

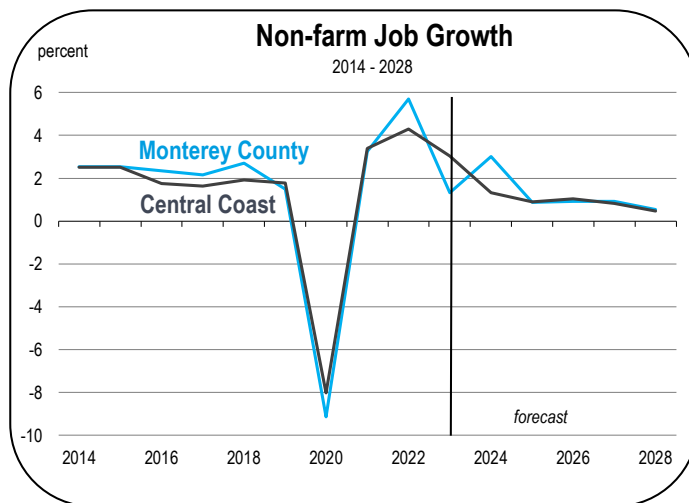
# Monterey County Economic Forecast

## Forecast Summary

- Monterey County's workforce increased by 13,190 jobs in 2022, representing growth of 6.9 percent.
- The county is on pace to add 13,200 jobs in 2023, representing growth of 6.5 percent.
- Employment gains in 2022 and 2023 will be largest in leisure services, which will expand by over 6,000 jobs.
- Job growth will slow down over the forecast period to an average annual gain of 0.5 percent.
- The unemployment rate averaged 5.9 percent in 2022. It is forecast to average 6.4 percent in 2023.
- The Monterey County population declined in 2022 due to an unusual amount of out-migration. It is forecast to increase in population in 2023 and over the forecast period at a declining rate due principally to declining birth and increasing death rates.
- Housing production is expected to accelerate over the next five years with a focus on single-family detached homes.
- Home prices increased in 2022 by 4.5 percent. The median price is expected to decrease by 8.1 percent in 2023 and increase by an average annual rate of 3.2 percent over the forecast period.

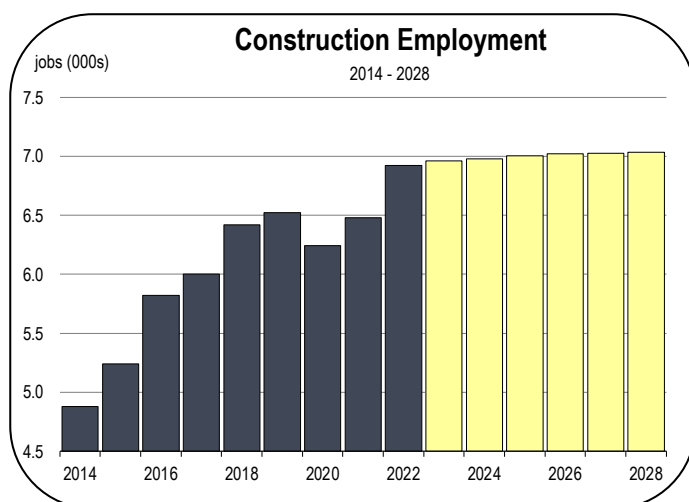
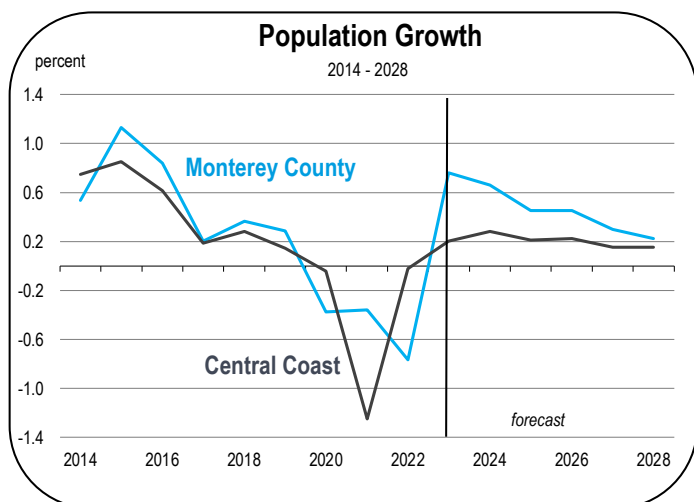
## Job Growth

- Total employment in Monterey County expanded 6.9 percent in 2022 and is on pace to increase by 6.5 percent in 2023.
- Between 2024 and 2028, job growth will average 0.5 percent per year.

