



San Diego Region Economic Update

A Focus on Impacts of COVID-19

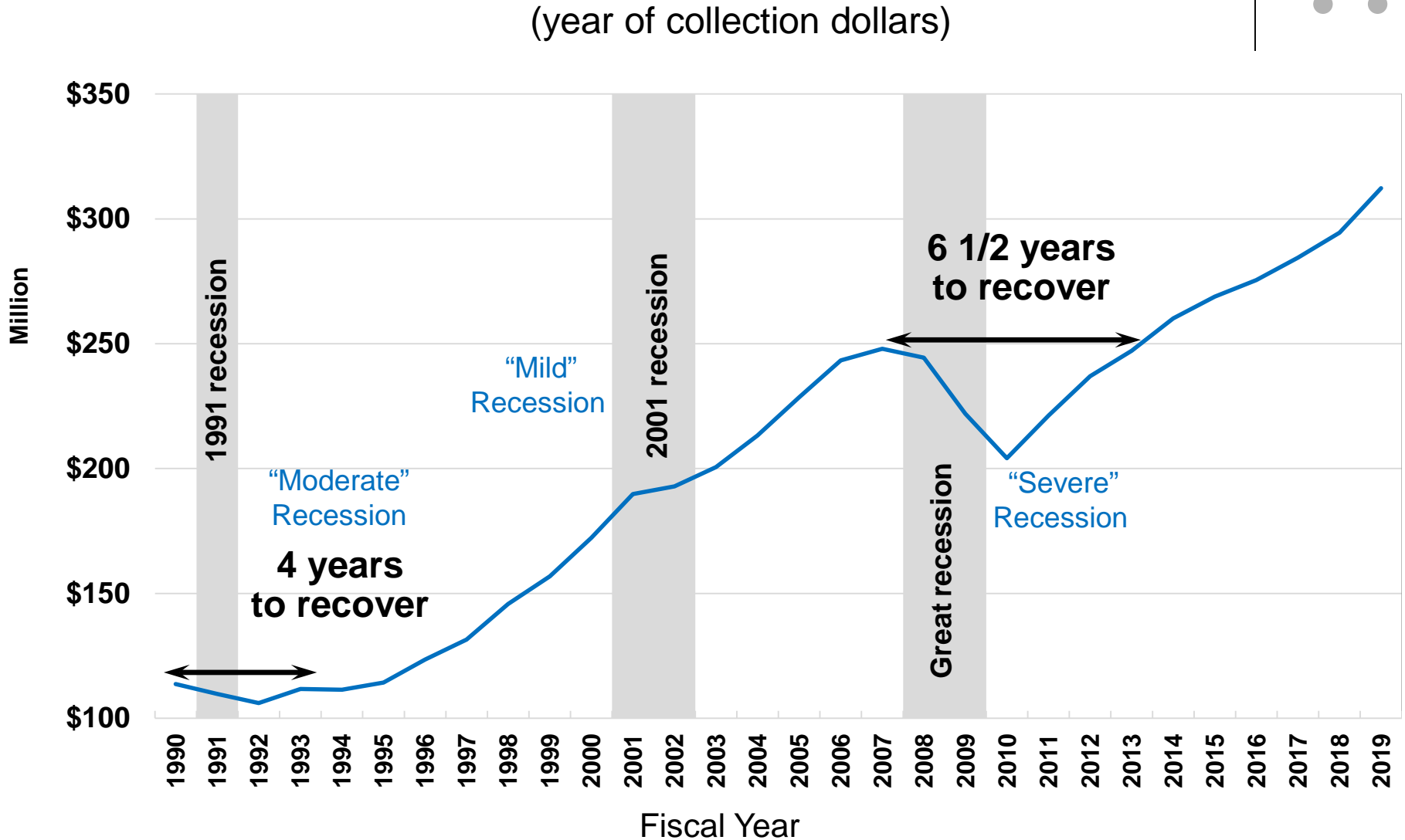
Institute of Transportation Engineers
San Diego Section Meeting

June 4, 2020

Presented by
Ray Major, Chief Economist



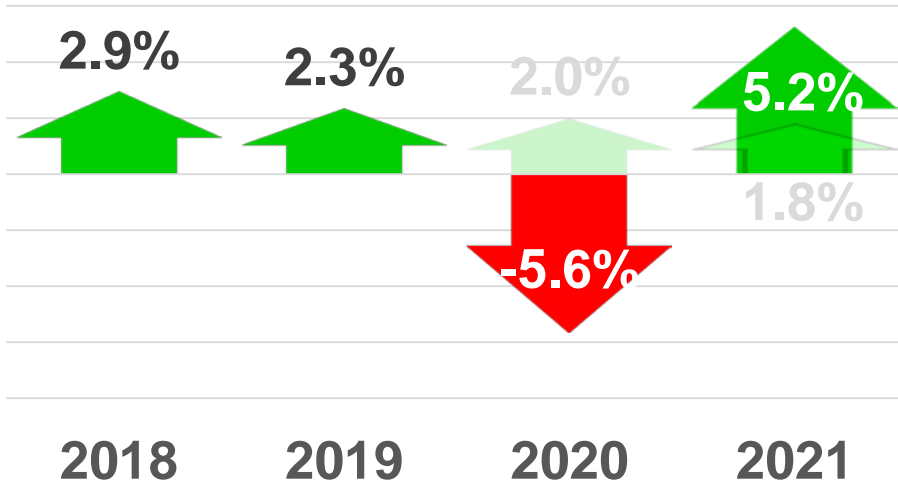
Impact of Recessions on *TransNet* Revenue



