

SAN DIEGO COUNTY ECONOMIC FORECAST

San Diego County, the southern-most county in California, has a population of just over 3.1 million people. There are 1.23 million wage and salary jobs located in the county, down from nearly 1.32 million in 2007. The average salary per worker is \$66,829, while the per capita income in San Diego County is \$45,974.

Across Southern California job loss continued for the third straight year in 2010, though the rate of decline was much lower than in 2009. During 2010, 11,000 total jobs were lost in San Diego County, representing a growth rate of -0.9 percent. The unemployment rate increased to 10.5 percent.

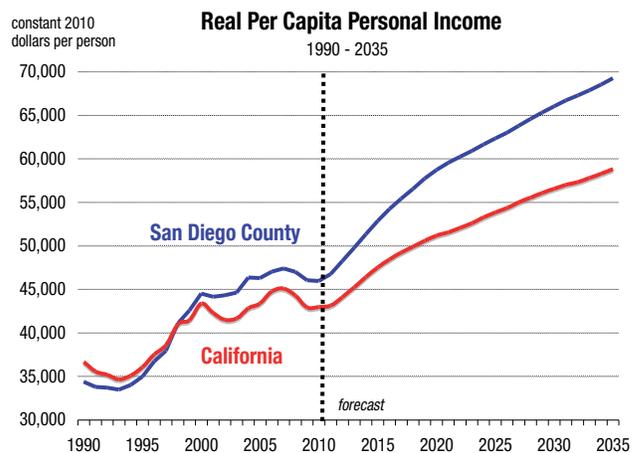
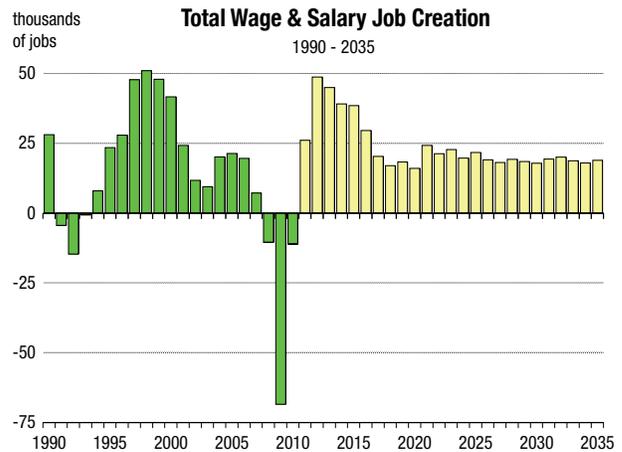
The principal employment clusters in San Diego County are defense contractors, computer and electronics manufacturing, healthcare services, and tourism. The U.S. Navy is the largest employer. Like most areas of the state, economic activity related to real estate has contracted sharply since 2007. Employment in construction fell by 5,600 workers, the fourth straight year of substantial contraction. 2010 housing production rebounded slightly from 2009, but still represents the second lowest year on record.

Many employment sectors began to recover in 2010, transportation, education and healthcare, miscellaneous services, and professional services all increased employment for the year. In addition government employment was up, though this was due to temporary hiring of census workers; state and local governments shed staff, and are expected to continue doing so in 2011.

Population growth in the county was 1.2 percent in 2010. Net migration has increased in recent years, and will continue to contribute to population growth over the forecast. The fastest growing cities include San Marcos and Chula Vista, with population growth rates exceeding 40 percent between the 2000 and 2010 census. San Diego is the largest city in the county, with over 1.3 million residents.

FORECAST HIGHLIGHTS

- Job growth averages 2.1 percent in 2011. From 2011 to 2016, the average annual growth rate is 3.0 percent per year.
- Average salaries adjusted for inflation are currently well above the California state average, and will remain so over the foreseeable future. Real average salaries rise an average of 1.6 percent per year from 2011 to 2016.
- 2011 to 2016 is a period of robust job growth in San Diego County. Professional and business services, information technologies, other services, wholesale trade, leisure services, financial activities, and construction are all expected to grow by more than 15 percent.

