

BURNHAM-MOORES

CENTER FOR REAL ESTATE
UNIVERSITY OF SAN DIEGO

Leading Economic Indicators Up in December

Note: The tentative release date for next month's report is February 24.

January 28, 2011 -- The USD Burnham-Moores Center for Real Estate's Index of Leading Economic Indicators for San Diego County rose 0.4 percent in December. Sharp increases in local stock prices and the outlook for the national economy pushed the USD Index to a second consecutive gain after having been unchanged for three months in a row. On the downside, building permits remain weak as construction activity continues to lag. Local consumer confidence, initial claims for unemployment insurance, and help wanted advertising were virtually unchanged, with the former slightly positive and the latter two slightly negative.

With December's gain, the USD Index has now risen or been unchanged for 21 straight months. As mentioned last month, the forecast is for the local economy to add between 10,000 and 15,000 jobs in 2011, compared to 6,300 gained in 2010. The gain is based on expected solid growth in the national economy, and a rebound in tourism and construction locally. Potential problems that could slow the rebound are a continued high level of foreclosures and the impact of high unemployment, which has topped 10 percent locally for 19 consecutive months. Also, budget deficits at every level of government could lead to tax increases and/or big cutbacks in spending and employment, both of which would slow the economic recovery. A (continued)

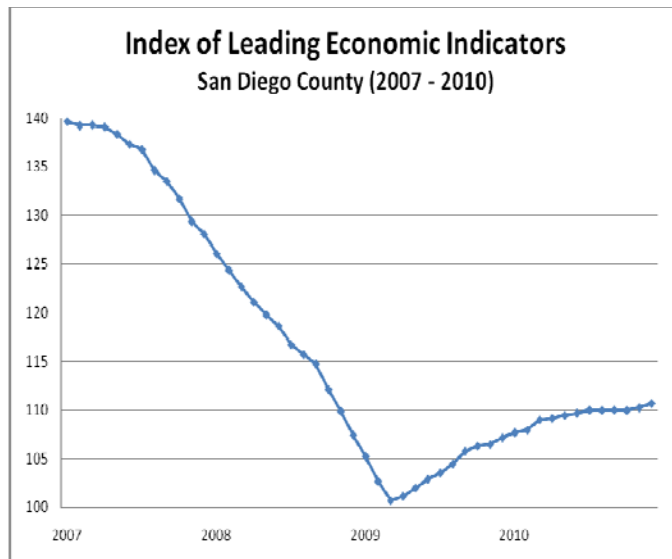
	Index of Leading Economic Indicators The index for San Diego County that includes the components listed below (December) Source: USD Burnham-Moores Center for Real Estate	+ 0.4%
	Building Permits Residential units authorized by building permits in San Diego County (December) Source: Construction Industry Research Board	- 0.72%
	Unemployment Insurance Initial claims for unemployment insurance in San Diego County, inverted (December) Source: Employment Development Department	- 0.08%
	Stock Prices San Diego Stock Exchange Index (December) Source: <i>San Diego Daily Transcript</i>	+ 1.22%
	Consumer Confidence An index of consumer confidence in San Diego County (December) Source: <i>San Diego Union-Tribune</i>	+ 0.05%
	Help Wanted Advertising An index of online help wanted advertising in San Diego (December) Source: Monster Worldwide	- 0.03%
	National Economy Index of Leading Economic Indicators (December) Source: The Conference Board	+ 1.92%

last potential problem is the recent spike in gas prices, which if it lasts would reduce consumer buying power and increase prices of goods shipped into the region.

Highlights: The trend in **residential units authorized by building permits** remained negative for the fifth month in a row, and 2010 was the second worst year ever for building permits . Despite this, residential units authorized were up almost 12 percent for the year compared to 2009. Single-family units authorized increased by more than 24 percent, while multi-family units fell by almost 7 percent . . . For the first time since September 2009, both **initial claims for unemployment insurance** and **help wanted advertising** were negative, although both were barely so. Despite that, the local unemployment rate fell to 10.1 percent in December, down from 10.4 percent in November. . . Although **local consumer confidence** has been up for eight months in a row, it remains relatively flat. It remains to be seen if consumer confidence will be negatively affected by the recent rise in gas prices; there has been a strong negative correlation between those two variables in the past. . . 2010 was a good year for **local stock prices**, which were up almost 18 percent and finished the year with a five month winning streak. . . The outlook for the national economy continues to be strongly positive, with the **national Index of Leading Economic Indicators** up for the sixth consecutive month and now up 19 times in the last 21 months. The advance estimate of GDP growth for the 4th quarter showed the national economy growing at a 3.2 percent annualized rate, up from the 2.6 percent growth rate of the 3rd quarter.

December's increase puts the USD Index of Leading Economic Indicators for San Diego County at 110.7, up from November's revised reading of 110.2. Although there was no change in the previously reported increase of 0.3 percent in November, a revision in the data for building permits led to a drop in the level of the USD Index for the month. Please visit the Website address given below to see the revised changes for the individual components. The values for the USD Index for the last year are given below:

		Index	% Change
2009	DEC	107.2	+0.7
2010	JAN	107.7	+0.5
	FEB	107.9	+0.2
	MAR	109.0	+1.0
	APR	109.2	+0.1
	MAY	109.5	+0.3
	JUN	109.7	+0.2
	JUL	110.0	+0.3
	AUG	110.0	+0.0
	SEP	110.0	+0.0
	OCT	110.0	+0.0
	NOV	110.2	+0.3
	DEC	110.7	+0.4



For more information on the University of San Diego's Index of Leading Economic Indicators, please contact:

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