

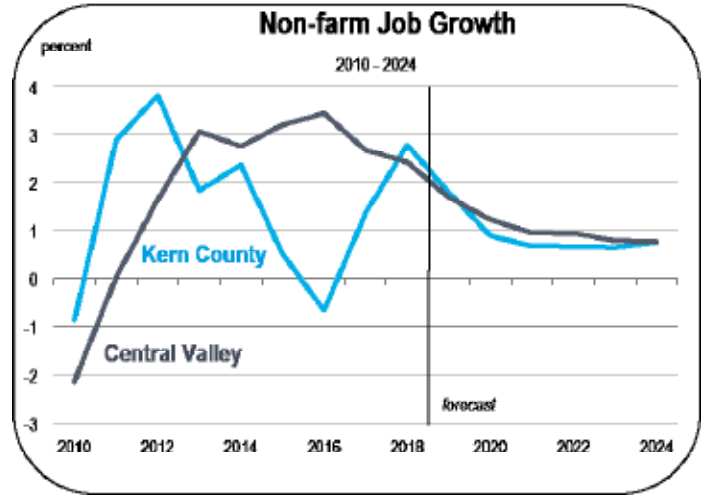
Kern County Economic Forecast

Forecast Summary

- 4,800 non-farm jobs will be created in Kern County during 2019. Over the following five years, an average of 2,600 new jobs are expected per year.
- Employment growth will be led by professional services, leisure services, education and healthcare, wholesale and retail trade, and government. These sectors will account for 72 percent of net job creation through 2024.
- The unemployment rate, which averaged 8.0 percent in 2018. It will remain near 8.0 percent in 2019 and may begin to rise in 2020.
- The population is expanding at a similar rate as the broader Central Valley region, and will continue to do so.
- Housing production accelerated in 2018, but housing production will remain low during the forecast period, and will not be adequate to accommodate expected population growth.

Job Growth

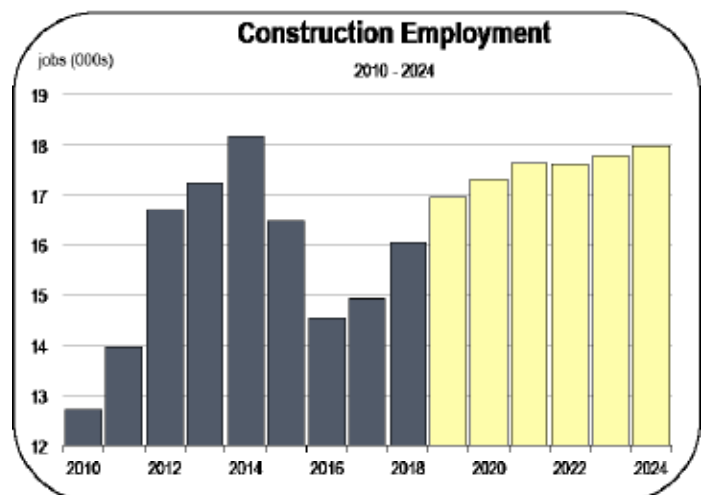
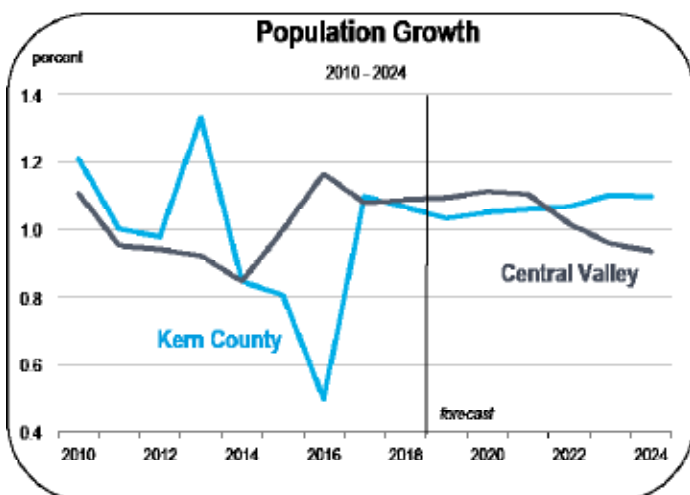
- The Kern County job market expanded quickly in 2018.
- Gains were most prominent in education and healthcare, construction, and transportation and warehousing. Jobs were lost in manufacturing, retail, and financial services.
- Between 2012 and 2018, total non-farm employment grew at an average rate of 1.4 percent per year.
- Between 2018 and 2024, growth is forecast to average 0.9 percent per year.



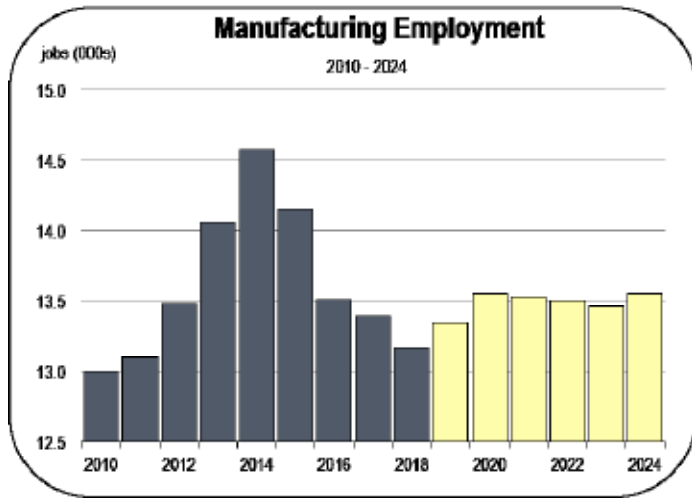
- Approximately 4,800 non-farm jobs will be created during 2019.
- Through 2024, an average of 2,600 new non-farm wage and salary jobs are expected per year.

