

SOLANO COUNTY INDEX OF ECONOMIC AND COMMUNITY PROGRESS 2014 MARCH 10, 2015 FAIRFIELD, CA



Tuesday, March 10, 2015

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Agenda Item: 21

Recovery vs. Expansion



- Good news
 - Solano County grew income and jobs in 2014, slightly slower than 2013, but compounding growth
 - Housing prices slower in 2014 but still growing
 - 2015 continued growth in housing markets
 - Tax revenues rising year on year
 - Community progress on almost all fronts
- Concerns
 - Employment versus labor force changes
 - The economics of expansion and regional growth
 - Solano growth not as robust as other places: **opportunity**

Index Overview



- Three major markets continue to move together and pulled by the macroeconomy
 - Housing/Financial markets: **interest rates**
 - Labor markets: **Bay Area and global forces**
 - Goods markets: **prices and commodities markets**
- These are naturally linked to each other
 - Increased traffic, reduced housing affordability, economic expansion walk hand in hand
 - Leads to community gains as well



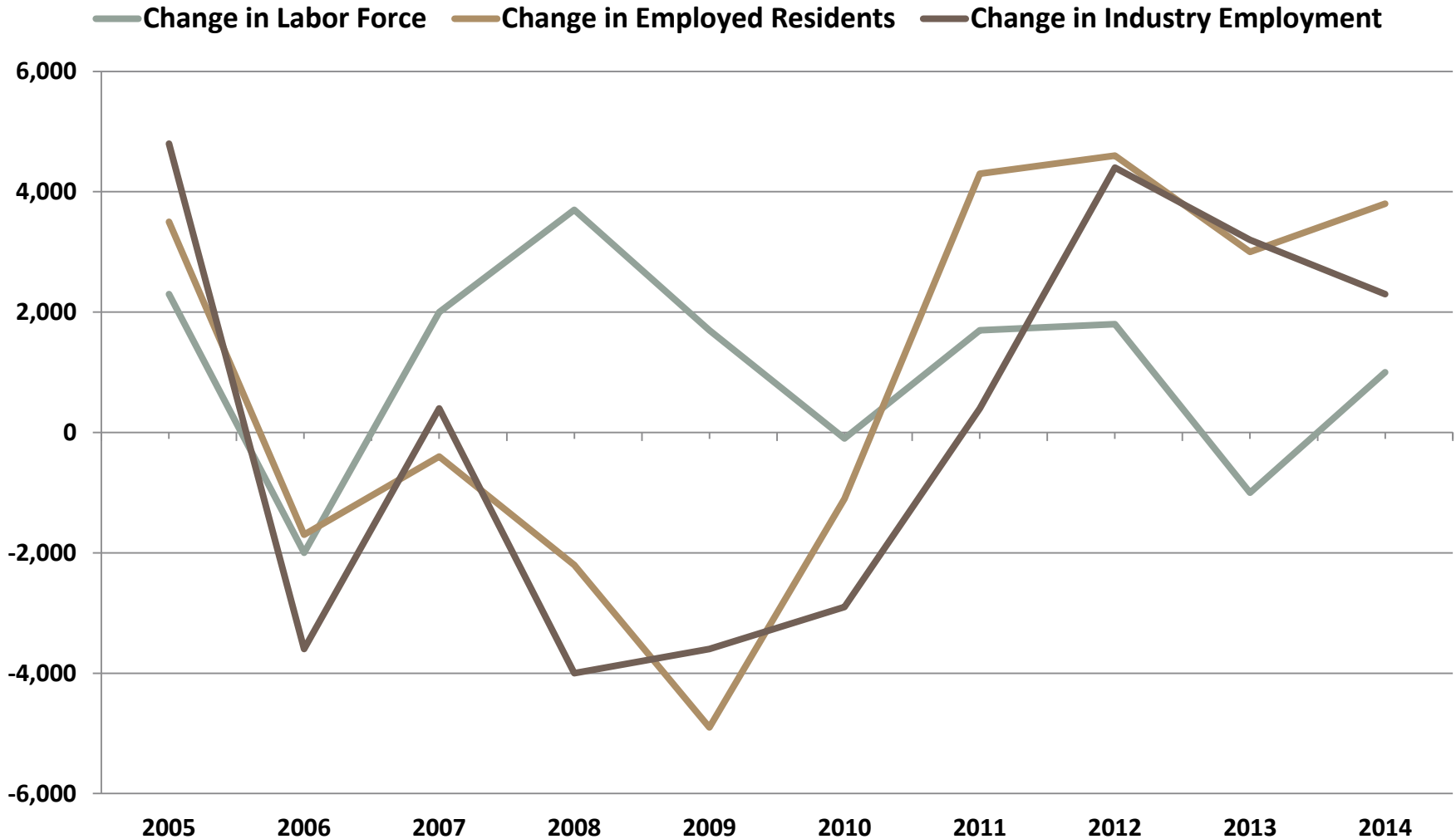
The Changing Solano County Economy

Economic Highlights



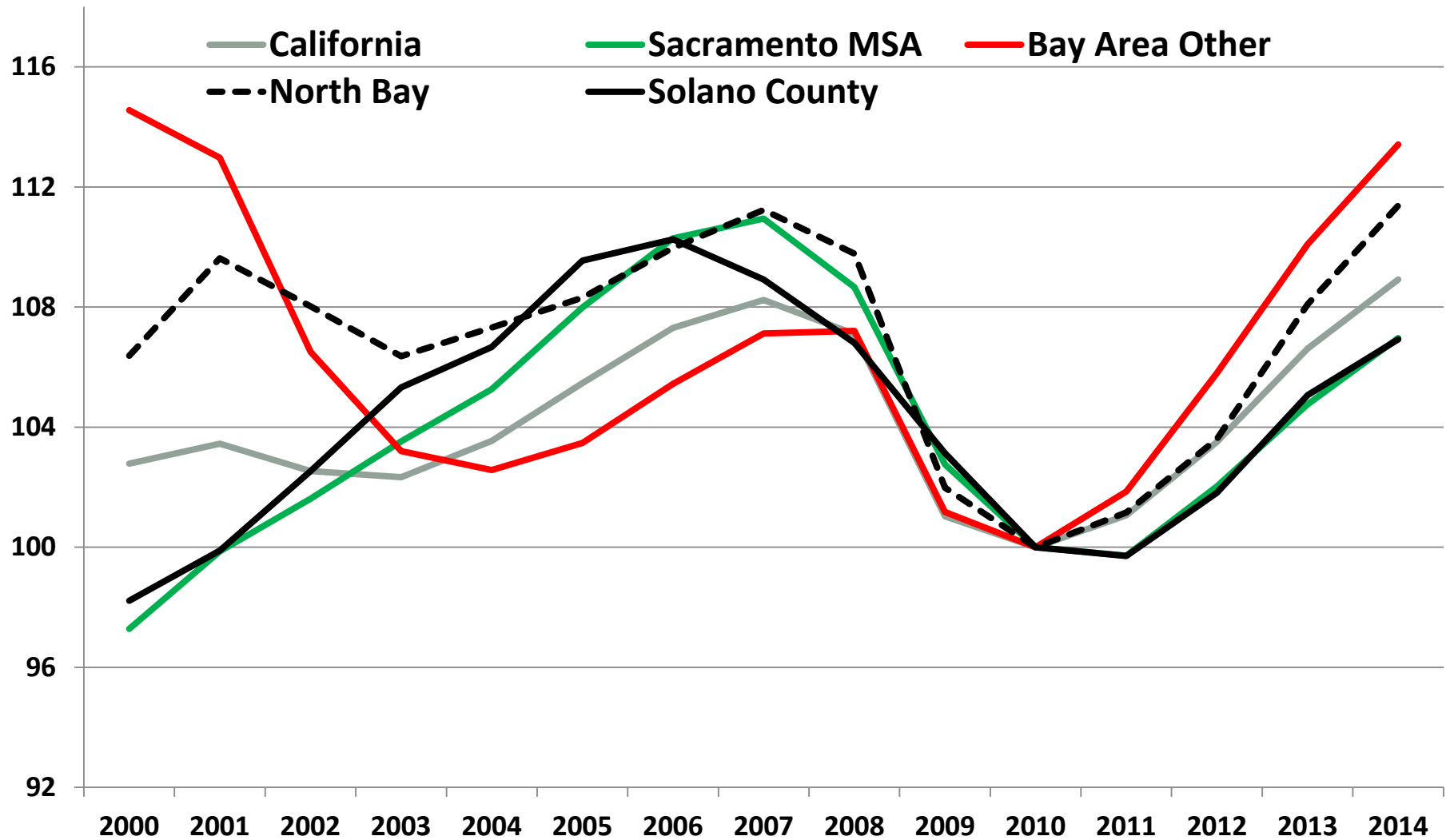
- Solano County: 2014 continued growth, slower a bit than 2013
 - Housing movements in 2013 helped propel growth
- Jobs growth slower, overall income likely slower but positive growth
 - Job growth continued to rise (+2,300 jobs)
 - Taxable sales are up, people are spending
 - Housing market had a good year, as predicted
 - Standard of living indicators improving, finally
 - Cities in Solano County continue to grow

