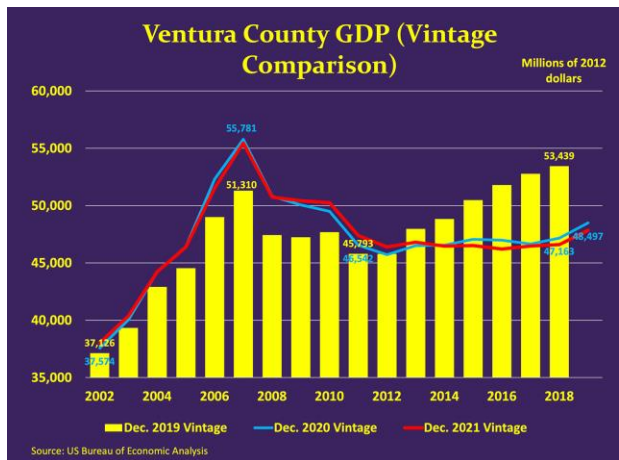


Matthew Fienup
March 6, 2022

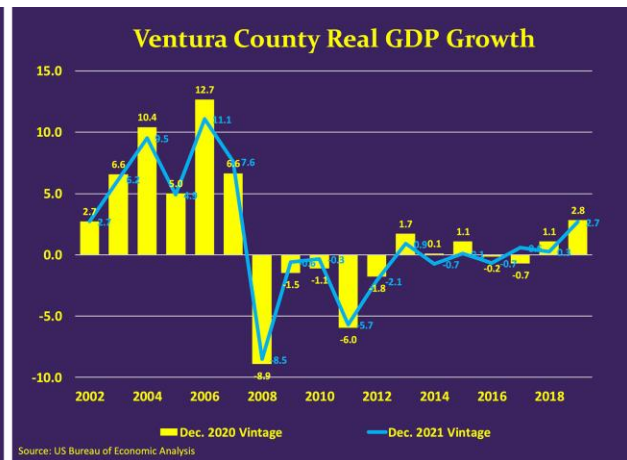
Revised Economic History of the County

Even before the onset of the coronavirus pandemic, Ventura County was experiencing a prolonged period of economic weakness. Revised data indicate that the County’s pre-pandemic weakness was longer and more severe than we understood one year ago. In mid-December 2020, shortly after the release of last year’s forecast publication, the U.S. Bureau of Economic Analysis (BEA) released its annual county GDP data set. The 2020 release included the BEA’s preliminary estimate of Ventura County’s 2019 GDP as well as revisions to the County’s historical GDP data.

The revisions to Ventura County’s economic history are substantial. Economic growth since 2007 is much slower than previously understood, and the size of the County’s economy in recent years is much smaller than previously measured.



Source: US Bureau of Economic Analysis



Source: US Bureau of Economic Analysis

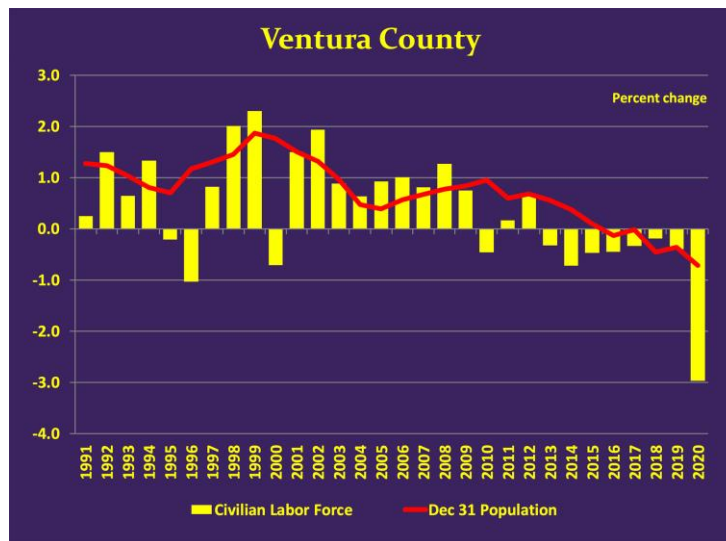
Whereas previous estimates indicated that the County’s economy grew by \$2.1 billion from 2007 to 2018, the revised estimates indicate that the County’s economy *shrank* by \$8.8 billion during that time. This is a 16 percent decline in total economic activity. The drop represents an astonishing \$26,600 per worker or \$10,500 per person. The BEA’s previous estimates indicated that the 2007 to 2018 compound annual growth rate for Ventura County GDP was 0.4 percent, a period of anemic but sustained growth. The new data indicate that it was not a period of growth, but instead a period of economic contraction. Ventura County’s economy contracted by a compound annual rate of 1.6 percent over the 11-year period.

