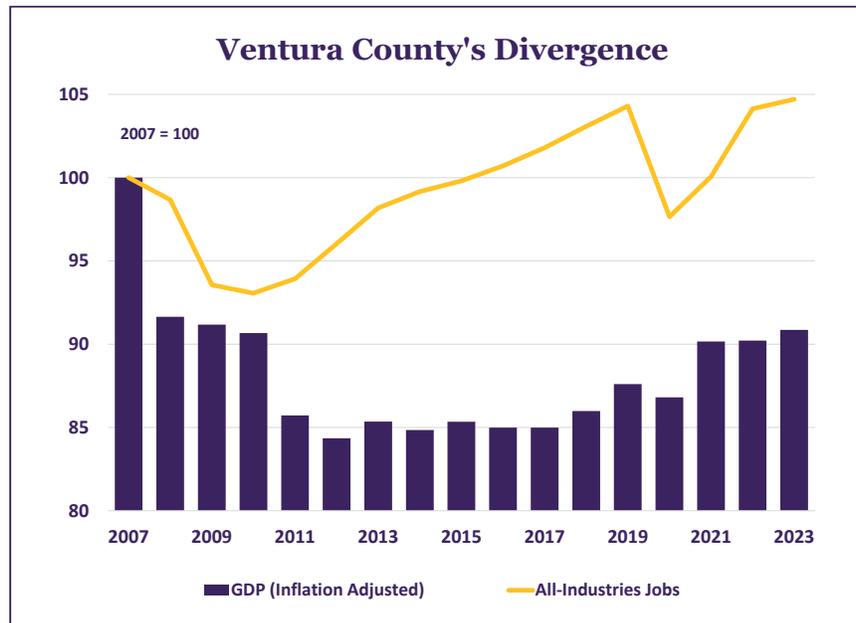


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February 20, 2025

Historical Perspectives

As pointed out last year, but worth repeating, the evolution of Ventura County’s economy has embodied a structural divergence. Jobs are being created, especially in the Education and Healthcare sectors, such that the County’s average nonfarm job growth in 2021 and 2022 was 3.6 percent, a rate equal to that of the United States. However, Ventura County’s output of goods and services, after reaching its peak in 2007, has declined in 9 out of the most recent 16 years of the historical record and is now more than 9 percent lower than the peak of activity (see Figure 1).

Figure 1: The GDP divergence from Jobs



From 2007 to 2023, Education and Health Services job creation was an impressive 22,600 jobs. However, all industries jobs only rose by 18,200 jobs, that is, Education and Health outpaced that of the entire county by 4,400 jobs.¹ Stunningly, without this one sector’s job growth, Ventura County’s total number of jobs would have been lower in 2023 than it was in 2007. The average salary in the Education and Health Services sector is \$57,000, a salary that is woefully inadequate to support the extraordinary cost of living in Ventura County.² Our economy therefore embodies a GDP and jobs divergence as well as a jobs and housing mismatch.

¹ Education in this case is privately-provided education services, including child-care, private primary and secondary schools, etc.

² The Education/Healthcare sector was the dominant jobs-growth sector from Dec 2023 to Dec 2024 and also from Dec 2019 to Dec 2024 as well.

While Education and Health Services has contributed in a large way to our jobs increase, the Non-Durable Manufacturing and Enterprise Management sectors (NDU-MGM) has contributed in an out-sized way to our GDP (or economic) decline. While inflation-adjusted countywide GDP declined by \$6.6 billion from 2007 to 2023, the NDU-MGM sector declined by \$20.1 billion.³ The current average salary for Enterprise Management is \$174,100, which helps us understand the large driving force that the Enterprise Management sector’s decline has had on the contraction of our economy and on both the GDP and jobs divergence.⁴

While Ventura County job growth was robust during 2021 and 2022, as mentioned above, it is important to mention a recent job creation slowdown. Figure 2 shows that growth has weakened substantially in the most recent two years, to an average of just 1.1 percent, representing a return to the relatively slow growth that prevailed from 2015 through 2019.

