

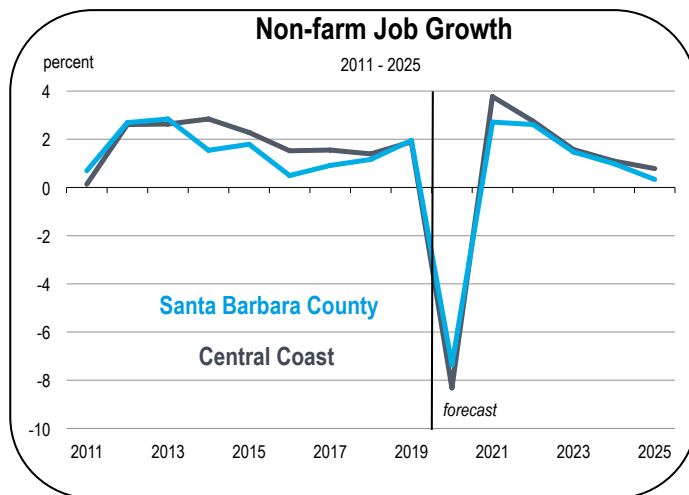
Santa Barbara County Economic Forecast

Forecast Summary

- It is estimated that an average of 13,000 to 17,000 jobs will be lost in Santa Barbara County during 2020. Job losses will be heavy in the first half of the year.
- Employment losses will be largest in leisure services, retail trade, professional business services, and government.
- Some sectors may expand slowly in 2020, including construction and financial activities.
- The unemployment rate averaged 3.7 percent in 2019. It will average between 8 percent and 10 percent for the 2020 calendar year.
- The Santa Barbara County population is expected to grow more quickly than the Central Coast average during most of the 2020-2025 forecast period.
- Home values are not expected to change much in 2020 or 2021.
- During the 2020-2025 forecast period, housing production is expected to be similar to the 2014-2019 period.

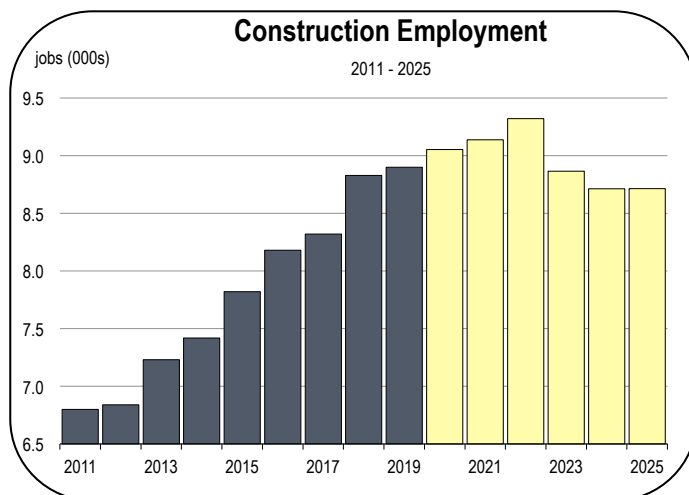
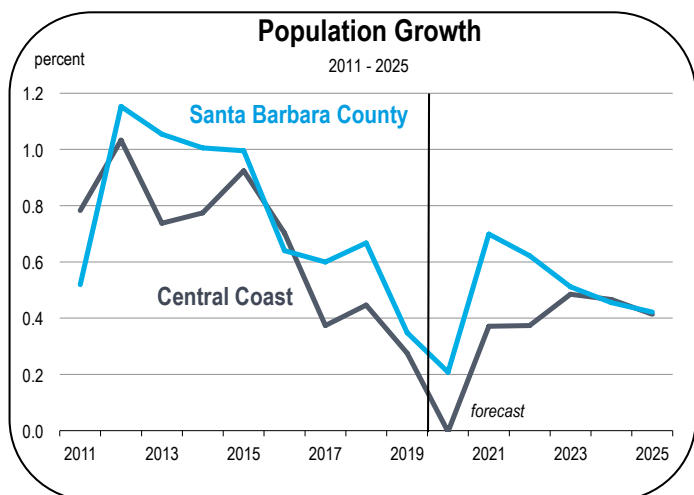
Job Growth

- Total employment in the county will decline by at least 6 percent in 2020. This is an annual average change from 2019.
- In 2021, Santa Barbara County is expected to re-gain many of the jobs that were lost during the Coronavirus Recession.

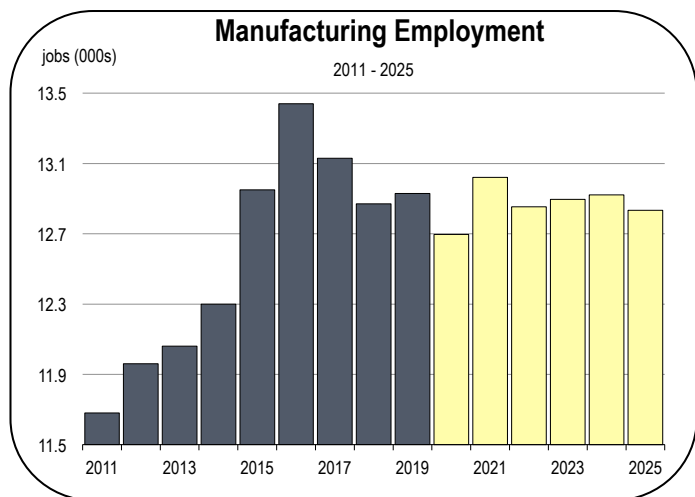


Construction Employment

- The construction sector is expected to expand by a small number of jobs in 2020 and 2021.
- Most California construction activity was deemed non-essential for portions of March and April, leading to construction layoffs.
- Restrictions on construction were lifted in late April, and overall construction activity began to ramp back up during the spring and summer.
- Construction projects will largely have resumed by 2021, but employment might decline again after 2022 as existing projects are completed and fewer new projects are started.



