

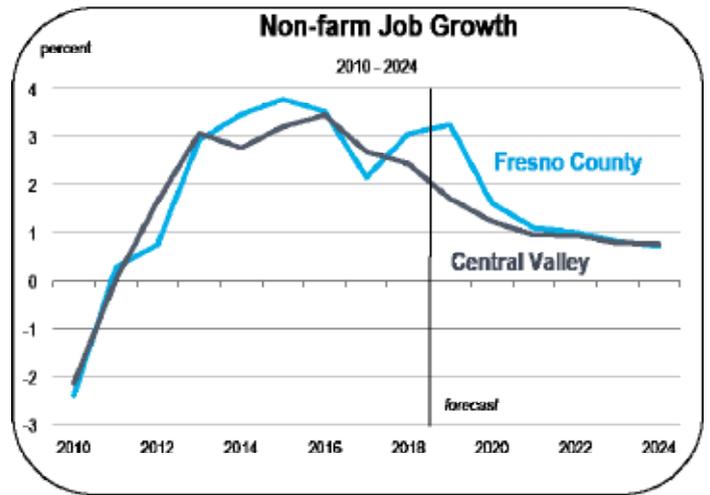
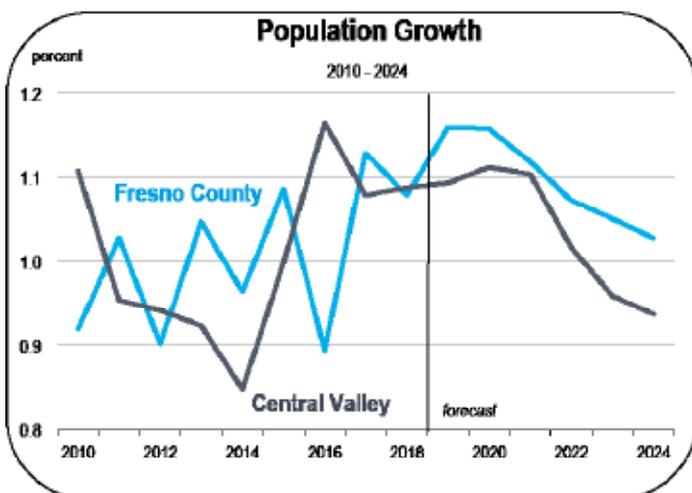
Fresno County Economic Forecast

Forecast Summary

- 11,500 non-farm jobs will be created in Fresno County during 2019. Over the following five years, an average of 3,900 new jobs are forecast.
- Employment growth will be led by professional services, healthcare, leisure services, and government. These sectors will account for 75 percent of net job creation through 2023.
- The Fresno County unemployment rate has reached its lowest point in more than 35 years, and is not expected to improve from here.
- The unemployment rate averaged 7.6 percent in 2018, and will remain in a similar range in 2019.
- The population is expanding much faster than the broader state, and will continue to do so.
- Housing production has increased in recent years, but is not keeping pace with population growth.
- New single-family homes have outnumbered multifamily units, and will continue to do so over the forecast period. The development pipeline is largest in Clovis, and has substantial projects in Selma and Friant.

Job Growth

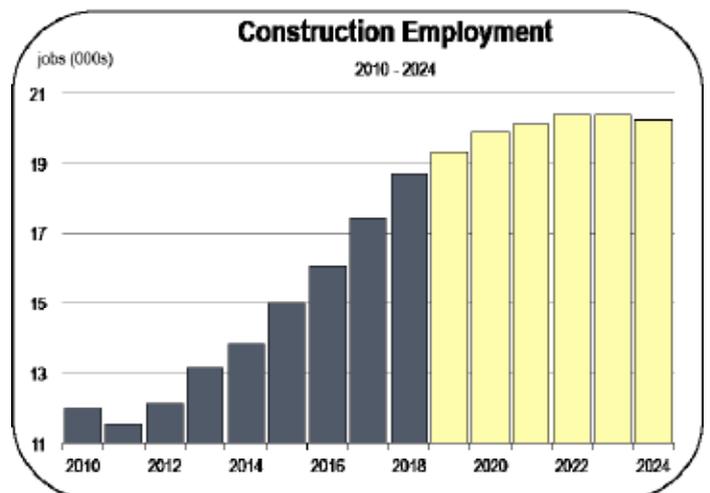
- Growth was strong in 2018 and will remain strong in 2019. Slower growth is expected in 2020 and 2021.
- The leading industries in 2018 were healthcare and government.



- Meaningful gains were also observed in construction, transportation and warehousing, and professional business services.
- Between 2012 and 2018, non-farm employment increased at an average rate of 3.1 percent.
- Between 2018 and 2024, growth is forecast to average 1.4 percent per year.
- Approximately 11,500 non-farm jobs will be created during 2019.
- Through 2024, an average of 3,900 new non-farm wage and salary jobs are expected per year.

Construction Employment

- Demand for construction workers has increased sharply.
- 1,300 jobs were created in 2018, primarily in Clovis and the City of Fresno.