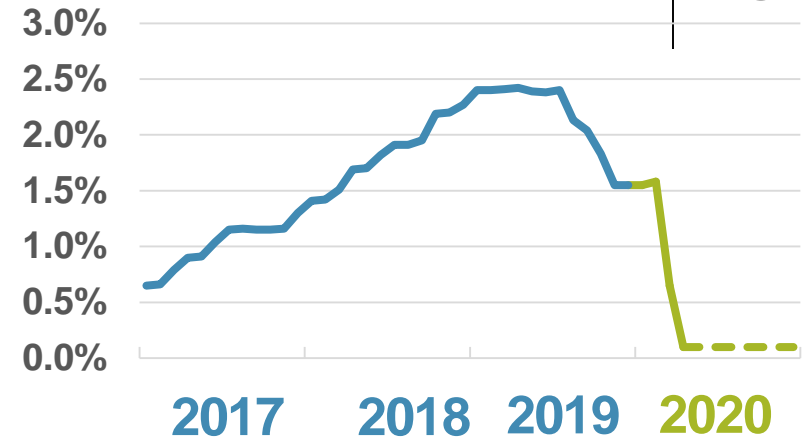
The U.S. Economy is in Recession



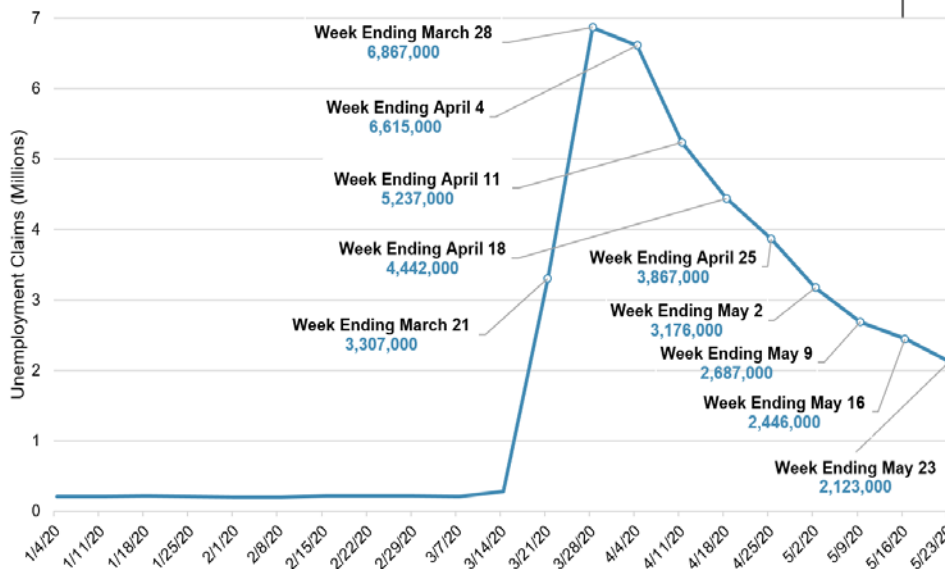
US Gross Domestic Product



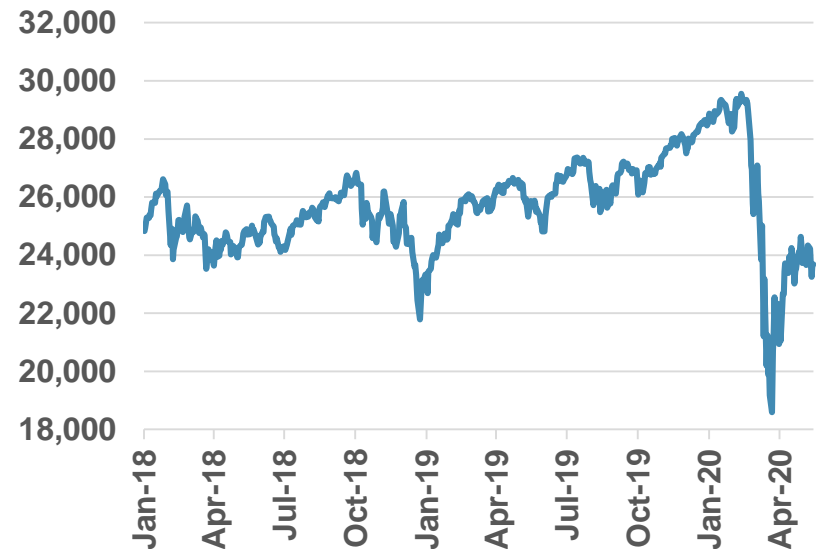
Fed Funds



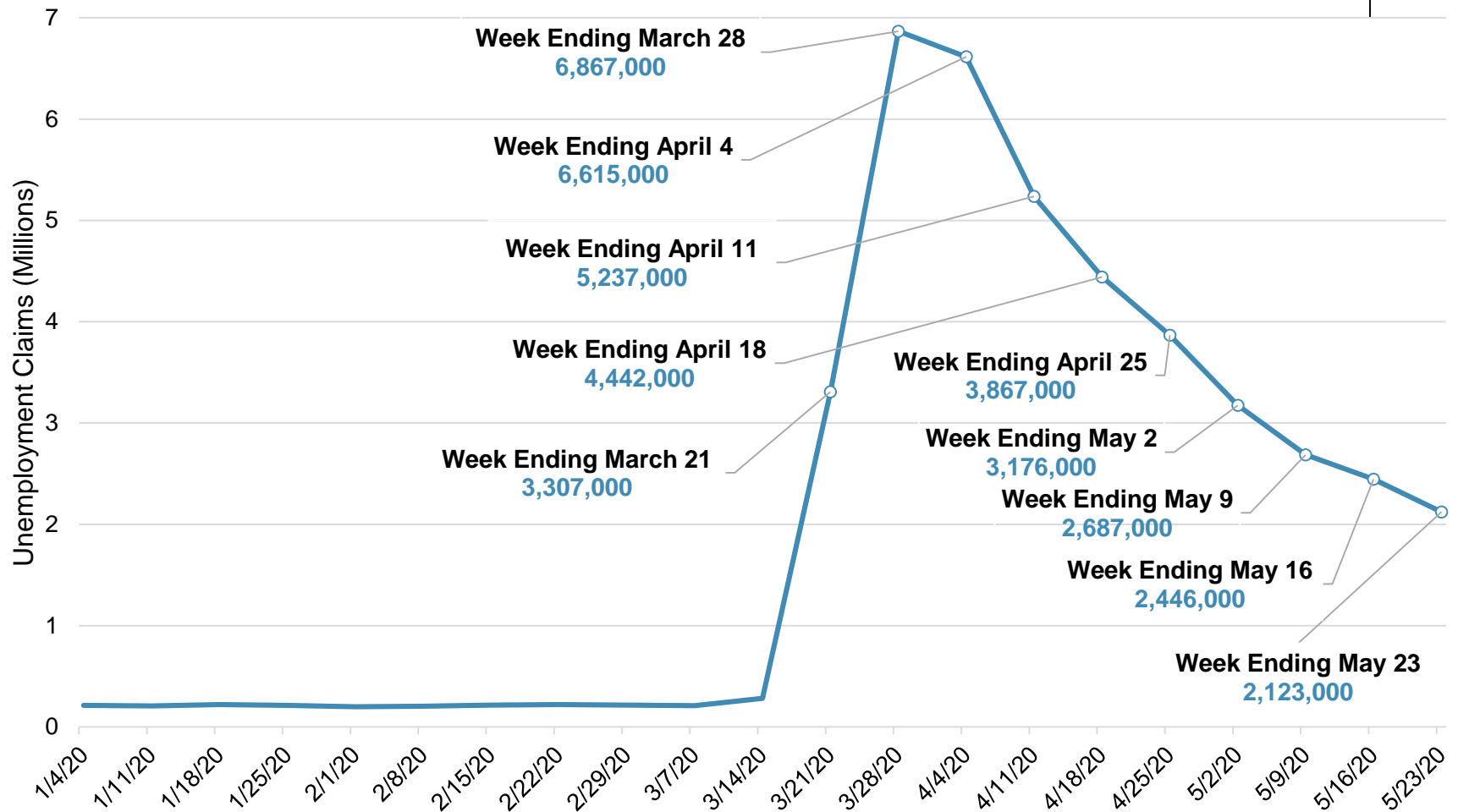
41 mil unemployment claims since 3/7



Dow Jones



41 Million Americans Filed Unemployment Claims since March 7



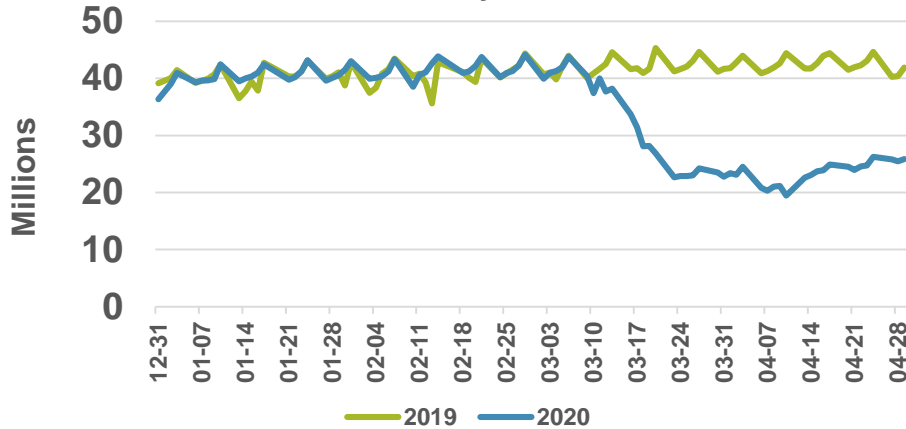
Source: U.S. Employment and Training Administration, Initial Claims, retrieved from FRED

San Diego's Economy in Lockdown



VMT has dropped by almost half

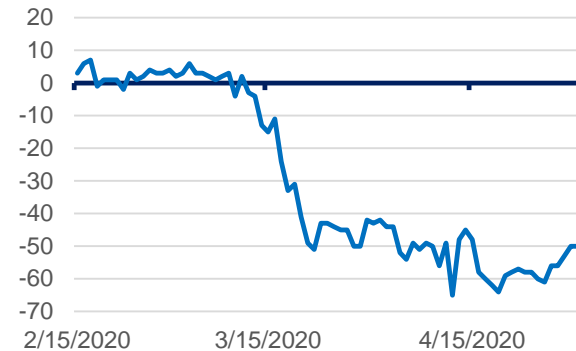
Work day VMT



Source: Caltrans

Retail and restaurants among the most affected

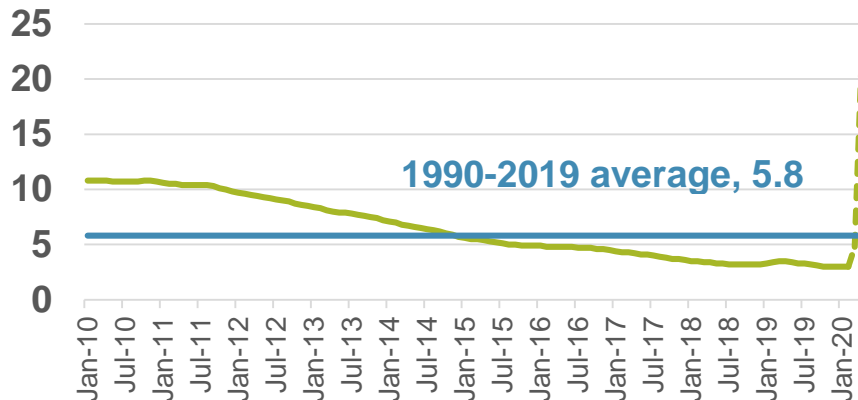
-49% compared to baseline



Source: Google mobility report

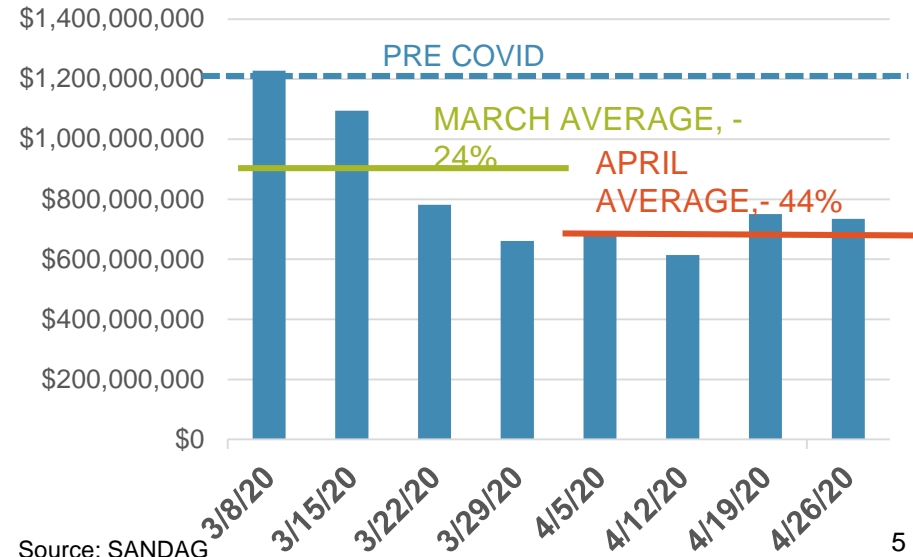
Visits to restaurants, cafes, shopping centers, theme parks, museums, libraries, and movie theaters.

