

The Ridgecrest Economy in 2021



RIDGECREST
CHAMBER OF COMMERCE



THE RIDGECREST ECONOMY IN 2021

February 2021

This report was prepared for:



Ridgecrest Chamber of Commerce
128 E. California Avenue
Ridgecrest, CA 93555
(760) 375-8331

This publication was prepared by:



The California Economic Forecast
Mark Schniepp, Director
5385 Hollister Ave Box 207
Santa Barbara, CA 93111
(805) 692-2498
www.californiaforecast.com

Copyright ©2021 by the California Economic Forecast

Reproduction of this document or any portion therein is prohibited without the expressed written permission of the California Economic Forecast. All queries regarding this publication should be directed to the California Economic Forecast.

Table of Contents

Executive Summary	4
The Eastern Kern and Inyo Regional Economies	10
Naval Air Weapons Station China Lake	14
Demographics	18
Employment and Income	22
Tourism	28
Residential Real Estate	33
New Development	35
Acknowledgements	38

Executive Summary: The Ridgcrest Economy

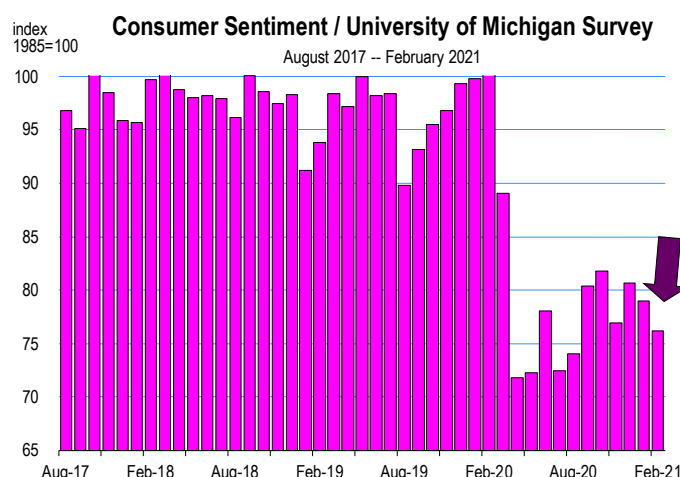
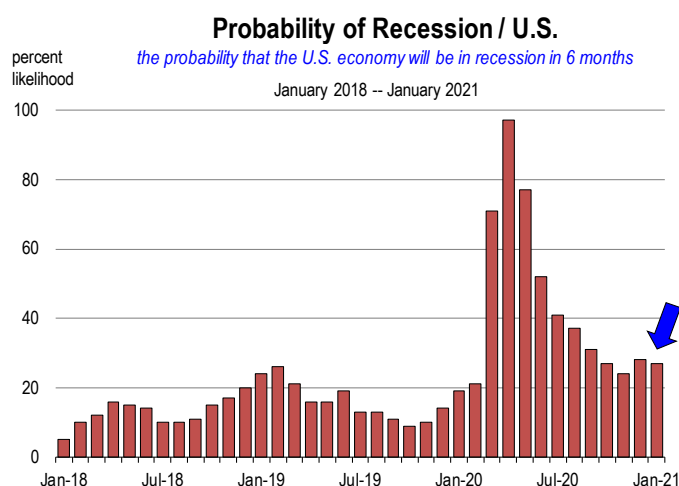
General U.S. Economy

After the first 50 days of 2021, the evidence on the U.S. economy remains mixed. Through December, the economy was losing momentum as new restrictions on businesses were mandated during the winter surge in COVID-19 cases.

The surge appears to have abated and hopefully for good. The recession that gripped the economy last year is over; it ended in the third quarter of 2020. In fact, the risk of the economy falling into another recession over the next 6 months is currently very low.

Many sectors have fully recovered from the scourge of the pandemic, including construction, manufacturing, and consumer spending on goods. The technology sectors also remain solid and growing, especially in California.

The general labor market is the weak link today. There are 9 million people that are jobless nationwide and 1.4 million in California. This is of course due principally to the restrictions still in place



on high human contact activities, especially food services, entertainment, bars, and personal services.

The other weak link is consumer and business sentiment. Assessments by U.S. business owners of current conditions are dour, consistent with an economy in recession even though the recession is clearly over. Consumers are also responding negatively to current conditions; they are spending less and are unsure of job prospects.

The outlook by summer 2021 should be more positive as respondents indicate they are more encouraged by the dissemination of the vaccine.

Without schools opening, supportive business activity has precipitously declined. Transportation, janitorial services, food services, sporting events, competitions, and extra-curricular programs are extremely limited or non-existent.

Many activities that are closed or limited would normally generate taxes to local governments, particularly hotel taxes, sales taxes, parking taxes,

Executive Summary: The Ridgcrest Economy

and business license taxes. Consequently, there is a revenue crisis for cities and counties which has produced serious public sector employee layoffs in fiscal 2020-2021.

Among the standouts in the current recovery is the strength of the housing market. This sector started 2021 on an upbeat note with existing home sales rising to their highest level since the spring of 2006. Despite the pandemic still weighing heavily on the labor market and broader economy, home sales continue to record impressive gains thanks to historically low mortgage rates.

Home prices continue to rise. They have every month since May, and in January they were 14 percent higher than January a year ago. Annual home price appreciation has accelerated to its fastest pace since 2013 because with mortgage rates so low, demand is surging at a time when the supply of housing is extremely limited.

A cooling of the housing market is likely in coming months as mortgage rates have started to rise in February in anticipation of improved growth (and higher inflation) this year.

The stock market continues to soar, keeping 401K accounts, institutional retirement accounts, pension accounts, and family portfolios at record high valuations. These stock price valuations may have gotten ahead of the economy. It will be great for consumers if stock values are maintained, but corrections in the market are probably overdue and there are many analysts who believe the link between the stock market and the economy will be reestablished sometime in the next few months.

Vaccinations

The push to have the U.S. population vaccinated against the coronavirus is moving as fast as possible but there is still much room for improvement. Vaccinations started in mid-December and as of February 21st the U.S. has eclipsed 63 million shots.

Nationwide, the latest vaccination rate is 1.33 million doses per day, on average. At this rate it will take 9 months to provide 75 percent of the population with a two-dose vaccine. The pace of vaccination is down from the previous week, due to a shortage of vaccinators and the vaccine itself. Additional supplies nationwide are expected in one to two weeks.

Now 13.1 percent of the population 16 years and older has received at least one dose of the COVID-19 vaccine and 5.7 percent has received both shots. Vaccinations are outnumbering the number of new confirmed cases. The number of COVID-19 patients in the hospital is falling sharply, but it remains extremely high.

There are now reports that the U.S. has secured 200 million more coronavirus vaccine doses. The new deals would bring the total number of doses to 600 million, enough to inoculate 300 million people.

Our U.S. baseline assumes that herd immunity is reached in September, which requires 70 percent to 85 percent of the population having been vaccinated. This seems to be on track, but it will take years for herd immunity to be achieved globally, probably until late 2024 or early 2025.

Executive Summary: The Ridgecrest Economy

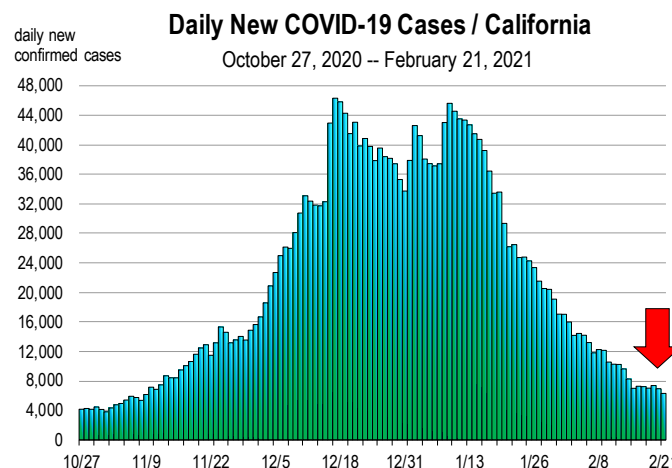
California

The fate of the state's economy is directly linked to the growth of daily coronavirus cases. This is unlike other states like Missouri or Florida which have weathered the ebb and flow of the pandemic but have maintained relatively wide-open economies since late summer.

The California economy has been severely impacted by the shutdowns, and full recovery is not expected this year, despite the current abatement in daily cases and the ongoing distribution of the vaccine.

Currently, the state's visitor services, event, and restaurant sectors remain largely closed or restricted.

Consequently, nearly half of all labor market declines are epicentered in the leisure and hospitality sector that includes restaurants, hotels, catering and other food services, entertainment, meeting, and recreation services.



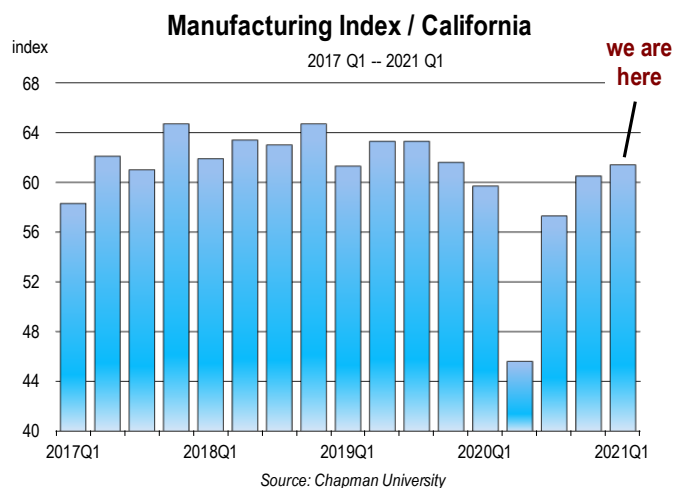
Construction workers are back. New home building is sharply higher together with infrastructure projects including the high speed rail. The project now employs a record 5,000 workers in the Central Valley.

It appears that manufacturing has generally recovered though employment in this sector has not. We don't expect a jobs recovery because the rapid



California High Speed Rail

Executive Summary: The Ridgecrest Economy

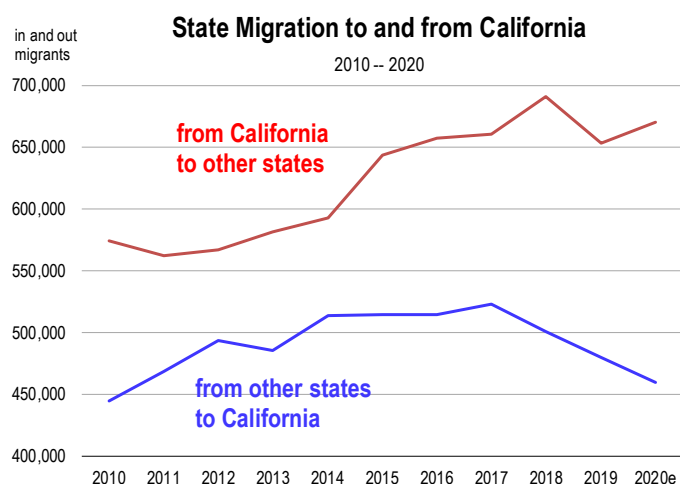


adoption of automation is displacing workers in the industrial sector.

Healthcare employment has nearly recovered entirely.

Professional services and financial activities now employ more workers than pre-pandemic. Largely, higher paying sectors have not been impacted much by the shutdowns to the economy or the chaos around the nation or world from supply chain issues or consumer pullback.

The restrictive nature of the blueprint for a safe economy installed by Governor Newsom in August



2020, together with soaring home prices, massive layoffs in particular sectors, the shutdown of entertainment, recreation, and anything visitor oriented has led to accelerated population decline from many California counties during 2020. The outflow of workers and families to Texas, Washington, Arizona, Nevada, and Oregon continues into 2021. Conditions that are driving Californians to other states are well known, though the cost of housing ranks first on the list.

Through February 21st, 7.5 million doses of vaccine have been administered in California, representing nearly 19 percent of the population. However, only 5 percent have received the recommended two doses, so most of the state's population is without the complete vaccine regimen as we move into March.

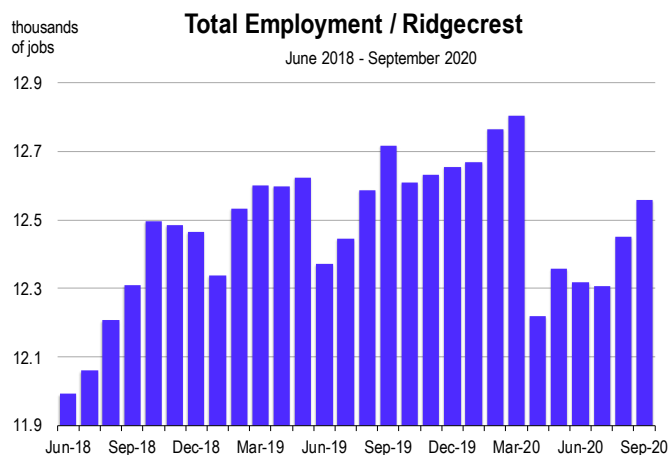
The Indian Wells Valley

The region has remarkably weathered the recession caused by the pandemic last March. Where we best and clearly see the economic calamity caused by the pandemic is in the labor markets, especially those sectors which were closed down due to restrictions on business activity imposed by the Governor's office.

