

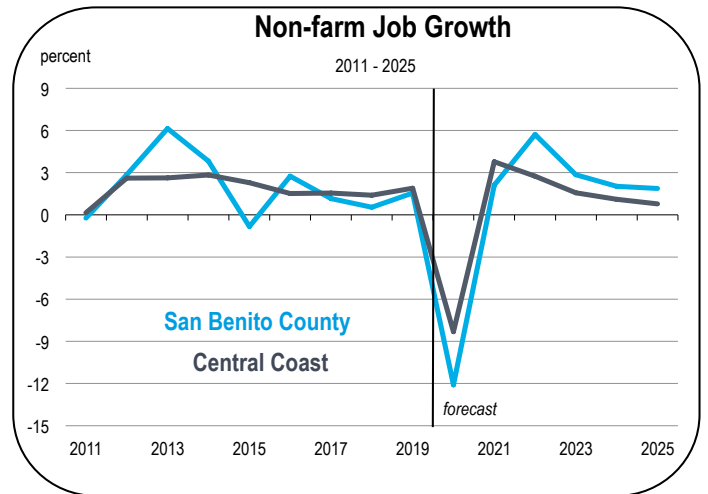
San Benito County Economic Forecast

Forecast Summary

- It is estimated that an average of 1,500 to 2,000 jobs will be lost in San Benito County during 2020. Job losses will be heavy in the first half of the year.
- Employment losses will be largest in leisure services, retail trade, and government.
- The unemployment rate averaged 5.1 percent in 2019. It will average between 12 percent and 14 percent for the 2020 calendar year.
- The San Benito County population is expected to grow more quickly than the Central Coast average during the forecast period.
- Home values are not expected to change much in 2020 or 2021.
- Housing production is expected to decline in 2020 and 2021.

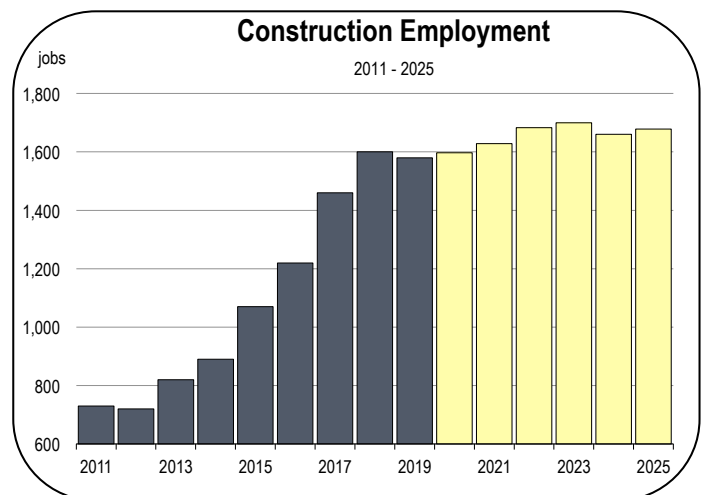
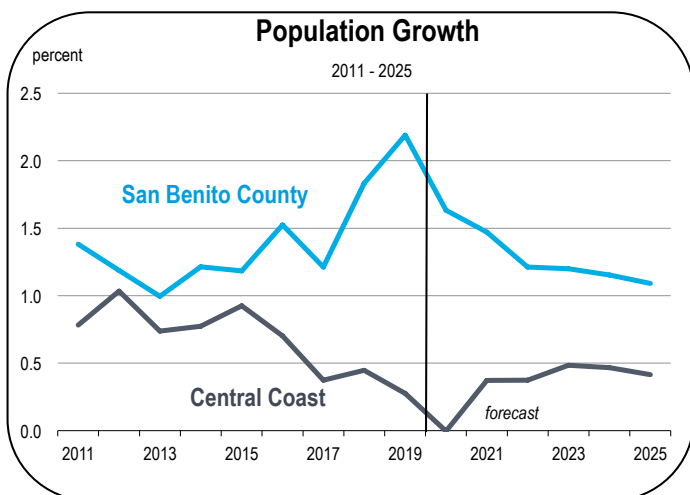
Job Growth

- Total employment in the county will decline by at least 9 percent in 2020. This is an annual average change from 2019.
- In 2021, San Benito County is expected to re-gain some of the jobs that were lost during the Coronavirus Recession, but the San Benito County labor market recovery will lag most other regions of California.

