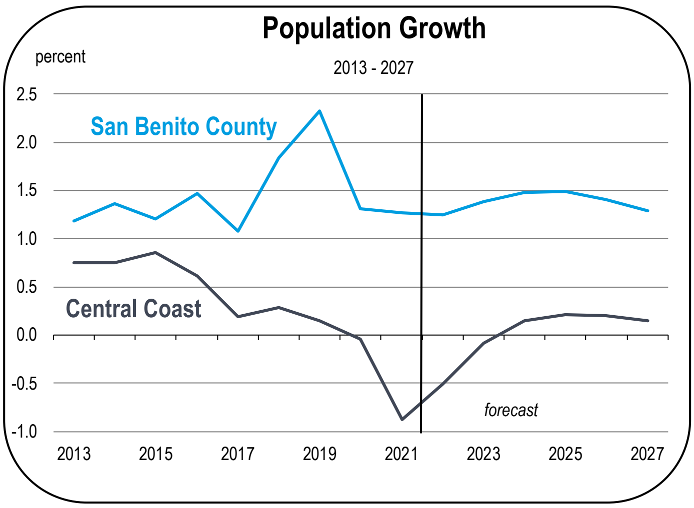
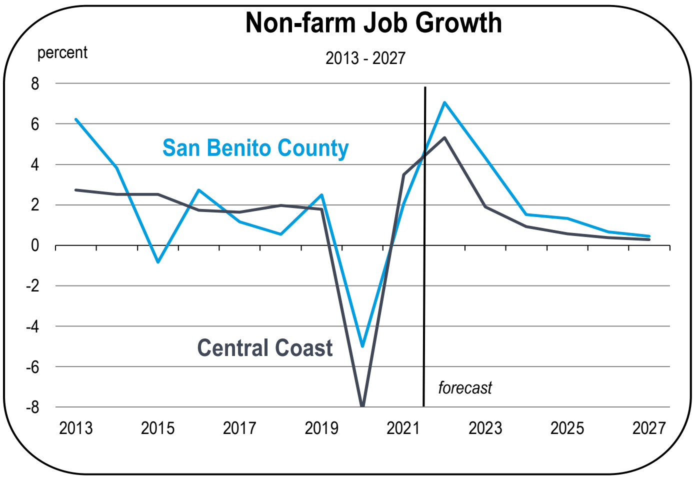
San Benito County Economic Forecast

Forecast Summary

- The county has a population of 65,700, with 31,700 residents working. However, there are only 18,300 wage and salary jobs reported in the county. Consequently nearly half of working residents commute into adjacent Santa Clara or Monterey Counties for work, or are self-employed.
- 300 non-farm jobs were restored in San Benito County during 2021 and 810 jobs are expected to be created in 2022. Employment by the end of 2022 will be fully restored from the 2020 pandemic recession.
- Important sectors in the county are manufacturing, healthcare, leisure/hospitality, and state & local government. Combined, these 4 labor markets account for 54 percent of all jobs located in the county.
- Manufacturing will lead all labor markets in new job creation during 2022, adding 100 workers.
- The unemployment rate averaged 7.2 percent in 2021. It is forecast to average 4.5 percent in 2022.
- The San Benito County population is expected to grow relatively quickly between 2022 and 2027 as households relocate into San Benito County for its affordable housing options.
- Like elsewhere in California, home prices surged in 2021, rising by 15 to 20 percent, depending on the data source. The median price is expected to increase by another 5 percent in 2022. Selling values since June however, have been in decline.



