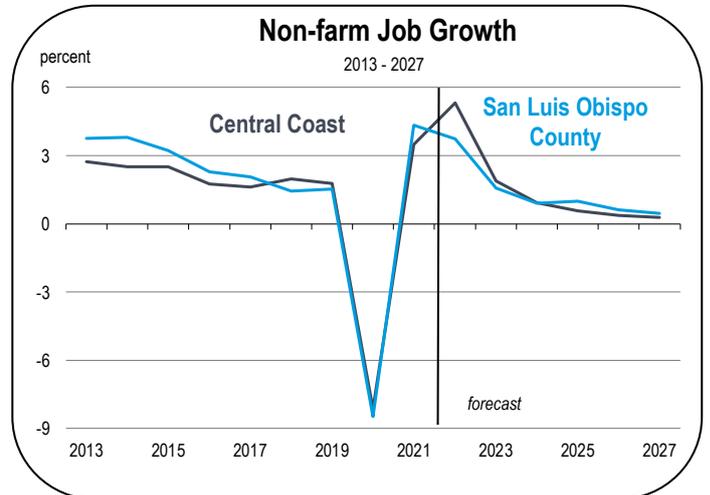


San Luis Obispo County Economic Forecast

Forecast Summary

- The rapid restoration of 4,800 non-farm jobs in San Luis Obispo County during 2021 represented almost half of the jobs that were lost in 2020. Another 4,200 jobs will be restored in 2022.
- Employment gains in 2022 will be largest in leisure services, which will gain 1,700 jobs. Another 900 jobs will be added in private education and healthcare. Together, they will account for 60 percent of all jobs created.
- Leisure and hospitality job creation has benefitted from the surge in California coastal tourism in 2021 and 2022. A larger volume of travelers to Pismo Beach, Paso Robles, and the City of San Luis Obispo has largely restored jobs at restaurants and hotels.
- The unemployment rate averaged 5.3 percent in 2021. It is forecast to average 2.7 percent in 2022.
- The San Luis Obispo County population will continue to contract in 2022 and 2023 and increase modestly in 2024.
- Housing production has increased sharply in 2022, and will remain prolific in 2023 and 2024 with a focus on single-family homes. A number of large housing projects are currently under construction in the City of San Luis Obispo.
- Home prices increased 16 percent in 2021. The median price is expected to increase by 7 to 8 percent in 2022. The median selling value is now north of \$850,000.
- Diablo Canyon Nuclear Power plant, the largest private employer in the county will continue operating until 2030 instead of closing by 2025 as originally planned.

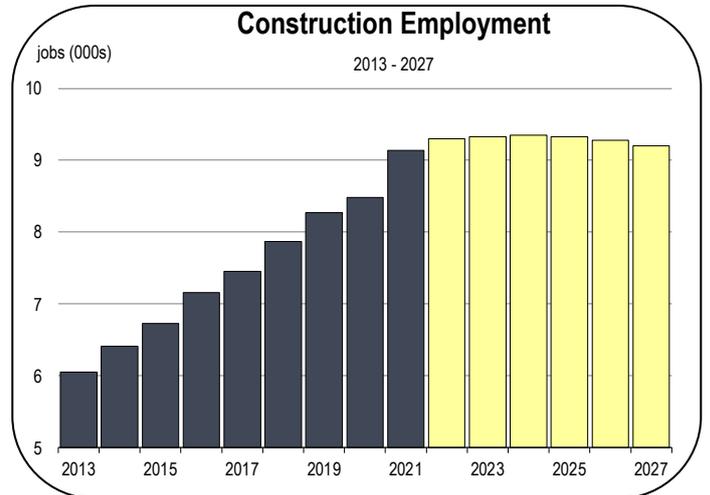
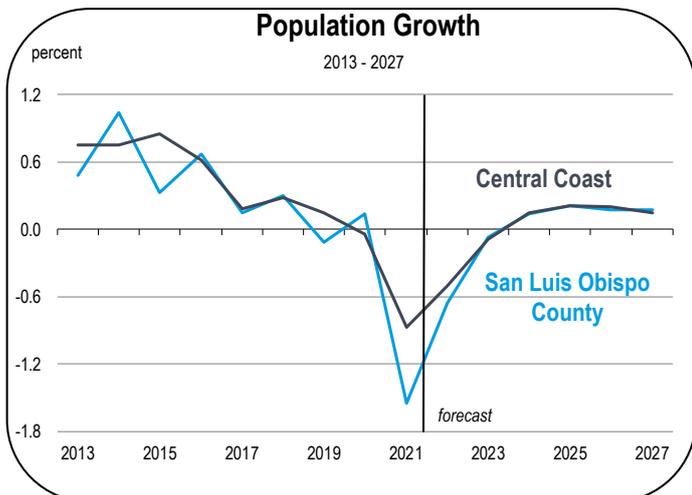


Job Growth

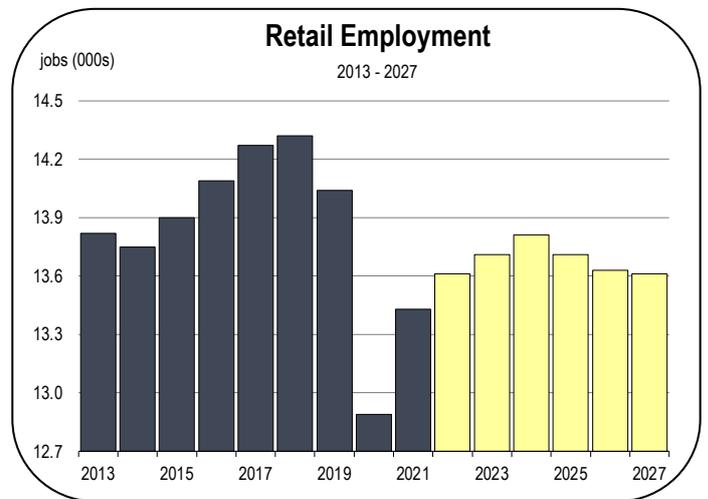
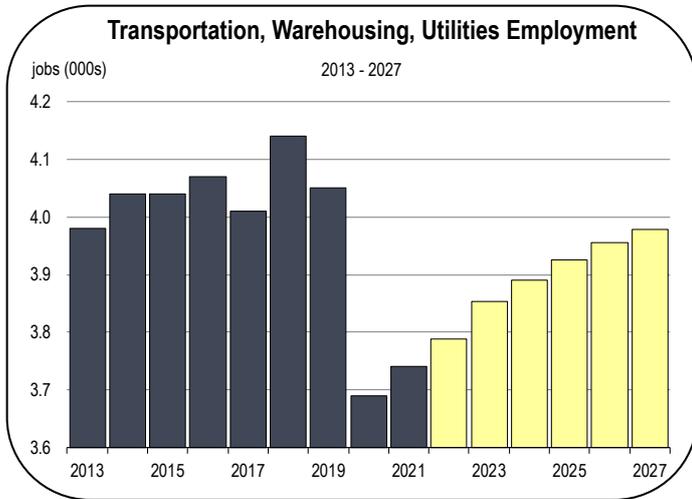
- Total employment in San Luis Obispo County will rise 3.7 percent in 2022, and 1.7 percent in 2023.
- Between 2022 and 2027, job growth will average 1.4 percent per year.

