

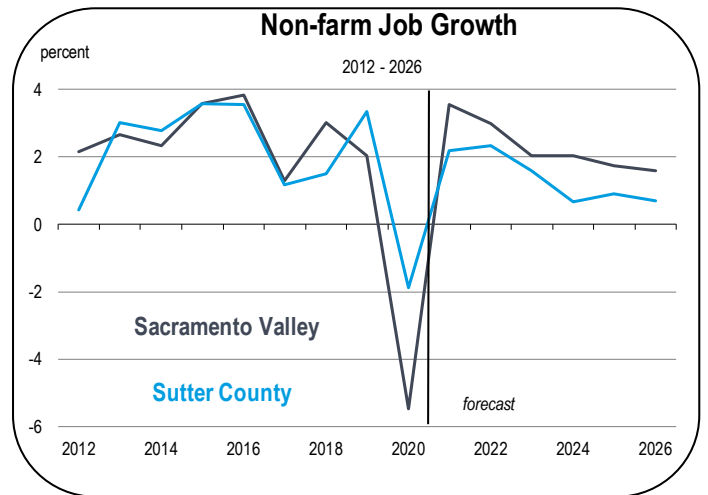
# Sutter County Economic Forecast

## Forecast Summary

- The Sutter County economy weathered the Coronavirus Recession better than most counties in California.
- On an annual average basis, 700 non-farm jobs will be restored in Sutter County during 2021, representing almost all of the jobs that were lost in 2020.
- A full labor market recovery is expected by 2022.
- Over the 2021-2026 forecast period, healthcare will generate the most new jobs.
- Meaningful numbers of jobs will also be created in professional business services, leisure and hospitality, and government.
- The unemployment rate averaged 11.0 percent in 2020. It is forecast to average 8.7 percent in 2021 and 6.4 percent in 2022.
- The Sutter County population is expected to grow faster than the California average over the forecast period, but slower than most other parts of the Sacramento Valley.
- The median home price increased by 9 percent in 2020. Prices are expected to increase by 13-15 percent in 2021 and another 5-7 percent in 2022.

## Job Growth

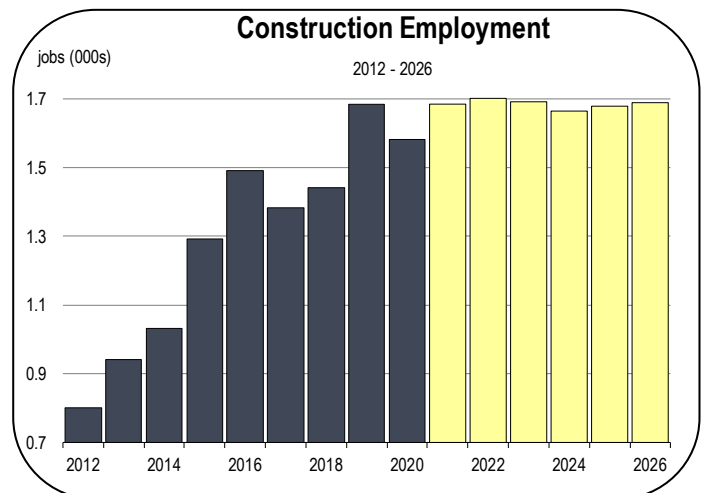
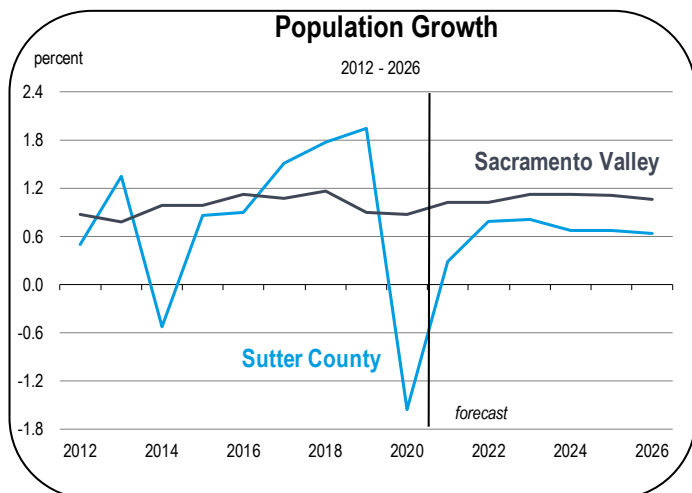
- Total non-farm employment declined by 2 percent in Sutter County in 2020, a loss of 800 jobs.



