

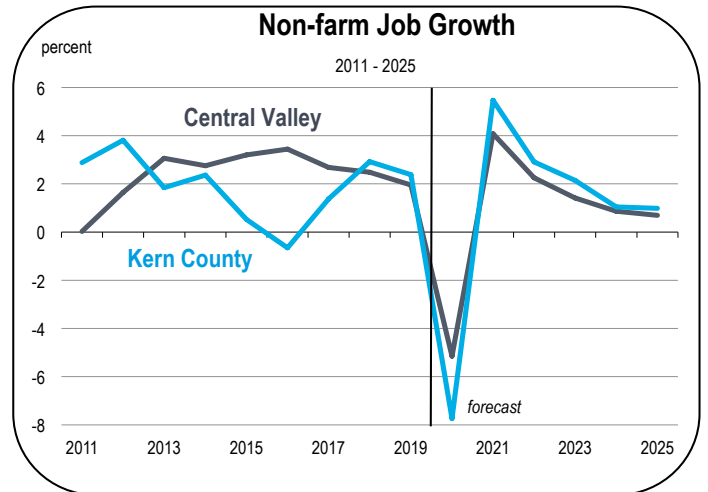
Kern County Economic Forecast

Forecast Summary

- On an annual average basis, 24,000 to 27,000 non-farm jobs will be lost in Kern County during 2020, with heavy job losses in the first half of the year.
- Employment losses will be largest in leisure services, private education and healthcare, government, and retail trade.
- The unemployment rate averaged 7.8 percent in 2019. It will average between 16 and 18 percent for the 2020 calendar year.
- The population is expanding faster than the broader Central Valley, and this trend will continue. Because of affordable home prices, net migration will remain positive.
- Housing production will fall sharply in 2020 but should rebound just as robustly in 2021.
- Home prices are not expected to change much during 2020 or 2021. There will be fewer home buyers in the market, but the drop in demand will be matched by a similar drop in the supply of homes for sale.

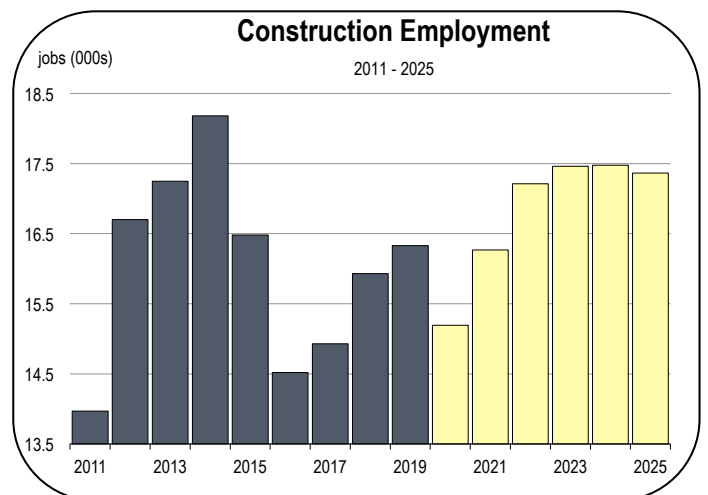
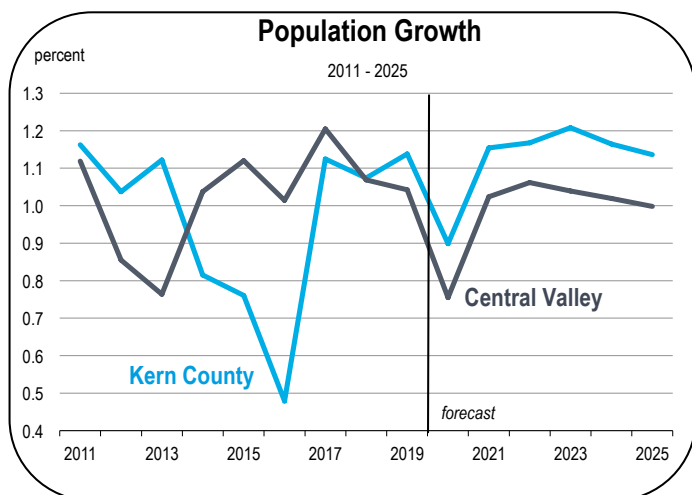
Job Growth

- Total employment in Kern County will decline between 7 and 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 2020.

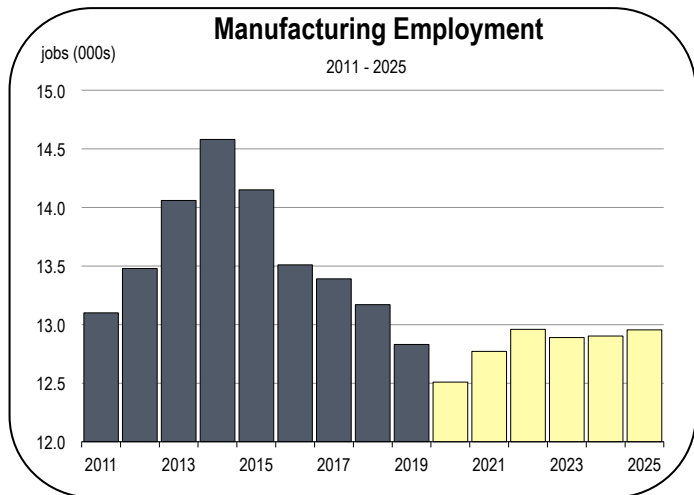


Construction Employment

- The construction sector is expected to lose more than 1,000 jobs in 2020.
- Most California construction activity was deemed non-essential for several weeks in March and April, leading to significant construction layoffs that average down total employment in 2020.
- Construction employment will expand in 2021 and could enter an expansion phase as early as 2022.



