

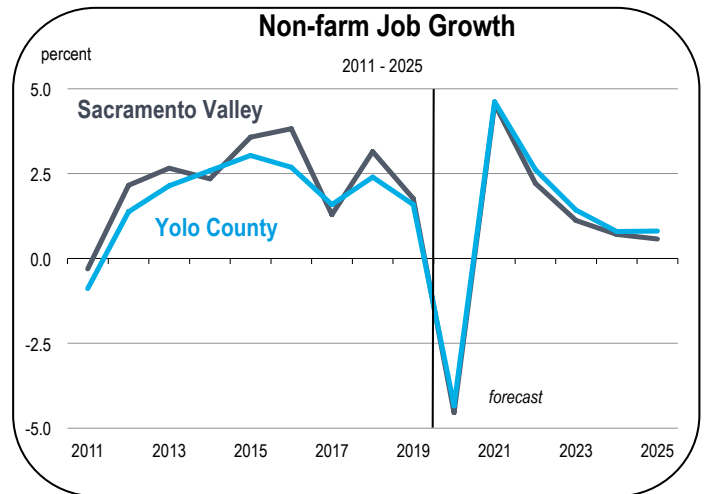
Yolo County Economic Forecast

Forecast Summary

- It is estimated that an average of 3,000 to 6,000 jobs will be lost in Yolo County during 2020, with heavy job loss in the first half of the year.
- Employment losses will be largest in leisure services, professional business services, government, and retail trade.
- The unemployment rate averaged 4.1 percent in 2019. It will average somewhere between 8 percent and 10 percent for the entire year.
- The Yolo County population is expected to grow more slowly than the broader Sacramento Valley during the forecast period.
- Home values are not expected to change much in 2020 or 2021.
- Multifamily housing production is expected to decrease sharply in 2020, but single-family housing production is not forecast to decline meaningfully.

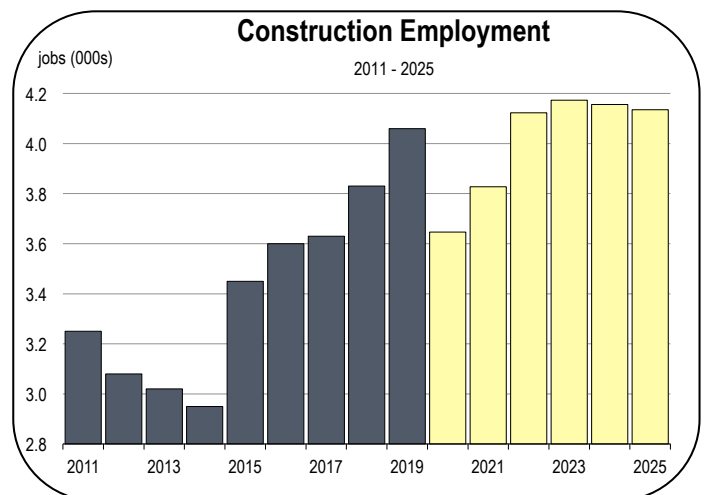
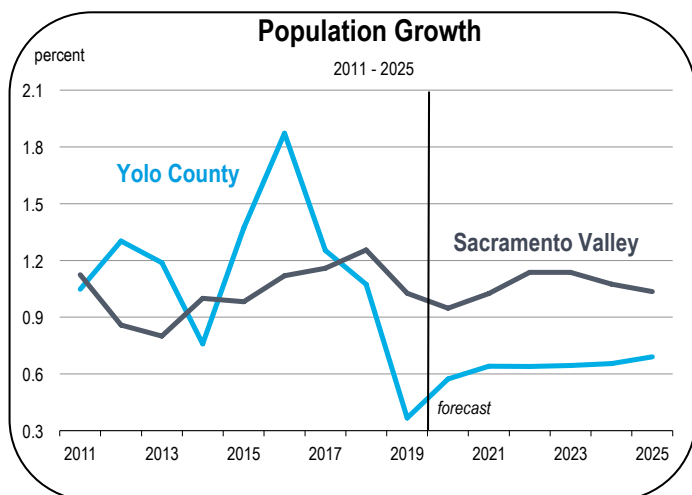
Job Growth

- Total employment in the County will decline between 3 and 5 percent in 2020. This is an annual average change from 2019.
- In 2021, Yolo County is expected to re-gain many of the jobs lost during the Coronavirus recession.

