

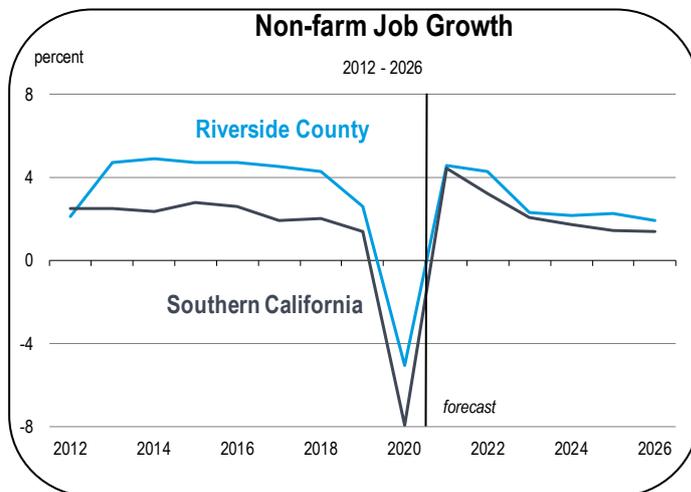
Riverside County Economic Forecast

Forecast Summary

- On an annual average basis, 32,400 non-farm jobs will be restored in Riverside County during 2021.
- A full labor market recovery is expected by 2022.
- Employment gains in 2021 will be largest in leisure services, professional business services, private education and healthcare, and retail trade.
- The unemployment rate averaged 10.0 percent in 2020. It is expected to average 7.5 percent in 2021.
- The population is expanding faster than broader Southern California, and this trend will continue.
- Because of affordable home prices and job creation, net migration will remain positive between 2021 and 2026.
- Over the 2021-2026 forecast period, more homes will be built than during the 2015-2020 period.
- Home prices increased unexpectedly in 2020, rising by 10 percent. Prices are forecast to increase by another 7 to 9 percent in 2021.
- More than 19 million square feet of new industrial space is under construction. This paves the way for substantial logistics industry growth over the next 5 years.

Job Growth

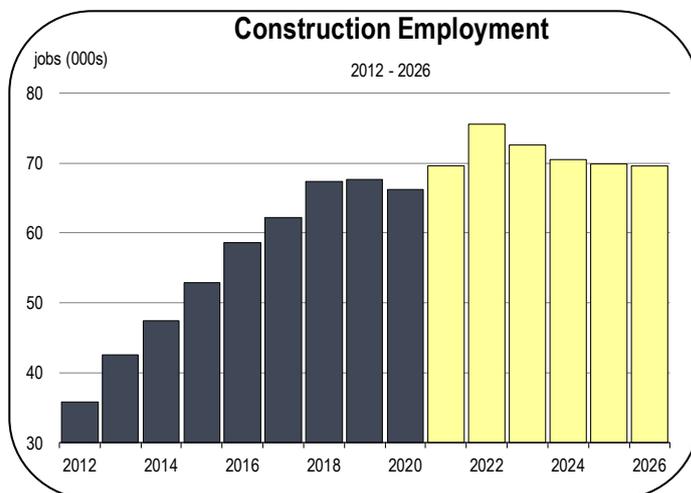
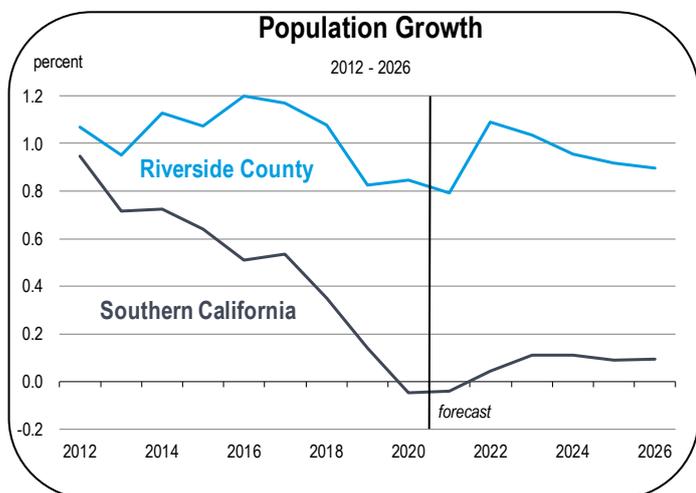
- Total employment in Riverside County will expand by 4.5 percent in 2021 on an annual average basis.



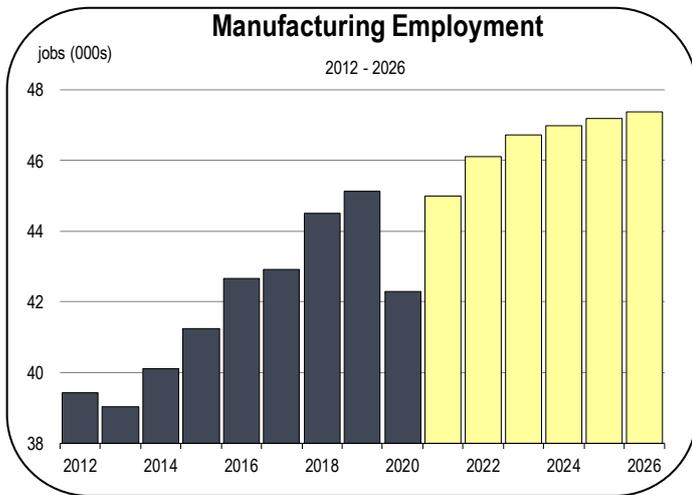
- Over the entire forecast period, job growth in Riverside County will be higher than the Southern California average.

