

2019 San Joaquin County Economic Outlook

Dr. Jeffrey Michael

Executive Director, Center for Business and
Policy Research
University of the Pacific

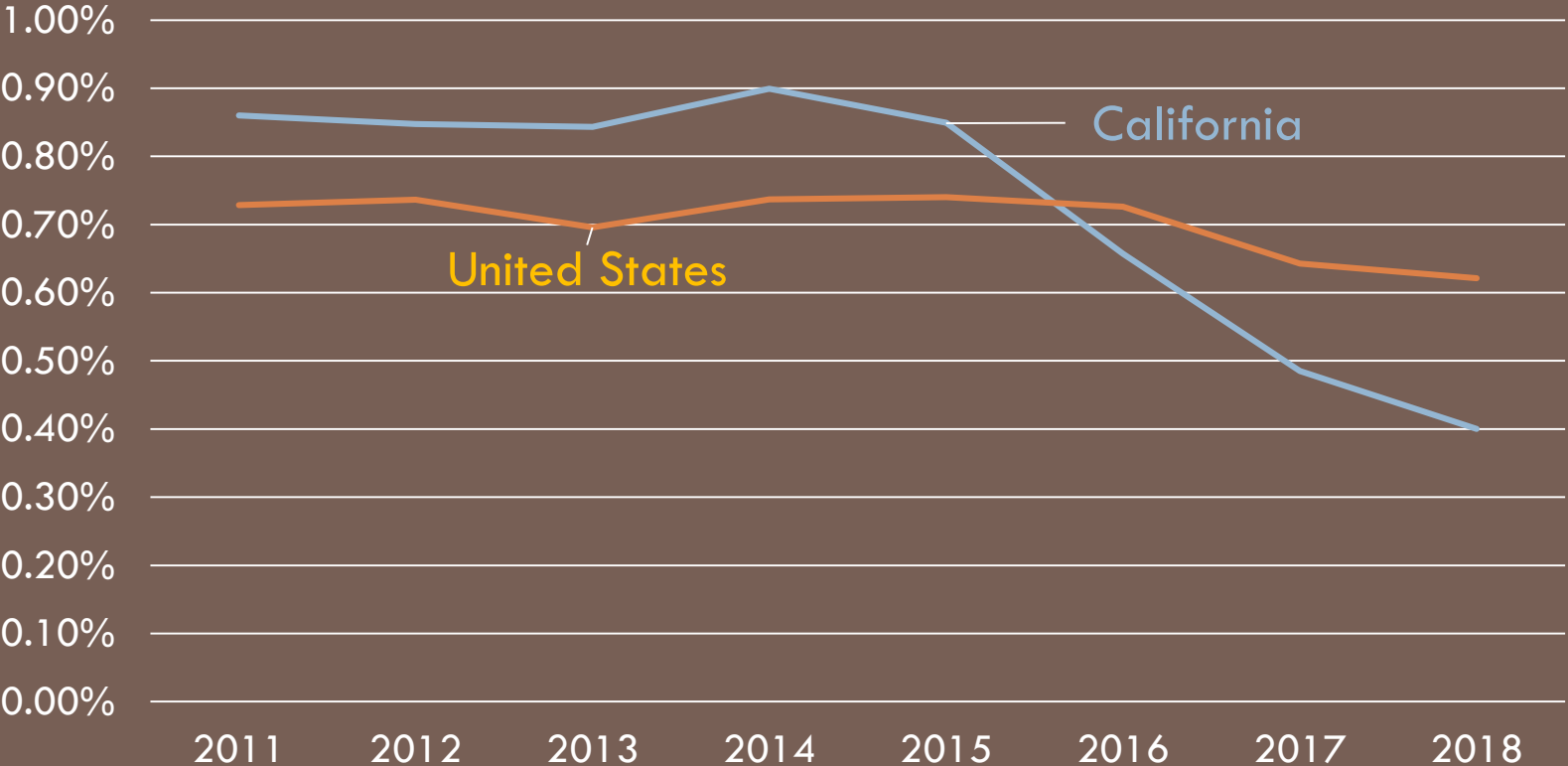


Outline

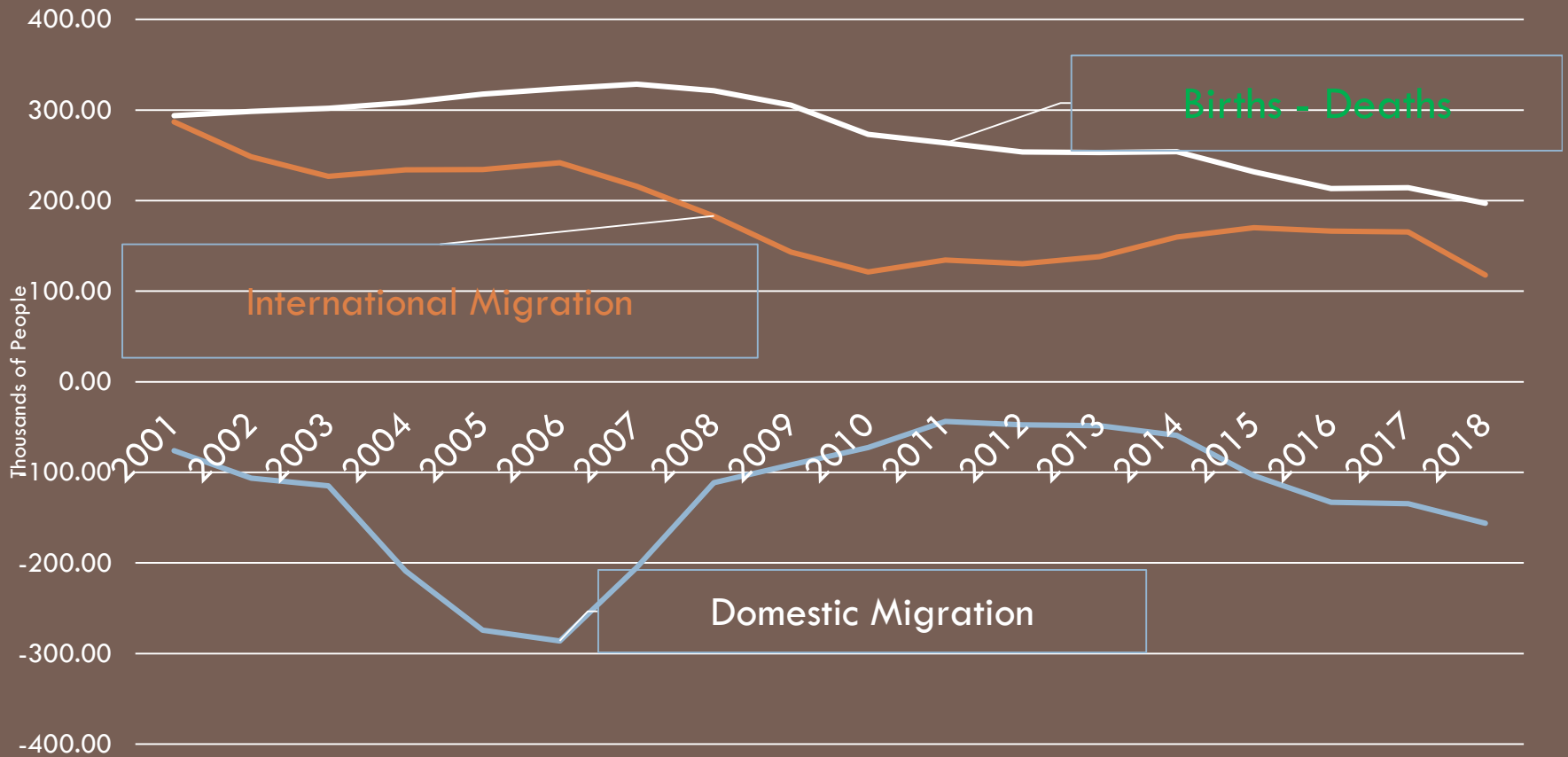
- Population Growth and Migration
 - California and San Joaquin
