

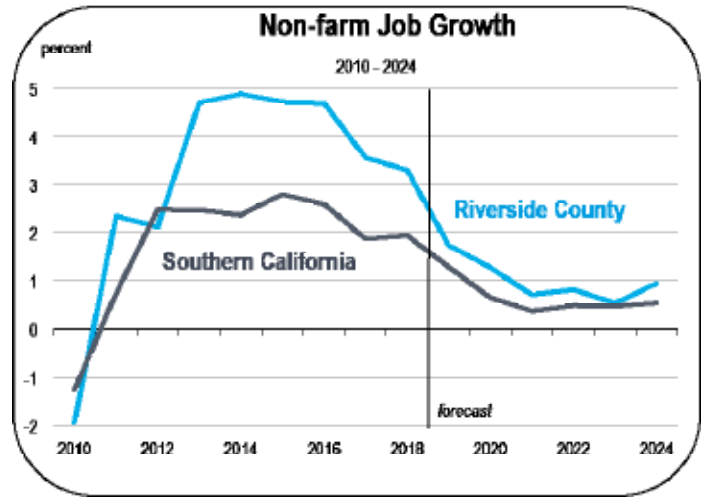
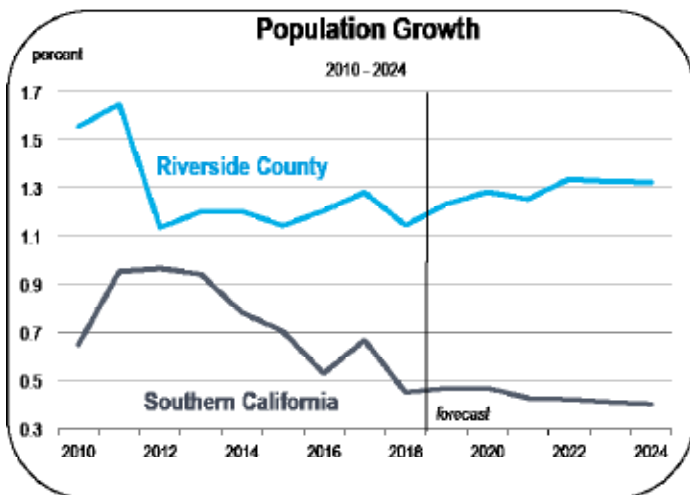
Riverside County Economic Forecast

Forecast Summary

- 12,600 non-farm jobs will be created in Riverside County during 2019. Over the following five years, an average of 6,400 new jobs per year are expected.
- Employment growth will be led by professional services, leisure services, education and healthcare, and government. These sectors will account for 75 percent of net job creation through 2024.
- The unemployment rate averaged 4.4 percent in 2018, and will remain steady during 2019. In 2020, the unemployment rate may begin to rise.
- The population in Riverside County is expanding much faster than broader Southern California, and will continue to do so. Affordable housing and plentiful job opportunities are drawing people to the county.
- Housing production has accelerated, but is not keeping pace with population growth. Single-family units remain the primary form of new construction.

Job Growth

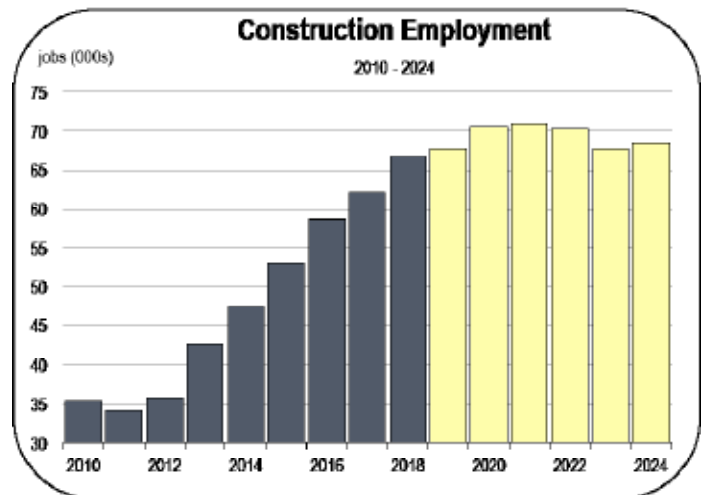
- Job growth was very strong in 2018. It will slow considerably over the next few years, and could turn negative if the economy falls into recession.
- 2018 job gains were dominated by the construction, leisure, government, transportation and warehousing, and education and healthcare industries.
- Between 2012 and 2018, non-farm job growth averaged 4.3 percent per year.



- Between 2018 and 2024, growth is forecast to average 1.0 percent.
- Approximately 12,600 non-farm jobs will be created during 2019.
- Through 2024, an average of 6,400 new non-farm wage and salary jobs per year are forecast.

Construction Employment

- Construction employment has surged in recent years but will level off as statewide economic growth slows.
- In 2018, construction workers were deployed most heavily to single-family housing projects, along with a number of large commercial and industrial projects.