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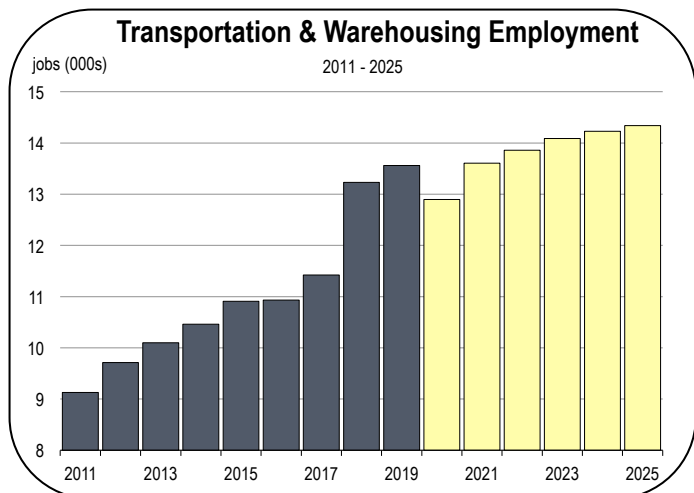


Manufacturing Employment

- Kern County has a heavy concentration in food and beverage manufacturing firms, which turn agricultural commodities into finished food products.
- The food and beverage manufacturing subsectors lost a small number of jobs in 2019 before the onset of the Coronavirus recession.
- Manufacturing employment declined by more than 500 jobs during the second quarter of 2020. It is expected to rebound in 2021 and 2022.

Transportation and Warehousing Employment

- Most transportation jobs in Kern County are in trucking and warehousing, where firms deliver goods to and from businesses and store these goods in logistics facilities.

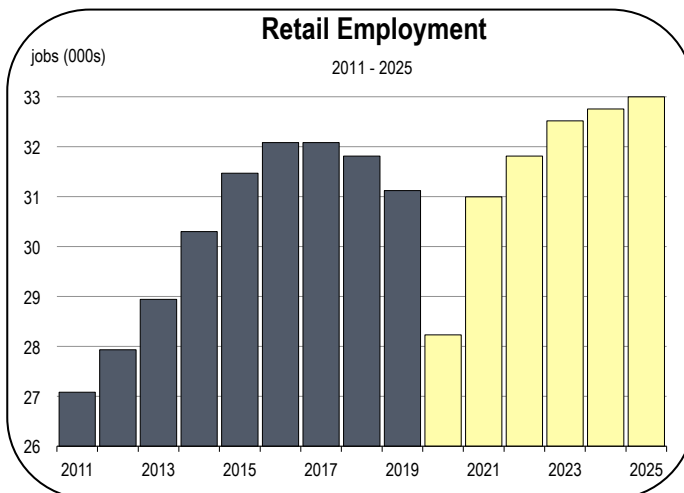


Transportation and Warehousing Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Warehousing / Storage	5,200	38.2%
Trucking	5,000	36.8%
Delivery Services	900	6.9%
Other	2,500	18.1%

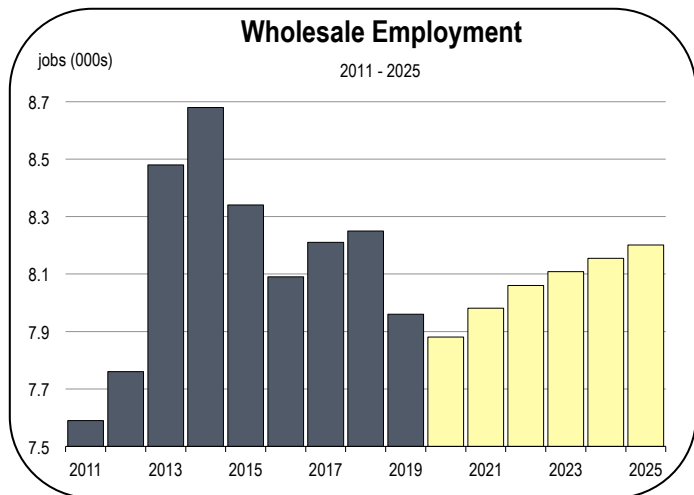
- Job growth in trucking and warehousing was exponential before the Coronavirus Recession, with overall employment levels more than doubling between 2015 and 2019.
- A meaningful number of jobs are in delivery firms like UPS, FedEx, and Instacart.
- Overall transportation and warehousing employment declined in March and April but began to expand again in May during Phase 2 of California's restart, and it will rebound further in 2021.

