

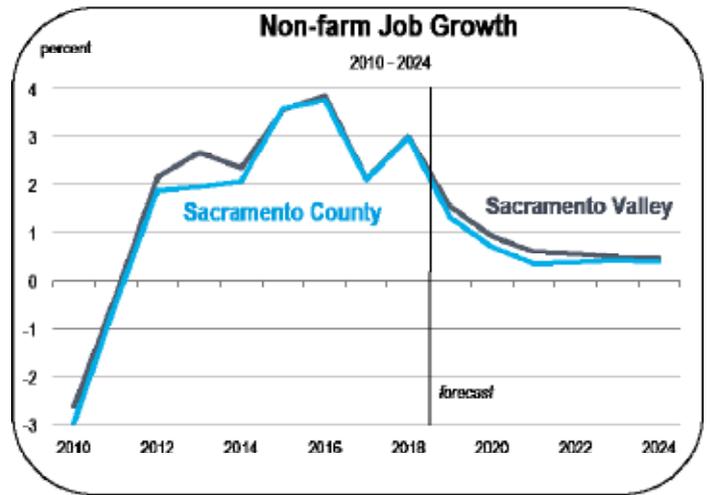
Sacramento County Economic Forecast

Forecast Summary

- 8,900 non-farm jobs will be created in Sacramento County during 2019. Over the following five years, an average of 3,100 new jobs are expected per year.
- Employment growth will be widespread, but will be led by professional services, healthcare, and leisure services. These sectors will account for 83 percent of net job creation through 2024.
- The unemployment rate averaged 3.8 percent in 2018, but may begin to rise in 2019.
- The population is expanding faster than the broader state, and will continue to do so.
- Housing production has increased in recent years, but has not kept pace with population growth.
- Over the forecast period, most new units will be single-family homes.
- A number of very large residential development projects have been proposed in the county. In total, 123,000 homes could be built over the next few decades.

Job Growth

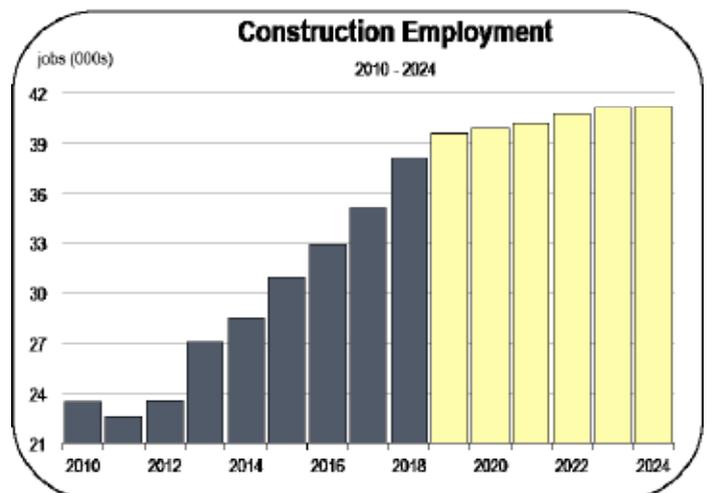
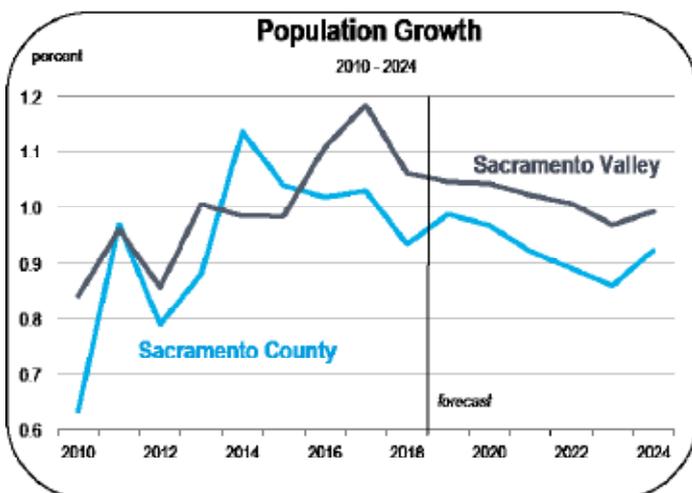
- Job growth was exceptionally strong in 2018, but growth will decelerate in 2019. Though it is not a part of the base case forecast, the county becomes more vulnerable to employment contraction in 2020 or 2021.
- The leading industries in 2018 were leisure services, education and healthcare, and construction.



