

Shasta County Economic Forecast

Forecast Summary

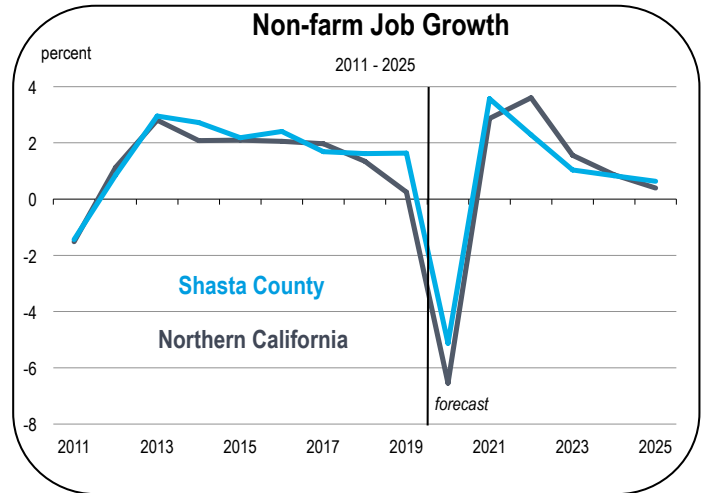
- It is estimated that an average of 2,800 to 4,200 jobs will be lost in Shasta County during 2020. Job losses will be heavy in the first half of the year.
- Employment losses will be largest in leisure services, retail, and government. In each of these sectors, losses will top 500 jobs on an annual average bases in 2020.
- The unemployment rate averaged 4.7 percent in 2019. It will average between 9 percent and 12 percent during the 2020 calendar year.
- The Shasta County population is expected to grow at a similar rate as the broader Northern California region between 2020 and 2025.
- Home values are not expected to change substantially in 2020 or 2021.
- More new homes are expected to be built over the 2020-2025 forecast period than were built over the 2014-2019 period.

Job Growth

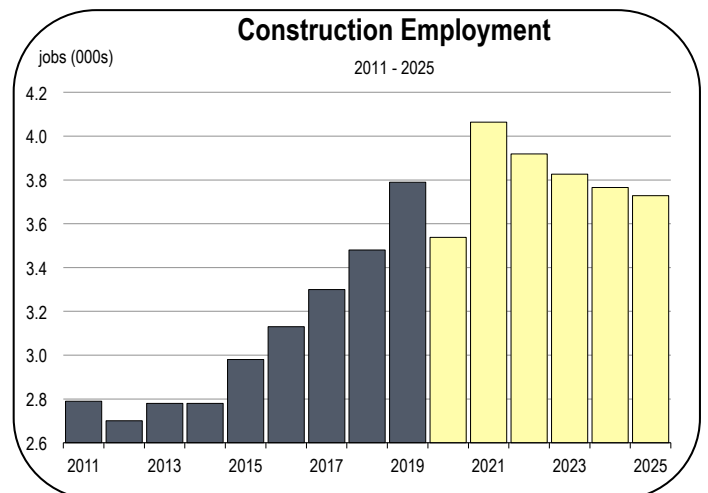
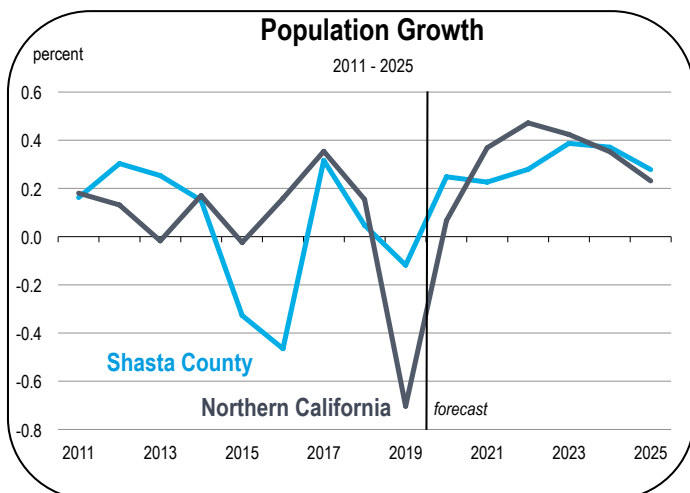
- Total employment in the County will decline by at least 4 percent in 2020. This is an annual average change from 2019.
- In 2021 and 2022, Shasta County is expected to re-gain many of the jobs that were lost during the Coronavirus Recession.

