

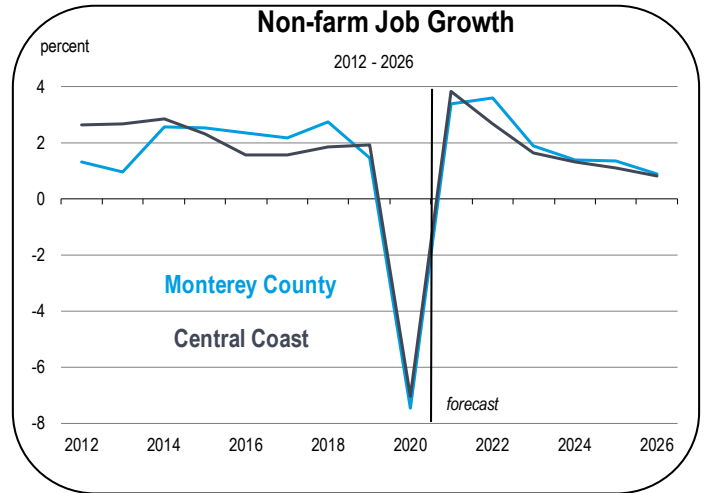
Monterey County Economic Forecast

Forecast Summary

- On an annual average basis, 4,800 non-farm jobs will be restored in Monterey County during 2021, representing approximately 40 percent of the jobs that were lost in 2020.
- A full labor market recovery is expected by 2023.
- Employment gains in 2021 will be largest in leisure services, which will recover 2,200 jobs.
- The full reopening of the Monterey Bay Aquarium will be a major factor in leisure and hospitality job creation.
- Approximately 500 jobs will be re-gained at government agencies, including local schools and CSU Monterey Bay.
- The unemployment rate averaged 10.8 percent in 2020. It is forecast to average 7.1 percent in 2021.
- The Monterey County population is expected to grow slowly over the forecast period.
- Housing production is expected to accelerate over the next five years with a focus on single-family homes.
- Home prices surged unexpectedly in 2020, rising by 18 percent. The median price is expected to increase by another 13 to 15 percent in 2021.

Job Growth

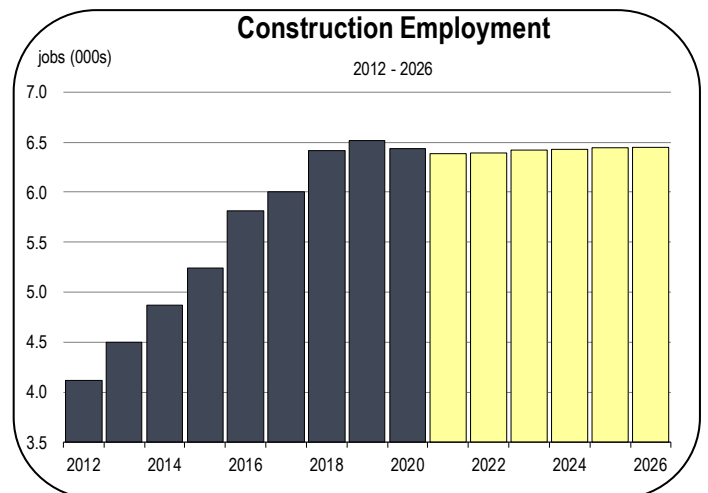
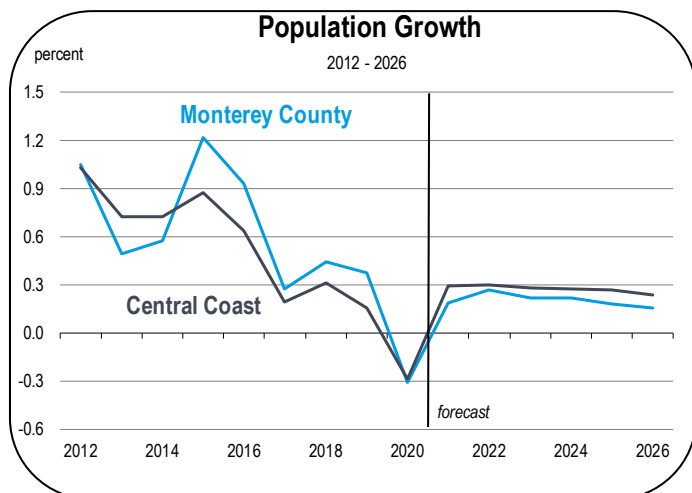
- Total employment in Monterey County will expand by 2.6 percent in 2021 on an annual average basis.



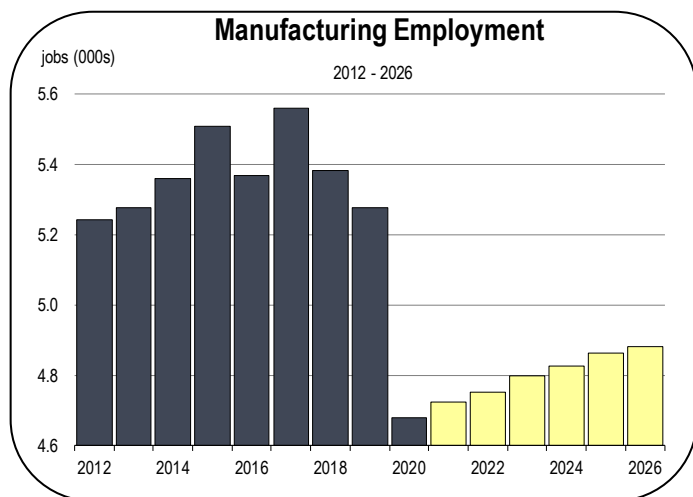
- Between 2022 and 2026, job growth will average 1.4 percent per year.