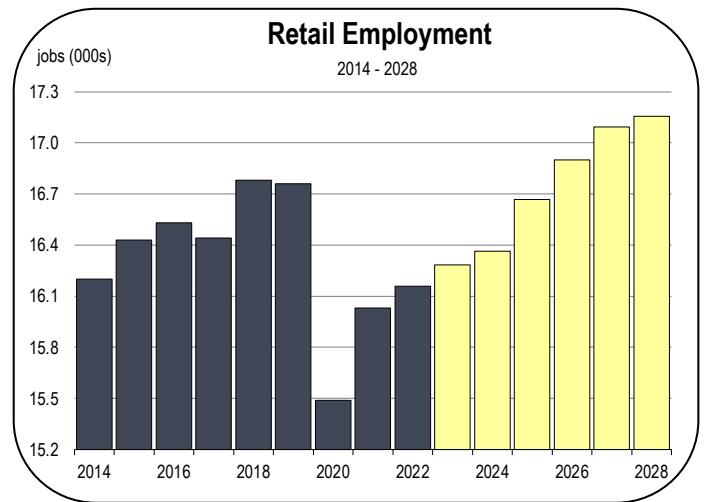
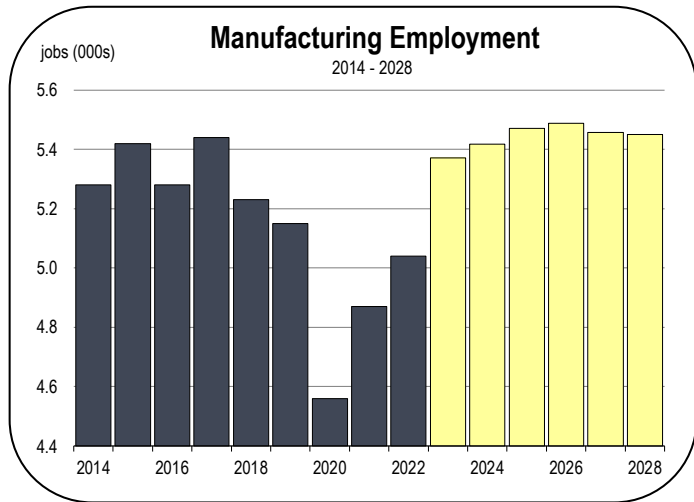


## Construction Employment

- Construction employment expanded by 6.8 percent in 2022, adding 440 jobs.
- 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 0.6 percent in 2023 and 0.2 percent per year between 2024-2028.
- The California construction workforce is fully employed 2023, and construction firms now struggle to hire additional workers. Consequently, the growth of construction employment will be limited until the labor market loosens.



# Monterey County Economic Forecast

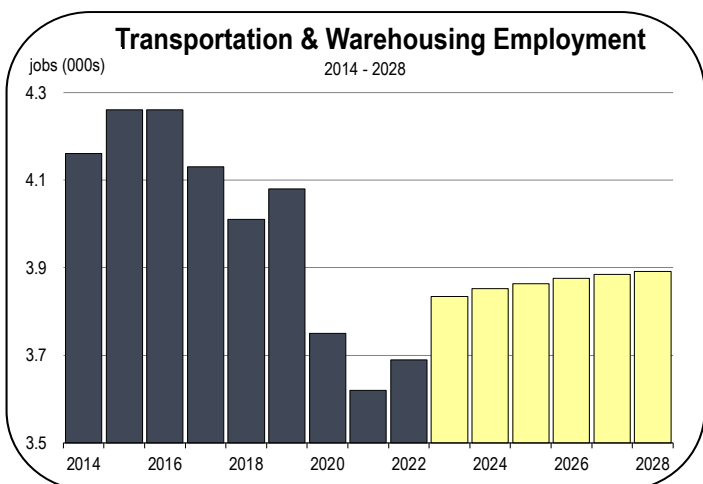


## Manufacturing Employment

- Monterey County has a large concentration in food and beverage manufacturing firms, which turn agricultural commodities into finished food products.
- in 2022, the sector added 170 jobs growing 3.5 percent. Job gains are on an accelerated pace in 2023 and on track to add 330 jobs representing growth of 6.6 percent. Growth of employment slows to an average annual rate of 0.3 percent over the forecast period.
- Most non-durable manufacturing is food processing including wine making and bottling. This type of manufacturing has created many jobs in 2022 in the county. As the implementation of more automated equipment in lettuce and spinach packaging becomes more ubiquitous, employment is predicted to slow 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 warehouse and distribution



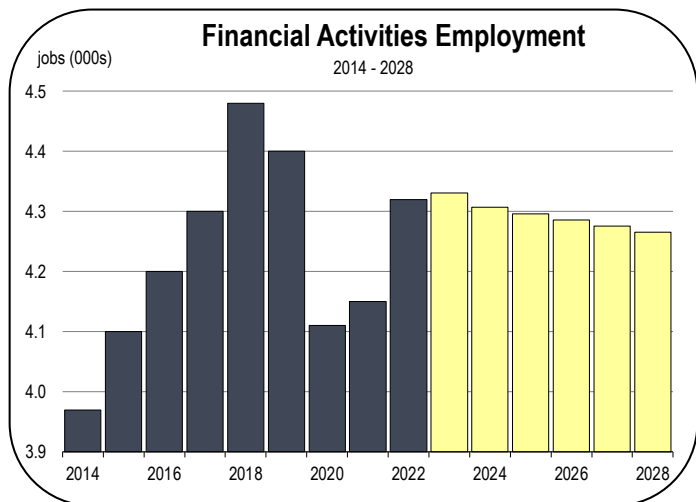
facilities.

- Job creation in warehousing 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 states and nations.
- Because Monterey County is one of the leading agricultural product producers, it is also a principal exporter of agricultural goods to Mexico, Canada, Japan, and many other countries.
- 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.
- The sector added 70 jobs in 2022 and is expected to add another 150 jobs by the end of 2023. Job gains are expected to be minimal over the remainder of the forecast period.

## Retail Trade Employment

- Retail trade employment added 130 jobs in 2022 and will add another 125 jobs in 2023. Both years represent growth of 0.8 percent per year.
- Job gains are expected to accelerate to an average annual growth rate of 1.0 percent and the addition of 870 jobs over the forecast period.
- This acceleration comes despite automation and the substitution of online retail buying for physical in-store shopping. Current trends in the retail sector elsewhere in California and across the nation suggest that sales will continue to expand but employment will contract.

