

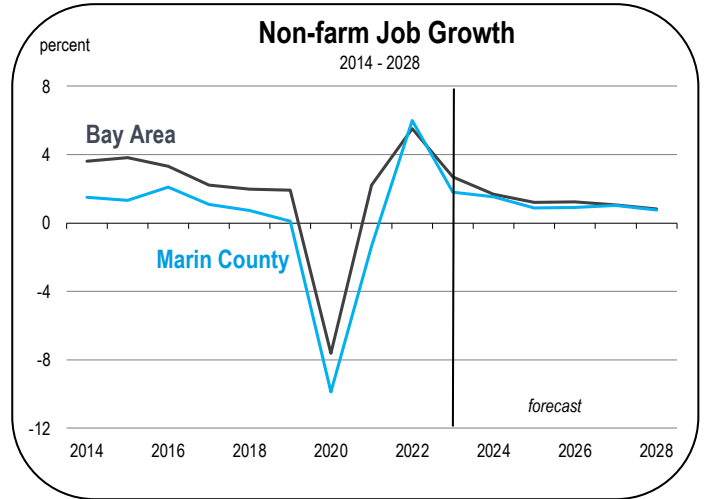
Marin County Economic Forecast

Forecast Summary

- On an annual average basis, approximately 2,000 non-farm jobs will be restored in Marin County during 2023.
- The labor market rebound from the 2020 pandemic recession has been slow. At the current pace of job creation, the county won't achieve a full recovery until 2027.
- Employment gains in 2023 will be largest in leisure services and healthcare.
- The unemployment rate averaged 2.7 percent in 2022. It is forecast to average 3.18 percent in 2023 and 3.23 percent in 2024.
- The Marin County population has been declining for several years, a trend that is expected to persist throughout the forecast and beyond.
- Housing production will be minimal over the forecast period.
- Home prices rose 10.4 percent in 2022 to around \$1.8 million. Home values are expected to fall 7.8 percent in 2023. Home price appreciation over the forecast period is expected to average 3.1 percent annually.

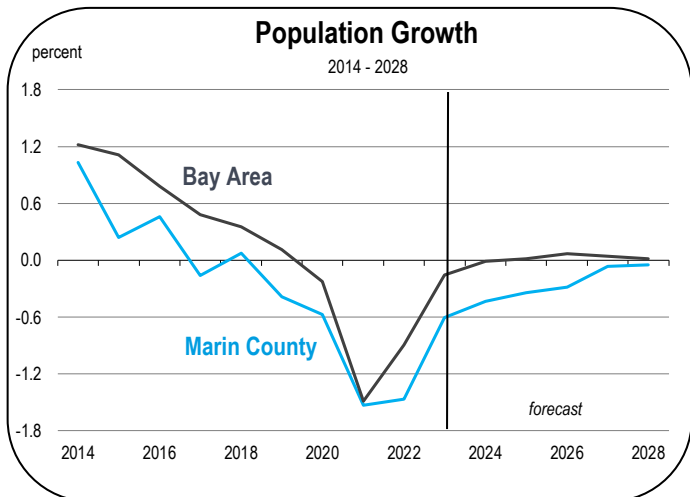
Job Growth

- Total employment in Marin County expanded by 6 percent in 2022, with the addition of 6,200 workers. In 2023, the county is on pace to add close to 2,000 additional jobs, an increase of 1.8 percent.
- Between 2024 and 2028, employment growth will average 1.0 percent per year, closely tracking the growth of the broader Bay Area labor market.

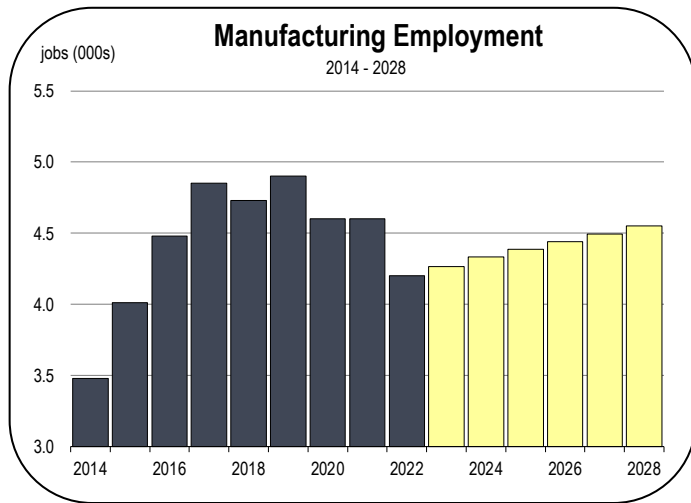


Construction Employment

- Employment in construction increased 5.5 percent in 2022, with an estimated 400 jobs created.
- New construction has generally been limited in Marin County, however, more new development is in planning over the next 10 years. Projects likely to start over the next five years will support the addition of approximately 260 jobs in construction jobs per year.
- New construction activity has been driven by housing remodels, but more new housing may be forthcoming as new master planned communities are under review. The California Department of Housing and Community Development recently assigned the county a large housing requirement to execute by 2031. Currently, there are more than 3,000 residential units in the city building pipelines.

