



Economic Update: Q2 FY 2021-22 (*Preliminary*)

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ECONOMIC UPDATE

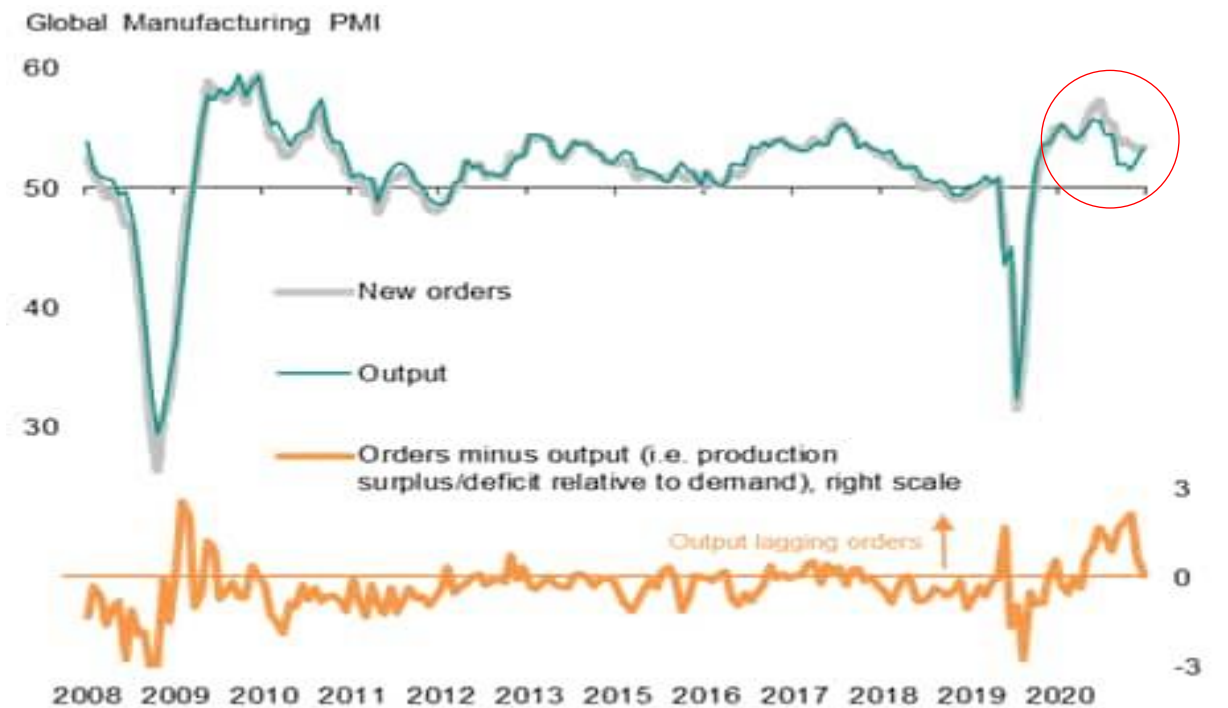
- Timeframe analyzed
 - Second quarter FY2021-2022 (Oct. – Dec. 2021)
- Macro Trends
- Local Impact



