

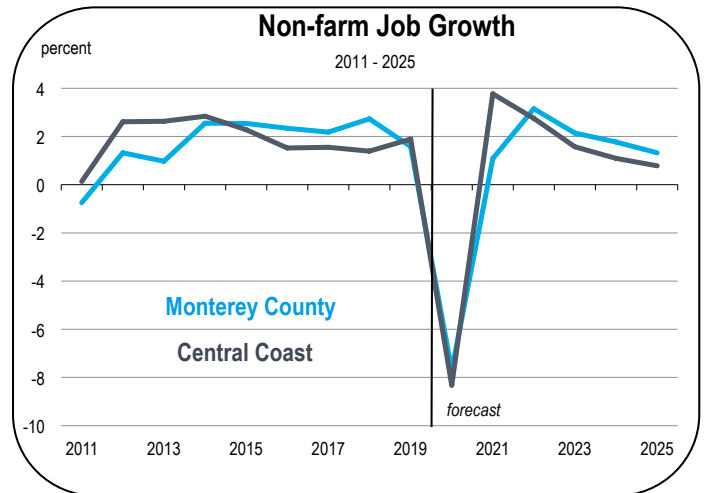
Monterey County Economic Forecast

Forecast Summary

- It is estimated that an average of 18,000 to 22,000 jobs will be lost in Monterey County during 2020. Job losses will be heavy in the first half of the year.
- Employment losses will be largest in leisure services and agriculture. In each of these sectors, losses will top 5,000 jobs on an annual average bases in 2020.
- No sectors are expected to expand in a meaningful way in 2020.
- The unemployment rate averaged 6.3 percent in 2019. It will average between 12 percent and 14 percent for the 2020 calendar year.
- The Monterey County population is expected to grow more slowly than the Central Coast average during most of the forecast period.
- Home values are not expected to change much in 2020 or 2021.
- Housing production is expected to decline in 2020 but rebound just as quickly in 2021.

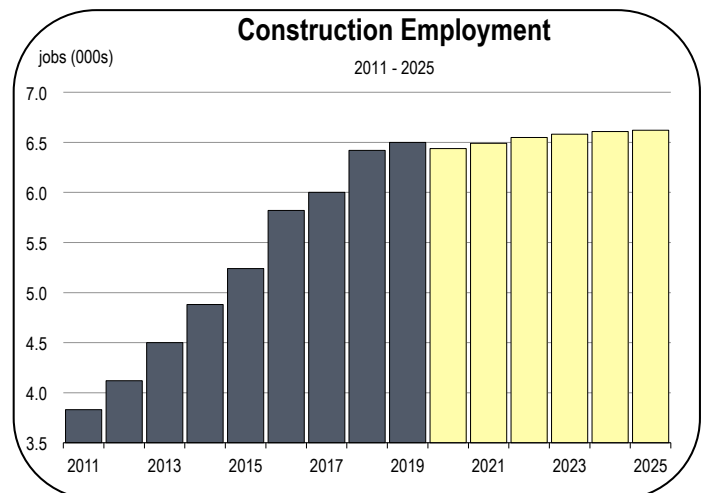
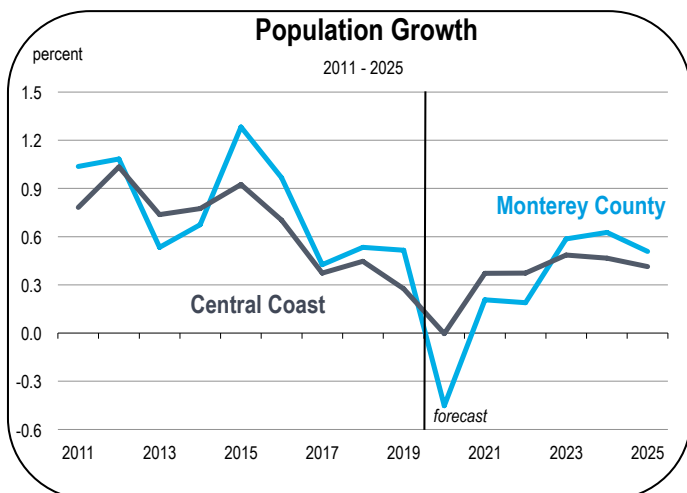
Job Growth

- Total employment in the county will decline by at least 9 percent in 2020. This is an annual average change from 2019.
- In 2021, Monterey County is expected to re-gain many of the jobs that were lost during the Coronavirus Recession.

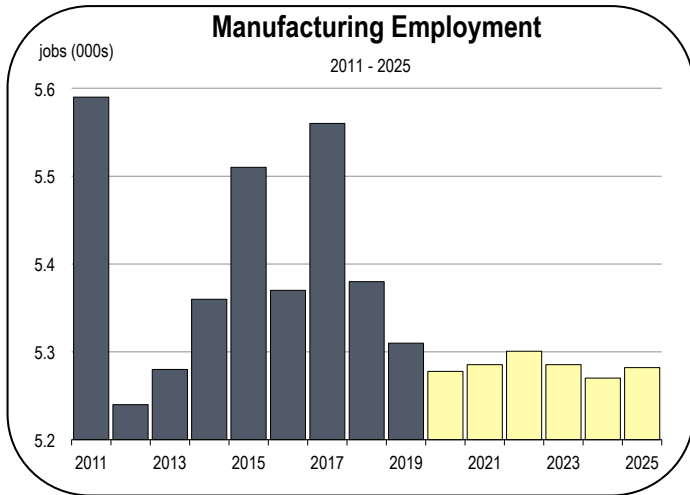


Construction Employment

- On an annual average basis, the construction sector is not expected to lose a substantial number of jobs in 2020.
- Most California construction activity was deemed non-essential for portions of March and April, 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 employment growth might be minimal through the end of the 2020-2025 forecast period.