Construction Employment

- The construction industry expanded rapidly in 2018.
- Firms that build houses, commercial buildings, and industrial structures continued to grow.
- At the same time, there was a rebound at companies that build oil and gas pipelines. From 2015 to 2017, pipeline construction companies shed more than 2,600 jobs, but regained 600 of these jobs in 2018.



Kern County Economic Forecast

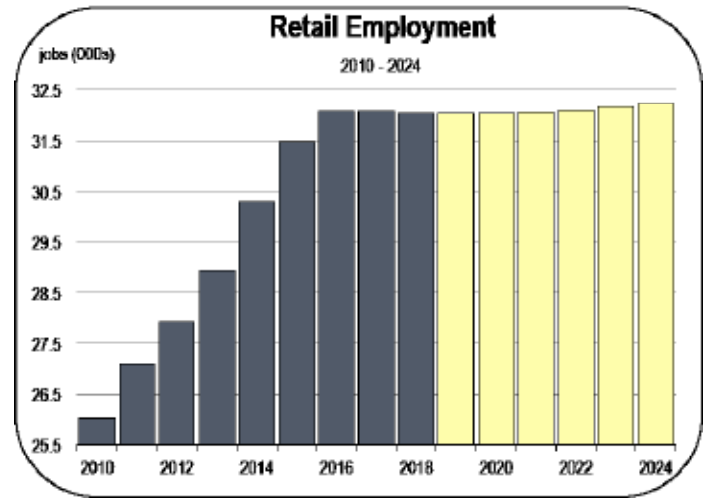
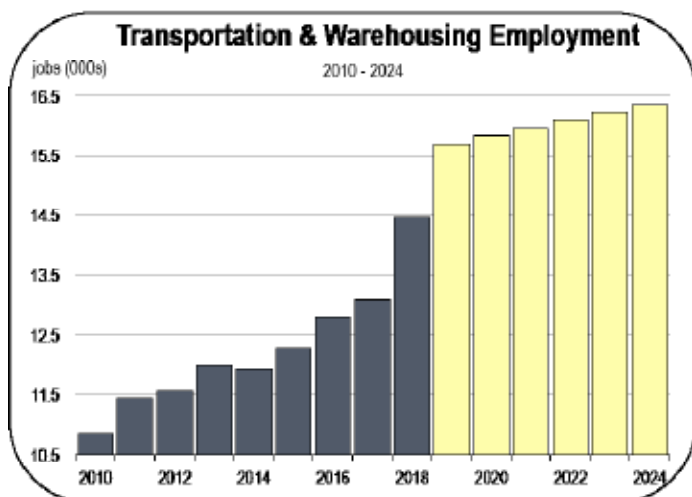


Manufacturing Employment

- The manufacturing sector has been losing jobs for several years.
- In November, Nestle laid off 769 workers at its Bakersfield facility, but the layoff was temporary and most of these workers are expected to be re-hired in 2019.
- The manufacturing sector could rebound in 2019 and 2020, but is not expected to gain a significant number of jobs during the forecast period.

Transportation and Warehousing Employment

- The transportation and warehousing sector gained almost 2,000 jobs in 2018, expanding by almost 17 percent.
- Most of this growth was observed at warehousing and storage centers, as several new facilities opened their doors.



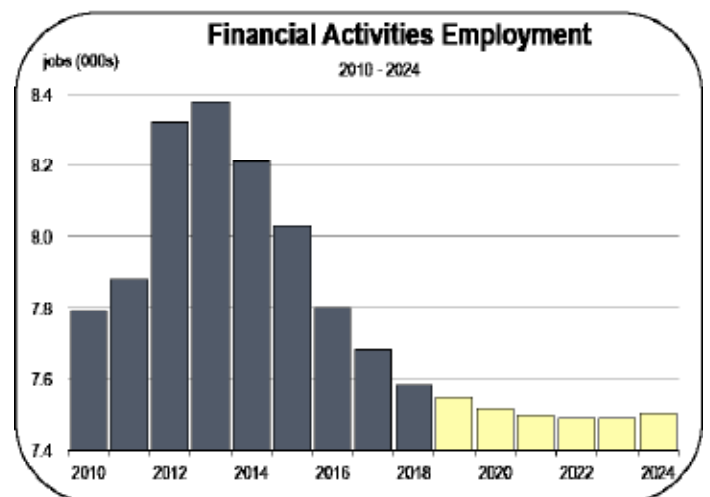
- More jobs will be created at warehouses and fulfillment centers over the next few years:
 - Tejon Ranch Commerce Center is adding 500,000 square feet of space.
 - Wonderful Industrial Park in Shafter is leasing up to 1 million square feet.
 - Amazon will hire up to 2,000 logistics workers near the Meadows Field Airport.

