

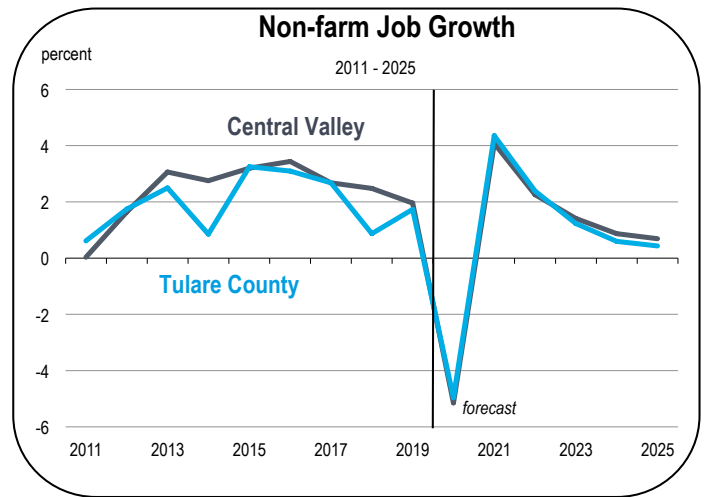
Tulare County Economic Forecast

Forecast Summary

- It is estimated that an average of 5,500 to 7,500 jobs will be lost in Tulare County during 2020. Job loss were heavy in the first half of the year.
- Employment losses will be largest in leisure services, retail, and professional business services.
- The unemployment rate averaged 9.6 percent in 2019. It will average somewhere between 14 percent and 18 percent for the entire year.
- The Tulare County population is expected to grow more slowly than the broader Central Valley during most of the forecast period.
- Home values are not expected to change much in 2020 or 2021.
- Housing production is expected to decrease in 2020 but rebound in 2021.

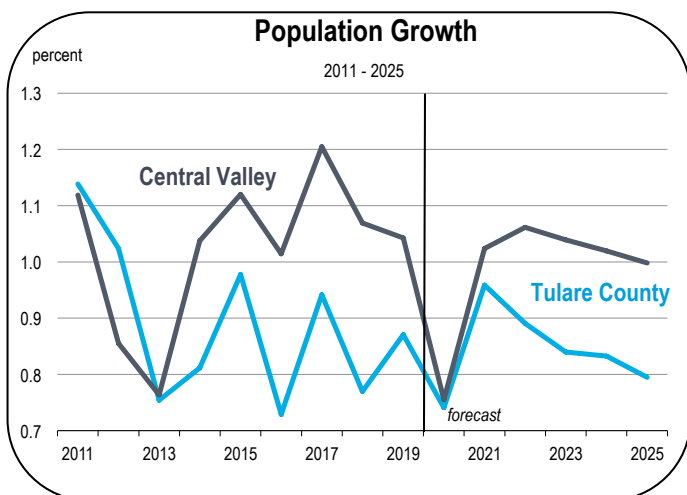
Job Growth

- Total employment in the County will decline between 4 and 6 percent in 2020. This is an annual average change from 2019.
- In 2021, Tulare County is expected to re-gain many of the jobs lost during the Coronavirus recession.

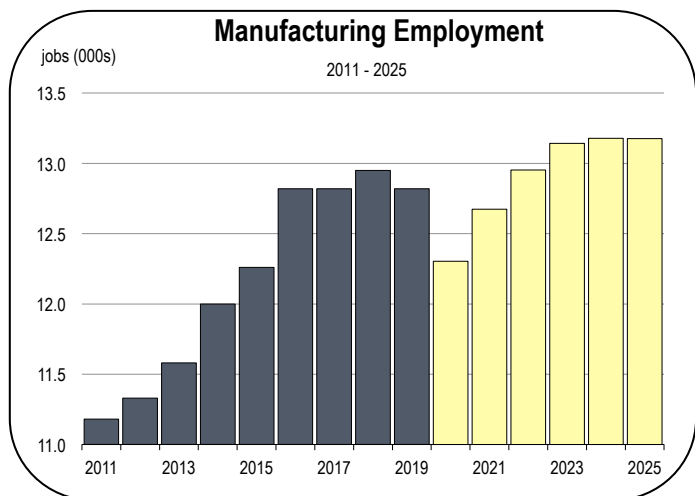


Construction Employment

- The construction sector is expected to lose more than 400 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.
- Restrictions on construction were lifted in late April, and overall construction activity could ramp back up during 2021 and 2022.



