# Sonoma County Economic Forecast

Forecast Summary

- 3,900 non-farm jobs will be created in Sonoma County during 2019. Over the following five years, an average of 500 new jobs are expected per year.

- Employment growth will be led by professional services, leisure services, education and healthcare, and government. These sectors will account for virtually all net job creation through 2024.

- The construction sector is expected to remain fully employed but on-site jobs will diminish as fire rebuilds are completed.

- The unemployment rate averaged 2.7 percent in 2018, and is expected to remain near 2.7 percent in 2019.

- The population declined in 2018. It is expected to expand slowly over the forecast period.

- More than 4,100 housing units broke ground in 2018. Most were rebuilds from the fires of October 2017.

- More than 2,000 units could be built in 2019, and housing production should remain high through 2020.

Job Growth

- Growth slowed in 2018 but was still very strong.

- Growth will remain strong in 2019 as more construction workers are hired to rebuild the structures destroyed by the 2017 wildfires.

- The leading industries in 2018 were healthcare, construction, and professional business services.

- Job losses were observed in the retail, leisure and hospitality, and government sectors.


Non-farm Job Growth 2010 – 2024
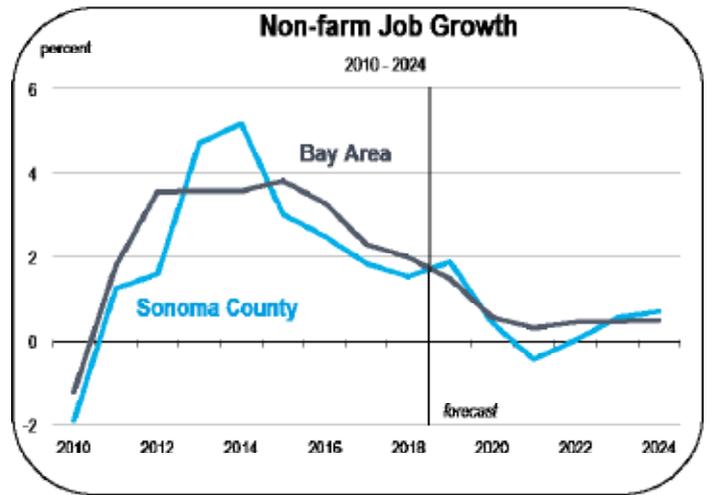
- Between 2012 and 2018, non-farm employment increased by 3.1 percent per year.

- Between 2018 and 2024, growth is forecast to average 0.5 percent per year.

- Approximately 3,900 non-farm jobs will be created during 2019.

- Through 2024, an average of 500 new non-farm wage and salary jobs per year are expected.

Construction Employment

- The construction industry continues to expand at a rapid pace, driven by increases in housing production and new investment in non-residential structures.

- Job gains in 2018 were largely a response to the wildfires of 2017. These fires destroyed 5,503 homes in Sonoma County and


