

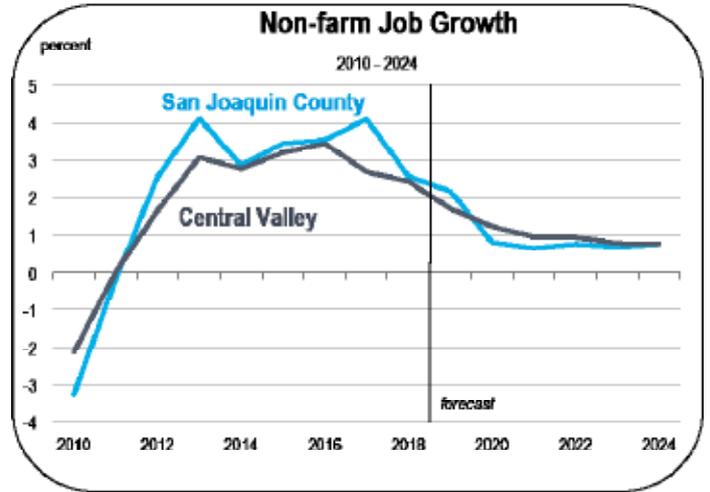
San Joaquin County Economic Forecast

Forecast Summary

- 5,200 non-farm jobs will be created in San Joaquin County during 2019. Over the following five years, an average of 1,800 new jobs are expected per year.
- Employment growth will be broad-based, but will be led by professional services, government, transportation and warehousing, and healthcare. These sectors will account for 71 percent of net job creation through 2024.
- The San Joaquin County unemployment rate has reached its lowest sustainable level, and no additional improvement is expected.
- The unemployment rate averaged 6.0 percent in 2018, but may begin to deteriorate 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 has not kept pace with population growth.
- Single-family homes will be the primary form of new development over the forecast period.
- Several large development projects are planned, including 32,000 homes in Stockton, 11,000 near Lathrop, and 7,200 in Tracy, and 6,800 in Manteca.

Job Growth

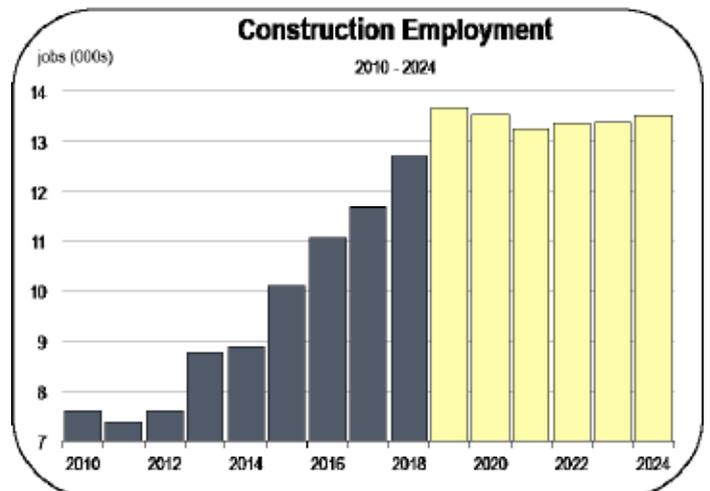
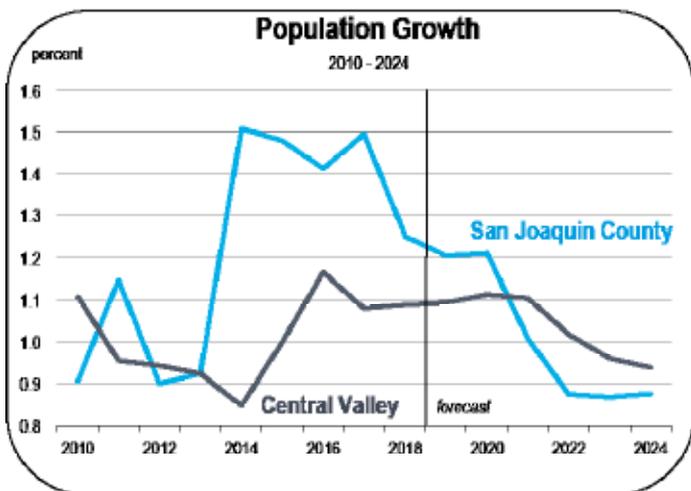
- Growth has been exceptionally strong for a sustained period. Growth will slow in 2019 but will still be robust.



- The leading industries in 2018 were transportation and warehousing, construction, and government. They accounted for two thirds of net job creation.
- Between 2012 and 2018, non-farm employment increased by 3.4 percent per year.
- Between 2019 and 2024, growth is forecast to average 1.0 percent per year.
- Approximately 5,200 non-farm jobs will be created during 2019.
- Through 2024, an average of 1,800 new non-farm wage and salary jobs are expected per year.

Construction Employment

- Due to an acceleration in housing production and non-residential building activity, construction employment is increasing at a rapid rate.



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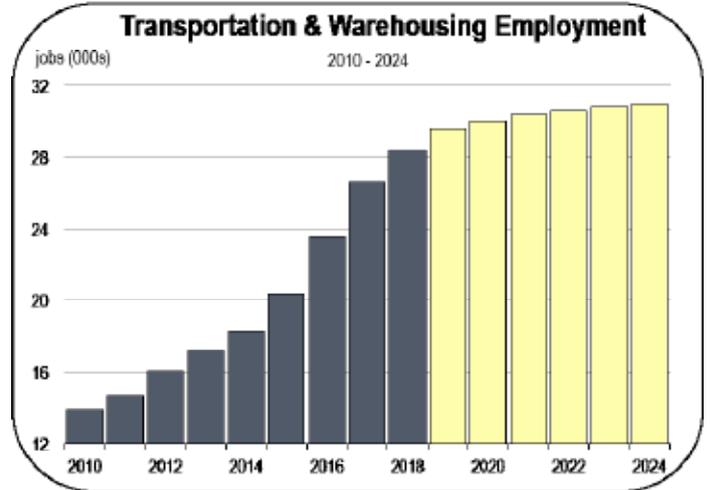
- Construction projects are underway in many parts of the county, and across several building types.
- More than 2,700 homes and 500 apartments and condos were built in 2018, and big logistics and warehousing projects were under construction in Tracy and Manteca.
- 1,000 additional construction jobs will be created in 2019, but demand for construction workers may plateau in 2020 or 2021.

