

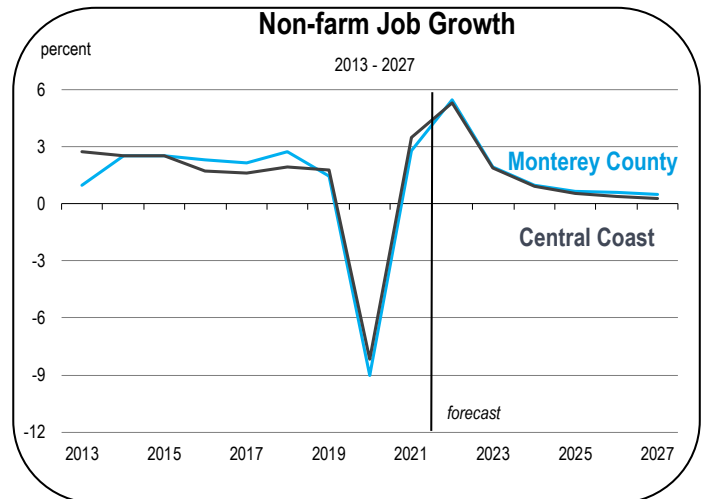
# Monterey County Economic Forecast

## Forecast Summary

- An estimated 5,000 total wage and salary jobs will be restored in Monterey County during 2022, representing a growth of 2.6 percent.
- A full labor market recovery is expected by mid-2023.
- Employment gains in 2022 will be largest in leisure services, which will expand by 3,100 jobs.
- Approximately 1,200 jobs will be reinstated at government departments and institutions, including local schools and CSU Monterey Bay.
- The unemployment rate averaged 8.7 percent in 2021. It is forecast to average 5.7 percent in 2022.
- The Monterey County population is expected to grow slowly in 2022 and 2023, due principally to the aging of the population and the declining birth rate.
- Housing production is expected to accelerate over the next five years with a focus on single-family detached homes.
- Home prices surged in 2021, rising by 15 percent. The median price is expected to increase by just 2 percent in 2022, and decline modestly in 2023.

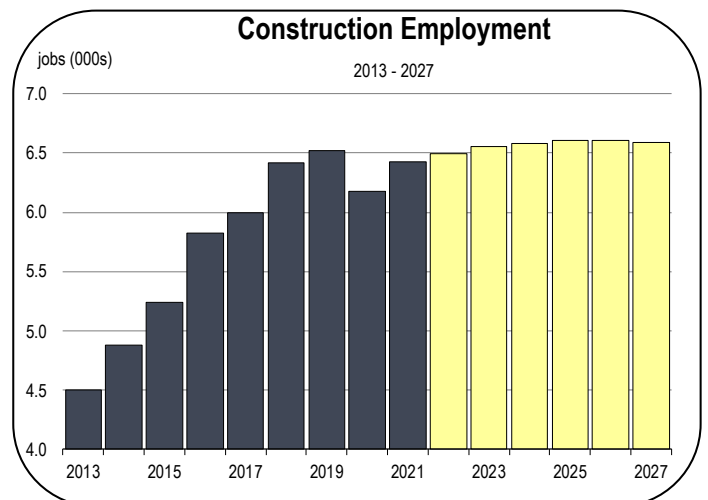
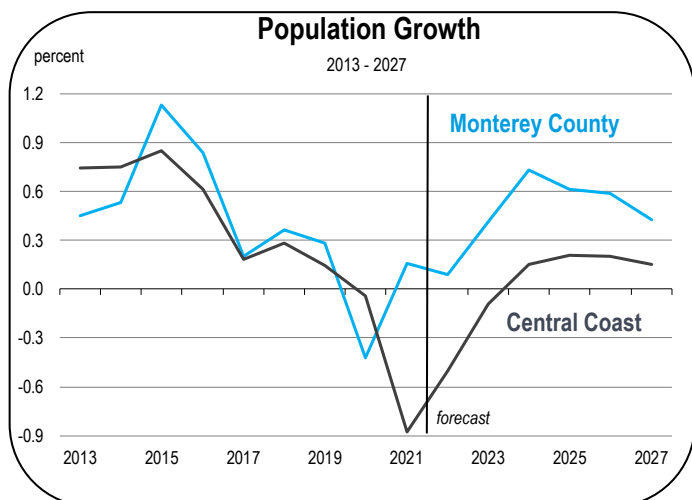
## Job Growth

- Total employment in Monterey County will expand by 2.6 percent in 2022.
- Between 2023 and 2027, job growth will average 1.3 percent per year.

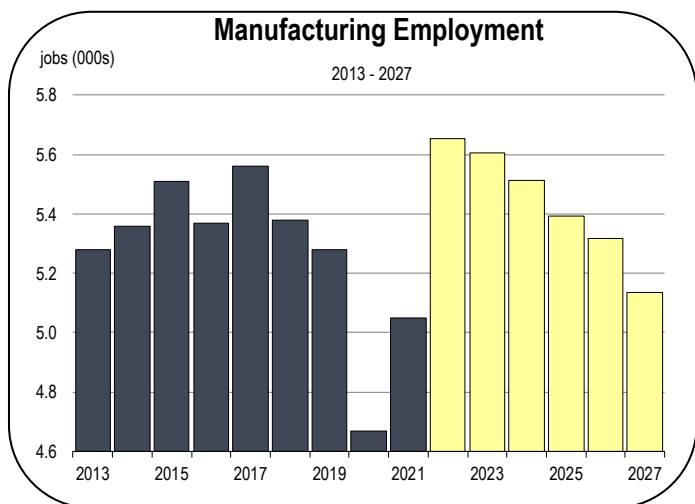


## Construction Employment

- Construction employment expanded by 4 percent in 2021, recovering 80 percent of jobs lost in 2020.
- The expected level of housing production and non-residential construction activity will not require a large expansion of the construction workforce over the forecast. Jobs are expected to rise 1.1 percent in 2022 and 0.4 percent in 2023.
- The California construction workforce will be fully employed by 2023, and construction firms will struggle to hire additional workers. Consequently, the forecast for construction employment to rise is muted by labor availability.