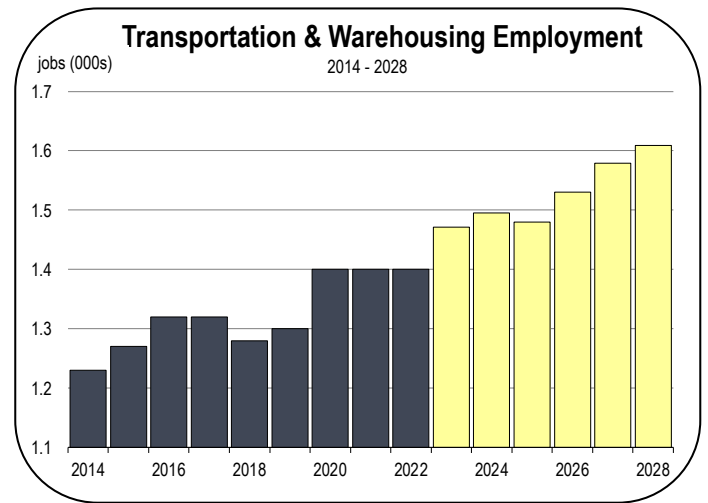


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Manufacturing Employment

- The manufacturing sector lost 400 jobs in 2022, a decrease of 5.5 percent compared to the previous year. The county is on pace to add 65 manufacturing jobs in 2023 and is expected to average 285 new jobs per year between 2024-2028.
- Marin County manufacturing is dominated by pharmaceutical companies.
- Two of the largest are BioMarin Pharmaceutical with a 2023 headcount of 2,581 employees, and Ultragenyx Pharmaceuticals with 893 employees. Both are based in Novato.
- Marin County is also the location of food manufacturing companies and 18 wineries. The most prominent are Point Reyes Vineyards, Pacheco Ranch Vineyards, Brooks Note and Trek Winery.



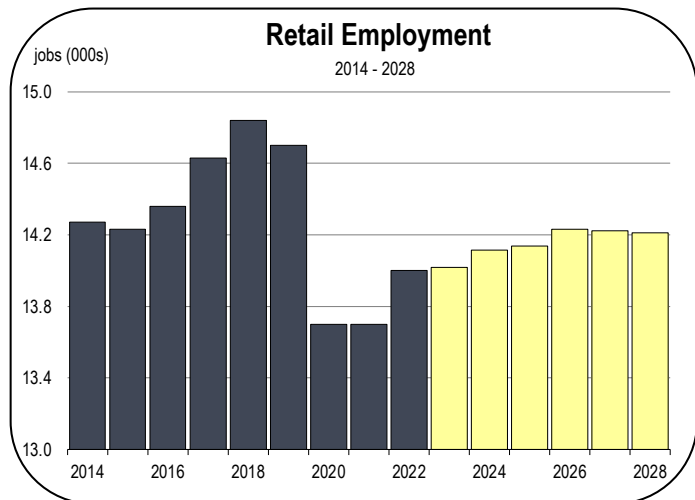
Transportation and Warehousing Employment

- There was no change in transportation and warehousing employment in 2022. In 2023, it is estimated that the sector will add 70 jobs, an increase of 5.1 percent.
- Local delivery jobs comprise much of this sector, together with warehousing and storage workers. Fulfillment centers and warehouses are located in Novato, but few others exist in the County. The now empty 176,000 square foot Birkenstock facility has been empty since 2020. It could ultimately serve as a fulfillment or distribution center for a large retailer.



An aerial view of the Birkenstock warehouse in Novato

Marin County Economic Forecast

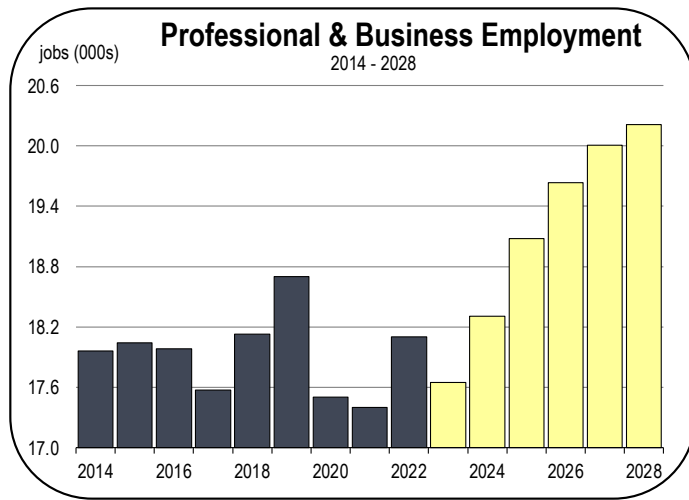
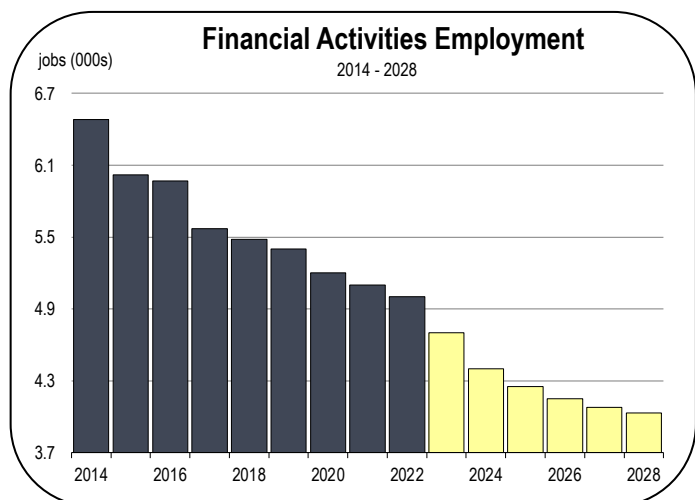


Retail Trade Employment

- The sector added 300 jobs in 2022 but this trend is not sustainable in view of the general outlook for the retail industry over the next five years. Automation in stores and the widespread transition to online shopping will limit employment opportunities over time.
- The sector is on pace to grow 0.1 percent in 2023 with 20 new jobs and average 0.3 percent growth annually between 2024-2028 represented by 200 new positions during that period.

