

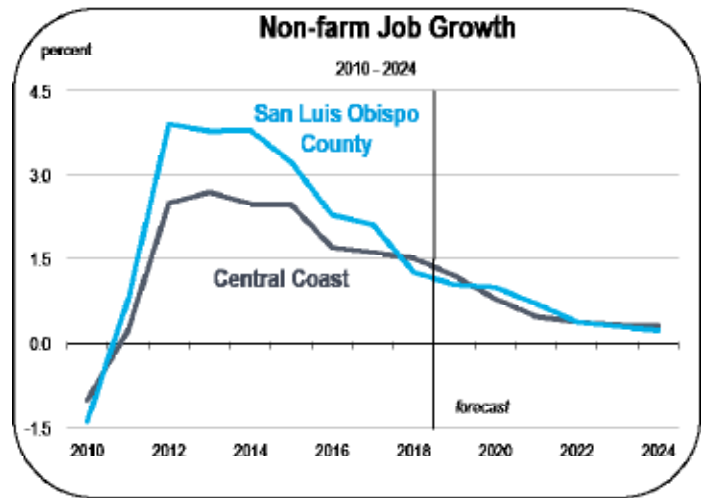
San Luis Obispo County Economic Forecast

Forecast Summary

- 1,200 non-farm jobs will be created in San Luis Obispo County during 2019. Over the following five years, an average of 700 new jobs per year are expected.
- Employment growth will be led by education and healthcare, retail trade, professional business services, leisure and hospitality, and government. Together, these sectors will account for 83 percent of net job creation through 2024.
- Between 2018 and 2024, a number of sectors are at risk of employment contraction, including construction, information, transportation and warehousing, wholesale trade, and financial activities.
- The unemployment rate averaged 3.0 percent in 2018, and is near its lowest sustainable level. The unemployment rate may begin to rise in 2019 or 2020.
- The population of San Luis Obispo County is expanding slower than the average for the Central Coast, and will continue to do so.
- Housing production has accelerated, but has not been sufficient to keep home prices from rising quickly, and housing affordability has become a major problem in San Luis Obispo County.

Job Growth

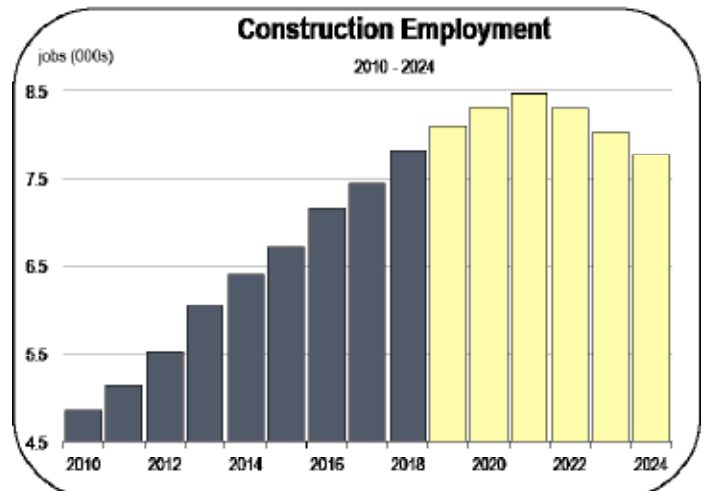
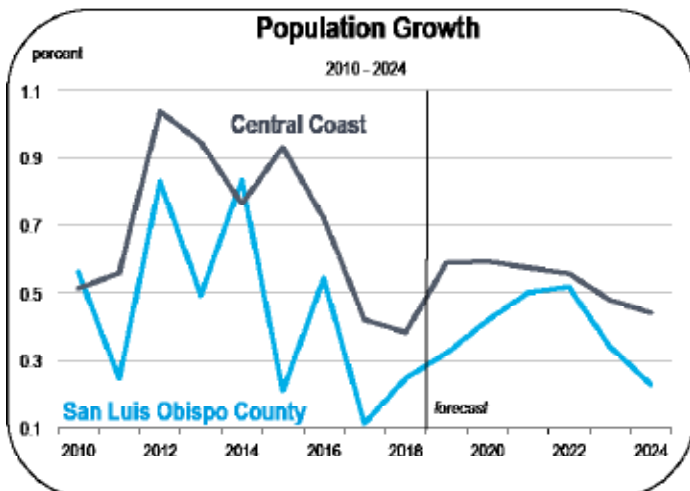
- After adding large numbers of jobs for several years, the expected slowdown in job creation has begun. San Luis Obispo County job growth was observed at 1.3 percent in 2018, which is similar to the Central Coast average.
- The largest gains in 2018 were observed in manufacturing (+500 jobs), construction (+400 jobs), and education and healthcare (+300 jobs). Employment contraction was observed in wholesale trade.