Construction Employment

- The number of homes under construction is on pace to eclipse 1,200 units in 2022. The number of approved projects in the City of San Luis Obispo include more than 2,000 homes, and nearly 3,000 in the total residential pipeline.
- The expected level of both housing production and non-residential construction activity will not require a large expansion of the construction workforce. The forecast calls for restrained growth of construction due in part to labor force availability.



San Luis Obispo County Economic Forecast



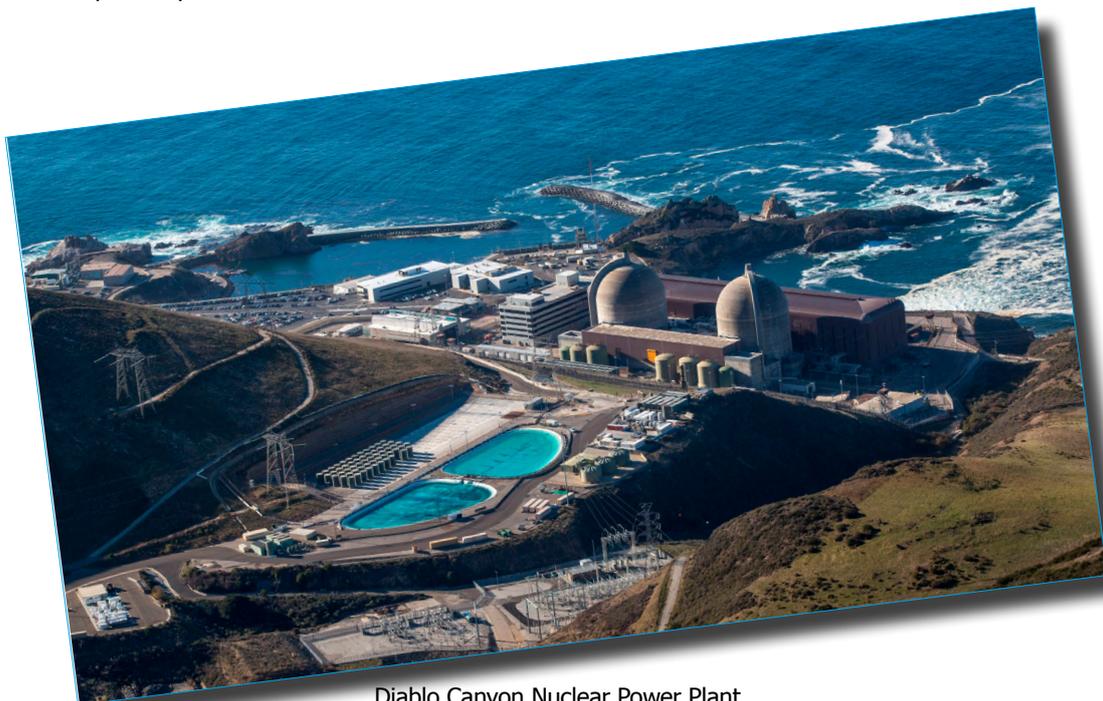
Transportation, Warehousing, Utilities Employment

- Jobs in this industry are principally associated with the airport, logistics where firms deliver goods to and from local businesses, and the public utilities. The pandemic recession impacted transportation jobs but not logistics or utility sector jobs.
- Diablo Canyon Nuclear Power Plant employs approximately 1,100 workers and is the largest private employer in the county. The plant was destined for closure by 2025 until the state passed legislation in September 2022 to extend full capacity operation until 2030.
- The reprieve to closing continues until November 2030, when Diablo Canyon Nuclear Power Plant will be decommissioned, a process that will last up to 10 years.

- Closing the plant will have negative impacts on the county's economy, especially the labor market. This impact however will likely be gradual over time.

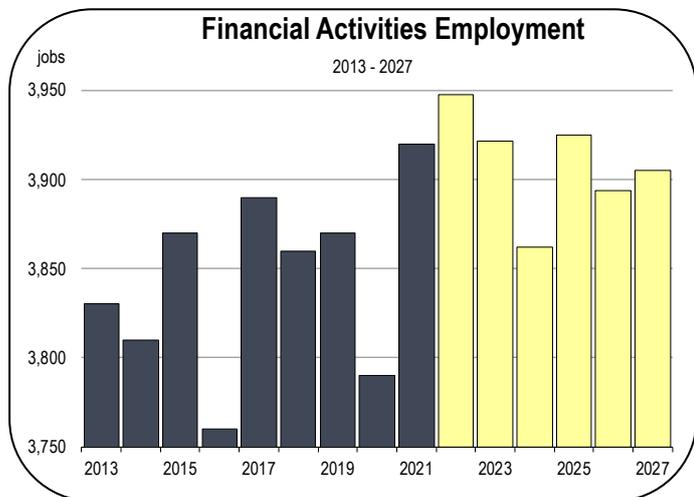
Retail Trade Employment

- The jobs forecast for retail trade is positive in 2022, 2023 and 2024 due largely to the growth of wine tourism and new housing in the county which includes retail development.
- Over the longer term, automation and the transition to online shopping will reduce the existing retail workforce.



