

# The Economy Beyond the COVID-19 Crisis



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# Overview of local economy in 2022

## Favorable trends

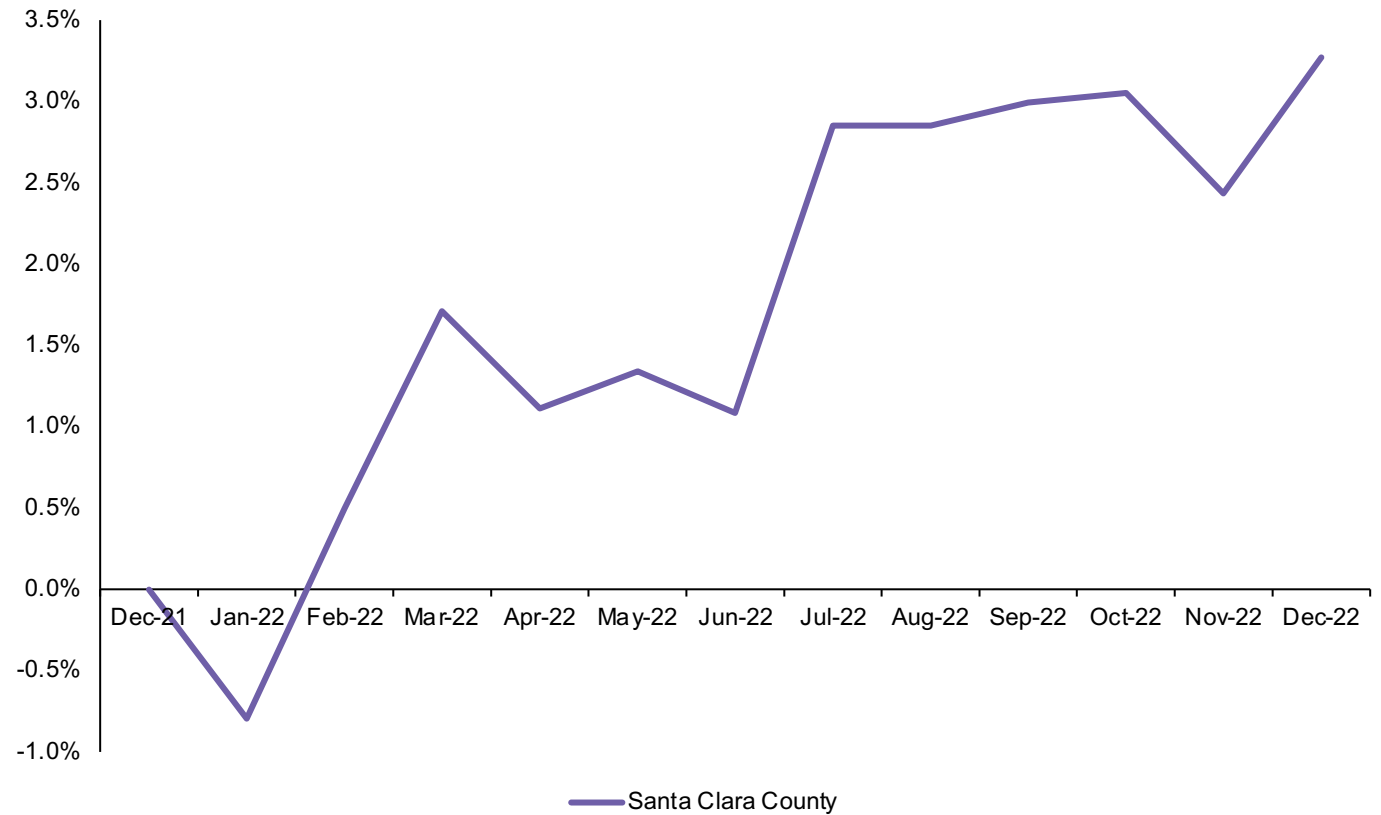
- Increase in employment and decline in unemployment rate
- Growth in labor force participation
- Job growth across most sectors, even with some layoffs
- Return to pre-pandemic employment levels for key demographic groups (including young adults, people of color)