Construction Employment

- Construction employment declined by 2 percent in 2020.
- The Coronavirus Recession had a minimal impact on the construction industry, and employment levels had almost fully recovered by early 2021.
- The construction sector is expected to gain approximately 3,400 jobs in 2021.
- The construction workforce is expected to remain at a relatively constant level over the entire forecast period though the forecast risk is greater to the upside if new development projects in the entitlement queue are expedited.



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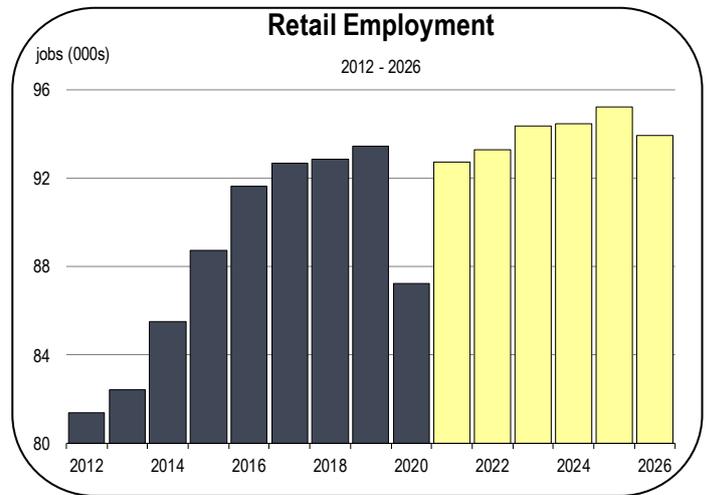
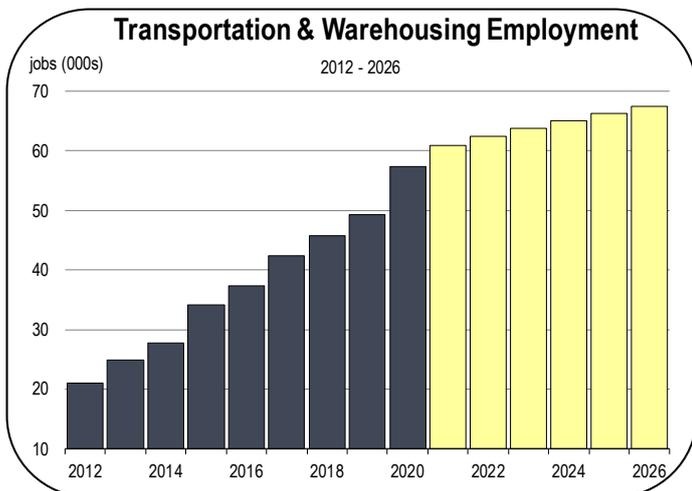


Manufacturing Employment

- Riverside County manufacturing employment contracted by 2,800 jobs last year, a decline of 6.3 percent.
- Approximately 2,700 jobs will be restored in 2021 and another 1,100 could be created in 2022.

Transportation and Warehousing Employment

- Transportation and warehousing was among the few sectors that expanded during 2020.
- The Riverside County transportation and warehousing sector is dominated by logistics: warehouse jobs (43,000 jobs in 2020), trucking jobs (8,000) and local delivery jobs (3,000).
- The overall transportation and warehousing industry generated 8,000 new jobs in 2020. Almost all were in warehousing and storage.



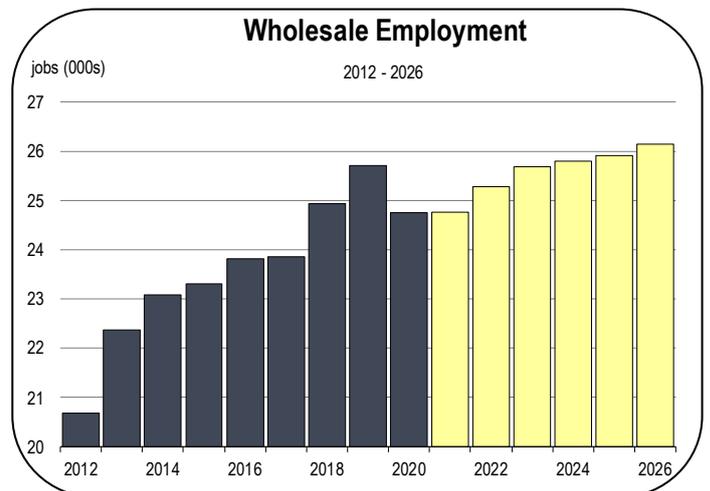
- The boom occurring in e-commerce will drive the demand for industrial space for the indefinite future. Consequently, this sector will continue to expand throughout the forecast period.