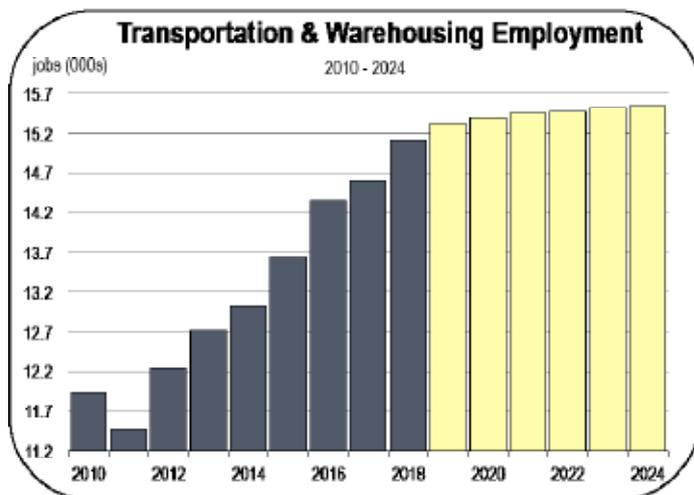
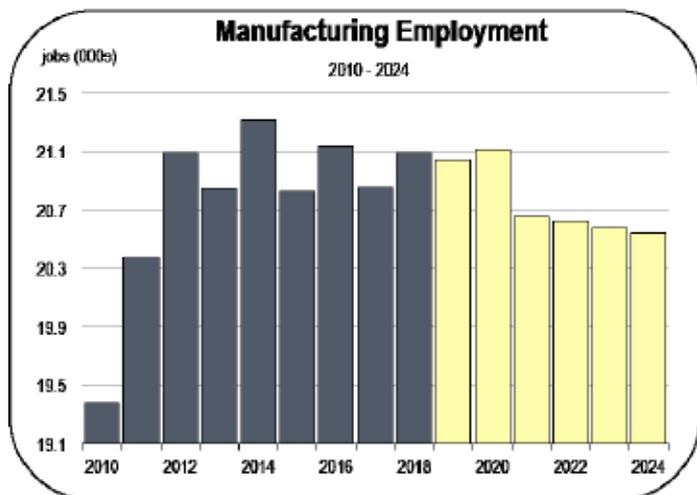
- Between 2012 and 2018, non-farm employment increased by 2.7 percent per year.
- Between 2018 and 2024, growth is forecast to average 0.6 percent annually.
- Approximately 8,900 non-farm jobs will be created during 2019.
- Through 2024, an average of 3,100 new non-farm wage and salary jobs are expected each year.

Construction Employment

- Due to an acceleration in housing production, construction employment is increasing at a rapid rate.
- Almost 4,900 homes were built last year, and close to \$900 million was spent building and renovating commercial and industrial structures.



Sacramento County Economic Forecast



- Over the long term (beyond 2024) Sacramento County will be a major center for construction activity. Its development pipeline has 123,000 homes and 50 million square feet of non-residential space.
- Construction employment will continue to grow rapidly in 2019, but gains are forecast to moderate in subsequent years.

- The onset of an economic recession would slow or even reverse job creation in this cyclically vulnerable sector.

Manufacturing Employment

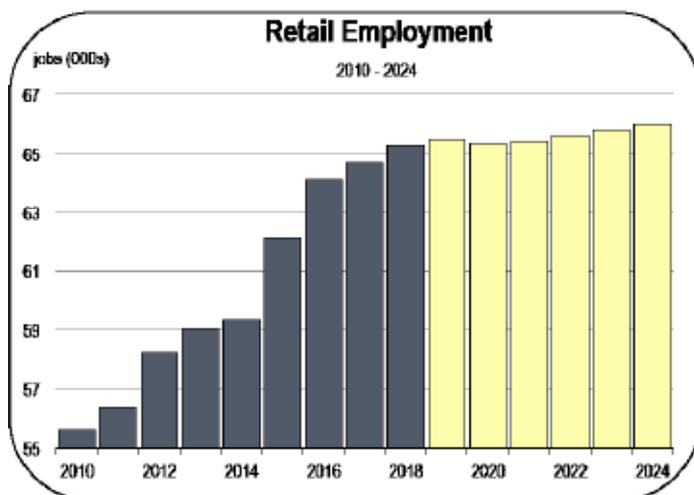
- Employment levels in the manufacturing industry have remained in a narrow band for the last seven years.
- Last year, small numbers of jobs were created in computer and aerospace manufacturing, which rebounded slightly after several years of contraction.
- Jobs were also created at breweries, which are in the beverage manufacturing industry. Sacramento County now has 25 breweries that employ 250 people.

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 slow at stores with online competition:
 - Clothing stores
 - Sporting goods stores
 - Department stores (i.e. Macy's)
 - Consumer electronics stores
- A number of stores closed in 2018, including:
 - Walmart in Sacramento
 - Sam's Club in Sacramento
 - Sears in Sacramento and Citrus Heights

Transportation and Warehousing Employment

- Job creation has been very strong in this sector, with 3,600 jobs created during the current economic cycle.
- Job growth has been concentrated in delivery services (e.g. UPS and FedEx), at Sacramento International Airport, and in the warehousing and logistics sector. Amazon opened a huge fulfillment center near the airport, which will eventually employ 1,500 workers.
- All of these subsectors should continue to expand, particularly delivery and logistics, as the growth of online shopping leads to job creation at delivery firms, and the Sacramento region adds more warehousing and distribution space.



Sacramento County Economic Forecast

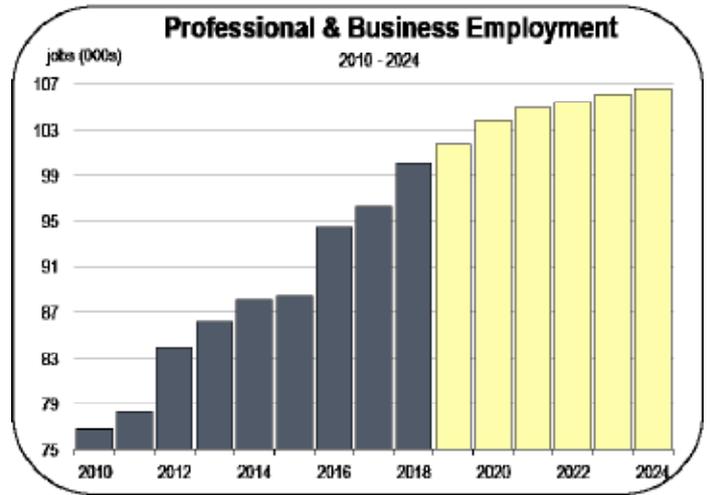
- Growth has been faster in sectors not facing heavy online competition:
 - Car dealerships
 - Drug stores and healthcare stores
 - Grocery stores
 - Gas stations
- Job growth will be slow in 2019, and jobs could be lost in 2020 or 2021.