MACRO TRENDS

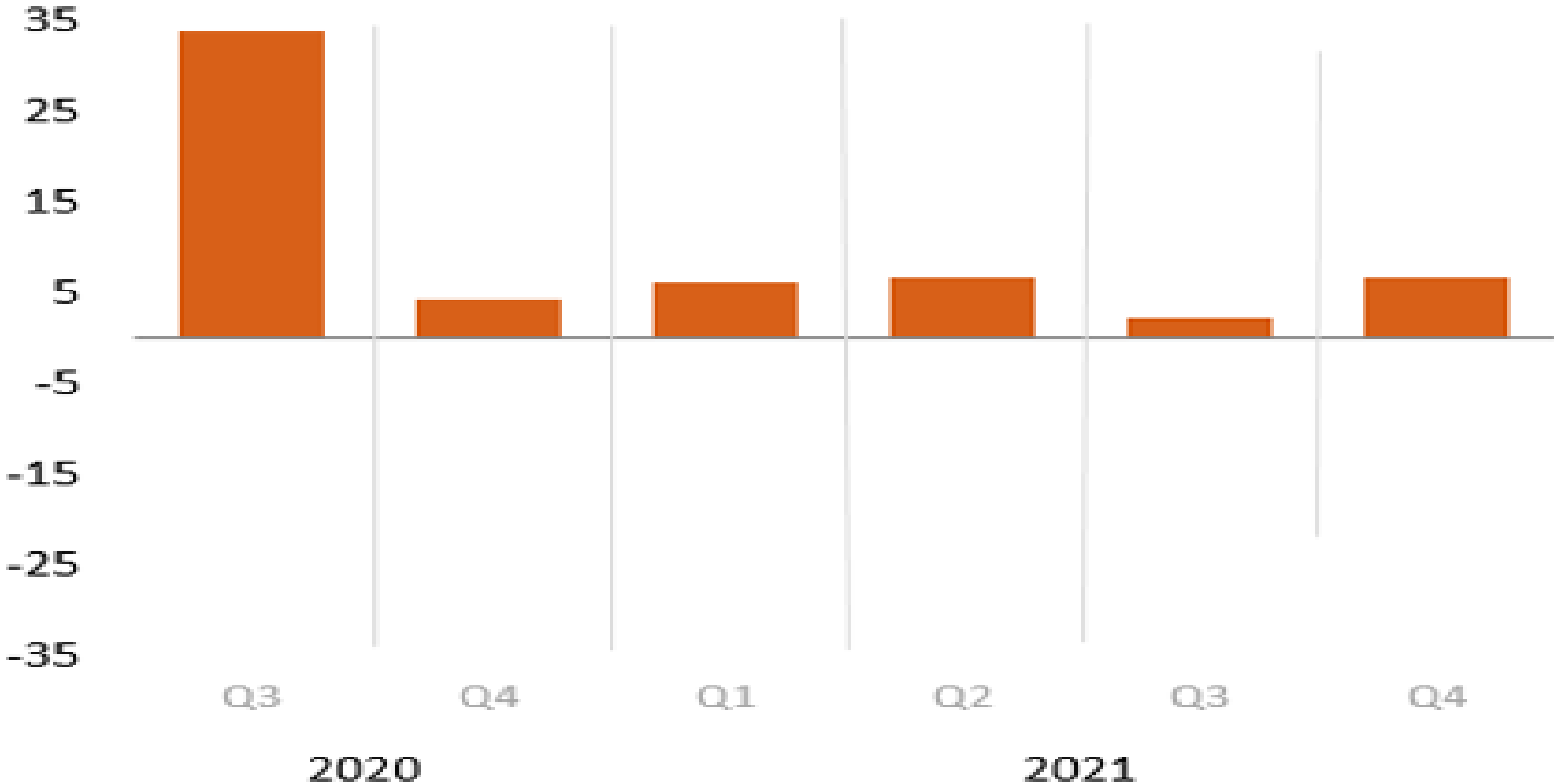
- Omicron had substantial workforce impacts in December and January
 - Areas with higher vaccine rates (like San Diego) fared better
- Global Manufacturing has caught up to demand
- Supply chain issues are normalizing
- Inflation has driven prices up