Population Growth 2010 – 2024

Construction Employment 2010 – 2024
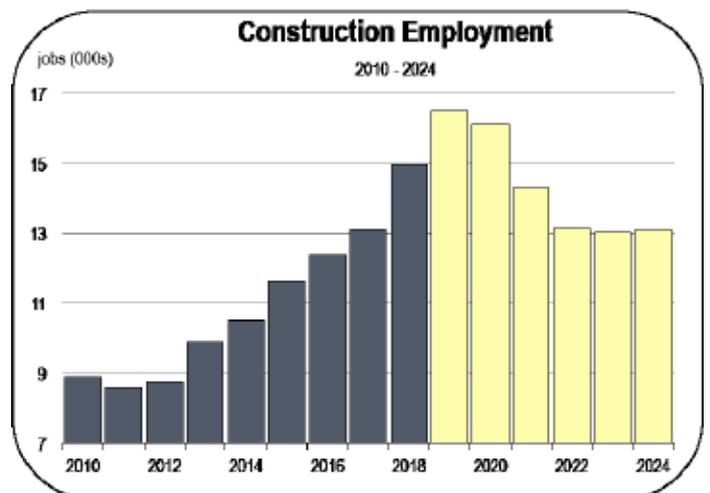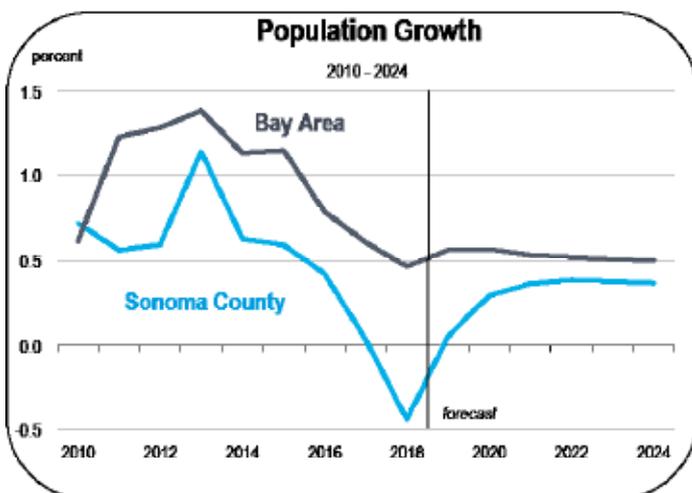
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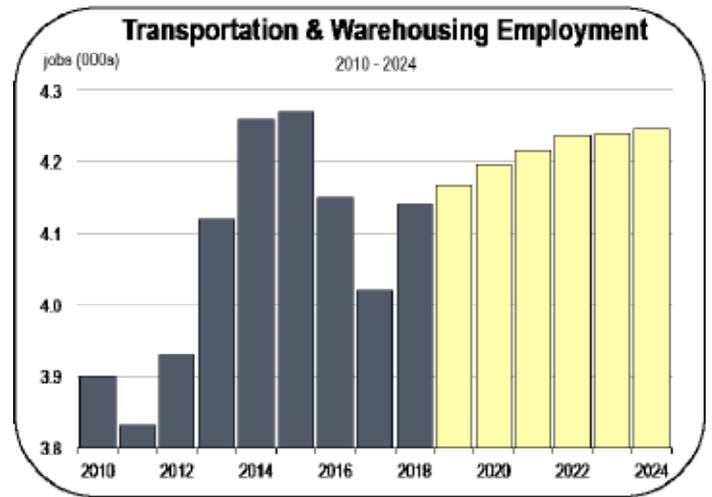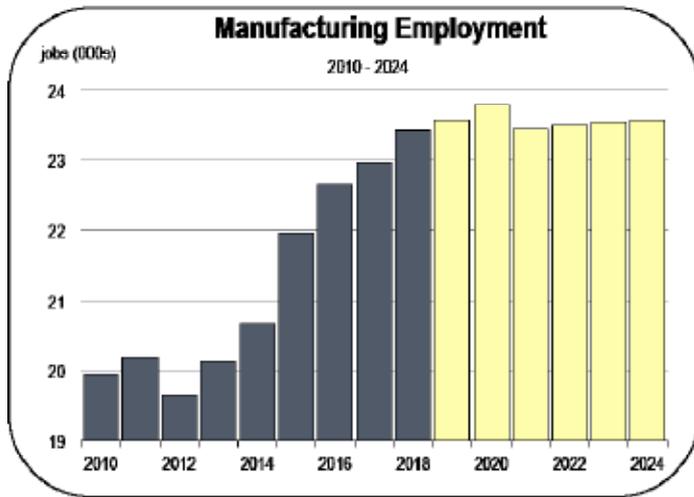
damaged 540 more. Construction began on 4,100 units in 2018, mostly rebuilds. Another 2,000 units could break ground in 2019.

- 1,500 new construction jobs will be created in 2019, and employment levels will remain high through 2021.

Manufacturing Employment

- Winemaking, beer production, food processing, medical device manufacturing, and IT product manufacturing are the major local sectors. Several large firms anchor the industry and comprise a quarter of all jobs

- A record level of wine grapes were harvested and processed last year, and more than 200 jobs were created local wineries. Another 200 were generated by expanding IT product manufacturers.

Transportation and Warehousing Employment

- The transportation and warehousing sector is small in Sonoma County.

- Approximately 100 jobs were lost last year, but changes of this size are commonplace.

- Strength was observed across most corners of the industry, including local delivery services and warehousing and logistics firms.

- Growth will continue in 2019 and 2020, as the rise of online shopping leads to more direct-to-consumer deliveries, causing growth at firms like UPS and FedEx.

Retail Trade Employment

- Approximately 200 retail jobs were lost in 2018. Losses were strongest in sectors facing heavy competition from online retailers:
  - Sporting goods stores
  - Furniture stores
  - Clothing stores
  - Department stores (i.e. Macy's)
  - Office supply stores
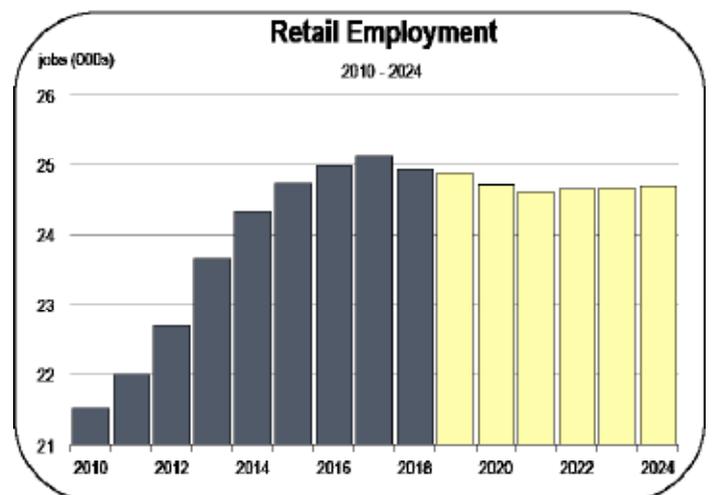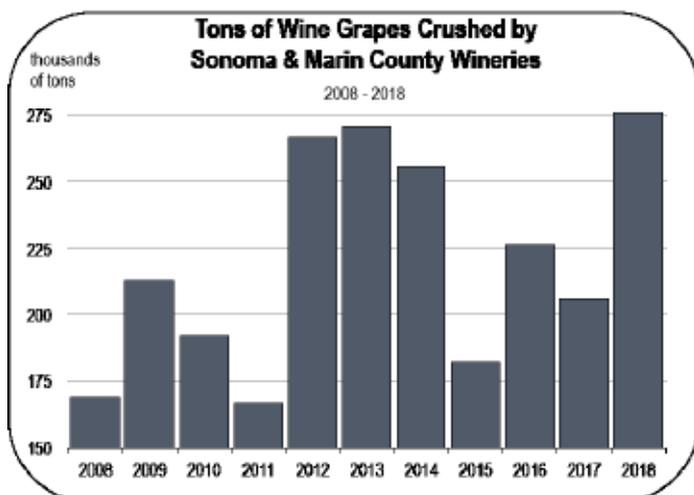
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- Sectors not facing heavy online competition continued to create jobs:
  - Car dealerships
  - Drug stores and healthcare stores
  - Gas stations
  - Grocery stores