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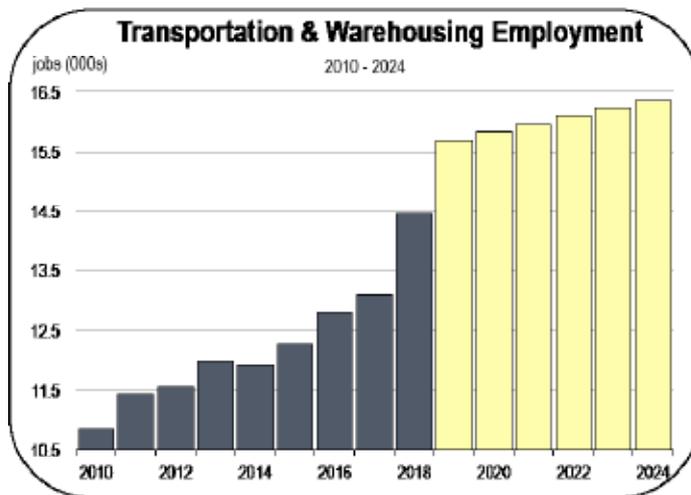
- Across the county, construction has begun on:
 - 2,760 houses and apartments
 - \$74 million in construction value of new retail/industrial space
 - \$20 million of new office buildings
- Construction workers are also concentrated on the High Speed Rail project. There are dozens of active construction sites throughout California, including several in Fresno County.
- We are near the peak of the construction cycle, and job creation is due to plateau over the next few years.

Manufacturing Employment

- Job growth in 2018 was spread across an array of manufacturing sectors, including companies that make construction materials and auto parts.
- Food manufacturers lost several hundred jobs. A poultry processing plant closed near the end of the year, resulting in 323 job losses, and cattle processing plants laid off dozens more.

Transportation and Warehousing Employment

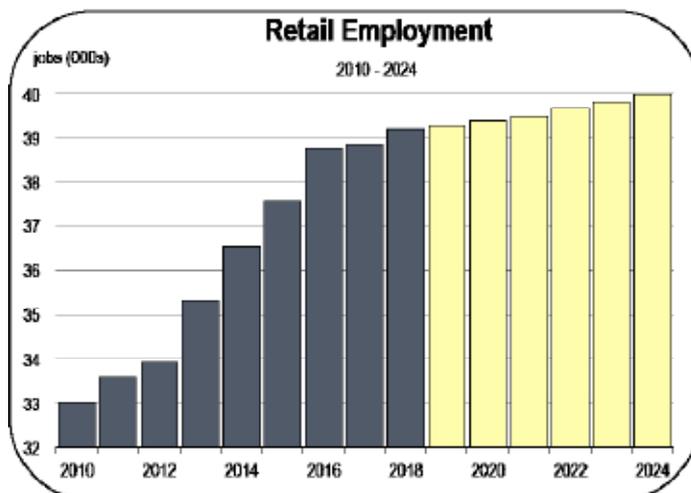
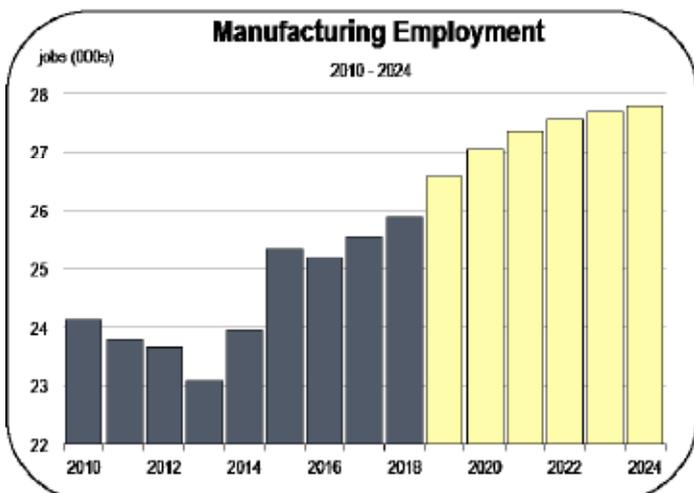
- Fresno County is expanding its role as a logistics hub.
- In 2018 the county generated 300 new trucking jobs and 800 warehousing jobs.
- The county is competing to attract warehousing and distribution centers, primarily with San Joaquin County to the North and Kern County to the South. Tax breaks have been allocated as follows:
 - \$30 million tax break for Amazon (1,500 new jobs)
 - \$18 million tax break for Ulta Beauty (500 jobs)
 - \$4 million tax break for Gap (500 jobs)



- Jobs are also being created at delivery firms like UPS and FedEx as more retail goods are being shipped directly to consumers.
- Fresno International Airport employs several thousand workers, but has not created very many jobs during the last few years.
- Eventually the High Speed Rail project will bring transportation jobs to the county. The system will connect Bakersfield to Merced, but it is unclear when the system will be operational.

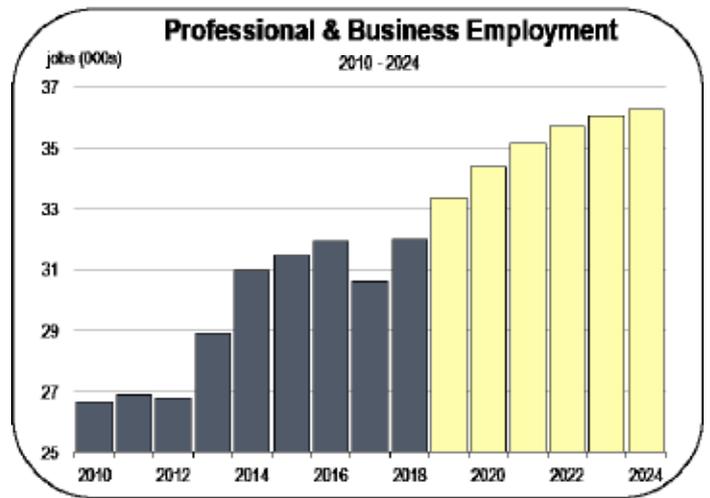
Retail Trade Employment

- The retail industry is being divided into two groups: stores that face heavy online competition, and stores that don't.
- Growth has been minimal in sectors facing online competition:
 - Clothing stores
 - Sporting goods stores
 - Furniture stores
 - Department stores (e.g. Macy's)



