

No double-Dip recession

November 4 2011

A new forecast focused on the U.S., California, and the Riverside/San Bernardino region says the economy is not headed for another downturn, and that nationwide, growth will begin to accelerate in late 2011 and 2012.

The forecast, authored by Beacon Economics and released in partnership with the University of California at Riverside's School of [Business Administration](#), expects the national and state economies to pick up speed faster than the hard-hit Riverside/San Bernardino region, but says the inland area is showing increased signs of stability. Year-over-year, the local labor market has grown slightly - up by 1 percent since this time last year* - and employment is expected continue to climb steadily over the next five years, according to the analysis.

"The data simply does not support these hyped-up proclamations that we are headed for a double-dip recession," says Beacon Economics' founding partner and one of the forecast's lead authors Christopher Thornberg. "Digging out from the 'Great Recession' was never going to be easy, the economy is still way behind where it should be at this stage in the business cycle, but the recovery is underway, nationally and in Inland Southern California."

According to the forecast, there are important and promising indicators emerging in the Riverside/San Bernardino region, including consumers who are beginning to spend again. While taxable sales are still well below their 2007 peak, they have begun a healthy rebound, rising by 16.1 percent since hitting their low point in the second quarter of 2009 -

a trend that is expected to continue, says the analysis.

Yunzeng Wang, interim dean of the School of Business Administration says that the region is destined to return to the growth path it was on prior to the downturn.

"The significant traditional advantages Inland Southern California offers such as affordable housing, coupled with exciting new initiatives to expand our employment base into areas such as high tech will again make us one of California's fastest-growing regions," said Wang.

This is the second year the School of Business Administration, the only research-based business school in Inland Southern California, has partnered with Beacon Economics to release an economic forecast.

Key U.S., California, and Riverside/San Bernardino findings from the forecast include:

- **Riverside/San Bernardino Counties:** Total incomes in the region have risen recently, surpassing the pre-recession peak and contributing to growth in consumer spending. Job growth in the coastal regions is contributing to the boost in inland incomes and this 'spill-over' effect is expected to accelerate in the future. Taken together, these trends have helped to stabilize the economy and will play large roles in fostering a recovery.
- **Riverside/San Bernardino Counties:** Discouraging trends in housing prices, sales, and permits have begun to stabilize, and there will be moderate increases from the fourth quarter of 2011 to 2016.
- **California:** The state has added back more than 225,000 jobs since hitting bottom in 2010; this is a small number relative to total job losses, but a far cry from continued decline.
- **California:** One of the most serious problems facing the state

economy is a growing skills mismatch in the labor market. There is a dichotomy between the skill sets of workers in sectors that were pummeled by the [downturn](#) and the skill sets required by sectors that are leading California in its recovery.

- United States: Growth will continue to be led by exports, growth in business investment, and modest consumer spending. By next year, the residential sector and local government spending will add to underlying growth.
- United States: Housing prices have stabilized and home construction should gain a limited amount of speed by the end of 2012.

More information: www.beaconecon.com/Misc/Pr1.pdf

Provided by University of California, Riverside

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