

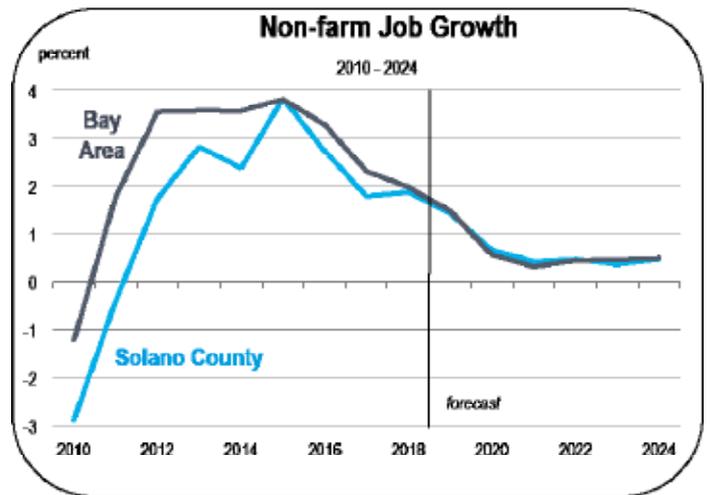
Solano County Economic Forecast

Forecast Summary

- 2,000 non-farm jobs will be created in Solano County during 2019. Over the following five years, an average of 700 new jobs are expected annually.
- Employment growth will be led by professional services, leisure services, education & healthcare, and manufacturing. These sectors will account for 85 percent of net job creation through 2024.
- The unemployment rate averaged 3.9 percent in 2018, but may begin to deteriorate in 2019.
- The population expanded relatively slowly in 2018, but growth will accelerate.
- Housing production has increased, but is just barely keeping pace with population growth. Over the forecast period, construction activity will accelerate, with most new units being single family homes.

Job Growth

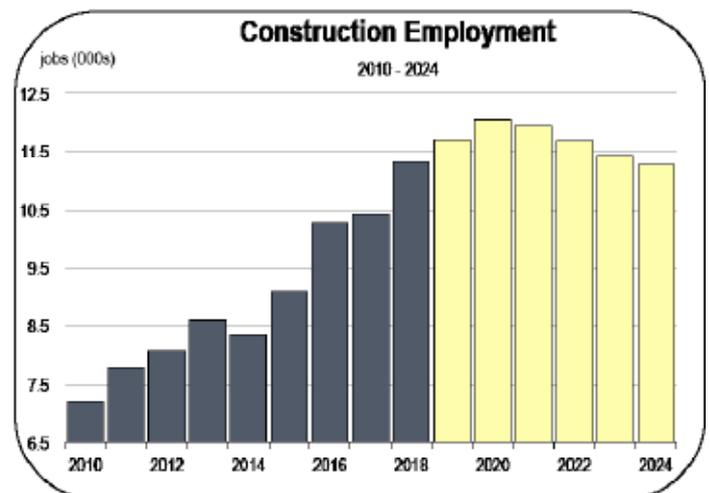
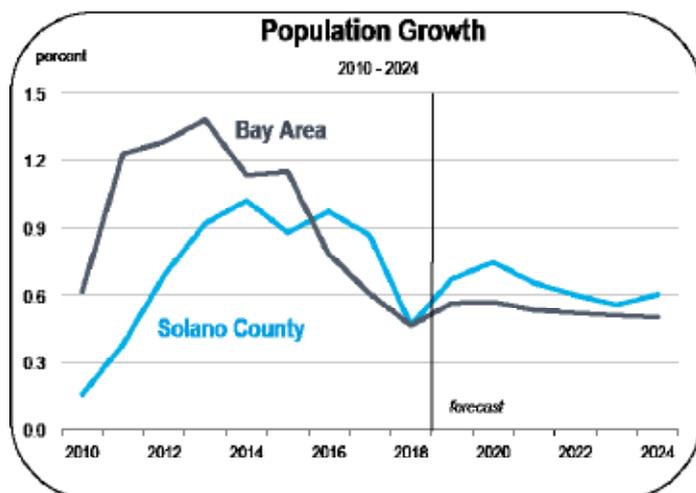
- The expected slowdown in job creation is underway, and job creation will decelerate further in 2019.
- The leading industries in 2018 were healthcare, construction, professional services, and transportation & warehousing.
- Between 2012 and 2018, non-farm employment grew by 2.6 percent per year.
- Between 2018 and 2024, growth is forecast to average 0.6 percent per year. Approximately 2,000 non-farm jobs will be created during 2019, and through 2024, an average of 700 new non-farm wage and salary jobs per year are expected.



