Outline

• Demographics and the resulting economic impacts
• High housing casts and the resulting economic impacts
• Income inequality
• Regional differences
Demographics and the resulting economic impacts
“Unless demographic and economic trends change dramatically, home prices will remain high in Coastal California”
What are these trends?

- Aging Baby Boomers
- Wealth Accumulation
- Information Based Economy
- Communications
What are the impacts?

- Increased effective housing demand for Coastal California communities
- Higher housing costs for Coastal California communities
- Changing demographics for Coastal California communities
High housing casts and the resulting economic impacts
<table>
<thead>
<tr>
<th>Area</th>
<th>Median Home Price</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Barbara County</td>
<td>$391,500</td>
<td>15.7%</td>
</tr>
<tr>
<td>South Coast</td>
<td>$749,000</td>
<td>11.3%</td>
</tr>
<tr>
<td>Montecito</td>
<td>$1,675,000</td>
<td>2.2%</td>
</tr>
<tr>
<td>S.B. East of State</td>
<td>$795,000</td>
<td>7.6%</td>
</tr>
<tr>
<td>S.B. West of State</td>
<td>$675,000</td>
<td>9.5%</td>
</tr>
<tr>
<td>Goleta North of 101</td>
<td>$648,900</td>
<td>15.0%</td>
</tr>
<tr>
<td>Goleta South of 101</td>
<td>$599,000</td>
<td>22.6%</td>
</tr>
<tr>
<td>North County</td>
<td>$237,700</td>
<td>24.4%</td>
</tr>
</tbody>
</table>
Some Median Condo Prices
Average for 2002

- S.B. East of State: $555,700, 40.4% growth
- S.B. West of State: $412,700, 15.3% growth
- Goleta North of 101: $374,400, 21.3% growth
- Goleta South of 101: $337,400, 10.3% growth
Are home prices a crisis?
“Home prices are the market’s response to powerful economic and demographic forces”
Impacts of high housing costs:
Job Impacts

- Increasing wage demands
- Increased commuting
- Loss of tradable-goods producers
- Increased service sector
<table>
<thead>
<tr>
<th>County</th>
<th>Number of Workers</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Santa Barbara County</td>
<td>168,864</td>
<td>89.39%</td>
</tr>
<tr>
<td>Ventura County</td>
<td>9,009</td>
<td>4.77%</td>
</tr>
<tr>
<td>San Luis Obispo</td>
<td>7,480</td>
<td>3.96%</td>
</tr>
</tbody>
</table>
Demographic Composition

- Older
- Younger
- Richer
- Poorer
Density

• Decreases
• Increases
Is there anything we can do about this?
Is population growth necessary for economic viability?

- Monterey
- Laguna Beach
Income Inequality
Santa Barbara County Household Income Distribution 2002

Federal Poverty Limit

- Single: $8,860
- Family of Four: $18,140

Percent of Households

- Less than $15,000
- $15,000 - $24,999
- $25,000 - $34,999
- $35,000 - $49,999
- $50,000 - $74,999
- $75,000 - $99,999
- $100,000 - $149,999
- $150,000 - $249,999
- $250,000 - $499,999
- $500,000 and over
Percent of Age Cohort Income Below Poverty Level
1990, 2000 Census

<table>
<thead>
<tr>
<th>Age Cohort</th>
<th>1990</th>
<th>2000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 5 years</td>
<td>18%</td>
<td>18%</td>
</tr>
<tr>
<td>5 years</td>
<td>16%</td>
<td>16%</td>
</tr>
<tr>
<td>6 to 11 years</td>
<td>14%</td>
<td>14%</td>
</tr>
<tr>
<td>12 to 17 years</td>
<td>13%</td>
<td>13%</td>
</tr>
<tr>
<td>18 to 64 years</td>
<td>4%</td>
<td>4%</td>
</tr>
<tr>
<td>65 to 74 years</td>
<td>2%</td>
<td>2%</td>
</tr>
<tr>
<td>75 years and over</td>
<td>1%</td>
<td>1%</td>
</tr>
</tbody>
</table>
The problem is exacerbated in:

