

Jan. 18, 2026 5:30 am ET

*"It is
gives"*

40.0

Jan-91
Apr-93
Jul-95

Oct-9
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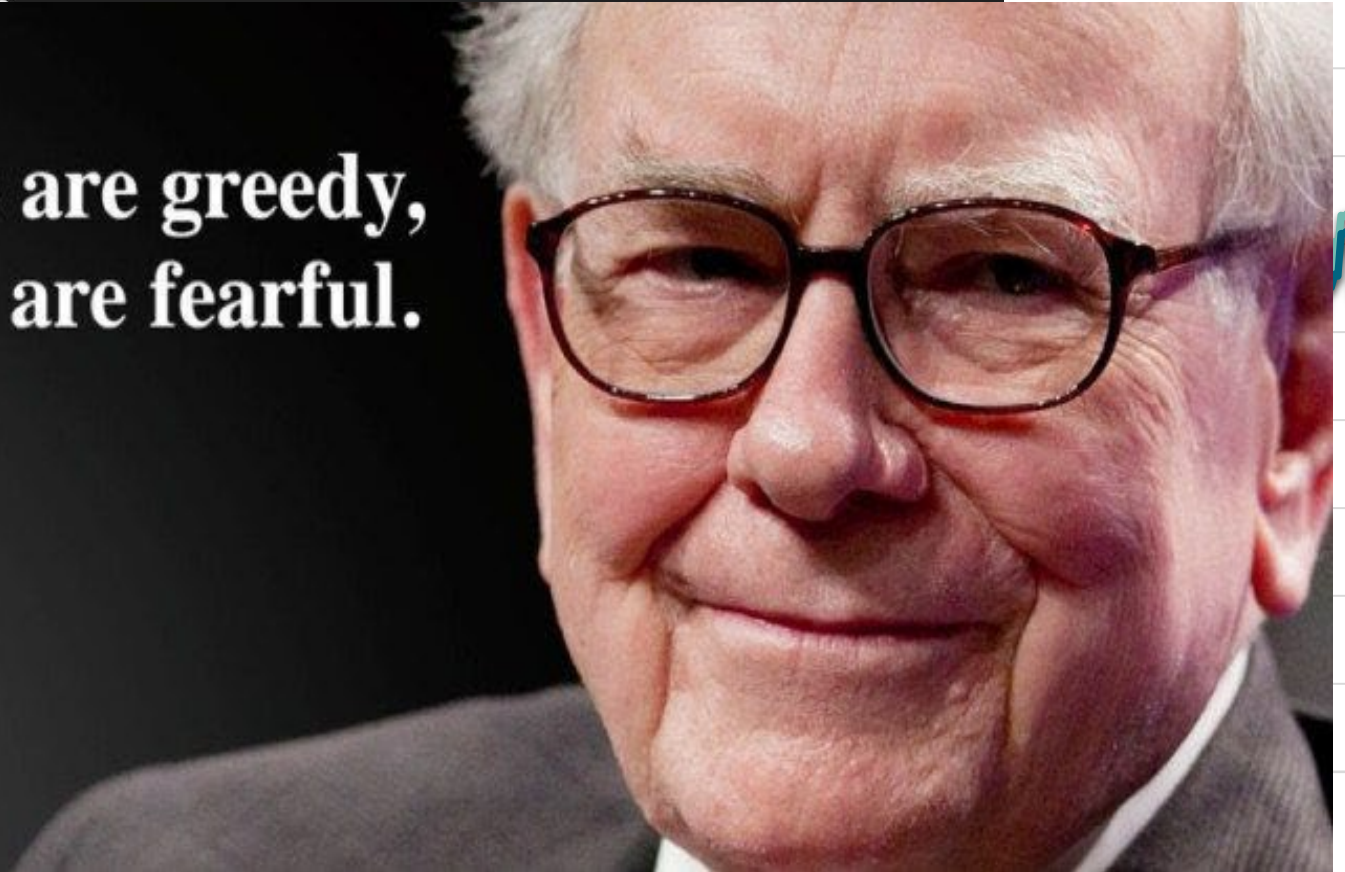
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That *Other* Economic Narrative



**Be fearful when others are greedy,
be greedy when others are fearful.
- Warren Buffett**



1Y 2Y 5Y

Market Summary & Outlook

0 1980

0

2020

2024

2025

Jan
Jul-25



Beacon's Outlook 2026

Economic Trends: Growth steady despite jobs picture

- Consumer spending up, household finances solid
- Debt markets clean, interest rates are settling down, profits solid
- More fiscal and monetary stimulus being thrown at the economy

Beware the Imbalances

- Strong economy a function of public deficits and tech bubbles
- Risk is a deflating bubble setting off a fiscal crisis

Contra Costa County

- Slow growth in jobs masks solid growth in incomes
- Largest issue for region is lack of housing / shrinking labor force / competition with West Bay for scarce resources
- Solution: compete differently, using local comparative advantages

False narratives in the way

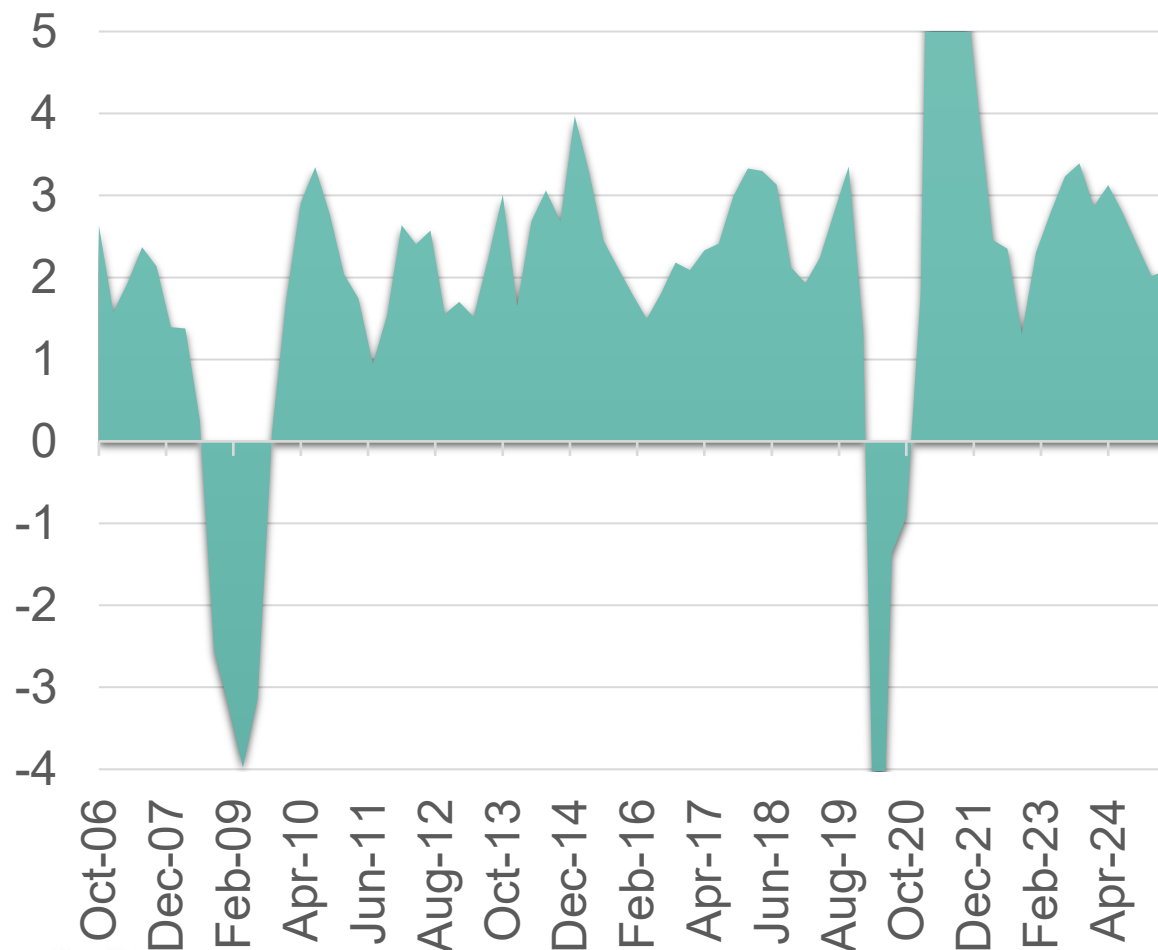
- Internal resistance to growth holding county back from potential



GDP Growth: Gaining Momentum



YoY Growth Real GDP

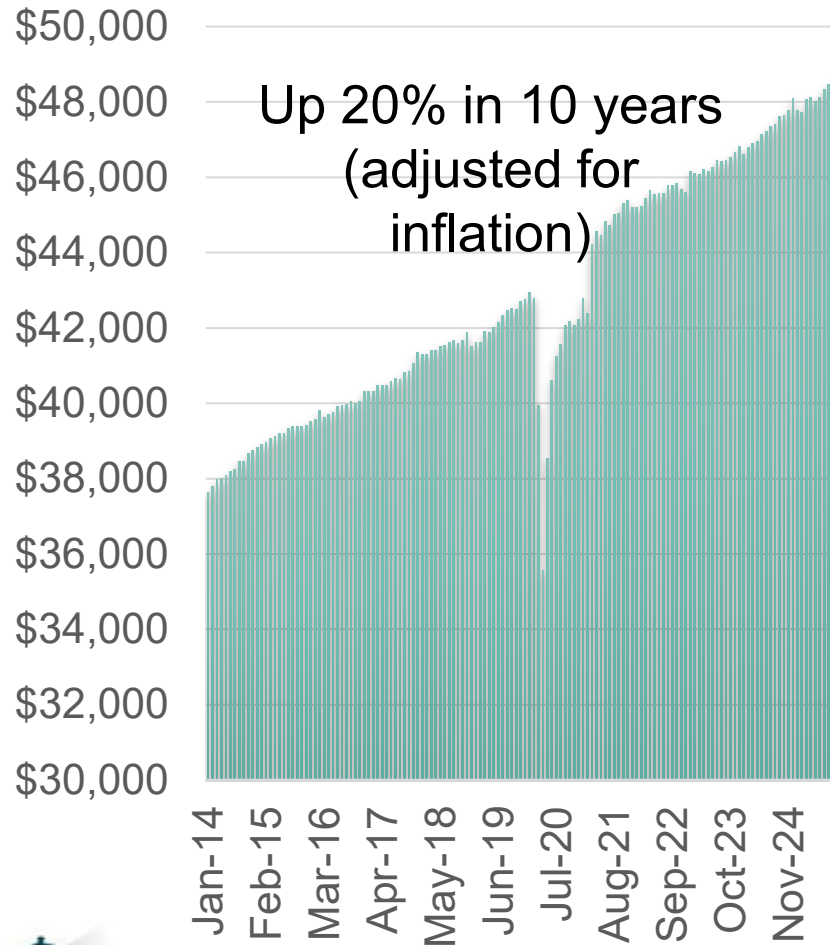


			2025		
	2023	2024	Q1	Q2	Q3
GDP	3.38	2.40	-0.60	3.80	4.30
Final Demand	3.73	3.05	1.50	2.41	2.93
Personal consumption	2.03	2.26	0.42	1.68	2.39
Goods	0.77	0.89	0.04	0.47	0.66
Services	1.27	1.37	0.37	1.21	1.74
Fixed investment	1.00	0.19	1.21	0.77	0.19
Structures	0.51	-0.16	-0.10	-0.23	-0.19
Equipment	0.16	0.17	1.00	0.44	0.29
Intellectual property	0.24	0.13	0.34	0.78	0.30
Residential	0.10	0.05	-0.04	-0.21	-0.21
Change inventories	-0.44	-0.17	2.58	-3.44	-0.22
Net exports	0.08	-0.48	-4.68	4.83	1.59
Exports	0.25	0.36	0.02	-0.20	0.92
Imports	-0.17	-0.84	-4.70	5.03	0.67
Government	0.73	0.61	-0.17	-0.01	0.39
Federal	0.22	0.29	-0.37	-0.35	0.19
State and local	0.50	0.33	0.20	0.33	0.20

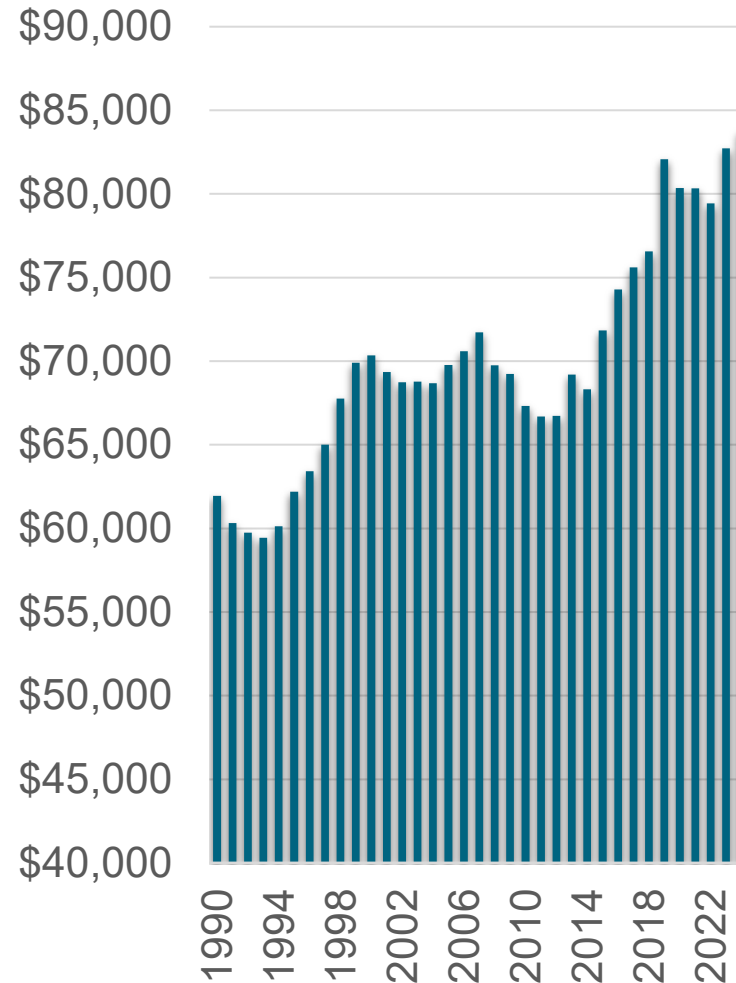


Consumer Spending Trends

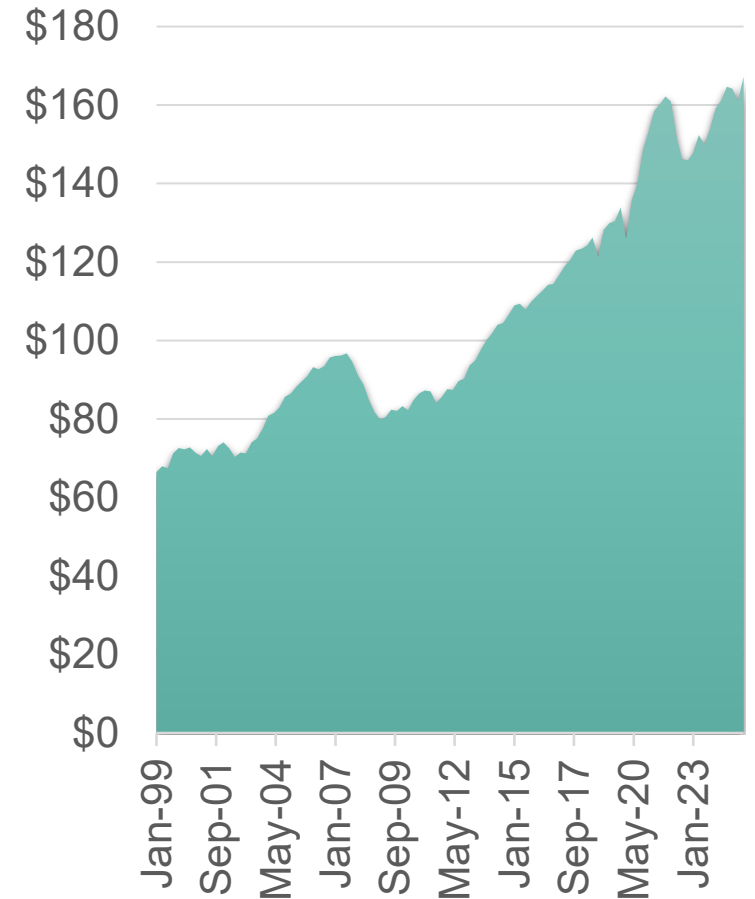
Inflation Adjusted Per Capita Consumption



Real Median HH Income

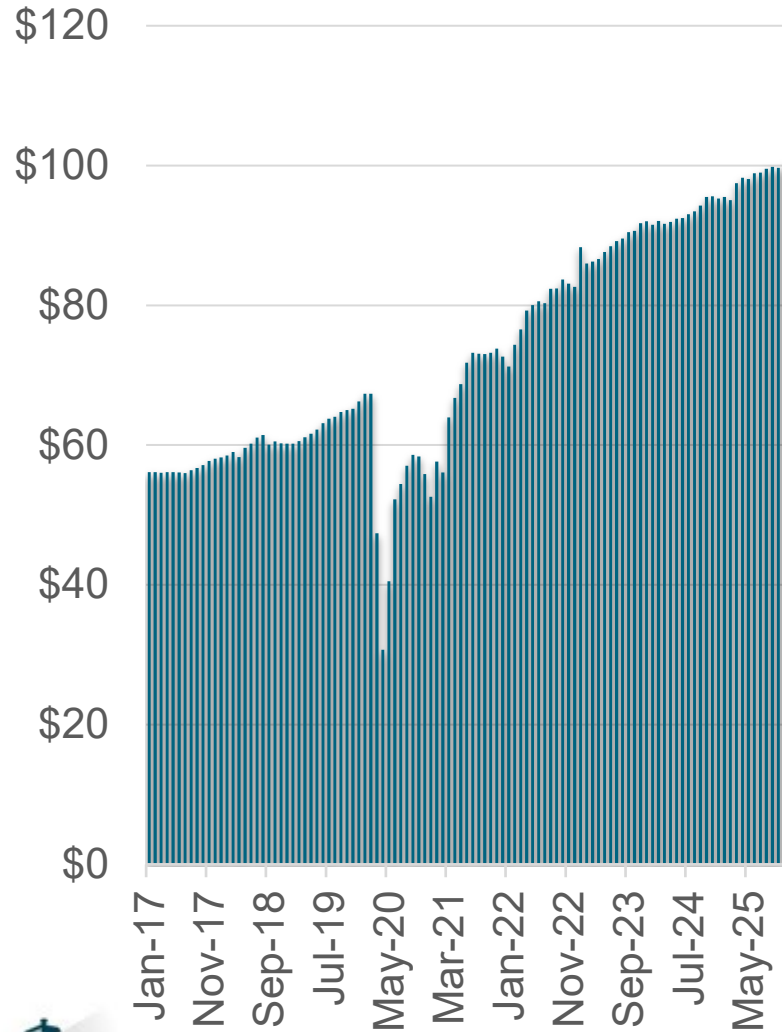


Real Household Net Worth (\$Trillions)

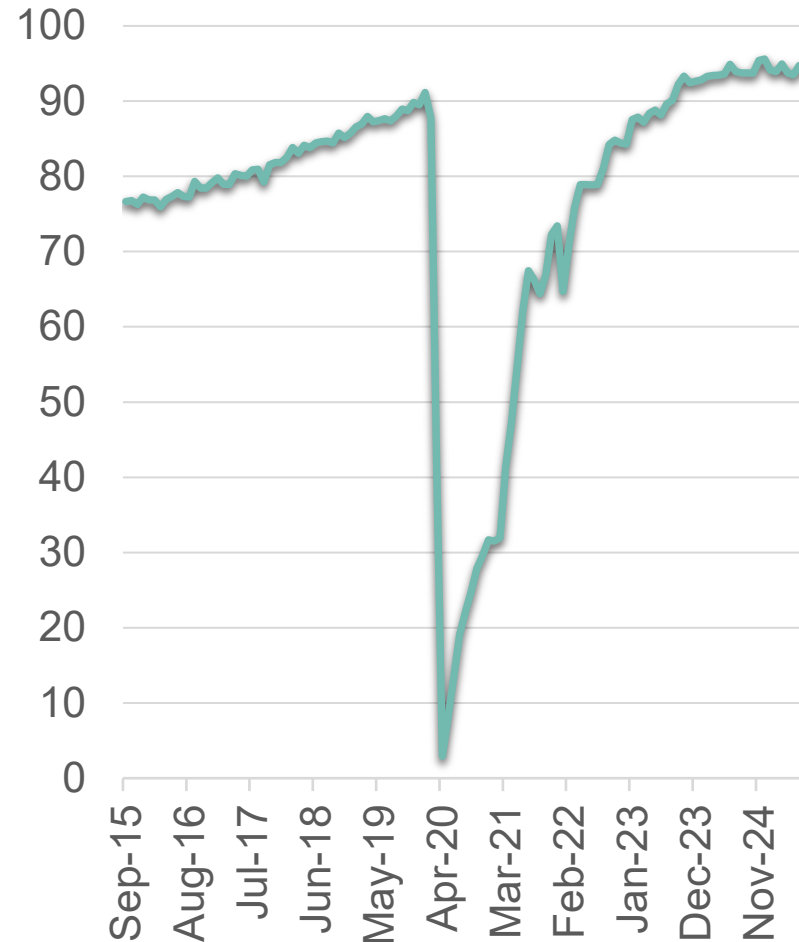


Consumers: Still Having Fun!

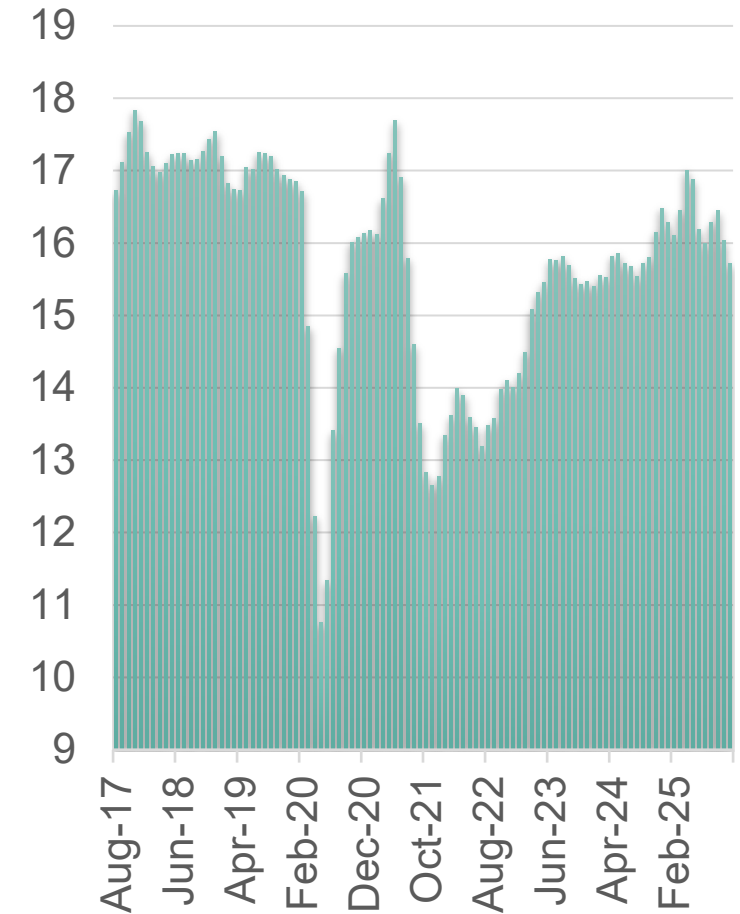
Restaurant Retail Sales



US Revenue Passenger Air Miles (Bil)

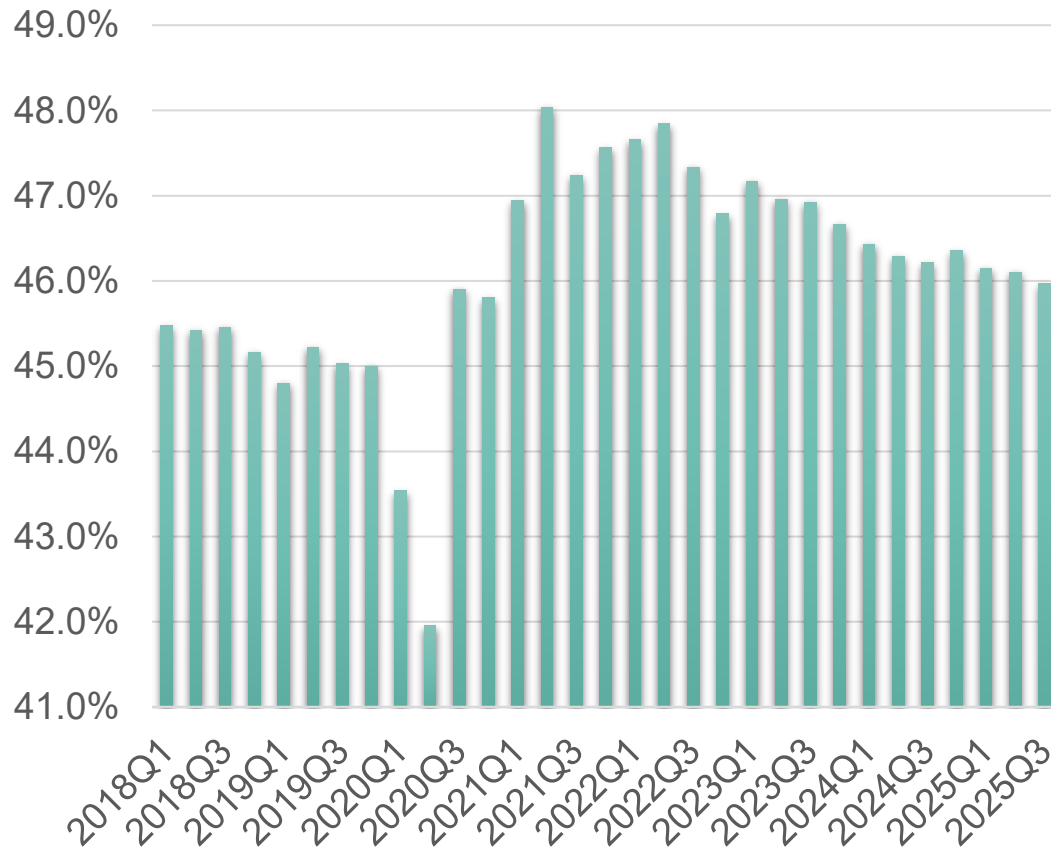


Auto & Light Truck Sales



Shifts in spending

% Discretionary Consumer Spending in Taxable Goods

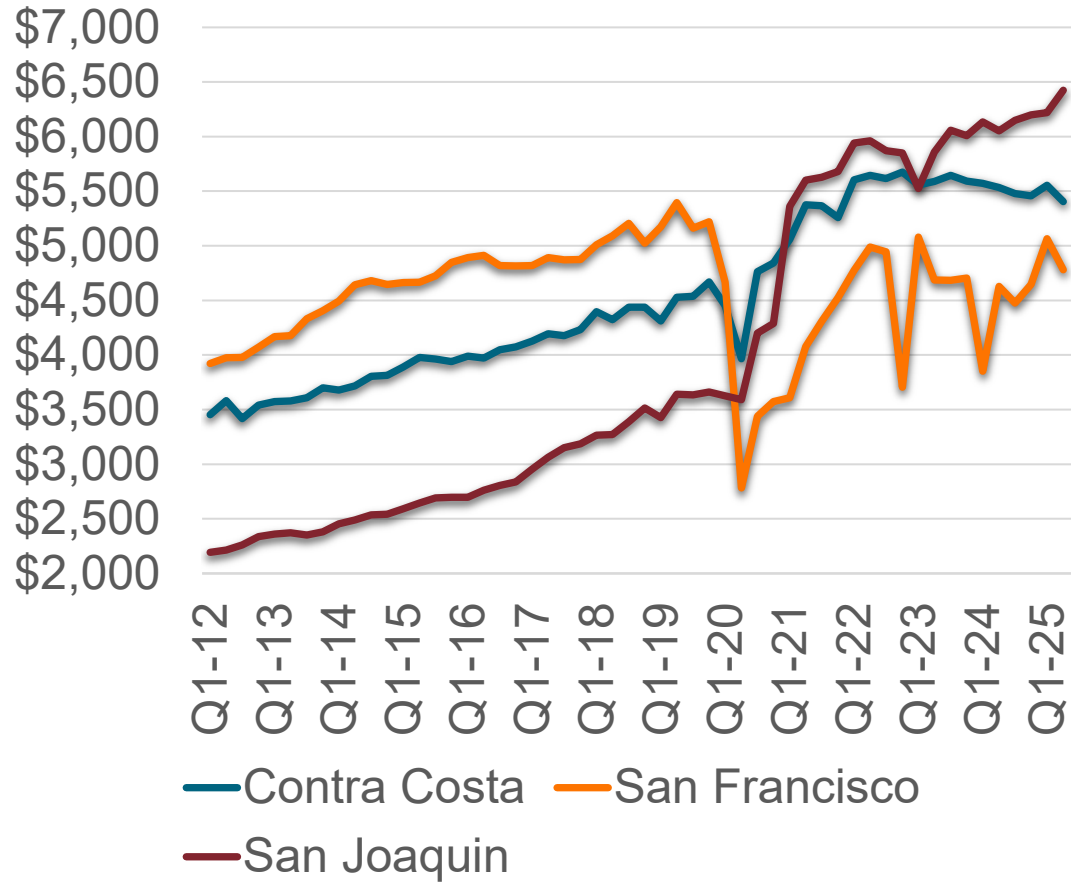


Category	Q3-25 (\$, 000s)	1-Year Chg. (%)	Chg. Since Q4-19 (%)
Total	54,819	-0.6	14.8
Business and Industry	6,819	5.7	46.7
County & State Pool	11,699	2.7	23.2
General Consumer Goods	9,634	1.4	5.6
Fuel and Service Stations	4,948	0.2	6.8
Restaurants and Hotels	6,752	0.1	26.1
Food and Drugs	3,064	-3.3	8.3
Autos and Transportation	7,412	-7.1	-1.3
Building and Construction	4,415	-8.8	8.9



Local Sales Tax Receipts

Taxable Sales



Taxable Sales	Q2-25 (\$, Mil.)	1-Year Chg. (%)	6-Year Chg. (%)
Contra Costa County	5,405	-2.3	19.3
Richmond	503	3.5	35.1
Concord	810	0.1	3.8
Pleasant Hill	214	-0.4	9.0
Pinole	91	-0.6	13.0
Antioch	358	-1.3	-2.3
Brentwood	225	-2.7	18.2
Pittsburg	239	-3.0	21.4
Walnut Creek	598	-4.1	6.6
Danville	134	-5.3	9.3
Unin. CC County	333	-6.1	22.6
Martinez	103	-7.4	1.1
San Ramon	244	-25.3	0.5

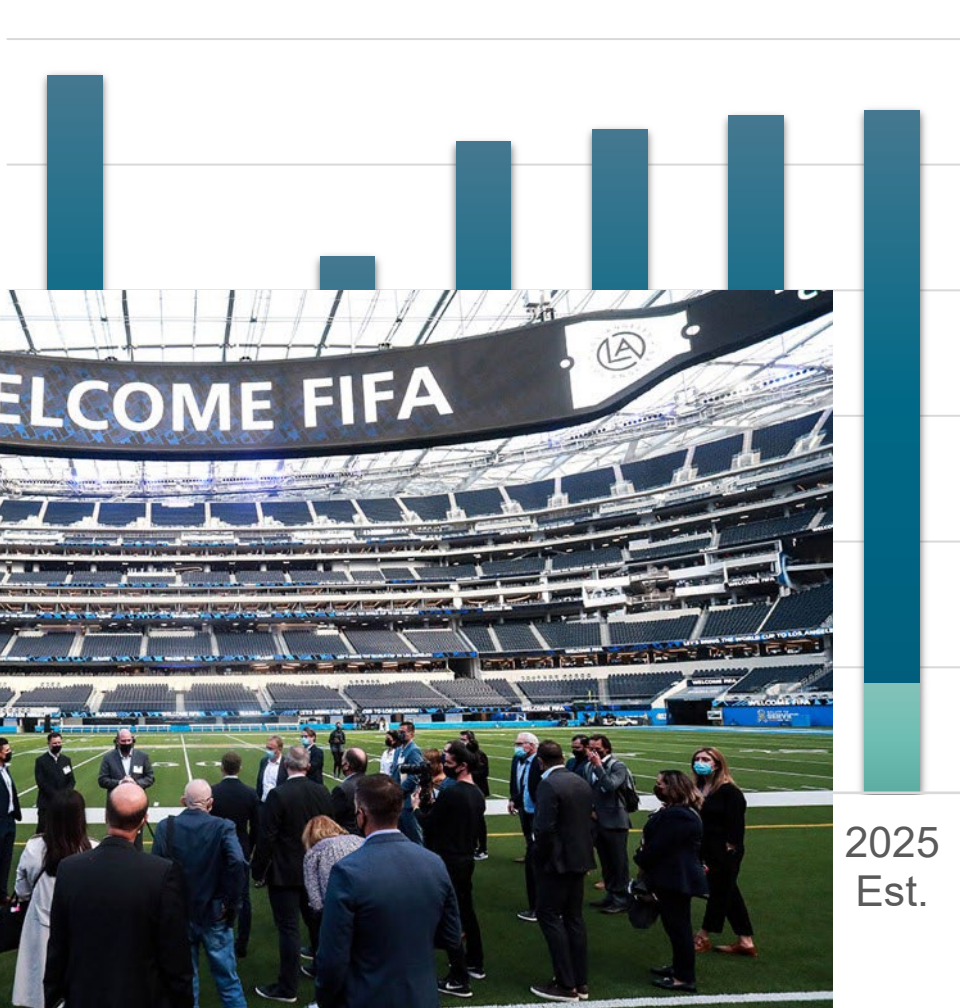


State Travel

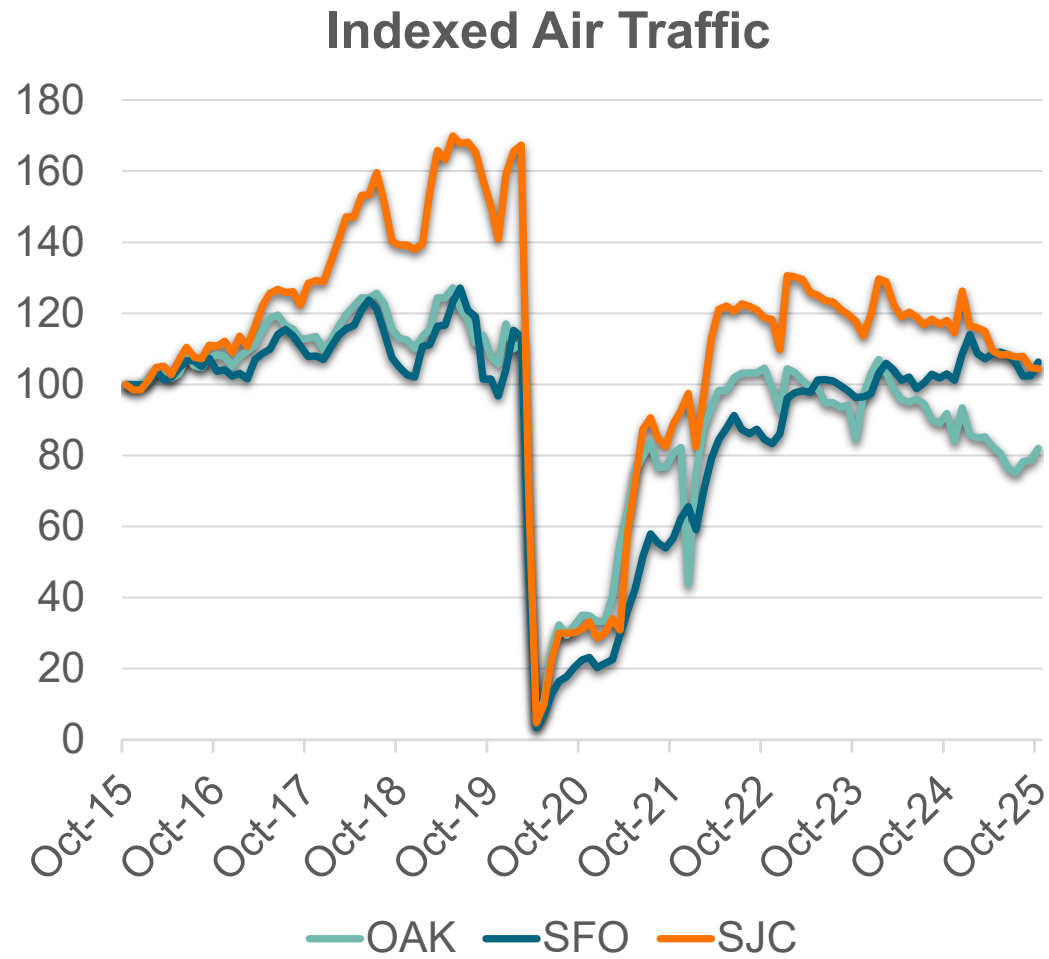
Spending on Foreign Travel (Real)



California Total Visitor Counts



Local Airports and Hotels

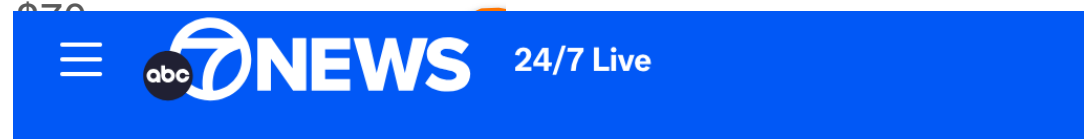


Location	Sep-25 RevPAR (\$)	1-Year Chg. (%)	Chg. since Dec-19 (%)
United States	97.92	-2.3	13.6
San Francisco	143.83	5.9	-26.6
Sacramento	104.97	4.5	14.3
New York	276.29	2.6	35.6
Wine Country	183.43	-0.2	5.7
San Jose	114.73	-0.5	-15.8
Orange County	147.48	-1.1	11.6
Oakland	86.05	-2.1	-25.5
Miami	156.05	-5.9	6.1
Los Angeles	132.54	-6.4	-1.0
San Diego	145.92	-7.9	14.6
Las Vegas	143.31	-8.6	22.4



The Wine Industry?

Real Consumption The Story Behind the American Wine Crisis



CA wineries ripping out vineyards over less demand and changes in industry

By Suzanne Phan
Sunday, September 7, 2025



OPINION FUTURE VIEW Follow

Why Generation Z Doesn't Drink Much

Students discuss alcohol consumption dropping sharply compared with past generations.

