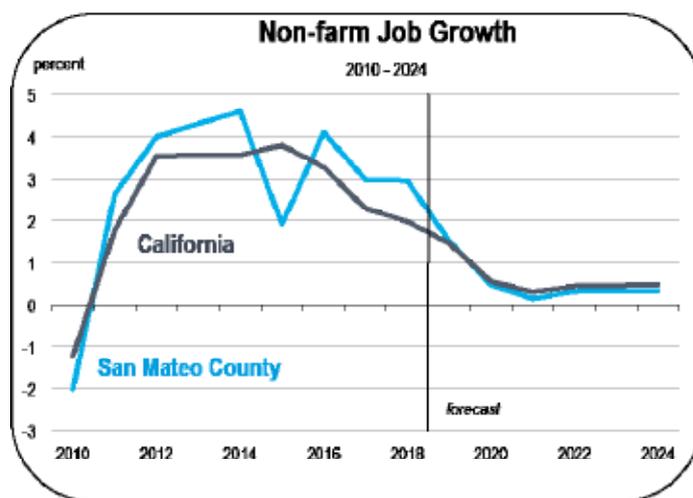
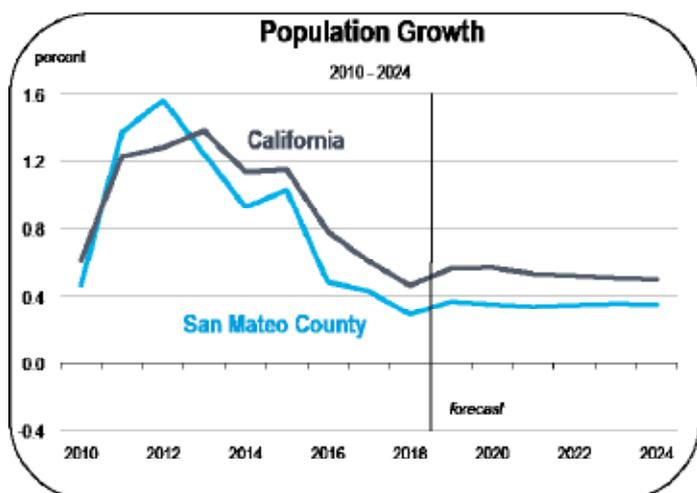


# San Mateo County Economic Forecast

## Forecast Summary

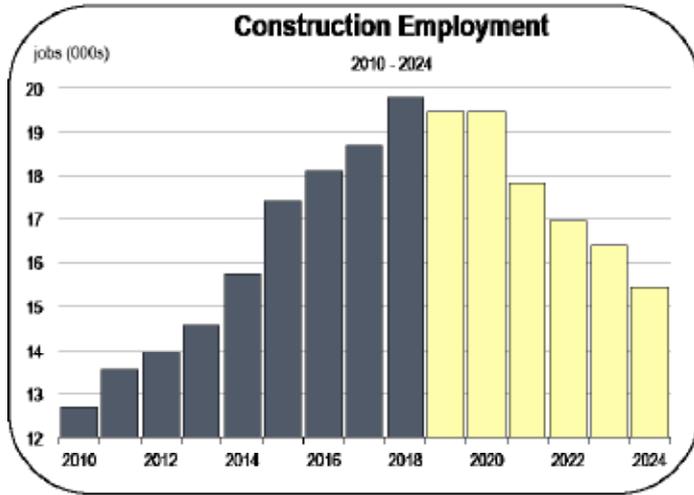
- 6,400 non-farm jobs will be created in San Mateo County during 2019. Over the following five years, an average of 1,400 new jobs are expected annually.
- Employment growth will be led by professional services, information, education and healthcare, and transportation and warehousing. These sectors will account for virtually all net job creation in the county.
- Job losses are expected in the construction industry.
- The unemployment rate averaged 2.2 percent in 2018, but may begin to deteriorate in 2019.
- The population expanded slowly in 2018, and growth will remain sluggish.
- Housing production has increased in recent years, but is not keeping pace with population growth. Lack of development is the primary cause of affordability issues.



## Job Growth

- Growth was exceptionally strong in 2018, but will decelerate in 2019 and 2020.
- Through it is not a part of our base case forecast, job growth could turn negative in 2020 or 2021 if the economy lapses into recession.
- In 2018, prominent gains were observed in information and professional business services, which contain most of the county's tech jobs.
- Employment in manufacturing underwent consolidation in 2018.
- Between 2012 and 2018, non-farm job growth averaged 3.5 percent per year.
- Between 2018 and 2024, growth is forecast to average 0.5 percent annually because (1) everyone is fully employed, and (2) the economy is forecast to slow, if not weaken by 2021.
- Approximately 6,400 non-farm jobs will be created during 2018. Through 2024, an average of 1,400 new non-farm wage and salary jobs per year are expected.