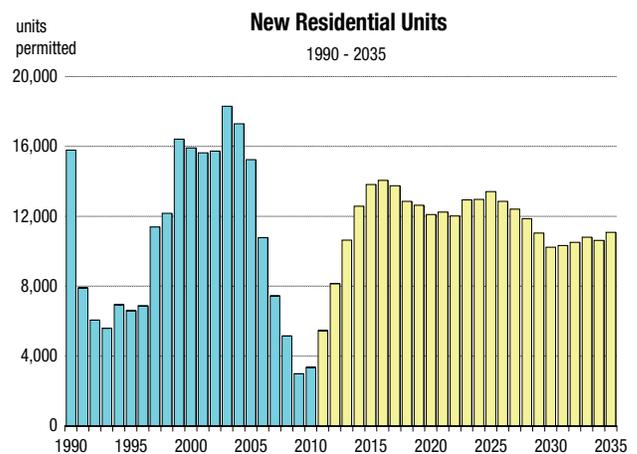
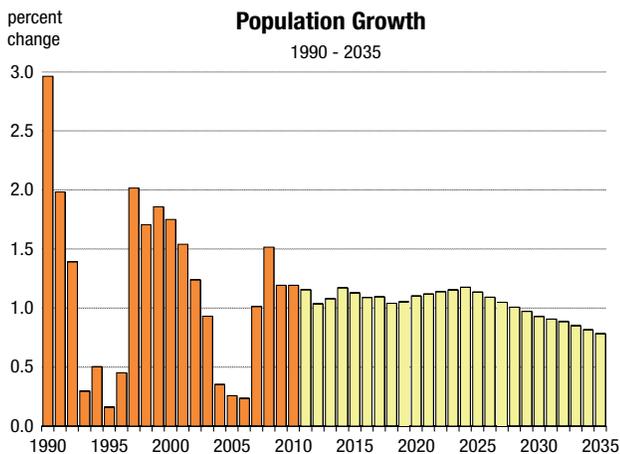


- Population growth remains consistently positive, at approximately the same level observed in recent years. Annual growth in the 2011 to 2016 period averages 1.1 percent per year.
- From 2011 to 2016, total net migration is positive, averaging just over 10,600 people per year.
- Building activity returns, but does not reach typical levels of construction until 2014. Household sizes continue to increase as population growth outpaces new housing production.
- Real per capita incomes increase at a rate of 1.7 percent in 2011. An annual compound rate of growth of 3.0 percent is forecast from 2011 to 2016.
- Total taxable sales adjusted for inflation are expected to increase by an average of 4.9 percent per year from 2011 to 2016.
- Industrial production is expected to increase 3.0 percent in 2011. From 2011 to 2016, the growth rate of industrial production is expected to average 2.9 percent per year.

