

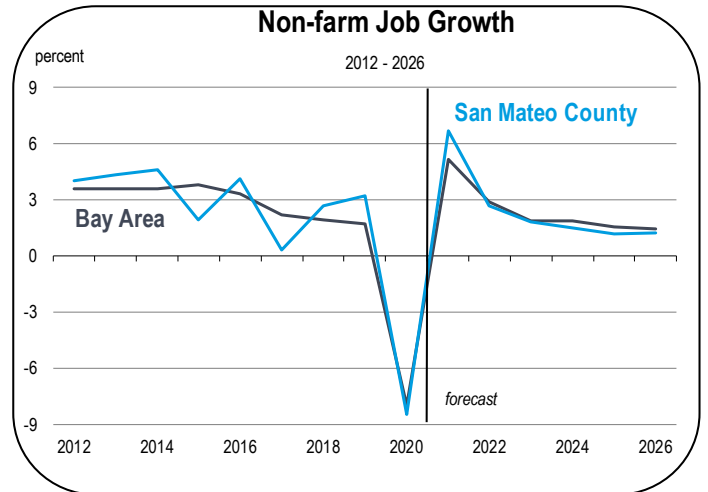
San Mateo County Economic Forecast

Forecast Summary

- On an annual average basis, 25,400 non-farm jobs will be restored in San Mateo County during 2021.
- A full labor market recovery is expected by 2022.
- Employment gains in 2021 will be largest in leisure services, which will recover 14,800 jobs.
- More than 2,000 jobs will also be re-gained in professional business services, transportation and warehousing, and retail trade in 2021.
- The unemployment rate averaged 7.0 percent in 2020. It is expected to average 4.4 percent in 2021.
- The size of the San Mateo County population is not expected to change substantially during the forecast period.
- Fewer homes will be built over the forecast period than were built during the previous five years.
- Home prices surged unexpectedly in 2020, rising by 8 percent. Price are expected to increase by another 6 or 7 percent in 2021.

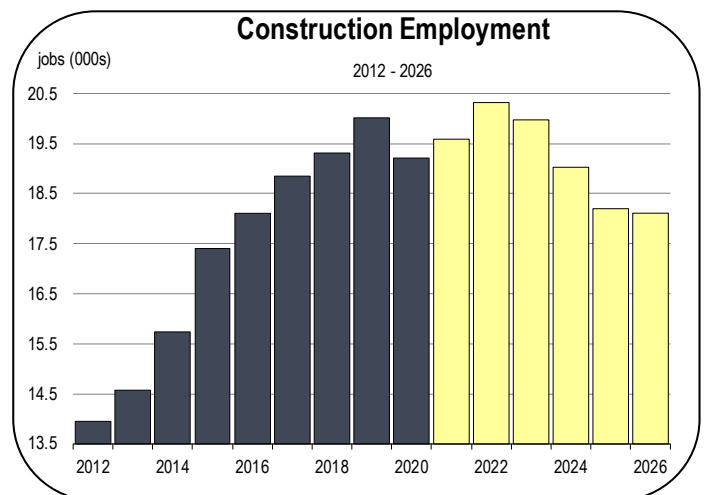
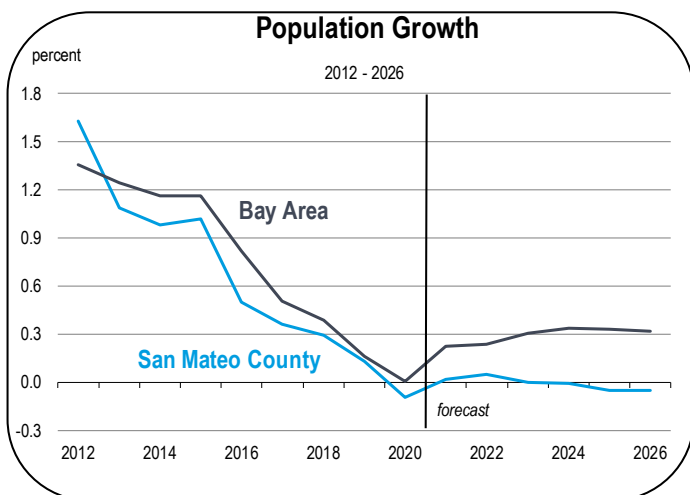
Job Growth

- Total employment in San Mateo County will expand by 6.6 percent in 2021 on an annual average basis.
- Between 2022 and 2026, job growth in San Mateo County will average 1.7 percent per year.

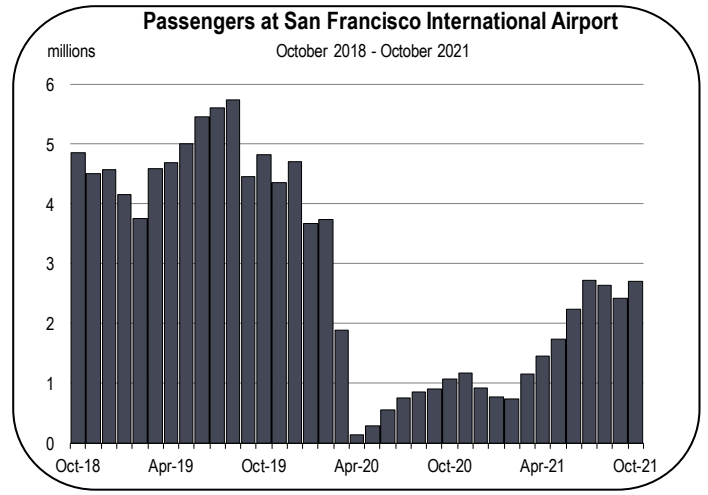
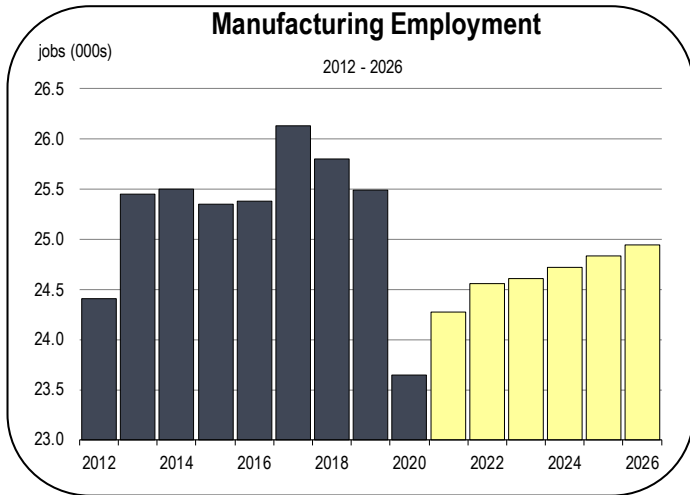


