



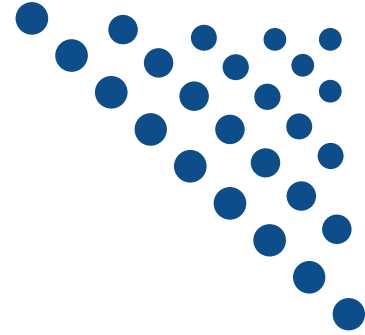
U.S. Economic Update

Marin County Office of Education Property Tax Forum

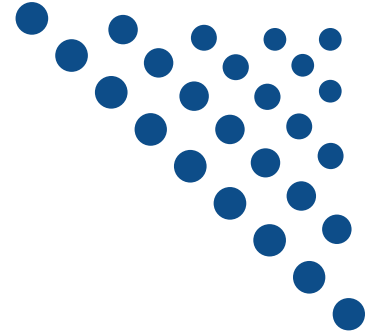
May 5, 2026
Jon Haveman, Ph.D.
Executive Director, NEED



Outline



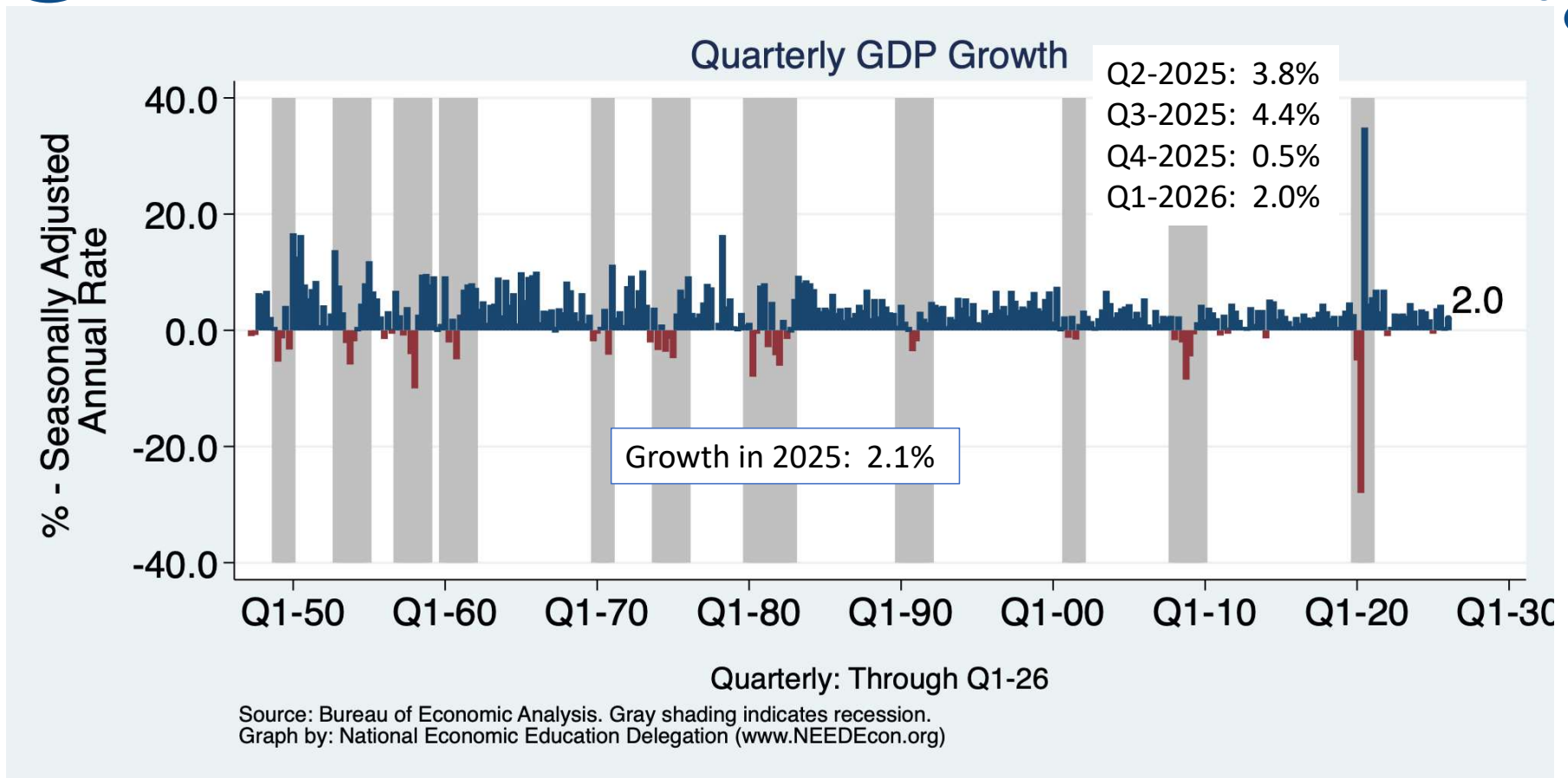
- **Economic Indicators**
- **A Little Real Estate**
- **Big Picture: Uncertainty**
- **Summary**



