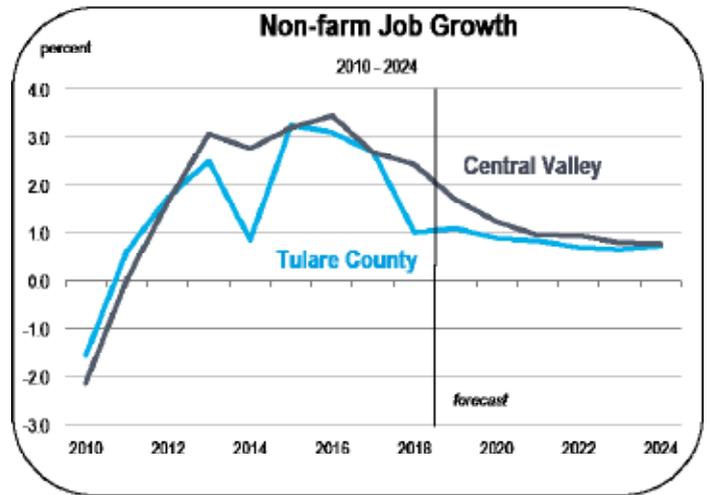


Tulare County Economic Forecast

Forecast Summary

- 1,400 non-farm jobs will be created in Tulare County during 2019. Over the following five years, an average of 1,000 new jobs are expected per year.
- The county is heavily agricultural, and the farm sector accounts for a quarter of the job market. The most prominent commodities produced are milk, fruit, nuts, corn, and cattle.
- Employment growth will be led by leisure services, healthcare, professional business services, and government. Together, these sectors will account for 82 percent of net job creation through 2024.
- The Tulare County unemployment rate has reached its lowest sustainable level, and will not improve further.
- The unemployment rate averaged 9.6 percent in 2018, and may begin to deteriorate by 2020.
- The population is expanding more quickly than the broader state, and will continue to do so.
- Though the forecast for farm employment indicates increasing numbers of jobs over the next several years, Tulare County has been recently impacted by the 2018 and 2019 trade war with China.
- Hong Kong and China together are the second most prominent destination for agricultural shipments from Tulare County. Tariffs on farm exports from California have increased prices to Chinese consumers, reducing their demand for agricultural products like

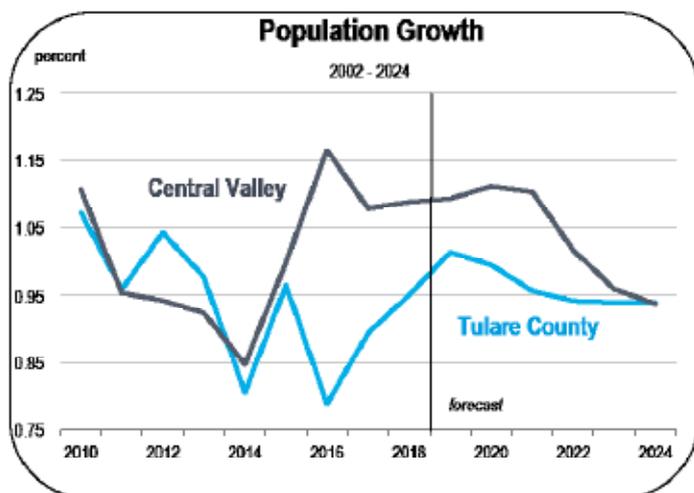


citrus fruits and almonds.

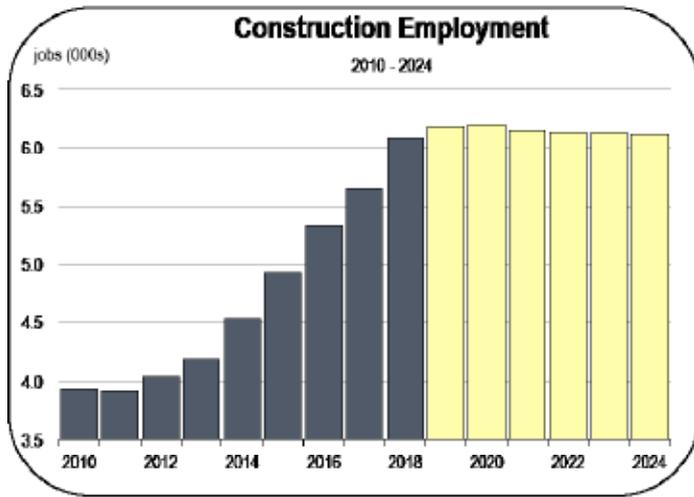
- The trade war however is unlikely to persist and therefore impact the longer term forecast for farm output in the County, or California for that matter.
- Housing production has increased in recent years, and is just barely keeping pace with population growth.
- Most new units will be single-family homes over the forecast period.

Job Growth

- The expected slowdown in job creation is underway, and job growth is not expected to accelerate for the remainder of the economic cycle.
- The leading industries in 2018 were healthcare, construction, and government.
- Between 2012 and 2018, non-farm employment grew by 2.2 percent per year.
- Between 2018 and 2024, growth is forecast to average 0.8 percent per year.
- Approximately 1,400 non-farm jobs will be created during 2019.
- Through 2024, an average of 1,000 new non-farm wage and salary jobs are expected per year.

