

BALTIMORE CHAPTER

July 2010

"Is A Double Dip Recession Likely?"

An overview of the events in the financial system over the past several years and their impact on the economy was the topic presented by **Dr. R. Andrew "Andy" Bauer, Regional Economist at the Baltimore Branch of the Richmond Federal Reserve**. In addition to following the national economic outlook, Dr. Bauer monitors the Fifth District economy with a special focus on Maryland and the Washington D.C. metropolitan area.

Using charts that illustrated a slight uptick in the Real GDP Growth, Labor Market Employment Rate and Consumer Spending, Bauer's prediction is that we're poised for a moderate recovery. He hastened to add that this is his professional opinion and not the Fed's. His opinion is that no double dip is likely, an infrequent occurrence in US history. Nationally, business investment is up for the last 2 quarters but businesses are producing more with less labor. And, since January 2010, there has been less than ten percent (10%) in broad based job growth. This prompted Chapter member Herbert Davis, Real Estate Counselor to observe that this lack of jobs possibly is the fulfillment of IBM's promise when computer punch cards were introduced, substituting capital for labor.

According to Bauer, for the State of Maryland, business activity and confidence is improving. His Maryland Survey of Businesses revealed over 40 percent of the firms surveyed reported conditions are better and they expect this will continue for the next six months. In the May 17th issue of The JHU Gazette, Johns Hopkins Carey Business School's Dean, Yash P. Gupta said, "The key to any economy is optimism. When people are pessimistic, they won't spend and productivity goes down. What one sees here is the dawning of optimism. This is philosophical. I can give you a lot of broad indicators, but once you start with optimism, it's infectious." The Conference Board based in New York said the same day that consumers' confidence in the economy rose in May for the third straight month in a row as Americans' hopes for job growth improved.

While there still is uncertainty, the view is diminishing that the economy is going to weaken during the second half of 2010. Homebuilders are ready for a robust year. John Kortecamp, LAI Board member and President, Maryland Home Builders Association said the morning edition of the Washington Post reported that the Greater Washington area had but a one-month supply of available homes. Joseph T. "Jody" Landers III, Executive Vice President, Greater Baltimore Board of Realtors reported that the inventory of existing houses at the end of April 2010 in some counties was nearly equal to the total number of sales in 2009. Still, at the end of December 2009, 22.9 % or 311,321 homebuyers in Maryland were estimated to be "underwater." In March 2010, unemployment in Maryland was 7.7%. When asked what the Federal Reserve is doing to help prevent foreclosures and more tragic stories about people losing their homes, Dr. Bauer said the Community Affairs/Community Development Division in Richmond is conducting extensive outreach. A few of the measures being undertaken locally by the Baltimore Branch of the Federal Reserve of Richmond include:

- Sponsorship of Foreclosure Seminars with banks and federal congressional representatives, targeted to homeowners to try to help them secure a loan modification;
- Partnership with the MD Dept of Housing and Community Development for counseling by nonprofits;
- Continuous research identifying problem areas, with mapped data delineating locations of delinquencies and defaults; and
- Hosting small business roundtable discussions to address the financing needs of and access to credit by small businesses.

The next program lunch meeting is at 12:00 noon on June 16, 2010 at the JHU Downtown Center, Charles and Fayette, Room 102, Baltimore. Speaker Mahlon "Sandy" Apgar, IV will address: "What Professionals Should Tell Leaders about Real Estate." Mr. Apgar is principal of Apgar & Company; Senior Counselor to The Boston Consulting Group, Senior Scholar of the Woodrow Wilson International Center for Scholars, and Former Ass't Secretary of the Army for Installations and Environment in the Clinton Administration. Mr. Apgar began his career with Jim Rouse in Columbia. To attend, please RSVP by June 11th to Judy Bushong, judybushong@yahoo.com. Program lunch fee is \$20.00.

On May 13th, LAI-Baltimore Chapter President Rachel Edds hosted at the Creative Alliance, www.creativealliance.org, a reading by her sister Margaret Edds, from Finding Sara, A Daughter's Journey. The book was published in January 2010 and is available at Amazon.com. Proceeds from the book signing were contributed to Creative Alliance which provided complimentary educational enrichment classes to 1500 Baltimore City school children during the last year. The book reading was presented as part of the organization's Urban/Appalachia series.