Santa Barbara County Economic Forecast

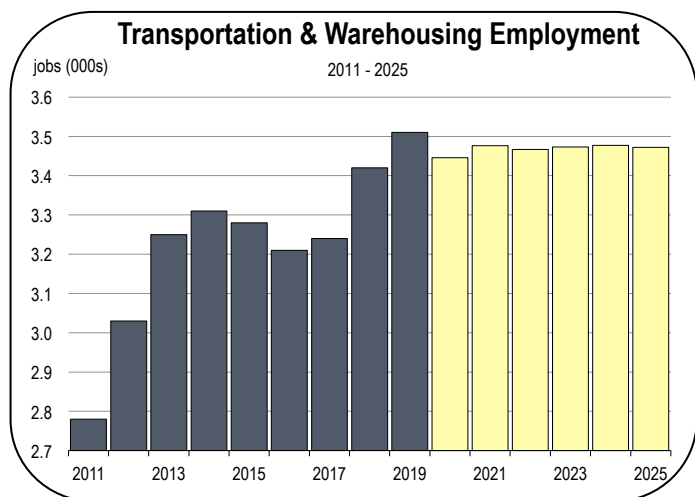


Manufacturing Employment

- Manufacturing employment is expected to decrease by a few hundred in Santa Barbara County during 2020.
- Manufacturing activity is forecast to rebound sharply after the recession subsides, but it is unlikely that sustained growth will transpire through the entire 2020-2025 forecast period.

Transportation and Warehousing Employment

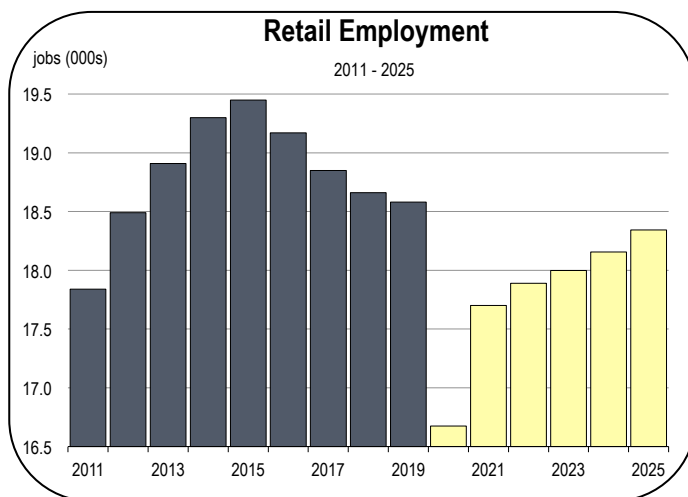
- Most transportation jobs in Santa Barbara County are in trucking and warehousing, where firms deliver goods to and from local businesses, and store these goods in logistics facilities.



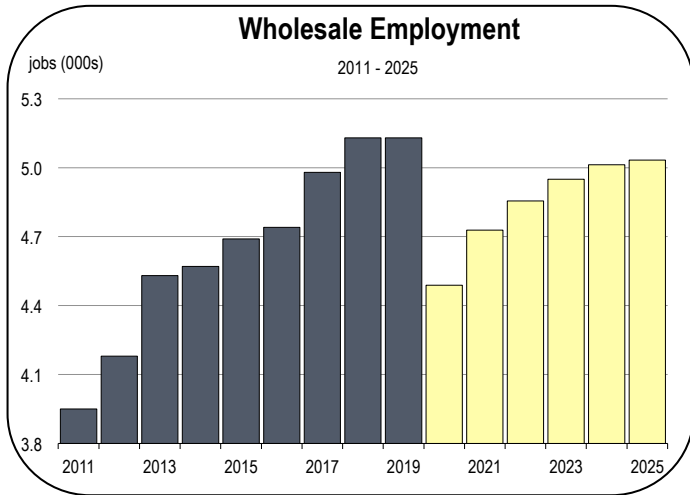
- A meaningful share of Santa Barbara County transportation jobs are in delivery firms like UPS, FedEx, and Instacart. Delivery firms hired large numbers of workers during the second quarter of 2020, and could be among the few corners of the labor market to expand throughout the year.
- Approximately 300 jobs are located at the Santa Barbara and Santa Maria airports. Air travel declined sharply in 2020 as the coronavirus crisis severely limited passenger activity across the globe.
- Overall transportation and warehousing employment is not expected to expand in a meaningful way during the next few years.

Retail Trade Employment

- The retail sector is expected to lose at least 1,800 jobs in 2020 on an annual average basis.
- Many 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 3,000 retail workers could be effectively not working and not earning an income on an annual average basis in 2020.
- Retail trade jobs will return after in-store shopping is permitted in a sustained way.