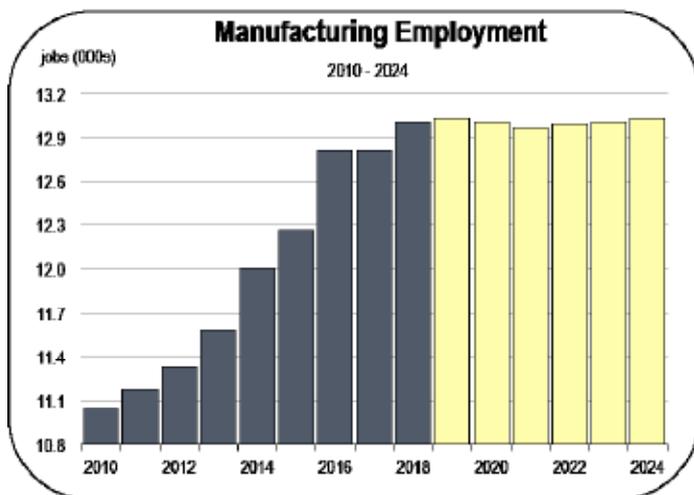


Tulare County Economic Forecast



Construction Employment

- Due to an acceleration in housing production, construction employment has been increasing at a rapid rate.
- The Tulare County construction sector has been punctuated by small projects across many parts of the county.
- More than 1,100 homes and 400 apartments/condos were built across dozens of construction sites in 2018.
- Construction employment also expanded for the renovation of non-residential structures (\$56 million) and to begin various infrastructure and logistics projects.
- The High Speed Rail project may produce significant jobs and spending in Tulare County. However, there appears to be new reluctance about the project from the Board of Supervisors, and



the future of High Speed Rail in Tulare County is unclear.

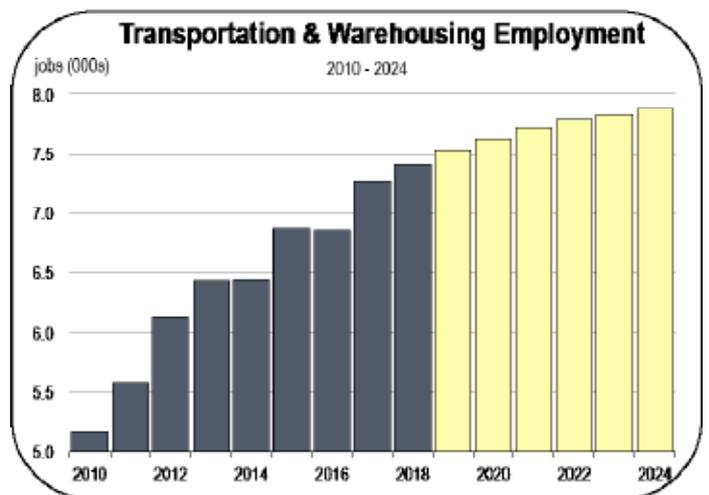
Manufacturing Employment

- Tulare County has a high concentration in food manufacturing, and food manufacturers gained 200 jobs in 2018.
- Other parts of the industry downsized, including medical manufacturing when Nypro, which makes circuit boards for medical devices, laid off 111 workers.
- Further layoffs have been announced for 2019.
- TreeHouse Foods laid off 243 workers in Visalia in February 2019.
- Land O'Lakes will lay off 79 workers at its Tulare plant in May 2019.

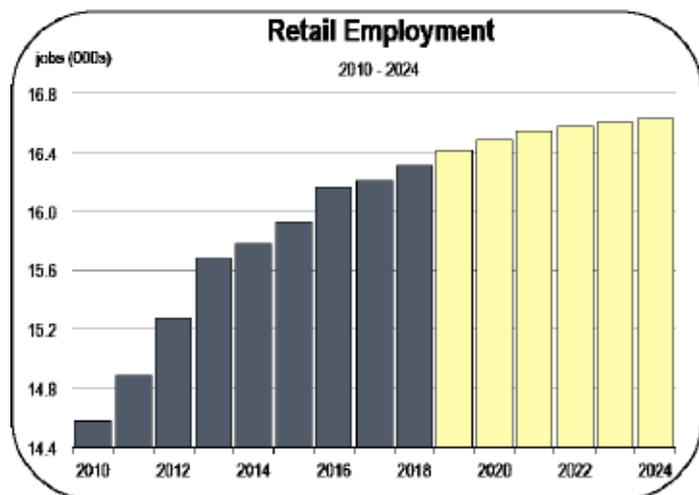
Transportation and Warehousing Employment

- The transportation and warehousing industry has gained 500 jobs over the last two years.
- The local economy has several prominent distribution facilities, including a Wal-Mart fulfillment center in Porterville.
- But the county is not attracting new logistics firms at the same rate as Fresno and Kern Counties.
- The next major distribution center will likely be in Visalia, where UPS purchased 60 acres of land at Riggan Ave. and Plaza Dr.
- The county has 1,000 acres of land zoned for logistics, and if it can attract more companies, job growth could be more rapid than currently expected.

Retail Trade Employment



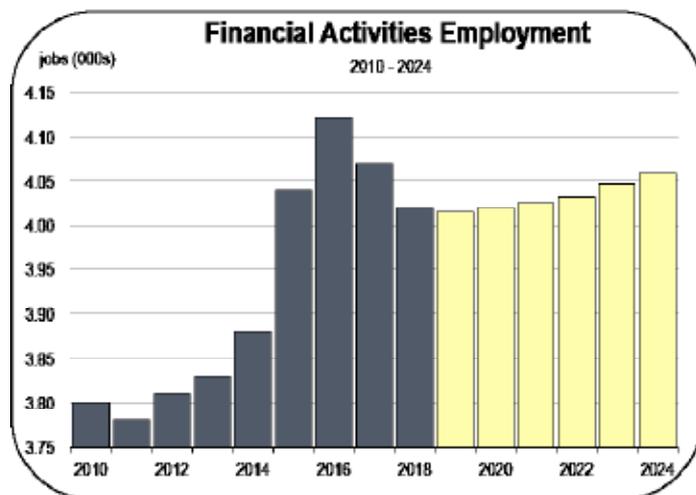
Tulare County Economic Forecast



- Retail employment is expanding very slowly.
- The retail industry is being divided into two groups: stores with heavy online competition, and stores without.
- Growth was minimal in sectors facing online competition:
 - Clothing stores
 - Sporting goods stores
 - Consumer electronics stores
 - Department stores (i.e. Macy's)
- Growth has been faster in sectors not facing heavy online competition:
 - Car dealerships
 - Gas stations
 - Drug stores and healthcare stores
 - Grocery stores
- This sector is in danger of losing jobs in 2020 or 2021, particularly if the economy falls into recession.