Manufacturing Employment

- San Joaquin county has heavy concentrations in food manufacturing and construction material manufacturing.
- Agricultural production has decreased sharply, and fewer commodities are being sent to food processing plants.
- A large poultry facility closed in 2018, leading to 142 layoffs. A factory that makes sweeteners laid off 65 workers.
- Jobs are being created in a range of other subsectors, such as wineries.
- San Joaquin County now has 74 wineries, and these companies have created more than 1,000 jobs in the last few years.

Transportation and Warehousing Employment

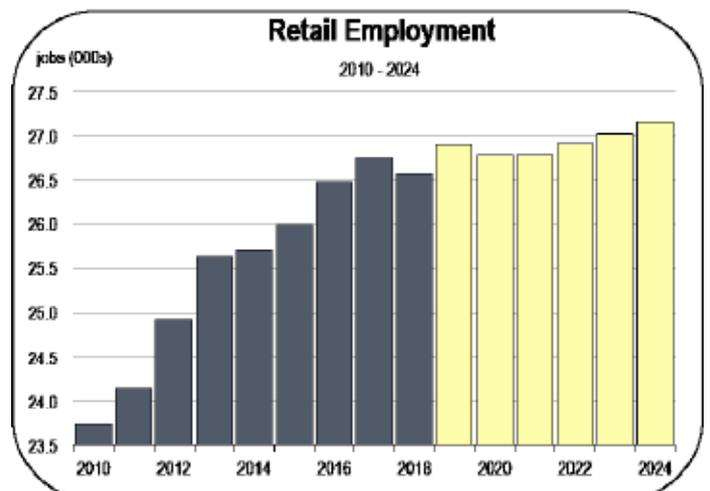
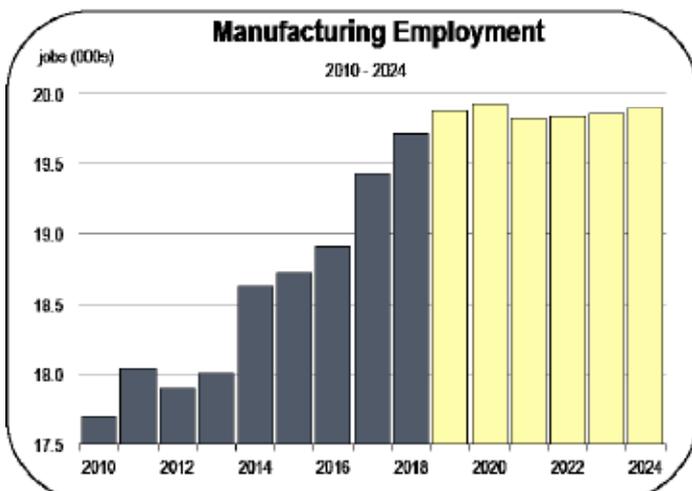
- The San Joaquin County economy is a hub for logistics operations. Companies often choose this region for their fulfillment centers, due to its low cost real estate and proximity to the Port of Oakland.
- This sector accounts for 12 percent of the San Joaquin County employment base, but has been responsible for 34 percent of all jobs created during the current economic cycle.



- Growth is expected to continue over the forecast period, as more logistics operations are established around Stockton, Tracy, and Lathrop.

Retail Trade Employment

- The retail sector lost 200 jobs last year.
- Declines were largest in sectors that face heavy competition from online retailers:
 - Clothing stores and department stores
 - Sporting goods stores
 - Consumer electronics stores
- Several large stores closed in 2017 and 2018:
 - Kmart (Manteca)
 - Orchard Supply (Tracy)
 - Toys R Us (Stockton)



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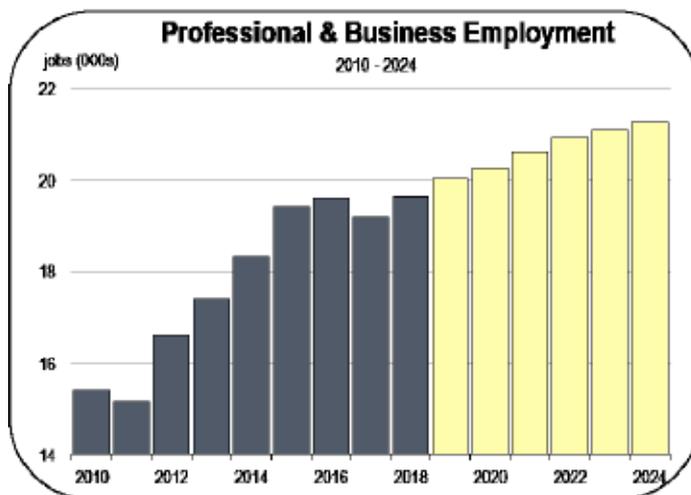
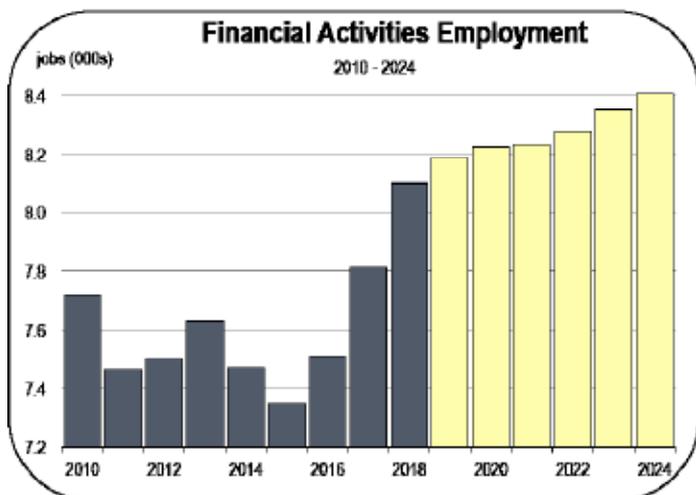
- More stores have already closed through mid 2019:
 - Kmart (Stockton)
 - Costco (Tracy)
- Jobs are still being created in stores not facing heavy online competition:
 - Car dealerships and gas stations
 - Drug stores and healthcare stores
 - Grocery stores
- San Joaquin County retailers will create more jobs in 2019, but are in danger of plateauing in 2020 or 2021.