Financial Activities Employment

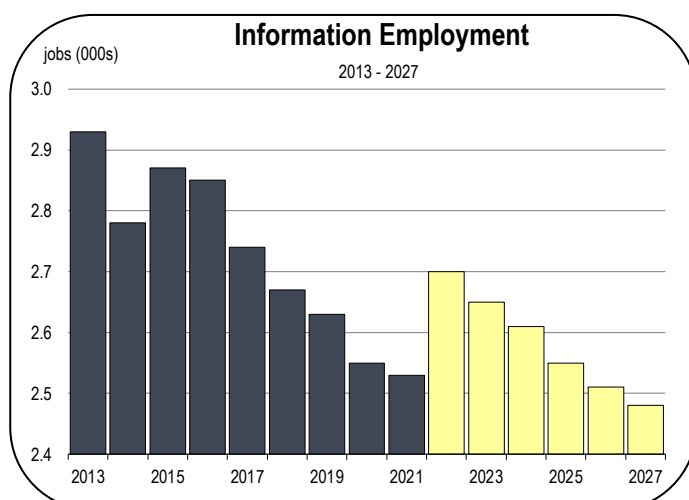
- The financial activities industry is largely comprised of real estate firms, investment management companies, banks, and insurance firms.
- West America Bank and the Bank of Marin are the two regional banks in the County
- Employment in the financial activities industry declined 2 percent in 2022 with the loss of 100 jobs and is on pace to lose 300 jobs in 2023.



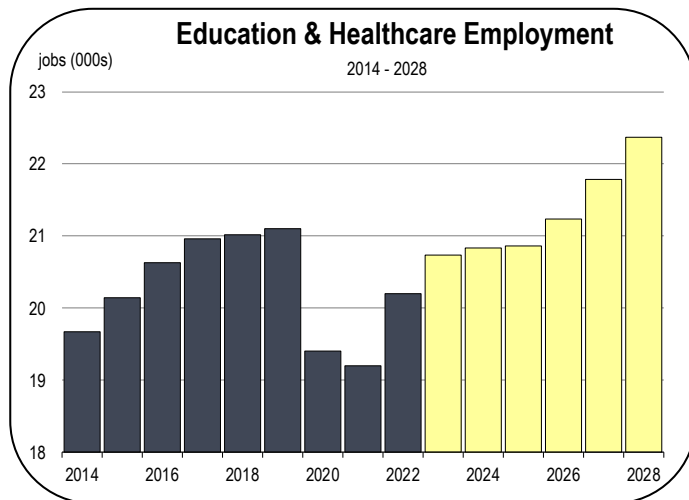
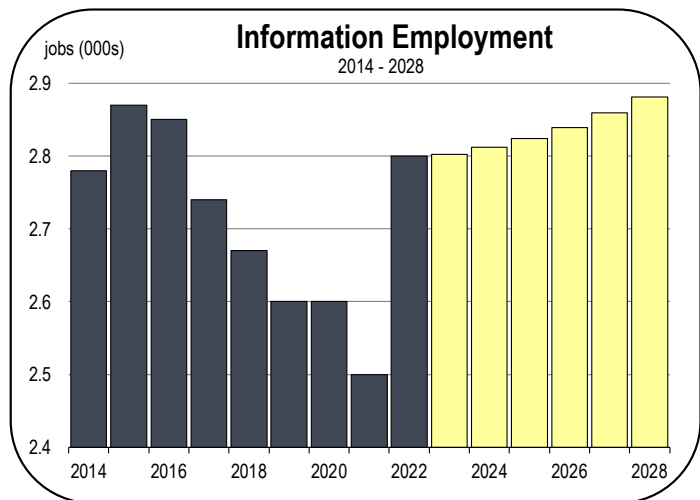
- The consolidation of jobs is expected to continue at a pace of 3.0 percent decrease annually between 2024-2028. This decline will cause the loss of just under 700 jobs.

Professional and Business Services Employment

- The professional and business services sector is the second largest labor market in the county, just behind healthcare.
- Employment increased 4.0 percent in 2022 represented by 700 new jobs but is expected to fall 2.5 percent in 2023 with the loss of 450 jobs.
- The contraction in employment is due to the loss of Autodesk, makers of software for architectural applications, to San Francisco with over 400 employees.
- Over the long term, future growth of the Marin County workforce will meaningfully occur in the professional business services sector, principally in engineering and technology consulting. The sector is expected to grow at an average annual rate of 2.8 percent and add over 2,500 new jobs between 2024 and 2028—more jobs contributed to the labor market of the county than any other job sector.



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Information Employment

- Many subsectors of the information industry, including telecommunications, newspapers, and movie theaters, have been subject to declining employment over the last six years.
- Information employment jumped 12 percent in 2022 with the addition of 300 jobs. However, growth in the sector will remain modest over the forecast period expected between 2023-2028.
- Growth of software development companies or internet services companies will be the likely contributors to Information Sector jobs over the forecast.

