



# CALIFORNIA ECONOMIC SNAPSHOT

The California Economic Snapshot has been redesigned for enhanced value based on feedback through a recent reader survey. Each quarterly snapshot will now include a lead article on an economic development topic.

## HIGHLIGHTS

All but three states experienced unemployment at or below 5 percent, putting nearly all states at full employment levels.

There was a decrease in job growth rates across most states from last quarter with only six states experiencing increased job growth from last quarter.

First quarter economic growth outperformed initial estimates at the national and statewide level.

The California Economic Snapshot is produced quarterly by **Economic & Planning Systems, Inc.** (EPS) through a research partnership with the California Academy for Economic Development (CAED), a foundation managed by the California Association for Local Economic Development (CALED). EPS is a full-service economics consulting firm with expertise in economic development and revitalization, real estate economics, fiscal and economic impact analysis, public finance, land use and transportation, and housing policy. To learn more about EPS, visit [www.epsys.com](http://www.epsys.com).



## Mobility Trends and Their Impact on Economic Development

Digital technologies are changing virtually every industry. Mobility is no exception—we are at a historic turning point with several accelerating and converging innovation streams. Four topics underpinning the mobility “revolution” are:

**Electrification** – California’s ambitious climate goals are driving a shift toward electric vehicles. At the same time, micro-mobility devices (e.g. scooters) are rapidly proliferating.

**Automation** – California is the global center of autonomous vehicle (AV) technology, leading a race to deliver safe, reliable, self-driving vehicles for consumer and commercial applications.

**Shared Mobility** – A range of new transportation mode choices, on-demand mobility services, and shared vehicles are creating new travel options.

**Mobility Pricing** – The need to replace declining gas tax revenues while maximizing our infrastructure’s efficiency is creating renewed interest in new forms of road pricing.

These revolutionary topics have the potential to reshape cities of all sizes across California. They could change how people and goods travel, how infrastructure is planned, designed, operated and paid for, how transportation impacts the energy grid and the environment, as well as the economics of transportation and other industries.

### Lawmakers’ response to the mobility revolution

The public and private sectors are working together to understand the impact of the mobility revolution. Dozens of proposed laws, regulations, and incentives are already in the pipeline at all government levels. These will shape how California cities are impacted by the mobility revolution and how they embrace and take advantage of it. Examples of policies and incentives include:

- State and local agencies are considering Vehicle Miles Traveled (VMT) Tax and congestion pricing as an alternative to the gas tax. Congestion pricing is also being explored to push auto trips to other transportation modes or to off-peak periods.
- Legislation to streamline permitting for Electric Vehicle Charging Equipment (EVSE) and to facilitate its installation has been introduced. Similarly, facilities that supply electricity to power motor vehicles are not considered a public utility, shifting the path of future “gas stations”.
- Senate Bill 50, introduced late last year, tried to address the mobility, urban sprawl, and

commuting issues in California by up-zoning housing development near transit. The proposal would allow higher density construction on land zoned for only single-family houses; however, the bill has been delayed for a vote until January 2020. The mobility revolution could complement proposals such as those outlined in SB50 with localized programs such as first and last mile mobility solutions.



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### What can economic development agencies do?

There are opportunities and risks for California cities. For example, reduced parking demand could free up land for other uses but also reduce revenues from parking fees and enforcement. Similarly, local economies could be disrupted as industries and business models evolve to reflect changing conditions. There is no one single strategy, policy, or program to leverage mobility solutions to accelerate economic development. Each community has its own constraints and advantages under which mobility trends can be managed. Examples of potential city policies and programs are:

- San Francisco and Los Angeles are studying congestion pricing following the recent approval of a “cordon congestion pricing” measure in New York, where drivers will pay for entering a defined area in Manhattan.
- The DMV has authorized pilot projects to explore applications of AV technology, with limitations on operational speeds and testing areas.
- Research to understand the impact of technology on workers, employers, and the economy. This could inform apprenticeship programs, which may be developed in coordination with technology companies and local community colleges.

The mobility revolution can be an opportunity for California cities, but the challenge is to harness these innovations to enhance mobility choices, social equity, and economic competitiveness. Cities across California can be in the driver’s seat of the mobility revolution and marshal existing resources with the support of subject matter experts to navigate these dynamic times.