- Industry-wide losses will continue, with further bifurcation of the industry.

Financial Activities Employment

- Financial activities firms generated 100 new jobs last year.

- Most gains were in real estate companies. Banks and insurance companies continued to reduce their headcounts. Banks and insurers are offering more online services, reducing the need for customers to visit local branches.

- Few new jobs will be created over the forecast period.

## Professional and Business Services Employment

- Growth in this sector continues to be rapid.

- Professional and business services are largely comprised of high-skill jobs in law, accounting, tech, consulting, and scientific research. Much of the Bay Area has seen increased demand for such jobs.

- Jobs have also been created at temporary staffing firms, back office support companies, building maintenance services, and corporate security organizations.

- More jobs will be created in 2019 and 2020 as demand increases for high-value business services.
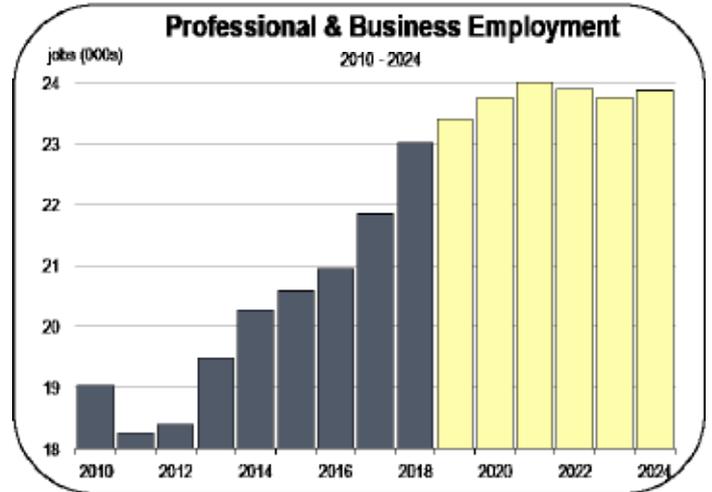
Information Employment

- Employment levels in this industry have been largely unchanged since 2014.

- Jobs continue to be lost at local newspapers. There are 15 newspapers in the county, but they have an average of only 26 employees compared to an average of 45 employees before the 2007—2009 recession.

- Losses at newspapers have been offset by gains at data services companies.

