

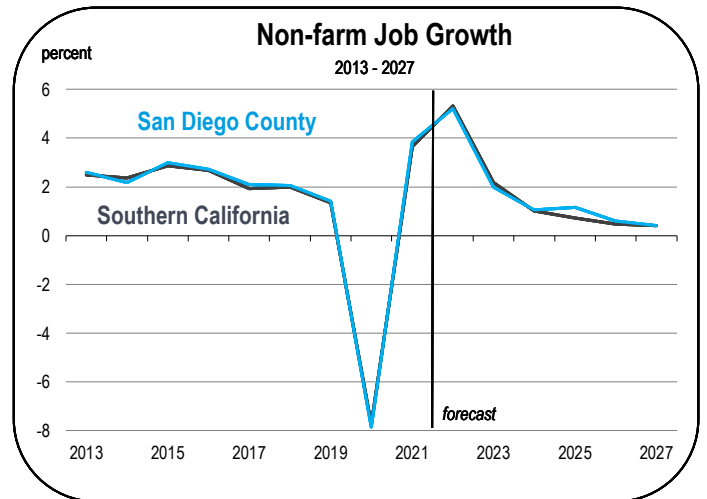
# San Diego County Economic Forecast

## Forecast Summary

- A record 75,000 new jobs are forecast in San Diego County during 2022.
- Employment gains will be largest in retail trade, leisure services, professional business services, and government.
- The unemployment rate averaged 6.5 percent in 2021. It will average 3.3 percent for the 2022 calendar year.
- The population is expanding at a similar rate as broader Southern California, and this trend will largely continue.
- Housing production will stay relatively stable in 2022 and throughout the rest of the forecast period.
- Home prices rise in 2022, principally on the strength of the first 6 months of sales. A housing appreciation rate of 10 percent is forecast.
- The median price for housing has been in a modest contraction since July 2022. After 2022, there will be a slight overall decline in the annual median selling price.

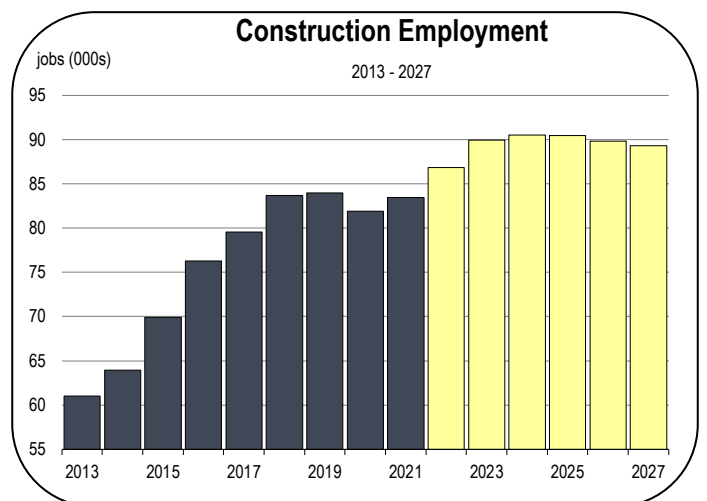
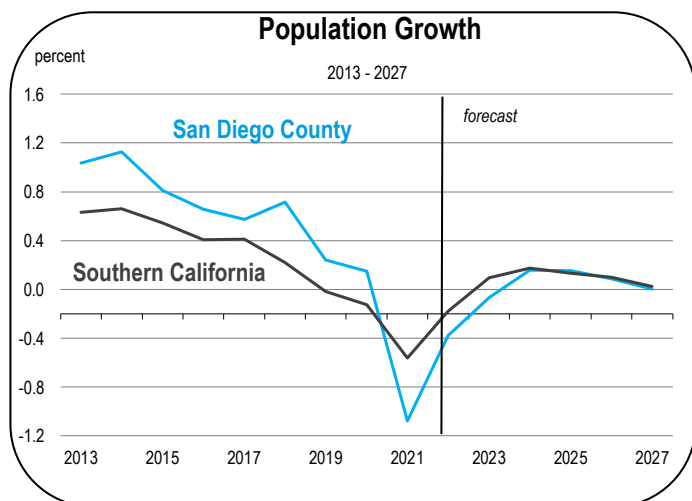
## Job Growth

- Total employment in San Diego County will increase by 5.2 percent in 2022. The employment decline from the pandemic recession will be entirely restored in 2022.
- Job growth will subside in 2023 and 2024, moderating to just less than one percent by 2025.

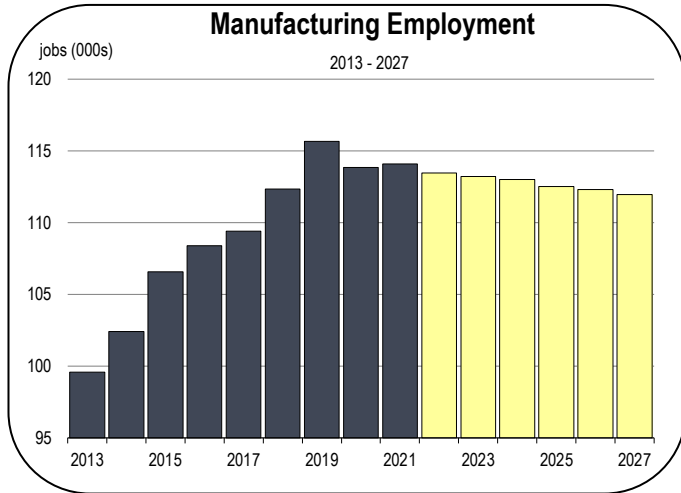


## Construction Employment

- Construction employment is fully restored in 2022 and will rise over the forecast. An additional 7,000 new jobs are forecast between 2021 and 2024.
- The 2023-2024 production of housing will approximate the rate of home building in 2020-2021. But new development in the county will increase with more industrial projects breaking ground. Consequently, over the next 2 or 3 years, some expansion of employment in construction will be necessary.