San Diego County Economic Forecast

2006-2010 History, 2011-2040 Forecast

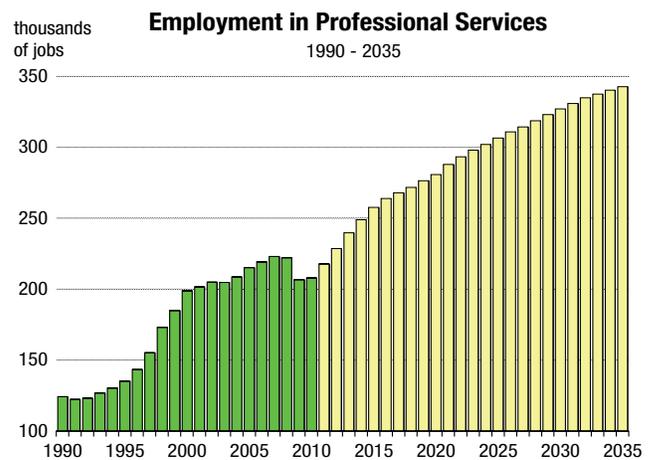
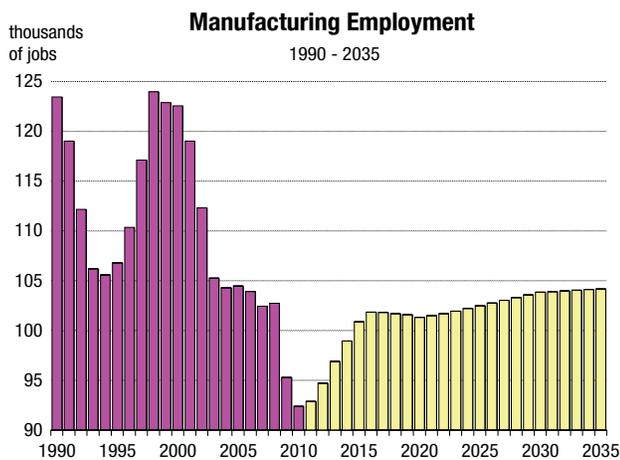
	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	2,956,077	-19,399	2.64	1,070	10,777	\$47.8	\$129.6	\$47,055	4.3	1.57	18.8	4.0
2007	2,986,085	2,069	2.64	1,079	7,445	\$47.5	\$136.2	\$47,405	3.3	1.60	18.7	4.6
2008	3,031,360	17,008	2.64	1,089	5,154	\$45.3	\$142.0	\$47,019	3.5	1.56	19.6	6.0
2009	3,067,544	9,564	2.65	1,099	2,990	\$39.7	\$139.6	\$46,047	-0.8	1.57	19.5	9.6
2010	3,104,160	11,335	2.67	1,103	3,347	\$41.1	\$142.7	\$45,974	1.2	1.57	19.5	10.5
2011	3,140,025	11,276	2.69	1,107	5,458	\$43.6	\$150.2	\$46,767	2.3	1.58	20.1	9.8
2012	3,172,600	7,841	2.73	1,112	8,160	\$46.2	\$160.2	\$48,265	2.3	1.59	20.6	8.8
2013	3,206,892	9,426	2.79	1,120	10,643	\$49.5	\$171.2	\$49,778	2.5	1.60	21.3	7.8
2014	3,244,502	12,740	2.85	1,130	12,588	\$53.6	\$183.5	\$51,331	2.7	1.61	21.8	6.8
2015	3,281,113	11,632	2.92	1,142	13,831	\$58.0	\$196.5	\$52,885	2.8	1.62	22.5	5.7
2016	3,316,915	10,716	2.98	1,155	14,072	\$63.0	\$209.7	\$54,246	2.9	1.62	23.1	5.2
2017	3,353,295	10,878	3.03	1,169	13,755	\$68.0	\$222.7	\$55,430	2.8	1.63	23.8	5.0
2018	3,388,166	9,206	3.07	1,182	12,861	\$72.9	\$235.8	\$56,563	2.7	1.63	24.5	4.9
2019	3,423,863	9,770	3.11	1,194	12,634	\$77.9	\$249.3	\$57,741	2.5	1.64	25.2	4.7
2020	3,461,629	11,788	3.15	1,206	12,107	\$81.6	\$262.3	\$58,721	2.3	1.64	25.9	4.6
2021	3,500,393	13,129	3.18	1,218	12,247	\$85.5	\$274.9	\$59,546	2.2	1.64	26.6	4.6