- Sonoma County used to be known as "Telecom Valley," and was a thriving hub for telecommunications firms. The telecom industry is now in a long-term pattern of decline nationwide, but Sonoma County has gained a small number of jobs over the past few years.
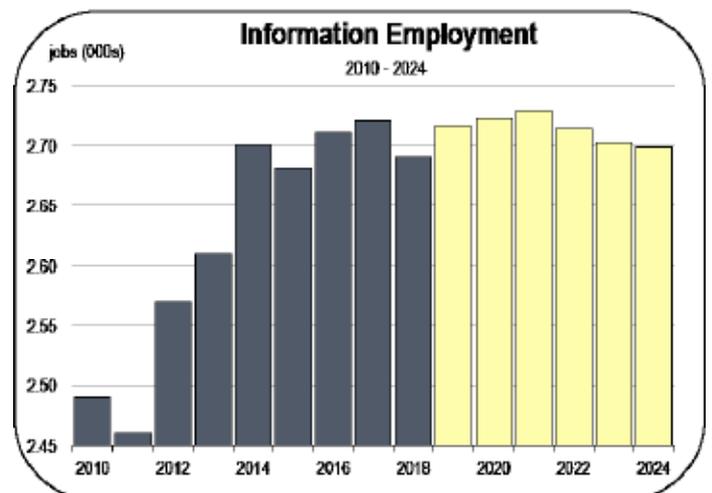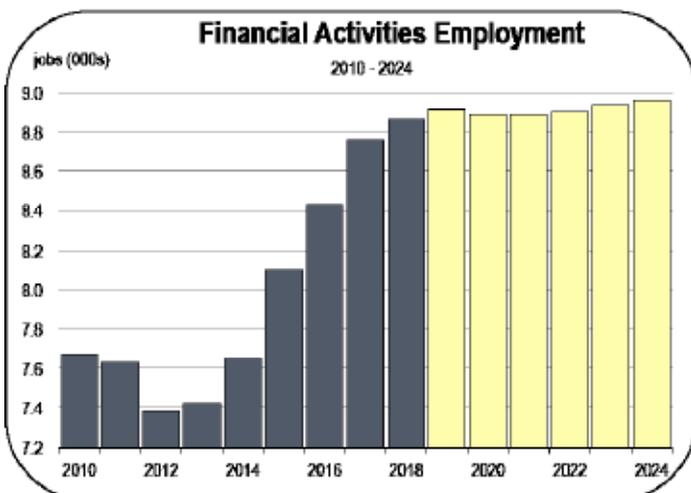
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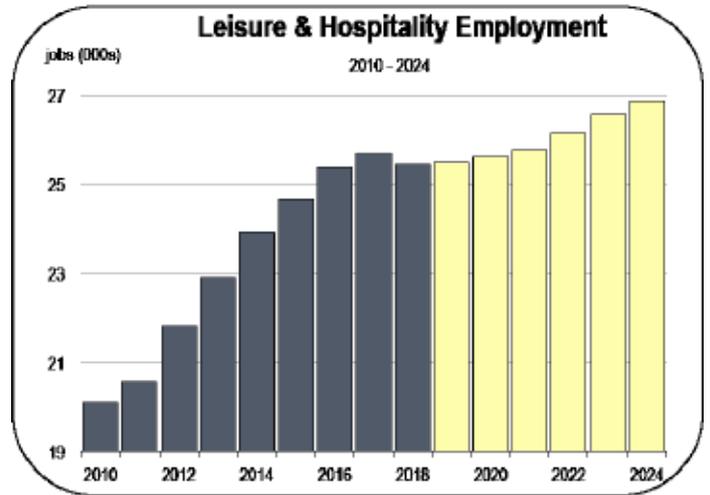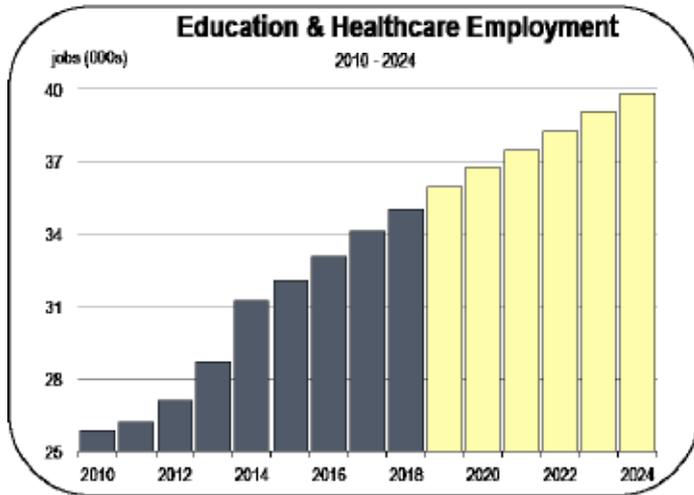
Private Education and Healthcare Employment

- Healthcare gains have been widespread, but have been most prevalent in doctors' offices, outpatient and residential care facilities, and organizations that provide services to the elderly and people with disabilities.

- Private schools also gained a small number of jobs in 2018 (public schools are included in the government sector).

- Growth will continue to be strong over the forecast period as an aging population generates higher demand for healthcare. However, the future of the U.S. health insurance landscape is unknown, and legislative changes could influence job growth in health services.

Leisure and Hospitality Employment

- Employment levels in leisure and hospitality declined in 2018. After years of expansion, the industry lost 300 jobs.

- 150 jobs were lost at hotels. Hotels that remained operational had a good year, with high occupancy rates throughout 2018. But 3 hotels burned in the wildfires of October 2017, and the jobs at these hotels were not reinstated.

- Restaurants created 3,200 jobs between 2012 and 2017, but lost 200 jobs in 2018.

- Industry-wide job creation should resume in 2019. Dozens of new hotels could be built over the next decade, and the restaurant sector will begin to expand again.

Government Employment

- Government agencies downsized by 1,100 jobs last year.

- 500 jobs were lost at local public schools, partially as a result of the fires that occurred in October 2017.

- State agencies with offices in Sonoma County have been shedding jobs for several years, and these losses intensified in 2018. Approximately 500 state-level jobs were lost during that year.

- Future growth in employment is forecast because population growth accelerates.

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Population Growth

- The Sonoma County population declined by 2,200 residents last year.

- That decline was attributable to the out migration of residents displaced by the 2017 fires.

- Net migration will increase over the next few years as families return to homes that have been rebuilt. An average of 1,200 net migrants will enter the county each year between 2019 and 2024.