Private Education and Healthcare Employment

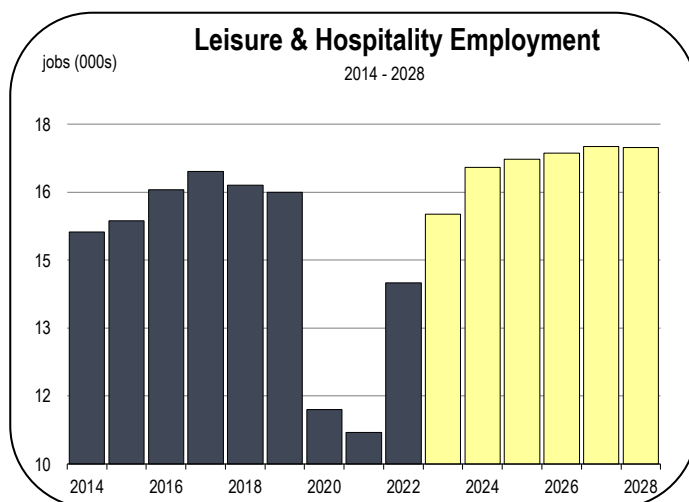
- Private healthcare and education employment increased 5.2 percent in 2022 with the addition of 1,000 new positions.

Healthcare Provider	Employees
Novato Medical Offices	1,504
Marin General Hospital	1,100
San Rafael Medical Center	350
Novato Community Hospital	329

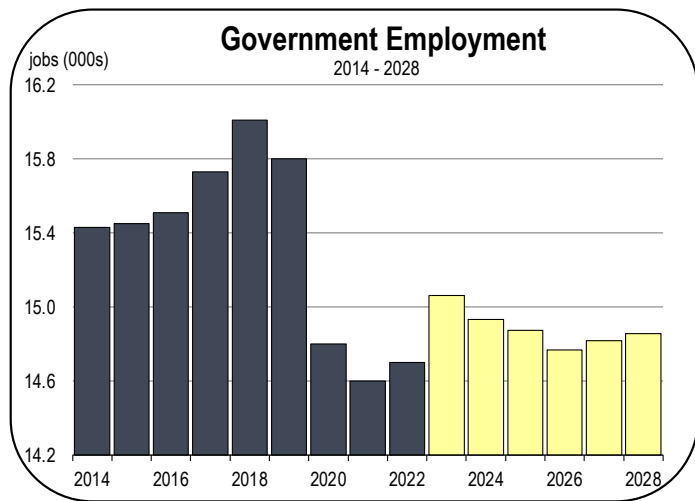
- The healthcare sector is on pace for job growth of 2.7 percent in 2023 represented by 540 new jobs. Average annual growth of 1.5 percent is expected between 2024-2028 resulting in over 1,600 new jobs.
- Dominican University is the only private college in Marin County. It has 1,157 students.

Leisure and Hospitality Employment

- The leisure and hospitality sector had struggled to recover jobs lost during the pandemic recession, largely because the labor force was never fully restored, limiting the number of workers that could be recruited to fill jobs.
- Leisure services employment growth spiked 30.8 percent in 2022 with 3,300 jobs restored in this sector.
- In 2023, the sector is on pace to gain 1,500 more jobs, a 10.8 percent increase.
- Growth of 6.7 percent in 2024 will bring the county leisure services employment level back to pre-pandemic levels.
- More job gains in the county in 2022-2023 and forecast for 2024 are attributed to the leisure services than any other labor market.
- Principal visitor destinations include the Point Reyes National Seashore, Muir Woods National Monument, and Mount Tamalpais.

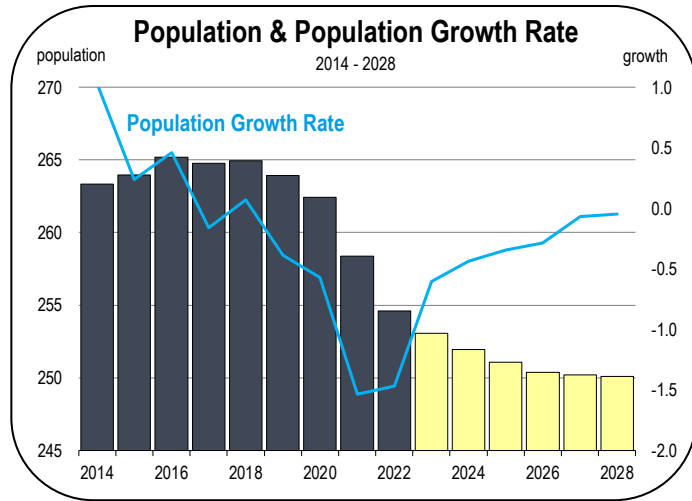


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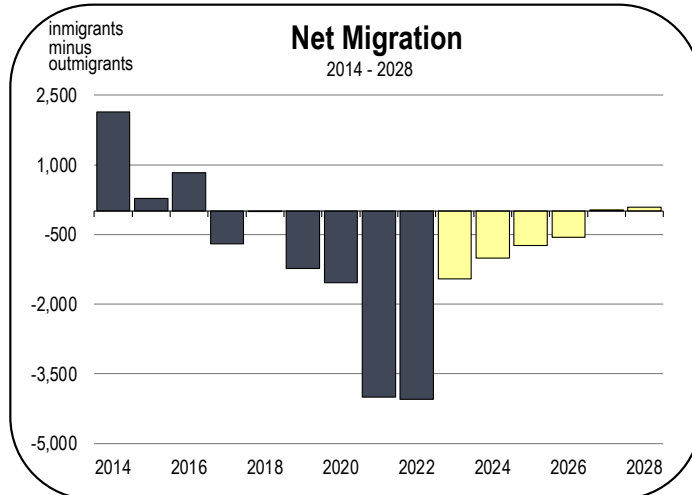
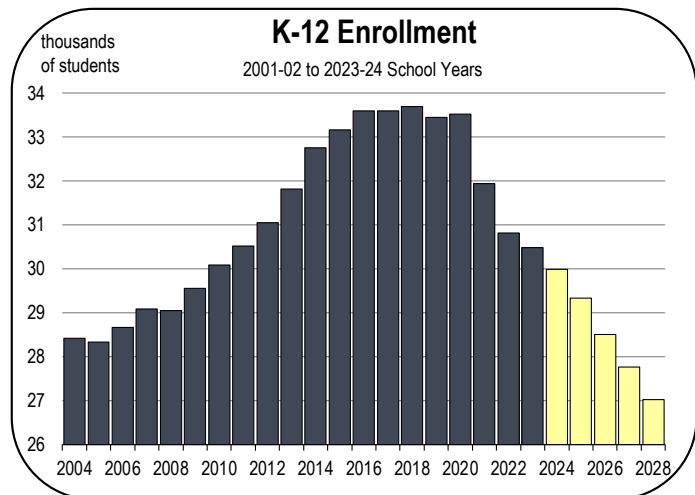
Government Employment