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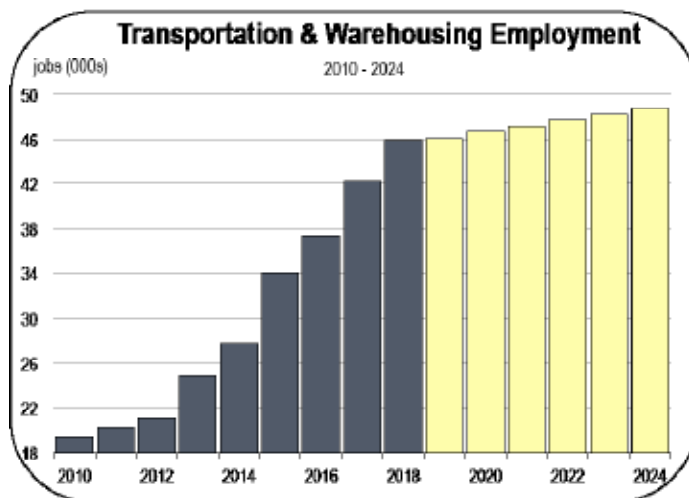
- As of mid 2019, large projects under construction included:
 - Healthcare facilities
 - Cold Springs Healthcare Campus (Riverside)
 - Corona Medical Office Park (Corona)
 - Jurupa Valley Medical Center (Jurupa Valley)
 - Industrial buildings
 - Amazon fulfillment center (Riverside)
 - Brodiaea Industrial Park (Moreno Valley)
 - Retail buildings
 - TownGate Crossing (Moreno Valley)
 - Legend Shopping Center (Jurupa Valley)
 - Hotels
 - JW Marriot – 884 rooms (Palm Desert)
 - Silver Rock Resort & Pendry Hotel – 340 rooms (La Quinta)
 - Hotel Indigo – 250 rooms (Coachella)
 - 7 additional hotels with 801 total rooms

Manufacturing Employment

- Manufacturing firms generated 900 new jobs in 2018.
- Most of these jobs were in makers of industrial machinery and building materials.
- Wineries, which are included in the beverage manufacturing sector, added 150 jobs. Riverside County has over 40 wineries that employ 1,500 people.
- The layoffs finally ended in pharmaceutical and medical device manufacturing. These sectors had been declining for years, shedding more than 4,000 jobs over a decade. But in 2018 they actually added a small number of jobs.

Transportation and Warehousing Employment

- The transportation and warehousing sector is still expanding sharply. This industry accounts for 6 percent of the employment

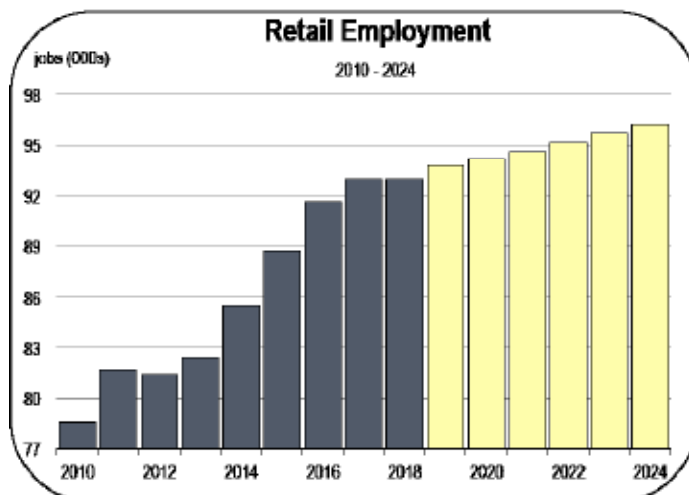
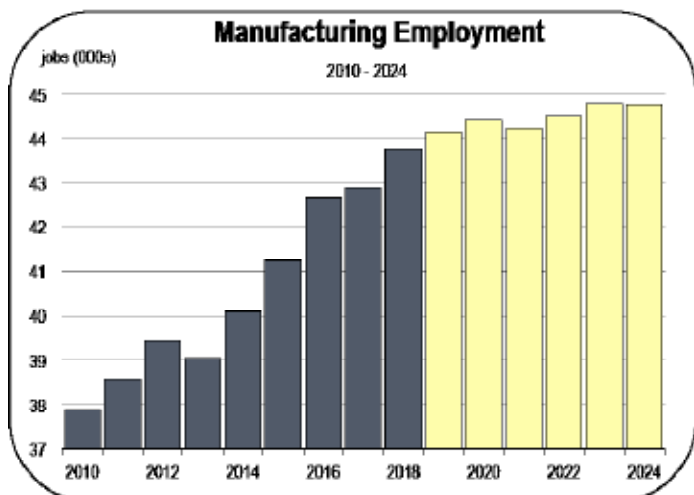


base in Riverside County, but has been responsible for 15 percent of all job growth over the past five years.

- Logistics firms have been relocating to Riverside County, which has affordable real estate and is close to the ports of Los Angeles and Long Beach, but most growth has come from expansions at existing firms.
- Due to heavy development of logistics space, the Inland Empire is now a leading region for “megawarehouses,” facilities of 1 million square feet or more. Examples include the Sketchers and Amazon buildings in Moreno Valley.
- Growth in this sector will slow down in 2019. The risk of recession will increase in 2020 and 2021, and the transportation/warehousing industry is highly susceptible to changes in the business cycle.

Retail Trade Employment

- Retail employment was stagnant in 2018.
- The retail industry is being divided into two groups: stores that face heavy online competition, and stores that don't.

