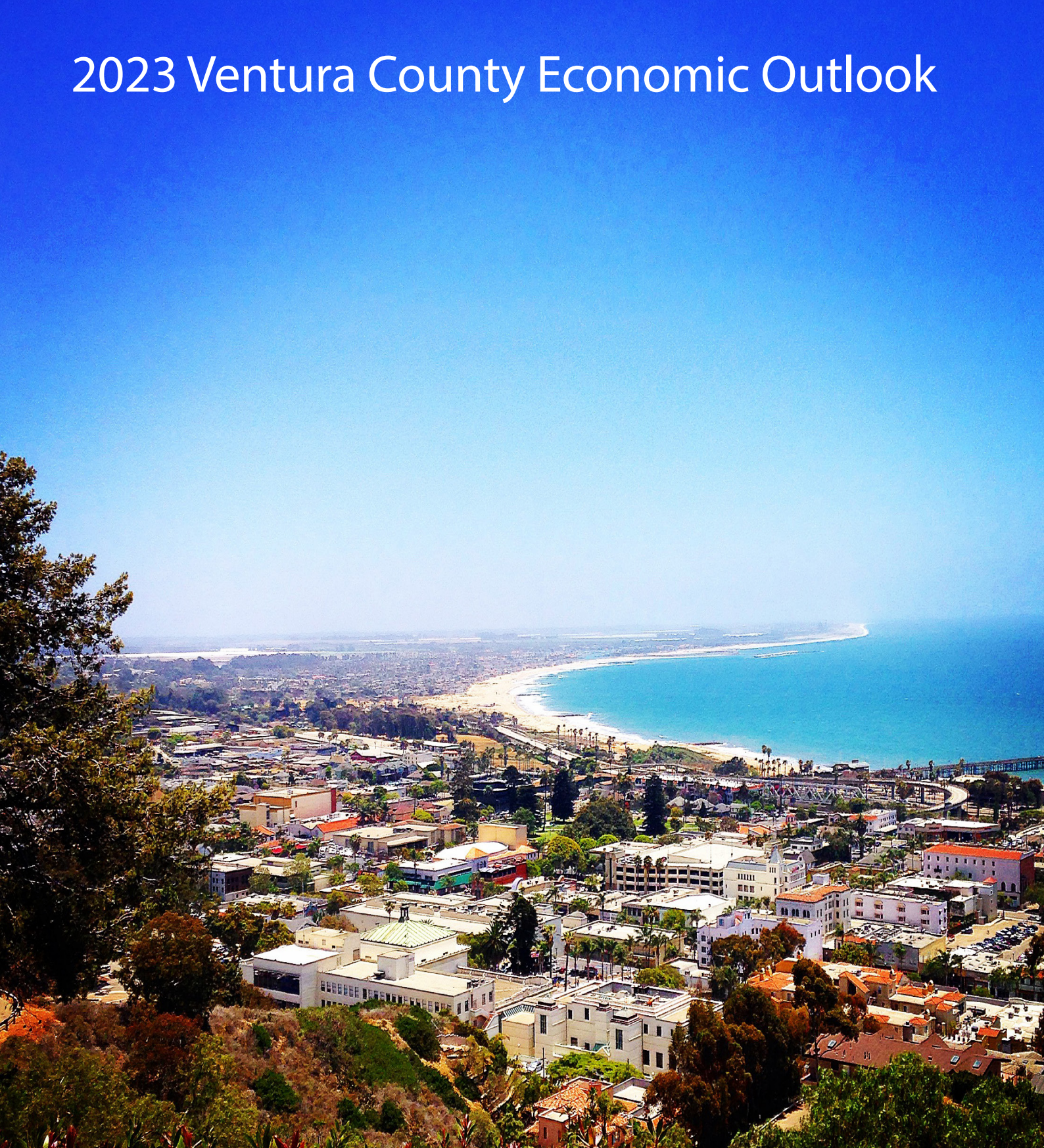


2023 Ventura County Economic Outlook



Sponsoring Organizations



The 2023 Ventura County Economic Outlook

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This publication was prepared by:



The California Economic Forecast

Mark Schniepp, *Director*

5385 Hollister Avenue, Box 207

Santa Barbara, California 93111

(805) 692-2498

mark@californiaforecast.com

Visit our website at: www.californiaforecast.com

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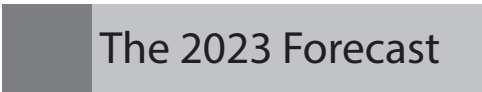
EXECUTIVE SUMMARY



Labor Markets



Real Estate



The 2023 Forecast

Executive Summary

Mark Schniepp
April 2023

Another year has lapsed and no recession, despite all the dire predictions.

Here’s what we wrote last year in the May 2022 edition of the Ventura County Economic Outlook:

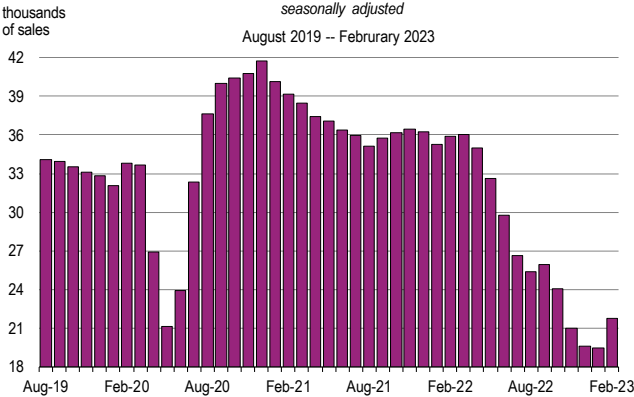
No recession is forecast this year or next. However, the risk of recession has risen and the economy is closer to a tipping point if a combination of events were to occur:

- Escalation of the war
- A deepening of supply problems that will aggravate inflation further,
- A return of coronavirus variants
- Inflation spiraling upward
- A contracting stock market
- A slackening of demand for housing, autos, or other interest rate sensitive sectors

Under a scenario in which some negative growth were to manifest, layoffs for workers in some industries would also ensue. Layoffs mean less demand for goods and services including housing.

Advancing forward 11 months . . . we did not reach the tipping point because there was no (1) escalation of the war, (2) deepening of the supply bottlenecks, (3) return of COVID-19 or (4) slackening of demand for autos or most other goods. There was no spiraling upward of inflation after July 2022, and the stock market more or less settled into a lateral drift.

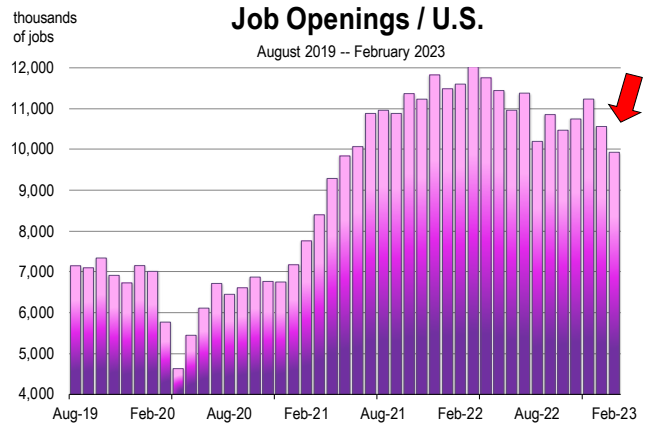
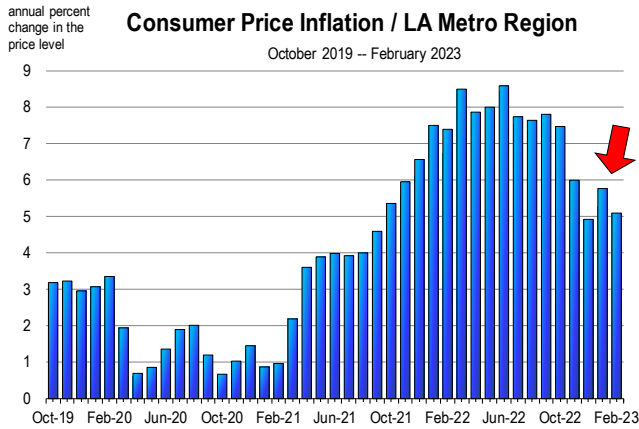
Existing Home Sales / California



Clearly the housing market is in recession, but this lone sector’s decline has not been enough to drag the rest of the economy with it.

Now we have a new spate of issues to grapple with that would increase the likelihood of Recession with a capital R:

1. Banking sector collapse
2. More than anticipated interest rate hikes
3. a surge of layoffs where workers actually go unemployed
4. Inflation stubbornly remaining sticky in the 5 to 7 percent range
5. A clear erosion in consumer demand
6. A clear erosion in business fixed investment



The economy is now experiencing disinflation, or deflating inflation. However, it's stubbornly and persistently high in early 2023, meaning that prices are still rising too fast. And those are the words of the Federal Reserve, not mine, but clearly economists agree.

Another rate hike on March 22 pushed the fed funds rate to 5.0 percent with Fed Chairman, Jerome Powell stating that the central bank remains "highly attentive to inflation risks."

Another hike this year is in the cards, maybe even two. A surprising third would likely be a nail in the coffin of the expansion, although even a third may not be necessary.

A key indicator of labor market tightness and wage inflation, job openings, declined in January and February. The number of openings is at its lowest in two years. This is the kind of labor market loosening the Fed has been looking for, and evidence like this could reduce the necessity for future rate hikes.

Regional banks are now suffering, not because they are falling into the same chasm as Silicon Valley Bank, but because depositors are fleeing the small banks like rats, moving to too-big-to-fail banks that will surely be saved by Congress.¹

We are on a vigilant "bank watch," though to date, we've not seen the spread of a regional bank contagion.

Right now, April of 2023, the California economy is still expanding though the pace has surely weakened. Most of the positive news is associated with the labor markets, which have not weakened at all despite headline news about layoffs, especially among the tech sector.

¹ Bank of America, Citigroup, JPMorgan Chase, Wells Fargo, Goldman Sachs, Morgan Stanley, BNY Mellon, PNC Bank, State Street, Trust and U.S. Bank

Labor Markets

The latest unemployment rate for California is 4.2 percent, the same rate for Ventura County, as of February 2023.

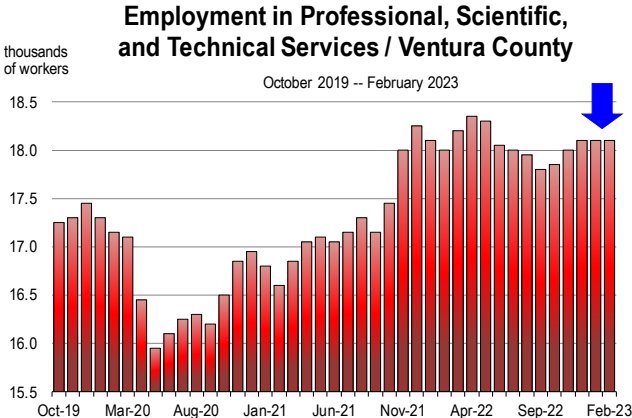
Claims for unemployment remain extraordinarily low, and unfilled job openings remain extraordinarily high.

The principal issues we currently observe for the Ventura County labor market are:

- (1) A declining population, led by
- (2) rising net out-migration, has resulted in
- (3) sluggish labor force growth

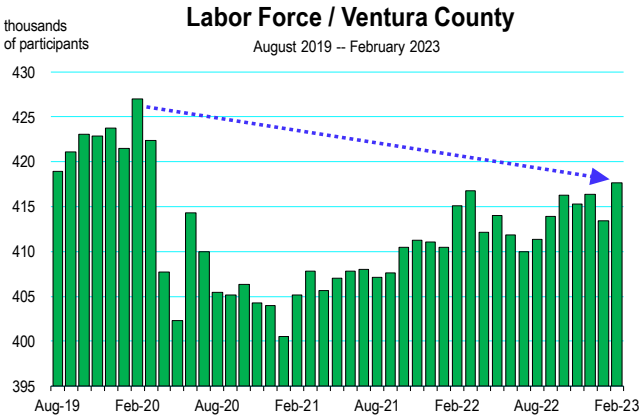
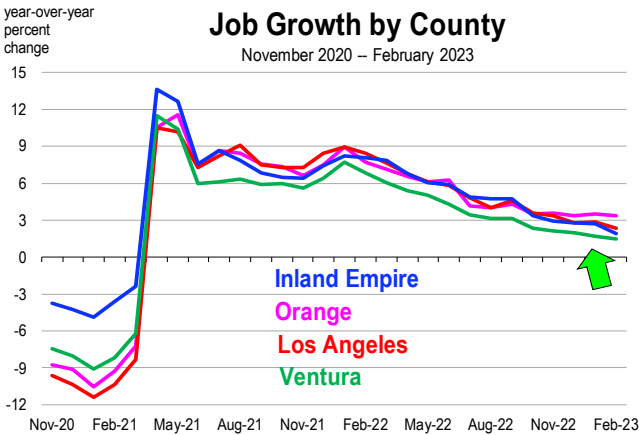
Compared to other adjacent areas, Ventura County is still lagging in job growth, attributable to both the lack of labor force growth, and the lack of new business formation or organic business expansion.

