

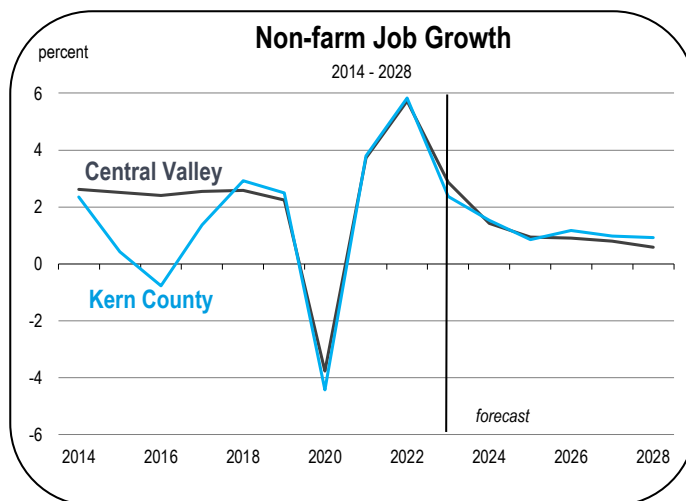
# Kern County Economic Forecast

## Forecast Summary

- On an annual average basis, 16,000 non-farm jobs were restored in Kern County during 2022. Another 9,600 jobs are expected to be added during 2023.
- Employment gains in 2022 were largest in health care, leisure services, and transportation and warehousing. Health care, leisure services, and the public sector will contribute approximately 71 percent of the total job gains during 2023.
- The unemployment rate averaged 6.9 percent in 2022. It is expected to average 8.0 percent in 2023.
- The population is expanding faster than broader Southern California, and this trend will continue because of affordable home prices.
- Over the 2023-2028 forecast period, 21 percent more homes will be built than during the 2017-2022 period.
- For all housing, home prices increased 14.4 percent in 2022 to \$352,000. Home prices will decline by 6.4 percent in 2023.

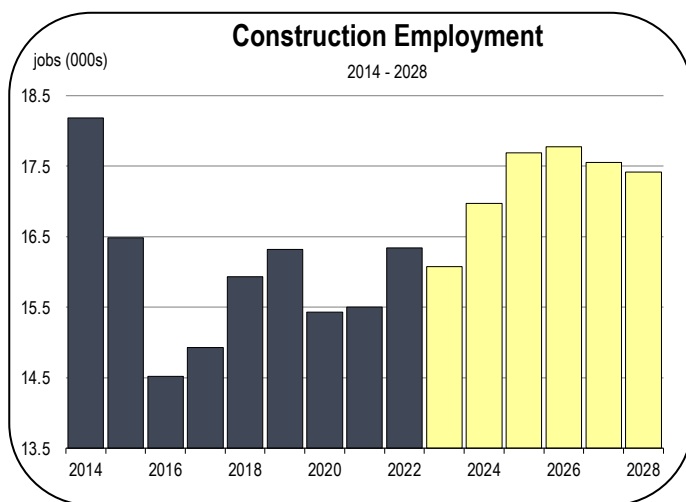
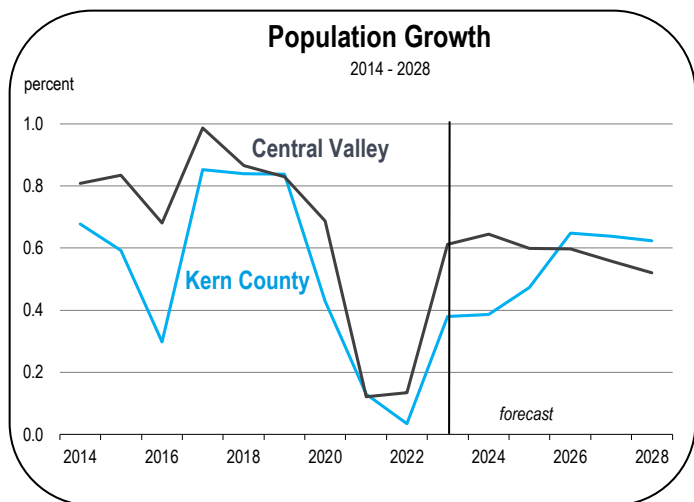
## Job Growth

- Total employment in Kern County rose 4.8 percent in 2022 and is on pace to increase 2.8 percent in 2023.
- Over the entire forecast period, job growth in Kern County will track the Central Valley average which is dominated by Kern and Fresno Counties.

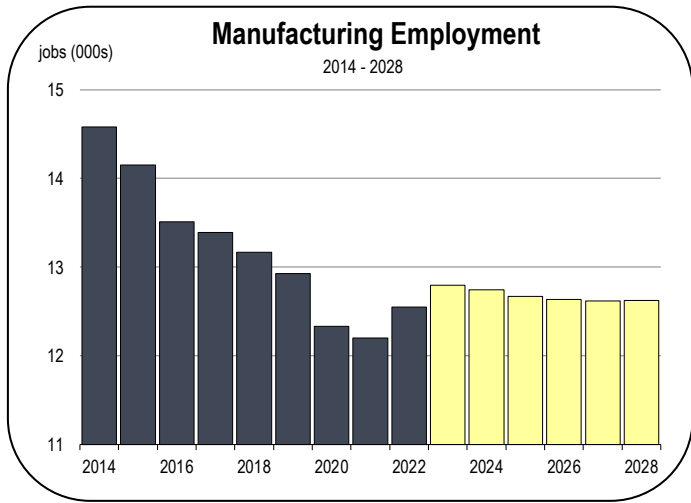


## Construction Employment

- Construction employment increased by approximately 840 jobs during 2022, accounting for an increase of 5.4 percent.
- The construction sector is expected to lose 270 jobs in 2023.
- 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