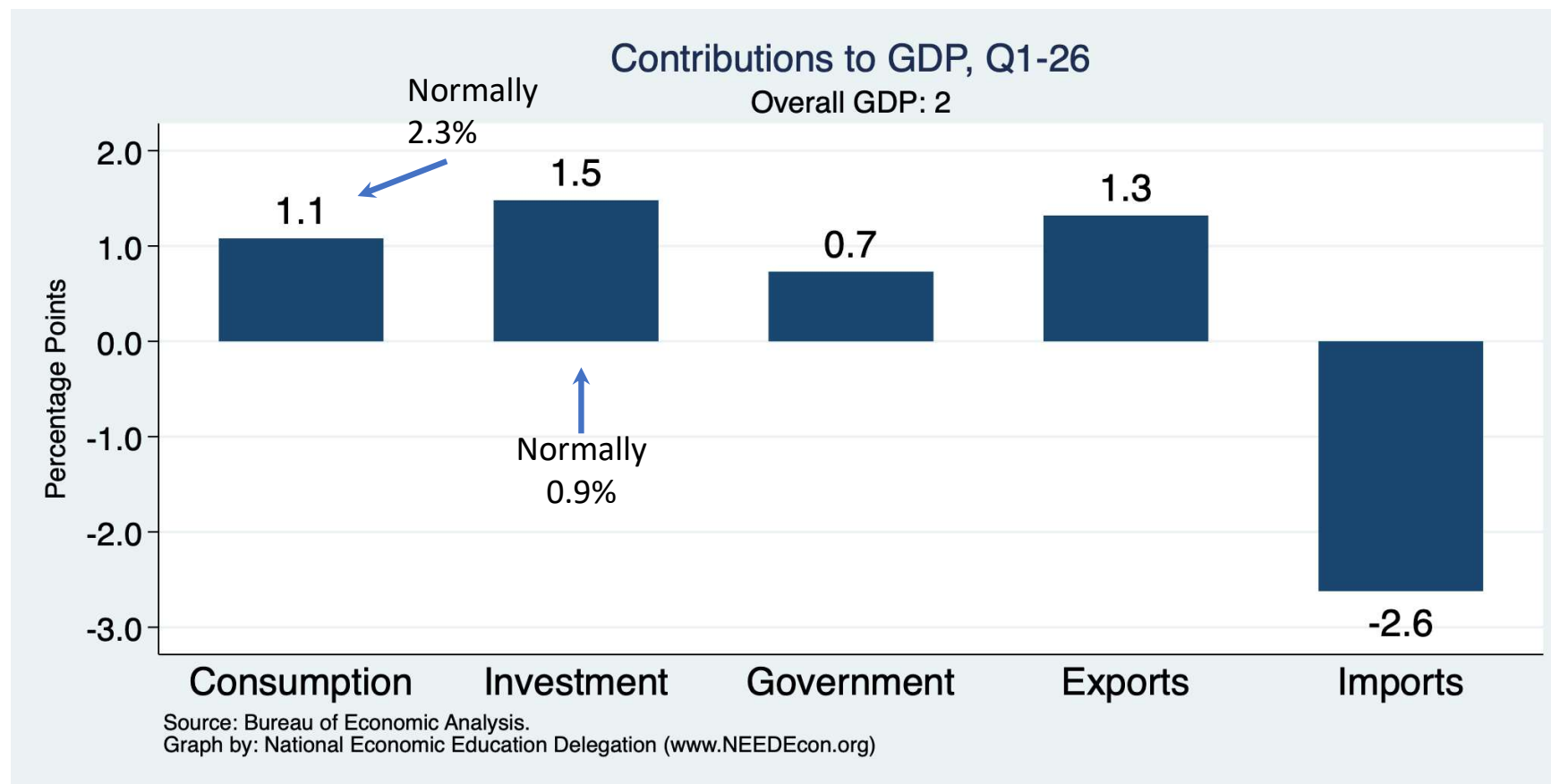
Economic Indicators



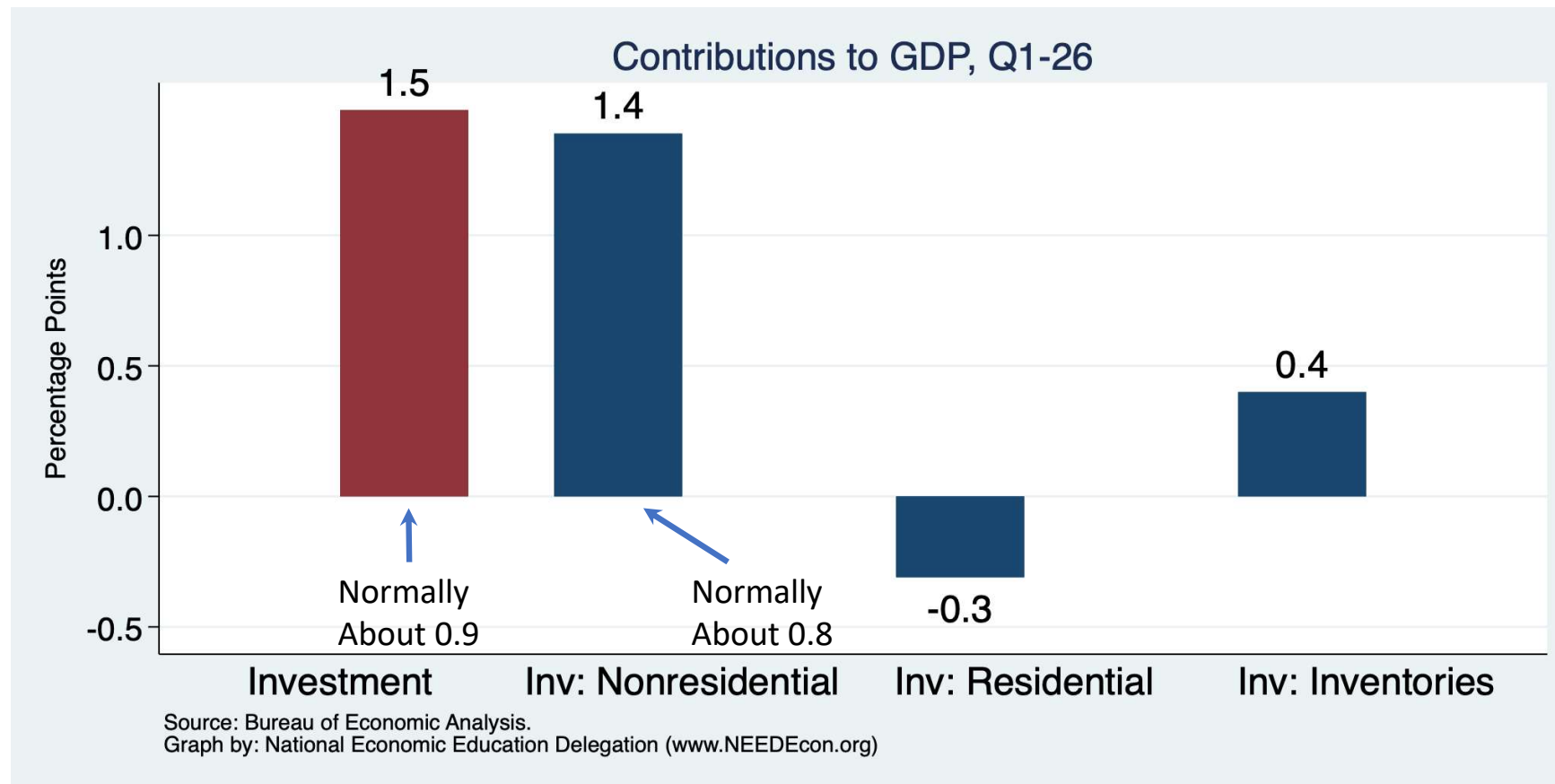
GDP: Quarterly Growth



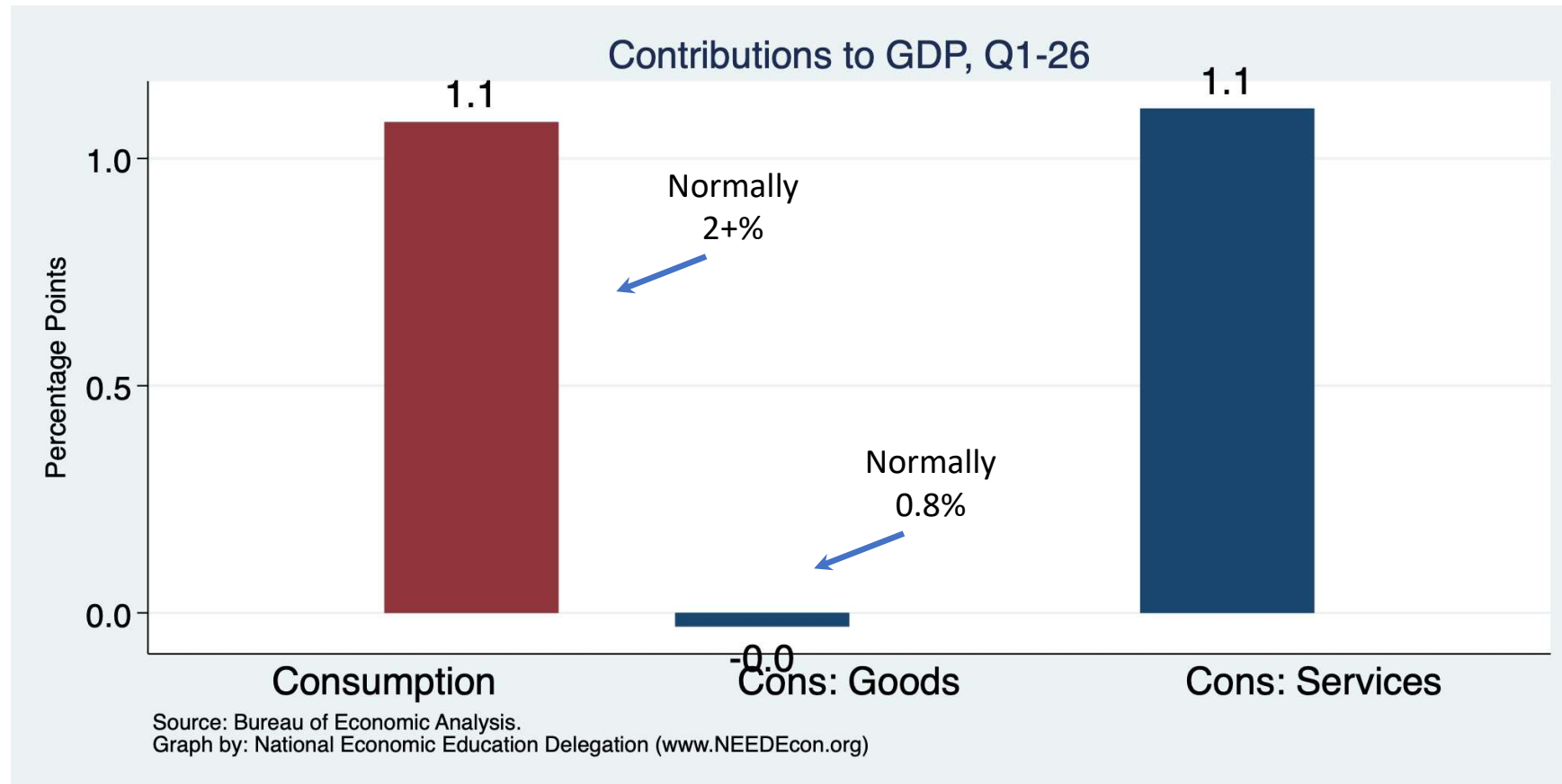
What Drove GDP to Such Growth?