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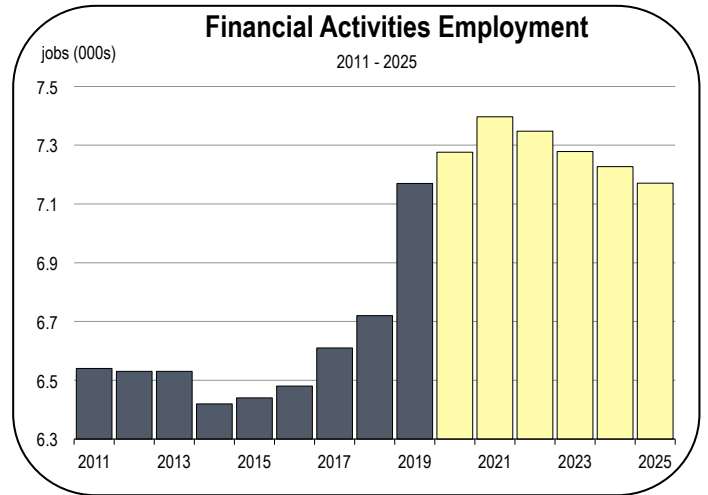
Wholesale Trade Employment

- Wholesale trade employment is expected to fall by at least 500 jobs on an annual average basis in 2020.
- Wholesale employment is expected to re-gain some jobs in 2021 and 2022, but is unlikely to return to pre-recession levels during the 2020-2025 forecast period.

Financial Activities Employment

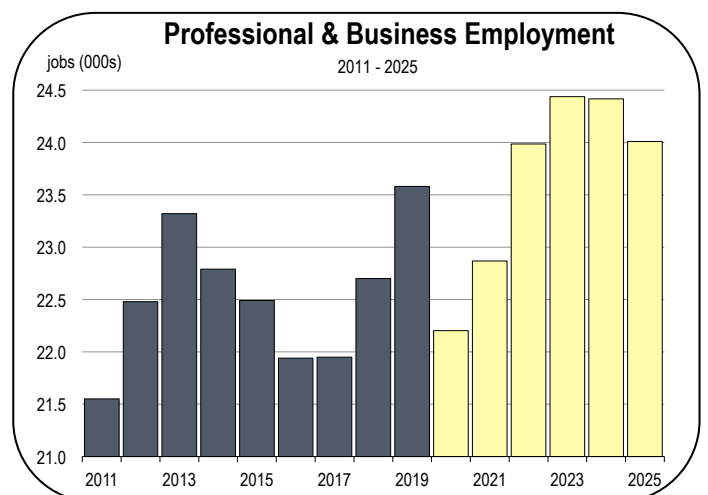
- The financial activities sector expanded strongly in 2019 and should add even more jobs in 2020 and 2021.
- The financial activities industry is primarily comprised of real estate companies, banks, and insurance firms, which were relatively unaffected by the Coronavirus Recession in Santa Barbara County.
- The most prominent growth is expected in real estate. Local banks and insurance firms have been consolidating for years, and are not expected to generate a substantial number of new jobs between 2020 and 2025.

Financial Activities Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Real Estate	2,600	36.1%
Banks	1,700	23.6%
Insurance	1,300	18.1%
Asset Management	900	12.5%
Other	700	9.7%



Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each will be impacted differently during the recession and recovery phases of 2020 and 2021.
- Jobs in building maintenance declined substantially during the shutdowns but are expected to rebound at office and industrial buildings with repopulating employment.
- Staffing agencies had significant losses during the contraction, but may bounce back quickly through 2021.
- Staffing agencies primarily employ temp workers, who are often laid off first in a downturn but hired back first during a recovery.



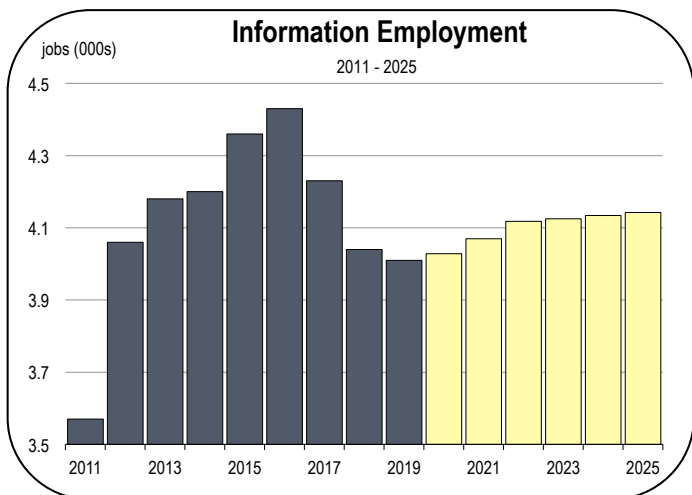
Santa Barbara County Economic Forecast

Professional & Business Services Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Building Maintenance	4,700	20.0%
Engineering & Architecture	3,300	14.0%
Corporate Headquarters	2,900	12.3%
Custom IT Services	2,700	11.5%
Staffing Agencies	2,100	8.9%
Scientific Research	1,100	4.7%
Business & Technical Consulting	1,100	4.7%
Accounting & Bookkeeping	1,100	4.7%
Law	900	3.8%
Total	3,600	15.3%

- Aside from maintenance, staffing agencies, and scientific research labs, most subsectors of the professional business services industry operated remotely and were largely unaffected by the shutdowns, although some had layoffs due to the recessionary macroeconomic conditions that persisted through the U.S.