Figure 2: Ventura County Non-Farm Job Growth

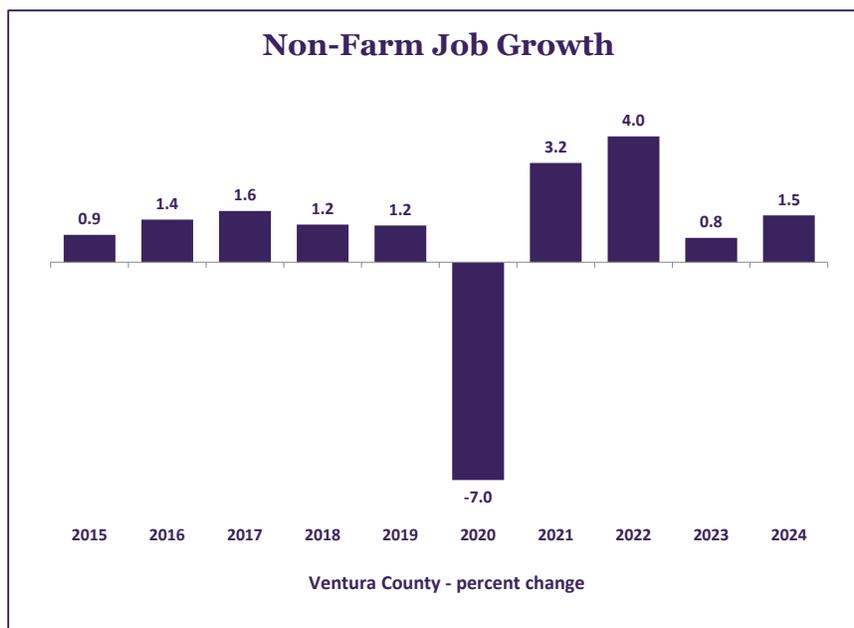


Table 1 provides Ventura County economic data in considerable sectoral detail. From just prior to the Great Recession to now,⁵ the underperforming sectors were Construction, the “Biotech” sector (Nondurables Manufacturing and Enterprise Management), and Personal Services; however, the magnitude of the decline, as mentioned above, is explained mostly by the Biotech sector. The sectors that over performed during the 2007 to 2023 period include: Durables Manufacturing,

³ For the change from 2007 to 2023 we include Non-Durable since the Biotech sector (Amgen etc) used to be classified as Chemical (Non-Durable) Manufacturing). In 2018 the BEA recoded Amgen from Non-Durable to Enterprise Management.

⁴ The salary numbers are full year 2023 data, the last full year available, stated at 2024 Q2 currency, which is the last quarter that is available.

⁵ The latest historical GDP data at the county level is 2023.

Table 1: Gross Domestic Product Detail

The Ventura County Economy					
Gross Domestic Product <i>millions of 2023 dollars</i>	Most Recent	Most Recent Year		Pre-Great Recession Peak to Now	
	2023	2022 - 2023		2007 - 2023	
	<i>millions</i>	<i>Change-millions</i>	<i>Percent change</i>	<i>Change-millions</i>	<i>Percent change</i>
<i>Sectors</i>					
Agricultural/Ag Services/Fishing	1,528	-167	-9.9	4	0.3
Natural Resources and Mining	522	162	45.1	80	18.0
Construction	2,474	-158	-6.0	-606	-19.7
Durable Goods Manufacturing	4,834	-205	-4.1	1,797	59.2
Non-Durables Mfg & Company Management	6,143	-114	-1.8	-20,107	-76.6
Wholesale Trade	5,092	-359	-6.6	839	19.7
Retail Trade	5,198	485	10.3	1,374	35.9
Transportation, Warehousing, & Utilities	1,281	21	1.7	144	12.7
Information & Technology	1,827	133	7.9	921	101.6
Financial Activities	14,161	89	0.6	1,188	9.2
Professional, Technical, Admin & Waste Services	5,945	32	0.5	1,955	49.0
Education and Health Services	4,626	129	2.9	1,780	62.6
Leisure and Hospitality	3,153	75	2.4	928	41.7
Personal, Repair, & Maintenance Services	1,319	-73	-5.3	-415	-23.9
Government	7,886	336	4.5	577	7.9
Total All Industries	65,991	464	0.7	-6,639	-9.1