Construction Employment

- The Coronavirus Recession had a minimal impact on the construction industry.
- The expected level of housing production and non-residential construction activity will not require a large expansion of the construction workforce.
- Even if construction demand exceeds our expectations, the California construction workforce will be fully employed by 2023, and construction firms would struggle to hire additional workers.



Monterey County Economic Forecast

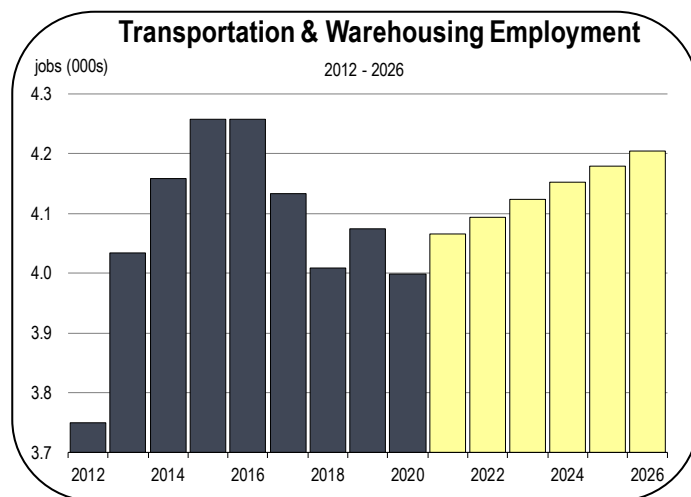


Manufacturing Employment

- Monterey County has a large concentration in food and beverage manufacturing firms, which turn agricultural commodities into finished food products.
- The manufacturing sector is not expected to generate a meaningful number of jobs between 2021 and 2026, and total manufacturing employment is unlikely to return to pre-pandemic levels.

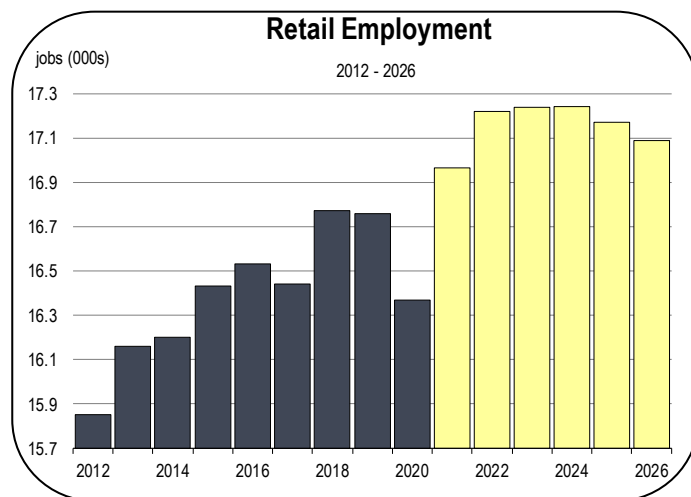
Transportation and Warehousing Employment

- Most transportation jobs in Monterey County are in trucking and warehousing, where firms deliver goods to and from the Port of Oakland, and store these goods in logistics facilities.
- About a third of the industry is in delivery firms like UPS and FedEx. Delivery firms hired large numbers of workers during 2020 in response to a surge in direct-to-consumer shipping.
- Going forward, job gains will be influenced by the expansion of online shopping, the introduction of new warehousing and logistics facilities, and the exporting of agricultural commodities to other state and nations.
- Monterey County is a top exporter of agricultural goods, sending large quantities of produce to nations like Mexico, Canada, Japan, Taiwan, Hong Kong, Saudi Arabia, South Korea, Kuwait, United Arab Emirates, Singapore, and Qatar.
- In a typical year, the county exports more than 100 million pounds of lettuce, more than 50 million pounds of strawberries, more than 20 million pounds of broccoli, and more than 10 million pounds of spinach and cauliflower.

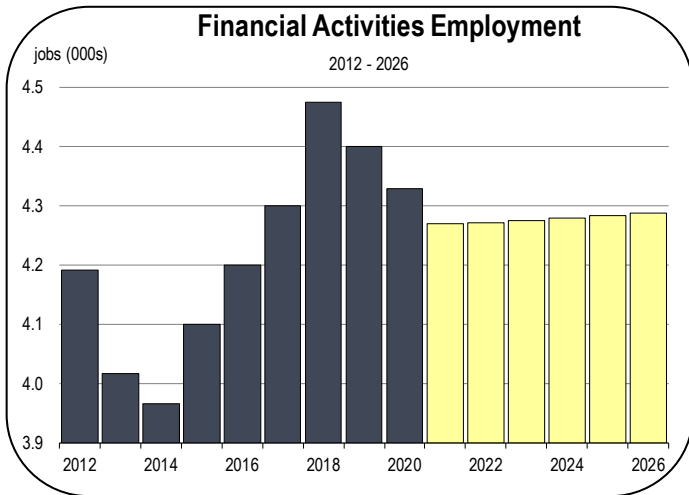


Retail Trade Employment

- The Coronavirus Recession had a mild affect on Monterey County retail industry, where employment declined by only 2.3 percent.
- Across California, retail employment fell by 8.1 percent in 2020.
- Monterey County retail employment will rebound sharply in 2021 as storefronts open up to higher capacities.
- Monterey County is among the few regions of California that is expected to surpass its pre-pandemic number of retail jobs, but automation and the transition to online shopping will put local brick-and-mortar employment at risk of stagnation or contraction over time.