Financial Activities Employment

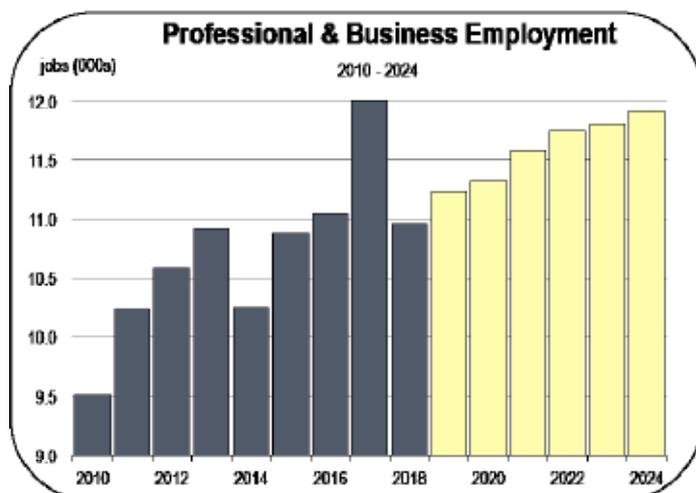
- Financial services companies shed 50 jobs in 2018.
- Losses were observed at banks and insurance firms. As banks and insurance firms offer more online services, fewer customers have been visiting their local branches.
- No meaningful growth is expected in this sector during the forecast period.



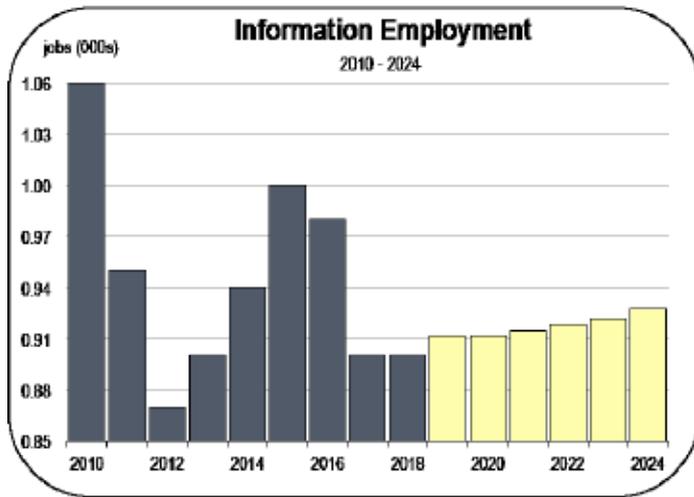
Professional and Business Services Employment

- This industry expanded by almost 1,000 jobs in 2017, then contracted by approximately 1,000 jobs in 2018.
- The industry is partly comprised of high-skill jobs in law, accounting, consulting, and related activities.
- It also has a large percentage of temporary help workers, building maintenance jobs, and corporate security firms.
- Growth will resume in 2019 and 2020.

Information Employment



Tulare County Economic Forecast

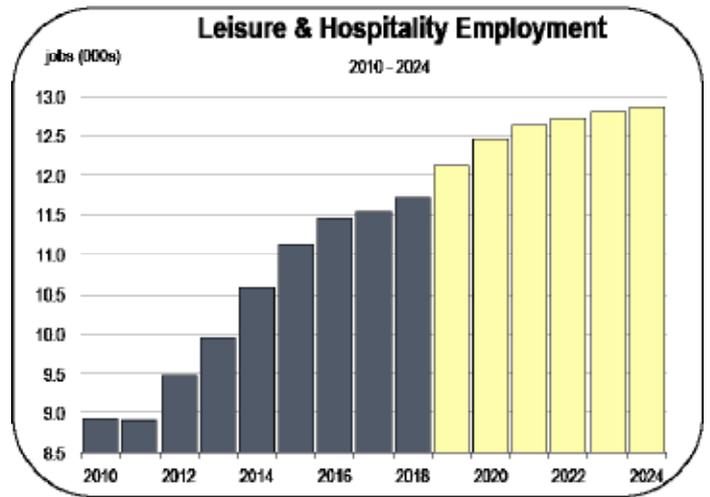


- In Tulare County, the information sector is largely comprised of telecommunications companies.
- The telecommunications sector is in a long-term period of stagnation, and little growth is anticipated over the forecast period.

Private Education and Healthcare Employment

- This sector generated 700 new jobs last year.
- Gains have been widespread, with strong growth in doctors' offices, outpatient care centers, nursing care facilities, home health companies, and organizations that provide services to people with disabilities.
- Tulare Regional Medical Center closed in 2017, and its fate was unclear as it was investigated for fraud and embezzlement. But it reopened as Adventist Health Tulare, saving over 500 healthcare jobs.