- Population growth will average 0.3 percent per year, and the county will surpass 510,000 people by 2024.

Unemployment and Inflation Rates

- The unemployment rate in Sonoma County averaged 2.7 percent in 2018, which was similar to the composite rate for the Bay Area.

- Beginning in 2020, the unemployment rate may deteriorate, but with an unemployment rate of just 2.8 percent, the job market will still be very tight.

- Inflation accelerated in 2018 as energy prices increased and housing costs rose rapidly. Inflation will remain elevated in 2019 and 2020, and will likely be above 3 percent.
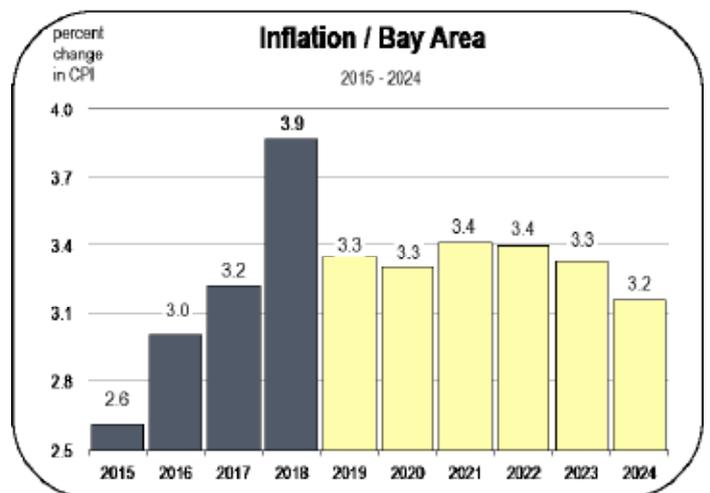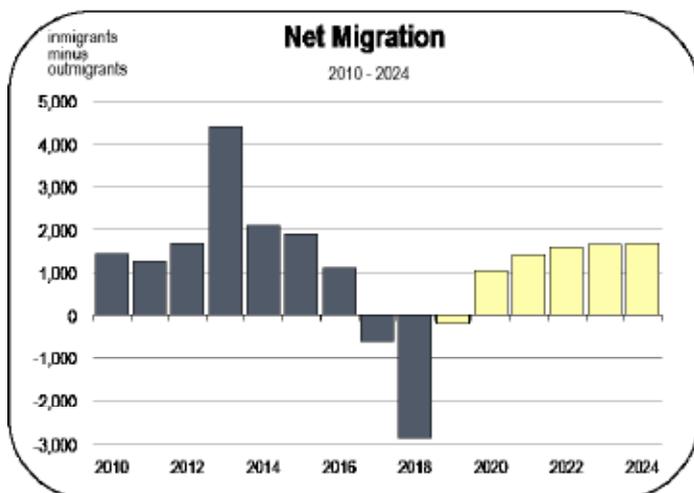
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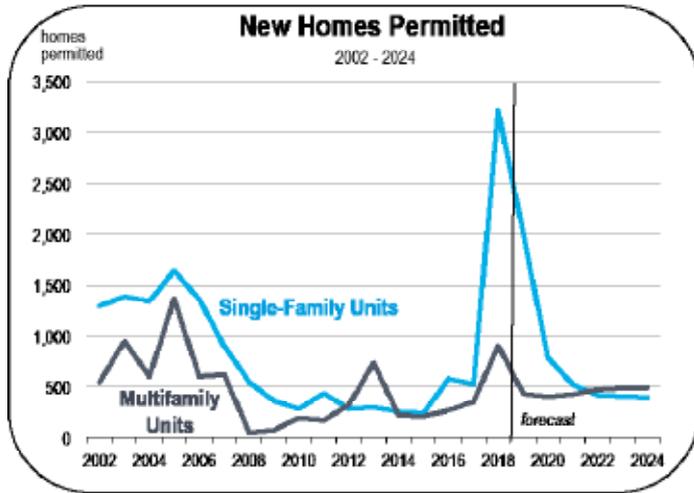
New Housing Production

- During the wildfires of October 2017, 5,303 homes were destroyed in Sonoma County. Many will be rebuilt, and construction began in 2018. The rebuilding process will cause activity to remain elevated through 2020. Most of the rebuilt properties will be single-family homes, primarily in Santa Rosa.

- The forecast calls for approximately 7,200 homes to be built between 2019 and 2024, an average of 1,200 each year.

