

EMPLOYMENT ANALYSIS

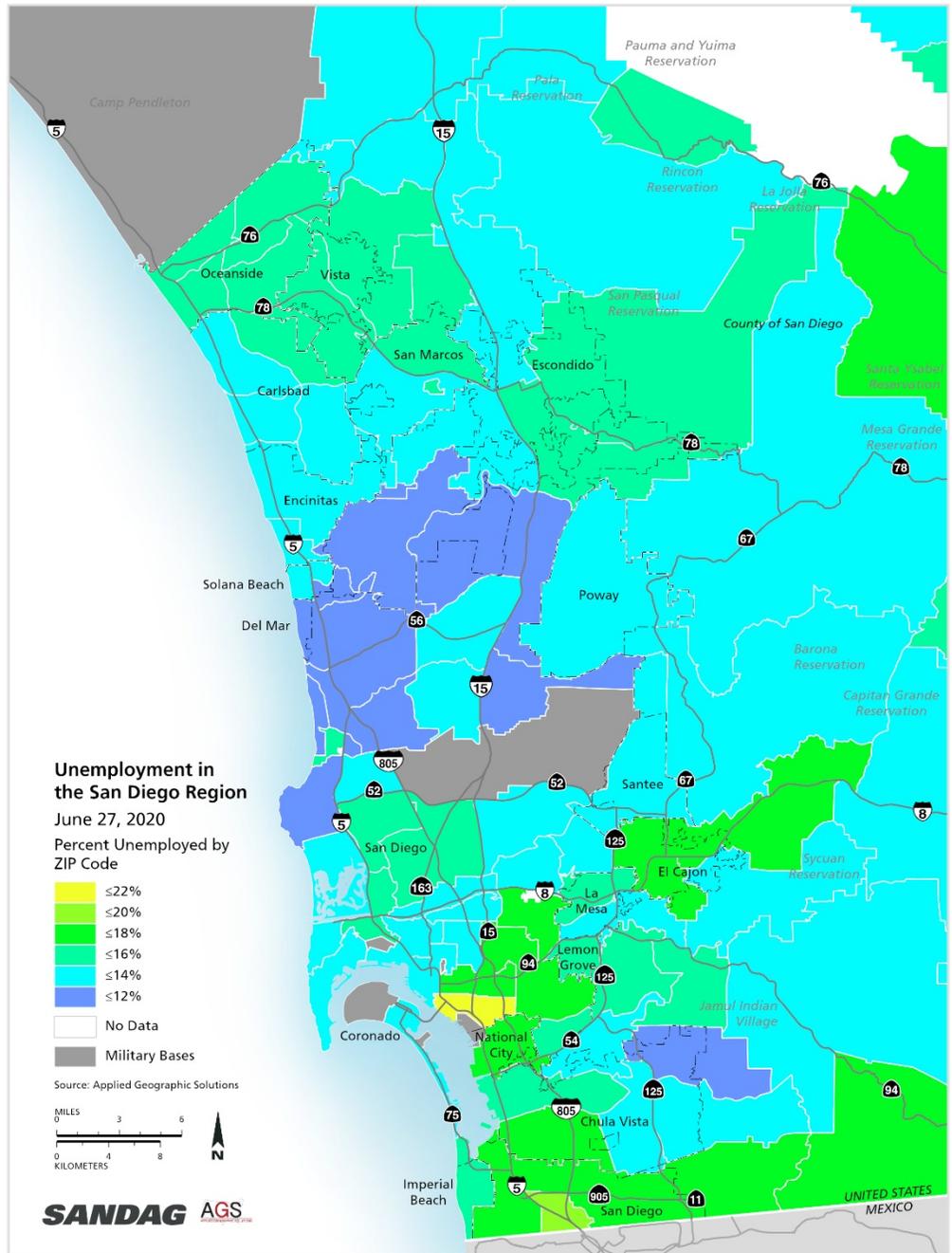
As businesses in the San Diego region have reopened, unemployment has continued to decrease. As of June 27, the region's unemployment rate is estimated to be 14.3%, 1.4 percentage points lower than the previous week (revised up to 15.7%) and more than 10 percentage points lower than at the peak in early May.