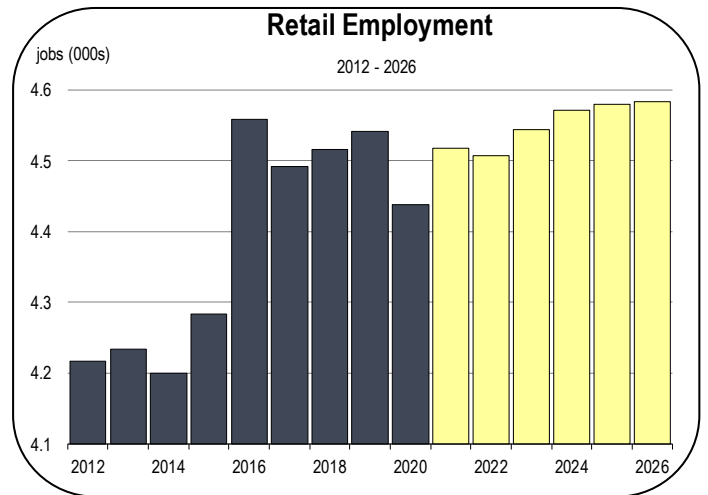
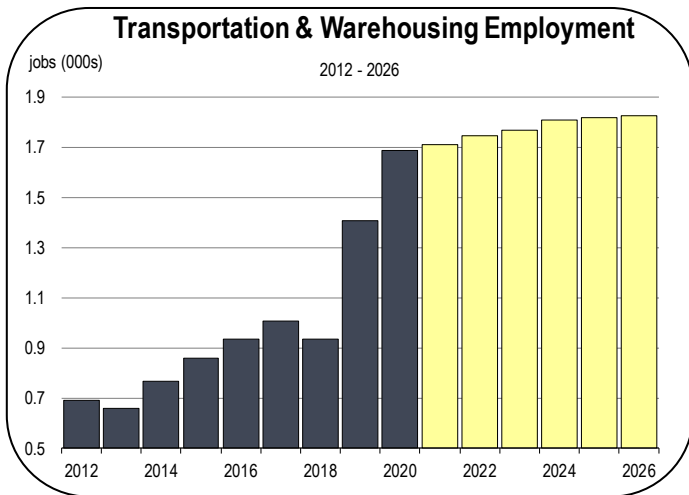
- Non-farm employment is expected to increase by 2.2 percent in 2021, recovering 700 jobs.
- Between 2022 and 2026, job growth will average 1.2 percent per year.

## Construction Employment

- The Coronavirus Recession had a minimal impact on the construction industry.
- Employment levels will remain high over the forecast period, but by 2022 or 2023, the California construction workforce will be fully employed, and construction firms will struggle to hire additional workers.

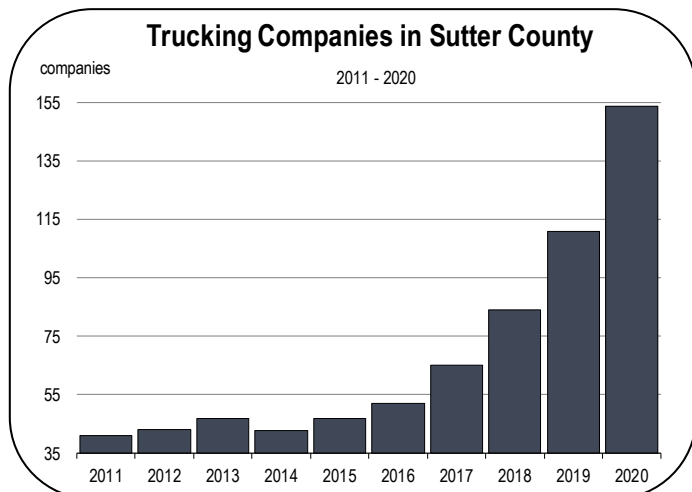


# Sutter County Economic Forecast



## Transportation and Warehousing Employment

- Most transportation jobs in Sutter County are in freight trucking, where firms deliver goods to businesses within the Sacramento area and across the U.S.
- The broader Sacramento area is becoming a major hub for logistics and fulfillment centers, with firms like Amazon opening facilities across the region.
- In 2011, Sutter County had 41 trucking companies. By 2020 the number of trucking companies had expanded to 149, creating hundreds of jobs in the process.