Sept. 9, 2025 5:46 pm ET



Bulk to Brand Shifts

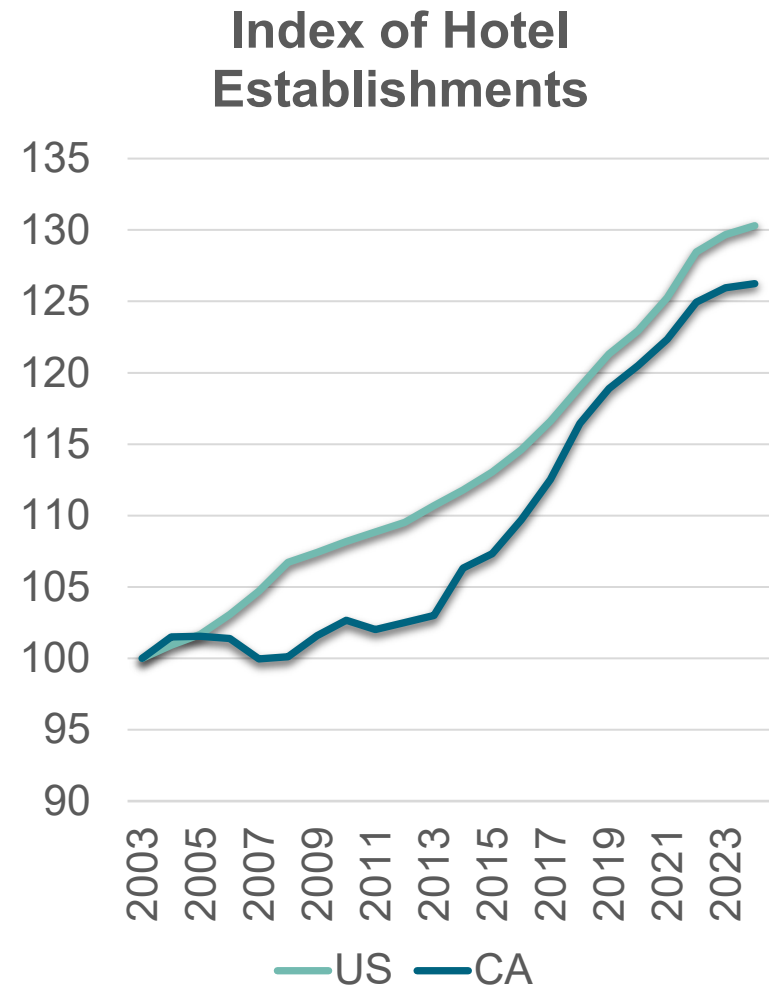
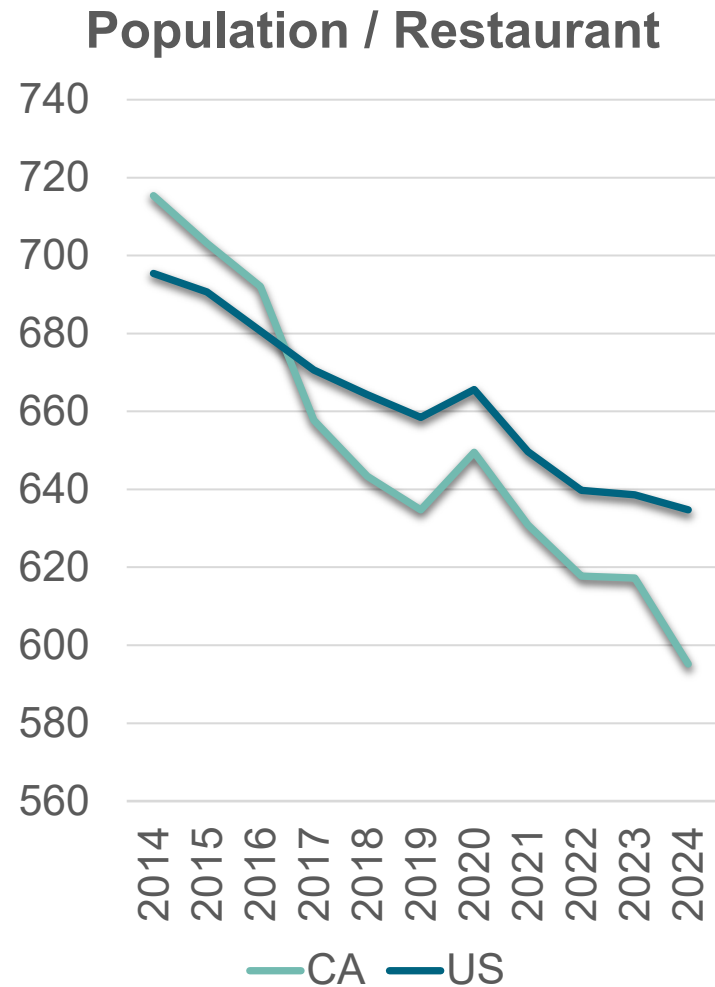
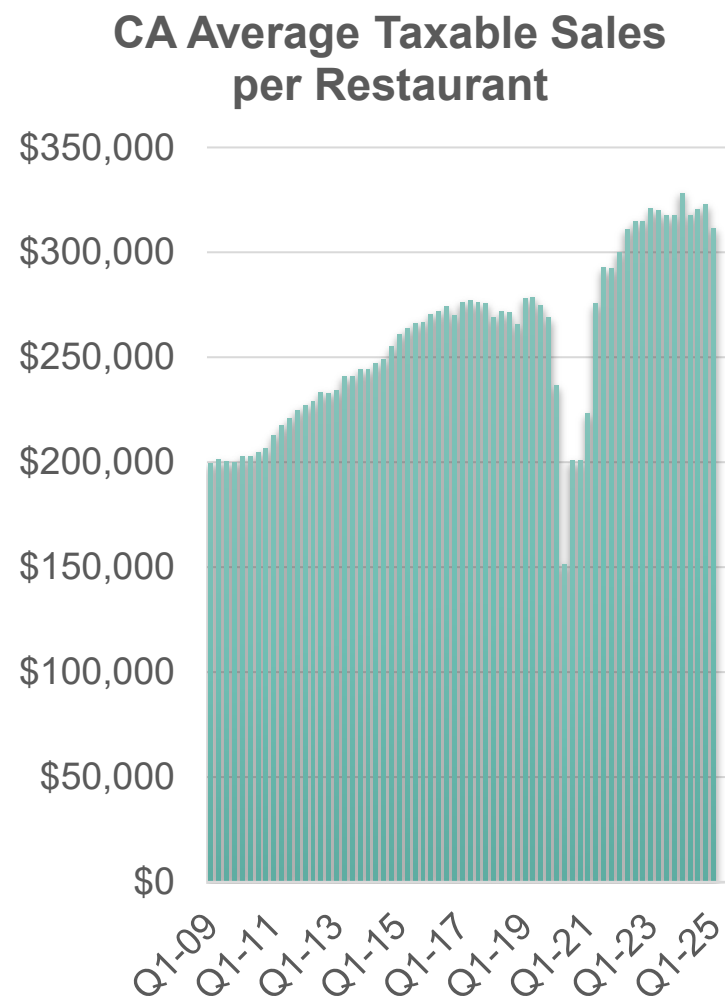
US Winery Employment and Establishments



County	2018 (Acres)	2024 (Acres)	6-Year Chg. (%)
San Joaquin	73,239	65,194	-11.0
Sonoma	59,193	58,175	-1.7
Napa	45,433	45,094	-0.7
Monterey	46,116	41,296	-10.5
San Luis Obispo	35,080	35,578	1.4
Fresno	37,624	32,183	-14.5
Madera	31,005	26,022	-16.1
Sacramento	24,183	23,848	-1.4
Mendocino	17,512	17,007	-2.9
Kern	17,513	15,484	-11.6
Yolo	14,354	15,056	4.9
Santa Barbara	15,563	14,995	-3.6



Tourism Over-Supply?

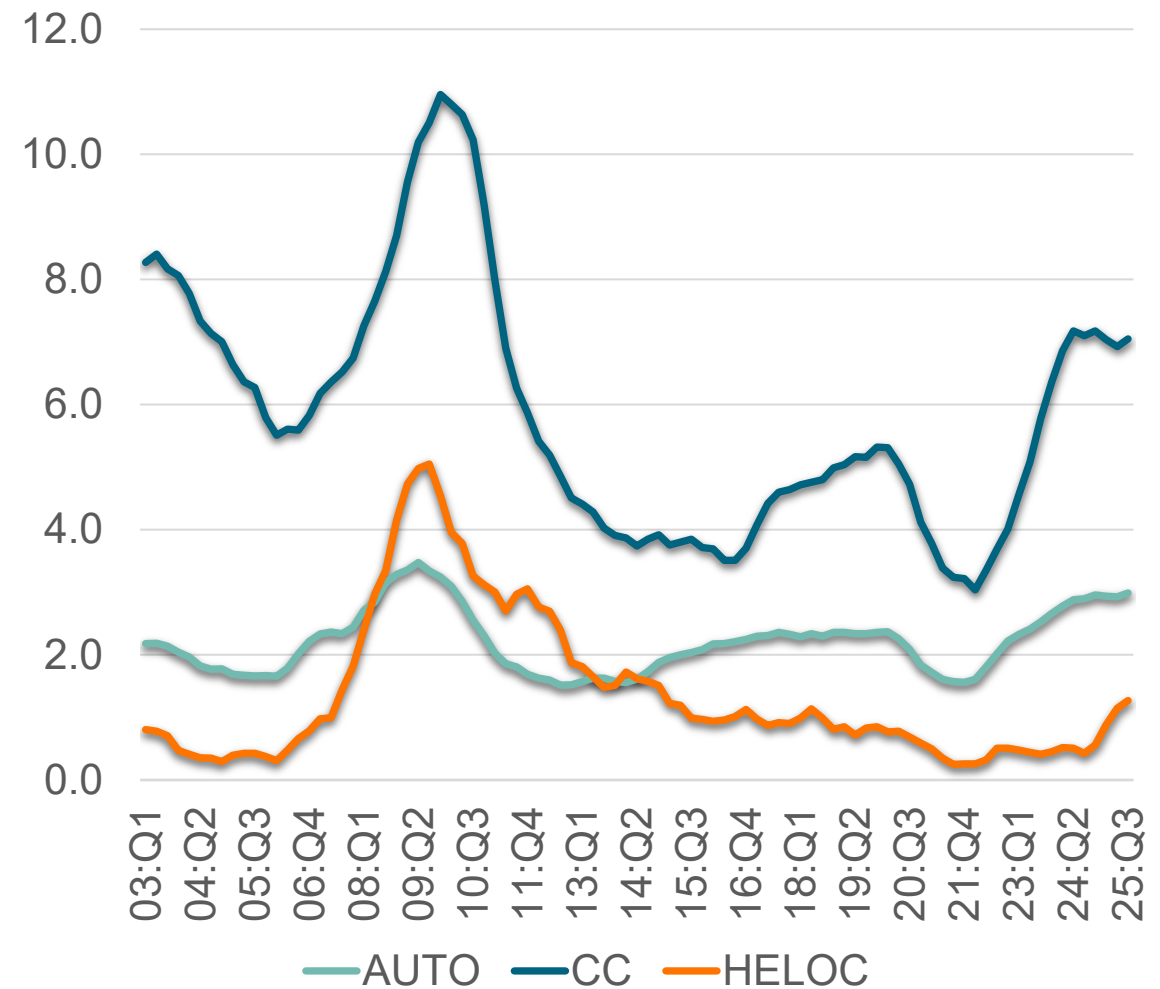


Overall Debt Situation: Steady

Foreclosures and Bankruptcies (000s)



Debt in Serious DQ (%)

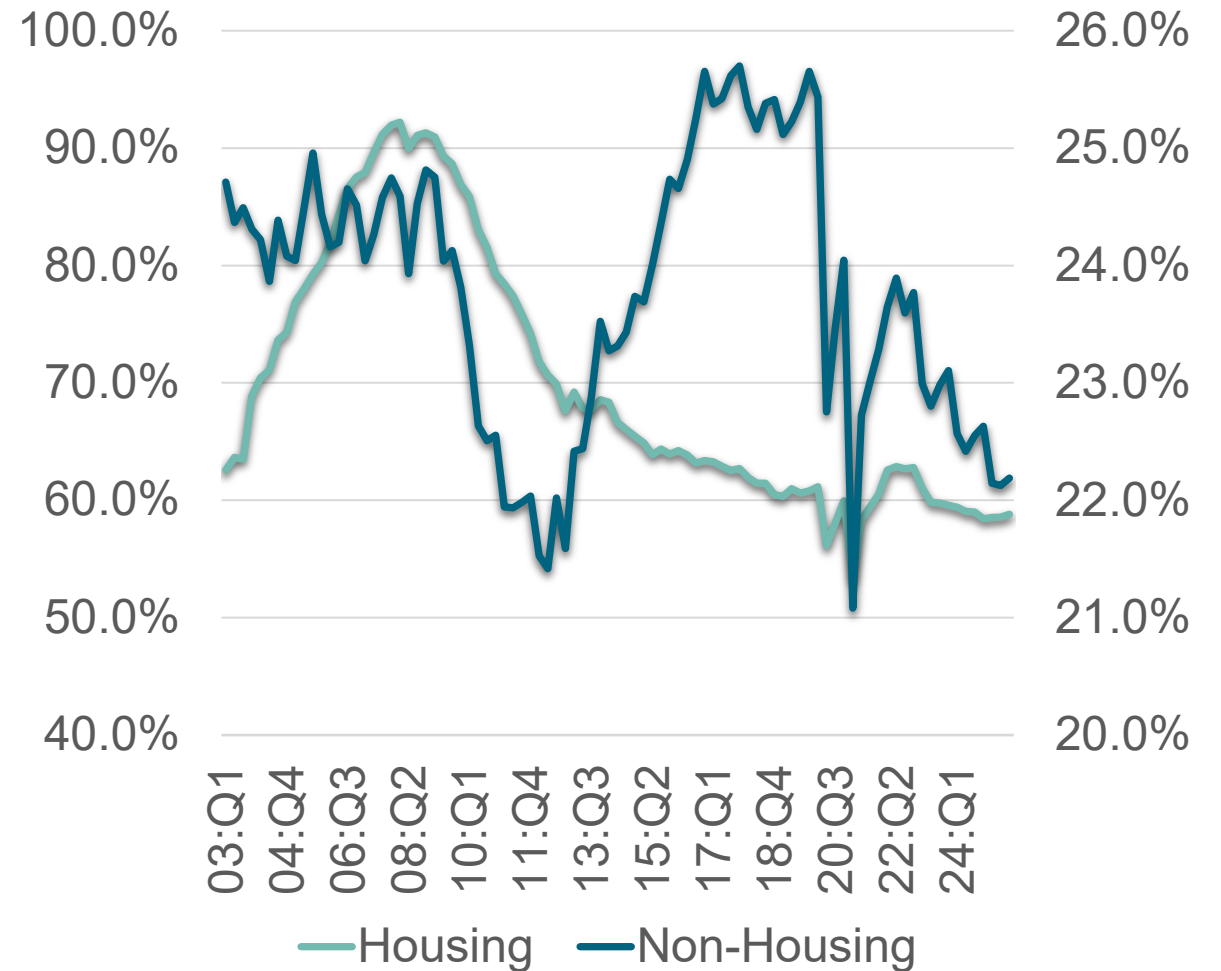


Signs of Excess?

Household Savings Rate



Consumer Debt to DPI



Inflation?

Trump's tariffs as items ke

The rollback of impor
latest sign that the a

Today at 5:00 a.m. EST

-3.0%

1997Q1
1999Q1
2001Q1
2003Q1
2005Q1



THE NIGHTMARE BEFORE CHRISTMAS

ling	
	2.7%
	5.3%
	4.4%
	4.3%
	3.3%

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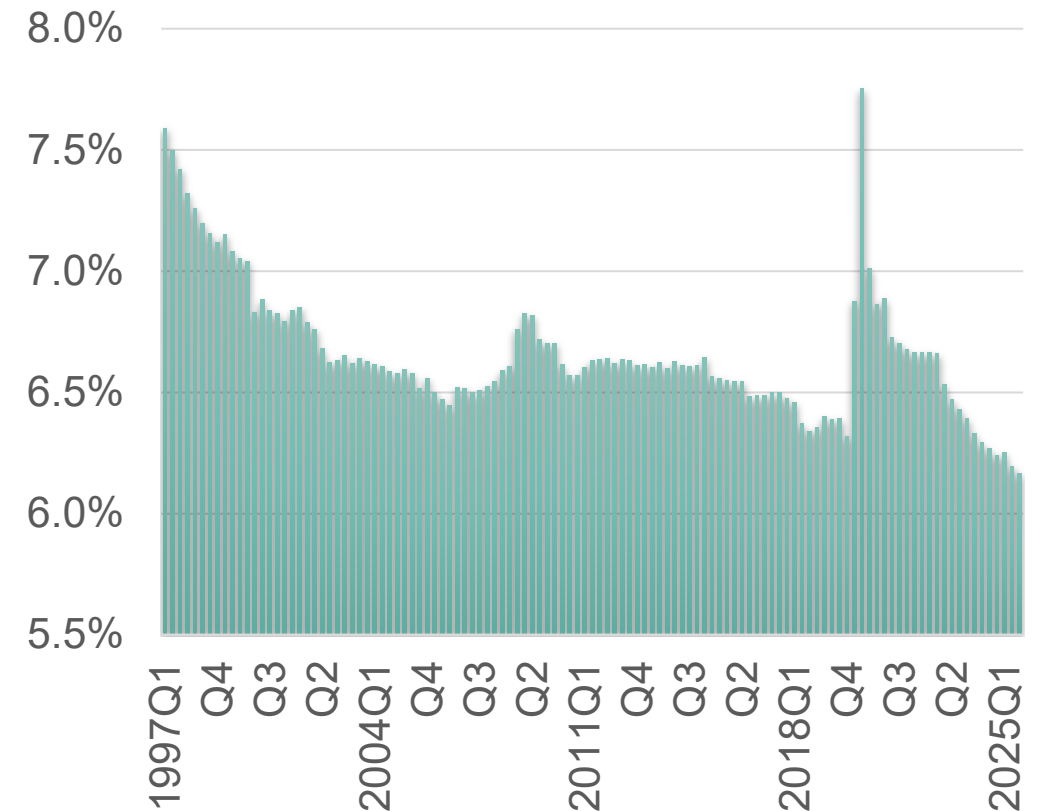
-5.9%



What about food prices?

	19-23			23-25	
	Prices	Real Cons.		Prices	Real Cons.
Total	4.0%	2.8%		2.5%	2.9%
Food for off-premises	6.0%	1.1%		1.8%	1.7%
Meals at limited serv	6.4%	2.7%		3.6%	-0.1%
Meals at Full serv	5.5%	2.5%		4.0%	3.2%

Food Spending as Share of Total Expenditures



Only gains for the top 10%?

The K-Shaped Recovery

*Inequality
accelerating due to
the pandemic*

- *Jobs*
- *Wealth*
- *Income*
- *Health*
- *Education*



*Stockholders
Homeowners
Tech, Finance
Men
College grads
South/West
Goods
Prime borrowers*

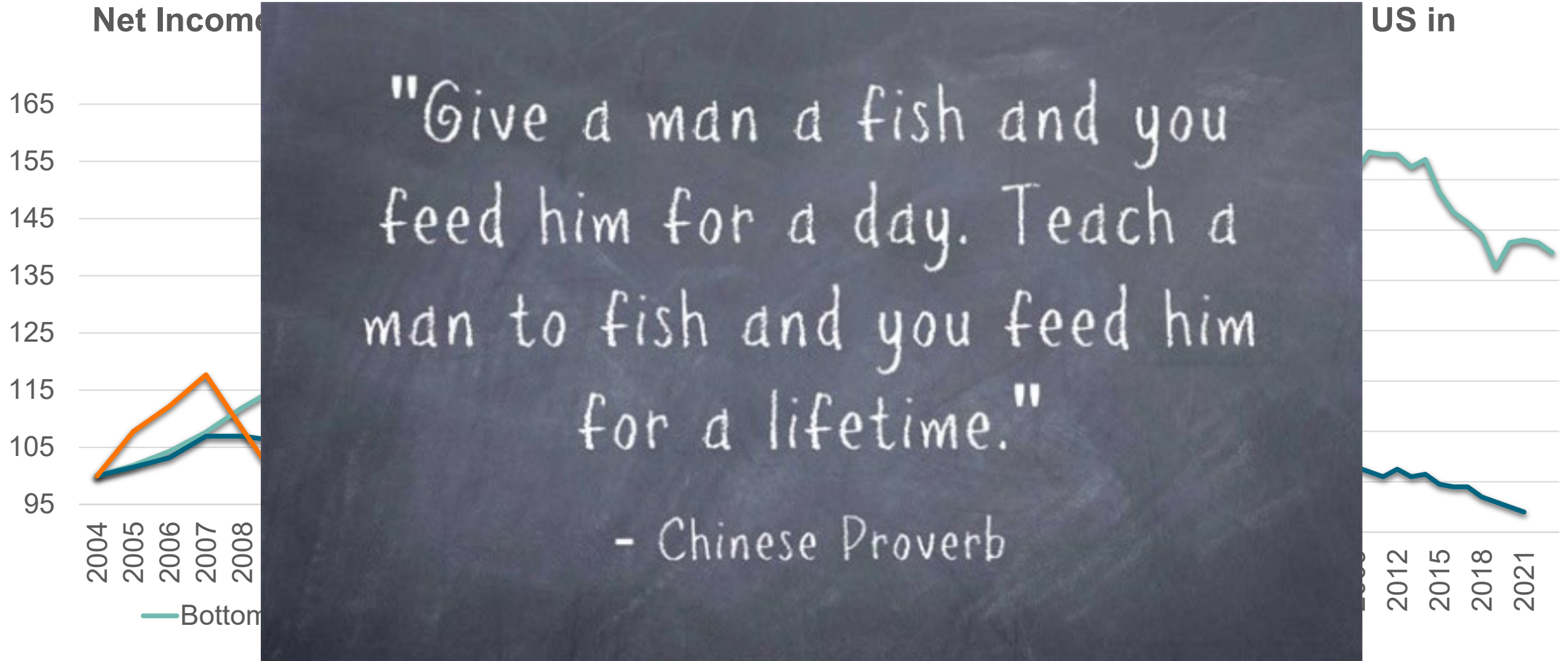
*Renters
Hospitality, Retail
Women
Non-college grads
Northeast
Services
Subprime borrowers*

Top 5%
High
Four
Midc
Seco
Low

2020 2021 2022



Transfers and Taxes



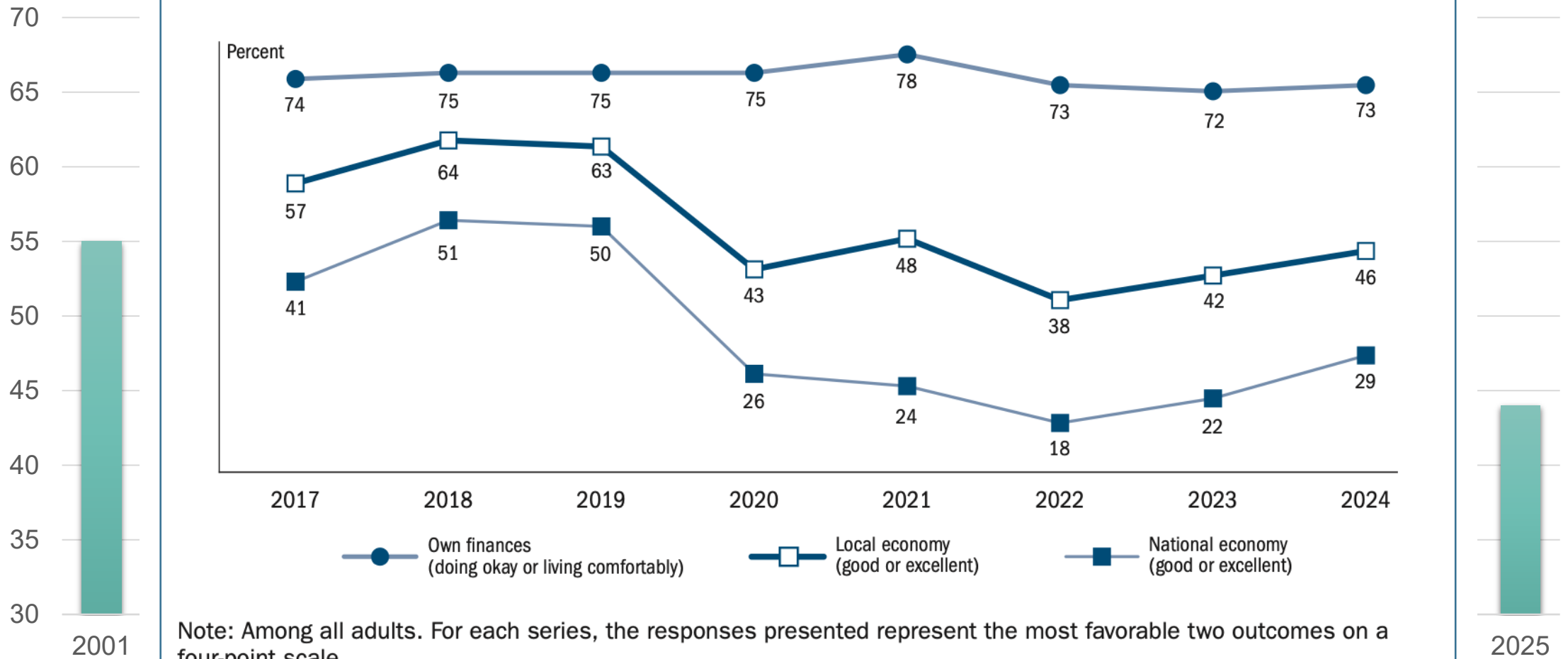
Correlates with Poverty

	2024	2018
Less than high school graduate	24.0%	24.4%
High school graduate	14.3%	13.5%
Some college, associate's degree	9.7%	9.5%
Bachelor's degree or higher	4.6%	4.4%
Worked full-time, year-round	2.3%	2.5%
Worked part-time or part-year	14.9%	15.8%
Did not work	21.3%	21.3%
	Married Couple	Single Parent
Families	4.5%	22.3%
1 or 2 children	4.3%	26.8%
3 or 4 children	9.1%	49.2%
5 or more children	22.0%	67.8%



The national mood?

Figure 7. Assessment of own financial well-being, local economy, and national economy (by year)

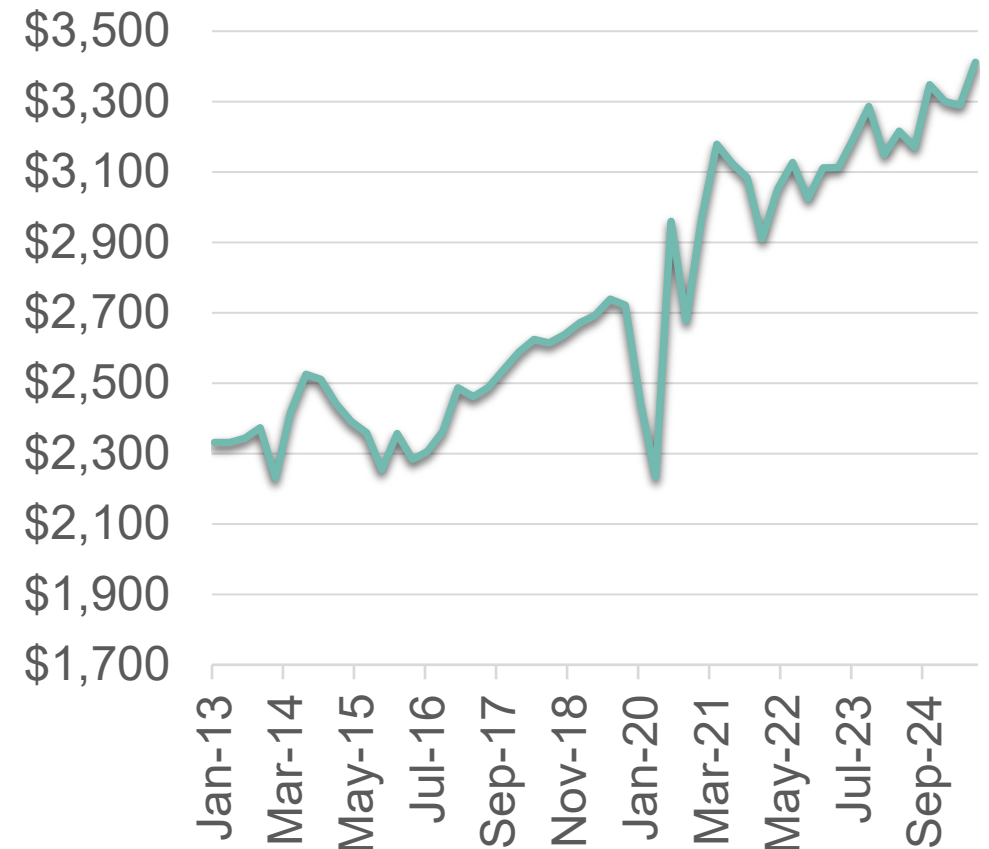


Business Investment Profits

Real Investment and Growth Rates

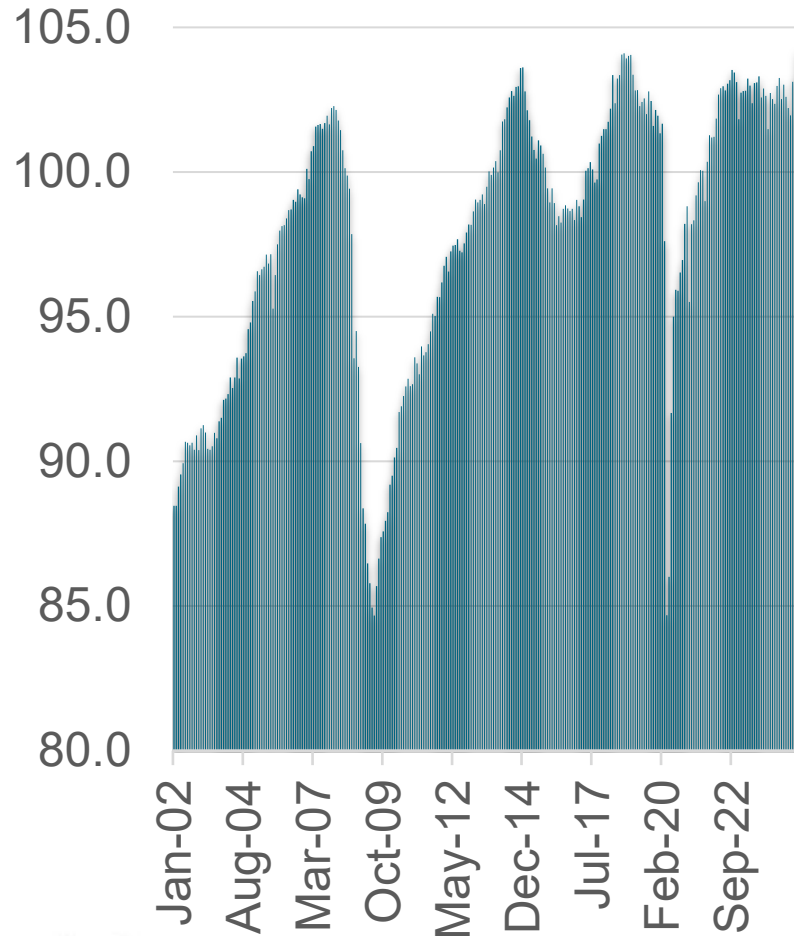
	Q3	23-24	24-25
Private fixed investment	\$5,479	4.8%	4.4%
Commercial health str	\$264	-8.3%	-3.8%
Manufacturing str	\$218	16.5%	-8.8%
Power, communication	\$167	-1.5%	2.3%
Mining	\$82	3.8%	-16.2%
Information proc eq	\$630	11.4%	22.6%
Industrial equipment	\$347	4.9%	7.8%
Transportation eq	\$363	8.4%	2.2%
Software	\$766	8.9%	8.9%
R&D	\$856	3.7%	6.8%
Entertainment, artistic	\$116	3.2%	1.0%
Residential Total	\$1,185	3.8%	0.6%
Residential Perm site	\$524	-1.7%	-4.3%

Corporate Profits (Inflation Adjusted, SAAR)

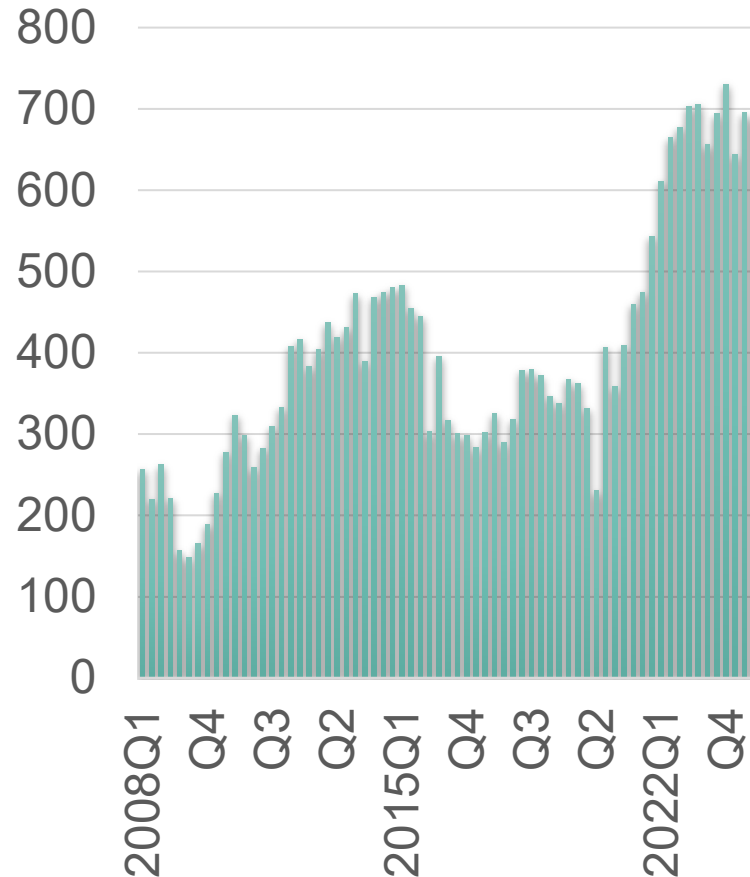


How About Manufacturing?

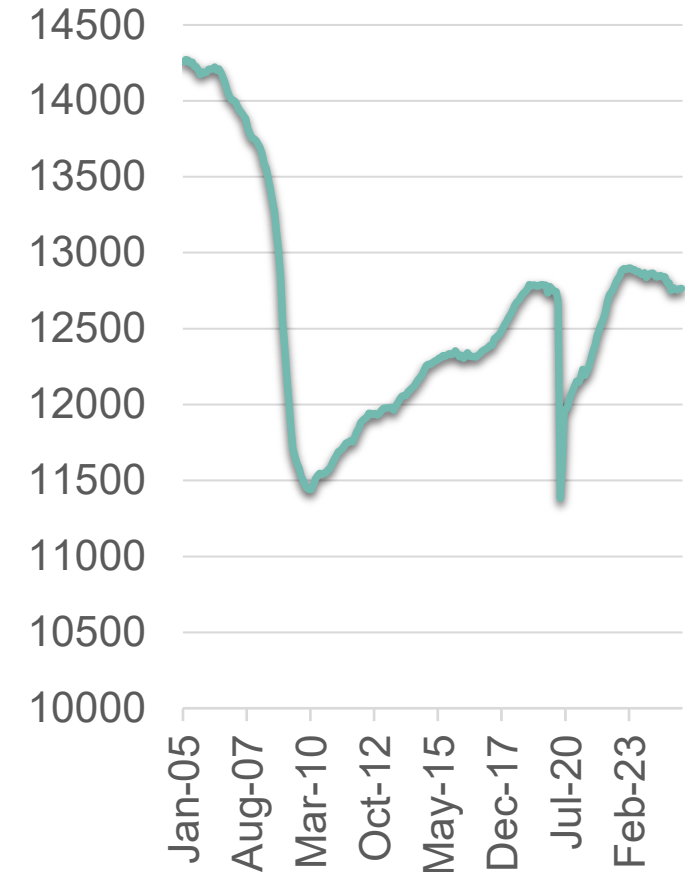
Industrial Production



Manufacturing Profits (Corporate)



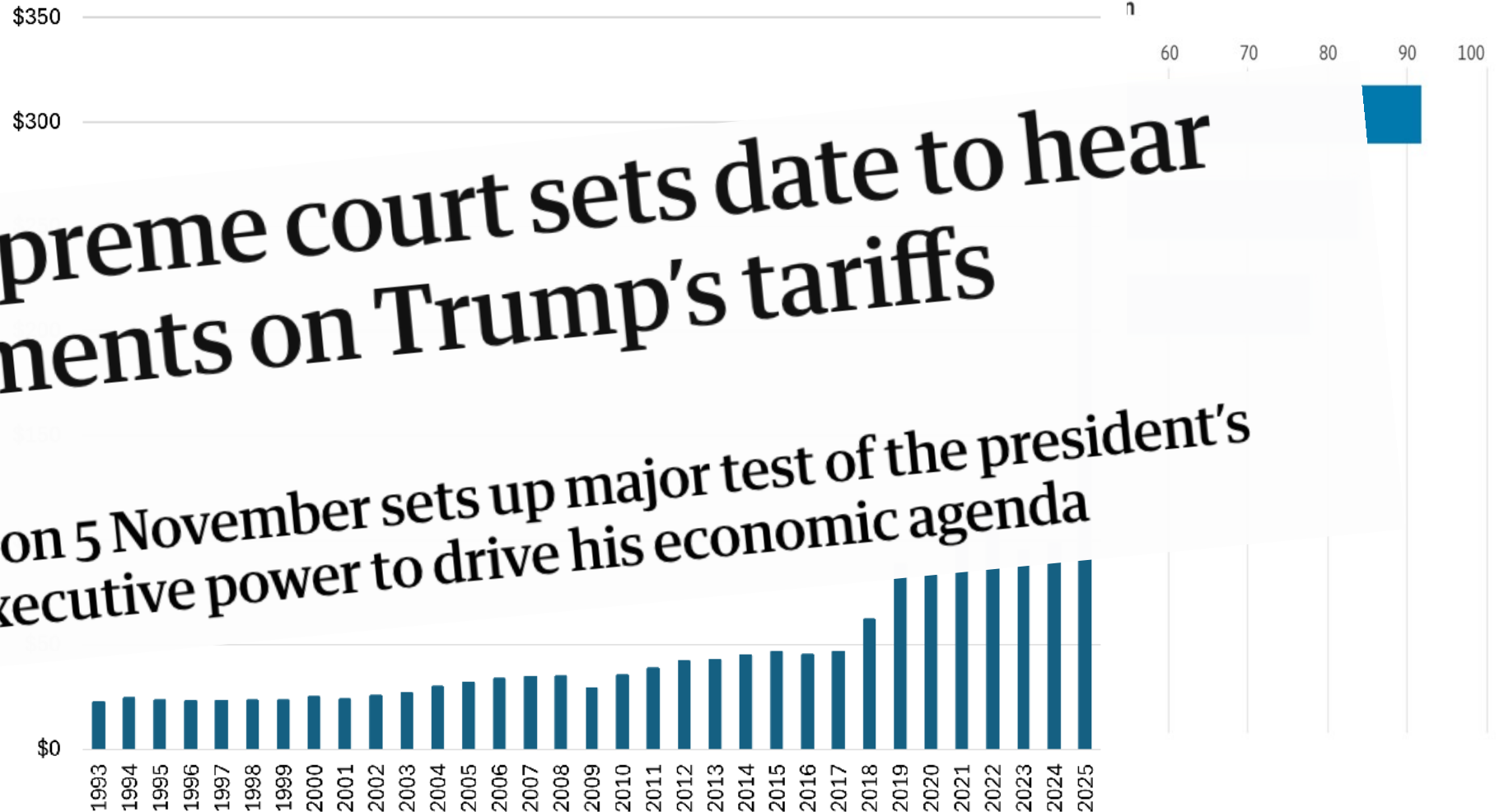
Manufacturing Employment



The Tariff Impact?