## Unfavorable trends

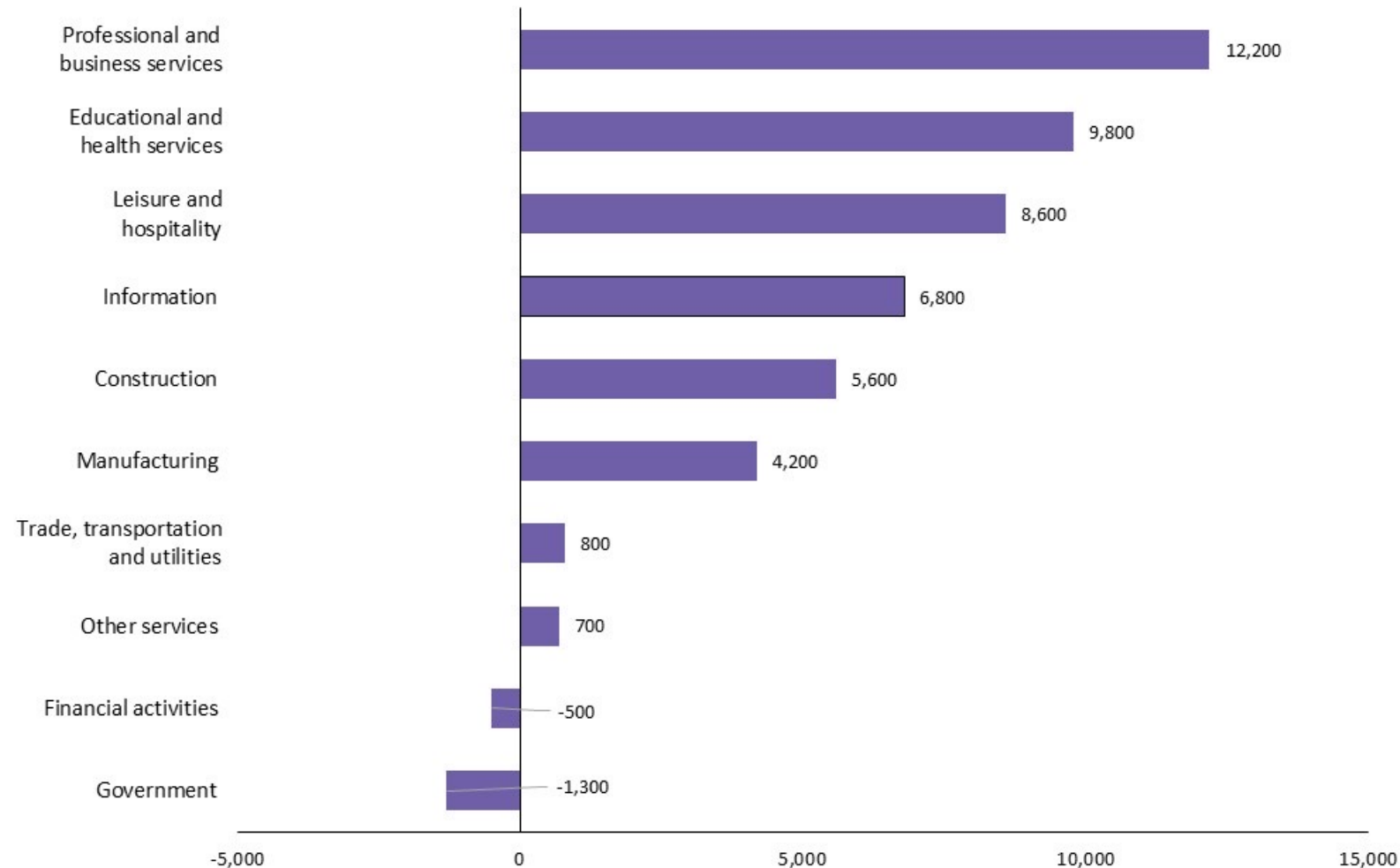
- Decline in average wages
- Continued increases in cost of living, so more difficult to be economically self-sufficient
- Decrease in savings and increase in household debt-to-income
- Risk that many households not well-prepared if a recession

# Local economy had employment gains in 2022

- Santa Clara County added 33,000 jobs in 2022, reaching 1 million jobs in Dec. 2022
- One-half of County job gains were in San Jose



# Employment change in San Jose MSA in 2022, by industrial sector



# Most demographic groups returned to pre-pandemic employment levels in San Jose MSA by Dec. 2022

- Employment returned to pre-pandemic levels for:
  - Young workers (ages 16-24)
  - Asian Americans
  - Hispanic Americans
  - Women
- Employment showed a slight decline for:
  - Non-Hispanic white workers
  - People aged 65 and over

