

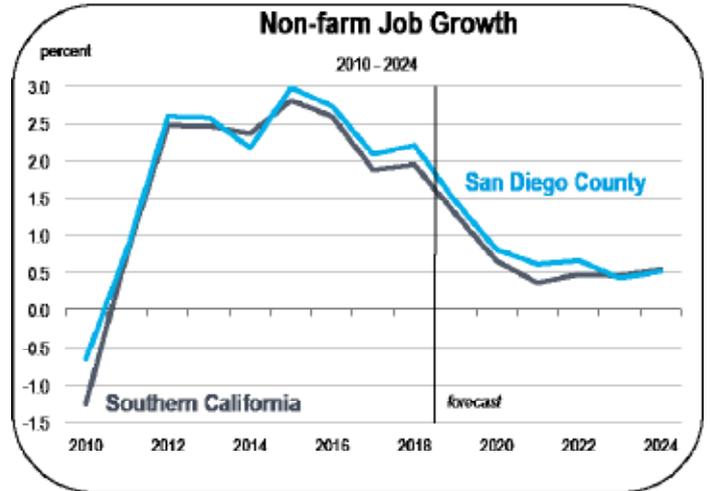
# San Diego County Economic Forecast

## Forecast Summary

- 21,600 non-farm jobs will be created in San Diego County during 2019. Over the following five years, an average of 11,300 new jobs per year are expected.
- Employment growth will be led by four sectors: professional services, leisure services, education and healthcare, and government. This group will account for 96 percent of net job creation through 2024.
- Job losses are expected in construction and manufacturing.
- The unemployment rate averaged 3.3 percent in 2018, and is not expected to change in 2019. In 2020, it may begin to rise.
- The population is expanding more quickly than broader Southern California.
- Housing production is just barely keeping pace with population growth. Over the forecast period, most new units will be in multifamily buildings, rather than stand alone single-family houses.

## Job Growth

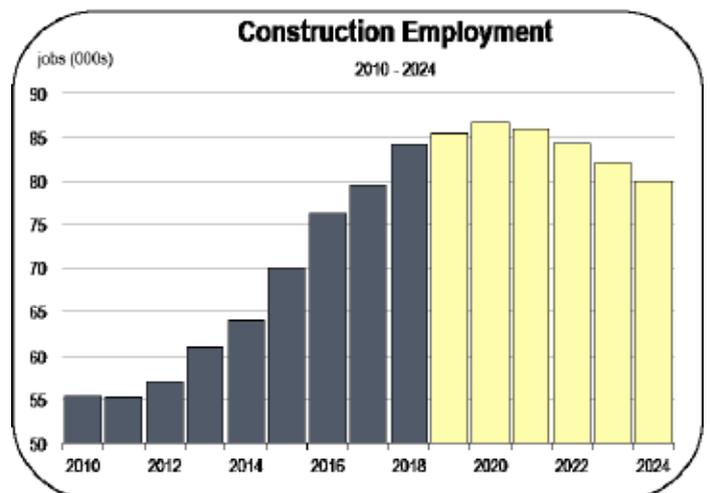
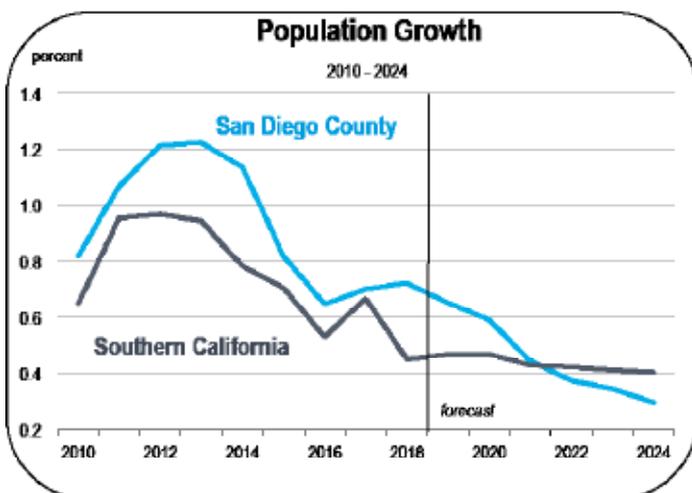
- Growth was very strong in 2018, but will be slower in 2019 and could turn negative if the economy falls into recession before the year 2024.
- 2018 growth was most prominent in leisure services, education and healthcare, professional business services, and construction.
- Between 2012 and 2018, non-farm job growth averaged 2.5 percent per year.



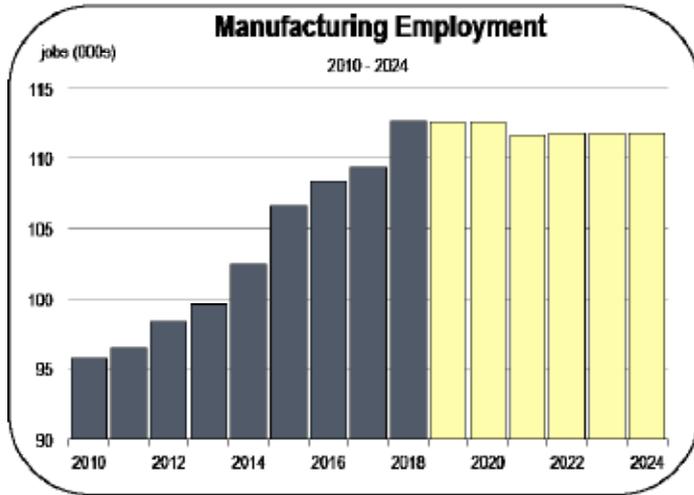
- Between 2018 and 2024, growth is expected to average 0.7 percent.
- Approximately 21,600 non-farm jobs will be created during 2019.
- Through 2024, an average of 11,300 new non-farm wage and salary jobs per year are forecast, with a rising number of informal or self-employed workers.

