

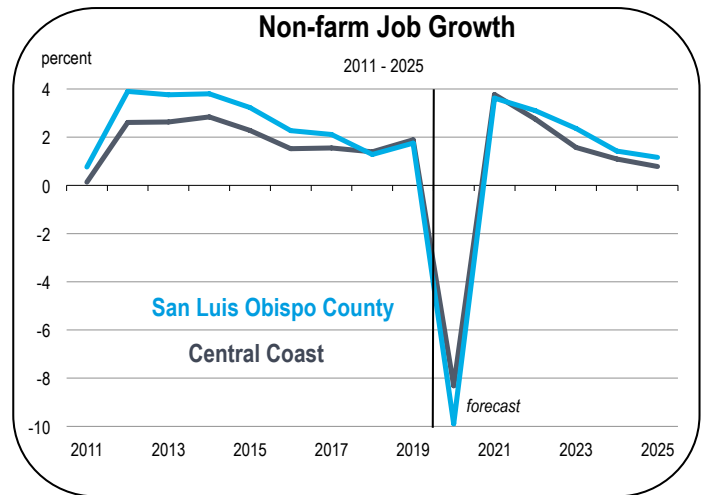
San Luis Obispo County Economic Forecast

Forecast Summary

- It is estimated that an average of 11,000 to 13,000 jobs will be lost in San Luis Obispo 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.
- No sectors are expected to expand in a meaningful way in 2020.
- The unemployment rate averaged 2.9 percent in 2019. It will average between 7 percent and 10 percent for the 2020 calendar year.
- The San Luis Obispo County population is expected to grow more slowly than the Central Coast average during the forecast period.
- Home values are expected to increase slowly in 2020 and 2021.
- Over the 2020-2025 forecast period, housing production is expected to be similar to the 2014-2019 period.

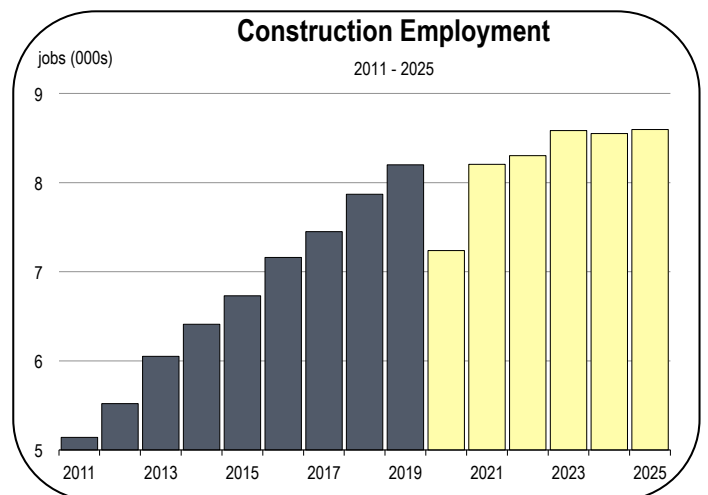
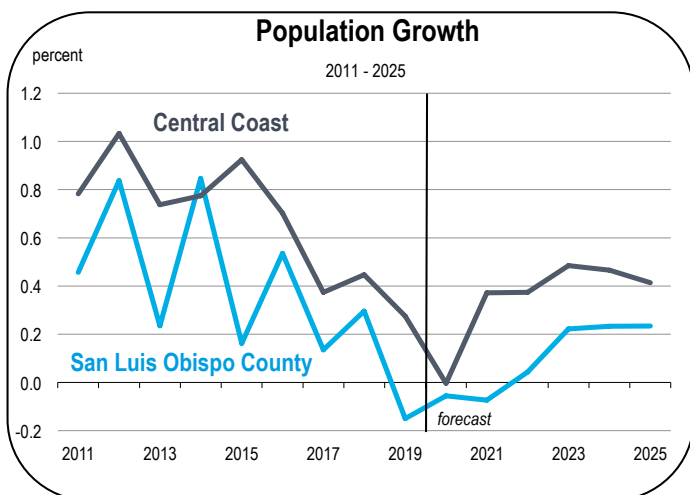
Job Growth

- Total employment in the county will decline by 9 to 10 percent in 2020. This is an annual average change from 2019.
- In 2021, San Luis Obispo County is expected to re-gain fewer than half of the jobs that were lost during the Coronavirus Recession.