Retail Trade Employment

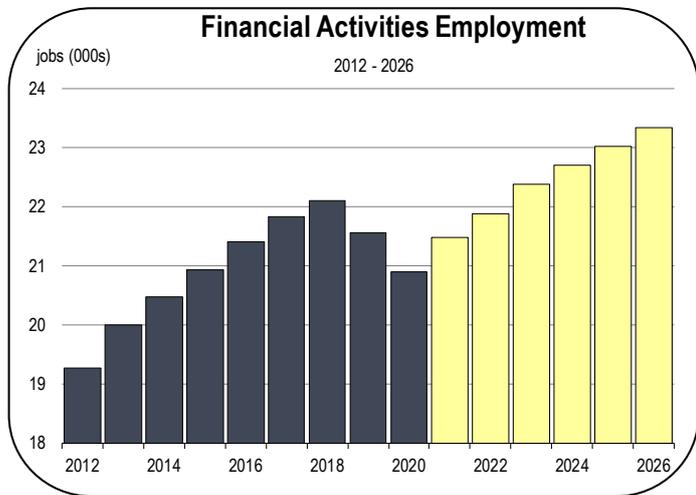
- Retail employment declined by 6.6 percent in 2020.
- The heaviest losses were at car dealers, clothing stores, and furniture stores.
- Grocery store employment increased during 2020.
- Retail employment will rebound sharply in 2021, but the industry may not make a full recovery until 2023 or 2024.

Wholesale Trade Employment

- Wholesale trade employment declined by 4 percent on an annual average basis in 2020.
- Wholesale employment will be stable in 2021 and rise in 2022, moving towards full recovery over the forecast period.



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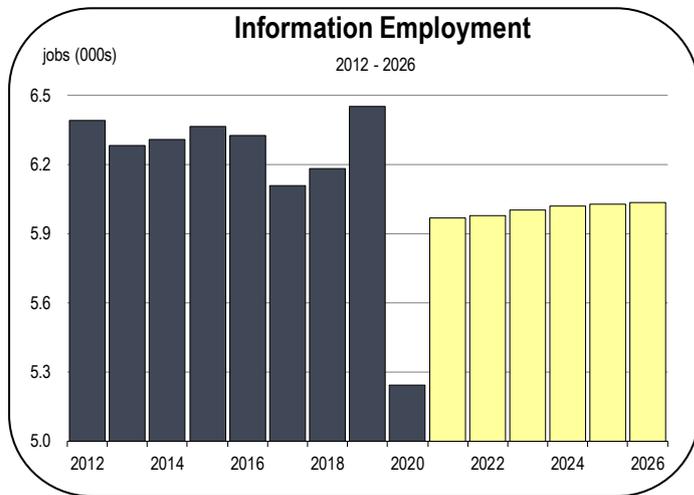
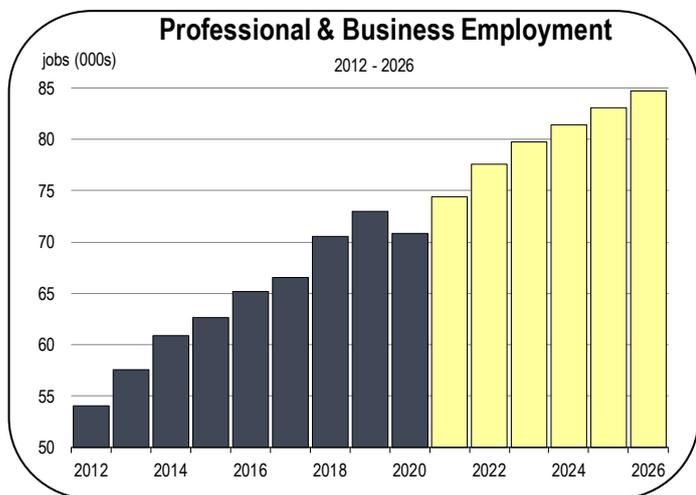


Financial Activities Employment

- The financial activities industry lost 700 jobs in 2020, extending the decline of the previous year.
- The jobs recovery is underway this year, and because the general labor market economy is expanding rapidly, employment levels in finance are expected to increase by 600 jobs in 2021 and another 400 jobs in 2022.
- Most growth will be observed at real estate brokerages and leasing offices.

Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was affected differently during the recession.



- The two largest subsectors - staffing agencies and building maintenance firms - experienced losses during 2020, but are expected to bounce back quickly in 2021 and 2022.
- Staffing agencies primarily employ temp workers. Temp workers are usually laid off first during a downturn, but hired back first during a recovery.
- Because many office buildings were vacant in 2020, building maintenance services were curtailed, but workers are expected to return to office settings in the second half of 2021 and maintenance jobs will be restored as well.
- Aside from staffing agencies and building maintenance services, jobs losses were minimal across most subsectors.

