

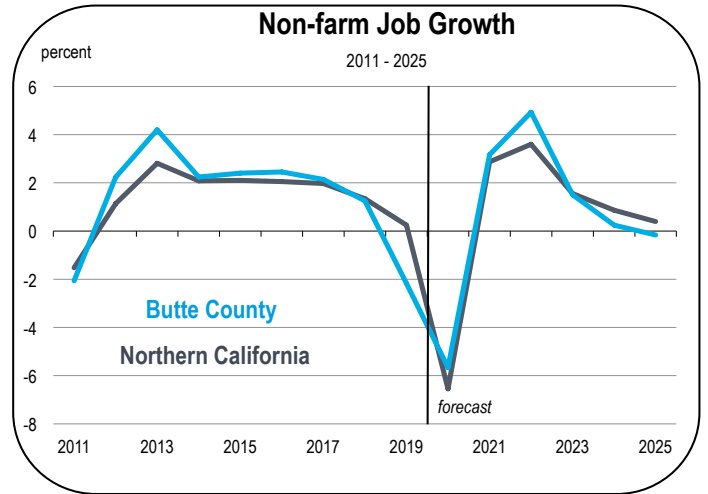
# Butte County Economic Forecast

## Forecast Summary

- It is estimated that total employment in Butte County will decline by 5 to 7 percent during 2020. This is an annual average change from 2019.
- The unemployment rate averaged 5.1 percent in 2019. It will average somewhere between 10 percent and 12 percent for the 2020 calendar year.
- The Butte County population is expected to grow more quickly than the broader Northern California region during the 2020-2025 forecast period.
- Home values are not expected to change much in 2020 or 2021.
- Housing production is expected to increase rapidly during the forecast period.

## Job Growth

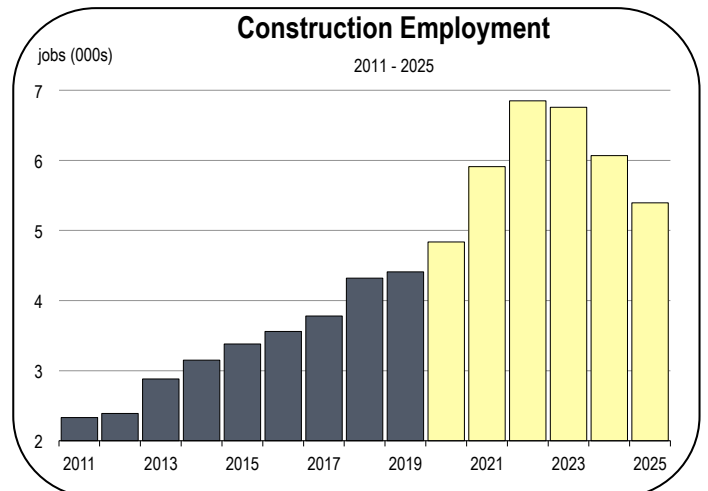
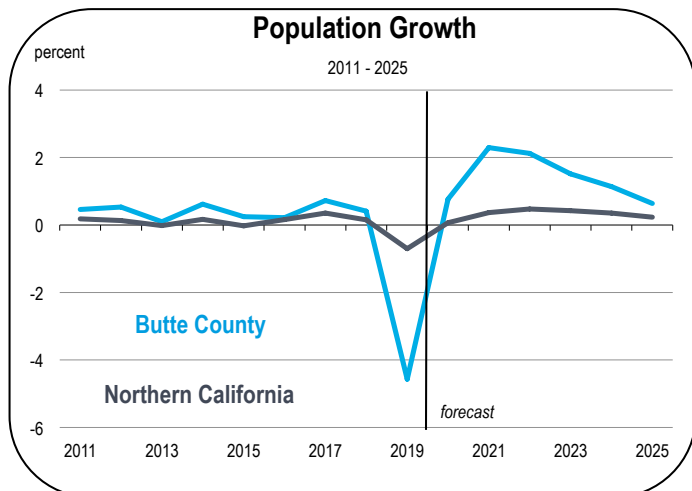
- Butte County was among the few regions of California to lose jobs in 2019. In 2019, total wage and salary employment declined by 2,000 jobs, a decrease of 2.3 percent.
- Job losses in 2019 were a direct result of the Camp Fire, which burned through the City of Paradise in November 2018, destroyed thousands of homes, forced businesses to close, and led to a large wave of out-migration.
- In 2020, Butte County is expected to lose an average of 4,000 to 6,000 jobs as a result of the Coronavirus Recession.
- Job losses in 2020 will be most prominent in leisure and hospitality, education and healthcare, professional business services, and government.