Construction Employment

- The Coronavirus Recession had a meaningful impact on the construction industry, with construction employment declining by 4 percent on an annual average basis.
- Construction employment is expected to return to pre-recession levels by 2022, but is not expected to expand substantially over the entire forecast period.
- The expected level of housing production and non-residential development will not require the expansion of an already historically large construction workforce.
- Even if construction demand exceeds our expectations, the construction workforce will be fully employed by 2023, making it difficult for construction firms to hire additional workers.



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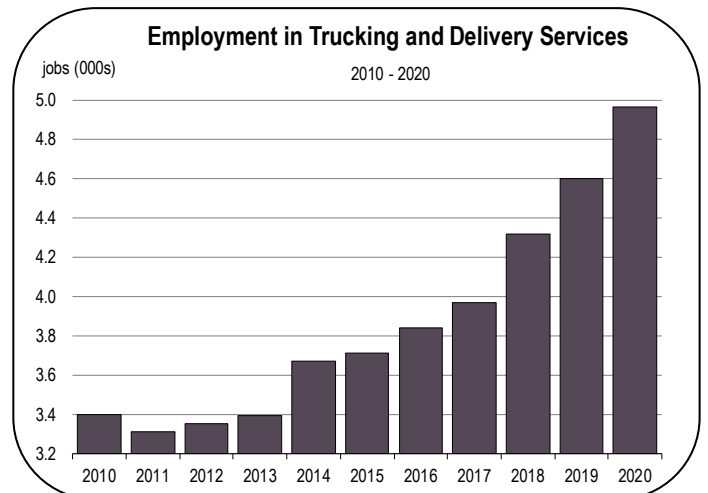
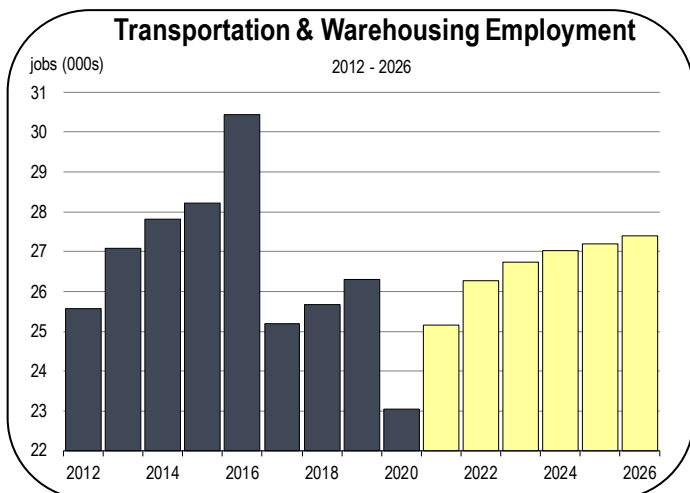


Manufacturing Employment

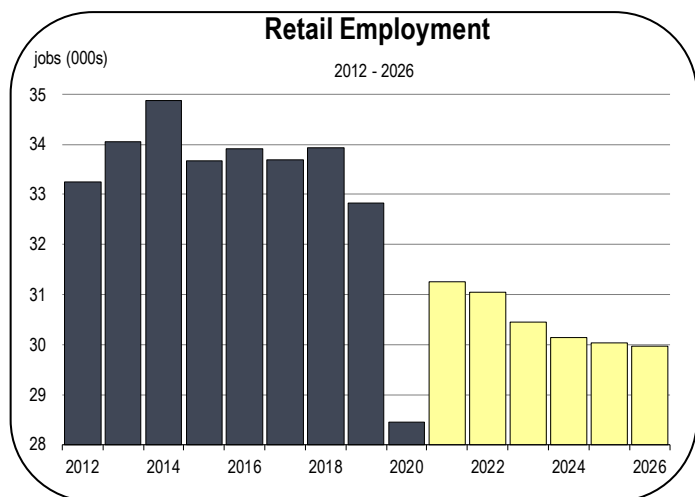
- In San Mateo County, the manufacturing industry is dominated by two sectors: biotech manufacturing and computer/semiconductor manufacturing. Genentech accounts for about 40 percent of all manufacturing jobs in the county.
- Manufacturing employment declined by 1,800 jobs in 2020.
- The pharmaceutical industry shed approximately 200 jobs but the largest losses were in food manufacturing.
- Manufacturing activity is forecast to rebound slowly over the forecast period because the computer and biotech sectors are in the process of relocating jobs to low cost parts of the U.S., including Florida and North Carolina. Some jobs are also still being sent overseas.