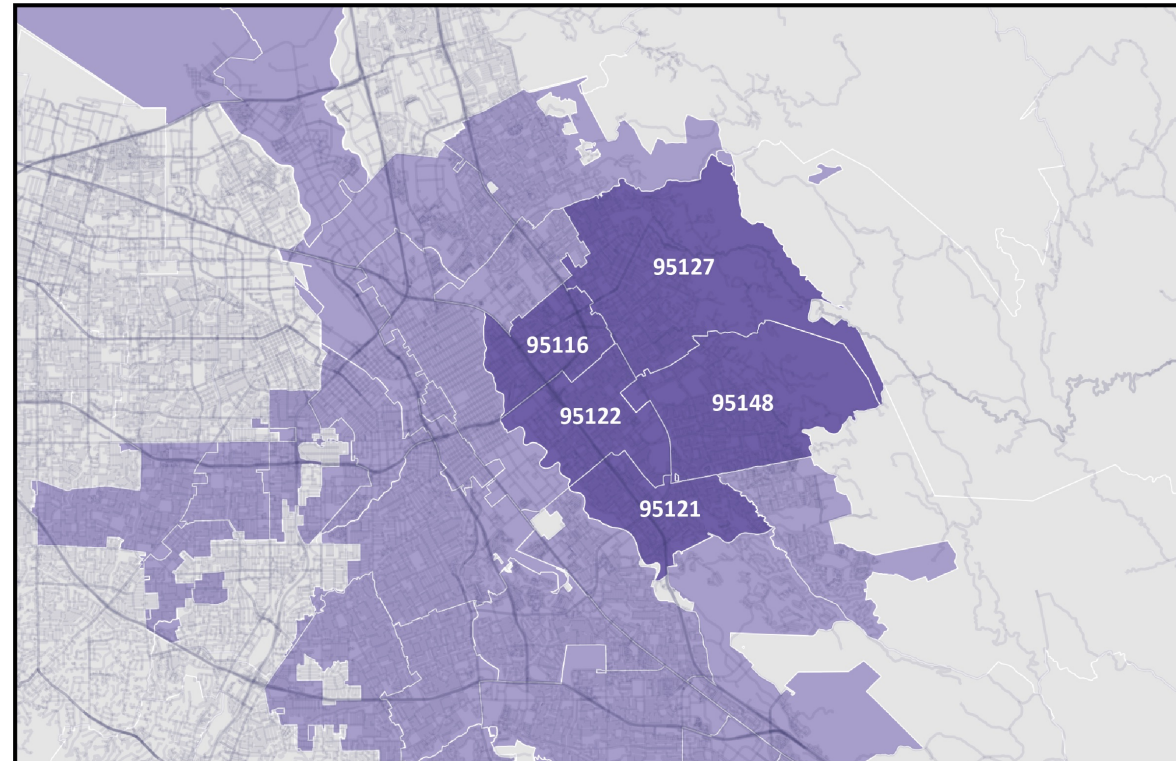
Source: Current Population Survey, 2019-2022



