

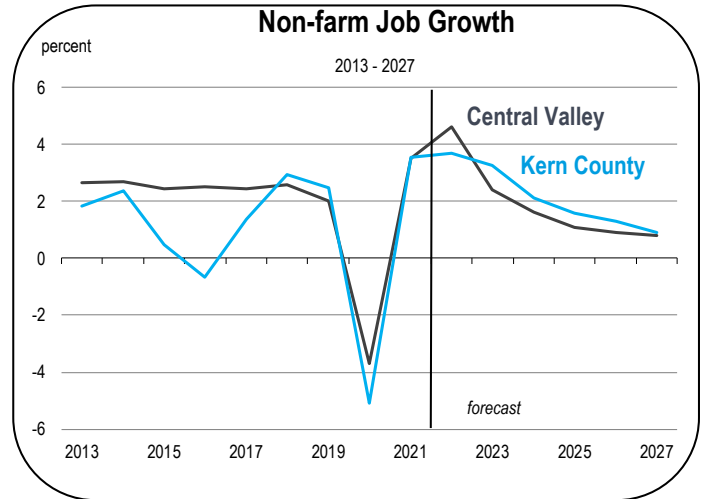
Kern County Economic Forecast

Forecast Summary

- On an annual average basis, 9,200 non-farm jobs were restored in Kern County during 2021. Another 11,000 jobs are expected to be added during 2022.
- Employment gains in 2021 were largest in leisure services, transportation and warehousing, and retail trade. These sectors will also contribute approximately 55 percent of the total job gain during 2022.
- The unemployment rate averaged 10.1 percent in 2021. It is expected to average 6.6 percent in 2022.
- The population is expanding faster than broader Southern California, and this trend will continue. Because of affordable home prices, net migration will remain positive.
- Over the 2022-2027 forecast period, more homes will be built than during the 2016-2021 period.
- For all housing, home prices increased 15.4 percent in 2021 to \$300,000. The single family home median sell price was \$324,000. In 2022, the median price of a detached home sale is \$373,400.

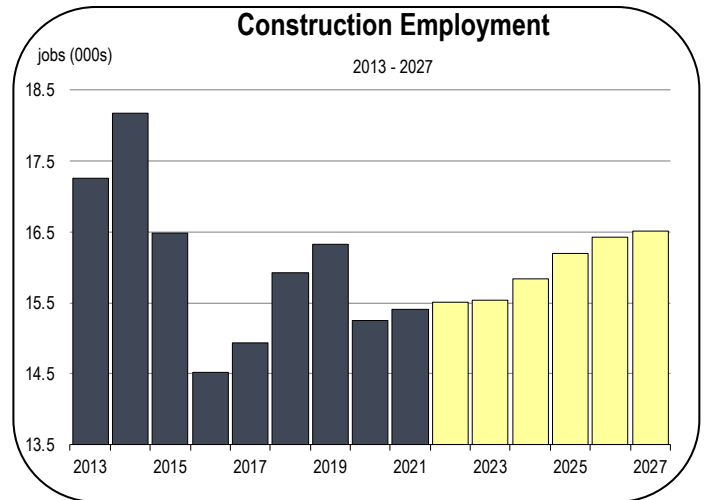
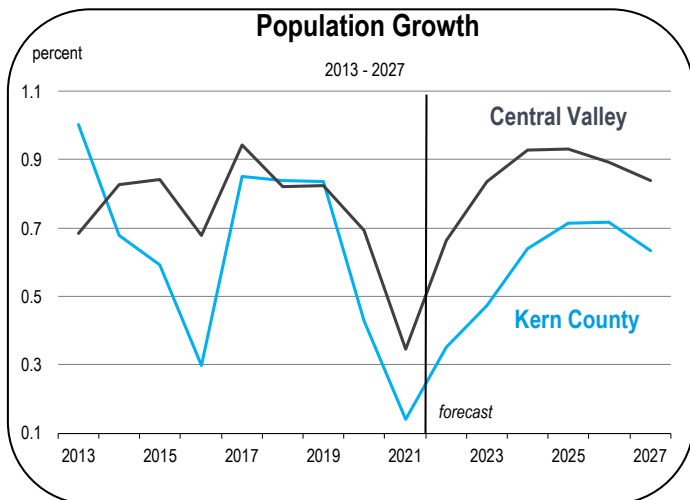
Job Growth

- Total employment in Kern County rose 3.3 percent in 2021, and is on pace to increase 3.5 percent in 2022.
- Over the entire forecast period, job growth in Kern County will be similar to the Central Valley average which is dominated by both Kern and Fresno Counties.

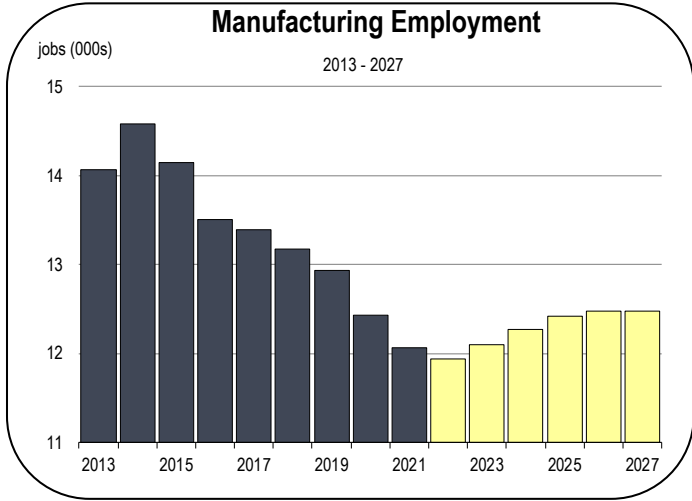


Construction Employment

- Construction employment increased by approximately 200 jobs during 2021, accounting for an increase of 1 percent.
- The construction sector is expected to re-gain another 100 jobs in 2022.
- Construction labor will remain in demand over the forecast, though the supply of labor will remain a principal concern in California over the next several years.



