

Mendocino County Economic Forecast

Forecast Summary

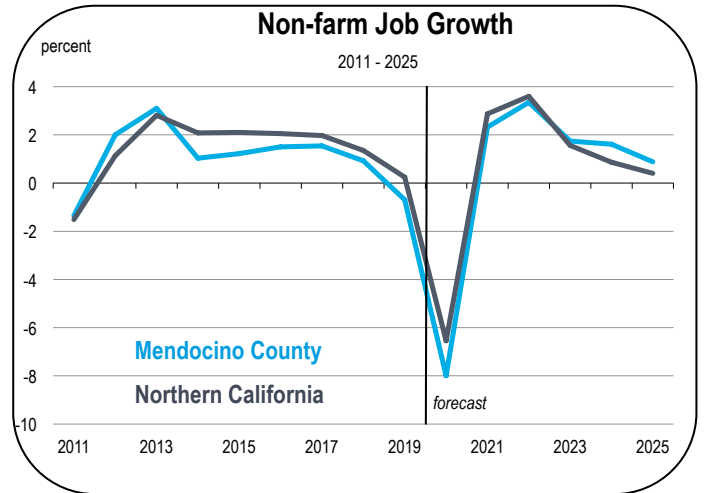
- It is estimated that an average of 2,300 to 3,000 jobs will be lost in Mendocino County during 2020. Job losses will be heavy in the first half of the year.
- Employment losses will be largest in leisure services, retail, and government. In each of these sectors, losses will top 400 jobs on an annual average bases in 2020.
- The unemployment rate averaged 4 percent in 2019. It will average between 10 percent and 12 percent during the 2020 calendar year.
- The size of Mendocino County population is not expected to change substantially during the 2020-2025 forecast period.
- Home values are expected increase very slowly in 2020 and 2021.
- More new housing units will be built between 2020 and 2025 than were built during the preceding 6 years.

Job Growth

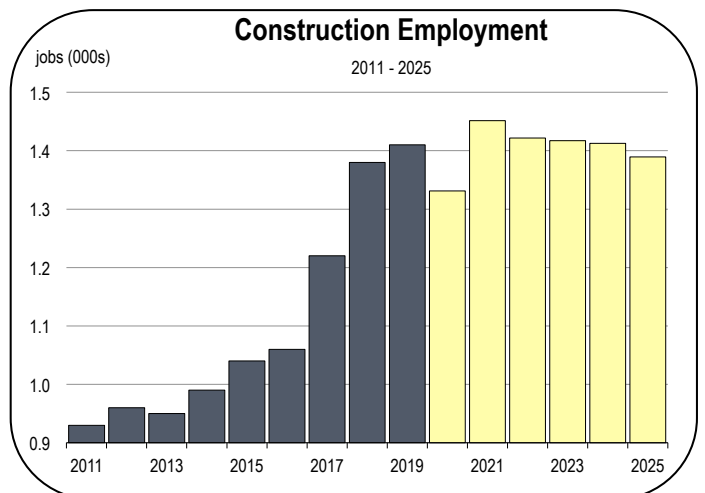
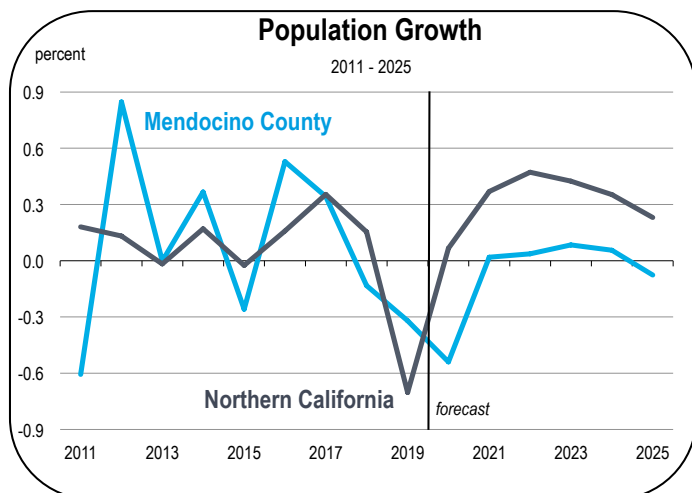
- Total employment in the County will decline by at least 7 percent in 2020. This is an annual average change from 2019.
- In 2021 and 2022, Mendocino County is expected to re-gain many of the jobs that were lost during the Coronavirus Recession.