# San Mateo County Economic Forecast

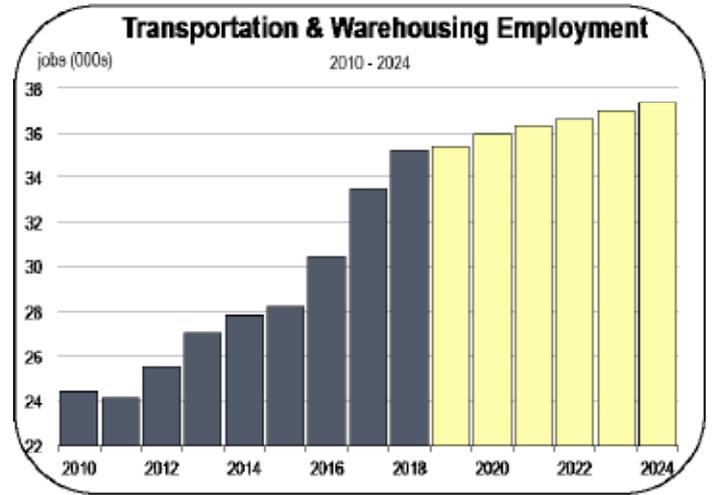
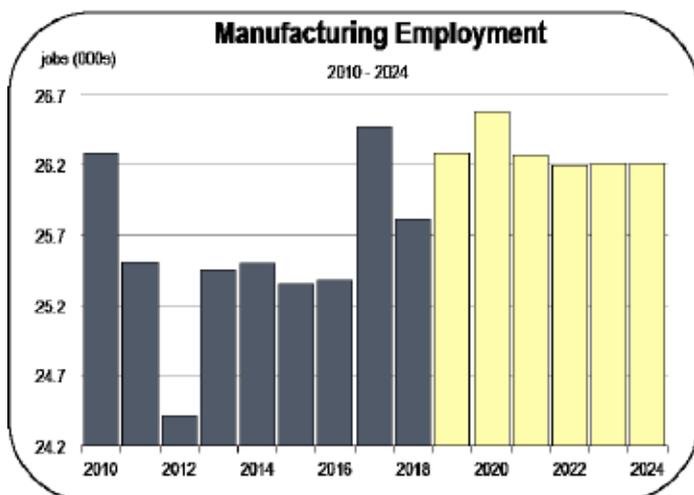


## Construction Employment

- Demand for construction workers is still very high, but we are nearing the peak of the building cycle, and employment in this sector may begin to decline.
- In 2018, construction workers were deployed most heavily to multifamily housing projects across the county. More jobs were also created when new, large office, retail, and parking structures broke ground.

## Manufacturing Employment

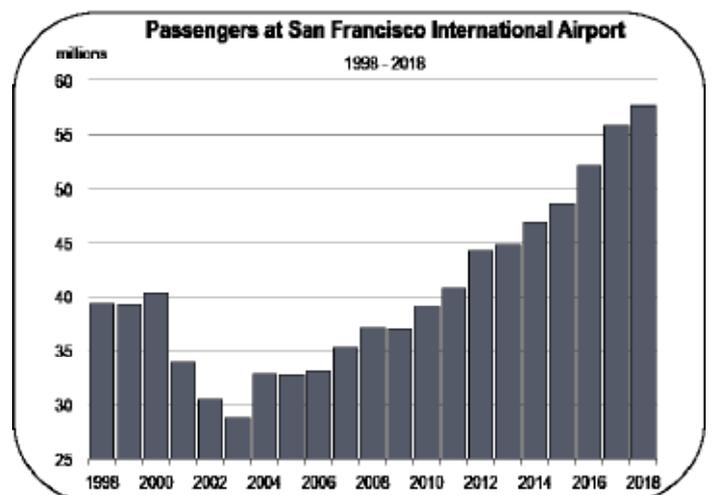
- In San Mateo County, the manufacturing industry is dominated by two sectors: biotech manufacturing and computer/semiconductor manufacturing.
- Genentech accounts for about 40 percent of all manufacturing jobs in the county.



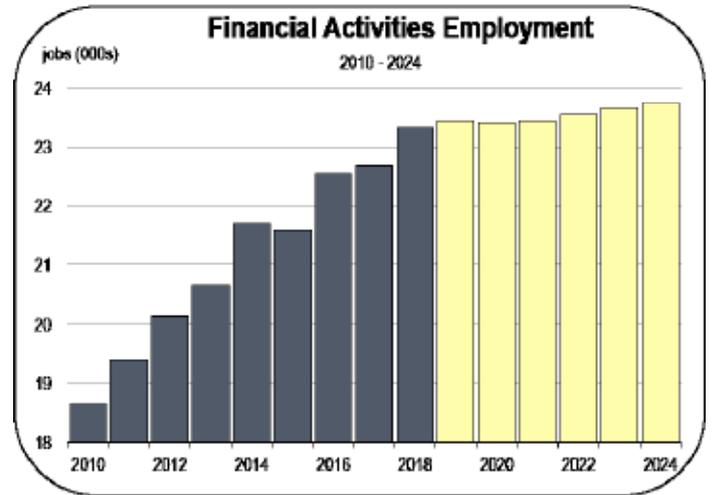
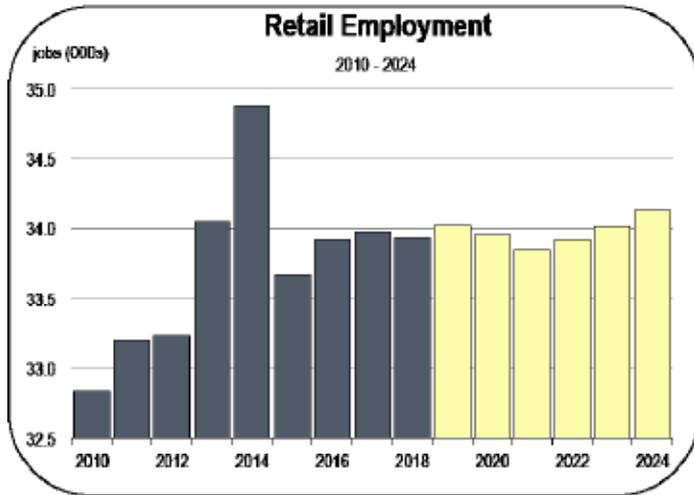
- Biotech manufacturers laid off 423 workers in 2018, with Genentech laying off 306. Another 430 layoffs have been announced so far in 2019, mostly at Stemcentrx and Pfizer.
- The manufacturing sector lost a total of 700 jobs last year, but will rebound in 2019.