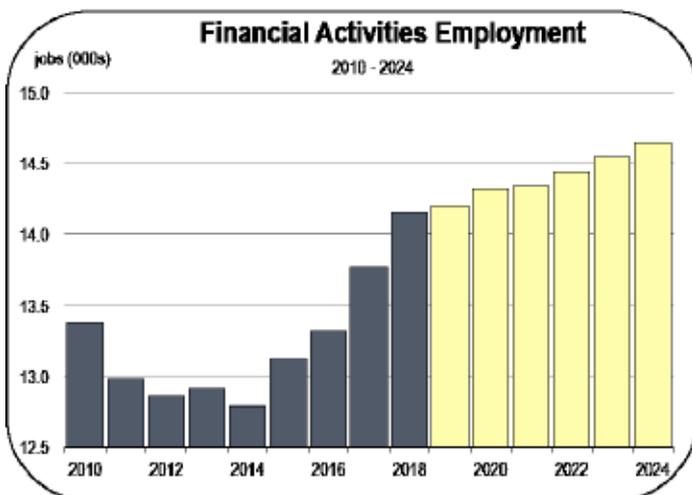
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- A number of stores closed in 2017 and 2018, including:
 - JC Penny at River Park
 - Three Kmart stores countywide
 - Three Payless Shoe stores countywide
 - Three Radio Shack stores countywide
- Growth was faster in sectors not facing heavy online competition:
 - Car dealerships
 - Drug stores and healthcare stores
 - Gas stations
 - Grocery stores
- Minimal job growth is expected during the forecast period.
- This sector is in danger of losing jobs if the economy falls into a recession.



Financial Activities Employment

- The financial sector is still in expansion mode, but growth will be minimal in 2019 and 2020.
- Most of the new jobs are being created in property management, real estate brokerage, and real estate finance, but we are nearing the peak of the real estate cycle and fewer jobs will be created next year.

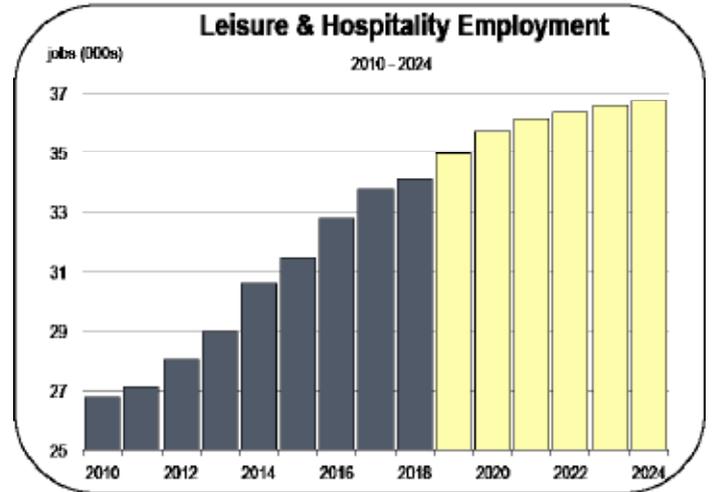
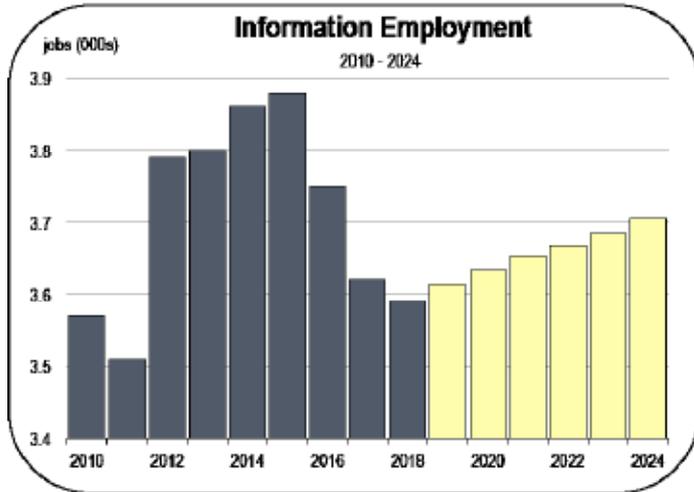


- Banks are shedding jobs as they transition to online services, and as customers make fewer visits to local branches.
- The future of the U.S. healthcare landscape is unknown, and legislative changes could influence job creation at firms that sell health insurance.

Professional and Business Services Employment

- Compared to other parts of California, the Fresno County professional services industry is growing slowly.
- This sector is comprised of two main segments:
 - High value services in law, accounting, tech, consulting, and engineering
 - Business support companies like janitorial services, security services, and temporary staffing services
- The slowdown has been due to losses at accounting, business consulting, and IT consulting firms.
- These losses have been offset by gains at engineering, janitorial, corporate security, and temporary staffing companies.

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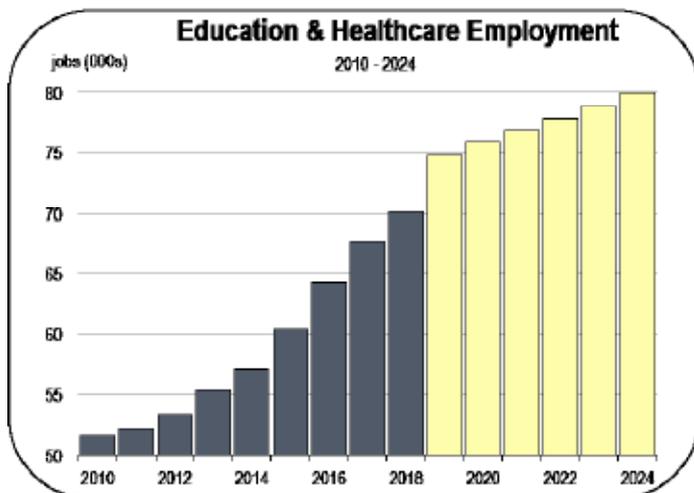


Information Employment

- This sector continues to shed jobs.
- In Fresno County, the information industry is largely populated by telecommunications companies, TV stations, and newspaper publishers.
- Because all of these sectors are in patterns of stagnation, job gains in the local information industry will be minimal.

