

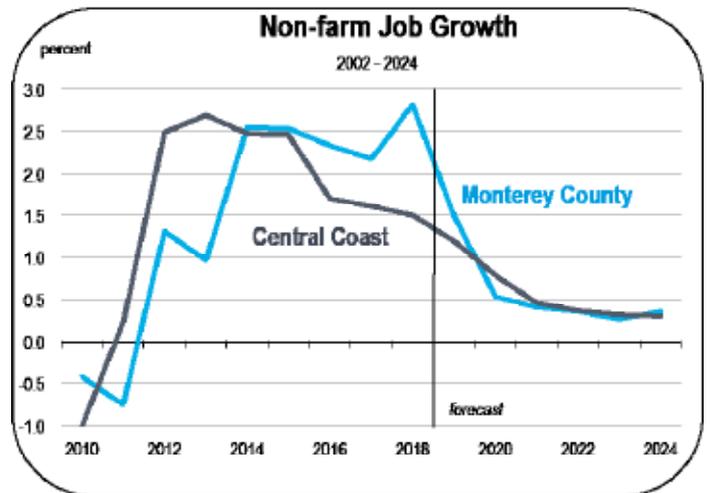
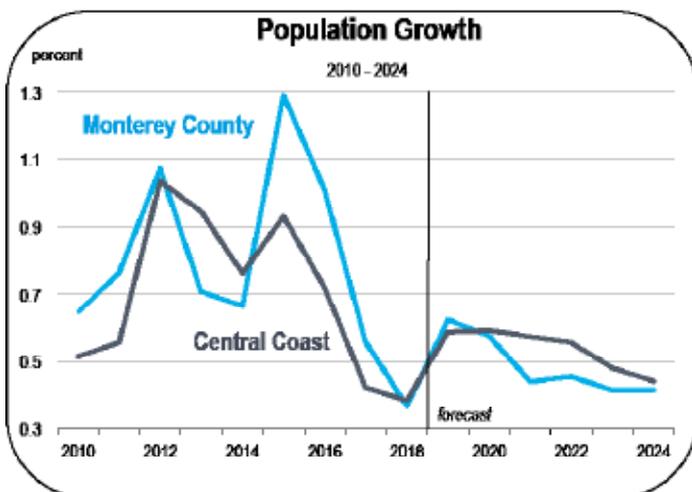
# Monterey County Economic Forecast

## Forecast Summary

- 4,100 non-farm jobs will be created in Monterey County during 2019. Over the entire 2018 – 2024 period, an average of 800 new jobs per year are expected.
- Employment growth will be led by education and healthcare, professional business services, leisure and hospitality, and government. Together, these sectors will account for 74 percent of net job creation through 2024.
- Between 2018 and 2024, a number of sectors are at risk of employment contraction, including construction, manufacturing, transportation and warehousing, retail trade, wholesale trade, and financial activities.
- The unemployment rate averaged 6.3 percent in 2018, and is near its lowest sustainable level. The unemployment rate may begin to rise in 2019 or 2020.
- The population of Monterey County is expanding at a similar rate as the average for the Central Coast, but may begin to grow more slowly than the Central Coast average.
- Housing production has accelerated, but has not been sufficient to keep home prices from rising quickly, and housing affordability has become a major problem in parts of Monterey County.

## Job Growth

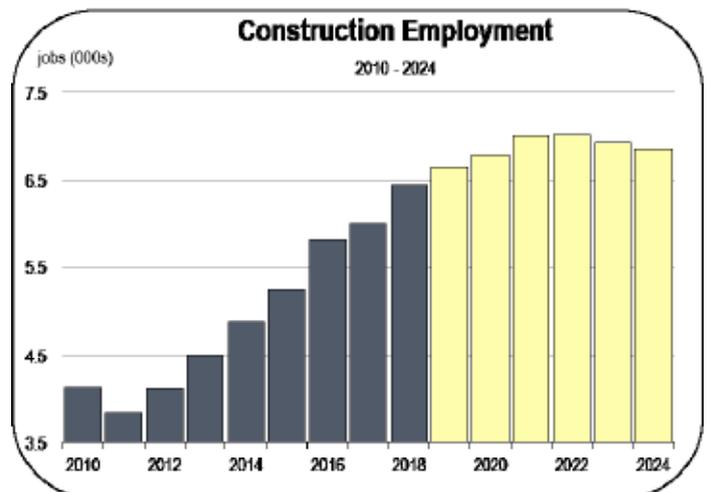
- Job growth accelerated sharply in 2018, but will begin to slow in 2019 and 2020.