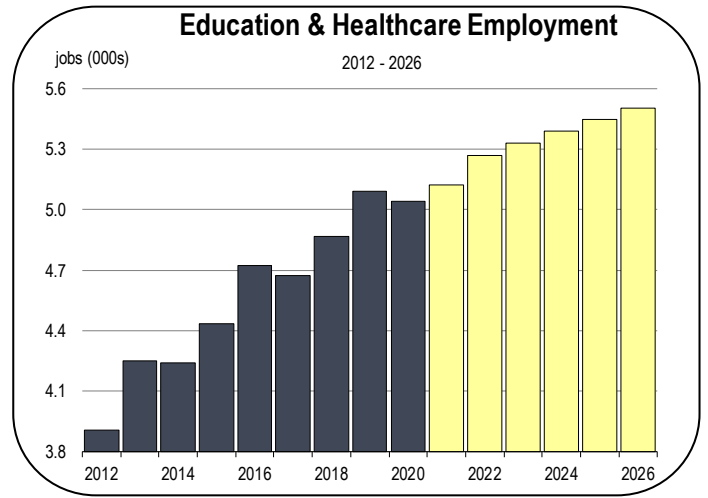
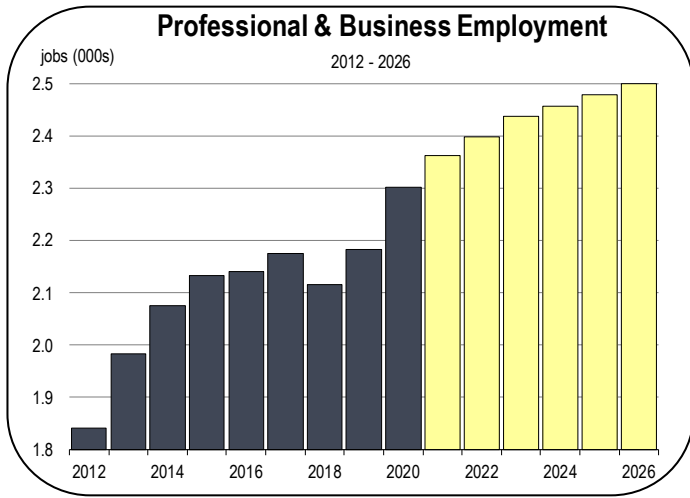


- The largest trucking firm is Legend Transportation, which employs more than 100 people in Sutter County.
- Truck drivers are in high demand in Sutter County, with average wages for truck drivers rising by 20 percent over the last 5 years.

## Retail Trade Employment

- Employment in the retail industry is expected to increase slowly over the forecast period.
- The Sutter County population is expanding at a healthy rate, which should boost demand for jobs at grocery stores and other population-serving activities.
- Many brick-and-mortar retail stores are struggling to compete with online retailers outside of Sutter County, which will prevent the overall retail industry from expanding more quickly.
- There are a number of retailers that each employ more than 100 workers in the county, including:
  - Sierra Gold Nurseries (more than 500 employees)
  - Home Depot (250 to 500 employees)
  - Walmart (250 to 500 employees)
  - Lowe’s Home Improvement (100 to 250 employees)
  - Sam’s Club (100 to 250 employees)
  - Target (100 to 250 employees)
  - Valley Truck & Tractor (100 to 250 employees)
  - Winco Foods (100 to 250 employees)

# Sutter County Economic Forecast



## Professional and Business Services Employment

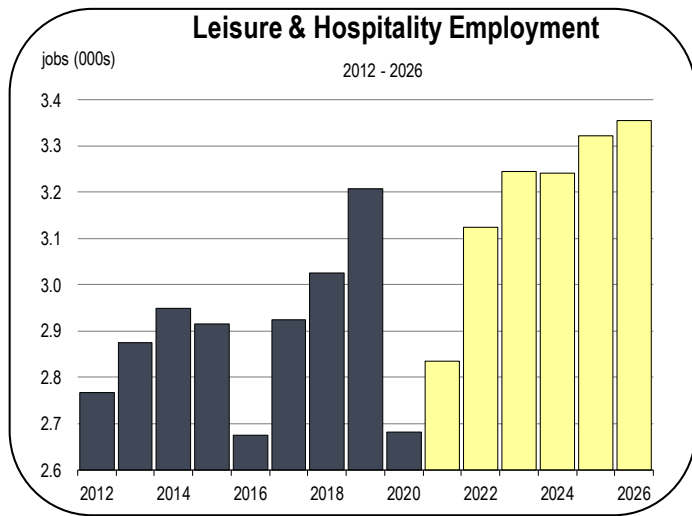
- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession.
- The largest gains were in staffing agencies. In Sutter County, staffing agencies typically work with the agriculture industry, providing workers to local farms on a contract basis.
- Growth was also strong in professional security services and in maintenance/janitorial services.
- The professional and business services sector is forecast to create a major share of future jobs in Sutter County over the next several years.