 - Implication for Housing
- Job Growth
 - California and San Joaquin
 - Logistics Boom
- Income Growth
 - California and San Joaquin
- 2019 Outlook

California Population Growth At Record Low in 2018

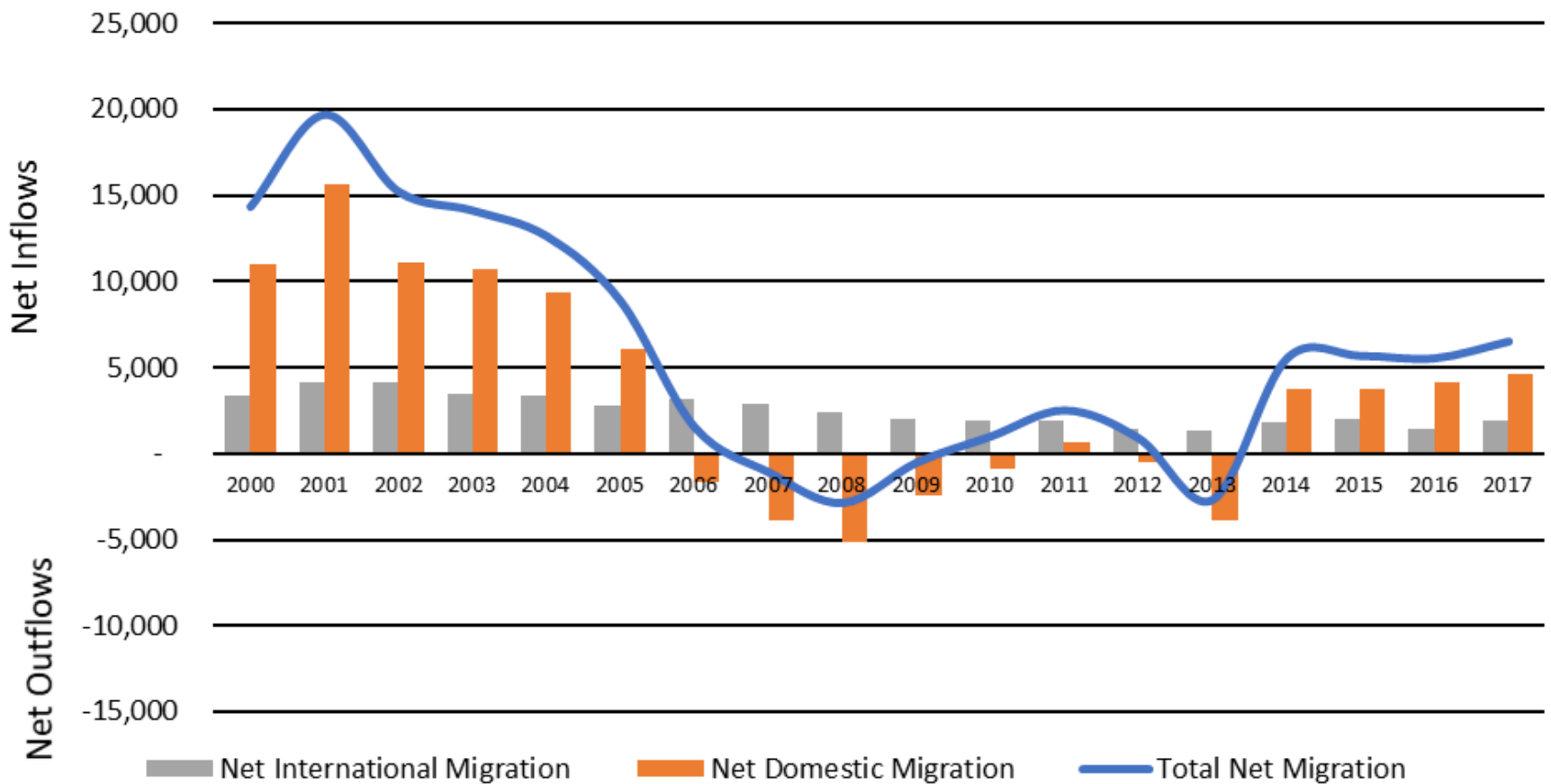
State added 160,000 residents in 2018, compared to 320,000 earlier in the decade.