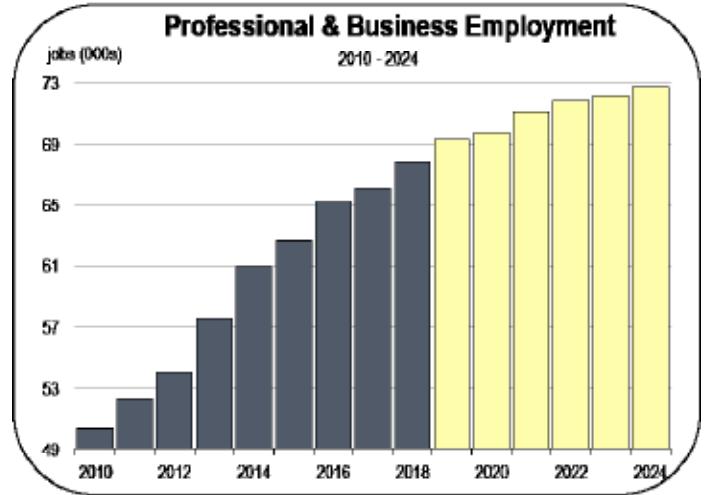
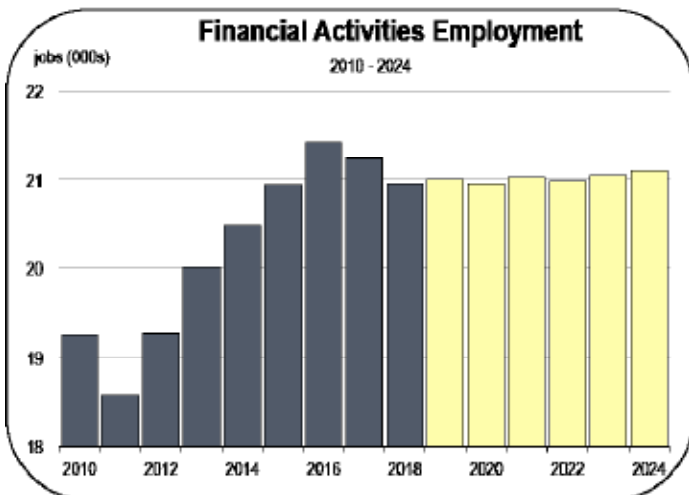


Riverside County Economic Forecast

- Jobs were lost in sectors facing online competition:
 - Clothing stores
 - Sporting goods stores
 - Consumer electronics stores
 - Department stores (i.e. Macy's)
- Jobs were gained in sectors not facing heavy online competition:
 - Car dealerships
 - Drug stores and healthcare stores
 - Grocery stores
 - Building materials stores
 - Gas stations
- Growth will continue to be slow, and could turn negative in 2020 or 2021 if the economy falls into recession.

Financial Activities Employment

- The financial activities industry has been losing jobs for the past two years.
- Banks and lending institutions reduced their headcounts because the banking sector is moving online and transitioning away from in-person services, and because fewer people are applying for real estate loans.
- Job losses were also observed at health insurance and real estate insurance firms.
- While finance is a population-serving industry, there will continue to be consolidations among firms, and online competition that will moderate future growth in this sector.

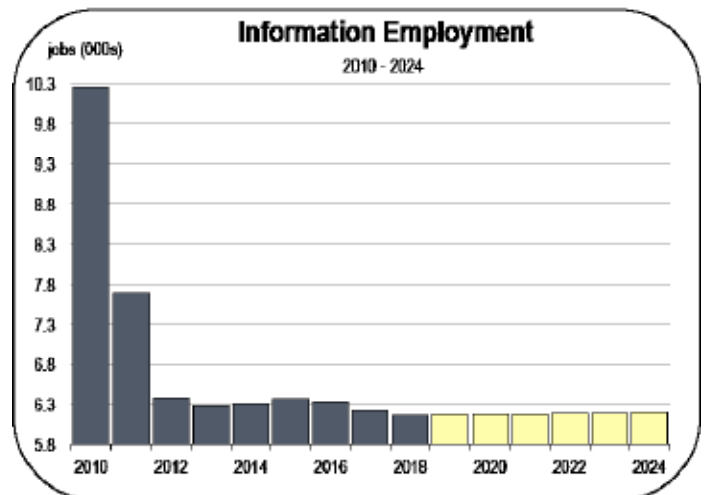


Professional and Business Services Employment

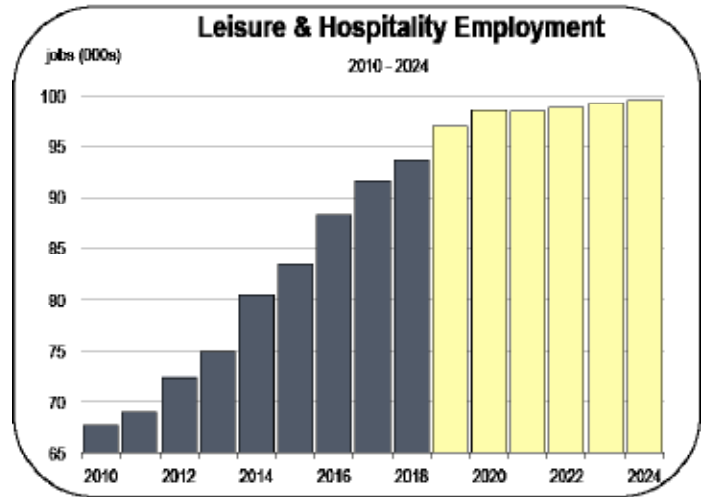
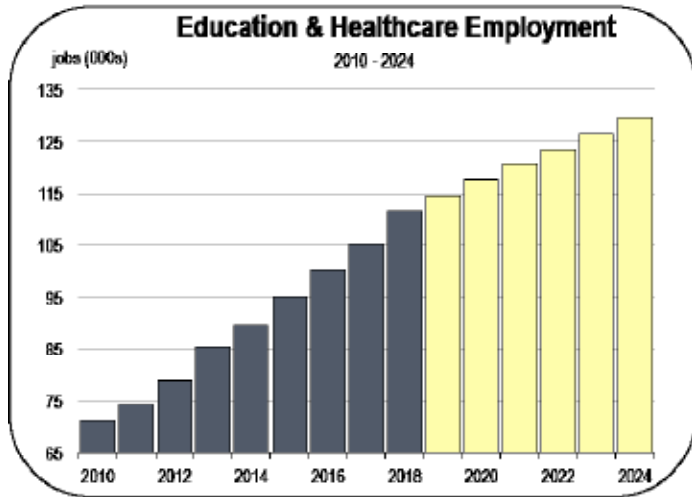
- This sector is still growing, but at a reduced pace from recent years.
- This industry is mostly comprised of business and technical consulting firms, and business support companies.
- Most of the 2018 gains were in engineering firms, professional staffing companies, and organizations that provide building security services.
- This industry will continue to expand and will generate almost 2,000 jobs over the next two years.