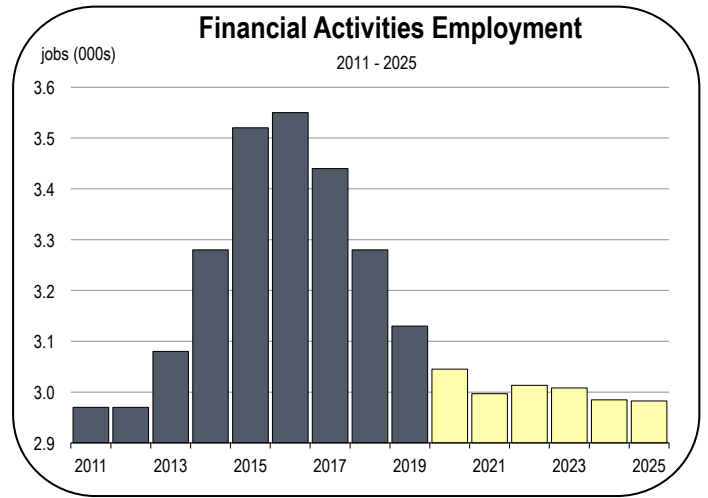
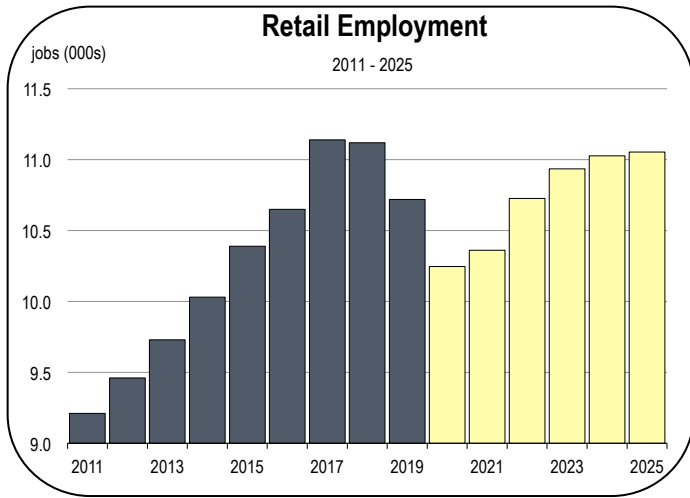
- In 2021, Butte County is expected to re-gain approximately half of the jobs lost during the Coronavirus Recession.

## Construction Employment

- The construction sector is expected to gain thousands of jobs during the 2020-2025 forecast period.
- The Camp Fire destroyed 18,661 structures, including 13,850 homes. The re-building process, which began in 2019, will require a large number of new construction workers.
- Through mid-2020, permits had been issued to re-build 1,400 homes that were destroyed in the Camp Fire. It is assumed that more than 10,000 homes will have been re-built by 2025.



# Butte County Economic Forecast



## Retail Trade Employment

- The retail sector lost 400 jobs in 2019, largely in the City of Paradise, where the Camp Fire destroyed thousands of commercial structures and homes. The most prominent losses were in grocery stores in the City of Paradise.
- The retail industry is expected to lose an additional 400 to 600 jobs in 2020 as a result of the Coronavirus Recession.
- Some subsectors of the retail industry have continued to expand, including e-commerce. There are now more than 1,500 e-commerce jobs in Butte County, an exponential increase that has been observed over the last two decades.

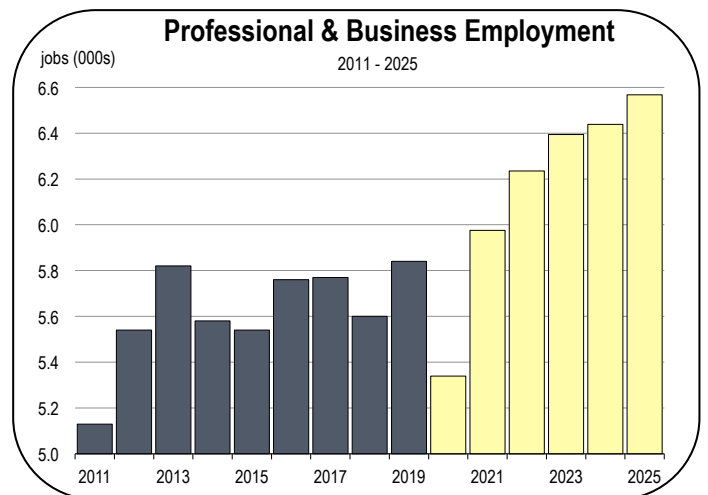
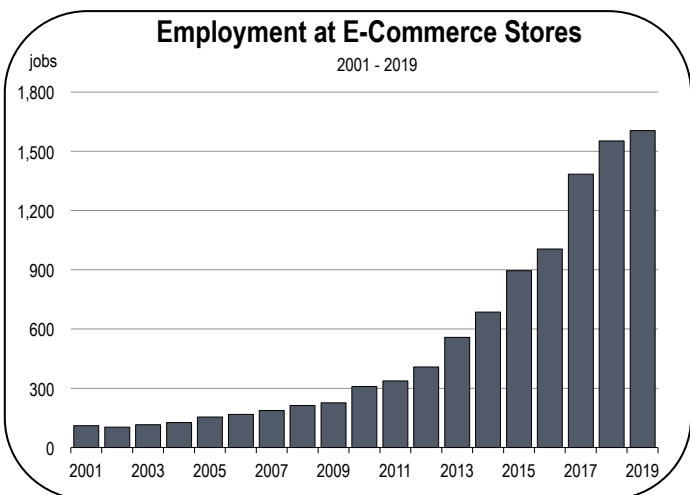
## Financial Activities Employment

- The financial activities sector has been losing jobs for several years, and losses will persist into 2021 or later.

- The most prominent declines have been observed at local banks.
- Local banks employed as many as 1,000 workers within the last decade, but employed only 700 workers in 2019.
- Virtually no net job creation is expected in the financial activities industry during the 2020-2025 forecast period.

## Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each will be impacted differently during the recession and recovery phases of 2020 and 2021.
- Meaningful losses were observed at building maintenance companies in 2020, but these sectors are expected to rebound as people go back to their offices.
- Staffing agencies experienced substantial job declines in 2020. Staffing agencies typically employ temp workers, and temps are



# Butte County Economic Forecast

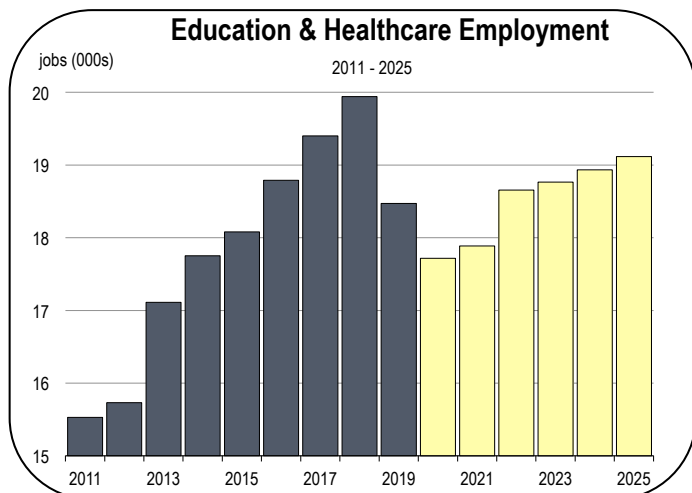
Professional & Business Services Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Building Maintenance	1,400	26.9%
Staffing Agencies	1,300	25.0%
Engineering & Architecture	500	9.6%
Corporate Headquarters	500	9.6%
Law	400	7.7%
Accounting & Bookkeeping	300	5.8%
Veterinary Services	300	5.8%
Business & Technical Consulting	300	5.8%
Custom IT Services	200	3.8%
Other	600	11.5%

often among the first layoffs during economic downturns, and among the first to be re-hired during expansions.

- Veterinarians experienced a decline in customers in 2020, but this decline is expected to be temporary.
- Aside from maintenance, staffing agencies, and veterinarians, most subsectors of the professional business services industry were able to operate remotely and were relatively unaffected by the downturn.
- Overall employment in professional and business services is expected to increase throughout the 2020-2025 forecast period, in tandem with job gains across most of California.

## Private Education and Healthcare Employment

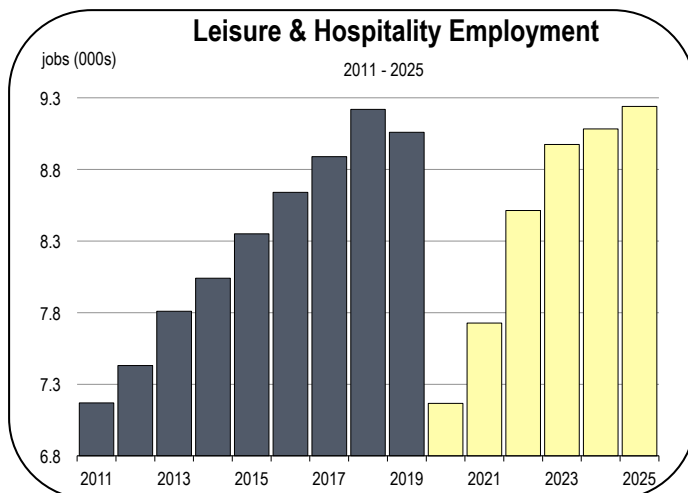
- There were 12,000 healthcare jobs in Butte County in 2019, a decrease of 1,000 positions from the previous year.



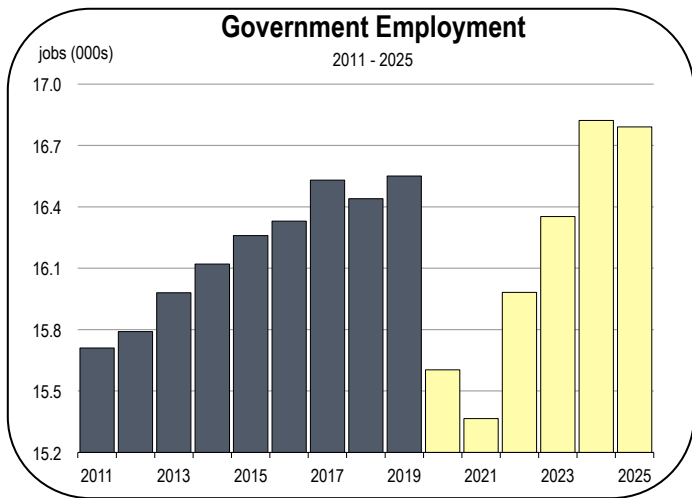
- A meaningful number of healthcare jobs were displaced by the Camp Fire, which swept through the City of Paradise and destroyed medical facilities.
- Additional healthcare jobs are expected to be lost in 2020. Healthcare jobs were recession proof during the 2008-2009 financial crisis. However, some non-essential medical offices had to close in 2020, and others reduced their employment levels because resources were not utilized as envisioned to support Coronavirus patients.
- There were approximately 6,000 social assistance jobs in 2019, including industries like childcare and non-medical care for senior citizens and people with disabilities.
- In social assistance organizations, layoffs were heavy at institutions with revenue shortfalls in 2020. Some of these jobs may not be restored until social distancing regulations are relaxed, but others began to return in the summer of 2020.
- There were 400 jobs in private educational organizations in Butte County in 2019. Losses were observed at some facilities, and these jobs may not be restored until 2021 or later.