# Monterey County Economic Forecast

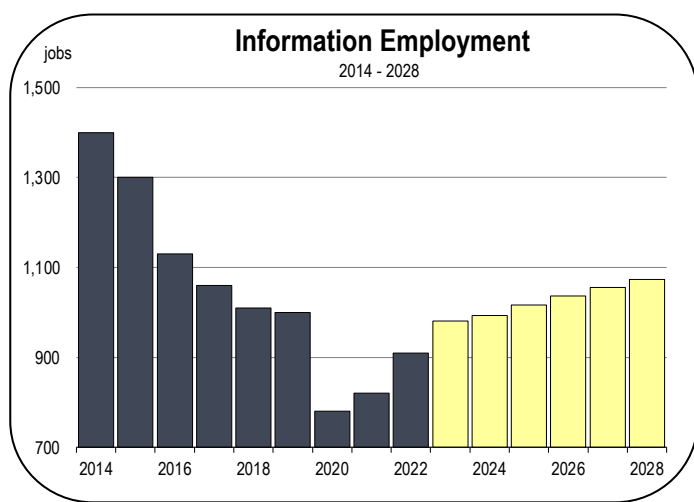
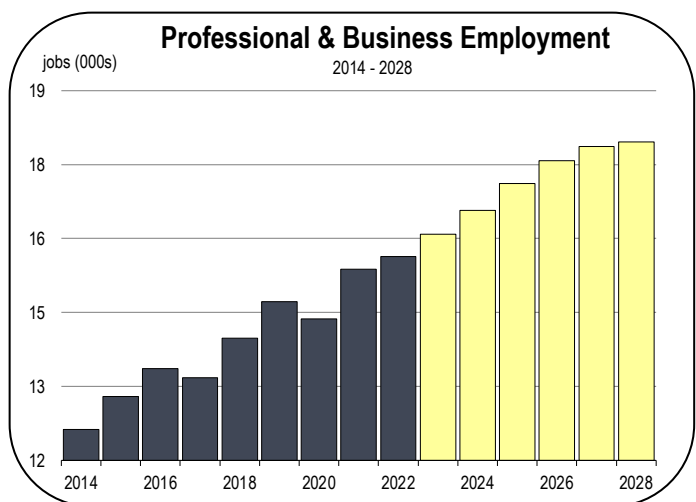


## Financial Activities Employment

- 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.
- Financial activities employment grew 4.1 percent in 2022 represented by the addition of 170 new jobs. Only 11 jobs will be gained in 2023, and, in fact, the sector goes on to average annual negative growth of 0.3 percent between 2024 and 2028.

## Professional and Business Services Employment

- The professional and business services sector expanded by 1.6 percent during 2022, growing by 250 jobs.
- Job gains will increase at an accelerated rate of 2.9 percent in 2023 with the addition of 460 new jobs.



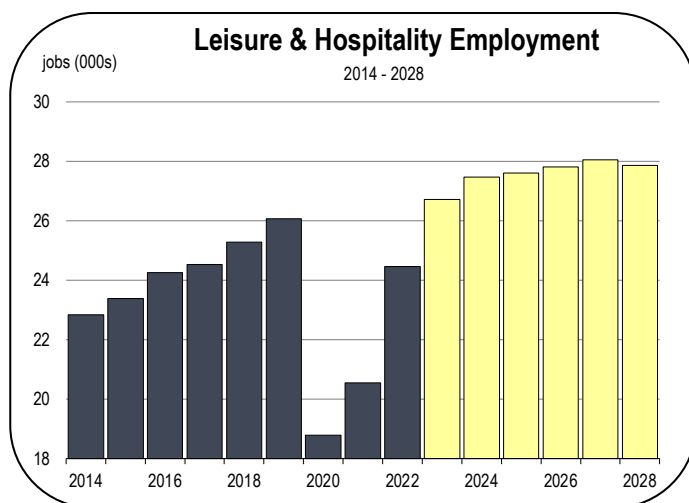
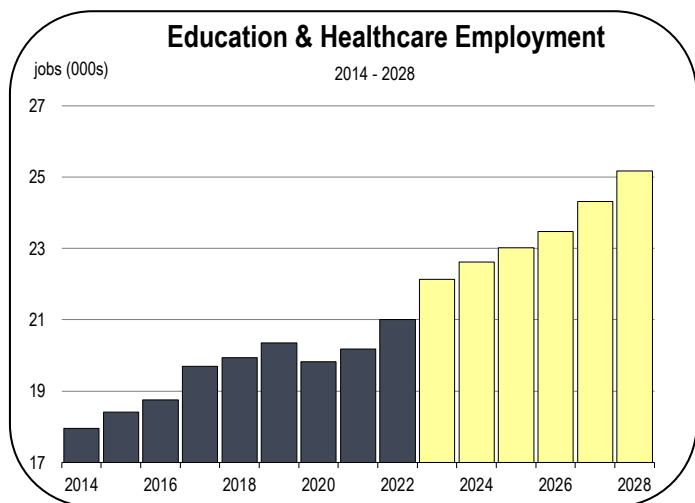
## Information Employment

- The average annual growth rate over the forecast period will be 2.2 percent and result in 1,900 jobs.
- In Monterey County, the information sector is dominated by movie theaters, radio and TV stations, and telecommunications companies like Comcast.
- Information employment expanded by 11 percent in 2022 and will grow by another 7.8 percent in 2023. These two years of growth will add 160 jobs. Growth slows over the forecast period to 2.2 percent/year.

## Healthcare Employment

- The health care industry added 820 jobs in 2022, representing a 4.1 percent increase. Strong demand for healthcare workers continues into 2023 and the sector is on pace to grow 5.4 percent and add 1,140 more jobs in 2023.
- The largest employers are Mee Memorial Hospital in King City with 600 employees, Natividad Medical in Salinas with 917 employees, and Salinas Valley Memorial Healthcare with 2,036 employees.
- Community Hospital in Monterey has 250 beds, 583 employees, and serves the Monterey peninsula.
- Over the next five years, the healthcare sector will be among the leading industries for job creation in Monterey County.