Construction Employment

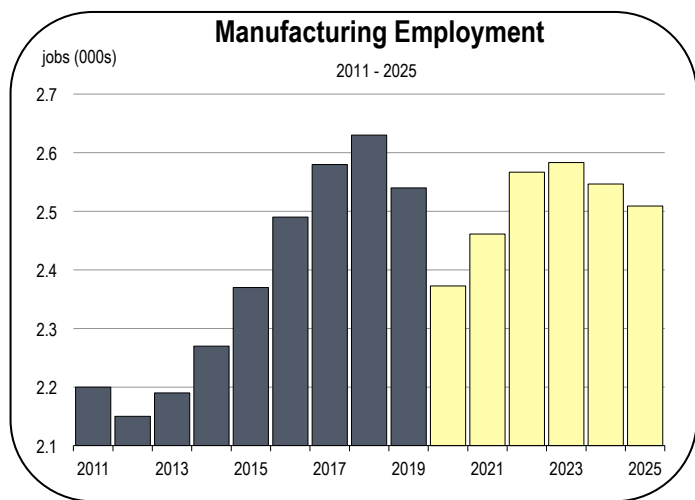
- Construction employment increased rapidly between 2014 and 2019.



- The Carr Fire destroyed more than 1,000 homes in Shasta County in July and August of 2018. As of mid-2020, more than 400 of these homes had been re-built. This effort has resulted in a meaningful increase in construction employment in 2019 and 2020.
- On an annual average basis, the construction sector is expected to lose 200 to 300 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 further job growth may have peaked by then or in 2022 as the Carr fire rebuilding effort winds down.



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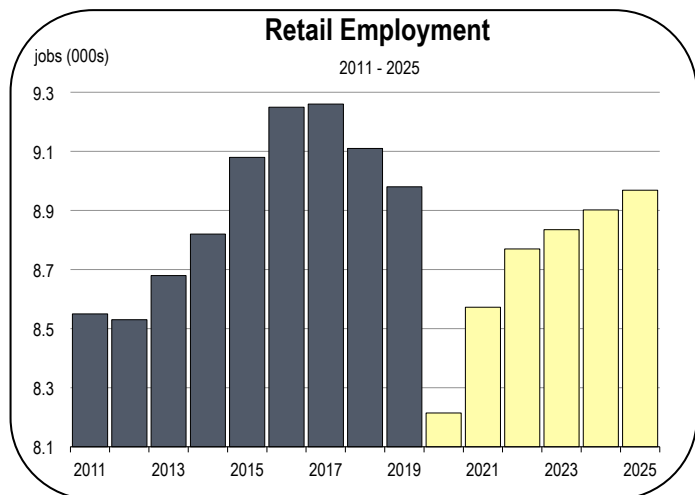


Manufacturing Employment

- At least 100 manufacturing jobs are expected to be lost in 2020 on an annual average basis.
- The manufacturing rebound is expected to be relatively robust, with total employment surpassing pre-recession levels within two years.

Retail Trade Employment

- The Shasta County retail sector is dominated by department stores (including stores like Walmart), grocery stores, car dealers, and hardware and garden stores.
- The retail sector is expected to lose more than 700 jobs in 2020 on an annual average basis.

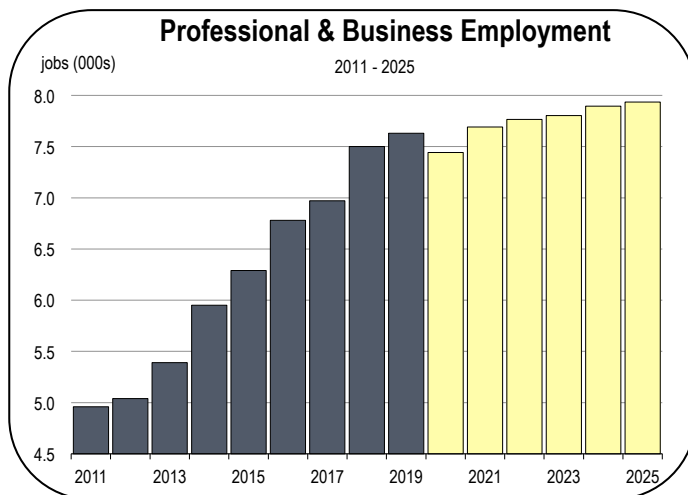


Retail Trade / Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Department Stores	1,700	19.3%
Food & Beverage Stores	1,700	19.3%
Auto Dealers	1,200	13.6%
Hardware & Garden Stores	1,000	11.4%
Gas Stations	700	8.0%
Health & Personal Care Stores	600	6.8%
Clothing Stores	500	5.7%
Sporting Goods & Hobby Stores	400	4.5%
Electronics & Appliance Stores	300	3.4%
Furniture & Home Goods Stores	200	2.3%
Other	500	5.7%

- Some 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 1,000 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.

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.