# San Diego County Economic Forecast

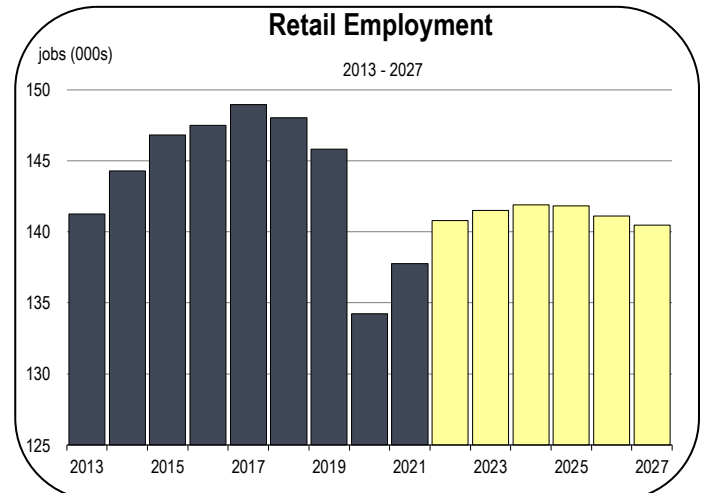
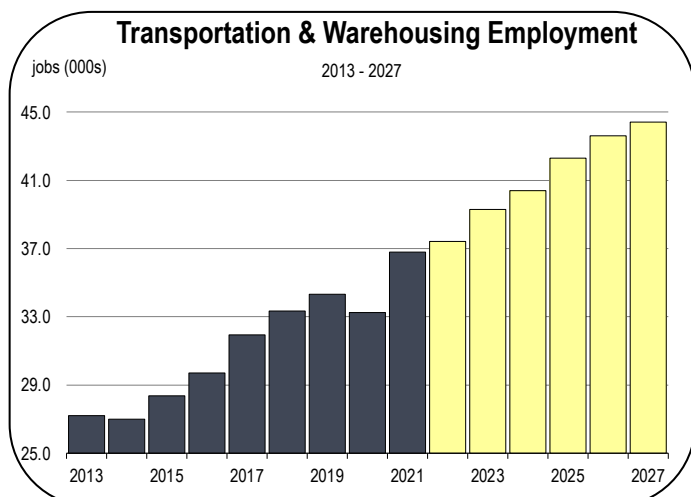


## Manufacturing Employment

- Manufacturing industries are expected to remain relatively stable and will unlikely represent a labor market contributing new employment opportunities over the forecast.
- The large manufacturers include Cubic Corporation (surveillance systems), Pulse Electronics, General Dynamics, and Sony Electronics.

## Transportation and Warehousing Employment

- Most transportation jobs in San Diego County are in trucking and warehousing, bus and transit systems, local delivery services, and at San Diego International Airport.
- Job growth in trucking and warehousing was exponential before the pandemic, with overall employment levels more than doubling between 2009 and 2019.



- Employment within Local delivery has increased substantially in the recovery period since the pandemic recession. But job growth in warehousing and trucking has now eclipsed all other sub-sectors of the broader Transportation and Warehousing industry.
- With the acceleration of online e-commerce, fulfillment and distribution centers are the principal industrial product now being developed throughout California and nationwide. The forecast calls for steady and meaningful increases in employment to staff these warehouse facilities over time.

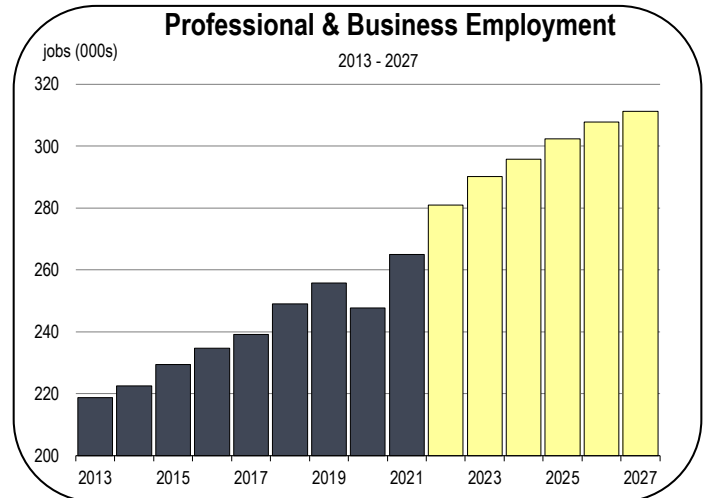
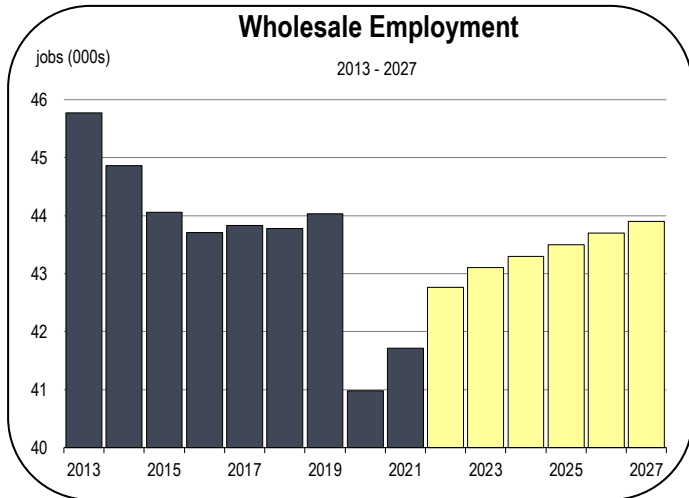
## Retail Trade Employment

- The retail sector gained more than 3,500 jobs in 2021, an increase of 3 percent.
- The rebound in employment is limited to 2022 because due to (1) ongoing consumer substitution from physical stores to online e-commerce, and (2) automation, the sector will enter a longer-term pattern of employment contraction that will overlap the forecast period.
- Warehouse clubs and Supercenters such as Costco, Walmart, and Lowes will continue to attract consumers; consequently, these sectors of retail are likely to retain a higher proportion of total retail employment than clothing, general department, sporting goods, or book and music stores. Grocery and food and beverage retail establishments are also expected to maintain current levels of workers over the forecast.