The unemployment rate increased 7-fold between February and April



Source: BLS, AGS

Taxable sales are heavily impacted



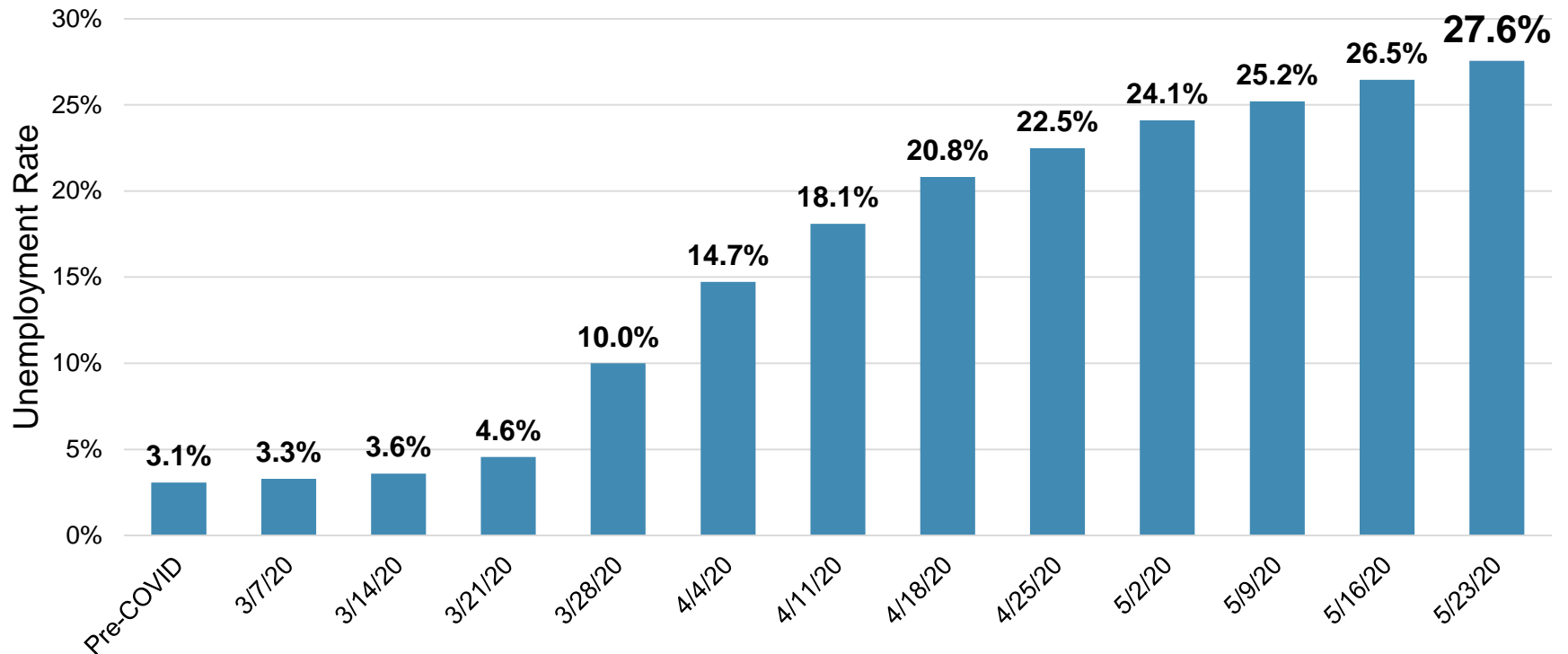
Source: SANDAG

San Diego Unemployment

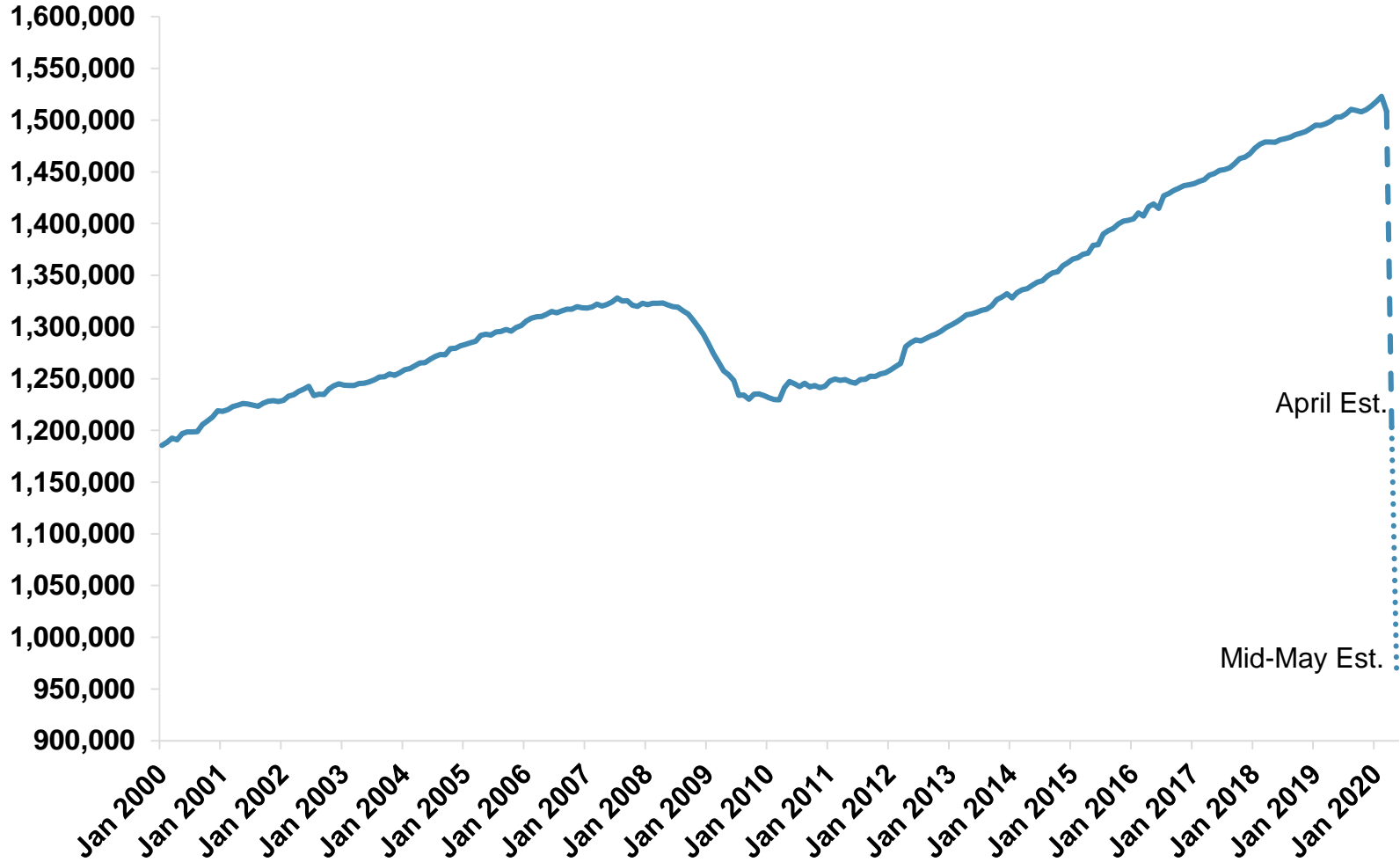
Early 2020 **1.7 million employed** in San Diego region

About 3% (52,000) unemployed

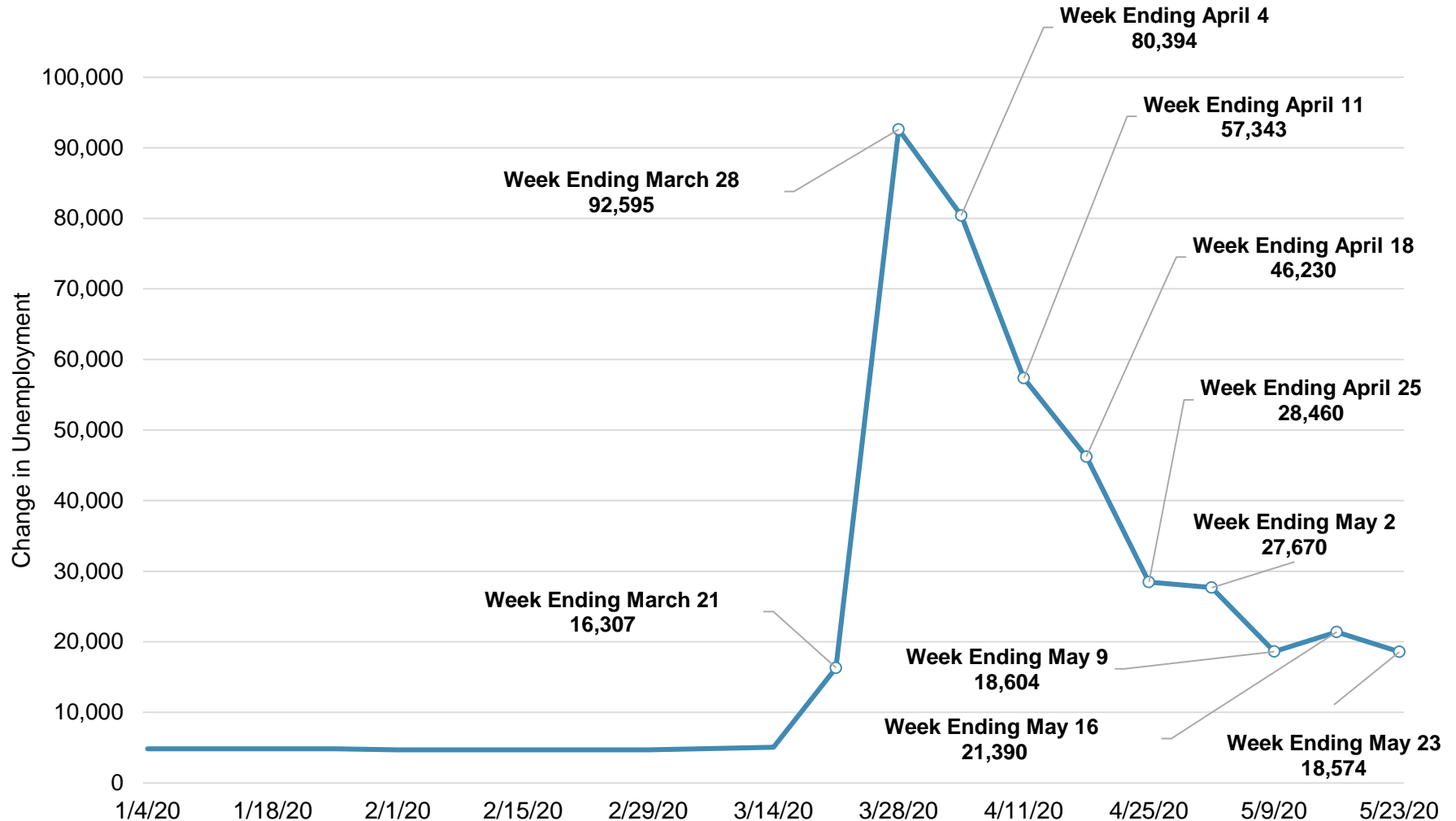
Since COVID-19, over **413,000 jobs lost**



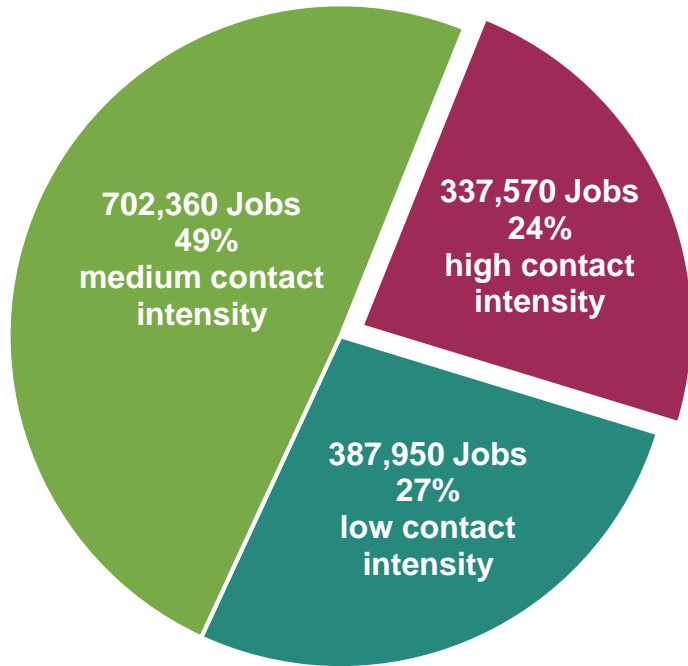
San Diego Non-Farm Employment



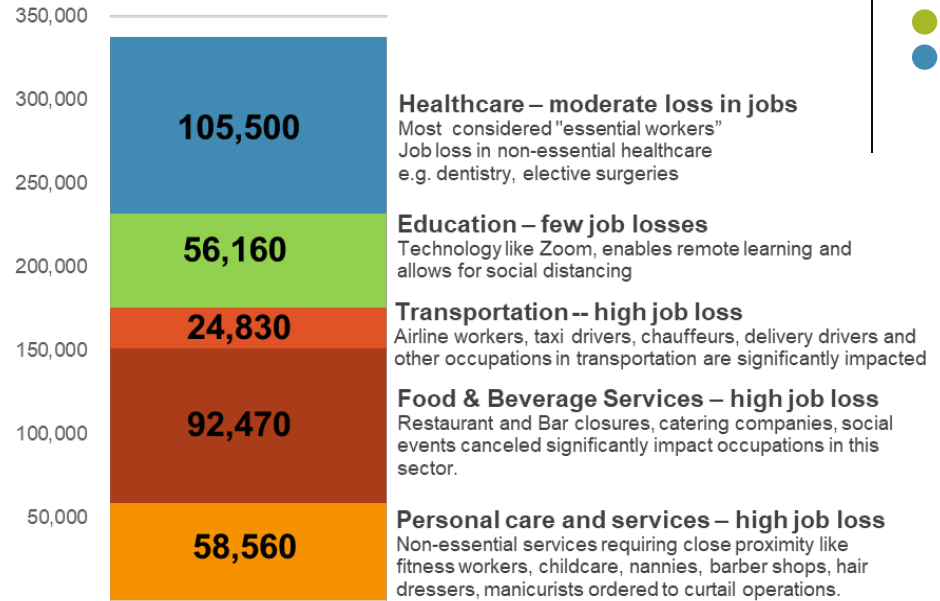
Estimated New Unemployed Workers in San Diego County