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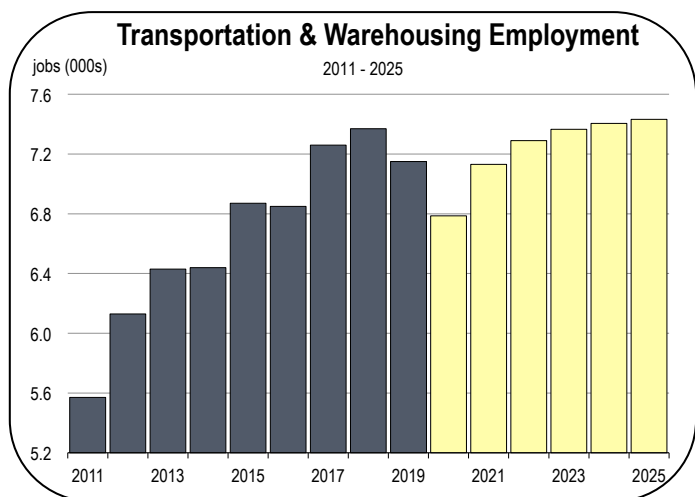


Manufacturing Employment

- Approximately half of all manufacturing jobs in the county are in firms that turn agricultural commodities into finished food and beverage products.
- The food and beverage manufacturing subsector lost a small number of jobs in 2019, before the onset of the Coronavirus recession.
- Overall manufacturing employment declined by more than 1,000 jobs during the second quarter of 2020. It is expected to rebound next year and could reach an expansion phase soon after.

Transportation and Warehousing Employment

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

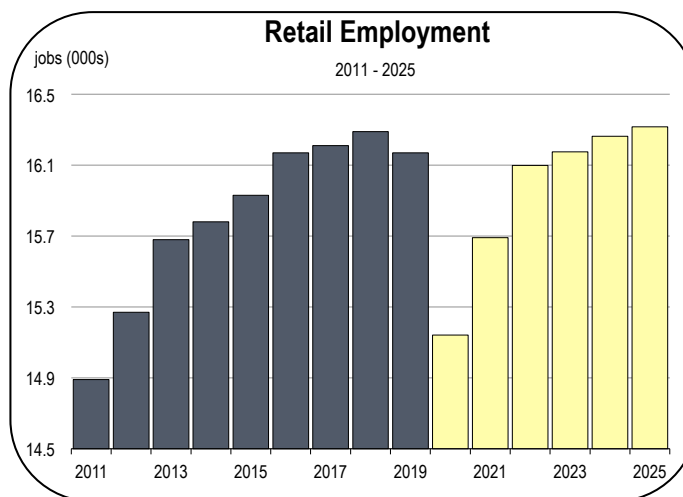


Transportation, Warehousing & Utilities / Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Warehousing	2,700	37.5%
Trucking	2,300	31.9%
Utilities	700	9.7%
Ground Passenger Transportation	600	8.3%
Local Delivery	500	6.9%
Other	400	5.6%

- The local economy has several prominent distribution facilities, including a Wal-Mart fulfillment center in Porterville.
- A meaningful number of jobs are in delivery firms like UPS, FedEx, and Instacart.
- Transportation employment declined in March and April but began to expand again in May during Phase 2 of California's restart.
- The county has 1,000 acres of land zoned for logistics, and if it can attract companies to open new warehousing and trucking operations, job growth could be more rapid during the 2020-2025 forecast period than currently expected.

Retail Trade Employment

- The retail sector is expected to lose more than 1,000 jobs in 2020 on an annual average basis.
- Many retail chains chose to furlough their employees rather than lay them off, 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 in 2020.



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Retail Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
General Merchandise Stores	4,000	24.8%
Grocery Stores	2,800	17.4%
Home Improvement / Garden Supply	1,300	8.1%
Clothing Stores	1,300	8.1%
Gas Stations	900	5.6%
Car Dealers	900	5.6%
Pharmacies & Drug Stores	700	4.3%
Electronics Stores	300	1.9%
Furniture & Furnishings Stores	300	1.9%
Other	3,600	22.4%

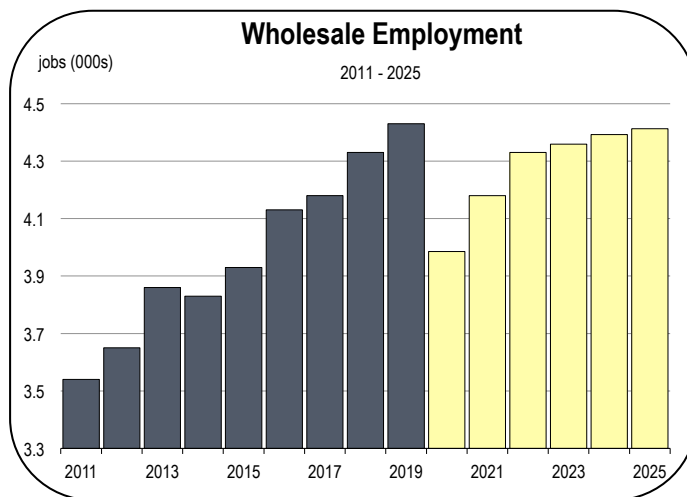
- Accounting for furloughed workers, more than 1,500 retail workers could be effectively not working and not earning an income on an annual average basis in 2020.
- It is unknown when and if retail employment will eclipse pre-recession levels because of the strengthening demand trend towards online purchasing.

