

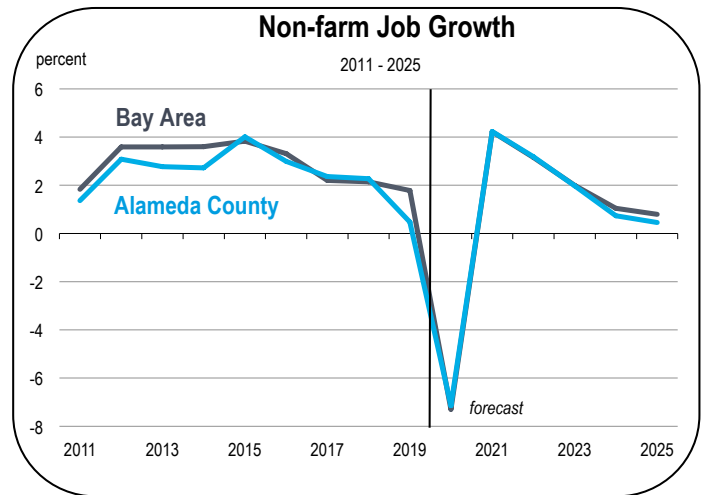
Alameda County Economic Forecast

Forecast Summary

- On an annual average basis, 50,000 to 65,000 non-farm jobs will be lost in Alameda County during 2020, with heavy job losses in the first half of the year.
- Employment losses will be largest in leisure services, professional business services, retail trade, and manufacturing.
- The unemployment rate averaged 2.9 percent in 2019. It will average somewhere between 7 percent and 10 percent for the 2020 calendar year.
- The Alameda County population is expected to grow more quickly than the Bay Area average during the forecast period.
- Housing production will fall in 2020 but should rebound robustly in 2021.
- Home prices are not expected to change much in 2020 or 2021.

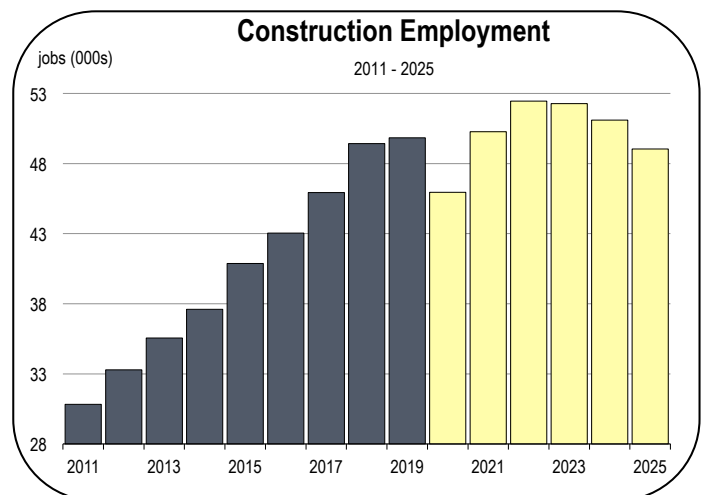
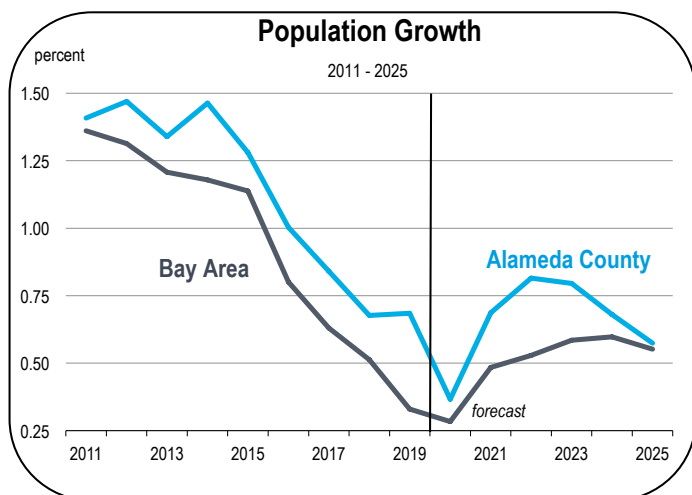
Job Growth

- Total employment in Alameda County will decline by 6 to 8 percent in 2020. This is an annual average change from 2019.
- In 2021, the county is expected to re-gain many of the jobs lost during the Coronavirus Recession.