Private Education and Healthcare Employment

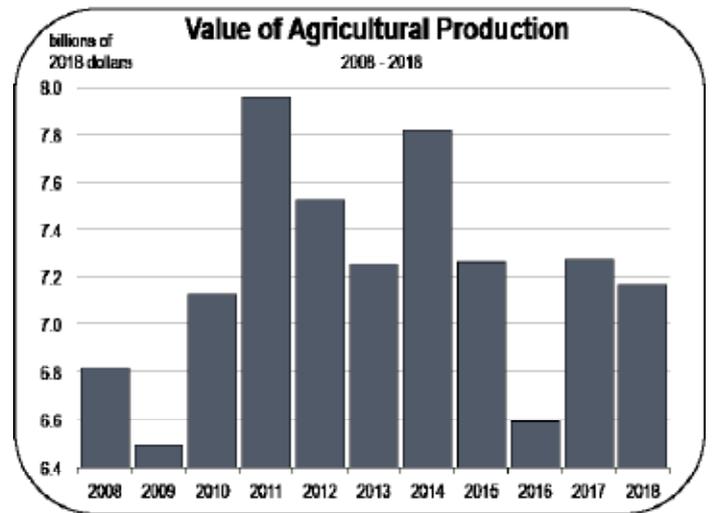
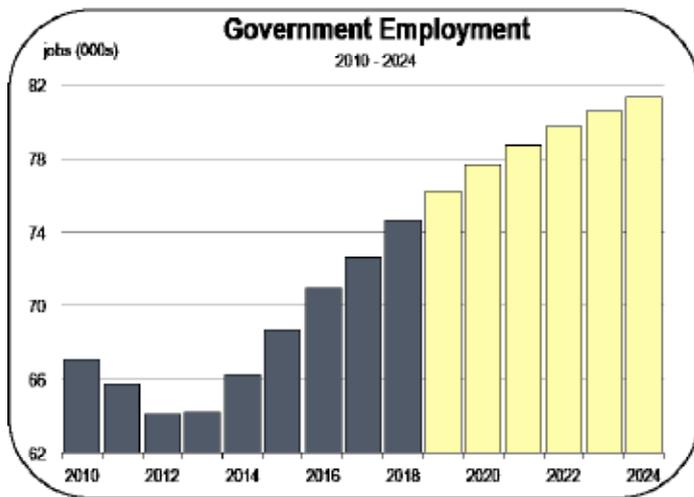
- Virtually all parts of the healthcare industry are expanding, including doctors offices, outpatient care centers, home health companies, and centers that serve the elderly and people with disabilities.
- Local private schools lost a small number of jobs in 2018 (public schools are included in the government sector).
- Future gains will be driven by increased demand for healthcare, largely a result of an aging population. However, the future of the U.S. healthcare landscape is unknown, and legislative changes could influence job growth in health services.



Leisure and Hospitality Employment

- Fresno County gained 400 restaurant jobs in 2018. Most of these jobs were created in the takeout and fast casual market segments.
- 500 jobs were also created at hotels amid record-high tourism activity. More jobs will be generated as 9 new hotels are built across the county, including 3 in Clovis and 3 in Fresno.
- The restaurant sector will also continue to expand.
- However, the leisure industry is sensitive to changes in the

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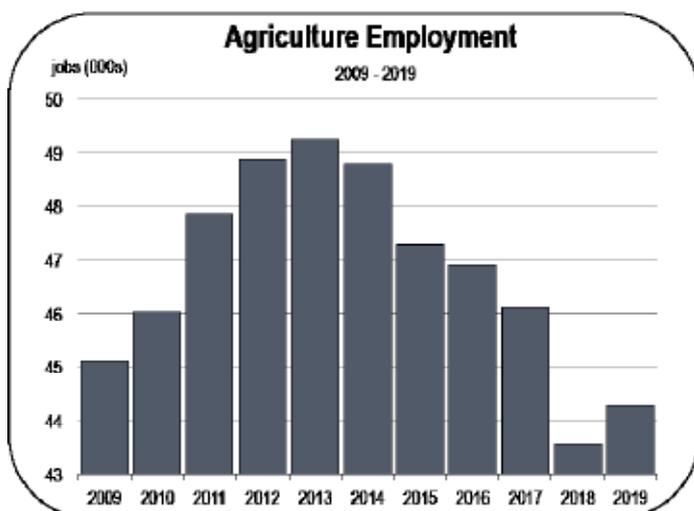


minimum wage. As California’s minimum wage rises to \$15 per hour by 2022, job growth could be impacted.

- The median wage in Fresno County is \$16.50 per hour, meaning that half of all workers earn less than this amount. It may be difficult for local companies to support a minimum wage of \$15.