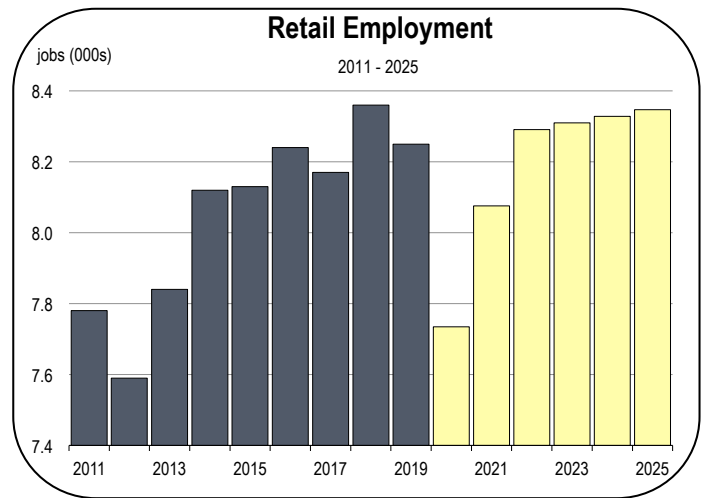
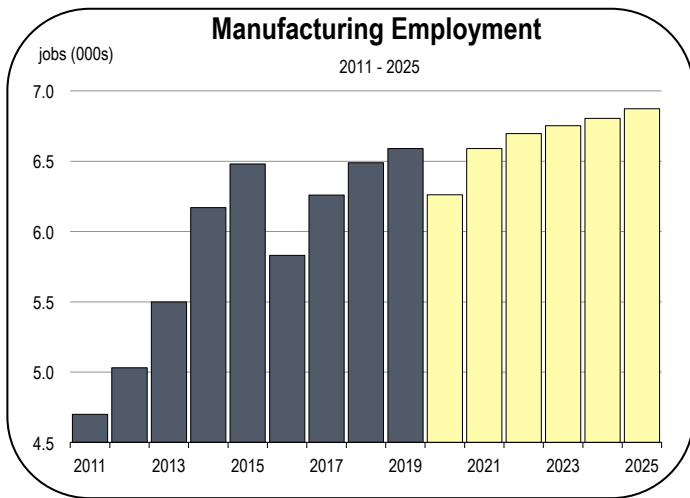


Construction Employment

- 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 in 2021 and 2022.



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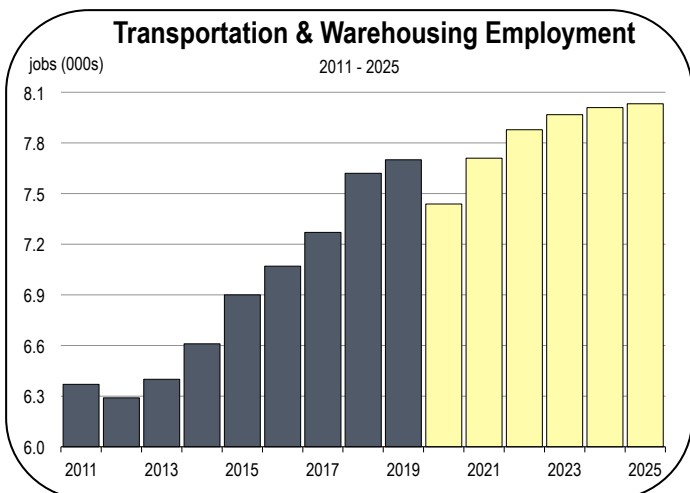


Manufacturing Employment

- Yolo County has a heavy concentration in food and beverage manufacturing, which consists of turning agricultural commodities into finished food products.
- Approximately 10 percent of the industry is in transportation equipment manufacturing, largely consisting of firms that work with the transportation researchers at U.C. Davis.
- Manufacturing employment declined by more than 1,000 jobs during the second quarter of 2020. It is expected to rebound in 2021 and could reach an expansion phase in 2022 or 2023.

Transportation and Warehousing Employment

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



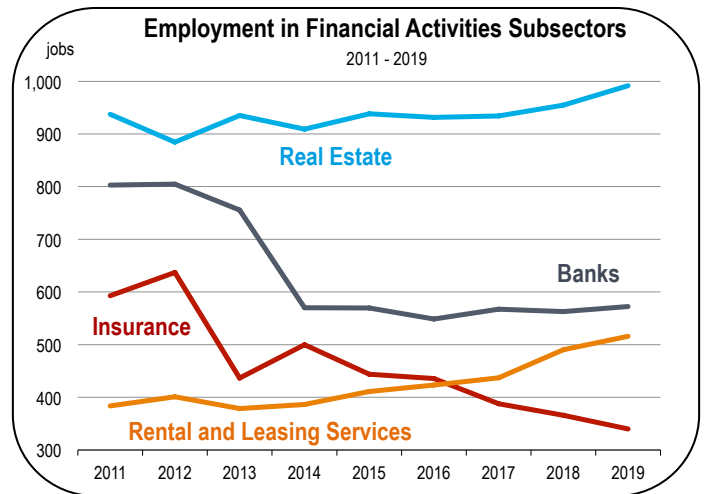
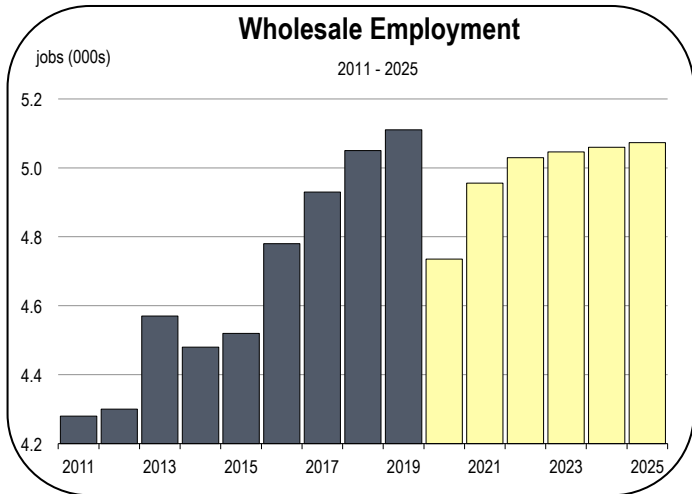
- A meaningful number of jobs are in delivery firms like UPS and FedEx.
- Overall transportation and warehousing employment began to expand again during Phase 2 of California's restart.

