

KERN COUNTY ECONOMIC FORECAST

Kern County is located at the southern end of California's Central Valley, just north of Los Angeles County. Agriculture is a vital component of the county economy, and total crop value consistently ranks in the top five of the most productive counties in the nation. Kern County has a population of nearly 837,000 people, together with 283,000 wage and salary jobs. The per capita income in Kern County is \$27,306, which is lower than the California state average. The average salary per worker in 2009 was \$46,970.

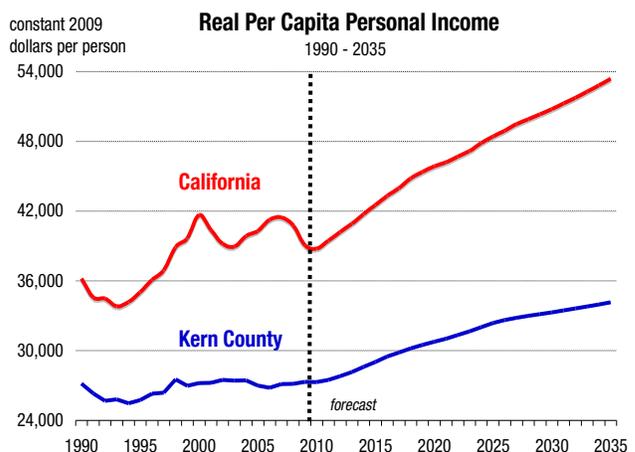
Economic growth in Southern California declined sharply in 2008 and 2009 and job losses were the largest on record. During 2009, over 4,200 total jobs were lost in Kern County, representing an employment decline of -1.5 percent. The non-farm job decline was -1.9 percent. The unemployment rate increased to 14.9 percent.

Employment in the construction sector fell by nearly 1,800 workers, a decline of 11 percent. The contraction was due primarily to a decline in new home production (down 81 percent from peak in 2005). Retail trade lost nearly 1,000 jobs as consumers, fearful of job losses, cut spending. Small increases in employment were observed in the farm, natural resources, transportation warehousing and utilities, education and healthcare, and government sectors. Farm jobs are expected to increase only slightly over the forecast period, and will decline as a share of total wage and salary jobs.

Between 2008 and 2009, the population grew at a rate of 1.6 percent in Kern County. The largest city is Bakersfield, which accounts for over 40 percent of the county population. Bakersfield's population rose 1.9 percent from January 2008 to January 2009. Most of the job base in the county is located in Bakersfield.

FORECAST HIGHLIGHTS

- Non-farm job growth is expected to be slightly positive in 2010, increasing 0.5 percent. Total wage and salary job growth is expected to average 1.9 percent per year between 2010 and 2015.
- Average salaries adjusted for inflation are currently well below the California state average, and will remain so over the forecast horizon. Real average salaries rise an average of 0.9 percent per year from 2010 to 2015.
- Over the next five years, total employment is expected to rise more than 10 percent. Professional and business services, construction, and transportation warehousing and utilities all grow by over 20 percent. Together these sectors create nearly 13,000 jobs, or 42 percent of all new jobs.
- Population growth slows to 1.4 percent in 2010, but is expected to accelerate to 2 percent again by 2012. The county will remain one of the faster growing areas of the state. Annual growth in



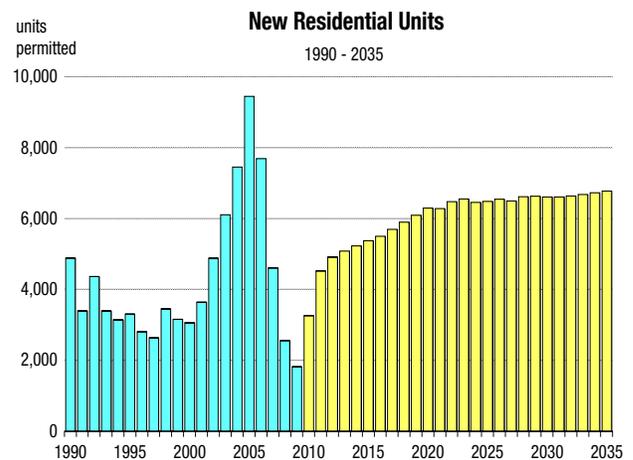
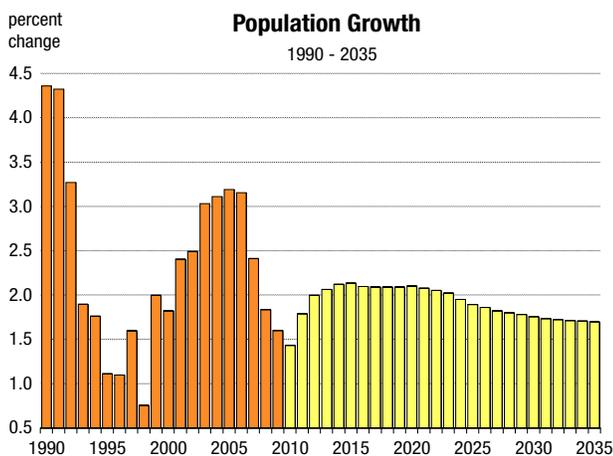
the 2010 to 2015 period is expected to average 2.0 percent per year.

