

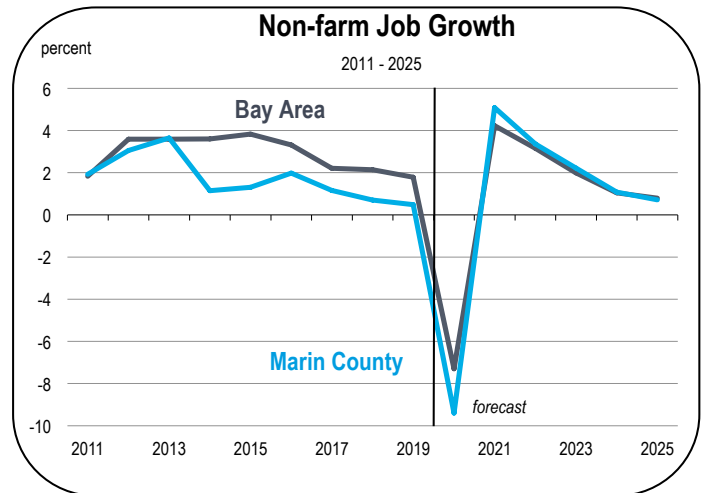
# Marin County Economic Forecast

## Forecast Summary

- On an annual average basis, approximately 10,000 to 12,000 non-farm jobs will be lost in Marin County during 2020. Job losses will be very heavy in the first half of the year.
- Employment losses will be largest in leisure services and retail trade.
- The unemployment rate averaged 2.3 percent in 2019. It will average between 6 and 8 percent for the 2020 calendar year.
- The Marin County population is expected to grow more slowly than the Bay Area average during the forecast period.
- Housing production will fall sharply in 2020 but should rebound in 2021 and 2022.
- Home values are not expected to change much in 2020 or 2021.

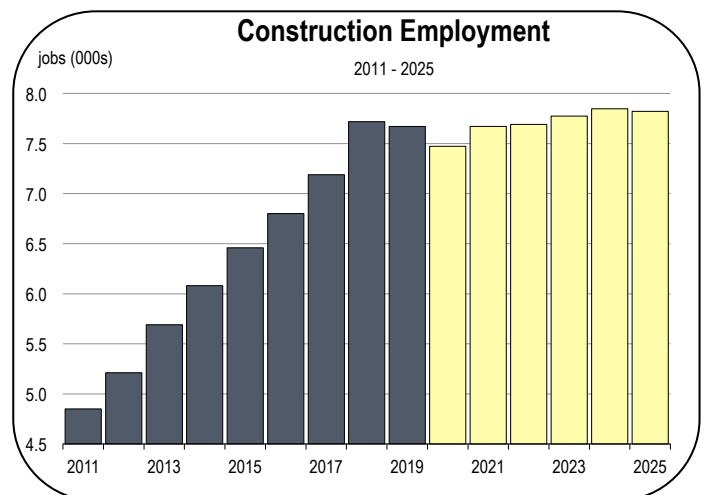
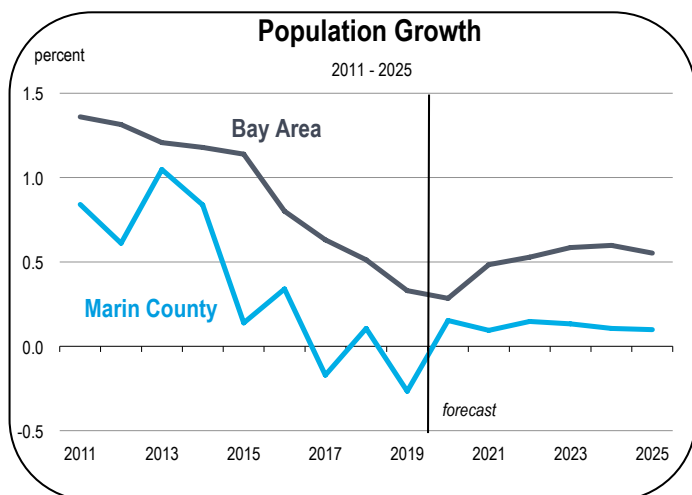
## Job Growth

- Total employment in Marin County will decline by 9 or 10 percent in 2020 on an annual average basis.
- In 2021, the county is expected to re-gain many of the jobs that were lost during the Coronavirus Recession.

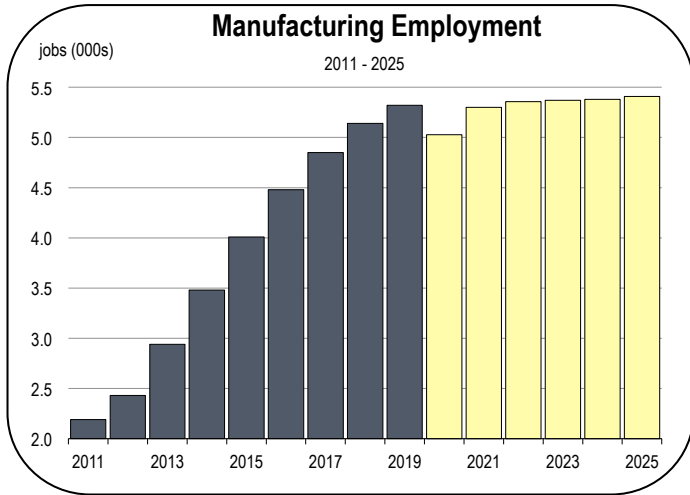


## Construction Employment

- The construction sector is expected to lose a few hundred jobs in 2020.
- Most California construction activity was deemed non-essential for several weeks in March and April, leading to significant construction layoffs that average down total employment in 2020.
- Construction employment will expand in 2021 and may return to pre-recession levels relatively quickly.