## Construction Employment

- 2,700 construction jobs were created last year.
- Most of the county’s construction workers are deployed to residential, retail, and hotel projects in downtown San Diego. A large number are also working on the Otay Ranch project in Chula Vista, and a number of North County residential projects.



# San Diego County Economic Forecast



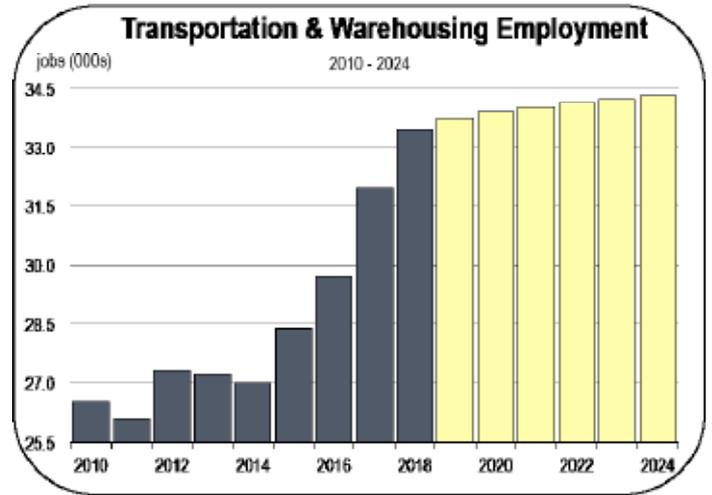
- Jobs may be lost during the forecast period as housing production tapers off, and as investment in new non-residential structures plateaus.

## Manufacturing Employment

- The manufacturing sector expanded quickly in 2018.
- Breweries (in the beverage manufacturing industry) created 600 jobs last year.
- San Diego County has more than 100 breweries that employ 2,900 workers.
- In 2018, lots of jobs were also created at:
  - Aerospace and navigational equipment manufacturers (1,400 jobs)
  - Manufacturers of pharmaceuticals and medical equipment (1,000 jobs)
- Not all firms created jobs. Layoffs were heavy at:
  - Qualcomm (1,369 layoffs)
  - General Dynamics NASSCO (1,493 layoffs)
  - Tyson Foods (590 layoffs)
- The layoffs at General Dynamics NASSCO contributed to 1,800 jobs lost in the shipbuilding sector, which tends to fluctuate as military contracts are awarded and completed.
- It is very likely that manufacturing employment has peaked for the current economic cycle.

## Transportation and Warehousing Employment

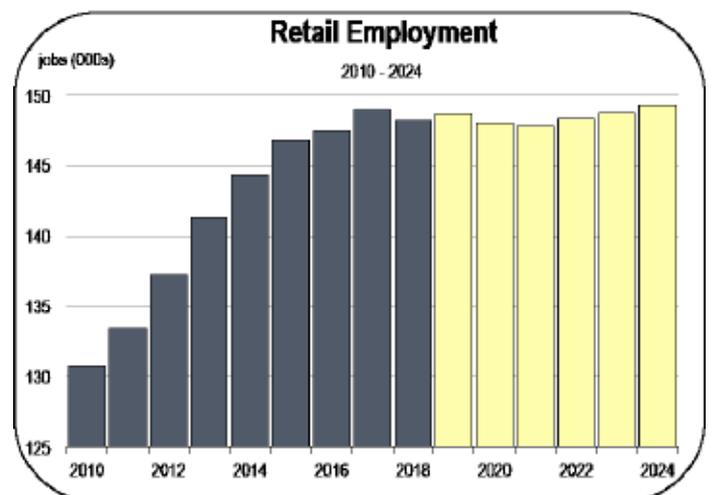
- This industry expanded incredibly rapidly in 2018, generating 2,300 new jobs.



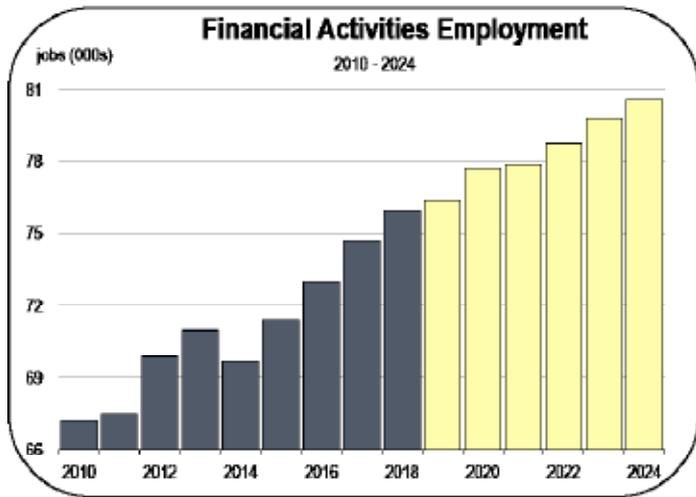
- Some of the gains were at San Diego International Airport and its many contractors and suppliers.
- Hundreds of jobs were also created at cargo trucking companies, which move goods from the factory to the warehouse, and from the warehouse to the consumer.
- Job growth will be slower in 2019 and could turn negative in 2020 or 2021.