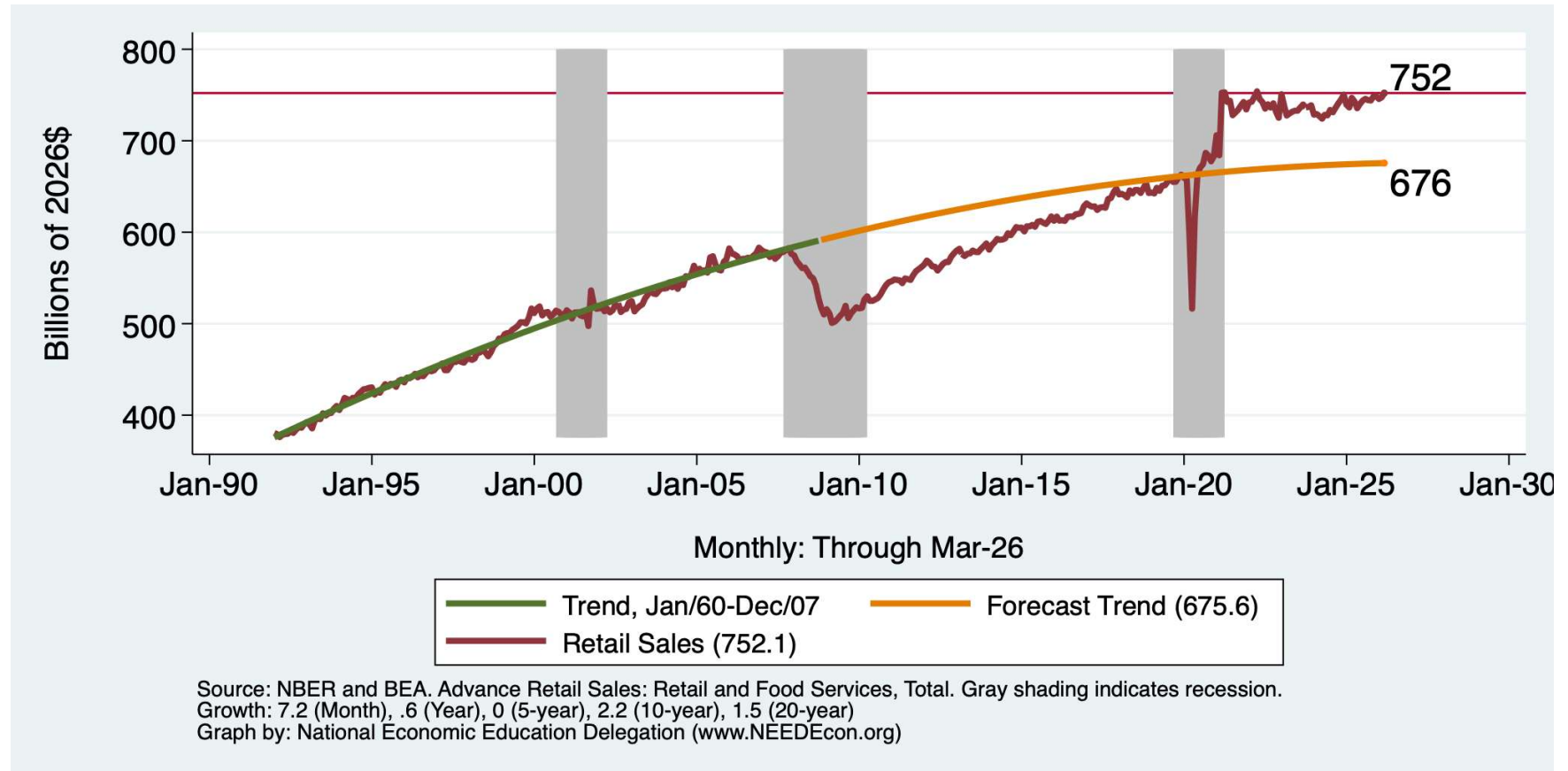
Investment Levels Are Low



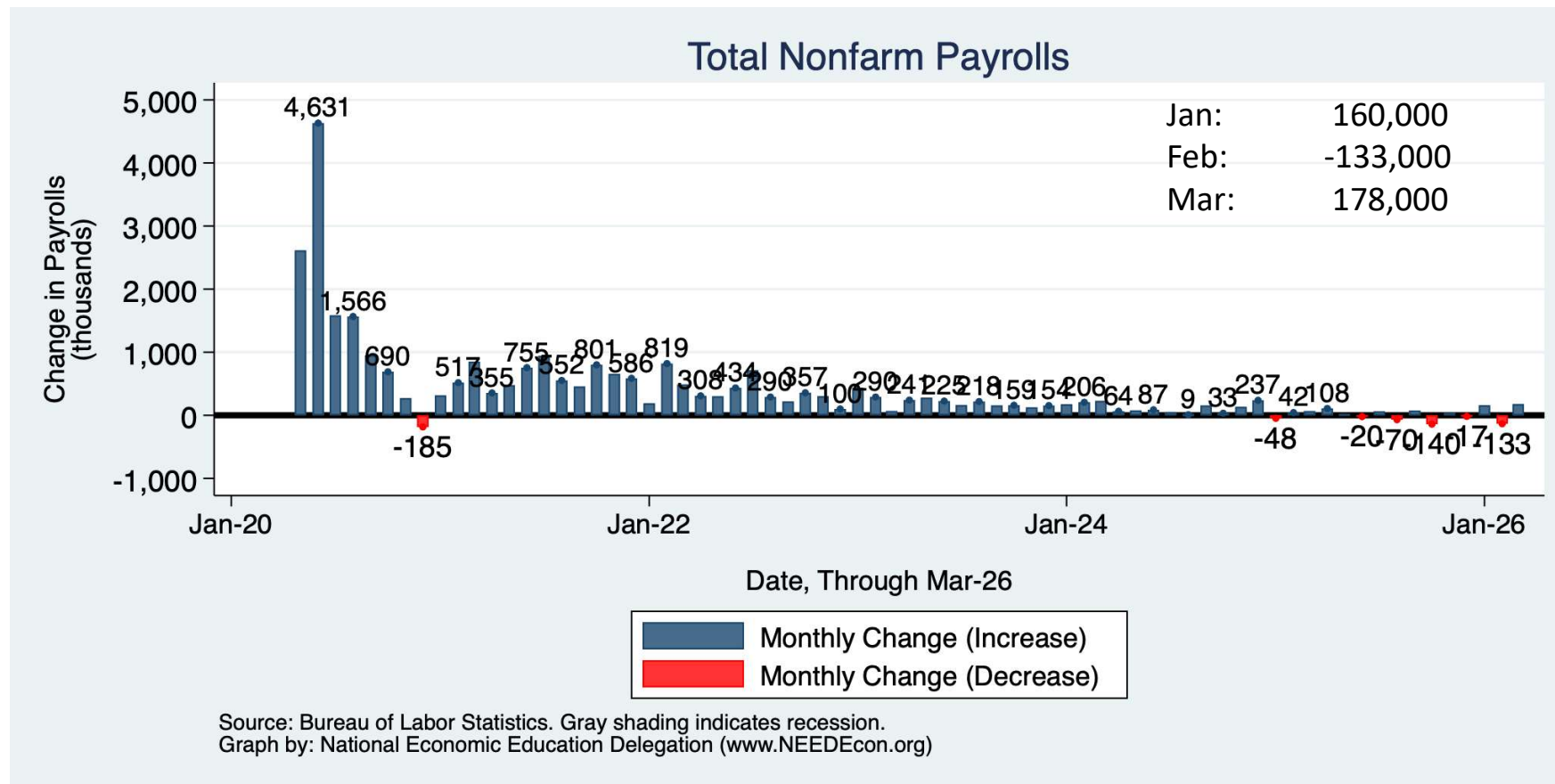
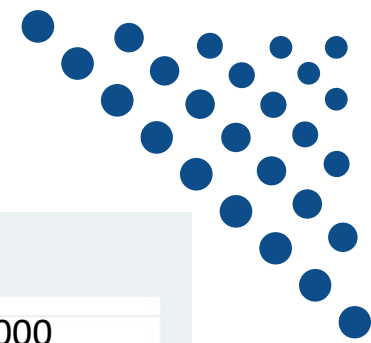
Consumers Also Tightened



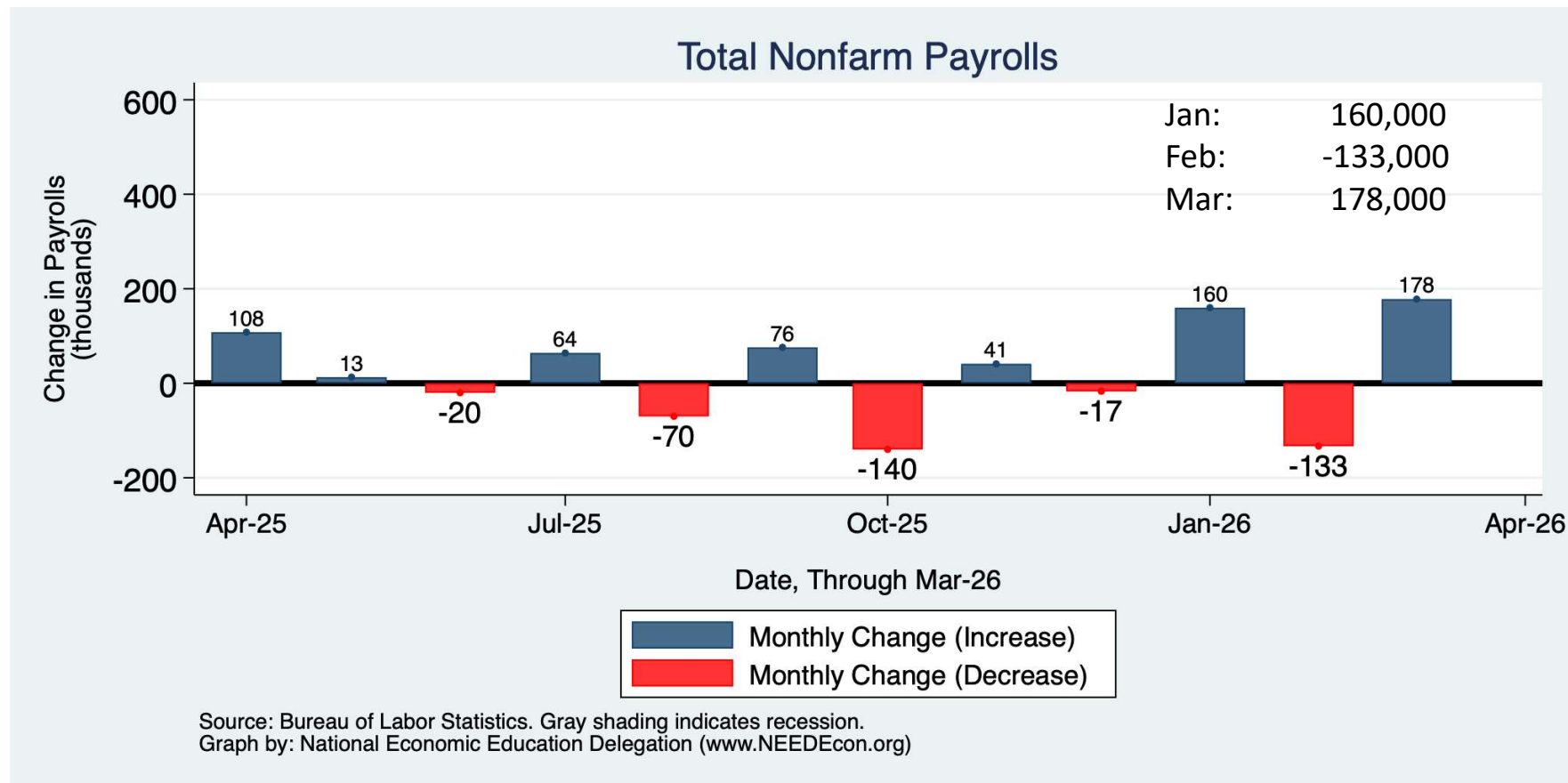
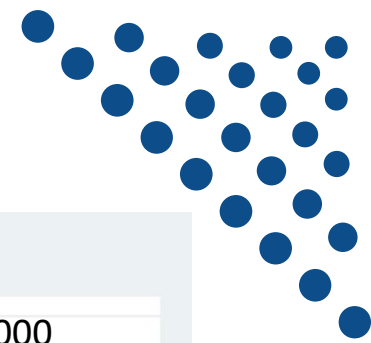
Flat, But High to Begin With! (Retail Sales)