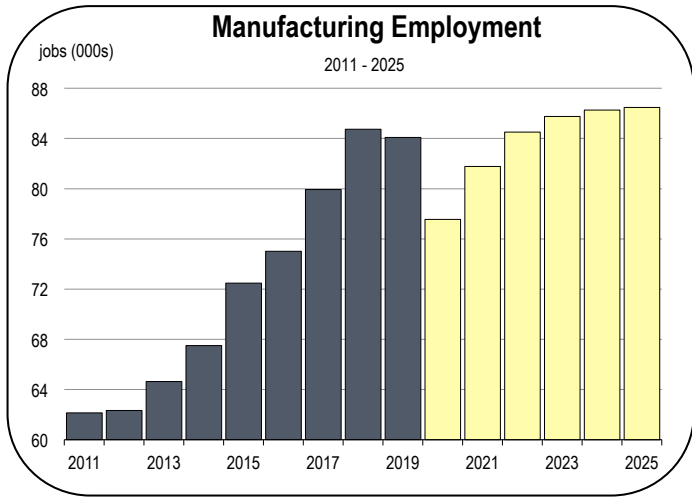


Construction Employment

- The construction sector is expected to lose several thousand jobs in 2020.
- Most California construction activity was deemed non-essential for several weeks in March and April, leading to significant construction layoffs that will decrease total employment in 2020.
- Construction employment will expand in 2021 and may return to pre-recession levels relatively quickly.



Alameda County Economic Forecast

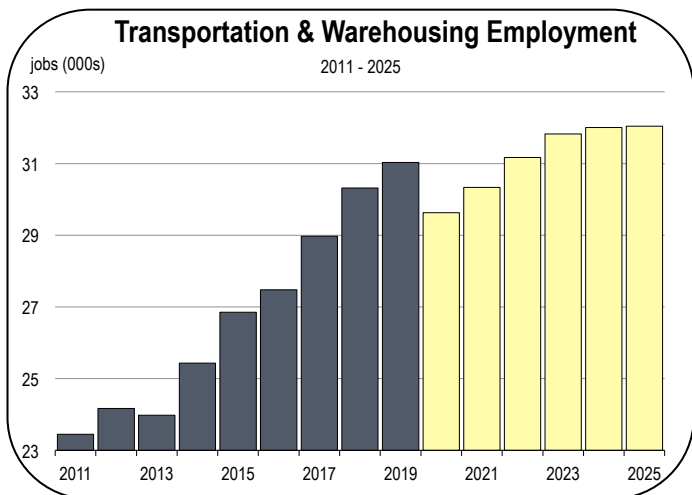


Manufacturing Employment

- Manufacturing employment is expected to fall by 7 to 9 percent during 2020, a decrease of more than 6,000 jobs.
- Manufacturing activity is forecast to rebound in 2021 and may enter an expansion phase within the next few years.

Transportation and Warehousing Employment

- Most transportation jobs in Alameda County are in trucking and warehousing, where firms deliver goods to and from the Port of Oakland, and store these goods in logistics facilities.
- A high share of Alameda County transportation jobs are in delivery firms like UPS and FedEx, at ground transportation organizations like BART, and at Oakland International and other airports.

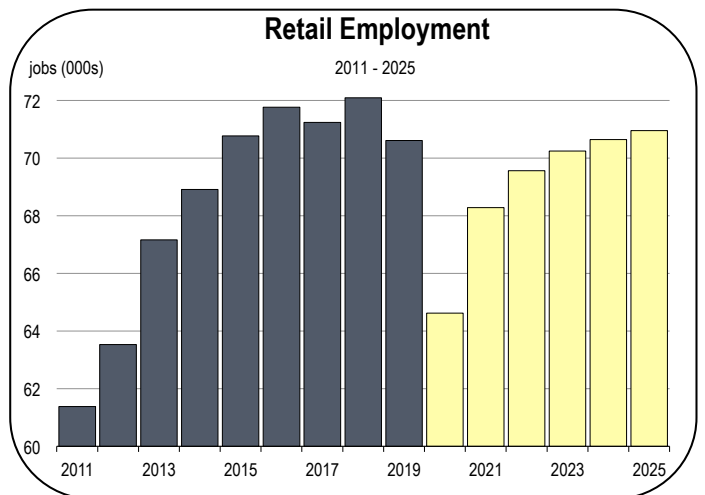


Transportation, Warehousing & Utilities / Sub-Sectors 2019	Jobs in Subsector (000s)	Subsector's Share of Overall Industry
Trucking	7.0	22.6%
Couriers and Messengers	5.6	18.0%
Utilities	5.3	17.2%
Warehousing and Storage	4.7	15.0%
Passenger Ground Transportation	3.4	11.1%
Airports	3.1	9.9%
Other	1.9	6.2%

