Forecast Summary

- It is estimated that an average of 1,500 to 2,000 jobs will be lost in San Benito County during 2020. Job losses will be heavy in the first half of the year.
- Employment losses will be largest in leisure services, retail trade, and government.
- The unemployment rate averaged 5.1 percent in 2019. It will average between 12 percent and 14 percent for the 2020 calendar year.
- The San Benito County population is expected to grow more quickly than the Central Coast average during the forecast period.
- Home values are not expected to change much in 2020 or 2021.
- Housing production is expected to decline in 2020 and 2021.

Job Growth

- Total employment in the county will decline by at least 9 percent in 2020. This is an annual average change from 2019.
- In 2021, San Benito County is expected to re-gain some of the jobs that were lost during the Coronavirus Recession, but the San Benito County labor market recovery will lag most other regions of California.

Construction Employment

- The construction sector is not expected to lose jobs on an annual average basis in 2020.
- Most California construction activity was deemed non-essential for portions of March and April, leading to construction layoffs.
- Restrictions on construction were lifted in late April, and overall activity began to ramp back up during the spring and summer.
- Construction projects will largely have resumed by 2021 but fewer workers may be used on each project due to social distancing protocols.
San Benito County Economic Forecast

Manufacturing Employment

- Manufacturing employment is expected to decrease by 4 to 6 percent in San Benito County during 2020.
- Manufacturing activity is forecast to rebound slowly after the recession subsides and may not approach pre-recession levels for several years.

Transportation and Warehousing Employment

- Most transportation jobs in San Benito County are in trucking and warehousing, where firms deliver goods to and from the Port of Oakland, and store these goods in logistics facilities.
- A meaningful share of San Benito County transportation jobs are in delivery firms like UPS, FedEx, and Instacart. Delivery firms hired large numbers of workers during the second quarter of 2020, and could be among the few corners of the labor market to expand throughout the year.

Retail Trade Employment

- The retail sector is expected to lose 500 to 800 jobs in 2020 on an annual average basis.
- 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 900 retail workers could be effectively not working and not earning an income on an annual average basis in 2020.
- Retail trade jobs will return after in-store shopping is permitted in a sustained way.

Wholesale Trade Employment

- Wholesale trade employment is expected to fall by 50 to 100 jobs on an annual average basis in 2020.
By the end of the 2020-2025 forecast period, the wholesale sector is unlikely to re-gain all of the jobs that were lost during the Cotonavirus Recession.

Financial Activities Employment

- The financial activities sector is not expected to lose many jobs on an annual average basis in 2020.
- Over the forecast period, no meaningful job creation is expected in financial activities.

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.
- Jobs in building maintenance declined substantially during the shutdowns but are expected to rebound at office and industrial buildings with repopulating employment.
- Staffing agencies had significant losses during the contraction, but may bounce back quickly through 2021.
- Staffing agencies primarily employ temp workers, who are often laid off first in a downturn but hired back first during a recovery.
- Aside from maintenance, staffing agencies, scientific research labs, and veterinary services, most subsectors of the professional business services industry operated remotely and were largely unaffected by the shutdowns, although some had layoffs due to the macroeconomic recessionary conditions that persisted through the U.S.

Private Education and Healthcare Employment

- There were 600 healthcare jobs in San Benito 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 being utilized as envisioned to support Coronavirus patients.