- State and local government were able to hire back 100 positions in 2022. They are on pace to add or restore an additional 360 jobs in 2023. However, with the population in decline, along with the K-12 student population, a contraction of over 200 positions is expected between 2024-2028
- Most public sector job declines will occur at the local level, within school districts and special districts, due largely to rapidly declining enrollment within public schools.
- The largest public sector entities are first the schools, and then the County of Marin with 2,800 employees, the City of San Rafael with 400 employees, the City of Novato with 195 employees, and the City of Mill Valley with 150 employees.

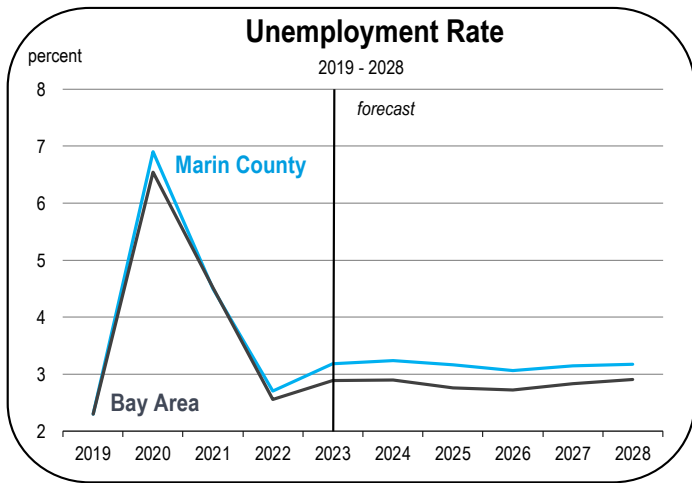


Population Growth

- The population of Marin County declined by 3,800 in 2022 due to negative natural population growth (or births exceeding deaths) and negative net in-migration (more people exiting than entering the county).
- Net in-migration is expected to remain negative during the forecast period, averaging 450 net out-migrants each year. Net migration will turn positive in 2027 and remain so for the next ten years.
- Marin County has an older population base with a low birth rate. Over the forecast period, deaths will outnumber births, leading to additional contraction in population.
- In the years when net in-migration is positive, the negative natural rate of population growth will expand and lead to a continuous, long-term population decline in Marin County.
- By the end of 2028, population is forecast to contract to approximately 250,000 residents.



Marin County Economic Forecast



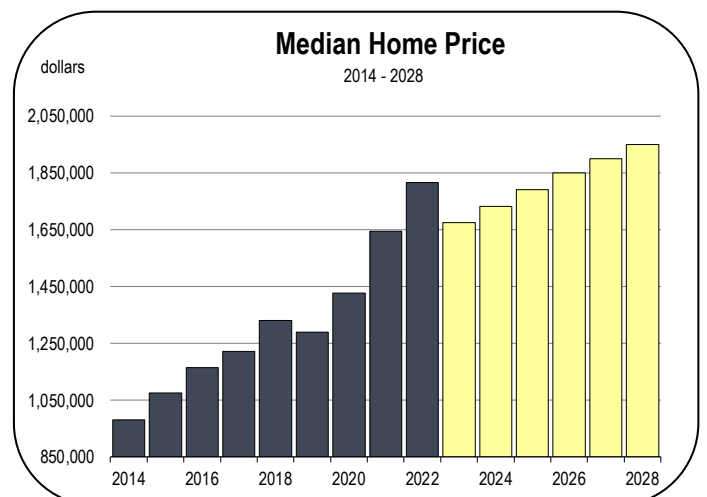
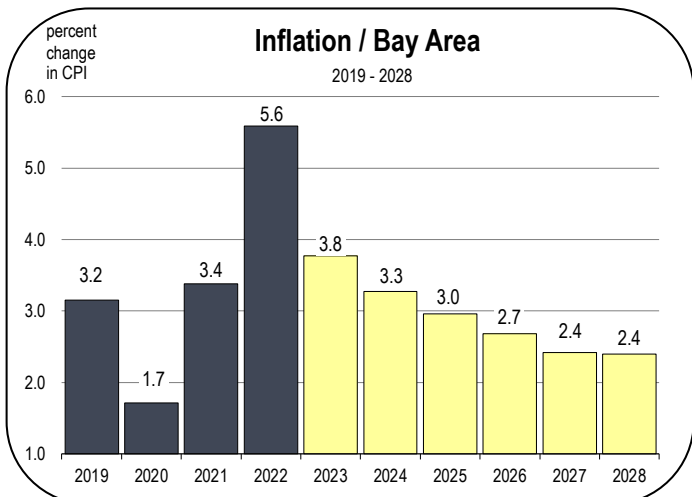
Unemployment and Inflation Rates

- The unemployment rate in Marin County averaged 2.7 percent in 2022, which was closely aligned with the composite rate for the 9 county Bay Area.
- Because Marin County has a highly educated population and because a large share of individuals commute into San Francisco, the unemployment rate is typically lower than the Bay Area and California average.
- A fully employed labor force in Marin County occurs when the unemployment rate falls to 4.0 percent or less. For Marin County, this occurred in September 2021 and has been further declining since. The rate for 2023 will average 3.18 percent, atypically, slightly above the composite Bay Area average. The unemployment rate over the forecast period will average 3.2 percent per year.