Retail Trade Employment

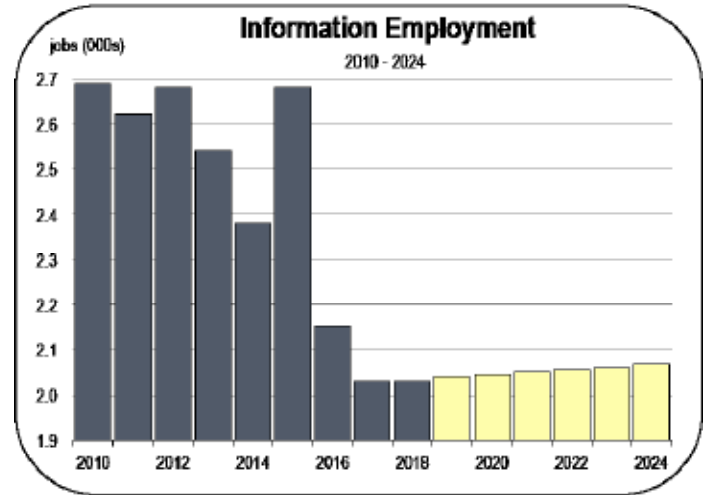
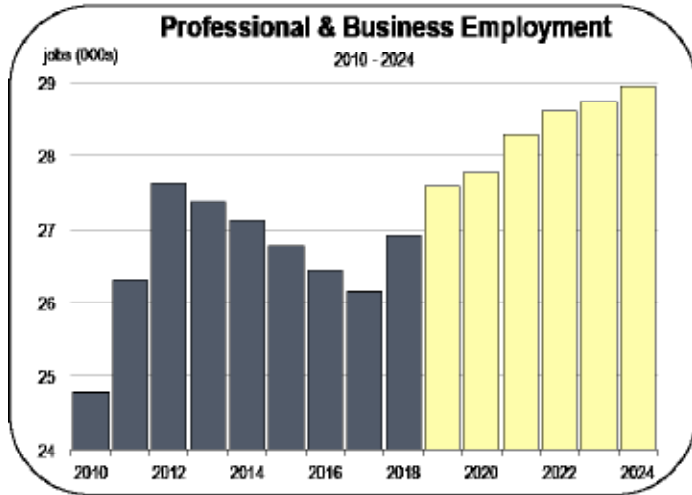
- The retail sector has been stagnant since 2016. This sector has struggled nationwide, with consumers buying more goods online.
- In Kern County, hardware stores and gas stations continue to add jobs, but clothing stores and department stores are issuing layoffs.

Financial Activities Employment

- The financial activities industry continues to lose jobs, and these losses will persist over the forecast period.



Kern County Economic Forecast



- Losses in 2018 were heaviest at banks, credit unions, and health insurance companies.
- Real estate firms added a small number of jobs in 2018.

Professional and Business Services Employment

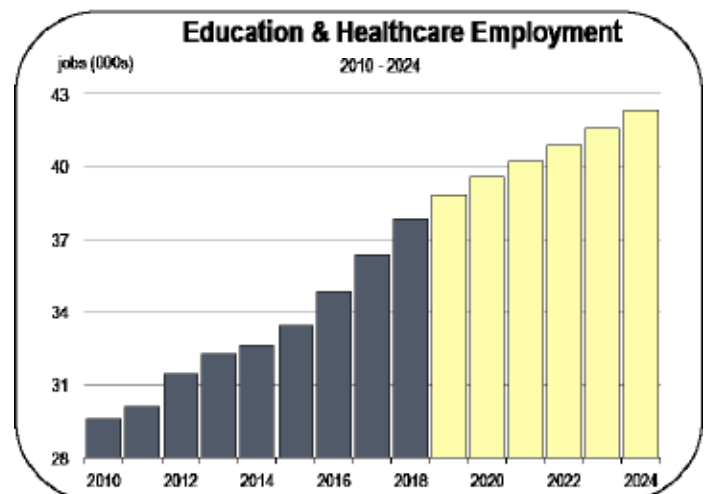
- Employment in this sector increased sharply in 2018 and will expand further in 2019.
- Jobs were gained at engineering companies, IT consulting firms, corporate management offices, and business support organizations.
- Layoffs continued at some firms housed within Edwards Air Force Base.
- In particular, a subsidiary of Raytheon that tests military equipment laid off 746 workers in July.

Information Employment

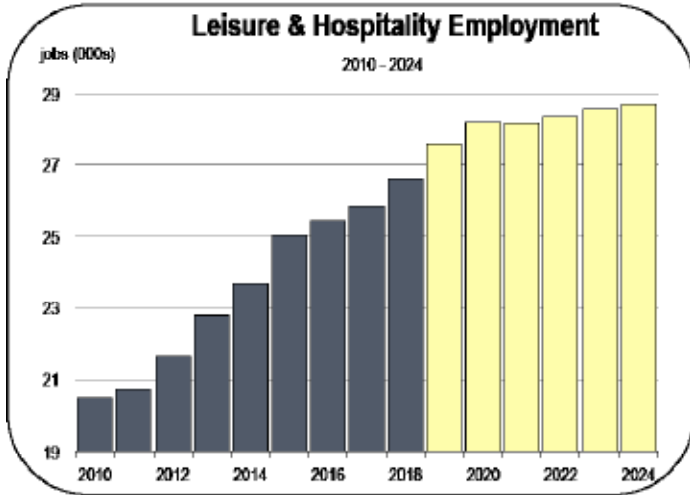
- Employment in this sector leveled off in 2018.
- Kern County’s information industry is dominated by telecommunications firms (such as AT&T).
- The telecommunications sector is in a long-term pattern of stagnation.
- No meaningful improvement is expected over the forecast period.

Private Education and Healthcare Employment

- The healthcare industry continues to expand rapidly.
- Gains have been concentrated in hospitals, outpatient care centers, and centers that serve the elderly and people with disabilities.
- A small number of jobs were also created at private schools (public schools are included in the Government sector).
- An aging population should lead to further demand for healthcare. However, the future of the U.S. health insurance landscape is unknown, and legislative changes could influence job growth in this sector.