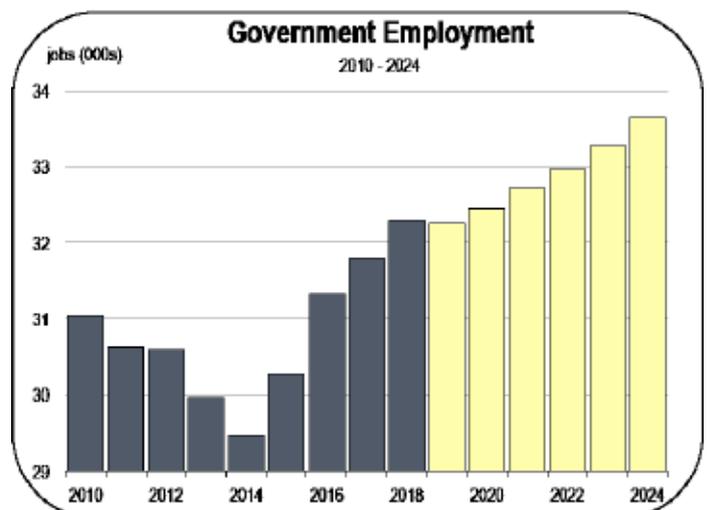
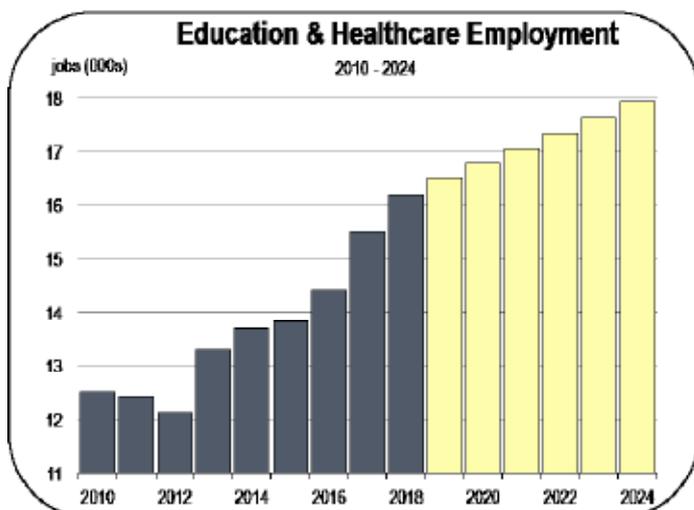
Leisure and Hospitality Employment



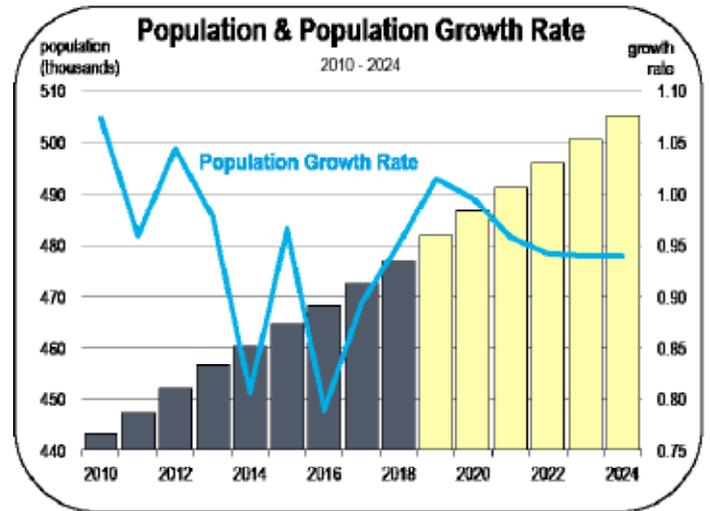
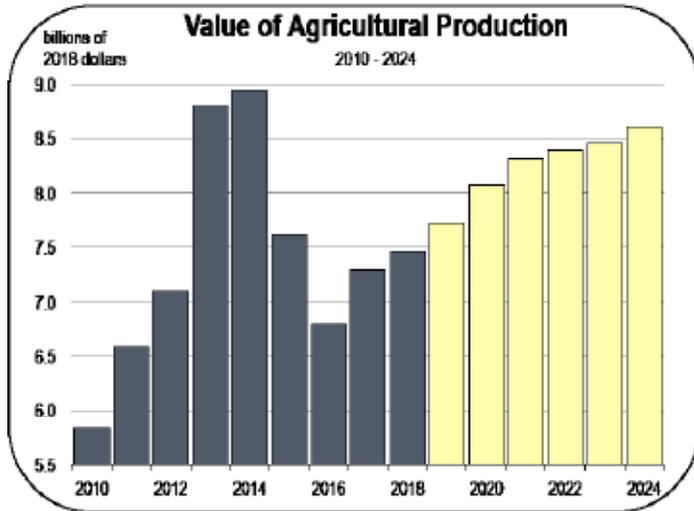
- After years of rapid expansion, the restaurant industry lost several dozen jobs in 2018. Two hundred jobs were gained at hotels, and another 50 were created at gyms and fitness centers.
- The leisure industry is particularly sensitive to changes in the minimum wage. As California's minimum wage rises to \$15 per hour by 2022, job growth could be impacted.
- The median wage in Tulare County is \$15.25 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 has expanded for four consecutive years. Most of the new jobs were created at local schools, while some were the result of expanded hiring at the Eagle Mountain Casino. Because the casino is on the grounds of the Tulare River Indian Tribe, its employees are classified in the government sector.
- Future employment trends will be influenced by population growth, as well as state and local budgetary conditions, but job gains are



Tulare County Economic Forecast



expected to lag the broader labor market.