# Monterey County Economic Forecast

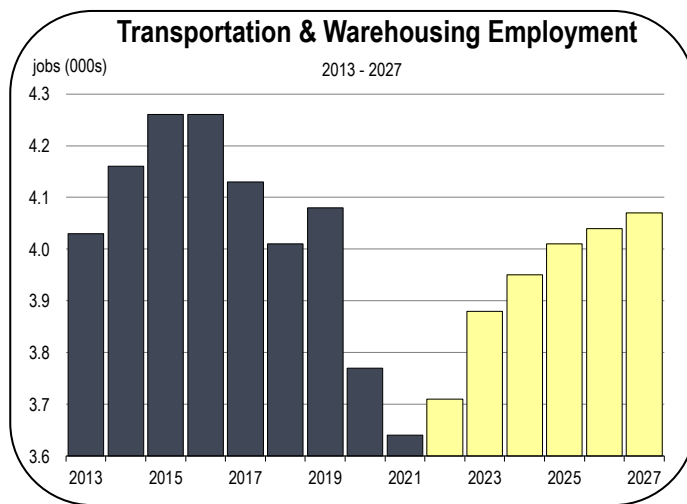


## Manufacturing Employment

- Monterey County has a large concentration in food and beverage manufacturing firms, which turn agricultural commodities into finished food products.
- Most non-durable manufacturing is food processing including wine making and bottling. This type of manufacturing has created more jobs in 2021 and 2022 in the county. As the implementation of more automated equipment in lettuce and spinach packaging becomes more ubiquitous, employment is forecast to consolidate over the forecast.

## Transportation and Warehousing Employment

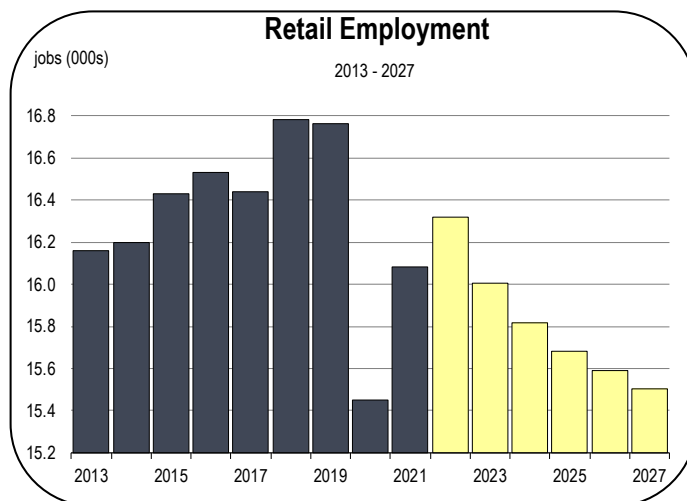
- Most transportation jobs in Monterey County are in trucking and warehousing, where firms deliver goods to and from the Port of Oakland, and store these goods in logistics facilities.
- About a third of the industry is in delivery firms like UPS and FedEx. Delivery firms hired large numbers of workers during 2021 in response to a surge in direct-to-consumer shipping.
- Going forward, job gains will be influenced by the expansion of online shopping, the introduction of new warehousing and logistics facilities, and the exporting of agricultural commodities to other state and nations.
- Monterey County is a top exporter of agricultural goods, sending large quantities of produce to nations like Mexico, Canada, Japan, Taiwan, Hong Kong, Saudi Arabia, South Korea, Kuwait, United Arab Emirates, Singapore, and Qatar.



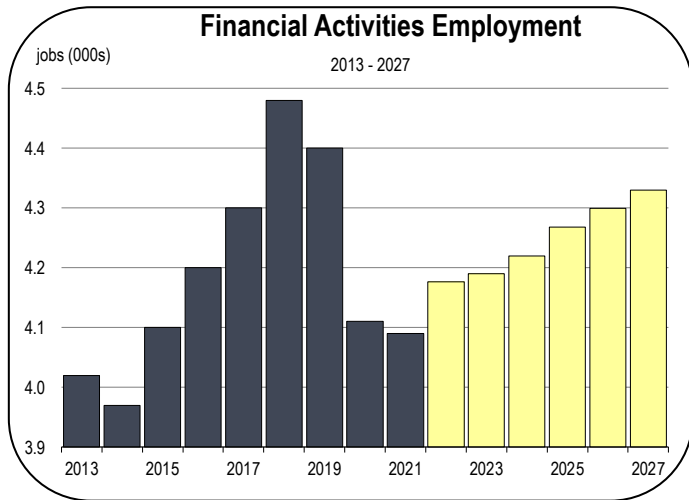
- In a typical year, the county exports more than 100 million pounds of lettuce, more than 50 million pounds of strawberries, more than 20 million pounds of broccoli, and more than 10 million pounds of spinach and cauliflower.

## Retail Trade Employment

- Retail trade employment restored 600 jobs in 2021 and will add another 200 jobs in 2022.
- Jobs in retail stores and shops are unlikely to expand due to the substitution of online retail buying for physical in-store shopping. Current trends in the retail sector suggest that sales will continue to expand but employment will contract. Automation, such as self-check-out, has already eliminated many retail jobs at Wal Mart, Whole Foods, Drug stores, and the myriad of grocery stores.



# Monterey County Economic Forecast

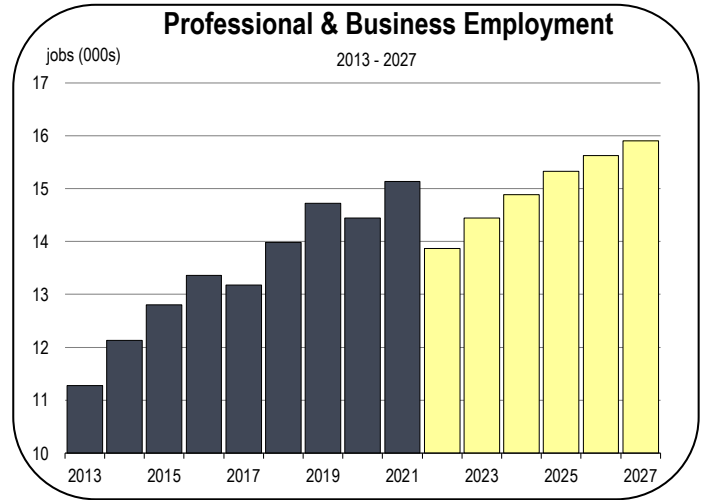


## Financial Activities Employment

- The Monterey County financial activities sector is primarily comprised of real estate agencies, insurance firms, and banks.
- Over the forecast period, job growth will be observed in real estate management, leasing, and brokerage.
- Banks, mortgage lenders, and insurance firms will create very few jobs between 2022 and 2027 and may lose jobs over the long term.