Government Employment

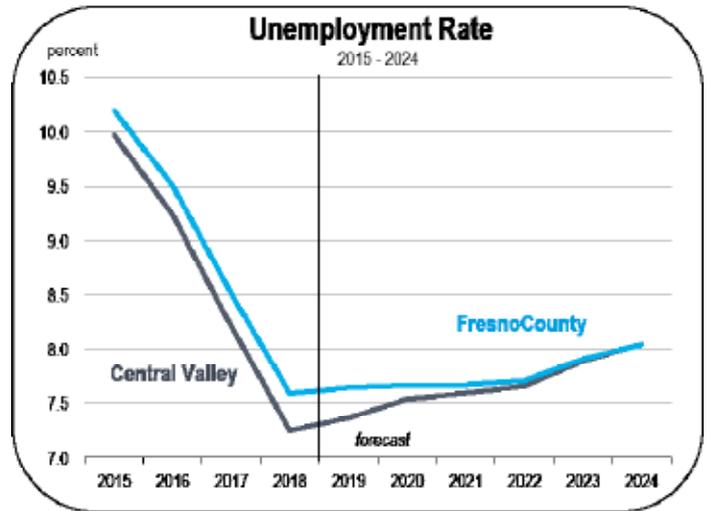
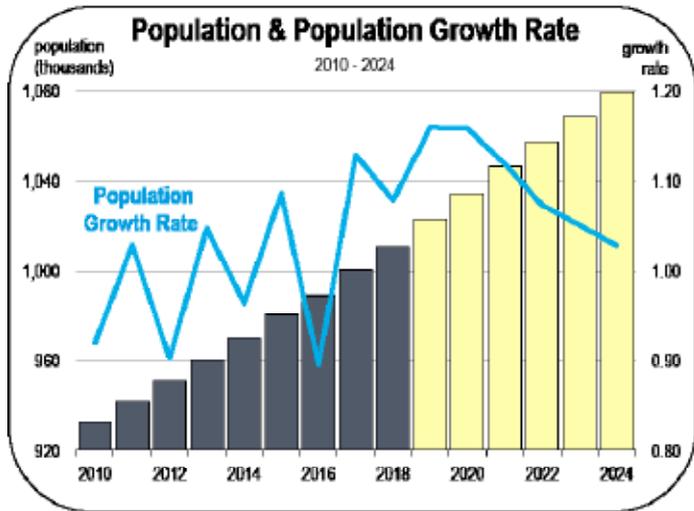
- The government sector added 2,000 jobs in 2018.
- Most of these new jobs were in local schools, but jobs were also created at municipal agencies, and at Fresno State and the local community colleges.
- Future employment trends will be influenced by population growth, as well as government budgetary conditions.



Agriculture

- The value of Fresno County agricultural production declined slightly in 2018.
- Total inflation adjusted sales of farm products was below \$7.5 billion last year, down from almost \$8 billion in 2011.
- Falling production values have led to layoffs in the agriculture sector, which shed 250 jobs in 2018. However, during the first half of 2019, farm employment has rebounded.
- The agriculture sector is a large part of the county economy. It ranks third in total employment behind (1) the public sector and (2) healthcare.

Fresno County Economic Forecast



Population Growth

- The Fresno County population expanded by 1.1 percent in 2018, which is much faster than the statewide average.
- Net migration moved higher last year, with 4,100 net migrants entering the county.
- Higher levels of net migration are forecast each year to accommodate job openings and purchase affordable housing throughout the county.
- Population growth will average 1.1 percent per year, and the county will approach 1.1 million residents by 2024.

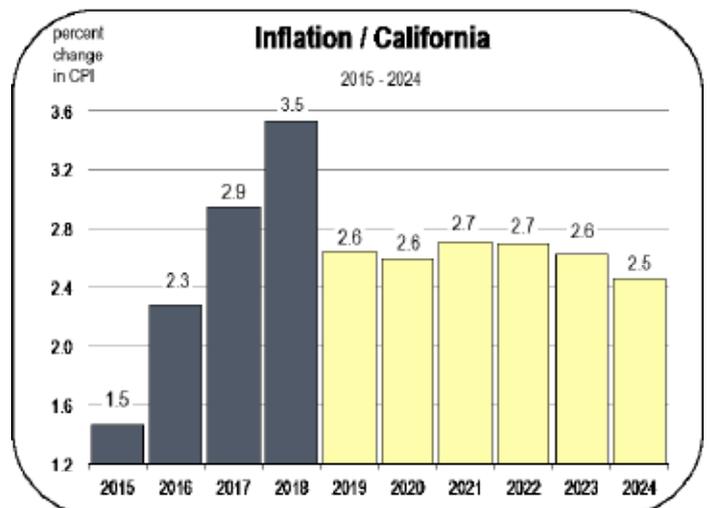
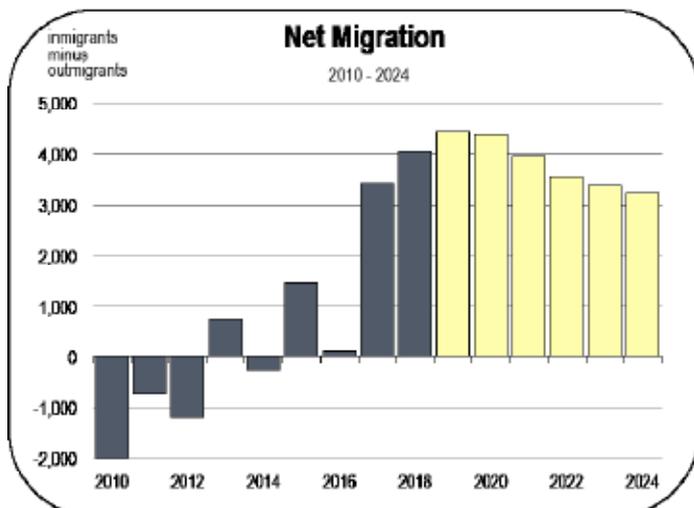
Unemployment and Inflation Rates

- The unemployment rate in Fresno County averaged 7.6 percent in 2018, which was higher than the composite rate for the Central Valley.

