

SANTA CRUZ COUNTY ECONOMIC FORECAST

Santa Cruz County is located on the central coast of California and is the second smallest county in terms of physical size behind San Francisco. Santa Cruz County has a population of 263,300 people and 94,800 wage and salary jobs. The per capita income in Santa Cruz County is \$48,357, and the average salary per worker is \$46,428.

In 2010, 2,080 total wage and salary jobs were lost in Santa Cruz County, representing a decline in employment of 2.2 percent. Non-farm employment fell by 2,230 jobs, a decline of 2.6 percent. Farm employment increased by 150 jobs in 2010, an increase of 1.6 percent. The annual unemployment rate rose to 12.8 percent in 2010.

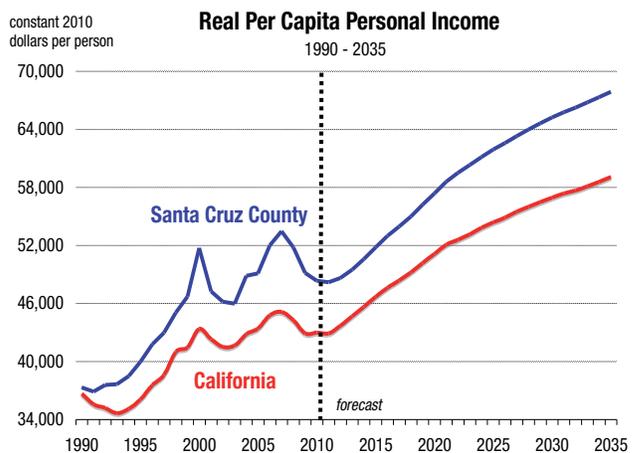
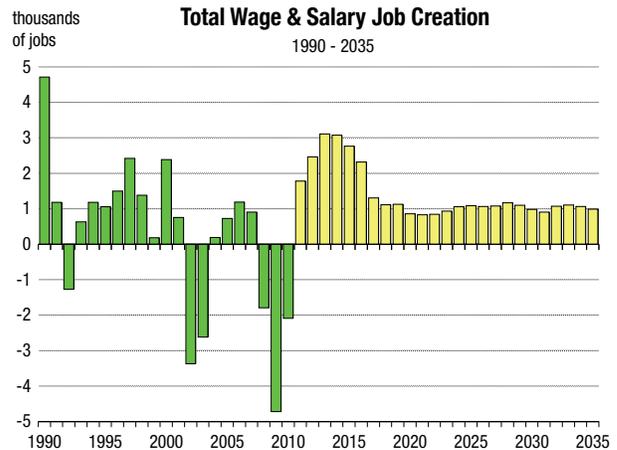
Aside from farm employment, the manufacturing, transportation warehousing and utilities, and education and healthcare sectors also created employment during 2010. Many of the public sector jobs are associated with the University of California located in Santa Cruz. The largest employment decline during 2010 occurred in the government sector, which shed 1,400 jobs.

Between the 2000 and 2010 census the population of Santa Cruz grew by just 2.7 percent. The fastest growing city in the county was Watsonville, which grew 15.7 percent over the past decade. The largest city in the county is Santa Cruz with a population of 60,000.

Though employment growth has been negative for much of the decade, the creation of jobs is forecast to accelerate over the next several years. However, population growth will remain modest due to low rates of home building and higher than average home prices.