Monterey County Economic Forecast

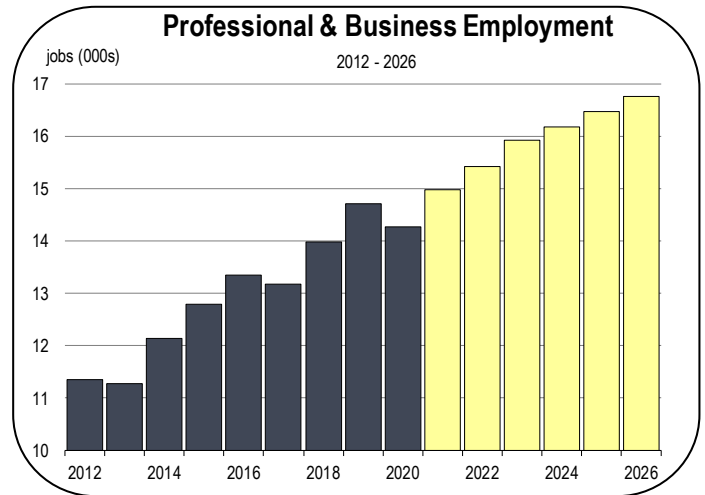


Financial Activities Employment

- The Monterey County financial activities sector is primarily comprised of real estate agencies, insurance firms, and banks.
- Over the forecast period, job growth will be observed in real estate management, leasing, and brokerage.
- Banks, mortgage lenders, and insurance firms will create very few jobs between 2021 and 2026, and may lose jobs over the long term.

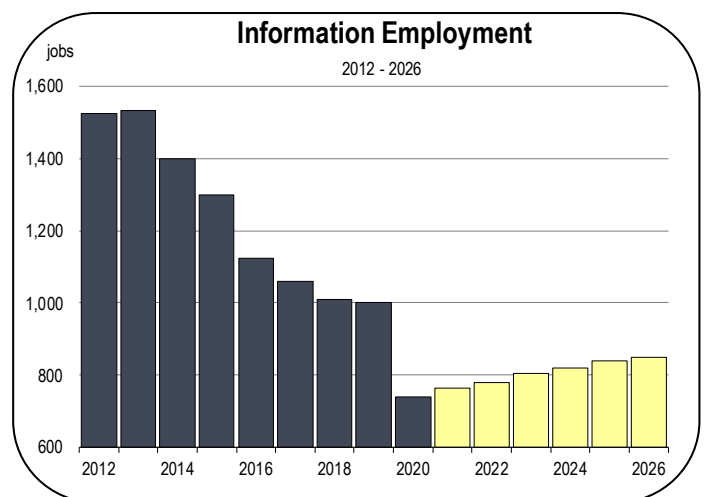
Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession.
- Many professional and business service jobs were able to operate from home, leading to very few job losses. This includes subsectors like law, accounting, engineering, tech, and marketing.
- Losses were observed within subsectors where the work had to be performed on site, like building maintenance and corporate security.
- Losses were also prominent at temporary help agencies.
- Over the forecast period, security and maintenance jobs will be restored as the economy returns to on-site work, and new jobs will be created in the business consulting and IT consulting.

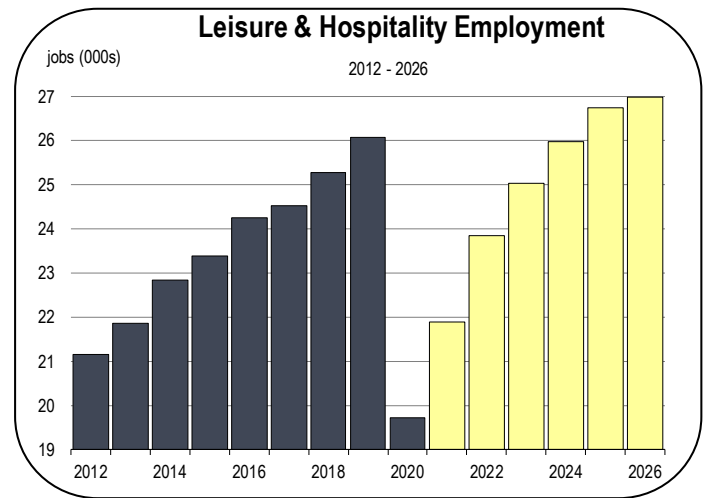
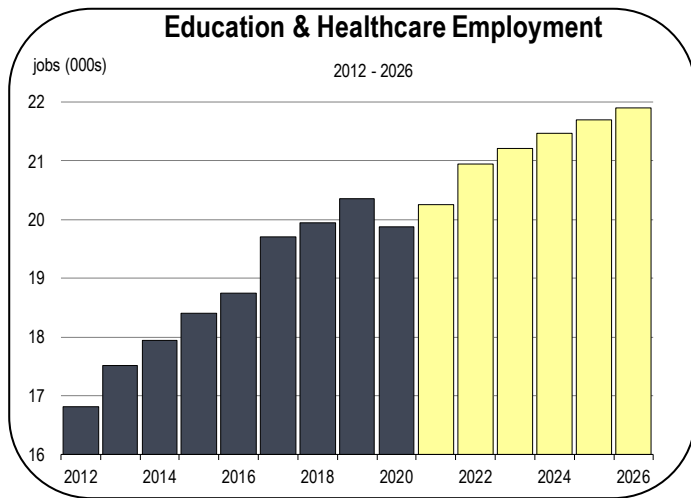


