



# **2015 FEBRUARY NEWSLETTER**

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### We Made it !!

**Hooray !! Hooray !! Hooray !!**

**The 4 long years of the 'SLUMP' appear to be over.**

We may actually be finally in the '**Recovery**' stage of the business cycle. This is **very** good news. News we have wanted to say for a **very** long time.

The years have been frustrating ... the patience has been stretched ... The Economy had been stuck. For **4 long years** in the '**SLUMP**' stage of the business cycle.

We are now hopefully ... **for real** ... in the '**Recovery**' stage.

And of course, there are still some problems.

**BUT WE MADE IT !!!!**

**The 'SLUMP' is over - Hooray !! Hooray !! Hooray !!**

## PERSPECTIVE

*Historically, the average slump and recovery period is 18 months.*

So even though we have been recovering from the **Great Recession**.

**Nevertheless**, the National Economy has been recovering at the **slowest pace** in U.S. history. Even slower than the recovery from the Depression years of the 1930s !!

But it is Recovering !! (especially in the Bay Area ... Hooray !!)

## A walk through recent history

**YOU WERE THERE - Remember ?**

**2007**

DECEMBER 'THE GREAT RECESSION' BEGINS

**2008**

(-2.8%) SERIOUS CONTRACTION OF THE ECONOMY

STOCK MARKET CRASHED FROM 14,164 to 6547 (**54% DROP!!**)

HOUSING MARKET – FORECLOSURES REACH HISTORIC AMOUNTS

PRICE OF OIL WAS AT AN ALL TIME HIGH OF **\$ 145** PER BARREL

PRESIDENT BUSH BAILS OUT THE BANKING INDUSTRY

UNEMPLOYMENT RISES TO **10%**

**2009**

PRESIDENT OBAMA SIGNS THE \$ 831 BILLION STIMULUS BILL

A RECOVERY HAD BEGUN

**3.9%** GROWTH RATE FOR THE YEAR – NOT BAD

**2010**

**2.7%** GROWTH RATE – THE ECONOMY WAS SLOWING

A VERY SLOW RECOVERY WAS IN PROCESS

**2011**

**1.6%** GROWTH RATE

WE WERE IN THE 'GREAT STALLED RECOVERY'

**2012**

**2.3%** GROWTH RATE

WE HAD ENTERED THE 'SLUMP'

## 2013

THE 'SLUMP' CONTINUES BUT *AT LEAST...WE WERE SLOWLY ... **SLUMPING UP !***

*FOR COMPARISON: The average growth rate for the U.S. economy is 3.6%.*

## For 2014 the forecast was ...

(A) The Economy **should** noticeably improve this year, particularly in Marin County. (**you may actually feel and see the improvement**).

Even with the difficult employment situation and the abnormally slow growth, there is enough momentum in the Economy to keep it improving.

(B) So hold your breath. Let us trust the momentum will continue and we have a more exciting financial year and start to grow faster.

In other words, we don't slip back into the '**Slump**'. We actually start to have a sustainable '**Recovery**'.

(C) We are currently in a period of mild stagflation. Slow growth, incomes not going up but prices are edging up ... slowly ... but up.

## SO HOW DID IT GO ?? WHAT HAPPENED IN 2014 ??

(A) **Hooray !!** Marin County did have a noticeably improving local Economy. And we did see an improvement in most areas of the National Economy and the 'Recovery' did begin again and

(B) We did not slip back into the 'Slump' and

(C) Inflation stayed low in most areas of the Economy but incomes still not going up ... hmm

### What Americans thought of 2014

**35%** ... 2014 was better than 2013

**15%** ... 2014 was worse than 2013

**50%** ... No difference 2013 to 2014

## THE 2014 GOOD NEWS ABOUT JOBS

❖ For the last year job creation has been averaging above 200,000 new jobs per month (321,000 new jobs in November)

❖ And the unemployment rate has steadily dropped from **6.6%** in January to **5.8%** by December.