## Retail Trade Employment

- The retail sector lost 800 jobs in 2018.
- There were very few mass layoffs. Sears and Shoe Metro were the only companies to lay off more than 50 workers at once.
- 169 layoffs have already been planned for 2019, and more should follow. So far, Best Buy is expected to lay off 74 workers in La Mesa, and Charlotte Russe will lay off 85 workers in San Diego.



# San Diego County Economic Forecast

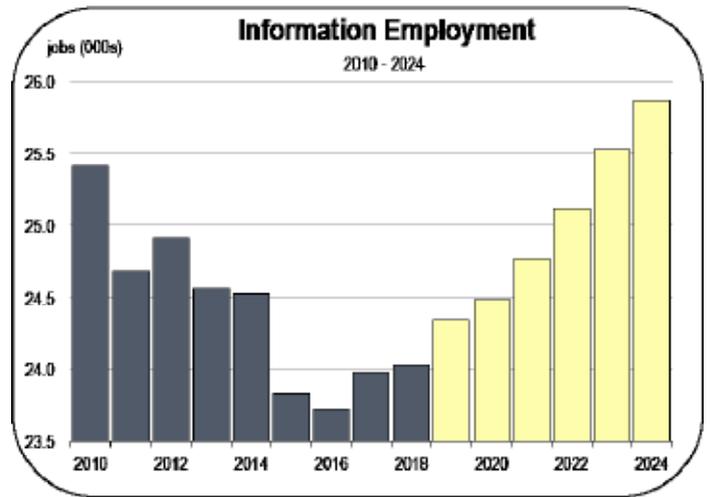
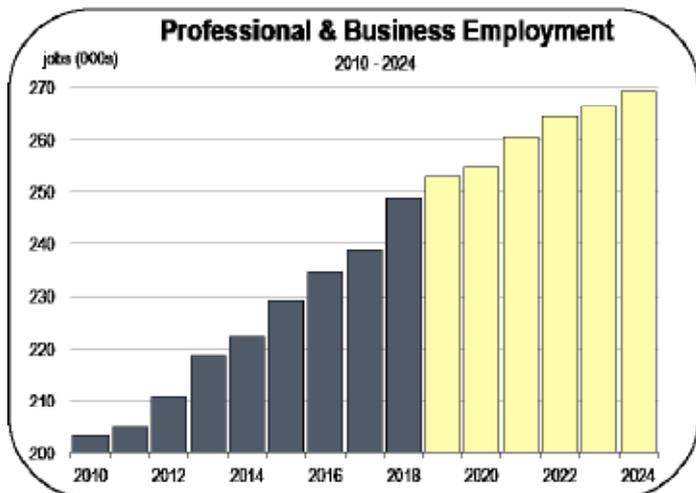


## Financial Activities Employment

- The finance industry added 1,300 jobs in 2018.
- Local banks and credit unions are still losing jobs, but insurance companies and real estate firms are expanding.
- The future of the U.S health insurance landscape is unknown, and legislative changes could influence job growth in the health insurance portion of this industry.

## Professional and Business Services Employment

- Growth accelerated in this sector last year.
- More than 1,500 jobs were created at engineering companies, almost 3,000 jobs were generated by staffing agencies and back office support firms, and another 3,000 jobs were gained at IT consulting companies.
- In 2019 and 2020 this sector should continue to grow faster than the broader San Diego County labor market.