Retail Trade Employment

- The retail sector is expected to lose more than 500 jobs in 2020 on an annual average basis.
- Many large 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 800 retail workers could be effectively not working and not earning an income on an annual average basis in 2020.

Retail Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Grocery Stores	2,100	25.0%
General Merchandise Stores	1,600	19.0%
Home Improvement / Garden Supply	800	9.5%
Car Dealers	500	6.0%
Furniture & Furnishings Stores	400	4.8%
Gas Stations	400	4.8%
Pharmacies & Drug Stores	300	3.6%
Clothing Stores	300	3.6%
Online Retailers	200	2.4%
Electronics Stores	200	2.4%
Other	1,600	19.0%

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- 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

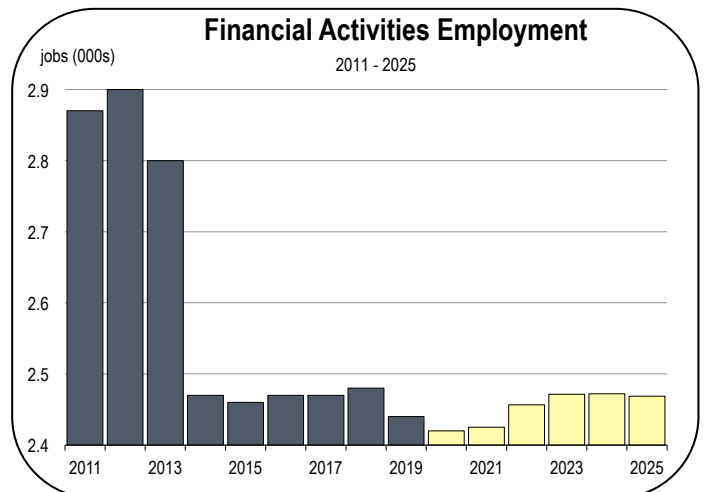
- Wholesale trade employment is expected to fall by at least 300 jobs on an annual average basis in 2020.
- Wholesale employment is likely to expand in tandem with employment in manufacturing and transportation/warehousing.

Financial Activities Employment

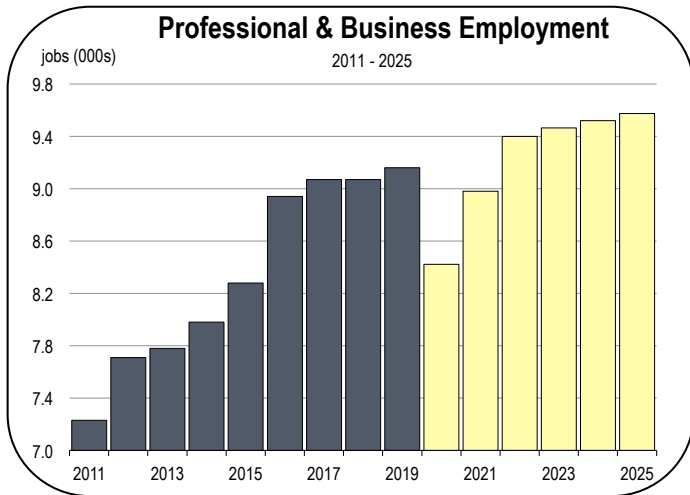
- Substantial job declines are expected this year because many employers closed, committing their employees to shelter-in-place for health reasons.

- The most prominent losses are expected in real estate sales and lending.
- In 2020 there have been far fewer homes on the market than there were last year, 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 2020 due to a temporary reduction of in-person branch visits.
- Financial Activities companies are expected to re-gain a small number of jobs through 2021, and should ultimately surpass the employment totals that were observed in 2019.

Financial Activities Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Real Estate	1,000	40.0%
Banks	600	24.0%
Rental and Leasing Services	500	20.0%
Insurance	300	12.0%
Asset Management	100	4.0%



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Professional and Business Services Employment

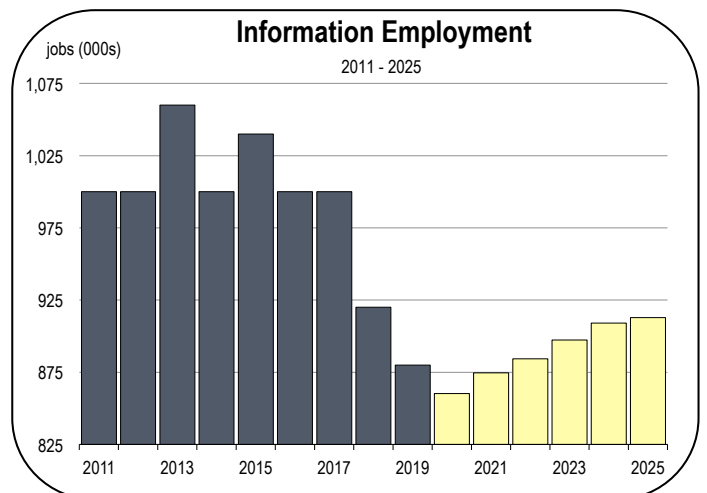
- The professional and business services industry has a diverse array of subsectors, and each was impacted differently during the recession and recovery phases of 2020.
- Jobs in corporate security and building maintenance declined substantially during the recession but are expected rebound at office and industrial buildings with repopulating employment.