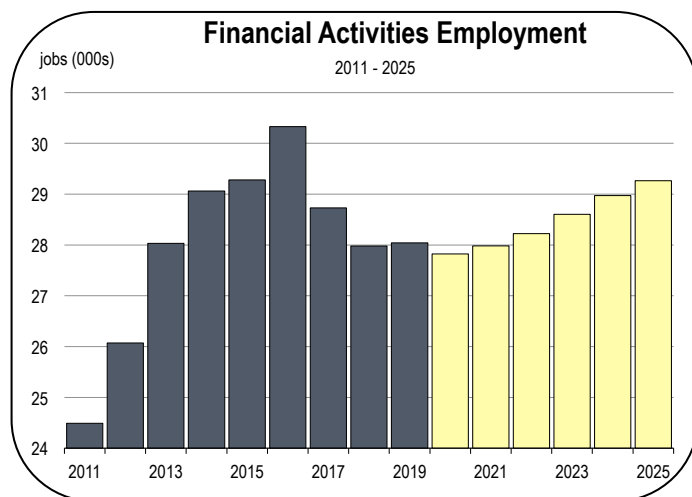
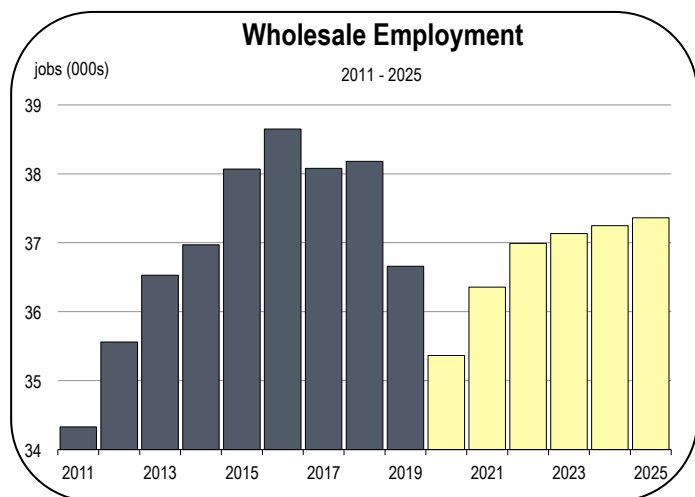
- Oakland International and other airports lost a large number of workers in March and April as air travel declined by 90 percent.
- BART and other ground transportation systems are at risk of substantial job loss because public transportation ridership fell by 90 percent in the Bay Area during the lockdowns.
- Couriers and messengers, including UPS and Instacart, hired large numbers of workers during the second quarter of 2020, and may be among the few corners of the labor market to gain jobs for the 2020 calendar year.
- Overall transportation and warehousing employment began to expand during Phase 2 of California's restart.

Retail Trade Employment

- The retail sector is expected to lose more than 5,000 jobs in 2020 on an annual average basis.
- Many national retail chains chose to furlough their employees rather than lay them off completely, and furloughed workers are



Alameda County Economic Forecast



not considered to be unemployed. This is a technical detail that will mask the true number of work stoppages in the retail sector.

- Accounting for furloughed workers more than 8,000 retail workers could be effectively not working and not earning an income on an annual average basis in 2020.
- It is unclear if retail trade employment will return to pre-recession levels during the 2020-2025 forecast period.

Wholesale Trade Employment

- Wholesale trade employment is expected to fall by at least 3 percent on an annual average basis in 2020.
- Wholesale employment should recover in tandem with manufacturing, retail, construction, and transportation/warehousing employment.