Source: U.S. Bureau of Economic Analysis

Retail Trade, Information/Technology, Professional, Education/Health, and Leisure/Hospitality. The growth in Durables, InfoTech and Professional contribute to the vitality of the County as they have average salaries that provide a socioeconomically upward path for those workers, whereas the growth in Retail, Education/Health, and Leisure/Hospitality contribute to the general malaise of the County, as they are relatively low salary industries. Together, the seven overperforming sectors added a combined \$9.9 billion of growth in GDP. This unfortunately, is not enough to offset the decline in activity in Biotech.

Table 2: Jobs Detail

Ventura County's Job Market					
<i>not seasonally adjusted data</i>	Most Recent	Changes: During the Last Year		Pre-Great Recession Peak to Now	
	Dec-24	Dec 2023 to Dec 2024	Dec 2023 to Dec 2024	Dec 2007 to Dec 2024	Dec 2007 to Dec 2024
	<i>Thousands</i>	<i>Change-thousands</i>	<i>Percent change</i>	<i>Change-thousands</i>	<i>Percent change</i>
<i>Sectors</i>					
Agriculture/Ag Production Services	20.8	-0.8	-3.7	-0.5	-2.3
Natural Resources and Mining	1.0	0.0	0.0	-0.1	-9.1
Construction	17.9	-0.3	-1.6	0.0	0.0
Durable Goods Manufacturing	18.9	-0.3	-1.6	-4.7	-19.9
Non-Durables Mfg & Company Management	15.8	-0.1	-0.6	-0.8	-4.8
Wholesale Trade	11.6	0.0	0.0	-1.4	-10.8
Retail Trade	38.1	0.5	1.3	-2.0	-5.0
Transportation, Warehousing, & Utilities	8.8	0.1	1.1	2.2	33.3
Information & Technology	3.5	0.0	0.0	-2.3	-39.7
Financial Activities	15.3	0.0	0.0	-6.8	-30.8
Professional, Technical, Admin, & Waste Svcs	36.7	0.4	1.1	1.9	5.5
Educational and Health Services	58.7	2.7	4.8	25.3	75.7
Leisure and Hospitality	37.7	-0.6	-1.6	5.2	16.0
Personal, Repair, & Maintenance Services	10.0	0.3	3.1	-0.1	-1.0
Government	49.4	1.4	2.9	5.6	12.8
Total All Industries	344.2	3.3	1.0	21.5	6.7

Source: CA Employment Development Department

Table 2 provides a review of Ventura County's employment situation from 2007 to 2024. The sectors contributing the most to job creation were Transport/Warehousing/Utilities, Professional/Technical/Waste, Education/Health, Leisure/Hospitality, and Government. These sectors tend to be somewhat lower salary sectors, especially Education/Health and Leisure/Hospitality which are the bulk of the job creation during this time frame. The sectors subtracting from Ventura County's job base were Durables Manufacturing, Wholesale Trade, Retail Trade, InfoTech, and Financial. These sectors tend to be somewhat higher salary sectors, excepting for Retail Trade. These dynamics portray a jobs-housing mismatch in our county. Many of the new jobs being created are in lower salary sectors, and many of the jobs leaving the county are in relatively higher salary sectors.

