

SONOMA COUNTY ECONOMIC FORECAST

Sonoma County is the northernmost county in the San Francisco Bay Area. Although not as famous as its neighbor to the east, Sonoma County actually produces more wine grapes than Napa County. The county thrived in the late 1990s when technology was booming, but conditions turned negative in the dotcom bust in 2000. The county has not yet recovered all of the jobs lost in 2001 and 2002, but is likely to do so by 2007. Sonoma County has a population of 480,000 people and more than 195,000 wage and salary jobs. The per capita income in Sonoma County is \$42,240, and the average salary per worker is \$48,060. Median family income in 2007 is \$74,500.

Employment growth in Northern California was strong in 2006, compared to the previous five years. Employment in the greater Bay Area increased by 1.9 percent last year. In 2006, 3,000 jobs were created in Sonoma County, representing a growth rate of 1.5 percent. The unemployment rate declined sharply to 4.0 percent in 2006.

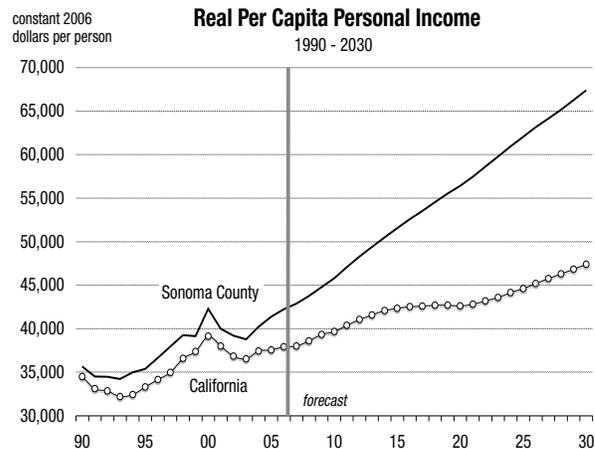
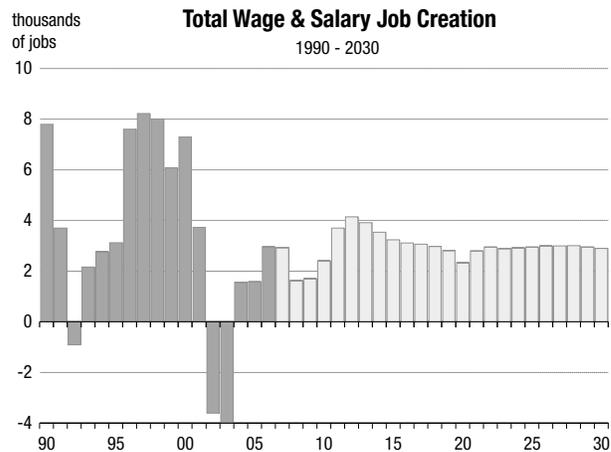
Professional services added 1,600 jobs in 2006, accounting for the majority of job growth. Employment in manufacturing continued to decline, shrinking by 550 jobs. Manufacturing employment peaked in 2001 with 30,400 jobs, but since then has declined by nearly 7,500 jobs.

The population continues to grow in Sonoma County, but the growth rate is modest at 0.7 percent. The fastest growing cities in the county during calendar 2006 were Cotati and Windsor, growing 2.3 and 1.8 percent respectively.

Employment growth will moderate in Sonoma County in 2008 and 2009, in line with the state. In 2010, the county will return to healthier levels of job creation, but population growth is forecast to remain slow in all years.

FORECAST HIGHLIGHTS

- Employment will rise at the rate of 1.5 percent in 2007. Over the next five years, the annual growth rate is expected to average 1.2 percent per year.
- Average salaries adjusted for inflation are currently below the California average, but are increasing at a faster rate than the state average. Real average salaries are forecast to rise an average of 1.3 percent per year over the next 5 years.
- The momentum for employment growth is in professional services, trade, leisure services, education and healthcare services, and government. These sectors account for almost all of the job growth in the county during the forecast period. The manufacturing and construction sectors will shed a combined 2,500 jobs over the next five years.