Retail Trade Employment

- The retail sector is expected to lose more than 2,000 jobs in 2020 on an annual average basis, a decrease of at least 6 percent.
- Many retail chains chose to furlough their employees rather than lay them off completely, and furloughed workers are 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 3,000 retail workers could be effectively not working, and not earning an income, on an annual average basis in 2020 in Kern County.



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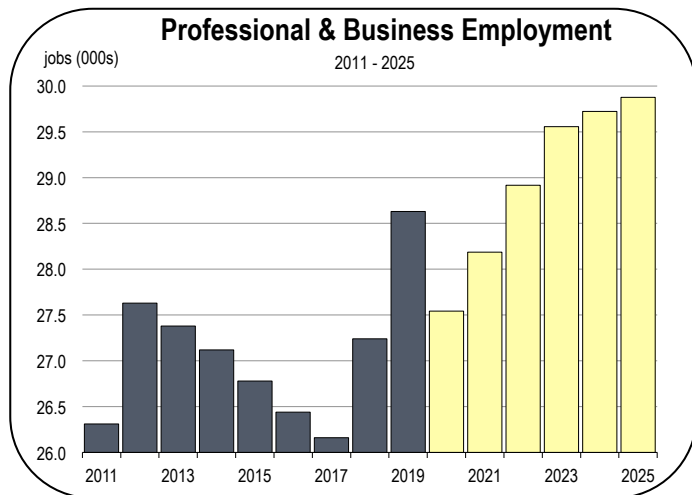
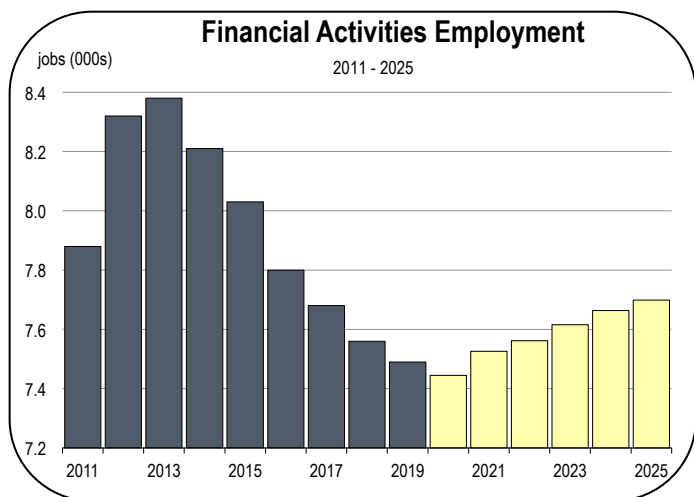


Wholesale Trade Employment

- Wholesale trade employment is expected to fall by only 100 jobs on an annual average basis in 2020.
- Wholesale employment is expected to rebound sharply in 2021 and enter an expansion phase by 2022.

Financial Activities Employment

- Substantial job declines are expected this year because many financial activities companies closed, committing their employees to shelter-in-place for health reasons.
- The most prominent losses were observed in real estate sales and lending.
- In 2020 there have been far fewer homes on the market than there were in 2019, and there has been far less interest from potential buyers. This 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 expected to re-gain a meaningful number of jobs in 2021.

Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession and recovery phases of 2020.
- Jobs in corporate security and building maintenance declined substantially during the shutdowns but are expected to rebound at office and industrial buildings with repopulating employment.

Professional & Business Services Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Staffing Agencies	5,500	19.4%
Building Maintenance	4,200	14.5%
Corporate Headquarters	3,600	12.5%
Engineering & Architecture	3,200	11.1%
Private Prisons	1,700	6.0%
Call Centers & Collections Agencies	1,600	5.4%
Corporate Security	1,500	5.1%
Custom IT Services	1,400	4.7%
Accounting & Bookkeeping	1,300	4.7%
Law	800	2.8%
Business Consulting	600	2.0%
Other	3,400	11.8%

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- Staffing agencies had very significant losses during the contraction, but may bounce back quickly as the economy expands again.
- Staffing agencies primarily employ temp workers. Temp workers are usually laid off first during a downturn but hired back first during a recovery.
- Aside from security, maintenance, staffing agencies, and private prisons, most subsectors of the professional business services industry were able to operate remotely and were less affected by the recession.