Kern County Economic Forecast

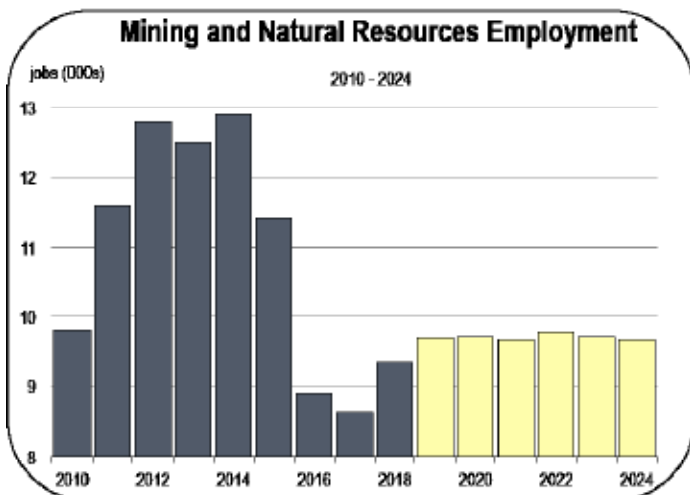


Leisure and Hospitality Employment

- Job growth accelerated in leisure services in 2018.
- The fastest growth has been in the restaurant industry, which generated 800 new jobs in 2018. More than 40 new restaurants opened last year.
- Job growth will continue in 2019, but could turn negative if the economy enters a recession. The odds of a recession may become more likely in 2020 or 2021.

Mining and Natural Resources Employment

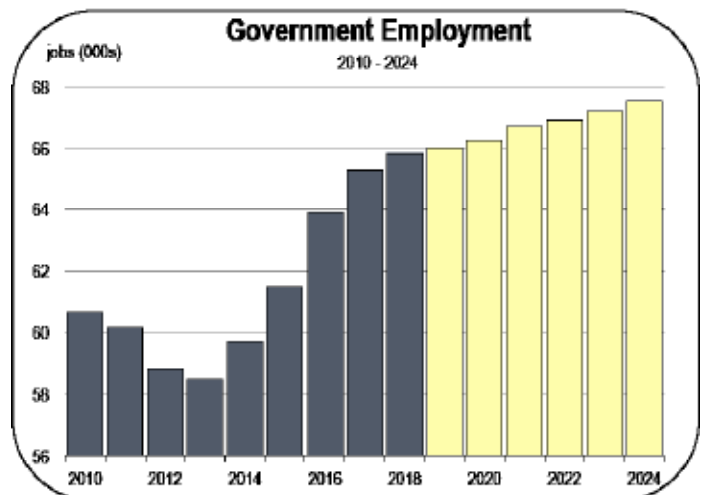
- Kern County is the leading oil producing county in California. Oil prices fell sharply in 2014 and 2015, leading to job losses at energy companies.



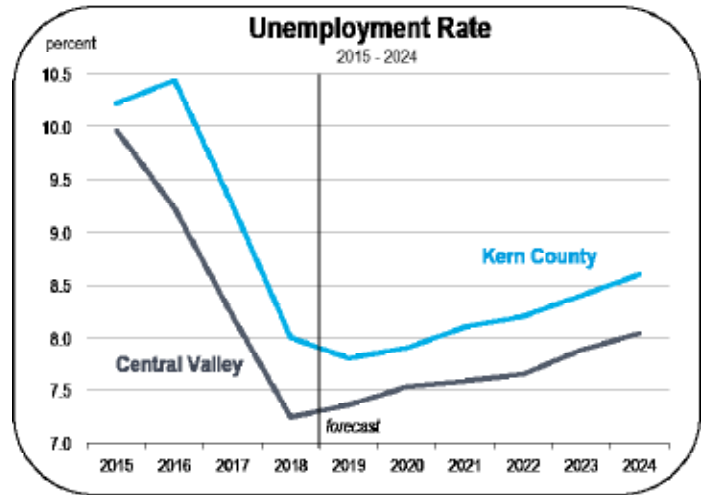
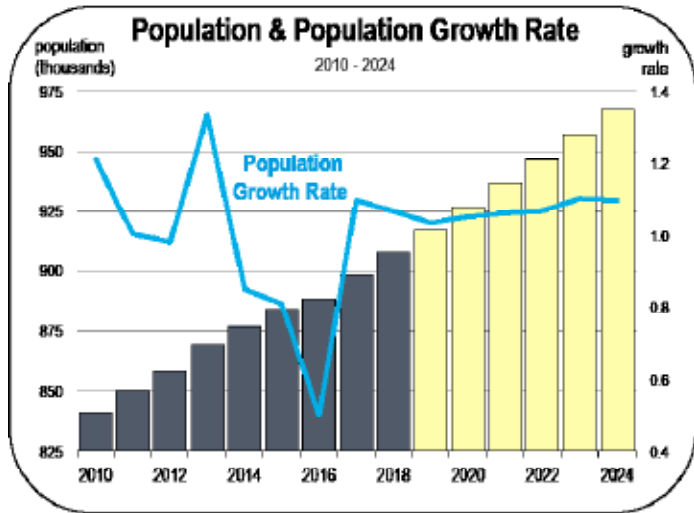
- Some of the largest layoffs during this period included:
 - Ensign US Drilling – 700 employees
 - Halliburton – 179 employees
 - CandJ Well Services – 161 employees
 - Golden State Drilling – 104 employees
- Oil prices climbed again in 2017 and 2018, and Kern County energy companies hired 700 new workers.
- The employment outlook for this sector is heavily dependent on oil prices and the health of the global economy.
- The outlook from the U.S. Energy Administration has domestic crude oil prices averaging \$55 per barrel in 2019 and rising slightly in 2020.