Professional & Business Services Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Staffing Agencies	1,400	15.4%
Building Maintenance	1,400	15.4%
Corporate Headquarters	1,100	12.1%
Scientific Research	900	9.9%
Corporate Security	800	8.8%
Engineering & Architecture	800	8.8%
Custom IT Services	700	7.7%
Marketing and Advertising	300	3.3%
Business Consulting	200	2.2%
Accounting & Bookkeeping	200	2.2%
Call Centers & Collections Agencies	200	2.2%
Law	200	2.2%
Other	900	9.9%

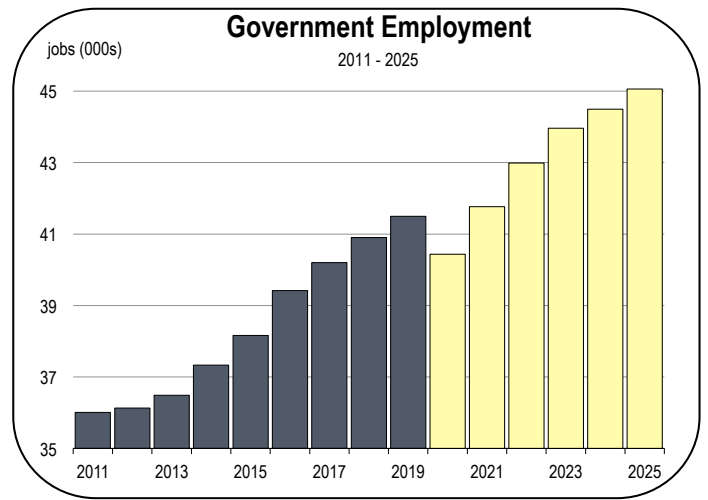
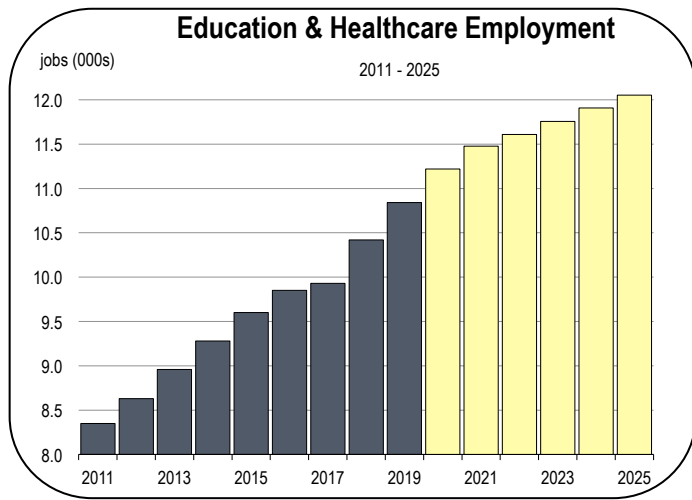
- Staffing agencies had significant losses during the contraction, but may bounce back quickly once the economy begins to expand again.
- Staffing agencies primarily employ temp workers. Temp workers are usually laid off first during a downturn but hired back first during a recovery.
- Aside from security, maintenance, staffing agencies, and some scientific research labs, most subsectors of the professional business services industry were able to operate remotely during the lockdowns and were less exposed to the labor market contraction.

Information Employment

- In Yolo County, the information sector is largely comprised of 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.
- There are a small number of jobs in movie theaters and newspapers in the Yolo County information industry.
- 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 newspaper, magazine, and TV/radio 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.



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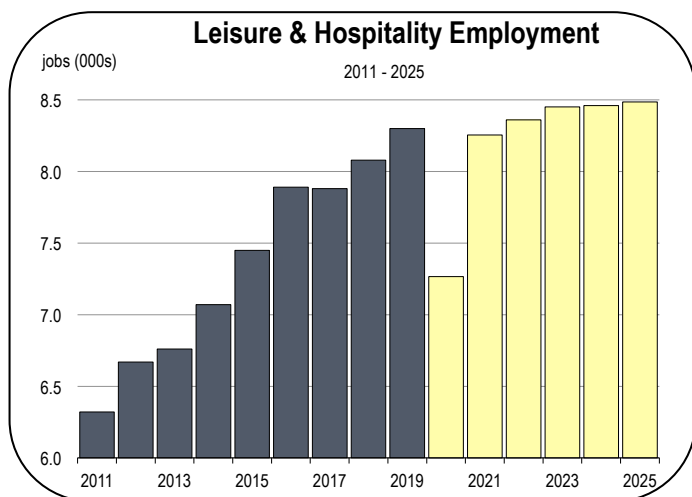


Private Education and Healthcare Employment

- There were 6,000 healthcare jobs in Yolo County in 2019. 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 4,000 social assistance jobs in 2019, including industries like childcare, housing shelters, and non-medical care for senior citizens. Jobs in social assistance were mostly classified as essential but there were layoffs at institutions with revenue shortfalls.
- In 2019 there were only 600 jobs in private schools and colleges, tutoring services, and other educational organizations.