## Transportation and Warehousing Employment

- This industry is almost entirely comprised of the airlines, contractors, and suppliers for San Francisco International Airport.
- Passenger traffic at SFO continues to set new records, causing SFO and related firms to hire 1,700 new workers last year.
- 200 jobs were also created at local warehousing and logistics centers, and 100 were generated at delivery firms like UPS and FedEx.



# San Mateo County Economic Forecast



## Retail Trade Employment

- This industry is diverging into three segments:
  - Stores facing heavy online competition
  - Stores not facing online competition
  - Online retailers themselves
- Job losses have accelerated at stores that are facing online competition:
  - Clothing stores and department stores (i.e. Macy’s)
  - Sporting goods stores
  - Consumer electronics stores and office supply stores
  - Stores not facing online competition continue to grow:
    - Grocery stores
    - Car dealers
    - Pharmacies and healthcare stores
- Online stores are also creating jobs. San Mateo has more than 100 online retailers that employ almost 1,500 workers.
- Meaningful growth is not expected over the forecast period, with further divergence among industry segments.

## Financial Activities Employment

- 500 finance-related jobs were added to the San Mateo County economy in 2018.
- 300 jobs were gained at property management and leasing firms.
- 200 jobs were gained at local banks. Banks are contracting across most of California, but continue to add jobs in San Mateo County.

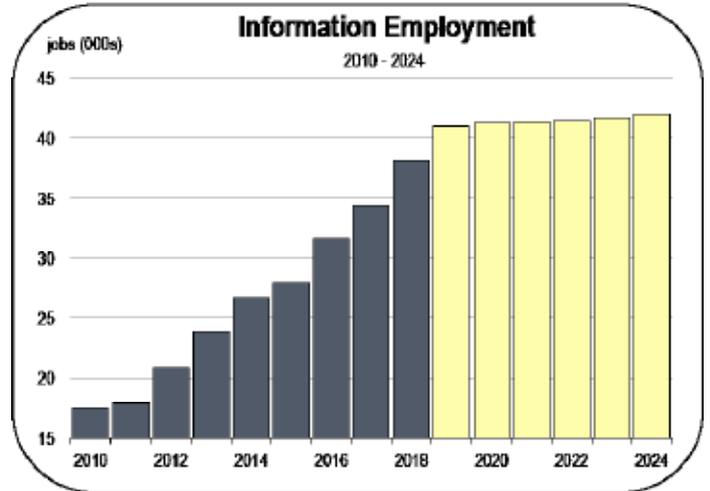
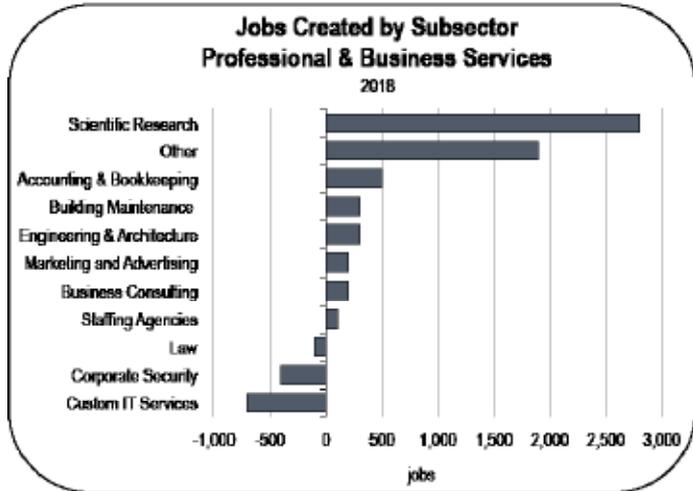
- Job growth is expected to decelerate, and this sector could lose jobs in 2020 or 2021.

## Professional and Business Services Employment

- The professional and business services sector is diverse.
- It has many of the county’s tech jobs, as well as other high-value services like accounting and scientific research (including some biotech).
- It also contain business support functions like staffing agencies, building maintenance services, and security services.

Professional & Business Services Sub-Sectors 2018	Jobs in Subsector (000s)	Subsector's Share of Overall Industry
Scientific Research	23.8	27.4%
Custom IT Services	18.4	21.3%
Staffing Agencies	10.4	11.9%
Corporate Headquarters	7.6	8.8%
Other	6.5	7.4%
Accounting & Bookkeeping	4.1	4.7%
Law	3.3	3.8%
Engineering & Architecture	3.0	3.4%
Building Maintenance	2.6	3.0%
Marketing and Advertising	2.6	2.9%
Corporate Security	2.5	2.9%
Business Consulting	2.1	2.4%

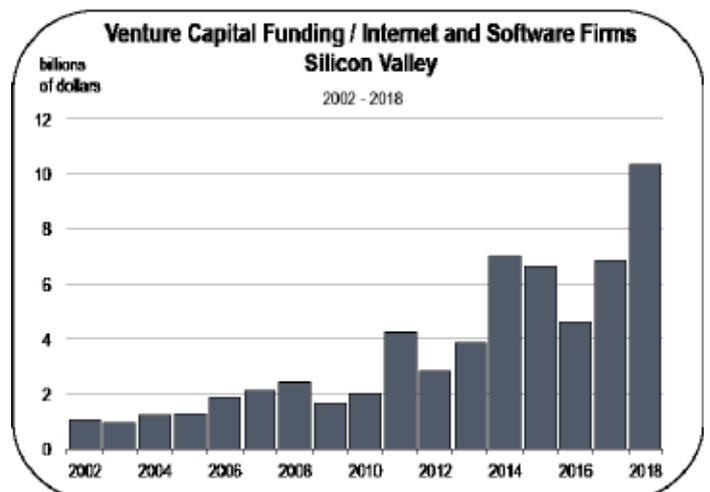
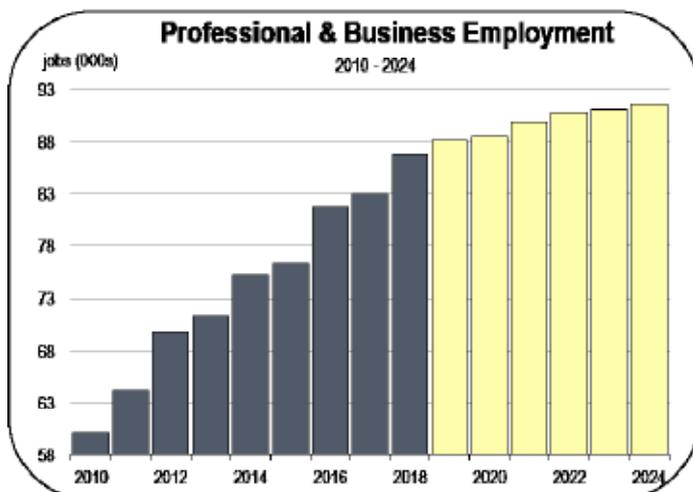
# San Mateo County Economic Forecast