### Professional & Business Services Sub-Sectors 2019

<table>
<thead>
<tr>
<th>Subsector</th>
<th>Jobs in Subsector</th>
<th>Subsector’s Share of Overall Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Staffing Agencies</td>
<td>300</td>
<td>27.3%</td>
</tr>
<tr>
<td>Building Maintenance</td>
<td>230</td>
<td>20.9%</td>
</tr>
<tr>
<td>Engineering &amp; Architecture</td>
<td>80</td>
<td>7.3%</td>
</tr>
<tr>
<td>Scientific Research</td>
<td>60</td>
<td>5.5%</td>
</tr>
<tr>
<td>Accounting &amp; Bookkeeping</td>
<td>40</td>
<td>3.6%</td>
</tr>
<tr>
<td>Veterinary Services</td>
<td>40</td>
<td>3.6%</td>
</tr>
<tr>
<td>Business &amp; Technical Consulting</td>
<td>20</td>
<td>1.8%</td>
</tr>
<tr>
<td>Law</td>
<td>20</td>
<td>1.8%</td>
</tr>
<tr>
<td>Other</td>
<td>310</td>
<td>28.2%</td>
</tr>
</tbody>
</table>
There were approximately 800 social assistance jobs in 2019, including industries like childcare, housing shelters, and non-medical care for senior citizens.

There were also 100 jobs in private schools, tutoring services, vocational schools, and other educational organizations.

Jobs in social assistance and education were mostly classified as essential. Nevertheless, there were 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, San Benito County had 1,400 jobs in restaurants, hotels, and bars. Our research indicates that most were laid off, furloughed, or had their hours cut in March and April of 2020.

San Benito also had 150 jobs in entertainment and recreation in 2019, including things like fitness centers. Many of these organizations will operate at reduced capacities into 2021.

**Agriculture Employment**

The agriculture sector is not expected to lose many jobs as a result of the Coronavirus Recession, but it’s multi-year period of expansion may come to an end.

During the 2020-2025 forecast period, no meaningful job creation is expected in agriculture.

**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.

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.
San Benito County Economic Forecast

Population Growth

- The San Benito County population is expected to expand more quickly than the Central Coast average between 2020 and 2025.

- Net migration is expected to be a meaningful contributor to population growth. Home prices in San Benito County are more affordable than neighboring Santa Clara County which will incentivize residents to relocate from Silicon Valley to San Benito County.

- The population will expand at an annual average rate of 1.3 percent per year from 2020 to 2025, placing San Benito County among the fastest growing regions of California.

- By 2025 the San Benito County population will surpass 67,000 residents.

Unemployment and Inflation Rates

- The unemployment rate in San Benito County averaged 5.1 percent in 2019, above the composite rate for the Central Coast.

- The unemployment rate is expected to average between 12 and 14 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.
San Benito County Economic Forecast

Home Prices and New Housing Production

- In 2019 the median home price in San Benito County was $596,000.
- The median home price is not expected to show much change in 2020 or 2021.
- The median price has become relatively expensive in San Benito County.
- In 2019, a typical household in San Benito County would have had to spend more than 30 percent of its pre-tax income on mortgage payments in order to afford the median-priced home.
- Across California, home prices have also become expensive, with the typical household required to spend approximately 30 percent of its pre-tax income on mortgage payments for the median priced home.
- Although they have become expensive, homes in San Benito County are much more affordable than homes in neighboring Santa Clara County, where the typical household would have to spend 43 percent of its pre-tax income to afford the median priced home.
- From 2014 to 2019, an average of 405 new homes were started per year in San Benito County. Approximately 95 percent were single-family homes.
- Housing production is expected to average 300 homes per year from 2020 to 2025, consisting almost entirely of single-family homes.
### Economic Indicators