- From 2010 to 2015 net migration will be rising again as more job creation occurs. An average of 6,200 net migrants enter the county per year from 2010 to 2015.
- Real per capita incomes decline at a rate of 0.1 percent in 2010. An annual compound rate of growth of 1.2 percent is forecast from 2010 to 2015.
- Total taxable sales are expected to increase by an average of 3.2 percent per year between 2010 and 2015.
- Industrial production is expected to increase 1.3 percent in 2010. From 2010 to 2015, the growth rate of industrial production is expected to average 2.7 percent per year.
- Farm production is forecast to increase by 0.1 percent per year between 2010 and 2015. The principal farm product in the county is dairy products.

Kern County Economic Forecast

2002-2009 History, 2010-2035 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 (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2002	698,264	9,991	561	215	4,881	\$7.6	\$15.6	\$27,470	2.8	3.18	4.7	9.8
2003	719,432	13,865	571	219	6,112	\$8.0	\$16.5	\$27,416	2.6	2.96	5.5	10.3
2004	741,819	14,676	618	224	7,455	\$9.1	\$17.6	\$27,430	3.3	3.64	6.2	9.9
2005	765,499	15,168	640	230	9,450	\$10.7	\$18.6	\$26,985	4.5	3.93	7.1	8.4
2006	789,655	15,039	669	237	7,691	\$12.0	\$19.9	\$26,808	4.3	3.69	8.6	7.6
2007	808,700	9,362	672	244	4,608	\$11.9	\$21.3	\$27,124	3.3	4.21	8.6	8.2
2008	823,550	4,805	676	249	2,558	\$12.2	\$22.5	\$27,148	3.5	4.01	9.4	9.8
2009	836,734	2,798	673	252	1,820	\$11.4	\$22.8	\$27,306	-0.8	3.89	8.8	14.9
2010	848,730	1,732	677	255	3,264	\$11.4	\$23.6	\$27,287	1.8	3.92	9.0	15.9
2011	863,913	4,777	684	258	4,527	\$11.7	\$24.8	\$27,476	2.4	3.92	9.2	14.6
2012	881,179	6,675	693	262	4,918	\$12.3	\$26.1	\$27,786	2.2	3.93	9.5	13.5
2013	899,356	7,426	704	266	5,083	\$13.1	\$27.6	\$28,162	2.4	3.94	9.7	12.3
2014	918,430	8,148	717	271	5,232	\$14.0	\$29.2	\$28,597	2.3	3.94	9.9	11.1
2015	938,042	8,528	732	276	5,373	\$15.0	\$31.0	\$29,033	2.4	3.94	10.3	10.3
2016	957,703	8,474	747	281	5,501	\$16.0	\$32.8	\$29,490	2.3	3.95	10.5	9.7
2017	977,719	8,767	763	286	5,695	\$17.1	\$34.7	\$29,836	2.3	3.94	10.8	9.5
2018	998,161	9,172	780	291	5,902	\$18.0	\$36.6	\$30,192	2.3	3.95	11.1	9.3
2019	1,019,026	9,601	797	297	6,093	\$19.1	\$38.6	\$30,486	2.3	3.96	11.5	9.1
2020	1,040,449	10,217	814	302	6,297	\$20.2	\$40.6	\$30,759	2.2	3.96	12.1	9.0
2021	1,062,068	10,445	832	308	6,284	\$21.4	\$42.8	\$31,008	2.7	3.95	12.5	9.0
2022	1,083,874	10,701	850	314	6,476	\$22.5	\$45.4	\$31,335	2.8	3.96	12.9	9.0
2023	1,105,798	10,888	868	320	6,555	\$23.6	\$48.0	\$31,658	2.7	3.96	13.3	8.9
2024	1,127,387	10,619	887	326	6,457	\$24.8	\$50.7	\$32,011	2.5	3.97	13.8	8.9
2025	1,148,731	10,450	907	332	6,482	\$26.1	\$53.5	\$32,367	2.6	3.97	14.3	8.8
2026	1,170,105	10,507	926	338	6,545	\$27.4	\$56.3	\$32,631	2.7	3.97	14.8	8.8
2027	1,191,417	10,448	946	344	6,497	\$28.8	\$59.2	\$32,828	2.7	3.98	15.3	8.8
2028	1,212,867	10,562	965	350	6,617	\$30.2	\$62.3	\$32,983	2.9	3.97	15.8	8.7
2029	1,234,468	10,663	985	356	6,634	\$31.7	\$65.4	\$33,134	2.9	3.98	16.4	8.6
2030	1,256,152	10,648	1,004	362	6,614	\$33.2	\$68.7	\$33,289	2.8	3.99	17.0	8.5
2031	1,277,927	10,560	1,024	369	6,610	\$34.8	\$72.2	\$33,452	2.8	3.99	17.6	8.4
2032	1,299,936	10,585	1,043	375	6,639	\$36.4	\$75.8	\$33,622	2.8	3.99	18.2	8.4
2033	1,322,202	10,628	1,062	381	6,679	\$38.1	\$79.6	\$33,795	2.8	3.99	18.8	8.5
2034	1,344,760	10,703	1,081	387	6,730	\$39.9	\$83.6	\$33,972	2.8	3.99	19.5	8.6
2035	1,367,600	10,768	1,101	393	6,776	\$41.8	\$87.8	\$34,153	2.8	3.99	20.2	8.7