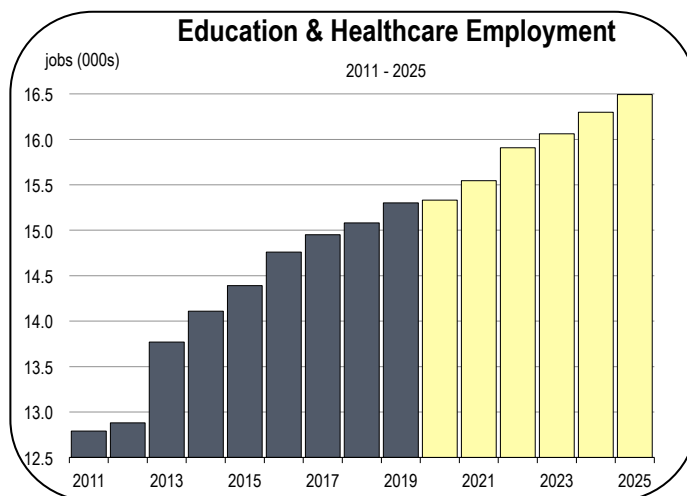
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Professional & Business Services Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Staffing Agencies	2,800	37.3%
Building Maintenance	1,000	13.3%
Engineering & Architecture	600	8.0%
Corporate Headquarters	600	8.0%
Business & Technical Consulting	500	6.7%
Investigation and Security Services	400	5.3%
Veterinary Services	300	4.0%
Law	300	4.0%
Accounting & Bookkeeping	200	2.7%
Custom IT Services	200	2.7%
Other	600	8.0%

- Staffing agencies cut a substantial number of jobs in March and April of 2020, but may rebound quickly in 2021. Staffing agencies primarily employ temp workers, and temps are often the first to be laid off in a downturn and the first to be re-hired during an expansion.
- Jobs in building maintenance and security services declined during the shutdowns but are expected to rebound at office and industrial buildings with repopulating employment.
- Veterinary services have experienced a decline in customers, as unemployed residents have prioritized their budgets away from pet care.
- Aside from staffing agencies, maintenance, security services, and veterinarians, most subsectors of the professional business services industry were able to operate remotely and were largely unaffected by the shutdowns, although some had layoffs due to the recessionary macroeconomic conditions that persisted throughout the U.S.

Private Education and Healthcare Employment

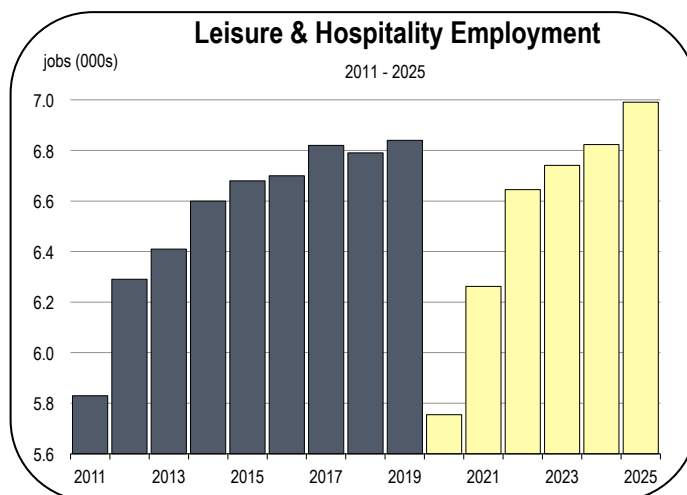
- There were 9,500 healthcare jobs in Shasta County in 2019.
- Healthcare jobs were recession proof during the 2008-2009 financial crisis. In many parts of California, non-essential medical offices had to close in 2020, but the healthcare sector in Shasta County was largely unaffected by the Coronavirus Pandemic and Recession.
- There were approximately 4,300 social assistance jobs in 2019, including industries like childcare, housing shelters, and non-medical care for senior citizens.