More people are leaving California for other states, but not at record levels. Record low birth rates and drop in immigration are bigger factors.



San Joaquin County Migration: Domestic migration positive since 2014



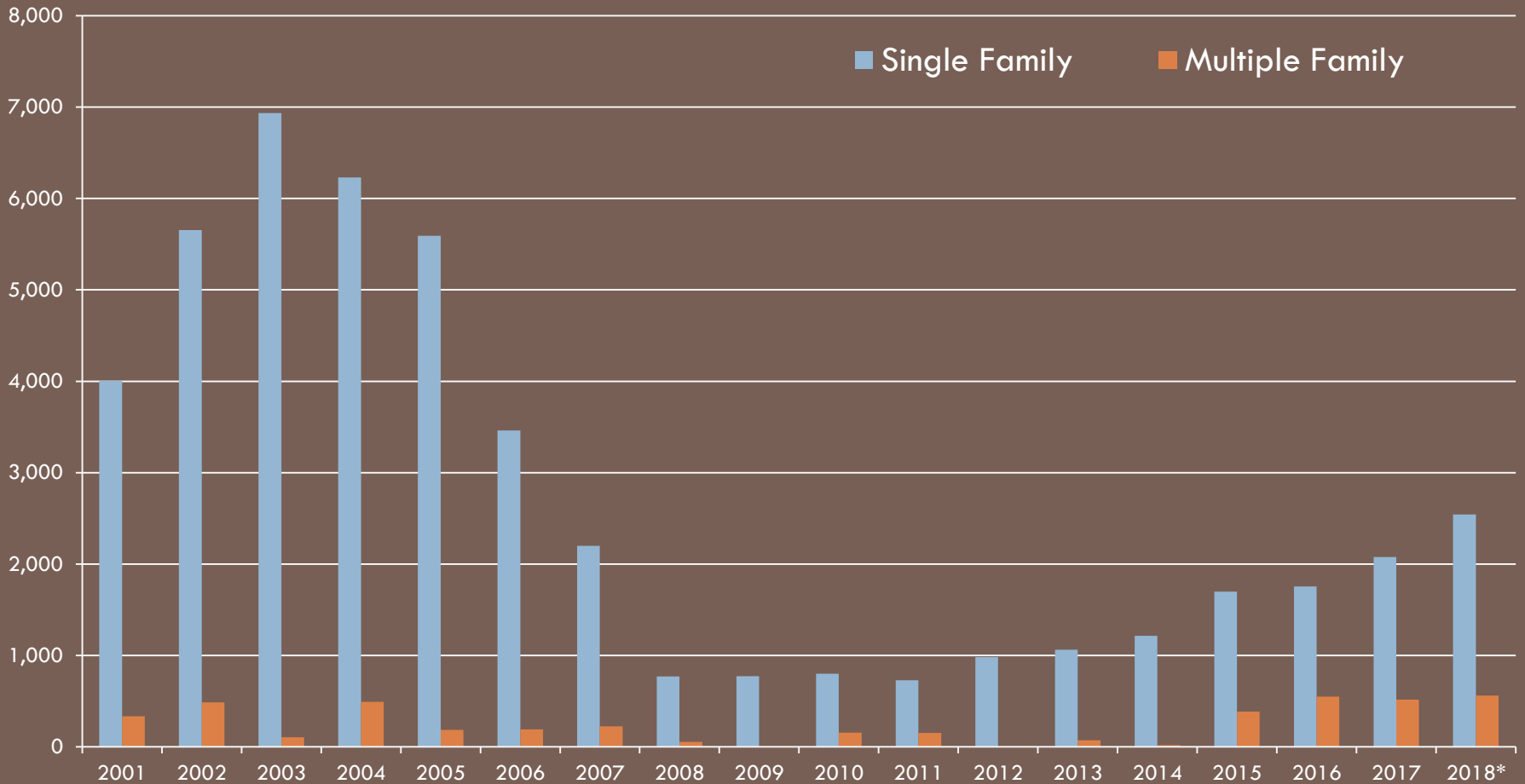
Difference in Alameda and San Joaquin County Median Home Price (Adjusted for Inflation, October 2018\$)

Home Prices are Historically Attractive Relative to the Bay Area



San Joaquin County Residential Building Permits: For 2018, SJC has fastest growth rate in the state