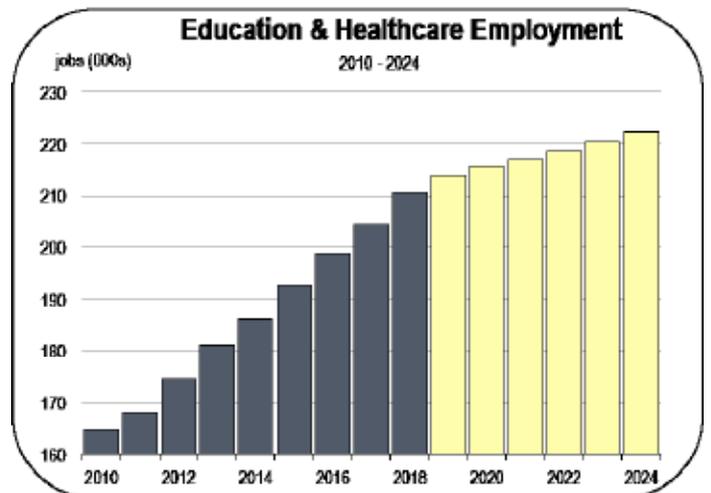


## Information Employment

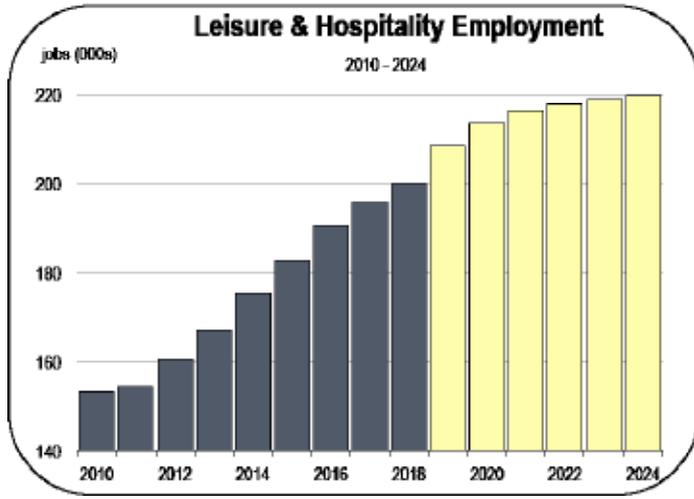
- Employment levels in this sector were unchanged in 2018.
- The information sector is comprised of newspapers, software publishers, telecommunications firms, and data service companies (i.e. web hosting and cloud storage).
- The software and data sectors should expand over the forecast period, outweighing job losses at newspapers and telecom firms.

## Private Education and Healthcare Employment

- The healthcare industry continues to generate a large number of jobs.
- Gains have been concentrated in doctors' offices, residential care facilities, hospitals, and organizations that provide services to the elderly and people with disabilities.
- There were a few layoffs at Scripps Health and Tri-City Healthcare, but layoffs in this sector have been minimal.



# San Diego County Economic Forecast



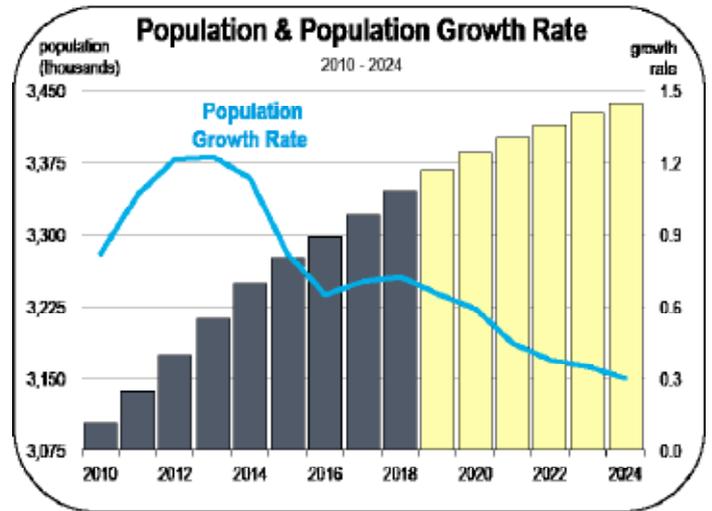
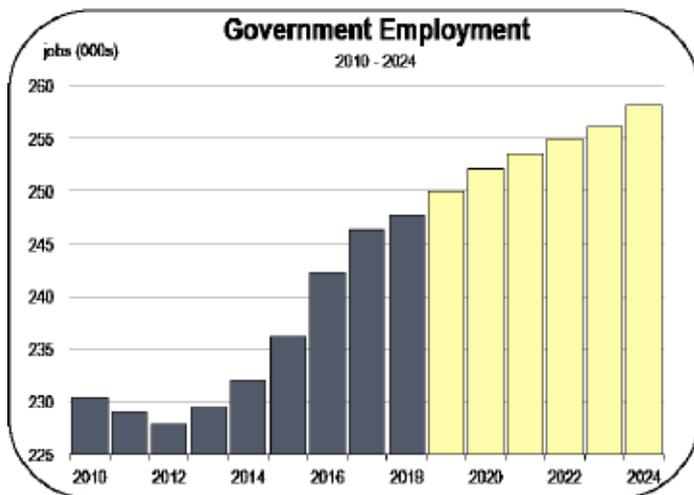
- A small number of jobs were gained at private schools and colleges in 2018 (public schools are included in the government sector).

## Leisure and Hospitality Employment

- Restaurants generated 2,500 new jobs in 2018.
- Last year more than 130 new restaurants opened across the county.
- 500 jobs were also added to gyms and fitness centers. Only 100 were created at hotels.
- After several years of disappointing attendance, visitation to Sea World rebounded in 2018, rising 5 percent.

## Government Employment

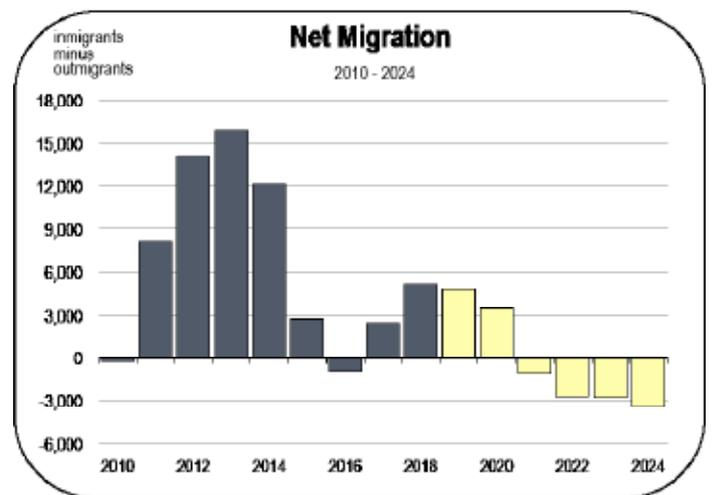
- In 2018, most public job creation was at community colleges and state universities (+1,100 jobs) and at Indian Casinos, which are classified in the government sector (+1,300 jobs).