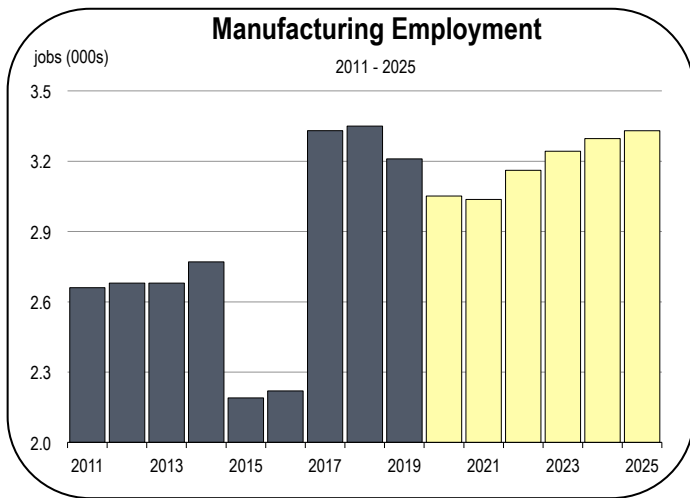


Construction Employment

- The construction sector is not expected to lose jobs on an annual average basis 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 activity began to ramp back up during the spring and summer.
- Construction projects will largely have resumed by 2021 but fewer workers may be used on each project due to social distancing protocols.



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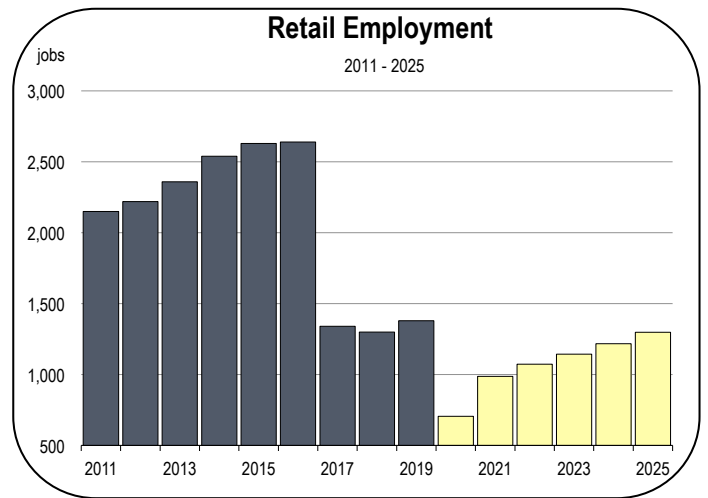
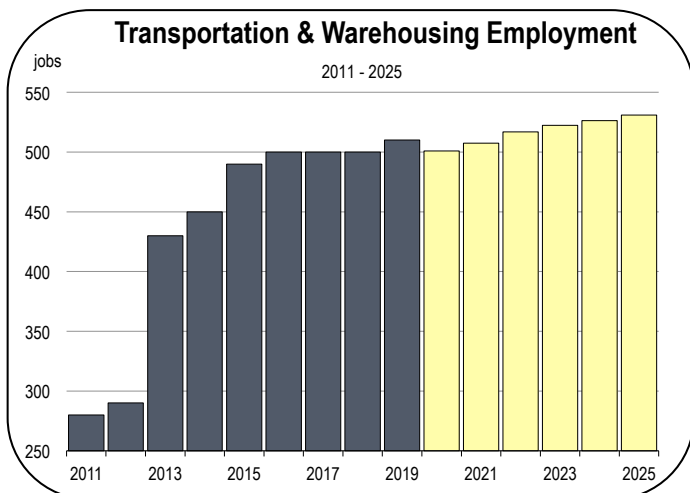


Manufacturing Employment

- Manufacturing employment is expected to decrease by 4 to 6 percent in San Benito County during 2020.
- Manufacturing activity is forecast to rebound slowly after the recession subsides and may not approach pre-recession levels for several years.

Transportation and Warehousing Employment

- Most transportation jobs in San Benito 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 San Benito 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.