Information Employment

- In Monterey County, the information sector is dominated by movie theaters, radio and TV stations, and telecommunications companies like Comcast.
- Movie theaters were closed for most of 2020. Jobs at movie theaters will return slowly as social distancing requirements are relaxed and as consumers readjust to a post-pandemic economy.
- Telecommunications firms, radio stations, and TV stations are not expected to expand their employee headcounts during the forecast period.



Monterey County Economic Forecast



Private Education and Healthcare Employment

- Job losses in healthcare were minimal in 2020. Employment levels at hospitals, doctors offices, and dentist offices did not change much.
- A meaningful number of jobs were lost at child daycare centers. Jobs at daycare centers are expected to be restored in the second half of 2021 and into 2022.
- A small number of jobs were lost at private schools, colleges, and tutoring centers.
- A full recovery is expected by 2022, and over the long term, the private education and healthcare sector will be among the leading industries for job creation in Monterey County.

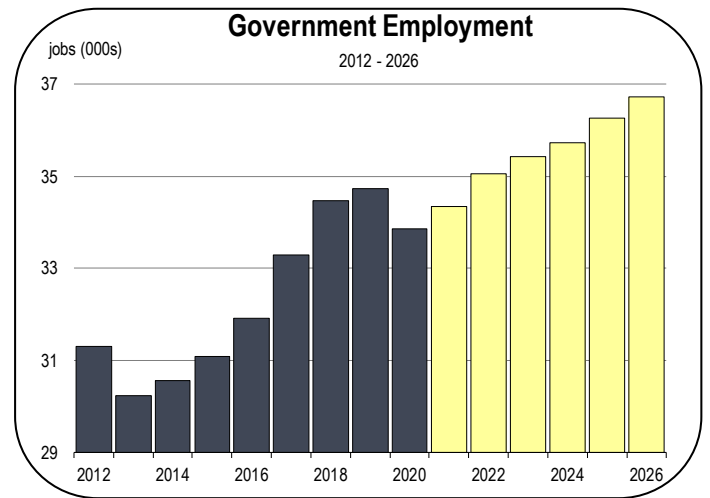
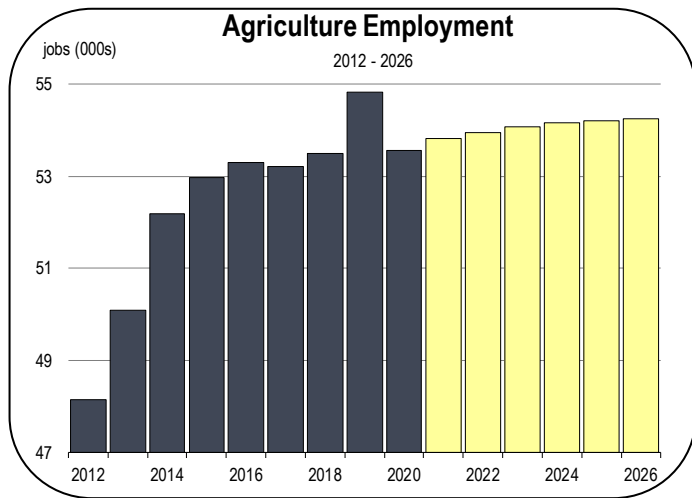
Leisure and Hospitality Employment

- Leisure and hospitality firms were impacted by restricted business conditions more than any other type of company. More than 6,300 jobs were lost, a decline of 24 percent.
- 2,200 jobs are expected to be restored in 2021. A full recovery is forecast for 2024 or 2025.
- The primary tourism destination is the Monterey Bay Aquarium, which attracts almost 2 million visitors per year, with 95 percent of these visitors traveling from outside of the county. On an annual basis, visitors to the aquarium spend \$128 million in the local economy, generating more than \$11 million in tax revenues.
- The aquarium re-opened in May 2021 and all social distancing requirements were lifted in June 2021.



The Monterey Bay Aquarium is a large contributor to the local economy. Visitors spend more than \$100 million at local business each year and contribute more than \$10 million to local tax revenues.

Monterey County Economic Forecast



Agriculture Employment

- The agriculture sector lost more than 1,000 jobs in 2020 on an annual average basis.
- Job creation is expected to be slow over the forecast period.
- Monterey County produces approximately half of the nation's lettuce and substantial portions of its strawberries and broccoli.
- The county's primary crops are:
 - Lettuce (output value of more than \$1 billion per year)
 - Strawberries (\$700 million)
 - Broccoli (\$500 million)
 - Cauliflower (\$200 million)
 - Celery (\$200 million)
 - Wine grapes (\$200 million)
 - Spinach (\$100 million)