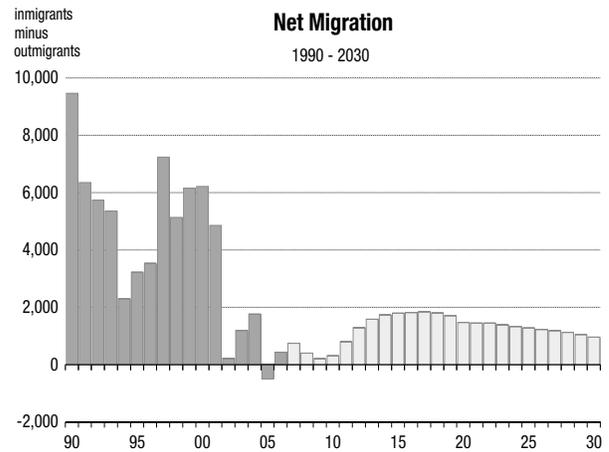
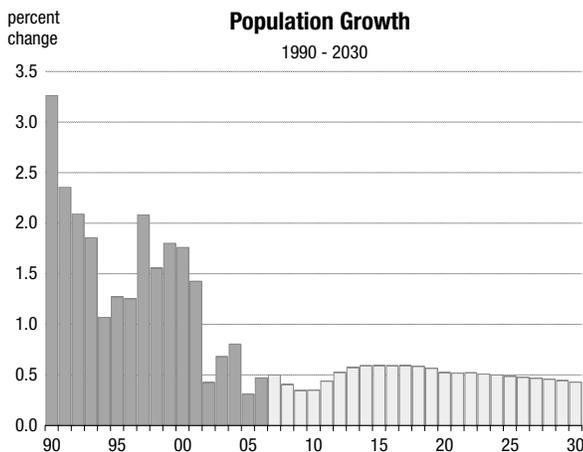


- The population will grow at a rate of 0.5 percent in 2007. Annual growth in the 2007 to 2011 period is forecast to be 0.4 percent.
- Net migration is expected to be nearly 750 people in 2007. Over the next five years net migration is expected to average 500 migrants each year.
- Real per capita incomes increase at a rate of 1.5 percent in 2007. Over the next five years real per capita incomes are forecast to increase 2.2 percent per year.
- Total taxable sales are expected to increase by an average of 5.1 percent over the next five years.
- Industrial production is forecast to increase 6.0 percent in 2007. Over the next five years the growth rate of industrial production will average 3.2 percent per year.