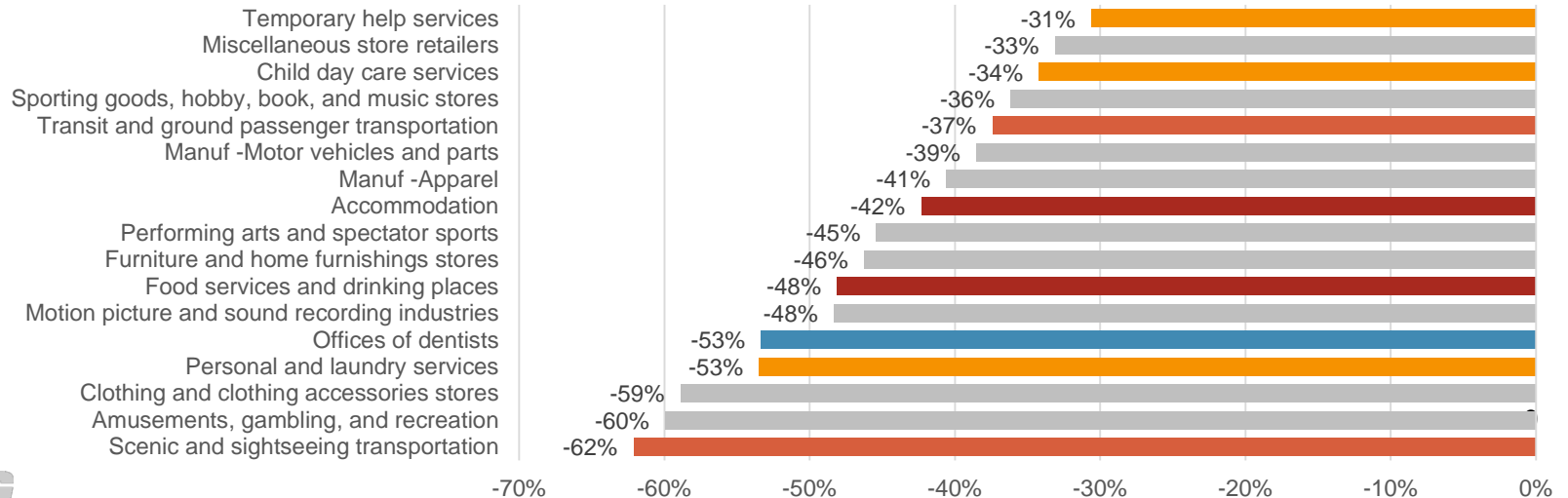
High-contact-intensity occupations



337,570 High-Contact-Intensity Jobs Requiring Close Contact by Sector



US, % change in the number of workers between February and March



Unemployment by place of work

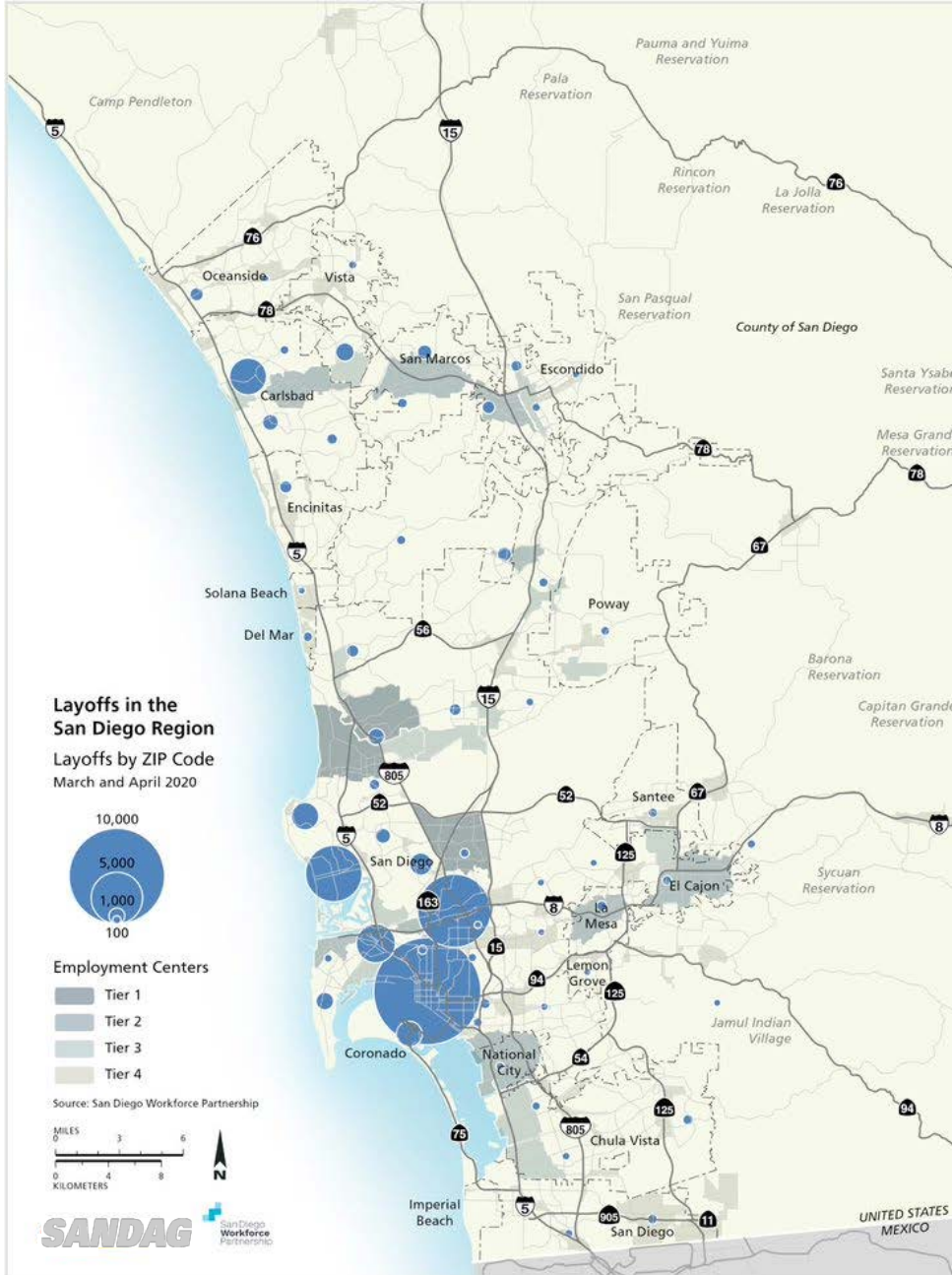
Industries Most Impacted

- **Tourism** (hotel/motel, arts & entertainment, restaurants & bars, amusement parks, museums, theaters)
- **Retail** (department stores, apparel, home furnishings)

Geographically, the areas where businesses are the hardest hit include the following employment centers:

- **Downtown San Diego**
- **Mission Valley**
- **Pacific Beach**

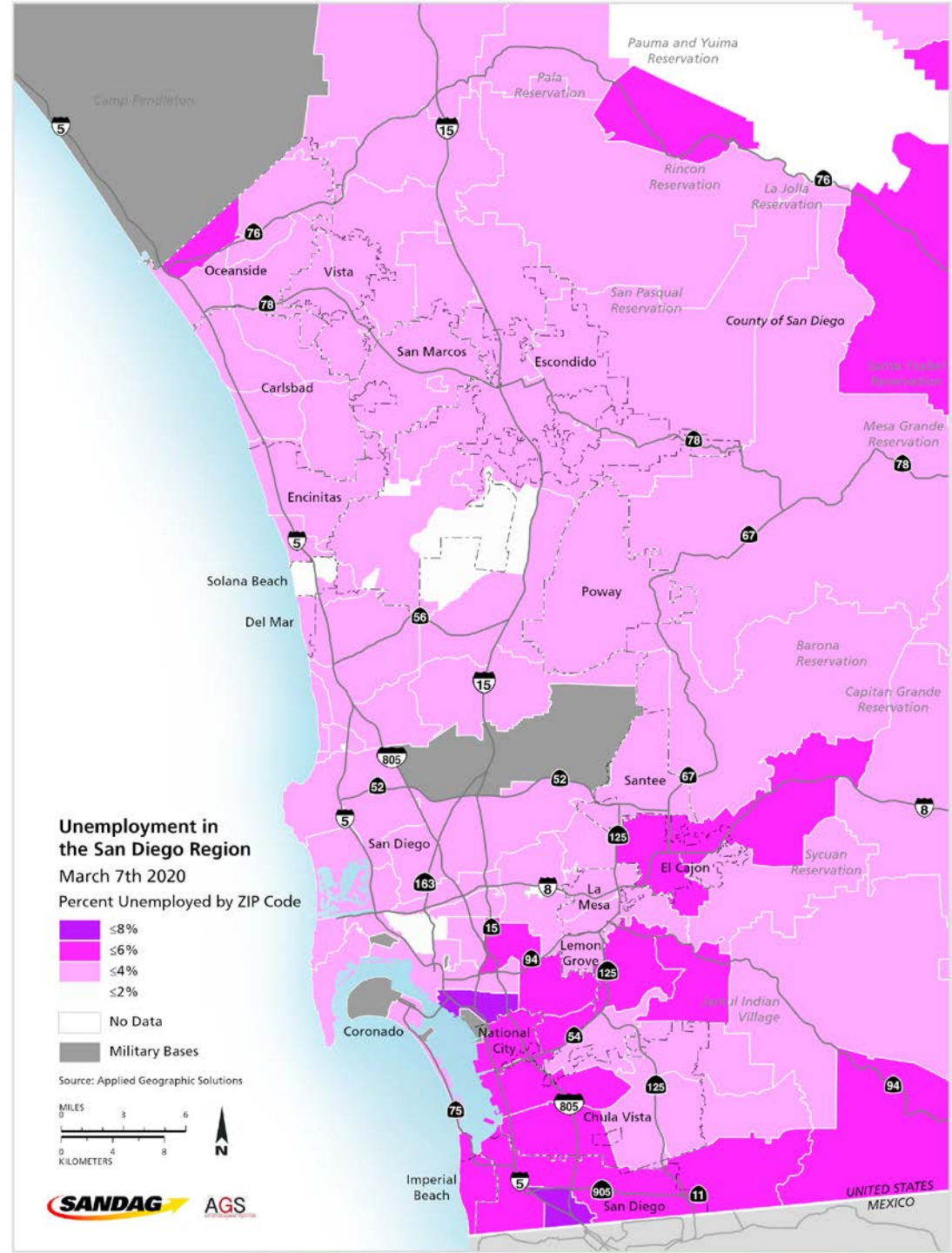
These areas have a high concentration of hospitality, restaurant, and retail establishments.