The BEA’s revisions bring Ventura County GDP data in line with other key economic indicators which, as documented in previous reports, already indicated poor economic health. Three

important measures of economic vitality are population growth, domestic migration, and civilian labor force growth. Each of these measures already indicated a sustained period of economic weakness, going back to at least 2013. According to CA Department of Finance data, Ventura County's population declined in every year from 2016 onward and currently sits at a level similar to the County's population at the start of 2012. Net domestic migration has been negative for eleven consecutive years. And the County's civilian labor force contracted in seven consecutive years prior to the onset of the pandemic.

State of Ventura County's Economy & COVID-19 Impacts

The leading indicators of Ventura County's economic weakness turn out to have been labor force growth and net domestic migration. The size of the County's labor force peaked in 2009, during the Great Recession. After wavering for a couple of years, the size of the labor force began a sustained decline. The County's labor force contracted in every single year from 2012 until 2019. The number of people living in Ventura County who are actively working or seeking work has declined by a shocking 23,200 people since 2009, a decrease of more than 5 percent.

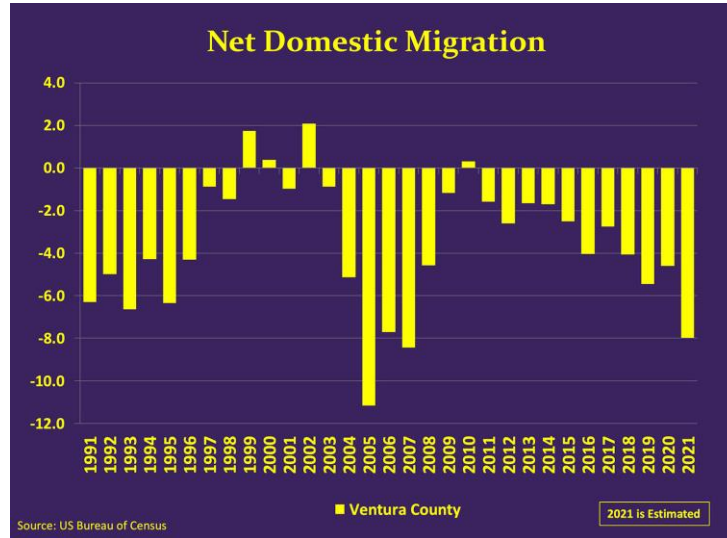


Source: CA Employment Development Department, Department of Finance

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Net domestic migration, the difference between the number of people who move to Ventura County from somewhere else within the United States and the number who leave for another domestic location, was negative in 18 of the past 19 years. The net exodus of people has been accelerating since 2011. Over the past two years alone, 12,600 more people left the County for somewhere else

in the United States than came to Ventura County. We have long regarded net domestic flows as an important indicator of relative economic opportunity. When economic opportunity is relatively high in a region, net domestic flows are positive. When it is relatively low, these flows reverse.



Source: US Bureau of the Census

Whereas net domestic migration data proved to be an early warning sign, negative population growth represents a late-stage manifestation of the region’s economic weakness. The accelerating net-exodus of people from Ventura County finally overwhelmed natural population growth and positive net international migration in 2016, tipping overall population growth negative for the first time.

Even as Ventura County’s population and labor force have contracted, net job growth has been positive in every year since 2011, with the exception of the pandemic-impacted year 2020. Even so, jobs data paint a picture of general weakness. The number of jobs in low paying sectors, such as Leisure & Hospitality and Education & Health Services, are increasing, while the number of jobs in high paying sectors, which support Ventura County’s high cost of living, have experienced large declines.