Labor Force Indicators (EDD)



Source: EDD (<http://www.labormarketinfo.edd.ca.gov/>), Labor Market Information

Non-Farm Employment (EDD): Index 2010= 100



Source: EDD (<http://www.labormarketinfo.edd.ca.gov/>), Labor Market Information

Labor Wrap

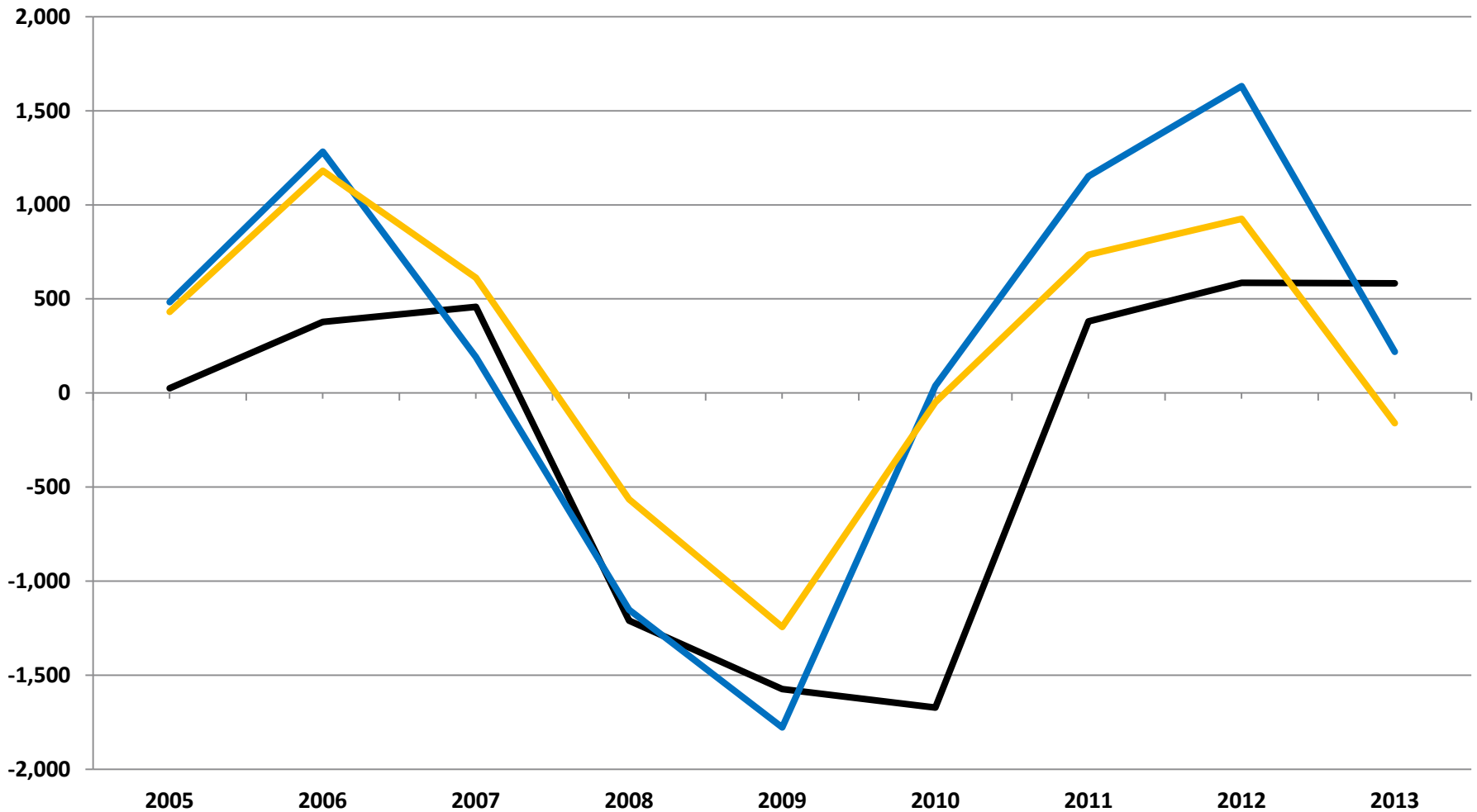


- Growth of jobs means more goods and services produced
 - Small shift in “base” jobs (export-focused) to locally-serving
 - Part of Solano’s expansion, 2013 a great year (2014 slower)
- Growth in
 - Construction, software, ag, durable manufacturing, health care, hospitality
- Loss in (though relatively small)
 - Education barely, non-durable manufacturing, finance, federal government
- Employed residents faster growth than local employers hiring
 - More commuting and traffic, but more incomes coming to Solano County

