Summary

Every household, community, and sector in the San Diego regional economy has been disrupted by the COVID-19 pandemic. Some areas of the region have been impacted by layoffs more than others, and some sectors of the economy have shouldered a disproportionate burden.

SANDAG examined and analyzed sub-regional data from the San Diego Workforce Partnership and Applied Geographic Solutions, Inc. to gain insights about employment in the San Diego region. This report considers the geographic locations where the effects of the pandemic are causing the highest impacts.

Many employment sectors and communities in the region, such as education, innovation, and construction are coping with the impacts comparatively well, while other sectors, such as tourism, restaurants, and retail, are taking the majority of the impact. Unemployment claims in the region have increased seven-fold, and some areas, such as Logan Heights and San Ysidro, have unemployment rates of more than 24%.

Occupations that require a high degree of face-to-face and close physical interaction are especially affected. These occupations represent about a quarter of jobs in the San Diego region. These high-contact-intensity occupations are concentrated in a few notable sectors:

- Personal care and services
- Healthcare
- Transportation
- Food and beverage services/restaurants
- Education

Depending on sector adaptability and the activities performed, workers in high-contact-intensity occupations are affected differently. For example, emergency medical services continued as essential healthcare activities, while elective procedures were initially canceled. The education sector adopted technology to ensure work could be performed remotely. Food and beverage jobs, along with catering services, are significantly impacted by social distancing regulations. Many non-essential activities that cannot be performed remotely are seeing a high number of layoffs in these sectors.
Figure 1: Distribution of High-Contact-Intensity Occupations*

Source: Contact intensity data derived from O*NET survey on the extent to which the job requires workers to perform tasks in close physical proximity to other people, from near touching to more than 100 feet.

*This analysis applies the contact intensity classification by occupation prepared by F. Leibovici; A-M. Santacreu; and M. Famiglietti from the Federal Reserve Bank of St. Louis on Social Distancing and Contact Intensive Occupations (stlouisfed.org/on-the-economy/2020/march/social-distancing-contact-intensive-occupations) to San Diego County.

Economic Outlook

Disruption could last a year or more with possible longer-term ramifications. There are significant short-term and long-term impacts on the tourism sector, and travel for both business and pleasure will be affected. Cancellation of conventions and significant reductions in business travel, along with postponement or cancelation of vacation travel, will significantly impact economic activity in this sector.

Hotel and motel occupancy is anticipated to remain low through 2020 as the sector struggles to recover. Local entertainment venues, amusement parks, attractions, concert arenas, casinos, and baseball parks will be impacted due to reduced travel and social distancing regulations. Performing arts venues, galleries, and museums will experience significant loss of visitors due to COVID-19 closures.

Anticipated new physical distancing rules will adversely affect restaurant sales. Fine dining restaurants will suffer disproportionately as seating and service requirements challenge profitability. Quick-serve restaurants, and those that can successfully offer food to go, will be better off and may benefit in the coming year as patrons choose to take meals home or have them delivered rather than risk sitting for a long period of time in a restaurant.
Unemployment by Place of Work*

The COVID-19 stay-at-home orders and subsequent economic shut down have resulted in some sectors being impacted more severely than others. The following maps shows the geographic distribution of the most impacted sectors.

**Figure 2: Total Layoff Notices by Place of Work Shown with Employment Centers***

Geographically, the areas where businesses are the hardest hit include Downtown San Diego employment center, Mission Valley, and Pacific Beach. These areas have a high concentration of hospitality, restaurant, and retail establishments.

Of the three largest employment centers in the San Diego region, the Downtown employment center has been impacted the most due to the large number of hotels and restaurants supporting the tourism industry. Sorrento Valley, comprised mostly of innovation companies, hospitals, and University of California San Diego, has been less impacted. Kearny Mesa, with its core of manufacturing, has also fared comparatively well.

For more information about employment centers in the San Diego region, visit sandag.org.