Information Employment

- In Santa Barbara County, the information sector is dominated by software firms.
- Software firms are primarily located near U.C. Santa Barbara. Major employers include Citrix and Procore, and the region has a particular concentration software that is designed for real estate, property management, and construction companies.

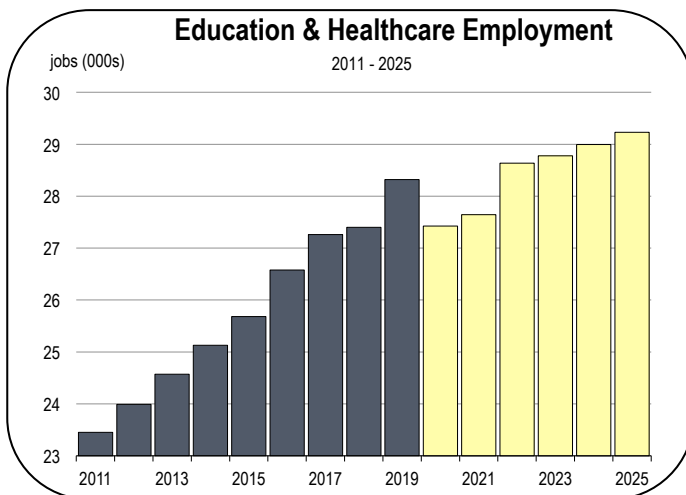


Information Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Software Publishers	1,800	47.5%
Newspaper / Magazine / Book Publishing	400	10.7%
Radio & TV Broadcasting	300	9.0%
Movie Theaters	300	8.6%
Telecommunications	300	8.2%
Data & Internet Services	200	5.1%
Total	500	14.2%

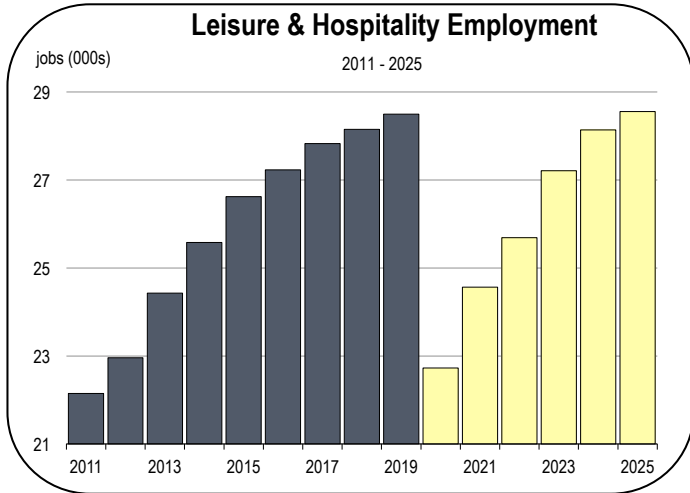
- Aside from software publishing and data/Internet services, most subsectors of the information industry are in long-term patterns of stagnation, and will not generate a meaningful number of jobs during the 2020-2025 forecast period.

Private Education and Healthcare Employment

- There were 19,000 healthcare jobs in Santa Barbara County in 2019. Approximately 4,000 these jobs were in the Cottage Health system, which operates the primary hospitals in the county.
- Healthcare jobs were recession proof during the 2008-2009 financial crisis. However, some non-essential medical offices had to close in 2020.
- There were approximately 6,000 social assistance jobs in 2019, including industries like childcare, housing shelters, and non-medical care for senior citizens.



Santa Barbara County Economic Forecast



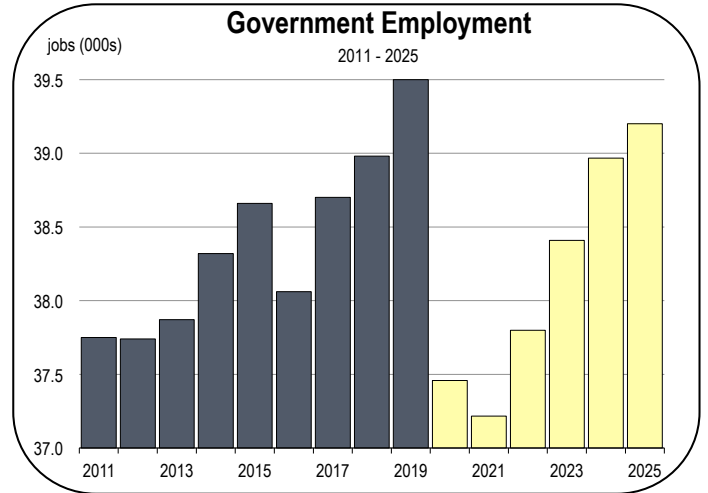
- There were also 3,000 jobs in private schools and colleges, tutoring services, vocational schools, and other educational organizations.
- Jobs in social assistance and education were mostly classified as essential. Nevertheless, there were layoffs at institutions with revenue shortfalls.