Financial Activities Employment

- The financial activities industry added 1,000 jobs last year.
- Gains were largest in the real estate sector, which has expanded to accommodate an increase in new housing production.
- Job growth will slow in 2019 and the risk of job contraction rises in 2020 and 2021.

Professional and Business Services Employment

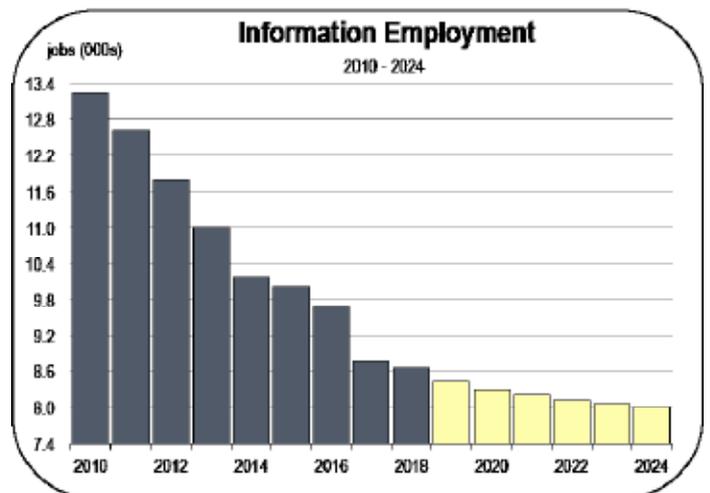
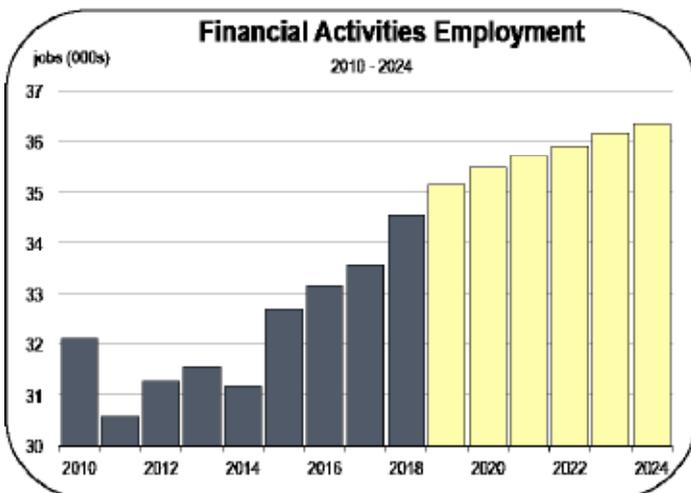
- Growth in this sector accelerated last year as 3,700 new jobs were created.
- This industry is primarily comprised of companies in law, accounting, tech, consulting, and scientific research. It also has a large number of business support firms, which provide administrative workers and manual labor to local firms.
- Half of last year’s job creation was in law firms, business consulting firms, and marketing firms. The other half was in temporary



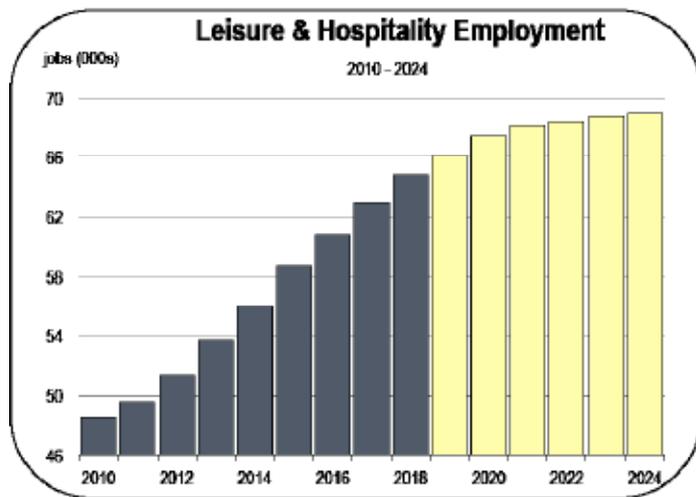
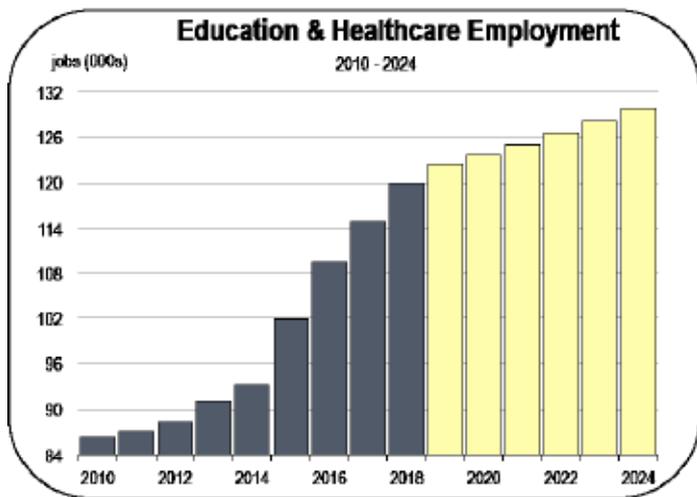
staffing agencies, building maintenance services, and corporate security firms.

Information Employment

- The information sector lost 200 jobs in 2018.
- In Sacramento County, the Information sector is largely comprised of telecommunications companies, but also has a small number of newspaper publishers, TV studios, software firms, and data services/web hosting companies.
- Telecommunications and newspaper companies will keep losing jobs, outweighing any gains from software and data services firms.