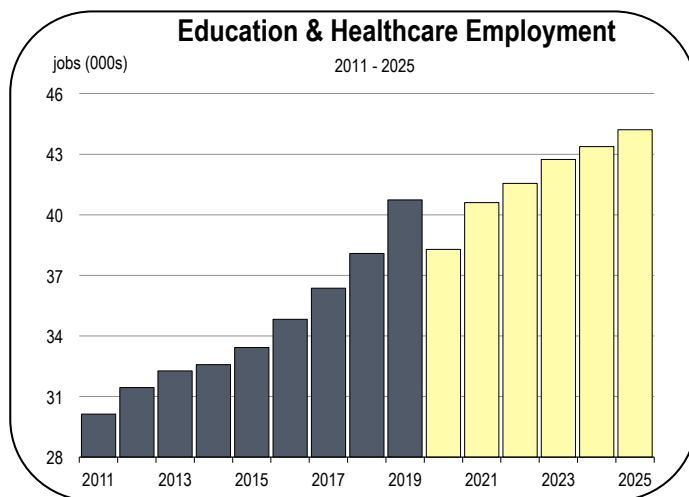
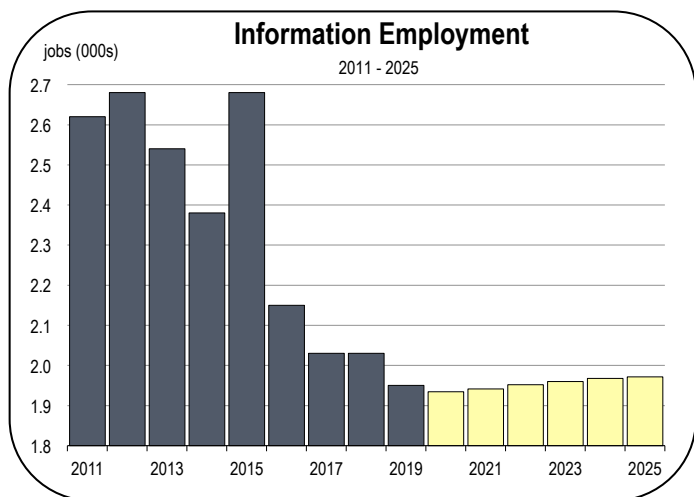
Information Employment

- In Kern County, the information sector is very small and is dominated by telecommunications firms, radio and TV stations, and movie theaters.
- Telecommunications jobs were classified as essential and these workers remained employed during shelter-in-place. Consequently, employment was not impacted as it was in other sectors.
- Movie theater employment may not return to pre-recession levels until 2021 or later as strict social distancing policies will likely reduce the number of customers that are allowed into theaters at the same time.
- Many TV, radio, and newspaper 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.
- Virtually all information subsectors are in long-term patterns of decline or stagnation except software publishing.

Information Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Telecommunications	800	42.5%
Radio and Television Broadcasting	500	27.0%
Movie Theaters	400	18.5%
Newspaper / Magazine / Book Publishing	200	9.3%
Software Publishers	50	2.6%

Private Education and Healthcare Employment

- There were 28,000 healthcare jobs in Kern County in 2019, representing more than half of all jobs in the broader private education and healthcare sector.
- 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 their employment levels because resources were not utilized as envisioned to support Coronavirus patients.
- There were approximately 10,000 social assistance jobs in 2019, including industries like childcare, housing shelters, and non-medical care for senior citizens.
- There were also 1,800 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. Nevertheless, there were layoffs at institutions with revenue shortfalls.



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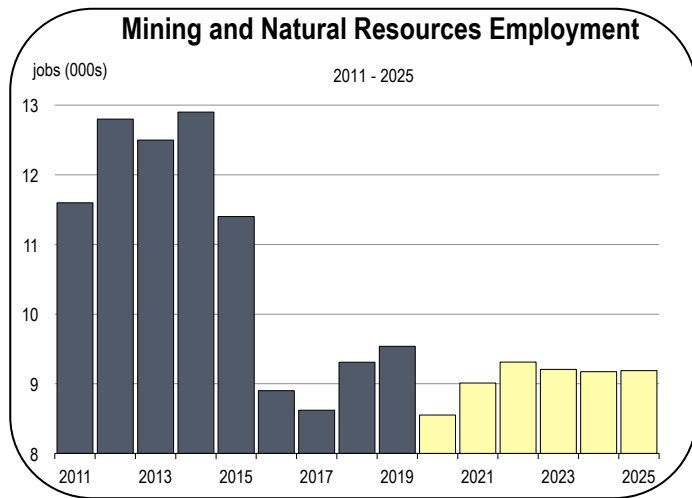
Leisure and Hospitality Employment

- The leisure and hospitality industry was devastated by the Coronavirus Recession more than any other sector of the California labor market.
- In 2019, Kern County had 24,800 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.
- Jobs at restaurants, bars, and hotels will rebound in 2021 but may not return to pre-recession levels for several years.

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.
- Most oil extraction jobs were classified as essential during the lockdowns, but the price of oil fell to multi-decade lows in early 2020, leading to substantial layoffs at crude oil extraction firms.

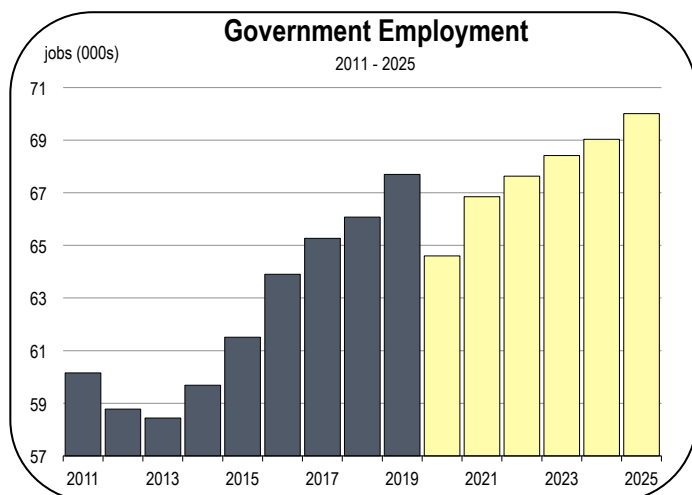
Leisure and Hospitality Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Restaurants / Bars / Caterers	23,000	83.5%
Hotels & Motels	1,800	6.6%
Gyms & Fitness Centers	900	3.4%
Performing Arts & Spectator Sports	500	1.9%
Other	1,300	4.6%