Kern County Economic Forecast

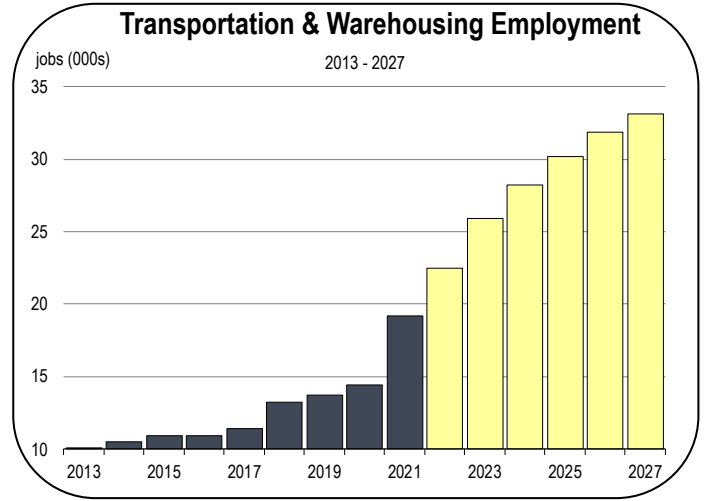
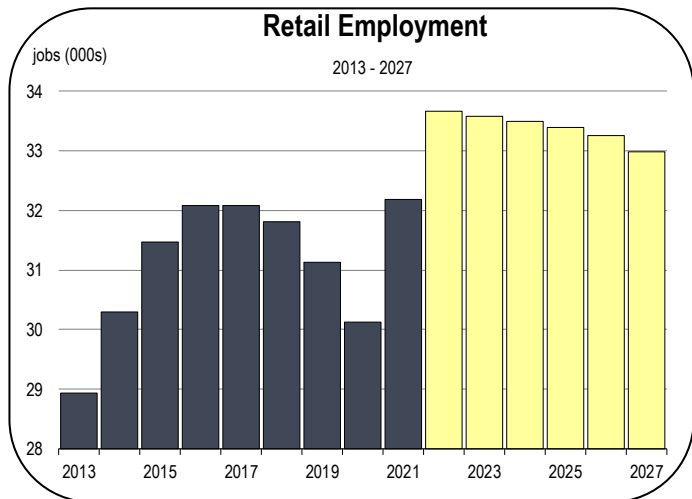


Manufacturing Employment

- Kern County manufacturing employment has been declining for several years.
- Approximately 400 jobs were lost in 2021. The sector will also shed an additional 400 jobs in 2022.
- Manufacturing employment is not expected to contribute significantly to job formation in Kern County over the forecast.

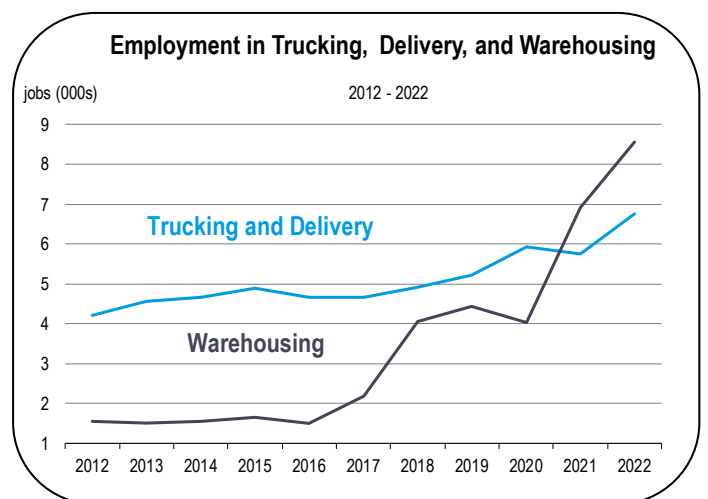
Retail Trade Employment

- Retail employment increased by 6.8 percent in Kern County in 2021, as workers were restored from the pandemic recession.
- Retail employment will expand sharply in 2022, reaching record levels. However, longer term, the outlook for the sector precludes significant job formation as consumers move further to online product purchases.



Transportation and Warehousing Employment

- The transportation and warehousing sector was among the few industries that expanded during 2020, and the sector continued that momentum into 2021.
- The industry is dominated by trucking jobs, local delivery jobs, and warehouse jobs.
- Nearly 5,000 jobs will be created in transportation/warehousing in 2022.
- The development community is so bullish on the county that Spec industrial buildings are now underway in Oildale, Bakersfield and along the Grapevine.



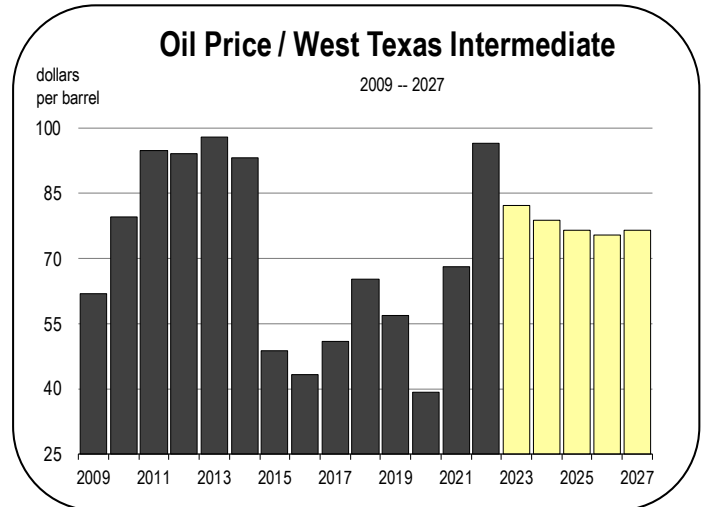
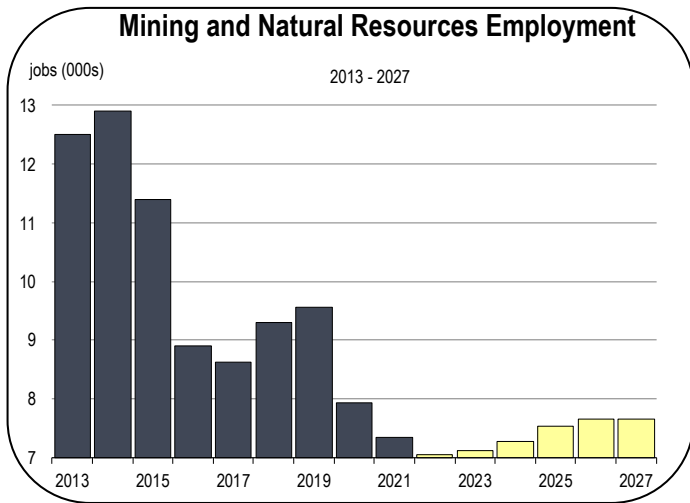
Kern County Economic Forecast