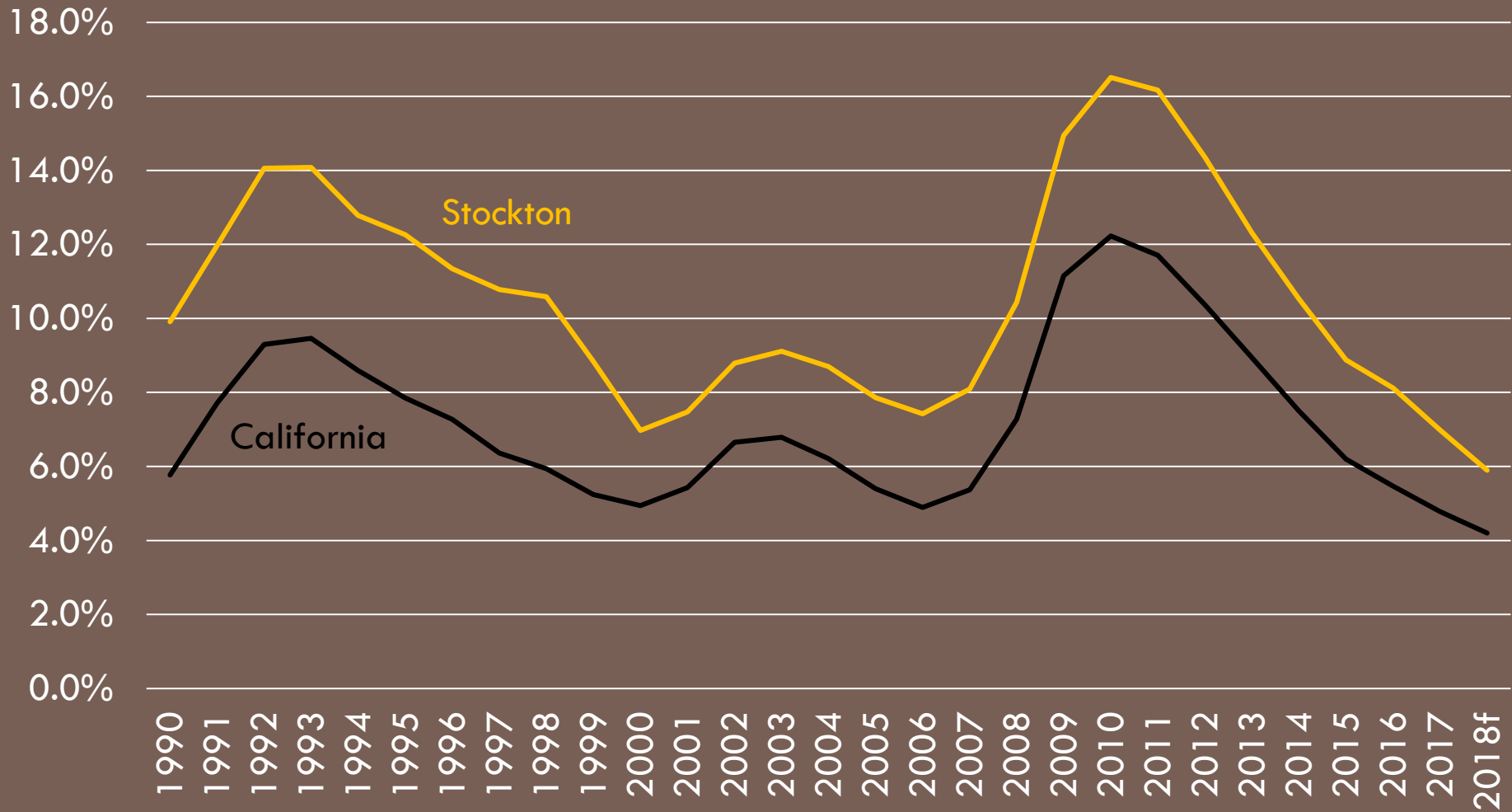
(counties with >1000 permits in 2017)



Source: CIRB
*Through October 2018

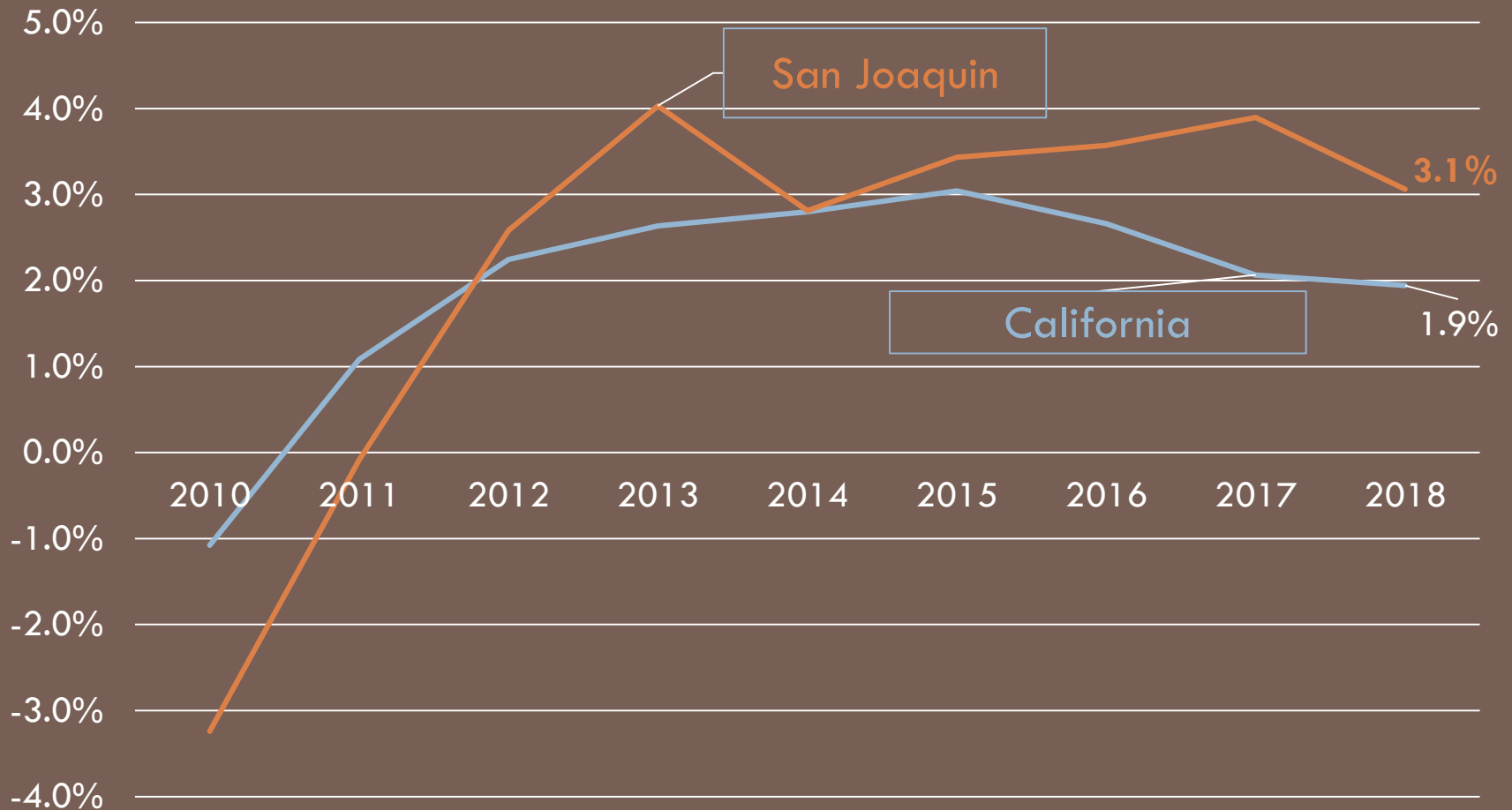
Unemployment At Record Lows:

