

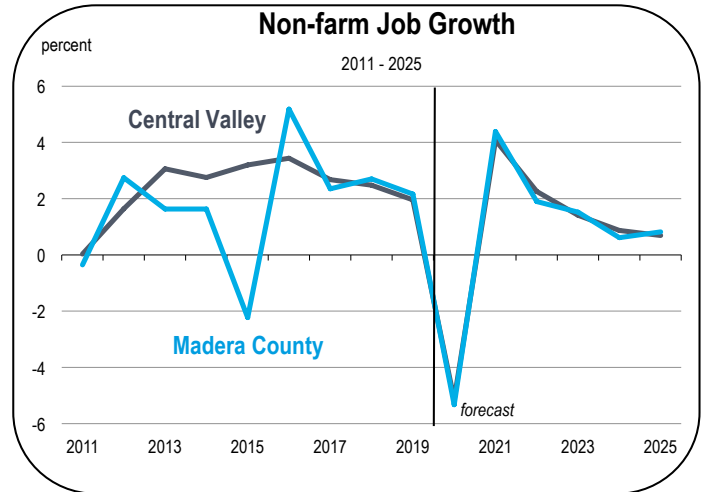
Madera County Economic Forecast

Forecast Summary

- It is estimated that an average of 1,500 to 3,000 jobs will be lost in Madera County during 2020. Job loss will be heavy in the first half of the year, rebounding in the second half.
- Employment losses will be largest in leisure services, professional business services, government, and retail trade.
- The unemployment rate averaged 6.9 percent in 2019. It will average somewhere between 16 percent and 18 percent for the entire year.
- The Madera County population is expected to grow at a similar rate as the broader Central Valley during most of the forecast period.
- Home values are not expected to change much in 2020 or 2021.
- Housing production is expected to decrease in 2020 but rebound convincingly in 2021 and expand in 2022.

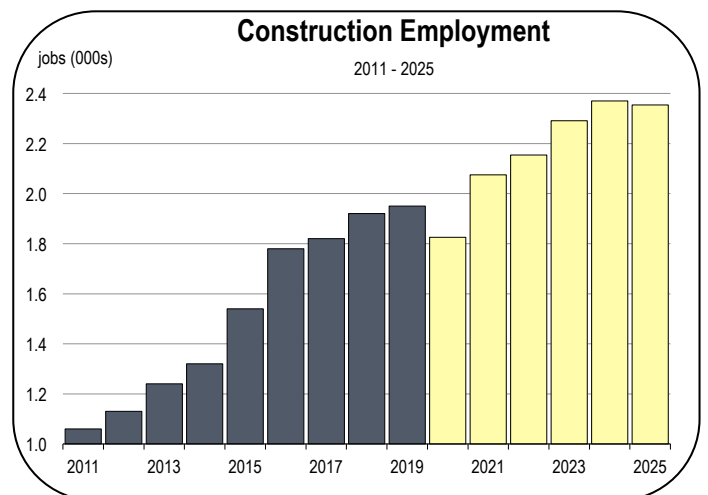
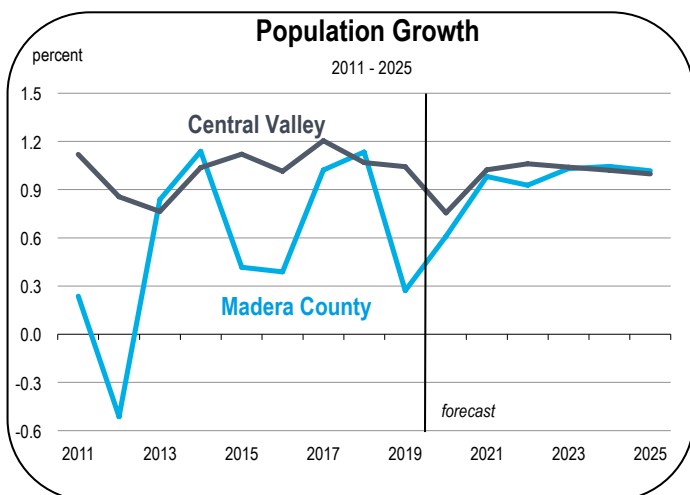
Job Growth

- Total employment in the County will decline between 3 and 6 percent in 2020. This is an annual average change from 2019.
- In 2021, Madera County is expected to re-gain many of the jobs lost during the Coronavirus recession.

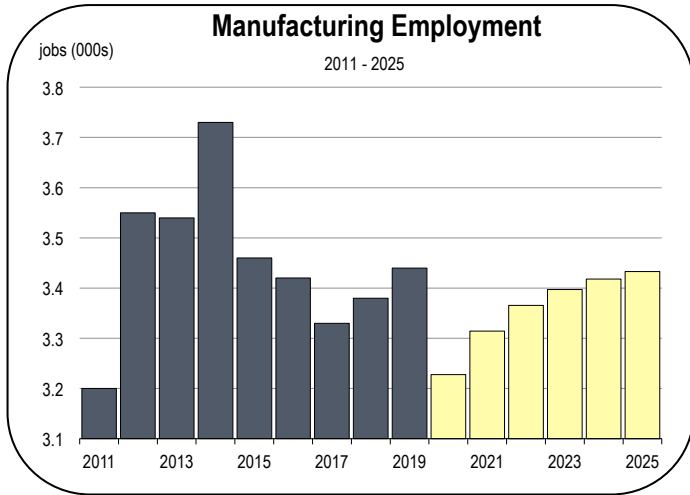


Construction Employment

- The construction sector is expected to lose more than 100 jobs in 2020.
- Most California construction activity was deemed non-essential for several weeks in March and April, leading to significant construction layoffs that average down total employment in 2020.
- Restrictions on construction were lifted in late April, and construction employment could return to pre-recession levels by 2021.



