



Social Narratives / Economic Realities

Federal Deficits, Asset Bubbles, and the Economic Outlook *Focus on Las Vegas, NV*



Christopher Thornberg, PhD

Founding Partner, Beacon Economics

May 2026



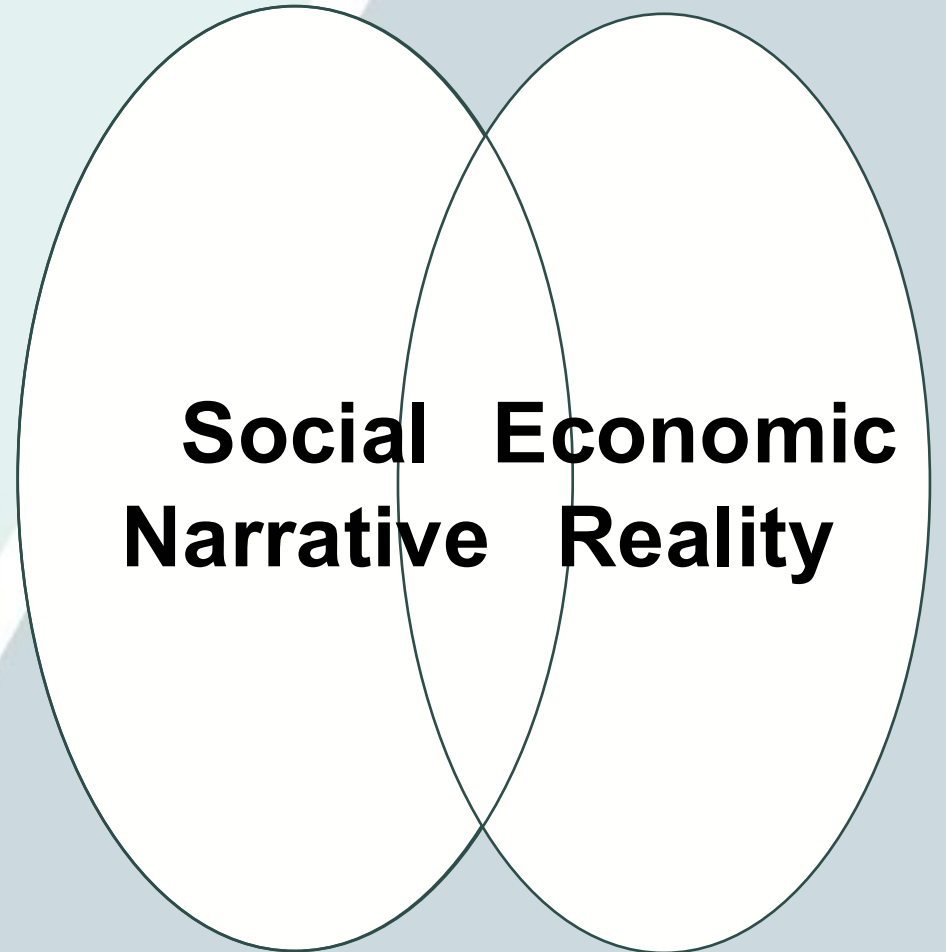
Beacon Economics

- Economic research firm founded in 2006 with a commitment to letting the *data* determine the *answer*.
- Impact studies, Policy Analysis, Regional Development and Revenue Forecasts

A Tale of Two Economies

- What we *think* is happening in our economy (our social narrative or “lived experience”)
- What is *actually* happening in our economy (our objective statistical reality)

Good choices and smart policies start with the correct narrative.



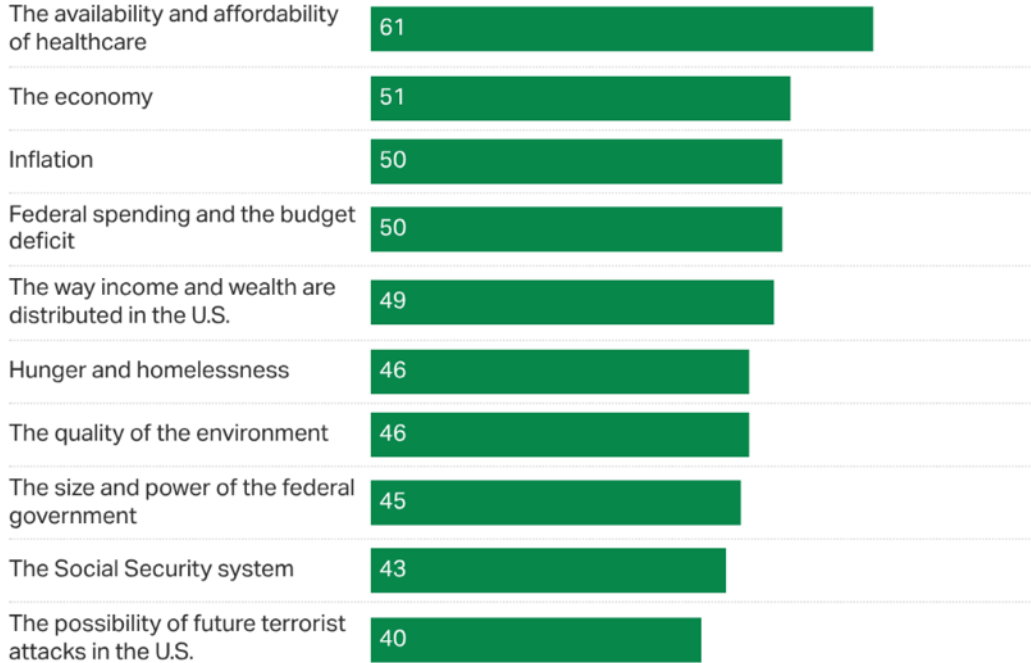
The 2025-2026 Narratives

U Mich Consumer Sentiment Index



What People are Worried About Gallup Polling

% Great deal



March 2-18, 2026



Forecast Accuracy?

2019: The Real Estate Recession!

2020: The Pandemic Depression!

2023: The Yield Curve Recession!

2025: The Tariff Recession!

Real Estate | Market Outlook

Housing Market Crisis 2.0: The Jury Is In For 2018-2019

Coronavirus to cause worst economic downturn since Great Depression, IMF forecasts

She said the IMF would release an updated world economic forecast on Tuesday that would show just how quickly the coronavirus outbreak ...

7 hours ago

Survey: The U.S. economy has a 64% chance of entering a recession this year



Written by [Sarah Foster](#), Edited by [Amy Sims](#)

Published on January 04, 2023 | 5 min read

CNBC

Jamie Dimon says a recession is 'likely outcome' from Trump's tariff turmoil

JPMorgan Chase CEO Jamie Dimon said Wednesday he sees the US economy likely headed to recession as President Donald Trump's tariffs roil financial markets.

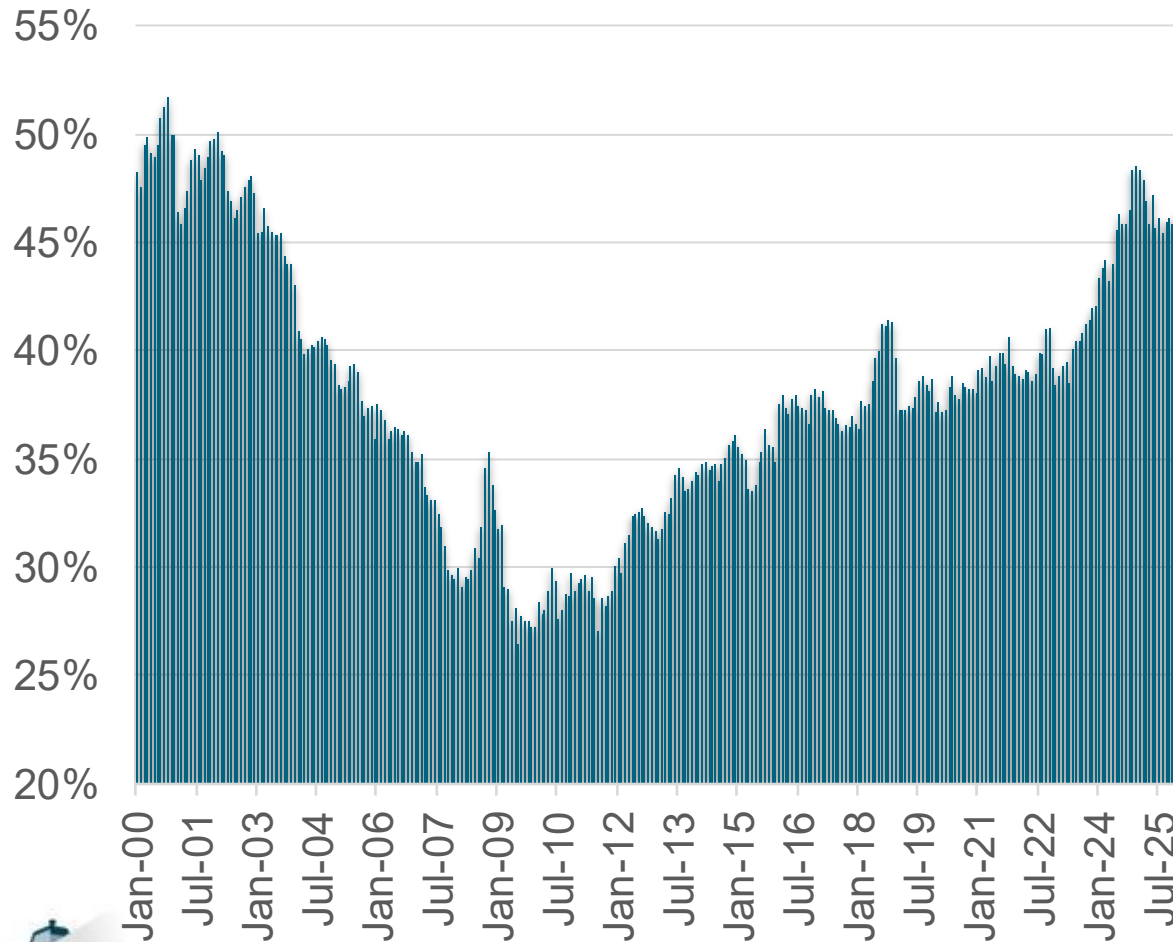
Apr 9, 2025



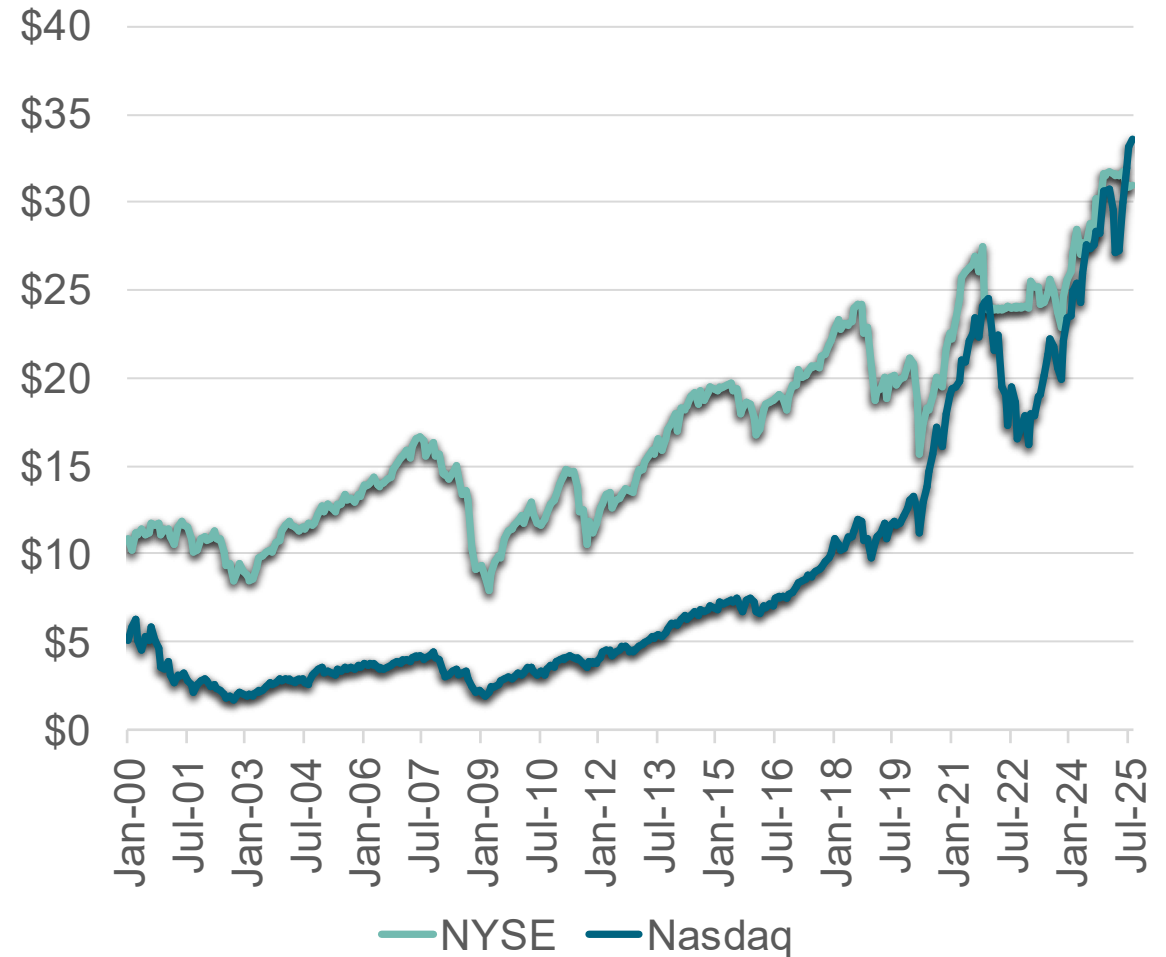
That *Other* Economic Narrative



US Share Global Equity Market Capitalization



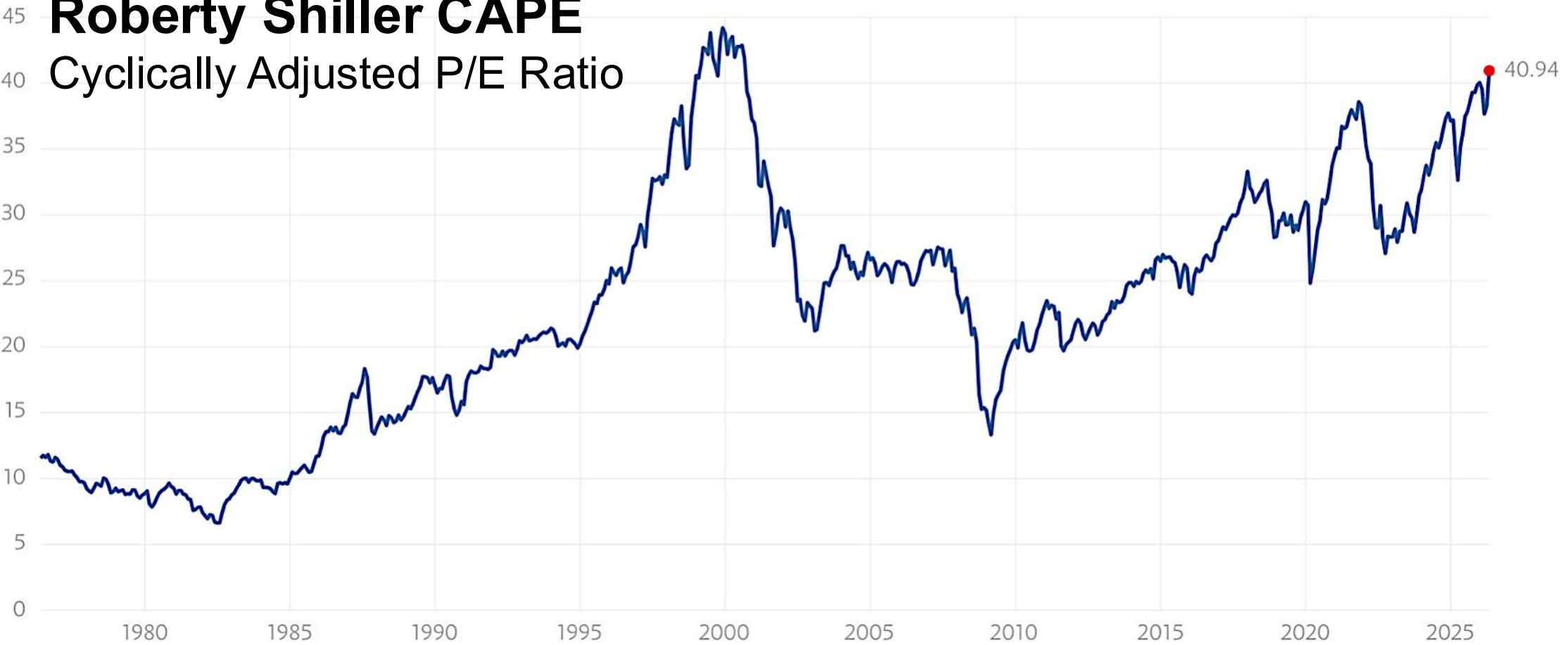
U.S. Market Cap \$Trillions





Roberty Shiller CAPE

Cyclically Adjusted P/E Ratio



The Beacon Outlook 2026

Economic Trends: Still pointing up...

- Major drags: population growth stalled, political uncertainty
- Household / Business finances still strong
- More fiscal and monetary stimulus being through at the economy

Las Vegas and Nevada

- Tourism / Entertainment holding strong in tough market
- Secondary industries leading employment growth
- Slower inflow of people keeping pace of growth moderate

Beware the Imbalances

- Strong finances a function of public deficits and financial bubbles
- Weak link: US dependence on global capital inflows

Blame the Narrative

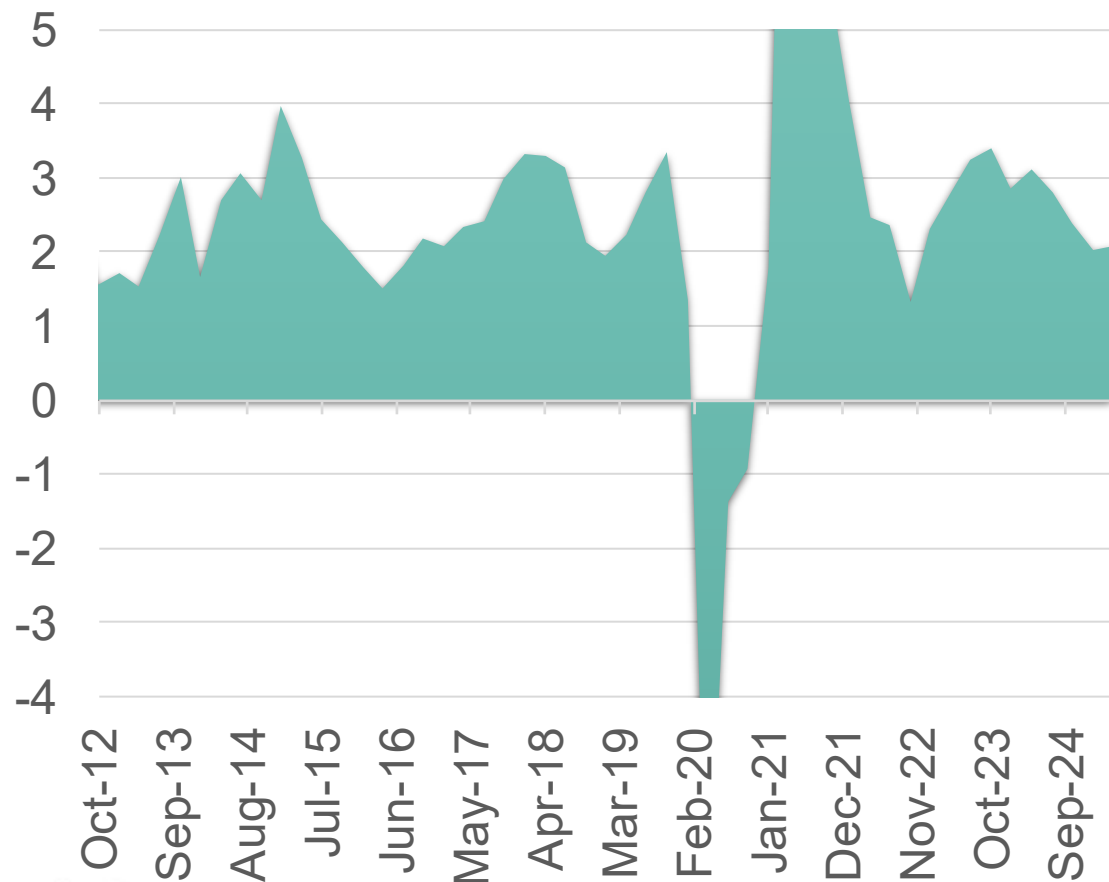
- Common sense policies are prevented by broken narratives
- The rise of populism in the age of abundance



GDP Growth: Slowing in '25

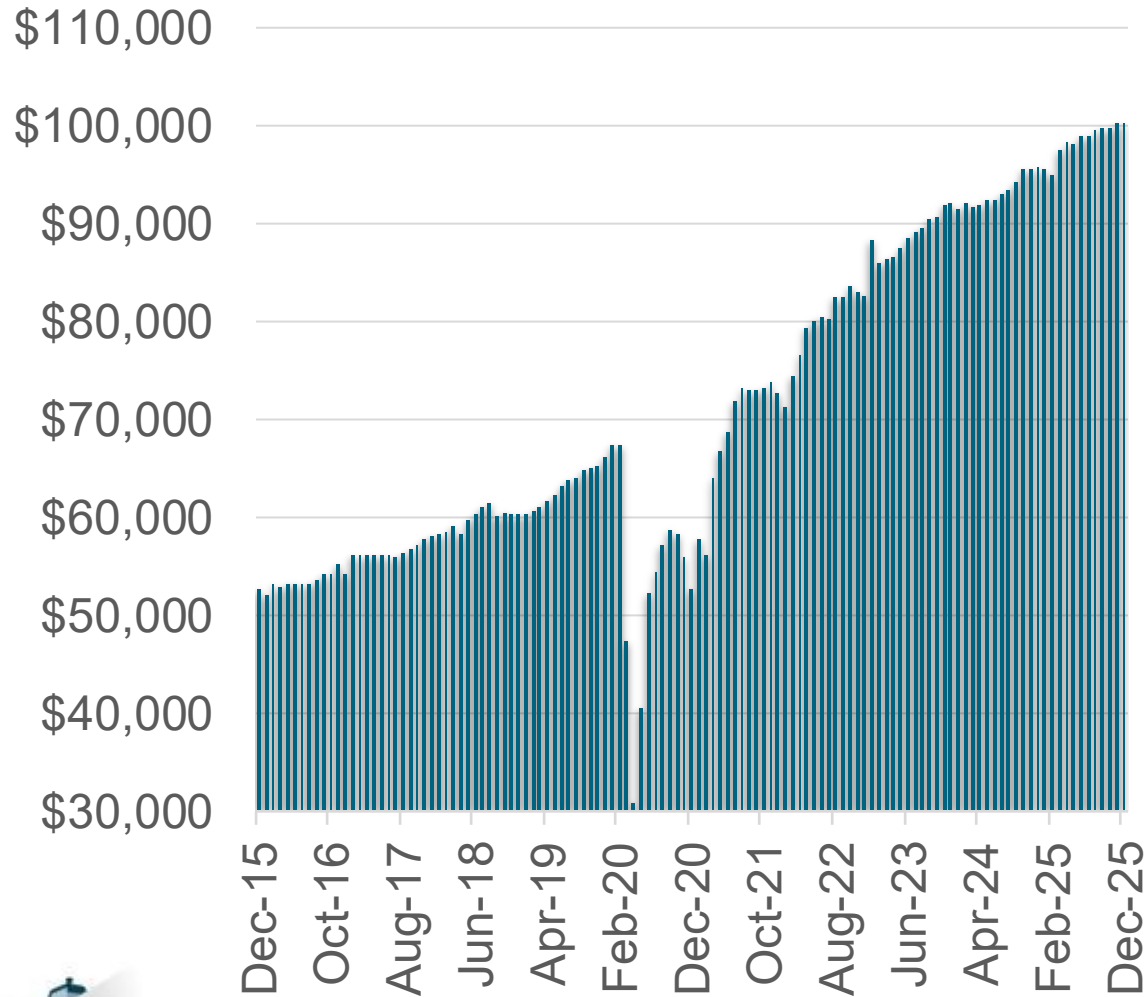


YoY Growth Real GDP
(to Q1 2026)

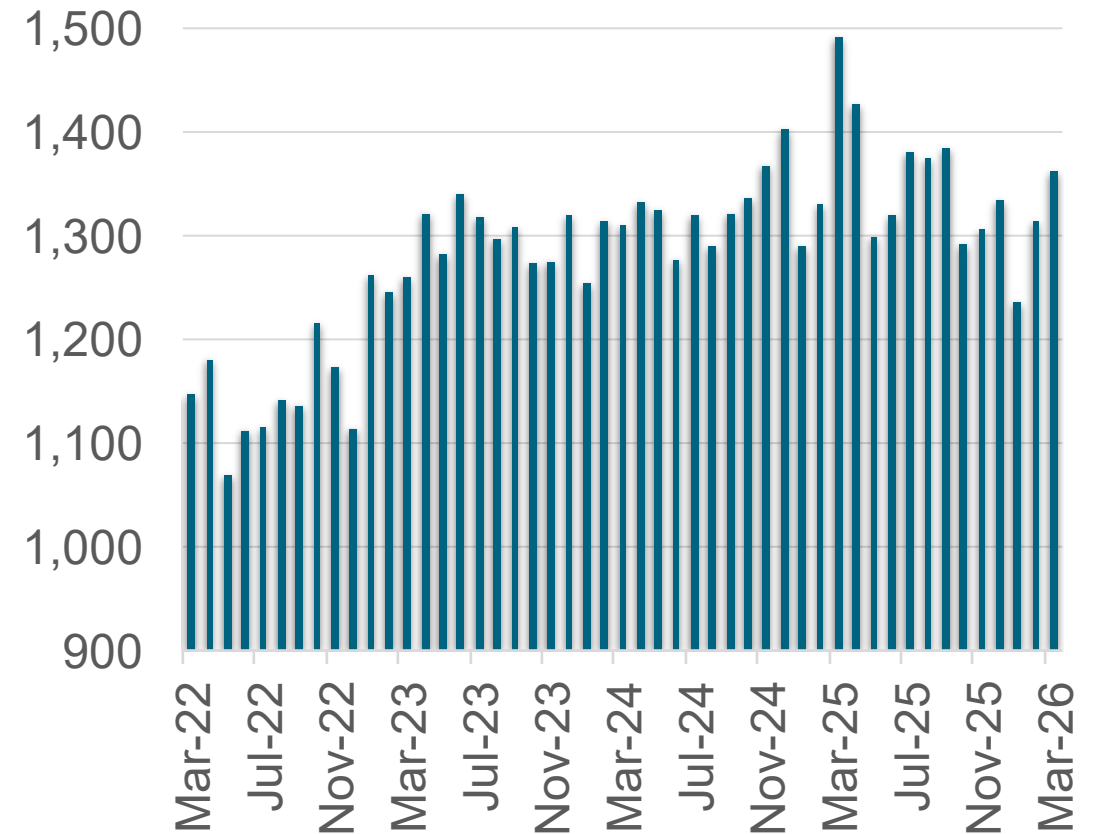


Consumers: Still Having Fun!

Restaurant Retail Sales (Jan 26)

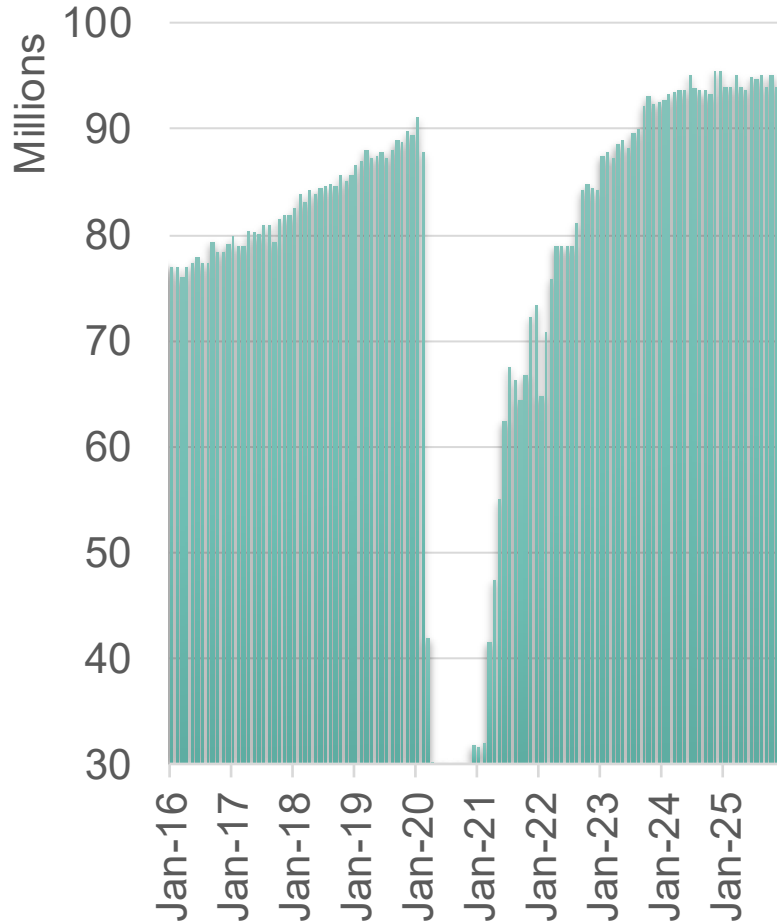


Total Auto and Light Truck Sales (000s, SA to Mar 26)

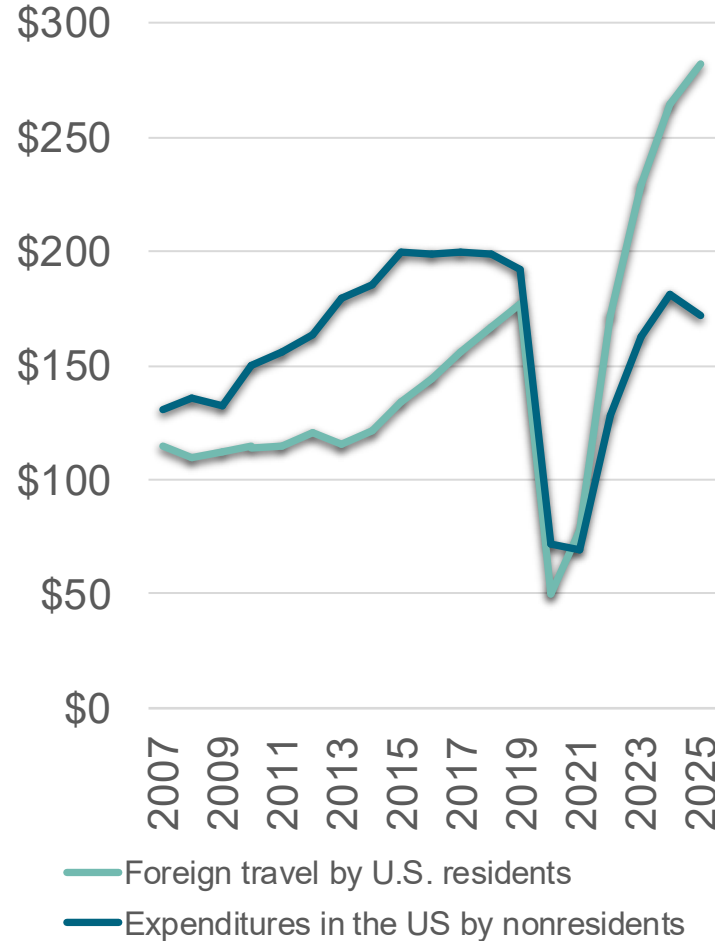


Travel, Flying, and the \$US

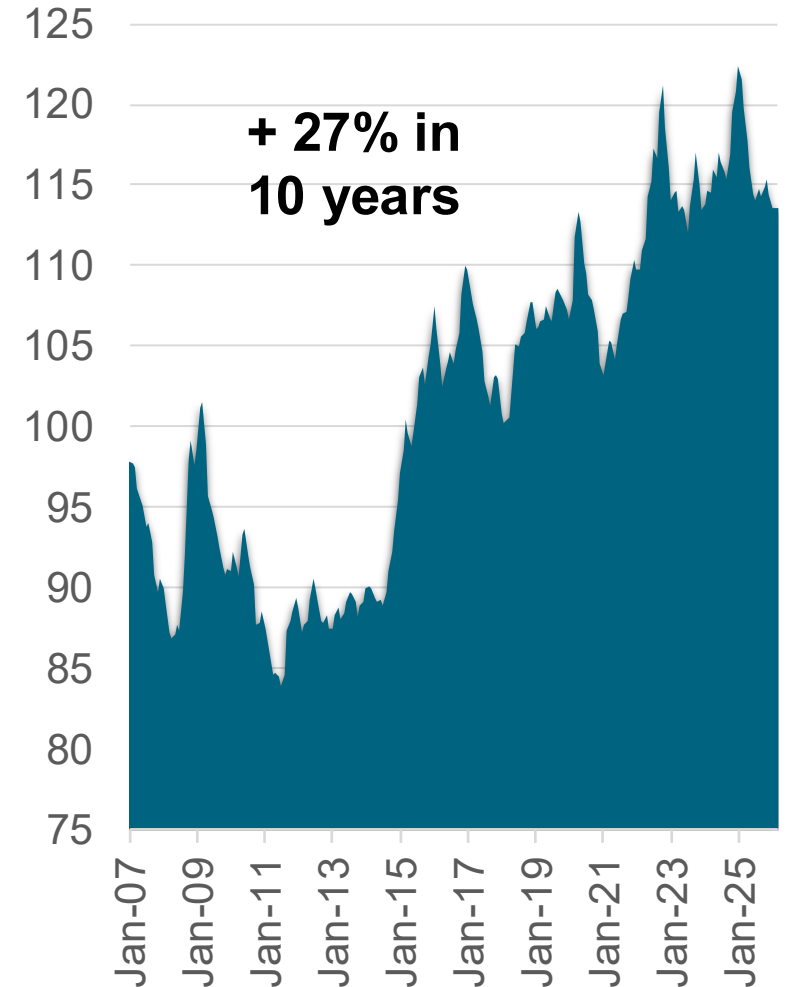
US Domestic Revenue Passenger Miles (Nov 25)