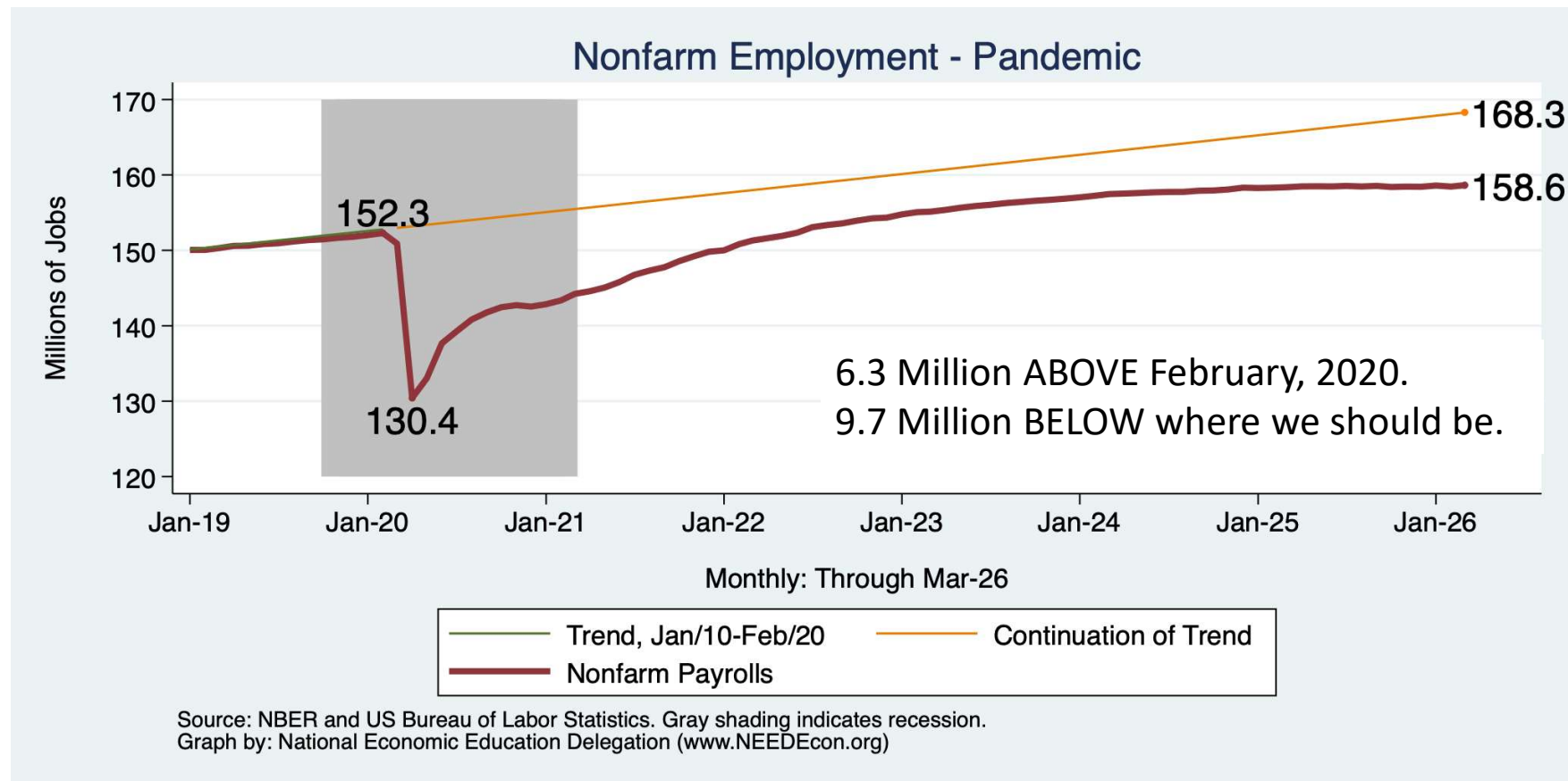
Monthly Changes in Nonfarm Employment



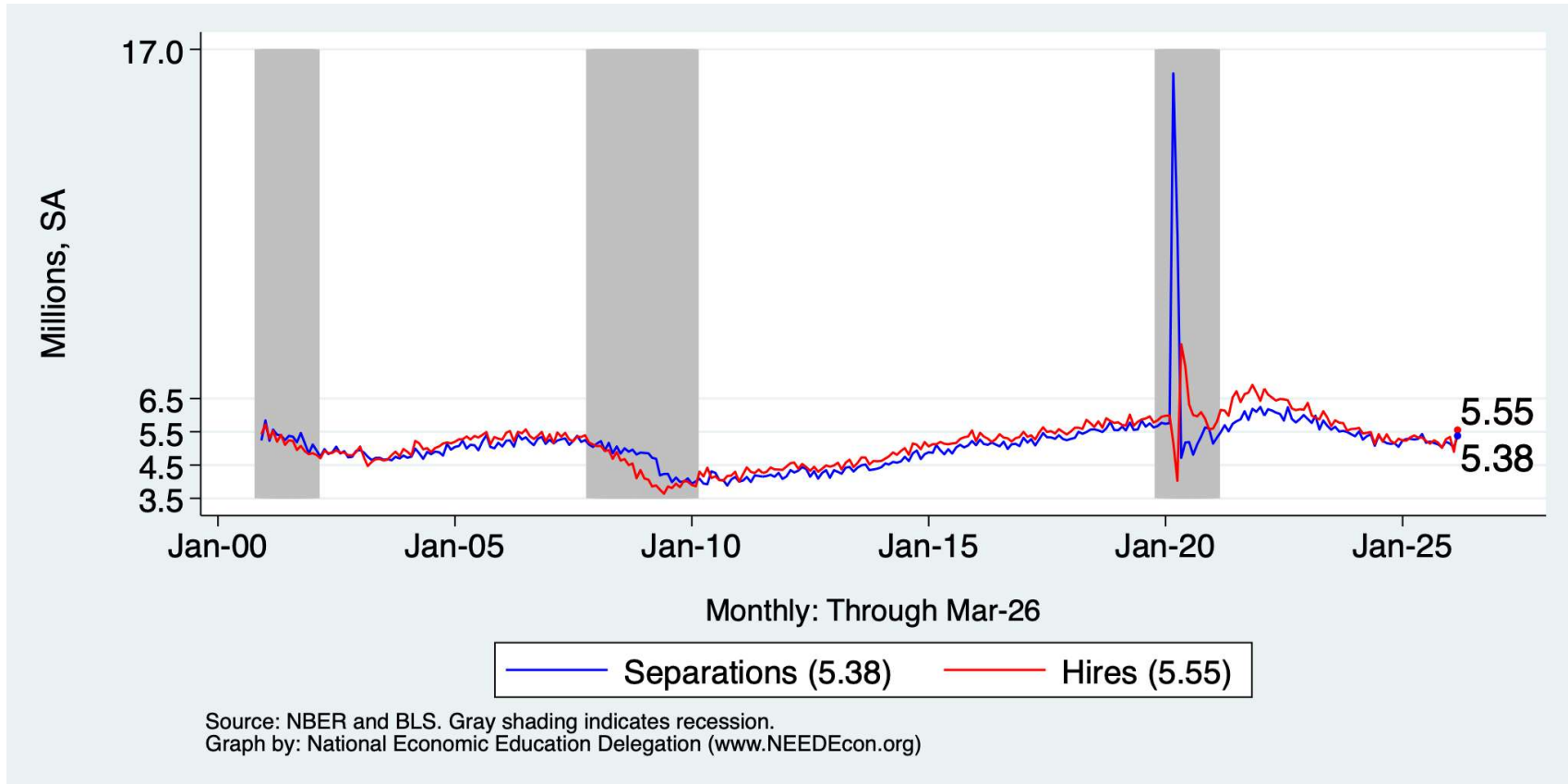
Monthly Changes in Nonfarm Employment



Employment Gap ... is Growing



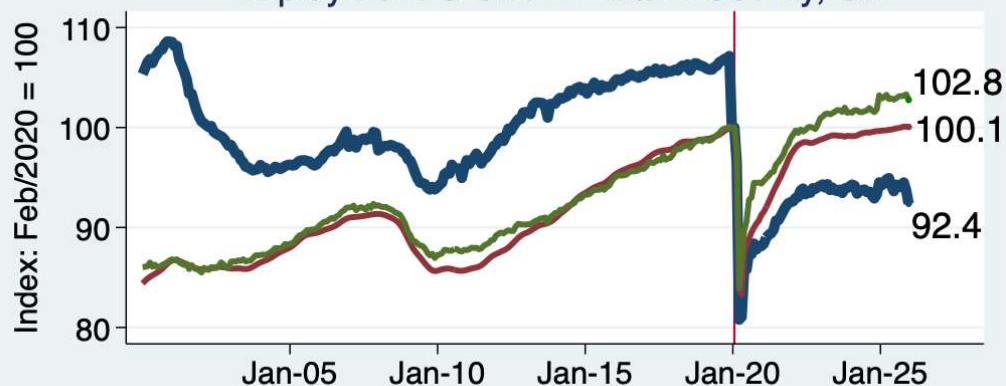
Great Hesitation



Labor Market Experience: Marin County



Employment Growth in Marin County, CA

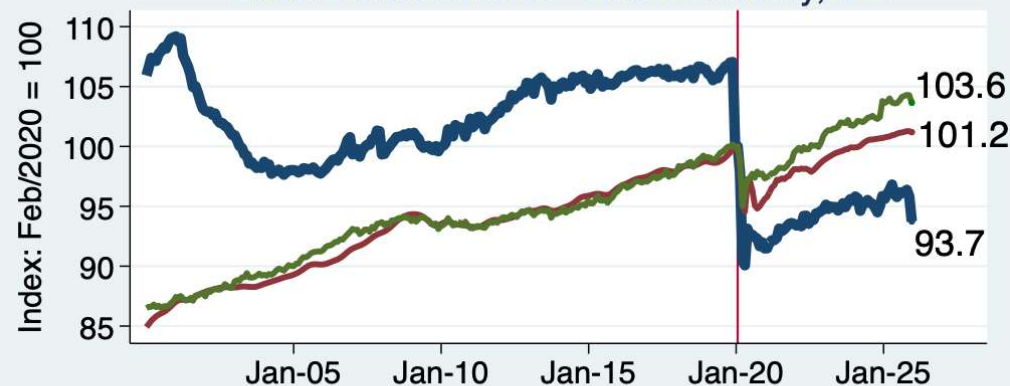


Monthly: Through Jan-26



Source: U.S. Bureau of Labor Statistics, Seasonally Adjusted
Produced by: National Economic Education Delegation (www.NEEDelegation.org)

Labor Force Growth in Marin County, CA

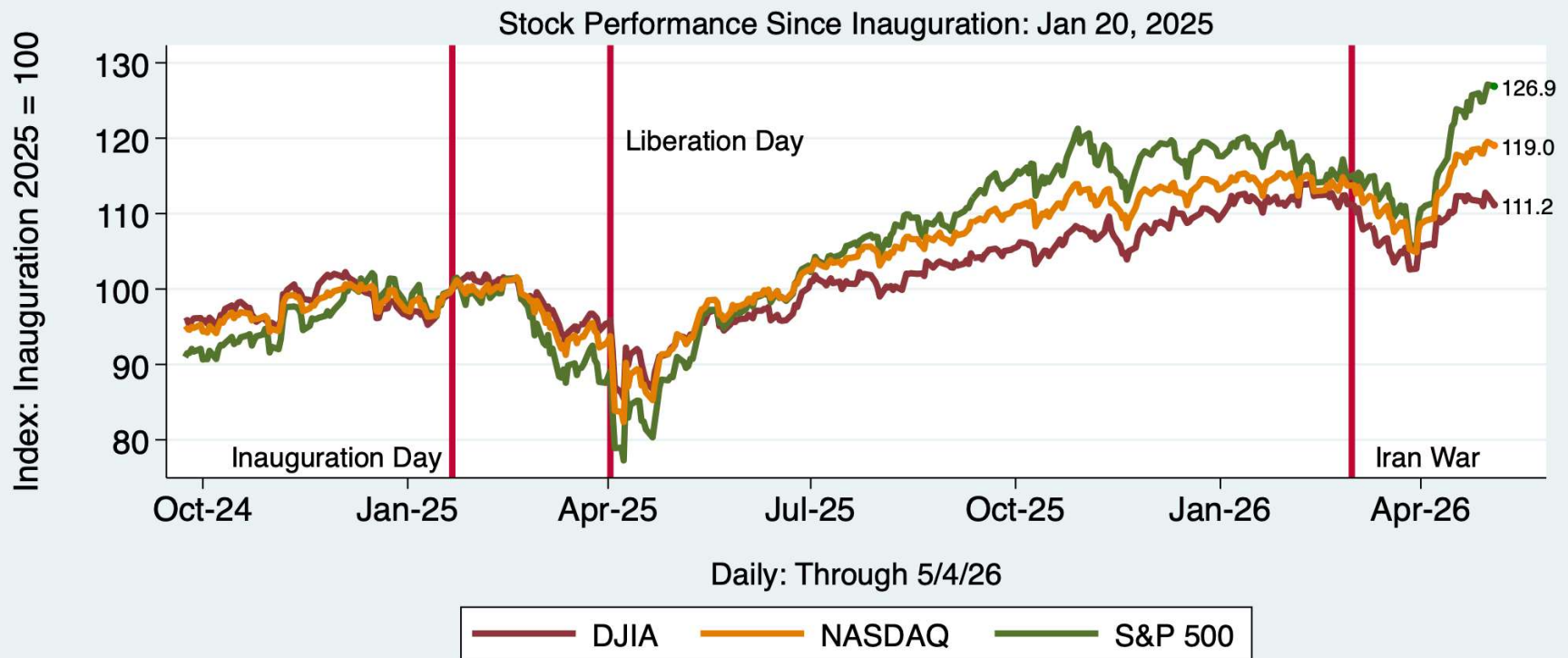


Monthly: Through Jan-26

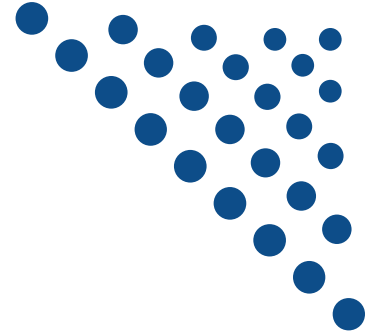


Source: U.S. Bureau of Labor Statistics, Seasonally Adjusted
Produced by: National Economic Education Delegation (www.NEEDelegation.org)

And Stocks?