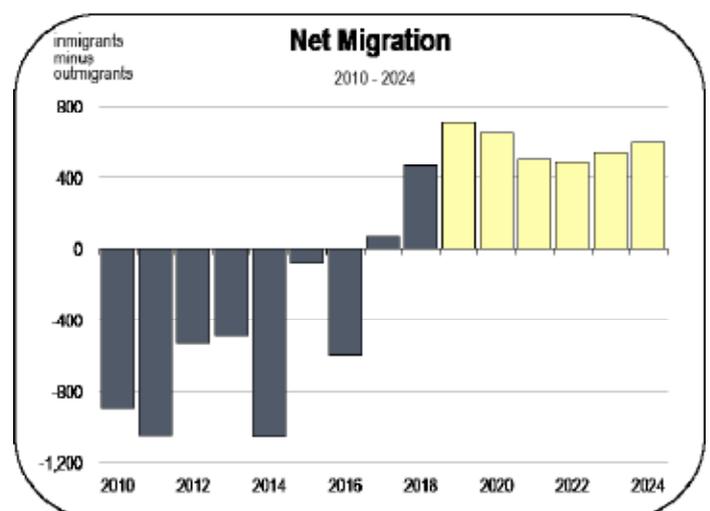
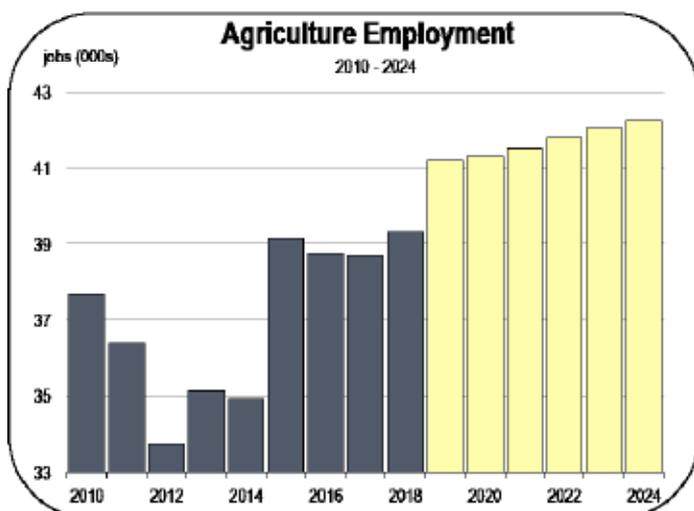
Agriculture

- Tulare County agricultural output has declined by almost \$2 billion since 2014 (adjusted for inflation). Land has been fallowed and agriculture production has been lowered, but farm incomes are primarily declining because of lower commodity prices.
- Milk prices have fallen by 30 percent, reducing farm income by \$1 billion. Chicken prices are also down, leading to \$250 million in lowered income.
- The same is true of oranges (prices down 15 percent), pistachios (prices down 25 percent) and almonds (prices down 40 percent).
- Despite lower production values and the trade wars, harvested

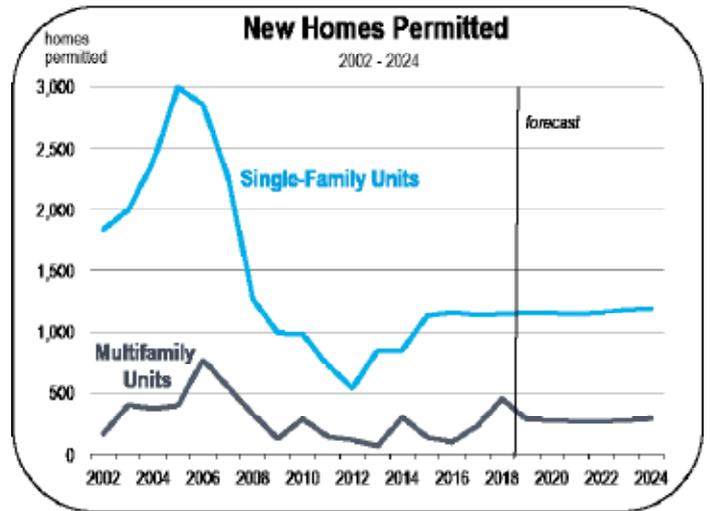
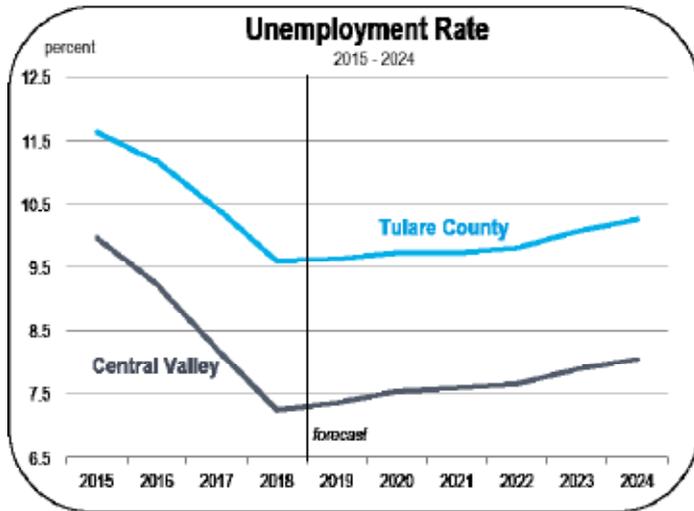
acres are still high, and farms now employ more workers than almost any year on record.

Population Growth

- Population growth accelerated in 2018 as net migration increased.
- Tulare County has a young population with a high birth rate, and new births account for a significant portion of population growth.
- Net migration may remain positive or may go slightly negative over the forecast period. We expect an average of 580 net migrants to enter the county each year through 2024.
- Population growth will average 1.0 percent per year, and the county will eclipse 500,000 residents by the end of the forecast period.