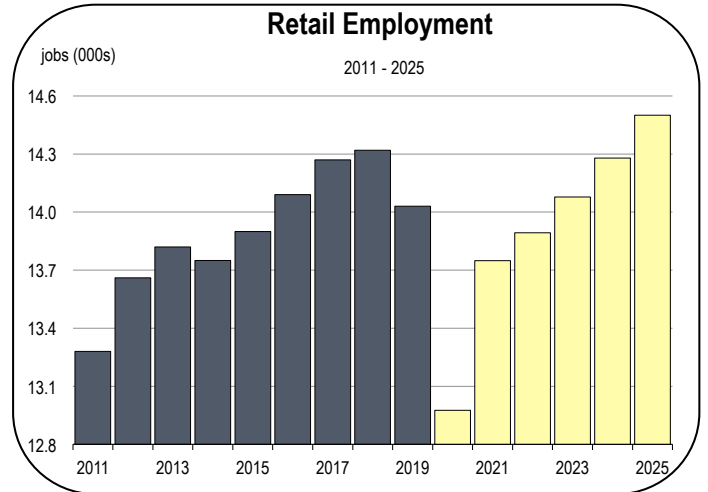
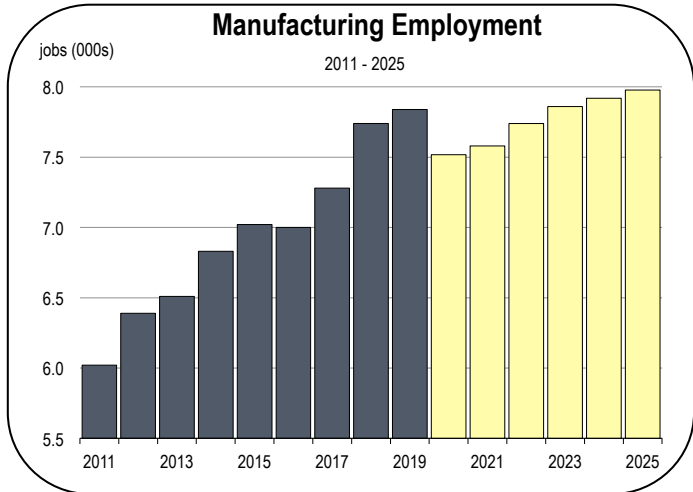


Construction Employment

- The construction sector is expected to lose between 800 and 1,200 jobs in 2020.
- Most California construction activity was deemed non-essential for portions of March and April, leading to significant construction layoffs that average down total employment in 2020.
- Restrictions on construction were lifted in late April, and overall construction activity began to ramp back up during the summer.
- Construction employment may rebound quickly in 2021 and could approach pre-recession levels relatively soon.



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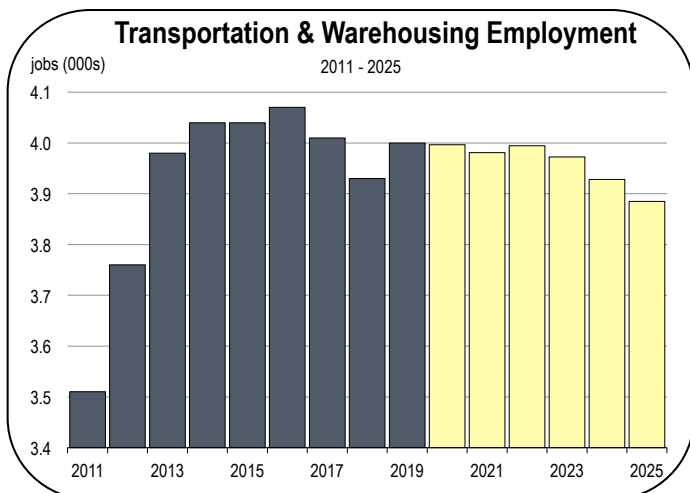


Manufacturing Employment

- Manufacturing employment is expected to decrease by 3 to 5 percent in San Luis Obispo County during 2020.
- Manufacturing activity is forecast to rebound slowly after the recession subsides.
- It is unclear if manufacturing employment will return to pre-pandemic levels within the 2020-2025 forecast period.

Transportation and Warehousing Employment

- Most transportation jobs in San Luis Obispo County are in trucking and warehousing, where firms deliver goods to and from local businesses, and store these goods in logistics facilities.



- A meaningful share of San Luis Obispo 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.
- Approximately 300 jobs can be found at the San Luis Obispo County Regional Airport. Air travel jobs were devastated by the Coronavirus Recession, and a full recovery is not expected until the virus is no longer a public health threat.

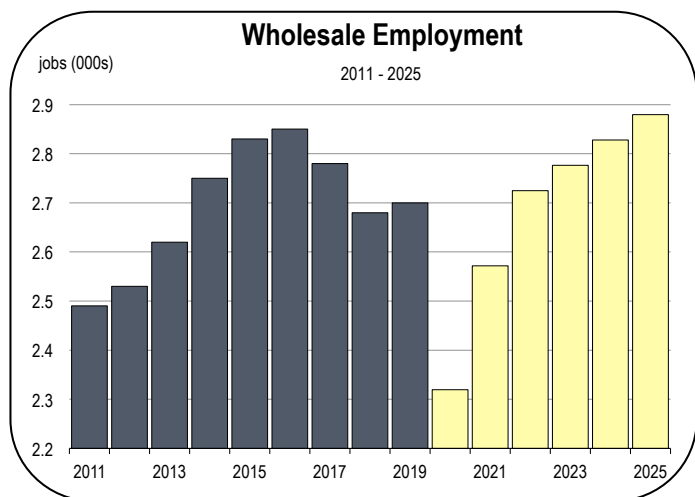
Retail Trade Employment

- The retail sector is expected to lose 800 to 1,200 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 2,000 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 at least 300 jobs on an annual average basis in 2020.