Monterey County Economic Forecast



Manufacturing Employment

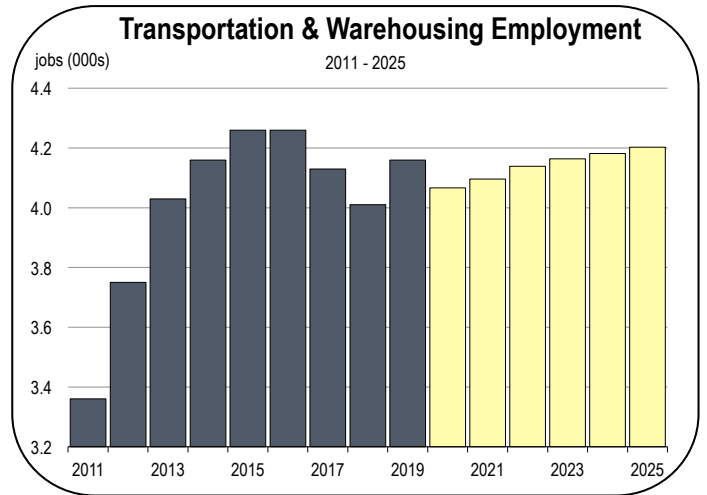
- Manufacturing employment is expected to decrease by less than 2 percent in Monterey County during 2020.
- Monterey County has a large concentration in food and beverage manufacturing firms, which turn agricultural commodities into finished food products.
- The manufacturing sector is not expected to generate a meaningful number of jobs between 2020 and 2025.

Transportation and Warehousing Employment

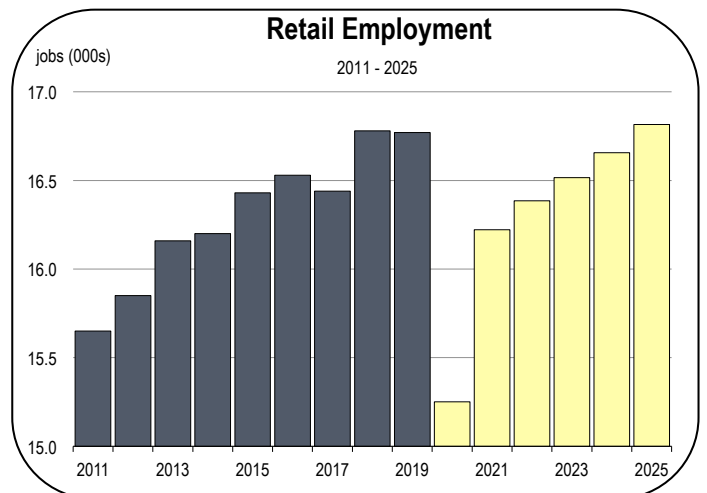
- Most transportation jobs in Monterey County are in trucking and warehousing, where firms deliver goods to and from the Port of Oakland, and store these goods in logistics facilities.
- A meaningful share of Monterey County transportation jobs are in delivery firms like UPS, FedEx, and Instacart. Delivery firms hired large numbers of workers during the second quarter of 2020, and could be among the few corners of the labor market to expand throughout the year.

Retail Trade Employment

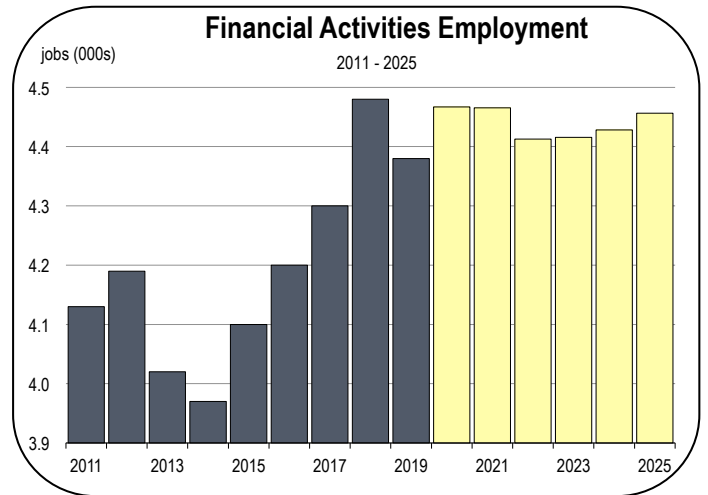
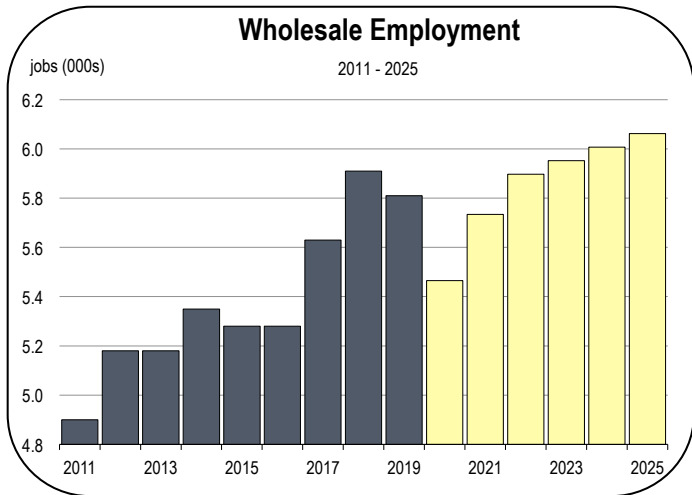
- The retail sector is expected to lose 1,200 to 1,700 jobs in 2020 on an annual average basis.