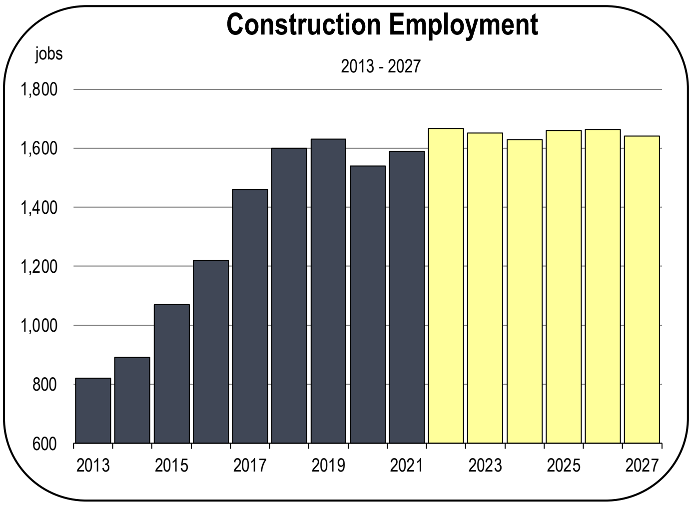


Job Growth

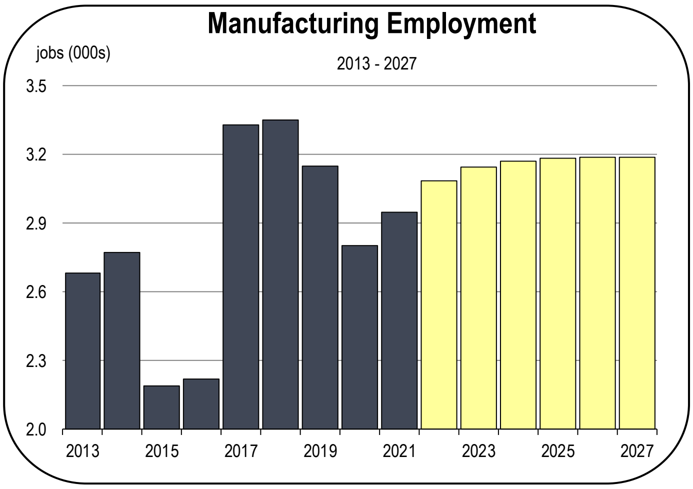
- Total employment in San Benito County will expand by 4.4 percent in 2022, on the heels of a 1.0 percent increase in 2021.
- Between 2022 and 2027, job growth will average 2.3 percent per year.

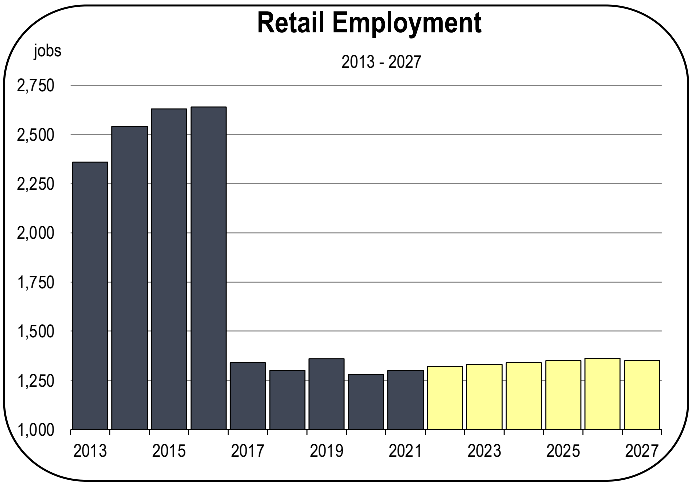
Construction Employment

- Construction employment advanced slightly in 2021 and will add 100 new jobs in 2022.
- The expected level of housing production and non-residential construction activity will require some expansion of the construction workforce.
- By mid-2022 and through 2023, the California construction workforce has been fully employed, and construction firms have and will continue to struggle to hire additional workers.



San Benito County Economic Forecast





Manufacturing Employment

- San Benito County has a high concentration in food manufacturing, which consists of facilities that turn agricultural commodities into finished food products.

- Manufacturing is the largest private employer in the county with nearly 3,000 workers. 100 jobs will be created in 2022 and another 200 additional jobs are forecast in 2023.

- Some of the largest employers of food manufacturing workers are:
  - San Benito Foods, a tomato canning plant
  - Marich Confectionery, a manufacturer of chocolate products
  - Tourist Hat Coffee, a coffee roaster
  - Corbin Sparrow, manufacturer of motorcycle parts

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.

- Amazon opened a new delivery station in Hollister in the fall of 2021. This facility has been nearly entirely responsible for the growth of jobs in transportation/warehousing during 2022.

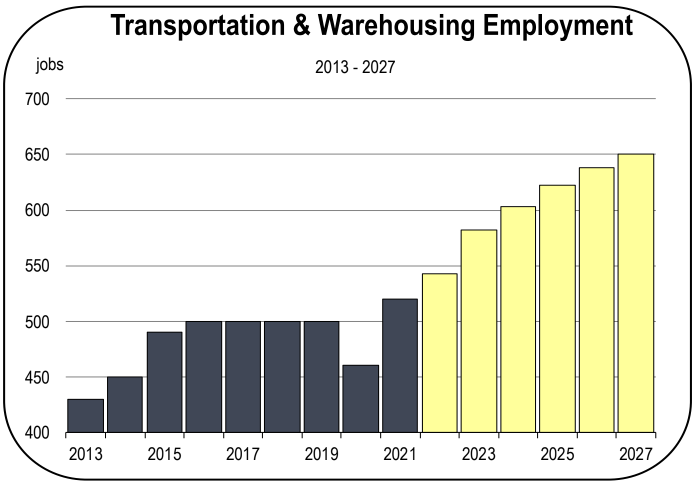
Retail Trade Employment

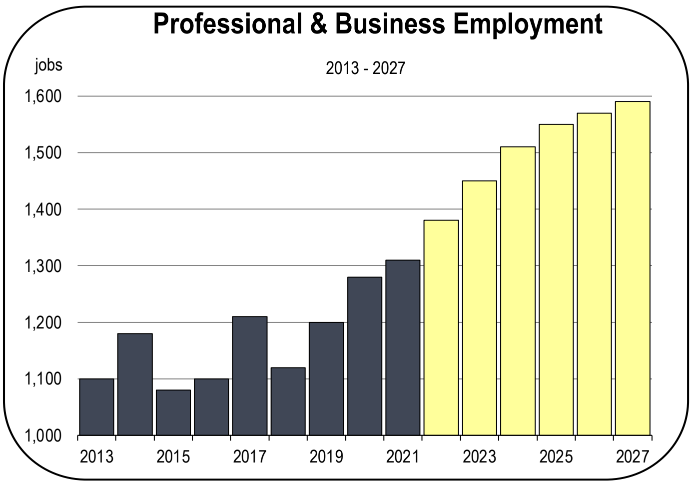
- Retail trade employment will increase minimally in 2022. The outlook for retail jobs in San Benito County is not unlike most regions of California.