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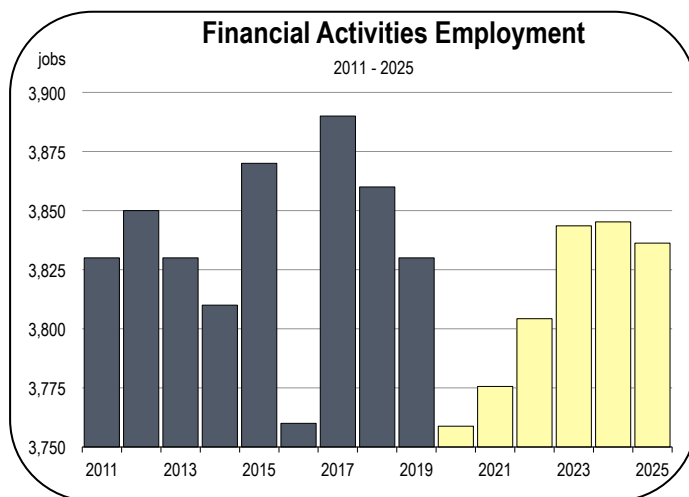


- Wholesale employment will rebound in tandem with retail, manufacturing, construction, and professional business services employment.

Financial Activities Employment

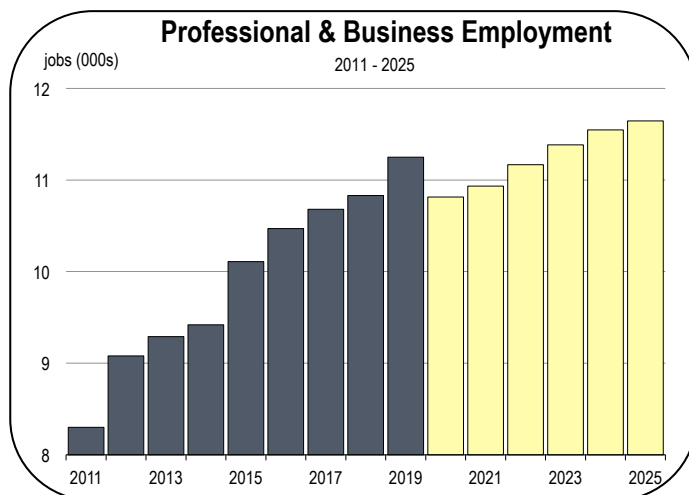
- A small number of job losses are expected in financial activities because some employers closed, committing their employees to shelter-in-place for health reasons.
- The most prominent losses are expected in real estate sales and real estate lending services.
- There have been far fewer homes on the market in 2020 than there were in 2019, which should translate into fewer home sales, reducing the need for real estate agents and mortgage brokers.
- Financial Activities companies are expected to rebound slowly over the next few years.

Financial Activities Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Banks	1,300	33.3%
Real Estate	1,300	33.3%
Insurance	600	15.4%
Asset Management	200	5.1%
Other	500	12.8%



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 and corporate security 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.



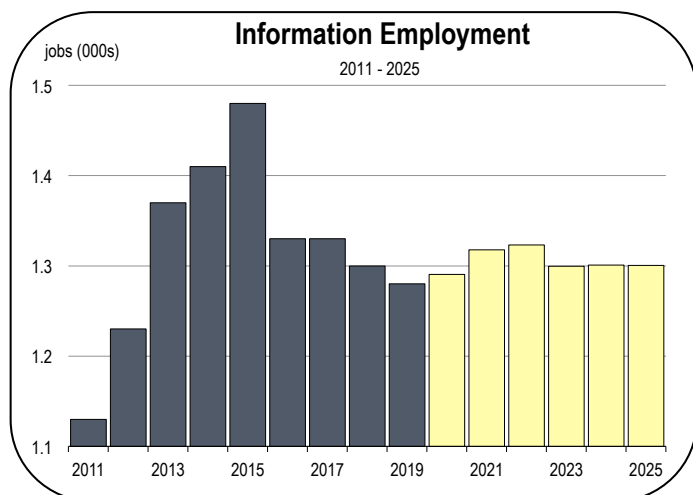
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Professional & Business Services Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Building Maintenance	2,500	22.3%
Custom IT Services	1,600	14.3%
Engineering & Architecture	1,300	11.6%
Staffing Agencies	700	6.3%
Corporate Headquarters	700	6.3%
Business & Technical Consulting	700	6.3%
Veterinary Services	700	6.3%
Law	500	4.5%
Accounting & Bookkeeping	500	4.5%
Corporate Security	400	3.6%
Scientific Research	300	2.7%
Marketing and Advertising	300	2.7%
Other	1,000	8.9%

- Aside from security, 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.

Information Employment

- In San Luis Obispo County, the information sector is dominated by software firms, traditional print publishers, movie theaters, and telecommunications companies like Comcast.