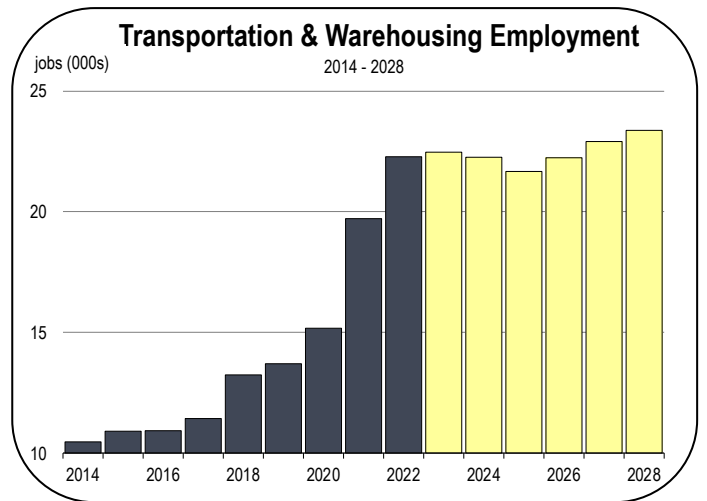
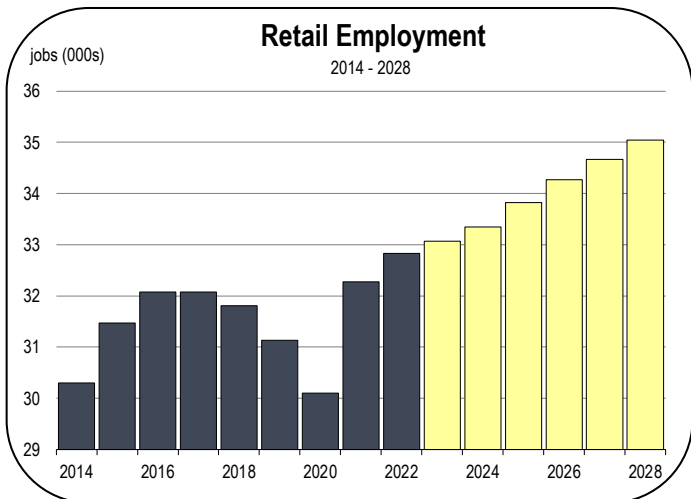


## Manufacturing Employment

- Kern County manufacturing employment has been declining for several years.
- In 2022, however, the sector added 350 jobs and will gain an additional 250 jobs in 2023.
- Manufacturing employment is not expected to change significantly in Kern County over the forecast.

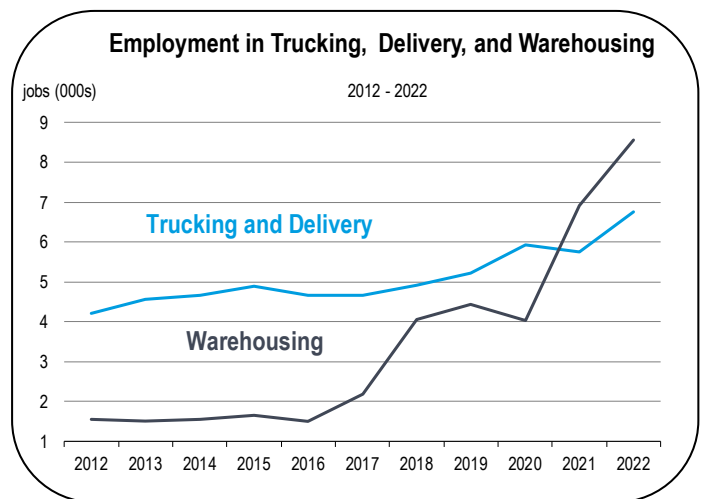
## Retail Trade Employment

- Retail employment increased by 1.7 percent in Kern County in 2022 and will grow by 0.7 percent in 2023.
- The long-term outlook for the sector precludes significant job formation as consumers move further to online product purchases. Employment growth over the forecast period will average 1.2 percent per year.



## Transportation and Warehousing Employment

- The industry is dominated by trucking jobs, local delivery jobs, and warehouse jobs.
- Over 2,500 jobs were created in transportation/warehousing in 2022. In 2023 the sector will gain 200 jobs, and then add an average of 100 jobs per year over the forecast period.
- The development community is so bullish on the county that Spec industrial buildings are now underway in Oildale, Bakersfield and along the Grapevine.
- Warehousing is dominated by industrial centers in Bakersfield and at the foot of the Grapevine.