## Wholesale Trade Employment

- Wholesale trade employment is expected to rise by 1,000 jobs in 2022.
- Automation within this sector will limit net job formation and a return to pre-recession levels over the forecast.

# San Diego County Economic Forecast

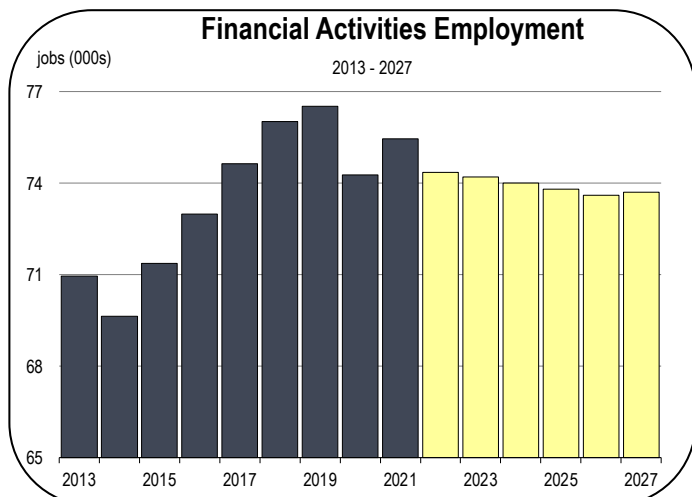


## Financial Activities Employment

- Employment is not expected to rise much over the short-term forecast period.
- Consolidation is expected in the real estate and insurance subsectors of the industry.
- Rising interest rates in 2022 and 2023 will negatively impact the demand for homes, reducing employment in the real estate and mortgage brokerage sectors.
- Bank mergers, ongoing consolidations, and automation are resulting in fewer open positions for employment. Consequently, the forecast for the greater industry does not call for any significant change in employment over time.

## Professional and Business Services Employment

- The industry is largely comprised of professional white color workers in professional services including legal, accounting, architectural, scientific, engineering, and technical services. Also, management services and administrative services including temporary staffing services complete this principal labor market sector.



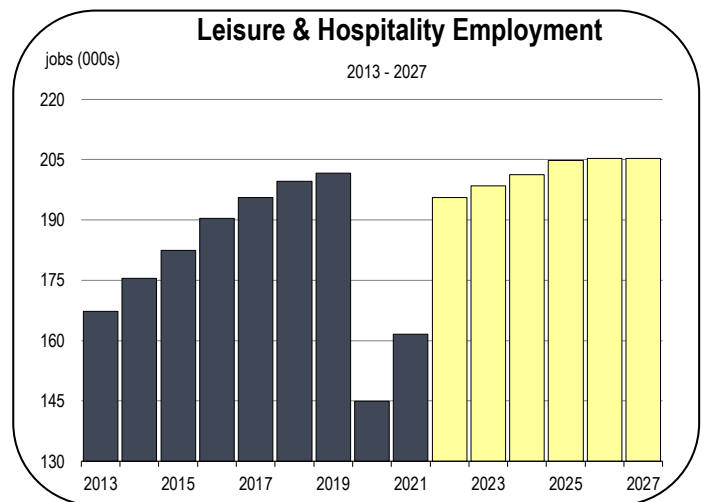
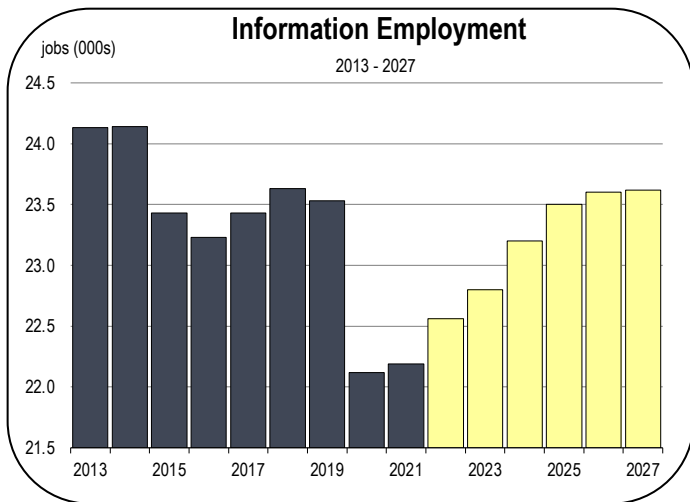
- Professional, scientific and technical consulting services account for 56 percent of all employment in the broader industry. This subsector is the main engine of growth, and job creation remains steady through 2022 and into 2023.
- A total of 17,000 jobs were created in 2021 and another 16,000 jobs will be created in 2022, representing some of the fastest job growth for the professional business services sector in any county in California.
- The outlook calls for an increase of 15,000 jobs in the 2023-2024 period.