- Agriculture
- Tourism
- Retail Sales
- Many Services
UCSB Economic Forecast Project

Santa Barbara City

Female | Male
--- | ---
85+ years | 1000 | 8000
80-84 years | 6000 | 4000
75-79 years | 4000 | 2000
70-74 years | 2000 | 0
65-69 years | 0 | 2000
60-64 years | 2000 | 4000
55-59 years | 4000 | 6000
50-54 years | 6000 | 8000
45-49 years | 8000 | 10000
40-44 years | 10000 | 12000
35-39 years | 12000 | 14000
30-34 years | 14000 | 16000
25-29 years | 16000 | 18000
20-24 years | 18000 | 20000
15-19 years | 20000 | 22000
10-14 years | 22000 | 24000
5-9 years | 24000 | 26000
0-4 years | 26000 | 28000
### Santa Maria Household Income Distribution

<table>
<thead>
<tr>
<th>Income Level</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $15,000</td>
<td>12.2%</td>
</tr>
<tr>
<td>$15,000</td>
<td>13.5%</td>
</tr>
<tr>
<td>$24,999</td>
<td>14.6%</td>
</tr>
<tr>
<td>$25,000</td>
<td>18.2%</td>
</tr>
<tr>
<td>$25,000</td>
<td>20.7%</td>
</tr>
<tr>
<td>$34,999</td>
<td>11.1%</td>
</tr>
<tr>
<td>$35,000</td>
<td>6.7%</td>
</tr>
<tr>
<td>$49,999</td>
<td>1.8%</td>
</tr>
<tr>
<td>$50,000</td>
<td>0.7%</td>
</tr>
<tr>
<td>$74,999</td>
<td>0.3%</td>
</tr>
<tr>
<td>$75,000</td>
<td>1.8%</td>
</tr>
<tr>
<td>$99,999</td>
<td>0.7%</td>
</tr>
<tr>
<td>$149,999</td>
<td>0.3%</td>
</tr>
<tr>
<td>$150,000</td>
<td>1.8%</td>
</tr>
<tr>
<td>$249,999</td>
<td>0.7%</td>
</tr>
<tr>
<td>$250,000</td>
<td>0.3%</td>
</tr>
<tr>
<td>$500,000+</td>
<td>0.3%</td>
</tr>
</tbody>
</table>
Santa Barbara City

Household Income Distribution

<table>
<thead>
<tr>
<th>Income Range</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than $15,000</td>
<td>9.9%</td>
</tr>
<tr>
<td>$15,000-$24,999</td>
<td>10.1%</td>
</tr>
<tr>
<td>$25,000-$34,999</td>
<td>11.5%</td>
</tr>
<tr>
<td>$35,000-$49,999</td>
<td>16.3%</td>
</tr>
<tr>
<td>$50,000-$74,999</td>
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<td>$75,000-$99,999</td>
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<td>11.7%</td>
</tr>
<tr>
<td>$150,000-$499,999</td>
<td>5.6%</td>
</tr>
<tr>
<td>$500,000+</td>
<td>2.0%</td>
</tr>
<tr>
<td>over</td>
<td>0.7%</td>
</tr>
</tbody>
</table>
5-Year Job Growth by Industry
South Coast Santa Barbara County

- Agriculture: -9.8%
- Mining: 158.7%
- Construction: 16.5%
- Durable Manufacturing: -15.4%
- Non-Durable Manufacturing: -35.2%
- Trans., Comm. & Utilities: 33.1%
- Wholesale Trade: -2.9%
- Retail Trade: -23.7%
- Fin., Ins. & Real Estate: 69.9%
- Services: 39.3%
- Government: -3.1%
5-Year Job Growth by Industry
North Santa Barbara County

- Agriculture: 1.7%
- Construction: 35.7%
- Industrial: 46.8%
- Trans., Comm. & Utilities: 26.0%
- Wholesale Trade: 15.0%
- Retail Trade: -13.8%
- Fin., Ins. & Real Estate: 57.5%
- Services: 34.8%
- Government: 45.6%
“North County will drive Santa Barbara County’s economic growth for the foreseeable future”
Thank you.

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