Government Employment

- The government sector added a small number of jobs in 2018.
- Most job gains were observed in community colleges, Cal State Bakersfield, and local schools. Some municipal agencies also expanded.
- The Department of Defense decreased its headcount in Kern County in 2018.
- Future employment levels will be influenced by population growth, state and local budgetary conditions, and trends in U.S. military spending.



Kern County Economic Forecast

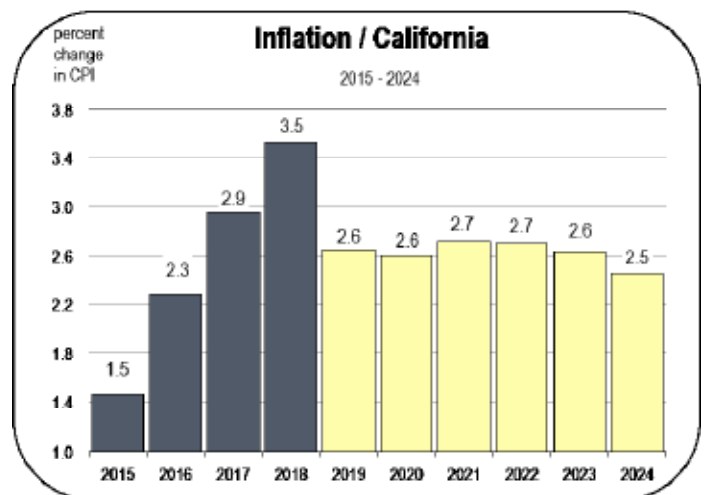
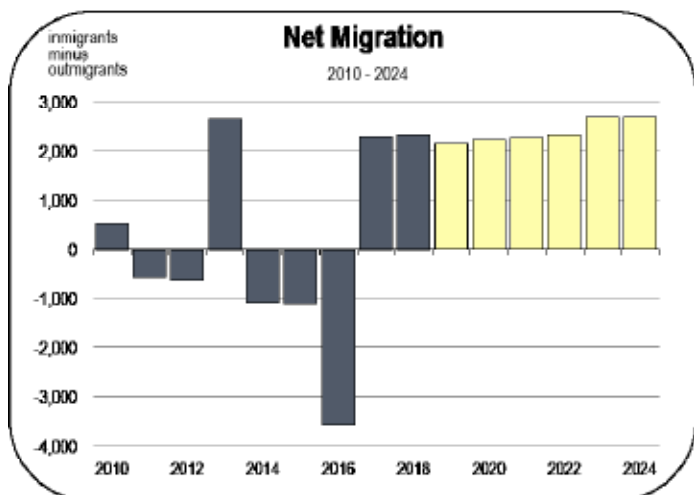


Population Growth

- The Kern County population grew by 1.1% in 2018, which is slower than the average for the Central Valley.
- More than 2,300 net migrants entered the county.
- Between 2019 and 2024, an average of 2,400 net migrants will enter the county each year.
- Population growth will average 1.1 percent per year, and the county will surpass 965,000 residents by 2024.

Unemployment and Inflation Rates

- The unemployment rate in Kern County averaged 8.0 percent in 2018, which is substantially higher than the composite rate for the Central Valley. The unemployment rate will not improve much in 2019.
- After 2019, the unemployment rate is likely to increase.
- Inflation accelerated in 2018 as home prices and energy costs increased across California.
- In 2019 and 2020, inflation is expected to be within a range of 2.5 percent and 3 percent.



Kern County Economic Forecast

New Housing Production

- From 2013 to 2018, an average of 2,300 new homes were authorized per year. Housing production is forecast to average 2,900 homes per year from 2019 to 2024.
- Single-family homes continue to dominate the region, with relatively little multifamily development.

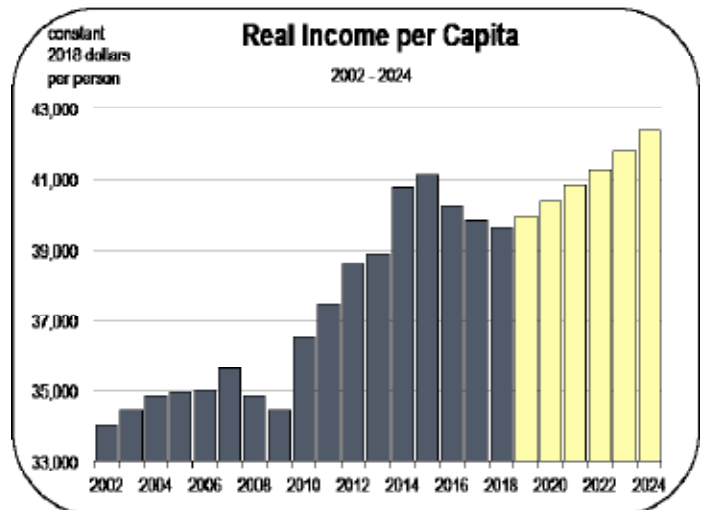
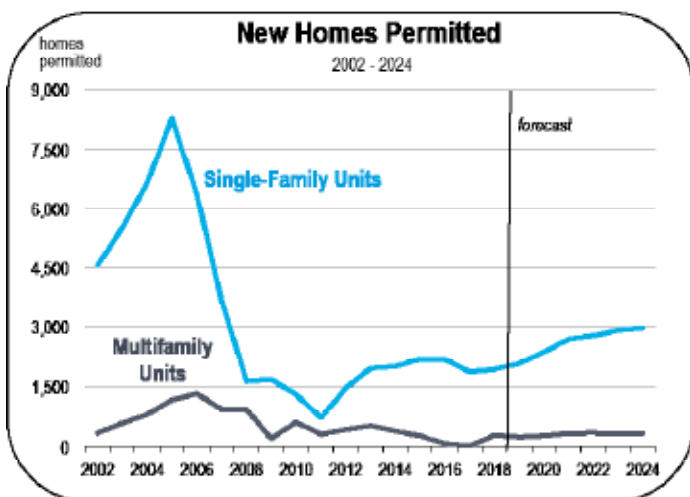
Major Construction Projects