Source: NBER and FRED, Federal Reserve Bank of St. Louis
Gray shading indicates recession.
Graph by: National Economic Education Delegation (www.NEEDecon.org)



Inflation

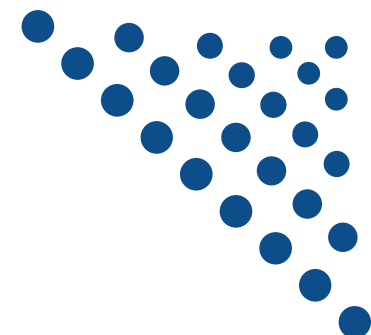


Inflation: Latest Figures



Note: Data is seasonally adjusted year-over-year change in the Consumer Price Index. October 2025 is missing because of the government shutdown. Source: Bureau of Labor Statistics. By The New York Times

Inflation: Latest Monthly Figures



All

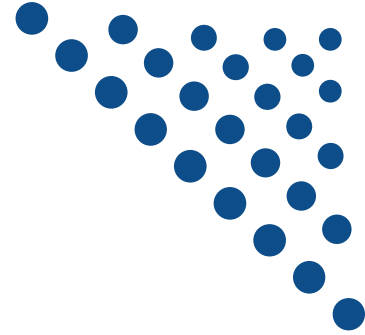
All items	+0.9%
All items excluding food and energy	+0.2%

Energy

Fuel oil	+30.7%
Gasoline (all types)	+21.2%
Electricity	+0.8%
Piped utility gas service	-0.9%

Food and drink

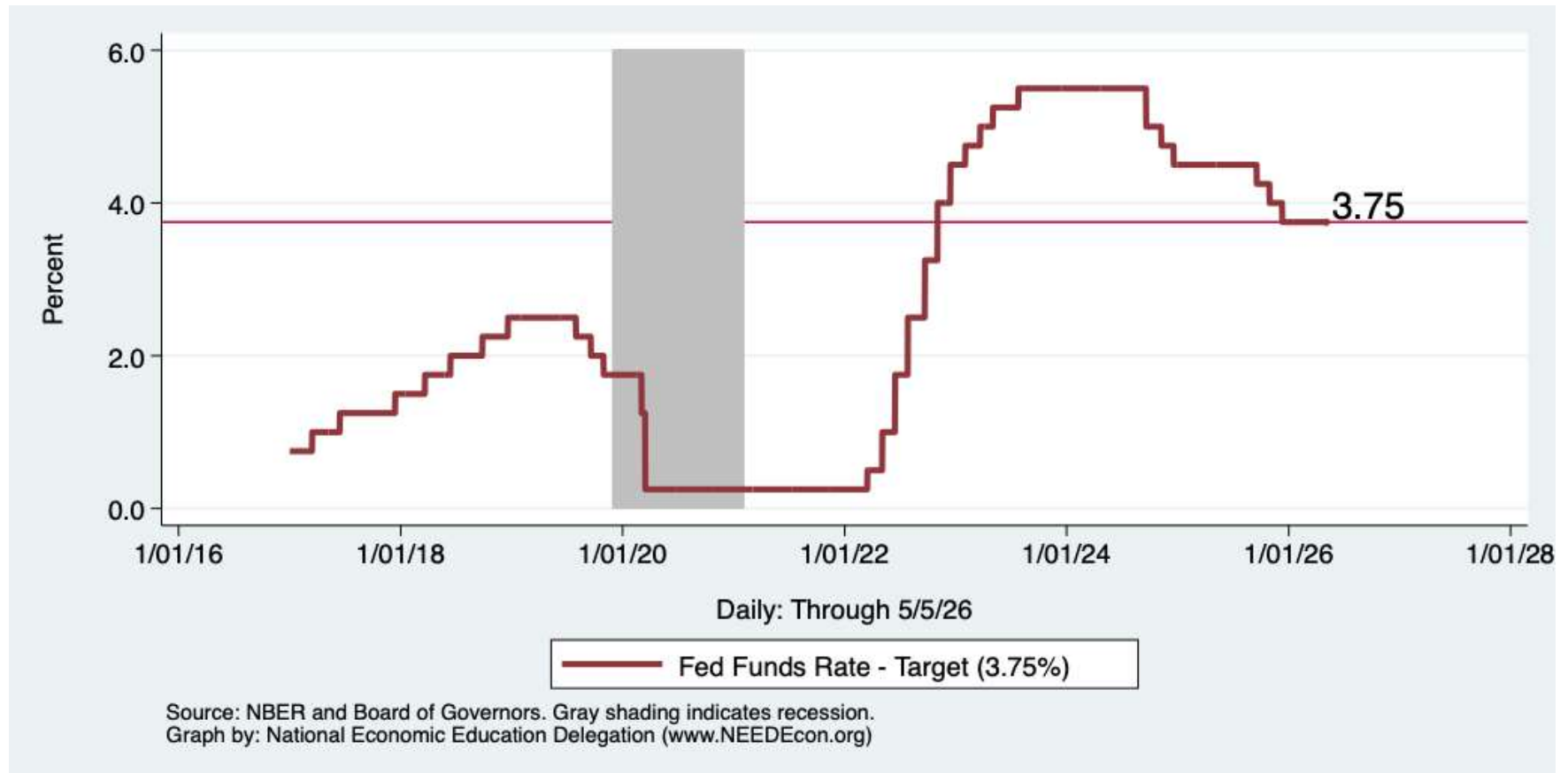
Fruits and vegetables	+1.0%
Alcoholic beverages	+0.3%
Food away from home	+0.2%



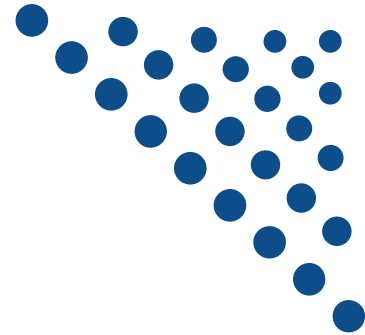
The Fed: Conservative



Federal Funds Rate

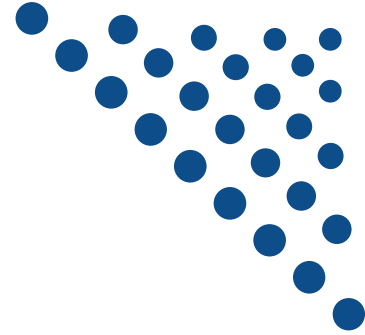


What will the Fed Do?



- Likely sit tight at 3.75 for a while.
- Next FOMC meeting is June 16-17.

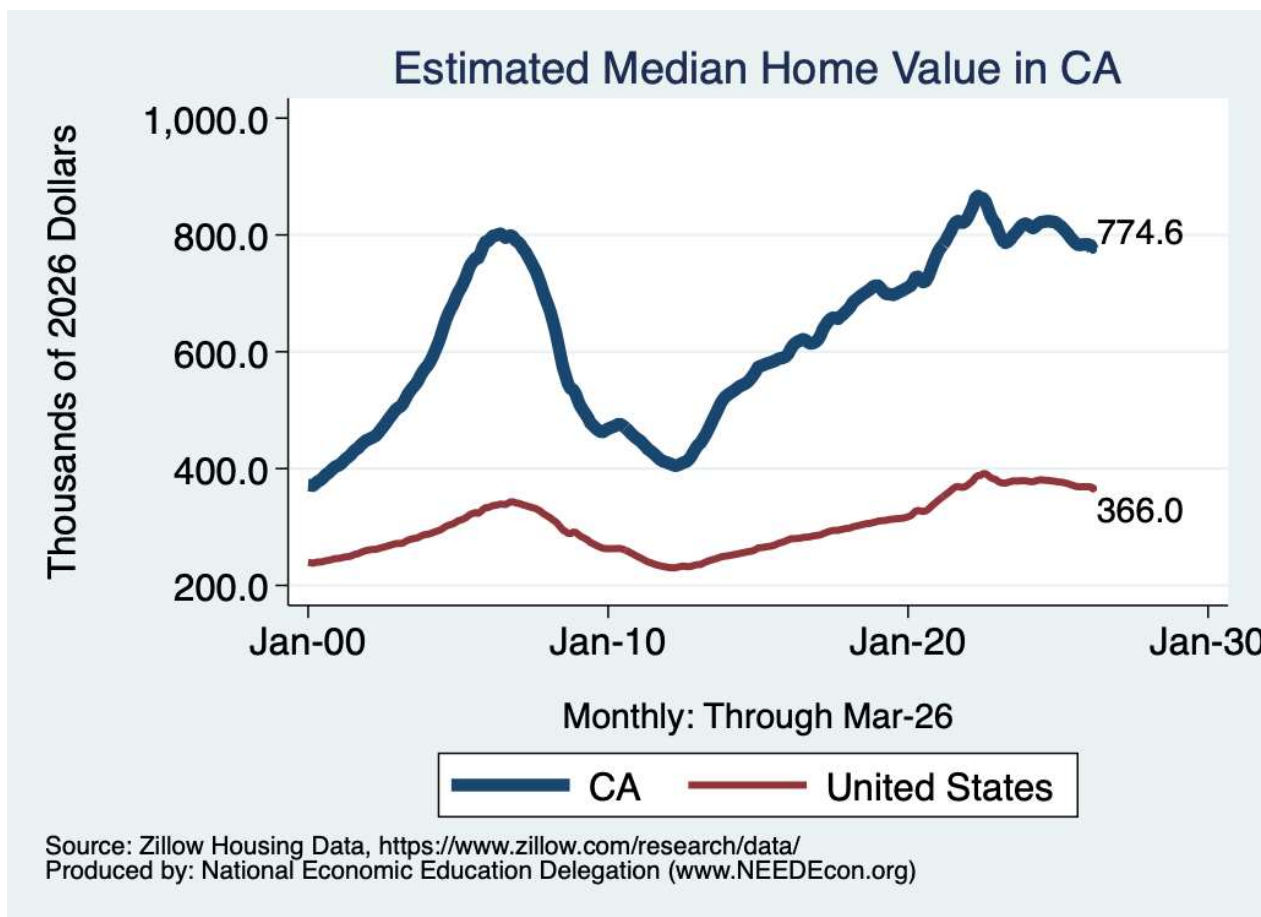
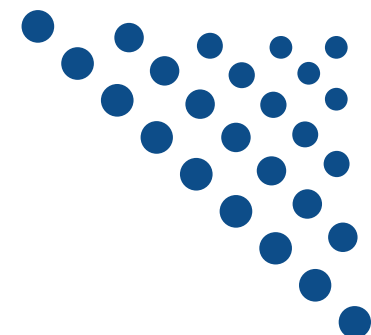