Transportation and Warehousing Employment

- More than half of all transportation jobs in San Mateo County are at SFO.
- Passenger traffic through SFO declined by more than 90 percent in March and April of 2020, and is still far below normal levels.
- Travel through SFO will begin to return in the third quarter of 2021 and will continue to recover in 2022, bringing up to 1,000 jobs back to San Mateo County.
- The only types of transportation jobs that grew through the recession were local delivery and long-distance trucking roles, but these gains were not nearly enough to offset losses at SFO, warehouses, and public transportation organizations.



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Retail Trade Employment

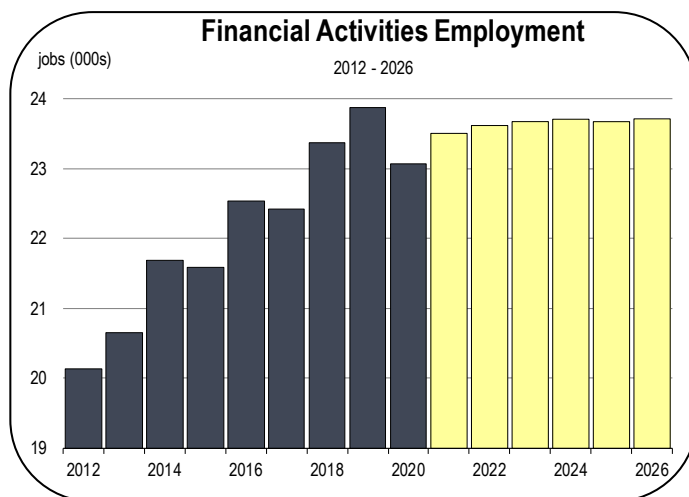
- The retail sector was decimated in 2020, declining by 13 percent and losing 4,400 jobs.
- Losses were largest at car dealers, clothing stores, and big box department stores.
- Grocery store employment expanded during 2020.
- Retail employment will rebound sharply in 2021 as storefronts open up to higher capacities, but automation and the transition to online shopping will lead to job consolidation at local brick-and-mortar establishments between 2022 and 2026.

Financial Activities Employment

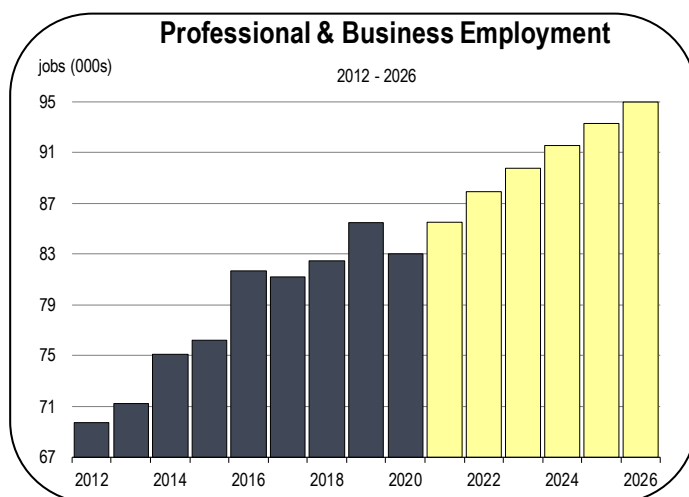
- Financial activities employment was not impacted substantially by the recession and restricted business conditions.
- Losses were largest at car rental agencies, which are part of the financial activities industry and employ more than 1,000 workers near SFO.
- The recovery is expected to be relatively slow, with growth concentrated in the real estate services sector.

Professional and Business Services Employment

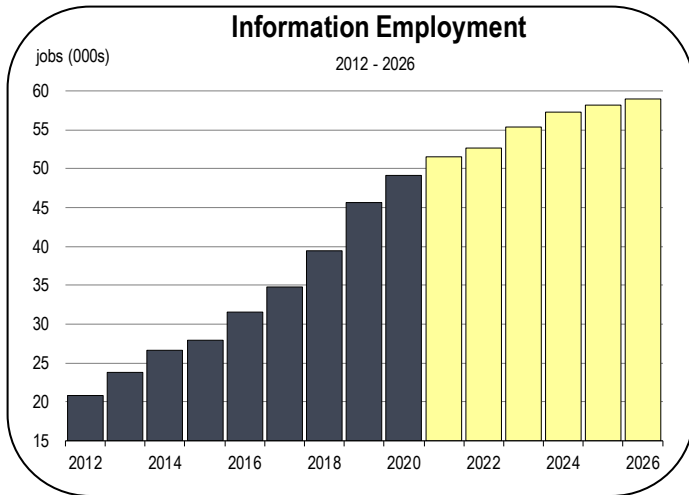
- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession.



- The largest losses were in staffing agencies, which primarily employ temp workers. Temp workers are typically the first to be laid off during a recession and the first hired back during a recovery.
- Losses in 2020 were also substantial at accounting and marketing agencies.
- Business consulting, IT consulting, and scientific research labs expanded their employee headcounts during 2020.
- Over the long term, business and IT consulting will generate a huge number of new jobs. Scientific research labs will also expand, although some of these jobs are being relocated to other parts of the U.S.