Tulare County Economic Forecast



Unemployment and Inflation Rates

- The unemployment rate in Tulare County averaged 9.6 percent in 2018, which was higher than the rate for the Central Valley.
- The unemployment rate is forecast to rise slightly in 2020, but with an unemployment rate of 9.7 percent, the labor market will still be in a “full employment scenario,” meaning that most people that want a job will already have a job.
- 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.

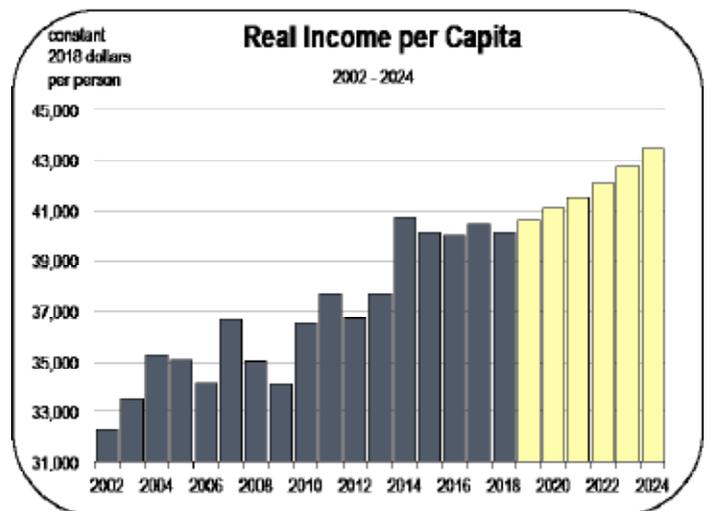
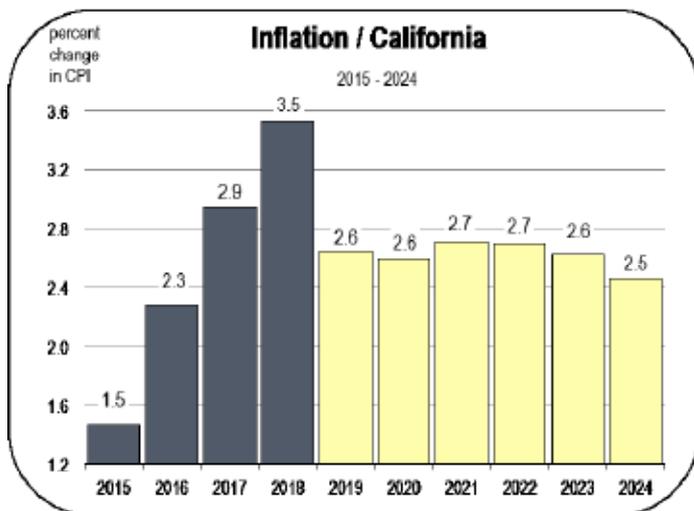
- Because there are large amounts of available land, the development process will be dominated by single family homes rather than multifamily units.
- Housing affordability is now a problem in Coastal California, but homes across Inland California are much more affordable.
- Households in Coastal California typically spend between 35 and 50 percent of their income on mortgage and rental payments.
- In Tulare County, the typical household spends less than 25 percent of its income on housing, although a large share below the poverty line spend much more.

New Housing Production

- From 2013 to 2018, an average of 1,300 homes were permitted per year. Housing production is forecast to average 1,400 homes per year from 2019 to 2024.

Income per Capita

- Income per capita in 2018 was \$40,200, which is below the Central Valley average of \$42,100.
- Over the last six years, real incomes have risen at an average rate of 1.5 percent per year.

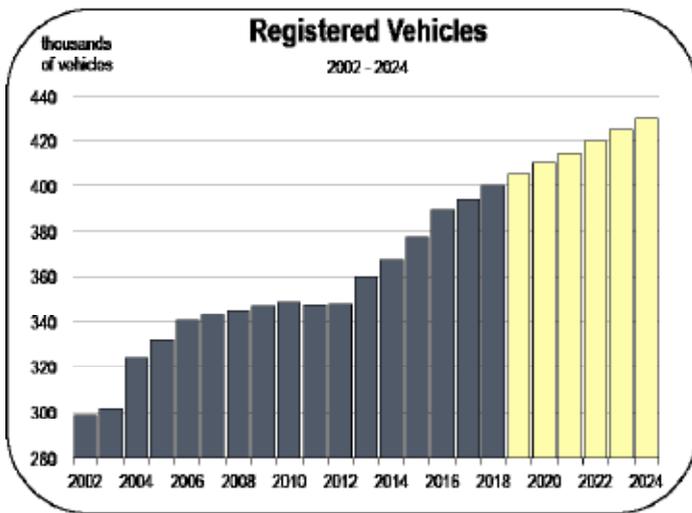


Tulare County Economic Forecast

- Over the next six years, real incomes are expected to rise by approximately 1.3 percent per year in Tulare County.

Registered Vehicles

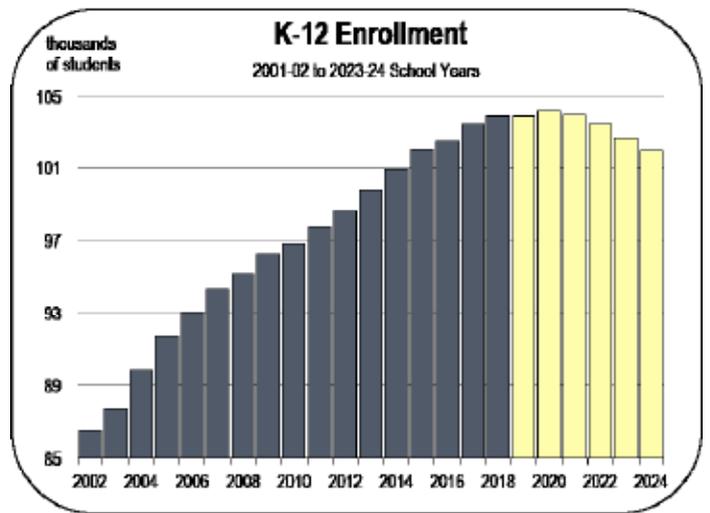
- There were 400,000 registered vehicles in the county in 2018.
- By 2024, it is expected that the county will have approximately 429,700 registered vehicles.



