San Diego County Profile and Economic Indicators

History & Geography

San Diego County became one of California's original 27 counties on February 18, 1850, shortly after California became the 31st State in the Union. The County functions under a Charter adopted in 1933, including subsequent amendments. At the time of its creation, San Diego County comprised much of the southern section of California. The original boundaries included all of modern San Diego County, along with portions of what are now Imperial, Riverside, San Bernardino and Inyo counties.

The original territory of nearly 40,000 square miles was gradually reduced until 1907, when the present boundaries were established. Today, San Diego County covers 4,261 square miles, approximately the size of the State of Connecticut, extending 70 miles along the Pacific Coast from Mexico to Orange County and inland 75 miles to Imperial County along the international border shared with Mexico. Riverside and Orange counties form the northern border. It is the most southwestern county in the contiguous 48 States.

For thousands of years, Native Americans have lived in this region. The four tribal groupings that make up the indigenous American Indians of San Diego County are the Kumeyaay (also referred to as Diegueño or Mission Indians), the Luiseño, the Cupeño and the Cahuilla. San Diego County has the largest number of Indian reservations (18) of any county in the United States. The reservations are small, with total land holdings of an estimated 193 square miles.

The explorer Juan Rodriguez Cabrillo arrived by sea in the region on September 28, 1542. Although he named the area San Miguel, it was renamed 60 years later by Spaniard Sebastian Vizcaino. He chose the name San Diego in honor of his flagship and, it is said, his favorite saint, San Diego de Alcalá.

San Diego County enjoys a wide variety of climate and terrain, from coastal plains and fertile inland valleys to mountain ranges and the Anza-Borrego Desert. The Cleveland National Forest occupies much of the interior portion of the County. The climate is mild in the coastal and valley regions, where most resources and population are located. The average annual rainfall is less than 12 inches for the coastal regions.

County Population

San Diego County is the southernmost major metropolitan area in the State. According to the State of California Department of Finance as of May 2020, the County's population estimate for January 1, 2020 was 3.34 million, which grew 0.1 percent or roughly 3,000 from the January 1, 2019 estimate. San Diego County is the second largest county by population in California and the fifth largest county by population in the nation, as measured by the U.S. Census Bureau based on 2019 population estimates. Population estimates from the San Diego Association of Governments (SANDAG) for the year 2035 indicate that the San Diego regional population will grow to approximately 3.85 million, a 37.0 percent increase from calendar year 2000 and an increase of 15.0 percent compared to 2019.

SAN DIEGO COUNTY POPULATION:

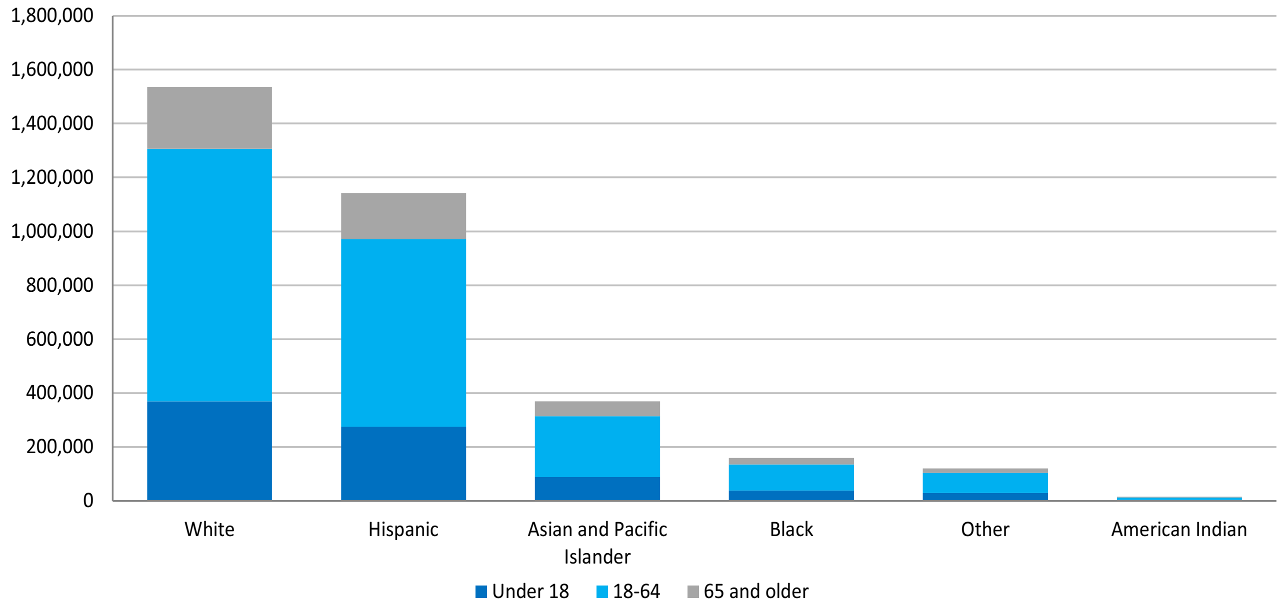
	2000	2019	2020	Year Incorporated
Carlsbad	78,247	113,635	114,463	1952
Chula Vista	173,556	271,032	272,202	1911
Coronado	24,100	23,814	21,381	1890
Del Mar	4,389	4,275	4,268	1959
El Cajon	94,869	104,104	104,393	1912
Encinitas	58,014	62,096	62,183	1986
Escondido	133,559	152,391	153,008	1888
Imperial Beach	26,992	27,934	28,055	1956
La Mesa	54,749	59,827	59,966	1912
Lemon Grove	24,918	26,426	26,526	1977
National City	54,260	62,254	62,099	1887
Oceanside	161,029	177,242	177,335	1888
Poway	48,044	49,298	49,338	1980
San Diego	1,223,400	1,428,600	1,430,489	1850
San Marcos	54,977	96,651	97,209	1963
Santee	52,975	57,780	57,999	1980
Solana Beach	12,979	13,786	13,838	1986
Vista	89,857	102,098	102,928	1963
Unincorporated	442,919	507,069	505,675	1850
Total	**2,813,833**	**3,340,312**	**3,343,355**	

Source: US Census - 2010 data and California Department of Finance 2019 and 2020 estimates.

The accompanying charts show the most recent race, ethnicity and age composition for the regional population as of 2020 as well as the change in the region's historical racial and ethnic composition since 2012 and projected to 2035. SANDAG projects that in 2035, San Diego's population will continue to grow in its diversity with: 36.3 percent White; 41.4 percent Hispanic; 13.9 percent Asian and Pacific Islander; 4.0 percent African American; and 4.4 percent all other groups including American Indian. A significant growth in the region's Hispanic population is seen in this projection.

