

BEACON ECONOMICS

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2017

EASTERN  
PLACER  
COUNTY/TAHOE  
REGION  
**EMPLOYMENT  
PROFILE**



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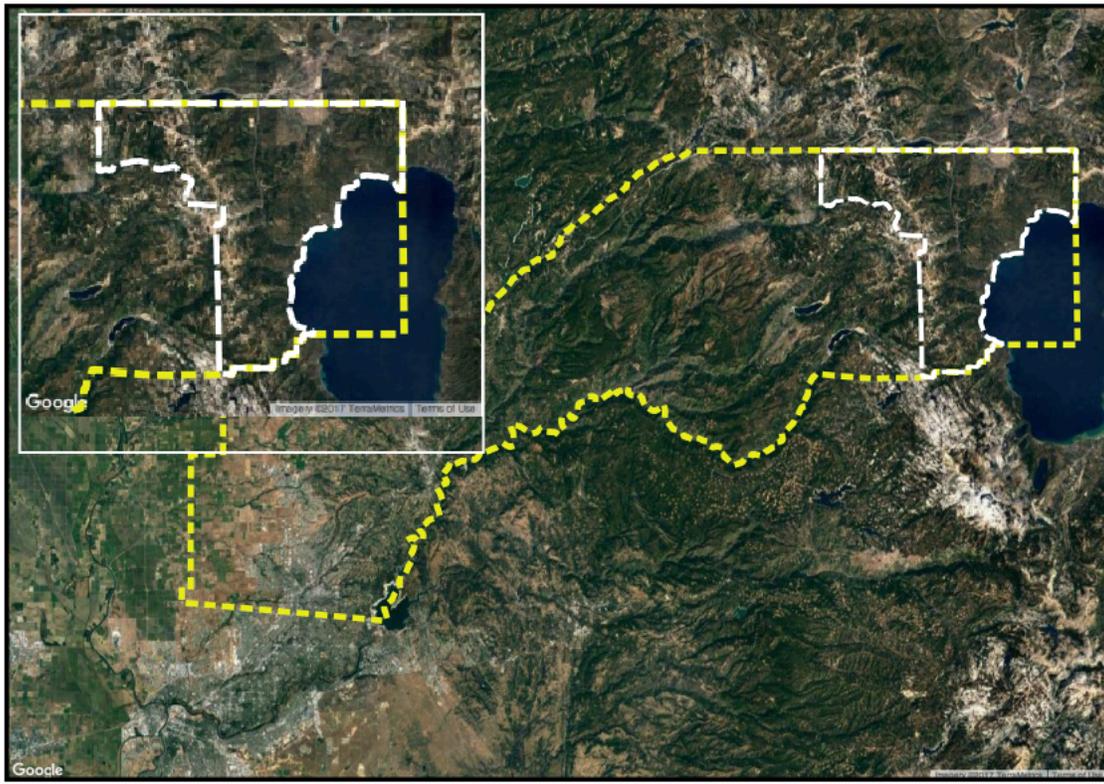
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## THE REGION



The Tahoe Region boundary was provided by Placer County Office of Economic Development, delineating the eastern Placer Tahoe Region of Placer County in this report.

## INTRODUCTION

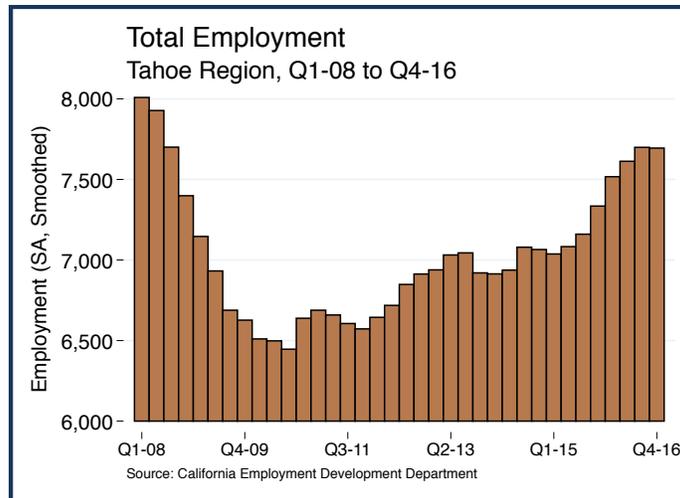
A slogan on the North Lake Tahoe tourism website sums up the essence of North Lake Tahoe and Eastern Placer County: “Wander, Unplug, Refresh, Explore.” Accommodating this beautiful landscape is a leisure and hospitality industry that has been growing and evolving since lodging broke new ground in the early 1900s. With a multitude of water activities, winter sports, hiking and cycling, tourism has continued to grow.

The goal of this report is to provide timely quantitative indicators for the Tahoe Region of Placer County. The report provides essential background information on the Tahoe Region workforce, which may serve as a reference for the County as it undertakes strategic economic and policy decisions that will help shape the future of the Tahoe Region. The report also contains metrics that can be used to establish economic development, workforce and other County goals and track the progress of those goals.

This report begins with a brief summary of employment trends, with a particular focus on Leisure and Hospitality. The remaining analysis delves more deeply into granular industry employment and wage break-outs where available. This report utilizes confidential data provided by the California Employment De-

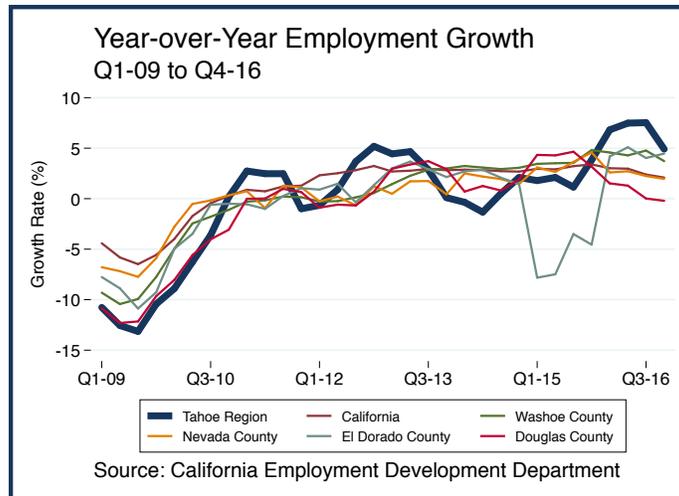
velopment Department’s Labor Market Information Division. The publication of data that would disclose an individual firm’s employment or wage information is prohibited under the Bureau of Labor Statistic’s guidelines of confidentiality. Given the small employment counts in the Tahoe Region, the data are aggregated into the non-confidential industries seen throughout this report, which differ from that of the South Placer Employment Report.