- Automation and the transition to online shopping will put local store and shop employment at risk of stagnation or contraction over time. Some new retail outlets will open in tandem with new housing development, offsetting the consolidation of employments within the existing industry. This translates into minimal to no employment growth over the forecast period.

Professional and Business Services Employment

- The professional and business services sector added 40 jobs in 2021; 70 new jobs are expected in 2022.





San Benito County Economic Forecast

The site of the proposed Strada Verde Innovation Park, as seen from Highway 25, is about 7 miles from Gilroy. If fully built, the $2.4 billion project will include more than 7.2 million square feet of technological, research and commercial structures, and employ thousands of workers in the professional services IT sector.

- Maintenance and security jobs that support the business economy have been restored in 2022. New jobs will be created in business consulting and IT consulting as new facilities are developed to support these subsectors.

- There are plans to build multiple R&D campuses for autonomous vehicles. These projects will create jobs in engineering and scientific research (which are in the professional and business services industry), along with jobs in other industries such as leisure services, retail trade, and manufacturing.

- The first proposed project, called Hollister Research Campus, is in planning. The Research Campus is envisioned as a facility to attract private sector auto/truck/motorcycle manufacturers, autonomous and controlled transportation technologies and research, independent concept design companies, trade schools and other associated multidisciplinary businesses focused on the automotive sector and automotive technology.

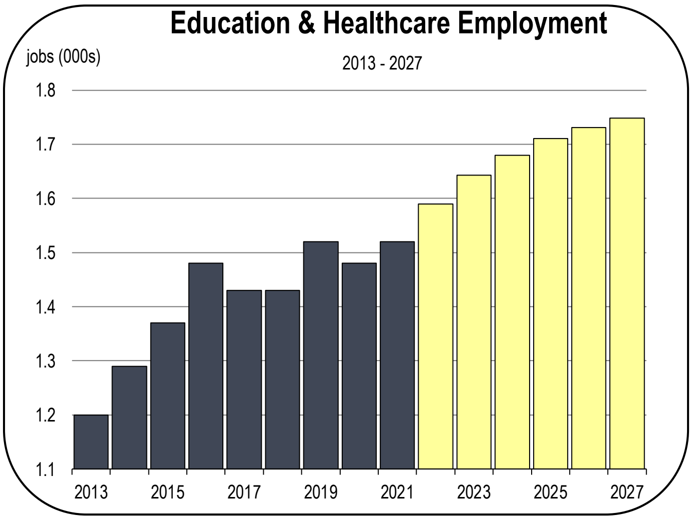
- An Environmental Impact Report is currently being prepared for the project.

- The Strada Verde Innovation Park is also planned for autonomous vehicles research. The first plan was defeated in a public referendum in November of 2020, but the project is being revised to mitigate potential environmental impacts. The original plan was massive, proposing 750,000 square feet in light industrial and office development, and 5.8 million square feet of e-commerce logistics development. More than 5,000 new jobs would be created.

Private Education and Healthcare Employment

- During 2021, 46 jobs were created in healthcare. Another 70 are expected in 2022, and another 50 in 2023.

- The healthcare sector will be among the leading industries for job creation over the forecast in San Benito County.



San Benito County Economic Forecast

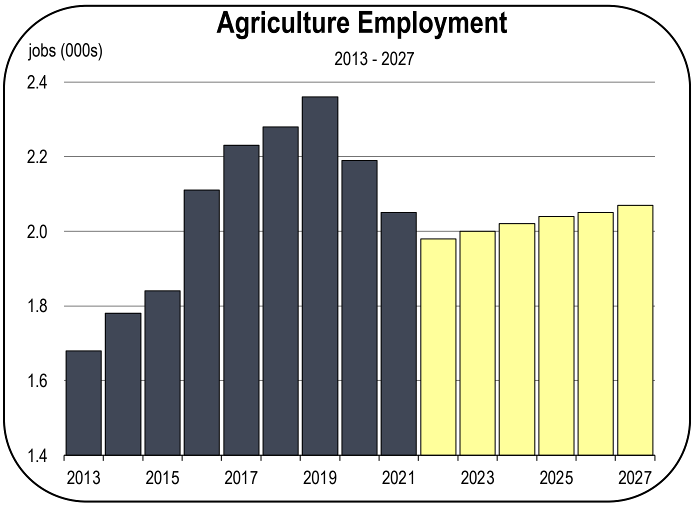
The Northern California Renaissance Faire is held in September and October of each year on weekends in Hollister, California. The faire has six stages for non-stop shows throughout the day. A cast of 1,000 performers fill the streets in costumes of the Renaissance era. There are two jousting matches each day of the faire.