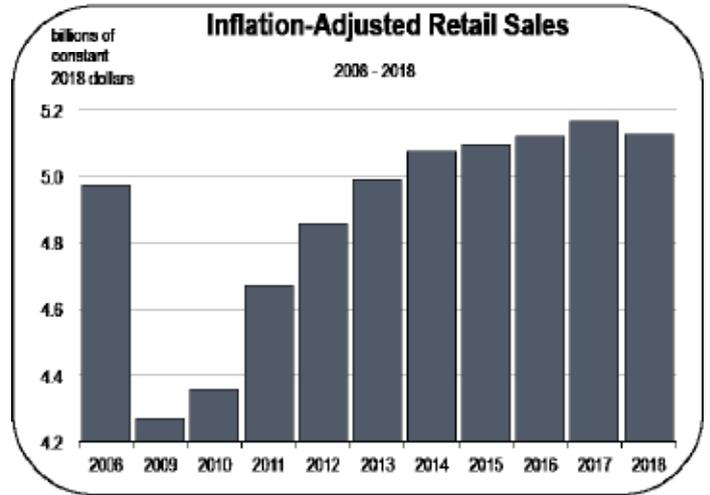
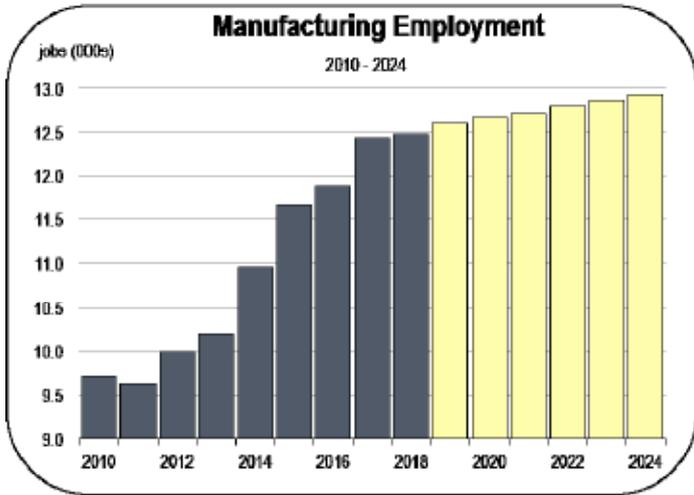
- Through not in our base forecast, a recession would likely result in net employment declines.

Construction Employment

- Hundreds of new construction jobs are being created each year as building activity accelerates in several regions of the county.
- The new jobs in 2018 were largely associated with residential projects. A large multifamily complex was under construction in Fairfield, and more than 1,000 single-family homes were built countywide. A number of small industrial and retail projects also broke ground.
- Construction activity will likely continue to increase over the next few years, but employment levels are expected to decline in this highly cyclical sector before the end of the short term forecast horizon.



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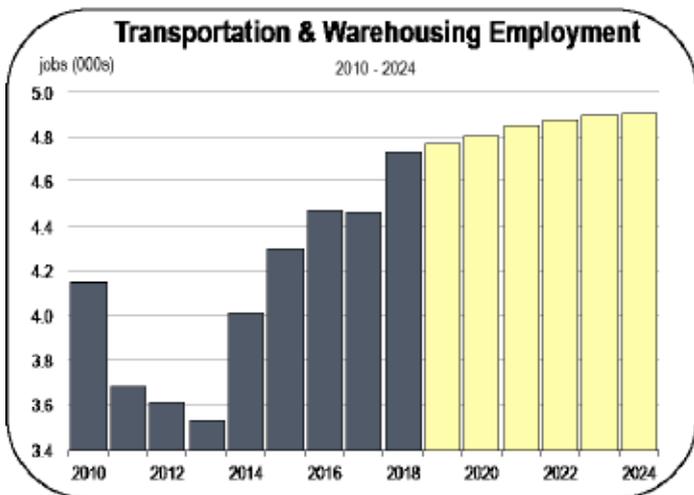


Manufacturing Employment

- Solano County has high concentrations in food manufacturing (turning agricultural products into finished foods and beverages) and pharmaceutical manufacturing.
- Almost 200 jobs were lost at a nutritional supplement maker (Pro-Form Laboratories), preventing faster job creation in this industry.
- Jobs were also lost in the pharmaceutical manufacturing subsector, which is anchored by the Genentech facility in Vacaville.