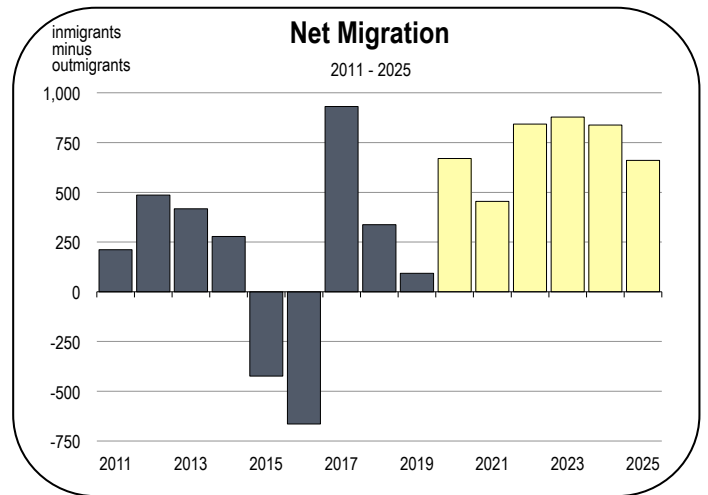
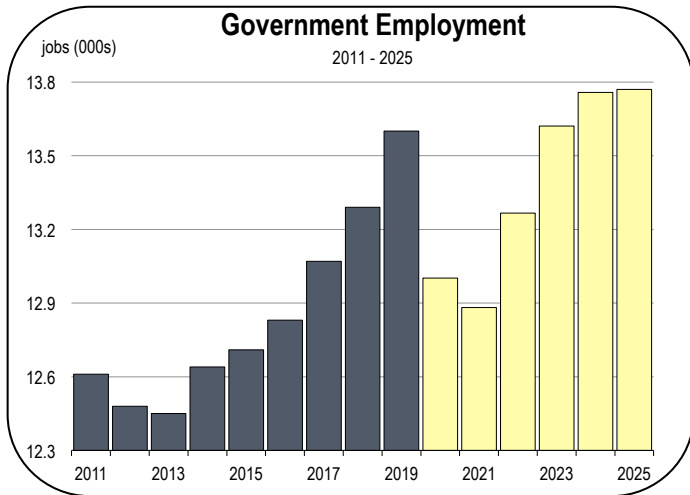
- There were also 1,000 jobs in private schools and colleges, tutoring services, vocational schools, and other educational organizations in 2019.
- Jobs in social assistance and education were mostly classified as essential during the Coronavirus Recession of 2020 and there were very few layoffs in Shasta County.

Leisure and Hospitality Employment

- In 2019, Shasta County had 6,000 jobs in restaurants, hotels, and bars. Approximately 50 percent were laid off in March and April of 2020, and another 40 to 45 percent had their hours cut or were furloughed without pay.
- Shasta Lake is the primary tourism attraction in Shasta County, and the summer recreation season was interrupted by the Coronavirus Pandemic.
- Shasta County also had 800 jobs in entertainment and recreation in 2019, including facilities like fitness centers. Some of these organizations will operate at reduced capacities into 2021.



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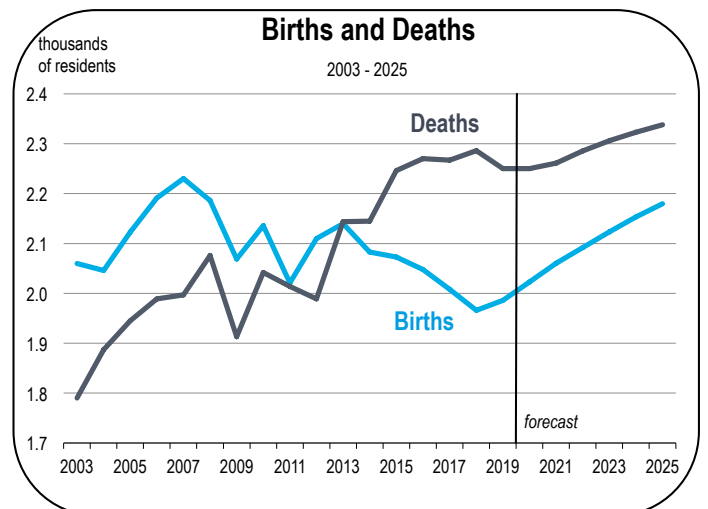
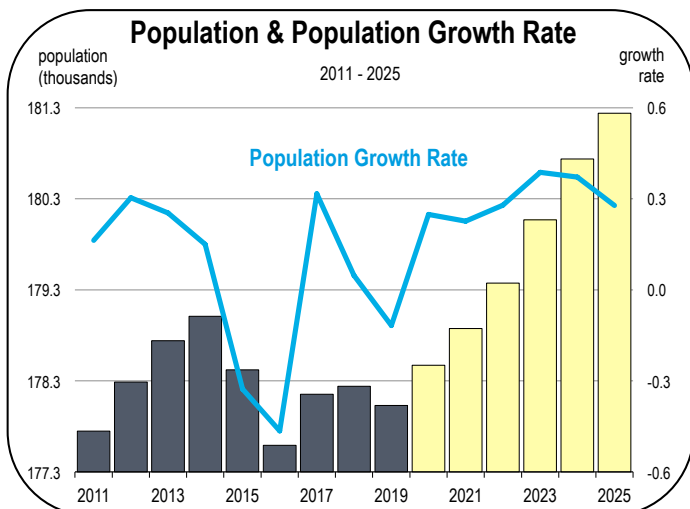


