

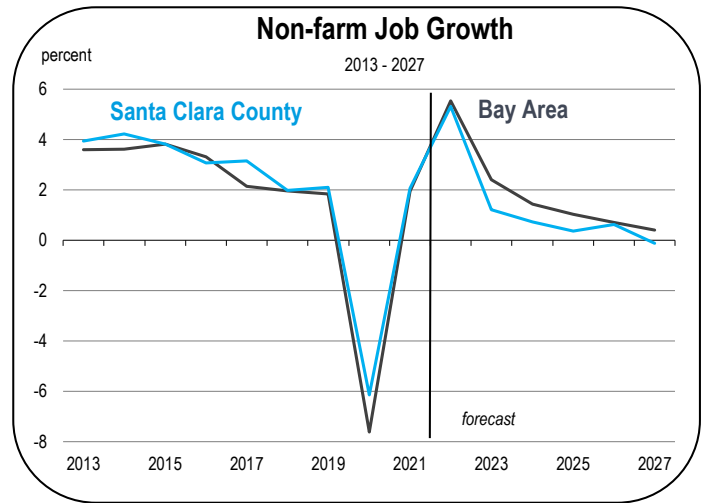
Santa Clara County Economic Forecast

Forecast Summary

- Tech giants are calling back workers to the home offices this year, creating a boost of indirect employment gains throughout the county.
- For the 2022 calendar year, 57,000 non-farm jobs will be restored in Santa Clara County. These additions to employment represent a full labor market recovery.
- Employment gains in 2022 will be largest in leisure services, which will recover 24,000 jobs. More than 5,000 jobs will also be re-gained or created in professional business services, and nearly 5,000 in healthcare, information, and transportation/warehousing.
- The unemployment rate averaged 4.7 percent in 2021. It is expected to average 2.1 percent in 2022.
- The Santa Clara County population is expected to shrink at a more rapid rate compared to the Bay Area average during the forecast period.
- Fewer homes will be built over the forecast period than were built during the previous five years. Housing production will not be sufficient to meaningfully impact the affordability crisis.
- Home selling values rose 15 percent in 2021 and are on pace to rise another 7 percent in 2022. However, selling values tracked monthly have been declining since the Spring of 2022.

Job Growth

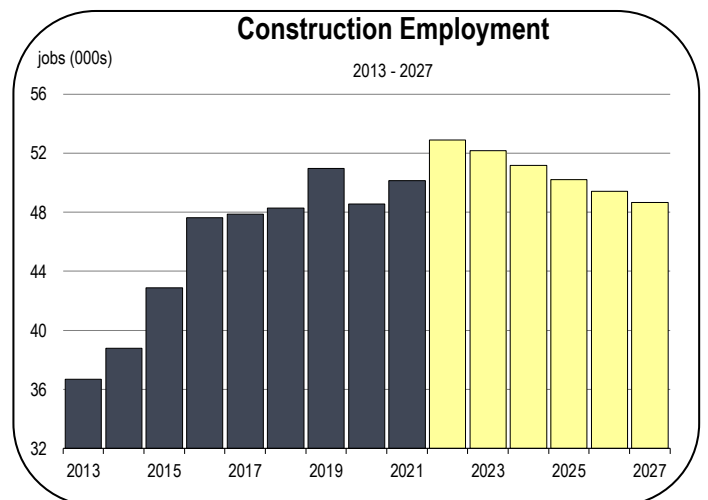
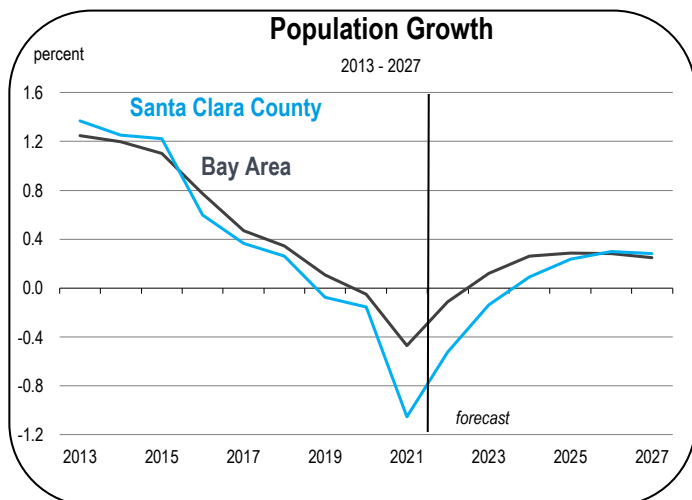
- Total employment in Santa Clara County will expand by 5.3 percent in 2022 and 1.2 percent in 2023.
- Between 2022 and 2027, job growth in Santa Clara County will average 1.4 percent per year, a slightly slower rate than the average annual growth for the greater Bay Area. =