Leisure and Hospitality Employment

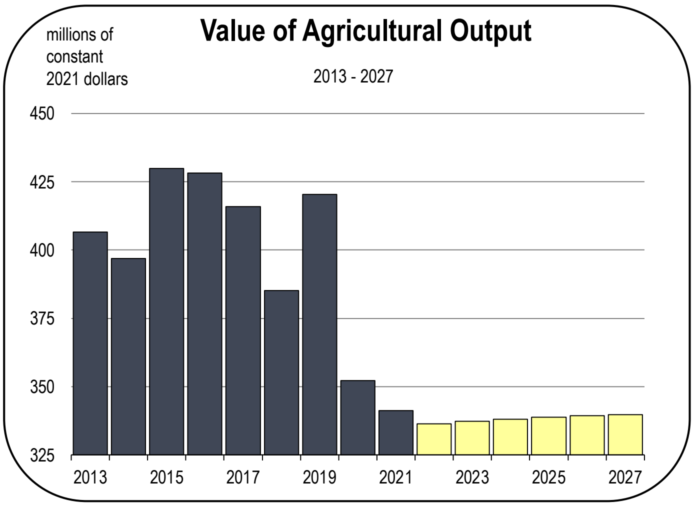
- The leisure and hospitality sector expanded by 110 jobs in 2021, accounting for a growth of 8 percent. Another 420 jobs are expected to be added in 2022.
- Together with healthcare, the leisure/hospitality sector will consistently create more employment opportunities over the forecast, in tandem with the growth of the population.
- The Northern California Renaissance Faire is typically held in Hollister each year, running for several consecutive weekends in September and October. It is set in the fictional village of "Willingtown" in Derbyshire, England during the reign of Queen Elizabeth I. It is estimated that 150,000 people annually attend the faire.
- Since the Faire was revived in 2021, employment within the leisure/hospitality sector has soared since.

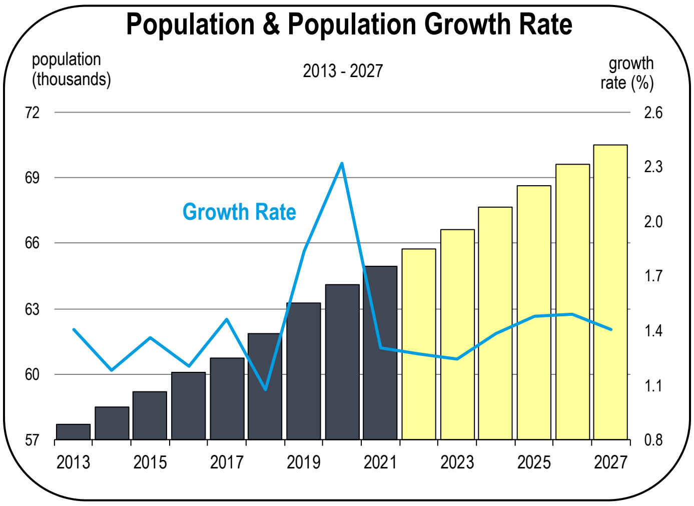
Agriculture Employment

- A consolidation in farming employment within the county is underway.
- Job creation is expected to be slow over the forecast period.



San Benito County Economic Forecast





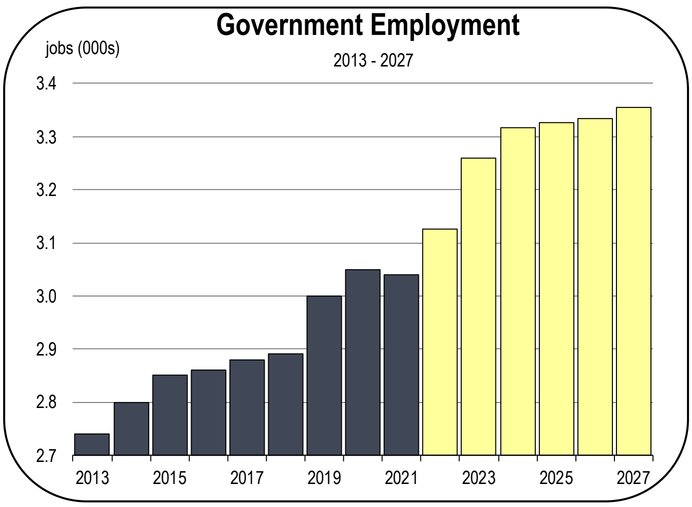
- San Benito County produced $341 million of agricultural commodities in 2021. The county's principal crops were:
  - Lettuce ($53 million)
  - Miscellaneous vegetables ($51 million)
  - Wine grapes ($45 million)
  - Spinach ($40 million)
  - Broccoli ($25 million)
  - Cattle & Livestock ($21 million)
  - Pasture & rangeland ($16 million)
  - Peppers ($14 million)
  - Tomatoes ($12 million)