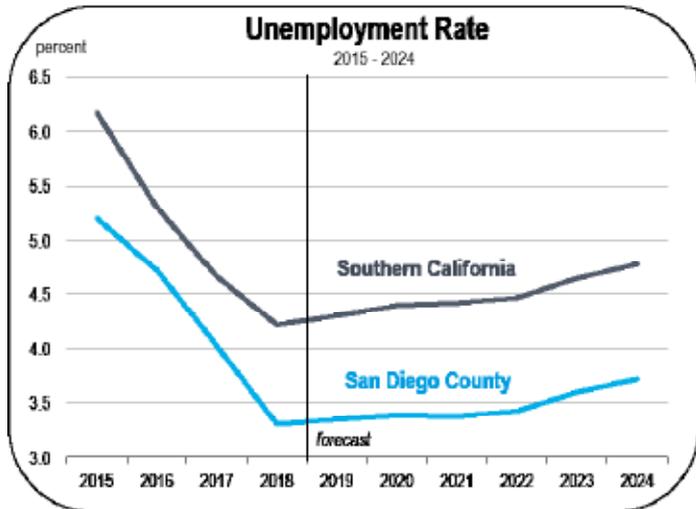
- The Department of Defense expanded by only 100 jobs. Local public schools lost 500 jobs.
- Future gains will be driven by population growth, public budgetary conditions, and the DOD budget.

## Population Growth

- The San Diego County population is now growing more quickly than most of California.
- An estimated 5,000 net migrants entered the county last year, leading to faster overall population growth.
- Over the forecast period, net migration will turn negative, and an average of 275 net migrants will exit the county each year.
- Population growth will average 0.5 percent per year, and the county will surpass 3.4 million people during the forecast period.

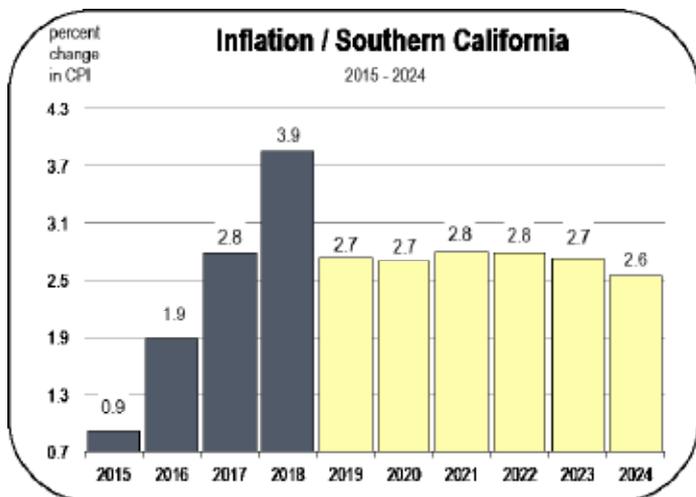


# San Diego County Economic Forecast



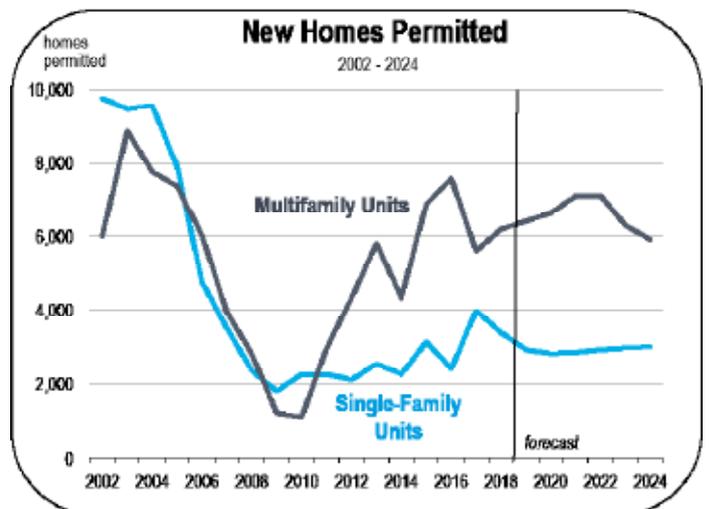
## Unemployment and Inflation Rates

- The unemployment rate in San Diego County averaged 3.3 percent in 2018, which is lower than the composite rate for Southern California. Unemployment will remain at 3.3 percent in 2019.
- After 2019, the unemployment rate may deteriorate, but with an unemployment rate of just 3.4 percent, the job market will still be very tight.
- Inflation accelerated in 2018 as home prices and energy costs increased across Southern California.
- In 2019 and 2020, inflation is expected to be within a range of 2.5 percent and 3 percent.