## OVERVIEW

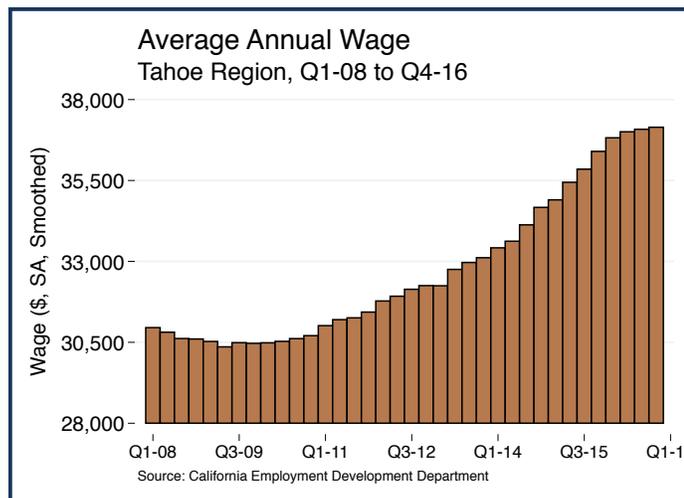


Although employment remains slightly below its 2008 peak, the Tahoe Region has continued to see steady job growth. The region's economy is largely centered around the Leisure and Hospitality industry, which is 4.7 times as concentrated compared to California. The second most concentrated industry is Natural Resources and Construction. Both of these industries are very susceptible to seasonality, however. Employment in these industries, which together make up more than half of Tahoe's employment base, experience regular changes that recur every calendar year. Furthermore, many of these industries employ part-time workers, which has an impact on overall wage levels.

The Leisure and Hospitality sector is a lynchpin of the Tahoe Region’s economy, catering not only to the tourists that visit the region’s scenery, but also to the local population that calls Tahoe home. Accordingly, this industry supports a large number of jobs across the region and economic activity related to bars and restaurants, recreation, and parks alike. Looking at the most recent employment numbers, the Tahoe Region has shown strong growth in almost every industry. Overall employment grew by over 500 from 2015 to 2016, a 7.2% increase. Comparatively, the State of California had an employment increase of 2.6% over the same time.



Leading the way in terms of recent job growth was the Education and Health Care sector, which added 41 jobs and grew 25.3% from 2015 to 2016. Another industry that helped drive growth was the Administrative and Support sector, which added 34 jobs in 2016, a 10% increase year over year. Leisure and Hospitality, which constitutes over half of the region’s job composition, was the fastest growing in terms of absolute numbers, adding nearly 340 jobs in 2016, a 9.2% increase over 2015. Although these were the fastest-growing private-sector jobs, the public sector also grew over the year. The Government sector grew 4.8% in 2016, mainly through gains at the local level. Most industries in the Tahoe Region had employment gains, with the exception of two sectors. Of those, Professional, Scientific, Technical Services, and Management shed 17 payrolls, a 9.0% decline year over year, and the Information sector declined 3.6% over that period.



**Private Employment by Establishment Size in the Tahoe Region, 2016**

Category	Establishment Count*	Employment (000s)	5-Year Employment	
			Change	Growth (%)
Less than 15 Employees	268	2.6	+500	+24.0
15 to 24 Employees	36	0.7	+59	+9.0
25 to 49 Employees	26	1.0	+338	+54.2
50 to 99 Employees	10	0.7	-201	-21.7
More than 100 Employees	8	2.2	+273	+14.3
<b>Total</b>	<b>348</b>	<b>7.2</b>	<b>+970</b>	<b>+15.6</b>

Source: California Employment Development Department.

\*Measures establishments with 3 or more employees.

The Tahoe employment environment has shown signs of an economy still in recovery following the Great Recession. Total employment in the region is fast approaching its prerecession peak, and a handful of industries have seen continued gains over the last couple of years. Since the second half of 2009, Leisure and Hospitality has led the way in terms of absolute gains, adding over 500 jobs up to the fourth quarter of 2016. Behind the gains in the local-serving Leisure and Hospitality sector were Natural Resources and Construction, which added 183 jobs over that period, followed by Other Services, which added 52 jobs.

Many people visit the area to escape busy city lives. They are not disappointed; the area overwhelmingly features local, small and friendly establishments. Over 77% of all establishments in the Tahoe Region have fewer than 15 employees (268). Employment in these small establishments has increased 24% over the last five years. That's not to say that there aren't larger chain establishments. Mostly large hotels, there are 18 establishments with over 50 employees.

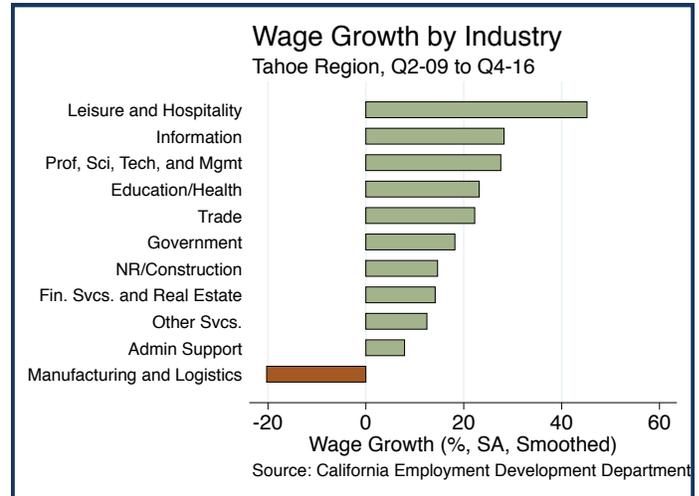
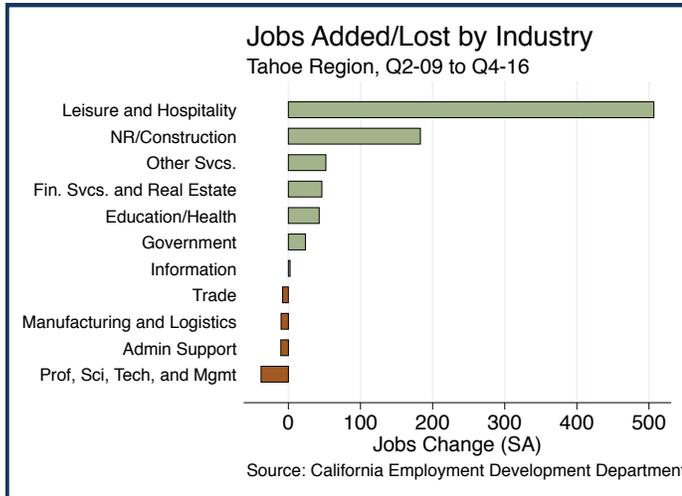
**Establishment Births/Deaths in the Tahoe Region, 2010-16**

Year	Establishment Count*			Private Employment		
	Birth	Death	Net	Gain	Loss	Net
2010	16	13	+3	96	105	-9
2011	18	18	0	94	656	-562
2012	27	19	+8	880	50	+829
2013	19	8	+11	54	14	+40
2014	19	9	+10	105	27	+78
2015	13	3	+10	48	9	+39
2016	15	17	-2	58	75	-17
<b>Period Total</b>	<b>127</b>	<b>87</b>	<b>+40</b>	<b>1,334</b>	<b>936</b>	<b>+399</b>

Source: California Employment Development Department.

