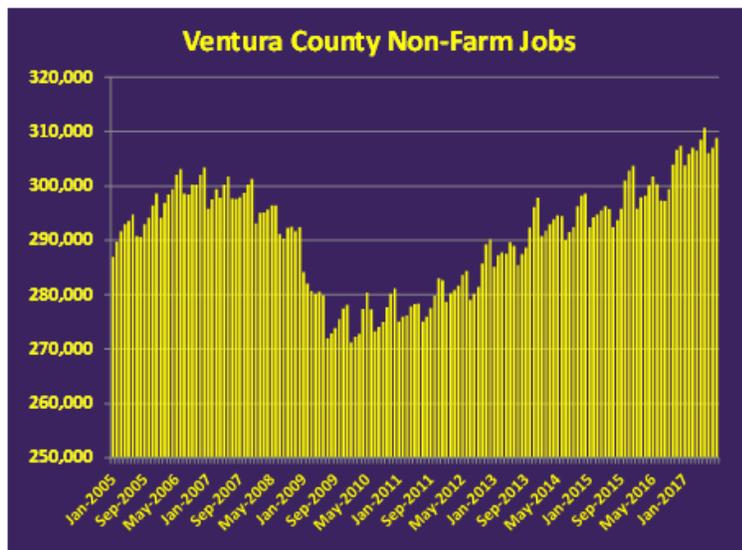


## State of Ventura County's Economy

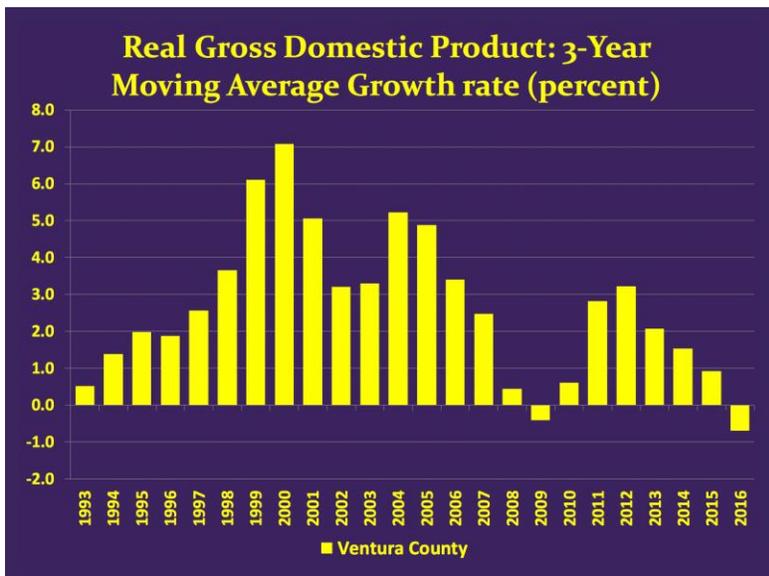
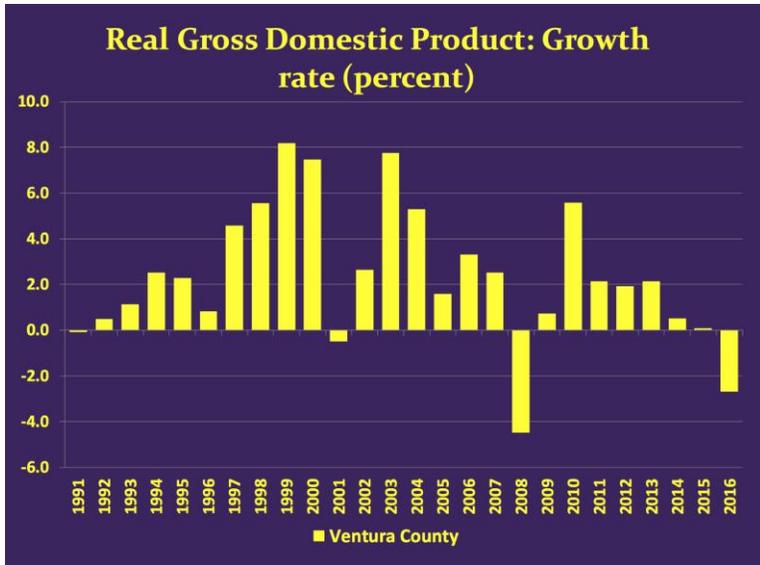
Matthew Fienup  
October 20, 2017

This marks the first time that we can report that Ventura County has finally recovered its pre-recession level of jobs. That's an arresting fact given that we are now 10 years out from the start of the Great Recession. The jobs that have been added since the Recession are not at all like the jobs that were lost, and given population growth over the intervening time, the County is still down in the level of jobs on a per capita basis. Yet, we still mark an important if symbolic milestone.



That milestone is unfortunately overshadowed by a troubling decline in County GDP. The Bureau of Economic Analysis indicates that Ventura County's economy shrank by nearly 3 percent in 2016, led by a loss of nearly 1 billion dollars of output in non-durable manufacturing. The 2016 figure is the BEA's first estimate and will be revised 12 months from now, but we believe that it is reasonable to conclude that Ventura County suffered a significant recession in 2016. Downward revisions to the growth estimates for the two previous years indicate that the Ventura County economy saw nearly no growth in either 2014 or 2015.