# Monterey County Economic Forecast



## Leisure and Hospitality Employment

- Over 3,900 leisure services jobs were added in 2022, representing a 19.0 percent gain over 2021. The sector is on pace in 2023 to grow 9.3 percent with 2,250 additional jobs.
- The average annual rate of growth is expected to be 0.8 percent, representing 1,900 new jobs, over the forecast period.
- The primary tourism destination is the 322,000 square foot Monterey Bay Aquarium, which attracts 2.1 million visitors per year, with 95 percent of these visitors traveling from outside of the county. There are 200 exhibits featuring 81,000 plants and animals. One billion gallons of sea water annually flows from adjacent Monterey bay through the Aquarium.
- One of the principal tourist destinations in the county and along Pacific Coast Highway is the scenic 17-Mile drive.



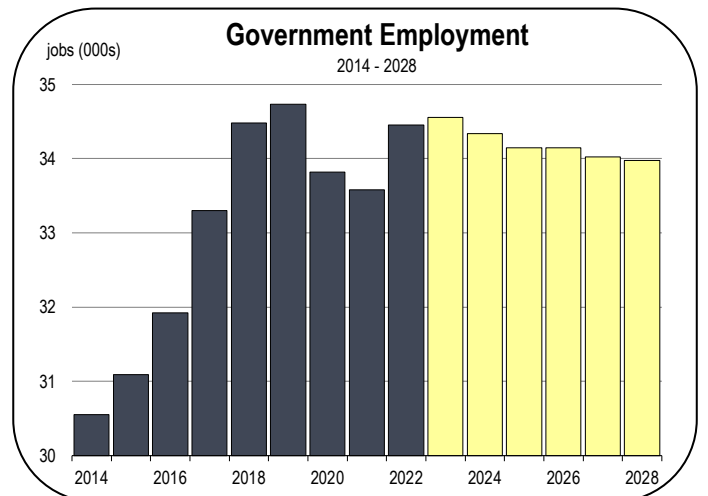
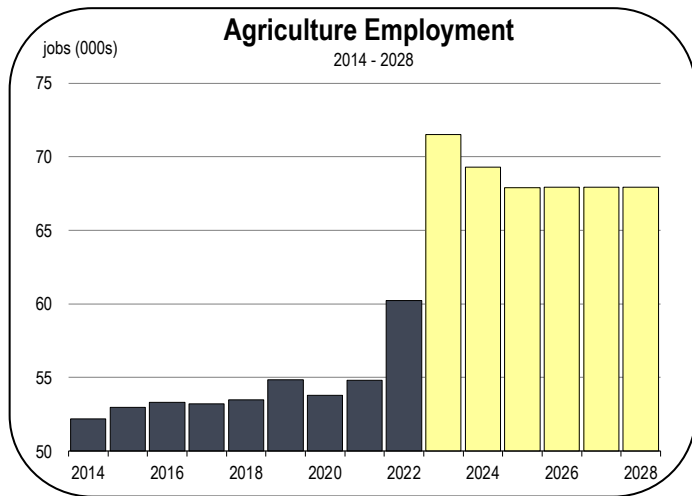
The 17 Mile Drive is a road through Pebble Beach and Pacific Grove that passes the Spyglass Hill and Cypress Point golf courses with many scenic viewpoints along the way.

## Agriculture Employment

- The farm sector had gross revenues of \$4.6 billion in 2022 and employs over 71,000 workers in 2023. Monterey County is the leader in both lettuce and strawberry production in California. Salinas and Watsonville are the principal centers of production for strawberries.
- The County is the fourth highest valued agricultural county in California, behind Fresno, Tulare, and Kern Counties.
- Farm employment increased 9.9 percent in 2022 with the addition of 5,400 jobs. The sector is on pace to grow an unprecedented 18.7 percent in 2023, represented by the creation of 11,300 jobs.
- 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 2022 harvest were:

Harvest/Crop	Millions of Dollars
Strawberries	\$959
Leaf Lettuce	\$842
Head Lettuce	\$547
Broccoli	\$519
Cauliflower	\$217
Celery	\$181
Wine Grapes	\$174
Spinach	\$166
Nursery and Flower	\$124
Brussels Sprout	\$115
Livestock & Poultry	\$113

