

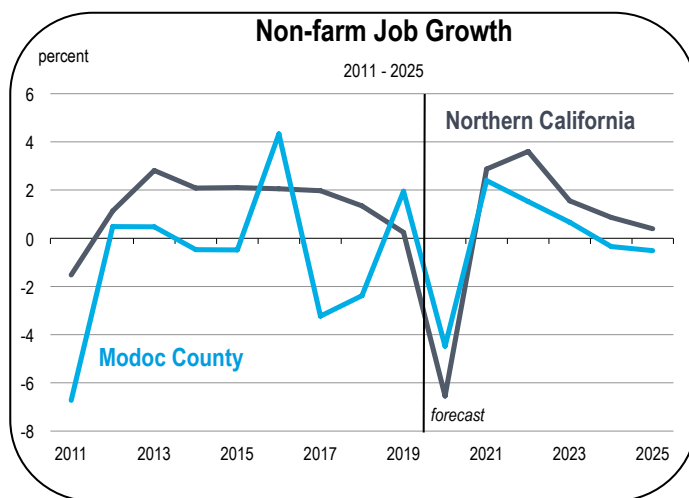
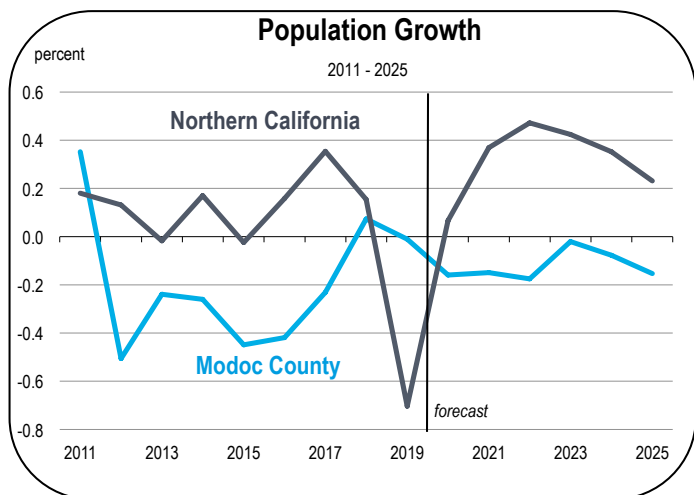
Modoc County Economic Forecast

Forecast Summary

- Modoc County only reported 24 total cases of COVID-19 through the end of September 2020 and no deaths.
- The pandemic had a small impact on the non-farm labor market in the County, though it did more severely impact the farm sector.
- It is estimated that an average of 100 to 200 jobs will be lost in Modoc County during 2020, with heavy job losses in the first half of the year.
- Employment losses will be largest in:
 - Agriculture
 - Mining, logging, and construction
 - Trade, transportation, and utilities
 - Leisure and hospitality
- The unemployment rate averaged 7.1 percent in 2019. It will average somewhere between 8 percent and 10 percent for the 2020 calendar year.
- The Modoc County population is expected to decline during the 2020-2025 forecast period.
- Home values are expected to increase slowly in 2020 and 2021.
- More new homes are expected to be built during the 2020-2025 forecast period than were built during the 2015-2019 period.

Job Growth

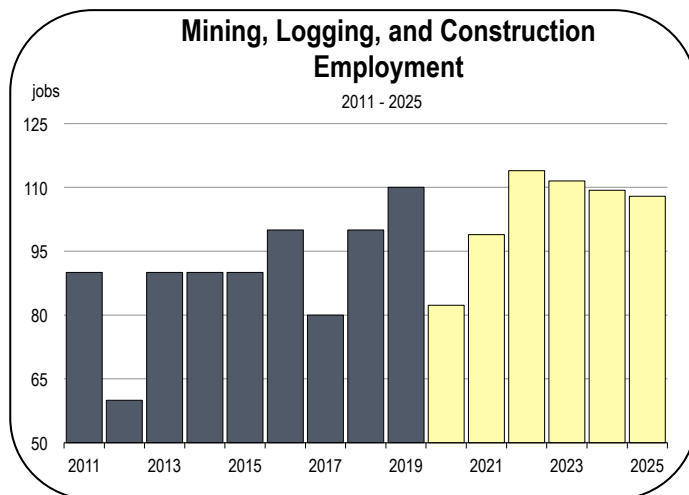
- Total employment in the County will decline between 4 and 8 percent in 2020. This is an annual average change from 2019.