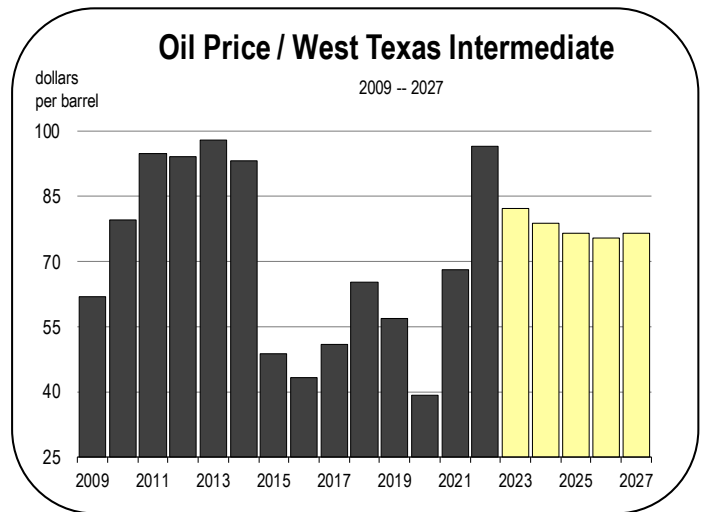
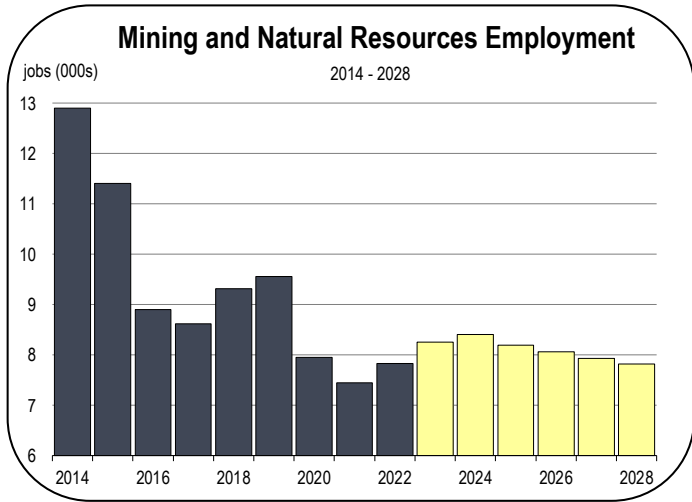
# Kern County Economic Forecast



The Tejon Ranch Commerce Center (TRCC) 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

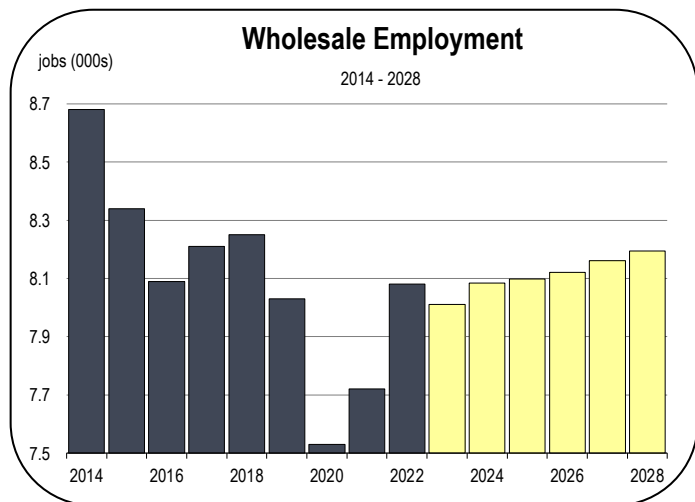
- In Kern County, the mining and natural resources sector is comprised almost entirely of oil extraction jobs.
- Employment levels in this sector are heavily dependent on the price of crude oil, which is influenced by global economic conditions.
- Employment growth in the mining and natural resources 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 rose 7 percent in 2022 and are moderately higher in 2023. 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 8-minute 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

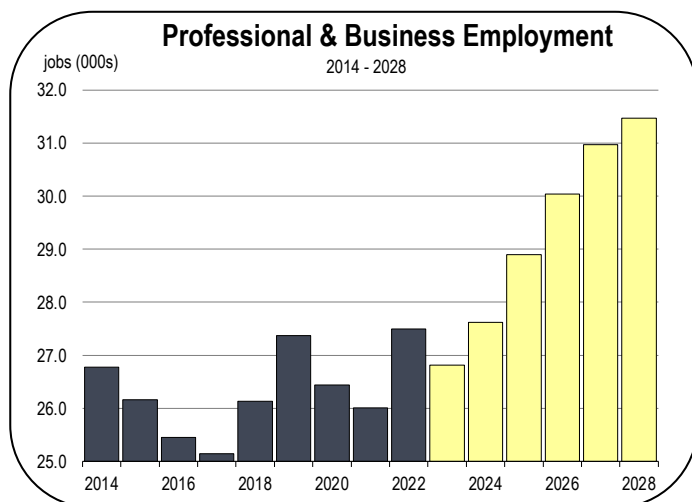
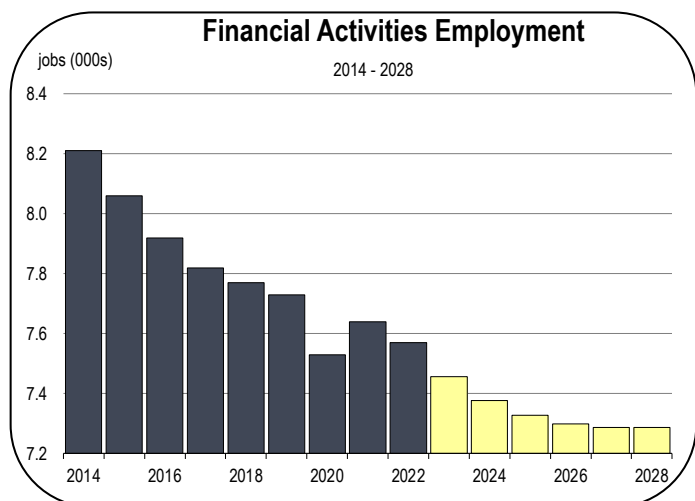


## Wholesale Trade Employment

- There were 350 jobs created in wholesale trade in 2022.
- Modest growth in employment is forecast for 2023 and over the forecast period.

## Financial Activities Employment

- The financial activities industry is in a long-term pattern of a gradual decline in Kern County.
- This pattern will continue in 2023 with the loss of 100 jobs and another 200 positions over the forecast period.

