

CALIFORNIA ECONOMIC FORECAST

The state's official population in 2010 was 37.35 million people, and total wage and salary employment stood at just under 14.3 million jobs. California accounts for 12.1 percent of the U.S. population and 11.0 percent of the nation's non-farm wage and salary employment. The per capita income in California is \$42,998, and the average salary per worker is \$61,888.

In 2010, 178,508 total wage and salary jobs were lost in California, representing a decline in employment of 1.2 percent. Farm employment, which accounts for less than 3 percent of total employment in the state, rose by nearly 10,000 jobs or 2.6 percent. The unemployment rate increased to an annualized rate of 12.4 percent in 2010. Over the past 3 years, the state lost 1.3 million jobs, an 8.2 percent decline in the workforce.

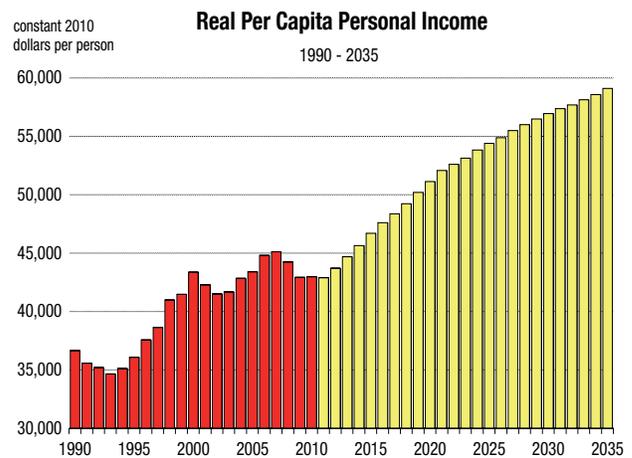
Aside from farm employment the only sectors with net job creation during 2010 were education and healthcare and professional services, which increased by 26,900 and 10,300 jobs, respectively. The largest employment losses were in the construction (-63,400 jobs), government (-52,500 jobs) manufacturing (-39,500 jobs), and financial activities (-23,200 jobs) sectors. 2010 was the tenth straight year of declining manufacturing employment; the sector has lost more than 600,000 jobs since 2000.

The population in California grew 10.0 percent between the 2000 and 2010 census. The fastest growing county in the state was Riverside, which grew by 41.7 percent; a total of 9 counties grew by over 20 percent in the past 10 years. Only 3 counties lost population between 2000 and 2010. Despite the weak economy over the past 3 years, net migration in California has been positive, with over 200,000 migrants entering the state.

Population growth is expected to increase through 2016, then gradually decline. Inland counties will dominate growth. The fastest growing areas in the state will be the Inland Empire, the San Joaquin Valley, and the Sacramento Valley.