## Information Employment

- Information includes an array of subsectors from newspaper and magazine publishing to software publishing to movie theatres. Currently, most of the employment in San Diego County remains in the non-internet publishing sector.
- Consolidations within this industry have been evident over time. Employment in the publishing and telecommunications subsectors is largely being disrupted by both automation and internet information services. A rebound of pandemic recession job loss is expected, but net growth in this sector over time will be minimal, limited largely to software development.

Information Industry Subsectors • 2022	Jobs in Subsector	Percent of Total Industry
<b>Publishing Industries (except Internet)</b>	<b>6,917</b>	<b>15.7</b>
<b>Software Publishers</b>	<b>5,408</b>	<b>12.3</b>
<b>Broadcasting</b>	<b>2,483</b>	<b>5.7</b>
<b>Telecommunications</b>	<b>6,575</b>	<b>15.0</b>
<b>Total Information Sector</b>	<b>22,558</b>	<b>100.0</b>

# San Diego County Economic Forecast



## Private Education and Healthcare Employment

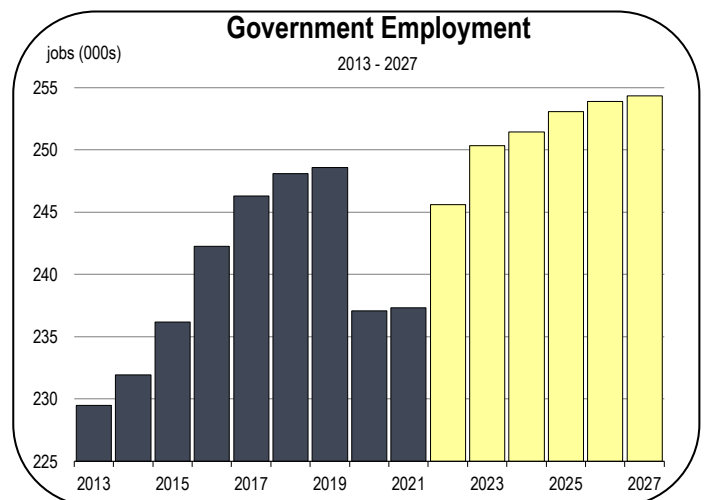
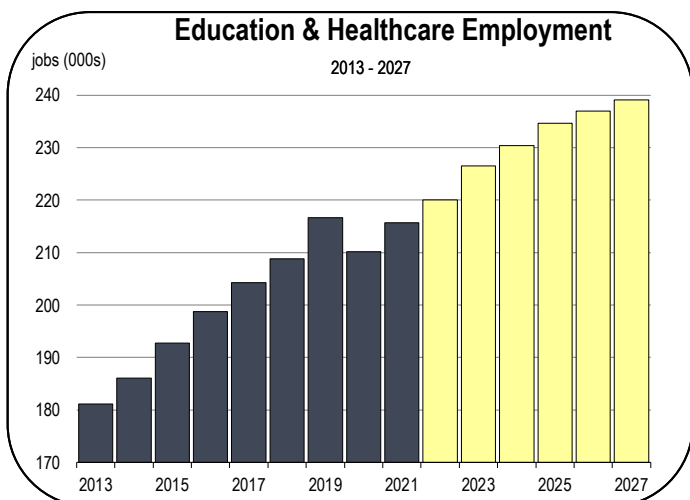
- There were 190,000 healthcare jobs in San Diego County in 2021, representing 88 percent of the broader private education and healthcare sector.
- The healthcare sector has been fully restored through mid-2022. Moreover, there are more job openings in this industry than any other employment sector, according to Indeed and other jobs wanted websites. Consequently, as labor force growth increases, more openings will be filled and employment growth in healthcare will also rise.
- Healthcare firms are among the largest employers in the County.

Healthcare Firms	Headcount
Sharp Healthcare	19,468
Scripps Health	15,000
Kaiser Permanente	9,100
Rady Children’s Hospital	5,711

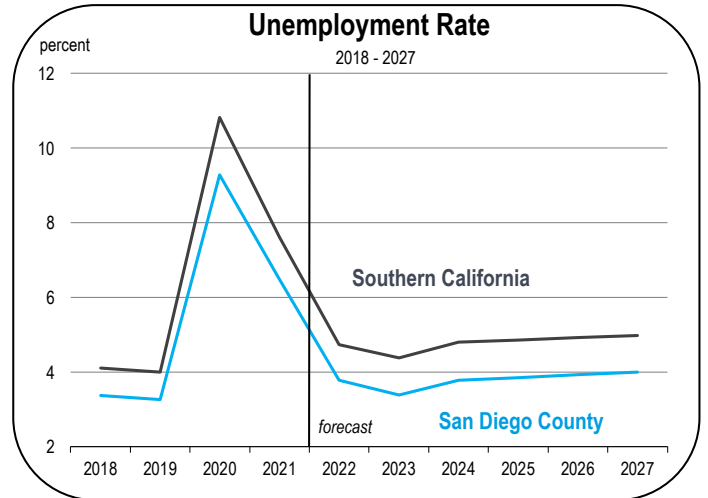
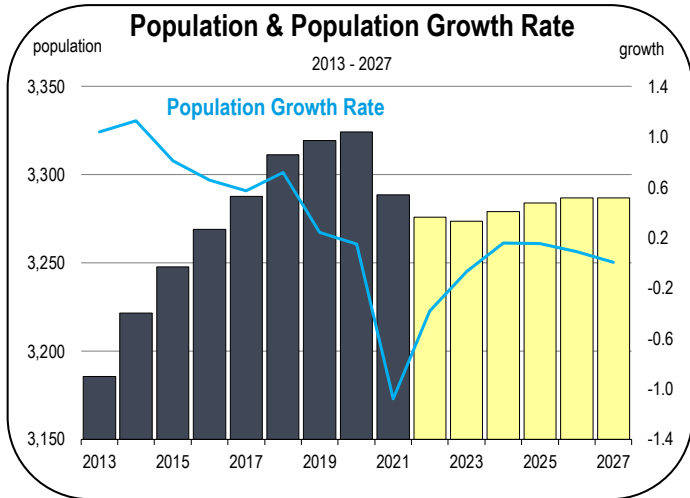
- There are 26,000 jobs in private schools and colleges, tutoring services, vocational schools, and other educational organizations. The largest private school is the University of San Diego with approximately 1,500 staff and administrators, 1,000 faculty members, and 8,900 students.