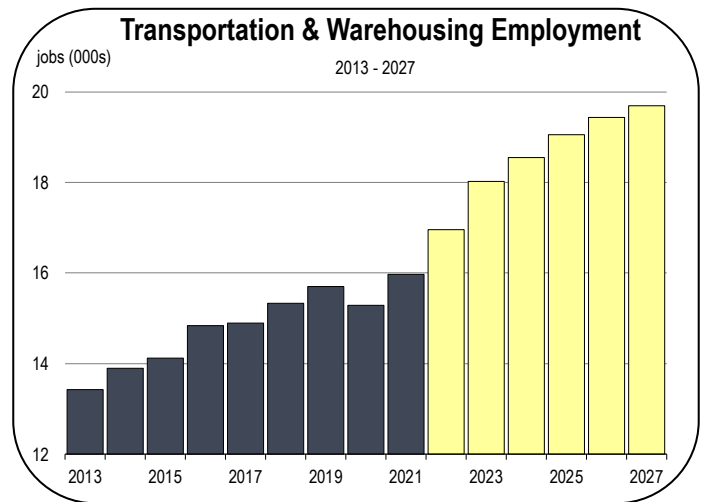
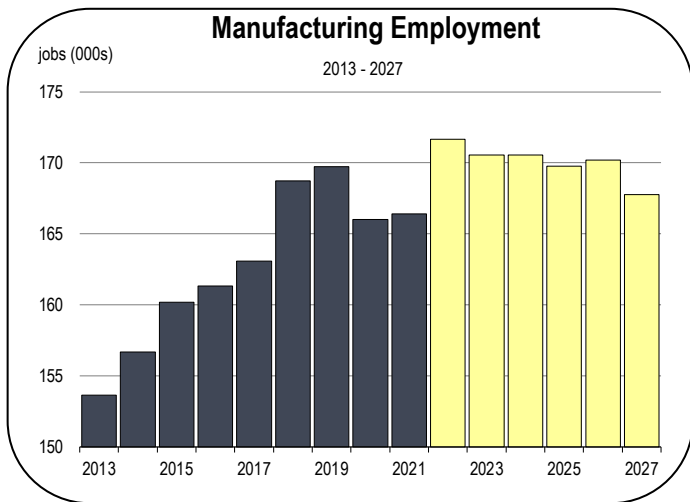
- The construction industry recovered 1,500 jobs in 2021, representing an employment increase of 3.2 percent. Another 3,300 jobs are expected to be created during 2022.

Construction Employment

- The construction industry recovered 1,500 jobs in 2021, representing an employment increase of 3.2 percent. Another 2,800 jobs are expected to be added by 2022.
- Construction employment will return to pre-recession levels in 2022 but is not expected to expand substantially over the next 5 years. This is because the anticipated level of housing production and commercial and industrial development will not require a larger construction workforce than is currently present within the Santa Clara County labor market.
- The construction workforce is fully employed now making it difficult for construction companies to hire additional workers over the next two years, or longer. This issue is also indicative of other sectors comprising the Bay Area labor market.



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Manufacturing Employment

- Approximately half of all manufacturing jobs in Santa Clara County are at computer and semiconductor manufacturing firms, such as Apple, Cisco, Intel, HP, and Netapp.
- Manufacturing employment increased by 0.6 percent in 2021. The major tech manufacturing firms did not downsize their employee headcounts, which stabilized industry-wide employment levels.
- Despite publicized the spate of layoffs within the tech industry during 2022, the industry will still create 5,200 jobs. However, in 2023 consolidations will occur and manufacturing employment is expected to contract.

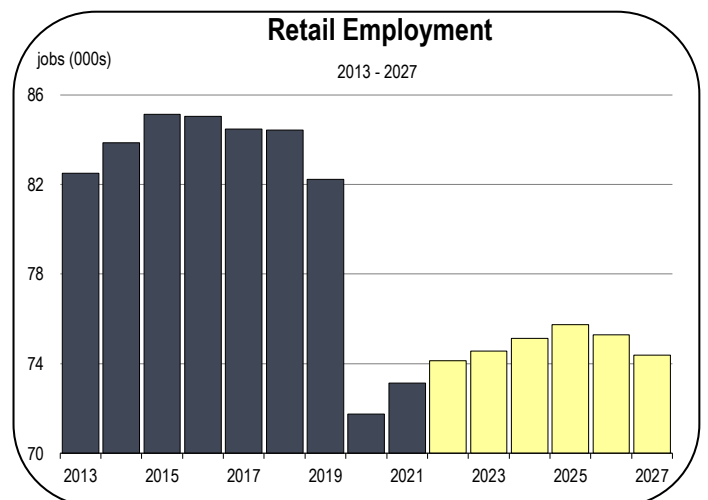
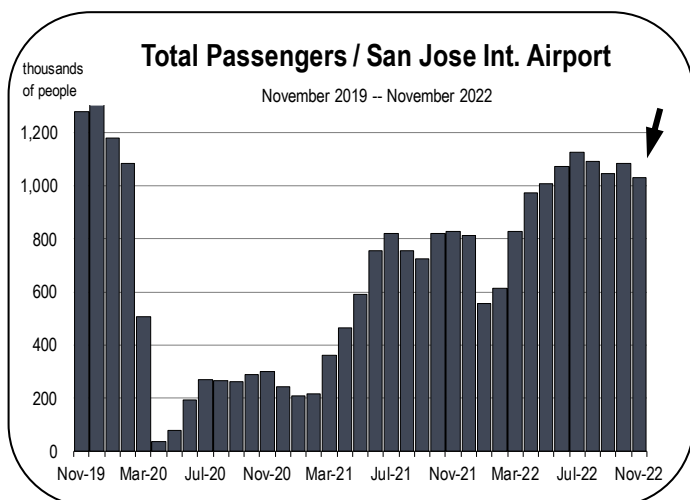
- Employment in long-distance trucking, warehousing, and airport services expanded rapidly in 2021. Employment in couriers and messenger services has also expanded sharply in 2021 and 2022.
- In 2022, over 1,000 jobs have been created in the transportation and warehousing sector, and the industry has now eclipsed its previous employment record set 22 years ago.
- The San Jose International Airport is staffed by a workforce of 200 for transportation and retail services, and 3,000 airline personnel for flight services. Passenger traffic is rapidly returning to normal.

Transportation and Warehousing Employment

- Most transportation jobs in Santa Clara County are in trucking and delivery services. A meaningful number are also located at the San Jose International Airport.