Per Capital PI Change (BEA) 2005-13, 2010 Dollars



— Solano County — California — United States

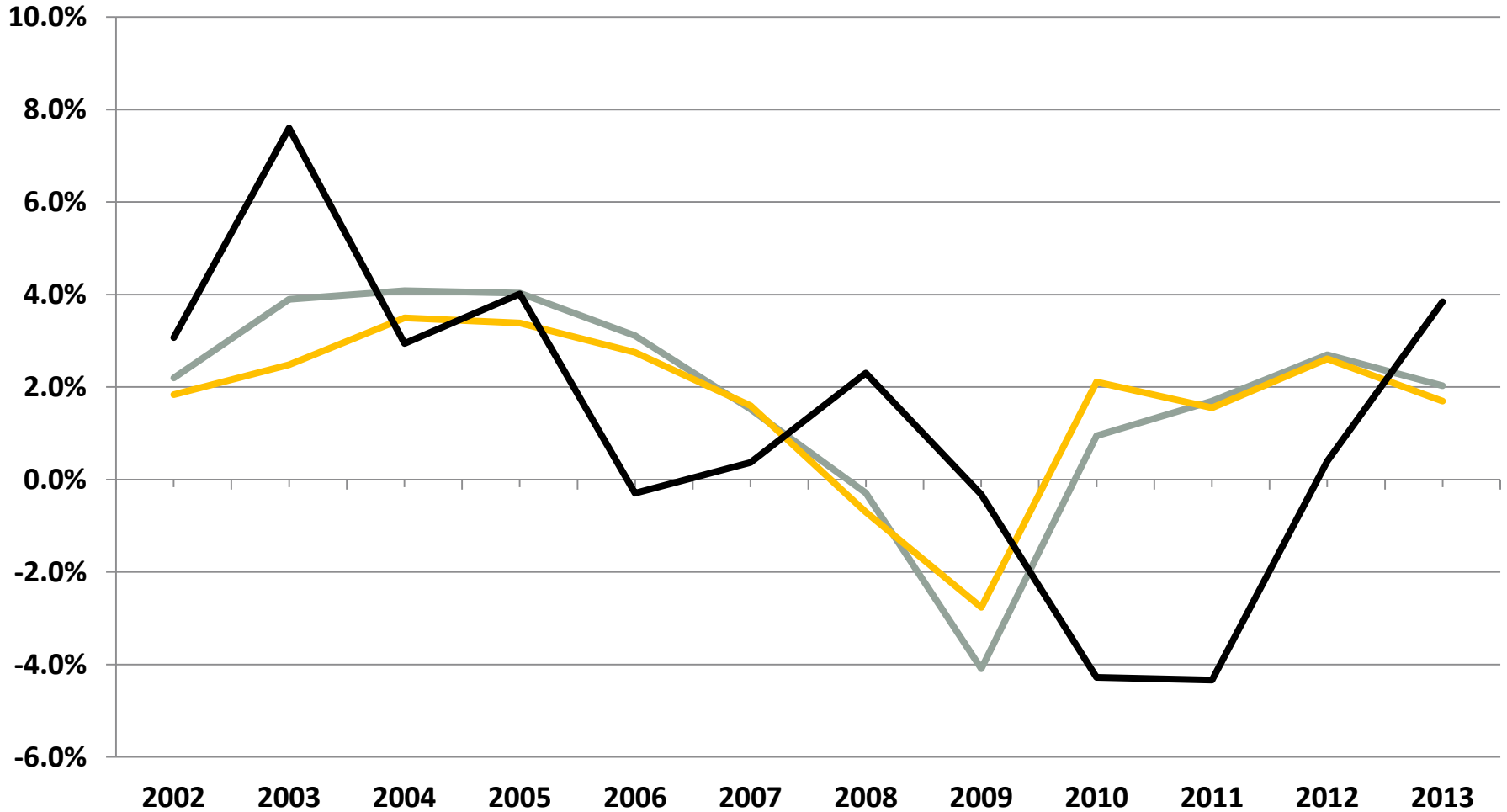


Source: Bureau of Economic Analysis (www.bea.gov)

Gross Product % Change (BEA)

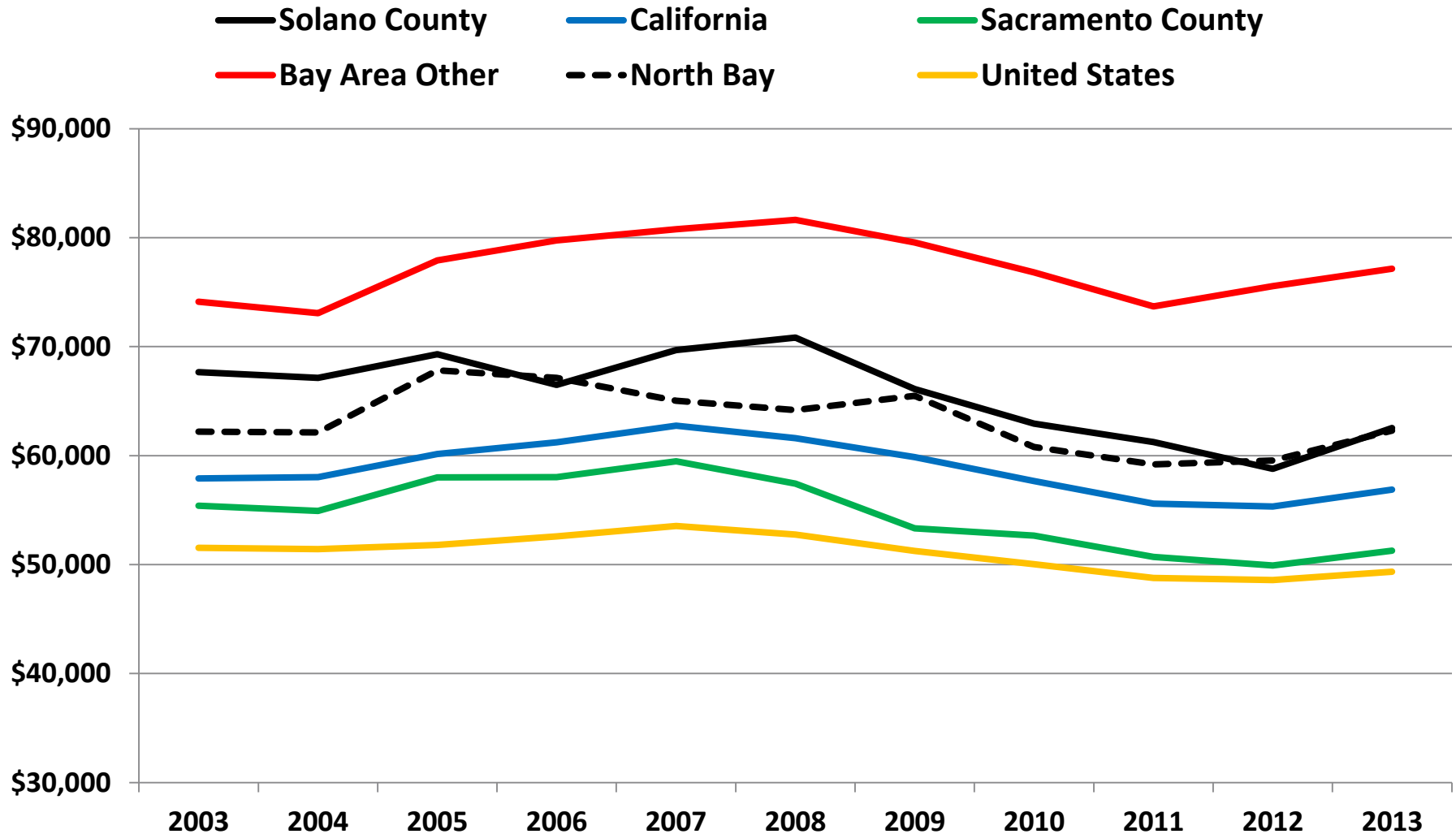


— CA — US — Solano



Source: Bureau of Economic Analysis (www.bea.gov)

