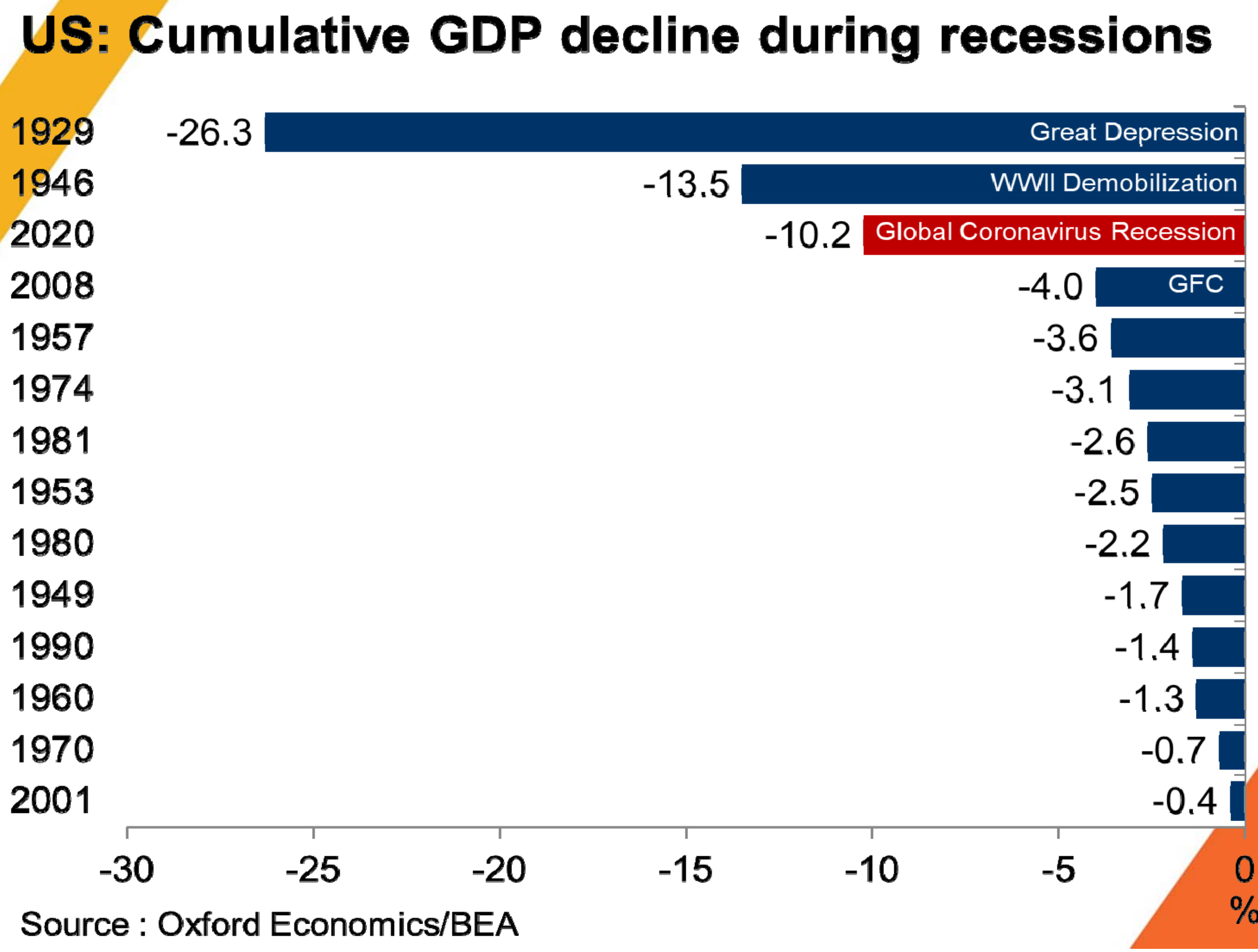
Megaregion economic performance and connections