Financial Activities Employment

- Employment levels in the financial sector are now expanding rapidly.
- The banking sector is no longer shedding jobs in San Joaquin County, and a surge in construction activity has provided new opportunities for real estate brokers and managers.
- Growth will decelerate in 2019, and the industry is in danger of losing jobs in 2020 or 2021.

Professional and Business Services Employment

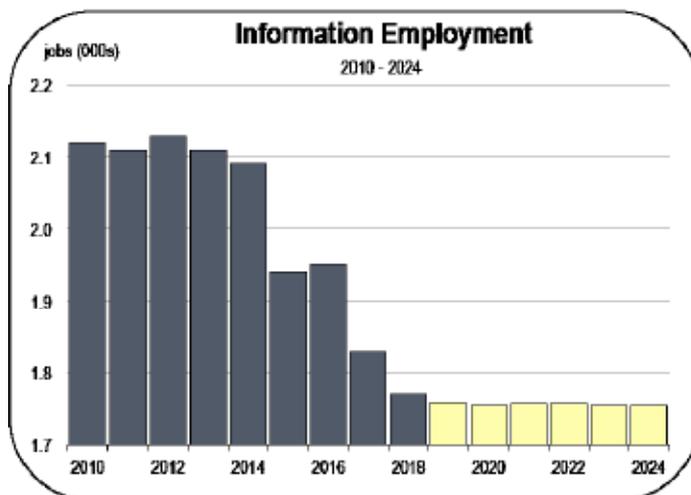
- Employment levels in this industry have been stagnant since 2015.
- This industry is partly comprised of high-skill jobs in law, accounting, consulting, and related activities.



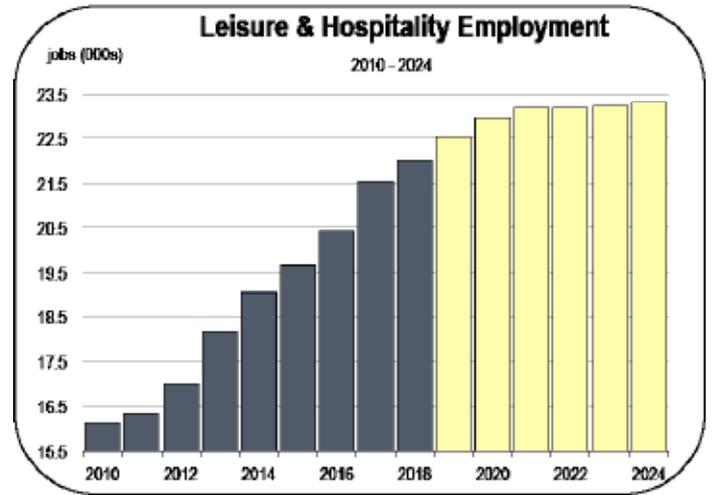
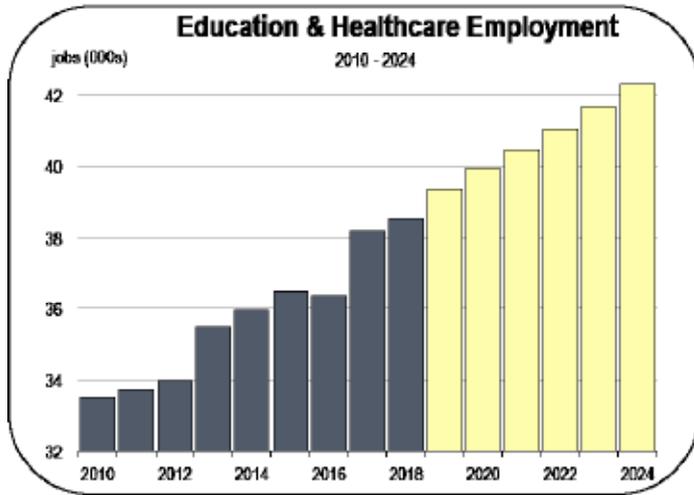
- It also has business support workers, who perform administrative tasks or manual labor.
- Over the forecast period, growth will outpace the broader labor market as demand increases for high-value business services, and as firms increasingly outsource their business support functions.

Information Employment

- The information industry continued to shed jobs in 2018.
- In San Joaquin County, this sector is very small and is largely comprised of telecommunications companies.
- Employment levels will not increase meaningfully over the forecast period.



