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Business

Lansner: Here are 15 economic surprises for 2015

Business leaders predict what we'll be talking about this time next year.

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Think back a year ago. Did anybody see consumers rewarded with cheap money and cheap gasoline – along with a healthy economy – nicely wrapped under the 2014 economic Christmas tree?

It's a good lesson that it's one thing to predict economic trends – the high-probability business patterns we may see. It's another to suggest the rare-chance surprise!

So what largely unforeseen developments will dominate business chatter when the 2015 holiday season rolls around?

We asked some of the smartest business minds around town what economic surprises –possibilities, not predictions – they could see emerging in 2015.

Here are 15 surprises that might wow us next year.

1. Fed holds still

Could a weak economy force the Federal Reserve to keep interest rates low?

"Although everyone seems to be anticipating that the Fed will raise interest rates in 2015, I will buck that trend and predict the Fed will leave rates unchanged until at least 2016," says Craig Everett, a finance professor at Pepperdine University and director of the Private Capital Markets Project. "We do not expect robust demand for growth capital in 2015."

2. New home prices boom

Could continued cheap money give the housing recovery extra legs? "With rates staying low, a surprise would be a second big bounce in the housing markets," says economist Christopher Thornberg of Beacon Economics.

He does "expect price appreciation to pick up next year significantly." Predicts Scott Laurie, CEO of Olson Homes from Seal Beach: "Continued economic strength with unemployment headed below 5 percent with a corresponding increase to wages. This would support further growth in the housing."

3. Loans go adjustable

Could lenders and borrowers get more comfortable with adjustable-rate mortgages – funding 1-in-3 or more of 2015 purchases vs. 3 percent in 2009? "Adjustables are part of a healthy market," says veteran market analyst John Karevoll from CoreLogic DataQuick. "Sub-categories of a healthy housing market are still dormant today and need to get active again. The 'gotta buy' crowd is doing OK. The discretionary mid- and move-up and move-down crowds are still waiting things out."

4. More bosses flee California

Could regulatory and tax burdens create a rush of employers moving out of the state? "I am not seeing any positive movements in Sacramento to make California a more business-friendly state," says Michael Fleming, CEO of Farrell's Ice Cream Parlour restaurant chain from Lake Forest. "I see more California regulations and a higher minimum wage in 2016."

5. Water shortages get real

Could water rationing be required and will the ensuing soaring cost hinder economic growth, much like the gas shortages in the '70s? "The average American home feels the impact on their water bill, which could go up as high as five times," says Orange County personal finance adviser Victoria Collins. "New residential construction in arid climates is all but halted. Food prices increase. The U.S. government is forced to make water a tradeable commodity."

6. Cheap oil begets a bonus

Could savings from cheap gasoline build momentum for a California economic boom? "The significant drop in the price of oil will have a very positive impact on economy in California since we are such a consumer-driven state," says Jim Proehl, managing director at commercial landlord PM Realty Group. "Good for us, bad for Texas!"

7. Oil goes bust

Or could cheap energy hammer the economy or lead to war? Don Ankeny, CEO of commercial landlord Westcore Properties, says: "Unintended consequences of cheap oil ripple through U.S. economy, costing jobs and GDP growth – and the country slips into recession."

Adds dealmaker Kevin Burke of Trinity Capital: "We will see a conflict in the Middle East, instigated by a bad actor such as Russia or Iran, to raise oil prices for their floundering economies."

8. Real tax reform happens

Could a Democratic president faced with a Republican Congress mold his legacy through a landmark political compromise that transforms the nation's tax code?

"Why? It is needed and overdue," says Anil Puri, dean of Cal State Fullerton's business school. "It will be easier to do in the coming year than at any other time."

9. New pairings materialize

Could we see rare political unions that would benefit the nation – and the economy? Wayne Pinnell, managing partner of Haskell and White accountancy in Irvine, dreams of this kind of surprise: “Jeb Bush and Hilary Clinton decide to run on the same ticket (for president and vice president,)” he says. “Aligning the country for the first time – ever?”

10. Bull market continues

Despite all the worry about the stock market’s six-year upswing ending, could 2015 be the year the rally reheats? Stock analyst Charles Rother of American Strategic Capital in Costa Mesa thinks 20 percent gains are possible. “We have all the necessary ingredients for a euphoric U.S. stock market,” he says. “… and investors with short memories. Let the party begin!”

11. The mall retools

Could the public tire of online shopping, leading to a revival of in-store shopping – powered by those same Web-based merchants? “As people want a more humanized experience, the online giants begin taking over malls throughout America,” says Tyler Resh, marketing director at First Foundation investment managers in Irvine. “Converting them into distribution centers and using the storefronts to showcase goods and process returns.”

12. Facebook users take flight

Could the many controversial actions by Facebook finally catch up with the online social media giant? “2015 was the year they left the site in droves,” suggests marketing consultant Rochelle Veturis Coles of Sister Act Media in Lake Forest. “Users did not outright delete their accounts – it’s way too cumbersome. They no longer spent massive amounts of time there, nor did they show as much engagement or activity.”

13. Tourists reverse gears

Could a strong U.S. dollar scare foreign visitors away as tourism costs soar? “I think we will be talking about the huge drop in international visitors to the U.S. and in particular California,” says tourism consultant Alan Reay of Atlas Hospitality in Irvine. “The increasing strength of the dollar combined with weakening economies worldwide, will have a dramatic effect on visitors coming to the U.S.”

14. Hoteliers make youth push

Could hotels be badly misreading what youthful tourists want – better gyms, faster technology and fancier dining options? “The most audacious experiments will fall flat,” says Chris Meyer, head of Expedia CruiseShipCenters in Laguna Hills. “Like their elders, young travelers will choose tried and true value – free breakfast and Internet – over much ballyhooed ‘lifestyle’ features. Millennials, after all, are more interested in the destination experience than lodging ambiance.”

15. Commuters revolt

Will gridlocked traffic jams push drivers to the edge – with massive protests? “Frustrated O.C. commuters will occupy the eastbound 91 freeway for nine days much like the movement in Hong Kong,” says Glenn Hayes, CEO of NeighborWorks Orange County. “A radical group will stage a fast in the FasTrak lane.”

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