Information Employment

- The information sector has been stagnant for several years, and no meaningful improvement is expected.



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- In Riverside County, the information industry is primarily comprised of telecommunications companies, newspaper publishers, radio and TV producers, and data services firms (such as web hosting and cloud storage).
- Positive trends in data services have been offset by losses at newspapers and telecommunications companies, which are in long-term patterns of decline. The same dynamics will be evident over the next few years.

Private Education and Healthcare Employment

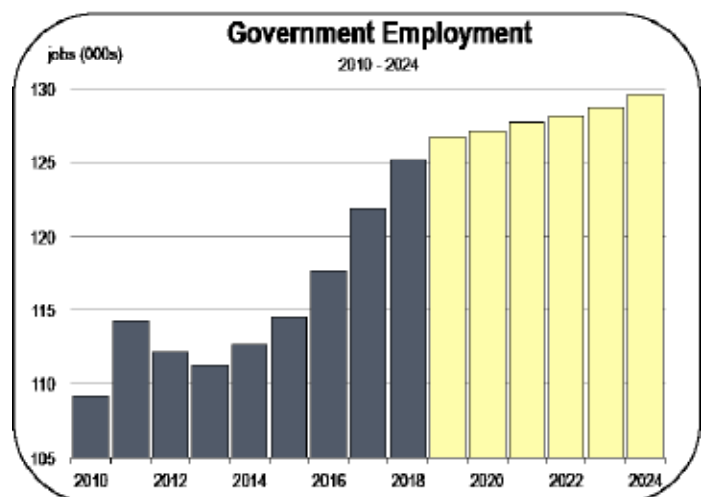
- Healthcare gains have been widespread, with strength in doctors' offices, home health services, outpatient care centers, and facilities that serve the elderly and disabled.
- Growth has been minimal in private colleges and universities (public schools are included in the government industry).
- The future of the U.S. health insurance landscape is unknown, and legislative changes could influence job growth in this sector.

Leisure and Hospitality Employment

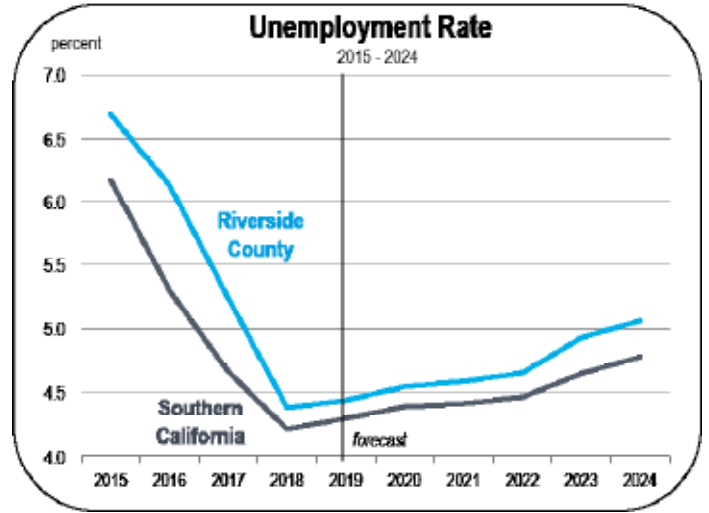
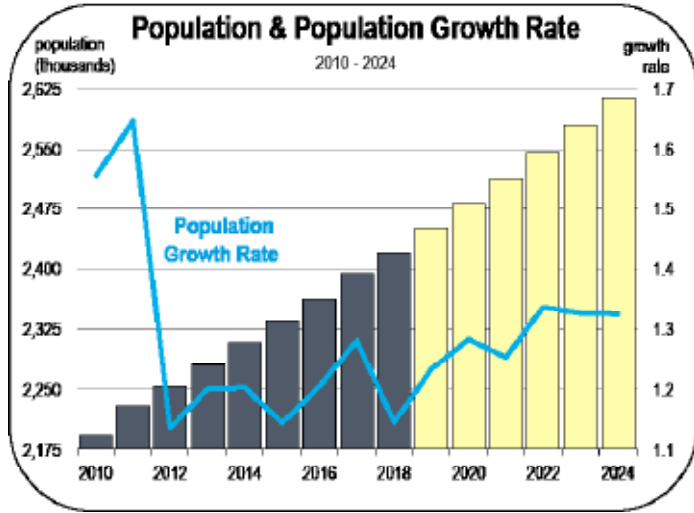
- Increased consumer demand has led to higher spending at restaurants, generating 1,500 new restaurant jobs in 2018. Most of these new jobs were in the takeout and "fast casual" market segment, with more than 75 new restaurants opening in this category last year.
- 200 new jobs were also generated at hotels in 2018.
- Growth will be strong in 2019, but gains could become more elusive in 2020 and 2021.