Real Spending on Travel

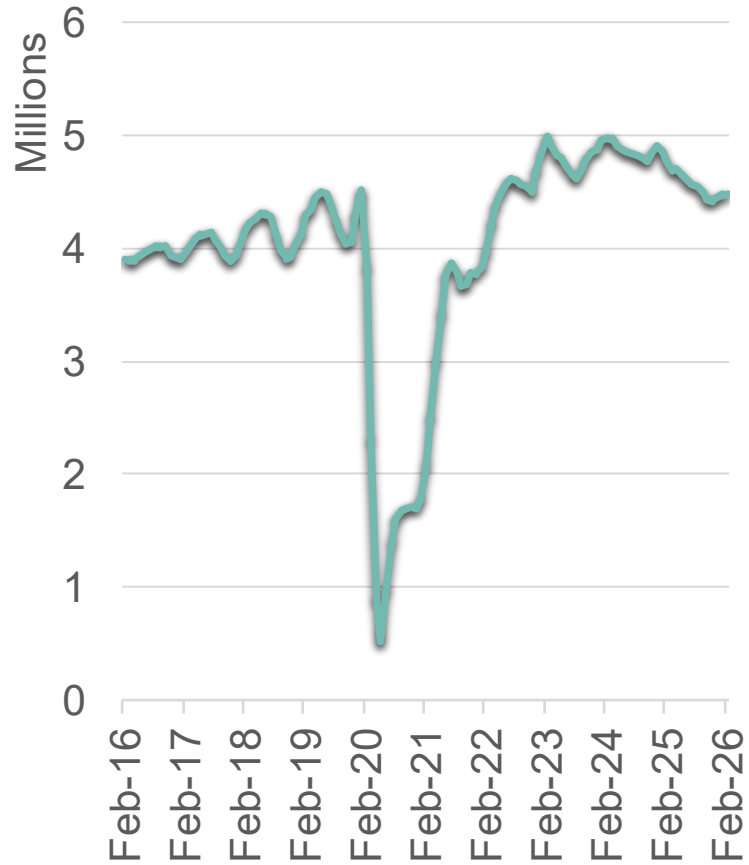


Real \$US Broad Index

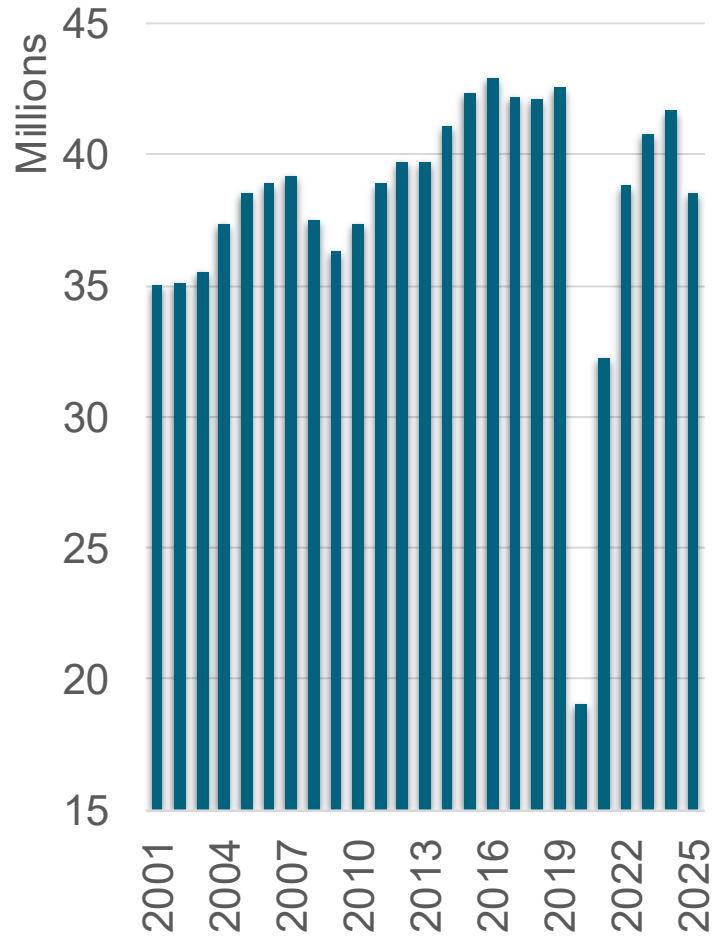


Air Traffic and Visitor Volume

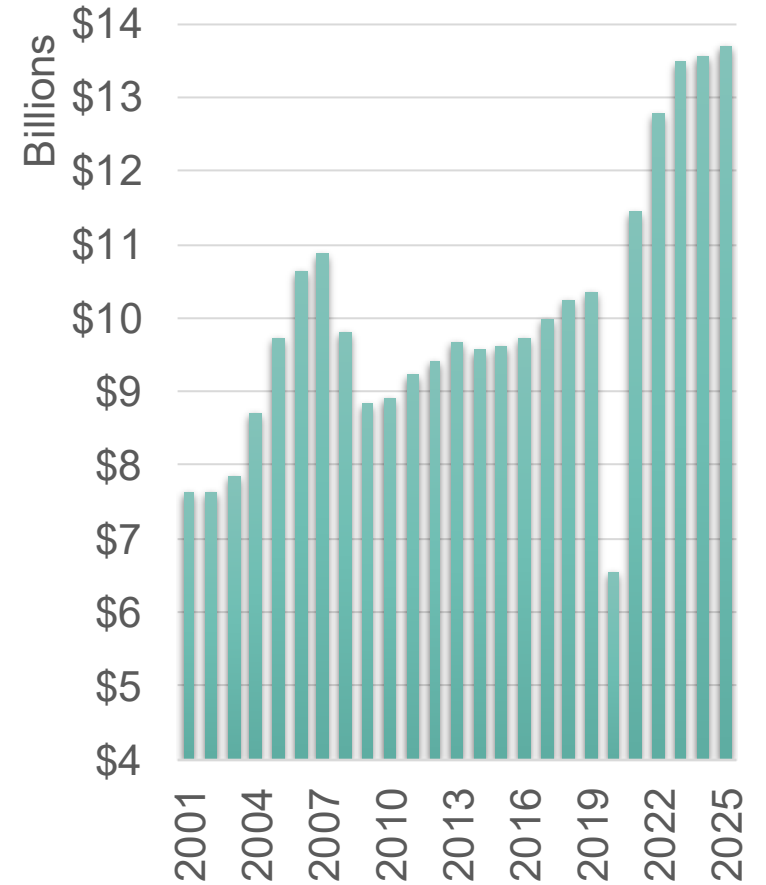
Harry Reid Passenger Traffic



Las Vegas Visitor Volume

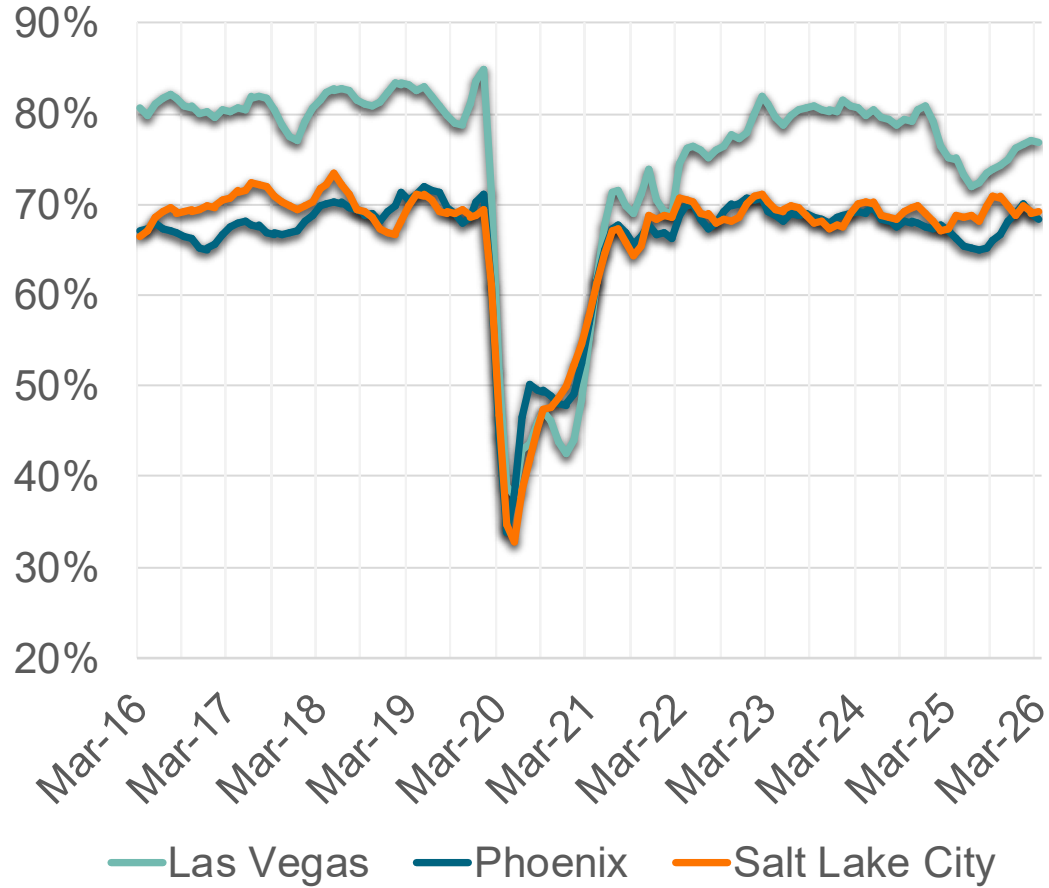


Clark County Gaming Revenue



Hotels

Hotel Occupancy Rates

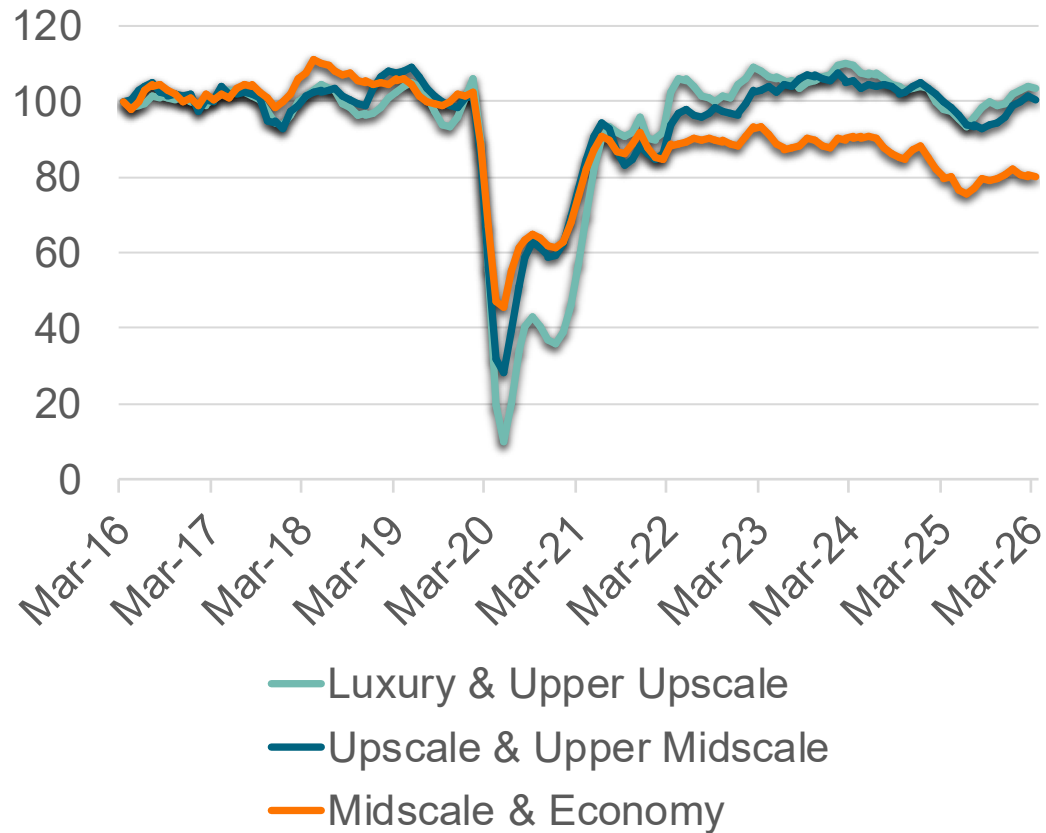


Location	Mar-26 RevPAR (\$)	1-Year Chg. (%)	Chg. since Dec-19 (%)
United States	102.63	2.4	19.1
New York	286.58	5.0	44.3
Las Vegas	159.51	1.0	34.5
Salt Lake City	100.04	2.5	31.9
San Diego	163.54	5.3	28.6
Phoenix	121.39	5.2	27.3
Orange County	162.87	8.6	22.9
Orlando	151.26	6.2	21.7
Inland Empire	99.57	2.1	19.9
Miami	176.42	4.7	19.3
Los Angeles	151.64	6.2	12.0
Denver	99.73	-2.7	5.9

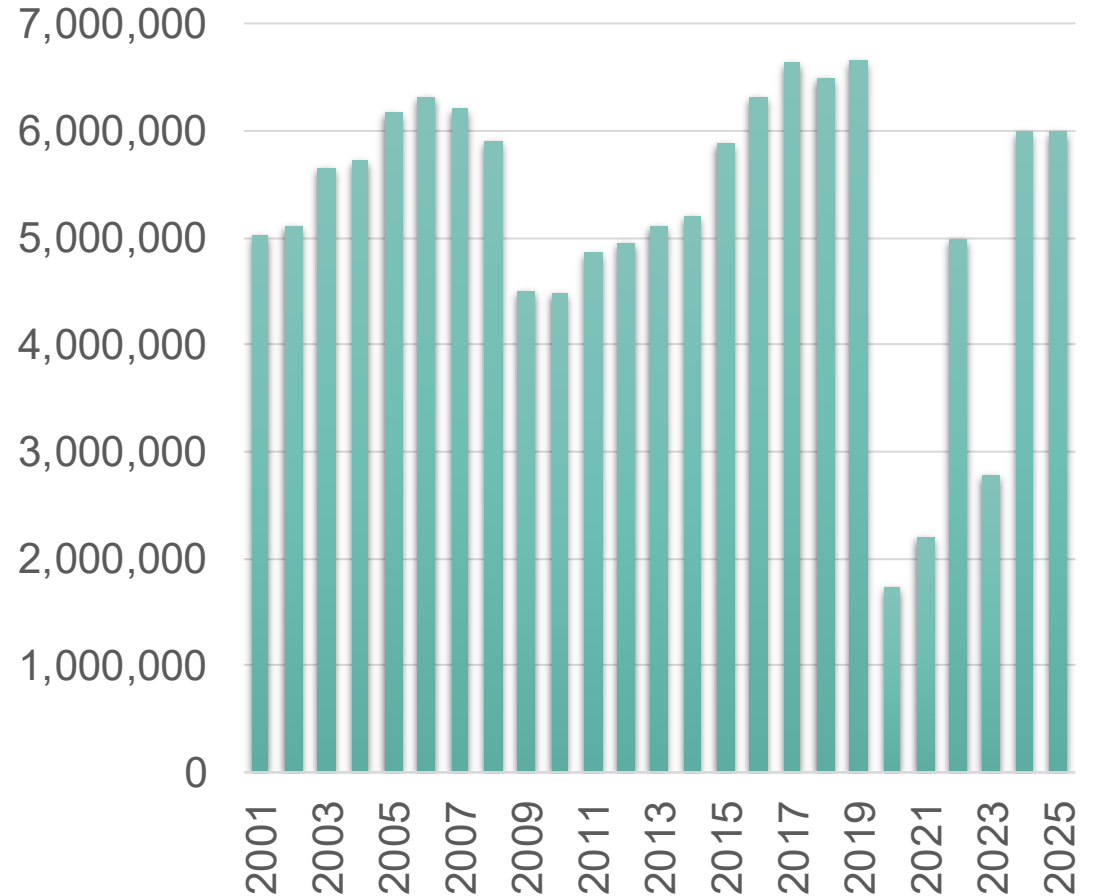


Hotel Room Nights and Conventions

Las Vegas: Indexed Hotel Room Nights by Type

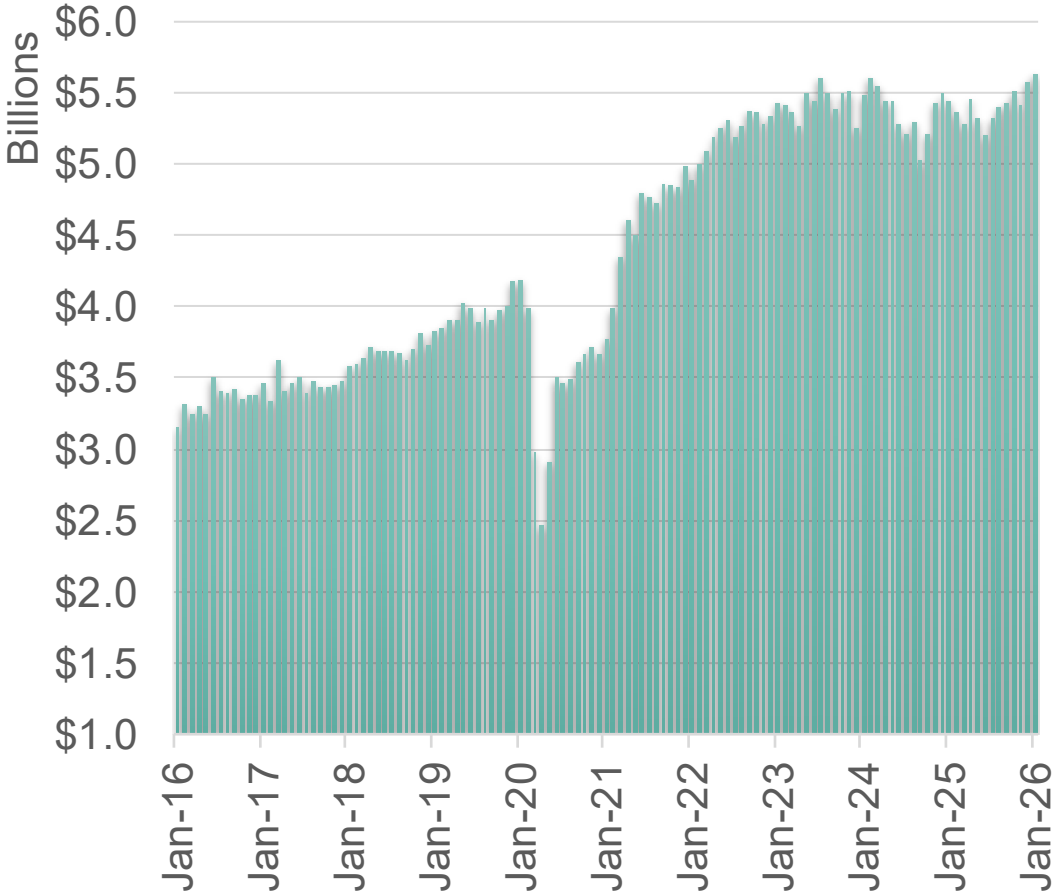


Las Vegas Convention Attendance

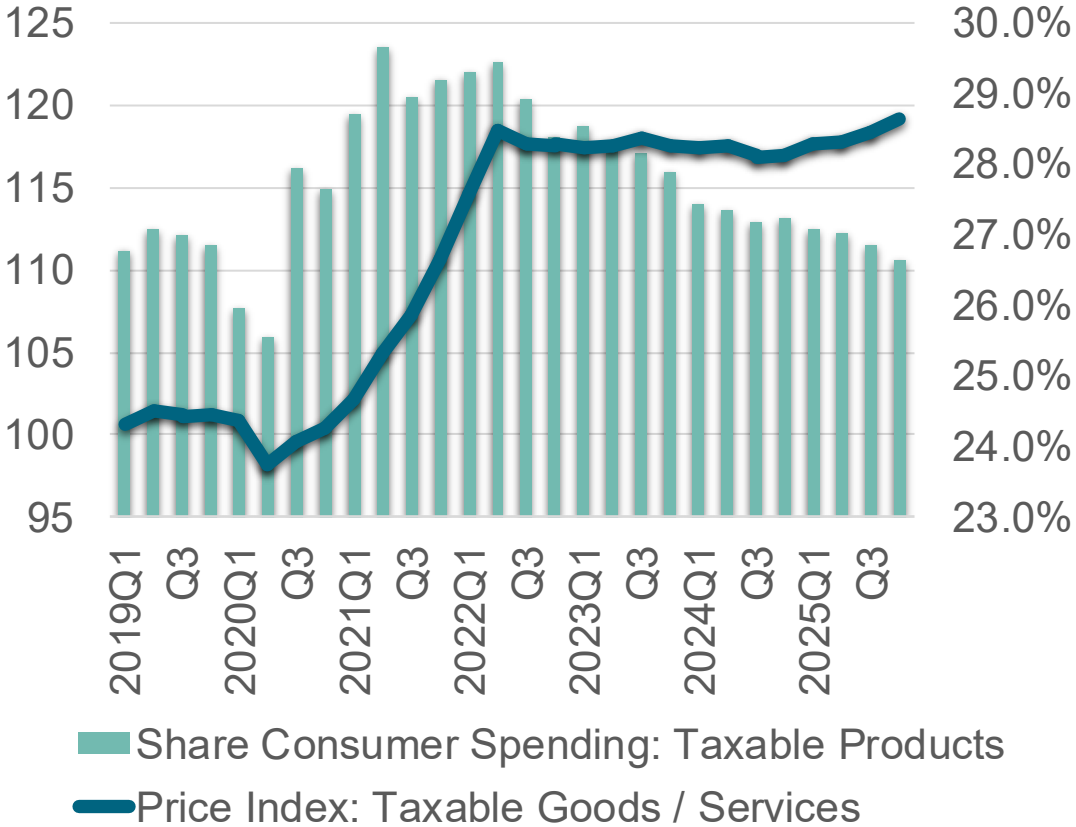


Local Taxable Sales

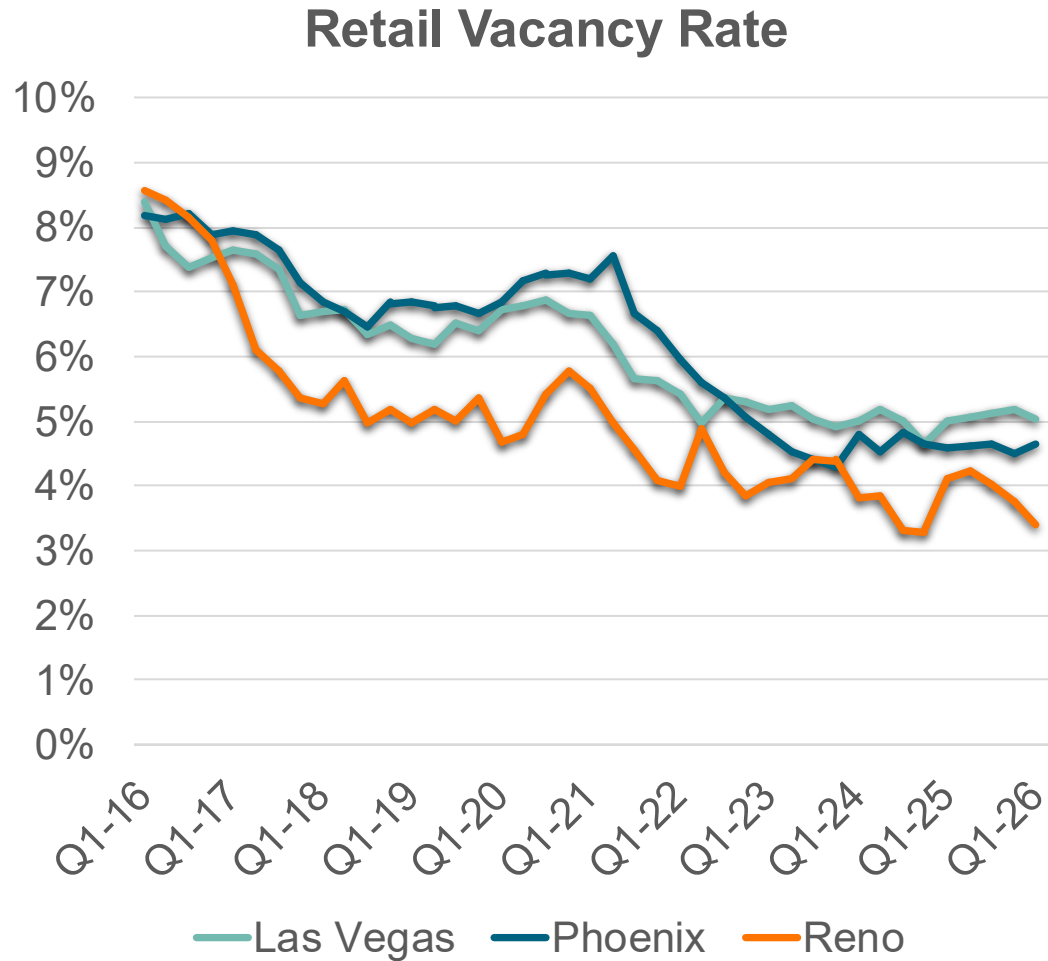
Clark County Taxable Sales



Taxable Goods Price Index, Share Total



Retail Vacancy Rate

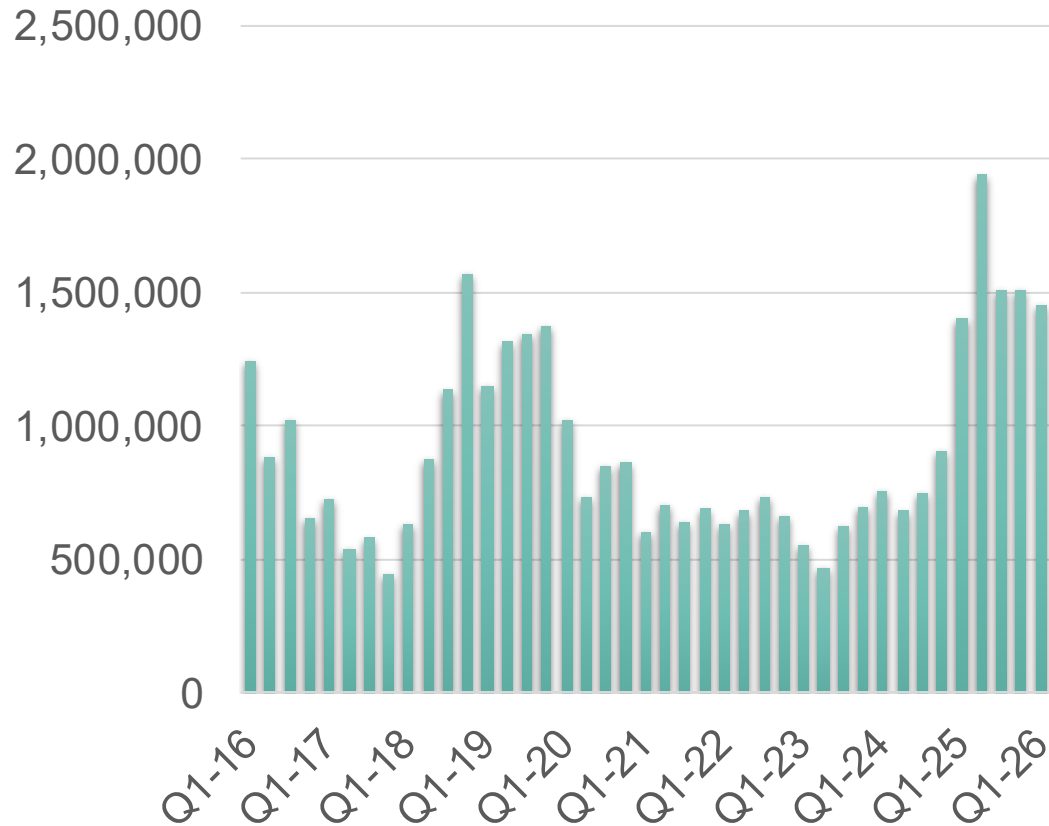


Asking Rent	Q1-26 (\$)	1-Yr Growth (%)	Change since Q4-19 (%)
United States	25.88	2.0	20.7
Phoenix	26.98	5.2	37.9
Las Vegas	33.96	2.9	37.2
Denver	27.46	2.6	22.8
Salt Lake City	26.36	1.7	36.6
East Bay	33.62	1.5	11.1
Inland Empire	26.95	1.4	24.1
Reno	22.39	1.0	19.9
Fresno	19.38	0.8	18.5
Los Angeles	36.68	-1.0	10.4
San Francisco	42.95	-1.9	0.8



Retail Construction

Las Vegas Retail
Square-Foot Under Construction

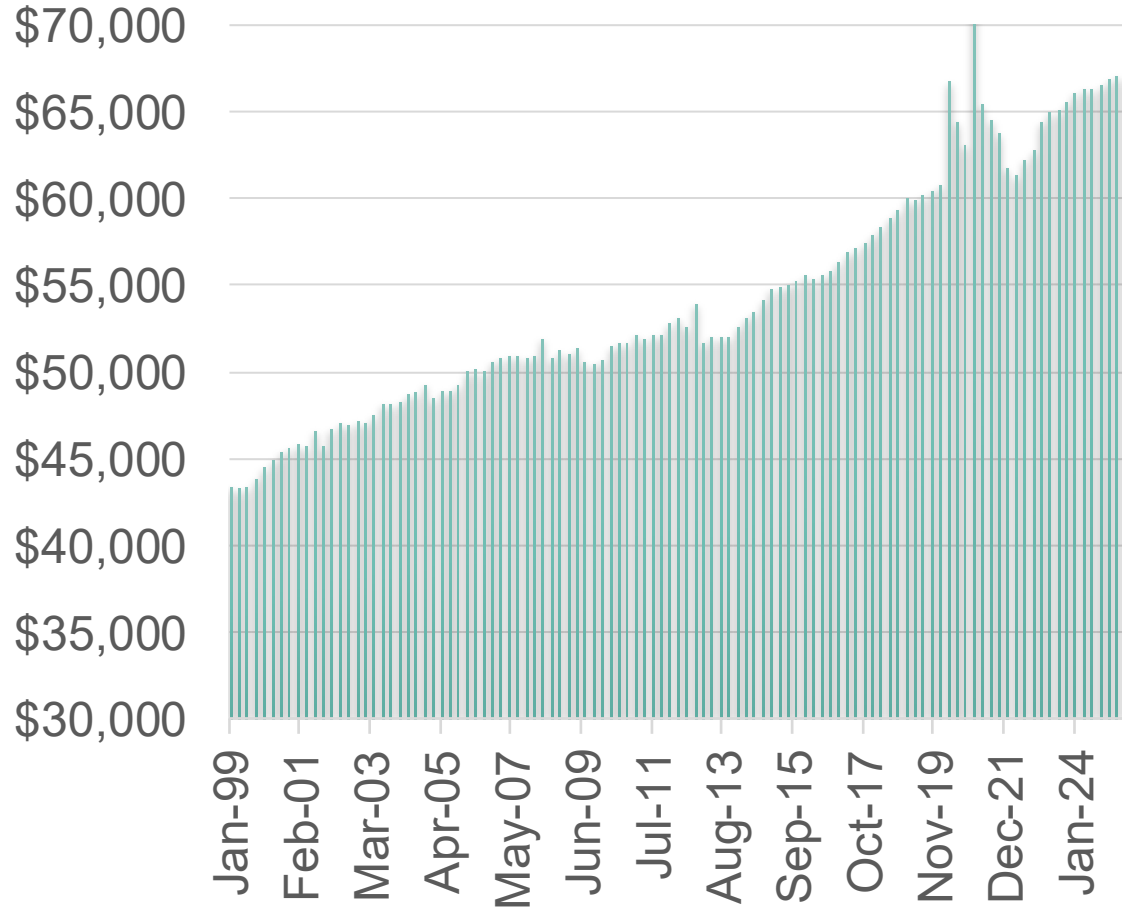


Retail Under Construction	Q1-26 (Sq. Ft., 000s)	1-Yr Growth (%)	Change since Q4-19 (%)
United States	53,280.5	-3.5	-11.9
Phoenix	2,777.0	-20.6	61.7
Las Vegas	1,453.5	3.8	5.8
Inland Empire	1,128.7	17.6	3.6
Salt Lake City	667.8	-14.4	105.6
Los Angeles	630.5	-23.0	-59.6
Denver	618.8	-18.4	-4.8
Fresno	407.8	-23.3	120.5
San Francisco	305.1	56.4	152.4
East Bay	75.4	-50.8	-63.5
Reno	65.8	-42.6	-38.5

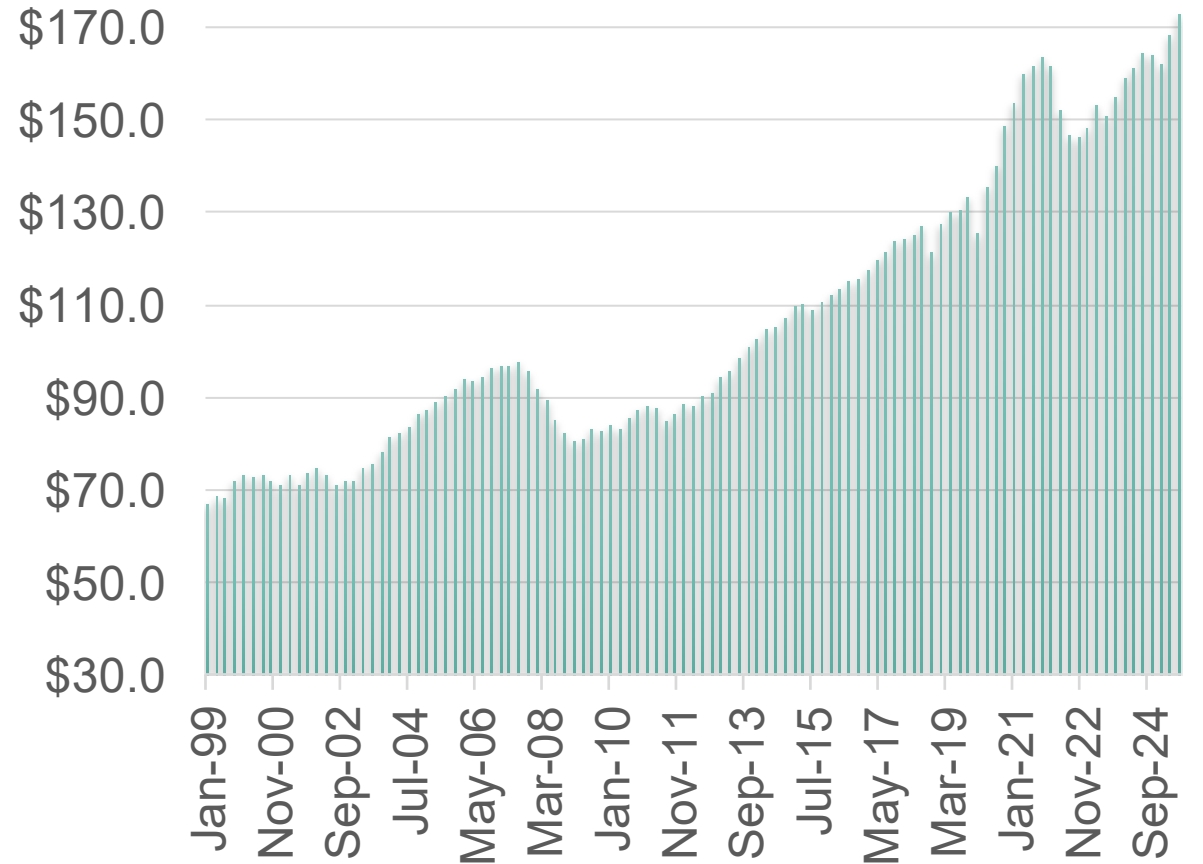


Record HH Income and Net Worth

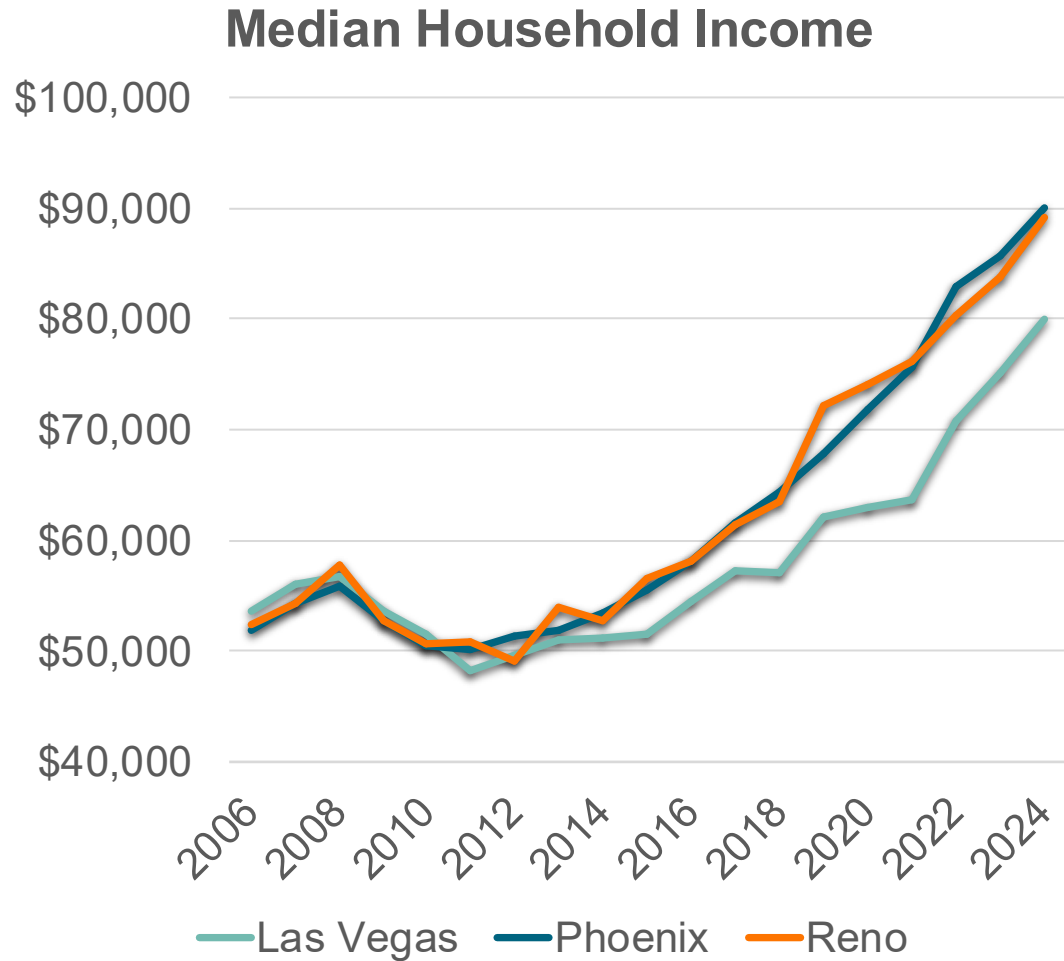
Real Per Capita Disposable Income



Real Household Net Worth (\$Trillions)



Local Incomes

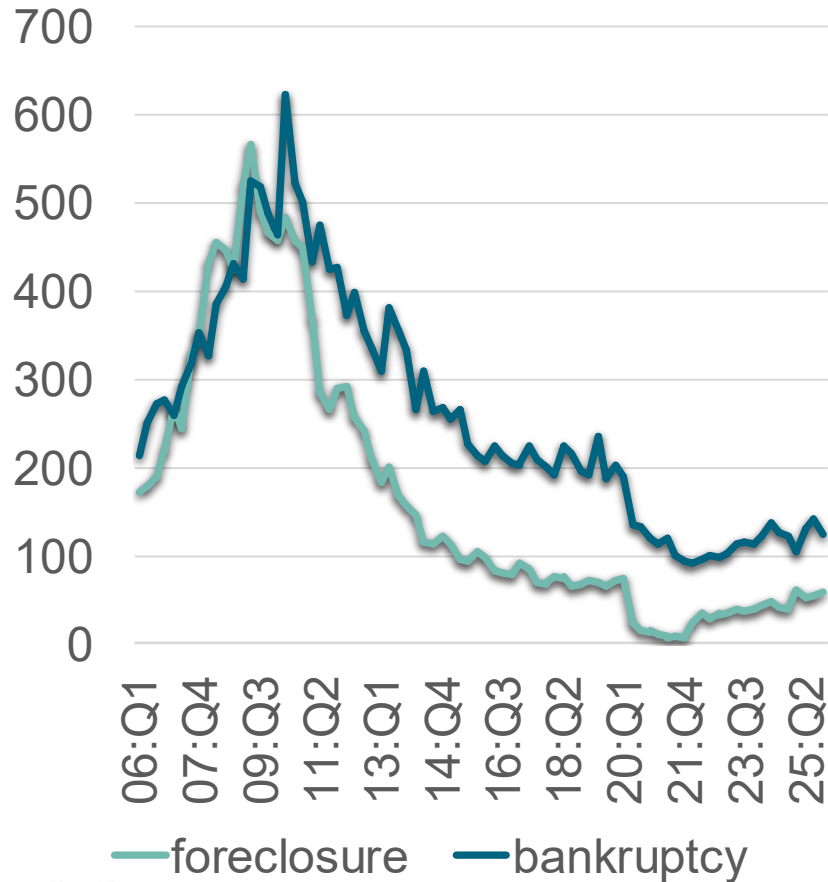


Location	Jul-25 Avg. Weekly Wage (\$)	1-Year Chg. (%)	Chg. since Feb-20 (%)
United States	1,246	3.1	27.3
Inland Empire	1,160	8.3	24.2
Las Vegas	1,071	5.5	20.2
Phoenix	1,280	4.9	18.9
Dallas	1,305	4.5	20.0
Salt Lake City	1,332	4.4	23.8
Fresno	1,104	4.2	25.0
Denver	1,411	3.8	19.1
Reno	1,141	3.2	15.3
Tucson	1,022	-0.6	23.4

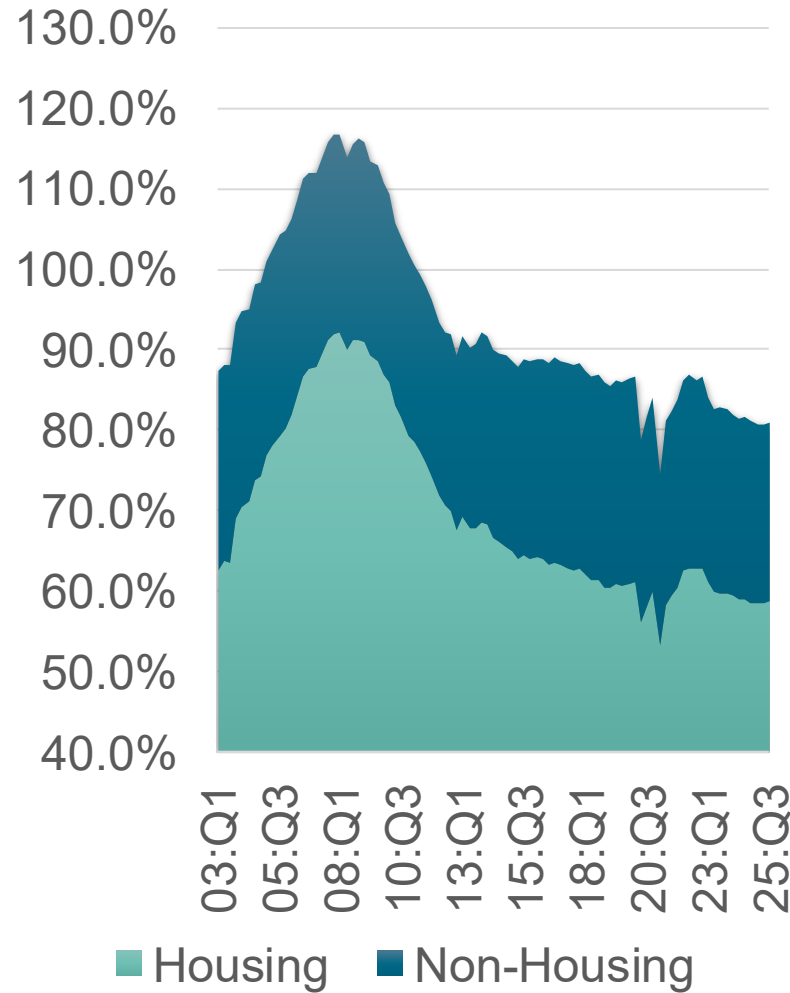


Consumer Debt Situation: Steady

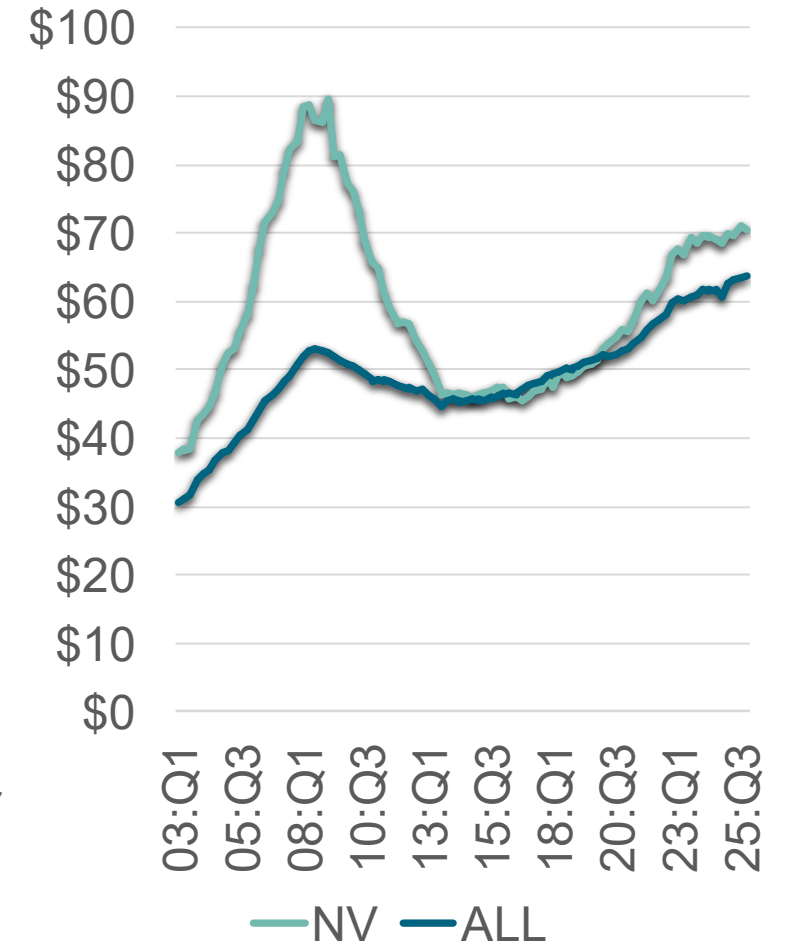
Household Financial Distress (000s)



Consumer Debt to DPI



Per Capita Debt 000s

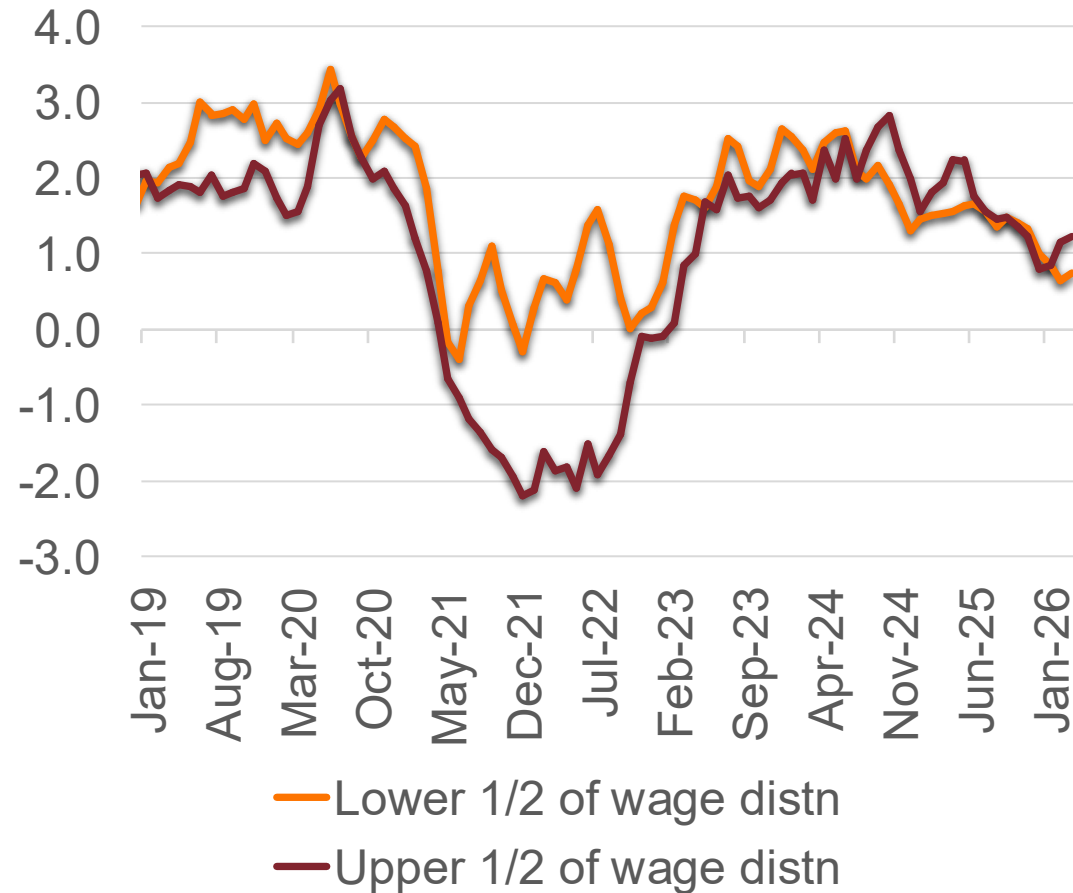


A K-Shaped Recovery?