Retail Trade Employment

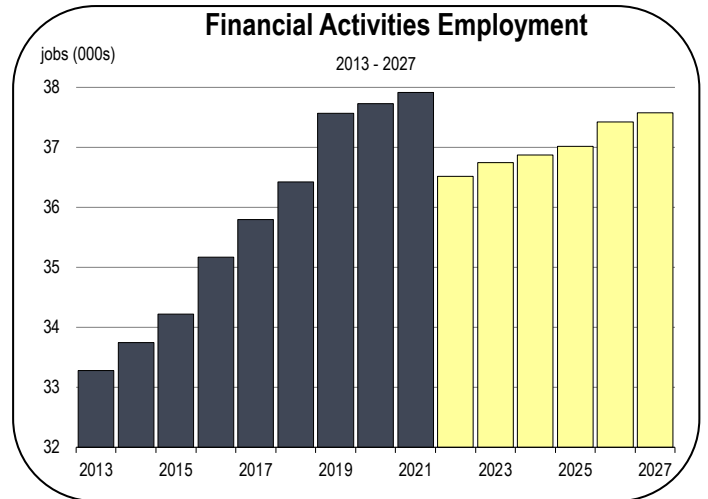
- The retail sector rebounded modestly in 2021, adding 1,400 jobs. In 2022, retail employment levels have improved, but due to technology and consolidations, employment levels will remain muted in this industry for the foreseeable future.



Santa Clara County Economic Forecast

Financial Activities Employment

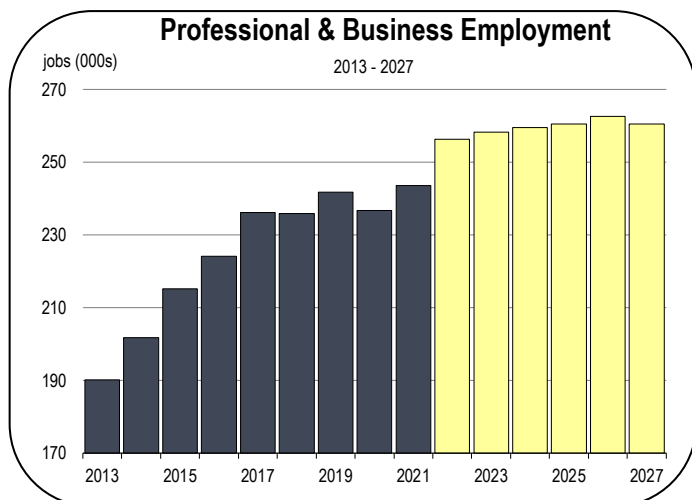
- The Santa Clara County financial activities sector is primarily comprised of real estate agencies and leasing management companies, banks, and venture capital firms.
- Venture Capital investment funding has increased substantially for Bay Area firms in 2022. During the first half, Bay area companies have received \$52 billion. Second place New York metro area firms have received \$20 billion.
- Employment in residential lending and sales, and banking will consolidate during 2022. Some growth will occur over the forecast, but automation in banking and securities will offset overall growth in residential and commercial real estate.



Professional and Business Services Employment

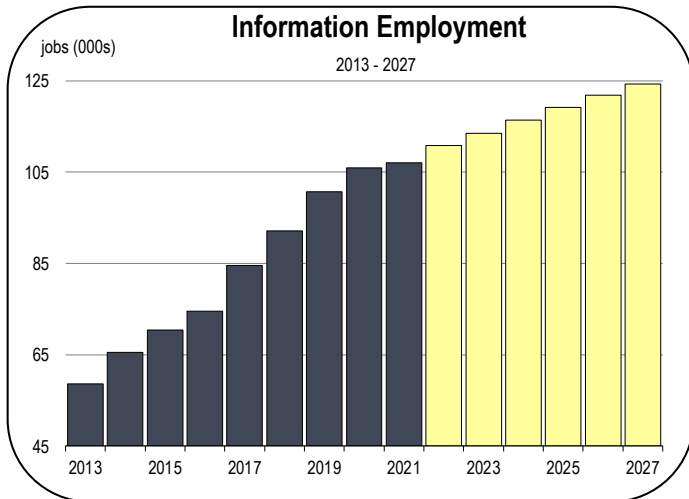
- Computer systems design employment accounts for more than a third of all jobs in the professional business services sector. Administrative jobs account for 25 percent of the total industry. Scientific research positions represent 11 percent of total employment.
- The largest additions were staffing agencies, which typically employ temp workers.
- Temp workers are usually the first to be laid off during a recession and the first hired back during the recovery.

- Several sectors continued to create new jobs, including business and IT consulting.
- Over the long term, most job creation in the professional business service sector will be observed in IT consulting, business consulting, scientific research, and building maintenance.



Professional & Business Services Principal Subsectors • 2022	Jobs in Subsector	Subsector's Share of Total
Computer Systems Design and Related	94,840	36.9
Administrative and Support Services	62,080	24.1
Scientific Research and Development Services	28,720	11.2
Services to Buildings and Dwellings	24,625	9.6
Architectural, Engineering and Related	18,980	7.4
Management of Companies and Enterprises	14,210	5.5