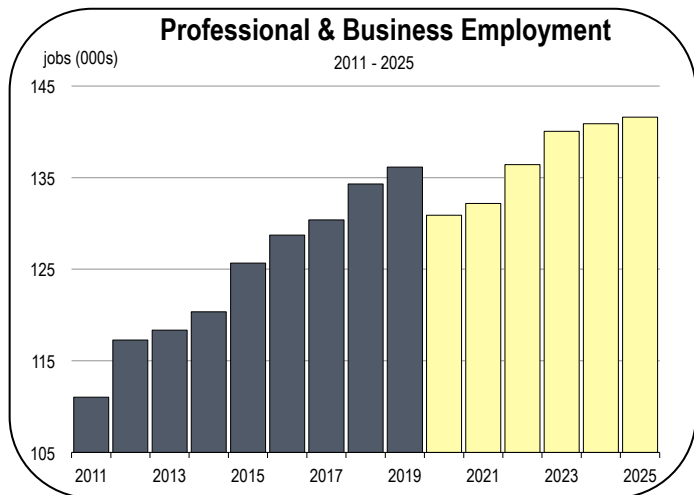
Financial Activities Employment

- A small number of job declines are expected in 2020 because some employers closed, committing their employees to shelter-in-place for health reasons.
- The most prominent losses are expected in real estate sales and lending.

- There have been far fewer homes on the market in 2020 than there were in 2019, which should translate into fewer home sales, reducing the need for real estate agents and mortgage brokers.
- Banks also reduced their head counts in the second quarter of 2020 due to a temporary reduction of in-person branch visits.
- Financial Activities companies are not expected to gain many jobs in 2021 or 2022.

Financial Activities Sub-Sectors 2019	Jobs in Subsector (000s)	Subsector's Share of Overall Industry
Insurance	8.9	31.7%
Real Estate	7.8	27.7%
Banks	6.4	22.8%
Rental and Leasing Services	3.1	11.0%
Asset Management	1.9	6.8%

Alameda County Economic Forecast



Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each will be affected differently during the recession and recovery phases of 2020.
- Jobs in corporate security and building maintenance declined substantially during the recession but are expected rebound at office and industrial buildings with repopulating employment.
- Staffing agencies had significant losses during the contraction, but may bounce back quickly once the economy begins to expand again.
- Staffing agencies primarily employ temp workers. Temp workers are usually laid off first during a downturn but hired back first during a recovery.

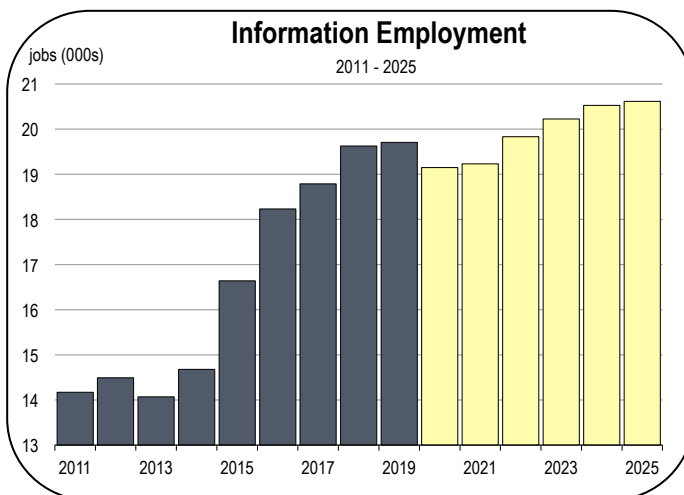
Professional & Business Services Sub-Sectors 2019	Jobs in Subsector (000s)	Subsector's Share of Overall Industry
Scientific Research	20.3	14.9%
Custom IT Services	18.2	13.4%
Corporate Headquarters	16.7	12.2%
Staffing Agencies	15.2	11.2%
Building Maintenance	13.2	9.7%
Engineering & Architecture	13.0	9.5%
Corporate Security	7.8	5.7%
Business Consulting	6.1	4.4%
Law	4.7	3.4%
Marketing and Advertising	4.0	3.0%
Accounting & Bookkeeping	3.5	2.6%
Other	13.5	9.9%

Information Sub-Sectors 2019	Jobs in Subsector (000s)	Subsector's Share of Overall Industry
Internet & Data Services	7.8	39.5%
Software Publishers	5.2	26.5%
Telecommunications	1.9	9.6%
Movie / TV / Music Recording	1.5	7.6%
Radio & TV Broadcasting	1.4	6.9%
Movie Theaters	1.3	6.6%
Newspaper / Magazine / Book Publishing	0.7	3.4%

