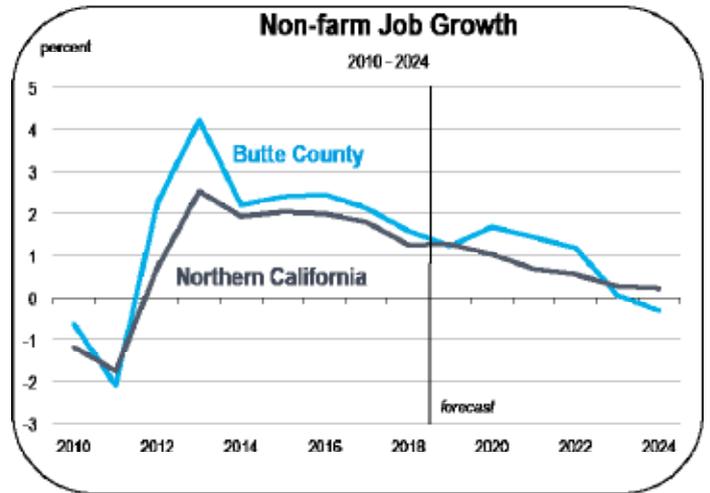


Butte County Economic Forecast

Forecast Summary

- In November 2018, a wildfire destroyed thousands of homes and buildings in Butte County.
- The effects of the fire—officially named the Camp Fire—will have substantial implications for the Butte County economy for several years.
- As the homes and buildings are rebuilt, thousands of new construction workers will be hired, and millions of dollars will be spent on construction materials.
- It is expected that most structures will be rebuilt by 2024 or 2025.
- Across all industries, approximately 1,000 jobs are expected to be created in Butte County in 2019. Through 2024, an average of 800 jobs are expected to be created each year.
- The largest gains are expected in construction, education and healthcare, professional business services, and government. Together, these sectors will account for 83 percent of net job creation in the county between 2018 and 2024.
- By 2024, employment contractions are likely in manufacturing, and there is a meaningful risk of contraction in transportation and warehousing, information, and financial activities.
- The unemployment rate averaged 4.9 percent in 2018 and is near its lowest sustainable level. The unemployment rate may begin to rise by the end of the 2018–2024 forecast period.
- The Butte County population is expected to grow slowly during the 2018–2024 forecast period. Many residents moved out after the Camp Fire but may begin to return by 2020 or 2021.

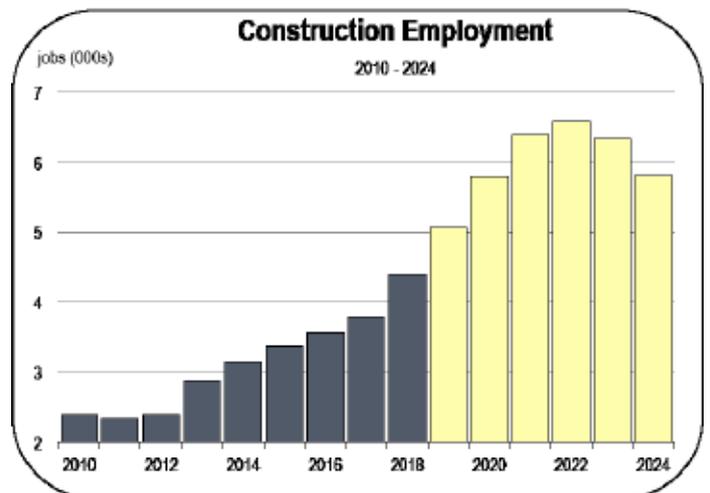
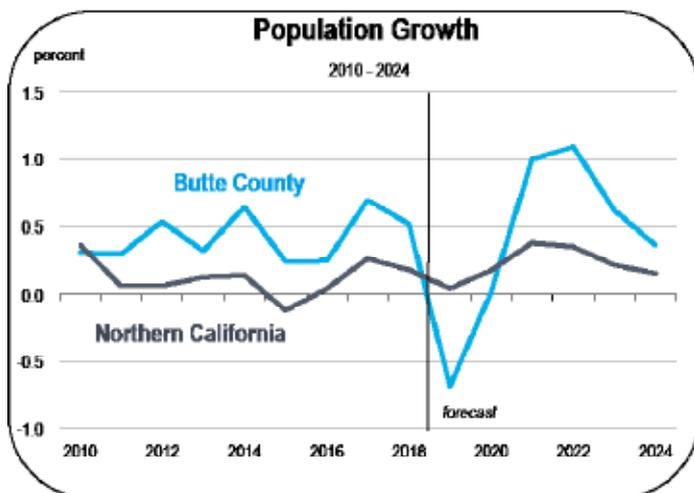