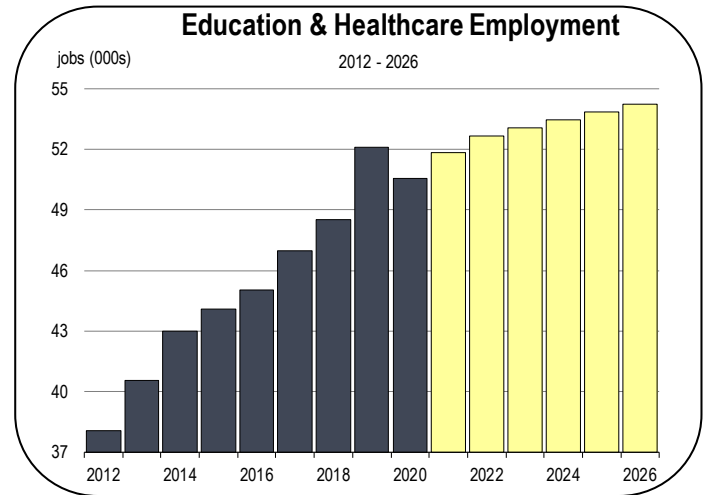


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Information Employment

- In San Mateo County, the information sector is dominated by software publishers like Oracle, as well as data and internet service companies like YouTube.
- There were some software and internet/data layoffs in 2020, but these sectors weathered the recession well and now have higher employment totals than at any point on record.
- In 2020 there were 25,000 employees in software, internet, and data services. By 2026 this number could exceed 33,000.



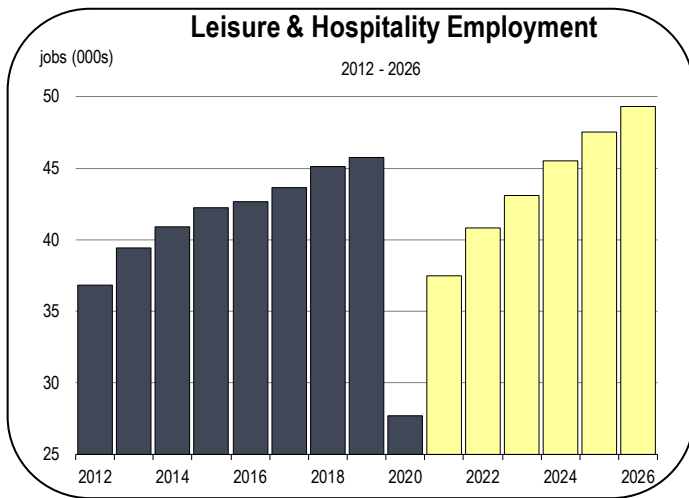
Private Education and Healthcare Employment

- The private healthcare and education industries were characterized by job losses that would have been large in most recessions, but were fairly moderate for the Coronavirus Recession.
- Employment at doctor and dentist offices contracted modestly. Private schools and tutoring centers declined sharply.
- Overall, the healthcare and education industry will recover 1,300 jobs in 2021 and gain another 800 jobs in 2022.



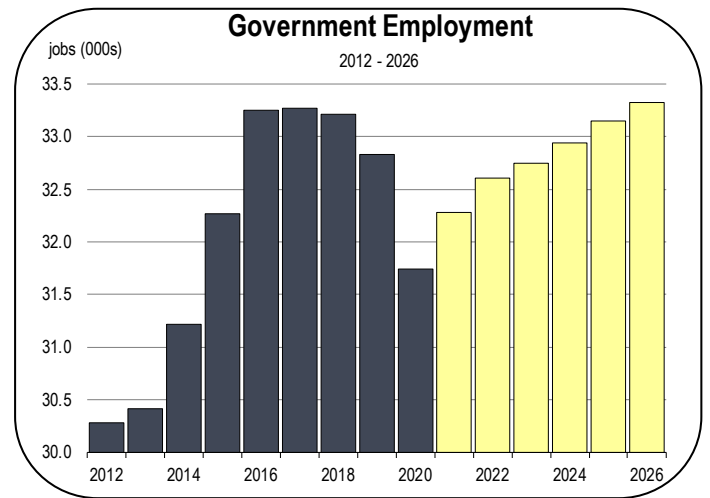
SurveyMonkey, which is in the data services industry, employs more than 1,000 workers at its San Mateo Headquarters.

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Leisure and Hospitality Employment

- Leisure and hospitality firms were impacted by restricted business conditions more than any other type of company.
- On an annual average basis, 7,600 jobs were lost at restaurants and bars, a decline of 23 percent.
- More than 1,600 jobs were lost at hotels and motels (26 percent) and more than 1,300 jobs were lost at gyms, fitness centers, and recreation facilities (23 percent).
- Leisure and hospitality employment could rebound sharply in the second half of 2021.
- Visitor and business travel are critical to the leisure and hospitality industry. Passenger traffic through SFO is still anemic but is expected to rebound in the second half of 2021.



- We expect the overall leisure and hospitality sector to regain 9,800 jobs in 2021 and another 3,300 jobs in 2022, but it could take several years for the industry to fully recover.

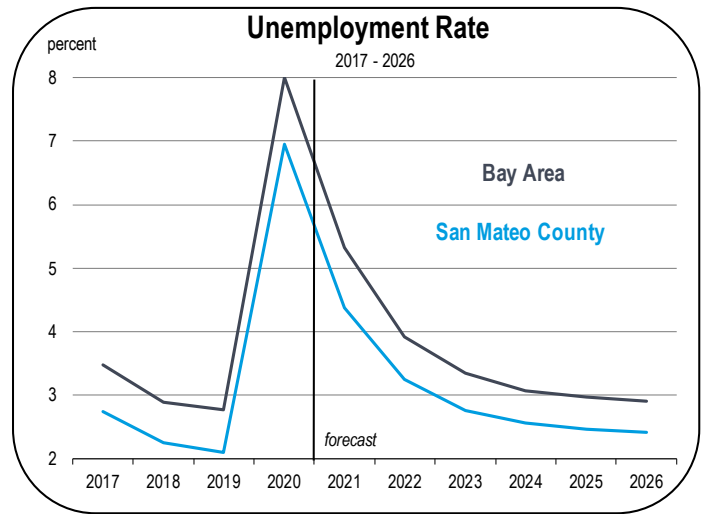
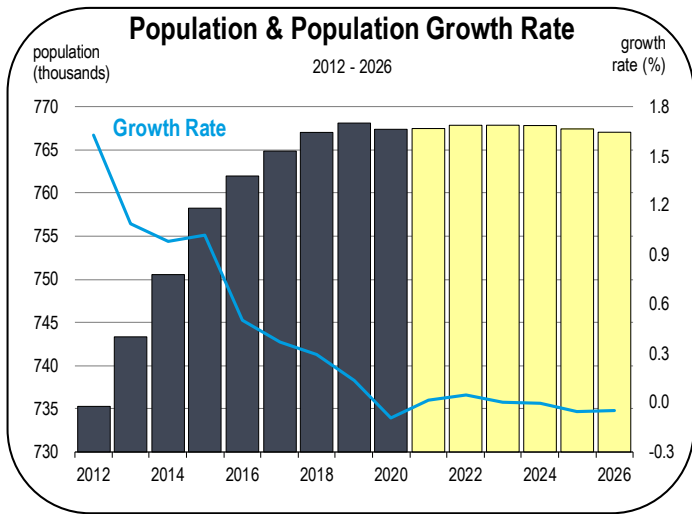
Government Employment