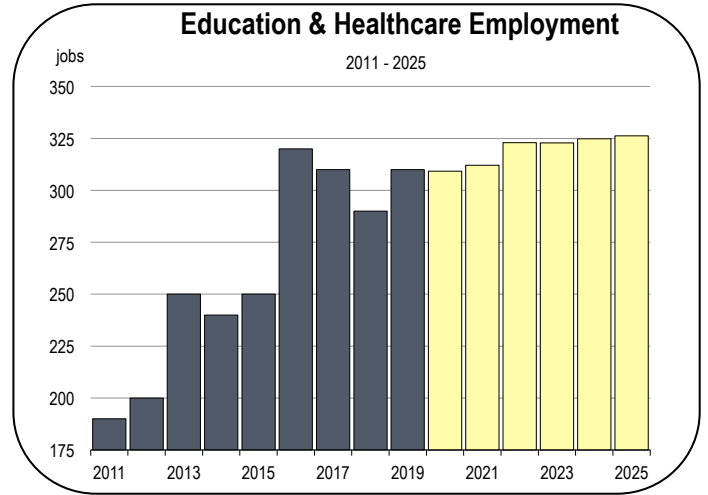
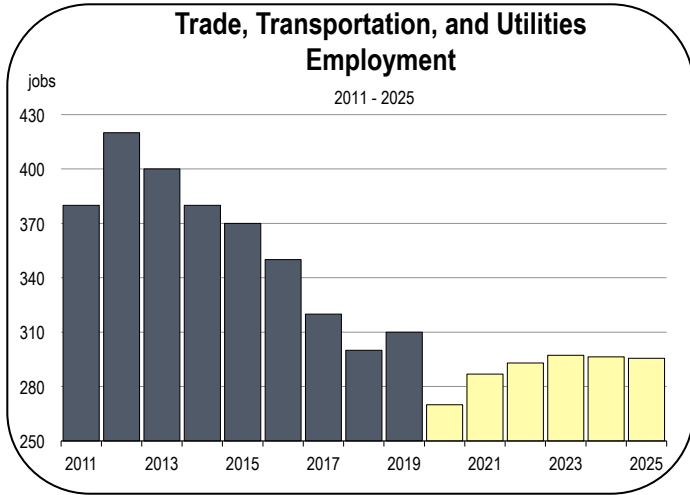
- In 2021 and 2022, Modoc County is expected to re-gain many of the jobs lost during the Coronavirus Recession.

Mining, Logging, and Construction Employment

- This sector is expected to lose several dozen jobs in 2020, but may surpass pre-recession levels within the next few years.
- Most California construction activity was deemed non-essential for portions of March and April of 2020, leading to construction layoffs.
- Restrictions on construction were lifted in late April, and overall construction activity began to ramp back up during May, June, and July.
- Construction projects will largely have resumed by 2021 or 2022, but employment growth might be minimal through the end of the 2020-2025 forecast period.
- Timber production has been declining in Modoc County. As of 2019, the timber industry produced only \$4 million in output, which is down from \$13 million just five years earlier.



Modoc County Economic Forecast



- Over the 2020-2025 forecast period, the timber industry is not expected to create a meaningful number of jobs.

most jobs were classified as essential during the lockdowns and there were very few layoffs.

Trade, Transportation, and Utilities Employment

- There are very few jobs in private educational organizations in Modoc County.