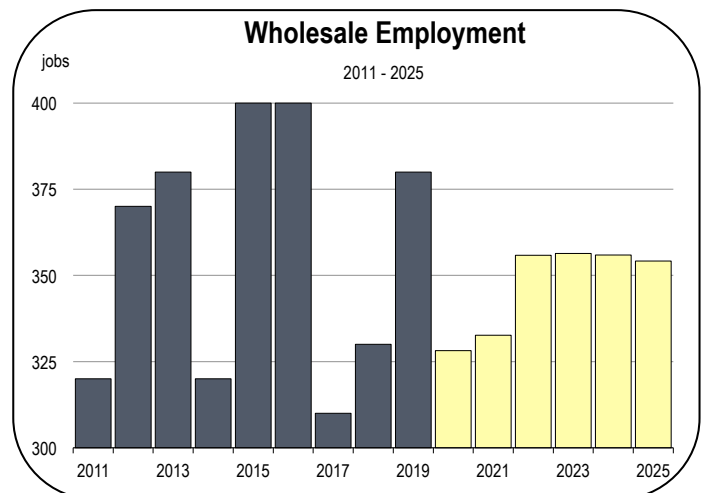


Retail Trade Employment

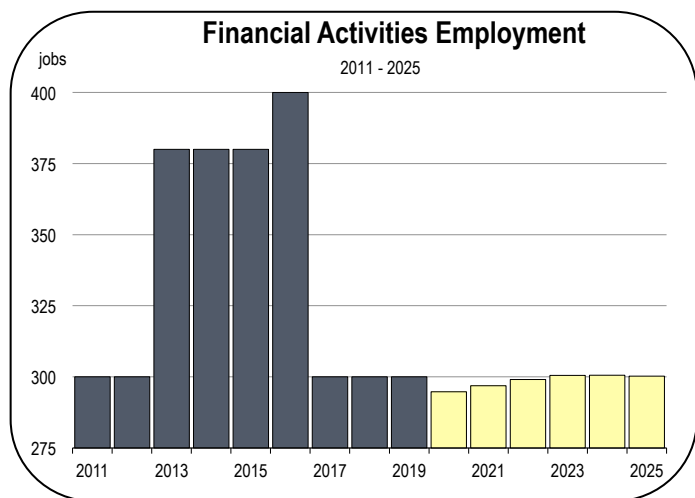
- The retail sector is expected to lose 500 to 800 jobs in 2020 on an annual average basis.
- Many retail chains chose to furlough their employees rather than lay them off completely, and furloughed workers are not considered to be unemployed. This is a technical detail that will mask the true number of work stoppages in the retail sector.
- Accounting for furloughed workers more than 900 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.

Wholesale Trade Employment

- Wholesale trade employment is expected to fall by 50 to 100 jobs on an annual average basis in 2020.



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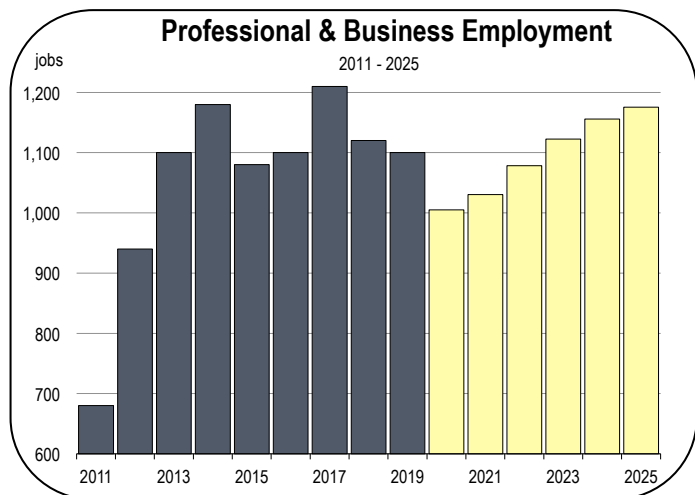
- By the end of the 2020-2025 forecast period, the wholesale sector is unlikely to re-gain all of the jobs that were lost during the Cotonavirus Recession.

Financial Activities Employment

- The financial activities sector is not expected to lose many jobs on an annual average basis in 2020.
- Over the forecast period, no meaningful job creation is expected in financial activities.

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 building maintenance declined substantially during the shutdowns but are expected to rebound at office and industrial buildings with repopulating employment.

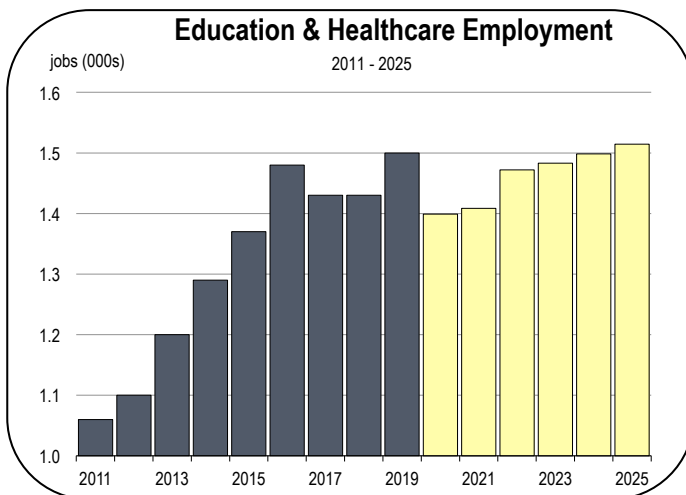


Professional & Business Services Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Staffing Agencies	300	27.3%
Building Maintenance	230	20.9%
Engineering & Architecture	80	7.3%
Scientific Research	60	5.5%
Accounting & Bookkeeping	40	3.6%
Veterinary Services	40	3.6%
Business & Technical Consulting	20	1.8%
Law	20	1.8%
Other	310	28.2%