Santa Clara County Economic Forecast



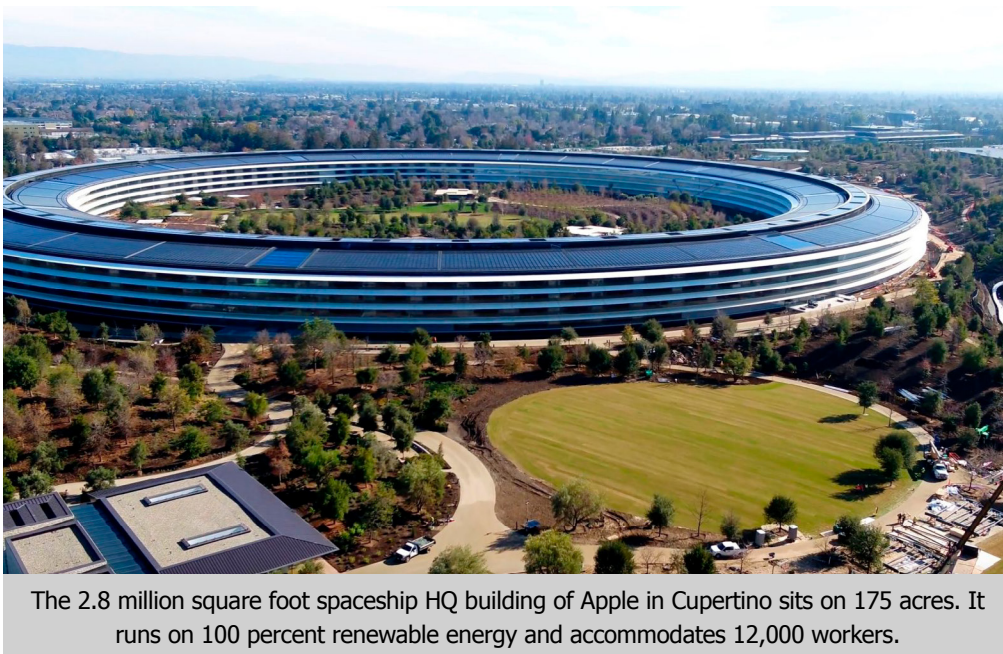
Information Employment

- In Santa Clara County, the information sector is dominated by software publishers like Adobe and data/internet service companies like Google and Facebook.
- The largest additions in 2022 were in computer systems design, followed by scientific research and development.
- Employment in technical services support of business will remain the sector leader in job growth over the forecast.

- Expect to observe most job creation in the professional business service sector in computer design, technical and scientific consulting, business consulting, and building maintenance.
- Between 2022 and 2027, job growth in the information industry will be faster than every other sector except leisure and hospitality.
- The telecommunications and newspaper publishing industries will lose jobs over the forecast period, but these losses will be offset by growth in software services.

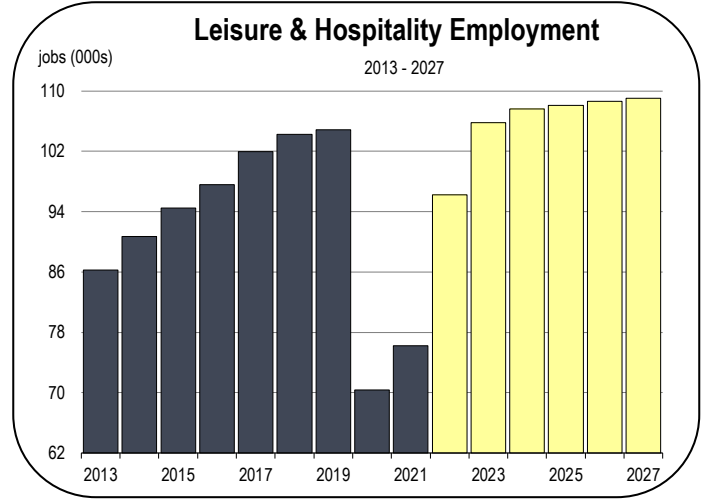
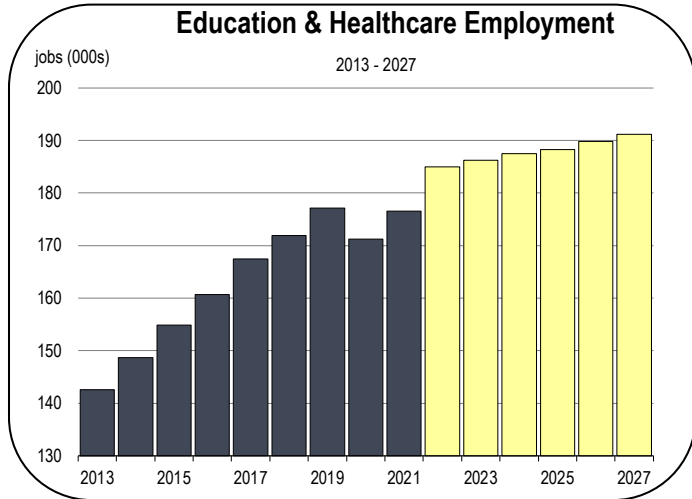
Private Education and Healthcare Employment

- For the private healthcare and education sector, healthcare accounts for 75 percent of total employment. This workforce advanced by 5,300 jobs in 2021 and is on pace to create 8,400 jobs in 2022.
- Employment at doctor and dentist offices is where most of the 2021-2022 increase in jobs had occurred. Private colleges and universities are on pace to add 2,000 staff and faculty positions in 2022.
- Overall, the healthcare and education industry will add another 2,500 jobs in 2023 and 2024.



The 2.8 million square foot spaceship HQ building of Apple in Cupertino sits on 175 acres. It runs on 100 percent renewable energy and accommodates 12,000 workers.

Santa Clara County Economic Forecast



Leisure and Hospitality Employment

- Leisure and hospitality employment rebounded sharply in the 2nd half of 2021 and during the first 8 months of 2022. Employment during this time increased by 5,900 jobs in 2021 and is on pace to create 20,000 jobs in 2022.
- Hotel utilization rose sharply in 2022, effectively restoring average occupancy rates that prevailed before the 2020 recession.
- The sharp rebound in Leisure and hospitality employment in 2022 will carry over into 2023, though an offset is likely due to the economic slowdown that threatens California in 2023. It is not entirely certain how travel, dining, drinking, and recreation throughout Santa Clara County will be impacted by the slower growth forecast for the state.

- Visitor and business travel are critical to the leisure and hospitality industry. Passenger traffic through San Jose International Airport is on pace to full rebound by the end of 2022.