\*Measures establishments with 3 or more employees.

From 2010 to 2016, 127 establishments have formed and 87 have closed down. The most gains and losses were in 2012 (27 gained, 19 lost). Delving into the employment by establishment shows a substantial increase in private employment occurred in 2012 when things began to pick up following the downturn. Over the long term, Leisure and Hospitality has by far added the most jobs, over 500, of any industry. Second is Natural Resources/Construction, which added just under 200. Beyond these industries, Other Services, Financial Services and Real Estate, and Education/Health had similar job gains of about 50. The largest job decline was in Professional, Scientific, Technical Services and Management, which lost about 50 jobs and has lost 9% of its employment in just the last year.



**Total Employment in the Tahoe Region by Industry, 2016**

Industry	Total Employment (000s)	1-Year Growth				Location Quotient*
		Tahoe Region	Tahoe Region (%)	County Total (%)	California (%)	
Leisure and Hospitality	4.0	+338	+9.2	+8.2	+3.8	4.7
Education/Health	0.2	+41	+25.3	+5.9	+3.7	0.2
Admin Support	0.4	+34	+10.0	+5.8	+2.5	0.8
NR/Construction	0.9	+25	+3.0	+12.2	+3.5	1.6
Fin. Svcs. and Real Estate	0.4	+24	+7.0	+4.9	+2.9	1.0
Trade	0.8	+22	+3.0	+0.3	+0.8	0.7
Other Svcs.	0.3	+18	+6.5	+9.0	+2.6	1.1
Manufacturing and Logistics	0.1	+5	+6.8	+2.6	+2.5	0.1
Information	0.0	-2	-3.6	-2.2	+7.3	0.2
Prof, Sci, Tech, and Mgmt	0.2	-17	-9.0	+5.8	+0.6	0.3
<b>Total Private</b>	<b>7.2</b>	<b>+489</b>	<b>+7.3</b>	<b>+5.4</b>	<b>+2.7</b>	<b>-</b>
Government	0.5	+21	+4.8	+3.6	+2.2	0.4
<b>Total</b>	<b>7.6</b>	<b>+510</b>	<b>+7.2</b>	<b>+5.2</b>	<b>+2.6</b>	<b>-</b>

Source: California Employment Development Department.

\*Measures the concentration of an industry in the Tahoe Region relative to the concentration of the industry in California.

Total employment numbers by Census designated places strongly favor Tahoe City and Olympic Valley. Tahoe City with 2,700, accounts for over 35% of all employment in the Tahoe region of Placer County. Over the last five years, employment in Tahoe City fell by 73 workers. But wages increased 25.8% over five years, making Tahoe City the highest-salary Census-designated place in the region, at an average wage of \$40,200. Olympic Valley employment is close behind, employing 2,100, or over 27% of total employment. Over the last five years, Olympic Valley has grown 16.4%, with 300 employees added on top of a 11.2% increase in average wages for private employment.

**Avg. Annual Wages in the Tahoe Region by Industry, 2016**

Industry	Total Payrolls (\$Millions)	Avg. Annual Wage (\$000s)	1-Year Growth			Relative Wage (%)*
			Tahoe Region (%)	County Total (%)	California (%)	
Information	3.1	64.6	+5.2	+1.5	+1.1	-56.1
Prof, Sci, Tech, and Mgmt	9.9	58.7	+0.2	+2.6	+0.5	-48.7
NR/Construction	46.1	52.7	+6.4	+2.2	+4.0	-3.3
Fin. Svcs. and Real Estate	16.3	44.5	+6.3	+4.5	+2.9	-54.9
Education/Health	8.7	42.7	-8.3	+2.3	+1.9	-13.8
Manufacturing and Logistics	3.2	39.8	-7.8	+5.8	+3.0	-49.6
Admin Support	14.8	39.7	-3.5	-1.3	+2.8	-6.7
Trade	24.3	32.2	+1.4	+0.5	-0.4	-31.2
Other Svcs.	9.5	31.8	+2.3	+5.5	+4.4	-21.3
Leisure and Hospitality	115.9	28.9	+4.4	+2.1	+4.2	+2.8
<b>Total Private</b>	251.8	35.1	+2.6	+2.4	+1.9	-43.9
Government	30.9	66.9	+0.3	+3.3	+2.6	+1.6
<b>Total</b>	282.8	37.0	+2.2	+2.5	+2.0	-41.3

Source: California Employment Development Department.

\*Measures the wage of an industry in the Tahoe Region relative to the wage of the industry in California.

Kings Beach, Tahoe Vista and Carnelian Bay, quieter destinations, employ 900, 400 and 300 workers respectively. Kings Beach is popular for those looking to relax, with small shops and restaurants to explore on the way to the ski resorts or summer activities at lakeside. Tahoe Vista and Carnelian Bay are examples of places for lakeshore lodging and frequenting retail establishments. All three Census-designated places have had employment increases over the last five years, with Kings Beach adding the most workers, 154. Wages have also increased, with Carnelian Bay having the second-highest wages in the region at \$39,700. The differential between average wages across cities in the region is minimal.

**Total Employment by Census-designated Place, 2016**

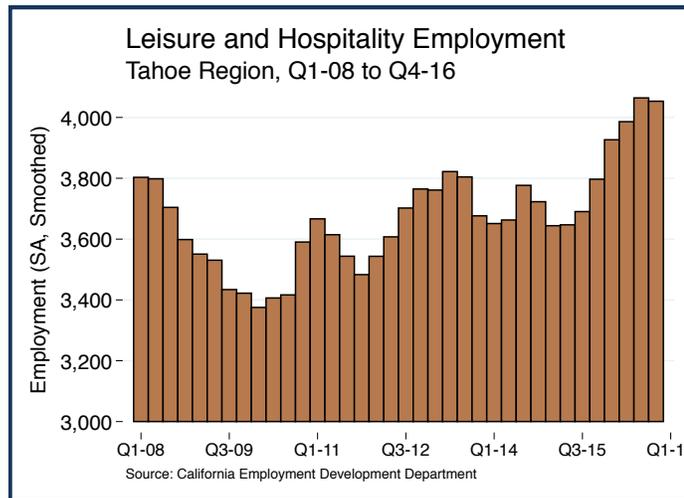
CDP	Employment			Avg. Annual Wage	
	Jobs (000s)	5-Year Change	5-Year Growth (%)	Level (\$000s)	5-Year Growth (%)
Tahoe City	2.7	-73	-2.6	40.2	+25.8
Olympic Valley	2.1	+300	+16.4	33.6	+11.2
Kings Beach	0.9	+154	+21.7	33.8	+16.9
Tahoe Vista	0.4	+17	+5.1	38.9	+1.5
Carnelian Bay	0.3	+72	+29.6	39.7	+15.0
<b>Tahoe Region</b>	7.6	+960	+14.4	37.0	+19.9

Source: California Employment Development Department.