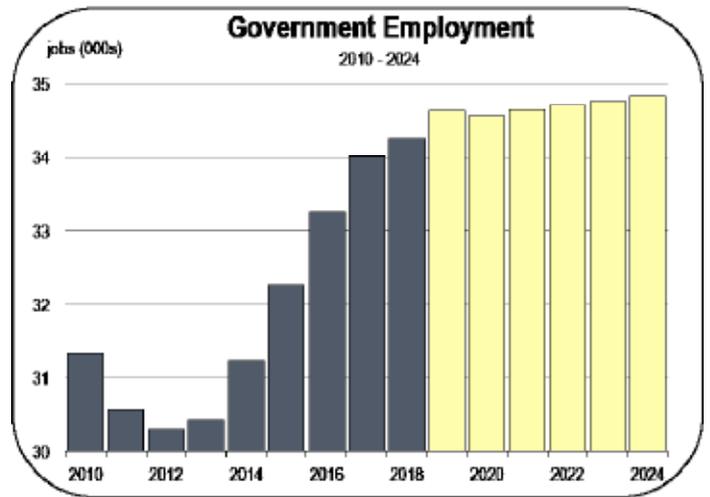
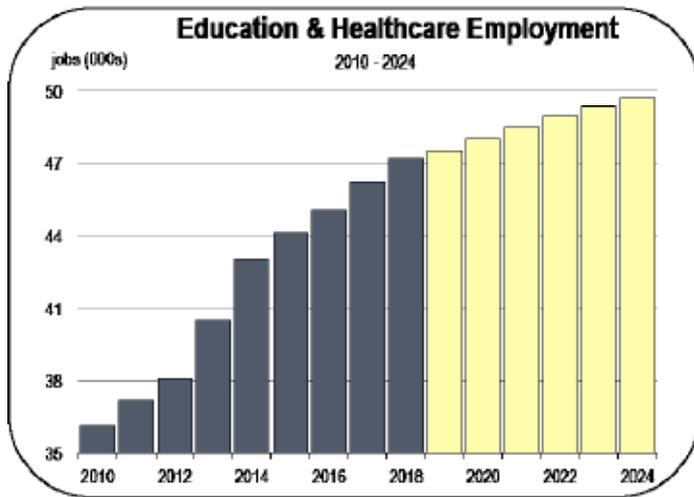
- About 9% is comprised of the corporate and regional headquarters of large companies.
- These subsector sizes are unique to San Mateo County. Other counties have more jobs in maintenance and security firms and fewer scientific research and tech jobs.
- Job growth was explosive in scientific research in 2018, with more than 2,000 jobs created. 1,500 of these jobs were generated by biotech research firms.
- Very few jobs were gained in business consulting and marketing, and jobs were lost in custom IT services, corporate security, and legal services.
- Job growth will be much slower during the forecast period. Hiring managers are having trouble recruiting qualified workers, and the economy may lapse into recession between 2020 and 2022.

## Information Employment

- The information sector is home to software companies (not including custom programming firms), data services firms, and web hosting firms. It now has:
  - 3,600 workers in data hosting companies (including Youtube and Facebook).
  - 11,900 workers in software firms.
  - 18,800 workers in internet publishing and search firms (including the Google office in San Bruno).
- In 2018, venture capital funding to local tech firms surpassed \$10 billion, fueling another year of incredibly strong job growth.
- The information sector also contains newspaper publishers, radio stations, and telecommunications companies. These sectors are declining, and losses here will partially offset gains in tech.

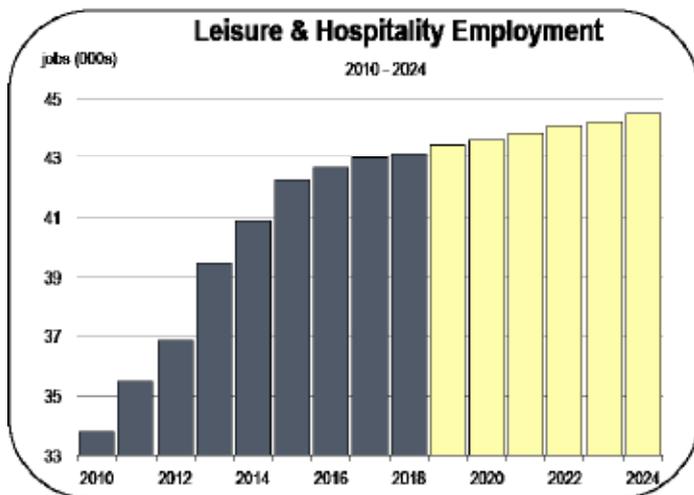


# San Mateo County Economic Forecast



## Private Education and Healthcare Employment

- The healthcare industry created 1,000 jobs last year.
- Growth has been concentrated in doctors’ offices, outpatient care centers, and organizations that provide services to the elderly and people with disabilities.
- There was virtually no job growth at private schools and tutoring centers 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 employment growth in health services.