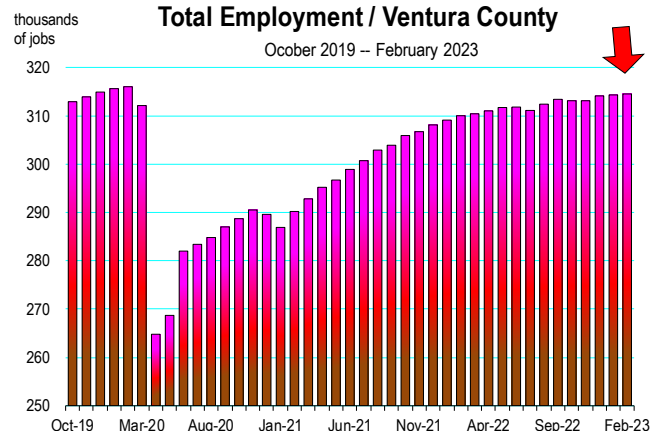
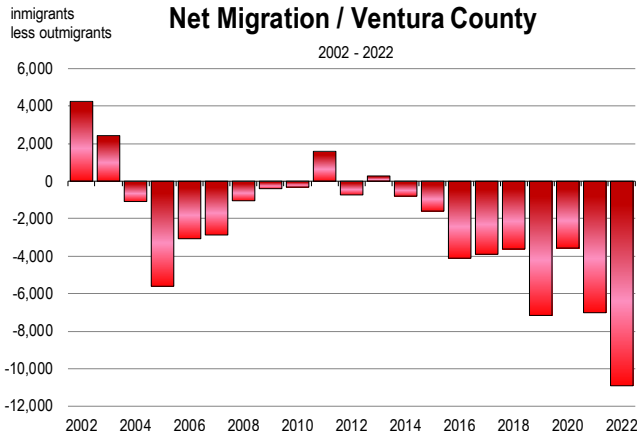
There are reasons for this which have been documented in many of our past commentaries and forecasts on the Ventura County economy. Principal among those reasons is the restrictive impediment to new growth represented by SOAR. In the absence of SOAR, more opportunities for both residential and non-residential expansion could occur, attracting business and a qualified labor force to the region.



Whereas the tech industry has rebounded in most coastal counties and is generally leading the surging California labor market, the restoration of tech jobs has been underwhelming in Ventura County. Job creation has moved laterally at best, over the last 2 years. There is only about 200 more jobs in this sector relative to pre-pandemic levels.

The inability of the Ventura County labor market to generate momentum this year is principally due to the contraction in the labor force which has yet to recover. The demand for jobs remains high, so the issue for the county is one of labor supply. There are nearly 9,000 fewer labor force participants today compared to March of 2020.





Stronger signs of the labor force returning were observed a year ago, but that surge was short lived and the County is still thousands of workers or potential workers short of the pre-pandemic labor force.

This has occurred in tandem with, or as a result of, the defection of Ventura County residents which has accelerated in recent years. The population of Ventura County has been in decline since 2017 as families have left the county for jobs or more affordable housing elsewhere.

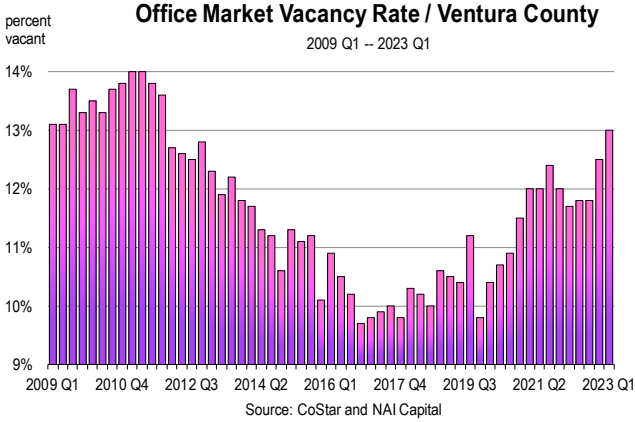
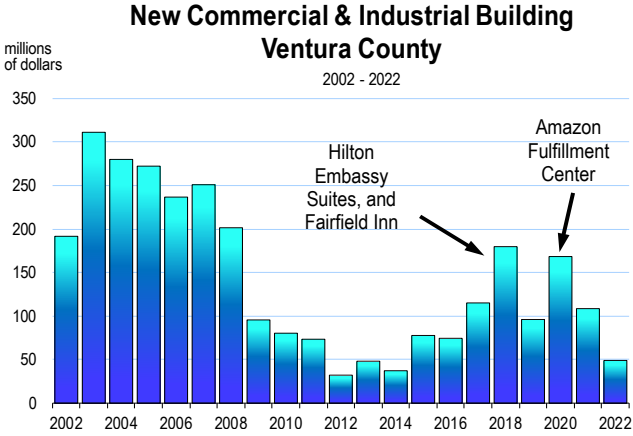
The unemployment rate is a scant 4.2 percent. Everyone that wants to work can have a job in the current environment. There still ample open job positions unfilled in the county though technology or professional services are not necessarily where a meaningful number of these jobs are needed.

A calamitous loss of 17,000 jobs occurred as a result of the pandemic, between February and April of 2020. Today, close to all of these jobs have now been restored, but a full recovery is not expected until the end of the year. Here again, the labor force is a limiting factor to job creation for many sectors.

Real Estate

The Non-Residential Market

New development has been relatively austere in Ventura County since the previous economic cycle that ended with the Great Recession. Other than a recent surge in hotel development in Camarillo and Ventura, and the new Amazon Fulfillment Center in Oxnard, new investment dollars in non-residential structures are no longer a reliable engine of growth for the economy.



The demand for existing industrial real estate is very strong from both existing and new company entrants into Ventura County. Utilization rates for all east and west industrial sub-markets are closing in on 100 percent. With lease rates at record levels, new industrial product will be forthcoming in Ventura and Thousand Oaks.

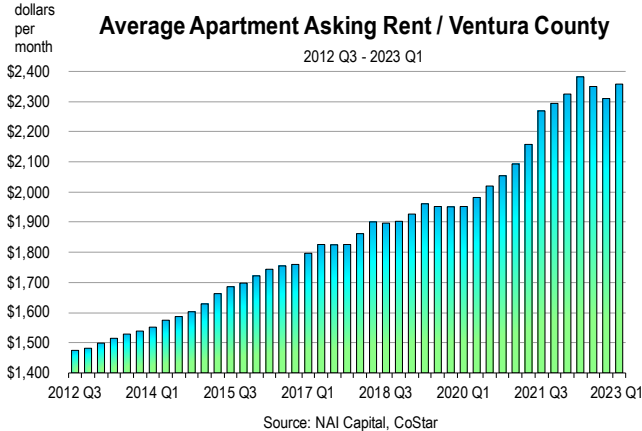
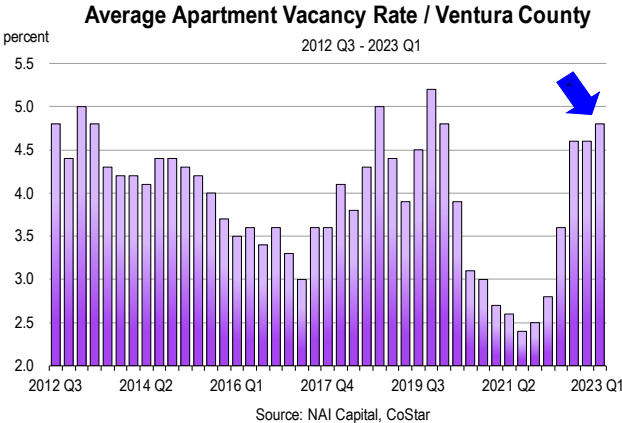
Utilization within the office market is still historically low. Net office absorption has been weak since 2019 and it remains so today. Office using employment is gradually rising, but at a pace that will delay complete recovery of the market until 2024. This condition is not unique to Ventura County, but the high vacancy rates that persist place the county among the weakest tier of regional office markets.

The Residential Market

The market has entirely reversed from the robust activity that commenced in mid 2020 and continued into the first few months of 2022. During 2021, sales were 18 percent higher than in 2020 and the median value of a sold home jumped 10 percent.

Sales have now tumbled, falling 38 percent year-over-year, and home prices are 15 percent off their peak value recorded in April 2022. Record level prices for homes together with rapidly rising financing costs has seriously dashed buyer demand for home ownership, in Ventura County and throughout most of California.

With home prices rising to unreachable levels for many residents and in-migrants to Ventura County, more households had turned to rentals. Apartment utilization rose to historical highs at the end of 2021, and average monthly rents moved sharply higher.



Conditions changed quickly in 2022. The market delivered over 1,000 new apartment units during the year (and another 238 in the first quarter of 2023). Effectively, these new units never got rented and the vacancy rate soared from 2.5 percent at the end of 2021 to 4.8 percent in early 2023.

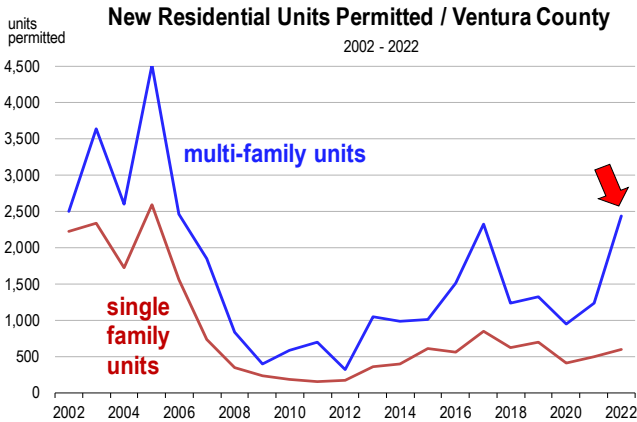
Average rent growth leveled out completely by mid-2022. Effective rental appreciation rates averaged 10 percent in 2021 (versus 2021) and are now 1.5 percent higher than early 2022. The number of vacant units currently is twice the vacant unit inventory that prevailed at the end of 2021.

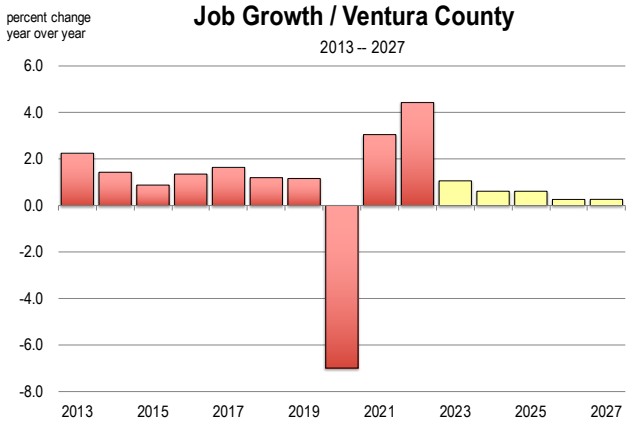
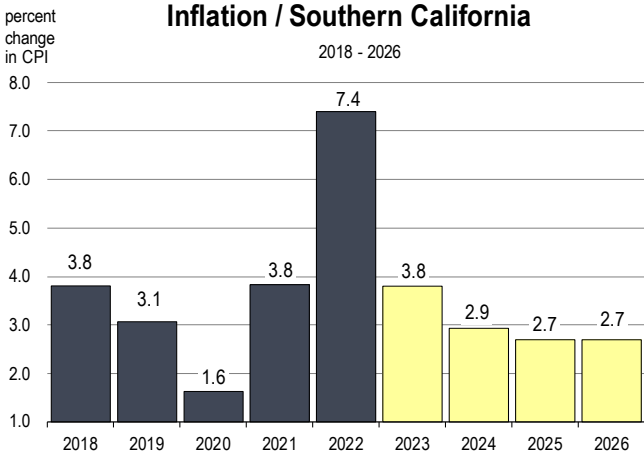
New home production during 2022 was the highest since the bubble days of 2006. Most (76 percent) of new residential development was apartments. Currently, 843 apartment units are under construction. Most of the projects currently underway are legacy projects in Ventura, Oxnard, and Simi Valley--- those that have been in planning for years and years and are finally being built. Most of the planned projects in the entitlement queue are now high density unit projects.

The 2023 Forecast

The principal issues of concern for 2023 are inflation and interest rates, and whether the economy will lapse into a serious recession.