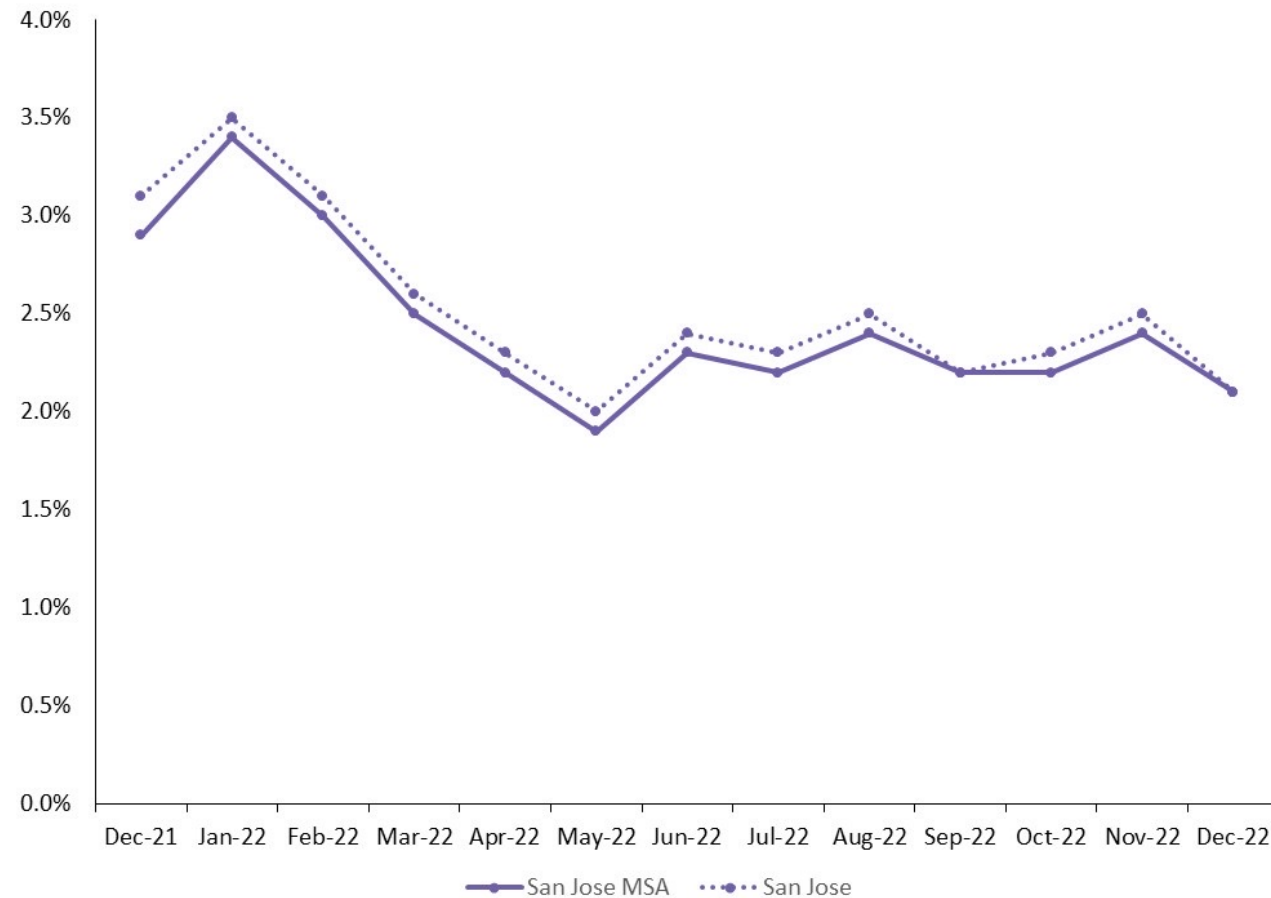
# Uneven recovery across San Jose neighborhoods in 2022

- Number of businesses in East San Jose increased by 0.3% compared to 4% in the rest of the city from 2021 to 2022
- Employment growth lagging as well