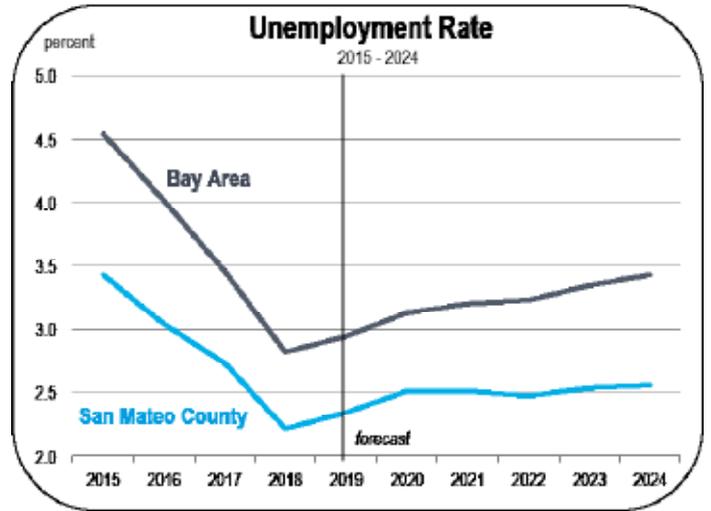
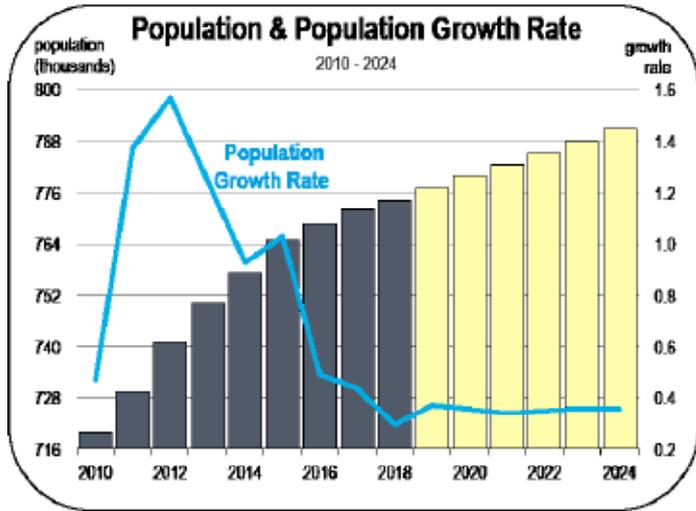
## Leisure and Hospitality Employment

- Virtually no jobs were created in leisure services last year.
- Job growth was minimal at restaurants, but catering services continued to expand.
- Employment headcounts were relatively unchanged at hotels, fitness centers, and entertainment venues.
- Leisure and hospitality employment will continue to expand, but growth is not expected to be particularly robust.

## Government Employment

- Government agencies created only 300 jobs last year.
- Most gains were in municipal agencies and at local public schools.
- Federal agencies reduced their headcounts by a small number of jobs.
- Future employment trends will be influenced by population growth and public budgetary conditions, but are generally expected to lag the broader labor market.

# San Mateo County Economic Forecast

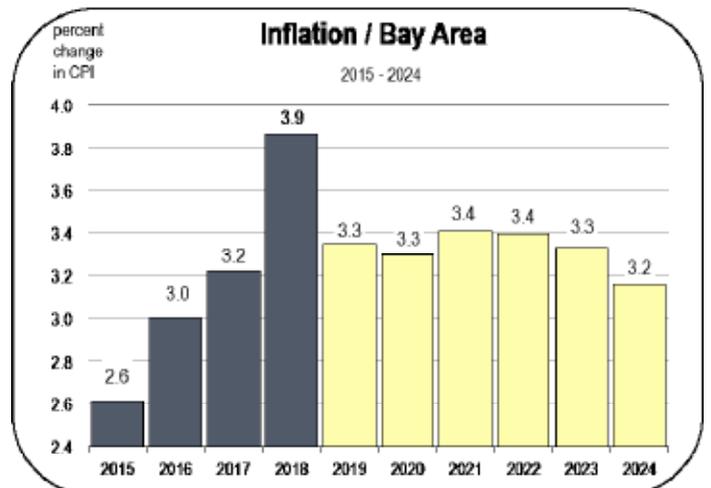
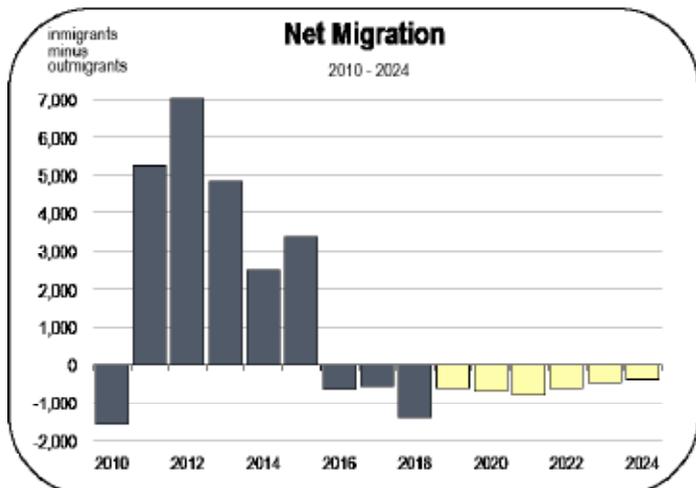