Job Growth

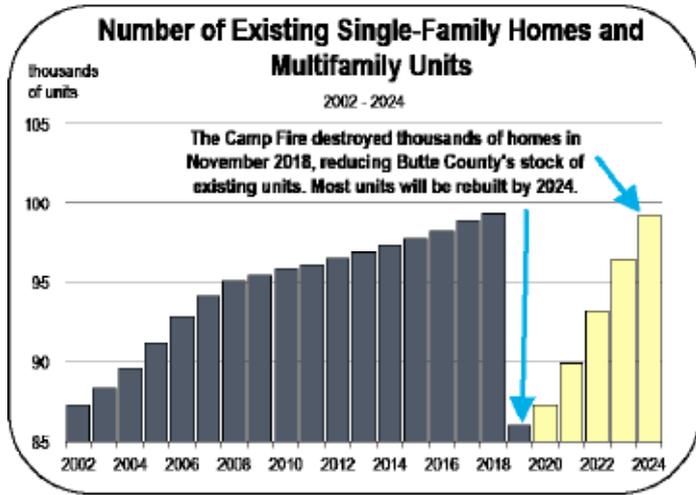
- Government is the largest employer in Butte County, accounting for 20 percent of all wage-and-salary jobs. This includes jobs at public schools and at Chico State.
- The other major employment sectors are retail trade, leisure services, and healthcare.
- The construction industry will create more jobs than any other sector during the forecast period. Employment in retail, healthcare, leisure services, and government will grow relatively slowly.
- Between 2012 and 2018, overall job growth averaged 2.5 percent per year in Butte County. Between 2018 and 2024, job growth is expected to average 0.9 percent per year.

Construction Employment

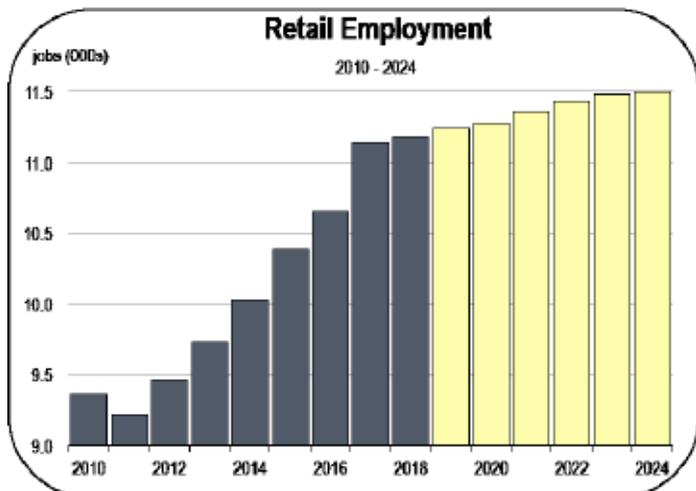
- The construction industry almost doubled from 2011 to 2018, expanding from 2,300 jobs to 4,400 jobs.



Butte County Economic Forecast



- Between 2012 and 2018 almost 3,900 homes were built in the county and more than \$380 million was spent building and renovating non-residential structures.
- The construction sector is expected to add another 2,200 jobs by 2022 as the structures destroyed by the Camp Fire are rebuilt. Additional homes and buildings not associated with the aftermath of the fire are also expected to be built.
- The fire rebuilds are occurring at a slow pace. Through mid-October 2019, only 11 homes had been rebuilt, and construction permits had been issued on only 354 additional homes. A total of 13,792 homes were destroyed by the fire.
- If the rebuilding process occurs more slowly than expected, or if fewer homes and structures are ultimately rebuilt than expected, the outlook for construction jobs could change substantially.