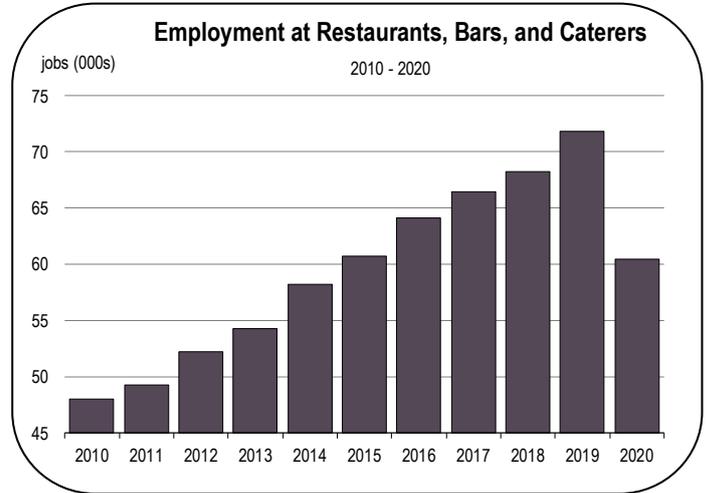
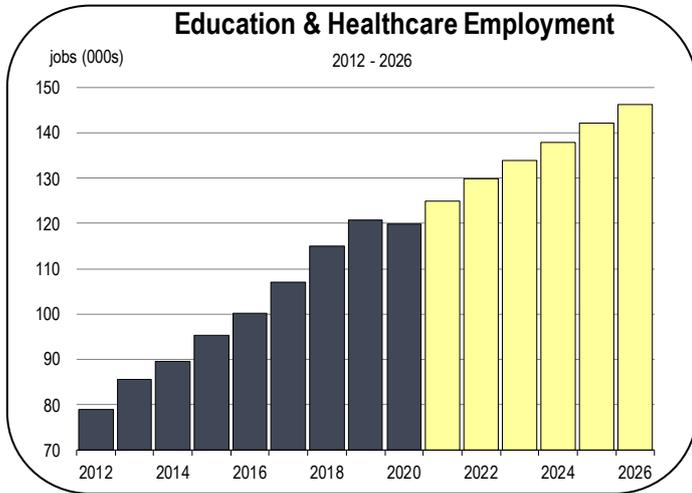
Information Employment

- In Riverside County, the information sector is dominated by telecommunications firms and movie theaters.
- Across all subsectors, approximately 1,200 jobs were lost in 2020.
- The information industry is expected to re-gain a substantial number of jobs in 2021 but will experience minimal growth for the remainder of the forecast period.

Private Education and Healthcare Employment

- Healthcare jobs were relatively recession proof during the 2008-2009 financial crisis and were largely unaffected by the Coronavirus Recession.
- Private schools and tutoring centers declined sharply last year.

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- Overall, the healthcare and education industry will create 5,000 jobs in 2021 and gain another 5,000 jobs in 2022.

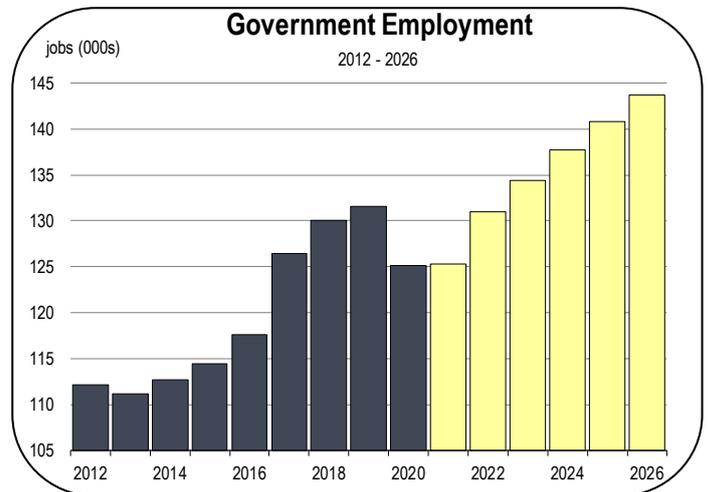
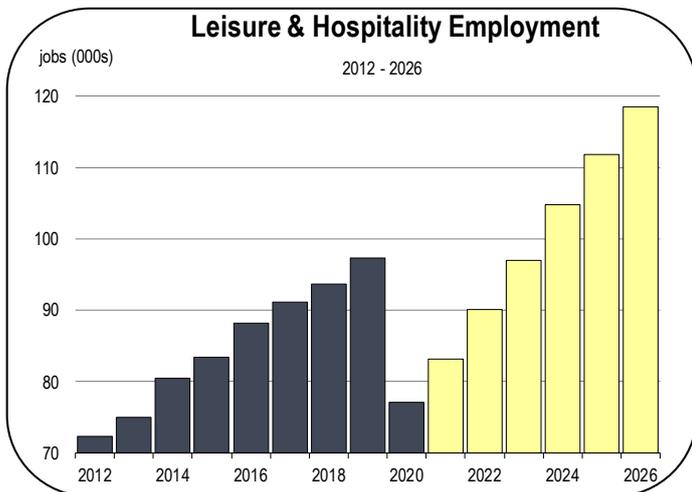
- We expect the leisure and hospitality sector to regain 6,100 jobs in 2021 and another 7,000 jobs in 2022, but it could take several years for the industry to fully recover.