Sonoma County Economic Forecast

1997-2006 History, 2007-2030 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	438,615	7,244	389.8	163.8	2,121	\$5.0	\$12.7	\$37,956	3.4	662.5	2.88	3.9
1998	445,444	5,140	417.3	165.3	2,964	\$5.4	\$13.8	\$39,249	3.2	574.2	3.16	3.3
1999	453,470	6,162	431.3	167.2	3,052	\$6.0	\$14.6	\$39,146	4.2	586.7	3.45	2.7
2000	461,464	6,221	453.6	172.4	2,555	\$6.8	\$16.8	\$42,277	4.5	687.4	3.87	3.3
2001	468,038	4,864	467.6	174.2	2,579	\$6.8	\$17.0	\$40,003	5.4	644.4	3.36	3.7
2002	470,039	218	474.8	176.1	1,835	\$6.7	\$17.0	\$39,188	1.6	613.1	3.19	5.1
2003	473,238	1,198	466.4	178.1	2,339	\$6.8	\$17.2	\$38,778	1.8	545.3	3.24	5.5
2004	477,047	1,765	489.8	179.6	1,941	\$7.2	\$18.2	\$40,218	1.2	554.4	3.24	5.0
2005	478,547	-495	480.8	180.9	3,003	\$7.6	\$19.2	\$41,376	2.0	658.6	3.17	5.2
2006	480,805	437	483.1	182.7	1,956	\$7.9	\$20.3	\$42,240	3.3	640.7	3.19	4.0
2007	483,210	748	485.9	184.4	2,183	\$8.3	\$21.3	\$42,889	2.9	645.1	3.38	4.0
2008	485,172	408	489.1	186.4	1,872	\$8.7	\$22.3	\$43,750	2.0	648.0	3.50	4.3
2009	486,853	208	492.2	188.2	1,778	\$9.2	\$23.3	\$44,776	2.0	650.9	3.58	4.4
2010	488,571	309	495.2	189.9	1,911	\$9.6	\$24.6	\$45,783	2.5	652.4	3.64	4.3
2011	490,723	798	498.0	191.7	2,004	\$10.2	\$26.0	\$47,059	2.4	653.9	3.74	4.2
2012	493,309	1,288	500.8	193.5	2,069	\$10.7	\$27.4	\$48,277	2.2	655.3	3.83	4.1
2013	496,143	1,589	503.6	195.5	2,023	\$11.3	\$28.8	\$49,392	2.3	656.4	3.93	4.2
2014	499,081	1,739	506.5	197.4	1,979	\$11.8	\$30.3	\$50,504	2.3	657.1	4.03	4.2
2015	502,047	1,797	509.3	199.2	1,926	\$12.4	\$31.9	\$51,548	2.6	657.4	4.09	4.3
2016	505,026	1,822	511.9	201.0	1,881	\$13.0	\$33.7	\$52,590	2.7	657.2	4.18	4.4
2017	508,030	1,845	514.4	202.8	1,871	\$13.6	\$35.4	\$53,526	2.7	656.5	4.28	4.4
2018	511,008	1,807	516.8	204.5	1,835	\$14.1	\$37.2	\$54,537	2.5	654.7	4.41	4.4
2019	513,909	1,709	519.2	206.2	1,791	\$14.7	\$39.0	\$55,538	2.5	652.7	4.53	4.4
2020	516,600	1,474	521.4	207.9	1,701	\$15.2	\$40.8	\$56,417	2.5	651.4	4.61	4.5
2021	519,292	1,451	523.1	209.5	1,832	\$15.8	\$42.8	\$57,449	2.4	650.6	4.66	4.4
2022	522,001	1,448	524.5	211.2	1,915	\$16.6	\$45.0	\$58,614	2.5	650.4	4.68	4.4
2023	524,670	1,393	525.7	213.0	1,952	\$17.3	\$47.3	\$59,772	2.5	650.3	4.70	4.4
2024	527,293	1,337	526.7	214.8	1,994	\$18.1	\$49.6	\$60,929	2.3	650.5	4.75	4.4
2025	529,868	1,283	527.6	216.7	2,024	\$19.0	\$51.9	\$62,039	2.4	650.6	4.80	4.4
2026	532,406	1,236	528.4	218.6	2,053	\$19.9	\$54.4	\$63,160	2.4	650.9	4.85	4.4
2027	534,907	1,187	529.1	220.5	2,089	\$20.8	\$56.9	\$64,133	2.5	651.1	4.91	4.3
2028	537,366	1,131	529.7	222.5	2,116	\$21.8	\$59.6	\$65,170	2.7	651.5	5.00	4.3
2029	539,762	1,052	530.4	224.5	2,109	\$22.9	\$62.5	\$66,261	2.7	651.7	5.12	4.3
2030	542,084	963	531.1	226.4	2,106	\$24.0	\$65.5	\$67,400	2.6	652.1	5.24	4.3