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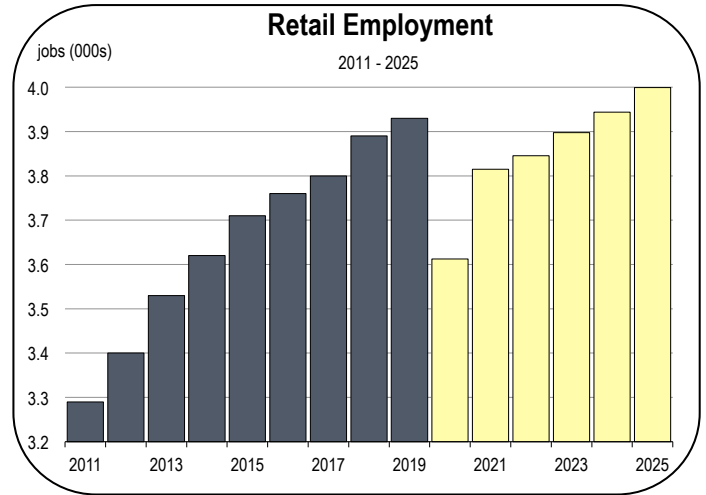
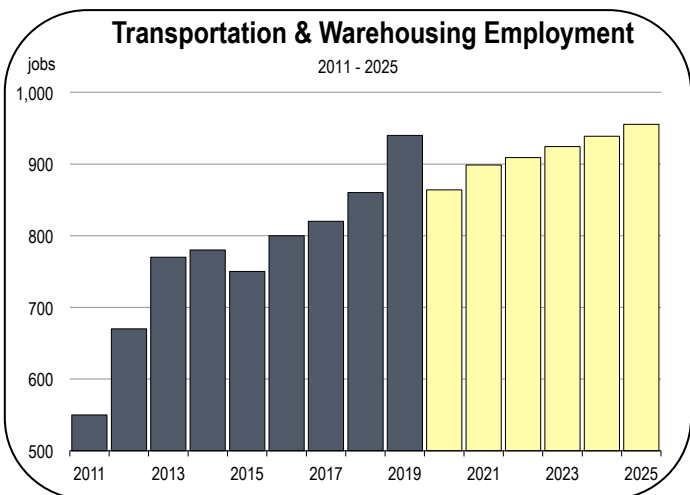


Manufacturing Employment

- Madera County has a heavy concentration in food and beverage manufacturing firms, which turn agricultural commodities into finished food products.
- Manufacturing employment declined by more than 400 jobs during the second quarter of 2020. It is expected to rebound slowly during 2021 and 2022.

Transportation and Warehousing Employment

- Most transportation jobs in Madera County are in trucking, where firms deliver goods to and from businesses within the county and across California.
- Transportation employment declined in March and April but began to expand again in May during Phase 2 of California’s restart.

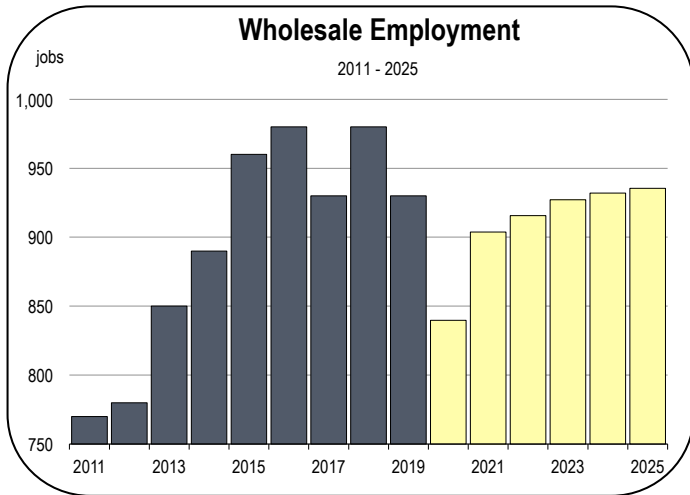


Retail Trade Employment

- The retail sector is expected to lose more than 300 jobs in 2020 on an annual average basis.
- Many large retail chains chose to furlough their employees rather than lay them off completely, and furloughed workers are not considered to be unemployed. This is a technical detail that will mask the true number of work stoppages in the retail sector.
- Accounting for furloughed workers, more than 400 retail workers could be effectively not working and not earning an income on an annual average basis in 2020.