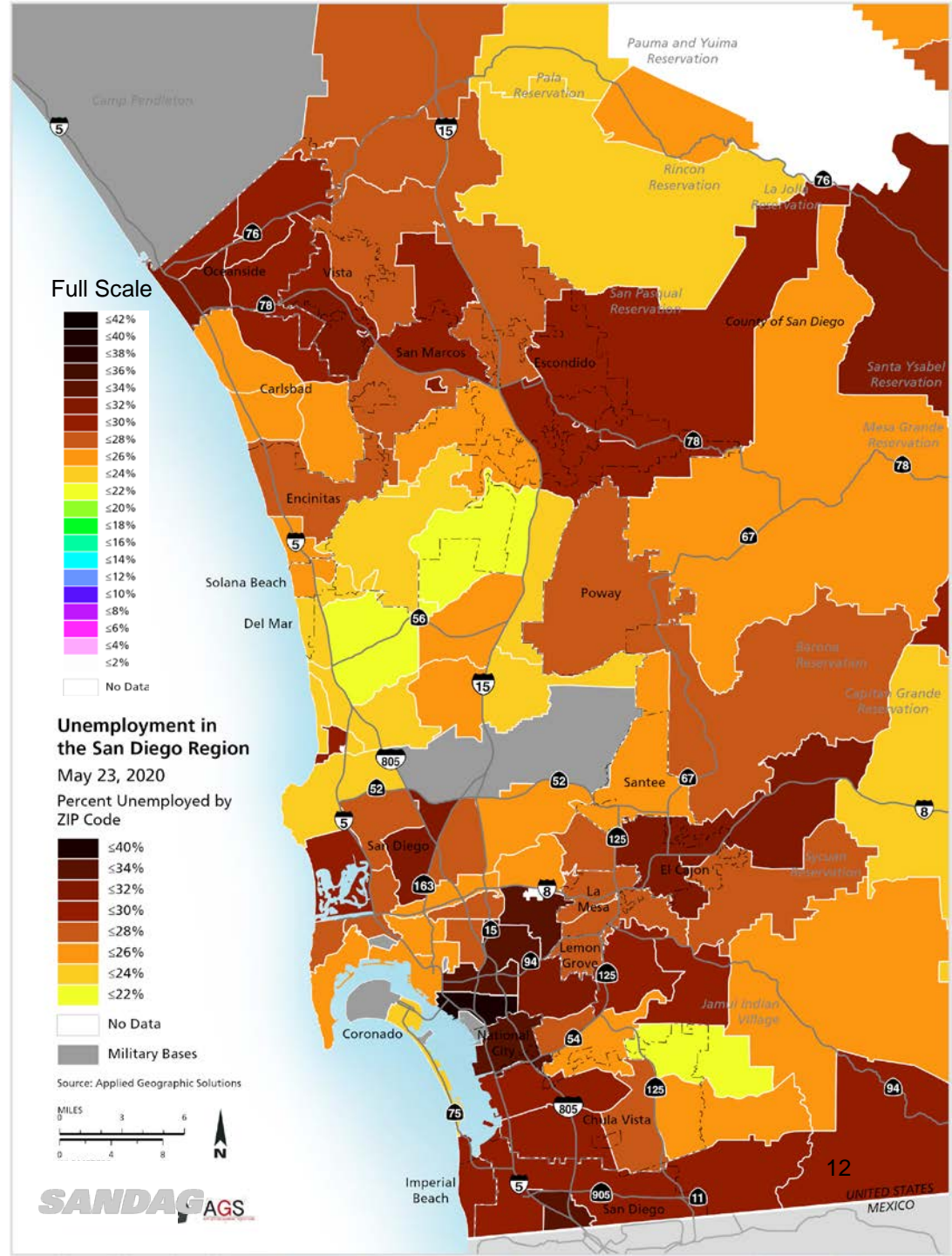
This map reflects data from the San Diego Workforce Partnership as of April 16, 2020. The San Diego Workforce Partnership receives Worker Adjustment and Retraining Notification (WARN) notices and other layoff notifications from employers across San Diego County. Not all businesses laying off workers are required to submit notices to the Workforce Partnership, so data reflected on this map does not represent all layoffs in San Diego County.

Unemployment by place of residence

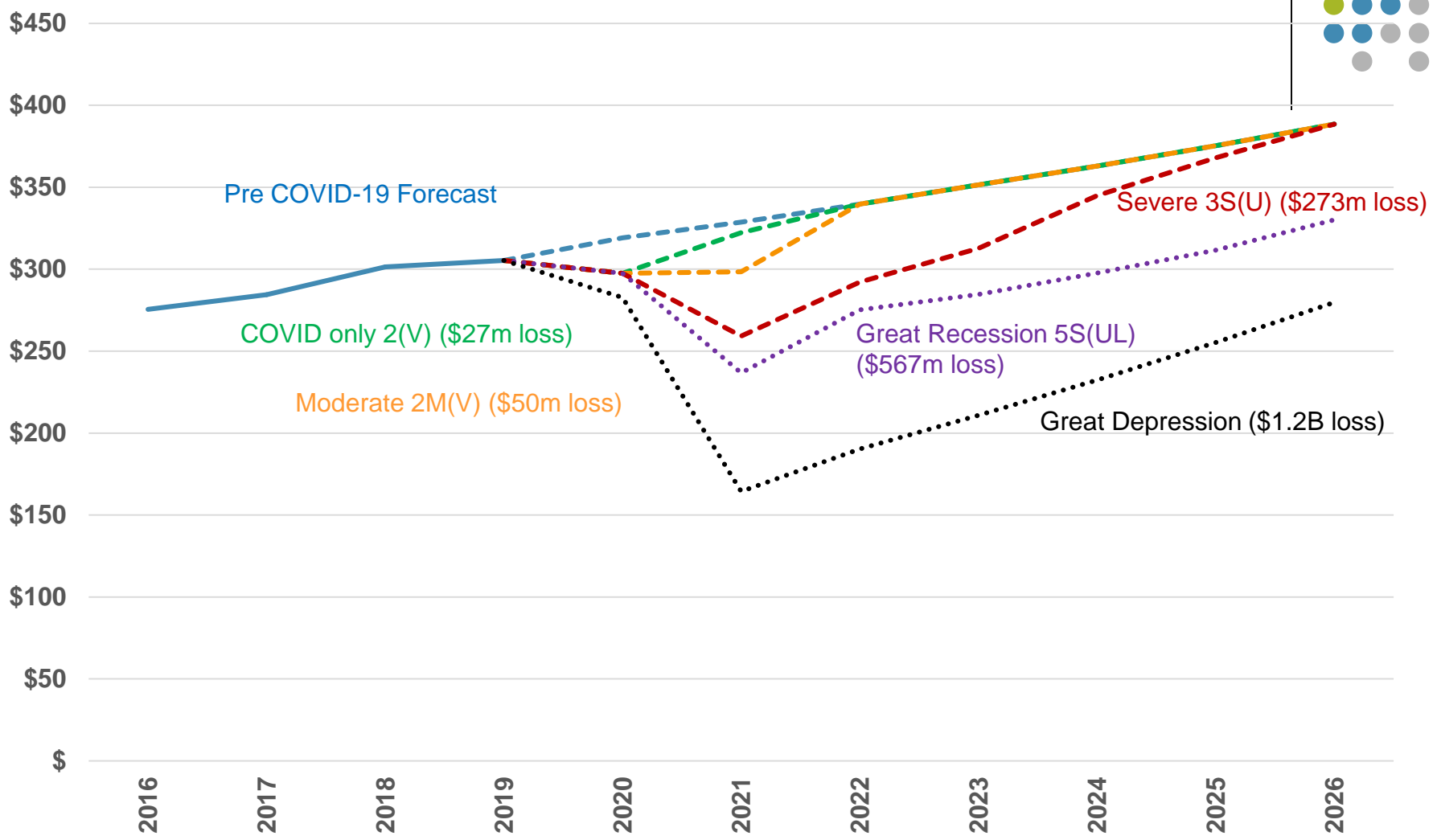
March 7, 2020



Unemployment by place of residence May 23, 2020

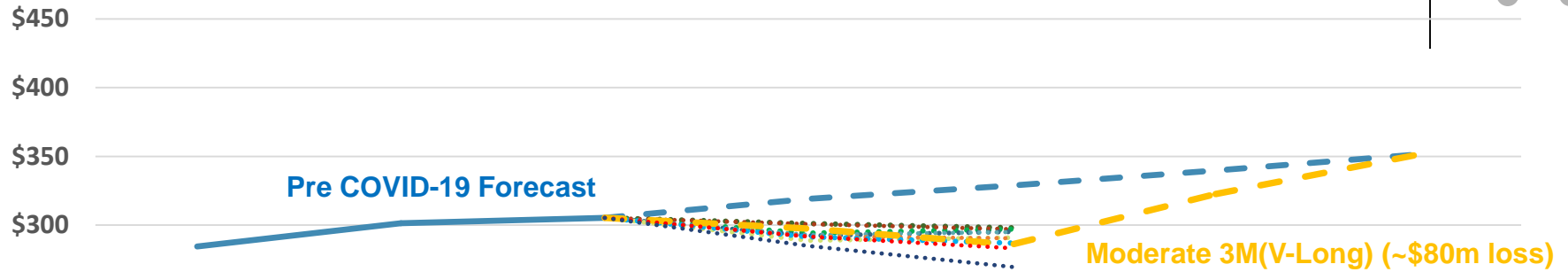


COVID-19 Revised *TransNet* Revenue Forecasts



2(V) 2-month V shape	2M(V) 2-month moderate V shape	3S(U) 3-month severe U shape	5S(UL) 5-month severe U-Long shape
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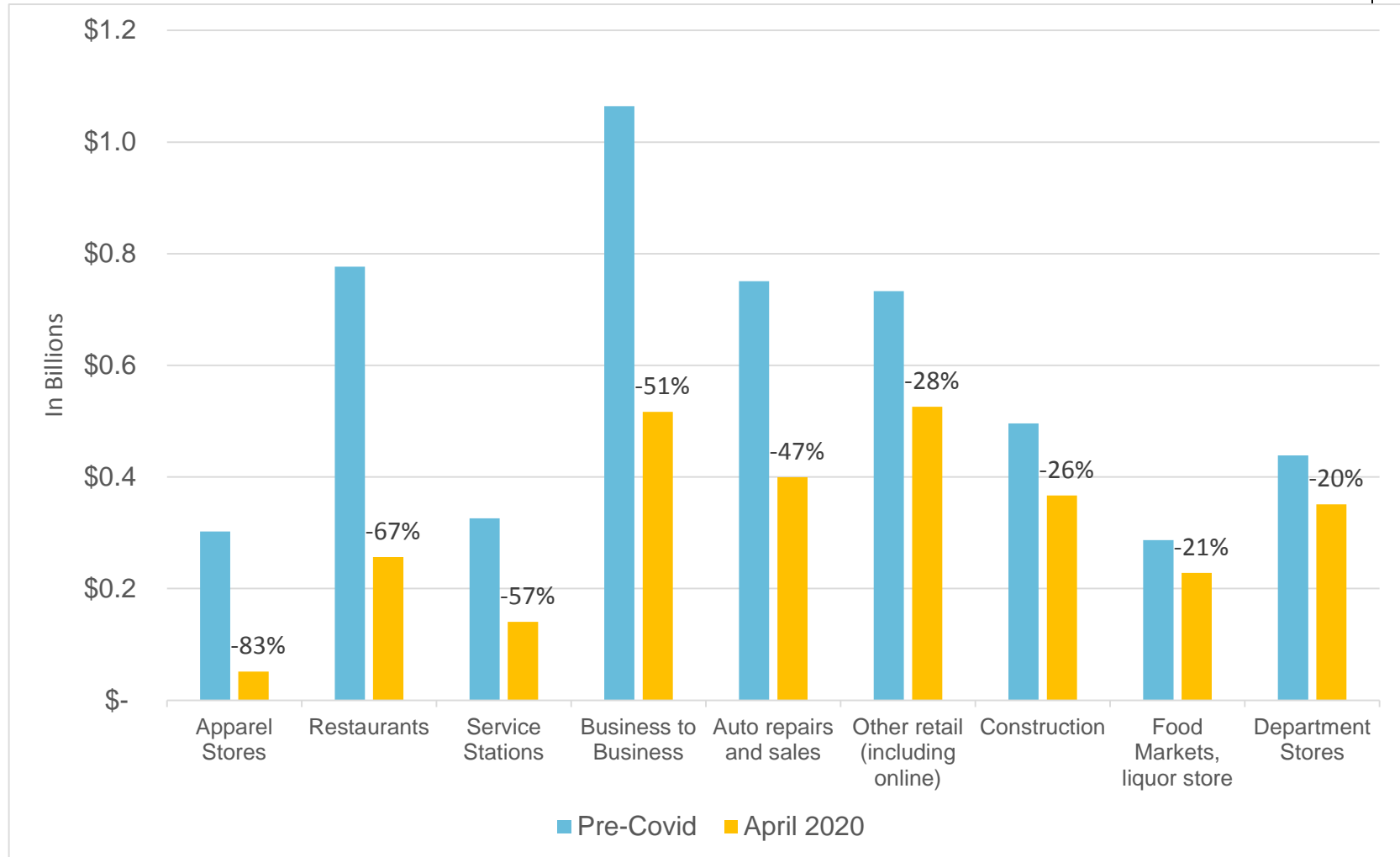
Independent National Forecasts Applied to *TransNet* Revenues