There was a net loss of total employment in the greater Ridgecrest area in 2020, but most of the decline was due to the closures of, or restrictions on hotels, restaurants, other food services, and personal services.

Total employment dropped by only 3 percent and had almost fully recovered by the end of the year. For all of Kern County, the employment decline in April and May was 15 percent. The total Kern County workforce is still off 8 percent from year ago levels in the most recent labor market report.

Executive Summary: The Ridgecrest Economy



In Ridgecrest, the professional services, construction, warehousing, and manufacturing industries were initially impacted but have either restored workforce levels or have augmented them.

The construction industry is soaring in Ridgecrest. More than 90 new permits for single family homes were issued in 2020, the most for any one year during the entire past expansion.

New construction will remain busy this year and into next. Earthquake repair at the base will bring hundreds of construction workers into the area this year. Other projects in town will also require more

workers within the next few years, including the Oasis Project and the Marriott Townplace Suites.

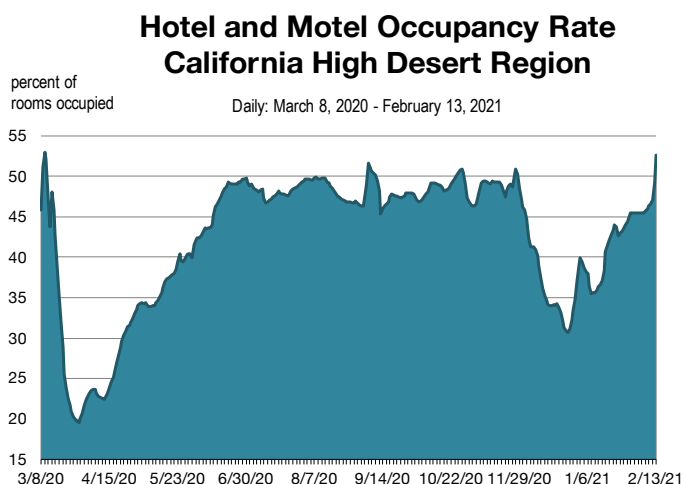
Tourism has fully recovered from the spring 2020 period when recreational visitors were virtually non-existent. Death Valley attendance is climbing, and occupancy rates for hotels and motels in the high desert region improved sharply when the shelter-in-place mandate was lifted in late January 2021. That response bodes well for visitor demand in the area for the rest of the ski season and the hiking season thereafter.

Demand for filming locations within the region was interrupted by business shutdowns in California in the spring and early summer months of 2020. Activity resumed in August. The Trona Pinnacles remains a principal location for on-location commercials and videos. While too early to know, film activity appears to be strong with the advent of the new calendar year. Already, permits have been issued or inquiries have been made for 12 on-site projects in January and February 2021.

The median home price in Ridgecrest increased 6.6 percent in 2020, rising to \$211,400. And with the lowest mortgage rates on record, existing home sales soared during 2020.

Risks

A new risk is the possibility that new variants of the coronavirus are immune to current vaccines. This would cause consumers to turn more cautious, which could occur no matter what, if reports indicate that the new strains are more contagious. More cautious consumers would reduce their spending on services during the first half of this year, lending downside risk to the forecast for both GDP and employment.



Executive Summary: The Ridgecrest Economy

I would like to think that the economy will look much better in the second quarter of this year because the first quarter is not looking so great. However, the fact that consumers are being told they must continue to social distance and wear masks after receiving the coronavirus vaccine regimen will likely be further accompanied by some degree of restrictions on business well into the summer months and possibly beyond. While this is not a foregone conclusion, it is a higher risk with increased likelihood if daily case counts do not decline precipitously and remain contained into the year.¹

The risk of greater consumer spending this year is higher than the risk of a potential drag on spending due to rising case counts from the new coronavirus variants which would heighten consumer reticence to spend on services. Greater spending occurs because of strong wage growth, an opening economy, and more fiscal stimulus.

The fiscal stimulus appears to be coming. Opening economies are occurring throughout the nation, except in California when more than 90 percent of economic activity in the state is still subject to some form of limitation.

The path of the coronavirus and how effective the vaccine will be are significant wild cards for the economic outlook this year. New, more infectious variants of the virus are racing against the vaccines and the winner will impact confidence, both directly and through the restrictions we expect to see on various types of business activity.

The extent of the recovery in the public's perception of economic conditions will remain limited until the

labor market improves and the number of reported COVID-19 cases falls significantly, enabling the removal of restrictions and restoring the ability to move freely.

An unrestricted economy would likely result in a surge of growth, led by consumer spending, job and income creation, business travel, leisure travel and tourism, and strong demand for public gathering events such as concerts, conferences and sporting events.

Consequently, with the clear abatement of the pandemic, we expect a sharp rebound in the economy, though a return to the normal we knew in 2019 will be delayed until late 2022 or 2023.

The Outlook

With massive repair and reconstruction of facilities underway at China Lake NAS, this activity alone represents a substantial engine of economic growth for the region, and for an extended period of time.

The Defense budget outlook for normal base operations in the U.S. does not suggest any departure from the current trend in place, providing continued stability of operations at China Lake.

As restrictions are eased in California this year, more travel will be unleashed. Visitors should inundate all regions of California including the Eastern Sierra. The demand for onsite film shoots is also likely to surge, having been postponed by on-and-off business shutdowns for most of 2020.

The forecast for the local economy is quite favorable. It is likely that the Indian Wells Valley economy will return to a more normally functioning environment sooner than the rest of Kern County or California.

¹To date through February 21, case counts have dropped dramatically in Hawaii, Maine, Vermont, Montana, North Dakota, South Dakota and Wyoming. They are now falling rapidly in California.

The Eastern Kern and Inyo Regional Economies

Eastern Kern County

This area of the County is dominated by Department of Defense activities, aerospace testing and exploration research, massive development of energy resources, and tourism.

Ridgecrest is in the northeastern most corner of the broader Eastern Kern County region. Historically the location of the principal borax mining in the nation, today the U.S. Navy and Air Force are the key economic engines in the region, operating the large and strategic facilities of China Lake Naval Air Station and Edwards Air Force Base. These two facilities employ over 15,000 direct workers and create thousands of indirect jobs as a result of their economic reach.

The Mojave Air and Space Port is a principal industrial park and industrial center for Eastern Kern County. Over 1,000 workers in 60 companies are engaged in aerospace design, test, and evaluation, wind energy, industrial manufacturing, and airliner storage.

Rio Tinto's open pit U.S. Borax mine in Boron, California, produces approximately one third of



Eastern Kern County Population January 2021

City /Town	Residents
Inyokern	1,140
Boron	2,498
Mojave	4,525
California City	15,827
Rosamond	20,630
Ridgecrest	37,774
Total	82,394

Source: Claritas

Eastern Kern County

The Eastern Kern and Inyo Regional Economies

the world's supply of refined borate products. The company employs 700 workers at the site.

Solar Star in Rosamond is the largest solar farm in the U.S. with 5 square miles and 1.7 million solar panels. The facility accounts for nearly 3 percent of the electricity supply from solar energy in California.

Energy projects and Air technology dominate the Eastern Kern Economy, along with mining in the Trona and Southern Kern County areas. The two military installations represent the dominant economic engine of Eastern Kern. GAVEA reports a total workforce of 8,829 for Edwards Air Force Base, including contractors. Together with the estimated headcount at China Lake, military operations employ over 16,000 workers in principally high technology positions of scientific research, testing, and evaluation.

Red Rock Canyon State Park features scenic desert cliffs, buttes and spectacular rock formations. The park is located at the southernmost tip of the Sierra Nevada. An estimated 27,000 people visit the park for day use and camping each year.

Sierra Nevada recreation opportunities are quite prolific from InyoKern and Ridgecrest, and even more so from Inyo County.

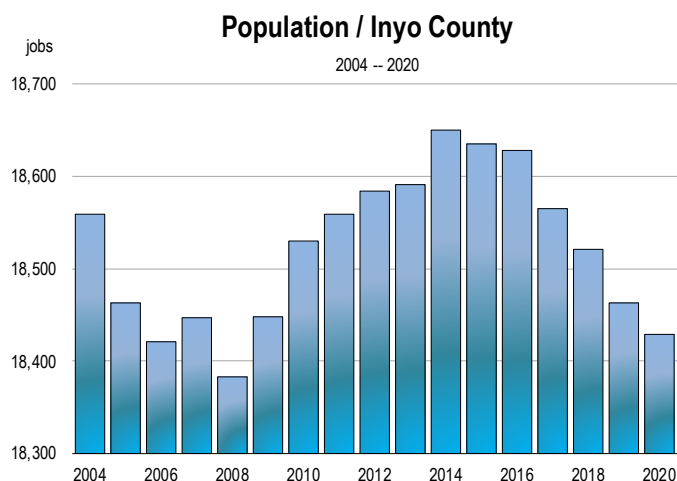
Inyo County

The County line is 12 miles north of Ridgecrest. Inyo County includes 125 miles of Highway 395 bordering the Eastern Sierra, and Death Valley National Park which, up to last year, recorded record-setting visitor attendance every year.



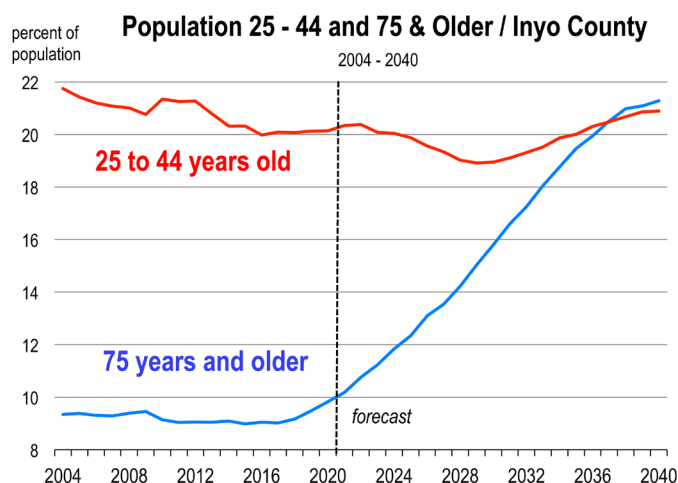
Inyo County

The Eastern Kern and Inyo Regional Economies



Inyo County has a population of 18,429 people and is in steady decline. This is due largely to the age demographics indicative of the County's resident population.

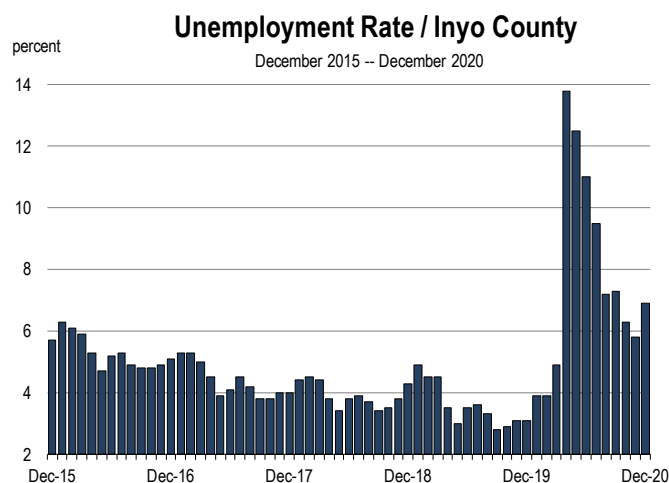
Inyo County's population is much older than the statewide average. In 2020, more than nine percent of the county's population was aged 75 or older,



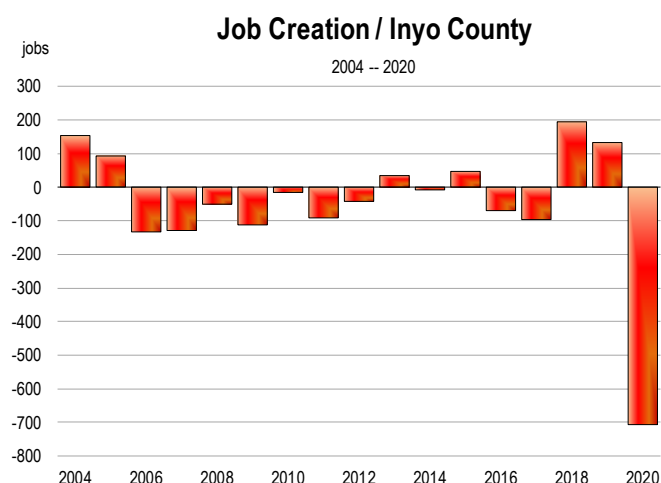
compared to just six percent of the total population in California. The number of deaths each year now exceed births, and annual net in-migration has generally been negative since 2012. Given the age structure of the population, these trends will not change, meaning that the population will continue to decline over time unless the out-migration trend can be reversed.