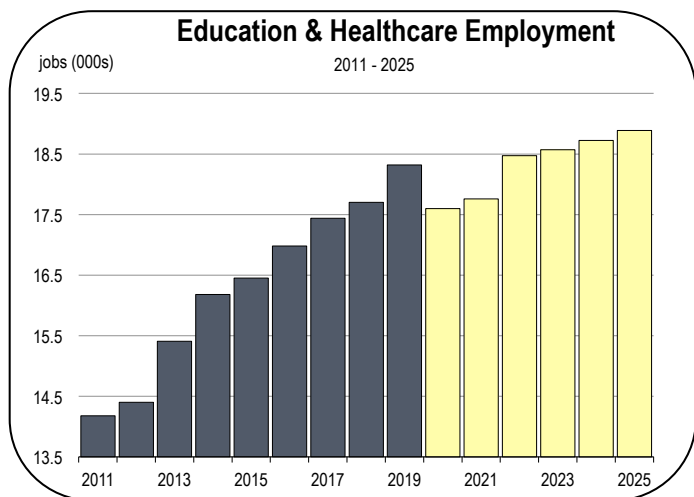
Information Sub-Sectors 2019	Jobs in Subsector	Subsector's Share of Overall Industry
Software Publishers	300	26.0%
Newspaper / Magazine / Book Publishing	300	21.8%
Telecommunications	200	19.0%
Movie Theaters	200	13.8%
Data & Internet Services	100	7.3%
Radio & TV Broadcasting	100	5.2%
Other	100	5.0%

- Mindbody is the most prominent software publisher in San Luis Obispo County. Mindbody laid off or furloughed a third of its workforce in April 2020. It is unclear when or if these jobs will be restored.
- Movie theaters were completely closed during the shutdowns. Jobs at movie theaters will return slowly because social distancing requirements will restrict the number of customers that can visit movie theaters.
- Telecommunications jobs were classified as essential and these workers largely remained employed during the recession. Consequently, employment was not impacted as severely as it was in other sectors.
- Many newspaper, magazine, and TV/radio workers were allowed to remain in their jobs, but advertising revenues contracted with the rest of the economy, giving employers little choice but to issue layoff notices.
- Most subsectors of the information industry are in long-term patterns of stagnation, and will not generate a meaningful number of jobs during the 2020-2025 forecast period.

Private Education and Healthcare Employment

- There were 6,000 healthcare jobs in San Luis Obispo 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.
- There were approximately 8,000 social assistance jobs in 2019, including industries like childcare, housing shelters, and non-medical care for senior citizens.

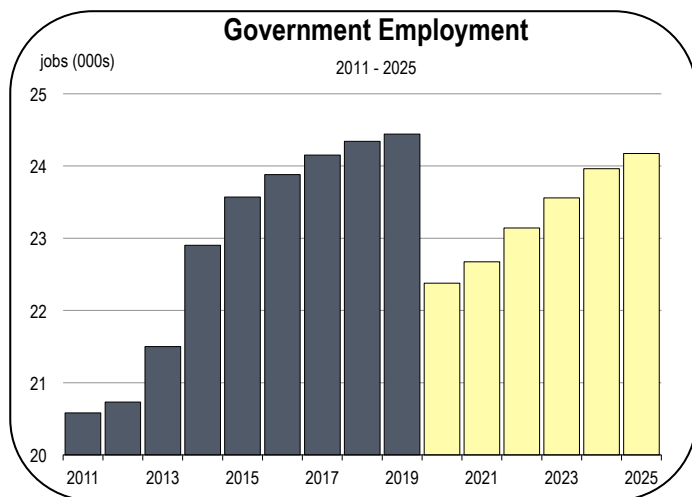
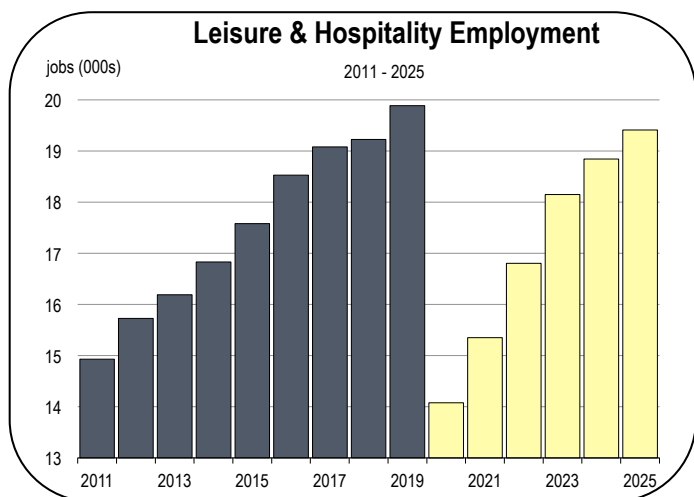
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- There were also 3,000 jobs in private schools and colleges, tutoring services, vocational schools, and other educational organizations.
- Jobs in social assistance and education were mostly classified as essential. Nevertheless, there were layoffs 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 Luis Obispo County had 18,000 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 Luis Obispo County also had 1,500 jobs in entertainment and recreation in 2019, including things like fitness centers, museums, and recreation centers. Many of these organizations will operate at reduced capacities into 2021.