Transportation & Warehousing Employment

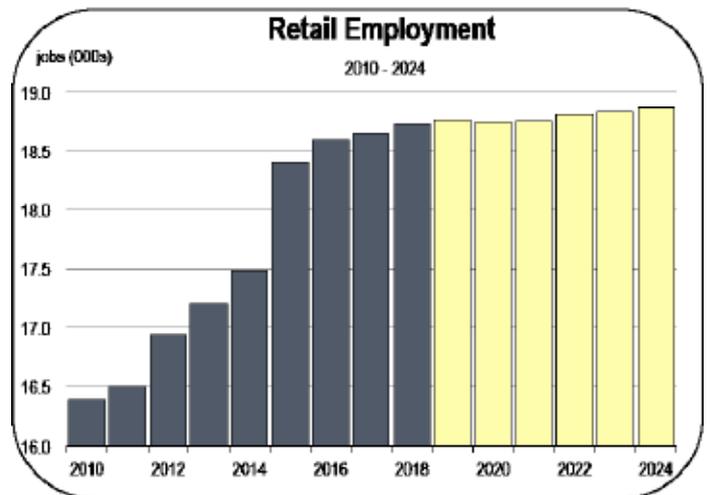
- The transportation and warehousing sector is growing quickly, largely due to the transition towards online shopping.
- Because more goods are being shipped directly to consumers rather than to physical store locations, demand is increasing for delivery drivers at companies like UPS and FedEx.



- But this is a population-serving industry, and population growth will decelerate. Consequently, future gains will be modest in this sector.

Retail Trade Employment

- Retail sales have been stagnant for several years, and retail employment levels are increasing very slowly.
- The industry is diverging into three distinct segments:
 - Brick-and-mortar stores facing heavy online competition
 - Brick-and-mortar stores not facing heavy online competition
 - Online retailers themselves
- Job losses have accelerated at stores that face online competition:
 - Clothing stores
 - Department stores (i.e. Macy's)
 - Sporting goods stores
 - Furniture Stores
 - Office supply stores



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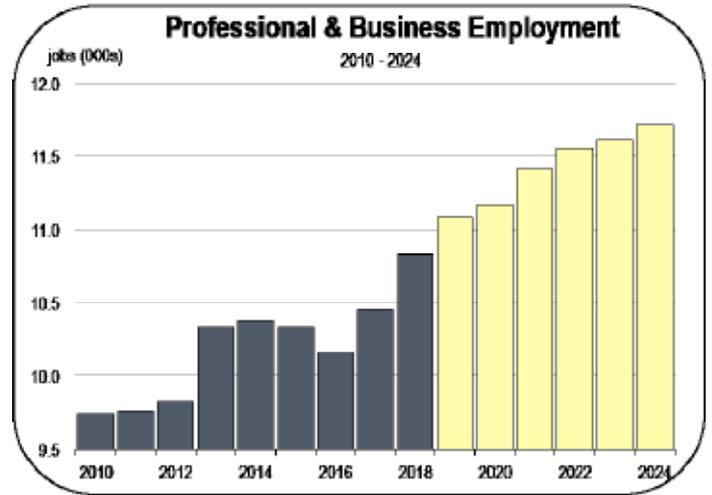
- Stores not facing online competition continue to create jobs:
 - Gas stations
 - Car dealers
 - Drug stores and healthcare stores
- The Solano County retail industry has added fewer than 100 jobs in each of the last two years.
- The largest layoffs in 2018 were at Sears, which let 89 employees go when it closed its Fairfield store in July.
- Job growth will be slow over the forecast period with further divergence between industry segments. This industry may lose jobs during some years of the forecast period.

Financial Activities Employment

- The financial sector gained a small number of jobs last year.
- Real estate agencies expanded, but banks and insurance companies contracted after adopting new labor saving technologies and offering more online services.
- Over the forecast period employment growth will be slow. As local banks and insurance companies continue to transition to online activities, fewer customers will visit their local branches.