## Population Growth

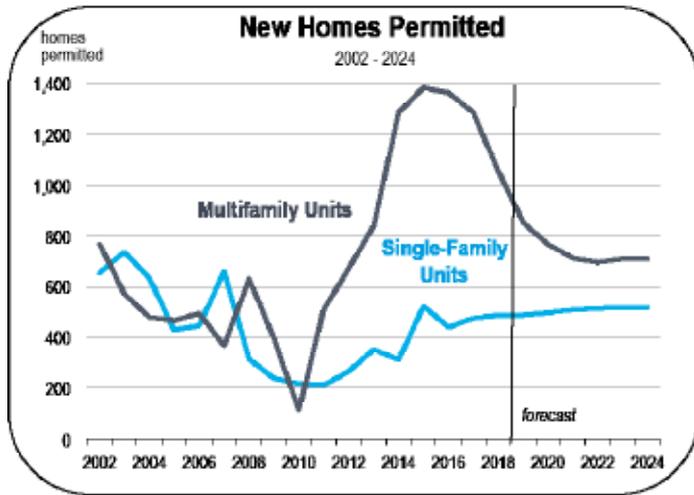
- Population growth has decelerated sharply since 2012, and is now well below the statewide average.
- Net migration has been negative for three consecutive years, due principally to the lack of affordable housing.
- Net migration will remain negative, with an average annual loss of 600 net migrants between 2019 and 2024.
- Population growth will average 0.4 percent per year, and the county will reach 790,000 residents by 2024.

## Unemployment and Inflation Rates

- The unemployment rate in San Mateo County averaged 2.2 percent in 2018, which was lower than the composite rate for the Bay Area.
- Beginning in 2019, the unemployment rate may deteriorate, but with an unemployment rate of just 2.3 percent, the job market will remain exceptionally tight, and recruiting workers will remain problematic.
- Inflation accelerated in 2018 as energy prices increased and housing costs rose rapidly. Inflation will remain elevated in 2019 and 2020, and will likely be above 3 percent.

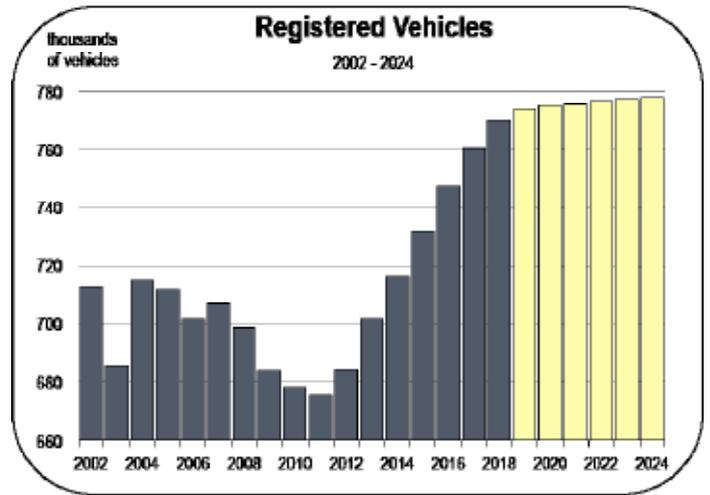


# San Mateo County Economic Forecast



## New Housing Production

- From 2013 to 2018, an average of 1,600 homes were permitted per year. This has not been sufficient to keep pace with population growth, and a lack of development has been the primary cause of housing affordability issues.
- Housing production is expected to average 1,200 homes per year from 2019 to 2024, and home prices will continue to rise faster than incomes.
- The Redwood City Saltworks is the largest project in the County’s development pipeline, and could authorize the production of 12,000 new homes on the shores of the Bay.
- The EPA now has jurisdiction over the project and will decide if it is permissible under the Clean Water Act. If the project is ultimately approved, the development at build-out would accommodate up to 25,000 people, increasing the population of Redwood City by approximately 30 percent.



## Income per Capita

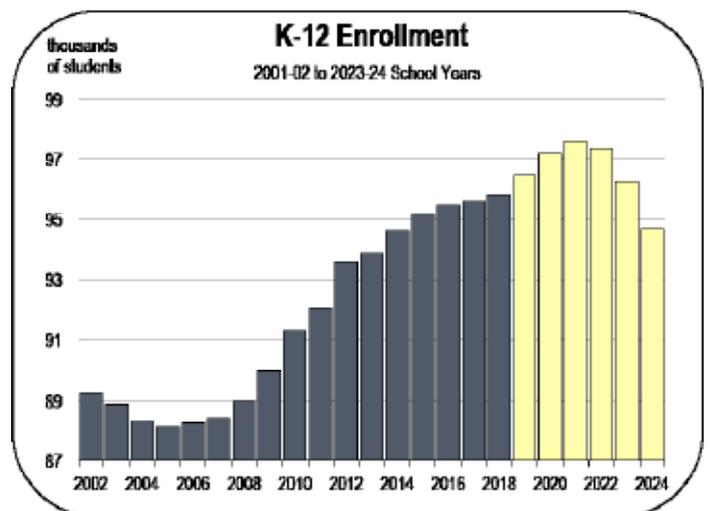
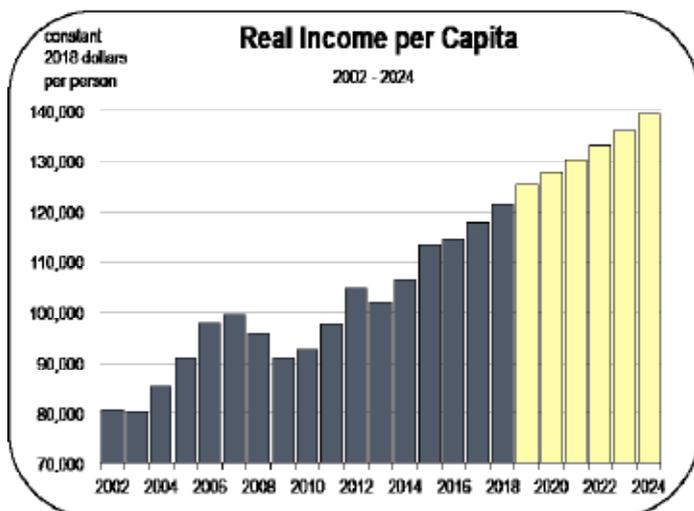
- Income per capita in 2018 was \$121,400, placing San Mateo County among the wealthiest regions of California.
- Real income per capita has risen at a rapid rate in the county, growing by an average of 2.5 percent per year over the last 6 years. Real income per capita is expected to grow by 2.3 percent per year through 2024.