- 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.
- 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.
- 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.



Monterey County Economic Forecast



Wholesale Trade Employment

- Wholesale trade employment is expected to fall by at least 300 jobs on an annual average basis in 2020.
- Wholesale employment will expand again in tandem with construction, retail, transportation, and professional business services.

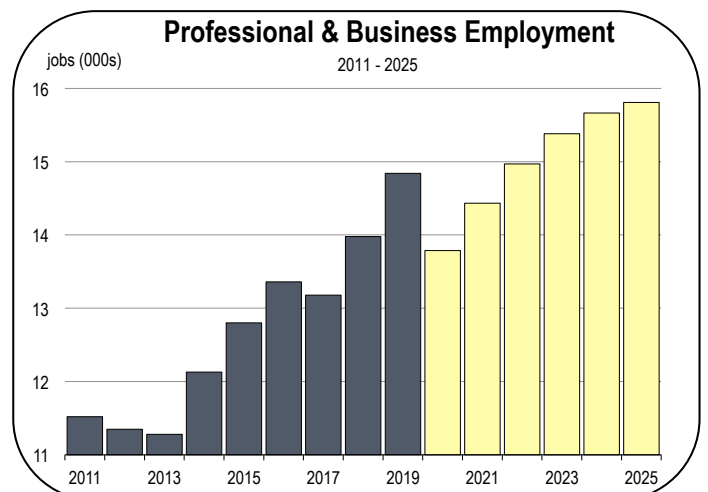
Financial Activities Employment

- The financial activities sector is not expected to lose jobs on an annual average basis in 2020.
- Over the forecast period, no meaningful job creation is expected in financial activities. The financial activities sector is a population serving industry, and the Monterey County population is expected to grow very slowly.

Financial Activities Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Real Estate	1,400	31.8%
Banks	1,200	27.3%
Insurance	800	18.2%
Leasing other than Real Estate	600	13.6%
Other	400	9.1%

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.
- 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.
- Staffing agencies had significant losses during the contraction, but may bounce back quickly through 2021.
- Staffing agencies primarily employ temp workers, who are often laid off first in a downturn but hired back first during a recovery.



Monterey County Economic Forecast

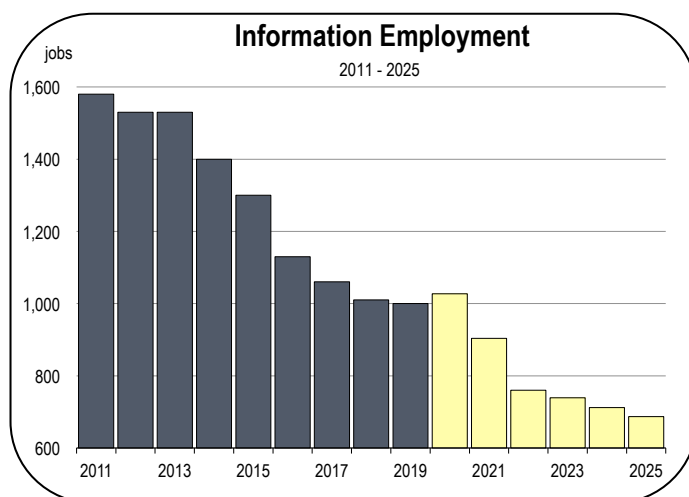
Professional & Business Services Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Staffing Agencies	4,400	29.9%
Building Maintenance	2,300	15.6%
Corporate Headquarters	1,400	9.5%
Corporate Security	1,100	7.5%
Custom IT Services	800	5.4%
Engineering & Architecture	800	5.4%
Translation & Interpretation Services	700	4.8%
Law	700	4.8%
Accounting & Bookkeeping	500	3.4%
Business & Technical Consulting	500	3.4%
Veterinary Services	400	2.7%
Scientific Research	300	2.0%
Marketing and Advertising	200	1.4%
Other	600	4.1%

- Aside from security, maintenance, staffing agencies, veterinary services, translation services, and scientific research labs, most subsectors of the professional business services industry operated remotely and were largely unaffected by the shutdowns, although some had layoffs due to the recessionary macroeconomic conditions that persisted through the U.S.