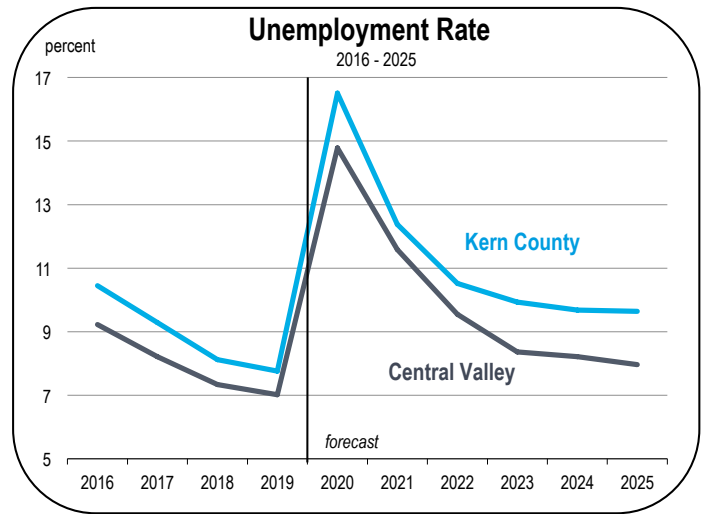
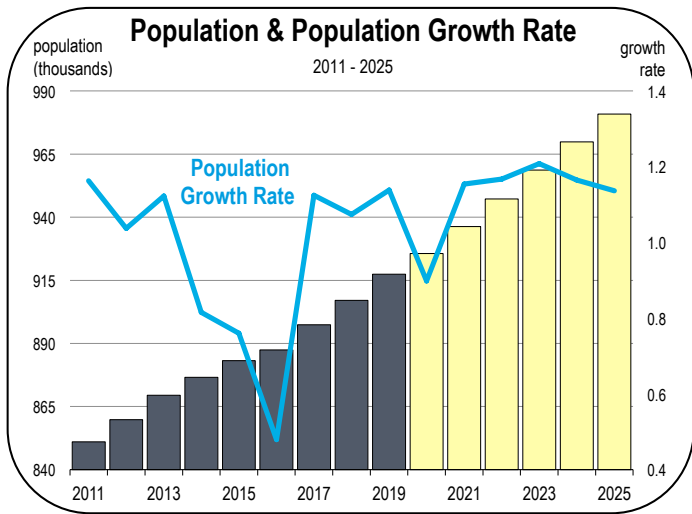
- Employment growth in the mining and natural resources industry will depend on the future trajectory of oil prices, but the outlook for oil prices has more uncertainty than almost any other component of the 2020 County-Level Economic Forecasts for California.
- Oil prices are expected to recover from current levels in tandem with world commerce. This will lead to at least a partial rebound in the mining sector in Kern. Alternatively, there are scenarios that could keep prices low and the employment recovery would only be partial.

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.



Kern County Economic Forecast



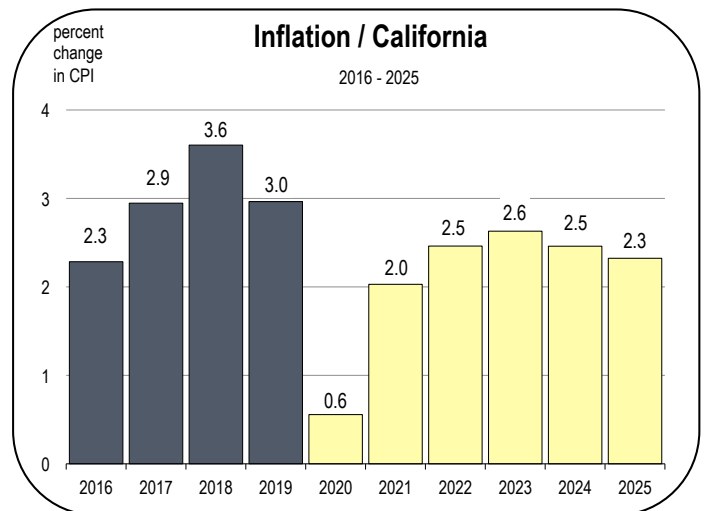
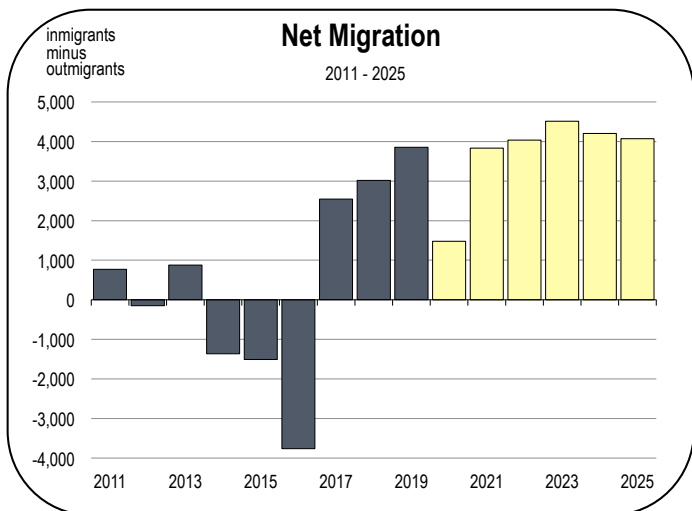
- However, if revenue shortfalls are severe and Congress does not appropriate funding to mitigate these shortfalls, government agencies may have no choice but to issue layoffs..

