

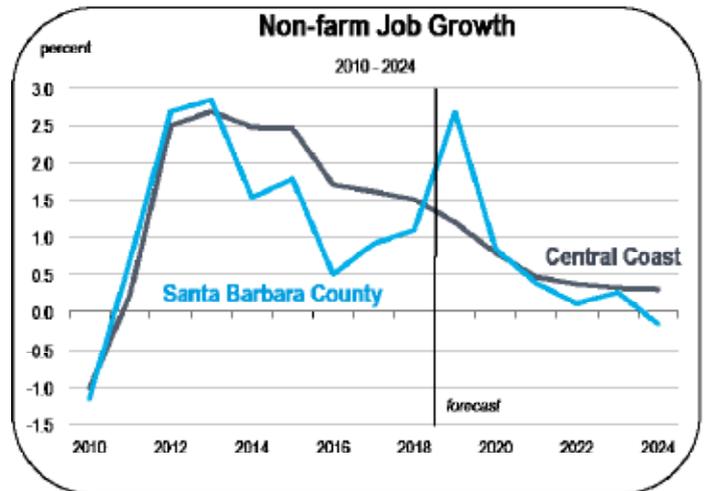
# Santa Barbara County Economic Forecast

## Forecast Summary

- 4,900 non-farm jobs will be created in Santa Barbara County during 2019. Over the entire 2018–2024 period, an average of 1,300 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 76 percent of net job creation through 2024.
- Between 2018 and 2024, a number of sectors are at risk of employment contraction, including construction, transportation and warehousing, retail trade, wholesale trade, and information.
- The unemployment rate averaged 3.9 percent in 2018, and is near its lowest sustainable level. The unemployment rate may begin to rise in 2021 or 2022.
- The population of Santa Barbara County is expanding faster than the average for the Central Coast and will continue to do so in 2019 and 2020.
- 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 Santa Barbara County.

## Job Growth

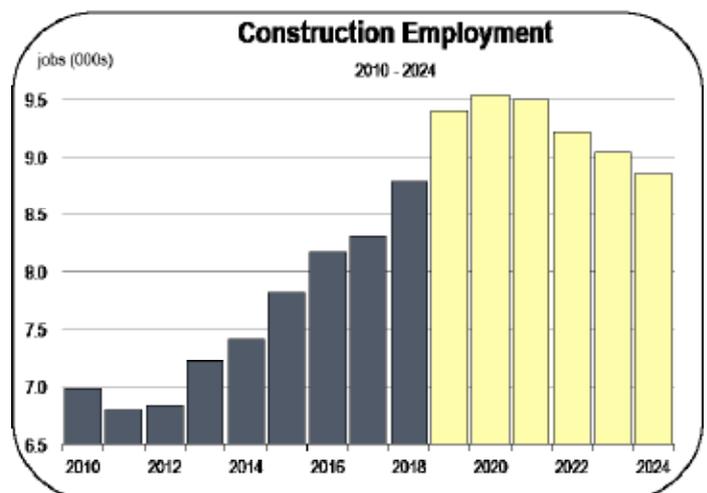
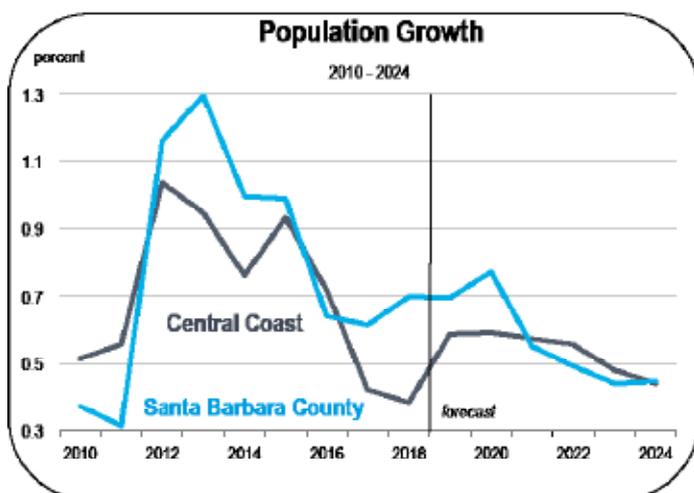
- Job growth decelerated sharply between 2013 and 2016, but is now accelerating. Job growth is expected to be rapid in 2019 before slowing down again.