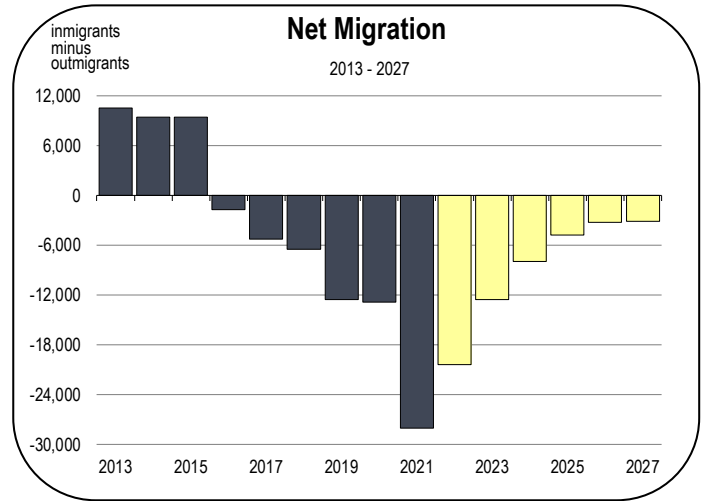
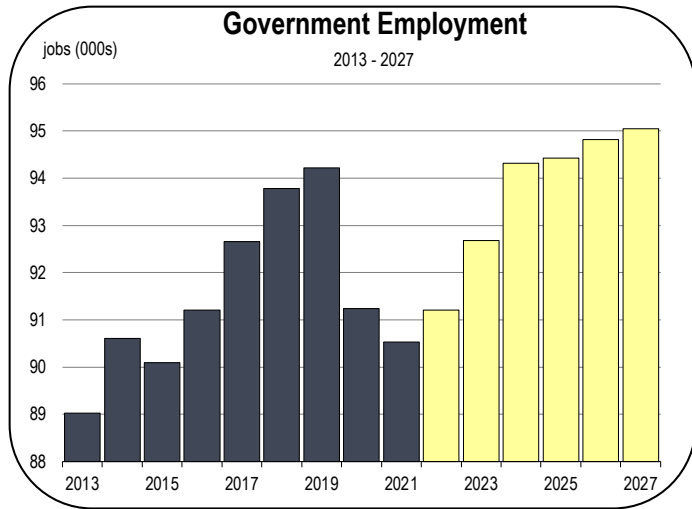
Government Employment

- State and local government departments including the public schools rebounded during the second half of 2021 with rising headcounts. Early retirement for many teachers resulted in a slower recovery for public sector employment.
- Not all advertised positions are being filled however because the labor force has not entirely returned in Santa Clara County. 1,000 jobs are expected to be added in 2022, representing an increase of 0.7 percent.
- Federal government employment is forecast to remain approximately constant in 2022 and over the forecast.



The San Francisco 49ers are expected to generate record attendance and record revenues for the City of San Jose in 2022. During 2021, the niners finished with a 10-7 record, made the playoffs but lost to the Rams in the Conference Championship, 20-17, just missing a trip to the Superbowl.

Santa Clara County Economic Forecast

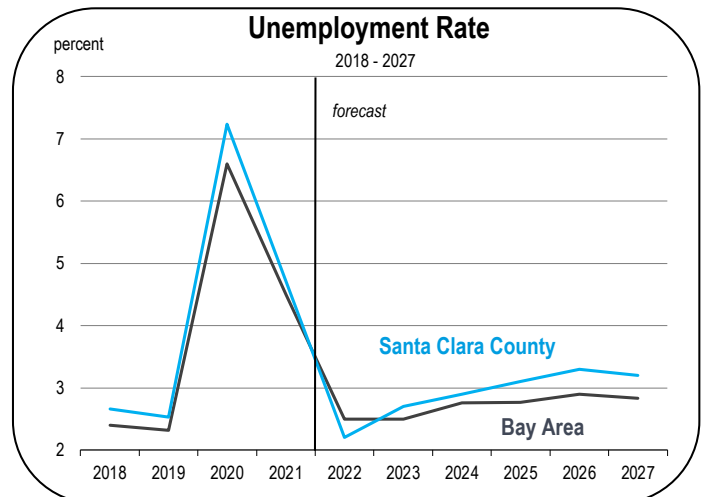
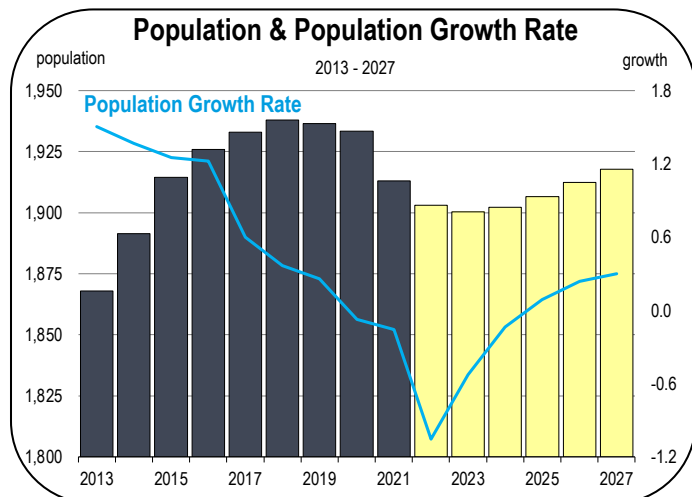


Population Growth

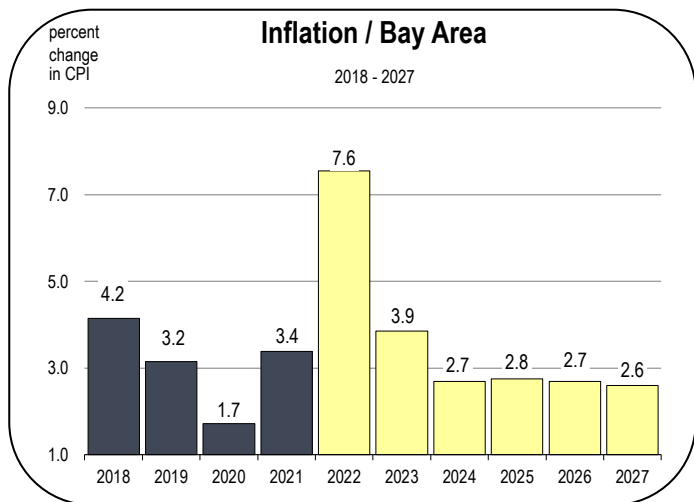
- It is estimated that population declined by approximately 28,000 net migrants in 2021, the most ever recorded in a single year. The number of residents moving out of Santa Clara County increased while the number of people moving in declined. Net migration during 2022 is forecast to behave similarly.
- Net in-migration is not expected to turn positive anytime over the forecast period.
- Despite prohibitively high home prices, people will move into the county for higher wages and prestigious jobs in software, Internet/data services, and scientific research, all of which will continue to be in demand over the next 5 years.
- Net population growth is forecast to be modestly negative between 2022 and 2027 and the county will hover around 1.9 million residents.