March 26, 2021

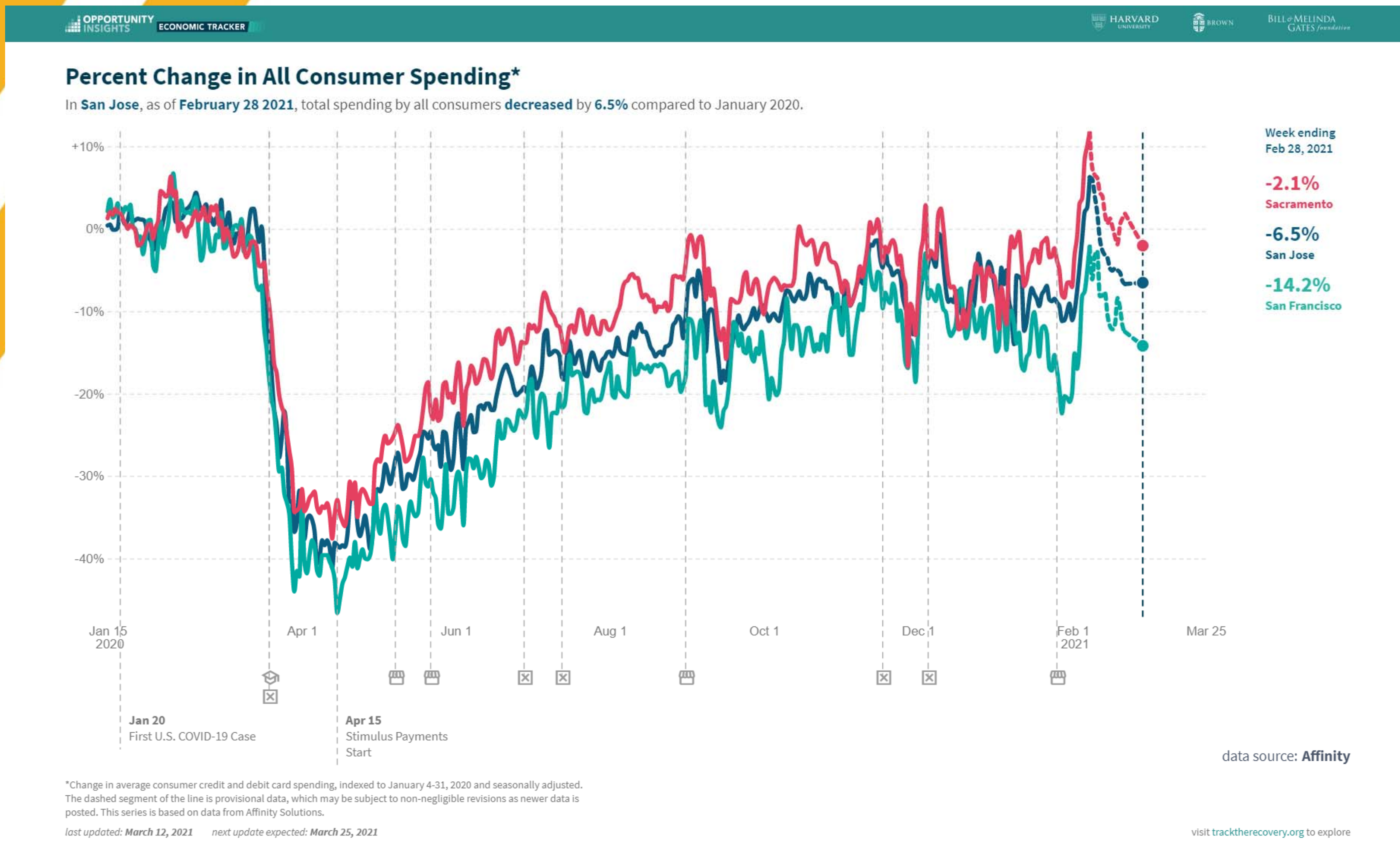
UNIVERSITY OF THE PACIFIC

Center for Business and Policy Research

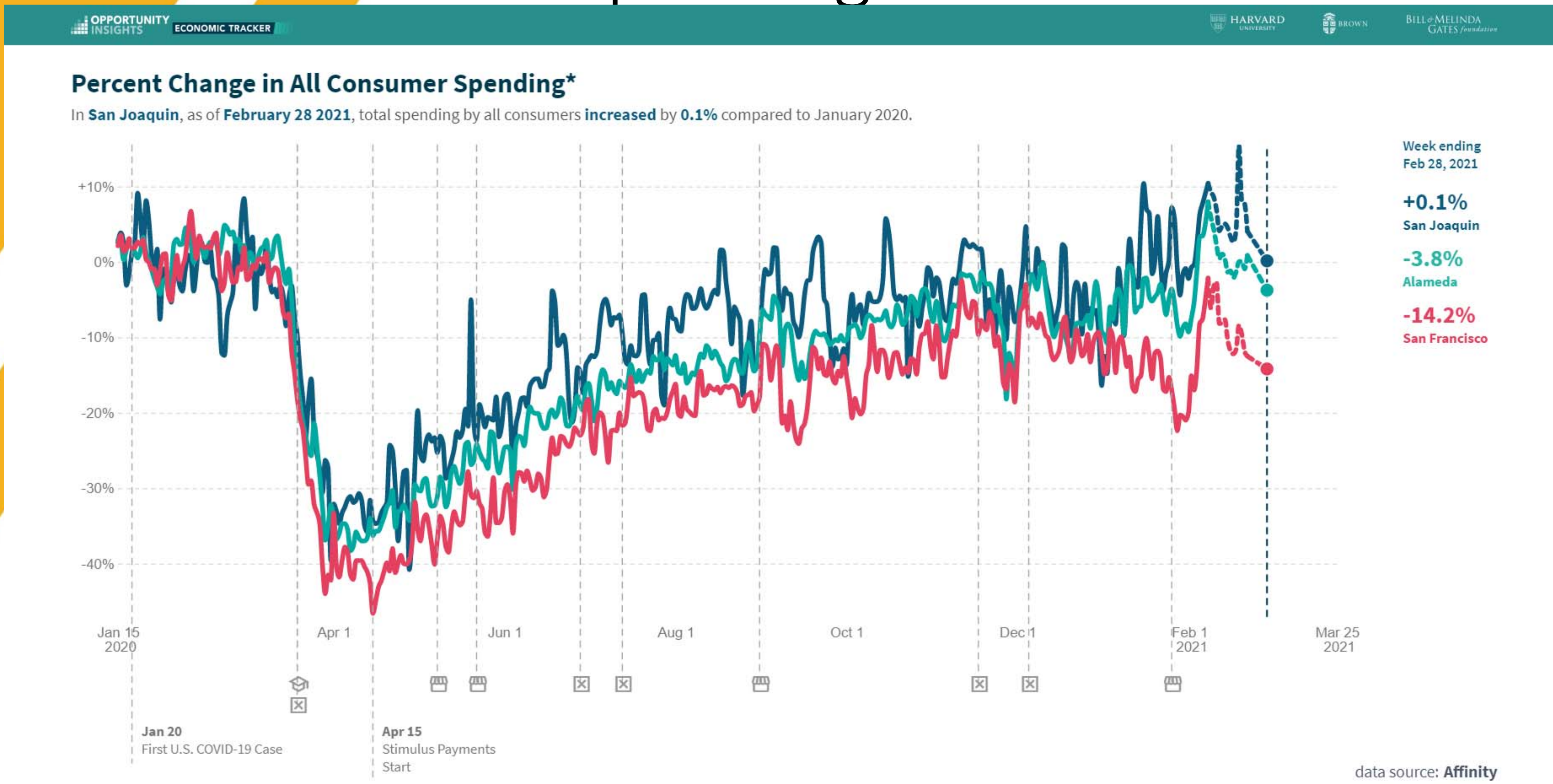
Historic Decline in GDP (almost all in 1 quarter)