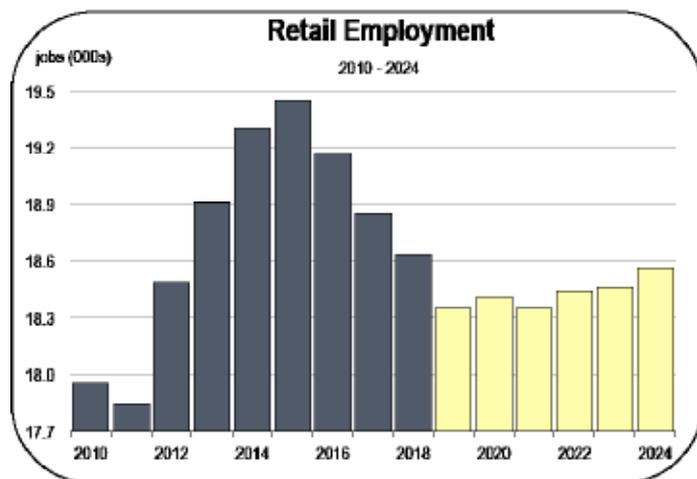
- The largest gains in 2018 were observed in professional business services (+800 jobs), construction (+500 jobs), government (+400 jobs), and leisure services (+400 jobs). Employment contraction was observed in wholesale trade.
- The largest gains in 2019 are expected in professional business services (+1,100 jobs), government (+1,000 jobs), leisure services (+900 jobs), manufacturing (+700 jobs), and construction (+600 jobs).
- Over the entire 2018–2024, an average of 1,300 jobs are expected to be created each year.

## Construction Employment

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



# Santa Barbara County Economic Forecast



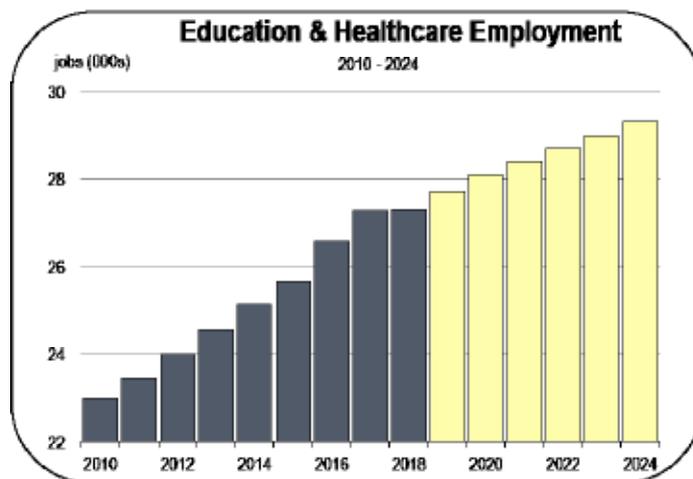
- Countywide, more than 800 new housing units were built in 2018, and almost 900 are expected to be built in 2019.
- The county is also experiencing a hotel boom, with \$25 million of new hotels under construction through mid-2019.
- The peak of the building cycle is approaching, and construction employment may begin to contract during the 2018–2024 forecast period.

## Retail Trade Employment

- Employment in the Santa Barbara County retail sector has been contracting for several years and will contract further in 2019.
- The retail industry is being divided into two groups: stores that face heavy online competition, and stores that don't.
- In 2018, jobs were lost in sectors facing online competition:
  - Clothing stores
  - Sporting goods stores
  - Consumer electronics stores
  - Hardware Stores
  - Department stores (i.e. Macy's)
  - Office supply stores
- A small number of jobs were gained at car dealerships, home furnishings stores, and warehouse supercenters (e.g. Costco).