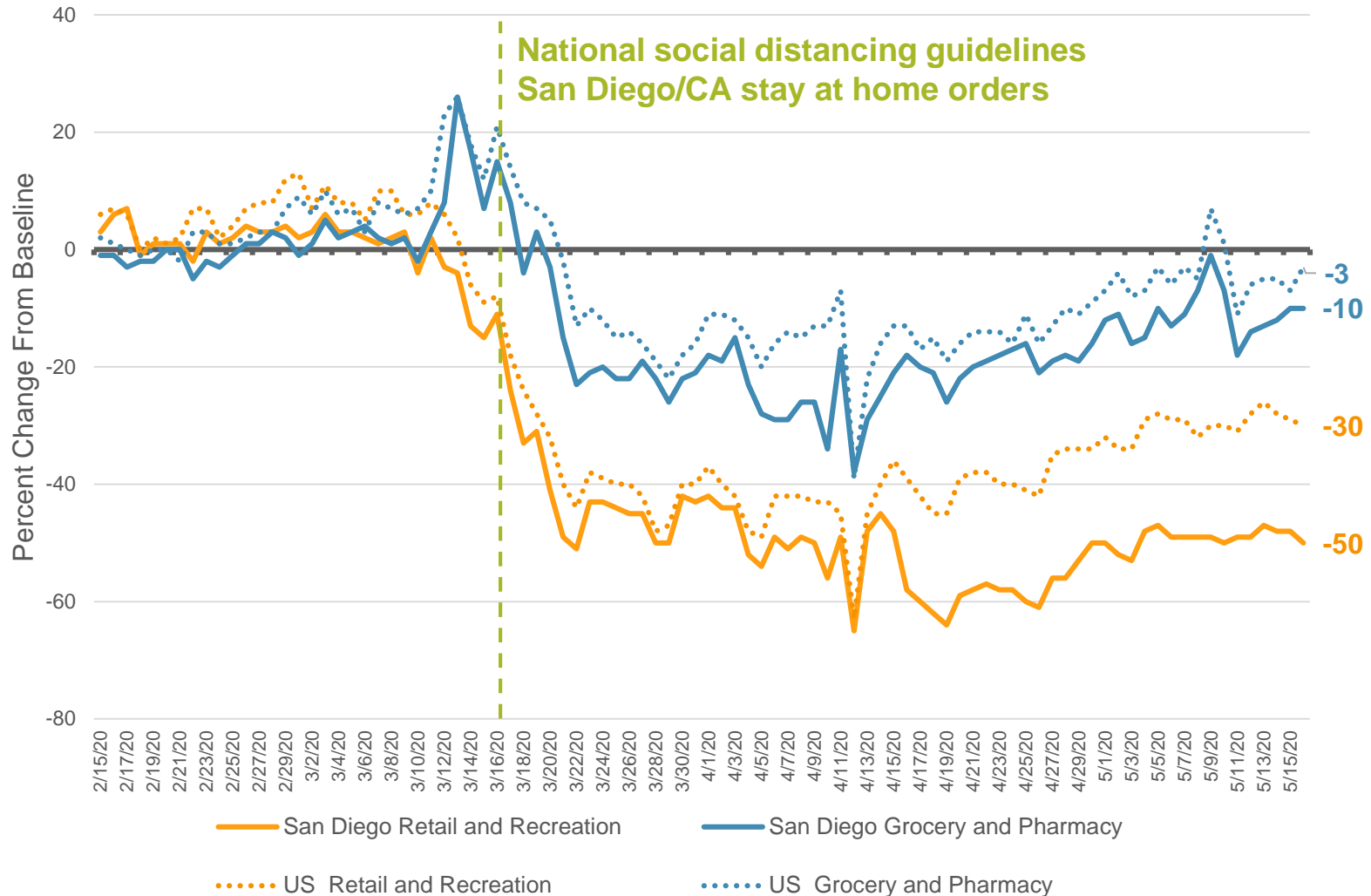
Line	Independent GDP Forecast	Date (2020)	Loss by Percentage in FY 2021	Loss by Dollar Amount in FY 2021 (millions)
—	Pre COVID-19 Forecast	-	-	-
—	The economist/EIU	April 30	-9%	-\$30.6
—	S&P	April 16	-10%	-\$31.6
—	Wells Fargo	April 10	-10%	-\$31.8
—	Moody's	April 10	-10%	-\$33.4
—	IHS	April 16	-10%	-\$33.7
—	Oxford Economics	April 29	-12%	-\$37.9
—	Goldman Sachs	April 29	-12%	-\$38.4
—	IMF	April 14	-13%	-\$41.8
—	SANDAG	May 5	-13.2%	-\$43.0
—	CBO	April 24	-14%	-\$45.5
—	Deloitte	March 27	-18%	-\$59.0

Estimated Taxable Retail Sales

April 2020 compared to Pre-COVID



U.S. and San Diego Region Comparison of Google Mobility Data



Source: Google LLC "Google COVID-19 Community Mobility Reports" <https://www.google.com/covid19/mobility/> Accessed: <5/10/2020>

San Diego County Foot Traffic

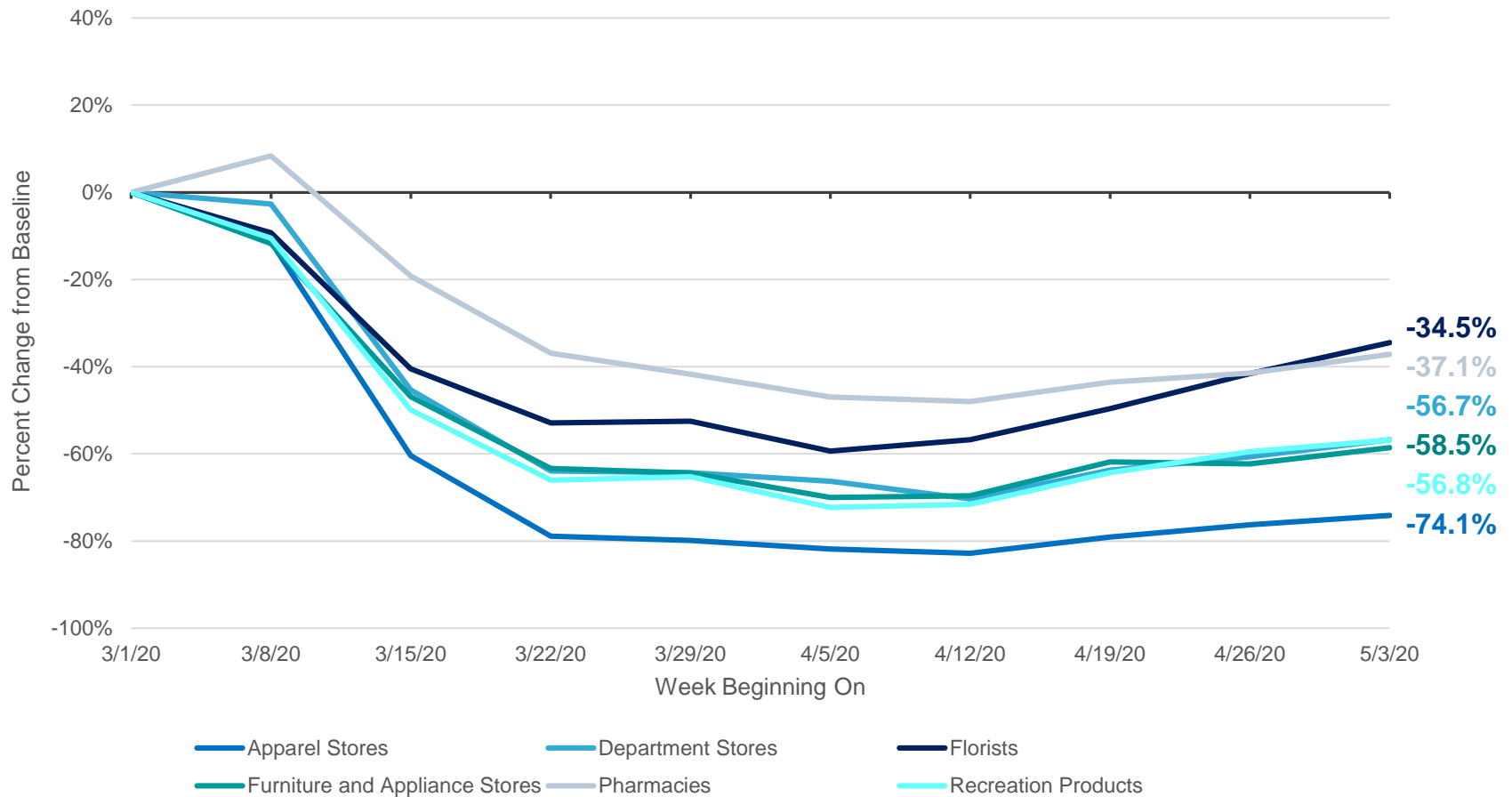


General Retail

28% of taxable sales

Estimated \$1.4 billion in taxable sales each month

Includes: apparel, department stores, furniture/appliance, drug stores, recreation products, florist/nursery, miscellaneous retail



Source: SafeGraph COVID-19 Response Dataset - Weekly Patterns, v1 *Dates represent totals by week beginning, i.e. 3/1/20 represents totals from 3/1/20 to 3/7/20