Information Employment

- In Monterey County, the information sector is dominated by movie theaters, radio and TV stations, and telecommunications companies like Comcast.
- Movie theaters were completely closed during the shutdowns. Jobs at movie theaters will return slowly because social distancing

Information Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Radio & TV Broadcasting	300	36.6%
Movie Theaters	300	29.4%
Telecommunications	200	21.8%
Newspaper / Magazine / Book Publishing	100	13.2%
Software / Data / Internet Services	50	5.3%



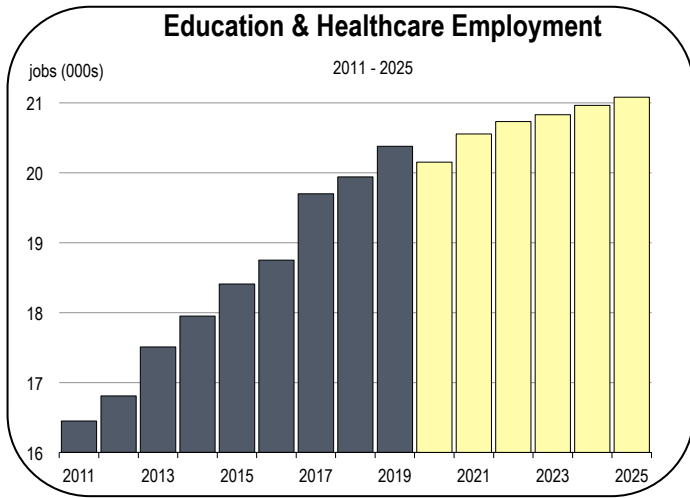
requirements will restrict the number of customers that can visit movie theaters.

- Many newspaper, magazine, and TV/radio workers were allowed to remain in their jobs, but advertising revenues contracted with the rest of the economy, giving employers little choice but to issue layoff notices.
- Telecommunications jobs were classified as essential and these workers largely remained employed during the recession. Consequently, employment was not impacted as severely as it was in other sectors.
- Most subsectors of the information industry are in long-term patterns of decline, and will not generate a meaningful number of jobs during the 2020-2025 forecast period.

Private Education and Healthcare Employment

- There were 12,000 healthcare jobs in Monterey 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 were not being utilized as envisioned to support Coronavirus patients.
- There were approximately 6,000 social assistance jobs in 2019, including industries like childcare, housing shelters, and non-medical care for senior citizens.
- There were also 2,000 jobs in private schools and colleges, tutoring services, vocational schools, and other educational organizations.

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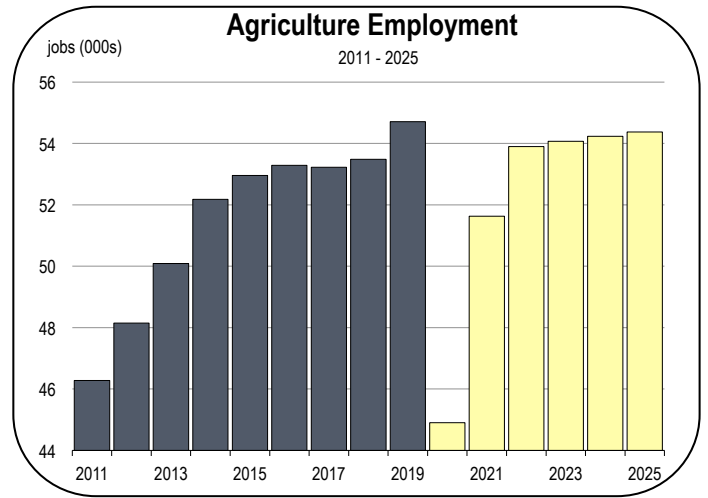
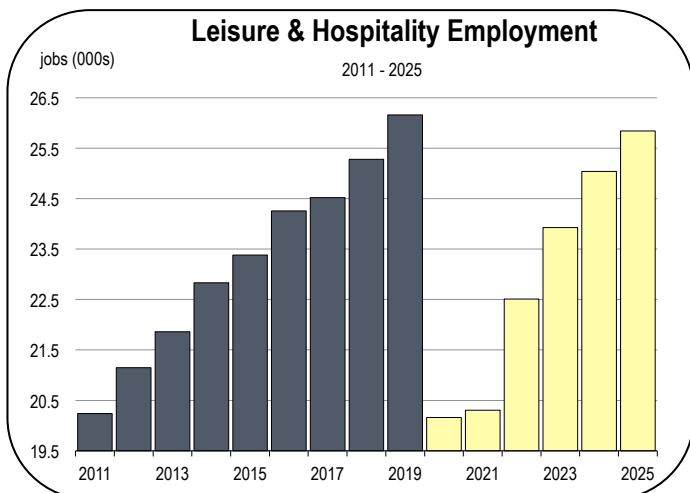
- Jobs in social assistance and education were mostly classified as essential. Nevertheless, there were layoffs at institutions with revenue shortfalls.

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, Monterey County had 23,000 jobs in restaurants, hotels, and bars. Our research indicates that most were laid off, furloughed, or had their hours cut in March and April of 2020.
- Monterey also had 3,000 jobs in entertainment and recreation in 2019, including things like fitness centers, museums, and recreation centers. Many of these organizations will operate at reduced capacities into 2021.