Inflation is forecast to moderate slowly this year, in line with the pace of disinflation that has occurred over the last 6 months.





Interest rates will remain high through the year, though the aggressive monetary policy that the Federal Reserve has practiced over the last 12 months will abate, no later than mid-summer. Two more hikes is the current consensus by analysts, but this will depend on (1) the monthly inflation reports, and (2) the evolving condition of the banking sector.

The base forecast for the region, akin to the broader forecast for California, now includes a scenario of modest recession and a scenario of no recession.

Though the labor market is extraordinarily tight, the lagging labor force is expanding and will ultimately accommodate the hiring of more workers so that a full recovery of pandemic recession job loss ultimately occurs by early in 2024.

Ventura County Economic Forecast 2023			
	2022 Actual	2023 Forecast	
		Base Case	Recession
Employment growth (%)	4.2	0.9	0.3
Unemployment Rate (%)	3.7	4.3	4.7
New Housing Units	2,444	1,750	1,400

However, if the labor market softens more than expected due to downside risks, employment gains will be limited. Though the base forecast does not call for a decline in overall employment, growth rates will moderate to less than one percent. The unemployment rate will rise toward 4.5 percent.

Under the recession scenario, employment growth ranges between 0.5 and negative 1.0 percent for the year. The increase in the unemployment rate remains contained, likely not rising beyond 5.0 percent due to limited labor force availability.

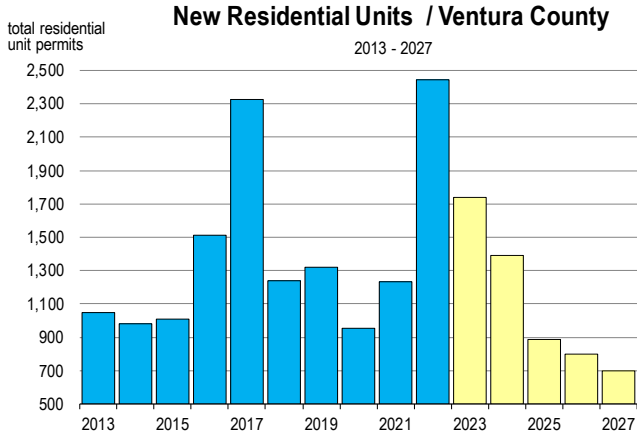
The labor force or pool of potential workers is unlikely to outpace the demand for workers by Ventura County firms and organizations, simply because the population is in decline. Jobs will be filled by employees who reside elsewhere, namely in the San Fernando Valley.

Many professional service and technology jobs will be filled by Ventura County residents, but these jobs are more available in Santa Barbara and Los Angeles Counties. Hence the cross-hauling of commuting that will continue to occur.

Elevated job openings will continue to persist for many sectors, notably healthcare and hospitality. Because the labor market is at full employment, average salaries are expected to rise 3 to 4 percent this year. This increase however does not offset expected inflation in during the year.

More housing was underway in 2022 and the momentum will carry into 2023 for much of the year. A recession scenario may limit the demand for permits but because the likely extent of the recession is shallow and short-lived, and because housing demand will rebound as the economy recovers in 2024, development activity should persist.

Apartment production will dominate housing development going forward in the County. There are many new projects underway currently, or that will break ground this year.



The weak demand for existing housing due to mortgage rates in the 6 to 7 percent range has not only reversed home price appreciation, it has reduced available inventory sharply, because sellers do not want to sell their homes in a declining market. No relief on the interest rate front is in site for 2023, and the recession in housing will remain in place for rest of the year. Housing values however, are forecast to decline modestly due principally to the austerity of supply.

No general economic recession was forecast last year. But now, the risk of recession is sharply higher in 2023. The economy is already tipping as a result of (1) inflation, and (2) the aggressive Fed actions to reverse it.

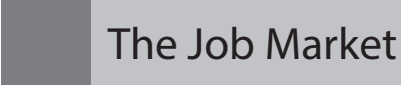
This year’s list of downside risks:

- No resolution to the war in Eastern Europe
- A teetering banking sector
- Credit conditions that heighten restrictiveness in lending
- Consumers finally becoming more restrained
- Relapsing financial markets
- An acceleration in layoffs

Layoffs translate into less demand for goods and services including housing.



BUSINESS AND ECONOMIC CONDITIONS IN VENTURA COUNTY



The Job Market



The Residential Real Estate Market



The Commercial Real Estate Market



Demographics



Port of Hueneme



New Development

The Job Market

California

The California labor market recorded a breakout year in 2022, and job creation remains impressive in 2023 year to date. At 4.2 percent, the unemployment rate clearly signals a fully employed labor force, and no weakness despite voluminous reports about layoffs.

As we indicated a year ago, the lagging growth of the labor force is preventing California from meeting all of the worker needs of businesses where job openings remain extraordinarily high.

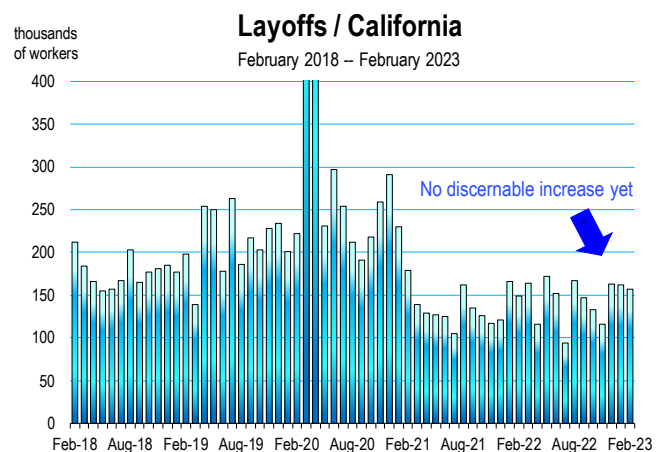
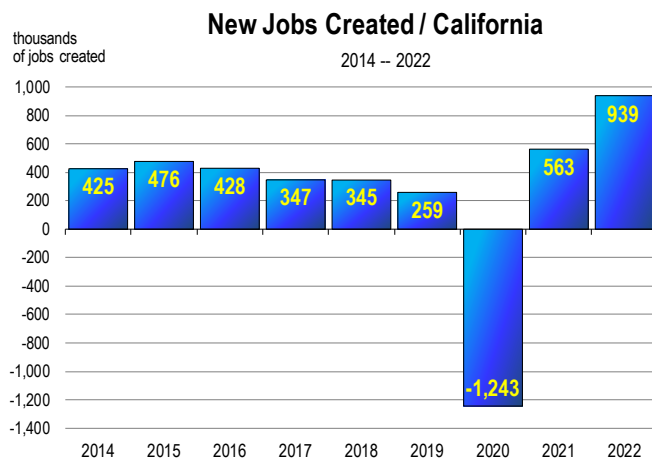
In most counties, employers are struggling to fill vacancies, particularly in healthcare, professional services, and leisure & hospitality. But most industry demands for workers are going unmet.

In 2022, 939,000 new jobs were created state-wide, across all industries and all regions of the state. The hiring binge (largely a restoration of jobs shed during the pandemic recession) set a new one year record for new jobs filled in California.

A large portion of new jobs occurred in warehousing and transportation to staff the spate of logistics and distribution facilities that have inundated inland communities where land is more available and affordable.

The headline reports of layoffs appear to be highly exaggerated. Through February, the official Bureau of Labor Statistics data on job openings, layoffs, and quits by State do not indicate that layoffs are rising, at all.

There is little to no indication to date that the labor market is weakening.



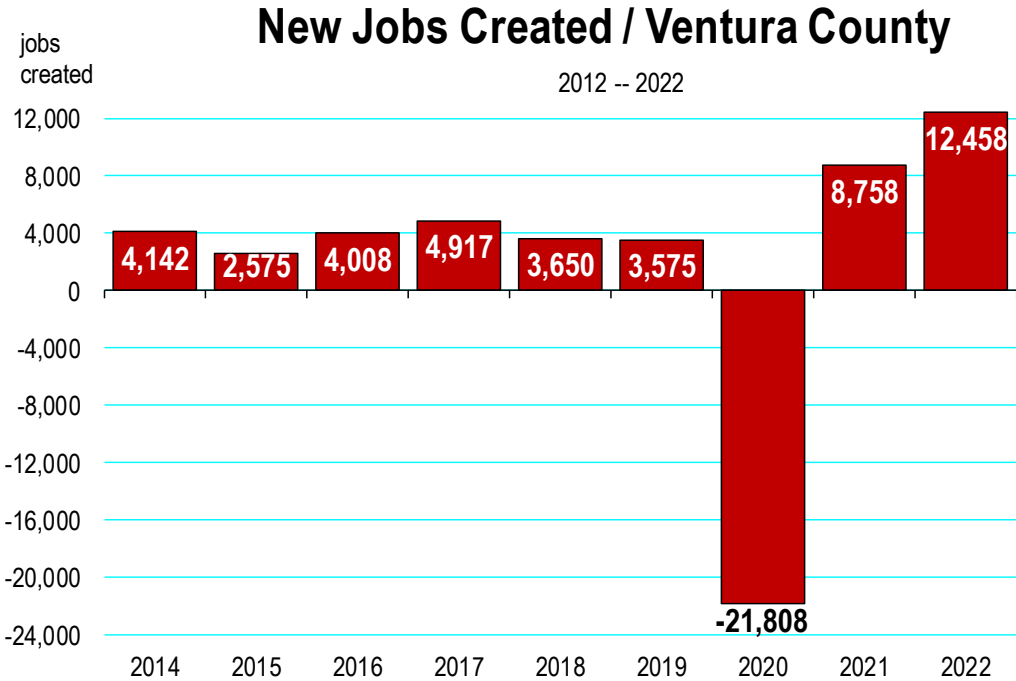
Ventura County

Labor market trends in Ventura County mirror many of the conditions exhibited in the state-wide economy. Although the unemployment rate is 4.1 percent, the county is almost 10,000 people short of the pre-pandemic labor force level.

During calendar 2022, Ventura County created 12,500 non-farm jobs, the largest one year surge in job creation ever recorded in the county. Of course, most of these jobs represent a restoration of pandemic impacted job loss during 2020 that were not yet reinstated during 2021.

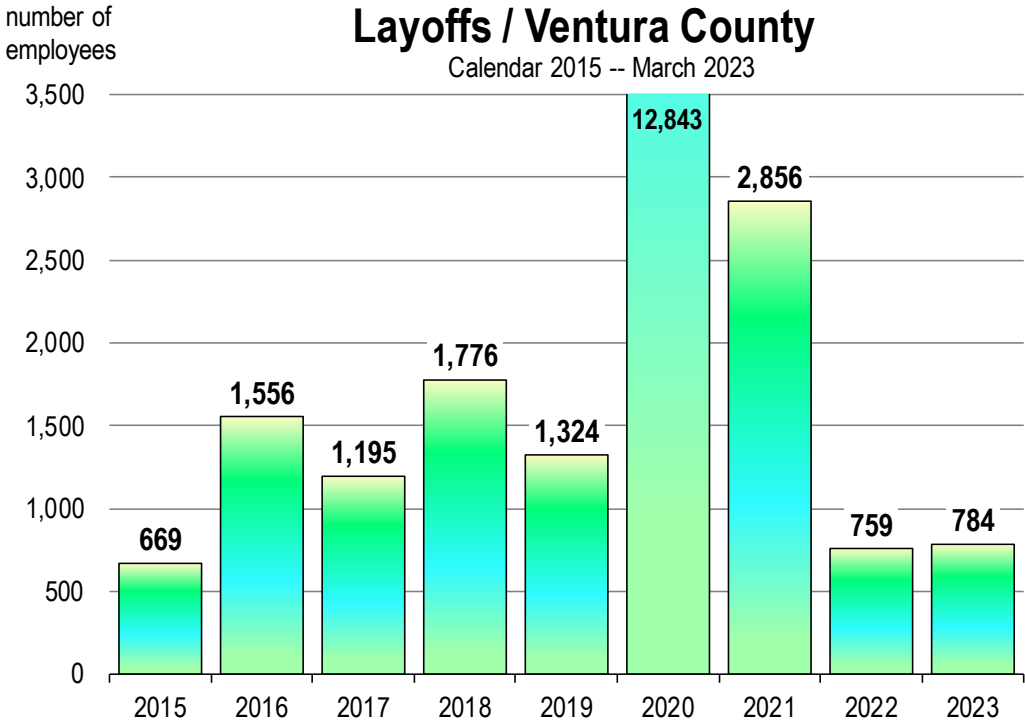
Job growth remains positive in 2023, but the pace has slowed to a crawl, due in part to the lack of labor force growth, and in part to little new organic expansion by local companies. During fiscal 2023, which commenced on July 1, 2022, there have been a total of 1,101 worker layoff notices through March 2023, including 730 from Amgen alone.