Median Household Income (Census), 2010\$

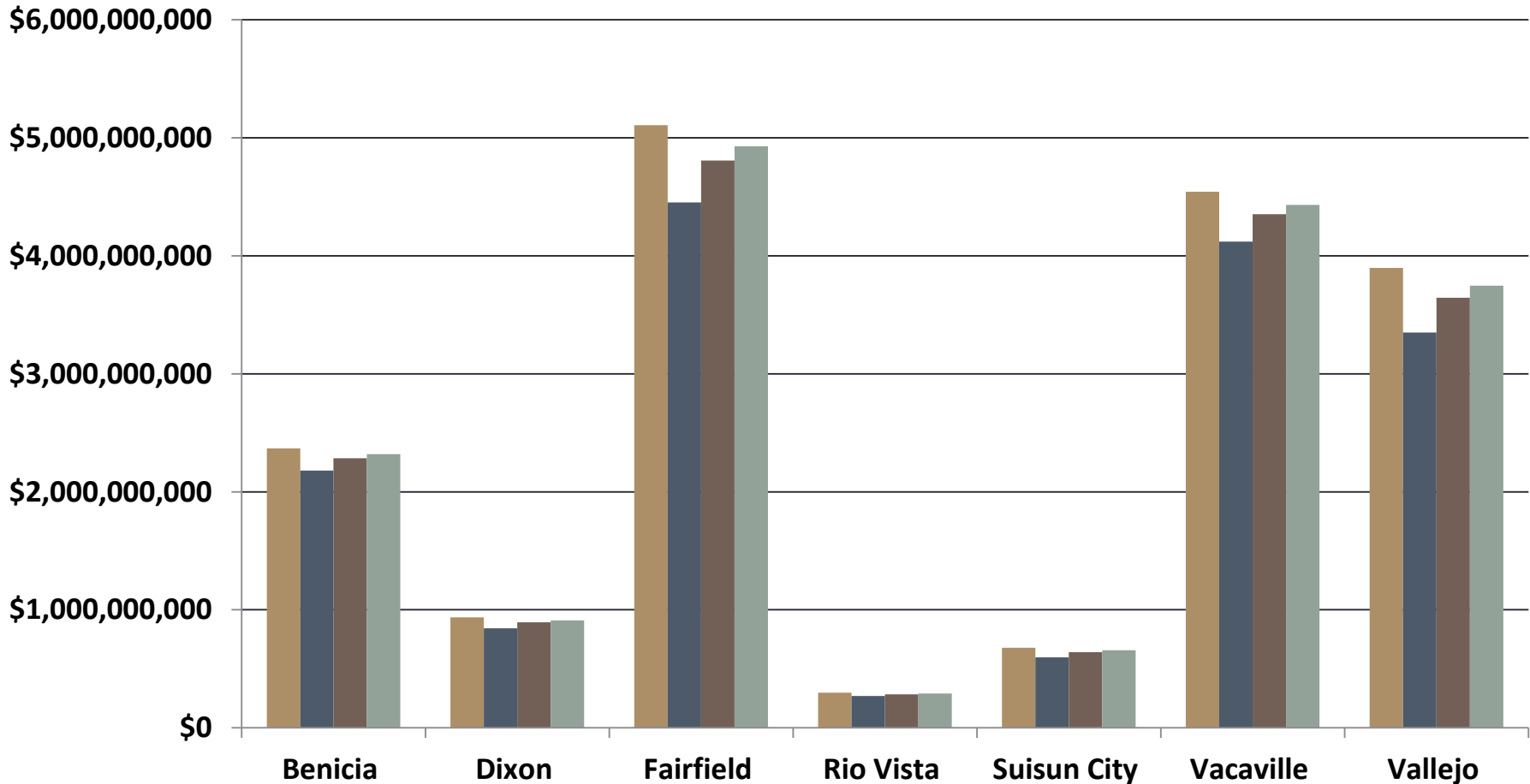


Source: American Community Survey (factfinder.census.gov)

Gross City Product, 2000-2014, 2010 Dollars



■ 2007 ■ 2010 ■ 2013 ■ 2014



Sources: California EDD (www.edd.ca.gov), IMPLAN (www.implan.com)



