Lake County Economic Forecast

Forecast Summary

- Approximately 530 jobs representing a growth rate of 3 percent will be created in Lake County during 2022. The gain accounts for a full labor market recovery from the Coronavirus Recession.

- Over the 2022-2027 forecast period, leisure services and healthcare will be responsible for virtually all job growth.

- The unemployment rate averaged 7.6 percent in 2021. It is forecast to average 4.6 percent in 2022 and 5.0 percent in 2023.

- The population is expected to remain relatively constant over the forecast period and will likely decline over the longer term unless economic development efforts prove successfully in attracting new in-migrating populations.

- The median selling value for all homes jumped 13 percent in 2021. Home price appreciation slowed in 2022 and will slow further in 2023. No significant declines in home values are forecast for 2023 or 2024.

Job Growth

- Non-agricultural employment in Lake County will expand by 3.4 percent in 2022, and 3.2 percent in 2023. Between 2023 and 2027, job growth will average 2.0 percent.


Non-farm Job Growth
2013 - 2027
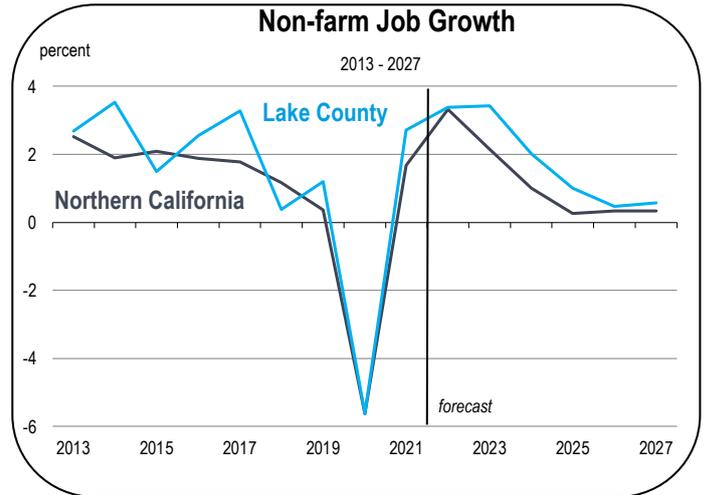
Retail Trade Employment

- The retail sector will continue to expand and more job creation is forecast over the next several years.

- The Lake County retail industry was already under pressure before the onset of the Coronavirus Recession, which led to a slowdown in job creation.

- Because of competition from online stores, job growth at physical stores in the region has been muted, and the further transition to online shopping will limit the gains in retail employment over the long term.

Population Growth
2013 - 2027

Retail Employment
2013 - 2027
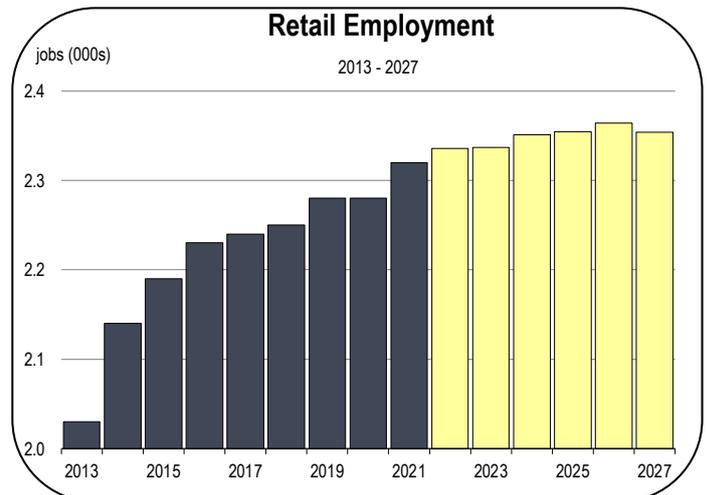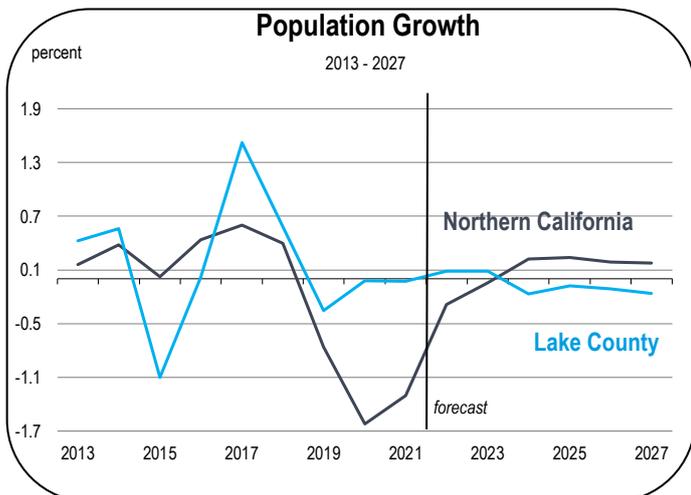
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Professional & Business Employment
2013 - 2027