Wholesale Trade Employment

- Wholesale trade employment is expected to fall by at least 400 jobs on an annual average basis in 2020.
- Wholesale employment is likely to expand in tandem with employment in manufacturing, retail, construction, and transportation/warehousing.

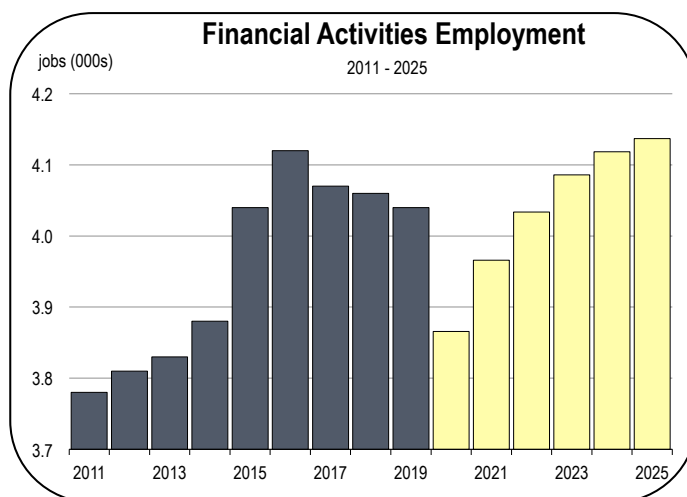
Financial Activities Employment

- Substantial job declines are expected this year because many employers 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

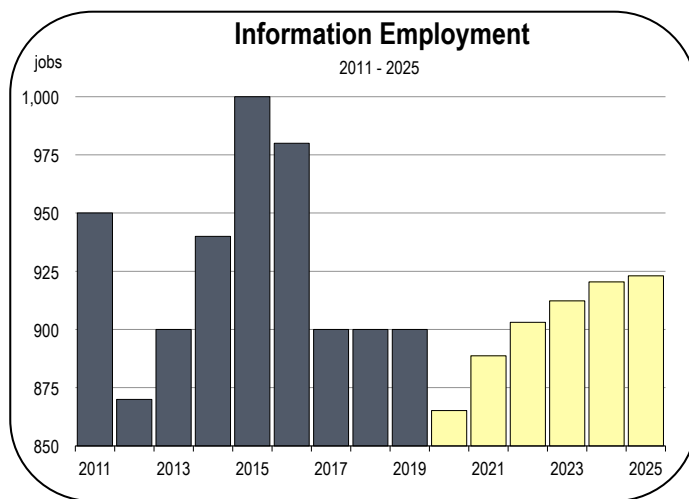
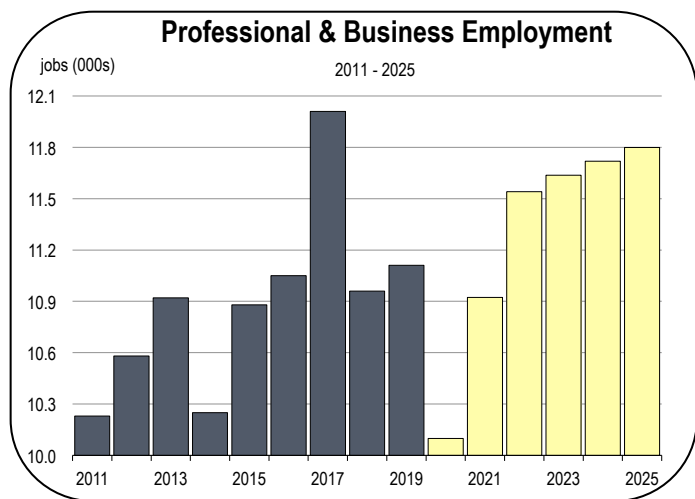


buyers. This should translate into fewer home sales, reducing the need for real estate agents and mortgage brokers.

- 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 or 2022, but may not return to pre-recession employment levels for several years.



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Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each were impacted differently during the shutdown and recovery phases of 2020.
- Jobs in corporate security and building maintenance declined substantially during the shutdowns but began to rebound at office and industrial buildings with repopulating employment.
- Staffing agencies had significant losses during the contraction, but may bounce back quickly in 2021.
- Staffing agencies primarily employ temp workers. Temp workers are usually laid off first during a downturn but hired back first during a recovery.