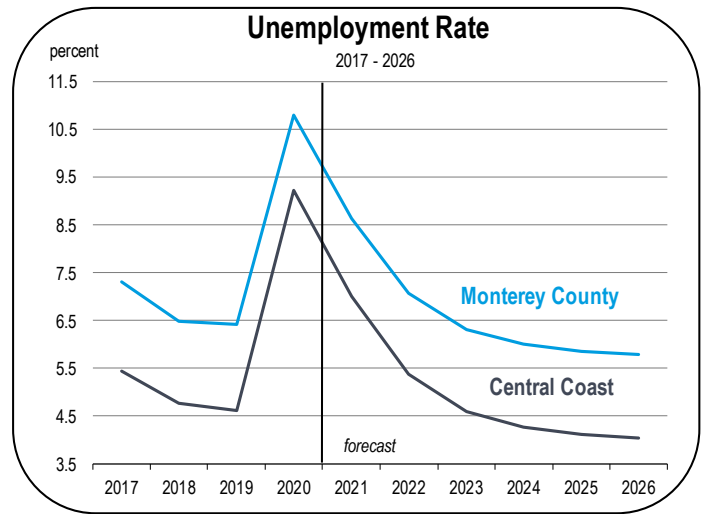
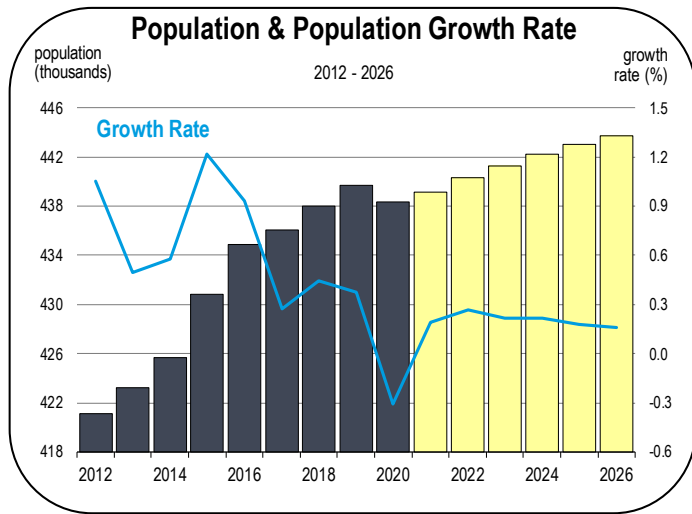
Government Employment

- State and local government agencies lost 1,400 jobs during 2020. Approximately 800 of these losses were at local schools, with the rest at city and county municipal agencies.
- Employment levels did not change much at public colleges, including CSU Monterey Bay and Monterey Peninsula College.
- The U.S. Department of Defense added 350 employees to its agencies in Monterey County in 2020, which includes the military training base at Fort Hunter Liggett.
- Employment will begin to recover in 2021 as municipal agencies are bailed out by the federal government and schools re-open.



Lettuce farm in the Salinas Valley

Monterey County Economic Forecast



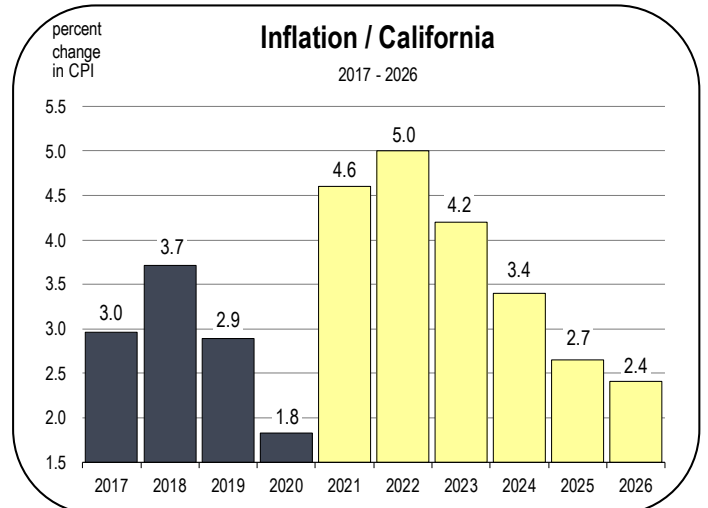
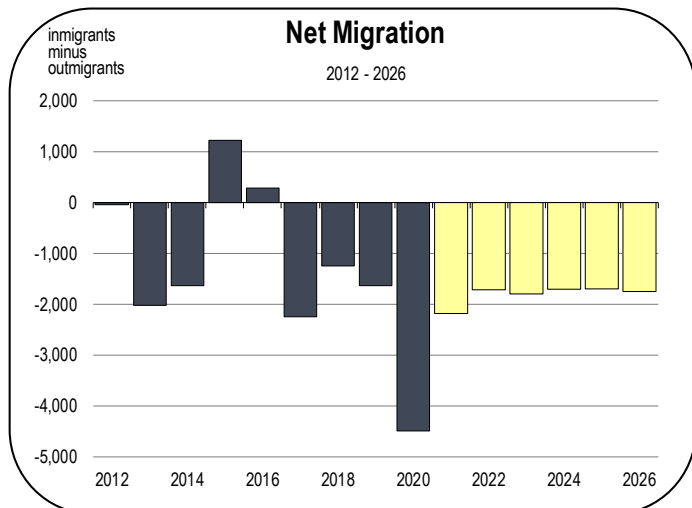
Population Growth

- The Monterey County population is expected to expand more slowly than the Central Coast average between 2021 and 2026.
- Net migration is expected to be negative, with more residents moving out of the county than moving in. All population growth will be the result of new births.
- The population will expand at an annual average rate of 0.2 percent per year from 2021 to 2026.
- By 2026 the Monterey County population will surpass 443,000 residents.