**INDUSTRY ANALYSIS****LEISURE AND HOSPITALITY**

Of the 7,600 employed in the region in 2016, the vast majority (4,000) were in the Leisure and Hospitality industry. In just one year, Leisure and Hospitality increased employment by 338, or 9.2%, well above the statewide increase of 3.7%. From 2015 to 2016, the average annual wage for Leisure and Hospitality in-

creased 4.4%, higher than both Placer County and the state of California’s year-over-year growth. Average annual wages are \$28,900, higher than wages in Placer County, Washoe County and California.



Leisure and Hospitality comprises many tourism-oriented industries: accommodation, food services, arts, entertainment and recreation. Thus it is no surprise that this industry employs more than half of all Tahoe workers. The subsector with the largest employment in 2016 was Other Amusement and Recreation industries, which includes establishments related to Skiing Facilities, Golf Courses and Country Clubs, and Fitness and Recreational Sports Centers, which employed 1,700. Over just five years, this subindustry has experienced a 29% employment increase, adding 385 workers. The subsector had an average annual wage of \$31,200 in 2016, which represented a 33.3% increase over five years.

**Leisure and Hospitality Employment by Subsector, 2016**

Subsector	Employment			Avg. Annual Wage	
	Jobs (00s)	5-Year Change	5-Year Growth (%)	Level (\$000s)	5-Year Growth (%)
Other Amusement and Recreation Industries	17.2	+385	+28.8	31.2	+33.3
Full-Service Restaurants	12.4	+250	+25.3	24.6	+29.1
Traveler Accommodation	7.8	-288	-27.1	33.3	+28.1
Limited-Service Eating Places	2.1	+36	+20.9	21.4	+43.1
Museums, Historical Sites, Zoos, and Parks	0.2	+6	+44.1	28.5	+1.1

Source: California Employment Development Department.

Restaurants were second-largest in size, employing 1,200, up 250 from 2011. Average restaurant wages are \$24,600, a 29% increase from five years ago. The Traveler Accommodations subsector employed just 800 workers in 2016, but had the highest average annual wage at \$33,300, which grew over 28% in the last five years. Indeed, the region's expanding tourism sector has helped to push wages and employment higher in industries found within the Leisure and Hospitality sector.

**Total Employment Comparison: Leisure and Hospitality, 2016**

County	Jobs (000s)	Employment		Avg. Annual Wage	
		3-Year Change	3-Year Growth (%)	Level (\$000s)	3-Year Growth (%)
California	1,885.0	+218,953	+13.1	28.2	+12.3
Washoe	36.9	+2,541	+7.4	23.6	+6.2
Placer	22.3	+1,945	+9.5	21.3	+11.1
El Dorado	9.1	+1,104	+13.7	20.8	+17.3
Douglas	6.2	+157	+2.6	30.4	+5.0
Nevada	4.6	-17	-0.4	22.4	+14.1
<b>Tahoe Region</b>	4.0	+211	+5.5	29.2	+18.1

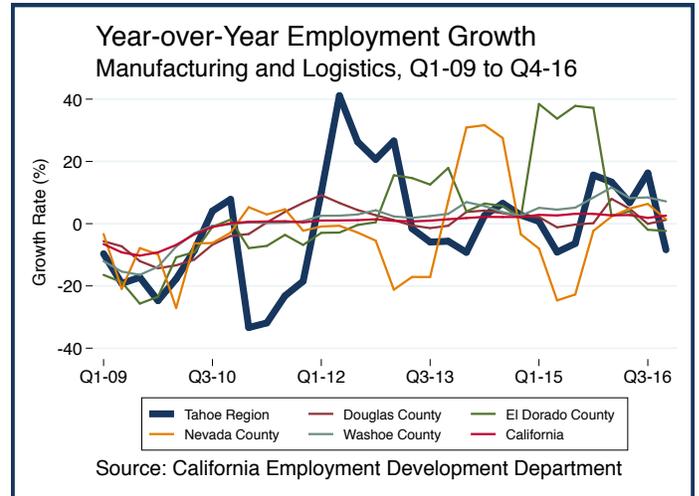
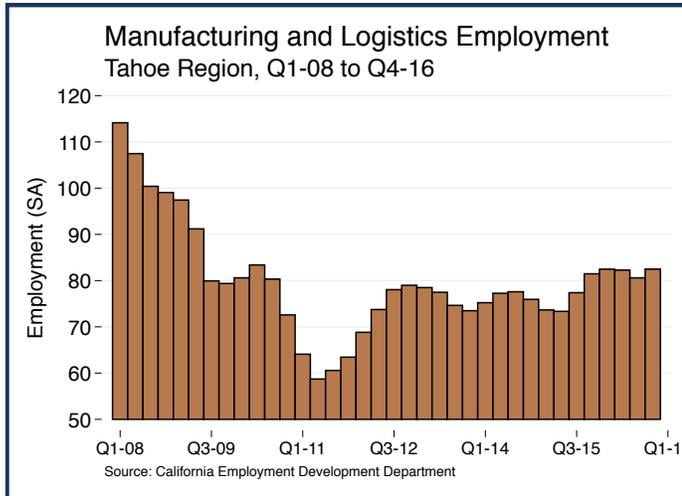
Source: California Employment Development Department.

Some of the most notable recent developments in Tahoe are the new Basecamp Hotel, and approval of a new 118 unit condo-hotel project named the Tahoe City Lodge, in Tahoe City. New offerings will continue to attract tourists to the region and are why employment has been consistently increasing. Future developments include Homewood resorts, expansions at Northstar, and Squaw Valley where a \$1-billion project is to be completed in phases over 25 years. Construction plans include condos, motel rooms, retail space and a large indoor adventure center and water park.