Consumer Spending By Metro Areas: Poised For More Growth



Consumers spending select counties

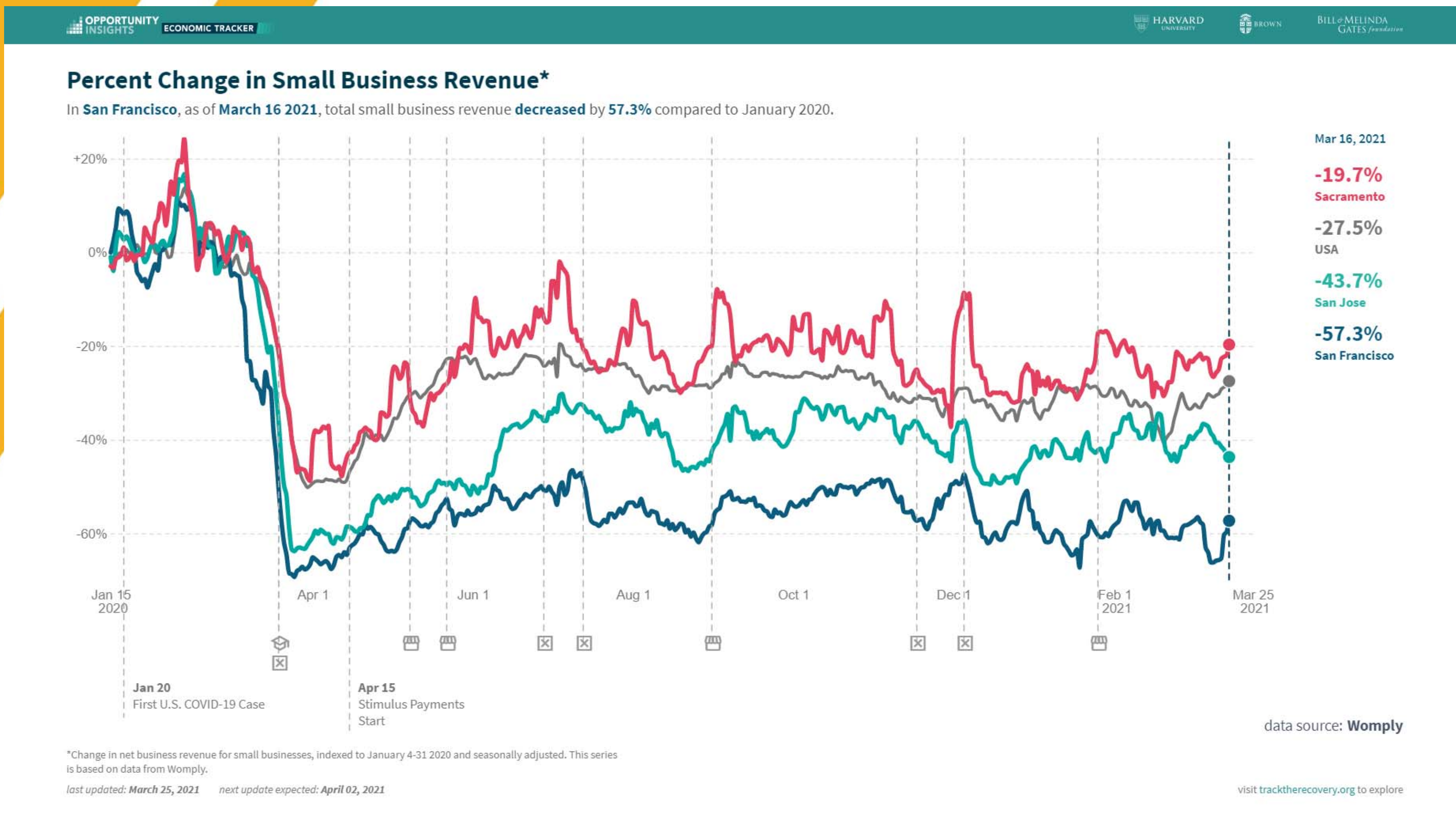


*Change in average consumer credit and debit card spending, indexed to January 4-31, 2020 and seasonally adjusted. The dashed segment of the line is provisional data, which may be subject to non-negligible revisions as newer data is posted. This series is based on data from Affinity Solutions.