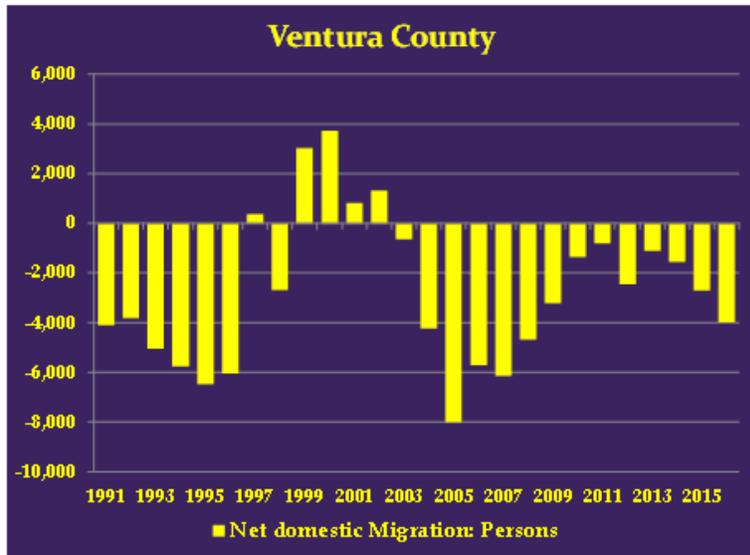
Together, 2014-2016 represent the slowest period of growth of any three consecutive years since at least the early 90s. The past three years are worse even than the period that includes the Financial Crisis and the Great Recession.



We trust local employers when they communicate what makes it difficult to conduct and grow business in Ventura County. Amgen, the world’s largest independent biotechnology company recently announced plans to pare its Thousand Oaks based workforce by nearly 10 percent. At the same time, it is building a new, 136,000 square foot facility in Tampa, Florida. The reason Amgen cited for moving from Ventura County to Tampa: “affordable cost of living and the potential for growth.”

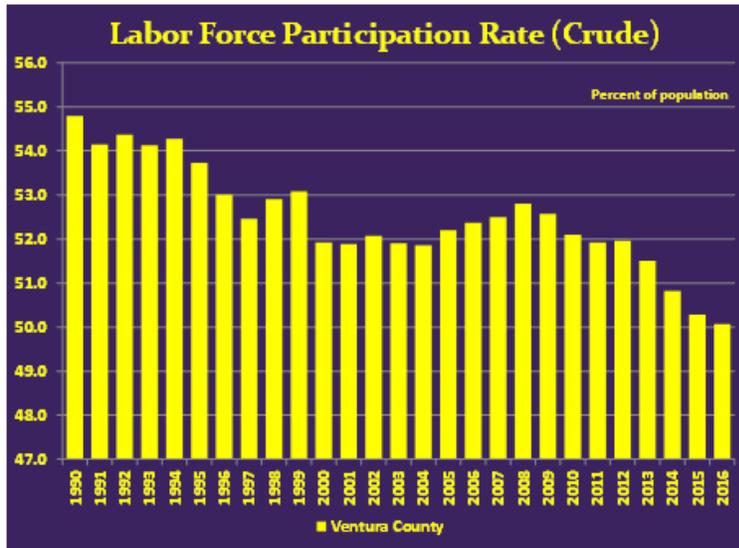
Thousand Oaks and the surrounding county, where Amgen was founded, boasts the most stringent urban containment policies in the nation. A series of eight City and one County land use measures, known collectively as Save Open Space & Agricultural Resources (SOAR), require

voter approval of any expansion of urban areas—and residents have a decidedly one-sided record of rejecting urban expansion. The promise made to the residents of the County, including some 10,000 Amgen employees who then called the area home, was that growth restrictions would ensure a singular quality of life that would attract other leading employers to the area. That promise has proved hollow. People and businesses are voting with their feet and leaving behind a wake of lost economic opportunity.



Ventura County’s net Domestic Migration was negative in 2016 for the fourteenth consecutive year. The County’s accelerating out-migration is a reflection of what businesses and individuals think about the economy that they are leaving behind. The mix of attitudes and policies related to economic growth in other regions of the Country provide greater economic opportunity than those in Ventura County.

The out migration, which is dominated by younger working-aged adults, along with the demographic wave of retiring Baby Boomers, has led to declining labor force participation and slowing population growth. Ventura County’s population grew just 0.28 percent in 2016, down from 0.48 percent in 2015.



Together, the County’s slowing population growth and declining labor force participation rate have led to a shrinking labor force. 2016 marked the fourth consecutive year of declines in the number of workers living in Ventura County.



As we noted last year, the County’s declining labor force is unprecedented for a non-recessionary economy. And given that job growth is positive, the decline in labor force clearly means that many of the jobs which are being created in Ventura County do not pay sufficiently high wages that the employees occupying those new jobs can afford to live in the County. Apparently, along with each new job comes a new commuter on the 101 Freeway. According to the Census Bureau, more than 40,000 cross the County line each day driving into Ventura County, to work in mostly low wage jobs. That number is eclipsed by the 80,000 who leave the County each day to find work in jobs that allow them to afford ownership in Ventura County’s

extremely supply-constrained housing market. This pattern of forced commuting works to seriously undermine the County's cherished identity as an environmentally friendly region.

Our earnest hope for the County is that the most recent GDP data and the announcement by Amgen will serve as a wake up call. Ventura County's decline is neither inevitable nor irreversible, although returning to sustained economic growth would require fundamental changes to policies such as SOAR. A critical first step is a concerted effort by the City governments across Ventura County to aggressively court large incumbent employers seeking input on the policies that would make retention and expansion of those businesses more likely.