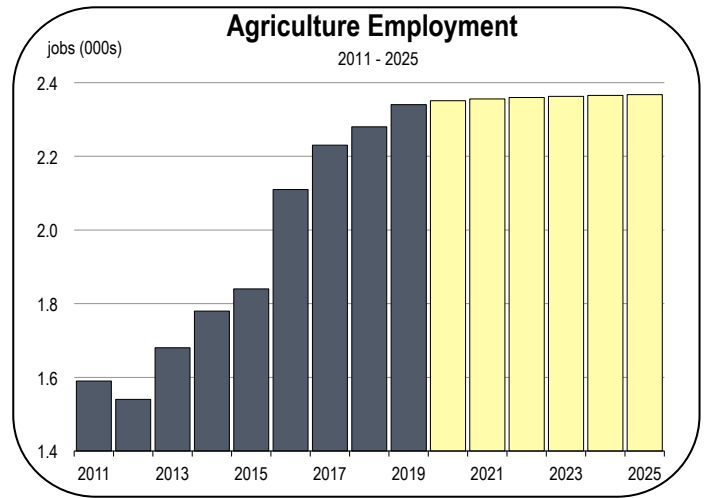
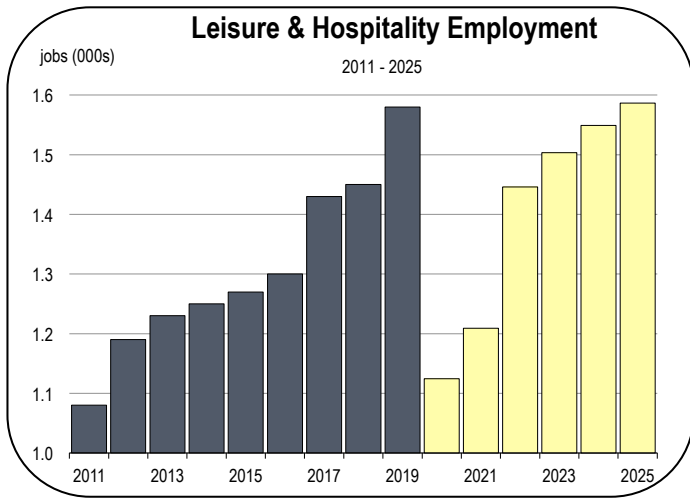
- Staffing agencies had significant losses during the contraction, but may bounce back quickly through 2021.
- Staffing agencies primarily employ temp workers, who are often laid off first in a downturn but hired back first during a recovery.
- Aside from maintenance, staffing agencies, scientific research labs, and veterinary services, most subsectors of the professional business services industry operated remotely and were largely unaffected by the shutdowns, although some had layoffs due to the macroeconomic recessionary conditions that persisted through the U.S.

Private Education and Healthcare Employment

- There were 600 healthcare jobs in San Benito 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.



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- There were approximately 800 social assistance jobs in 2019, including industries like childcare, housing shelters, and non-medical care for senior citizens.
- There were also 100 jobs in private schools, 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

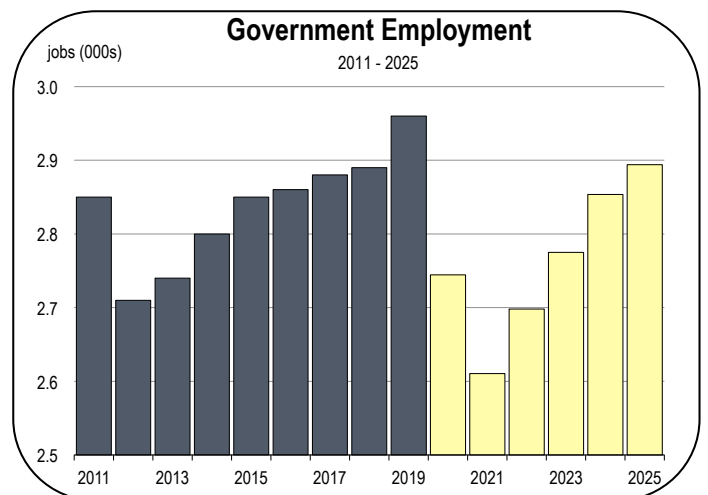
- The leisure and hospitality industry was devastated by the recession more than any other sector of the labor market.
- In 2019, San Benito County had 1,400 jobs in restaurants, hotels, and bars. Our research indicates that most were laid off, furloughed, or had their hours cut in March and April of 2020.
- San Benito also had 150 jobs in entertainment and recreation in 2019, including things like fitness centers. Many of these organizations will operate at reduced capacities into 2021.