Sacramento County Economic Forecast



Private Education and Healthcare Employment

- The expansion of healthcare employment in Sacramento has been remarkable.
- Gains have been concentrated in doctors’ offices, home health companies, outpatient and residential care centers, and organizations that provide services to the elderly and people with disabilities.
- Private schools gained a small number of jobs last year (public schools are in the government sector).
- Future growth will be driven by an aging population, which will lead to higher demand for healthcare. However, the future of the health insurance sector is unknown, and legislative changes could influence job growth in health services.

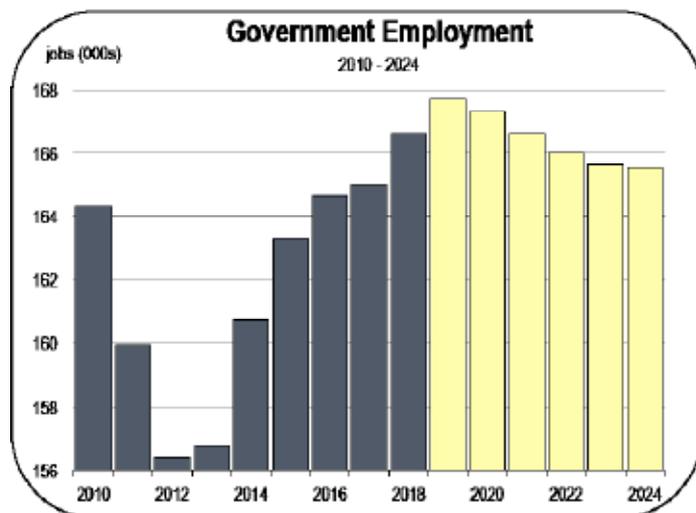
Leisure and Hospitality Employment

- Sacramento County gained 1,300 restaurant jobs last year, part of the surge of 7,000 new jobs in the restaurant industry since 2014.
- 900 jobs were also created at hotels in 2018.
- The leisure and hospitality industry will add more new jobs in 2019 and 2020, but employment growth is forecast to substantially slow after 2020.

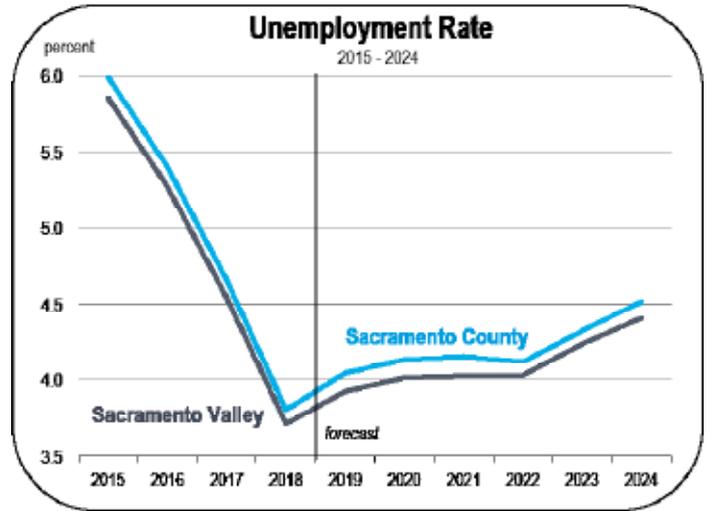
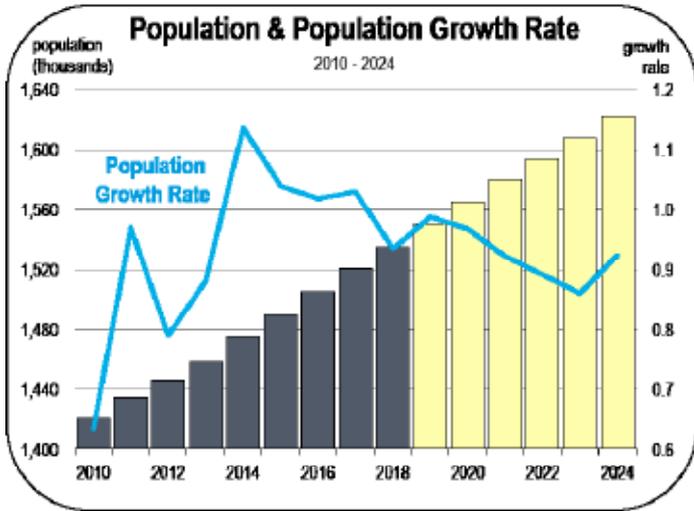
Government Employment

- The government sector expanded by 1,600 jobs last year.
- Most of these jobs were generated at state colleges (Sac State and the local community colleges), and state agencies. Employment levels at local public schools did not change substantially.
- Future gains will depend on local population growth, statewide population growth, and the condition of California’s government budget.