# Marin County Economic Forecast

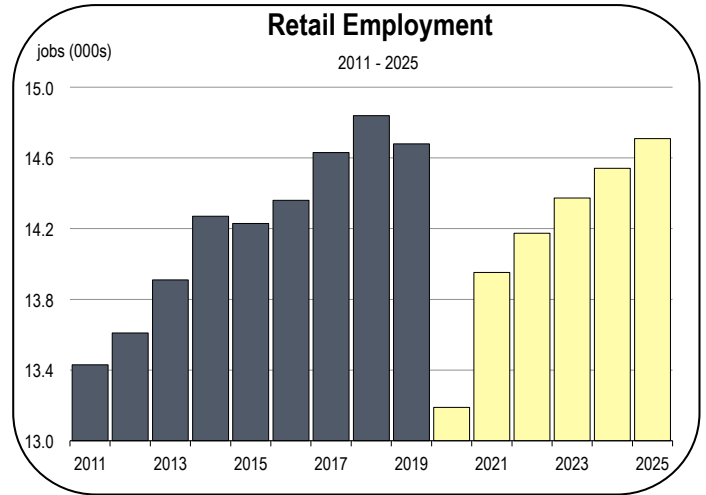
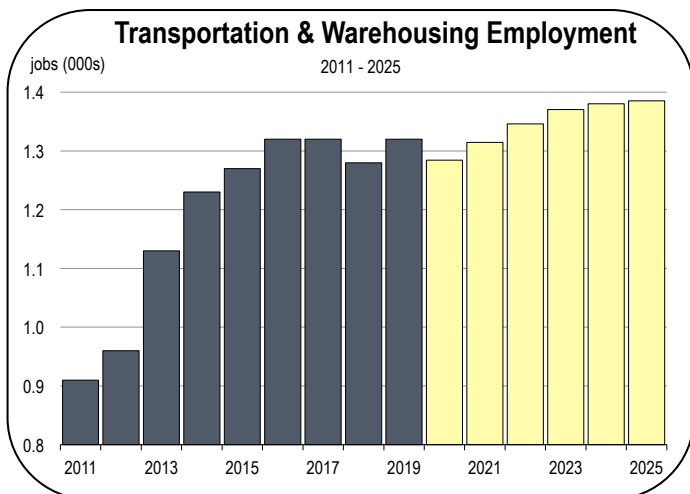


## Manufacturing Employment

- Manufacturing employment is expected to fall by 5 or 6 percent during 2020, a decrease of a few hundred jobs.
- Manufacturing activity is forecast to rebound in 2021 and could return to pre-recession levels within the next few years.

## Transportation and Warehousing Employment

- Transportation and warehousing employment is expected to decline by a small number of jobs in 2020.
- Transportation employment will expand in 2021 as business and consumer travel gradually resumes.

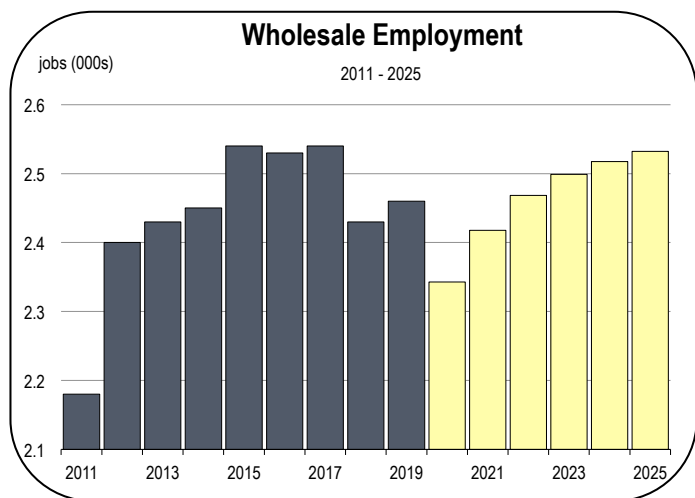


## Retail Trade Employment

- The retail sector is expected to lose more than 1,000 jobs in 2020.
- Many retail chains chose to furlough their employees rather than lay them off completely, and furloughed workers are not considered to be unemployed. This is a technical detail that will mask the true number of work stoppages in the retail sector.
- Accounting for furloughed workers more than 2,000 retail workers could be effectively not working and not earning an income on an annual average basis in 2020.

Retail Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Grocery Stores	3,800	25.9%
General Merchandise Stores	1,500	10.2%
Car Dealers	1,300	8.9%
Used Merchandise Stores	1,200	8.2%
Home Improvement & Garden Stores	1,000	6.8%
Furniture & Furnishings Stores	1,000	6.8%
Clothing Stores	900	6.1%
Pharmacies & Drug Stores	500	3.4%
Electronics Stores	400	2.7%
Gas Stations	400	2.7%
Online Retailers	300	2.0%
Other	2,400	16.4%

# Marin County Economic Forecast



- It is unclear if retail trade employment will return to pre-recession levels during the 2020-2025 forecast period.