Diablo Canyon Nuclear Power Plant

San Luis Obispo County Economic Forecast

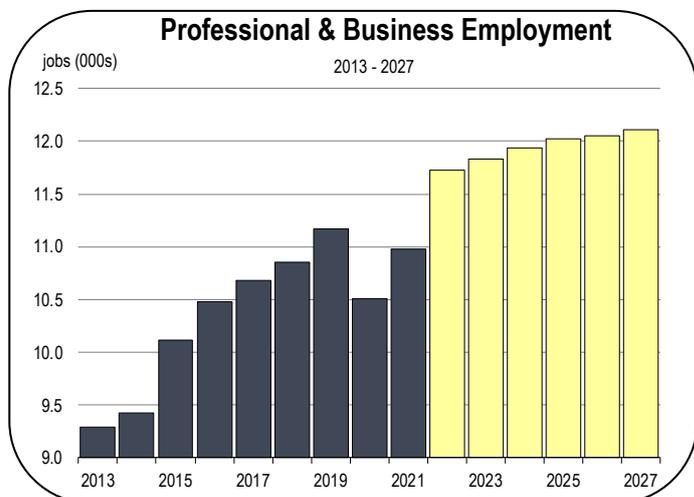


Financial Activities Employment

- The San Luis Obispo 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 the real estate management, leasing, and brokerage. Banks, mortgage lenders, and insurance firms will create very few jobs between 2022 and 2027, and may lose jobs over the long term.

Professional and Business Services Employment

- The sector includes law firms, accounting, engineering, tech and scientific consulting services, and marketing.
- Professional services jobs were largely restored in 2021. In 2022, this sector is one of the principal creators of jobs with an estimated 650 positions being filled.



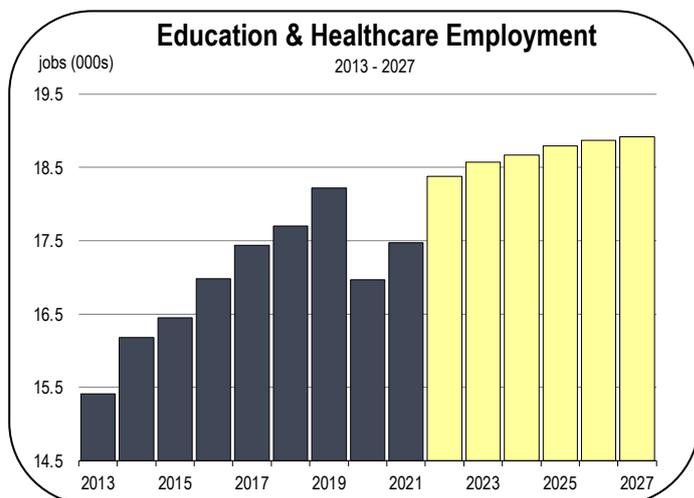
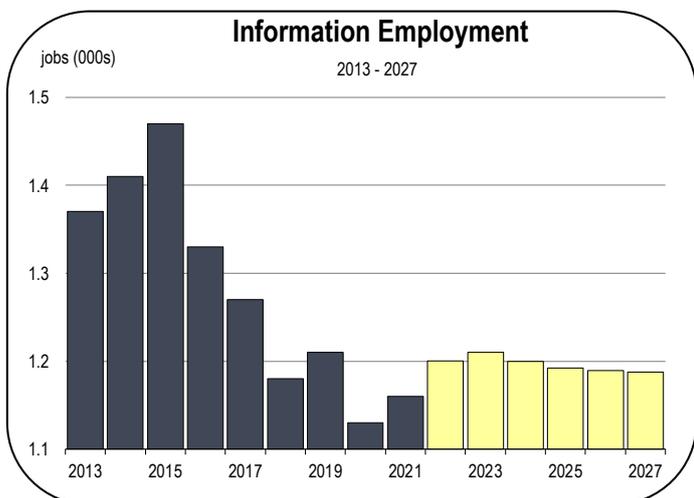
- Over the forecast, new jobs will be created in the business consulting, IT consulting, and building maintenance subsectors.

Information Employment

- In San Luis Obispo County, the information sector is dominated by software firms, traditional print publishers, movie theaters, and telecommunications companies like Comcast.
- Mindbody is the most prominent software publisher in San Luis Obispo County. Mindbody had a peak of 1,337 employees in 2016 but major layoffs occurred during the pandemic. It is estimated that the company now employs 929.

Private Education and Healthcare Employment

- Job gains in healthcare totaled 500 in 2021 and will exceed 900 in 2022.



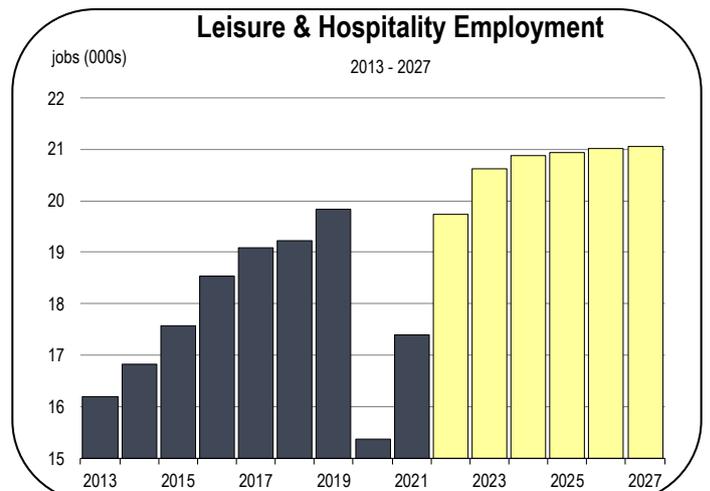
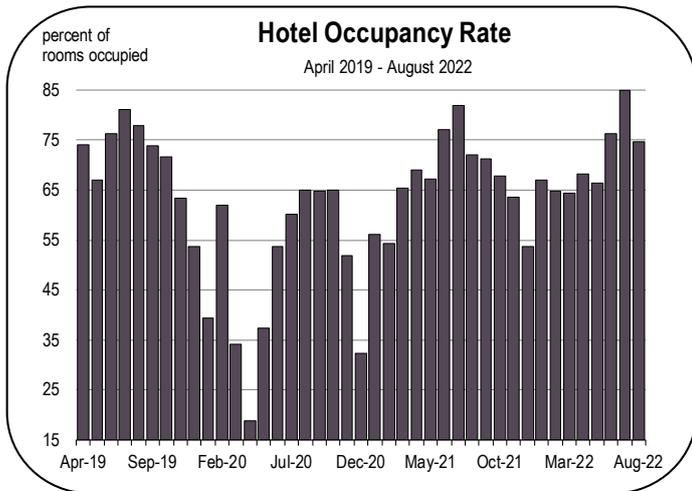
San Luis Obispo County Economic Forecast