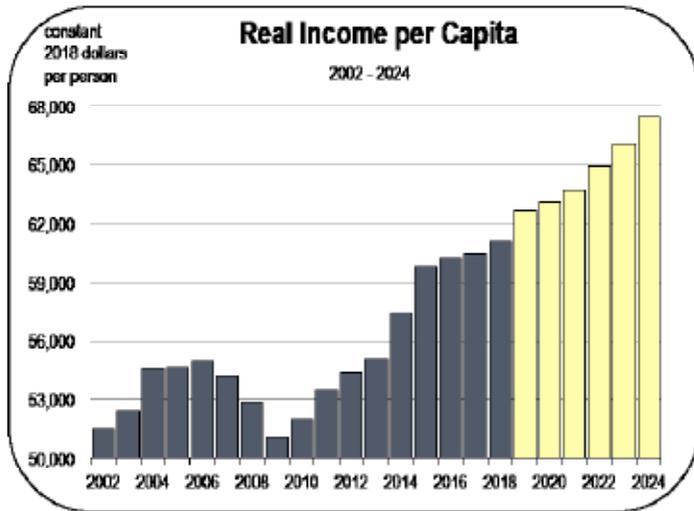


## New Housing Production

- Housing production is barely keeping pace with population growth and housing affordability is becoming an issue. Many households now spend more than 35% of their income on rent and mortgage payments, and some spend significantly more.
- Home prices and rental rates are rising faster than incomes, which will cause affordability to deteriorate further.
- From 2013 to 2018, an average of 9,000 new homes were started per year in San Diego County. Housing production is forecast to average 9,500 homes per year from 2019 to 2024.
- If housing production is as high as expected, home prices will begin to appreciate at slower rates.
- Multifamily units (apartments) will continue to be the dominant form of new housing over the near term.
- There are almost 49,000 homes in the San Diego County development pipeline. Prominent areas for development will be:
  - Chula Vista (14,000 units)
  - Downtown (11,000 units)
  - San Marcos (6,000 units)
  - Mission Valley (5,000 units)
  - North County (3,000 units)
  - Valley Center (2,000 units)
  - Escondido (2,000 units)
- The primary Chula Vista project is Otay Ranch, a master planned community on 23,000 acres. In addition to 12,000 new homes, it will contain 5 million square feet of commercial space.



# San Diego County Economic Forecast

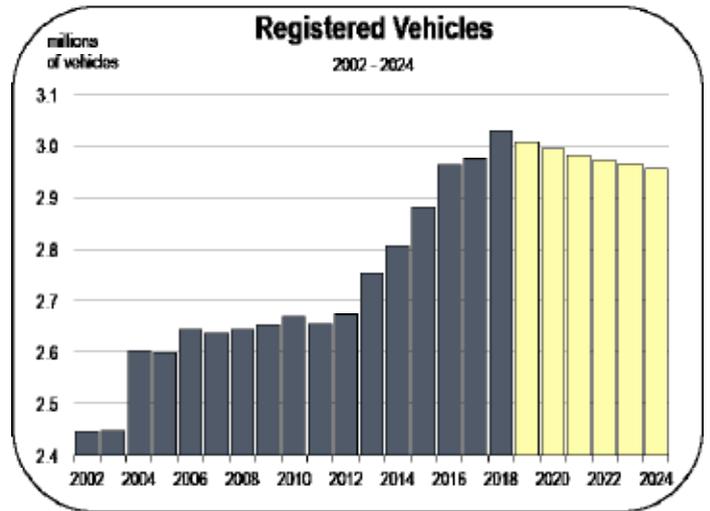


## Income per Capita

- Income per capita in 2018 was \$61,100, which is above the Southern California average of \$57,200.
- Over the last six years, inflation-adjusted incomes have risen at an average rate of 2.0 percent per year, which is faster than the Southern California average of 1.6 percent per year.
- Over the next six years, inflation-adjusted incomes are expected to rise by approximately 1.7 percent per year in San Diego County, which will be similar to the average across Southern California.
- In San Diego County, total income levels are expected to increase more quickly than other parts of Southern California, but the population will also grow at slightly faster rates, leading to identical increases in income per capita.

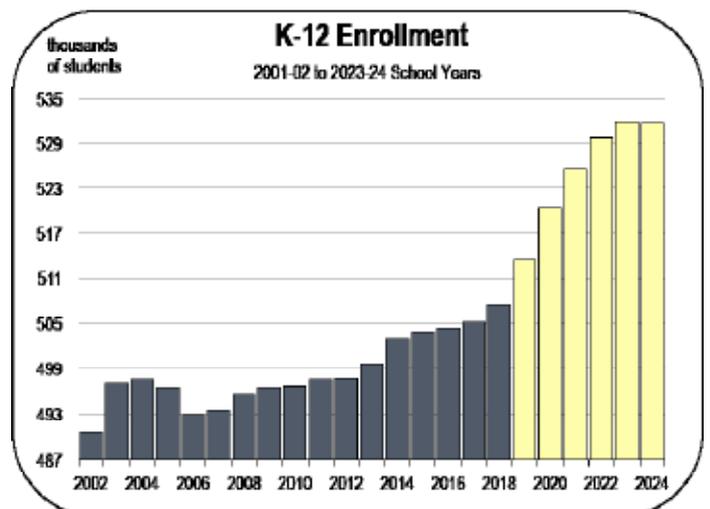
## Registered Vehicles

- There were 3.03 million registered vehicles in San Diego County in 2018.
- By 2024, it is expected that the county will have approximately 2.95 million registered vehicles.



## Public School Enrollment

- In San Diego County, approximately 507,600 students were enrolled in K-12 public schools during the 2017-2018 school year.
- By 2024, there are expected to be 531,700 K-12 students in the county.
- Enrollment is expected to increase because the population aged 5 to 17 is expected to rise rapidly. Between 2018 and 2024, this cohort could grow by 37,000 individuals.