FORECAST HIGHLIGHTS

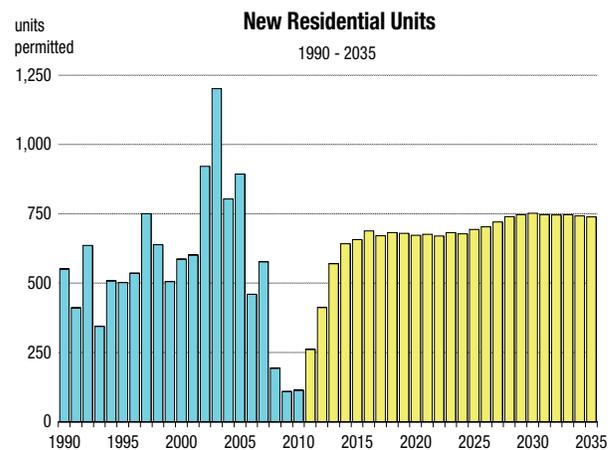
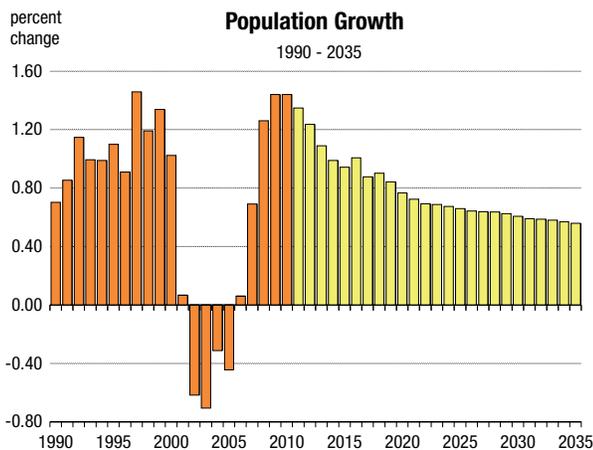
- Job growth turns positive in 2011 at 1.9 percent. From 2011 to 2016, a +2.7 percent average annual growth rate is forecast. Non-farm employment increases by an average of 2.9 percent per year over the same period.
- Average salaries adjusted for inflation are currently below the California state average. Inflation adjusted salaries are expected to rise an average of 0.7 percent per year between 2011 and 2016.
- Between 2011 and 2016, employment growth is broad based, with gains in every sector. Construction, manufacturing, retail trade, wholesale trade, leisure services, education and healthcare, and government each add at least 1,000 jobs over the next five years.
- Population growth will remain modest over the foreseeable future. Annual growth in the 2011 to 2016 period averages 1.1 percent per year.
- Net migration is expected to decline from the recent highs over the forecast, falling to 2,050 persons in 2011. Between 2011 and 2016 net migration is expected to average 1,400 people per year.
- Real per capita income is forecast to decline 0.3 percent in 2011. From 2011 to 2016 real per capita incomes are forecast to increase approximately 1.9 percent per year.
- Total taxable sales adjusted for inflation are expected to increase by an average of 4.7 percent per year between 2011 and 2016.
- Industrial production is forecast to increase by 3.3 percent in 2011. During the 2011 to 2016 period industrial production will increase by an average of 6.7 percent per year on the strength of non-durable manufacturing.
- Farm production is forecast to increase by 2.1 percent per year between 2011 and 2016. The principal crop in the county is strawberries.