Government Employment

- The government sector created 3,200 jobs last year.
- Almost 200 jobs were created at UC Riverside and the local community colleges.
- Almost 2,000 jobs were generated at public elementary, junior high, and high schools.
- Another 1,000 jobs were gained at government and municipal agencies.
- Future gains will depend on population growth and the condition of state and local government budgets, but expansion is expected to be slower than in recent years.



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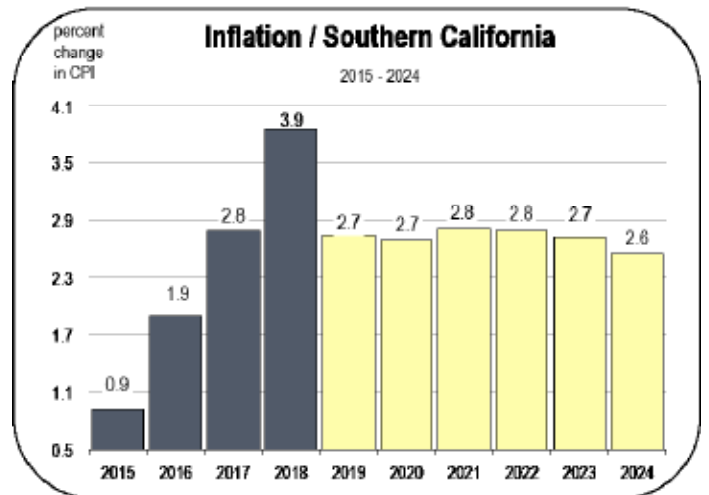
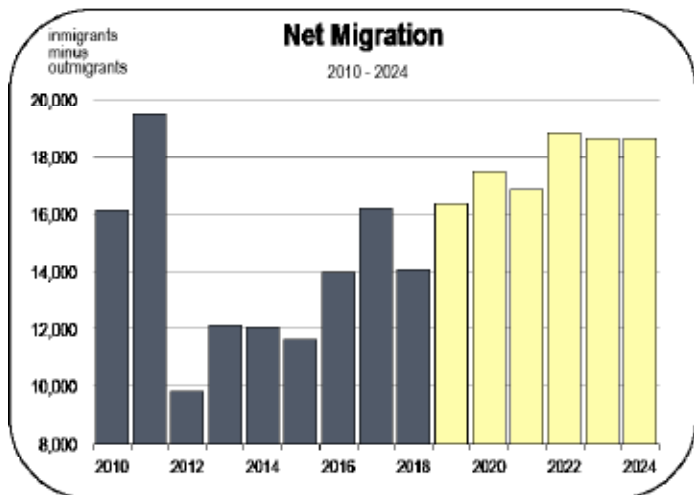


Population Growth

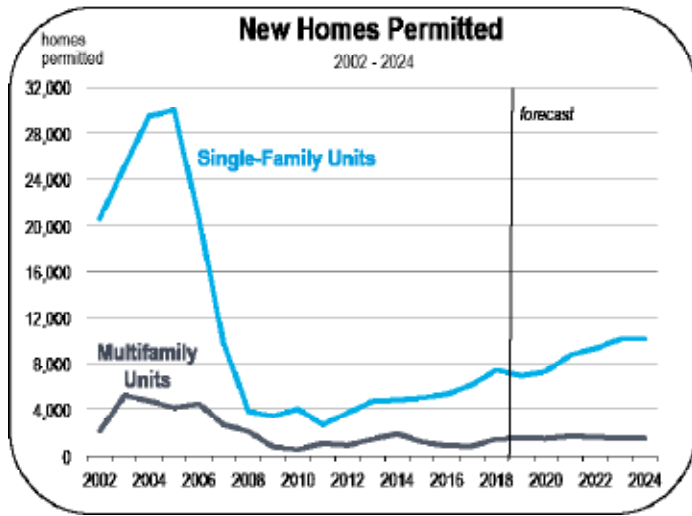
- Riverside County continues to add new residents at a faster rate than most of Southern California.
- Because of affordable housing and expanding job prospects, people are relocating to the region.
- More than 14,000 net migrants entered the county last year — more than any other county in California.
- Net migration will remain high because high housing costs in coastal counties will force more migration inland, along with jobs.
- Population growth will average 1.3 percent per year, and the county will eclipse 2.6 million people by 2024.