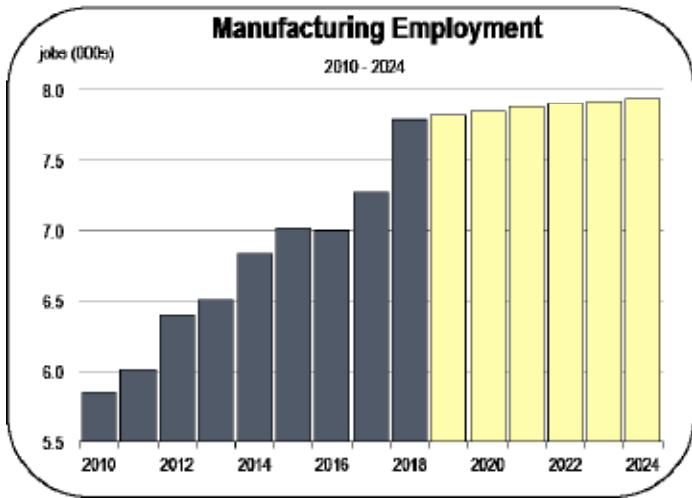
- Between 2012 and 2018, non-farm job growth averaged 2.7 percent per year.
- Between 2018 and 2024, growth is expected to average 0.6 percent per year, generating an average of 700 jobs each year.

Construction Employment

- Construction employment is increasing at a rapid rate as building projects continue to break ground across the county.
- Countywide, more than 700 new housing units were built in 2018, and almost 900 are expected to be built in 2019. Some of these units are part of Toscano, Righetti Ranch, Avila Ranch, and San Luis Ranch, all of which are large projects that will eventually contain hundreds of homes.
- The county is also experiencing a hotel boom, with multimillion-dollar facilities underway in Atascadero, Grover Beach, Paso Robles, and the City of San Luis Obispo.
- The peak of the building cycle is approaching, and construction employment may begin to contract during the 2018–2024 forecast period.

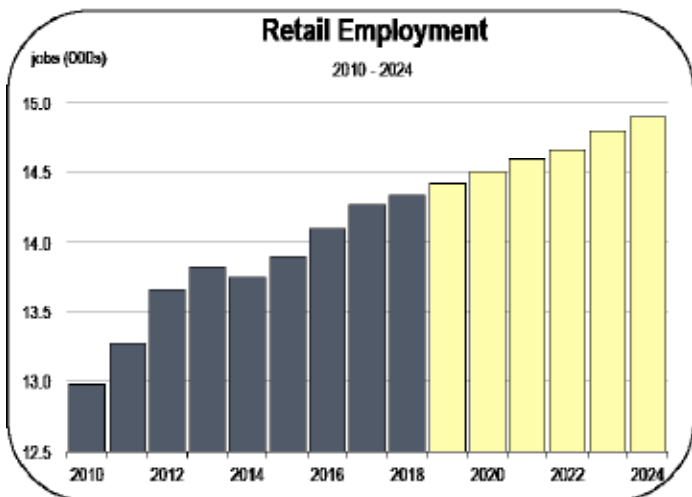


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Manufacturing Employment

- Over the past two years, the employment sector with the fastest growth has been manufacturing.
- Paso Robles, along with other parts of San Luis Obispo County, is becoming one of the premier wine making regions of California.
- Wineries are classified in the beverage-manufacturing sector, and the new and expanding wineries in the area are adding hundreds of jobs.
- The Paso Robles American Viticultural Area now has 33,000 acres of vineyards and more than 240 wineries.
- Countywide, wineries employed almost 2,500 workers in 2018, compared to just 1,800 workers in 2015.