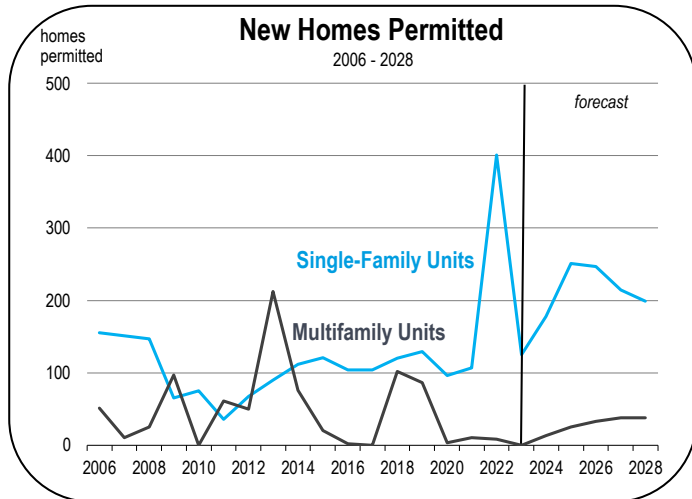
- Inflation soared to 5.6 percent in 2022. This was lower than the 7.9 percent inflation rate that most of California was burdened with. Bay Area inflation rates were more subdued due to housing cost reductions. Bay Area inflation will decelerate in 2023 to 3.8 percent due largely to declining energy costs, the restoration of supply chains, and stagnant housing costs.
- Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2023.
- The rate is forecast to continuously decelerate over the forecast period as the labor force is restored, interest rates subside, and wage inflation is contained.
- A risk to the forecast is whether Congressional spending will subside. During 2021 and 2022, this was a principal contributor to the surge of inflation nation-wide. Another risk is whether the economic slowdown will moderate the demand for labor, leading to lower wage inflation.
- Average general inflation rates eventually decline to 3 percent again by 2024.

Home Prices and New Housing Production

- In 2022 the median home selling price in Marin County was \$1.8 million, rising 10.4 percent over the median price in 2021. Home values are on pace to fall 7.8 percent to \$1.675 million in 2023.
- The median price has become prohibitively expensive in Marin County, where the price-to-income ratio has eclipsed 10. A housing price that is ten times annual income was akin to the ratio during the housing bubble years of 2005-2007.



Marin County Economic Forecast



- Interest rates will remain high in 2023 along with home prices (despite the decline), intensifying the affordability issue.
- Home value appreciation resumes in 2024 at the rate of 3.1 percent annually between 2024-2028.
- From 2017 to 2022, an average of 200 new residential units were started per year in Marin County. Approximately 82 percent were single-family homes.
- Housing production is expected to average 225 homes per year from 2023 to 2028, 89 percent will be single-family homes.

New Development in Marin County

1515 Fourth Street Apartments

- The 162 unit apartment project at 1515 Fourth Street was approved by the San Rafael planning commission in April 2023. The project includes a commercial component. A construction start has been delayed after an appeal for more traffic study was denied by the city council.

Northgate Town Square

- Northgate Town Square Redevelopment will convert the existing mall into an open air main street experience of retail and up to 1,422 housing units in high density residential buildings.. Commercial space would be reduced to 225,100 square feet. The housing units would be a mix of apartments and townhome units. An IMAX theatre would replace the multi-screen theatre
- The project schedule presupposes a construction start of 2025, with phased development for 15 years. Currently (September 2023), the city is seeking community input regarding the project regarding architecture of the proposed residential buildings.

88 Vivian Street Townhomes

- 70 for-sale townhomes were approved in 2022 for 88 Vivian Street in San Rafael
- The city of Novato currently has 12 proposed and 16 approved development projects.



Northgate Town Square

Marin County Economic Forecast

703 3rd Street Residential

- An application for a 119 unit apartment project is under review in San Rafael. The residential building containing all 119 units is 8 stories high.

Novato

The city of Novato currently has 12 proposed and 16 approved development projects.

777 San Marin Drive is under review by the City of Novato. The project proposes to convert the former Firemen's Fund office campus into a master planned community featuring 1,081 residential units, including senior housing.

Village at Novato

- The project calls for the construction of three new buildings and site improvements for 178 new residential units of which 35 are below market rate units, and 14,000 square feet of retail space.
- The County of Marin is supporting a project dedicated to providing around 250 new homes for public school employees, county employees, and low income families on unincorporated land near San Quentin State Prison. The current target for the Oak Hill complex opening is winter 2025.



Village at Novato

Marin County Economic Forecast

Grant Avenue Mixed Use Project

- The mixed use project includes 174 studio and 1-bedroom affordable residential units for low income households. The filing data for the EIR was July 2023. The project is under review.

Habitat Redwood Blvd

- The proposed project includes 80 single family and multi-family units and 2,154 square feet of commercial space.