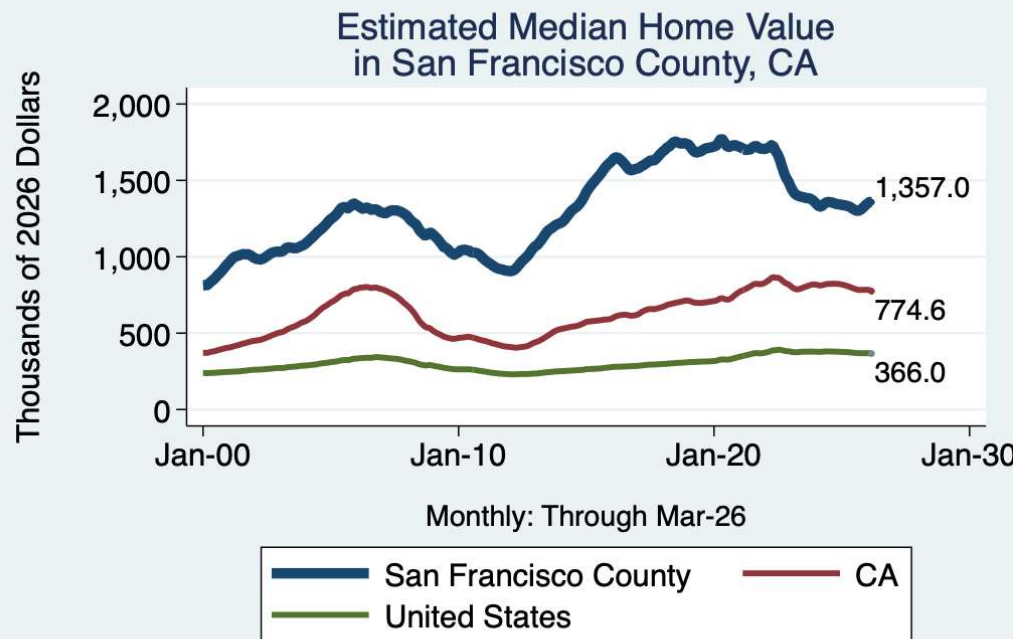
Real Estate & Marin County



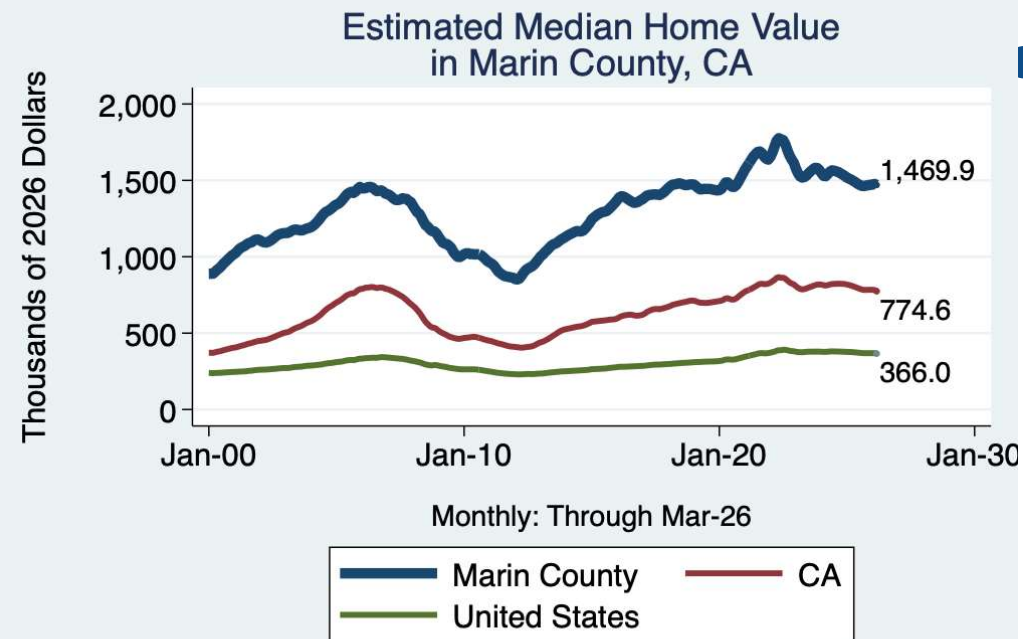
Real Estate Prices



RE Experiences ... Similar And Not Good

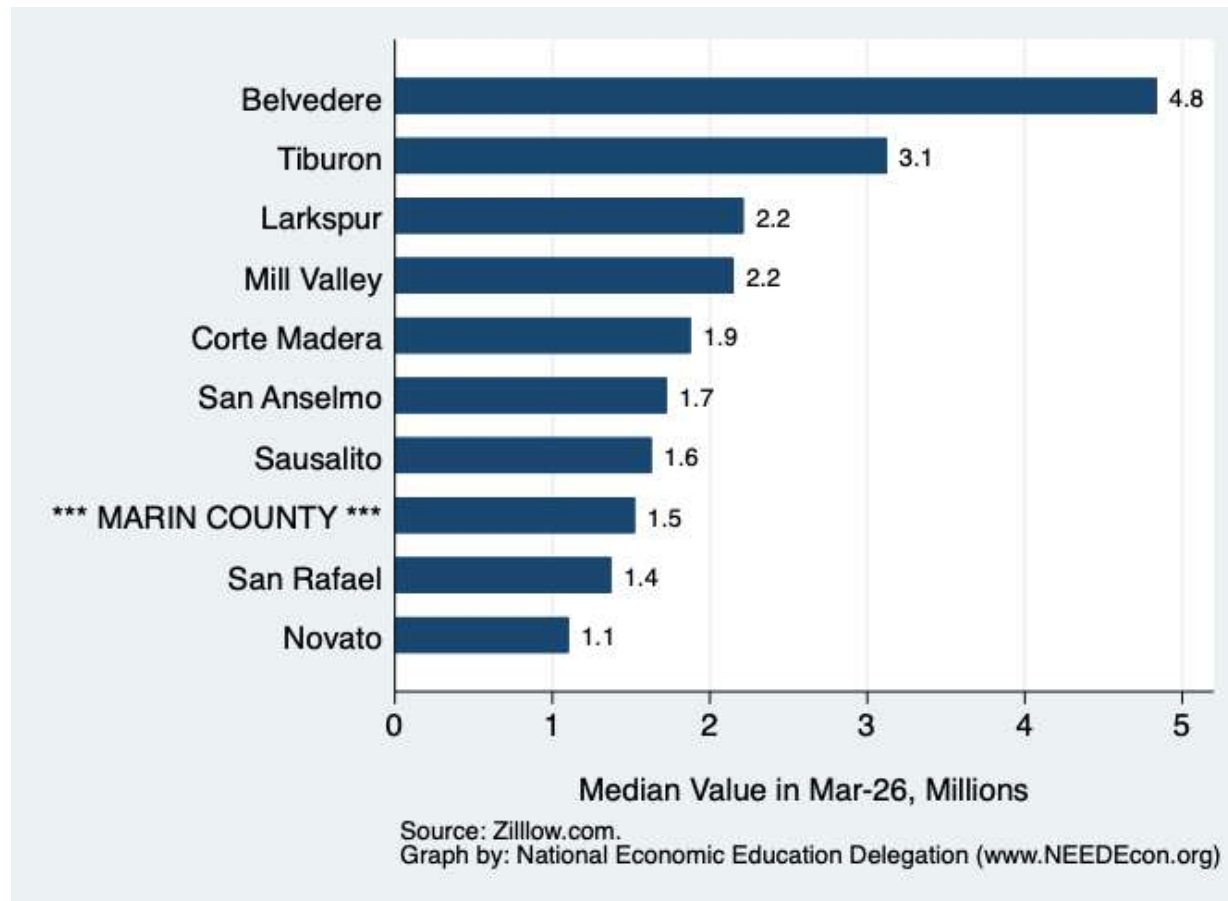


Source: Zillow Housing Data, <https://www.zillow.com/research/data/>
Produced by: National Economic Education Delegation (www.NEEDecon.org)