Unemployment and Inflation Rates

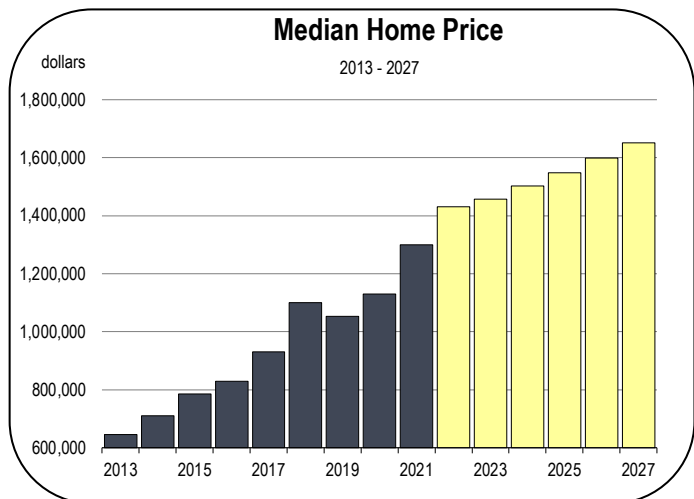
- The unemployment rate in Santa Clara County averaged 4.7 percent in 2021, which was lower than the composite rate for the Bay Area.
- An unemployment rate below 4.0 percent signifies a fully employed workforce in Santa Clara County.
- The unemployment rate is expected to average 2.1 percent in 2022 and 2.7 percent in 2023.
- Inflation soared in 2021 and is expected to remain elevated in 2022 and 2023.



Santa Clara County Economic Forecast

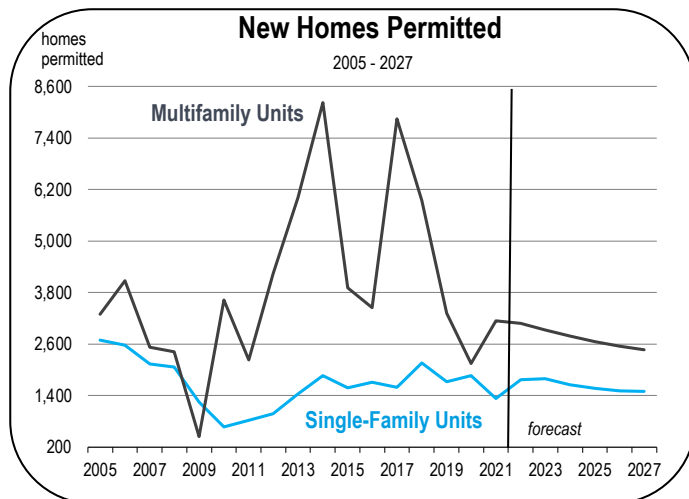


- During 2022 and into 2023, there will be a number of factors that will contribute to higher-than-normal inflation. The most prominent will be:
 - Spending by consumers and the federal government that was especially prolific in 2021 and 2022
 - Global supply chain interruptions (from the pandemic) that have raised the cost of production for many businesses
 - Sharp increases in the cost of housing and energy
 - Labor market recruitment challenges that have led to surging wage increases
- Combined, these factors have pushed 2022 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 and 2023.
- However, inflation will gradually decelerate in 2023 as supply chains are restored, and the impending economic slowdown moderates the demand for labor and wage increases. Average inflation rates eventually decline to 3 percent again by 2024.



Home Prices and New Housing Production

- In 2021, the median home price for all purchase housing in Santa Clara County was \$1,300,000, an increase of 15 percent from the previous year. Single family homes sold for \$1.64 million. By mid-2022, the median home selling price for single family detached housing advanced another 6 percent to \$1.74 million.
- The housing affordability crisis has become acute. The typical household would need to spend more than 40 percent of its pre-tax income to afford the median-priced home, which exceeds most affordability guidelines.
- Accumulating even a 10% down payment would mean saving \$174,000, which is out of reach for almost anyone outside of the technology, asset management, corporate law, corporate management, or biotech industries.
- Home prices are expected to increase in 2022 despite declines in selling values over the 2nd half of the year. The median home price will decline slightly in 2023. Fixed rate mortgage rates will remain elevated throughout 2023.
- Housing production is conservatively forecast to average 4,300 homes per year from 2022 to 2027 but could go higher in many years because currently there are 90,000 housing units in the Santa Clara County development pipeline.
- The Association of Bay Area Governments (ABAG) assigned Santa Clara County an allocation of 115,000 housing units to be built over the 2023-2031 period. The assignment comes from the Regional Housing Needs Assessment program of the Housing and Community Development Department
- San Jose alone was allocated 62,200 housing units. Mountain View, Santa Clara, and Sunnyvale were all allocated between 11,000 and 12,000 units each.