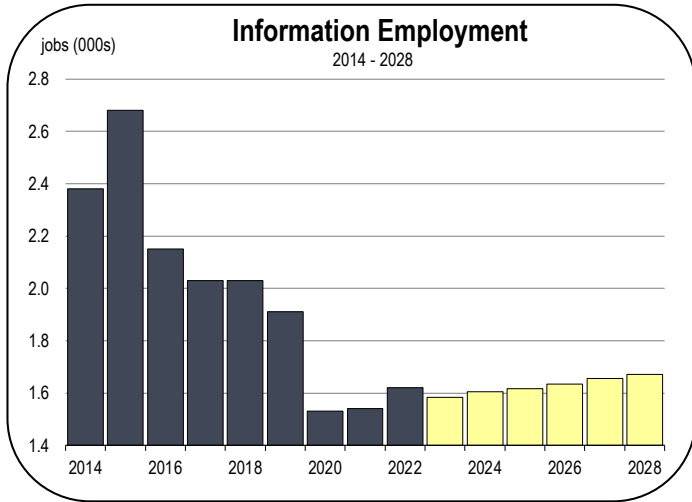


## Professional and Business Services Employment

- Staffing agencies primarily employ temp workers. Temp workers are usually laid off first during a downturn but hired back first during a recovery. In 2022, 1,500 jobs were created in this sector.
- Consolidation of employment is occurring in 2023 with the predicted downsizing of 700 jobs.
- Over the next 5 years, the professional and technical subsector will expand employment opportunities in Kern County growing an average of 3.3 percent per year.

Professional & Business Services Sub-Sectors 2023	Jobs in Subsector	Subsector's Share of Overall Industry
Professional Services	8,075	29.8%
Scientific, Technical and Consulting	2,244	8.3%
Management of Companies	2,790	10.3%
Administrative & Support	3,118	11.5%
Call Centers & Collections Agencies	1,734	6.4%
Corporate Security	1,421	5.3%
Building Maintenance	3,764	13.9%
Other	3,909	14.4%
<b>Total</b>	<b>27,055</b>	<b>100%</b>

# Kern County Economic Forecast



## Information Employment

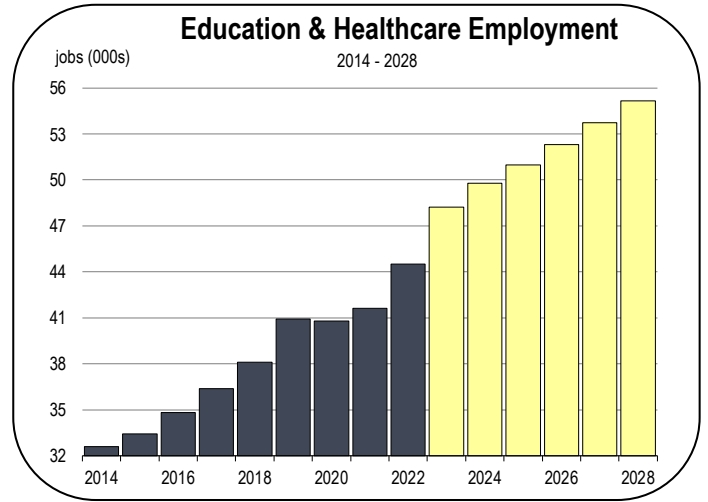
- In Kern County, the information sector is very small but dominated by telecommunications firms, radio and TV stations, and movie theaters.
- Across all subsectors, approximately 80 jobs were added in 2022.
- The Kern County information industry is not expected to re-gain a substantial number of jobs during the forecast period.

## Private Education and Healthcare Employment

- Healthcare jobs in Kern County have been relatively recession proof. The collective total of employment in this sector held up during the 2008-2009 financial crisis and were relatively unaffected by the Coronavirus Recession.
- The healthcare and education industry created almost 3,000 jobs in 2022. Another 3,700 positions will be added in 2023.
- Job growth will continue over the forecast period with the addition of 8,500 jobs.

## Leisure and Hospitality Employment

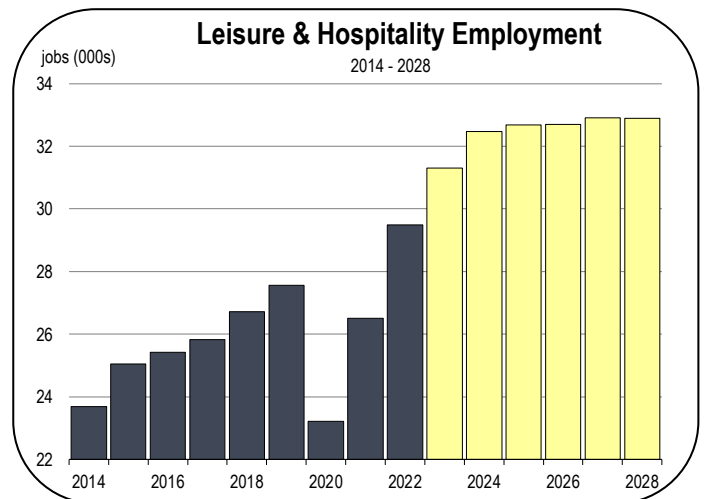
- In 2022, employment levels in restaurants, bars, and catering services increased by 3,000 jobs, an increase of 11.2 percent, due to a surge in travel, dining, drinking, and recreation throughout Kern County.



- Leisure and hospitality employment will continue to trend upwards in 2023 with the generation of 1,800 new jobs.
- The forecast for 2024 calls for a gain of 1,200 jobs. The pace of gains will slow down considerably over the remainder of the forecast period.

## Government Employment

- Employment at state and local government agencies grew 5.1 percent, adding 2,700 jobs in 2022. Continued growth is expected in 2023 with the creation of 1,300 additional jobs.
- The public sector will essentially stabilize at around 68,000 jobs between 2024 and 2028.