Professional & Business Services Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Staffing Agencies	3,700	33.3%
Building Maintenance	2,100	18.9%
Accounting & Bookkeeping	800	7.2%
Corporate Headquarters	700	6.3%
Engineering & Architecture	600	5.4%
Call Centers & Collections Agencies	400	3.6%
Corporate Security	300	2.7%
Law	300	2.7%
Custom IT Services	100	0.9%
Other	2,100	18.9%

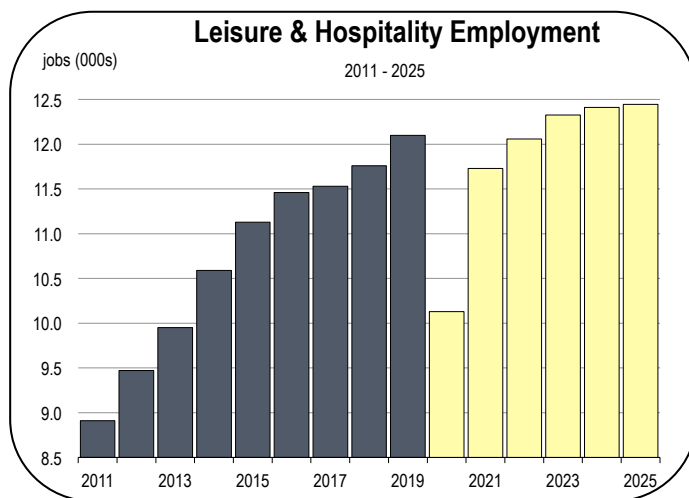
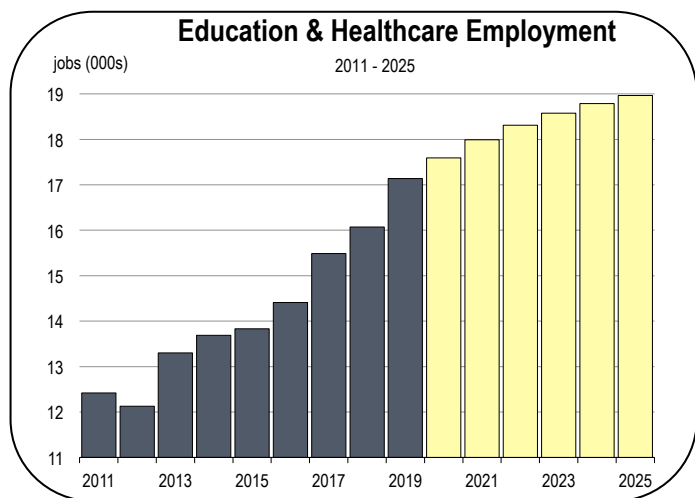
- Aside from security, maintenance, and staffing agencies, most subsectors of the professional business services industry were able to operate remotely and were less affected by the recession.

Information Employment

- In Tulare County, the information sector is largely comprised of movie theaters, publishers, and telecommunications companies like Comcast.
- 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.
- 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.

Information Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Telecommunications	300	33.3%
Newspaper / Magazine / Book Publishing	300	33.3%
Movie Theaters	200	22.2%
Radio & TV Broadcasting	50	5.6%
Other	50	5.6%

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Private Education and Healthcare Employment

- There were 10,000 healthcare jobs in Tulare 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 their employment levels because resources were not 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 1,000 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.

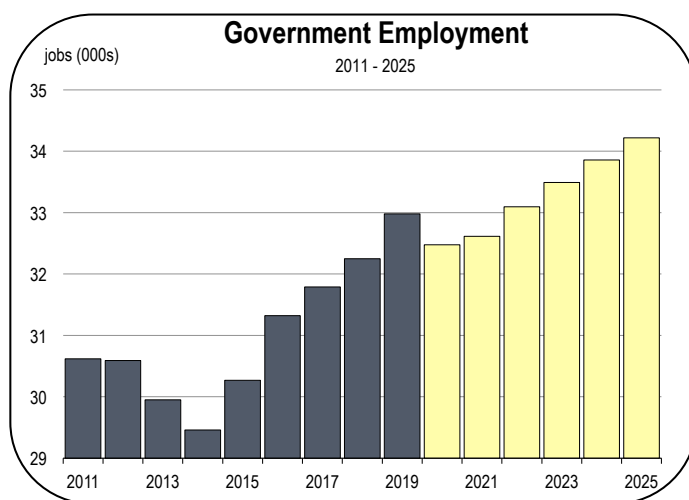
Leisure and Hospitality Employment

- The leisure and hospitality industry was devastated by the shutdown more than any other sector of the labor market.
- In 2019, Tulare County had 11,000 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
- Restaurant, bar, and hotel jobs will slowly be restored during 2021 and 2022.
- Tulare County also had 1,100 jobs in entertainment and recreation in 2019, including things like fitness centers, museums, and golf