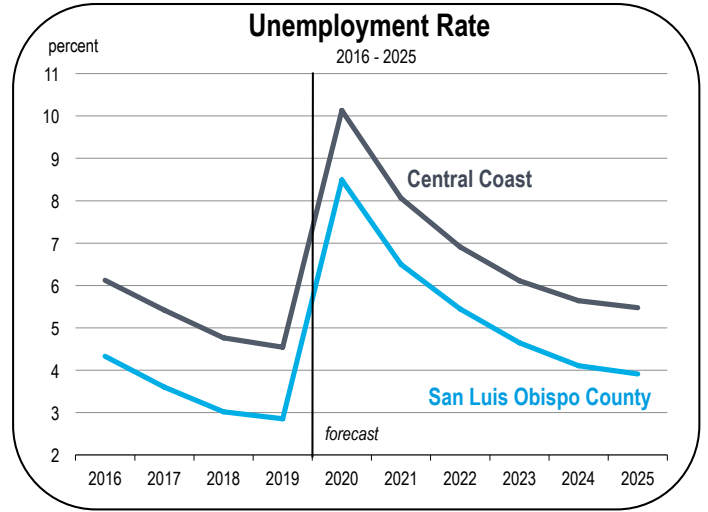
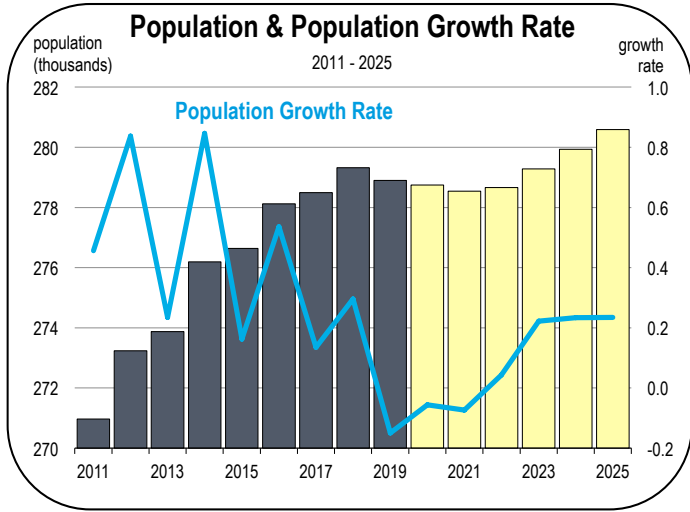
Government Employment

- 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.

Population Growth

- The San Luis Obispo County population is expected to expand more slowly than the Central Coast average between 2020 and 2025.
- Net migration is expected to account for all population growth in San Luis Obispo County.
- Because the County has a high share of older residents, deaths will outnumber births during the 2020-2025 forecast period. In-migrants will offset this decline, allowing the overall population to expand.

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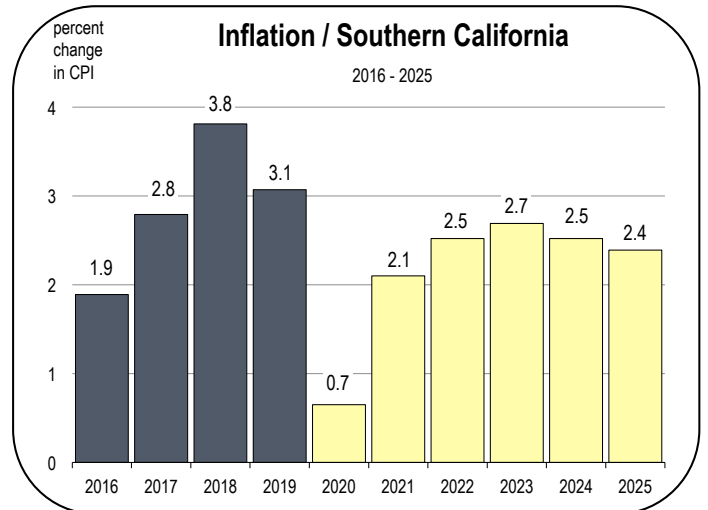
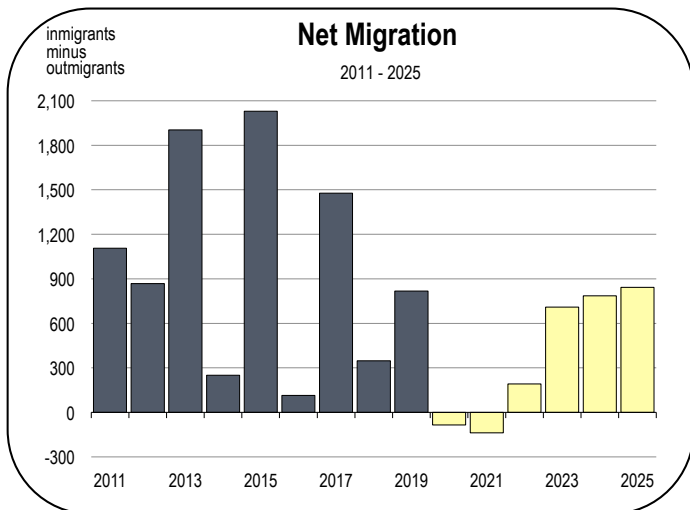
- The population will grow at an annual average rate of 0.1 percent per year from 2020 to 2025.
- By 2025 the San Luis Obispo County population will reach 280,000 residents.