## Private Education and Healthcare Employment

- Job losses in healthcare were minimal in 2020. All jobs should be restored by 2021 or 2022.
- The largest healthcare establishment in the county is Sutter Health, which employs hundreds of workers across several facilities throughout the county.
- Other prominent providers include Adventist Health and the Sutter County Behavioral Health center.
- The private education industry in Sutter County is very small, employing fewer than 100 workers (public schools are classified in the government sector).
- By 2026, healthcare organizations will generate 500 new jobs in Sutter County.



# Sutter County Economic Forecast

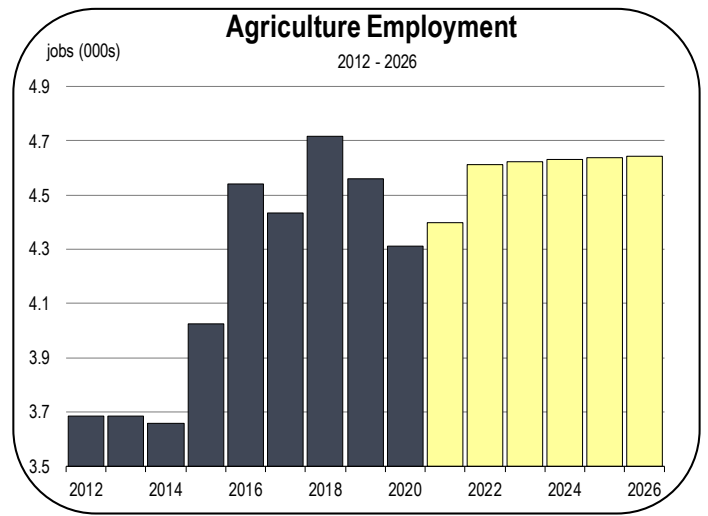
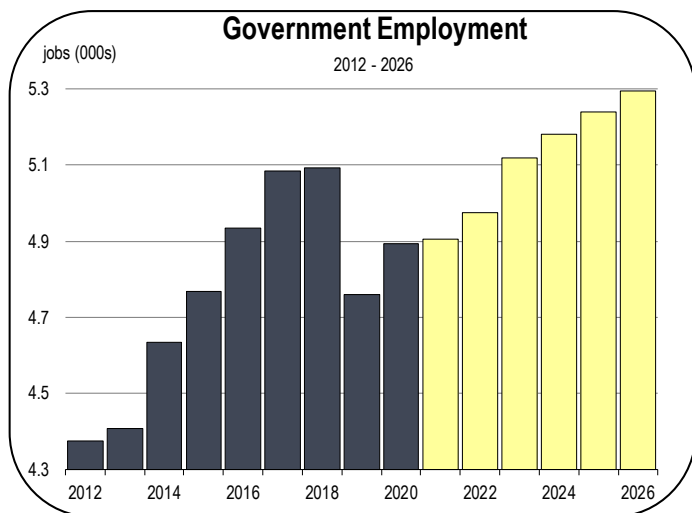


## Leisure and Hospitality Employment

- Gyms, hotels, restaurants, bars, catering firms, and other leisure/hospitality organizations were impacted by restricted business conditions more than any other type of company.
- More than 500 jobs were lost in 2020 on an annual average basis, a decline of 16 percent.
- 150 jobs are expected to be restored in 2021, with most of these jobs being created in the second half of the year.
- A full recovery is forecast for 2023.