San Joaquin County Economic Forecast



Private Education and Healthcare Employment

- Healthcare employment continued to expand last year after a surge of job creation in 2017.
- In 2018 job contraction occurred at doctors offices, outpatient care centers, and medical testing labs. Growth was minimal at hospitals, home health companies, and centers that serve people with disabilities and the elderly.
- Private schools gained a small number of jobs in 2018 (public schools are included in the government sector).
- Employment levels will continue to expand, as an aging population leads to more demand for healthcare. However, the future of the U.S. health insurance landscape is unknown, and legislative changes could influence job growth in health services.

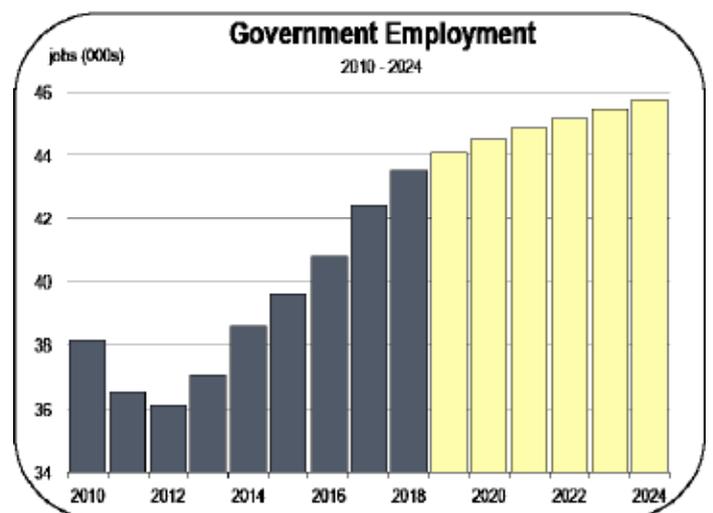
Leisure and Hospitality Employment

- San Joaquin County gained 300 restaurant jobs in 2018.
- 40 new restaurants opened last year. 32 of these restaurants were “fast casual” or takeout eateries. The other 8 were traditional sit-down restaurants.
- A few dozen jobs were also created at gyms and fitness centers.
- The leisure industry is particularly sensitive to changes in the minimum wage. As California’s minimum wage rises to \$15 per hour by 2022, job growth could be impacted.

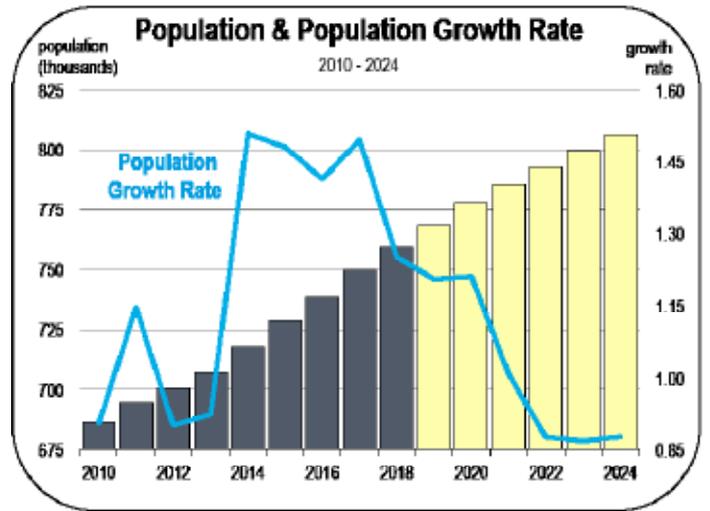
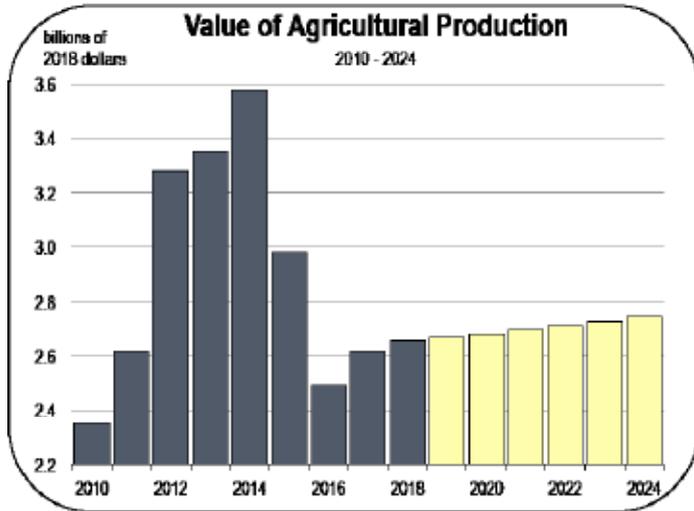
- The median wage in San Joaquin County is \$18 per hour, meaning that half of all workers earn less than this amount. It may be difficult for local companies to support a minimum wage of \$15.

Government Employment

- The government sector gained 1,100 jobs last year.
- Most all of these new jobs were created in local schools, while others were in municipal agencies.
- Future employment trends will be influenced by population growth, as well as state and local budgetary conditions.