Leisure and Hospitality Employment

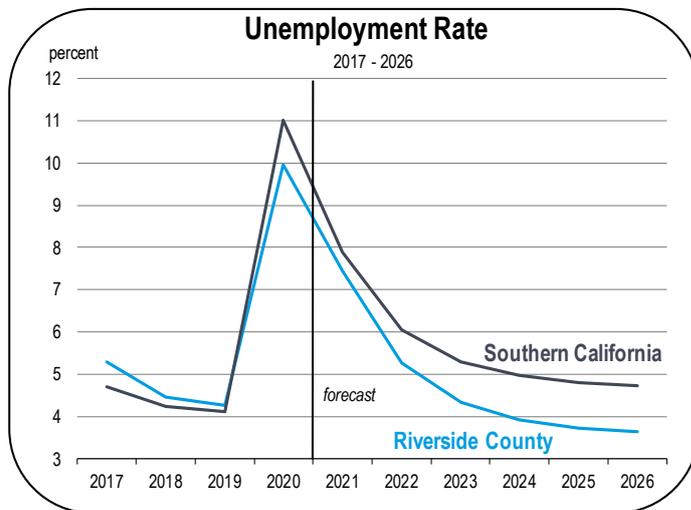
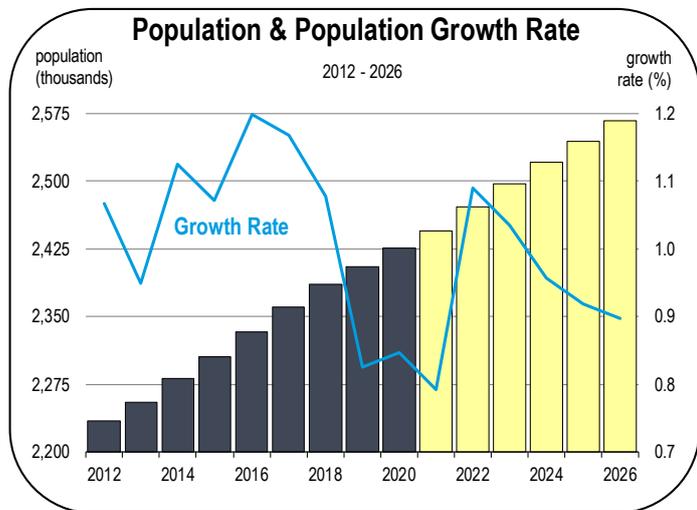
- Leisure and hospitality firms were impacted by restricted business conditions more than almost any other sector of the labor market.
- In 2020, employment levels in restaurants, bars, and catering services declined by 11,400 jobs, a decrease of 16 percent.
- Employment at entertainment and recreation centers declined by 3,000 jobs (23 percent). Hotels and motels contracted by 3,200 jobs (25 percent).
- Leisure and hospitality employment could rebound meaningfully in the second half of 2021 due to a surge in travel, dining, drinking, and recreation throughout Riverside County.

Government Employment

- State and local government agencies lost 6,800 jobs during 2020.
- Federal government agencies added 400 jobs in 2020, but this was mainly due the Decennial Census, which creates temporary government jobs every 10 years.
- The temporary Census jobs have already ended.
- Total government employment will begin to recover in 2022.



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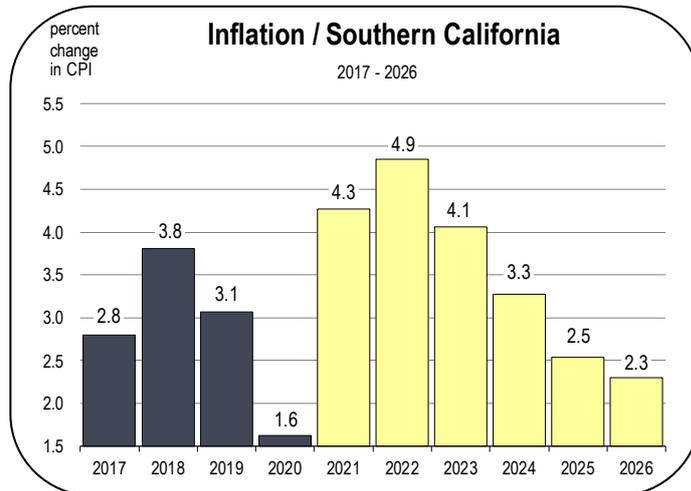
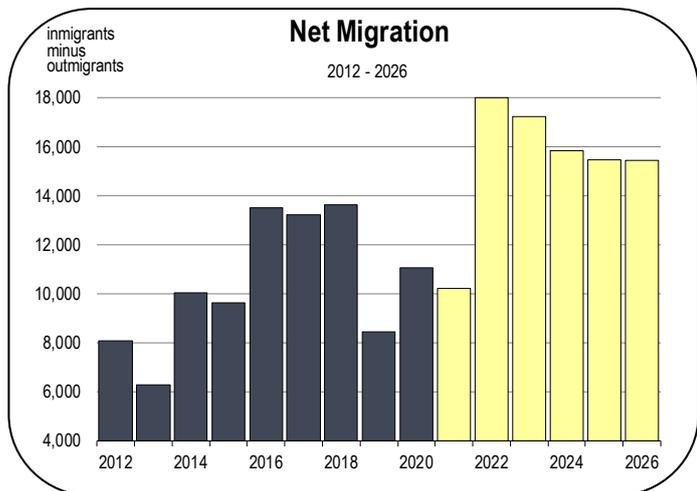
Population Growth

- The Riverside County population expanded at a rate of 0.9 percent in 2020 as 11,000 net migrants entered the county.
- Between 2021 and 2026, an average of 15,400 net migrants will enter the county each year.
- Population growth will average 0.9 percent per year during the forecast period and the county will surpass 2.55 million residents by 2026.