Construction Employment

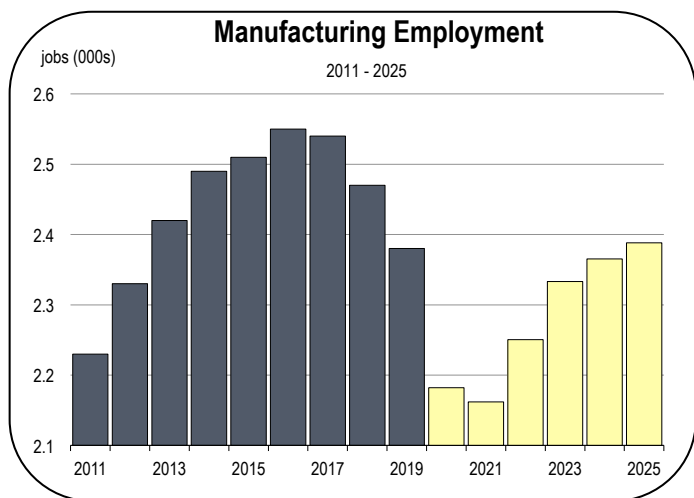
- Construction employment in Mendocino County increased rapidly between 2017 and 2019.



- In 2017, approximately 550 homes were destroyed in the Redwood Valley Fire. In 2018 and 2019, many of these home were re-built, leading to a surge in demand for construction workers.
- On an annual average basis, the construction sector is expected to lose up to 100 jobs in 2020.
- Most California construction activity was deemed non-essential for portions of March and April of 2020, leading to construction layoffs.
- Restrictions on construction were lifted in late April, and overall construction activity began to ramp back up during May and June.
- Construction projects will largely have resumed by 2021, but additional employment growth may be elusive through the end of the 2020-2025 forecast period.



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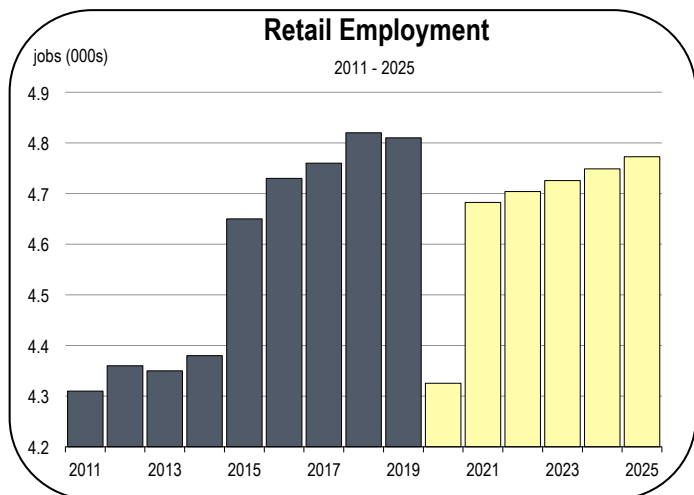


Manufacturing Employment

- Approximately a third of all Mendocino County manufacturing jobs are in wineries, which are considered to be in the beverage manufacturing industry. Almost a quarter of manufacturing jobs are at lumber mills.
- Manufacturing employment is expected to decline sharply in 2020.
- The Coronavirus Recession could have a prolonged impact on the Mendocino County manufacturing sector, and a recovery may not fully begin until 2022.

Retail Trade Employment

- The retail sector is expected to lose 400 to 600 jobs in 2020 on an annual average basis.
- 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.