(bar chart: jobs, vertical axis 500 to 750; horizontal axis 2013, 2015, 2017, 2019, 2021, 2023, 2025, 2027)

Education & Healthcare Employment
2013 - 2027

(bar chart: jobs (000s), vertical axis 3.8 to 5.4; horizontal axis 2013, 2015, 2017, 2019, 2021, 2023, 2025, 2027)
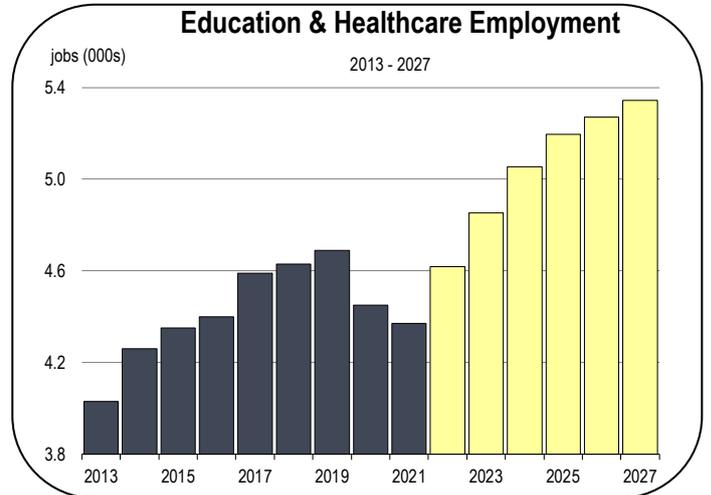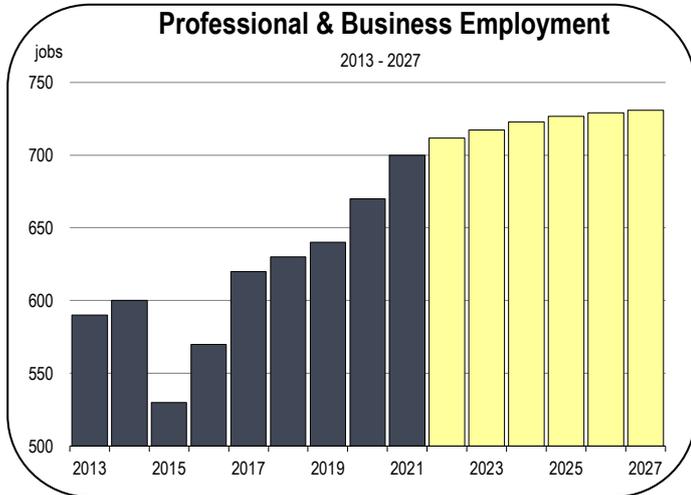
Professional and Business Services Employment

- The professional and business services sector has a wide array of companies and most fared well during the recession of 2020.

- Lake County has a growing professional business services industry that will expand at the third quickest rate, compared to the healthcare sector (first) and leisure sector (second).

- Jobs in the professional business services sector tend to pay higher than average wages. As they capture a larger share of the overall labor market, this industry will contribute to rising incomes in the county.

## Private Education and Healthcare Employment

- The healthcare industry employs more workers than any other sector of the Lake County economy.