Global Output and New Orders Growth Comparisons

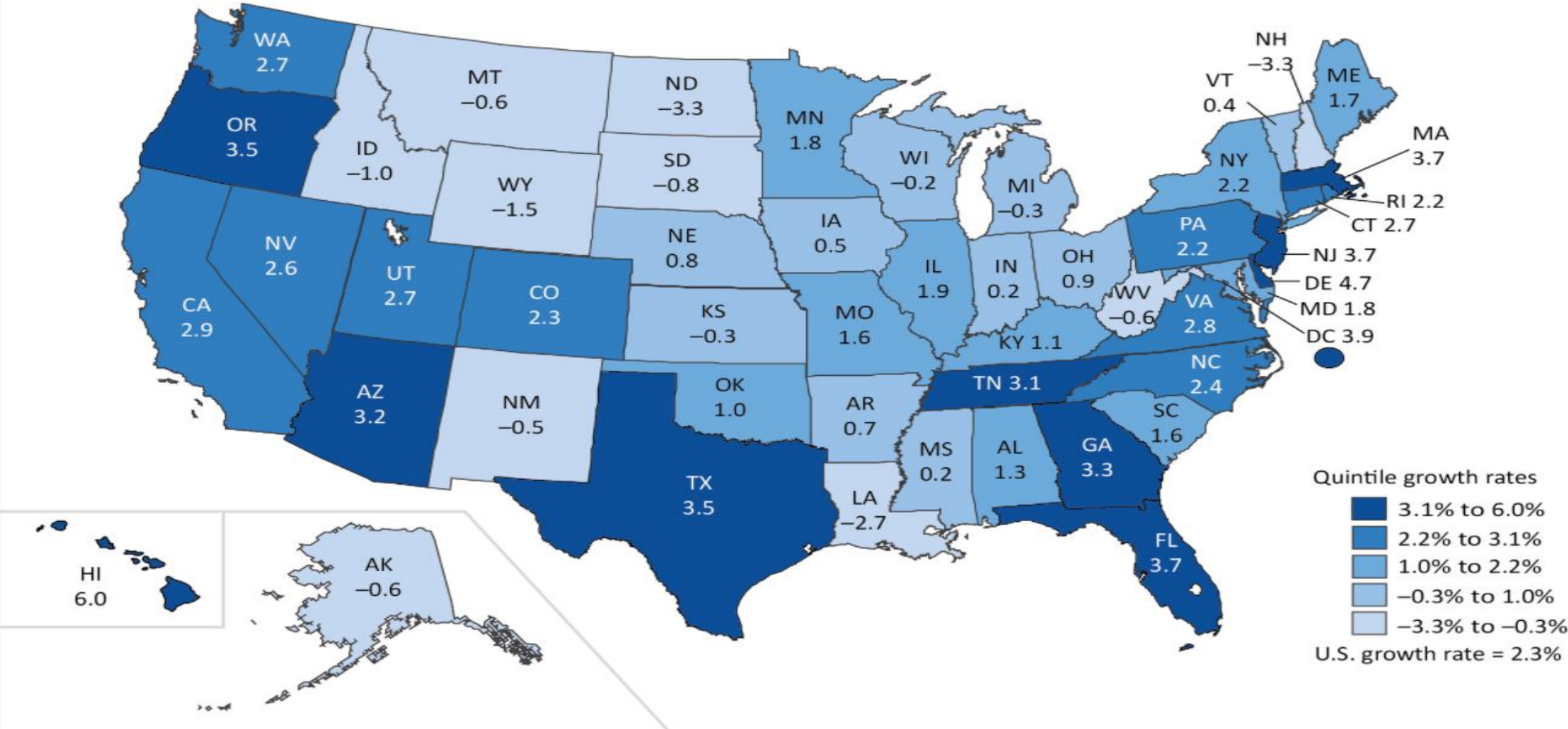


Sources: IHS Markit, JPMorgan

Real GDP: Percent change from preceding quarter

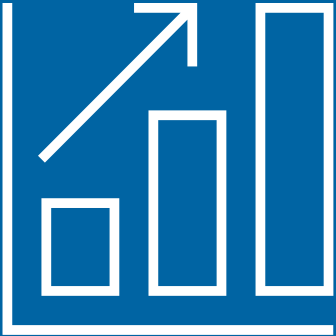


Real GDP: Percent Change at Annual Rate, 2021:Q2–2021:Q3

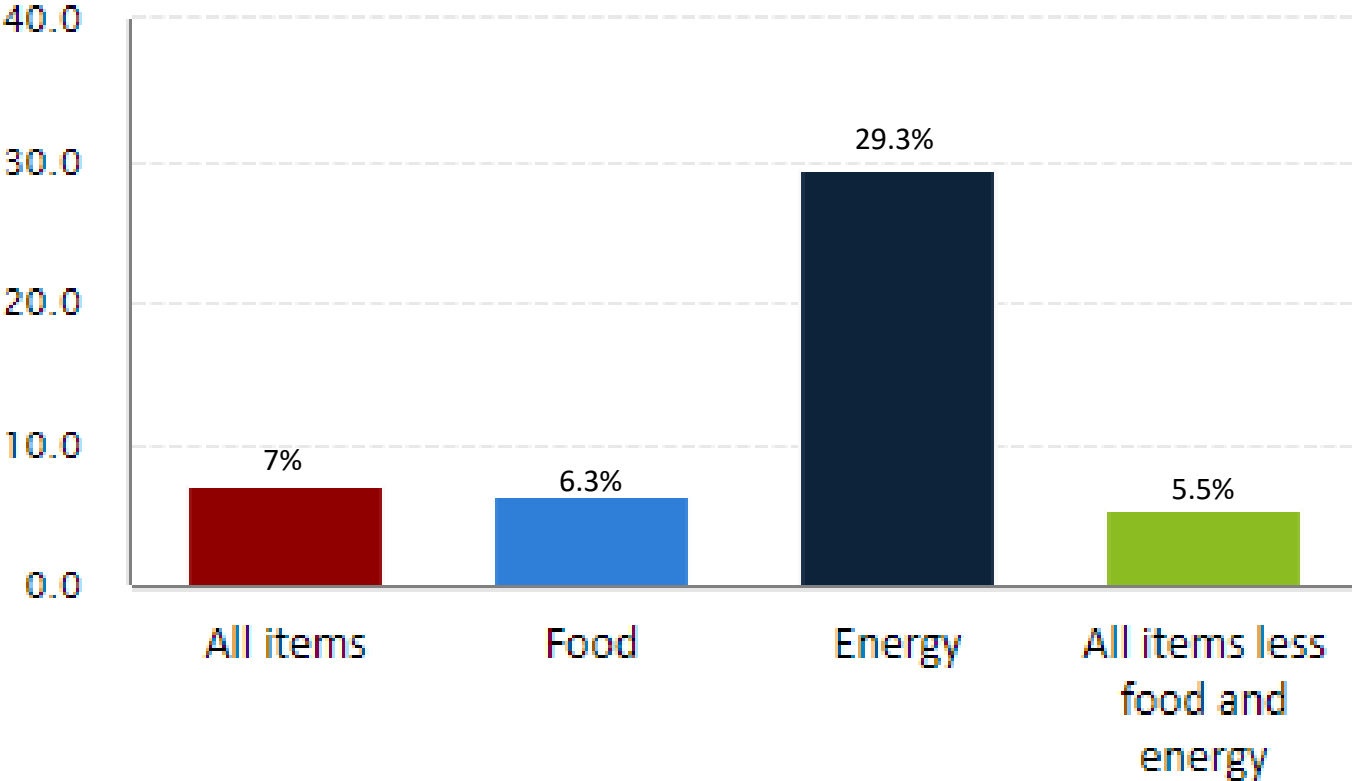


Consumer Price Index – 12 Month Percentage Change





**Consumer Price Index
12 Month Percentage Change by Major Category**



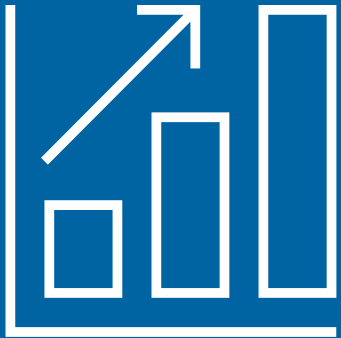
Source: U.S. Bureau of Labor Statistics.

ECONOMIC RECOVERY



- Most sectors are continuing to or have fully recovered
- Omicron surge did have a noticeable impact on businesses, causing workforce shortages and some operational uncertainty.
- High vaccine rates and continued mitigations have blunted the harshest impacts in San Diego County
- Innovation economy sectors, like life sciences, tech, and manufacturing are continuing to expand

CARLSBAD ECONOMY



- Carlsbad's GRP was \$15.3 billion in 2020
- GRP did not grow between 2019 and 2020
- Certain industry clusters, like life sciences and tech continue to do well