Unemployment and Inflation Rates

- The unemployment rate in Riverside County averaged 4.4 percent in 2018, which is similar to the composite rate for Southern California. Unemployment will remain at 4.4 percent in 2019.
- After 2019, the unemployment rate may deteriorate, but with an unemployment rate of just 4.5 percent, the job market will still be very tight.
- Inflation accelerated in 2018 as home prices and energy costs increased across Southern California.
- In 2019 and 2020, inflation is expected to be within a range of 2.5 percent and 3 percent



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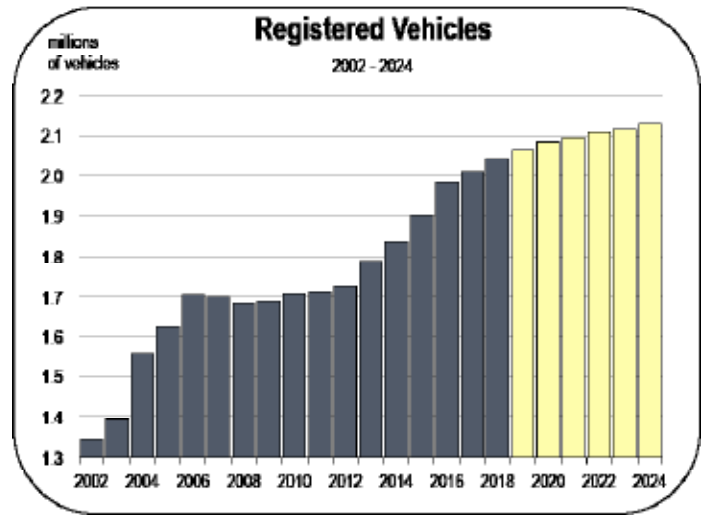
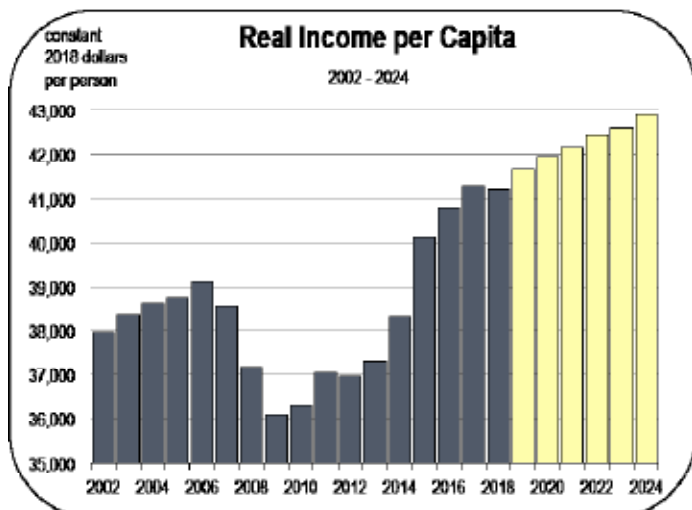


New Housing Production

- From 2013 to 2018, an average of 6,800 new homes were started per year.
- Housing production is forecast to average 10,300 homes per year from 2019 to 2024.
- The development pipeline includes 18,000 homes in Coachella, 8,100 in Lake Elsinore, 4,200 in Brawley, 4,100 in Jurupa Valley, and another 13,000 in other locations.
- Most new homes will be single-family units. The region has large amounts of buildable land, enabling more sub-division development than high-density building.

Income per Capita

- Income per capita in 2018 was \$41,200, which is below the Southern California average of \$57,200.



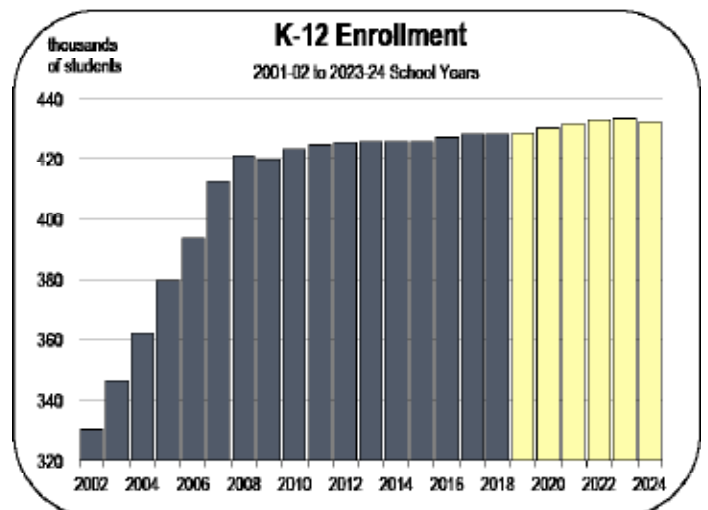
- Over the last six years, inflation-adjusted incomes have risen at an average rate of 1.8 percent per year, which is similar to the rest of Southern California.
- Over the next six years, inflation-adjusted incomes are expected to rise by approximately 0.7 percent per year.

Registered Vehicles

- There were 2.04 million registered vehicles in Riverside County in 2018. By 2024, it is expected that the county will have approximately 2.13 million registered vehicles.

Public School Enrollment

- In Riverside County, approximately 428,100 students were enrolled in K-12 public schools during the 2017-2018 school year.
- By 2024, there are expected to be 432,200 K-12 students in the county.