Source: Econovue



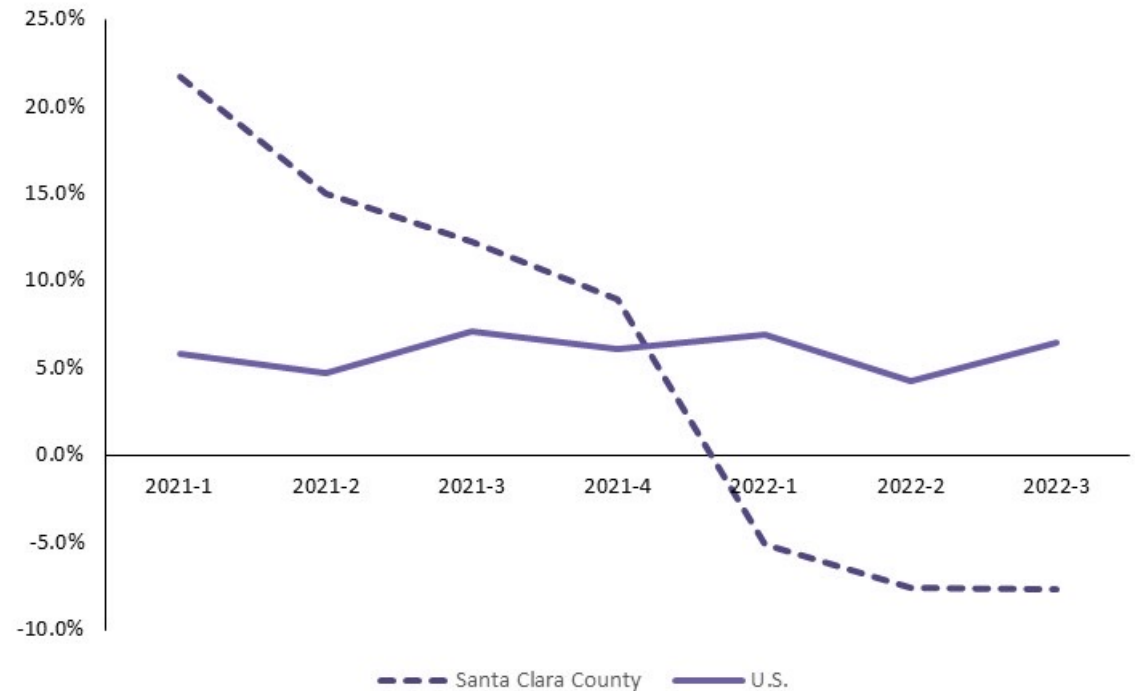
# Unemployment rates declined in 2022



Source: California EDD

# Local decline in average wages contrary to national trend

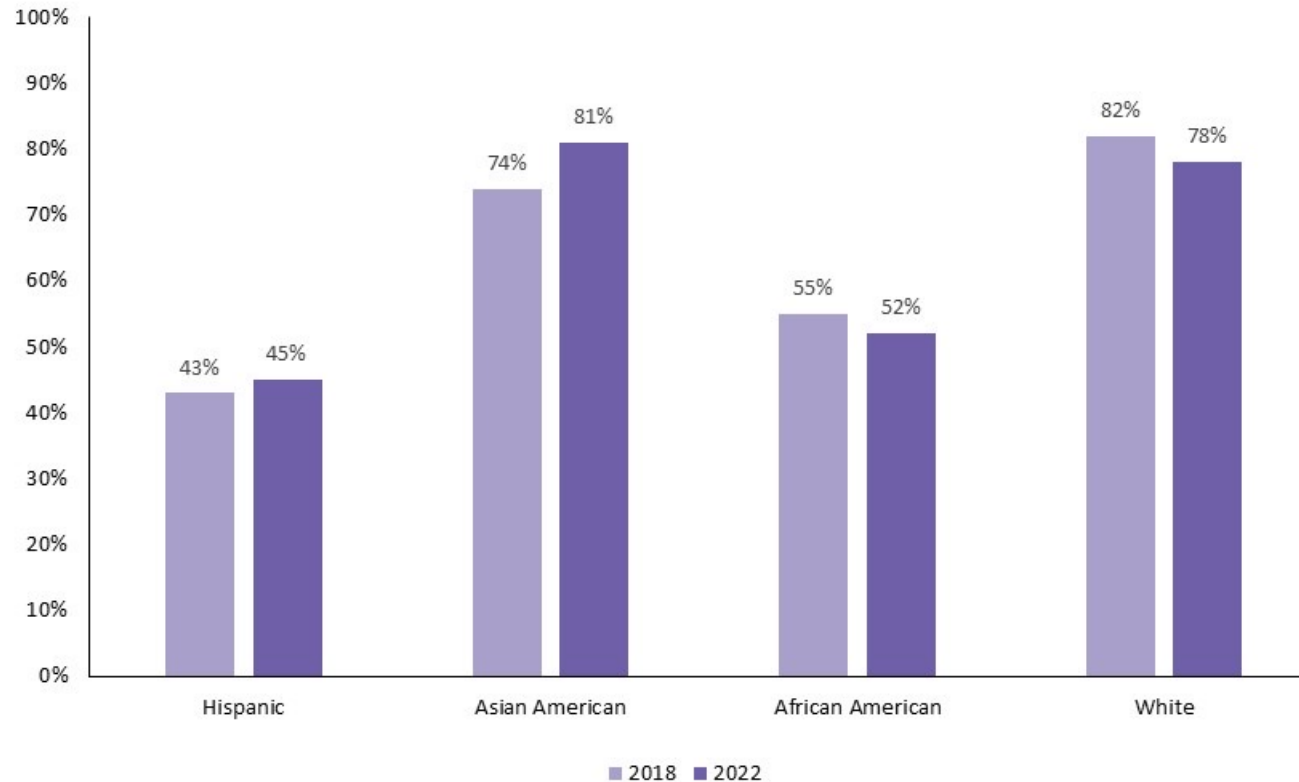
- Average weekly wages in County declined 8% in Q3 2022 compared to same quarter in 2021
- Job openings have also declined in 2022. In May 2022 there were 2.6 jobs for every unemployed person, by December 2022 this number declined to 1.5.