Leisure and Hospitality Employment

- The leisure and hospitality industry was devastated by the recession more than any other sector of the labor market.
- In 2019, Santa Barbara County had 25,000 jobs in restaurants, hotels, and bars. Our research indicates that most were laid off, furloughed, or had their hours cut in March and April of 2020.
- Santa Barbara also had 3,800 jobs in entertainment and recreation in 2019, including things like fitness centers, museums, and event venues. Many of these organizations will operate at reduced capacities 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.
- Government employment is strongly influenced by enrollment at U.C. Santa Barbara.
- U.C. Santa Barbara has more than 10,000 employees and is the largest single employer in the county.
- Student enrollment is expected to increase by several thousand students over the forecast period, but because the Coronavirus

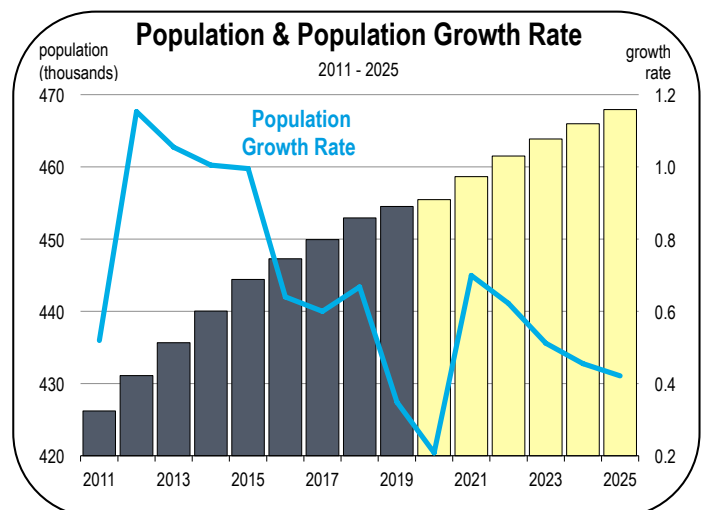


Recession may lead to budget cuts for U.C. Santa Barbara, employment levels may decline.

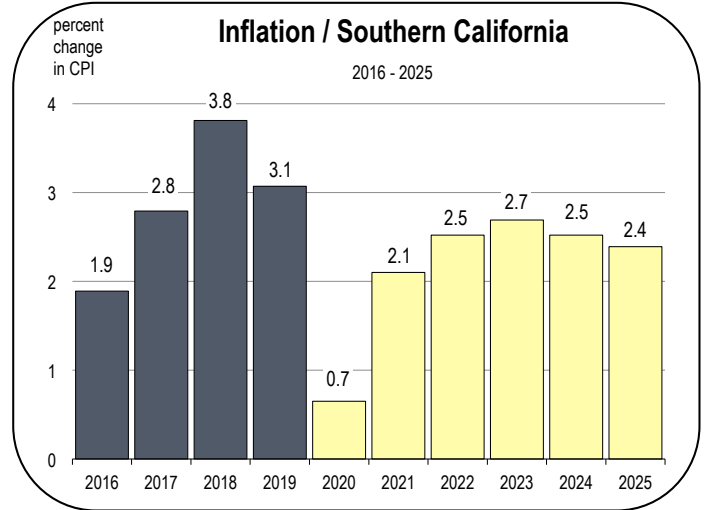
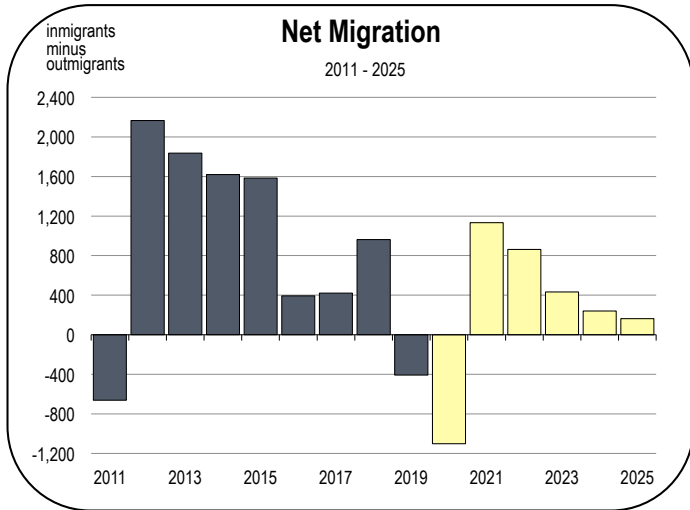
- When government agencies need to reduce expenditures on salaries, many workers are expected to be given unpaid furlough days that are distributed throughout the year, and many staffing reductions could be the result of hiring freezes rather than layoffs.
- However, if revenue shortfalls are severe and Congress does not appropriate funding to mitigate these shortfalls, government agencies may have no choice but to issue layoffs.

Population Growth

- The Santa Barbara County population is expected to expand more quickly than the Central Coast average between 2020 and 2025.



Santa Barbara County Economic Forecast



- Net migration is expected to be positive during most years of the forecast period, with more people moving into the county than moving out.
- The population will expand at an annual average rate of 0.5 percent per year from 2020 to 2025.
- By 2025 the Santa Barbara County population will surpass 465,000 residents.