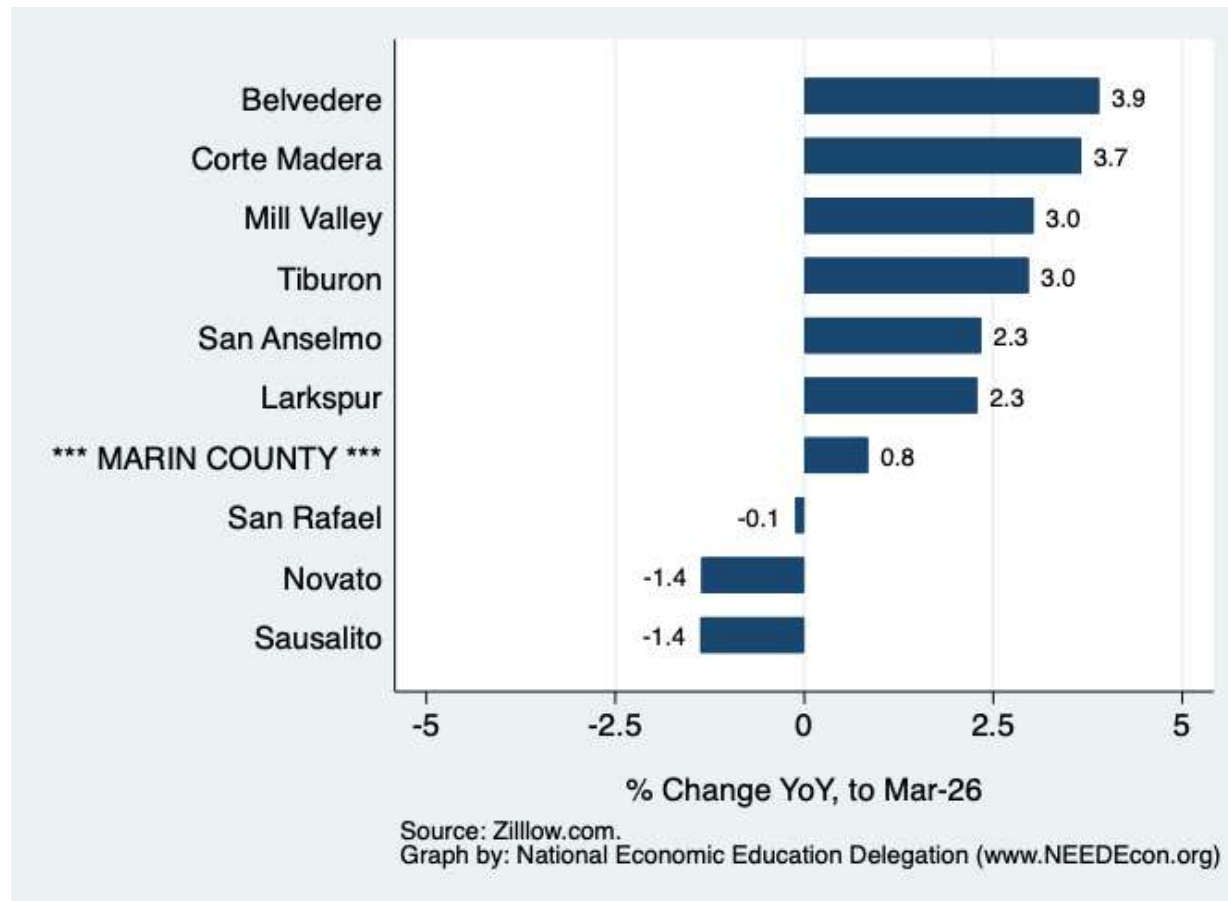


Source: Zillow Housing Data, <https://www.zillow.com/research/data/>
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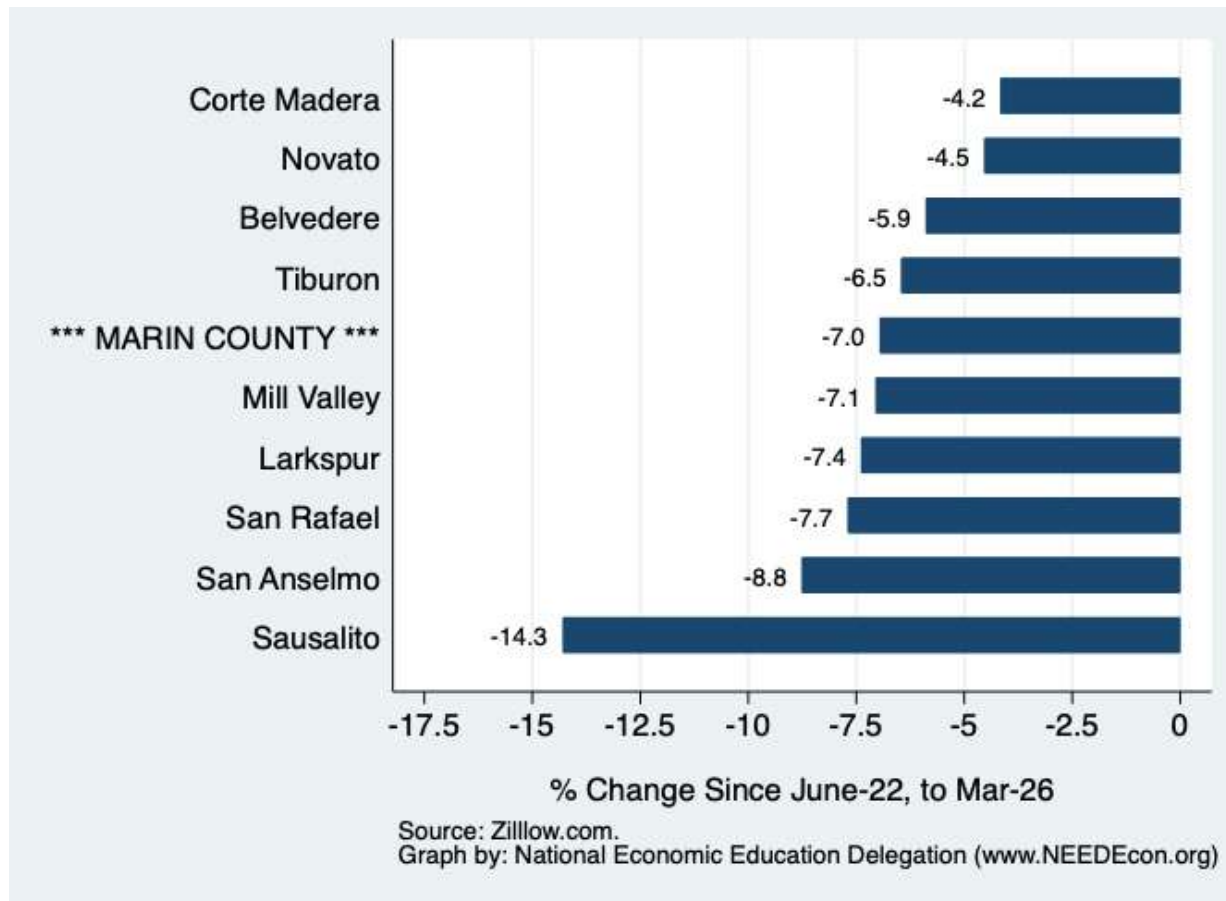
Median Home Prices w/in Marin



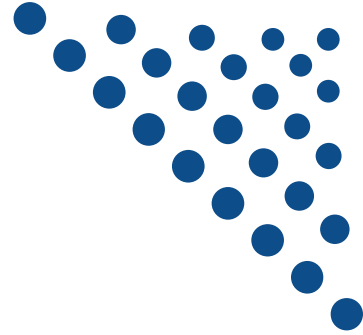
Home Price Changes w/in Marin



Home Price Changes w/in Marin: From Peak

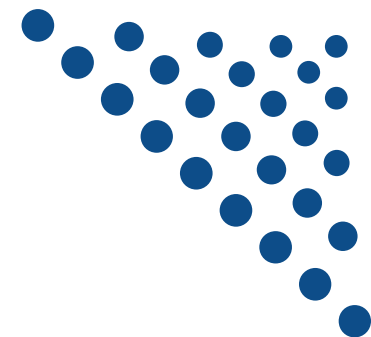


Takeaways



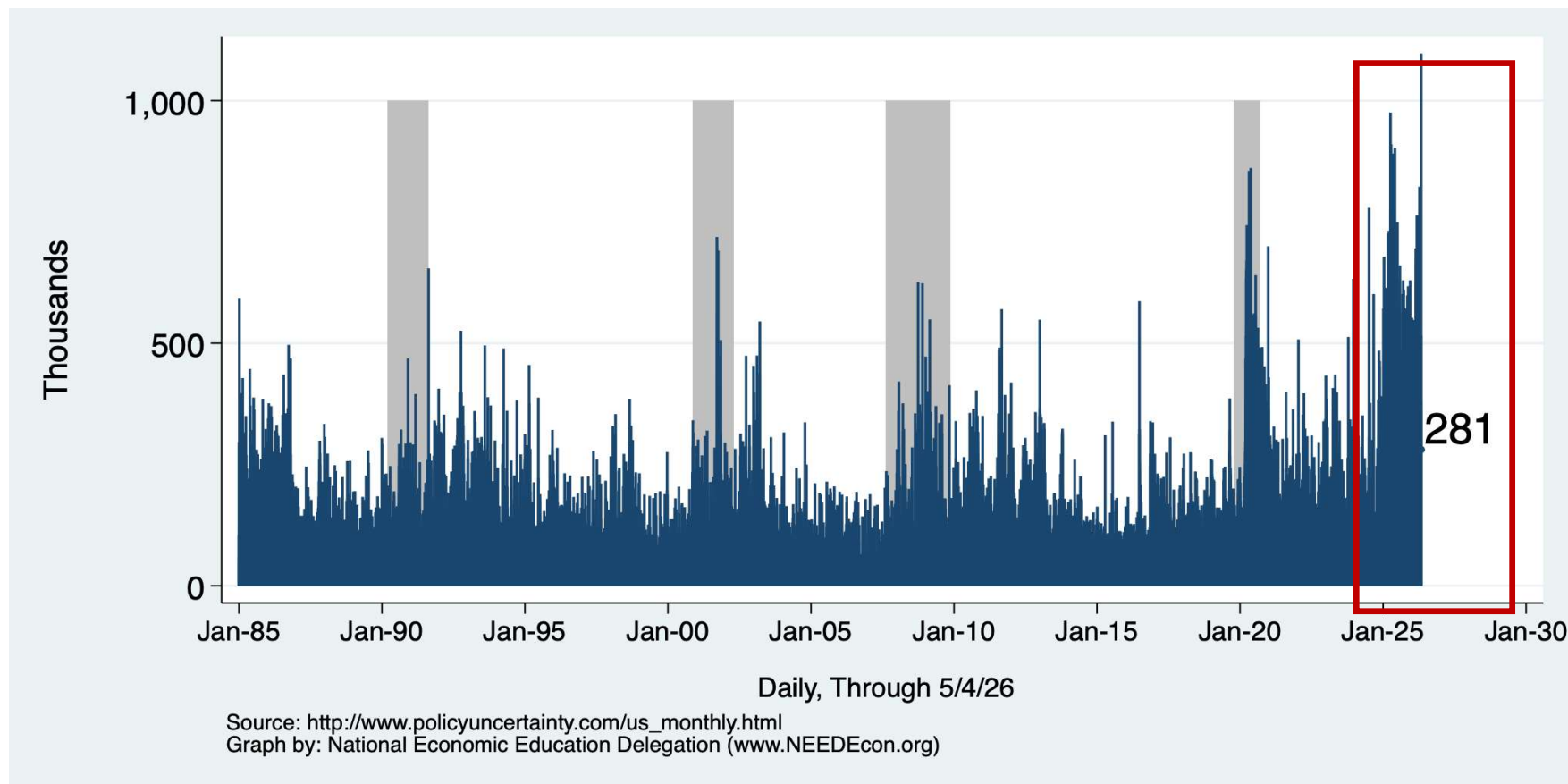
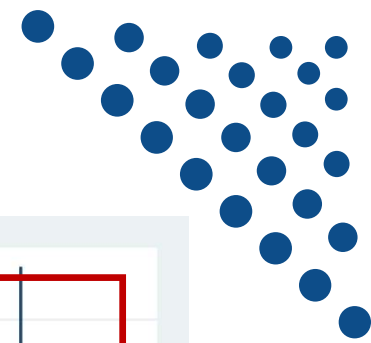
- **Is a recession on the horizon?**
 - I wouldn't be surprised, but not betting on it.
 - Jobs growth is slow.
 - GDP growth is moderate.
 - Inflation has ticked up.
- **Stagflation likely on the horizon.**
- **The problem?**
 - Uncertainties abound!