Gap between San Joaquin and California has narrowed.



Annual % change in jobs:

San Joaquin growing jobs faster than California for past 7 years.



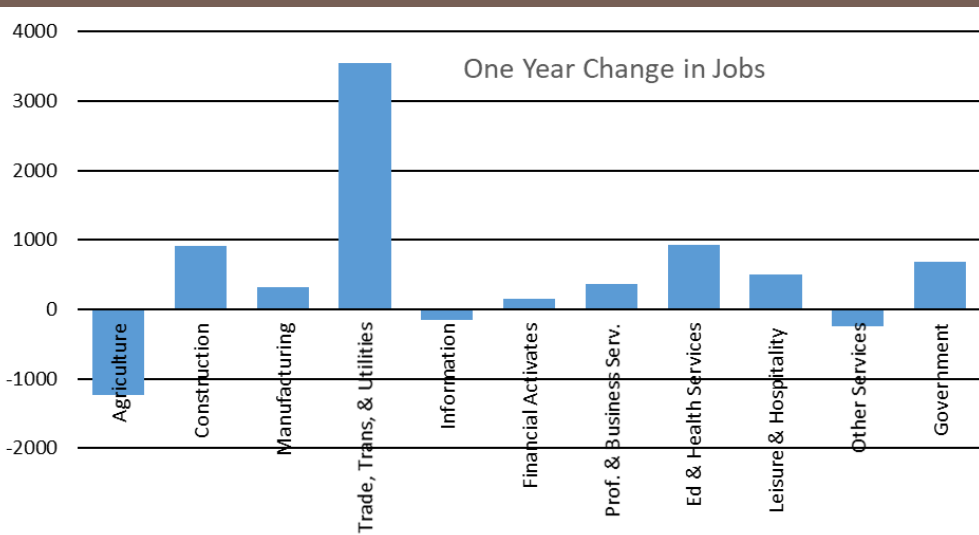
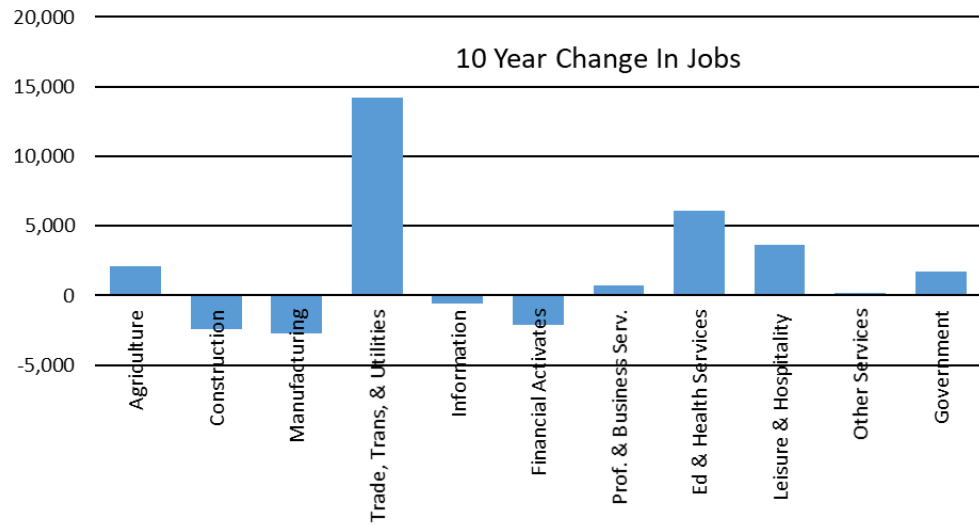
5 Year Payroll Job Growth in 12 Largest California Metro Areas (Oct. 2013 – 2018)