Unemployment and Inflation Rates

- The unemployment rate in Riverside County averaged 10.0 percent in 2020, which was lower than the composite rate for Southern California.
- The unemployment rate is expected to average 7.5 percent in 2021 and 5.3 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
 - 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.



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New homes in Murietta

- 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.

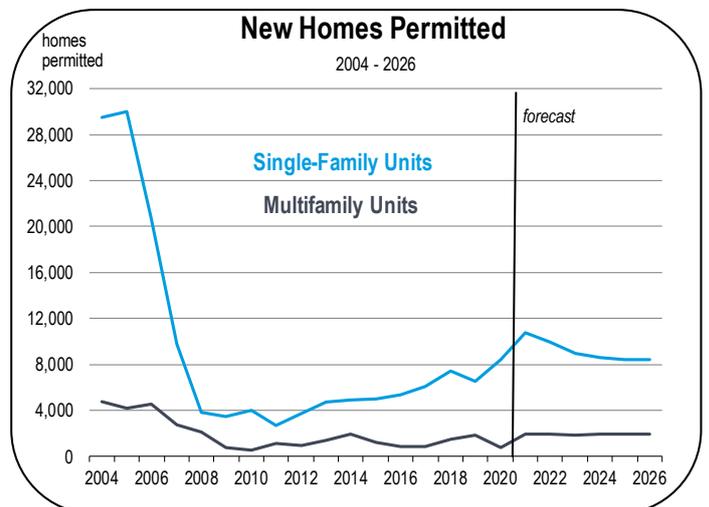
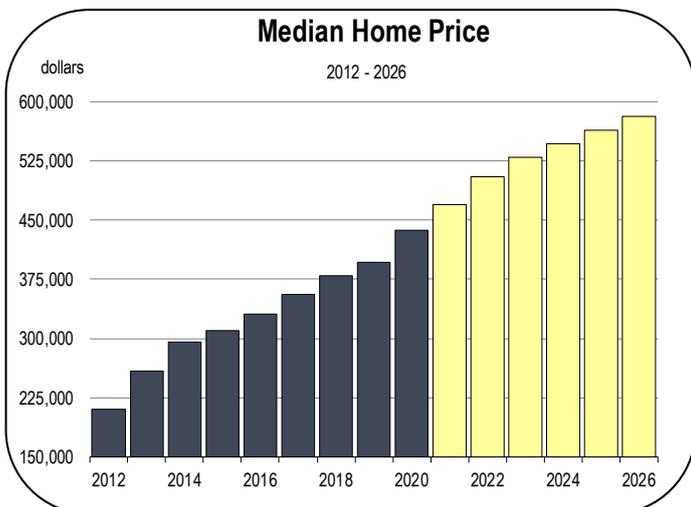
- Between 2015 and 2020, approximately 7,600 homes were built each year. Homebuilding was largely focused on single-family homes rather than multifamily units.

Home Prices and New Housing Production

- The median home price was 436,700 in 2020, an increase of 10 percent from the previous year.
- Home selling prices will increase by another 7 to 9 percent in 2021, and could continue to increase quickly in 2022.

- Between 2021 and 2026, production will average 11,100 units per year. Most will be single-family.

- A substantial amount of non-residential construction is also expected, with numerous resorts and hotels in the development pipeline.



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- The Grand Oasis Crystal Lagoon is a luxury hotel resort with housing, parks, retail, restaurants, and a network of trails around a blue lagoon is planned in Rancho Mirage. The scheduled debut of the lagoon is sometime in late 2022 or early 2023.
- A sports and wellness resort, called Coral Mountain, with 600 homes is planned to start construction this year in La Quinta. The development will feature the largest rideable open-barrel, human-made waves in the world to the desert, powered by wave technology. The 18 million gallon basin will create waves that roll for more than 700 yards.
- The College of the Desert project is an expansion of the existing college campus in Indio. Construction is expected to start this year. The capacity of College of the Desert is expected to double with the addition of a three-story building for new classrooms.
- Construction on the Pueblo Viejo Villas project broke ground late last year. It is a \$47 million, 105 unit affordable housing project in the city of Coachella. The project is part of the Pueblo Viejo Revitalization Plan for downtown Coachella where major redevelopment over the future is planned.