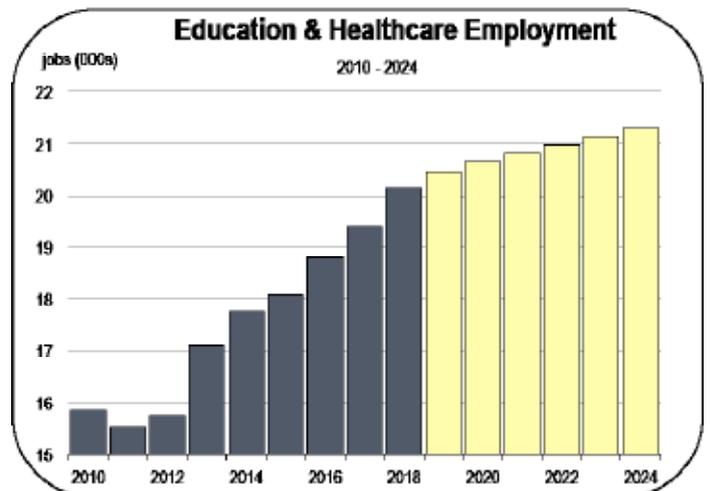


Retail Trade Employment

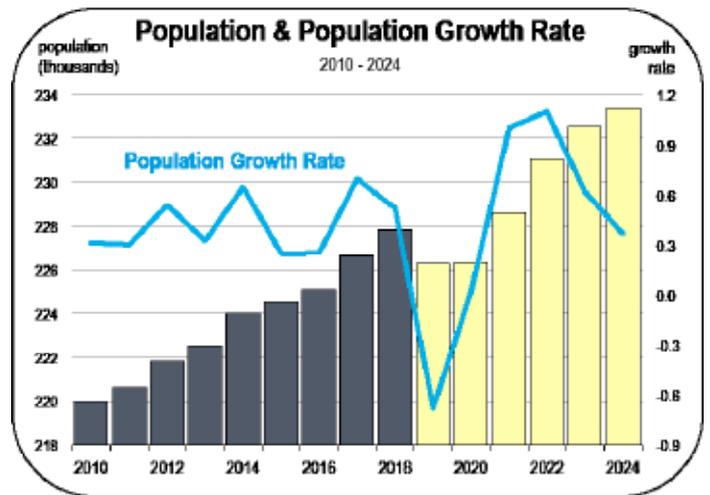
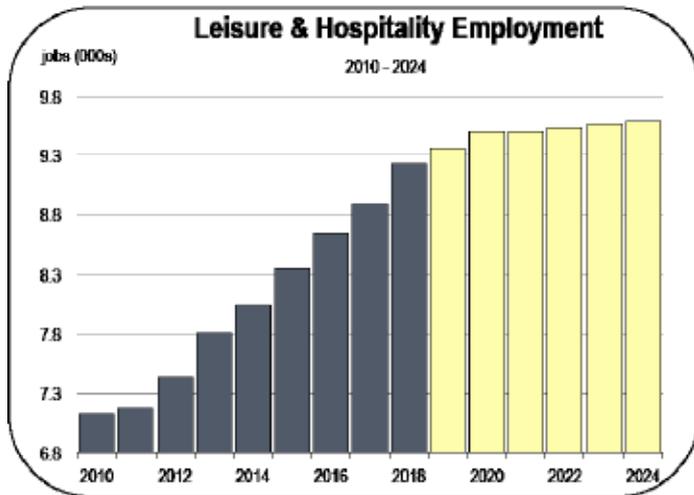
- The Butte County retail sector gained 2,000 jobs between 2011 and 2018.
- The retail industry is being divided into two groups: stores that face heavy online competition, and stores that do not.
- Between 2019 and 2024, jobs are expected to be created in sectors not facing heavy online competition:
 - Car dealerships
 - Drug stores and healthcare stores
 - Grocery stores
- Jobs may be lost in sectors that face strong online competition:
 - Clothing stores
 - Sporting goods stores
 - Consumer electronics stores
 - Department stores
- Growth will continue to be slow, and could turn negative in 2020 or 2021 if the economy falls into recession.

Private Education and Healthcare Employment

- The healthcare sector has generated more than 1,000 jobs since 2010.
- Butte County has a large share of residents above the age of 65, and these individuals will require an increasing amount of healthcare services during the forecast period.
- Our baseline forecast assumes that approximately 300 new healthcare jobs will be created by 2024.



Butte County Economic Forecast



- The private education industry created a small number of jobs in 2018 (public schools are included in the government sector).
- The future of the U.S. health insurance landscape is unknown, and legislative changes could influence job growth in this sector.

Leisure and Hospitality Employment

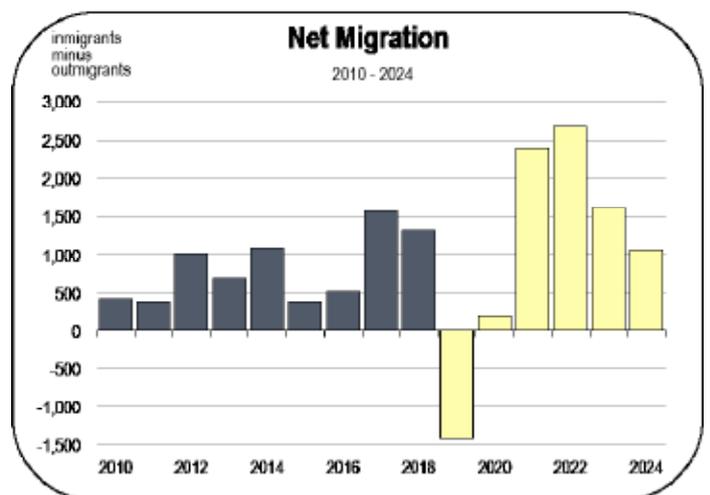
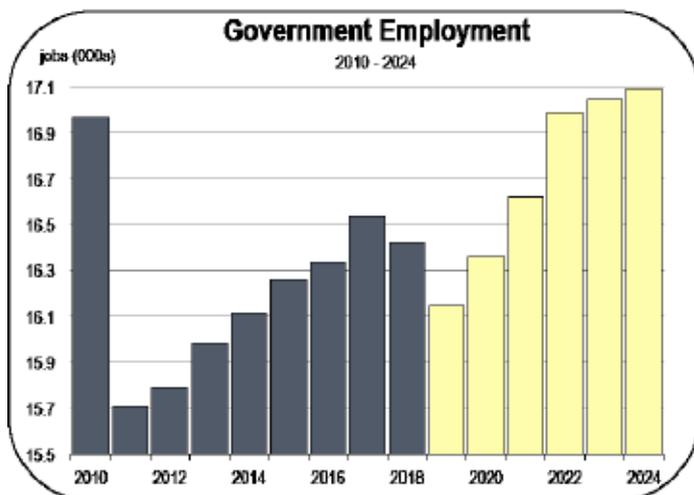
- Leisure and hospitality firms have generated 2,100 jobs since 2010 and will create more jobs during the forecast period.
- The leisure sector is highly exposed to the business cycle, and any economic downturn could impact local restaurants, hotels, and other leisure and hospitality businesses.
- The leisure and hospitality industry is a population-serving industry, and if the Butte County population were to decline because homes in Paradise are not rebuilt, the employment outlook for leisure services could be affected accordingly.