## Private Education and Healthcare Employment

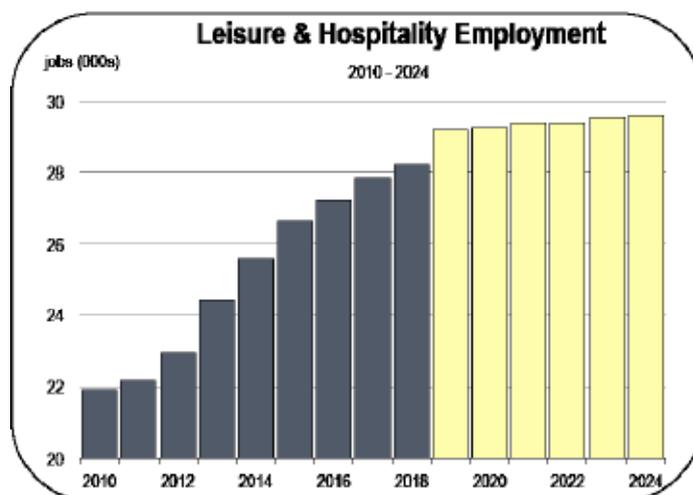
- This grew quickly for much of the last decade, but employment levels did not increase meaningfully in 2018.
- Gains have been widespread, with strength in doctors' offices, home health services, outpatient care centers, and facilities that serve the elderly and people with disabilities.



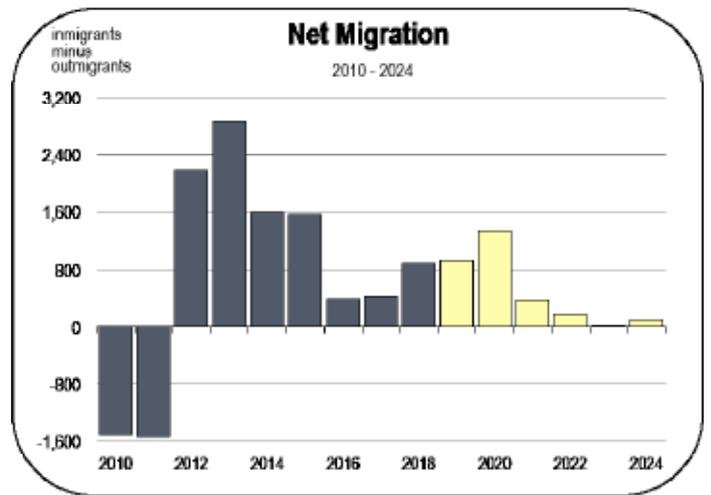
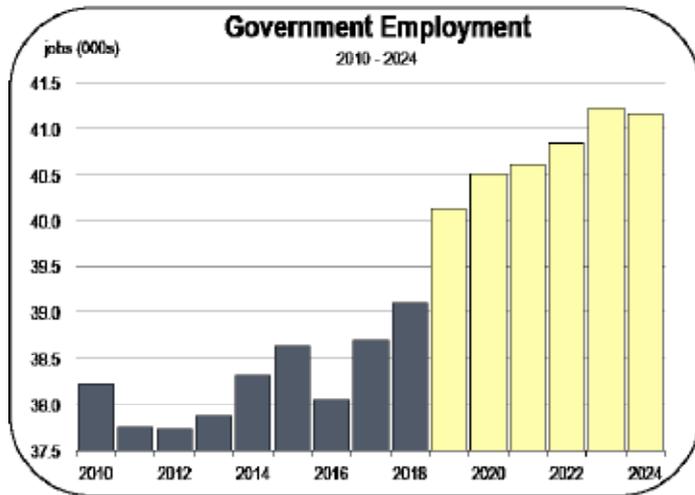
- The private education industry gained a small number of jobs in 2018 (public schools are included in the government sector).
- The future of the U.S. health insurance landscape is unknown, and legislative changes could influence job growth in this sector.

## Leisure and Hospitality Employment

- The leisure and hospitality sector created thousands of jobs between 2010 and 2018, and is expected to create 1,000 more jobs in 2019.
- Southern Santa Barbara County, which is the primary tourist destination along California's Central Coast, has been characterized by a large-scale expansion in its hotel and restaurant industries.
- Several new hotels have opened their doors in recent years, generating more than 1,000 new jobs.
- More than 100 new restaurants, bars, breweries, and wine tasting rooms have opened since 2010, creating more than 2,000 jobs.



# Santa Barbara County Economic Forecast



- After 2019, 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.
- 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 Santa Barbara County is \$19 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.

- Future growth will be determined by population growth and by the condition of state and local government budgets.