- State and local government agencies lost 1,200 jobs during 2020.
- Federal government agencies added 100 jobs in 2020, but this was mainly due the Decennial Census, which creates temporary government jobs every 10 years. These Census jobs have already ended.
- Some state and local government positions will be restored in fiscal 2022 (beginning in July 2021) with the commencement of in-person schools in the Fall of 2021.



Passengers through SFO support a huge number of jobs in the leisure and hospitality sector, including the restaurants and hotels near the airport and the food service jobs that are located inside the terminals.

San Mateo County Economic Forecast



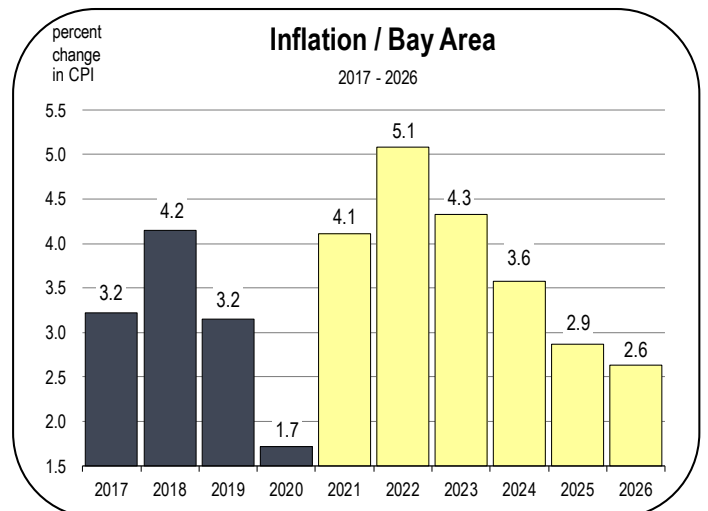
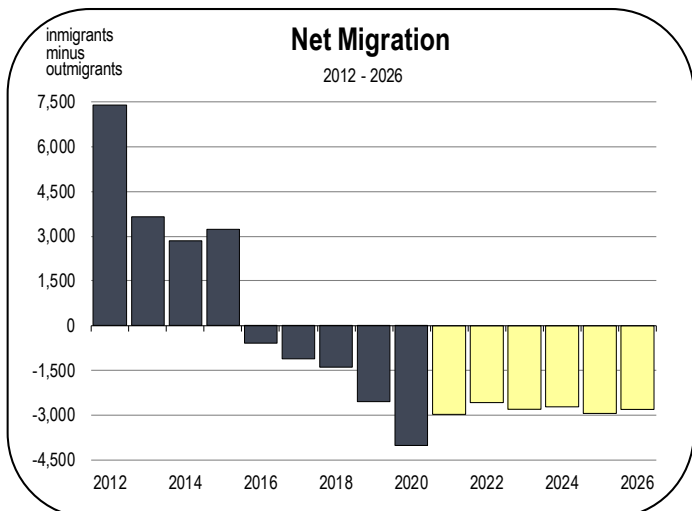
Population Growth

- The San Mateo County population is not expected to expand between 2021 and 2026.
- Approximately 4,000 net migrants left the county in 2020 and an average of 2,800 will leave between 2021 and 2026.
- Because San Mateo County has prohibitively high home prices, residents will relocate to areas with cheaper conditions.
- San Mateo County has a relatively young population with a high birth rate. New births will offset the population loss from out-migration.