## THE BAD NEWS ABOUT JOBS - Unfortunately

❖ The labor participation rate remained at the historical low point of **62.8%** (less people working in America)

❖ Average hourly wage increases remained at historically low rates

- November 2011, the average monthly wage was \$ **23.18** per hour.
- November 2014, the average monthly wage was \$ **24.66** per hour
- This is a total increase of \$ **1.48** per hour over **three years**

This amounts to an average of \$ **0.49** per hour (**2.1% per year**) This amounts to not much.

**THIS IS REALLY BAD !!! THE PAYCHECK IS WHAT COUNTS AND**

**IT IS REALLY BAD WHEN THE PAYCHECK IS NOT INCREASING MUCH !!**

During this past **3-year** period. AMERICA has seen a slower growth in wages than increases in the U.S. Federal minimum wage for the last **30** years !!!

## PERSPECTIVE

*In 1984 the U.S. Federal minimum wage was \$ **3.35** per hour.*

*In 2014 the U.S. Federal minimum wage was \$ **7.25** per hour.*

*This is \$ **3.90** per hour increase in a 30-year period (inflation adjusted)*

*\$ **0.13** per hour ... whoopee ... On average **3.8%** per year ... BUT ...*

***THE LAST 3 YEARS HAVE BEEN WORSE !! ... 2.1% per year. AAAAAAhhhh***

And not surprising in **2012**. **57%** of Americans thought their income was trailing the cost of living (inflation going up faster than paycheck)

Well funny thing about that ... they are right.

In the 3 years 2012 to 2014. The per year average wage increase was **2.1%** and the per year average inflation rate was **1.8%**. A **0.003%** spread (2.1% minus 1.8%) ... pretty tight.

On an average hourly wage of \$ **24.66** (you are ahead \$ **0.07** per hour) ... big whup

A total of \$ **145.60** per year for a full-time worker ... (not much left for a vacation). Not exactly the fast track to riches and prosperity.

## BUT HOW ABOUT CONSUMER CONFIDENCE ?

Consumer Confidence is up to **89**

Americans are feeling a lot better these days. Certainly a lot better than in 2008 !

### PERSPECTIVE

*Beginning of Recession (November 2007) ... 76*

*Low point of Recession (November 2008) ... 55*

*Highest number since 1978 (February 2000) ... 111*

We are definitely greatly improved since the **55** rating in **2008**. But we are still a long way from the **1978** high of **111**.

And ... good news. 50% of Americans predict **2015** will be better than **2014**.

Are **you** feeling better ? Okay better but not great ... maybe next year.

## AND SEVERAL OTHER POSITIVES COMING OUT OF 2014

- ❖ A low subdued inflation rate of **1.8%** ... good news for the general Economy.
- ❖ Interest rates remained low.
- ❖ Housing markets and the stock markets remained stable with slowly increasing values.

**SO compared to the years 2008 to 2013. 2014 was not a bad year ... mostly positive.**

## HOW ABOUT THAT GROWTH RATE GOING INTO 2015 ?

The **2014 first quarter** growth rate began with a foreboding rate of **(-2.1%)**

But in the **second quarter** ... the growth significantly improved to **4.6%**

Then **the third quarter** ... on to an unbelievable growth rate of **5.0%**

And **the fourth quarter** ... the growth rate slowed to a disappointing **2.6%**

**So our average growth rate for the year 2014 was 2.5%**

Compared to our historical annual growth rate of roughly 3.6%. The 2014 year as a whole was not a particularly good year. But the average growth rate for the last three quarters was **4%** (which is good). Hopefully the National Economy is gaining some better momentum into 2015.

# WHERE DO WE GO FROM HERE ??

There are some very positive trends going forward which should continue to build momentum for a solid economic recovery.