Retail Sub-Sectors 2019	Jobs in Subsector	Subsector’s Share of Overall Industry
Grocery Stores	1,000	25.3%
General Merchandise Stores	500	12.7%
Home Improvement / Garden Supply	500	12.7%
Gas Stations	400	10.1%
Car Dealers	300	7.6%
Pharmacies & Drug Stores	200	5.1%
Clothing Stores	200	5.1%
Electronics Stores	100	2.5%
Online Retailers	50	1.3%
Used Merchandise Stores	50	1.3%
Furniture & Furnishings Stores	50	1.3%
Other	600	15.2%

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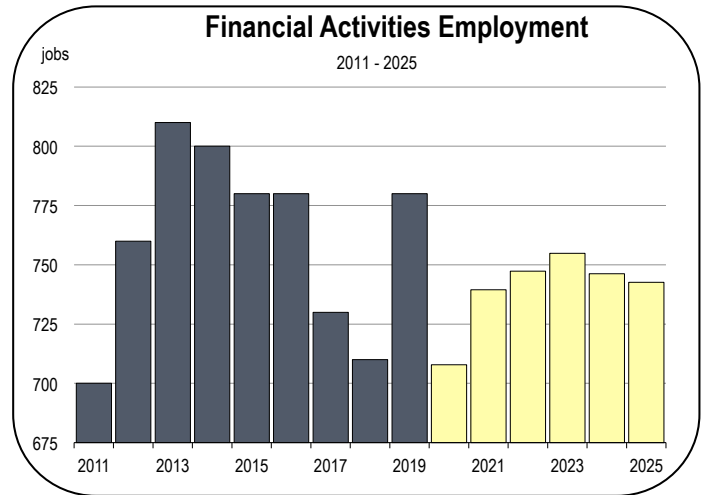
- It is unknown when and if retail employment will eclipse pre-recession levels because of the strengthening demand trend towards online purchasing.

Wholesale Trade Employment

- Wholesale trade employment is expected to fall by up to 150 jobs on an annual average basis in 2020.
- Wholesale employment is likely to expand in tandem with employment in manufacturing, retail, and construction.

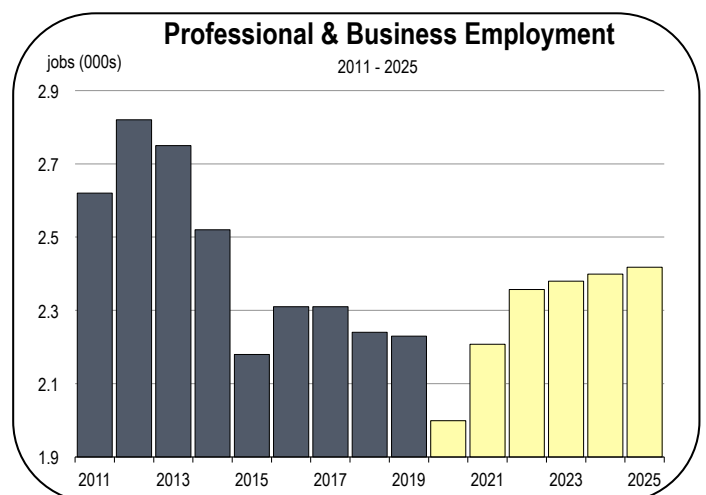
Financial Activities Employment

- Substantial job declines are expected this year because many employers closed, committing their employees to shelter-in-place for health reasons.
- The most prominent losses were observed in real estate sales and lending.
- In 2020 there have been far fewer homes on the market than there were last year, and there has been far less interest from potential buyers. This should translate into fewer home sales, reducing the need for real estate agents and mortgage brokers.
- Banks also reduced their head counts in the second quarter of 2020 due to a temporary reduction of in-person branch visits.
- Financial Activities companies are expected to re-gain a meaningful number of through 2021, but may not surpass the employment totals that were observed in 2019.



Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was impacted differently during the shutdown and recovery phases of 2020.
- Jobs in corporate security and building maintenance declined substantially during the shutdowns but began to rebound at office and industrial buildings with repopulating employment.
- Aside from security and maintenance, most subsectors of the professional business services industry were able to operate remotely and were less affected by the Coronavirus Recession.

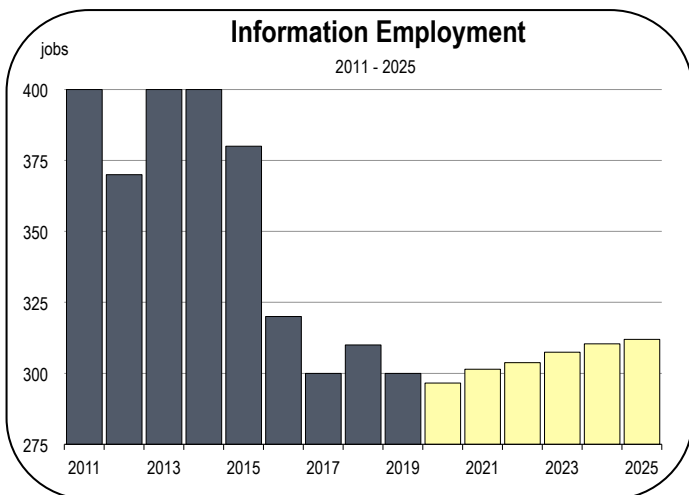


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Professional & Business Services Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Building Maintenance	500	22.7%
Corporate Headquarters	500	22.7%
Law	100	4.5%
Engineering & Architecture	100	4.5%
Corporate Security	100	4.5%
Business Consulting	50	2.3%
Accounting & Bookkeeping	50	2.3%
Other	800	36.4%