The Tejon Ranch Commerce Center is a 20-million-square-foot, state-of-the-art commercial/industrial development. The current boom in e-commerce is sharply driving industrial real estate demand and growth throughout California.

- Warehousing is dominated by industrial centers in Bakersfield and at the foot of the Grapevine.
- Kern County is the home to more than 50 distribution and fulfillment centers within 40 miles of Bakersfield.
- The Tejon Ranch Commerce Center leads the way, and is the gateway to Kern County on Interstate 5.
- Five million square feet of industrial space has been built and occupied at Tejon Ranch. 15 million additional square feet can still be developed there.
- The lineup of distribution centers is dominated by major players in the logistics industry including Amazon, Dollar General, Famous Footwear, IKEA, L'Oréal, Ross, Target, and Walmart.
- Kern County is a region increasingly targeted by large brands looking for more space to grow.

Kern County Economic Forecast



Mining and Natural Resources Employment

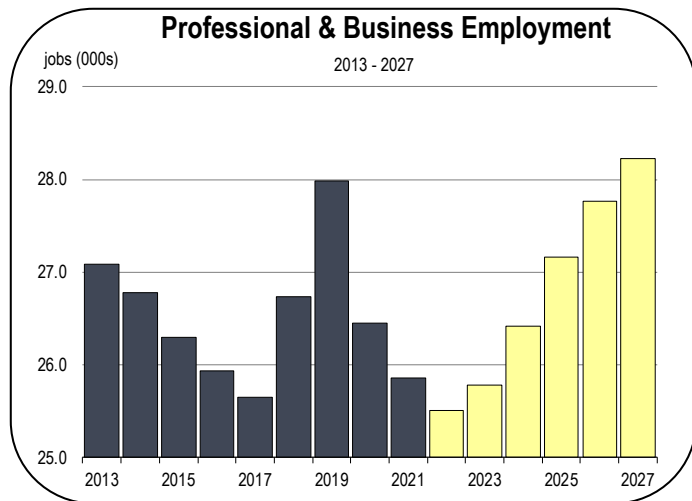
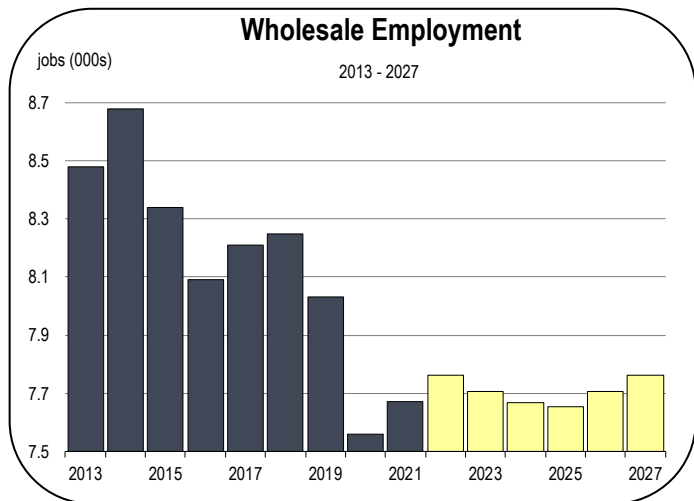
- In Kern County, the mining and natural resources sector is comprised almost entirely of oil extraction jobs.
- Employment levels in this sector are heavily dependent on the price of crude oil, which is influenced by global economic conditions.
- Employment growth in the mining and natural resources industry will depend on the future trajectory of oil prices, but more importantly, the State of California oil and gas policies which have become exceedingly restrictive in recent years.

- Oil prices are higher in 2021 and will remain so. Providing there are no major changes in the regulation of oil production, a partial recovery of Kern County crude oil extraction jobs is forecast.
- Kern County is also becoming a major region for solar power.
- The country’s largest solar farm is Solar Star, which has 1.7 million solar panels and is located in Rosamond.
- Other major facilities include the 8minute Solar farm in Cantil and the Beacon Solar power facility, which has 903,434 panels and is located just north of Cantil.



8minute Solar Energy’s 121-megawatt Solar Farm was completed in 2019 in Cantil. It was the first phase of a 1,500-acre project that began in 2015. The farm provides electricity to power more than 150,000 homes in the Los Angeles metro area.