Population Growth

- Population growth in Kern County was slightly higher than 1.0 percent in 2019.
- In 2019 people relocated from Coastal California to Kern County for affordable housing options and job opportunities.
- Almost 4,000 net migrants entered the county in 2019, and an average of 3,700 net migrants are expected to enter the county each year between 2020 and 2025.
- Population growth will average 1.1 percent per year through 2025 and the county will surpass 980,000 residents.

Unemployment and Inflation Rates

- The unemployment rate in Kern County averaged 7.8 percent in 2019, which was above the composite rate for the Central Valley.
- The unemployment rate is expected to average between 16 and 18 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.
- Inflation is expected to be very low in 2020 but could accelerate in 2021 or 2022.



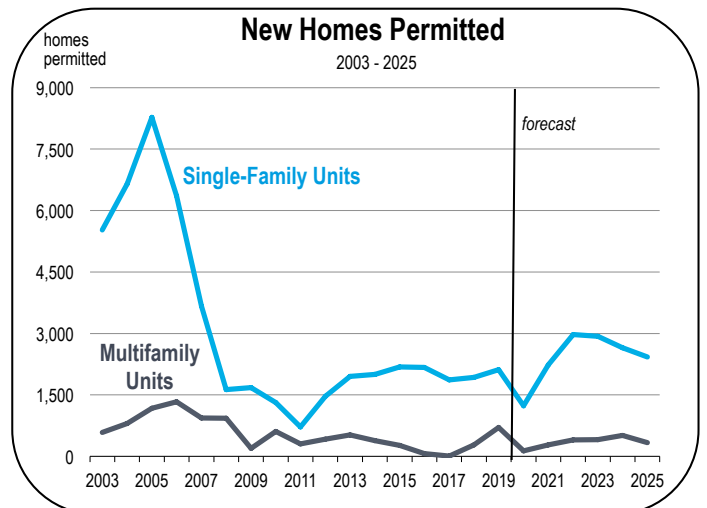
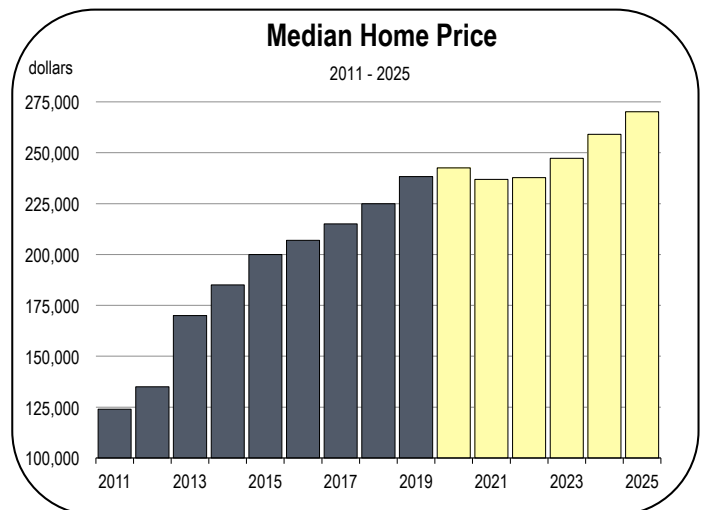
Kern County Economic Forecast



Red Rock Canyon State Park

Home Prices and New Housing Production

- In 2019 the median home price in Kern County was \$238,300.
- The median price increased by 6 percent in 2019, but is not expected to significantly change between 2020 and 2022.
- From 2014 to 2019, an average of 2,300 new homes were started per year.
- Between 2014 and 2019, almost 90 percent of new units were single-family homes.
- Housing production is forecast to average 2,800 homes per year from 2020 to 2025 and will consist primarily of single-family units.
- There are tens of thousands of units in the Kern County development pipeline, but the most prominent project is on the Tejon Ranch site.
- Tejon Ranch is the largest privately owned parcel of land in California. The ranch straddles the Kern County-Los Angeles County boarder, and developers aim to build approximately 12,000 units on the Kern County side, along with 5.1 million square feet of commercial space.
- The project was approved by the Kern County Board of Supervisors in December 2016, but there are still ongoing legal issues that claim that the project will harm the habitats of endangered species.
- Just across the boarder in Los Angeles County, 19,333 home could be built on the Tejon Ranch property. These units are subject to the same legal challenges and the outcomes of these lawsuits are yet to be determined.