Agriculture Employment

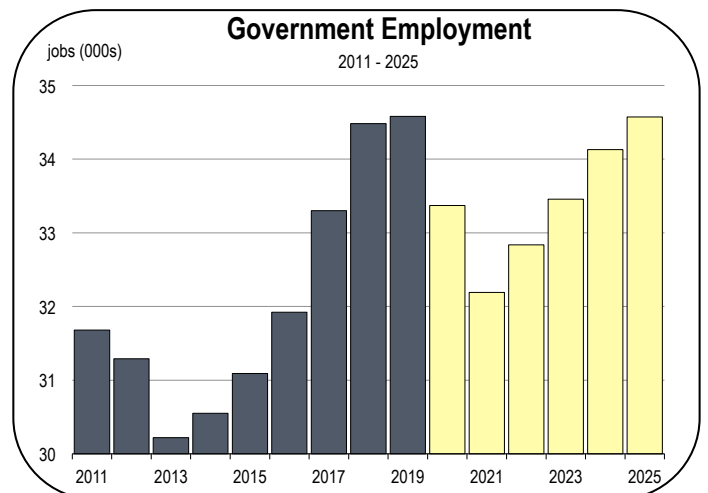
- The agriculture sector is expected to lose a large number of jobs in 2020 on an annual average basis.



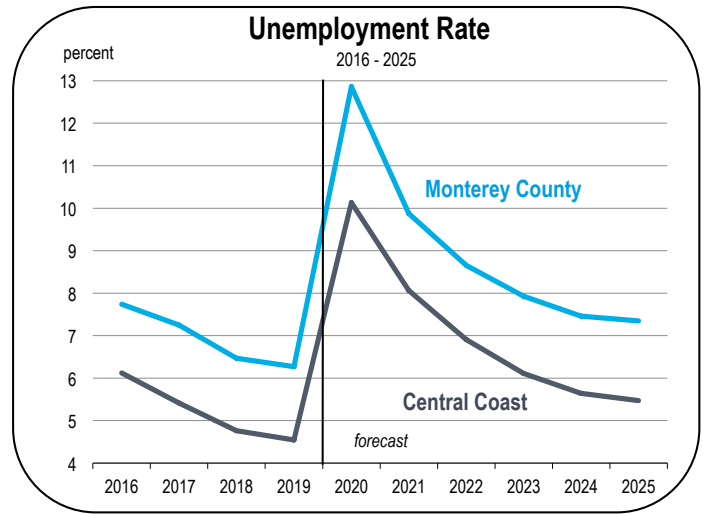
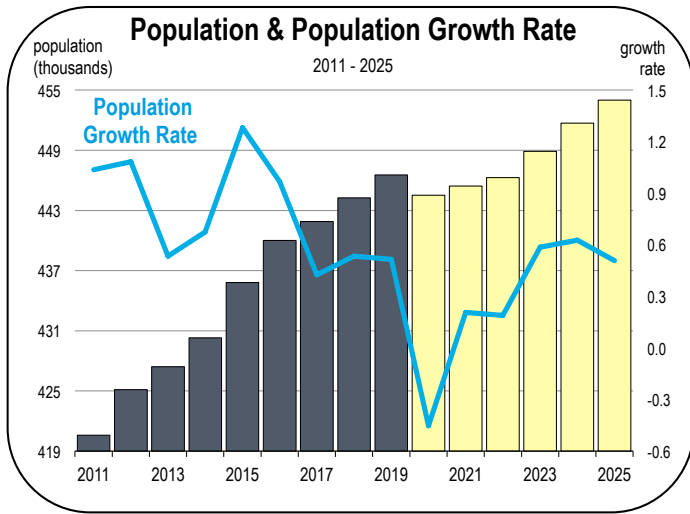
- During the early stages of the Coronavirus Recession, Monterey County lost more agriculture jobs than almost any other region of California.
- The trajectory of the agriculture recovery is uncertain, and the County may not regain all lost agriculture jobs by the end of the 2020-2025 forecast period.

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.



Monterey County Economic Forecast

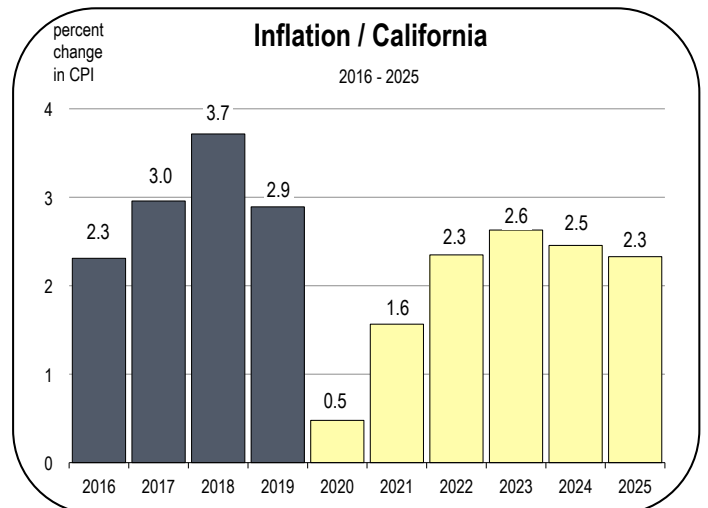
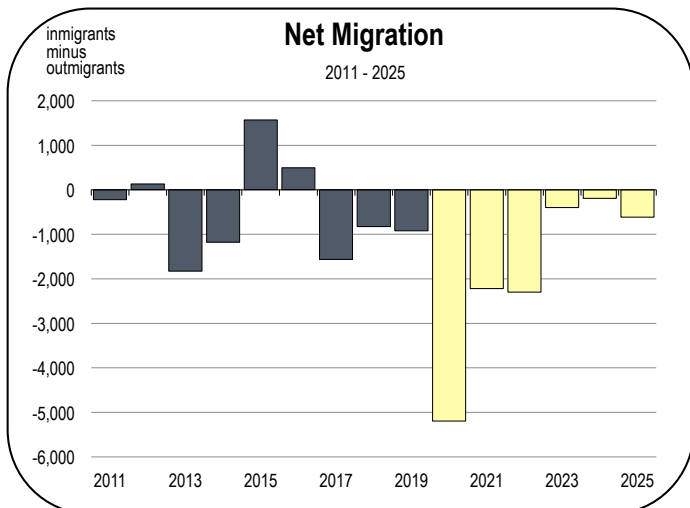