# San Diego 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	3,275,897	1,123	\$160,395	10,005	2,881	\$180.1	\$37.3	\$653	\$30.3	\$59,801	503.8	43,942	20,908
2016	3,297,202	1,131	\$164,646	9,972	2,960	\$186.1	\$37.9	\$663	\$29.1	\$60,271	504.4	42,720	21,420
2017	3,320,387	1,135	\$170,353	9,580	2,973	\$193.3	\$39.1	\$685	\$29.1	\$60,460	505.2	41,230	21,979
2018	3,344,430	1,140	\$179,386	9,577	3,028	\$204.5	\$40.8	\$713	\$30.1	\$61,134	507.6	40,030	22,294
2019	3,366,285	1,149	\$188,614	9,329	3,008	\$216.7	\$42.2	\$738	\$30.7	\$62,665	513.6	39,916	22,896
2020	3,386,230	1,158	\$194,702	9,442	2,993	\$225.5	\$43.3	\$758	\$30.9	\$63,105	520.4	39,747	23,249
2021	3,401,341	1,167	\$201,518	9,941	2,981	\$235.2	\$44.5	\$778	\$31.0	\$63,735	525.5	39,738	23,530
2022	3,414,120	1,176	\$210,063	10,021	2,972	\$247.1	\$45.9	\$804	\$31.6	\$64,902	529.7	39,630	24,209
2023	3,425,954	1,186	\$218,769	9,259	2,963	\$259.4	\$47.3	\$828	\$32.2	\$66,097	531.8	39,444	24,878
2024	3,436,171	1,194	\$227,915	8,914	2,955	\$272.2	\$48.6	\$851	\$32.9	\$67,447	531.7	39,222	25,542
2025	3,445,482	1,203	\$237,139	9,213	2,948	\$285.3	\$50.0	\$875	\$33.5	\$68,815	530.4	38,893	26,246
2026	3,454,618	1,212	\$246,676	9,112	2,943	\$298.9	\$51.4	\$899	\$34.3	\$70,249	528.4	38,602	26,910
2027	3,463,888	1,220	\$256,638	9,125	2,939	\$313.2	\$52.8	\$923	\$35.0	\$71,782	526.2	38,287	27,600
2028	3,472,832	1,229	\$266,895	9,130	2,937	\$328.0	\$54.2	\$949	\$35.7	\$73,290	524.2	37,981	28,322
2029	3,480,885	1,237	\$277,255	8,691	2,936	\$343.1	\$55.7	\$975	\$36.4	\$74,698	519.8	37,757	29,082
2030	3,488,271	1,246	\$287,465	8,158	2,937	\$358.1	\$57.1	\$1,000	\$37.1	\$76,052	516.1	37,671	29,893
2031	3,495,293	1,254	\$297,688	7,734	2,939	\$373.2	\$58.5	\$1,024	\$37.7	\$77,386	511.8	37,857	30,687
2032	3,502,419	1,261	\$308,311	7,398	2,943	\$388.8	\$60.1	\$1,051	\$38.2	\$78,571	507.0	38,106	31,485
2033	3,509,431	1,268	\$318,533	7,100	2,949	\$403.9	\$61.4	\$1,075	\$38.8	\$79,865	501.7	38,387	32,275
2034	3,516,428	1,275	\$329,536	6,828	2,954	\$420.1	\$62.9	\$1,101	\$39.4	\$81,115	497.2	38,718	33,057
2035	3,523,444	1,281	\$341,123	6,557	2,957	\$437.1	\$64.5	\$1,129	\$40.0	\$82,332	493.1	39,107	33,881
2036	3,531,043	1,287	\$353,711	6,331	2,961	\$455.4	\$66.4	\$1,162	\$40.5	\$83,357	490.7	39,603	34,638
2037	3,538,823	1,294	\$366,746	6,365	2,965	\$474.4	\$68.4	\$1,197	\$40.9	\$84,287	489.6	40,119	35,356
2038	3,546,203	1,300	\$379,707	5,916	2,971	\$493.4	\$70.4	\$1,231	\$41.3	\$85,275	489.1	40,581	36,041
2039	3,553,377	1,305	\$393,544	5,979	2,978	\$513.6	\$72.5	\$1,269	\$41.7	\$86,182	489.1	41,094	36,700
2040	3,560,821	1,311	\$407,500	5,539	2,985	\$534.2	\$74.7	\$1,307	\$42.2	\$87,089	489.1	41,664	37,299
2041	3,568,274	1,316	\$421,467	5,628	2,993	\$554.7	\$76.8	\$1,343	\$42.6	\$88,052	489.4	42,092	37,775
2042	3,575,706	1,321	\$435,655	5,199	3,001	\$575.7	\$78.8	\$1,380	\$43.0	\$89,056	490.6	42,554	38,225
2043	3,582,822	1,326	\$450,122	5,248	3,007	\$597.1	\$80.8	\$1,415	\$43.5	\$90,104	492.2	42,952	38,679
2044	3,589,440	1,331	\$464,569	4,787	3,010	\$618.5	\$82.7	\$1,447	\$44.0	\$91,251	494.7	43,251	39,149
2045	3,595,824	1,336	\$480,021	4,380	3,010	\$641.3	\$84.7	\$1,483	\$44.5	\$92,319	497.2	43,503	39,691
2046	3,602,186	1,340	\$495,603	3,590	3,008	\$664.2	\$86.7	\$1,517	\$45.0	\$93,392	500.2	43,728	40,142
2047	3,608,866	1,344	\$511,669	3,414	3,004	\$687.6	\$88.8	\$1,553	\$45.5	\$94,417	503.4	43,980	40,502
2048	3,615,841	1,347	\$528,191	3,256	2,999	\$711.5	\$90.9	\$1,590	\$46.0	\$95,415	506.7	44,166	40,816
2049	3,623,030	1,350	\$545,177	3,104	2,993	\$736.1	\$93.0	\$1,628	\$46.4	\$96,392	510.2	44,273	41,100
2050	3,630,304	1,353	\$562,654	2,953	2,989	\$761.4	\$95.3	\$1,667	\$46.9	\$97,355	513.8	44,328	41,409

