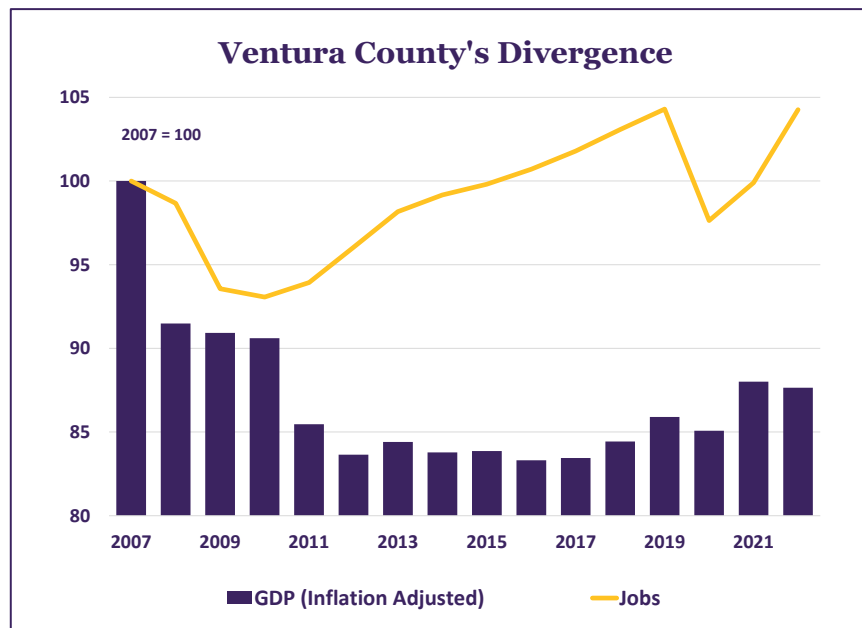


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Historical Perspectives

The evolution of Ventura County’s economy has embodied a key structural divergence. Jobs are being created, especially in the Education and Healthcare sectors, such that the County’s overall 2022 job growth rate was 4.4 percent, a rate equal to that of the United States. However, Ventura County’s output of goods and services, after reaching its peak in 2007, has declined in 8 out of the most recent 15 years of the historical record and is now more than 12 percent lower than the peak of activity (see Figure 1).

Figure 1: The GDP divergence from Jobs



From 2007 to 2022, Education and Health Services job creation was an impressive 19,700 jobs. This creation outpaced that of the entire county by 2,900 jobs.¹ In other words, without this sector’s job growth, Ventura County’s total number of jobs would have been lower in 2022 than it was in 2007. The average salary in the Education and Health Services sector is \$52,400, a salary that not only is woefully inadequate for an individual to afford the median home, but also, under-contributes to GDP growth. This salary stands in contrast to the average Professional Services salary of \$115,200. It is even substantially lower than the construction sector average salary of \$67,200.

While Education and Health Services has contributed in a large way to our jobs increase, the Non-Durable Manufacturing and Management of Enterprises (a sub-sector of Professional and Business

¹ Education in this case is privately-provided education services, including child-care, private primary and secondary schools, etc.

Services) sectors (NDU-MGM) has contributed in an out-sized way to our GDP decline. While inflation-adjusted countywide GDP declined by \$8.8 billion from 2007 to 2022, the NDU-MGM sector declined by \$16.2 billion. The NDU-MGM salary is \$161,200, which helps us understand the large driving force that the NDU-MGM sector’s decline has had on the contraction of our economy.

Ventura County’s population peaked in 2015 at 850 thousand persons and has contracted to 826 thousand persons according to the latest data. Our population dynamic has been characterized by domestic outflows that might be described as vicious.² Net domestic outflows, which consider only net flows of Ventura County residents to other locations within the U.S., not only have dominated foreign inflows, but they have even dominated *overall* population change. Since 2014, net domestic outflows have accounted for a least 50 percent of the overall population decline in each year. In addition, from 2016 through 2020, domestic outflows were *always more than double* the overall population change. The average outflow during the eight years since the County’s peak population, which is also the most recent eight years, has been about -7,100 persons per year.