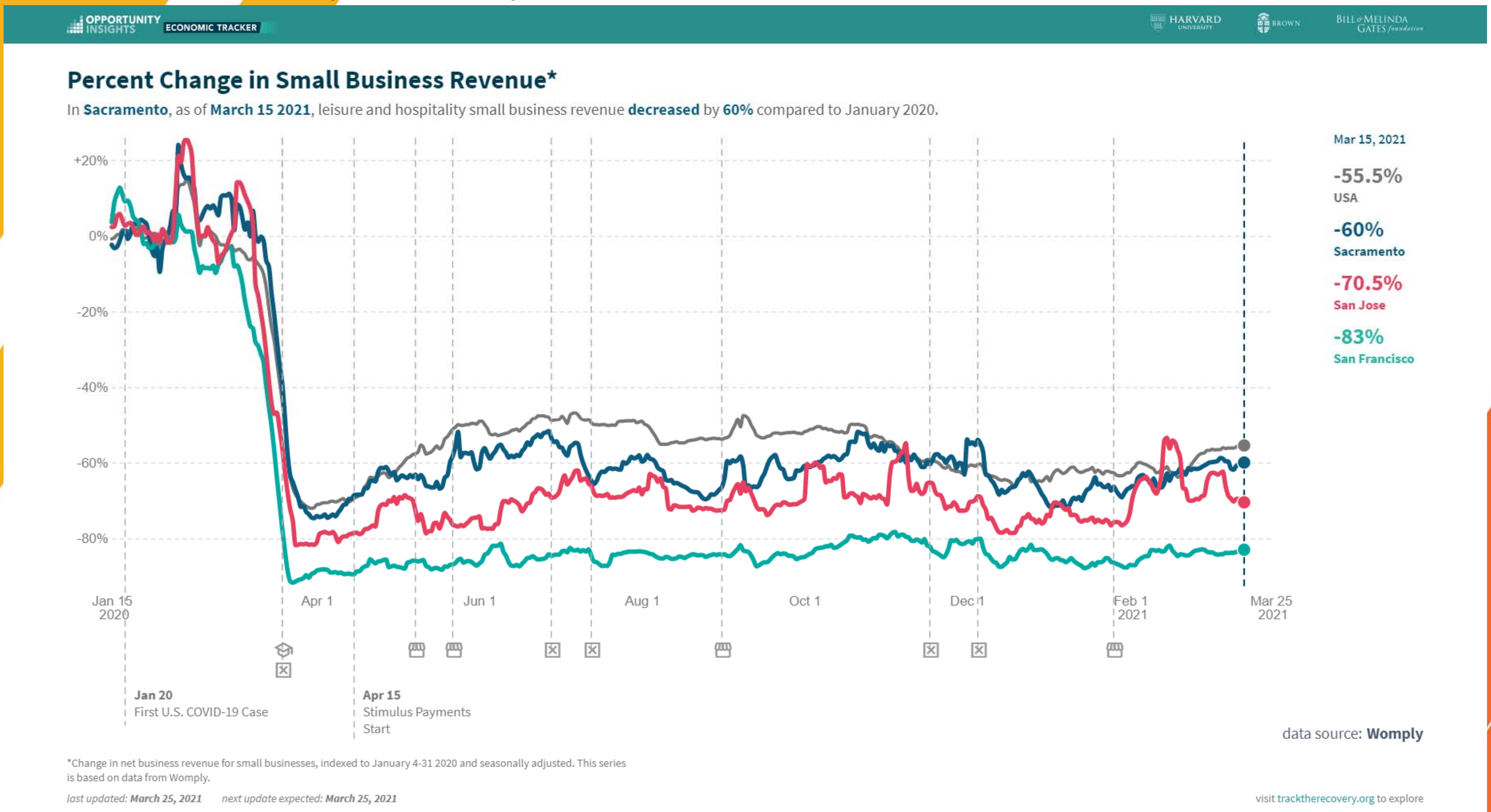
last updated: March 12, 2021 *next update expected: March 25, 2021*

visit tracktherecovery.org to explore

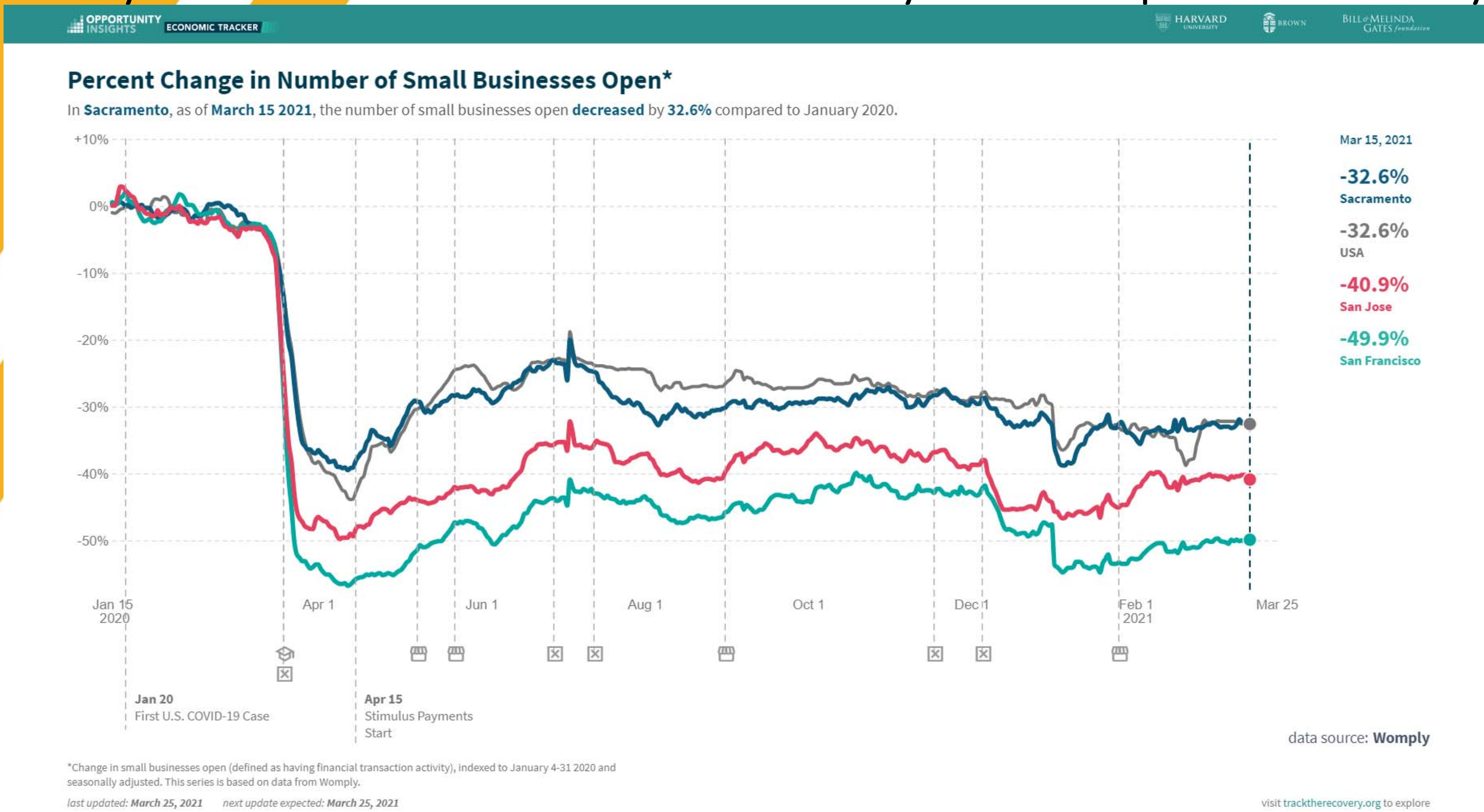
Consumers are not spending at small businesses.