Riverside County Economic Forecast

Economic Indicators

2015-2018 History, 2019-2050 Forecast

	Population (people)	House- holds (thousands)	Average Household Income (dollars)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Local Sales Tax (millions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	School Enrollment (thousands)	Births (people)	Deaths (people)
2015	2,334,159	717.2	\$120,034	6,196	1,902	\$86.1	\$23.0	\$401.9	\$14.1	\$40,120	425.4	30,491	16,168
2016	2,362,271	722.9	\$124,874	6,180	1,984	\$90.3	\$23.7	\$414.6	\$14.4	\$40,798	426.9	30,661	16,227
2017	2,392,511	726.1	\$130,969	6,921	2,008	\$95.1	\$25.2	\$441.6	\$14.8	\$41,281	427.8	29,857	16,672
2018	2,419,897	729.9	\$136,641	8,859	2,040	\$99.7	\$25.8	\$451.3	\$15.3	\$41,214	428.1	29,894	16,943
2019	2,449,732	738.1	\$142,062	8,446	2,064	\$104.9	\$26.9	\$469.9	\$15.5	\$41,660	428.4	30,534	17,060
2020	2,481,142	745.2	\$147,423	8,749	2,083	\$109.9	\$27.7	\$484.9	\$15.8	\$41,965	430.0	31,162	17,243
2021	2,512,222	752.6	\$152,731	10,475	2,095	\$114.9	\$28.5	\$498.7	\$16.0	\$42,179	431.5	31,808	17,587
2022	2,545,787	761.4	\$158,169	10,943	2,107	\$120.4	\$29.5	\$516.4	\$16.3	\$42,424	432.8	32,420	17,731
2023	2,579,529	770.6	\$163,334	11,616	2,115	\$125.9	\$30.5	\$533.6	\$16.7	\$42,599	433.2	33,001	17,894
2024	2,613,676	780.4	\$168,776	11,658	2,127	\$131.7	\$31.5	\$550.4	\$17.0	\$42,900	432.2	33,589	18,081
2025	2,647,425	790.2	\$173,913	11,494	2,138	\$137.4	\$32.4	\$566.9	\$17.4	\$43,144	430.6	34,098	18,115
2026	2,681,133	799.9	\$179,438	11,579	2,149	\$143.5	\$33.3	\$583.4	\$17.7	\$43,467	429.0	34,591	18,444
2027	2,715,193	809.6	\$184,804	11,940	2,160	\$149.6	\$34.3	\$599.8	\$18.0	\$43,753	429.0	35,044	18,766
2028	2,749,997	819.7	\$190,828	12,202	2,172	\$156.4	\$35.3	\$617.1	\$18.4	\$44,141	429.6	35,494	19,007
2029	2,785,540	829.9	\$196,047	12,080	2,185	\$162.7	\$36.3	\$635.3	\$18.6	\$44,269	429.6	35,996	19,227
2030	2,820,728	840.1	\$201,127	12,022	2,197	\$169.0	\$37.3	\$653.3	\$18.9	\$44,377	430.8	36,484	19,664
2031	2,855,998	850.2	\$206,162	11,742	2,213	\$175.3	\$38.3	\$671.1	\$19.1	\$44,487	431.8	36,991	19,881
2032	2,890,891	860.1	\$211,339	11,350	2,228	\$181.8	\$39.5	\$690.5	\$19.3	\$44,510	432.1	37,515	20,114
2033	2,925,041	869.6	\$216,452	10,920	2,243	\$188.2	\$40.4	\$707.6	\$19.6	\$44,659	432.5	37,949	20,314
2034	2,958,244	878.8	\$222,107	10,601	2,258	\$195.2	\$41.5	\$726.2	\$19.8	\$44,804	432.7	38,238	20,469
2035	2,990,571	887.8	\$228,196	10,278	2,273	\$202.6	\$42.6	\$745.9	\$20.0	\$44,961	432.8	38,427	20,699
2036	3,021,774	896.4	\$234,831	10,115	2,292	\$210.5	\$43.9	\$768.7	\$20.1	\$45,025	433.5	38,508	21,003
2037	3,052,271	904.9	\$241,844	9,935	2,316	\$218.9	\$45.3	\$792.8	\$20.2	\$45,082	434.4	38,509	21,181
2038	3,081,926	913.3	\$248,954	9,796	2,341	\$227.4	\$46.6	\$815.8	\$20.4	\$45,212	435.7	38,461	21,348
2039	3,110,847	921.5	\$256,660	9,653	2,367	\$236.5	\$48.1	\$841.0	\$20.5	\$45,330	436.9	38,384	21,546
2040	3,139,038	929.7	\$264,448	9,534	2,390	\$245.8	\$49.5	\$865.9	\$20.6	\$45,468	437.8	38,339	21,744
2041	3,166,612	937.7	\$272,321	9,308	2,413	\$255.4	\$50.8	\$889.6	\$20.7	\$45,674	438.5	38,320	21,942
2042	3,193,396	945.5	\$280,353	9,111	2,435	\$265.1	\$52.2	\$912.8	\$20.9	\$45,915	438.9	38,356	22,140
2043	3,219,459	953.2	\$288,453	8,760	2,455	\$274.9	\$53.5	\$935.6	\$21.1	\$46,177	439.1	38,446	22,338
2044	3,244,512	960.6	\$296,661	8,591	2,474	\$285.0	\$54.7	\$956.8	\$21.3	\$46,510	439.4	38,543	22,536
2045	3,268,965	967.8	\$305,342	8,401	2,489	\$295.5	\$56.0	\$980.3	\$21.5	\$46,793	439.6	38,654	22,734
2046	3,292,796	974.9	\$314,062	8,199	2,503	\$306.2	\$57.3	\$1,003.1	\$21.8	\$47,093	439.2	38,808	22,932
2047	3,316,097	981.8	\$323,016	7,986	2,516	\$317.1	\$58.6	\$1,026.3	\$22.0	\$47,392	438.9	39,035	23,129
2048	3,338,946	988.5	\$332,169	7,657	2,528	\$328.3	\$60.0	\$1,049.8	\$22.2	\$47,683	438.4	39,246	23,129
2049	3,361,121	994.9	\$341,776	7,561	2,541	\$340.0	\$61.4	\$1,073.7	\$22.5	\$47,999	438.3	39,435	23,129
2050	3,383,066	1,001.3	\$351,676	7,389	2,552	\$352.1	\$62.7	\$1,098.0	\$22.7	\$48,318	438.0	39,614	23,129