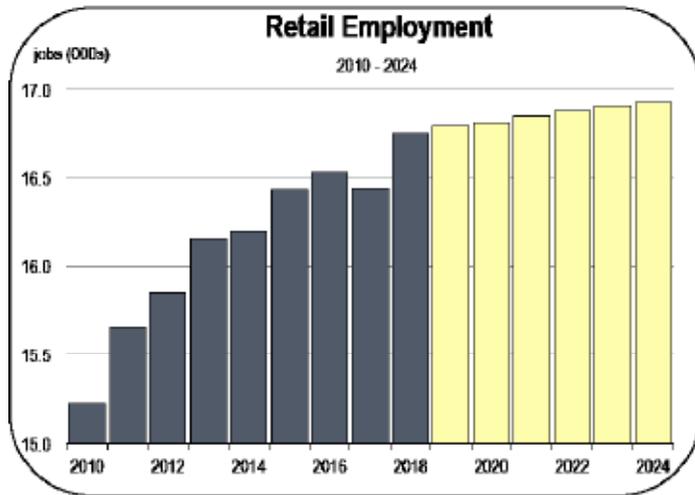
- The largest gains in 2018 were observed in government (+1,200 jobs), leisure and hospitality (+900 jobs), and professional business services (+700 jobs).
- In 2018 employment contractions were observed in manufacturing (-200 jobs) and transportation and warehousing (-200 jobs).
- Between 2012 and 2018, non-farm job growth averaged 2.2 percent per year. Between 2018 and 2024, growth is expected to average 0.6 percent per year.

## Construction Employment

- Construction employment is increasing at a rapid rate as building projects continue to break ground across the county.



# Monterey County Economic Forecast



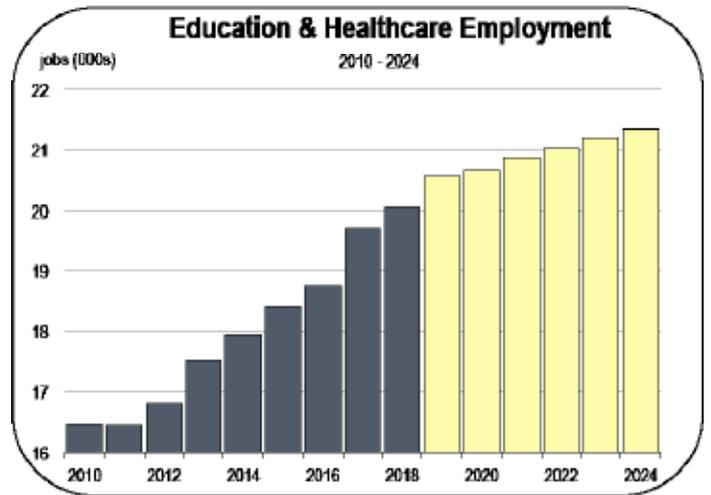
- Countywide, more than 700 new housing units were built in 2018, and more than \$300 million was invested into building and renovating non-residential structures.
- The peak of the building cycle is approaching, and construction employment may begin to contract during the 2018 – 2024 forecast period.

## Retail Trade Employment

- Employment in the Monterey County retail sector has been growing fairly consistently since 2010.
- The retail industry is being divided into two groups: stores that face heavy online competition, and stores that don't.
- In 2019 and 2020, jobs are expected to be created in sectors not facing heavy online competition:
  - Car dealerships
  - Drug stores and healthcare stores
  - Grocery stores
  - Gas Stations
- Job growth is expected to be slow, and may even turn negative, in sectors that are facing heavy online competition:
  - Clothing stores
  - Sporting goods stores
  - Consumer electronics stores
  - Department stores (i.e. Macy's)
  - Office supply stores