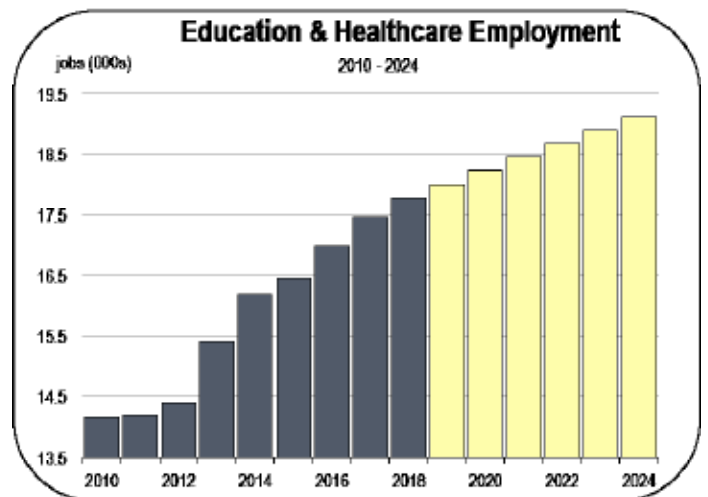


Retail Trade Employment

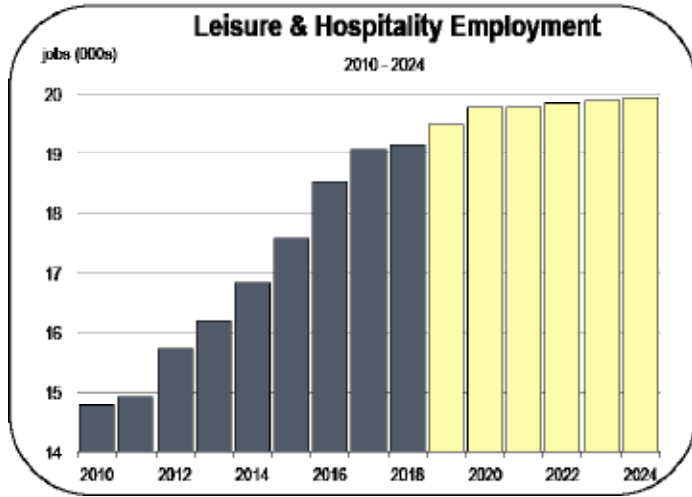
- The San Luis Obispo County retail sector gained a small number of jobs in 2018.
- The retail industry is being divided into two groups: stores that face heavy online competition, and stores that don't.
- In 2018, jobs were lost in sectors facing online competition:
 - Clothing stores
 - Sporting goods stores
 - Consumer electronics stores
 - Department stores (i.e. Macy's)
 - Office supply stores
- Jobs were gained in sectors not facing heavy online competition:
 - Car dealerships
 - Drug stores and healthcare stores
 - Grocery stores
 - Gas Stations
- Growth will continue to be slow, and could turn negative in 2020 or 2021 if the economy falls into recession.

Private Education and Healthcare Employment

- This sector has created several hundred jobs during each of the past few years, and will create several hundred more in 2019 and 2020.
- Gains have been widespread, with strength in doctors' offices, home health services, outpatient care centers, and facilities that serve the elderly and people with disabilities.



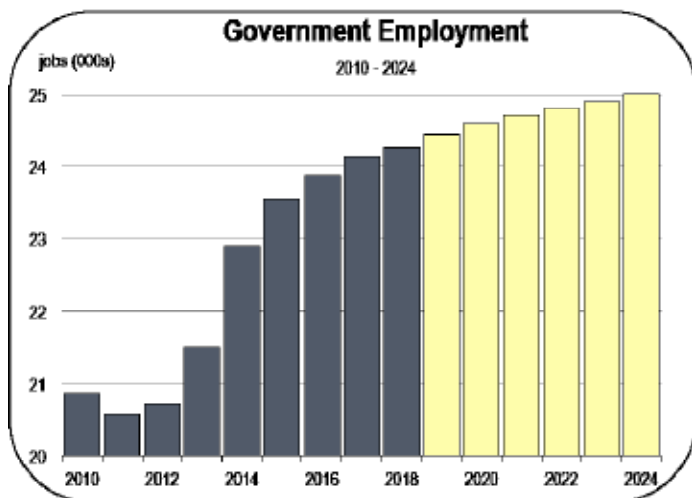
San Luis Obispo County Economic Forecast



- The private education industry gained a small number of jobs in 2018 (public schools are included in the government sector).
- The future of the U.S. health insurance landscape is unknown, and legislative changes could influence job growth in this sector.

Leisure & Hospitality Employment

- After creating large numbers of jobs between 2011 and 2017, employment levels increased marginally in 2018.
- This industry will begin to expand again during the forecast period, and growth will be most prominent in 2019 and 2020.
- A strong driver of growth will be the wine industry in Paso Robles. Paso Robles is now competing with Napa and Santa Barbara as a wine tourism destination, and hundreds of new hotel rooms are being built to accommodate the increase in visitors.