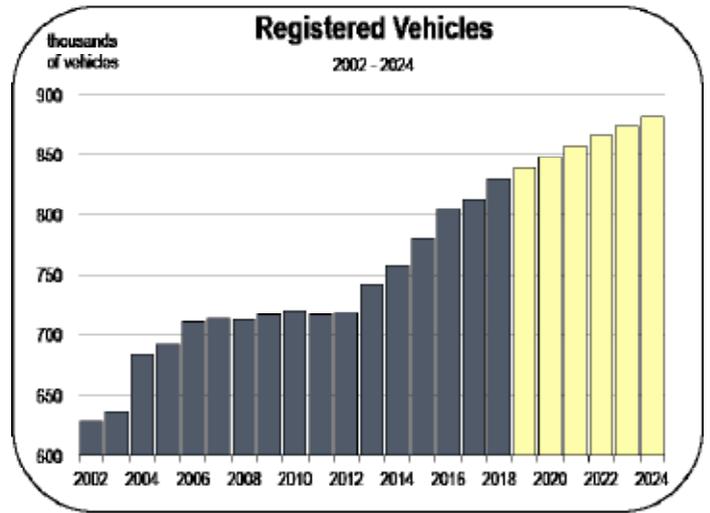
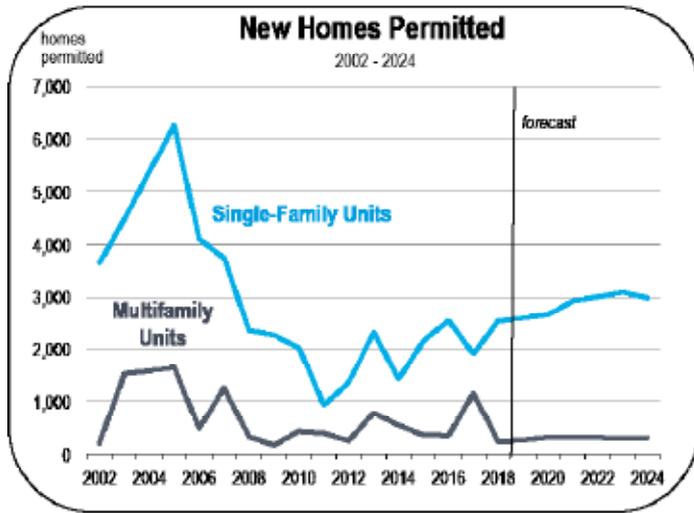
- The unemployment rate may begin to rise in 2020, but with an unemployment rate of 7.7 percent, the labor market will still be in a “full employment scenario,” meaning that most people that want a job will already have a job.
- Inflation accelerated in 2018 as energy prices increased and housing costs rose quickly. Across California, the inflation rate is expected to be within a range of 2 percent and 3 percent in 2019 and 2020.

New Housing Production

- From 2013 to 2018, an average of 2,700 homes were permitted per year. Housing production is forecast to average 3,200 homes per year from 2019 to 2024.
- The largest development project is Loma Vista, which is located east of Clovis and will include more than 10,000 homes. At complete buildout, it will accommodate 30,000 new residents.



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- Loma Vista is currently under construction, but will not be completed until 2030 or beyond.
- The Amberwood project is located in Selma, and could contain more than 2,500 homes. The project was approved in 2015 and the project underwriters are seeking a developer.
- Other potential projects could include Friant Ranch and Millerton New Town, both located north of the City of Fresno near Millerton Lake.
- Friant Ranch is in litigation, and Millerton New Town is on hold, but if these projects proceed they would account for 6,800 new homes in the area and accommodate 20,000 new residents.

- Over the last six years, inflation-adjusted incomes have risen at an average rate of 1.4 percent per year, which is slower than the Central Valley average of 1.7 percent per year.
- Over the next six years, real per capita incomes are expected to rise by approximately 1.3 percent per year in Fresno County.

Income per Capita

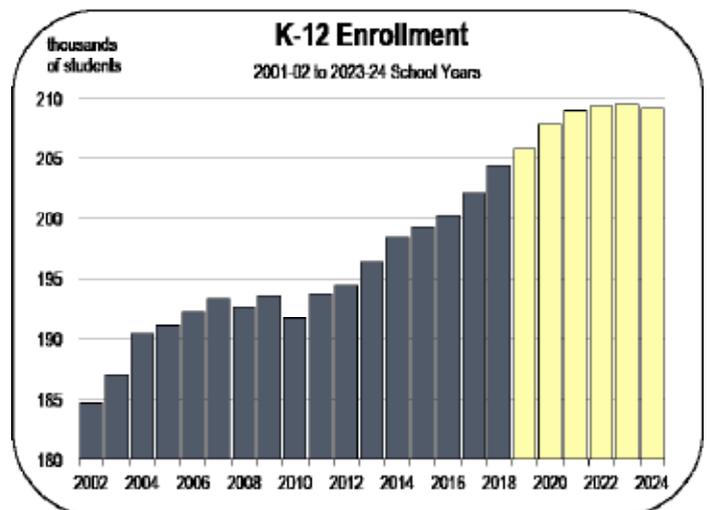
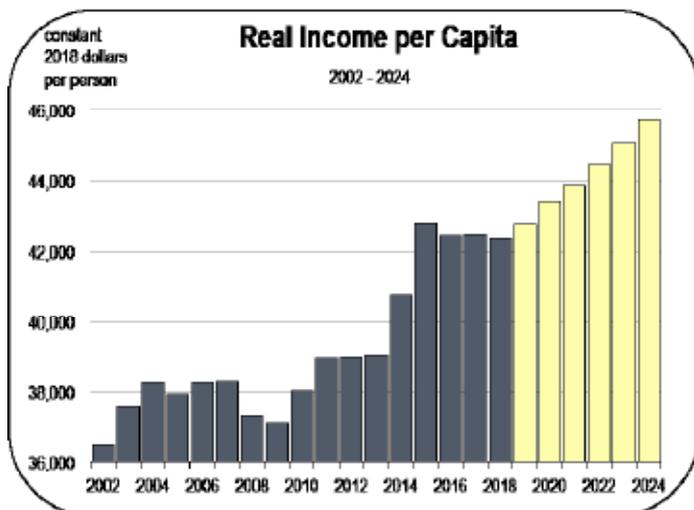
- Income per capita in 2018 was \$42,300, which is similar to the Central Valley average of \$42,100.