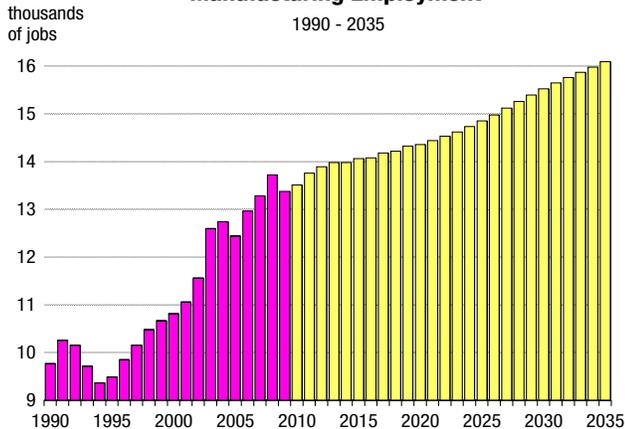


Kern County Employment Forecast

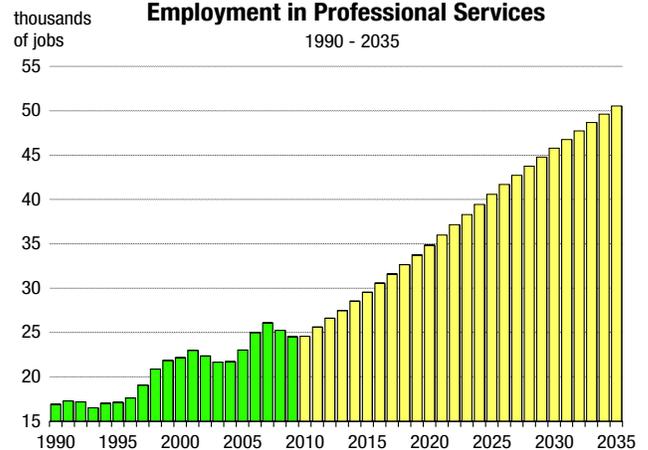
2002-2009 History, 2010-2035 Forecast

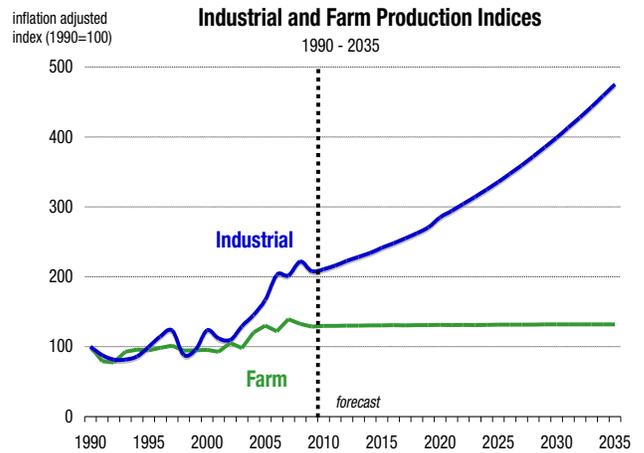
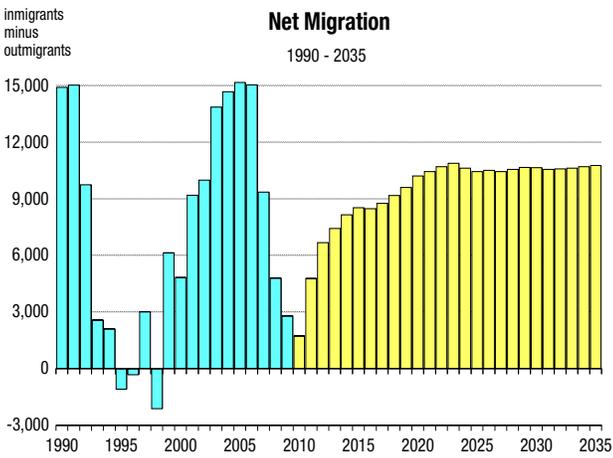
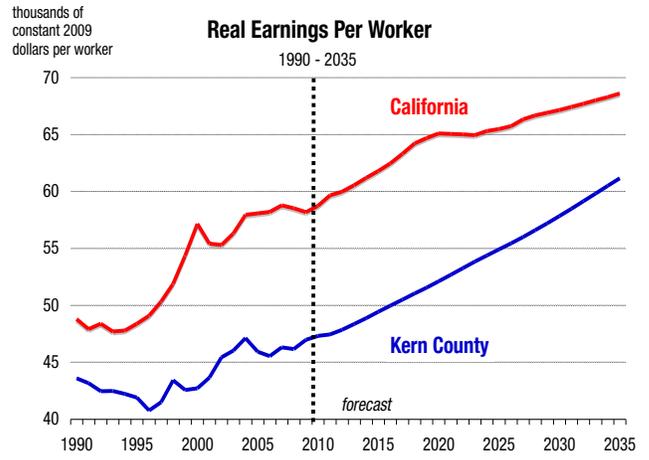
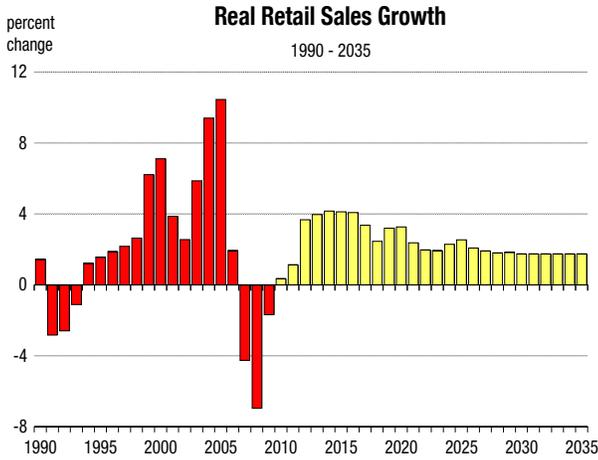
	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
2002	245.5	40.4	13.3	11.6	8.3	30.7	8.0	22.4	2.5	20.7	17.6	55.2
2003	249.0	41.9	13.6	12.6	8.7	30.9	8.3	21.7	2.5	21.3	18.0	54.5
2004	251.3	39.5	15.4	12.7	8.8	32.3	8.6	21.7	2.5	21.6	19.0	54.0
2005	266.5	44.4	18.2	12.4	9.2	34.4	8.7	23.0	2.5	22.2	20.1	55.8
2006	278.6	45.3	20.0	13.0	9.4	36.9	9.0	25.0	2.7	23.0	20.7	57.7
2007	284.3	45.6	18.4	13.3	9.6	36.9	9.1	26.1	2.8	24.5	21.5	60.0
2008	287.5	49.3	16.2	13.7	9.6	35.3	8.9	25.3	3.0	25.5	21.6	61.5
2009	283.2	49.6	14.5	13.4	9.6	33.7	8.3	24.5	2.8	26.0	21.1	61.7
2010	284.7	49.9	15.8	13.5	9.7	33.3	8.2	24.6	2.8	26.2	21.6	60.7
2011	290.8	50.0	17.8	13.8	10.0	32.9	8.2	25.6	2.9	26.7	22.2	61.0
2012	295.8	50.2	18.6	13.9	10.4	33.1	8.4	26.6	2.9	27.5	22.7	61.5
2013	301.3	50.4	19.2	14.0	10.8	33.7	8.4	27.5	2.9	28.2	23.3	62.6
2014	307.3	50.6	19.8	14.0	11.2	34.6	8.5	28.5	3.0	29.0	23.9	63.9