The Ta

Customs Duties, Taxes, and Fees Collected



US supreme court sets date to hear arguments on Trump's tariffs

Hearing on 5 November sets up major test of the president's use of executive power to drive his economic agenda

GDP

Total In

~~Ne

Federal

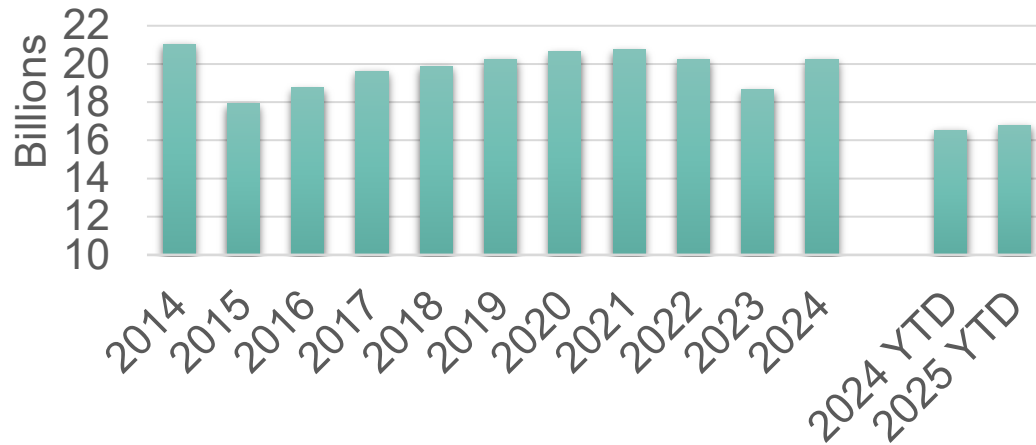
Persona

Corp Taxes to Fed



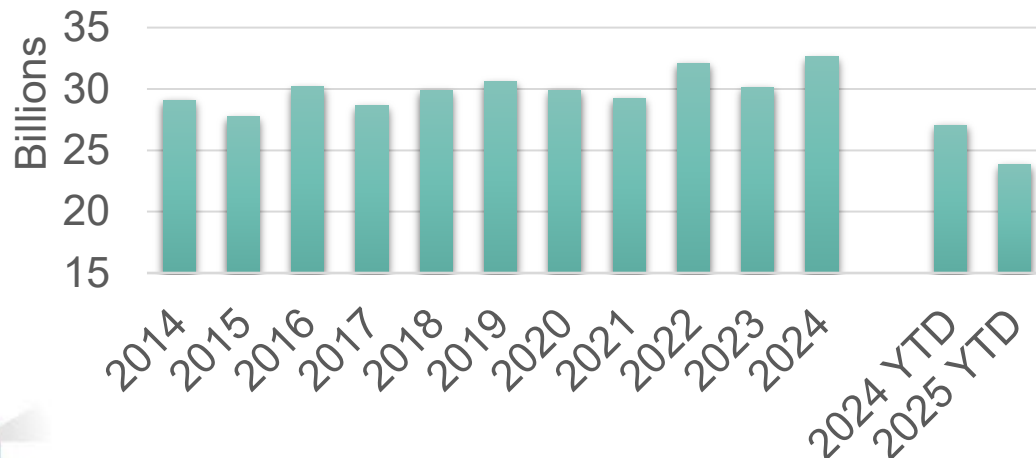
Port of Oakland Exports

Port of Oakland Exports



Country	Oct-24 YTD Exports (\$ Mil.)	YTD Chg. (%)	2019 to 2024 Chg. (%)
Port of Oak Exports	16,787	1.5	-0.1
Japan	3,208	3.1	-13.6
Korea, Republic Of	2,234	6.4	28.8
India	1,164	25.4	36.7
China	1,156	-35.5	-0.6
Taiwan	924	8.1	-24.2

Port of Oakland Imports

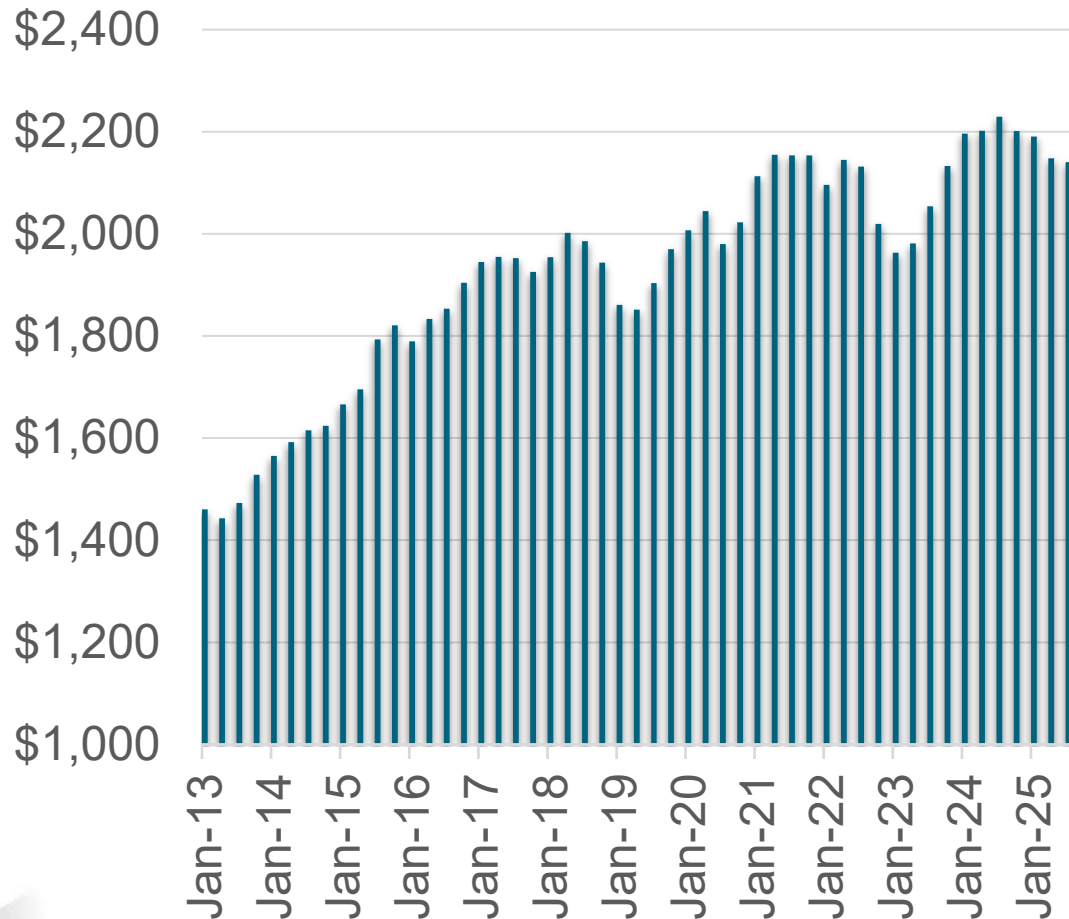


Country	Oct-24 YTD Imports (\$ Mil.)	YTD Chg. (%)	2019 to 2024 Chg. (%)
Port of Oak Imports	23,842	-11.9	6.7
China	6,860	-32.0	9.5
Vietnam	2,621	28.8	75.7
Taiwan	1,706	-9.8	-30.0
Thailand	1,321	9.8	44.0
Japan	1,208	-39.9	-0.5



US Construction Activity

US Real Construction Spending

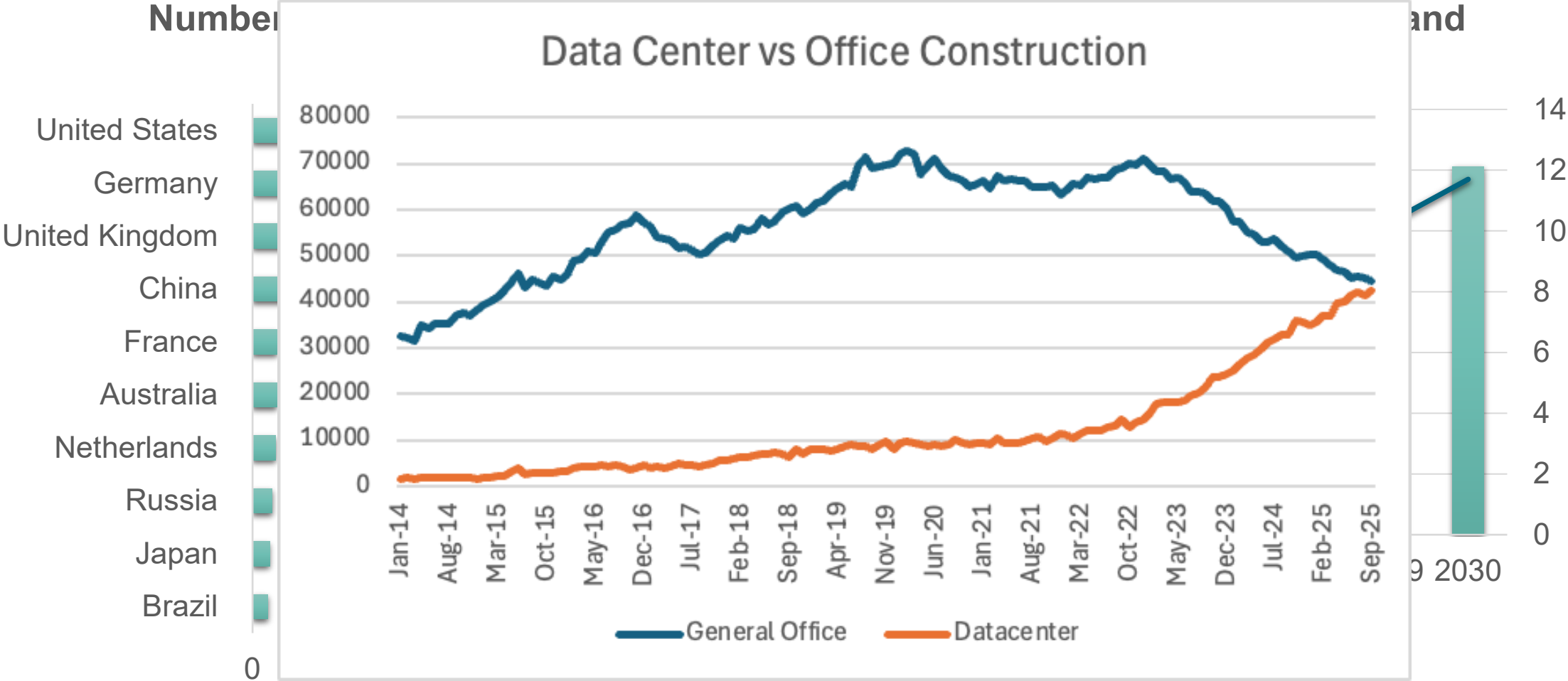


Real Construction Spending by Category

	2022	2023	2024
Nonresidential	588.2	686.4	694
Commercial and health care	180.5	190.1	178
Office	65.7	64.1	63.6
Data centers	8.4	12.6	19.7
General, financial	57.2	51.3	43.7
Health care	38.2	40.7	41.9
Warehouses	47.3	50.6	39.6
Manufacturing	84.4	128	149.2
Power and communication	112.9	131.4	136.5
Other structures	106.5	122.1	118.3
Residential	814.1	748.5	771.9
Permanent site	403.6	369.4	375.6
Single-family structures	311.6	266.5	283.2
Multifamily structures	92.1	106	93.7
Improvements	254.7	257.4	273.3



AI & Data Centers

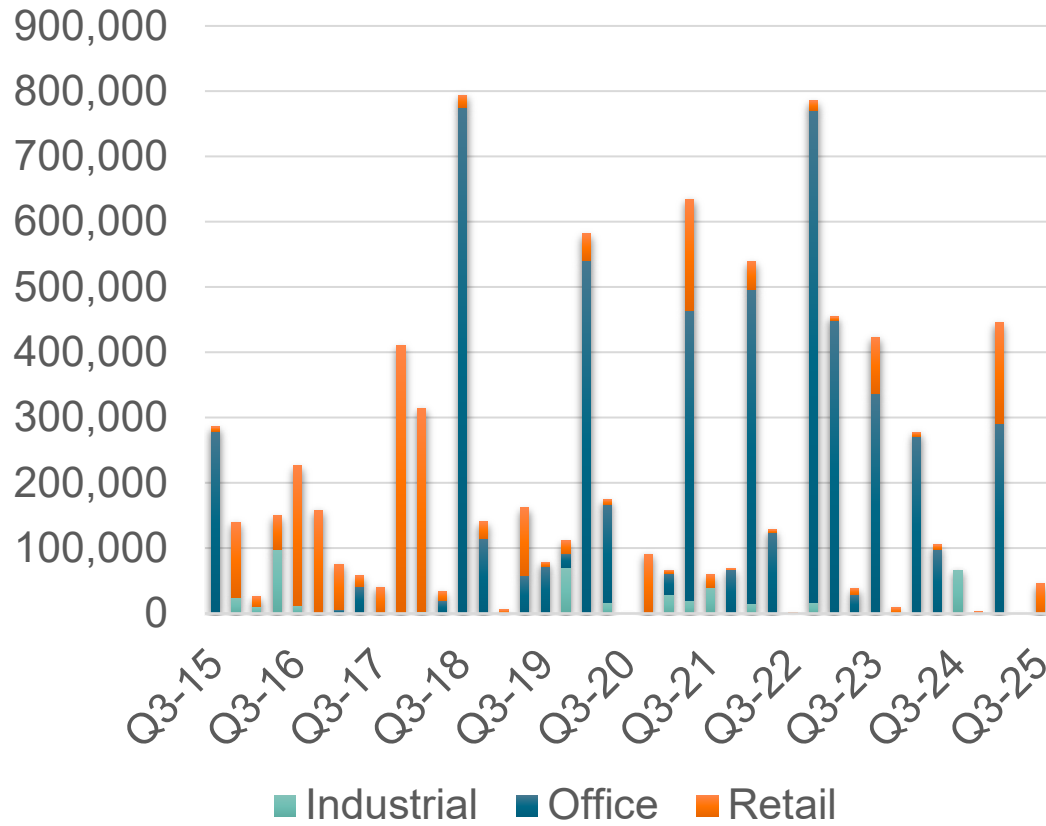


Source: Cloudscene

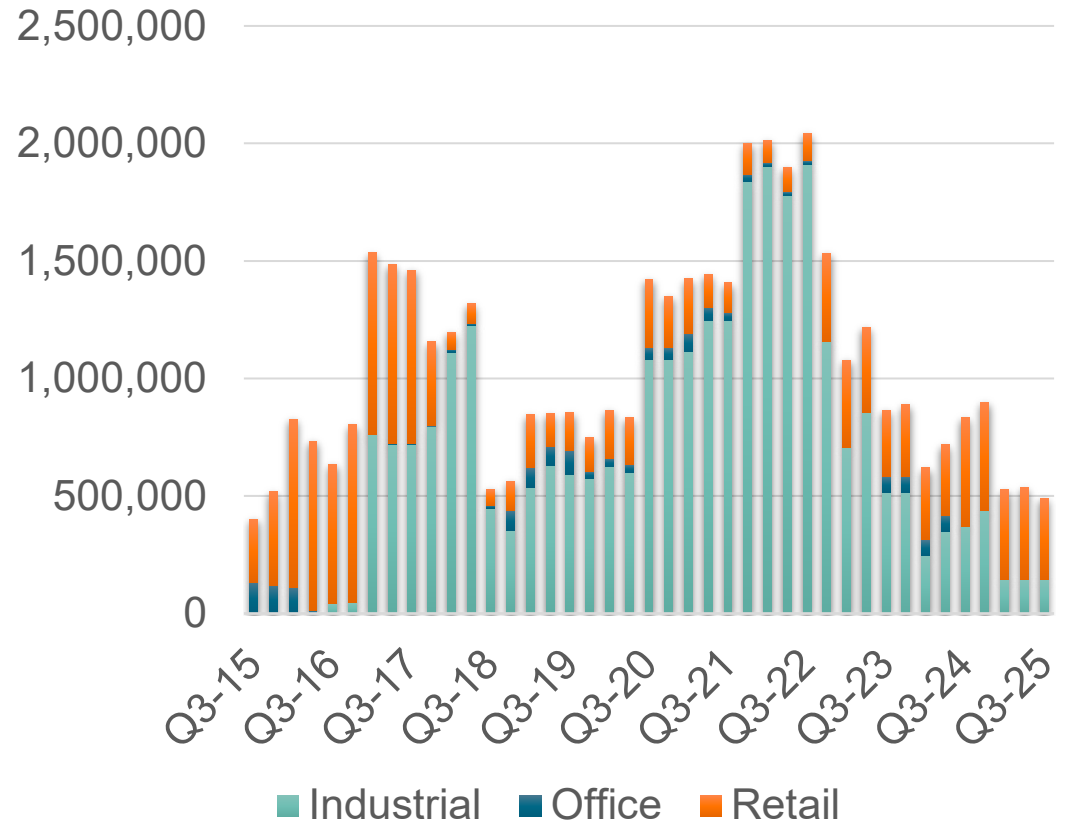
Source: McKinsey & Company, Global Energy Perspective

Construction

**Contra Costa County
CRE Deliveries (Sq. Ft.)**

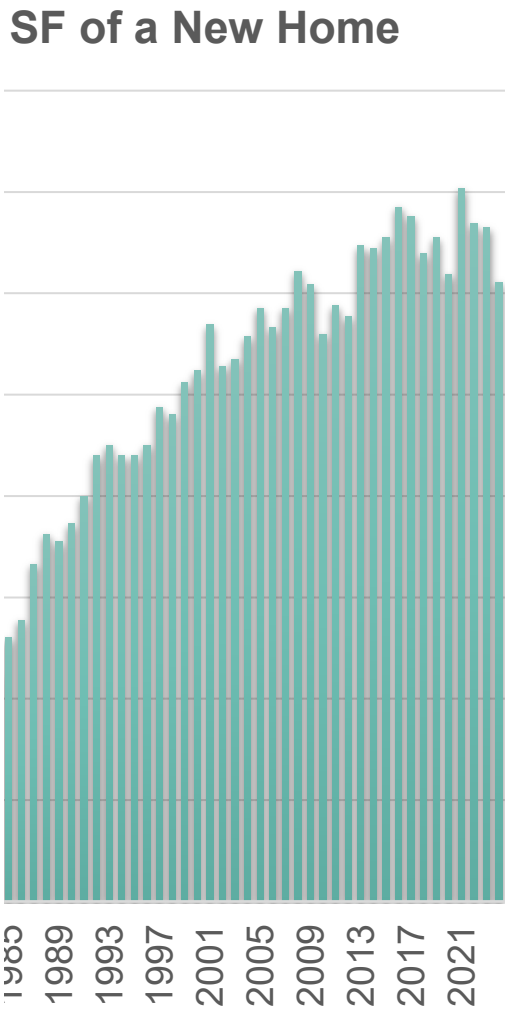
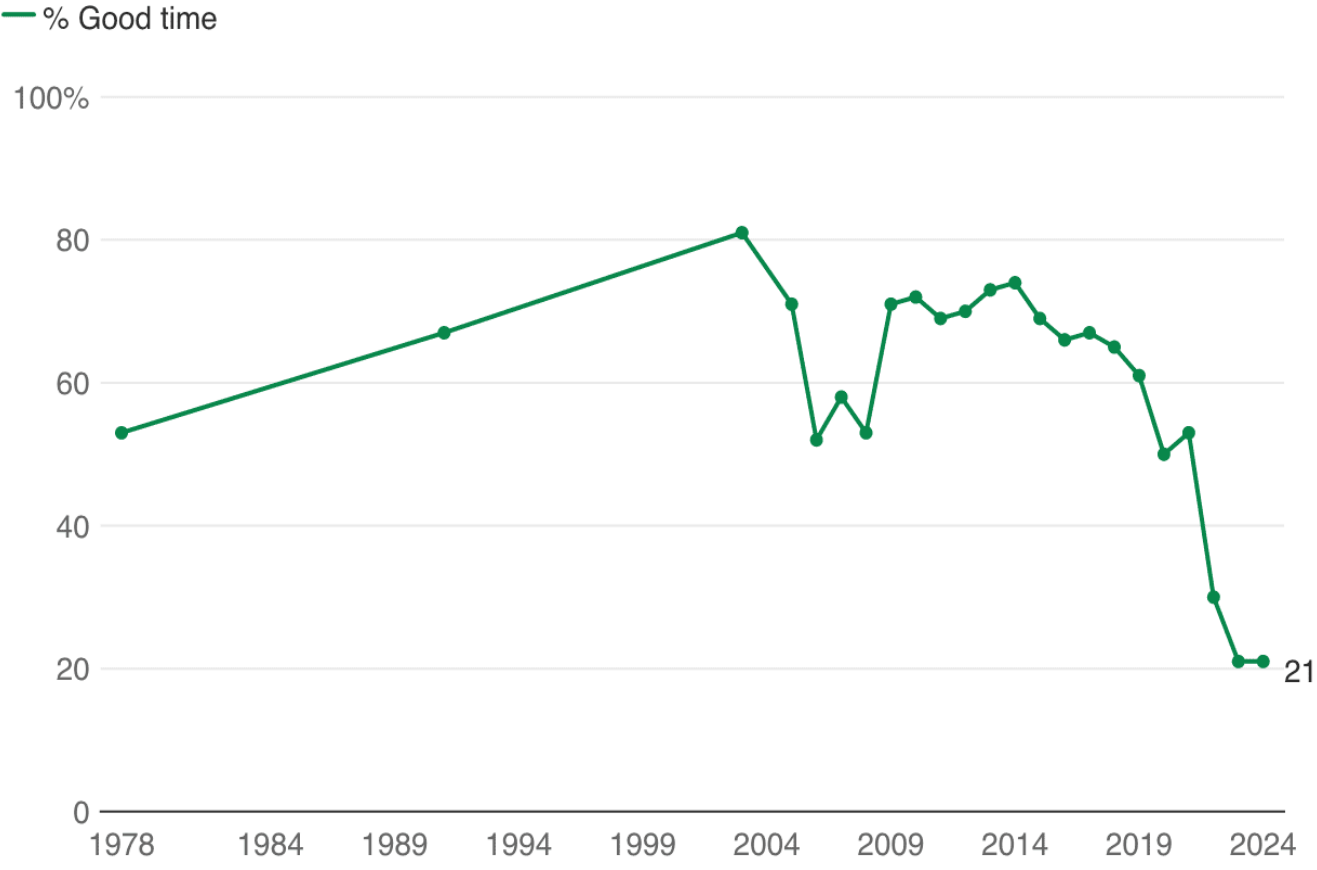
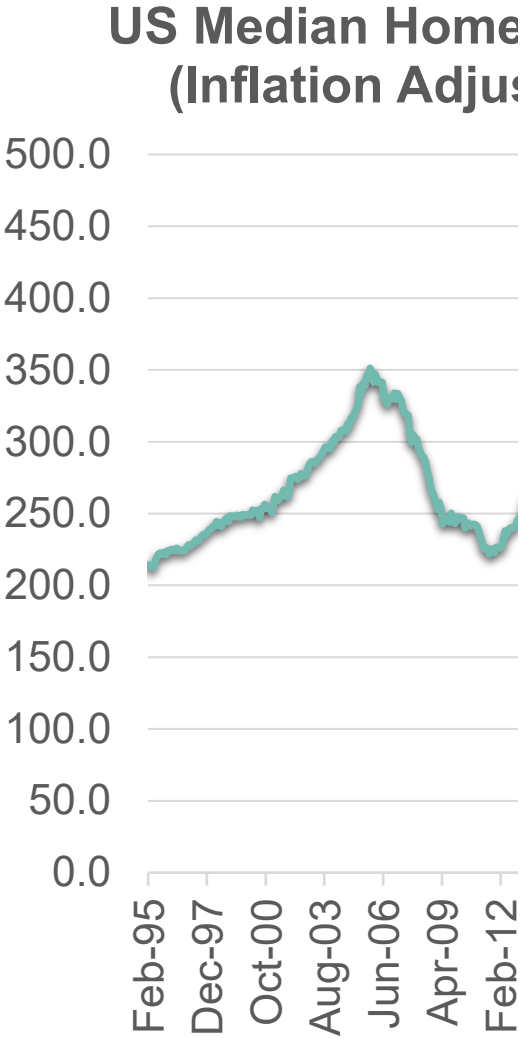


**Contra Costa County
CRE Under Construction (Sq. Ft.)**



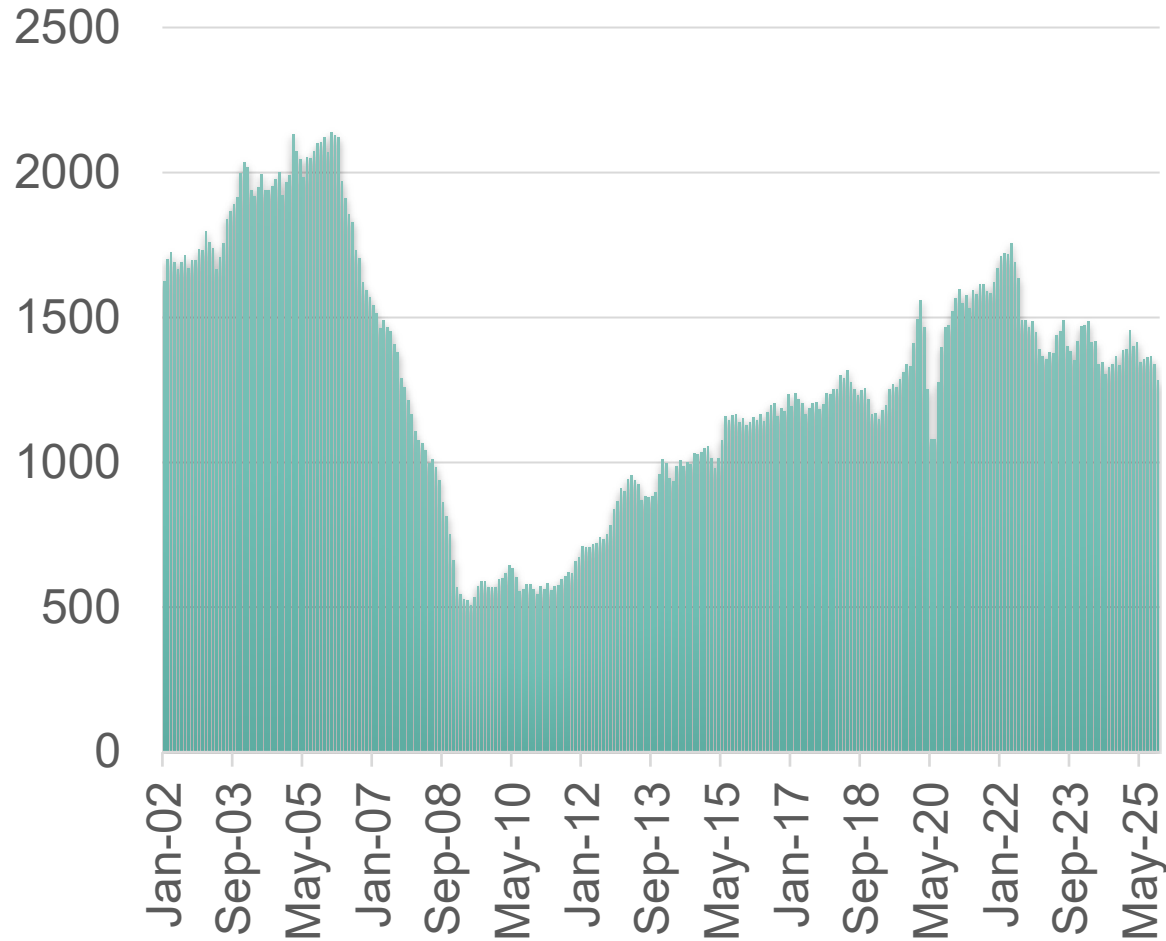
Americans' Positive View of U.S. Housing Market Remains at Record Low

For people in general, do you think that now is a GOOD time or a BAD time to buy a house?

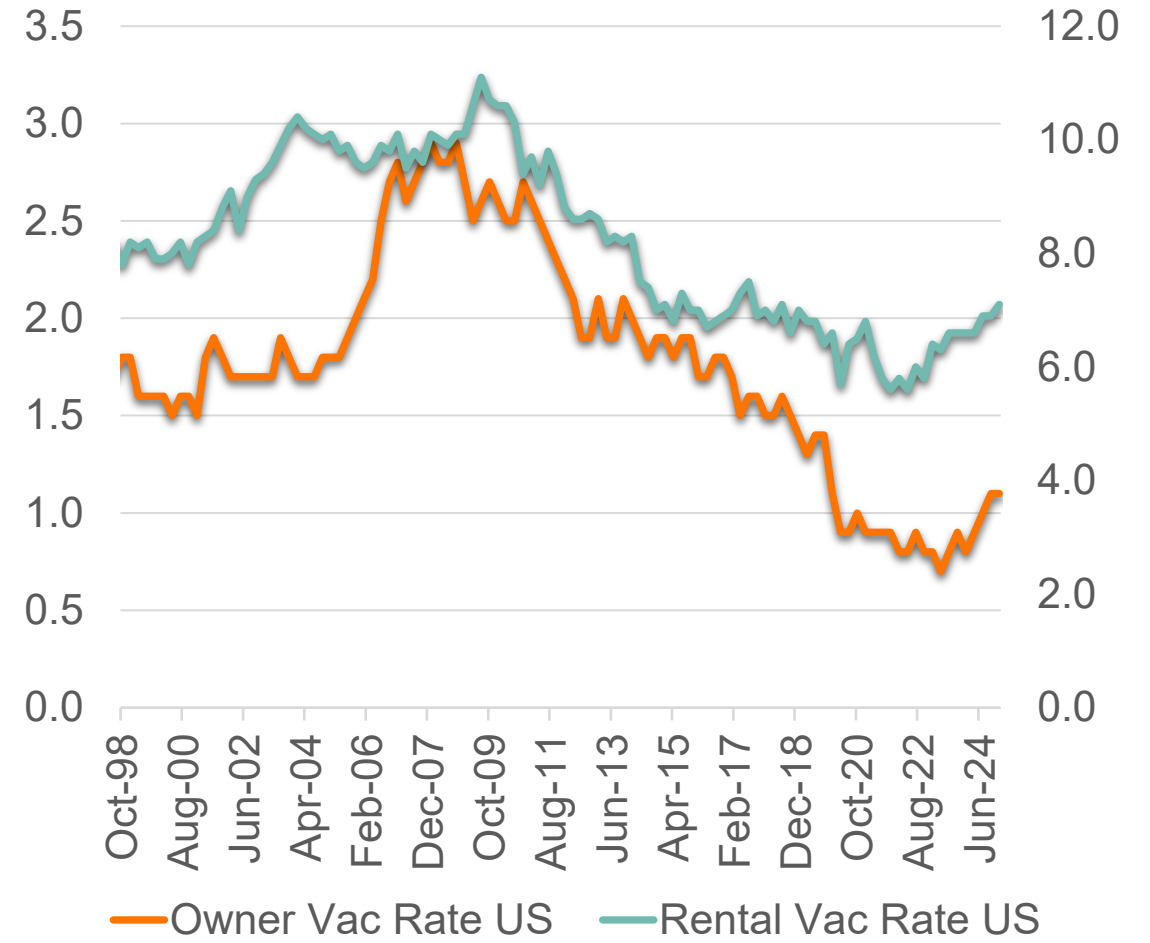


A Short Run Supply Problem

US Housing Starts (000s, SAAR)

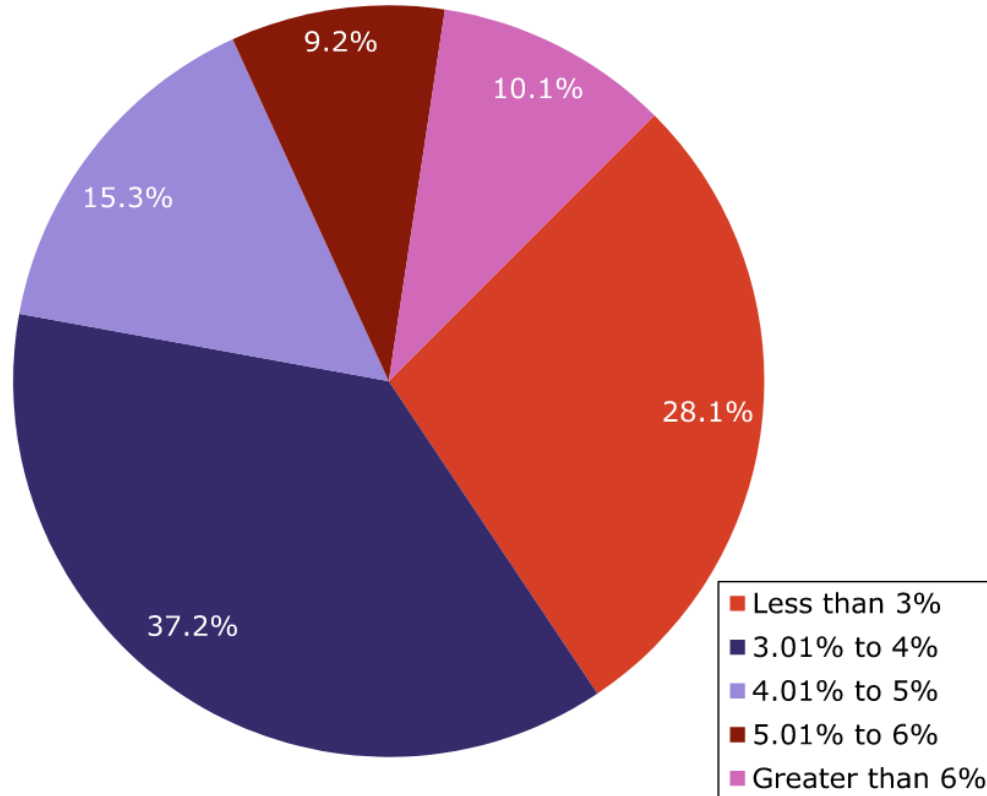


Housing Vacancy Rate % (HVS)



The Yin and Yang of New Home Markets

Most Outstanding Mortgages Have a Rate <5%
Share of Outstanding Mortgages by Interest Rate, Q3-2023