The Changing Solano County Community

Community Highlights

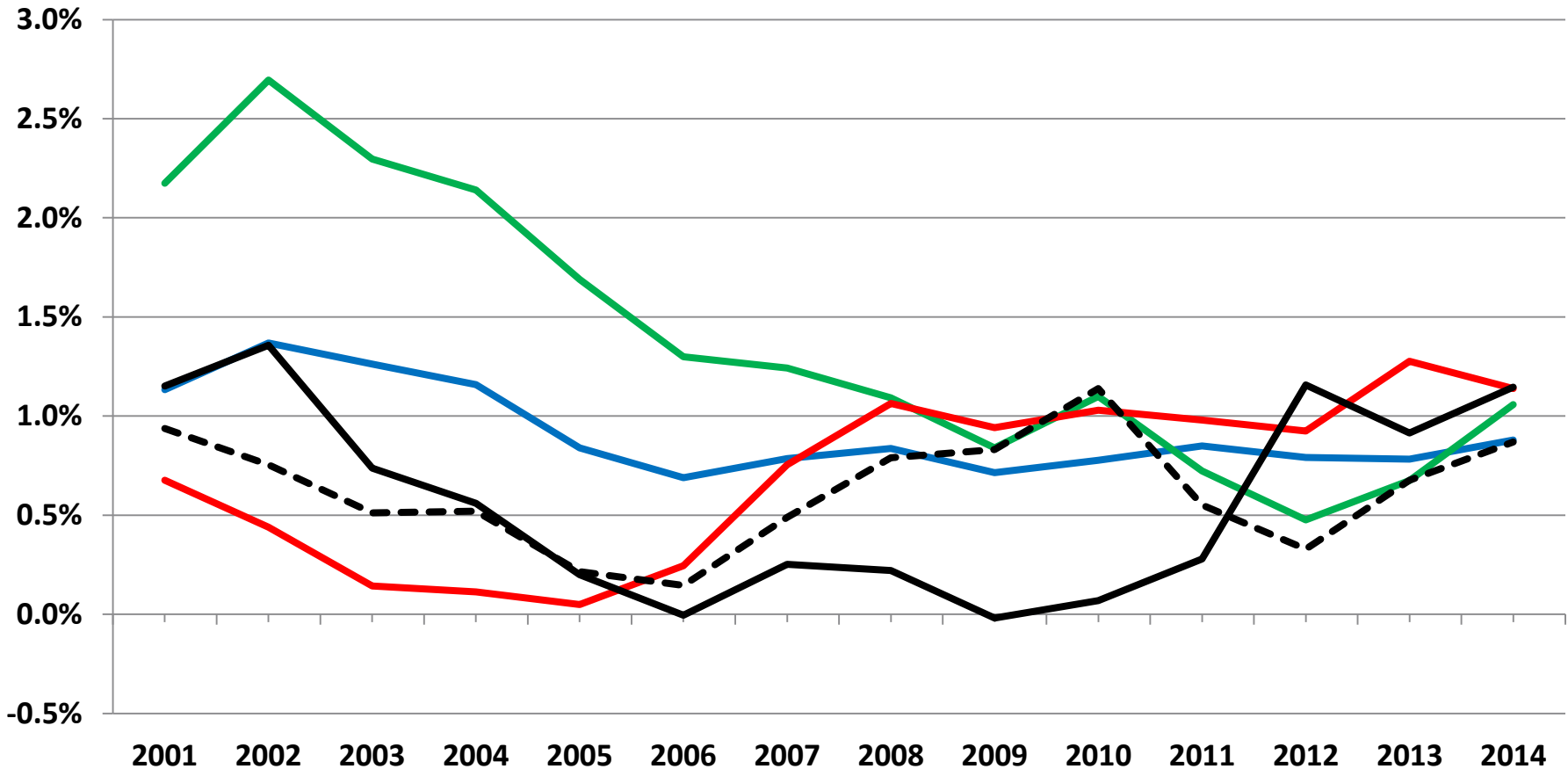


- Population
 - Rising population a sign of local business growth
 - Domestic immigration main population growth factor in 2014
- High school: better results, good trajectory
 - Close to 2006-07 in CSU/UC eligible: improvements in 2013
 - Increase in graduation rates, **now above CA**
- Solano strength in health care networks
- Foreclosures continue to fall
- Aging population continues, expect it not to stop

Population Growth (DOF): 2001-14

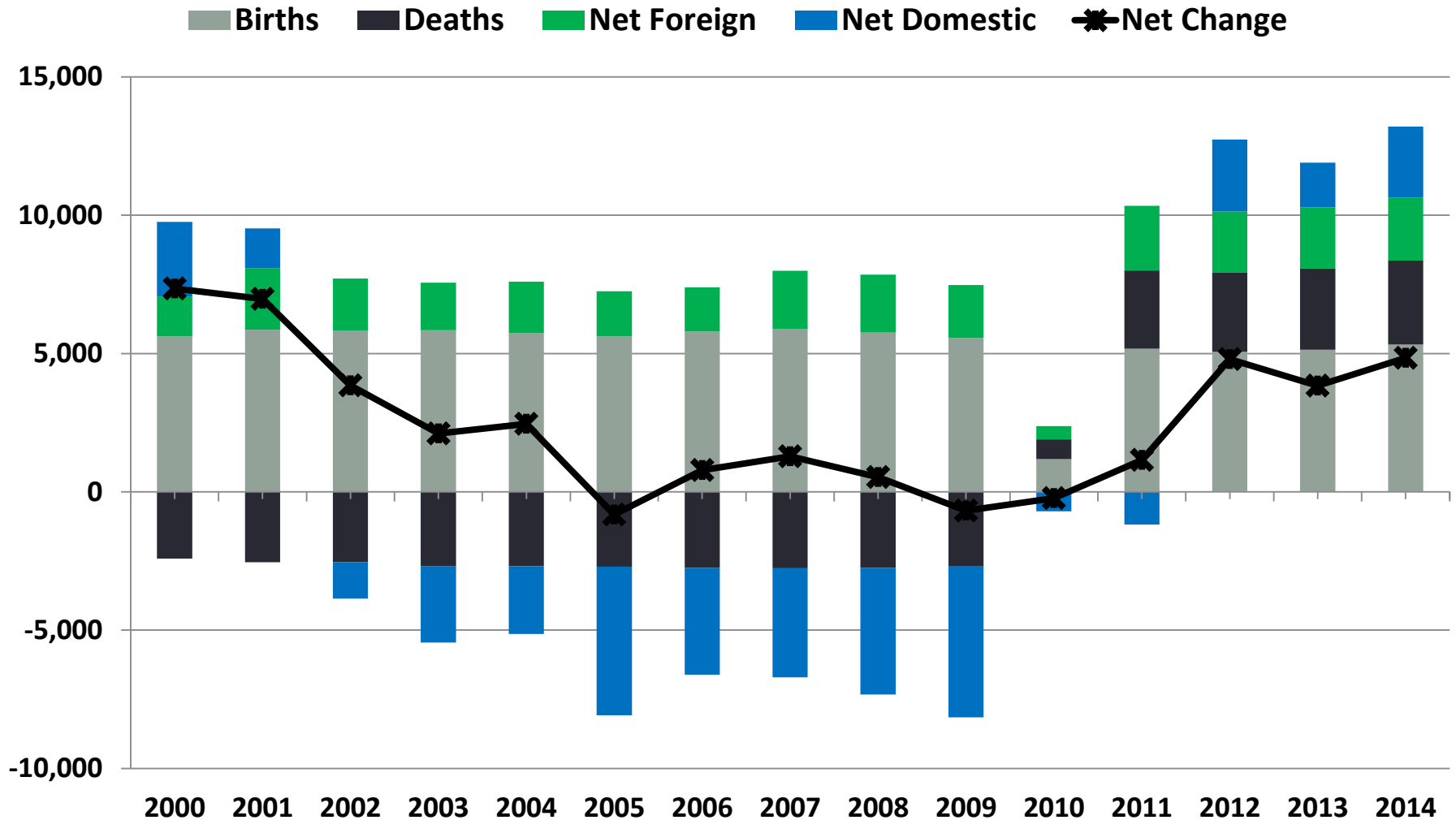


— California
 — Sacramento County
 — Bay Area Other
- - - North Bay
 — Solano County