Income and Spending by Household Income Quintile

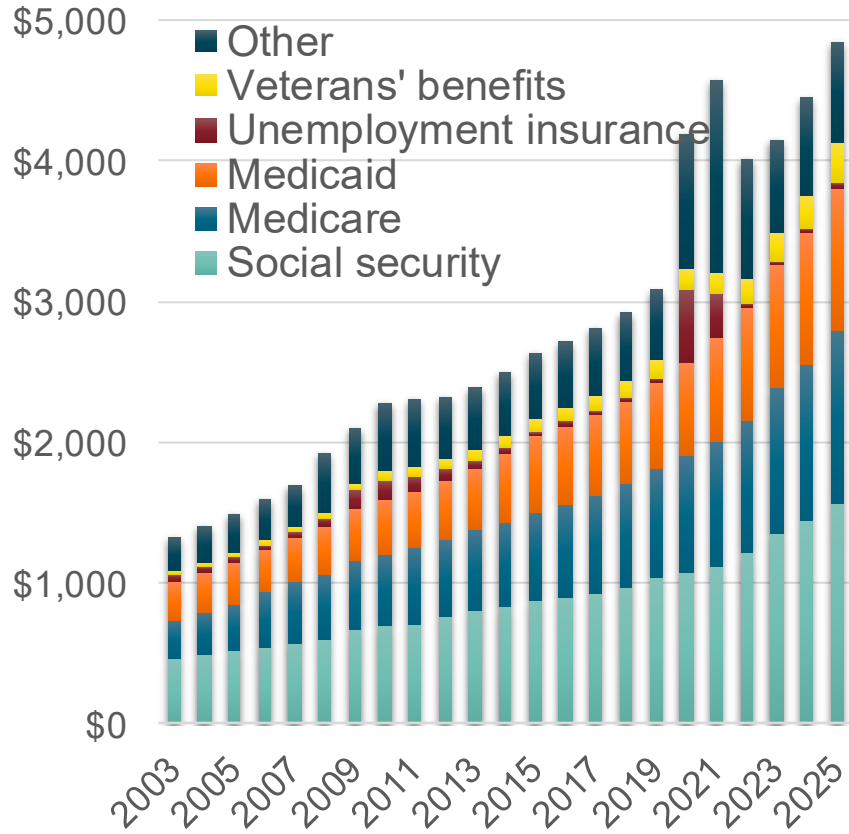
	Avg HH Income 2024	Real Growth 14-24
Lowest	\$18,460	22.8%
Second	\$49,380	23.4%
Middle	\$84,390	21.3%
Fourth	\$136,800	21.1%
Highest	\$316,100	26.5%
Top 5%	\$560,000	30.9%

Real Median YoY Earnings Growth

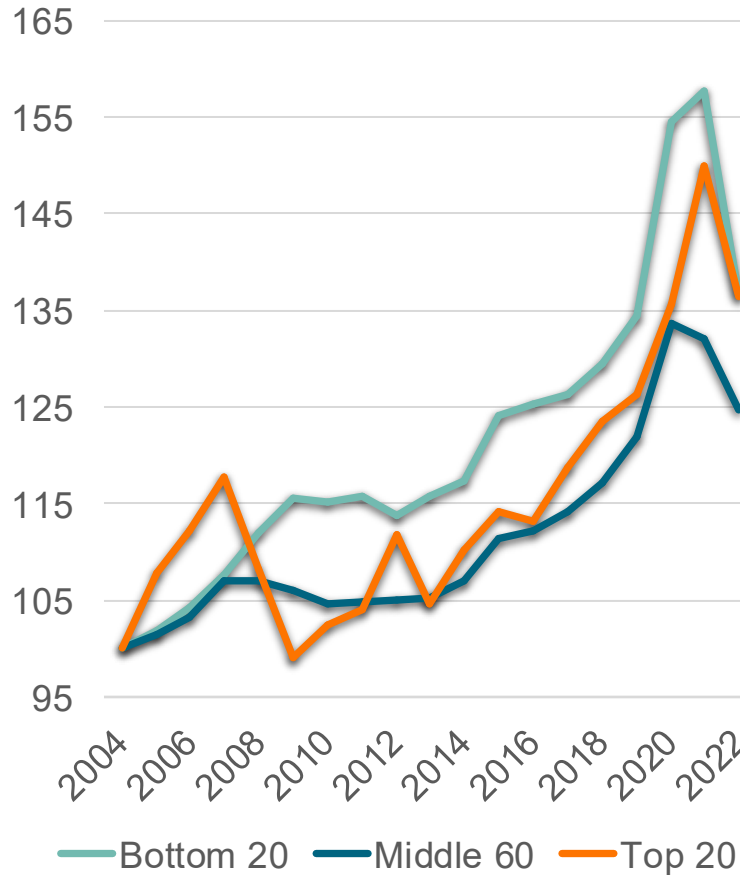


Gross vs Net Income

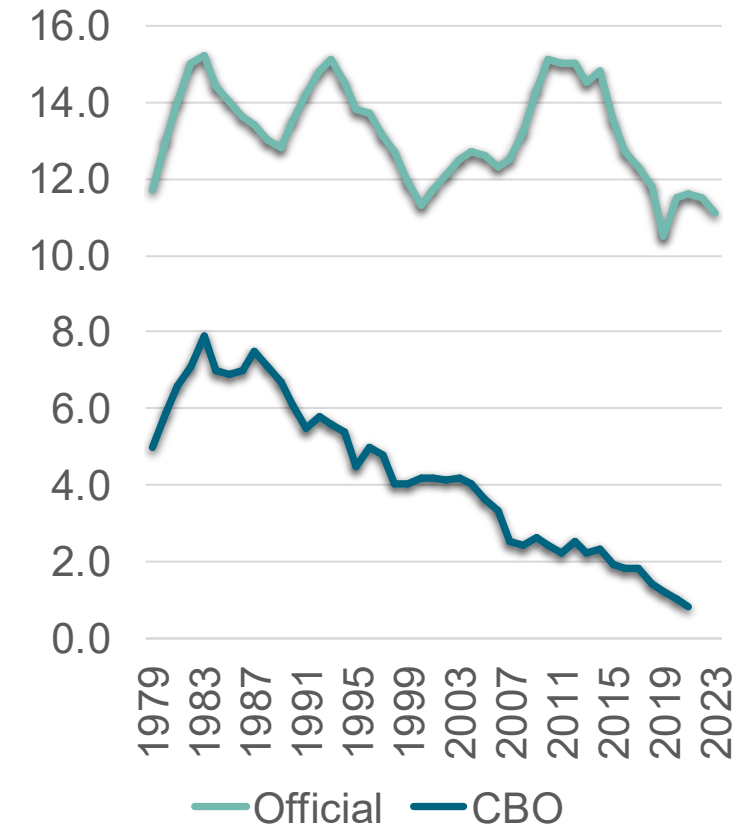
Government Transfers to Households



Net Income After Transfers and Taxes by Quintile (Source CBO)



Estimates of the Share of US in Poverty (Source CBO)



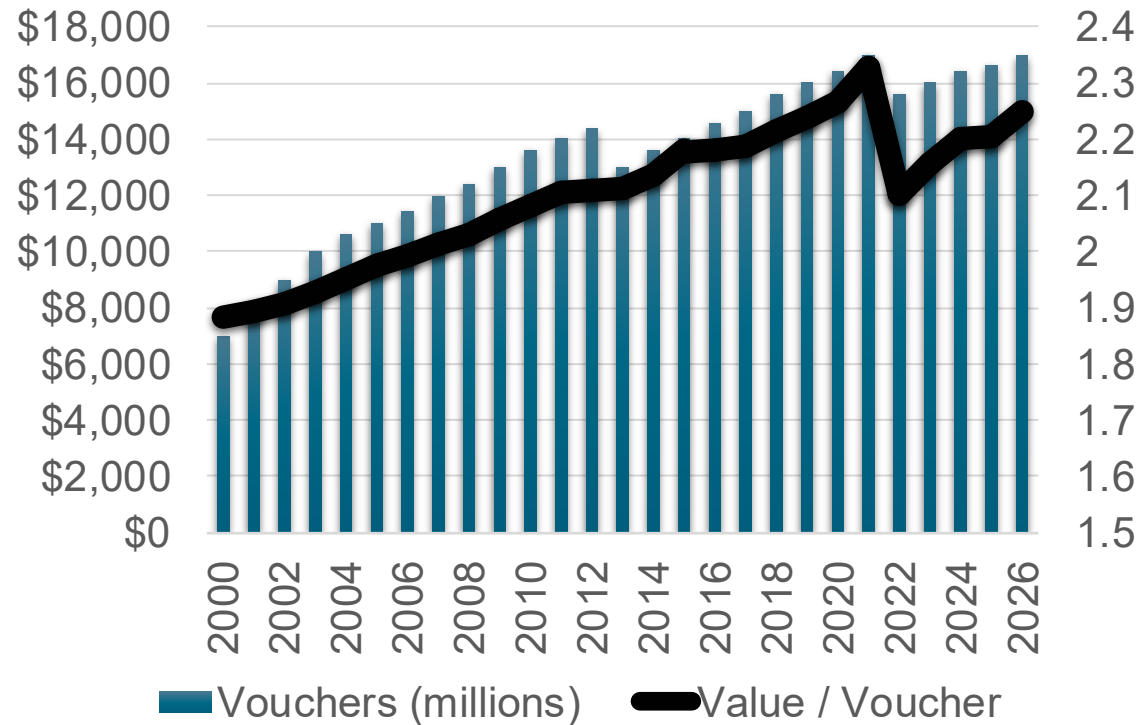
Correlates with Poverty

	2024	2018
Less than high school graduate	24.0%	24.4%
High school graduate	14.3%	13.5%
Some college, associate's degree	9.7%	9.5%
Bachelor's degree or higher	4.6%	4.4%
Worked full-time, year-round	2.3%	2.5%
Worked part-time or part-year	14.9%	15.8%
Did not work	21.3%	21.3%
	Married Couple	Single Parent
Families	4.5%	22.3%
1 or 2 children	4.3%	26.8%
3 or 4 children	9.1%	49.2%
5 or more children	22.0%	67.8%

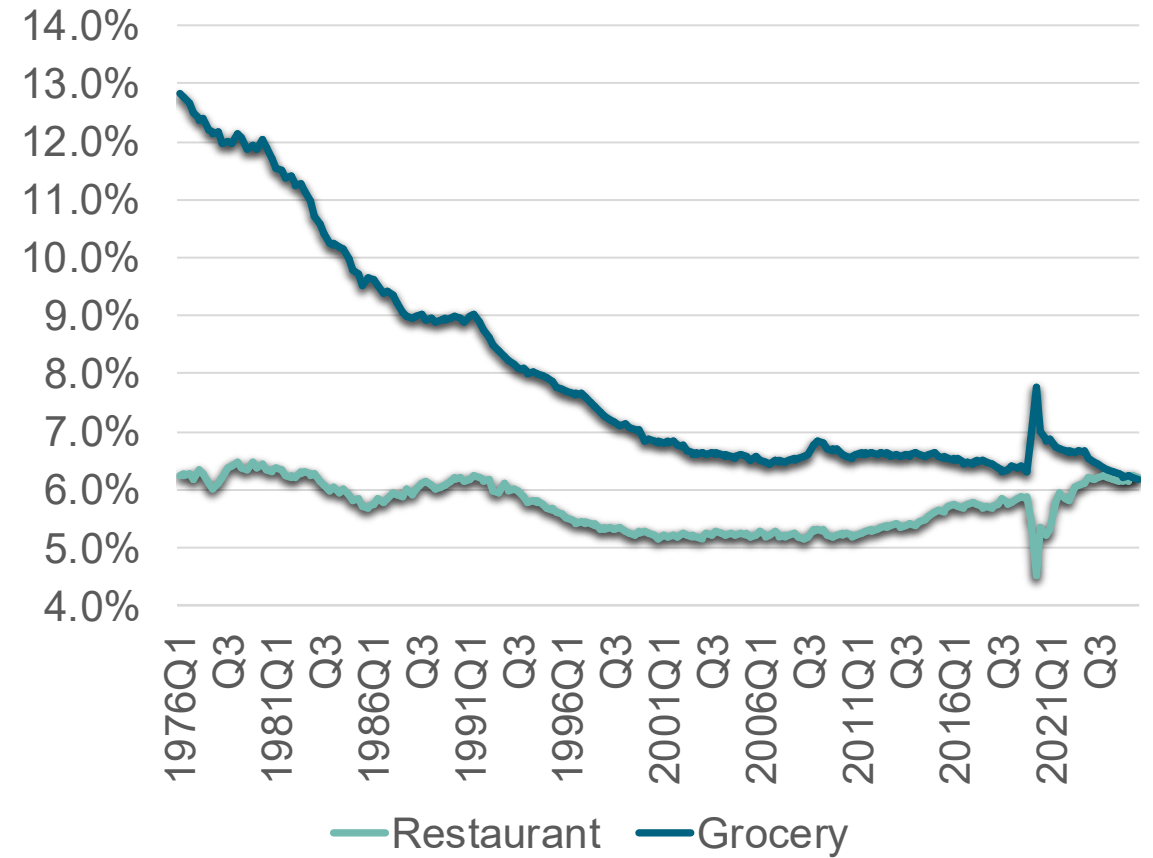


What about the cost of food and shelter?

Housing Vouchers (Sect 8) Trends

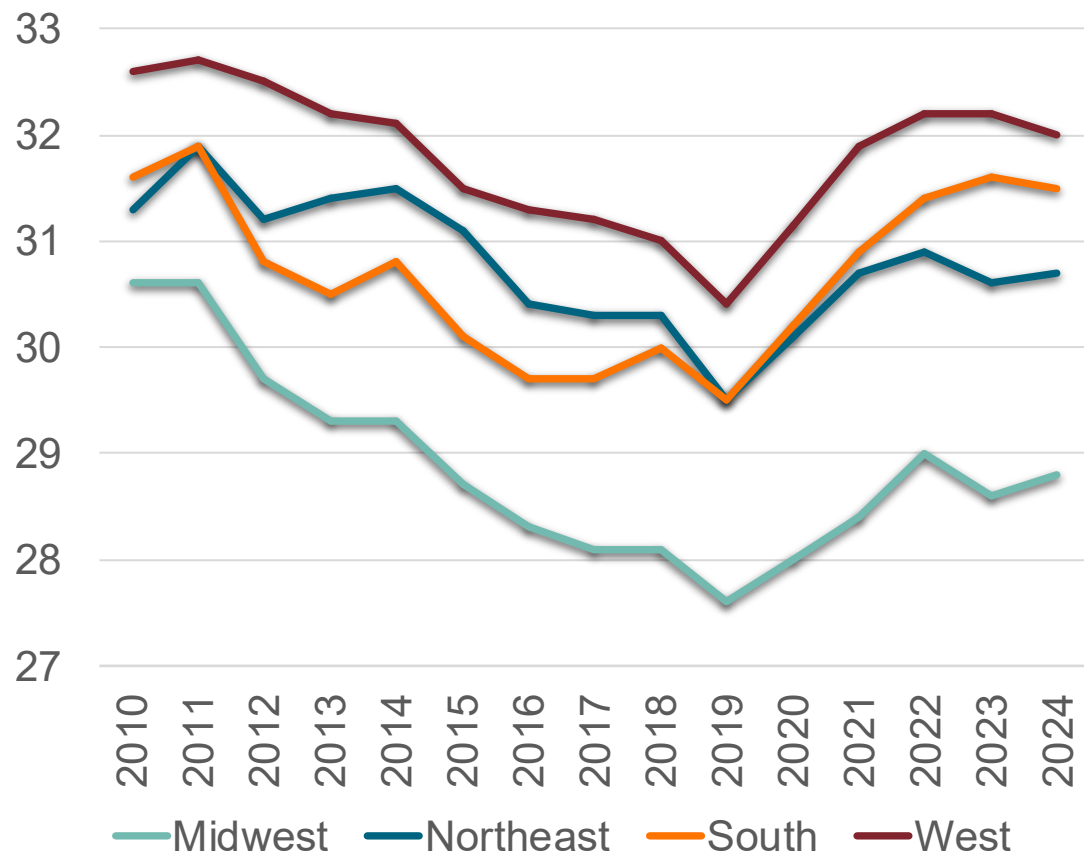


Food Share of total Consumer Spending





Median Rent as a % of Household Income



OCT 27, 2025 3:00 AM PT

America's Hunger Crisis Is Growing. We're Choosing to Look Away

IDEAS

POLITICS



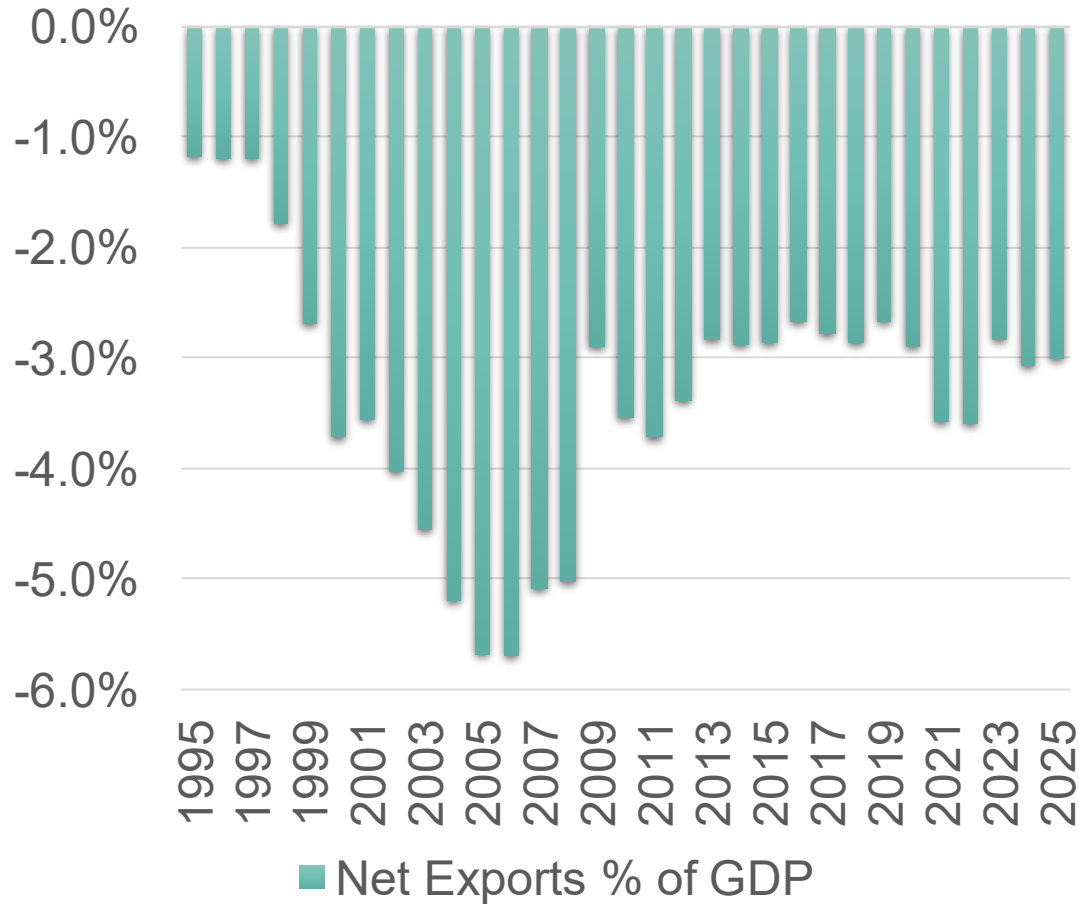
ADD TIME ON GOOGLE

by [Beth Shapiro](#)

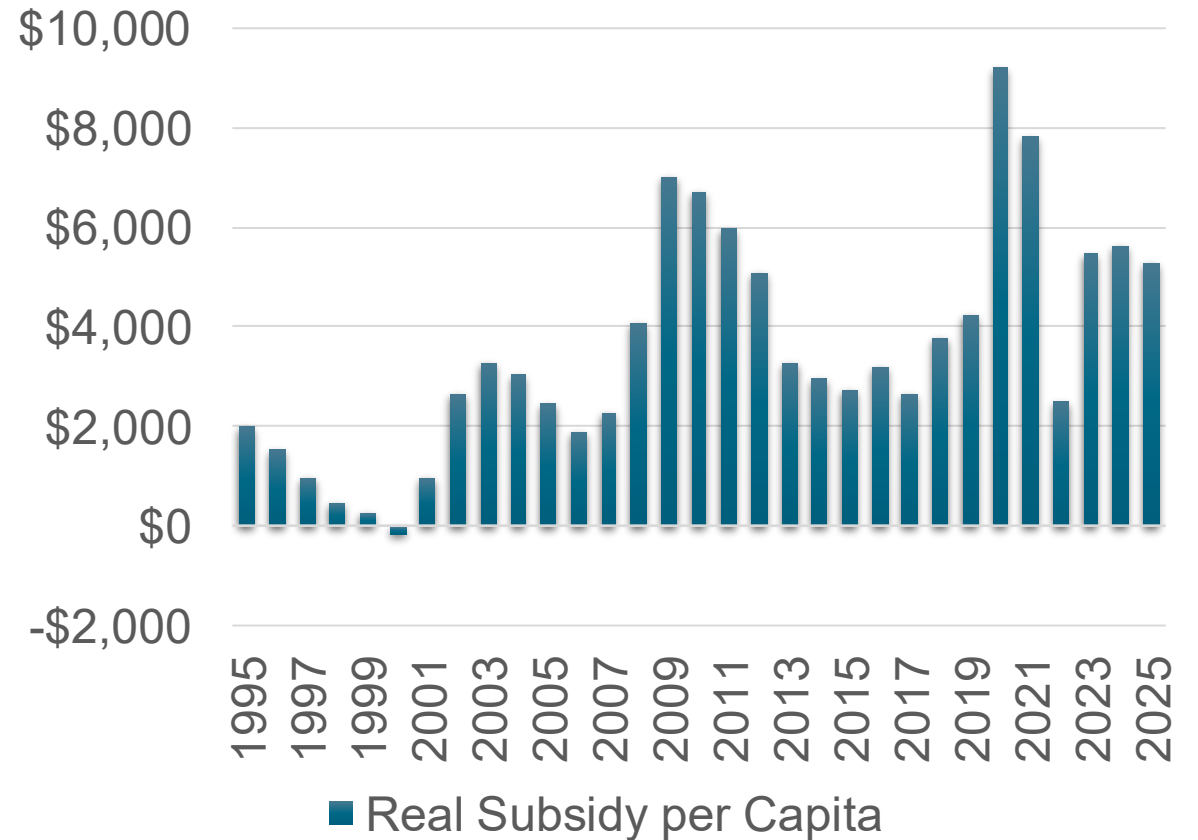


An Over-Consumption Problem...

Net Exports % of GDP



Real Gov Implicit Subsidy per Capita



Projected US Federal Deficit: \$2 Trillion
\$15,000 per household per year

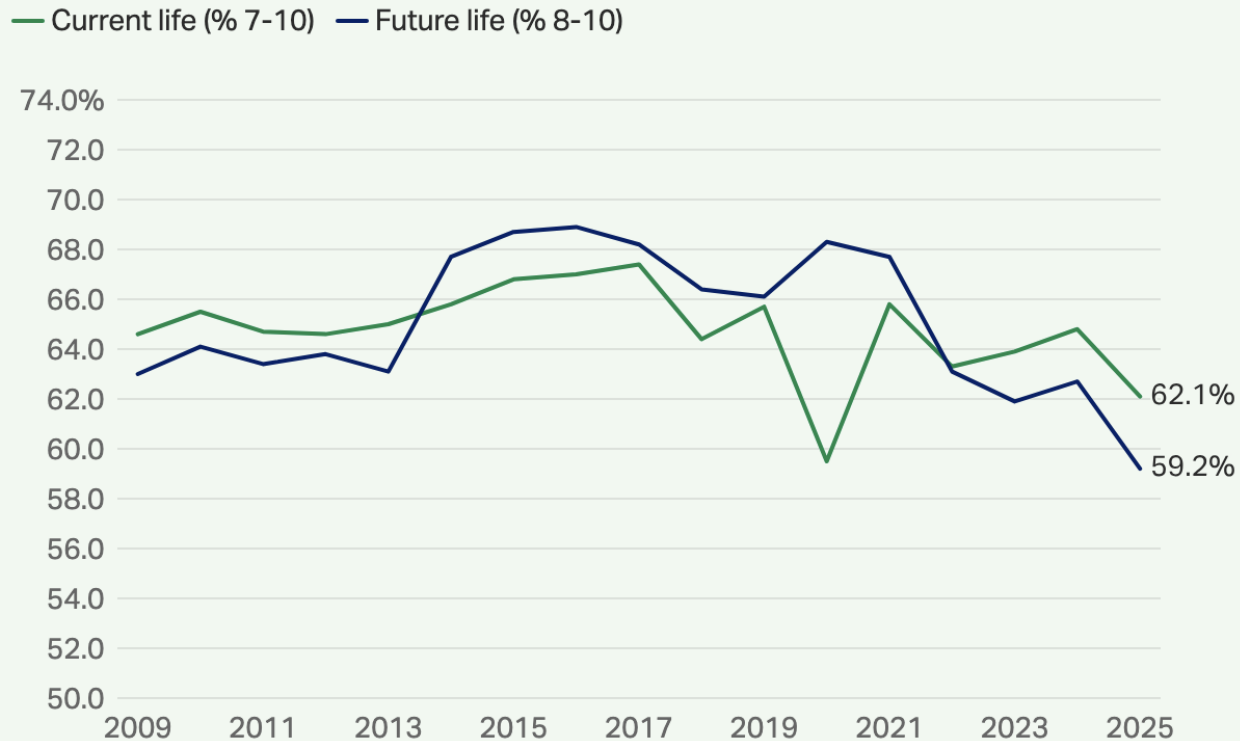
- *Higher Taxes: 9% of Household Disposable Household Income*
- *or*
- *Reduced Spending: 25% of total current Fed expenditures*



The national mood?

Among U.S. Adults, Anticipated Life in 5 Years Slumps to Record Low in 2025

Current life satisfaction is second lowest, trailing only 2020



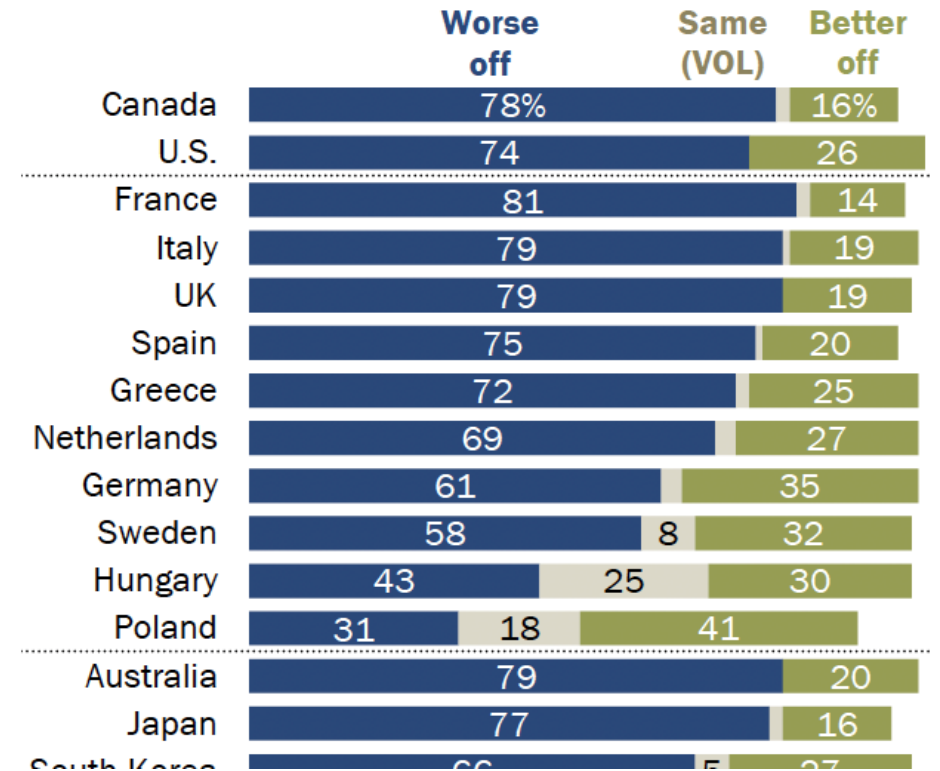
Based on respondents' ratings of their current life and their anticipated life in 5 years, on a 0-10 scale

[Get the data](#) • [Download image](#)

GALLUP

Globally, most think children will be worse off financially than their parents

% who say that when children in their country grow up, they will be ___ financially than their parents



Seven in ten college students say the country is headed off on the wrong track, a record low.

Assessment of the Nation's Direction

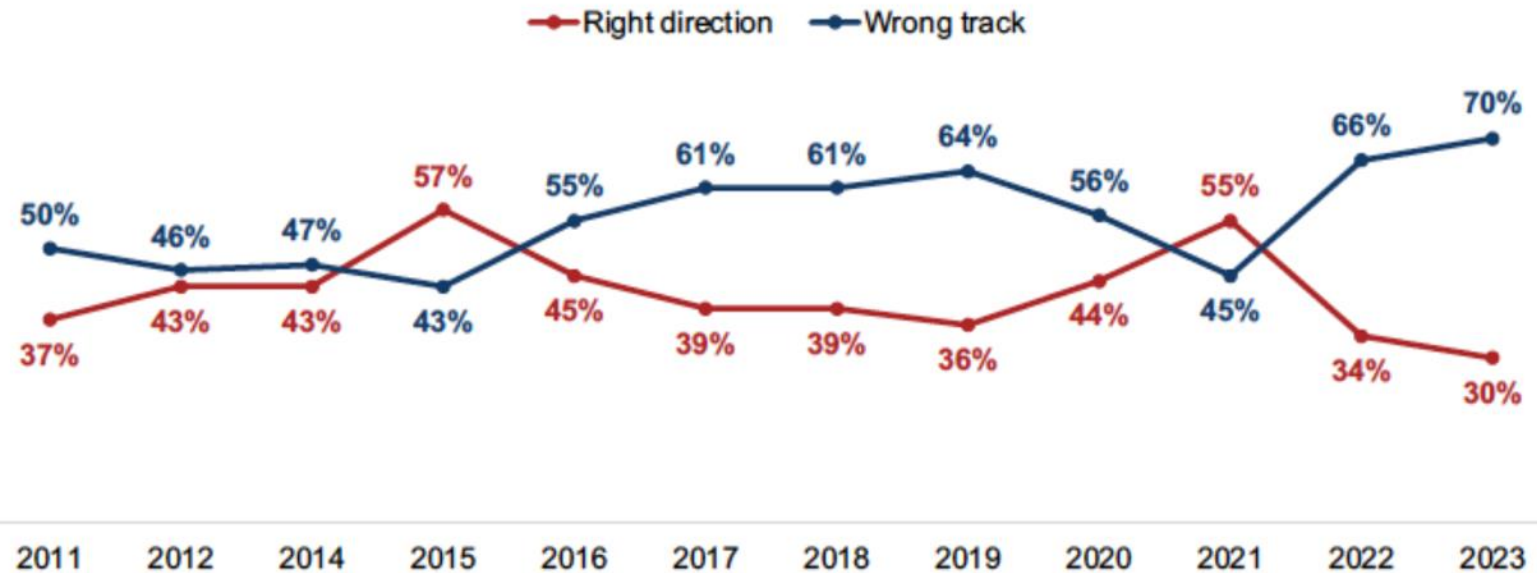
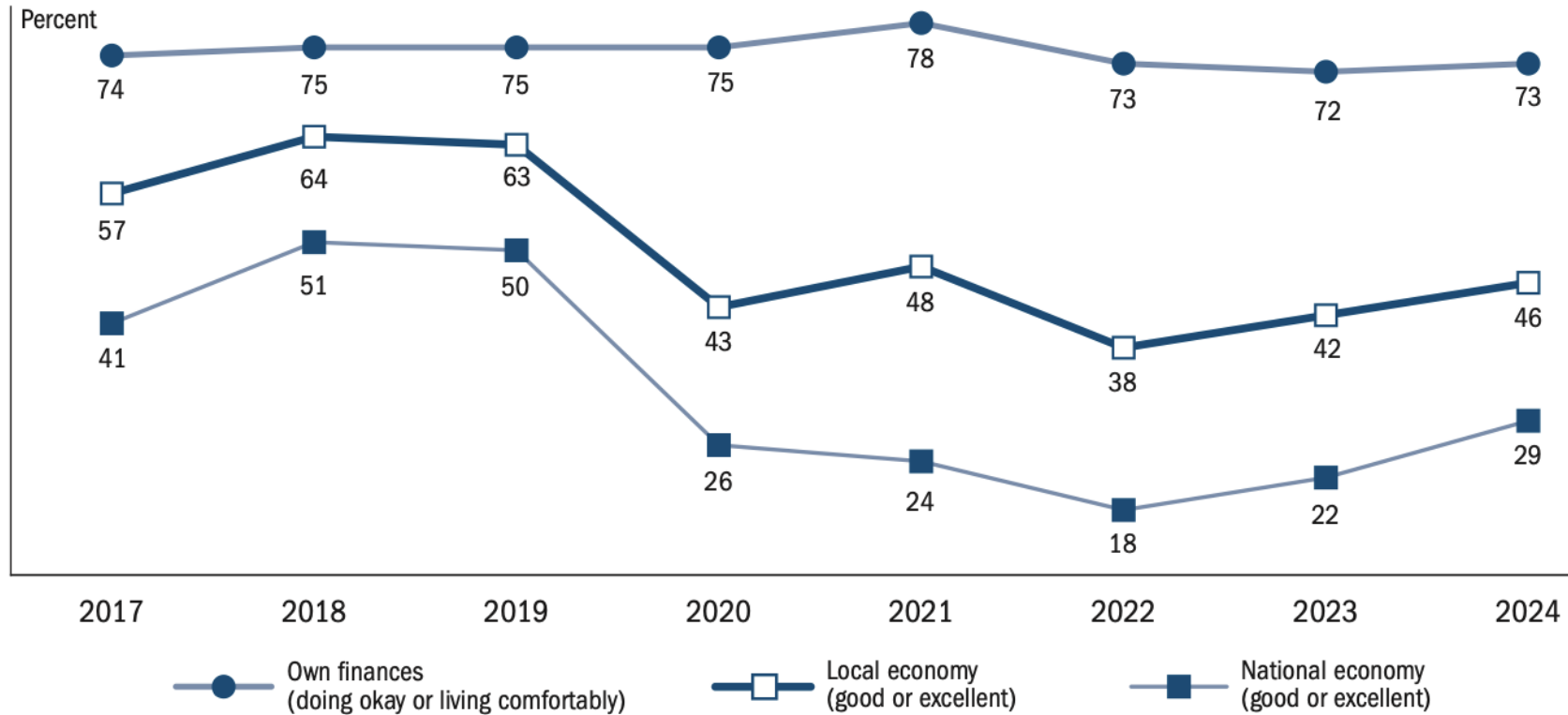


Figure 7. Assessment of own financial well-being, local economy, and national economy (by year)

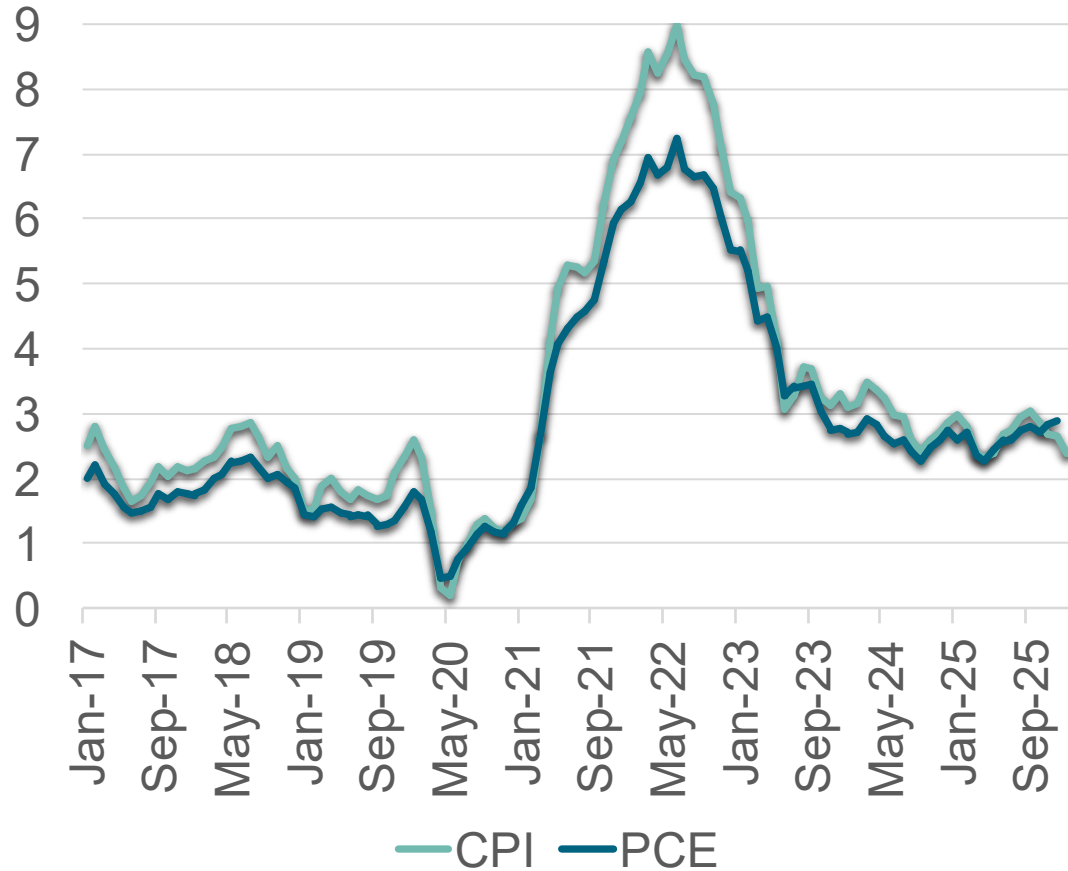


Note: Among all adults. For each series, the responses presented represent the most favorable two outcomes on a four-point scale.