San Diego County Population Distribution by Race, Ethnicity and Age

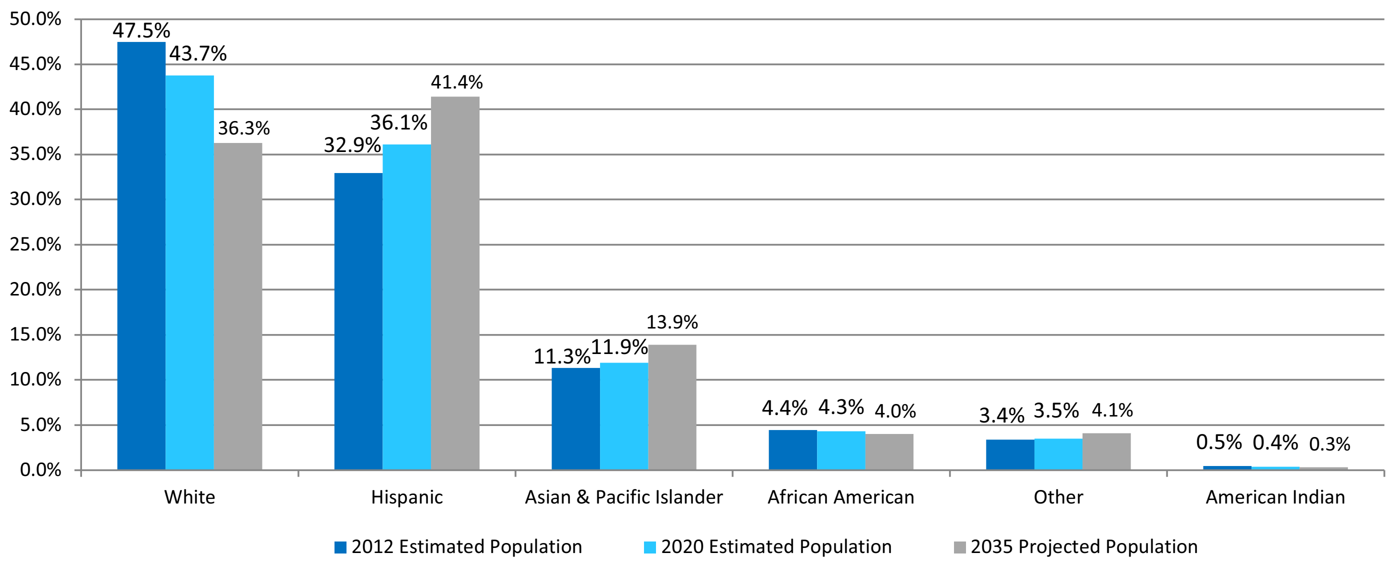
2020 Total Population: 3,343,355



San Diego County Population Distribution by Race and Ethnicity

2012, 2020 and 2035 Projection

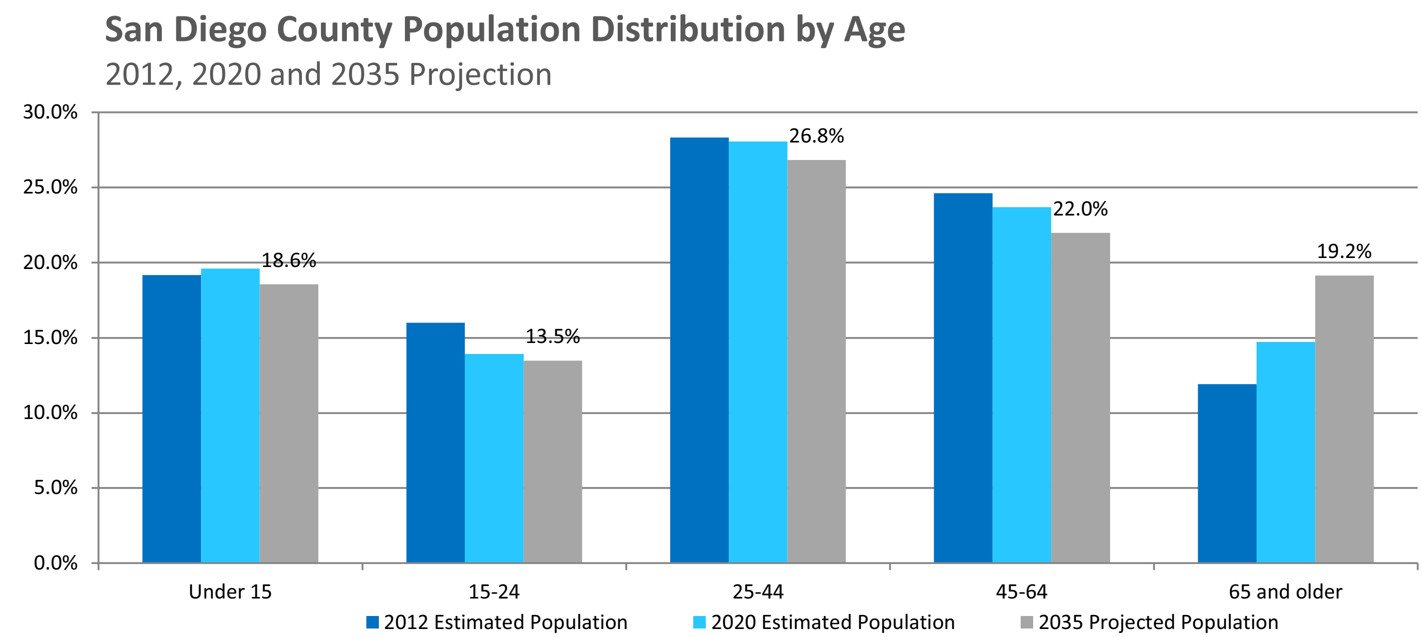
Percentage of Total Population



Note: Percentages represent the share of each group compared to the total population.
Sources: U.S. Census Bureau and San Diego Association of Governments Series 13 Regional Growth Forecast, as of March 2021 reflects latest data available.

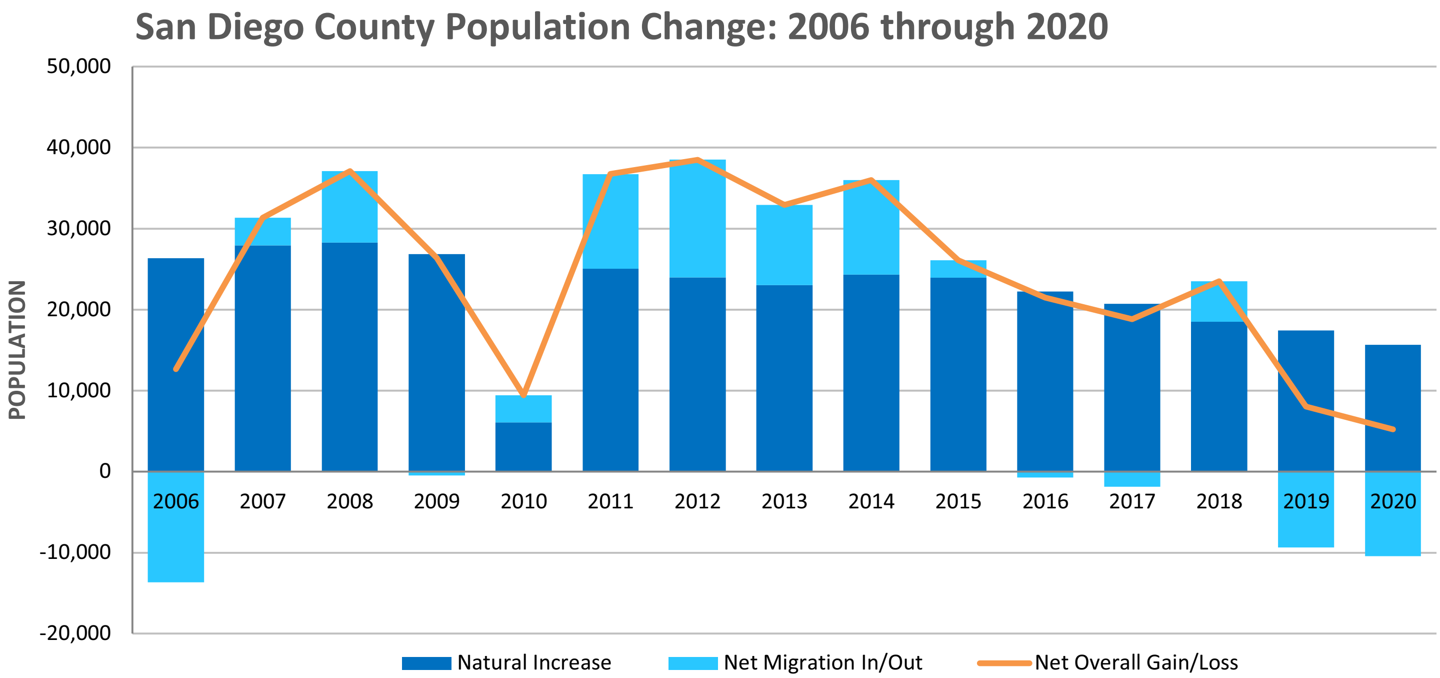
The accompanying chart shows the change in regional population trends in various age segments, with the number of individuals under 65 years of age projected to decline gradually from 2019 estimates, and the number of individuals aged 65 and older estimated to increase by 2035.

San Diego County's population has grown approximately 0.8 percent annually on average since 2006, as presented in the accompanying chart. Natural increase (local births minus deaths) is the primary source of population change. Another contributor to the change in population is net migration (both foreign and domestic) which has varied from year-to-year.



Sources: U.S. Census 2000; San Diego Association of Governments Series 13 Regional Growth Forecast, as March 2021 reflects the latest data.

Note: In these charts, the sum of individual percentages may not total 100% due to rounding.



Note: Natural Increase consists of Births minus Deaths. Net Migration is a measure of people moving into and away from San Diego County, both foreign and domestic. San Diego County Population Change data is on a fiscal year basis beginning July 1st.
Source: California Department of Finance E-6 Report: Population Estimates and Components of Change by County - July 1, 2010-2020.

Economic Indicators

U.S. Economy

Gross domestic product (GDP) is one of the main indicators of the health of the nation's economy, representing the net total dollar value of all goods and services produced in the U.S. over a given time period. See the accompanying chart for a historical comparison of GDP over the past 10 years. GDP growth is driven by a variety of economic sectors, including personal consumption expenditures, gross private domestic investment, net exports of goods and services and government consumption expenditures and gross investment.

According to the U.S. Department of Commerce Bureau of Economic Analysis (BEA), calendar year 2020 saw a decrease in real GDP, closing the year with a 3.5 percent annual contraction over the previous year, compared to an increase of 2.2 percent seen in 2019 (Bureau of Economic Analysis [BEA]. Gross Domestic Product, Fourth Quarter and Year 2020 (Second Estimate). February 2021.). According to the BEA, "The decrease in real GDP in 2020 reflected decreases in PCE [personal consumption expenditures], exports, private inventory investment, nonresidential fixed investment, and state and local government that were partly offset by increases in federal government spending and residential fixed investment. Imports decreased" (ibid).