Professional & Business Services Employment

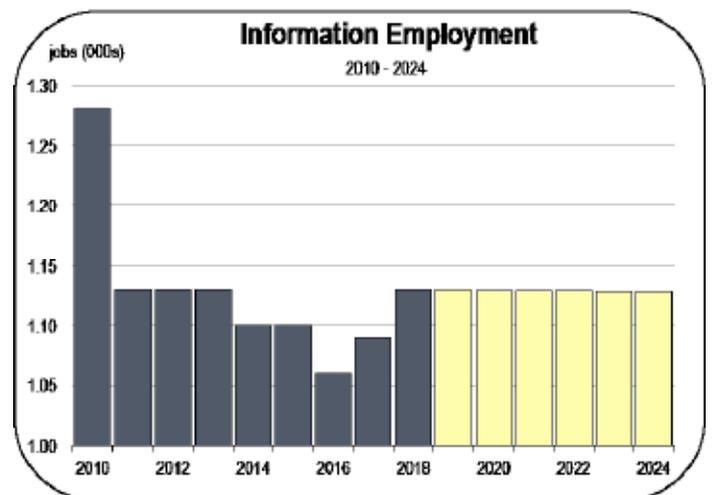
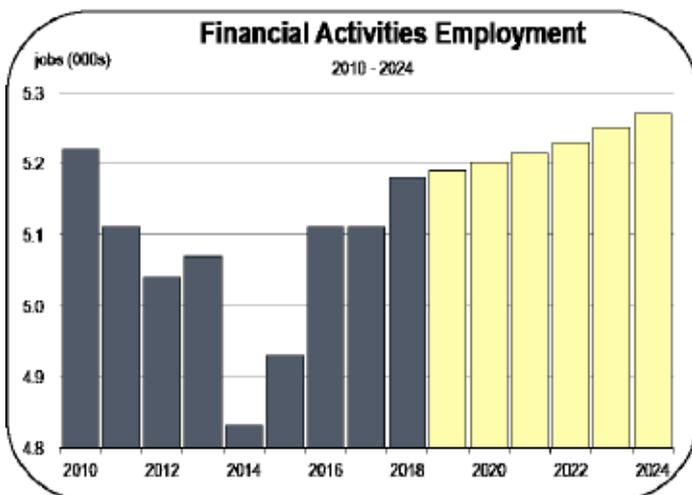
- Since the economic expansion began in late 2009, this sector has not contributed much to the employment base, but growth picked up in 2017 and 2018.
- The industry is largely comprised of high-skill jobs in law, accounting, IT consulting, business consulting, engineering, and scientific research.



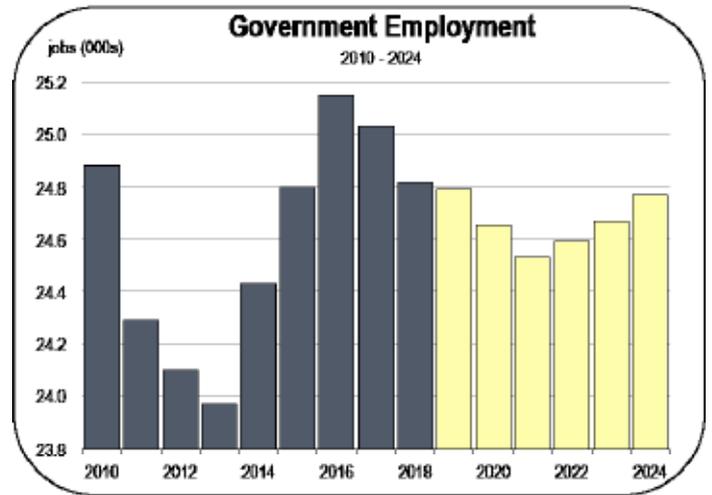
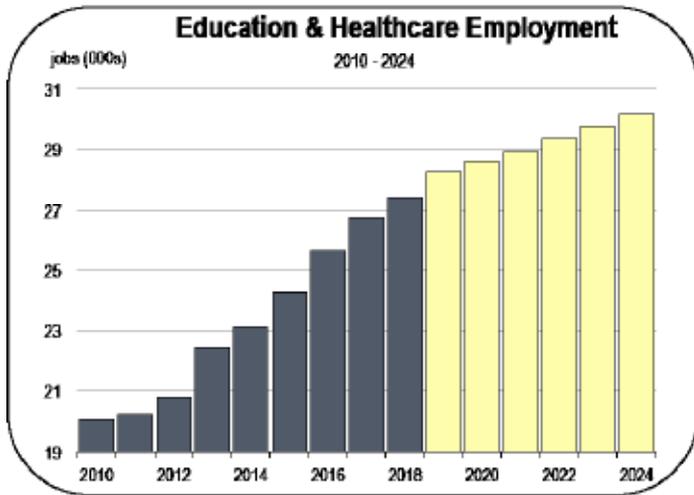
- It also has a large number of jobs at staffing agencies and back-office support firms.
- Growth will be strong during most years of the forecast period due to persistent demand for high-value business services.

Information Employment

- The Information sector gained a handful of jobs in 2018, but will struggle to expand further.
- In San Francisco and Silicon Valley, this industry is populated by software firms and web hosting companies. But in Solano County, its largest subsectors are telecommunications and newspaper publishing.
- Because the telecom and newspaper industries are in long term patterns of stagnation, this industry will not expand substantially in Solano County.