## Leisure and Hospitality Employment

- In 2019, Butte County had 8,100 jobs in restaurants, hotels, and bars. Almost 50 percent were laid off in March and April. Another 40 to 45 percent of workers had their hours cut or were furloughed without pay.
- Jobs at hotels and restaurants began to increase again in the summer of 2020, and should expand further in 2021 and 2022.
- Butte County had 900 jobs in entertainment and recreation in 2019, including facilities like fitness centers, museums, and performing arts centers. Many of these organizations will operate at reduced capacities through the end of 2020 and potentially into 2021.



# Butte County Economic Forecast

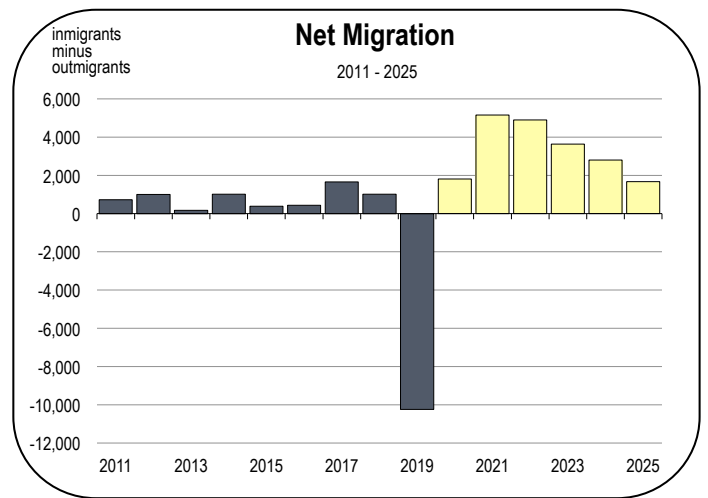
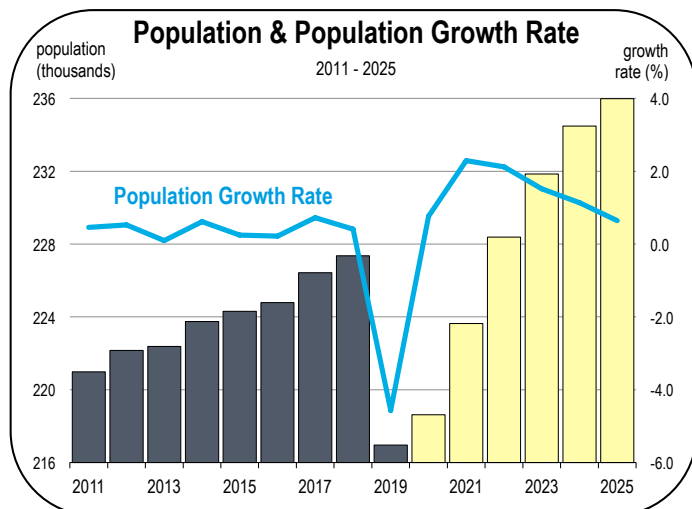


## Government Employment

- The largest government agency in Butte County is California State University, Chico, which has 16,000 students and 2,000 employees.
- Government agencies are expected to lose revenue from taxes and fees in 2020 and 2021.
- 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.
- 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.

## Population Growth

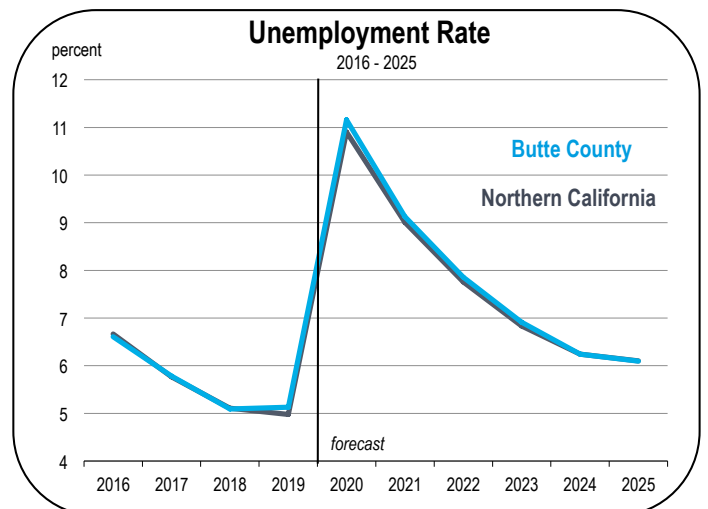
- The Butte County population declined by 10,400 residents in 2019. Virtually all of this decline was the result of out-migration from the City of Paradise.