## 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	1,394	9.1	69.9	106.6	28.4	190.9	71.4	229.3	23.8	192.7	182.4	236.2
2016	1,432	8.9	76.3	108.4	29.7	191.2	73.0	234.5	23.7	198.7	190.4	242.2
2017	1,461	8.7	79.5	109.4	32.0	192.8	74.6	238.8	24.0	204.3	195.6	246.3
2018	1,494	9.1	84.2	112.7	33.5	191.8	75.9	248.8	24.0	210.5	199.9	247.6
2019	1,515	8.9	85.5	112.6	33.8	192.3	76.4	252.8	24.3	213.8	208.4	249.9
2020	1,527	8.7	86.7	112.6	33.9	191.6	77.7	254.5	24.5	215.6	213.5	252.0
2021	1,536	8.6	85.9	111.7	34.0	191.3	77.8	260.5	24.8	216.9	216.1	253.4
2022	1,546	8.4	84.3	111.8	34.1	192.0	78.7	264.4	25.1	218.7	217.7	254.9
2023	1,553	8.2	82.2	111.8	34.2	192.6	79.8	266.2	25.5	220.4	218.9	256.1
2024	1,560	8.0	79.9	111.8	34.3	193.2	80.6	269.1	25.9	222.2	219.8	258.1
2025	1,568	7.8	78.0	112.0	34.4	194.0	81.4	271.5	26.2	223.9	221.0	259.5
2026	1,576	7.6	76.7	112.2	34.5	194.6	82.2	274.0	26.6	225.6	222.4	260.8
2027	1,585	7.4	75.7	112.4	34.6	194.9	83.2	276.5	27.3	227.2	224.0	262.2
2028	1,594	7.2	74.9	112.6	34.7	195.7	84.2	278.7	28.1	228.3	225.4	263.4
2029	1,603	7.0	74.3	112.8	34.8	196.6	85.2	280.9	28.4	229.8	226.9	264.7
2030	1,611	6.8	73.6	112.9	34.9	197.4	86.2	283.1	28.7	231.3	228.3	266.0
2031	1,619	6.7	72.8	113.0	35.0	198.1	87.2	285.3	29.0	232.7	229.8	267.3
2032	1,628	6.5	71.9	113.1	35.1	198.8	88.2	287.6	29.3	234.1	231.2	268.6
2033	1,636	6.3	71.0	113.3	35.2	199.5	89.2	289.8	29.5	235.6	232.6	269.9
2034	1,644	6.1	70.2	113.4	35.3	200.2	90.1	292.1	29.8	237.0	234.0	271.2
2035	1,653	5.9	69.4	113.5	35.4	200.9	91.1	294.3	30.0	238.5	235.4	272.6
2036	1,661	5.8	68.7	113.6	35.5	201.6	91.9	296.6	30.2	240.0	236.8	273.9
2037	1,669	5.6	68.1	113.7	35.6	202.3	92.8	298.9	30.4	241.5	238.2	275.2
2038	1,678	5.4	67.6	113.8	35.7	203.0	93.6	301.1	30.6	243.0	239.6	276.6
2039	1,686	5.2	67.1	113.9	35.8	203.8	94.4	303.5	30.8	244.6	240.9	277.9
2040	1,695	5.1	66.7	114.0	35.9	204.5	95.2	305.8	31.0	246.1	242.3	279.3
2041	1,703	4.9	66.2	114.0	36.0	205.2	96.0	308.1	31.1	247.6	243.7	280.6
2042	1,712	4.7	65.8	114.1	36.1	206.0	96.7	310.4	31.3	249.2	245.0	282.0
2043	1,720	4.6	65.3	114.2	36.2	206.7	97.3	312.8	31.4	250.8	246.4	283.4
2044	1,729	4.4	65.0	114.3	36.3	207.4	97.9	315.1	31.6	252.3	247.7	284.8
2045	1,737	4.2	64.5	114.4	36.5	208.1	98.4	317.5	31.7	253.9	249.0	286.1
2046	1,746	4.1	63.9	114.5	36.6	208.9	98.9	320.0	31.9	255.5	250.3	287.5
2047	1,754	3.9	63.0	114.5	36.7	209.6	99.4	322.4	32.0	257.2	251.5	288.9
2048	1,762	3.7	62.2	114.6	36.8	210.3	99.9	324.9	32.1	258.8	252.8	290.3
2049	1,770	3.5	61.5	114.7	37.0	211.1	100.3	327.3	32.2	260.4	254.0	291.8
2050	1,778	3.4	61.0	114.8	37.1	211.8	100.7	329.8	32.3	262.1	255.3	293.2

# San Diego County Economic Forecast

## Socioeconomic Indicators