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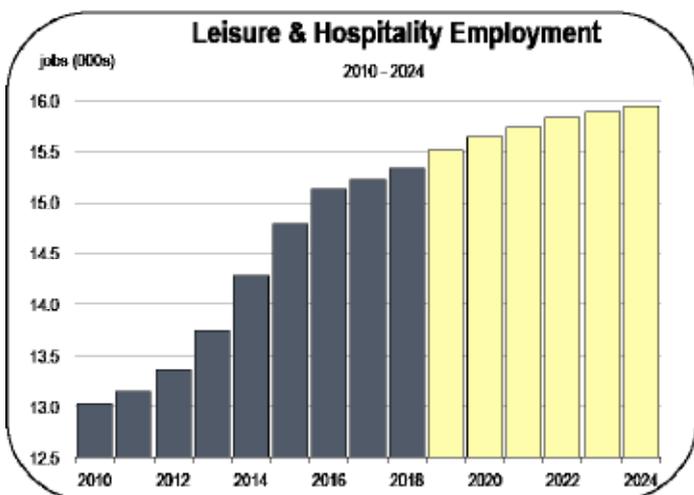
Private Education and Healthcare Employment

- Healthcare gains have been concentrated in doctors’ offices, outpatient and residential care facilities, and organizations that provide services to the elderly and people with disabilities.
- A small number of jobs were created at local private schools (public schools are included in the government sector).

- Growth will remain strong in 2019 and 2020 as an aging population generates higher demand for healthcare.
- However, the future of the U.S. health insurance landscape is unknown, and legislative changes could influence employment growth in health services.

Leisure & Hospitality Employment

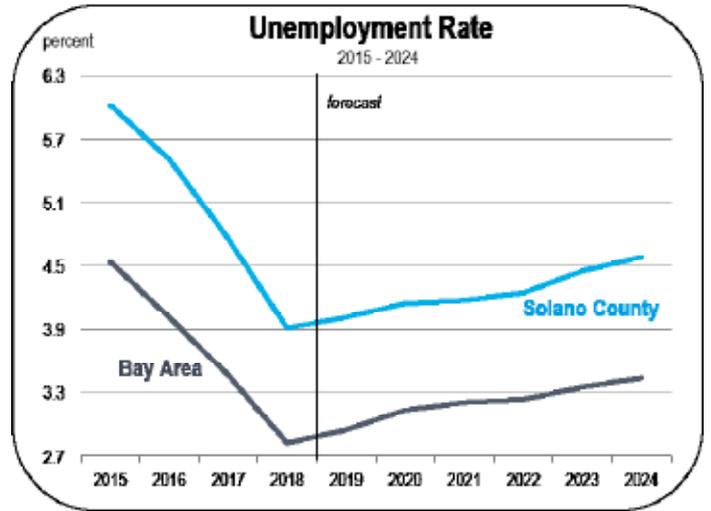
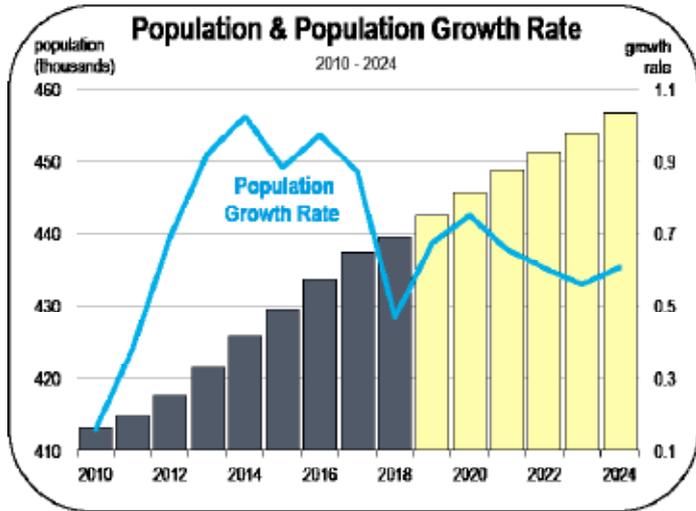
- Restaurants are still creating the most new jobs in the leisure and hospitality industry, but only 75 new restaurant jobs were generated last year.
- Gyms and fitness centers expanded by 50 workers last year.
- More jobs will be created in the leisure and hospitality sector 2019 and 2020.



Government Employment

- Solano County government agencies lost 200 jobs last year, largely the result of layoffs at public schools.
- Federal government offices within the county also lost jobs, while municipal agencies expanded slightly.
- Future job gains will depend on local population growth and government budgetary conditions.