## Registered Vehicles

- There were 769,900 registered vehicles in San Mateo County in 2018. By 2024, it is expected that the county will have approximately 778,100 registered vehicles.

## Public School Enrollment

- There were 95,800 K-12 students in the 2017–2018 school year. By 2024, there are expected to be 94,700 K-12 students.



# San Mateo 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	764,850	261.9	\$304,734	1,907	732	\$79.8	\$10.2	\$281	\$21.8	\$113,498	95.1	9,037	4,792
2016	768,573	263.3	\$312,994	1,804	747	\$82.4	\$10.2	\$281	\$22.0	\$114,451	95.5	8,960	4,737
2017	771,902	264.4	\$330,927	1,759	761	\$87.5	\$10.7	\$294	\$22.6	\$117,720	95.6	8,585	4,782
2018	774,159	265.1	\$354,669	1,540	770	\$94.0	\$11.0	\$303	\$23.3	\$121,429	95.8	8,371	4,879
2019	777,023	266.1	\$376,115	1,338	774	\$100.1	\$11.5	\$316	\$24.0	\$125,357	96.5	8,362	4,877
2020	779,768	267.3	\$393,636	1,262	775	\$105.2	\$11.7	\$323	\$24.8	\$127,870	97.2	8,349	4,906
2021	782,395	268.4	\$411,965	1,217	775	\$110.6	\$12.1	\$333	\$25.4	\$130,274	97.6	8,348	4,952
2022	785,117	269.5	\$432,532	1,207	776	\$116.5	\$12.5	\$343	\$26.1	\$133,130	97.3	8,347	5,016
2023	787,917	270.5	\$453,901	1,226	777	\$122.8	\$12.8	\$353	\$26.8	\$136,056	96.2	8,341	5,089
2024	790,702	271.6	\$476,535	1,225	778	\$129.4	\$13.2	\$363	\$27.6	\$139,349	94.7	8,333	5,166
2025	793,540	272.7	\$497,522	1,214	779	\$135.7	\$13.5	\$372	\$28.4	\$142,094	93.0	8,315	5,246
2026	796,343	273.7	\$518,622	1,219	781	\$142.0	\$13.9	\$381	\$29.1	\$144,764	91.0	8,319	5,326
2027	799,017	274.8	\$541,085	1,212	783	\$148.7	\$14.2	\$391	\$30.0	\$147,772	89.2	8,326	5,407
2028	801,592	275.9	\$564,772	1,197	785	\$155.8	\$14.6	\$401	\$30.9	\$150,858	87.4	8,342	5,492
2029	804,062	277.0	\$585,071	1,185	788	\$162.0	\$15.0	\$411	\$31.4	\$152,731	85.7	8,376	5,579
2030	806,310	278.0	\$605,484	1,172	791	\$168.3	\$15.3	\$422	\$32.0	\$154,655	84.1	8,425	5,672
2031	808,406	279.0	\$625,777	1,155	795	\$174.6	\$15.7	\$432	\$32.6	\$156,567	82.5	8,495	5,766
2032	810,483	280.0	\$644,557	1,136	799	\$180.5	\$16.1	\$443	\$33.0	\$157,656	80.9	8,582	5,860
2033	812,520	281.1	\$666,035	1,117	804	\$187.2	\$16.5	\$453	\$33.6	\$159,876	79.1	8,695	5,954
2034	814,515	282.0	\$688,504	1,101	809	\$194.2	\$16.9	\$464	\$34.2	\$161,880	77.5	8,825	6,047
2035	816,552	283.0	\$711,898	1,086	814	\$201.5	\$17.3	\$475	\$34.7	\$163,767	76.2	8,951	6,142
2036	818,752	284.0	\$734,926	1,073	820	\$208.7	\$17.8	\$489	\$35.1	\$164,745	75.5	9,078	6,235
2037	820,944	284.9	\$759,196	1,059	824	\$216.3	\$18.3	\$503	\$35.4	\$165,667	75.6	9,174	6,323
2038	823,152	285.8	\$785,007	1,047	827	\$224.4	\$18.8	\$517	\$35.8	\$167,065	75.5	9,243	6,407
2039	825,366	286.8	\$811,367	1,036	831	\$232.7	\$19.4	\$533	\$36.2	\$168,075	75.7	9,311	6,488
2040	827,491	287.7	\$838,165	1,022	834	\$241.1	\$19.9	\$548	\$36.5	\$169,171	76.0	9,381	6,565
2041	829,402	288.6	\$865,610	1,007	837	\$249.8	\$20.4	\$562	\$36.9	\$170,595	76.4	9,455	6,631
2042	831,048	289.5	\$893,441	992	841	\$258.6	\$21.0	\$577	\$37.3	\$172,142	76.7	9,529	6,692
2043	832,300	290.4	\$921,654	975	844	\$267.6	\$21.5	\$591	\$37.8	\$173,846	77.2	9,603	6,749
2044	833,216	291.2	\$950,202	960	847	\$276.7	\$22.0	\$604	\$38.2	\$175,864	77.8	9,669	6,806
2045	833,890	292.1	\$978,394	947	850	\$285.8	\$22.5	\$619	\$38.6	\$177,380	78.8	9,722	6,868
2046	834,456	292.9	\$1,006,388	933	852	\$294.8	\$23.0	\$633	\$38.9	\$178,912	79.6	9,771	6,927
2047	834,869	293.7	\$1,034,255	918	855	\$303.8	\$23.6	\$648	\$39.2	\$180,321	80.6	9,816	6,978
2048	835,214	294.5	\$1,062,858	902	857	\$313.0	\$24.1	\$663	\$39.5	\$181,741	81.3	9,853	7,022
2049	835,506	295.3	\$1,092,222	890	859	\$322.6	\$24.7	\$678	\$39.7	\$183,168	82.4	9,880	7,061
2050	835,642	296.1	\$1,122,461	876	860	\$332.4	\$25.2	\$694	\$40.0	\$184,639	83.2	9,894	7,099