Government Employment

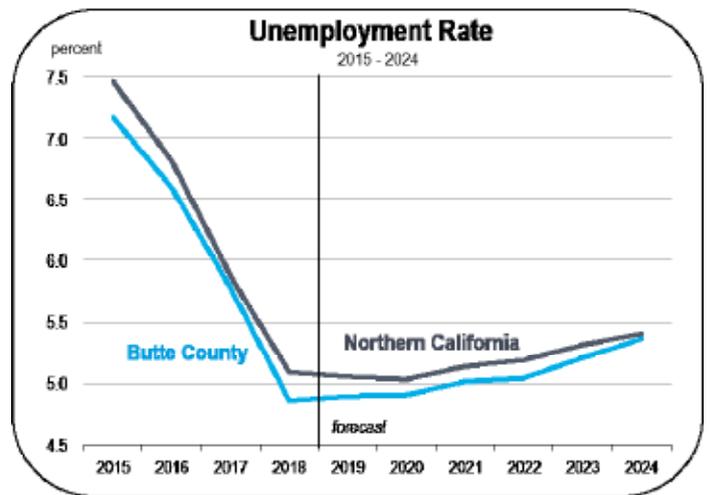
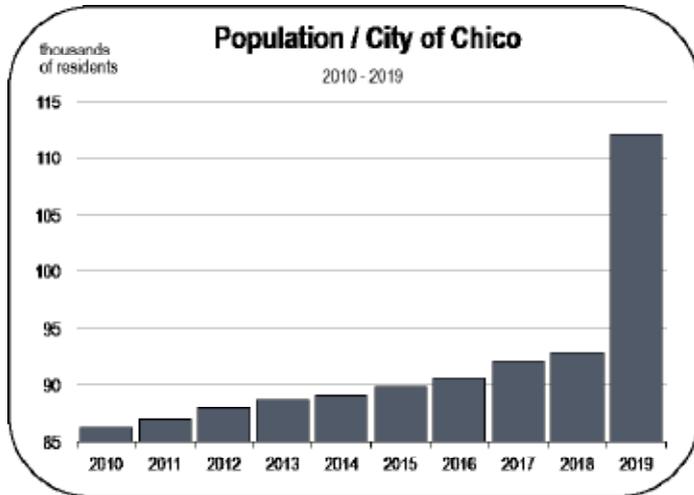
- Government agencies in Butte County lost a small number of jobs in 2018. Most of these losses were in local schools.
- There are approximately 3,400 jobs at state-level educational institutions, including Chico State. State-level institutions have generated 500 jobs over the last six years, and as enrollment at Chico State grows, state-level institutions will add more jobs.
- Future employment gains will be determined by population growth and by the condition of government budgets, and these issues will be heavily impacted by the migration patterns and economic activity associated with the effects of the Camp Fire.

Population Growth

- Butte County's population increased slowly between 2012 and 2018, growing by only 0.4 percent per year.



Butte County Economic Forecast

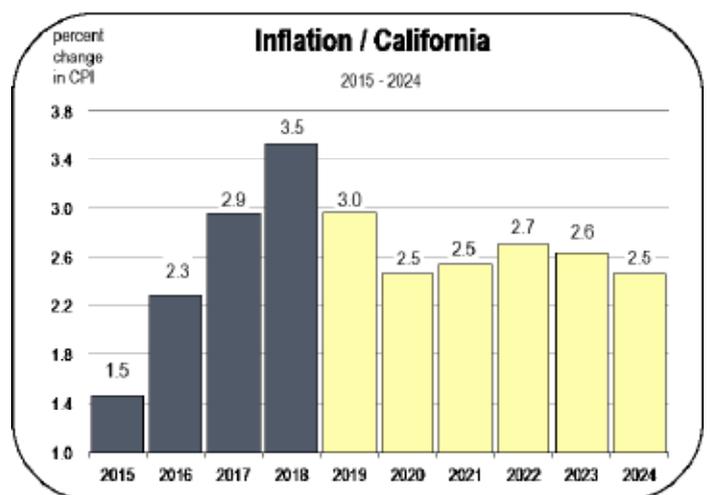
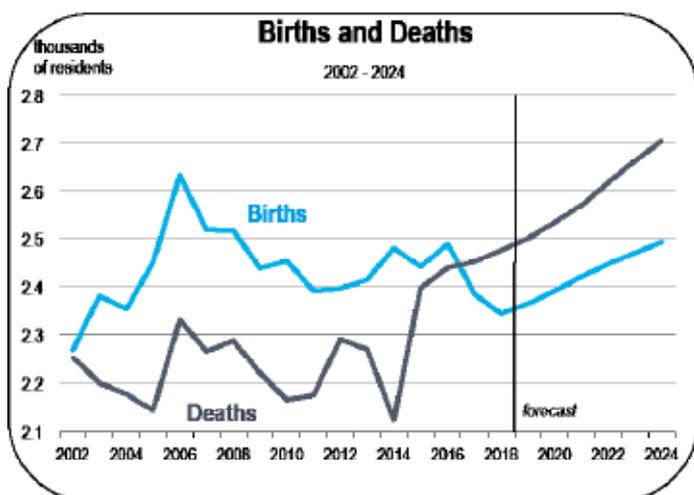


- Net migration was positive, with more people moving into Butte County than moving out.
- Butte County has a high share of residents over the age of 75 and the number of deaths has begun to exceed the number of births, reducing potential population growth.
- After the Camp Fire in late 2018, a large number of residents left Butte County. For some, this move will be temporary, and they will return once their homes are rebuilt. For others the move may be permanent.
- Many residents of Paradise who did not relocate to other counties ended up in Chico. Between 2018 and 2019 the population of Chico increased by almost 20,000.