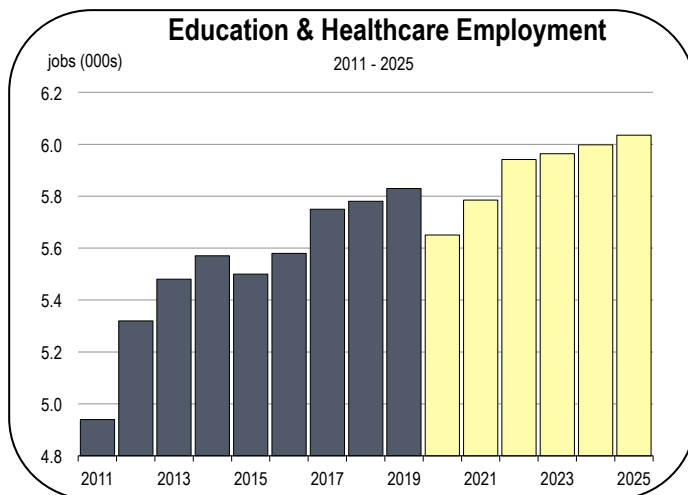


Retail Trade / Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Food & Beverage Stores	1,300	27.1%
Department Stores	800	16.7%
Hardware & Garden Stores	700	14.6%
Auto Dealers	500	10.4%
Clothing Stores	400	8.3%
Gas Stations	300	6.3%
Health & Personal Care Stores	200	4.2%
Sporting Goods & Hobby Stores	100	2.1%
Electronics & Appliance Stores	100	2.1%
Furniture & Home Goods Stores	100	2.1%
Other	300	6.3%

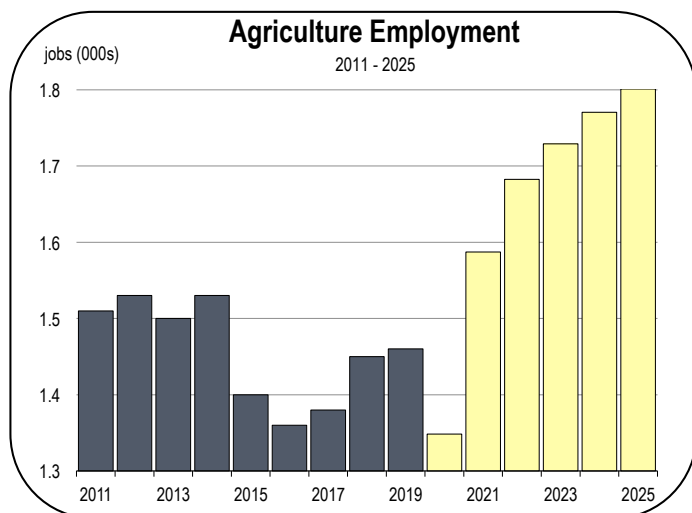
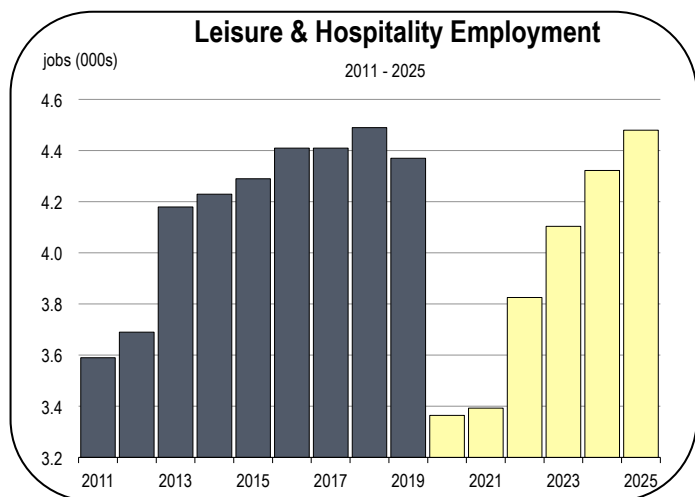
- Accounting for furloughed workers more than 1,500 retail workers could be effectively not working and not earning an income on an annual average basis in 2020.
- Retail trade jobs will return after in-store shopping is permitted in a sustained way, but it is unclear if employment in the retail sector will surpass pre-recession levels.

Private Education and Healthcare Employment

- There were 3,000 healthcare jobs in Mendocino 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 others reduced employment levels because resources were not being utilized as envisioned to support Coronavirus patients.



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- There were approximately 2,600 social assistance jobs in 2019, including industries like childcare, housing shelters, and non-medical care for senior citizens.
- There were also 200 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.