2015	313.4	50.7	20.2	14.1	11.7	35.5	8.6	29.6	3.0	29.9	24.6	65.3
2016	319.5	50.9	20.6	14.1	12.0	36.6	8.6	30.6	3.0	30.8	25.2	66.8
2017	325.7	50.9	21.0	14.2	12.3	37.6	8.7	31.6	3.0	31.8	25.9	68.4
2018	331.7	51.0	21.4	14.2	12.7	38.4	8.7	32.7	3.0	32.9	26.5	69.9
2019	338.0	51.1	21.7	14.3	13.1	39.2	8.8	33.8	3.0	34.2	27.2	71.3
2020	344.3	51.2	22.0	14.4	13.4	40.2	8.8	34.9	3.0	35.5	27.8	72.8
2021	350.3	51.3	22.0	14.4	13.9	41.0	8.8	36.0	3.1	36.9	28.3	74.1
2022	356.4	51.3	22.3	14.5	14.3	41.6	8.9	37.2	3.1	38.3	28.9	75.5
2023	362.3	51.4	22.4	14.6	14.7	42.2	9.0	38.3	3.1	39.7	29.3	76.8
2024	368.0	51.5	22.3	14.7	15.1	42.8	9.1	39.5	3.1	41.1	29.8	78.0
2025	373.9	51.5	22.4	14.9	15.5	43.6	9.2	40.6	3.1	42.5	30.2	79.2
2026	379.6	51.6	22.5	15.0	15.8	44.3	9.3	41.7	3.1	43.8	30.7	80.5
2027	385.0	51.7	22.4	15.1	16.1	44.9	9.5	42.7	3.1	45.1	31.1	81.7
2028	390.4	51.7	22.5	15.3	16.4	45.5	9.6	43.8	3.1	46.3	31.6	82.9
2029	395.7	51.8	22.5	15.4	16.7	46.1	9.7	44.8	3.1	47.3	32.1	84.1
2030	401.0	51.9	22.5	15.5	17.0	46.6	9.8	45.8	3.1	48.4	32.6	85.3
2031	406.3	51.9	22.6	15.6	17.4	47.2	9.9	46.8	3.1	49.3	33.3	86.6
2032	411.6	52.0	22.7	15.8	17.7	47.8	10.1	47.7	3.1	50.2	33.9	87.9