Government Employment

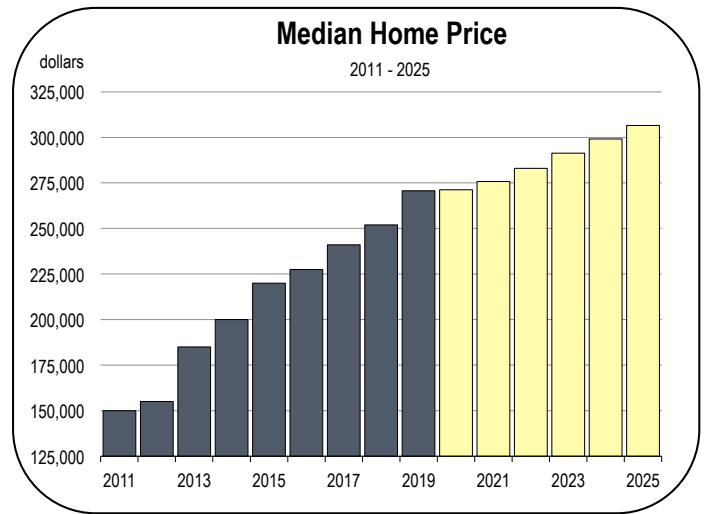
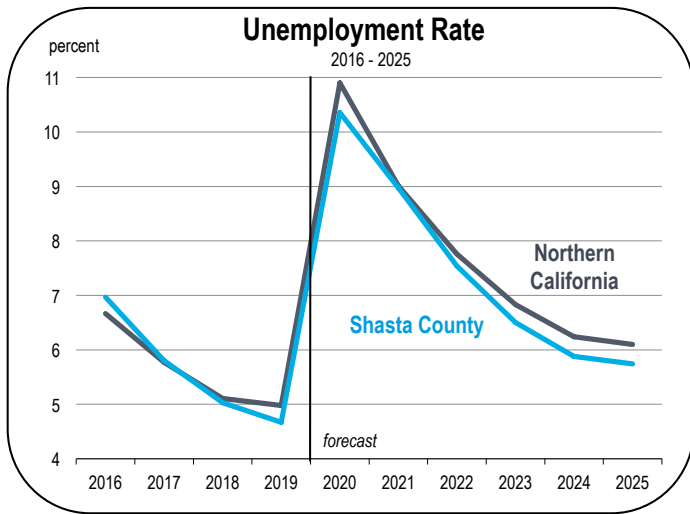
- Government agencies are expected to lose revenue from taxes and fees in 2020, and these revenue shortfalls will likely persist into 2021 and 2022.
- When government agencies need to reduce expenditures on salaries, many workers are expected to be given unpaid furlough days that are distributed throughout 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.

Population Growth

- The Shasta County population is expected to grow slowly between 2020 and 2025.
- Net migration is expected to be positive during the forecast period, with the number of people moving into the county exceeding the number of residents moving out.
- This occurs because of the expected surge in job creation in the 2021 to 2023 time period.
- Because Shasta County has an older population base, the number of deaths has begun to exceed the number of births. Because of this, all population growth will come from net migration.
- The population will expand at an annual average rate of 0.3 percent per year from 2020 to 2025.



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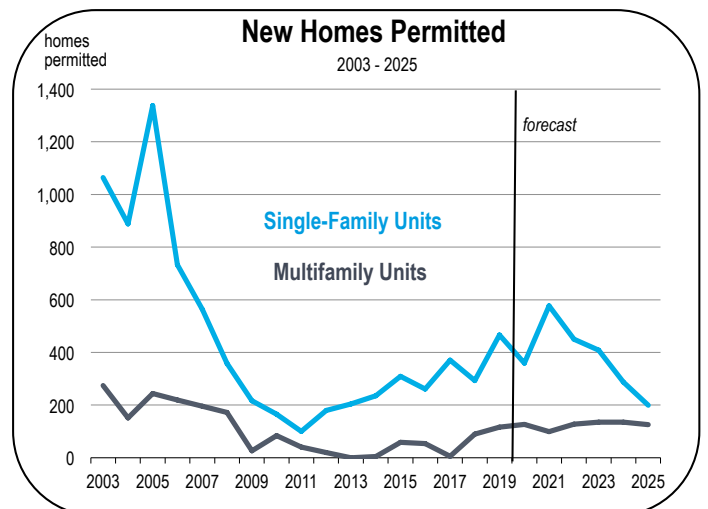
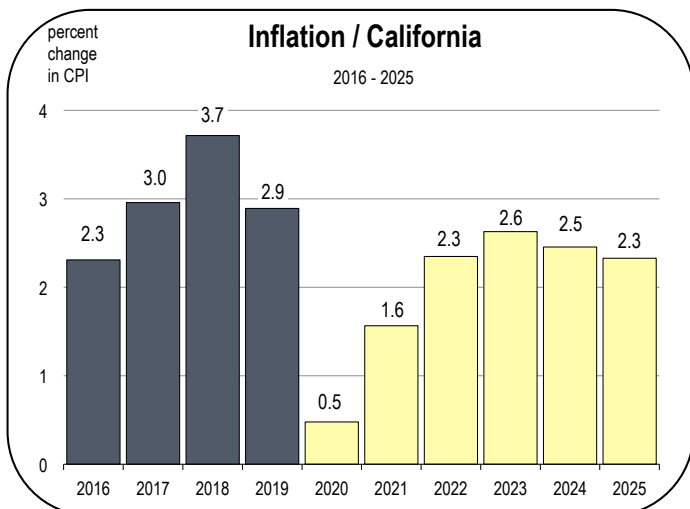