San Joaquin County Economic Forecast

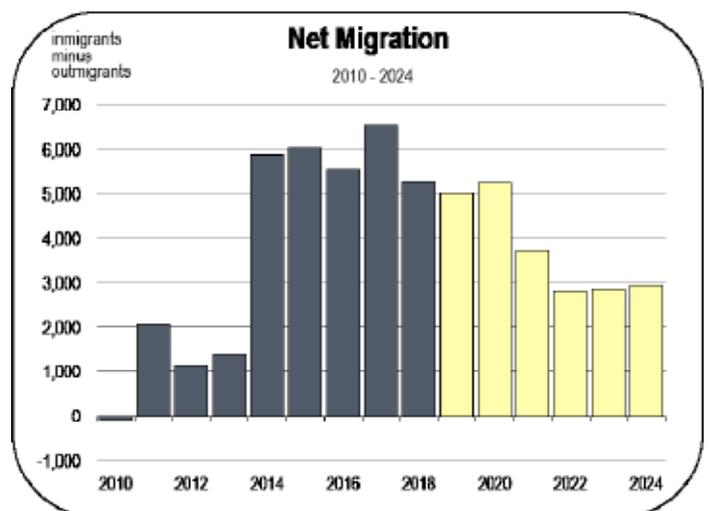
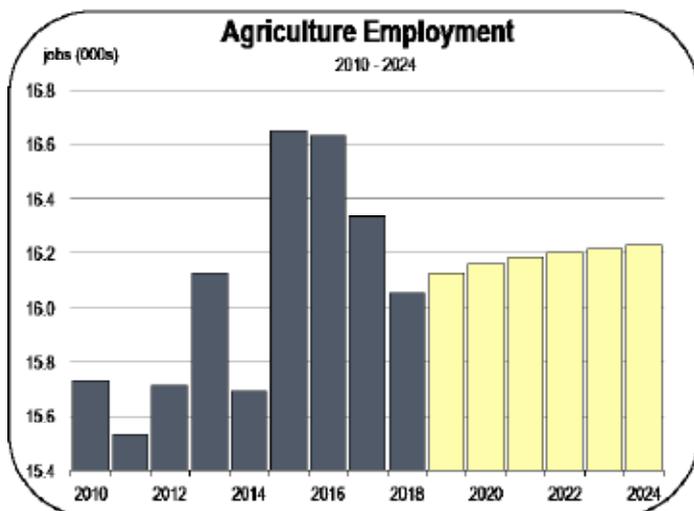


Agriculture

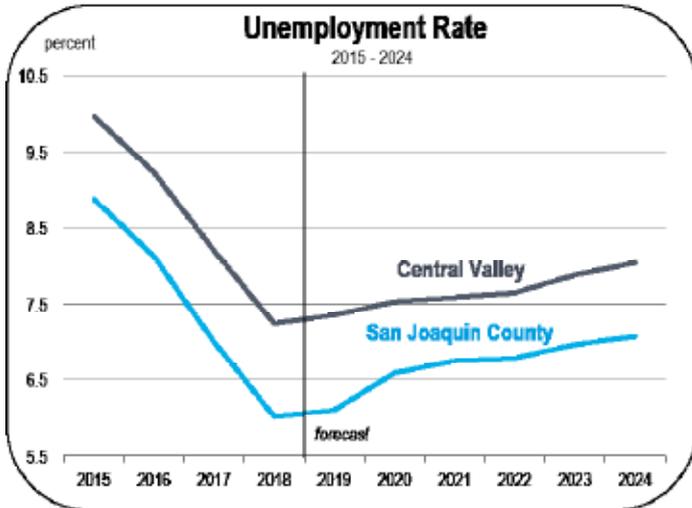
- Since 2014, agricultural production has fallen by almost \$1 billion (adjusted for inflation). Weakness has been observed across most major crops. Output declined by:
 - \$216 million in almonds
 - \$180 million in walnuts
 - \$154 million in milk
 - \$85 million in grapes
 - \$73 million in tomatoes
- Lower production values have led to downsizing at local farms, and total farm employment has been in decline since 2015.

Population Growth

- The county population expanded by 1.3 percent in 2018, almost double the statewide average.
- People are moving to San Joaquin County because of (1) job opportunities in the county or the East Bay, and (2) affordable homes.
- An average of 5,800 net migrants entered the county in each of the last 5 years.
- An average of 3,800 net migrants will enter the county each year from 2019 to 2024.
- Population growth will average 1.0 percent per year, and the county will surpass 800,000 residents by 2024.

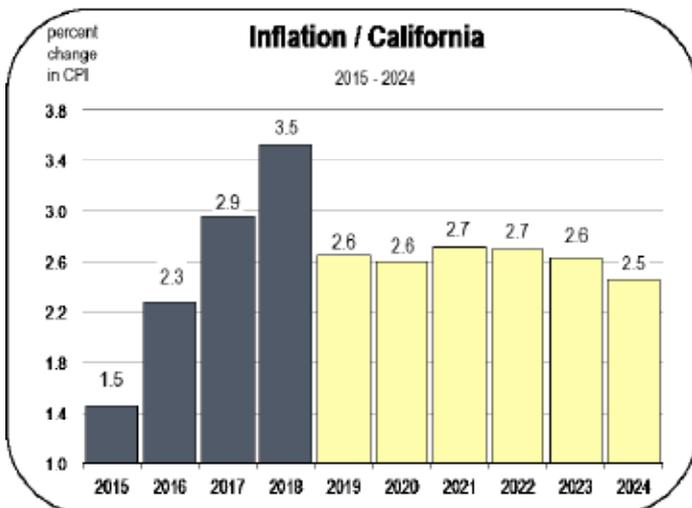


San Joaquin County Economic Forecast



Unemployment and Inflation Rates

- The unemployment rate in San Joaquin County averaged 6.0 percent in 2018, which was substantially lower than the composite rate for the Central Valley.
- The unemployment rate will level off in 2019 and rise in 2020, but with an unemployment rate of 6.1 percent, the labor market will still be in a “full employment scenario,” meaning that nearly all job seekers will find work.
- 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.