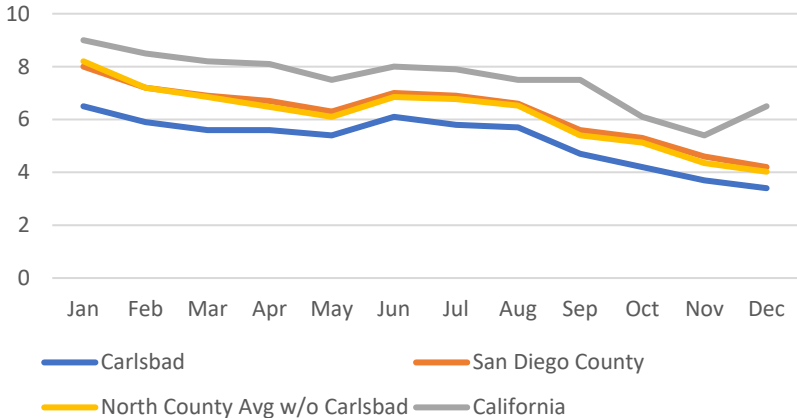
CARLSBAD UNEMPLOYMENT

December 2021

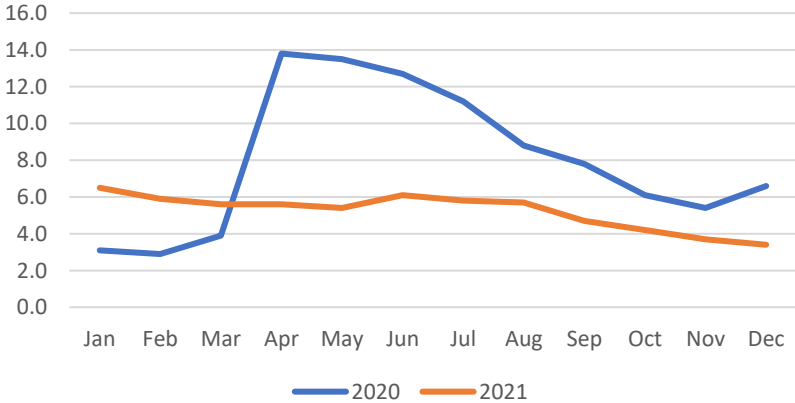
- California unemployment rate 6.5%
- County unemployment rate 4.2%
- Carlsbad unemployment rate 3.4%



Unemployment Rate 2021



Carlsbad Unemployment Rate 2020 vs 2021



CARLSBAD JOBS



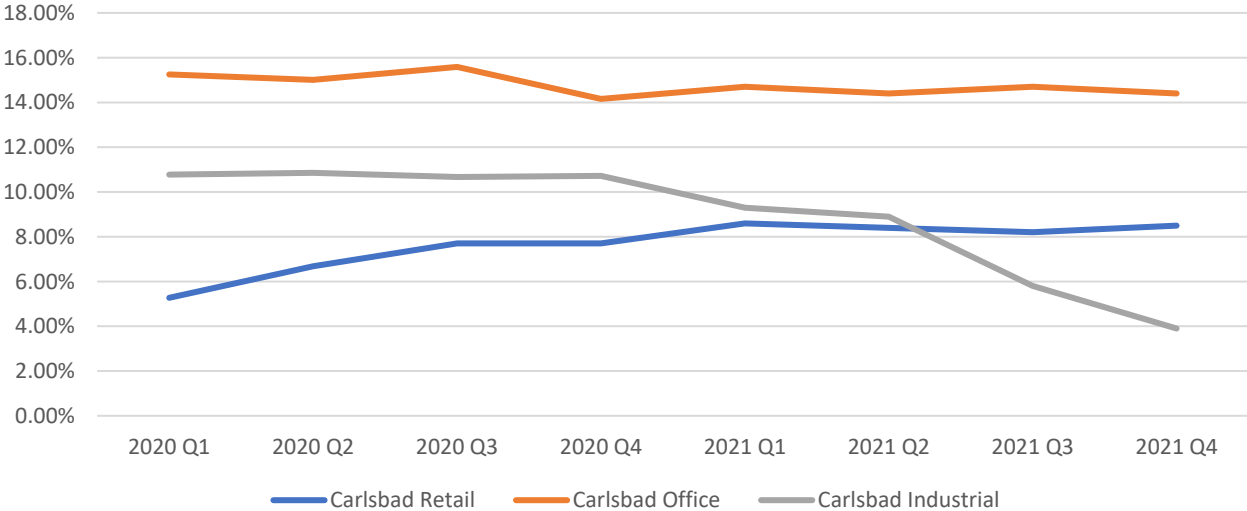
- June through September saw 15,418 unique job postings
- Increase of more than 2,000 postings from previous quarter
- Seven consecutive quarters of increased hiring demand
 - Manufacturing
 - Administrative Services
 - Professional, Scientific & Technical
- Average salary for posted jobs was \$41,600
- Employers in Accommodation and Food Services continue noting trouble filling jobs