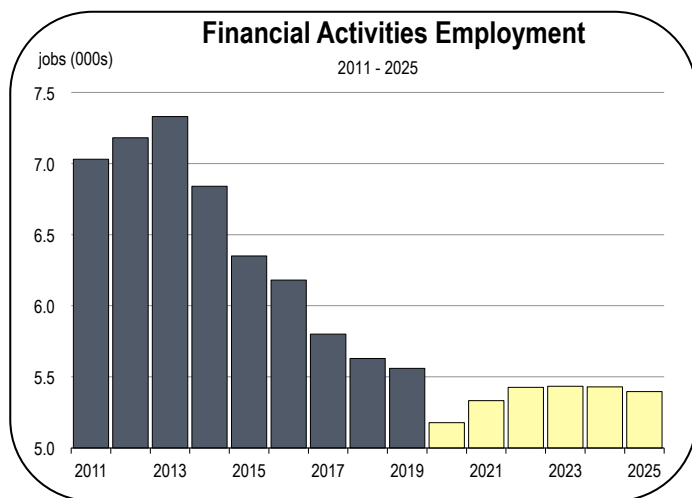
## Wholesale Trade Employment

- Wholesale trade employment is expected to fall by at least 100 jobs on an annual average basis in 2020.
- Wholesale employment will expand in tandem with manufacturing, construction, retail, and transportation employment.

## Financial Activities Employment

- Substantial job declines are expected in 2020 because many employers closed, committing their employees to shelter-in-place for health reasons.
- The most prominent losses are expected in real estate and lending.
- There have been fewer homes on the market in 2020 than there were in 2019, reducing the need for real estate agents and mortgage brokers.
- Banks also reduced their head counts in the second quarter of 2020 due to a temporary reduction of in-person branch visits.
- Employment in financial activities companies began declining several years before the Coronavirus Recession, and it is unlikely

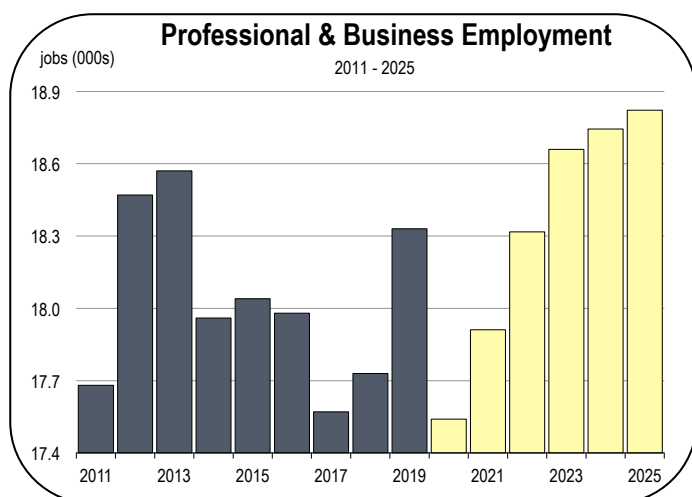
Financial Activities Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Real Estate	2,200	39.3%
Investment Management	1,400	25.0%
Banks	1,400	25.0%
Insurance	600	10.7%



that employment levels will surpass their previous peak before the end of 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 periods of 2020 and 2021.
- Jobs in corporate security and building maintenance declined substantially during the shutdowns but are expected rebound at office and industrial buildings with repopulating employment.
- Staffing agencies had significant losses during the contraction, but may bounce back quickly once the economy begins to expand again.
- Staffing agencies primarily employ temp workers. Temp workers are usually laid off first during a downturn but hired back first during a recovery.



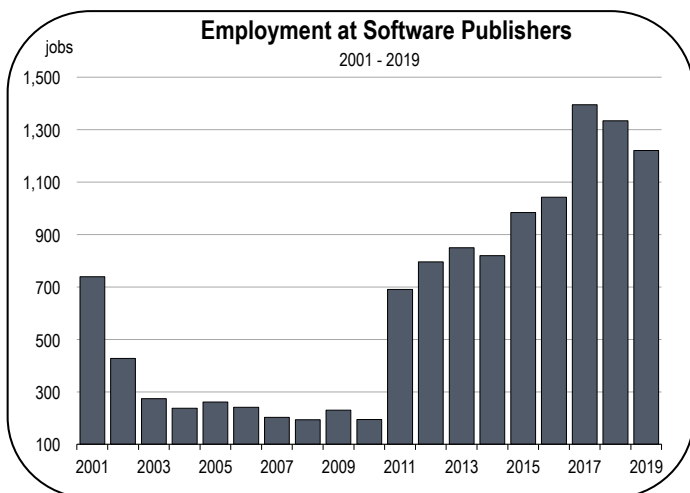
# Marin County Economic Forecast

Professional & Business Services Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Building Maintenance	3,600	19.6%
Corporate Headquarters	2,900	15.8%
Custom IT Services	2,200	12.0%
Accounting & Bookkeeping	1,300	7.1%
Business Consulting	1,000	5.4%
Engineering & Architecture	1,000	5.4%
Law	900	4.9%
Marketing and Advertising	800	4.3%
Staffing Agencies	600	3.3%
Corporate Security	500	2.7%
Scientific Research	300	1.6%
Other	3,300	17.9%

- Aside from security, maintenance, staffing agencies, and scientific research labs, most subsectors of the professional business services industry were able to operate remotely and were less affected by the recession.
- The forecast calls for substantial growth of this sector after 2021 and 2022.