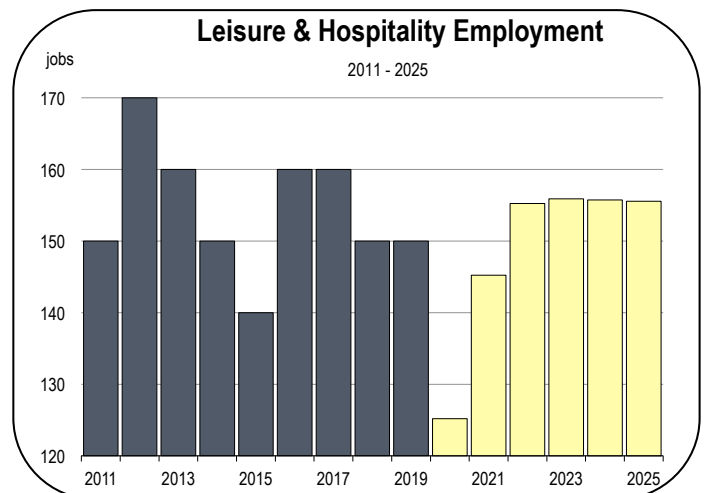
- The trade, transportation, and utilities industry has a diverse range of firms, including:
 - Retail stores
 - Wholesale companies
 - Trucking and delivery firms
 - Warehousing and storage facilities
 - Electricity providers (including Surprise Valley Electric) and water providers (including Newell County Water District)
- The trade, transportation, and utilities industry is expected to lose up to 100 jobs in 2020 on an annual average basis.
- Most losses in 2020 will be in retail and wholesale companies. Very few will be in electricity and water providers.

Leisure and Hospitality Employment

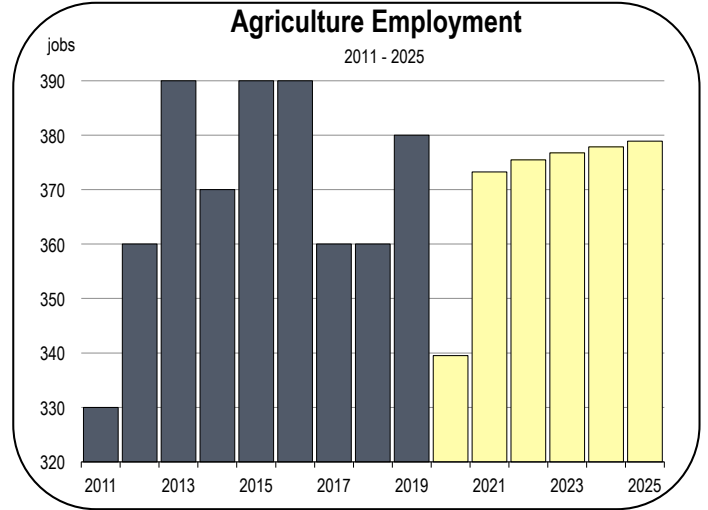
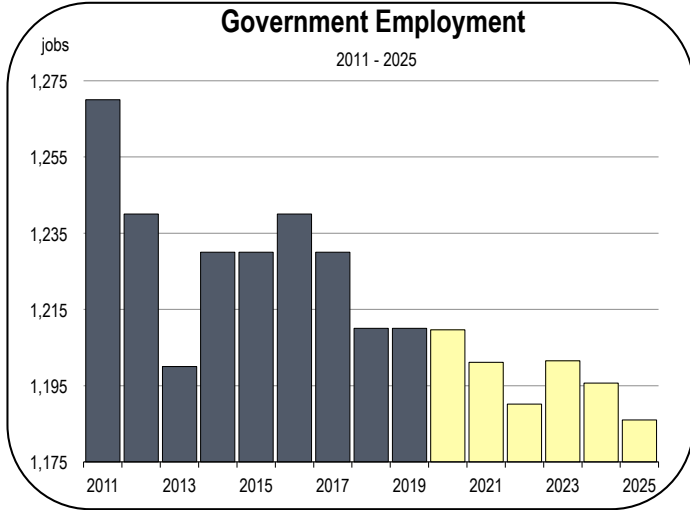
- In 2019, Modoc County had 150 jobs in restaurants, hotels, bars, catering services, and recreation facilities.
- Approximately 60 percent of leisure and hospitality workers were laid off in March, April, and May of 2020. Another 20 to 30 percent of workers had their hours cut or were furloughed without pay.
- Jobs at hotels and restaurants began to increase again in the summer of 2020, and should expand further in 2021 and 2022.
- The leisure and hospitality sector may completely recover by 2022 or 2023.