Kern 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 (billions)	Inflation Rate (percent)
2015	883,202	263.1	-1,510	2,454	738	\$33.3	\$8.5	\$14.4	\$10.3	\$42,306	10.2	\$7.6	0.9
2016	887,433	265.3	-3,762	2,235	752	\$33.5	\$8.5	\$14.0	\$8.3	\$41,464	10.5	\$7.9	1.9
2017	897,416	265.5	2,544	1,873	750	\$34.2	\$9.0	\$14.0	\$10.2	\$40,768	9.3	\$7.8	2.8
2018	907,055	266.4	3,020	2,210	765	\$35.6	\$9.6	\$15.1	\$10.7	\$40,455	8.1	\$7.7	3.8
2019	917,379	267.7	3,857	2,825	785	\$38.0	\$10.0	\$15.7	\$10.9	\$41,379	7.8	\$7.6	3.1
2020	925,623	270.3	1,479	1,367	791	\$36.6	\$8.9	\$13.7	\$10.7	\$39,340	16.5	\$7.6	0.7
2021	936,304	271.6	3,833	2,514	800	\$38.5	\$10.0	\$15.6	\$10.9	\$40,083	12.4	\$7.7	2.1
2022	947,238	273.9	4,036	3,377	809	\$41.0	\$10.4	\$16.3	\$11.3	\$41,146	10.5	\$7.7	2.5
2023	958,683	277.0	4,513	3,336	820	\$43.5	\$10.9	\$17.1	\$11.5	\$42,087	9.9	\$7.7	2.7
2024	969,849	280.1	4,204	3,161	832	\$45.8	\$11.3	\$17.9	\$11.7	\$42,736	9.7	\$7.8	2.5
2025	980,869	283.0	4,071	2,757	843	\$48.2	\$11.8	\$18.6	\$12.0	\$43,437	9.6	\$7.8	2.4
2026	990,507	285.6	2,684	2,672	853	\$50.3	\$12.1	\$19.2	\$12.2	\$43,929	9.5	\$7.8	2.3
2027	1,000,047	288.1	2,589	2,593	862	\$52.4	\$12.5	\$19.9	\$12.5	\$44,336	9.3	\$7.8	2.2
2028	1,009,913	290.5	2,920	2,599	870	\$54.5	\$12.9	\$20.6	\$12.7	\$44,653	9.4	\$7.9	2.3
2029	1,019,424	292.9	2,572	2,634	878	\$56.5	\$13.3	\$21.2	\$12.9	\$44,854	9.4	\$7.9	2.4
2030	1,028,772	295.3	2,424	2,561	886	\$58.6	\$13.7	\$21.9	\$13.1	\$45,091	9.4	\$7.9	2.3
2031	1,037,747	297.7	2,069	2,487	893	\$60.7	\$14.1	\$22.5	\$13.2	\$45,337	9.3	\$7.9	2.2
2032	1,046,819	300.0	2,142	2,438	899	\$62.9	\$14.5	\$23.1	\$13.4	\$45,519	9.3	\$8.0	2.4
2033	1,055,349	302.3	1,594	2,409	905	\$65.0	\$14.8	\$23.6	\$13.6	\$45,828	9.4	\$8.0	2.0
2034	1,063,241	304.5	973	2,373	909	\$67.3	\$15.1	\$24.1	\$13.8	\$46,127	9.2	\$8.0	2.2
2035	1,070,693	306.7	617	2,322	913	\$69.7	\$15.4	\$24.6	\$14.0	\$46,439	9.2	\$8.1	2.3
2036	1,078,160	308.9	699	2,358	916	\$72.4	\$15.9	\$25.4	\$14.2	\$46,667	9.2	\$8.1	2.7
2037	1,085,372	311.0	527	2,348	919	\$75.2	\$16.4	\$26.2	\$14.3	\$46,861	9.0	\$8.1	2.8
2038	1,092,627	313.2	680	2,293	923	\$77.9	\$16.9	\$27.0	\$14.5	\$47,097	8.8	\$8.1	2.6
2039	1,099,556	315.4	467	2,270	927	\$80.9	\$17.3	\$27.7	\$14.7	\$47,294	8.7	\$8.2	2.8
2040	1,106,029	317.5	100	2,264	931	\$83.8	\$17.7	\$28.3	\$14.8	\$47,496	8.5	\$8.2	2.7
2041	1,112,341	319.6	13	2,177	936	\$86.8	\$18.1	\$28.9	\$15.0	\$47,744	8.4	\$8.2	2.5
2042	1,118,819	321.6	287	2,118	941	\$89.8	\$18.6	\$29.7	\$15.2	\$48,012	8.2	\$8.2	2.4
2043	1,125,399	323.5	503	2,123	947	\$92.9	\$19.0	\$30.4	\$15.4	\$48,301	8.1	\$8.3	2.3
2044	1,131,000	325.5	-318	2,152	951	\$95.9	\$19.4	\$31.0	\$15.6	\$48,683	7.9	\$8.3	2.1
2045	1,136,321	327.5	-465	2,081	955	\$99.2	\$19.8	\$31.6	\$15.7	\$49,008	7.8	\$8.3	2.3
2046	1,141,545	329.4	-451	2,054	959	\$102.4	\$20.3	\$32.4	\$15.9	\$49,348	7.7	\$8.4	2.2
2047	1,146,561	331.3	-589	2,036	963	\$105.7	\$20.7	\$33.2	\$16.1	\$49,680	7.6	\$8.4	2.2
2048	1,151,410	333.2	-708	2,047	968	\$109.1	\$21.2	\$33.9	\$16.2	\$50,007	7.5	\$8.4	2.2
2049	1,156,298	335.1	-640	2,041	973	\$112.6	\$21.7	\$34.7	\$16.4	\$50,322	7.3	\$8.4	2.2
2050	1,161,147	337.0	-593	2,037	978	\$116.2	\$22.2	\$35.6	\$16.5	\$50,645	7.2	\$8.5	2.2