## Government Employment

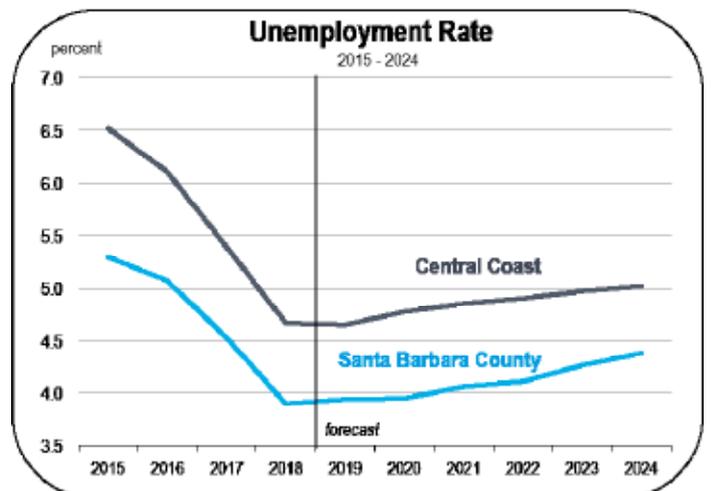
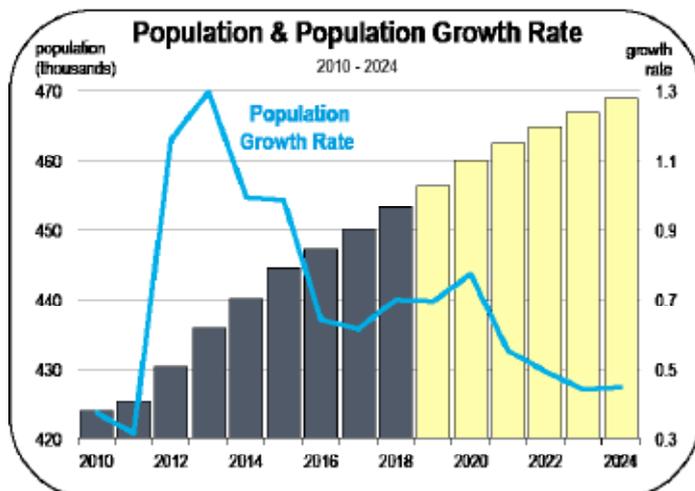
- Government agencies created several hundred jobs in 2018, and will generate approximately 1,000 new jobs in 2019.
- Most new jobs in 2019 will be the result of expansion at the county’s colleges and universities, which include U.C. Santa Barbara, Santa Barbara City College, and Alan Hancock College.

## Population Growth

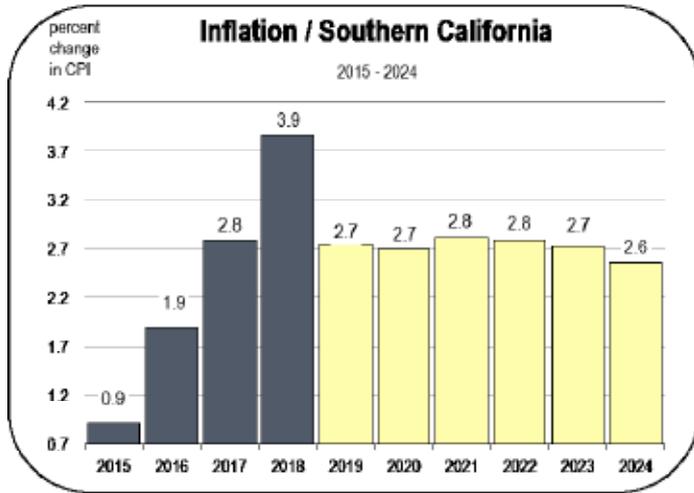
- The Santa Barbara County population expanded by 0.7 percent in 2018, which is faster than the average for the Central Coast.
- Net migration was moderate, adding almost 900 people to the population.
- Population growth is expected to average 0.6 percent per year between 2018 and 2024, and the county will approach 470,000 residents by 2024.

## Unemployment and Inflation Rates

- The unemployment rate in Santa Barbara County was 3.9 percent in 2018, which is lower than the average for the Central Coast
- The unemployment rate has reached its lowest sustainable level, and may begin to rise in 2021 or 2022.