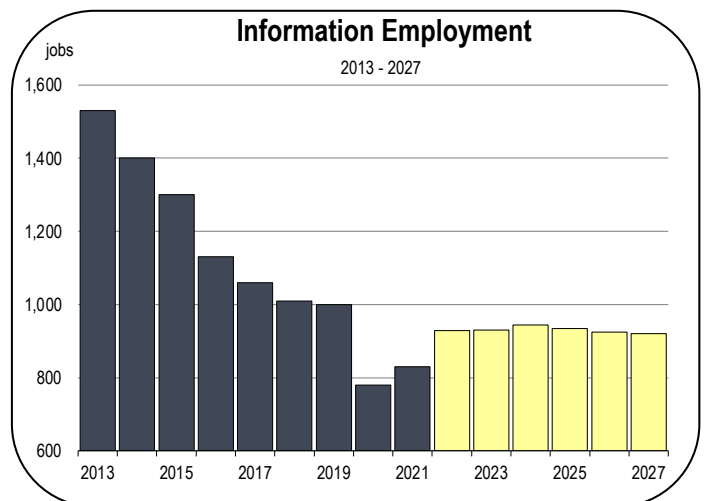
## Professional and Business Services Employment

- The professional and business services sector expanded by 4.8 percent during 2021, growing by 700 jobs.
- Following the restoration of jobs in 2021, a consolidation in professional and business service jobs is expected to lower total employment levels during 2022. Much of this was temporary staffing firms that thrived in 2021 when the labor force did not return to pre-pandemic levels.
- Total employment will sink by 1,200 jobs in 2022.
- Over the forecast period, security and maintenance jobs will be restored as the economy fully returns to on-site work, and new jobs will be created in the business consulting and IT consulting.

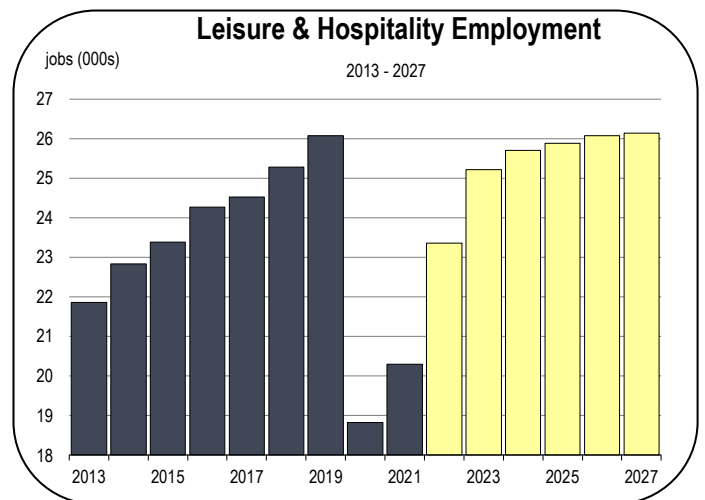
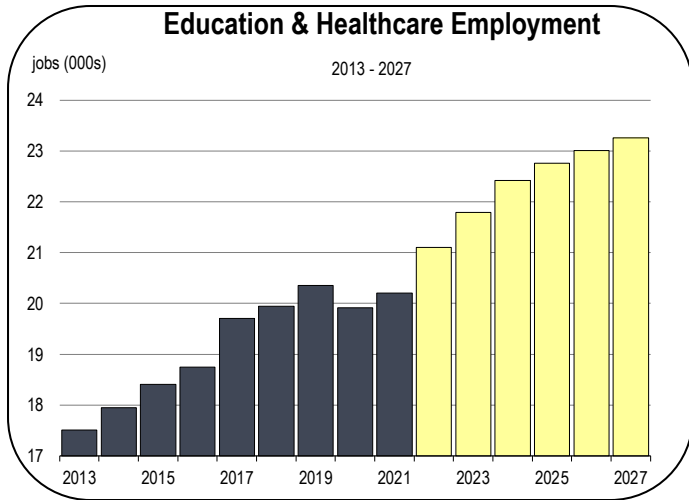


## Information Employment

- In Monterey County, the information sector is dominated by movie theaters, radio and TV stations, and telecommunications companies like Comcast.
- Information employment expanded by 6 percent in 2021 and will grow by another 12 percent in 2022.
- Telecommunications firms, radio stations, and TV stations are not expected to expand their employee headcounts during the forecast period.