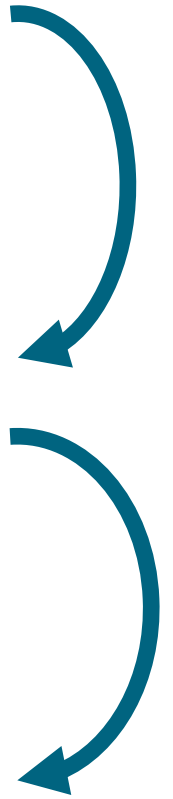


Source: FHFA and Wells Fargo Economics

Liquidity
Constrained
Housing
Market

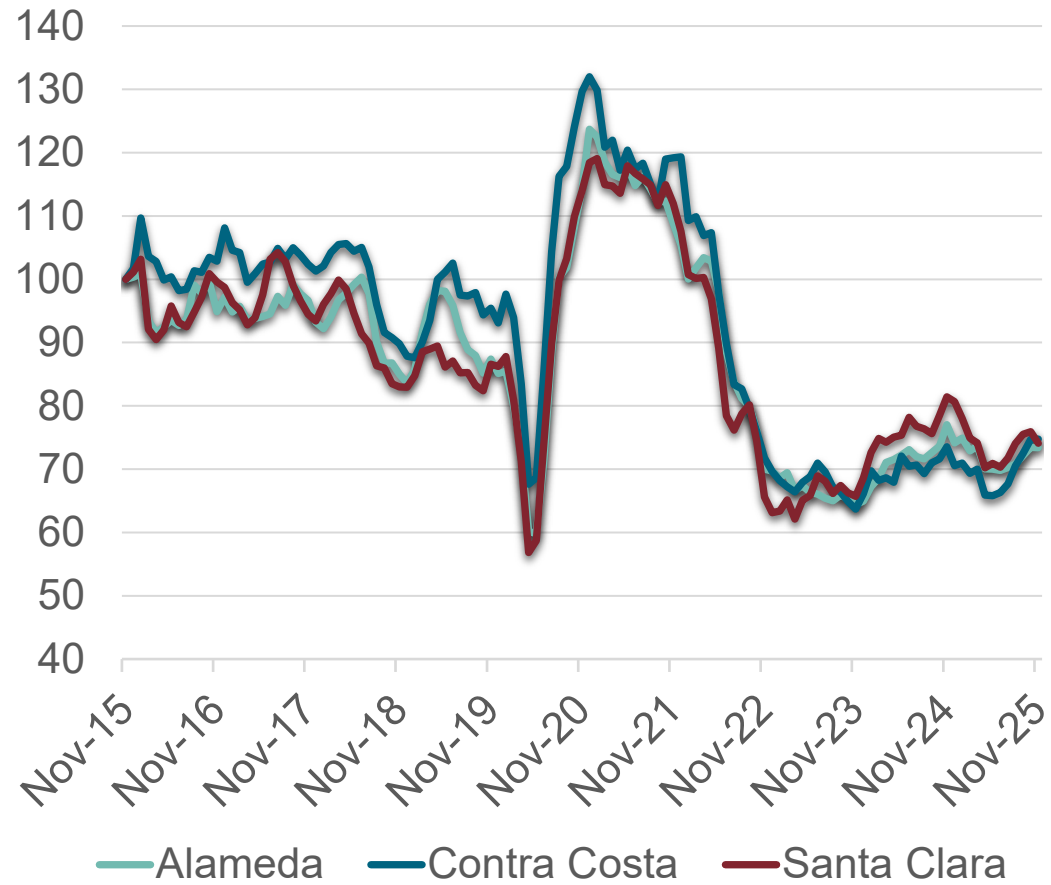


Normal
Housing
Market

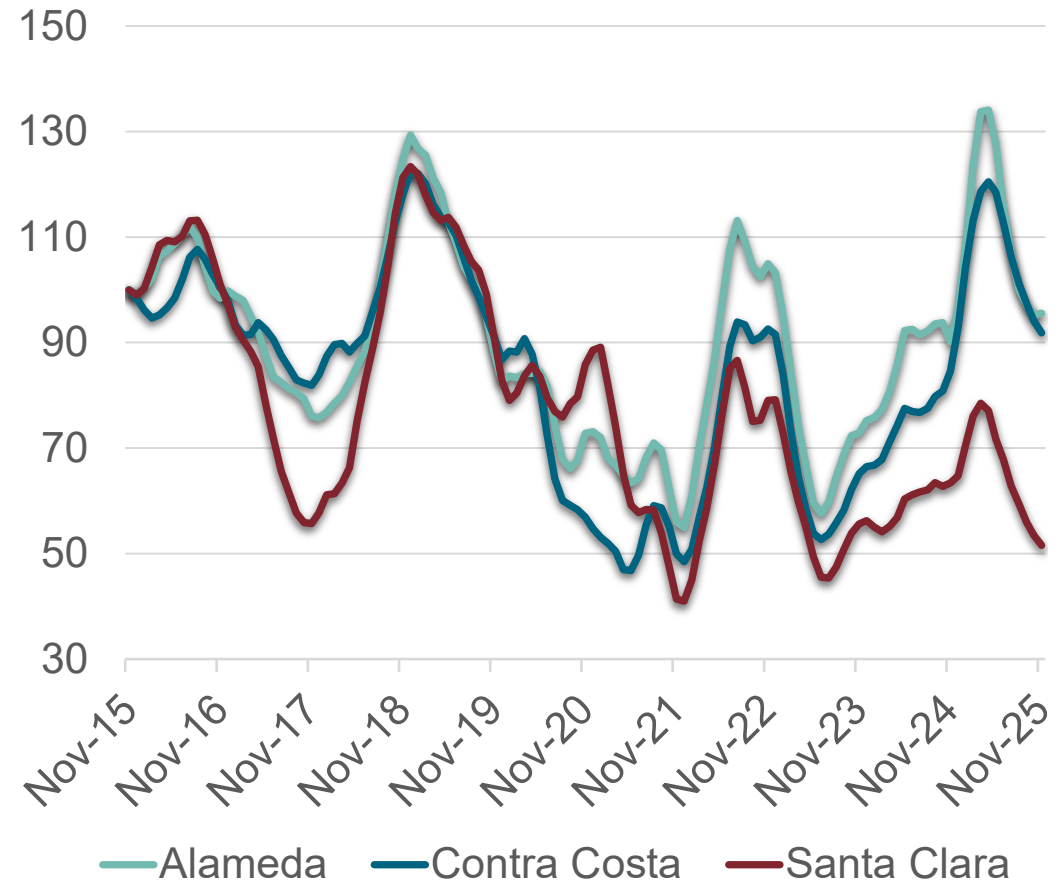


Regional Home Sales

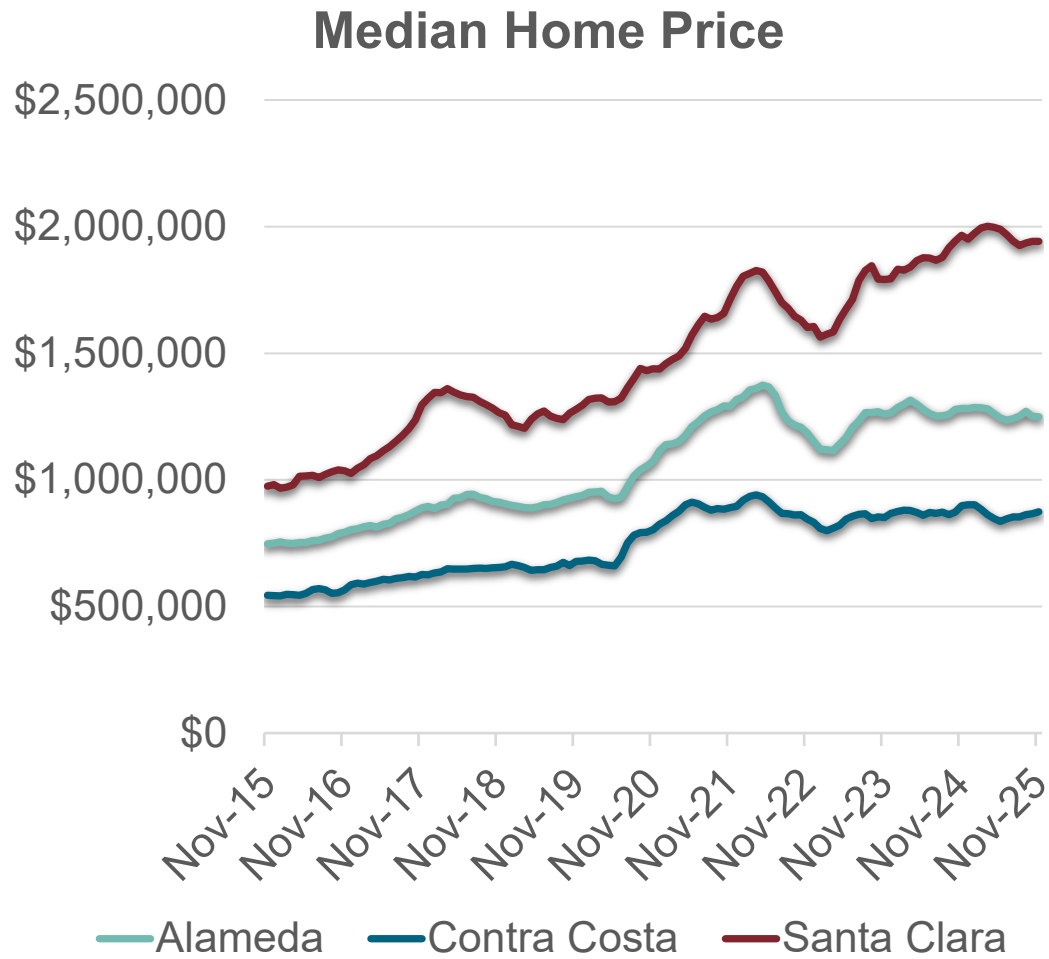
Indexed Home Sales



Indexed Home Inventory



Regional Home Prices

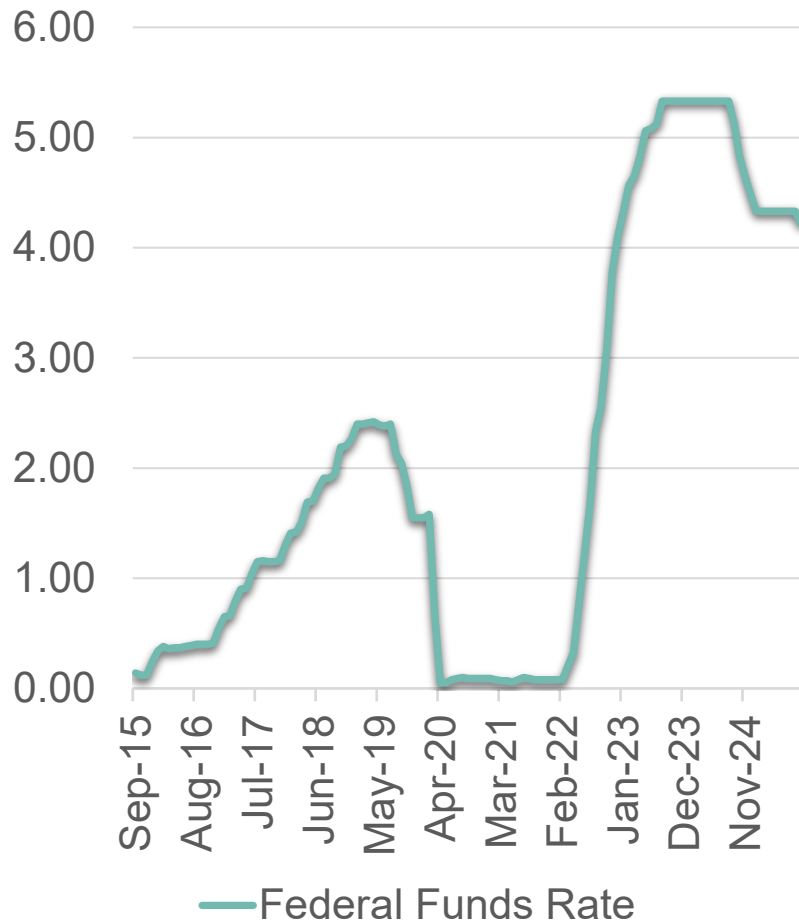


MSA	Nov-25 Median Home Price (\$000s)	1-Year Chg. (%)	Chg. since Feb-20 (%)
San Francisco County	1,697.8	4.3	7.6
Orange County	1,415.9	2.0	63.6
Las Vegas MSA	491.2	0.4	54.2
Los Angeles County	994.9	0.1	43.4
Austin MSA	451.9	-0.3	36.2
Denver MSA	645.8	-0.5	37.9
San Diego County	1,035.2	-0.6	51.6
San Mateo County	1,945.5	-0.8	20.6
Sacramento MSA	601.7	-0.8	37.6
Santa Clara County	1,941.5	-1.2	46.8
Inland Empire	597.9	-1.2	50.7
Alameda County	1,250.6	-2.5	31.3
Contra Costa County	872.9	-2.7	28.1



The Fed's Directional Shift

Fed Funds Rate



Change in Fed Balance Sheet (QE / QT)



YoY Growth Bank Deposits and Loans



Rates Dropped / Credit Easing



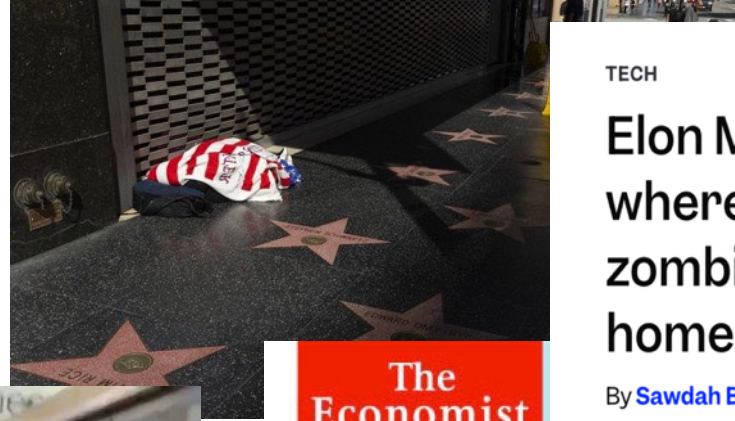
Interest Rates (End of Month)



Net % of Domestic Banks Tightening Standards for C & I Loans



And How About California?



TECH

Elon Musk called downtown San Francisco — where Twitter is headquartered — a 'derelict zombie apocalypse' amid its huge homelessness and drug issues

By [Sawdah Bhaimiya](#)

The Economist

20 JULY 1378-1379 2009

Economist.com

Eat less, live longer: it's true
Don't protect bad Belgian art

America's future
California v Texas



California has highest poverty rate in the nation, tied with Louisiana

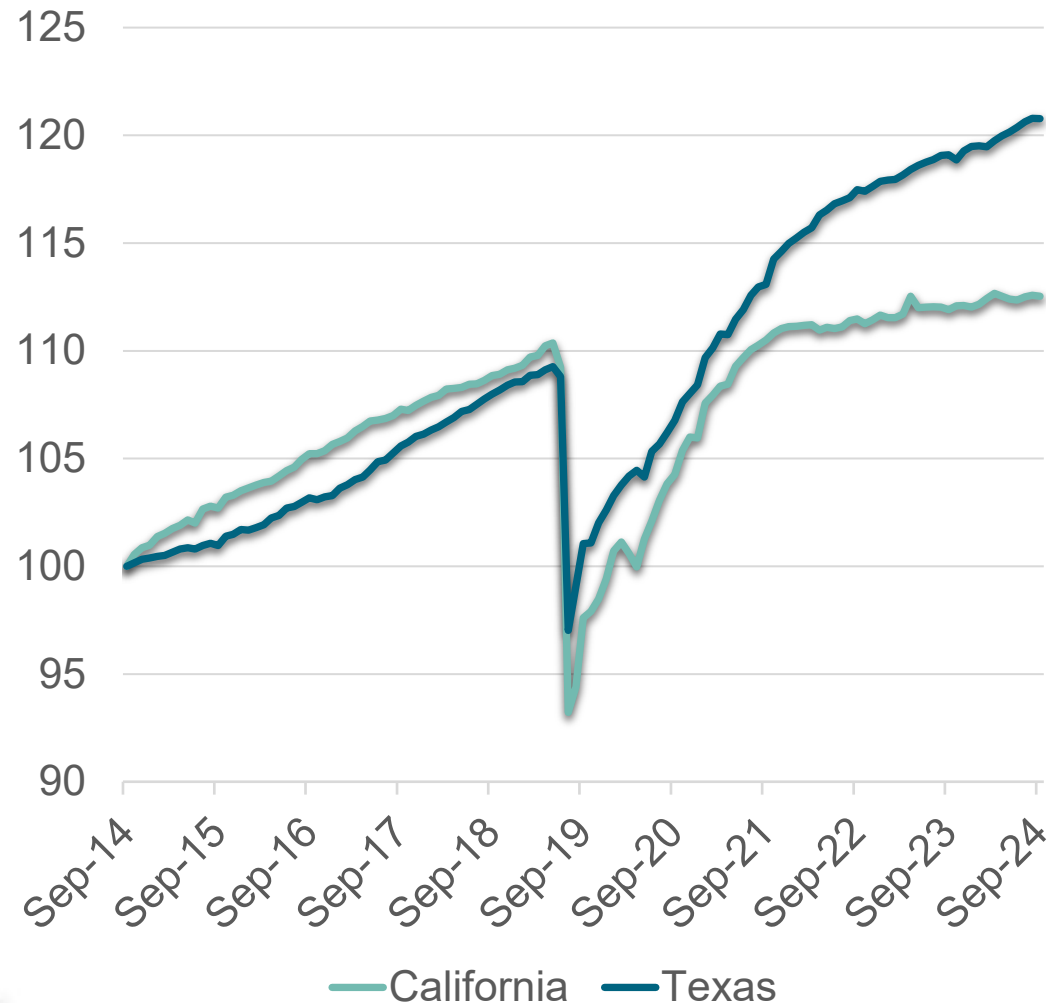
By Sharon Song | Published September 30, 2025 1:52pm PDT | California | KTVU FOX 2 |



twinkl.com

California Nonfarm Employment

Indexed Nonfarm Employment

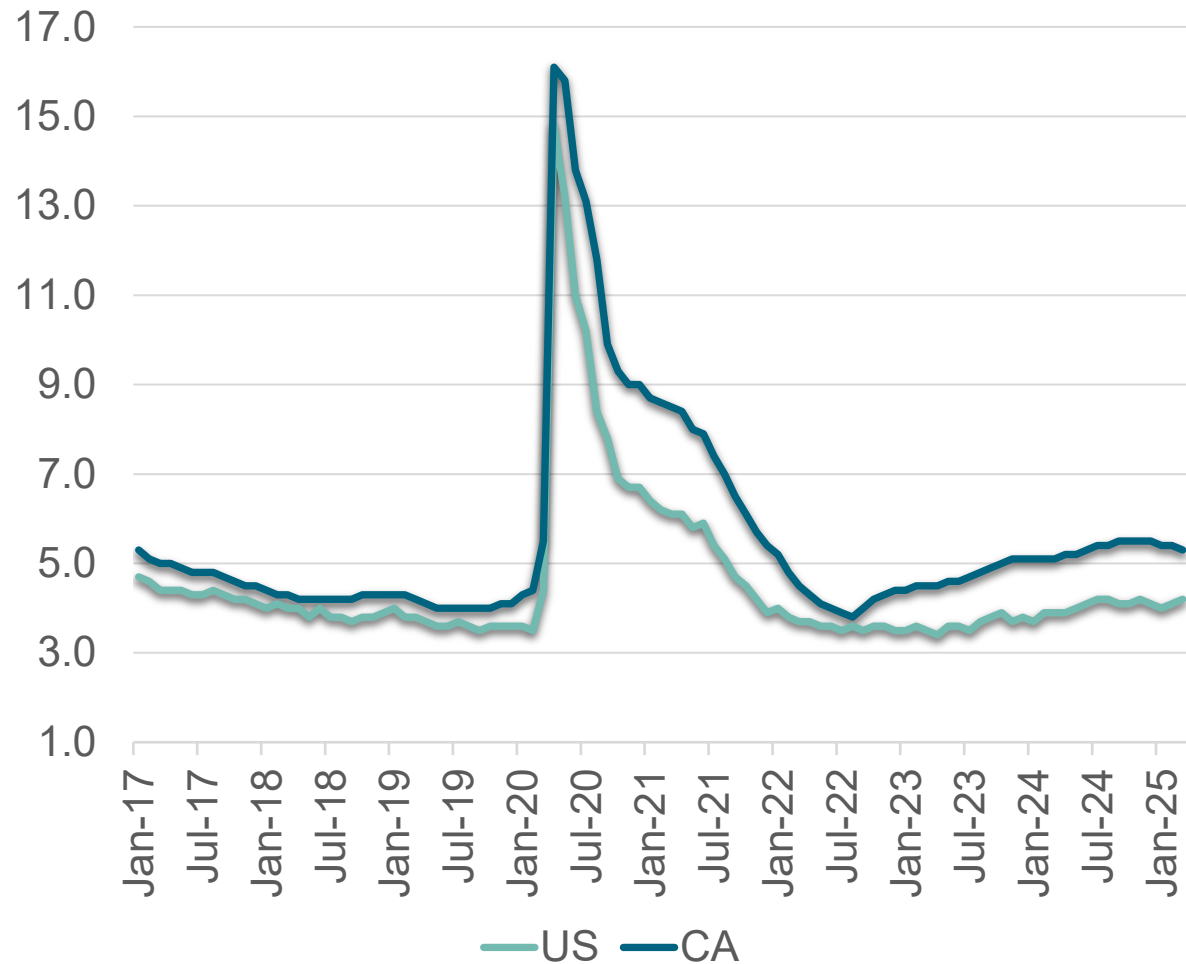


	Annual Growth Rates			
	Nov-25	23-25	19-23	15-19
Total, All Industries	18605.3	0.5%	0.4%	2.0%
Manufacturing	1204.8	-2.5%	-0.4%	0.2%
Wholesale Trade	650.9	-1.0%	-1.0%	-0.2%
Retail Trade	1621.1	-0.8%	-0.9%	-0.3%
Logistics	873.6	0.5%	3.5%	6.6%
Information	524.9	-1.8%	-1.7%	3.4%
Financial Activities	788.4	-1.3%	-1.2%	1.1%
Professional	1364.2	-1.9%	1.1%	2.9%
Administrative	1088	-1.4%	-1.2%	1.3%
Educational Serv	438.3	2.5%	1.0%	2.4%
Health Care	3088.1	5.5%	3.0%	3.5%
Leisure and Hospitality	2021.3	0.1%	-0.3%	2.6%
Other Services	600.3	0.6%	0.5%	1.4%
Government	2740.9	1.4%	0.2%	1.2%
Buildings	201.7	-2.3%	0.4%	5.0%
Heavy Construction	97.7	-1.0%	1.1%	3.0%
Specialty Trade	592.2	-1.7%	0.4%	4.3%

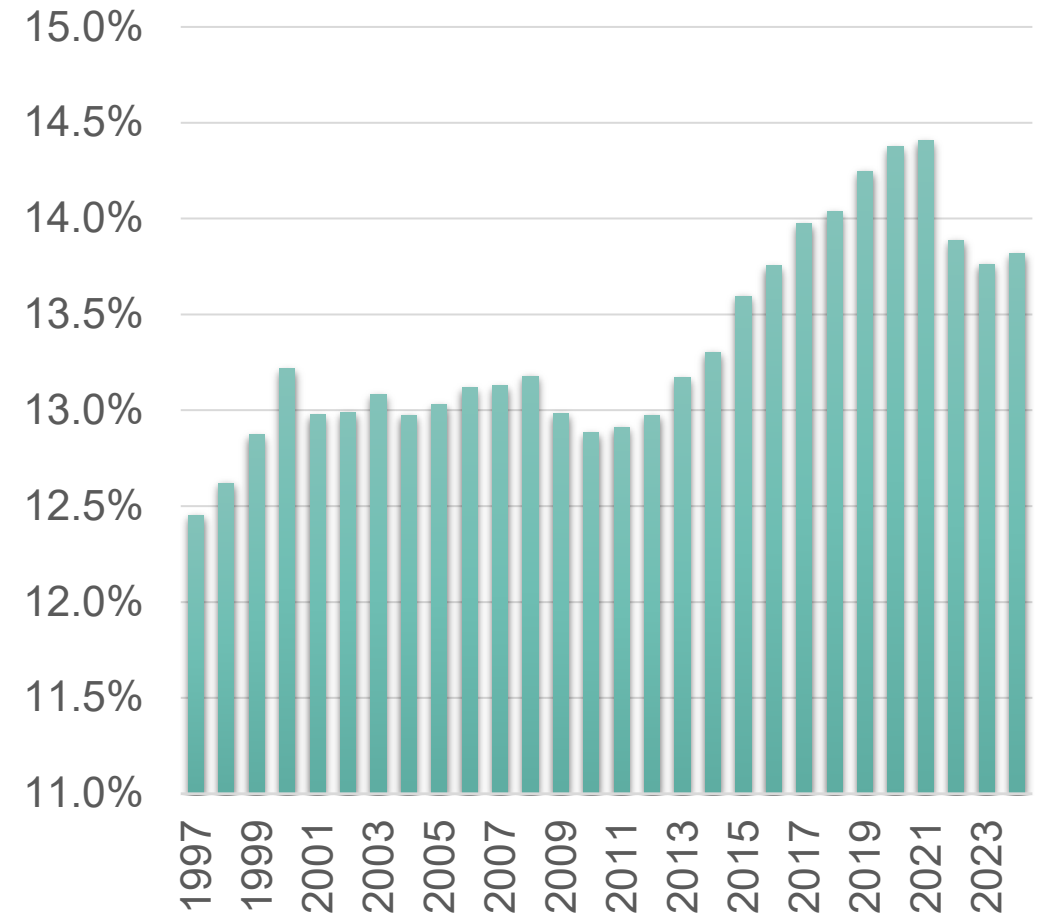


The California Slowdown

Unemployment Rate



California Share of US GDP



Job Postings

Contra Costa County Job Postings



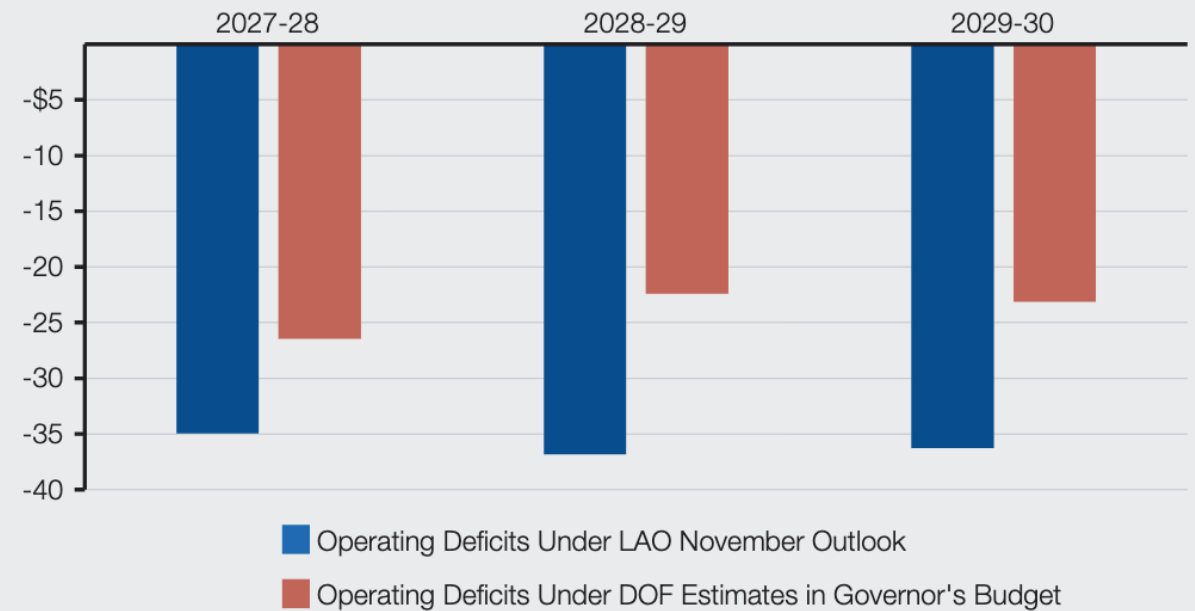
WARN Notices since July 2024	No. Of Employees	Address
Chevron	668	San Ramon
Moxion Power, Inc.	244	Richmond
SunPower Corporation	182	Richmond
Bio-Rad Laboratories, Inc.	113	Hercules
Rodan & Fields, LLC	78	San Ramon
Safeway	69	Pinole
Web To Door Corporation	67	Richmond
Shell Catalyst & Technologies	59	Pittsburg
Verizon	54	Walnut Creek
TVI, Inc. dba Savers	52	Antioch
MoreFlavor, Inc.	51	Pittsburg
Southwest Key Programs, Inc.	47	Pleasant Hill
Silgan Containers	44	Antioch
Corteva Agriscience	21	Pittsburg
Henkel Corporation	13	Concord



Empty Offices / Government Deficits

Office Vacancy Rate	Q3-25 (%)	1-Yr Change (pp)	Change since Q4-19 (pp)
United States	14.1	0.2	4.7
Inland Empire	4.9	-0.6	-1.6
Fresno	8.0	0.5	1.7
Sacramento	11.2	0.3	2.8
Orange County	12.3	-0.2	2.7
San Diego	13.1	1.7	4.3
Alameda	15.0	1.2	7.5
Los Angeles	15.9	0.1	5.9
San Jose	16.4	0.5	7.5
Contra Costa	18.5	0.6	9.2
San Francisco	22.9	-0.3	16.8

Chronic Multiyear Budget Deficits



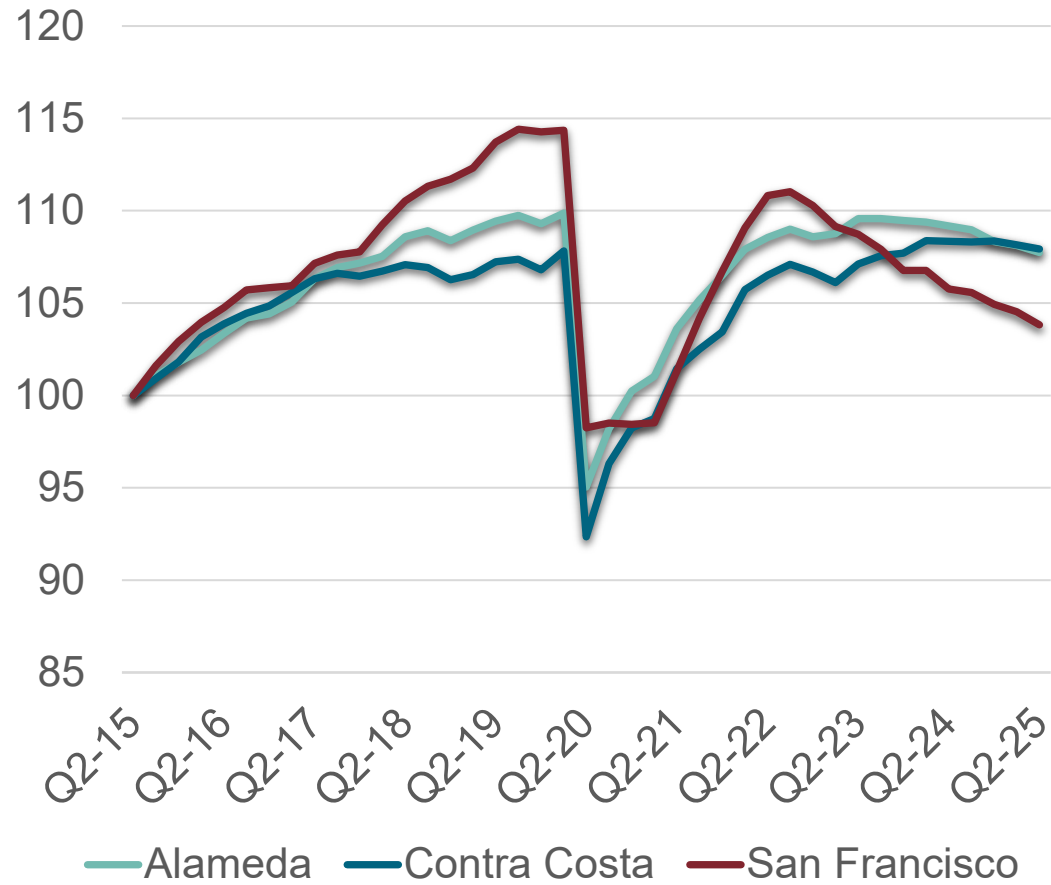
DOF = Department of Finance.

LAO



Local Employment

Indexed Nonfarm Employment



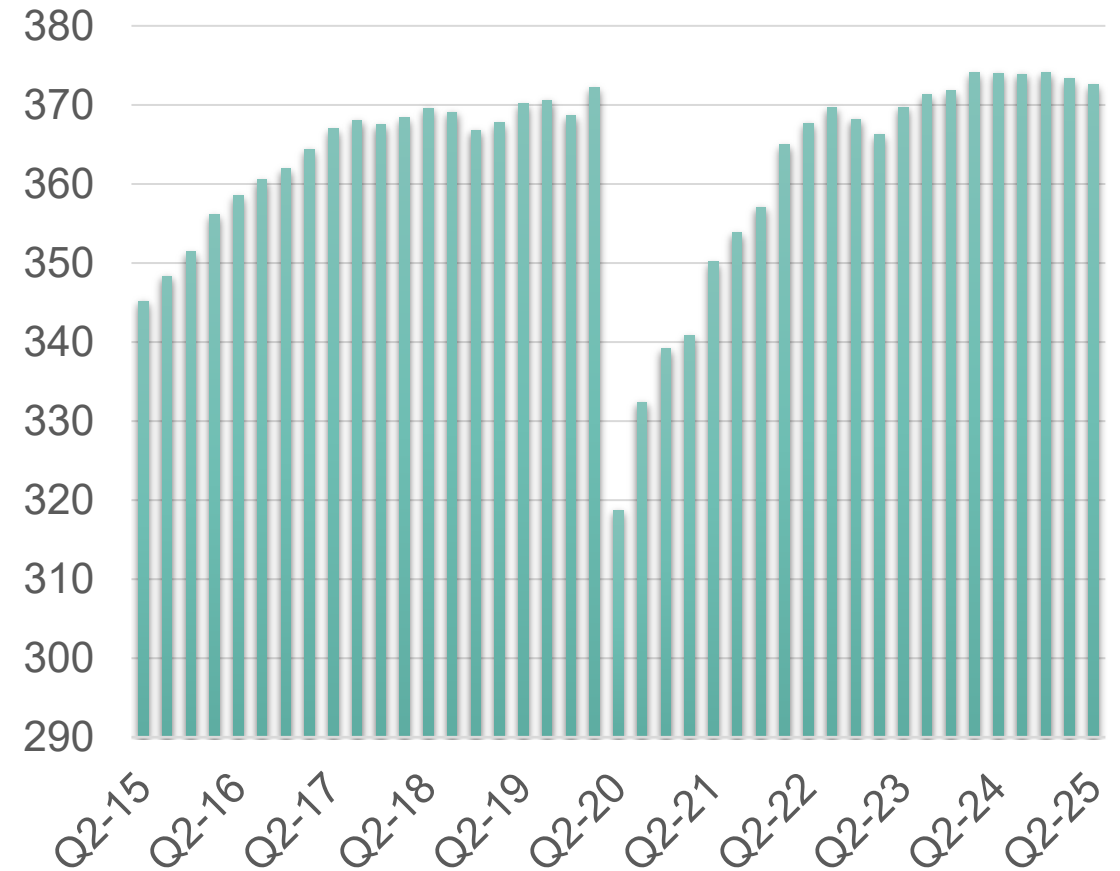
County	Q2-25 Emplt (000s)	1-Year Chg. (%)	6-Year Chg. (%)
California	18,266.2	0.4	3.6
Riverside	853.0	1.5	12.4
Sacramento	734.4	1.3	8.3
San Bernardino	847.4	1.0	10.3
Orange	1,666.3	0.5	0.8
Santa Clara	1,116.0	0.4	0.0
Los Angeles	4,520.7	0.3	0.6
Fresno	432.4	0.2	7.2
San Diego	1,534.6	-0.2	3.2
Contra Costa	374.5	-0.4	1.0
Alameda	783.1	-1.3	-1.3
San Francisco	692.8	-1.8	-8.6
San Mateo	408.7	-3.1	-1.2



Industry Employment

Contra Costa Employment	Q2-25 Emp. (000s)	CC 1-Year Chg. (%)	LQ
Total	374.5	-1.3	1.0
Education/Health	87.7	4.1	1.3
Government	51.6	0.5	0.9
Other Services	13.3	0.2	1.1
Administrative	22.6	0.1	1.0
Finance	15.4	-0.1	1.5
Management	5.5	-0.2	0.9
Transp./Ware	9.6	-0.4	0.6
Leisure	41.3	-0.4	1.0
Retail Trade	39.7	-0.5	1.2
Real Estate	6.7	-0.5	1.1
Prof. & Tech.	24.4	-0.8	0.9
Manu/Info/Wholle	29.7	-1.4	0.6
NR/Construction	26.9	-1.8	1.0

Contra Costa County
Payroll Employment



Industry Employment Deep Dive

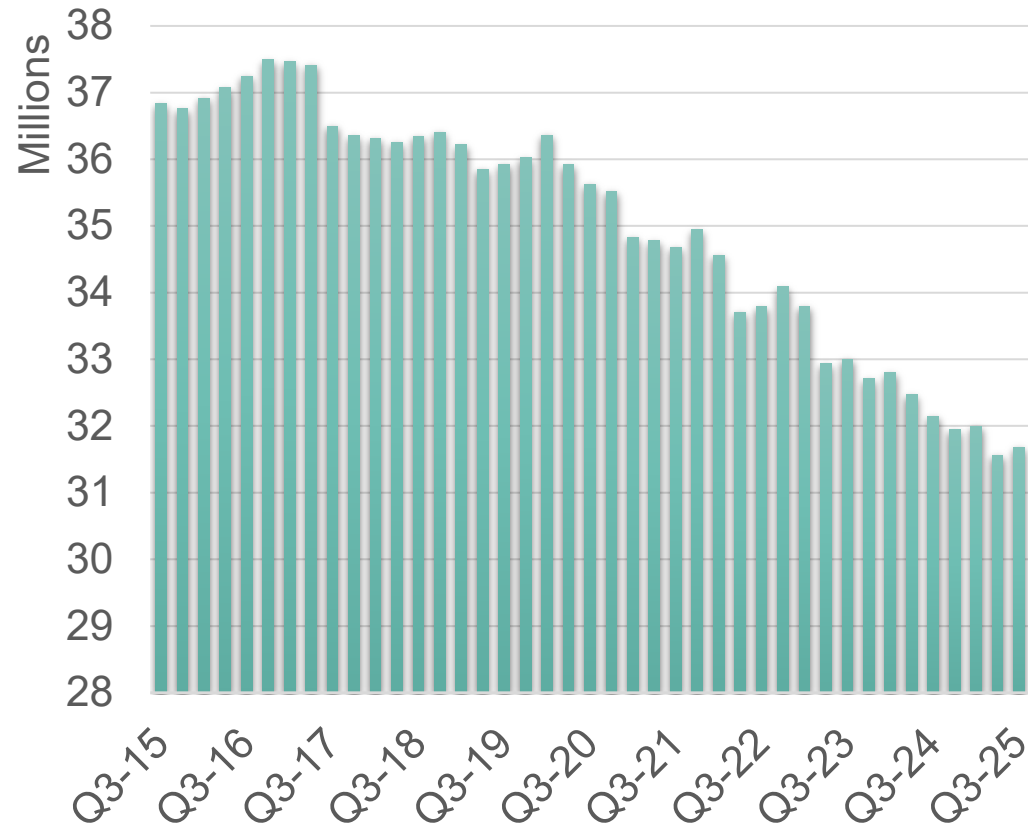
Industry	Q2-25 Emp.	1-Year Chg. (%)
NAICS 8133 Social advocacy org	658	24.7
NAICS 5182 Computing infrastructure	627	18.2
NAICS 5132 Software publishers	1,575	17.9
NAICS 6232 Residential health	1,004	15.3
NAICS 6241 Individual family services	22,992	13.8
NAICS 4841 General freight trucking	1,029	13.4
NAICS 5221 Depository credit	4,696	12.3
NAICS 6219 Other ambulatory health	1,849	12.2
NAICS 6213 Offices of health	3,997	10.0

Industry	Q2-25 Emp.	1-Year Chg. (%)
NAICS 5417 Scientific research development	1,539	-9.0
NAICS 3241 Petroleum manufacturing	2,955	-9.8
NAICS 2362 Nonresidential building	2,306	-11.2
NAICS 4244 Grocery merchant wholesalers	1,123	-11.4
NAICS 2382 Building equipment contractors	6,761	-13.8
NAICS 4599 Other miscellaneous retailers	1,168	-14.1
NAICS 5629 Remediation serv	603	-18.3
NAICS 3345 Navigational and control	784	-25.6
NAICS 5171 Wired & wireless communications	1,585	-28.1

Long Run View	2024	Change since 2016
Civilian Labor Force	582,300	2,900
Total, All Industries	382,800	12,500
Health	79,000	17,200
Transportation	15,500	4,000
Other Services	16,600	3,600
Construction	27,600	2,100
Professional	25,100	2,100
Private Education	8,200	700
Government	50,800	300
Leisure	40,900	200
Administrative	22,700	-200
Manufacturing	13,200	-2,400
Retail Trade	40,600	-2,500
Information	5,400	-2,600
Wholesale Trade	7,900	-2,700
Management	5,600	-2,800
Financial Activities	22,900	-4,500

Office Submarkets

Contra Costa County
Occupied Office Stock



Submarket	Q3-25 Occupied Office (Sq. Ft.)	1-Year Chg. (%)	6-Year Chg. (%)
East Bay Total	97,967,816	-1.4	-8.1
Contra Costa County	31,682,534	-1.4	-11.8
Walnut Creek-BART/DT	6,566,342	-1.3	-12.9
Concord/Pleasant Hill	5,943,406	-1.2	-15.0
Antioch/Pittsburg	2,623,418	-0.6	0.9
Richmond/San Pablo	2,615,934	-3.0	-5.5
Walnut Creek-Shadelands	2,051,584	-1.7	-2.5
Martinez/Pacheco/Hercules	1,954,115	-0.5	2.5
Lamorinda	1,551,076	-5.4	-8.9
Danville/Alamo	1,412,943	1.5	-2.4