# Santa Barbara County Economic Forecast



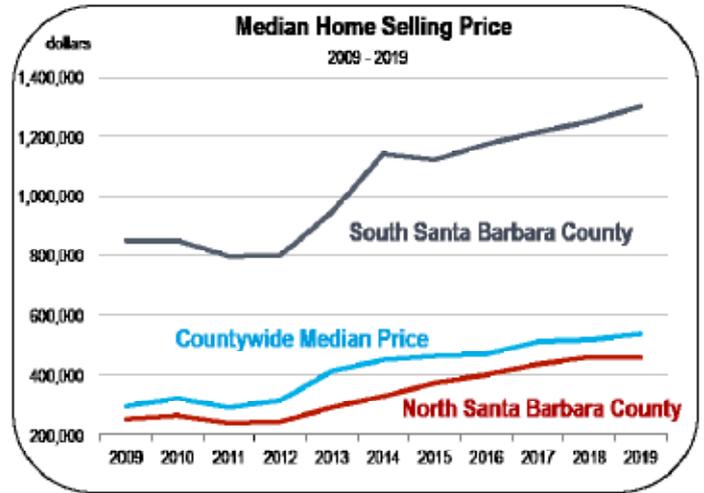
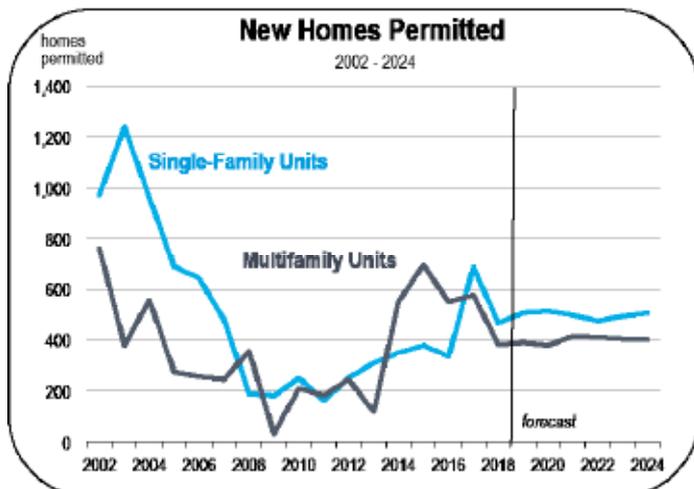
- Inflation accelerated in 2018 as home prices and energy costs increased across California.
- In 2019 and 2020, inflation is expected to be within a range of 2.0 percent and 3.5 percent.

## New Housing Production

- From 2013 to 2018, an average of 900 new homes were started each year.
- Between 2019 and 2024, housing production is also expected to average 900 units per year. Slightly more than half are expected to be single-family units.
- Development will be concentrated near the cities of Santa Barbara, Goleta, and Santa Maria.

## Home Prices

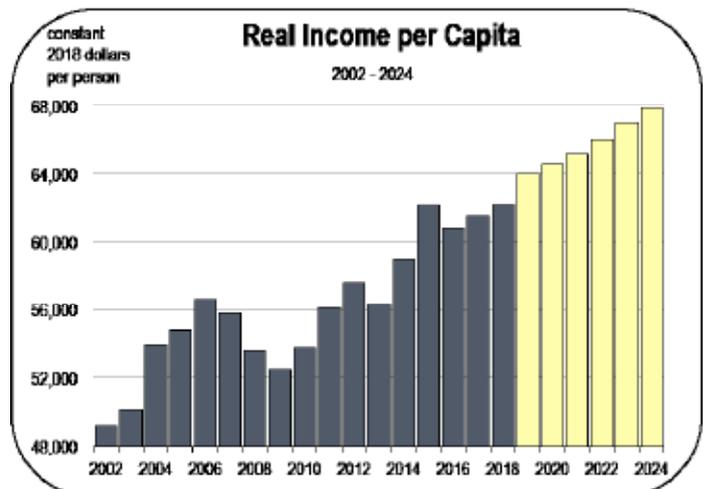
- Home prices in Santa Barbara have increased rapidly in recent years, and the median home price has now exceeded \$500,000.