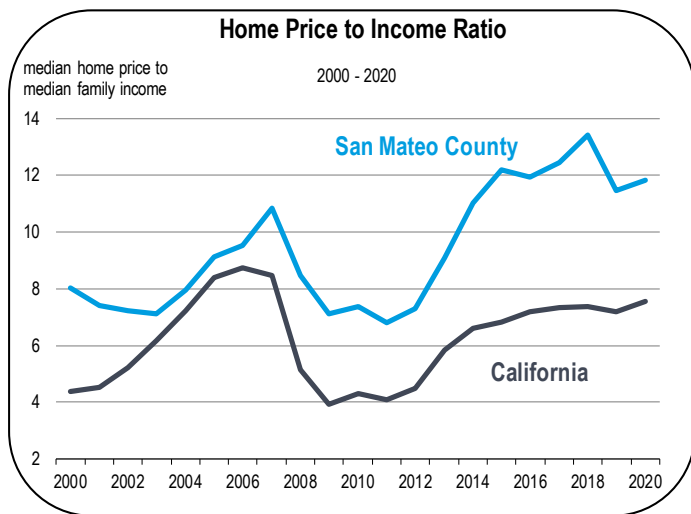
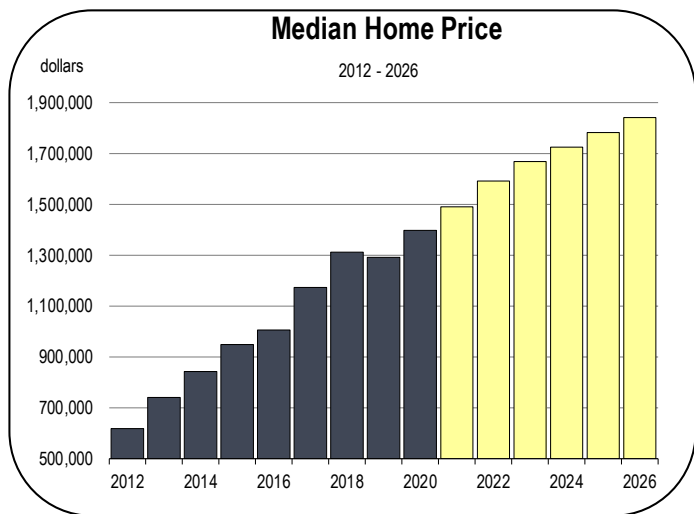
Unemployment and Inflation Rates

- The unemployment rate in San Mateo County averaged 7.0 percent in 2020, which was lower than the composite rate for the Bay Area.

- An unemployment rate below 4.0 percent signifies a fully employed workforce in San Mateo County.
- The unemployment rate is expected to average 4.4 percent in 2021 and 3.2 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
 - Fractures in the global supply chain that raise the cost of production for many businesses
 - Sharp increases in the cost of housing and energy



San Mateo County Economic Forecast

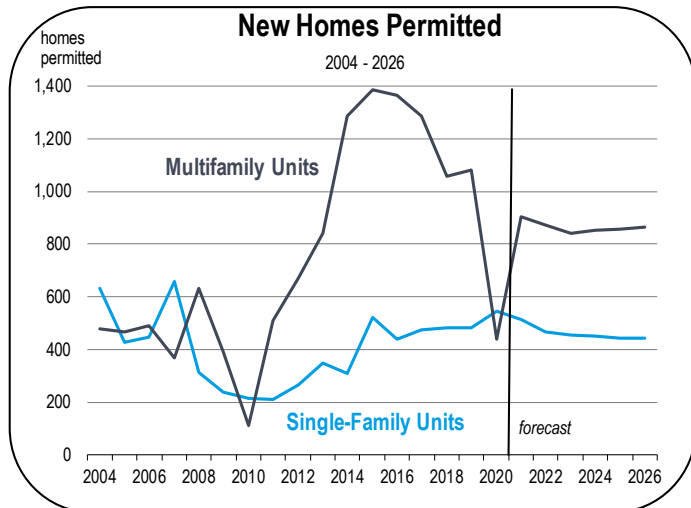
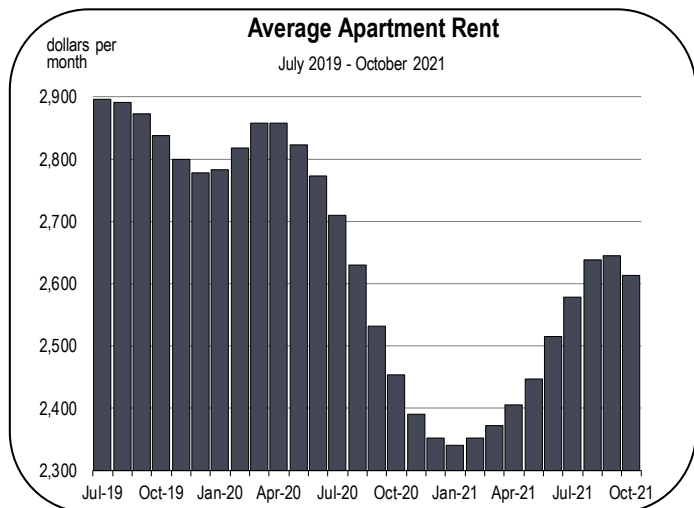


- Labor market recruitment challenges that force companies to raise wages
- Combined, these factors will push inflation to its highest rates in 30 years. Ultimately, it will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy 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.

- The housing affordability crisis is more acute in San Mateo than almost anywhere in the nation.
- The typical household would need to spend more than 50 percent of its pre-tax income to afford the median-priced home.
- Accumulating even a 10% down payment would mean saving \$140,000, which is out of reach for almost anyone outside of the technology, asset management, corporate law, corporate management, or biotech industries.
- Home prices and interest rates are expected to increase in 2021 and 2022, exacerbating the affordability issues.
- From 2015 to 2020, an average of 1,600 new homes were started per year. Most were apartments and condos.
- Housing production is forecast to average 1,300 homes per year from 2021 to 2026, consisting primarily of apartments and condos.

Home Prices and New Housing Production

- In 2020 the median home price in San Mateo County was almost \$1.4 million, an 8 percent increase from the previous year.
- Apartment rents declined precipitously, falling from more than \$2,800 in early 2020 to just \$2,300 at the end of the year. They began to recover in 2021 but did not return to pre-pandemic levels.