Leisure and Hospitality Employment

- In 2019, Mendocino County had 4,000 jobs in restaurants, hotels, and bars.
- Approximately 60 percent of workers at hotels, restaurants, and bars were laid off in March and April of 2020, and another 30 to 35 percent had their hours cut or were furloughed without pay.
- Mendocino County had 400 jobs in entertainment and recreation in 2019, including facilities like fitness centers. Many of these organizations will operate at reduced capacities into 2021.

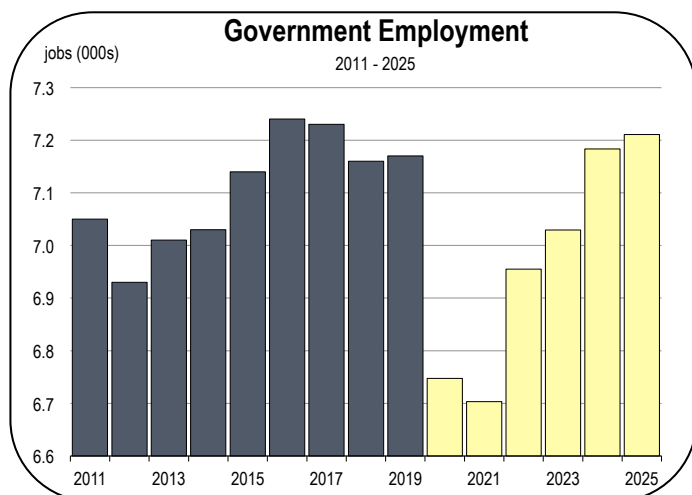
Agriculture Employment

- The agriculture sector is expected to lose approximately 100 jobs in 2020 on an annual average basis.
- The County is expected to regain all lost agriculture jobs by the end of the 2020-2025 forecast period.
- Cannabis cultivation will be the most prominent source of new agriculture jobs in Mendocino County. Most cannabis cultivation is still conducted illegally, and therefore is not captured in the

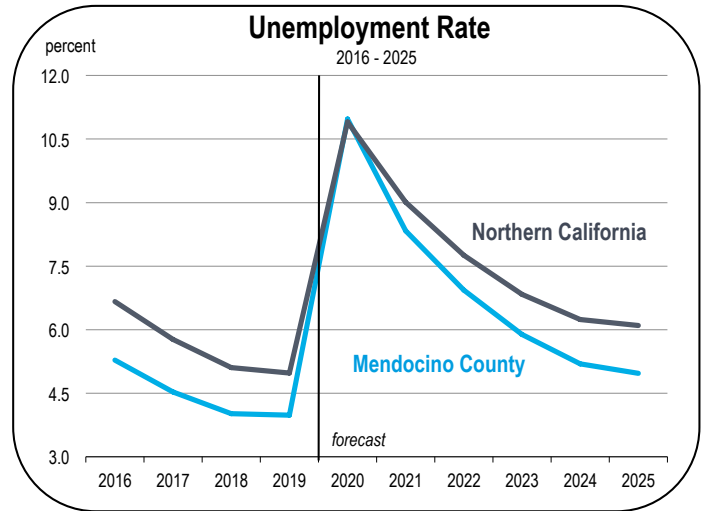
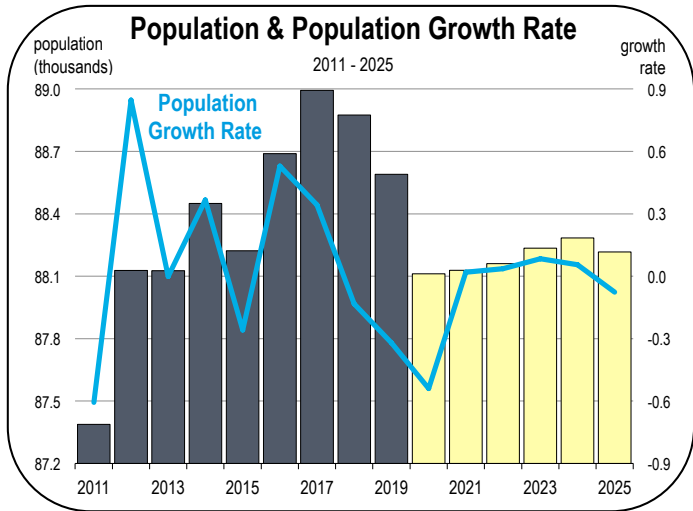
official job market data, but as more legal facilities are established, cannabis cultivation jobs will begin to be captured by official government surveys.