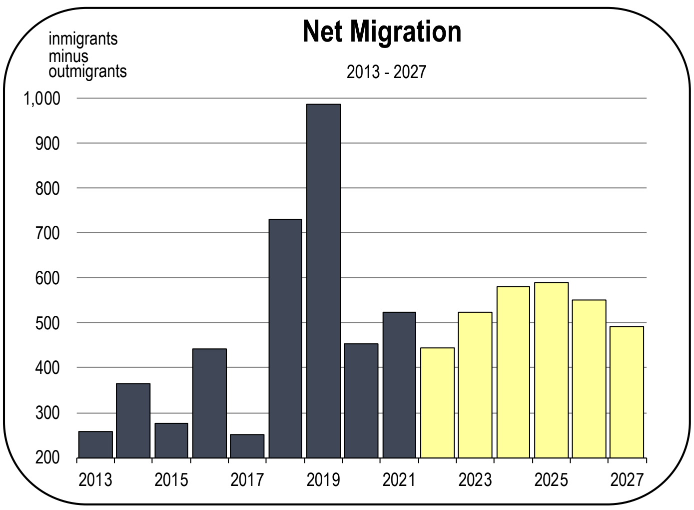
Government Employment

- The public sector is the largest labor market in the county with nearly 3,000 jobs.
- In 2022, the public sector will recover all of the jobs lost in the 2020 recession.
- K-12 school enrollment jumped sharply in the Fall of the 2022-2023 school year. It is forecast to remain high but contract gradually over time.

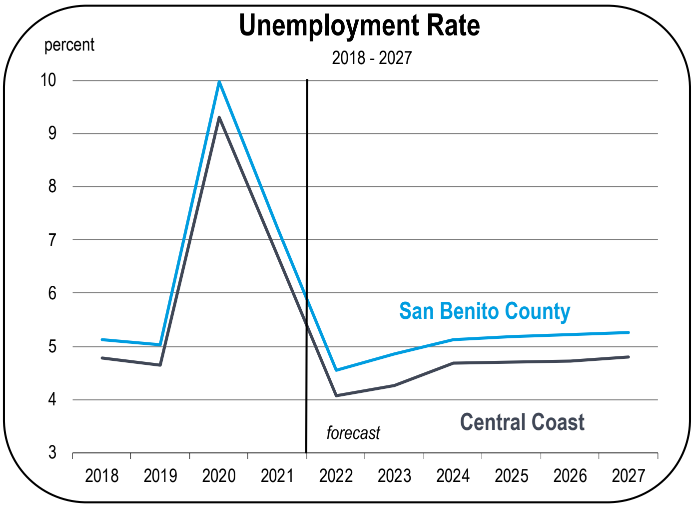
Population Growth

- The San Benito County population is expected to expand more quickly than the Central Coast average between 2022 and 2027.
- 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 and Monterey Counties, which has incentivized residents to relocate to Hollister from Silicon Valley and Salinas.





San Benito County Economic Forecast



- The population will expand at an annual average rate of 1.4 percent per year from 2022 to 2027, placing San Benito County among the fastest growing regions of California.

- By 2027 the San Benito County population will surpass 70,000 residents.

Unemployment and Inflation Rates

- The unemployment rate in San Benito County averaged 7.2 percent in 2021.

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

- An unemployment rate below 6.0 percent signifies a fully employed workforce in San Benito County.

- The unemployment rate is expected to average 4.5 percent in 2022 and 4.9 percent in 2023.

- Inflation soared in 2021 and is expected to remain elevated for several years.

- 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

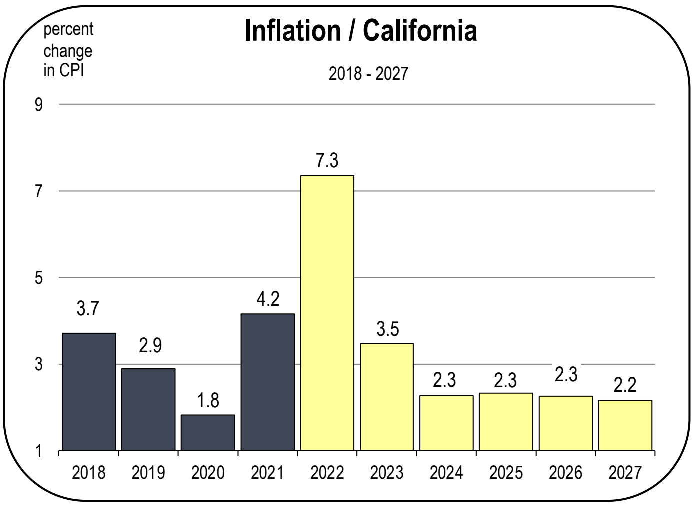
  - Labor market recruitment challenges that force companies to raise wages