The creation of jobs over the last decade had been nearly non-existent in Inyo County. But during the last two years of the expansion, positive total job growth was recorded. However only two sectors of the economy contributed these jobs: Leisure and Hospitality, and Local Government. Both of these sectors suffered major job fallout during the pandemic in 2020. The unemployment rate averaged 7.8 percent during the year.

The public sector----including the County government office, the City of Bishop and the Inyo County health and human services department----is the largest employment sector in Inyo County, accounting for more than 40 percent of all wage-and-salary jobs.



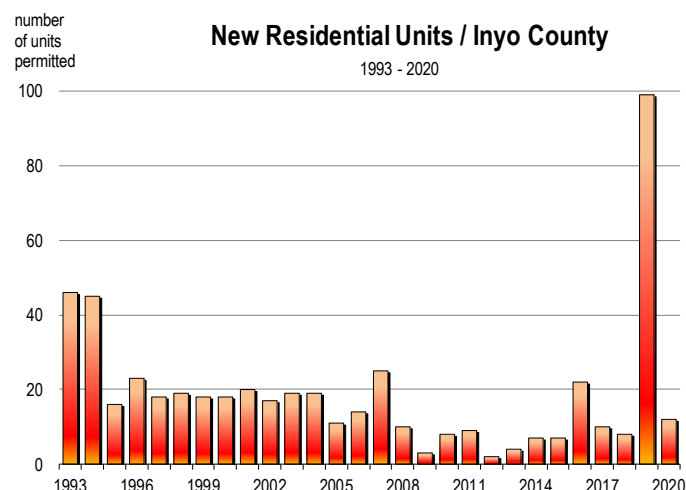
The Eastern Kern and Inyo Regional Economies



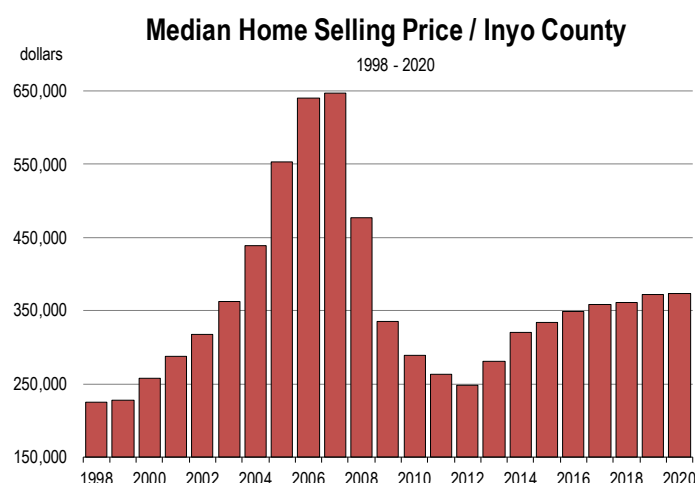
Aside from government, most employment is concentrated in leisure/recreation services, healthcare, and retail trade. Healthcare weathered the 2020 recession quite well, losing hardly any workers. However, leisure and hospitality employment declined 23 percent and is currently at the lowest workforce level in 30 years.

Because of the relatively stagnant population for most of this century, new development of homes or non-residential structures has been sparse. Only 12 new homes were permitted in 2020. Since 2001, only 326 new housing units have been authorized, an average of 16 per year. These figures would have been even lower if it weren't for an 80-unit apartment complex that was authorized in December 2019.

Existing home prices have generally been rising throughout the current economic expansion. Appreciation rates have softened over the last year,



rising just 0.6 percent in 2020. The January 2021 median home value as reported by Zillow was \$378,200.



China Lake NAS

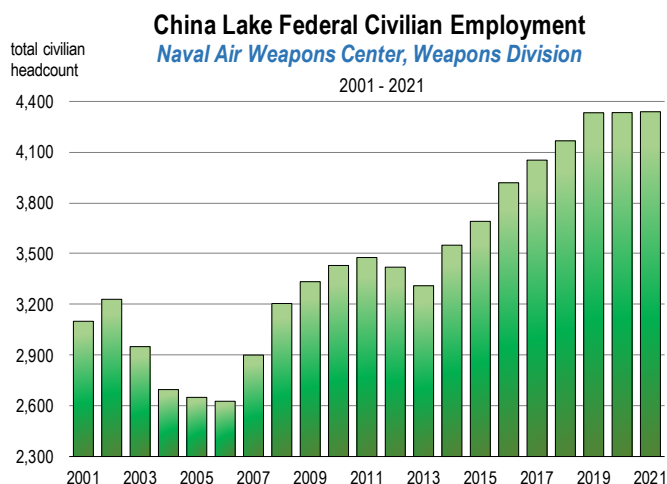
The region is dominated by the China Lake naval installation, the U.S. Navy's largest single landholding, an area representing 85 percent of total Navy land for weapons and armaments research, development, acquisition, testing and evaluation.

The principal tenants on base are the following:

- Naval Air Warfare Center Weapons Division
- Air Test and Evaluation Squadrons
- Marine Aviation Detachment
- Explosive Ordnance Disposal Detachments
- Naval Facilities Engineering Command

The Navy is the largest employer in Ridgecrest, and second largest in Kern County. The total federal civilian workforce at the base currently stands at 5,011. The largest tenant is the Naval Air Warfare Center Weapons Division with 4,339 federal civilian employees and total personnel including military and contractors of 6,078. Other tenants on base bring the total onboard China Lake workforce to an estimated 7,201 personnel.¹

The annual growth of scientists and engineers averaged 201 positions between 2013 and 2018.



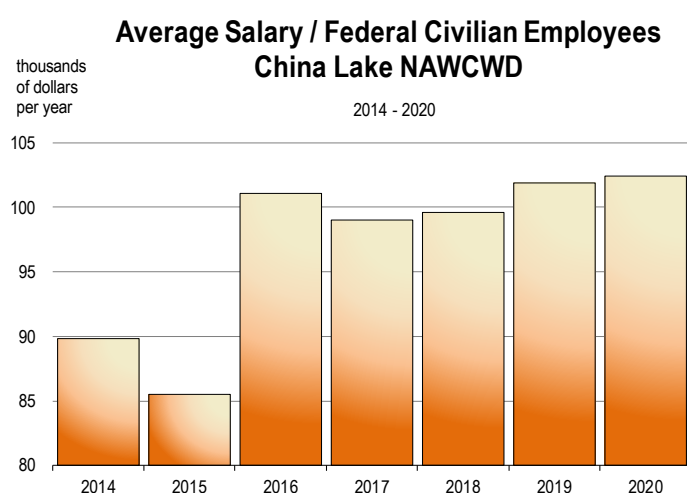
Federal civilians increased by just over 1,000 in total headcount by FY 2021. The workforce additions have contributed meaningfully to the Ridgecrest economy principally through the additional spending on goods and services, including housing.

Average salaries for federal civilians located on the base are the highest of any sector in the Greater Ridgecrest economy.



¹At this writing, there are also an unknown number of construction contractors that have commenced work on the ordinance magazines and storage facility, the community support facilities, and the temporary worker camp. Ultimately construction crews will exceed 1,000 workers on-base daily for the next several years.

China Lake NAS



Earthquake Repair and Replacement Efforts to Date

In July 2019, two large earthquakes struck Southern California; both had epicenters within boundaries of the naval base. The first to strike on July 4 was a 6.4 magnitude quake. It caused no injuries and the initial reports indicated that all buildings were intact. The second quake---of 7.1 magnitude---occurred on July 5 and significantly damaged buildings and equipment on-base.

The assessment of buildings and facilities on the base comprising 3,598 structures in all found total damage estimated at \$5.2 billion. Serious damage occurred to 234 buildings, and replacing these buildings alone was estimated at \$2.2 billion. However specialized equipment, furniture, machine tools, telecommunication assets and other facilities are also in need of repair or replacement.

18 repair and replacement projects have been identified to date. Awarding construction contracts to repair or replace buildings and facilities has been swift over the last 10 months.

Seven projects have been awarded to date, with the lion's share occurring in Fiscal 2020 (nearly \$1 billion) which ended on September 30, 2020.

Repair efforts are now underway, with the groundbreaking on the first project taking place in October 2020.

The efforts will accelerate by next spring and as many as 1,500 temporary workers are projected to be engaged in construction activities by late 2022.

The first significant contract of \$99.8 million was awarded in April 2020 for design and construction of 25 new ordnance magazines and an inert storage facility. Reyes Construction of Pomona was awarded the contract. The effort is currently fully underway with construction expected to be completed in August 2022.

In September 2020, contracts totaling \$737.8 million were issued for new airfield construction at the base.

A new South Airfield Complex will be built just south of the existing airfield, Armitage Field, and will include replacing hanger 2 and 3, and the development of an apron, taxiway, utilities, a laboratory, an air operations facility, an advanced warfare hanger, and an aircraft fire and rescue station.

China Lake NAS

Environmental Chemical Corp., a Burlingame, California-based firm, was awarded the contract to design and construct the South Airfield Complex, announced by the Defense Department on September 10. Construction is slated for completion by November 2023.

In late September 2020, Harper Construction was awarded nearly \$95.5 million for the design and build of Michelson Mission Systems Integration Laboratory and associated facilities. The expected completion date is November 2022.

On November 19, 2020, IAP-ECC received an \$84.5 million contract to construct, operate and maintain the temporary worker housing camp to accommodate construction workers supporting the massive earthquake recovery program at China Lake over the next several years. Work is now underway. The expected completion date is March 2025.

Ground breaking ceremonies were held for new Community Support Facilities in early December 2020. The Fitness Center is 37,618 square feet (SF) and will provide fitness and recreational activities for the Base. The Multipurpose Religious Facility is 14,163 SF and will provide worship and pastoral care activities for the Base. The contractor is Soltek Pacific Construction. The contract value is \$46.2 million with estimated completion by September 2022.

RQ Construction of Carlsbad, California was awarded the contract for design and construction of

the Michelson Lab Repairs, Wings 2-5. The contract amount was \$71.5 million but would increase to \$81.3 million if all options are exercised. The expected completion date is June 2023.

Parsons Corporation was awarded a 4 year, \$37 million contract on December 3, 2020. The company will provide programmatic, technical, risk, and build management services in support of the ongoing earthquake recovery efforts.

On January 22, 2021, Barnhart-Reese Construction of San Diego was awarded a \$19.1 million contract to design and build the new Academic Training Building.

The facility will take over functions performed in the previous training facilities which were damaged by the earthquakes. Expected completion is estimated for April 2023.

Outlook for China Lake Operations

With massive repair and reconstruction of facilities underway at the base, this activity alone represents a substantial engine of economic growth for the region, and for an extended period of time.

Currently 18 reconstruction projects are underway with design and/or building. And during the Spring and Summer months of 2021, eight additional military construction projects are expected to be awarded.

China Lake NAS

The Defense budget outlook for normal base operations in the U.S. does not suggest any departure from the current trend in place, providing continued stability of operations at China Lake.

The FY2021 Department of Defense budget is only slightly higher than the FY2020 spending plan that allocates funding for the base budget (intended to fund normal, peacetime operation), and the emergency and overseas contingency operation that is temporary and often war-related.

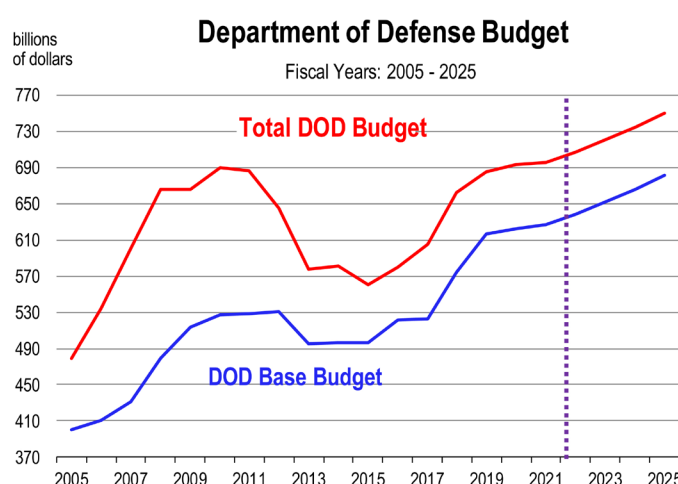
The current administration's five year budget shows modest increases in DOD spending through FY2025.