Private Education and Healthcare Employment

- Healthcare jobs were recession proof during the 2008-2009 financial crisis, and it does not appear that many jobs will be lost as a result of the Coronavirus Recession of 2020.
- The largest employer is Modoc Medical Center, which has between 100 and 250 workers.
- In social assistance organizations, including childcare centers and non-medical care for senior citizens and people with disabilities,



Modoc County Economic Forecast



Government Employment

- Government employment in Modoc County has been declining for a number of years, even before the onset of the Coronavirus Recession.
- Government agencies are expected to lose revenue from taxes and fees in 2020, but meaningful job losses are not expected until 2021 or 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.
- The largest government agency in Modoc County is the U.S. Forest Service, which employs between 100 to 250 workers in the county.

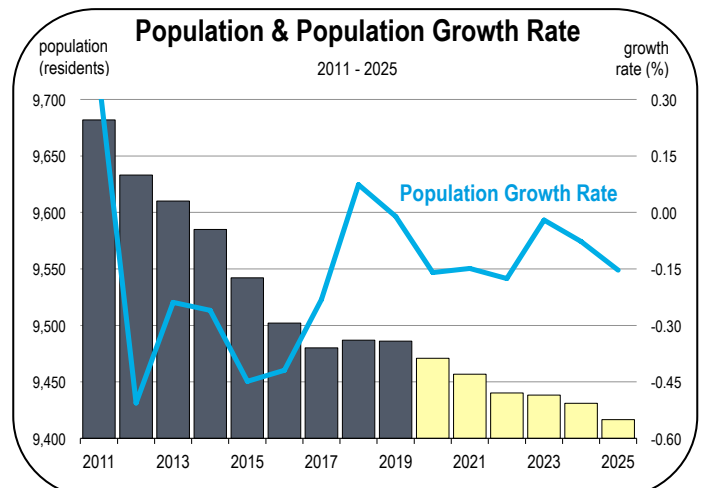
Agriculture Employment

- Agriculture employment is expected to decline by several dozen jobs during 2020 but rebound quickly in 2021.
- The most prominent agriculture commodities in Modoc County are hay, potatoes, bees, honey, and livestock.

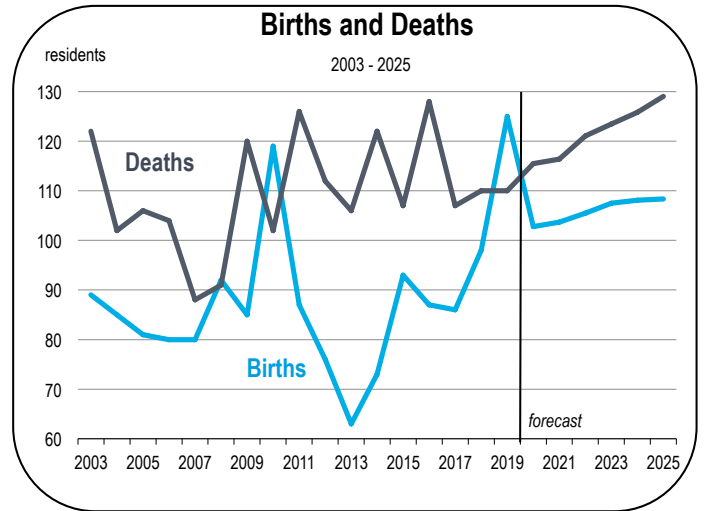
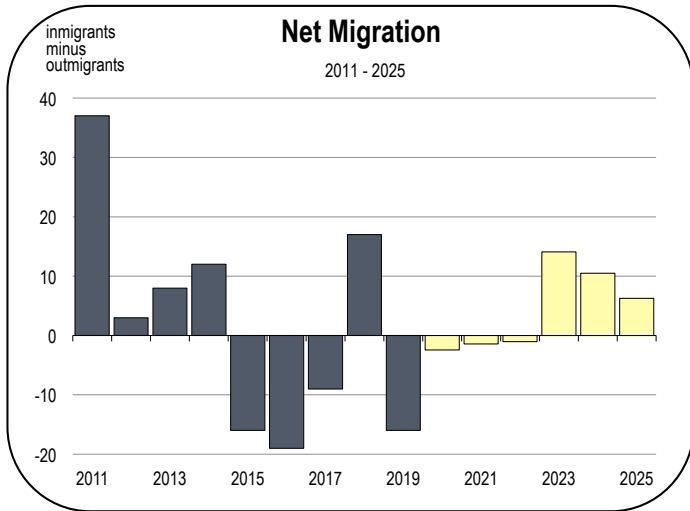
Population Growth

- The Modoc County population has declined relatively consistently since 2011, when it had almost 9,700 residents.