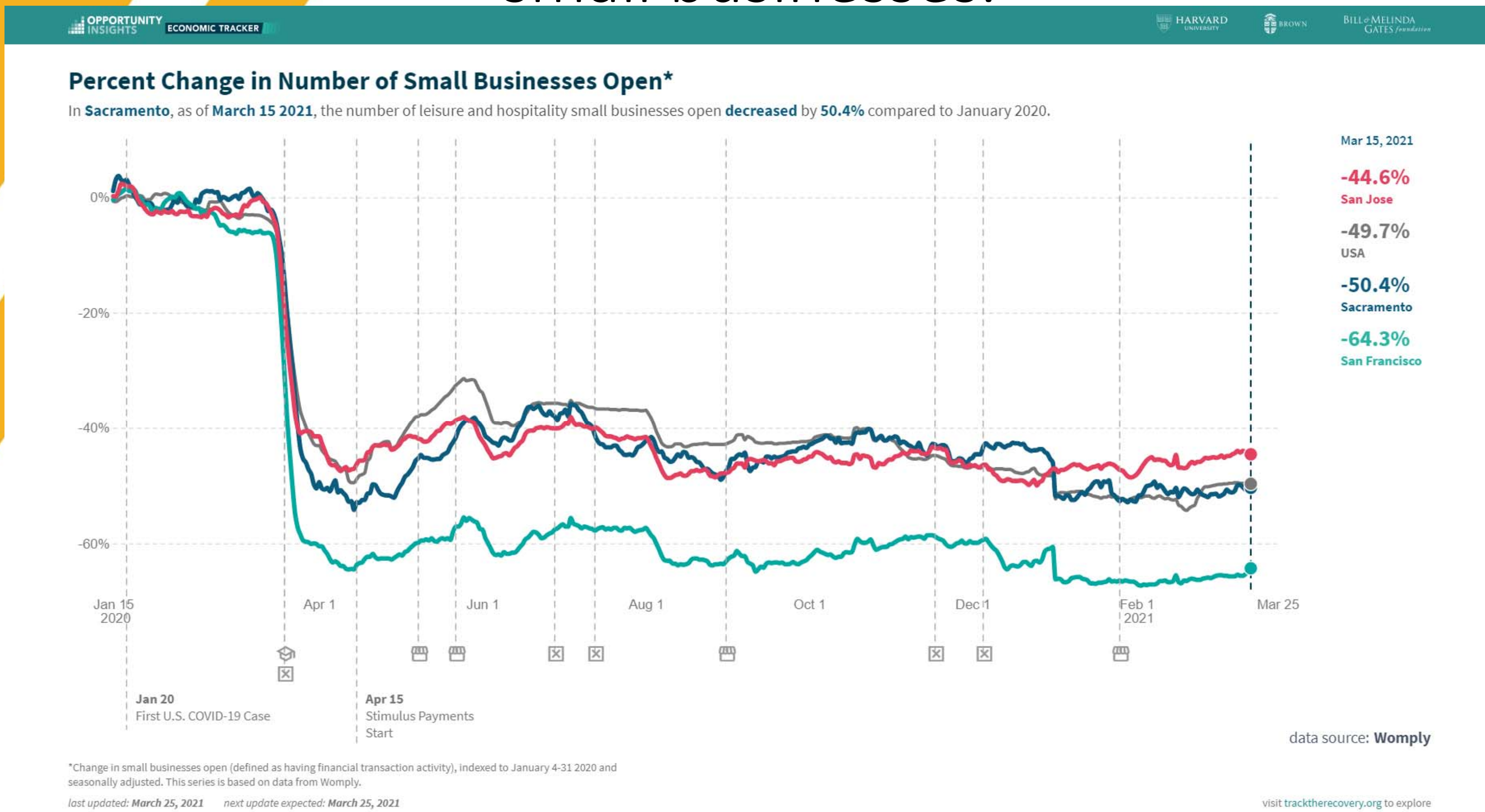
Small hospitality business revenue devastation