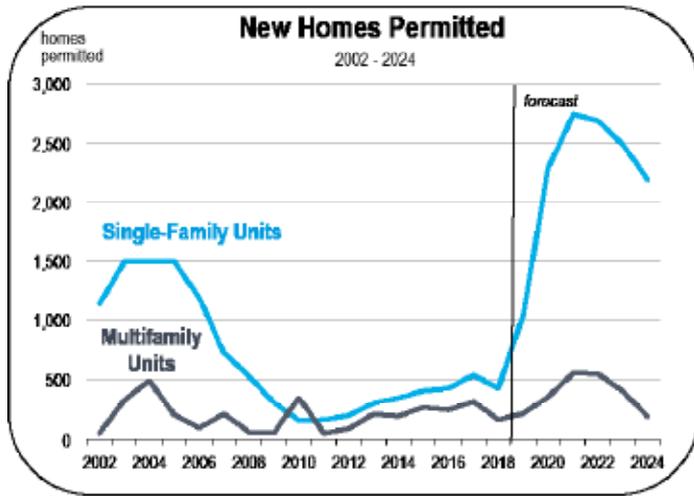
- If the home building process proceeds as expected, and most homes are reconstructed by 2024 or 2025, thousands of residents who left the county will return between 2020 and 2025.
- Between 2018 and 2024, population growth in Butte County is expected to average 0.4 percent per year.

Unemployment and Inflation Rates

- The unemployment rate in Butte County was 4.9 percent in 2018, which was below the average for Northern California.
- The unemployment rate has reached its lowest sustainable level, and may begin to rise during the 2018–2024 forecast period.
- Inflation accelerated in 2018 as home prices and energy costs increased across California.



Butte County Economic Forecast



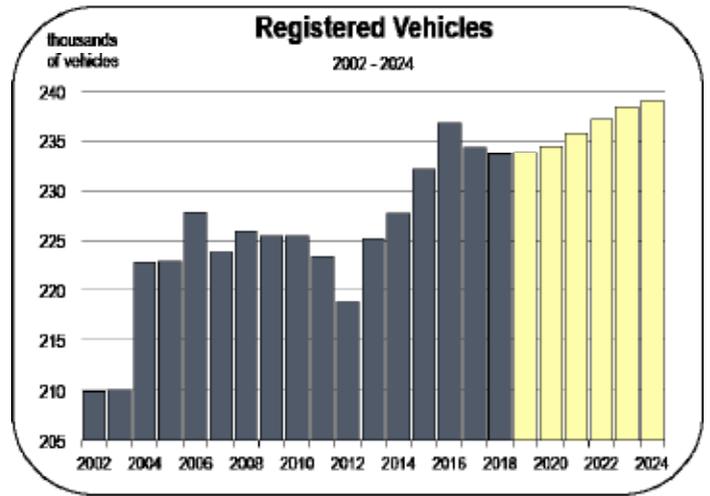
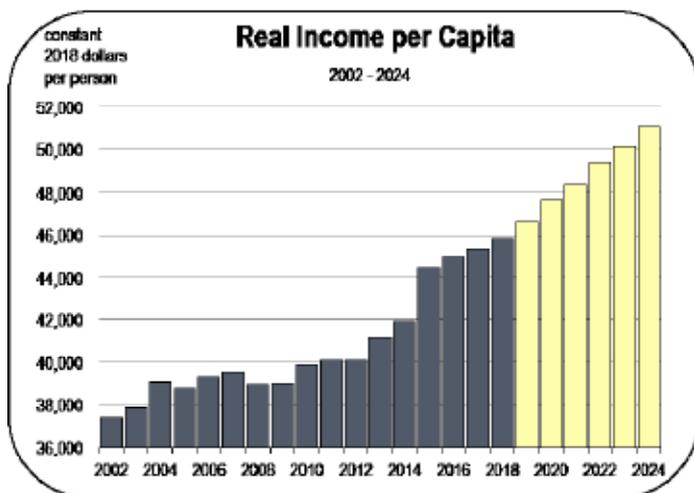
- In 2019 and 2020, inflation is expected to be within a range of 2.0 percent and 3.5 percent.

New Housing Production

- From 2013 to 2018, more than 3,800 homes were built in Butte County. Most were single-family homes.
- Housing production between 2019 and 2024 will depend on the pace of rebuilding homes destroyed by the fire. Through mid-October 2019, only 11 homes had been rebuilt and construction permits had been issued on only 354 additional homes.
- A total of 13,792 homes were destroyed by the fire, and many are expected to be rebuilt by 2024. A meaningful number of new homes could also be built outside of the burn areas.

Income per Capita

- Income per capita was \$45,800 in 2018, which was similar to the Northern California average of \$46,200.



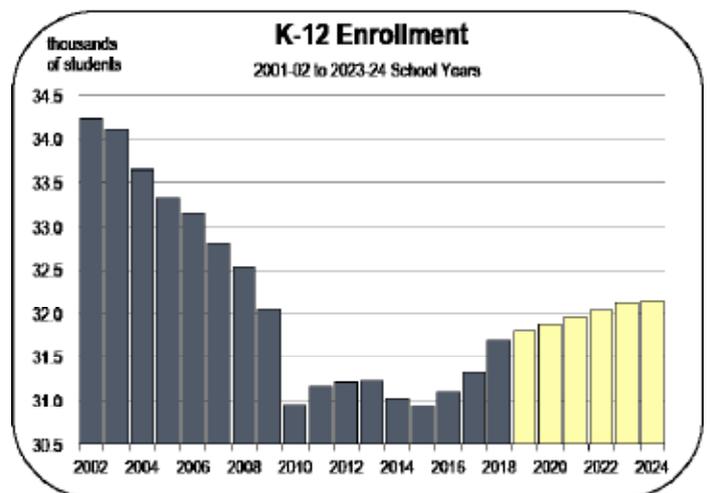
- Over the last six years, real income per capita increased at a rate of 2.3 percent per year.
- Over the next six years, real income per capita is expected to increase by an average of 1.8 percent per year.