Santa Clara County Economic Forecast

- San Jose approved the largest development project in its history last year. The project was proposed by Google on 80 acres near Diridon Station in downtown San Jose. The project is commonly called Google's Downtown West project.
- The plans for the project call for 7.3 million square feet of office space, 4,000 residential units, 15 acres of parks, 500,000 square feet of active uses, and 100,000 square feet of event and hotel use. Twenty-five percent of the 4,000 housing units are planned to be affordable housing. Because the median family income for the Santa Clara County area is \$168,000 in 2022, households with annual incomes of \$84,000 to \$126,000 would be eligible for the affordable units.
- Construction is planned to start in 2023 and the project is predicted to take over a decade to complete.
- Five other major development projects in San Jose that are approved include:
 1. Bascom Station
 - a. 600 multifamily units
 - b. 300,000 square feet of commercial/retail use
 2. Communications Hill
 - a. 2,200 residential units
 - b. 1.44 million square feet industrial park use
 3. Kelsey Ayer Station
 - a. 115 multifamily unit apartment building
 4. San Jose Flea Market Southside Rezoning
 - a. 3,450 residential units
 - b. 4.5 million square feet for commercial use
 5. Winchester Ranch
 - a. 691 residential units



Santa Clara 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 (%)	Real Farm Production (thousands)	Inflation Rate (%)
2015	1,914,457	624.0	9,429	5,616	1,651	\$165.2	\$23.4	\$41.5	\$74.8	\$103,647	4.2	\$335	2.6
2016	1,925,914	629.4	-1,703	5,036	1,687	\$179.0	\$23.8	\$42.1	\$73.7	\$108,407	3.8	\$365	3.0
2017	1,932,947	633.7	-5,268	10,006	1,688	\$194.6	\$24.6	\$43.1	\$76.1	\$113,729	3.2	\$356	3.2
2018	1,937,985	639.4	-6,486	7,668	1,699	\$213.2	\$26.2	\$45.4	\$80.5	\$119,340	2.7	\$321	4.2
2019	1,936,521	642.9	-12,555	5,178	1,720	\$223.6	\$27.2	\$47.0	\$80.3	\$121,428	2.5	\$321	3.2
2020	1,933,516	645.8	-12,873	3,471	1,646	\$235.9	\$26.2	\$45.2	\$86.7	\$126,122	7.2	\$333	1.7
2021	1,913,113	648.7	-28,054	4,915	1,632	\$248.0	\$30.6	\$52.9	\$86.3	\$129,627	4.7	\$332	3.4
2022	1,903,058	654.5	-20,396	4,868	1,623	\$277.4	\$34.1	\$59.3	\$88.1	\$135,510	2.2	\$332	7.6
2023	1,900,449	659.1	-12,584	4,578	1,621	\$291.4	\$34.9	\$60.4	\$88.5	\$137,263	2.7	\$333	3.9
2024	1,902,141	663.4	-7,978	4,354	1,622	\$305.3	\$35.6	\$61.1	\$90.3	\$139,944	2.9	\$333	2.7
2025	1,906,658	667.4	-4,776	4,163	1,626	\$316.8	\$36.3	\$62.0	\$91.1	\$140,992	3.1	\$334	2.8
2026	1,912,385	671.1	-3,242	4,039	1,631	\$330.3	\$36.9	\$62.6	\$92.7	\$142,734	3.3	\$334	2.7
2027	1,917,796	674.7	-3,148	3,964	1,636	\$344.9	\$37.5	\$63.3	\$93.7	\$144,833	3.2	\$334	2.6
2028	1,923,289	678.3	-2,720	3,919	1,640	\$359.6	\$38.2	\$64.0	\$94.8	\$146,718	3.3	\$335	2.6
2029	1,929,159	681.8	-2,069	4,004	1,645	\$374.9	\$39.3	\$65.7	\$96.0	\$148,416	3.4	\$335	2.7
2030	1,934,334	685.3	-2,505	4,228	1,649	\$391.1	\$40.6	\$67.8	\$97.2	\$150,484	3.5	\$335	2.6
2031	1,938,496	689.1	-2,976	4,308	1,653	\$407.0	\$41.7	\$69.3	\$98.5	\$152,401	3.7	\$335	2.5
2032	1,942,565	692.9	-2,634	4,485	1,656	\$422.2	\$42.9	\$71.0	\$99.2	\$153,561	3.8	\$335	2.7
2033	1,946,657	696.9	-2,256	4,485	1,660	\$439.7	\$44.0	\$72.7	\$100.9	\$155,942	3.9	\$335	2.3
2034	1,950,857	700.9	-1,724	4,473	1,663	\$457.7	\$45.2	\$74.3	\$102.3	\$157,975	3.9	\$335	2.5
2035	1,954,472	704.9	-2,010	4,467	1,666	\$476.6	\$46.5	\$76.4	\$103.8	\$159,996	3.9	\$335	2.6
2036	1,957,665	708.9	-2,166	4,464	1,669	\$494.6	\$48.2	\$78.9	\$104.6	\$160,911	4.0	\$335	3.0
2037	1,960,327	712.8	-2,473	4,459	1,671	\$513.9	\$49.8	\$81.2	\$105.4	\$161,917	3.9	\$335	3.1
2038	1,963,727	716.8	-1,412	4,474	1,674	\$534.6	\$51.3	\$83.6	\$106.6	\$163,390	3.9	\$335	2.9
2039	1,967,889	720.8	-395	4,512	1,677	\$555.7	\$53.0	\$86.0	\$107.5	\$164,352	3.9	\$335	3.1
2040	1,971,003	724.8	-1,076	4,540	1,680	\$577.1	\$54.6	\$88.3	\$108.5	\$165,431	4.0	\$335	3.0
2041	1,973,673	728.8	-1,152	4,564	1,682	\$599.8	\$56.1	\$90.4	\$110.0	\$167,318	3.9	\$335	2.6
2042	1,976,230	732.9	-1,004	4,576	1,684	\$622.9	\$57.6	\$92.4	\$111.5	\$169,242	3.9	\$335	2.5
2043	1,978,861	737.0	-693	4,599	1,686	\$646.3	\$59.1	\$94.6	\$113.1	\$171,196	3.9	\$335	2.4
2044	1,981,633	741.0	-287	4,629	1,688	\$670.3	\$60.5	\$96.4	\$114.9	\$173,389	3.9	\$335	2.3
2045	1,983,970	745.2	-399	4,659	1,690	\$694.0	\$62.1	\$98.7	\$116.4	\$175,204	3.9	\$335	2.3
2046	1,985,255	749.3	-1,222	4,670	1,691	\$717.4	\$63.7	\$101.0	\$117.6	\$176,701	3.9	\$335	2.4
2047	1,985,570	753.5	-1,948	4,655	1,691	\$740.1	\$65.4	\$103.2	\$118.4	\$177,587	3.9	\$335	2.6
2048	1,985,391	757.6	-2,190	4,652	1,691	\$763.3	\$67.3	\$106.0	\$119.0	\$178,305	3.9	\$335	2.7
2049	1,985,026	761.8	-2,030	4,654	1,691	\$788.1	\$69.2	\$108.5	\$120.1	\$179,752	3.9	\$335	2.4
2050	1,984,426	765.9	-1,915	4,649	1,691	\$813.4	\$71.1	\$111.3	\$121.1	\$180,973	3.9	\$335	2.5