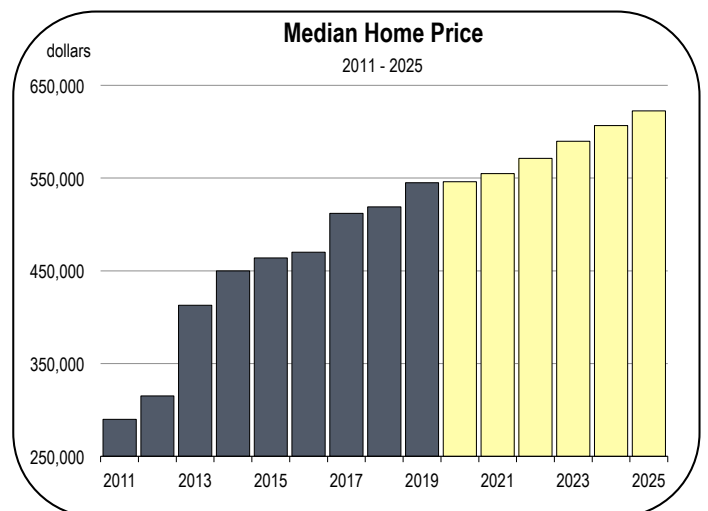
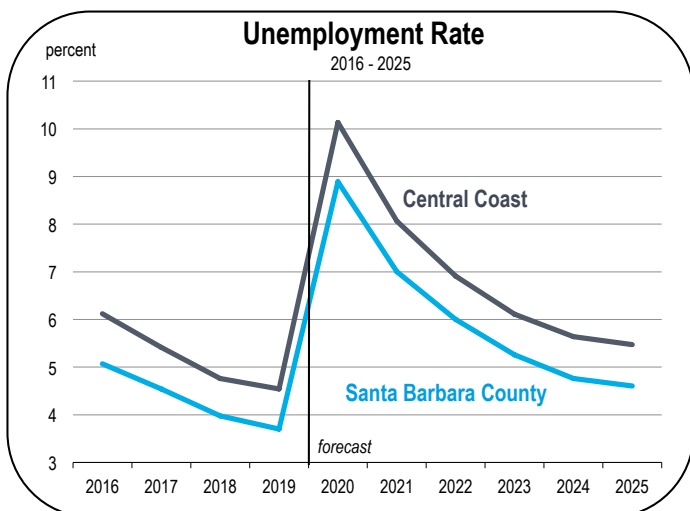
- The unemployment rate is expected to remain elevated for several years, but is likely to improve more quickly than after the 2008-2009 recession.
- Inflation decelerated in 2019 as energy prices declined and home prices increased more slowly than the previous year.
- Inflation is expected to be very low in 2020 but could accelerate in 2021 or 2022.

Unemployment and Inflation Rates

- The unemployment rate in Santa Barbara County averaged 3.7 percent in 2019, which was well below the composite rate for the Central Coast.
- The unemployment rate is expected to average between 8 and 10 percent in 2020.

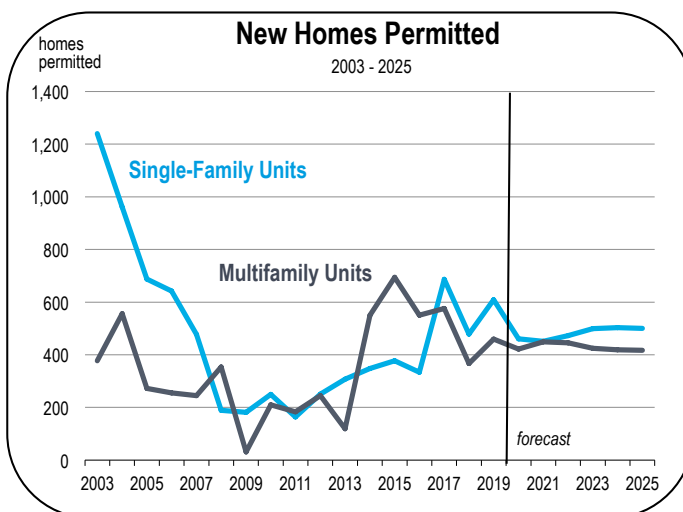
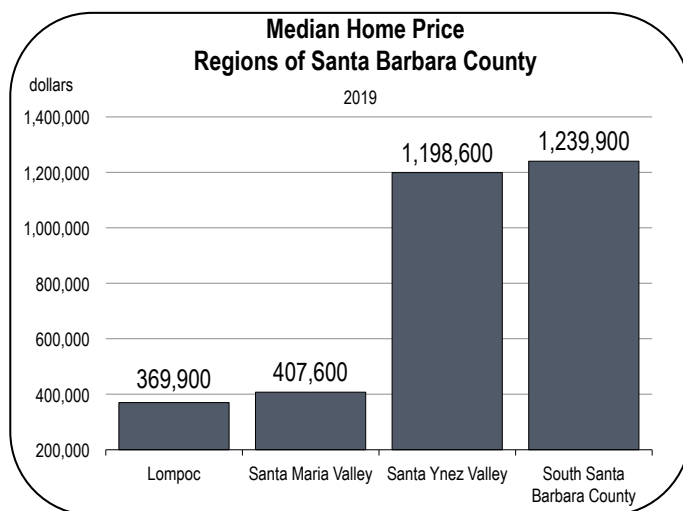
Home Prices and New Housing Production

- In 2019 the median home price in Santa Barbara County was \$545,100.
- The median price is not expected to show much change in 2020 or 2021.