Where is Inflation at?

YoY Growth Prices

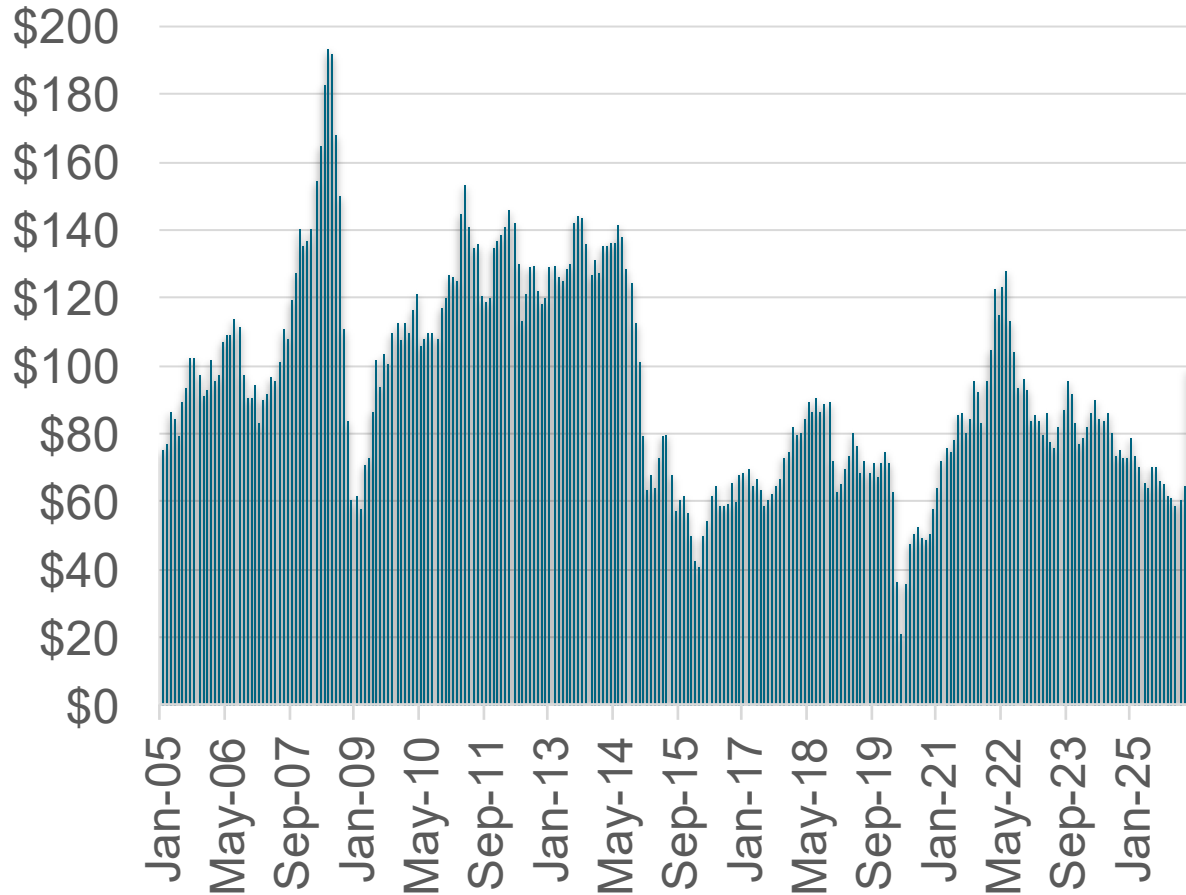


	Weight	Inflation
PCE Prices to February		2.9%
Finance & insurance	15.7%	6.4%
Recreation services	6.1%	4.6%
Furnishings, HH equipment	3.8%	4.0%
Housing and utilities	21.1%	3.7%
Food Lodging	7.4%	3.3%
Other services	8.3%	2.7%
Health care	16.0%	2.6%
Other nondurables	7.5%	2.4%
Transportation services	2.3%	2.1%
Food for off-premises	5.2%	2.1%
Other durable goods	1.2%	1.8%
Recreational goods	3.0%	1.8%
Motor vehicles and parts	1.5%	1.2%
Clothing and footwear	0.3%	0.3%
Gasoline, energy	-1.3%	-1.9%



What about oil and gas prices?

Inflation Adjusted Price of Oil per Barrel (WTI) \$2026



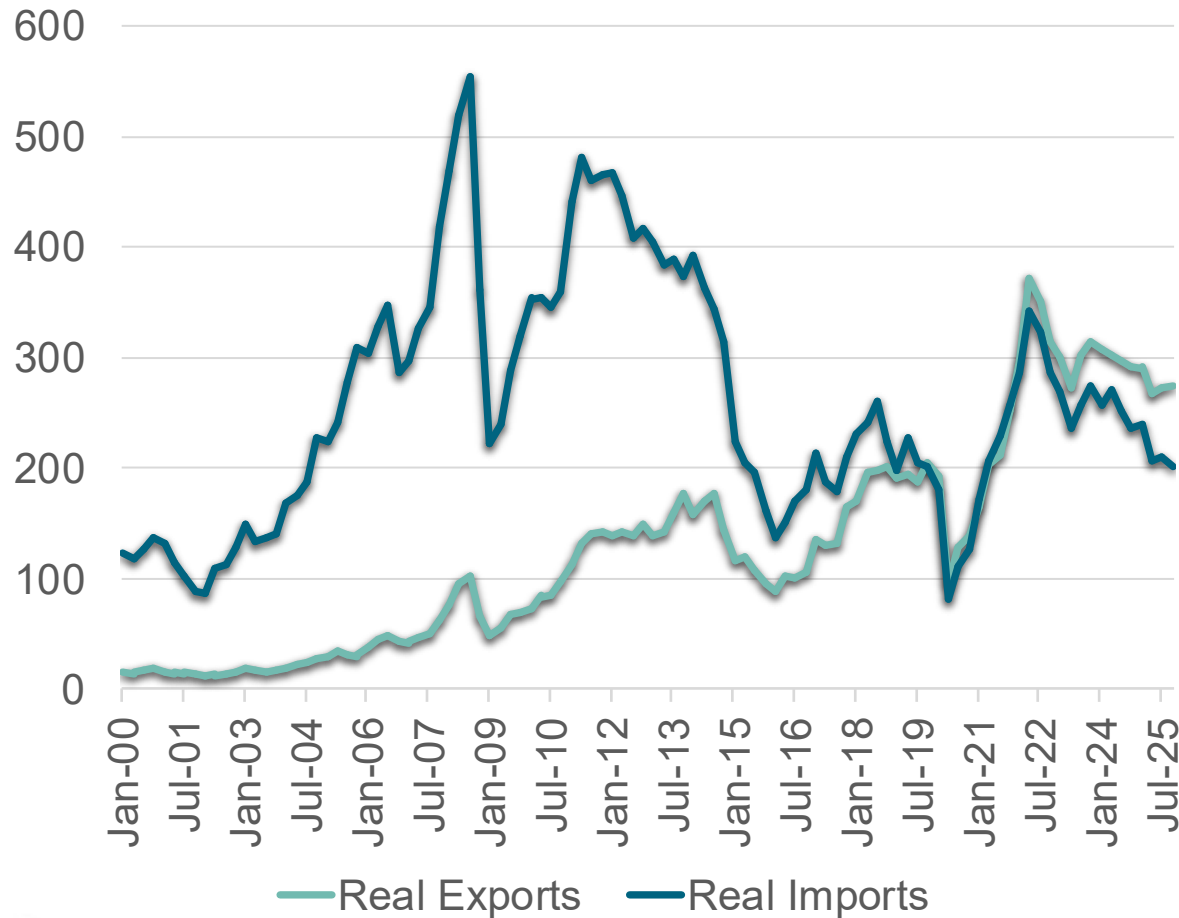
Gas Station Sales as Share of Total Retail



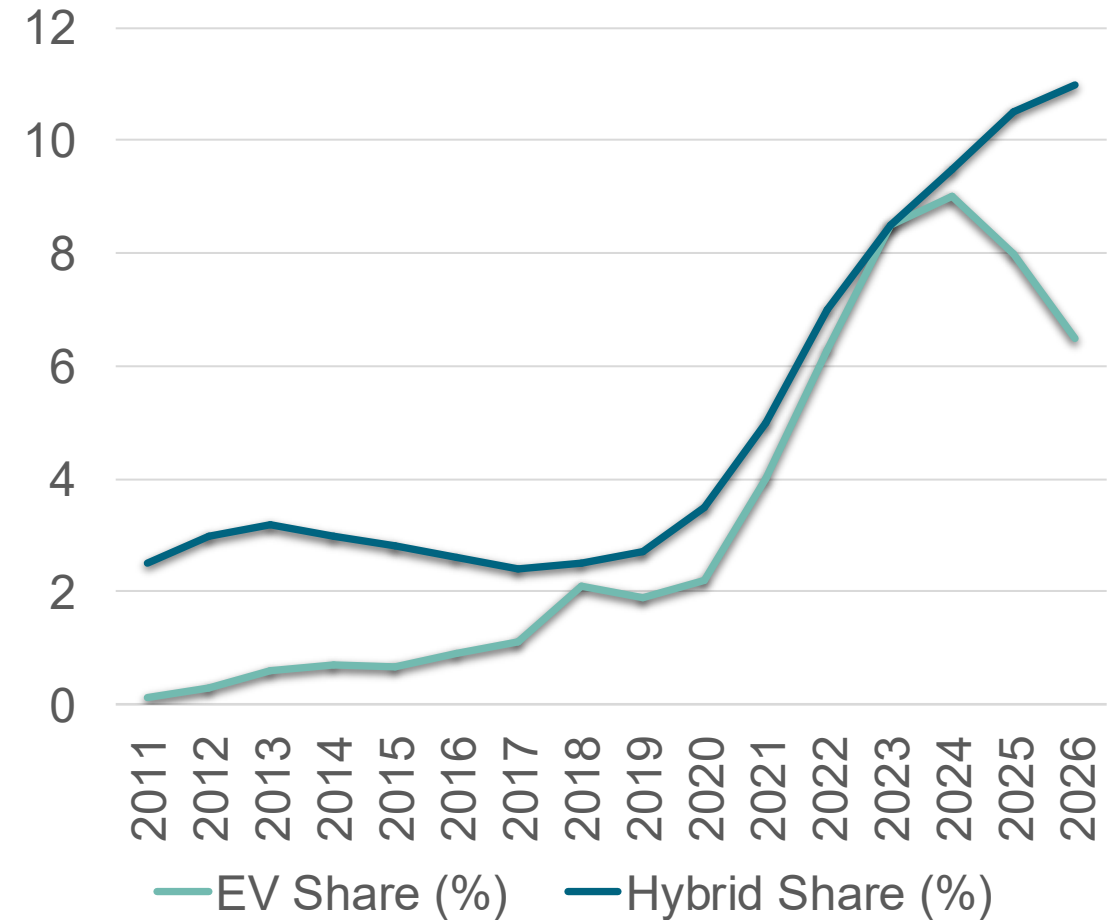
Longer Run Impacts



US Trade in Petroleum and Products (Real, \$Bil, SAAR)



Share Electric & Hybrid (%)

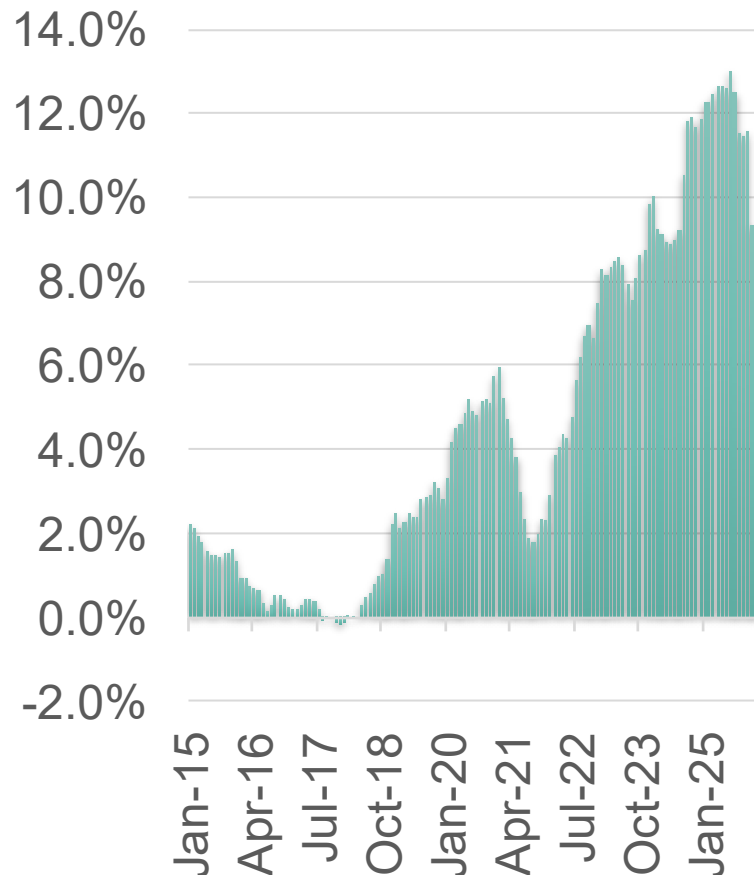


The Insurance Issue

Consumer Insurance Inflation

	Ann Gr 19-22	Ann Gr 22-26
Total	3.19%	3.40%
Life Ins.	2.28%	5.11%
Home Ins.	1.62%	7.44%
Health Ins.	1.41%	2.73%
Auto Ins.	-0.02%	7.00%

Commercial Multiple Peril Insurance YoY Gr



Why is insurance so expensive?

- Higher Claim Costs (more sophisticated products)
- More Claims (climate / behavior)
- Reinsurance Costs
- Regulatory and compliance costs
- Litigation issues: number of cases, nuclear verdicts
- Short term insurance industry losses driven by rising rates



The Tariff Impact?

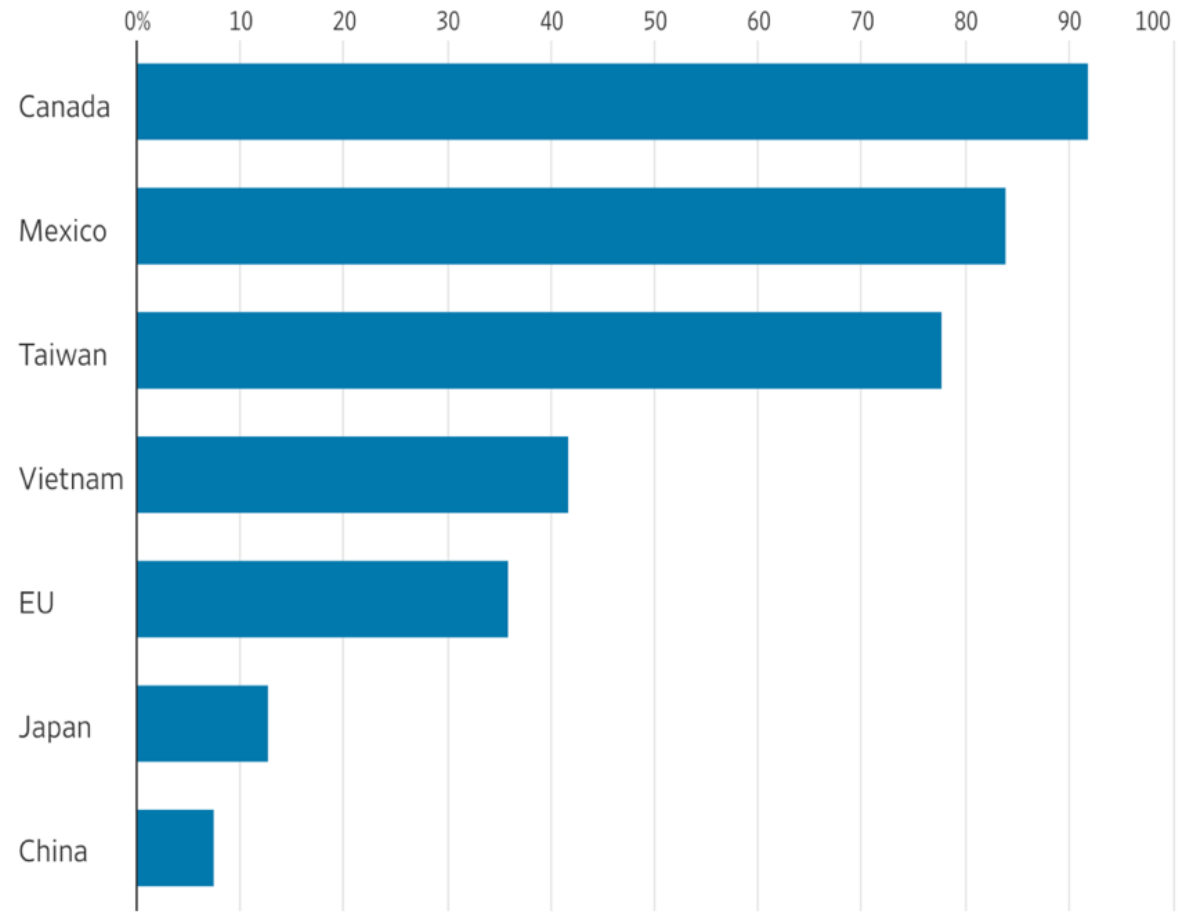
The Tariff Tax: Context

	Billions	Share GDP
GDP	\$29,723	
Total Imports Goods	\$3,267	11.0%
~~New Tariffs	\$653	2.2%
Federal Deficit	-\$1,847	-6.2%
Personal Taxes to Feds	\$2,391	8.0%
Corp Taxes to Fed	\$490	1.6%

Country	Exports (% GDP)	Imports (% GDP)	Total (% GDP)
United States	11	15	26
Brazil	18	17	35
China	20	17	37
Japan	22	22	44
India	22	25	47
Russia	27	20	47
United Kingdom	31	33	64
France	31	34	65
Canada	33	34	67
Italy	35	33	68
South Korea	44	42	86
Germany	47	41	88
Switzerland	75	68	143
Belgium	85	82	167
Netherlands	93	83	176
Singapore	174	147	321



Share of June U.S. imports that were duty-free, by origin

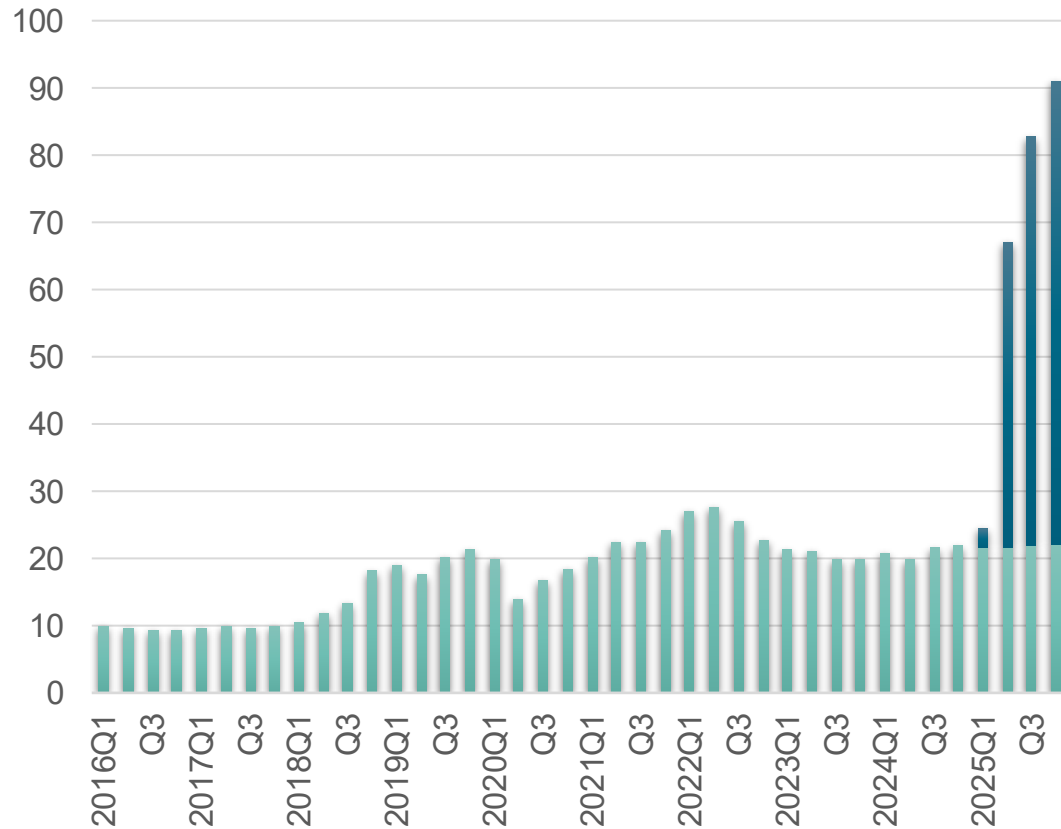


Source: Barclays Research analysis of U.S. Census Bureau data



Tariff Impact

US Tariff Revenue (\$Bil)
Total New 2025: \$180B



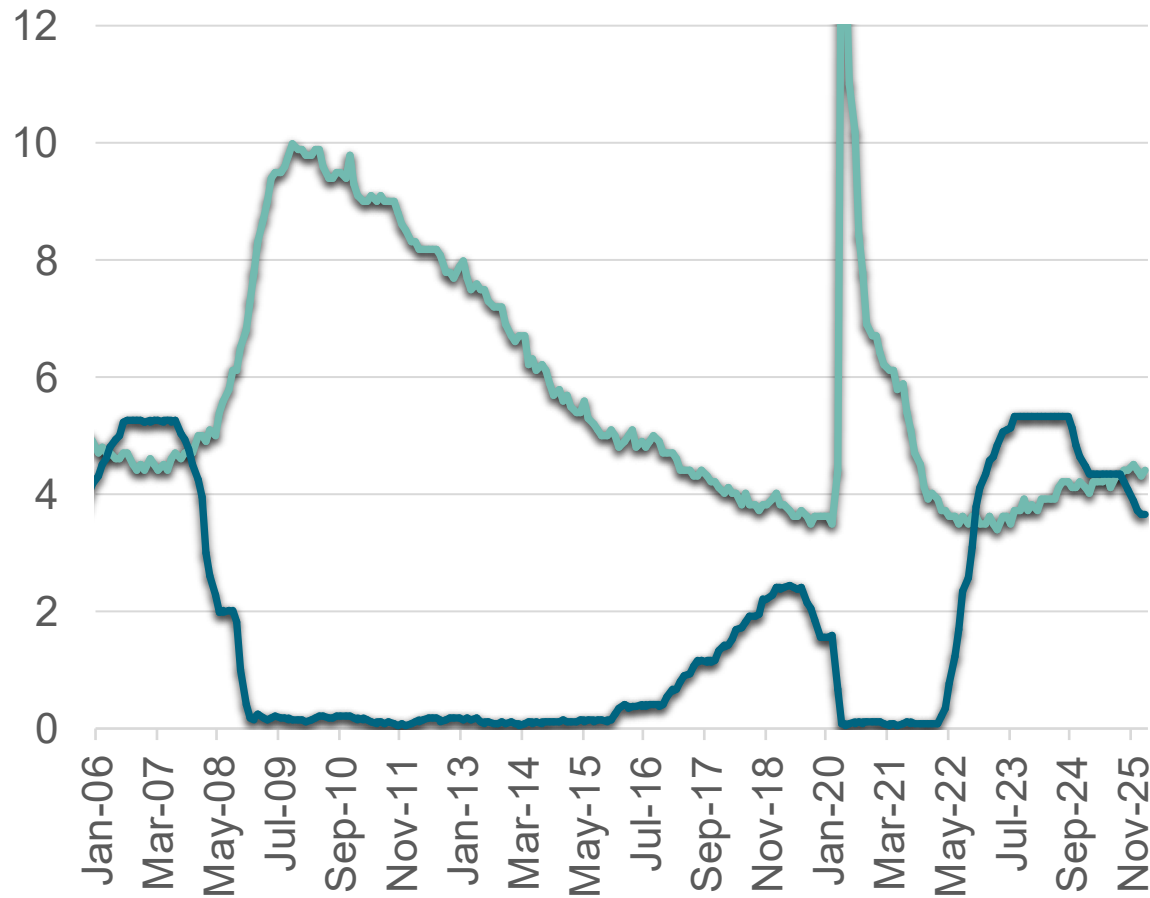
**Additional Consumer Spending
 Driven by Tariffs**

Household supplies	\$7.5
Furniture and furnishings	\$4.3
Sports and recreational vehicles	\$3.2
Household appliances	\$3.1
Glassware	\$2.7
Personal care products	\$2.5
Jewelry and watches	\$2.1
Clothing and footwear	\$2.1
Motor vehicle parts	\$1.9
Tools and equipment	\$1.5
Food off-premises consumption	\$1.3
Total 2025	\$36.4



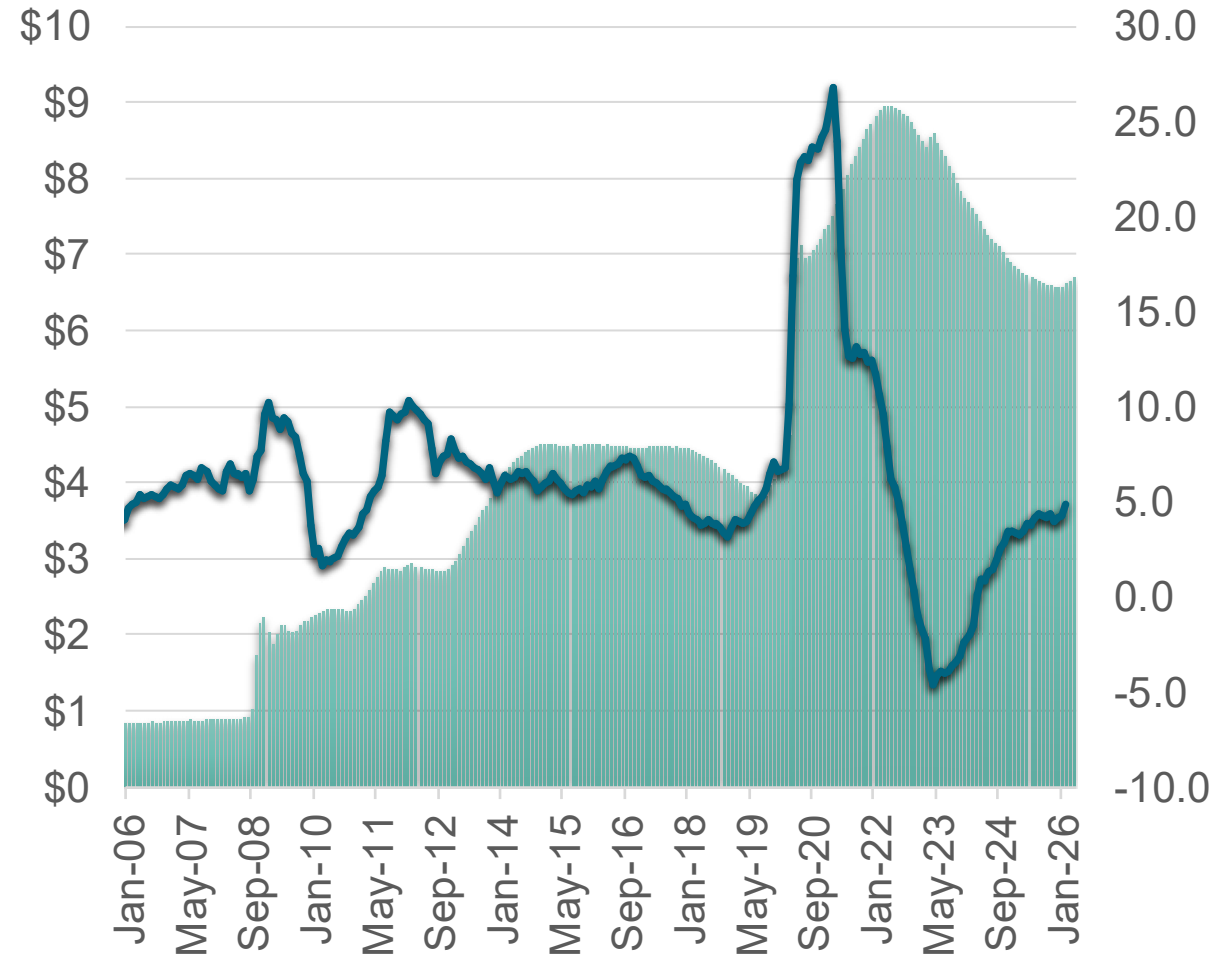
The Fed's Directional Shift

Federal Funds Rate and Unemployment



— Unemployment Rate — Federal Funds Effective

Fed Assets and M2 Growth



■ Fed Balance Sheet — M2 Growth



Bank Deposits and Interest Rates

Annual Interest Rates

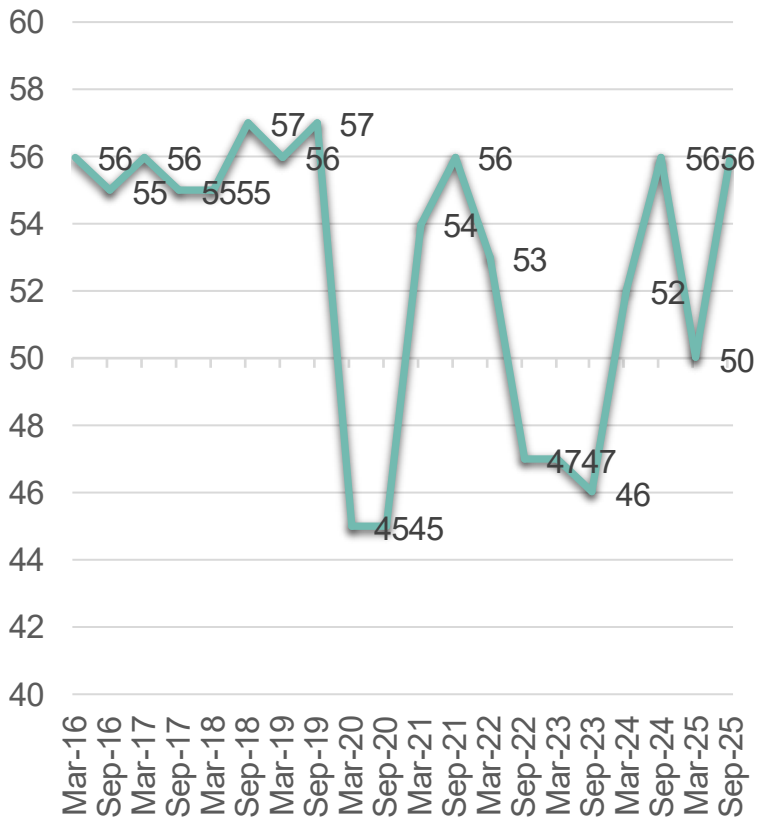


Net % Tightening Standards for Multifamily Loans



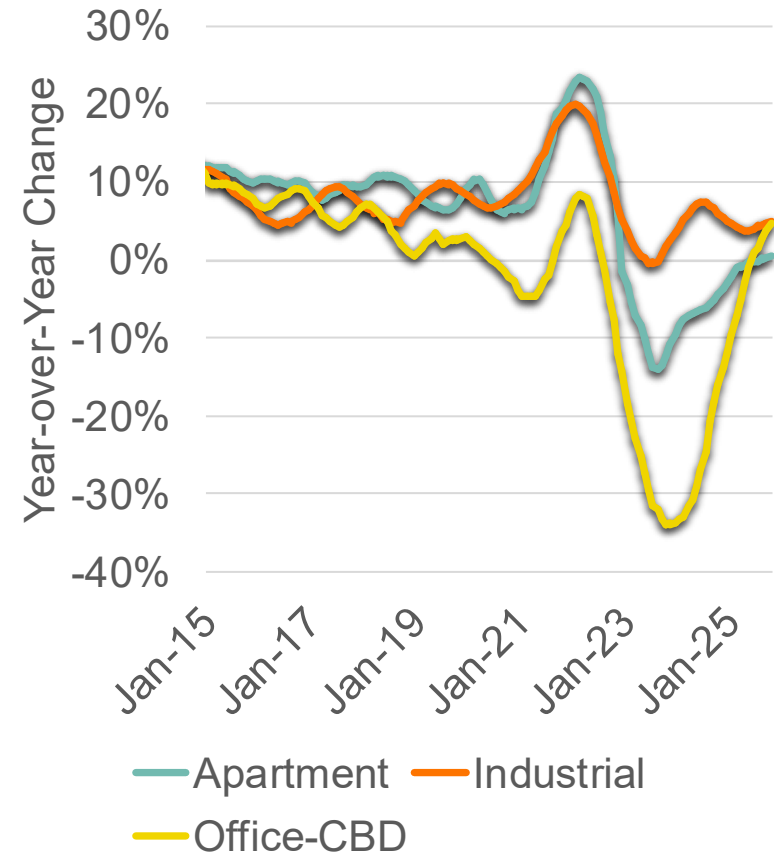
CRE Transactions

NAIOP CRE Sentiment Index



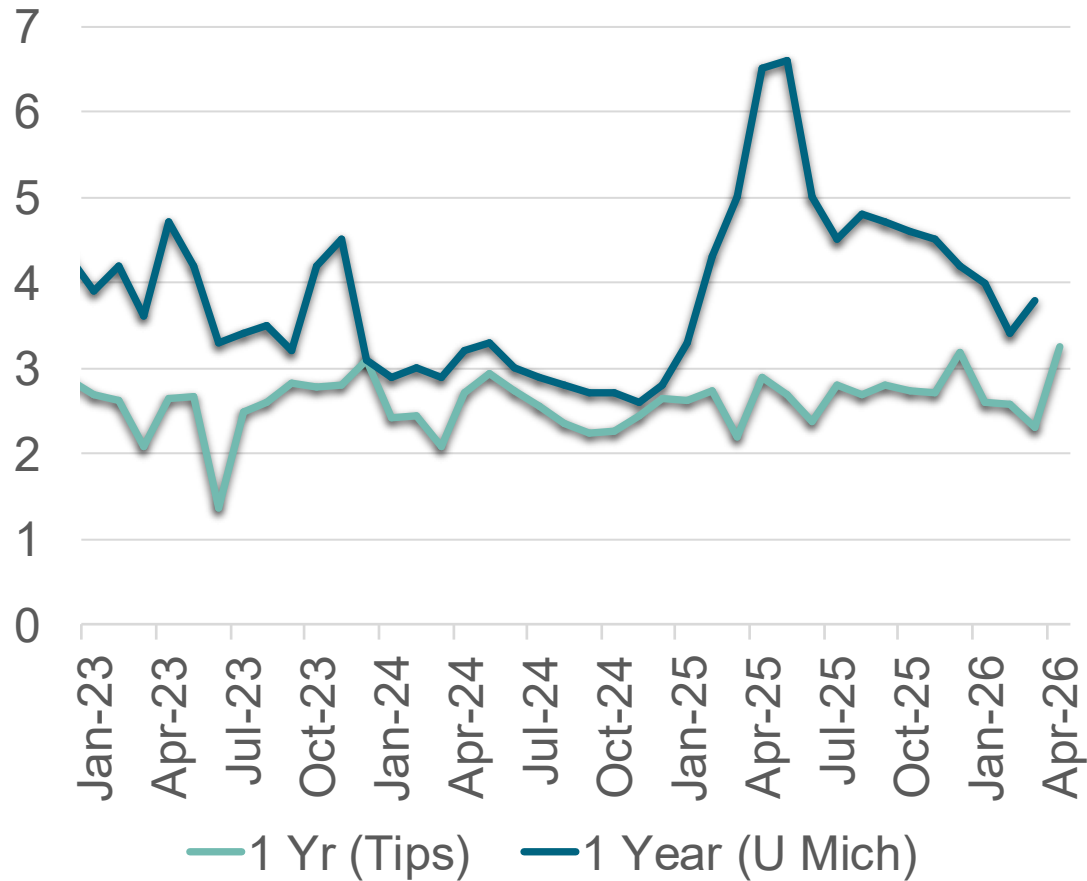
CRE Transactions	Last 12-Months (\$ Mil.)	1-Year Change (%)
United States	341,262	14.4
Los Angeles	21,843	20.4
Phoenix	14,026	12.7
San Diego	7,494	2.3
San Francisco	6,782	51.8
Orange County	6,705	16.6
Inland Empire	6,121	0.7
East Bay	5,911	32.1
Las Vegas	4,326	-5.8
Fresno	927	81.5

Commercial Property Price Index

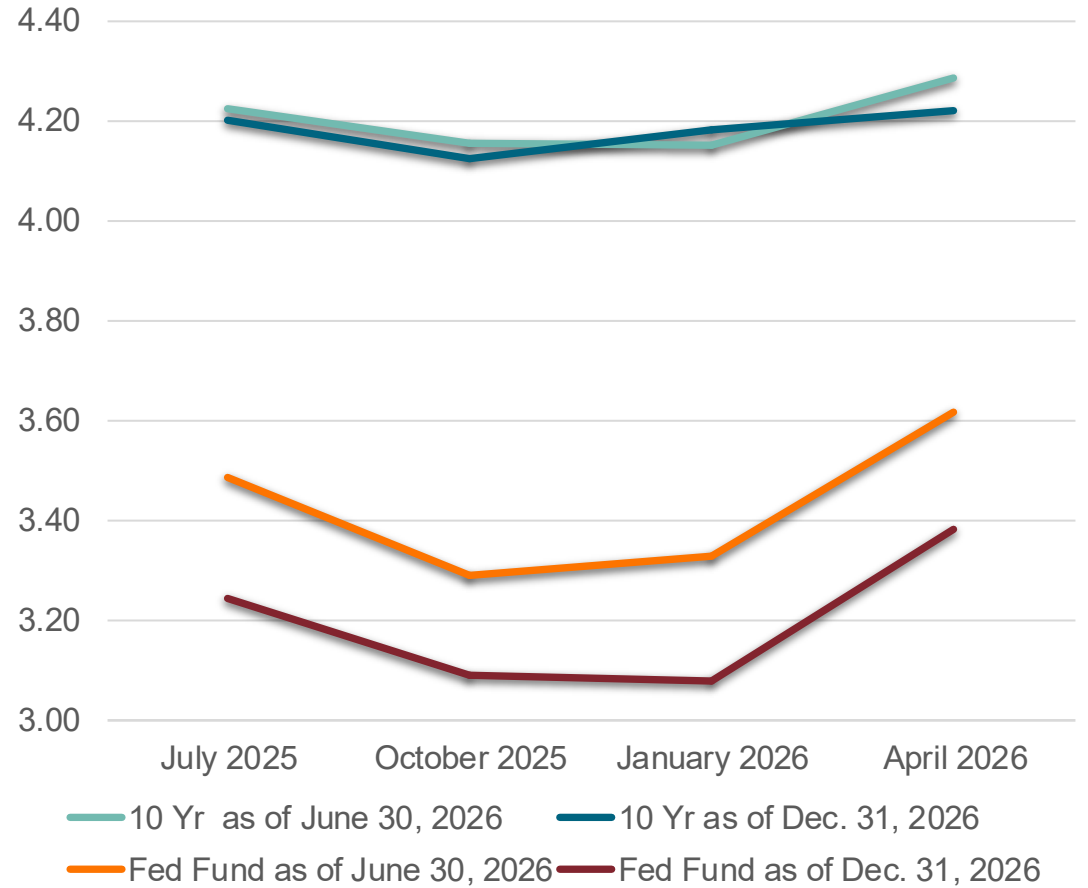


The Fed's Direction now?