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	1,029	3.7	42.9	160.2	14.1	121.9	34.2	215.2	70.4	154.9	94.5	90.1
2016	1,061	3.9	47.6	161.3	14.8	122.4	35.2	224.1	74.5	160.6	97.6	91.2
2017	1,094	3.6	47.9	163.1	14.9	117.1	35.8	236.2	84.6	167.4	102.0	92.7
2018	1,115	3.5	48.3	168.7	15.3	116.3	36.4	235.9	92.1	171.9	104.2	93.8
2019	1,138	3.1	51.0	169.7	15.7	113.5	37.6	241.8	100.7	177.2	104.9	94.2
2020	1,068	2.9	48.6	166.0	15.3	100.5	37.7	236.6	105.9	171.2	70.3	91.2
2021	1,090	2.7	50.1	166.4	16.0	101.0	37.9	243.5	107.0	176.6	76.2	90.5
2022	1,148	2.7	52.9	171.7	16.7	102.9	36.5	256.3	111.9	185.0	96.2	91.2
2023	1,162	2.7	52.2	170.5	18.0	100.8	36.8	258.2	113.5	186.2	105.8	92.7
2024	1,171	2.7	51.2	170.6	18.6	100.6	36.9	259.5	116.4	187.5	107.6	94.3
2025	1,175	2.7	50.2	169.8	19.1	100.4	37.0	260.4	119.2	188.2	108.1	94.4
2026	1,182	2.7	49.4	170.2	19.4	99.5	37.4	262.5	121.9	189.8	108.7	94.8
2027	1,181	2.7	48.7	167.8	19.7	98.2	37.6	260.5	124.3	191.2	109.0	95.1
2028	1,184	2.7	49.0	166.6	19.9	98.5	37.6	259.4	126.6	192.5	109.7	95.2
2029	1,186	2.7	49.3	165.5	20.0	97.6	37.7	258.2	128.8	193.8	110.4	95.3
2030	1,191	2.6	49.8	164.6	20.0	98.3	37.8	257.5	131.1	195.0	111.1	95.4
2031	1,193	2.6	49.6	163.8	20.1	97.7	37.8	256.8	133.3	196.1	111.8	95.5
2032	1,196	2.6	49.9	163.0	20.2	98.1	37.7	255.8	135.5	197.2	112.5	95.6
2033	1,198	2.6	50.0	162.5	20.2	97.1	37.7	255.2	137.7	198.3	113.2	95.7
2034	1,202	2.6	50.1	162.0	20.3	97.0	37.7	254.7	139.9	199.3	113.9	95.8
2035	1,204	2.6	50.1	161.5	20.3	96.5	37.6	254.1	142.1	200.4	114.6	95.9
2036	1,206	2.6	50.2	161.1	20.3	95.0	37.6	253.5	144.3	201.4	115.3	95.9
2037	1,209	2.6	50.3	160.8	20.4	94.4	37.6	252.9	146.5	202.5	116.0	96.0
2038	1,211	2.6	50.4	160.4	20.4	93.3	37.5	252.3	148.7	203.4	116.7	96.0
2039	1,213	2.6	50.6	160.1	20.4	92.1	37.5	251.6	150.8	204.5	117.4	96.0
2040	1,215	2.6	50.8	159.9	20.4	90.9	37.5	251.0	153.0	205.5	118.1	96.0
2041	1,218	2.6	51.0	159.6	20.4	89.8	37.5	250.3	155.2	206.6	118.8	96.1
2042	1,220	2.6	51.2	159.4	20.4	88.6	37.4	249.6	157.3	207.6	119.5	96.1
2043	1,222	2.6	51.4	159.2	20.4	87.4	37.4	248.9	159.5	208.7	120.2	96.2
2044	1,224	2.6	51.6	159.0	20.3	86.2	37.4	248.2	161.6	209.8	120.9	96.3
2045	1,227	2.6	51.8	158.9	20.3	85.1	37.4	247.4	163.8	211.0	121.5	96.4
2046	1,230	2.6	52.0	158.7	20.3	84.4	37.4	246.6	165.9	212.1	122.2	96.4
2047	1,232	2.5	52.1	158.6	20.3	83.6	37.3	245.9	168.0	213.3	122.9	96.5
2048	1,235	2.5	52.2	158.5	20.4	83.0	37.3	245.1	170.2	214.4	123.6	96.5
2049	1,238	2.5	52.4	158.4	20.4	82.3	37.3	244.3	172.3	215.6	124.2	96.6
2050	1,240	2.5	52.5	158.3	20.4	81.7	37.3	243.5	174.4	216.6	124.9	96.7

Santa Clara County Economic Forecast

Socioeconomic Indicators

