**Forecast Summary**

- It is estimated that total employment in Butte County will decline by 5 to 7 percent during 2020. This is an annual average change from 2019.
- The unemployment rate averaged 5.1 percent in 2019. It will average somewhere between 10 percent and 12 percent for the 2020 calendar year.
- The Butte County population is expected to grow more quickly than the broader Northern California region during the 2020-2025 forecast period.
- Home values are not expected to change much in 2020 or 2021.
- Housing production is expected to increase rapidly during the forecast period.

**Job Growth**

- Butte County was among the few regions of California to lose jobs in 2019. In 2019, total wage and salary employment declined by 2,000 jobs, a decrease of 2.3 percent.
- Job losses in 2019 were a direct result of the Camp Fire, which burned through the City of Paradise in November 2018, destroyed thousands of homes, forced businesses to close, and led to a large wave of out-migration.
- In 2020, Butte County is expected to lose an average of 4,000 to 6,000 jobs as a result of the Coronavirus Recession.
- Job losses in 2020 will be most prominent in leisure and hospitality, education and healthcare, professional business services, and government.
- In 2021, Butte County is expected to re-gain approximately half of the jobs lost during the Coronavirus Recession.

**Construction Employment**

- The construction sector is expected to gain thousands of jobs during the 2020-2025 forecast period.
- The Camp Fire destroyed 18,661 structures, including 13,850 homes. The re-building process, which began in 2019, will require a large number of new construction workers.
- Through mid-2020, permits had been issued to re-build 1,400 homes that were destroyed in the Camp Fire. It is assumed that more than 10,000 homes will have been re-built by 2025.
Retail Trade Employment

- The retail sector lost 400 jobs in 2019, largely in the City of Paradise, where the Camp Fire destroyed thousands of commercial structures and homes. The most prominent losses were in grocery stores in the City of Paradise.

- The retail industry is expected to lose an additional 400 to 600 jobs in 2020 as a result of the Coronavirus Recession.

- Some subsectors of the retail industry have continued to expand, including e-commerce. There are now more than 1,500 e-commerce jobs in Butte County, an exponential increase that has been observed over the last two decades.

Financial Activities Employment

- The financial activities sector has been losing jobs for several years, and losses will persist into 2021 or later.

- The most prominent declines have been observed at local banks.

- Local banks employed as many as 1,000 workers within the last decade, but employed only 700 workers in 2019.

- Virtually no net job creation is expected in the financial activities industry during the 2020-2025 forecast period.

Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each will be impacted differently during the recession and recovery phases of 2020 and 2021.

- Meaningful losses were observed at building maintenance companies in 2020, but these sectors are expected to rebound as people go back to their offices.

- Staffing agencies experienced substantial job declines in 2020. Staffing agencies typically employ temp workers, and temps are
Butte County Economic Forecast

Professional & Business Services Sub-Sectors 2019

<table>
<thead>
<tr>
<th>Subsector</th>
<th>Jobs in Subsector</th>
<th>Share of Overall Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building Maintenance</td>
<td>1,400</td>
<td>26.9%</td>
</tr>
<tr>
<td>Staffing Agencies</td>
<td>1,300</td>
<td>25.0%</td>
</tr>
<tr>
<td>Engineering &amp; Architecture</td>
<td>500</td>
<td>9.6%</td>
</tr>
<tr>
<td>Corporate Headquarters</td>
<td>500</td>
<td>9.6%</td>
</tr>
<tr>
<td>Law</td>
<td>400</td>
<td>7.7%</td>
</tr>
<tr>
<td>Accounting &amp; Bookkeeping</td>
<td>300</td>
<td>5.8%</td>
</tr>
<tr>
<td>Veterinary Services</td>
<td>300</td>
<td>5.8%</td>
</tr>
<tr>
<td>Business &amp; Technical Consulting</td>
<td>300</td>
<td>5.8%</td>
</tr>
<tr>
<td>Custom IT Services</td>
<td>200</td>
<td>3.8%</td>
</tr>
<tr>
<td>Other</td>
<td>600</td>
<td>11.5%</td>
</tr>
</tbody>
</table>

- Veterinarians experienced a decline in customers in 2020, but this decline is expected to be temporary.
- Aside from maintenance, staffing agencies, and veterinarians, most subsectors of the professional business services industry were able to operate remotely and were relatively unaffected by the downturn.
- Overall employment in professional and business services is expected to increase throughout the 2020-2025 forecast period, in tandem with job gains across most of California.

Private Education and Healthcare Employment

- There were 12,000 healthcare jobs in Butte County in 2019, a decrease of 1,000 positions from the previous year.
- A meaningful number of healthcare jobs were displaced by the Camp Fire, which swept through the City of Paradise and destroyed medical facilities.
- Additional healthcare jobs are expected to be lost in 2020. Healthcare jobs were recession proof during the 2008-2009 financial crisis. However, some non-essential medical offices had to close in 2020, and others reduced their employment levels because resources were not utilized as envisioned to support Coronavirus patients.
- There were approximately 6,000 social assistance jobs in 2019, including industries like childcare and non-medical care for senior citizens and people with disabilities.
- In social assistance organizations, layoffs were heavy at institutions with revenue shortfalls in 2020. Some of these jobs may not be restored until social distancing regulations are relaxed, but others began to return in the summer of 2020.
- There were 400 jobs in private educational organizations in Butte County in 2019. Losses were observed at some facilities, and these jobs may not be restored until 2021 or later.