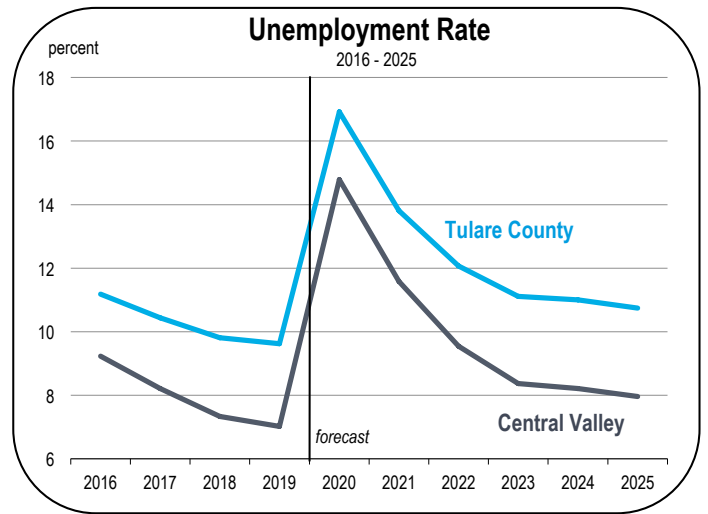
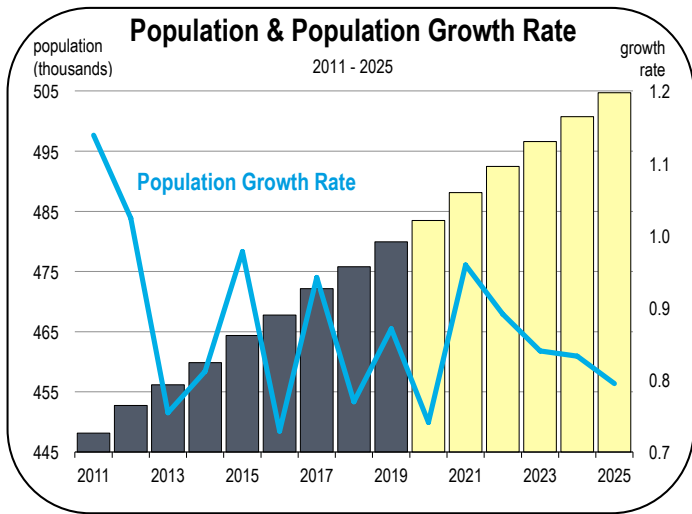
courses. Many of these organizations will operate at reduced capacity through the end of 2020 and potentially into 2021.

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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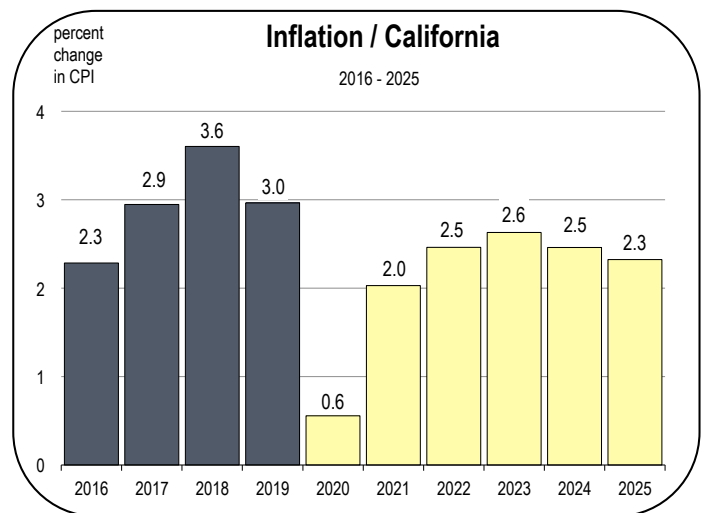
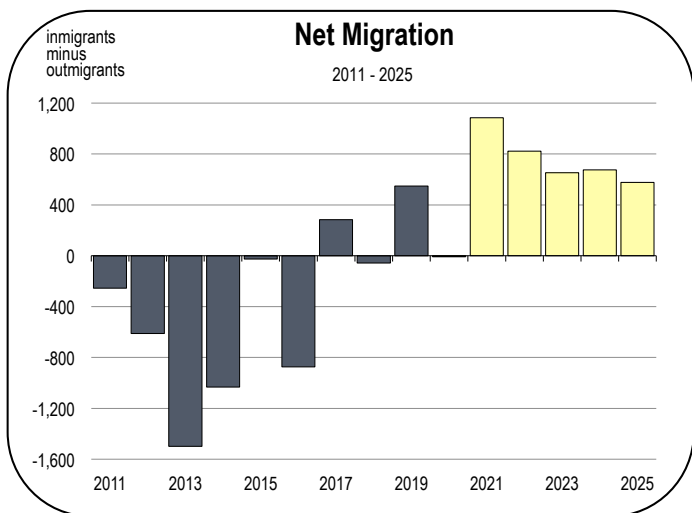


Population Growth

- The Tulare County population is expected to expand more slowly than the Central Valley average between 2020 and 2025.
- Between 2021 and 2025 an average of 600 net migrants are expected to move into the county each year.
- Tulare County has a young population with a high birth rate. Between 2020 and 2025, the natural increase (the difference between births and deaths) is expected to add an average of 3,500 residents to the population each year.
- The population will expand at an annual average rate of 0.8 percent per year from 2020 to 2025.
- By 2025 the Tulare County population will surpass 500,000 residents.