San Diego County Foot Traffic

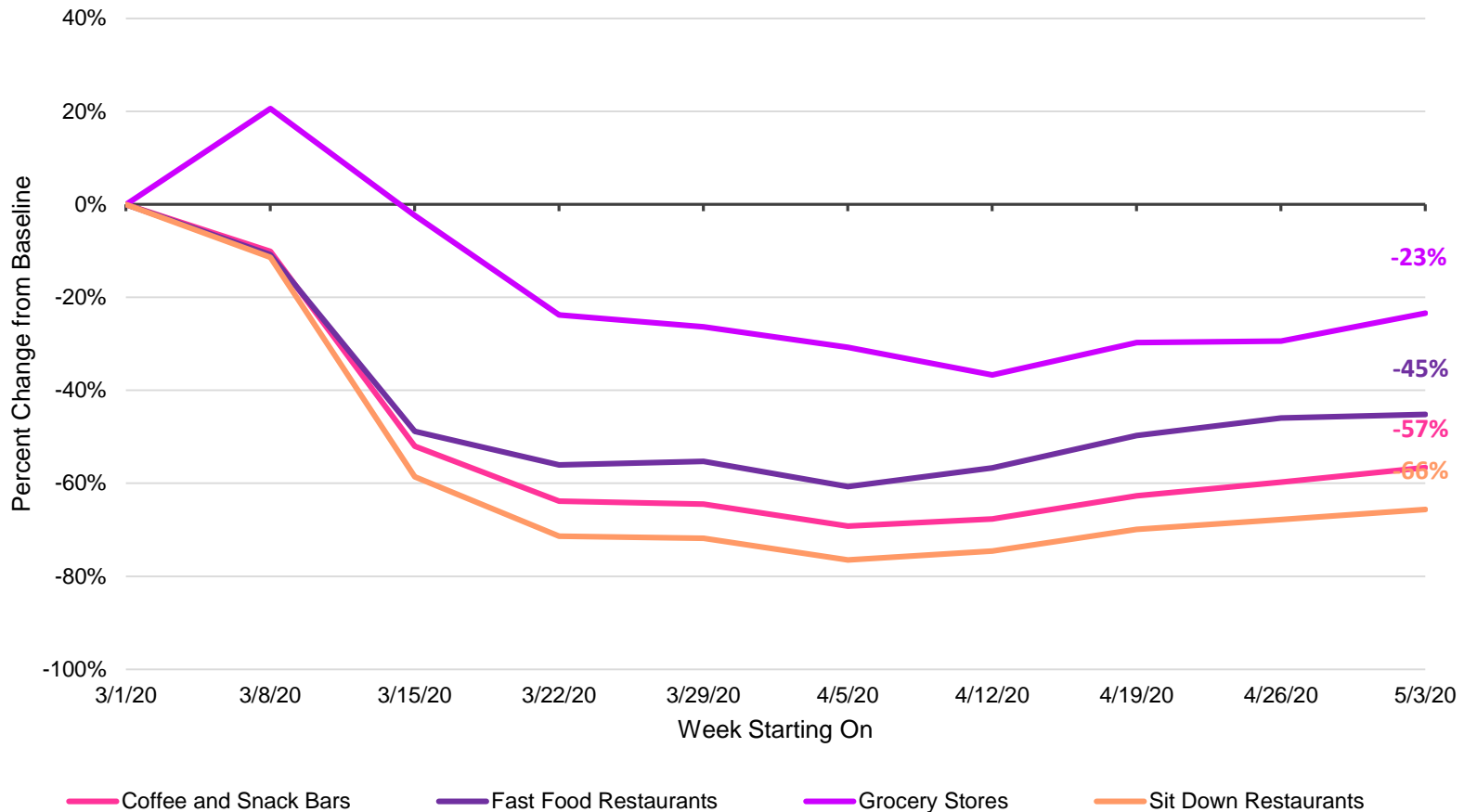


Food and Beverage

20% of taxable sales

Estimated \$1 billion in taxable sales each month, (\$777 million from restaurants)

Includes: restaurants, food markets, liquor stores, food processing equipment



Source: SafeGraph COVID-19 Response Dataset - Weekly Patterns, v1 *Dates represent totals by week beginning, i.e. 3/1/20 represents totals from 3/1/20 to 3/7/20

San Diego County Foot Traffic

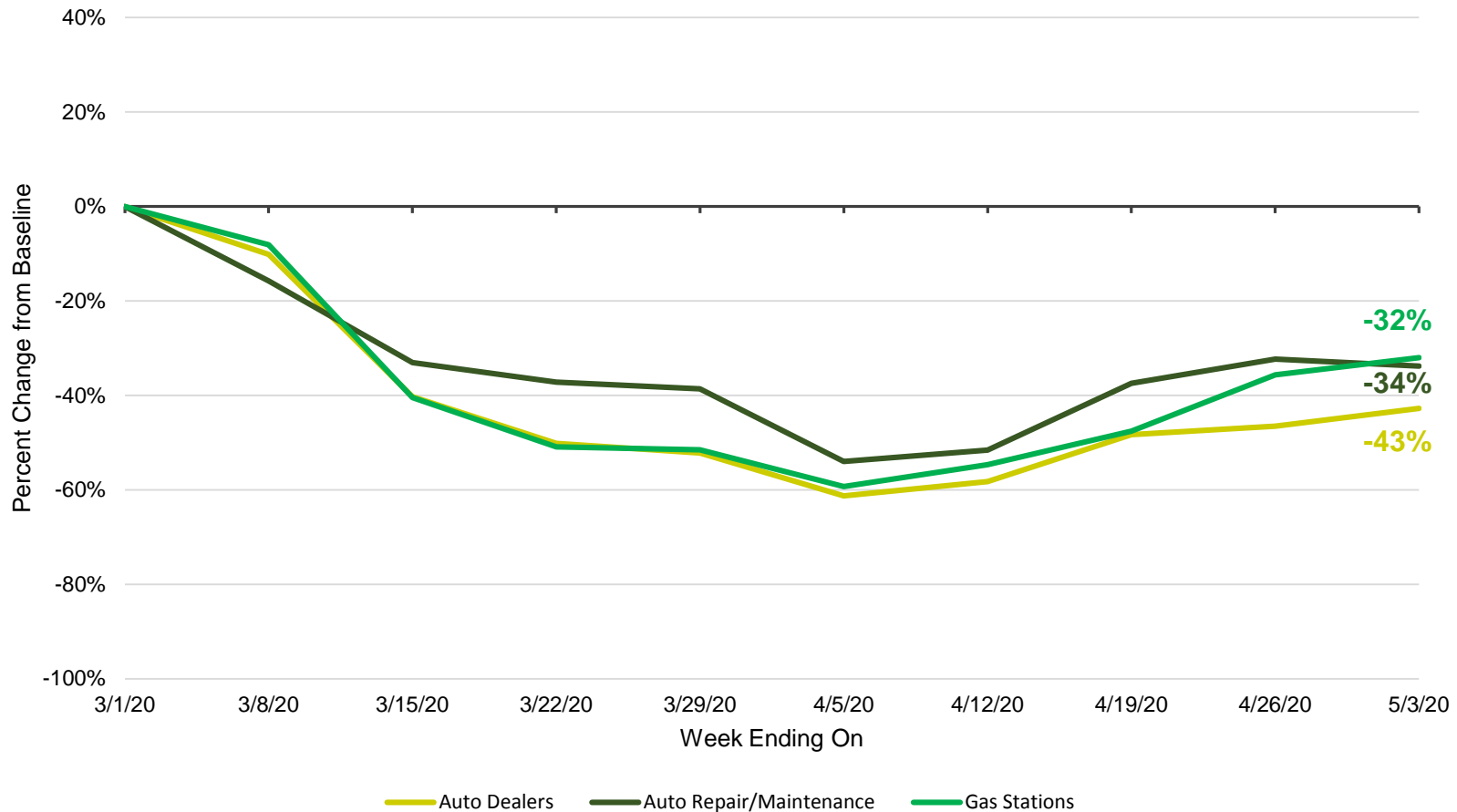


Transportation

20% of taxable sales

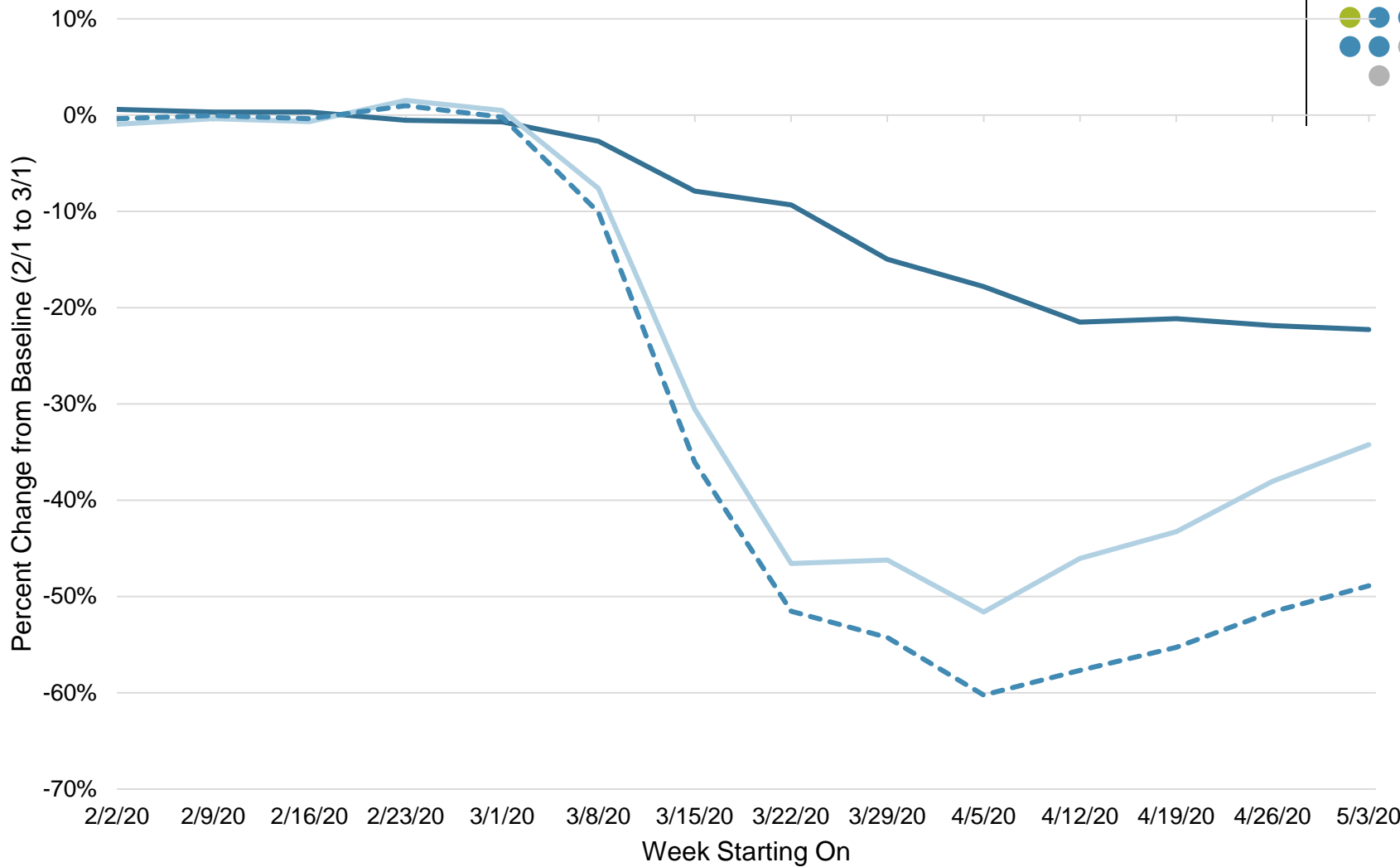
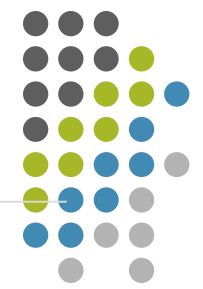
Estimated \$1 billion in taxable sales each month

Includes: auto parts/repair, auto sales new and used, service stations



Source: SafeGraph COVID-19 Response Dataset - Weekly Patterns, v1 *Dates represent totals by week beginning, i.e. 3/1/20 represents totals from 3/1/20 to 3/7/20