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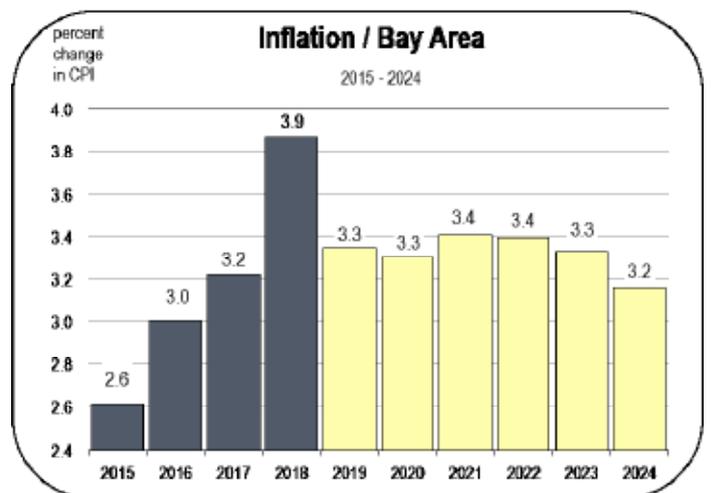
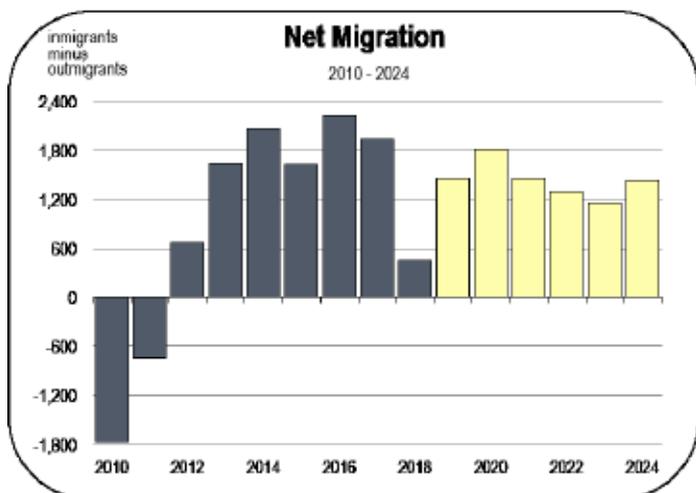
Population Growth

- Population growth has decelerated, but will rebound when net migration increases in 2019 and 2020.
- Net migration was low in 2018, but will surpass 1,000 people in each of the next two years.
- The population will expand by an average of 0.6 percent per year during the forecast period, and the county will surpass 465,000 residents by 2024.
- Net migration will be high, with an average of 1,400 net migrants entering the county each year through 2024. Net migration will account for almost half of all population growth.

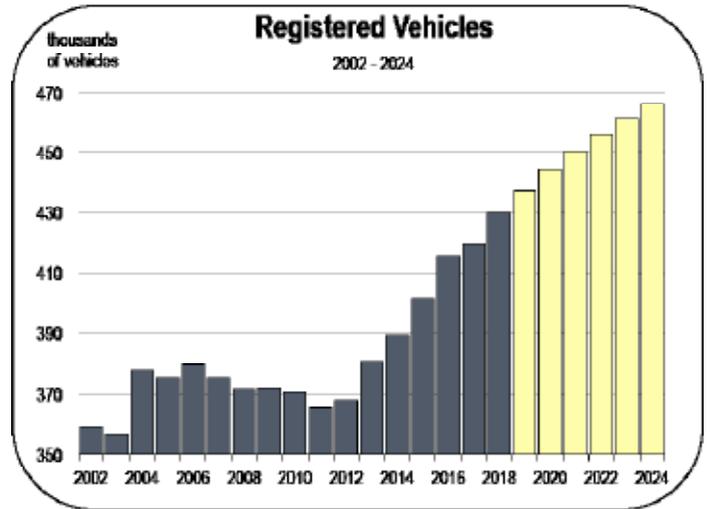
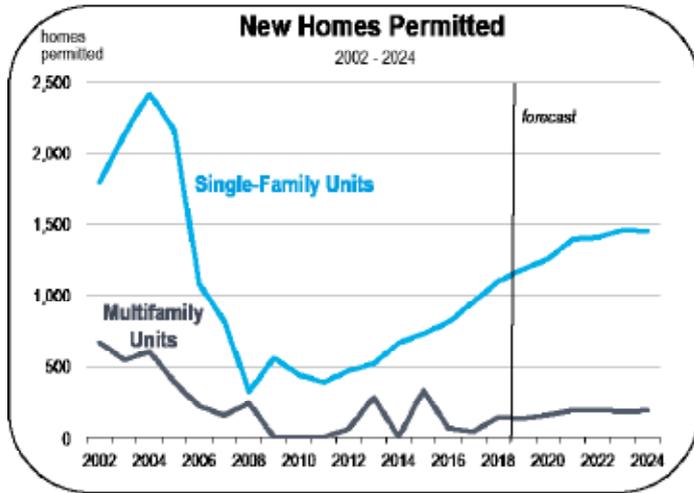
Unemployment and Inflation Rates

- The unemployment rate in Solano County averaged 3.9 percent in 2018, which was substantially higher than the composite rate for the Bay Area.
- Beginning in 2019, the unemployment rate may deteriorate, but with an unemployment rate of just 4.0 percent, the job market will still be very tight.
- 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.