Source: California EDD

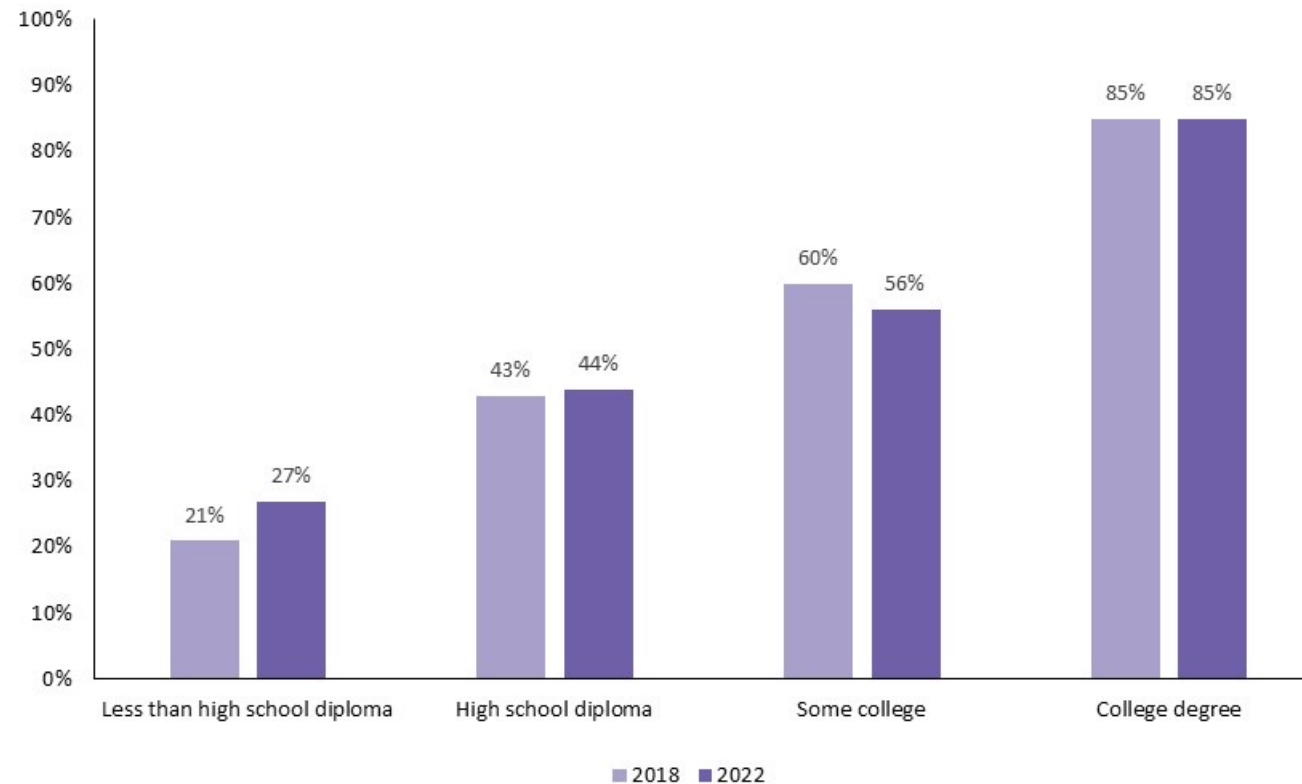


# Share of Silicon Valley households above Self-Sufficiency Standard



Source: 2023 Silicon Valley Index. Silicon Valley includes San Mateo and Santa Clara counties