This number of layoffs however is not abnormal, but rather quite normal.



There are still an excessive number of open positions for jobs. Through the end of March, the number of job ads on Indeed for any job in Ventura County totaled 13,760. Vacancies are concentrated in the healthcare sector (2,900), with hundreds of job ads from Soliant (a recruiter of healthcare

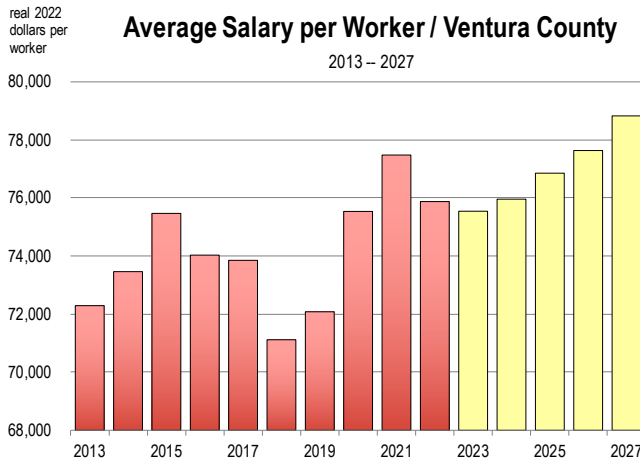
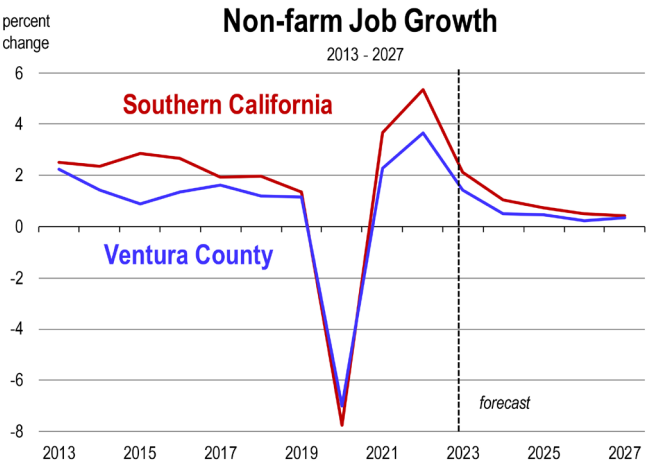
jobs and staffing), Community Memorial, ProCare Therapy, Dignity Health, Los Robles Hospital, and Adventist Health. The retail sector is second with 1,640 ads, led by Vons, CVS Health, AutoZone, Jack in the Box, Starbucks, Vallarta Supermarkets, and Wendy's.



The Job Market Forecast

- The Ventura County unemployment rate averaged 3.7 percent in 2022 and is forecast to average 3.5 percent in 2023.
- The unemployment rate is forecast rise toward the end of 2023 and eclipse 4.0 percent in 2024.
- Labor force growth will be gradual. This is because the Ventura County population declined in 2021 and 2022 and is expected to further decline through the remainder of the decade.
- The growth rate of jobs during 2023 is 1.3 percent, following the 3.7 percent surge in 2022.

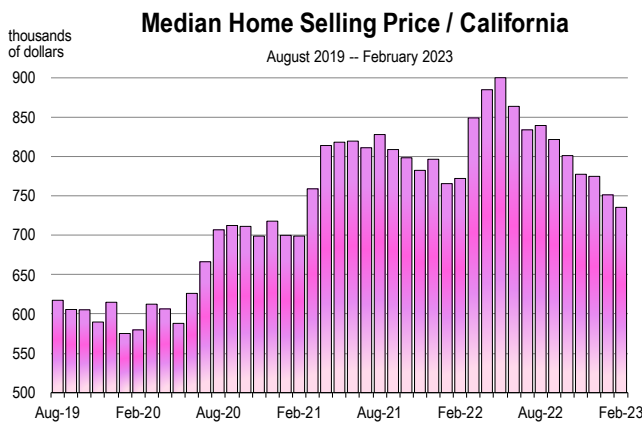
- Office using employment has gradually transitioned from remote to in-person work. More of this trend will continue in 2023 but office market improvement will be modest.
- Although nominal salaries rise in 2023, adjusted for inflation, real average salaries decline for the second straight year. Workers lost an average of \$1,600 in purchasing power during 2022 and will lose another \$300 in 2023.



Residential Real Estate

The housing market in California is in recession. The market that was extremely tight one year ago, has home values in retreat, along with inventory and buyer demand. The contraction in selling values can largely be attributed to the composition of homes selling. Values for the median home in California peaked in May of 2022 at \$900,170. The median selling value in February 2023 was \$735,480, a sharp decline from the peak.

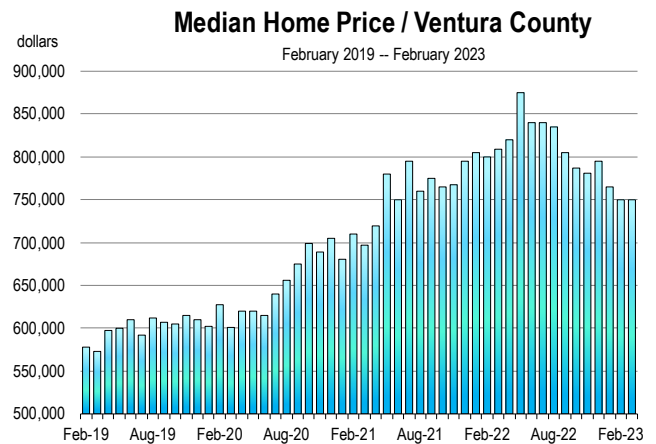
Adjusted for the variation in housing mix, the value decline according to Case-Shiller index is only 6.4 percent, and not the 18 percent change from the peak month last year.

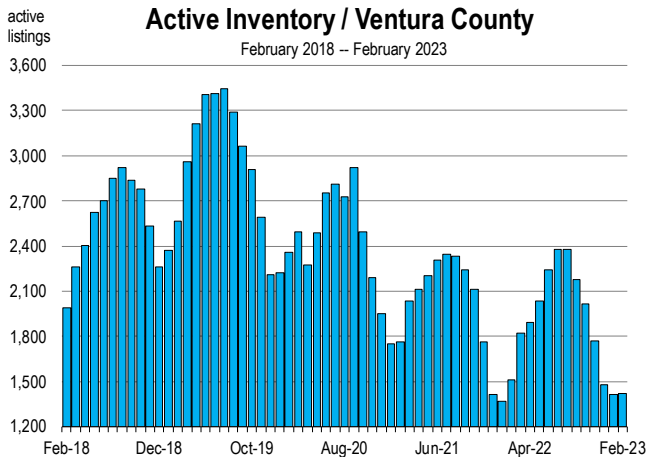


Ventura County

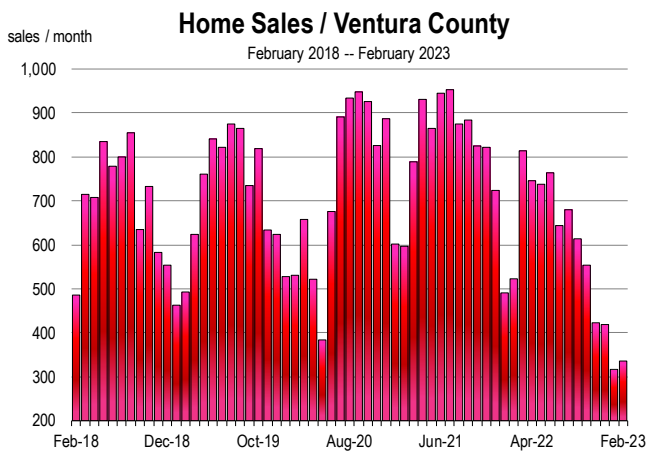
The median price for all homes in Ventura County was \$750,000 in February 2023. A year ago in April, it was \$875,000. The decline from the peak month to now is 14 percent. For single family detached homes, the decline is 16 percent. Annualized however, the fall in price between 2022 and 2023 to date is a modest 6.8 percent for all sales, and 9.7 percent for single family detached homes.

The growth in housing inventory was unable to match the housing demand surge in 2021. As a result, the level of inventory declined to an all-time low. Further declines in inventory today are a result of sellers reluctant to sell their homes in fading markets.





Rising interest rates and home prices which have not “normalized” enough yet are responsible for the pull back in home buying. Homes are not necessarily more affordable today than in late 2021 because interest rates have doubled and the monthly mortgage payment has increased 20 percent versus a year ago.

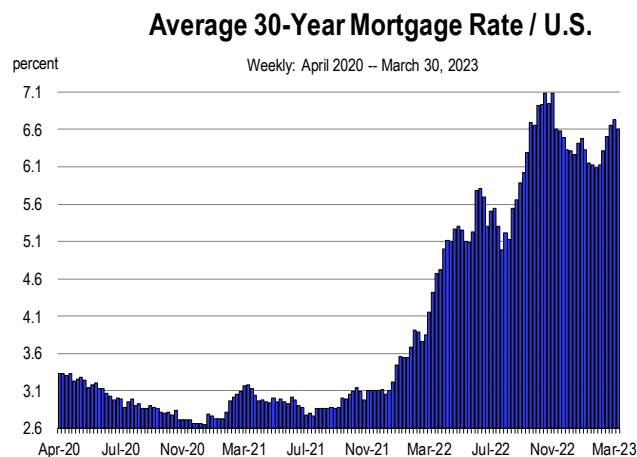


- With a 20 percent down payment, a buyer still has to finance the median mortgage loan amount of \$644,000 at a 6.5 percent fixed rate. The monthly mortgage payment is \$4,100.