## POSITIVE TRENDS

- The improvement in the job market trends indicates more employers willing to hire and expand businesses.
- The decline in oil prices and thus gasoline prices will put roughly \$ 500 to \$ 1,000 per household into consumer pockets. (Every penny that gas prices decline puts about a billion dollars into American's pockets). This could be a \$ 62 Billion stimulus injection into the economy. Wow!
- The average household debt-to-income ratio is the lowest since 2002. More money in the pocket and more money for consumers to spend.
- Interest rates should stay low as inflation remains subdued with the Economy still not very strong. Additionally, the dollar is getting stronger, making imports cheaper and pressures U.S. producers to keep prices under control.
- Mortgage lenders Fannie Mae and Freddie Mac released new guidelines to make it easier for Americans to qualify for residential mortgages. (For example: 3% down payment instead of the historical 20%)
- The 'tax extenders' will be extended again to 2014. These are a number of tax breaks for private business projecting to save the private sector \$ 81 Billion.
- There may be a new emphasis on pro-growth fiscal policies in Washington. Possible tax reform completed trade policies, more favorable labor laws and emphasis on middle class jobs could dramatically help the Economy going forward.
- IPO's (Initial Public Offerings) increased 23% from 2013. This is huge ... During 2014, 273 companies raised \$85 Billion in proceeds.
- 2015 is also looking like another good year as a large number of biotech companies are selling stock to the public for the first time.

And there are some not so positive trends ...

## NEGATIVE TRENDS

**New business startups are in decline ... everywhere ... in every locale ... in every industry.**

- The number of annual startups has fallen nearly **28%** from 1977 to 2011.
- If you measure by the size of the working age population the startups have fallen by **50% !!**

- In 1996 ... people aged 20 to 34 created **35%** of new companies. In 2013 ... people aged 20 to 34 created **23%** of new companies.

**That is an alarming 34% drop !!**

## **House Construction**

Still far below recent numbers.

- In 2005 ..... 1.36 million houses were under construction
- In 2010 ..... 411,000 houses were under construction
- In 2013 ..... 689,000 houses were under construction. In other words, and math. from 2005 to 2010 house construction dropped 70% !!

But ... from 2010 to 2013 we have recovered only 20% of the drop.

In other words ... and math ... we are still short 50% of the household construction rate of 2005 ... that is a lot of jobs we still do not have. (but it's good for the rental market)

## **Federal Debt**

The U.S. debt continues to increase (currently at **\$ 18 Trillion** and climbing).

Debt per citizen ... **\$ 56,387**

Debt per taxpayer ... **\$ 153,726**

## **PERSPECTIVE**

*The U.S. Annual gross domestic production is **\$ 17.2 trillion**. That is the value of all goods and services we produce in one year.*

*All of our earnings for ONE YEAR is now less than our debt of **\$ 18 Trillion**.*

## **The World Economy**

Currently the economies of Europe, Russia, India and other countries of the world are declining. With many countries in Europe currently in recession or in stagnant slow growth. Also, Japan is in a recession (not good for us).

France (11% unemployment) ... 1-2% growth.

Spain (25% unemployment) ... 1-2% growth.

Italy (12% unemployment) ... Less than 1% growth.

If exports and trade declines with our main trading partners around the World ... very bad for our Economy.



## American's Confidence

### And how do Americans feel ??

- ▶ **60%** of Americans report their own household financial situation as not improving.
- ▶ **75%** of Americans say they are concerned about not having enough money for retirement.
- ▶ Only **64%** of Americans still believe in the American dream.

These people are definitely not feeling good.

- ▶ **44 million** still in poverty.
- ▶ Homeless children nationwide ... **2.5 million** in 2013. 1 in every 30 children (very sad),
- ▶ Child homelessness increased **8%** nationally from 2012 to 2013.

## ON THE NATIONAL LEVEL

What do the 'crystal ball indicators' indicate ??

In the last six months of 2014 ... the indicators indicated

ROUGHLY POSITIVE ... 12 ... **60%**

ROUGHLY NEGATIVE ... 2 ... **10%**

BASICALLY NO CHANGE ... 6 ... **30%**

TOTAL INDICATORS: 20

In June 2011 there were only 3 positive indicators ... **15%**

Today 2014 there are 12 positive indicators ... **60%**. Much, much better!

The following chart shows the indicators for the past four years

Happily, the indicators for the second half of 2014 continue to show improvement. During the four-year period (from 2011 to 2014) the improvement has been steady and substantial.

	POSITIVE	NEGATIVE	NO CHANGE
JUNE 2011	3	6	11
JUNE 2012	6	4	10
JUNE 2013	12	2	6
JUNE 2014	10	3	7
DEC 2014	12	2	6

# YOU WILL BE THERE

FORECAST - First Half of 2015

## NATIONAL

We have entered a new phase to the Economy. Many indicators are doing better.