5 year DoD budgetary scenario (February 2021):

- FY21 \$695.8 billion (actual)
- FY22 \$707.2 billion
- FY23 \$720.6 billion
- FY24 \$734.9 billion
- FY25 \$750.3 billion

According to estimates provided in the 2021 Future Years Defense Program (FYDP), total funding would be relatively flat through 2025 when adjusted for inflation.

Consequently, the CBO budget forecast for the next four years has the total DOD budget rising between 1.8 and 2.3 percent every year to 2025.



With a new President in office, the budget for DoD is uncertain, but a conservative scenario has it rising by approximately the rate of inflation.

Under that scenario, the economy of the greater Ridgecrest area would remain predictable and with steady growth.

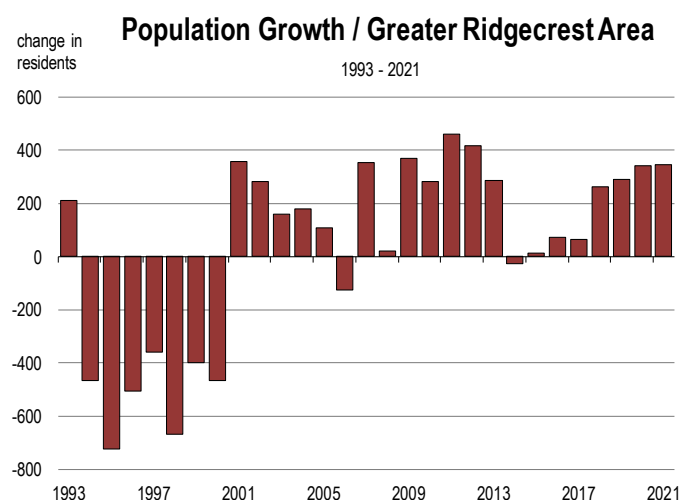
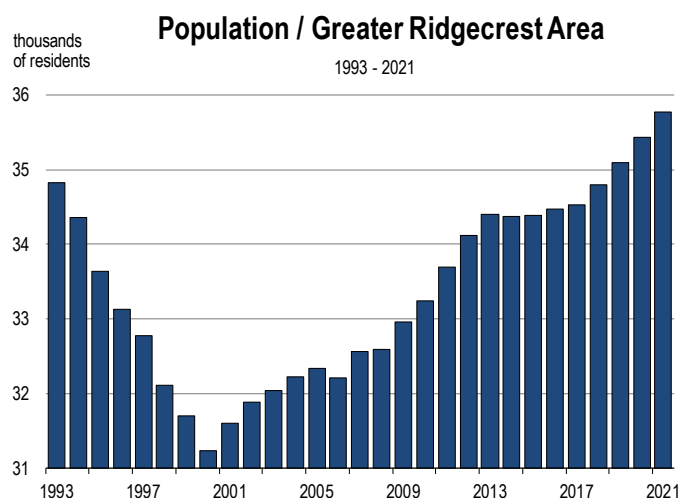
Furthermore, additional outlays directly allocated for China Lake earthquake recovery will actually provide a meaningful boost to the economy for at least the next 3 to 5 years.

Congress usually revises presidential budget submissions substantially before passing them into law. Consequently, actual DoD numbers for the future will be revised between now and the end of the year.

Demographics

Population Growth

The population of the Indian Wells Valley is growing rapidly. The City of Ridgecrest gained 286 residents between January 2020 and January 2021, while the Greater Ridgecrest Area gained 345 residents.

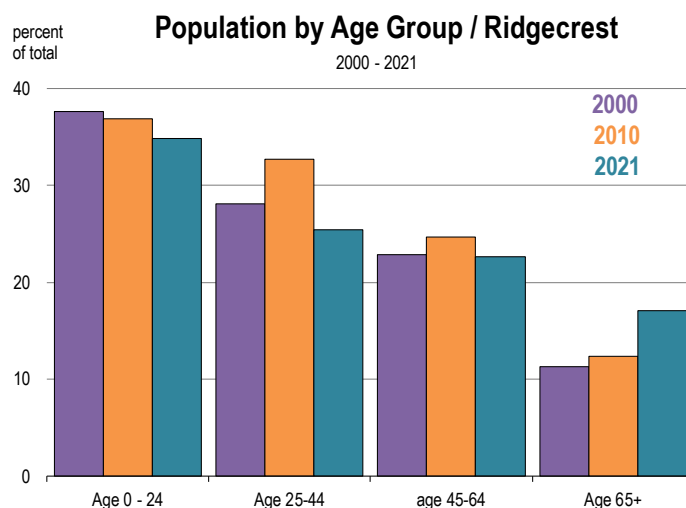


Population by Age Group

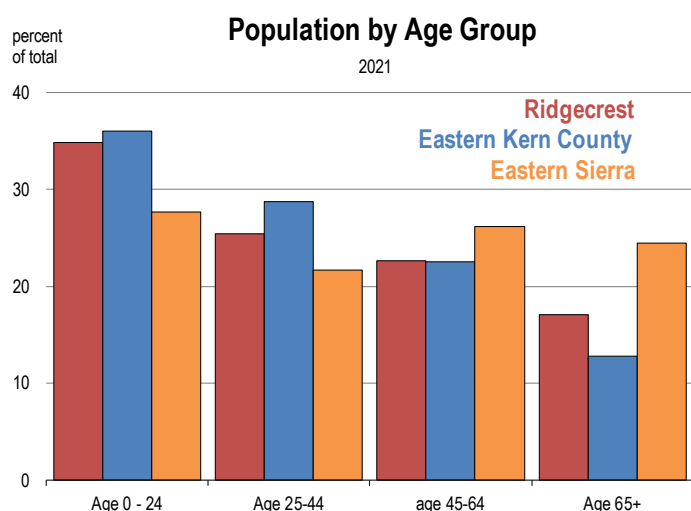
The population of the Indian Wells Valley is older than many areas of California, with a substantial share of residents above the age of 65. In January 2021, more than 17 percent of Ridgecrest area residents were 65 or over, compared with less than 15 percent statewide.

Ridgecrest has a population that is slightly older than the rest of Eastern Kern County, but much younger than the Eastern Sierra region. The Eastern Sierras have one of the oldest populations in California, with almost 25 percent of residents age 65 or older.

The Ridgecrest population has aged over time. During the last 21 years, the share of residents age 24 and under has continuously declined, while the

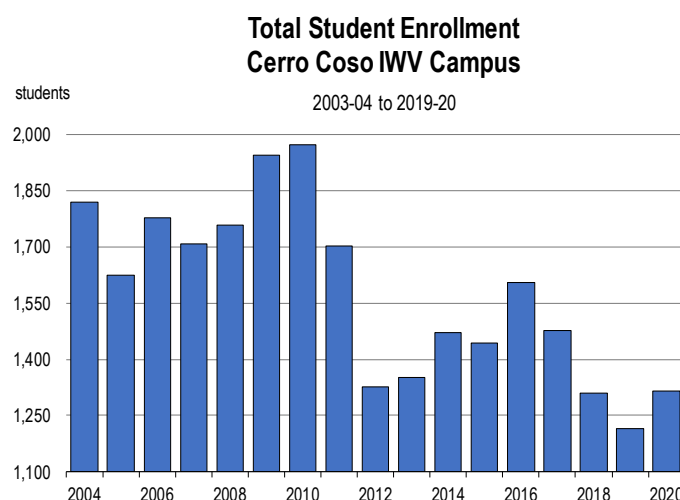


Demographics



share of residents age 65 and older has reached an all-time high.

The prime working age group, which is comprised of residents age 25 to 64, rose sharply from 2000 to 2010, but then fell below its previous level by 2021. As of the most recent estimate, approximately 47



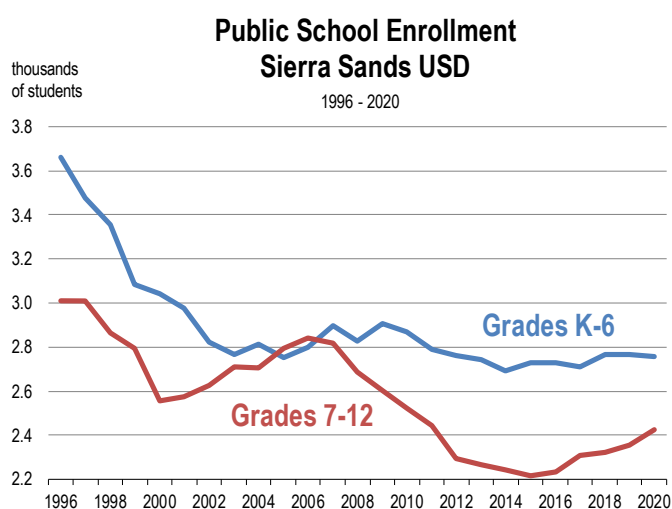
percent of Ridgecrest residents were in the prime working age group.

Student enrollment is expanding in the Sierra Sands Unified School District. During the 2020 school year, a total of 5,185 students were enrolled. Total student headcounts have increased in each of the past 6 years.

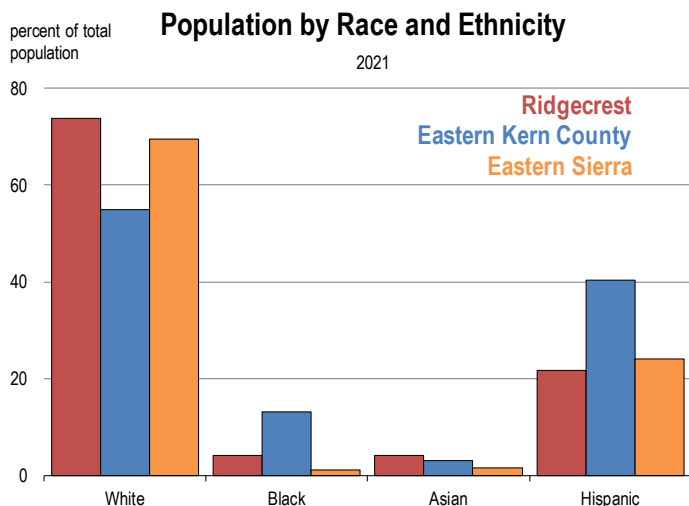
Last year, enrollment of K-6 students was largely unchanged at 2,758 students. Enrollment in grades 7-12 increased by 74 students, rising to 2,427.

Enrollment at Cerro Coso also increased in the 2019-2020 school year, but is generally in a pattern of decline. There were 1,316 on-site students at the Indian Wells Valley campus during 2019-2020, which is down from the more than 1,600 students that enrolled in 2015-2016.

A shrinking number of community college students, who are primarily under the age of 25, is another reason for the declining share of young people in the Ridgecrest population.



Demographics



The rest of Eastern Kern County has a higher share of Black and Hispanic residents, but a lower share of White and Asian residents.

The Eastern Sierra region has a larger share of Hispanic residents than Ridgecrest, but fewer residents who are White, Black, or Asian.

Household Income

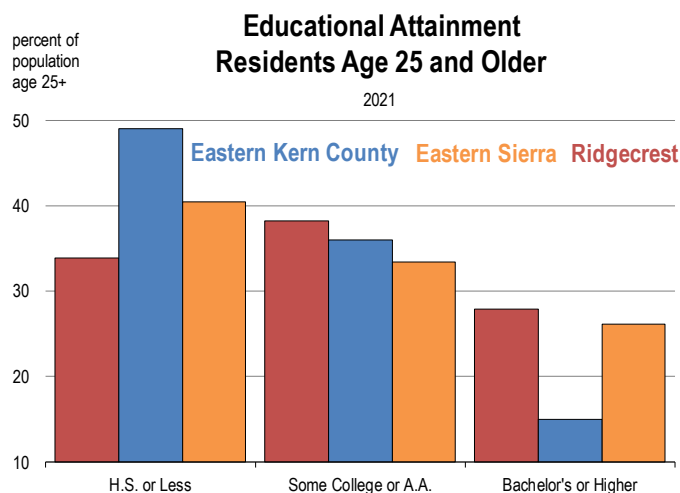
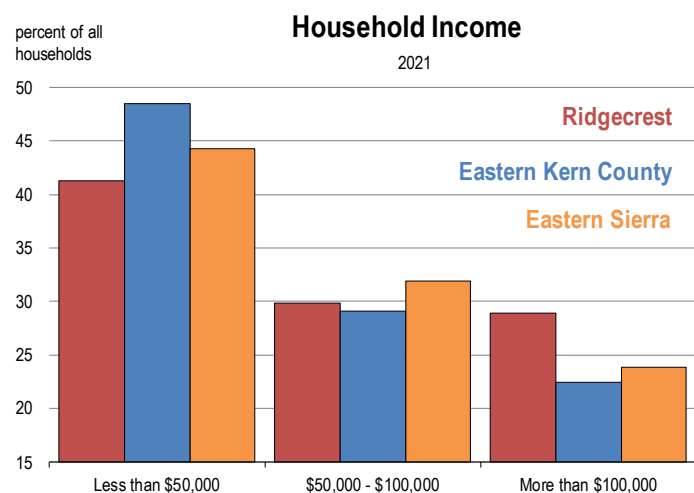
Ridgecrest is a more affluent area than the Eastern Sierras or the rest of Eastern Kern County.