Clearly, the national economy was significantly impacted by the response to the global COVID-19 pandemic; GDP in the first quarter fell 5.0 percent and in the second quarter it dropped by 31.4 percent (ibid). But in the third and fourth quarters, GDP bounced back in the third quarter by 33.4 percent, and in the fourth quarter despite a strong uptick in COVID-19 cases in many parts of the country, GDP growth was still a strong 4.1 percent (ibid). According to the BEA, "The increase in fourth-quarter GDP reflected both the continued economic recovery from the sharp declines earlier in the year and the ongoing impact of the COVID-19 pandemic, including new restrictions and closures that took effect in some areas of the United States" (ibid).

Commenting on the economic impact of the COVID-19 pandemic, the UCLA Anderson March Economic Outlook predicts near-record economic growth that has not been seen in the US since the 1980s and notes, "we are forecasting 6.3% growth in 2021, 4.6% growth in 2022, and 2.7% growth in 2023". (UCLA Anderson Forecast. March 2021 Economic Forecast: Nation - Robust Economic Growth and Recovery After a Dreadful Year. March 2021). UCLA also predicts national GDP to return to pre-pandemic peak growth rates by the middle of 2021, and real GDP will return to its pre-pandemic levels by the beginning of 2022; the primary drivers of this growth is the spending of savings, consumers engaging in the purchase of services again, and a continuation of a thriving housing market (ibid).

At the beginning of 2020 before the COVID-19 pandemic, the national unemployment rate was historically strong and had dropped to 4.0 percent. However, the impact of the COVID-19 pandemic in 2020 produced dramatic increases in unemployment across the country. According to the Bureau of Labor Statistics (BLS), the unemployment rate rose sharply in 2020 to a rate in April 2020 of 14.4 percent, followed by a slow, downward descent from May when it was 13.0 percent to the end of 2020 at 6.5 percent. Average annual unemployment in 2020 was 8.1 percent (Bureau of Labor Statistics. Labor Force Statistics from the Current Population Survey. February 2021). To kickoff 2021, unemployment was 6.8 percent, a year over year increase of 2.8 percent (ibid).

Increased unemployment and stalled economic activity have led to continued low interest rates. The Federal Reserve Board noted "significant stress in high-contact, customer-facing businesses and industries" while at the same time "remained generally positive about the outlook, particularly for the second half of 2021 when vaccine distribution is expected to be more widespread" (Federal Reserve System. Minutes of the Board's Discount Rate Meetings on January 19 and January 27, 2021, accessed on March 15, 2021.) However, in light of the potential for an unstable economy in the future, the Board chose to leave the primary federal funds rate at the existing level (0.25%) (ibid).

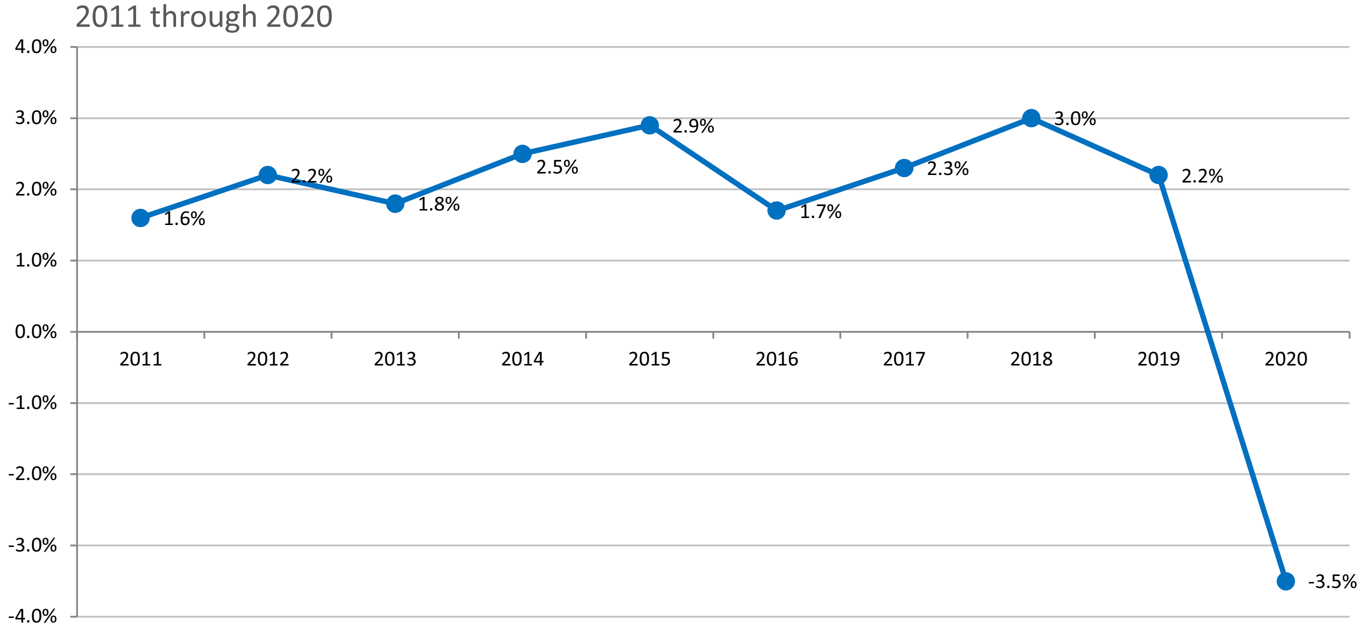
Despite the decision by the Federal Reserve Board in January, mortgage rates ticked up by 8 basis point in February from January to 2.73%; still lower than one year ago when it was 3.31% (US Department of Housing and Urban Development. Housing Market Indicators Monthly Update. February 2021). Low mortgage interest rates have contributed to high sales volumes, high prices, and low inventory of homes for sale (ibid). UCLA Anderson forecasts the rate of sales and prices seen in 2020 will not continue in 2021 but is rather a one-time event due to a perfect storm including low rates, aging homeowners staying put, and millenials' desire to own homes amid a shortage (UCLA Anderson Forecast. March 2021 Economic Forecast: Nation - Robust Economic Growth and Recovery After a Dreadful Year. March 2021). Something to be cautious of during this buying and selling frenzy is the number of homes in forbearance (pause or reduction in payments). Before the pandemic, only 0.25% of borrowers were in forbearance programs, but as of February 2021 13.8% or approximately 2.6 million homeowners were in forbearance programs (US Department of Housing and Urban Development. Housing Market Indicators Monthly Update. February 2021).

Looking forward, the Federal Reserve Board has forecasted the following: the projected Unemployment rate at 5.0% in 2021, 4.2% in 2022, and 3.7% in 2023, and the personal consumption expenditures (PCE) inflation rate at 1.8% in 2021, 1.9% in 2022 and 2.0% in 2023 (Federal Reserve System. Summary of Economic Projections, accessed on March 15, 2021).

The economic impacts of the COVID-19 pandemic prompted federal fiscal stimulus efforts, which provided substantial support to economic activity in 2020 and will continue to support economic activity in 2021. Federal fiscal policy measures (including the CARES Act and the Consolidated Appropriations Act, 2021) enacted in response to the pandemic have provided income support for households and businesses; increased grants-in-aid to

U.S. Gross Domestic Product Annual Percent Change

2011 through 2020



Notes: The percent change in Gross Domestic Product (GDP) is measured by calendar year based on chained 2012 dollars.
Source: Bureau of Economic Analysis

state and local governments including the County of San Diego; and facilitated loans to businesses, households, states, and localities (Federal Reserve System, Monetary Policy Report, February 2021).

The economic impacts of the COVID-19 pandemic are regularly being assessed, but what remains uncertain is the duration of the public health emergency, and while some economists and experts seem to predict a positive economic recovery in 2021, it still seems mostly tied to successful vaccination efforts or other forms of COVID-19 immunity.