Population Growth

- The Monterey County population is expected to expand more slowly than the Central Coast average between 2020 and 2025.
- Net migration is expected to be negative, with more residents moving out of the County than moving in.
- The population will expand at an annual average rate of 0.3 percent per year from 2020 to 2025.
- By 2025 the Monterey County population will surpass 450,000 residents.

Unemployment and Inflation Rates

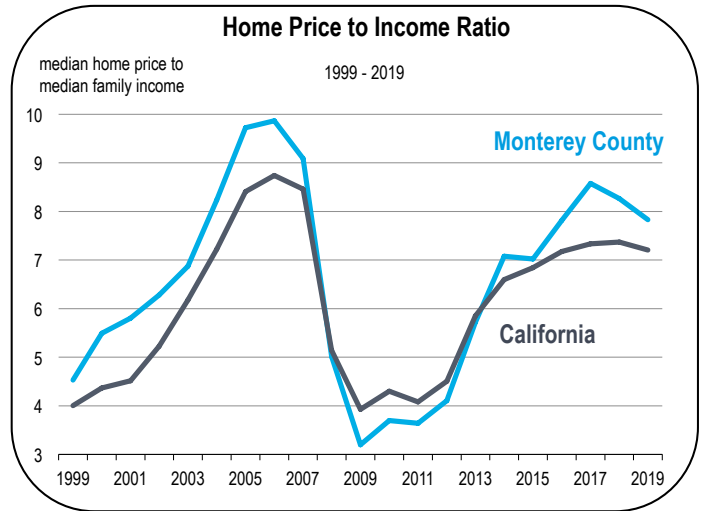
- The unemployment rate in Monterey County averaged 6.3 percent in 2019, above the composite rate for the Central Coast.
- The unemployment rate is expected to average between 12 and 14 percent in 2020.
- The unemployment rate is expected to remain elevated for several years, but is likely to improve 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.



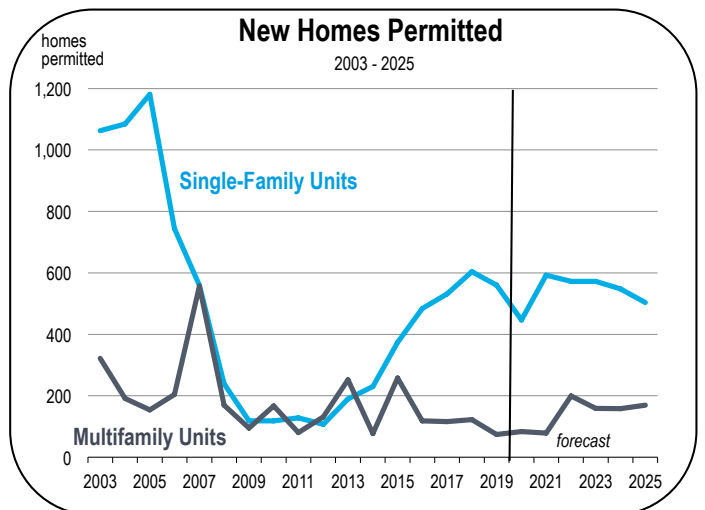
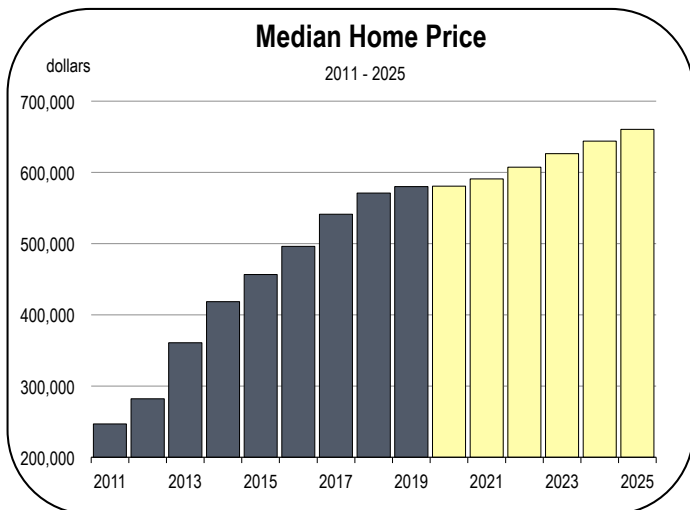
Monterey County Economic Forecast

Home Prices and New Housing Production

- In 2019 the median home price in Monterey County was \$580,000.
- The median price is not expected to show much change in 2020 or 2021.
- The median price has become relatively expensive in Monterey County, however, after adjusting for income levels, it is not substantially different from the statewide median price.
- In 2019, a typical household in Monterey County would have had to spend 35 percent of its pre-tax income on mortgage payments in order to afford the median-priced home.
- Across California, the typical household would have to spend approximately 30 percent of its income on mortgage payments for the median priced home.
- From 2014 to 2019, an average of 590 new homes were started per year in Monterey County. Approximately 80 percent were single-family homes.