San Mateo County Economic Forecast

- There are 25,000 housing units in the San Mateo County development pipeline. Some are in projects that could begin in 2021 or 2022, while others are not likely to be built for many years, including the Baylands project in Brisbane.
- The largest potential project is the Redwood City Saltworks. This project could ultimately produce 12,000 homes, accommodating 25,000 residents, but the project has been delayed several times due to environmental issues.
- In October 2020, a court ruled that the project area was protected under the Federal Clean Waters Act, making it unlikely that the project will move forward without further legal proceedings.
- Other prominent projects in San Mateo County include:
 - Willow Village (1,735 apartments in Menlo Park)
 - Concar Passage (961 multifamily units in City of San Mateo)
 - Station Park Green (599 apartments in San Mateo)
 - Midway Village (555 apartments in Daly City)
 - Broadway Plaza (520 multifamily units in Redwood City)
 - Menlo Uptown (483 apartments & townhomes in Menlo Park)
 - Cadence (455 multifamily units in South S.F.)
 - 915 De Guinga Dr. (450 multifamily units in South S.F.)
- 7 South Linden Ave. (445 multifamily units in South S.F.)
- Sequoia Station (440 apartments in Redwood City)
- 410 Noor Ave. (432 multifamily units in South S.F.)
- Mills Park Center. (425 multifamily units in San Bruno)
- Greystar IV (350 multifamily units in Daly City)
- Syufy Site (336 multifamily units in Redwood City)
- Serramonte Views (325 condos in Daly City)
- San Mateo County is a prominent location for non-residential development, including office and R&D facilities.
- Major projects in the pipeline include:
 - Oyster Point, which will produce 2.5 million square feet of office and R&D space in South S.F.
 - Gateway of the Pacific, which is expected to include 1.2 million square feet of office and industrial facilities in South S.F.
 - Facebook Office Expansion, which will build 1.25 million square feet of new office space in Menlo Park.
 - Menlo Gateway, which consists of 778,000 square feet of office, hotel, retail and R&D space in Menlo Park.
 - Harbor View, an office complex of 765,000 square feet in Redwood City.