- Because a large share of the Lake County population is in retirement age, the local economy has a meaningful number of jobs in nursing homes, senior centers, and hospitals.

- The forecast calls for 900 new jobs created in healthcare over the 2022 to 2027 period.

- In Lake County, there are very few jobs in private educational institutions. Most teachers and education administrators work in the government sector.

Healthcare accounts for the largest share of the county's labor market than any other sector, employing more than 4,600 workers in 2022. The largest hospitals are Sutter Lakeside Hospital and Adventist Health Clearlake. Each of these organizations directly supports between 250 and 500 jobs.

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Leisure and Hospitality Employment

- Clearlake is the largest tourism attraction in Lake County, and the summer fishing season is the peak for visitor traffic.

- Each year, thousands of tourists descend upon the towns around Clearlake to boat, fish, and to visit the dozens of wineries in the area.

- In 2021, tourism activity rapidly returned to normal, and local leisure and hospitality businesses re-hired staff. By the end of 2022, a full employment recovery will be made.

- Over the long term, new hotel and resort developments could lead to a larger expansion of the leisure and hospitality sector.

- The Guenoc Valley Project will create 5 separate resorts with 268 hotel rooms on 1,400 acres. Up to 700 new hotel rooms could be built in the next decade based on proposed projects to date.

Leisure & Hospitality Employment
2013 - 2027

jobs
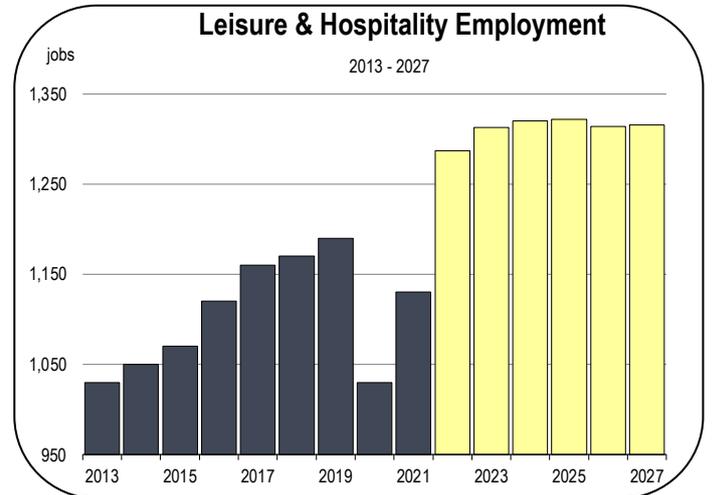
Clearlake

Lake County Economic Forecast

Population

2013 - 2027

population (thousands)

Net Migration

2013 - 2027

inmigrants minus outmigrants
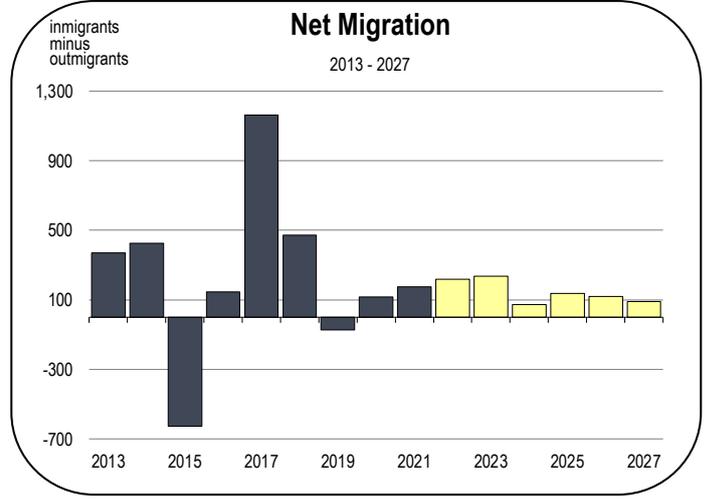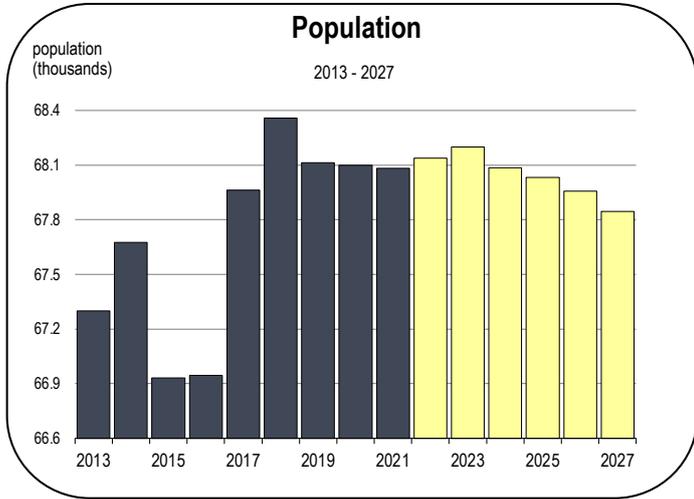
Population Growth