FORECAST HIGHLIGHTS

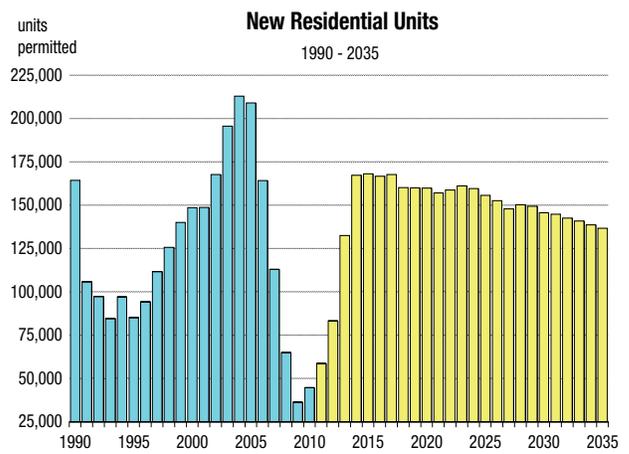
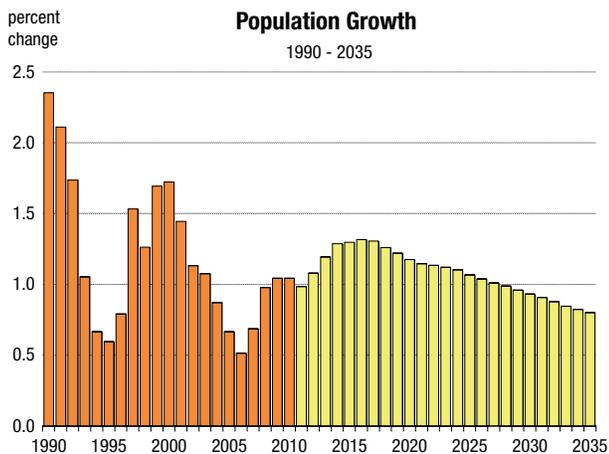
- Employment growth is positive in 2011, increasing by an estimated 1.7 percent. Between 2011 and 2016, a 2.6 percent average annual growth rate is forecast. Farm employment increases by just 0.3 percent per year during this period.
- Average salaries adjusted for inflation are forecast to decline 0.9 percent in 2011. Inflation adjusted salaries are expected to rise an average of 0.9 percent per year from 2011 to 2016.
- Between 2011 and 2016, job creation will occur primarily in healthcare and education, professional services, wholesale and retail trade, and leisure activities. These sectors account for 68 percent of all jobs created in the state over this time period.
- The population growth rate will increase slightly over the medium term, but never significantly exceeds one percent. Annual growth in the 2011 to 2016 period averages 1.2 percent per year.
- Net migration is forecast at 82,000 people in 2011. Over the next five years net migration is expected to average 172,600 net migrants per year.
- Real per capita income is forecast to decline 0.2 percent in 2011. Between 2011 and 2016 real per capita incomes are expected to rise an average of 2.1 percent per year.
- Total taxable sales, adjusted for inflation, are forecast to increase 3.3 percent in 2011. From 2011 to 2016 real taxable sales are forecast to increase by an average of 4.9 percent per year.
- Industrial production is forecast to increase 3.3 percent in 2011. Between 2011 and 2016 the growth rate of industrial production will average 2.9 percent per year. Total crop production, adjusted for inflation, is expected to rise an average of 0.5 percent per year between 2011 and 2016.