- The number of registered vehicles is expected to increase at similar rates to the overall population, with approximately 28,200 new residents and 29,700 new vehicles by 2024.

Public School Enrollment

- In Tulare County, approximately 103,800 students were enrolled in K-12 public schools during the 2017–2018 school year.
- By 2024, there are expected to be 102,000 K-12 students in the county.



Tulare County Economic Forecast

2015	464,567	133.7	\$128,197	1,261	377	\$17.1	\$4.0	\$69	\$5.4	\$40,141	102.0	7,411	3,108
2016	468,232	134.6	\$130,370	1,254	390	\$17.6	\$4.3	\$75	\$5.4	\$40,015	102.5	7,146	3,023
2017	472,416	136.2	\$135,199	1,358	394	\$18.4	\$4.7	\$83	\$5.5	\$40,471	103.4	7,130	3,056
2018	476,909	137.8	\$138,953	1,593	400	\$19.1	\$5.0	\$88	\$5.6	\$40,154	103.8	7,137	3,076
2019	481,746	139.0	\$144,625	1,431	405	\$20.1	\$5.3	\$92	\$5.6	\$40,602	103.9	7,236	3,111
2020	486,540	140.4	\$150,254	1,426	410	\$21.1	\$5.5	\$96	\$5.7	\$41,110	104.1	7,317	3,175
2021	491,197	141.8	\$155,802	1,406	415	\$22.1	\$5.7	\$100	\$5.8	\$41,521	103.9	7,399	3,245
2022	495,824	143.2	\$162,086	1,418	420	\$23.2	\$5.9	\$104	\$5.9	\$42,081	103.4	7,479	3,340
2023	500,482	144.7	\$168,847	1,449	425	\$24.4	\$6.1	\$107	\$6.1	\$42,734	102.7	7,553	3,435
2024	505,183	146.1	\$175,925	1,474	430	\$25.7	\$6.3	\$110	\$6.2	\$43,485	102.0	7,632	3,529
2025	509,909	147.6	\$182,307	1,471	435	\$26.9	\$6.5	\$113	\$6.3	\$44,070	101.0	7,703	3,627
2026	514,666	149.1	\$189,219	1,489	440	\$28.2	\$6.6	\$116	\$6.5	\$44,760	100.4	7,768	3,720
2027	519,402	150.6	\$196,556	1,506	446	\$29.6	\$6.8	\$119	\$6.6	\$45,547	99.8	7,828	3,815
2028	524,106	152.1	\$203,944	1,514	451	\$31.0	\$7.0	\$122	\$6.8	\$46,282	99.4	7,894	3,920
2029	528,791	153.6	\$210,625	1,514	457	\$32.4	\$7.1	\$125	\$6.9	\$46,772	98.8	7,965	4,028
2030	533,430	155.1	\$217,334	1,509	463	\$33.7	\$7.3	\$128	\$7.0	\$47,274	98.4	8,038	4,140
2031	538,033	156.6	\$224,249	1,508	468	\$35.1	\$7.5	\$130	\$7.1	\$47,829	98.3	8,109	4,252
2032	542,591	158.2	\$230,571	1,508	475	\$36.5	\$7.6	\$134	\$7.2	\$48,128	98.6	8,181	4,364
2033	547,103	159.7	\$237,342	1,509	481	\$37.9	\$7.8	\$136	\$7.3	\$48,678	98.9	8,250	4,476
2034	551,550	161.2	\$244,373	1,507	486	\$39.4	\$8.0	\$139	\$7.4	\$49,156	99.5	8,308	4,584
2035	555,926	162.7	\$251,645	1,506	491	\$40.9	\$8.1	\$142	\$7.5	\$49,599	100.2	8,357	4,698
2036	560,222	164.2	\$259,043	1,501	497	\$42.5	\$8.4	\$146	\$7.6	\$49,840	101.1	8,397	4,804
2037	564,423	165.7	\$266,748	1,492	502	\$44.2	\$8.6	\$150	\$7.6	\$50,055	101.9	8,419	4,905
2038	568,522	167.2	\$274,724	1,483	508	\$45.9	\$8.8	\$154	\$7.7	\$50,382	103.0	8,427	5,000
2039	572,539	168.7	\$282,952	1,475	513	\$47.7	\$9.1	\$159	\$7.8	\$50,619	103.7	8,448	5,092
2040	576,480	170.2	\$291,263	1,467	518	\$49.6	\$9.3	\$163	\$7.9	\$50,879	104.5	8,476	5,181
2041	580,375	171.7	\$299,662	1,454	524	\$51.4	\$9.5	\$167	\$7.9	\$51,215	105.4	8,509	5,251
2042	584,230	173.1	\$308,140	1,440	529	\$53.4	\$9.8	\$171	\$8.0	\$51,575	106.1	8,547	5,317
2043	588,055	174.6	\$316,699	1,425	535	\$55.3	\$10.0	\$175	\$8.1	\$51,959	106.9	8,592	5,383
2044	591,851	176.0	\$325,320	1,407	540	\$57.3	\$10.2	\$179	\$8.2	\$52,418	107.5	8,637	5,450
2045	595,602	177.4	\$334,076	1,401	545	\$59.3	\$10.4	\$183	\$8.3	\$52,758	107.9	8,677	5,528
2046	599,323	178.9	\$342,880	1,395	550	\$61.3	\$10.7	\$187	\$8.4	\$53,122	108.2	8,719	5,595
2047	603,037	180.3	\$351,762	1,390	555	\$63.4	\$10.9	\$191	\$8.5	\$53,464	108.5	8,768	5,648
2048	606,744	181.7	\$360,846	1,384	560	\$65.5	\$11.1	\$195	\$8.5	\$53,802	108.9	8,813	5,695
2049	610,448	183.0	\$370,246	1,379	565	\$67.8	\$11.4	\$199	\$8.6	\$54,151	109.1	8,856	5,737
2050	614,135	184.4	\$379,885	1,374	570	\$70.1	\$11.6	\$204	\$8.7	\$54,499	109.3	8,894	5,788