Hanna Ranch Mixed use

- The 19-acre mixed-use development – including a 116 room hotel, restaurant pads along with retail space totaling 43,000 square feet, and 21,200 square feet of office over the retail spaces – in Novato. The project started construction in 2021. The first building is completed.

Valley Oaks

- The residential development includes 123 units of single family and multi-family homes.
- The EIR comment period closed in October 2023.

Oak Hill

- The County of Marin is supporting a project dedicated to providing around 250 new homes for public school employees, county employees, and low income families on unincorporated land near San Quentin State Prison. The current target for the Oak Hill complex opening is winter 2025.



Oak Hill

Marin County Economic Forecast

Economic Indicators

2015-2022 History, 2023-2050 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 (millions)	Inflation Rate (percent)
2015	263,964	104.0	280	141	246	\$29.5	\$3.8	\$5.1	\$2.0	\$141,566	3.6	\$140.9	2.6
2016	265,181	104.2	826	106	249	\$30.5	\$3.8	\$5.1	\$3.8	\$141,813	3.3	\$118.8	3.0
2017	264,753	104.3	-700	104	247	\$31.9	\$3.8	\$5.2	\$5.9	\$143,685	2.9	\$104.0	3.2
2018	264,944	104.7	-1	222	248	\$34.3	\$4.0	\$5.4	\$5.9	\$148,312	2.4	\$107.8	4.2
2019	263,917	104.9	-1,228	215	250	\$36.8	\$4.1	\$5.5	\$5.8	\$154,820	2.3	\$108.7	3.2
2020	262,410	104.2	-1,544	99	244	\$38.9	\$3.9	\$5.2	\$6.5	\$161,623	6.9	\$111.2	1.7
2021	258,385	104.1	-3,999	117	242	\$42.7	\$4.6	\$6.2	\$7.0	\$174,517	4.5	\$102.1	3.4
2022	254,590	104.3	-4,052	409	238	\$44.0	\$4.8	\$6.5	\$5.9	\$172,828	2.7	\$94.1	5.6
2023	253,055	104.6	-1,455	125	238	\$47.3	\$4.9	\$6.7	\$6.1	\$180,233	3.2	\$102.0	3.8
2024	251,951	104.7	-1,008	192	238	\$50.7	\$5.0	\$6.8	\$6.4	\$187,641	3.2	\$102.6	3.3
2025	251,086	104.9	-744	276	238	\$53.7	\$5.3	\$7.1	\$6.6	\$193,859	3.2	\$103.4	3.0
2026	250,366	105.1	-564	279	238	\$56.6	\$5.6	\$7.6	\$6.8	\$199,587	3.1	\$104.1	2.7
2027	250,200	105.3	24	252	238	\$59.3	\$5.9	\$8.0	\$7.0	\$204,360	3.1	\$104.7	2.4
2028	250,081	105.5	81	237	238	\$61.9	\$6.3	\$8.5	\$7.2	\$208,437	3.2	\$104.8	2.4
2029	249,895	105.7	47	224	237	\$64.3	\$6.6	\$9.0	\$7.3	\$211,599	3.2	\$105.7	2.4
2030	249,624	105.9	28	215	237	\$66.7	\$6.9	\$9.4	\$7.5	\$214,344	3.2	\$105.7	2.5
2031	249,391	106.0	125	210	236	\$69.0	\$7.2	\$9.9	\$7.6	\$216,826	3.2	\$106.1	2.4
2032	248,990	106.2	20	207	236	\$71.0	\$7.5	\$10.3	\$7.6	\$217,962	3.2	\$106.4	2.5
2033	248,577	106.4	89	203	235	\$73.0	\$7.8	\$10.7	\$7.7	\$219,680	3.2	\$106.6	2.2
2034	248,098	106.5	109	201	235	\$75.2	\$8.0	\$11.0	\$7.7	\$221,681	3.3	\$106.7	2.4
2035	247,497	106.7	66	197	234	\$77.5	\$8.3	\$11.4	\$7.8	\$223,524	3.3	\$106.9	2.5
2036	246,773	106.8	14	191	233	\$79.9	\$8.5	\$11.7	\$7.8	\$224,683	3.4	\$107.0	2.8
2037	245,877	107.0	-85	185	233	\$82.4	\$8.7	\$12.0	\$7.9	\$226,006	3.5	\$107.1	2.9
2038	244,884	107.1	-101	178	233	\$84.9	\$8.9	\$12.3	\$7.9	\$227,591	3.5	\$107.2	2.7
2039	243,776	107.3	-150	171	233	\$87.3	\$9.1	\$12.6	\$7.9	\$228,395	3.5	\$107.3	2.9
2040	242,568	107.4	-166	165	233	\$89.9	\$9.3	\$12.9	\$7.9	\$229,918	3.6	\$107.3	2.8
2041	241,343	107.5	-106	160	234	\$92.6	\$9.5	\$13.1	\$8.0	\$232,271	3.6	\$107.4	2.5
2042	240,054	107.6	-106	156	234	\$95.3	\$9.8	\$13.5	\$8.0	\$234,654	3.5	\$107.5	2.4
2043	238,684	107.8	-129	151	234	\$97.9	\$10.0	\$13.8	\$8.1	\$237,217	3.6	\$107.5	2.3
2044	237,192	107.9	-183	146	234	\$100.5	\$10.3	\$14.3	\$8.1	\$240,108	3.6	\$107.6	2.1
2045	235,579	108.0	-236	141	235	\$103.2	\$10.7	\$14.7	\$8.2	\$242,835	3.6	\$107.7	2.2
2046	233,859	108.1	-286	135	235	\$106.0	\$10.9	\$15.1	\$8.2	\$245,666	3.6	\$107.7	2.3
2047	232,055	108.2	-306	130	236	\$108.9	\$11.2	\$15.5	\$8.3	\$248,237	3.6	\$107.8	2.5
2048	230,189	108.3	-313	125	237	\$111.8	\$11.5	\$15.9	\$8.3	\$250,705	3.6	\$107.8	2.5
2049	228,265	108.4	-306	120	239	\$114.7	\$11.8	\$16.3	\$8.4	\$253,590	3.6	\$107.8	2.3
2050	226,242	108.5	-328	116	240	\$117.7	\$12.2	\$16.8	\$8.4	\$256,503	3.7	\$107.9	2.4