• The Lake County population will remain relatively stable over the forecast.

• The population has been gradually rising over the last decade, due to positive net in-migration, part of which was induced by fires in adjacent counties.

• Over the last 10 years, an estimated 3,000 people net of those that left, moved into the county. However, because Lake County has an older population base and deaths routinely exceed births every year, the total population has only increased by 1,100 people since 2012.

• Over the forecast period, the county will gain residents through the migration process; however, deaths will continue to exceed births, and the overall population is destined to decline gradually from 2022 to 2027.

Percent of Population Aged 75 and Older

2005 - 2027

percent

Population Growth Rate

2013 - 2027

growth rate (%)

Births and Deaths

2005 - 2027

residents
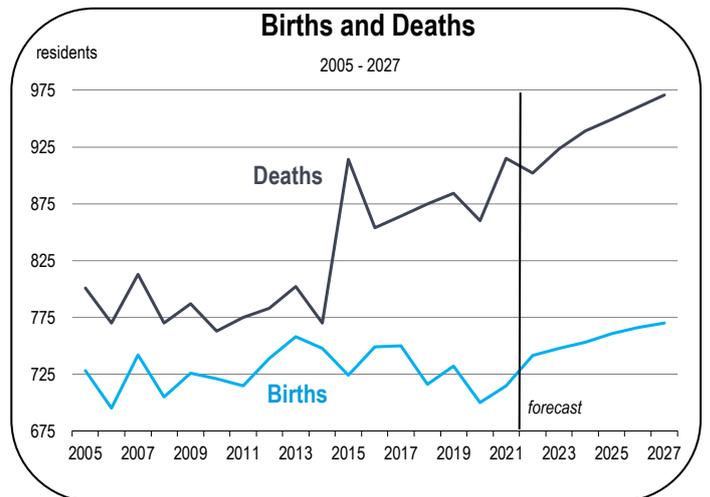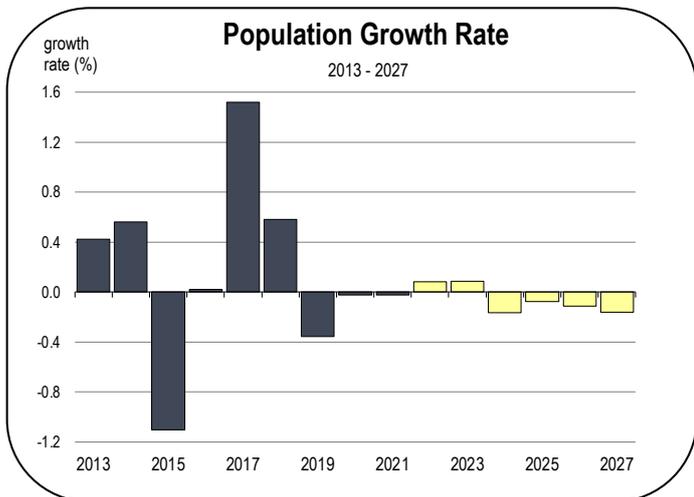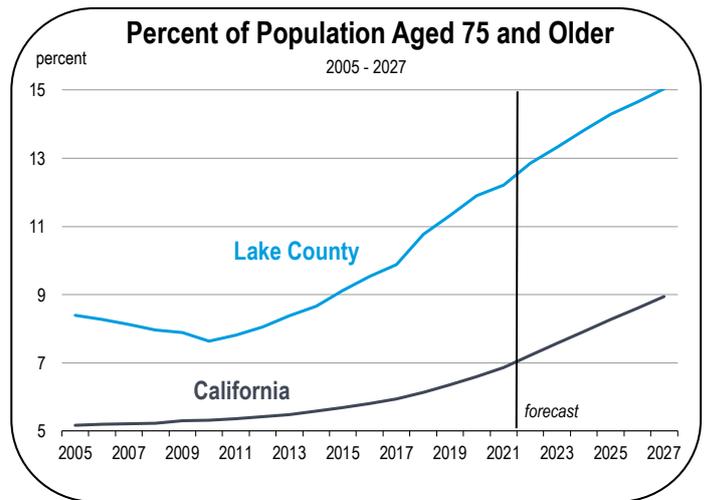
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Unemployment Rate
2018 - 2027