- Aside from the fires, a number of construction projects have been planned, and most will continue as scheduled:
    - Downtown Station – 3,409 homes in Santa Rosa
    - Chanate Village – 867 homes in Santa Rosa
    - Riverfront – 273 units in Petaluma
    - Caritas Village – 139 units in Santa Rosa
    - 420 Mendocino – 128 units in Santa Rosa
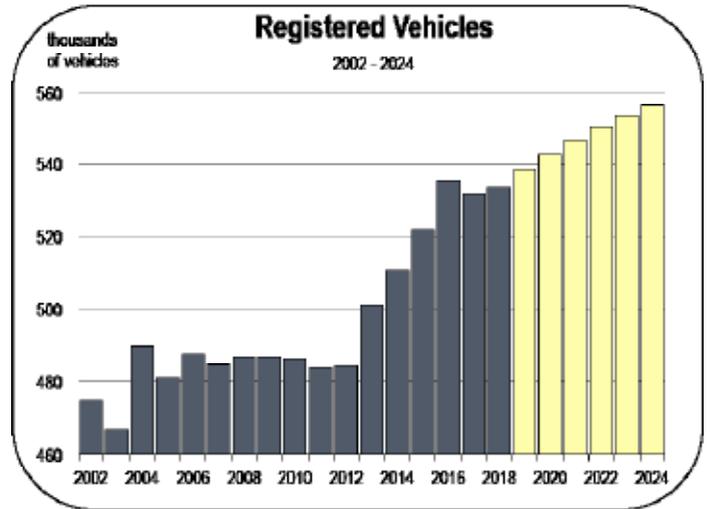
Income per Capita

- Income per capita in 2018 was $63,600. Income per capita has increased rapidly in Sonoma County, growing by an average of 2.2 percent per year over the last 6 years, adjusted for inflation.

- Real income per capita is expected to grow more slowly over the forecast period, increasing by 1.8 percent per year through 2024.

Registered Vehicles

- There were 533,600 registered vehicles in the county in 2018. By 2024, the county will have approxiimately 556,100 vehicles.

Public School Enrollment

- In Sonoma County, approximately 70,300 students were enrolled in K-12 public schools during the 2017—2018 school year.

- By 2024, there are expected to be 64,900 K-12 students in the county. Enrollment will decrease because the population aged 5 to 17 is forecast to sharply decline.
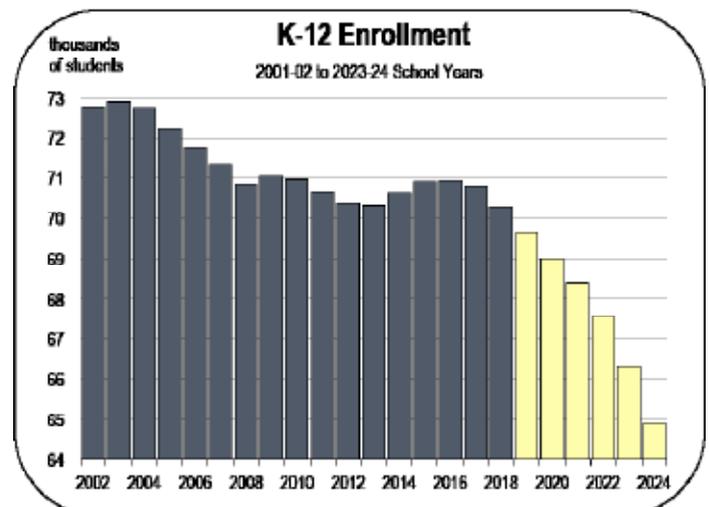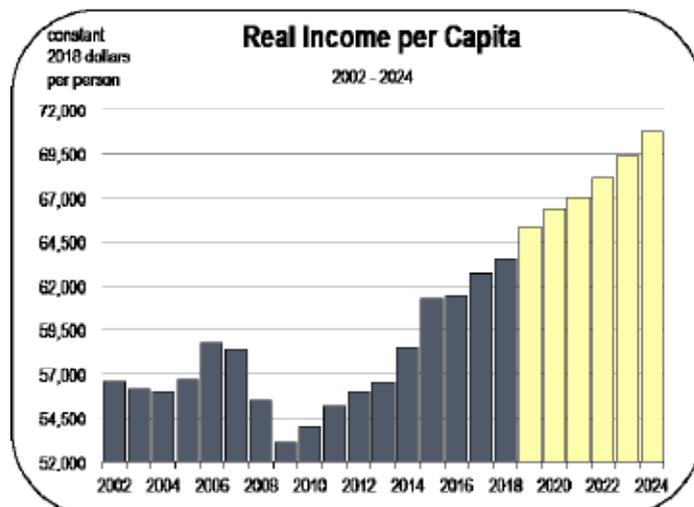
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Economic Indicators — 2015-2018 History, 2019-2050 Forecast