# Monterey County Economic Forecast



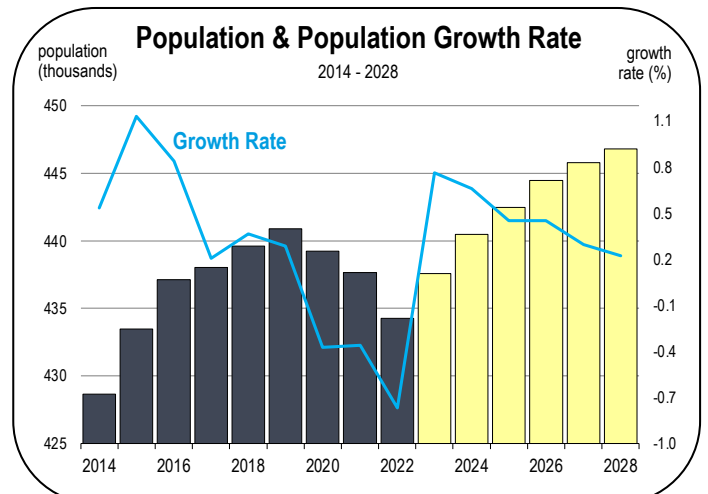
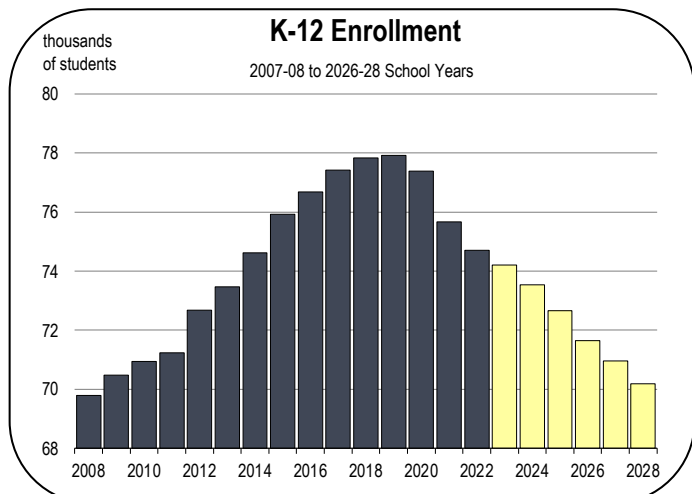
- Total production value for cannabis cultivation during 2022 was \$283.1 million, a decrease of \$325 million from the 2021 value, due principally to the decline in final product prices and in the production of flower products.
- Farm employment posted a record number of workers in 2022 and growth has accelerated in 2023. Employment is forecast to remain an important labor market for the county over the short-term forecast.

## Government Employment

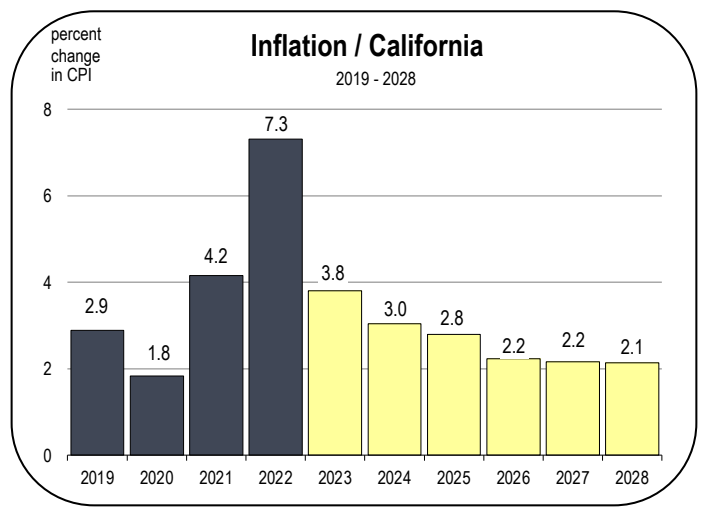
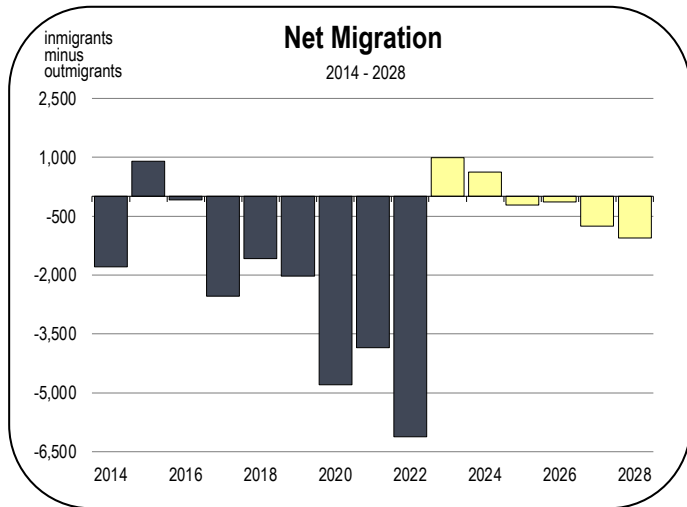
- State and local government agencies restored almost 900 jobs in 2022.
- The sector is on pace to add another 100 jobs in 2023 but then contract, averaging -0.3 percent growth over the forecast period. This results in a decline of 600 positions in the public sector.
- Forecast employment contraction is due to declining K-12 enrollment and declining population growth through 2028.

## Population Growth

- The Monterey County population declined by 3,363 people in 2022 due to a large net outmigration of residents. The population has been in decline since 2020, losing 10,000 residents through 2023.
- Net migration is forecast to be positive in 2023 and 2024 with the onset of more farm worker immigrants. General net out-migration is predicted during the remainder of the forecast.
- The population will expand at an annual average rate of 0.76 percent in 2023, 0.66 in 2024, and down to an average annual rate of 0.4 percent per year from 2025 to 2028.
- The declining growth rate is due to net out-migration along with falling birth rates and a rising increase in deaths due to the advancing average age of the population.
- By 2028 the Monterey County population will approach 447,000 residents.