- As of 2019, Modoc county had 9,486 residents.
- Modoc County's population is much older than the statewide average. As of 2019, approximately 12 percent of Modoc County's population was age 75 or older, compared to just 7 percent of California's population.
- Because Modoc County has a high share of residents aged 75 and older, the number of deaths has begun to exceed the number of births.
- Between 2014 and 2019, there were 122 more deaths than births, which contributed to overall population decline.
- Between 2020 and 2025, there are expected to be approximately 100 more deaths than births.



Modoc County Economic Forecast

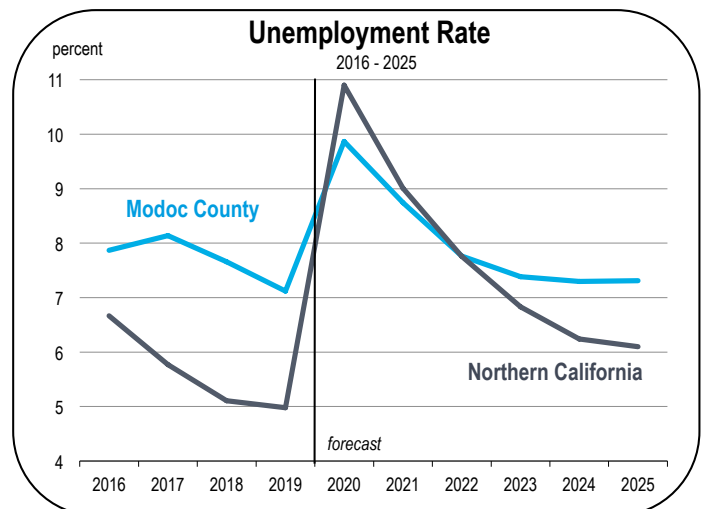
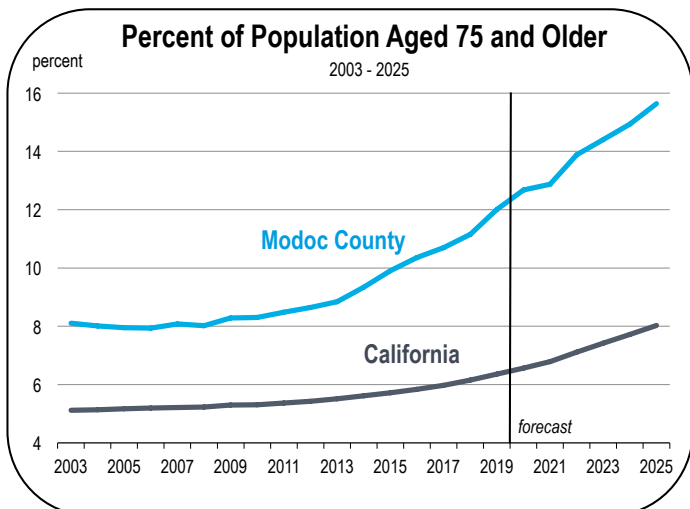


- Between 2020 and 2025, the number of people moving into Modoc County is expected to exceed the number of residents moving out of the County, but because deaths will exceed births, the overall population will still decline.
- Population growth averaged -0.2 percent per year over the last six years, and is expected to average -0.1 percent over the next six years.