Registered Vehicles

- There were 829,100 registered vehicles in Fresno County in 2018. By 2024, it is expected that the county will have approximately 881,400 registered vehicles.

Public School Enrollment

- In Fresno County, approximately 204,300 students were enrolled in K-12 public schools during the 2017—2018 school year. By 2024, there are expected to be 209,100 K-12 students in the county.



Fresno 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	980,216	302.8	\$127,319	2,496	780	\$38.6	\$9.2	\$181	\$10.2	\$42,781	199.3	15,359	6,603
2016	988,985	306.1	\$128,495	2,877	805	\$39.3	\$9.4	\$186	\$10.0	\$42,452	200.2	15,129	6,717
2017	1,000,143	307.1	\$133,155	3,050	812	\$40.9	\$9.8	\$193	\$9.6	\$42,467	202.1	14,541	7,170
2018	1,010,926	308.3	\$138,816	2,759	829	\$42.8	\$10.1	\$200	\$9.9	\$42,336	204.3	14,363	7,339
2019	1,022,643	311.7	\$144,215	2,849	839	\$44.9	\$10.4	\$206	\$10.3	\$42,777	205.8	14,728	7,454
2020	1,034,480	314.6	\$150,594	2,970	848	\$47.4	\$10.8	\$213	\$10.6	\$43,409	207.7	14,985	7,533
2021	1,046,048	317.5	\$156,723	3,226	857	\$49.8	\$11.2	\$220	\$10.8	\$43,847	208.9	15,217	7,623
2022	1,057,267	320.4	\$163,521	3,310	865	\$52.4	\$11.6	\$229	\$11.1	\$44,437	209.3	15,423	7,752
2023	1,068,372	323.3	\$170,573	3,376	873	\$55.1	\$12.0	\$237	\$11.4	\$45,068	209.5	15,633	7,902
2024	1,079,355	326.3	\$177,689	3,282	881	\$58.0	\$12.4	\$246	\$11.7	\$45,734	209.1	15,811	8,060
2025	1,090,328	329.3	\$184,108	3,316	889	\$60.6	\$12.8	\$254	\$11.9	\$46,213	208.4	15,951	8,230
2026	1,101,355	332.2	\$191,316	3,425	895	\$63.6	\$13.3	\$262	\$12.2	\$46,863	208.2	16,067	8,399
2027	1,112,311	335.3	\$198,132	3,463	903	\$66.4	\$13.7	\$270	\$12.4	\$47,416	208.6	16,184	8,572
2028	1,123,110	338.3	\$205,447	3,603	910	\$69.5	\$14.1	\$279	\$12.7	\$48,027	208.8	16,279	8,744
2029	1,133,729	341.4	\$212,074	3,472	919	\$72.4	\$14.6	\$287	\$12.9	\$48,407	208.4	16,450	8,930
2030	1,144,107	344.5	\$218,745	3,448	928	\$75.4	\$15.0	\$296	\$13.2	\$48,802	208.3	16,595	9,129
2031	1,154,251	347.6	\$225,693	3,529	939	\$78.5	\$15.4	\$304	\$13.4	\$49,269	208.3	16,743	9,306
2032	1,164,245	350.7	\$232,232	3,269	950	\$81.4	\$15.9	\$313	\$13.6	\$49,522	208.4	16,943	9,482
2033	1,174,065	353.7	\$239,038	3,314	962	\$84.5	\$16.3	\$321	\$13.8	\$49,973	208.8	17,126	9,662
2034	1,183,616	356.6	\$246,313	3,215	972	\$87.8	\$16.7	\$331	\$14.0	\$50,395	210.2	17,241	9,841
2035	1,192,924	359.5	\$253,730	3,313	981	\$91.2	\$17.2	\$340	\$14.2	\$50,756	212.0	17,350	10,032
2036	1,202,023	362.4	\$261,483	3,266	991	\$94.8	\$17.7	\$350	\$14.4	\$50,960	214.0	17,409	10,210
2037	1,211,069	365.3	\$269,537	3,224	1,001	\$98.5	\$18.3	\$361	\$14.5	\$51,124	216.0	17,464	10,358
2038	1,220,008	368.2	\$277,821	3,195	1,011	\$102.3	\$18.8	\$372	\$14.7	\$51,386	218.0	17,522	10,501
2039	1,228,844	371.0	\$286,501	3,162	1,021	\$106.3	\$19.4	\$383	\$14.9	\$51,574	219.8	17,572	10,636
2040	1,237,741	373.8	\$295,340	3,128	1,031	\$110.4	\$20.0	\$395	\$15.0	\$51,786	221.9	17,673	10,755
2041	1,246,626	376.6	\$304,319	3,150	1,041	\$114.6	\$20.6	\$407	\$15.2	\$52,074	224.3	17,804	10,847
2042	1,255,528	379.4	\$313,432	3,128	1,052	\$118.9	\$21.2	\$418	\$15.4	\$52,390	226.1	17,942	10,926
2043	1,264,500	382.2	\$322,700	3,102	1,062	\$123.3	\$21.8	\$430	\$15.6	\$52,735	228.0	18,116	10,999
2044	1,273,497	384.9	\$332,060	3,078	1,072	\$127.8	\$22.4	\$442	\$15.9	\$53,153	230.0	18,268	11,062
2045	1,282,511	387.7	\$341,742	3,052	1,081	\$132.5	\$23.0	\$455	\$16.1	\$53,475	231.6	18,438	11,139
2046	1,291,554	390.4	\$351,572	3,026	1,091	\$137.3	\$23.7	\$467	\$16.3	\$53,827	233.2	18,626	11,217
2047	1,300,689	393.1	\$361,598	3,004	1,100	\$142.2	\$24.3	\$480	\$16.5	\$54,163	234.3	18,848	11,268
2048	1,309,887	395.8	\$371,967	2,973	1,109	\$147.2	\$25.0	\$493	\$16.7	\$54,503	235.5	19,041	11,319
2049	1,319,167	398.5	\$382,695	2,954	1,119	\$152.5	\$25.7	\$507	\$16.9	\$54,848	236.8	19,202	11,367
2050	1,328,503	401.1	\$393,767	2,935	1,128	\$158.0	\$26.4	\$521	\$17.1	\$55,195	238.1	19,355	11,442