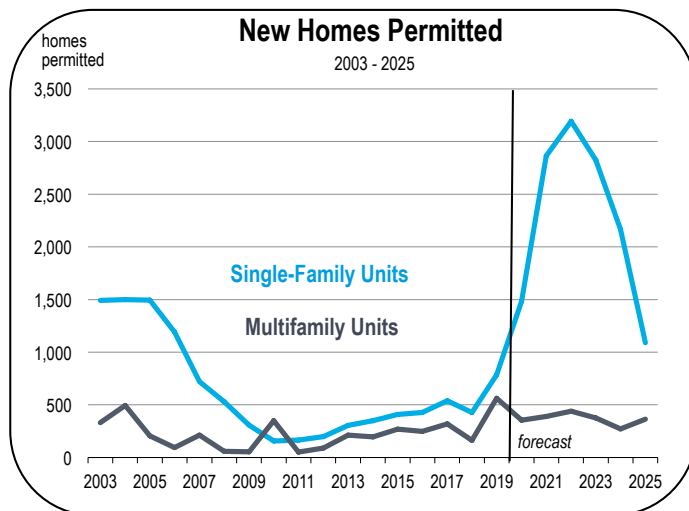
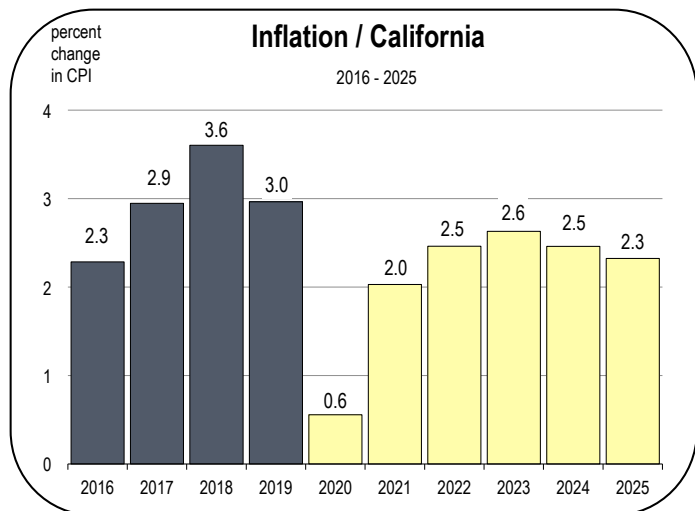
- The population is expected to grow between 2020 and 2025 as residents return to homes that have been re-built, and as construction workers move to Butte County to re-build those homes.
- The population will expand at an annual average rate of 1.4 percent per year from 2020 to 2025, placing Butte County among the fastest growing counties of California.
- By 2025 the Butte County population will surpass 235,000 residents.

## Unemployment and Inflation Rates

- The unemployment rate in Butte County averaged 5.1 percent in 2019, which was similar the composite rate for the broader Northern California region.
- The unemployment rate is expected to average between 10 and 12 percent during the 2020 calendar year.



# Butte County Economic Forecast

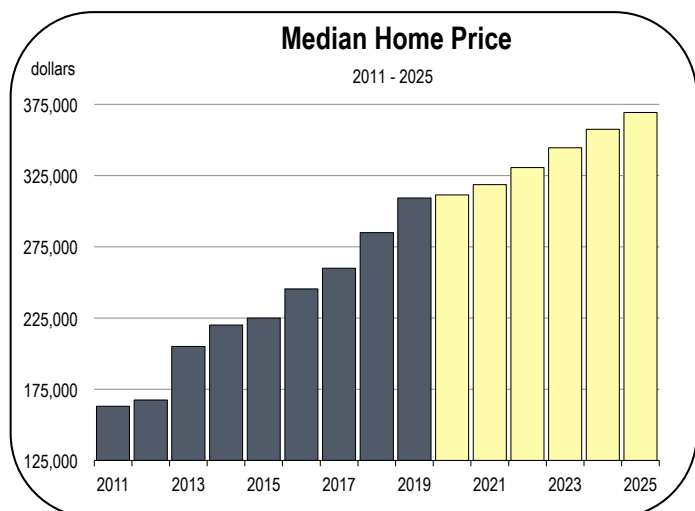


- The unemployment rate is expected to remain elevated for several years, but is likely to improve more quickly than after the 2008-2009 recession.
- Inflation decelerated in 2019 as energy prices declined and home prices increased more slowly than the previous year.
- Inflation is expected to be very low in 2020 but could accelerate in 2021 or 2022.

- Along Coastal California, the typical household spends more than 35 percent of pre-tax income on housing costs, and in very expensive markets like San Francisco, housing costs often account for more than 50 percent of household income.
- From 2014 to 2019, an average of 4,700 new homes were started per year in Butte County. Approximately 63 percent were single-family homes.
- Housing production is expected to average 1,500 homes per year from 2020 to 2025, consisting primarily of single-family homes.
- Of the homes built between 2020 and 2025, approximately 10,650 are expected to be fire re-builds, and approximately 5,200 are expected to be new units that are unrelated to the Camp Fire.
- The City of Oroville will be among the most prominent areas for housing construction.
- As of mid-2020, there were more than 600 units in the Oroville construction pipeline, along with a \$200 million hospital expansion and a 55,000 square foot hotel project.
- High levels of construction will also be observed in the City of Chico, where 2,700 units are in the construction pipeline.

## Home Prices and New Housing Production

- In 2019, the median home price in Butte County was \$309,200. The median price is not expected to change much in 2020 or 2021.
- Homes in Butte County are more affordable than homes across California, especially Coastal California.
- In Butte County, the typical household spends less than 25 percent of its pre-tax income on mortgage payments or rent.