The Ventura County jobs-housing mismatch is key to understanding the National Association of Realtor's current ranking of Ventura County as the second least affordable major metropolitan area in the United States. This ranking is driven by our home prices, but not only. The other key input to their methodology is income. The relatively lower-salary job creation, dominant in our county for the past 15 years, has depressed incomes relative to housing prices.

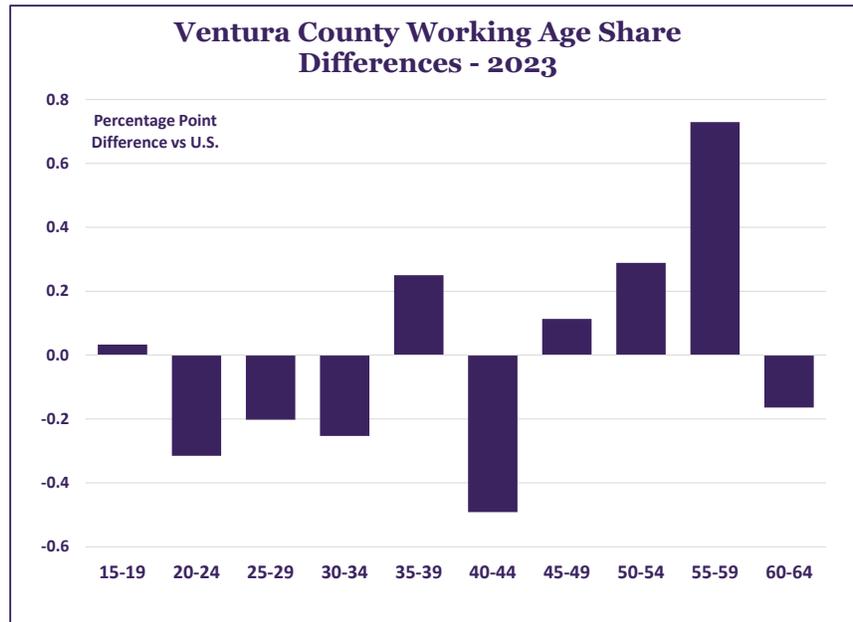
Ventura County's population peaked in 2016 at 850 thousand persons and has contracted to 824 thousand persons, according to the latest data. Our population dynamic has been characterized by domestic outflows that are large relative to our population base. Net domestic outflows, which consider only net flows of Ventura County residents to other locations within the U.S., not only have dominated foreign inflows, but they have even dominated *overall* population change. Since 2014, net domestic outflows have accounted for a least 50 percent of the overall population decline in each year. In addition, from 2016 through 2020, domestic outflows were *always more than double* the overall population change. Overall population change is driven by three factors: domestic flows, international migration flows, and natural change (i.e. births minus deaths). The average domestic outflow during the eight years since the county's peak population, which is also the most recent eight years, has been about -6,900 persons per year. Since 2005, more than 100,000 people, on net, have left Ventura County for other locations in the U.S. This flow represents a 12 percent reduction in population.

The numerical aspects of these outflows are bad enough on their own. The types of people that have left Ventura County represent a critical component of the county's workforce. Using data from 2023 (the latest available), a comparison of age distribution for Ventura County and the U.S. reveals that our county has relatively fewer people in the 20 to 34 and 40 to 44 age ranges. Ventura County has a greater share of people in the 45 years and older groups except for those 60 to 64 years old.

Converting the differences between the U.S. and Ventura County and accumulating the age ranges noted above, if Ventura County could have people of various ages in the same proportions as the U.S., the county would have an additional 10,000 people. This would amount to an estimated ten

percent increase in the 2023 labor force in those particular age ranges, a huge increase that would transform our labor force. Adding to this critical demographic group would make Ventura County's economy stronger.