Santa Barbara County Economic Forecast

- Home prices differ drastically across the various regions of Santa Barbara County.
- In Southern Santa Barbara County, which includes the City of Santa Barbara and is the primary tourist destination in the county, the median home price exceeded \$1.2 million in 2019.
- In the Santa Ynez Valley, which is home to Santa Barbara County's wine making industry and is within commuting distance of the job centers of the southern portion of the county, the median home price was almost \$1.2 million in 2019.
- In Southern Santa Barbara County and the Santa Ynez Valley, home prices have become prohibitively expensive. In order to afford a median priced home, the typical household would have had to spend 57 percent of its income on mortgage payments in 2019, making this area one of the most expensive markets in the country.
- Across California, the typical household would have to spend approximately 30 percent of its income on mortgage payments for the median priced home.
- Across the northern portion of Santa Barbara County, which includes Lompoc and the Santa Maria Valley, the median home price was well below \$500,000 in 2019, less than half as expensive as the southern portion of the county.
- From 2014 to 2019, an average of 1,000 new homes were started per year in Santa Barbara County. Approximately half were single-family homes and the other half were apartments and condos.
- Housing production is expected to average 910 homes per year from 2020 to 2025, consisting of an even mix of single-family homes and multifamily units.



Santa Barbara 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 (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (billions)	Inflation Rate (percent)
2015	444,421	144.9	1,583	1,071	394	\$25.4	\$4.8	\$6.8	\$3.4	\$63,938	5.3	1.7	0.9
2016	447,267	146.4	392	884	404	\$25.5	\$4.8	\$6.9	\$3.3	\$62,794	5.1	1.6	1.9
2017	449,950	147.1	422	1,263	403	\$26.6	\$4.9	\$7.1	\$3.4	\$63,183	4.5	1.7	2.8
2018	452,953	148.1	963	846	406	\$28.0	\$5.2	\$7.3	\$3.5	\$63,695	4.0	1.6	3.8
2019	454,529	149.5	-408	1,069	414	\$29.5	\$5.3	\$7.6	\$3.5	\$65,002	3.7	1.6	3.1
2020	455,475	149.7	-1,102	882	412	\$29.3	\$4.1	\$5.9	\$3.7	\$63,810	8.9	1.6	0.7
2021	458,660	150.7	1,133	900	413	\$30.1	\$4.9	\$7.0	\$3.7	\$63,958	7.0	1.6	2.1
2022	461,513	151.6	863	918	414	\$31.4	\$5.1	\$7.4	\$3.6	\$64,519	6.0	1.6	2.5
2023	463,874	152.5	433	924	416	\$32.7	\$5.4	\$7.7	\$3.7	\$65,238	5.3	1.6	2.7
2024	465,984	153.4	240	923	417	\$34.1	\$5.6	\$8.0	\$3.7	\$66,052	4.8	1.6	2.5
2025	467,948	154.2	163	917	418	\$35.4	\$5.9	\$8.4	\$3.7	\$66,700	4.6	1.7	2.4
2026	469,902	155.0	205	920	419	\$36.9	\$6.0	\$8.6	\$3.8	\$67,537	4.4	1.7	2.3
2027	471,730	155.8	162	921	421	\$38.4	\$6.2	\$8.9	\$3.9	\$68,437	4.2	1.7	2.2
2028	473,529	156.6	209	923	422	\$39.9	\$6.4	\$9.1	\$3.9	\$69,372	4.1	1.7	2.3
2029	475,260	157.5	194	909	423	\$41.4	\$6.6	\$9.4	\$4.0	\$69,967	4.0	1.7	2.4
2030	476,992	158.3	238	894	425	\$42.8	\$6.8	\$9.7	\$4.0	\$70,575	3.9	1.7	2.3
2031	478,591	159.0	233	882	426	\$44.3	\$6.9	\$9.9	\$4.1	\$71,181	3.8	1.8	2.2
2032	480,069	159.8	213	869	427	\$45.7	\$7.1	\$10.1	\$4.1	\$71,595	3.7	1.8	2.4
2033	481,517	160.5	267	860	428	\$47.2	\$7.2	\$10.3	\$4.2	\$72,246	3.8	1.8	2.0
2034	482,888	161.3	314	842	429	\$48.8	\$7.4	\$10.6	\$4.2	\$72,864	3.9	1.8	2.2
2035	484,206	162.0	385	824	430	\$50.4	\$7.6	\$10.8	\$4.3	\$73,479	4.0	1.8	2.3
2036	485,436	162.7	409	802	431	\$52.2	\$7.8	\$11.2	\$4.3	\$73,895	4.0	1.9	2.7
2037	486,638	163.4	478	786	432	\$54.0	\$8.1	\$11.5	\$4.3	\$74,254	4.1	1.9	2.8
2038	487,811	164.1	570	772	433	\$55.9	\$8.3	\$11.8	\$4.4	\$74,748	4.0	1.9	2.6
2039	488,909	164.7	584	759	434	\$57.9	\$8.5	\$12.2	\$4.4	\$75,164	4.1	1.9	2.8
2040	489,945	165.4	651	743	435	\$59.9	\$8.8	\$12.5	\$4.4	\$75,615	4.1	1.9	2.7
2041	490,859	166.0	677	730	435	\$62.1	\$9.0	\$12.8	\$4.5	\$76,275	4.2	2.0	2.5
2042	491,702	166.6	703	715	436	\$64.2	\$9.2	\$13.1	\$4.5	\$77,003	4.3	2.0	2.4
2043	492,509	167.2	739	700	437	\$66.5	\$9.4	\$13.5	\$4.6	\$77,787	4.3	2.0	2.3
2044	493,170	167.8	664	685	437	\$68.7	\$9.6	\$13.7	\$4.6	\$78,683	4.2	2.0	2.1
2045	493,747	168.4	662	665	438	\$71.1	\$9.9	\$14.1	\$4.7	\$79,548	4.0	2.1	2.3
2046	494,264	169.0	653	649	438	\$73.5	\$10.1	\$14.4	\$4.7	\$80,326	4.1	2.1	2.2
2047	494,713	169.6	646	632	438	\$75.7	\$10.3	\$14.7	\$4.8	\$80,963	4.0	2.1	2.2
2048	495,107	170.1	643	616	439	\$78.0	\$10.6	\$15.1	\$4.8	\$81,535	4.1	2.1	2.2
2049	495,323	170.6	533	600	439	\$80.5	\$10.8	\$15.5	\$4.8	\$82,292	4.2	2.2	2.2
2050	495,454	171.1	536	585	439	\$82.9	\$11.1	\$15.8	\$4.9	\$83,018	4.3	2.2	2.2