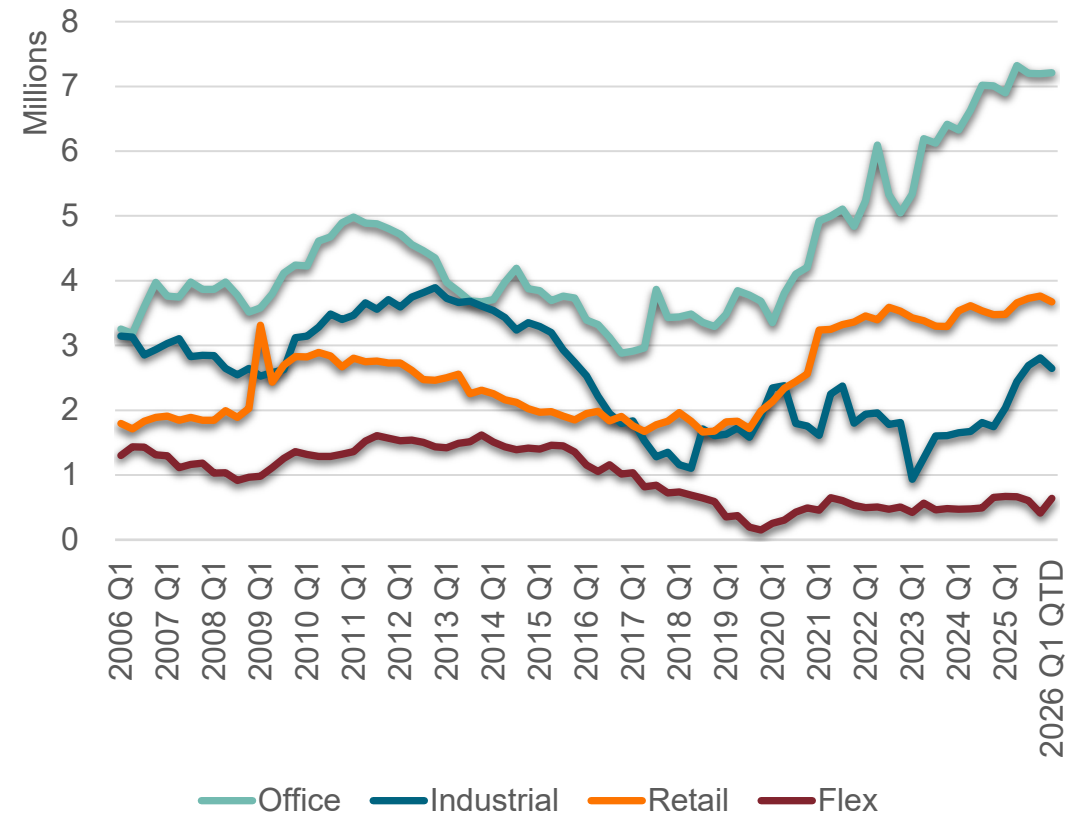


Vacant Commercial Stock



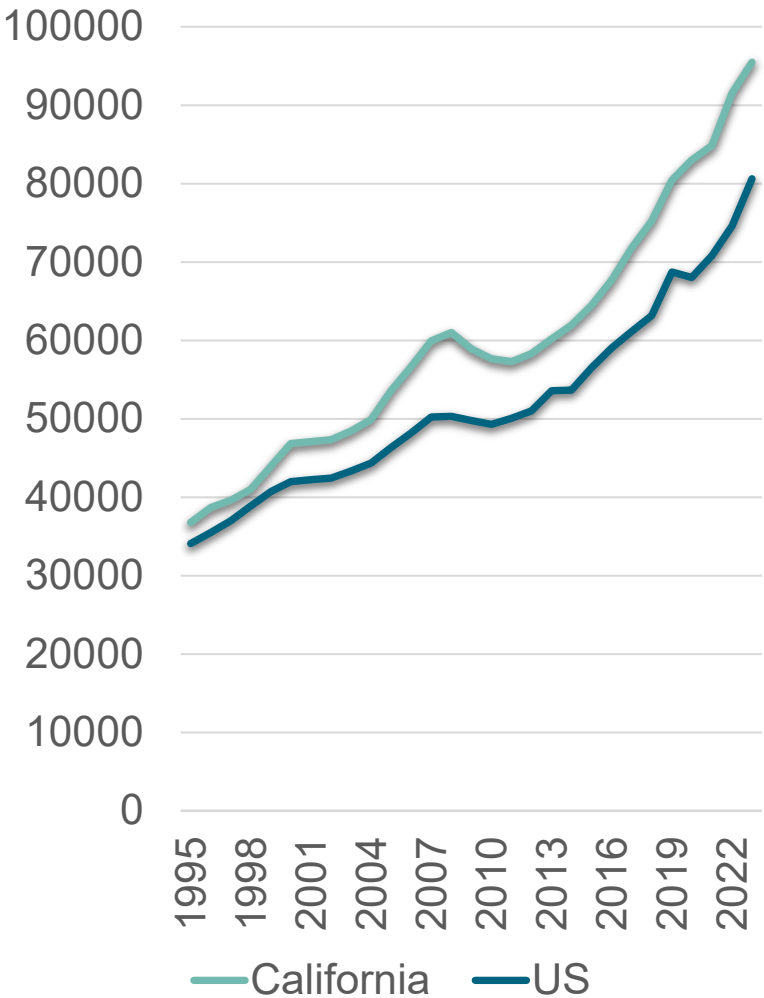
City	Vacant Office Stock
Concord	1,749,598
Antioch	152,555
Richmond	185,716
San Ramon	1,982,737
Pittsburg	9,748
Walnut Creek	2,491,914
Pleasant Hill	188,221
Balance of County	451,942
County of Contra Costa	7,212,431

Contra Costa County Vacant CRE Stock

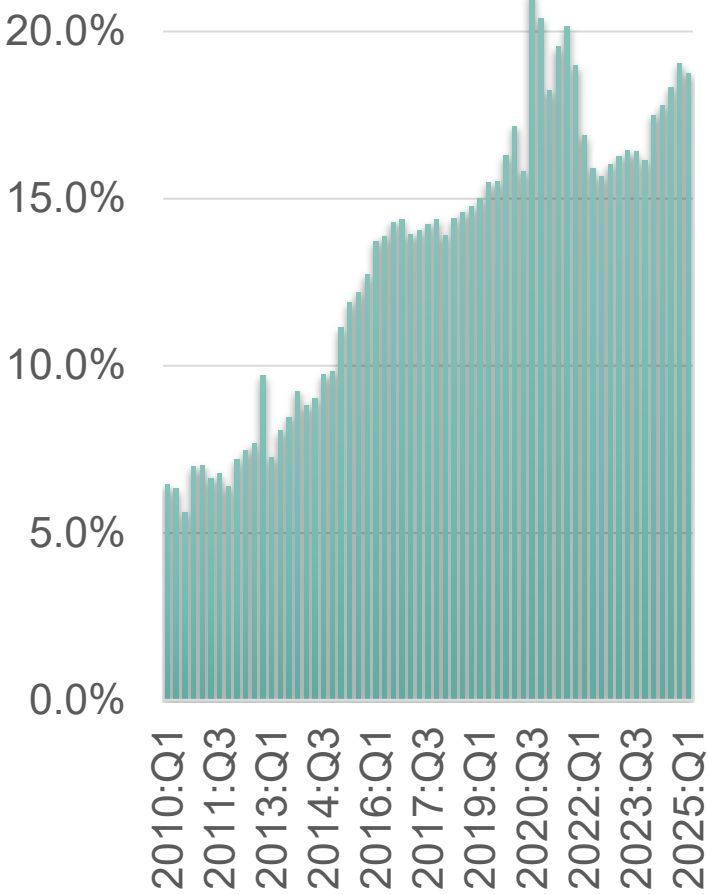


CA Growth on the Intensive Margin

Median HH Incomes



CA / US Per Capita Pers. Income



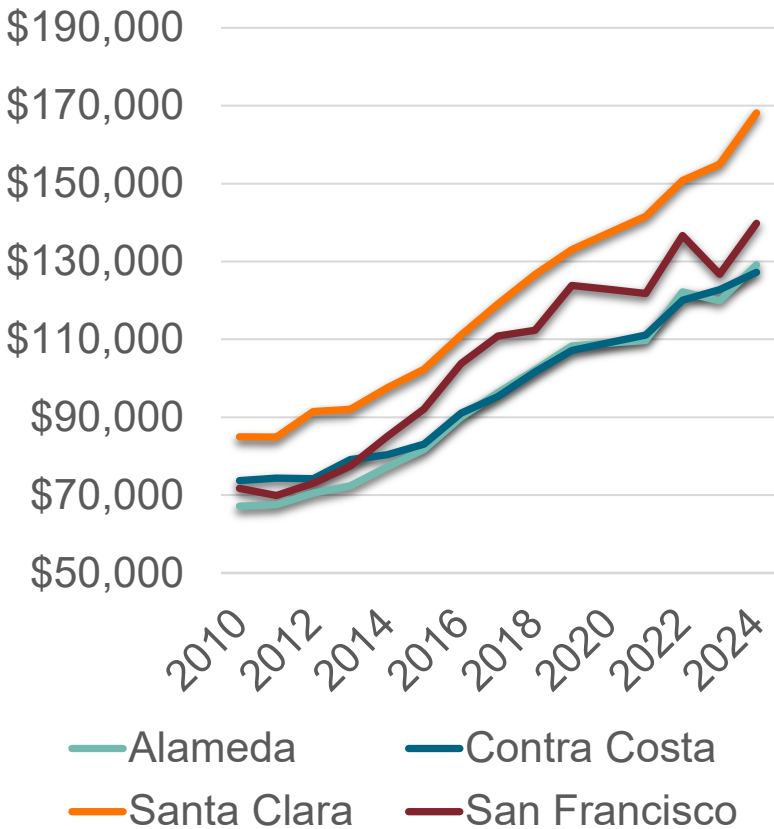
Ranked Median Household Income by County

Rank out of 3,200		2023 Med HH Inc
2	Santa Clara	\$154,954
3	San Mateo	\$151,485
10	Marin	\$139,644
18	San Francisco	\$126,730
25	Contra Costa	\$122,794
30	Alameda	\$119,931
52	Orange	\$110,042
54	Placer	\$109,713
56	El Dorado	\$108,594
59	Ventura	\$107,667
61	San Benito	\$107,324
70	Santa Cruz	\$105,631
77	Napa	\$104,686
82	San Diego	\$103,674

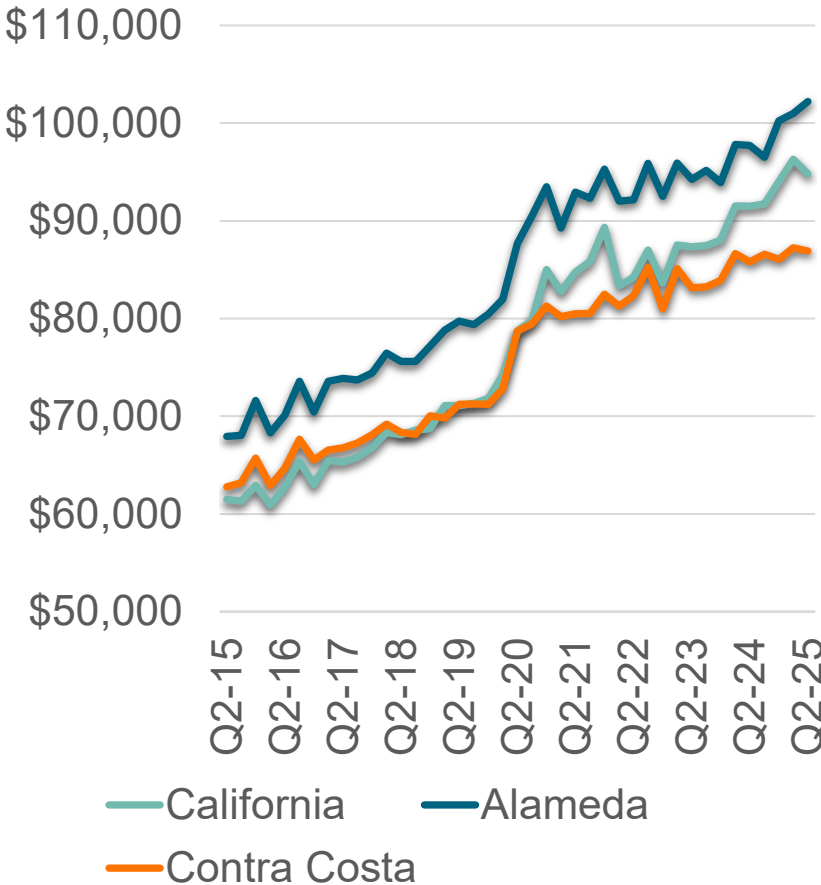


Household Income and Earnings

Median Household Income



Average Annual Wage



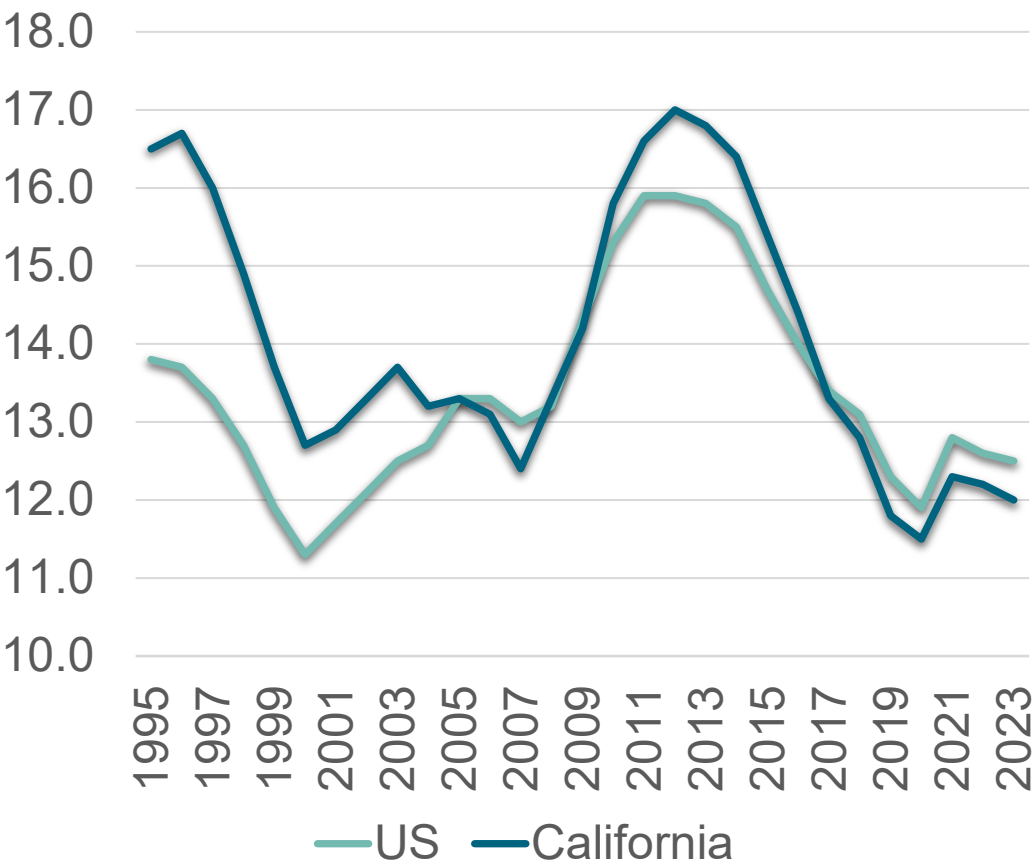
Change in Distribution of HH Income CC County 2019-2024

	2024	2019
< 50K	18.9%	21.8%
50-100K	20.9%	24.7%
100-200K	30.4%	31.1%
> 200K	29.7%	22.4%



State Inequality and Poverty

Poverty Rate



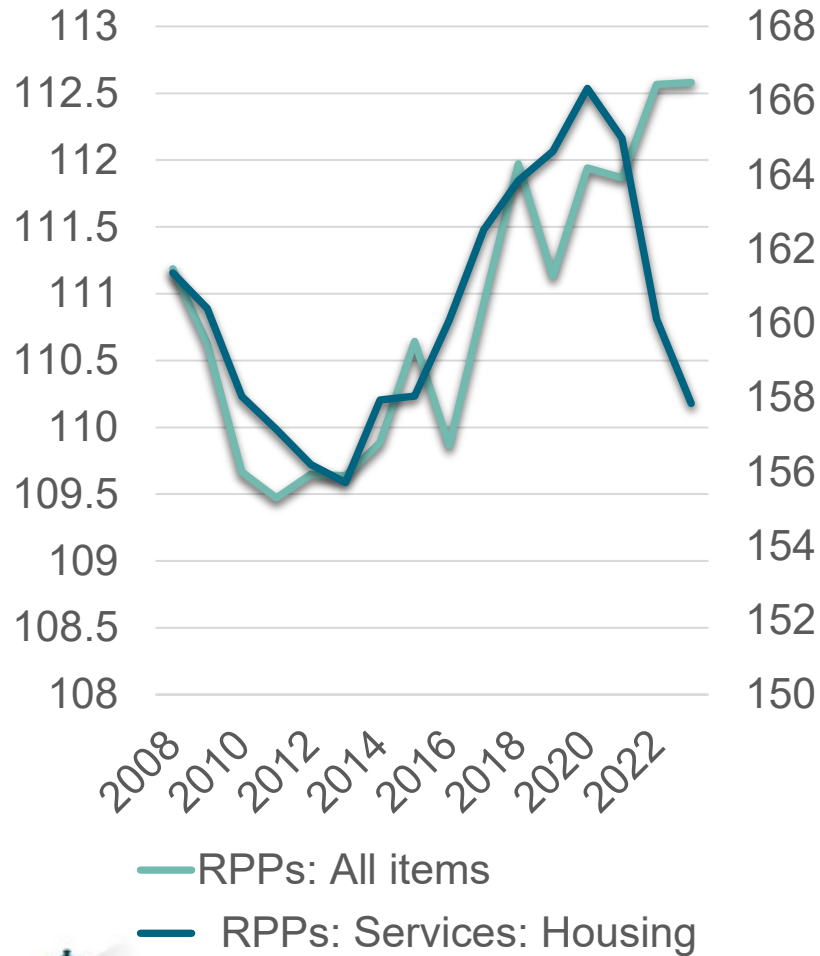
California Incomes by Race / Age 2019-24

By Race	HHs		Income	
Households	13,798	4.9%	\$100,149	24.5%
American Indian	175	66.6%	\$85,434	48.3%
Hispanic	4,405	12.5%	\$83,179	30.7%
Black	817	-0.5%	\$71,211	29.1%
Asian	2,200	16.4%	\$130,548	25.4%
White	5,730	-6.7%	\$110,258	19.6%
By Income				
15 to 24 years	393	8.0%	\$53,512	21.0%
25 to 44 years	4,725	6.3%	\$110,732	28.5%
45 to 64 years	4,967	-1.3%	\$115,871	22.8%
65 years +	3,713	11.9%	\$71,673	22.8%

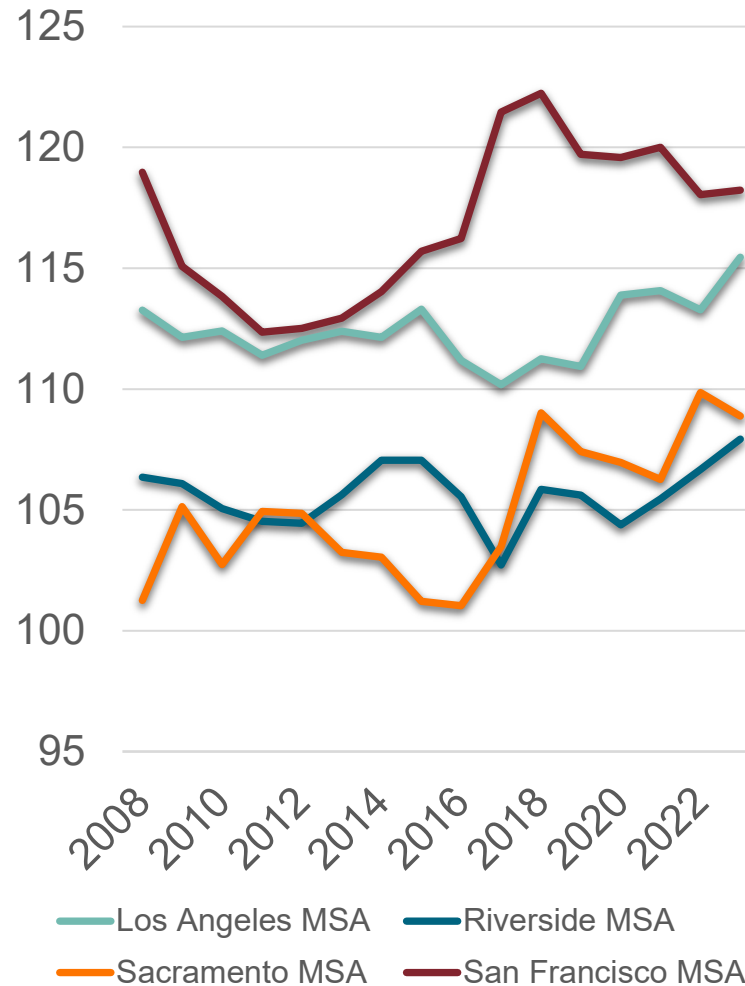


Affordability?

California Regional Price Parities



CA Regional RPPs



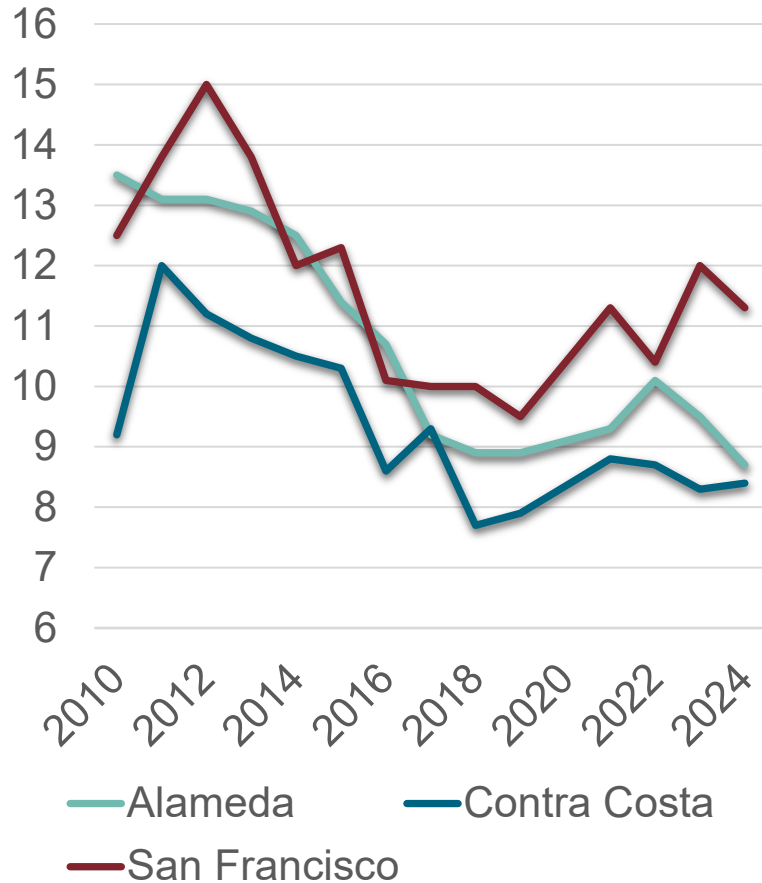
CA Median Income Gap with RPP Control

	2018	2024
Santa Clara	66.5%	82.6%
San Francisco	49.4%	44.9%
Alameda	35.7%	33.8%
Contra Costa	35.1%	31.9%
San Diego	13.8%	20.0%
Sacramento	8.9%	5.9%
Riverside	5.3%	5.8%
Los Angeles	-0.2%	-3.6%
Fresno	-13.5%	-10.9%
Kern	-15.4%	-14.2%

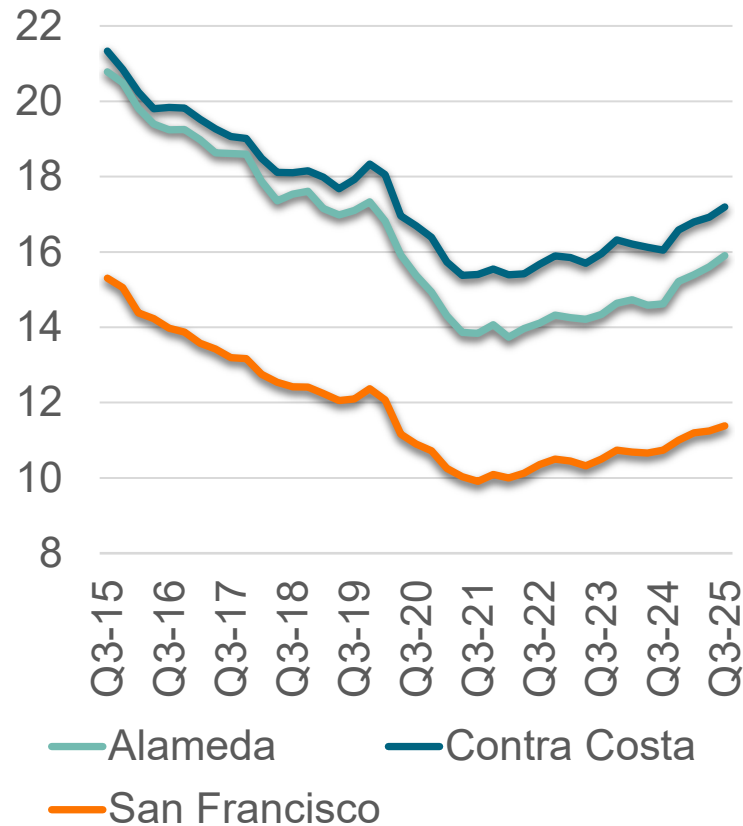


Regional Poverty and Credit

Poverty Rate



Equifax Subprime Credit Population

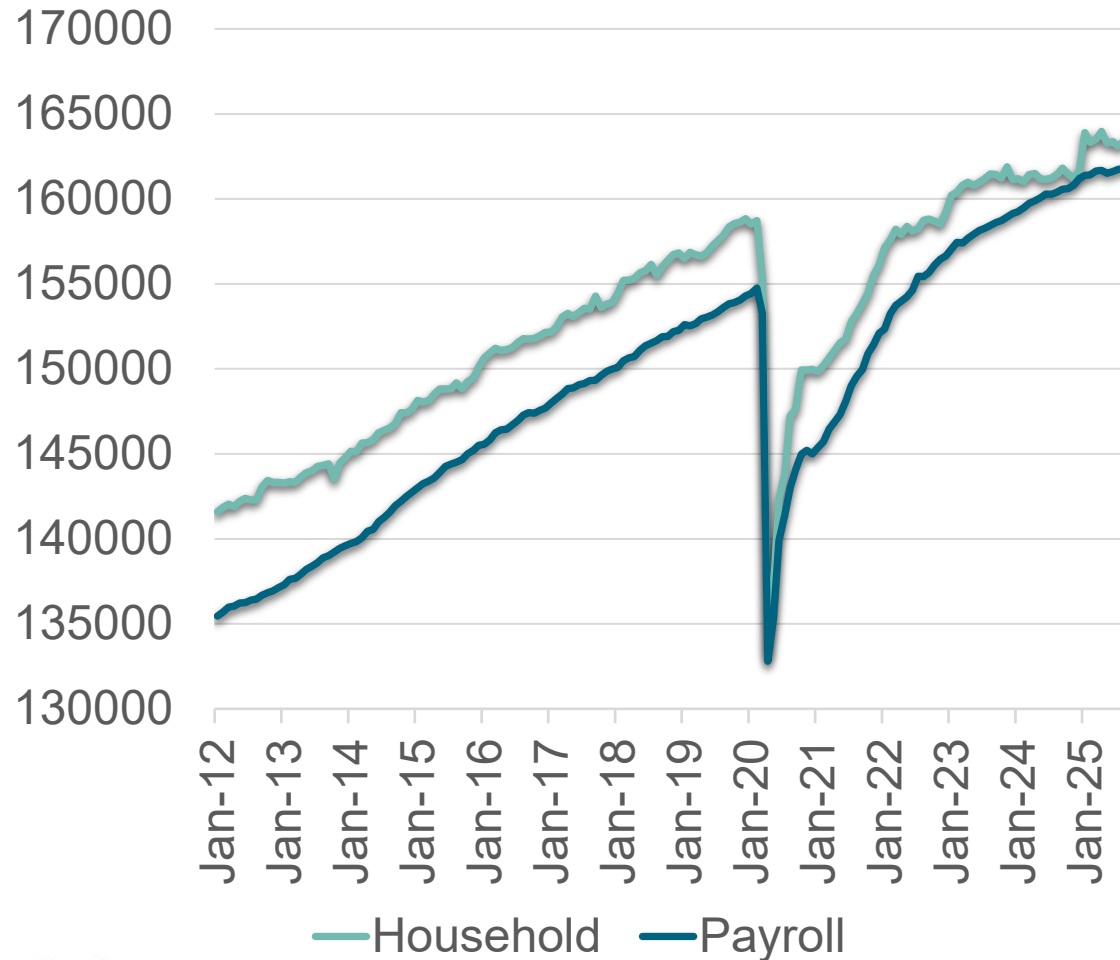


Contra Costa Education	2024 Earnings (\$)	Chg. Since 2019 (%)
Population > 25	71,615	23.6
Less than High School	35,712	19.2
High School Diploma	46,702	12.0
Some College	59,932	19.4
Bachelor's Degree	100,257	27.8
Grad/Prof Degree	125,868	24.2

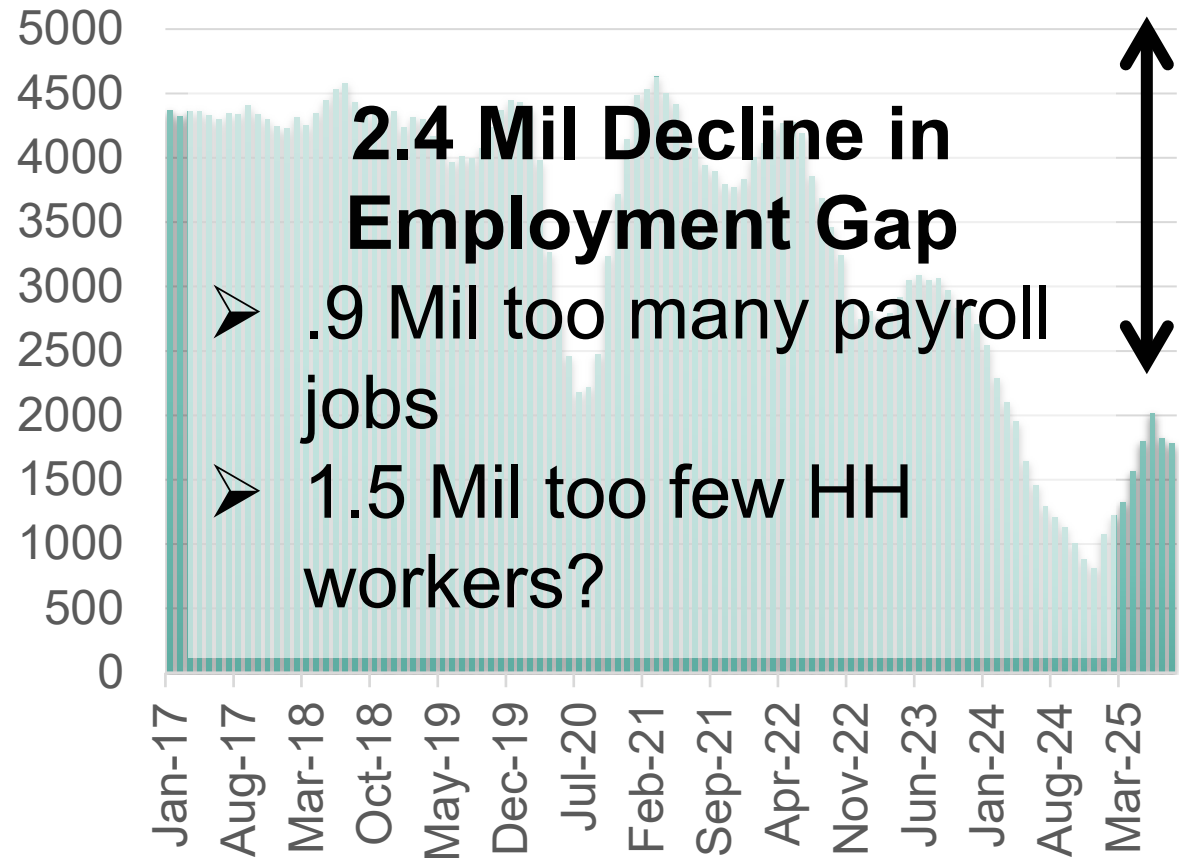


What about the job revisions?

Two Estimates of Employment



Household – Payroll Emp (Smoothed)

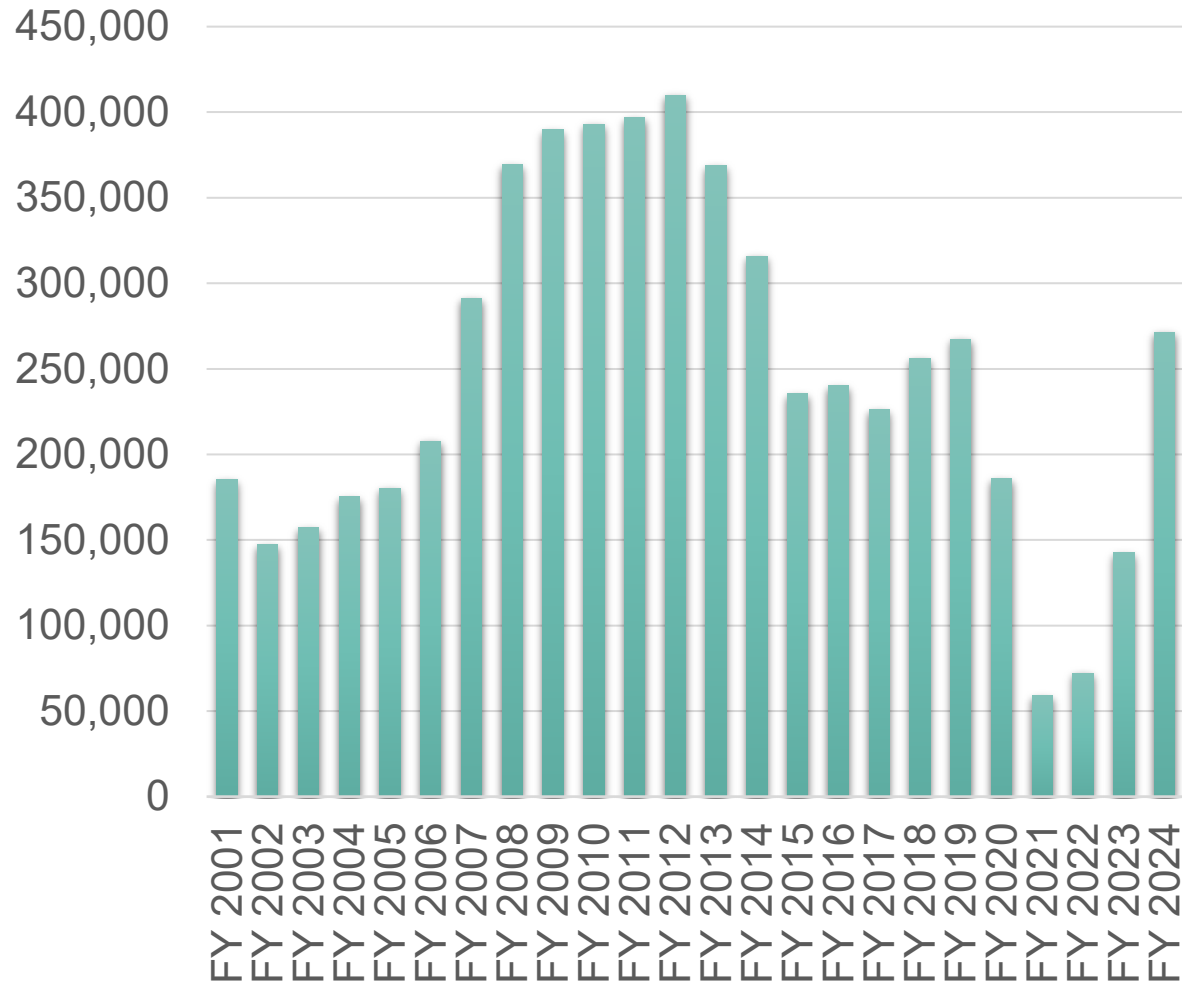


The Immigration Effect

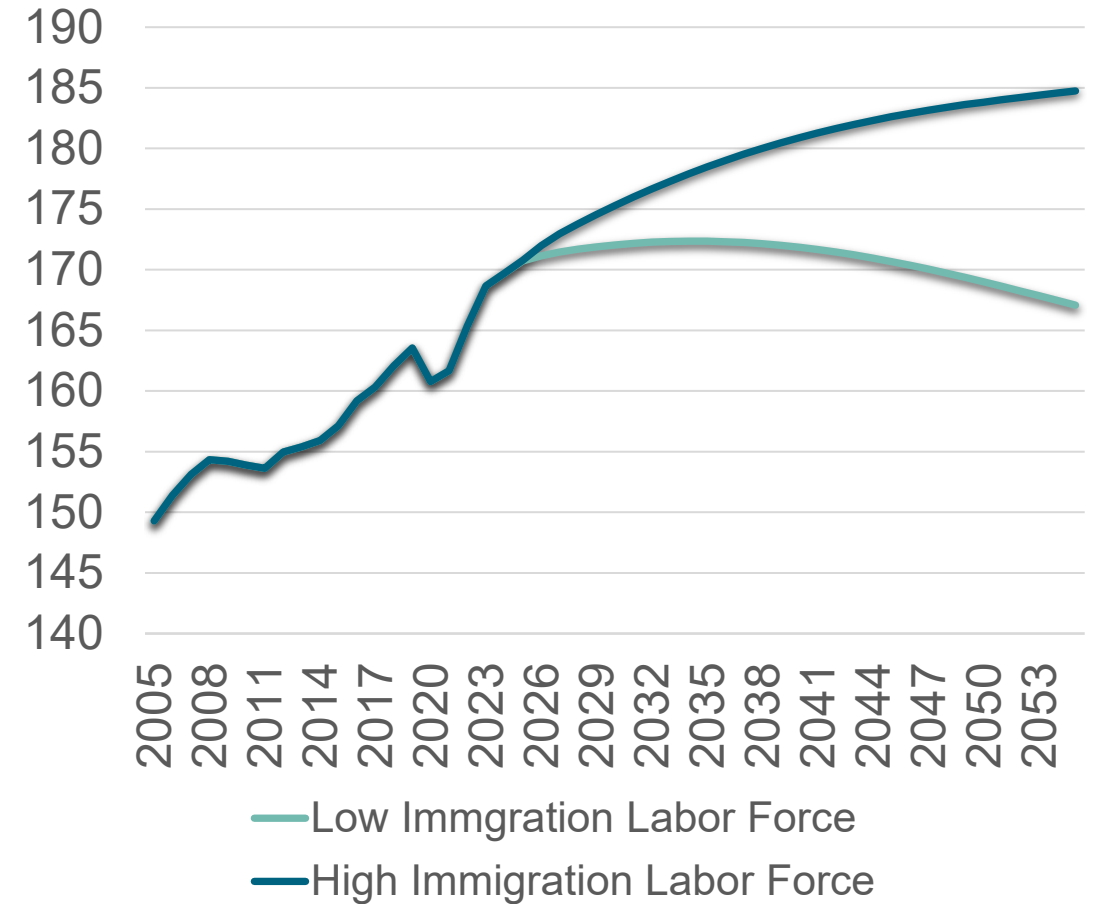


Which is the bigger issue?