Principal Private Healthcare Providers • 2022	Jobs
Tenet Healthcare -- Sierra Vista Medical Center and Twin Cities Community Hospital	1,305
Compass Health -- Health clinics throughout the county	1,200
French Hospital Medical Center	475
Arroyo Grande Community Hospital	415
Community Health Centers	390
Total	3,785

Leisure and Hospitality Employment

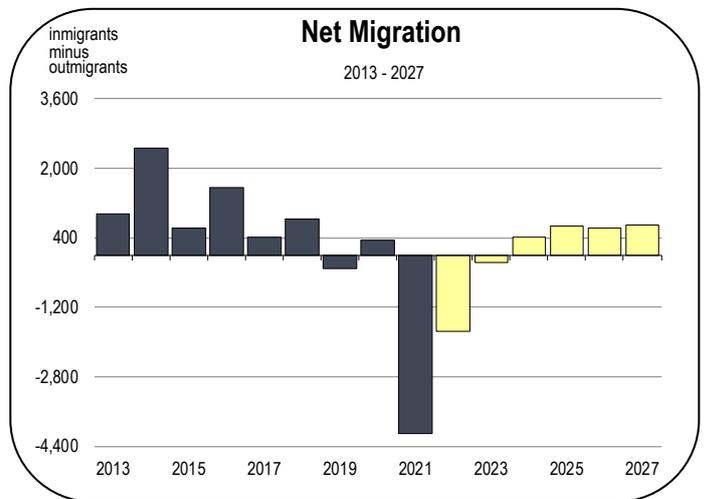
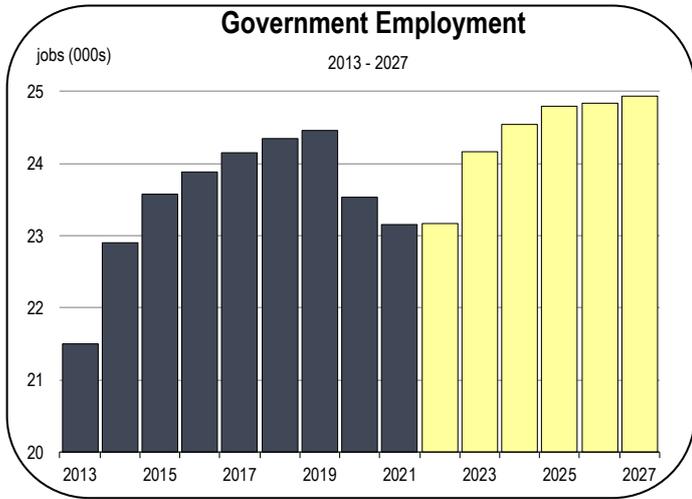
- Just over 2,000 jobs were restored in the Leisure and Hospitality sector during 2021. Another 1,700 jobs will be reinstated during 2022. A full recovery is forecast in early 2023.
- Utilization rates at the county’s hotels and motels recovered in the summer of 2021. With a surge in California tourism including wine tourism during 2022, visitor counts are rising to record levels in many parts of California, including San Luis Obispo County. More hotels have recently been constructed or are now underway in the County, notably within the City of San Luis Obispo.
- The principal attractions are Lake Nacimiento, the Paso Robles wine country, Edna Valley wineries, the coastal cities of Pismo Beach, Avila Beach, Moro Beach and Cambria, and Hearst Castle.

- Because the county has a particularly older population, the demand for healthcare will continue to generate the need for rising employment over the forecast. Between 2022 and 2027, the total workforce is forecast to increase by nearly 1,500 jobs.



Hearst Castle in San Simeon was the estate of William Randolph Hearst from 1919 to 1947. It is now owned by the State of California. The residence has 165 rooms filled with rare Egyptian and European antiques and artwork collected by Hearst during his lifetime. The Castle had 860,000 visitors during 2019 but was closed during the pandemic, re-opening on May 11, 2022.

San Luis Obispo County Economic Forecast



Government Employment

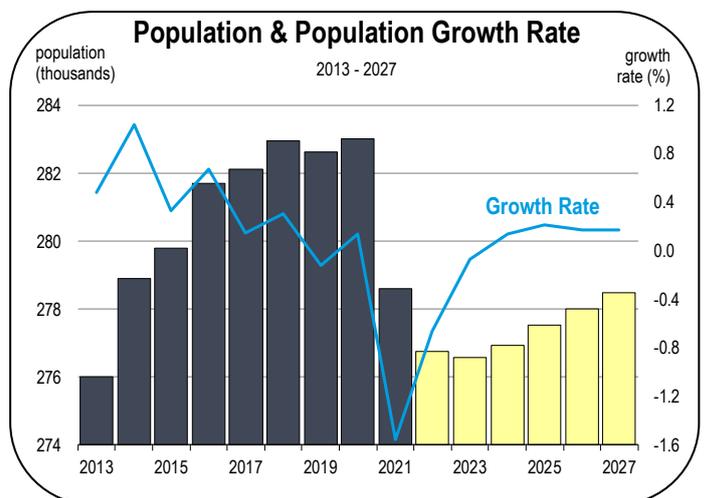
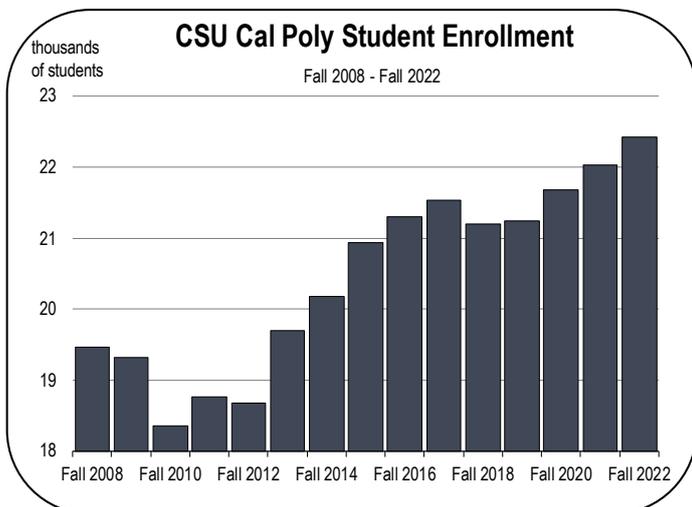
- Public sector employment is the largest labor market in San Luis Obispo County representing 19 percent of total non-farm employment. The public sector includes the K-12 schools, Cuesta College, Cal Poly SLO, Atascadero State Hospital, and the California Men’s Colony.
- The West Facility of the California Men’s Colony, which houses medium and minimum-security inmates, will be closed in 2023. Prison jobs will be transferred to alternative facilities.
- Employment declined within state and local government departments by 400 jobs in 2021 and is on pace to contract by 700 positions in 2022.
- Enrollment at Cal Poly SLO is still expanding. The total student headcount as of Fall 2022 is now at 22,400; a record high.