Population Growth



Sacramento County Economic Forecast

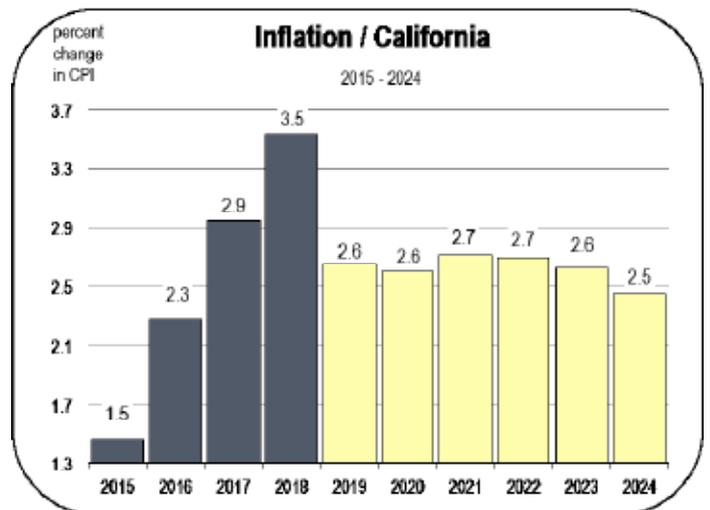
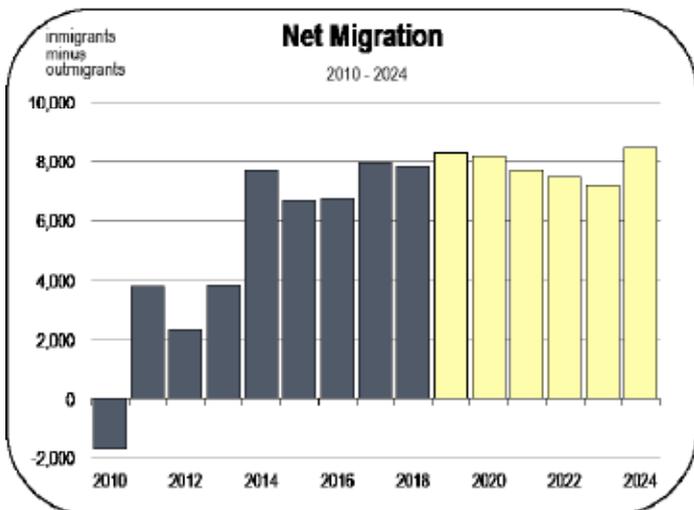


- The Sacramento county population is growing more quickly than the statewide average.
- An average of 7,400 net migrants entered the county in each of the last 5 years. An average of 7,900 will enter annually from 2019 to 2024.
- Population growth will average 0.9 percent per year, and the county will surpass 1.6 million residents during the forecast period.

- The unemployment rate in Sacramento County averaged 3.8 percent in 2018, which was identical to the composite rate for Northern California.
- The unemployment rate may begin to rise in 2019 and 2020, but with an unemployment rate of just 4.0 percent, the labor market will still be exceptionally tight.
- 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.