California Economic Forecast

2006-2010 History, 2011-2040 Forecast

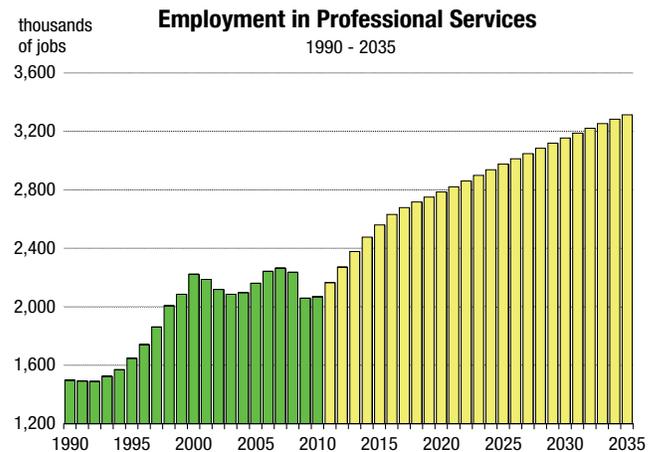
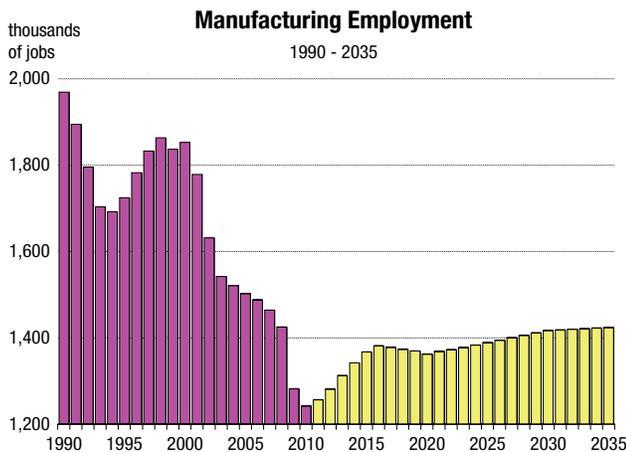
	Population (millions)	Net Migration (thousands)	Registered Vehicles (millions)	Households (millions)	New Homes Permitted (thousands)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	35.98	-129.6	33.3	12.4	164.3	\$554.3	\$1,481.6	\$44,802	3.2	34.9	303.7	4.9
2007	36.23	-82.6	33.0	12.5	113.0	\$557.0	\$1,554.3	\$45,127	3.4	39.2	304.6	5.3
2008	36.58	25.8	33.5	12.7	65.0	\$525.3	\$1,585.0	\$44,267	3.0	38.0	319.5	7.2
2009	36.97	78.2	33.3	12.7	36.4	\$456.2	\$1,566.0	\$42,925	0.8	38.3	309.7	11.3
2010	37.35	97.6	33.4	12.8	44.8	\$474.1	\$1,605.8	\$42,992	1.3	38.4	307.3	12.4
2011	37.72	82.3	32.7	12.8	58.8	\$505.6	\$1,671.2	\$42,901	3.3	39.7	317.6	11.7
2012	38.13	115.7	33.3	12.9	83.3	\$542.5	\$1,760.8	\$43,722	2.3	40.1	326.3	10.9
2013	38.58	159.3	34.1	13.0	132.5	\$582.7	\$1,865.0	\$44,732	2.3	40.3	337.0	9.7
2014	39.08	189.1	35.0	13.1	167.3	\$625.7	\$1,976.4	\$45,691	2.4	40.5	346.6	8.5
2015	39.59	193.4	35.8	13.2	168.1	\$670.1	\$2,090.9	\$46,729	2.1	40.4	356.4	7.4
2016	40.11	205.6	36.5	13.4	166.8	\$717.5	\$2,204.2	\$47,641	2.1	40.8	366.9	6.7
2017	40.63	206.6	37.1	13.5	167.7	\$760.6	\$2,316.0	\$48,418	2.1	41.0	377.2	6.3
2018	41.14	193.8	37.5	13.7	160.1	\$808.2	\$2,435.8	\$49,307	2.0	41.3	386.9	5.9
2019	41.65	188.2	37.9	13.8	160.0	\$858.5	\$2,563.7	\$50,320	1.9	41.7	396.3	5.6
2020	42.14	181.3	38.4	14.0	159.8	\$899.1	\$2,690.1	\$51,296	1.7	41.5	406.3	5.4
2021	42.62	182.3	38.8	14.1	157.1	\$942.7	\$2,820.3	\$52,280	1.7	41.2	418.9	5.4
2022	43.10	184.3	39.2	14.2	158.7	\$989.4	\$2,945.2	\$52,826	2.2	41.7	430.1	5.4
2023	43.59	186.3	39.6	14.4	161.2	\$1,035.1	\$3,073.9	\$53,374	2.2	42.0	441.4	5.4
2024	44.07	186.3	40.1	14.5	159.6	\$1,084.4	\$3,214.5	\$54,065	2.1	42.5	453.5	5.4
2025	44.54	178.4	40.5	14.7	155.8	\$1,140.9	\$3,352.3	\$54,633	2.1	42.8	465.7	5.4
2026	45.00	172.4	40.9	14.8	152.6	\$1,195.7	\$3,488.6	\$55,117	2.1	43.0	478.7	5.4
2027	45.46	167.4	41.3	14.9	147.9	\$1,250.9	\$3,637.6	\$55,739	2.1	43.1	493.1	5.4
2028	45.91	164.4	41.7	15.1	150.3	\$1,308.6	\$3,787.4	\$56,276	2.1	43.4	507.9	5.3
2029	46.35	158.5	42.1	15.2	149.4	\$1,368.7	\$3,939.6	\$56,780	2.1	43.5	522.9	5.3
2030	46.78	153.5	42.5	15.3	145.7	\$1,432.7	\$4,094.4	\$57,239	2.1	43.3	538.5	5.3
2031	47.20	148.5	42.9	15.5	144.9	\$1,496.1	\$4,252.3	\$57,662	2.2	43.0	554.3	5.3
2032	47.62	141.5	43.2	15.6	142.6	\$1,561.3	\$4,407.2	\$57,976	2.2	43.6	570.7	5.3
2033	48.02	132.6	43.6	15.7	140.9	\$1,630.6	\$4,575.4	\$58,427	2.1	44.2	587.4	5.3
2034	48.42	128.6	44.0	15.8	138.7	\$1,703.5	\$4,751.4	\$58,885	2.2	44.6	604.6	5.3
2035	48.81	124.6	44.4	16.0	136.7	\$1,776.7	\$4,936.2	\$59,409	2.2	44.7	622.3	5.3
2036	49.18	110.7	44.8	16.1	134.7	\$1,854.9	\$5,124.9	\$59,932	2.1	45.4	640.5	5.3
2037	49.54	109.7	45.1	16.2	132.4	\$1,937.4	\$5,322.2	\$60,472	2.2	45.8	659.1	5.3
2038	49.90	103.7	45.5	16.3	130.4	\$2,022.6	\$5,528.6	\$61,071	2.1	45.2	678.3	5.3
2039	50.25	98.8	45.9	16.4	128.2	\$2,112.1	\$5,742.3	\$61,699	2.1	45.7	697.9	5.3
2040	50.59	95.8	46.3	16.5	125.9	\$2,205.7	\$5,960.9	\$62,336	2.1	46.0	718.8	5.3