Unemployment and Inflation Rates

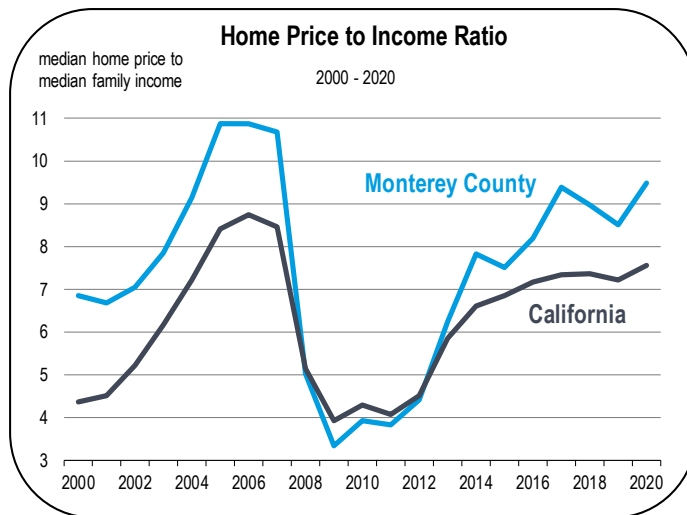
- The unemployment rate in Monterey County averaged 10.8 percent in 2020.

- The unemployment rate in Monterey County is always higher than the Central Coast average because Monterey County has a larger share of agricultural workers, and agriculture is a seasonal industry.
- An unemployment rate below 7.0 percent signifies a fully employed workforce in Monterey County.
- The unemployment rate is expected to average 8.6 percent in 2021 and 7.1 percent in 2022.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.
- Inflation soared in 2021 and is expected to remain elevated for several years.
- Over the forecast period, there will be a number of factors that will contribute to high inflation. The most prominent will be:
 - Record levels of spending by consumers and government agencies



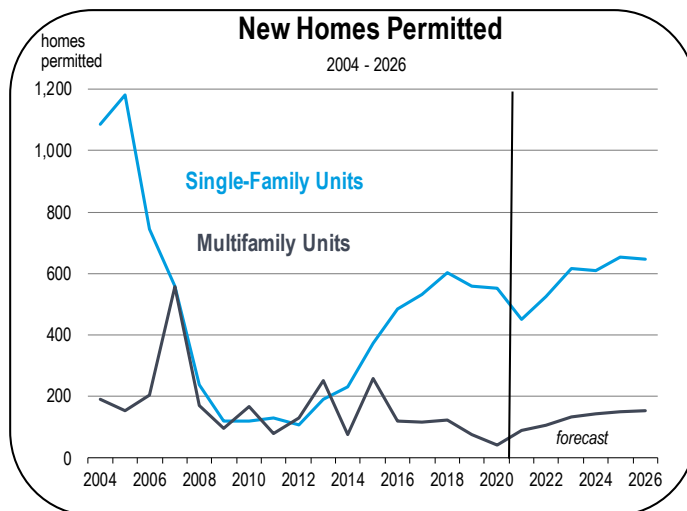
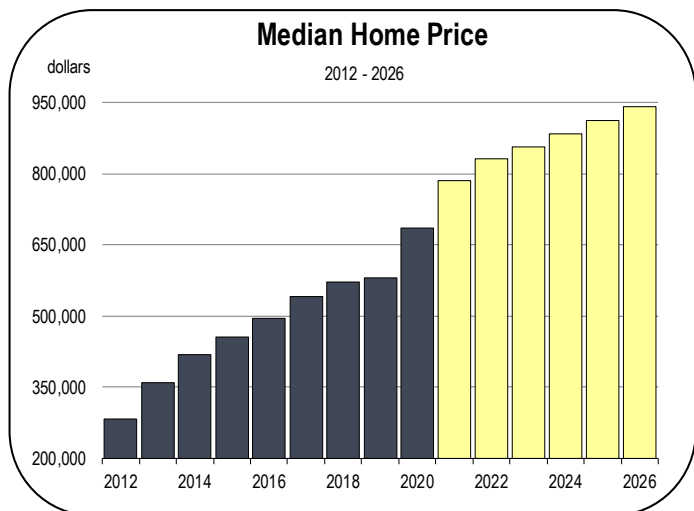
Monterey County Economic Forecast

- Fractures in the global supply chain that raise the cost of production for many businesses
- Sharp increases in the cost of housing and energy
- Labor market recruitment challenges that force companies to raise wages
- Combined, these factors will push inflation to its highest rates in 30 years. Ultimately, it will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.



Home Prices and New Housing Production

- In 2020 the median home price in Monterey County was \$686,100.
- Home prices increased by 18 percent in 2020, placing Monterey County among the regions of California with the fastest rates of appreciation.
- The median home price has become relatively expensive in Monterey County.
- In 2020, a typical household in Monterey County would have had to spend 38 percent of its pre-tax income on mortgage payments in order to afford the median-priced home, which above the recommendations of most affordability guidelines.
- From 2015 to 2020, an average of 640 new homes were started per year in Monterey County. Approximately 80 percent were single-family homes.
- Housing production is expected to average 720 homes per year from 2021 to 2026, consisting primarily of single-family homes.
- The most prominent project in the county is East Garrison, which could generate 1,400 housing units in between the cities of Monterey and Salinas.
- More than 1,000 units have already been completed at East Garrison. Of the 400 units remaining to be built, more than half will be affordable and will be sold or rented below market rates.