- The unemployment rate is expected to average between 7 and 10 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.

Unemployment and Inflation Rates

- The unemployment rate in San Luis Obispo County averaged 2.9 percent in 2019, which was well below the composite rate for the Central Coast and was among the lowest rates in California.

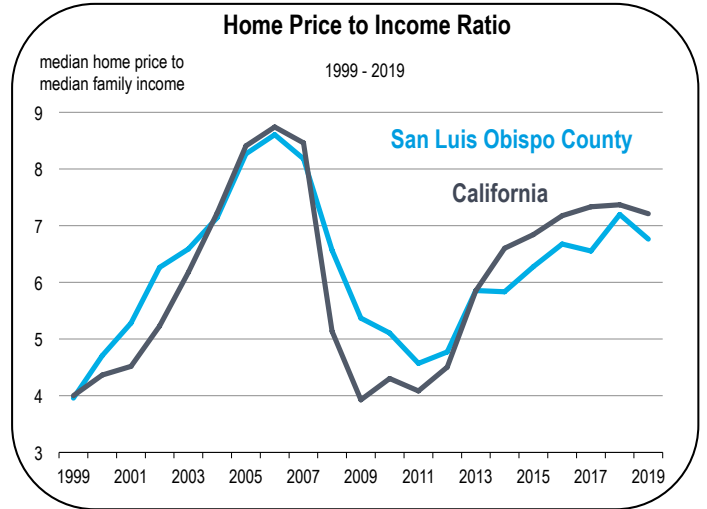
- Inflation decelerated in 2019 as energy prices declined and home prices increased more slowly than the previous year.
- Inflation is expected to be very low in 2020 but could accelerate in 2021 or 2022.



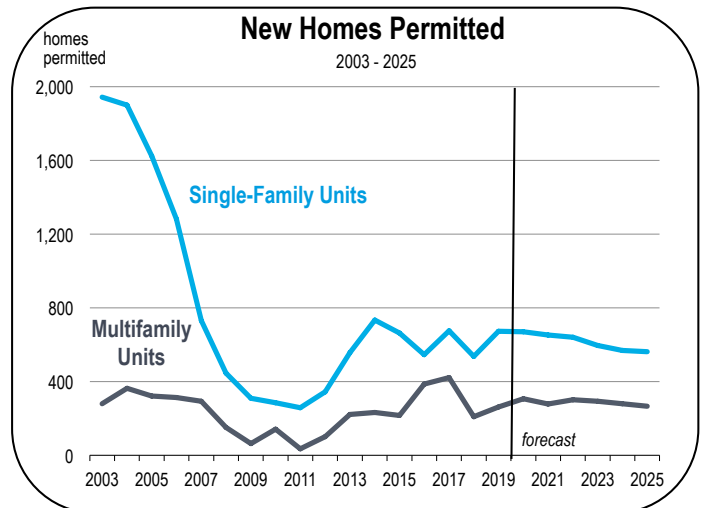
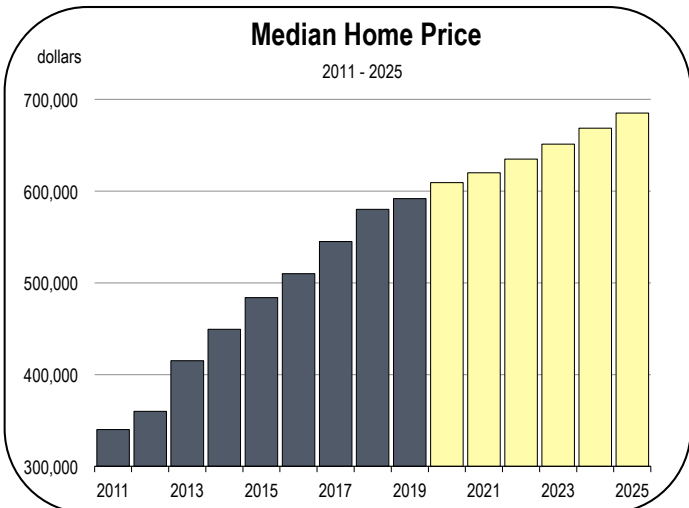
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Home Prices and New Housing Production

- In 2019 the median home price in San Luis Obispo County was \$591,700.
- The median price is expected to increase slowly in 2020 and 2021.
- Home prices have become expensive in San Luis Obispo County.
- In 2019, a typical household in San Luis Obispo County would have had to spend 31 percent of its pre-tax income on mortgage payments in order to afford the median-priced home.
- Across California, prices have also become expensive, and the typical household would have to spend approximately 30 percent of its income on mortgage payments for the median priced home.
- Throughout the central portion of California, including the Sacramento Valley, Central Valley, and Inland Empire, housing costs account for only 20 to 25 percent of the typical household's income, indicating that housing costs are much more affordable than in San Luis Obispo County.



- From 2014 to 2019, an average of 925 new homes were started per year in San Luis Obispo County. Approximately 70 percent were single-family homes.
- Housing production is expected to average 900 homes per year from 2020 to 2025, consisting primarily of single-family homes.