Almost 29 percent of households in Ridgecrest earn more than \$100,000, compared to just 24 percent of households in the Eastern Sierras and 22 percent of households across Eastern Kern County.

Only 41 percent of Ridgecrest households earn less than \$50,000, while 30 percent of households earn between \$50,000 and \$100,000.

Educational Attainment

The Ridgecrest area has a higher proportion of residents with a 4-year college degree than either



Demographics

the Eastern Sierras or Eastern Kern County. This is largely due to the presence of the China Lake Naval Base, where scientists and engineers requiring higher levels of education represent a large percentage of federal civilian and contractor employment.

Ridgecrest also has a large number of individuals who have earned an Associate's Degree or who have taken some college classes. This is partially due to the technician positions at China Lake, as well as the prominent share of health care jobs in the area.

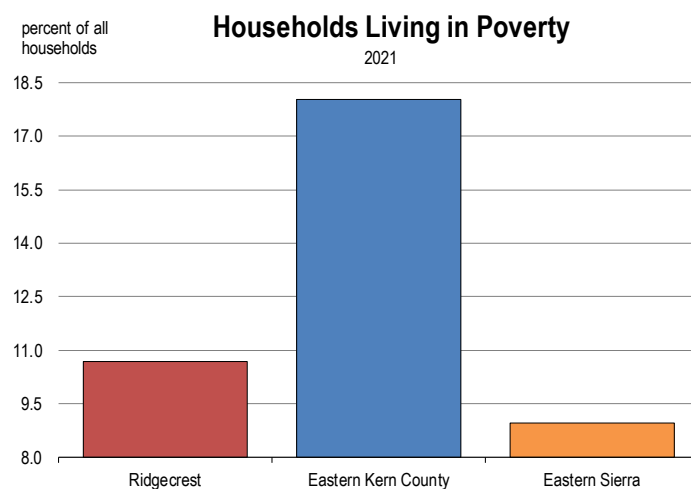
Ridgecrest has a much lower proportion of residents who have not advanced beyond high school. In fact, there are more Ridgecrest residents with an Associate's Degree or some college training than people who stopped at high school, which is very uncommon across California.

Poverty

Eastern Kern County has a high rate of poverty, with 18 percent of households living below the poverty line in January 2021. The Eastern Sierra region, by

contrast, has a much lower rate, with just 9 percent of households under the poverty line.

The poverty rate in Ridgecrest is similar to the statewide average. In January 2021, approximately 11 percent of all households were below the poverty line in Ridgecrest, compared to 10 percent across California.



Employment and Income

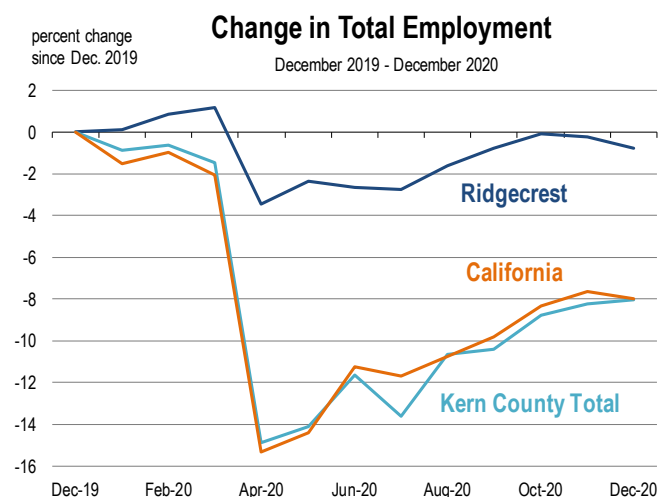
The Ridgecrest labor market had a challenging year in 2020, but it performed much better than many other parts of California.

Across California, total employment fell by 15 percent in early 2020, and a similar decline was observed for Kern County as a whole.

But in the Ridgecrest area, total employment dropped by only 3 percent and had almost fully recovered by the end of the year.

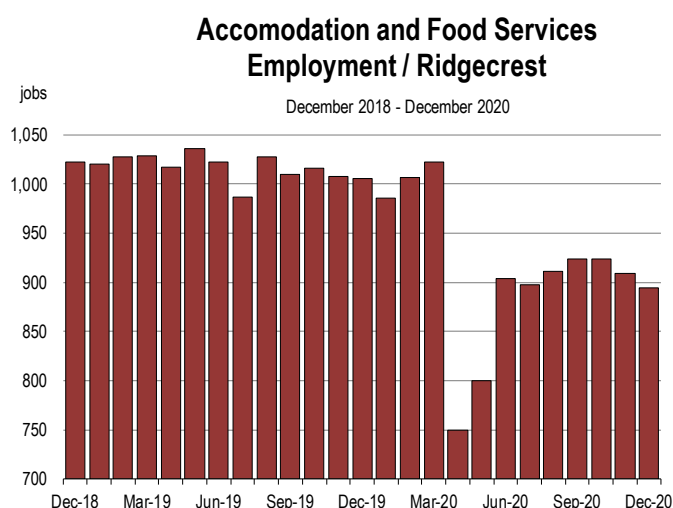
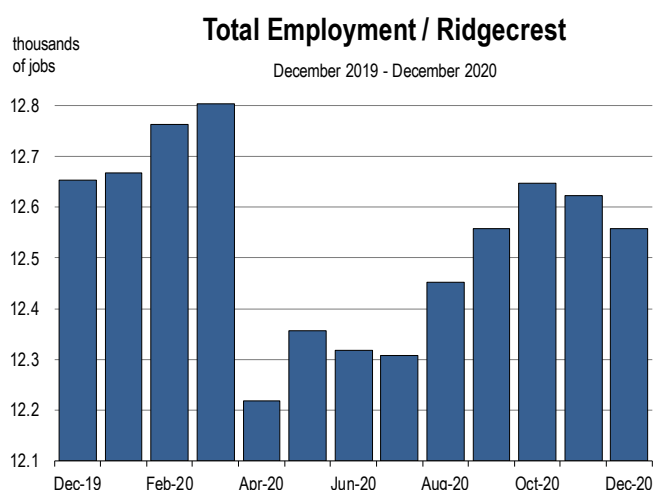
In Ridgecrest, the most prominent job losses were observed in the accommodation and food services sector, which is largely comprised of hotels, bars, and restaurants. Indoor dining has been virtually prohibited since the onset of the Coronavirus pandemic, and bars have been forced to close completely, leading to vastly lower levels of business activity and a meaningful number of layoffs.

In April, accommodation and food services companies shed 273 jobs. By the end of the year, only half of these jobs had been restored.



But in many sectors, initial job losses were mild and some have completely recovered.

A broad labor market rebound began in May, and while most industries have yet to make a full recovery, some have thrived.



Employment and Income

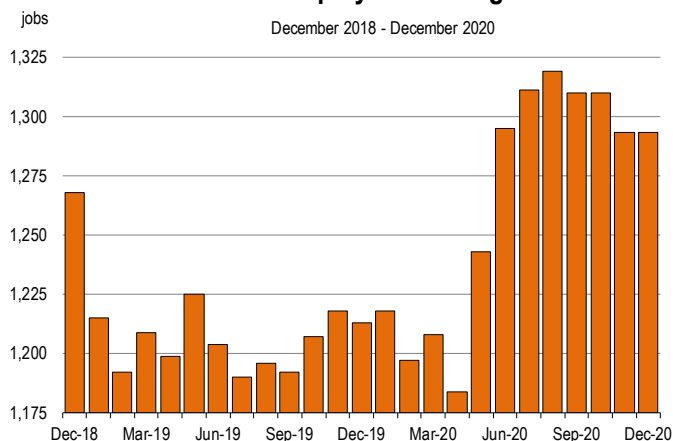
Change in Employment by Sector Ridgecrest Area 2020

Sector	Jobs Gained or Lost in Apr. 2020	Jobs Gained or Lost from May to Dec. 2020
Accommodation & Food Services	-273	144
Health Care & Social Assistance	-60	85
Professional & Technical Services	-60	-4
Other Services	-44	18
Arts, Entertainment, Recreation	-44	5
Retail Trade	-24	109
Federal Government (China Lake)	-24	-33
Administrative & Waste Management Services	-15	3
Private Educational Services	-14	-4
Information	-13	-29
Real Estate	-11	19
Construction	-3	9
Manufacturing	-3	7
Wholesale Trade	-3	6
Local Government	0	-22
Finance & Insurance	1	2
Transportation & Warehousing	5	25
Total, all Sectors	-585	364

Source: Labor Market Information Division, State of California and California Economic Forecast

Employment and Income

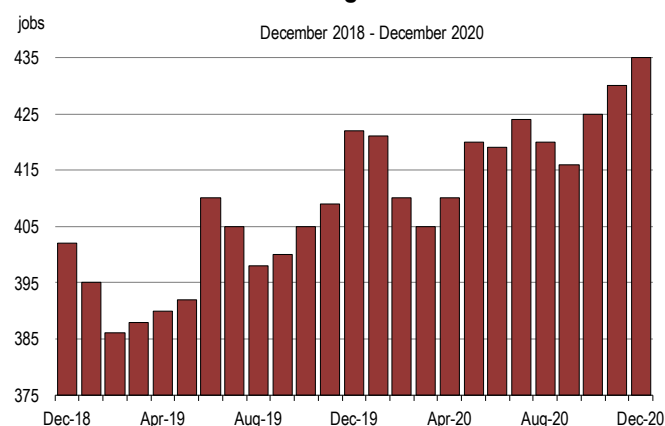
Retail Employment / Ridgecrest



A large number of retail jobs were generated over the summer, and the retail industry is now larger than it has been in several years. At the same time, a higher volume of online shopping has led to an expansion of the transportation and warehousing sector, which is now larger than any point on record.

The construction industry went largely unscathed in April and May and expanded sharply during the summer and fall. The Ridgecrest Area is preparing for a large influx of construction workers to repair

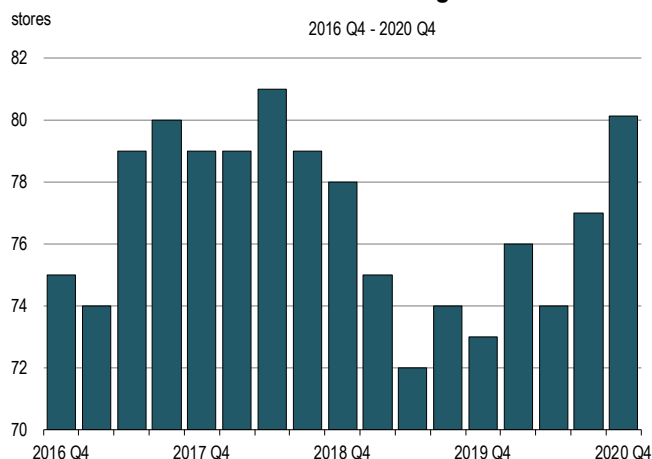
Transportation and Warehousing Employment Ridgecrest



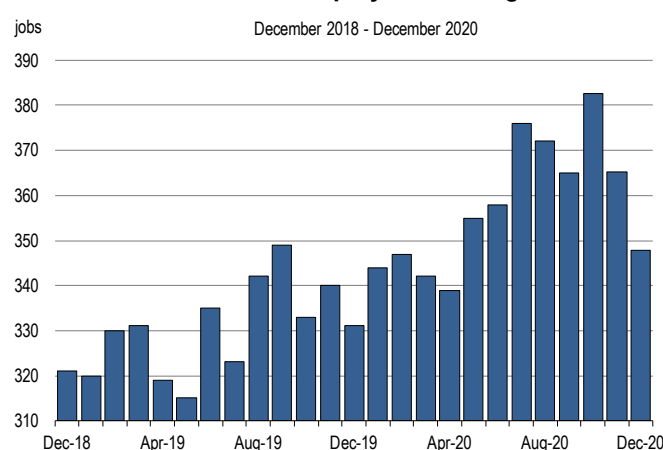
the facilities at China Lake, where billions of dollars of damage was inflicted by the 2019 earthquake.

The base is the primary economic engine of the Ridgecrest Area, providing jobs and income that support the local economy. In February 2021, the principal tenant command reported 4,339 federal civilian employees. Other tenant commands reported 672 civilian workers pushing the total federal civilian employment on the base to 5,011 this year. This workforce accounts for 40 percent of all jobs in the greater Ridgecrest labor market.