## Private Education and Healthcare Employment

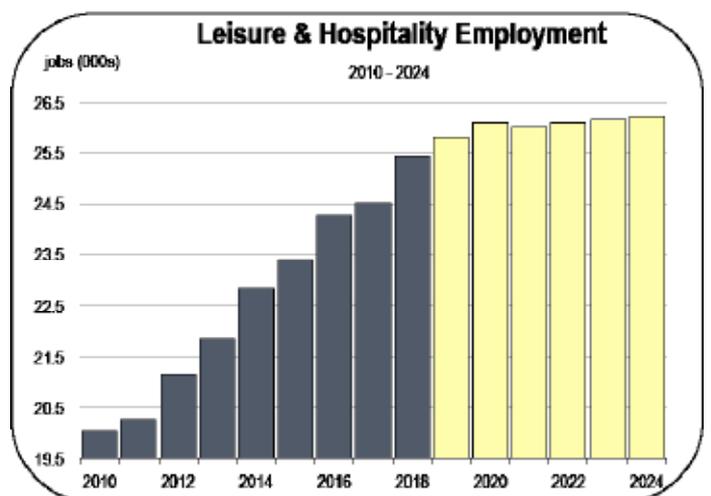
- This industry has grown quickly for much of the last decade.



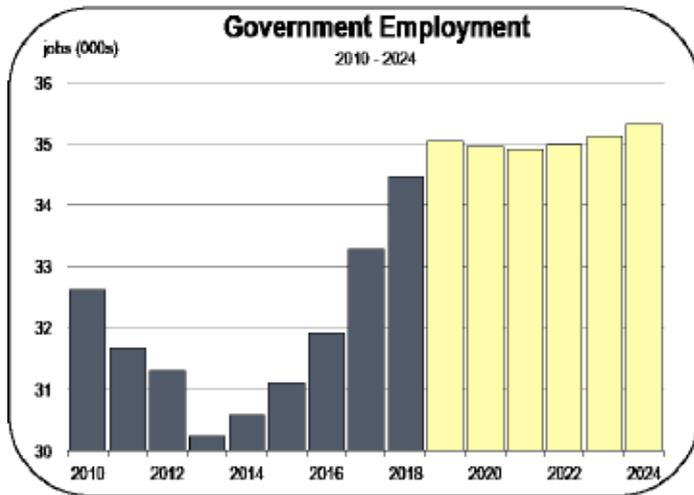
- Gains have been widespread, with strength in doctors' offices, home health services, outpatient care centers, and facilities that serve the elderly and people with disabilities.
- The private education industry gained a small number of jobs in 2018 (public schools are included in the government sector).
- 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

- The leisure and hospitality sector created thousands of jobs between 2010 and 2018, and is expected to create several hundred additional jobs by 2020.
- After 2020, growth in the leisure sector may become more moderate, and this sector may be characterized by employment contraction if the economy falls into recession during the 2018 – 2024 forecast period.



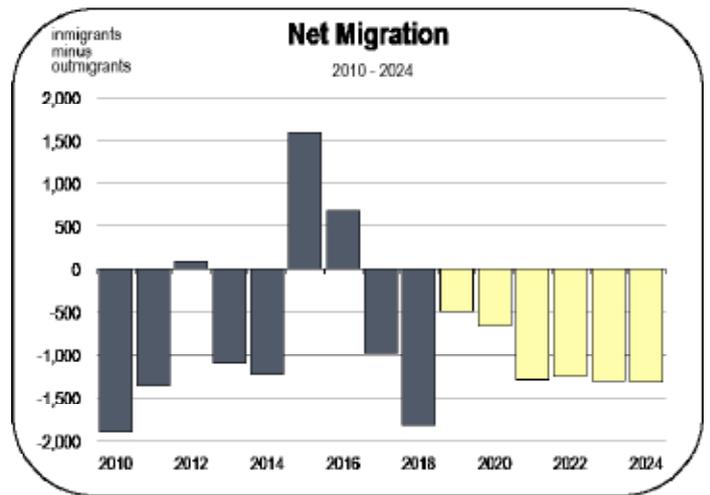
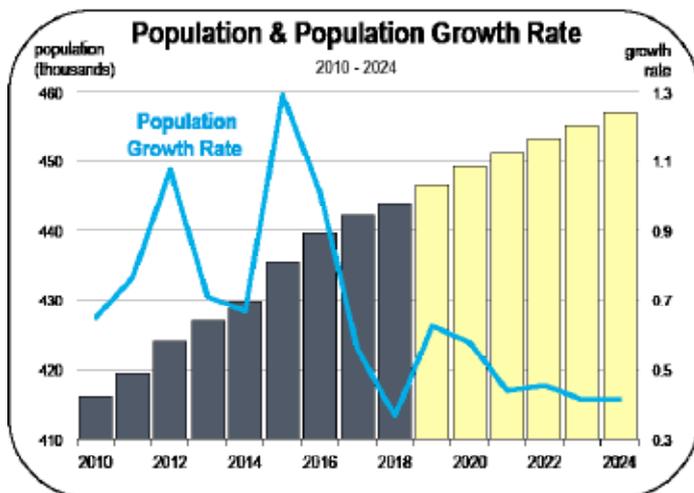
# Monterey County Economic Forecast