# Monterey County Economic Forecast



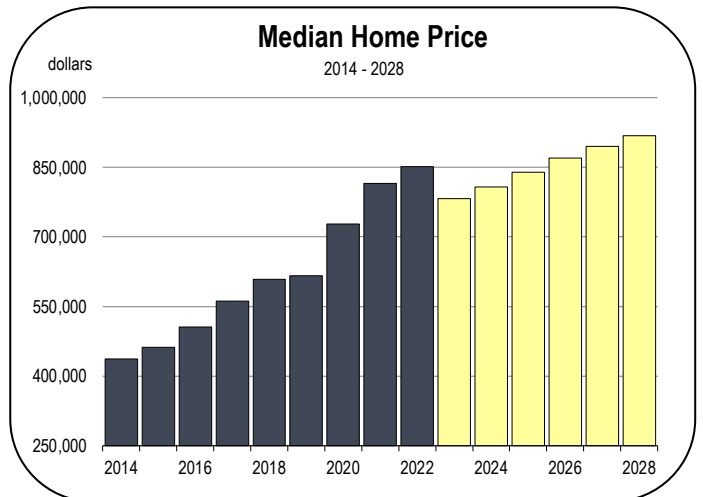
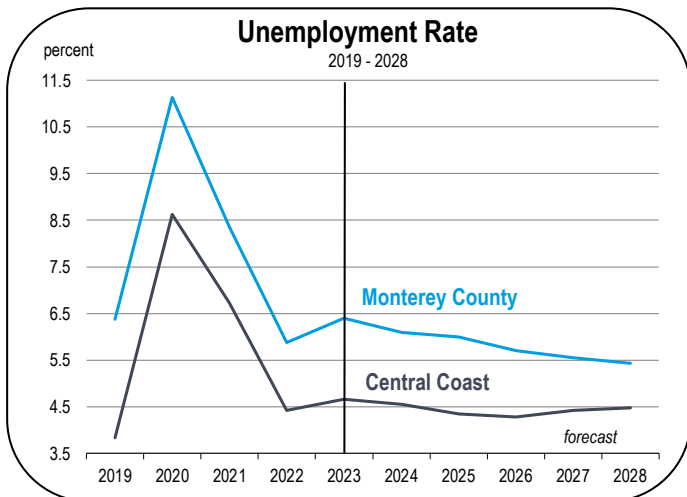
## Unemployment and Inflation Rates

- The unemployment rate averaged 5.9 percent in 2022 and is forecast to average 6.1 percent in 2023. Between 2024-2028, the unemployment rate is expected to be 5.76 percent.
- 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.
- Inflation soared to 7.9 percent in 2022, its highest rate in 40 years, but will decelerate in 2023 to 3.7 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.

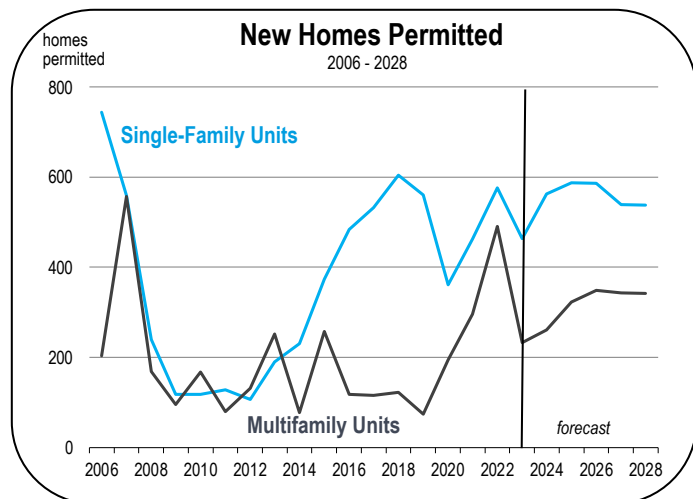
## Home Prices and New Housing Production

- In 2022, the median home value in Monterey County was \$851,600, representing a 4.5 percent appreciation rate over the previous year.
- Home selling values are now in decline. The forecast for 2023 calls for an 8.1 percent correction. However, price appreciation resumes over the forecast period at an average annual rate of 3.2 percent.





# Monterey County Economic Forecast



- 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 August 2023 was \$680,000. In King City, the median selling price was \$525,000.
- From 2017 to 2022, an average of 732 new homes were started per year in Monterey County. Approximately 71 percent were single-family homes.
- Housing production is expected to average 854 homes per year from 2023 to 2028, of which 64 percent will consist of detached housing units which could include accessory dwelling units.
- Many homes in the county are second, investment, or vacation homes. This is especially true in Carmel-By-The-Sea, which has an average year around vacancy rate of 44.7 percent. It also has a median selling value of \$2.2 million as of August 2023.

## Monterey County New Development

- Monterey County has almost exclusively affordable housing in its pipeline. The County is tasked with planning for 3,654 housing units during the current Department of Housing and Community Development (HCD) housing cycle, which spans the 2023-2031 period. The 12 cities in the County must plan for another 16,600 units over this time period. This is the allocation for the Regional Housing Needs Allocation that all counties and cities in California are supposed to comply with. Salinas, the largest city in the county, was assigned the lion's share of housing units: 6,674.
- The County's preliminary plan is to rezone the Ryan Ranch and Fort Ord areas to accommodate 2,100 units. Ryan Ranch is already home of several business parks and underutilized commercial projects that could be converted to mixed use housing.
- The Marina Coast Water District can supply water for up to 6,160 homes which provides for 2,300 more homes that could be built in the Fort Ord area.

### Glenwood Circle Apartments

- Construction is underway on a new 40-unit apartment building for seniors on Glenwood Circle in Monterey.

### 480 Cannery Row

- The project is a 51-unit apartment building with 87,362 square feet of commercial and 30,000 square feet of restaurant space. The project is not yet approved.



Glenwood Circle Apartments

# Monterey County Economic Forecast

## East Garrison Apartments

- 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.
- The newest East Garrison project is an affordable housing project that completed construction in the late summer of 2023. The project is a 66-unit affordable apartment complex in Marina, with 43 units reserved for farm workers.

## Commercial Building Conversions to Apartments

- Two projects in the City of Monterey are located on Garden Road that would convert existing commercial/office buildings to 34 and 64 apartment units respectively. Another project on Garden Road demolishes an existing structure at 2600 Garden and replaces it with five three-story apartment buildings totaling 57 units. All three projects have received preliminary approval from the Architectural Review Committee that determines if the projects are compatible with the surrounding area. Final approval is still pending.