Institution	Jobs
Cal Poly State University	3,000
County of San Luis Obispo	2,920
Atascadero State Hospital	2,000
California Men’s Colony	1,517
Lucia Mar Unified Schools	1,000
Paso Robles Public Schools	935
San Luis Unified Schools	760
California Dept of Transportation	541
Cuesta College	500
City of San Luis Obispo	400

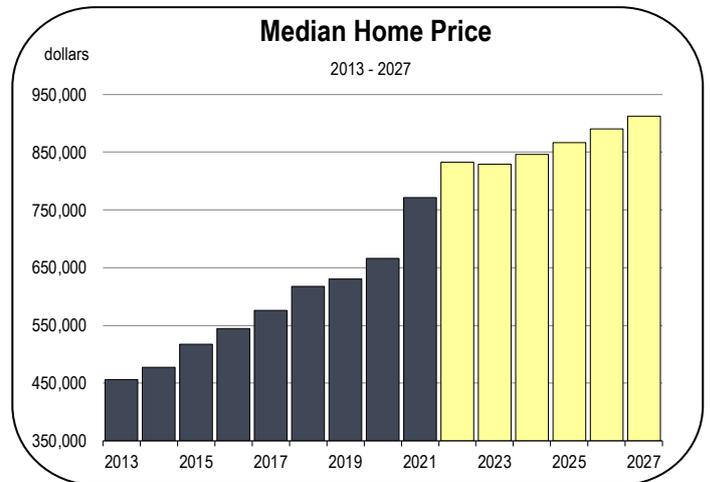
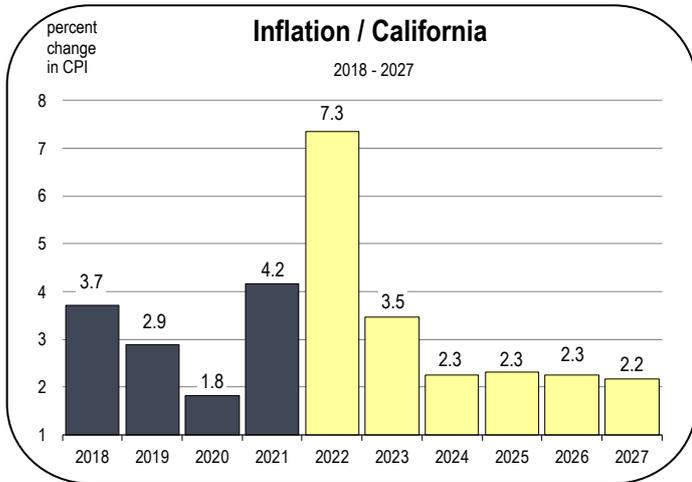
Source: San Luis Obispo Chamber of Commerce, State of California Labor Market Information Division

Population Growth

- Population declined in 2021 due to a surge of estimated out-migration. Net out-migration is forecast to continue in 2022 and 2023 due principally to affordability issues with housing.



San Luis Obispo County Economic Forecast

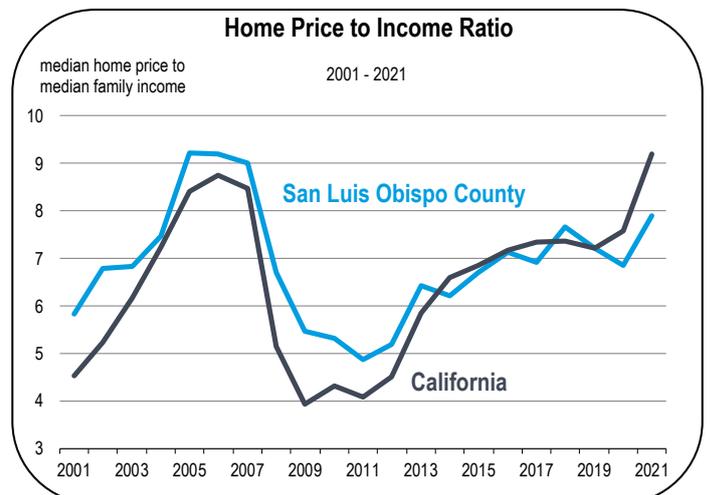
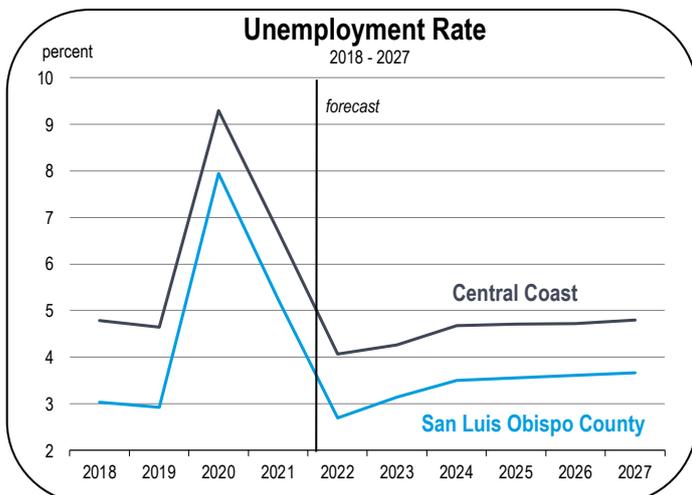


- Positive net in-migration is expected to account for all population growth in San Luis Obispo County after 2023. Consequently, if net migration continues to contract beyond 2023, the decline in the county's population will be extended.
- The county has one of the highest shares of older residents for a large county in California. The annual number of deaths will outnumber births for the foreseeable future.

Unemployment and Inflation Rates

- The unemployment rate in the county averaged 5.3 percent in 2021. It is expected to average 2.7 percent in 2022 and 3.1 percent in 2023.
- The unemployment rate in San Luis Obispo County is always lower than the Central Coast average because San Luis Obispo County has a larger share of workers with college degrees.
- An unemployment rate below 4.0 percent signifies a fully employed workforce in San Luis Obispo County.
- Inflation soared in 2021 and is expected to remain elevated in 2022 and 2023.