The combination of negative net migration, a shrinking labor force, declining population, and unfavorable compositional changes to the County’s workforce mean that Ventura County’s economy was chronically weak even as the California and U.S. economies were experiencing sustained economic expansion. It is our general belief that strong economies are able to withstand unexpected shocks better than weak ones. Because of the weakness that characterized Ventura County in the years leading up to the COVID-19 Pandemic, we expect Ventura County to be especially hard hit.

The pre-pandemic peak of economic activity was February 2020, when there were 339,500 jobs across all industries in Ventura County. Government-mandated shutdowns caused an unprecedented contraction. By April, Ventura County’s job market had lost 45,200 jobs, a loss of more than 13 percent of all jobs. At the same time, the County’s Labor Force contracted by nearly 19,000, more than 40 percent of the number of jobs lost.

Ventura County's Job Market			<i>Peak to Trough</i>		<i>Peak to Present</i>	
<i>not seasonally adjusted data</i>	Dec-21		Feb 2020 - Apr 2020	Feb 2020 - Apr 2020	Feb 2020 - Dec 2021	Feb 2020 - Dec 2021
Sectors	Thousands		Change-thousands	Percent change	Change-thousands	Percent change
Agriculture & Resource Extraction	22.6		3.6	14.9	-1.5	-6.2
Construction & Manufacturing	44.4		-5.0	-11.1	-0.6	-1.3
Trade, Transportation & Warehousing	19.6		-1.4	-7.2	0.2	1.0
Technology & White Collar	64.7		-6.0	-9.1	-0.9	-1.4
Retail, Leisure & Personal Services	80.2		-28.3	-32.9	-5.9	-6.9
Education & Health Services	49.5		-4.9	-9.6	-1.8	-3.5
Government	45.8		-3.2	-6.7	-2.2	-4.6
Total All Industries	326.8		-45.2	-13.3	-12.7	-3.7

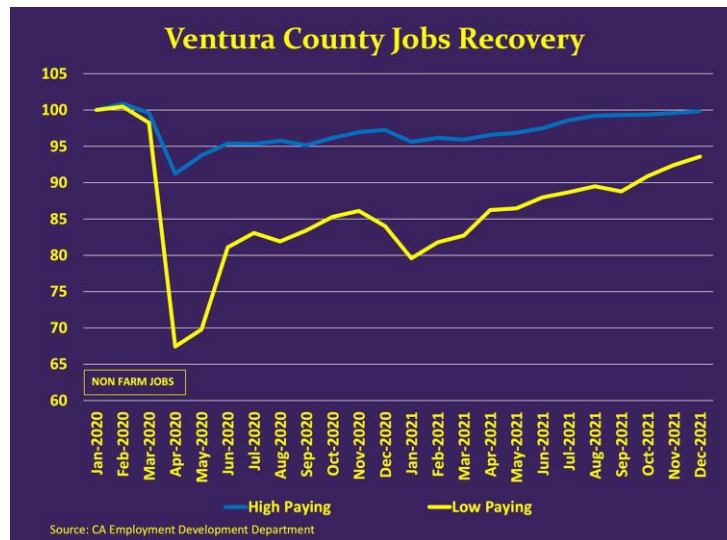
Source: CA Employment Development Department

By now, it is well known that the impacts of the pandemic are not evenly distributed across the labor market. Jobs in Retail, Leisure & Hospitality, and Personal Services, the lowest paying sectors in Ventura County with a pre-pandemic average annual salary of just \$31,000, dropped by a collective 32.9 percent. Jobs in these sectors have grown by 38.8 percent since the low point in April but are still down nearly 7 percent from the pre-pandemic level.

Meanwhile, jobs in the highest paying sectors fared very differently. Jobs in Construction & Manufacturing, with a pre-pandemic average salary of \$69,500, declined by only 11.1 percent. They have subsequently increased 11.0 percent and are only 1.3 percent below the pre-pandemic peak. Similarly, Technology & White Collar jobs, with a pre-pandemic salary of \$86,800, declined by only 9.1 percent. They have increased 8.6 percent and are now only 1.4 percent below the pre-pandemic peak. Jobs in Trade, Transportation & Warehousing, with a pre-pandemic average salary of \$77,300, declined by 7.2 percent but have recovered such that they are now one percent above the pre-pandemic level.