Registered Vehicles

- There were approximately 233,700 registered vehicles in Butte County in 2018.
- By 2024, it is expected that the county will have 239,100 registered vehicles.

Public School Enrollment

- In Butte County, approximately 31,700 students were enrolled in K-12 public schools in 2018.
- By 2024, the county is expected to have 32,200 public K-12 students.



Butte County Economic Forecast

Economic Indicators

2015-2018 History, 2019-2050 Forecast

| | Population (people) | House- holds (thousands) | Average Household Income (dollars) | New Homes Permitted (homes) | Registered Vehicles (thousands) | Personal Income (billions) | Taxable Retail Sales (billions) | Local Sales Tax (millions) | Real Industrial Production (billions) | Real per Capita Income (dollars) | School Enrollment (thousands) | Births (people) | Deaths (people) |
|------|------------------------|--------------------------------|---|-----------------------------------|---------------------------------------|----------------------------------|--|-------------------------------------|--|---|-------------------------------------|--------------------|--------------------|
| 2015 | 224,533 | 88.4 | \$103,791 | 679 | 232 | \$9.2 | \$2.2 | \$27 | \$1.3 | \$44,434 | 30.9 | 2,442 | 2,398 |
| 2016 | 225,094 | 88.7 | \$106,921 | 676 | 237 | \$9.5 | \$2.2 | \$28 | \$1.3 | \$44,975 | 31.1 | 2,490 | 2,440 |
| 2017 | 226,661 | 89.4 | \$110,716 | 857 | 234 | \$9.9 | \$2.3 | \$29 | \$1.3 | \$45,336 | 31.3 | 2,386 | 2,452 |
| 2018 | 227,837 | 91.0 | \$114,819 | 591 | 234 | \$10.4 | \$2.4 | \$30 | \$1.3 | \$45,835 | 31.7 | 2,343 | 2,477 |
| 2019 | 226,286 | 78.4 | \$138,214 | 1,260 | 234 | \$10.8 | \$2.6 | \$33 | \$1.2 | \$46,613 | 31.8 | 2,365 | 2,501 |
| 2020 | 226,325 | 79.6 | \$143,025 | 2,641 | 235 | \$11.4 | \$2.9 | \$36 | \$1.2 | \$47,671 | 31.9 | 2,392 | 2,534 |
| 2021 | 228,583 | 82.1 | \$146,180 | 3,294 | 236 | \$12.0 | \$3.0 | \$37 | \$1.2 | \$48,383 | 32.0 | 2,421 | 2,570 |
| 2022 | 231,085 | 85.2 | \$149,301 | 3,237 | 237 | \$12.7 | \$3.1 | \$38 | \$1.3 | \$49,343 | 32.0 | 2,447 | 2,618 |
| 2023 | 232,514 | 88.2 | \$151,476 | 2,893 | 238 | \$13.4 | \$3.1 | \$39 | \$1.3 | \$50,163 | 32.1 | 2,471 | 2,663 |
| 2024 | 233,363 | 90.9 | \$154,011 | 2,374 | 239 | \$14.0 | \$3.2 | \$40 | \$1.3 | \$51,078 | 32.2 | 2,494 | 2,706 |
| 2025 | 233,846 | 93.1 | \$156,822 | 607 | 239 | \$14.6 | \$3.0 | \$38 | \$1.4 | \$51,912 | 32.1 | 2,511 | 2,745 |
| 2026 | 234,324 | 93.7 | \$162,109 | 595 | 239 | \$15.2 | \$3.1 | \$39 | \$1.4 | \$52,637 | 32.2 | 2,531 | 2,780 |
| 2027 | 234,821 | 94.3 | \$168,411 | 577 | 239 | \$15.9 | \$3.1 | \$39 | \$1.4 | \$53,675 | 32.4 | 2,551 | 2,814 |