COMMERCIAL REAL ESTATE

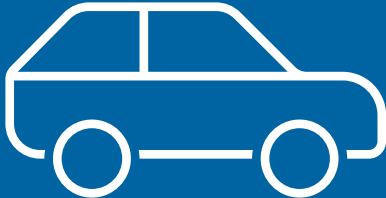


- Vacancy rates for industrial properties are 3.9%
- Vacancy rates for office properties are 14.4%
- Vacancy rates for retail properties are up to 8.5%

Carlsbad Commercial Vacancy Rates

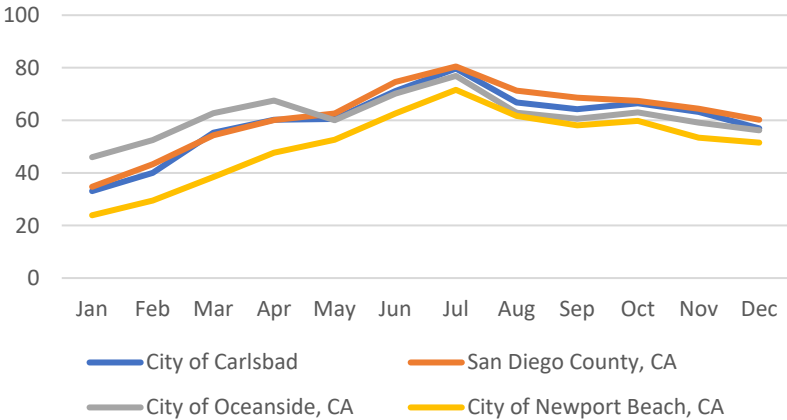


CARLSBAD TOURISM

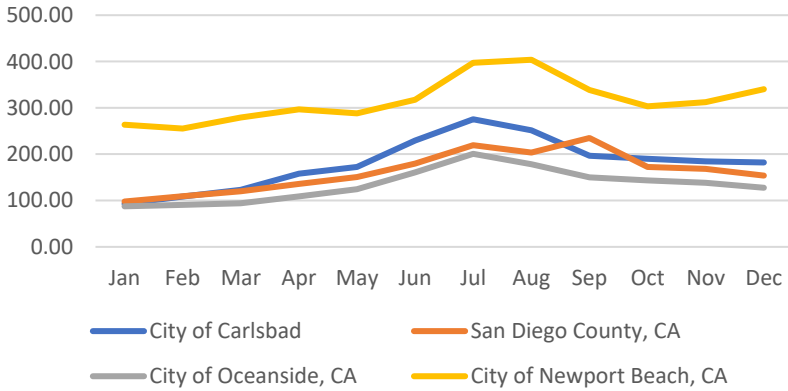


- Normalizing activity
- Steeper than usual decline in the fall
- Room rates have kept above 2019 levels