## 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	377.0	1.8	17.4	25.4	28.2	45.9	21.6	76.2	27.9	44.1	42.2	32.3
2016	392.4	1.8	18.1	25.4	30.5	46.0	22.5	81.7	31.6	45.0	42.6	33.3
2017	404.0	1.7	18.7	26.5	33.5	46.3	22.7	83.0	34.3	46.2	43.0	34.0
2018	415.8	1.5	19.8	25.8	35.3	46.4	23.3	86.8	38.0	47.2	43.1	34.3
2019	422.2	1.6	19.5	26.3	35.4	46.8	23.4	88.1	40.9	47.5	43.4	34.6
2020	424.3	1.6	19.5	26.6	35.9	47.0	23.4	88.6	41.2	48.0	43.6	34.6
2021	424.9	1.6	17.8	26.3	36.3	47.0	23.4	89.9	41.3	48.5	43.8	34.6
2022	426.3	1.6	17.0	26.2	36.6	47.3	23.5	90.7	41.4	48.9	44.0	34.7
2023	427.8	1.6	16.4	26.2	37.0	47.6	23.7	91.0	41.6	49.3	44.2	34.8
2024	429.3	1.6	15.4	26.2	37.4	47.8	23.7	91.6	42.0	49.7	44.5	34.8
2025	431.8	1.6	15.3	26.3	37.8	48.1	23.8	92.1	42.4	50.1	44.7	35.0
2026	434.3	1.6	15.4	26.4	38.2	48.2	23.8	92.6	43.1	50.5	44.8	35.1
2027	436.5	1.6	15.4	26.6	38.7	48.3	23.8	93.0	43.4	50.8	44.9	35.1
2028	438.8	1.6	15.4	26.6	39.2	48.5	23.8	93.6	43.8	51.2	45.1	35.2
2029	441.1	1.6	15.4	26.7	39.6	48.6	23.9	94.1	44.3	51.5	45.2	35.3
2030	443.2	1.5	15.3	26.8	40.0	48.8	23.8	94.6	44.7	51.9	45.3	35.4
2031	445.3	1.5	15.2	26.8	40.4	48.9	23.8	95.1	45.2	52.1	45.4	35.4
2032	447.2	1.5	15.1	26.8	40.8	49.0	23.8	95.6	45.7	52.4	45.5	35.5
2033	449.2	1.5	15.0	26.8	41.2	49.2	23.8	96.1	46.2	52.7	45.6	35.6
2034	451.1	1.5	14.9	26.8	41.5	49.3	23.8	96.6	46.8	52.9	45.8	35.6
2035	453.1	1.5	14.8	26.8	41.9	49.5	23.8	97.1	47.3	53.1	45.9	35.7
2036	454.9	1.5	14.8	26.9	42.2	49.5	23.9	97.7	47.8	53.3	46.0	35.8
2037	456.9	1.5	14.7	26.9	42.4	49.6	23.9	98.2	48.3	53.6	46.1	35.9
2038	458.9	1.5	14.6	26.9	42.7	49.6	23.9	98.7	48.9	54.0	46.2	35.9
2039	460.8	1.5	14.6	26.9	42.9	49.7	23.9	99.2	49.4	54.3	46.3	36.0
2040	462.7	1.5	14.5	27.0	43.2	49.7	23.9	99.8	49.9	54.7	46.4	36.1
2041	464.6	1.5	14.4	27.0	43.4	49.7	23.8	100.3	50.5	55.0	46.5	36.1
2042	466.4	1.5	14.3	27.0	43.6	49.8	23.8	100.9	51.1	55.3	46.6	36.2
2043	468.2	1.5	14.3	27.1	43.7	49.8	23.7	101.4	51.6	55.6	46.7	36.3
2044	470.0	1.5	14.2	27.1	43.9	49.8	23.7	102.0	52.2	55.9	46.8	36.4
2045	471.7	1.5	14.1	27.1	44.1	49.8	23.6	102.5	52.8	56.2	46.9	36.4
2046	473.5	1.5	14.0	27.1	44.2	49.8	23.6	103.1	53.4	56.6	47.0	36.5
2047	475.2	1.5	13.9	27.1	44.3	49.8	23.5	103.6	53.9	56.9	47.1	36.6
2048	477.0	1.5	13.8	27.2	44.4	49.8	23.5	104.2	54.5	57.2	47.2	36.7
2049	478.7	1.5	13.8	27.1	44.5	49.8	23.5	104.7	55.2	57.5	47.3	36.7
2050	480.4	1.5	13.7	27.1	44.5	49.8	23.4	105.3	55.8	57.8	47.4	36.8

# San Mateo County Economic Forecast

## Socioeconomic Indicators