- There are three large residential projects proposed at Tejon Ranch: The Grapevine Project, Tejon Mountain Village, and Centennial. These projects are expected to be built over a 20 year horizon.
- The Grapevine Project will produce up to 12,000 apartments, condos, and single-family homes at the foot of the Grapevine. It will also contain 5.1 million square feet of commercial space.
- The Grapevine Project will house industrial and retail workers that are employed at the Tejon Outlets and Commerce Center, which could employ 9,000 workers when fully occupied.
- The Center for Biological Diversity filed suit against the approved Grapevine Project, and the project is now delayed pending further analysis of traffic impacts.
- The Tejon Mountain Village project is a residential and resort community that is planned for the top of the Grapevine at the Kern-L.A. County line.

- The Tejon Mountain Village Master Planned project is fully entitled. It consists of 3,450 units, 2 golf courses, 750 hotel rooms and 510,000 square feet of commercial and resort buildings. Construction could begin in 2021.
- Centennial represents one of the largest proposed residential projects in California.
- Centennial is actually in Los Angeles County, but because it is right across the Kern County border, it will have large construction spending impacts, employment impacts, and spending impacts on the Kern County economy.
- The project will produce 19,000 homes and 10 million square feet of commercial development.
- In April 2019, the Los Angeles County Board of Supervisors approved the project’s specific plan.
- The next step is to prepare the land for construction and begin grading.
- Construction of actual structures may not begin until 2020 or later.

Income per Capita

- Income per capita in 2018 was \$39,632.
- Real income per capital reached an record high of \$41,000 in 2015, but has been in decline since.

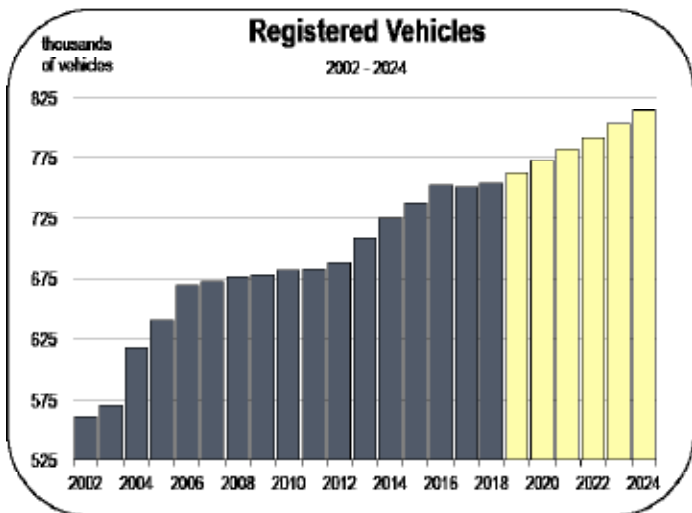


Kern County Economic Forecast

- Kern County has one of the fastest rates of population growth in California, and population growth has exceeded income growth.
- The tight labor market is inducing firms to raise wages. Consequently, the direction of real per capita income is forecast to reverse this year.
- Between 2018 and 2024, real income per capita is expected to increase at an annual average rate of 1.1 percent.

Registered Vehicles

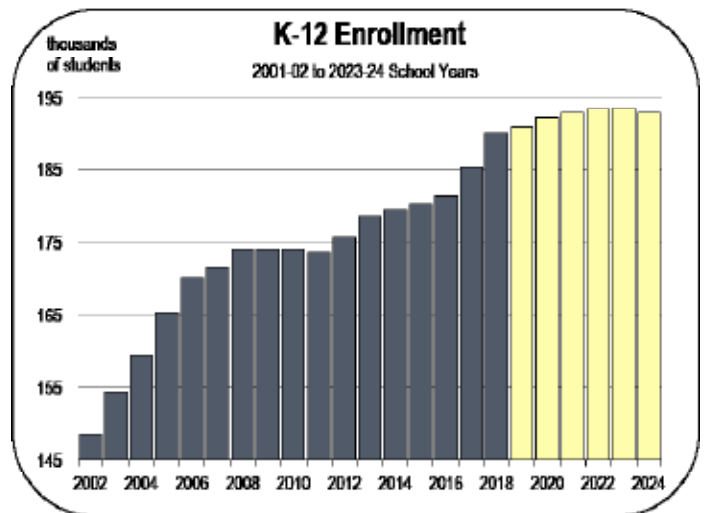
- There were 753,400 registered vehicles in Kern County in 2018.



- By 2024, it is expected that the county will have approximately 813,800 registered vehicles.
- Vehicle growth will virtually match population growth. By 2024, the population will have increased by 59,700 people, and the number of vehicles will have risen by 60,400.

