EMPLOYMENT ANALYSIS

According to the National Bureau of Economic Research,[1] economic activity fell steeply between February and March 2020, resulting in the start of the COVID-19 recession. Since then, the San Diego region has experienced four months of unemployment rates that have been substantially higher than during the peak of the Great Recession.

As of July 25, 2020, the average unemployment rate in the region was 14.4%. For comparison, the unemployment rate during 2010 at the peak of the Great Recession was 10.8%.

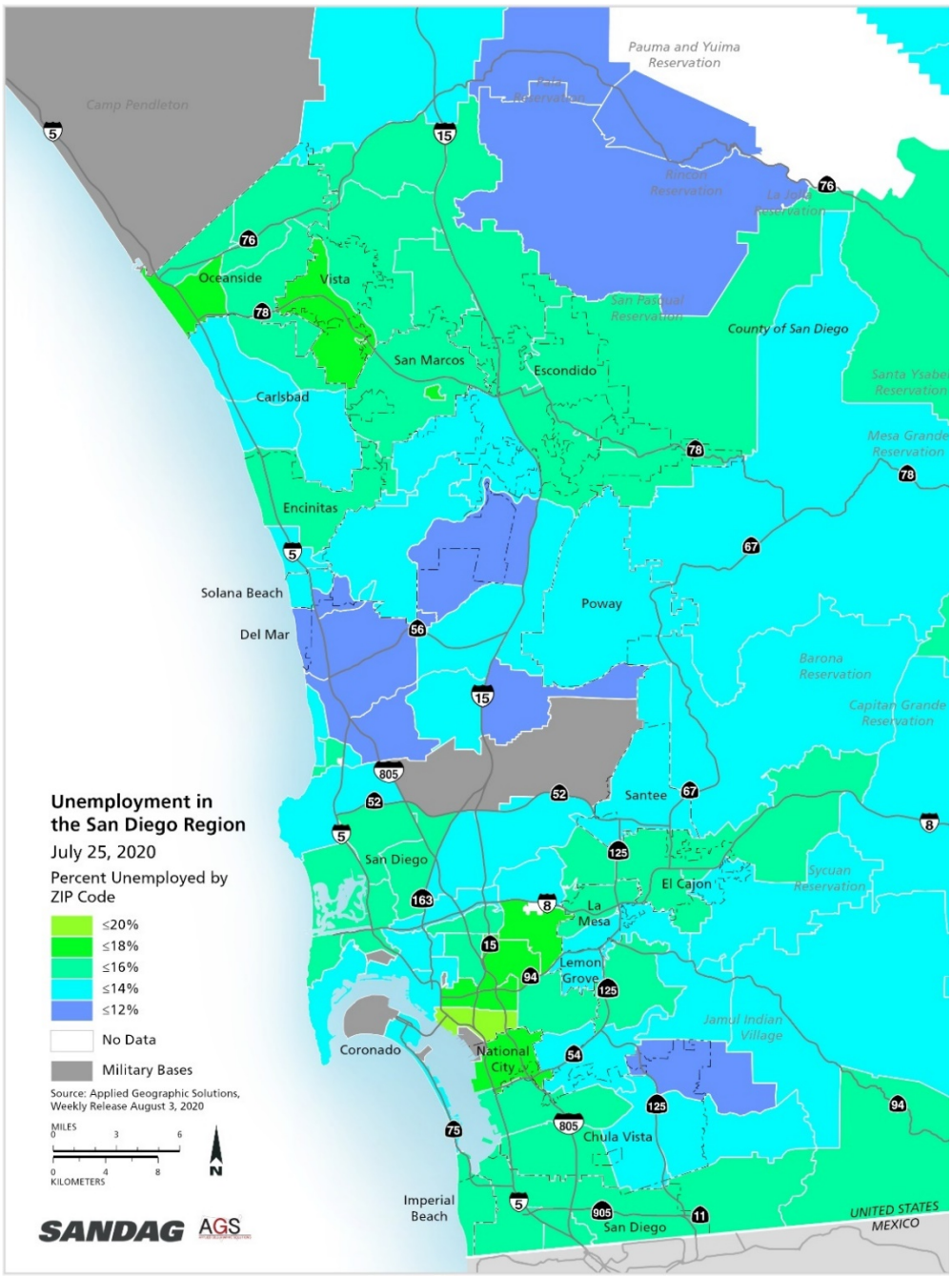
One month has passed since the roll back in reopening orders began on July 1, and nearly 250,000 workers remain unemployed in the San Diego region, which include the 50,000 unemployed pre-COVID.

The five hardest-hit ZIP codes are:

- 92113 – Logan Heights (19.1%)
- 92102 – Golden Hill (17.8%)
- 92115 – College (17.7%)
- 92105 – City Heights (17.1%)
- 92054 – Oceanside S (16.7%)

As SANDAG noted in the May 28 Consumer Spending report, employment sectors have been disproportionately affected as a result of the current health crisis.