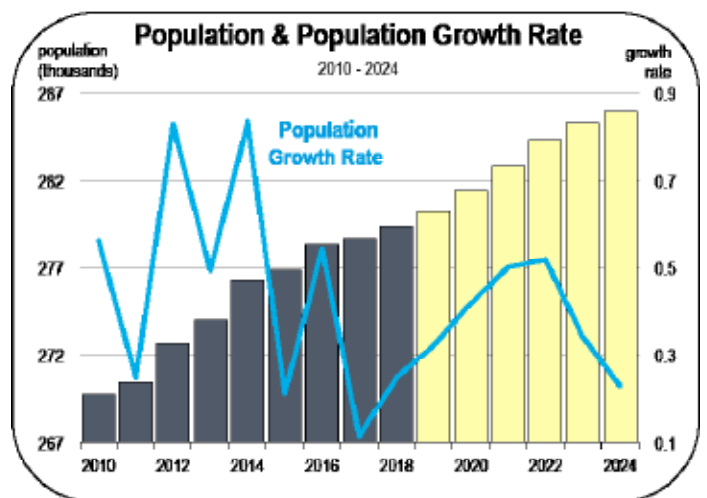
- The leisure industry is sensitive to changes in the minimum wage. As California’s minimum wage rises to \$15 per hour by 2022, job growth could be impacted.
- The median wage in San Luis Obispo County is \$18 per hour, meaning that half of all workers earn less than this amount. It may be difficult for local companies to support a minimum wage of \$15.

Government Employment

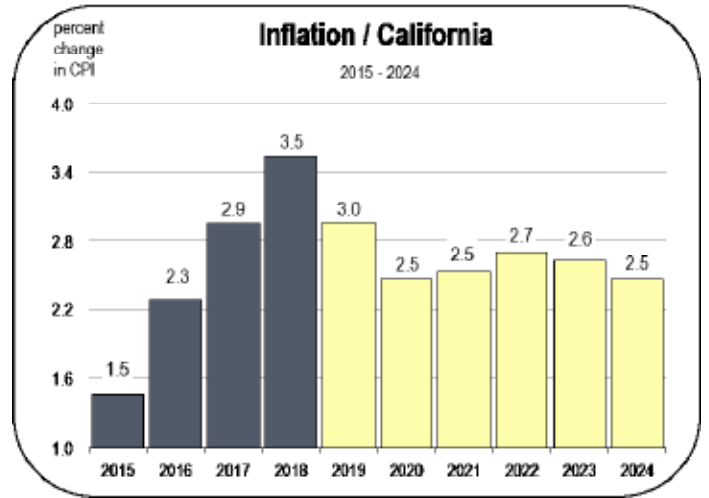
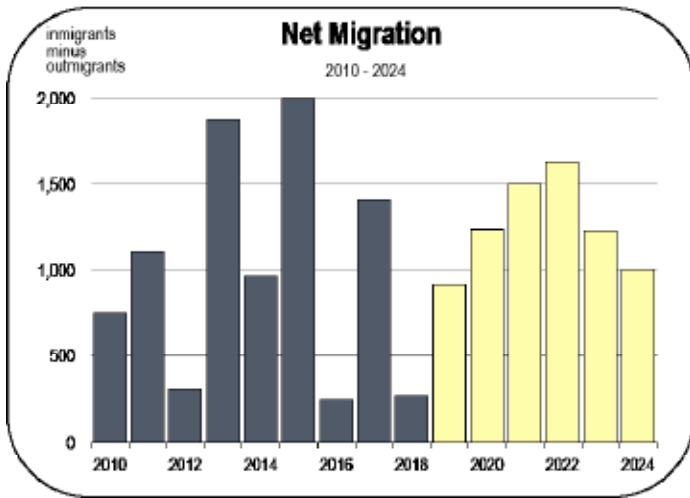
- Government agencies created a small number of jobs in 2018.
- Most of these jobs were created at Cal Poly, the local community colleges, and other state agencies that have offices in San Luis Obispo County.
- The employee headcounts at local schools and local municipal agencies did not change meaningfully in 2018.
- Future growth will be determined by population growth and by the condition of state and local government budgets.

Population Growth

- The San Luis Obispo County population expanded by 0.2 percent in 2018, which is very slow, and is slower than the average for the Central Coast.
- Net migration was low, adding just 270 people to the population.
- For the first time on record, there were more deaths in the county than births in 2018. Because San Luis Obispo has an ageing population base, deaths are expected to outnumber births during the foreseeable future, meaning that all population growth will be the result of in-migration.