## Leisure and Hospitality Employment

- Leisure and hospitality firms lost 56,000 jobs in 2020, but have dramatically rebounded, recovering 17,000 jobs in 2021. The industry has sharply reinstated nearly all remaining jobs in 2022.
- The principal contribution of new jobs is occurring in restaurants and bars which serve residents and the surging visitor industry which has largely contributed to all coastal California county economies in 2021 and 2022.
- Visitor counts at amusement parks and attractions rebounded during 2022. This includes SeaWorld, Legoland, the San Diego Safari Park, and the San Diego Zoo which is the most visited zoo in the nation, with more than 4 million visitors per year.



# San Diego County Economic Forecast



## Government Employment

- Public sector employment accounts for 16 percent of all wage and salary jobs in San Diego County. The largest institution in the County is the U.S. Navy with an estimated 34,000 federal civilian and military employees.
- Much of the employment decline during the recession was due to early accelerated retirement incentives. Restoring the workforce in schools has been slow to recover. However, employment has surged more convincingly in 2022 in all state and local public sectors. By the end of 2022, the total public sector workforce should be fully restored.
- The largest state and local public sector employers are:

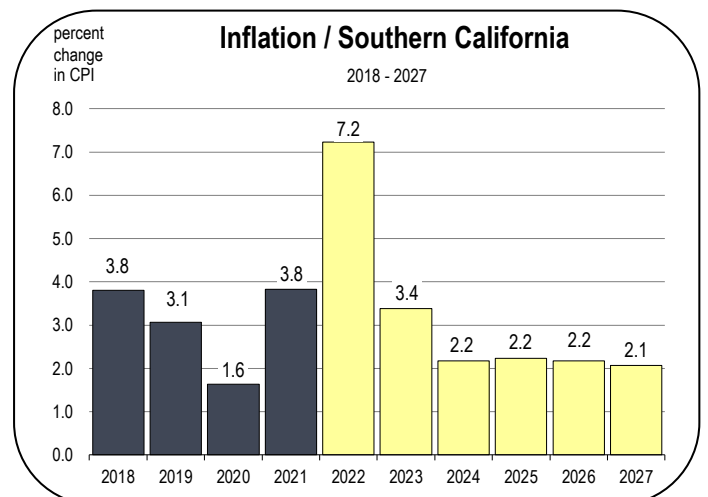
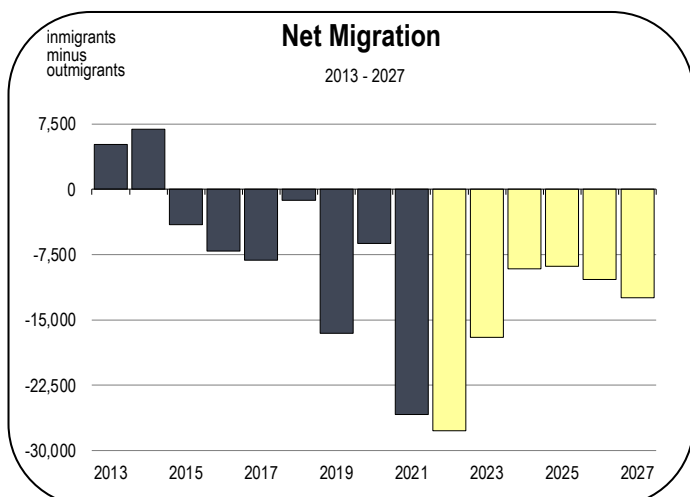
Employers	Headcount
UC San Diego	35,802
County of San Diego	17,954
City of San Diego	11,820
San Diego State University	6,454
San Diego Community College District	5,400

