Del Norte County Economic Forecast

Forecast Summary

- In Del Norte County, the recovery from the Coronavirus Recession is expected to be slow.
- Fewer than 100 jobs will be restored in 2021, but job creation will accelerate in 2022 and 2023.
- Over the 2021-2026 forecast period, total employment in Del Norte County is expected to increase by approximately 800 jobs.
- Government, leisure services, and healthcare will be responsible for virtually all job creation during the forecast period.
- The unemployment rate averaged 9.5 percent in 2020. It is forecast to average 7.4 percent in 2021 and 6.2 percent in 2022.
- The Del Norte County population is expected to decline during the forecast period due to a low birth rate and consistent out-migration.
- The median home price increased by 11 percent in 2020. Home prices are expected to increase by 6 percent in 2021 and 4 percent in 2022.

Job Growth

- Total employment in the County will increase by only 1 percent in 2021 after declining by 6 percent in 2020.
- Job creation will accelerate to a range of 2 percent to 3 percent in 2021 and 2022. A full labor market recovery is not expected until 2023 or 2024.

Retail Trade Employment

- Employment in the retail sector is expected to decline over the forecast period.
- The retail industry has been under pressure for years as competition from online stores has led to lower levels of employment at local brick-and-mortar shops.
- The transition to online shopping will lead to further consolidation of local retail jobs over the long-term.
Private Education and Healthcare Employment

- The healthcare expansion stalled in 2020, but additional job growth is expected over the 2021-2026 forecast period.

- The largest employer is Sutter Coast Hospital, which has between 250 and 500 employees in Crescent City.

- In 2022 and 2023, employee recruitment will be the biggest risk to job growth. Hospitals and other healthcare facilities have struggled to fill open positions during the COVID-19 pandemic. Job creation will partially depend on the willingness and ability of local residents to enter the healthcare workforce.

- There are very few jobs in private educational institutions in Del Norte County (public schools are included in the government sector).

Leisure and Hospitality Employment

- In 2020 the leisure and hospitality sector lost almost a third of its workforce.

- Leisure and hospitality employment is expected to rebound slowly. A full recovery may not be observed until 2025 or 2026.

- The largest visitor attractions are the casinos in Crescent City and Smith River. They each employ between 100 and 250 employees.

- The Elk Valley Rancheria Casino is in the process of building a new gaming facility, which should allow it to expand its employee headcount. It is expected to be completed sometime in 2022.

Howonquet Lounge at the Lucky 7 Casino in Smith River
Population Growth

• The Del Norte County population is expected to decline between 2021 and 2026.

• The number of residents moving out of Del Norte County is expected to exceed the number of people moving into the county during the early years of the forecast period.

• Del Norte County has an older population base with a low birth rate, and the number of deaths in the county has begun to surpass the number of births. This situation is expected to persist over the entire forecast period.

• Between 2021 and 2026, the population is expected to decline at an annual average rate of 0.3 percent.

Unemployment and Inflation Rates

• The unemployment rate in Del Norte County averaged 9.5 percent in 2020.

• The unemployment rate is expected to average 7.4 percent in 2021 and 6.2 percent in 2022.

• Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.

• Inflation soared in 2021 and is expected to remain elevated for several years.

• Over the forecast period, there will be a number of factors that will contribute to high inflation. The most prominent will be:
  – Record levels of spending by consumers and government agencies
  – Fractures in the global supply chain that raise the cost of production for many businesses
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- Sharp increases in the cost of housing and energy
- Labor market recruitment challenges that force companies to raise wages

Combined, these factors will push inflation to its highest rates in 30 years. Ultimately, it will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.

However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

- In 2020 the median home price in Del Norte County was $244,200.
- The median price is expected to approach $270,000 by 2022 and reach almost $300,000 by 2026.
- Despite these price increases, homes in Del Norte County are much more affordable than homes in many other parts of California.
- In Del Norte County, the typical household spends less than 20 percent of its income on housing costs. In Coastal California, households often spend 35-50 percent on mortgage payments or rent.
- From 2015 to 2020, an average of 25 new homes were started per year in Del Norte County. Almost all were single-family homes.
- Housing production is expected to average 35 to 45 units per year from 2021 to 2026, consisting primarily of single-family homes.
### Economic Indicators

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (people)</th>
<th>HOH (thousands)</th>
<th>Net Migration (people)</th>
<th>New Homes Permitted (homes)</th>
<th>Registered Vehicles (thousands)</th>
<th>Net Personal Income (millions)</th>
<th>Taxable Retail Sales (millions)</th>
<th>Total Taxable Sales (millions)</th>
<th>Real Industrial Production (millions)</th>
<th>Real Per Capita Income (dollars)</th>
<th>Unemployment Rate (percent)</th>
<th>Real Farm Production (millions)</th>
<th>Inflation Rate</th>
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### Employment Sectors

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Socioeconomic Indicators

- Violent Crime Rate
  - Del Norte County: 396
  - Northern California: 425
  - California: 441

- Poverty Rate
  - Del Norte County: 9.4%
  - Northern California: 11.9%
  - California: 15.8%

- Median Household Income
  - Del Norte County: $50,200
  - Northern California: $54,300
  - California: $659,200

- Median Home Selling Price
  - Del Norte County: $244,200
  - Northern California: $290,500
  - California: $659,200

- Average Travel Time to Work
  - Del Norte County: 16 minutes
  - Northern California: 23 minutes
  - California: 33 minutes

- Percent of Population Age 25+ With at Least a 4-Year College Degree
  - Del Norte County: 14.4%
  - Northern California: 22.7%
  - California: 33.9%