Riverside-San Bernardino	20.9%
Stockton-Lodi	18.9%
San Jose-Sunnyvale	17.8%
Fresno	17.7%
San Francisco-Redwood City	17.6%
Oakland-Hayward-Berkeley	13.4%
Sacramento--Roseville	13.2%
San Diego-Carlsbad	12.0%
Anaheim-Santa Ana-Irvine	11.6%
Los Angeles-Long Beach	9.2%
Oxnard-Thousand Oaks	6.4%
Bakersfield	4.9%

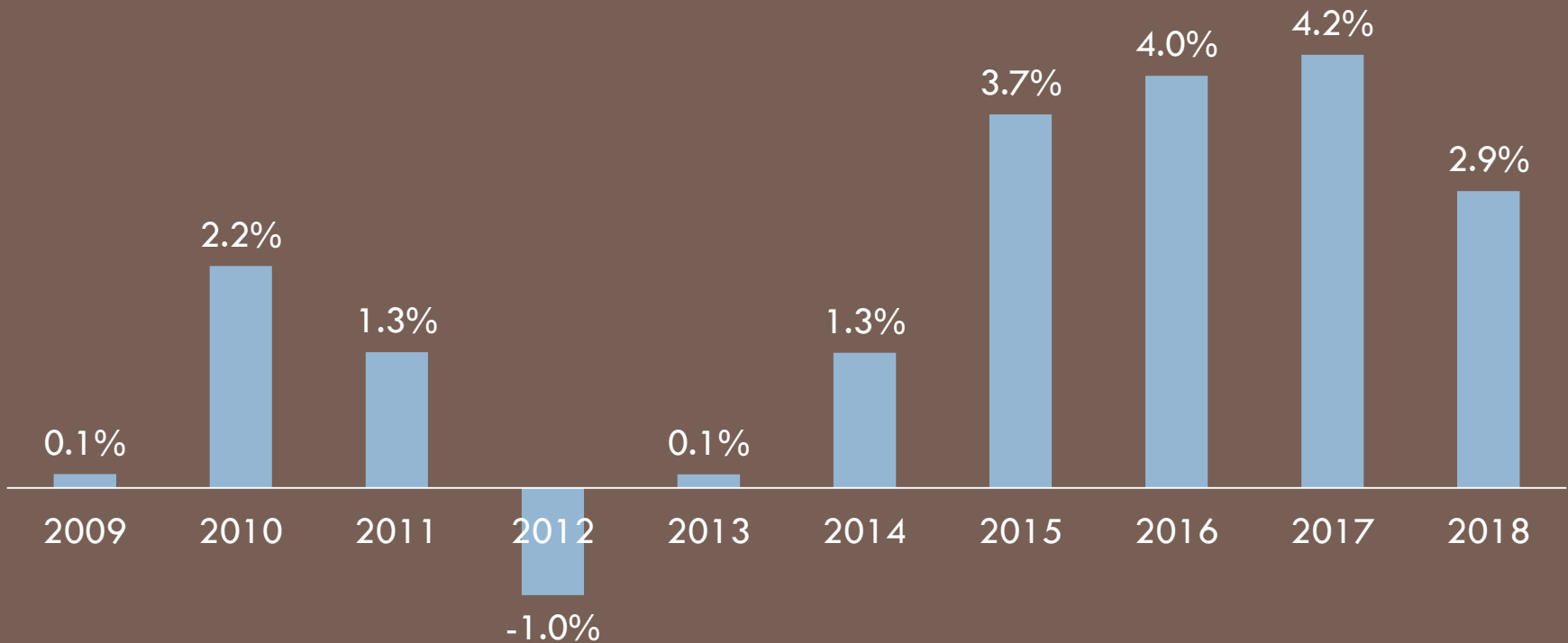
The Rise of the Transportation/Logistics Cluster

Future Prospects Remain Strong

- E-commerce has more room for growth.
- Tied to Bay Area Economy.
- San Joaquin County leads Megaregion in developing well-suited industrial space.



