Expert: Marin's 'boom' economy near peak

By Nels Johnson
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Marin County’s economy will continue growing next year, but may be nearing a "business cycle peak" followed by a cooling housing market and slowing job growth in key industries, according to a new forecast by North Bay economic experts.

The Marin Economic Forum study, outlined at the annual "forecasting the future" conference hosted at Embassy Suites by the forum and the San Rafael Chamber of Commerce Thursday, says that while the county continues an economic recovery, it is "nearing the label of an economic ‘boom’ period."

"The Marin County economy, much like California overall, is coming to a tipping point in the economic recovery since 2009 of a natural, cyclic peak," according to the study.

Forum CEO Robert Eyster, a Sonoma State University professor and the North Bay’s preeminent economist, said inflationary pressure is rising, especially in light of a $187,000 increase in the median price of a Marin home over the past year. He predicted a cooling market, with slower growth next year, and added the commercial realty market likely will remain sluggish, held down by a half dozen large vacant properties that require big business tenants.

Eyster, one of four speakers at the conference, concluded that "in general, the signs in 2014 are good."

Eyster’s crystal ball indicated that although median home prices may be nearing a peak for the moment, the tab for a Marin home will rise from $646,000 this year to $710,000 in 2015. Other forecasts over the same period, based on a cascade of data from a variety of business sectors, include a 3.3 percent annual inflation rate; per capita income rising from $80,670 to $83,369; payroll businesses rising from 11,100 to 11,500, and taxable sales increasing from about $4 billion to about $4.4 billion.

Eyster reported Marin payrolls will add about 2,000 new jobs next year, with the bulk of growth expected in construction and service industries. Although 2,700 jobs were added to Marin payrolls this year, the county lost about 330 payroll businesses. Although the tourism and agricultural industries have added 1,576 jobs since 2010, Marin lost 2,043 high-tech jobs over the period, and another 939 in building and construction.

Others talking to the crowd of local business executives, politicians and observers included Tracey Grose, vice president of the Bay Area Council Economic Institute; Allan Zaremberg, CEO of the state Cal Chamber, and Supervisor Judy Arnold, president of the county board.

The Bay Area’s economy, Grose said, "continues to outperform the state nation," with the region adding 100,000 jobs in 2012. Robust hiring continued in the scientific research and development, and computer systems fields. In addition, "the long decline in government jobs has come to an end," she noted, adding Palo Alto and San Francisco have hired "chief innovation officers."

As for housing workers, "the only solution, if we care about open space, is developing vertically... You have to build up," she said.

Zaremberg called California "a tough place to do business" but added the Bay Area has "probably the best economy in the world right now." He called for immigration reform, noting it would be good for business, put people to work and ensure that employers "do not have to be immigration police." And he noted those who have health care are paying for those who do not.

"Part of the problem with the Affordable Care Act is that it is affordable for those who don’t have it," he said.

Supervisor Arnold talked about county initiatives benefiting business, including launching the Marin Economic Forum, an organization she has championed. Other moves include a Workforce Investment Board focused on providing businesses with the workers they need, and a "regulatory improvement advisory" panel which is reviewing permit, fee and related restrictions that impede business.

"It’s known as the red tape committees," she said, and its report is due next January.

For more information, check out www.marineconomicforum.org and www.SRchamber.com