## MANUFACTURING, LOGISTICS, AND OTHER SERVICES

The Manufacturing, Logistics and Other Services industries in the region have struggled to find their place. Manufacturing and Logistic had a very low location quotient in 2016, at 0.1, largely do to the size of the industry relative to total private employment. The industries combined employ only 400 workers and make up a little more than 5% of the workforce. Of the 400 workers, 23 were added from 2015 to 2016. Manufacturing and Logistics had an average wage of \$39,800 in 2016, down 7.8% from a year earlier. The average wage in Other Services was somewhat lower at \$31,800, and rose 2.3%.

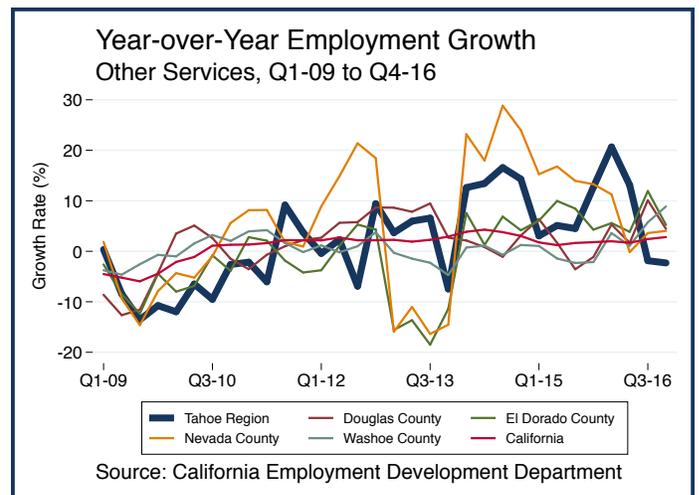
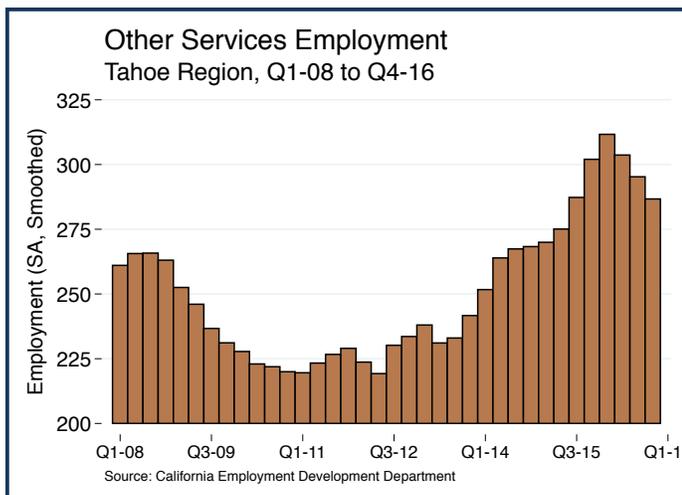
Manufacturing and Logistics employment levels remain lower than prerecession levels and have remained mostly unchanged in recent years. Other Services, which includes nail salons, automotive repair shops and nonprofits, surpassed recession levels during the recovery and reached a peak in the first quarter of 2016, but has been decreasing ever since. These sectors mainly serve the local population more so than visiting tourists and are not likely to see large changes in employment in the future.



**Total Employment Comparison: Manufacturing and Logistics, 2016**

City	Jobs (000s)	Employment		Avg. Annual Wage	
		3-Year Change	3-Year Growth (%)	Level (\$000s)	3-Year Growth (%)
California	1,864.8	+132,736	+7.7	79.4	+10.1
Washoe	27.0	+4,551	+20.3	49.8	+1.6
Placer	9.9	+979	+11.0	79.6	+12.2
El Dorado	3.2	+972	+43.6	58.1	+17.9
Douglas	2.1	+135	+7.0	59.4	+3.9
Nevada	1.6	+92	+6.1	56.1	+4.2
<b>Tahoe Region</b>	<b>0.1</b>	<b>+5</b>	<b>+6.8</b>	<b>40.5</b>	<b>+1.3</b>

Source: California Employment Development Department.



**Total Employment Comparison: Other Services, 2016**

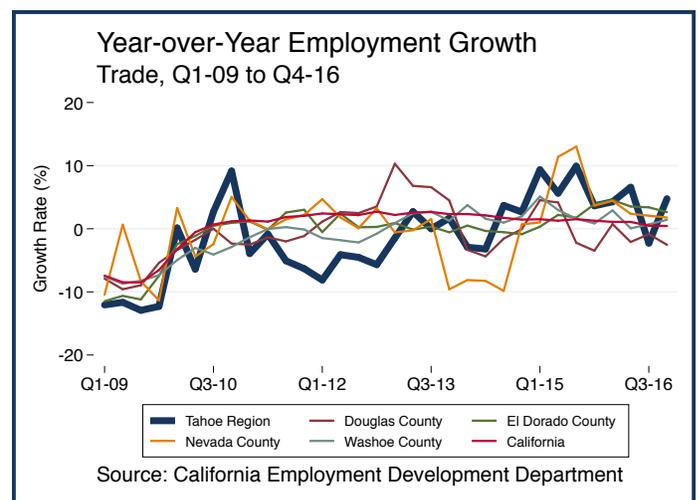
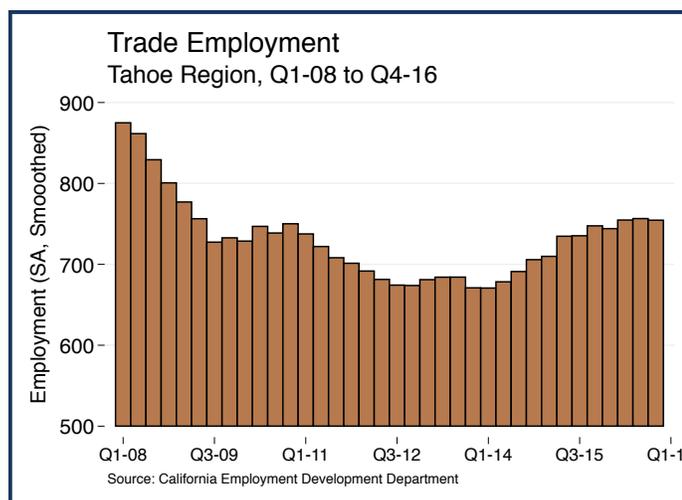
County	Jobs (000s)	Employment		Avg. Annual Wage	
		3-Year Change	3-Year Growth (%)	Level (\$000s)	3-Year Growth (%)
California	617.2	+80,752	+15.1	40.4	+12.5
Placer	5.8	+1,140	+24.6	33.9	+16.0
Washoe	5.6	+215	+4.0	37.7	+1.4
El Dorado	2.1	+342	+19.9	31.7	+12.5
Nevada	1.9	+632	+48.1	31.0	+5.9
Douglas	0.4	+29	+7.2	35.8	+9.2
<b>Tahoe Region</b>	<b>0.3</b>	<b>+70</b>	<b>+30.0</b>	<b>31.6</b>	<b>+5.2</b>

Source: California Employment Development Department.

