

Contact:**Marie Vasari Hislop****Monterey Bay Economic Partnership**media@mbep.biz / (831) 224-2132**FOR IMMEDIATE RELEASE****Recap Available: Monterey Bay Economic Partnership's 8th Annual Economic Outlook**

(Marina, CA) - When it comes to the state of the American economy, there's the public perception about the economy, and then there's the data about the economy. Delivering a data-driven economic analysis at MBEP's 8th Annual Economic Outlook on May 20, economist Christopher Thornberg said the gap between the public narrative and the objective analysis of actual data has many Americans believing that the U.S. economy is in far worse shape than it actually is... But ultimately, the biggest driver to economic well-being has to be housing, and particularly so here in the Monterey Bay region, said Thornberg, founding partner of Beacon Economics and director of the UC Riverside School of Business Center for Economic Forecasting and Development, who titled his presentation "The Post-Covid New World Order: The Short and Long of It...What Does It Mean for Monterey Bay?" **Watch the video [here](#) or access slides [here](#).**

What's slowing the economy comes down to supply shock, says Thornberg: As a service-producing nation, we haven't been able to keep pace with the huge increase in demand for those goods.

That's not to say there aren't real issues of concern: Wealth inequality has been growing dramatically in this country, says Thornberg, and the most worrisome stressors to the economy stem from Washington, D. C. rather than the pandemic itself, in the form of an overstimulated economy, the risk of enormous government deficit and rising inflation.

Local economic development will by necessity shift from focusing on "jobs, jobs, jobs," says Thornberg, to "workers, workers, workers." This is particularly true in the Monterey Bay region, where the primary industries were already struggling with workforce issues. Technology and investments in workforce training can help employers meet some of that demand, as can addressing policies and structures that can keep parents, particularly women, and seniors in the workforce.

Housing is the Achilles heel of the Monterey Bay region, an area with so much demand for its quality of life and natural beauty, and that demand will likely continue to climb as an increasing number of office jobs — by some estimates as much as 30% — shift permanently to work-from-home, opening up opportunities for people willing to face once-a-week commutes to the even-pricer Bay area and San Jose markets. Retirees don't want to leave such a beautiful place, employers can't meet their workforce needs, and all of it comes back down to housing, says Thornberg. The solution for a region with so many competing demands lies in embracing multifamily housing so as to meet the region's massive housing shortfall.

"And for local policymakers who want to see the Central Coast continue to thrive? It's all in that multifamily space," says Thornberg. "Build it and your economy can thrive."

President and CEO Tahra Goraya said, "We appreciate Dr. Thornberg's presentation of the data which illustrated and further confirmed what MBEP has long known, which is that housing production of all kinds across all income levels is critical to the economic success of the region. Regardless of one's political persuasion, until all of us — including policymakers and employers — focus on the needs of the workers, basic needs like safe, fair, affordable and equitable housing, we will be unable to meet the demands of our various industry sectors desperate for labor. It is our reality in the Monterey Bay region and we need to be creative, thoughtful and intentional about housing."

Key Data Points:

- From 2019-2021, the two-year growth in aggregate household net worth in the United States rose 28.3%, a growth spurt that Thornberg describes as the largest expansion of household net worth since the lead-up to the Great Recession.
- The median net worth of the bottom 50% of households in the U.S. has seen larger growth than the top half of households. "We're clearly moving in the right direction," says Thornberg, "which again, is probably a surprise to you who are saying that you thought the economy wasn't in recovery."
- The financial obligations ratio of Americans — the percent of household income spent on current debt obligations, credit cards, and mortgages— is at 14%, what Thornberg describes as historically low. "We're not drowning in debt. Quite the opposite," he says. "This doesn't sound like an economy in rough shape."
- The job openings rate as of March was just over 7%, substantially higher than the nation's 3.6% unemployment rate, which means that workers are in the driver's seat — so much so that some new hires are even "ghosting" employers on their first day of work.
- Consumer spending took a hit in the early days of the pandemic but substantially recovered by mid-2021, says Thornberg. But spending patterns shifted substantially: Instead of traveling, dining out and spending on services, consumers bought stuff, from bicycles and home decor to sofas and lawn chairs, and it was a lot of stuff. For one six-month period, spending on durable goods was 25% above normal, he says.

MBEP's 8th Annual Regional Economic Outlook also featured the presentation of Monterey Bay Economic Partnership's 2022 Public-Private Partnership Award, which recognizes the public-private partnerships that help our region grow and thrive. MBEP Board Chair Cynthia Larive and MBEP President and CEO Tahra Goraya presented this year's Public-Private Partnership Award to [Joby Aviation](#), the [City of Marina](#), and the [County of Monterey](#) for a three-way partnership that has benefited the region in a number of ways and has tremendous potential for greater economic impact in the future. "The collaboration between the City of Marina, the County of Monterey and Joby Aviation is a wonderful example of what is possible when the public and private sectors work together," said MBEP Board Chair and UC Santa Cruz Chancellor Cynthia Larive. **Watch MBEP's 2022 Public-Private Partnership Award Presentation video [here](#).**