## Information Employment

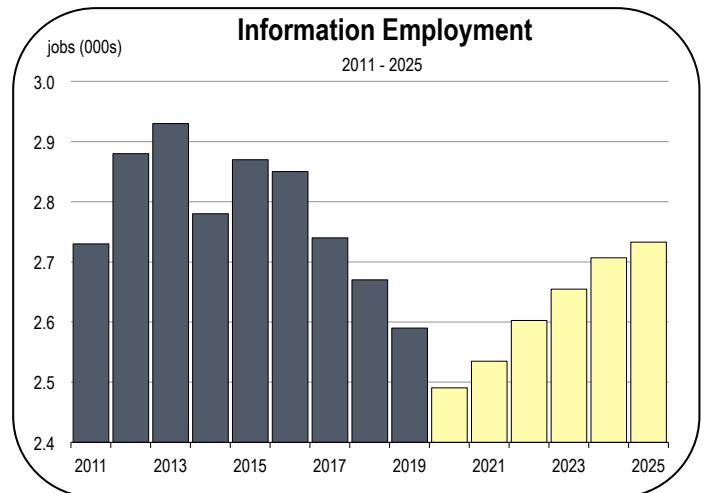
- In Marin County, the information sector is dominated by firms that design and sell off-the-shelf software products.
- Software firms were growing during parts of the last decade, adding new jobs through 2017. But in 2018 and 2019 the number



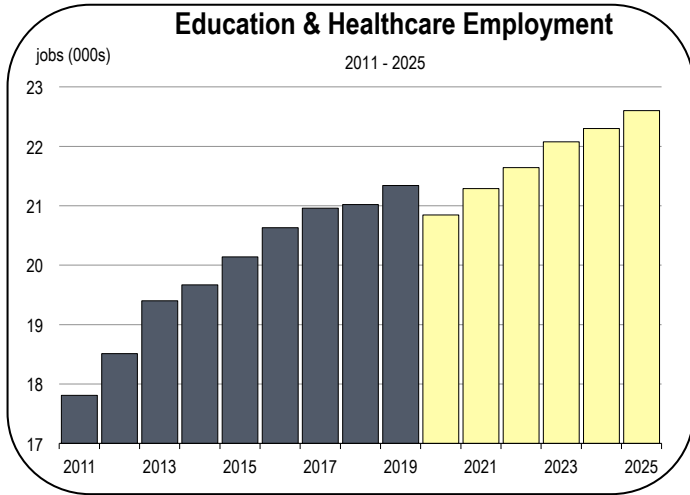
Information Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Software Publishers	1,250	49.0%
Newspaper / Magazine / Book Publishers	300	11.8%
TV / Movie / Music Recording	300	11.8%
Movie Theaters	300	11.8%
Internet & Data Services	200	7.8%
Telecommunications	100	3.9%

of software jobs contracted, alongside virtually all other subsectors of the information industry.

- Job growth in the software subsector will be slow in 2021 and 2022 because many of these firms will observe more cautious hiring practices, pending how business conditions evolve.
- Many newspaper, magazine, and TV/radio workers were allowed to remain in their jobs, but advertising revenues shrank with the rest of the economy, giving employers little choice but to issue layoff notices.
- Jobs at movie theaters may remain below pre-recession levels into 2021 or later, as movie theaters could be required to operate under strict social distancing guidelines that reduce the number of customers they can serve.
- Telecommunications jobs were classified as essential and these workers largely remained employed throughout the recession.
- Over the 2020-2025 forecast period, most growth will come from software publishers and data/Internet companies. Most other subsectors will decline.



# Marin County Economic Forecast

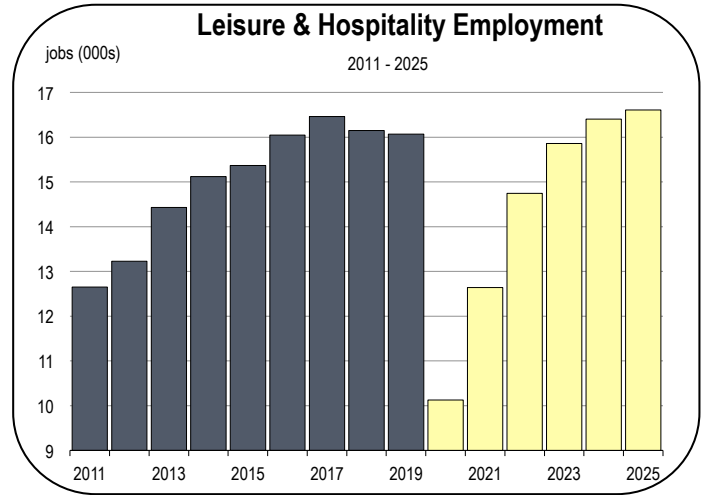


## Private Education and Healthcare Employment

- There were 11,000 healthcare jobs in Marin County in 2019.
- Healthcare jobs were recession proof during the 2008-2009 financial crisis. However, some non-essential medical offices had to close in 2020, and hospitals reduced 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, housing shelters, and non-medical care for senior citizens.
- There were also 4,000 jobs in private schools and colleges, tutoring services, vocational schools, and other educational organizations.
- Jobs in social assistance and education were mostly classified as essential, but there were still layoffs at institutions with revenue shortfalls.