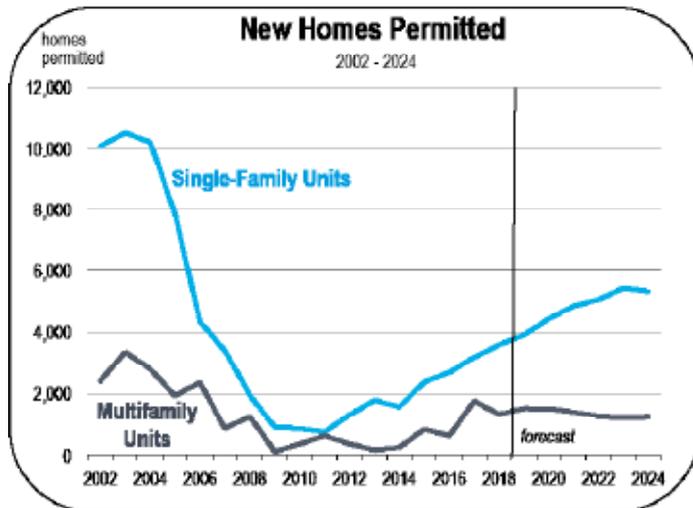
Unemployment and Inflation Rates

New Housing Production

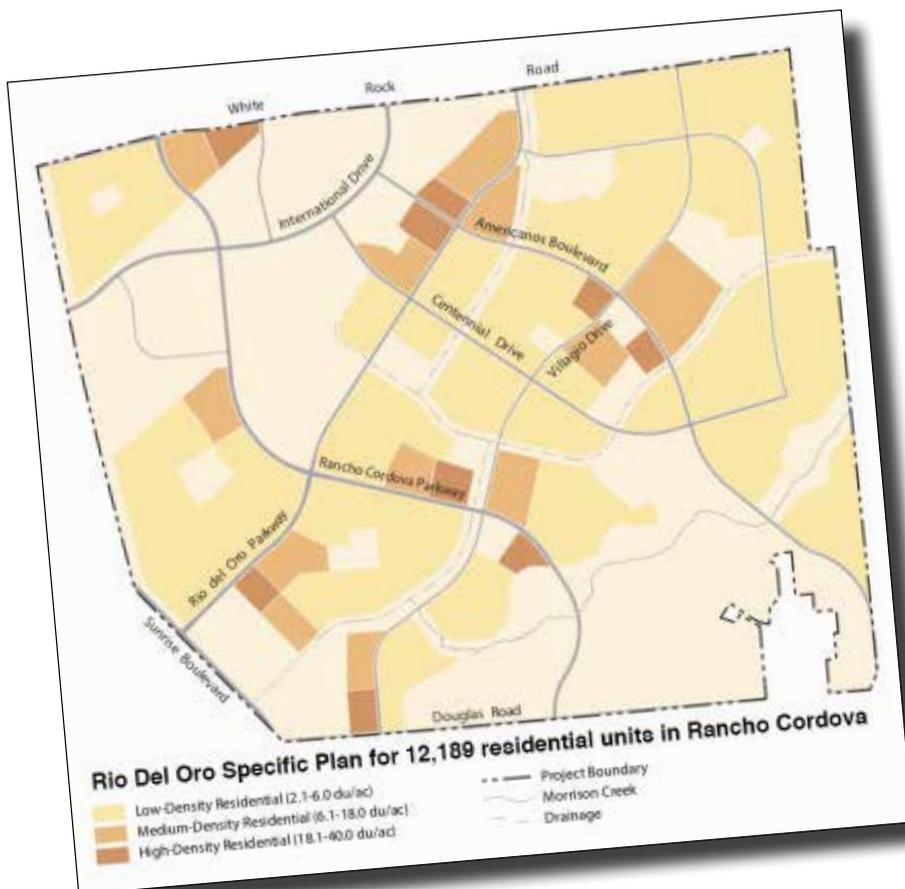


Sacramento County Economic Forecast

- From 2013 to 2018, an average of 3,300 homes were permitted per year. From 2019 to 2024, the county will generate an average of 6,200 units per year.
- The Sacramento County development pipeline has 123,000 units that could be constructed over the next 30 to 40 years:
 - 46,000 units in Rancho Cordova
 - 29,000 units in the Mather/Bradshaw area
 - 21,000 units in Folsom
 - 20,000 units within the Sacramento city limits
 - 3,000 units in Elk Grove
- The largest component of the development pipeline is in Rancho Cordova and the Mather/Bradshaw area. This region has 11 projects that contain at least 1,000 units.
- The West Jackson Highway Master Plan includes 14,900 homes near Jackson Highway and Bradshaw Rd. The project site spans 5,900 acres and will accommodate 17 million square feet of commercial and industrial space. The developers hope to create walkable neighborhoods that have retail space, office structures, schools, and possibly urban farms.
- Rio Del Oro will contain 12,200 homes northeast of Douglas Blvd. and Sunrise Blvd. in Rancho Cordova. It will also accommodate 3 schools and 4 to 5 million square feet of non-residential space. The plan concept has been approved, and developers will now seek approval for individual neighborhoods.



- Cordova Hills will include 8,000 homes east of Grant Line Rd. and north of Jackson Highway. This community will have 4 schools and a university, and 1.3 million square feet of retail, office, and medical facilities. The first homes could be built in 2019.
- The Jackson Township Specific plan will accommodate 6,100 homes, schools, a fire station, commercial facilities, and agricultural land.
- Outside of the Rancho Cordova/Mather area, other large projects have been planned for Sacramento County:



Sacramento County Economic Forecast

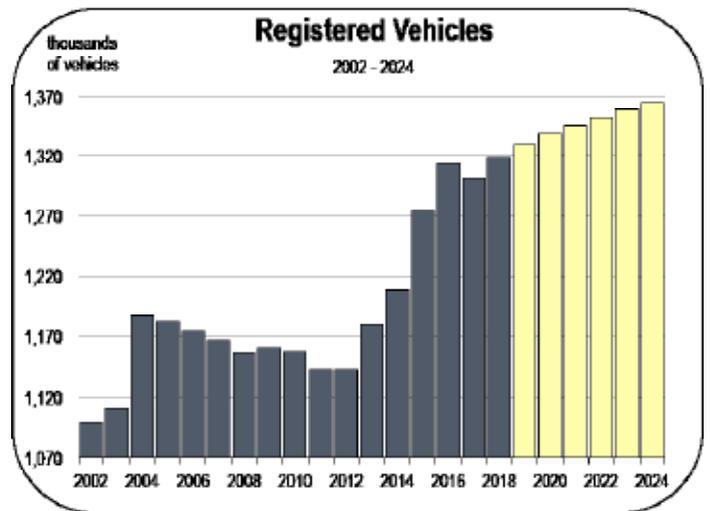
- Folsom Ranch – 10,200 homes and 3.6 million square feet of commercial space at Highway 50 near El Dorado County.
- The Railyards Project – 10,000 homes, 6 million sq. ft. of commercial space, 1,100 hotel rooms, and a soccer stadium Downtown.
- Sacramento Commons – two high-rise buildings with 1,470 multifamily units in Downtown Sacramento.

Income per Capita

- Income per capita in 2018 was \$52,500 in Sacramento County, which is below the Sacramento Valley average of \$56,400.
- Over the last six years, real incomes have risen at an average rate of 1.6 percent per year in the county, which is similar to the Sacramento Valley average of 1.7 percent per year.
- Over the next six years, real incomes are expected to rise by approximately 1.7 percent per year in Sacramento County.

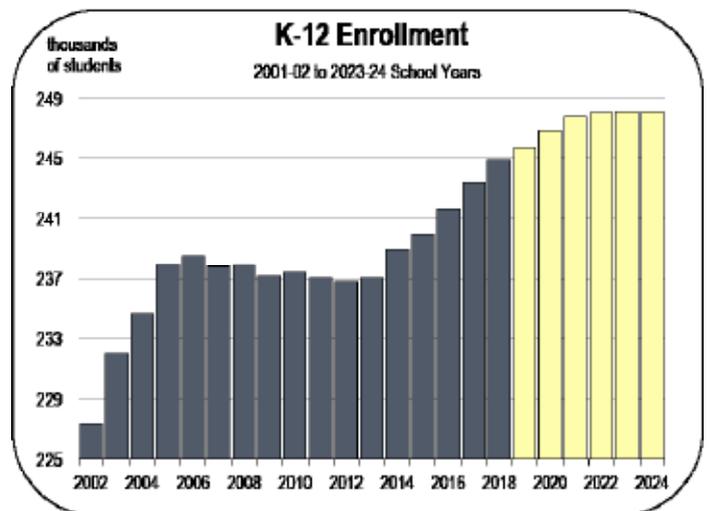
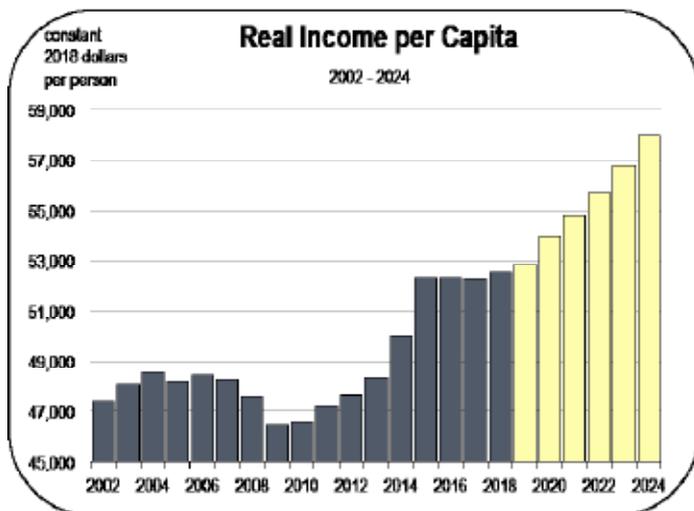
Registered Vehicles

- There were 1.32 million registered vehicles in Sacramento County in 2018.
- By 2024, it is expected that the county will have approximately 1.36 million registered vehicles.