	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	501,331	189.4	$149,214	442	522	$28.3	$6.1	$129	$6.0	$61,323	70.9	5,015	4,095
2016	503,452	190.3	$152,272	841	535	$29.0	$6.2	$133	$5.6	$61,441	70.9	4,962	4,156
2017	503,634	190.7	$159,445	876	532	$30.4	$6.5	$139	$5.5	$62,690	70.8	4,912	4,281
2018	501,427	186.7	$170,837	4,119	534	$31.9	$6.8	$145	$5.6	$63,601	70.3	4,841	4,384
2019	501,689	190.6	$176,688	2,430	539	$33.7	$7.1	$151	$5.7	$65,328	69.6	4,890	4,428
2020	503,170	190.9	$184,703	1,181	543	$35.3	$7.3	$154	$5.8	$66,417	69.0	4,931	4,489
2021	505,002	190.2	$193,213	944	547	$36.7	$7.4	$157	$5.9	$67,072	68.4	4,971	4,559
2022	506,961	190.9	$201,710	890	550	$38.5	$7.6	$162	$6.0	$68,132	67.5	5,008	4,654
2023	508,882	191.8	$210,903	898	553	$40.4	$7.9	$167	$6.1	$69,384	66.3	5,039	4,759
2024	510,762	192.6	$220,361	886	556	$42.4	$8.1	$172	$6.2	$70,745	64.9	5,069	4,866
2025	512,593	193.4	$228,507	833	559	$44.2	$8.3	$176	$6.3	$71,670	63.8	5,088	4,977
2026	514,385	194.2	$237,460	863	561	$46.1	$8.5	$180	$6.5	$72,800	62.8	5,110	5,087
2027	516,134	195.0	$247,476	830	563	$48.3	$8.7	$185	$6.6	$74,252	61.8	5,129	5,199
2028	517,876	195.8	$257,535	806	565	$50.4	$8.9	$189	$6.7	$75,578	60.8	5,149	5,315
2029	519,589	196.6	$267,241	792	567	$52.5	$9.1	$194	$6.8	$76,640	60.0	5,171	5,434
2030	521,264	197.4	$276,211	780	568	$54.5	$9.3	$199	$6.9	$77,479	59.5	5,189	5,561
2031	522,905	198.1	$285,180	752	570	$56.5	$9.6	$203	$7.0	$78,315	59.0	5,205	5,686
2032	524,541	198.8	$294,047	783	572	$58.5	$9.8	$208	$7.0	$78,889	58.6	5,224	5,811
2033	526,173	199.5	$303,238	734	574	$60.5	$10.0	$213	$7.1	$79,796	58.2	5,235	5,935
2034	527,784	200.2	$312,914	699	575	$62.6	$10.2	$218	$7.2	$80,598	57.7	5,238	6,056
2035	529,376	200.9	$323,014	723	577	$64.9	$10.5	$223	$7.3	$81,347	57.5	5,231	6,181
2036	530,884	201.5	$333,427	677	579	$67.2	$10.8	$229	$7.3	$81,808	57.8	5,220	6,299
2037	532,269	202.2	$344,309	714	580	$69.6	$11.1	$236	$7.4	$82,224	58.3	5,208	6,410
2038	533,536	202.8	$355,352	682	582	$72.1	$11.4	$243	$7.4	$82,781	58.7	5,201	6,514
2039	534,669	203.4	$366,877	697	584	$74.6	$11.8	$250	$7.5	$83,222	59.1	5,198	6,612
2040	535,656	204.1	$378,587	660	586	$77.3	$12.1	$257	$7.5	$83,730	59.6	5,200	6,704
2041	536,499	204.7	$390,467	610	588	$79.9	$12.4	$264	$7.6	$84,370	59.9	5,204	6,782
2042	537,213	205.2	$402,579	583	589	$82.6	$12.7	$270	$7.6	$85,069	60.3	5,209	6,852
2043	537,819	205.7	$414,733	526	591	$85.3	$13.0	$277	$7.7	$85,785	60.7	5,218	6,918
2044	538,328	206.2	$427,161	512	593	$88.1	$13.3	$283	$7.8	$86,654	60.8	5,228	6,986
2045	538,693	206.7	$440,025	505	595	$91.0	$13.6	$290	$7.9	$87,398	61.1	5,239	7,063
2046	538,889	207.2	$452,975	474	597	$93.8	$14.0	$297	$7.9	$88,197	61.2	5,250	7,134
2047	538,967	207.6	$466,246	441	599	$96.8	$14.3	$303	$8.0	$89,004	61.4	5,262	7,195
2048	538,949	208.0	$479,870	434	600	$99.8	$14.6	$311	$8.1	$89,811	61.5	5,273	7,246
2049	538,856	208.4	$494,014	422	602	$103.0	$15.0	$318	$8.2	$90,661	61.6	5,283	7,290
2050	538,700	208.8	$508,677	395	604	$106.2	$15.3	$325	$8.2	$91,546	61.6	5,294	7,337