## Population Growth

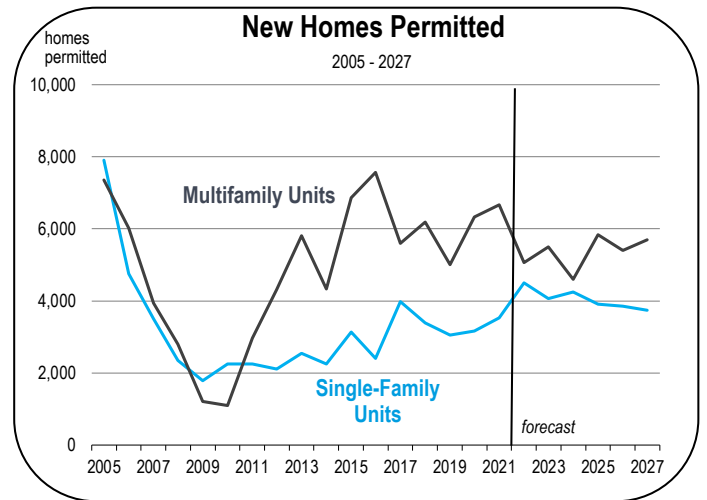
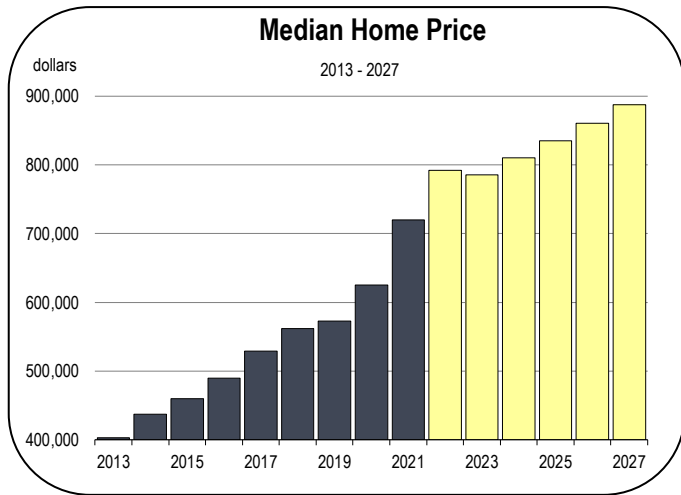
- The San Diego County population is now contracting. This is entirely due to the number of out-migrants exceeding the number of in-migrants.
- An estimated 26,000 net migrants left the county in 2021, bringing the county's population growth rate well below the statewide average. A similar level of out-migration is forecast for 2022.
- Over the longer 2022-2027 forecast period, population growth will remain depressed, due entirely to out-migration of county residents.
- Population growth will average zero percent per year during the 2022-2027 forecast period. Negative out-migration is offset by the positive natural increase in population. But even the natural increase turns negative between 2040 and 2050.

## Unemployment and Inflation Rates

- The unemployment rate in San Diego County averaged 6.5 percent in 2021, which was below the composite rate for Southern California. The rate is expected to average 3.3 percent in 2022 and 3.7 percent in 2023.



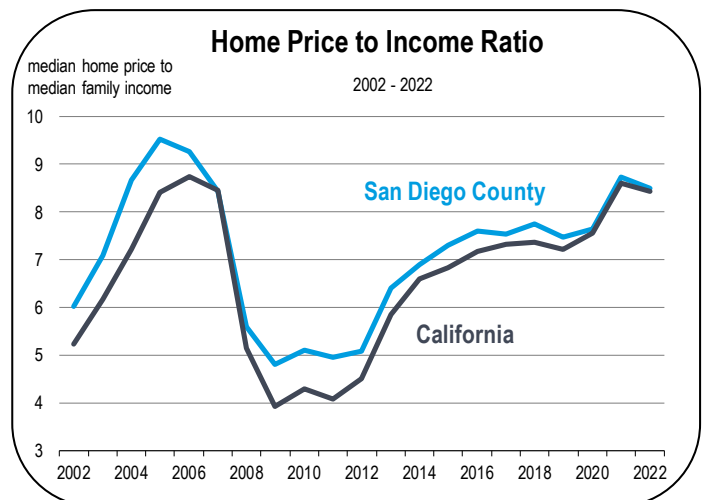
# San Diego County Economic Forecast



## Home Prices and New Housing Production

- The unemployment rate is not expected to rise much over the short-term forecast. Labor markets are expected to loosen some in 2023 and 2024 as the growth of the labor force expands, but unemployment rates will remain historically low.
- Inflation soared in 2021 and is expected to remain elevated in 2022 and 2023.
- During 2022 and into 2023, there will be a number of factors that will contribute to higher-than-normal inflation. The most prominent will be:
  - Spending by consumers and the federal government that was especially prolific in 2021 and 2022
  - Global supply chain interruptions (from the pandemic) that have raised the cost of production for many businesses
  - Sharp increases in the cost of housing and energy
  - Labor market recruitment challenges that have led to surging wage increases
- Combined, these factors have pushed 2022 inflation to its highest rate in 40 years. Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2022 and 2023.
- However, inflation will gradually decelerate in 2023 as supply chains are restored, and the impending economic slowdown moderates the demand for labor and wage increases. Average inflation rates eventually decline to 3 percent again by 2024.

- The median selling value for all housing was \$720,000 in 2021. Single-family detached homes were valued at \$826,300. Prices continue to rise in 2022, by approximately 10 percent to \$908,000. The median selling price has softened however during 2022, peaking in May and moderately declining for the remainder of the year.
- Housing affordability has become a principal issue in San Diego County because, like the rest of California, the supply of new units has not kept pace with demand. Households frequently have to spend more than 40 percent of their pre-tax income on mortgage financing, which exceeds the recommendations of conventional affordability guidelines.
- From 2017 to 2021, an average of 9,400 new homes were authorized per year. Multifamily units accounted for 61 percent of all new units. Housing production is also forecast to average 9,400 homes per year from 2022 to 2027. More of the housing units will be apartments, but single-family homes will still account for most of the new housing.





# San Diego County Economic Forecast

- The incorporated cities will be the location of most new residential buildings over the next 5 years. The Otay Mesa area is now under rapid development and most of the new housing planned and/or entitled for the unincorporated area of the County is targeted there.
- The majority of new residential units in the development queue are located in Chula Vista and Downtown San Diego. In the downtown region, more than 10,000 residential units have been planned, in addition to almost 11 million square feet of commercial space and 7,800 hotel rooms.
- The principal region for new housing development is Chula Vista and the surrounding unincorporated area. Residential development in the Otay community planning area is entitled for up to 6,200 units through 2050. The total pipeline for the Chula Vista portion of Otay Ranch includes another 14,213 units.
- The first 2 phases of the \$1.3 billion master planned Cota Vera development include 5,000 homes. Phase 1 (2,000 homes) is currently underway. Shea Homes is building the Lucca neighborhood of single-family homes, Lennar is building Whitmore (single family homes) and Bluestone (apartments), and Reylenn is building the Cota Vera Apartments.
- The Otay Mesa industrial submarket is the epicenter of 5 million square feet of new industrial space since 2020, accounting for 80 percent of all new industrial space in San Diego County. Amazon opened its largest fulfillment center in California in September 2021, a 3 million square foot facility.
- Currently, there is an estimated 3.1 million square feet of industrial space in the Otay Mesa development pipeline (proposed and under construction), representing 76 percent of all industrial space under development in the county.