Agriculture Employment

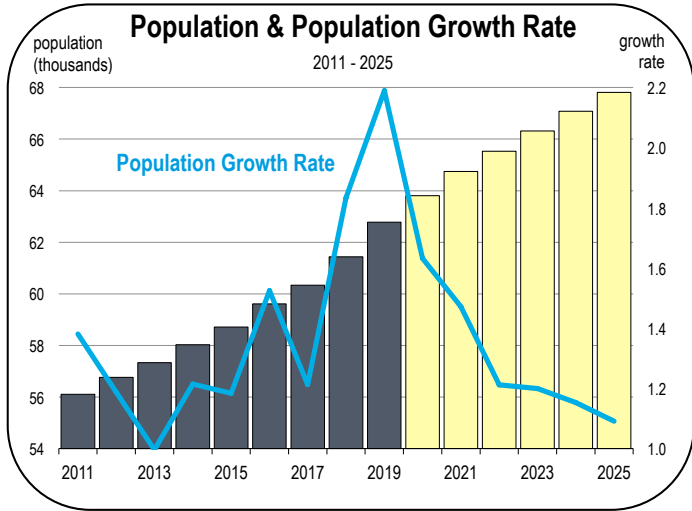
- The agriculture sector is not expected to lose many jobs as a result of the Coronavirus Recession, but it's multi-year period of expansion may come to an end.
- During the 2020-2025 forecast period, no meaningful job creation is expected in agriculture.

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.

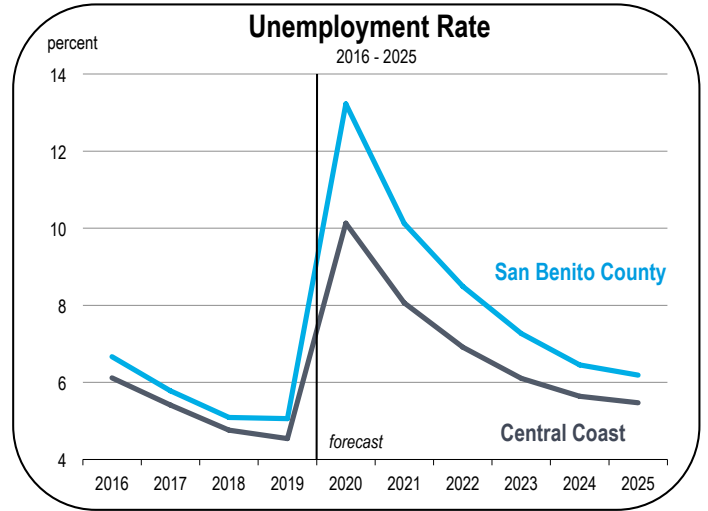


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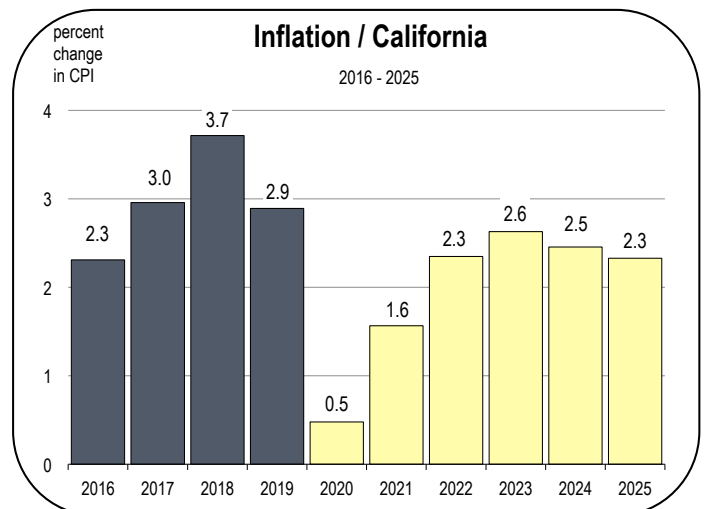
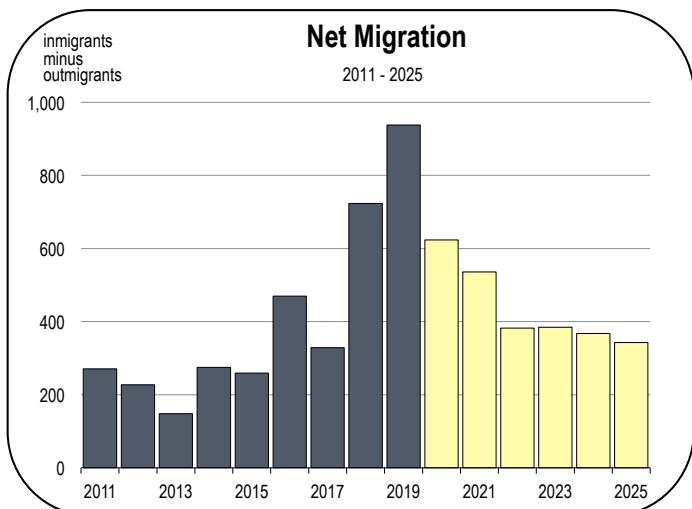
Population Growth

- The San Benito County population is expected to expand more quickly than the Central Coast average between 2020 and 2025.
- Net migration is expected to be a meaningful contributor to population growth. Home prices in San Benito County are more affordable than neighboring Santa Clara County which will incentivize residents to relocate from Silicon Valley to San Benito County.
- The population will expand at an annual average rate of 1.3 percent per year from 2020 to 2025, placing San Benito County among the fastest growing regions of California.
- By 2025 the San Benito County population will surpass 67,000 residents.