Continued slowly improving Economy (but picking up speed) Nothing exciting but solid improvement.

Continued uncertainty ... less uncertainty ... but still some uncertainty.

Pressure on wages to increase ... good for employees ... bad for inflation.

Higher inflation in the future ? Not yet – but getting closer. (For example, PG&E bills will increase an average of 6% in 2015 ... ouch)

Concerns exist as regards foreign markets.

Concerns exist as regards Washington D.C. ... Hurt or help ??

## BAY AREA

BUT inside 'the bubble' of the Bay Area and Marin growth is robust and the local Economy is expanding in a very strong and positive manner in all areas. This should continue into the foreseeable future.



## MARVELOUS MARIN

### **On the Economic Front Marin is looking good**

- ✓ Unemployment rate is down to **3.4%**.
- ✓ Foreclosures are down almost **90%** since 2011.
- ✓ Personal income is projected to grow at a rate of **2.2%** by 2016.
- ✓ Payroll employment shows continued growth.
- ✓ Taxable retail sales per capita are the third highest in California.
- ✓ Commercial vacancy rates are falling throughout the County.
- ✓ The BAY AREA has probably the best Economy in the world today.

### **On the Retail Front**

- ✓ The retail market has substantially improved since the low point of 2009.
- ✓ With very low unemployment and a median household income of **\$ 90,839** consumer demand has returned to pre-recession levels
- ✓ Sales figures for retail stores (particularly the Malls) has increased steadily for four straight years.
- ✓ Marin maintains its reputation as one of the top retail markets in America ... yeah !
- ✓ As a result, the demand for retail shopping space has increased with expected pressure on rents and space.
- ✓ The current vacancy rate for retail space is a low **4.6%** compared to the Bay Area rate of **5.3%**. (industry standard is 7%).
- ✓ The average Marin retail rent is **\$ 2.05** per square foot per month compared to the rest of the Bay Area at **\$ 1.58** per foot.

### **On the Rental Market Front**

Rental Property is looking good ... any rental property ... residential or commercial.

- ✓ Multi-residential rents are still strongly increasing – no end in sight !
- ✓ Office rents are increasing as low vacancy in small office space is beginning to put pressure on rents.
- ✓ High commercial rents in San Francisco and the South Bay are encouraging more businesses to move into Marin.
- ✓ In the multi-residential or commercial world there is still little to no construction of anything in Marin.

### **On the Land Front**

- ✓ Paradise Valley Ranch in Bolinas (one of California's oldest certified organic farms). The 239 acre is being purchased by the Marin Agricultural Land Trust. The property will continue into perpetuity to be free from development and secure for organic farming and endangered species habitat.

## On the BioMarin Front

✓ The Company is completing **\$ 840 Million** negotiations focused on buying Dutch bio-tech company Prosensa Holding N.V (which specializes in drugs for treating muscular dystrophy). This will expand the Marin-based Company repertoire of drugs that fight rare diseases.

✓ The Company which employs about 1000 people in Marin County is headquartered in San Rafael and has manufacturing and laboratory facilities in Novato. It is also currently building an 85,000 square-foot laboratory building in downtown San Rafael next to the Corporate Center.

## On the Social Front

✓ **SAN RAFAEL** was ranked as # 10 of the most caring small cities in the country. (Movoto.com) and ranked # 1 in community services provided to the needy (homeless shelters, soup kitchens etc).

✓ About 4,500 people were estimated to be homeless in Marin at some point in 2014 (with 1,600 homeless at any time).

## On the Hospital Front

A national hospital rating agency has given Marin's three hospitals:

*Marin General*

*Novato Community Hospital*

*Kaiser Permanente*

AN 'A' RATING ... CONGRATULATIONS !!!

**Marin General** ranked in top 100 hospitals in America for cardiac care and treatment of stroke. Kaiser Permanente ranked in top 100 hospitals in America for critical care treatment of stroke and prostate surgery. (So, if you are planning on a heart attack ... do it in Marin).