For more information visit [www.ARUP.com](http://www.ARUP.com)

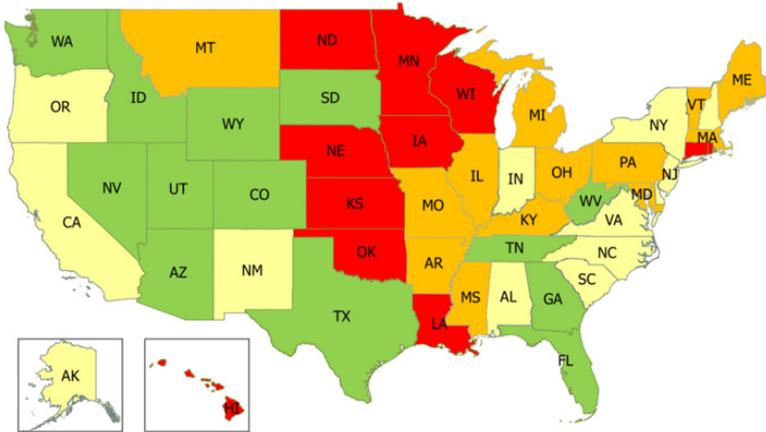
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# CALIFORNIA ECONOMIC SNAPSHOT

## Annual Nonfarm Job Growth Rate By State



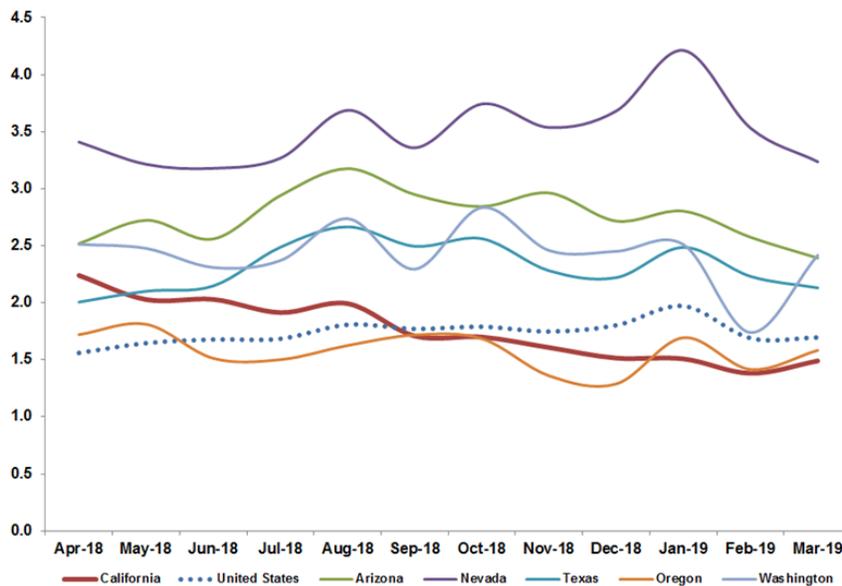
Upper	Upper-Middle	Lower-Middle	Lower
Nevada 3.2%	Alabama 1.6%	Kentucky 0.9%	Oklahoma 0.4%
Utah 3.0%	Oregon 1.6%	Vermont 0.8%	Kansas 0.4%
Washington 2.4%	South Carolina 1.5%	Ohio 0.8%	District of Columbia 0.4%
Idaho 2.4%	<b>California 1.5%</b>	Arkansas 0.8%	Connecticut 0.3%
Florida 2.4%	North Carolina 1.5%	Montana 0.7%	Iowa 0.3%
Arizona 2.4%	New Mexico 1.2%	Pennsylvania 0.7%	Minnesota 0.3%
West Virginia 2.4%	New Jersey 1.1%	Massachusetts 0.7%	North Dakota 0.3%
Texas 2.1%	Indiana 1.1%	Illinois 0.7%	Wisconsin 0.2%
South Dakota 2.0%	Alaska 1.1%	Maryland 0.6%	Hawaii 0.1%
Wyoming 2.0%	Delaware 1.1%	Mississippi 0.6%	Rhode Island -0.1%
Georgia 1.9%	New York 1.1%	Missouri 0.5%	Louisiana -0.1%
Colorado 1.8%	New Hampshire 1.0%	Maine 0.5%	Nebraska -0.1%
Tennessee 1.6%	Virginia 0.9%	Michigan 0.5%	