Public School Enrollment

- There were 189,900 K-12 students in the 2017—2018 school year.
- By 2024, there are expected to be 198,800 K-12 students in Kern County.



Kern County Economic Forecast

Economic Indicators

2015-2018 History, 2019-2050 Forecast

	Population (people)	House- holds (thousands)	Average Household Income (dollars)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Local Sales Tax (millions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	School Enrollment (thousands)	Births (people)	Deaths (people)
2015	883,799	266.1	\$125,501	2,454	738	\$33.4	\$8.4	\$105	\$14.7	\$41,103	180.3	13,768	5,787
2016	888,208	268.2	\$124,869	2,235	752	\$33.5	\$8.5	\$106	\$12.9	\$40,258	181.4	13,728	6,038
2017	897,949	269.5	\$127,802	1,873	750	\$34.4	\$8.9	\$111	\$12.9	\$39,831	185.2	13,326	6,158
2018	907,518	270.3	\$133,086	2,210	753	\$36.0	\$9.1	\$114	\$13.6	\$39,632	189.9	13,199	6,263
2019	916,888	272.1	\$138,317	2,301	763	\$37.6	\$9.4	\$117	\$14.1	\$39,942	190.8	13,487	6,263
2020	926,519	274.2	\$143,910	2,630	773	\$39.5	\$9.6	\$120	\$14.5	\$40,384	192.1	13,761	6,366
2021	936,341	276.7	\$149,632	3,031	782	\$41.4	\$9.9	\$124	\$14.7	\$40,807	192.8	14,022	6,477
2022	946,330	279.5	\$155,495	3,118	792	\$43.5	\$10.2	\$128	\$15.1	\$41,269	193.3	14,281	6,631
2023	956,757	282.4	\$161,656	3,233	802	\$45.6	\$10.6	\$132	\$15.4	\$41,777	193.4	14,524	6,785
2024	967,250	285.4	\$168,087	3,309	814	\$48.0	\$10.9	\$136	\$15.8	\$42,383	192.8	14,760	6,938
2025	978,141	288.5	\$175,309	3,270	827	\$50.6	\$11.2	\$140	\$16.2	\$43,178	192.1	14,976	7,100
2026	989,000	291.5	\$181,787	3,341	839	\$53.0	\$11.5	\$144	\$16.7	\$43,760	191.6	15,197	7,256
2027	1,000,022	294.6	\$188,012	3,418	849	\$55.4	\$11.8	\$148	\$17.1	\$44,277	191.8	15,402	7,418
2028	1,011,184	297.8	\$194,134	3,478	860	\$57.8	\$12.2	\$152	\$17.5	\$44,714	192.3	15,617	7,590
2029	1,022,468	301.0	\$200,520	3,482	869	\$60.4	\$12.5	\$156	\$18.0	\$45,132	193.5	15,847	7,768
2030	1,033,748	304.3	\$206,789	3,432	879	\$62.9	\$12.8	\$160	\$18.4	\$45,528	194.9	16,084	7,960
2031	1,044,931	307.5	\$212,958	3,361	888	\$65.5	\$13.1	\$164	\$18.7	\$45,906	196.3	16,343	8,148
2032	1,056,016	310.6	\$219,455	3,283	896	\$68.2	\$13.5	\$169	\$19.1	\$46,222	198.2	16,626	8,336
2033	1,066,974	313.7	\$225,622	3,231	905	\$70.8	\$13.8	\$173	\$19.5	\$46,610	200.2	16,902	8,524
2034	1,077,847	316.7	\$232,408	3,182	914	\$73.6	\$14.1	\$177	\$19.9	\$46,996	202.6	17,153	8,707
2035	1,088,517	319.6	\$239,603	3,171	922	\$76.6	\$14.5	\$181	\$20.3	\$47,380	205.4	17,369	8,903
2036	1,099,101	322.6	\$247,550	3,151	931	\$79.9	\$14.9	\$187	\$20.7	\$47,687	209.3	17,548	9,084
2037	1,109,635	325.5	\$255,812	3,102	939	\$83.3	\$15.4	\$192	\$21.0	\$47,958	212.9	17,715	9,254
2038	1,120,264	328.4	\$264,045	3,079	947	\$86.7	\$15.8	\$198	\$21.4	\$48,259	216.5	17,856	9,419
2039	1,130,653	331.3	\$272,856	3,070	955	\$90.4	\$16.3	\$204	\$21.7	\$48,530	219.9	17,998	9,577
2040	1,141,030	334.1	\$281,661	3,032	964	\$94.1	\$16.8	\$210	\$22.0	\$48,798	223.1	18,149	9,724
2041	1,151,263	336.9	\$290,327	2,990	972	\$97.8	\$17.3	\$216	\$22.4	\$49,094	226.3	18,312	9,843
2042	1,161,649	339.7	\$299,101	2,927	981	\$101.6	\$17.7	\$222	\$22.7	\$49,402	228.7	18,489	9,956
2043	1,172,130	342.5	\$308,031	2,932	991	\$105.5	\$18.2	\$228	\$23.1	\$49,732	231.1	18,655	10,068
2044	1,182,568	345.2	\$316,806	2,923	1,000	\$109.4	\$18.6	\$233	\$23.4	\$50,098	233.5	18,850	10,187
2045	1,193,065	347.9	\$326,164	2,884	1,010	\$113.5	\$19.1	\$239	\$23.8	\$50,417	235.8	19,036	10,323
2046	1,203,604	350.6	\$335,462	2,842	1,019	\$117.6	\$19.6	\$245	\$24.2	\$50,730	237.7	19,232	10,436
2047	1,213,986	353.2	\$344,869	2,779	1,029	\$121.8	\$20.1	\$251	\$24.5	\$51,025	239.7	19,439	10,527
2048	1,224,284	355.8	\$354,516	2,749	1,038	\$126.1	\$20.6	\$257	\$24.9	\$51,314	241.0	19,642	10,606
2049	1,234,786	358.4	\$364,467	2,706	1,047	\$130.6	\$21.1	\$264	\$25.3	\$51,597	241.8	19,838	10,677
2050	1,245,459	360.9	\$374,771	2,671	1,057	\$135.3	\$21.7	\$271	\$25.6	\$51,880	242.9	20,031	10,755