Public School Enrollment

- In Sacramento County, approximately 244,900 students were enrolled in K-12 public schools during the 2017–2018 school year.
- By 2024, there are expected to be 248,000 K-12 students in the county.



Sacramento 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	1,490,025	533.0	\$134,497	3,173	1,275	\$71.7	\$15.0	\$263	\$13.3	\$52,334	239.9	19,423	11,427
2016	1,505,194	536.5	\$137,576	3,277	1,313	\$73.8	\$15.7	\$275	\$13.4	\$52,345	241.6	19,588	11,260
2017	1,520,685	536.7	\$142,690	4,915	1,301	\$76.6	\$16.4	\$287	\$13.5	\$52,301	243.4	19,202	11,966
2018	1,534,893	537.0	\$150,167	4,884	1,318	\$80.6	\$16.9	\$297	\$13.6	\$52,535	244.9	18,933	12,200
2019	1,550,040	544.2	\$154,705	5,390	1,330	\$84.2	\$17.6	\$308	\$13.7	\$52,862	245.7	19,088	12,233
2020	1,565,033	549.2	\$162,260	5,901	1,338	\$89.1	\$18.0	\$316	\$14.1	\$53,970	246.8	19,219	12,435
2021	1,579,463	554.8	\$169,219	6,221	1,345	\$93.9	\$18.6	\$325	\$14.2	\$54,795	247.7	19,408	12,667
2022	1,593,535	560.6	\$176,552	6,302	1,352	\$99.0	\$19.1	\$335	\$14.6	\$55,705	248.0	19,639	13,017
2023	1,607,239	566.5	\$184,432	6,617	1,358	\$104.5	\$19.7	\$345	\$14.9	\$56,758	248.0	19,880	13,370
2024	1,622,086	572.8	\$192,828	6,532	1,365	\$110.4	\$20.2	\$354	\$15.3	\$57,964	248.0	20,088	13,718
2025	1,636,302	578.9	\$200,436	6,656	1,371	\$116.0	\$20.8	\$364	\$15.7	\$58,938	247.7	20,206	14,079
2026	1,650,062	585.1	\$208,148	6,793	1,378	\$121.8	\$21.4	\$374	\$16.0	\$59,936	247.4	20,279	14,429
2027	1,663,118	591.5	\$215,968	6,917	1,386	\$127.8	\$21.9	\$384	\$16.4	\$60,991	247.7	20,276	14,796
2028	1,675,687	598.0	\$224,107	7,043	1,395	\$134.0	\$22.5	\$394	\$16.8	\$62,070	248.2	20,284	15,184
2029	1,688,191	604.6	\$231,452	6,897	1,404	\$139.9	\$23.1	\$405	\$17.0	\$62,826	248.0	20,342	15,584
2030	1,700,374	611.1	\$238,657	6,711	1,414	\$145.8	\$23.7	\$416	\$17.3	\$63,544	248.4	20,382	16,014
2031	1,711,922	617.4	\$246,096	6,660	1,427	\$151.9	\$24.4	\$427	\$17.5	\$64,337	248.9	20,443	16,431
2032	1,723,087	623.7	\$252,910	6,557	1,440	\$157.7	\$25.1	\$439	\$17.7	\$64,800	249.2	20,536	16,850
2033	1,734,041	629.8	\$260,462	6,369	1,453	\$164.0	\$25.7	\$449	\$18.0	\$65,652	249.8	20,669	17,269
2034	1,744,845	635.8	\$268,355	6,226	1,465	\$170.6	\$26.3	\$460	\$18.2	\$66,399	250.0	20,845	17,674
2035	1,755,480	641.7	\$276,627	6,062	1,475	\$177.5	\$27.0	\$472	\$18.4	\$67,112	251.0	21,026	18,110
2036	1,765,917	647.4	\$285,000	5,862	1,486	\$184.5	\$27.8	\$486	\$18.6	\$67,526	251.7	21,204	18,511
2037	1,776,051	652.9	\$293,848	5,710	1,498	\$191.8	\$28.7	\$502	\$18.8	\$67,916	252.4	21,358	18,883
2038	1,785,783	658.2	\$303,139	5,621	1,509	\$199.5	\$29.6	\$517	\$19.0	\$68,477	253.3	21,488	19,241
2039	1,794,942	663.5	\$312,887	5,568	1,522	\$207.6	\$30.5	\$534	\$19.1	\$68,957	254.2	21,591	19,583
2040	1,803,804	668.7	\$322,694	5,472	1,533	\$215.8	\$31.5	\$551	\$19.3	\$69,454	255.3	21,700	19,901
2041	1,812,659	673.9	\$332,669	5,362	1,545	\$224.2	\$32.4	\$567	\$19.5	\$70,050	256.4	21,845	20,150
2042	1,821,251	678.9	\$342,794	5,318	1,556	\$232.7	\$33.3	\$582	\$19.7	\$70,683	257.8	21,985	20,383
2043	1,829,740	683.9	\$353,108	5,401	1,566	\$241.5	\$34.1	\$597	\$19.9	\$71,362	259.3	22,127	20,615
2044	1,838,214	689.0	\$363,499	5,366	1,576	\$250.4	\$34.9	\$611	\$20.1	\$72,148	260.8	22,262	20,867
2045	1,846,513	694.0	\$373,942	5,241	1,583	\$259.5	\$35.7	\$625	\$20.3	\$72,753	262.4	22,385	21,161
2046	1,854,599	698.9	\$384,431	5,123	1,590	\$268.7	\$36.6	\$640	\$20.5	\$73,380	263.6	22,498	21,402
2047	1,862,555	703.8	\$395,068	5,023	1,596	\$278.0	\$37.4	\$654	\$20.7	\$73,976	265.2	22,614	21,593
2048	1,870,418	708.5	\$406,094	4,974	1,602	\$287.7	\$38.3	\$669	\$20.9	\$74,587	266.8	22,717	21,758
2049	1,878,229	713.2	\$417,543	4,919	1,608	\$297.8	\$39.2	\$685	\$21.1	\$75,217	268.4	22,796	21,905
2050	1,885,911	717.8	\$429,347	4,861	1,614	\$308.2	\$40.1	\$701	\$21.3	\$75,856	269.6	22,852	22,073