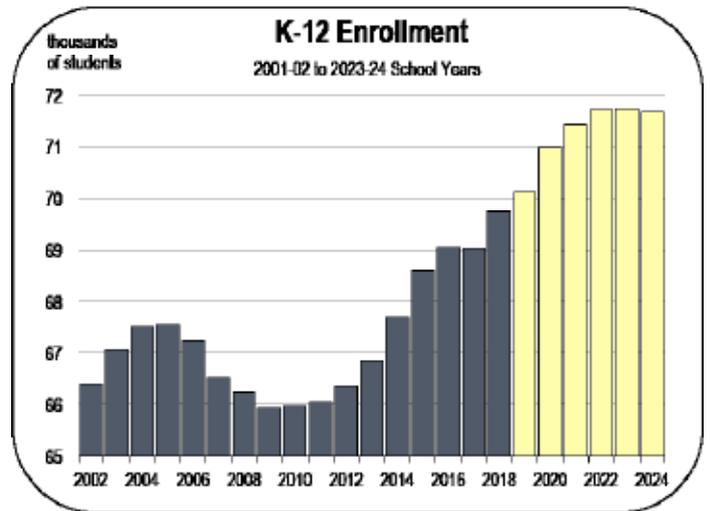
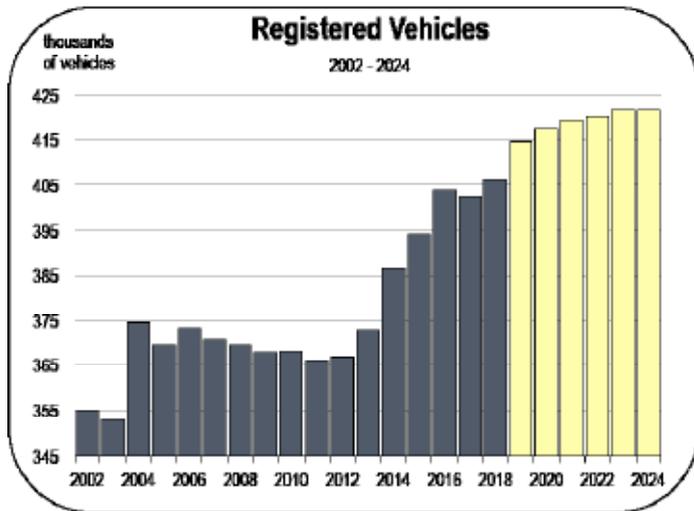
- There is a huge disparity in prices in different parts of the county. In the North County, which includes the cities of Santa Maria and Lompoc, the media price is approximately \$450,000.
- In the South County, which includes the cities of Santa Barbara and Goleta, as well as the community of Montecito, the median price has surpassed \$1.3 million.
- Housing affordability has become a prominent issue in Southern Santa Barbara County.
- In order to purchase the median-priced home in Southern Santa Barbara County, a typical household would have to spend almost 50 percent of its income on mortgage payments, in addition to spending more than \$250,000 on a down payment and closing costs.

## Income per Capita

- Income per capita was \$62,200 in 2018, which is above the Central Coast average of \$60,500.



# Santa Barbara County Economic Forecast



- Over the last six years, real income per capita has risen at a rate of 1.3 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 406,100 registered vehicles in Santa Barbara County in 2018. By 2024, it is expected that the county will have 421,500 registered vehicles.

## Public School Enrollment

- In Santa Barbara County, approximately 69,700 students were enrolled in K-12 public schools.
- By 2024, there are expected to be 71,700 enrolled students.