Oyster Point

San Mateo 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 (millions)	Inflation Rate (percent)
2015	758,224	260.4	3,218	1,907	732	\$79	\$10	\$16	\$27	\$120,191	3.5	\$154	2.6
2016	762,018	261.4	-573	1,804	747	\$83	\$10	\$16	\$32	\$122,249	3.1	\$152	3.0
2017	764,802	262.4	-1,108	1,759	761	\$91	\$11	\$17	\$35	\$129,542	2.7	\$143	3.2
2018	767,031	263.0	-1,378	1,540	770	\$99	\$11	\$18	\$33	\$135,047	2.3	\$146	4.2
2019	768,047	264.1	-2,532	1,566	781	\$103	\$12	\$18	\$34	\$136,155	2.1	\$133	3.2
2020	767,333	265.7	-4,004	984	705	\$105	\$10	\$16	\$34	\$137,135	4.0	\$134	1.7
2021	767,459	266.7	-2,968	1,418	752	\$113	\$12	\$18	\$36	\$142,431	4.4	\$128	4.1
2022	767,835	268.0	-2,573	1,336	785	\$120	\$12	\$18	\$37	\$146,916	3.2	\$121	5.1
2023	767,842	269.1	-2,798	1,296	784	\$127	\$12	\$19	\$38	\$151,673	2.8	\$115	4.3
2024	767,806	270.3	-2,715	1,305	781	\$134	\$13	\$20	\$39	\$154,850	2.6	\$109	3.6
2025	767,413	271.4	-2,937	1,299	776	\$140	\$13	\$20	\$39	\$157,905	2.5	\$103	2.9
2026	767,029	272.5	-2,802	1,306	776	\$147	\$13	\$20	\$40	\$161,962	2.4	\$97	2.6
2027	766,449	273.7	-2,861	1,295	777	\$155	\$13	\$21	\$41	\$166,588	2.4	\$91	2.4
2028	765,650	274.8	-2,983	1,281	782	\$164	\$14	\$21	\$42	\$171,781	2.4	\$85	2.5
2029	764,517	275.9	-3,246	1,261	784	\$171	\$14	\$22	\$43	\$174,885	2.4	\$80	2.4
2030	763,441	277.0	-3,137	1,267	788	\$179	\$14	\$22	\$43	\$178,220	2.4	\$75	2.4
2031	762,292	278.1	-3,112	1,259	792	\$186	\$15	\$23	\$44	\$181,331	2.4	\$70	2.5
2032	761,431	279.2	-2,743	1,260	796	\$193	\$15	\$24	\$44	\$183,326	2.4	\$65	2.4
2033	760,720	280.3	-2,540	1,254	799	\$201	\$16	\$24	\$45	\$186,639	2.4	\$60	2.2
2034	760,125	281.4	-2,366	1,255	802	\$209	\$16	\$25	\$45	\$189,538	2.4	\$56	2.3
2035	759,599	282.5	-2,267	1,254	804	\$217	\$16	\$25	\$46	\$192,322	2.4	\$51	2.3
2036	759,192	283.6	-2,125	1,263	806	\$225	\$17	\$26	\$46	\$194,033	2.4	\$47	2.3
2037	758,767	284.7	-2,117	1,266	809	\$234	\$18	\$27	\$46	\$195,663	2.4	\$44	2.4
2038	758,362	285.8	-2,035	1,271	811	\$243	\$18	\$28	\$47	\$197,917	2.4	\$40	2.3
2039	758,012	286.9	-1,948	1,278	813	\$252	\$19	\$29	\$47	\$199,607	2.4	\$36	2.3
2040	757,729	288.0	-1,841	1,284	815	\$262	\$19	\$30	\$47	\$201,291	2.4	\$33	2.2
2041	757,375	289.2	-1,846	1,280	816	\$271	\$20	\$31	\$48	\$203,802	2.4	\$30	2.3
2042	756,937	290.3	-1,881	1,276	818	\$281	\$20	\$31	\$49	\$206,392	2.4	\$27	2.2
2043	756,627	291.4	-1,727	1,273	819	\$291	\$21	\$32	\$49	\$208,925	2.4	\$25	2.1
2044	756,321	292.5	-1,681	1,275	819	\$301	\$21	\$33	\$50	\$211,762	2.4	\$22	2.2
2045	756,279	293.6	-1,341	1,288	820	\$311	\$22	\$34	\$50	\$214,094	2.4	\$20	2.3
2046	756,392	294.7	-1,134	1,293	821	\$320	\$22	\$34	\$51	\$215,843	2.4	\$18	2.3
2047	756,557	295.9	-1,017	1,294	821	\$330	\$23	\$35	\$51	\$216,707	2.4	\$16	2.3
2048	756,763	297.0	-894	1,288	821	\$339	\$23	\$36	\$51	\$217,311	2.4	\$14	2.4
2049	756,982	298.1	-766	1,293	821	\$349	\$24	\$37	\$51	\$218,664	2.4	\$12	2.1
2050	757,220	299.2	-631	1,295	821	\$359	\$25	\$38	\$51	\$219,759	2.4	\$11	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	377.0	1.8	17.4	25.4	28.2	45.9	21.6	76.2	27.9	44.1	42.2	32.3
2016	392.4	1.8	18.1	25.4	30.5	46.0	22.5	81.7	31.6	45.0	42.6	33.3
2017	393.6	1.7	18.9	26.1	25.2	45.6	22.4	81.2	34.8	47.0	43.6	33.3
2018	403.9	1.4	19.3	25.8	25.7	45.8	23.4	82.5	39.4	48.5	45.1	33.2
2019	416.7	1.4	20.0	25.5	26.3	44.3	23.9	85.5	45.6	52.1	45.7	32.8
2020	381.5	1.3	19.2	23.6	23.0	38.4	23.1	83.1	49.1	50.6	27.7	31.7
2021	406.9	1.3	19.6	24.3	25.2	42.4	23.5	85.5	51.5	51.8	37.5	32.3
2022	417.8	1.3	20.3	24.6	26.3	42.3	23.6	87.9	52.7	52.7	40.8	32.6
2023	425.2	1.3	20.0	24.6	26.7	41.8	23.7	89.8	55.4	53.1	43.1	32.7
2024	431.5	1.2	19.0	24.7	27.0	41.6	23.7	91.6	57.3	53.5	45.5	32.9
2025	436.5	1.2	18.2	24.8	27.2	41.6	23.7	93.3	58.2	53.9	47.5	33.1
2026	441.8	1.2	18.1	24.9	27.4	41.6	23.7	95.0	59.0	54.2	49.3	33.3
2027	447.2	1.2	17.7	25.0	27.5	41.6	23.7	96.6	60.4	54.6	50.9	33.5
2028	453.6	1.2	17.7	25.1	27.6	41.8	23.7	98.2	62.9	55.0	52.4	33.6
2029	458.2	1.2	17.7	25.2	27.7	41.9	23.7	99.8	63.7	55.4	53.7	33.7
2030	463.2	1.2	17.7	25.2	27.7	42.0	23.7	101.2	65.2	55.7	54.8	33.8
2031	467.3	1.2	17.7	25.2	27.8	42.0	23.7	102.7	66.1	56.1	55.6	33.9
2032	471.0	1.2	17.8	25.3	27.8	42.0	23.8	104.1	67.0	56.4	56.3	34.0
2033	474.5	1.2	17.8	25.2	27.9	42.1	23.9	105.5	67.8	56.7	56.8	34.1
2034	478.0	1.2	17.9	25.2	28.0	42.3	23.9	106.8	68.7	57.1	57.2	34.1
2035	480.9	1.2	17.9	25.2	28.0	42.2	23.9	108.1	69.4	57.4	57.5	34.2
2036	484.0	1.2	18.0	25.2	28.1	42.3	24.0	109.3	70.1	57.7	57.7	34.3
2037	486.8	1.2	18.1	25.2	28.2	42.4	24.0	110.5	70.7	58.0	58.0	34.3
2038	489.6	1.1	18.1	25.2	28.2	42.6	24.0	111.7	71.3	58.3	58.3	34.4
2039	492.1	1.1	18.2	25.2	28.3	42.6	24.1	112.9	71.7	58.6	58.5	34.4
2040	494.4	1.1	18.3	25.2	28.3	42.7	24.1	114.0	72.0	58.9	58.8	34.5
2041	496.5	1.1	18.3	25.2	28.4	42.6	24.1	115.0	72.3	59.2	59.0	34.5
2042	498.5	1.1	18.3	25.3	28.4	42.6	24.2	116.1	72.5	59.5	59.3	34.5
2043	500.3	1.1	18.4	25.3	28.5	42.5	24.2	117.1	72.6	59.8	59.5	34.6
2044	502.2	1.1	18.5	25.3	28.5	42.5	24.2	118.1	72.7	60.0	59.8	34.6
2045	504.4	1.1	18.6	25.3	28.5	42.5	24.3	119.0	73.2	60.3	60.1	34.6
2046	506.4	1.1	18.6	25.3	28.6	42.4	24.4	120.0	73.6	60.6	60.3	34.7
2047	507.9	1.1	18.6	25.3	28.6	42.4	24.4	120.9	73.6	60.8	60.5	34.6
2048	509.3	1.1	18.7	25.3	28.6	42.3	24.4	121.7	73.7	61.1	60.7	34.6
2049	510.7	1.1	18.7	25.2	28.6	42.2	24.4	122.6	73.8	61.3	60.9	34.7
2050	512.1	1.1	18.8	25.2	28.6	42.2	24.4	123.4	73.8	61.5	61.1	34.7

San Mateo County Economic Forecast

Socioeconomic Indicators