New Housing Production



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- An average of 940 homes were authorized each year from 2013–2018. Housing production will average 1,500 homes annually from 2019–2024.
- The most prominent project is the Villages at Fairfield, a master planned community in northeastern Fairfield located north of Airbase Parkway and east of Clay Bank Road.
- At full buildout the project will consist of 1,830 single family homes and apartments. The project broke ground in 2017 and could be completed between 2022 and 2027.
- Other projects totaling 900 single-family homes are largely a few years from ground-breaking.
- A project on the Vallejo Waterfront includes 1,090 apartments, condos, and townhomes in close proximity to a slate of new shops, recreational facilities, and transportation options.

- Income per capita in 2018 was \$52,800, placing Solano well below the average for the Bay Area.
- Income per capita has increased rapidly in the county, growing by an average of 2.8 percent per year over the last 6 years, adjusted for inflation. It is expected to grow at slower rates over the forecast period, rising by an average of 1.0 percent per year through 2024.

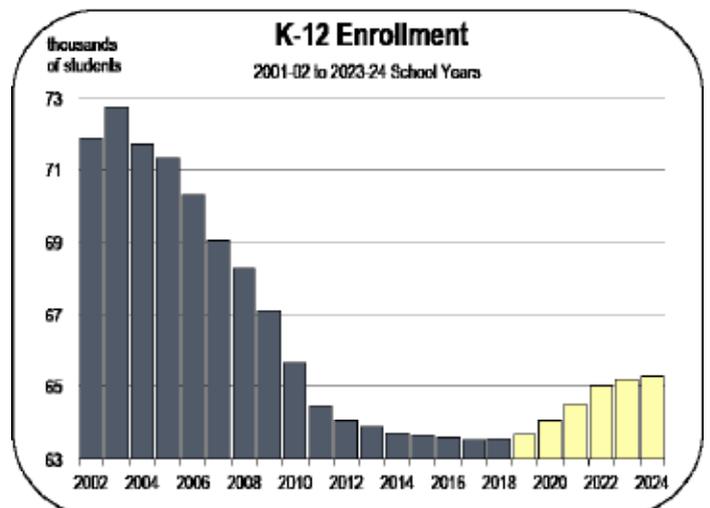
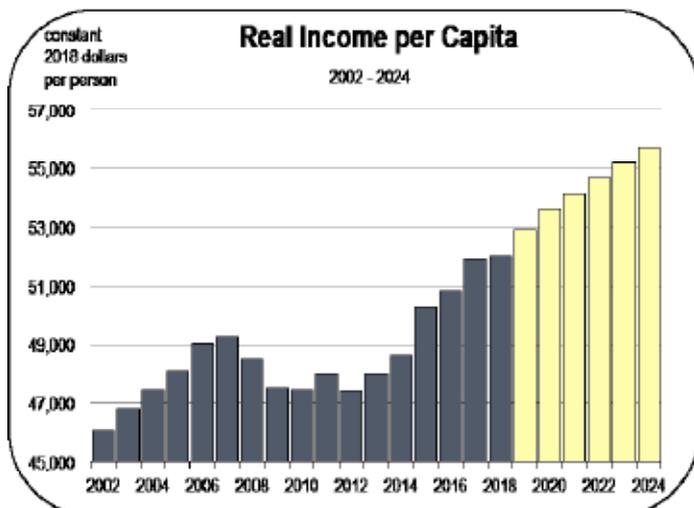
Registered Vehicles

- There were 1.34 million registered vehicles in Solano County in 2018. By 2024, it is expected that the county will have approximately 1.38 million registered vehicles.

Public School Enrollment

- There were 63,600 K-12 students in the 2017–2018 school year. By 2024, there are expected to be 65,300 K-12 students in the county.