Figure 1: Estimated Unemployment Rate by ZIP Code as of July 25, 2020



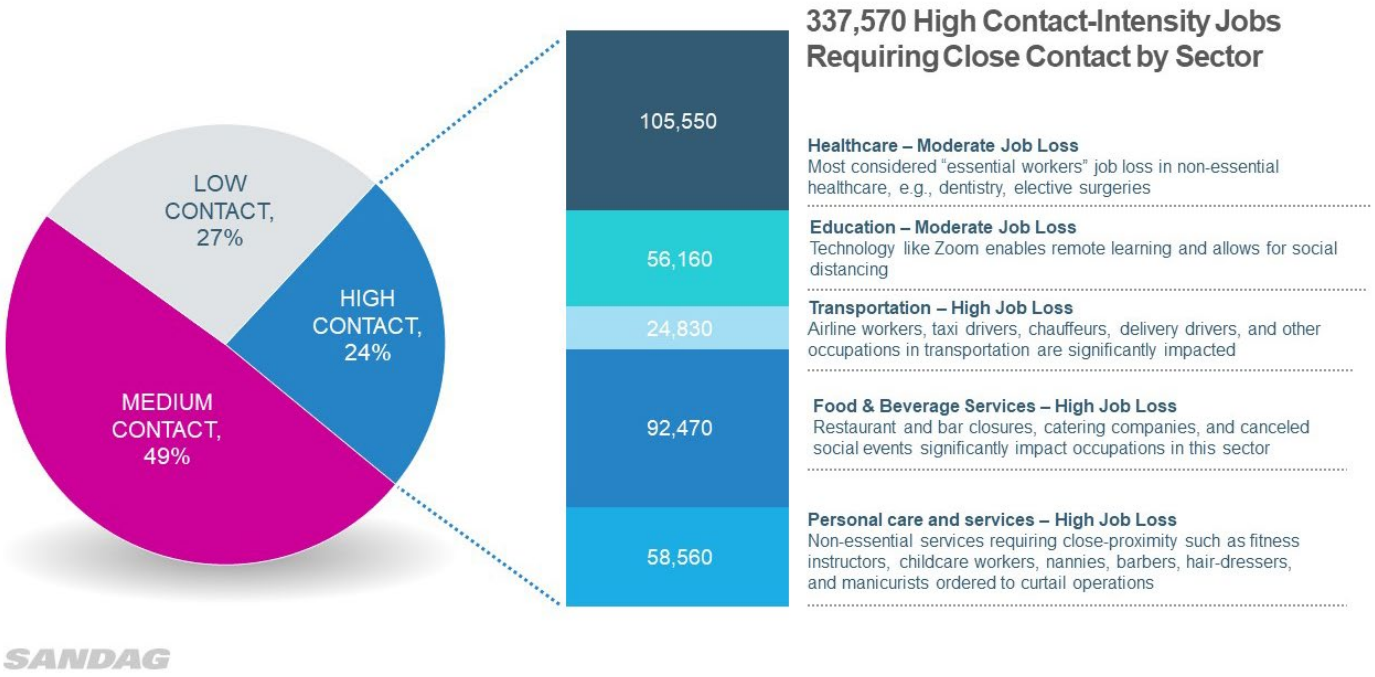
Source: Applied Geographic Solutions, Inc., Thousand Oaks, California, Weekly Release August 3, 2020

[1] https://www.nber.org/cycles/june2020.html

Tourism and retail have been the most impacted employment sectors in the San Diego region, with tourism accounting for 13% of employment pre-COVID and retail accounting for 16%.

The COVID-19 pandemic has affected a unique set of industries that is considerably different than those affected during the Great Recession. During the Great Recession in 2008, sectors related to the finance industry like insurance, real estate, and construction, were all impacted. Seemingly un-related industries like restaurants and transportation are being hit hard during the current recession because they are among those with high contact-intensity occupations; businesses were forced to close due to the health crisis. Figure 2 illustrates the high contact-intensity occupations in the San Diego region that require close contact.