California Economy

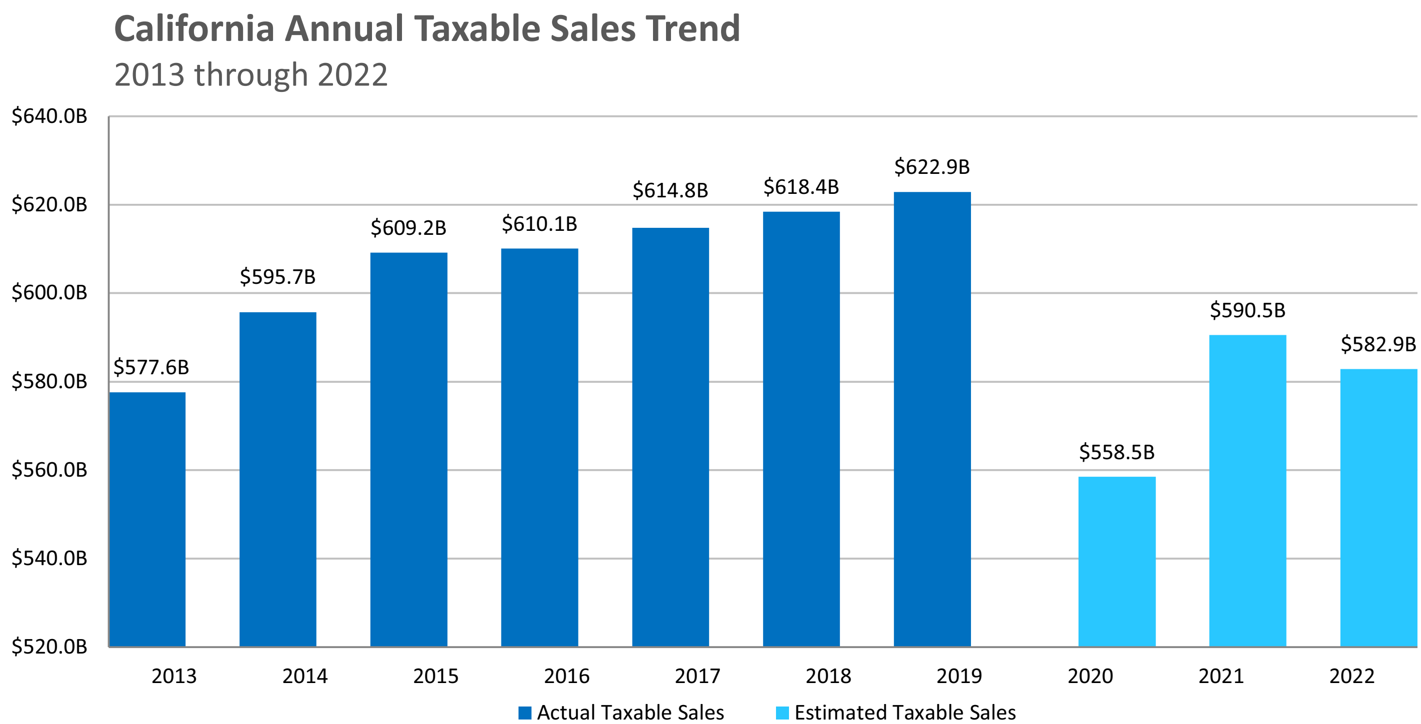
California's economy is large and diverse, with global leadership in innovation-based industries including information technology, aerospace, entertainment and biosciences. A global destination for millions of visitors, California supports a robust tourism industry (pre-COVID-19), and its farmers and ranchers provide for the world. California accounts for more than 14 percent of the nation's GDP which is, by far, the largest of any State according to the BEA (Gross Domestic Product by State: Fourth Quarter and Annual 2019, April 7, 2020, https://www.bea.gov/system/files/2020-04/qgdpstate0420.pdf, accessed on June 17, 2020). In 2020, California also led the nation with 3 million total COVID cases; this environment led to a sharply different 2020 economy than was previously forecasted (Los Angeles Economic Development Corporation. LAEDC 2021 Economic Forecast. February 2021).

In February 2020 prior to the pandemic, California's economy was forecast to grow at 2.0 percent (Los Angeles Economic Development Corporation [LAEDC]. LAEDC 2020 Economic Forecast. February 2020), however the State's economy contracted by 0.6% (Los Angeles Economic Development Corporation. LAEDC 2021 Economic Forecast. February 2021). The LAEDC again projects 2.0% growth in 2021 based on higher year-over-year growth in personal income (excluding stimulus payments), a partial recovery in industry earnings, and a gradual decline in unemployment (ibid). Because of the spike in COVID-19 cases, the recovery of some of California's hardest hit sectors, including leisure & hospitality (tourism), were negatively impacted (UCLA Anderson Forecast. March 2021 Economic Forecast: California - The Economic/Pandemic Question: To Close or Not to Close? March 2021). On the other hand, tax collections in the State are 42% ahead of budget projections, potentially allowing more discretionary State spending (Legislative Analyst's Office. January 2021 State Tax Collections. February 2021). According to UCLA's analysis, one of the primary reasons for the State being ahead of collections is that the tech industry prospered during the pandemic (UCLA Anderson Forecast. March 2021 Economic Forecast: California - The Economic/Pandemic Question: To Close or Not to Close? March 2021). Another bright spot is that the overall housing market boomed. In fact, home sales in California were higher in 2020 than they were since just prior to the Great Recession (ibid). Home sales and prices rose throughout the pandemic and continue to rise. There are likely two reasons driving this housing boom: first, mortgage rates are at historic lows and second, home buyers or higher income earners have been largely unaffected by the pandemic (Beacon Economics. Beaconomics: An Economic Forecast for the U.S. and California. December 2020).

Prior to the COVID-19 pandemic, UCLA Anderson projected California's unemployment rates to "…be at 0.9% and 1.3%..." for 2020 and 2021. (UCLA Anderson Forecast. Financial Outlook for 2020. December 2019). However, the mandated shelter-in-place response to the COVID-19 pandemic delivered a swift and harsh blow to California businesses and labor force. As of January 2021, the state annual unemployment rate for 2020 was at 10.1 percent, which was 6.1 percent higher than the annual average for 2019 (4.0 percent) (California Employment Development Department. Local Area Unemployment Statistics & Monthly Labor Force Data for Counties - Annual Average for 2020, accessed March 2021). According to the Anderson Forecast, "there were several sectors shouldering the brunt of the job loss: leisure and hospitality, education, other services and retail…job losses in these sectors from December 2019 to December 2020 represent 76% of all the job losses in the state" (UCLA Anderson Forecast. March 2021 Economic Forecast: California - The Economic/Pandemic Question: To Close or Not to Close? March 2021). Including healthcare and social service job losses brings the represented job losses, or the "hardest hit" sectors in the state, to accounting for 81% of job losses (ibid).

UCLA forecasts that overall the California employment sector will rebound faster than the national average as stringent pandemic restrictions are loosened and more jobs that involve person-to-person contact come back online (ibid). That said, unemployment is not expected to fully recover nationally until 2023; as the economy expands and more jobs become available, the labor force will also grow which will push unemployment back up (or slow the rate at which unemployment goes down) (ibid). As more people get back to work, consumer spending will get back to a more normal growth pattern, increasing taxable sales revenue. The accompanying chart presents the historical trend in taxable sales in California.

As the State recovers economically from the COVID-19 pandemic and reduces its restrictions on businesses, experts predict consumers to return to pre-pandemic behaviors, including spending on housing, food, clothing, cars, furnishings and healthcare (California Forecast. Progress of the Recovery - The Outlook for 2021 is Still Hazy. February 2021). What is unknown is whether spending for live events and large public gatherings will return to pre-pandemic activities or if they will remain socially distanced with reduced capacities and audiences (ibid).



Note: Taxable sales are stated in calendar year 2012 dollars.
Source: UCLA Anderson Forecast, December 2020

One trend that intensified at the start of the pandemic was the online purchase of goods. This resulted in a year-over-year increase in State imports of 4.0 percent, and a noticeable increase in traffic at the major ports of entry, particularly for shipping containers (Beacon Economics. California Trade Report. March 2021). While it's unclear whether major California trade partners (China, Mexico, and Canada) will recover with the same strength as is projected in the US economy, experts expect exports to US companies that manufacture goods in China, Mexico and Canada to “surge” (ibid). The positive outlook for trade contrasts with the State's housing affordability.

It was previously mentioned the housing market surge drove up housing sales and prices. This was good for many, including those in the real estate and construction industries and current homeowners. However, the median home price in California ($740,050) was more than double the national median home price, and 76 percent of households were either rent burdened (51 percent) or extremely rent burdened (25 percent) (Los Angeles Economic Development Corporation. LAEDC 2021 Economic Forecast. February 2021). This means that over 50 percent of households spent at least a third of their income on rent and 25 percent of households spent more than half of their income on rent (ibid). Consequently, the high price of housing is an incentive to keep home builders planning and building, but this takes a significant amount of time. UCLA estimates an additional 127,000 new units in 2021 and growth to 134,000 units by 2023, but the UCLA forecast adds, “this level of home building means that the prospect for the private sector building out of the housing affordability problem over the next three years is nil” (UCLA Anderson Forecast. March 2021 Economic Forecast: California - The Economic/Pandemic Question: To Close or Not to Close? March 2021). Despite the affordability constraints, UCLA concludes their data supports the idea that people are leaving California not due to affordability constraints but rather because remote work is giving employees the opportunity to experience life in a non-urban setting (ibid). The California Public Policy Institute comments, “Relocation due to the pandemic-both in and out of the state-will have long-term consequences if it persists. However, decades of underinvestment in housing mean that supply shortages will continue to put upward pressure on prices in most areas of the state” (Public Policy Institute of California. California's Future. January 2021).

San Diego Economy

As of 2019, the San Diego region is home to more than 3.3 million residents, the second largest county in California and fifth largest in the nation in terms of population according to the U.S. Census Bureau (U.S. Census Bureau. County Population Totals: 2010-2019, accessed on March 29, 2021). In 2019, San Diego County accounted for more than $222.3 billion, or 7.9 percent of California's GDP, based on data from the BEA (Bureau of Economic Analysis. Real Gross Domestic Product by County, 2016-2019, accessed on March 29, 2021) and 8.4 percent of the State's population, based on U.S. Census Bureau data.