Information Employment

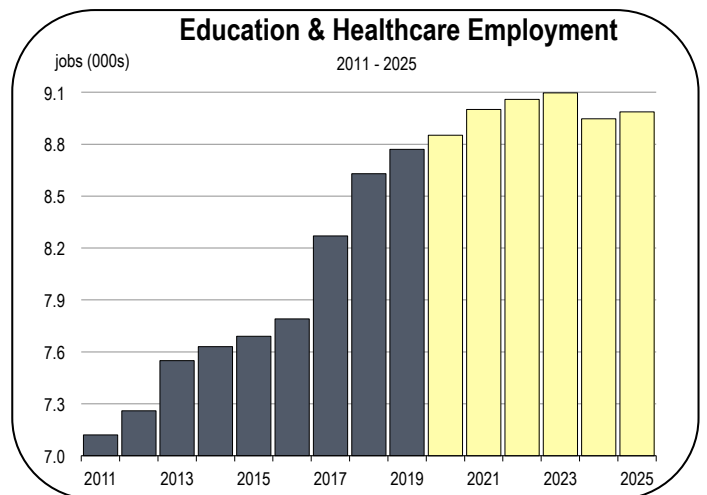
- In Madera County, the information sector is almost entirely comprised of telecommunications companies.
- The largest firm is Sierra Tel, which is headquartered in Oakhurst and accounts for approximately half of all Information jobs in the county.



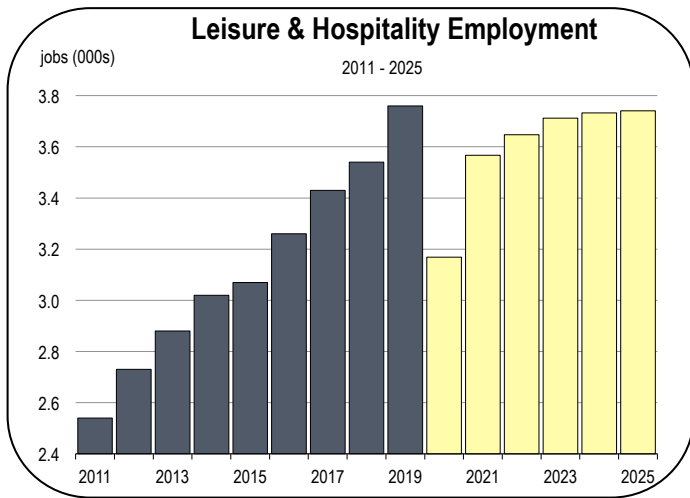
- Telecommunications jobs were classified as essential and these workers remained employed during shelter-in-place. Consequently, employment was not impacted as it was in other sectors.

Private Education and Healthcare Employment

- There were 6,100 healthcare jobs in Madera County in 2019.
- Healthcare jobs were recession proof during the 2008-2009 financial crisis. However, some non-essential medical offices had to close in 2020, and hospitals reduced their employment levels because resources were not utilized as envisioned to support Coronavirus patients.
- There were approximately 2,500 social assistance jobs in 2019, including industries like childcare, housing shelters, and non-medical care for senior citizens.
- There were only 100 jobs in private schools, tutoring services, and other private educational organizations.
- Jobs in social assistance and education were mostly classified as essential. Nevertheless there were layoffs at institutions with revenue shortfalls.



Madera County Economic Forecast

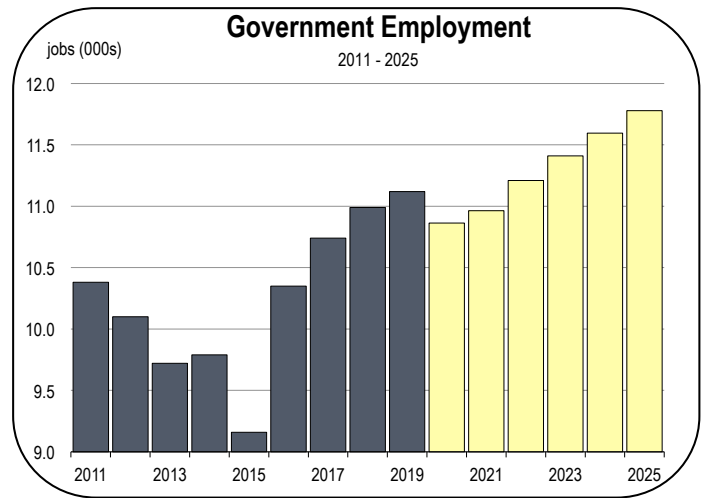


Leisure and Hospitality Employment

- The leisure and hospitality industry was devastated by the Coronavirus Recession more than any other sector of the labor market.
- In 2019, Madera County had 3,200 jobs in restaurants, hotels, and bars. Our research indicates that most were laid off, furloughed, or had their hours cut in the months of March and April.
- Jobs in restaurants began to slowly return in the summer and fall months of 2020, but may not return to pre-pandemic levels during the 2020-2025 forecast period.
- Madera County also had 500 jobs in entertainment and recreation in 2019, including things like fitness centers, museums, and golf courses. Many of these organizations will operate at reduced capacities through the end of 2020 and potentially into 2021.