2022	3,540,252	14,459	3.22	1,230	12,028	\$89.1	\$287.6	\$60,246	2.3	1.65	27.3	4.6
2023	3,581,131	15,808	3.26	1,241	12,952	\$93.1	\$300.7	\$60,918	2.2	1.65	28.0	4.6
2024	3,623,267	17,281	3.30	1,254	12,972	\$97.3	\$314.6	\$61,642	2.2	1.66	28.8	4.6
2025	3,664,384	16,497	3.34	1,266	13,426	\$102.4	\$328.9	\$62,370	2.2	1.66	29.6	4.6
2026	3,704,389	15,608	3.37	1,279	12,861	\$107.2	\$343.1	\$63,013	2.2	1.67	30.4	4.6
2027	3,743,242	14,716	3.41	1,291	12,415	\$112.4	\$358.5	\$63,796	2.1	1.67	31.3	4.6
2028	3,780,940	13,503	3.44	1,303	11,874	\$117.8	\$374.6	\$64,590	2.2	1.67	32.2	4.6
2029	3,817,720	12,771	3.48	1,314	11,054	\$123.3	\$390.9	\$65,335	2.2	1.68	33.1	4.6
2030	3,853,209	11,734	3.51	1,325	10,238	\$128.9	\$407.6	\$66,039	2.2	1.68	34.1	4.6
2031	3,888,196	11,333	3.54	1,335	10,335	\$134.5	\$424.8	\$66,716	2.2	1.68	35.2	4.6
2032	3,922,665	11,048	3.58	1,345	10,523	\$140.4	\$441.9	\$67,274	2.2	1.68	36.2	4.6
2033	3,956,096	10,363	3.61	1,355	10,811	\$146.7	\$459.6	\$67,881	2.2	1.68	37.4	4.6
2034	3,988,413	9,606	3.65	1,365	10,631	\$153.1	\$478.3	\$68,517	2.3	1.68	38.5	4.5
2035	4,019,658	8,799	3.68	1,375	11,096	\$159.8	\$498.0	\$69,260	2.2	1.68	39.7	4.5
2036	4,049,470	7,800	3.71	1,386	10,744	\$166.8	\$518.2	\$69,998	2.2	1.68	40.9	4.5
2037	4,077,909	6,626	3.74	1,396	10,356	\$174.3	\$539.2	\$70,752	2.2	1.68	42.2	4.5
2038	4,104,847	5,313	3.78	1,406	10,393	\$182.1	\$561.2	\$71,595	2.2	1.68	43.5	4.5
2039	4,130,167	3,864	3.81	1,416	10,891	\$190.4	\$584.3	\$72,514	2.2	1.68	44.8	4.5
2040	4,154,050	2,619	3.84	1,427	11,143	\$198.9	\$607.8	\$73,457	2.1	1.68	46.2	4.5