San Luis Obispo County Economic Forecast



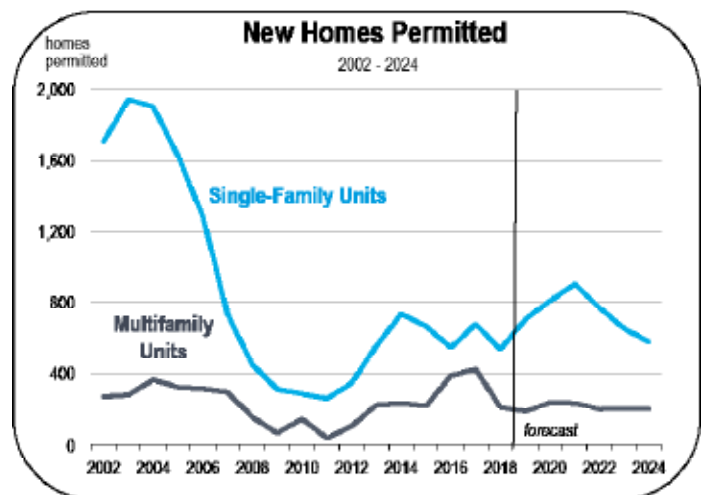
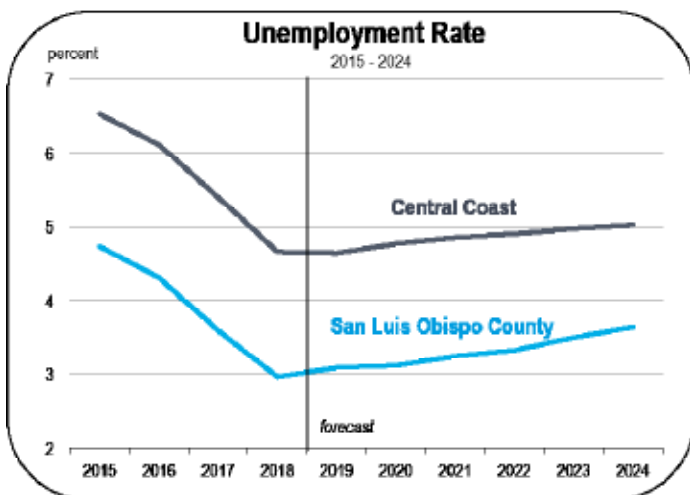
- Population growth is expected to average 0.4 percent per year between 2018 and 2024, and the county will surpass 285,000 residents by 2024.

Unemployment and Inflation Rates

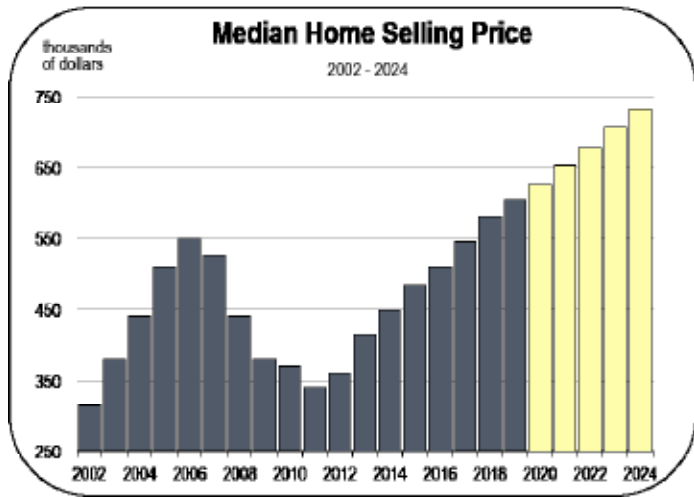
- The unemployment rate in Imperial County was 3.0 percent in 2018, which is lower than the average for the Central Coast
- The unemployment rate has reached its lowest sustainable level, and may begin to rise in 2019 or 2020.
- Inflation accelerated in 2018 as home prices and energy costs increased across California.
- In 2019 and 2020, inflation is expected to be within a range of 2.0 percent and 3.5 percent.

New Housing Production

- From 2013 to 2018, an average of 900 new homes were started each year.
- Between 2019 and 2024, housing production is expected to average 950 units per year. Most new homes will be single-family units.
- Development will be concentrated near the City of San Luis Obispo, where several thousand units are in the development pipeline.
- Major projects in the pipeline include Toscano (161 units), Righetti Ranch (304 units), San Luis Ranch (500 units), and Avila Ranch (720 units).