1 Year Inflation Expectation

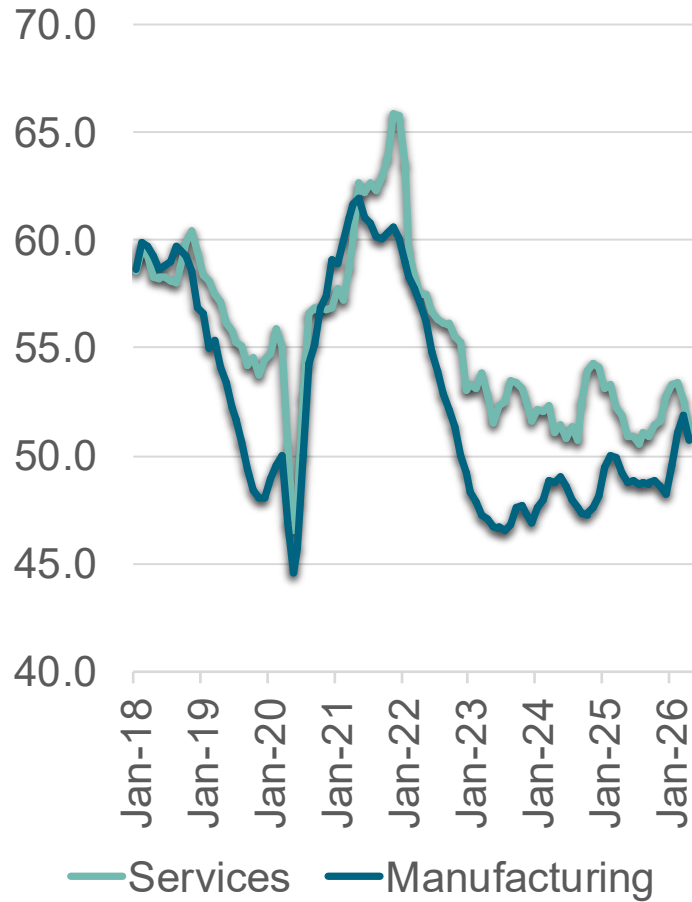


WSJ Survey Forecasters

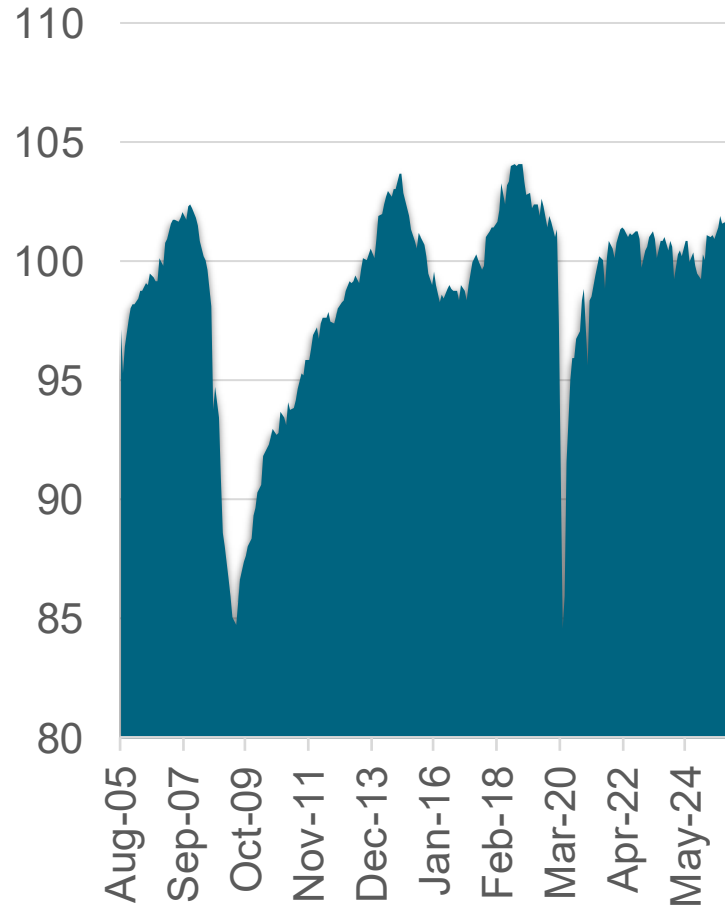


Business Activity

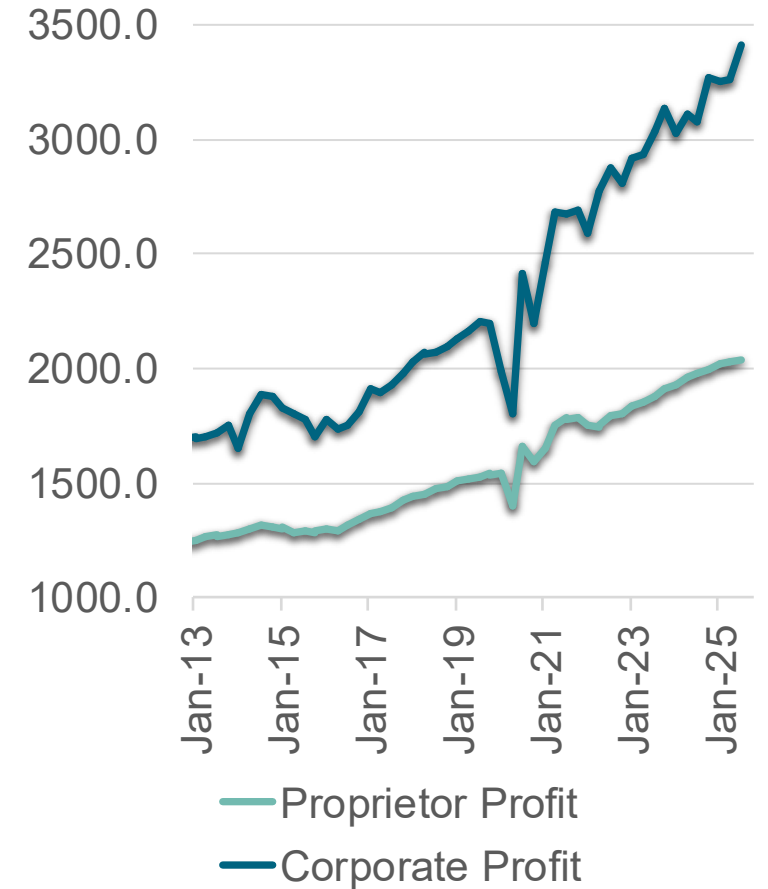
ISM Diffusion Indexes



Industrial Production



Business Profits (\$Bil, SAAR)

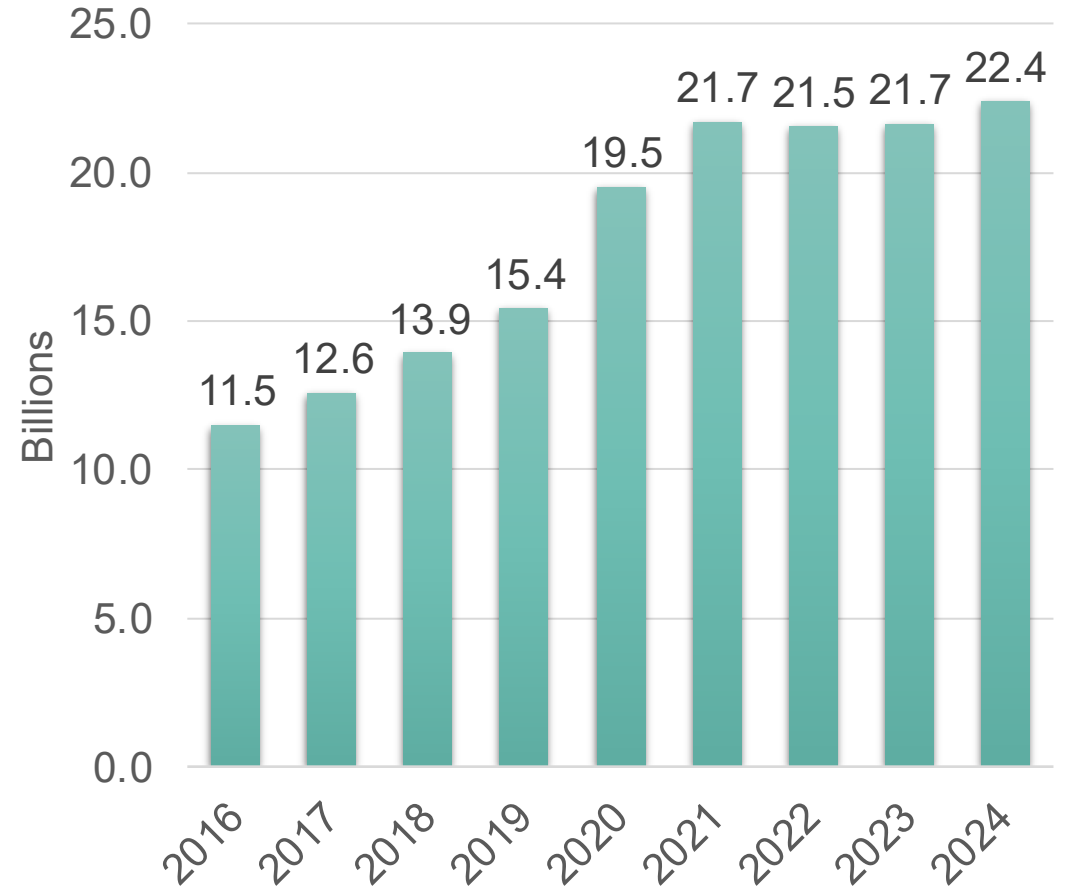


National Logistics Trends

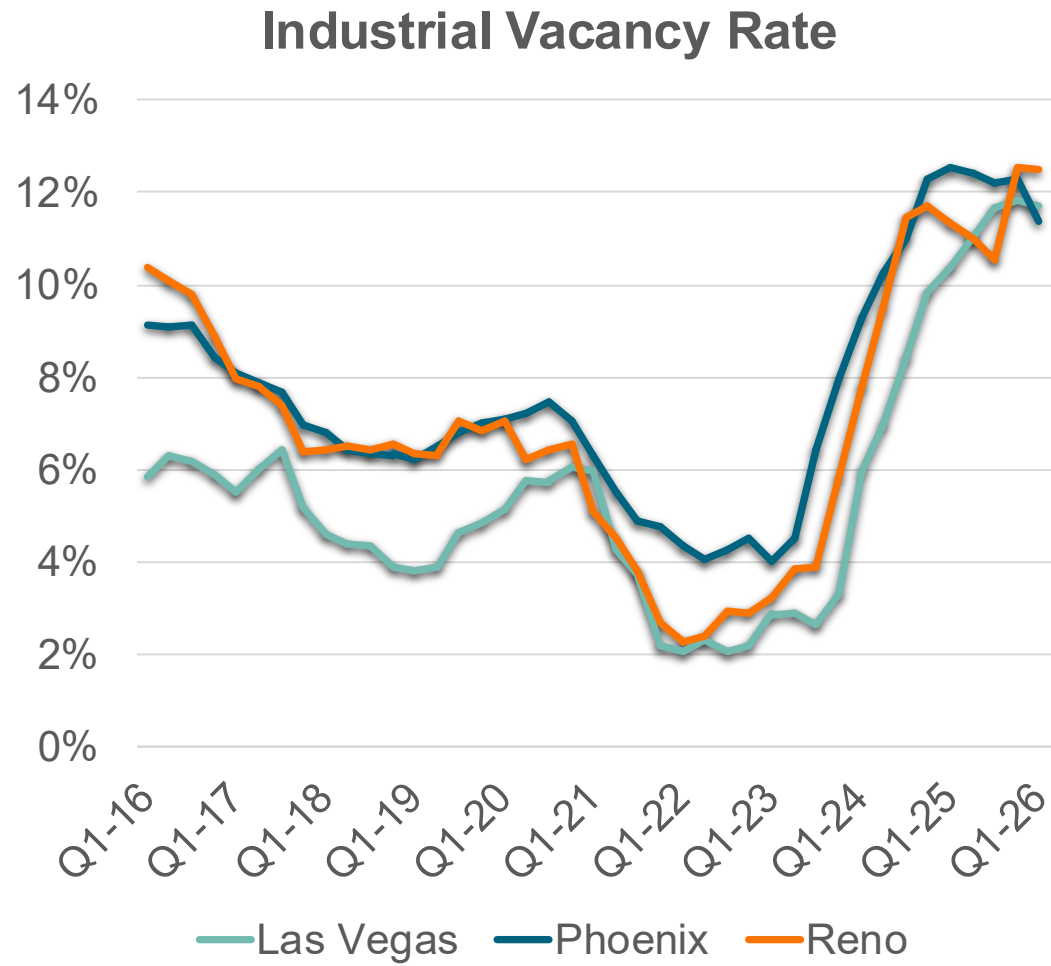
Freight Indexes



U.S. Parcel Volume



Industrial Vacancy & Occupancy

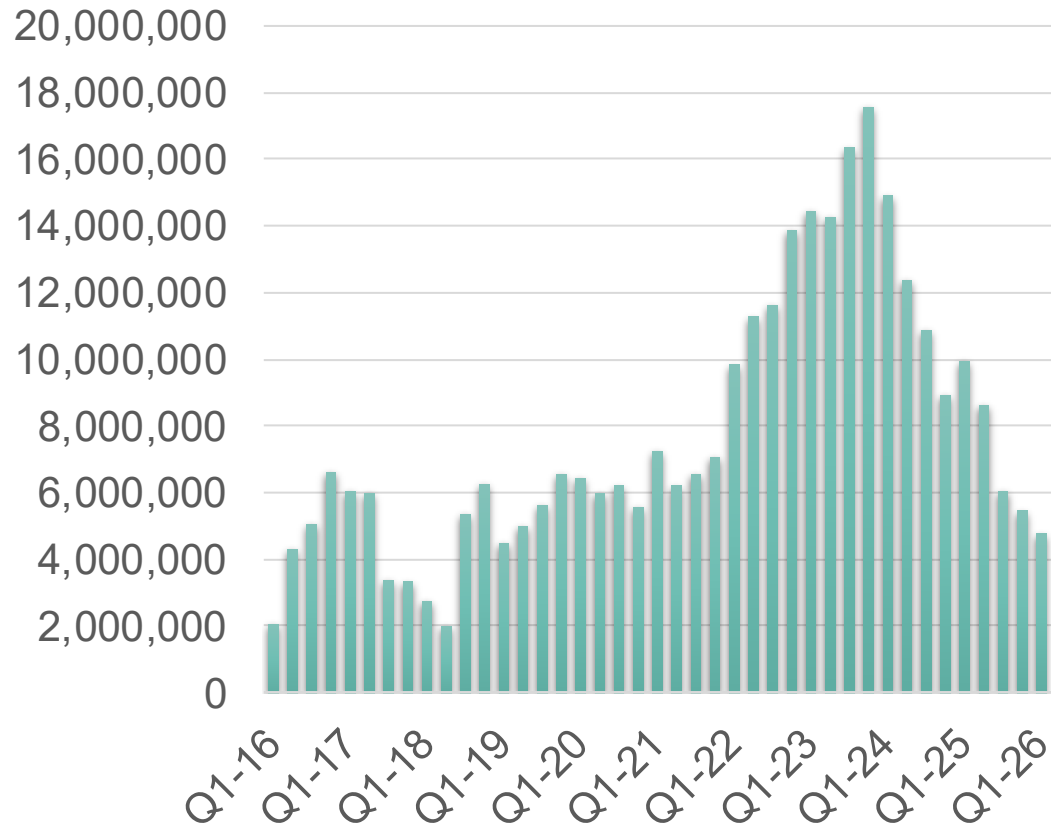


Industrial	Q4-25 Occ. Stock (Sq. Ft., Mil)	1-Yr Growth (%)	Change since Q4-19 (%)
United States	17,802.50	0.7	9.6
Los Angeles	905.2	0.2	-2.7
Houston	801	1.4	20.7
Atlanta	796.8	0.3	12.3
Inland Empire	724.5	0.4	13.4
Phoenix	452	4.4	32.8
Seattle	333.9	-0.3	5.4
Orange	285.7	-0.7	-2.2
Miami	263	-0.2	8.7
San Diego	197.5	-0.7	3.2
Las Vegas	175.3	2.5	25.9
San Francisco	89.5	0.2	-5



Industrial Construction

Las Vegas Industrial Square-Foot Under Construction

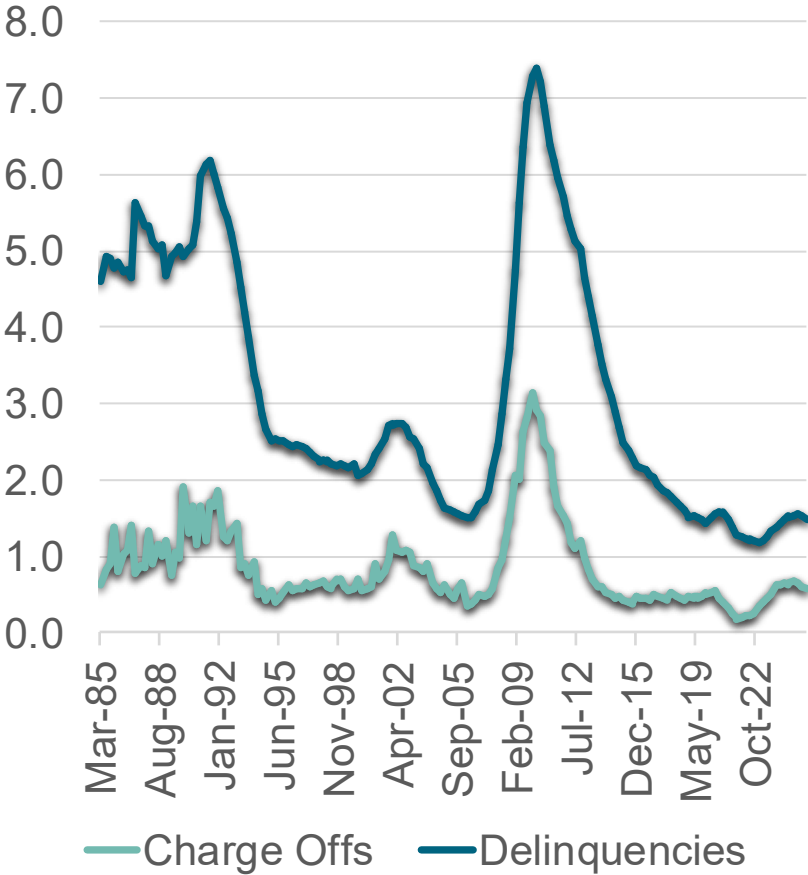


Asking Rent	Q1-26 (\$)	1-Yr Growth (%)	Change since Q4-19 (%)
United States	12.11	1.3	42.8
Phoenix	13.06	3.8	60.8
Reno	9.30	1.1	38.8
Las Vegas	14.02	1.0	56.5
Salt Lake City	11.06	0.6	54.0
San Francisco	28.91	0.2	25.3
Fresno	8.87	-0.1	32.4
East Bay	17.05	-1.7	19.4
Denver	11.65	-2.1	24.7
Inland Empire	12.07	-2.9	36.4
Los Angeles	17.55	-3.9	28.5

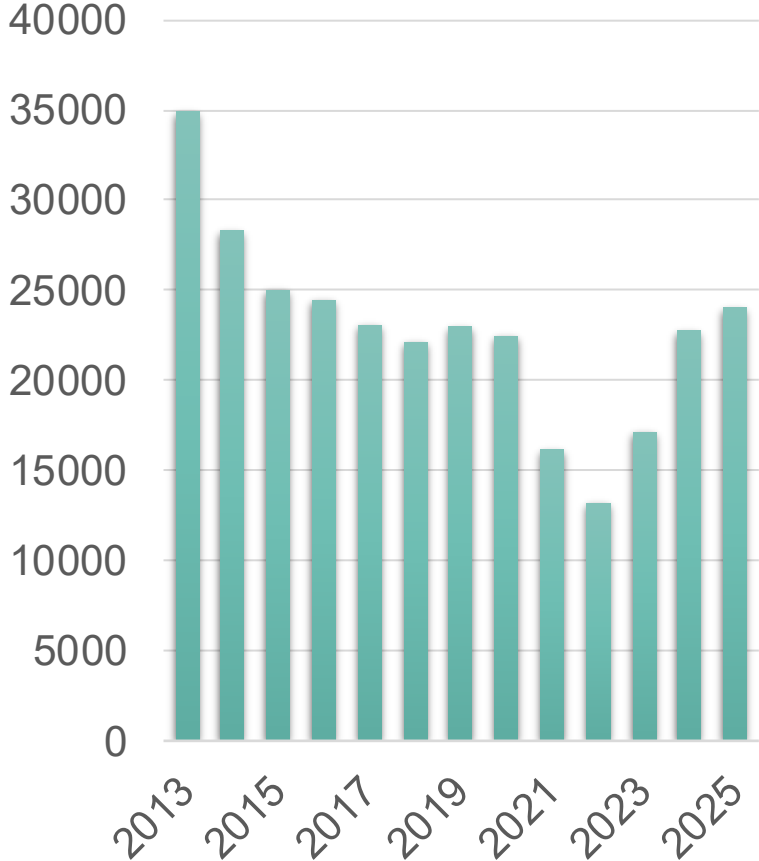


Bank Debt, Closures and Job Openings

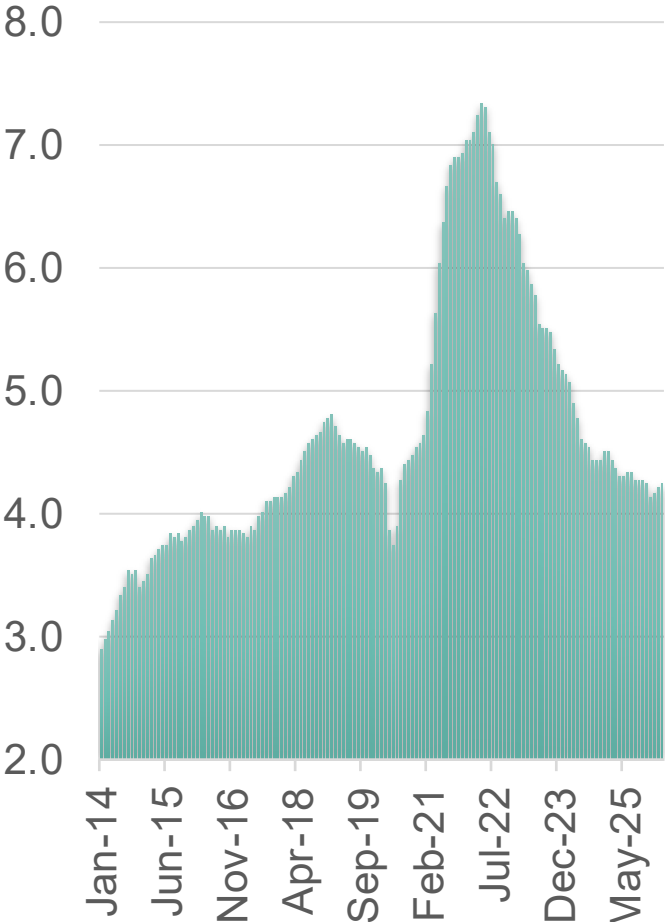
Commercial Bank Loan Distress (%)



U.S. Business Bankruptcy Filings



US Job Opening Rate



Labor Markets: Flat

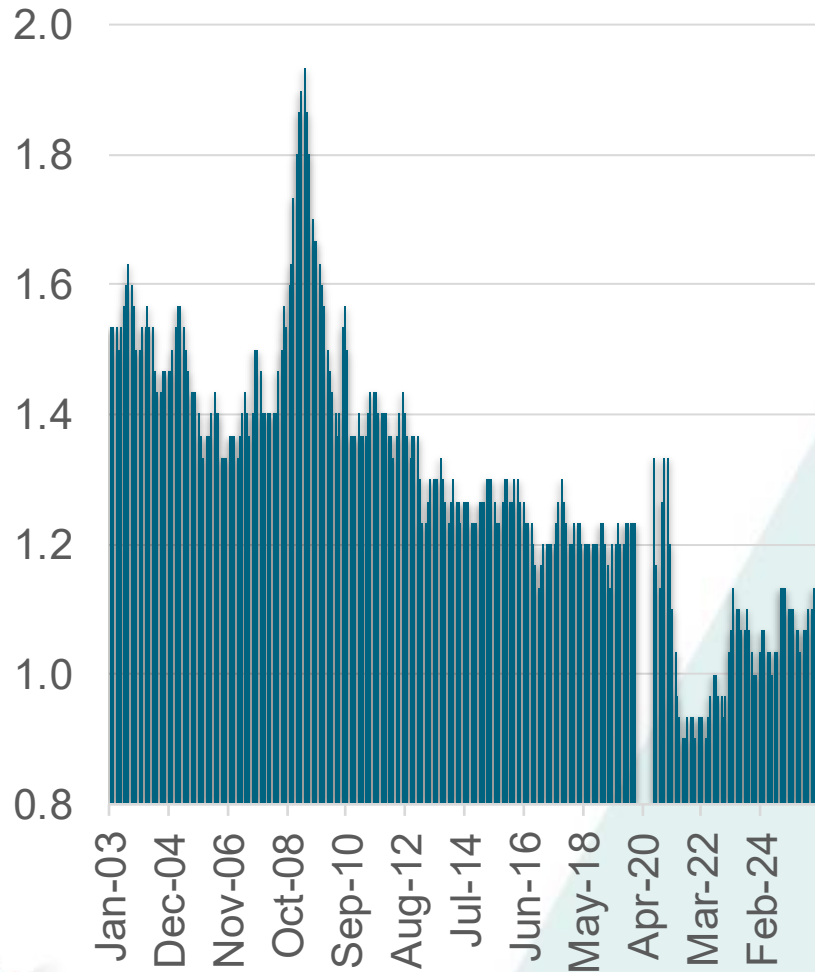


Location	Feb-26 Emplt (000s)	1-Year Chg. (%)	Chg. since Feb-20 (%)
United States	158,459	0.1	3.9
North Carolina	5,069	0.7	8.5
California	18,124	0.7	2.6
Texas	14,355	0.5	9.8
Pennsylvania	6,179	0.3	1.5
Washington	3,638	0.2	3.5
New York	9,979	0.1	1.4
Ohio	5,669	0.1	1.1
Arizona	3,273	0.0	8.5
Georgia	4,977	-0.1	6.1
Michigan	4,470	-0.3	0.4
Illinois	6,137	-0.3	0.0
Florida	9,969	-0.4	8.9

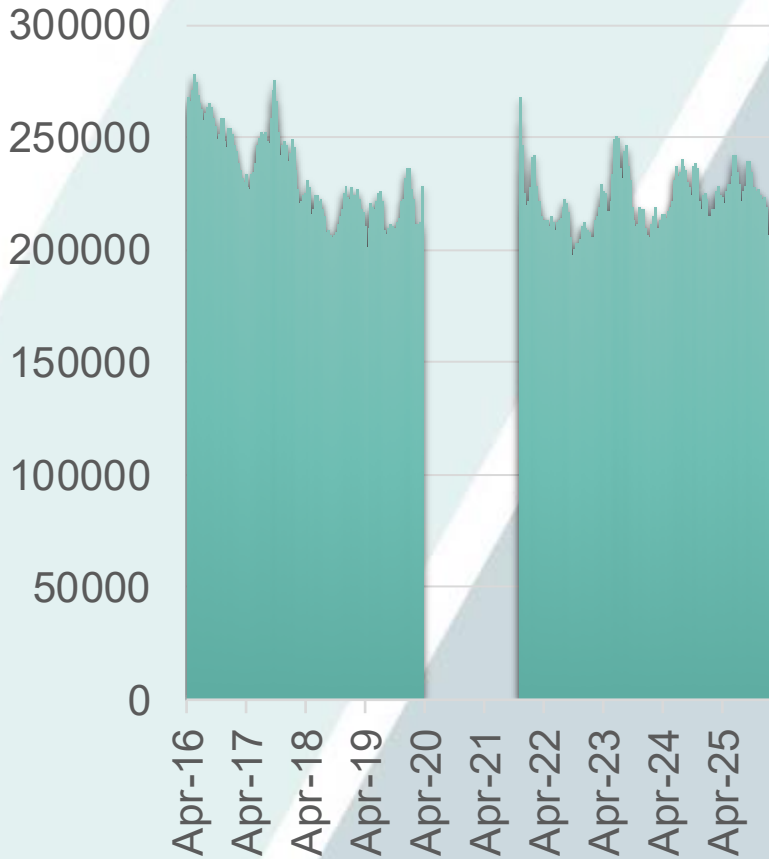


Labor Markets: Cold, not collapsing...

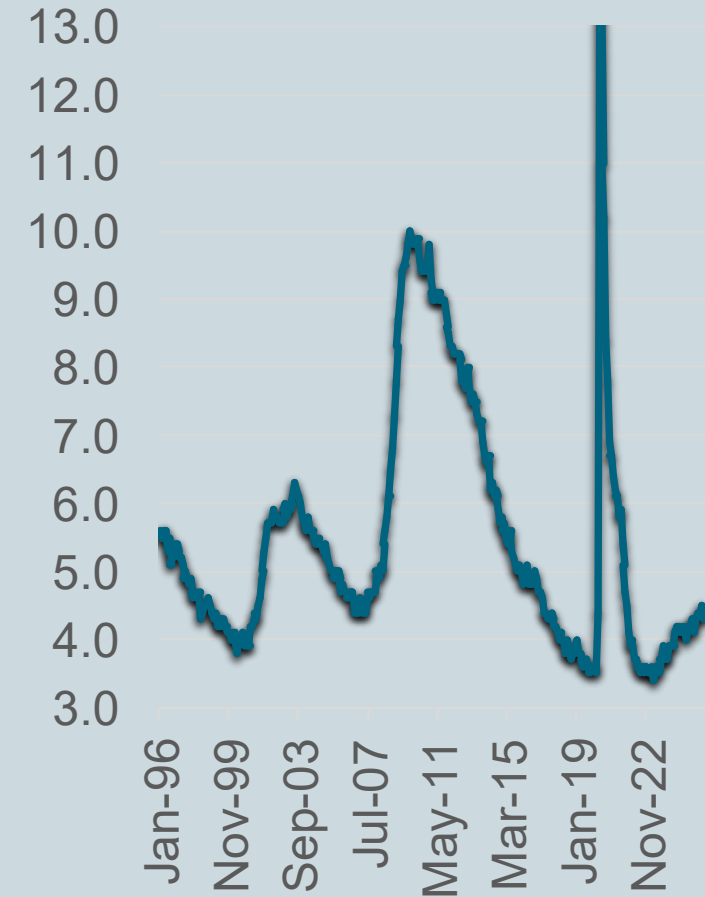
Job Layoffs Rate



Initial Claims for Unemployment Insurance (4 Week Avg)