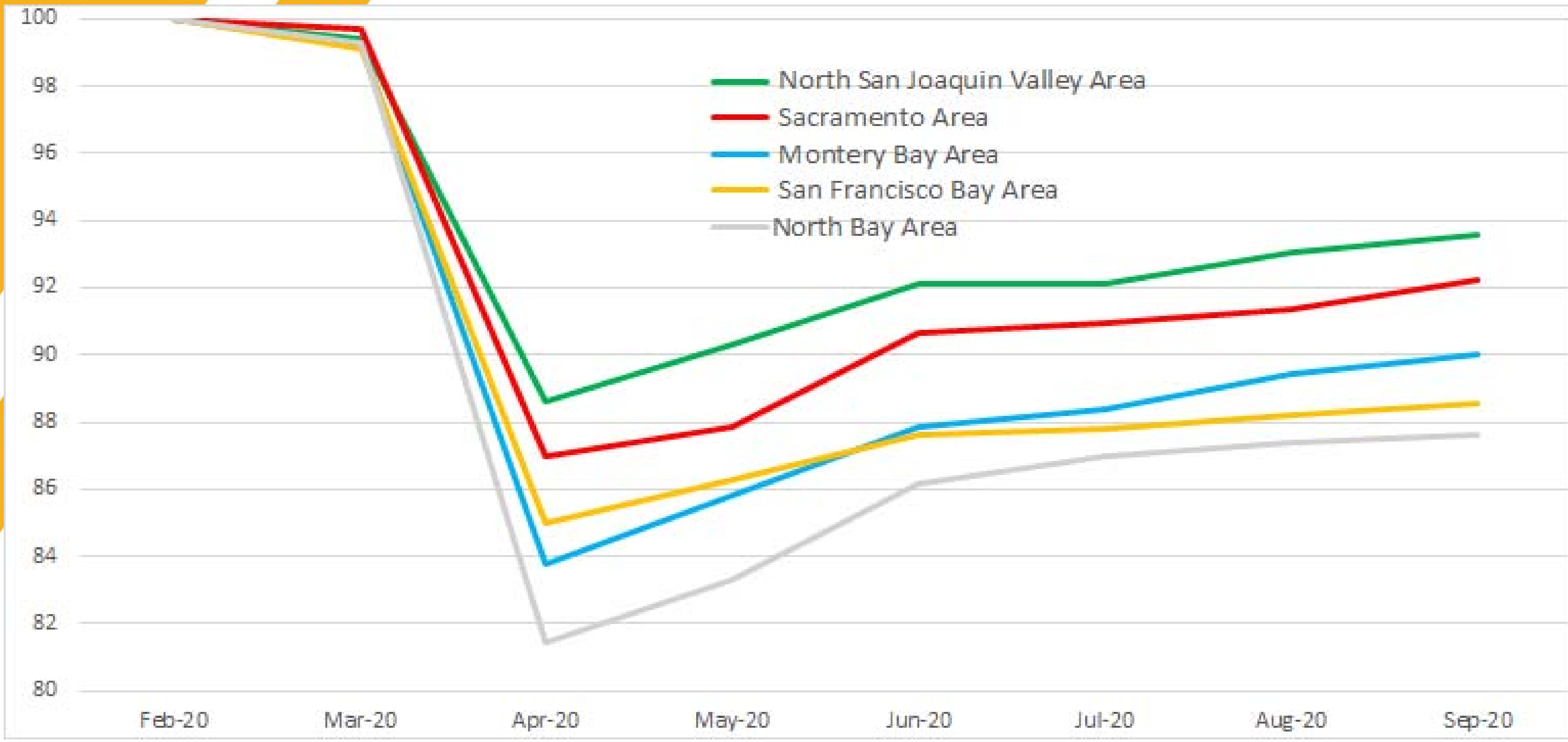
Many small businesses have likely closed permanently.



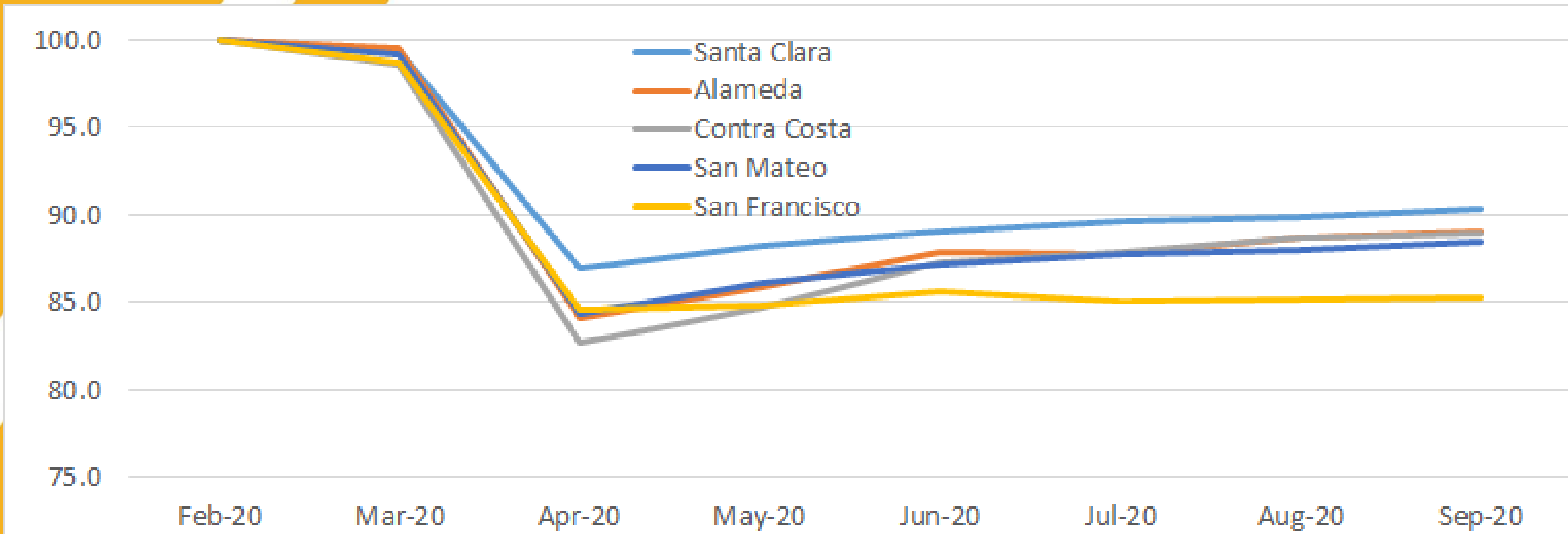
Closures are much worse at leisure and hospitality small businesses.



Relative Employment Change In Megaregion Areas Since Pandemic.