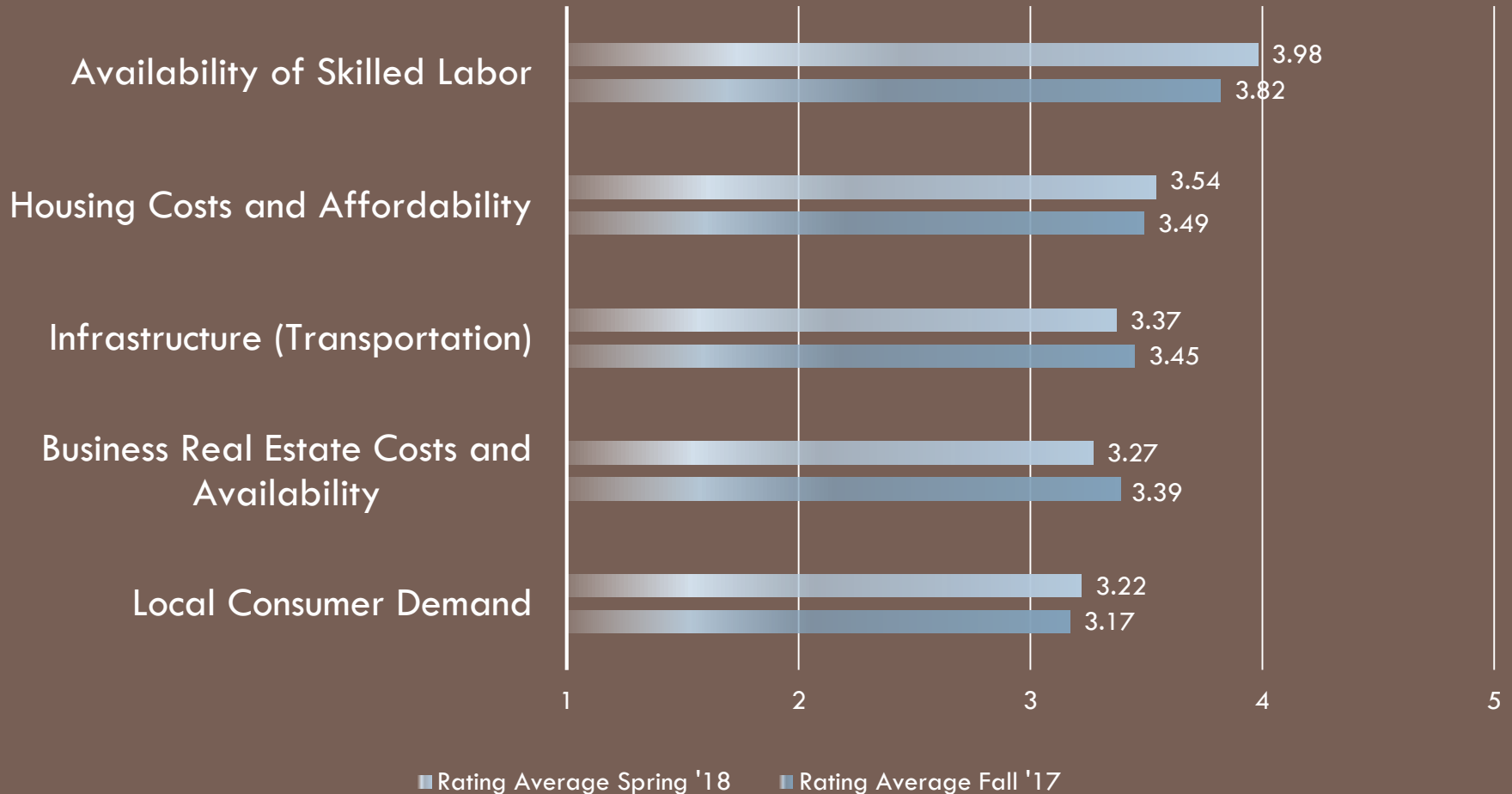
Percent Change in Average Weekly Wage in San Joaquin County (not inflation adjusted)



Four years of strong wage gains.

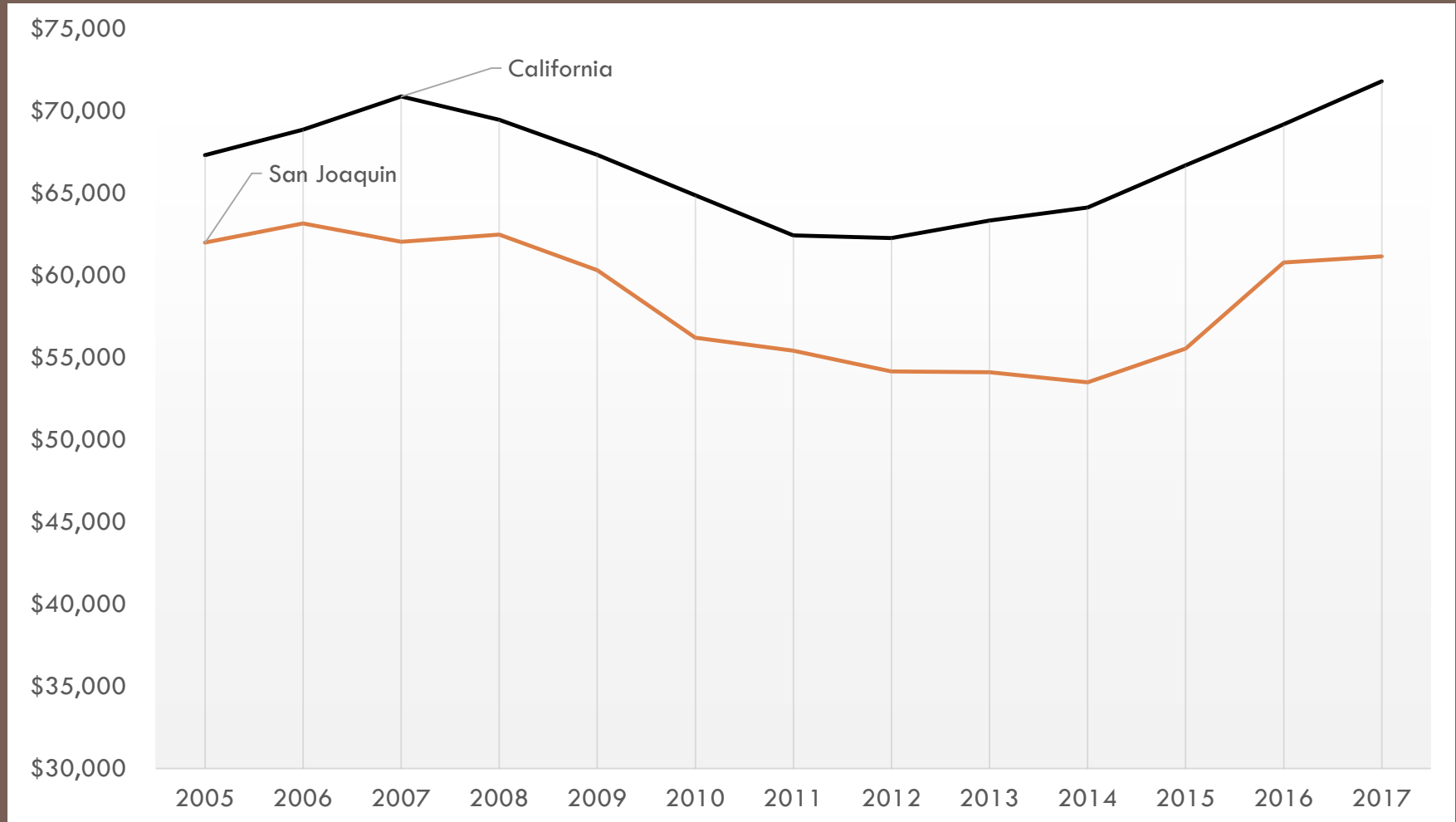
2012-14 had strong local job growth, but at terrible wages. Since 2014, both jobs and wages have grown – leading to better household incomes.