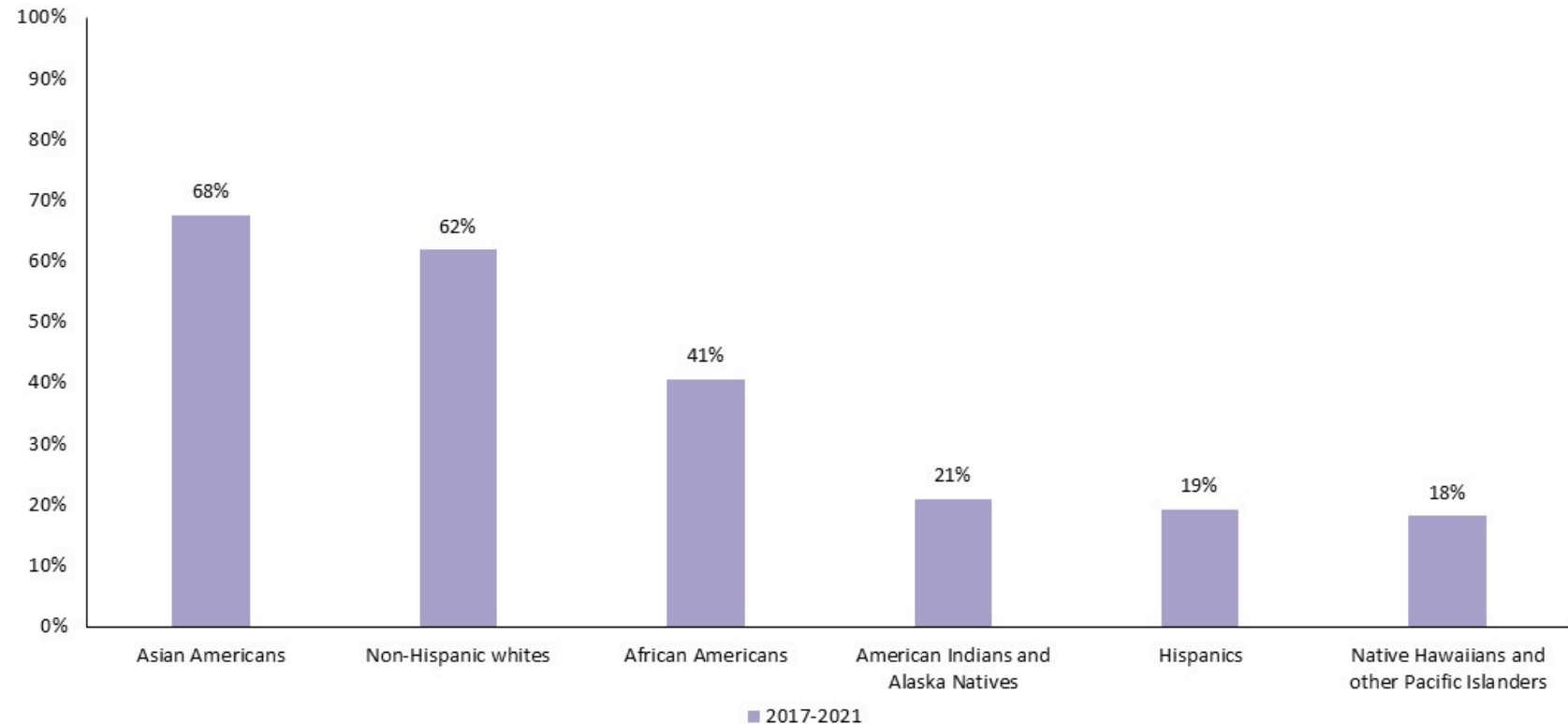
# Share of Silicon Valley households above Self-Sufficiency Standard



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# Disparities in Bachelor's attainment between race and ethnic groups