## On the Government Front

**SAN RAFAEL** – 2003 Pension unfunded liability was in the black for **\$ 3 Million**.

✓ Today (**11 years** later) the deficit is minus (- **\$ 161 Million**).

✓ This is approximately **\$ 3,220 per resident** of San Rafael (pop. 50,000) that YOU owe.

✓ So if you live in San Rafael. I hope you are putting some money away for the retirement of your local government employees (you know the ones who give you parking tickets and keep you waiting at the counter).

## On the Medical Front

- ✓ The Buck Institute for Research on Aging in Novato has launched its first clinical trial since research began at the Institute in 1999. Testing the effectiveness of a drug to treat a type of cognitive impairment that often precedes Alzheimer's disease.
- ✓ The Alzheimer's Association has projected that there will be 5,861 Marin residents age 65 and older with Alzheimer's disease by 2015 and will double to 10,361 by 2030.
- ✓ According to the California Department of Public Health, the death rate for Alzheimer's disease in Marin county in 2012 was 34 per 100,000 population compared with the statewide rate of 31 per 100,000.

## On the Commuter Front

- ✓ Auto transportation in Marin accounts for **35%** of greenhouse gas emissions.
- ✓ Transit ridership (bus/ferry) is only **8.5%** of commuting traffic. AND ...
  - ▶ Average daily bus ridership has been falling ! From 32,000 people in 2000 to 22,000 riders today ... Whoa ... that is not a little drop ... that's a big drop !!
- ✓ Ferry ridership is about 7,500 a day. Hmm, not exactly overwhelming .... compared to:
- ✓ 39 Million auto trips over the Bridge each year (108,000 per day)
- ✓ In August, the Board of Supervisors released the Marin's Climate Action Plan Update which calls for removal of 200,000 cars from the road each year ... BETS ANYONE ??

## RENTS AND HOUSING IN MARIN

**Question:** So what is the future of apartment rents in Marin ?

**Answer:** They are going to steadily increase into the foreseeable future. Low unemployment, continued job creation (still a great place to live). A current very low 2-3% vacancy rate (in other words a full house) and little to NO construction of additional multi-family housing ... amazing.

**Question:** Why does no one build and will the lack of construction continue ?

**Answer:** The cost of building a multi-family apartment unit in Marin is far in excess of what the rental market can or will pay. Hence no private developer can afford to build in Central or Northern Marin. (it is only getting worse)

## DON'T THINK SO ? LET ME SHOW YOU THE MATH

(i.e. REALITY CHECK)

If you just arrived here from the garden spot of Winnemucca, Nevada, starting your new job working for BioMarin and went looking for an apartment ... a two-bedroom apartment.

YOU would look on Craigslist to see what you could get ... and here is what you would find:

(from the U.S. Department of Housing and Urban Development)

## 2014 Average monthly rent in Marin County

One-bedroom ... \$ 1,230

Two-bedroom ... \$ 1,520

Three-bedroom ... \$ 2,080

So, if you want to rent a two-bedroom apartment in Marin County which will cost \$18,240 per year (\$1,520@ 12 months) you would need to qualify at a 33% ratio of rent to income (\$54,720 annual income).

So, I hope you have a good job at Bio Marin.

## PERSPECTIVE

Now speaking of JOBS in Marin

Could you qualify for a 2-bedroom apartment ? How would you do ?

Job Title	Median Income	Qualified to rent ?
Dixie School District teacher	\$ 60,790	YES
County of Marin Senior Accountant	\$ 71,318	YES
Secretary	\$ 47,372	NO
Assistant Planner	\$ 58,890	YES
College of Marin police officer	\$ 55,410	YES
Mechanic	\$ 52,085	NO

## MORE PERSPECTIVE

In Marin you are LOW INCOME if you are a

- ▶ Family of three making \$79,750, or less
- ▶ Family of four making \$88,600, or less

So currently what is considered low income in Marin can still afford the current average rents in Marin. BUT, the big but is there is a limit wage earner can only afford so much rent.

Per Capita income in Marin is \$ 80,670 (2015 forecast to rise 2.2% to \$83,500).