Source: CA Employment Development Department, March 2019; U.S. Bureau of Labor Statistics; EPS

### Highlights

- California remains in the upper-middle tier, showing an increase of Nonfarm payroll jobs by 1.5 percent in the 12 months ending March 2019, ranking 17<sup>th</sup> among all states.
- Idaho rose to the upper-tier concentration of high performing states on the west coast seen in the two previous years. The area continues to excel in the first quarter with the exception of California and Oregon.
- Nevada rose to be the state with the highest job growth rate at 3.2 percent.
- There was a decrease in job growth rates across most states from last quarter with 43 states realizing a decrease in job growth rates. Only six states experienced increased job growth from last quarter.

## State Annual Nonfarm Job Growth Rate



Source: CA Employment Development Department; U.S. Bureau of Labor Statistics; EPS

### Highlights

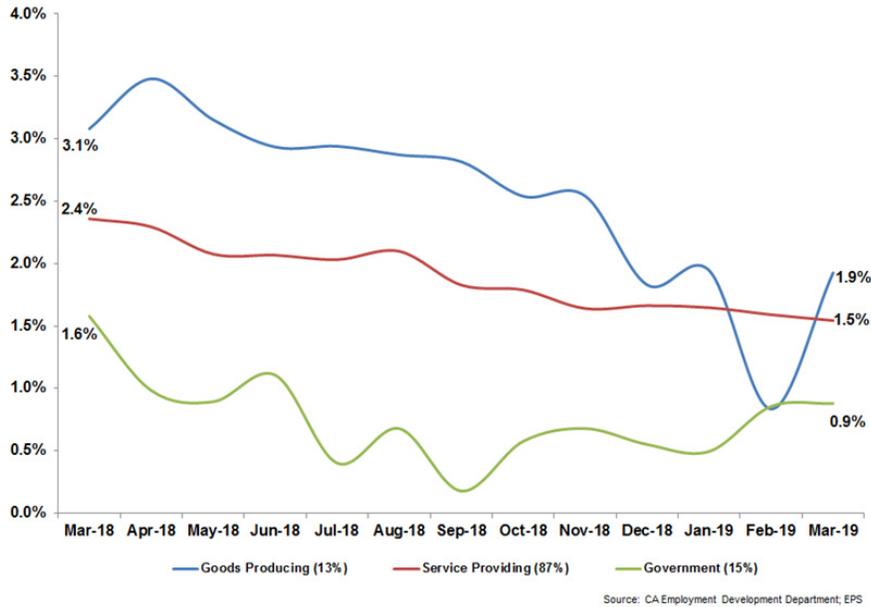
- California's annual job growth remained consistent with the last quarter, remaining below the national average.
- Job growth rates for the United States slightly fell after a minor spike in January.
- Texas, Arizona, and Nevada all experienced decreases in job growth rates throughout the quarter.
- Despite a sharp decline at the beginning of the quarter, Washington ended at a job growth level consistent with the previous quarter.

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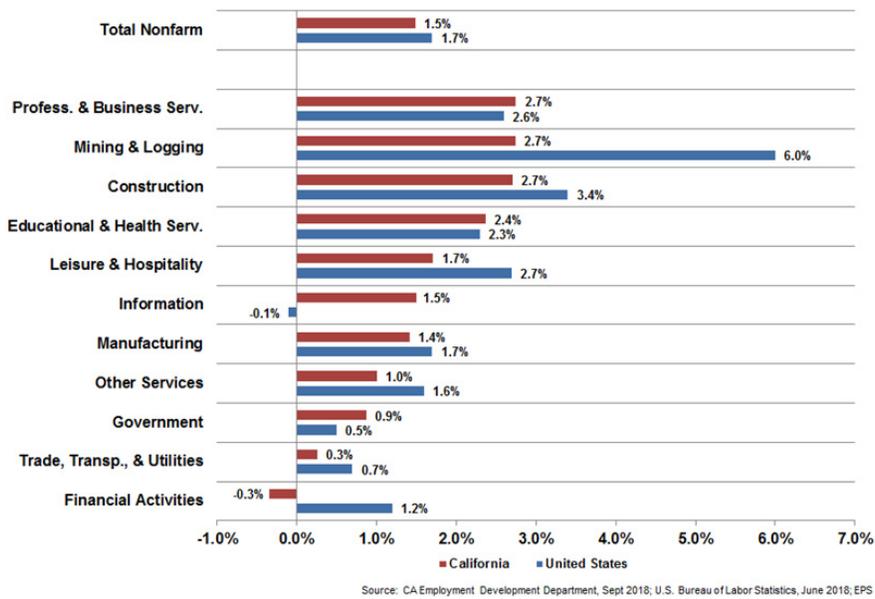
### California Annual Industry Segment Job Growth Rate