<table>
<thead>
<tr>
<th>Year</th>
<th>Population (thousands)</th>
<th>Households (thousands)</th>
<th>Net Migration</th>
<th>New Homes Permitted (thousands)</th>
<th>Registered Vehicles (thousands)</th>
<th>Personal Income (billions)</th>
<th>Total Taxable Sales (millions)</th>
<th>Total Taxable Sales (millions)</th>
<th>Real Industrial Production (millions)</th>
<th>Real per Capita Income (dollars)</th>
<th>Real per Capita Income (dollars)</th>
<th>Real Unemployment Rate (percent)</th>
<th>Real Inflation Rate (percent)</th>
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<tbody>
<tr>
<td>2015</td>
<td>58,713</td>
<td>259</td>
<td>272</td>
<td>62</td>
<td></td>
<td>$2.7</td>
<td>359</td>
<td>610</td>
<td>$628</td>
<td>$51,569</td>
<td>7.6</td>
<td>$405</td>
<td>1.4</td>
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<tr>
<td>2016</td>
<td>59,608</td>
<td>347</td>
<td>329</td>
<td>65</td>
<td></td>
<td>$2.9</td>
<td>387</td>
<td>664</td>
<td>$675</td>
<td>$53,110</td>
<td>7.7</td>
<td>$404</td>
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<tr>
<td>2017</td>
<td>60,331</td>
<td>389</td>
<td>399</td>
<td>65</td>
<td></td>
<td>$3.1</td>
<td>419</td>
<td>760</td>
<td>$833</td>
<td>$54,266</td>
<td>8.0</td>
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<tr>
<td>2018</td>
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<td>342</td>
<td>67</td>
<td></td>
<td>$3.3</td>
<td>431</td>
<td>767</td>
<td>$785</td>
<td>$55,488</td>
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<td>$363</td>
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<tr>
<td>2019</td>
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<td>768</td>
<td>331</td>
<td>72</td>
<td></td>
<td>$3.5</td>
<td>459</td>
<td>746</td>
<td>$765</td>
<td>$56,584</td>
<td>5.1</td>
<td>$371</td>
<td>2.9</td>
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</table>

### Employment Sectors

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Wage &amp; Salary</th>
<th>Farm</th>
<th>Construction</th>
<th>Manufacturing</th>
<th>Transportation &amp; Utilities</th>
<th>Wholesale &amp; Retail Trade (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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</thead>
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<tr>
<td>2015</td>
<td>16.1</td>
<td>1.8</td>
<td>1.1</td>
<td>2.2</td>
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<td>3.0</td>
<td>0.4</td>
<td>1.1</td>
<td>0.1</td>
<td>1.3</td>
<td>2.9</td>
</tr>
<tr>
<td>2016</td>
<td>16.7</td>
<td>2.1</td>
<td>1.2</td>
<td>2.2</td>
<td>0.5</td>
<td>3.0</td>
<td>0.4</td>
<td>1.1</td>
<td>0.1</td>
<td>1.5</td>
<td>2.9</td>
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<tr>
<td>2017</td>
<td>17.0</td>
<td>2.2</td>
<td>1.5</td>
<td>3.3</td>
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<td>1.7</td>
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<tr>
<td>2018</td>
<td>17.2</td>
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<td>0.1</td>
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<td>17.6</td>
<td>2.4</td>
<td>1.6</td>
<td>3.2</td>
<td>0.5</td>
<td>1.4</td>
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<td>0.1</td>
<td>1.5</td>
<td>2.9</td>
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<tr>
<td>2020</td>
<td>15.6</td>
<td>2.4</td>
<td>1.6</td>
<td>3.1</td>
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<td>1.0</td>
<td>0.1</td>
<td>1.4</td>
<td>2.7</td>
</tr>
</tbody>
</table>

### 2015-2019 History, 2020-2050 Forecast

- **2020 County-Level Economic Forecast**:
  - San Benito County Economic Forecast
  - Economic Indicators
  - Employment Sectors
San Benito County Economic Forecast

Socioeconomic Indicators

**Violent Crime Rate**
- San Benito County: 243 crimes per 100,000 residents
- Central Coast: 321 crimes per 100,000 residents
- California: 447 crimes per 100,000 residents

**Poverty Rate**
- San Benito County: 7.7%
- Central Coast: 8.3%
- California: 10.0%

**Median Household Income**
- San Benito County: $75,000
- Central Coast: $79,000
- California: $93,000

**Median Home Selling Price**
- San Benito County: $37,357
- Central Coast: $38,125
- California: $592,400

**Average Travel Time to Work**
- San Benito County: 23 minutes each way
- Central Coast: 29 minutes each way
- California: 32 minutes each way

**Percent of Population Age 25+ With at Least a 4-Year College Degree**
- San Benito County: 19.2%
- Central Coast: 30.0%
- California: 33.3%