Median Home Price
2013 - 2027
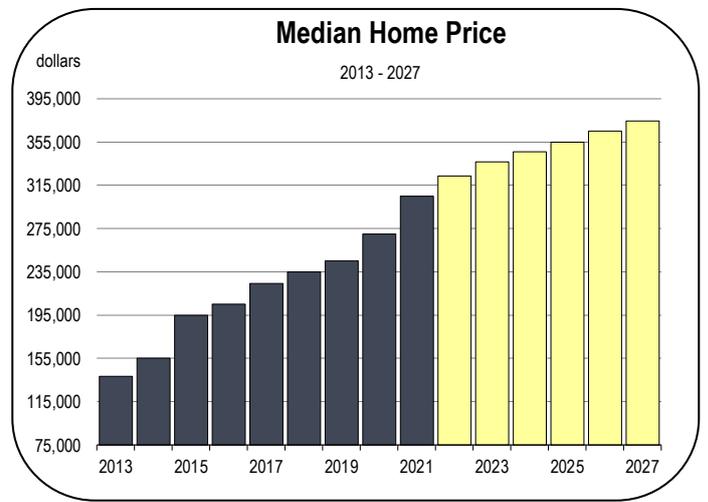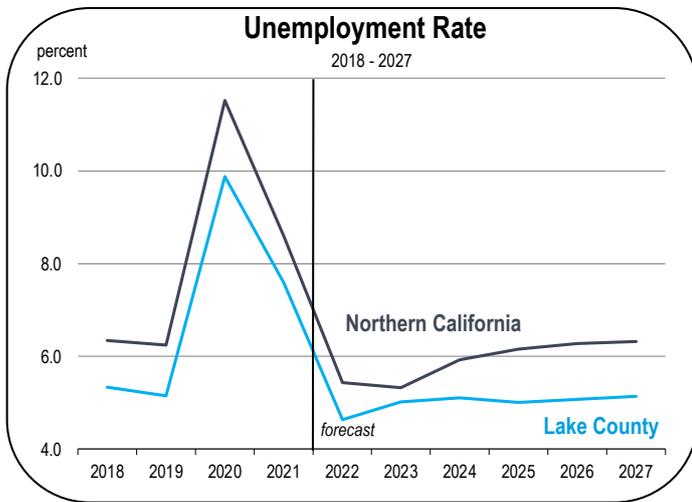
Unemployment and Inflation Rates

- The unemployment rate in Lake County averaged 7.6 percent in 2021.

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

- The unemployment rate is expected to average 4.6 percent in 2022 and 5.0 percent in 2023.

- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.

- 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 Lake County was $305,000. The median price is expected to increase by 6 percent in 2022.