COVID-19 Impact on VMT and Gas Prices

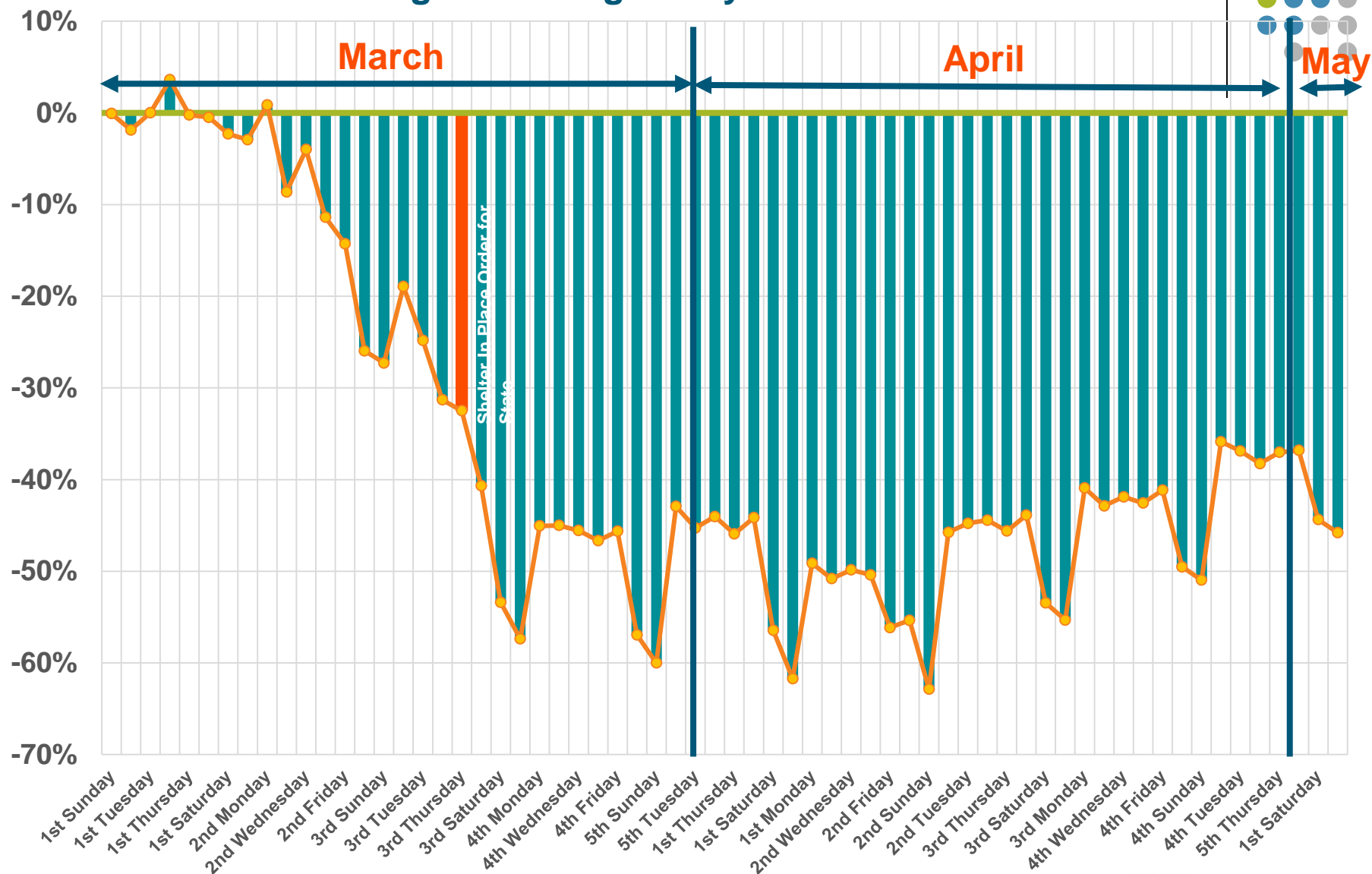


Gas Price Vehicle Miles Traveled (VMT) Estimated Gas Sales

Source: Gas Buddy, 3 Month Average Retail Price, Regular Gas Price, US Dollar per Gallon; Caltrans Performance Measurement System (PeMS) Vehicle Miles Traveled Data

Regional Traffic Volumes Drop

% Change in Average Daily Traffic 2019 vs 2020



San Diego County Foot Traffic

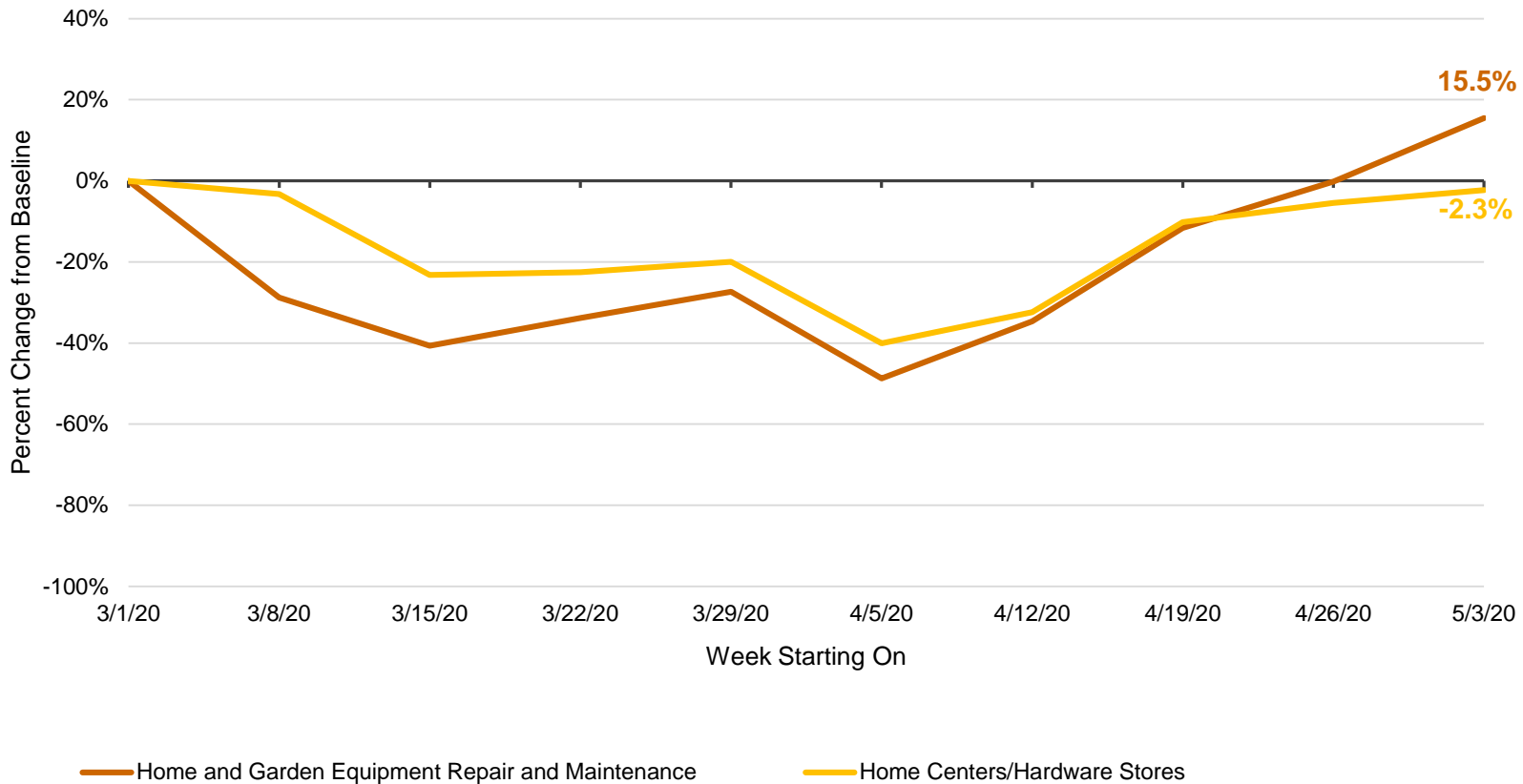


Construction Materials

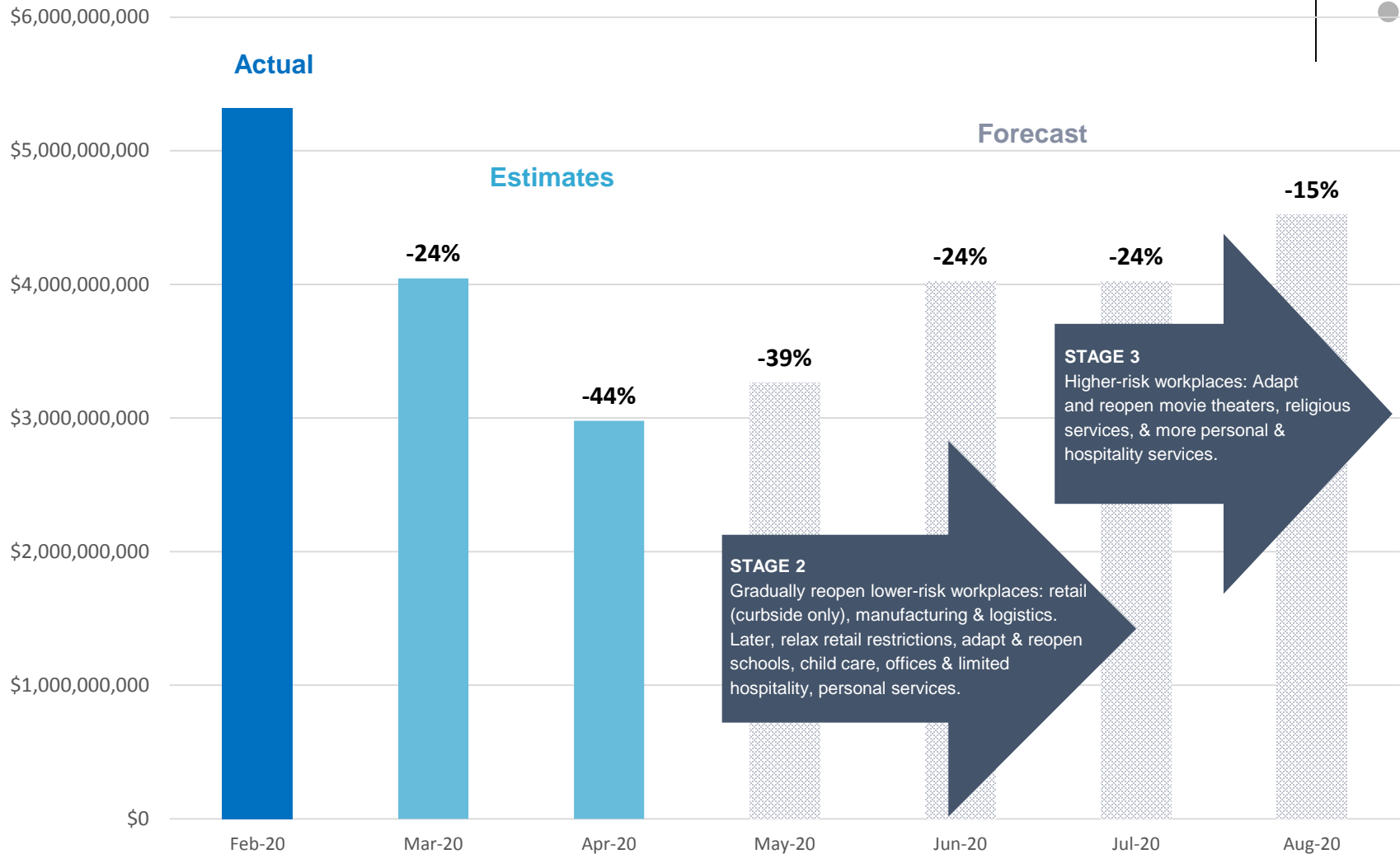
9% of taxable sales

Estimated \$0.5 billion in taxable sales each month

Includes: building materials retail and wholesale



Taxable Retail Sales Estimate and Forecast



SANDAG estimates based on the following sources: Facteus, SafeGraph, PEMS, U.S. Department of Commerce, and Gas Buddy



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