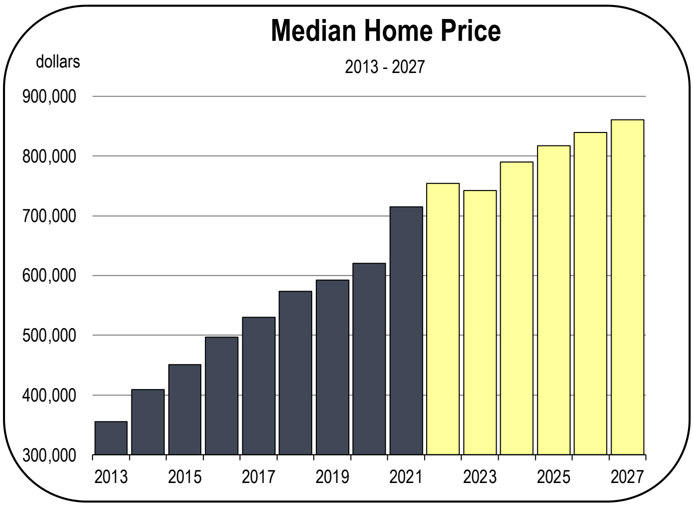
- Combined, these factors have pushed inflation to its highest rate in 40 years. Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2022.

- 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.

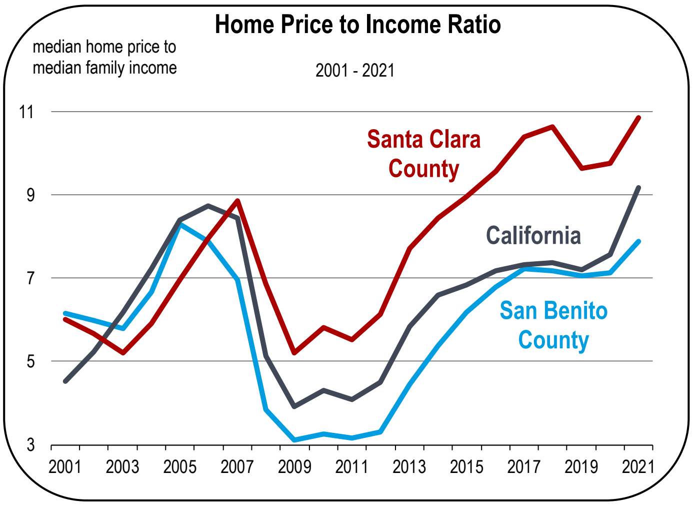
Home Prices and New Housing Production

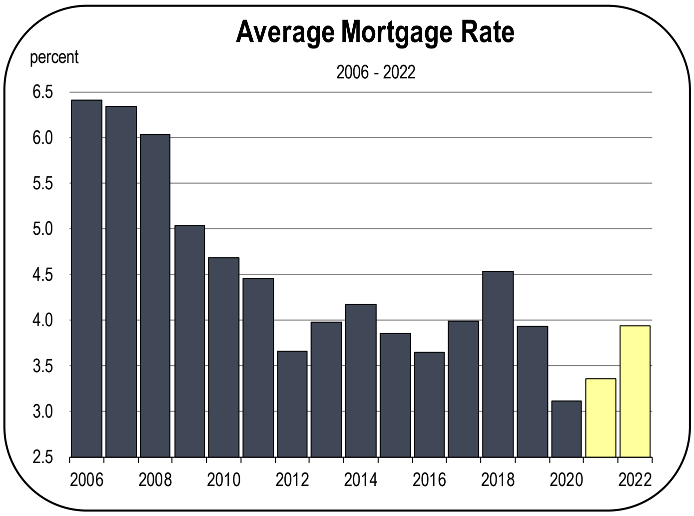
- In 2021 the median home price in San Benito County was $715,000. Zillow reported a peak in single family home selling prices at $852,000 in May of 2022. Prices have since been in steady decline.



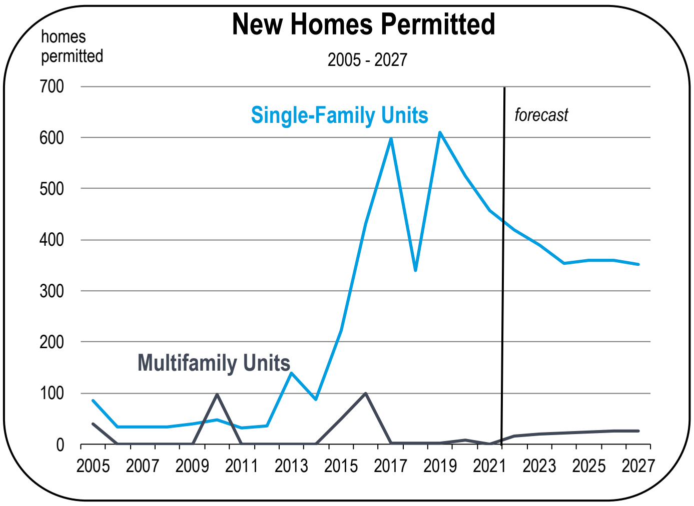


San Benito County Economic Forecast





- The forecast has the median selling price of all homes rising 5 percent in 2022 over the 2021 median. But prices decline slightly in 2023.
- Being adjacent to Santa Clara County, the median price has become relatively expensive in San Benito County, though homes are still affordable to many households.
- In 2021, a typical household in San Benito County would have had to spend 30 percent of its pre-tax income on mortgage payments in order to afford the median-priced home. This is far above the historical average, but is within most affordability guidelines.
- Homes in San Benito County are much more affordable than homes in neighboring Santa Clara County, where the typical household would have to spend 40 percent of its pre-tax income to afford the median priced home.
- From 2016 to 2021, an average of 512 new homes were started per year in San Benito County. Approximately 95 percent were single-family homes.
- Housing production is expected to average 400 homes per year from 2022 to 2027, consisting almost entirely of single-family homes.