## Government Employment

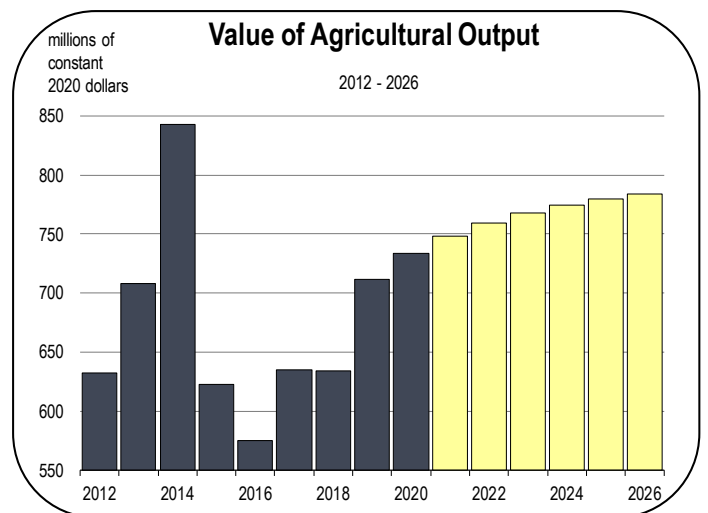
- Local schools were impacted by the Coronavirus recession and restrictions in the form of job losses. On an annual average basis, employment at local schools declined by 350 jobs in 2020.



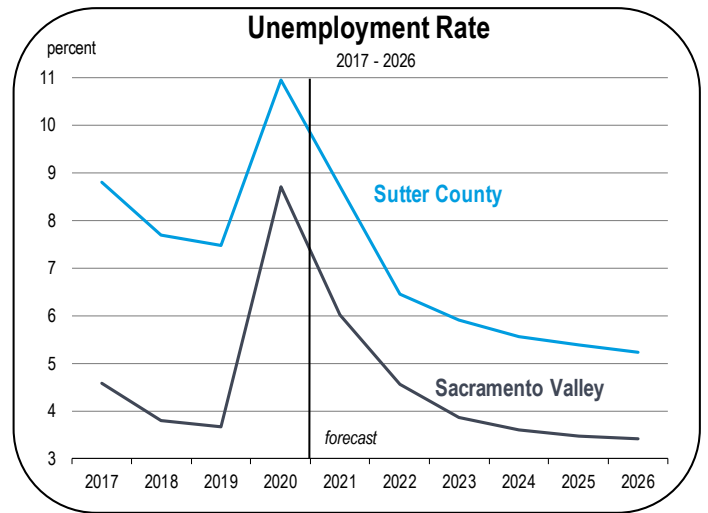
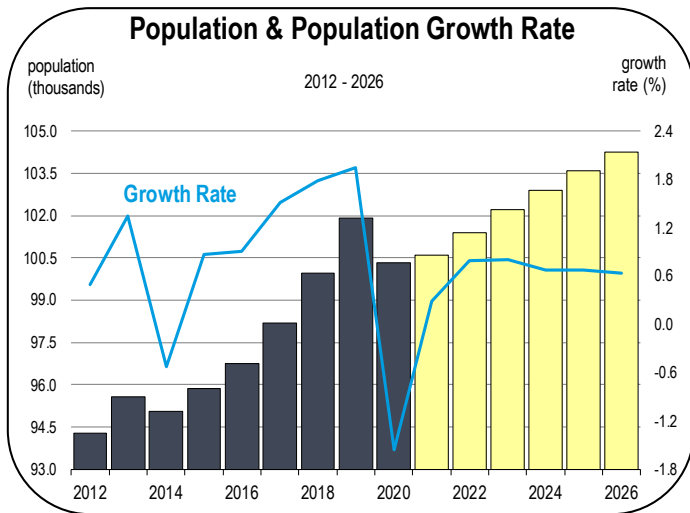
- Hiring is expected to resume at local schools in the second half of 2020 as children return to in-person instruction.
- Aside from the school system, very few agencies were subjected to layoffs in 2020, and some expanded their employee headcounts.
- Over the 2021-2026 period, government agencies will generate 400 new jobs.

## Agriculture Employment

- Agriculture is among the largest industries in Sutter County, employing more than 4,000 workers and representing approximately 15 percent of the local job market.
- The most prominent agriculture commodities in Sutter County are rice and walnuts.
- Sutter County farms produce more than \$700 million in agricultural output. This figure could approach \$800 million by 2026, adjusted for inflation.