The Grand Oasis Crystal Lagoon

Riverside County Economic Forecast

Economic Indicators

2015-2020 History, 2021-2050 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	2,305,357	711.4	9,650	6,196	1,902	\$86.2	\$23.2	\$33.2	\$11.4	\$42,577	6.7	\$1.5	0.9
2016	2,332,994	718.5	13,499	6,180	1,984	\$90.7	\$23.9	\$34.5	\$11.3	\$43,456	6.1	\$1.4	1.9
2017	2,360,258	724.9	13,216	6,921	2,008	\$94.5	\$25.5	\$36.4	\$11.3	\$43,551	5.3	\$1.3	2.8
2018	2,385,689	732.4	13,614	8,859	2,046	\$99.3	\$27.7	\$38.9	\$11.7	\$43,581	4.5	\$1.4	3.8
2019	2,405,389	739.5	8,461	8,279	2,114	\$104.8	\$28.7	\$40.6	\$11.9	\$44,275	4.3	\$1.4	3.1
2020	2,425,753	746.2	11,061	9,148	2,134	\$109.0	\$29.1	\$41.3	\$13.5	\$44,949	10.0	\$1.4	1.6
2021	2,444,967	752.9	10,218	12,685	2,173	\$113.6	\$29.9	\$42.3	\$14.0	\$45,307	7.5	\$1.4	4.3
2022	2,471,627	763.6	17,997	11,872	2,208	\$119.6	\$30.5	\$43.3	\$14.1	\$46,118	5.3	\$1.4	4.9
2023	2,497,198	773.6	17,227	10,759	2,246	\$126.3	\$31.5	\$44.6	\$14.5	\$47,001	4.3	\$1.4	4.1
2024	2,521,084	782.6	15,836	10,443	2,280	\$132.3	\$32.5	\$46.0	\$14.7	\$47,612	3.9	\$1.4	3.3
2025	2,544,251	791.4	15,464	10,367	2,310	\$138.3	\$33.1	\$46.9	\$14.9	\$48,212	3.7	\$1.4	2.5
2026	2,567,081	800.1	15,440	10,369	2,336	\$144.3	\$33.7	\$47.8	\$15.1	\$48,738	3.6	\$1.4	2.3
2027	2,589,647	808.9	15,519	10,424	2,361	\$150.4	\$34.4	\$48.7	\$15.3	\$49,322	3.6	\$1.4	2.1
2028	2,611,976	817.6	15,684	10,408	2,383	\$156.7	\$35.0	\$49.6	\$15.4	\$49,827	3.6	\$1.4	2.1
2029	2,633,874	826.4	15,690	10,396	2,403	\$162.8	\$36.0	\$50.9	\$15.6	\$50,198	3.5	\$1.4	2.1
2030	2,655,248	835.1	15,679	10,548	2,420	\$169.0	\$37.1	\$52.5	\$15.7	\$50,590	3.5	\$1.4	2.1
2031	2,676,385	844.0	15,951	10,466	2,436	\$175.2	\$38.0	\$53.7	\$15.9	\$50,949	3.5	\$1.4	2.2
2032	2,696,850	852.8	15,812	10,225	2,450	\$181.3	\$39.0	\$55.2	\$16.0	\$51,163	3.5	\$1.4	2.1
2033	2,716,302	861.4	15,385	9,915	2,463	\$187.5	\$39.9	\$56.5	\$16.2	\$51,550	3.5	\$1.4	1.9
2034	2,734,590	869.8	14,838	9,817	2,474	\$193.9	\$40.9	\$57.8	\$16.4	\$51,890	3.5	\$1.4	2.0
2035	2,751,960	878.0	14,661	9,707	2,485	\$200.7	\$42.0	\$59.4	\$16.6	\$52,219	3.5	\$1.4	2.0
2036	2,768,425	886.2	14,465	9,853	2,496	\$207.8	\$43.3	\$61.3	\$16.7	\$52,400	3.5	\$1.4	2.1
2037	2,784,427	894.5	14,712	9,966	2,507	\$215.2	\$44.6	\$63.1	\$16.8	\$52,543	3.5	\$1.4	2.1
2038	2,799,918	902.9	14,908	10,148	2,520	\$222.8	\$45.9	\$64.9	\$16.9	\$52,766	3.5	\$1.4	2.0
2039	2,815,053	911.4	15,237	10,338	2,533	\$230.6	\$47.2	\$66.8	\$17.0	\$52,921	3.5	\$1.4	2.1
2040	2,829,894	920.1	15,580	10,500	2,548	\$238.6	\$48.5	\$68.6	\$17.1	\$53,087	3.5	\$1.4	2.0
2041	2,844,498	929.0	15,870	10,553	2,564	\$246.4	\$49.6	\$70.3	\$17.3	\$53,379	3.5	\$1.4	2.1
2042	2,858,723	937.9	15,974	10,604	2,581	\$254.3	\$50.8	\$71.8	\$17.5	\$53,691	3.5	\$1.4	2.0
2043	2,872,525	946.8	16,074	10,411	2,599	\$262.2	\$51.9	\$73.5	\$17.6	\$54,021	3.5	\$1.4	1.9
2044	2,885,469	955.5	15,742	10,529	2,617	\$270.2	\$52.9	\$74.9	\$17.8	\$54,428	3.5	\$1.4	2.0
2045	2,898,008	964.4	15,959	10,552	2,636	\$278.3	\$54.1	\$76.5	\$18.0	\$54,788	3.5	\$1.4	2.1
2046	2,910,100	973.3	16,002	10,558	2,656	\$286.6	\$55.3	\$78.2	\$18.1	\$55,082	3.5	\$1.4	2.1
2047	2,921,827	982.2	16,012	10,552	2,676	\$295.0	\$56.5	\$79.9	\$18.3	\$55,265	3.5	\$1.4	2.1
2048	2,933,244	991.0	15,996	10,348	2,697	\$303.7	\$57.9	\$81.9	\$18.4	\$55,398	3.5	\$1.4	2.2
2049	2,944,054	999.8	15,629	10,511	2,717	\$312.3	\$59.2	\$83.8	\$18.5	\$55,659	3.5	\$1.4	1.9
2050	2,954,875	1,008.6	15,919	10,530	2,738	\$321.3	\$60.6	\$85.7	\$18.6	\$55,877	3.5	\$1.4	2.0