San Benito 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 (millions)	Total Taxable Sales (millions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	59,220	17.3	277	272	62	$2.7	$357	$608	$458	$53,607	7.6	$430	1.4
2016	60,087	17.5	442	529	65	$2.9	$388	$665	$459	$55,497	6.7	$428	2.3
2017	60,733	17.7	252	599	65	$3.0	$420	$762	$609	$56,640	5.8	$416	3.0
2018	61,848	18.1	731	342	67	$3.2	$432	$768	$581	$57,088	5.1	$385	3.7
2019	63,282	18.6	987	611	70	$3.5	$460	$752	$596	$58,182	5.0	$420	2.9
2020	64,110	19.1	453	533	71	$3.9	$529	$835	$620	$63,300	10.0	$352	1.8
2021	64,924	19.5	524	456	73	$4.1	$587	$1,012	$639	$63,498	7.2	$341	4.2
2022	65,731	19.9	445	436	74	$4.4	$640	$1,101	$616	$61,708	4.5	$336	7.3
2023	66,642	20.3	524	409	76	$4.6	$654	$1,124	$646	$61,635	4.9	$337	3.5
2024	67,627	20.7	580	374	77	$4.7	$661	$1,136	$652	$61,434	5.1	$338	2.3
2025	68,636	21.1	589	383	78	$4.9	$677	$1,162	$663	$61,856	5.2	$339	2.3
2026	69,602	21.5	552	385	79	$5.1	$689	$1,183	$674	$62,083	5.2	$339	2.3
2027	70,500	21.9	491	376	81	$5.3	$701	$1,203	$684	$62,277	5.3	$340	2.2
2028	71,367	22.2	467	376	82	$5.5	$711	$1,220	$693	$62,336	5.3	$340	2.2
2029	72,201	22.6	442	365	83	$5.7	$728	$1,249	$699	$62,235	5.3	$340	2.3
2030	73,016	23.0	443	365	84	$5.9	$747	$1,283	$703	$62,146	5.3	$341	2.2
2031	73,776	23.3	418	353	86	$6.1	$764	$1,310	$710	$62,183	5.3	$341	2.1
2032	74,416	23.7	327	313	87	$6.3	$781	$1,341	$717	$62,113	5.3	$341	2.3
2033	75,014	24.0	303	302	88	$6.5	$802	$1,377	$725	$62,379	5.3	$341	1.9
2034	75,580	24.3	303	302	89	$6.7	$822	$1,412	$731	$62,588	5.3	$342	2.1
2035	76,136	24.6	312	301	90	$6.9	$846	$1,454	$737	$62,795	5.3	$342	2.2
2036	76,663	24.9	300	291	91	$7.1	$872	$1,500	$741	$62,799	5.3	$342	2.6
2037	77,194	25.2	311	291	92	$7.4	$897	$1,541	$745	$62,758	5.3	$343	2.7
2038	77,692	25.5	299	280	93	$7.6	$923	$1,587	$749	$62,861	5.3	$343	2.5
2039	78,172	25.7	300	280	94	$7.9	$949	$1,633	$753	$62,875	5.3	$343	2.7
2040	78,597	26.0	268	270	95	$8.1	$975	$1,677	$757	$62,941	5.3	$344	2.6
2041	78,983	26.3	250	259	96	$8.4	$1,002	$1,724	$763	$63,220	5.3	$344	2.2
2042	79,338	26.5	233	248	97	$8.6	$1,029	$1,772	$769	$63,549	5.3	$344	2.1
2043	79,636	26.8	193	228	98	$8.9	$1,059	$1,824	$775	$63,945	5.3	$345	2.0
2044	79,925	27.0	198	227	99	$9.2	$1,087	$1,872	$782	$64,428	5.3	$345	1.8
2045	80,177	27.2	180	217	99	$9.4	$1,119	$1,928	$788	$64,866	5.3	$345	1.9
2046	80,420	27.4	186	217	100	$9.7	$1,149	$1,982	$793	$65,221	5.3	$346	2.0
2047	80,629	27.7	169	206	101	$10.0	$1,179	$2,033	$797	$65,445	5.3	$346	2.2
2048	80,838	27.9	179	206	101	$10.2	$1,212	$2,091	$800	$65,629	5.3	$346	2.3
2049	81,044	28.1	189	205	102	$10.5	$1,246	$2,151	$804	$65,980	5.3	$347	2.0
2050	81,221	28.3	177	195	103	$10.8	$1,281	$2,212	$808	$66,287	5.3	$347	2.1