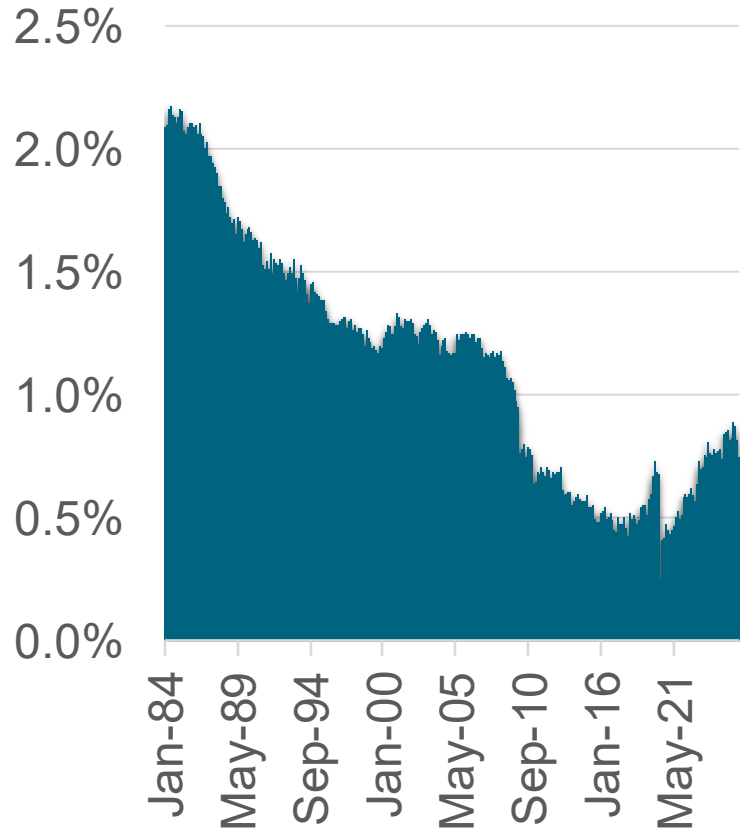


US Unemployment Rate

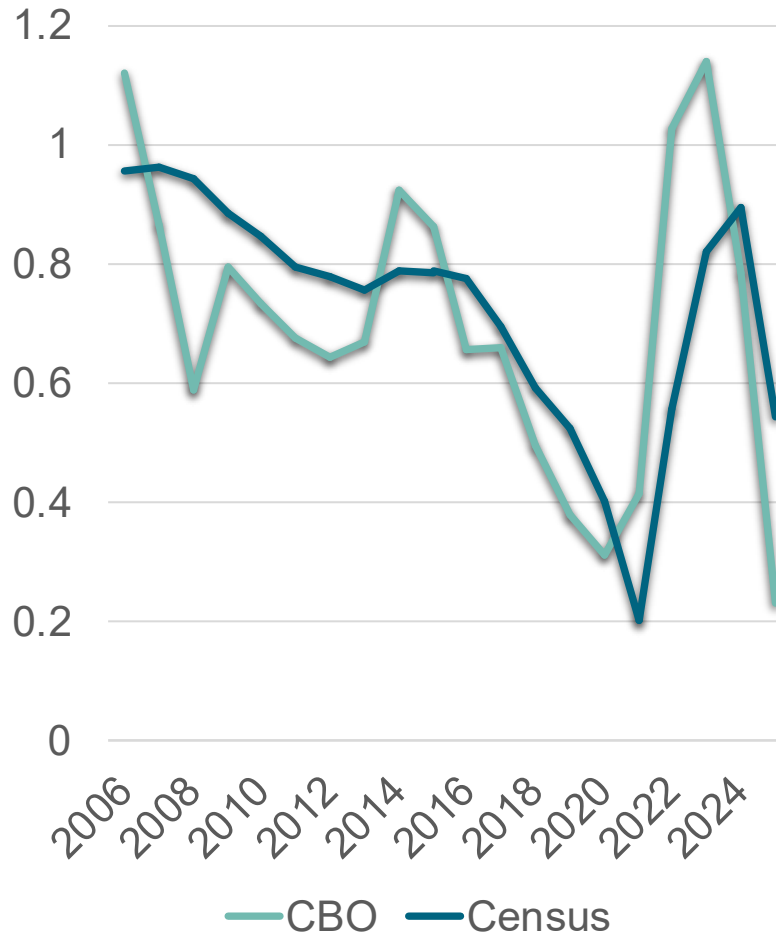


Labor Force Growth

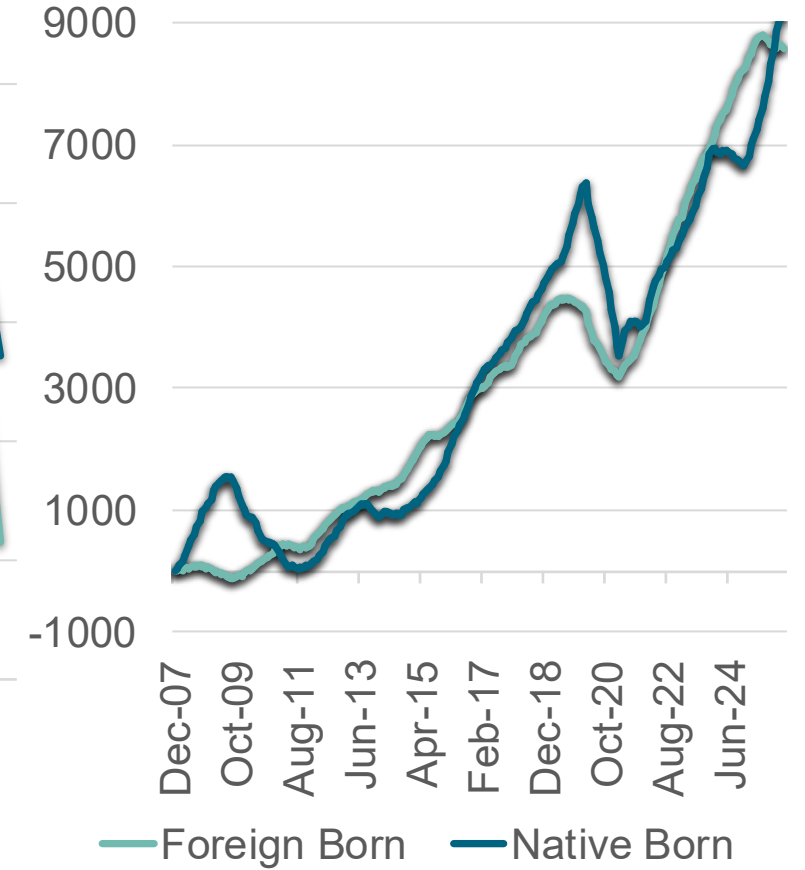
10 Year Labor Force Growth



Population Growth

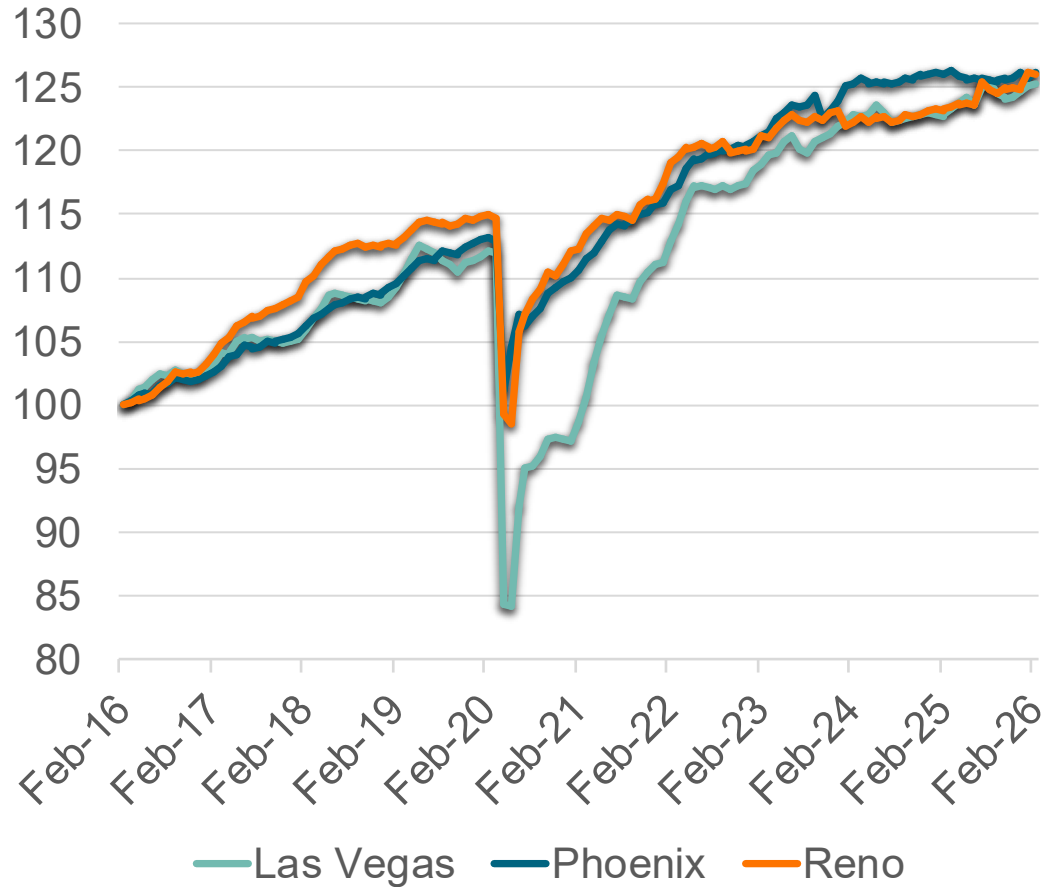


Cumulative Growth in Labor Force by Nativity



Nonfarm Employment

Indexed Nonfarm Employment



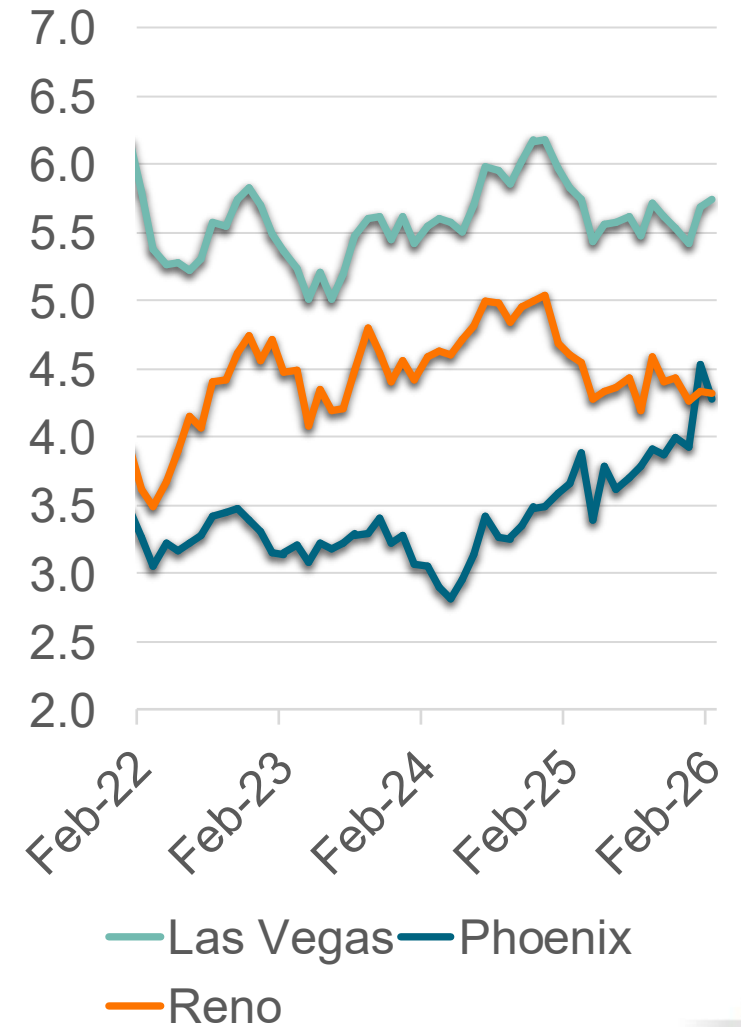
Location	Feb-26 Emplt (000s)	1-Year Chg. (%)	Chg. since Feb-20 (%)
United States	158,459.0	0.1	3.9
Reno	287.8	2.4	9.1
Las Vegas	1,169.9	2.0	10.7
Fresno	449.0	1.4	8.4
Salt Lake City	842.4	1.0	9.7
Inland Empire	1,721.9	0.5	7.8
Oakland (MD)	1,188.5	0.3	-1.1
Phoenix	2,469.1	0.2	10.4
Denver	1,637.3	-0.1	5.2
Tucson	403.6	-0.8	1.5



LV Industry Employment

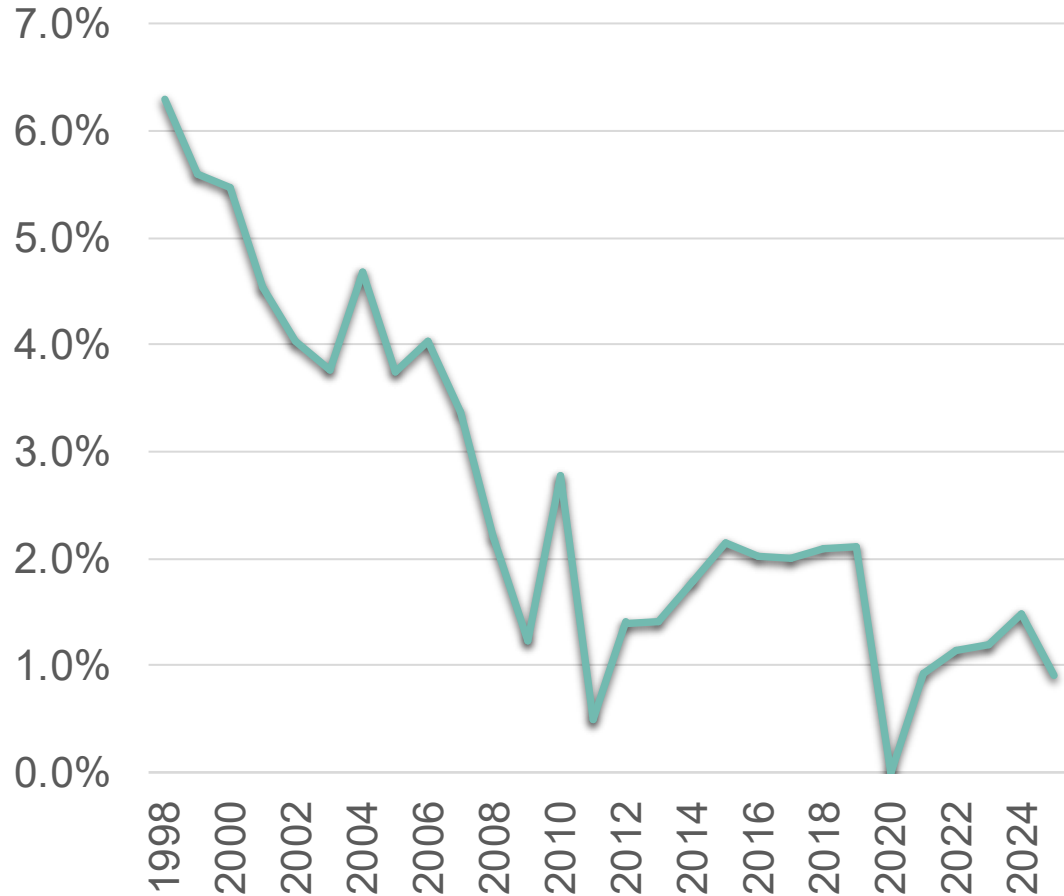
Industry	Las Vegas			LQ
	Feb-26 Emp (000s)	1-Year Chg. (%)	6-Year Chg. (%)	
Total Nonfarm	1,169.9	2.0	11.7	1.0
Information	16.1	8.8	49.4	0.8
Education/Health	139.0	5.8	28.7	0.7
Admin Support	88.0	4.8	3.1	1.3
Prof Sci Tech	57.9	4.7	23.5	0.7
Management	28.5	2.8	21.9	1.5
Retail Trade	112.6	2.4	2.5	1.0
Construction	80.3	2.3	11.3	1.3
Wholesale Trade	27.7	1.5	11.3	0.6
Leisure Hospitality	301.7	0.9	2.7	2.4
Logistics	72.8	0.7	37.2	1.4
Government	121.7	0.7	12.7	0.7
Manufacturing	30.3	-0.6	15.1	0.3
Financial Activities	60.8	-2.0	11.7	0.9
Other Services	32.0	-4.0	-3.8	0.7

Unemployment Rate



Population and Household Size

Clark County Pop Growth



Location	Feb-26 LF (000s)	1-Year Chg. (%)	Chg. since Feb-20 (%)
United States	170,483.0	0.0	3.5
Las Vegas	1,255.0	1.5	8.5
Reno	307.7	0.8	6.3
Fresno	548.1	0.8	6.2
Salt Lake City	738.3	-0.5	8.1
Inland Empire	2,229.6	-0.6	6.8
Oakland (MD)	1,445.0	-0.9	-2.1
Tucson	491.8	-1.2	0.5
Denver	1,747.8	-1.3	3.1
Phoenix	2,709.4	-1.4	8.5



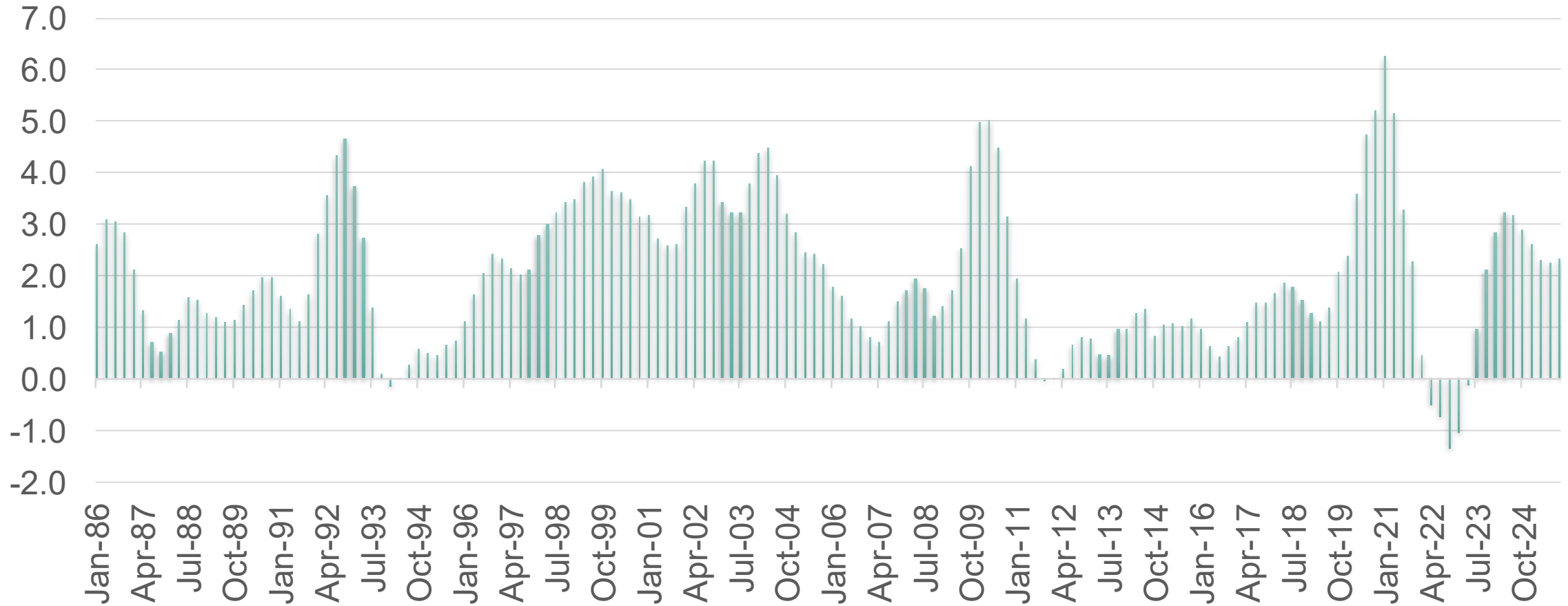
Labor Force Changes

Clark County	2024	CC 5-Year Chg. (%)	US 5-Year Chg. (%)
Labor Force by Age	1,275,699	10.3	5.5
24 and Under	155,342	7.5	5.3
25 to 44	596,562	10.9	7.0
45 to 64	448,035	8.4	1.6
65 and Over	75,965	24.8	18.2
Labor Force by Edu (25+)	1,044,486	9.8	4.6
Less than HS	122,437	4.3	-3.0
High School	292,156	12.6	-1.2
Some College	318,298	0.1	-3.3
Bachelor's plus	311,523	21.5	15.8



AI Job Apocalypse?

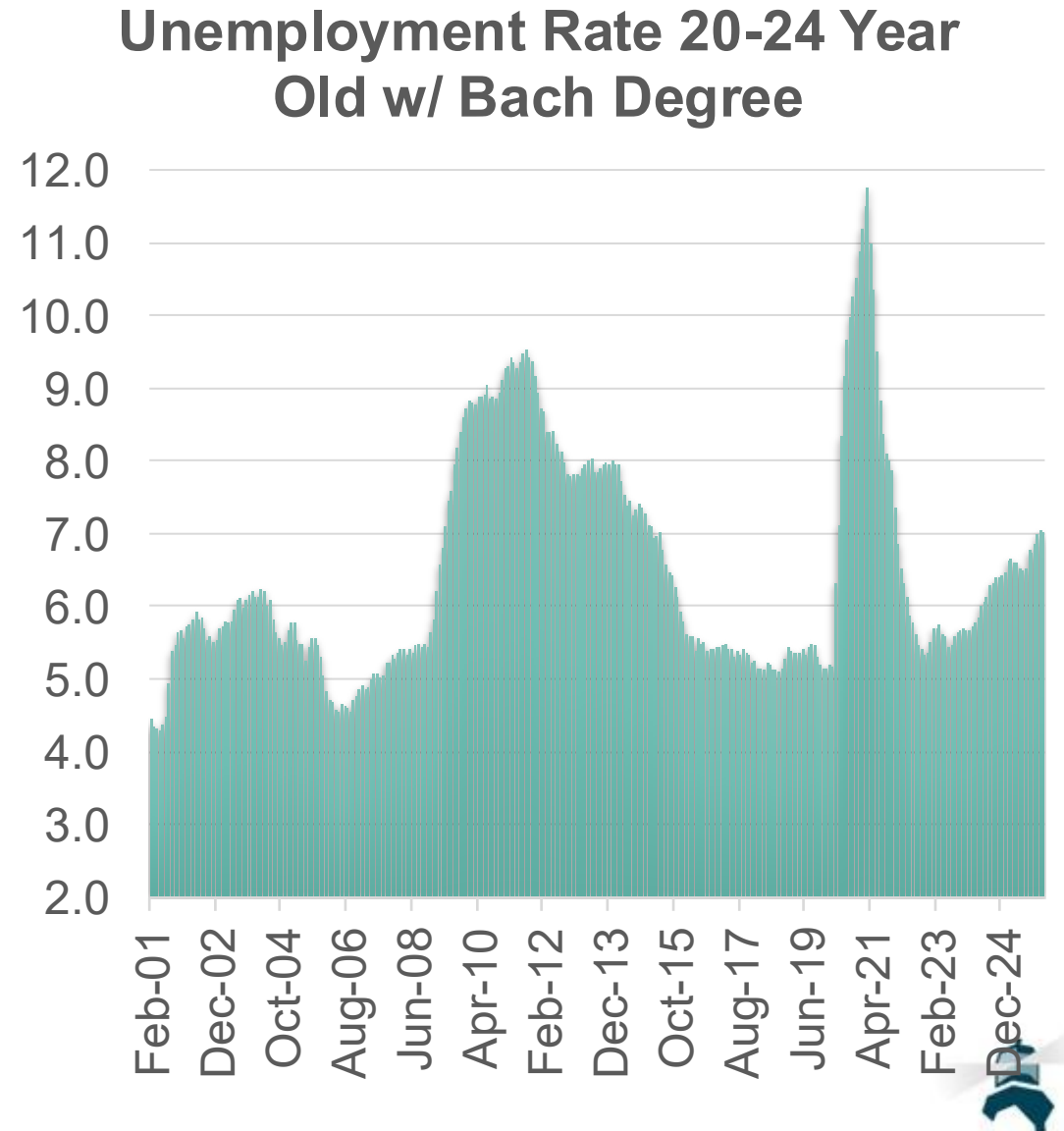
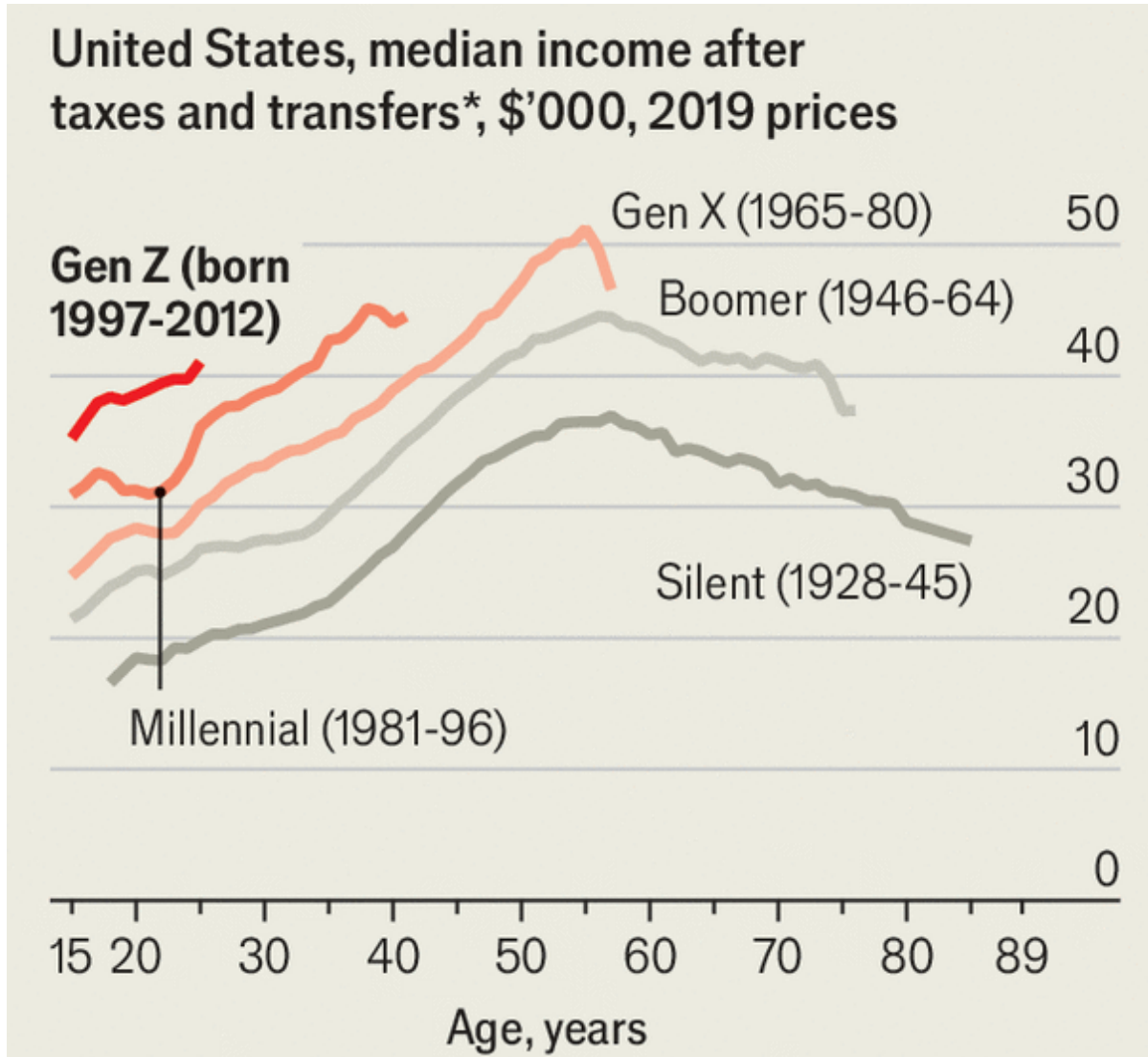
Worker Productivity Growth (% , Smoothed)



- **“March of the Machine Makes Idle Hands” — The New York Times (1928)**
- **“The Automation Jobless” — Time Magazine (1961)**
- **“The Robots Are Coming—and So Are the Layoffs” — The Washington Post (1983)**
- **“The End of Work?” — The Economist (2003)**
- **“47% of U.S. Jobs at Risk of Automation” — widely reported after Oxford study (2013)**
- **“AI Could Replace Millions of Jobs” — The Washington Post (2023)**

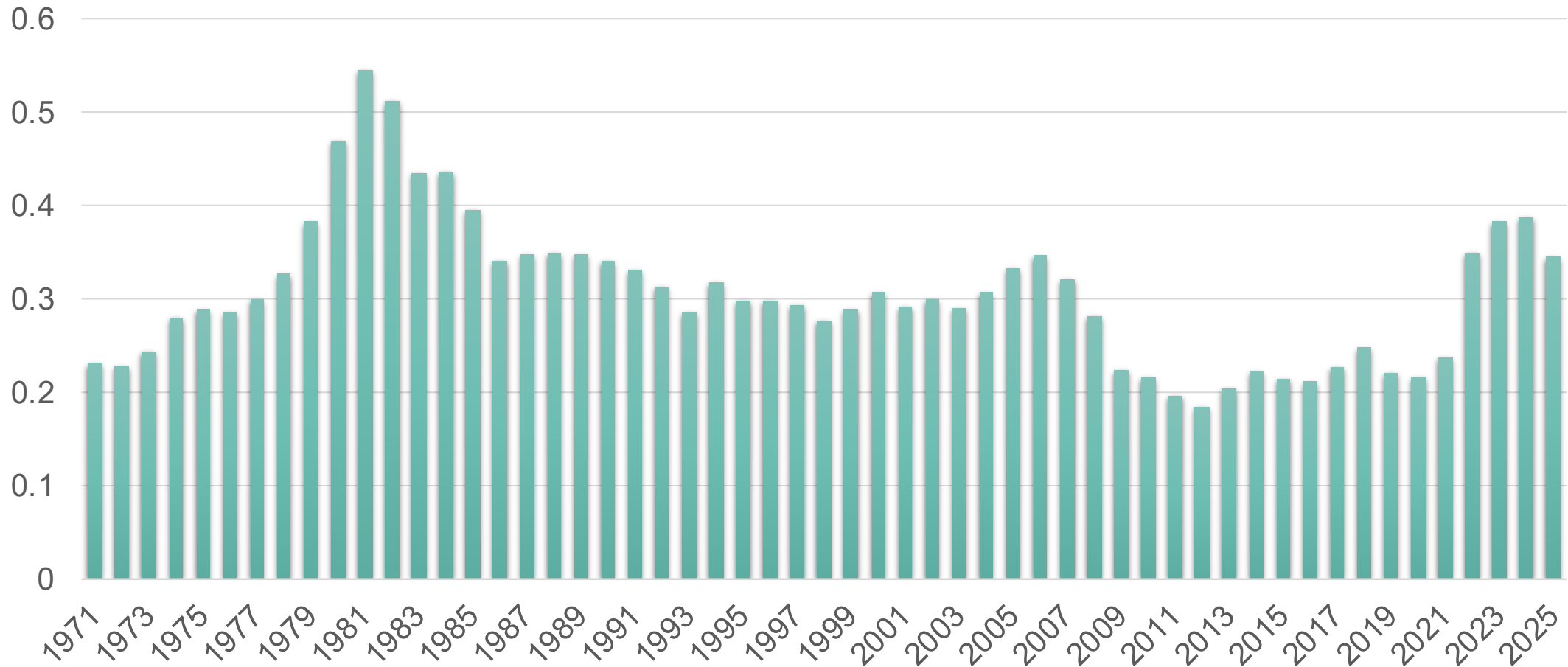


And How About Poor Gen Z?



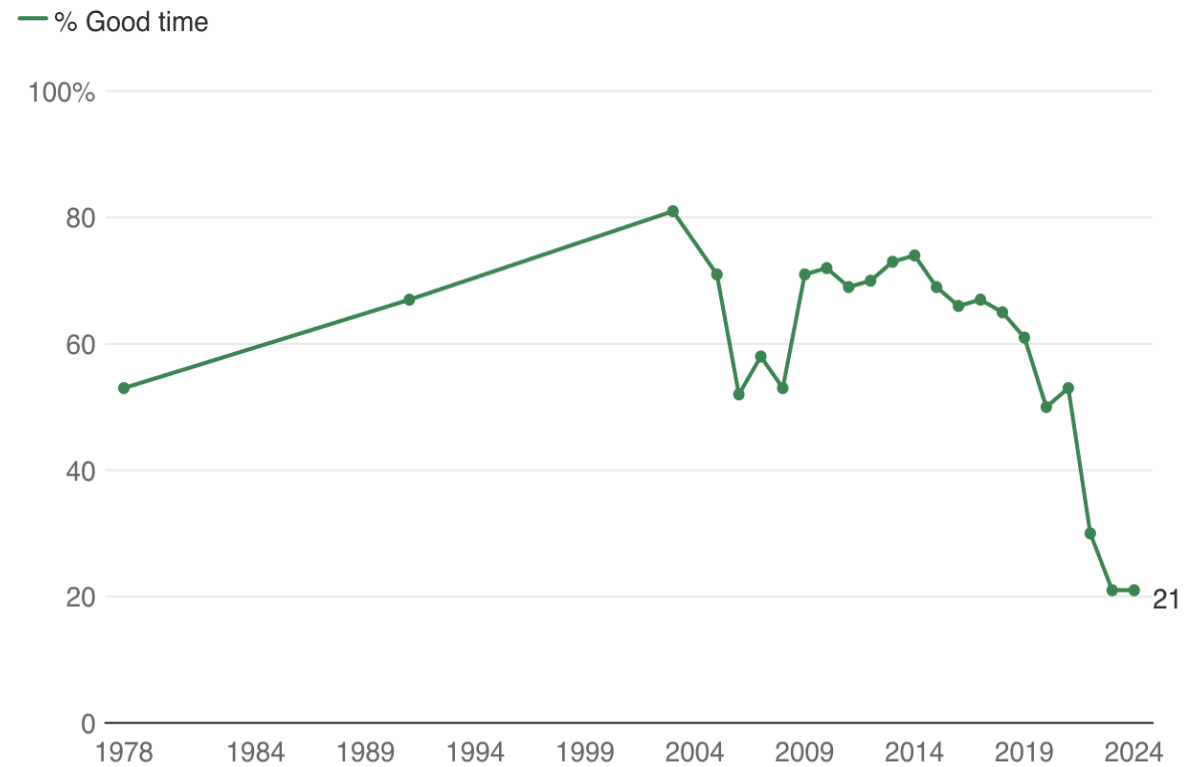
Housing and the Affordability Crisis

National Housing Affordability
(Based on 80% LTV)



Americans' Positive View of U.S. Housing Market Remains at Record Low

For people in general, do you think that now is a GOOD time or a BAD time to buy a house?



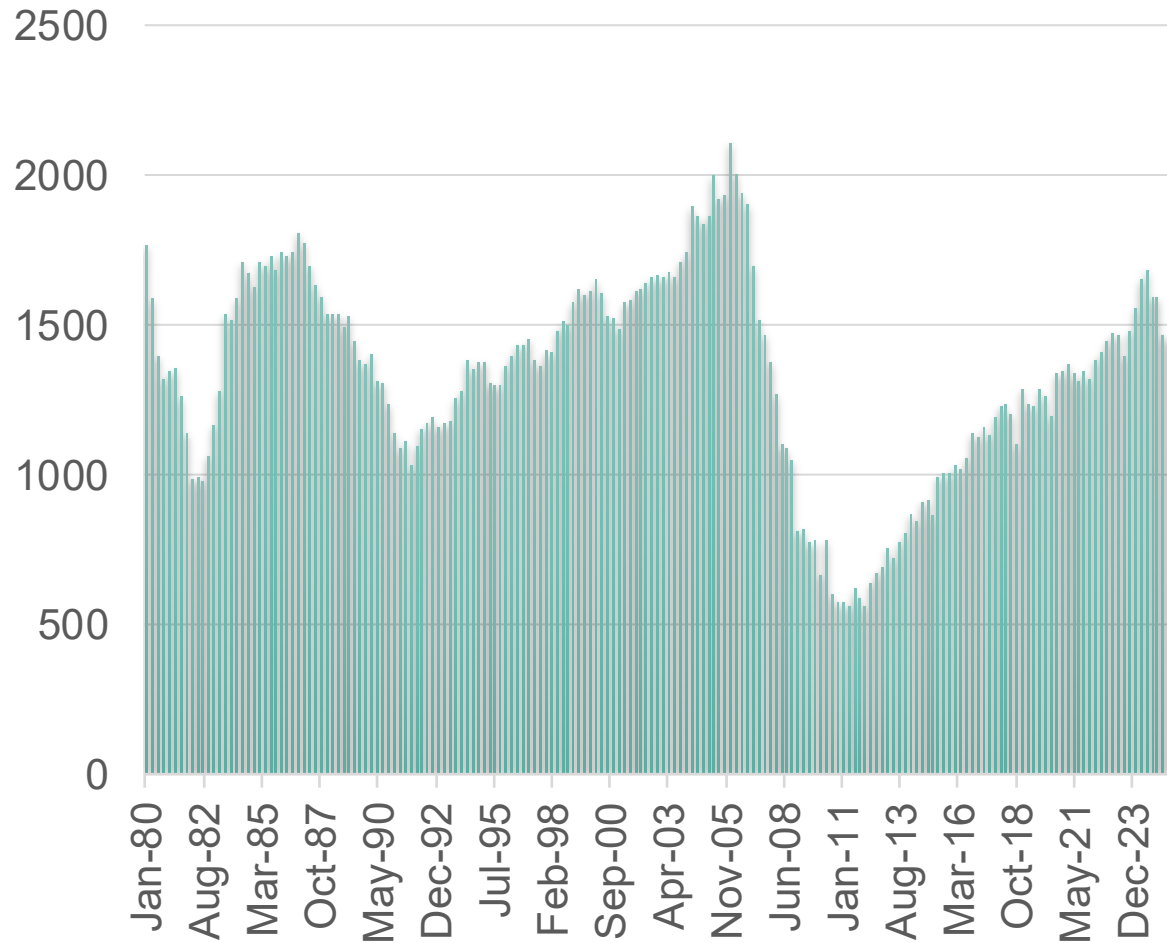
GALLUP



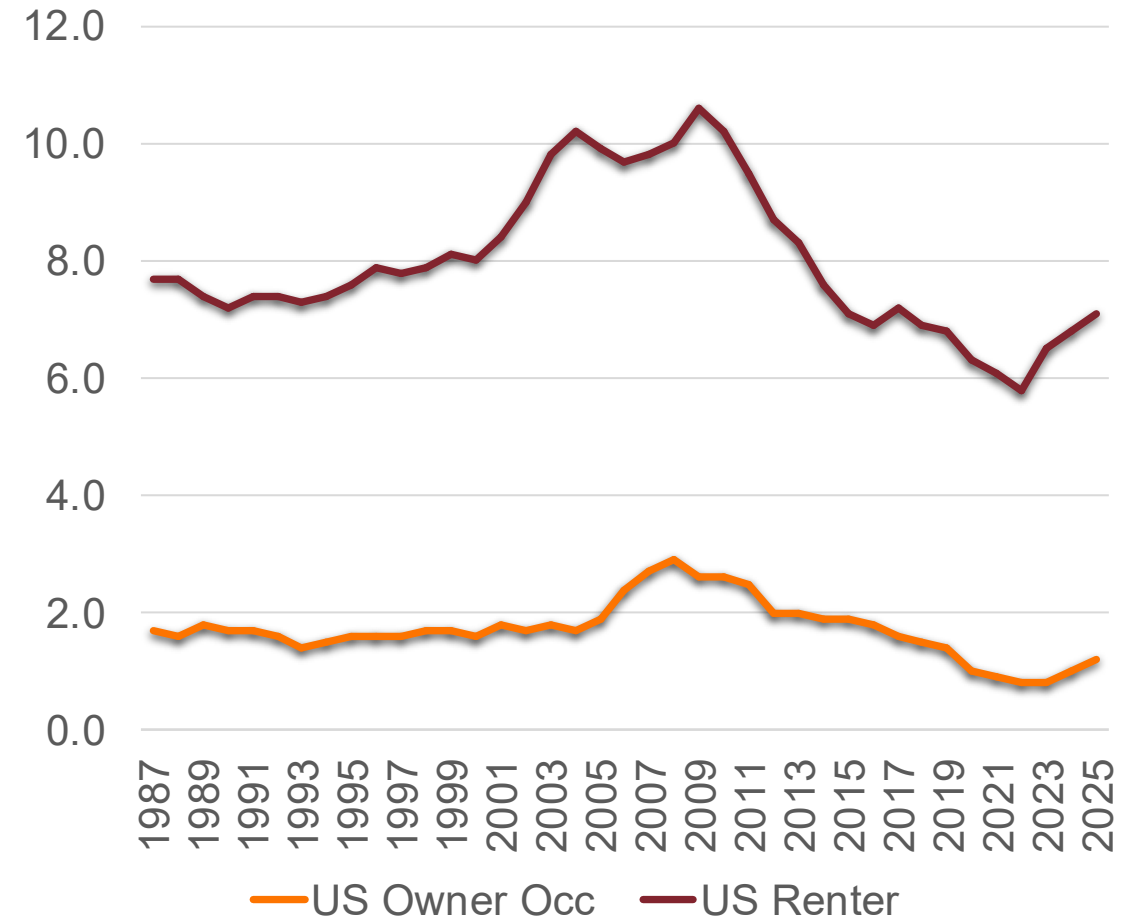
Housing Demand and Supply



US Housing Completions SAAR 000s

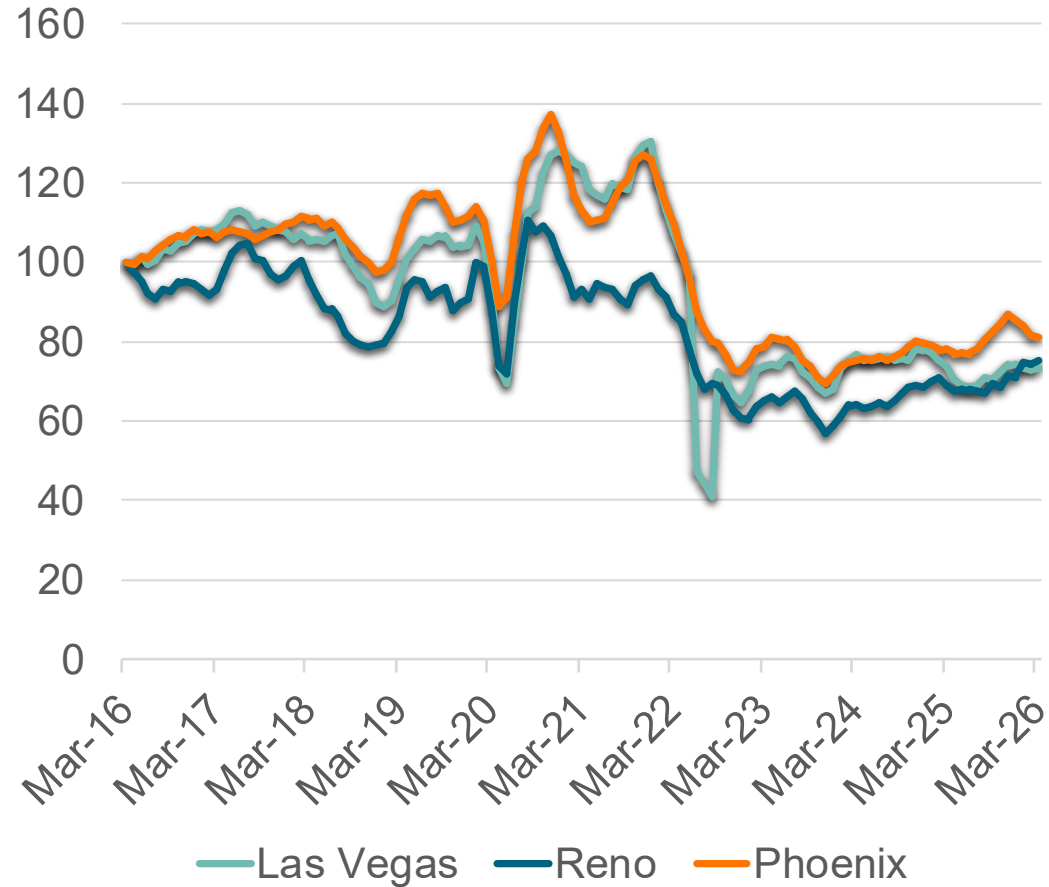


Housing Vacancy (HVS)