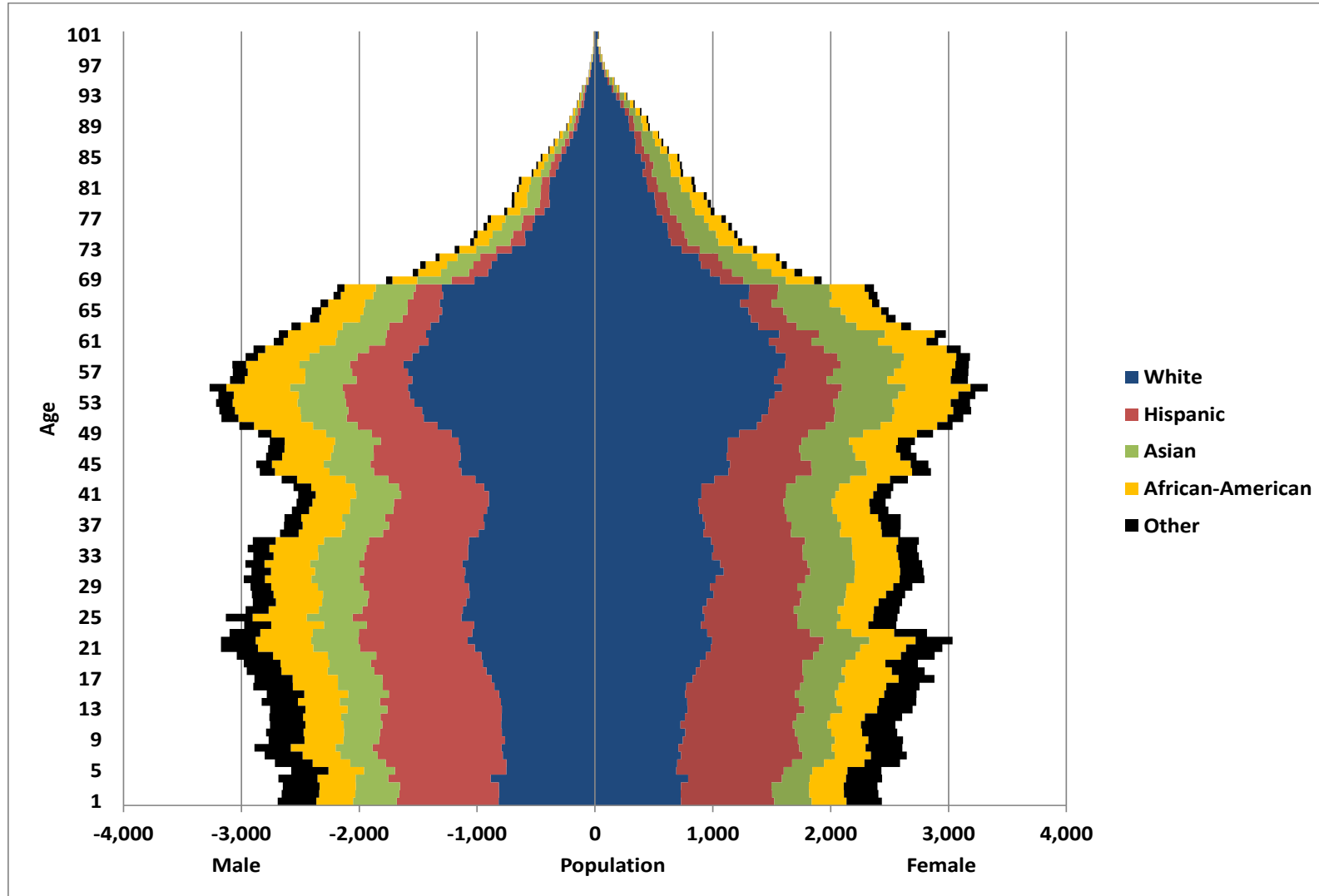
Source: California Department of Finance, Demographic Research Unit (www.dof.ca.gov)

Population Growth (DOF): Components



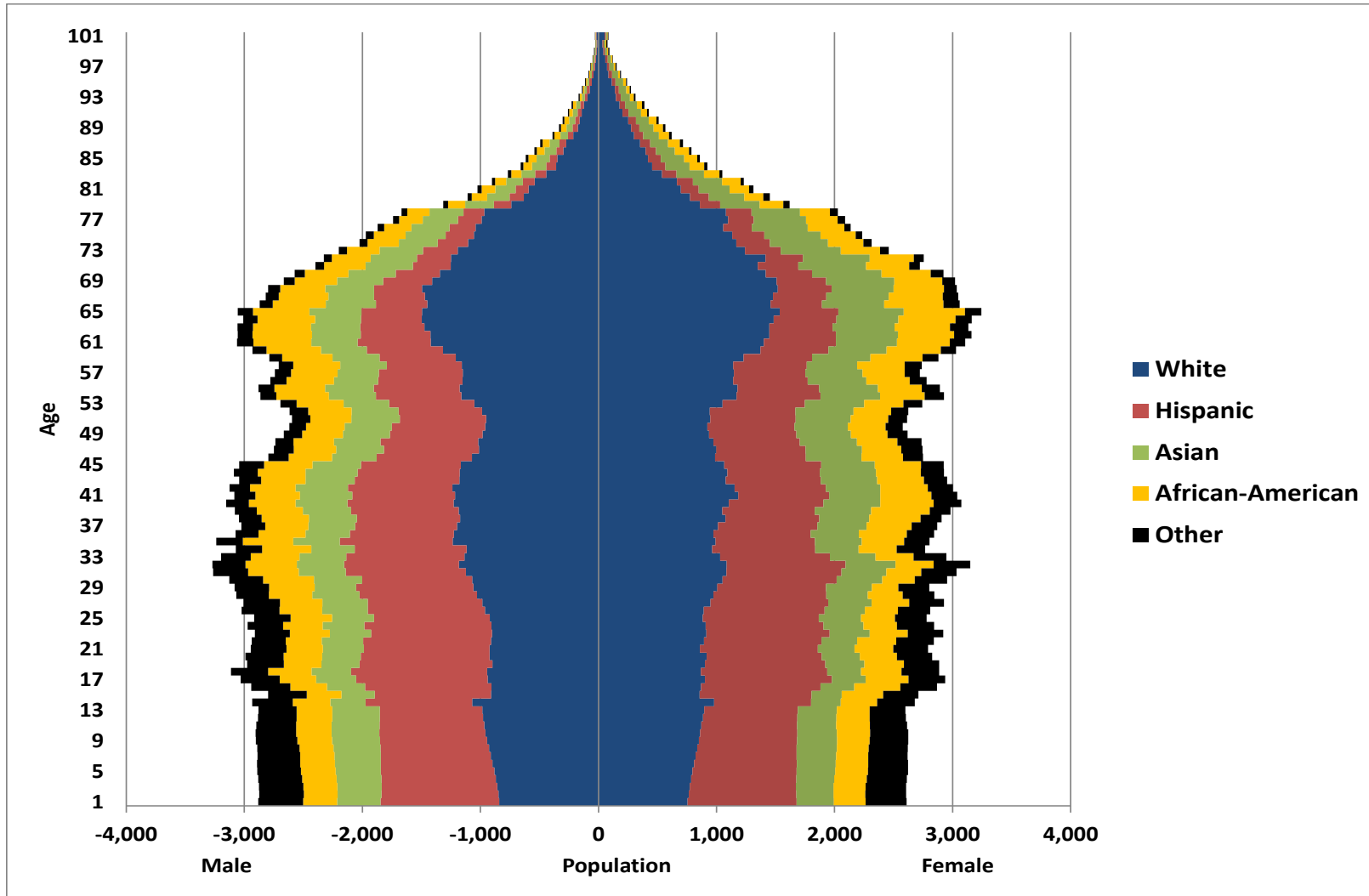
Source: California Department of Finance, Demographic Research Unit (www.dof.ca.gov)

Population Pyramid 2014 (Census)



