# San Fernando Valley's Future Looks Bright as Area Becomes a Job Center, Housing Continues to ...

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San Fernando Valley's Future Looks Bright as Area Becomes a Job Center, Housing Continues to Hold Steady, CSUN Forecasters Say

NORTHRIDGE - The San FernandoValley's future continues to look bright as it transitions from a bedroom community into a vibrant job center, supplying workers to jobs outside the area into and drawing businesses and workers to the region, according to the highly anticipated San Fernando Valley Economic Forecast.

The forecast was presented May 17th by economist Daniel Blake, director of Cal State Northridge's San Fernando Valley Economic Research Center, at the Economic Summit at the Sheraton Universal Hotel in Universal City. The summit was sponsored by the Economic Alliance of the San Fernando Valley and California State University, Northridge.

"The forecast's more moderate growth rates for population and employment may provide local planners and policy makers with some breathing room and an opportunity to update the Valley's infrastructure to deal with the levels of activity we now have," Blake said.

**Projections for the Valley economy over the next few years:**

Job Growth: TheValley's economy continues to expand but has switched from the "recovery mode" experienced after the 2001 recession, when the Valley gained over 25,000 new jobs from 2004 - 2005, to a period of more "sustainable growth."

Forecasters predict that the Valley's private sector will add 10,800 more jobs, or 1.5 percent, in 2007, and add a few less with 9,700 jobs, or 1.4 percent, in 2008.

Average Salaries and Total Earnings:Workers' fortunes are expected to improve early in the forecast period as average wages and salaries for private-sector employees grow at a rate of 6.5 percent in 2007. However, after accounting for inflation, the 6.5 percent increase translates into a 2.9 percent growth in average paycheck purchasing power. Paycheck purchasing power will continue to grow over the period but at a subdued 1.5 percent rate.

"Still, these projected growth rates reflect a respectable accumulation of real paycheck purchasing power during a period of normal and sustained growth," Blake said. "The higher wages, combined with expanding employment rolls, will create a rising real income pool for the Valley and an attractive environment in which to develop and expand local businesses."

Consumer Spending: The forecast calls for inflationadjusted retail sales growth to seek a moderate expansion path, averaging 1.5 percent in 2007 and ticking up to 1.7 percent in both 2008 and 2009. This real purchasing power gain allows for both the establishment of new retail outlets and the expansion of existing ones. This average growth rate also matches the average job growth rate projected for retail establishments over the same period.

Population and Net Migration: The Valley's population will continue to grow during the forecast period, though at subdued rates relative to the earlier part of the decade. Revised estimates put the area's population growth at 0.8 percent in 2005 and 2006. Blake said the Valley's population growth will remain at the same 0.8 percent level throughout the forecast period, which will add about 15,000 people to the Valley's population each year.

The slower population growth is attributed to a drop in inmigration from earlier levels to the Valley as housing prices and traffic congestions have increased. "The density of the population will rise both in terms of persons per household and household per square mile, but at a slower pace," Blake said. "The increasing densities will continue to present new pressures and challenges for the Valley's infrastructure."

Real Estate: Median home prices are expected to go flat after years of double-digit appreciation as home building catches up and population growth slows. Housing prices will remain steady throughout the forecast period.

"A housing bubble is not in the picture at the time, but dramatic increases in the Notice of Defaults and Foreclosure rates are sounding some alarm bells," Blake said. "The subprime mortgage market meltdown is still playing out!"

The high price of housing encourages continued residential building at a measured pace. Limited developable space and rising construction costs push the mix of new residential units strongly in favor of condominiums and apartments, though single-family units continue to make a strong showing.

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