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This is the **first** of a series of memorandums that discuss the state of the economy, with an emphasis on California, San Diego and real estate. I trust that you will find it interesting and informative

Alan Nevin
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Fall is Fine in San Diego

It's a shame that inflation grabs all the business section headlines, but it is rather important for us to analyze what a 9.2% rate of inflation means.

Let's look at your monthly expenses: if you are like most homeowners, your mortgage payments are the same every month as are your insurance and property taxes. If you have a car loan, it's the same amount every month. If you have life insurance, it's the same each month.

Looking at the Consumer Price Index of the Bureau of Labor Statistics, the key culprits are food and energy (8.5% and 32.9%), respectively; however, those two items account for 22% of consumer spending. Overall, for most of us, the CPI is far less than 9.2%.

The reality is that for most of us (and particularly homeowners) inflation relates to less than half of the items in our monthly expenditures. And that's not so bad.

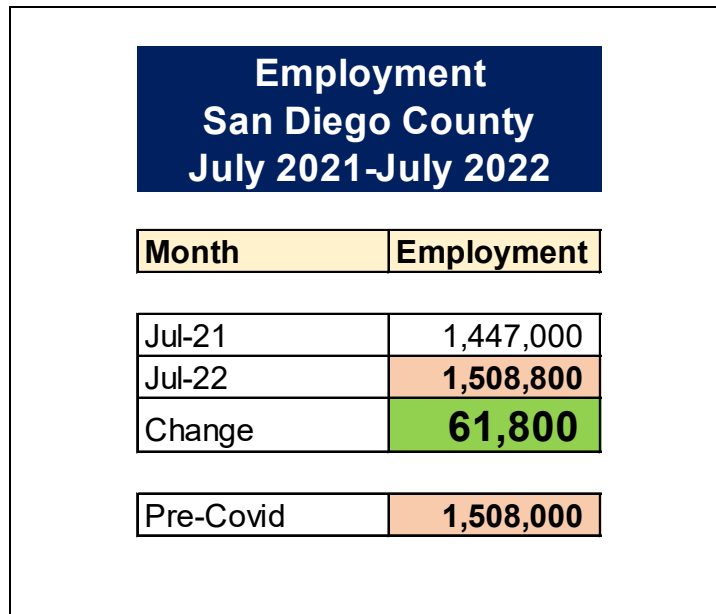
State of the Economy

The really good news is that the National and local economies are doing swimmingly well. In July of this year, San Diego has recovered all its losses from COVID and has returned to 1.5 million jobs.

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Better yet, our unemployment rate is as 3.2% -- that's almost as close to zero as you can get.



All of the major job categories had gains with leisure and hospitality leading the way. That category has now regained all the losses they suffered from COVID. That means that the hotels, the convention business and cruise ships are back in business big-time.

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Employment Changes San Diego County July 2021-July 2022

Category	Jul-21	Jul-22	Change	% Change
Leisure & Hospitality	176,900	203,200	26,300	14.9%
Professional & Business Services	265,300	278,200	12,900	4.9%
Educational & Health Services	214,000	218,900	4,900	2.3%
Government	225,700	234,000	8,300	3.7%
Construction	84,500	87,500	3,000	3.6%
Trade, Transportation & Utilities	216,300	220,900	4,600	2.1%
Manufacturing	115,700	113,700	(2,000)	-1.7%

Source: BLS

And the residential construction business is having its best year **since 2005** with 6,000 units permitted in the first half of this year.

Residential Units Permitted San Diego County 2017-2022

Year	Total	Single Family	Multi-Family
2017	10,415	4,058	6,357
2018	9,788	3,510	6,278
2019	8,082	3,023	5,059
2020	9,447	2,898	6,549
2021	9,358	3,232	6,126
2022 (thru June)	6,012	3,806	2,206

Source: CIRB

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Overall, the Nation, California and San Diego County have a lot to be thankful for and continue to be economically healthy and expanding.

We invite you to visit our website: nevinadvisors.com. Our team offers a broad range of real estate services.

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