2033	417.0	52.0	22.7	15.9	18.0	48.3	10.2	48.7	3.1	51.1	34.6	89.2
2034	422.4	52.1	22.8	16.0	18.3	48.9	10.3	49.6	3.1	52.0	35.3	90.5
2035	427.8	52.1	22.9	16.1	18.7	49.6	10.4	50.5	3.1	52.8	36.1	91.9

Manufacturing Employment



Employment in Professional Services





County Economic and Demographic Indicators

Projected Economic Growth (2010-2015)

Expected retail sales growth:	18.3%
Expected job growth:	10.1%
Fastest growing jobs sector:	Construction
Expected personal income growth:	18.3%

Expected population growth:	10.5%
Net migration to account for:	39.8%
Expected growth in number of vehicles:	8.0%

Demographics (2009)

Unemployment rate (December)	15.8%
County Rank* in California (58 counties):	39th
Working age (16-64) population:	64.9%

Population with B.A. Degree or higher:	14.3 %
Median Home Selling Price:	\$127,269
Median Household Income:	\$46,741

Quality of Life

Violent Crime rate (2008):	568 per 100,000 persons
County Rank* in California (58 counties):	45th
Average Commute Time to work (2009):	24.7 minutes

High School drop out rate (2008):	26.9 %
Households at/below poverty line:	15.9 %

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