Unemployment and Inflation Rates

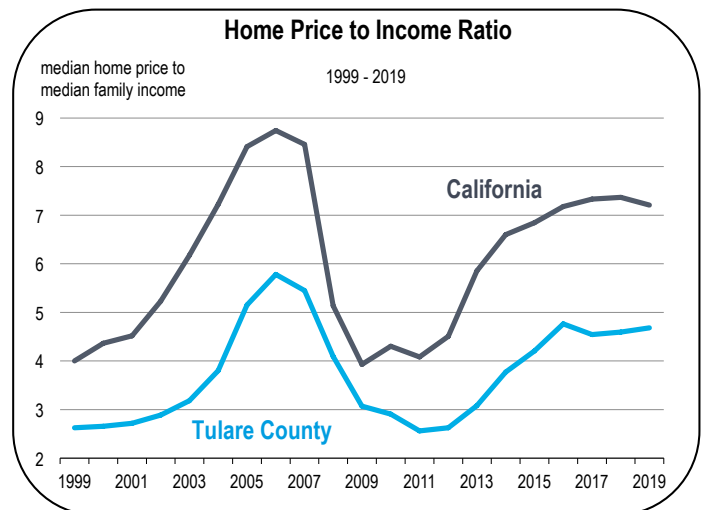
- The unemployment rate in Tulare County averaged 9.6 percent in 2019, which was higher than the composite rate for the Central Valley.
- The unemployment rate is expected to average between 14 and 18 percent in 2020.
- The unemployment rate is expected to remain elevated for several years, but is likely 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.



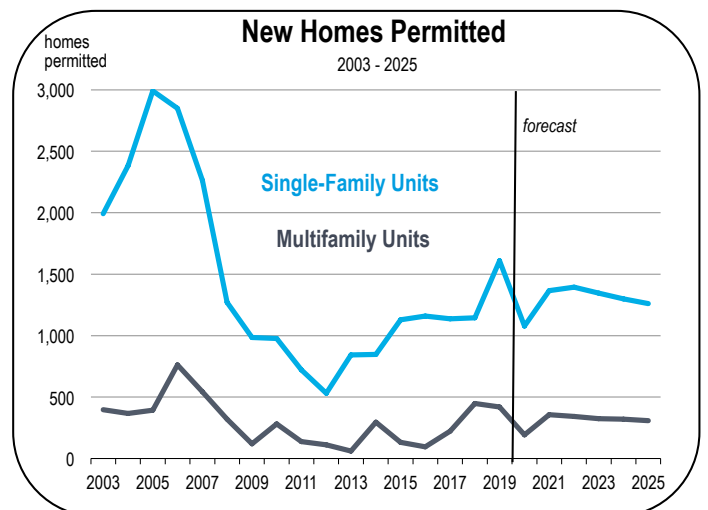
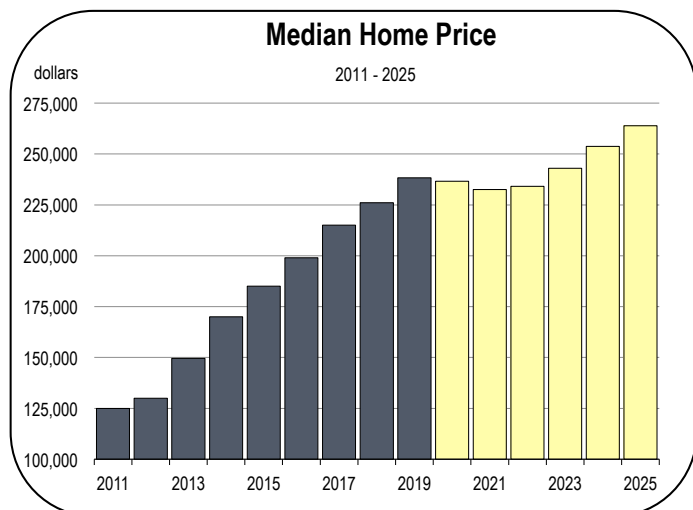
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Home Prices and New Housing Production

- In 2019 the median home price in Tulare County was \$238,300. The median price is not expected to change much in 2020 or 2021.
- Homes in Tulare County are more affordable than homes across California, especially Coastal California.
- In Tulare 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 1,400 new homes were started per year in Tulare County. Approximately 80 percent were single-family homes.



- Housing production is expected to average 1,600 units per year from 2020 to 2025, consisting mostly of single-family homes.