Home Sales and Prices

Indexed Home Sales

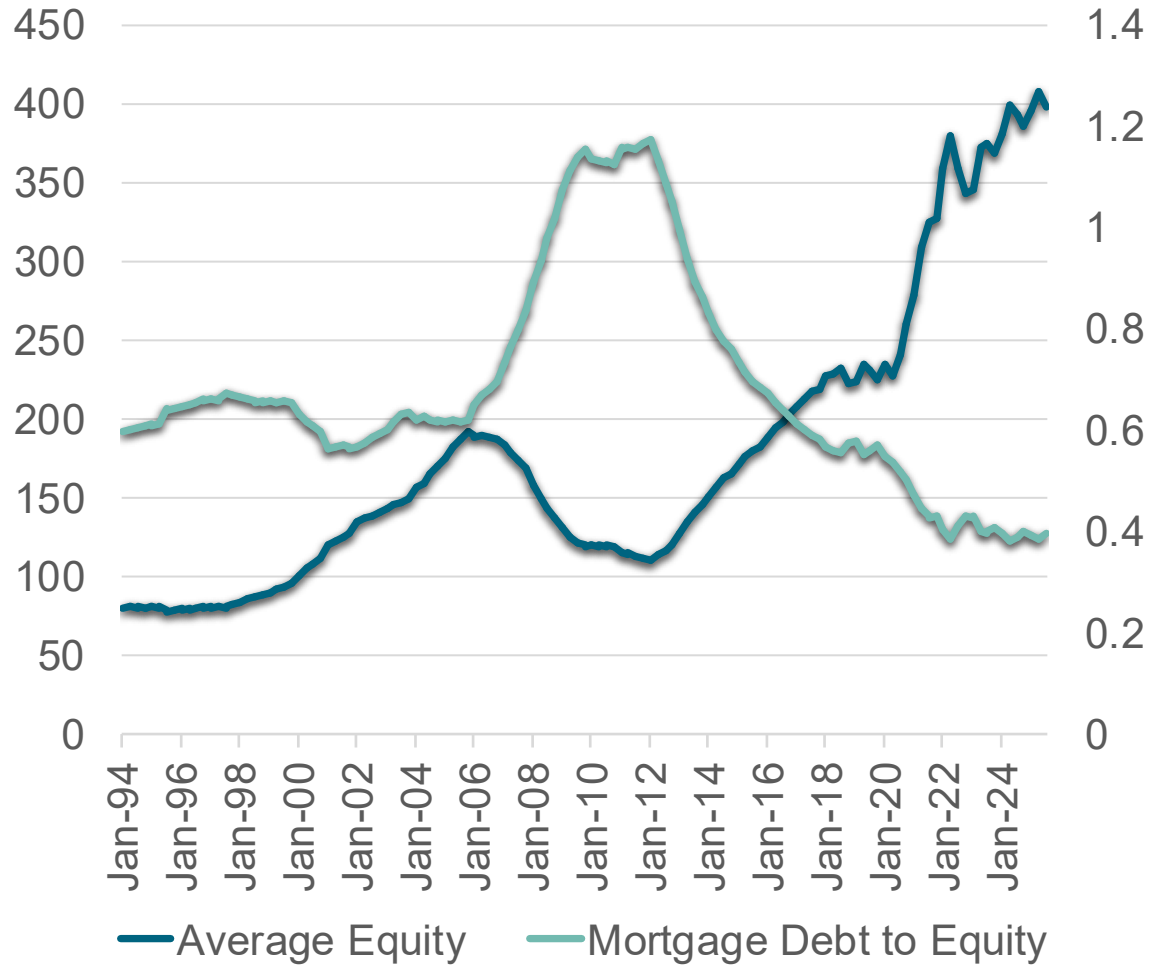


Location	Mar-26 Median Home Price (\$000s)	1-Year Chg. (%)	Chg. since Feb-20 (%)
United States	457.8	1.3	47.6
Nevada	507.1	0.7	51.6
Reno	603.7	2.0	45.0
Salt Lake City	595.9	1.3	51.5
Phoenix	485.4	0.9	53.5
Tucson	390.5	0.8	55.1
Las Vegas	485.3	-0.6	52.4
Los Angeles (MD)	1,001.0	-0.8	44.5
Inland Empire	598.1	-0.8	50.7
Fresno	431.4	-0.9	48.3
Denver	634.9	-1.9	35.6
East Bay	1,055.6	-3.8	28.5

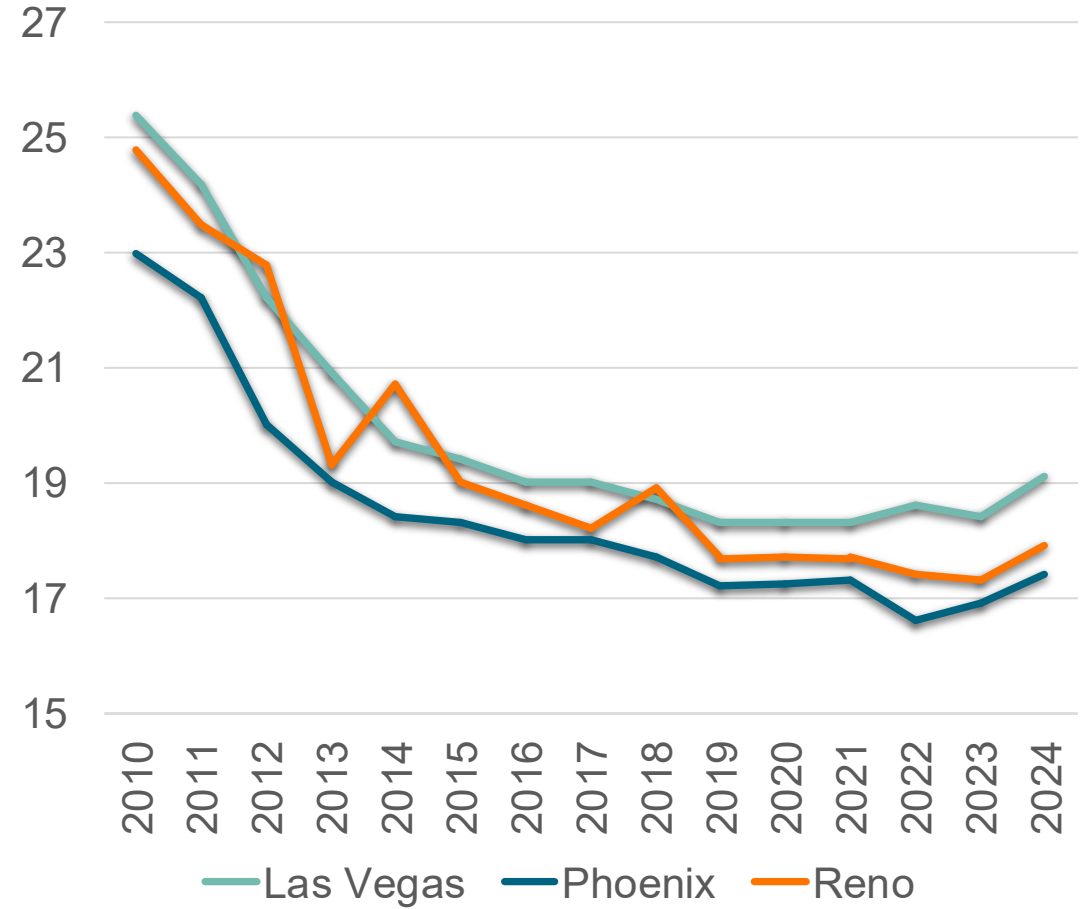


The Housing Affordability Crisis?

Housing Finance



Median Owner Cost as a % of Household Income



The Yin and Yang of New Home Markets

Regional Breakdown

Sales	2019	2025	Ch
Northeast	3	3	0.0%
Midwest	6	7	8.0%
South	34	38	12.7%
West	17	14	-18.8%
Units for Sale	2019	2025	Ch
Northeast	28	31	11.9%
Midwest	39	48	22.9%
South	181	301	66.0%
West	85	117	37.1%

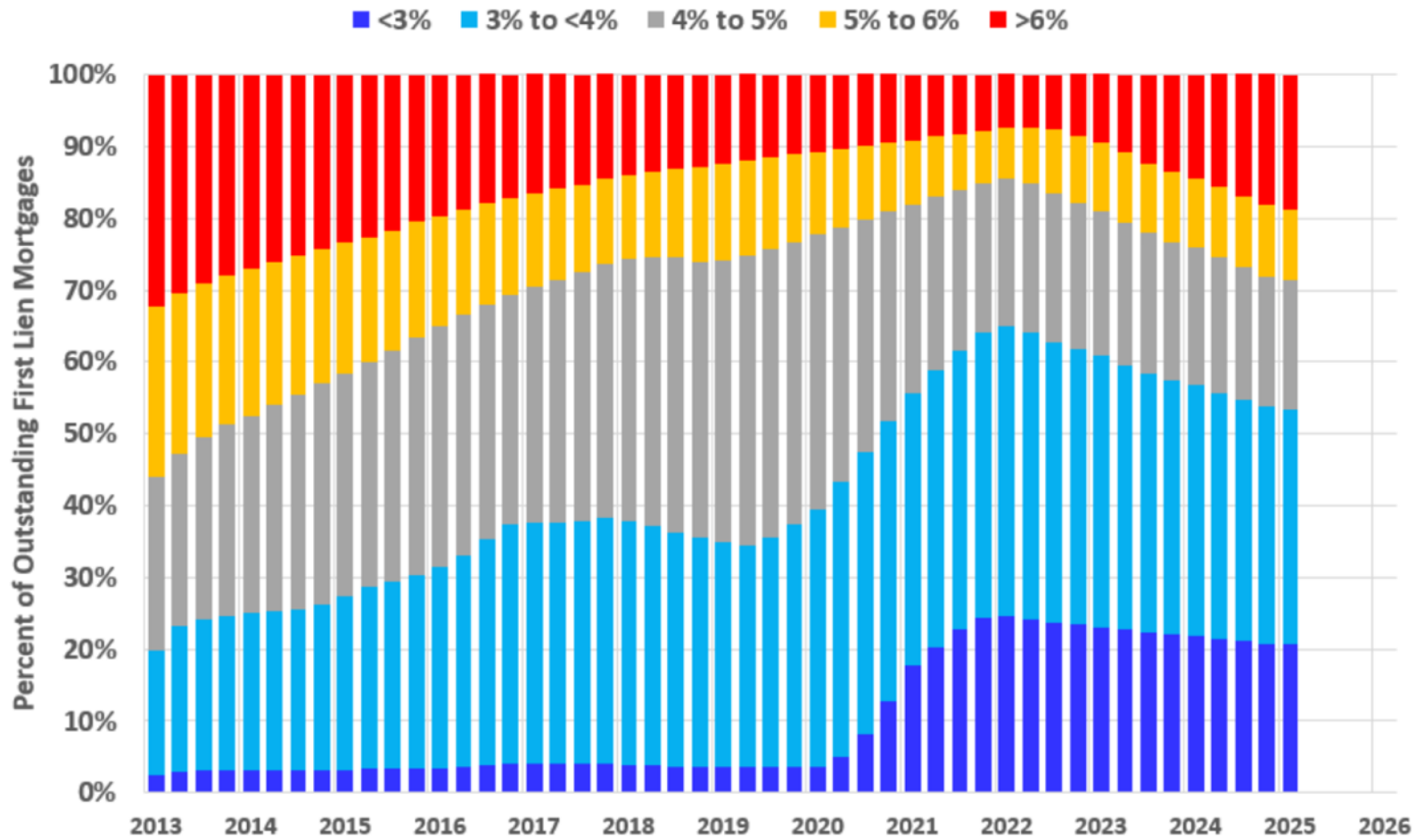
Liquidity
Constrained
Housing
Market



Normal
Housing
Market



Percent of Closed-End, First-Lien Mortgages Outstanding by Interest Rate

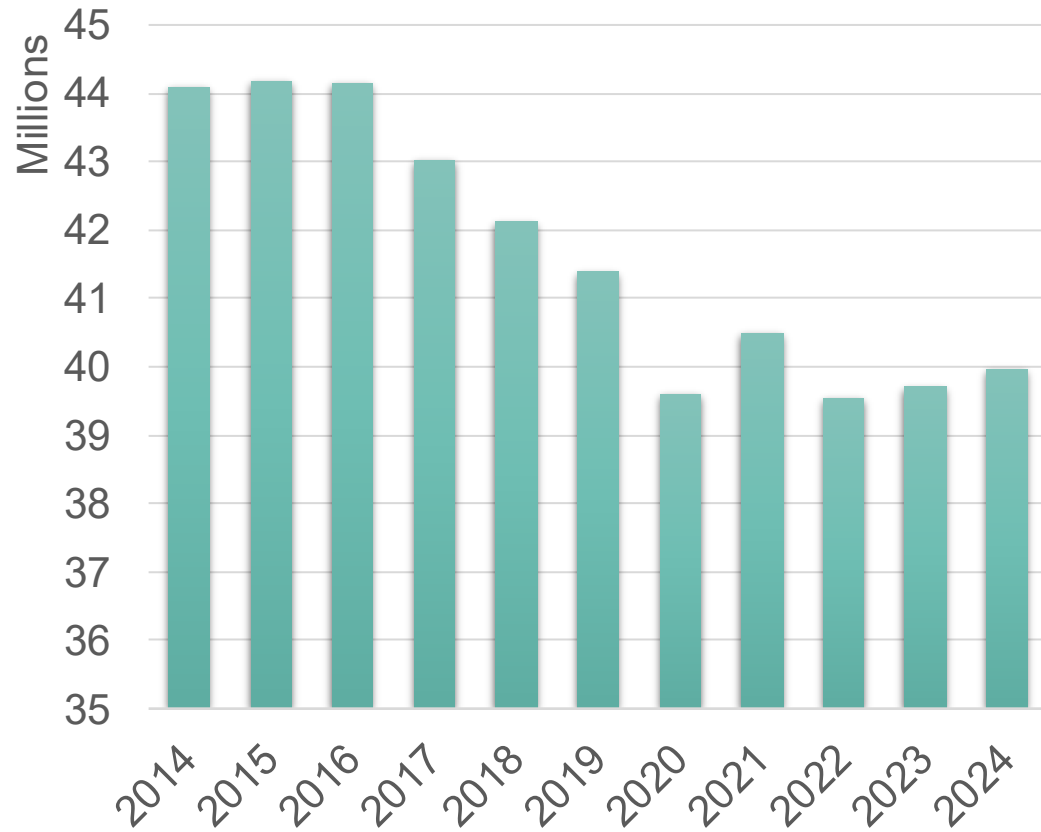


www.calculatedriskblog.com Source: FHFA



Single-Family Renters

U.S. Single Family Renter Households

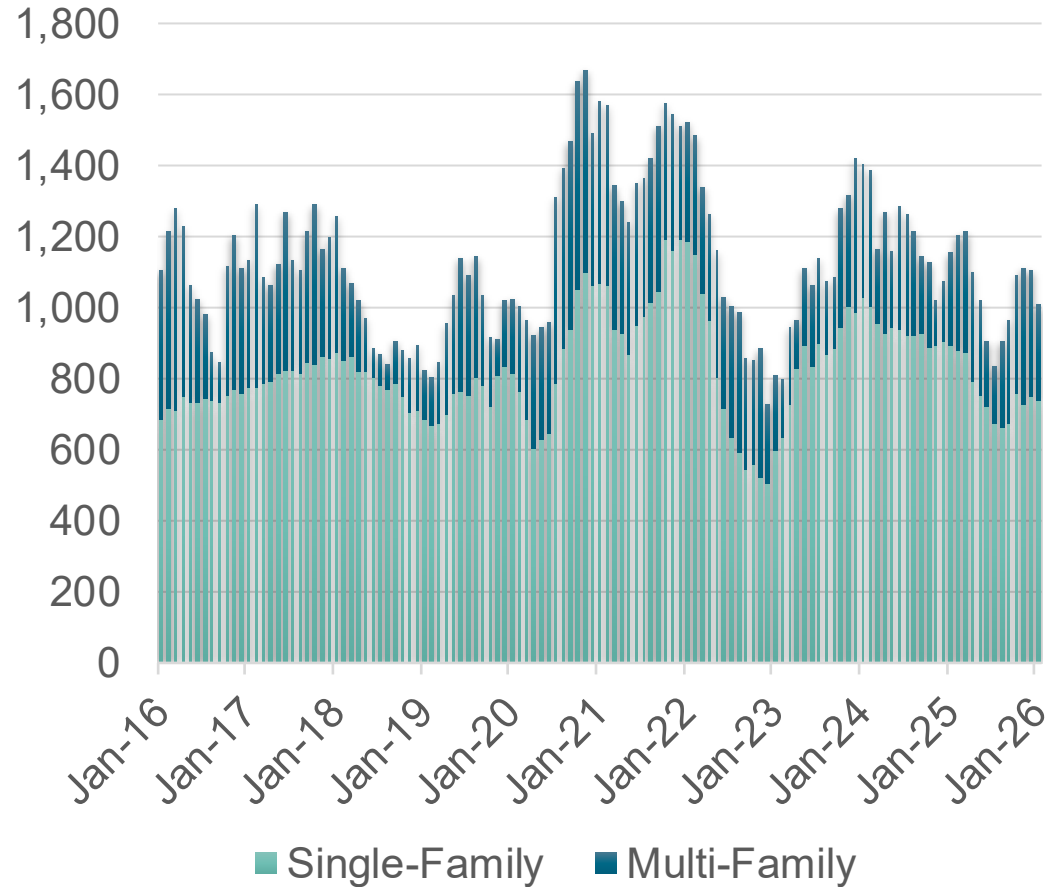


Single Family Renter HHs by MSA	2024	10-Year Chg. (#)	10-Year Chg. (%)
New York MSA	1,186,132	58,265	5.2
Dallas MSA	973,341	46,467	5.0
Houston MSA	876,216	40,279	4.8
Miami MSA	731,588	-3,397	-0.5
Boston MSA	278,799	-5,962	-2.1
Philadelphia MSA	734,016	-36,367	-4.7
Los Angeles MSA	2,068,862	-161,125	-7.2
Atlanta MSA	781,168	-118,760	-13.2
Detroit MSA	524,335	-85,496	-14.0
San Francisco MSA	615,689	-102,813	-14.3
Phoenix MSA	717,855	-217,966	-23.3
Chicago MSA	644,544	-238,650	-27.0



Residential Inventories & Permits

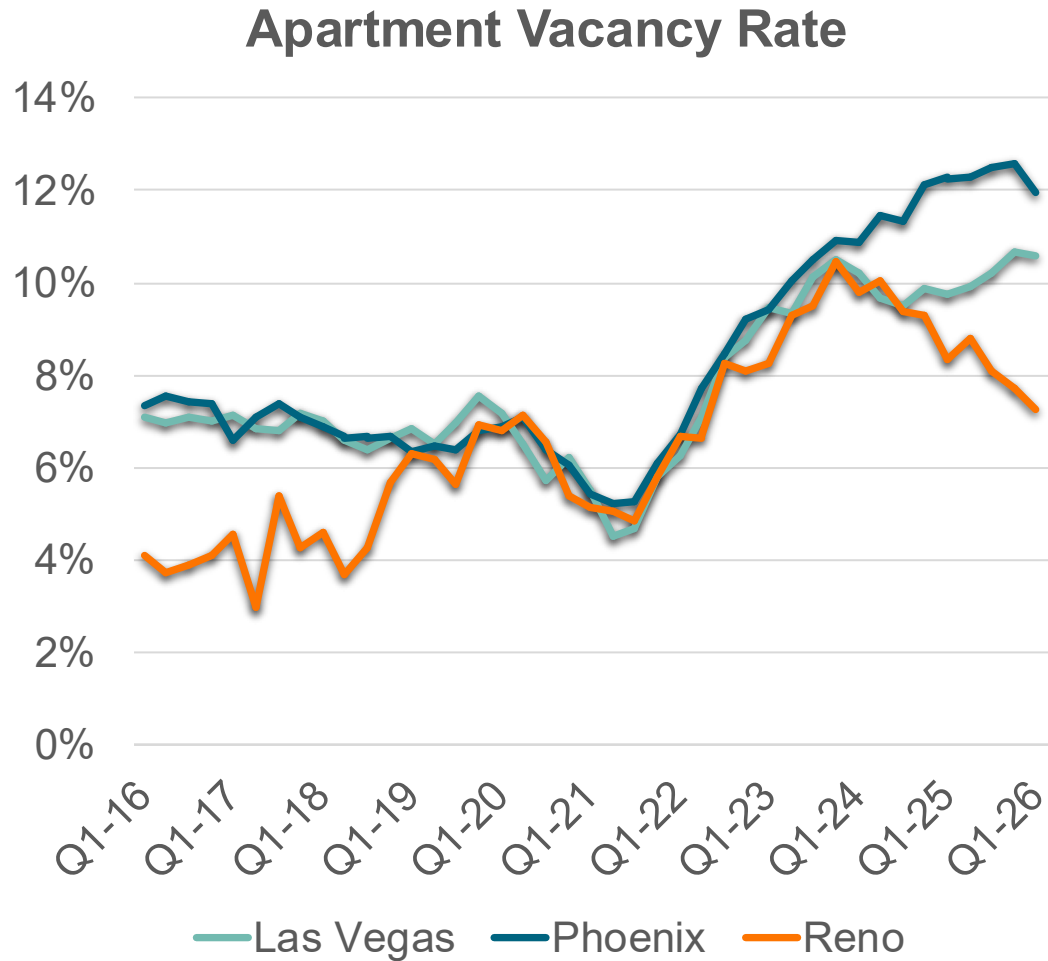
Las Vegas Residential Permits



Location	Mar-26 Inventory	1-Year Chg. (%)	Chg. since Feb-20 (%)
United States	1,031,542	-5.2	-11.5
Fresno	1,757	21.1	21.0
Las Vegas	7,546	3.5	4.7
Salt Lake City	2,426	0.8	21.4
Denver	7,549	-5.2	44.4
Phoenix	19,890	-5.2	47.0
Tucson	4,035	-5.9	24.6
Reno	1,276	-10.6	-26.2
Los Angeles (MD)	9,898	-11.8	-2.9
East Bay	2,419	-15.1	21.2
Inland Empire	11,862	-16.7	-12.7



Apartment Vacancy & Rent

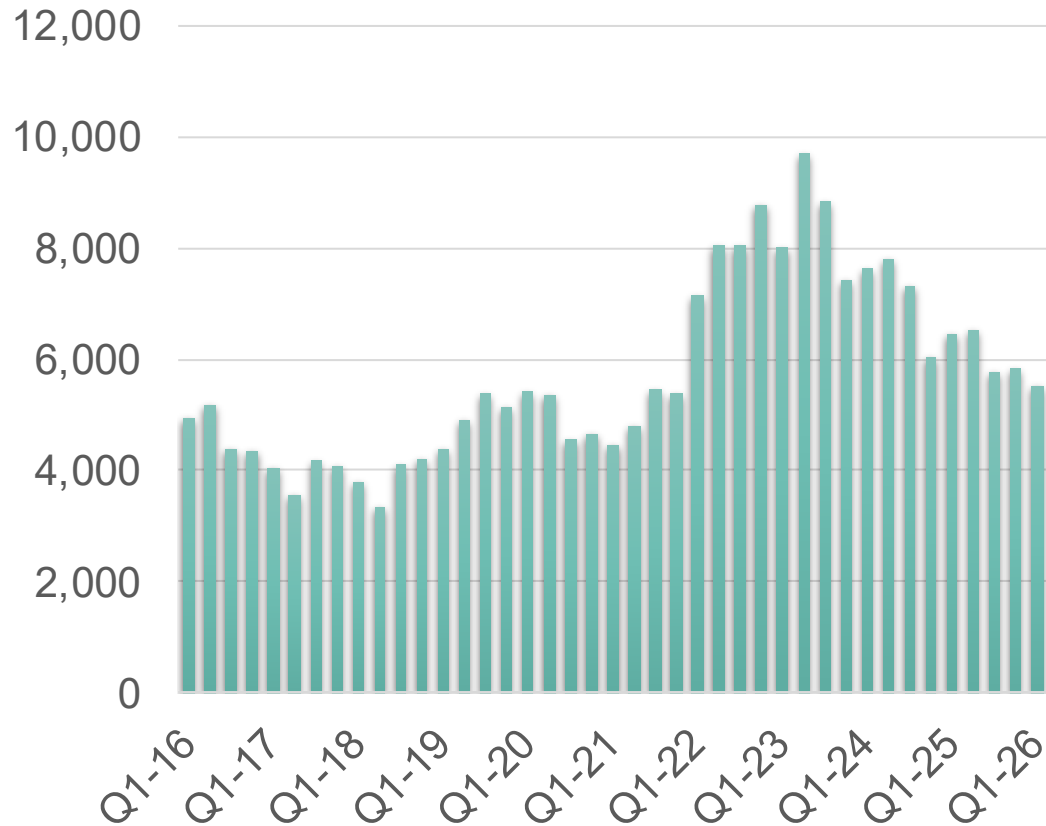


Asking Rent	Q1-26 (\$)	1-Yr Growth (%)	Change since Q4-19 (%)
United States	\$1,776	0.2	19.4
San Francisco	\$3,465	7.1	11.8
Reno	\$1,695	3.6	22.4
Fresno	\$1,484	1.8	33.7
East Bay	\$2,497	1.6	7.1
Inland Empire	\$2,133	0.2	31.2
Los Angeles	\$2,347	0.0	10.5
Salt Lake City	\$1,609	-1.7	17.3
Las Vegas	\$1,476	-1.9	23.3
Phoenix	\$1,565	-2.8	16.4
Denver	\$1,798	-3.3	10.9

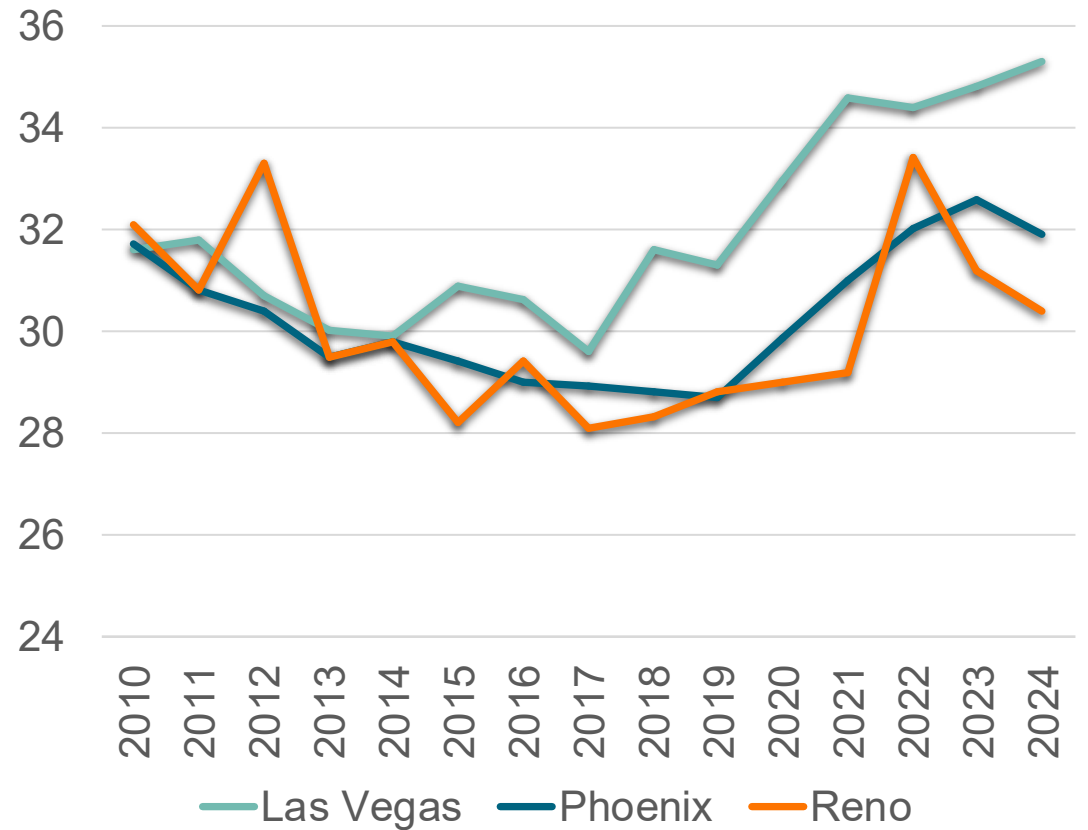


Apartment Construction

Las Vegas Apartment Units Under Construction

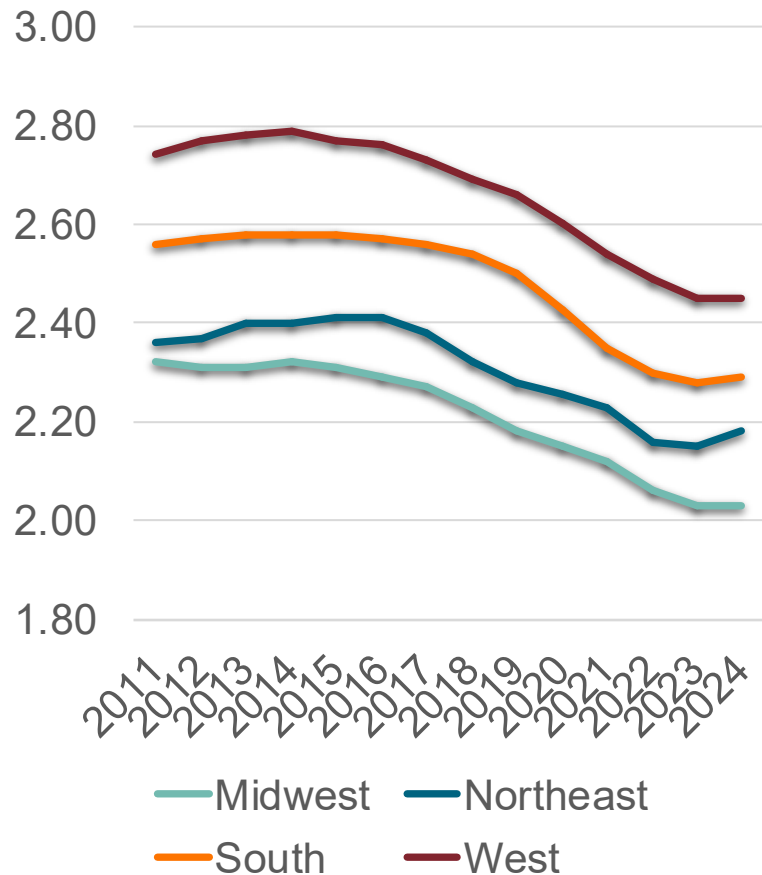


Median Rent as a % of Household Income

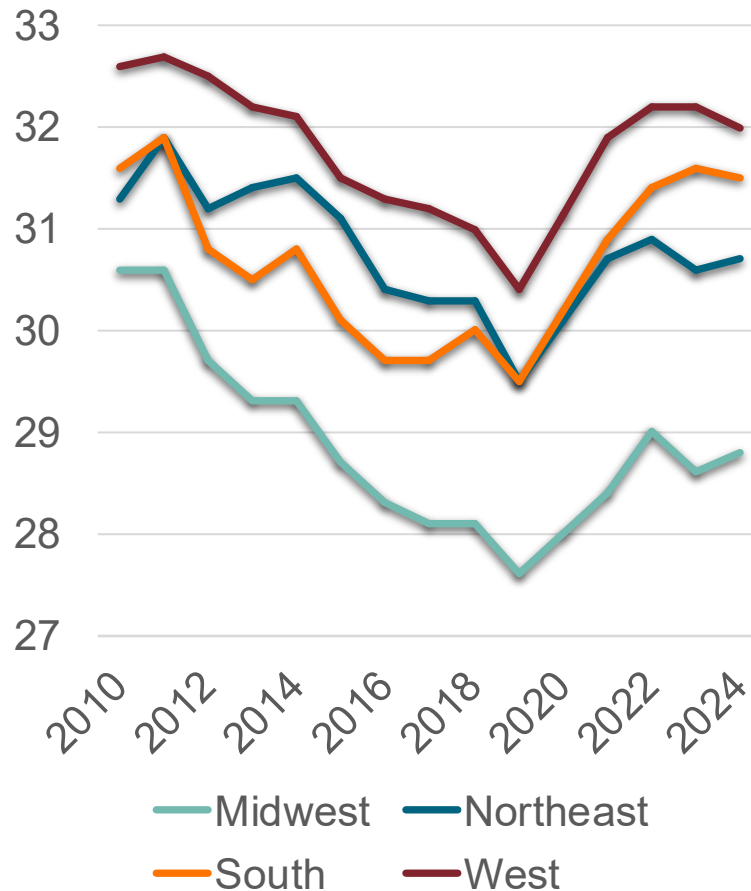


National Rental Affordability

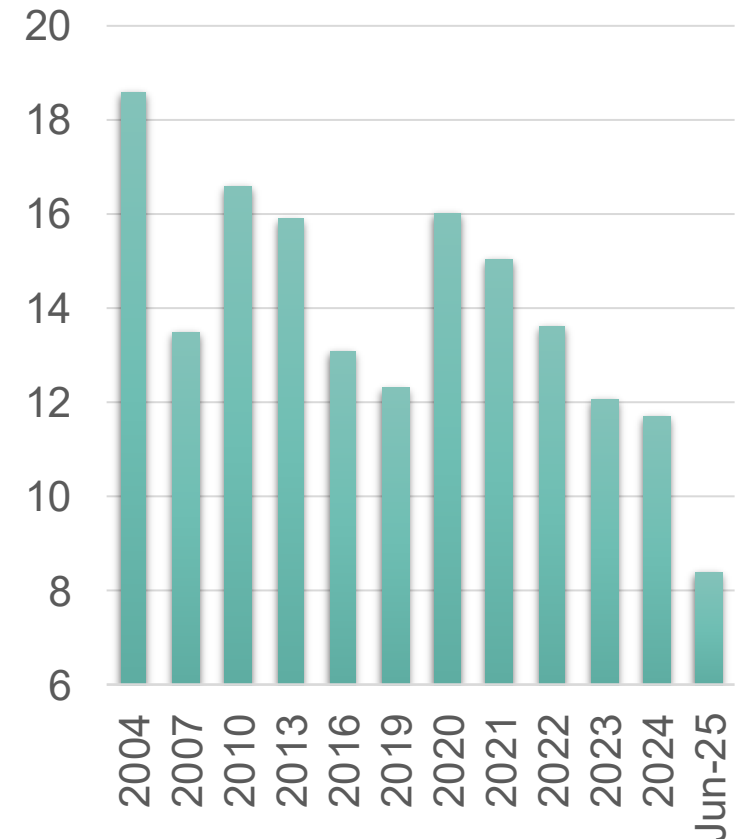
Renter Households:
Average Household Size



Median Rent as a % of
Household Income



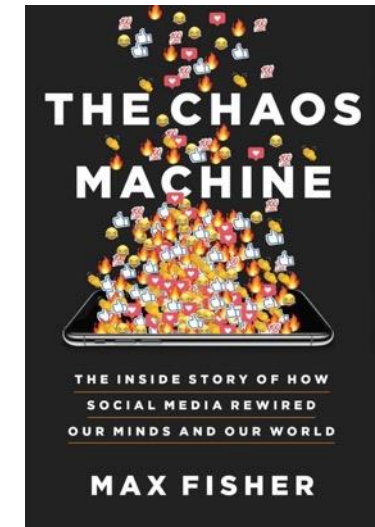
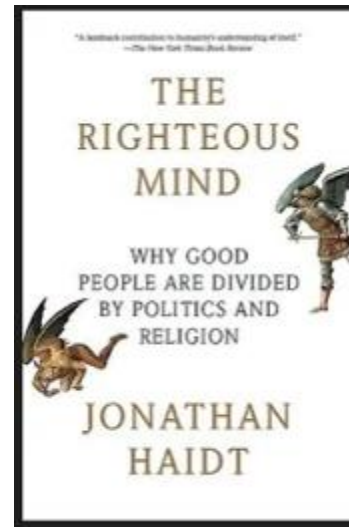
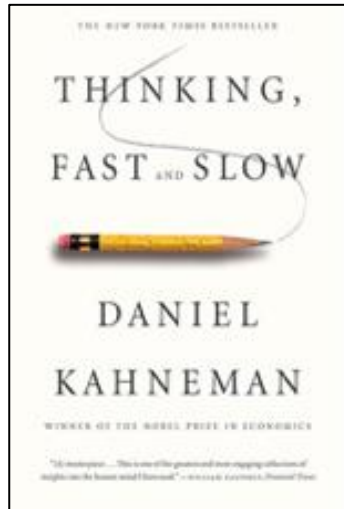
Share of US Renter
Population Late On
Rent: Census



Location	Rent Control Expansion
Massachusetts	Cap rents at $\leq 5\%$ or inflation statewide
Boston, MA	Strong support for statewide rent control; prior local push
California	Tighten cap to $\sim 2\%$ + inflation (max 5%); expand to SFHs/condos
Los Angeles, C	Lower allowable rent increases within existing system
New York, NY	Ongoing pushes to strengthen tenant protections and rent stabilization
St. Paul, MN	Already passed strict rent control; ongoing revisions and debate
Montgomery MD	Cap rent increases tied to inflation
State	Rent Control Legalization
Massachusetts	Re-legalize via statewide ballot
Illinois	Repeal ban so cities (e.g., Chicago) can adopt rent control
Colorado	Bills to allow local rent control authority
Washington	Legislative proposals to allow rent caps / local authority

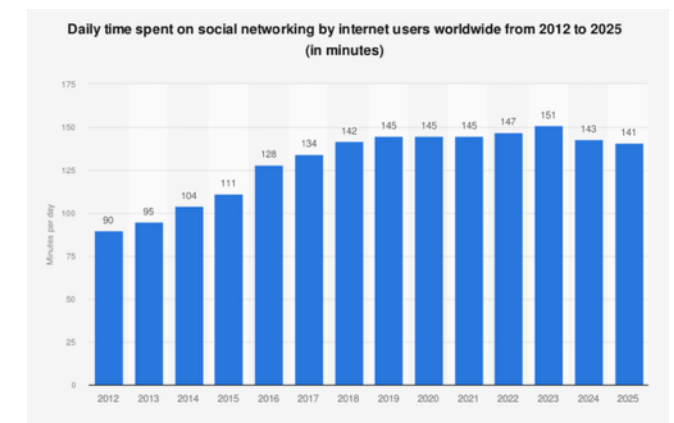
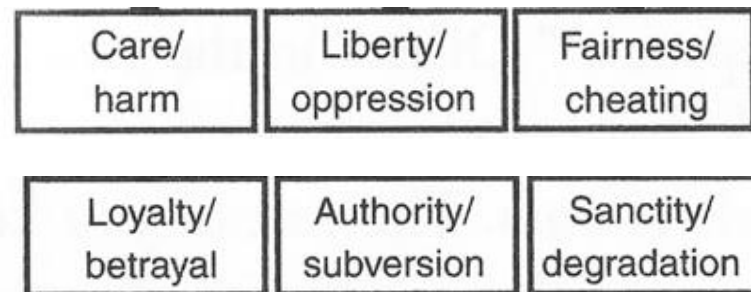


How do narratives go astray?