Inflation / California
2018 - 2027

New Homes Permitted
2005 - 2027
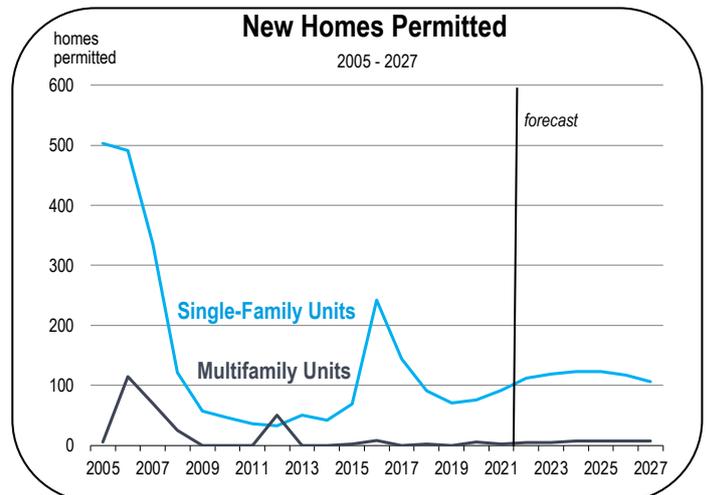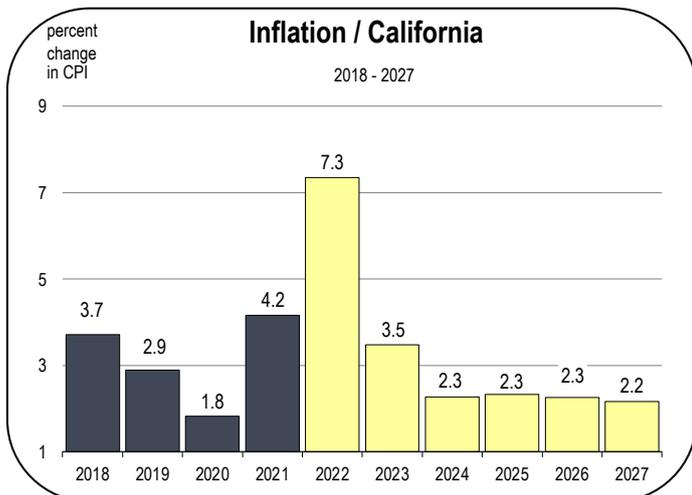
Lake County Economic Forecast

- Home price appreciation slows considerably after 2022.

- From 2016 to 2021, an average of 50 new homes were started per year in Lake County. Virtually all were single-family homes.

- Housing production is expected to average 110 to 130 units per year from 2022 to 2027, consisting primarily of single-family homes.

Clear Lake

- Clear Lake is the largest natural freshwater lake entirely in California and is the principal visitor destination in Lake County. It is the oldest lake in North America at an estimated 2.5 million years old.

- The most common fish in the lake are Largemouth Bass, crappie, bluegill, carp, and catfish, making it a popular spot for tourism in Lake County. The California State Parks estimates annual use of the Lake at 62,500 visitors.

- Boating, fishing, camping, swimming, and hiking are all activities for visitors to Clear Lake. There are 11 free boat launch ramps around the lake for visitor use, and 8 rental cabins.

- Camping costs vary around $30-$45 per day depending on the site.

New Development

- Lake County has lost an estimated ten percent of its housing to wildfires in recent years. In 2018, the entire city of Lakeport was evacuated. The Cache Fire destroyed 56 homes in August of 2021.

- Two new big development projects in Lake County are the Waterstone Residential Housing Project and Oak Valley Villas.

- The Waterstone Residential Housing Project's proposal includes 128 apartment units and 48 cluster homes. The project is located in Lakeport and is currently waiting for approval by the Lakeport City Council. The Lakeport Planning Commission has recommended the City Council approve the project.

- The cluster homes are planned at approximately 1,200 square feet in size and sell for $400,000.

- Oak Valley Villas is a project by Danco Communities that is currently under construction. The project is an 84-unit mixed income multifamily housing project. The project includes a community building.

- Completion of the Villas project is scheduled for the winter of 2023.