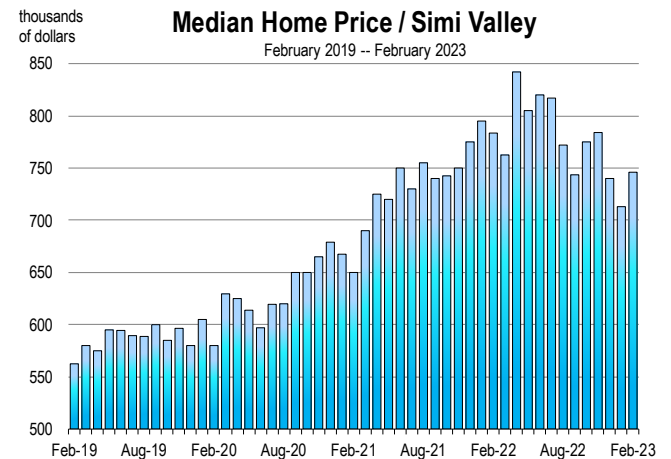
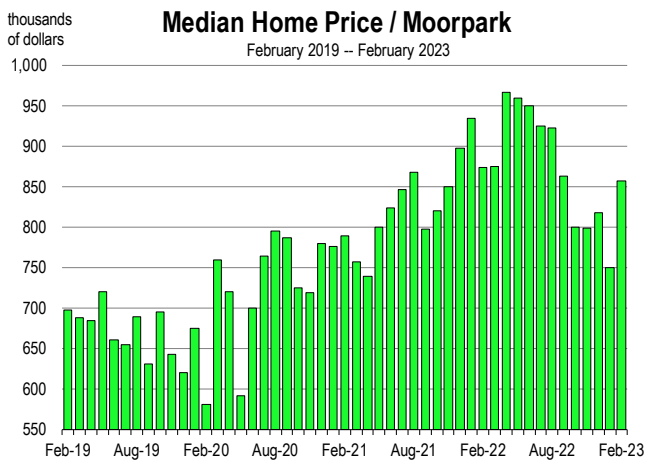
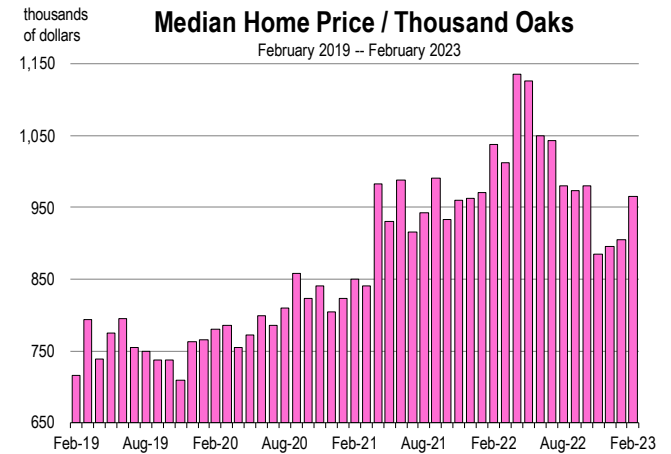
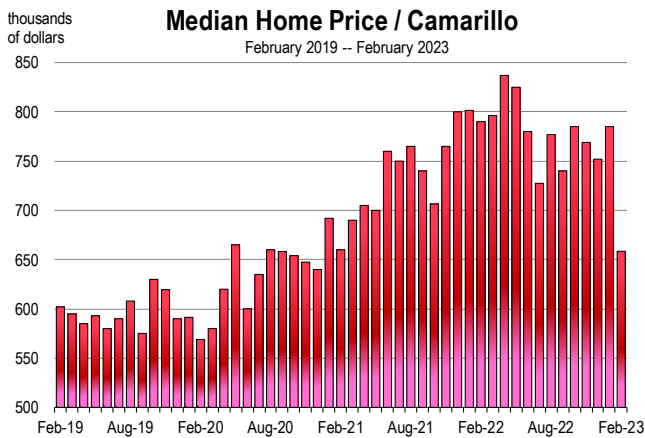
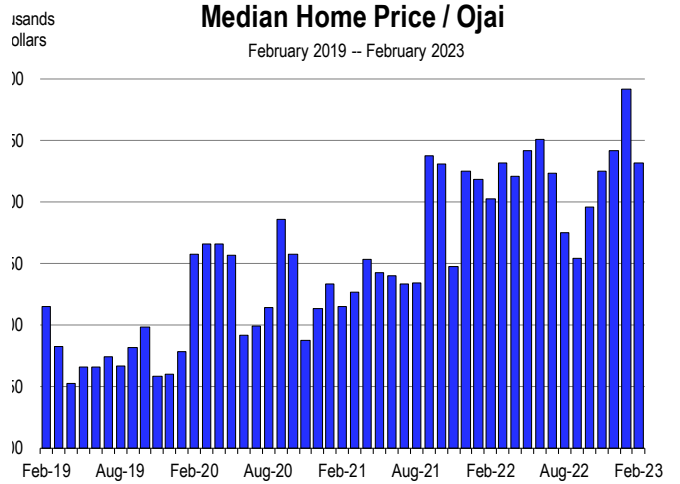
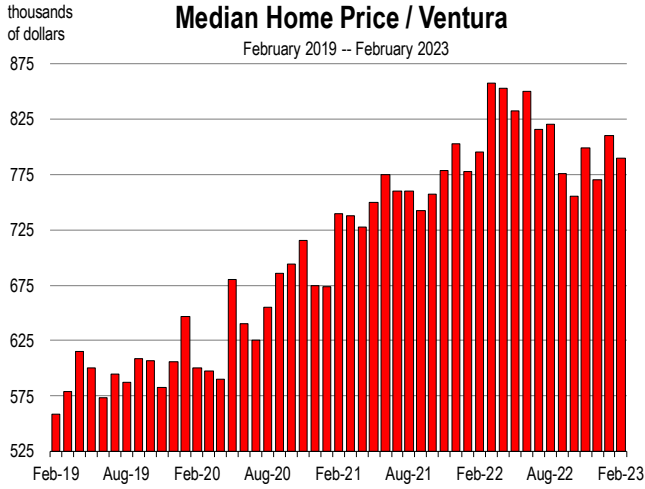
- Housing affordability at the end of 2022 dropped to a mere 16 percent of Ventura County households that could afford to finance the median priced single family home.

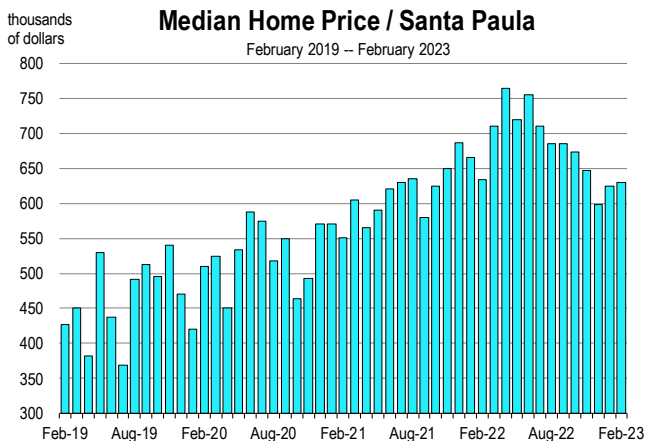
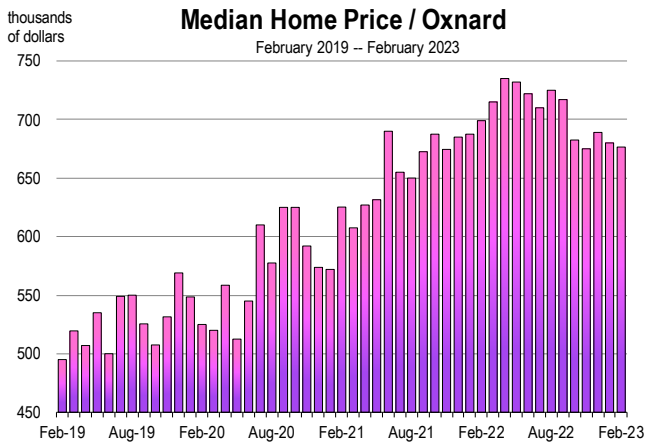
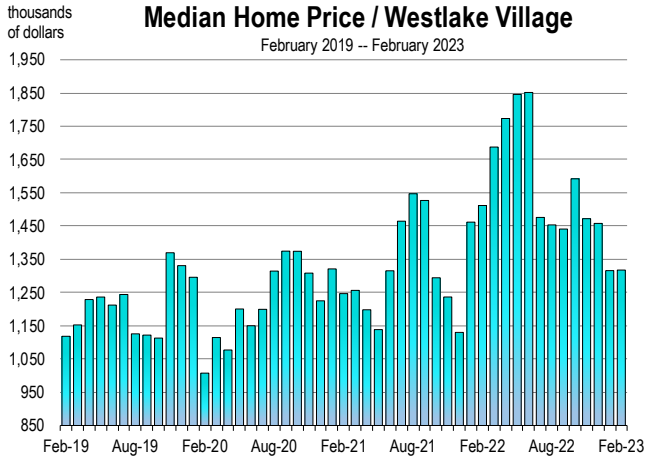
- Home sales have continued to collapse over the first two months of 2023.

- Across all regions in Ventura County, monthly home sales have dropped sharply since June of 2022. To date, they continue to decline.



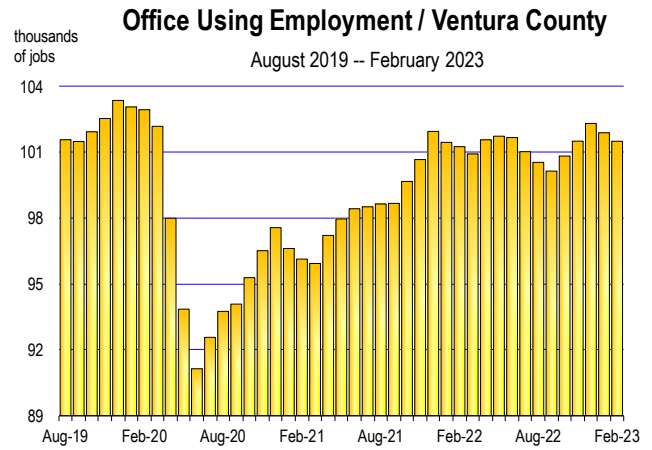
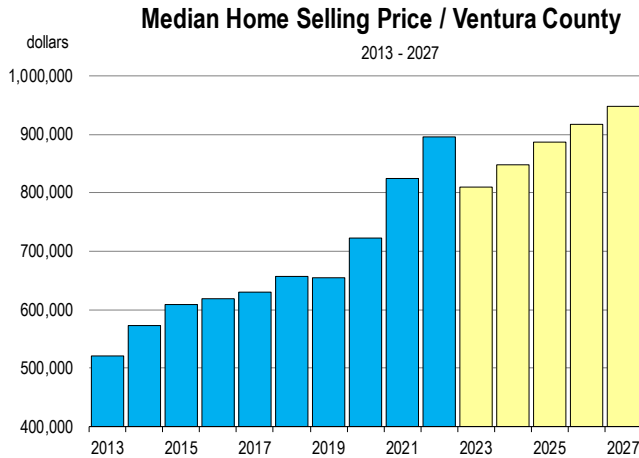
- In March 2022, the average time to sell a home in the county was 27 days. Today, the average number of days on market is now 54.





Housing Market Forecast

- Sales remain depressed throughout 2023, as does inventory.
- Home values are not forecast to decline much further. A total correction of 20 to 24 percent is within the upper bound forecast for single family detached housing, and 14 to 16 percent of that plunge has already been realized.
- Mortgage rates will begin to retreat as the reports on inflation improve. Rates should drop to less than 6 percent in the 2nd half of 2023, slowing down selling price contraction.



Commercial Real Estate

Introduction

The data that we monitor to evaluate the commercial real estate markets include current utilization rates, absorption of available space, average lease rates, and projects under construction. The evidence to date points to a longer recovery of the office market due to more accepted policies regarding allowances for work-from-home.

Employers have not taken a strong stance on employees returning to the office, largely because of the tightness in the labor market and the fear of losing workers. This condition should gradually change if the labor market softens this year.

More office workers are back at their desks than a year ago, but total in-office attendance is still below pre-pandemic levels. As leases are renewed, companies are often switching to smaller spaces, causing vacant office space to increase.

Consequently, the office market remains weak. Office-using employment has gradually improved in Ventura County and is on pace to fully recover by the end of the year, but only if workers are required to return to the office environment.

Online sales have launched the demand for industrial product into the tightest market since records have been kept. The surge of new space completed in 2022 was rapidly absorbed. Both utilization of existing space and lease rates have jumped to record highs.

The peak in retail vacancy only reached 5.7 percent. Vacancy rates are falling again and triple net lease rates are at all time record levels.

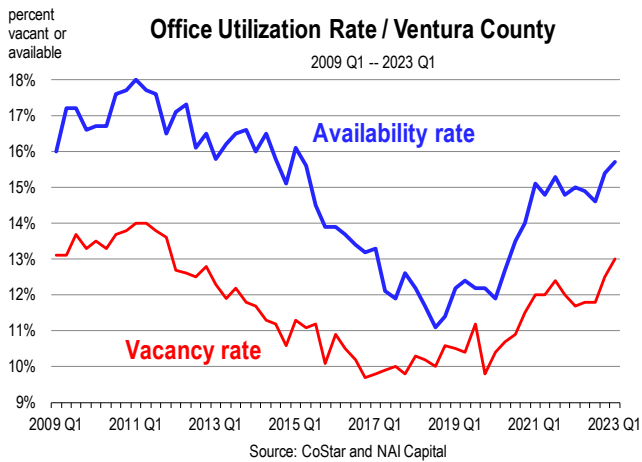
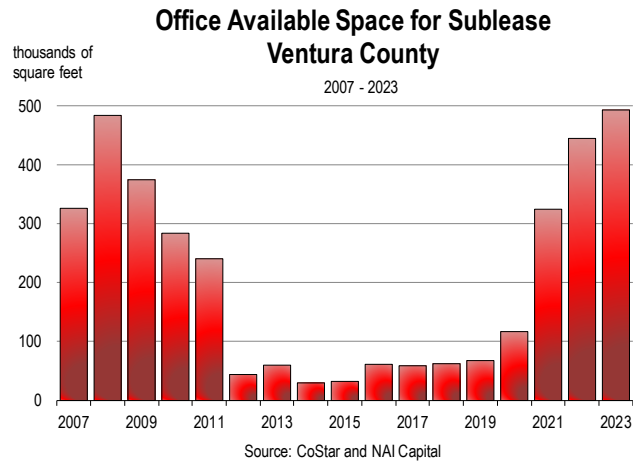
Office Market

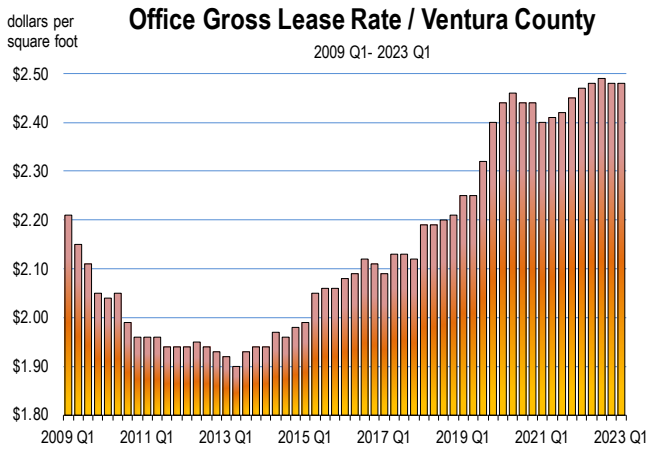
The NAI / Costar estimate of reported vacancy for all office product in the county is currently 13.0 percent. However, the availability rate for office space is nearly 16 percent, the highest level since 2015.