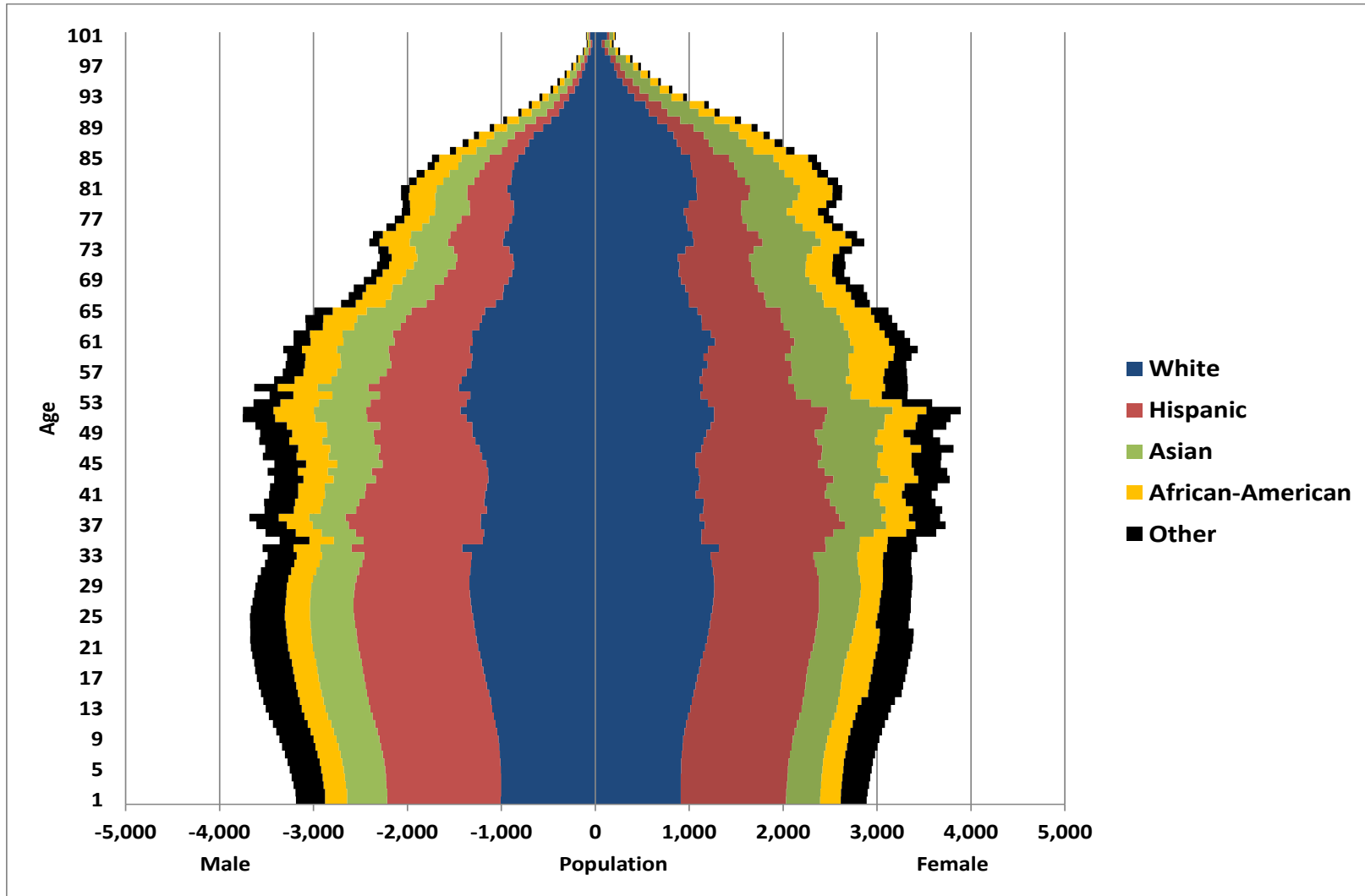
Source: California Department of Finance, Demographic Research Unit (www.dof.ca.gov)

Population Pyramid 2024 (DOF)



Source: California Department of Finance, Demographic Research Unit (www.dof.ca.gov)

Population Pyramid 2044 (DOF)

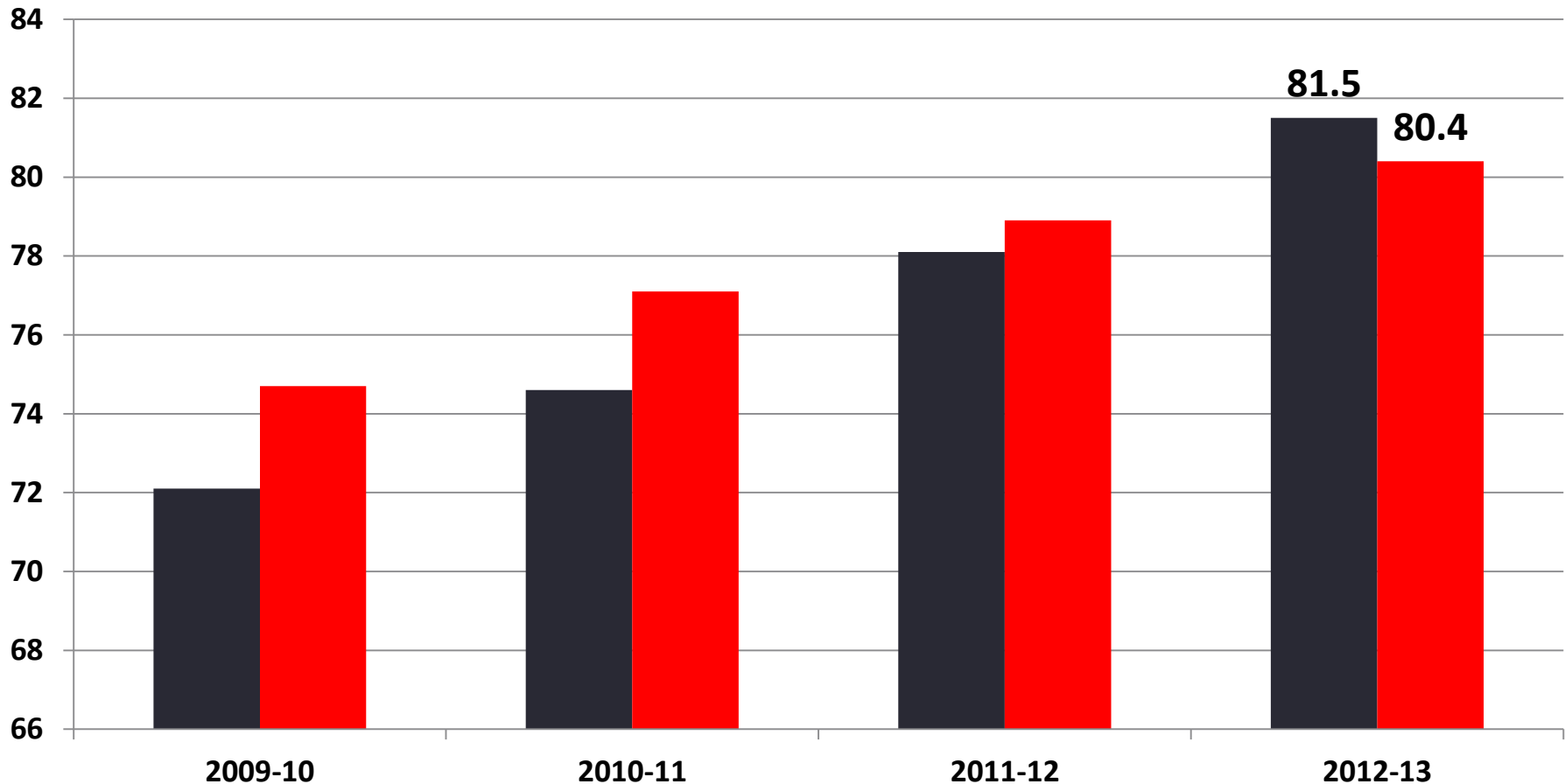


Source: California Department of Finance, Demographic Research Unit (www.dof.ca.gov)