Government Employment

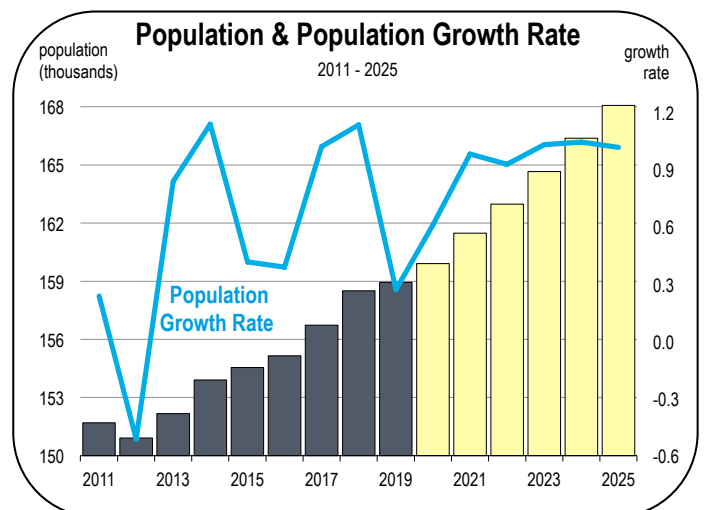
- Government agencies are expected to lose revenue from taxes and fees in 2020, and these revenue shortfalls will likely persist into 2021 and 2022.
- When government agencies need to reduce expenditures on salaries, many workers are expected to be given unpaid furlough days that are distributed throughout the year, and many staffing reductions could be the result of hiring freezes rather than layoffs.



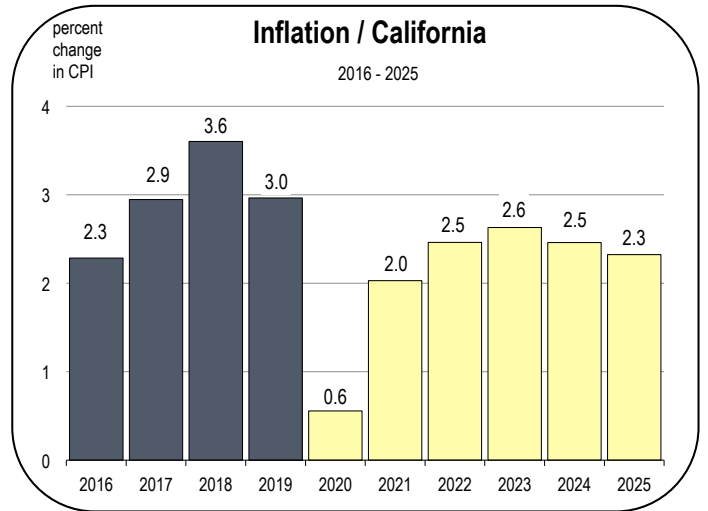
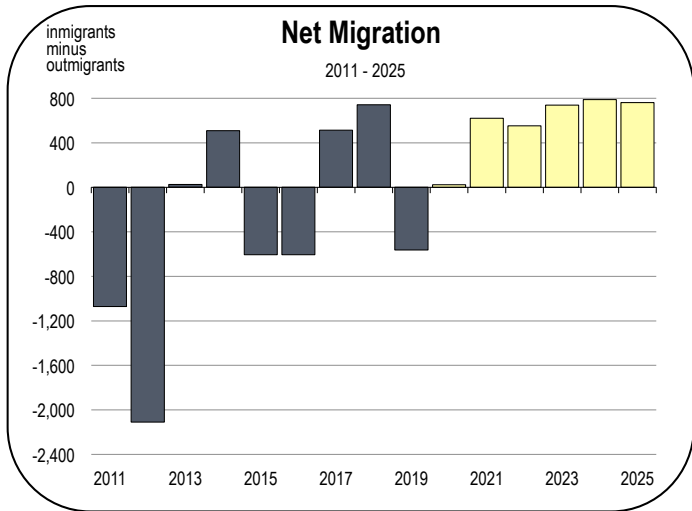
- However, if revenue shortfalls are severe and Congress does not appropriate funding to mitigate these shortfalls, government agencies may have no choice but to issue layoffs.

Population Growth

- The Madera County population is expected to expand more quickly than the Central Valley average between 2020 and 2025.
- Net migration is expected to be a meaningful contributor to population growth as residents relocate from Coastal California or move to Madera from elsewhere for more the affordable housing.



Madera County Economic Forecast

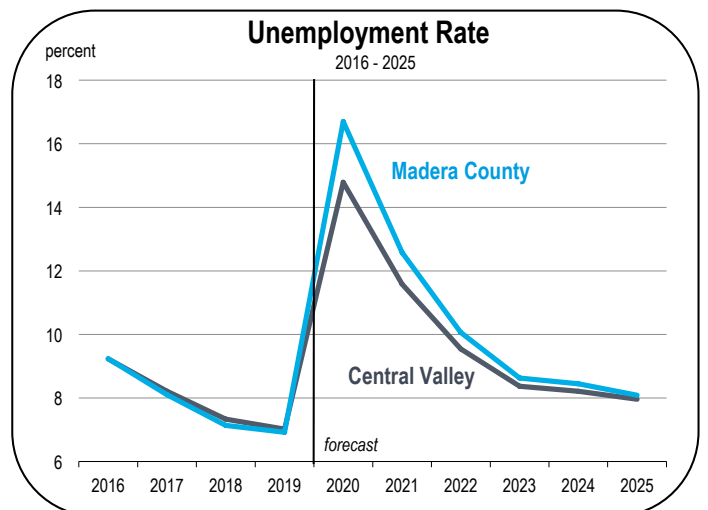


- An average of 600 net migrants are expected to move into Madera County each year between 2020 and 2025.
- Madera County has a young population with a high birth rate, and births will also contribute substantially to population growth.
- The population will expand at an annual average rate of 0.9 percent per year from 2020 to 2025.
- By 2025 the Madera County population will surpass 168,000 residents.