- The leisure industry is sensitive to changes in the minimum wage. As California’s minimum wage rises to \$15 per hour by 2022, job growth could be impacted.
- The median wage in Monterey County is \$17 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

- Government agencies created 1,200 jobs in 2018.
- Virtually all new jobs in 2018 were created at local schools. A small number of jobs were generated by Cal State Monterey Bay, Monterey Peninsula College, or local municipal agencies.
- Approximately 100 jobs were lost at federal agencies located within Monterey County, which includes the Defense Language Institute and the Naval Postgraduate School.
- Future growth will be determined by population growth and by the condition of state and local government budgets.

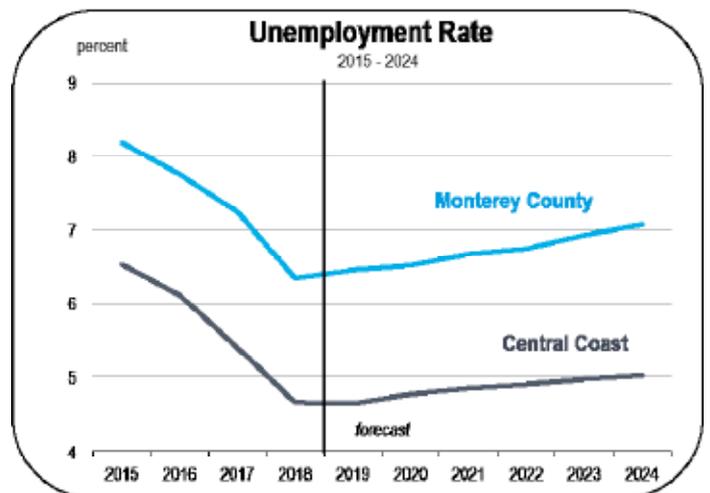


## Population Growth

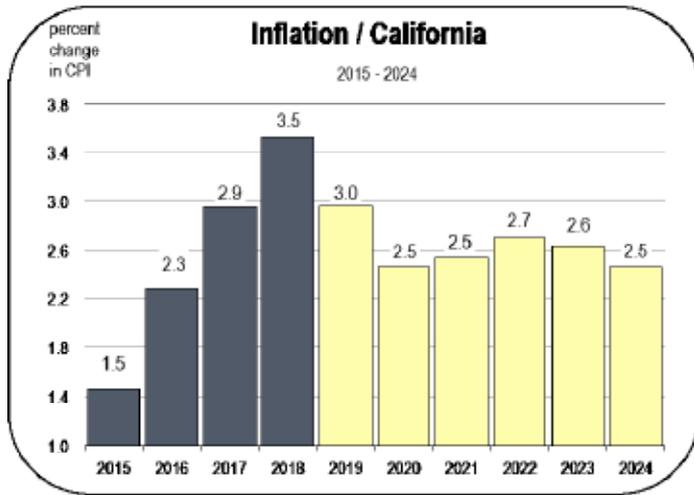
- The Monterey County population expanded by 0.4 percent in 2018, which is similar to the average for the Central Coast.
- Net migration was negative in 2018, subtracting more than 1,800 people from the population.
- Population growth averaged 0.8 percent per year between 2012 and 2018. It is expected to average 0.5 percent per year between 2018 and 2024, and the county will surpass 455,000 residents by 2024.

## Unemployment and Inflation Rates

- The unemployment rate in Monterey County was 6.3 percent in 2018, which is above the average for the Central Coast.
- The unemployment rate has reached its lowest sustainable level, and may begin to rise in 2019 or 2020.
- Inflation accelerated in 2018 as home prices and energy costs increased across California.