This contrast between low- and high-paying sectors reveals that the COVID-19 pandemic and the resulting impacts to the economy represent a tale of two recessions. And the months since the April 2020 trough of economic activity also represent a tale of two recoveries. Ventura County residents working in high paying sectors of the economy, which generally support remote working arrangements, saw significantly smaller impacts of the pandemic and the various government

responses. They have also recovered more thoroughly. Meanwhile the economic impacts to low-wage segments have been deeper and far more enduring.



Source: CA Employment Development Department

As we consider the years ahead, it may be worth remembering that Ventura County was the last county in Southern California to recover the number of jobs lost during the Great Recession. In fact, it was not until 2016, fully seven years after the end of the Great Recession, that the County finally reached that long-sought milestone. Given the County’s pre-existing weakness, we expect the recovery from the pandemic recession to also be slower than the recoveries in neighboring counties.

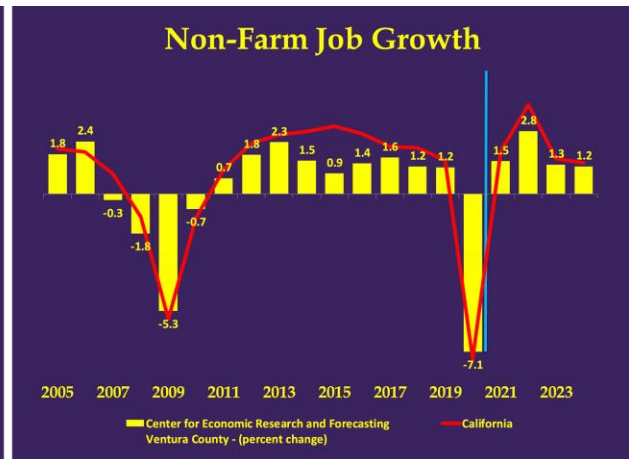
Ventura County’s Forecast

The current CERF Ventura County economic forecast anticipates that, driven by the worsening net out-migration of people, the County’s population will continue to shrink across the entire forecast horizon. Net domestic outflows from Ventura County are forecast to increase until the rate is nearly double that of the year prior to the pandemic. We anticipate a continuation of the County’s population decline over the same period, at a rate slightly higher than recent years.

The forecast anticipates a year of modest GDP growth in 2021, as the economy musters a relatively slow recovery from the depths of the pandemic recession. The forecasted growth rate of 3.4 percent represents what would have been a slow economic growth year in the decade of the 2000s. It also represents an anemic year of economic recovery compared to almost any other geography, including LA County, California and the Nation. We anticipate that Ventura County’s economic growth will slow significantly in the years ahead, with a return to near-zero growth in 2024.



Source: US Bureau of Economic Analysis



Source: CA Employment Development Dept, US Bureau of Labor Stats

Ventura County’s current economic situation is truly stunning considering the strong economic legacy of the region. A return to robust economic growth in Ventura County will require fundamental changes to the economic landscape. This must necessarily start with a determined effort to build more housing and a deliberate effort to be more business friendly and pro-growth.

Economic Growth			
	2022	2023	2024
	Forecast		
Ventura County	2.8	0.8	0.2
San Fernando Valley	4.4	3.4	2.8
Los Angeles Metro	3.4	2.1	1.4
California	3.8	2.7	2.1
United States	3.1	2.1	1.6