- During 2022 and into 2023, there will be a number of factors that will contribute to higher-than-normal inflation. The most prominent will be:
 - Spending by consumers and the federal government that was especially prolific in 2021 and 2022
 - Global supply chain interruptions (from the pandemic) that have raised the cost of production for many businesses
 - Sharp increases in the cost of housing and energy
 - Labor market recruitment challenges that have led to surging wage increases
- Combined, these factors have pushed 2022 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 and 2023.
- However, inflation will gradually decelerate in 2023 as supply chains are restored, and the impending economic slowdown moderates the demand for labor and wage increases. Average inflation rates eventually decline to 3 percent again by 2024.



San Luis Obispo County Economic Forecast



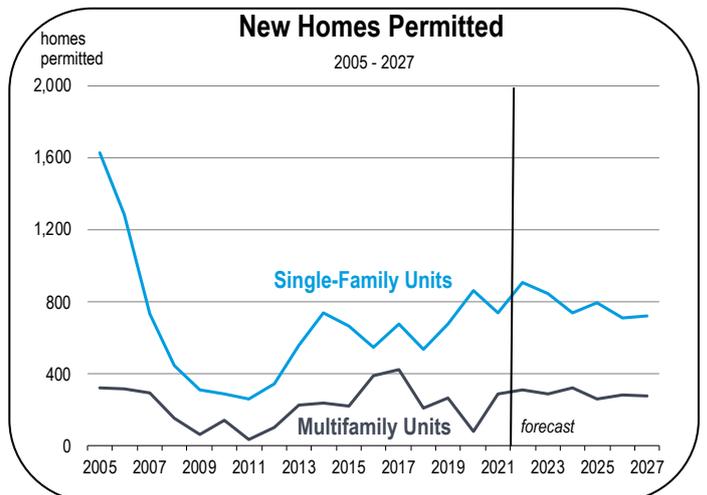
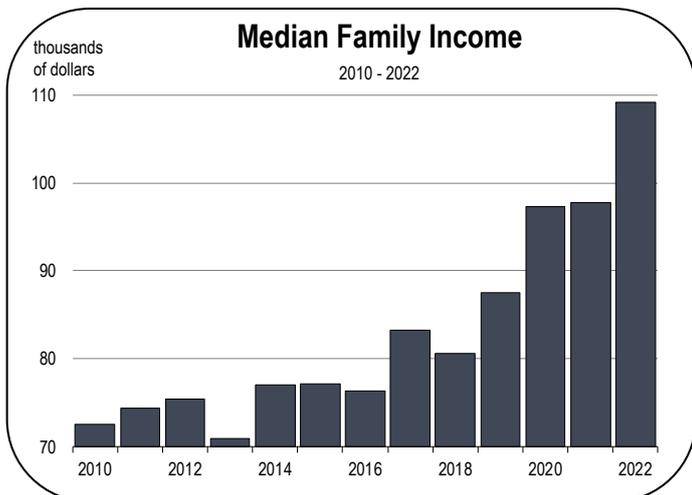
The San Luis Ranch Project will include a 40-acre organic farm, a petting zoo, breweries, and creameries in the farm and marketplace areas of the project. A 10,000 square foot retail center will be built together with an outdoor grandstand for public and private events.

Home Prices and New Housing Production

- The median home selling price in San Luis Obispo County was \$771,000 in 2021 and \$881,000 in 2022.
- The median price increased by 16 percent in 2021, which was actually slower than both the statewide average and adjacent Santa Barbara County, where selling values increased by an average of 19 percent.
- Home prices will rise between 7 percent and 8 percent in 2022. In the City of San Luis Obispo, the October 2022 median selling value was \$1.01 million.
- With the sharp increase in median household income in 2021 and 2022, housing affordability had modestly improved. However, affordability adjusted for the high rates of inflation in the spring and summer months of 2022 has reversed.
- From 2016 to 2021, an average of 945 new homes were started per year in San Luis Obispo County. Approximately 70 percent were single-family homes.
- Housing production is expected to average between 1,000 and

1,100 homes per year from 2022 to 2027, consisting primarily of single-family homes.

- The City of San Luis Obispo has nearly 3,000 residential units in the development pipeline despite substantial home building over the last 5 years.
- The San Luis Ranch is the largest Mixed-Use project under development in San Luis Obispo County. It is planned to contain 577 residential units, 200,000 square feet of commercial space, and 150,000 square feet of retail space. The 577 units will be single- and multi-family homes.
- The 577 residential units are under construction now and are planning to be completed over the next 4 years.
- The Avila Ranch housing development is currently the largest housing project underway in San Luis Obispo. It is approved for 720 housing units, 20,000 square feet of commercial space, and 9 new parks.
- Currently 297 single-unit residences are under construction. The entire Avila Ranch Project isn't expected to be completed until 2032.



San Luis Obispo County Economic Forecast

• Other development projects planned in the City of San Luis Obispo include:

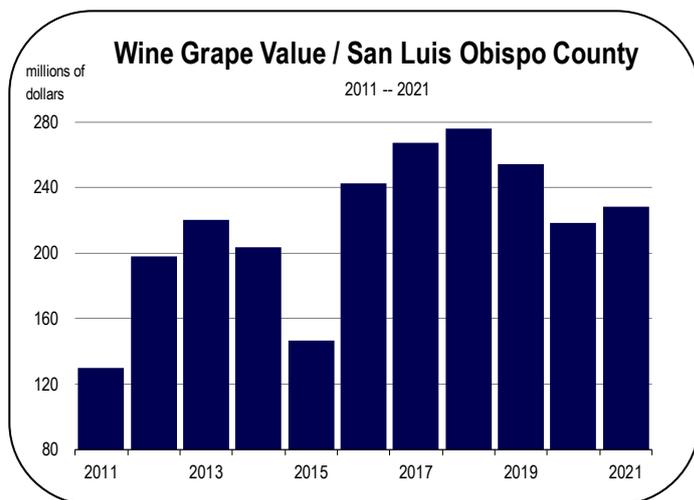
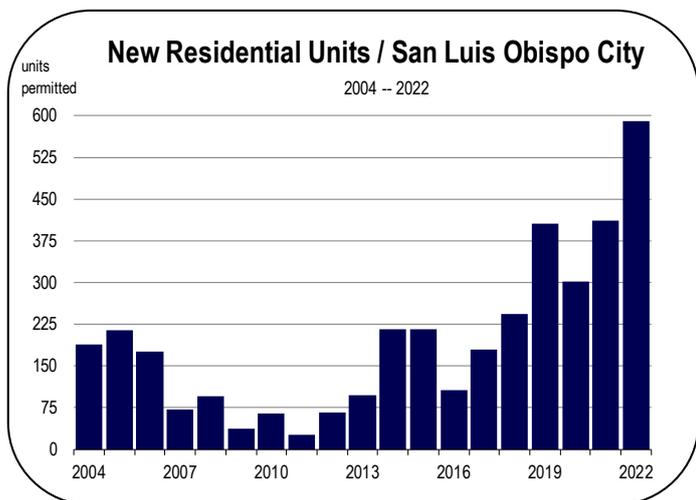
1. Froom Ranch (site work is now underway)
 - 404 independent and senior living units
 - 174 multi-family units
 - 120 room hotel
 2. 600 Tank Farm Road Project (under building review)
 - 15,000 square feet of commercial space
 - 280 Residential Units
 3. Prado Business Park (under building review)
 - 159,663 square feet industrial/ office space
 4. Bullock Ranch (under building review)
 - 192 residential units
 5. Righetti Ranch (under construction)
 - 304 residential units
- The Dana Reserve is a formally proposed project that would deliver 1,289 housing units and 200,000 square feet of commercial buildings on 288 acres in Nipomo, an unincorporated town in southern San Luis Obispo County. The project would include a satellite campus for Cuesta College. The Draft EIR has been completed. If approved, the project could break ground with sitework as early as 2023.