Retail Stores / Ridgecrest

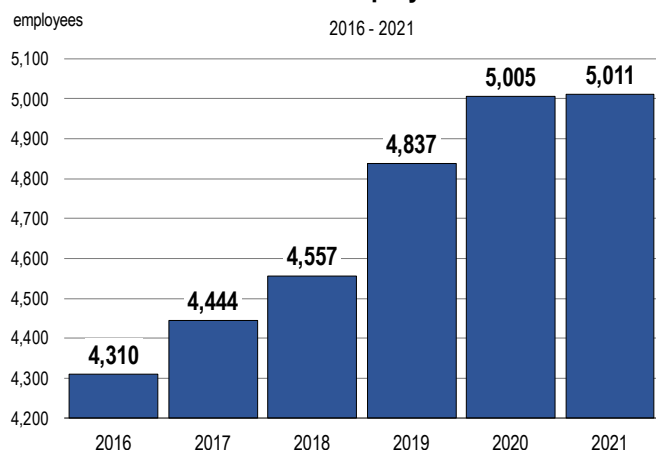


Construction Employment / Ridgecrest



Employment and Income

Federal Civilian Employees / China Lake



The unemployment rate in Ridgecrest fluctuated throughout 2020. At the beginning of the year, the unemployment rate was only 2.7 percent within the City of Ridgecrest and 3.8 percent for the Greater Ridgecrest Area. Both of these rates were among the lowest on record.

By June, the unemployment rate reached 7.4 percent within the City and 10.4 percent areawide. The unemployment rate improved during the second

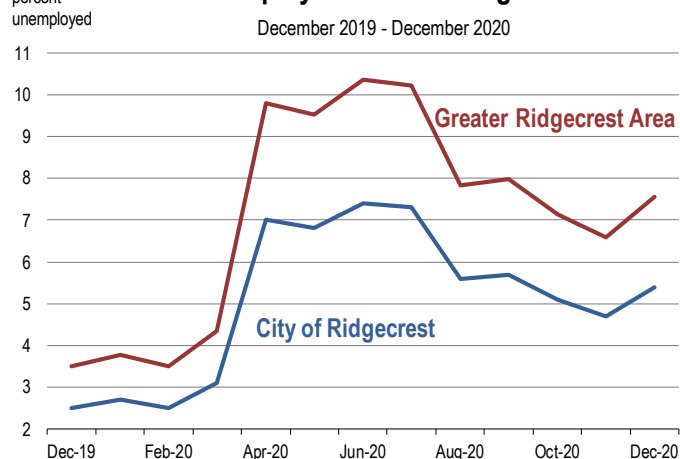
half of 2020, but was still elevated at years end. In December, the unemployment rate was measured at 5.4 percent in the City and 7.6 percent across the Greater Area.

Average Salaries

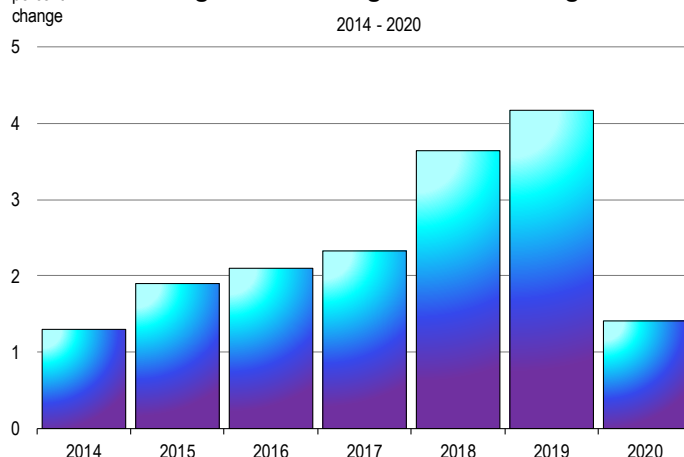
In 2020, the average wage across Ridgecrest increased by 1.4 percent. Wages had been increasing at rates of 3 percent to 4 percent per year before the onset of the Coronavirus Recession, but wage growth decelerated sharply as the labor market weakened.

- The highest salaries in 2020 were observed at the China Lake Weapons Station, and by a wide margin.
- Other sectors with high wages in 2019 were finance and insurance, professional and technical services, and manufacturing.
- The lowest paying sectors were entertainment and recreation, private educational services, and accommodation and food services.

Unemployment Rate / Ridgecrest



Average Annual Wage Growth / Ridgecrest



Employment and Income

Average Salary by Sector Ridgecrest Area 2020

Sector	Average Salary 2020 (dollars per worker)
Federal Government (China Lake)	102,400
Finance & Insurance	76,500
Professional & Technical Services	75,700
Manufacturing	73,500
Information	54,900
Construction	52,600
Health Care & Social Assistance	50,100
Administrative & Waste Services	49,500
Local Government	48,800
Wholesale Trade	46,000
Transportation & Warehousing	41,800
Real Estate	36,800
Other Services	35,900
Retail Trade	29,600
Accommodation & Food Services	20,300
Private Educational Services	16,800
Arts, Entertainment, Recreation	12,600
Total, all Industries	65,900
All Industries Except Fed. Govt.	46,800

Source: Labor Market Information Division,
State of California, and California Economic Forecast

Largest Employers in Ridgecrest

A survey of the largest employers in the Ridgecrest Area was conducted during the first half of February. All companies on the list of largest employers were directly contacted by email or phone. Their responses identified employees located at operations within the Greater Ridgecrest Area.

- Across the Ridgecrest Area there are 11 organizations with at least 100 employees.
- In February 2021, the largest employers had a total of 8,470 workers, representing 67 percent of the entire local labor market.
- Between February 2020 and February 2021, the largest gains were at the Walmart, which expanded by 51 jobs.
- Cerro Coso increased its headcount by 29 jobs and the Sierra Sands Unified School district added 20 jobs.
- The most prominent decline was at Jacobs Technologies, which downsized by 76 positions due to changes in company contracts.
- Meaningful reductions in workforce were observed at Saalex and Alta One Federal Credit Union.
- The largest employers include 4 public sector organizations and 7 private organizations.
- The public sector organizations employed 5,972 workers in February 2021. The private organizations employed 2,498 workers.

Employment and Income

Largest Employers Ridgecrest Area 2021

Rank	Organization	Industry	February 2020 Employee Headcount	February 2021 Employee Headcount	Change from 2020 to 2021
1	China Lake, Federal Civilian	Government	5,005	5,011	6
2	Ridgecrest Regional Hospital	Healthcare	839	852	13
3	Searles Valley Minerals	Minnig & Natural Resources	700	700	0
4	Sierra Sands USD	Government	650	670	20
5	Walmart	Retail	322	373	51
6	Saalex	Engineering	258	221	-37
7	Albertson's (2 locations)	Retail	158	175	17
8	Cerro Coso Community College	Government	145	169	24
9	Alta One Federal Credit Union	Financial Services	174	150	-24
10	City of Ridgecrest	Government	121	122	1
11	Jacobs Technology	Engineering	103	27	-76
Total, Largest Employers			8,475	8,470	-5

Source: California Economic Forecast

Tourism

Tourism represents a significant component of the Indian Wells Valley economy. Visitors account for a substantial amount of total spending at local shops, restaurants, recreational sites, and gasoline stations, all of which add revenue to the city's general fund and support a significant number of local jobs.

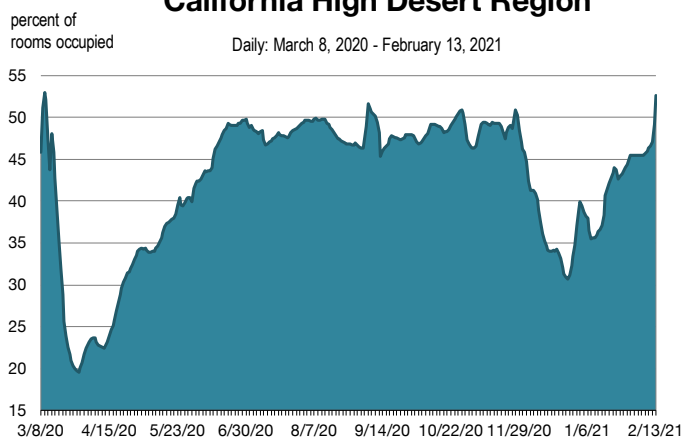
The three principal forms of tourism are recreational travelers, business visitors who work at China Lake, and business visitors who work on movies, television, music videos, or still shoots.

For the greater High Desert region, the hotel/motel industry went through some dramatic fluctuations. In mid-March, just after a national state of emergency was declared, travel activity fell sharply and the hotel/motel occupancy rate fell to just 20 percent.

Occupancy rates rebounded in May and June, but because of statewide business restrictions, the industry remained below normal levels of activity for the entire summer travel season.

The number of hotel guests declined again in the Winter when California's Regional Stay at Home Order was issued, but by mid-February 2021, more than half of all rooms were occupied again.

Hotel and Motel Occupancy Rate California High Desert Region



Hotel/motel room rates are less expensive in Ridgecrest than they are across the broader Desert Region and the state of California.

In February 2021, the average rate in Ridgecrest was \$72 per night, compared to \$102 throughout the Desert Region and \$103 across California.

Within the Ridgecrest Area, room rates have declined at most hotels. At the Best Western China Lake, rates fell by 32 percent between February 2020 and February 2021. However, rates have increased at some establishments, including an 18 percent rise at A Nights Inn and a 14 percent increase at Oasis Inn & Suites.

Room Rates Ridgecrest Transient Lodging For the Night of February 26

Hotel / Motel	2020	2021	% Chnage
Best Western China Lake	\$140	\$95	-32.1%
Quality Inn	\$118	\$84	-28.8%
Rodeway Inn and Suites	\$94	\$72	-23.4%
SpringHill Suites Marriott	\$171	\$139	-18.7%
OYO Hotel Europa	\$49	\$40	-18.4%
Hampton Inn & Suites	\$149	\$122	-18.1%
Super 8 Wyndham	\$67	\$56	-16.4%
OYO Hotel S. China Lake	\$52	\$47	-9.6%
City Center Inn	\$59	\$55	-6.8%
American Inn & Suites	\$61	\$59	-3.3%
Mayfair Passport Inn	\$55	\$55	0.0%
Eco Lodge Inn & Suites	\$76	\$77	1.3%
Clarion Inn	\$81	\$89	9.9%
Oasis Inn & Suites	\$52	\$59	13.5%
A Nights Inn	\$45	\$53	17.8%
Azul Inn & Suites	NA	\$70	NA
Motel 6 Ridgecrest	N/A	\$45	NA
Hotel Ridgecrest	\$37	N/A	NA

Source: google.com

Tourism

Red Rock Canyon State Park

Red Rock Canyon State Park is located just 35 miles from Ridgecrest, in the southernmost tip of the Sierra Nevada mountain range.

The Park is known for its nighttime stargazing and planet watching, as well as hiking trails that

transgress a multi-hued array of folded sandstone buttes. Also, there is the rare Red Rock poppy.

In recent years, approximately 30 to 35 thousand visitors have traveled to the park each year for day or overnight use, although attendance was lower in 2020 due to closures and travel restrictions.



Red Rock Canyon

Tourism

Death Valley National Park

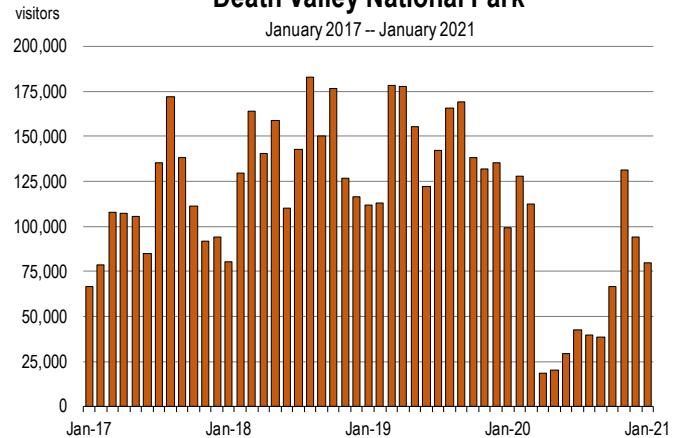
Ridgecrest is generally considered the last stop before traveling the 113 miles on CA 178 and CA 190 to Death Valley National Park.

Traveling northbound on 395, visitors taking 395 Business Route into Ridgecrest have a shorter and slightly faster route to the Park then remaining on Highway 395 until Olancho.

Consequently, many overnight stays for Death Valley destination travel occur in Ridgecrest.

In 2018 and 2019, total recreational visitation to the park soared above 1.6 million, far surpassing any previous year.