Figure 3: U.S. and Ventura County Age Distribution Comparison



Ventura County's Forecast

As with last year, CERF's forecast is computed under the assumption that the Ventura County policy and regulatory environment will not change materially from the stage that was set between 1998 and 2000, when county-wide SOAR policies were initially established. Therefore, the new housing development rate will remain low and Ventura County's housing affordability crisis will continue apace (see [Housing Essay](#)). These imply that the County will not be competitive in attracting companies and households relative to other counties in the U.S. It also implies ongoing job growth fueled by relatively low-salary sectors, especially Education and Healthcare, as has been occurring in Ventura County as described above. These ongoing dynamics are expected to perpetuate Ventura County's jobs-housing mismatch for the next few years.

Average annual GDP growth since the peak of Ventura County GDP in 2007 has been a contraction of 0.6 percent. Average annual growth for 2024 to 2027 in CERF's forecast is an improvement, but not hugely so, at an expansion of 0.05 percent. Consistent with recent history, our forecast of average growth across all counties in the U.S. is that they will outpace that of Ventura County, substantially, at an average growth rate of 1.6 percent. As with previous forecasts, job growth will outpace economic (GDP) growth, which reflects a historical pattern that goes back to at least 2011.

Ventura County Macroeconomic Forecast								
	2020	2021	2022	2023	2024	2025	2026	2027
	History			CERF Forecast (Feb. 2025)				
Ventura County								
GDP growth	-0.9	3.9	0.1	0.7	0.2	-0.2	-0.1	0.2
Non-Farm Job growth	-7.0	3.2	4.0	0.8	1.5	1.2	1.0	1.0
Other Geography GDP Growth								
Los Angeles County	-5.1	6.1	2.6	1.0	2.7	2.2	1.4	1.3
California	-1.2	7.5	0.9	2.0	3.7	2.4	1.8	1.6
United States	-2.2	6.1	2.5	2.9	2.8	2.1	1.4	1.2

Sources: U.S. Bureau of Economic Analysis, CERF at California Lutheran University

CERF’s Ventura County home price forecast is for continued appreciation, with an overall 11.3 percent price rise from 2024 to 2027. This is a slowdown from the growth rate of 12.7 percent that occurred from 2021 to 2024. There are offsetting factors that guide this forecast. While restricted supply and Ventura County’s pleasant climate and abundant environmental amenities provide support for appreciation, economic malaise (a relatively larger effect) and mortgage rates (a relatively smaller effect) subtract from home price appreciation. See the chart on the last page.

With the baseline assumptions that Ventura County will not attract, or succeed in retaining households and firms, and with high housing costs driving households out of the county, net domestic migration will continue to be an outflow to other counties in the U.S. Our forecasted average outflow of 6,740 persons during 2025 to 2027 is less than the recent historical experience of outflows of 8,000 persons per year in the past 3 years (an average rate that was certainly increased by the COVID-19 pandemic and the especially stringent government-mandated shutdowns in California), and 6,900 persons per year since the peak of Ventura County’s population in 2016. The overall population growth forecast is for a gradual decline of negative 0.5 percent per year on average during 2025 to 2027. This is an improvement over the annual average decline of 0.6 percent during the most recent three years. See the charts on the last page.

Risks to the Forecast

For this year, there is a new risk factor to the forecast. The recent fires in Los Angeles County destroyed a currently estimated 16,235 homes.⁶ There will be a negative economic impact to Los

⁶ LA Times, January 16, 2025 [story](#).

Angeles County, with collateral damage to Ventura County's economy as well. To an extent, this is embodied in our forecasts, however, the risk is that we are not assessing the magnitude accurately.