# Monterey County Economic Forecast

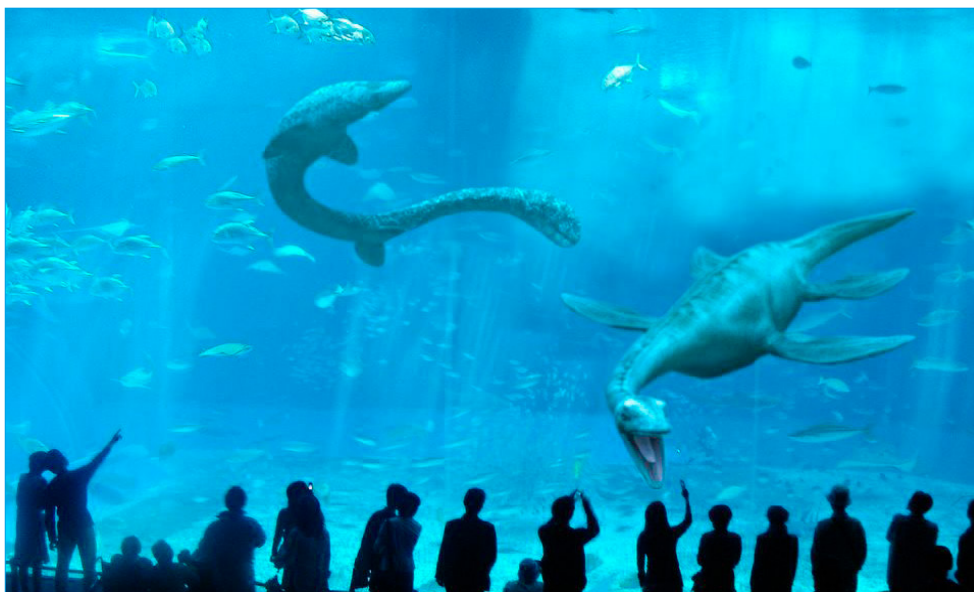


## Healthcare Employment

- Job restoration in healthcare was minimal in 2021. Employment levels at hospitals, doctors offices, and dentist offices did not change significantly until 2022.
- A gain of 900 jobs is expected in 2022, representing a 4.5 percent increase. Strong demand for healthcare workers will continue into 2023 because there are more open unfilled positions in this industry than any other labor market sector.
- The largest employers are Mee Memorial Hospital, Natividad Medical, and Salinas Valley Memorial Healthcare.
- Over the long term, the healthcare sector will be among the leading industries for job creation in Monterey County.

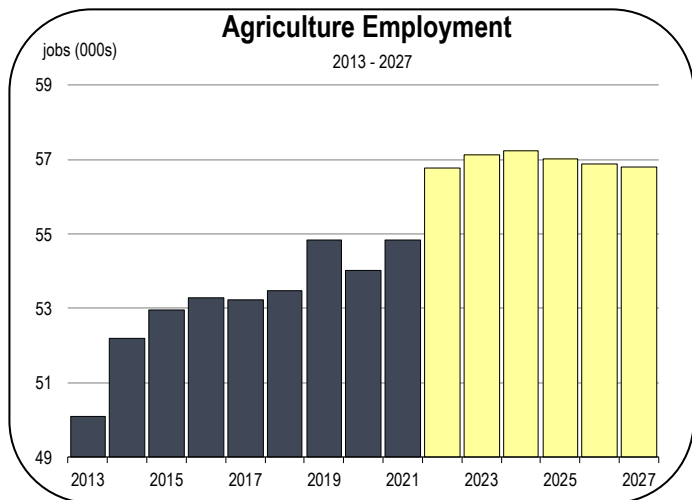
## Leisure and Hospitality Employment

- After a pandemic-induced contraction of 6,000 jobs in 2020, the leisure and hospitality sector added 1,500 jobs in 2021.
- Just over 3,000 jobs are expected to be restored in 2022. A full recovery isn't forecast until 2025.
- The primary tourism destination is the Monterey Bay Aquarium, which attracts almost 2 million visitors per year, with 95 percent of these visitors traveling from outside of the county. On an annual basis, visitors to the aquarium spend \$128 million in the local economy, generating more than \$11 million in tax revenues.



The Monterey Bay Aquarium is a large contributor to the local economy. Visitors spend more than \$100 million at local business each year and contribute more than \$10 million to local tax revenues.

# Monterey County Economic Forecast

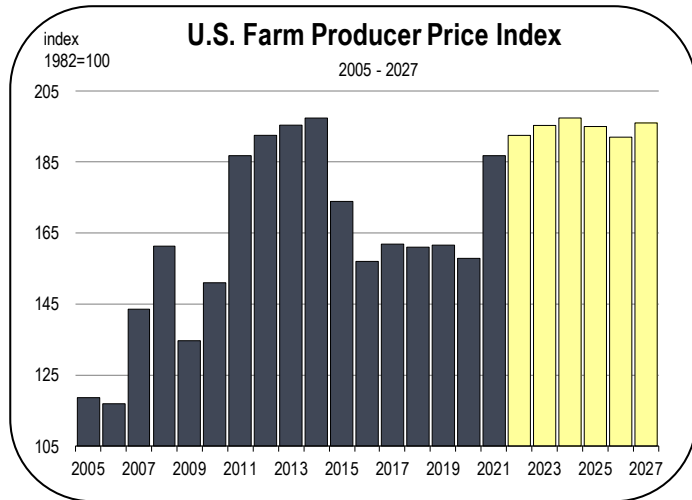


## Agriculture Employment

- The farm sector is a \$4.1 billion industry and employs an annual average of 54,000 workers in 2022. Monterey county is the leader in both lettuce and strawberry production in California. Salinas and Watsonville are the principal centers of production for strawberries.
- After restoration of 1,200 jobs in 2021, a slight contraction of jobs is expected in 2022.
- Monterey County produces approximately half of the nation’s lettuce and a large proportion of its strawberries and broccoli.
- The \$100+ million crops from the 2021 harvest were:

Crop	Millions of Dollars
Lettuce	\$1,192
Strawberries	\$968
Broccoli	\$309
Wine Grapes	\$219
Spinach	\$174
Cauliflower	\$155
Celery	\$146
Livestock	\$113
Brussel Sprouts	\$106

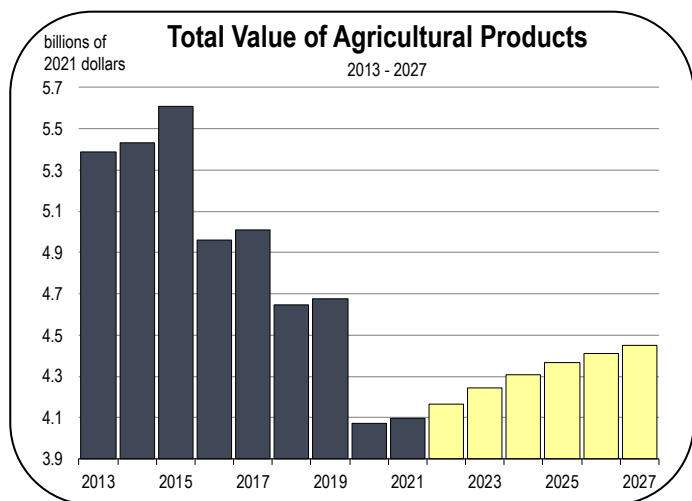
- In addition, Cannabis production saw an increase in value of \$134 million to \$618 million in 2021. Industrial Hemp crop production increased as more acres were planted, although the decline in market prices resulted in a 40 percent decrease in total value.