San Luis Obispo County Economic Forecast

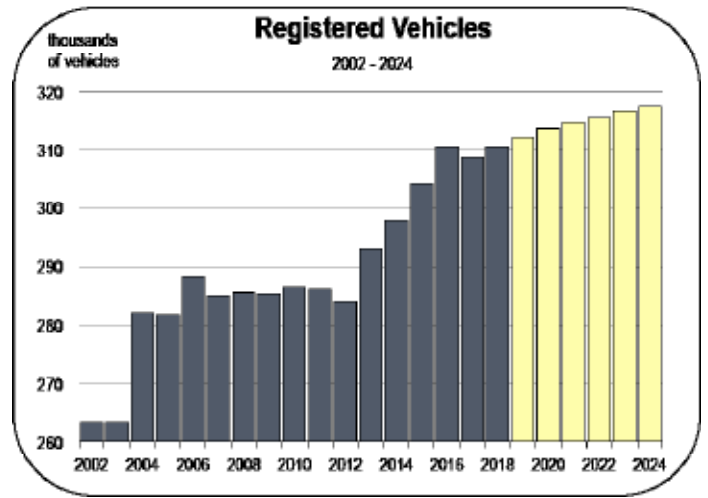
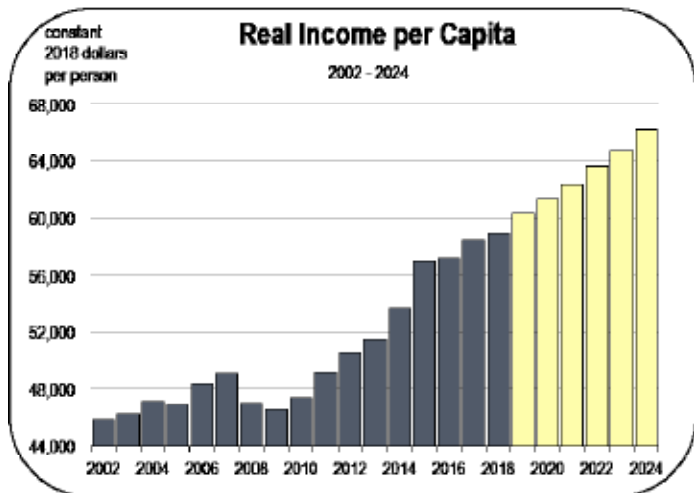


Home Prices

- Home prices in San Luis Obispo have increased rapidly in recent years, and the median home price has now exceeded \$600,000.
- In order to purchase the median-priced home, a typical household would have to spend almost 40 percent of its income on mortgage payments, in addition to spending more than \$130,000 on a down payment and closing costs.
- At current prices, less than 20 percent of all households in San Luis Obispo County can afford to purchase the median-priced home.

Income per Capita

- Income per capita was \$58,900 in 2018, which is below the Central Coast average of \$60,500.
- Over the last six years, real income per capita has risen at a rate of 2.6 percent per year.



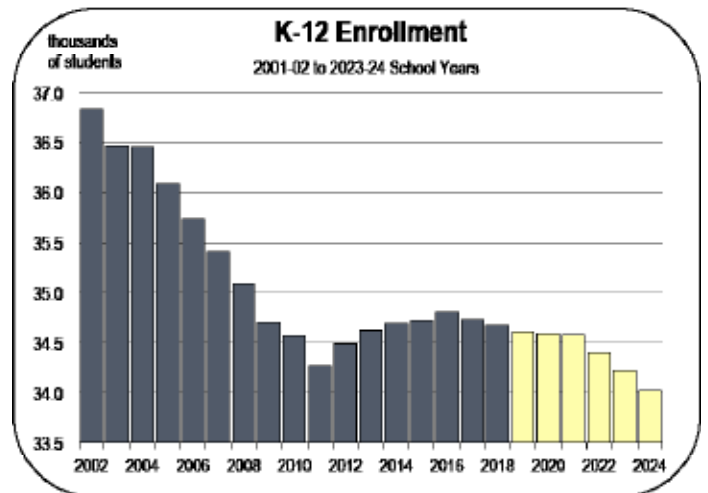
- Over the next six years, real income per capita is expected to increase by an average of 2.0 percent per year.

Registered Vehicles

- There were 310,600 registered vehicles in San Luis Obispo County in 2018. By 2024, it is expected that the county will have 317,400 registered vehicles.

Public School Enrollment

- In San Luis Obispo County, approximately 34,700 students were enrolled in K-12 public schools.
- By 2024, there are expected to be 34,000 enrolled students. The number of students will decline because the population aged 5 to 17 will decline.