Unemployment and Inflation Rates

- The unemployment rate in Shasta County averaged 4.7 percent in 2019, which was similar to the composite rate for the Northern California region.
- The unemployment rate is expected to average between 9 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 Shasta County was \$270,600.
- The median price is not expected to change substantially in 2020 or 2021.
- In Shasta 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 378 new homes were started per year in Shasta County. Approximately 400 of these homes were re-builds of units that were destroyed in the Carr Fire of 2018.
- Housing production is expected to average approximately 500 units per year from 2020 to 2025.



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The Carr Fire of July and August, 2018

The Carr fire started on July 23, 2018 in Whiskeytown National Recreational Area before spreading to Redding. The fire was active for 37 days, destroying 1,614 structures, of which 1,083 were homes. An additional 279 homes were damaged. The total estimate of destroyed and damaged value is \$1.66 billion, plus \$160 million in fire suppression costs. There were 8 deaths.

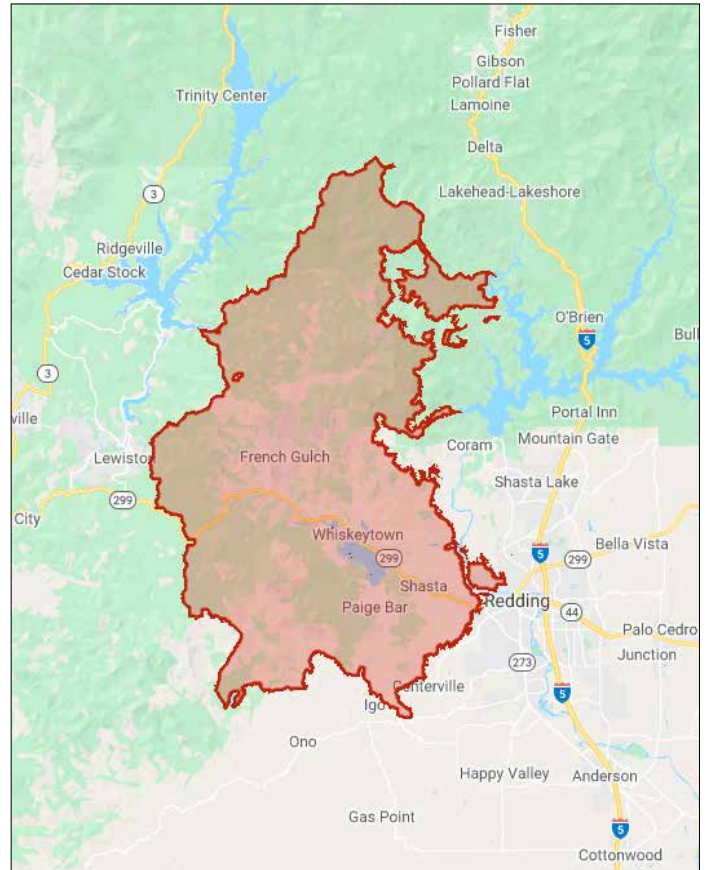
The fire was not contained until August 30, 2018.

The fire obliterated the town of Keswick, much of Shasta, and neighborhoods in the City of Redding where 266 homes were destroyed.

The Re-building of damaged structures is underway. At least 400 homes have already been rebuilt in the County.

It has been estimated that 300 people who owned homes that were destroyed in the wildfire — almost 28 percent of the total — either had no insurance or limited policies that won't fully cover the cost of rebuilding.¹ Consequently, not all of the housing stock that was destroyed by the Carr Fire is likely to be restored.

The lack of construction workers available and materials for rebuilding in Shasta County was delaying the reconstruction of homes in 2019. Many construction workers and construction resources were drawn into the major rebuilding efforts in Butte County and Sonoma County. Consequently, Carr Fire rebuilding is forecast to occur more slowly over time, completing in 2024.



The Carr Fire burned for 37 days in July and August of 2018, destroying 1,083 homes and more than 500 non-residential structures.