# Santa Barbara 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	444,533	145.7	\$174,170	1,071	394	\$25.4	\$4.7	\$83	\$5.4	\$62,098	68.6	5,673	3,106
2016	447,386	147.1	\$173,041	884	404	\$25.5	\$4.8	\$83	\$5.1	\$60,739	69.0	5,501	3,156
2017	450,138	148.0	\$180,003	1,263	403	\$26.6	\$4.9	\$85	\$5.2	\$61,480	69.0	5,531	3,239
2018	453,288	148.9	\$189,372	846	406	\$28.2	\$5.0	\$87	\$5.2	\$62,194	69.7	5,477	3,327
2019	456,443	149.5	\$200,768	893	415	\$30.0	\$5.1	\$90	\$5.6	\$63,991	70.1	5,530	3,305
2020	459,972	150.2	\$208,447	889	417	\$31.3	\$5.3	\$92	\$5.7	\$64,532	71.0	5,553	3,366
2021	462,514	151.0	\$216,496	910	419	\$32.7	\$5.4	\$95	\$5.8	\$65,155	71.4	5,587	3,426
2022	464,792	151.8	\$225,451	883	420	\$34.2	\$5.6	\$98	\$5.9	\$66,022	71.7	5,617	3,510
2023	466,842	152.5	\$234,926	895	421	\$35.8	\$5.8	\$102	\$5.9	\$67,003	71.7	5,641	3,592
2024	468,929	153.2	\$243,922	905	422	\$37.4	\$6.0	\$105	\$6.0	\$67,869	71.7	5,662	3,673
2025	470,749	154.0	\$252,159	899	421	\$38.8	\$6.1	\$107	\$6.0	\$68,568	71.8	5,672	3,757
2026	472,379	154.7	\$260,841	821	421	\$40.4	\$6.3	\$109	\$6.0	\$69,390	71.7	5,683	3,835
2027	474,183	155.4	\$269,809	811	422	\$41.9	\$6.4	\$112	\$6.1	\$70,231	71.6	5,688	3,918
2028	475,958	156.1	\$279,414	817	423	\$43.6	\$6.5	\$115	\$6.1	\$71,140	71.4	5,694	4,005
2029	477,804	156.8	\$288,155	812	424	\$45.2	\$6.7	\$117	\$6.2	\$71,689	71.2	5,706	4,095
2030	479,599	157.5	\$296,871	795	426	\$46.8	\$6.9	\$120	\$6.2	\$72,247	70.8	5,725	4,192
2031	481,374	158.2	\$305,472	789	427	\$48.3	\$7.0	\$123	\$6.3	\$72,785	70.5	5,758	4,286
2032	483,055	158.9	\$313,933	761	428	\$49.9	\$7.2	\$126	\$6.3	\$73,105	70.1	5,799	4,378
2033	484,684	159.5	\$322,644	760	429	\$51.5	\$7.3	\$128	\$6.4	\$73,708	69.4	5,842	4,469
2034	486,371	160.2	\$332,091	758	431	\$53.2	\$7.5	\$131	\$6.4	\$74,278	69.0	5,881	4,558
2035	488,046	160.9	\$342,044	761	432	\$55.0	\$7.7	\$135	\$6.5	\$74,832	68.8	5,913	4,652
2036	489,676	161.5	\$352,511	734	433	\$56.9	\$7.9	\$138	\$6.5	\$75,156	68.6	5,945	4,737
2037	491,285	162.1	\$363,372	708	435	\$58.9	\$8.1	\$142	\$6.6	\$75,417	68.5	5,965	4,815
2038	492,892	162.8	\$374,613	687	436	\$61.0	\$8.3	\$146	\$6.6	\$75,817	68.1	5,978	4,890
2039	494,464	163.3	\$386,543	664	438	\$63.1	\$8.6	\$150	\$6.6	\$76,142	67.8	5,994	4,960
2040	496,023	163.9	\$398,636	639	439	\$65.3	\$8.8	\$154	\$6.6	\$76,486	67.8	6,014	5,024
2041	497,514	164.5	\$410,770	613	440	\$67.6	\$9.0	\$158	\$6.7	\$76,919	67.8	6,023	5,071
2042	498,958	165.0	\$423,071	584	442	\$69.8	\$9.2	\$161	\$6.7	\$77,390	67.7	6,036	5,114
2043	500,341	165.5	\$435,581	557	443	\$72.1	\$9.4	\$165	\$6.8	\$77,909	67.7	6,051	5,155
2044	501,573	166.0	\$448,072	532	444	\$74.4	\$9.6	\$168	\$6.8	\$78,529	67.6	6,065	5,198
2045	502,698	166.4	\$461,150	499	446	\$76.8	\$9.8	\$172	\$6.9	\$79,045	67.5	6,075	5,248
2046	503,733	166.9	\$474,271	471	447	\$79.1	\$10.0	\$176	\$6.9	\$79,586	67.8	6,084	5,285
2047	504,705	167.3	\$487,620	439	448	\$81.6	\$10.3	\$180	\$7.0	\$80,105	67.9	6,096	5,309
2048	505,605	167.7	\$501,387	408	450	\$84.1	\$10.5	\$183	\$7.0	\$80,633	68.0	6,104	5,325
2049	506,340	168.0	\$515,633	376	451	\$86.6	\$10.7	\$187	\$7.1	\$81,191	68.2	6,109	5,335
2050	507,017	168.3	\$530,304	342	452	\$89.3	\$10.9	\$191	\$7.1	\$81,753	68.3	6,111	5,348