Tulare 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	464,357	134.5	-25	1,261	377	\$17.5	\$4.0	\$6.3	\$2.5	\$41,379	11.6	\$7.8	1.5
2016	467,742	135.6	-874	1,254	390	\$18.0	\$4.4	\$6.7	\$2.5	\$41,256	11.2	\$7.0	2.3
2017	472,147	136.7	284	1,358	394	\$18.5	\$4.8	\$7.2	\$2.5	\$40,825	10.4	\$7.5	2.9
2018	475,781	137.7	-57	1,593	400	\$19.3	\$5.0	\$7.4	\$2.5	\$40,751	9.8	\$7.4	3.6
2019	479,924	138.9	548	2,028	414	\$20.6	\$5.3	\$7.9	\$2.5	\$41,911	9.6	\$7.6	3.0
2020	483,480	141.1	-1	1,271	418	\$20.4	\$4.9	\$7.5	\$2.4	\$40,930	16.9	\$7.6	0.6
2021	488,116	142.5	1,085	1,722	422	\$20.8	\$5.2	\$7.8	\$2.5	\$40,695	13.8	\$7.7	2.0
2022	492,465	144.2	822	1,737	427	\$22.1	\$5.4	\$8.1	\$2.6	\$41,809	12.1	\$7.8	2.5
2023	496,602	145.9	653	1,671	430	\$23.5	\$5.6	\$8.4	\$2.7	\$42,906	11.1	\$7.9	2.6
2024	500,736	147.6	675	1,618	435	\$24.9	\$5.8	\$8.7	\$2.7	\$43,904	11.0	\$8.0	2.5
2025	504,716	149.2	577	1,567	438	\$26.2	\$6.0	\$9.1	\$2.8	\$44,852	10.7	\$8.2	2.3
2026	508,737	150.8	671	1,550	441	\$27.3	\$6.3	\$9.4	\$2.9	\$45,390	10.6	\$8.3	2.3
2027	512,580	152.4	547	1,534	444	\$28.5	\$6.5	\$9.8	\$2.9	\$45,953	10.6	\$8.4	2.2
2028	516,126	153.9	306	1,495	448	\$29.7	\$6.7	\$10.2	\$3.0	\$46,589	10.4	\$8.5	2.2
2029	519,659	155.4	355	1,471	452	\$30.8	\$6.9	\$10.5	\$3.0	\$46,935	10.5	\$8.6	2.3
2030	523,220	156.9	432	1,449	456	\$32.0	\$7.1	\$10.7	\$3.0	\$47,310	10.7	\$8.8	2.2
2031	526,709	158.3	411	1,416	461	\$33.1	\$7.2	\$11.0	\$3.1	\$47,709	10.6	\$8.9	2.1
2032	530,064	159.8	327	1,394	466	\$34.3	\$7.4	\$11.2	\$3.1	\$47,964	10.6	\$9.0	2.3
2033	533,522	161.2	478	1,374	471	\$35.5	\$7.6	\$11.5	\$3.1	\$48,440	10.7	\$9.2	1.9
2034	537,026	162.6	604	1,371	474	\$36.8	\$7.7	\$11.7	\$3.2	\$48,831	10.6	\$9.3	2.1
2035	540,482	163.9	637	1,352	478	\$38.1	\$7.9	\$12.0	\$3.2	\$49,202	10.6	\$9.4	2.2
2036	543,814	165.3	584	1,347	483	\$39.5	\$8.1	\$12.3	\$3.2	\$49,403	10.7	\$9.6	2.6
2037	547,092	166.6	609	1,332	487	\$41.0	\$8.3	\$12.6	\$3.3	\$49,579	10.6	\$9.7	2.7
2038	550,254	168.0	587	1,301	490	\$42.5	\$8.6	\$13.0	\$3.3	\$49,865	10.6	\$9.9	2.5
2039	553,276	169.3	532	1,266	493	\$44.1	\$8.8	\$13.3	\$3.3	\$50,073	10.6	\$10.0	2.7
2040	556,281	170.6	594	1,258	496	\$45.7	\$9.0	\$13.7	\$3.3	\$50,305	10.6	\$10.2	2.6
2041	559,266	171.8	657	1,234	498	\$47.3	\$9.3	\$14.0	\$3.4	\$50,598	10.6	\$10.4	2.4
2042	562,096	173.1	587	1,198	499	\$49.0	\$9.5	\$14.4	\$3.4	\$50,936	10.6	\$10.5	2.3
2043	564,762	174.3	509	1,161	500	\$50.6	\$9.7	\$14.7	\$3.4	\$51,310	10.6	\$10.7	2.2
2044	567,372	175.4	559	1,149	501	\$52.3	\$9.9	\$15.0	\$3.5	\$51,739	10.5	\$10.9	2.0
2045	569,932	176.6	604	1,140	502	\$54.0	\$10.1	\$15.3	\$3.5	\$52,040	10.5	\$11.0	2.2
2046	572,357	177.7	550	1,122	502	\$55.8	\$10.3	\$15.7	\$3.5	\$52,376	10.5	\$11.2	2.1