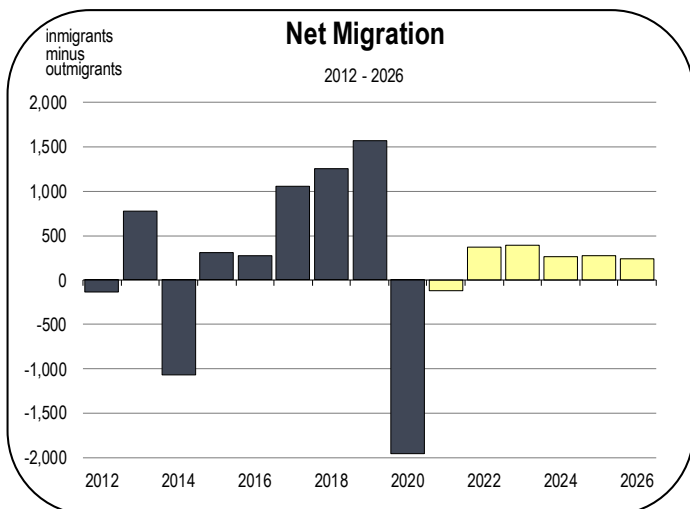


# Sutter County Economic Forecast



## Population Growth

- The Sutter County population is expected to expand at a healthy rate between 2021 and 2026, approaching 104,000 residents by the end of the forecast period.
- Net migration is expected to be a meaningful contributor to population growth as residents relocate from Coastal California and parts of Sacramento County for the affordable housing options in Sutter County.
- Over the forecast period, there will be more people who move into Sutter County than residents who move out. Between 2021 and 2026, this migratory process will add an average of 300 residents to the Sutter County population each year.

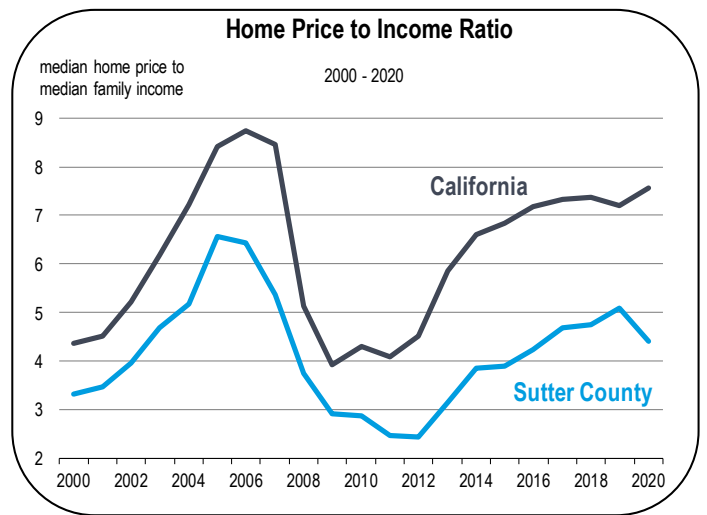
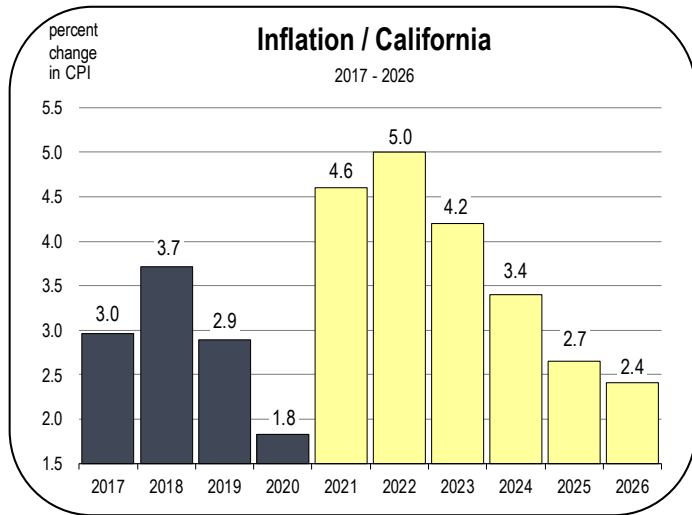


- Sutter County has a relatively young population with a high birth rate. Over the forecast period, the natural increase (births minus deaths) will add approximately 400 residents to the county each year.

## Unemployment and Inflation Rates

- The unemployment rate in Sutter County averaged 11.0 percent in 2020.
- The unemployment rate in Sutter County is always higher than the Sacramento Valley average because Sutter County has a larger share of agricultural workers, and agriculture is a seasonal industry.
- An unemployment rate below 8.0 percent signifies a fully employed workforce in Sutter County.
- The unemployment rate is expected to average 8.7 percent in 2021 and 6.4 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.
- Ultimately, inflation 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.