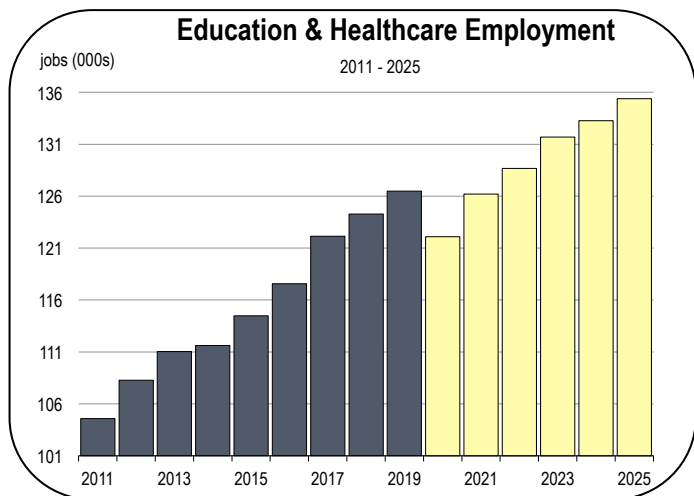
- Scientific research services have been characterized by mixed results. Some are in essential functions like bioscience, military research, and healthcare technology. But some jobs in laboratory settings were put on hold.
- Aside from security, maintenance, staffing agencies, and scientific research labs, most subsectors of the professional business services industry were able to operate remotely and were less affected by the recession.

Information Employment

- In Alameda County, the information sector is dominated by software publishers like EMC Corporation, as well as data and Internet service companies like Pandora.
- Job growth in software and Internet firms will be slow in 2021 and 2022 because many of these firms were not yet turning a profit before the Coronavirus Recession began. Consequently, expect to observe more cautious hiring pending how business conditions evolve in 2021 and 2022.
- Telecommunications jobs were classified as essential and these workers largely remained employed throughout the recession and recovery.



Alameda County Economic Forecast



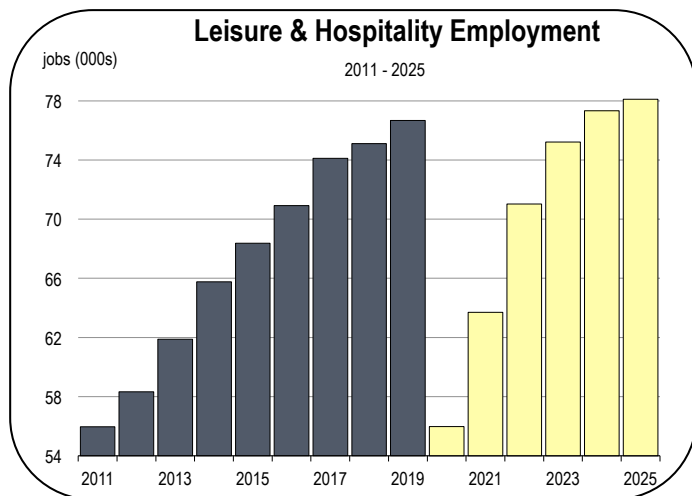
- Most newspaper, magazine, and TV/radio workers were allowed to remain in their jobs, but advertising revenues shrank with the rest of the economy, giving employers little choice but to issue layoff notices.

Private Education and Healthcare Employment

- There were 71,000 healthcare jobs in Alameda County in 2019.
- Healthcare jobs were recession proof during the 2008-2009 financial crisis. However, some non-essential medical offices had to close in 2020, and hospitals reduced employment levels because resources are not being utilized as envisioned to support Coronavirus patients.
- There were approximately 38,000 social assistance jobs in 2019, including industries like childcare, housing shelters, and non-medical care for senior citizens.
- There were also 16,000 jobs in private schools and colleges, tutoring services, vocational schools, and other educational organizations.
- Jobs in social assistance and education were mostly classified as essential, but there were still layoffs at institutions with revenue shortfalls.