Income per Capita



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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	429,477	146.1	\$135,934	1,063	402	\$19.9	\$4.7	\$64	\$6.5	\$50,282	63.6	5,131	3,180
2016	433,661	147.5	\$139,976	873	416	\$20.6	\$4.8	\$66	\$6.6	\$50,829	63.6	5,259	3,271
2017	437,434	147.9	\$147,961	995	420	\$21.9	\$5.0	\$68	\$6.8	\$51,951	63.5	5,131	3,442
2018	439,472	148.7	\$153,750	1,238	430	\$22.9	\$5.1	\$71	\$6.9	\$52,014	63.6	5,054	3,564
2019	442,432	150.3	\$160,039	1,313	437	\$24.1	\$5.3	\$73	\$7.1	\$52,908	63.6	5,098	3,593
2020	445,743	151.5	\$166,520	1,404	444	\$25.2	\$5.4	\$75	\$7.2	\$53,636	64.0	5,144	3,654
2021	448,664	152.8	\$172,417	1,584	450	\$26.3	\$5.6	\$77	\$7.4	\$54,125	64.5	5,189	3,722
2022	451,365	154.2	\$178,377	1,599	456	\$27.5	\$5.8	\$80	\$7.5	\$54,664	65.0	5,229	3,815
2023	453,883	155.7	\$184,342	1,637	461	\$28.7	\$6.0	\$82	\$7.6	\$55,210	65.2	5,269	3,903
2024	456,625	157.2	\$190,108	1,638	466	\$29.9	\$6.1	\$84	\$7.8	\$55,720	65.3	5,309	3,989
2025	459,305	158.7	\$195,235	1,626	470	\$31.0	\$6.3	\$87	\$7.9	\$56,073	64.9	5,345	4,077
2026	461,860	160.2	\$200,411	1,635	474	\$32.1	\$6.5	\$89	\$8.0	\$56,449	64.9	5,375	4,160
2027	464,232	161.7	\$205,602	1,564	478	\$33.2	\$6.6	\$91	\$8.1	\$56,867	64.8	5,405	4,245
2028	466,278	163.2	\$210,996	1,475	481	\$34.4	\$6.8	\$93	\$8.2	\$57,296	65.1	5,435	4,335
2029	468,162	164.5	\$215,965	1,444	485	\$35.5	\$6.9	\$95	\$8.2	\$57,515	65.2	5,470	4,423
2030	469,945	165.8	\$220,812	1,313	488	\$36.6	\$7.1	\$98	\$8.3	\$57,727	65.4	5,506	4,517
2031	471,628	167.0	\$225,816	1,286	490	\$37.7	\$7.3	\$100	\$8.3	\$57,975	65.4	5,542	4,608
2032	473,344	168.2	\$230,895	1,260	493	\$38.8	\$7.5	\$103	\$8.4	\$58,089	65.5	5,572	4,697
2033	475,048	169.4	\$235,839	1,140	495	\$39.9	\$7.6	\$105	\$8.4	\$58,356	65.6	5,600	4,783
2034	476,687	170.4	\$241,401	1,168	498	\$41.1	\$7.8	\$107	\$8.5	\$58,605	65.7	5,627	4,866
2035	478,174	171.5	\$247,222	1,192	500	\$42.4	\$8.0	\$110	\$8.6	\$58,854	65.8	5,652	4,953
2036	479,562	172.6	\$253,482	1,162	502	\$43.8	\$8.2	\$113	\$8.6	\$58,966	66.1	5,677	5,031
2037	480,863	173.7	\$260,038	1,133	504	\$45.2	\$8.5	\$116	\$8.6	\$59,050	66.8	5,699	5,105
2038	482,068	174.7	\$266,625	1,104	506	\$46.6	\$8.7	\$120	\$8.7	\$59,220	67.4	5,716	5,174
2039	483,093	175.7	\$273,623	1,075	507	\$48.1	\$9.0	\$123	\$8.7	\$59,341	67.9	5,734	5,240
2040	484,011	176.7	\$280,594	1,042	509	\$49.6	\$9.2	\$127	\$8.7	\$59,475	68.4	5,754	5,300
2041	484,863	177.7	\$287,518	1,013	510	\$51.1	\$9.5	\$130	\$8.8	\$59,676	68.9	5,779	5,346
2042	485,730	178.6	\$294,457	985	511	\$52.6	\$9.7	\$133	\$8.8	\$59,890	69.3	5,805	5,389
2043	486,592	179.5	\$301,392	961	513	\$54.1	\$9.9	\$137	\$8.9	\$60,119	70.0	5,833	5,431
2044	487,382	180.4	\$308,145	936	514	\$55.6	\$10.2	\$140	\$8.9	\$60,398	70.4	5,863	5,474
2045	488,222	181.3	\$315,230	908	515	\$57.1	\$10.4	\$143	\$9.0	\$60,580	70.9	5,895	5,525
2046	489,069	182.1	\$322,305	887	516	\$58.7	\$10.6	\$146	\$9.0	\$60,778	71.3	5,927	5,568
2047	489,920	182.9	\$329,456	862	517	\$60.3	\$10.9	\$150	\$9.1	\$60,955	71.8	5,960	5,600
2048	490,776	183.7	\$336,821	838	518	\$61.9	\$11.2	\$153	\$9.1	\$61,132	72.2	5,994	5,627
2049	491,640	184.5	\$344,447	813	519	\$63.5	\$11.4	\$157	\$9.2	\$61,318	72.7	6,029	5,651
2050	492,510	185.2	\$352,313	788	520	\$65.3	\$11.7	\$161	\$9.2	\$61,505	72.9	6,065	5,678

Solano County Economic Forecast

Socioeconomic Indicators