The San Diego region includes the largest concentration of U.S. military in the world, making the military presence an important driver of the region's economy. In addition, San Diego is a thriving hub for the life sciences/biomedical and technology-oriented industries, and in non-pandemic years San Diego is a popular travel destination. The region's quality of life attracts a well-educated, talented workforce and well-off retirees which have contributed to local consumer spending.

In January 2021, the San Diego Business Journal hosted its annual economic forecast and several of the panelists had positive and negative reviews for the local outlook. Most predicted flat or slow GDP growth at the beginning of the year with it ramping up in the second half of 2021 and into 2022 as COVID-19 cases and restrictions moderated with distribution of the vaccine, noting that San Diego is expected to outperform the State of California in the recovery and be in the middle of the pack compared to the US overall (San Diego Business Journal. Sizing Up the Economic Potential of 2021: Experts Offer a Variety of Perspectives. February 2021). While economic growth is expected to help the San Diego region recover in terms of unemployment, investment into the region, and other areas, experts noted one troubling indicator (ibid). All income levels in San Diego suffered job losses at the outset of the pandemic, however after nearly a year of recovery, high wage earners (earnings greater than $60,000 per year) showed a 2.4% increase in jobs yet low wage earners (earnings below $27,000 per year) about a quarter of those who had initially lost their jobs at the start of the pandemic were still unemployed (ibid). Mark Cafferty, President & CEO of the San Diego Regional Economic Development Corporation said, “Not surprisingly, many of the jobs in that particular area…are in places like tourism, are in restaurants and really are anywhere where foot traffic in general and people gathering in places is critical to the business model” (ibid).

The COVID-19 pandemic also led to changes in consumer behavior. SANDAG estimates the San Diego Gross Regional Product (GRP) will be down 3.1% - 4.5%, or in other words, a $7 - $10 billion loss in 2020 (SANDAG. The San Diego Economy: COVID-19 Impacts A Year in Review. March 2021). Nine out of every ten jobs lost in San Diego came from either the tourism, education, or retail sectors; these were the hardest hit during the pandemic (ibid). “According to the San Diego Tourism Authority (SDTA), the visitor industry lost 20 years of economic gain in 2020 and expects a five-year recovery horizon. Specifically, visitor spending fell from $11.6 billion in 2019 to $5.2 billion in 2020 (below the 2001 visitor spending level of $5.9 billion), and the meeting and special event industry, which included 2.7 million visitors and $3.5 billion in spending, essentially came to a stop and has yet to pick up” (ibid). Further highlighting a long road to recovery, domestic air travel to San Diego decreased by 74%, and 76% of the scheduled cruise ship calls for 2020 were cancelled, creating about $158.6 million in lost economic activity (ibid).

The National Bureau of Economic Analysis officially declared that February 2020 was the peak of economic expansion that began in June 2009; this marked the beginning of a recession (National Bureau of Economic Analysis. NBER Determination of the February 2020 Peak in Economic Activity. June 8, 2020). A recession, as the world quickly found out in 2020, leads to a slowdown in sales tax collection, as consumers and businesses are more reluctant to spend. However, the COVID-19 Recession was not typical. Recessions are marked with bearish stock markets, halted consumer spending, and perhaps other negative outcomes. In 2020, “the stock market reached new highs and asset prices went up, all while the economy was contracting” (SANDAG. The San Diego Economy: COVID-19 Impacts A Year in Review. March 2021). Most experts expected overall sales tax dollars to be less in 2020 than the same period in 2019, but stimulus funding and a shift to online shopping have not only helped consumers but the overall health of the economy. When compared to the Fiscal Year 2018-19 (when there was no recession), declines are anticipated in the General Consumer Goods, and Tourism, while this is expected to be offset by increases in Online Sales (particularly for General Consumer Goods), Autos & Transportation, Building & Construction, and Food & Drugs (HDL Companies. San Diego Second Quarter Sales Tax Forecast and Economic Drivers).

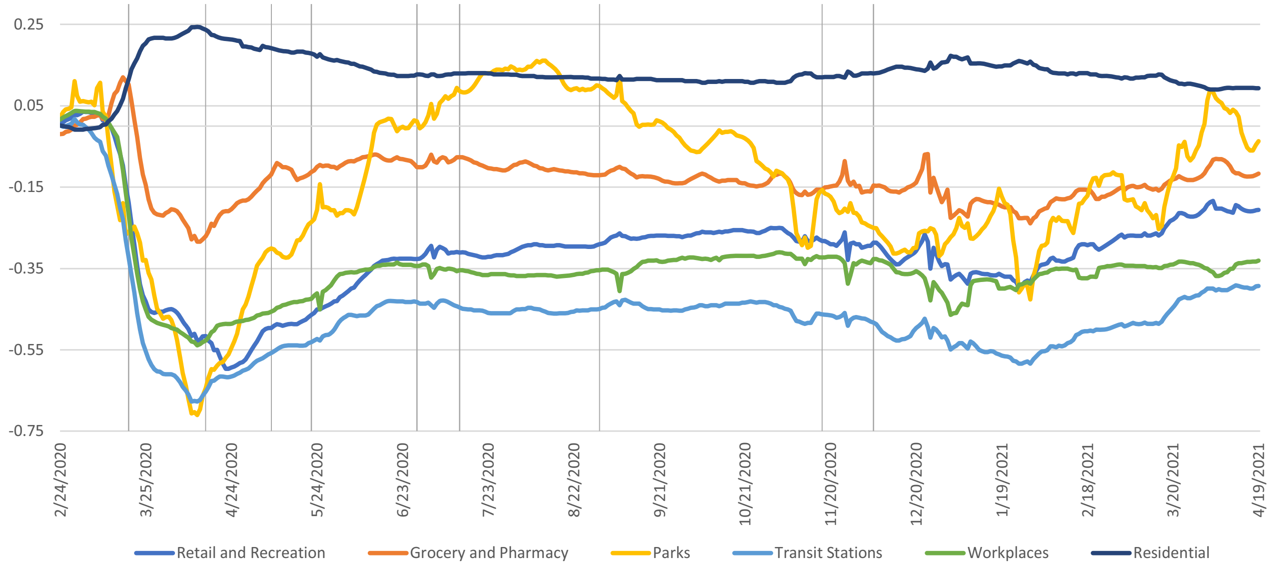
Despite the recession and changes in business regulations as of the Second Quarter report to the Board of Supervisors in mid-March, the County was projected to overrealize budgeted Sales Tax-based revenues by $59.0 million in Fiscal Year 2020-21 or 5.6%. These projections assume a Countywide recovery will not begin until at least the second quarter of 2021 and that the shift towards online shopping is permanent (ibid).

Since the Great Recession, the County's reliance on sales tax revenue has increased. Due to changes in funding and service delivery models by the State, sales tax revenue has become critical to supporting essential program areas in Public Safety, and Health and Human Services through dedicated revenue sources including Prop 172 and Health and Public Safety Realignment. Consumer activity also supports the County's program revenue for Behavioral Health through the Mental Health Services Act and road repair activities through the State Gas Tax. Due to the slowdown in economic activity, these revenue sources combined as of the Second Quarter are expected lower than the Fiscal Year 2020-21 budgeted levels by $40.1 million.

The San Diego County Taxable Sales by Category chart nearby records annual, actual data and does not reflect the discussion above; it shows decreasing trends in most categories for 2020, except general retail and building materials.

County of San Diego Change in Foot Traffic

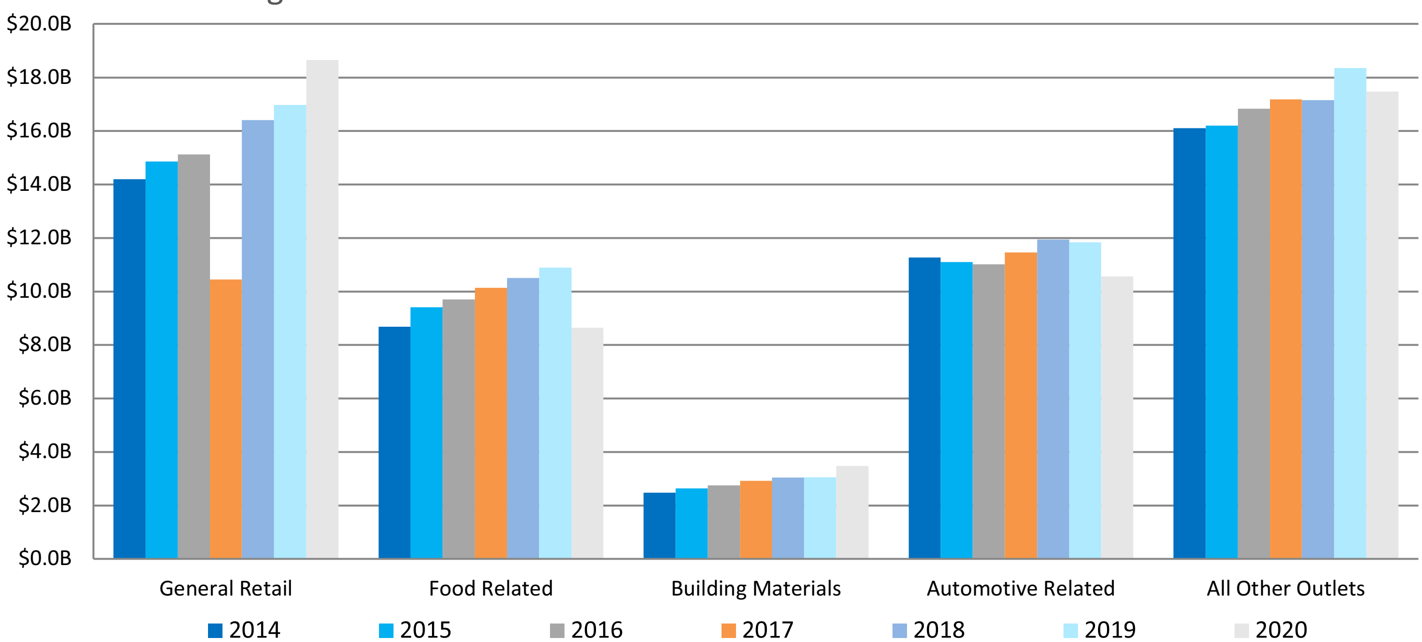
February 2020 through April 2021



Source: Chetty, Friedman, Hendren, Stepner, and the Opportunity Insights Economic Tracker Team, 2021