---

*This map reflects data from the San Diego Workforce Partnership as of April 16, 2020. The San Diego Workforce Partnership receives Worker Adjustment and Retraining Notification (WARN) notices and other layoff notifications from employers across San Diego County. Not all businesses laying off workers are required to submit notices to the Workforce Partnership, so data reflected on this map does not represent all layoffs in San Diego County.*
Sectors with the Highest Impact

Prior to the COVID-19 pandemic, the tourism and retail sectors accounted for approximately 28% of the region’s employment with 447,900 jobs. Due to stay-at-home orders and social distancing guidelines, this sector is the most affected in the San Diego region.

Figure 3: Hospitality Layoffs by ZIP Code*

Of the top three sectors that drive the San Diego economy-innovation, military, and tourism—the tourism sector is the largest in terms of employment.

By definition, the tourism industry includes the hotel/motel (hospitality), arts and entertainment, and restaurant employment sectors. Travel to and from San Diego International Airport is down approximately 96%, which adds to the large impact to the tourism sector.

This series of maps breaks down these sectors to highlight the impact on the region.

As Figure 3 shows, the Downtown area suffered the most job losses in the hospitality sector.

*This map reflects data from San Diego Workforce Partnership as of April 16, 2020. The San Diego Workforce Partnership receives WARN notices and other layoff notifications from employers across San Diego County. Not all businesses laying off workers are required to submit notices to the Workforce Partnership, so data reflected on this map does not represent all layoffs in San Diego County.
Arts, entertainment, and recreation include key travel destinations and amusement parks that have closed to the public during the COVID-19 pandemic. Other businesses, including museums and theaters, remain closed to the public.

*This map reflects data from San Diego Workforce Partnership as of April 16, 2020. The San Diego Workforce Partnership receives WARN notices and other layoff notifications from employers across San Diego County. Not all businesses laying off workers are required to submit notices to the Workforce Partnership, so data reflected on this map does not represent all layoffs in San Diego County.
Restaurants throughout the region have been hard hit with in-store dining prohibited. Many restaurants have tried to remain open by serving food to go. Fine dining establishments may be suffering more as Quick-serve restaurants and mom and pop establishments have remained open for business and have adapted to the new social distancing guidelines.

The hardest hit areas seem to be Mission Valley (where many of the restaurants serve a business crowd), Downtown San Diego, and Little Italy. This sector may be slow to recover based on anticipated continuation of social distancing guidelines.

*This map reflects data from San Diego Workforce Partnership as of April 16, 2020. The San Diego Workforce Partnership receives WARN notices and other layoff notifications from employers across San Diego County. Not all businesses laying off workers are required to submit notices to the Workforce Partnership, so data reflected on this map does not represent all layoffs in San Diego County.
The retail sector - especially department stores, apparel stores, and home furnishing stores - have been significantly impacted. The concentration of these type of establishments in the Mission Valley and Fashion Valley areas makes these locations the most impacted in the region.

Many retailers that were previously struggling due to the growth of internet sales have seen their already small margins evaporate in a matter of days or weeks. Many of these stores may never reopen as the COVID-19 pandemic takes its toll on brick and mortar establishments.

*This map reflects data from San Diego Workforce Partnership as of April 16, 2020. The San Diego Workforce Partnership receives WARN notices and other layoff notifications from employers across San Diego County. Not all businesses laying off workers are required to submit notices to the Workforce Partnership, so data reflected on this map does not represent all layoffs in San Diego County.
Unemployment by Place of Residence

To date, roughly 300,000 new unemployment claims have been filed in San Diego County since the COVID-19 pandemic began. Information from Applied Geographic Solutions (AGS), Inc.’s weekly report released on April 20, 2020 includes estimates through April 11, 2020. For more information about the methodology, click here.

Residential areas with higher concentrations of workers in tourism, retail, or personal services are disproportionately affected. The hardest hit areas include the South Bay and Central San Diego. Between 22-27% of these areas’ residents are now unemployed. Areas that have fared better include Scripps Ranch, Rancho Bernardo, Sorrento Valley, Carmel Valley, Rancho Santa Fe, where unemployment rates have risen to around 17%.

As the new year began, approximately 1.7 million people were employed in San Diego region, and approximately 52,000 were classified as “unemployed”, which resulted in 3.0% unemployment. Economists consider 3.0% to be “full employment.”