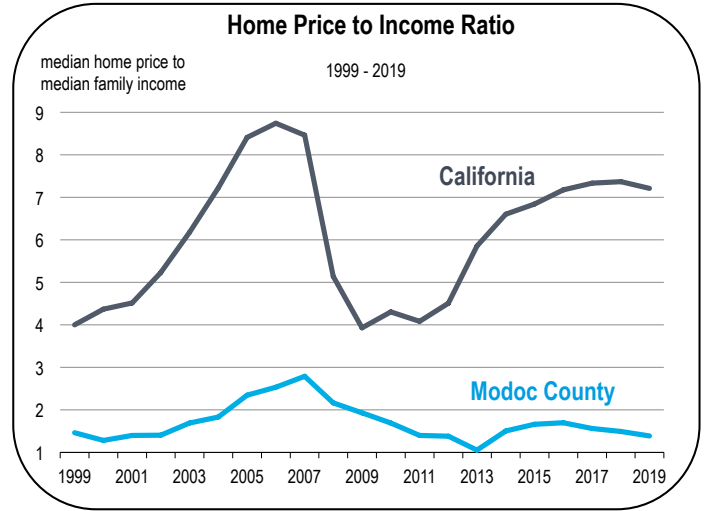
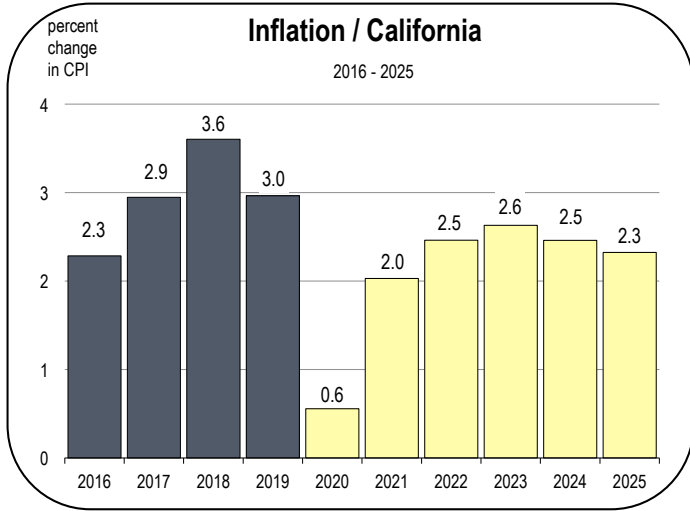
Unemployment and Inflation Rates

- The unemployment rate in Modoc County averaged 7.1 percent in 2019, which was well above the composite rate for the broader Northern California region.

- The unemployment rate is expected to average between 8 and 10 percent during the 2020 calendar year.
- The unemployment rate is expected to remain elevated for several years, but is likely to improve more quickly than after the 2008-2009 recession.
- 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.



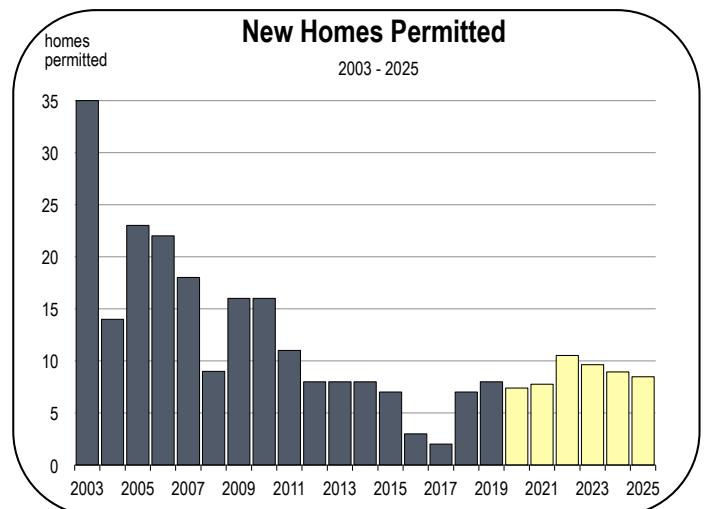
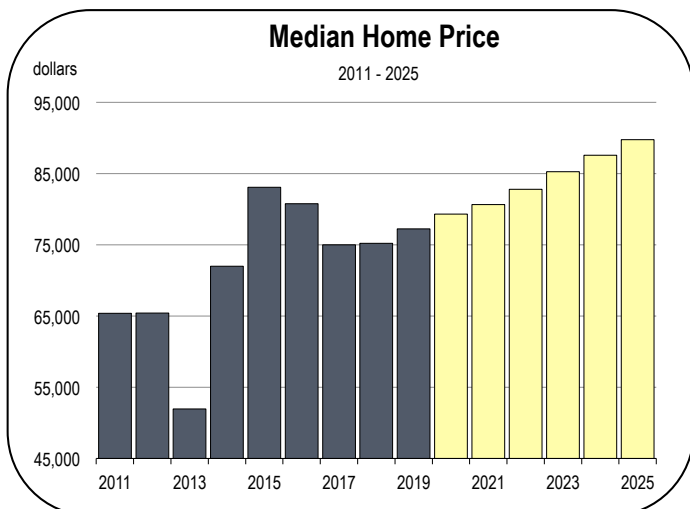
Modoc County Economic Forecast