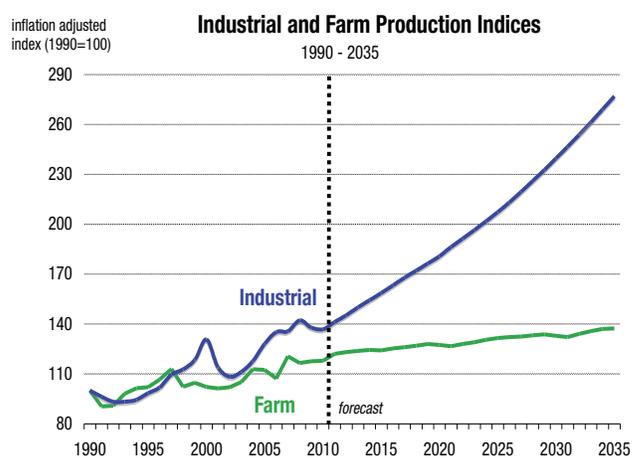
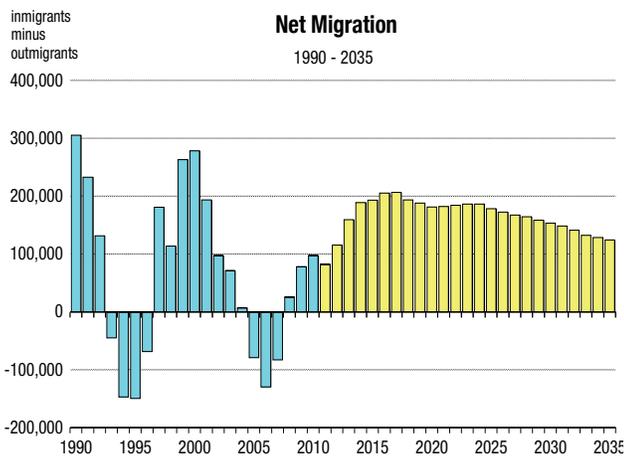
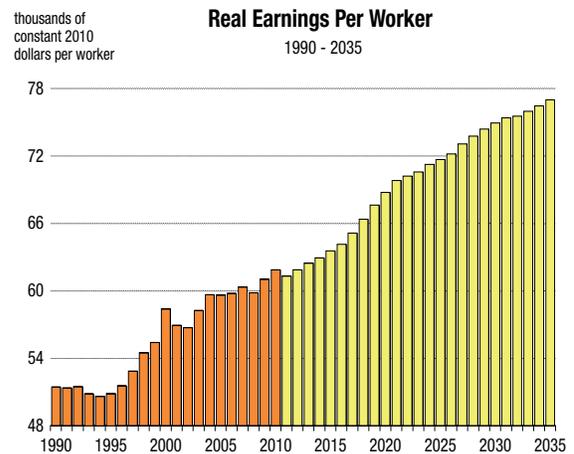
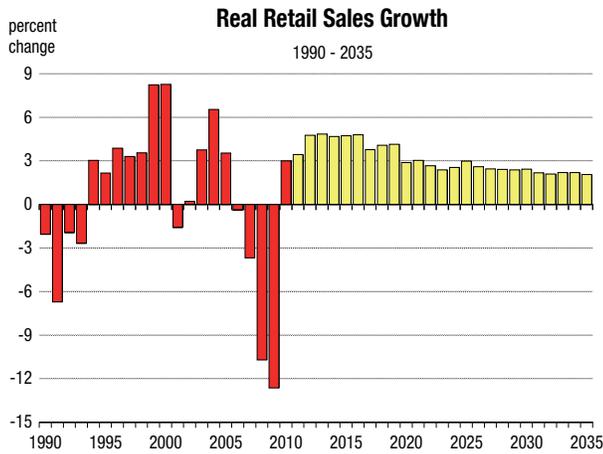