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.
- 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.



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Population Growth

- The size of the Mendocino County population is not expected to change substantially between 2020 and 2025.
- Net migration is expected to be sharply negative in 2020, with more residents moving out of the county than moving in.
- Over the 2020-2025 forecast period, virtually all population growth will come from births.

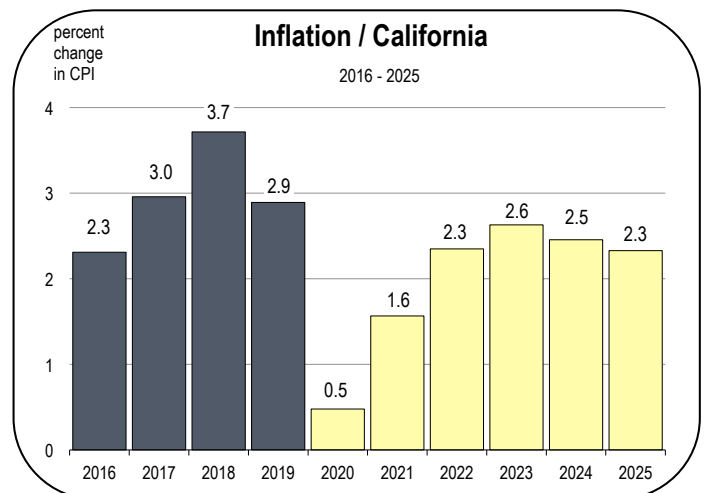
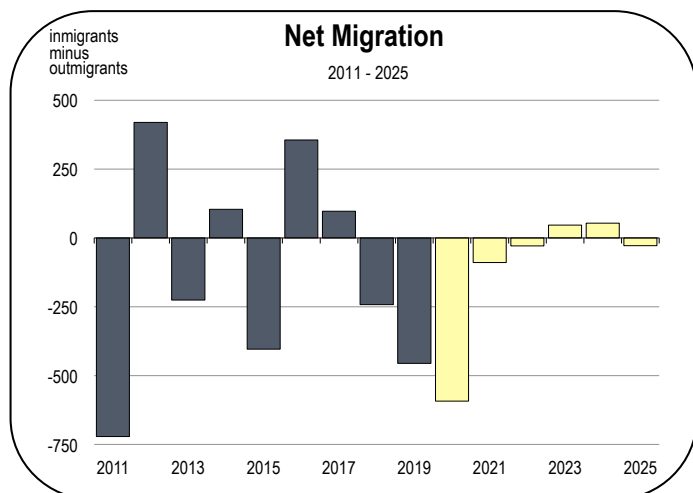
Unemployment and Inflation Rates

- The unemployment rate in Mendocino County averaged 4 percent in 2019, which was below the composite rate for the Northern California region.