Leisure and Hospitality Employment

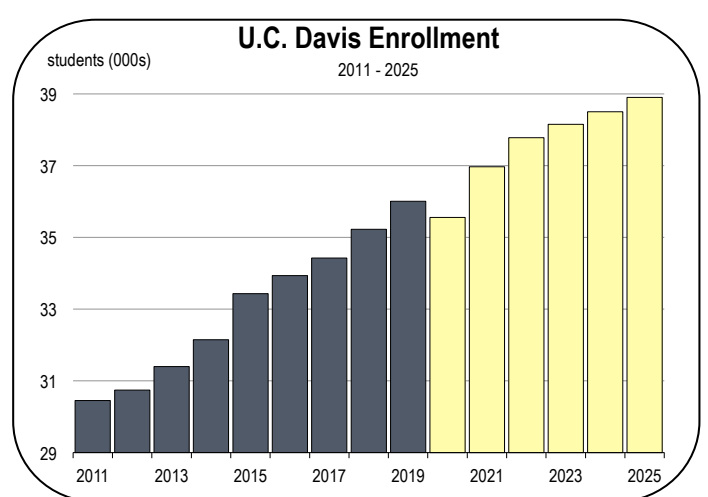
- The leisure and hospitality industry was devastated by the recession more than any other sector of the labor market.



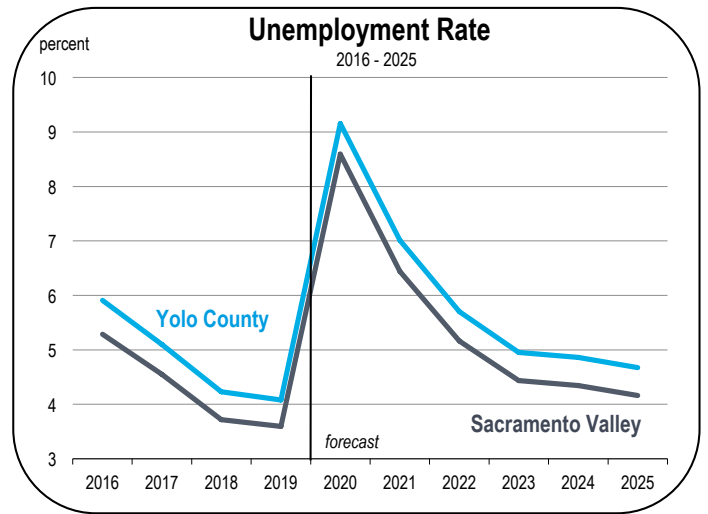
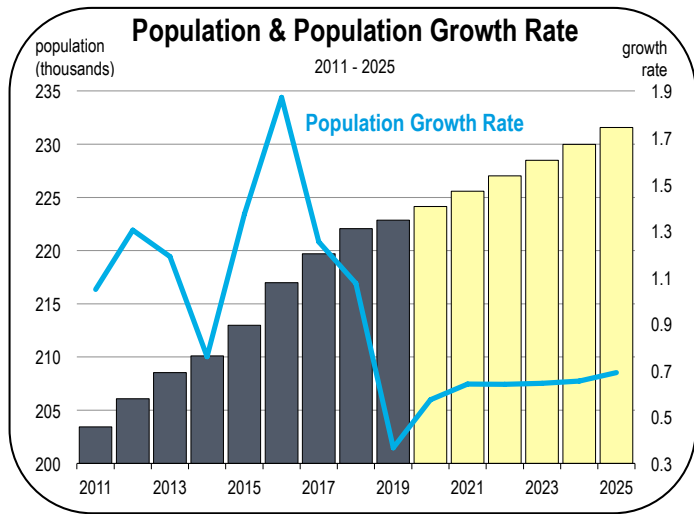
- In 2019, Yolo County had 7,000 jobs in restaurants, hotels, and bars, and most were laid off, furloughed, or had their hours cut in the months of March and April. Jobs will rebound in 2021 but may not return to pre-crisis levels for several years.
- Yolo County also had 3,000 jobs in entertainment and recreation in 2019, including things like fitness centers and casinos. Many will operate at reduced capacities through the end of 2020 and potentially into 2021.

Government Employment

- In Yolo County, government employment is dominated by U.C. Davis, which had 18,200 workers on campus in 2019.
- U.S. Davis and other 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



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days that are distributed throughout the year, and many staffing reductions could be the result of hiring freezes rather than layoffs.

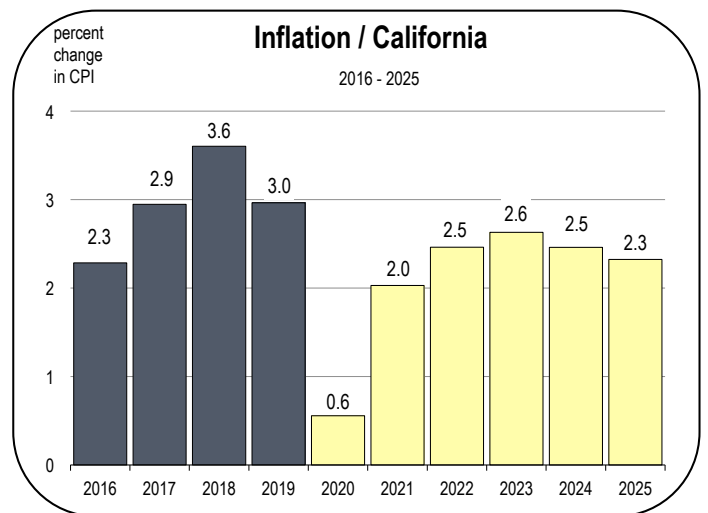
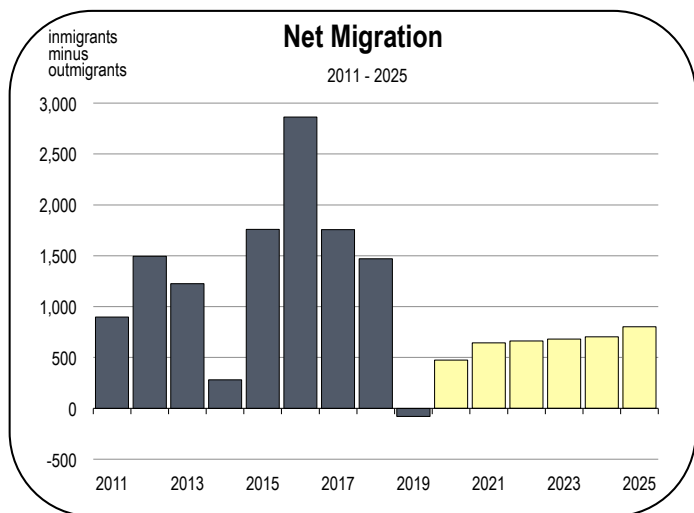
- However, if revenue shortfalls are severe and Congress does not appropriate funding to mitigate these shortfalls, government agencies may have no choice but to issue layoffs.