Ventura County’s Forecast

CERF’s forecast is computed under the assumption that the Ventura County policy and regulatory environment will not change materially from the stage that was set in 1995 when SOAR was initially established. This implies that Ventura County will not be competitive in attracting households and companies relative to other counties in the U.S. It also implies ongoing job growth fueled by relatively low paying sectors, especially Education and Healthcare, as has been occurring in Ventura County as described above. And it implies continuation of a historically low new housing development rate.

Historical and Forecast Growth Comparisons							
	2020	2021	2022	2023	2024	2025	2026
	<i>History</i>			<i>Forecast</i>			
Ventura County							
GDP growth	-1.0	3.4	-0.4	-0.1	0.4	-0.1	-0.5
Non-Farm Job Growth	-7.0	3.0	4.2	2.0	2.1	1.2	1.1
GDP Growth							
Los Angeles County	-5.0	6.2	2.1	2.1	2.8	1.8	1.5
California	-1.3	7.6	0.7	2.1	2.8	1.8	1.6
United States	-2.2	5.8	1.9	2.5	2.6	1.4	1.2

Sources: U.S. Bureau of Economic Analysis, CA Employment Development Department, CLU-CERF

² Net flows of Ventura County population to other locations within the United States.

Average annual GDP growth since the peak of Ventura County GDP in 2007 has been a contraction of 0.8 percent. Average annual growth for 2023 to 2026 in CERF's forecast is an improvement, but not hugely so, at a rate of negative 0.1 percent. Consistent with recent history, our forecast of average growth across all counties in the U.S. will outpace that of Ventura County, substantially, at an average growth rate of 1.9 percent.

With the baseline assumption that Ventura County will not attract, or succeed in retaining households and firms, net domestic migration will continue to be an outflow to other counties in the U.S. Our forecasted average outflow of 6,800 persons during 2024 to 2026 is less than the recent historical experience of outflows of 8,600 persons per year in the past 3 years (an average rate that was certainly increased by the COVID-19 pandemic and the resulting government-mandated shutdowns), and 7,100 persons per year since the peak of Ventura County's population in 2016. The overall population growth forecast is for a gradual decline of negative 0.3 percent per year on average during 2024 to 2026. This is an improvement over the annual average decline of 0.7 percent during the most recent three years.

CERF's Ventura County home price forecast is for continued appreciation, with an overall 16.5 percent price rise from 2023 to 2026. This is a slowdown from the growth rate of 24.7 percent that occurred from 2020 to 2023. There are offsetting factors that guide this forecast. While restricted supply and Ventura County's pleasant climate and abundant environmental amenities provide support for appreciation, economic malaise (a relatively larger effect) and mortgage rates (a relatively smaller effect) subtract from home price appreciation.

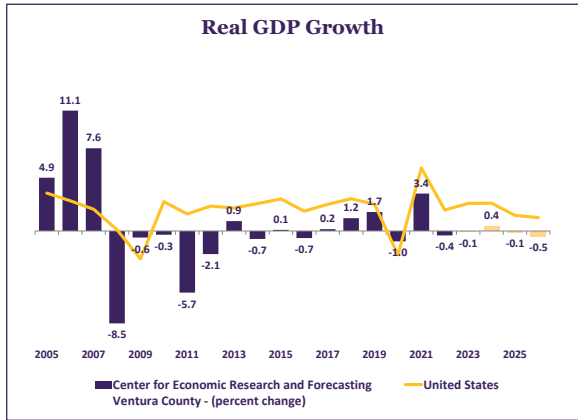
Risks to the Forecast

If Ventura County policies were to change in ways that provide a more growth-oriented environment, then our economic and population forecasts could be low. These are forecasts that CERF would love to get wrong. If the composition of job growth shifted toward higher-paying jobs due to a more growth-oriented environment, then our economic and population forecasts could be substantially low. If the new home-building rate were to increase substantially from our assumption, house price appreciation should moderate a bit.