## Leisure and Hospitality Employment

- The leisure and hospitality industry was devastated by the recession more than any other sector of the labor market.
- In 2019, Marin County had 13,000 jobs in restaurants, hotels, and bars. Our research indicates that most were laid off, furloughed, or had their hours cut in the months of March and April.
- Marin County also had 3,000 jobs in entertainment and recreation in 2019, including things like fitness centers, museums, and performing arts venues. Many of these organizations will operate

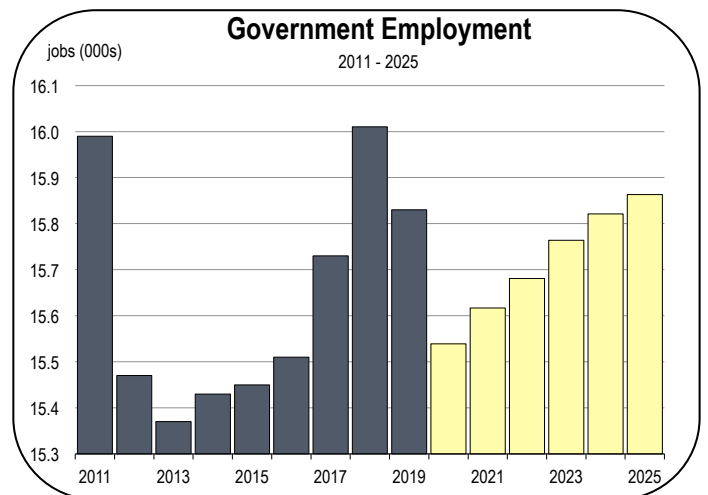


at reduced capacities through the end of 2020 and potentially into 2021.

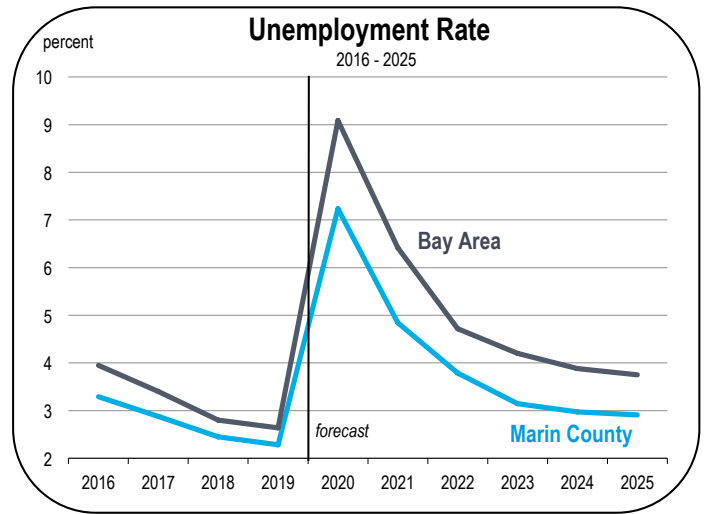
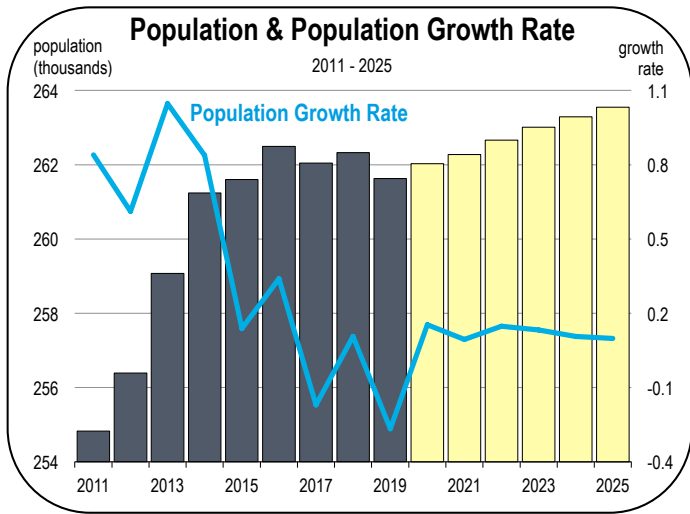
- Overall leisure and hospitality employment will rebound convincingly in 2021 and 2022, but may not return to pre-recession levels for several years.

## Government Employment

- Government agencies are expected to lose revenue from taxes and fees in 2020, and these revenue shortfalls will likely persist into 2021 and 2022.
- 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.



# Marin County Economic Forecast



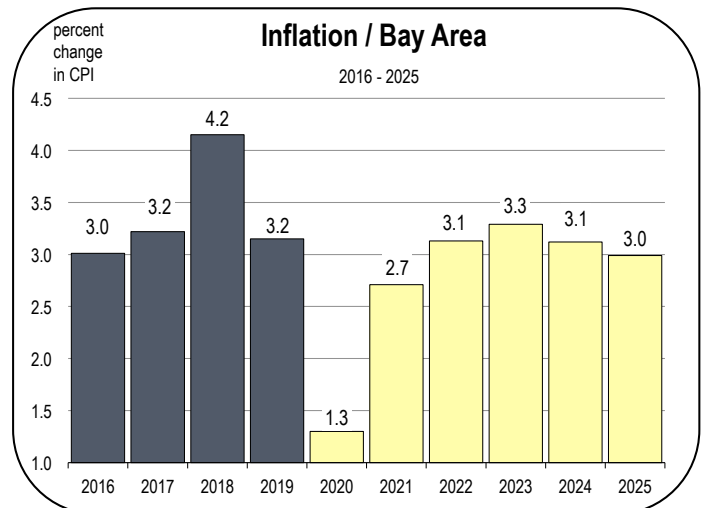
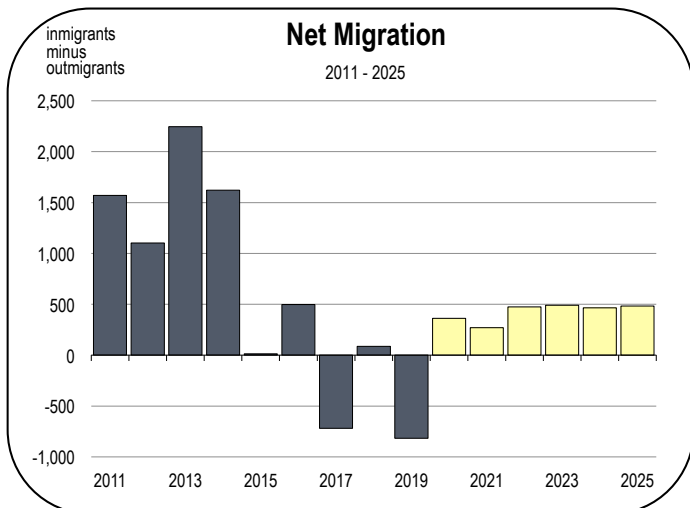
• However, if revenue shortfalls are severe and Congress does not appropriate funding to mitigate these shortfalls, government agencies may have no choice but to issue layoffs.