Home Prices and New Housing Production

- In 2019, the median home price in Modoc County was \$77,300. The median price is expected to rise slowly in 2020 and 2021.
- Homes in Modoc County are more affordable than homes across California, especially Coastal California.
- In Modoc County, the typical household spends less than 10 percent of its pre-tax income on mortgage payments or rent, arguably making it the most affordable county in the entire state.

- 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 35 new homes were started per year in Modoc County. All were single-family homes; no new apartments were built.
- Housing production is expected to average 50 to 60 units per year from 2020 to 2025, consisting primarily of single-family homes.



Modoc 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 (millions)	Taxable Retail Sales (millions)	Total Taxable Sales (millions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	9,542	4.2	-16	7	13.4	\$394	\$42	\$94	\$16	\$46,456	8.6	\$167	1.4
2016	9,502	4.1	-19	3	13.6	\$391	\$42	\$95	\$16	\$45,155	7.9	\$187	2.3
2017	9,480	4.3	-9	2	13.5	\$385	\$40	\$89	\$15	\$43,343	8.1	\$165	3.0
2018	9,487	4.3	17	7	13.5	\$394	\$37	\$78	\$15	\$42,776	7.7	\$165	3.7
2019	9,486	4.3	-16	8	13.8	\$433	\$39	\$83	\$18	\$45,677	7.1	\$168	2.9
2020	9,471	4.3	-2	7	13.8	\$419	\$30	\$78	\$13	\$43,988	9.9	\$169	0.5
2021	9,457	4.3	-1	8	14.0	\$419	\$35	\$81	\$15	\$43,408	8.7	\$171	1.6
2022	9,440	4.3	-1	11	14.1	\$437	\$36	\$83	\$18	\$44,290	7.8	\$172	2.3
2023	9,438	4.3	14	10	14.3	\$458	\$37	\$85	\$18	\$45,257	7.4	\$173	2.6
2024	9,431	4.3	10	9	14.5	\$478	\$37	\$87	\$18	\$46,116	7.3	\$174	2.5
2025	9,417	4.3	6	8	14.6	\$497	\$37	\$89	\$18	\$46,955	7.3	\$175	2.3
2026	9,402	4.4	7	9	14.8	\$516	\$38	\$90	\$18	\$47,765	7.2	\$176	2.3
2027	9,387	4.4	8	9	14.9	\$535	\$38	\$92	\$18	\$48,516	7.1	\$177	2.2
2028	9,372	4.4	10	9	15.1	\$553	\$38	\$94	\$19	\$49,190	7.1	\$178	2.2
2029	9,358	4.4	10	9	15.2	\$571	\$38	\$96	\$19	\$49,678	7.1	\$179	2.3
2030	9,342	4.4	11	9	15.3	\$589	\$38	\$97	\$19	\$50,222	7.1	\$179	2.2
2031	9,326	4.4	11	9	15.4	\$607	\$38	\$99	\$19	\$50,820	7.1	\$180	2.1
2032	9,311	4.4	11	9	15.5	\$627	\$38	\$101	\$19	\$51,346	7.1	\$181	2.3
2033	9,297	4.4	11	9	15.6	\$646	\$38	\$102	\$20	\$52,051	7.2	\$181	1.9
2034	9,284	4.4	11	9	15.7	\$667	\$38	\$104	\$20	\$52,687	7.3	\$182	2.1
2035	9,272	4.4	11	9	15.8	\$689	\$39	\$106	\$20	\$53,328	7.4	\$182	2.2
2036	9,258	4.4	11	9	15.9	\$712	\$39	\$108	\$20	\$53,792	7.5	\$183	2.6
2037	9,243	4.4	11	9	16.0	\$736	\$39	\$111	\$20	\$54,233	7.5	\$183	2.7
2038	9,229	4.4	11	9	16.0	\$761	\$39	\$113	\$21	\$54,781	7.5	\$184	2.5
2039	9,215	4.4	11	9	16.1	\$787	\$39	\$116	\$21	\$55,240	7.5	\$184	2.7
2040	9,202	4.4	11	9	16.1	\$814	\$39	\$118	\$21	\$55,806	7.5	\$185	2.6
2041	9,188	4.4	11	9	16.2	\$842	\$39	\$120	\$21	\$56,533	7.6	\$185	2.2
2042	9,175	4.4	11	9	16.2	\$870	\$39	\$123	\$21	\$57,335	7.7	\$186	2.1
2043	9,162	4.4	12	9	16.3	\$900	\$39	\$125	\$22	\$58,209	7.7	\$186	2.0
2044	9,150	4.4	12	9	16.3	\$931	\$39	\$126	\$22	\$59,234	7.6	\$186	1.8
2045	9,138	4.4	12	9	16.4	\$964	\$39	\$128	\$22	\$60,266	7.5	\$187	1.9
2046	9,127	4.5	12	9	16.4	\$998	\$39	\$131	\$23	\$61,235	7.5	\$187	2.0
2047	9,118	4.5	12	9	16.5	\$1,035	\$39	\$133	\$23	\$62,183	7.5	\$187	2.2
2048	9,111	4.5	12	9	16.5	\$1,073	\$39	\$136	\$23	\$63,089	7.5	\$188	2.3
2049	9,106	4.5	12	9	16.6	\$1,112	\$39	\$138	\$23	\$64,144	7.6	\$188	2.0
2050	9,103	4.5	13	9	16.6	\$1,154	\$39	\$140	\$24	\$65,212	7.7	\$188	2.1