Kern County Economic Forecast

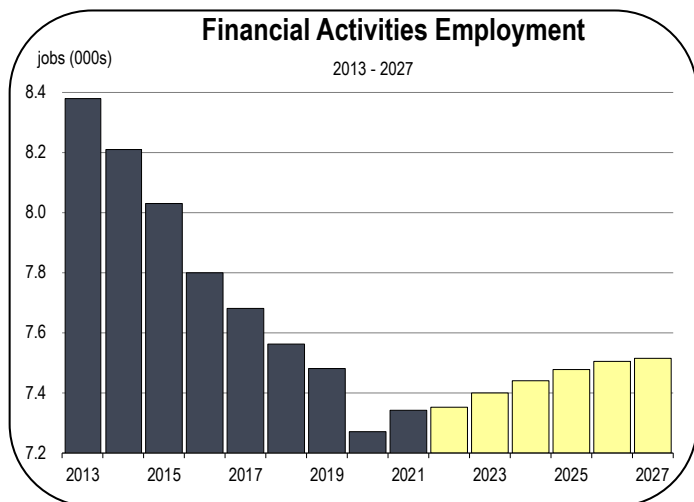


Wholesale Trade Employment

- There was minimal job restoration in 2021 and virtually no change in employment levels in 2022.
- Some, though very modest growth in employment is forecast over the next several years principally because banking is consolidating.

Financial Activities Employment

- The financial activities industry is in a long-term pattern of decline in Kern County.
- Job increases in 2021 barely recouped consistent loses during the previous decade.
- Total employee headcounts in this sector will barely increase for the foreseeable future.

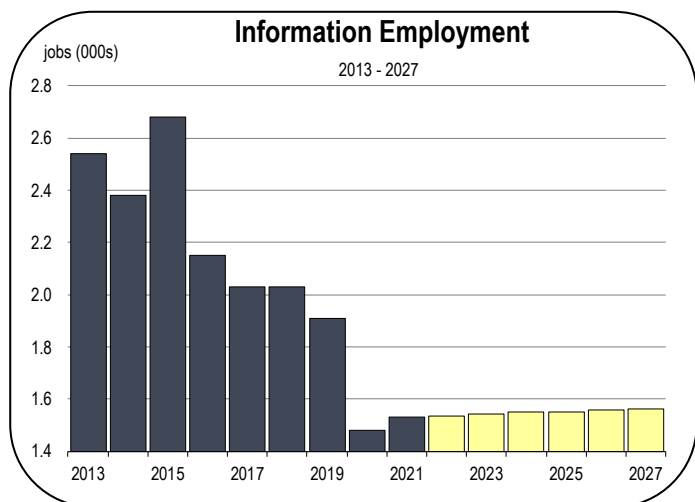


Professional and Business Services Employment

- Additional consolidation of employment in this sector will occur in 2022, but over the next 5 years, the professional and technical subsector will expand employment opportunities in Kern County.
- Staffing agencies primarily employ temp workers. Temp workers are usually laid off first during a downturn, but hired back first during a recovery.
- Aside from staffing agencies, jobs losses were minimal across most subsectors.
- The professional and business services industry is expected to lose 400 jobs in 2022, but should gain 300 jobs in 2023.

Professional & Business Services Sub-Sectors 2022	Jobs in Subsector	Subsector's Share of Overall Industry
Professional Services	5,891	23.0%
Scientific, Technical and Consulting	2,175	8.5%
Management of Companies	3,132	12.2%
Administrative Support	3,200	12.5%
Private Prisons	918	3.6%
Call Centers & Collections Agencies	1,734	6.8%
Corporate Security	1,408	5.5%
Building Maintenance	4,446	17.4%
Other	2,691	10.5%
Total	25,595	100%

Kern County Economic Forecast

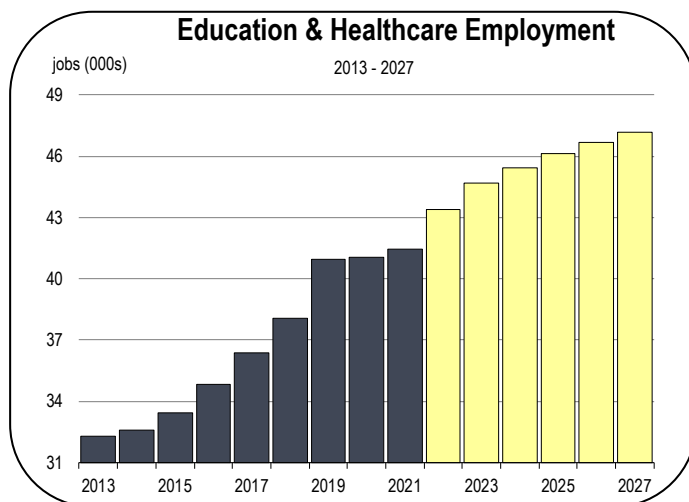


Information Employment

- In Kern County, the information sector is very small but dominated by telecommunications firms, radio and TV stations, and movie theaters.
- Across all subsectors, approximately 50 jobs were added in 2021.
- The Kern County information industry is not expected to re-gain a substantial number of jobs during the forecast period.

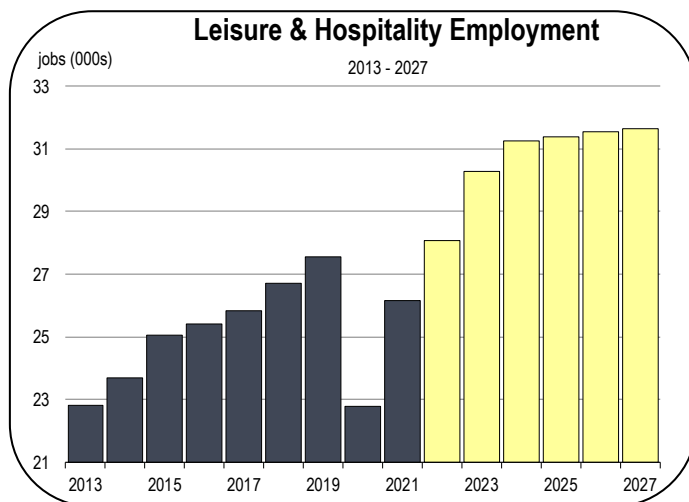
Private Education and Healthcare Employment

- Healthcare jobs were relatively recession proof during the 2008-2009 financial crisis and were relatively unaffected by the Coronavirus Recession.
- Private schools and tutoring centers declined by 15 percent last year, but employment has already recovered.
- Overall, the healthcare and education industry will create 2,000 jobs in 2022, and another 1,300 jobs in 2023.