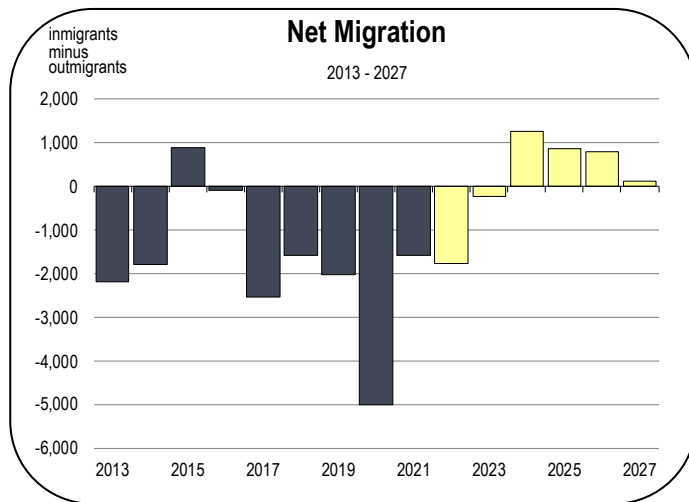
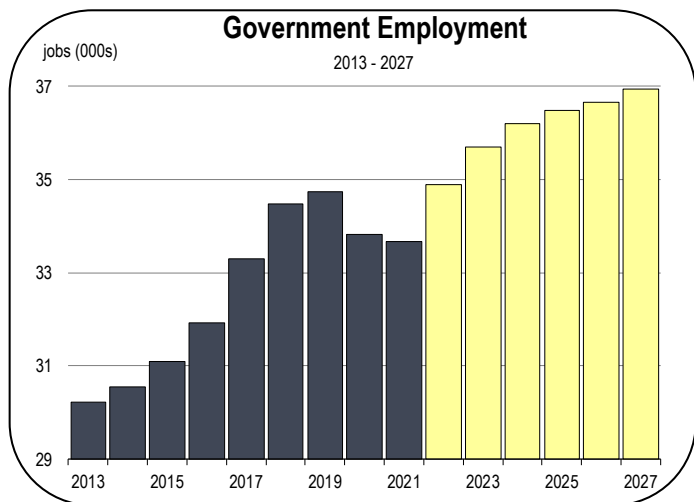
- Crop values are forecast to rise in tandem with the forecast in the U.S. Farm Producer Price index which has increased sharply in 2022 with rising costs and prices for fruits, vegetables, and field crops.
- Farm employment increased to a record number of workers in 2021, but the drought and labor force availability is impacting workforce levels in 2022. Employment is forecast to remain an important labor market for the county over the short-term forecast.

## Government Employment

- State and local government agencies lost 150 jobs in 2021.
- Employment levels did not change much at public colleges, including CSU Monterey Bay and Monterey Peninsula College.
- Employment will expand by 1,200 jobs in 2022, accounting for an increase of 3.6 percent and a full recovery of employment since the pandemic.



# Monterey County Economic Forecast



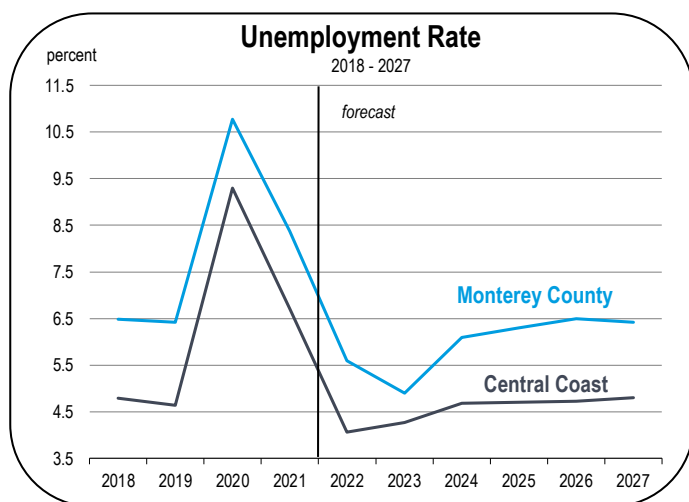
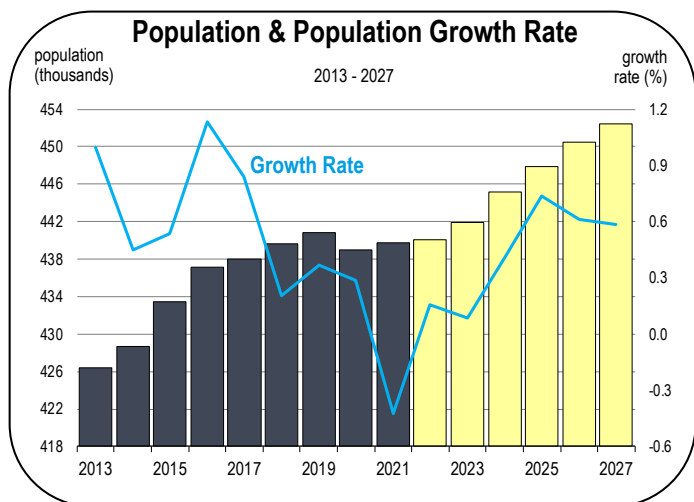
## Population Growth

- The Monterey County population is expected to expand more slowly than the Central Coast average between 2022 and 2027.
- Net migration is forecast to remain negative through 2023 and is turning positive with the onset of more farm worker immigrants. In general, however, population growth from in-migration will be negligible.
- The population will expand at an annual average rate of 0.5 percent per year from 2022 to 2027.
- By 2027 the Monterey County population will surpass 450,000 residents.