## TRADE

The Trade industry ranks sixth in terms of employment, but has been consistently growing over that last few years largely in part because of the growing U.S. economy and vibrant tourism in the region. “Trade” as used in this report is both retail and wholesale trade. Retail trade comprises retailers and storefronts. Wholesale trade is selling goods for resale, capital or durable nonconsumer goods, and raw and intermediate materials and supplies used in production.<sup>1</sup> As of 2016 there were 800 employed in the trade industry, which makes up over 10% of the region.

Trade employment was at a high point in 2008 and suffered substantially following the aftermath of the Great Recession. Trade employment reached its low point in the first quarter of 2014. Since then, the trade industry has been growing in terms of employment and wages. From 2015 to 2016, 22 net workers were added to the Trade workforce, and wages increased 1.4% to \$32,200.



<sup>1</sup> United States Department of Labor: Wholesale Trade. Retrieved Sept. 29, 2017, from <https://www.bls.gov/iag/tgs/iag42.htm>

**Total Employment Comparison: Trade, 2016**

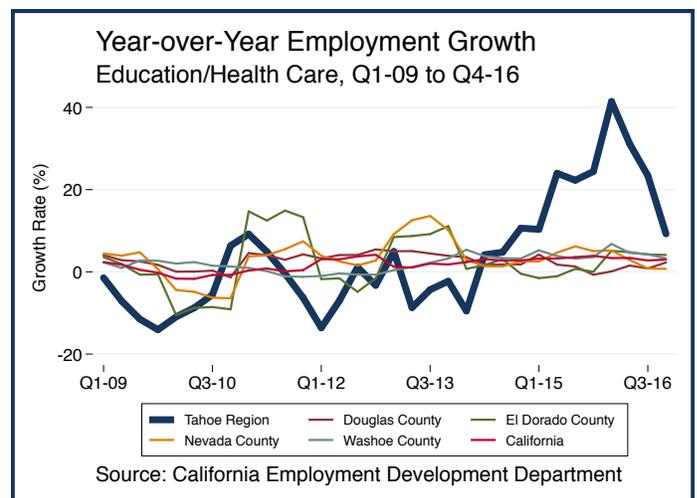
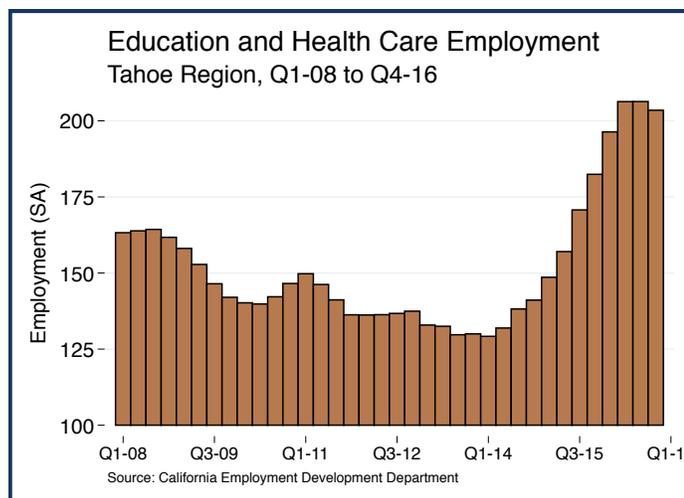
County	Jobs (000s)	Employment		Avg. Annual Wage	
		3-Year Change	3-Year Growth (%)	Level (\$000s)	3-Year Growth (%)
California	2,384.5	+94,252	+4.1	47.2	+8.4
Washoe	32.0	+1,769	+5.8	40.8	+8.0
Placer	26.5	+1,571	+6.3	39.4	+8.1
El Dorado	6.6	+334	+5.3	35.6	+8.5
Nevada	4.2	+116	+2.8	32.3	+7.0
Douglas	2.4	-74	-3.0	32.4	+4.3
<b>Tahoe Region</b>	<b>0.8</b>	<b>+72</b>	<b>+10.6</b>	<b>32.2</b>	<b>+10.2</b>

Source: California Employment Development Department.

## EDUCATION AND HEALTH CARE

The number of employees in the Education and Health care industry was relatively small, constituting roughly 2.6% of the overall employment. But it has had significant growth in recent years. The one-year growth in the County was 5.9%, but Tahoe’s Education and Health Care has grown 25.3%, adding 41 employees, the second largest addition of employees in the region after Leisure and Hospitality. The Education and Health Care sector has grown over 50% over the past three years. This growth can generally be attributed to an aging population and an increase in the number of consumers entering the market for health care as a result of the Affordable Care Act.

Despite the gains in employment, wages in the region have fallen 8.3% in 2016, in contrast to the County as a whole, where wages have grown 2.3%. In fact, the largest one-year growth decline in the region came in the Education and Health Care sector. Furthermore, relative to the statewide average wage in the sector, Placer County falls short by 13.8%. Unlike California, Placer and Washoe counties, all of which have seen significant wage increases in the sector over the past three years, wages in the Tahoe Region actually declined 1.2% since 2013. The decline in wages, along with growing employment in the region, may be attributed to increases in lower-paying jobs and part-time employment. What’s more, the smaller the employment base, the more volatile the employment and wage statistics tend to be.

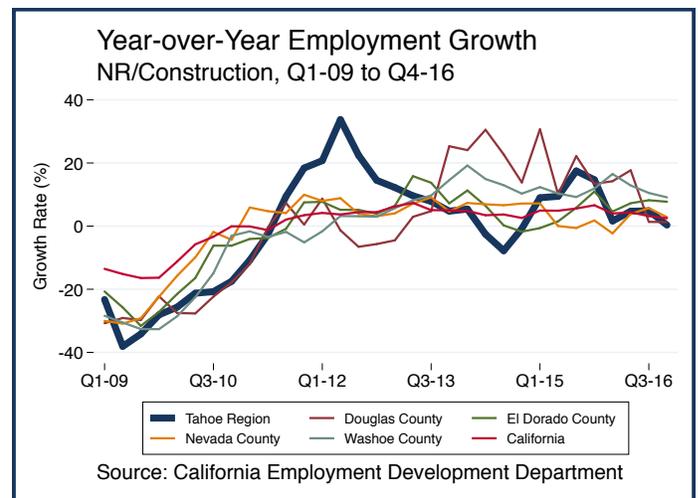
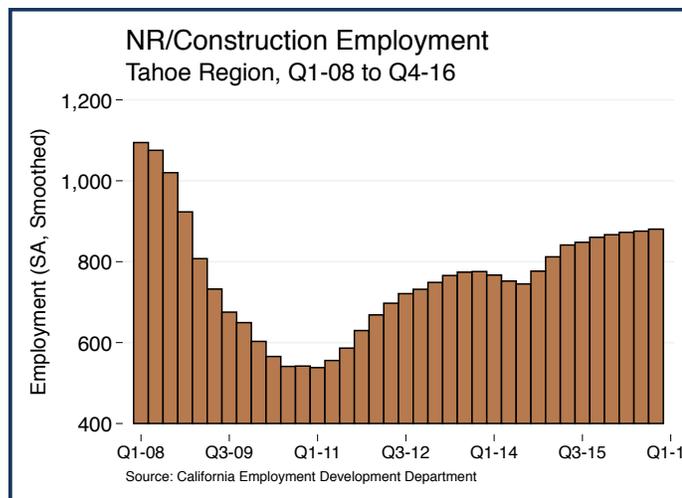