Employment Sectors

2015-2022 History, 2023-2050 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	112.0	0.3	6.5	4.0	1.3	16.8	6.0	18.0	2.9	20.1	15.4	15.5
2016	114.3	0.3	6.8	4.5	1.3	16.9	6.0	18.0	2.9	20.6	16.1	15.5
2017	115.6	0.3	7.2	4.9	1.3	17.1	5.6	17.6	2.7	21.0	16.5	15.7
2018	116.4	0.3	7.7	4.7	1.3	17.2	5.5	18.1	2.7	21.0	16.2	16.0
2019	116.6	0.4	7.7	4.9	1.3	17.0	5.4	18.7	2.6	21.1	16.0	15.8
2020	105.1	0.4	7.3	4.6	1.4	15.9	5.2	17.5	2.6	19.4	11.2	14.8
2021	103.7	0.4	7.3	4.6	1.4	15.9	5.1	17.4	2.5	19.2	10.7	14.6
2022	109.9	0.4	7.7	4.2	1.4	16.1	5.0	18.1	2.8	20.2	14.0	14.7
2023	111.9	0.4	7.8	4.3	1.5	16.1	4.7	17.6	2.8	20.7	15.5	15.1
2024	113.6	0.4	7.9	4.3	1.5	16.3	4.4	18.3	2.8	20.8	16.5	14.9
2025	114.6	0.4	8.0	4.4	1.5	16.3	4.3	19.1	2.8	20.9	16.7	14.9
2026	115.6	0.4	8.0	4.4	1.5	16.4	4.2	19.6	2.8	21.2	16.9	14.8
2027	116.8	0.4	8.0	4.5	1.6	16.4	4.1	20.0	2.9	21.8	17.0	14.8
2028	117.7	0.4	8.0	4.5	1.6	16.4	4.0	20.2	2.9	22.4	17.0	14.9
2029	118.6	0.4	8.0	4.5	1.6	16.4	4.0	20.4	2.9	23.1	17.0	14.9
2030	119.5	0.4	7.9	4.6	1.7	16.4	3.9	20.5	2.9	23.7	17.1	14.9
2031	120.4	0.4	7.9	4.6	1.7	16.4	3.9	20.7	2.9	24.4	17.1	14.9
2032	121.1	0.4	7.8	4.6	1.7	16.4	3.9	20.8	3.0	25.1	17.1	15.0
2033	122.0	0.4	7.7	4.6	1.7	16.4	3.9	20.9	3.0	25.7	17.1	15.0
2034	122.7	0.4	7.7	4.7	1.8	16.4	3.9	21.0	3.0	26.4	17.2	15.0
2035	123.5	0.4	7.7	4.7	1.8	16.4	3.9	21.0	3.0	27.0	17.2	15.0
2036	124.2	0.4	7.7	4.7	1.8	16.4	3.9	21.0	3.0	27.6	17.2	15.1
2037	124.8	0.4	7.7	4.7	1.8	16.4	3.9	21.0	3.0	28.2	17.3	15.1
2038	125.5	0.4	7.7	4.7	1.8	16.3	3.9	21.0	3.1	28.7	17.3	15.1
2039	126.2	0.4	7.7	4.7	1.9	16.3	3.9	21.0	3.1	29.3	17.4	15.1
2040	126.8	0.4	7.7	4.7	1.9	16.3	3.9	20.9	3.1	29.8	17.4	15.1
2041	127.4	0.4	7.8	4.7	1.9	16.3	3.9	20.9	3.1	30.3	17.5	15.1
2042	127.9	0.4	7.8	4.7	1.9	16.3	4.0	20.9	3.1	30.8	17.5	15.1
2043	128.5	0.4	7.8	4.7	1.9	16.3	4.0	20.8	3.1	31.2	17.6	15.1
2044	128.9	0.4	7.8	4.7	1.9	16.3	4.0	20.7	3.1	31.7	17.7	15.1
2045	129.3	0.4	7.8	4.7	1.9	16.3	4.0	20.6	3.1	32.0	17.7	15.1
2046	129.7	0.4	7.8	4.8	2.0	16.3	4.1	20.5	3.1	32.4	17.7	15.2
2047	130.0	0.4	7.8	4.8	2.0	16.3	4.1	20.4	3.1	32.7	17.8	15.2
2048	130.2	0.4	7.8	4.8	2.0	16.3	4.1	20.3	3.1	33.0	17.8	15.2
2049	130.4	0.4	7.8	4.8	2.0	16.3	4.1	20.2	3.1	33.3	17.8	15.2
2050	130.6	0.4	7.8	4.8	2.0	16.3	4.2	20.0	3.1	33.5	17.8	15.2

Marin County Economic Forecast

Socioeconomic Indicators