Employment Sectors

2015-2020 History, 2021-2050 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	657.9	12.6	52.9	41.3	34.1	112.1	20.9	62.6	6.4	95.2	83.4	114.5
2016	688.4	12.8	58.6	42.7	37.4	115.4	21.4	65.2	6.3	100.2	88.2	117.6
2017	718.4	12.3	62.2	42.9	42.4	116.5	21.8	66.6	6.1	107.0	91.2	126.4
2018	748.5	12.3	67.4	44.5	45.8	117.8	22.1	70.5	6.2	114.9	93.7	130.1
2019	768.4	12.9	67.6	45.1	49.3	119.2	21.6	73.0	6.5	120.7	97.4	131.6
2020	729.0	11.7	66.2	42.3	57.3	112.0	20.9	70.8	5.2	119.9	77.1	125.1
2021	761.4	11.5	69.6	45.0	60.9	117.5	21.5	74.4	6.0	124.9	83.1	125.3
2022	794.5	12.4	75.5	46.1	62.4	118.6	21.9	77.6	6.0	129.9	90.1	131.0
2023	812.9	12.6	72.6	46.7	63.8	120.0	22.4	79.7	6.0	133.9	97.0	134.4
2024	830.5	12.7	70.5	47.0	65.0	120.3	22.7	81.4	6.0	137.9	104.8	137.7
2025	849.1	12.7	69.9	47.2	66.3	121.1	23.0	83.1	6.0	142.2	111.8	140.8
2026	865.3	12.7	69.6	47.4	67.5	120.1	23.3	84.7	6.0	146.3	118.5	143.7
2027	883.0	12.6	69.8	47.6	68.6	120.6	23.7	86.3	6.0	150.2	125.0	146.4
2028	899.2	12.6	69.7	47.8	69.7	120.8	24.0	87.9	6.1	154.0	131.0	149.0
2029	915.6	12.6	69.7	48.0	70.8	121.7	24.3	89.4	6.1	157.7	136.7	151.3
2030	931.4	12.6	69.9	48.1	71.9	122.7	24.6	90.9	6.1	161.3	142.0	153.6
2031	944.8	12.6	69.9	48.3	72.9	123.1	24.8	92.4	6.1	164.6	146.1	155.7
2032	956.5	12.6	69.4	48.5	73.8	123.6	25.1	93.9	6.1	167.7	149.6	157.6
2033	966.9	12.6	68.4	48.7	74.8	124.1	25.3	95.3	6.1	170.8	152.3	159.3
2034	977.1	12.6	67.8	48.8	75.6	124.8	25.5	96.7	6.1	174.0	154.7	160.9
2035	987.1	12.6	67.5	49.0	76.4	125.7	25.8	98.1	6.1	177.2	156.5	162.3
2036	996.7	12.7	67.4	49.2	77.2	126.6	26.0	99.4	6.1	180.1	158.2	163.6
2037	1,005.7	12.7	67.7	49.4	77.9	127.2	26.2	100.7	6.1	182.7	159.8	164.7
2038	1,013.9	12.7	67.8	49.5	78.6	127.8	26.4	101.9	6.1	185.0	161.4	165.8
2039	1,022.2	12.7	68.5	49.7	79.2	128.2	26.5	103.2	6.1	187.2	162.9	166.8
2040	1,030.0	12.7	68.8	49.8	79.9	128.5	26.7	104.3	6.2	189.5	164.4	167.7
2041	1,037.2	12.7	69.1	50.0	80.5	128.8	26.9	105.5	6.2	191.4	165.9	168.5
2042	1,044.1	12.7	69.4	50.2	81.0	129.1	27.0	106.6	6.2	193.3	167.3	169.2
2043	1,050.7	12.7	69.2	50.4	81.5	129.6	27.2	107.7	6.2	195.2	168.8	169.9
2044	1,057.3	12.7	69.0	50.6	82.0	130.3	27.3	108.8	6.2	197.0	170.4	170.4
2045	1,064.1	12.7	69.2	50.7	82.5	130.9	27.5	109.9	6.2	199.0	171.8	170.9
2046	1,070.0	12.7	69.0	50.9	82.9	131.4	27.6	110.9	6.2	201.0	173.1	171.3
2047	1,075.6	12.7	69.1	51.1	83.3	131.6	27.7	111.9	6.2	202.8	174.3	171.7
2048	1,080.7	12.8	68.8	51.2	83.7	131.9	27.8	112.9	6.2	204.6	175.5	172.0
2049	1,085.8	12.8	68.9	51.4	84.0	132.2	27.9	113.8	6.2	206.3	176.5	172.2
2050	1,091.1	12.8	69.2	51.5	84.3	132.6	28.0	114.8	6.2	208.0	177.5	172.5

Riverside County Economic Forecast

Socioeconomic Indicators