# Monterey County Economic Forecast



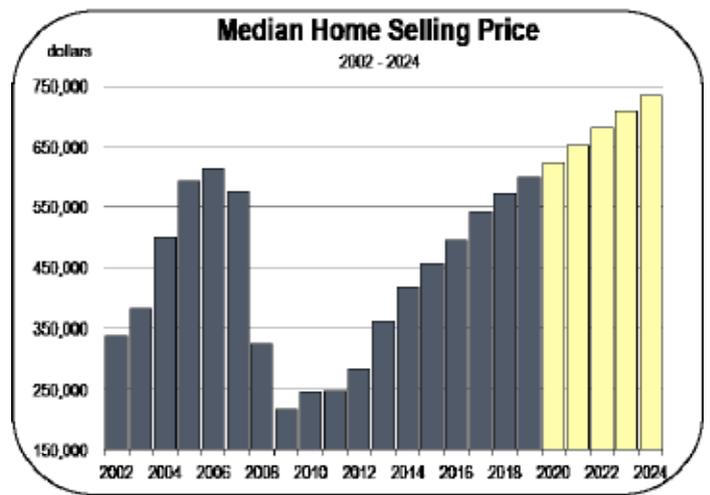
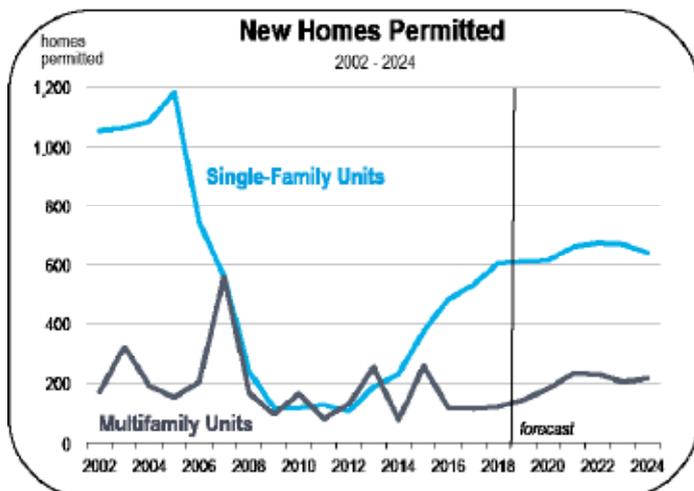
- In 2019 and 2020, inflation is expected to be within a range of 2.0 percent and 3.5 percent.

## New Housing Production

- From 2013 to 2018, an average of 560 new homes were permitted each year.
- Between 2019 and 2024, housing production is also expected to average 850 units per year. Most are expected to be single-family units.
- One of the most prominent projects is East Garrison, which will authorize 1,400 new homes near the site of decommissioned army barracks at Fort Ord. Construction is underway and several hundred units have already been built.

## Home Prices

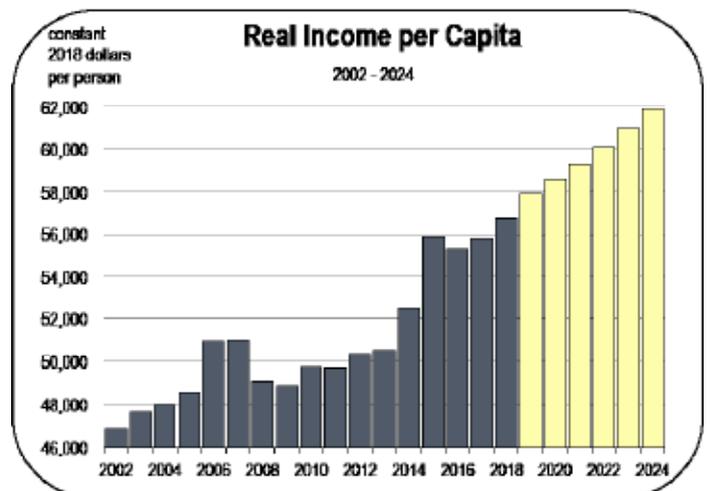
- Home prices in Monterey have increased rapidly in recent years, and the median home price is now almost \$600,000.