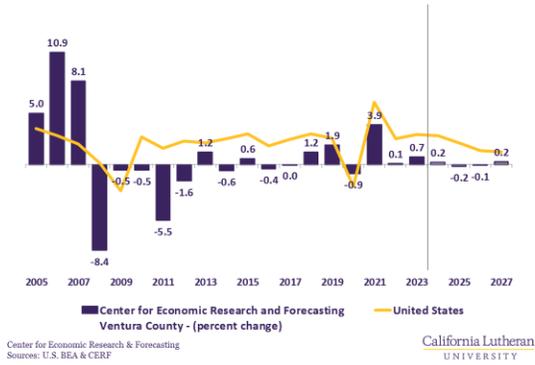
If Ventura County policies were to change in ways that provide a more growth-oriented environment with more robust home production, then our economic and population forecasts could be low. These are forecasts that CERF would love to get wrong. If the composition of job growth shifted toward higher-paying jobs due to a more growth-oriented environment, then our economic and population forecasts could be substantially low. If the new home-building rate were to increase substantially from our assumption, house price appreciation should moderate.

A U.S. economic recession, such as one induced by a geo-political crisis, would cause CERF's forecasts for Ventura County and the State to be optimistic. Like last year, the possibility for such an occurrence is higher this year than it was two years ago.

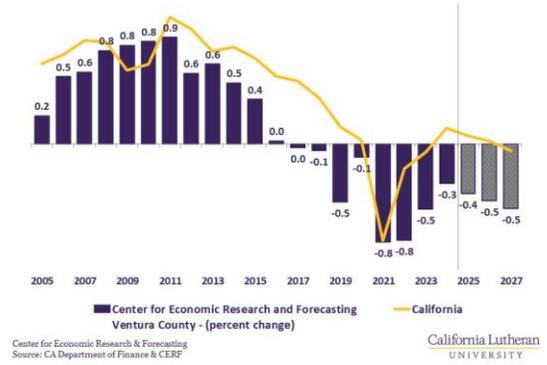
Ventura County Forecast Charts are provided on the next page.

Forecast Charts

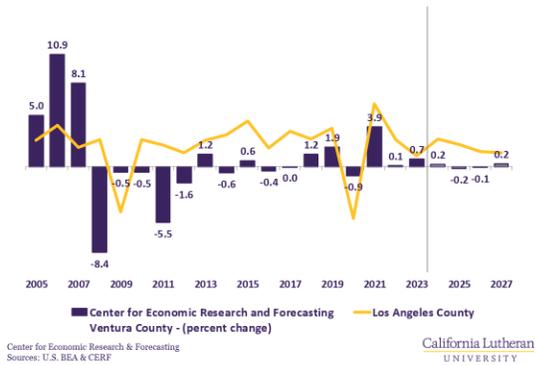
Real GDP Growth



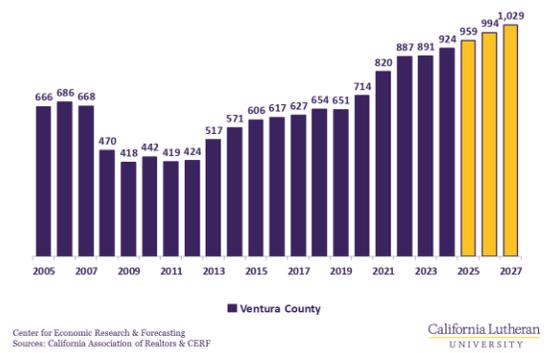
Population Growth



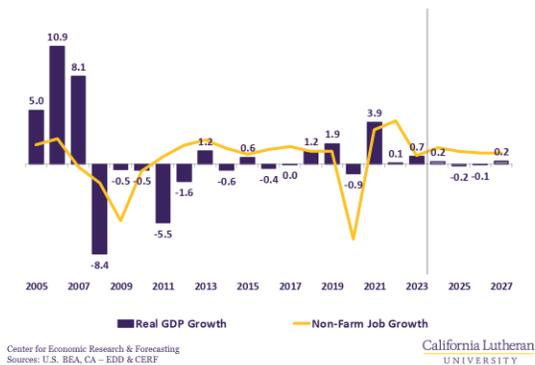
Real GDP Growth



Median Price: Existing Single Family Homes



Ventura County



Net Domestic Migration