However, this improvement may be short-lived with the increase in COVID-19 cases leading to a reversal in reopening. Closures began on July 1 with bars, breweries, and wineries that do not serve food, and continued with the order from California Governor Gavin Newsom on July 6 to stop indoor operations of restaurants, wineries, movie theaters, family entertainment centers (including bowling alleys, miniature golf, batting cages, and arcades), zoos, museums, and card rooms. Together, these activities represented more than 160,000 jobs, or 11% of the region's employment pre-COVID.

The reversal comes at a time when there are still roughly 240,000 unemployed people in the region, compared to about 50,000 pre-COVID.

There is also a risk of another wave of layoffs as the funding from Paycheck Protection Program loans is exhausted. Together with state and local assistance, the program has kept many small businesses afloat.

Figure 1: Estimated Unemployment Rate by ZIP Code as of June 27, 2020



Source: Applied Geographic Solutions, Inc., Thousand Oaks, California, Weekly Release July 6, 2020

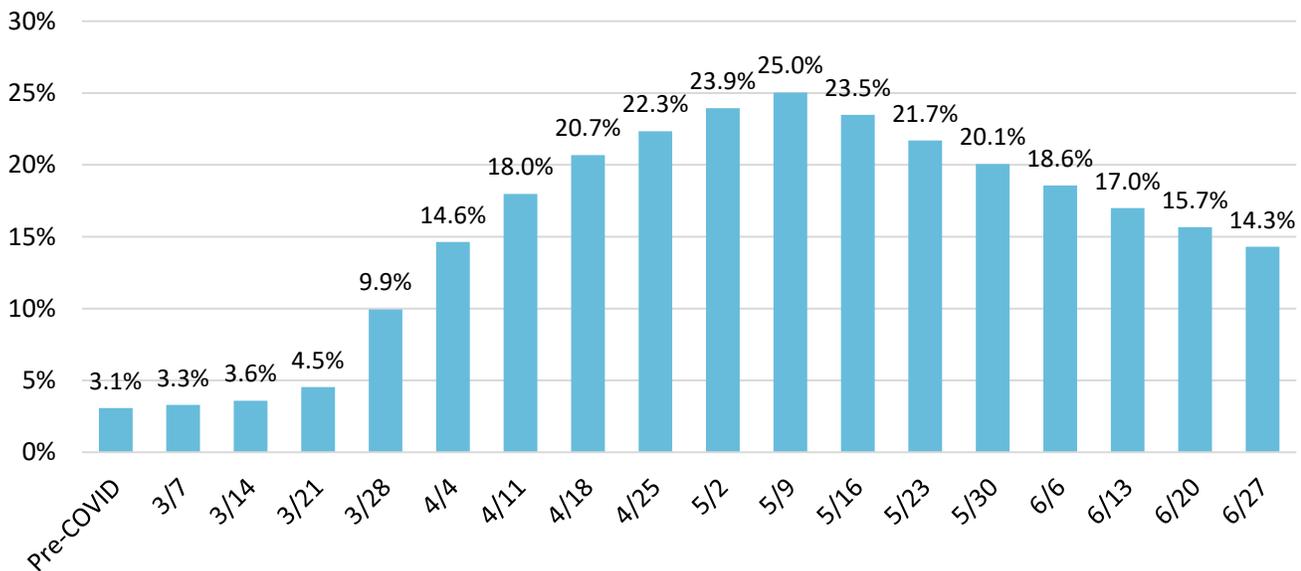
As the number of COVID-19 cases rise, the impact on the economy will likely be magnified by weaker consumer confidence about the short-term economic prospects.

Figure 2 shows unemployment rate improvements as the economy started to reopen in May. While it took less than two months for unemployment to increase eightfold, it will take much longer for the unemployment rate to fall back to pre-COVID levels, especially if the full reopening of the economy needs to be further delayed for public health reasons.

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

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. This is the best available data and will be revised as new federal and state data become available.

Figure 2: Estimated Unemployment Rate in the San Diego Region as of June 27, 2020



Source: Applied Geographic Solutions, Inc., Thousand Oaks, California, Weekly Release July 6, 2020