Since 2020, sublet space has become more and more available, rising sharply to nearly 14 percent of all available space, the largest percentage of sublet availability since 2007.

Though more workers have returned to the office, there remains a meaningful share of company workforces that have not, or that practice a hybrid office-home location for daily work. Consequently, total office utilization rates are not necessarily rising yet, or not as fast as expected now that the pandemic is in the rear view mirror.

The consensus of commercial broker reports indicate a general office market weakness has resurged over the last 6 months, largely due to tech and other office worker layoffs that have impacted California.





The Industrial Market

The San Fernando Valley and Ventura County industrial market remains extraordinarily tight as both vacancy and availability sit at historically low levels.

The industrial market has remained rock solid for the last 7 years. With the substitution by consumers to e-commerce, the demand for new warehouse, distribution, and fulfillment centers has soared, all over California.

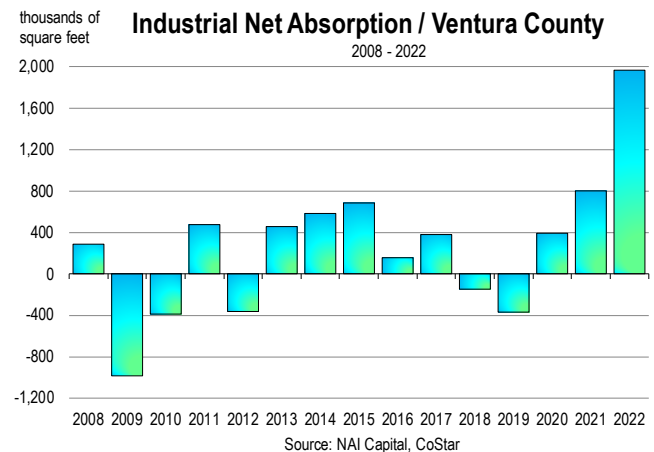
There is no new office product under construction in Ventura County. Net office space absorption has not reduced vacancy or availability rates for the last 7 years. Consequently, existing inventory is ample enough to accommodate the current slow growth in the county.

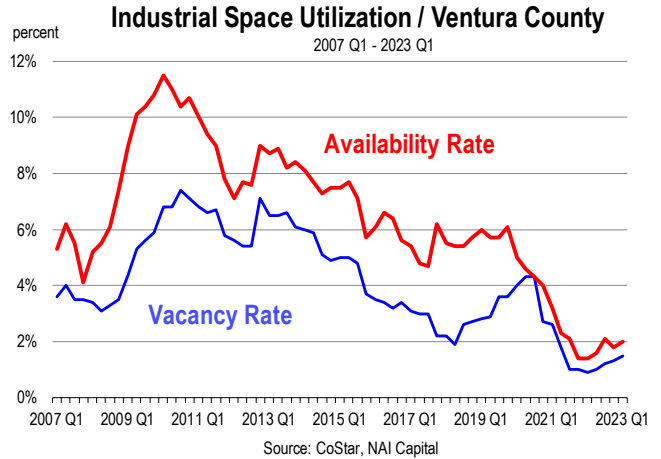
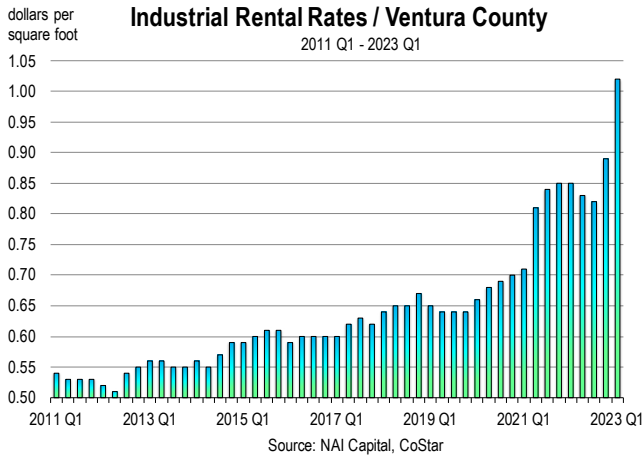
The outlook for the office market has utilization rates rising gradually as (1) employment growth in the office sector increases slowly over time, and (2) workers are mandated to utilize office space more often, rather than remain at home.

Office employment would increase faster under a scenario of new relocations to Ventura County by companies seeking a regional west coast location close to the large Los Angeles metro market. Absent this however, the base forecast has growth limited to organic growth which is still too weak to account for rapid improvement in the market.

Colliers reported industrial vacancy at 1.1 percent at the end of 2022. The NAI/CoStar estimated industrial vacancy rate for Ventura County is 1.5 percent at the end of March 2023. The CoStar estimated availability rate is just 2.0 percent.

Net absorption of space was just short of 2.0 million during 2022---the largest volume of net space utilized in one year since records have been kept.





Responding to record low vacancy, steadily rising lease rates, and strong demand for e-commerce and logistics companies, Amazon developed a record sized fulfillment center in Oxnard in late 2020.

The Fulfillment Center was fully completed in April 2022. The footprint of the center is 857,173 gross square feet, and the total building space weighs in at 2,315,252 gross square feet. Hundreds of workers were hired in the Fall of 2021, and Amazon continues to run ads for job openings at the Oxnard facility today.

Retail Market

Local in-person retail markets have faced major challenges in recent years with the largest being e-commerce combined with rapid delivery. The

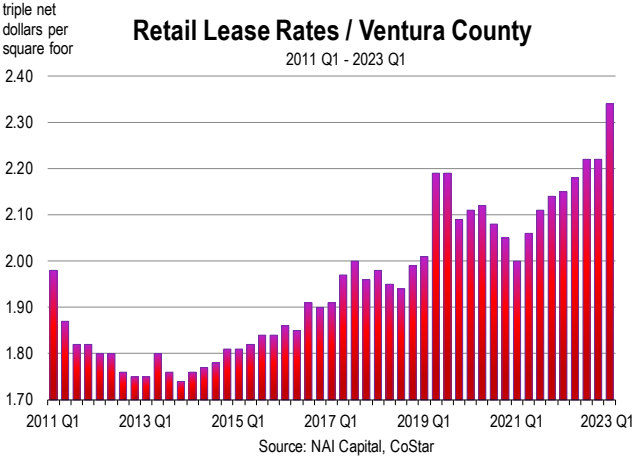
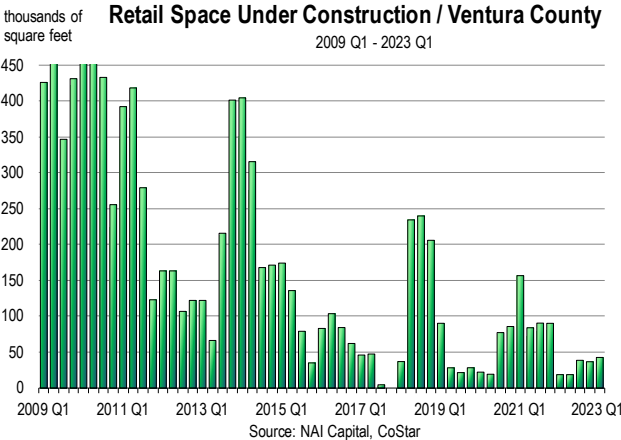
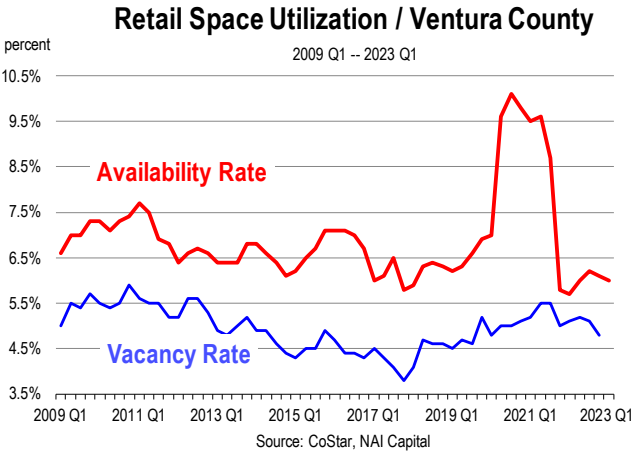
pandemic which closed retail stores, limited capacities of customers inside stores, or required the wearing of masks and social distancing. This led to a more rapid substitution to online spending for all types of goods that would alternatively be purchased in physical stores. Then supply chain issues followed, limiting available product and pushing consumers to further use online searches to shop for retail goods.

Despite these forces, the Ventura County retail market has largely adapted to the changing composition of the retail industry. Retail vacancy and availability remain quite low in both the east and western sides of the County, and lease rates are rising sharply.

Net absorption during 2022 was the highest volume of space since 2017.

The retail vacancy rate for April 2022 was 4.1 percent. Availability was slightly higher. Lease rates have soared to the highest levels on record. The average triple net overall asking rent is now \$2.34 per square foot.

Consumers have paved the way for the local Ventura County retail market to strengthen as much and as fast as it has. Sales have increased sharply, principally from resident spending. However, the inflationary environment that is now more evident has altered the demand for the most expensive goods, such as automobiles and consumer durables. This has yet to translate into noticeable effects on the demand for retail space though that risk is rising.



Demographics

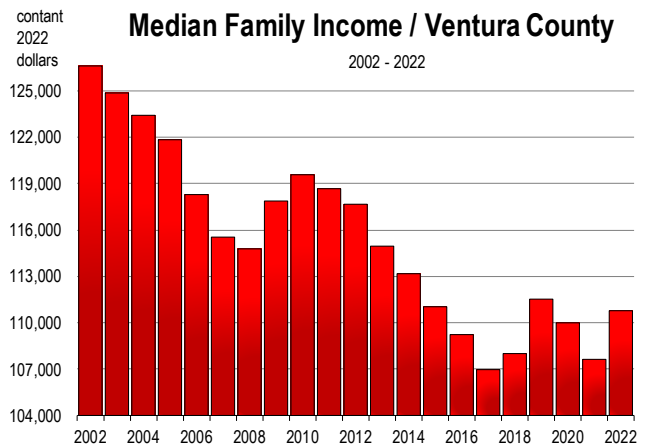
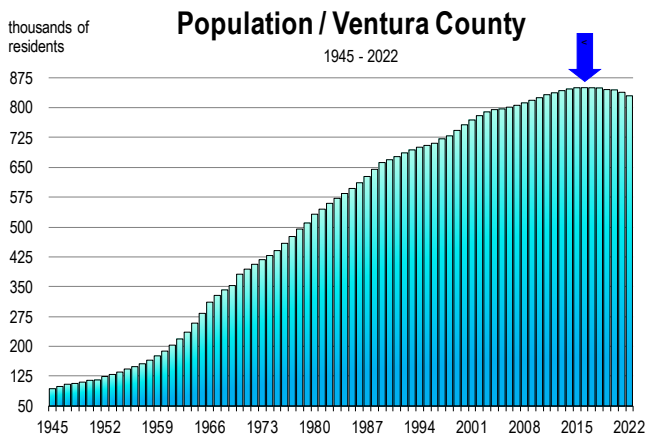
Population Growth

- Since 1940 when continuous annual records were estimated for California county populations, the population of Ventura County had increased every year. This was also true for the entire state of California.
- But an apex occurred in 2016 in Ventura County, and population growth turned negative thereafter. It has gradually declined since. Furthermore, it is expected to further decline through the remainder of the decade.
- Population decline has been the result of net out-migration. An estimated total of 10,900 net migrants left the county in 2022. Since 2016, an estimated 40,000 more residents have left Ventura County than new people moving in.
- The outflow of residents is forecast to continue along a path that has generally been in place since 2014, causing population to decline indefinitely.

- A myriad of factors including the lack of housing affordability, the lack of rental housing availability and fewer professional job opportunities in the county is responsible for increasing out-migration from the county.