**You** want to build a 30-unit multi-family residential building. The units will be two bedroom / two bath at an average size of 900 square feet.

The construction will be of average quality with normal amenities such as laundry room, pool, better appliances et cetera.

Well let's see how it goes ...

	Per Unit	Total
You buy the land for	\$ 80,000	\$ 2,400,000
You pay the permit fees, building fees etc.	\$ 50,000	\$ 1,500,000
You pay the builder (\$ 300 / sq. ft.)	\$ 270,000	\$ 8,100,000
You spent \$12 Million to build, now you have to rent the place		
Average rent of \$ 1,520 for 12 months	\$ 18,240	\$ 547,200
Less Operating Expenses (40%)	\$ 7,296	\$ 218,880
Operating Income	\$ 10,944	\$ 328,320
Annual Percentage Gain on Investment	2.7%	2.7%

**YOU HAVE GOT TO BE KIDDING !!!** After all the work, stress, liability and RISK. Making a paltry **2.7%** was hardly worth the effort.

For you to make a **6%** return (which is not great) the rent for that two bedroom apartment would have to be **\$ 3,325 per month !!!**

Let's see ... rent needs to be **\$3,325 per month**. But ... but ... the rental market is only **\$1,520** ... uh oh you only need a **119% rent increase** to make your **6%**.

**WHAT!** Why bother? There are many investments that can make the same **6%** without the liability and risk and hassle. So ... big bad developer ... are you going to build this multi-family building in Marin ??? ... I don't think so.

***Now you know why private developers do not build here. Have you noticed that almost no multi-residential construction has occurred in the last 25 years or so.***

#### **An Exhibit**

This Exhibit is intended to provide a guideline to understand the relationship

- ▶ Between the rental market .... what people can pay
- ▶ The cost of building in Marin .... unfortunately, very high and ... the most important

► The return on investment  
how much money are you going to make on the money you invested.

So ... the bad news is

If you look at the land cost, permits and building costs for:

**\$ 300,000** – Relatively cheap construction with limited amenities

- Provides a 3.6% annual return in the first year
- To achieve a modest 6% return you would need rents to increase to \$ 2,500 (64%)

**\$ 400,000** – Average construction with normal amenities

- Provides a 2.7% annual return in the first year
- To achieve a modest 6% return you would need rents to increase to \$ 3,325 (119%)

**\$ 500,000** – Good construction (or having unforeseen cost overruns)

- Provides a 2.2% annual return in the first year.
- To achieve a modest 6% return you would need rents to increase to \$ 4,200 (176%)

**Here is a current realistic probable scenario good case scenario:**

At an average rent of \$ 2,100 for 12 months	\$ 25,200	\$ 756,000
Less: Operating Expenses (40%)	\$ 10,080	\$ 302,400
Operating Income	<b>\$ <u>15,120</u></b>	<b>\$ <u>453,600</u></b>
Cost of building	<b>\$ <u>400,000</u></b>	<b>\$ <u>12,000,000</u></b>
Annual Percentage Gain on Investment	<b><u>3.8%</u></b>	<b><u>3.8%</u></b>

Sorry but it just doesn't cut it. A **3.8%** return is just **not** enough to justify the risk of taking on a building project with all the potential unknowns.

However, you slice and dice the numbers or make some more optimistic or rosier projections the fact is:

- ❖ The rental markets are not supporting the high cost of building in Marin
- ❖ In Southern Marin the ability to achieve higher rents above \$ 3,500 per month allows for the possibility of building a profitable building
- ❖ In Northern Marin a private developer (unless there is no land cost) cannot build a building with the expectation of a reasonable return on investment
- ❖ Unless there is a significant reduction in building costs (or a huge increase in rents) it will be many years for the rental market to increase enough to make construction economically viable



❖ There is a huge disconnect between what it costs to build in Marin and what the rental markets can and will afford to pay

### **What if you just sold the building ?**

Well, **you** are not going to like this, but here is how it goes ...

Gross Rental Income ... \$ 630,000

Less: Operating Expenses ... (\$ 252,000)

Net Income ... \$ 378,000

To buy the building and get a modest **5%** annual return a **Buyer** could only afford to pay **\$ 9 Million ... not \$ 12 Million !!!**

In some very nasty words, if you built for \$ 400,000 a unit apartment complex ...