| 2028 | 235,296 | 94.8 | \$174,590 | 574 | 239 | \$16.5 | \$3.2 | \$40 | \$1.5 | \$54,589 | 32.5 | 2,568 | 2,850 |
| 2029 | 235,801 | 95.3 | \$179,880 | 559 | 239 | \$17.1 | \$3.3 | \$41 | \$1.5 | \$55,119 | 32.6 | 2,584 | 2,889 |
| 2030 | 236,318 | 95.9 | \$185,613 | 555 | 240 | \$17.8 | \$3.3 | \$42 | \$1.5 | \$55,780 | 32.6 | 2,606 | 2,924 |
| 2031 | 236,737 | 96.4 | \$190,889 | 545 | 240 | \$18.4 | \$3.4 | \$43 | \$1.5 | \$56,335 | 32.8 | 2,630 | 2,949 |
| 2032 | 237,246 | 96.9 | \$196,342 | 540 | 240 | \$19.0 | \$3.5 | \$43 | \$1.6 | \$56,764 | 32.9 | 2,656 | 2,971 |
| 2033 | 237,739 | 97.4 | \$202,041 | 518 | 241 | \$19.7 | \$3.5 | \$44 | \$1.6 | \$57,441 | 33.0 | 2,673 | 2,987 |
| 2034 | 238,167 | 97.9 | \$207,943 | 554 | 241 | \$20.4 | \$3.6 | \$46 | \$1.6 | \$58,030 | 33.1 | 2,690 | 3,002 |
| 2035 | 238,650 | 98.4 | \$213,917 | 540 | 241 | \$21.0 | \$3.7 | \$47 | \$1.6 | \$58,546 | 33.1 | 2,707 | 3,015 |
| 2036 | 239,166 | 98.9 | \$220,304 | 491 | 241 | \$21.8 | \$3.8 | \$48 | \$1.6 | \$58,889 | 33.2 | 2,711 | 3,027 |
| 2037 | 239,658 | 99.4 | \$227,121 | 534 | 242 | \$22.6 | \$4.0 | \$50 | \$1.6 | \$59,217 | 33.2 | 2,715 | 3,029 |
| 2038 | 240,193 | 99.9 | \$234,012 | 529 | 242 | \$23.4 | \$4.1 | \$51 | \$1.7 | \$59,634 | 33.4 | 2,725 | 3,030 |
| 2039 | 240,694 | 100.4 | \$241,091 | 536 | 242 | \$24.2 | \$4.2 | \$52 | \$1.7 | \$59,942 | 33.4 | 2,736 | 3,031 |
| 2040 | 241,154 | 100.9 | \$248,440 | 527 | 243 | \$25.1 | \$4.3 | \$54 | \$1.7 | \$60,331 | 33.4 | 2,744 | 3,030 |
| 2041 | 241,601 | 101.4 | \$255,623 | 516 | 243 | \$25.9 | \$4.4 | \$55 | \$1.7 | \$60,745 | 33.4 | 2,747 | 3,022 |
| 2042 | 242,140 | 101.8 | \$263,050 | 511 | 243 | \$26.8 | \$4.5 | \$57 | \$1.7 | \$61,200 | 33.5 | 2,752 | 3,014 |
| 2043 | 242,682 | 102.3 | \$270,594 | 528 | 244 | \$27.7 | \$4.6 | \$58 | \$1.7 | \$61,691 | 33.6 | 2,759 | 3,005 |
| 2044 | 243,328 | 102.8 | \$278,168 | 525 | 244 | \$28.6 | \$4.8 | \$59 | \$1.8 | \$62,248 | 33.7 | 2,764 | 2,999 |
| 2045 | 244,027 | 103.3 | \$285,961 | 545 | 245 | \$29.5 | \$4.9 | \$61 | \$1.8 | \$62,673 | 33.7 | 2,769 | 3,000 |
| 2046 | 244,764 | 103.8 | \$293,767 | 555 | 245 | \$30.5 | \$5.0 | \$62 | \$1.8 | \$63,119 | 33.7 | 2,774 | 3,001 |
| 2047 | 245,537 | 104.3 | \$301,610 | 562 | 246 | \$31.5 | \$5.1 | \$64 | \$1.8 | \$63,526 | 33.7 | 2,778 | 2,997 |
| 2048 | 246,345 | 104.9 | \$309,645 | 568 | 246 | \$32.5 | \$5.2 | \$65 | \$1.8 | \$63,926 | 33.7 | 2,784 | 2,996 |
| 2049 | 247,173 | 105.4 | \$317,845 | 573 | 247 | \$33.5 | \$5.4 | \$67 | \$1.8 | \$64,316 | 33.8 | 2,787 | 2,994 |
| 2050 | 248,043 | 105.9 | \$326,570 | 576 | 247 | \$34.6 | \$5.5 | \$69 | \$1.8 | \$64,761 | 33.9 | 2,790 | 2,994 |