Employment Sectors

2015-2018 History, 2019-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade (thousands of jobs)	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
2015	317.2	59.3	16.5	14.2	10.9	39.8	8.0	26.8	2.7	33.4	25.0	61.5
2016	318.2	62.0	14.5	13.5	10.9	40.2	7.8	26.4	2.2	34.8	25.4	63.9
2017	321.3	61.5	14.9	13.4	11.4	40.3	7.7	26.2	2.0	36.4	25.8	65.3
2018	328.8	61.9	16.1	13.2	13.3	40.4	7.6	26.9	2.0	37.8	26.6	65.8
2019	333.3	61.5	16.9	13.3	13.8	40.4	7.5	27.6	2.0	38.8	27.6	66.0
2020	336.1	61.9	17.3	13.6	14.1	40.5	7.5	27.8	2.0	39.6	28.2	66.3
2021	338.4	62.3	17.6	13.5	14.2	40.5	7.5	28.3	2.1	40.2	28.2	66.7
2022	340.6	62.7	17.6	13.5	14.4	40.7	7.5	28.6	2.1	40.9	28.4	66.9
2023	342.9	63.1	17.8	13.5	14.7	40.8	7.5	28.7	2.1	41.6	28.5	67.2
2024	345.5	63.6	18.0	13.6	14.9	40.9	7.5	28.9	2.1	42.3	28.7	67.5
2025	348.3	64.2	18.1	13.7	15.1	41.1	7.5	29.1	2.1	43.0	28.9	67.9
2026	351.1	64.7	18.3	13.8	15.3	41.2	7.5	29.3	2.1	43.7	29.1	68.3
2027	353.7	65.1	18.5	13.9	15.6	41.4	7.5	29.5	2.1	44.4	29.3	68.7
2028	356.1	65.4	18.6	14.0	15.8	41.5	7.5	29.7	2.1	45.0	29.5	69.1
2029	358.4	65.7	18.6	14.1	16.0	41.7	7.5	29.9	2.1	45.6	29.7	69.4
2030	360.6	66.0	18.5	14.2	16.2	41.8	7.6	30.1	2.1	46.2	29.9	69.8
2031	362.6	66.3	18.4	14.2	16.4	41.9	7.6	30.3	2.1	46.8	30.1	70.2
2032	364.7	66.5	18.2	14.3	16.6	42.0	7.6	30.5	2.1	47.5	30.3	70.6
2033	366.7	66.8	18.1	14.3	16.8	42.1	7.6	30.7	2.1	48.2	30.5	71.0
2034	368.8	67.1	17.9	14.4	17.0	42.3	7.6	30.9	2.1	48.8	30.6	71.3
2035	370.9	67.4	17.8	14.5	17.2	42.4	7.6	31.1	2.1	49.5	30.8	71.7
2036	373.0	67.6	17.8	14.5	17.4	42.5	7.6	31.3	2.1	50.2	31.0	72.1
2037	375.0	67.8	17.7	14.6	17.6	42.6	7.6	31.5	2.1	50.8	31.2	72.5
2038	377.0	68.0	17.6	14.6	17.8	42.7	7.6	31.7	2.1	51.5	31.3	72.8
2039	378.9	68.2	17.6	14.6	18.0	42.8	7.6	31.9	2.1	52.1	31.5	73.2
2040	380.8	68.4	17.5	14.6	18.2	43.0	7.6	32.2	2.1	52.7	31.7	73.6
2041	382.7	68.6	17.4	14.7	18.4	43.1	7.6	32.4	2.1	53.3	31.8	73.9
2042	384.6	68.8	17.3	14.6	18.6	43.2	7.6	32.6	2.2	53.9	32.0	74.3
2043	386.5	69.0	17.3	14.6	18.8	43.3	7.6	32.8	2.2	54.5	32.1	74.7
2044	388.6	69.3	17.2	14.6	19.0	43.4	7.6	33.0	2.2	55.0	32.3	75.1
2045	390.5	69.5	17.2	14.6	19.2	43.6	7.6	33.2	2.2	55.6	32.5	75.5
2046	392.4	69.7	17.1	14.6	19.3	43.7	7.6	33.4	2.2	56.2	32.6	76.0
2047	394.3	69.9	17.0	14.6	19.5	43.8	7.6	33.6	2.2	56.7	32.8	76.4
2048	396.3	70.1	17.0	14.6	19.7	43.9	7.6	33.9	2.2	57.2	33.0	76.8
2049	398.2	70.3	16.9	14.6	19.9	44.1	7.5	34.1	2.2	57.8	33.2	77.2
2050	400.2	70.4	16.9	14.7	20.1	44.2	7.5	34.3	2.2	58.3	33.3	77.6

Kern County Economic Forecast

Socioeconomic Indicators