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	371.8	47.3	15.0	25.4	12.3	51.1	13.1	31.5	3.9	60.4	31.4	68.7
2016	382.8	46.9	16.0	25.2	12.8	52.8	13.3	31.9	3.8	64.3	32.8	71.0
2017	389.2	46.1	17.4	25.6	13.1	52.9	13.8	30.6	3.6	67.7	33.8	72.6
2018	397.2	43.6	18.7	25.9	14.5	53.5	14.2	32.0	3.6	70.2	34.1	74.6
2019	409.3	44.3	19.3	26.6	15.7	53.7	14.2	33.4	3.6	74.8	35.0	76.2
2020	414.6	43.7	19.9	27.1	15.8	53.8	14.3	34.3	3.6	75.9	35.7	77.7
2021	418.5	43.4	20.1	27.4	15.9	54.0	14.3	35.1	3.7	76.8	36.1	78.8
2022	422.1	43.3	20.4	27.6	16.1	54.2	14.4	35.7	3.7	77.8	36.3	79.7
2023	425.1	43.2	20.4	27.7	16.2	54.3	14.5	36.0	3.7	78.9	36.5	80.6
2024	427.8	43.1	20.2	27.8	16.4	54.5	14.6	36.3	3.7	79.9	36.7	81.4
2025	430.3	43.1	20.0	27.9	16.5	54.7	14.7	36.4	3.7	81.0	37.0	82.1
2026	432.7	43.0	19.8	27.9	16.6	54.9	14.8	36.6	3.8	82.0	37.3	82.7
2027	435.2	43.0	19.8	28.0	16.8	55.1	14.9	36.7	3.8	82.9	37.5	83.3
2028	437.4	43.0	19.7	28.0	16.9	55.2	15.0	36.9	3.8	83.8	37.8	83.8
2029	439.8	43.1	19.7	28.1	17.0	55.4	15.2	37.1	3.8	84.7	38.1	84.3
2030	441.9	43.1	19.6	28.1	17.2	55.5	15.3	37.2	3.8	85.5	38.3	84.8
2031	444.2	43.1	19.6	28.1	17.3	55.7	15.4	37.3	3.8	86.3	38.6	85.4
2032	446.4	43.1	19.6	28.1	17.4	55.8	15.4	37.4	3.8	87.1	38.8	85.9
2033	448.4	43.2	19.4	28.1	17.6	55.9	15.5	37.5	3.9	87.9	39.1	86.5
2034	450.6	43.2	19.4	28.2	17.7	56.0	15.6	37.6	3.9	88.7	39.4	87.1
2035	452.7	43.2	19.4	28.2	17.8	56.1	15.7	37.7	3.9	89.5	39.6	87.6
2036	454.8	43.3	19.4	28.2	18.0	56.2	15.8	37.8	3.9	90.3	39.9	88.1
2037	456.7	43.3	19.4	28.2	18.1	56.3	15.9	37.9	3.9	91.1	40.1	88.4
2038	458.5	43.3	19.4	28.2	18.2	56.4	15.9	38.0	3.9	91.8	40.4	88.7
2039	460.3	43.4	19.4	28.2	18.4	56.4	16.0	38.2	4.0	92.5	40.6	89.0
2040	462.1	43.4	19.4	28.2	18.5	56.5	16.1	38.3	4.0	93.3	40.9	89.3
2041	464.0	43.5	19.4	28.2	18.6	56.6	16.1	38.4	4.0	94.0	41.1	89.7
2042	466.0	43.5	19.4	28.2	18.8	56.7	16.2	38.6	4.0	94.8	41.4	90.1
2043	468.1	43.5	19.4	28.2	18.9	56.8	16.2	38.7	4.0	95.6	41.7	90.5
2044	470.2	43.6	19.4	28.3	19.0	57.0	16.3	38.9	4.0	96.4	41.9	91.0
2045	472.4	43.6	19.4	28.3	19.2	57.1	16.3	39.0	4.1	97.2	42.2	91.5
2046	474.6	43.7	19.4	28.3	19.3	57.2	16.4	39.1	4.1	98.1	42.4	92.0
2047	476.8	43.7	19.4	28.3	19.4	57.3	16.4	39.3	4.1	98.9	42.6	92.6
2048	479.1	43.7	19.4	28.3	19.6	57.5	16.5	39.4	4.1	99.8	42.9	93.2
2049	481.3	43.8	19.4	28.3	19.7	57.6	16.5	39.5	4.1	100.6	43.1	93.8
2050	483.6	43.8	19.4	28.3	19.8	57.7	16.6	39.6	4.1	101.5	43.4	94.3

Fresno County Economic Forecast

Socioeconomic Indicators