- Inflation decelerated in 2019 as energy prices declined and home prices increased more slowly than the previous year.
- Inflation is expected to be very low in 2020 but could accelerate in 2021 or 2022.

Unemployment and Inflation Rates

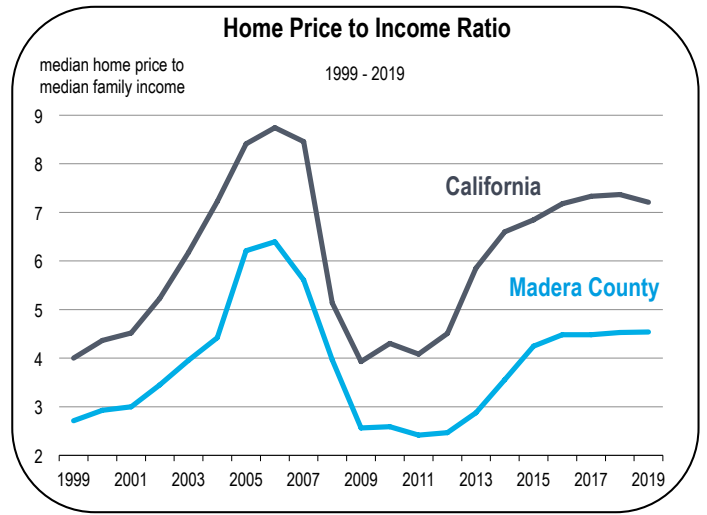
- The unemployment rate in Madera County averaged 6.9 percent in 2019, which was similar to the composite rate for the Central Valley.
- The unemployment rate is expected to average between 16 and 18 percent in 2020.
- The unemployment rate is expected to remain elevated for several years, but is likely to improve more quickly than after the 2008-2009 recession.



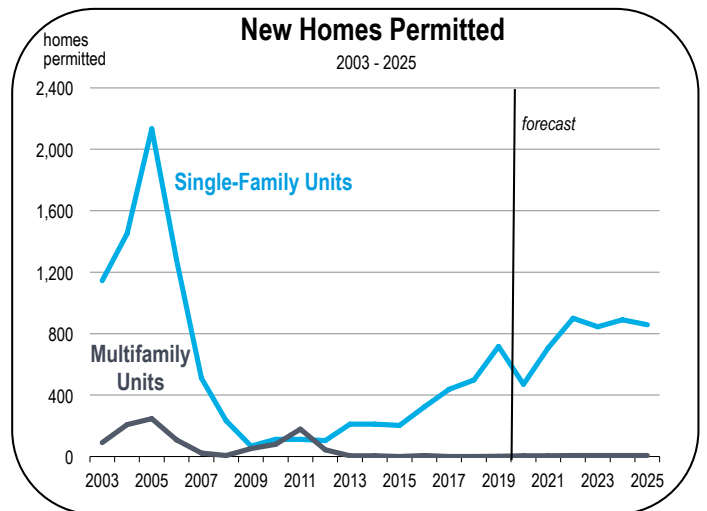
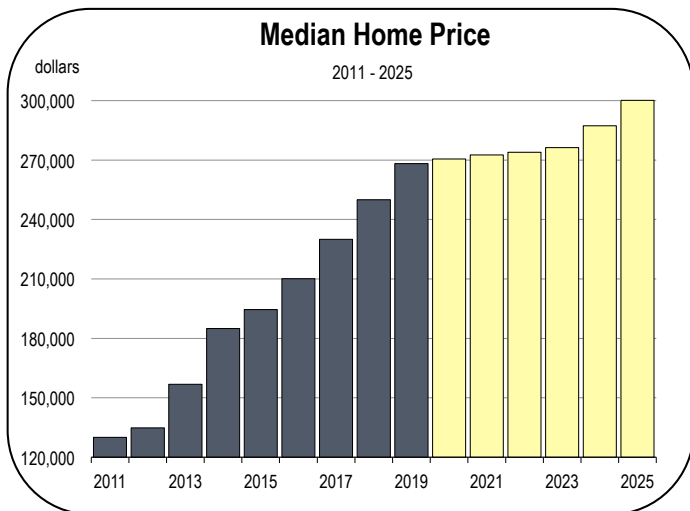
Madera County Economic Forecast

Home Prices and New Housing Production

- In 2019 the median home price in Madera County was \$268,200. The median price is not expected to change much in 2020 or 2021.
- Homes in Madera County are more affordable than homes across California, especially Coastal California.
- In Madera County, the typical household spends less than 25 percent of its pre-tax income on mortgage payments or rent.
- Along Coastal California the typical household spends more than 35 percent of income on housing costs, and in very expensive markets like San Francisco, housing costs often account for more than 50 percent of income.
- From 2014 to 2019, an average of 400 new homes were started per year in Madera County. Virtually all were single-family homes.
- Housing production is expected to average 800 homes per year from 2020 to 2025, consisting mostly of single-family homes.
- The largest project in Madera County is Rio Mesa, a massive development near Highway 41 and the Fresno County border.
- The project contains 33,000 homes (18,000 have been approved).