Residential Construction Projects City of Oroville / 2020	Units	Status
Olive Grove Apartments	135 Apartments	Approved
The Village	97 Homes	In Planning
Riverbend Apartments	72 Apartments	Approved
Vista Del Oro	71 Homes	Under Construction
Linkside Place II	56 Homes	Approved
Sierra Heights	52 Apartments	Under Construction
Sierra Heights 2	48 Apartments	Approved
Riverbend Apartments 2	48 Apartments	In Planning

# Butte County Economic Forecast

Structures Damaged and Destroyed / Camp Fire	Damaged	Destroyed	Total
Single Family Residential	465	9,879	10,344
Multiple Family Residential	22	276	298
Mobile Home Residential	6	3,695	3,701
Commercial	105	514	619
Mixed Commercial / Residential	0	11	11
Other	77	4,286	4,363
<b>Total</b>	<b>675</b>	<b>18,661</b>	<b>19,336</b>

## The Camp Fire of November 2018

The Camp Fire was the most destructive wildfire in California history. Approximately 52,000 people were evacuated from their homes in Paradise, Centerville, Magalia, Pulga, Berry Creek, and Butte Valley.

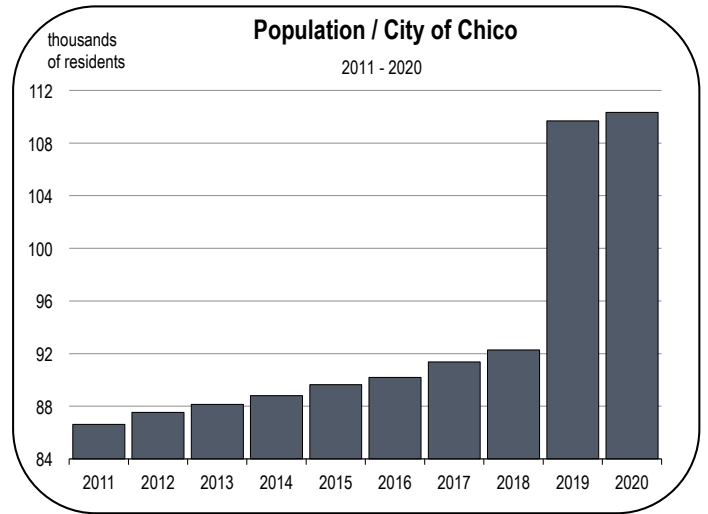
The community of Concow and the City of Paradise were destroyed on the first day of the fire. The fire caused 85 fatalities and injured 17 people, devastating an area of 240 square miles.

A total of 18,661 structures were destroyed, including 13,850 homes. Another 493 homes were damaged. Estimates have put the total value of the damage at \$16.5 billion.

Approximately 35,000 residents of Paradise were displaced. Many families began living in trailers or in tents, relocated to Chico and Oroville, or moved to Redding in Shasta County. Some left the region entirely.

### Effect on City of Chico

The population of the City of Paradise dropped 83 percent. The population of the City of Chico jumped 21 percent. The population jumped by a similar increase in Oroville.



Along with the sudden and significant increase in population in Chico came a spike in the demand for goods, services, and housing.

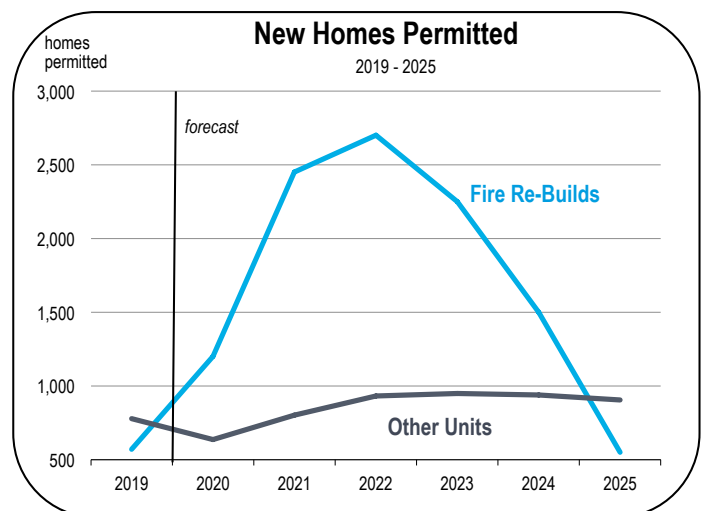
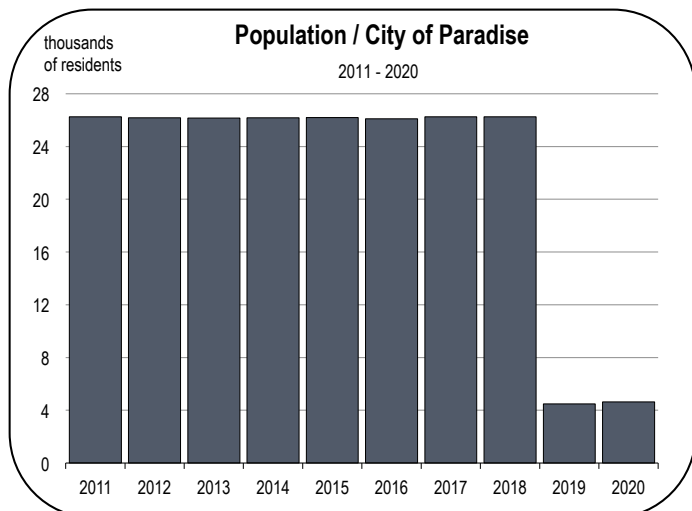
Zillow reported that the median price in Chico in October 2018 (one month before the fire) was \$332,000. By March 2019, the median price had jumped to \$401,000, an increase of 21 percent.<sup>1</sup> Rental prices also soared in Chico, rising 15 percent from October 2018 to September 2019.<sup>2</sup> The broader effect on home prices throughout Butte County was a uniform increase of 15 percent.