Otay Ranch Residential Build Out 2022-2050	Proposed Units
East Otay Mesa Business Park Specific Plan	3,158
The Otay Ranch Resort Village Specific Plan	1,938
Otay Ranch other villages and planning areas	1,119
Otay Ranch Chula Vista	14,213
<b>Total Otay Ranch Residential Pipeline</b>	<b>20,428</b>



The Residences at Cota Vera are under construction. Reylenn Construction is building 280 multi-family apartment units.

# San Diego County Economic Forecast

## Economic Indicators

## 2015-2021 History, 2022-2050 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	3,248,371	1,118	-4,039	10,005	2,881	\$176	\$38	\$55	\$31	\$64,115	5.2	\$2.0	0.9
2016	3,263,517	1,126	-7,099	9,972	2,960	\$182	\$38	\$56	\$31	\$64,600	4.7	\$2.0	1.9
2017	3,276,113	1,134	-8,128	9,580	2,973	\$189	\$40	\$58	\$32	\$64,734	4.0	\$2.0	2.8
2018	3,293,350	1,144	-1,284	9,577	2,993	\$196	\$41	\$59	\$32	\$64,267	3.4	\$1.9	3.8
2019	3,294,272	1,153	-16,510	8,053	3,046	\$203	\$42	\$61	\$33	\$64,419	3.3	\$1.9	3.1
2020	3,303,736	1,159	-6,233	9,486	3,009	\$222	\$41	\$59	\$32	\$69,209	9.3	\$1.9	1.6
2021	3,288,455	1,161	-25,839	9,730	2,953	\$232	\$49	\$72	\$35	\$70,683	6.5	\$1.8	3.8
2022	3,275,933	1,173	-27,697	9,555	3,047	\$251	\$57	\$82	\$36	\$71,368	3.3	\$1.8	7.2
2023	3,273,729	1,183	-17,025	9,556	3,071	\$262	\$57	\$83	\$36	\$72,083	3.7	\$1.8	3.4
2024	3,278,933	1,192	-9,144	8,844	3,087	\$270	\$58	\$84	\$36	\$72,611	3.9	\$1.8	2.2
2025	3,283,925	1,200	-8,826	9,741	3,100	\$282	\$59	\$86	\$36	\$74,054	3.9	\$1.7	2.2
2026	3,286,795	1,209	-10,334	9,253	3,112	\$293	\$60	\$87	\$37	\$75,390	3.9	\$1.7	2.2
2027	3,286,949	1,218	-12,469	9,432	3,123	\$305	\$61	\$88	\$38	\$76,917	4.0	\$1.6	2.1
2028	3,289,377	1,227	-9,542	9,415	3,138	\$318	\$61	\$89	\$38	\$78,378	4.1	\$1.6	2.1
2029	3,292,641	1,236	-7,979	8,815	3,154	\$329	\$63	\$91	\$39	\$79,349	4.1	\$1.5	2.2
2030	3,295,530	1,244	-7,754	8,369	3,172	\$341	\$65	\$94	\$39	\$80,317	4.1	\$1.5	2.1
2031	3,296,639	1,252	-8,414	8,000	3,192	\$352	\$66	\$96	\$39	\$81,325	4.1	\$1.5	2.0
2032	3,296,048	1,260	-9,149	7,924	3,213	\$363	\$68	\$98	\$40	\$82,097	4.2	\$1.4	2.2
2033	3,294,011	1,267	-9,548	7,400	3,236	\$375	\$70	\$100	\$40	\$83,293	4.2	\$1.4	1.8
2034	3,290,543	1,275	-9,798	7,030	3,258	\$387	\$71	\$103	\$40	\$84,416	4.2	\$1.3	2.0
2035	3,285,986	1,281	-10,084	6,453	3,275	\$400	\$73	\$105	\$41	\$85,523	4.2	\$1.3	2.1
2036	3,280,722	1,287	-10,197	6,270	3,291	\$413	\$76	\$109	\$41	\$86,327	4.3	\$1.2	2.5
2037	3,275,099	1,293	-10,141	6,204	3,307	\$427	\$78	\$112	\$41	\$87,087	4.3	\$1.2	2.6
2038	3,268,940	1,299	-10,224	5,907	3,329	\$441	\$81	\$115	\$41	\$88,029	4.3	\$1.2	2.4
2039	3,262,493	1,305	-10,222	5,697	3,348	\$456	\$83	\$119	\$41	\$88,834	4.3	\$1.1	2.6
2040	3,255,619	1,310	-10,147	5,629	3,366	\$471	\$85	\$122	\$41	\$89,678	4.4	\$1.1	2.5
2041	3,248,423	1,316	-10,127	5,609	3,384	\$486	\$87	\$125	\$42	\$90,793	4.4	\$1.0	2.1
2042	3,240,994	1,321	-10,117	5,606	3,397	\$501	\$89	\$128	\$42	\$91,977	4.4	\$1.0	2.0
2043	3,233,472	1,326	-10,031	5,609	3,405	\$516	\$92	\$131	\$42	\$93,218	4.5	\$0.9	1.9
2044	3,225,837	1,331	-9,844	5,519	3,415	\$531	\$93	\$134	\$42	\$94,591	4.5	\$0.9	1.7
2045	3,217,941	1,337	-9,668	5,362	3,419	\$547	\$96	\$137	\$43	\$95,862	4.5	\$0.9	1.8
2046	3,210,018	1,342	-9,430	5,269	3,421	\$562	\$98	\$140	\$43	\$96,998	4.5	\$0.8	1.9
2047	3,202,072	1,347	-9,119	5,140	3,424	\$578	\$100	\$143	\$43	\$97,904	4.6	\$0.8	2.1
2048	3,193,913	1,352	-8,998	4,969	3,426	\$594	\$103	\$147	\$43	\$98,727	4.6	\$0.7	2.2
2049	3,185,414	1,356	-8,871	4,862	3,425	\$611	\$105	\$150	\$43	\$99,814	4.6	\$0.7	1.9
2050	3,176,474	1,361	-8,772	4,663	3,425	\$628	\$107	\$154	\$43	\$100,838	4.6	\$0.6	2.0