NSJV small businesses are getting more concerned about skilled labor



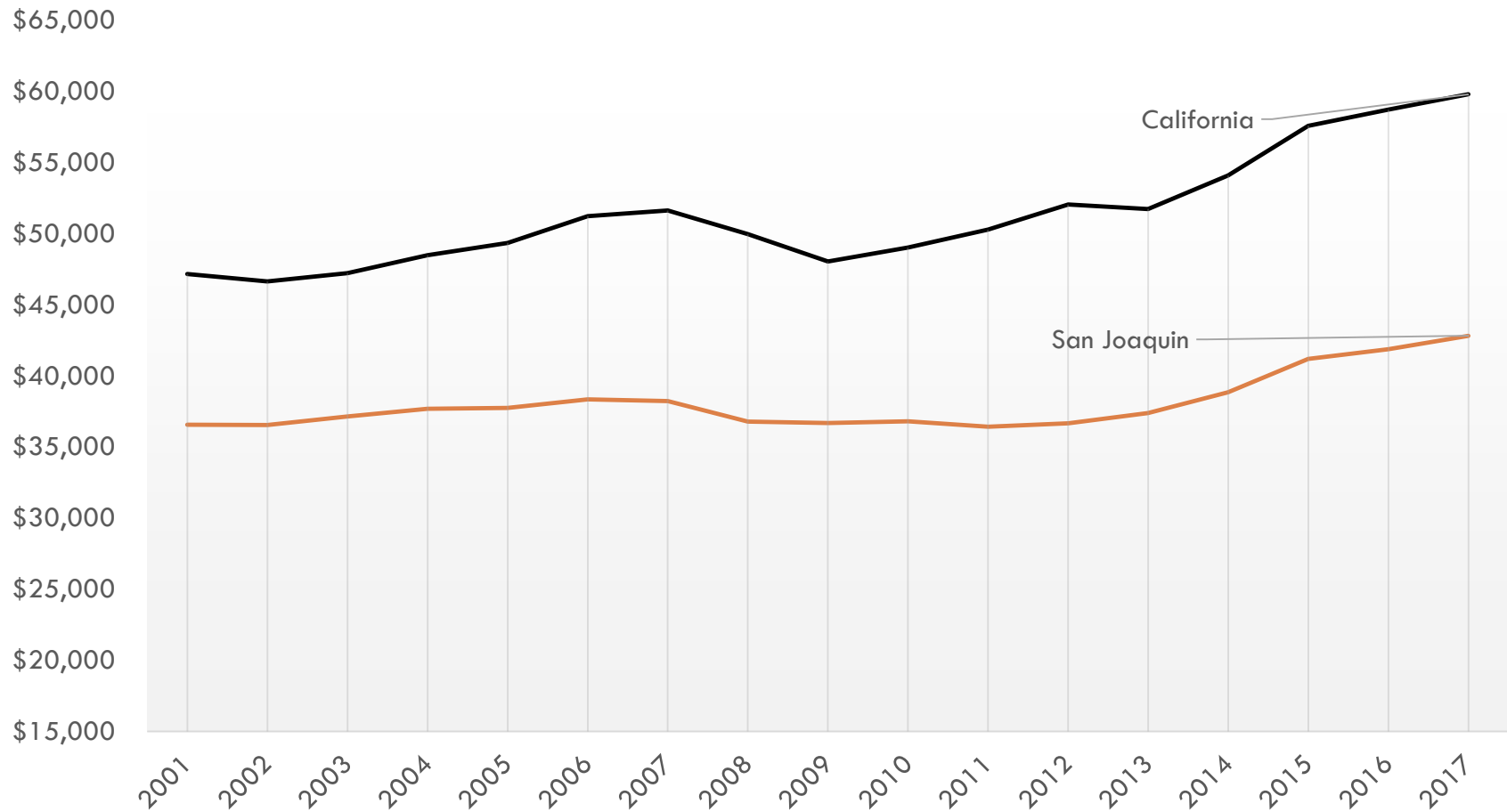
Real median household money income

As of 2017, still \$2,000 below pre-recession inflation adjusted peak.



Real per capita income:

Broader measure of income (non-money), and captures high end growth.



San Joaquin County Outlook

- 3 Most Significant Economic Clusters In County Have Solid Prospects and Some Room for Growth.
 - ▣ Agriculture, Food and Beverage (wine)
 - ▣ Logistics and E-Commerce
 - ▣ Bay Area Commuting, Residential Growth
- Long-run Challenges To Building Higher Wage Local Clusters:
 - ▣ Not cost competitive beyond Northern California.
 - ▣ Low “human capital”

2019 San Joaquin Outlook:

- Biggest Risk for 2019 is Global and National:
 - ▣ Recession Risks Rising... as Scott described.
- Bay Area Remains Strong
 - ▣ Growth is slowing, but less than previously forecast.
 - ▣ New California political climate could be favorable for San Joaquin if state economy/revenue hold up.
- Local Momentum Is Strong... But Growth Will Slow Along with California and Bay Area.
 - ▣ Job growth slows to 2.1% this year and unemployment stabilizes in mid 5% range.
 - ▣ Increasing anxiety about 2020.