San Diego County Taxable Sales by Category

2014 through 2020



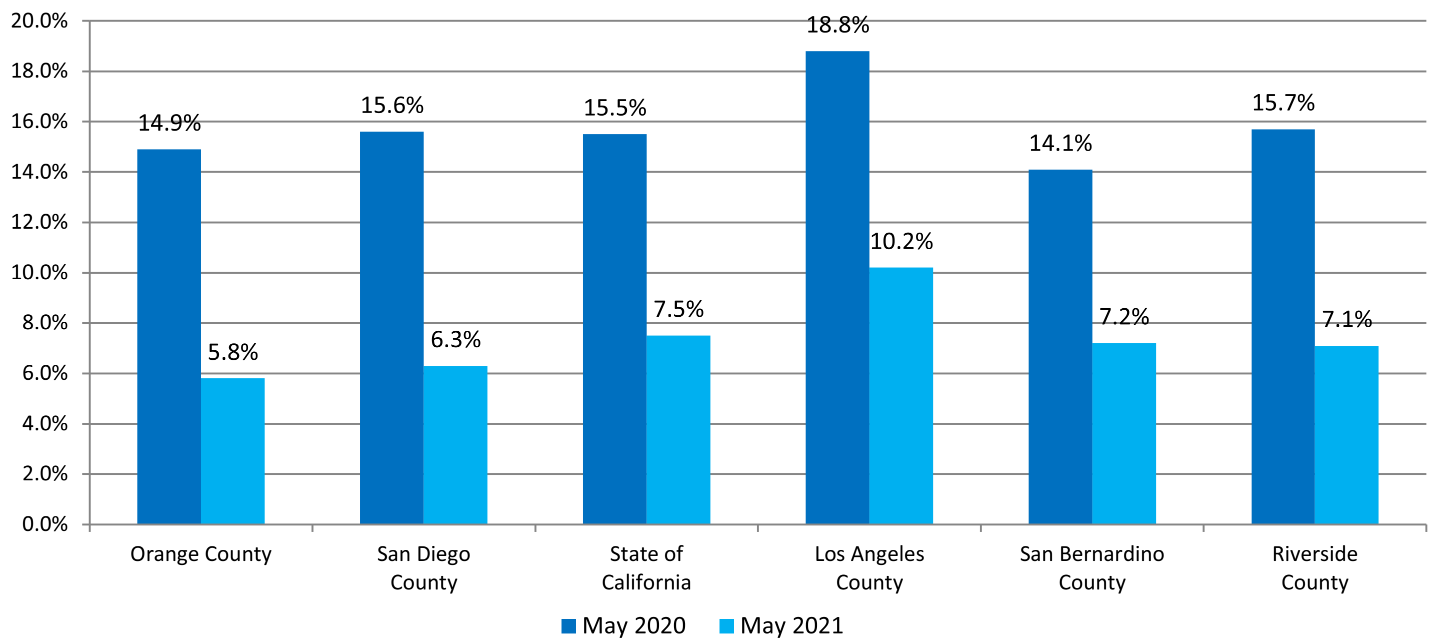
Source: California Department of Tax and Fee Administration.

Pre-COVID-19, the visitor industry was the region's second largest export industry and, employed "199,800 residents in fields directly related to the hospitality industry, including lodging, food service, attractions, and transportation," (San Diego Tourism Authority. San Diego County 2020 Visitor Industry General Facts, accessed on March 29, 2021). However, this same industry is still missing 50,000 jobs that were lost due to the pandemic; it is one of the hardest hit sectors during 2020 (SANDAG. The San Diego Economy: COVID-19 Impacts A Year in Review. March 2021). Declining tourism resulting from COVID-19 impacts the County's revenue from Transient Occupancy Tax (TOT), the County's hotel room tax collected in the unincorporated area. In Fiscal Year 2019-20, this revenue source was projected to realize a shortfall of $1.8 million, in Fiscal Year 2020-21 TOT revenue was budgeted at a lower amount due to decreased air travel and overall tourism to the region, and as of Second Quarter in Fiscal Year 2020-21 TOT revenue was expected to be $2.2 million higher than budget but still lower than the Fiscal Year 2018-19 baseline by about $1.0 million.

In terms of jobs and employment, the region's numbers are getting better. A study using 2019 data and reported by the Union-Tribune found that San Diego County had 23 percent of its workforce in either the retail or leisure & hospitality sectors; this setup left the region headed for a hard fall during the pandemic ("San Diego's reliance on tourism jobs could mean a bigger economic COVID-19 hit," The San Diego Union Tribune, April 21, 2020). According to monthly data from the California Employment Development Department, San Diego County went from adding jobs in the month of February to losing jobs by tens, then by hundreds of thousands. Unemployment rose sharply from pre-COVID-19 levels of 3.2 percent to a 2020 peak of 15.9% at the end of April; it dropped to a pandemic low of 6.8% in November before the winter surge in COVID-19 cases sent cases upward and caused additional State closures on businesses (California Employment Development Department. San Diego - Carlsbad MSA Labor Force Data, accessed on March 29, 2021). By May 2021, the local San Diego unemployment rate was 6.3%, slightly higher than the US average (5.5%) and lower than the State's rate (7.5%) (California Employment Development Department. San Diego - Carlsbad Metropolitan Statistical Area Press Release. June 2021). Growing unemployment constrains consumer spending and associated County revenues, while increasing the County's costs due to demand for the County's essential safety net services that residents rely upon in times of uncertainty and need.

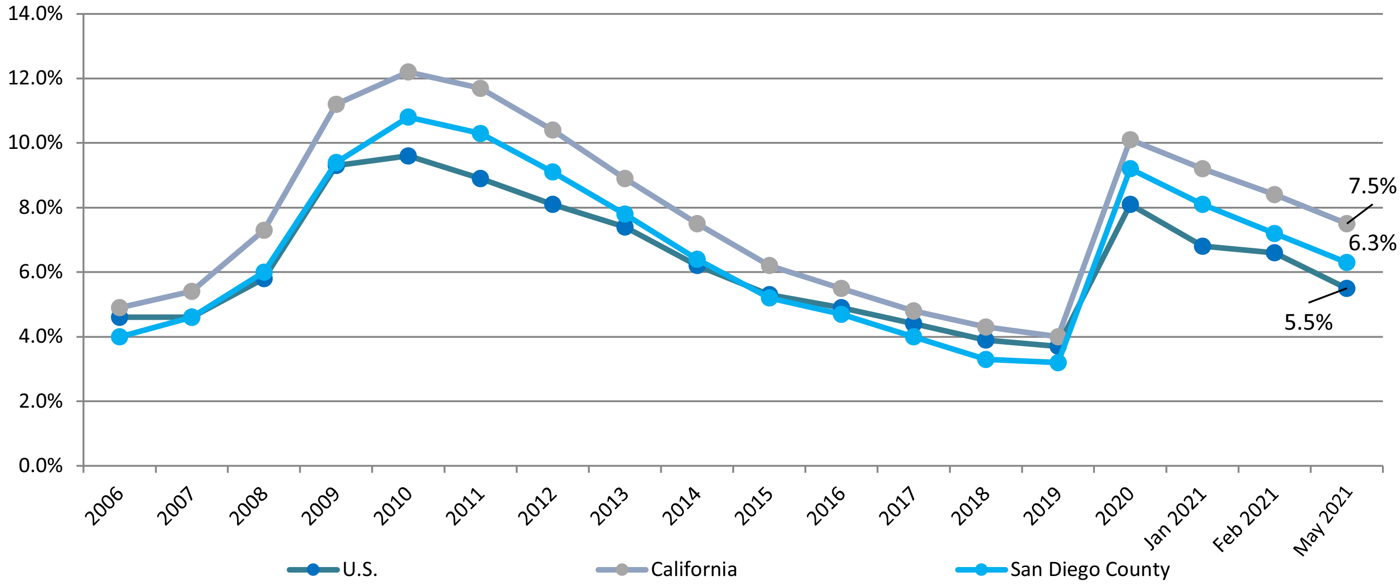
Unemployment Rate Comparison by Select California Regions