San Luis Obispo 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 (billions)	Inflation Rate (percent)
2015	276,640	104.7	2,029	880	304	\$14.5	\$3.5	\$5.0	\$4.4	\$58,686	4.7	\$0.9	0.9
2016	278,122	105.4	115	933	311	\$15.0	\$3.5	\$5.1	\$4.3	\$59,136	4.3	\$1.0	1.9
2017	278,497	106.1	1,477	1,098	309	\$15.7	\$3.7	\$5.3	\$4.0	\$60,450	3.6	\$1.0	2.8
2018	279,321	106.6	348	745	311	\$16.6	\$3.8	\$5.4	\$4.1	\$61,295	3.0	\$1.1	3.8
2019	278,902	107.6	818	935	317	\$17.6	\$3.9	\$5.5	\$4.2	\$63,141	2.9	\$1.1	3.1
2020	278,746	108.4	-85	976	316	\$17.1	\$3.1	\$4.8	\$4.4	\$61,008	8.5	\$1.1	0.7
2021	278,541	109.3	-138	931	316	\$17.7	\$3.7	\$5.1	\$4.3	\$62,073	6.5	\$1.1	2.1
2022	278,662	110.1	192	942	316	\$18.4	\$3.8	\$5.4	\$4.3	\$63,145	5.4	\$1.1	2.5
2023	279,282	110.9	709	888	318	\$19.3	\$4.1	\$5.8	\$4.4	\$64,504	4.6	\$1.1	2.7
2024	279,934	111.7	786	849	319	\$20.2	\$4.3	\$6.1	\$4.4	\$65,801	4.1	\$1.1	2.5
2025	280,590	112.5	843	827	321	\$21.1	\$4.6	\$6.5	\$4.4	\$66,993	3.9	\$1.2	2.4
2026	281,150	113.3	799	797	322	\$22.0	\$4.8	\$6.8	\$4.5	\$68,121	3.6	\$1.2	2.3
2027	281,568	114.0	714	778	323	\$22.9	\$5.0	\$7.1	\$4.6	\$69,362	3.5	\$1.2	2.2
2028	281,766	114.7	549	764	323	\$23.9	\$5.2	\$7.4	\$4.7	\$70,611	3.4	\$1.2	2.3
2029	281,930	115.4	563	769	323	\$24.7	\$5.4	\$7.7	\$4.7	\$71,437	3.2	\$1.2	2.4
2030	282,087	116.0	588	775	324	\$25.6	\$5.6	\$8.0	\$4.8	\$72,327	3.1	\$1.2	2.3
2031	282,156	116.7	544	758	324	\$26.5	\$5.8	\$8.3	\$4.8	\$73,256	3.1	\$1.2	2.2
2032	282,131	117.4	488	750	324	\$27.4	\$6.0	\$8.5	\$4.9	\$74,026	3.0	\$1.2	2.4
2033	282,021	118.1	436	741	324	\$28.3	\$6.2	\$8.8	\$4.9	\$75,132	3.2	\$1.3	2.0
2034	281,870	118.7	431	694	324	\$29.3	\$6.4	\$9.1	\$5.0	\$76,147	3.3	\$1.3	2.2
2035	281,693	119.4	433	657	323	\$30.3	\$6.6	\$9.4	\$5.0	\$77,137	3.4	\$1.3	2.3
2036	281,530	120.0	474	647	323	\$31.4	\$6.9	\$9.8	\$5.1	\$77,870	3.5	\$1.3	2.7
2037	281,349	120.5	472	597	323	\$32.5	\$7.2	\$10.2	\$5.1	\$78,534	3.6	\$1.3	2.8
2038	281,054	121.1	379	540	322	\$33.6	\$7.4	\$10.5	\$5.2	\$79,371	3.5	\$1.3	2.6
2039	280,707	121.6	335	492	321	\$34.8	\$7.7	\$10.9	\$5.2	\$80,096	3.6	\$1.3	2.8
2040	280,307	122.1	292	460	321	\$36.0	\$8.0	\$11.3	\$5.3	\$80,866	3.6	\$1.3	2.7
2041	279,898	122.5	286	439	320	\$37.2	\$8.2	\$11.6	\$5.3	\$81,912	3.7	\$1.4	2.5
2042	279,506	122.9	283	438	319	\$38.4	\$8.5	\$12.0	\$5.4	\$83,030	3.8	\$1.4	2.4
2043	279,088	123.3	228	408	318	\$39.7	\$8.8	\$12.4	\$5.5	\$84,211	3.8	\$1.4	2.3
2044	278,765	123.7	283	416	318	\$41.0	\$9.0	\$12.8	\$5.5	\$85,498	3.7	\$1.4	2.1
2045	278,569	124.0	373	411	317	\$42.3	\$9.4	\$13.3	\$5.6	\$86,685	3.6	\$1.4	2.3
2046	278,468	124.4	423	404	317	\$43.6	\$9.7	\$13.7	\$5.7	\$87,733	3.7	\$1.4	2.2
2047	278,243	124.7	261	399	317	\$45.0	\$10.0	\$14.2	\$5.7	\$88,633	3.6	\$1.4	2.2
2048	278,014	125.1	218	400	316	\$46.4	\$10.4	\$14.7	\$5.8	\$89,470	3.7	\$1.4	2.2
2049	277,788	125.5	180	403	316	\$47.9	\$10.7	\$15.1	\$5.8	\$90,540	3.8	\$1.5	2.2
2050	277,556	125.8	146	405	315	\$49.4	\$11.1	\$15.6	\$5.9	\$91,566	3.9	\$1.5	2.2