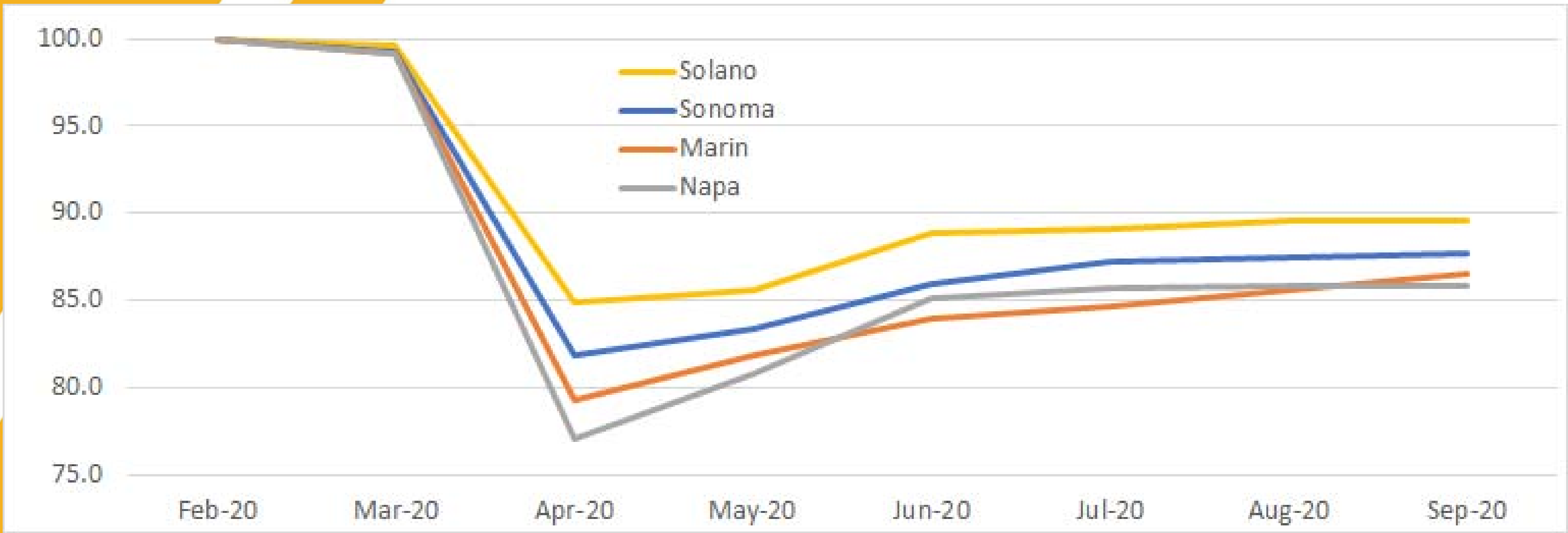


San Francisco Bay Area Counties



San Francisco County has had virtually no employment recovery.
Santa Clara has been best performer in sub-region, but still lags state and national averages.
Contra Costa had largest initial decrease, but strongest recovery.

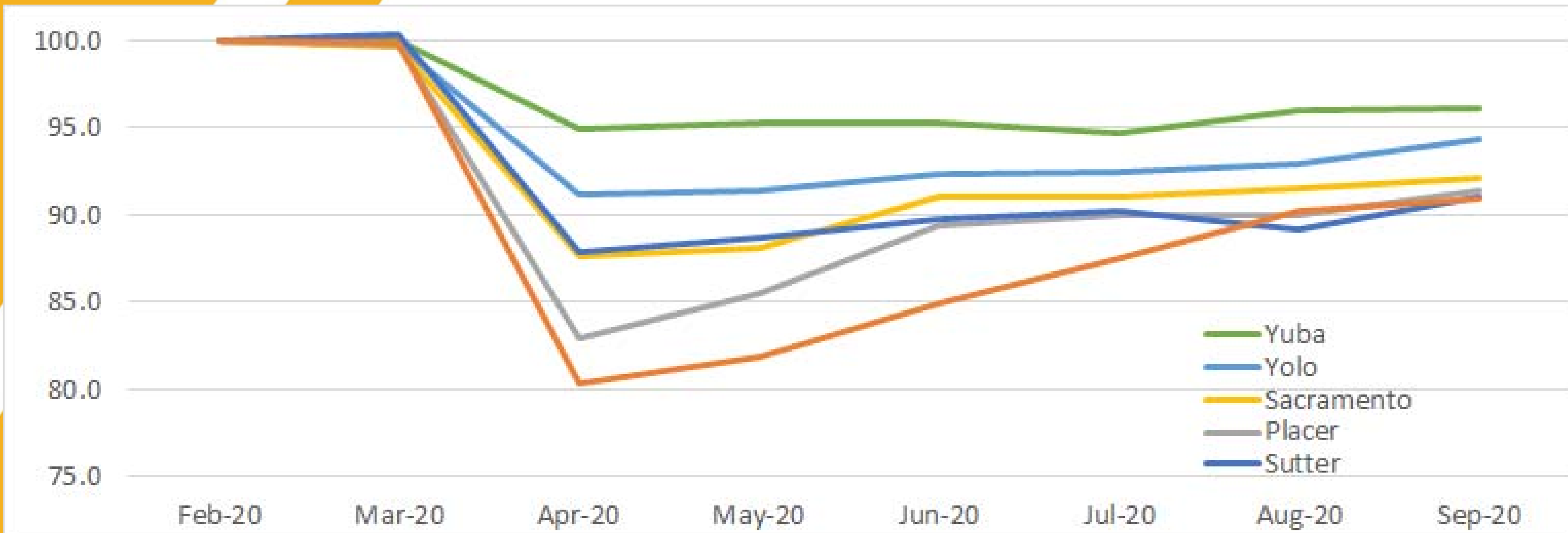
North Bay Area Counties



Napa and Marin have had the largest losses in the Mega-region.