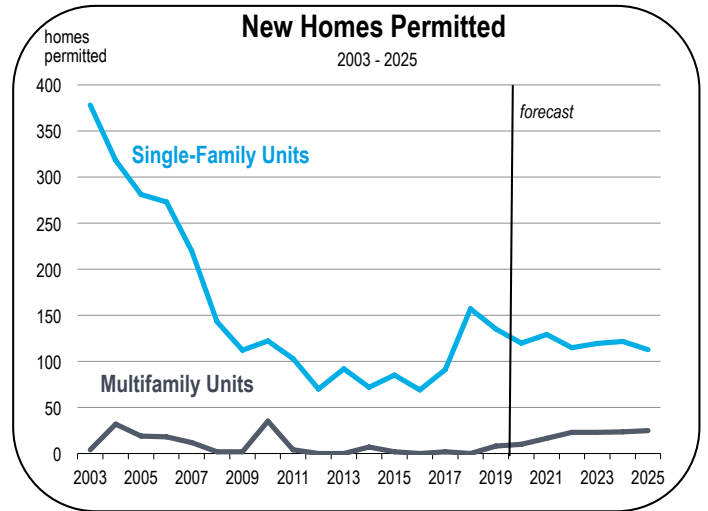
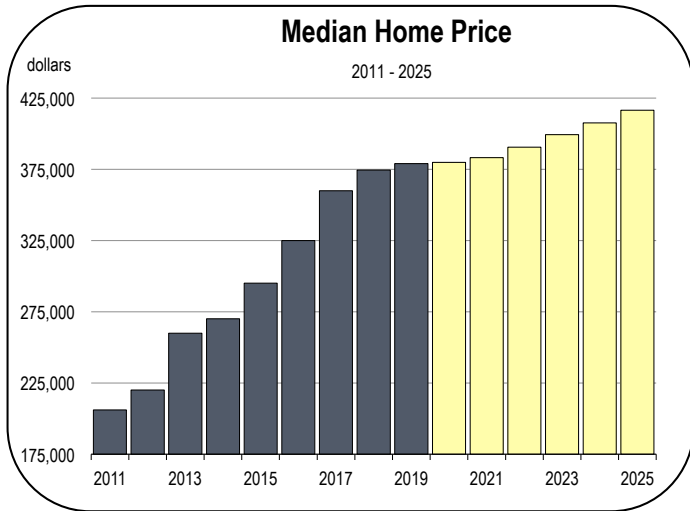
- The unemployment rate is expected to average between 10 and 12 percent in 2020.
- The unemployment rate is expected to remain elevated for several years, but is likely to improve more quickly than after the 2008-2009 recession.
- Inflation decelerated in 2019 as energy prices declined and home prices increased more slowly than the previous year.
- Inflation is expected to be very low in 2020 but could accelerate in 2021 or 2022.

Home Prices and New Housing Production

- In 2019 the median home price in Mendocino County was \$379,000.



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- The median price is expected to increase very slowly during 2020 and 2021.
- In Mendocino County, the typical household spends less than 25 percent of its pre-tax income on mortgage payments or rent.
- Along Coastal California, the typical household spends more than 35 percent of income on housing costs, and in very expensive markets like San Francisco, housing costs often account for more than 50 percent of income.

- From 2014 to 2019, an average of 105 new homes were started per year in Mendocino County. Approximately 97 percent were single-family homes.
- Housing production is expected to average 130 to 150 units per year from 2020 to 2025, consisting primarily of single-family homes.