### **YOU JUST LOST \$3 MILLION !!!**

Even if you built for a cheap cost of **\$ 300,000** a unit and achieved high rents you would just break even (i.e. make no money) a lot of work for nothing. Not a great deal ... ugh.

## **CONCLUSION**

Building a small multi-residential building in Northern Marin at this time is a dangerous and lousy investment.

### **YIKES !! WHY IS THIS HAPPENING ?**

**First** ... The income stagnation for low and moderate -income people over the last 35 years.

**Second** ... Incomes have not kept up with increases in construction costs.

**Third** ... Building costs have been intentionally raised through public policy decisions.

- Zoning and land use restrictions (increasing land costs)
- Government impact fees; permit and building fees
- Excessive local building regulations and time delays
- Environmental mitigation costs
- Earthquake safety costs
- Green building costs

And to make matters worse ... New multifamily projects in Marin County must earn 60 points in the Green Point Rated rating system for multifamily homes and be 15% more efficient than the State code.

Admirable goals and hoped for good results ... but expensive.

FINALLY, Marin County supervisors have approved a **7-year** plan to allow the construction of 378 housing units (most of them affordable).

### **BUT**

Silly question: Exactly who is going to build this housing ? Who is going to take the risk of losing money for a small return ?

# PEOPLE

## Where would you like to live when you are in your senior years ?

- ✓ Norway ranks as number 1 in the world for taking care of its seniors.
- ✓ Worst country in the world to grow old Afghanistan (life expectancy is 50).
- ✓ The United States was ranked number 8 in quality of life for the aging (those over 60 are 20% of the population of the U.S.)

## LIFE FOR A MARRIED COUPLE WITH 2 CHILDREN

### IN THE LAST 12 YEARS – FROM 2000 TO 2012 (Adjusted for Inflation)

- ▶ Cost of child care, housing, health care and saving for college and retirement jumped 32%.
- ▶ Average health care and college costs have increased 80%.
- ▶ And the people in the middle. Well the net worth of the middle 20% went down 17%.
- ▶ Tuition and fees at four-year public colleges soared 86%. (52% increase over the preceding 12 years).
- ▶ Child care costs for a family of four have soared 37% in the past 12 years. (In many areas of the country child care costs exceed the typical cost of rent).

### So why would these costs rise so fast compared to other expenses of life ?

Well manufactured goods (clothes, furniture, computers, cosmetics etc.) have become less expensive as factories have become more efficient and manufacturers have used cheaper overseas labor.

BUT services like education, health and child care require labor and personal services that can't be outsourced and are subject to domestic increases in costs.

## MERRY CHRISTMAS

Looking for a present for that couple who has everything ??

### Well ... how about

- ☛ A balloon trip for two over Mount Everest for \$5.2 million.
- ☛ Or a romantic dinner for two.....on an iceberg ?

Or ... the big one ... "THE TWELVE DAYS OF CHRISTMAS"

For a cool \$ 27,673 you can purchase ... for your friends of course ...

o The cost of eight maids-a - milking has remained unchanged (no increase in the federal minimum wage of \$7.25 per hour).

o Swans remained pricey at \$1000 apiece ... but... o the cost of dancing ladies , leaping lords. pipers and drummers remained flat.

- o The price of gold rings also remained constant from last year although a partridge in a pear tree was up 3.8% due to an increase in the price of fresh fruit.
- o But...one price surprise ... the cost of six geese-a-laying spiked 71% !!

## **On the Black Friday four- day Thanksgiving weekend**

133.7 million people shopped online and at America's stores ... 5.2% less than last year. Total spending fell 11% to \$51 Billion.

Shoppers are expected to spend \$381 over the four days down from \$407 last year. Second year in a row spending was down.

COULD IT BE ... 'BLACK FRIDAY FATIGUE'... a condition where a person becomes unusually mentally tired of schlepping to the shopping center; shopping for the elusive best discount; pushing through crowded stores; and finding parking within walking distance ... Oh ... and the long lines ...