The first stay-at-home (or shelter in place) orders began around March 15. Within two weeks, the unemployment rate in the San Diego region increased to 11.1%, then 16.6% a week later. These figures are expected to rise as more unemployment claims are filed in the next few weeks.

The following series of maps show estimated unemployment rates by ZIP Code in the San Diego region. ZIP Codes entirely within military bases were not mapped due to their unique employment characteristics.

In addition to the maps, a series of bar charts display the highest and lowest unemployment percentage estimates by ZIP Code. The green and orange bars highlight changes in the highest and lowest 10 from the previous week.

SANDAG has developed an interactive dashboard that helps visualize the data in this report.

SANDAG employs sophisticated geographic information systems to help policy-makers and planners make data-driven decisions. For more information about SANDAG mapping tools visit sandag.org.
Unemployment by Place of Residence

Figure 8: Estimated Unemployment by ZIP Code as of March 7, 2020

In early March 2020, the estimated average unemployment rate in the San Diego region was 3.3%. Some disadvantaged areas like San Ysidro (6.57%) and Logan Heights (6.36%) have historically had higher than average unemployment rates than most other areas in the region. Areas with the lowest unemployment rates include Hillcrest/Mission Hills (1.98%), Solana Beach (1.97%), Rancho Bernardo (1.82%), and Rancho Santa Fe (1.45%).

The bar chart below shows 10 ZIP Codes with the estimated highest and lowest unemployment rates before the COVID-19 pandemic.

The 10 ZIP Codes with the highest unemployment rates had an average unemployment rate of 5.7%, while the 10 ZIP Codes with the lowest unemployment rate averaged 2.0%.

Figure 9: Estimated Unemployment Rates by ZIP Code as of March 7, 2020

March 7, 2020 - Baseline Unemployment
One week into the stay-at-home order, the region started to experience unemployment rates that were similar to levels seen during the Great Recession. Average unemployment in the region rose to more than 11%, with some of the most impacted communities being Logan Heights (92113), San Ysidro (92173), Santa Ysabel (92070), Encanto (92114), and Chula Vista S (91911).

The bar chart below shows the 10 ZIP Codes with the estimated highest and lowest unemployment rates on March 28. Unemployment in the San Diego region increased to 11.1%. Average unemployment in the 10 ZIP codes with the highest rates increased to 13.5%.

City Heights (92105) and Delzura (91917) entered the group of ZIP Codes with the highest unemployment rates.

University City (92122), Scripps Ranch (92131), and Sorrento Valley (92121) fared better than most areas, still increasing to 9.0%, and joined the list of 10 ZIP Codes with the lowest unemployment rate.
Even the areas faring the best, such as Rancho Bernardo W, Sorrento Valley, Carmel Valley, Rancho Santa Fe, Scripps Ranch, and Chula Vista NE, posted unemployment rates in excess of 13%. The most impacted communities saw one out of five residents lose their jobs. More than 200,000 residents had filed for unemployment since mid-March.

The bar chart below shows the 10 ZIP Codes with the highest and lowest unemployment rates on April 4. Unemployment in the San Diego region increased to 16.61%.

The average unemployment in the 10 ZIP Codes with the highest rates increased to 19.3%.

The College area (92115) and National City (91950) enter the group of ZIP Codes with the highest unemployment rates this week. La Jolla (92037) joins the list of 10 ZIP Codes with the lowest unemployment rate, which averaged 13.7% for the least affected ZIP Codes in the region.
Nearly a month into the pandemic, the average unemployment rate in San Diego region was estimated to have reached 20.6%. The hardest hit communities saw rates as high as 26.6%. Even the lowest rates in the region exceeded 16%. More than 300,000 people had filed for unemployment benefits since mid-March.

The bar chart below shows the 10 ZIP Codes with the highest and lowest unemployment rates on April 11. Unemployment in the San Diego region increased to 20.6%.

The average unemployment in the 10 ZIP Codes with the highest rates increased to 23.6%. Golden Hill (92102) is added to the group of 10 ZIP Codes with the highest unemployment. Rancho Bernardo East (92128) fared better than most areas and joined the list of 10 ZIP Codes with the lowest unemployment rate. The areas with the lowest unemployment rates average 17.3%.