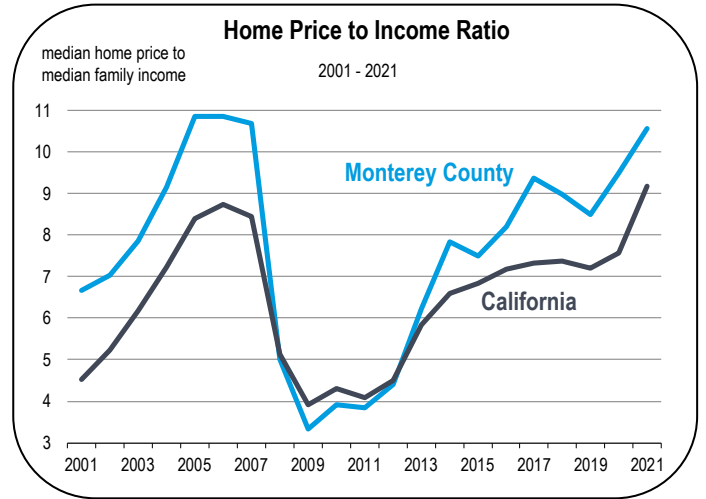
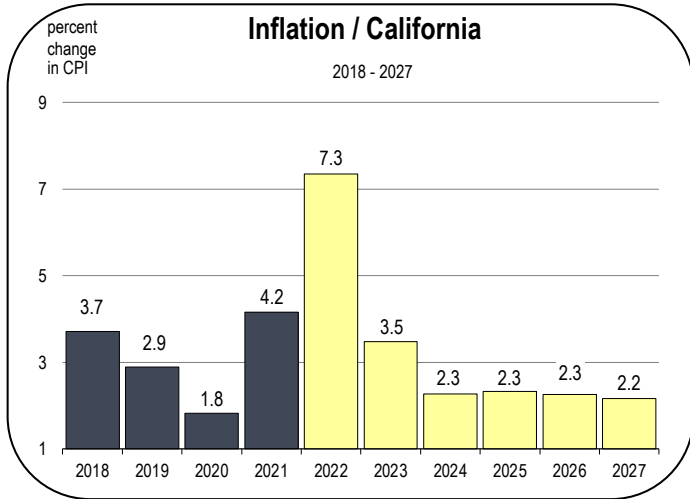
## Unemployment and Inflation Rates

- The unemployment rate in Monterey County averaged 8.3 percent in 2021.
- The unemployment rate in Monterey County is always higher than the Central Coast average because Monterey County has a larger share of agricultural workers, and agriculture is a seasonal industry.

- An unemployment rate below 7.0 percent signifies a fully employed workforce in Monterey County.
- The unemployment rate is expected to average 5.2 percent in 2022 and 5.5 percent in 2023.
- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged. But changes to energy policy and massive government spending were largely responsible for soaring inflation in 2021 and 2022.
- During 2022 and into 2023, there will be a number of factors that will contribute to higher inflation. The most prominent will be:
  - Record spending by consumers and the federal government during 2021 and 2022
  - Fractures in the global supply chain that raise the cost of production for many businesses
  - Sharp increases in the cost of housing and energy
  - Labor market recruitment challenges that force companies to raise wages



# Monterey County Economic Forecast



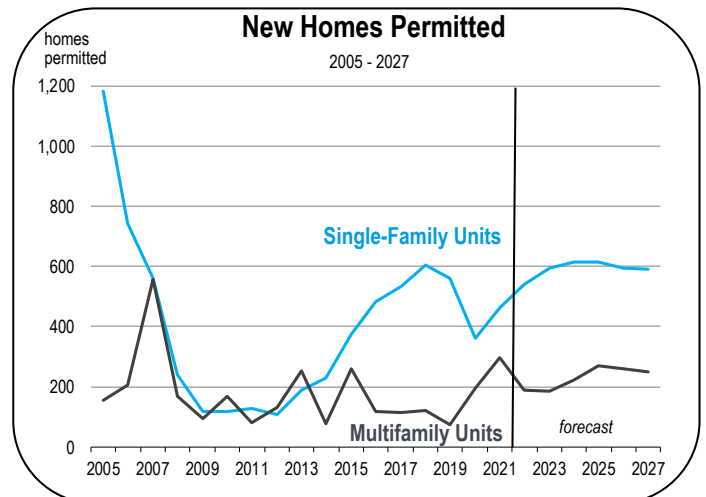
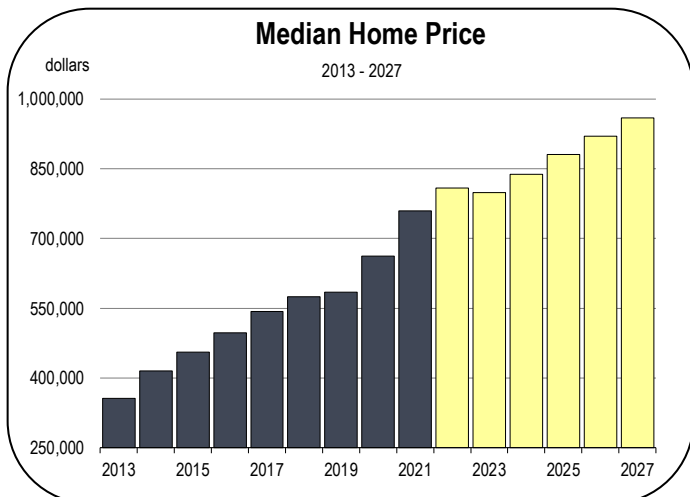
- Combined, these factors have pushed inflation to its highest rate in 40 years. Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate after 2022 as supply chains and the labor force are restored, eventually falling to below 3 percent again by 2024.

- The median home price has become relatively expensive in coastal Monterey County, but is still relatively affordable in Salinas, Soledad, and King City. The median home price in Salinas in October 2022 was \$707,000. However, in Carmel, the value was \$2.6 million.
- In 2021, a typical household in Monterey County would have had to spend 38 percent of its pre-tax income on mortgage payments in order to afford the median-priced home, which is above the recommendations of most affordability guidelines.

## Home Prices and New Housing Production

- In 2021 the median home value in Monterey County was \$759,500. For single family detached homes, the median price was \$854,100. The California Association of Realtors reported a selling value of \$873,000 for most of calendar 2022.
- Home selling values are now modestly in decline. The forecast for 2023 calls for a 2 percent correction.

- From 2016 to 2021, an average of 654 new homes were started per year in Monterey County. Approximately 75 percent were single-family homes.
- Housing production is expected to average 820 homes per year from 2022 to 2027, consisting primarily of detached housing units which include accessory dwelling units.





# Monterey County Economic Forecast

- Many homes in the county are second, investment, or vacation homes. So, while population growth alone would not necessarily justify more home building, demand from out-of-county buyers will remain present.
- Monterey County has almost exclusively affordable housing in its development pipeline.