Leisure and Hospitality Employment

- In 2019, Butte County had 8,100 jobs in restaurants, hotels, and bars. Almost 50 percent were laid off in March and April. Another 40 to 45 percent of workers had their hours cut or were furloughed without pay.
- Jobs at hotels and restaurants began to increase again in the summer of 2020, and should expand further in 2021 and 2022.
- Butte County had 900 jobs in entertainment and recreation in 2019, including facilities like fitness centers, museums, and performing arts centers. Many of these organizations will operate at reduced capacities through the end of 2020 and potentially into 2021.
Butte County Economic Forecast

Government Employment

- The largest government agency in Butt County is California State University, Chico, which has 16,000 students and 2,000 employees.

- Government agencies are expected to lose revenue from taxes and fees in 2020 and 2021.

- When government agencies need to reduce expenditures on salaries, many workers are expected to be given unpaid furlough days that are distributed throughout the year, and many staffing reductions could be the result of hiring freezes rather than layoffs.

- However, if revenue shortfalls are severe and Congress does not appropriate funding to mitigate these shortfalls, government agencies may have no choice but to issue layoffs.

Population Growth

- The Butte County population declined by 10,400 residents in 2019. Virtually all of this decline was the result of out-migration from the City of Paradise.

- The population is expected to grow between 2020 and 2025 as residents return to homes that have been re-built, and as construction workers move to Butte County to re-build those homes.

- The population will expand at an annual average rate of 1.4 percent per year from 2020 to 2025, placing Butte County among the fastest growing counties of California.

- By 2025 the Butte County population will surpass 235,000 residents.

Unemployment and Inflation Rates

- The unemployment rate in Butte County averaged 5.1 percent in 2019, which was similar the composite rate for the broader Northern California region.

- The unemployment rate is expected to average between 10 and 12 percent during the 2020 calendar year.
Butte County Economic Forecast

- The unemployment rate is expected to remain elevated for several years, but is likely to improve more quickly than after the 2008-2009 recession.

- Inflation decelerated in 2019 as energy prices declined and home prices increased more slowly than the previous year.

- Inflation is expected to be very low in 2020 but could accelerate in 2021 or 2022.

**Home Prices and New Housing Production**

- In 2019, the median home price in Butte County was $309,200. The median price is not expected to change much in 2020 or 2021.

- Homes in Butte County are more affordable than homes across California, especially Coastal California.

- In Butte County, the typical household spends less than 25 percent of its pre-tax income on mortgage payments or rent.

- Along Coastal California, the typical household spends more than 35 percent of pre-tax income on housing costs, and in very expensive markets like San Francisco, housing costs often account for more than 50 percent of household income.

- From 2014 to 2019, an average of 4,700 new homes were started per year in Butte County. Approximately 63 percent were single-family homes.

- Housing production is expected to average 1,500 homes per year from 2020 to 2025, consisting primarily of single-family homes.

- Of the homes built between 2020 and 2025, approximately 10,650 are expected to be fire re-builds, and approximately 5,200 are expected to be new units that are unrelated to the Camp Fire.

- The City of Oroville will be among the most prominent areas for housing construction.

- As of mid-2020, there were more than 600 units in the Oroville construction pipeline, along with a $200 million hospital expansion and a 55,000 square foot hotel project.

- High levels of construction will also be observed in the City of Chico, where 2,700 units are in the construction pipeline.

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**Residential Construction Projects: City of Oroville / 2020**

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Units</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Olive Grove Apartments</td>
<td>135 Apartments</td>
<td>Approved</td>
</tr>
<tr>
<td>The Village</td>
<td>97 Homes</td>
<td>In Planning</td>
</tr>
<tr>
<td>Riverbend Apartments</td>
<td>72 Apartments</td>
<td>Approved</td>
</tr>
<tr>
<td>Vista Del Oro</td>
<td>71 Homes</td>
<td>Under Construction</td>
</tr>
<tr>
<td>Linkside Place II</td>
<td>56 Homes</td>
<td>Approved</td>
</tr>
<tr>
<td>Sierra Heights</td>
<td>52 Apartments</td>
<td>Under Construction</td>
</tr>
<tr>
<td>Sierra Heights 2</td>
<td>48 Apartments</td>
<td>Approved</td>
</tr>
<tr>
<td>Riverbend Apartments 2</td>
<td>48 Apartments</td>
<td>In Planning</td>
</tr>
</tbody>
</table>
The Camp Fire of November 2018

The Camp Fire was the most destructive wildfire in California history. Approximately 52,000 people were evacuated from their homes in Paradise, Centerville, Magalia, Pulga, Berry Creek, and Butte Valley. The community of Concow and the City of Paradise were destroyed on the first day of the fire. The fire caused 85 fatalities and injured 17 people, devastating an area of 240 square miles.