Leisure and Hospitality Employment

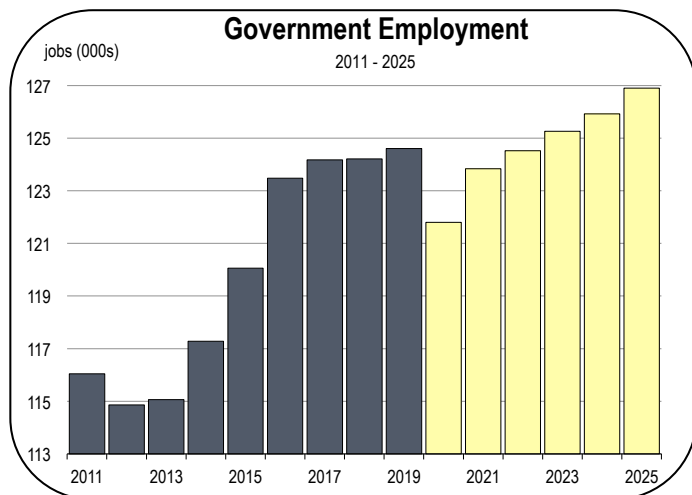
- The leisure and hospitality industry was devastated by the recession more than any other sector of the labor market.
- In 2019, Alameda County had 66,000 jobs in restaurants, hotels, and bars. Our research indicates that most were laid off, furloughed, or had their hours cut in the months of March and April.



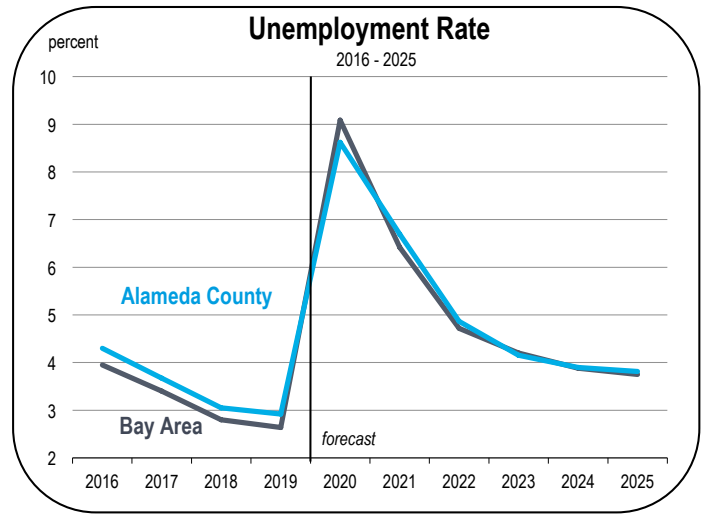
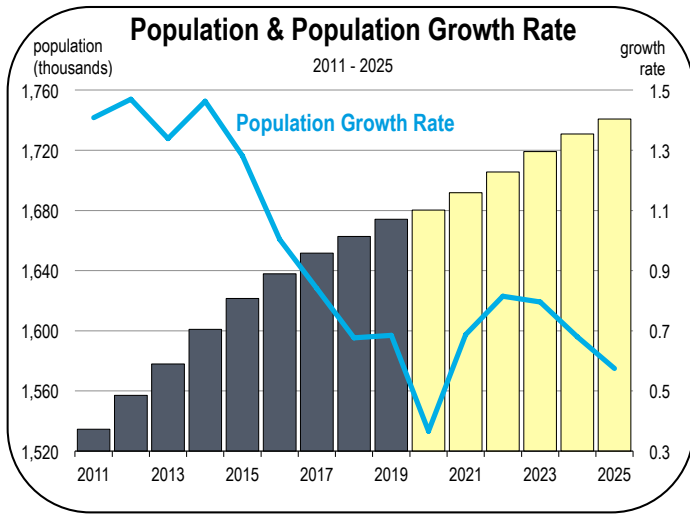
- Alameda also had 13,000 jobs in entertainment and recreation, including things like fitness centers, museums, performing arts venues, and professional sports teams. Some of these organizations will remain closed through the end of 2020.
- Jobs in the leisure and hospitality sector are not expected to reach a new peak for a number of years.

Government Employment

- Government agencies are expected to lose revenue from taxes and fees in 2020, and these revenue shortfalls will likely persist into 2021 and 2022.
- When government agencies need to reduce expenditures on salaries, many workers are expected to be given unpaid furlough days that are distributed throughout the year, and many staffing reductions could be the result of hiring freezes rather than layoffs.



Alameda County Economic Forecast



- However, if revenue shortfalls are severe and Congress does not appropriate funding to mitigate these shortfalls, government agencies may have no choice but to issue layoffs.