¹ <https://www.redding.com/story/news/2019/07/26/carr-fire-rebuilding-homes-shasta-county-families-return-california/1662099001/>

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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	178,422	71.3	-424	368	215	\$7.5	\$2.0	\$2.9	\$1.2	\$47,535	7.8	\$91	1.4
2016	177,592	71.9	-665	315	219	\$7.8	\$2.1	\$3.0	\$1.5	\$47,961	7.0	\$89	2.3
2017	178,154	72.0	931	377	215	\$8.0	\$2.2	\$3.1	\$1.6	\$47,835	5.8	\$90	3.0
2018	178,239	72.2	337	383	216	\$8.4	\$2.3	\$3.2	\$1.4	\$48,416	5.0	\$84	3.7
2019	178,029	71.5	93	582	221	\$9.1	\$2.4	\$3.4	\$1.4	\$51,057	4.7	\$85	2.9
2020	178,471	72.0	670	486	221	\$9.0	\$1.9	\$2.6	\$1.4	\$49,898	10.4	\$85	0.5
2021	178,875	72.5	454	676	222	\$9.2	\$2.4	\$3.4	\$1.4	\$50,465	9.0	\$85	1.6
2022	179,374	73.1	843	577	222	\$9.6	\$2.5	\$3.6	\$1.5	\$51,355	7.5	\$85	2.3
2023	180,069	73.7	878	543	223	\$10.0	\$2.6	\$3.7	\$1.5	\$51,989	6.5	\$85	2.6
2024	180,738	74.2	838	423	224	\$10.4	\$2.7	\$3.8	\$1.5	\$52,516	5.9	\$85	2.5
2025	181,240	74.6	660	325	225	\$10.8	\$2.8	\$3.9	\$1.5	\$52,916	5.7	\$84	2.3
2026	181,749	74.9	654	321	226	\$11.1	\$2.8	\$3.9	\$1.5	\$53,359	5.5	\$84	2.3
2027	182,255	75.2	646	320	227	\$11.5	\$2.8	\$4.0	\$1.5	\$53,849	5.3	\$84	2.2
2028	182,595	75.5	485	297	228	\$11.9	\$2.8	\$4.0	\$1.5	\$54,317	5.1	\$84	2.2
2029	182,624	75.8	188	248	227	\$12.3	\$2.9	\$4.1	\$1.5	\$54,682	4.9	\$84	2.3
2030	182,601	76.0	153	244	227	\$12.6	\$2.9	\$4.2	\$1.5	\$55,067	4.7	\$84	2.2
2031	182,663	76.2	243	256	227	\$13.0	\$3.0	\$4.2	\$1.6	\$55,496	4.5	\$84	2.1
2032	182,760	76.5	281	248	227	\$13.4	\$3.1	\$4.4	\$1.6	\$55,862	4.4	\$84	2.3
2033	182,894	76.7	324	254	227	\$13.7	\$3.2	\$4.5	\$1.6	\$56,283	4.5	\$84	1.9
2034	182,845	76.9	158	233	227	\$14.1	\$3.2	\$4.6	\$1.6	\$56,701	4.6	\$83	2.1
2035	182,795	77.2	169	238	227	\$14.6	\$3.3	\$4.7	\$1.6	\$57,155	4.7	\$83	2.2
2036	183,006	77.4	431	268	227	\$15.0	\$3.4	\$4.8	\$1.6	\$57,446	4.8	\$83	2.6
2037	182,882	77.6	108	223	227	\$15.5	\$3.5	\$5.0	\$1.6	\$57,734	4.8	\$83	2.7
2038	182,723	77.8	91	219	227	\$16.0	\$3.6	\$5.1	\$1.6	\$58,022	4.8	\$83	2.5
2039	182,743	78.0	265	242	227	\$16.5	\$3.7	\$5.2	\$1.6	\$58,300	4.9	\$83	2.7
2040	182,682	78.3	193	230	227	\$17.0	\$3.8	\$5.4	\$1.7	\$58,608	4.9	\$83	2.6
2041	182,586	78.5	172	216	227	\$17.4	\$3.9	\$5.5	\$1.7	\$58,933	5.0	\$83	2.2
2042	182,416	78.7	103	198	227	\$17.9	\$4.0	\$5.6	\$1.7	\$59,303	5.1	\$83	2.1
2043	182,357	78.9	202	198	227	\$18.4	\$4.1	\$5.7	\$1.7	\$59,663	5.1	\$83	2.0
2044	182,399	79.1	287	194	227	\$18.8	\$4.1	\$5.8	\$1.7	\$59,995	5.0	\$83	1.8
2045	182,362	79.2	204	179	226	\$19.3	\$4.2	\$6.0	\$1.7	\$60,347	4.7	\$83	1.9