Household Income and Education

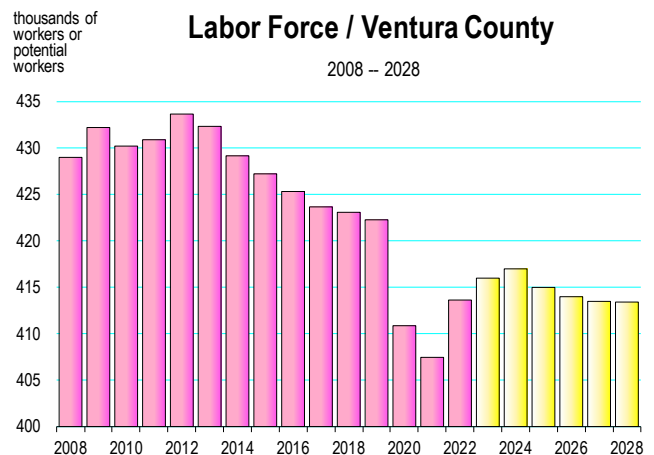
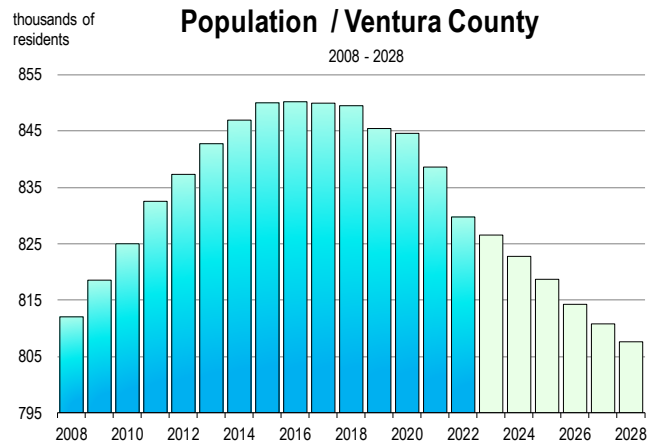
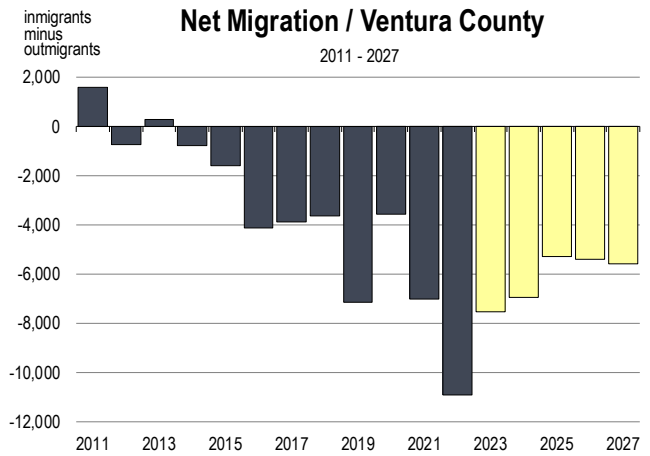
- Because of the current inflationary environment, though average worker salaries have increased, they have actually declined in real terms, meaning that purchasing power is lower now than it was in 2021.
- In 2022, the median family income in Ventura County was \$115,400, which is considerably higher than the statewide median of \$101,600. In constant dollars, family incomes rose in 2022 though they've generally settled in a range of \$108,000 to \$115,000 over the last 5 years. In terms of inflation adjusted dollars, family incomes have recorded a meaningful deterioration over the last 20 years.



- Approximately 22 percent of the population aged 25 and older have a bachelor’s degree, and another 13 percent have an advanced degree.

The Demographic Forecast

- Population is forecast to remain on a trajectory of decline over the next 5 years or longer, largely due to continued out-migration. But beginning this year (2023), the natural population increase will turn negative, as the number of deaths exceed births. A negative natural population change will add further to overall population decline in the county.
- With the decline in population, the county faces a scenario where labor force growth remains muted, as it has over the last decade.
- A declining labor force of Ventura County residents does not reduce employment of firms inside Ventura County. It creates more commuting from adjacent counties with growing labor forces, including Santa Barbara and Los Angeles Counties.
- More commuting workers creates more cross hauling on Highway 101 and the 23. Consequently, there is increased traffic in the morning and late afternoon.
- The total population of Ventura County will approach 865,000 by 2025. Growth is likely to be strongest in the West County, where housing is more affordable, and where new units will be constructed in larger numbers.



Port of Hueneme

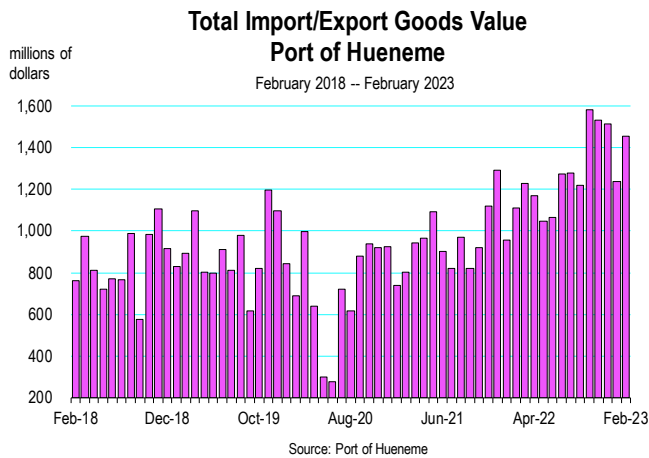
Total trade through the Port has been rising sharply over the last 2 years.

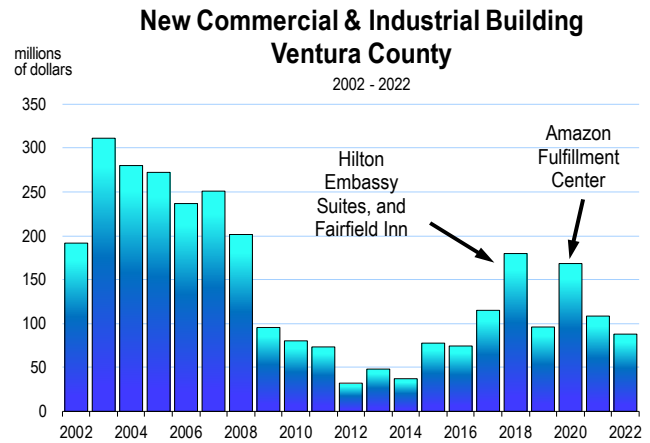
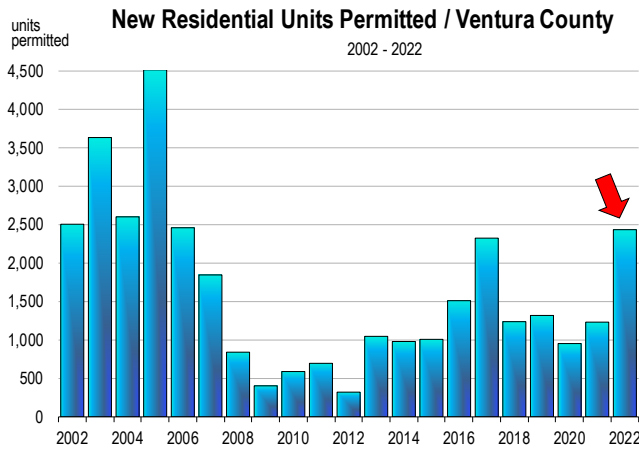
The total value of imports and exports is now at record levels, led principally by vehicles.

Imports comprise 90 percent of total trade value through the Port. Passenger and commercial vehicles are typically the highest valued commodities.

The port dominates in agribusiness, particularly citrus from Ventura County, and banana and potato imports. It also especially competitive in bulk cargos and automobiles which principally distinguish it from the much larger ports of Los Angeles, Long Beach, and Oakland.

Principal Imports by Value Port of Hueneme 2022	
1	Passenger vehicles
2	Commercial vehicles
3	Bananas and plantains
4	Avocados, pineapples, etc.
5	T-shirts, tank tops, knit or crocheted
6	Strawberries, blueberries, etc.
7	Tractors
8	Self-propelled construction machinery
9	Sweaters, pullovers, and vests
10	Power supplies, transformers





New Development

During 2022, 2,444 units were authorized through the permitting process within the cities of Ventura County. Just over 75 percent of that total was apartment units, with most of the single family detached homes located in Santa Paula and Simi Valley.

Most of the new single family homes under construction today are in Camarillo and Simi Valley including more homes comprising the Springfield Specific Plan, and the Runkle Canyon Project.

Most of the apartment projects that are currently under construction are in Oxnard and Ventura. Nearly half of all apartment units authorized in 2022 were located in Oxnard.

New non-residential development has been relatively austere in Ventura County since the previous economic cycle that ended with the Great Recession. Other than a recent surge in hotel development in Camarillo and Ventura, and the new Amazon Fulfillment Center in Oxnard, new investment dollars in non-residential structures are no longer a reliable engine of growth for the economy.

New Residential Housing Units by City Ventura County 2014 - 2022									
	2014	2015	2016	2017	2018	2019	2020	2021	2022
Camarillo	299	98	185	443	452	261	110	137	169
Fillmore	39	42	36	74	15	63	1	12	11
Moorpark	178	164	81	94	11	2	3	5	11
Ojai	0	3	2	3	9	13	5	17	16
Oxnard	295	229	629	671	96	136	318	337	114
Port Hueneme	5	0	0	0	0	0	0	0	3
Ventura	24	274	245	800	223	401	202	405	1225
Santa Paula	2	11	4	3	3	145	178	122	164
Simi Valley	11	63	203	107	276	125	1	85	433
Thousand Oaks	51	75	75	62	61	14	60	46	66
Total Ventura County	981	1,009	1,512	2,326	1,239	1,320	954	1,233	2,444

Source: CHF/CIRB and California Economic Forecast

Projects in the Pipeline and Under Construction

The Simi Valley City Council has approved a mixed-use development with residential rentals and commercial space at the site of Santa Susana Plaza shopping center. The developer, The Gerrity Group, plans to tear down about 40% of the 150,000-square-foot shopping center and build a three- and four-story residential portion there. The remaining 60% of the center will be incorporated into the project as a retail portion. The plaza's current anchor tenant, a Walmart Neighborhood Market, will remain so. This project is known as the Tapo-Alamo street mixed use project, and will consist of 278 apartments and 8,000 square feet of commercial space. Thirty percent of the apartments will be reserved for low income housing, and there will be a total of 644 parking spaces. This project is now in plan check.

The only approved office project in Moorpark is the Patriot Office Building. Seven freestanding buildings totaling 28,955 SF are proposed on Patriot Drive in the Carlsberg Specific Plan. The project, approved on July 30, 2022, would also include a private loop road and a parking lot. The office buildings are planned to be built with a modern aesthetic. The project is nearing construction and is in grading and building permit plan check at this time.

The Pentair Expansion project in Moorpark is currently under environmental review. Pentair Pool Products is the largest employer in the city with 700 workers. The planned expansion is for the development of a new 90,566 SF industrial building.



Tapo/Alamo Project Plan

The only office project near approval is the Patriot Office Building in Moorpark. Seven freestanding buildings totaling 28,955 SF are proposed on Patriot Drive in the Carlsberg Specific Plan. The project is currently in review by the Community Development Department.

Conejo Summit is a proposed industrial park of 15 buildings totaling 49.83 acres and 754,222 square feet. The buildings would range in size from around 32,015 SF to 93,308 SF. The project, located adjacent to the Conejo Spectrum, is currently in planning and has recently received a mitigated negative declaration regarding the environmental review. The proposed project would consist of a maximum of seven phases, with an anticipated construction period of 12 to 15 months for each phase.

The Pentair Expansion project in Moorpark was approved by the City Council on November 2, 2022 and is currently in plan check. Pentair Pool Products

is the largest employer in the city with 700 workers. The planned expansion is for the development of a new 90,566 SF industrial building which will include 3,000 SF of office space, 87,566 SF of warehouse space, 26,295 SF of landscape area, and 185 parking spaces.

Thousand Oaks Ranch, the largest mixed use project in the history of the city, was approved by the city council in the summer of 2022. Thousand Oaks Ranch is located at Hampshire Road and Foothill Drive. It will include 420 multi-family residential units plus 15,000 SF of commercial uses, 203,172 SF of open space, and a 5,000 SF community center. It will also provide 119 commercial parking spaces and 683 residential parking spaces. 50 of the 420 units will be reserved for deed restricted low-income households. The projected construction time is 24-33 months until completion.



Pentair Expansion in Moorpark



Santal Apartments in Thousand Oaks

In February 2022, the Draft EIR was published for public review on the Hitch Ranch Specific Plan in Moorpark. The project includes 755 residential units, consisting of single and multi-family, low-income affordable apartments, and a large public park. Public hearings will occur this year.

The Latigo Group has 2 mixed use projects under development. The Santal Thousand Oaks project was approved by the city in August 2018. It features a 152,000 SF residential facility situated on 3.2 acres. It includes 142 luxury apartments and 10,000 SF of retail and commercial space. Hillcrest is the second development, consisting of 333 units with 6,500 square feet of retail and commercial space. Latigo has ribbon cutting set for April 12th for the Santal Apartments located at 299 E Thousand Oaks Blvd., and is pushing hard with 2150 Hillcrest, which isn't

expected to be completed until 2026. Amgen was the last owner, and they did a pre-screen prior to the "sale" of the property.