Population Growth

- The Yolo County population is expected to expand more slowly than the Sacramento Valley average between 2020 and 2025.
- An average of 660 net migrants are expected to move into Yolo County each year between 2020 and 2025, accounting for almost half of all population growth. The other half is, of course, due to the natural increase of births over deaths.
- The population will expand at an annual average rate of 0.6 percent per year from 2020 to 2025, and by 2025 the Yolo County population will surpass 230,000 residents.

Unemployment and Inflation Rates

- The unemployment rate in Yolo County averaged 4.1 percent in 2019, which was above the composite rate for the Sacramento Valley.
- The unemployment rate is expected to average between 8 and 10 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.



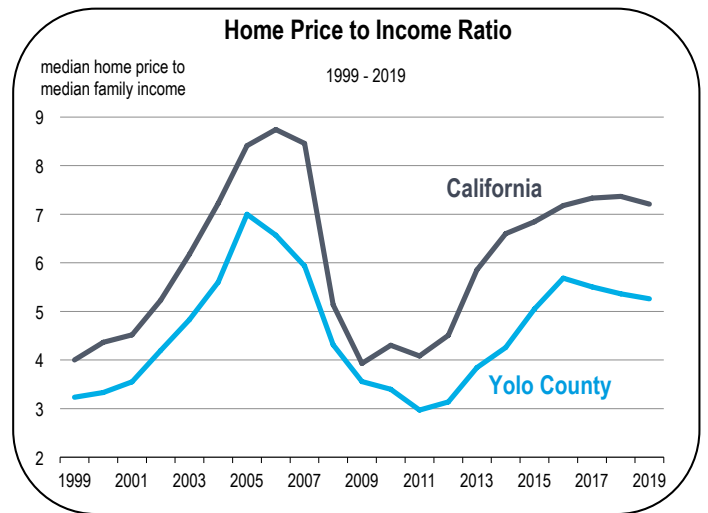
Yolo County Economic Forecast



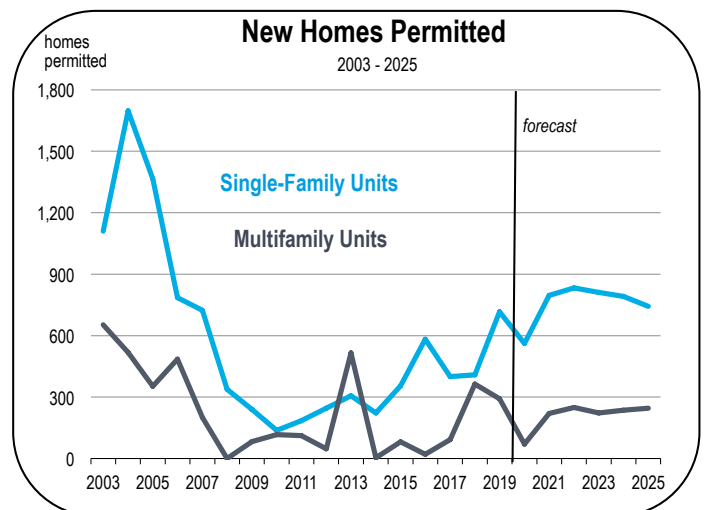
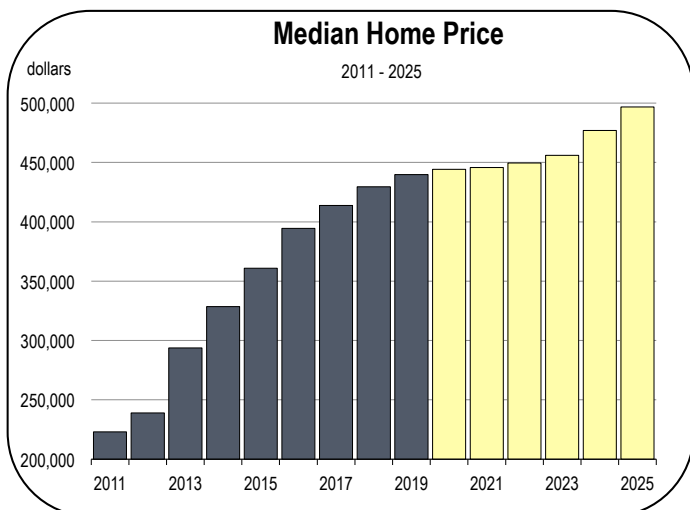
U.C. Davis Arboretum

Home Prices and New Housing Production

- In 2019 the median home price in Yolo County was \$439,900. The median price is not expected to change much in 2020 or 2021.
- Homes in Yolo County are more affordable than homes across California, especially Coastal California.
- In Yolo County, the typical household spends less than 30 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 590 new homes were started per year in Yolo County. Approximately 75 percent were single-family homes.