Cluster homes proposed by Waterstone Residential

Lake 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	66,931	26.8	-626	71	88	$2.5	$401	$575	$304	$43,771	7.6	$121	1.4
2016	66,945	25.8	146	250	90	$2.5	$445	$593	$295	$44,115	6.8	$127	2.3
2017	67,963	26.1	1,161	144	89	$2.6	$465	$618	$313	$43,702	5.8	$137	3.0
2018	68,358	26.2	472	93	89	$2.7	$486	$614	$319	$43,789	5.3	$122	3.7
2019	68,114	26.2	-74	71	91	$2.9	$516	$653	$312	$44,380	5.2	$113	2.9
2020	68,099	26.2	115	82	92	$3.0	$583	$748	$321	$46,494	9.9	$79	1.8
2021	68,082	26.3	173	94	94	$3.2	$651	$833	$333	$47,404	7.6	$77	4.2
2022	68,139	26.3	218	117	95	$3.4	$719	$937	$337	$46,617	4.6	$75	7.3
2023	68,198	26.4	235	123	97	$3.6	$735	$969	$341	$47,273	5.0	$74	3.5
2024	68,085	26.5	73	130	98	$3.7	$746	$984	$343	$47,768	5.1	$74	2.3
2025	68,033	26.6	136	130	99	$3.8	$757	$999	$345	$48,478	5.0	$73	2.3
2026	67,957	26.7	119	124	99	$4.0	$765	$1,010	$347	$49,049	5.1	$73	2.3
2027	67,847	26.8	90	113	99	$4.1	$773	$1,019	$348	$49,689	5.1	$73	2.2
2028	67,746	26.9	105	99	100	$4.2	$780	$1,028	$350	$50,326	5.2	$72	2.2
2029	67,731	26.9	192	107	100	$4.4	$800	$1,052	$351	$50,787	5.2	$72	2.3
2030	67,695	27.0	171	101	100	$4.5	$824	$1,081	$352	$51,333	5.2	$72	2.2
2031	67,671	27.1	184	100	100	$4.7	$841	$1,105	$353	$51,873	5.2	$72	2.1
2032	67,684	27.2	221	90	101	$4.8	$860	$1,131	$353	$52,280	5.2	$72	2.3
2033	67,766	27.3	282	89	101	$4.9	$879	$1,155	$354	$52,796	5.2	$72	1.9
2034	67,761	27.3	196	86	101	$5.1	$898	$1,180	$354	$53,296	5.2	$72	2.1
2035	67,739	27.4	177	82	101	$5.3	$921	$1,210	$354	$53,782	5.2	$72	2.2
2036	67,642	27.5	98	78	101	$5.4	$950	$1,248	$354	$54,176	5.2	$72	2.6
2037	67,481	27.5	35	74	101	$5.6	$976	$1,284	$354	$54,568	5.2	$72	2.7
2038	67,385	27.6	100	71	102	$5.8	$1,003	$1,319	$355	$55,016	5.2	$72	2.5
2039	67,292	27.6	99	69	102	$6.0	$1,031	$1,357	$355	$55,391	5.2	$72	2.7
2040	67,172	27.7	68	66	102	$6.1	$1,058	$1,392	$355	$55,818	5.2	$72	2.6
2041	67,171	27.8	180	64	102	$6.3	$1,081	$1,423	$355	$56,293	5.2	$72	2.2
2042	67,244	27.8	245	64	103	$6.5	$1,105	$1,454	$355	$56,772	5.2	$72	2.1
2043	67,238	27.9	159	62	103	$6.7	$1,130	$1,487	$355	$57,310	5.2	$72	2.0
2044	67,253	27.9	171	58	103	$6.9	$1,149	$1,513	$355	$57,879	5.2	$72	1.8
2045	67,299	27.9	190	56	103	$7.1	$1,175	$1,546	$355	$58,405	5.2	$72	1.9
2046	67,374	28.0	210	54	103	$7.3	$1,200	$1,580	$355	$58,844	5.2	$72	2.0
2047	67,394	28.0	147	52	104	$7.5	$1,226	$1,615	$355	$59,228	5.2	$72	2.2
2048	67,516	28.1	241	49	104	$7.8	$1,257	$1,655	$355	$59,473	5.2	$72	2.3
2049	67,597	28.1	188	48	104	$8.0	$1,286	$1,693	$356	$59,883	5.2	$72	2.0
2050	67,706	28.2	208	45	104	$8.2	$1,316	$1,732	$356	$60,241	5.2	$72	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
						------ (jobs) ------						
2015	15,940	1,060	500	330	530	2,340	380	530	130	4,350	1,070	4,190
2016	16,340	1,080	630	340	510	2,350	380	570	120	4,400	1,120	4,320
2017	16,800	1,040	720	330	550	2,340	390	620	120	4,590	1,160	4,390