### Effect on Construction Activity

Many of the homes and buildings destroyed by the Camp Fire will be re-built, leading to a tremendous increase in construction activity.

It is assumed that more than 10,000 homes will be re-built by the end of the 2020-2025 forecast period. For most of this period, fire re-builds will outstrip other housing construction by a wide margin.

The peak year for fire re-builds is expected to occur between 2021 and 2023, and activity should taper off from there.



<sup>1</sup> <https://www.zillow.com/chico-ca/home-values/>

<sup>2</sup> *ibid*

# Butte County Economic Forecast

## Economic Indicators

## 2015-2019 History, 2020-2050 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 (millions)	Inflation Rate (percent)
2015	224,301	89.6	391	679	232	\$9.2	\$2.2	\$3.1	\$0.9	\$45,918	7.2	\$853	1.4
2016	224,785	90.3	432	676	237	\$9.5	\$2.3	\$3.2	\$1.1	\$46,519	6.6	\$765	2.3
2017	226,421	90.7	1,651	857	234	\$9.8	\$2.4	\$3.4	\$1.2	\$46,076	5.8	\$743	3.0
2018	227,353	91.1	1,020	591	234	\$10.3	\$2.5	\$3.5	\$1.2	\$46,417	5.1	\$650	3.7
2019	216,965	79.5	-10,246	1,348	228	\$10.6	\$2.6	\$3.8	\$1.2	\$48,746	5.1	\$613	2.9
2020	218,625	80.0	1,810	1,836	227	\$10.5	\$2.3	\$3.5	\$1.2	\$47,892	11.2	\$590	0.5
2021	223,637	81.7	5,156	3,253	232	\$10.8	\$3.0	\$4.1	\$1.2	\$47,476	9.1	\$577	1.6
2022	228,383	84.8	4,899	3,632	238	\$11.5	\$3.2	\$4.5	\$1.2	\$48,179	7.9	\$570	2.3
2023	231,849	88.2	3,635	3,199	242	\$12.1	\$3.3	\$4.7	\$1.2	\$48,646	6.9	\$568	2.6
2024	234,482	91.2	2,802	2,439	245	\$12.6	\$3.2	\$4.6	\$1.2	\$49,075	6.2	\$569	2.5
2025	235,987	93.5	1,672	1,455	247	\$13.2	\$3.0	\$4.5	\$1.2	\$49,617	6.1	\$572	2.3
2026	237,308	94.9	1,492	1,141	248	\$13.7	\$3.0	\$4.4	\$1.3	\$50,230	5.8	\$576	2.3
2027	238,276	95.9	1,149	883	249	\$14.2	\$3.0	\$4.4	\$1.3	\$50,880	5.6	\$581	2.2
2028	239,136	96.7	1,058	878	250	\$14.8	\$3.1	\$4.5	\$1.3	\$51,661	5.5	\$586	2.2
2029	239,974	97.6	1,043	771	251	\$15.4	\$3.2	\$4.6	\$1.3	\$52,145	5.3	\$592	2.3
2030	240,683	98.3	913	667	252	\$15.9	\$3.2	\$4.7	\$1.4	\$52,780	5.2	\$599	2.2
2031	241,229	98.9	735	568	252	\$16.5	\$3.3	\$4.7	\$1.4	\$53,384	5.0	\$606	2.1
2032	241,884	99.5	827	563	253	\$17.1	\$3.4	\$4.8	\$1.4	\$53,918	4.9	\$613	2.3
2033	242,474	100.0	760	562	254	\$17.7	\$3.4	\$4.9	\$1.4	\$54,692	5.0	\$620	1.9
2034	243,025	100.5	709	562	255	\$18.4	\$3.5	\$5.0	\$1.4	\$55,401	5.1	\$628	2.1
2035	243,702	101.0	817	564	255	\$19.0	\$3.6	\$5.2	\$1.5	\$56,083	5.1	\$635	2.2
2036	244,400	101.6	827	556	256	\$19.8	\$3.7	\$5.3	\$1.5	\$56,608	5.2	\$643	2.6
2037	245,067	102.1	770	548	257	\$20.6	\$3.8	\$5.5	\$1.5	\$57,125	5.3	\$651	2.7
2038	245,767	102.6	783	540	258	\$21.4	\$3.9	\$5.6	\$1.5	\$57,739	5.2	\$659	2.5
2039	246,402	103.1	712	532	258	\$22.2	\$4.0	\$5.8	\$1.5	\$58,288	5.3	\$668	2.7
2040	246,985	103.6	643	523	259	\$23.1	\$4.1	\$5.9	\$1.5	\$58,897	5.3	\$677	2.6
2041	247,597	104.1	652	515	260	\$23.9	\$4.2	\$6.1	\$1.6	\$59,655	5.4	\$685	2.2
2042	248,298	104.6	729	508	261	\$24.8	\$4.3	\$6.2	\$1.6	\$60,462	5.4	\$694	2.1
2043	248,941	105.1	653	499	261	\$25.8	\$4.4	\$6.4	\$1.6	\$61,321	5.5	\$703	2.0
2044	249,710	105.5	768	492	262	\$26.7	\$4.5	\$6.5	\$1.6	\$62,267	5.3	\$713	1.8
2045	250,516	106.0	802	484	263	\$27.7	\$4.6	\$6.6	\$1.6	\$63,163	5.1	\$722	1.9
2046	251,345	106.4	826	476	264	\$28.7	\$4.7	\$6.8	\$1.7	\$63,988	5.2	\$732	2.0
2047	252,147	106.9	780	468	265	\$29.8	\$4.8	\$6.9	\$1.7	\$64,717	5.1	\$742	2.2
2048	252,954	107.3	776	459	266	\$30.9	\$4.9	\$7.1	\$1.7	\$65,399	5.2	\$752	2.3
2049	253,773	107.7	765	451	267	\$32.0	\$5.0	\$7.2	\$1.7	\$66,250	5.3	\$763	2.0
2050	254,603	108.2	761	443	268	\$33.2	\$5.1	\$7.4	\$1.8	\$67,112	5.4	\$773	2.1