- Housing production is expected to average 960 homes per year from 2020 to 2025, consisting primarily of single-family homes.



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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 Rate (millions)	Inflation Rate (percent)
2015	212,992	71.8	1,758	436	181	\$10.7	\$2.2	\$4.0	\$2.2	\$56,439	6.5	\$747	1.5
2016	216,980	72.6	2,862	602	186	\$11.0	\$2.3	\$4.0	\$1.7	\$55,874	5.9	\$727	2.3
2017	219,697	72.7	1,757	492	186	\$11.4	\$2.4	\$4.2	\$1.8	\$55,360	5.1	\$679	2.9
2018	222,054	73.1	1,469	771	189	\$11.9	\$2.7	\$4.6	\$2.0	\$55,315	4.2	\$696	3.6
2019	222,868	73.6	-79	1,008	193	\$12.5	\$2.7	\$4.7	\$2.1	\$56,203	4.1	\$696	3.0
2020	224,146	74.6	474	632	194	\$12.4	\$2.5	\$4.3	\$2.1	\$55,228	9.2	\$703	0.6
2021	225,583	75.2	644	1,015	196	\$12.9	\$2.7	\$4.6	\$2.1	\$55,891	7.0	\$707	2.0
2022	227,026	76.2	662	1,081	196	\$13.8	\$2.8	\$4.9	\$2.2	\$57,988	5.7	\$710	2.5
2023	228,489	77.3	681	1,034	198	\$14.9	\$3.0	\$5.1	\$2.3	\$60,647	5.0	\$712	2.6
2024	229,984	78.3	703	1,028	200	\$16.0	\$3.1	\$5.4	\$2.4	\$63,069	4.9	\$715	2.5
2025	231,572	79.3	802	989	203	\$17.1	\$3.2	\$5.7	\$2.5	\$65,327	4.7	\$718	2.3
2026	233,183	80.2	813	952	206	\$18.0	\$3.4	\$5.9	\$2.5	\$66,578	4.6	\$721	2.3
2027	234,798	81.1	796	930	208	\$18.8	\$3.5	\$6.2	\$2.6	\$67,896	4.6	\$724	2.2
2028	236,583	82.0	945	939	209	\$19.8	\$3.7	\$6.5	\$2.7	\$69,270	4.4	\$727	2.2
2029	238,433	82.9	962	923	211	\$20.6	\$3.8	\$6.7	\$2.7	\$69,985	4.5	\$730	2.3
2030	240,301	83.8	929	896	212	\$21.4	\$3.9	\$6.9	\$2.8	\$70,621	4.7	\$733	2.2
2031	242,228	84.7	919	862	214	\$22.2	\$4.0	\$7.0	\$2.8	\$71,242	4.6	\$736	2.1
2032	244,287	85.5	973	849	215	\$23.0	\$4.1	\$7.2	\$2.8	\$71,473	4.6	\$739	2.3
2033	246,316	86.3	891	834	216	\$23.9	\$4.2	\$7.4	\$2.9	\$72,143	4.7	\$742	1.9
2034	248,280	87.1	775	818	218	\$24.8	\$4.3	\$7.6	\$2.9	\$72,711	4.6	\$744	2.1
2035	250,227	87.9	712	801	218	\$25.7	\$4.4	\$7.8	\$3.0	\$73,262	4.6	\$747	2.2
2036	252,239	88.7	745	806	217	\$26.7	\$4.5	\$8.0	\$3.0	\$73,456	4.7	\$750	2.6
2037	254,262	89.5	739	808	217	\$27.7	\$4.6	\$8.2	\$3.0	\$73,593	4.7	\$753	2.7
2038	256,300	90.3	751	797	216	\$28.7	\$4.8	\$8.5	\$3.1	\$73,901	4.7	\$756	2.5
2039	258,394	91.0	796	781	214	\$29.8	\$4.9	\$8.7	\$3.1	\$74,043	4.7	\$759	2.7
2040	260,460	91.8	767	779	213	\$30.8	\$5.0	\$9.0	\$3.1	\$74,197	4.7	\$762	2.6
2041	262,555	92.5	788	759	211	\$31.9	\$5.2	\$9.2	\$3.2	\$74,447	4.7	\$764	2.4
2042	264,738	93.3	870	736	211	\$33.1	\$5.3	\$9.5	\$3.2	\$74,714	4.7	\$767	2.3
2043	266,987	94.0	947	721	209	\$34.2	\$5.4	\$9.7	\$3.2	\$74,999	4.7	\$770	2.2
2044	269,096	94.7	829	720	208	\$35.4	\$5.6	\$9.9	\$3.3	\$75,399	4.7	\$773	2.0