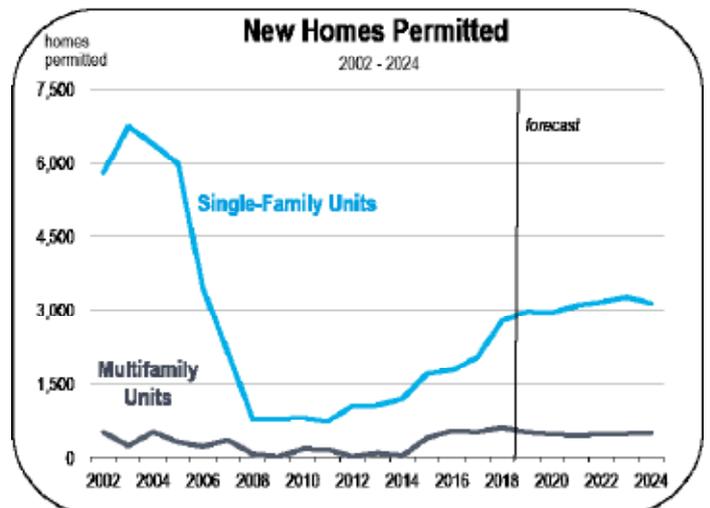


New Housing Production

- From 2013 to 2018, an average of 2,100 homes were permitted per year. Housing production is forecast to average 3,600 homes annually from 2019 to 2024.

Major Development Projects

- There are a number of large development projects in the San Joaquin County pipeline.
- River Islands, a community southeast of Manteca, will eventually produce 11,000 new housing units, 3 million square feet of commercial space, schools, and a commuter train that connects to BART. The project is now under construction, and is scheduled to be completed by 2040.
- More than 10,000 homes will be developed in Mariposa Lakes, which lies southeast of Downtown Stockton and east of Highway 99. The units will include single-family homes, condos, and apartments. The project will also contain 13 million square feet of commercial and industrial space, multiple schools, parks, and public transportation facilities. The project has been approved, and complete build out could last up to 30 years.
- The area west of Stockton, just west of Interstate 5, is slated for more than 7,000 homes and 700,000 square feet of commercial space, several schools, lakes, and a marina. Complete build out of the project could take up to 30 years.
- The Central Lathrop Specific plan includes 6,800 homes, and is situated west of Interstate 5, near the intersection of Interstate



San Joaquin County Economic Forecast

205. The area will also contain 5 million square feet of office and retail space and several schools. Build out of this project will also span multiple decades.

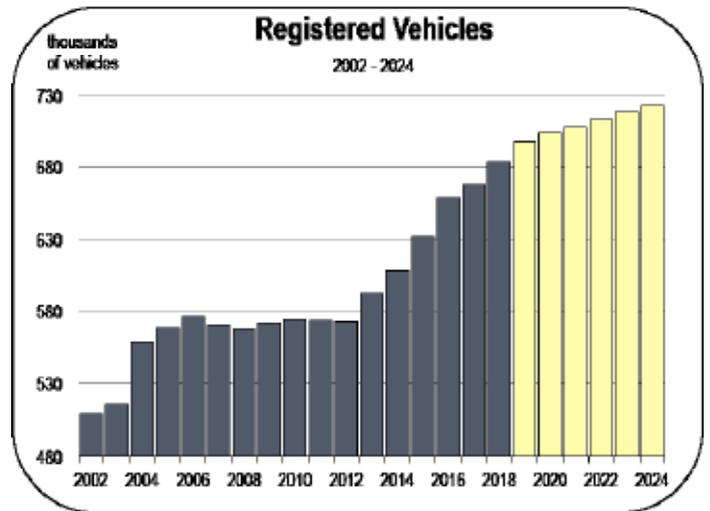
- Tracy Hills, a project that is near the Tracy Municipal Airport and Interstate 580, could eventually get 5,500 homes, 3.4 million square feet of industrial space, 1.6 million square feet of business park space, and 760,000 square feet of retail and office park space. Construction began in May 2016.

Income per Capita

- Income per capita in 2018 was \$44,500, which is slightly above the Central Valley average of \$42,100.
- Over the last six years, real incomes have risen at an average rate of 2.1 percent per year, which is much higher than the Central Valley average of 1.7 percent per year.
- Over the next six years, real incomes are expected to rise by approximately 1.4 percent per year in San Joaquin County.

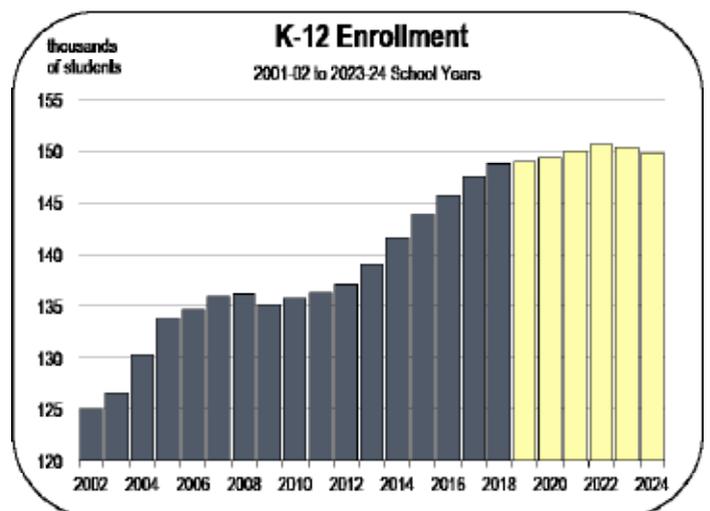
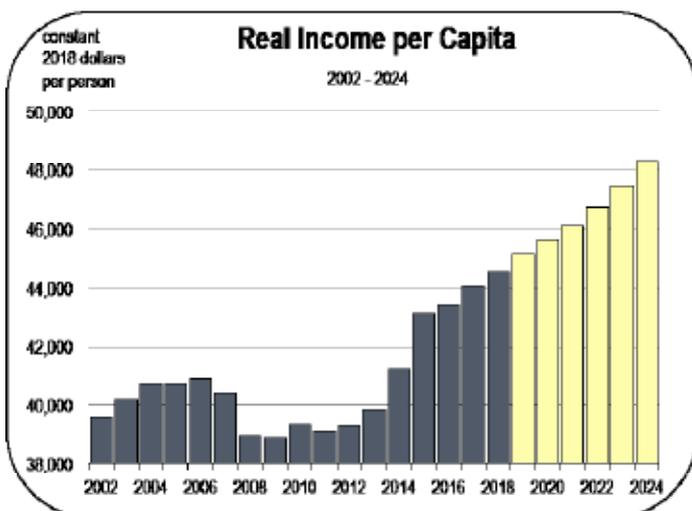
Registered Vehicles