Moral Nodes: Social issues that blind us emotionally

Type	1	2
<u>Style</u>	Emotional	Deliberative
<u>Rules</u>	Heuristics	Deduction
<u>Speed</u>	Fast	Slow
<u>Energy</u>	Low	High



The Dangers of False Narratives

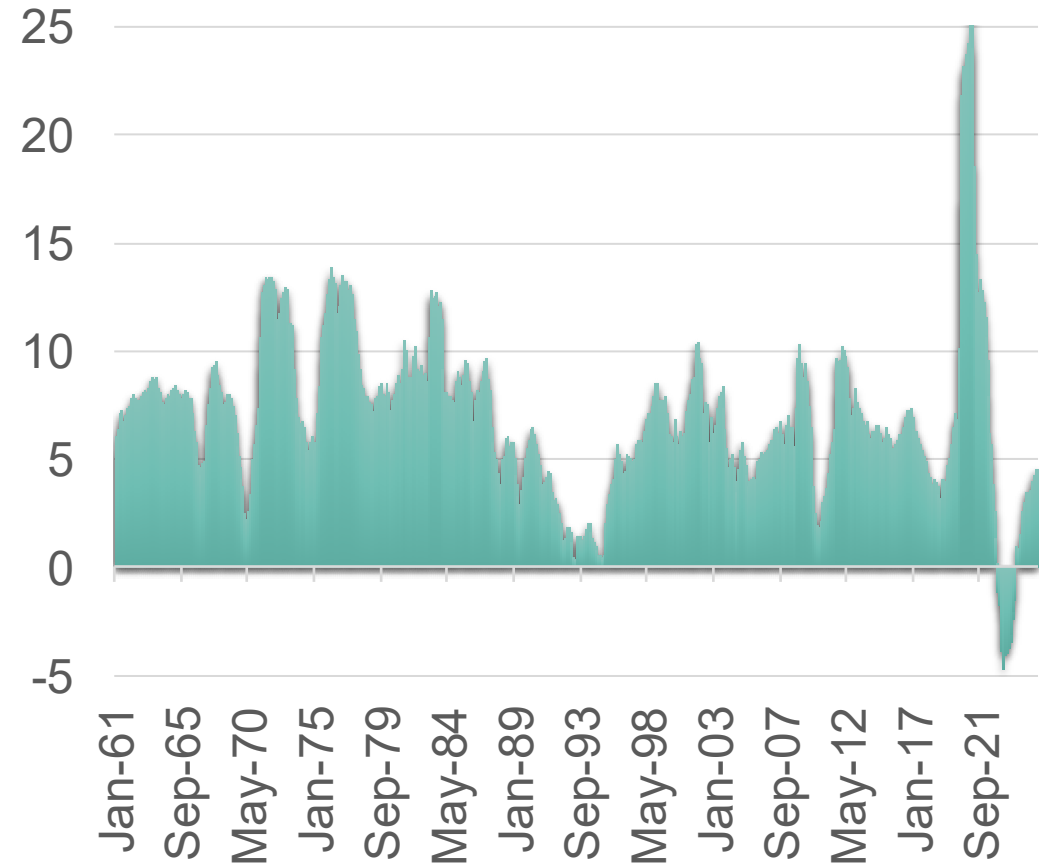
Pandemics don't cause depressions.

- Lost Output during Pandemic: \$850 Billion
- Stimulus: \$6 trillion, with \$5 trillion in QE

The Money Multiplier

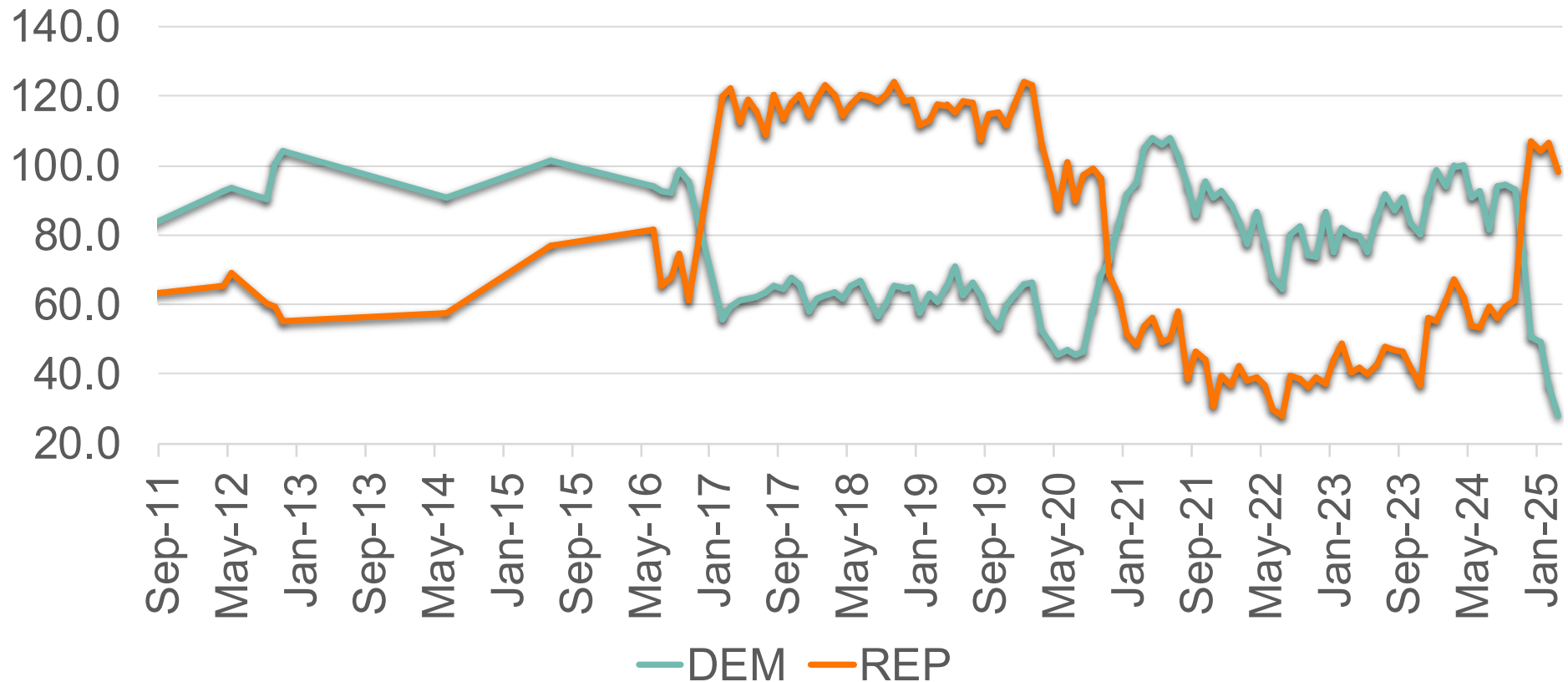
- Initial stimulus \$50k per household
- Asset prices: \$200K more in net worth
- 26% increase in average HH net worth

M2 Growth (YoY)



Who should Trump thank for his big election sweep?

Shifting Narratives in Consumer Sentiment!

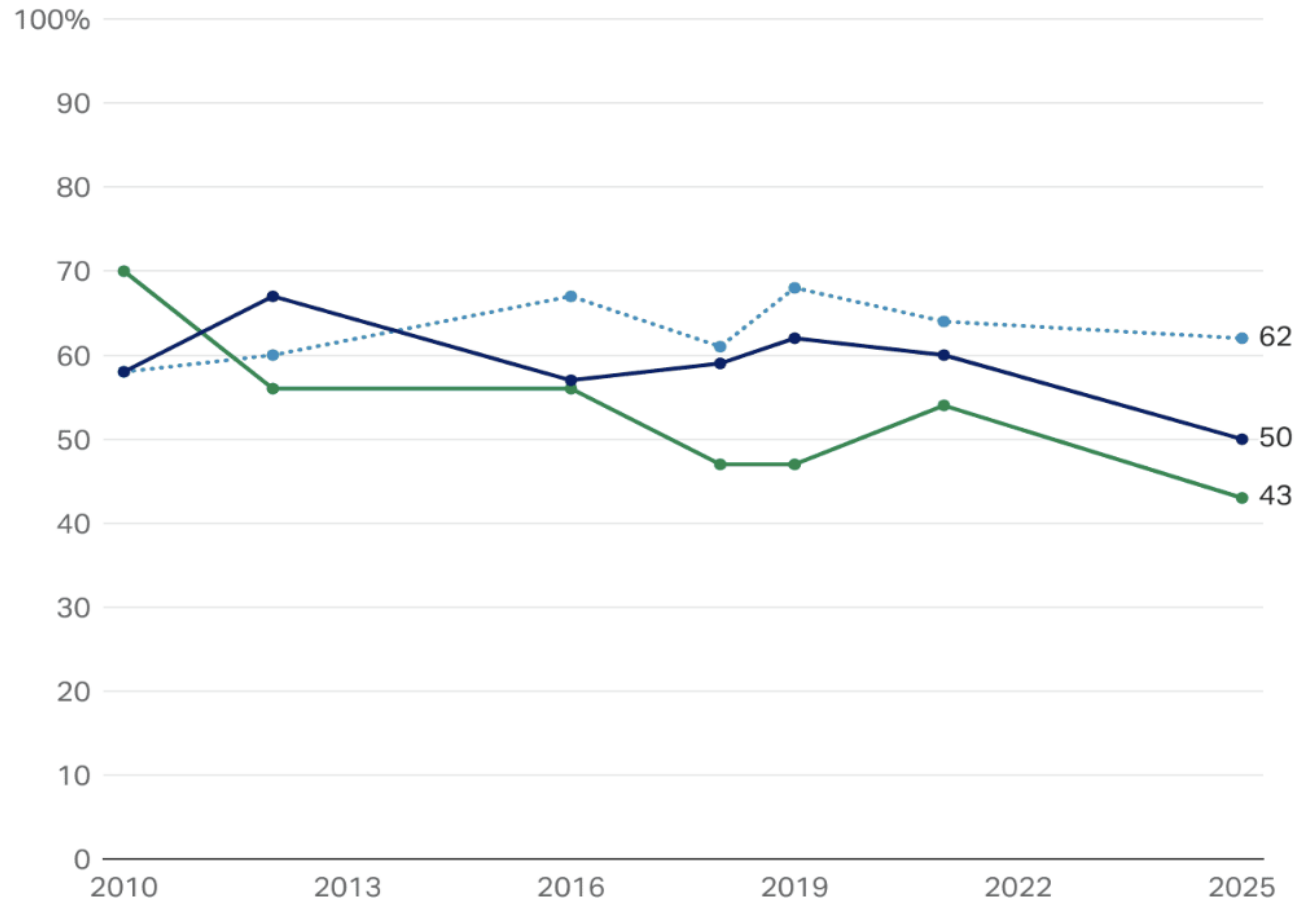


1. Capitalism Stumbles With Young Adults

Just off the top of your head, would you say you have a positive or negative image of each of the following? Capitalism

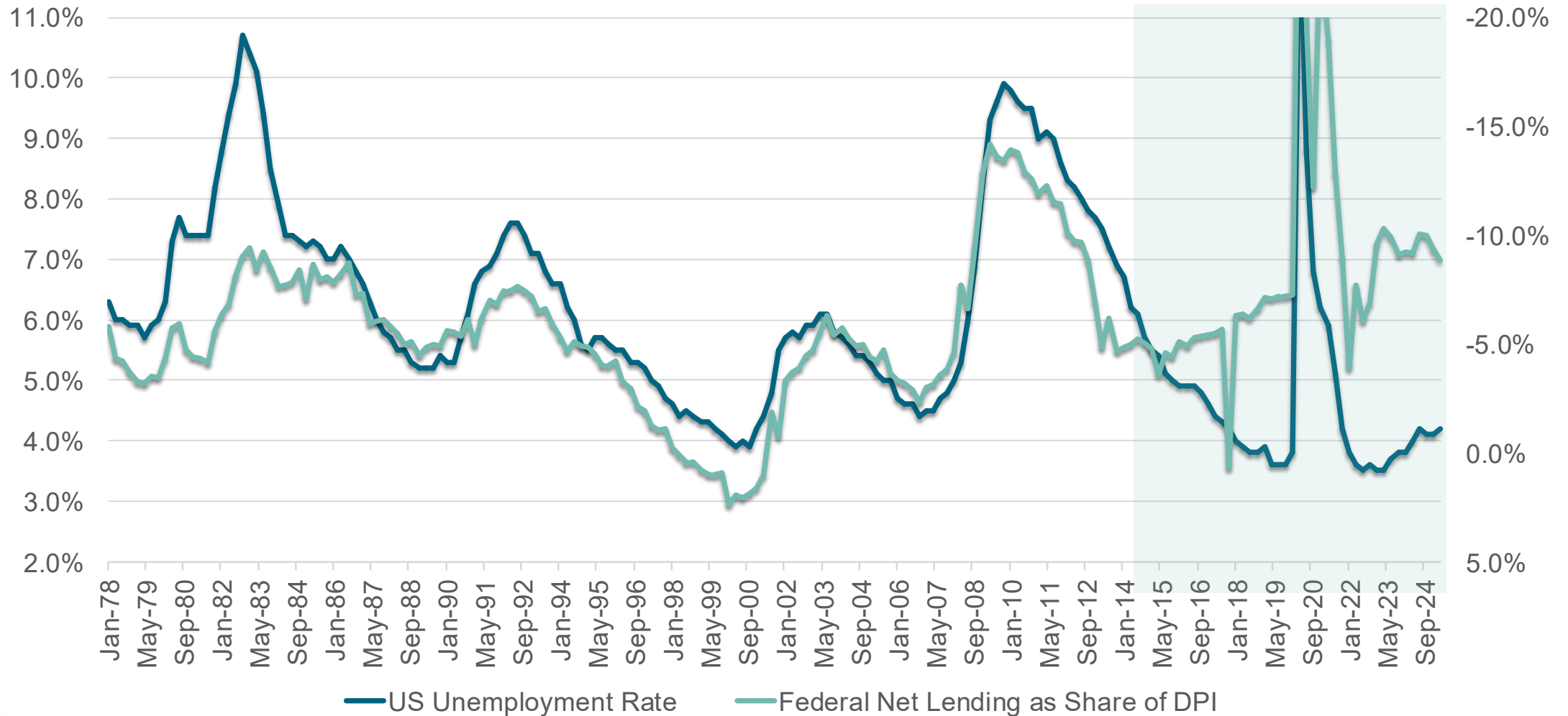
% Positive

— 18 to 34 — 35 to 54 - - - 55 and older



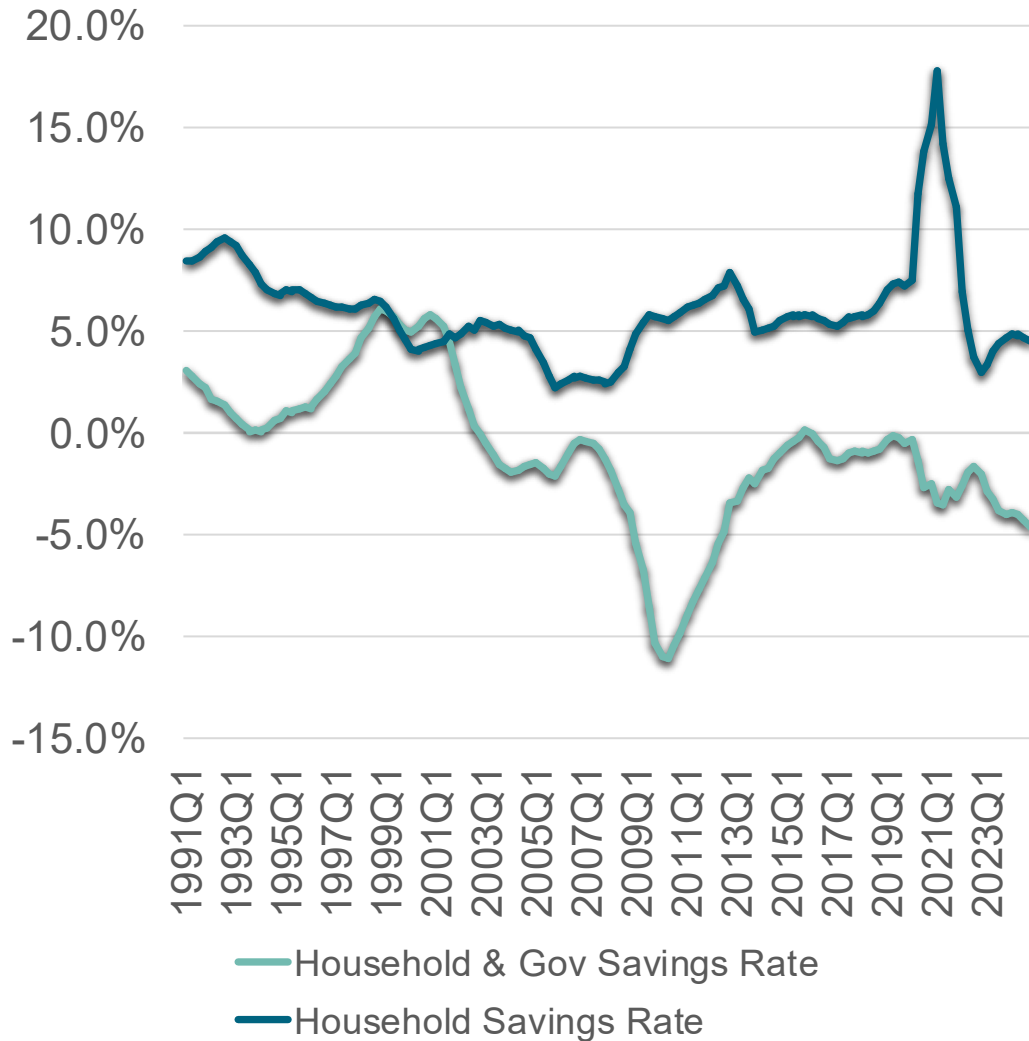
Keynesianism Breaks Down...

Deficits and Unemployment

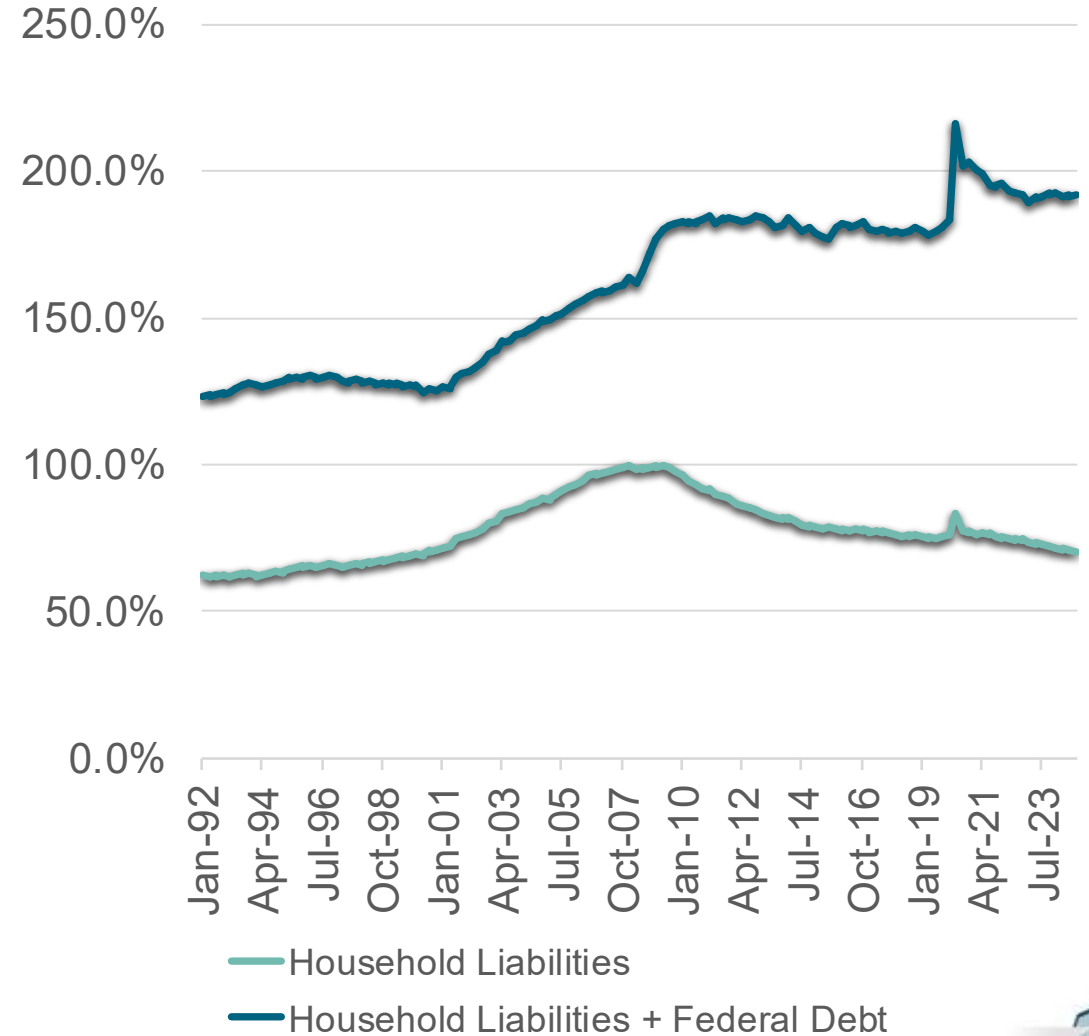


The Wealth / Income Mirage

Household Savings as % of DPI

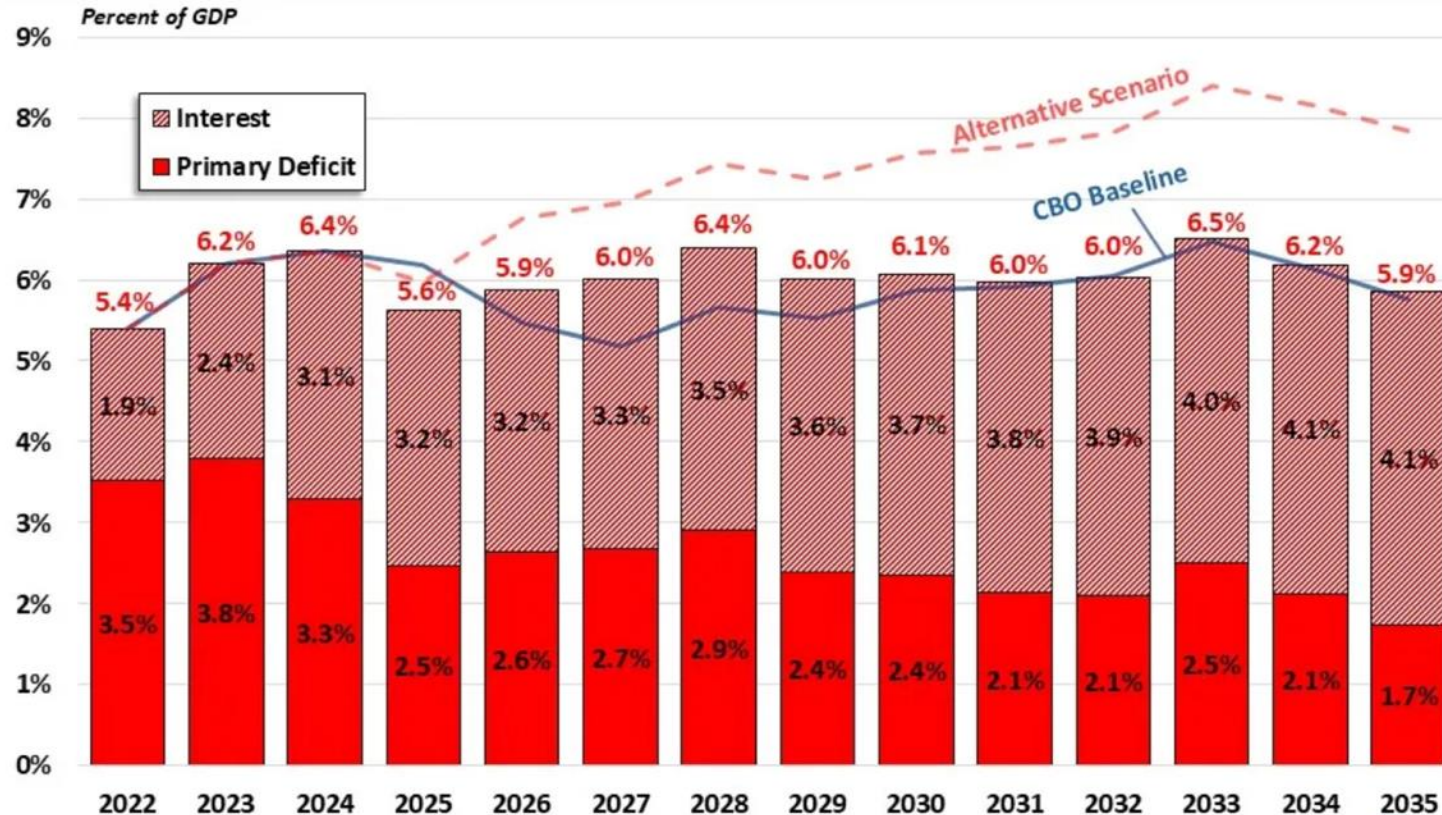


Household Debt as % of GDP



What will reset the focus on the deficit

Deficits Total 6.1 Percent of GDP Over Next Decade



← Tariff Removal

← Forecast: 4%
10 Year forever

← Primary
Spending
Balance?

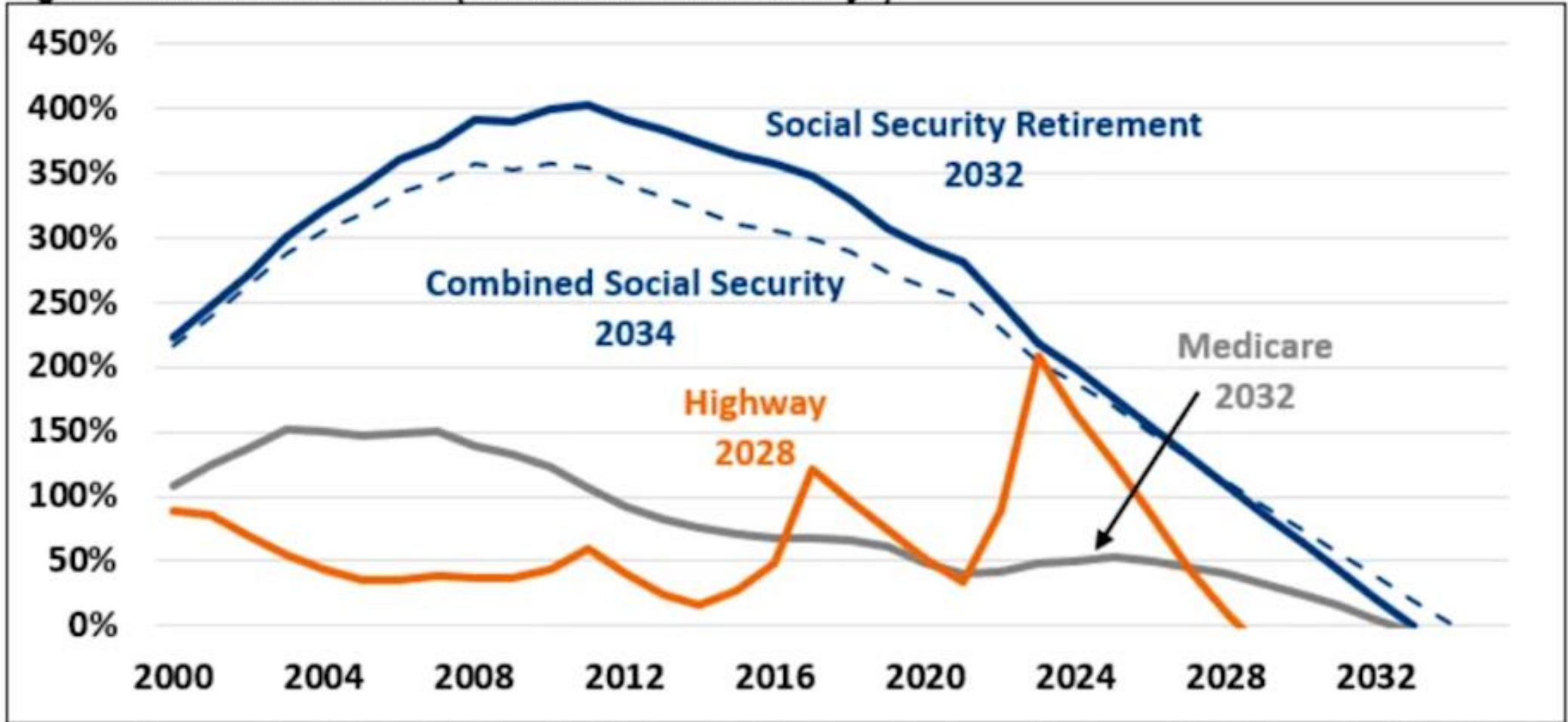
Source: CRFB estimates based on data from CBO, U.S. Census Bureau, and Centers for Medicare & Medicaid Services.

Note: Numbers may not sum due to rounding.

CRFB.org



Fig. 1: Trust Fund Balances (Percent of Annual Outlays)

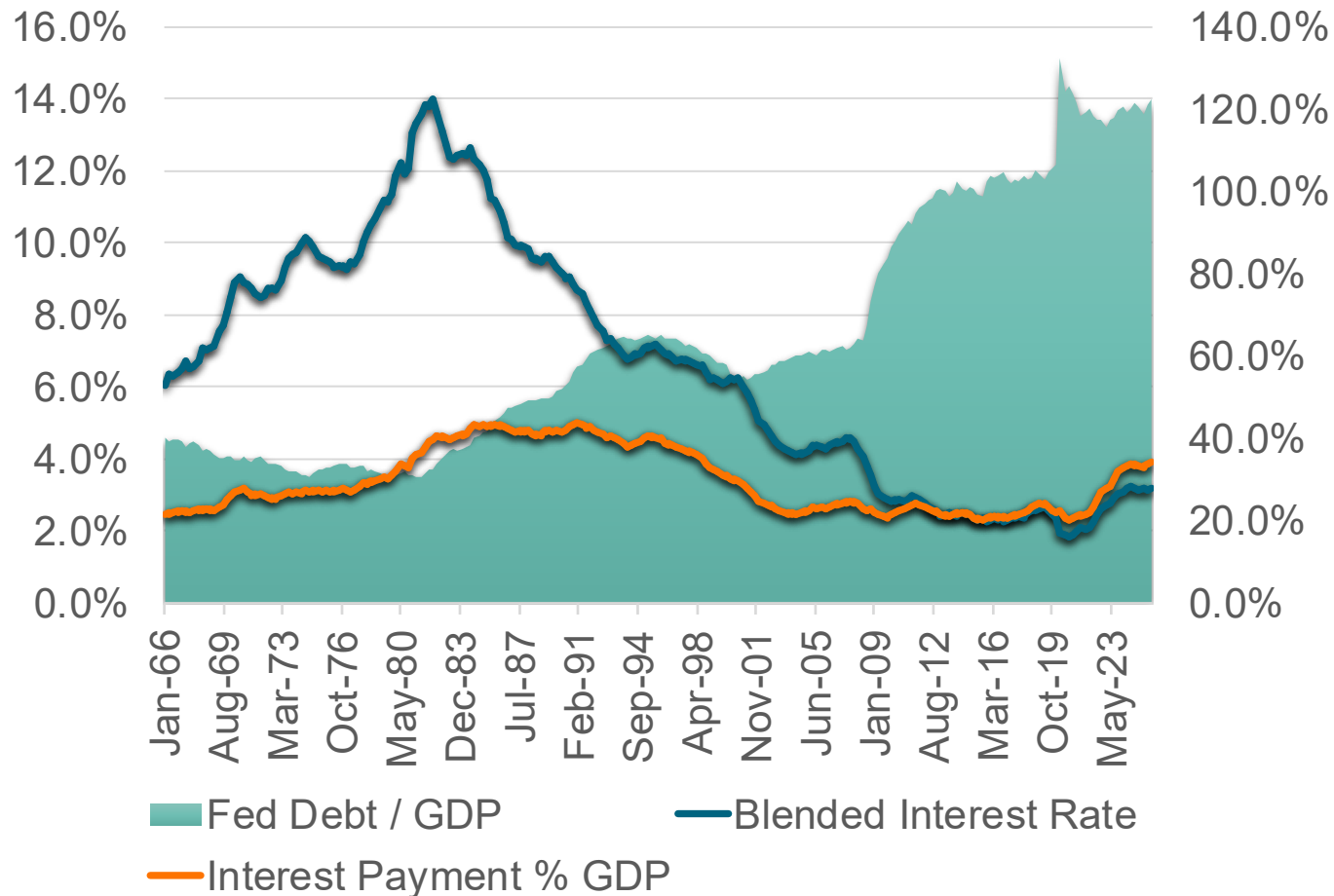


Sources: Congressional Budget Office, Social Security Trustees, Medicare Trustees, Social Security Administration Office of the Chief Actuary, Committee for a Responsible Federal Budget.



Interest Rate Risks

Federal Rates, Interest Payments and Debt Levels as % of GDP



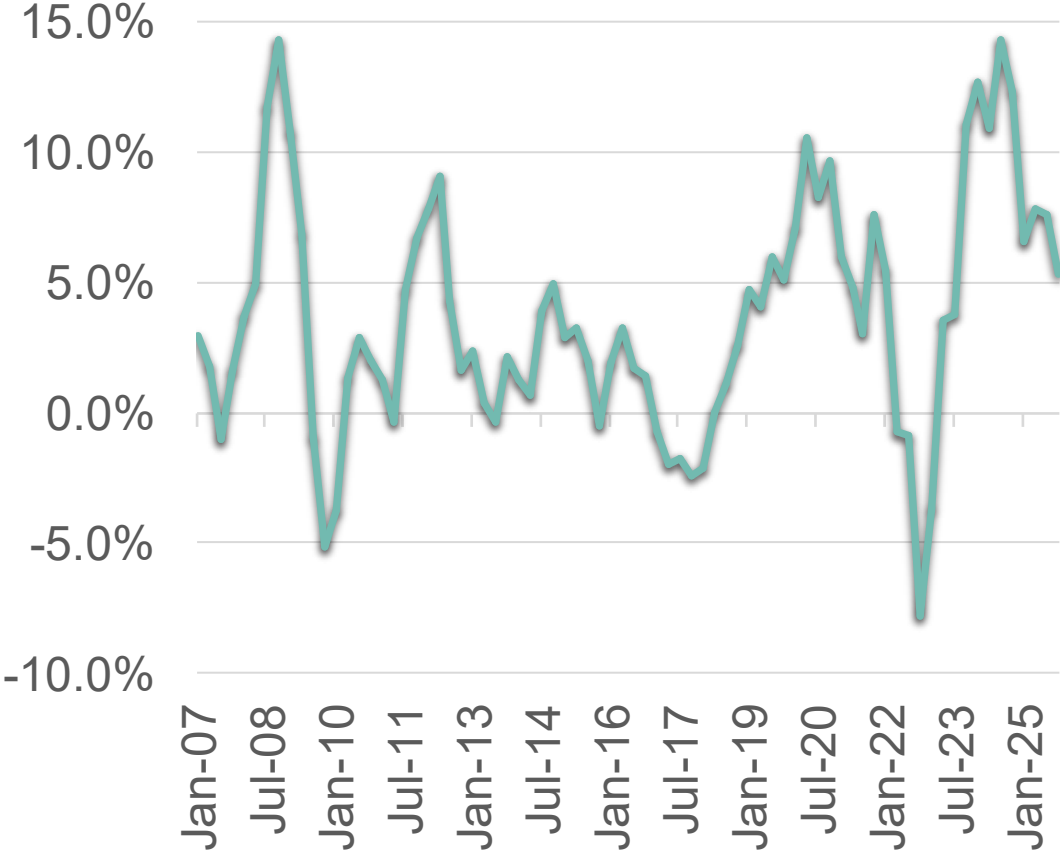
Rate Sensitivity

Blended Rate	Int / GDP	Fed Deficit	Deficit % GDP
3.2%	3.9%	\$2,127	6.4%
3.5%	4.3%	\$2,248	6.8%
4.0%	4.9%	\$2,441	7.4%
4.5%	5.5%	\$2,633	8.0%
5.0%	6.1%	\$2,826	8.6%
5.5%	6.7%	\$3,018	9.1%
6.0%	7.4%	\$3,211	9.7%

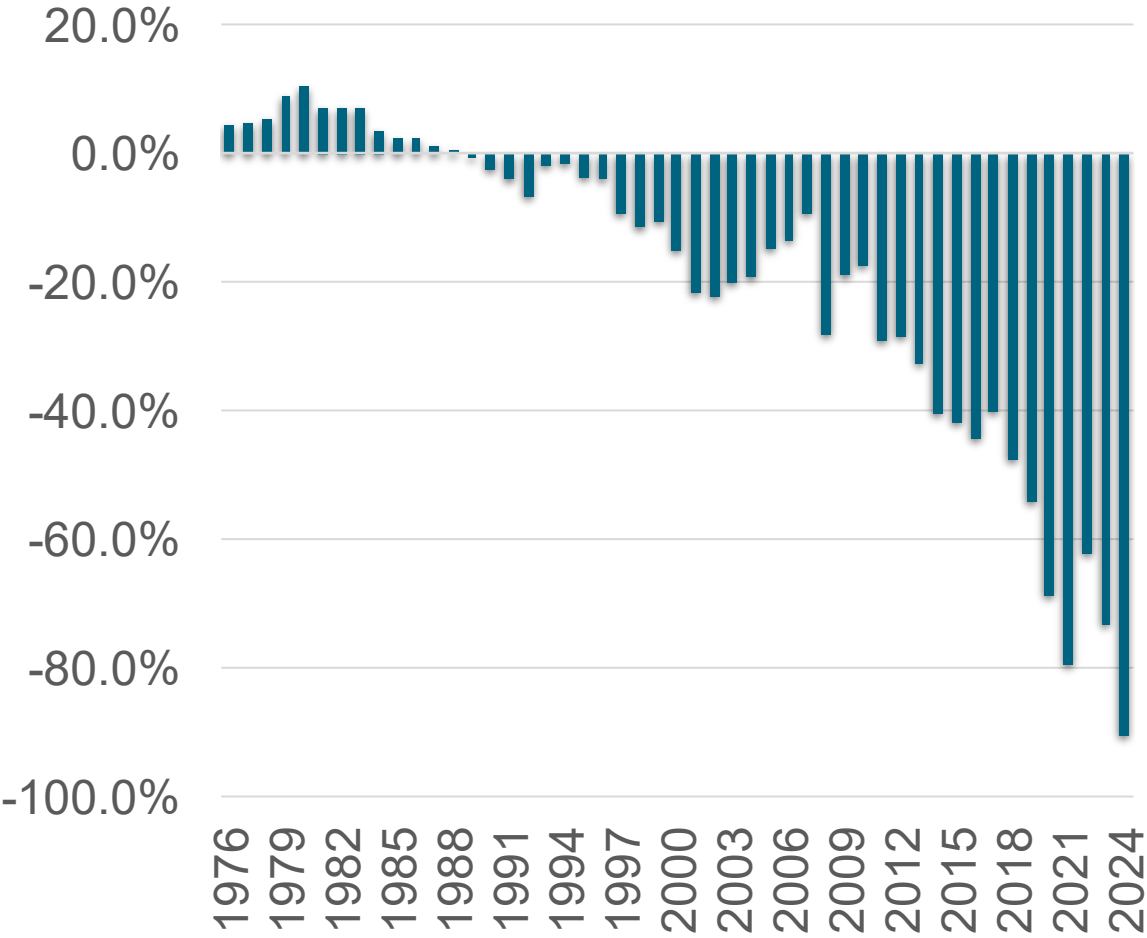


US Reliance on Foreign Capital

Net Portfolio Investment Flows into US economy



US Net Int Inv Position % GDP



Last Year's Reaction to Turbulence

S&P 500 Daily Close



10 Year Treasury Rate (%)



Dollar Index



Asset Market to Fiscal Crisis

Rates Rise

- Decline in equity markets spurs retraction of foreign capital
- Resultant impact causes deficit to increase just through interest payments—the public debt death spiral
- Slower process \$US reserve currency / safe haven

What then?

- Increase taxes / Cut spending popping household financial strength
- Federal Debt default
- Federal Reserve rides to the “rescue” with more QE and inflation?

Long Run Spreads



Growing Risks

Economic Trends: Picking Up

- Drags: reduced labor supply, political and economic uncertainty
- Strengths: Household & business finances, inflation / rates down
- Business Investment / Spending solid
- More fiscal and monetary stimulus being thrown at the economy
- Las Vegas: slowing growth reflecting slowing US growth, but otherwise continuing down a steady development path

Beware the Imbalances

- Strong private finances from public deficits and asset bubbles
- Growing external imbalances are the weak link in the chain
- The biggest imbalance is the gap between narratives and reality

For a copy of slides,
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