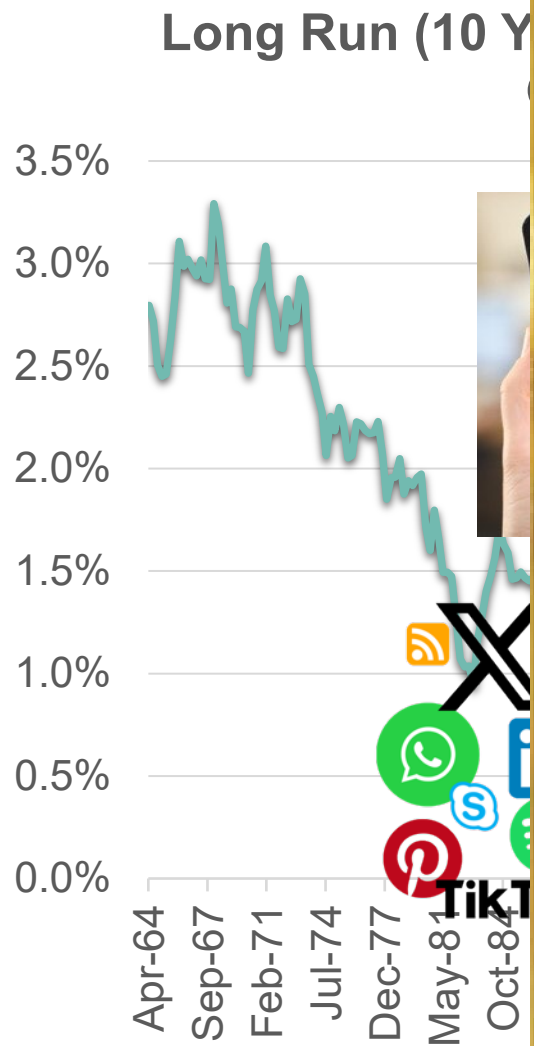
Total Removal by Fiscal Year



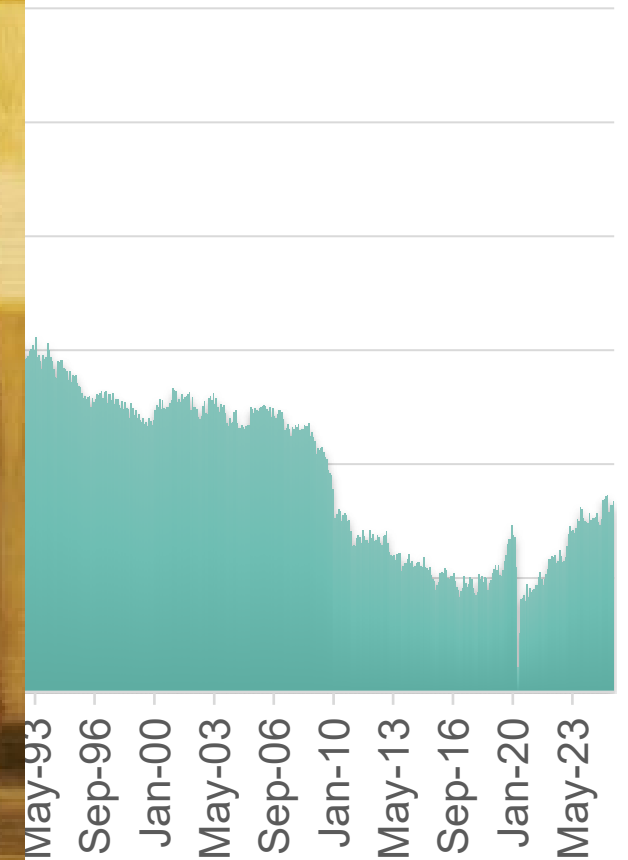
Immigration and Labor Force Levels (Millions workers)



What about AI?

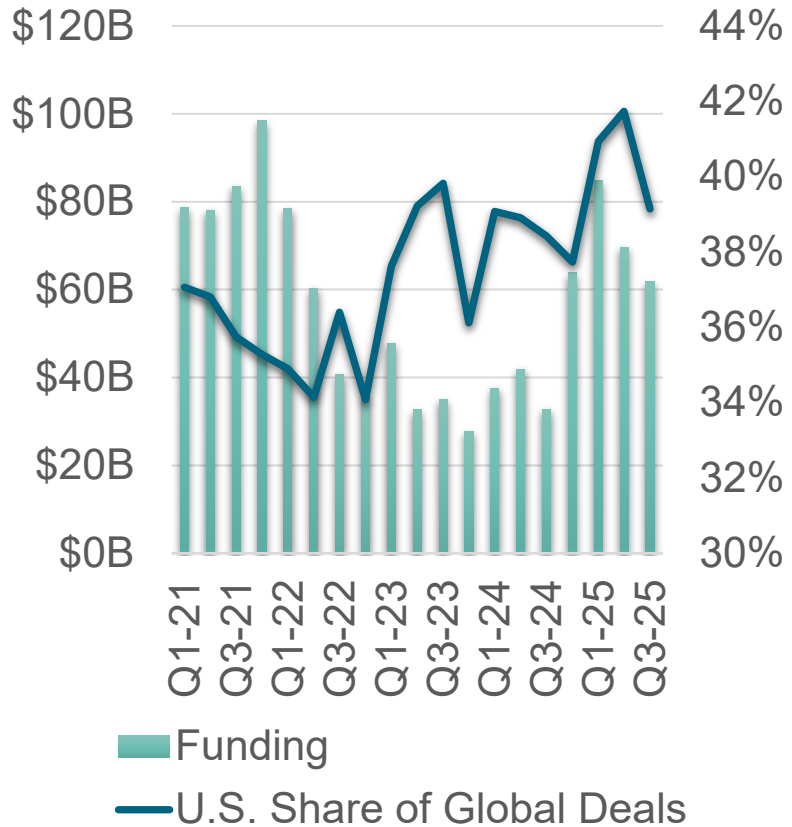


Labor Force Growth
(10 Year)

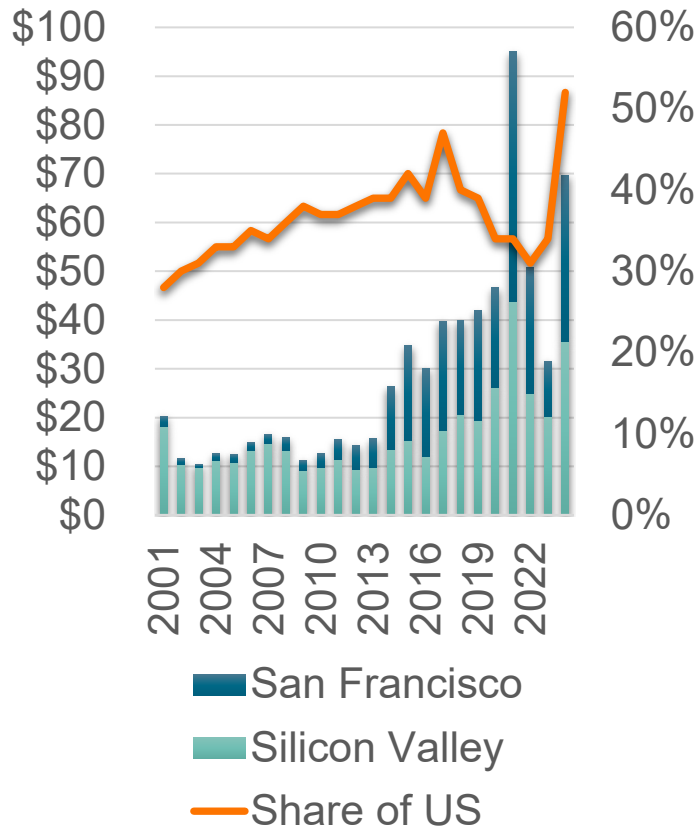


Venture Capital

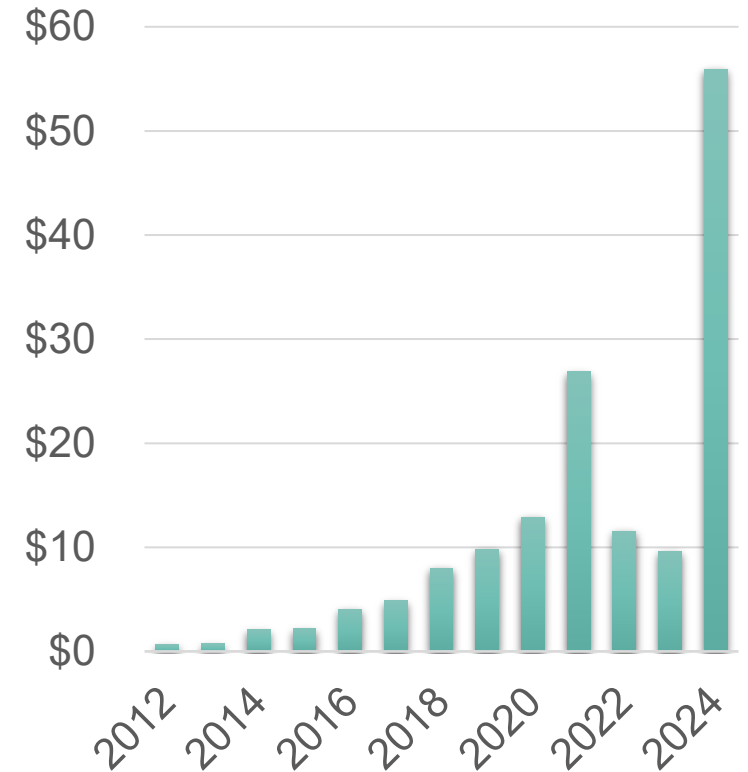
U.S. Venture Capital Funding



VC Funding in Greater Silicon Valley

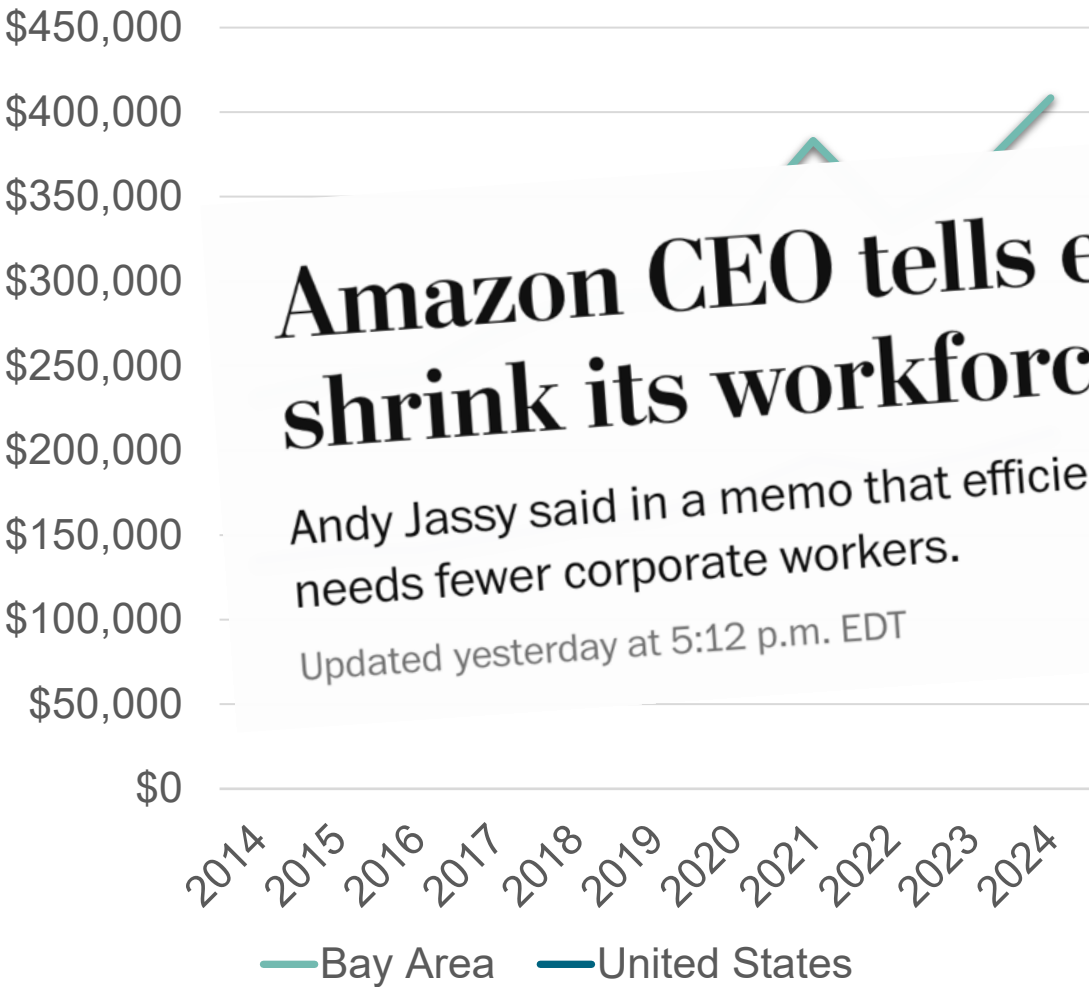


VC Funding to AI Companies in Greater Silicon Valley

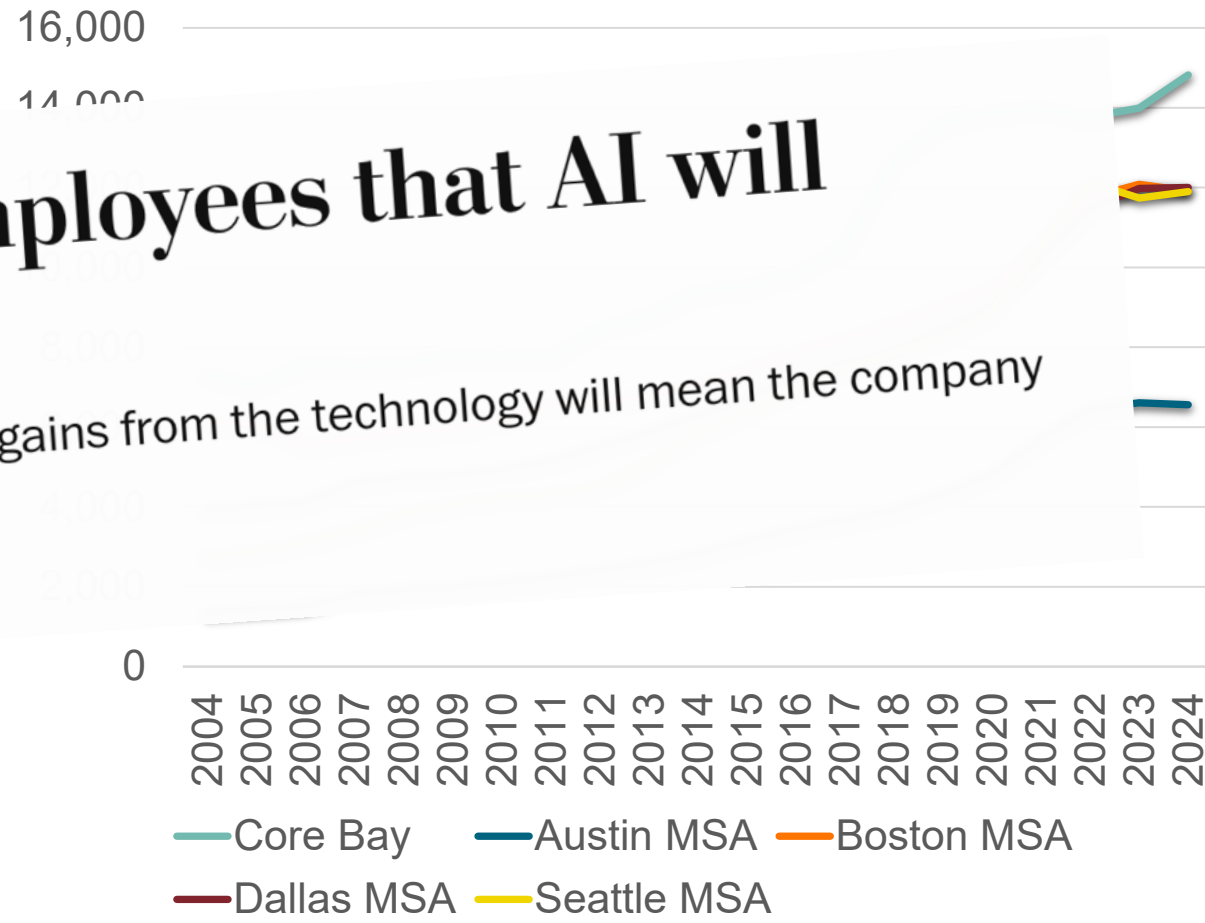


The Tech Bust?

Tech Wages



Tech Establishments



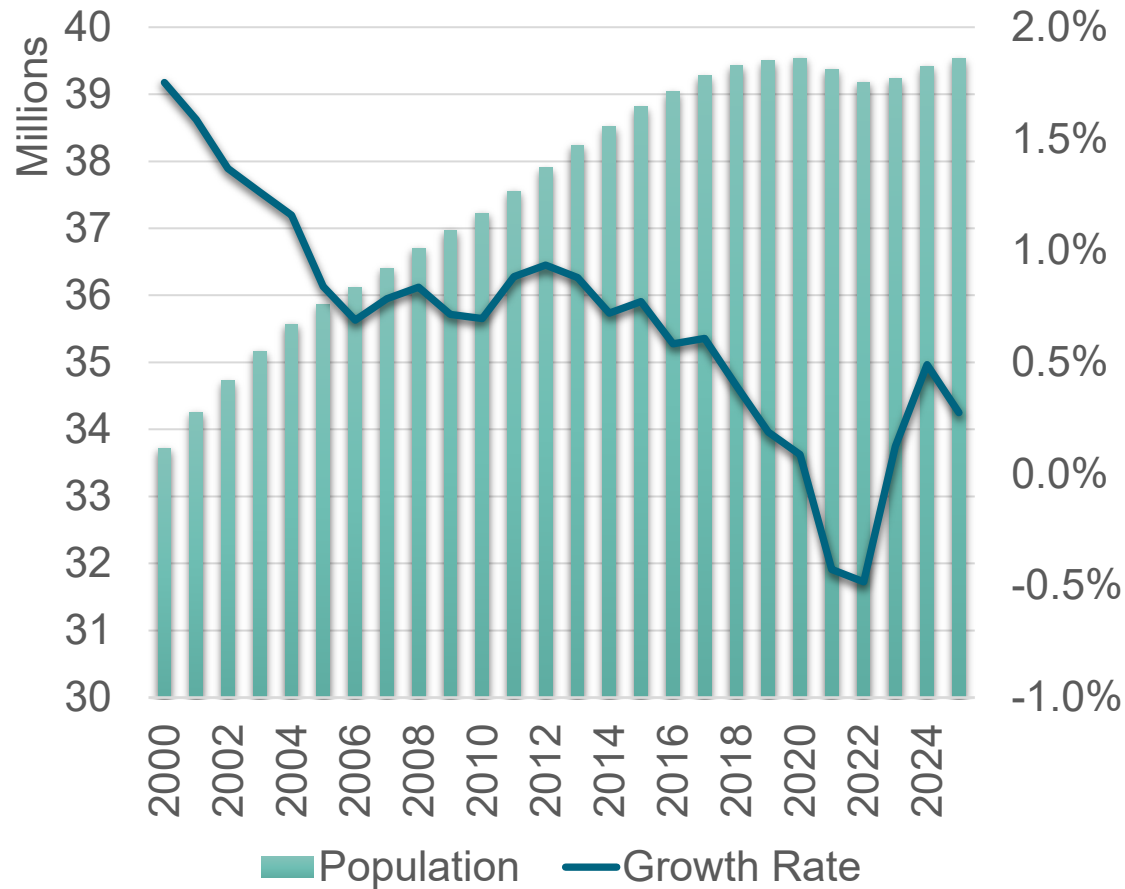
Amazon CEO tells employees that AI will shrink its workforce

Andy Jassy said in a memo that efficiency gains from the technology will mean the company needs fewer corporate workers.
Updated yesterday at 5:12 p.m. EDT



California's Labor Force Problem

California Population

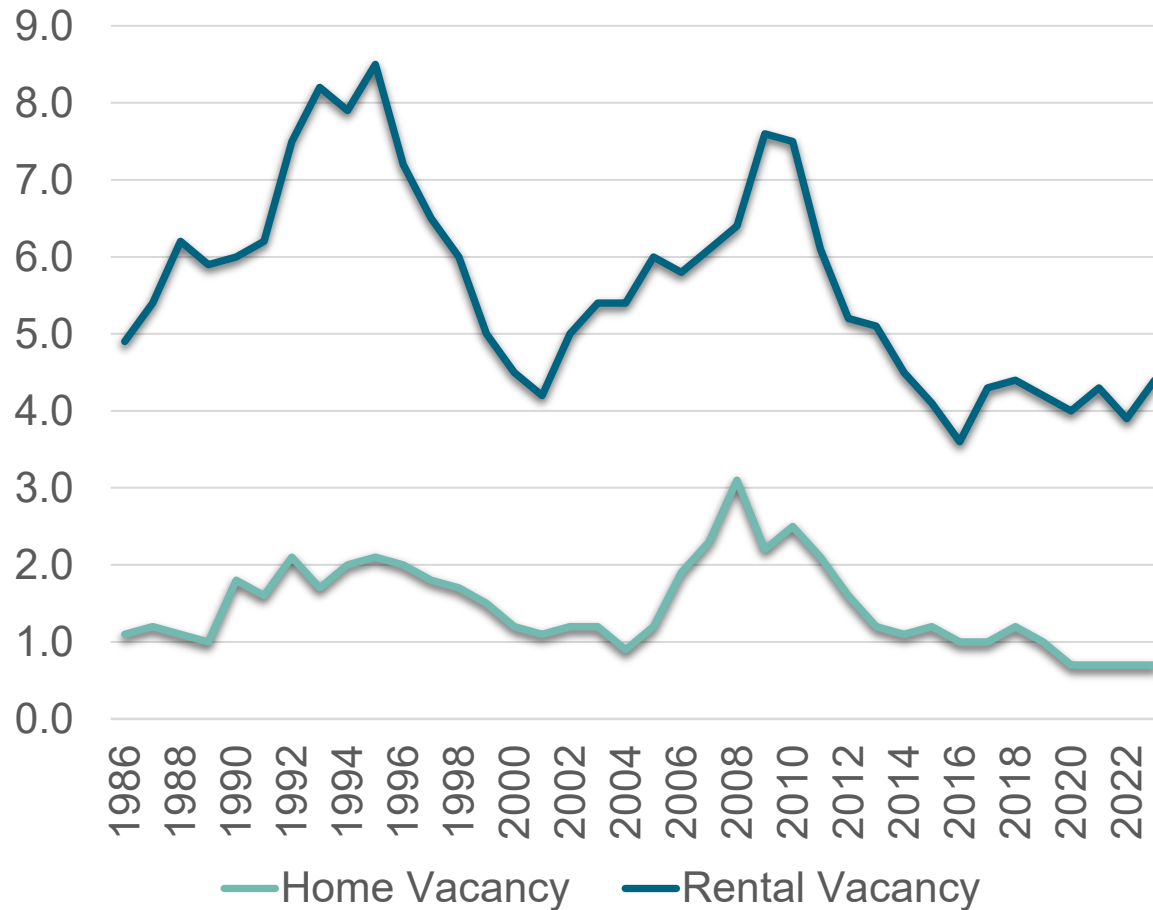


Location	Jun-25 LF (000s)	1-Year Chg. (%)	Chg. since Feb-20 (%)	Nbr. since Feb-20 (%)
US	170,380	1.4	3.5	5,963
Texas	15,850	1.5	11.5	1,823
Utah	1,846	0.6	11.4	210
Arizona	3,794	1.4	8.4	319
Nevada	1,682	2.0	7.0	118
Oregon	2,212	0.7	5.7	126
Colorado	3,283	0.4	4.7	154
Washington	4,034	-0.8	1.4	56
California	19,841	0.9	1.1	218

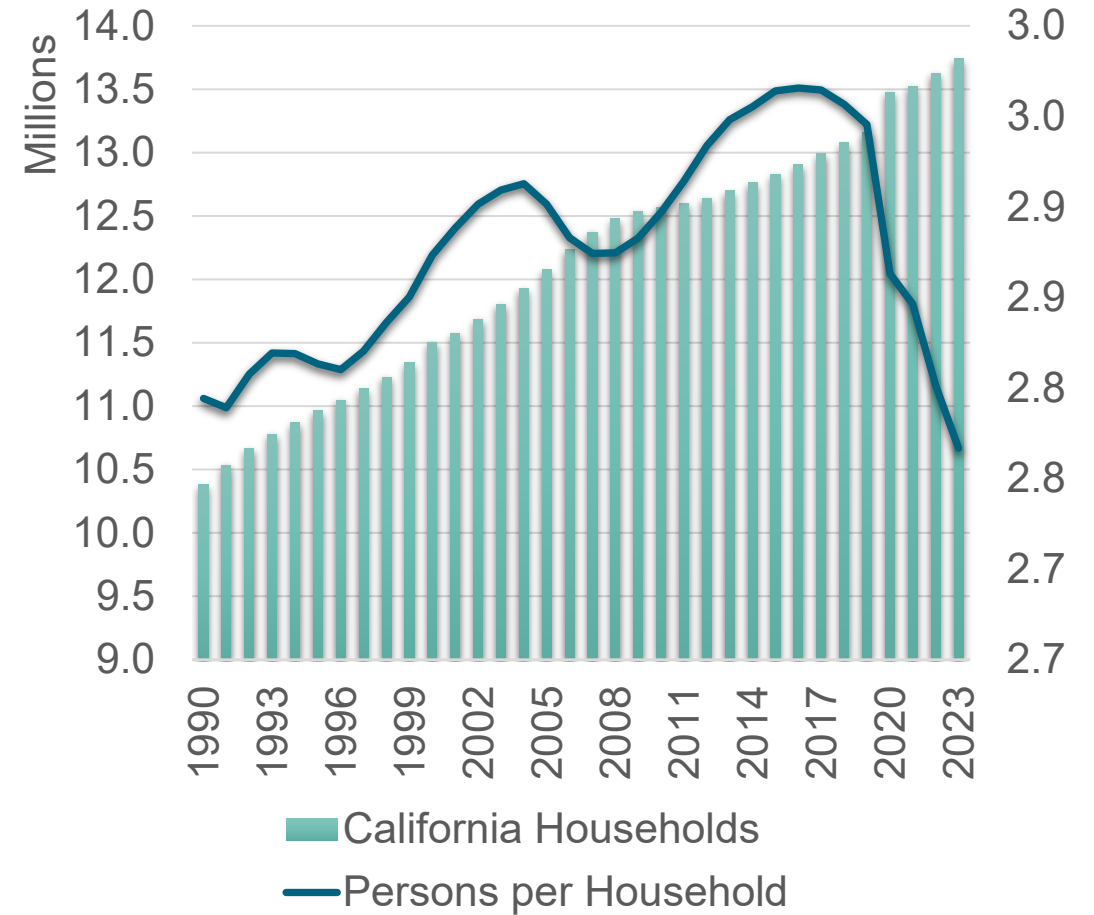


California's “Fleeing” Population?

State Housing Vacancy Rates

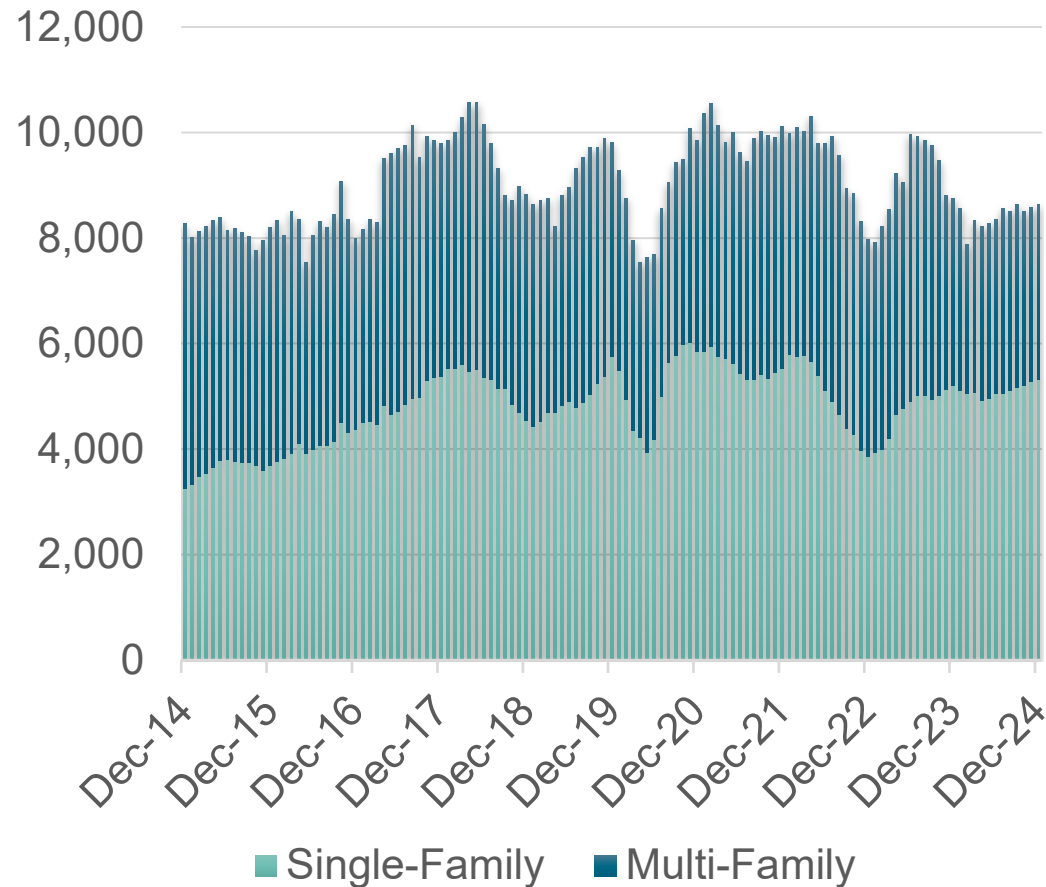


California Households



Residential Permits

California Residential Permits



State	Jun-25 YTD SF Permits (Units)	1-Year Chg. (%)	6-Year Chg. (%)
United States	483,693	-5.5	16.3
Texas	78,271	-6.4	27.6
California	29,450	-7.0	1.3
Arizona	19,284	-13.0	20.8
Colorado	9,674	-10.4	-25.8
Washington	9,349	-5.9	-16.1
Utah	8,464	-8.1	2.8
Nevada	6,882	-13.3	18.3
Oregon	4,947	-3.5	-1.0



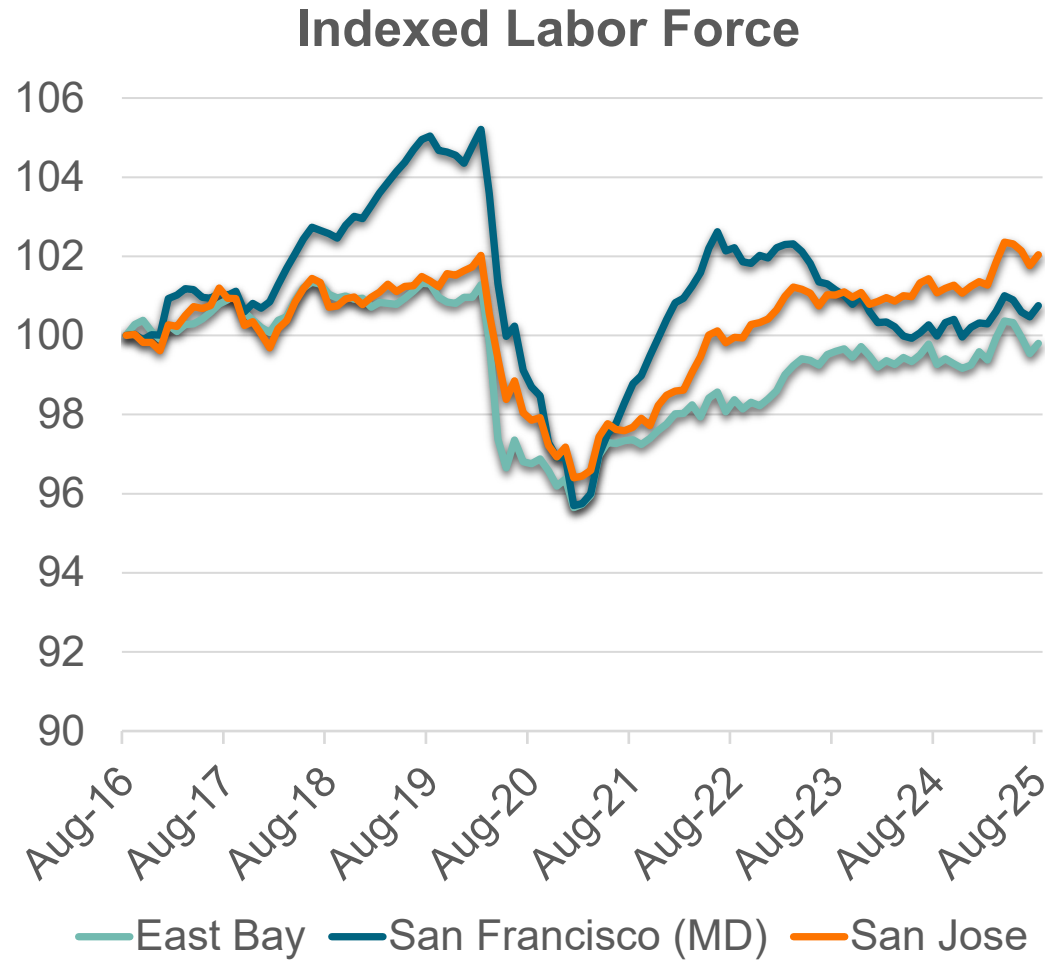
Employment and Labor Force

Changes 2019-2025

	Non-Farm Payrolls					Labor Force			
	Jul-25	Gr	Ch	State Sh		Jul-25	Gr	Ch	State Sh
California	18022.7	3.2%	559			19851.7	2.3%	438	
Southern California	9955	2.9%	283	51%		11134.8	1.6%	177	40%
Central Valley	1487	10.3%	139	25%		2011.5	8.0%	149	34%
Bay Area	4001.5	-1.9%	-79	-14%		4113.2	-1.8%	-75	-17%
Inland Empire	1713.7	9.9%	154	28%		2250.6	9.7%	199	45%
Sacramento	1092.8	6.5%	67	12%		1196.7	6.2%	70	16%
San Diego	1567	4.1%	61	11%		1669.9	3.5%	56	13%
Fresno	446.1	10.5%	42	8%		552.8	8.6%	44	10%
Orange County (MD)	1695	0.9%	16	3%		1641	0.6%	10	2%
San Jose	1150.8	0.0%	0	0%		1064.2	0.4%	4	1%
Oakland (MD)	1173.9	-1.6%	-19	-3%		1451.4	-1.7%	-26	-6%
San Francisco (MD)	1138.5	-4.6%	-55	-10%		929.8	-4.4%	-43	-10%



Local Labor Force

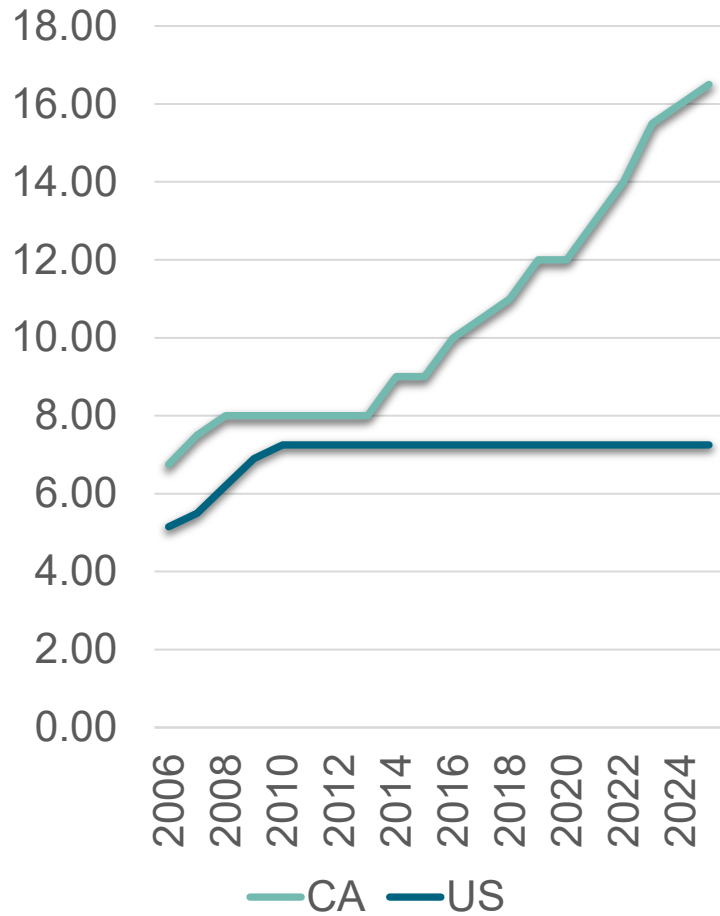


Location	Aug-25 LF (000s)	1-Year Chg. (%)	Chg. since Feb-20 (%)
United States	170,778.0	1.4	3.7
California	19,857.9	0.8	1.2
Inland Empire	2,259.1	2.0	8.2
Stockton	376.1	1.9	8.1
Bakersfield	415.7	1.7	5.4
San Diego	1,677.0	1.7	3.6
Orange County (MD)	1,648.0	1.4	0.9
Fresno	549.2	1.4	6.3
Sacramento	1,199.4	1.3	5.7
San Jose	1,067.3	0.9	0.0
San Francisco (MD)	933.2	0.8	-4.5
East Bay	1,455.0	0.5	-1.5
Los Angeles (MD)	5,122.9	0.1	-2.6

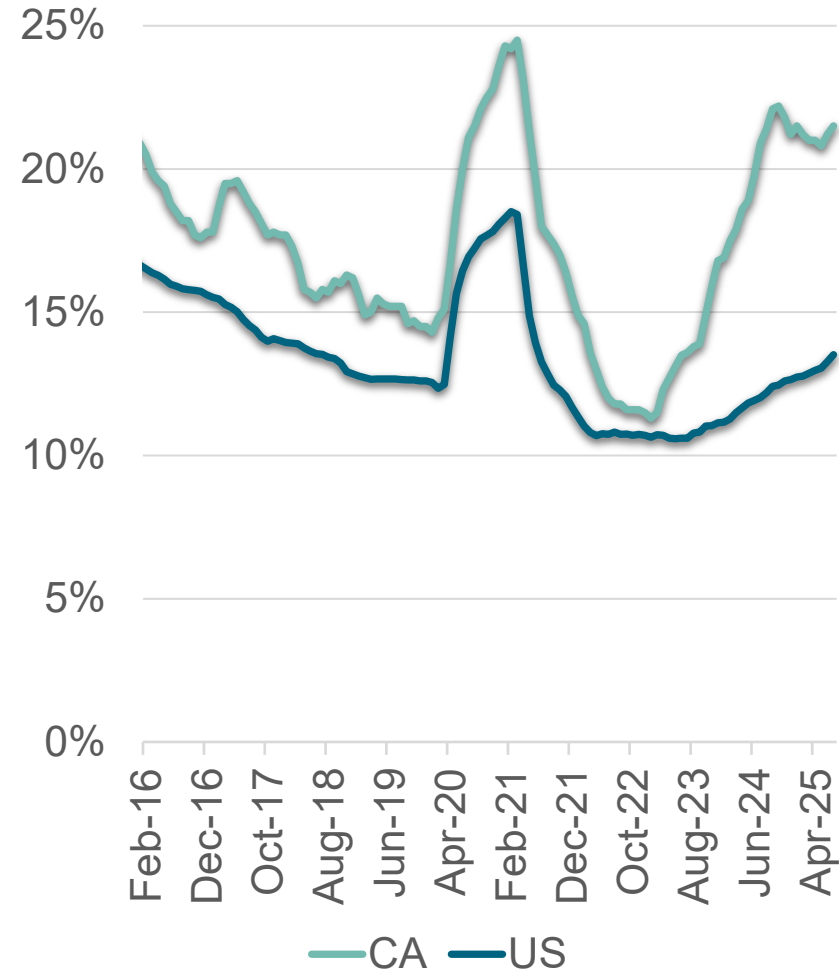


California Unemployment?