- There were 683,400 registered vehicles in the county in 2018.
- By 2024, it is expected that the county will have approximately 722,900 registered vehicles.



Public School Enrollment

- In San Joaquin County, approximately 148,700 students were enrolled in K-12 public schools during the 2017—2018 school year.
- By 2024, there are expected to be 149,800 K-12 students in the county.



San Joaquin 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	728,472	223.7	\$129,180	2,085	632	\$28.9	\$6.9	\$121	\$9.1	\$43,152	143.8	9,983	5,482
2016	738,761	226.0	\$132,958	2,305	659	\$30.1	\$7.3	\$127	\$9.3	\$43,431	145.6	10,268	5,494
2017	749,810	226.5	\$140,510	2,545	667	\$31.8	\$7.9	\$137	\$9.6	\$44,074	147.4	9,928	5,733
2018	759,186	228.2	\$148,133	3,362	683	\$33.8	\$8.2	\$143	\$10.0	\$44,526	148.7	9,763	5,783
2019	768,331	232.1	\$153,590	3,470	698	\$35.6	\$8.5	\$148	\$10.4	\$45,154	149.0	9,961	5,828
2020	777,633	235.4	\$159,040	3,403	703	\$37.4	\$8.7	\$153	\$10.6	\$45,636	149.4	10,018	5,956
2021	785,469	238.3	\$164,919	3,529	708	\$39.3	\$9.0	\$158	\$10.8	\$46,117	150.0	10,204	6,095
2022	792,342	241.7	\$170,899	3,624	713	\$41.3	\$9.3	\$164	\$11.1	\$46,749	150.6	10,369	6,291
2023	799,218	245.3	\$177,070	3,733	718	\$43.4	\$9.7	\$169	\$11.3	\$47,451	150.3	10,536	6,486
2024	806,220	249.0	\$183,741	3,622	723	\$45.7	\$10.0	\$175	\$11.6	\$48,307	149.8	10,743	6,677
2025	813,245	252.6	\$189,583	3,551	728	\$47.9	\$10.3	\$180	\$11.9	\$48,944	149.3	10,994	6,880
2026	820,435	256.1	\$195,762	3,388	733	\$50.1	\$10.6	\$186	\$12.1	\$49,617	149.0	11,169	7,076
2027	827,764	259.5	\$202,169	3,276	738	\$52.5	\$11.0	\$192	\$12.4	\$50,316	149.2	11,408	7,280
2028	834,854	262.7	\$208,754	3,195	741	\$54.8	\$11.3	\$199	\$12.7	\$50,972	149.3	11,573	7,497
2029	842,079	265.8	\$214,675	3,066	745	\$57.1	\$11.7	\$205	\$12.9	\$51,351	149.3	11,835	7,723
2030	849,426	268.8	\$220,744	2,937	749	\$59.3	\$12.0	\$210	\$13.1	\$51,752	149.8	12,058	7,964
2031	856,859	271.7	\$227,085	2,820	752	\$61.7	\$12.4	\$216	\$13.3	\$52,198	150.4	12,252	8,200
2032	864,434	274.5	\$233,189	2,807	756	\$64.0	\$12.8	\$223	\$13.5	\$52,418	151.1	12,438	8,436
2033	872,219	277.3	\$239,701	2,703	761	\$66.5	\$13.1	\$229	\$13.7	\$52,888	151.6	12,637	8,674
2034	879,814	280.0	\$246,601	2,579	766	\$69.1	\$13.5	\$236	\$13.9	\$53,297	152.2	12,827	8,906
2035	887,229	282.6	\$253,956	2,581	770	\$71.8	\$13.9	\$244	\$14.1	\$53,683	153.0	13,040	9,153
2036	894,609	285.1	\$261,711	2,524	775	\$74.6	\$14.3	\$251	\$14.2	\$53,907	153.9	13,179	9,385
2037	901,733	287.6	\$269,804	2,438	779	\$77.6	\$14.8	\$259	\$14.4	\$54,109	155.2	13,294	9,601
2038	908,534	290.0	\$278,250	2,357	783	\$80.7	\$15.3	\$267	\$14.5	\$54,432	156.3	13,356	9,811
2039	915,012	292.3	\$287,150	2,404	787	\$83.9	\$15.8	\$276	\$14.7	\$54,696	157.4	13,365	10,010
2040	921,556	294.7	\$296,322	2,376	792	\$87.3	\$16.3	\$285	\$14.8	\$55,015	158.3	13,432	10,197
2041	927,867	297.1	\$305,458	2,326	796	\$90.8	\$16.8	\$294	\$15.0	\$55,402	159.0	13,537	10,350
2042	933,928	299.4	\$314,791	2,276	801	\$94.2	\$17.3	\$303	\$15.2	\$55,821	159.8	13,646	10,493
2043	939,998	301.6	\$324,256	2,221	805	\$97.8	\$17.8	\$311	\$15.4	\$56,260	160.4	13,757	10,633
2044	945,962	303.8	\$333,776	2,164	809	\$101.4	\$18.2	\$319	\$15.6	\$56,770	161.1	13,893	10,783
2045	951,898	306.0	\$343,652	2,111	813	\$105.1	\$18.7	\$328	\$15.8	\$57,177	161.9	13,977	10,950
2046	957,872	308.0	\$353,671	2,058	817	\$108.9	\$19.2	\$336	\$16.0	\$57,607	162.6	14,059	11,093
2047	963,673	310.1	\$363,913	2,025	821	\$112.8	\$19.7	\$345	\$16.2	\$58,031	162.9	14,190	11,209
2048	969,537	312.1	\$374,516	1,996	825	\$116.9	\$20.2	\$354	\$16.4	\$58,457	163.1	14,340	11,308
2049	975,531	314.1	\$385,560	1,958	829	\$121.1	\$20.7	\$363	\$16.6	\$58,894	163.4	14,496	11,397
2050	981,594	316.0	\$397,027	1,912	834	\$125.5	\$21.3	\$373	\$16.8	\$59,337	163.8	14,647	11,498