# Kern County Economic Forecast

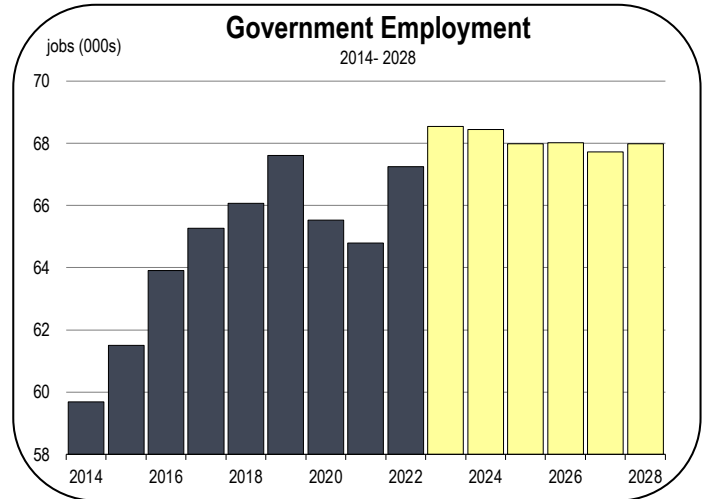
- Eastern Kern County includes two major military installations which drive much of the economic activity in the region.
- China Lake Naval Air Station and Edwards Air Force Base (AFB) employ nearly 20,000 workers, most of them scientists and engineers.

## Population Growth

- Kern County's population was fairly stagnated in 2022 but will return to its historic upward trend in 2023 and 2024 with growth of 0.4 percent in each year. The population will continue to grow at an increasing rate through 2026.
- Births exceed the annual number of deaths in the county by about 4,500. This natural increase in population is driving population growth in the county as net in-migration is currently negative. Net in-migration will again turn positive in 2026 through 2028.
- The county will reach over 937,000 residents by 2028.

## Unemployment and Inflation Rates

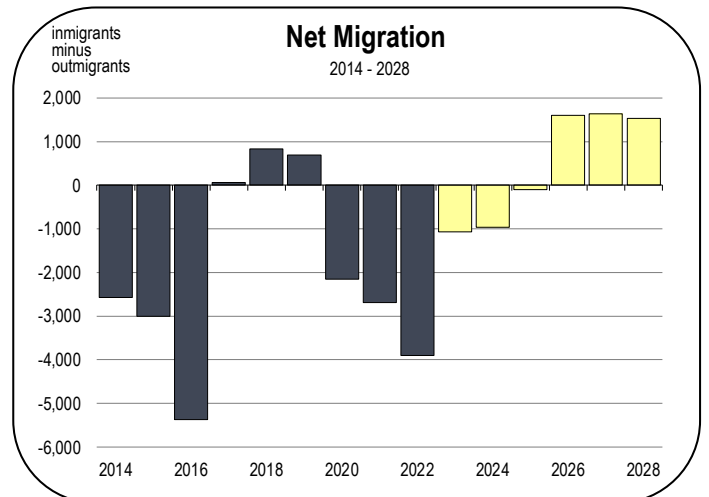
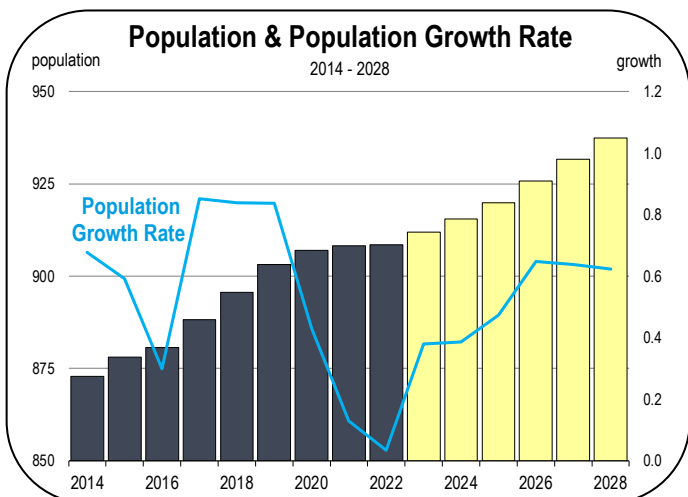
- The unemployment rate in Kern County averaged 6.9 percent in 2022. The large farming sector is responsible for higher average unemployment rates in Kern County.
- The unemployment rate is expected to average 8.0 percent in 2023 and 8.2 percent in 2024.
- Inflation soared to 7.9 percent in 2022, its highest rate in 40 years, but will decelerate in 2023 to 3.7 percent due largely to declining energy costs and the restoration of supply chains.