- It could accommodate up to 120,000 residents, virtually doubling the county's population.
- Several neighborhoods in the project area are under construction, but complete buildout is not expected for approximately 30 years.
- In addition to 30,000 homes, Rio Mesa will produce new schools, parks, and millions of square feet of commercial space.



Madera County Economic Forecast

Economic Indicators

2015-2019 History, 2020-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (billions)	Inflation Rate (percent)
2015	154,548	43.8	-606	203	137	\$5.6	\$1.0	\$1.5	\$727	\$40,624	10.5	\$2.3	1.5
2016	155,148	44.0	-605	329	141	\$5.7	\$1.0	\$1.5	\$834	\$40,605	9.2	\$2.0	2.3
2017	156,733	44.0	513	438	142	\$5.9	\$1.1	\$1.6	\$901	\$40,394	8.1	\$2.1	2.9
2018	158,511	44.0	742	498	145	\$6.3	\$1.1	\$1.7	\$866	\$40,865	7.1	\$2.1	3.6
2019	158,940	44.2	-564	718	150	\$6.6	\$1.2	\$1.8	\$898	\$41,741	6.9	\$2.1	3.0
2020	159,910	44.9	23	474	151	\$6.6	\$1.0	\$1.6	\$865	\$41,003	16.7	\$2.1	0.6
2021	161,480	45.5	621	712	152	\$6.8	\$1.2	\$1.7	\$866	\$40,802	12.6	\$2.1	2.0
2022	162,979	46.2	553	905	154	\$7.2	\$1.2	\$1.8	\$898	\$41,931	10.1	\$2.2	2.5
2023	164,660	47.1	739	851	155	\$7.7	\$1.3	\$1.9	\$932	\$43,182	8.6	\$2.2	2.6
2024	166,380	48.0	788	895	156	\$8.1	\$1.3	\$2.0	\$966	\$44,139	8.4	\$2.2	2.5
2025	168,072	48.9	761	863	156	\$8.6	\$1.4	\$2.1	\$997	\$45,093	8.1	\$2.2	2.3
2026	169,772	49.8	759	808	157	\$9.0	\$1.5	\$2.2	\$1,019	\$45,673	7.9	\$2.2	2.3
2027	171,525	50.6	777	743	158	\$9.4	\$1.6	\$2.3	\$1,042	\$46,204	7.9	\$2.2	2.2
2028	173,189	51.3	674	676	158	\$9.8	\$1.6	\$2.4	\$1,064	\$46,733	7.5	\$2.2	2.2
2029	174,865	52.0	653	628	159	\$10.1	\$1.7	\$2.5	\$1,076	\$46,863	7.7	\$2.3	2.3
2030	176,661	52.7	759	591	161	\$10.5	\$1.7	\$2.6	\$1,089	\$47,004	8.1	\$2.3	2.2
2031	178,434	53.3	764	576	162	\$10.9	\$1.8	\$2.7	\$1,102	\$47,184	7.9	\$2.3	2.1
2032	180,093	53.8	695	566	164	\$11.2	\$1.8	\$2.7	\$1,110	\$47,218	8.0	\$2.3	2.3
2033	181,765	54.4	740	546	165	\$11.6	\$1.9	\$2.8	\$1,125	\$47,491	8.2	\$2.3	1.9
2034	183,368	54.9	697	531	167	\$12.0	\$1.9	\$2.8	\$1,137	\$47,708	8.0	\$2.3	2.1
2035	184,956	55.5	720	514	167	\$12.4	\$1.9	\$2.9	\$1,148	\$47,940	8.0	\$2.3	2.2
2036	186,453	56.0	685	510	168	\$12.9	\$2.0	\$3.0	\$1,155	\$48,018	8.2	\$2.4	2.6
2037	187,958	56.5	745	493	169	\$13.4	\$2.1	\$3.1	\$1,159	\$48,149	8.1	\$2.4	2.7
2038	189,323	57.0	669	487	170	\$13.9	\$2.1	\$3.2	\$1,167	\$48,305	8.1	\$2.4	2.5
2039	190,475	57.5	515	467	170	\$14.3	\$2.2	\$3.3	\$1,173	\$48,397	8.1	\$2.4	2.7
2040	191,569	57.9	533	448	171	\$14.8	\$2.2	\$3.3	\$1,181	\$48,550	8.1	\$2.4	2.6
2041	192,567	58.4	504	435	171	\$15.4	\$2.3	\$3.4	\$1,191	\$48,776	8.1	\$2.4	2.4
2042	193,546	58.8	537	417	172	\$15.9	\$2.4	\$3.5	\$1,201	\$49,028	8.1	\$2.4	2.3
2043	194,450	59.2	489	405	172	\$16.4	\$2.4	\$3.6	\$1,212	\$49,310	8.1	\$2.5	2.2
2044	195,410	59.7	583	392	171	\$16.9	\$2.5	\$3.7	\$1,224	\$49,683	8.1	\$2.5	2.0
2045	196,344	60.0	592	396	172	\$17.5	\$2.5	\$3.8	\$1,234	\$49,926	8.1	\$2.5	2.2
2046	197,226	60.4	555	392	172	\$18.0	\$2.6	\$3.9	\$1,244	\$50,191	8.0	\$2.5	2.1
2047	197,949	60.8	425	384	173	\$18.5	\$2.6	\$4.0	\$1,254	\$50,455	8.0	\$2.5	2.1
2048	198,515	61.2	303	365	173	\$19.1	\$2.7	\$4.0	\$1,264	\$50,749	8.0	\$2.5	2.1
2049	199,035	61.6	306	345	173	\$19.7	\$2.8	\$4.1	\$1,275	\$51,078	8.0	\$2.5	2.1
2050	199,520	61.9	310	337	174	\$20.3	\$2.8	\$4.2	\$1,286	\$51,412	8.0	\$2.6	2.1