Unemployment and Inflation Rates

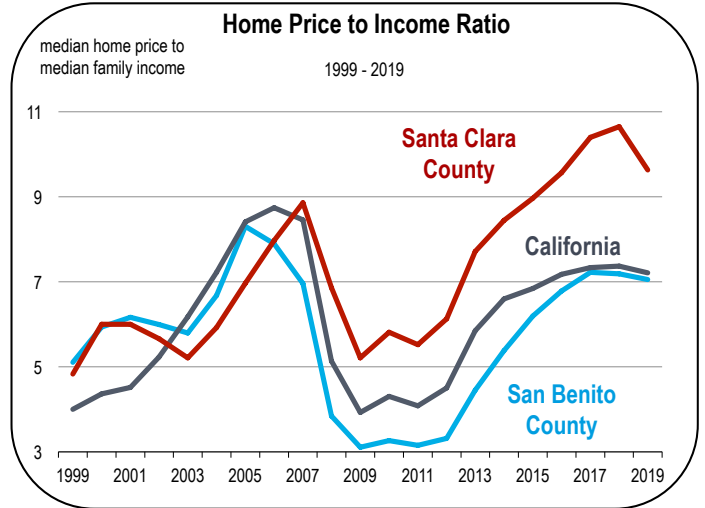
- The unemployment rate in San Benito County averaged 5.1 percent in 2019, above the composite rate for the Central Coast.
- The unemployment rate is expected to average between 12 and 14 percent in 2020.
- The unemployment rate is expected to remain elevated for several years, but is likely to improve 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.



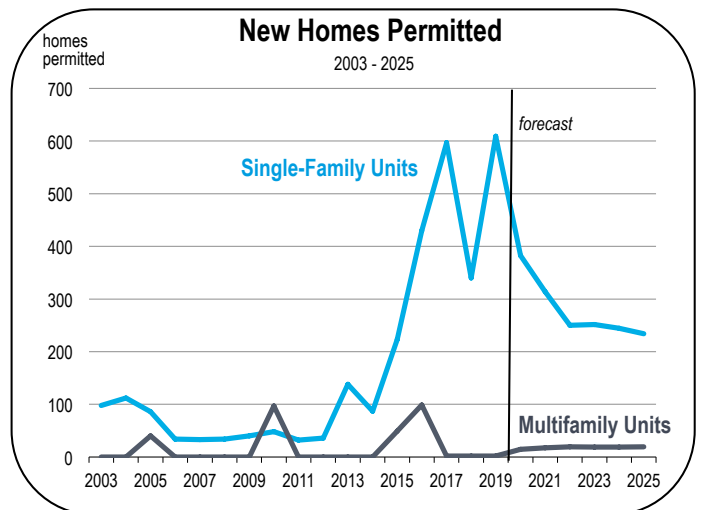
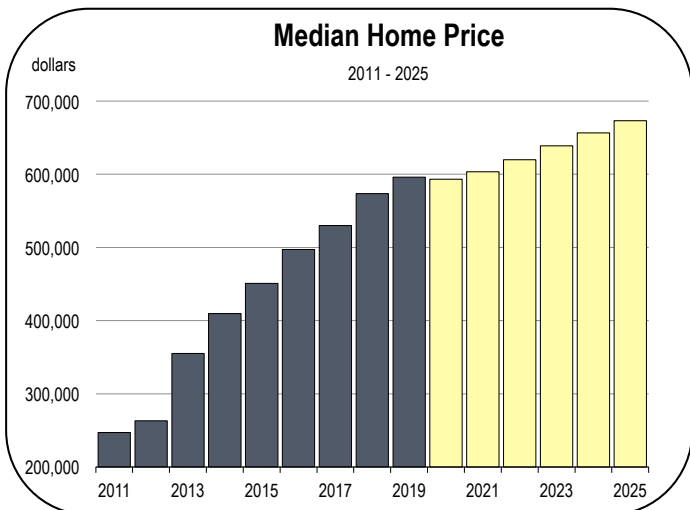
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Home Prices and New Housing Production

- In 2019 the median home price in San Benito County was \$596,000.
- The median home price is not expected to show much change in 2020 or 2021.
- The median price has become relatively expensive in San Benito County.
- In 2019, a typical household in San Benito County would have had to spend more than 30 percent of its pre-tax income on mortgage payments in order to afford the median-priced home.
- Across California, home prices have also become expensive, with the typical household required to spend approximately 30 percent of its pre-tax income on mortgage payments for the median priced home.
- Although they have become expensive, homes in San Benito County are much more affordable than homes in neighboring Santa Clara County, where the typical household would have to spend 43 percent of its pre-tax income to afford the median priced home.