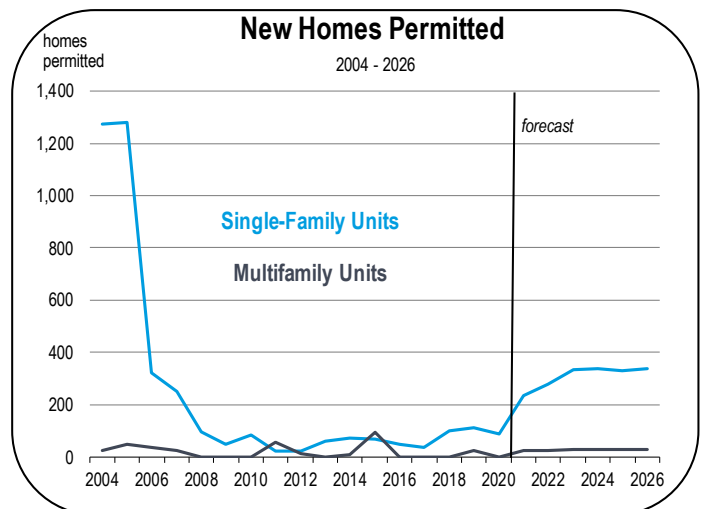
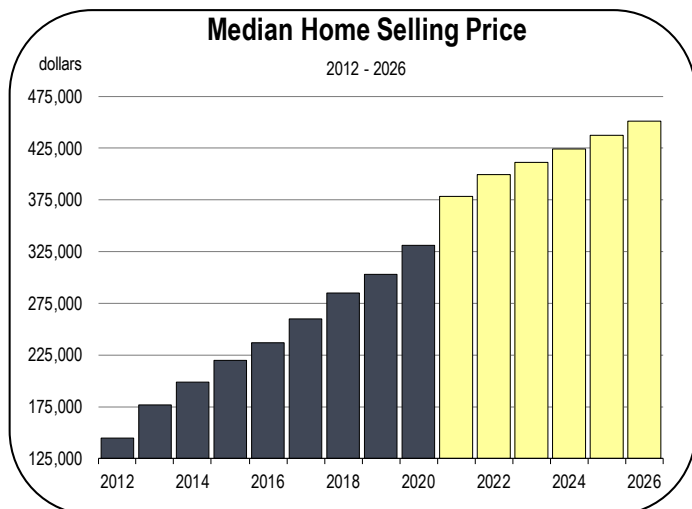
# Sutter County Economic Forecast



## Home Prices and New Housing Production

- In 2020 the median home price in Sutter County was \$331,200. Home prices increased by 9 percent in 2020.
- Home prices have increased rapidly in Sutter County for most of the last decade. From 2010 to 2020, the median price increased at an average rate of 8 percent per year.
- Home prices in Sutter County are forecast to rise by 13 to 15 percent in 2021, in tandem with rapid increases across most of California.
- Despite surging values, Sutter County homes are still affordable to many households.

- In 2020, a typical household in Sutter County would have had to spend just 20 percent of its pre-tax income on mortgage payments in order to afford the median-priced home, which is well below the California average.
- How can rapid price increases be compatible with an affordable housing market? Because interest rates are near historic lows, which keeps mortgage payments low even when prices rise.
- At the same time, incomes have risen in tandem with housing values. By 2020, the median family income in Sutter County was \$75,000. In 2010 it was just \$55,000.
- From 2015 to 2020, an average of 95 new homes were started per year in Sutter County. Approximately 80 percent were single-family homes.



# Sutter County Economic Forecast

- Housing production is expected to average 300 to 350 homes per year from 2020 to 2025, consisting almost entirely of single-family homes.
- One of the largest projects in Sutter County is the Sutter Pointe Development Project.
- Phase One of the project aims to build 3,388 single family homes and 399 multifamily units along Highway 99 and Riego Road. Phase One will also include 70 acres for non-residential structures and construction could begin in 2022 or 2023.
- Additional phases of the project could include another 13,000 homes and 3,500 acres for non-residential structures, making it one of the largest development projects in California.
- Upon full buildout, which is expected to proceed over several decades, the Sutter Pointe Project could accommodate up to 50,000 residents and 20,000 jobs.







# Sutter County Economic Forecast

## Socioeconomic Indicators