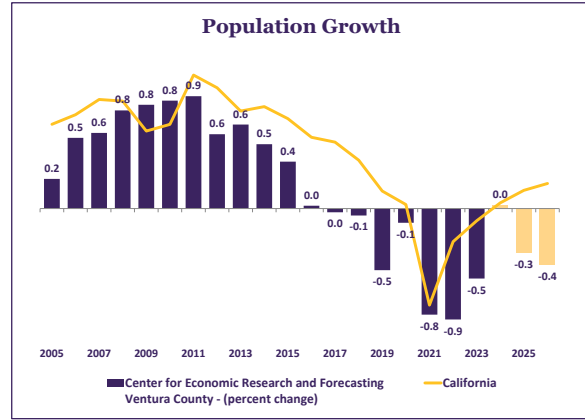
A U.S. economic recession, such as one induced by a geo-political crisis, would cause CERF's forecasts for Ventura County and the State to be optimistic. The possibility for such an occurrence is a bit higher now than it was when we presented our Ventura County forecast a year ago.

Ventura County Forecast Charts are provided on the next page.

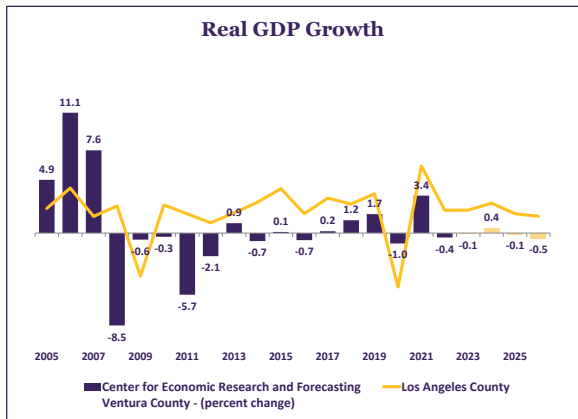
Forecast Charts



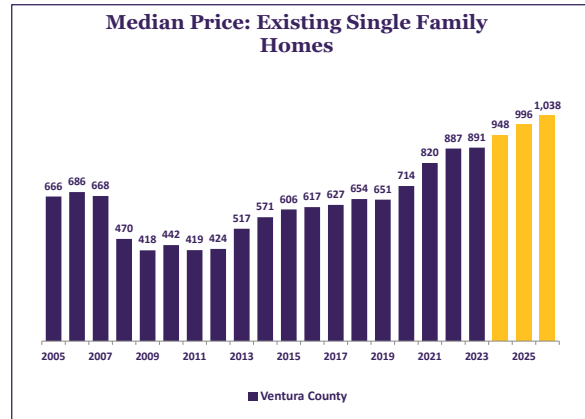
Sources: U.S. BEA & CERF



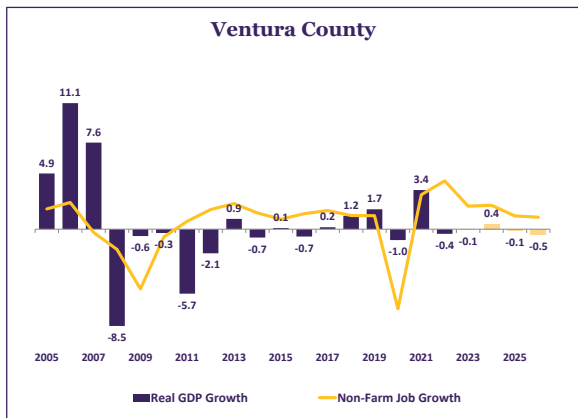
Sources: CA-DOF & CERF



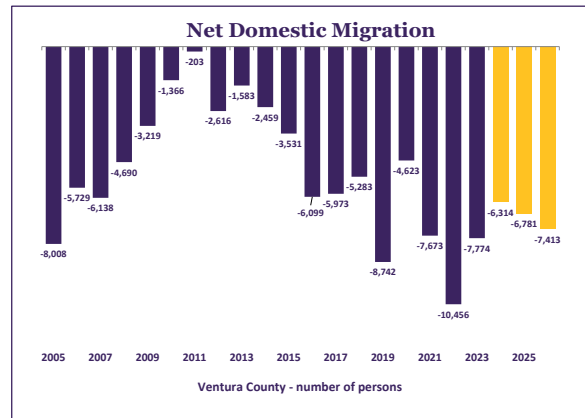
Sources: U.S. BEA & CERF



Sources: California Association of Realtors & CERF



Sources: U.S. BEA, CA-EDD, & CERF



Sources: CA-DOF & CERF