Hotel Occupancy 2021



Average Daily Rate 2021

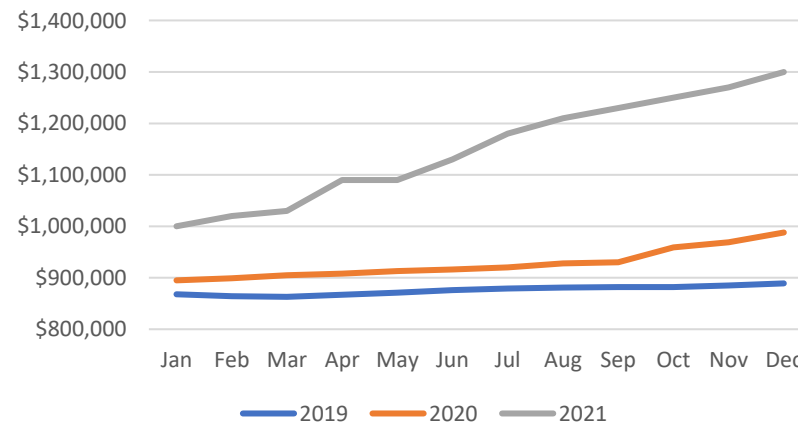


RESIDENTIAL REAL ESTATE

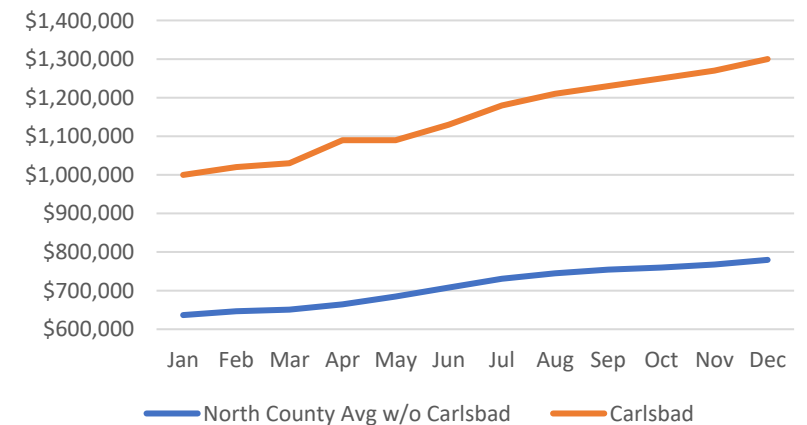
- Median home values now at \$1.3 million
- Median home values have risen 32% over the past year
- The continued rise in home values is partially attributed to constrained supply, low interest rates, and a strong demand in the region



Median Home Price



Median Home Price Comparison

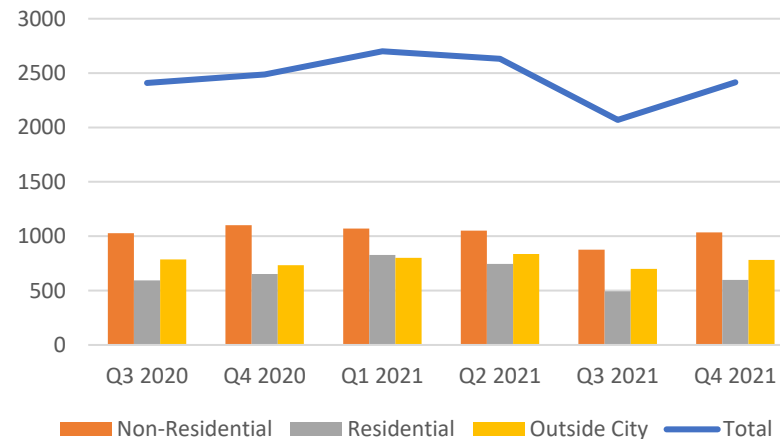


NEW DEVELOPMENT & BUSINESS ACTIVITY

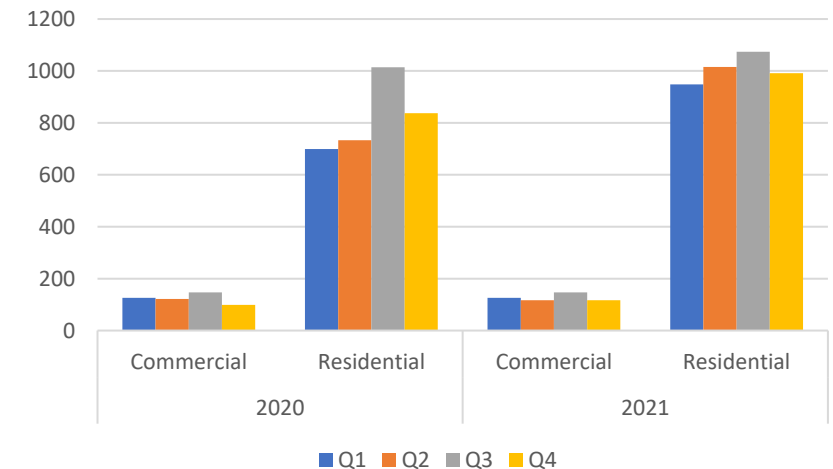


- Business licenses issued dropped in the last quarter
- Overall, Carlsbad lost fewer businesses during the pandemic than during the preceding 18-month period
- Home builder optimism is rising

Business Licenses Issued by Quarter



Building Permits Issued



KEY TAKEAWAYS



- Carlsbad's diverse economy has proven resilient
- Innovation industries like life sciences and tech have excelled
- Some employers, especially small businesses and tourism continue to be impacted
- Supply chain issues are normalizing but may linger through next quarter
- Inflation will push prices higher

CARLSBAD ECONOMIC DEVELOPMENT PROGRAMS



- Economic Intelligence and Insights
 - Economic Development Strategic Plan
 - 2022 Carlsbad Business Report
- Talent and Workforce Development
- Life in Action Recruiter
- Economic Resiliency
- Innovate78
- Emerging Technologies