2047	574,679	178.9	508	1,105	504	\$57.5	\$10.6	\$16.0	\$3.5	\$52,696	10.5	\$11.4	2.1
2048	577,028	180.0	598	1,099	505	\$59.3	\$10.8	\$16.4	\$3.6	\$53,010	10.4	\$11.6	2.1
2049	579,282	181.1	556	1,082	506	\$61.2	\$11.0	\$16.7	\$3.6	\$53,330	10.4	\$11.8	2.1
2050	581,428	182.2	524	1,065	508	\$63.1	\$11.3	\$17.1	\$3.6	\$53,654	10.4	\$12.0	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	157.6	39.1	4.9	12.3	6.9	19.9	4.0	10.9	1.0	13.8	11.1	30.3
2016	160.9	38.8	5.3	12.8	6.9	20.3	4.1	11.1	1.0	14.4	11.5	31.3
2017	164.1	38.7	5.7	12.8	7.3	20.4	4.1	12.0	0.9	15.5	11.5	31.8
2018	165.3	38.8	6.1	13.0	7.4	20.6	4.1	11.0	0.9	16.1	11.8	32.3
2019	167.1	38.4	6.3	12.8	7.2	20.6	4.0	11.1	0.9	17.1	12.1	33.0
2020	160.7	38.4	5.9	12.3	6.8	19.1	3.9	10.1	0.9	17.6	10.1	32.5
2021	166.0	38.4	6.4	12.7	7.1	19.9	4.0	10.9	0.9	18.0	11.7	32.6
2022	169.2	38.5	6.5	13.0	7.3	20.4	4.0	11.5	0.9	18.3	12.1	33.1
2023	170.9	38.6	6.6	13.1	7.4	20.5	4.1	11.6	0.9	18.6	12.3	33.5
2024	171.8	38.7	6.3	13.2	7.4	20.7	4.1	11.7	0.9	18.8	12.4	33.9
2025	172.5	38.9	6.1	13.2	7.4	20.7	4.1	11.8	0.9	19.0	12.4	34.2
2026	173.2	39.0	6.0	13.2	7.5	20.8	4.1	11.9	0.9	19.1	12.6	34.4
2027	174.0	39.2	6.0	13.2	7.5	20.8	4.1	12.0	0.9	19.2	12.6	34.6
2028	174.8	39.4	5.9	13.2	7.5	21.0	4.1	12.0	0.9	19.3	12.7	34.7
2029	175.5	39.6	5.9	13.2	7.5	21.1	4.1	12.1	0.9	19.4	12.8	34.9
2030	176.2	39.7	5.9	13.2	7.5	21.1	4.1	12.2	0.9	19.5	12.9	35.1
2031	176.9	39.9	5.9	13.2	7.6	21.1	4.1	12.3	0.9	19.5	12.9	35.3
2032	177.6	40.1	5.9	13.2	7.6	21.1	4.1	12.4	0.9	19.6	13.0	35.5
2033	178.2	40.3	5.8	13.3	7.6	21.2	4.1	12.5	0.9	19.7	13.0	35.6
2034	179.0	40.5	5.9	13.3	7.6	21.2	4.1	12.5	0.9	19.8	13.1	35.8
2035	179.8	40.7	5.9	13.3	7.7	21.2	4.1	12.6	0.9	19.9	13.2	36.0
2036	180.6	41.0	5.9	13.3	7.7	21.2	4.1	12.7	0.9	20.0	13.3	36.2
2037	181.5	41.2	5.9	13.3	7.7	21.2	4.1	12.8	0.9	20.1	13.4	36.4
2038	182.3	41.4	5.9	13.3	7.7	21.2	4.1	12.9	0.9	20.3	13.5	36.6
2039	183.1	41.6	5.8	13.3	7.8	21.2	4.1	13.0	0.9	20.5	13.6	36.7
2040	183.9	41.8	5.8	13.3	7.8	21.2	4.1	13.1	0.9	20.7	13.7	36.9
2041	184.8	42.1	5.8	13.3	7.8	21.2	4.1	13.2	1.0	20.8	13.7	37.1
2042	185.6	42.3	5.8	13.3	7.9	21.2	4.1	13.2	1.0	21.0	13.8	37.3
2043	186.4	42.5	5.8	13.3	7.9	21.2	4.1	13.3	1.0	21.1	13.9	37.5
2044	187.2	42.8	5.8	13.3	7.9	21.2	4.1	13.4	1.0	21.2	14.0	37.7
2045	188.0	43.0	5.8	13.4	7.9	21.2	4.1	13.5	1.0	21.3	14.1	37.9
2046	188.8	43.2	5.8	13.4	7.9	21.2	4.1	13.6	1.0	21.4	14.1	38.1
2047	189.5	43.5	5.8	13.4	8.0	21.2	4.1	13.7	1.0	21.4	14.2	38.3
2048	190.3	43.7	5.8	13.4	8.0	21.3	4.1	13.8	1.0	21.5	14.3	38.5
2049	191.1	44.0	5.8	13.4	8.0	21.3	4.1	13.9	1.0	21.5	14.4	38.7
2050	191.8	44.3	5.8	13.4	8.0	21.3	4.1	14.0	1.0	21.6	14.4	38.9

Tulare County Economic Forecast

Socioeconomic Indicators