California Employment Forecast

2006-2010 History, 2011-2040 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
2006	15,436	375	934	1,488	496	2,383	928	2,242	466	1,621	1,519	2,452
2007	15,558	384	893	1,464	508	2,405	897	2,265	471	1,678	1,560	2,495
2008	15,370	389	788	1,425	505	2,344	842	2,237	476	1,733	1,573	2,519
2009	14,457	372	623	1,282	474	2,168	783	2,059	440	1,760	1,503	2,480
2010	14,278	382	560	1,242	465	2,152	760	2,069	429	1,787	1,494	2,427
2011	14,514	384	565	1,256	474	2,194	761	2,166	453	1,834	1,531	2,382
2012	14,861	386	569	1,281	490	2,271	778	2,271	474	1,867	1,568	2,371
2013	15,314	388	576	1,312	505	2,384	807	2,378	497	1,901	1,607	2,400
2014	15,775	389	585	1,342	522	2,507	826	2,478	516	1,943	1,656	2,431
2015	16,197	389	598	1,367	537	2,612	837	2,561	536	1,986	1,711	2,461
2016	16,542	389	610	1,381	550	2,700	847	2,631	549	2,024	1,757	2,484
2017	16,784	386	630	1,378	560	2,752	857	2,679	556	2,055	1,796	2,505
2018	16,989	381	644	1,374	572	2,783	865	2,717	562	2,087	1,829	2,532
2019	17,198	379	665	1,370	582	2,811	874	2,751	568	2,122	1,859	2,564
2020	17,401	379	689	1,363	593	2,836	882	2,785	573	2,153	1,885	2,599
2021	17,610	378	709	1,368	604	2,861	889	2,820	577	2,183	1,908	2,635
2022	17,815	379	727	1,373	614	2,886	895	2,861	582	2,213	1,930	2,668
2023	18,023	379	744	1,378	624	2,913	902	2,900	588	2,242	1,952	2,700
2024	18,228	379	762	1,384	631	2,939	910	2,939	594	2,271	1,973	2,731
2025	18,427	379	779	1,389	636	2,964	919	2,976	601	2,301	1,992	2,761
2026	18,613	379	795	1,395	640	2,985	929	3,013	608	2,330	2,012	2,787
2027	18,808	379	810	1,400	647	3,011	939	3,048	615	2,359	2,033	2,815
2028	19,005	380	824	1,406	654	3,039	950	3,085	623	2,387	2,053	2,843
2029	19,201	380	838	1,412	660	3,070	960	3,121	631	2,415	2,074	2,871
2030	19,385	380	850	1,417	666	3,095	970	3,155	638	2,441	2,095	2,900
2031	19,572	380	861	1,419	670	3,126	980	3,188	645	2,470	2,116	2,928
2032	19,758	380	872	1,420	675	3,155	990	3,221	653	2,499	2,137	2,957
2033	19,948	380	883	1,421	679	3,188	1,001	3,254	660	2,530	2,158	2,986
2034	20,135	381	894	1,423	683	3,219	1,011	3,284	667	2,561	2,180	3,016
2035	20,322	381	906	1,424	687	3,250	1,021	3,314	674	2,594	2,202	3,046
2036	20,507	381	917	1,426	691	3,279	1,032	3,342	682	2,626	2,224	3,076
2037	20,690	381	929	1,427	695	3,308	1,043	3,367	689	2,660	2,246	3,107
2038	20,873	382	941	1,429	698	3,335	1,053	3,392	697	2,693	2,269	3,137
2039	21,055	382	953	1,430	701	3,361	1,064	3,418	704	2,728	2,292	3,168
2040	21,239	382	965	1,431	705	3,386	1,075	3,442	712	2,763	2,315	3,200





State Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	26.3 %
Expected job growth:	14.0 %
Fastest growing jobs sector:	Wholesale Trade
Expected personal income growth:	18.1 %

Expected population growth:	6.3 %
Net migration to account for:	36.1 %
Expected growth in number of vehicles:	11.7 %

Demographics (2011)

Unemployment rate (July 2011):	12.1 %
County Rank* in California (58 counties):	N/A
Working age (16-64) population:	65.8 %

Population with B.A. Degree or higher:	29.8 %
Median Home Selling Price:	\$304,483
Median Household Income:	\$58,551

Quality of Life

Violent Crime rate (2009):	456 per 100,000 persons
County Rank* in California (58 counties):	N/A
Average Commute Time to work (2011):	28.4 minutes

High School drop out rate (2009):	21.5 %
Households at/below poverty line:	10.1 %

* The county ranked 1st corresponds to the lowest rate in California