Leisure and Hospitality Employment

- Leisure and hospitality firms were impacted by restricted business conditions more than almost any other sector of the labor market.
- In 2021, employment levels in restaurants, bars, and catering services increased by 3,400 jobs, an increase of 15 percent.
- Employment at entertainment and recreation centers rebounded substantially.
- Leisure and hospitality employment has also rebounded sharply in 2022, due to a surge in travel, dining, drinking, and recreation throughout Kern County. The pace of job creation will generate 1,500 new jobs.
- The forecast for 2023 calls for a gain of 1,900 jobs.



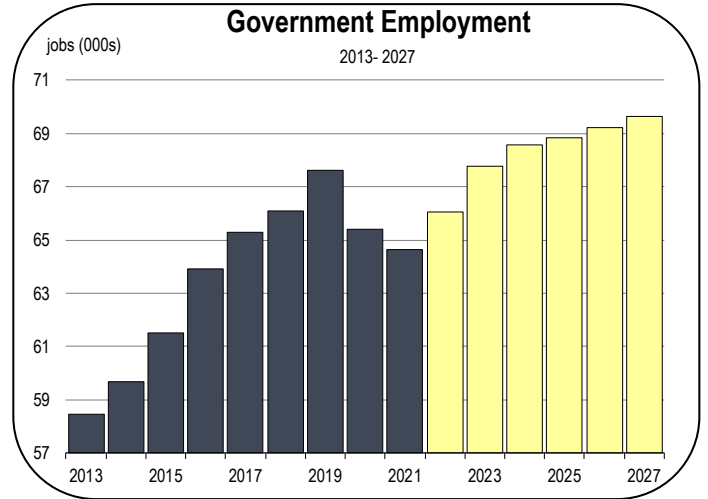
Kern County Economic Forecast

Government Employment

- State and local government agencies lost 800 jobs in 2021; a contraction of 1.2 percent.
- The public sector will recover another 1,600 jobs in 2022, and continue expanding through the forecast in tandem with the population.
- Eastern Kern County includes two major military installations which drive much of the economic activity in the region.
- China Lake Naval Air Station and Edwards AFB employ nearly 20,000 workers, most of them scientists and engineers.

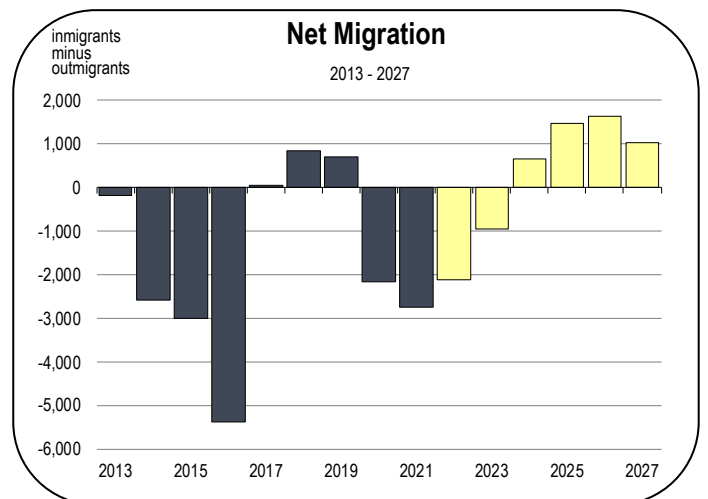
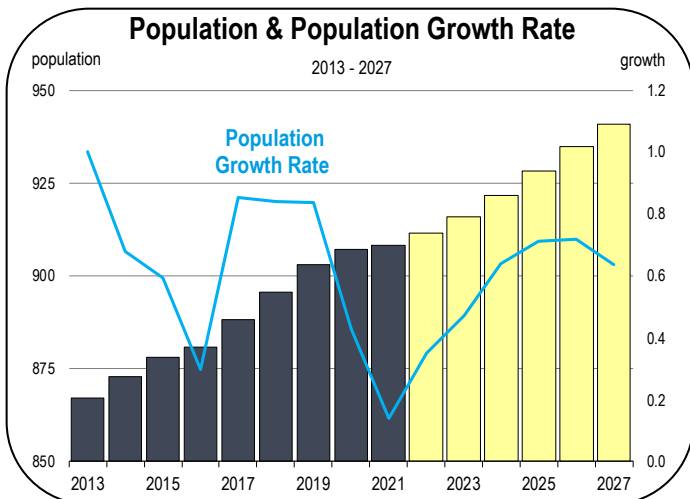
Population Growth

- A clear slowdown in population growth characterized Kern County in 2020 and 2021. With more job creation and a clearer abatement of the pandemic, fewer people migrated away from the county in 2022. Population growth rises to 0.4 percent in 2022, and 0.5 percent in 2023.
- Births still exceed the annual number of deaths in the county, by about 3,500. This natural increase in population is driving population growth in the county. The forecast also calls for higher levels of net migrants over the next several years.
- Population growth will average 0.6 percent per year during the forecast period and the county will approach 940,000 residents by 2027.