2046	182,401	79.4	270	190	226	\$19.8	\$4.3	\$6.1	\$1.7	\$60,655	4.9	\$83	2.0
2047	182,563	79.6	369	201	227	\$20.3	\$4.4	\$6.2	\$1.8	\$60,877	4.7	\$83	2.2
2048	182,595	79.8	209	174	227	\$20.8	\$4.5	\$6.4	\$1.8	\$61,150	4.9	\$83	2.3
2049	182,656	79.9	207	177	227	\$21.4	\$4.6	\$6.5	\$1.8	\$61,460	5.0	\$83	2.0
2050	182,740	80.1	200	181	227	\$22.0	\$4.7	\$6.7	\$1.8	\$61,788	5.1	\$83	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	64.5	0.9	3.0	2.4	1.8	10.9	2.6	6.3	0.7	14.4	6.7	12.7
2016	66.0	0.9	3.1	2.5	1.8	11.1	2.6	6.8	0.7	14.8	6.7	12.8
2017	67.1	0.9	3.3	2.6	1.8	11.1	2.7	7.0	0.7	15.0	6.8	13.1
2018	68.2	0.9	3.5	2.6	1.9	10.9	2.7	7.5	0.6	15.1	6.8	13.3
2019	69.4	1.0	3.8	2.5	2.0	10.9	2.8	7.6	0.5	15.3	6.8	13.6
2020	65.7	0.8	3.5	2.4	2.0	10.1	2.7	7.4	0.5	15.3	5.8	13.0
2021	68.1	0.9	4.1	2.5	2.1	10.5	2.7	7.7	0.5	15.5	6.3	12.9
2022	69.7	0.9	3.9	2.6	2.1	10.8	2.7	7.8	0.5	15.9	6.6	13.3
2023	70.4	0.9	3.8	2.6	2.1	10.9	2.8	7.8	0.5	16.1	6.7	13.6
2024	71.0	1.0	3.8	2.5	2.1	11.0	2.8	7.9	0.5	16.3	6.8	13.8
2025	71.4	1.0	3.7	2.5	2.1	11.1	2.8	7.9	0.5	16.5	7.0	13.8
2026	71.8	1.0	3.7	2.5	2.1	11.1	2.8	7.9	0.5	16.7	7.1	13.8
2027	72.2	1.0	3.7	2.5	2.2	11.2	2.8	8.0	0.5	17.0	7.1	13.8
2028	72.5	1.0	3.7	2.5	2.2	11.2	2.8	8.0	0.5	17.2	7.1	13.7
2029	72.7	0.9	3.8	2.5	2.2	11.2	2.8	8.0	0.5	17.3	7.1	13.7
2030	73.0	0.9	3.8	2.5	2.2	11.3	2.8	8.0	0.5	17.4	7.1	13.8
2031	73.2	0.9	3.8	2.5	2.2	11.3	2.8	8.0	0.5	17.5	7.1	13.8
2032	73.4	0.9	3.8	2.5	2.2	11.3	2.8	8.0	0.5	17.5	7.2	13.9
2033	73.6	0.9	3.9	2.5	2.2	11.4	2.8	8.1	0.5	17.5	7.2	14.0
2034	73.8	0.9	3.9	2.5	2.2	11.4	2.8	8.1	0.5	17.5	7.2	14.0
2035	74.0	0.9	3.9	2.5	2.2	11.4	2.9	8.1	0.5	17.5	7.3	14.1
2036	74.3	0.9	3.9	2.5	2.2	11.5	2.9	8.1	0.5	17.5	7.3	14.2
2037	74.4	0.9	3.9	2.5	2.2	11.5	2.9	8.2	0.5	17.4	7.3	14.2
2038	74.4	0.9	3.9	2.5	2.3	11.5	2.9	8.2	0.5	17.3	7.4	14.3
2039	74.5	0.9	3.9	2.5	2.3	11.6	2.9	8.2	0.5	17.2	7.4	14.3
2040	74.5	0.9	3.9	2.5	2.3	11.6	2.9	8.2	0.5	17.0	7.4	14.4
2041	74.5	0.9	3.9	2.5	2.3	11.6	2.9	8.2	0.5	16.9	7.5	14.5
2042	74.6	0.9	3.9	2.5	2.3	11.6	3.0	8.2	0.5	16.7	7.5	14.5
2043	74.5	0.9	3.9	2.6	2.3	11.7	3.0	8.3	0.5	16.5	7.5	14.6
2044	74.4	0.9	3.9	2.6	2.3	11.7	3.0	8.3	0.5	16.2	7.6	14.7
2045	74.4	0.9	4.0	2.6	2.3	11.7	3.0	8.3	0.5	16.0	7.6	14.7
2046	74.4	0.9	4.0	2.6	2.3	11.7	3.0	8.3	0.5	15.9	7.6	14.8
2047	74.5	0.9	4.0	2.6	2.3	11.8	3.0	8.4	0.5	15.7	7.7	14.9
2048	74.6	0.9	4.0	2.6	2.3	11.8	3.0	8.4	0.5	15.6	7.7	14.9
2049	74.7	0.9	4.0	2.6	2.3	11.8	3.0	8.4	0.5	15.5	7.7	15.0
2050	75.0	0.9	4.1	2.6	2.3	11.8	3.1	8.4	0.5	15.6	7.8	15.1

Shasta County Economic Forecast

Socioeconomic Indicators