2045	271,127	95.4	759	710	208	\$36.5	\$5.7	\$10.2	\$3.3	\$75,609	4.7	\$775	2.2
2046	273,166	96.1	775	701	209	\$37.7	\$5.8	\$10.4	\$3.3	\$75,837	4.6	\$778	2.1
2047	275,231	96.7	810	694	209	\$38.8	\$6.0	\$10.7	\$3.3	\$75,996	4.6	\$781	2.1
2048	277,298	97.4	829	697	208	\$40.0	\$6.1	\$10.9	\$3.4	\$76,162	4.6	\$784	2.1
2049	279,353	98.1	831	695	208	\$41.3	\$6.2	\$11.2	\$3.4	\$76,334	4.6	\$786	2.1
2050	281,391	98.7	820	688	207	\$42.5	\$6.4	\$11.4	\$3.4	\$76,504	4.6	\$789	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	104.7	5.8	3.5	6.5	6.9	12.7	2.5	8.3	1.0	9.6	7.5	38.2
2016	107.9	6.4	3.6	5.8	7.1	13.0	2.5	8.9	1.0	9.9	7.9	39.4
2017	109.1	5.9	3.6	6.3	7.3	13.1	2.5	9.1	1.0	9.9	7.9	40.2
2018	111.5	5.9	3.8	6.5	7.6	13.4	2.5	9.1	0.9	10.4	8.1	40.9
2019	113.0	5.7	4.1	6.6	7.7	13.4	2.4	9.2	0.9	10.8	8.3	41.5
2020	108.4	5.8	3.6	6.3	7.4	12.5	2.4	8.4	0.9	11.2	7.3	40.4
2021	113.1	5.8	3.8	6.6	7.7	13.0	2.4	9.0	0.9	11.5	8.3	41.8
2022	116.0	5.8	4.1	6.7	7.9	13.3	2.5	9.4	0.9	11.6	8.4	43.0
2023	117.6	5.8	4.2	6.8	8.0	13.4	2.5	9.5	0.9	11.8	8.5	44.0
2024	118.5	5.8	4.2	6.8	8.0	13.4	2.5	9.5	0.9	11.9	8.5	44.5
2025	119.4	5.8	4.1	6.9	8.0	13.4	2.5	9.6	0.9	12.1	8.5	45.1
2026	120.2	5.9	4.1	6.9	8.1	13.5	2.5	9.6	0.9	12.2	8.5	45.5
2027	121.0	5.9	4.0	7.0	8.1	13.5	2.5	9.7	0.9	12.3	8.6	45.9
2028	121.7	5.9	4.0	7.1	8.1	13.6	2.5	9.7	0.9	12.4	8.7	46.2
2029	122.4	5.9	4.0	7.1	8.1	13.6	2.5	9.8	0.9	12.5	8.7	46.6
2030	123.0	5.9	3.9	7.2	8.1	13.7	2.5	9.9	0.9	12.6	8.8	46.9
2031	123.5	5.9	3.9	7.2	8.1	13.7	2.5	9.9	0.9	12.8	8.8	47.1
2032	124.1	5.9	3.9	7.3	8.1	13.7	2.5	10.0	0.9	12.9	8.9	47.3
2033	124.5	6.0	3.9	7.3	8.1	13.7	2.5	10.0	0.9	13.0	8.9	47.5
2034	125.0	6.0	3.9	7.3	8.1	13.8	2.5	10.1	0.9	13.1	9.0	47.6
2035	125.5	6.0	3.9	7.4	8.1	13.8	2.5	10.1	0.9	13.2	9.1	47.7
2036	126.0	6.0	3.9	7.4	8.1	13.8	2.4	10.2	0.9	13.3	9.1	47.9
2037	126.5	6.0	3.9	7.5	8.1	13.8	2.4	10.3	0.9	13.5	9.2	48.0
2038	126.9	6.0	3.9	7.5	8.1	13.9	2.4	10.3	0.9	13.6	9.2	48.2
2039	127.4	6.0	3.9	7.5	8.2	13.9	2.4	10.4	0.9	13.7	9.2	48.3
2040	127.9	6.0	3.9	7.6	8.2	13.9	2.4	10.4	1.0	13.8	9.3	48.5
2041	128.4	6.1	3.8	7.6	8.2	14.0	2.4	10.5	1.0	13.9	9.3	48.6
2042	128.9	6.1	3.8	7.6	8.2	14.0	2.4	10.6	1.0	14.1	9.4	48.8
2043	129.4	6.1	3.8	7.6	8.2	14.0	2.4	10.6	1.0	14.2	9.4	49.0
2044	129.9	6.1	3.8	7.7	8.2	14.0	2.4	10.7	1.0	14.3	9.5	49.1
2045	130.4	6.1	3.8	7.7	8.2	14.1	2.4	10.7	1.0	14.5	9.5	49.3
2046	130.9	6.1	3.8	7.7	8.2	14.1	2.4	10.8	1.0	14.6	9.5	49.5
2047	131.4	6.1	3.8	7.8	8.2	14.1	2.4	10.9	1.0	14.7	9.6	49.7
2048	131.9	6.2	3.8	7.8	8.2	14.2	2.4	10.9	1.0	14.8	9.6	49.8
2049	132.4	6.2	3.8	7.8	8.2	14.2	2.4	11.0	1.0	15.0	9.7	50.0
2050	132.9	6.2	3.8	7.8	8.2	14.2	2.4	11.0	1.0	15.1	9.7	50.1

Yolo County Economic Forecast

Socioeconomic Indicators