Employment Sectors — 2015-2018 History, 2019-2050 Forecast

	Total Wage and Salary	Farm	Construction	Manufac-turing	Transportation and Utilities	Wholesale and Retail Trade	Financial Activities	Professional Services	Information	Health and Education	Leisure	Government
					--------(thousands of jobs)--------							
2015	202.8	6.0	11.6	22.0	4.3	31.9	8.1	20.6	2.7	32.1	24.7	31.8
2016	207.8	6.1	12.4	22.7	4.2	32.3	8.4	21.0	2.7	33.0	25.4	32.3
2017	211.5	6.1	13.1	23.0	4.0	32.5	8.8	21.8	2.7	34.1	25.7	32.3
2018	215.2	6.6	15.0	23.4	4.1	32.5	8.9	23.0	2.7	35.0	25.4	31.2
2019	219.1	6.6	16.5	23.6	4.2	32.4	8.9	23.4	2.7	35.9	25.5	32.0
2020	220.1	6.6	16.1	23.8	4.2	32.3	8.9	23.8	2.7	36.8	25.6	32.0
2021	219.1	6.6	14.3	23.5	4.2	32.2	8.9	24.0	2.7	37.5	25.8	32.2
2022	219.2	6.7	13.1	23.5	4.2	32.3	8.9	23.9	2.7	38.3	26.1	32.3
2023	220.4	6.7	13.0	23.5	4.2	32.3	8.9	23.8	2.7	39.1	26.5	32.4
2024	221.9	6.7	13.1	23.6	4.2	32.3	9.0	23.9	2.7	39.8	26.9	32.5
2025	223.1	6.7	12.8	23.7	4.2	32.4	9.0	24.0	2.7	40.6	27.0	32.7
2026	224.3	6.7	12.5	23.7	4.3	32.4	9.0	24.1	2.7	41.4	27.3	32.8
2027	225.8	6.7	12.5	23.8	4.3	32.4	9.0	24.1	2.7	42.2	27.7	32.9
2028	227.3	6.7	12.5	23.9	4.2	32.5	9.1	24.2	2.7	42.9	27.9	33.1
2029	228.7	6.7	12.4	24.0	4.2	32.6	9.1	24.3	2.7	43.6	28.2	33.2
2030	230.1	6.7	12.3	24.0	4.2	32.6	9.1	24.5	2.7	44.3	28.5	33.4
2031	231.3	6.7	12.3	24.1	4.2	32.7	9.1	24.5	2.7	44.9	28.7	33.5
2032	232.4	6.8	12.1	24.1	4.2	32.7	9.2	24.7	2.8	45.4	28.9	33.6
2033	233.4	6.8	12.0	24.2	4.2	32.8	9.2	24.7	2.8	46.0	29.0	33.8
2034	234.4	6.8	11.9	24.2	4.2	32.8	9.2	24.8	2.8	46.5	29.2	34.0
2035	235.4	6.8	11.7	24.3	4.2	32.8	9.2	24.9	2.8	47.0	29.4	34.1
2036	236.4	6.8	11.8	24.3	4.2	32.9	9.2	25.0	2.8	47.4	29.6	34.2
2037	237.4	6.8	11.8	24.4	4.2	32.9	9.2	25.1	2.8	47.7	29.7	34.4
2038	238.2	6.8	11.7	24.4	4.2	33.0	9.2	25.3	2.9	48.0	29.9	34.5
2039	239.0	6.8	11.7	24.5	4.2	33.0	9.2	25.4	2.9	48.2	30.1	34.6
2040	239.8	6.8	11.8	24.5	4.2	33.0	9.2	25.5	2.9	48.4	30.2	34.7
2041	240.6	6.8	11.8	24.6	4.2	33.0	9.3	25.6	2.9	48.6	30.4	34.9
2042	241.3	6.8	11.8	24.6	4.2	33.0	9.3	25.7	3.0	48.8	30.6	35.0
2043	241.9	6.9	11.5	24.7	4.2	33.0	9.3	25.8	3.0	49.0	30.7	35.2
2044	242.5	6.9	11.4	24.7	4.1	33.1	9.3	25.9	3.0	49.1	30.9	35.3
2045	243.2	6.9	11.2	24.8	4.1	33.1	9.3	26.0	3.0	49.4	31.1	35.5
2046	243.9	6.9	11.1	24.8	4.1	33.1	9.3	26.1	3.0	49.7	31.2	35.7
2047	244.6	6.9	11.0	24.9	4.1	33.0	9.3	26.2	3.0	49.9	31.4	35.8
2048	245.2	6.9	10.7	24.9	4.1	33.0	9.3	26.2	3.1	50.2	31.6	36.0
2049	245.9	6.9	10.6	25.0	4.1	33.0	9.4	26.3	3.1	50.5	31.7	36.2
2050	246.8	6.9	10.5	25.0	4.1	33.0	9.4	26.4	3.1	50.9	31.9	36.3

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Socioeconomic Indicators

Violent Crime Rate
2017
crimes per 100,000 residents

- Sonoma County: 402
- Bay Area: 414
- California: 449

Poverty Rate
2018
percent of households below poverty line

- Sonoma County: 6.2
- Bay Area: 6.5
- California: 11.1

Median Household Income
2018
dollars per household

- Sonoma County: 82,200
- Bay Area: 105,800
- California: 74,600

Median Home Selling Price
2018
dollars

- Sonoma County: 599,000
- Bay Area: 871,200
- California: 571,200

Average Travel Time to Work
2018
minutes each way

- Sonoma County: 27
- Bay Area: 34
- California: 32

Percent of Population Age 25+ With at Least a 4-Year College Degree
2018
percent

- Sonoma County: 33.9
- Bay Area: 46.1
- California: 32.6