**Total Employment Comparison: Education/Health Care, 2016**

County	Jobs (000s)	Employment		Avg. Annual Wage	
		3-Year Change	3-Year Growth (%)	Level (\$000s)	3-Year Growth (%)
California	2,470.5	+221,357	+9.8	50.0	+6.3
Placer	25.2	+2,951	+13.2	65.5	+12.4
Washoe	25.0	+2,860	+12.9	52.4	+3.7
El Dorado	7.5	+382	+5.3	47.6	+7.1
Nevada	5.1	+436	+9.3	43.7	+3.1
Douglas	1.5	+70	+5.0	46.9	+5.7
<b>Tahoe Region</b>	<b>0.2</b>	<b>+72</b>	<b>+54.4</b>	<b>42.5</b>	<b>-1.2</b>

Source: California Employment Development Department.

## NATURAL RESOURCES/CONSTRUCTION



Employment in the Natural Resources/Construction industry rose 3% in the region from 2015 to 2016. It was the second-largest industry by employment in 2016, constituting 12% of total employment in Tahoe. In the past three years, the regional employment in this industry has risen 14%, outpacing the State of California. Although employment has not yet reached the levels observed in 2008, the sector has seen consistent postrecession gains and seems to be increasing at a steady rate. Recently, demand for housing has been subject to tightening supply, so the number of employees in the Construction industry could increase further in the near future to match the high demand.

The average wage in the NR/Construction sector was \$52,500 in 2016, having increased nearly 17% in the previous three years. Still, the wage in the region fell short of the statewide average in the industry as well as that of Placer County, despite growing at a larger pace. Because of the strong growth in wages over the past three years, as well as more employees, there is still clear demand for construction to accommodate the tight supply in the housing market. In Kings Beach and along the California border, the first townhouses in decades have recently finished construction.<sup>2</sup> As mentioned earlier, one of the biggest

<sup>2</sup> New Lake Tahoe townhomes open on Kings Beach. (2016, September 25). Retrieved Sept. 29, 2017, from <https://www.reviewjournal.com/homes/real-estate-millions/new-lake-tahoe-townhomes-open-on-kings-beach/>

developments is in Squaw Valley, a \$1 billion project that will support a health amount of construction jobs as the project moves into the development phase, which is expected to be completed in phases over 25 years.

**Total Employment Comparison: NR/Construction, 2016**

County	Jobs (000s)	Employment		Avg. Annual Wage	
		3-Year Change	3-Year Growth (%)	Level (\$000s)	3-Year Growth (%)
California	1,214.9	+141,253	+13.2	54.7	+12.7
Washoe	14.4	+4,286	+42.4	53.5	+8.9
Placer	14.1	+3,837	+37.3	57.6	+9.7
El Dorado	4.6	+625	+15.9	57.4	+16.4
Nevada	2.9	+307	+11.9	51.4	+8.8
Douglas	1.3	+462	+57.2	48.4	+18.1
<b>Tahoe Region</b>	0.9	+107	+14.0	52.5	+17.0

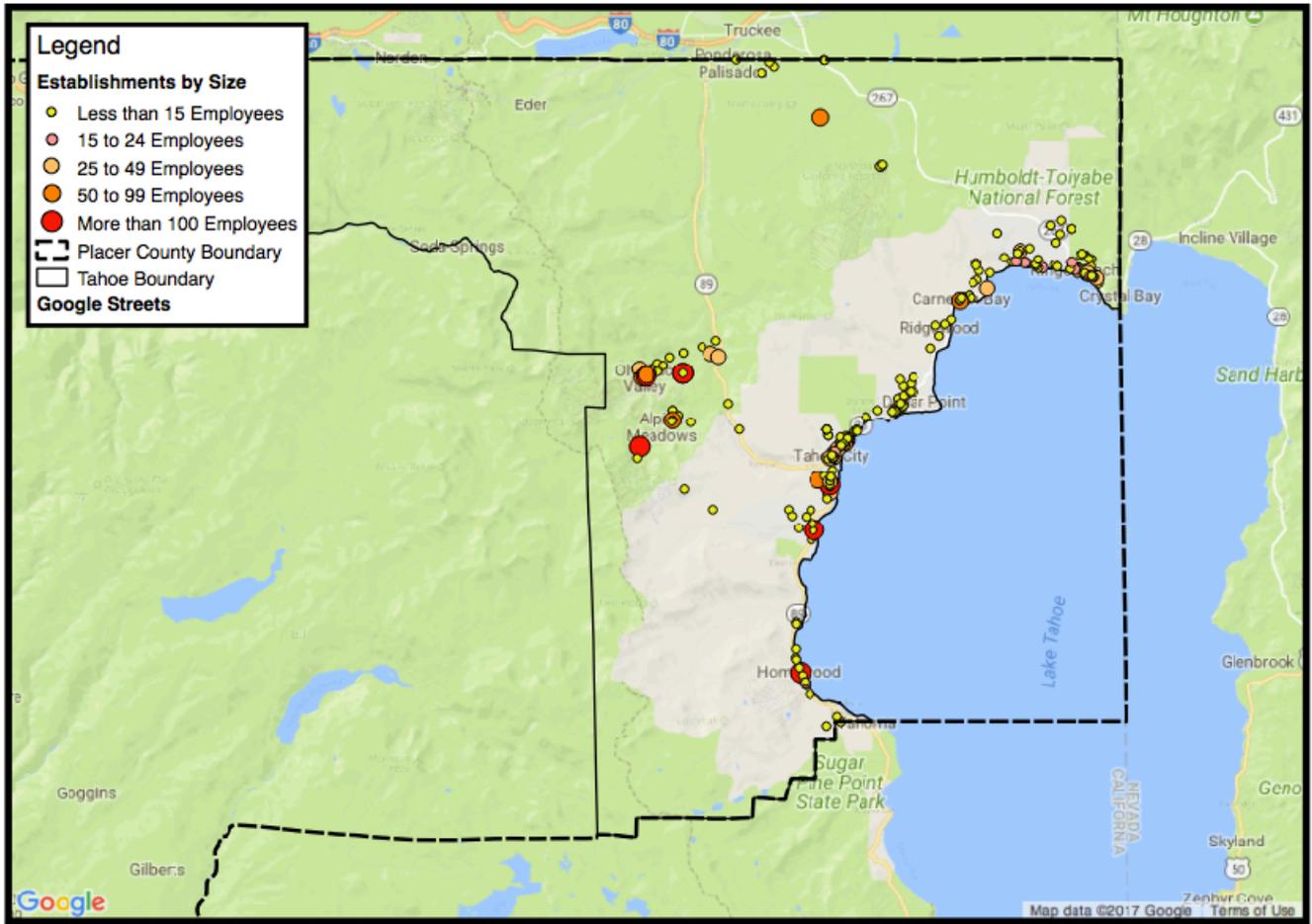
Source: California Employment Development Department.