Employment Sectors

2015-2019 History, 2020-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	46.2	11.5	1.5	3.5	0.8	4.7	0.8	2.2	0.4	7.7	3.1	9.2
2016	48.8	12.2	1.8	3.4	0.8	4.7	0.8	2.3	0.3	7.8	3.3	10.4
2017	49.5	12.1	1.8	3.3	0.8	4.7	0.7	2.3	0.3	8.3	3.4	10.7
2018	50.7	12.3	1.9	3.4	0.9	4.9	0.7	2.2	0.3	8.6	3.5	11.0
2019	51.7	12.5	2.0	3.4	0.9	4.9	0.8	2.2	0.3	8.8	3.8	11.1
2020	49.6	12.4	1.8	3.2	0.9	4.5	0.7	2.0	0.3	8.9	3.2	10.9
2021	51.2	12.5	2.1	3.3	0.9	4.7	0.7	2.2	0.3	9.0	3.6	11.0
2022	52.0	12.5	2.2	3.4	0.9	4.8	0.7	2.4	0.3	9.1	3.6	11.2
2023	52.7	12.6	2.3	3.4	0.9	4.8	0.8	2.4	0.3	9.1	3.7	11.4
2024	53.0	12.6	2.4	3.4	0.9	4.9	0.7	2.4	0.3	8.9	3.7	11.6
2025	53.3	12.7	2.4	3.4	1.0	4.9	0.7	2.4	0.3	9.0	3.7	11.8
2026	53.7	12.7	2.3	3.4	1.0	5.0	0.7	2.4	0.3	9.1	3.8	11.9
2027	54.0	12.8	2.3	3.5	1.0	5.0	0.7	2.5	0.3	9.1	3.8	12.0
2028	54.3	12.8	2.2	3.5	1.0	5.1	0.7	2.5	0.3	9.2	3.8	12.0
2029	54.5	12.9	2.1	3.5	1.0	5.1	0.7	2.5	0.3	9.3	3.8	12.1
2030	54.7	12.9	2.1	3.5	1.0	5.1	0.7	2.5	0.3	9.4	3.8	12.2
2031	55.0	13.0	2.0	3.5	1.0	5.1	0.7	2.5	0.3	9.5	3.9	12.3
2032	55.3	13.0	2.0	3.5	1.0	5.2	0.7	2.6	0.3	9.6	3.9	12.4
2033	55.5	13.1	2.0	3.5	1.0	5.2	0.7	2.6	0.3	9.7	3.9	12.5
2034	55.8	13.1	2.0	3.5	1.0	5.2	0.7	2.6	0.3	9.8	3.9	12.6
2035	56.2	13.2	2.0	3.5	1.0	5.2	0.7	2.6	0.3	9.9	3.9	12.7
2036	56.6	13.2	2.0	3.5	1.0	5.2	0.7	2.6	0.3	10.1	4.0	12.8
2037	57.1	13.2	1.9	3.5	1.0	5.2	0.7	2.6	0.3	10.4	4.0	12.9
2038	57.5	13.3	1.9	3.5	1.0	5.2	0.7	2.7	0.3	10.6	4.0	13.0
2039	57.7	13.3	1.9	3.5	1.1	5.2	0.7	2.7	0.3	10.7	4.0	13.1
2040	58.0	13.4	1.9	3.6	1.1	5.2	0.7	2.7	0.3	10.7	4.0	13.2
2041	58.3	13.4	1.9	3.6	1.1	5.2	0.7	2.7	0.3	10.8	4.0	13.3
2042	58.5	13.5	1.9	3.6	1.1	5.2	0.7	2.7	0.3	10.8	4.1	13.4
2043	58.7	13.5	1.8	3.6	1.1	5.2	0.7	2.8	0.3	10.9	4.1	13.4
2044	59.0	13.6	1.8	3.6	1.1	5.3	0.7	2.8	0.3	10.9	4.1	13.5
2045	59.3	13.6	1.8	3.6	1.1	5.3	0.7	2.8	0.3	11.0	4.1	13.6
2046	59.5	13.7	1.8	3.6	1.1	5.3	0.7	2.8	0.3	11.0	4.1	13.7
2047	59.7	13.7	1.8	3.6	1.1	5.3	0.7	2.8	0.3	11.0	4.2	13.8
2048	59.8	13.8	1.8	3.6	1.1	5.3	0.7	2.9	0.3	10.9	4.2	13.9
2049	60.0	13.8	1.8	3.6	1.1	5.3	0.7	2.9	0.3	10.9	4.2	14.0
2050	60.2	13.9	1.8	3.6	1.1	5.3	0.7	2.9	0.3	10.9	4.2	14.1

Madera County Economic Forecast

Socioeconomic Indicators