Wine Grapes

- San Luis Obispo Coast had been recognized as the newest American Vinicultural Area by the U.S Alcohol and Tobacco Tax and Trade Bureau. The fruit and nut agricultural sector had a record year in 2021, as strawberries remained the top valued crop in the county and number 2 wine grapes rebounded from a difficult year in 2020.
- Favorable growing conditions, despite the drought, led to increased yields for all grape varieties, and together with rising prices generated a strong year for wine grapes.

Diablo Canyon Power Plant

- The nuclear power plant generates approximately 9 percent of the state’s electricity and has been in operation since 1985. Currently, the plant employs 1,100 workers in San Luis Obispo County, a decline from 1,400 workers in 2019. It is the only nuclear power plant remaining in California.
- The power plant was scheduled for a complete shutdown of both energy producing units by 2025. However, on September 1, 2022, Gavin Newsom signed into law SB846 which will keep the plant open until 2030 and extend a \$1.4 billion loan to the operator PG&E to do so. Despite this extension, the state has also directed the continued work of planning for the ultimate decommissioning of the plant.
- The extension will enable PG&E to remain as the largest employer in the county with very high paying jobs and significant multiplier effects on the region’s economy.



San Luis Obispo 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 (billions)	Total Taxable Sales (billions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (billions)	Inflation Rate (percent)
2015	279,800	104.9	624	880	304	\$15.1	\$3.6	\$5.2	\$4.5	\$61,311	4.8	\$1.0	0.9
2016	281,681	105.6	1,548	933	311	\$15.5	\$3.7	\$5.3	\$4.4	\$61,537	4.3	\$1.1	1.9
2017	282,103	106.3	417	1,098	309	\$16.3	\$3.9	\$5.5	\$4.3	\$62,829	3.6	\$1.0	2.8
2018	282,952	106.8	824	745	311	\$17.1	\$4.0	\$5.6	\$4.4	\$63,284	3.0	\$1.1	3.8
2019	282,617	107.9	-318	935	317	\$17.9	\$4.1	\$5.7	\$4.0	\$64,483	2.9	\$1.0	3.1
2020	282,996	108.7	336	940	313	\$18.2	\$4.2	\$5.7	\$4.1	\$64,385	7.9	\$1.0	1.6
2021	278,607	109.5	-4,109	1,024	318	\$19.0	\$5.0	\$6.9	\$4.1	\$65,552	5.3	\$1.1	3.8
2022	276,763	110.3	-1,755	1,212	324	\$20.1	\$5.7	\$7.9	\$4.1	\$65,343	2.7	\$1.1	7.2
2023	276,560	111.3	-174	1,127	326	\$21.1	\$5.8	\$8.2	\$4.1	\$66,134	3.1	\$1.2	3.4
2024	276,944	112.2	426	1,059	326	\$21.9	\$5.9	\$8.3	\$4.1	\$67,394	3.5	\$1.2	2.2
2025	277,527	113.2	672	1,052	328	\$22.9	\$5.9	\$8.4	\$4.2	\$68,779	3.6	\$1.2	2.2
2026	277,998	114.1	622	987	329	\$23.9	\$6.0	\$8.4	\$4.2	\$70,071	3.6	\$1.2	2.2
2027	278,481	115.0	700	995	330	\$24.9	\$6.0	\$8.5	\$4.3	\$71,214	3.7	\$1.2	2.1
2028	278,636	115.9	448	934	331	\$25.8	\$6.1	\$8.6	\$4.4	\$72,377	3.7	\$1.2	2.1
2029	278,745	116.8	457	893	332	\$26.6	\$6.2	\$8.7	\$4.4	\$73,029	3.7	\$1.2	2.2
2030	278,799	117.6	463	849	333	\$27.5	\$6.4	\$9.0	\$4.5	\$73,694	3.7	\$1.2	2.1
2031	278,756	118.3	466	805	333	\$28.2	\$6.5	\$9.2	\$4.5	\$74,323	3.7	\$1.2	2.0
2032	278,603	119.1	468	759	333	\$29.0	\$6.7	\$9.4	\$4.5	\$74,718	3.7	\$1.2	2.2
2033	278,352	119.8	470	725	335	\$29.8	\$6.8	\$9.6	\$4.5	\$75,555	3.6	\$1.2	1.8
2034	277,986	120.4	476	690	338	\$30.7	\$7.0	\$9.8	\$4.6	\$76,278	3.5	\$1.2	2.0
2035	277,529	121.1	484	691	340	\$31.6	\$7.2	\$10.1	\$4.6	\$77,003	3.5	\$1.2	2.1
2036	276,989	121.7	495	657	340	\$32.5	\$7.4	\$10.4	\$4.6	\$77,408	3.4	\$1.3	2.5
2037	276,391	122.3	508	697	338	\$33.4	\$7.6	\$10.7	\$4.6	\$77,690	3.4	\$1.3	2.6
2038	275,727	122.9	522	701	338	\$34.3	\$7.9	\$11.0	\$4.6	\$78,149	3.4	\$1.3	2.4
2039	275,013	123.5	536	705	337	\$35.2	\$8.1	\$11.4	\$4.6	\$78,420	3.4	\$1.3	2.6
2040	274,236	124.1	549	667	336	\$36.1	\$8.3	\$11.6	\$4.7	\$78,728	3.4	\$1.3	2.5
2041	273,393	124.7	561	673	335	\$37.1	\$8.5	\$11.9	\$4.7	\$79,326	3.4	\$1.3	2.1
2042	272,499	125.3	573	668	334	\$38.0	\$8.6	\$12.2	\$4.7	\$79,915	3.4	\$1.3	2.0
2043	271,567	125.9	584	661	332	\$38.9	\$8.8	\$12.4	\$4.7	\$80,599	3.4	\$1.3	1.9
2044	270,600	126.5	594	660	331	\$39.8	\$9.0	\$12.7	\$4.7	\$81,397	3.4	\$1.3	1.7
2045	269,594	127.1	604	641	330	\$40.7	\$9.2	\$12.9	\$4.8	\$82,126	3.4	\$1.3	1.8
2046	268,559	127.6	615	621	329	\$41.7	\$9.4	\$13.2	\$4.8	\$82,765	3.4	\$1.3	1.9
2047	267,497	128.2	626	618	327	\$42.6	\$9.6	\$13.5	\$4.8	\$83,156	3.3	\$1.3	2.1
2048	266,406	128.8	637	615	326	\$43.6	\$9.9	\$13.9	\$4.8	\$83,548	3.3	\$1.3	2.2
2049	265,278	129.3	647	611	324	\$44.5	\$10.1	\$14.2	\$4.8	\$84,153	3.3	\$1.3	1.9
2050	264,111	129.8	656	606	323	\$45.5	\$10.3	\$14.5	\$4.8	\$84,727	3.3	\$1.3	2.0