San Luis Obispo County Economic Forecast

Economic Indicators

2015-2018 History, 2019-2050 Forecast

	Population (people)	House- holds (thousands)	Average Household Income (dollars)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Local Sales Tax (millions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	School Enrollment (thousands)	Births (people)	Deaths (people)
2015	276,859	103.7	\$139,938	880	304	\$14.5	\$3.4	\$43	\$3.3	\$56,990	34.7	2,668	2,350
2016	278,364	104.2	\$143,094	933	311	\$14.9	\$3.5	\$43	\$3.1	\$57,164	34.8	2,581	2,411
2017	278,680	104.9	\$149,536	1,098	309	\$15.7	\$3.6	\$45	\$3.0	\$58,436	34.7	2,550	2,470
2018	279,370	107.3	\$153,487	745	311	\$16.5	\$3.7	\$47	\$3.2	\$58,927	34.7	2,521	2,526
2019	280,271	108.7	\$160,271	888	312	\$17.4	\$3.9	\$49	\$3.2	\$60,281	34.6	2,542	2,553
2020	281,447	109.7	\$166,398	1,043	314	\$18.3	\$4.0	\$51	\$3.3	\$61,392	34.6	2,548	2,604
2021	282,860	110.7	\$172,549	1,135	315	\$19.1	\$4.2	\$52	\$3.3	\$62,316	34.6	2,568	2,656
2022	284,327	111.7	\$180,288	965	316	\$20.1	\$4.3	\$54	\$3.4	\$63,628	34.4	2,582	2,738
2023	285,298	112.6	\$187,476	854	316	\$21.1	\$4.6	\$57	\$3.5	\$64,767	34.2	2,578	2,837
2024	285,952	113.4	\$195,364	777	317	\$22.1	\$4.7	\$59	\$3.5	\$66,195	34.0	2,580	2,924
2025	286,421	114.1	\$202,433	778	318	\$23.1	\$4.9	\$61	\$3.6	\$67,356	33.8	2,582	3,017
2026	286,717	114.8	\$209,701	747	319	\$24.1	\$5.1	\$63	\$3.6	\$68,582	33.6	2,581	3,104
2027	286,797	115.5	\$217,508	722	320	\$25.1	\$5.2	\$65	\$3.7	\$70,017	33.4	2,578	3,194
2028	286,773	116.1	\$225,512	713	321	\$26.2	\$5.4	\$67	\$3.7	\$71,429	33.2	2,578	3,285
2029	286,570	116.8	\$232,300	683	322	\$27.1	\$5.6	\$70	\$3.8	\$72,367	33.0	2,584	3,372
2030	286,269	117.4	\$239,157	646	323	\$28.1	\$5.7	\$72	\$3.8	\$73,358	32.7	2,596	3,451
2031	285,853	118.0	\$246,115	625	324	\$29.0	\$5.9	\$74	\$3.8	\$74,415	32.5	2,610	3,529
2032	285,407	118.6	\$253,012	621	325	\$30.0	\$6.1	\$76	\$3.9	\$75,253	32.3	2,626	3,605
2033	284,861	119.1	\$260,236	594	326	\$31.0	\$6.2	\$77	\$3.9	\$76,459	32.1	2,638	3,673
2034	284,164	119.6	\$267,830	570	326	\$32.0	\$6.4	\$80	\$4.0	\$77,604	31.9	2,636	3,735
2035	283,325	120.2	\$275,789	544	327	\$33.1	\$6.5	\$82	\$4.0	\$78,757	31.8	2,628	3,785
2036	282,368	120.6	\$283,995	523	328	\$34.3	\$6.8	\$84	\$4.0	\$79,634	31.8	2,622	3,830
2037	281,354	121.1	\$292,513	496	329	\$35.4	\$7.0	\$87	\$4.0	\$80,465	31.9	2,631	3,865
2038	280,306	121.6	\$301,319	458	330	\$36.6	\$7.1	\$89	\$4.1	\$81,467	31.8	2,653	3,888
2039	279,210	122.0	\$310,422	383	331	\$37.9	\$7.4	\$92	\$4.1	\$82,324	31.9	2,670	3,903
2040	278,043	122.4	\$319,756	349	332	\$39.1	\$7.6	\$95	\$4.1	\$83,248	31.9	2,679	3,906
2041	276,895	122.7	\$329,277	310	333	\$40.4	\$7.8	\$97	\$4.1	\$84,293	32.1	2,684	3,896
2042	275,732	123.0	\$339,065	295	333	\$41.7	\$8.0	\$100	\$4.2	\$85,409	32.2	2,681	3,880
2043	274,624	123.3	\$349,084	303	334	\$43.0	\$8.2	\$103	\$4.2	\$86,578	32.4	2,681	3,859
2044	273,567	123.5	\$359,207	304	335	\$44.4	\$8.4	\$105	\$4.3	\$87,869	32.4	2,677	3,831
2045	272,575	123.8	\$369,585	310	336	\$45.8	\$8.6	\$108	\$4.3	\$88,972	32.4	2,670	3,816
2046	271,662	124.1	\$379,999	310	337	\$47.2	\$8.8	\$111	\$4.3	\$90,092	32.5	2,663	3,791
2047	270,780	124.4	\$390,466	306	338	\$48.6	\$9.1	\$113	\$4.4	\$91,161	32.5	2,656	3,753
2048	269,916	124.6	\$401,247	306	338	\$50.0	\$9.3	\$116	\$4.4	\$92,243	32.5	2,645	3,718
2049	269,080	124.9	\$412,300	305	339	\$51.5	\$9.5	\$119	\$4.4	\$93,321	32.5	2,632	3,676
2050	268,262	125.2	\$423,641	304	340	\$53.0	\$9.7	\$122	\$4.5	\$94,402	32.4	2,619	3,642