## Employment Sectors

## 2015-2019 History, 2020-2050 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	80.9	3.0	3.4	4.2	1.5	12.2	3.5	5.5	1.1	18.1	8.4	16.3
2016	82.9	3.1	3.6	4.3	1.6	12.6	3.6	5.8	1.0	18.8	8.6	16.3
2017	84.6	3.1	3.8	4.3	1.6	13.1	3.4	5.8	0.9	19.4	8.9	16.5
2018	85.6	3.1	4.3	4.3	1.6	13.2	3.3	5.6	0.9	19.9	9.2	16.4
2019	83.6	2.9	4.4	4.1	1.6	12.9	3.1	5.8	0.8	18.5	9.1	16.6
2020	78.8	2.6	4.8	4.0	1.6	12.3	3.0	5.3	0.8	17.7	7.2	15.6
2021	81.4	2.8	5.9	4.0	1.6	12.5	3.0	6.0	0.8	17.9	7.7	15.4
2022	85.4	2.9	6.9	4.1	1.6	12.9	3.0	6.2	0.8	18.7	8.5	16.0
2023	86.7	3.0	6.8	4.0	1.6	13.2	3.0	6.4	0.8	18.8	9.0	16.4
2024	86.9	3.0	6.1	4.0	1.6	13.3	3.0	6.4	0.8	18.9	9.1	16.8
2025	86.8	3.1	5.4	4.0	1.6	13.3	3.0	6.6	0.8	19.1	9.2	16.8
2026	86.9	3.1	4.8	4.1	1.6	13.3	3.0	6.6	0.8	19.3	9.5	17.0
2027	86.8	3.1	4.4	4.1	1.6	13.3	3.0	6.6	0.8	19.4	9.6	17.0
2028	87.1	3.1	4.3	4.1	1.6	13.3	3.0	6.7	0.8	19.6	9.6	17.1
2029	87.1	3.1	4.0	4.1	1.7	13.3	3.0	6.7	0.8	19.7	9.6	17.1
2030	87.4	3.1	3.9	4.1	1.7	13.3	3.0	6.7	0.8	19.9	9.7	17.4
2031	87.5	3.0	3.7	4.2	1.7	13.4	3.0	6.8	0.8	20.0	9.7	17.3
2032	87.9	3.0	3.7	4.2	1.7	13.4	3.0	6.9	0.8	20.2	9.8	17.5
2033	88.2	3.0	3.6	4.2	1.7	13.4	3.0	6.9	0.8	20.3	9.9	17.5
2034	88.5	3.0	3.6	4.2	1.7	13.4	3.0	7.0	0.8	20.4	10.0	17.5
2035	88.8	3.0	3.6	4.2	1.7	13.5	3.0	7.0	0.8	20.6	10.1	17.6
2036	89.3	3.0	3.5	4.2	1.7	13.5	2.9	7.1	0.8	20.7	10.2	17.7
2037	89.7	3.0	3.5	4.2	1.7	13.5	3.0	7.1	0.8	20.9	10.3	17.8
2038	90.1	3.0	3.5	4.2	1.7	13.6	3.0	7.1	0.8	21.0	10.4	17.9
2039	90.6	3.0	3.5	4.2	1.7	13.6	3.0	7.2	0.8	21.2	10.5	18.0
2040	91.1	3.0	3.5	4.2	1.7	13.6	3.0	7.2	0.8	21.4	10.6	18.2
2041	91.5	3.0	3.5	4.2	1.7	13.6	3.0	7.3	0.8	21.5	10.7	18.3
2042	91.9	3.0	3.5	4.3	1.7	13.7	3.0	7.3	0.8	21.7	10.8	18.4
2043	92.4	3.0	3.5	4.3	1.7	13.7	3.0	7.3	0.8	21.8	10.8	18.5
2044	92.8	3.0	3.5	4.3	1.7	13.7	3.0	7.4	0.8	22.0	10.9	18.6
2045	93.3	3.0	3.4	4.3	1.8	13.7	3.0	7.4	0.8	22.1	11.0	18.8
2046	93.7	3.0	3.4	4.3	1.8	13.8	3.0	7.5	0.8	22.3	11.1	18.9
2047	94.1	3.0	3.4	4.3	1.8	13.8	3.0	7.5	0.8	22.5	11.2	19.0
2048	94.5	3.0	3.3	4.3	1.8	13.8	3.0	7.5	0.8	22.6	11.3	19.2
2049	94.9	3.1	3.2	4.3	1.8	13.8	3.0	7.6	0.8	22.8	11.4	19.3
2050	95.4	3.1	3.2	4.3	1.8	13.9	3.0	7.6	0.8	23.0	11.5	19.5



# Butte County Economic Forecast

## Socioeconomic Indicators