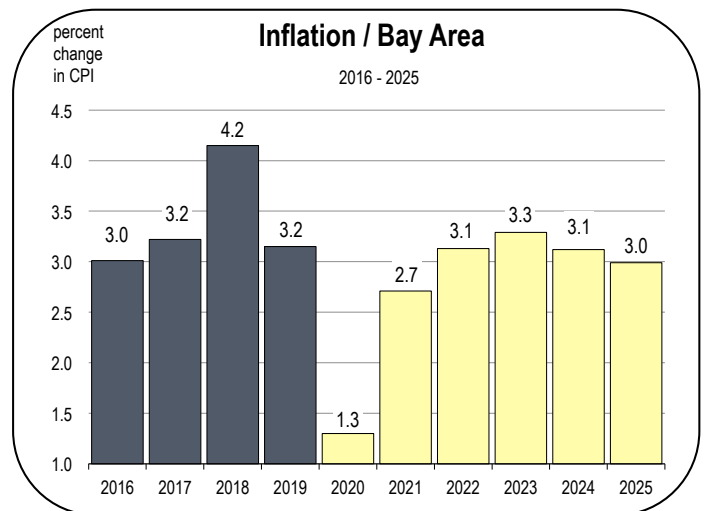
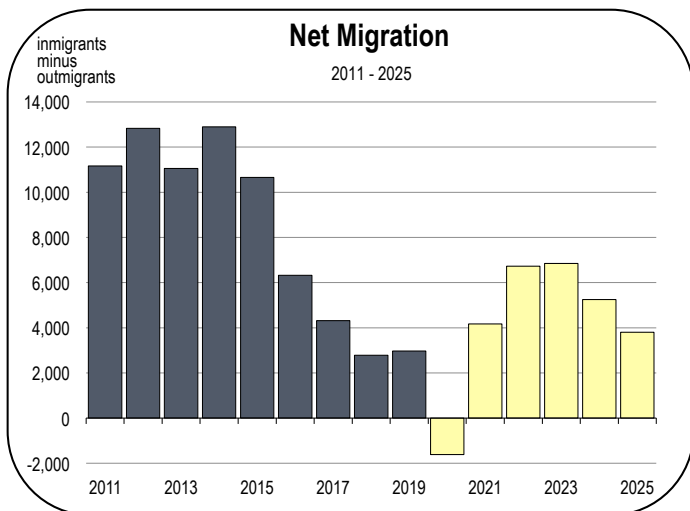
- The population will increase at an average rate of 0.7 percent per year from 2020 to 2025. By 2025 the Alameda County population will approach 1,740,000 residents.

Population Growth

- The Alameda County population is expected to expand more quickly than the Bay Area average between 2020 and 2025.
- Net migration is expected to be a meaningful contributor to population growth as residents relocate from San Francisco and Silicon Valley for more affordable housing options in the East Bay, and as people move into Alameda County from outside of the Bay Area.
- Approximately 1,600 net migrants are expected to leave the county in 2020, but an average of 5,400 will move into the county each year between 2021 and 2025.

Unemployment and Inflation Rates

- The unemployment rate in Alameda County averaged 2.9 percent in 2019, slightly above the composite rate for the Bay Area.
- The unemployment rate is expected to average between 7 and 10 percent in 2020.
- The unemployment rate is expected to remain elevated for several years, but is likely to improve more quickly than after the 2008-2009 recession.
- Inflation decelerated in 2019 as energy prices declined and home prices increased more slowly than the previous year.

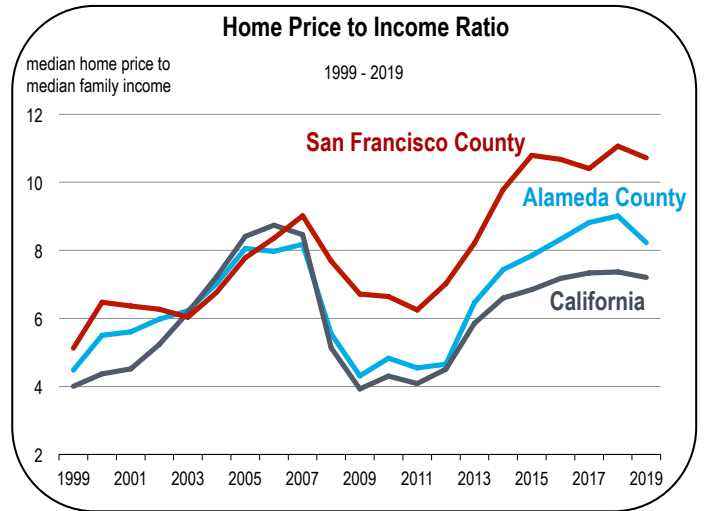


Alameda County Economic Forecast

- Inflation is expected to be very low in 2020 but could accelerate in 2021 or 2022.

