

EMPLOYMENT ANALYSIS

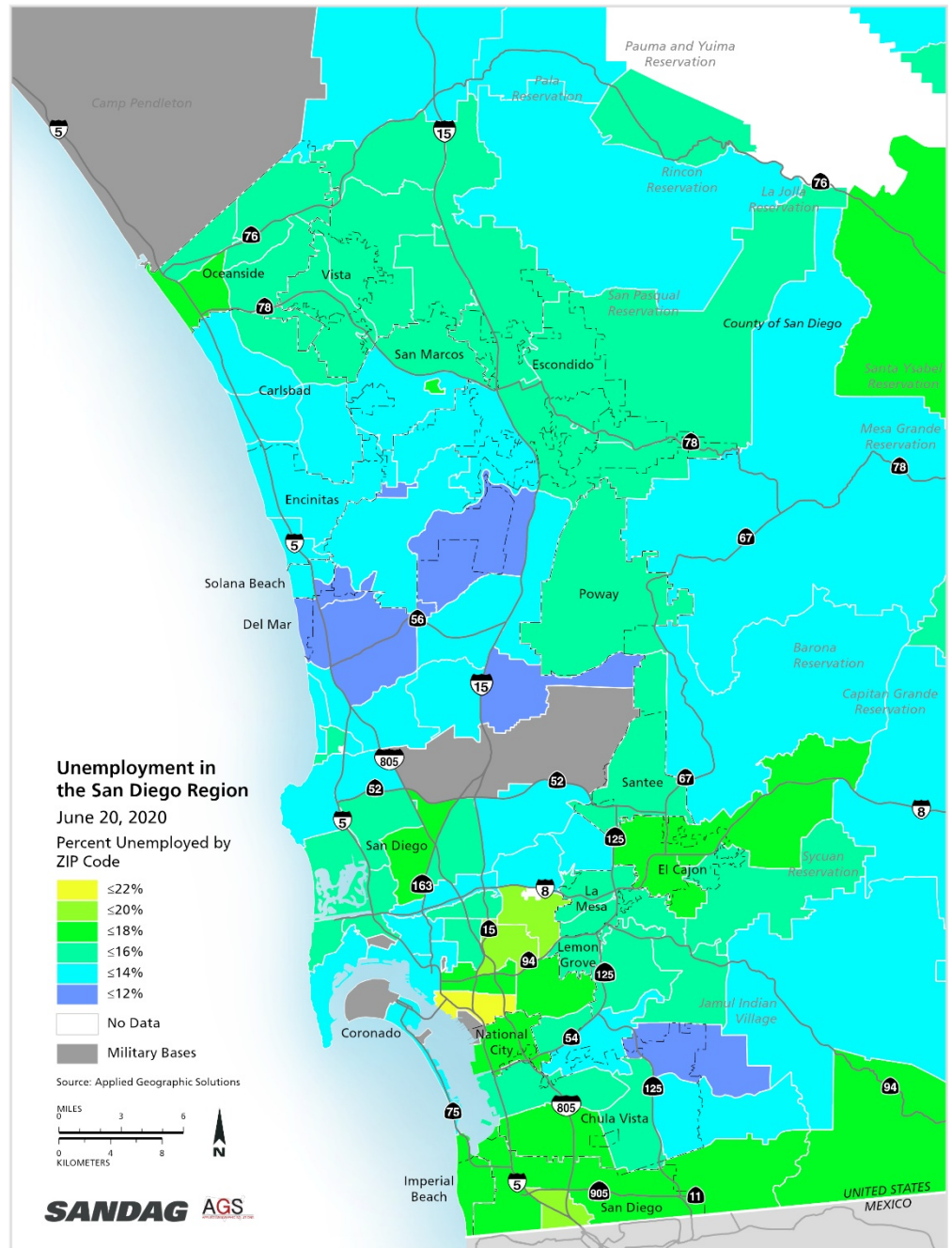
Unemployment in the San Diego region continues to decrease as businesses reopen. The region's unemployment rate is now estimated to be 14.8%, 1.5 percentage points lower than the previous week (revised up to 16.3%).

There are still roughly 250,000 unemployed people in the region, compared to about 50,000 pre-COVID.

In the week ending June 20, nearly 25,000 workers were estimated to have returned to work, compared to 30,000 the week before. New weekly unemployment insurance claims in the region have increased over the last week, but the number of people receiving unemployment insurance in the region continues to decline. This trend confirms that more people are returning to work than are being laid-off.

However, the recent increase in COVID-19 cases is bad news on the employment front. In response to COVID-19 cases going up, Governor Newsom and local county officials have reversed some of the reopening plans. As of July 1, bars, breweries, and wineries that do not serve food have been ordered to close. Although this does not represent a large percentage of the San Diego regional workforce, it communicates that reopening the economy will take longer than first anticipated.