Graduation Rates (CDE), %

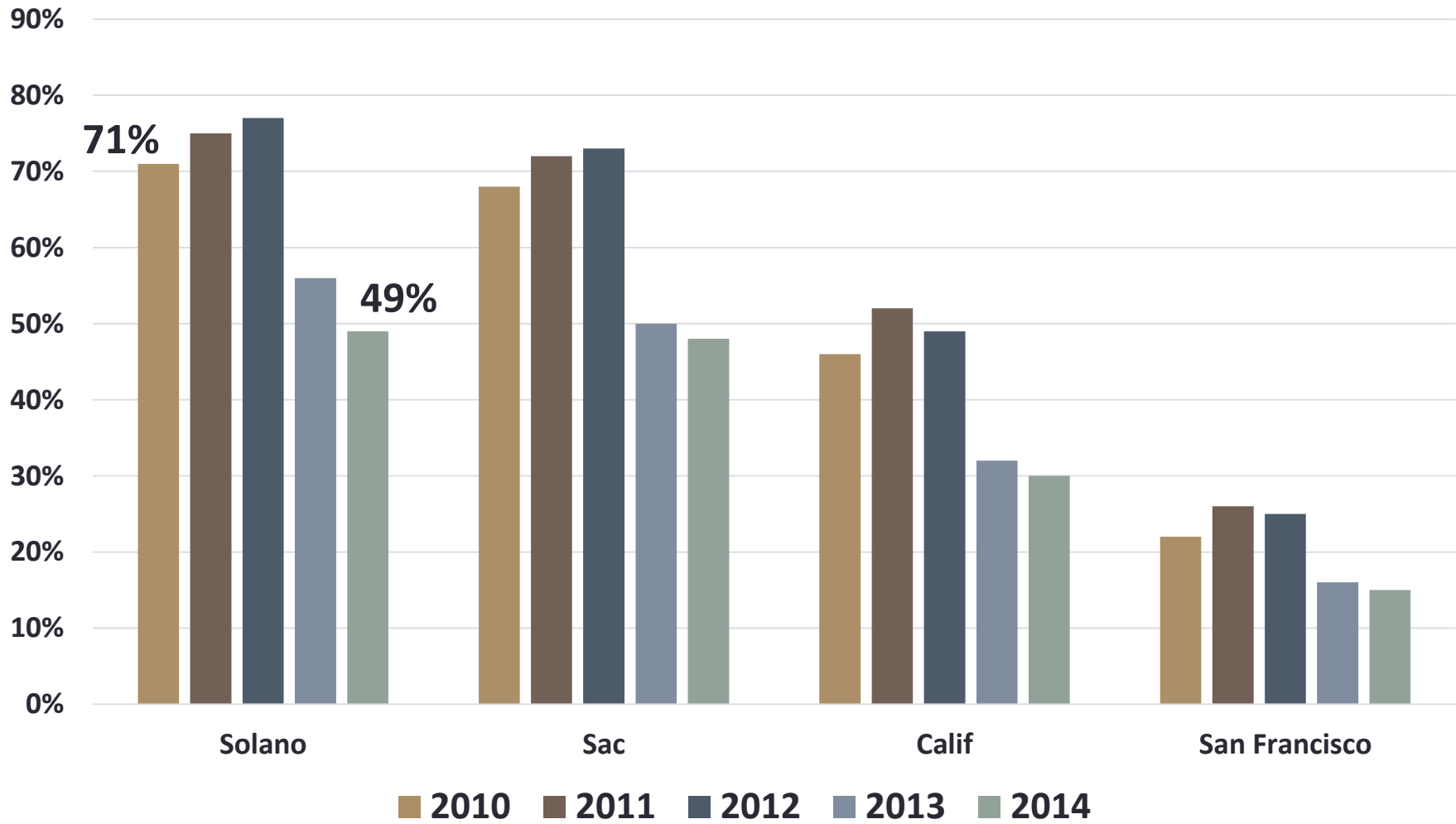


■ Solano County ■ CA



Source: California Department of Education (www.cde.ca.gov)

Housing Affordability (CAR): % of HHs that can afford a home at median home price



Sources: DataQuick and California Association of Realtors

Median Age (Census) 2000-2013



SOLANO
COUNTY



Place	2000	2010	2012	2013
United States	35.3	36.9	37.2	37.3
CA	33.3	34.9	35.2	35.4
Solano County	33.9	36.5	37.0	37.1
Benicia	38.9	45.0	43.9	44.0
Dixon	31.5	32.3	33.7	34.1
Fairfield	31.1	32.8	32.5	33.0
Rio Vista	40.7	55.8	59.8	59.3
Suisun City	31.7	32.7	33.4	32.8
Vacaville	33.9	36.7	37.5	37.5
Vallejo	34.9	37.5	38.0	38.5

Summary



• *Our Changing Economy*

- Solano County expanded with 2,300 new jobs in 2014, growth of 1.8 percent.
- Gross County Product grew by 3.8 percent in 2013, the latest data for Solano County.
- Wages in Solano County remain very competitive with respect to other counties in Solano County's region, especially the urban, Bay Area counties where wages have risen more quickly.
- Private-sector incomes and jobs are leading the way in Solano County's economic expansion.

• *Our Changing Community*

- Population growth in Solano County was 4,844 people in 2014, growth of 1.15 percent.
- Solano County saw its graduation rates rise above the state of California in 2012-13.
- More students were UC and CSU ready in 2013 than any school year since 2007-08.
- Housing prices continued their recovery, foreclosure activity has slowed immensely, but housing affordability is relatively lower.
- Government revenue from property and sales taxes continues to rise in 2014.

Considerations



- Community and Economic progress tied
 - Population growth means less retail leakage
 - Population growth means more housing demand
 - Population growth means more local labor force
 - School progress a reflection of economic progress
- Aging population implies planning now
 - Affects housing and labor markets
 - Median income rising a sign of both labor income and wealth

Through 2020



- Need to support local economic development due to rising competition
- Need to stay business-friendly
- Bay Area most important region in world for now, good opportunities based on Bay Area opp costs
- Interest rate watch a major housing and business investment decision issue through 2017 minimum
- Diversity with lean toward exports



**SOLANO
COUNTY**



Thanks!!

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