## Mixed Use

- On North Freemont, a 3-story mixed use building with 40 apartment units and 6,000 square feet of space is approved. It now awaits building permits.
- Another mixed-use building that would accommodate 34 apartment units and 2,375 square feet of retail is currently in the Environmental Impact Report (EIR) phase of entitlement with the City of Monterey.

## New hotel in Pacific Grove

- In the summer of 2023, Kimpton Hotels broke ground on a new boutique hotel on Central and Grande Avenues in Pacific Grove. The facility will include 101 rooms and 6 suites. The hotel is expected to be completed and operating by the end of 2025.



A rendering of the new Kimpton Hotel, now under construction in Pacific Grove



# Monterey 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 Production (billions)	Inflation Rate (percent)
2015	433,478	125.2	896	632	379	\$21.9	\$4.5	\$6.3	\$2.7	\$64,737	8.3	\$6.0	1.4
2016	437,116	125.1	-83	602	391	\$22.6	\$4.6	\$6.6	\$2.4	\$64,685	7.8	\$5.3	2.3
2017	438,011	125.4	-2,542	648	393	\$23.1	\$4.8	\$6.8	\$2.4	\$64,074	7.3	\$5.4	3.0
2018	439,618	125.6	-1,577	726	399	\$23.3	\$5.0	\$7.2	\$2.6	\$62,138	6.4	\$5.0	3.7
2019	440,874	126.1	-2,028	634	408	\$24.8	\$5.0	\$7.2	\$2.6	\$64,016	6.4	\$5.0	2.9
2020	439,227	131.8	-4,793	556	406	\$26.8	\$4.7	\$6.8	\$2.4	\$68,211	11.1	\$4.4	1.8
2021	437,644	131.3	-3,850	759	413	\$27.8	\$5.8	\$8.2	\$2.7	\$68,064	8.4	\$4.4	4.2
2022	434,281	132.5	-6,116	1,067	416	\$28.2	\$6.2	\$9.1	\$2.6	\$64,885	5.9	\$4.1	7.3
2023	437,592	132.1	993	696	427	\$30.5	\$6.5	\$9.4	\$2.7	\$67,142	6.4	\$4.2	3.8
2024	440,484	132.6	621	823	431	\$32.1	\$6.7	\$9.6	\$2.7	\$68,199	6.1	\$4.3	3.0
2025	442,475	133.2	-220	911	434	\$33.5	\$7.1	\$10.0	\$2.7	\$68,906	6.0	\$4.4	2.8
2026	444,480	133.9	-144	935	437	\$34.8	\$7.4	\$10.5	\$2.7	\$69,614	5.7	\$4.5	2.2
2027	445,801	134.6	-759	883	441	\$36.0	\$7.7	\$10.9	\$2.7	\$70,386	5.6	\$4.5	2.2
2028	446,798	135.3	-1,061	879	443	\$37.2	\$7.9	\$11.3	\$2.7	\$71,050	5.4	\$4.6	2.1
2029	447,710	136.0	-1,096	816	445	\$38.4	\$8.2	\$11.6	\$2.7	\$71,612	5.7	\$4.7	2.1
2030	448,607	136.6	-1,022	777	447	\$39.5	\$8.4	\$12.0	\$2.7	\$71,923	5.9	\$4.8	2.2
2031	449,446	137.2	-1,028	737	450	\$40.6	\$8.7	\$12.3	\$2.7	\$72,273	6.1	\$4.8	2.1
2032	450,275	137.8	-1,002	707	452	\$41.7	\$9.0	\$12.7	\$2.7	\$72,379	6.1	\$4.9	2.3
2033	451,007	138.3	-1,019	674	454	\$42.8	\$9.3	\$13.1	\$2.7	\$72,852	6.2	\$5.0	1.9
2034	451,731	138.9	-945	657	457	\$44.1	\$9.7	\$13.7	\$2.7	\$73,381	6.3	\$5.0	2.1
2035	452,466	139.4	-846	637	459	\$45.4	\$10.1	\$14.2	\$2.7	\$73,817	6.5	\$5.1	2.2
2036	453,069	139.8	-919	627	461	\$46.8	\$10.5	\$14.8	\$2.7	\$74,042	6.6	\$5.1	2.6
2037	453,590	140.3	-947	619	464	\$48.2	\$10.8	\$15.3	\$2.7	\$74,239	6.8	\$5.2	2.7
2038	454,025	140.8	-969	606	466	\$49.7	\$11.1	\$15.8	\$2.7	\$74,565	6.9	\$5.2	2.5
2039	454,456	141.3	-919	600	468	\$51.2	\$11.5	\$16.3	\$2.7	\$74,731	6.9	\$5.3	2.7
2040	454,787	141.7	-937	593	471	\$52.8	\$11.9	\$16.9	\$2.7	\$75,029	7.0	\$5.3	2.6
2041	455,041	142.2	-936	575	473	\$54.3	\$12.3	\$17.4	\$2.7	\$75,494	7.2	\$5.3	2.2
2042	455,223	142.6	-938	558	475	\$55.8	\$12.6	\$17.9	\$2.7	\$75,987	7.1	\$5.4	2.1
2043	455,354	143.1	-919	552	478	\$57.4	\$13.0	\$18.4	\$2.7	\$76,515	7.2	\$5.4	2.0
2044	455,388	143.5	-944	545	480	\$58.9	\$13.3	\$18.8	\$2.7	\$77,128	7.2	\$5.4	1.8
2045	455,370	143.9	-924	541	482	\$60.4	\$13.6	\$19.3	\$2.7	\$77,667	7.3	\$5.4	1.9
2046	455,258	144.3	-950	537	484	\$62.0	\$14.0	\$19.8	\$2.7	\$78,133	7.4	\$5.5	2.0
2047	455,099	144.7	-925	533	486	\$63.6	\$14.5	\$20.4	\$2.7	\$78,463	7.5	\$5.5	2.2
2048	454,886	145.1	-909	520	488	\$65.2	\$14.8	\$21.0	\$2.7	\$78,728	7.5	\$5.5	2.3
2049	454,614	145.5	-891	513	490	\$66.9	\$15.2	\$21.5	\$2.7	\$79,153	7.6	\$5.5	2.0
2050	455,083	145.9	-59	503	492	\$68.6	\$15.7	\$22.1	\$2.7	\$79,441	7.6	\$5.5	2.1