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
	(thousands of jobs)											
2015	116.4	5.04	6.7	7.0	4.0	16.7	3.9	10.1	1.5	16.5	17.6	23.6
2016	118.8	4.84	7.2	7.0	4.1	16.9	3.8	10.5	1.3	17.0	18.5	23.9
2017	121.5	5.23	7.5	7.3	4.0	17.1	3.9	10.7	1.3	17.4	19.1	24.2
2018	123.1	5.16	7.9	7.7	4.1	17.0	3.9	10.9	1.2	17.7	19.2	24.3
2019	124.7	4.95	8.3	7.8	4.1	16.7	3.9	11.2	1.2	18.2	19.8	24.5
2020	114.4	4.83	8.5	7.3	3.7	15.4	3.8	10.5	1.1	17.0	15.4	23.5
2021	119.3	4.92	9.1	7.8	3.7	16.0	3.9	11.0	1.2	17.5	17.4	23.2
2022	123.6	5.01	9.3	8.3	3.8	16.3	4.0	11.6	1.2	18.4	19.1	22.5
2023	125.8	5.27	9.3	8.3	3.9	16.4	3.9	11.8	1.2	18.6	20.1	22.8
2024	126.9	5.31	9.4	8.3	3.9	16.5	3.9	11.9	1.2	18.7	20.6	23.1
2025	128.1	5.36	9.3	8.3	3.9	16.5	3.9	12.0	1.2	18.8	20.9	23.9
2026	128.9	5.39	9.3	8.3	4.0	16.4	3.9	12.1	1.2	18.9	21.0	24.5
2027	129.5	5.41	9.2	8.3	4.0	16.4	3.9	12.1	1.2	18.9	21.1	24.9
2028	129.7	5.44	9.1	8.3	4.0	16.3	3.9	12.2	1.2	19.0	21.2	25.0
2029	129.8	5.46	8.9	8.3	4.0	16.3	3.8	12.3	1.2	19.1	21.2	25.1
2030	129.9	5.49	8.8	8.3	4.0	16.3	3.8	12.3	1.2	19.1	21.3	25.1
2031	130.1	5.52	8.6	8.3	4.0	16.3	3.8	12.3	1.2	19.2	21.4	25.2
2032	130.2	5.54	8.5	8.3	4.0	16.3	3.8	12.4	1.2	19.2	21.5	25.3
2033	130.4	5.57	8.4	8.3	4.0	16.3	3.8	12.4	1.2	19.3	21.6	25.3
2034	130.6	5.59	8.3	8.3	4.1	16.3	3.7	12.5	1.2	19.5	21.7	25.4
2035	130.9	5.62	8.2	8.3	4.1	16.2	3.7	12.5	1.2	19.6	21.8	25.4
2036	131.0	5.64	8.0	8.4	4.1	16.2	3.7	12.5	1.2	19.7	21.9	25.5
2037	131.0	5.67	8.0	8.4	4.1	16.1	3.7	12.6	1.2	19.6	22.0	25.5
2038	131.1	5.69	8.0	8.4	4.1	16.1	3.8	12.6	1.2	19.5	22.1	25.5
2039	131.3	5.72	7.9	8.4	4.1	16.1	3.8	12.6	1.2	19.5	22.2	25.6
2040	131.3	5.74	7.9	8.4	4.1	16.1	3.7	12.7	1.2	19.5	22.2	25.6
2041	131.5	5.77	7.8	8.4	4.1	16.1	3.7	12.7	1.2	19.4	22.3	25.7
2042	131.6	5.79	7.8	8.4	4.1	16.1	3.7	12.7	1.2	19.4	22.4	25.7
2043	131.6	5.81	7.8	8.4	4.1	16.0	3.7	12.8	1.2	19.3	22.5	25.8
2044	131.7	5.84	7.8	8.4	4.1	16.0	3.7	12.8	1.2	19.2	22.6	25.8
2045	131.8	5.86	7.8	8.5	4.1	16.0	3.7	12.8	1.2	19.1	22.7	25.9
2046	131.8	5.89	7.7	8.5	4.1	16.0	3.7	12.8	1.2	19.1	22.7	25.9
2047	131.9	5.91	7.7	8.5	4.1	16.0	3.7	12.9	1.2	19.0	22.8	26.0
2048	132.0	5.93	7.7	8.5	4.1	15.9	3.7	12.9	1.2	18.9	22.9	26.0
2049	132.1	5.96	7.7	8.5	4.1	15.9	3.7	12.9	1.2	18.9	23.0	26.1
2050	132.2	5.98	7.6	8.5	4.1	15.9	3.7	12.9	1.2	18.8	23.1	26.1

San Luis Obispo County Economic Forecast

Socioeconomic Indicators