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	621.3	2.7	31.0	20.8	13.6	77.2	32.7	88.4	10.0	102.0	58.7	163.3
2016	644.0	2.2	32.9	21.1	14.4	79.8	33.2	94.4	9.7	109.5	60.8	164.7
2017	657.5	2.3	35.1	20.9	14.6	81.0	33.6	96.3	8.8	114.9	63.0	165.0
2018	676.8	2.1	38.1	21.1	15.1	82.8	34.6	100.0	8.6	119.9	64.8	166.6
2019	685.7	2.2	39.6	21.0	15.3	83.0	35.2	101.8	8.4	122.3	66.1	167.7
2020	690.7	2.2	39.9	21.1	15.4	82.9	35.5	103.8	8.3	123.7	67.4	167.3
2021	693.2	2.2	40.2	20.7	15.5	82.9	35.7	104.9	8.2	125.0	68.1	166.6
2022	695.9	2.3	40.7	20.6	15.5	83.2	35.9	105.3	8.1	126.6	68.4	166.0
2023	698.9	2.3	41.1	20.6	15.5	83.4	36.2	106.1	8.1	128.1	68.7	165.6
2024	701.6	2.3	41.2	20.5	15.5	83.6	36.3	106.5	8.0	129.8	68.9	165.5
2025	705.0	2.3	40.9	20.6	15.6	83.8	36.5	107.0	8.0	131.6	69.3	166.1
2026	709.2	2.2	40.8	20.6	15.6	84.0	36.8	107.6	8.0	133.5	69.7	166.8
2027	713.6	2.2	40.6	20.6	15.7	84.2	37.0	108.3	8.0	135.5	70.1	167.7
2028	718.2	2.2	40.8	20.7	15.7	84.4	37.2	109.0	8.1	137.4	70.5	168.5
2029	722.9	2.2	40.7	20.7	15.7	84.7	37.4	109.7	8.1	139.7	70.9	169.3
2030	727.3	2.2	40.2	20.7	15.7	84.9	37.5	110.4	8.1	142.0	71.3	170.3
2031	732.0	2.2	40.0	20.8	15.7	85.1	37.7	111.1	8.2	144.4	71.6	171.1
2032	736.8	2.2	39.8	20.8	15.8	85.3	37.9	111.8	8.3	147.0	72.0	171.7
2033	742.3	2.2	39.6	20.8	15.8	85.5	38.1	112.6	8.4	149.7	72.4	173.0
2034	747.2	2.1	39.2	20.9	15.8	85.7	38.3	113.3	8.5	152.3	72.8	174.0
2035	752.1	2.1	38.9	20.9	15.8	85.9	38.5	114.0	8.6	154.9	73.2	174.9
2036	756.2	2.1	38.4	20.9	15.8	86.1	38.7	114.7	8.7	157.4	73.6	175.2
2037	760.1	2.1	37.9	21.0	15.9	86.3	38.9	115.5	8.8	159.9	73.9	175.4
2038	764.4	2.1	37.5	21.0	15.9	86.5	39.1	116.2	9.0	162.4	74.3	175.9
2039	768.6	2.1	37.2	21.0	15.9	86.7	39.3	116.9	9.1	164.9	74.7	176.1
2040	773.0	2.1	37.1	21.1	15.9	86.9	39.5	117.7	9.3	167.2	75.0	176.4
2041	777.5	2.1	36.9	21.1	15.9	87.1	39.7	118.4	9.4	169.6	75.4	177.0
2042	782.2	2.1	36.8	21.1	15.9	87.3	39.9	119.2	9.6	171.8	75.8	177.8
2043	787.1	2.1	36.8	21.2	16.0	87.5	40.1	120.0	9.7	174.0	76.1	178.7
2044	792.3	2.1	36.9	21.2	16.0	87.7	40.3	120.7	9.9	176.0	76.5	179.8
2045	796.8	2.1	36.8	21.2	16.0	87.9	40.5	121.5	10.0	177.9	76.9	180.7
2046	801.1	2.1	36.6	21.3	16.0	88.0	40.7	122.3	10.2	179.7	77.2	181.8
2047	805.5	2.1	36.3	21.3	16.0	88.2	40.9	123.0	10.3	181.5	77.6	182.9
2048	809.9	2.1	36.1	21.3	16.0	88.4	41.0	123.8	10.5	183.3	77.9	183.9
2049	814.4	2.1	36.0	21.4	16.1	88.5	41.2	124.6	10.6	185.1	78.3	185.0
2050	818.9	2.1	35.9	21.4	16.1	88.7	41.4	125.4	10.8	186.8	78.6	186.1

Saramento County Economic Forecast

Socioeconomic Indicators