Employment Sectors

2015-2018 History, 2019-2050 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 | 80.9 | 3.0 | 3.4 | 4.2 | 1.5 | 12.2 | 3.5 | 5.5 | 1.1 | 18.1 | 8.4 | 16.3 |
| 2016 | 82.9 | 3.1 | 3.6 | 4.3 | 1.6 | 12.6 | 3.6 | 5.8 | 1.0 | 18.8 | 8.6 | 16.3 |
| 2017 | 84.6 | 3.1 | 3.8 | 4.3 | 1.6 | 13.1 | 3.4 | 5.8 | 0.9 | 19.4 | 8.9 | 16.5 |
| 2018 | 85.9 | 3.1 | 4.4 | 4.3 | 1.5 | 13.2 | 3.3 | 5.6 | 0.9 | 20.1 | 9.2 | 16.4 |
| 2019 | 86.9 | 3.1 | 5.1 | 4.2 | 1.5 | 13.3 | 3.3 | 5.7 | 0.9 | 20.5 | 9.4 | 16.1 |
| 2020 | 88.4 | 3.1 | 5.8 | 4.2 | 1.5 | 13.3 | 3.4 | 5.8 | 0.9 | 20.6 | 9.5 | 16.4 |
| 2021 | 89.6 | 3.1 | 6.4 | 4.0 | 1.6 | 13.4 | 3.4 | 6.0 | 0.9 | 20.8 | 9.5 | 16.6 |
| 2022 | 90.7 | 3.1 | 6.6 | 4.1 | 1.6 | 13.5 | 3.4 | 6.2 | 0.9 | 21.0 | 9.5 | 17.0 |
| 2023 | 90.8 | 3.1 | 6.3 | 4.1 | 1.6 | 13.6 | 3.4 | 6.2 | 0.9 | 21.1 | 9.6 | 17.1 |
| 2024 | 90.5 | 3.2 | 5.8 | 4.1 | 1.6 | 13.6 | 3.3 | 6.2 | 0.9 | 21.3 | 9.6 | 17.1 |
| 2025 | 89.8 | 3.2 | 5.0 | 4.1 | 1.6 | 13.6 | 3.3 | 6.1 | 0.9 | 21.4 | 9.6 | 17.1 |
| 2026 | 89.2 | 3.2 | 4.2 | 4.1 | 1.6 | 13.5 | 3.3 | 6.2 | 0.9 | 21.6 | 9.7 | 17.1 |
| 2027 | 89.3 | 3.2 | 4.0 | 4.2 | 1.6 | 13.5 | 3.3 | 6.2 | 0.9 | 21.7 | 9.7 | 17.2 |
| 2028 | 89.7 | 3.2 | 4.0 | 4.2 | 1.6 | 13.5 | 3.3 | 6.3 | 1.0 | 21.8 | 9.8 | 17.3 |
| 2029 | 89.8 | 3.2 | 3.7 | 4.2 | 1.6 | 13.5 | 3.3 | 6.3 | 1.0 | 22.0 | 9.8 | 17.3 |
| 2030 | 90.2 | 3.2 | 3.7 | 4.2 | 1.6 | 13.5 | 3.3 | 6.3 | 1.0 | 22.1 | 9.9 | 17.5 |
| 2031 | 90.2 | 3.2 | 3.6 | 4.2 | 1.6 | 13.6 | 3.3 | 6.3 | 1.0 | 22.2 | 9.9 | 17.5 |
| 2032 | 90.4 | 3.2 | 3.6 | 4.2 | 1.6 | 13.6 | 3.3 | 6.2 | 1.0 | 22.3 | 10.0 | 17.5 |
| 2033 | 90.6 | 3.2 | 3.6 | 4.2 | 1.6 | 13.6 | 3.3 | 6.2 | 1.0 | 22.4 | 10.0 | 17.5 |
| 2034 | 90.7 | 3.2 | 3.6 | 4.2 | 1.6 | 13.6 | 3.3 | 6.2 | 1.0 | 22.6 | 10.1 | 17.5 |
| 2035 | 90.7 | 3.2 | 3.5 | 4.3 | 1.6 | 13.6 | 3.3 | 6.1 | 1.0 | 22.7 | 10.1 | 17.4 |
| 2036 | 90.8 | 3.2 | 3.5 | 4.3 | 1.6 | 13.7 | 3.3 | 6.1 | 1.0 | 22.8 | 10.1 | 17.4 |
| 2037 | 91.0 | 3.2 | 3.5 | 4.3 | 1.6 | 13.7 | 3.3 | 6.1 | 1.0 | 22.9 | 10.2 | 17.4 |
| 2038 | 91.2 | 3.2 | 3.5 | 4.3 | 1.6 | 13.7 | 3.3 | 6.1 | 1.0 | 23.1 | 10.2 | 17.4 |
| 2039 | 91.3 | 3.2 | 3.5 | 4.3 | 1.6 | 13.7 | 3.3 | 6.0 | 1.0 | 23.2 | 10.3 | 17.4 |
| 2040 | 91.6 | 3.2 | 3.5 | 4.3 | 1.6 | 13.8 | 3.3 | 6.0 | 1.0 | 23.3 | 10.3 | 17.4 |
| 2041 | 91.7 | 3.2 | 3.5 | 4.3 | 1.6 | 13.8 | 3.3 | 6.0 | 1.0 | 23.4 | 10.4 | 17.4 |
| 2042 | 92.0 | 3.2 | 3.4 | 4.3 | 1.6 | 13.8 | 3.3 | 6.0 | 1.0 | 23.6 | 10.4 | 17.4 |
| 2043 | 92.2 | 3.2 | 3.4 | 4.3 | 1.6 | 13.8 | 3.3 | 6.0 | 1.0 | 23.7 | 10.5 | 17.4 |
| 2044 | 92.5 | 3.2 | 3.5 | 4.3 | 1.6 | 13.8 | 3.4 | 6.0 | 1.0 | 23.8 | 10.5 | 17.5 |
| 2045 | 92.8 | 3.2 | 3.5 | 4.3 | 1.6 | 13.9 | 3.4 | 6.0 | 1.0 | 24.0 | 10.5 | 17.5 |
| 2046 | 93.0 | 3.2 | 3.5 | 4.3 | 1.6 | 13.9 | 3.4 | 6.0 | 1.0 | 24.1 | 10.6 | 17.5 |
| 2047 | 93.3 | 3.2 | 3.4 | 4.3 | 1.6 | 13.9 | 3.4 | 6.1 | 1.0 | 24.2 | 10.6 | 17.6 |
| 2048 | 93.5 | 3.2 | 3.4 | 4.3 | 1.6 | 13.9 | 3.4 | 6.1 | 1.0 | 24.4 | 10.7 | 17.6 |
| 2049 | 93.6 | 3.2 | 3.3 | 4.3 | 1.6 | 14.0 | 3.4 | 6.1 | 1.0 | 24.5 | 10.7 | 17.6 |
| 2050 | 94.0 | 3.2 | 3.3 | 4.3 | 1.6 | 14.0 | 3.4 | 6.1 | 1.0 | 24.6 | 10.8 | 17.7 |

Butte County Economic Forecast

Socioeconomic Indicators