## Employment Sectors

## 2015-2022 History, 2023-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transporta- & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	(thousands of jobs)											
2015	186.0	53.0	5.2	5.4	4.3	21.7	4.1	12.8	1.3	18.4	23.4	31.1
2016	189.5	53.3	5.8	5.3	4.3	21.8	4.2	13.4	1.1	18.8	24.3	31.9
2017	192.3	53.2	6.0	5.4	4.1	22.1	4.3	13.2	1.1	19.7	24.5	33.3
2018	196.4	53.5	6.4	5.2	4.0	22.7	4.5	14.0	1.0	19.9	25.3	34.5
2019	199.8	54.8	6.5	5.2	4.1	22.5	4.4	14.7	1.0	20.4	26.1	34.7
2020	185.5	53.8	6.2	4.6	3.8	20.8	4.1	14.4	0.8	19.8	18.8	33.8
2021	190.8	54.8	6.5	4.9	3.6	21.4	4.2	15.4	0.8	20.2	20.5	33.6
2022	204.0	60.2	6.9	5.0	3.7	21.7	4.3	15.6	0.9	21.0	24.5	34.5
2023	217.2	71.5	7.0	5.4	3.8	21.9	4.3	16.1	1.0	22.1	26.7	34.6
2024	219.4	69.3	7.0	5.4	3.9	22.0	4.3	16.6	1.0	22.6	27.5	34.3
2025	219.3	67.9	7.0	5.5	3.9	22.3	4.3	17.1	1.0	23.0	27.6	34.1
2026	220.7	67.9	7.0	5.5	3.9	22.5	4.3	17.6	1.0	23.5	27.8	34.1
2027	222.2	67.9	7.0	5.5	3.9	22.7	4.3	17.9	1.1	24.3	28.0	34.0
2028	223.0	68.0	7.0	5.4	3.9	22.8	4.3	18.0	1.1	25.2	27.9	34.0
2029	223.3	67.2	7.0	5.4	3.9	23.0	4.3	18.0	1.1	26.0	27.8	34.0
2030	223.5	66.5	7.0	5.4	3.9	23.0	4.3	18.1	1.1	26.9	27.6	34.1
2031	223.8	65.7	7.0	5.4	3.9	23.1	4.3	18.1	1.1	27.8	27.6	34.1
2032	224.4	65.4	7.0	5.4	3.9	23.2	4.3	18.2	1.1	28.7	27.4	34.2
2033	225.5	65.5	7.1	5.5	3.9	23.3	4.3	18.3	1.1	29.6	27.2	34.2
2034	226.7	65.6	7.1	5.5	3.9	23.5	4.3	18.3	1.2	30.5	27.2	34.2
2035	227.8	65.6	7.1	5.5	3.9	23.6	4.3	18.4	1.2	31.4	27.1	34.3
2036	229.0	65.7	7.1	5.5	3.9	23.7	4.3	18.4	1.2	32.3	27.0	34.3
2037	230.2	65.9	7.1	5.5	3.9	23.7	4.3	18.5	1.2	33.2	26.9	34.4
2038	231.3	66.0	7.1	5.6	3.9	23.8	4.3	18.5	1.2	34.1	26.8	34.4
2039	232.6	66.2	7.1	5.6	3.9	23.8	4.3	18.6	1.2	35.1	26.8	34.4
2040	233.8	66.3	7.1	5.6	3.9	23.9	4.3	18.6	1.2	36.0	26.9	34.4
2041	235.1	66.5	7.1	5.6	3.9	23.9	4.3	18.7	1.2	36.9	26.9	34.4
2042	236.3	66.6	7.1	5.6	3.9	24.0	4.3	18.7	1.2	37.8	27.0	34.4
2043	237.5	66.7	7.1	5.6	3.9	24.0	4.3	18.7	1.2	38.8	27.0	34.4
2044	238.7	66.8	7.1	5.6	3.9	24.1	4.3	18.8	1.2	39.6	27.1	34.4
2045	239.9	66.9	7.1	5.6	3.9	24.1	4.3	18.8	1.2	40.5	27.1	34.5
2046	241.0	67.0	7.2	5.6	3.9	24.2	4.3	18.9	1.2	41.4	27.2	34.5
2047	242.1	67.1	7.2	5.6	3.9	24.2	4.3	18.9	1.2	42.2	27.2	34.5
2048	243.1	67.2	7.2	5.6	3.9	24.3	4.3	18.9	1.2	43.1	27.2	34.5
2049	244.1	67.3	7.2	5.6	3.9	24.3	4.3	19.0	1.2	43.9	27.2	34.5
2050	245.2	67.3	7.2	5.6	3.9	24.4	4.3	19.0	1.2	44.8	27.2	34.5

# Monterey County Economic Forecast

## Socioeconomic Indicators