- From 2014 to 2019, an average of 405 new homes were started per year in San Benito County. Approximately 95 percent were single-family homes.
- Housing production is expected to average 300 homes per year from 2020 to 2025, consisting almost entirely of single-family homes.



San Benito 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 (millions)	Total Taxable Sales (millions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	58,713	17.2	259	272	62	\$2.7	359	610	\$628	\$51,569	7.6	\$405	1.4
2016	59,608	17.4	470	529	65	\$2.9	387	664	\$678	\$53,110	6.7	\$404	2.3
2017	60,331	17.4	329	599	65	\$3.1	419	760	\$833	\$54,266	5.8	\$392	3.0
2018	61,437	17.7	723	342	67	\$3.3	431	767	\$765	\$55,468	5.1	\$363	3.7
2019	62,782	18.2	938	611	70	\$3.5	459	746	\$756	\$56,384	5.1	\$371	2.9
2020	63,807	18.6	624	397	71	\$3.4	323	547	\$768	\$52,748	13.2	\$376	0.5
2021	64,746	19.0	536	331	72	\$3.5	389	667	\$761	\$52,306	10.1	\$379	1.6
2022	65,530	19.3	382	269	73	\$3.7	417	719	\$778	\$53,312	8.5	\$381	2.3
2023	66,316	19.6	385	270	74	\$3.9	444	767	\$799	\$54,128	7.3	\$383	2.6
2024	67,081	19.8	368	263	75	\$4.1	472	816	\$818	\$54,905	6.5	\$384	2.5
2025	67,813	20.1	343	253	76	\$4.3	501	870	\$834	\$55,661	6.2	\$385	2.3
2026	68,521	20.4	325	246	77	\$4.5	520	903	\$849	\$56,149	5.8	\$386	2.3
2027	69,197	20.6	304	238	78	\$4.7	540	938	\$865	\$56,584	5.5	\$387	2.2
2028	69,836	20.8	281	228	79	\$4.8	560	975	\$880	\$57,044	5.4	\$387	2.2
2029	70,432	21.1	256	218	80	\$5.0	577	1,005	\$892	\$57,260	5.1	\$388	2.3
2030	71,014	21.3	254	218	80	\$5.2	598	1,041	\$903	\$57,524	5.0	\$388	2.2
2031	71,577	21.5	255	218	81	\$5.4	613	1,069	\$915	\$57,773	4.9	\$388	2.1
2032	72,113	21.7	253	217	82	\$5.6	630	1,098	\$924	\$57,895	4.7	\$389	2.3
2033	72,617	21.9	252	217	83	\$5.7	648	1,131	\$935	\$58,266	4.9	\$389	1.9
2034	73,044	22.1	202	197	84	\$5.9	667	1,163	\$944	\$58,616	5.0	\$389	2.1
2035	73,470	22.3	226	176	84	\$6.1	689	1,203	\$953	\$58,974	5.1	\$389	2.2
2036	73,839	22.5	200	166	85	\$6.4	714	1,247	\$959	\$59,198	5.3	\$389	2.6
2037	74,177	22.7	199	165	86	\$6.6	738	1,289	\$964	\$59,412	5.3	\$389	2.7
2038	74,481	22.8	197	164	86	\$6.8	763	1,334	\$972	\$59,770	5.3	\$389	2.5
2039	74,755	23.0	196	164	87	\$7.1	789	1,379	\$977	\$60,048	5.4	\$390	2.7
2040	75,001	23.2	194	163	87	\$7.3	814	1,423	\$984	\$60,370	5.4	\$390	2.6
2041	75,213	23.3	192	163	88	\$7.6	841	1,472	\$994	\$60,878	5.5	\$389	2.2
2042	75,400	23.5	190	162	88	\$7.9	869	1,522	\$1,005	\$61,443	5.6	\$389	2.1
2043	75,561	23.7	188	161	89	\$8.1	900	1,577	\$1,016	\$62,075	5.7	\$389	2.0