Employment Sectors

2015-2018 History, 2019-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade (thousands of jobs)	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
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	121.5	5.23	7.5	7.3	4.0	17.1	3.9	10.7	1.3	17.4	19.1	24.1
2018	122.9	5.15	7.8	7.8	4.0	17.0	3.9	10.8	1.3	17.8	19.2	24.3
2019	124.4	5.38	8.1	7.8	4.0	17.1	3.8	11.0	1.3	18.0	19.5	24.4
2020	125.7	5.52	8.3	7.8	3.9	17.2	3.8	11.2	1.2	18.2	19.8	24.6
2021	126.7	5.69	8.5	7.9	3.9	17.3	3.9	11.4	1.2	18.5	19.8	24.7
2022	127.2	5.73	8.3	7.9	3.9	17.4	3.9	11.5	1.2	18.7	19.8	24.8
2023	127.6	5.77	8.0	7.9	3.9	17.6	3.9	11.5	1.2	18.9	19.9	24.9
2024	127.9	5.80	7.8	7.9	3.9	17.7	3.9	11.6	1.2	19.1	19.9	25.0
2025	128.3	5.84	7.6	8.0	3.8	17.8	3.9	11.6	1.2	19.3	20.0	25.1
2026	128.7	5.88	7.4	8.0	3.8	17.9	3.9	11.6	1.2	19.6	20.1	25.2
2027	129.2	5.91	7.3	8.0	3.7	18.0	3.9	11.7	1.2	19.8	20.2	25.3
2028	129.7	5.95	7.2	8.0	3.7	18.1	3.9	11.7	1.1	20.0	20.3	25.4
2029	130.2	5.99	7.1	8.0	3.7	18.2	3.9	11.8	1.1	20.2	20.4	25.5
2030	130.6	6.02	7.0	8.0	3.7	18.3	3.9	11.8	1.1	20.4	20.4	25.6
2031	131.0	6.06	6.9	8.1	3.7	18.3	3.9	11.9	1.1	20.6	20.5	25.7
2032	131.5	6.10	6.8	8.1	3.7	18.4	3.9	11.9	1.1	20.8	20.6	25.8
2033	132.0	6.14	6.8	8.1	3.7	18.5	3.9	11.9	1.1	21.0	20.7	25.9
2034	132.4	6.18	6.7	8.1	3.7	18.5	3.9	12.0	1.1	21.1	20.8	26.0
2035	132.8	6.21	6.6	8.1	3.6	18.6	3.9	12.0	1.1	21.3	20.8	26.1
2036	133.2	6.25	6.6	8.2	3.6	18.6	3.9	12.1	1.1	21.4	20.9	26.2
2037	133.6	6.29	6.5	8.2	3.6	18.7	3.9	12.1	1.1	21.6	21.0	26.3
2038	134.0	6.33	6.4	8.2	3.6	18.7	3.9	12.1	1.1	21.7	21.1	26.4
2039	134.3	6.37	6.2	8.2	3.6	18.8	3.9	12.2	1.1	21.8	21.1	26.5
2040	134.5	6.41	6.1	8.3	3.6	18.8	3.9	12.2	1.1	21.9	21.2	26.6
2041	134.8	6.45	5.9	8.3	3.6	18.8	3.9	12.3	1.1	22.0	21.3	26.7
2042	135.1	6.49	5.8	8.3	3.6	18.9	3.9	12.3	1.1	22.1	21.4	26.8
2043	135.4	6.53	5.8	8.3	3.6	18.9	3.9	12.4	1.1	22.2	21.4	26.9
2044	135.8	6.57	5.7	8.3	3.6	18.9	3.9	12.4	1.1	22.3	21.5	27.0
2045	136.2	6.61	5.7	8.4	3.6	19.0	3.9	12.4	1.1	22.4	21.6	27.1
2046	136.6	6.65	5.7	8.4	3.6	19.0	3.9	12.5	1.1	22.4	21.7	27.2
2047	136.9	6.69	5.7	8.4	3.6	19.1	3.9	12.5	1.1	22.5	21.7	27.3
2048	137.3	6.73	5.7	8.4	3.6	19.1	3.9	12.6	1.1	22.6	21.8	27.4
2049	137.7	6.77	5.6	8.4	3.6	19.1	3.9	12.6	1.1	22.6	21.9	27.5
2050	138.0	6.81	5.6	8.5	3.6	19.2	3.9	12.6	1.1	22.7	21.9	27.6

San Luis Obispo County Economic Forecast

Socioeconomic Indicators