Sonoma County Employment Forecast

1997-2006 History, 2007-2030 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)-----												
1997	171.6	6.18	9.4	25.9	4.3	28.0	9.0	17.6	3.1	19.9	16.6	25.2
1998	179.6	6.54	10.1	28.3	4.2	28.8	9.4	18.8	3.4	20.7	17.1	25.6
1999	185.7	6.41	11.9	29.2	4.1	29.1	10.0	19.5	3.6	21.1	17.5	26.6
2000	193.0	6.89	13.1	30.2	4.1	29.5	10.2	20.6	4.1	22.0	17.9	27.6
2001	196.7	6.95	13.7	30.4	4.0	30.1	10.4	20.0	4.5	22.9	18.7	28.0
2002	193.1	6.54	13.3	27.3	4.1	30.0	10.3	19.0	4.2	23.3	19.7	28.4
2003	189.1	5.87	13.0	25.3	3.8	30.0	10.3	19.0	4.0	22.7	19.9	28.5
2004	190.7	5.73	13.7	24.2	3.9	30.3	10.0	19.6	4.3	22.5	20.2	29.7
2005	192.3	5.81	14.2	23.5	3.7	31.1	9.8	20.4	3.7	22.8	20.5	30.4
2006	195.2	5.83	14.9	23.0	4.0	31.2	9.8	22.1	3.4	23.2	20.7	30.8
2007	198.1	5.86	14.5	23.3	4.0	31.6	9.9	22.8	3.4	23.8	21.2	31.3
2008	199.8	5.86	14.0	23.0	4.0	32.0	9.9	23.3	3.4	24.3	21.6	31.8
2009	201.5	5.89	13.7	22.5	4.0	32.2	10.0	24.0	3.5	24.8	22.0	32.4
2010	203.9	5.91	13.5	22.0	4.0	32.5	10.0	25.1	3.6	25.3	22.3	33.0
2011	207.6	5.92	13.4	21.9	4.0	32.8	10.0	26.4	3.7	26.3	22.6	33.6
2012	211.7	5.93	13.5	21.7	4.0	33.0	10.1	27.7	3.9	27.6	22.9	34.3
2013	215.7	5.95	13.6	21.6	4.0	33.3	10.1	28.8	4.0	29.0	23.2	35.0
2014	219.2	5.96	13.7	21.3	4.0	33.5	10.1	29.8	4.1	30.3	23.4	35.6
2015	222.4	5.98	13.8	20.9	4.0	33.7	10.2	30.6	4.3	31.6	23.7	36.3
2016	225.5	5.99	13.8	20.7	4.0	33.9	10.2	31.1	4.4	32.8	24.0	37.0
2017	228.6	5.98	13.8	20.5	4.0	34.1	10.2	31.6	4.5	34.0	24.3	37.7
2018	231.6	5.99	13.8	20.4	4.0	34.3	10.3	32.1	4.6	35.2	24.6	38.4
2019	234.4	6.00	13.7	20.3	4.0	34.5	10.3	32.6	4.7	36.3	24.8	39.1
2020	236.7	6.00	13.6	20.0	4.0	34.6	10.4	33.1	4.8	37.3	24.8	39.8
2021	239.5	6.00	13.5	19.7	4.0	34.8	10.4	33.6	4.8	38.6	25.0	40.5
2022	242.5	6.01	13.6	19.4	4.0	35.0	10.4	34.1	4.9	40.0	25.1	41.2
2023	245.4	6.00	13.7	19.1	4.0	35.2	10.5	34.6	5.0	41.2	25.2	42.0
2024	248.3	6.02	13.8	18.9	4.0	35.3	10.5	35.1	5.1	42.4	25.3	42.7
2025	251.3	6.03	14.0	18.7	4.0	35.5	10.5	35.6	5.1	43.5	25.4	43.5
2026	254.3	6.03	14.1	18.6	4.0	35.7	10.6	36.1	5.2	44.5	25.5	44.2
2027	257.3	6.04	14.3	18.6	4.0	35.9	10.6	36.7	5.2	45.5	25.7	45.0
2028	260.3	6.04	14.4	18.7	4.0	36.0	10.6	37.1	5.3	46.3	25.9	45.8
2029	263.2	6.05	14.6	18.8	4.0	36.2	10.7	37.6	5.4	47.1	26.1	46.6
2030	266.1	6.06	14.7	19.0	4.0	36.3	10.7	38.0	5.4	47.8	26.3	47.5