Highlights

- Job growth in California’s Service-Providing sectors, comprising 87 percent of Nonfarm jobs, remained relatively steady in terms of job growth ending slightly below the previous quarter.
- Despite a sharp decline in February, growth in Goods-Producing sectors ended consistent with the previous quarter remaining above the other two sectors.
- Job growth in Government sectors experience a slight upward trend early in the quarter ending at levels slightly higher than the previous quarter.

### California & United States Annual Major Sector Job Growth Rate



Highlights

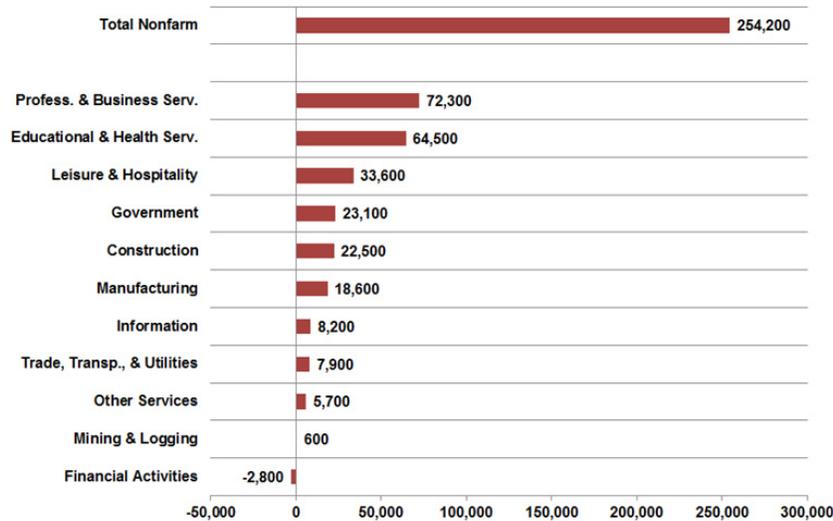
- California’s annual job growth rate outpaced the nation in four of the 11 major sectors, but lagged in total Nonfarm job growth. Positive (albeit tepid) job growth was experienced in all sectors except financial activities.
- The most robust state job growth rates occurred in Construction, Professional and Business Services, and Mining and Logging.
- Job growth rates in the Mining and Logging industry continued to rise sharply in the United States and in California.

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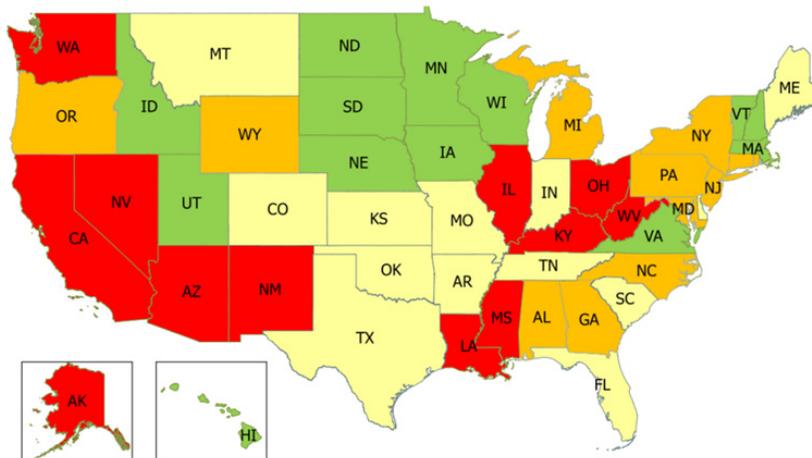
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## California Absolute Annual Job Gains and Losses