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	200.4	21.0	7.8	13.0	3.3	24.1	6.4	22.5	4.4	25.7	26.6	38.7
2016	201.3	20.9	8.2	13.4	3.2	23.9	6.5	21.9	4.4	26.6	27.2	38.1
2017	203.7	21.7	8.3	13.1	3.2	23.8	6.6	22.0	4.2	27.3	27.8	38.7
2018	207.0	22.9	8.8	12.9	3.4	23.8	6.7	22.7	4.0	27.4	28.2	39.0
2019	211.8	24.0	8.9	12.9	3.5	23.7	7.2	23.6	4.0	28.3	28.5	39.5
2020	196.9	23.0	9.1	12.7	3.4	21.2	7.3	22.2	4.0	27.4	22.7	37.5
2021	203.1	24.5	9.1	13.0	3.5	22.4	7.4	22.9	4.1	27.6	24.6	37.2
2022	207.8	24.5	9.3	12.9	3.5	22.7	7.3	24.0	4.1	28.6	25.7	37.8
2023	210.9	24.9	8.9	12.9	3.5	22.9	7.3	24.4	4.1	28.8	27.2	38.4
2024	213.0	25.2	8.7	12.9	3.5	23.2	7.2	24.4	4.1	29.0	28.1	39.0
2025	213.8	25.4	8.7	12.8	3.5	23.4	7.2	24.0	4.1	29.2	28.6	39.2
2026	215.2	25.5	8.7	12.9	3.5	23.4	7.1	24.1	4.2	29.4	29.1	39.4
2027	216.2	25.6	8.7	13.0	3.5	23.5	7.1	24.1	4.2	29.7	29.4	39.5
2028	217.3	25.8	8.8	13.1	3.5	23.6	7.1	24.3	4.2	29.8	29.5	39.7
2029	218.3	26.0	8.8	13.2	3.5	23.6	7.1	24.4	4.2	30.0	29.7	39.8
2030	219.4	26.2	8.8	13.3	3.5	23.7	7.1	24.6	4.2	30.2	29.8	40.0
2031	220.2	26.4	8.8	13.3	3.5	23.7	7.1	24.7	4.2	30.4	30.0	40.1
2032	220.9	26.6	8.8	13.4	3.5	23.7	7.0	24.6	4.2	30.6	30.2	40.2
2033	221.6	26.9	8.7	13.4	3.5	23.7	7.0	24.6	4.2	30.8	30.3	40.3
2034	222.3	27.1	8.7	13.5	3.6	23.7	7.0	24.6	4.2	30.9	30.5	40.3
2035	223.1	27.3	8.7	13.5	3.6	23.8	7.0	24.6	4.2	31.1	30.7	40.5
2036	224.0	27.5	8.7	13.6	3.6	23.8	6.9	24.6	4.2	31.3	30.8	40.6
2037	224.8	27.8	8.7	13.6	3.6	23.8	6.9	24.6	4.2	31.5	31.0	40.8
2038	225.8	28.0	8.7	13.6	3.6	23.8	6.9	24.7	4.2	31.7	31.2	41.0
2039	226.7	28.3	8.7	13.7	3.6	23.8	6.9	24.8	4.2	31.9	31.3	41.2
2040	227.7	28.5	8.7	13.7	3.6	23.8	6.9	24.9	4.2	32.1	31.5	41.3
2041	228.6	28.8	8.7	13.8	3.6	23.8	6.9	25.0	4.2	32.3	31.7	41.5
2042	229.6	29.0	8.7	13.8	3.6	23.8	6.8	25.1	4.2	32.5	31.8	41.7
2043	230.6	29.3	8.7	13.8	3.6	23.8	6.8	25.3	4.3	32.7	32.0	41.8
2044	231.5	29.6	8.7	13.9	3.6	23.8	6.8	25.4	4.3	32.9	32.2	42.0
2045	232.6	29.8	8.7	13.9	3.6	23.9	6.8	25.5	4.3	33.1	32.3	42.2
2046	233.6	30.1	8.7	13.9	3.6	23.9	6.8	25.6	4.3	33.3	32.5	42.4
2047	234.6	30.4	8.7	14.0	3.6	23.9	6.8	25.7	4.3	33.5	32.6	42.6
2048	235.6	30.7	8.7	14.0	3.6	23.9	6.7	25.8	4.3	33.8	32.8	42.8
2049	236.6	31.0	8.6	14.0	3.7	23.9	6.7	25.9	4.3	34.0	32.9	43.0
2050	237.7	31.3	8.6	14.1	3.7	23.9	6.7	26.0	4.3	34.2	33.1	43.2

Santa Barbara County Economic Forecast

Socioeconomic Indicators