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	116.4	5.04	6.7	7.0	4.0	16.7	3.9	10.1	1.5	16.5	17.6	23.6
2016	118.8	4.84	7.2	7.0	4.1	16.9	3.8	10.5	1.3	17.0	18.5	23.9
2017	121.6	5.23	7.5	7.3	4.0	17.1	3.9	10.7	1.3	17.4	19.1	24.2
2018	123.0	5.16	7.9	7.7	3.9	17.0	3.9	10.8	1.3	17.7	19.2	24.3
2019	124.8	4.91	8.2	7.8	4.0	16.7	3.8	11.3	1.3	18.3	19.9	24.4
2020	113.0	4.96	7.2	7.5	4.0	15.3	3.8	10.8	1.3	17.6	14.1	22.4
2021	117.0	5.01	8.2	7.6	4.0	16.3	3.8	10.9	1.3	17.8	15.4	22.7
2022	120.5	5.06	8.3	7.7	4.0	16.6	3.8	11.2	1.3	18.5	16.8	23.1
2023	123.2	5.11	8.6	7.9	4.0	16.9	3.8	11.4	1.3	18.6	18.2	23.6
2024	125.0	5.16	8.6	7.9	3.9	17.1	3.8	11.5	1.3	18.7	18.8	24.0
2025	126.4	5.21	8.6	8.0	3.9	17.4	3.8	11.6	1.3	18.9	19.4	24.2
2026	127.3	5.26	8.4	8.0	3.8	17.5	3.8	11.7	1.3	19.0	19.9	24.4
2027	128.0	5.31	8.2	8.1	3.8	17.7	3.9	11.7	1.3	19.2	20.2	24.5
2028	128.5	5.36	8.0	8.1	3.8	17.8	3.9	11.8	1.3	19.3	20.3	24.6
2029	129.0	5.41	7.9	8.2	3.8	18.0	3.8	11.8	1.3	19.4	20.5	24.7
2030	129.6	5.45	7.8	8.2	3.8	18.1	3.8	11.8	1.3	19.6	20.6	24.8
2031	130.1	5.50	7.8	8.3	3.8	18.2	3.8	11.9	1.3	19.7	20.8	24.9
2032	130.7	5.55	7.8	8.3	3.8	18.3	3.8	11.9	1.3	19.8	20.9	25.0
2033	131.3	5.60	7.7	8.4	3.8	18.4	3.8	12.0	1.3	20.0	21.1	25.1
2034	131.9	5.64	7.7	8.4	3.8	18.5	3.8	12.0	1.3	20.1	21.2	25.2
2035	132.4	5.69	7.6	8.4	3.8	18.7	3.8	12.0	1.3	20.2	21.4	25.3
2036	133.0	5.74	7.5	8.5	3.8	18.8	3.8	12.1	1.3	20.4	21.5	25.4
2037	133.5	5.78	7.4	8.5	3.8	18.9	3.8	12.1	1.3	20.5	21.7	25.5
2038	133.9	5.83	7.2	8.6	3.8	19.0	3.8	12.1	1.3	20.6	21.8	25.6
2039	134.3	5.87	7.0	8.6	3.8	19.1	3.8	12.2	1.3	20.8	22.0	25.7
2040	134.8	5.92	6.8	8.7	3.8	19.2	3.8	12.2	1.3	20.9	22.1	25.8
2041	135.2	5.96	6.7	8.7	3.8	19.3	3.8	12.2	1.3	21.1	22.3	25.9
2042	135.7	6.01	6.6	8.7	3.8	19.4	3.8	12.3	1.3	21.2	22.4	26.0
2043	136.3	6.05	6.5	8.8	3.8	19.5	3.7	12.3	1.3	21.4	22.5	26.1
2044	136.8	6.10	6.4	8.8	3.8	19.6	3.7	12.3	1.3	21.5	22.7	26.2
2045	137.4	6.14	6.3	8.9	3.8	19.7	3.7	12.4	1.3	21.7	22.8	26.3
2046	138.0	6.19	6.3	8.9	3.8	19.8	3.7	12.4	1.3	21.8	23.0	26.4
2047	138.6	6.23	6.3	8.9	3.8	19.9	3.7	12.5	1.3	22.0	23.1	26.5
2048	139.2	6.28	6.2	9.0	3.8	20.0	3.7	12.5	1.3	22.1	23.2	26.7
2049	139.9	6.32	6.2	9.0	3.8	20.1	3.7	12.5	1.3	22.3	23.4	26.8
2050	140.5	6.37	6.2	9.1	3.8	20.2	3.7	12.6	1.3	22.4	23.5	26.9

San Luis Obispo County Economic Forecast

Socioeconomic Indicators