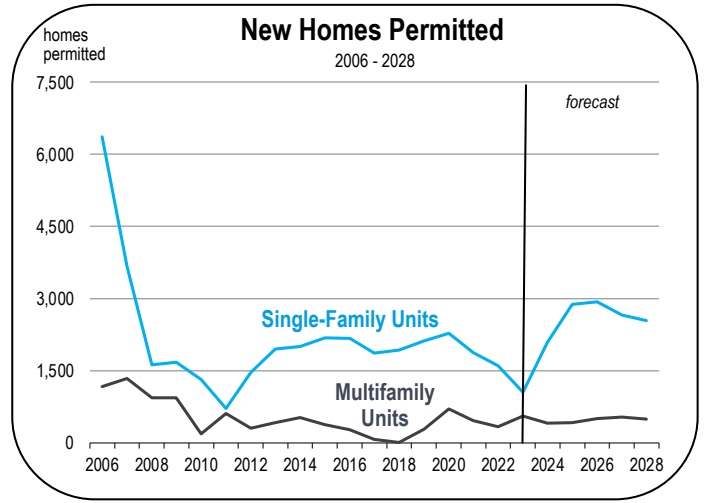
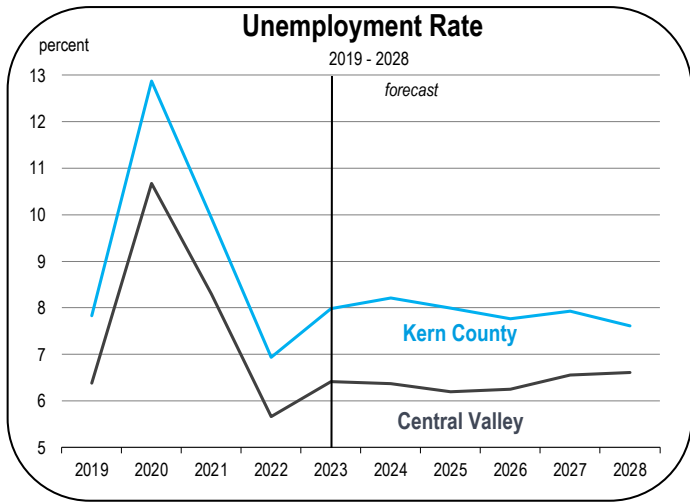
- Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2023.
- Disinflation will continue into 2024, and the inflation rate will eventually fall to below 3 percent by 2025 as the labor force is gradually restored and interest rates subside.

## Home Prices and New Housing Production

- The median value for all homes sold was \$352,000 in 2022 representing an appreciation rate of 14.4 percent from the previous year. Values will fall 6.4 percent in 2023 to \$329,000. Home price appreciation is expected to average 3.0 percent per year between 2024 and 2028.



# Kern County Economic Forecast

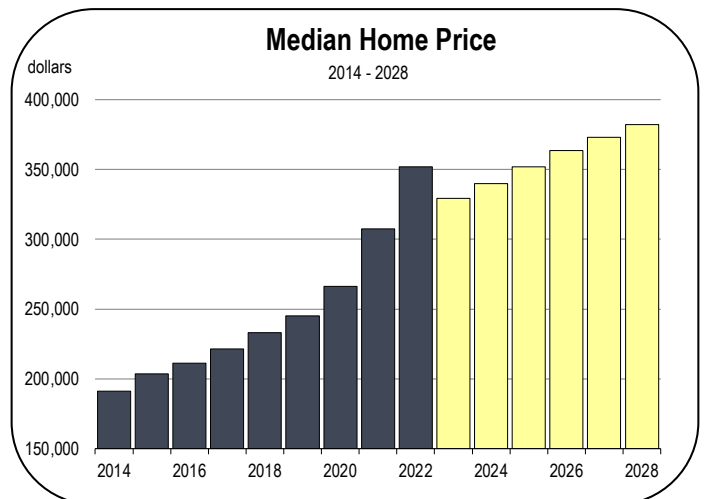
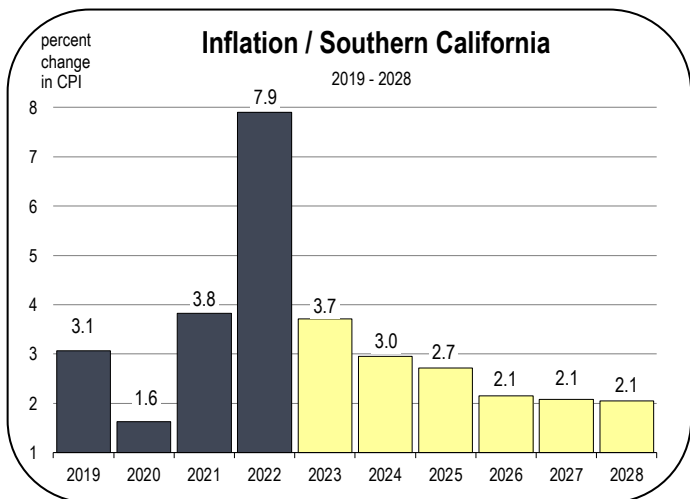


- From 2017-2022, approximately 2,300 residential units were built each year. From 2023-2028, production will average 2,800 units per year.
- There are tens of thousands of units in the Kern County development pipeline. The most prominent project is Tejon Ranch.

### Tejon Ranch

- Tejon Ranch is the largest privately owned parcel of land in California at 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.





# Kern County Economic Forecast



Vision for the Outlets at Tejon apartments

## Apartments

- Construction has started with the first apartment units being ready at the end of 2023.
  - The new multi-family residential apartment community consists of up to 495 units and associated amenities located on approximately 22 acres just to the north of the Outlets. The apartments will bring a new energy to TRCC as it transforms the already-successful employment center, with more than six million square feet developed to-date, into a mixed-use community where people can live, work and play. The new multi-family residential community is the latest example of Tejon Ranch Co.'s growth as a fully integrated real estate development and operating company.
  - The project itself will consist of 1-bedroom and 2-bedroom apartments to be developed in multiple phases, and features placemaking amenities, including a mixed-use town square joined with a Main Street feature, a clubhouse, fitness facilities and pool area, and paseos that will provide walkable connectivity throughout. The product mix will be sized, amenitized, and priced accordingly for the target market.
- 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

## New Kern County Roads

- Kern County unveiled its plans in the spring of 2023 to pave over 17 miles of new roads and sidewalks in neighborhoods across the county, using monies received through the American Rescue Plan Act (ARPA). Last year, the county was awarded \$30 million from ARPA to pay for infrastructure in areas the federal government deemed a “qualified census tract.”

