

Economy
1980-1982

Businessmen here expecting a slight upturn

By GUY LASNIER

When you are at the bottom the only way to look is up.

That about sums up the state of the local economy as outlined Monday to about 40 members of the Watsonville Area Chamber of Commerce and Agriculture. Four local businessmen suggested that chamber members should greet the new year with cautious optimism as the national, state and local economies will show a slight upturn in 1983.

The optimistic outlook is based on two things, Mike Jordan, manager of the Watsonville Bank of America branch, said during a luncheon meeting at the Elks Club. Interest rates must continue to come down and consumer confidence must be restored.

Jordan, armed with a B of A report on the economic outlook for

California, said the bank's economists predict sluggish growth of 3 percent for next year. But, Jordan said, "economists never impress me very much because they predict and project based on a lot of ifs."

Jordan also said that Watsonville's economy is relatively stable and good when compared to the rest of the country. He said large stores reported slight increases in sales and profits for the first nine months of the year over last year but small stores are suffering. Some of the smaller food stores have been hurt by the chain stores coming to the area, he said.

Jordan said unemployment claims were up 16 percent for the first nine months of 1982 over the same period a year ago.

Ralph Oliver, speaking for the beleaguered real estate industry, said he, too, sees a slow recovery in 1983, but, "it will take a while for us to get to where we were."

The number of housing sales in the Watsonville area dropped from 414 in 1980, to 317 in 1981, to 173 through September of this year, Oliver said. Dollar volume went from \$40.9 million in 1980, to \$32.7 million last year, to \$18 million so far this year.

All the while, the average cost of a house continues to increase, \$97,676 in 1980; \$111,907 this year.

Nationally, the median price of a home is \$68,000, he said.

Homes were listed for sale for an average of 57 days in 1980, Oliver said. The number is 120 days now. "Have patience with you realtor," he said. "When your

listing runs out, give it to him two more times."

Rocky Franich, of Marty Franich Ford, said that when you are in the car business "everyone is always asking you 'how's business.'" The car business is multi-faceted and tough, he said. "You've got to be lucky to survive."

Franich did some homework on car sales for the first eight months of this year compared to 1980, a year he called "not the best, but good."

All local dealers, of domestic and imported cars, reported sales down sharply. Franich said 1,080 cars were sold from January to August of this year compared to 1,473 in the same period of 1980. Sales increased in one area only — imported pickups, which climbed 24 percent while all other

truck sales fell from 20 percent to 46 percent in the case of Dodge.

"People are fixing their cars instead of buying new ones," Franich said, noting that his repair and parts business is up.

He said the auto industry is pegging its hopes on lower interest rates and something called "pent-up demand." Industry prognosticators hope that car buyers, fed up with their older used cars, will finally bust loose en masse when the buying climate is right.

"The wheel is here to stay and the dealer is, too," Franich said. "Watsonville is a good place for a car-dealer," he said, because of the town's diverse, strong and growing economy.

"Weather has been a critical factor for agriculture over the last year," Ron Tyler, of the UC

Ag Extension Office, told the audience as the rain pounded outside. The heavy January rains delayed planting, caused root rot and bunching in the market, and, in some cases, washed away fields, he said.

Tyler said local agriculture has been in an "iffy" situation for the past two years but will turn up because it has "bottomed out." Farmers, while great complainers, are also optimistic, Tyler said. "Next year has got to be better."

So with all the cheery news, what is a businessman to do? Treat his customer with tender loving care, Mike Jordan said. "It is necessary to dwell on quality of service," he said. And that comes from good employees. "Jobs are scarce," Jordan said. "People can be replaced."

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