Monterey County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 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	430,860	125.2	1,230	632	379	\$22.5	\$4.5	\$6.3	\$2.4	\$59,855	8.3	\$5.4	1.4
2016	434,870	125.1	289	602	391	\$23.2	\$4.7	\$6.6	\$2.1	\$59,711	7.8	\$4.8	2.3
2017	436,066	125.4	-2,241	648	393	\$23.8	\$4.9	\$6.8	\$2.1	\$59,221	7.3	\$4.8	3.0
2018	438,006	125.6	-1,244	726	399	\$24.6	\$5.1	\$7.2	\$2.4	\$58,788	6.5	\$4.5	3.7
2019	439,647	126.1	-1,643	634	408	\$26.0	\$5.1	\$7.3	\$2.3	\$60,158	6.4	\$4.5	2.9
2020	438,296	126.6	-4,480	594	407	\$27.2	\$5.0	\$7.1	\$2.4	\$62,069	11.1	\$4.5	1.8
2021	439,128	127.0	-2,182	540	407	\$28.4	\$5.2	\$7.3	\$2.4	\$62,927	8.6	\$4.5	4.6
2022	440,302	127.4	-1,715	632	408	\$29.2	\$5.3	\$7.5	\$2.3	\$62,679	7.1	\$4.6	5.0
2023	441,255	127.9	-1,797	749	409	\$30.4	\$5.5	\$7.7	\$2.4	\$63,671	6.3	\$4.6	4.2
2024	442,213	128.5	-1,704	754	410	\$31.7	\$5.6	\$7.9	\$2.4	\$64,552	6.0	\$4.6	3.4
2025	443,011	129.1	-1,698	804	410	\$32.9	\$5.7	\$8.0	\$2.4	\$65,366	5.9	\$4.7	2.7
2026	443,708	129.7	-1,749	801	411	\$34.0	\$5.8	\$8.2	\$2.4	\$66,010	5.8	\$4.7	2.4
2027	444,366	130.3	-1,746	791	411	\$35.2	\$5.8	\$8.3	\$2.5	\$66,706	5.8	\$4.8	2.2
2028	444,962	130.9	-1,753	772	412	\$36.4	\$5.9	\$8.4	\$2.5	\$67,402	5.7	\$4.8	2.3
2029	445,189	131.5	-1,780	752	412	\$37.5	\$6.1	\$8.6	\$2.5	\$67,956	5.7	\$4.8	2.2
2030	445,472	132.0	-1,782	753	412	\$38.7	\$6.2	\$8.8	\$2.5	\$68,550	5.7	\$4.9	2.2
2031	445,707	132.6	-1,795	754	412	\$39.9	\$6.4	\$9.0	\$2.6	\$69,156	5.7	\$4.9	2.3
2032	445,832	133.2	-1,809	724	412	\$41.1	\$6.5	\$9.2	\$2.6	\$69,648	5.7	\$5.0	2.2
2033	445,803	133.7	-1,825	710	412	\$42.3	\$6.7	\$9.4	\$2.6	\$70,333	5.7	\$5.0	2.0
2034	445,733	134.3	-1,852	686	412	\$43.6	\$6.8	\$9.6	\$2.6	\$70,950	5.7	\$5.0	2.1
2035	445,593	134.8	-1,858	677	412	\$44.9	\$7.0	\$9.9	\$2.7	\$71,572	5.7	\$5.1	2.1
2036	445,376	135.3	-1,871	679	412	\$46.3	\$7.2	\$10.2	\$2.7	\$72,036	5.7	\$5.1	2.2
2037	445,236	135.8	-1,882	665	412	\$47.8	\$7.4	\$10.5	\$2.7	\$72,437	5.7	\$5.2	2.2
2038	444,889	136.3	-1,905	631	411	\$49.3	\$7.7	\$10.8	\$2.7	\$72,913	5.7	\$5.2	2.2
2039	444,439	136.8	-1,931	623	411	\$50.9	\$7.9	\$11.1	\$2.7	\$73,327	5.7	\$5.2	2.2
2040	443,976	137.3	-1,951	615	411	\$52.5	\$8.1	\$11.4	\$2.7	\$73,736	5.7	\$5.3	2.1
2041	443,437	137.7	-1,954	596	410	\$53.9	\$8.3	\$11.6	\$2.7	\$74,289	5.7	\$5.3	2.2
2042	442,779	138.2	-1,977	578	410	\$55.4	\$8.4	\$11.9	\$2.7	\$74,875	5.7	\$5.4	2.1
2043	442,114	138.6	-1,977	570	410	\$56.9	\$8.6	\$12.1	\$2.8	\$75,508	5.7	\$5.4	2.0
2044	441,248	139.1	-2,004	562	409	\$58.4	\$8.8	\$12.3	\$2.8	\$76,213	5.7	\$5.4	2.2
2045	440,349	139.5	-2,012	556	408	\$59.9	\$9.0	\$12.6	\$2.8	\$76,882	5.7	\$5.5	2.2
2046	439,432	139.9	-2,018	550	408	\$61.4	\$9.2	\$12.9	\$2.8	\$77,495	5.7	\$5.5	2.2
2047	438,499	140.3	-2,024	545	407	\$63.1	\$9.4	\$13.2	\$2.8	\$78,008	5.7	\$5.6	2.2
2048	437,424	140.7	-2,038	531	406	\$64.8	\$9.6	\$13.5	\$2.8	\$78,481	5.7	\$5.6	2.3
2049	436,387	141.1	-2,052	523	405	\$66.4	\$9.9	\$13.8	\$2.8	\$79,054	5.7	\$5.7	2.0
2050	435,074	141.5	-2,067	511	404	\$68.1	\$10.1	\$14.1	\$2.8	\$79,616	5.7	\$5.7	2.1