## California State University—Bakersfield

### **Student Union Expansion**

- This project will construct a 13,900 gross square foot addition to the existing Student Union Building to support student residential life on campus. The project will be funded through the Systemwide Revenue Bond Program.
- Conceptual Design, and construction expected to start in June 2023.

### **Social and Behavioral Sciences Building**

- This project will consolidate instructional space and faculty offices for the Social and Behavioral Science program in a new centralized building for spaces that currently scatter throughout the campus. The proposed 49,100 gross square foot facility will include office and laboratory space, additional classroom space, a research center, and student support and tutoring areas.
- The school is now seeking funding; construction is expected to start June 2024.



Rendering of the Campus Expansion

# Kern County Economic Forecast

## Economic Indicators

## 2015-2022 History, 2023-2050 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	\$32.5	\$8.5	\$14.4	\$16.7	\$47,268	10.3	\$8.7	0.9
2016	880,702	267.0	-5,372	2,235	752	\$32.2	\$8.5	\$13.9	\$14.7	\$45,791	10.5	\$9.0	1.9
2017	888,203	269.3	62	1,873	750	\$32.8	\$9.0	\$13.9	\$16.6	\$44,941	9.4	\$8.8	2.8
2018	895,655	271.7	832	2,210	765	\$33.9	\$9.6	\$15.1	\$16.8	\$44,447	8.1	\$8.7	3.8
2019	903,150	273.3	696	2,825	785	\$35.8	\$10.0	\$15.7	\$15.6	\$45,113	7.8	\$8.7	3.1
2020	907,021	281.5	-2,154	2,732	793	\$40.0	\$10.6	\$15.7	\$13.7	\$49,431	12.9	\$8.6	1.6
2021	908,195	282.8	-2,693	2,210	814	\$42.0	\$13.0	\$19.3	\$18.2	\$49,854	9.9	\$9.0	3.8
2022	908,513	285.7	-3,904	2,156	829	\$41.7	\$15.6	\$22.8	\$18.4	\$45,894	6.9	\$8.7	7.9
2023	911,965	285.1	-1,068	1,463	864	\$44.1	\$16.1	\$24.8	\$19.3	\$46,633	8.0	\$9.1	3.7
2024	915,489	286.4	-962	2,513	874	\$46.4	\$16.6	\$25.6	\$20.8	\$47,469	8.2	\$9.1	3.0
2025	919,820	288.8	-98	3,384	881	\$48.2	\$17.4	\$26.9	\$22.8	\$47,813	8.0	\$9.3	2.7
2026	925,776	291.9	1,604	3,472	890	\$50.3	\$18.1	\$28.1	\$24.7	\$48,502	7.8	\$9.6	2.1
2027	931,680	295.2	1,632	3,146	897	\$52.4	\$18.9	\$29.2	\$26.3	\$49,140	7.9	\$9.7	2.1
2028	937,486	298.1	1,530	2,953	903	\$54.5	\$19.6	\$30.4	\$27.4	\$49,796	7.6	\$9.5	2.1
2029	942,847	300.9	1,188	2,795	911	\$56.5	\$20.2	\$31.4	\$27.8	\$50,355	7.5	\$9.8	2.0
2030	948,062	303.5	1,248	2,635	918	\$58.6	\$20.9	\$32.5	\$28.4	\$50,843	7.1	\$9.9	2.1
2031	952,915	305.9	982	2,609	924	\$60.4	\$21.5	\$33.5	\$28.7	\$51,134	7.1	\$10.0	2.0
2032	957,661	308.4	994	2,386	931	\$62.1	\$22.2	\$34.5	\$29.1	\$51,126	7.0	\$10.0	2.2
2033	961,769	310.6	608	2,318	938	\$63.8	\$22.7	\$35.4	\$29.3	\$51,439	7.0	\$10.1	1.8
2034	965,625	312.8	584	2,331	944	\$65.9	\$23.3	\$36.3	\$29.6	\$51,800	7.1	\$10.1	2.0
2035	968,807	314.9	136	2,376	950	\$67.9	\$23.9	\$37.2	\$29.9	\$52,109	7.2	\$10.1	2.1
2036	972,558	317.1	874	2,392	956	\$69.9	\$24.5	\$38.2	\$30.1	\$52,179	7.3	\$10.1	2.5
2037	975,803	319.4	552	2,514	962	\$72.1	\$25.1	\$39.1	\$30.3	\$52,246	7.4	\$10.1	2.6
2038	979,005	321.7	669	2,440	967	\$74.3	\$25.7	\$40.0	\$30.4	\$52,398	7.5	\$10.1	2.4
2039	981,956	324.0	573	2,406	972	\$76.4	\$26.4	\$41.0	\$30.6	\$52,383	7.4	\$10.1	2.6
2040	984,756	326.3	648	2,339	978	\$78.8	\$27.0	\$42.1	\$30.7	\$52,523	7.6	\$10.2	2.5
2041	987,048	328.4	317	2,288	983	\$81.1	\$27.6	\$42.9	\$30.8	\$52,800	7.6	\$10.2	2.1
2042	989,006	330.6	109	2,193	988	\$83.4	\$28.2	\$43.9	\$30.9	\$53,113	7.5	\$10.2	2.0
2043	990,528	332.6	-176	2,138	994	\$85.7	\$28.9	\$45.0	\$31.0	\$53,493	7.5	\$10.2	1.9
2044	991,545	334.6	-527	2,069	999	\$88.0	\$29.6	\$46.1	\$31.1	\$53,965	7.5	\$10.2	1.7
2045	992,294	336.5	-665	1,988	1,004	\$90.4	\$30.3	\$47.2	\$31.2	\$54,386	7.6	\$10.2	1.8
2046	992,751	338.4	-828	1,922	1,010	\$92.8	\$31.0	\$48.3	\$31.3	\$54,757	7.6	\$10.2	1.9
2047	992,945	340.2	-966	1,838	1,015	\$95.2	\$31.8	\$49.5	\$31.3	\$55,020	7.6	\$10.2	2.1
2048	992,849	341.9	-1,141	1,792	1,020	\$97.7	\$32.6	\$50.8	\$31.4	\$55,251	7.6	\$10.2	2.2
2049	992,569	343.6	-1,222	1,730	1,025	\$100.2	\$33.4	\$52.1	\$31.5	\$55,621	7.6	\$10.2	1.9
2050	992,011	345.2	-1,345	1,659	1,030	\$102.8	\$34.2	\$53.4	\$31.6	\$55,966	7.6	\$10.2	2.0