Mendocino County Coastline

Mendocino 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 (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	88,222	35.3	-404	87	116	\$3.9	\$1.0	\$1.4	\$407	\$50,203	5.8	\$155	1.4
2016	88,689	35.4	356	69	119	\$4.1	\$1.0	\$1.4	\$383	\$50,452	5.3	\$182	2.3
2017	88,993	35.5	97	93	116	\$4.2	\$1.1	\$1.5	\$386	\$50,062	4.5	\$178	3.0
2018	88,875	35.2	-242	157	116	\$4.4	\$1.1	\$1.5	\$369	\$50,863	4.0	\$194	3.7
2019	88,590	35.4	-456	143	119	\$4.6	\$1.2	\$1.6	\$364	\$51,992	4.0	\$217	2.9
2020	88,112	35.4	-593	130	119	\$4.5	\$0.9	\$1.2	\$361	\$51,042	11.0	\$242	0.5
2021	88,128	35.5	-89	146	119	\$4.6	\$1.1	\$1.4	\$353	\$51,403	8.3	\$254	1.6
2022	88,161	35.5	-29	138	120	\$4.8	\$1.1	\$1.5	\$359	\$52,537	6.9	\$265	2.3
2023	88,235	35.6	47	142	121	\$5.1	\$1.2	\$1.5	\$370	\$53,642	5.9	\$268	2.6
2024	88,284	35.6	54	145	122	\$5.3	\$1.2	\$1.6	\$377	\$54,838	5.2	\$273	2.5
2025	88,217	35.7	-28	138	123	\$5.5	\$1.3	\$1.7	\$383	\$55,909	5.0	\$279	2.3
2026	88,134	35.8	-33	134	124	\$5.8	\$1.3	\$1.7	\$391	\$57,006	4.6	\$282	2.3
2027	88,075	35.8	2	137	125	\$6.0	\$1.3	\$1.8	\$399	\$58,176	4.4	\$288	2.2
2028	87,975	35.9	-24	135	126	\$6.3	\$1.4	\$1.8	\$407	\$59,296	4.3	\$291	2.2
2029	87,874	36.0	-14	135	127	\$6.5	\$1.4	\$1.9	\$412	\$60,141	4.1	\$294	2.3
2030	87,775	36.1	-3	137	128	\$6.7	\$1.5	\$1.9	\$417	\$61,059	4.0	\$296	2.2
2031	87,658	36.2	-4	137	128	\$7.0	\$1.5	\$2.0	\$422	\$62,001	3.9	\$299	2.1
2032	87,586	36.2	54	143	129	\$7.2	\$1.5	\$2.0	\$427	\$62,809	3.7	\$303	2.3
2033	87,488	36.3	38	144	130	\$7.5	\$1.6	\$2.1	\$433	\$63,872	3.9	\$306	1.9
2034	87,392	36.4	44	144	131	\$7.7	\$1.6	\$2.1	\$438	\$64,851	4.0	\$309	2.1
2035	87,313	36.5	48	145	132	\$8.0	\$1.6	\$2.2	\$444	\$65,794	4.1	\$313	2.2
2036	87,320	36.6	120	153	133	\$8.3	\$1.7	\$2.2	\$447	\$66,488	4.2	\$316	2.6
2037	87,349	36.7	130	156	134	\$8.6	\$1.7	\$2.3	\$451	\$67,115	4.2	\$319	2.7
2038	87,401	36.8	141	159	134	\$8.9	\$1.8	\$2.4	\$456	\$67,860	4.2	\$322	2.5
2039	87,454	36.8	128	158	135	\$9.3	\$1.8	\$2.4	\$459	\$68,492	4.3	\$325	2.7
2040	87,513	36.9	121	158	136	\$9.6	\$1.9	\$2.5	\$463	\$69,185	4.3	\$328	2.6
2041	87,552	37.0	92	154	137	\$9.9	\$1.9	\$2.6	\$470	\$70,090	4.4	\$329	2.2
2042	87,610	37.1	90	153	138	\$10.3	\$2.0	\$2.6	\$476	\$71,067	4.5	\$331	2.1
2043	87,648	37.2	60	149	138	\$10.7	\$2.0	\$2.7	\$483	\$72,106	4.5	\$332	2.0
2044	87,690	37.3	51	147	139	\$11.0	\$2.1	\$2.7	\$490	\$73,273	4.4	\$333	1.8
2045	87,783	37.4	77	149	140	\$11.4	\$2.1	\$2.8	\$498	\$74,366	4.2	\$334	1.9