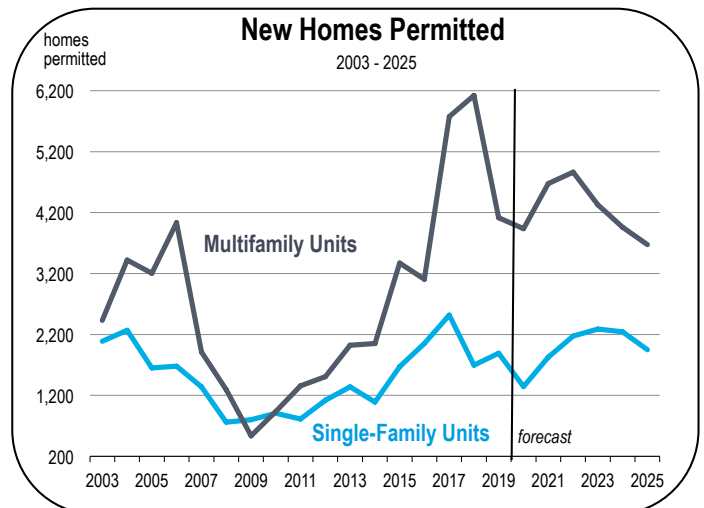
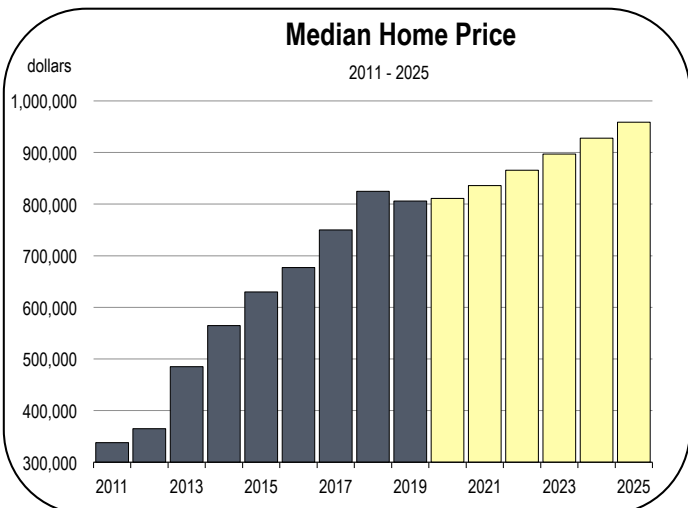
Home Prices and New Housing Production

- In 2019 the median home price in Alameda County was \$806,000.
- The median price is not expected to increase or decrease by a substantial amount in 2020 or 2021.
- The median price has become prohibitively expensive in Alameda, where the price-to-income ratio has reached 8.2, meaning that housing affordability was worse in 2019 than it was during the housing bubble of 2004-2007.
- In 2019, a typical household in Alameda County would have had to spend almost 40 percent of its pre-tax income to mortgage payments in order to afford the median-priced home, indicating that housing prices have become excessive.
- But homes in Alameda County are more affordable than homes in San Francisco or Silicon Valley, which has driven a substantial number of residents to relocate to the East Bay.
- From 2014 to 2019, an average of 5,900 new homes were started per year in Alameda County. Approximately 70 percent were apartments and condos.
- Housing production is forecast to average 6,200 homes per year from 2020 to 2025, consisting primarily of apartments and condos.
- There are 50,000 housing units in the Alameda County development pipeline.



Alameda County Residential Development Pipeline

Area	Units
Oakland	22,313
Fremont	11,066
Newark	5,696
Alameda	3,193
Berkeley	3,126
San Leandro	1,913
Hayward	1,625
Livermore	851
Emeryville	638



Alameda County Economic Forecast

Socioeconomic Indicators