- Over 20% initial declines.
- Still 14% below pre-pandemic, similar to San Francisco.

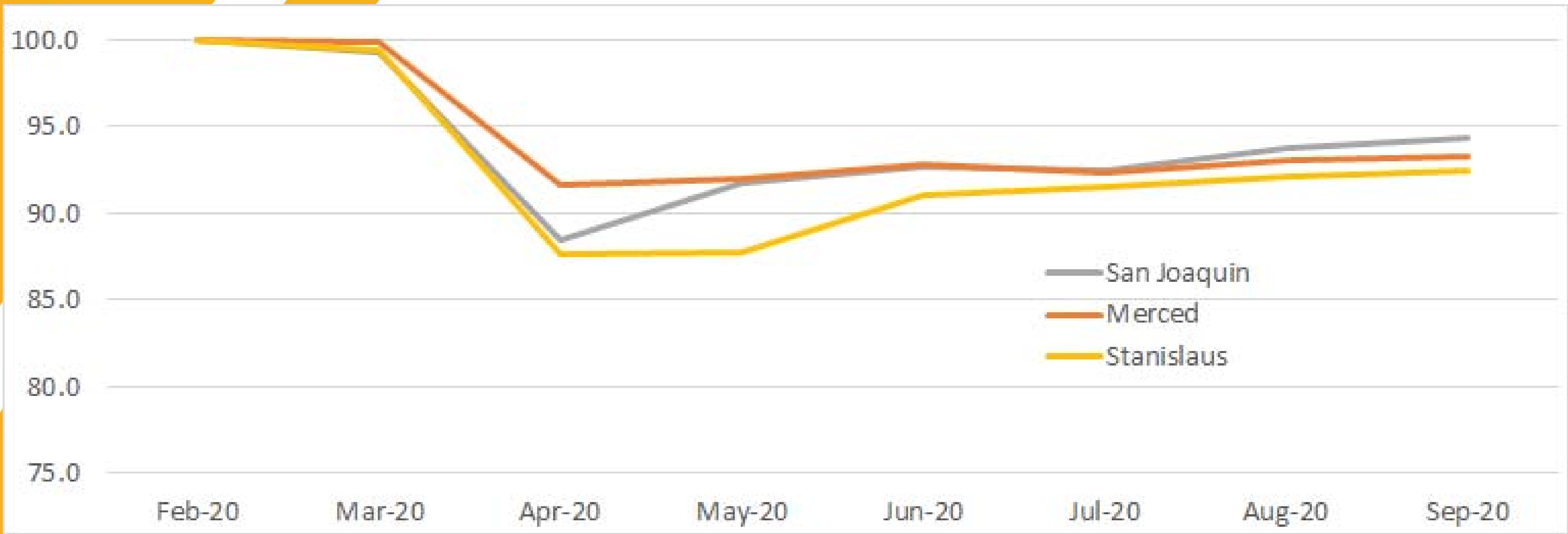
Sacramento Area Counties



Sacramento has outperformed coastal areas, but still 8% below pre-pandemic.

El Dorado and Placer had very large initial declines, but strong summer rebounds.

North San Joaquin Valley Area Counties



San Joaquin County has best job performance in the Mega-region.

Regional Differences in Key Covid Impacted Sectors

Employment Change Sept 2020-21, Source: QCEW

Region	Trade, Transportation and Utilities	Information	Leisure and Hospitality
San Francisco Bay Area	-11%	3%	-45%
North San Francisco Bay Area	-5%	-8%	-34%
Sacramento Area	-2%	-17%	-27%
North San Joaquin Valley Area	3%	-34%	-21%
Monterey Bay Area	-7%	-22%	-33%

Avg. wages grow while jobs drop.

Region	Jobs September 2020	Job % Change September 2019 to 2020	Average Weekly Wage 2020 3rd Quarter	Average Wage % Change Q3 2019 to 2020
San Francisco Bay Area	3,114,966	-10.30%	$2,515	13.60%
North San Francisco Bay Area	494,261	-11.40%	$1,238	10.90%
Sacramento Area	1,008,572	-6.10%	$1,190	10.00%
North San Joaquin Valley Area	521,514	-4.10%	$942	8.80%
Monterey Bay Area	312,034	-8.90%	$967	8.80%

2019-20 Change in Building Permits

Region	Residential Units	Nonresidential Valuation
San Francisco Bay	-29.1%	-35.2%
North Bay Area	-13.7%	-22.9%
Sacramento Area	10.9%	-37.2%
North San Joaquin Valley	11.4%	-4.0%
Monterey Bay	-22.1%	-39.5%

Notable Commute Pattern Changes 2013-2019

- Alameda to San Francisco ↑39,000 (45%)
- Alameda to San Mateo ↑11,000 (31%)
- Contra Costa to Santa Clara ↑7,000 (55%)
- Contra Costa to San Mateo ↑7,000 (67%)
- San Joaquin to Alameda ↑10,000 (39%)
- Stanislaus to Alameda ↑5,000 (66%)
- Stanislaus to San Joaquin ↑13,000 (73%)
- Solano to Contra Costa ↑7,000 (34%)
- Solano to Alameda ↑4,000 (46%)

Summary and Highlights

- Megaregion Economy Is Continuing To Spread Out
  - Commuters growth pre-pandemic, workforce shifting further away from job centers during pandemic.
  - Bay Area serving e-commerce driving inland job growth.
  - Some emerging linkages in manufacturing, supply chains.
- Recent San Francisco Area Data Is Concerning
  - Some is clearly transitory and will bounce back quickly post-Covid
  - How much is permanent?
- Pandemic has accelerated some changes.
  - Shift from bricks and mortar to e-commerce.
  - New models in hospitality and services – more technology/less labor.

Thank you.

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