## Employment Sectors

## 2015-2022 History, 2023-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	316.4	59.1	16.5	14.2	10.9	39.8	8.1	26.2	2.7	33.4	25.0	61.5
2016	316.7	61.4	14.5	13.5	10.9	40.2	7.9	25.5	2.2	34.8	25.4	63.9
2017	319.7	60.8	14.9	13.4	11.4	40.3	7.8	25.1	2.0	36.4	25.8	65.3
2018	327.9	61.5	15.9	13.2	13.2	40.1	7.8	26.1	2.0	38.1	26.7	66.1
2019	335.2	62.1	16.3	12.9	13.7	39.2	7.7	27.4	1.9	40.9	27.6	67.6
2020	319.3	58.4	15.4	12.3	15.2	37.6	7.5	26.4	1.5	40.8	23.2	65.5
2021	331.5	60.6	15.5	12.2	19.7	40.0	7.6	26.0	1.5	41.6	26.5	64.8
2022	347.4	60.8	16.3	12.6	22.3	40.9	7.6	27.5	1.6	44.5	29.5	67.2
2023	357.0	63.6	16.1	12.8	22.5	41.1	7.5	26.8	1.6	48.2	31.3	68.5
2024	361.3	63.3	17.0	12.7	22.3	41.4	7.4	27.6	1.6	49.8	32.5	68.4
2025	363.9	63.4	17.7	12.7	21.7	41.9	7.3	28.9	1.6	51.0	32.7	68.0
2026	367.7	63.7	17.8	12.6	22.2	42.4	7.3	30.0	1.6	52.3	32.7	68.0
2027	370.8	63.7	17.6	12.6	22.9	42.8	7.3	31.0	1.7	53.7	32.9	67.7
2028	373.0	63.1	17.4	12.6	23.4	43.2	7.3	31.5	1.7	55.2	32.9	68.0
2029	376.3	63.7	17.3	12.5	23.8	43.5	7.3	31.7	1.7	56.7	33.1	68.3
2030	379.2	63.8	17.2	12.5	24.3	43.8	7.3	31.9	1.7	58.3	33.2	68.6
2031	382.0	63.9	17.2	12.5	24.7	44.1	7.3	32.0	1.7	60.0	33.1	68.9
2032	384.6	64.0	17.0	12.5	25.1	44.3	7.3	32.0	1.7	61.9	33.1	69.2
2033	387.4	64.0	16.9	12.5	25.5	44.5	7.4	32.0	1.7	63.7	33.3	69.5
2034	390.1	64.1	17.0	12.6	25.9	44.7	7.4	32.0	1.7	65.5	33.2	69.8
2035	392.6	64.1	17.0	12.6	26.3	44.9	7.4	32.0	1.7	67.4	33.0	70.0
2036	395.1	64.1	17.0	12.6	26.6	45.0	7.4	32.1	1.7	69.2	32.7	70.3
2037	397.4	64.1	17.2	12.7	27.0	45.1	7.4	32.1	1.7	71.0	32.5	70.6
2038	399.5	64.1	17.1	12.7	27.3	45.2	7.4	32.1	1.7	72.8	32.1	70.8
2039	401.8	64.2	17.1	12.7	27.6	45.2	7.5	32.1	1.7	74.6	32.0	71.1
2040	404.1	64.2	17.0	12.7	28.0	45.3	7.5	32.1	1.7	76.4	31.9	71.3
2041	406.1	64.2	17.0	12.7	28.3	45.4	7.5	32.2	1.7	78.2	31.6	71.5
2042	408.3	64.2	16.9	12.8	28.5	45.5	7.5	32.2	1.7	79.9	31.4	71.8
2043	410.5	64.2	16.9	12.8	28.8	45.6	7.5	32.2	1.7	81.7	31.3	72.0
2044	412.8	64.2	16.8	12.8	29.1	45.8	7.5	32.2	1.7	83.4	31.2	72.2
2045	415.0	64.3	16.8	12.8	29.3	45.9	7.6	32.2	1.7	85.1	31.2	72.5
2046	417.2	64.3	16.7	12.8	29.6	46.1	7.6	32.2	1.8	86.8	31.1	72.7
2047	419.3	64.3	16.6	12.8	29.8	46.2	7.6	32.2	1.8	88.5	31.0	72.9
2048	421.3	64.3	16.6	12.8	30.1	46.3	7.6	32.2	1.8	90.1	30.9	73.1
2049	423.5	64.3	16.5	12.8	30.3	46.4	7.6	32.3	1.8	91.8	30.9	73.4
2050	425.7	64.4	16.5	12.8	30.5	46.6	7.6	32.3	1.8	93.4	30.8	73.6

# Kern County Economic Forecast

## Socioeconomic Indicators