May 2020 and May 2021



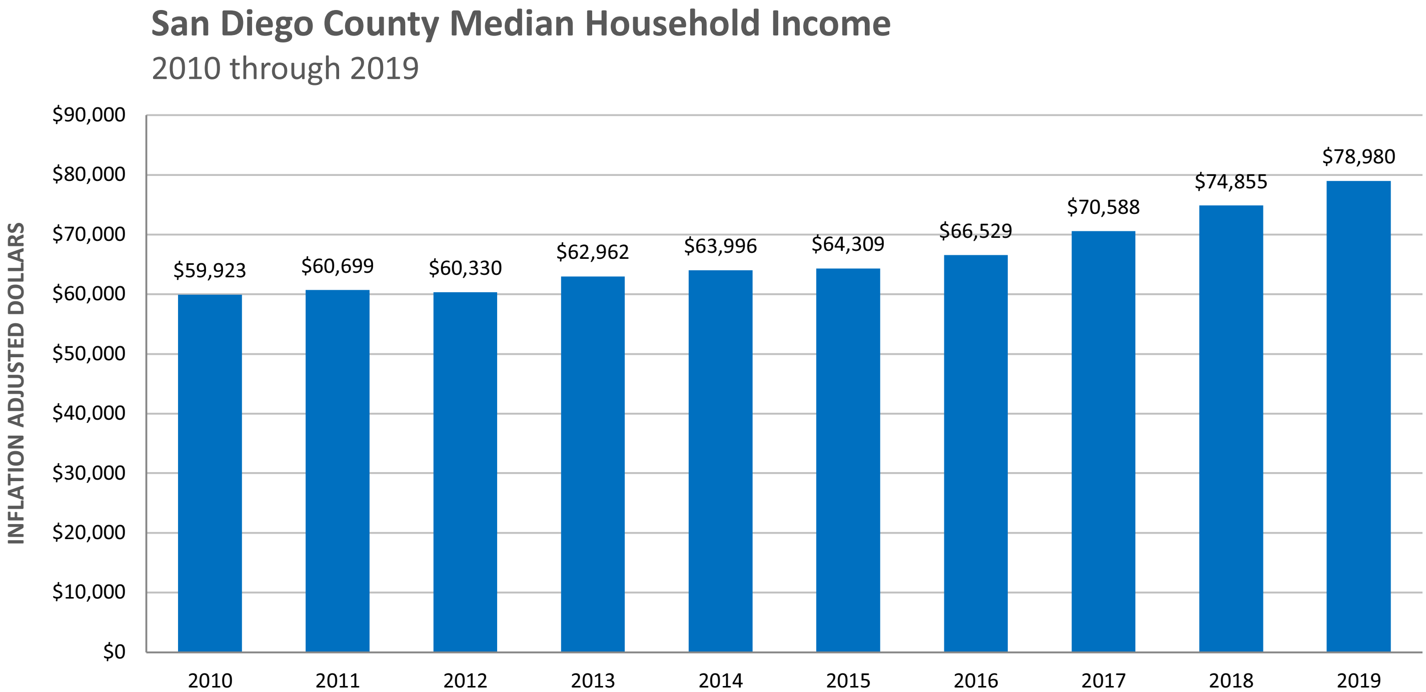
Source: California Employment Development Department
Note: Data not seasonally adjusted

Annual Average Unemployment Rate Comparison
U.S., California and San Diego County
2006 through May 2021



otes: Unemployment rates are measured by calendar year; for 2021, January, February & May monthly data is shown. Data not seasonally adjusted.
ources: California Employment Development Department and Bureau of Labor Statistics, U.S. Department of Labor.

When it came to wages, low earning and middle wage San Diego County workers made more than the State average, however high earners on average made less than the State average (California Employment Development Department. Occupational Employment Statistics, accessed on March 30, 2021). The chart shows the median household income for San Diego County in 2019 was nearly $79,000, but diminishing factors including inflation and the real estate market can reduce that overall buying power.



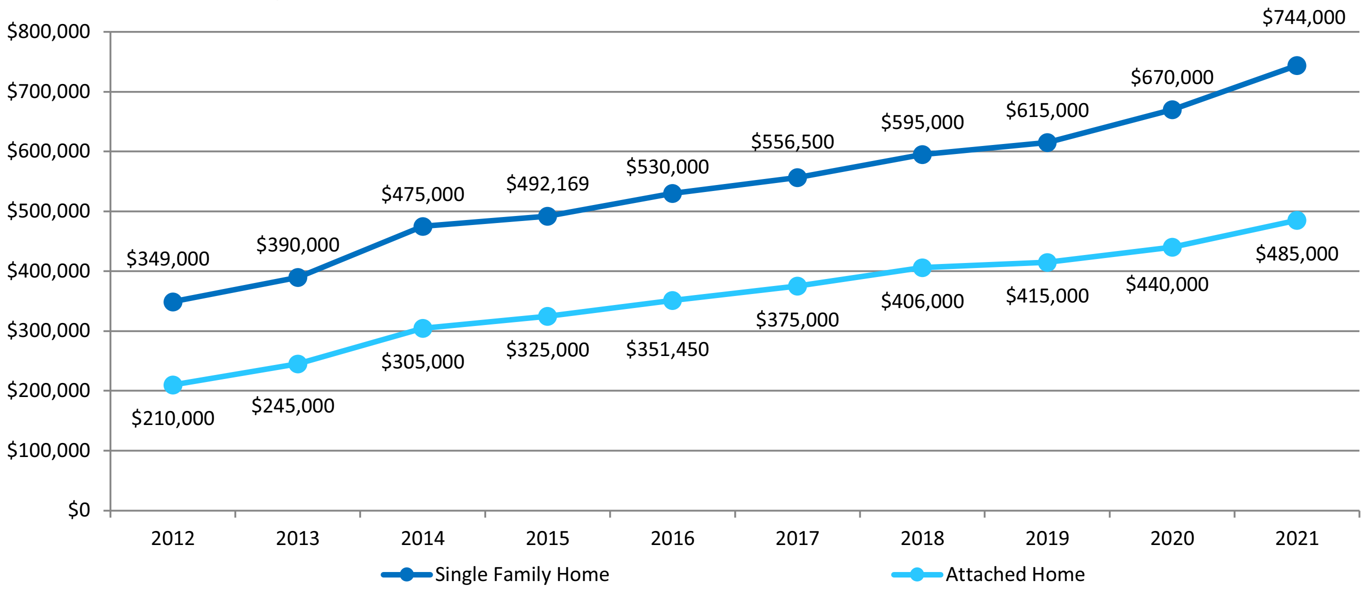
Note: Median Household Income is measured by calendar year and is presented in inflation adjusted dollars.
Source: U.S. Census Bureau

Inflation can have a dampening effect on the region's wage gains; inflation occurs when prices rapidly increase and reduce buying power; economists consider high inflation bad for the economy although some inflation is healthy ("Deflation: Who Let the Air Out", Federal Reserve Bank of St. Louis, pg. 2). Deflation exists when overall prices decrease, and this is also a concern for economists because it encourages consumers to save and wait for lower future prices, which can create a cyclical problem (ibid). Both inflation and deflation are measured by the Consumer Price Index (CPI). As of January 2021, the CPI for San Diego County was up 0.4 percent, indicating slight inflation for November and December 2020 (Bureau of Labor Statistics. Consumer Price Index, San Diego Area. January 2021). While food prices increased 0.6 percent during this period, it was not as sharp of an increase as earlier in the pandemic when there were other COVID-related food-supply issues; energy prices also rose by 3.7 percent due primarily to higher gas prices (gasoline and natural gas) (ibid). The behavior of consumers will continue to shape the post-COVID recovery for the San Diego region. If consumers save, deflation will snowball and the pace of any economic recovery will slow; if consumers spend, prices will stabilize, and economic recovery will surge.

Increasing unemployment exacerbates the pressure of high housing costs. San Diego housing is among the least affordable. The median price of a home in the region reached $744,000 in the first quarter of 2021, up 11 percent from the prior year and keeping San Diego's housing market as the second most expensive in the nation according to the San Diego Regional EDC (San Diego Regional EDC. Economic Snapshot, accessed on March 30, 2021). The EDC concludes San Diego has an affordability crisis and housing is at the epicenter. "The cost of housing is the primary driver of the region's high cost of living… if left unaddressed, the region's cost of living pressures will erode its economic competitiveness" (San Diego Regional EDC. Addressing San Diego's Affordability Crisis, accessed on March 30, 2021). The chart illustrates median home price changes over time.