Employment Sectors

2015-2021 History, 2022-2050 Forecast

(thousands of jobs)

	Total Wage & Salary	Farm	Construction	Manufac-turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
2015	16.1	1.8	1.1	2.2	0.5	3.0	0.4	1.1	0.1	1.4	1.3	2.9
2016	16.7	2.1	1.2	2.2	0.5	3.0	0.4	1.1	0.1	1.5	1.3	2.9
2017	17.0	2.2	1.5	3.3	0.5	1.7	0.3	1.2	0.1	1.4	1.4	2.9
2018	17.2	2.3	1.6	3.4	0.5	1.6	0.3	1.1	0.1	1.4	1.5	2.9
2019	17.6	2.4	1.6	3.2	0.5	1.7	0.3	1.2	0.1	1.5	1.6	3.0
2020	16.7	2.2	1.5	2.8	0.5	1.6	0.3	1.3	0.1	1.5	1.4	3.1
2021	16.8	2.1	1.6	2.8	0.5	1.6	0.3	1.3	0.1	1.5	1.5	3.0
2022	17.8	2.0	1.7	2.9	0.5	1.7	0.4	1.4	0.1	1.6	2.0	3.1
2023	18.5	2.0	1.7	3.1	0.6	1.7	0.4	1.5	0.1	1.6	2.1	3.3
2024	18.8	2.0	1.6	3.2	0.6	1.7	0.4	1.5	0.1	1.7	2.1	3.3
2025	19.0	2.0	1.7	3.2	0.6	1.8	0.4	1.6	0.1	1.7	2.2	3.3
2026	19.1	2.1	1.7	3.2	0.6	1.8	0.4	1.6	0.1	1.7	2.2	3.3
2027	19.2	2.1	1.6	3.2	0.7	1.8	0.4	1.6	0.1	1.7	2.3	3.4
2028	19.3	2.1	1.6	3.2	0.7	1.7	0.4	1.6	0.1	1.8	2.3	3.4
2029	19.3	2.1	1.6	3.2	0.7	1.7	0.4	1.6	0.1	1.8	2.3	3.4
2030	19.4	2.1	1.6	3.2	0.7	1.7	0.4	1.6	0.1	1.8	2.3	3.4
2031	19.5	2.1	1.6	3.2	0.7	1.7	0.4	1.7	0.1	1.8	2.3	3.4
2032	19.5	2.1	1.5	3.2	0.7	1.7	0.4	1.7	0.1	1.8	2.3	3.4
2033	19.5	2.1	1.5	3.2	0.7	1.8	0.4	1.7	0.1	1.9	2.3	3.4
2034	19.6	2.1	1.5	3.2	0.7	1.8	0.4	1.7	0.1	1.9	2.3	3.4
2035	19.6	2.1	1.5	3.2	0.7	1.8	0.4	1.7	0.1	1.9	2.3	3.4
2036	19.7	2.1	1.5	3.2	0.7	1.8	0.4	1.8	0.1	1.9	2.3	3.5
2037	19.7	2.1	1.5	3.2	0.7	1.8	0.4	1.8	0.1	1.9	2.3	3.5
2038	19.8	2.1	1.4	3.2	0.7	1.8	0.4	1.8	0.1	2.0	2.3	3.5
2039	19.8	2.1	1.4	3.2	0.7	1.8	0.4	1.8	0.1	2.0	2.3	3.5
2040	19.8	2.1	1.4	3.2	0.7	1.8	0.4	1.8	0.1	2.0	2.3	3.5
2041	19.9	2.1	1.4	3.2	0.7	1.8	0.4	1.8	0.1	2.0	2.4	3.5
2042	19.9	2.1	1.4	3.2	0.7	1.8	0.4	1.8	0.1	2.0	2.4	3.5
2043	20.0	2.1	1.4	3.2	0.7	1.8	0.4	1.8	0.1	2.0	2.4	3.5
2044	20.0	2.1	1.4	3.2	0.7	1.9	0.4	1.9	0.1	2.0	2.4	3.5
2045	20.1	2.1	1.3	3.2	0.7	1.9	0.4	1.9	0.1	2.1	2.4	3.5
2046	20.1	2.1	1.3	3.2	0.7	1.9	0.4	1.9	0.1	2.1	2.4	3.6
2047	20.1	2.1	1.3	3.2	0.7	1.9	0.4	1.9	0.1	2.1	2.4	3.6
2048	20.2	2.1	1.3	3.2	0.7	1.9	0.4	1.9	0.1	2.1	2.4	3.6
2049	20.2	2.1	1.3	3.2	0.7	1.9	0.4	1.9	0.1	2.1	2.4	3.6
2050	20.3	2.1	1.3	3.2	0.7	2.0	0.4	1.9	0.1	2.1	2.4	3.6

San Benito County Economic Forecast

Socioeconomic Indicators