

## **Ventura County Economic Forecast - Executive Summary**

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### **The State of Ventura County's Economy**

Ventura County remains in a prolonged period of economic weakness. As of this writing, that period has stretched into a fifth year. The latest, and perhaps the most arresting, sign of weakness arrived in the form of population data. According to the California Department of Finance, over the course of 2018, Ventura County's population declined for the first time in the history for which we have data.

Our latest estimate indicates that Ventura County GDP grew just 0.1 percent in 2018. Average growth over last five years is zero percent, representing the weakest five year period for which we have data. Average growth over the past four years is negative.

Poor housing affordability is driving jobs and individuals from the region, increasing net domestic out-migration and decreasing total economic activity.

### **Housing Markets**

Ventura County's housing market is clearly faltering. Home price growth has slowed significantly, with street price growth averaging 0.8 percent for the past eleven months. The six-month moving average of price growth has been falling secularly for the same eleven months and was essentially zero for September, the last month for which we have data. In 19 of the last 36 months, sales growth has been negative. The sales growth decline lead the price growth decline by at least a year. 2018 was a disappointing year for Ventura County home building, with only 1,229 units permitted. The 2018 permit rate fell 47 percent from the 2017 permit rate of 2,326 units. Even 2017's number was anemic by historic standards.

Our forecast calls for a small improvement to existing home price growth. However, the forecast is consistent with a market that is anemic, with slow price growth, weak sales, and low rates of building activity.

### **The Ventura County Forecast**

The CERF Ventura County economic forecast anticipates that, driven by worsening negative net domestic migration, the County's population will continue to shrink across the entire three-year forecast horizon. Annual growth of Ventura County GDP is forecasted to range from just 0.2 percent down to 0.1 percent from 2019 through 2021. This is an erosion of last year's forecast, which anticipated that growth would average 1.0 percent over the three year forecast horizon.

Given that our forecast for population growth is negative over the same period, there is considerable downside risk to the GDP forecast. It is very possible that economic activity will be zero or even negative during this period.

If the current forecast holds, Ventura County will have experienced 8 years during which average economic growth is indistinguishable from zero. Eight years of zero growth. This is truly stunning considering the strong economic legacy of Ventura County. The same County that gave birth to Amgen, the world's largest independent biotechnology company, the county which is still home to Naval Base Ventura County and the Port of Hueneme, and the County which boasts some of the most valuable agricultural land in the United States if not the world, will foregone nearly a decade of economic growth and the considerable social and environmental benefits that flow from it.

A return to robust economic growth in Ventura County will require fundamental changes to the policies which drive the current weakness. This must necessarily start with a determined effort to build more housing. Our advice to residents, business leaders, elected officials and policy makers is simple. Don't wait any longer. If the current cohort of leaders refuses to heed the economic warning signs, they will preside over an entirely preventable economic malaise.

### Forecast Charts