A total of 18,661 structures were destroyed, including 13,850 homes. Another 493 homes were damaged. Estimates have put the total value of the damage at $16.5 billion. Approximately 35,000 residents of Paradise were displaced. Many families began living in trailers or in tents, relocated to Chico and Oroville, or moved to Redding in Shasta County. Some left the region entirely.

Effect on City of Chico

The population of the City of Paradise dropped 83 percent. The population of the City of Chico Jumped 21 percent. The population jumped by a similar increase in Oroville.

Along with the sudden and significant increase in population in Chico came a spike in the demand for goods, services, and housing.

Zillow reported that the median price in Chico in October 2018 (one month before the fire) was $332,000. By March 2019, the median price had jumped to $401,000, an increase of 21 percent.\(^1\) Rental prices also soared in Chico, rising 15 percent from October 2018 to September 2019.\(^2\) The broader effect on home prices throughout Butte County was a uniform increase of 15 percent.

Effect on Construction Activity

Many of the homes and buildings destroyed by the Camp Fire will be re-built, leading to a tremendous increase in construction activity.

It is assumed that more than 10,000 homes will be re-built by the end of the 2020-2025 forecast period. For most of this period, fire re-builds will outstrip other housing construction by a wide margin.

The peak year for fire re-builds is expected to occur between 2021 and 2023, and activity should taper off from there.

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1. [https://www.zillow.com/chico-ca/home-values/](https://www.zillow.com/chico-ca/home-values/)
2. ibid
### 2020 COUNTY-LEVEL ECONOMIC FORECAST

#### Butte County Economic Forecast

**Economic Indicators 2015-2019 History, 2020-2050 Forecast**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total State Taxable Retail Sales (billions)</th>
<th>Personal Income (billions)</th>
<th>Total State Sales Tax Collection (billions)</th>
<th>State Sales Tax Rate (percent)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$42.8</td>
<td>$3.1</td>
<td>$2.8</td>
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</tr>
<tr>
<td>2016</td>
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<td>2017</td>
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<tr>
<td>2018</td>
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<tr>
<td>2019</td>
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</table>


<table>
<thead>
<tr>
<th>Employment Sectors</th>
<th>Total Wage &amp; Salary (billions)</th>
<th>Farm</th>
<th>Construction</th>
<th>Manufacturing</th>
<th>Transportation &amp; Utilities</th>
<th>Wholesale &amp; Retail Trade</th>
<th>Financial Activities (thousands of jobs)</th>
<th>Professional Services</th>
<th>Information</th>
<th>Health &amp; Education</th>
<th>Leisure</th>
<th>Government</th>
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<tbody>
<tr>
<td>2015</td>
<td>$8.9</td>
<td>3.0</td>
<td>3.4</td>
<td>4.2</td>
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<td>1.2</td>
<td>3.5</td>
<td>1.0</td>
<td>1.1</td>
<td>18.1</td>
<td>8.4</td>
<td>16.3</td>
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<tr>
<td>2016</td>
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<td>3.6</td>
<td>4.3</td>
<td>1.6</td>
<td>1.3</td>
<td>3.4</td>
<td>1.0</td>
<td>1.2</td>
<td>18.9</td>
<td>8.9</td>
<td>17.8</td>
</tr>
<tr>
<td>2017</td>
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<td>3.7</td>
<td>4.3</td>
<td>1.6</td>
<td>1.3</td>
<td>3.3</td>
<td>1.0</td>
<td>1.3</td>
<td>19.4</td>
<td>9.4</td>
<td>18.9</td>
</tr>
<tr>
<td>2018</td>
<td>$8.5</td>
<td>3.1</td>
<td>3.8</td>
<td>4.3</td>
<td>1.6</td>
<td>1.3</td>
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<td>1.4</td>
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<td>19.6</td>
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<tr>
<td>2019</td>
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<td>1.5</td>
<td>20.5</td>
<td>10.5</td>
<td>20.4</td>
</tr>
</tbody>
</table>

**Note:** The data reflects forecasts for selected years from 2015 to 2050, providing insights into economic indicators such as personal income, sales taxes, and employment sectors across various years.
Butte County Economic Forecast

Socioeconomic Indicators

**Violent Crime Rate**
- 2018: Butte County 530, Northern California 509, California 447

**Poverty Rate**
- 2019: Butte County 11.1, Northern California 12.0, California 10.0

**Median Household Income**
- 2019: Butte County $53,952, Northern California $53,500, California $79,000

**Median Home Selling Price**
- 2019: Butte County $225,000, Northern California $325,000, California $592,400

**Average Travel Time to Work**
- 2019: Butte County 22 minutes, Northern California 22 minutes, California 32 minutes

**Percent of Population Age 25+ With at Least a 4-Year College Degree**
- 2019: Butte County 26.7%, Northern California 23.0%, California 33.3%