Figure 1: Estimated Unemployment Rate by ZIP Code as of June 20, 2020



Source: Applied Geographic Solutions, Inc., Thousand Oaks, California, Weekly Release June 29, 2020

Additionally, consumer confidence may be shaken when COVID-19 cases rise. A decline in consumer spending could also lead to reduced demand for businesses and services that require high contact, slowing any potential recovery as businesses struggle to adjust to fewer customers, new regulations, and reduced physical capacity.

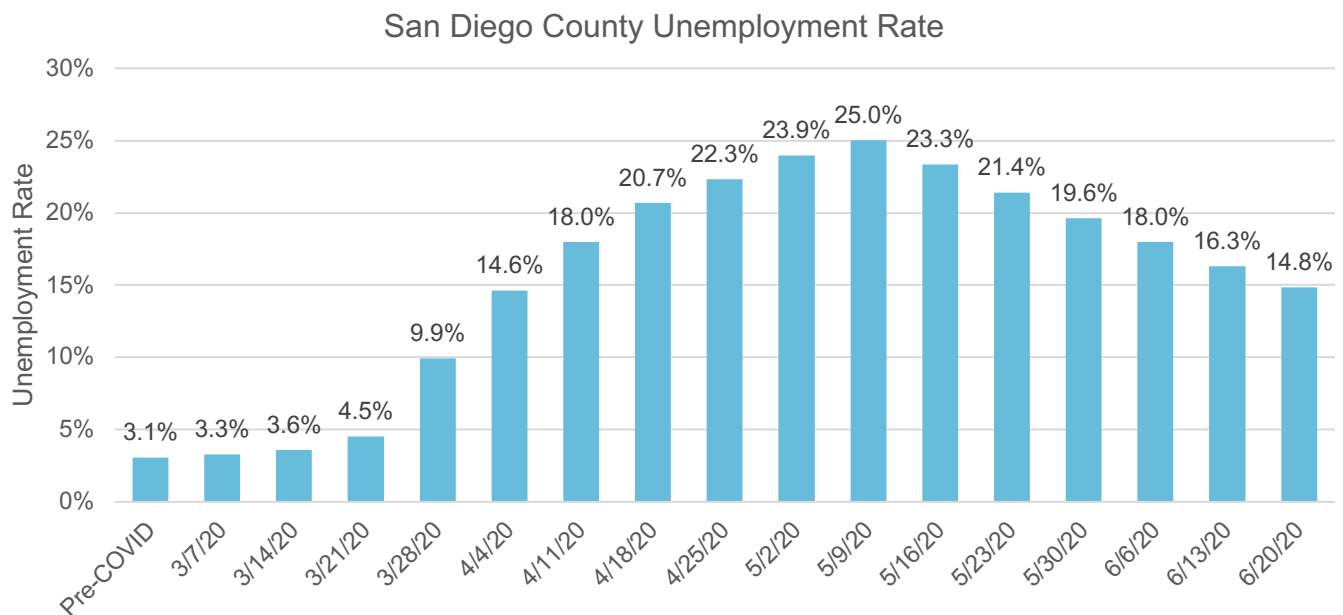
Figure 2 shows unemployment rate improvements as the economy continues to reopen. It will take much longer for the unemployment rate to reach pre-COVID levels. Unfortunately, COVID-19 had some devastating effects, forcing some businesses to close for good, and leaving many others struggling with limited capacity due to new health regulations and/or low demand due to household income losses and precautionary saving.

The most affected ZIP Codes remain those in the southern and central parts of the region. The five ZIP Codes are still experiencing the highest unemployment rates are Encanto, College Area, City Heights, San Ysidro, and Logan Heights. Only Logan Heights is estimated to have an unemployment rate above 20%. The five ZIP Codes least affected, with lowest unemployment rates are Carmel Valley, Del Mar, Rancho Santa Fe, Chula Vista NE, and Rancho Bernardo W, with unemployment rates of just over 10%.

These unemployment estimates are based on new unemployment insurance claims, the number of people receiving unemployment insurance payments, and other official unemployment statistics from the Bureau of Labor Statistics (BLS). This is the best available data and will be revised as new federal and state data become available.

Some issues with the BLS unemployment data must be noted here. Household surveys are collected through in-person and telephone interviews. In-person interviews were not conducted due to social distancing orders. According to the BLS, the household survey response rate was 67%, about 15 percent lower than pre-COVID participation levels. Of those surveyed, a large number were classified as “employed but absent from work,” instead of “unemployed.” Without this misclassification, the BLS estimates that the overall U.S. unemployment rate would be about 3 percent higher than reported.

Figure 2: Estimated Unemployment Rate in the San Diego Region as of June 20, 2020



Source: Applied Geographic Solutions, Inc., Thousand Oaks, California, Weekly Release June 29, 2020