## Population Growth

- The Marin County population is expected to expand more slowly than they Bay Area average between 2020 and 2025.
- Net migration is expected to be low, with an average of only 425 net migrants entering the county each year.
- But net migration will account for all population growth in Marin County because the birth rate will be lower than the mortality rate.
- The population will grow at an annual average rate of 0.1 percent per year from 2020 to 2025.
- By 2025 the Marin County population will surpass 263,000 residents.

## Unemployment and Inflation Rates

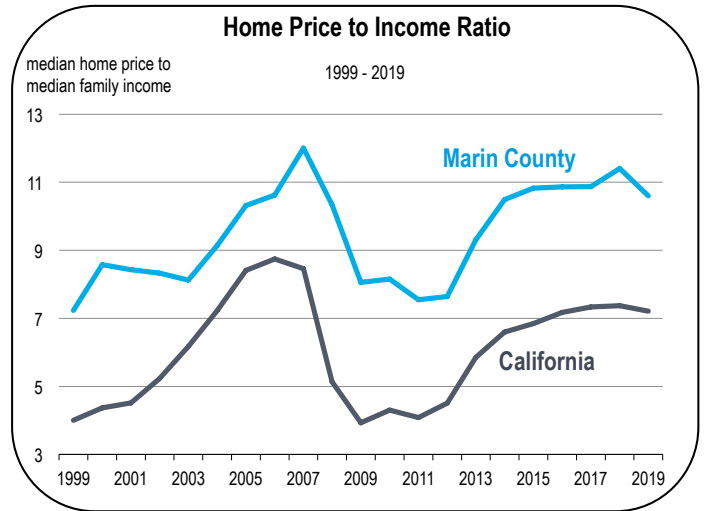
- The unemployment rate in Marin County averaged 2.3 percent in 2019, which was below the composite rate for the Bay Area.
- The unemployment rate is expected to average between 6 and 8 percent in 2020.
- The unemployment rate is expected to remain elevated for several years, but is likely to improve 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.



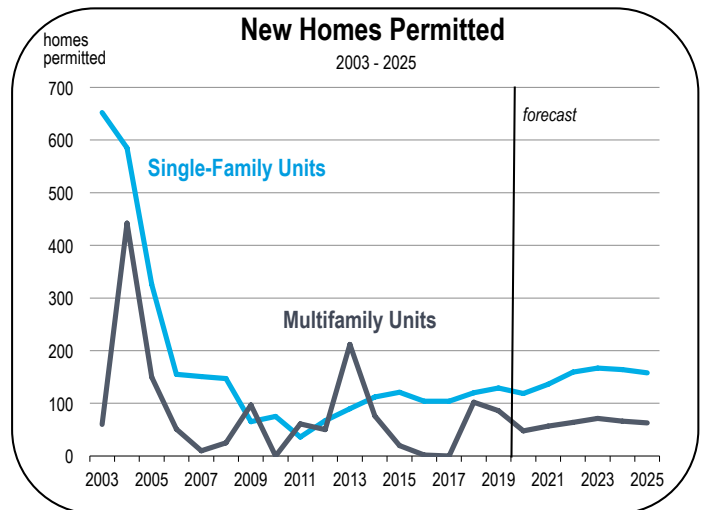
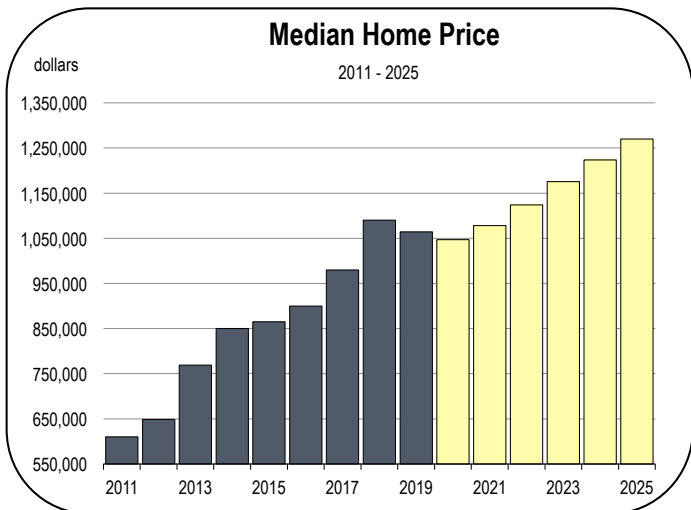
# Marin County Economic Forecast

## Home Prices and New Housing Production

- In 2019 the median home price in Marin County was \$1,064,000.
- The median price is expected to be relatively stable in 2020 and 2021.
- Home prices have become prohibitively expensive in Marin County, and housing affordability in 2018 and 2019 was not much better than during the housing bubble of 2004-2007.
- In 2019, a typical household in Marin County would have had to spend 50 percent of its pre-tax income on mortgage payments in order to afford the median-priced home, indicating that housing prices have become excessive.
- From 2014 to 2019, an average of 163 new homes were started per year in Marin County. Approximately two thirds were single-family homes.