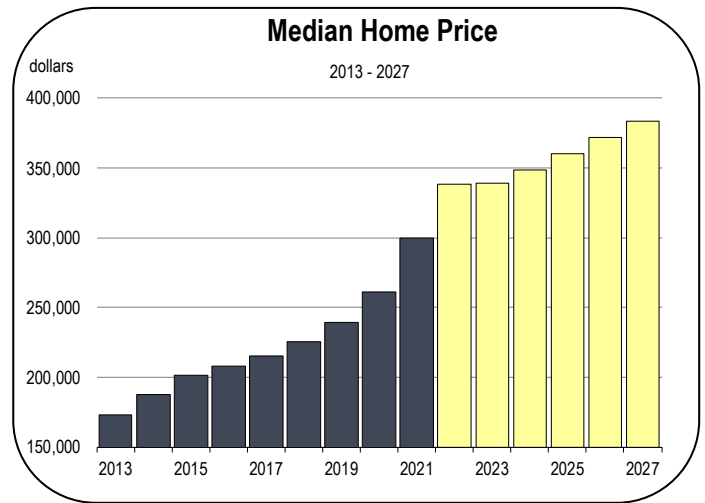
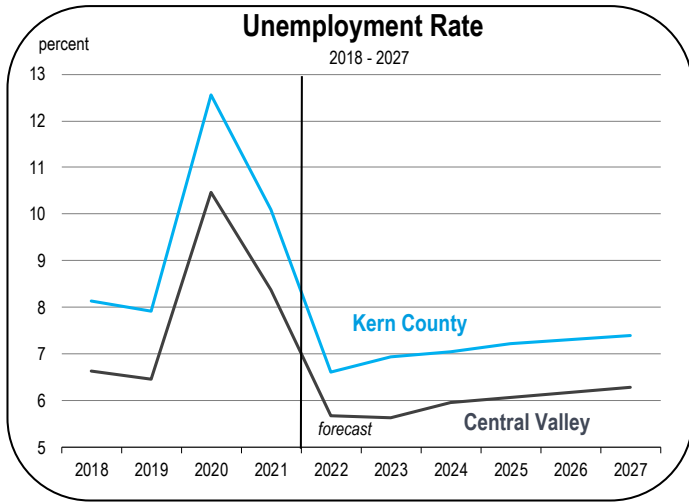


Unemployment and Inflation Rates

- The unemployment rate in Kern County averaged 10.1 percent in 2021. The large farming sector is responsible for higher unemployment rates in Kern County.
- The unemployment rate is expected to average 6.6 percent in 2022 and 6.9 percent in 2023.
- 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.



Kern County Economic Forecast

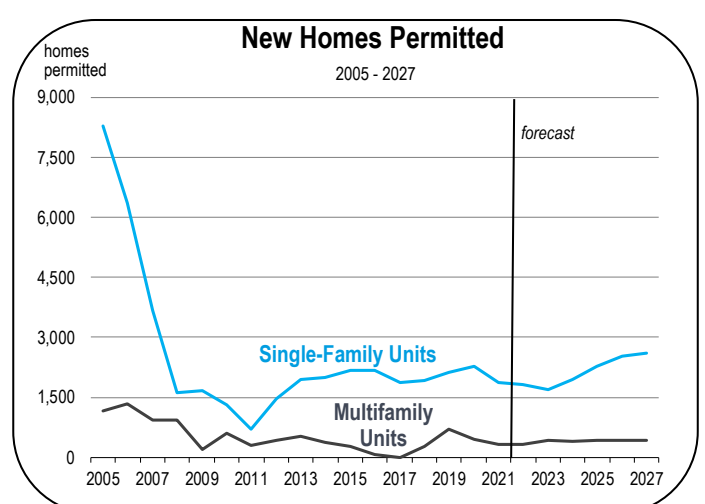
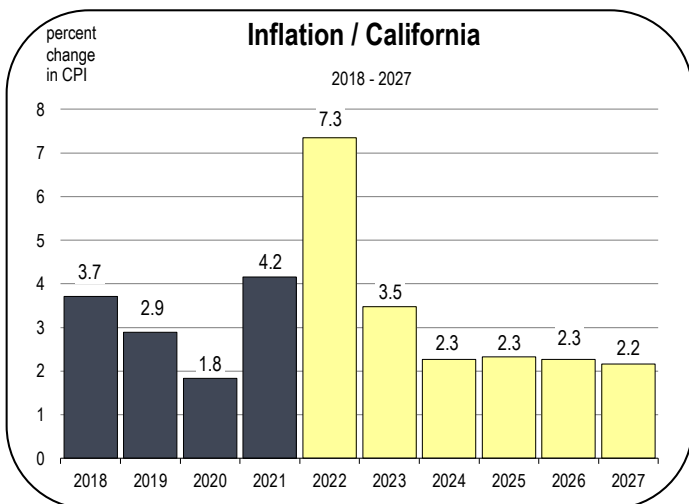


- During 2022 and into 2023, there will be a number of factors that will contribute to higher inflation. The most prominent will be:
 - Record spending by consumers and the federal government during 2021 and 2022
 - Fractures in the global supply chain that raise the cost of production for many businesses
 - Sharp increases in the cost of housing and energy
 - Labor market recruitment challenges that force companies to raise wages
- Combined, these factors have pushed inflation to its highest rate in 40 years. Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2022.

- However, inflation will begin to decelerate after 2022 as supply chains and the labor force are restored, eventually falling to below 3 percent again by 2024.

Home Prices and New Housing Production

- The median value for all homes sold was \$270,000 in 2021 and \$300,000 in 2022. The single family home median selling value will eclipse \$375,000 in 2022, despite a clear slowdown in price appreciation occurring over the second half of the year.
- From 2016-2021, approximately 2,000 homes were built each year. From 2022-2027, production will average 2,200 units per year.
- There are tens of thousands of units in the Kern County development pipeline. The most prominent project is Tejon Ranch.