## CONCLUDING REMARKS

The overall economy of the Tahoe Region should continue to grow along with the rest of the State and nation. Leisure and Hospitality will dominate the market share of employees, as in the past. Planned developments in Kings Beach, Tahoe City, Homewood, Northstar, and Olympic Valley are expected to help employment grow, especially in industries such as Leisure, Hospitality and Construction.

Although Leisure and Hospitality has had wage growth, the average annual wage for this industry is quite low relative to the other industries. Because the industry has historically employed a large share of workers in the region, the average annual wage across all industries in the region overall was 41.3% below the statewide average. This is unlikely to change in the near future, considering the region’s lack of higher-income industries such as Information, Technology or Management.

The tight housing market may be a cause for concern. Limited housing amid strong demand will likely result in higher prices, which could force some residents to move away. As the economy grows and employment rises, developers should look to increase housing so that potential homeowners’ demands are met. From an economic development perspective, the region would like to capitalize on the strength of tourism and other key industries that generate jobs for local residents. As a part of pursuing that goal, it must also determine how to ensure that the local economy is supported by a sufficient workforce and what type of housing is appropriate for the local workforce.



## APPENDIX

### EMPLOYMENT INDUSTRY DEFINITIONS<sup>3</sup>

#### Construction

The construction sector comprises establishments primarily engaged in the construction of buildings or engineering projects (e.g., highways and utility systems). Establishments primarily engaged in the preparation of sites for new construction and establishments primarily engaged in subdividing land for sale as building sites also are included in this sector.

#### Manufacturing

The Manufacturing sector comprises establishments engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. Establishments in the Manufacturing sector are often described as plants, factories, or mills and characteristically use power-driven machines and materials-handling equipment.

#### Retail Trade

The Retail Trade sector comprises establishments engaged in retailing merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The retailing process is the final step in the distribution of merchandise; retailers are, therefore, organized to sell merchandise in small quantities to the general public. This sector comprises two main types of retailers: store and non-store retailers.

#### Leisure and Hospitality

The leisure and hospitality supersector consists of these sectors:

- Arts, Entertainment, and Recreation
- Accommodation and Food Services

The Arts, Entertainment, and Recreation sector includes a wide range of establishments that operate facilities or provide services to meet varied cultural, entertainment, and recreational interests of their patrons.

The Accommodation and Food Services sector comprises establishments providing customers with lodging and/or preparing meals, snacks, and beverages for immediate consumption. The sector includes both accommodation and food services establishments because the two activities are often combined at the same establishment.

**Professional, Scientific, Technical Services, and Management** The Professional, Scientific, Technical Services, and Management supersector consists of these sectors:

- Management of Companies and Enterprises

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<sup>3</sup> Source: Industries at a Glance: NAICS Code Index [https://www.bls.gov/iag/tgs/iag\\_index\\_naics.htm](https://www.bls.gov/iag/tgs/iag_index_naics.htm)

- **Professional, Scientific, and Technical Services**

The Professional, Scientific, and Technical Services sector comprises establishments that specialize in performing professional, scientific, and technical activities for others. These activities require a high degree of expertise and training.

The Management sector comprises (1) establishments that hold the securities of (or other equity interests in) companies and enterprises for the purpose of owning a controlling interest or influencing management decisions or (2) establishments (except government establishments) that administer, oversee, and manage establishments of the company or enterprise and that normally undertake the strategic or organizational planning and decision making role of the company or enterprise.

### **Financial Services and Real Estate**

The Financial Services sector comprises establishments primarily engaged in financial transactions (transactions involving the creation, liquidation, or change in ownership of financial assets) and/or in facilitating financial transactions. The Real Estate sector comprises establishments primarily engaged in renting, leasing, or otherwise allowing the use of tangible or intangible assets, and establishments providing related services.

### **Administrative Support**

The Administrative Support sector comprises establishments performing routine support activities for the day-to-day operations of other organizations. Activities performed include: office administration, hiring and placing of personnel, document preparation and similar clerical services, solicitation, collection, security and surveillance services, cleaning, and waste disposal services.

### **Wholesale Trade**

The Wholesale Trade sector comprises establishments engaged in wholesaling merchandise, generally without transformation, and rendering services incidental to the sale of merchandise. The merchandise described in this sector includes the outputs of agriculture, mining, manufacturing, and certain information industries, such as publishing.

### **Transportation and Warehousing**

The Transportation and Warehousing sector includes industries providing transportation of passengers and cargo, warehousing and storage for goods, scenic and sightseeing transportation, and support activities related to modes of transportation.

### **Information**

The Information sector comprises establishments engaged in the following processes: (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data.

## **Education**

The Educational Services sector comprises establishments that provide instruction and training in a wide variety of subjects. This instruction and training is provided by specialized establishments, such as schools, colleges, universities, and training centers. These establishments may be privately owned and operated for profit or not for profit, or they may be publicly owned and operated.

## **Health Care**

The Health Care sector comprises establishments providing health care and social assistance for individuals. The sector includes both health care and social assistance because it is sometimes difficult to distinguish between the boundaries of these two activities.

## **Other Services**

The Other Services sector comprises establishments engaged in providing services not specifically provided for elsewhere in the classification system. Establishments in this sector are primarily engaged in activities, such as equipment and machinery repairing, promoting or administering religious activities, grantmaking, advocacy, and providing drycleaning and laundry services, personal care services, death care services, pet care services, photofinishing services, temporary parking services, and dating services.

## ABOUT BEACON ECONOMICS

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