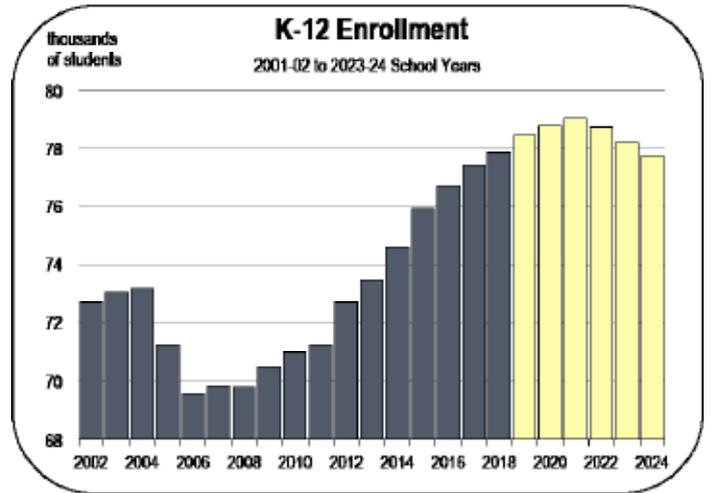
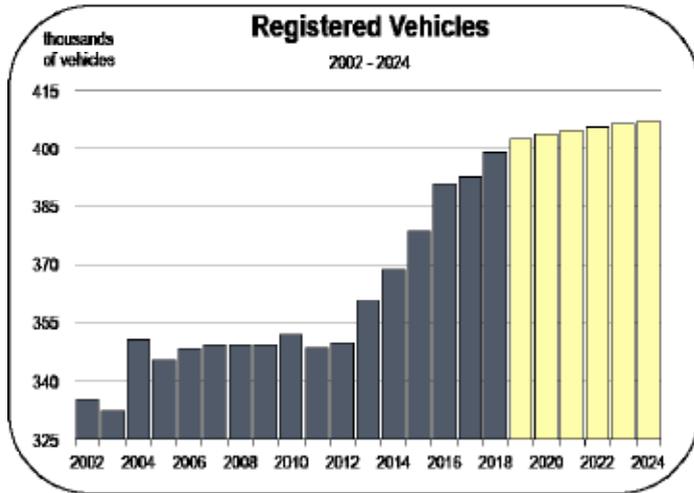
- There is a huge disparity in prices in different parts of the county. In the East County, which includes the cities of Salinas and Soledad, the median price is below \$500,000.
- In the West County, which includes the cities of Carmel, Monterey, and Pebble Beach, median prices range from \$750,000 to \$1.8 million.
- Housing affordability has become a prominent issue in Monterey County.
- In order to purchase the median-priced home in Monterey County, a typical household would have to spend more than 40 percent of its income on mortgage payments, in addition to spending more than \$130,000 on a down payment and closing costs.

## Income per Capita

- Income per capita was \$56,700 in 2018, which is below the Central Coast average of \$60,500.



# Monterey County Economic Forecast



- Over the last six years, real income per capita has risen at a rate of 2.0 percent per year.
- Over the next six years, real income per capita is expected to increase by an average of 1.5 percent per year.

## Registered Vehicles

- There were 398,700 registered vehicles in Monterey County in 2018. By 2024, it is expected that the county will have 407,000 registered vehicles.

## Public School Enrollment

- In Monterey County, approximately 77,800 students were enrolled in K-12 public schools.
- By 2024, there are expected to be 77,700 enrolled students. Enrollment is not expected to change substantially because the population aged 5 to 17 is expected to remain similar to the levels observed in 2018.