2018	16,800	980	800	360	540	2,340	370	630	100	4,630	1,170	4,330
2019	17,040	1,030	860	370	570	2,370	360	640	100	4,690	1,190	4,320
2020	16,030	920	830	350	540	2,380	330	670	90	4,450	1,030	3,920
2021	16,420	900	890	340	770	2,430	340	700	80	4,370	1,130	3,930
2022	16,920	872	910	350	707	2,455	355	712	73	4,617	1,287	4,027
2023	17,450	860	922	368	752	2,465	341	717	66	4,853	1,313	4,240
2024	17,780	851	931	371	780	2,487	336	723	61	5,054	1,320	4,313
2025	17,950	846	926	367	807	2,497	335	727	56	5,196	1,322	4,316
2026	18,020	844	911	366	831	2,511	336	729	51	5,271	1,314	4,308
2027	18,120	842	900	369	852	2,505	339	731	48	5,344	1,315	4,326
2028	18,210	841	880	373	868	2,497	341	733	44	5,425	1,308	4,351
2029	18,290	840	872	376	884	2,499	342	735	41	5,507	1,301	4,349
2030	18,370	840	866	379	899	2,508	342	737	39	5,584	1,294	4,344
2031	18,440	840	862	382	914	2,510	343	738	37	5,666	1,286	4,326
2032	18,510	840	848	383	918	2,513	343	740	35	5,749	1,279	4,321
2033	18,580	839	829	384	921	2,517	344	741	33	5,835	1,272	4,322
2034	18,640	839	809	385	924	2,519	344	742	31	5,920	1,264	4,315
2035	18,690	839	786	385	927	2,523	344	744	30	6,006	1,257	4,306
2036	18,740	839	773	385	929	2,528	345	745	29	6,088	1,250	4,289
2037	18,790	839	755	385	931	2,530	345	746	28	6,181	1,242	4,268
2038	18,860	839	744	386	933	2,532	345	748	27	6,267	1,245	4,252
2039	18,930	839	737	385	935	2,534	345	749	26	6,357	1,247	4,236
2040	19,010	839	733	385	937	2,534	345	750	25	6,442	1,250	4,226
2041	19,080	839	730	384	938	2,535	346	752	25	6,532	1,252	4,211
2042	19,170	839	729	384	939	2,536	346	753	24	6,615	1,255	4,209
2043	19,250	839	727	384	941	2,538	346	754	23	6,696	1,257	4,201
2044	19,320	839	725	383	942	2,538	347	756	23	6,774	1,260	4,195
2045	19,400	839	724	383	942	2,540	347	757	23	6,847	1,262	4,192
2046	19,470	839	722	383	943	2,541	348	758	23	6,918	1,264	4,191
2047	19,530	839	711	383	944	2,541	349	759	22	6,989	1,267	4,185
2048	19,600	839	704	382	945	2,543	350	761	22	7,053	1,269	4,188
2049	19,660	839	699	382	946	2,544	351	762	22	7,117	1,271	4,187
2050	19,730	839	696	382	947	2,546	352	763	22	7,177	1,274	4,189

Lake County Economic Forecast

Socioeconomic Indicators

Students Proficient in English Language Arts/Literacy Grades 3-8 & 11

percent of students tested

2022

- Lake County: 32
- Northern California: 42
- California: 49

Poverty Rate

percent of households below poverty line

2022

- Lake County: 14.1
- Northern California: 11.4
- California: 8.9

Median Household Income

dollars per household

2022

- Lake County: 52,900
- Northern California: 60,700
- California: 89,000

Median Home Selling Price

dollars

2021

- Lake County: 305,000
- Northern California: 290,500
- California: 785,000

Average Travel Time to Work

minutes each way

2022

- Lake County: 30
- Northern California: 23
- California: 33

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

percent

2022

- Lake County: 15.6
- Northern California: 23.3
- California: 34.5