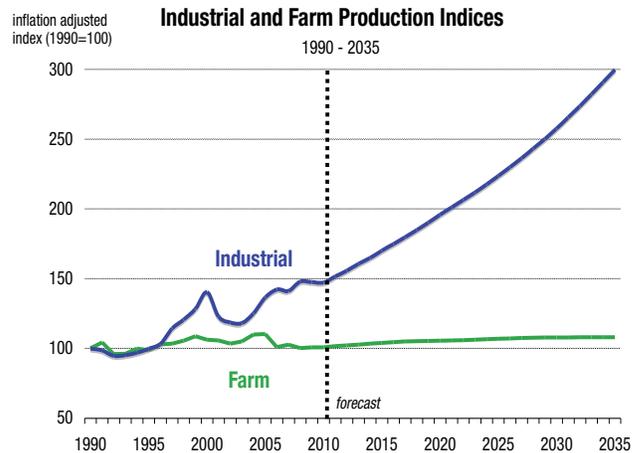
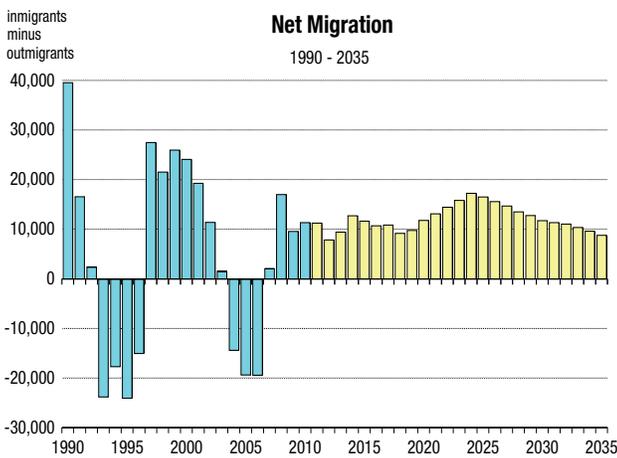
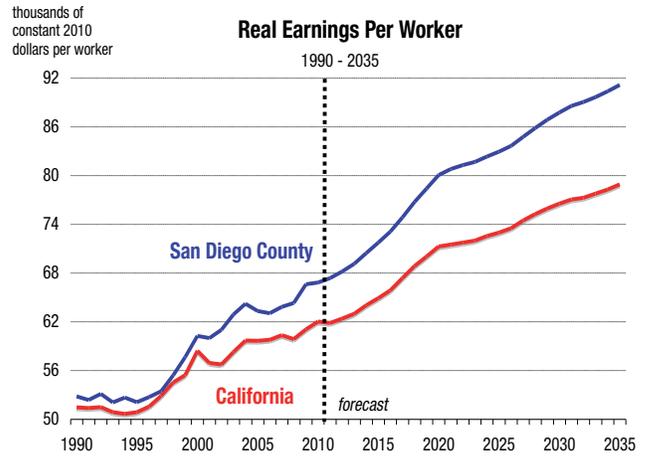
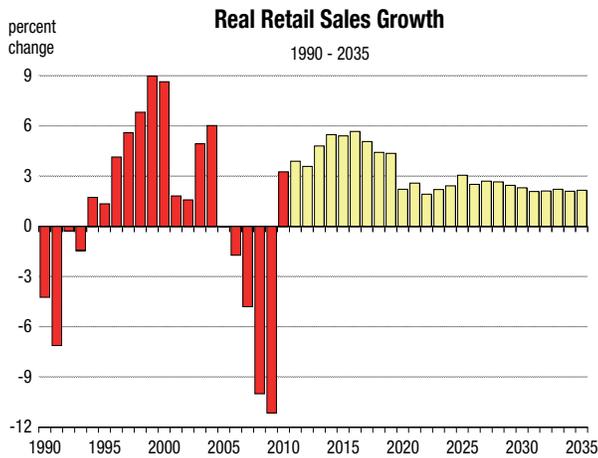