# Monterey County Economic Fore-

## Economic Indicators

## 2015-2018 History, 2019-2050 Forecast

2015	435,343	126.0	\$177,468	632	379	\$22.4	\$4.4	\$78	\$7.0	\$55,868	75.9	6,420	2,592
2016	439,739	126.5	\$180,171	602	391	\$22.8	\$4.6	\$80	\$6.9	\$55,332	76.7	6,219	2,573
2017	442,196	127.7	\$185,933	648	393	\$23.7	\$4.7	\$83	\$7.2	\$55,769	77.4	5,810	2,589
2018	443,819	126.3	\$199,253	726	399	\$25.2	\$4.9	\$85	\$6.9	\$56,720	77.8	5,924	2,621
2019	446,590	126.9	\$209,982	755	402	\$26.6	\$5.1	\$89	\$7.2	\$57,884	78.4	5,940	2,668
2020	449,166	127.5	\$217,954	797	404	\$27.8	\$5.2	\$91	\$7.3	\$58,546	78.8	5,949	2,709
2021	451,143	128.1	\$226,178	893	405	\$29.0	\$5.3	\$93	\$7.3	\$59,267	79.0	5,958	2,699
2022	453,196	128.7	\$235,380	905	405	\$30.3	\$5.5	\$96	\$7.4	\$60,096	78.7	5,968	2,663
2023	455,076	129.4	\$244,840	875	406	\$31.7	\$5.7	\$99	\$7.5	\$60,978	78.2	5,974	2,794
2024	456,970	130.1	\$254,384	857	407	\$33.1	\$5.8	\$102	\$7.7	\$61,892	77.7	5,972	2,768
2025	458,670	130.7	\$263,762	848	408	\$34.5	\$5.9	\$104	\$7.8	\$62,793	76.9	5,963	2,967
2026	460,373	131.4	\$273,020	847	409	\$35.9	\$6.1	\$107	\$7.9	\$63,636	76.1	5,961	2,983
2027	462,148	132.0	\$282,130	858	410	\$37.3	\$6.2	\$109	\$8.1	\$64,431	75.5	5,963	2,922
2028	463,878	132.7	\$291,347	870	411	\$38.7	\$6.4	\$111	\$8.2	\$65,173	74.9	5,966	2,956
2029	465,499	133.3	\$300,285	838	412	\$40.0	\$6.5	\$114	\$8.3	\$65,756	74.0	5,979	3,064
2030	467,080	134.0	\$309,195	823	413	\$41.4	\$6.7	\$117	\$8.4	\$66,338	73.1	5,995	3,094
2031	468,634	134.6	\$318,028	808	414	\$42.8	\$6.8	\$119	\$8.5	\$66,917	72.4	6,025	3,134
2032	470,073	135.2	\$327,259	762	415	\$44.3	\$7.0	\$122	\$8.6	\$67,408	71.8	6,070	3,276
2033	471,579	135.8	\$335,975	734	415	\$45.6	\$7.1	\$125	\$8.7	\$67,986	71.3	6,119	3,229
2034	472,931	136.4	\$345,419	695	416	\$47.1	\$7.3	\$127	\$8.8	\$68,541	70.9	6,163	3,398
2035	474,321	136.9	\$355,540	673	417	\$48.7	\$7.4	\$130	\$8.9	\$69,093	70.8	6,190	3,358
2036	475,563	137.4	\$366,820	661	418	\$50.4	\$7.6	\$134	\$9.0	\$69,552	70.8	6,227	3,519
2037	476,747	137.9	\$378,527	633	419	\$52.2	\$7.9	\$138	\$9.0	\$69,964	70.7	6,266	3,591
2038	477,852	138.4	\$390,087	586	420	\$55.0	\$8.1	\$141	\$9.1	\$70,420	70.9	6,293	3,659
2039	478,810	138.8	\$402,574	545	420	\$55.9	\$8.3	\$145	\$9.2	\$70,846	71.0	6,318	3,785
2040	479,726	139.2	\$415,275	515	421	\$57.8	\$8.5	\$149	\$9.2	\$71,302	71.2	6,345	3,819
2041	480,702	139.6	\$427,921	496	422	\$59.8	\$8.7	\$153	\$9.3	\$71,805	71.5	6,363	3,748
2042	481,536	140.0	\$440,706	477	423	\$61.7	\$8.9	\$156	\$9.4	\$72,355	71.7	6,371	3,872
2043	482,193	140.4	\$453,605	457	424	\$63.7	\$9.1	\$160	\$9.4	\$72,956	71.9	6,377	4,031
2044	482,762	140.7	\$466,373	439	425	\$65.6	\$9.3	\$163	\$9.5	\$73,632	72.1	6,383	4,100
2045	483,227	141.0	\$480,230	441	426	\$67.7	\$9.5	\$167	\$9.6	\$74,289	72.3	6,386	4,191
2046	483,625	141.4	\$493,993	433	427	\$69.8	\$9.8	\$171	\$9.7	\$74,960	72.5	6,386	4,245
2047	483,975	141.7	\$508,101	425	428	\$72.0	\$10.0	\$175	\$9.8	\$75,634	72.8	6,380	4,271
2048	484,351	142.0	\$522,562	418	429	\$74.2	\$10.2	\$178	\$9.8	\$76,299	73.0	6,371	4,221
2049	484,606	142.4	\$537,457	422	430	\$76.5	\$10.4	\$182	\$9.9	\$76,989	73.1	6,361	4,321
2050	484,715	142.7	\$552,651	415	431	\$78.8	\$10.6	\$186	\$10.0	\$77,692	73.4	6,348	4,445