## Employment Sectors

## 2015-2021 History, 2022-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade (thousands of jobs)	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
2015	1,394	9.1	69.9	106.6	28.4	190.9	71.4	229.5	23.4	192.7	182.4	236.2
2016	1,432	8.9	76.3	108.4	29.7	191.2	73.0	234.7	23.2	198.7	190.4	242.2
2017	1,461	8.7	79.5	109.4	32.0	192.8	74.6	239.1	23.4	204.3	195.6	246.3
2018	1,492	9.3	83.7	112.3	33.3	191.8	76.0	249.0	23.6	208.9	199.6	248.1
2019	1,513	9.7	84.0	115.7	34.3	189.8	76.5	255.7	23.5	216.6	201.7	248.6
2020	1,394	9.2	81.9	113.8	33.3	175.2	74.3	247.7	22.1	210.2	144.9	237.1
2021	1,447	8.8	83.4	114.1	36.8	179.5	75.5	264.9	22.2	215.7	161.6	237.3
2022	1,523	9.1	86.2	113.4	37.4	183.6	74.4	281.0	22.6	220.1	195.6	245.6
2023	1,553	9.2	89.9	113.2	39.3	184.6	74.2	290.2	22.8	226.5	198.5	250.3
2024	1,569	9.0	90.5	113.0	40.4	185.2	74.0	295.8	23.2	230.4	201.3	251.4
2025	1,587	8.9	90.5	112.5	42.3	185.3	73.8	302.3	23.5	234.7	204.8	253.1
2026	1,596	8.8	89.8	112.3	43.6	184.8	73.6	307.7	23.6	237.0	205.3	253.9
2027	1,603	8.7	89.3	112.0	44.4	184.4	73.7	311.3	23.6	239.1	205.4	254.3
2028	1,609	8.7	88.8	111.6	44.8	184.0	73.9	314.5	23.8	241.3	205.5	254.9
2029	1,616	8.6	87.8	111.3	45.4	183.7	73.8	318.4	24.4	243.4	205.6	255.5
2030	1,622	8.5	86.5	111.0	46.0	183.7	74.0	321.3	24.8	245.5	205.7	255.8
2031	1,626	8.4	85.0	110.7	46.4	183.4	73.9	325.4	24.9	247.5	205.8	255.0
2032	1,631	8.4	83.8	110.4	46.6	183.1	73.8	328.9	25.1	249.5	205.9	254.8
2033	1,634	8.3	82.3	110.0	46.9	182.8	73.7	331.8	25.4	251.5	206.0	254.2
2034	1,639	8.3	80.7	109.7	47.1	182.5	73.6	336.1	25.8	253.4	206.2	253.9
2035	1,643	8.2	78.8	109.4	47.4	182.1	73.5	340.4	26.1	255.3	206.3	253.5
2036	1,647	8.2	77.1	109.1	47.5	181.8	73.4	344.6	26.5	257.1	206.4	252.9
2037	1,652	8.1	75.7	108.8	47.7	181.4	73.4	348.9	26.8	258.9	206.5	252.4
2038	1,656	8.1	74.3	108.4	47.9	181.0	73.3	353.1	27.2	260.7	206.6	251.5
2039	1,659	8.0	73.0	108.1	48.0	180.6	73.3	357.3	27.4	262.4	206.7	250.4
2040	1,663	7.9	71.8	107.8	48.1	180.1	73.3	361.5	27.6	264.1	206.8	249.4
2041	1,668	7.9	70.9	107.5	48.2	179.7	73.3	365.7	27.9	265.7	206.9	248.7
2042	1,672	7.8	70.1	107.2	48.3	179.2	73.3	369.9	28.1	267.3	207.0	247.9
2043	1,676	7.8	69.5	106.8	48.4	178.8	73.2	374.1	28.2	268.9	207.1	247.1
2044	1,680	7.7	69.0	106.5	48.5	178.2	73.2	378.2	28.3	270.4	207.2	246.3
2045	1,684	7.7	68.4	106.2	48.6	177.8	73.1	382.4	28.4	271.9	207.3	245.5
2046	1,688	7.6	67.8	105.9	48.6	177.3	73.0	386.5	28.5	273.4	207.4	244.7
2047	1,691	7.6	67.2	105.6	48.7	176.8	72.9	390.6	28.5	274.8	207.5	243.9
2048	1,695	7.5	66.5	105.2	48.8	176.4	72.7	394.7	28.5	276.2	207.6	243.1
2049	1,699	7.5	65.9	104.9	48.9	175.9	72.6	398.8	28.5	277.5	207.7	242.2
2050	1,702	7.4	65.1	104.6	48.9	175.5	72.5	402.9	28.6	278.9	207.8	241.4



# San Diego County Economic Forecast

## Socioeconomic Indicators