- Housing production is expected to average 680 homes per year from 2020 to 2025, consisting primarily of single-family homes.



Monterey 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	435,805	126.1	1,569	632	379	\$22.4	\$4.5	\$6.5	\$2.3	\$57,475	8.2	\$5.3	1.4
2016	440,020	126.3	494	602	391	\$22.9	\$4.6	\$6.7	\$2.1	\$57,198	7.7	\$4.7	2.3
2017	441,892	126.8	-1,565	648	393	\$23.5	\$4.8	\$6.9	\$2.1	\$56,780	7.3	\$4.7	3.0
2018	444,252	127.2	-823	726	399	\$24.4	\$5.0	\$7.3	\$2.3	\$56,693	6.5	\$4.4	3.7
2019	446,539	127.9	-919	634	408	\$26.1	\$5.0	\$7.4	\$2.4	\$58,359	6.3	\$4.5	2.9
2020	444,517	128.3	-5,195	530	407	\$24.9	\$4.0	\$6.4	\$2.5	\$55,829	12.9	\$4.5	0.5
2021	445,434	128.7	-2,219	671	407	\$26.2	\$4.7	\$6.8	\$2.5	\$57,536	9.9	\$4.5	1.6
2022	446,276	129.2	-2,298	771	408	\$27.3	\$4.9	\$7.1	\$2.5	\$58,596	8.7	\$4.6	2.3
2023	448,894	129.8	-399	732	410	\$28.5	\$5.1	\$7.5	\$2.5	\$59,267	7.9	\$4.6	2.6
2024	451,707	130.3	-192	706	412	\$29.8	\$5.4	\$7.8	\$2.5	\$60,001	7.5	\$4.6	2.5
2025	454,002	130.9	-614	673	413	\$31.0	\$5.6	\$8.1	\$2.5	\$60,660	7.3	\$4.7	2.3
2026	456,110	131.4	-782	626	415	\$32.1	\$5.8	\$8.4	\$2.5	\$61,206	7.1	\$4.7	2.3
2027	457,968	131.9	-994	611	416	\$33.3	\$5.9	\$8.7	\$2.6	\$61,811	7.0	\$4.7	2.2
2028	459,436	132.3	-1,348	611	417	\$34.4	\$6.1	\$8.9	\$2.6	\$62,441	6.9	\$4.8	2.2
2029	460,821	132.8	-1,309	584	418	\$35.6	\$6.3	\$9.2	\$2.6	\$62,891	6.7	\$4.8	2.3
2030	462,207	133.2	-1,245	579	419	\$36.8	\$6.5	\$9.4	\$2.7	\$63,376	6.6	\$4.9	2.2
2031	463,535	133.7	-1,333	575	420	\$37.9	\$6.6	\$9.6	\$2.7	\$63,870	6.5	\$4.9	2.1
2032	464,731	134.1	-1,446	538	421	\$39.2	\$6.8	\$9.9	\$2.7	\$64,288	6.5	\$4.9	2.3
2033	465,749	134.5	-1,560	519	421	\$40.4	\$6.9	\$10.1	\$2.8	\$64,880	6.6	\$5.0	1.9
2034	466,740	134.9	-1,566	490	422	\$41.6	\$7.1	\$10.3	\$2.8	\$65,417	6.7	\$5.0	2.1
2035	467,672	135.3	-1,554	479	423	\$43.0	\$7.3	\$10.6	\$2.8	\$65,959	6.8	\$5.1	2.2
2036	468,649	135.7	-1,459	472	423	\$44.5	\$7.5	\$10.9	\$2.8	\$66,349	6.9	\$5.1	2.6
2037	469,634	136.0	-1,458	449	424	\$46.0	\$7.7	\$11.2	\$2.9	\$66,701	6.9	\$5.1	2.7
2038	470,312	136.4	-1,655	408	424	\$47.5	\$7.9	\$11.5	\$2.9	\$67,157	6.9	\$5.2	2.5
2039	470,856	136.7	-1,769	391	425	\$49.2	\$8.1	\$11.9	\$2.9	\$67,555	7.0	\$5.2	2.7
2040	471,300	137.0	-1,862	375	425	\$50.8	\$8.4	\$12.2	\$2.9	\$67,981	7.0	\$5.3	2.6
2041	471,644	137.2	-1,866	369	425	\$52.4	\$8.5	\$12.5	\$2.9	\$68,547	7.1	\$5.3	2.2
2042	471,983	137.5	-1,860	362	425	\$54.0	\$8.7	\$12.7	\$3.0	\$69,143	7.2	\$5.3	2.1
2043	472,151	137.8	-1,962	358	426	\$55.6	\$8.9	\$13.0	\$3.0	\$69,786	7.3	\$5.4	2.0
2044	472,430	138.1	-1,832	351	426	\$57.2	\$9.1	\$13.3	\$3.0	\$70,485	7.2	\$5.4	1.8
2045	472,863	138.3	-1,622	346	426	\$58.9	\$9.3	\$13.6	\$3.1	\$71,131	7.0	\$5.5	1.9