Source: CLU-CERF

Home Prices: Peak to Trough Analysis

Ventura County's Larger Communities (Single-Family Detached and Attached) NSA

	<u>Median Home Price</u>	<u>(Date)</u>	<u>Percent Change</u>
Camarillo			
Pre Covid Peak	\$632,879	(Jan. 2019)	
Covid Trough	\$592,152	(Apr. 2020)	-6.4
Post Covid Peak	\$801,382	(Dec. 2021)	35.3
Latest	\$801,382	(Dec. 2021)	35.3
			<i>From Covid Trough</i>
Oxnard			
Pre Covid Peak	\$541,913	(Aug. 2019)	
Covid Trough	\$487,248	(Mar. 2020)	-10.1
Post Covid Peak	\$639,490	(Nov 2021)	31.2
Latest	\$579,191	(Dec. 2021)	18.9
			<i>From Covid Trough</i>
San Buenaventura			
Pre Covid Peak	\$578,672	(Apr. 2019)	
Covid Trough	\$558,763	(Feb. 2020)	-3.4
Post Covid Peak	\$755,225	(Nov 2021)	35.2
Latest	\$710,983	(Dec. 2021)	27.2
			<i>From Covid Trough</i>
Moorpark			
Pre Covid Peak	\$732,564	(May 2019)	
Covid Trough	\$564,286	(Feb. 2020)	-23.0
Post Covid Peak	\$866,848	(Dec. 2021)	53.6
Latest	\$866,848	(Dec. 2021)	53.6
			<i>From Covid Trough</i>
Simi Valley			
Pre Covid Peak	\$607,678	(Nov. 2019)	
Covid Trough	\$573,143	(Jun. 2020)	-5.7
Post Covid Peak	\$756,357	(Dec. 2021)	32.0
Latest	\$756,357	(Dec. 2021)	32.0
			<i>From Covid Trough</i>
Thousand Oaks			
Pre Covid Peak	\$812,161	(Jan. 2020)	
Covid Trough	\$688,385	(Jun. 2020)	-15.2
Post Covid Peak	\$976,917	(Apr. 2021)	41.9
Latest	\$911,633	(Dec. 2021)	32.4
			<i>From Covid Trough</i>

Source: DataQuick (CoreLogic)

Recent Housing Trends

Ventura County's Larger Communities

	<u>2019</u>	<u>2020</u>	<u>Change</u>	<u>2021</u>	<u>Change</u>
Camarillo					
New homes - median price	\$551,083	\$630,806	14.5	\$785,125	24.5
Existing (attached) - median price	\$464,417	\$474,667	2.2	\$555,021	16.9
Existing (detached) - median price	\$675,625	\$708,333	4.8	\$805,500	13.7
Sales (all units)	1,299	1,335	2.8	1,512	13.3
Oxnard					
New homes - median price	\$616,079	\$758,750	23.2	\$825,273	8.8
Existing (attached) - median price	\$427,125	\$473,271	10.8	\$535,125	13.1
Existing (detached) - median price	\$523,250	\$554,646	6.0	\$618,521	11.5
Sales (all units)	1,649	1,784	8.2	1,927	8.0
San Buenaventura					
New homes - median price	\$688,028	\$1,453,071	111.2	\$1,010,667	-30.4
Existing (attached) - median price	\$406,000	\$413,729	1.9	\$462,813	11.9
Existing (detached) - median price	\$613,458	\$663,625	8.2	\$768,417	15.8
Sales (all units)	1,289	1,331	3.3	1,481	11.3
Moorpark					
New homes - median price	(1)	\$570,000	(1)	\$1,000,000	75.4
Existing (attached) - median price	\$426,146	\$442,667	3.9	\$519,729	17.4
Existing (detached) - median price	\$700,063	\$740,667	5.8	\$852,229	15.1
Sales (all units)	509	549	7.9	602	9.7
Simi Valley					
New homes - median price	\$730,729	\$699,638	-4.3	\$821,458	17.4
Existing (attached) - median price	\$429,521	\$437,795	1.9	\$510,000	16.5
Existing (detached) - median price	\$600,521	\$639,102	6.4	\$740,833	15.9
Sales (all units)	1,985	1,864	-6.1	2,387	28.1
Thousand Oaks					
New homes - median price	\$1,004,500	\$3,209,438	219.5	\$2,735,167	-14.8
Existing (attached) - median price	\$481,167	\$523,771	8.9	\$588,292	12.3
Existing (detached) - median price	\$798,167	\$840,958	5.4	\$976,521	16.1
Sales (all units)	1,115	1,218	9.2	1,455	19.5

Source: DataQuick (CoreLogic)

(1) No sales of this type in that period