Nixie from SKYA Ventures is a mixed-used project with SB330 application on Maple Court in Ventura, across from Pacific View Mall. It comprises of over 6 acres, including 350 single and multi-family units, 5,000 SF of ground floor commercial space, and 560 parking spaces. There is opposition to the project by nearby neighbors.

A Hilton TRU Hotel has been planned for the esplanade center in Oxnard but has yet to commence construction. The 5-story hotel contains 41,422 SF of 88 rooms, and a rooftop lounge and pool and will be constructed by E.H. BUTLAND CORP.

The 2.3 million-square-foot Amazon fulfillment Center was just completed in the Sakioka Business Park in Oxnard. The job creation has been windfall for the area. At this time, Amazon is still hiring for the facility.

The Teal Club project of 990 residential units and some commercial development is under environmental review in Oxnard.

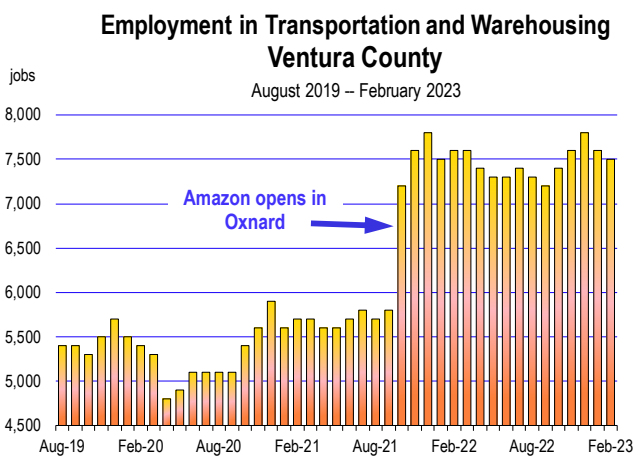
Shea properties recently had their Riverpark Specific Plan amended by the Oxnard City Council to allow for the development of another 1,152 residential units at Riverpark. Most of these units would be apartments. This project remains on the project list for the city of Oxnard, however there has been no recent update in the last year.

Framework is starting to rise for Camino Del Sol High School, in Oxnard, at the Northeast Corner of North Rose Avenue and Camino Del Sol. The project is the first phase of development for one of the last large undeveloped areas within the city limits and is an opportunity to provide remaining public needs.

It is part of a larger plan, referred to as the Northeast Community Specific Plan. The block is 107 acres overall. In addition to the school, 500-950 residential units and some commercial development are proposed. A tentative map with fourteen master lots is included. The school is expected to open August 16, 2023 with a freshman class consisting of about 600 students.

The Village Wagon Wheel developmental project is part of the village specific plan and is currently under construction. The overall master plan encompasses 15 acres consisting of a transit center, farmers market, 50,000 SF of retail, a remaining 821 market rate units housed in 3 wrap buildings and a senior housing center.

The Westview Village Project is currently in Phase 3 and under construction on West Warner Street in Ventura and will be bringing 320 residential units, a senior center, and early childhood development center on a 20 acre site. Developers broke ground on some of the apartments part of this project aimed for homeless individuals in July 2022. Completion of all 4 phases is expected by 2024.



Camino Del Sol High School construction work

A 122 room Home2 Suites hotel had just been completed in Camarillo when a fire burned down the \$25 million dollar uninsured project in April 2022. The second phase, which had been scheduled to start upon completion of the first phase, included a 165 room Embassy Suites hotel and conference center. It was planned for completion in mid 2023. T.M. Mian, the owner, immediately verbally committed to rebuilding Home2 Suites, while simultaneously beginning phase 2 of the project. It is now currently underway again by RYS Architects, Inc. and is estimated to be completed in September 2024.

The largest apartment project in Ventura County has been approved and is currently in plan check for Camino Ruiz and Verdugo Way in Camarillo with Camino Ruiz LLC listed as the developer. The 385-unit rental apartment complex is comprised of seven three-story and seven four-story buildings. Five floor plans will range in size from 600 SF to 1,000 SF. 787 parking spaces will be provided. 20

very low-income affordable units will be included, with 7 studios units, 7 one bedroom units, and 6 two bedroom units. In addition to these low-income units, 20 more moderate-income affordable units will be included with 7 studio units, 7 one-bedroom units, and 6 two-bedroom units. KTG architecture and Planning are in charge of the projects design, which will be a modern interpretation of the Mediterranean and Monterey styles.

Phase 1 of the Harvest at Limoneira project is under construction in Santa Paula. It has been underway since 2019. 586 single family homes and a 36 acre sports park define the project. Prices range in the 600 thousands.



Home2 Suites Camarillo

Ventura County Residential Development

Project	Location	Description	Status
North Canyon Ranch	Simi Valley	210 units: 160 single family and 50 senior affordable units.	Application submitted and deemed complete
Lost Canyons	Simi Valley	364 single family Homes	In Plan Check and will begin construction this year
Sycamore Landing	Simi Valley	311 unit apartment complex.	Under construction
Melrose West Assisted Living	Simi Valley	110 unit assisted senior living facility	Approved. Has not yet started construction
Hacienda Peppertree	Simi Valley	357 unit senior residential care facility	Approved
Sycamore Grove	Simi Valley	106 single family homes and 59 townhomes + 6,000 SF of commercial space.	Under Construction
Churchill Apartments	Simi Valley	83 unit apartment project.	Application submitted and deemed complete
Alamo/Tapa Mixed Use	Simi Valley	278 apartments and 8,000 SF commercial	Under Construction
Teal Club project	Oxnard	990 residential units, community park, business / research park	Pending Approval
Nixie mixed use project	Oxnard	6 acres, including 350 single and multi-family units, 5,000 SF of ground floor commercial space, and 560 parking spaces	Proposed
Cypress Place at Garden City	Oxnard	All-affordable 150 dwelling unit apartment complex on 5.22 acre site. 3-story buildings with units ranging between 572 and 1,012 sf in size	Plan Check
C Street Apartments	Oxnard	5-story, 175-unit apartment building	Plan Check
Portofino Place	Oxnard	New 90 unit, planned development, duplex-townhome development on 7.6 acres	Plan Check
Fore RiverPark	Oxnard	333 unit, five story apartment complex on 4.2 acre site	Plan Check
Camino Ruiz Apartment Project	Camarillo	385- unit rental apartment complex: 7 3-story buildings, 7 4-story buildings, 787 parking spaces	Plan Check

Ventura County Residential Development (con't)

Project	Location	Description	Status
Lennar Homes Springfield Drive Project	Camarillo	159 units of single family detached housing	Approved
Williams Homes at Village at the Park	Camarillo	96 apartment rental units	Under Construction
Shea Homes Senior Housing Project	Camarillo	281 housing units restricted for seniors	Under Construction
Westview Village	Ventura	320 residential units, a senior center, and early childhood development center on a 20 acre site	Under Construction
Harvest at Limoneira Project	Santa Paula	500 total acres: 1,500 homes, recreation center, community gardens, trails and parks	Under construction
Thousand Oaks Blvd project	Thousand Oaks	328 apartment units and 5,000 SF of commercial space	Approved
Newbury mixed use project	Thousand Oaks	120 room hotel and 218 apartment complex	Approved
The Lakes at Thousand Oaks	Thousand Oaks	165 unit apartment building with associated parking and amenities	Approved
Baxter Way residential project	Thousand Oaks	264 apartment units	Approved
Hillcrest Thousand Oaks project	Thousand Oaks	333 units with 6,500 SF of retail and commercial space	Under Construction
Thousand Oaks ranch mixed use project	Thousand Oaks	420 multifamily residential units plus 15,000 SF of commercial space, 203,172 Sf of open space, and a 5000 SF community center	Approved
Hitch Ranch	Moorpark	755 multi and single family residential units, apartments, and a public park	Pending
High Street Depot	Moorpark	79 residential units and 14,471 SF of commercial retail space	Proposed
Everett Street Terraces	Moorpark	60 unit multi-family residential condominium on 2.4 acre site	Pending Approval
Beltramo Ranch	Moorpark	47 single family detached residences	Approved
Green Island villas	Moorpark	63 unit multi-family residential condominiums	Plan Check

Ventura County Non-Residential Development

Project	Location	Description	Status
Pentair Expansion	Moorpark	90,566 SF industrial building with office, warehouse, and landscape space	Proposed
Condor Drive Warehouse	Moorpark	renovation of 200,668 SF building	Approved
Patriot Office Building	Moorpark	7 buildings totaling 28,955 SF	Plan Check
Amazon	Moorpark	202,421 SF industrial building	Under Construction
Overlay zone project	Thousand Oaks	5 story hotel of 216 rooms	Pending Approval
Conejo Summit	Thousand Oaks	industrial park of 15 buildings totaling 755,000 SF	Pending Approval
The Village Wagon Wheel Developmental Project	Oxnard	15 acres consisting of a transit center, farmers market, 50,000 SF of retail, 821 market rate units housed in 3 wrap buildings and a senior housing center.	Under Construction
Rancho Victoria Plaza Shopping Center Project	Oxnard	8 retail/commercial buildings that will range between 3,388-6,472 SF in size. Total SF of lot = 53,950	Approved
Camino Del Sol High School	Oxnard	School comprising 107 acres plus 500-950 residential units	Under Construction
Hilton TRU Hotel	Oxnard	5-story hotel containing 41,422 SF of 88 rooms, and a rooftop lounge and pool	Plan Check
TownePlace Suites and SpringHill Suites	Oxnard	120 rooms each, total SF= 162,285	Plan Check
Country Club	Simi Valley	Condominium subdivision of 2.26 acre parcel into 1 parcel and 6 condo units	Approved
Dave Janssen's School of Music	Simi Valley	Music School with in-person and remote instruction, accessory minor sale of instruments and music supplies, storage of music equipment, music equipment rental	Plan Check
Grocery Store	Simi Valley	remodel of an existing 35,000 S.F. commercial building to a proposed grocery use	Approved/Unbuilt
Movie Studio	Simi Valley	movie studio backlot and Master Plan for future movie studio building	Approved/Unbuilt
Guardian Building	Simi Valley	51,234 square foot single-story industrial building with 16 units	Under Construction
Tapo Canyon Commerce Center	Simi Valley	5 industrial buildings on an existing 18.05-acre lot	Under Construction

Acknowledgements

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Speakers at the 2023 Economic Outlook Conference



John Coupal
President
Howard Jarvis
Taxpayers Association



Mark Schniepp
Director
California
Economic Forecast

California Economic Forecast

Mark Schniepp, Ph.D.
Principal Author & Editor
Julia Schniepp
Publication Layout & Design
Raghav Thondikulam
Database

Databank Contributors

California Association of Realtors
California Department of Education
California Department of Finance
California Department of Tax and Fee Administration
California Employment Development Department
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ABOUT THE CALIFORNIA ECONOMIC FORECAST



The California Economic Forecast has been preparing publications and presentations for more than 25 years. The firm was founded in 1989 by Dr. Mark Schniepp as the private consulting arm of the UCSB Economic Forecast Project.

Dr. Schniepp left UCSB in early 2000 to devote full time effort to the California Economic Forecast. The company has expanded rapidly since this time, and has developed into a full service economic consulting firm with expertise on the California economy.

Capabilities and Recent Projects

The California Economic Forecast performs research and analysis for business and public sector clients. The firm has developed a prolific database on California and its regional economies, allowing it to address a wide range of topics.

Our capabilities include:

- Economic forecasts for California, all 58 of its counties, and its sub-county regions
- Real estate forecasts
- Public revenue forecasts
- Economic impact studies
- Economic policy studies
- Economic outlook presentations for business, government, and non-profit groups
- Regional economic profiles

Examples of recent projects:

- 58 county-level forecasts for Caltrans
- 25 county-level forecasts for Kaiser Permanente
- Comprehensive report on all of California's major construction projects
- Forecasts of home prices, housing development, and commercial real estate development
- Economic impact of the development of California's energy resources
- Economic impact of real estate development in the Santa Clarita Valley

Events

The California Economic Forecast hosts economic outlook conferences, and participates in conferences by partner organizations. Recent events include:

- Entrepreneur Economic Forecast Conference (LA County and Ventura County)
- Santa Barbara County Real Estate and Economic Outlook Conference
- Santa Clarita Valley Economic Outlook Conference
- Orange County Economic Outlook Conference
- San Diego County Economic Outlook Conference
- Kern County Economic Outlook Conference
- Coachella Valley Economic Summit

Our Clients

The California Economic Forecast serves a diverse array of industries. Our recent clients include:



For Inquiries Contact Mark Schniepp, *Director*

5385 Hollister Ave, Box 207

Santa Barbara, CA 93111

805-692-2498

mark@californiaforecast.com

www.californiaforecast.com