Source: CA Employment Development Department, Sept 2018; EPS

## State Annual Average Unemployment Rate



Upper		Upper-Middle		Lower-Middle		Lower	
Iowa	2.5%	Missouri	3.2%	Maryland	3.9%	Kentucky	4.2%
New Hampshire	2.5%	South Carolina	3.3%	Georgia	3.9%	<b>California</b>	<b>4.2%</b>
Vermont	2.5%	Oklahoma	3.3%	Alabama	3.9%	Illinois	4.3%
North Dakota	2.5%	Maine	3.4%	North Carolina	3.9%	Nevada	4.4%
Hawaii	2.6%	Colorado	3.4%	Rhode Island	3.9%	Ohio	4.5%
Nebraska	2.8%	Kansas	3.4%	Wyoming	3.9%	Washington	4.5%
Idaho	2.8%	Tennessee	3.4%	New York	4.0%	Mississippi	4.8%
Virginia	2.9%	Florida	3.5%	Connecticut	4.0%	Louisiana	4.9%
South Dakota	2.9%	Indiana	3.5%	Michigan	4.0%	Arizona	4.9%
Wisconsin	3.0%	Delaware	3.5%	New Jersey	4.1%	New Mexico	4.9%
Minnesota	3.0%	Arkansas	3.7%	Pennsylvania	4.1%	West Virginia	5.2%
Utah	3.1%	Montana	3.7%	Oregon	4.2%	District of Columbia	5.6%
Massachusetts	3.2%	Texas	3.8%			Alaska	6.6%

Source: CA Employment Development Department, March 2019; U.S. Bureau of Labor Statistics; EPS

### Highlights

- Just over 254,000 Nonfarm jobs were added in California in the 12 months prior to March 2019.
- California’s absolute job gains were strongest in Professional and Business Services, led by growth in employment in scientific research and development and technical consulting services.
- Despite showing strong job growth rates, the Mining and Logging industry added only 600 jobs, the lowest absolute growth of any industry showing positive job growth.

### Highlights

- California’s annual average unemployment rate remained consistent with last quarter at 4.2 percent, falling to the lower-middle tier.
- All but three states have experienced unemployment at or below 5 percent, putting nearly all states at full employment levels.
- Unemployment rates have decreased across 33 states from the previous quarter continuing a downward trend from the last three quarters.
- Just over 21 percent of unemployed Californians have been out of work for more than 27 weeks, a figure that remains slightly higher than the national average of 20 percent.
- California’s “real” unemployment, accounting for underemployed and marginally attached workers, was 9 percent, also higher than the national average of 8 percent.

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### Annual Nonfarm Job Growth Rate for Metropolitan and Non-Metropolitan Areas



Upper		Upper-Middle	
Mono County	11.7%	San Francisco MSA	2.6%
Trinity County	4.5%	Colusa County	2.4%
Plumas County	3.9%	Bakersfield MSA	2.3%
Fresno MSA	3.9%	Tuolumne County	2.3%
Glenn County	2.9%	Calaveras County	2.1%
<b>Sacramento MSA</b>	<b>2.8%</b>	Merced MSA	2.1%
Salinas MSA	2.0%	Chico MSA	1.9%
Humboldt County	2.8%	Madera MSA	1.8%
Yuba City MSA	2.7%	Inyo County	1.6%
Santa Maria MSA	2.7%	Amador County	1.6%
Modoc County	2.7%	Santa Cruz MSA	1.5%
<b>San Jose MSA</b>	<b>2.6%</b>		