## Employment Sectors

## 2015-2018 History, 2019-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	---(thousands of jobs)---											
2015	186.1	53.0	5.2	5.5	4.3	21.7	4.1	12.8	1.3	18.4	23.4	31.1
2016	189.5	53.3	5.8	5.4	4.3	21.8	4.2	13.4	1.1	18.8	24.3	31.9
2017	192.4	53.2	6.0	5.6	4.1	22.1	4.3	13.2	1.1	19.7	24.5	33.3
2018	196.6	53.5	6.5	5.4	4.0	22.6	4.5	13.9	1.0	20.1	25.4	34.5
2019	198.5	53.8	6.8	5.5	4.0	23.0	4.5	14.2	1.0	20.5	25.8	35.0
2020	200.4	54.1	7.1	5.6	4.0	23.4	4.5	14.5	1.0	20.9	26.2	35.5
2021	202.3	54.4	7.4	5.7	4.0	23.8	4.5	14.8	1.0	21.3	26.6	36.0
2022	204.2	54.7	7.7	5.8	4.0	24.2	4.5	15.1	1.0	21.7	27.0	36.5
2023	206.1	55.0	8.0	5.9	4.0	24.6	4.5	15.4	1.0	22.1	27.4	37.0
2024	208.0	55.3	8.3	6.0	4.0	25.0	4.5	15.7	1.0	22.5	27.8	37.5
2025	210.0	55.6	8.6	6.1	4.0	25.4	4.5	16.0	1.0	22.9	28.2	38.0
2026	212.0	55.9	8.9	6.2	4.0	25.8	4.5	16.3	1.0	23.3	28.6	38.5
2027	214.0	56.2	9.2	6.3	4.0	26.2	4.5	16.6	1.0	23.7	29.0	39.0
2028	216.0	56.5	9.5	6.4	4.0	26.6	4.5	16.9	1.0	24.1	29.4	39.5
2029	218.0	56.8	9.8	6.5	4.0	27.0	4.5	17.2	1.0	24.5	29.8	40.0
2030	220.0	57.1	10.1	6.6	4.0	27.4	4.5	17.5	1.0	24.9	30.2	40.5
2031	222.0	57.4	10.4	6.7	4.0	27.8	4.5	17.8	1.0	25.3	30.6	41.0
2032	224.0	57.7	10.7	6.8	4.0	28.2	4.5	18.1	1.0	25.7	31.0	41.5
2033	226.0	58.0	11.0	6.9	4.0	28.6	4.5	18.4	1.0	26.1	31.4	42.0
2034	228.0	58.3	11.3	7.0	4.0	29.0	4.5	18.7	1.0	26.5	31.8	42.5
2035	230.0	58.6	11.6	7.1	4.0	29.4	4.5	19.0	1.0	26.9	32.2	43.0
2036	232.0	58.9	11.9	7.2	4.0	29.8	4.5	19.3	1.0	27.3	32.6	43.5
2037	234.0	59.2	12.2	7.3	4.0	30.2	4.5	19.6	1.0	27.7	33.0	44.0
2038	236.0	59.5	12.5	7.4	4.0	30.6	4.5	19.9	1.0	28.1	33.4	44.5
2039	238.0	59.8	12.8	7.5	4.0	31.0	4.5	20.2	1.0	28.5	33.8	45.0
2040	240.0	60.1	13.1	7.6	4.0	31.4	4.5	20.5	1.0	28.9	34.2	45.5
2041	242.0	60.4	13.4	7.7	4.0	31.8	4.5	20.8	1.0	29.3	34.6	46.0
2042	244.0	60.7	13.7	7.8	4.0	32.2	4.5	21.1	1.0	29.7	35.0	46.5
2043	246.0	61.0	14.0	7.9	4.0	32.6	4.5	21.4	1.0	30.1	35.4	47.0
2044	248.0	61.3	14.3	8.0	4.0	33.0	4.5	21.7	1.0	30.5	35.8	47.5
2045	250.0	61.6	14.6	8.1	4.0	33.4	4.5	22.0	1.0	30.9	36.2	48.0
2046	252.0	61.9	14.9	8.2	4.0	33.8	4.5	22.3	1.0	31.3	36.6	48.5
2047	254.0	62.2	15.2	8.3	4.0	34.2	4.5	22.6	1.0	31.7	37.0	49.0
2048	256.0	62.5	15.5	8.4	4.0	34.6	4.5	22.9	1.0	32.1	37.4	49.5
2049	258.0	62.8	15.8	8.5	4.0	35.0	4.5	23.2	1.0	32.5	37.8	50.0
2050	260.0	63.1	16.1	8.6	4.0	35.4	4.5	23.5	1.0	32.9	38.2	50.5

# Monterey County Economic Forecast

## Socioeconomic Indicators