**Total Recreational Visitors per Month
Death Valley National Park**



In 2020, travel to the Park fell by more than 50 percent, largely due to very low number of visitors in the early months of the Pandemic. For the entire calendar year, only 820,000 visits were recorded.



Death Valley

Tourism



Trona Pinnacles

The Trona Pinnacles

The Trona Pinnacles, 28 miles east of the City, is another attraction for visitors in the Ridgecrest Area that may also journey to Death Valley or Joshua Tree.

Visitor statistics are unknown because parking and hiking at the Trona Pinnacles is free.

The site is also a popular location for films and commercials. Hundreds of movies including Star Trek V, Lost in Space, Planet of the Apes, Star Wars, and Fast & Furious 7 filmed at the Pinnacles (see the section below on Film Activity).

Film Activity

Many major films and TV shows have been filmed at the Trona Pinnacles. The Pinnacles are largely used for space scene shots, including Chrysalis (2016),

Alien Hunter (2016), Farther (2009), and the Lost in Space television series (1965-1968). The Ridgecrest Film Commission reports the following other major movies and TV shows:

- Star Wars Episode VII: The Force Awakens
- “War for Planet of the Apes”
- Bad Drones (Independent Film)
- Ghost in the Gun (Short Film)
- Zero Motorcycle Road (Short Film)
- 9 Minutes (Short Film)
- Solus Sizzle (Digital Short Film)
- Star Trek V: The Final Frontier
- Bulletproof (Damon Williams/Adam Sandler)
- Land of the Lost (Will Farrell)
- Westworld” (2016-2018 episodes)

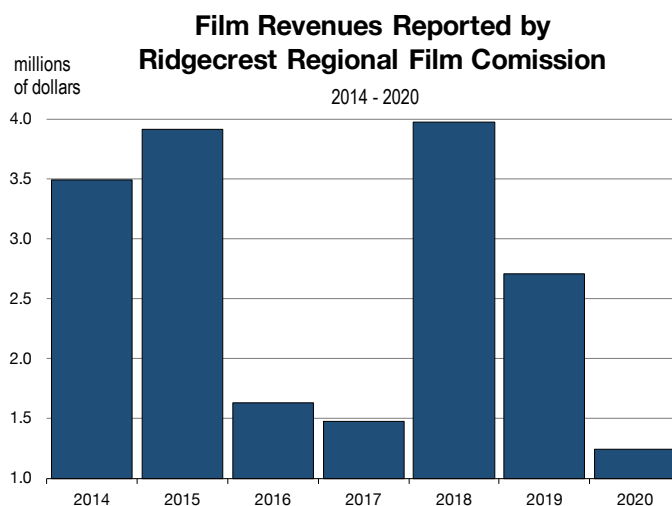
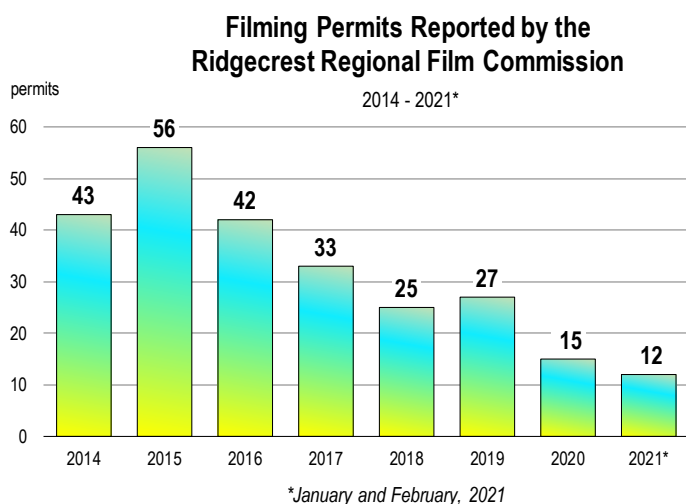
Tourism

- “Top Gear” Reality TV Show
- Avengers: Agents of S.H.I.E.L.D.
- “Chernobyl USA” Russian TV Show
- Mighty Morphin Power Rangers
- Airwolf
- Alien Runner

Red Rock Canyon State Park has a long (100 year) history of filming for TV and movies. Parts of old vintage shows such as Bonanza and Lost in Space were shot there. And hundreds of movies, mostly westerns, had locational shoots in the Canyon, largely in the 1970s, but going back to the 1930s.

Death Valley’s landscape was used often by the 1952-1970 television series “Death Valley Days.” The Twilight Zone utilized the Valley for several episodes.

Hundreds of other movies and shows including Greed (1924), Tarzan (1951), Spartacus (1960), Return of the Jedi (1983), and Ride with Norman Redus (2016) had scenes filmed in Death Valley.



Firm revenues are the fees that production companies of commercials, TV shows, or movies pay to obtain permits to shoot on location within the Ridgecrest Film Commission jurisdiction. The higher the revenues, the longer the period (in days) of filming. In 2020, revenue totals were low in the first half of the year, but began to rebound in the second half.

Filming activity declined in 2020 in tandem with other parts of the economy, but started re-emerging in the second half of the year.

There were 15 film permits issued in 2020, and 241 over the last 7 years. Fees paid by production companies on location have been substantial, totaling in excess of \$18 million since 2014.

While too early to know, film activity appears to be strengthening with the advent of the new calendar year. Already, permits for 12 projects have been issued or are presumed to be issued in January and February 2021.

Having crews in the area for movies, television, music videos, documentaries, or still shoots increases overnight visitor stays in Ridgecrest and retail expenditures on food, supplies, equipment, and other goods. Consequently, filming provides a meaningful economic boost to the region.

Residential Real Estate

In the Ridgecrest Area, the median home price increased by 6.6 percent in 2020, rising to \$211,400.

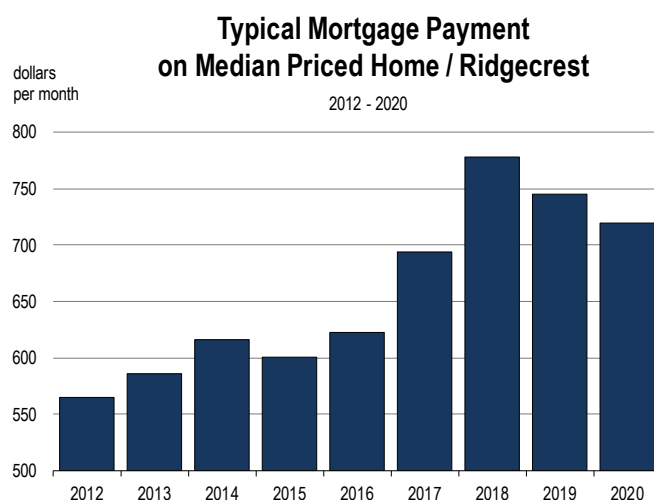
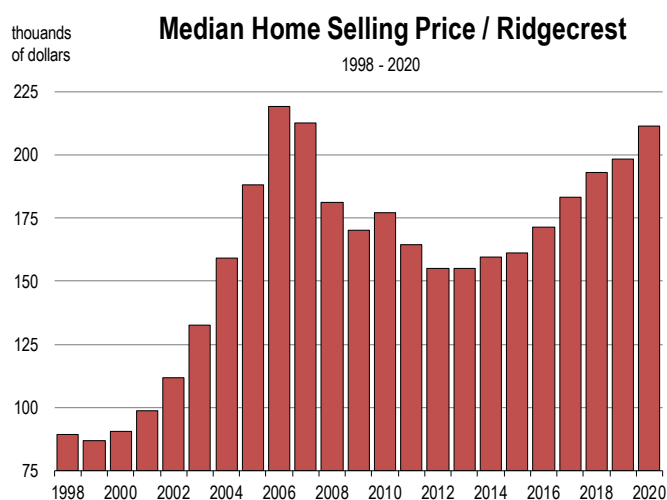
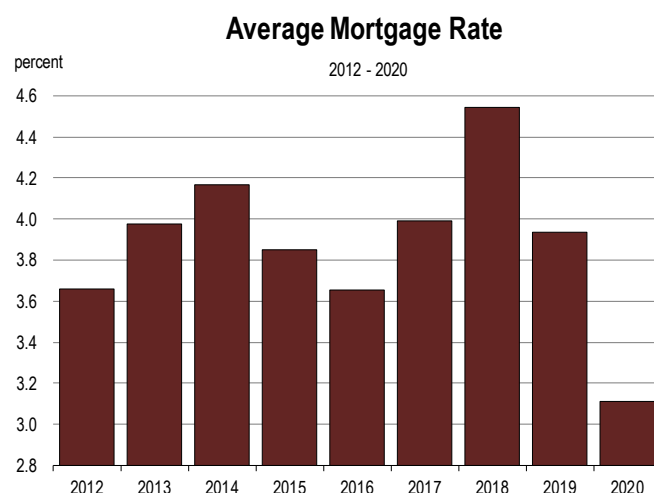
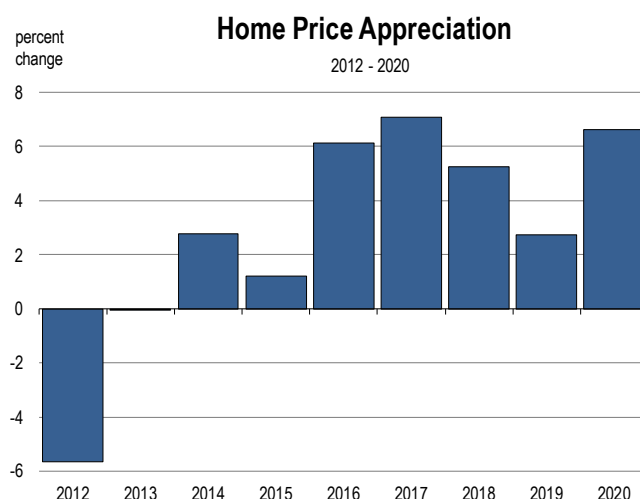
At the same time, mortgage rates fell to the lowest levels ever recorded, making homes more affordable and luring buyers into the market.

Even though home prices increased during the year, interest rates fell even more rapidly, causing the typical monthly mortgage payment to decline from \$745 in 2019 to \$719 in 2020.

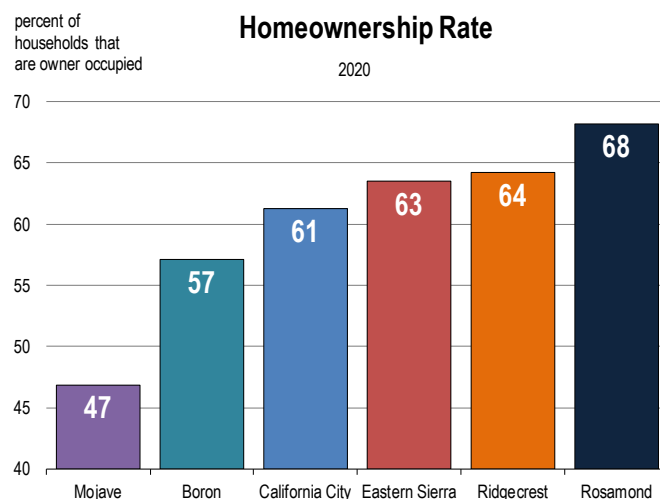
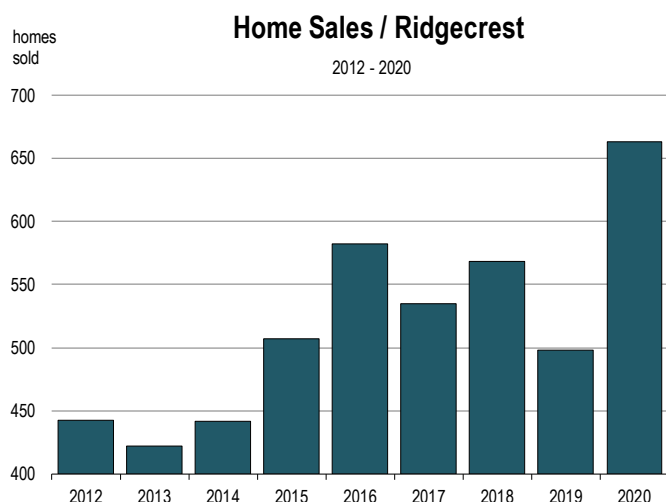
Lower mortgage payments made Ridgecrest homes more affordable, leading to a huge increase in home sales. In 2020, more than 650 homes were sold in the area, the highest total in more than a decade.

Homes in Ridgecrest are more expensive than homes in neighboring areas. Compared to a median price of \$211,400 in Ridgecrest, a typical home in Mojave or California City costs less.

But homes in Ridgecrest are also more affordable because residents of Ridgecrest have higher incomes. In Ridgecrest, the price to income ratio is just 2.7, placing Ridgecrest among the most affordable housing markets in California.