- Housing production is expected to average 210 homes per year from 2020 to 2025, consisting primarily of single-family homes.



# Marin County Economic Forecast

## Economic Indicators

## 2015-2019 History, 2020-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production Rate (millions)	Inflation Rate (percent)
2015	261,605	103.7	13	141	246	\$29.9	\$3.8	\$5.1	\$1.1	\$130,606	3.6	\$126.9	2.6
2016	262,494	103.8	498	106	249	\$30.9	\$3.8	\$5.1	\$1.4	\$130,392	3.3	\$107.0	3.0
2017	262,047	103.9	-719	104	247	\$32.4	\$3.8	\$5.2	\$1.4	\$132,821	2.9	\$93.7	3.2
2018	262,326	104.2	87	222	248	\$34.9	\$4.0	\$5.4	\$1.5	\$137,105	2.5	\$97.1	4.2
2019	261,627	104.3	-818	215	250	\$36.5	\$4.1	\$5.5	\$1.5	\$139,531	2.3	\$96.9	3.2
2020	262,028	104.4	362	166	248	\$35.4	\$3.6	\$5.0	\$1.6	\$133,424	7.2	\$95.7	1.3
2021	262,275	104.5	270	193	250	\$37.1	\$4.1	\$5.3	\$1.6	\$135,989	4.8	\$97.7	2.7
2022	262,662	104.7	474	223	250	\$39.5	\$4.3	\$5.6	\$1.6	\$140,207	3.8	\$98.2	3.1
2023	263,011	104.9	490	238	250	\$42.1	\$4.5	\$6.0	\$1.7	\$144,564	3.1	\$98.4	3.3
2024	263,291	105.0	465	230	251	\$44.5	\$4.7	\$6.3	\$1.7	\$147,757	3.0	\$98.5	3.1
2025	263,549	105.2	483	221	251	\$46.7	\$5.0	\$6.6	\$1.7	\$150,453	2.9	\$98.8	3.0
2026	263,870	105.4	577	226	251	\$48.9	\$5.2	\$6.9	\$1.8	\$152,920	2.8	\$99.1	2.9
2027	264,066	105.6	481	229	251	\$51.0	\$5.4	\$7.3	\$1.8	\$155,115	2.7	\$99.4	2.8
2028	264,063	105.7	308	223	251	\$53.3	\$5.7	\$7.6	\$1.9	\$157,507	2.7	\$99.6	2.9
2029	264,157	105.9	418	219	251	\$55.5	\$5.9	\$7.9	\$1.9	\$159,026	2.6	\$99.9	3.0
2030	264,312	106.1	492	219	250	\$57.6	\$6.1	\$8.2	\$1.9	\$160,577	2.7	\$100.1	2.9
2031	264,452	106.3	491	218	250	\$59.8	\$6.2	\$8.4	\$1.9	\$161,929	2.6	\$100.2	2.8
2032	264,523	106.4	430	216	249	\$62.0	\$6.4	\$8.7	\$2.0	\$163,053	2.6	\$100.4	3.0
2033	264,736	106.6	580	216	249	\$64.2	\$6.6	\$8.9	\$2.0	\$164,571	2.7	\$100.6	2.6
2034	265,089	106.8	725	223	249	\$66.6	\$6.8	\$9.2	\$2.0	\$165,775	2.6	\$100.8	2.8
2035	265,509	106.9	797	230	249	\$69.1	\$7.0	\$9.4	\$2.1	\$166,811	2.6	\$100.9	2.9
2036	265,871	107.1	746	234	249	\$71.7	\$7.2	\$9.8	\$2.1	\$167,481	2.7	\$101.1	3.3
2037	266,286	107.3	800	238	249	\$74.5	\$7.5	\$10.1	\$2.1	\$168,139	2.7	\$101.2	3.4
2038	266,668	107.5	769	237	249	\$77.2	\$7.7	\$10.4	\$2.1	\$168,701	2.7	\$101.4	3.2
2039	267,016	107.7	737	232	249	\$80.1	\$8.0	\$10.8	\$2.1	\$169,109	2.7	\$101.5	3.4
2040	267,440	107.8	821	227	250	\$83.0	\$8.3	\$11.1	\$2.2	\$169,458	2.7	\$101.7	3.3
2041	267,842	108.0	802	211	250	\$86.0	\$8.5	\$11.5	\$2.2	\$170,156	2.7	\$101.9	3.1
2042	268,107	108.2	682	199	251	\$89.0	\$8.8	\$11.8	\$2.2	\$170,833	2.7	\$102.0	3.0
2043	268,303	108.3	630	185	251	\$92.1	\$9.0	\$12.2	\$2.2	\$171,636	2.7	\$102.2	2.9
2044	268,705	108.5	856	182	252	\$95.2	\$9.3	\$12.5	\$2.3	\$172,478	2.7	\$102.3	2.7
2045	269,160	108.6	933	185	252	\$98.4	\$9.6	\$12.9	\$2.3	\$173,012	2.7	\$102.4	2.9
2046	269,586	108.8	920	186	253	\$101.7	\$9.8	\$13.3	\$2.3	\$173,773	2.7	\$102.6	2.8
2047	269,973	108.9	888	186	254	\$105.2	\$10.1	\$13.7	\$2.3	\$174,503	2.7	\$102.7	2.8
2048	270,353	109.0	886	185	254	\$108.7	\$10.4	\$14.1	\$2.3	\$175,209	2.7	\$102.9	2.8
2049	270,748	109.2	903	184	255	\$112.3	\$10.7	\$14.5	\$2.4	\$175,923	2.7	\$103.0	2.8
2050	271,168	109.3	930	185	256	\$116.0	\$11.0	\$14.9	\$2.4	\$176,599	2.7	\$103.2	2.8