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	234.9	16.7	10.1	18.7	20.4	37.3	7.4	19.4	1.9	36.5	19.7	39.6
2016	242.6	16.6	11.1	18.9	23.6	38.1	7.5	19.6	2.0	36.4	20.5	40.8
2017	251.6	16.3	11.7	19.4	26.7	38.8	7.8	19.2	1.8	38.2	21.5	42.4
2018	257.3	16.1	12.7	19.7	28.4	39.2	8.1	19.6	1.8	38.5	22.0	43.5
2019	262.6	16.1	13.7	19.9	29.6	39.7	8.2	20.0	1.8	39.4	22.5	44.1
2020	264.7	16.2	13.5	19.9	30.0	39.7	8.2	20.3	1.8	39.9	23.0	44.5
2021	266.3	16.2	13.2	19.8	30.4	39.8	8.2	20.6	1.8	40.4	23.2	44.8
2022	268.2	16.2	13.4	19.8	30.6	40.1	8.3	20.9	1.8	41.0	23.2	45.1
2023	270.0	16.2	13.4	19.9	30.8	40.4	8.3	21.1	1.8	41.7	23.2	45.4
2024	272.0	16.2	13.5	19.9	31.0	40.7	8.4	21.3	1.8	42.3	23.3	45.7
2025	273.8	16.2	13.4	19.9	31.2	41.0	8.4	21.4	1.8	43.0	23.4	46.0
2026	275.7	16.3	13.4	20.0	31.5	41.3	8.4	21.6	1.8	43.7	23.6	46.3
2027	277.4	16.3	13.1	20.0	31.8	41.6	8.3	21.8	1.8	44.4	23.7	46.5
2028	278.7	16.3	12.8	20.1	32.0	41.9	8.3	21.9	1.8	45.0	23.8	46.7
2029	280.1	16.3	12.5	20.2	32.1	42.2	8.2	22.1	1.8	45.7	24.0	47.0
2030	281.4	16.3	12.0	20.2	32.2	42.5	8.2	22.3	1.8	46.3	24.1	47.2
2031	282.8	16.3	11.6	20.2	32.3	42.8	8.2	22.4	1.8	47.0	24.2	47.4
2032	284.3	16.3	11.4	20.3	32.4	43.1	8.2	22.6	1.8	47.6	24.4	47.7
2033	286.2	16.3	11.5	20.3	32.5	43.4	8.2	22.8	1.8	48.3	24.5	47.9
2034	287.8	16.3	11.4	20.3	32.6	43.7	8.2	22.9	1.8	48.9	24.6	48.1
2035	289.4	16.4	11.2	20.4	32.7	44.0	8.2	23.1	1.9	49.5	24.8	48.4
2036	291.1	16.4	11.2	20.4	32.9	44.3	8.2	23.3	1.9	50.2	24.9	48.6
2037	292.6	16.4	11.0	20.4	33.0	44.6	8.1	23.5	1.9	50.8	25.0	48.9
2038	294.1	16.4	10.8	20.5	33.1	44.9	8.1	23.6	1.9	51.3	25.1	49.1
2039	295.6	16.4	10.6	20.5	33.2	45.2	8.1	23.8	1.9	51.9	25.2	49.3
2040	297.3	16.4	10.7	20.5	33.3	45.5	8.1	24.0	1.9	52.4	25.3	49.6
2041	299.0	16.4	10.7	20.5	33.4	45.8	8.1	24.2	2.0	53.0	25.5	49.8
2042	300.6	16.5	10.6	20.5	33.5	46.1	8.1	24.3	2.0	53.5	25.6	50.1
2043	302.1	16.5	10.5	20.6	33.7	46.4	8.1	24.5	2.0	54.0	25.7	50.3
2044	303.6	16.5	10.3	20.6	33.8	46.7	8.1	24.7	2.0	54.5	25.8	50.6
2045	305.1	16.5	10.1	20.6	33.9	47.0	8.1	24.9	2.0	55.1	25.9	50.8
2046	306.5	16.5	9.9	20.6	34.0	47.2	8.1	25.1	2.0	55.6	26.0	51.1
2047	308.0	16.5	9.7	20.6	34.1	47.5	8.1	25.3	2.1	56.2	26.2	51.3
2048	309.6	16.5	9.5	20.6	34.2	47.8	8.1	25.4	2.1	56.7	26.3	51.6
2049	311.2	16.5	9.4	20.6	34.4	48.1	8.1	25.6	2.1	57.3	26.4	51.8
2050	312.8	16.6	9.3	20.7	34.5	48.4	8.1	25.8	2.1	57.8	26.5	52.1

San Joaquin County Economic Forecast

Socioeconomic Indicators