- Disparities in education translate into job quality



Source: San Jose MSA, ACS 5-year sample 2017-2021

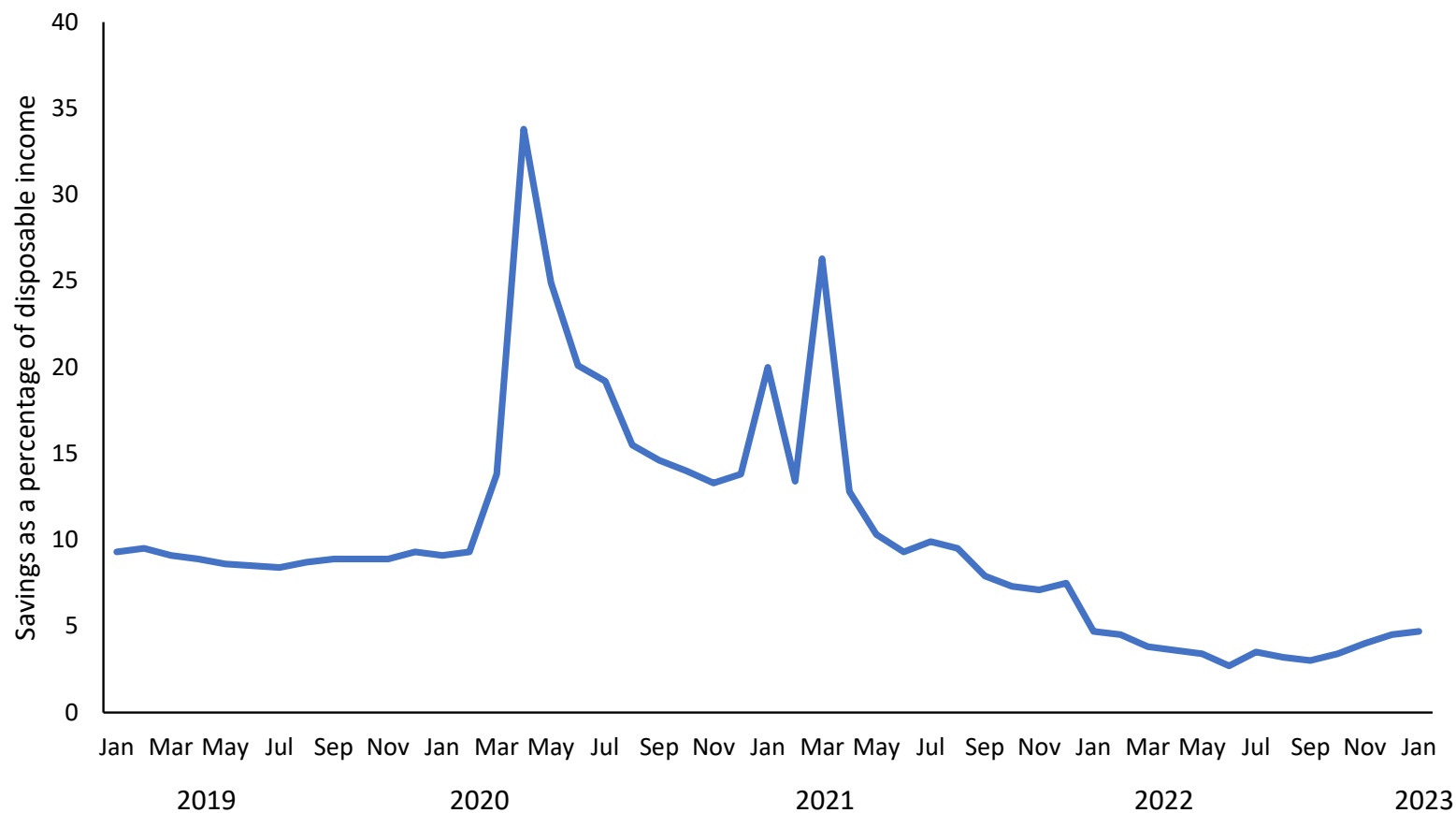
# Undocumented population in San Jose

- About 40% of San Jose population is foreign-born, 18% is undocumented, with majority Latino (68%) and Asian American (26%)
- In Santa Clara County, 70% of undocumented population ages 16 and older were employed, 4% unemployed and 26% not in the labor force
- Undocumented workers are employed in:
  - Professional, scientific, management, administrative and waste management services
  - Accommodation and food services, arts entertainment and recreation
  - Construction
  - Manufacturing
  - Retail trade

# San Jose economic challenges

- Santa Clara County has experienced an increase mass layoffs in tech companies since the second half of 2022 (tech workers might find new positions within tech industry and outside of it)
- Consumer price index in the Bay area increased 5% in December 2022, compared to December 2021. Largest increases were in food (10%) and energy (5%)
- In San Jose, median rent increased 4% from March 2021 to March 2022
- In Santa Clara County, household debt-to-income ratio increased from 0.73 in 2021 to 0.90 in 2022
- In 2022, communities of color in Santa Clara had more than double debt in collections than white communities
- In San Jose MSA, the rate of unbanked households increased from 1.9% in 2019 to 13.2% in 2021
- At national level, current overall household savings are below pre-pandemic levels

# Household savings over 4 years, national level



Source: U.S. Bureau of Economic Analysis



# Trends contributing to challenges if a recession

- Economic recession might have disproportionate negative effects on:
  - People without high school diploma
  - Black and Hispanic workers
  - Young workers