San Diego County Employment Forecast

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	1,312.5	10.92	92.7	103.9	28.7	193.3	83.7	219.2	31.7	125.1	156.5	217.9
2007	1,319.7	10.87	87.0	102.5	28.8	193.5	80.3	223.2	31.3	129.5	161.8	222.4
2008	1,309.3	10.53	76.1	102.8	29.0	186.9	75.2	222.3	31.4	137.3	164.0	225.1
2009	1,240.9	9.48	61.1	95.3	27.4	172.2	69.8	206.8	28.2	144.3	154.8	224.5
2010	1,229.8	9.68	55.5	92.4	27.5	169.2	67.1	208.0	25.2	147.1	154.6	226.0
2011	1,256.0	9.74	60.6	92.9	27.9	175.4	68.7	217.9	26.0	148.9	157.0	222.5
2012	1,304.7	9.79	72.8	94.7	28.8	180.2	72.4	228.6	27.9	151.5	161.3	226.4
2013	1,349.7	9.84	79.0	96.9	29.5	186.5	76.3	239.8	29.9	154.2	165.9	229.6
2014	1,388.9	9.87	82.7	99.0	30.4	193.5	78.5	249.1	31.4	157.0	171.9	231.8
2015	1,427.4	9.90	85.5	100.9	31.2	200.3	79.2	257.7	33.0	160.5	179.3	234.4
2016	1,457.1	9.92	87.4	101.9	31.9	206.8	79.8	264.1	34.0	163.2	185.1	235.9
2017	1,477.4	9.94	88.1	101.8	32.4	211.6	80.0	268.0	34.6	165.7	190.0	237.3
2018	1,494.4	9.95	87.7	101.7	33.1	215.2	79.7	271.8	35.1	168.3	192.9	240.0
2019	1,512.7	9.96	88.3	101.6	34.0	218.4	79.8	276.4	35.4	171.3	194.1	243.1
2020	1,528.7	9.97	87.8	101.3	34.8	221.1	80.4	280.8	34.9	174.9	194.6	247.1
2021	1,553.0	9.97	88.7	101.5	35.6	223.7	80.9	288.0	35.2	179.4	197.2	250.5
2022	1,574.4	9.97	88.2	101.7	36.4	226.2	81.8	293.4	35.6	184.5	199.7	253.7
2023	1,597.2	9.97	89.7	101.9	37.2	228.6	82.8	298.1	36.0	189.4	202.0	256.8
2024	1,616.9	9.97	89.4	102.2	37.9	231.2	84.0	302.1	36.5	194.0	204.1	259.8
2025	1,638.6	9.97	90.7	102.5	38.6	234.0	85.3	306.7	37.0	198.1	206.1	262.8
2026	1,657.7	9.96	90.4	102.8	39.2	236.6	86.6	311.1	37.5	201.8	208.3	265.5
2027	1,675.9	9.96	90.3	103.0	39.7	239.2	87.9	314.4	38.1	205.5	210.4	268.4
2028	1,695.2	9.95	90.1	103.3	40.2	241.8	89.3	318.8	38.7	209.1	212.5	271.3
2029	1,713.6	9.94	89.1	103.6	40.8	244.3	90.6	323.1	39.3	212.7	214.7	274.2
2030	1,731.5	9.93	87.7	103.8	41.4	246.7	92.0	327.2	39.8	216.3	217.0	277.1
2031	1,750.9	9.93	88.3	103.9	42.0	248.9	93.3	331.1	40.3	220.0	219.4	279.9
2032	1,770.9	9.92	89.3	104.0	42.6	251.1	94.7	335.0	40.8	223.8	222.0	282.8
2033	1,789.7	9.91	90.3	104.1	43.2	253.4	96.1	337.6	41.3	227.7	224.4	285.6
2034	1,807.7	9.91	90.4	104.1	43.8	255.6	97.5	340.4	41.8	231.6	226.8	288.5
2035	1,826.7	9.90	91.6	104.2	44.5	257.7	98.9	342.9	42.2	235.6	229.2	291.4
2036	1,844.6	9.90	91.3	104.3	45.1	259.9	100.4	345.7	42.7	239.6	231.6	294.4
2037	1,862.5	9.89	90.9	104.3	45.8	262.1	101.8	348.4	43.2	243.7	234.0	297.3
2038	1,881.3	9.89	91.4	104.4	46.4	264.3	103.3	351.1	43.7	247.9	236.3	300.3
2039	1,901.1	9.89	92.7	104.5	47.1	266.5	104.7	353.8	44.1	252.2	238.6	303.3
2040	1,920.7	9.88	93.6	104.5	47.8	268.7	106.2	356.6	44.6	256.6	240.9	306.4





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	27.5%
Expected job growth:	16.0%
Fastest growing jobs sector:	Construction
Expected personal income growth:	22.5%

Expected population growth:	5.6%
Net migration to account for:	29.6%
Expected growth in number of vehicles:	10.7%

Demographics (2011)

Unemployment rate (June 2011)	10.4%
County Rank* in California (58 counties):	12th
Working age (16-64) population:	66.4%

Population with B.A. Degree or higher:	34.2 %
Median Home Selling Price:	\$331,000
Median Household Income:	\$60,140

Quality of Life

Violent Crime rate (2009):	403 per 100,000 persons
County Rank* in California (58 counties):	31st
Average Commute Time to work (2011):	25.7 minutes

High School drop out rate (2009):	20.2 %
Households at/below poverty line:	8.1 %

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