San Diego County Median Price of Homes Sold

2012 through 2021



Note: Median home price of all single family and attached homes sold in January of each year.
Source: San Diego Regional Chamber of Commerce

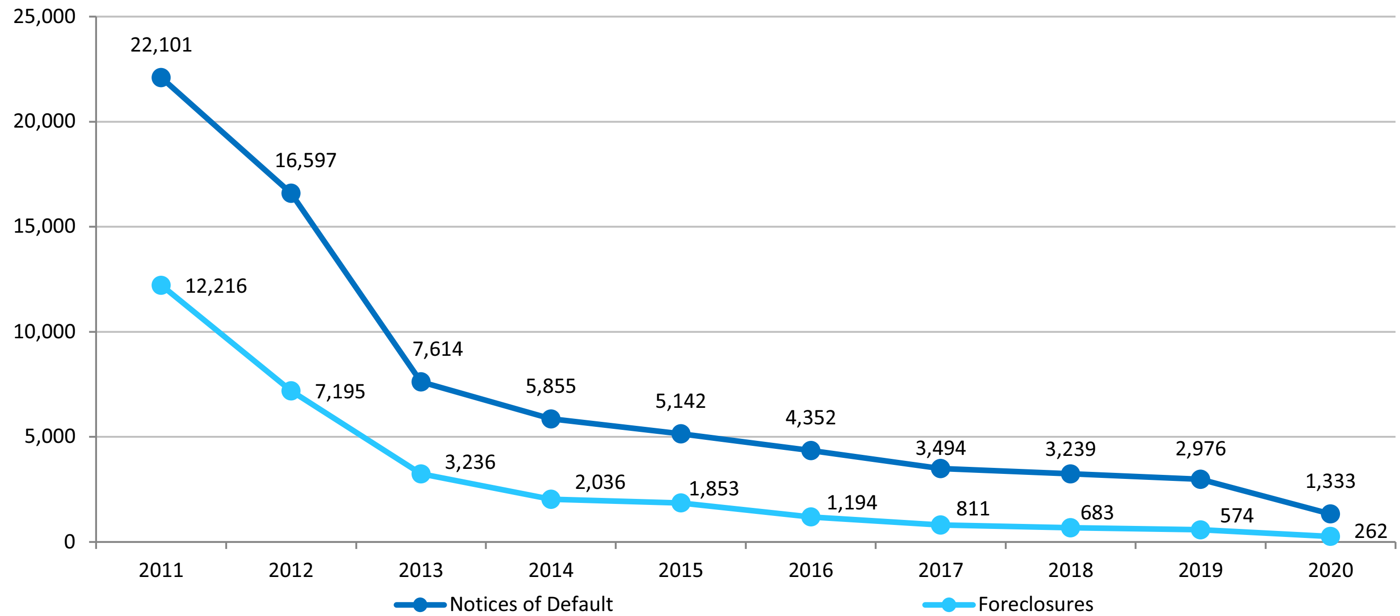
After initial analysis of COVID-19 impacts, economists predicted the local housing market would eventually slow in activity and stop appreciating (San Diego Business Journal. San Diego Business Journal Economic Trends 2020. February 2020). While new listings for sale slowed significantly (19.6% annual decrease), sales (5.9%) and sales price (20.0%) have increased compared to one year ago while average days a home is on the market decreased by about one month (San Diego Association of Realtors. Monthly Indicators. February 2021). By one measure (new listings), the housing market slowed, but by nearly every other metric it heated up. The federal stimulus, a booming stock market, and historically low interest rates “fueled the San Diego region's housing market where prices have increased” (SANDAG. The San Diego Economy: COVID-19 Impacts A Year in Review. March 2021).

Looking to construction as an indicator of future activity in the residential real estate market, the San Diego Regional EDC reports that in the fourth quarter of 2020, “Housing permits increased by 1,378 in 2020 compared to 2019, driven by multi-family units” (San Diego Regional EDC. Economic Snapshot, accessed on March 30, 2021). San Diego and Riverside Counties were the only Southern California regions to increase home building during the pandemic; the Building Industry Association attributes this to designating the construction industry as an essential service (The San Diego Union Tribune. San Diego County on Track to Build More Housing in 2020. December 2020).

Outside of the single family home sector and pre-COVID-19, according to market rental rate data from Zillow rents in San Diego were higher than the national average but increased at the same rate (Zillow Research. Zillow Observed Rent Index, accessed on March 30, 2021). However, with the 2020 upward trend in the housing market, the rental rate in San Diego outpaced the national average by 3.5% in 2020 (ibid). This upended real estate tracker CoStar’s prediction of a 10% drop in rents across the County by the end of the year as a result of the pandemic (The San Diego Union Tribune. Forecast: San Diego Rents to Drop by 10 Percent. May 29, 2020).

San Diego County Total Notices of Default and Foreclosures

2011 through 2020



Notes: A Notice of Default is an official notice of payment delinquency to a borrower with property as security under a mortgage or deed of trust; it prescribes the terms that must be met in order to prevent foreclosure proceedings. Foreclosures are measured by the number of Trustee's Deeds recorded.

While increasing rents did not generally put pressure on property owners to eventually default on their property, job loss and economic hardship during a recession can ultimately force a property owner to default. Another measure of the housing market is the rate of foreclosures, as well as the companion indices of notices of loan default and deeds recorded (changes in ownership). According to the Assessor/Recorder/County Clerk, foreclosures compared to total deeds recorded averaged 0.3 percent over the three-year period of 2003 through 2005, then rose significantly reaching 16.9 percent in 2008 and has declined to 0.2 percent in 2020. Total deeds recorded in 2020 were 138,302, an increase of 16.9 percent from the previous year. Notices from lenders to property owners that they were in default on their mortgage loans peaked at 38,308 in 2009, and foreclosures reached a high of 19,577 in 2008. In comparison, San Diego County saw 1,333 Notices of Default in 2020, down 55.2 percent from the 2019 level. The percentage of properties with delinquent mortgage loans that went into foreclosure averaged at approximately 11.6 percent from 2003 through 2005. During the Great Recession, this indicator peaked at 57.5 percent in 2008 but since has declined to 19.7 percent in 2020, a slight 0.4 percent increase but an overall decrease in terms of the number of foreclosures from 2019. This can be partially explained due to the estimated forbearance outstanding in San Diego (4.7%) (Federal Reserve Bank of Atlanta. Mortgage Analytics and Performance Dashboard, accessed on March 30, 2021). The accompanying chart shows the historical levels of both Notices of Default and Foreclosures.

Coronavirus Disease 2019 (COVID-19) and Current Economic Conditions

As discussed, the County was heavily impacted by the Coronavirus Disease 2019 (COVID-19) global pandemic and its resulting business closures and "stay home" orders beginning in March 2020. Under the responsibilities of the region's Public Health Officer, the County was directly responsible for safeguarding health in response to the COVID-19 pandemic through various Public Health Orders and actions under the Local Health Emergency issued in February 2020. Additionally, the County itself underwent significant changes in how core government services were delivered, along with employers across the nation, as businesses shuttered and the majority of employees and the public remained at home for months. Resulting job losses pushed the County's caseloads higher in many essential public assistance programs residents rely upon in times of uncertainty and need.

Further, many County services were interrupted, prohibited or otherwise impacted by the response to the COVID-19 pandemic's effect on businesses, residents and government. Like most government agencies, the County had unknown revenue impacts during the Fiscal Year 2020-21, but it continued to monitor the recovery and adapt as the public health situation progressed and the economy reopened incrementally. The County will continue to respond to COVID-19 with programs like Test, Trace, Treat strategy (T3), vaccination efforts, and meals to at-risk seniors under the Great Plates Delivered program. It will also receive and prioritize new federal stimulus dollars from the American Rescue Plan Act of 2021 (ARPA) to offset costs of the County's direct COVID-19 response.

When the Fiscal Year 2020-21 Adopted Operational Plan was approved, much was still unknown about COVID-19 and the recovery. To mitigate any revenue shortfalls and unexpected impacts, the Fiscal Year 2020-21 Operational Plan assumed there would be no new programs or expansion of existing programs, and no additional staffing for non-essential County services. Since that time, three new County Supervisors were sworn in, a framework for the future was set, and many have been vaccinated against the deadly virus. It is clear the Board wants to continue a safe reopening with maximum COVID-19 response efforts but also begin to thoughtfully expand services to those most in need of County services and hardest hit by the effects of the pandemic. This will require all levels of the County to be more focused when reaching out to stakeholder groups as well as more data-driven in its decision making and resource allocation.

With a signed stimulus and vaccination levels that will reach herd immunity levels by the end of the summer, the County expects residents to begin to feel a return to normal by the beginning or middle of Fiscal Year 2021-22. SANDAG predicts those sectors that did well during the pandemic to continue to do well and grow at a steady pace, including innovation, manufacturing, construction, finance, insurance, and the military (SANDAG. The San Diego Economy: COVID-19 Impacts A Year in Review. March 2021). Some of the hardest hit sectors like retail and education may quickly recover once the economy is fully reopened with tourism perhaps taking up to five years to recover, according to the San Diego Tourism Authority (ibid). With this Operational Plan, the County will execute the short and long-term direction the Board sets to begin to fully recover from the pandemic and bring lasting, positive change to the region.