Figure 2: San Diego Region High Contact-Intensity Occupations



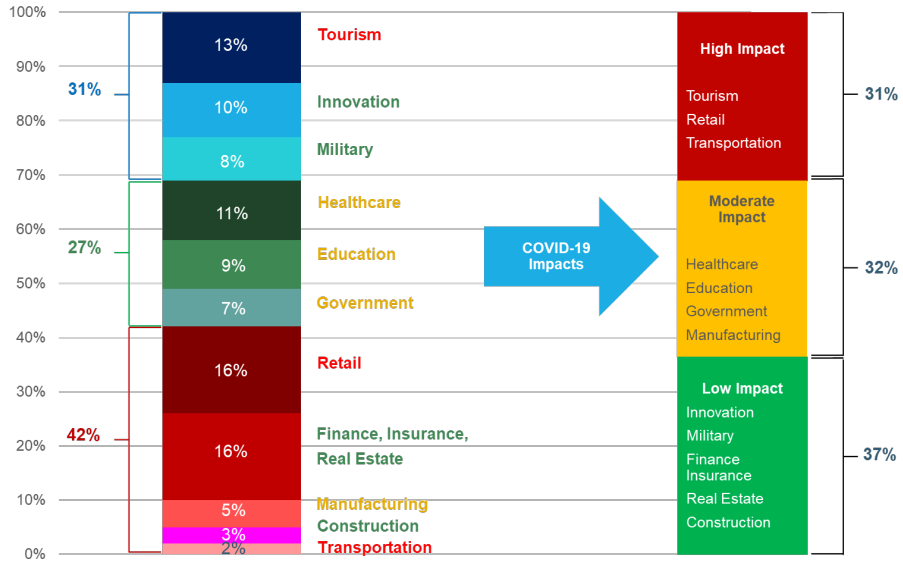
Source: 2018 Occupational Employment Statistics (OES) survey and Contact intensity data derived from O*NET survey on the extent to which the job requires workers to perform tasks in close physical proximity to other people, from near touching to more than 100 feet. *This analysis applies the contact intensity classification by occupation prepared by F. Leibovici; A-M. Santacreu; and M. Famiglietti from the Federal Reserve Bank of St. Louis on Social Distancing and Contact Intensive Occupations (stlouisfed.org/on-the-economy/2020/march/social-distancing-contact-intensive-occupations) to San Diego County.

Figure 3 represents pre-COVID employment in the San Diego region by key economic sector as well as the pandemic's impact to each sector.

Blues represents driving sectors, greens represents supporting sectors, and reds and pinks represent traditional sectors.

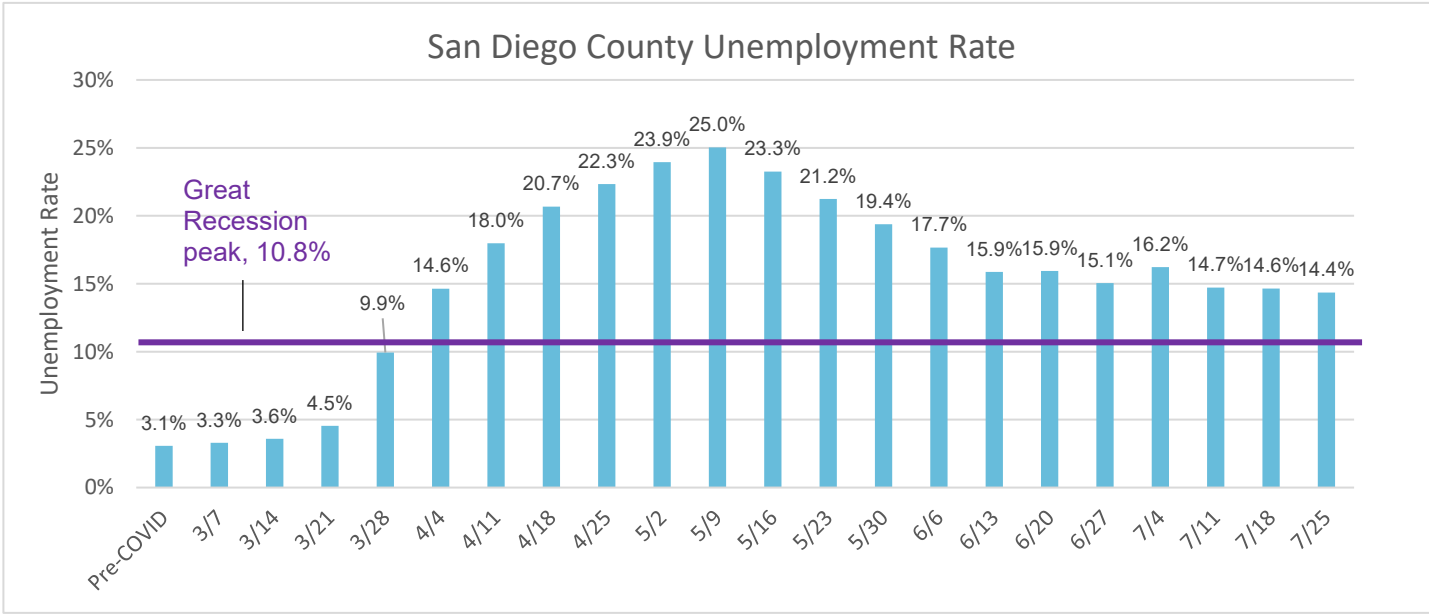
The moderately and highly impacted sectors account for two-thirds of the region's employment, which validates the grim situation that businesses and workers are faced with.

Figure 3: Impact on Key Employment Sectors in the San Diego Region



As SANDAG noted in the July 22 Small Business Report, more than 95% of businesses in the region are small businesses with fewer than 500 employees and account for more than half of the region's employment. Some sub-sectors like the bicycle industry and home improvement industry are among those with little impacts; however, it is important to note that all other sectors in the San Diego region have been adversely impacted in one way or another by the COVID-19 pandemic.

Figure 3: Estimated Unemployment Rate in the San Diego Region as of July 25, 2020



Source: Applied Geographic Solutions, Inc., Thousand Oaks, California, Weekly Release June 23, 2020 (for data until June 13), and Weekly Release August 3, 2020 (after June 13)