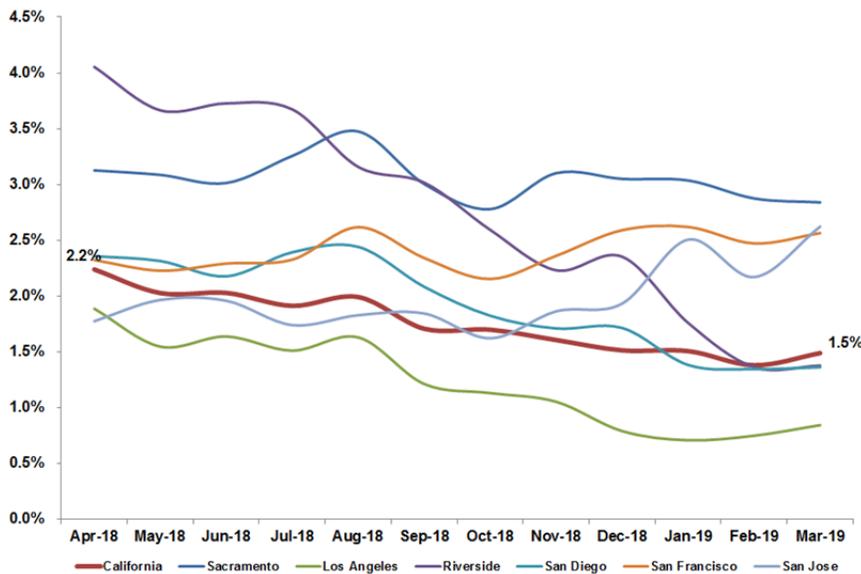
Lower-Middle		Lower	
Riverside MSA	1.4%	Siskiyou County	0.5%
San Diego MSA	1.4%	Modesto MSA	0.5%
Mendocino County	1.2%	Lake County	0.4%
Tehama County	1.0%	Santa Rosa MSA	0.4%
Nevada County	1.0%	El Centro MSA	0.4%
Visalia MSA	0.9%	Vallejo MSA	0.3%
Oxnard MSA	0.9%	Redding MSA	0.0%
Lassen County	0.9%	Hanford MSA	0.0%
San Luis Obispo MSA	0.9%	Alpine County	-1.0%
<b>Los Angeles MSA</b>	<b>0.8%</b>	Mariposa County	-1.0%
Stockton MSA	0.6%	Del Norte County	-1.0%
Napa MSA	0.5%	Sierra County	-1.9%

Source: CA Employment Development Department, Feb 2019; EPS

### Highlights

- Job growth rates in the Sacramento metro rose by approximately 1 percent, elevating the metro to the upper tier.
- Despite job growth rates in the San Jose metro falling by over one-half percent from the previous quarter, the metro remains in the upper tier.
- While the San Francisco metro remains in the upper-middle tier, the metro continues to account for 21 percent of the state's absolute job growth alone and 39 percent when combined with the Los Angeles metro, greater than levels seen in the prior quarter.

### California Large MSA Annual Nonfarm Job Growth Rate



Source: CA Employment Development Department; EPS

### Highlights

- The Los Angeles metro continues to experience the lowest job growth rates among the major metros.
- Job growth rates in the Riverside metro plummeted early in the quarter before stabilizing and ending just below the statewide average.
- San Jose job growth rates continue to rise, continuing the trend from last quarter, ending second among major metros, below Sacramento.
- The Sacramento metro continued to experience the strongest job growth rates among the major metros.

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## Annual Average Unemployment Rate for Metropolitan and Non-Metropolitan Areas



Upper		Upper-Middle	
San Jose MSA	2.5%	Mono County	3.8%
Santa Rosa MSA	2.6%	Riverside MSA	3.9%
Napa MSA	2.7%	Inyo County	4.0%
San Luis Obispo MSA	2.8%	Calaveras County	4.0%
San Francisco MSA	3.0%	Amador County	4.0%
San Diego MSA	3.1%	Mendocino County	4.1%
Sacramento MSA	3.5%	Los Angeles MSA	4.3%
Nevada County	3.5%	Santa Cruz MSA	4.6%
Oxnard MSA	3.5%	Redding MSA	4.6%
Santa Maria MSA	3.6%	Tuolumne County	4.7%
Vallejo MSA	3.7%	Chico MSA	4.7%
Humboldt County	3.7%	Alpine County	4.8%