Employment Sectors

2015-2020 History, 2021-2050 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	186.1	53.0	5.2	5.5	4.3	21.7	4.1	12.8	1.3	18.4	23.4	31.1
2016	189.5	53.3	5.8	5.4	4.3	21.8	4.2	13.4	1.1	18.8	24.3	31.9
2017	192.4	53.2	6.0	5.6	4.1	22.1	4.3	13.2	1.1	19.7	24.5	33.3
2018	196.5	53.5	6.4	5.4	4.0	22.7	4.5	14.0	1.0	19.9	25.3	34.5
2019	199.9	54.8	6.5	5.3	4.1	22.5	4.4	14.7	1.0	20.4	26.1	34.7
2020	187.8	53.5	6.4	4.7	4.0	21.8	4.3	14.3	0.7	19.9	19.7	33.9
2021	192.7	53.8	6.4	4.7	4.1	22.4	4.3	15.0	0.8	20.3	21.9	34.3
2022	197.8	53.9	6.4	4.8	4.1	22.9	4.3	15.4	0.8	20.9	23.8	35.1
2023	200.6	54.1	6.4	4.8	4.1	23.0	4.3	15.9	0.8	21.2	25.0	35.4
2024	202.7	54.2	6.4	4.8	4.2	23.0	4.3	16.2	0.8	21.5	26.0	35.7
2025	204.8	54.2	6.4	4.9	4.2	22.9	4.3	16.5	0.8	21.7	26.7	36.3
2026	206.2	54.2	6.4	4.9	4.2	22.9	4.3	16.8	0.8	21.9	27.0	36.7
2027	207.5	54.3	6.4	4.9	4.2	22.8	4.3	17.0	0.9	22.1	27.3	37.1
2028	208.8	54.3	6.4	4.9	4.3	22.8	4.3	17.3	0.9	22.3	27.5	37.5
2029	209.9	54.5	6.4	5.0	4.3	22.8	4.3	17.5	0.9	22.4	27.6	37.9
2030	211.2	54.6	6.4	5.0	4.3	22.9	4.3	17.8	0.9	22.6	27.7	38.2
2031	212.4	54.7	6.4	5.0	4.3	22.9	4.3	18.1	0.9	22.7	27.8	38.5
2032	213.4	54.8	6.4	5.1	4.3	23.0	4.3	18.3	0.9	22.9	28.0	38.8
2033	214.5	55.0	6.4	5.1	4.3	23.0	4.3	18.5	1.0	23.0	28.2	39.1
2034	215.5	55.1	6.4	5.1	4.4	23.0	4.3	18.6	1.0	23.1	28.4	39.3
2035	216.5	55.2	6.4	5.2	4.4	23.1	4.3	18.8	1.0	23.2	28.5	39.5
2036	217.5	55.4	6.4	5.2	4.4	23.2	4.3	19.0	1.0	23.3	28.7	39.8
2037	218.5	55.5	6.4	5.2	4.4	23.2	4.3	19.2	1.0	23.4	28.9	40.0
2038	219.3	55.6	6.4	5.2	4.4	23.2	4.3	19.3	1.0	23.5	29.0	40.2
2039	220.2	55.8	6.4	5.2	4.4	23.3	4.3	19.5	1.0	23.6	29.2	40.3
2040	220.9	55.9	6.4	5.2	4.4	23.3	4.3	19.7	1.0	23.7	29.4	40.4
2041	221.7	56.0	6.4	5.2	4.4	23.3	4.3	19.9	1.0	23.8	29.5	40.5
2042	222.4	56.2	6.4	5.3	4.4	23.3	4.3	20.0	1.0	23.9	29.7	40.6
2043	223.2	56.3	6.4	5.3	4.4	23.4	4.3	20.2	1.1	24.0	29.9	40.7
2044	223.9	56.5	6.4	5.3	4.5	23.4	4.3	20.3	1.1	24.1	30.0	40.9
2045	224.6	56.6	6.4	5.3	4.5	23.5	4.4	20.4	1.1	24.1	30.2	41.0
2046	225.3	56.7	6.4	5.3	4.5	23.5	4.4	20.5	1.1	24.2	30.3	41.1
2047	225.9	56.9	6.4	5.3	4.5	23.5	4.4	20.7	1.1	24.2	30.5	41.2
2048	226.5	57.0	6.4	5.3	4.5	23.5	4.4	20.8	1.1	24.3	30.7	41.2
2049	227.1	57.1	6.3	5.3	4.5	23.6	4.4	20.9	1.1	24.3	30.8	41.3
2050	227.6	57.3	6.3	5.3	4.5	23.6	4.4	21.0	1.1	24.3	31.0	41.4

Monterey County Economic Forecast

Socioeconomic Indicators