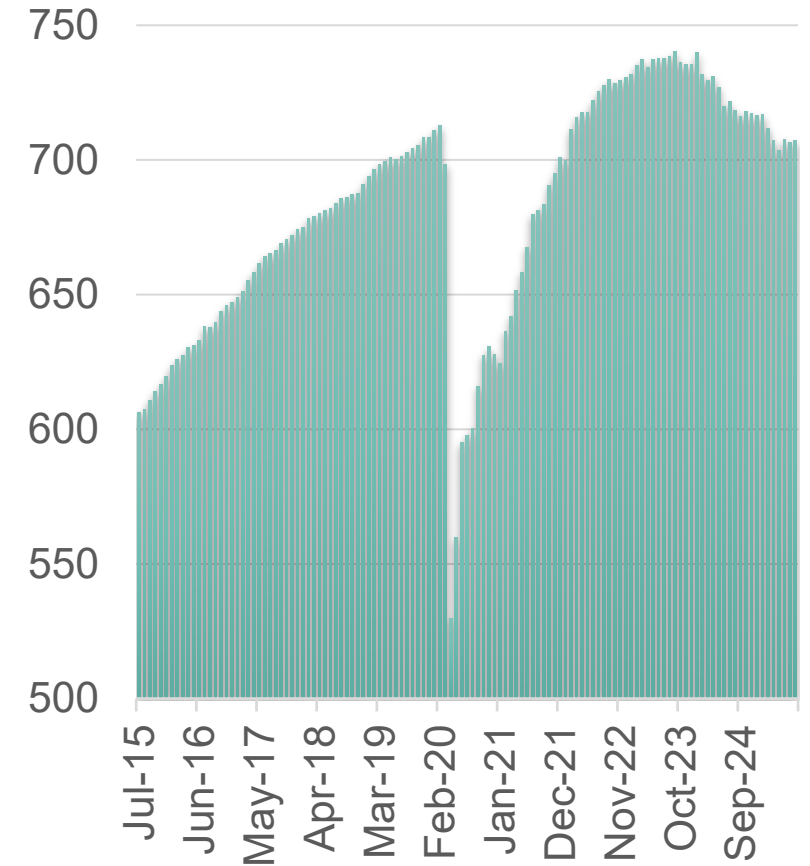
Minimum Wage



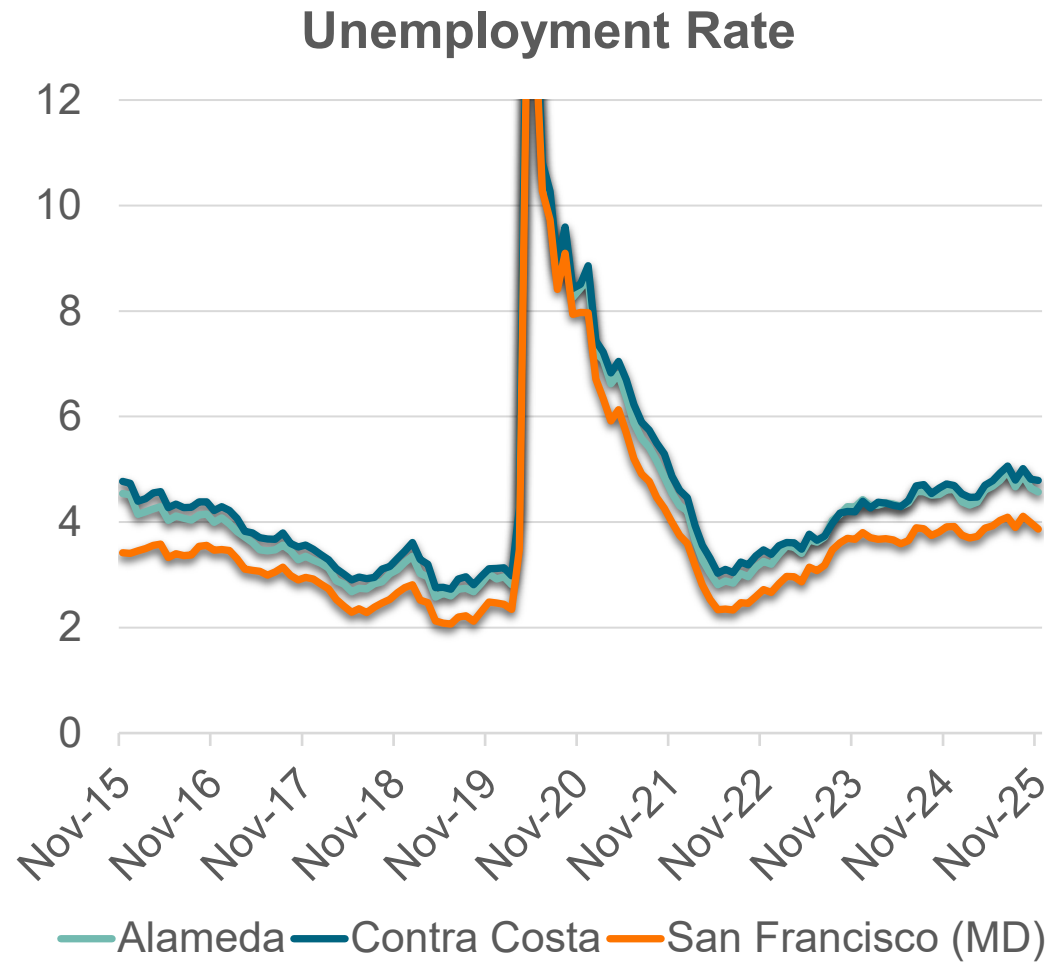
Unemployment 16-19



CA Limited Services Restaurant Emp



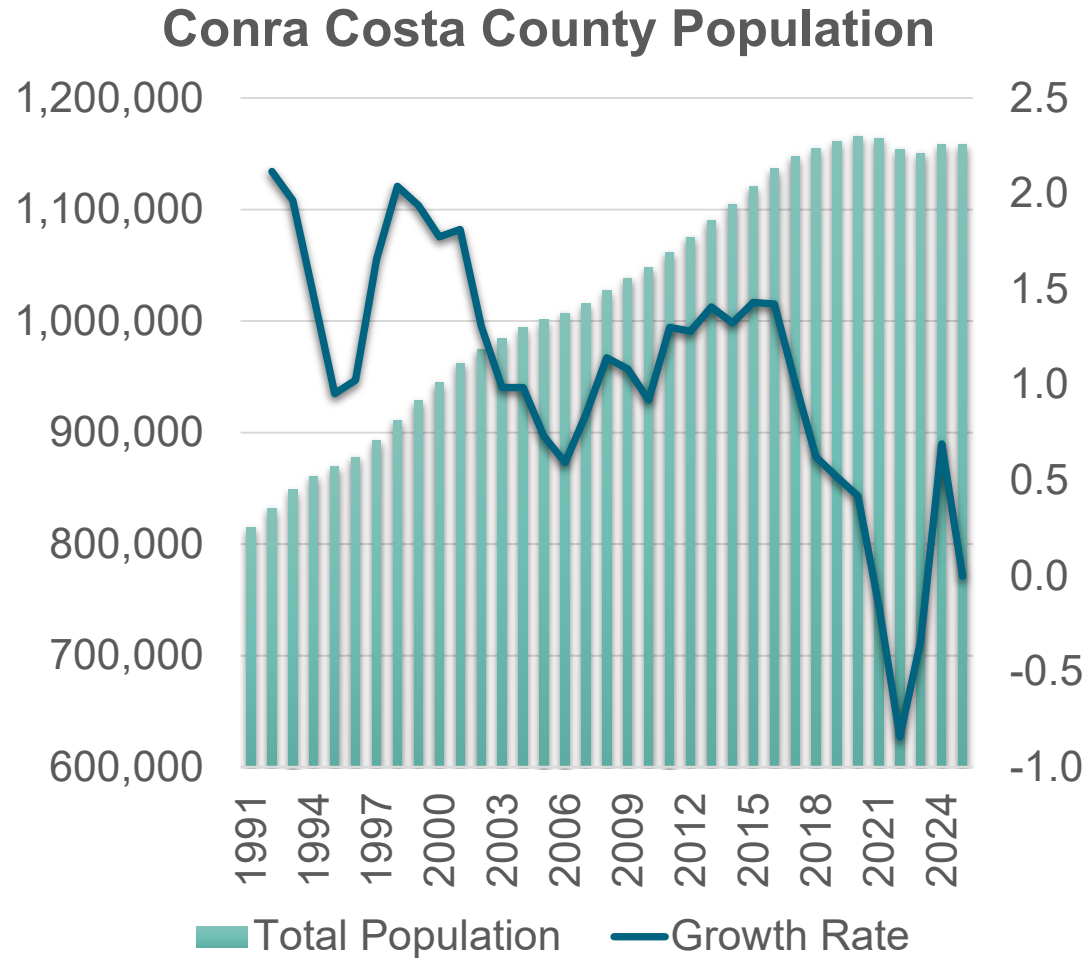
Local Unemployment



	Labor Force Participation Rate		Unemployment rate	
	2024	Ch 19-24	2024	Ch 19-24
16 to 19 years	29.4%	-5.5%	31.2%	18.8%
20 to 24 years	74.6%	-1.8%	15.1%	6.4%
25 to 29 years	84.2%	-2.1%	9.8%	4.9%
30 to 64 years	78.5%	0.6%	6.0%	2.1%
65 to 74 years	27.9%	-4.1%	2.8%	-0.6%
With any disability	53.8%	2.2%	13.0%	4.2%
Less than high school	70.9%	-3.7%	8.2%	2.3%
High school	77.1%	0.1%	10.0%	5.3%
Some college	81.1%	2.2%	6.3%	0.9%
Bachelor's or higher	85.1%	0.5%	4.9%	2.3%



Contra Costa Population

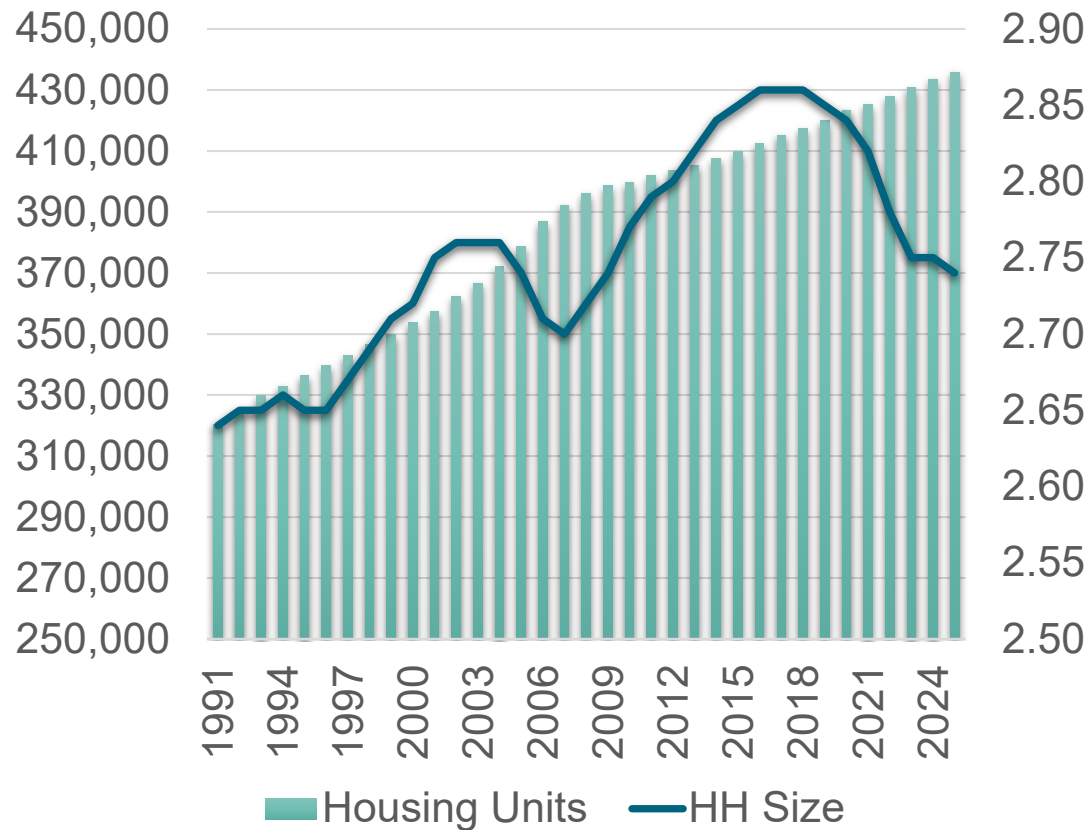


County	2025 Population	1-Year Chg. (%)	10-Year Chg. (%)
California	39,529,101	0.3	1.9
San Joaquin	805,856	0.4	11.3
Riverside	2,495,640	0.2	8.4
Sacramento	1,604,745	0.5	7.3
Fresno	1,037,053	0.9	7.1
Kern	923,961	0.6	5.8
San Bernardino	2,207,424	0.3	4.4
Contra Costa	1,158,225	0.0	3.4
San Diego	3,330,139	0.4	2.5
Alameda	1,662,482	0.3	2.5
Orange	3,175,427	0.2	0.9
Santa Clara	1,922,259	0.0	0.8
San Francisco	842,027	-0.4	-1.6
Los Angeles	9,876,811	0.3	-1.9
Ventura	829,005	0.1	-2.5



Housing Stock

Contra Costa County Housing Stock



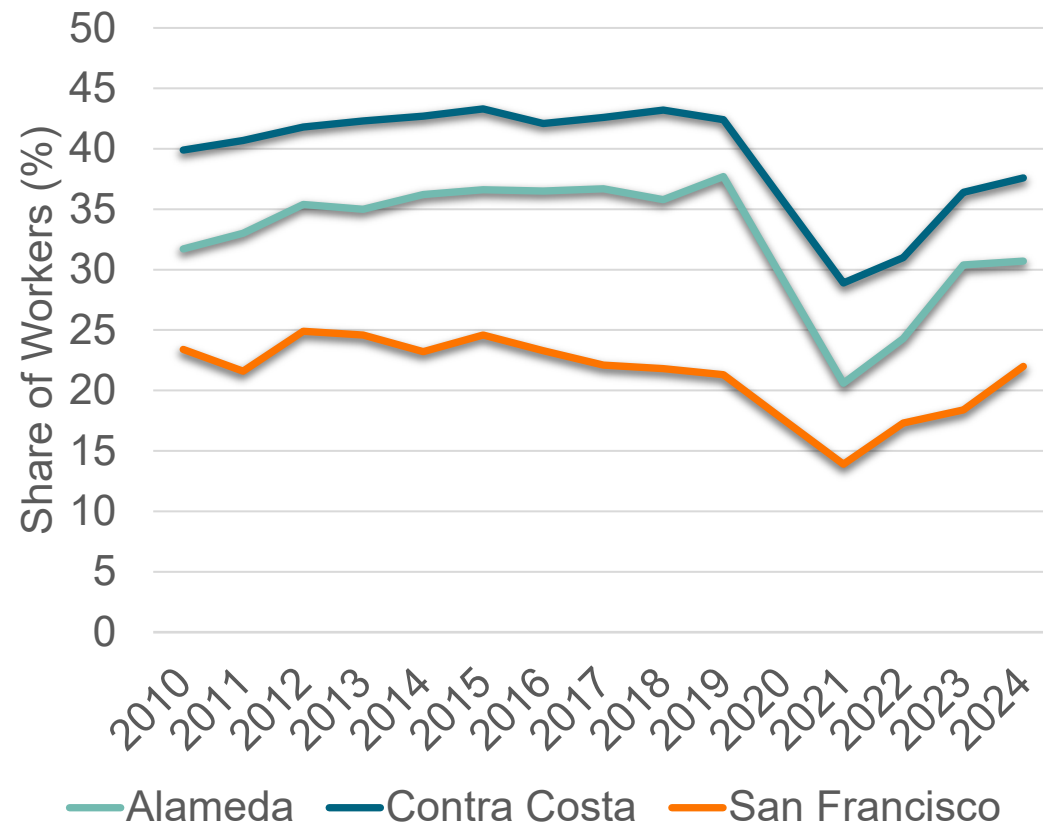
County	2025 Housing Units	1-Year Chg. (%)	10-Year Chg. (%)
California	14,949,001	0.8	7.3
San Joaquin	269,626	1.5	13.0
Alameda	652,678	0.7	9.6
San Francisco	422,007	0.4	9.4
Riverside	893,304	1.2	9.2
Fresno	352,020	0.8	8.2
Sacramento	612,589	1.1	8.1
Orange	1,163,983	0.6	8.0
Santa Clara	709,914	0.6	7.9
San Diego	1,280,893	1.1	7.8
Kern	313,255	0.8	7.3
Los Angeles	3,726,527	0.8	6.9
San Bernardino	758,120	0.9	6.5
Contra Costa	435,790	0.5	6.3
Ventura	300,727	0.9	4.9



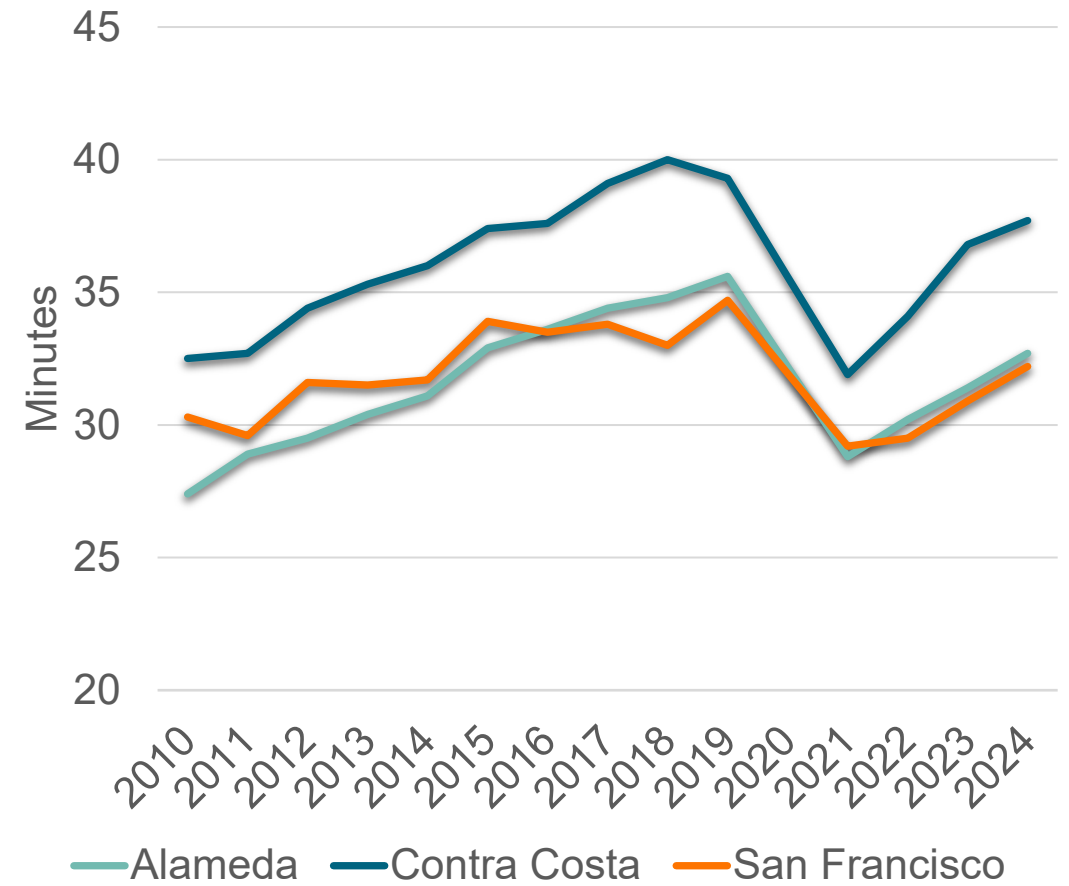
Commuting



Worked Outside of County of Residence

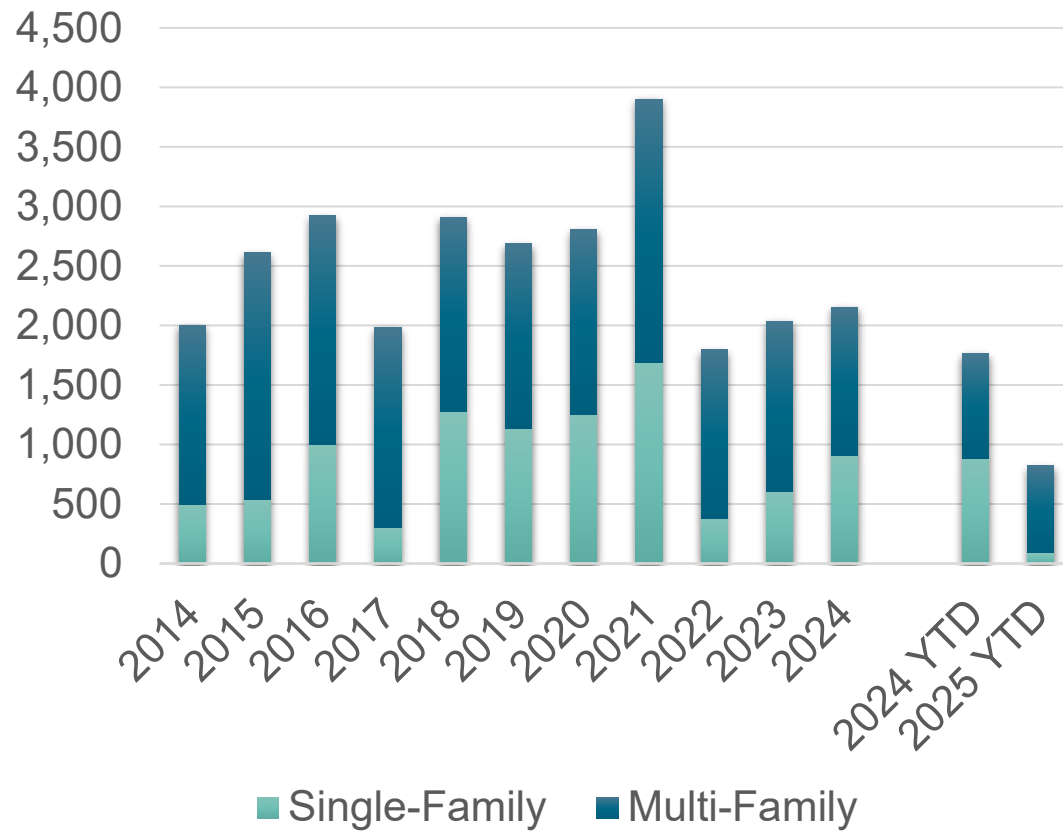


Average Commute Time



Residential Permits

Contra Costa County
Residential Permits

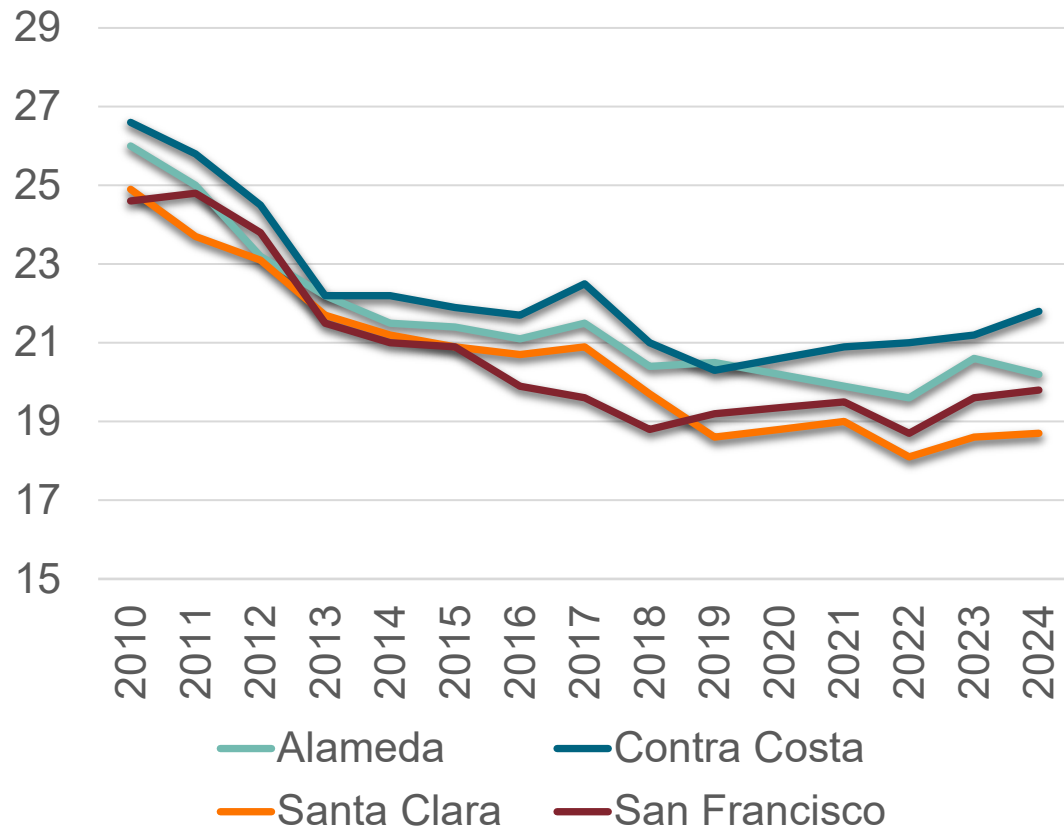


Location	Res Permits 2025 YTD	YTD Chg. (#)	2019 to 2024 Chg. (#)
California	67,174	-215	-8,652
Contra Costa County	821	-942	-532
Uninc. CC County	238	34	-544
Danville	101	11	-68
Antioch	86	-184	-11
San Ramon	84	-20	29
Brentwood	84	54	-283
Concord	51	-8	51
Oakley	46	-13	-169
Pittsburg	46	-15	-25
Richmond	40	-39	113
Walnut Creek	14	-7	-355



CA's Supply of Housing Crisis

Median Owner Cost as a % of Household Income

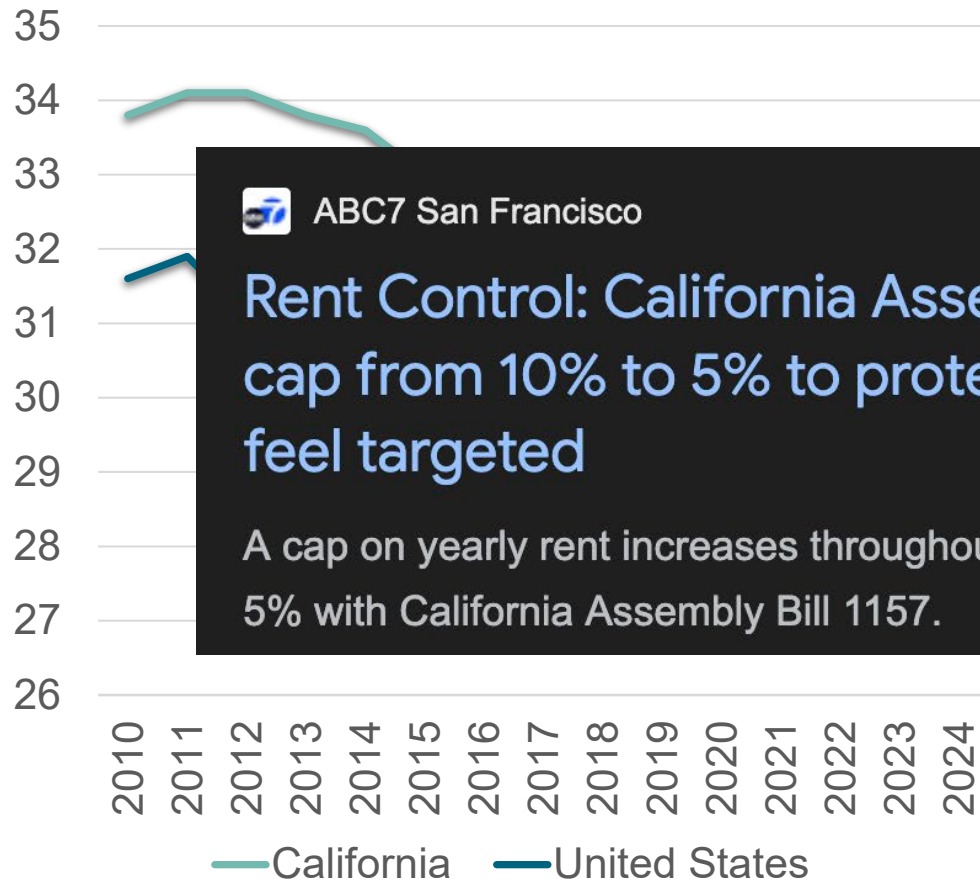


Median Cost to Income New Buyers	2013 (%)	2018 (%)	2023 (%)
United States	25.2	25.5	28.0
California	29.0	30.2	33.4
East Bay	27.4	28.7	29.8
Fresno	29.4	31.0	31.6
Inland Empire	30.7	32.0	35.6
Los Angeles	31.0	32.3	36.1
Monterey	31.2	31.8	31.8
Orange	29.2	31.1	37.7
Sacramento MSA	28.5	28.3	31.4
San Diego	30.9	31.0	34.5
San Francisco (MD)	23.4	31.1	29.2
San Luis Obispo	24.1	26.1	35.0
Santa Clara	26.2	26.5	27.5
Ventura	26.4	31.5	33.3



Rental Affordability?

Median Rent as % of Income



ABC7 San Francisco

Rent Control: California Assembly Bill 1157 would lower rent cap from 10% to 5% to protect tenants; property owners feel targeted

A cap on yearly rent increases throughout the state could soon be lowered from 10% to 5% with California Assembly Bill 1157.



Location	2024 Median Rent (\$)	'19 to '24 Chg. (%)
United States	1,487	35.6
California	2,104	33.4
San Bernardino	1,957	45.8
San Diego	2,336	32.9
San Francisco	2,448	25.0
San Joaquin	1,788	41.9
Santa Clara	2,841	18.8

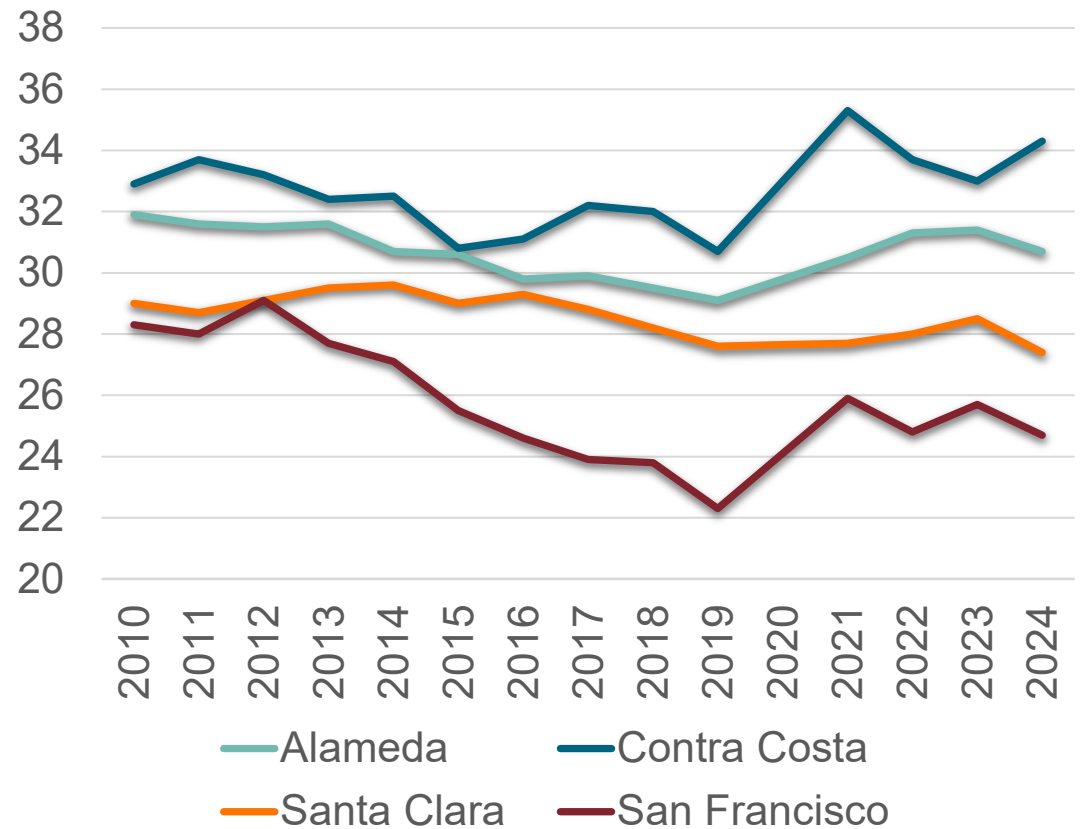
Source: American Community Survey



Affordability

Apartment Asking Rent	Q3-25 (\$)	1-Yr Growth (%)	Change since Q4-19 (%)
United States	1,766	0.6	19.2
San Francisco	3,322	6.2	7.4
San Jose	3,219	3.8	12.9
Fresno	1,472	1.8	32.6
Alameda	2,346	1.6	5.2
Orange County	2,776	1.6	29.1
Contra Costa	2,223	1.0	12.6
Inland Empire	2,112	0.6	30.3
Los Angeles	2,336	0.5	10.6
San Diego	2,535	0.3	24.1
Sacramento	1,862	-0.1	22.6

Median Rent as a % of Household Income



Our Own Worst Enemy



BAY AREA // REAL ESTATE

Thousands if not for \$

By **Christian Leonard**, Sta

Jan 22, 2026

RAN

AB 130: Develop

- Strea
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Growth Needs Homes and Workspaces

NEWS | BAY AREA & STATE

New Bay Area city of 400,000 could be built 'non-stop' for 40 years

By **Katie Dowd**, Managing editor

Jan 21, 2025

California FOREVER

Home Foundry Shipyard Living About Join the call to break

Building in Solano County, the heart of Northern California.