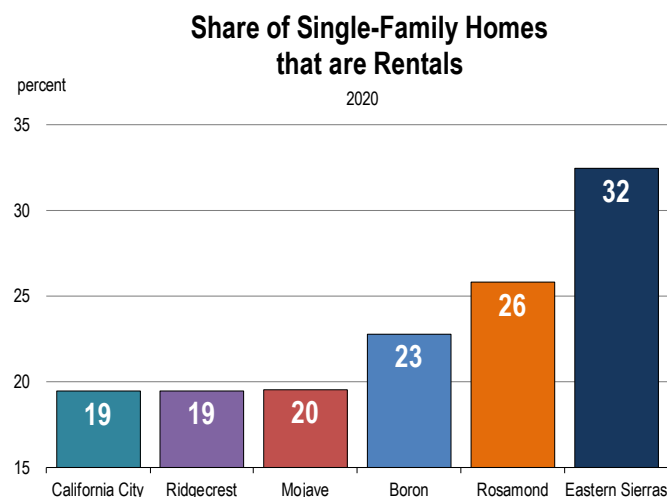
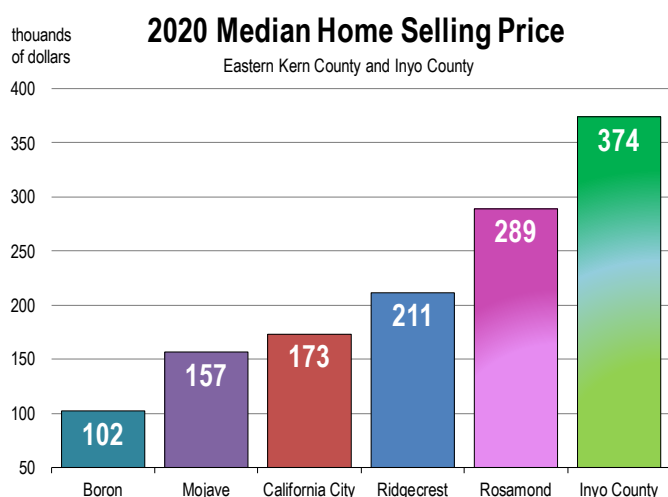
Residential Real Estate



In California City, Mojave, and the Eastern Sierra region, homes are still relatively affordable, with price to income ratios between 4 and 7. By comparison, along Coastal California, this ratio is frequently as high as 10 or 12.

Because homes are so affordable, the Ridgecrest area has a relatively high homeownership rate. It's higher than all major neighboring areas, as well as the broader state of California.

Aside from the Eastern Sierras and Rosamond, all regions near Ridgecrest have a low percentage of single-family homes that are used as rentals. In some parts of California, single-family rentals have become more common. This is particularly true in coastal communities that have prohibitively high housing prices and large numbers of renters.



New Development

Residential Development

Residential real estate development activity increased sharply in 2020.

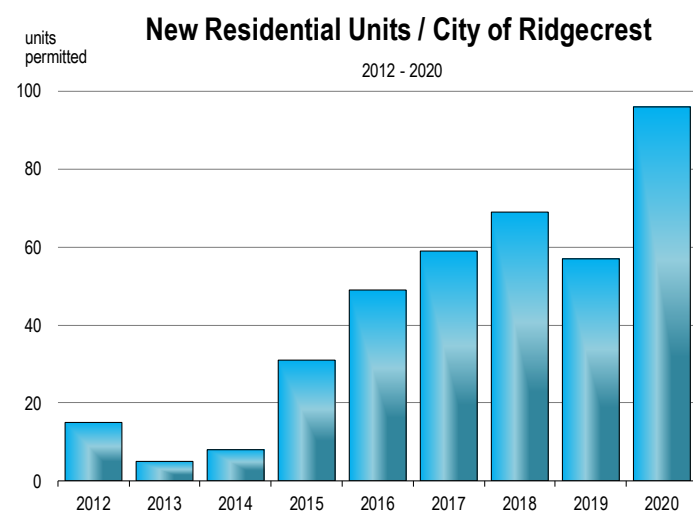
After a decrease in permits during 2019, more than 90 permits were issued for residential units in 2020, the highest total of the current housing cycle.

All of the permits issued in 2020 were for single-family homes. Since 2012, only a handful of permits have been issued for apartments.

As of February 2021, some of the newly built homes were on the market, and many were listed for higher than average prices.

Of the 25 recently constructed homes for sale, the median price was \$347,000, which is substantially higher than the median price for all homes (both newly built and previously existing homes) of \$224,200.

The largest project in the Ridgcrest development pipeline is the Red Rock Villas apartment complex, which would be located at South Downs Street and West Bowman Road.



New Home Listings / Ridgcrest February 2021

Price Range	Number of Homes
\$200 to \$300,000	7
\$300 to \$400,000	10
\$400 to \$500,000	8
Total	25

Source: Realtor.Com

The Red Rock Villas complex would include 198 units, a pool, and a community center. As of February 2021, the project was on hold as the developers searched for funding.

Another apartment complex, named the Mojave View Apartments, is also being planned. Located at 600 North Norma Street, the project would include dozens of units for low-income households age 55 and older.

The Mojave View Apartments would be built by Pacific West Communities Inc., and the project is expected to move forward if affordable housing grants can be secured by Pacific West Communities and by the City of Ridgcrest.

As of February 2021, no timeline for construction was available.

Public Works Projects

Ridgcrest has a substantial amount of public works activity, including road widening, right of way access, and a new sewer project.

Public works projects currently under construction include infrastructure work on the west side of Downs Avenue and portions of Dolphin Avenue and Tamarisk Avenue.

New Development

Future construction is expected to address earthquake damage across the City, pave a number of streets, upgrade the Bowman bike path, and add sun shade solar charging units.

The most substantial project in Ridgecrest is a new sewer plant, which has been in the planning process for more than a decade. It will be built in multiple phases and is still in the planning process.

The sewer is expected to be located on land owned by the Navy. Initial estimates of the project are around \$80 million, but these costs could go up if additional features are added. A timeline for construction and completion has not yet been determined.

Outside of the City limits, other noteworthy public works projects have been planned.

In the immediate Ridgecrest area, Caltrans plans to widen Highway 14, expanding it from 2 lanes to 4 lanes. The widening will occur along a 20-mile stretch, from State Route 178 down to Red Rock Canyon State Park.

The first phase of the project has been completed. Construction on the second phase is expected to begin in January 2025 and last through July 2026.

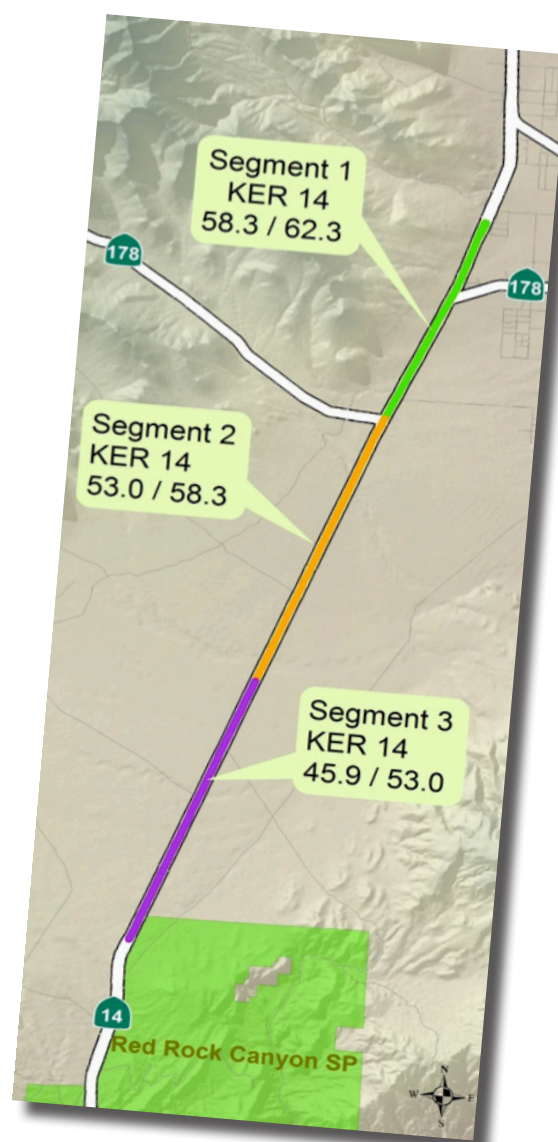
A timeline for the third phase, which will end near Red Rock, is contingent upon progress on Phase 2.

Overall, the 3 phases of this project will cost more than \$100 million, and funding will come from Caltrans, the Kern Council of Governments, the Inyo County Local Transportation Commission, and the Mono County Local Transportation Commission. The project is expected to bring dozens of construction jobs to the Ridgecrest region.

Moving further outside of the Ridgecrest area, a major solar project is in the development pipeline. Located

between California City and Cantil, the facility will be able to produce 400 megawatts of energy, and will power homes and businesses in Los Angeles County. It will also include a power storage facility that will allow it to operate at night, when the solar panels are not actively generating electricity. It is expected to be operational by 2023.

The project will be near other large-scale solar facilities, turning East Kern County into a major hub for solar energy.



Highway 14 Widening Project

New Development

Commercial and Industrial Development

In 2020, almost \$8 million was invested into building and renovating commercial and industrial structures.

The most prominent project was a Holiday Inn Express. Construction began in April 2020 for the hotel that will be located at 1010 North China Lake Boulevard, near the existing Marriot SpringHill Suites.

The new Holiday Inn Express project consists of a 4-story structure with 93 rooms. As of mid-February 2021, the hotel was not yet open for business.

In November 2020, permits were issued for a self-storage complex with more than 40,000 square feet of space. The complex will be located at 1601 North Inyo Street and has a construction value of more than \$1.1 million.

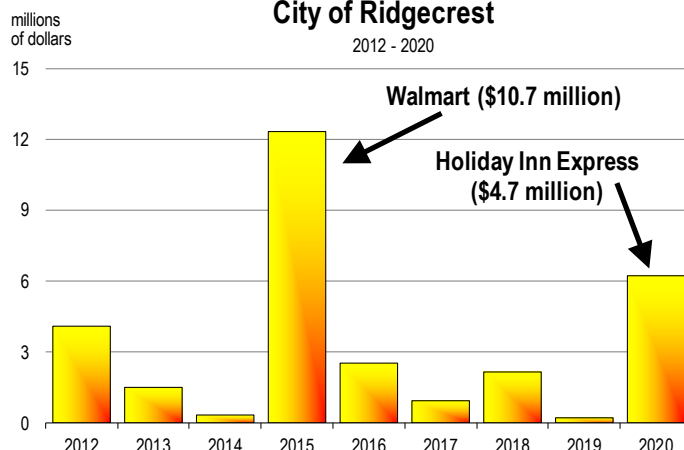
There are additional projects in various stages of the development pipeline, including the Oasis Project, the Timbisha Shoshone Casino, and a Marriot Townplace Suites.

The Oasis Project is a shopping center that would include a movie theater, retail storefronts, restaurants, and office facilities. In total it would produce 164,829 square feet of space at the southeast corner of China Lake Boulevard and Rader Avenue.

A tentative parcel map was approved by the Ridgecrest Planning Commission in July 2019.

The first phase of development would include the movie theater, two retail storefronts, a restaurant, and 11,993 square feet of office space. The second phase would consist of additional retail, restaurant, and office structures.

Commercial and Industrial Investment City of Ridgecrest



According to an agreement between developer (G&L China Lake LLC) and the Planning Commission, the Oasis Project must be completed within a 10-year construction period.

The Timbisha Shoshone Casino project could include 35,000 to 50,000 square feet of space for casino, restaurant, and parking uses, along with a 52,000 square foot convention center and a 100-room hotel.

The status of the Timbisha Shoshone Casino project is now in question. The Ridgecrest City Council has extended the land purchase deadline to February 2022. The developers must obtain financing for the project before the deadline or seek to extend the deadline again.

In January 2020, the planning commission approved a site plan for a Marriot Townplace Suites that would contain 96 rooms. It would be located at the Southwest corner of Ward Avenue and Chelsea Street. A timeframe for development is not currently available.

Acknowledgements

This publication was prepared for the Ridgecrest Chamber of Commerce in January and February of 2021.

California Economic Forecast

Ben Wright, M.A.

Author

Mark Schniepp, Ph.D.

Principal Author & Editor

Databank Contributors

California Association of Realtors

California Department of Education

California Department of Finance

California Department of Tax & Fee Administration

California Employment Development Department

Cerro Coso Community College

CIRB

City of Ridgecrest

Dorene Morgan

Heather Spurlock

Claritas

Corelogic

Google

Realtor.com

U.S. Department of Defense

Visit California

Zillow