## 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	200.4	21.0	7.8	13.0	3.3	24.1	6.4	22.5	4.4	25.7	26.6	38.7
2016	201.2	20.9	8.2	13.4	3.2	23.9	6.5	21.9	4.4	26.6	27.2	38.1
2017	203.7	21.7	8.3	13.1	3.2	23.8	6.6	22.0	4.2	27.3	27.8	38.7
2018	206.9	22.9	8.8	12.9	3.4	23.8	6.6	22.8	4.1	27.3	28.2	39.1
2019	212.1	23.2	9.4	13.6	3.6	23.5	6.7	23.8	4.1	27.7	29.2	40.1
2020	213.6	23.1	9.5	13.7	3.6	23.6	6.7	24.1	4.1	28.1	29.2	40.5
2021	214.6	23.3	9.5	13.8	3.6	23.5	6.7	24.4	4.1	28.4	29.4	40.6
2022	214.9	23.5	9.2	13.8	3.6	23.6	6.7	24.3	4.1	28.7	29.4	40.9
2023	215.7	23.7	9.0	13.6	3.5	23.6	6.7	24.2	4.1	29.0	29.5	41.2
2024	215.5	23.9	8.9	13.5	3.5	23.7	6.7	23.9	4.1	29.3	29.6	41.2
2025	214.9	24.0	8.8	13.2	3.5	23.6	6.7	23.4	4.1	29.6	29.6	41.0
2026	215.0	24.2	8.5	13.0	3.4	23.6	6.6	23.5	4.1	29.9	29.8	40.8
2027	215.1	24.4	8.5	12.9	3.4	23.6	6.6	23.4	4.1	30.3	30.0	40.4
2028	215.9	24.6	8.5	12.9	3.4	23.6	6.6	23.6	4.1	30.6	30.2	40.3
2029	216.7	24.9	8.4	12.8	3.4	23.6	6.6	23.7	4.2	31.0	30.4	40.3
2030	217.5	25.2	8.4	12.8	3.4	23.6	6.6	23.8	4.2	31.3	30.5	40.2
2031	218.2	25.5	8.4	12.8	3.4	23.6	6.6	23.9	4.2	31.6	30.6	40.0
2032	218.6	25.8	8.4	12.8	3.4	23.6	6.6	23.8	4.2	31.9	30.8	39.9
2033	219.3	26.1	8.4	12.8	3.4	23.6	6.6	23.8	4.2	32.3	31.0	39.7
2034	220.1	26.4	8.4	12.8	3.4	23.6	6.6	23.7	4.2	32.5	31.2	39.7
2035	220.9	26.7	8.4	12.8	3.4	23.6	6.5	23.7	4.2	32.8	31.3	39.7
2036	221.5	27.0	8.4	12.8	3.4	23.6	6.5	23.7	4.2	33.0	31.5	39.8
2037	222.2	27.4	8.3	12.8	3.4	23.6	6.5	23.7	4.2	33.3	31.7	39.9
2038	223.1	27.7	8.3	12.8	3.4	23.6	6.5	23.7	4.2	33.5	31.8	39.9
2039	223.9	28.0	8.2	12.8	3.4	23.6	6.4	23.8	4.2	33.8	32.0	40.0
2040	224.7	28.4	8.2	12.8	3.4	23.6	6.4	23.9	4.2	34.0	32.2	40.0
2041	225.4	28.7	8.1	12.8	3.4	23.6	6.4	23.9	4.2	34.2	32.3	40.1
2042	226.2	29.1	8.0	12.8	3.4	23.6	6.4	24.0	4.2	34.4	32.5	40.1
2043	227.0	29.5	7.9	12.8	3.4	23.6	6.3	24.1	4.2	34.6	32.7	40.2
2044	227.7	29.8	7.9	12.8	3.4	23.6	6.3	24.2	4.2	34.8	32.8	40.2
2045	228.5	30.2	7.8	12.8	3.4	23.6	6.3	24.2	4.2	34.9	33.0	40.3
2046	229.2	30.6	7.6	12.8	3.4	23.6	6.3	24.3	4.3	35.1	33.1	40.4
2047	230.0	31.0	7.5	12.8	3.4	23.6	6.2	24.4	4.3	35.2	33.3	40.5
2048	230.7	31.4	7.4	12.8	3.4	23.6	6.2	24.5	4.3	35.4	33.5	40.7
2049	231.4	31.9	7.2	12.8	3.4	23.6	6.2	24.5	4.3	35.5	33.6	40.8
2050	232.1	32.3	7.0	12.8	3.4	23.5	6.1	24.6	4.3	35.6	33.8	41.0

# Santa Barbara County Economic Forecast

## Socioeconomic Indicators