2044	75,700	23.8	187	160	89	\$8.4	929	1,628	\$1,029	\$62,817	5.5	\$389	1.8
2045	75,817	24.0	185	160	89	\$8.7	964	1,691	\$1,043	\$63,562	5.3	\$389	1.9
2046	75,920	24.1	184	159	90	\$9.0	996	1,748	\$1,054	\$64,211	5.4	\$389	2.0
2047	76,017	24.3	183	159	90	\$9.3	1,026	1,801	\$1,061	\$64,759	5.3	\$389	2.2
2048	76,111	24.5	182	158	90	\$9.6	1,058	1,859	\$1,065	\$65,253	5.4	\$389	2.3
2049	76,205	24.6	180	158	90	\$9.9	1,094	1,922	\$1,074	\$65,891	5.5	\$388	2.0
2050	76,296	24.8	179	157	90	\$10.2	1,130	1,987	\$1,081	\$66,493	5.7	\$388	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	16.1	1.8	1.1	2.2	0.5	3.0	0.4	1.1	0.1	1.4	1.3	2.9
2016	16.7	2.1	1.2	2.2	0.5	3.0	0.4	1.1	0.1	1.5	1.3	2.9
2017	17.0	2.2	1.5	3.3	0.5	1.7	0.3	1.2	0.1	1.4	1.4	2.9
2018	17.2	2.3	1.6	3.4	0.5	1.6	0.3	1.1	0.1	1.4	1.5	2.9
2019	17.4	2.3	1.6	3.2	0.5	1.8	0.3	1.1	0.1	1.5	1.6	3.0
2020	15.6	2.4	1.6	3.1	0.5	1.0	0.3	1.0	0.1	1.4	1.1	2.7
2021	15.9	2.4	1.6	3.0	0.5	1.3	0.3	1.0	0.1	1.4	1.2	2.6
2022	16.7	2.4	1.7	3.2	0.5	1.4	0.3	1.1	0.1	1.5	1.4	2.7
2023	17.1	2.4	1.7	3.2	0.5	1.5	0.3	1.1	0.1	1.5	1.5	2.8
2024	17.4	2.4	1.7	3.3	0.5	1.6	0.3	1.2	0.1	1.5	1.5	2.9
2025	17.7	2.4	1.7	3.3	0.5	1.7	0.3	1.2	0.1	1.5	1.6	2.9
2026	17.9	2.4	1.7	3.4	0.5	1.7	0.3	1.2	0.1	1.5	1.6	2.9
2027	18.0	2.4	1.6	3.4	0.5	1.7	0.3	1.2	0.1	1.5	1.6	3.0
2028	18.0	2.4	1.6	3.4	0.5	1.7	0.3	1.2	0.1	1.6	1.6	3.0
2029	18.1	2.4	1.6	3.4	0.6	1.8	0.3	1.2	0.1	1.6	1.6	3.0
2030	18.2	2.4	1.6	3.4	0.6	1.8	0.3	1.2	0.1	1.6	1.6	3.0
2031	18.3	2.4	1.6	3.4	0.6	1.8	0.3	1.2	0.1	1.6	1.7	3.0
2032	18.3	2.4	1.5	3.4	0.6	1.8	0.3	1.2	0.1	1.6	1.7	3.1
2033	18.4	2.4	1.5	3.4	0.6	1.8	0.3	1.2	0.1	1.6	1.7	3.1
2034	18.5	2.4	1.5	3.4	0.6	1.8	0.3	1.2	0.1	1.6	1.7	3.1
2035	18.6	2.4	1.5	3.4	0.6	1.9	0.3	1.3	0.1	1.7	1.7	3.1
2036	18.6	2.4	1.5	3.4	0.6	1.9	0.3	1.3	0.1	1.7	1.7	3.1
2037	18.7	2.4	1.5	3.4	0.6	1.9	0.3	1.3	0.1	1.7	1.7	3.2
2038	18.8	2.4	1.5	3.4	0.6	1.9	0.3	1.3	0.1	1.7	1.7	3.2
2039	18.8	2.4	1.5	3.4	0.6	1.9	0.3	1.3	0.1	1.7	1.7	3.2
2040	18.9	2.4	1.5	3.4	0.6	1.9	0.3	1.3	0.1	1.7	1.7	3.2
2041	19.0	2.4	1.5	3.4	0.6	2.0	0.3	1.3	0.1	1.7	1.7	3.3
2042	19.1	2.4	1.5	3.4	0.6	2.0	0.3	1.3	0.1	1.8	1.8	3.3
2043	19.2	2.4	1.5	3.4	0.6	2.0	0.3	1.3	0.1	1.8	1.8	3.3
2044	19.3	2.4	1.5	3.4	0.6	2.0	0.3	1.3	0.1	1.8	1.8	3.3
2045	19.4	2.4	1.5	3.4	0.6	2.1	0.3	1.3	0.1	1.8	1.8	3.3
2046	19.5	2.4	1.5	3.4	0.6	2.1	0.3	1.3	0.1	1.8	1.8	3.4
2047	19.6	2.4	1.5	3.4	0.7	2.1	0.3	1.4	0.1	1.8	1.8	3.4
2048	19.7	2.4	1.5	3.4	0.7	2.2	0.3	1.4	0.1	1.8	1.8	3.4
2049	19.8	2.4	1.5	3.4	0.7	2.2	0.3	1.4	0.1	1.9	1.8	3.4
2050	19.9	2.4	1.5	3.4	0.7	2.2	0.3	1.4	0.1	1.9	1.8	3.5

San Benito County Economic Forecast

Socioeconomic Indicators