Employment Sectors

2015-2019 History, 2020-2050 Forecast

	Total Wage & Salary	Farm	Mining, Logging, and Construction	Trade, Transportation, and Utilities (jobs)	Healthcare and Education	Leisure and Hospitality	Government
2015	2,470	390	90	370	250	140	1,230
2016	2,560	390	100	350	320	160	1,240
2017	2,460	360	80	320	310	160	1,230
2018	2,410	360	100	300	290	150	1,210
2019	2,470	380	110	310	310	150	1,210
2020	2,340	340	82	270	309	125	1,210
2021	2,420	373	99	287	312	145	1,201
2022	2,450	375	114	293	323	155	1,190
2023	2,470	377	112	297	323	156	1,202
2024	2,460	378	109	296	325	156	1,196
2025	2,450	379	108	296	326	156	1,186
2026	2,450	380	108	294	327	156	1,185
2027	2,450	381	109	293	327	156	1,186
2028	2,460	382	110	292	328	156	1,188
2029	2,460	382	110	291	329	156	1,190
2030	2,460	383	110	290	329	156	1,192
2031	2,460	384	110	289	329	156	1,194
2032	2,460	384	110	288	330	156	1,197
2033	2,470	385	110	287	330	156	1,199
2034	2,470	385	110	286	330	156	1,202
2035	2,470	386	110	285	329	156	1,204
2036	2,470	387	110	284	328	156	1,207
2037	2,470	387	110	283	328	156	1,210
2038	2,480	387	110	282	328	156	1,212
2039	2,480	388	110	281	329	156	1,215
2040	2,480	388	110	280	330	156	1,217
2041	2,490	389	110	278	332	156	1,220
2042	2,490	389	111	278	333	156	1,223
2043	2,490	389	111	277	335	156	1,226
2044	2,500	390	111	276	337	156	1,228
2045	2,500	390	111	275	340	156	1,231
2046	2,510	391	111	274	342	156	1,234
2047	2,510	391	111	273	344	156	1,238
2048	2,520	391	111	272	347	156	1,241
2049	2,530	392	111	272	351	156	1,245
2050	2,530	392	111	271	354	156	1,249

Modoc County Economic Forecast

Socioeconomic Indicators