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	317.2	59.3	16.5	14.2	10.9	39.8	8.0	26.8	2.7	33.4	25.0	61.5
2016	318.2	62.0	14.5	13.5	10.9	40.2	7.8	26.4	2.2	34.8	25.4	63.9
2017	321.3	61.5	14.9	13.4	11.4	40.3	7.7	26.2	2.0	36.4	25.8	65.3
2018	329.8	62.4	15.9	13.2	13.2	40.1	7.6	27.2	2.0	38.1	26.7	66.1
2019	337.6	63.9	16.3	12.8	13.6	39.1	7.5	28.6	2.0	40.7	27.5	67.7
2020	311.5	58.9	15.2	12.5	12.9	36.1	7.4	27.5	1.9	38.3	20.5	64.6
2021	328.4	62.0	16.3	12.8	13.6	39.0	7.5	28.2	1.9	40.6	22.9	66.8
2022	338.2	64.1	17.2	13.0	13.9	39.9	7.6	28.9	2.0	41.6	25.1	67.6
2023	344.2	64.2	17.5	12.9	14.1	40.6	7.6	29.6	2.0	42.7	26.9	68.4
2024	347.2	64.3	17.5	12.9	14.2	40.9	7.7	29.7	2.0	43.4	27.9	69.0
2025	350.0	64.4	17.4	13.0	14.3	41.2	7.7	29.9	2.0	44.2	28.3	70.0
2026	351.8	64.5	17.5	13.0	14.5	41.4	7.7	30.0	2.0	44.7	28.6	70.4
2027	353.7	64.6	17.5	13.1	14.6	41.6	7.8	30.2	2.0	45.1	28.7	70.7
2028	355.4	64.6	17.5	13.3	14.7	41.8	7.8	30.4	2.0	45.4	28.9	71.1
2029	357.0	64.7	17.5	13.4	14.8	41.9	7.9	30.5	2.0	45.9	29.0	71.5
2030	358.6	64.8	17.4	13.5	14.9	42.1	7.9	30.7	2.0	46.3	29.1	71.9
2031	360.0	64.9	17.3	13.5	14.9	42.2	7.9	30.9	2.0	46.7	29.3	72.2
2032	361.4	65.0	17.2	13.6	15.0	42.4	8.0	31.0	2.0	47.1	29.4	72.6
2033	362.9	65.1	17.0	13.7	15.1	42.6	8.0	31.2	2.0	47.5	29.5	73.0
2034	364.4	65.1	16.9	13.8	15.3	42.7	8.0	31.4	2.0	47.9	29.6	73.4
2035	365.9	65.2	16.8	13.9	15.4	42.9	8.1	31.5	2.0	48.3	29.8	73.8
2036	367.5	65.3	16.7	14.0	15.5	43.0	8.1	31.7	2.0	48.7	30.0	74.2
2037	369.2	65.4	16.7	14.1	15.6	43.2	8.1	31.9	2.0	49.1	30.2	74.6
2038	370.7	65.5	16.6	14.2	15.7	43.4	8.1	32.1	2.0	49.5	30.3	74.9
2039	372.2	65.6	16.5	14.3	15.8	43.5	8.2	32.2	2.0	49.9	30.4	75.3
2040	373.6	65.6	16.5	14.3	15.9	43.6	8.2	32.4	2.0	50.3	30.5	75.7
2041	375.0	65.7	16.4	14.4	16.0	43.7	8.2	32.6	2.0	50.7	30.7	76.1
2042	376.5	65.8	16.3	14.5	16.1	43.8	8.2	32.7	2.0	51.1	30.8	76.4
2043	378.1	65.9	16.2	14.6	16.2	44.0	8.3	32.9	2.0	51.5	30.9	76.8
2044	379.6	66.0	16.2	14.7	16.3	44.1	8.3	33.1	2.0	51.9	31.1	77.3
2045	381.1	66.0	16.1	14.7	16.4	44.2	8.3	33.3	2.0	52.3	31.2	77.7
2046	382.6	66.1	16.1	14.8	16.5	44.3	8.3	33.4	2.0	52.8	31.3	78.1
2047	384.2	66.2	16.0	14.9	16.6	44.4	8.4	33.6	2.0	53.2	31.5	78.5
2048	385.7	66.3	16.0	14.9	16.7	44.5	8.4	33.8	2.0	53.7	31.6	78.9
2049	387.3	66.4	16.0	15.0	16.8	44.7	8.4	34.0	2.0	54.1	31.7	79.3
2050	389.0	66.4	16.0	15.1	16.9	44.8	8.4	34.2	2.0	54.6	31.8	79.7

Kern County Economic Forecast

Socioeconomic Indicators