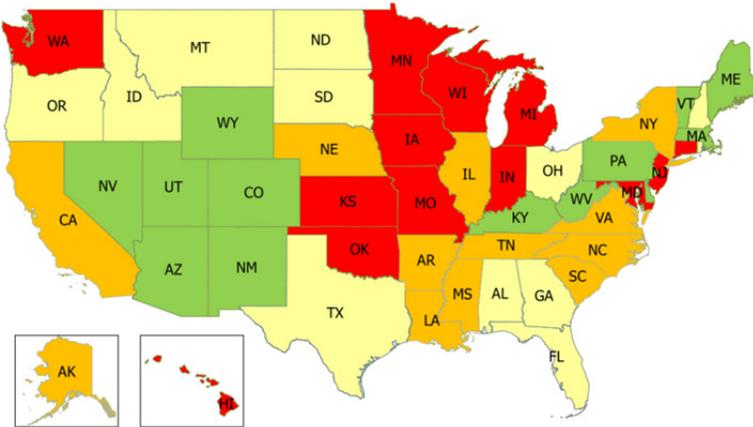
Lower-Middle		Lower	
Lassen County	4.8%	Yuba City MSA	6.6%
Lake County	5.3%	Glenn County	6.7%
Mariposa County	5.3%	Siskiyou County	6.8%
Stockton MSA	5.6%	Fresno MSA	6.9%
Del Norte County	5.6%	Hanford MSA	7.3%
Trinity County	5.8%	Bakersfield MSA	7.4%
Tehama County	5.8%	Modoc County	7.6%
Modesto MSA	5.9%	Merced MSA	7.7%
Salinas MSA	5.9%	Plumas County	7.8%
Sierra County	6.0%	Visalia MSA	8.9%
Madera MSA	6.5%	Colusa County	13.3%
		El Centro MSA	17.0%

Source: CA Employment Development Department, Feb 2019; EPS

### Highlights

- 34 markets had rates at or below 6 percent, placing significantly more than half of all California markets near full employment levels, consistent with the previous quarter.
- San Francisco and San Jose markets continue to experience low unemployment rates and most of the Bay Area metros and counties remain in the upper tier consistent with previous quarters.
- Unemployment rates have increased across 41 California markets and counties from the previous quarter.

## State Leading Index 2018



### Highlights

- The State Leading Index indicator predicts the six-month growth rate of the Coincident Index for each state, combining several indicators of current conditions.
- California's leading index slightly decreased, falling sharply to the 34th rank in March 2019. Economic conditions may improve in the next quarter.

Upper		Upper-Middle		Lower-Middle		Lower	
Delaware	3.1%	Idaho	1.6%	North Carolina	1.0%	Oklahoma	0.5%
Wyoming	2.9%	Ohio	1.6%	Virginia	0.9%	Indiana	0.4%
West Virginia	2.6%	North Dakota	1.5%	Louisiana	0.9%	Washington	0.4%
Arizona	2.4%	South Dakota	1.5%	Alaska	0.9%	Iowa	0.3%
Nevada	2.3%	Montana	1.5%	Arkansas	0.8%	Missouri	0.2%
Massachusetts	1.9%	Texas	1.4%	Tennessee	0.8%	New Jersey	0.2%
Kentucky	1.9%	Oregon	1.4%	Nebraska	0.7%	Wisconsin	0.1%
Utah	1.9%	Florida	1.3%	New York	0.7%	Maryland	0.0%
Pennsylvania	1.9%	Rhode Island	1.3%	<b>California</b>	<b>0.7%</b>	Connecticut	-0.1%
Maine	1.8%	New Hampshire	1.2%	South Carolina	0.6%	Michigan	-0.3%
Colorado	1.8%	Alabama	1.2%	Mississippi	0.5%	Minnesota	-0.4%
New Mexico	1.7%	Georgia	1.1%	Illinois	0.5%	Hawaii	-0.4%
Vermont	1.7%					Kansas	-1.3%

Source: Federal Reserve Bank of St. Louis, March 2019; EPS.

### Economic trends to follow:

- Retailers posted the best monthly increase in over a year, reflecting less of a slowdown in consumer spending than anticipated.
- Recent data suggest stronger first quarter economic performance than expected, reducing concerns of a near-term recession.

For questions regarding the report findings, please contact Sean Fisher, EPS Associate, at (916) 649-8010 or [sfisher@epsac.com](mailto:sfisher@epsac.com). For media and other inquiries, please contact Alphonse Wilfred, Assistant Program Manager, at (916) 448-8252 or [alphonse@caled.org](mailto:alphonse@caled.org).