## Employment Sectors

## 2015-2019 History, 2020-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	112.3	0.3	6.5	4.0	1.3	16.8	6.4	18.0	2.9	20.1	15.4	15.5
2016	114.5	0.3	6.8	4.5	1.3	16.9	6.2	18.0	2.9	20.6	16.1	15.5
2017	115.8	0.3	7.2	4.9	1.3	17.2	5.8	17.6	2.7	21.0	16.5	15.7
2018	116.7	0.3	7.7	5.1	1.3	17.3	5.6	17.7	2.7	21.0	16.2	16.0
2019	117.2	0.4	7.7	5.3	1.3	17.1	5.6	18.3	2.6	21.3	16.1	15.8
2020	106.2	0.3	7.5	5.0	1.3	15.5	5.2	17.5	2.5	20.8	10.1	15.5
2021	111.6	0.3	7.7	5.3	1.3	16.4	5.3	17.9	2.5	21.3	12.6	15.6
2022	115.4	0.3	7.7	5.4	1.3	16.6	5.4	18.3	2.6	21.6	14.7	15.7
2023	117.9	0.3	7.8	5.4	1.4	16.9	5.4	18.7	2.7	22.1	15.9	15.8
2024	119.2	0.3	7.8	5.4	1.4	17.1	5.4	18.7	2.7	22.3	16.4	15.8
2025	120.0	0.3	7.8	5.4	1.4	17.2	5.4	18.8	2.7	22.6	16.6	15.9
2026	120.8	0.3	7.8	5.4	1.4	17.4	5.4	18.9	2.7	22.8	16.8	15.9
2027	121.5	0.3	7.8	5.5	1.4	17.6	5.4	19.0	2.8	22.9	16.9	16.0
2028	122.1	0.3	7.8	5.5	1.4	17.8	5.5	19.1	2.8	23.0	17.0	16.0
2029	122.5	0.3	7.8	5.5	1.4	17.9	5.4	19.2	2.8	23.1	17.0	16.1
2030	122.9	0.3	7.7	5.5	1.4	17.9	5.4	19.2	2.9	23.3	17.1	16.1
2031	123.3	0.3	7.6	5.5	1.4	17.9	5.5	19.3	2.9	23.4	17.2	16.2
2032	123.7	0.3	7.6	5.6	1.4	17.9	5.5	19.4	2.9	23.5	17.3	16.2
2033	124.1	0.3	7.6	5.6	1.4	17.9	5.5	19.5	2.9	23.7	17.3	16.3
2034	124.5	0.3	7.7	5.6	1.4	18.0	5.4	19.6	2.9	23.8	17.4	16.3
2035	124.9	0.3	7.6	5.6	1.4	18.0	5.4	19.7	2.9	24.0	17.5	16.3
2036	125.3	0.3	7.6	5.6	1.4	18.0	5.4	19.7	2.9	24.1	17.6	16.4
2037	125.7	0.3	7.5	5.6	1.4	18.0	5.4	19.8	2.9	24.2	17.7	16.4
2038	126.0	0.3	7.5	5.6	1.4	18.0	5.4	19.9	2.9	24.4	17.7	16.4
2039	126.4	0.3	7.4	5.6	1.4	18.0	5.4	20.0	3.0	24.5	17.8	16.5
2040	126.8	0.3	7.3	5.6	1.4	18.0	5.4	20.1	3.0	24.7	17.9	16.5
2041	127.2	0.3	7.3	5.6	1.4	18.0	5.4	20.1	3.0	24.9	17.9	16.6
2042	127.6	0.3	7.2	5.7	1.4	18.0	5.5	20.2	3.0	25.0	18.0	16.6
2043	128.0	0.3	7.2	5.7	1.4	18.1	5.5	20.3	3.0	25.2	18.1	16.7
2044	128.4	0.3	7.2	5.7	1.4	18.1	5.4	20.4	3.1	25.3	18.2	16.7
2045	128.8	0.3	7.2	5.7	1.4	18.1	5.4	20.5	3.1	25.5	18.2	16.7
2046	129.3	0.3	7.2	5.7	1.4	18.1	5.4	20.6	3.1	25.6	18.3	16.8
2047	129.8	0.3	7.2	5.7	1.5	18.1	5.5	20.6	3.1	25.8	18.4	16.8
2048	130.1	0.3	7.2	5.7	1.5	18.1	5.4	20.7	3.2	25.9	18.4	16.8
2049	130.6	0.3	7.2	5.7	1.5	18.1	5.4	20.8	3.2	26.1	18.5	16.9
2050	131.0	0.3	7.2	5.7	1.5	18.1	5.5	20.9	3.2	26.3	18.6	16.9



# Marin County Economic Forecast

## Socioeconomic Indicators