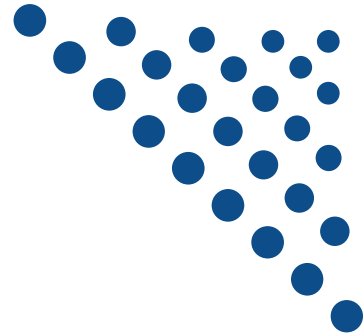


Bigger Picture: Uncertainty

Policy Uncertainty Index



Uncertainties



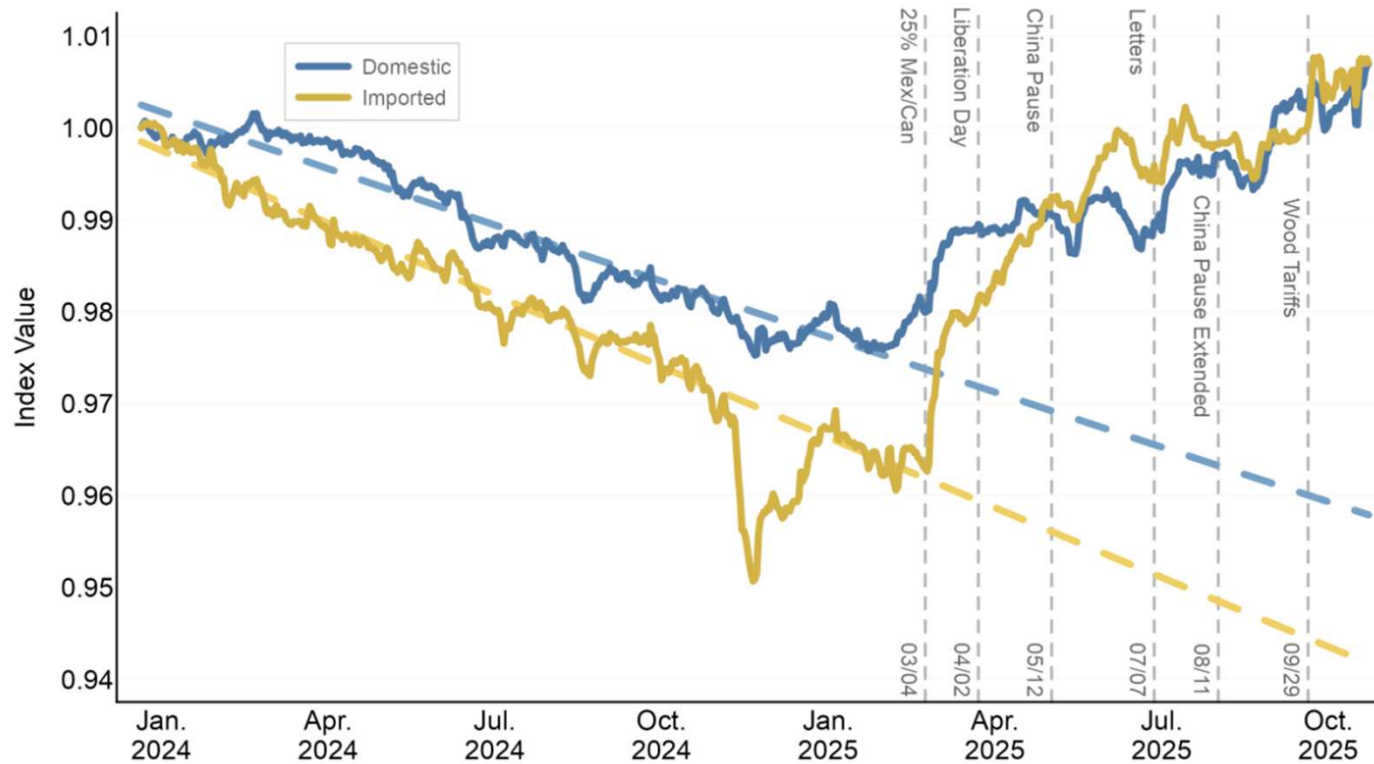
- **What effect will continued deportations have?**
- **Will AI continue to drive growth?**
- **Will tariffs continue to drive inflation?**
 - Fed says that ALL of the inflation above 2% is from tariffs, until...
- **Will the war drive inflation beyond fuel prices?**
 - It is clear in fuel prices, but every other sector of the economy depends on fuel. Higher fuel prices drive prices in the rest of the economy up.
- **Will consumers continue to hold up?**
 - Evidence that spending is in decline.
- **What happens to Fed policy once Jerome Powell is gone?**



Tariffs and Price Effects

DOMESTIC AND IMPORTED PRICE INDICES

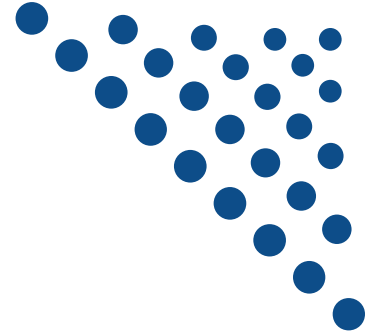
January 2024 Through October 2025, with Respective January 2024 to March 2025 Trends



Source: Cavallo, Llamas & Vazquez (2025), updated October 31, 2025 via Harvard Digital Data Design Institute Pricing Lab.
Note: Daily observations of unweighted goods price indices. Dashed lines denote trends for respective indices.

Econofact: econofact.org





This Should be on Your LR Radar



My Biggest Worry: Lots of Building (3,405)



North San Rafael (1,852 units)

- 1,422 units Northgate Town Square
- 200 555 Northgate Dr.
- 230 4040 Civic Center Dr.

Central San Rafael (1,553 units)

- 64 Dominican Residential Dev
- 120 703 3rd St.
- 155 1515 Fourth St.
- 188 1230 Fifth Ave.
- 35 4th St. and Grand Ave.
- 345 4th Street Market
- 105 790 Mission Ave
- 210 930 Irwin St.
- 200 700 Irwin St.
- 131 900 A St.

How many more students?

Vs

How much more tax revenue?

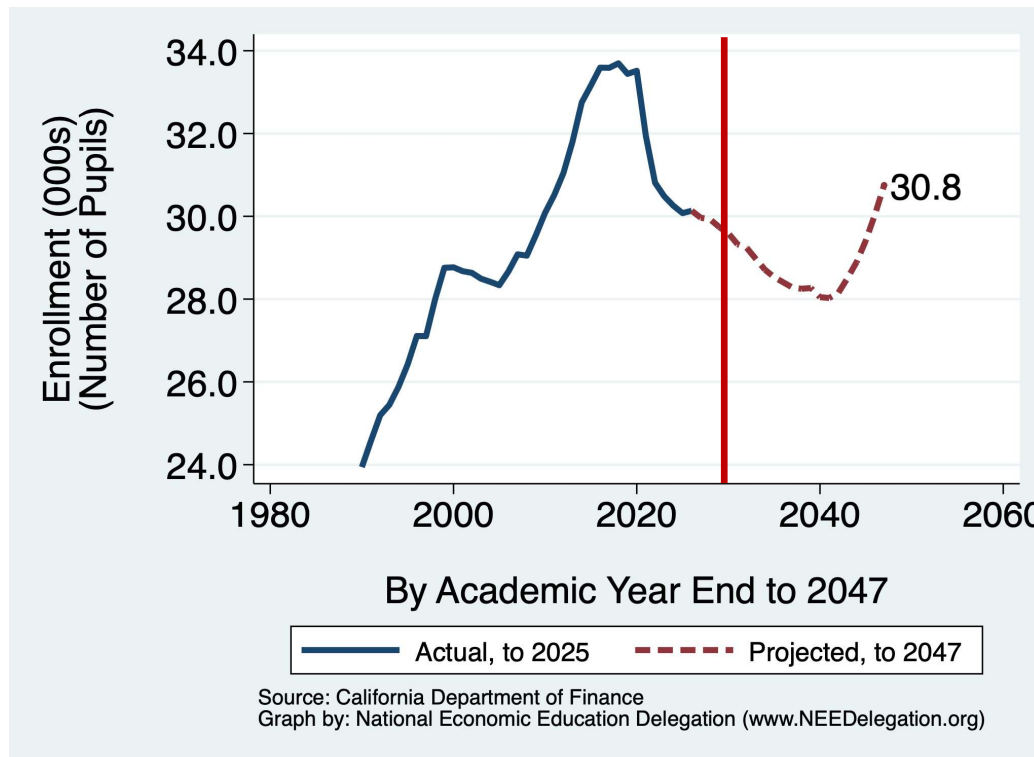
More real estate

Lower property values for existing



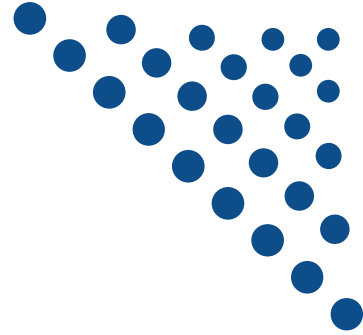
Alters the Forecast a Bit

Marin County Total Public School Enrollment (TK-12)



Reverse trend?
Stabilize?
Slower decline?

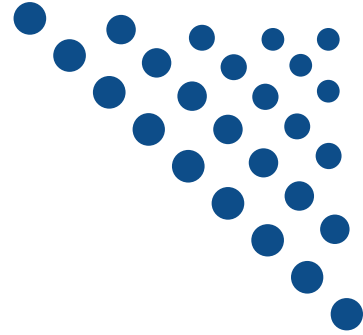
Summary



- **Inflation: was getting close to Fed's 2% target.**
 - But is now going in the wrong direction
- **Current immigration and trade policies will exacerbate inflation.**
- **Immigration: deportations tax the economy and are expensive.**
 - Many, MANY ag workers are unauthorized immigrants. (50% of Central Valley)
- **Tariffs: are a tax.**
 - Taxes raise prices. Period. Full Stop.
 - Taxes often cost jobs. Tariffs likely will.
- **The war is going to drive up prices and uncertainty.**
 - Nobody invests into uncertainty.
- **What if the AI bubble bursts?**



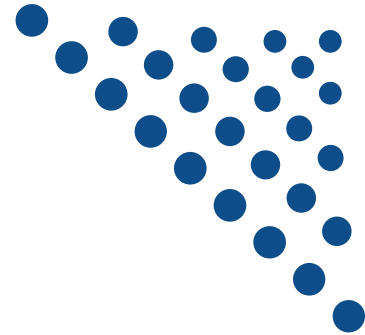
Are We Headed for A Recession?



- **Uncertain.**
- **Forecasts are all over the place.**
 - IMF forecasting 2.3% in 2026.
 - 30-50% chance of a recession by some models.
- **A slowdown in economic growth seems inevitable.**
- **A bout of stagflation unlikely, but possible.**
- **Housing:**
 - Prices are coming down across CA – recovering locally.
 - Interest rates are likely stuck around where they are for a while.



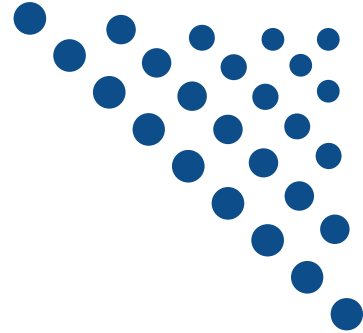
California Real Estate: Studies Suggest...



- **Price growth:** perhaps 3-4% in 2026, though I think this is optimistic.
- **Sales activity:** up 2% in 2026, perhaps realistic.
- **Mortgage rates:** easing to 6% in 2026.

Thank you!

Any Questions?



www.NEEDEcon.org

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