Employment Sectors

2015-2018 History, 2019-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	157.6	39.1	4.9	12.3	6.9	19.9	4.0	10.9	1.0	13.8	11.1	30.3
2016	160.9	38.8	5.3	12.8	6.9	20.3	4.1	11.1	1.0	14.4	11.5	31.3
2017	164.1	38.7	5.7	12.8	7.3	20.4	4.1	12.0	0.9	15.5	11.5	31.8
2018	166.0	39.3	6.1	13.0	7.4	20.6	4.0	11.0	0.9	16.2	11.7	32.3
2019	169.3	41.2	6.2	13.0	7.5	20.8	4.0	11.2	0.9	16.5	12.1	32.2
2020	170.5	41.3	6.2	13.0	7.6	20.9	4.0	11.3	0.9	16.8	12.5	32.4
2021	171.8	41.5	6.1	13.0	7.7	20.9	4.0	11.6	0.9	17.1	12.6	32.7
2022	173.0	41.8	6.1	13.0	7.8	21.0	4.0	11.7	0.9	17.3	12.7	33.0
2023	174.1	42.0	6.1	13.0	7.8	21.0	4.0	11.8	0.9	17.6	12.8	33.3
2024	175.3	42.2	6.1	13.0	7.9	21.1	4.1	11.9	0.9	17.9	12.9	33.6
2025	176.5	42.4	6.1	13.0	7.9	21.1	4.1	12.0	0.9	18.3	12.9	34.0
2026	177.8	42.7	6.1	13.1	8.0	21.1	4.1	12.1	0.9	18.6	13.1	34.5
2027	179.2	42.9	6.1	13.1	8.1	21.1	4.1	12.2	0.9	19.0	13.2	34.9
2028	180.5	43.1	6.1	13.1	8.1	21.1	4.1	12.3	0.9	19.4	13.3	35.3
2029	181.9	43.3	6.1	13.1	8.2	21.1	4.1	12.4	0.9	19.8	13.4	35.8
2030	183.3	43.5	6.1	13.1	8.2	21.1	4.1	12.5	1.0	20.2	13.5	36.3
2031	184.7	43.6	6.1	13.2	8.3	21.2	4.1	12.6	1.0	20.6	13.6	36.7
2032	186.0	43.8	6.1	13.2	8.4	21.2	4.1	12.7	1.0	21.1	13.7	37.2
2033	187.3	44.0	6.1	13.2	8.4	21.2	4.1	12.8	1.0	21.5	13.8	37.6
2034	188.5	44.1	6.1	13.2	8.5	21.2	4.1	12.9	1.0	22.0	13.9	37.9
2035	189.7	44.2	6.1	13.2	8.5	21.2	4.1	13.0	1.0	22.4	14.1	38.3
2036	190.9	44.3	6.1	13.2	8.6	21.2	4.1	13.1	1.0	22.8	14.2	38.6
2037	192.0	44.4	6.1	13.2	8.6	21.2	4.1	13.2	1.0	23.2	14.3	38.9
2038	193.1	44.5	6.1	13.2	8.7	21.2	4.1	13.3	1.0	23.6	14.4	39.2
2039	194.1	44.7	6.1	13.2	8.7	21.2	4.1	13.4	1.0	24.0	14.5	39.4
2040	195.1	44.8	6.0	13.2	8.8	21.2	4.1	13.6	1.0	24.3	14.6	39.7
2041	196.1	45.0	6.0	13.2	8.8	21.2	4.1	13.7	1.0	24.7	14.7	39.9
2042	197.1	45.1	6.0	13.2	8.9	21.2	4.1	13.8	1.0	25.0	14.8	40.1
2043	198.1	45.3	6.0	13.2	8.9	21.2	4.1	13.9	1.0	25.3	15.0	40.3
2044	199.0	45.5	6.0	13.2	8.9	21.2	4.1	14.0	1.0	25.6	15.1	40.5
2045	200.0	45.7	6.0	13.2	9.0	21.2	4.1	14.1	1.0	25.9	15.2	40.7
2046	200.9	45.8	6.0	13.3	9.0	21.2	4.1	14.2	1.0	26.2	15.3	40.9
2047	201.8	46.0	6.0	13.3	9.1	21.2	4.1	14.3	1.0	26.5	15.4	41.0
2048	202.8	46.2	6.0	13.3	9.1	21.3	4.1	14.4	1.0	26.8	15.5	41.2
2049	203.7	46.4	6.0	13.3	9.1	21.3	4.1	14.5	1.0	27.1	15.6	41.4
2050	204.6	46.6	6.0	13.3	9.2	21.3	4.1	14.7	1.0	27.4	15.7	41.6

Tulare County Economic Forecast

Socioeconomic Indicators