Kern County Economic Forecast



Tejon Ranch

- Tejon Ranch is the largest privately owned parcel of land in California, consisting of 270,000 acres and is expected to be the site of a major residential development project.
- The ranch straddles the Kern County-Los Angeles County border, and is located around 30 minutes south of Bakersfield. The developers aim to build 35,000 homes, of which, approximately 16,000 units will be on the Kern County side. The Plan also calls for 35 million square feet of commercial space.
- Tejon Ranch is comprised of four projects that are within 20 miles of each other: The Outlets at Tejon, The Grapevine Master Planned Community, Tejon Mountain Village, and the Centennial Project (Centennial located across the border in Los Angeles County).
- The Outlets at Tejon is the smallest project in the Tejon Ranch, its purpose is to house the employees of the company's industrial and commercial center currently being built. The property is planned to include 495 apartment units, a town square, a clubhouse, fitness facilities, and a pool area.
- Construction is slated to begin in late 2022 with the first apartment units being ready in 2023, approximately 12 months later.
- The Grapevine Project is expected to include:
 - 12,000 residential units
 - 2.45 million square feet of office/R&D space
 - 1.45 million square feet of light industrial and warehouses
 - 1.2 million square feet of retail
 - One high school and five K-8 schools
 - Between 96 acres and 112 acres for parks
 - Fire stations and a sheriff's substation
 - Transit facilities
 - Water and wastewater treatment facilities
- The Tejon Mountain Village Master Planned project is fully entitled. It consists of:
 - 3,450 units
 - 510,000 square feet of commercial and resort buildings
 - 750 hotel rooms
 - 2 golf courses

Kern County Economic Forecast

Economic Indicators

2015-2021 History, 2022-2050 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	878,081	264.5	-3,008	2,454	738	\$33.6	\$8.6	\$14.5	\$15.9	\$45,257	10.3	\$8.1	0.9
2016	880,702	267.0	-5,372	2,235	752	\$33.4	\$8.6	\$14.0	\$13.4	\$44,039	10.5	\$8.4	1.9
2017	888,203	269.3	62	1,873	750	\$34.2	\$9.0	\$14.0	\$14.8	\$43,407	9.4	\$8.2	2.8
2018	895,655	271.7	832	2,210	765	\$35.7	\$9.6	\$15.2	\$15.9	\$43,336	8.1	\$8.1	3.8
2019	903,150	273.3	696	2,825	785	\$37.9	\$10.0	\$15.8	\$14.4	\$44,236	7.9	\$8.1	3.1
2020	907,021	275.3	-2,154	2,732	793	\$40.5	\$10.5	\$15.7	\$15.3	\$46,342	12.6	\$8.0	1.6
2021	908,283	276.8	-2,752	2,210	814	\$42.2	\$12.9	\$19.4	\$16.5	\$46,461	10.1	\$7.8	3.8
2022	911,472	279.4	-2,108	2,149	843	\$45.4	\$13.3	\$20.9	\$17.1	\$46,498	6.6	\$7.9	7.2
2023	915,777	281.4	-948	2,123	865	\$47.9	\$13.7	\$21.5	\$18.5	\$47,193	6.9	\$8.0	3.4
2024	921,630	283.4	657	2,356	879	\$49.9	\$13.9	\$21.8	\$19.6	\$47,841	7.0	\$8.0	2.2
2025	928,200	285.5	1,466	2,724	890	\$52.2	\$14.2	\$22.2	\$20.8	\$48,568	7.2	\$8.0	2.2
2026	934,856	288.1	1,643	2,957	898	\$54.4	\$14.4	\$22.6	\$21.7	\$49,162	7.3	\$7.9	2.2
2027	940,792	290.8	1,025	3,037	905	\$56.5	\$14.6	\$22.8	\$22.5	\$49,701	7.4	\$8.0	2.1
2028	947,402	293.7	1,797	2,874	910	\$58.7	\$14.9	\$23.2	\$23.1	\$50,206	7.5	\$8.0	2.1
2029	953,467	296.3	1,327	2,935	915	\$60.7	\$15.2	\$23.8	\$23.6	\$50,541	7.6	\$8.1	2.2
2030	959,443	299.1	1,339	2,857	920	\$62.9	\$15.6	\$24.3	\$24.0	\$50,918	7.6	\$8.1	2.1
2031	964,921	301.7	1,004	2,881	923	\$65.0	\$15.9	\$24.8	\$24.4	\$51,303	7.5	\$8.2	2.0
2032	970,307	304.4	1,038	2,669	927	\$67.1	\$16.2	\$25.3	\$24.7	\$51,554	7.3	\$8.3	2.2
2033	975,253	306.9	767	2,636	931	\$69.3	\$16.5	\$25.8	\$25.1	\$52,039	7.3	\$8.4	1.8
2034	979,794	309.3	578	2,637	935	\$71.6	\$16.8	\$26.3	\$25.4	\$52,472	7.2	\$8.4	2.0
2035	983,979	311.8	456	2,782	938	\$74.1	\$17.2	\$26.9	\$25.8	\$52,898	7.1	\$8.4	2.1
2036	988,171	314.4	688	2,817	941	\$76.6	\$17.7	\$27.6	\$26.0	\$53,155	7.0	\$8.4	2.5
2037	991,754	317.0	343	2,889	944	\$79.3	\$18.1	\$28.3	\$26.3	\$53,390	6.8	\$8.5	2.6
2038	995,033	319.7	320	2,878	948	\$81.9	\$18.6	\$29.0	\$26.5	\$53,727	6.8	\$8.5	2.4
2039	998,088	322.4	354	2,864	951	\$84.7	\$19.1	\$29.8	\$26.7	\$53,983	6.8	\$8.6	2.6
2040	1,000,911	325.0	431	2,862	954	\$87.6	\$19.5	\$30.5	\$26.9	\$54,259	6.7	\$8.6	2.5
2041	1,003,318	327.7	240	2,884	956	\$90.3	\$19.9	\$31.1	\$27.2	\$54,688	6.7	\$8.6	2.1
2042	1,005,475	330.4	188	2,794	959	\$93.1	\$20.3	\$31.7	\$27.5	\$55,136	6.7	\$8.6	2.0
2043	1,007,100	333.0	-93	2,778	961	\$95.9	\$20.7	\$32.3	\$27.8	\$55,638	6.7	\$8.6	1.9
2044	1,008,196	335.6	-368	2,730	964	\$98.7	\$21.0	\$32.8	\$28.1	\$56,227	6.7	\$8.7	1.7
2045	1,008,935	338.1	-466	2,711	966	\$101.5	\$21.4	\$33.4	\$28.4	\$56,776	6.7	\$8.7	1.8
2046	1,009,414	340.6	-502	2,669	968	\$104.4	\$21.8	\$34.1	\$28.7	\$57,267	6.7	\$8.7	1.9
2047	1,009,568	343.1	-592	2,557	971	\$107.3	\$22.3	\$34.7	\$28.9	\$57,656	6.7	\$8.7	2.1
2048	1,009,253	345.5	-827	2,551	973	\$110.4	\$22.8	\$35.5	\$29.0	\$58,026	6.7	\$8.8	2.2
2049	1,008,695	347.9	-837	2,543	975	\$113.4	\$23.2	\$36.2	\$29.2	\$58,530	6.7	\$8.8	1.9
2050	1,007,859	350.2	-851	2,491	978	\$116.5	\$23.7	\$37.0	\$29.5	\$58,995	6.7	\$8.8	2.0