- ACCESS TO AIR, SEA, AND RAIL
- 40 MILES NORTH OF SAN FRANCISCO
- NON-PRIME GRAZING LAND
- 30 MILES SOUTH OF SACRAMENTO

California FOREVER

SOLANO FOUNDRY

A new home for frontier tech

The largest advanced manufacturing park in America



NORTHERN WATERFRONT ECONOMIC DEVELOPMENT INITIATIVE

The Northern Waterfront Economic Development Initiative™ is a regional cluster-based economic development strategy with a goal of creating 18,000 new jobs by 2035. The Initiative leverages existing competitive advantages and assets by focusing on advanced manufacturing, processing, and change health. Costa County communities development among the economic vit



31 Jan Economist Says Closing County Refineries Would Be Opportunity to Rebuild

Posted at 17:55h in Contra Costa County, News, Politics by Danielle Parenteau-Decker · 0

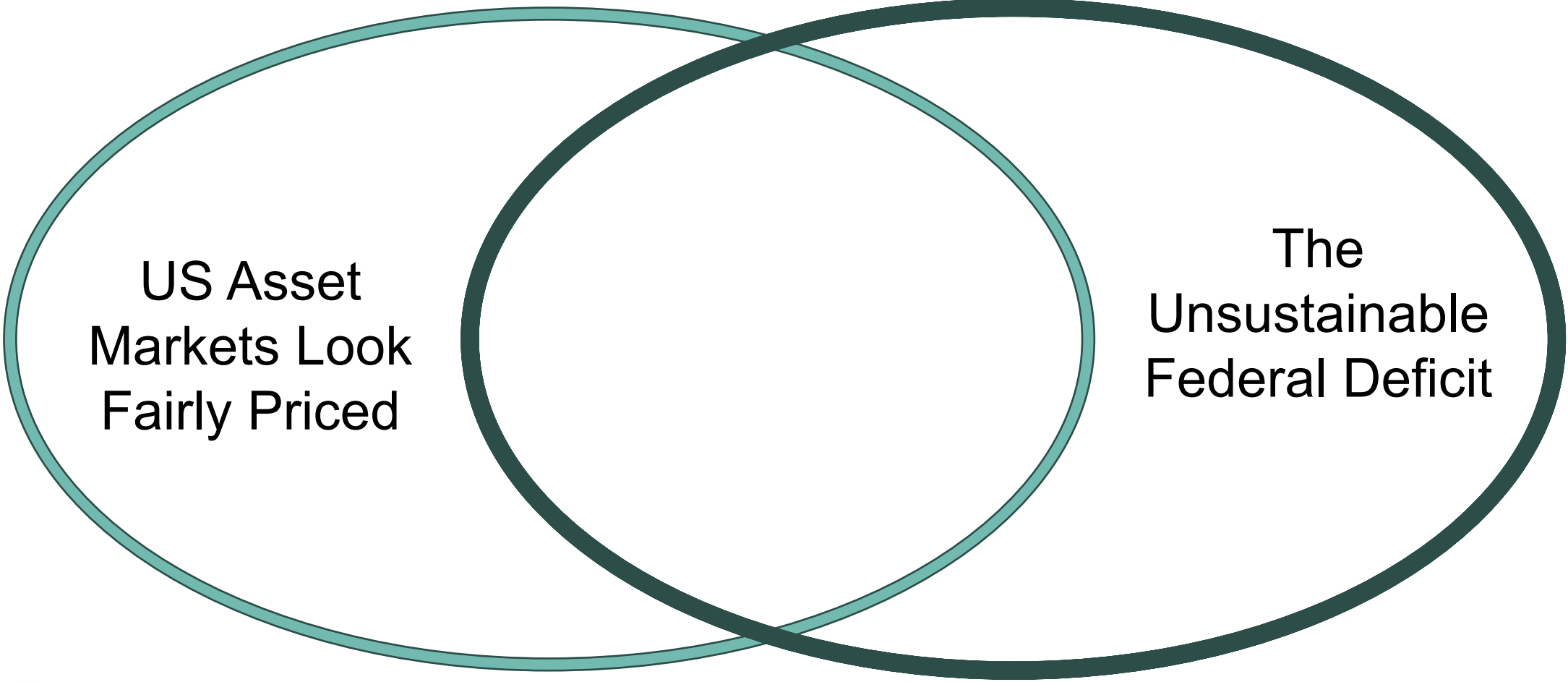
Comments



Beware the Narrative

Social Narratives

Economic Reality



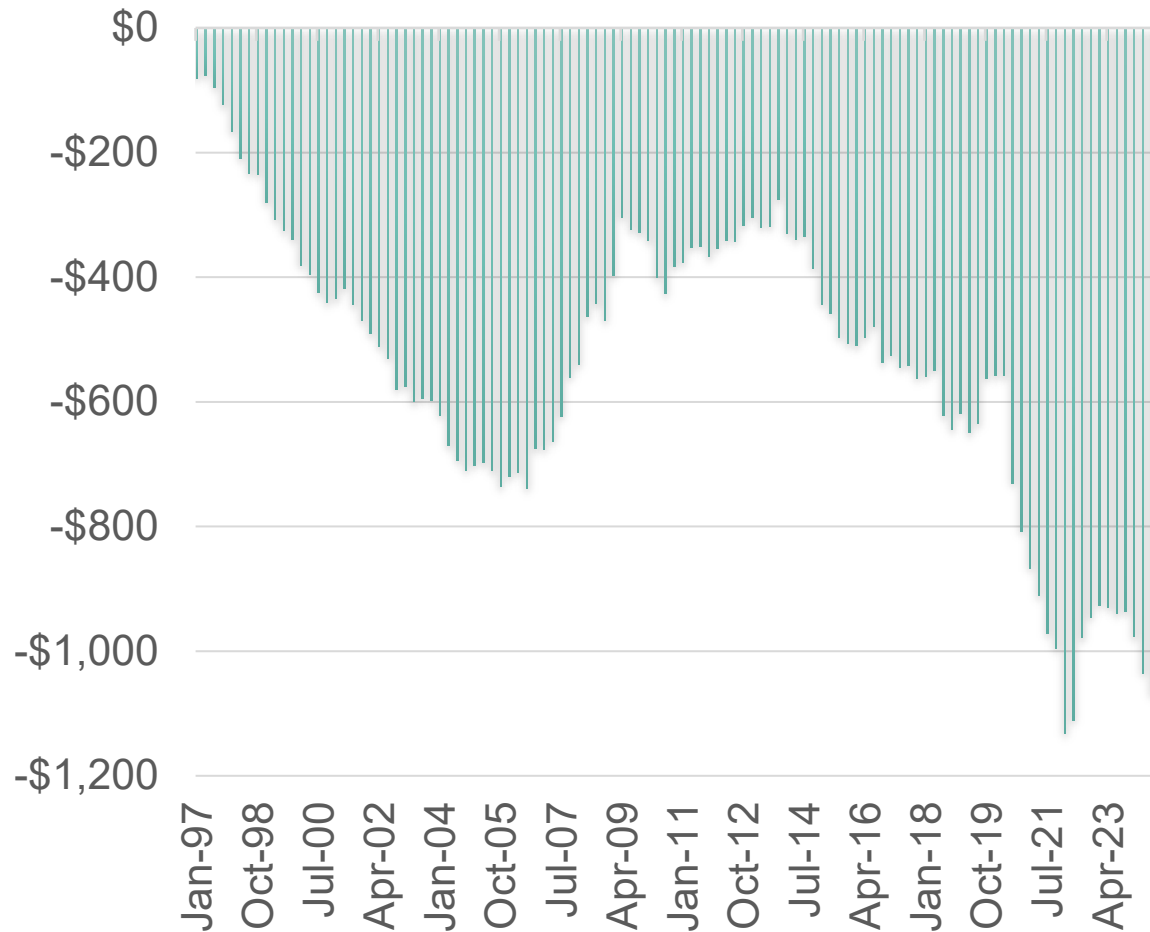
US Asset
Markets Look
Fairly Priced

The
Unsustainable
Federal Deficit

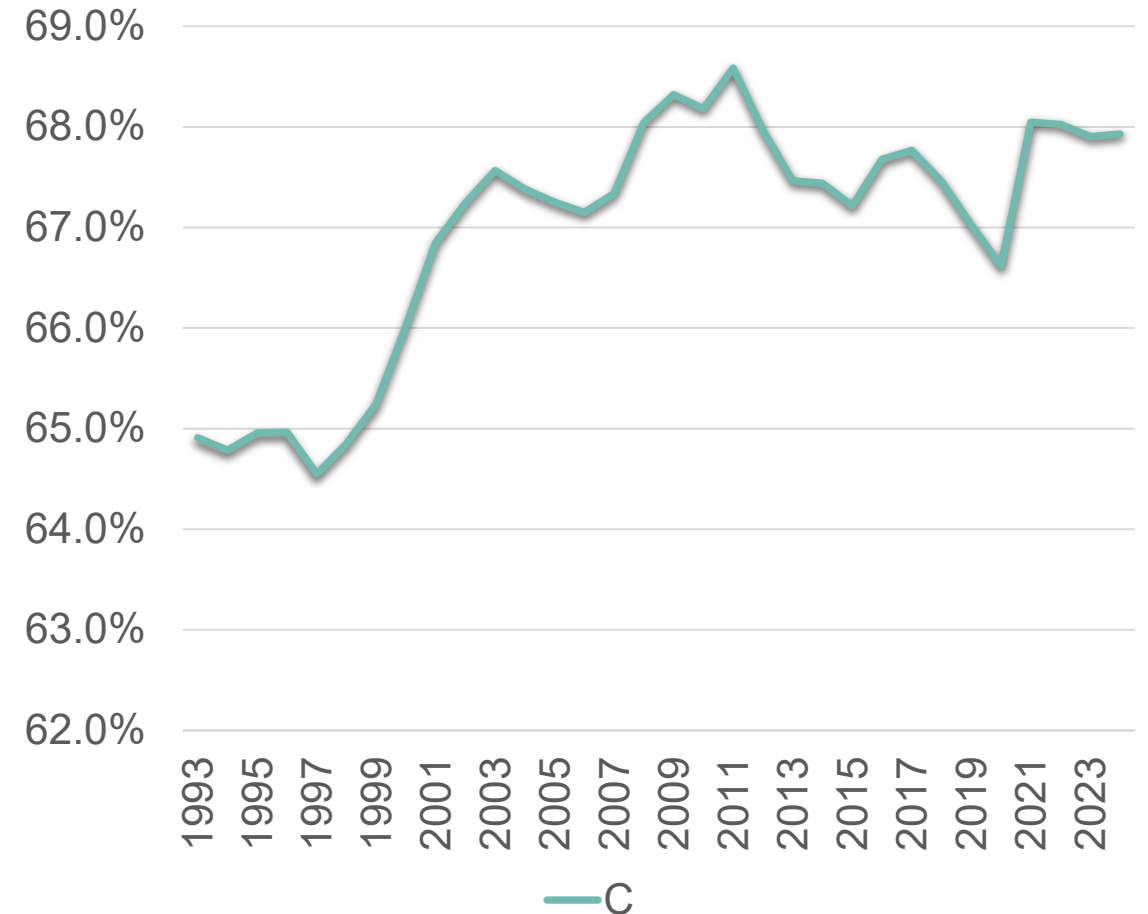


An Over-Consumption Problem...

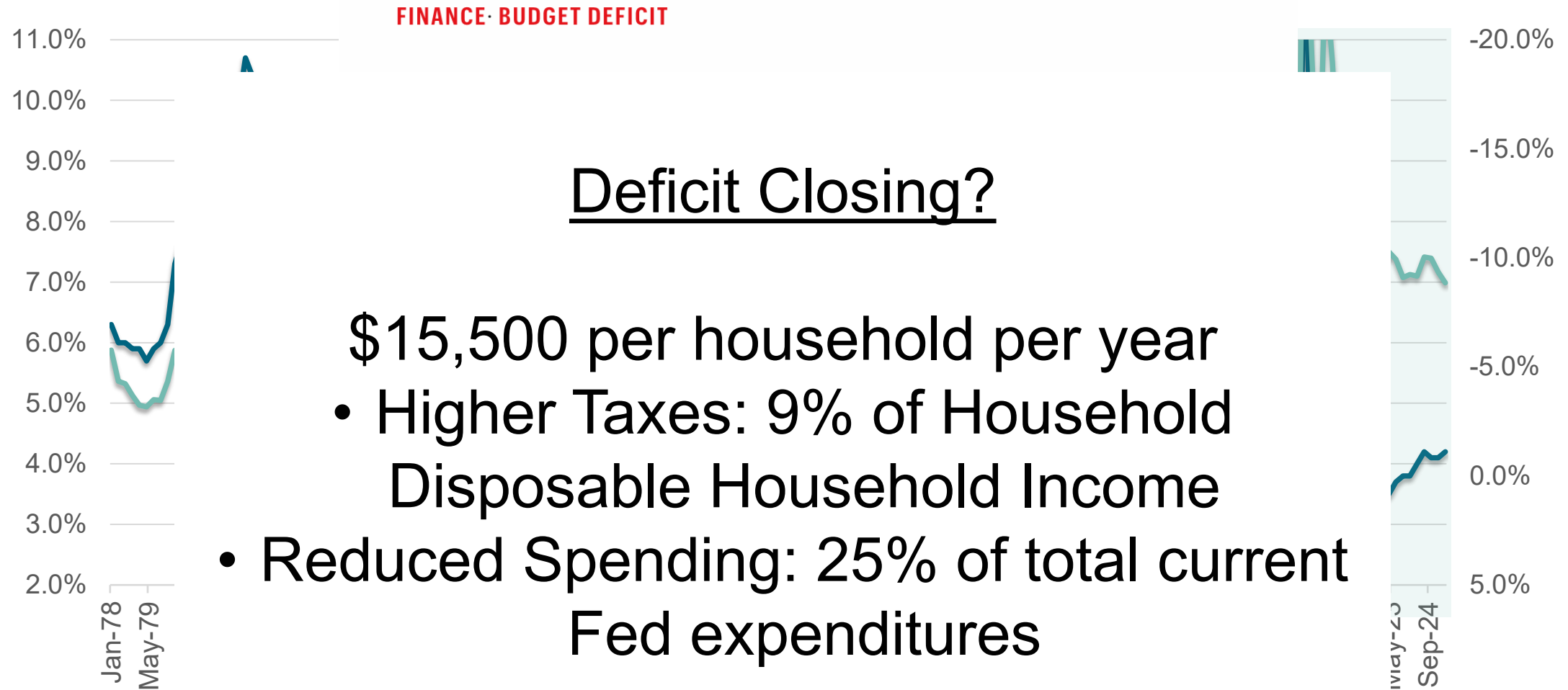
US Trade Deficit (\$Bil, Real)



Consumer Spending % GDP



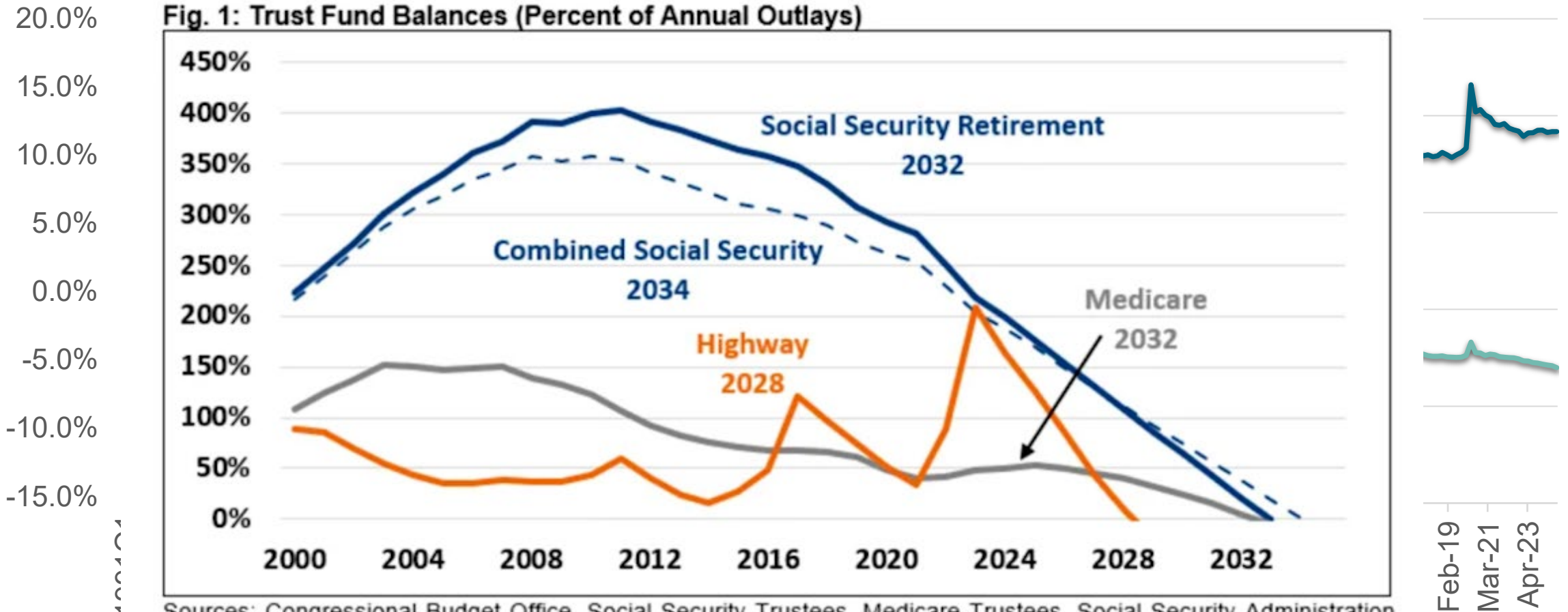
Keynesianism Breaks Down...



The Wealth / Income Mirage

Household Savings as % of DPI

Household Debt as % of GDP



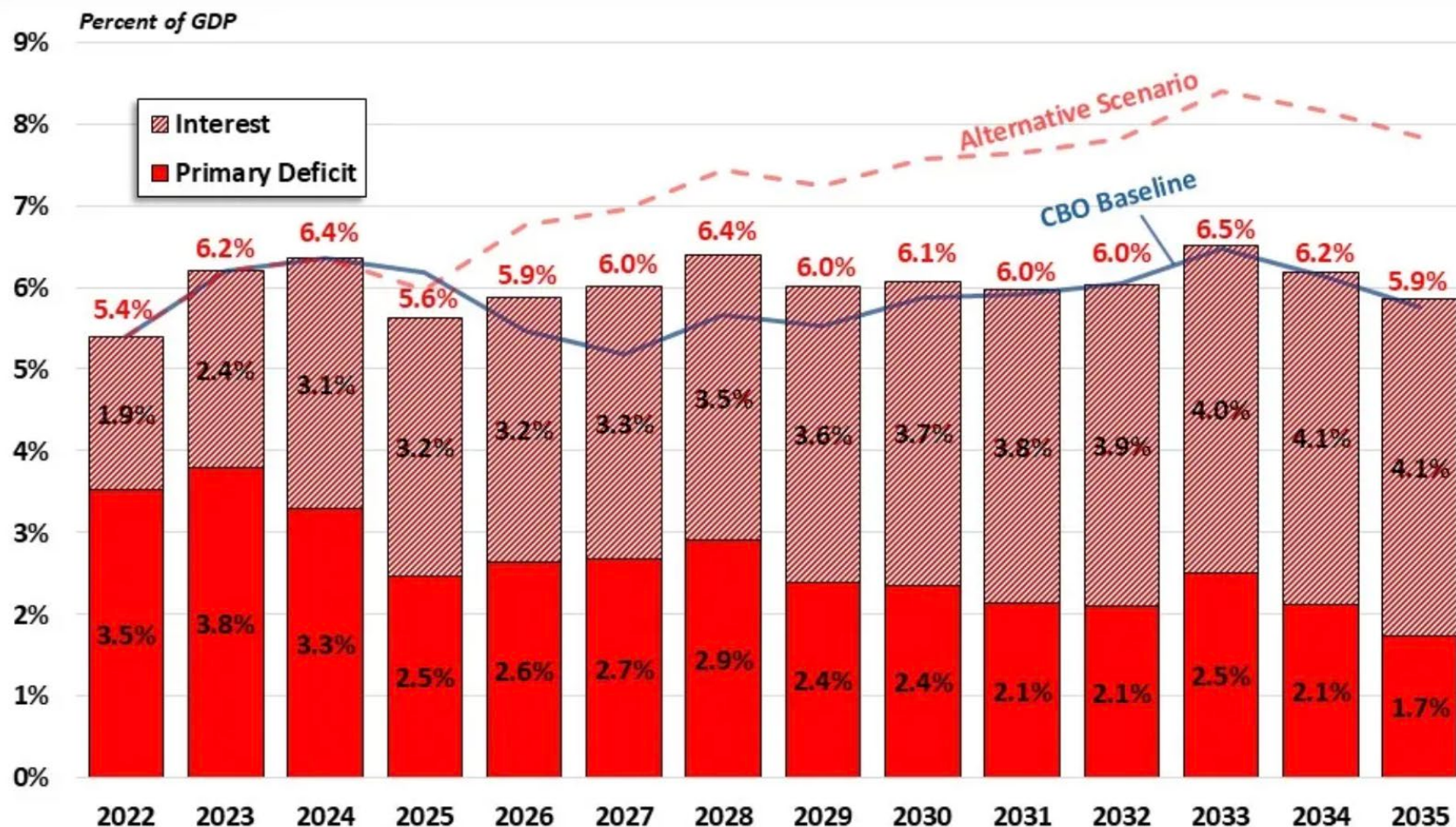
Sources: Congressional Budget Office, Social Security Trustees, Medicare Trustees, Social Security Administration Office of the Chief Actuary, Committee for a Responsible Federal Budget.

— Household Savings Rate

— Household Liabilities + Federal Debt



Deficits Total 6.1 Percent of GDP Over Next Decade

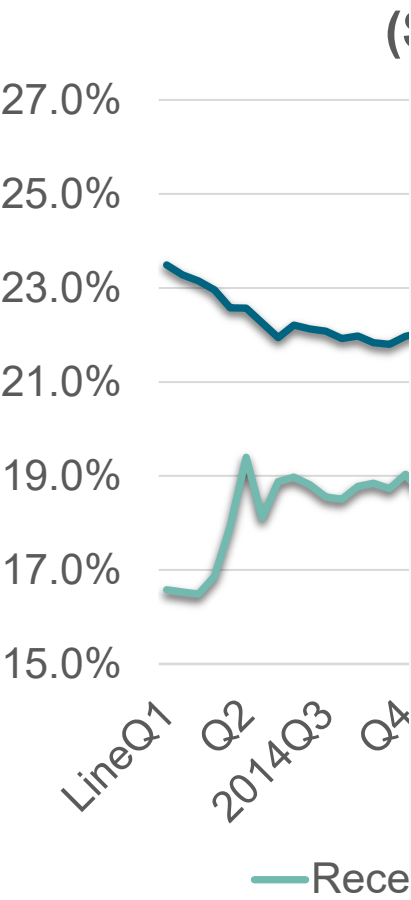


Source: CRFB estimates based on data from CBO, U.S. Census Bureau, and Centers for Medicare & Medicaid Services.

Note: Numbers may not sum due to rounding.

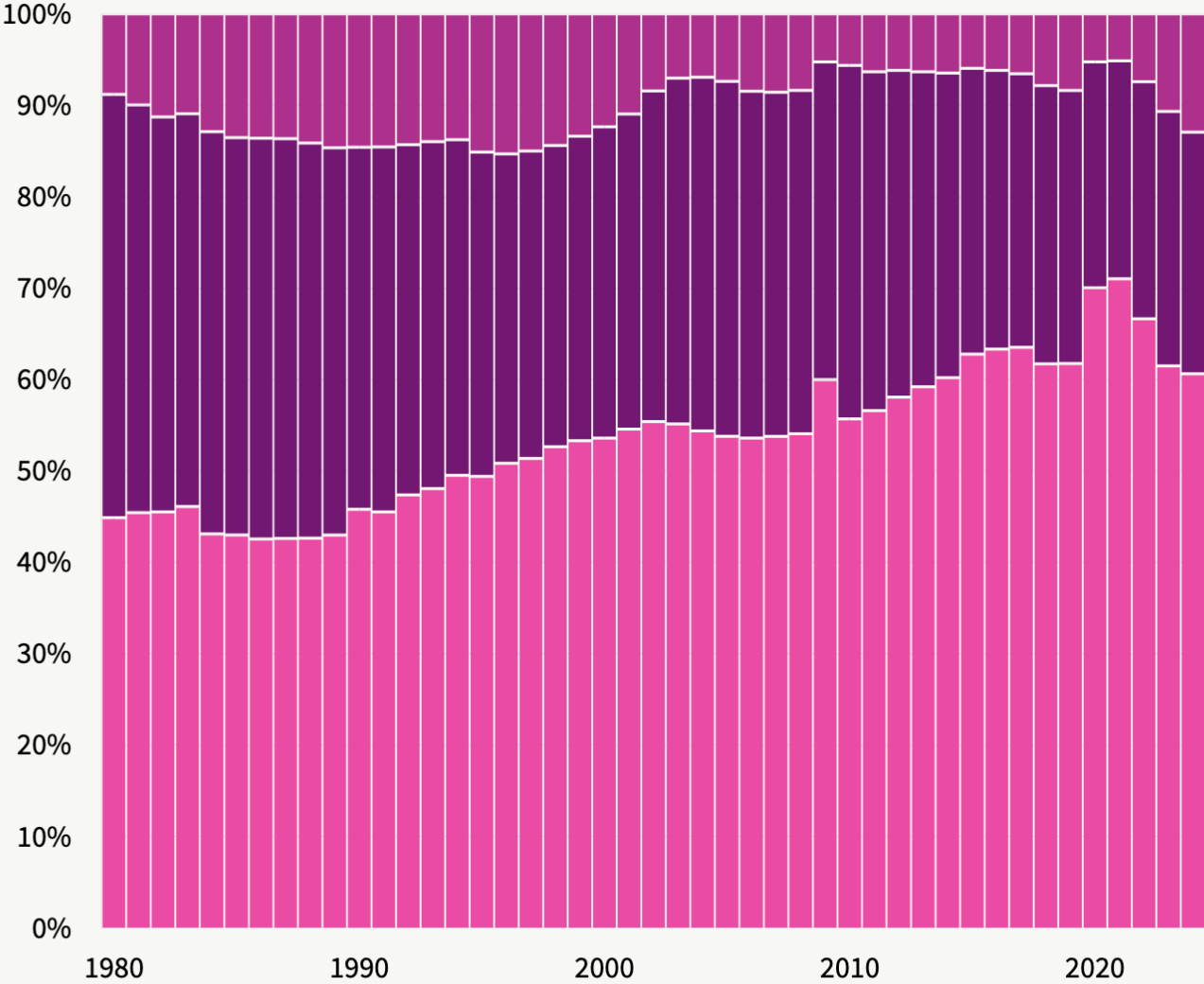


Federal Spending



Federal government spending by type

● Mandatory ● Discretionary ● Net interest



by Share

2019Q3	2025Q3
22.9%	20.0%
49.5%	48.7%
13.8%	13.9%
12.1%	15.8%
-24.4%	-25.8%
	Share
	22%
	14%
	13%
	13%
1S	11%
	18%
	5%
	4%

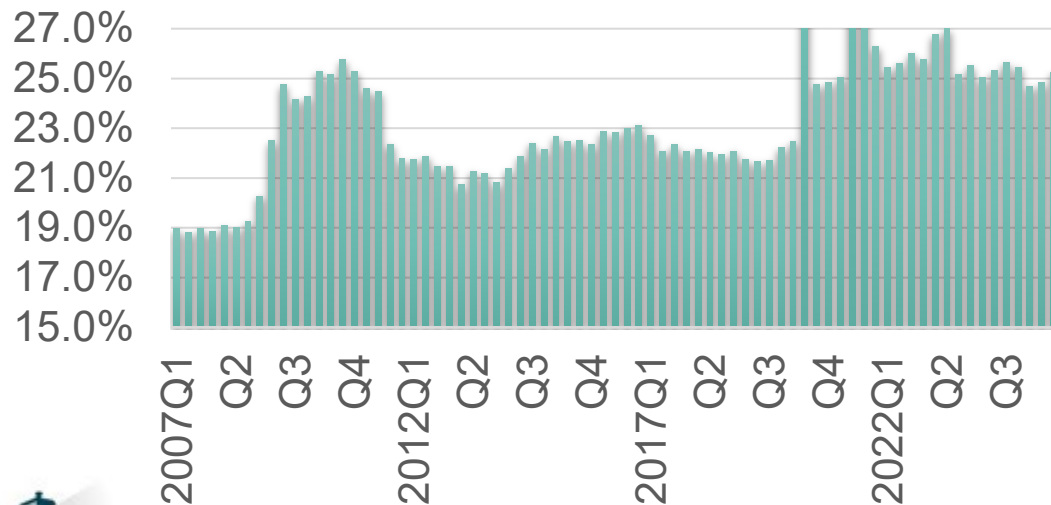


Local Exposure

Share of total Revenues coming from:

	Fed Transfers to State	Fed Transfers to Local	State Transfers to Local
US	24.8%	5.8%	26.0%
CA	17.3%	6.2%	29.0%

Fed Transfers to State and Local as Share of Total Revenues



Share of total Revenues coming from:

	State Gov US Average	Local Gov US Average	CA State Gov	CO Local Giv
Raised revenues	62.6%	62.4%	71.6%	54.2%
Property	0.8%	29.9%	0.8%	22.1%
General sales	13.7%	5.3%	10.2%	4.9%
Selective sales	6.7%	1.7%	4.7%	1.5%
Individual income	18.7%	2.0%	35.6%	0.0%
Corporate income	3.3%	0.5%	6.4%	0.0%
Motor vehicle	1.1%	0.1%	1.3%	0.0%
Other taxes	2.6%	1.8%	1.5%	2.8%
Charges and mis	15.7%	21.2%	11.1%	22.9%



The California Budget

HH Net Worth and Growth

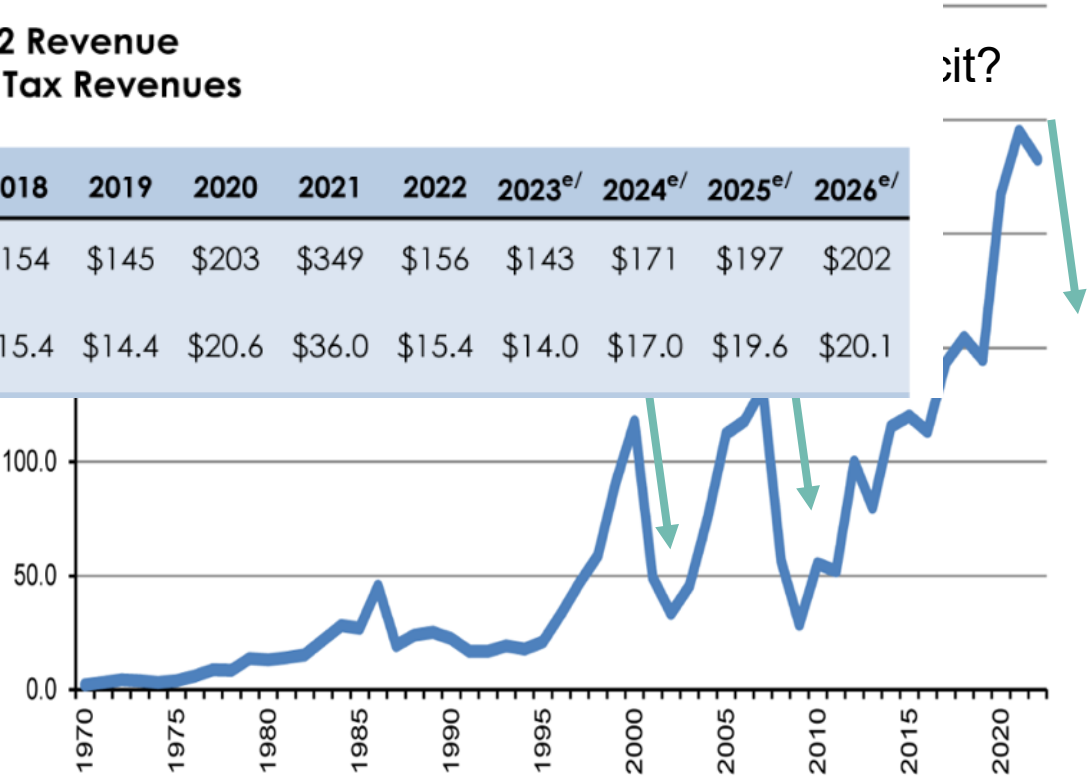
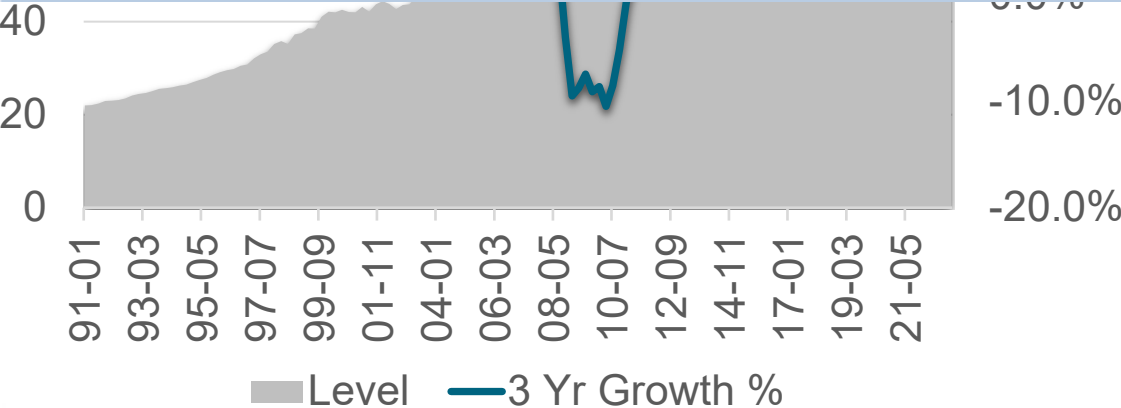


CA CG Income Tax Revenues
(LAO Estimate)

Capital Gains Realizations
(Dollars in Billions)

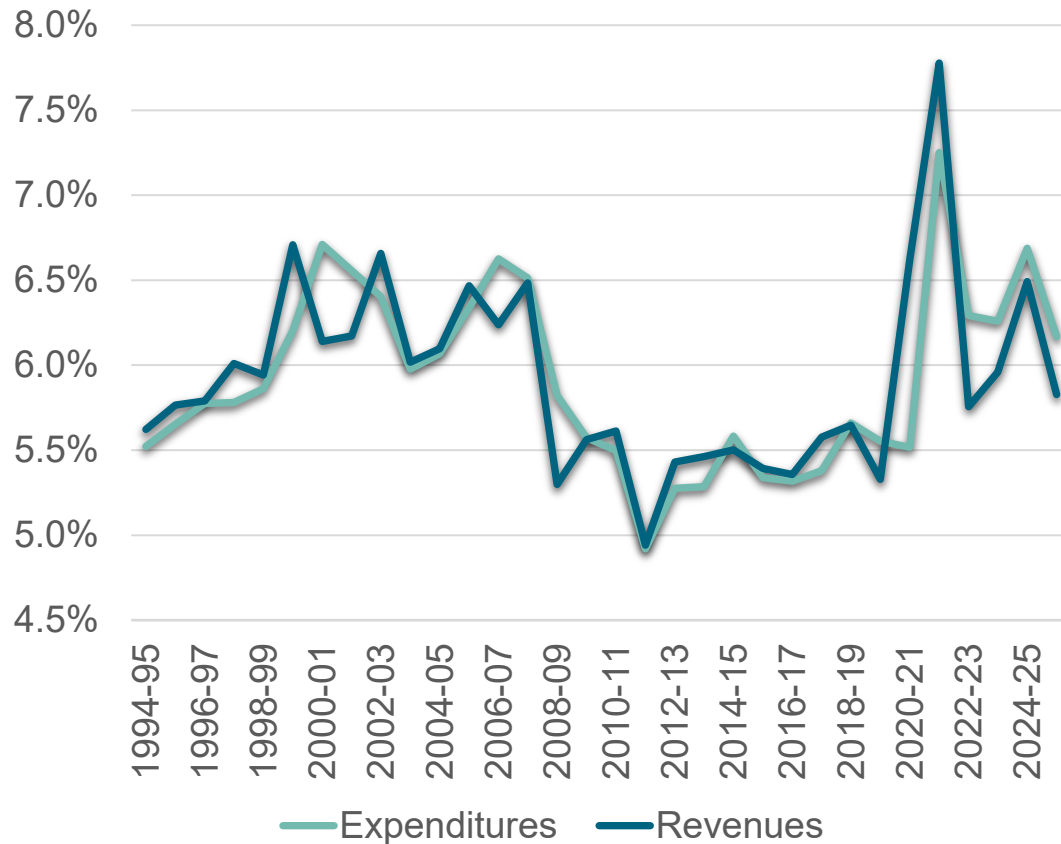
Capital Gains Proposition 2 Revenue
As a Percent of General Fund Tax Revenues
(Dollars in Billions)

Calendar Year	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 ^{e/}	2024 ^{e/}	2025 ^{e/}	2026 ^{e/}
Capital Gains Realizations	\$55	\$52	\$100	\$80	\$115	\$120	\$113	\$144	\$154	\$145	\$203	\$349	\$156	\$143	\$171	\$197	\$202
Prop 2 Revenue from Capital Gains	\$4.7	\$4.2	\$10.4	\$7.6	\$11.3	\$11.8	\$11.5	\$14.1	\$15.4	\$14.4	\$20.6	\$36.0	\$15.4	\$14.0	\$17.0	\$19.6	\$20.1



The State Budget

California State Expenditures and Revenues as % State Personal Income



State Budget Spending (\$Billions)

	2018-19	2025-26		
Grand Total	\$140	\$228	63%	\$88
Health and Human Services	\$35	\$87	148%	\$52
K-12 Education	\$58	\$80	39%	\$23
Higher Education	\$16	\$23	40%	\$6
Legislative, Judicial, and Executive	\$5	\$9	86%	\$4
General Government	\$3	\$6	146%	\$4
Corrections and Rehabilitation	\$12	\$13	8%	\$1
Natural Resources	\$3	\$4	27%	\$1
Labor and Workforce Development	\$0	\$1	648%	\$1
Transportation	\$0	\$1	240%	\$1
Business, Consumer, and Housing	\$0	\$1	112%	\$0
Environmental Protection	\$2	\$0	-94%	-\$2
Government Operations	\$5	\$3	-49%	-\$3



Who is Paying the Bills?

Financial Inflows - Financial Outflows
as % GDP (4 Quarter MA)



Real Value \$US (Index)



The Recent Reactions to Turbulence

S&P 500 Daily Close

10 Year Treasury Rate

Dollar Index

6500
6000
5500
5000
4500
4000
3500
3000
2500
2000

Jan-22
Jul-22
Jan-23
Jul-23
Jan-24
Jul-24
Jan-25

0.0

Jan-22
Jul-22
Jan-23
Jul-23
Jan-24
Jul-24
Jan-25

110

Jan-22
Jul-22
Jan-23
Jul-23
Jan-24
Jul-24
Jan-25



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MARKETS

‘This is sell America’ – U.S. dollar, Treasury prices tumble and gold spikes as globe flees U.S. assets

PUBLISHED TUE, JAN 20 2026 • 8:49 AM EST | UPDATED 21 MIN AGO



Alex Harring
@ALEX_HARRING

SHARE



How does it break?

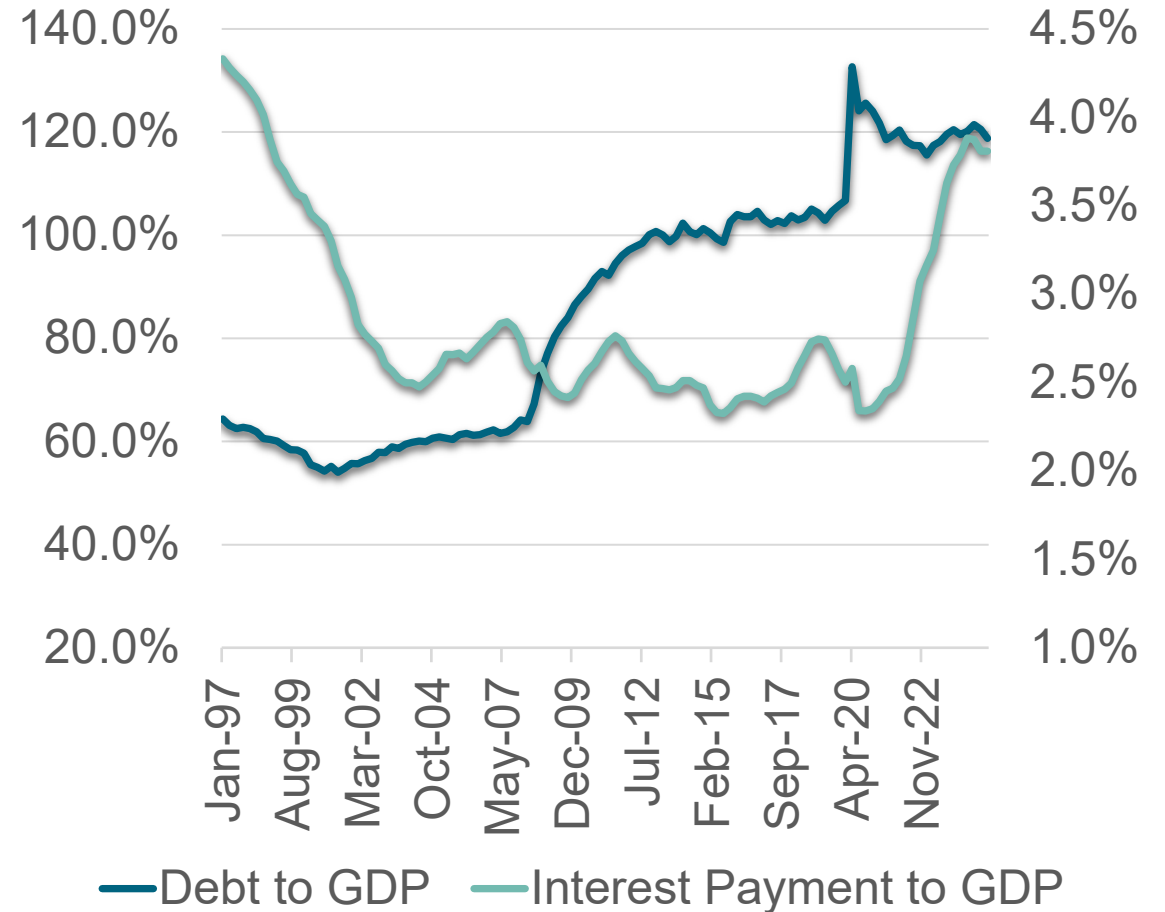
Rates Rise

- Decline in equity markets spurs retraction of foreign capital
- Resultant impact causes deficit to increase just through interest payments—the public debt death spiral
- Fed impact: negligible

What then?

- Increase taxes / Cut spending popping household financial strength
- Cascades through state and local governments
- Federal Reserve rides to the “rescue” with more QE and inflation?

Debt and Interest Payment



Revenue Forecast

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Assessed Value (\$ Mil)	278,835.7	290,661.0	302,263.8	314,565.0	328,442.5
Growth (%)	4.6	4.2	4.0	4.1	4.4
Property Tax (\$ Mil)	542.3	562.5	585.5	608.9	633.5
Growth (%)	3.6	3.7	4.1	4.0	4.0
Taxable Sales (\$ Thous)	21,896,876.0	21,732,397.0	21,992,818.0	22,349,436.0	22,574,098.0
Growth (%)	-2.0	-0.8	1.2	1.6	1.0
Sales and Use Tax	19,818,633.6	20,056,457.2	20,490,075.5	21,072,023.5	21,568,826.2
Growth (%)	-14.9	1.2	2.2	2.8	2.4
Measure X	120,233,056.0	120,257,102.6	122,857,047.5	126,346,366.3	129,325,160.2
Growth (%)	-0.9	0.0	2.2	2.8	2.4



Growing Risks

Economic Trends: Picking Up

- Drags: reduced labor supply, political and economic uncertainty



It's easier **to fool** people
than to convince them
that they **have been fooled.**

– Mark Twain

The AI revolution?

- Transformative technologies and financial bubbles go hand-in-hand
- Big question—will AI have a bigger impact on the economy or the narrative?

For a copy of slides,
please use the QR Code



Or contact:
Kristen@beaconecon.com

Get In Touch With Us:

Kristen@beaconecon.com
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