Employment Sectors

2015-2018 History, 2019-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade (thousands of jobs)	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
2015	657.9	12.6	52.9	41.3	34.1	112.1	20.9	62.6	6.4	95.2	83.4	114.5
2016	688.4	12.8	58.6	42.7	37.4	115.5	21.4	65.2	6.3	100.2	88.2	117.6
2017	712.3	12.7	62.1	42.9	42.2	117.2	21.2	66.1	6.2	105.3	91.6	121.9
2018	735.4	12.7	66.8	43.8	45.9	118.0	21.0	67.8	6.2	111.5	93.6	125.1
2019	747.9	12.6	67.8	44.1	46.0	118.9	21.0	69.3	6.2	114.6	96.9	126.8
2020	757.4	12.7	70.5	44.4	46.7	119.1	21.0	69.7	6.2	117.6	98.5	127.1
2021	762.9	12.9	70.9	44.2	47.1	119.5	21.0	71.0	6.2	120.5	98.4	127.7
2022	769.1	12.9	70.3	44.5	47.7	120.2	21.0	71.8	6.2	123.5	98.8	128.1
2023	773.2	12.9	67.8	44.8	48.2	120.9	21.0	72.1	6.2	126.5	99.2	128.8
2024	780.4	12.9	68.4	44.8	48.8	121.6	21.1	72.7	6.2	129.5	99.5	129.6
2025	787.6	12.9	68.4	45.4	49.4	122.2	21.2	73.2	6.2	132.6	100.0	130.5
2026	794.4	12.9	68.1	45.5	50.0	123.0	21.2	73.7	6.2	135.7	100.6	131.3
2027	801.9	12.9	68.6	45.8	50.5	123.7	21.3	74.2	6.2	138.8	101.1	132.0
2028	808.9	13.0	69.1	45.8	50.9	124.5	21.4	74.7	6.2	142.0	101.6	132.3
2029	816.3	13.0	69.8	45.8	51.4	125.4	21.4	75.2	6.2	145.2	102.2	132.7
2030	823.0	13.0	70.0	45.9	51.9	126.1	21.5	75.7	6.2	148.5	102.7	133.1
2031	829.3	13.0	69.9	45.9	52.3	126.8	21.6	76.2	6.2	151.8	103.2	133.4
2032	835.3	13.0	69.3	45.8	52.7	127.5	21.6	76.7	6.2	155.2	103.7	134.1
2033	841.1	13.0	68.3	45.9	53.1	128.1	21.7	77.2	6.2	158.6	104.2	134.8
2034	847.1	13.0	67.4	45.8	53.4	128.7	21.7	77.7	6.2	162.1	104.7	135.8
2035	853.7	13.0	66.8	45.9	53.7	129.3	21.8	78.2	6.2	165.5	105.2	137.0
2036	860.2	13.0	66.5	45.8	53.9	129.9	21.9	78.8	6.2	169.0	105.7	138.1
2037	867.2	13.0	66.4	45.7	54.1	130.4	21.9	79.3	6.2	172.6	106.2	139.5
2038	874.0	13.1	66.1	45.5	54.3	130.9	22.0	79.8	6.2	176.1	106.7	141.0
2039	881.6	13.1	66.4	45.4	54.4	131.3	22.1	80.3	6.2	179.7	107.2	142.7
2040	888.6	13.1	66.2	45.3	54.6	131.8	22.1	80.9	6.3	183.3	107.7	144.2
2041	895.7	13.1	66.1	45.2	54.8	132.2	22.2	81.4	6.3	186.9	108.2	145.7
2042	902.6	13.1	65.9	45.1	55.1	132.6	22.3	81.9	6.3	190.6	108.7	147.1
2043	908.8	13.1	65.2	45.0	55.3	132.9	22.3	82.5	6.3	194.2	109.2	148.5
2044	915.1	13.1	64.6	44.9	55.5	133.3	22.4	83.0	6.3	197.8	109.7	149.7
2045	921.7	13.1	64.3	44.9	55.8	133.6	22.5	83.6	6.3	201.5	110.2	150.9
2046	927.9	13.1	63.6	44.9	56.0	133.9	22.5	84.1	6.3	205.1	110.6	152.0
2047	934.4	13.2	63.3	45.0	56.3	134.2	22.6	84.7	6.3	208.8	111.1	153.1
2048	940.4	13.2	62.6	45.0	56.6	134.5	22.7	85.3	6.3	212.4	111.6	154.1
2049	947.0	13.2	62.6	45.0	56.9	134.7	22.7	85.8	6.3	216.1	112.0	155.1
2050	953.4	13.2	62.4	45.1	57.2	134.9	22.8	86.4	6.3	219.7	112.5	156.0

Riverside County Economic Forecast

Socioeconomic Indicators