Employment Sectors

2015-2021 History, 2022-2050 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	316.7	59.3	16.5	14.2	10.9	39.8	8.0	26.3	2.7	33.4	25.0	61.5
2016	317.7	62.0	14.5	13.5	10.9	40.2	7.8	25.9	2.2	34.8	25.4	63.9
2017	320.7	61.5	14.9	13.4	11.4	40.3	7.7	25.7	2.0	36.4	25.8	65.3
2018	329.2	62.4	15.9	13.2	13.2	40.1	7.6	26.7	2.0	38.1	26.7	66.1
2019	336.5	63.1	16.3	12.9	13.7	39.2	7.5	28.0	1.9	40.9	27.6	67.6
2020	319.1	59.7	15.3	12.4	14.4	37.7	7.3	26.5	1.5	41.0	22.8	65.4
2021	329.5	60.9	15.4	12.1	19.2	39.9	7.3	25.9	1.5	41.4	26.2	64.6
2022	341.3	62.7	15.5	11.9	22.5	41.4	7.4	25.5	1.5	43.4	28.1	66.1
2023	350.4	62.7	15.5	12.1	25.9	41.3	7.4	25.8	1.5	44.7	30.3	67.8
2024	356.5	62.6	15.8	12.3	28.2	41.2	7.4	26.4	1.5	45.4	31.2	68.6
2025	360.7	62.3	16.2	12.4	30.2	41.1	7.5	27.2	1.6	46.1	31.4	68.8
2026	364.2	61.9	16.4	12.5	31.9	41.0	7.5	27.8	1.6	46.7	31.5	69.2
2027	367.0	61.9	16.5	12.5	33.1	40.7	7.5	28.2	1.6	47.2	31.6	69.6
2028	369.1	62.0	16.4	12.5	34.0	40.6	7.5	28.6	1.6	47.7	31.8	69.9
2029	371.3	61.9	16.4	12.5	34.7	40.6	7.5	29.0	1.6	48.2	32.0	70.2
2030	373.2	62.1	16.4	12.5	35.2	40.7	7.5	29.2	1.6	48.7	32.2	70.3
2031	374.7	62.1	16.4	12.5	35.7	40.7	7.5	29.3	1.6	49.2	32.4	70.5
2032	376.1	62.2	16.2	12.5	36.1	40.8	7.5	29.5	1.6	49.7	32.6	70.7
2033	377.7	62.4	16.1	12.5	36.4	40.8	7.5	29.6	1.6	50.2	32.8	70.9
2034	379.3	62.7	16.1	12.5	36.8	40.9	7.5	29.7	1.6	50.6	33.0	71.0
2035	380.6	62.5	16.2	12.5	37.1	41.0	7.5	29.8	1.6	51.1	33.2	71.2
2036	382.1	62.6	16.3	12.5	37.3	41.1	7.5	29.9	1.6	51.5	33.3	71.3
2037	383.4	62.7	16.3	12.5	37.6	41.1	7.5	29.9	1.6	52.0	33.5	71.4
2038	384.8	62.9	16.3	12.5	37.9	41.1	7.5	30.0	1.6	52.4	33.7	71.6
2039	386.0	63.0	16.3	12.5	38.1	41.2	7.4	30.1	1.6	52.8	33.9	71.7
2040	387.2	63.1	16.3	12.5	38.3	41.2	7.4	30.2	1.6	53.2	34.1	71.8
2041	388.4	63.2	16.4	12.6	38.5	41.2	7.4	30.2	1.6	53.6	34.3	71.9
2042	389.3	63.2	16.3	12.6	38.7	41.2	7.4	30.3	1.6	53.9	34.5	72.1
2043	390.3	63.2	16.3	12.6	38.9	41.2	7.4	30.4	1.6	54.3	34.7	72.2
2044	391.3	63.3	16.2	12.6	39.1	41.2	7.4	30.4	1.6	54.7	34.8	72.4
2045	392.4	63.4	16.2	12.6	39.3	41.2	7.4	30.5	1.6	55.0	35.0	72.5
2046	393.3	63.4	16.2	12.6	39.5	41.2	7.4	30.6	1.6	55.4	35.2	72.6
2047	394.2	63.5	16.1	12.6	39.6	41.2	7.4	30.6	1.6	55.7	35.4	72.8
2048	395.3	63.7	16.1	12.6	39.8	41.2	7.4	30.7	1.6	56.0	35.6	72.9
2049	396.2	63.7	16.1	12.6	40.0	41.2	7.4	30.8	1.6	56.3	35.8	73.0
2050	397.1	63.8	16.0	12.6	40.2	41.2	7.4	30.8	1.6	56.7	35.9	73.2

Kern County Economic Forecast

Socioeconomic Indicators