2046	87,916	37.5	90	151	141	\$11.8	\$2.1	\$2.9	\$504	\$75,367	4.3	\$335	2.0
2047	88,050	37.6	68	149	141	\$12.2	\$2.2	\$2.9	\$511	\$76,222	4.2	\$335	2.2
2048	88,191	37.7	54	147	142	\$12.7	\$2.2	\$3.0	\$516	\$77,022	4.3	\$333	2.3
2049	88,343	37.8	44	146	143	\$13.1	\$2.3	\$3.1	\$524	\$78,042	4.4	\$332	2.0
2050	88,475	37.9	11	142	144	\$13.6	\$2.4	\$3.1	\$531	\$79,023	4.5	\$330	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	32.0	1.40	1.0	2.5	0.7	5.4	1.0	1.7	0.3	5.5	4.3	7.1
2016	32.4	1.36	1.1	2.6	0.7	5.5	1.1	1.7	0.3	5.6	4.4	7.2
2017	32.9	1.38	1.2	2.5	0.7	5.6	1.1	1.7	0.2	5.8	4.4	7.2
2018	33.3	1.45	1.4	2.5	0.7	5.6	1.1	1.8	0.2	5.8	4.5	7.2
2019	33.1	1.46	1.4	2.4	0.7	5.6	1.1	1.9	0.2	5.8	4.4	7.2
2020	30.4	1.35	1.3	2.2	0.7	5.0	1.1	1.8	0.2	5.7	3.4	6.7
2021	31.4	1.59	1.5	2.2	0.7	5.4	1.1	1.9	0.2	5.8	3.4	6.7
2022	32.5	1.68	1.4	2.3	0.7	5.4	1.1	1.9	0.2	5.9	3.8	7.0
2023	33.0	1.73	1.4	2.3	0.7	5.5	1.1	2.0	0.2	6.0	4.1	7.0
2024	33.6	1.77	1.4	2.4	0.7	5.5	1.1	2.0	0.2	6.0	4.3	7.2
2025	33.9	1.80	1.4	2.4	0.7	5.5	1.1	2.0	0.2	6.0	4.5	7.2
2026	34.1	1.82	1.4	2.4	0.7	5.5	1.1	2.0	0.2	6.1	4.6	7.2
2027	34.3	1.84	1.4	2.4	0.7	5.5	1.1	2.0	0.2	6.1	4.6	7.3
2028	34.5	1.86	1.4	2.4	0.7	5.5	1.1	2.1	0.2	6.1	4.7	7.3
2029	34.7	1.87	1.4	2.5	0.7	5.6	1.1	2.1	0.2	6.2	4.7	7.4
2030	34.9	1.88	1.4	2.5	0.7	5.6	1.1	2.1	0.2	6.2	4.7	7.5
2031	35.0	1.90	1.4	2.5	0.7	5.6	1.1	2.1	0.2	6.2	4.8	7.5
2032	35.2	1.91	1.4	2.5	0.7	5.6	1.1	2.1	0.2	6.2	4.8	7.6
2033	35.4	1.93	1.4	2.5	0.8	5.6	1.1	2.1	0.2	6.3	4.8	7.6
2034	35.6	1.94	1.4	2.5	0.8	5.6	1.1	2.2	0.2	6.3	4.9	7.7
2035	35.8	1.96	1.4	2.5	0.8	5.6	1.1	2.2	0.2	6.3	4.9	7.8
2036	36.0	1.97	1.4	2.5	0.8	5.6	1.1	2.2	0.2	6.4	4.9	7.8
2037	36.1	1.98	1.4	2.5	0.8	5.6	1.1	2.2	0.2	6.4	5.0	7.9
2038	36.3	1.99	1.4	2.5	0.8	5.6	1.1	2.2	0.2	6.4	5.0	8.0
2039	36.5	2.01	1.4	2.5	0.8	5.6	1.0	2.2	0.2	6.5	5.0	8.0
2040	36.7	2.02	1.4	2.5	0.8	5.6	1.0	2.2	0.2	6.5	5.0	8.1
2041	36.8	2.03	1.4	2.5	0.8	5.6	1.0	2.3	0.2	6.5	5.1	8.2
2042	37.0	2.03	1.4	2.5	0.8	5.6	1.0	2.3	0.2	6.6	5.1	8.2
2043	37.2	2.04	1.4	2.6	0.8	5.6	1.0	2.3	0.2	6.6	5.1	8.3
2044	37.3	2.04	1.4	2.6	0.8	5.7	1.0	2.3	0.2	6.6	5.2	8.4
2045	37.5	2.05	1.4	2.6	0.8	5.7	1.0	2.3	0.2	6.6	5.2	8.4
2046	37.7	2.05	1.4	2.6	0.8	5.7	1.0	2.3	0.2	6.7	5.2	8.5
2047	37.8	2.05	1.4	2.6	0.8	5.7	1.0	2.4	0.2	6.7	5.3	8.6
2048	38.0	2.04	1.4	2.6	0.8	5.7	1.0	2.4	0.2	6.7	5.3	8.6
2049	38.2	2.04	1.4	2.6	0.8	5.7	1.0	2.4	0.2	6.8	5.3	8.7
2050	38.3	2.03	1.4	2.6	0.8	5.7	1.0	2.4	0.2	6.8	5.3	8.8

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Socioeconomic Indicators