## City of Monterey

- Due to the Monterey Peninsula's limited water resources, the City of Monterey is only allocated 5.2 acre-feet of water annually for the purpose of new development projects. Consequently, the city has had to ration the building of new housing.
- Recently, the City of Monterey is looking to add more affordable housing to its pipeline. Four new affordable housing projects on city-owned land are in the works, totaling 150 units. Of the four projects, one is located behind the Monterey City Hall and is planned to be built first.
- City officials believe this 21-unit apartment building on Madison and Van Buren Streets is the most feasible starting place for affordable housing. This is due many to the low amount of water required to build the project at 1.68 acre-feet.

## East Garrison

- The East Garrison community services district was created in 2005 by Monterey County. The planned community's development includes 1,400 single-family homes, 420 affordable housing units, a fire station, a mixed-use town center, a seven-acre park, and open space.



Cannery Row

Officially located in Monterey, the street and defunct sardine canning factory are iconic, honoring John Steinbeck and his novel, Cannery Row. The last cannery closed 50 years ago and the area is now a major tourist destination.

- The newest East Garrison project is an affordable housing project that is currently under construction. The project is a 66-unit affordable apartment complex. Construction is anticipated to be complete by the spring of 2023.

## Marina

- The Dunes project is a massive development plan that was approved in 2005 by the Marina City Council. The Plan calls for 1,337 homes on 330 acres. Part of Phase 3 for The Dunes project are two affordable multifamily buildings totaling 142 units.
- The 142-unit project is named Terracina at The Dunes and construction started in August 2022. The project is expected to increase Marina's affordable housing supply by more than 30%.
- Sea Haven is planned community of four distinct neighborhoods located on 248-acre portion of coastal land near Monterey Bay. The development calls for 965 new housing units. Hundreds of units have already been built.
- Tours are currently open for 10 model homes across 3 separate neighborhoods. The two main neighborhoods for sale are Layia and Villaposa.



The Lone Cypress in Pebble Beach

At midway point on the original scenic 17 mile drive stands the "lone cypress," a principal tourist destination in Monterey County and one of the most photographed trees in North America.



# Monterey County Economic Forecast

## Economic Indicators

## 2015-2021 History, 2022-2050 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	433,478	125.2	896	632	379	\$22.5	\$4.5	\$6.3	\$2.5	\$61,968	8.3	\$5.6	1.4
2016	437,116	125.1	-83	602	391	\$23.2	\$4.6	\$6.6	\$2.3	\$61,876	7.8	\$5.0	2.3
2017	438,011	125.4	-2,542	648	393	\$23.8	\$4.8	\$6.8	\$2.2	\$61,412	7.3	\$5.0	3.0
2018	439,618	125.6	-1,577	726	399	\$24.6	\$5.0	\$7.2	\$2.5	\$61,010	6.5	\$4.6	3.7
2019	440,874	126.1	-2,028	634	408	\$26.0	\$5.0	\$7.2	\$2.5	\$62,489	6.4	\$4.7	2.9
2020	439,008	126.6	-5,012	556	406	\$26.5	\$4.7	\$6.8	\$2.2	\$62,885	10.8	\$4.1	1.8
2021	439,703	127.3	-1,572	759	413	\$27.4	\$5.7	\$8.1	\$2.4	\$62,420	8.4	\$4.1	4.2
2022	440,086	127.7	-1,757	727	421	\$29.7	\$6.6	\$9.2	\$2.5	\$62,960	5.6	\$4.2	7.3
2023	441,900	128.2	-230	780	425	\$31.2	\$6.8	\$9.5	\$2.5	\$63,488	4.9	\$4.2	3.5
2024	445,144	128.8	1,261	834	427	\$32.3	\$6.8	\$9.7	\$2.5	\$63,878	6.1	\$4.3	2.3
2025	447,878	129.5	862	883	428	\$33.6	\$6.9	\$9.8	\$2.5	\$64,538	6.3	\$4.4	2.3
2026	450,510	130.1	794	853	429	\$34.8	\$7.0	\$10.0	\$2.5	\$65,081	6.5	\$4.4	2.3
2027	452,429	130.8	109	839	430	\$36.1	\$7.1	\$10.1	\$2.5	\$65,764	6.4	\$4.5	2.2
2028	453,778	131.4	-425	808	431	\$37.5	\$7.2	\$10.2	\$2.5	\$66,492	6.5	\$4.5	2.2
2029	454,896	132.0	-432	813	432	\$38.7	\$7.4	\$10.4	\$2.5	\$67,001	6.6	\$4.5	2.3
2030	456,175	132.6	-316	784	433	\$40.0	\$7.6	\$10.7	\$2.5	\$67,511	6.6	\$4.6	2.2
2031	457,421	133.2	-334	756	433	\$41.2	\$7.8	\$10.9	\$2.5	\$68,021	6.6	\$4.6	2.1
2032	458,600	133.8	-346	728	434	\$42.5	\$7.9	\$11.2	\$2.5	\$68,422	6.7	\$4.6	2.3
2033	459,642	134.4	-401	712	435	\$43.8	\$8.1	\$11.4	\$2.5	\$69,001	6.7	\$4.7	1.9
2034	460,741	134.9	-347	696	435	\$45.2	\$8.3	\$11.7	\$2.5	\$69,511	6.7	\$4.7	2.1
2035	461,927	135.4	-226	696	436	\$46.6	\$8.5	\$12.0	\$2.5	\$70,012	6.7	\$4.7	2.2
2036	463,009	136.0	-301	701	437	\$48.2	\$8.8	\$12.3	\$2.5	\$70,357	6.8	\$4.8	2.6
2037	464,139	136.5	-318	695	438	\$49.8	\$9.1	\$12.7	\$2.5	\$70,648	6.8	\$4.8	2.7
2038	465,124	137.0	-344	674	438	\$51.4	\$9.3	\$13.1	\$2.5	\$71,013	6.8	\$4.8	2.5
2039	466,086	137.5	-321	668	439	\$53.1	\$9.6	\$13.4	\$2.5	\$71,309	6.8	\$4.9	2.7
2040	467,032	138.0	-347	652	440	\$54.8	\$9.8	\$13.8	\$2.5	\$71,606	6.8	\$4.9	2.6
2041	467,928	138.5	-356	625	440	\$56.5	\$10.0	\$14.1	\$2.5	\$72,026	6.8	\$4.9	2.2
2042	468,750	139.0	-368	610	441	\$58.1	\$10.3	\$14.4	\$2.5	\$72,479	6.8	\$5.0	2.1
2043	469,589	139.5	-349	594	441	\$59.8	\$10.5	\$14.7	\$2.5	\$72,959	6.8	\$5.0	2.0
2044	470,275	139.9	-389	599	442	\$61.4	\$10.7	\$15.0	\$2.5	\$73,513	6.8	\$5.0	1.8
2045	470,976	140.4	-357	607	443	\$63.1	\$10.9	\$15.3	\$2.5	\$74,034	6.9	\$5.0	1.9
2046	471,641	140.8	-381	604	443	\$64.9	\$11.2	\$15.6	\$2.5	\$74,485	6.9	\$5.0	2.0
2047	472,307	141.3	-365	579	444	\$66.7	\$11.4	\$16.0	\$2.5	\$74,827	6.9	\$5.1	2.2
2048	472,889	141.7	-355	557	444	\$68.6	\$11.7	\$16.4	\$2.5	\$75,129	6.9	\$5.1	2.3
2049	473,500	142.2	-347	529	445	\$70.4	\$12.0	\$16.7	\$2.5	\$75,530	6.9	\$5.1	2.0
2050	474,733	142.6	463	498	445	\$72.4	\$12.3	\$17.1	\$2.5	\$75,798	6.9	\$5.1	2.1