2046	473,357	138.6	-1,500	342	426	\$60.6	\$9.5	\$13.9	\$3.1	\$71,721	7.1	\$5.5	2.0
2047	473,438	138.9	-1,856	337	426	\$62.5	\$9.7	\$14.2	\$3.1	\$72,279	7.0	\$5.6	2.2
2048	473,401	139.1	-1,945	334	426	\$64.4	\$10.0	\$14.5	\$3.1	\$72,815	7.1	\$5.6	2.3
2049	473,260	139.4	-2,022	331	426	\$66.2	\$10.2	\$14.9	\$3.2	\$73,474	7.2	\$5.6	2.0
2050	473,097	139.6	-2,094	327	426	\$68.2	\$10.4	\$15.2	\$3.2	\$74,100	7.3	\$5.7	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	186.1	53.0	5.2	5.5	4.3	21.7	4.1	12.8	1.3	18.4	23.4	31.1
2016	189.5	53.3	5.8	5.4	4.3	21.8	4.2	13.4	1.1	18.8	24.3	31.9
2017	192.4	53.2	6.0	5.6	4.1	22.1	4.3	13.2	1.1	19.7	24.5	33.3
2018	196.5	53.5	6.4	5.4	4.0	22.7	4.5	14.0	1.0	19.9	25.3	34.5
2019	200.0	54.7	6.5	5.3	4.2	22.6	4.4	14.8	1.0	20.4	26.2	34.6
2020	179.0	44.9	6.4	5.3	4.1	20.7	4.5	13.8	1.0	20.2	20.2	33.4
2021	187.2	51.6	6.5	5.3	4.1	22.0	4.5	14.4	0.9	20.6	20.3	32.2
2022	193.7	53.9	6.5	5.3	4.1	22.3	4.4	15.0	0.8	20.7	22.5	32.8
2023	196.8	54.1	6.6	5.3	4.2	22.5	4.4	15.4	0.7	20.8	23.9	33.5
2024	199.5	54.2	6.6	5.3	4.2	22.7	4.4	15.7	0.7	21.0	25.0	34.1
2025	201.6	54.4	6.6	5.3	4.2	22.9	4.5	15.8	0.7	21.1	25.8	34.6
2026	202.9	54.5	6.6	5.3	4.2	23.0	4.5	15.9	0.7	21.2	26.3	34.9
2027	204.0	54.6	6.6	5.3	4.2	23.0	4.5	16.0	0.6	21.3	26.7	35.2
2028	204.8	54.8	6.6	5.4	4.3	23.1	4.5	16.0	0.6	21.4	26.8	35.3
2029	205.5	54.9	6.7	5.4	4.3	23.2	4.5	16.1	0.6	21.4	27.0	35.5
2030	206.3	55.0	6.7	5.4	4.3	23.3	4.5	16.2	0.6	21.5	27.1	35.7
2031	207.0	55.1	6.7	5.4	4.4	23.3	4.5	16.3	0.6	21.5	27.3	35.9
2032	207.8	55.3	6.7	5.4	4.4	23.4	4.5	16.3	0.6	21.6	27.5	36.1
2033	208.5	55.4	6.7	5.4	4.4	23.4	4.5	16.4	0.5	21.7	27.6	36.3
2034	209.2	55.5	6.7	5.4	4.4	23.5	4.5	16.5	0.5	21.8	27.8	36.5
2035	210.0	55.7	6.7	5.4	4.5	23.6	4.5	16.6	0.5	22.0	27.9	36.6
2036	210.8	55.8	6.7	5.5	4.5	23.6	4.5	16.6	0.5	22.1	28.1	36.8
2037	211.6	55.9	6.7	5.5	4.5	23.7	4.5	16.7	0.5	22.3	28.3	36.9
2038	212.5	56.1	6.7	5.5	4.5	23.8	4.5	16.8	0.5	22.4	28.4	37.1
2039	213.3	56.2	6.7	5.5	4.6	23.8	4.5	16.9	0.4	22.6	28.6	37.3
2040	214.1	56.3	6.7	5.5	4.6	23.9	4.6	16.9	0.4	22.8	28.7	37.5
2041	215.0	56.5	6.7	5.5	4.6	23.9	4.6	17.0	0.4	23.0	28.9	37.7
2042	215.8	56.6	6.7	5.5	4.6	24.0	4.6	17.1	0.4	23.1	29.0	37.9
2043	216.7	56.8	6.6	5.5	4.7	24.0	4.6	17.2	0.4	23.3	29.2	38.1
2044	217.5	56.9	6.7	5.5	4.7	24.1	4.6	17.3	0.3	23.5	29.3	38.2
2045	218.2	57.0	6.7	5.6	4.7	24.1	4.6	17.3	0.3	23.7	29.5	38.4
2046	219.1	57.2	6.7	5.6	4.7	24.2	4.6	17.4	0.3	23.9	29.6	38.5
2047	219.9	57.3	6.7	5.6	4.8	24.2	4.6	17.5	0.3	24.1	29.8	38.7
2048	220.7	57.4	6.7	5.6	4.8	24.3	4.6	17.6	0.3	24.3	29.9	38.9
2049	221.6	57.6	6.7	5.6	4.8	24.3	4.6	17.7	0.3	24.4	30.1	39.0
2050	222.4	57.7	6.7	5.6	4.8	24.4	4.6	17.8	0.2	24.6	30.2	39.2

Monterey County Economic Forecast

Socioeconomic Indicators