## Employment Sectors

## 2015-2021 History, 2022-2050 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	186.1	53.0	5.2	5.5	4.3	21.7	4.1	12.8	1.3	18.4	23.4	31.1
2016	189.5	53.3	5.8	5.4	4.3	21.8	4.2	13.4	1.1	18.8	24.3	31.9
2017	192.4	53.2	6.0	5.6	4.1	22.1	4.3	13.2	1.1	19.7	24.5	33.3
2018	196.5	53.5	6.4	5.4	4.0	22.7	4.5	14.0	1.0	19.9	25.3	34.5
2019	200.0	54.8	6.5	5.3	4.1	22.5	4.4	14.7	1.0	20.4	26.1	34.7
2020	186.1	54.0	6.2	4.7	3.8	20.9	4.1	14.4	0.8	19.9	18.8	33.8
2021	190.6	54.8	6.4	5.1	3.6	21.4	4.1	15.1	0.8	20.2	20.3	33.7
2022	195.6	54.3	6.5	5.7	3.7	21.6	4.2	13.9	0.9	21.1	23.4	35.1
2023	199.6	54.7	6.5	5.6	3.9	21.4	4.2	14.4	0.9	21.8	25.2	35.7
2024	202.2	55.2	6.6	5.5	4.0	21.2	4.2	14.9	0.9	22.4	25.7	36.2
2025	203.5	55.4	6.6	5.4	4.0	21.1	4.3	15.3	0.9	22.8	25.9	36.5
2026	204.6	55.6	6.6	5.3	4.0	21.0	4.3	15.6	0.9	23.0	26.1	36.7
2027	205.6	55.8	6.6	5.1	4.1	21.0	4.3	15.9	0.9	23.3	26.1	36.9
2028	206.9	56.3	6.6	5.0	4.1	20.9	4.4	16.1	0.9	23.6	26.2	37.2
2029	207.7	56.4	6.6	5.0	4.1	21.0	4.4	16.3	0.9	23.8	26.4	37.3
2030	208.4	56.5	6.6	4.9	4.1	21.0	4.4	16.4	0.9	24.0	26.5	37.4
2031	209.1	56.6	6.6	4.9	4.1	21.0	4.4	16.6	0.9	24.1	26.6	37.6
2032	209.6	56.6	6.6	4.9	4.1	21.0	4.4	16.7	0.9	24.3	26.7	37.7
2033	210.1	56.6	6.5	4.9	4.2	21.0	4.4	16.7	0.9	24.4	26.8	37.8
2034	210.5	56.6	6.5	4.8	4.2	21.0	4.4	16.8	0.8	24.6	26.9	37.9
2035	211.1	56.7	6.5	4.8	4.2	21.1	4.4	16.8	0.8	24.8	27.0	38.0
2036	211.6	56.7	6.5	4.8	4.2	21.1	4.4	16.8	0.8	24.9	27.1	38.1
2037	212.1	56.8	6.5	4.8	4.2	21.1	4.4	16.9	0.8	25.1	27.2	38.2
2038	212.6	56.9	6.5	4.8	4.2	21.1	4.4	16.9	0.8	25.2	27.3	38.3
2039	213.1	57.0	6.5	4.8	4.2	21.1	4.4	17.0	0.8	25.4	27.4	38.4
2040	213.6	57.1	6.5	4.8	4.2	21.1	4.4	17.0	0.8	25.5	27.6	38.6
2041	214.1	57.2	6.5	4.8	4.2	21.1	4.4	17.1	0.8	25.6	27.7	38.7
2042	214.6	57.2	6.5	4.8	4.2	21.0	4.4	17.1	0.8	25.8	27.8	38.8
2043	215.1	57.3	6.5	4.7	4.2	21.0	4.4	17.1	0.8	25.9	27.9	38.9
2044	215.5	57.4	6.5	4.7	4.2	21.0	4.4	17.2	0.8	26.1	28.0	39.0
2045	215.9	57.4	6.5	4.7	4.2	21.0	4.4	17.2	0.8	26.2	28.1	39.1
2046	216.4	57.5	6.5	4.7	4.2	21.0	4.4	17.2	0.8	26.3	28.2	39.2
2047	216.8	57.6	6.5	4.7	4.2	21.0	4.4	17.3	0.8	26.4	28.3	39.3
2048	217.2	57.6	6.5	4.7	4.2	21.0	4.4	17.3	0.8	26.5	28.3	39.4
2049	217.6	57.7	6.5	4.7	4.2	20.9	4.4	17.3	0.8	26.6	28.4	39.5
2050	218.0	57.7	6.5	4.7	4.3	20.9	4.4	17.4	0.8	26.7	28.5	39.6

# Monterey County Economic Forecast

## Socioeconomic Indicators