Santa Cruz County Economic Forecast

2006-2010 History, 2011-2040 Forecast

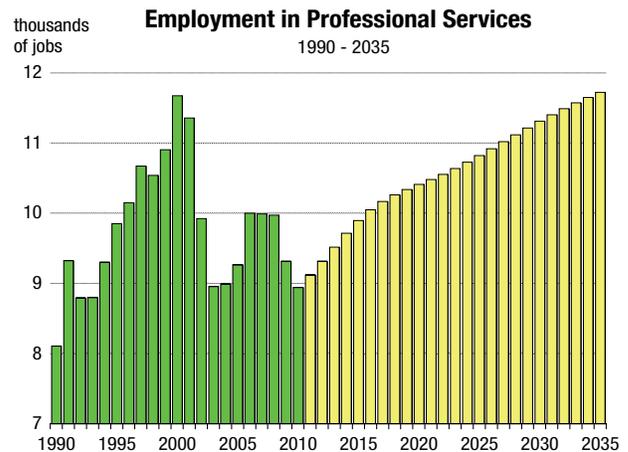
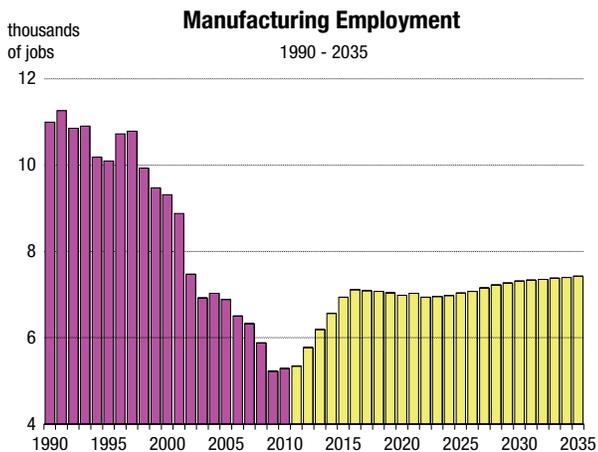
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	250,884	-1,730	243.3	95.2	460	\$3.2	\$12.0	\$52,004	3.2	0.45	1.19	5.7
2007	252,618	-351	241.8	95.9	578	\$3.2	\$12.8	\$53,466	3.4	0.52	1.18	5.9
2008	255,806	1,236	241.9	96.3	194	\$3.0	\$13.0	\$51,774	3.0	0.50	1.17	7.3
2009	259,494	2,047	241.7	96.6	109	\$2.6	\$12.6	\$49,168	0.8	0.50	1.15	11.4
2010	263,235	2,220	242.9	96.9	114	\$2.8	\$12.7	\$48,357	1.3	0.50	1.20	12.8
2011	266,785	2,054	244.1	97.0	262	\$3.0	\$13.3	\$48,192	3.3	0.52	1.24	12.3
2012	270,085	1,784	245.6	97.3	412	\$3.2	\$13.9	\$48,625	2.3	0.53	1.35	11.6
2013	273,028	1,419	247.9	97.7	571	\$3.5	\$14.6	\$49,492	2.3	0.55	1.46	10.6
2014	275,731	1,144	250.7	98.2	643	\$3.8	\$15.4	\$50,585	2.4	0.56	1.55	9.4
2015	278,331	1,033	253.8	98.9	657	\$4.0	\$16.3	\$51,811	2.1	0.56	1.65	8.4
2016	281,134	1,229	256.6	99.6	689	\$4.3	\$17.2	\$52,984	2.1	0.57	1.72	7.7
2017	283,603	885	258.8	100.3	671	\$4.5	\$18.0	\$53,939	2.1	0.58	1.75	7.3
2018	286,164	966	260.3	100.9	683	\$4.6	\$18.9	\$55,002	2.0	0.59	1.79	7.0
2019	288,576	827	261.2	101.6	680	\$4.8	\$19.8	\$56,208	1.9	0.60	1.83	6.6
2020	290,791	663	261.9	102.3	673	\$5.0	\$20.8	\$57,397	1.7	0.61	1.87	6.4
2021	292,898	597	262.4	103.0	676	\$5.1	\$21.7	\$58,588	1.7	0.60	1.94	6.3
2022	294,928	548	263.1	103.7	671	\$5.2	\$22.7	\$59,503	2.2	0.61	1.96	6.3
2023	296,956	572	263.8	104.3	683	\$5.4	\$23.7	\$60,309	2.2	0.62	2.02	6.3
2024	298,963	582	264.8	105.0	678	\$5.5	\$24.7	\$61,142	2.1	0.63	2.07	6.3
2025	300,936	591	265.9	105.7	694	\$5.7	\$25.7	\$61,920	2.1	0.64	2.14	6.3
2026	302,875	591	267.3	106.4	703	\$5.8	\$26.7	\$62,592	2.1	0.65	2.21	6.3
2027	304,811	615	268.7	107.1	721	\$6.0	\$27.7	\$63,290	2.1	0.66	2.29	6.3
2028	306,754	637	269.9	107.8	740	\$6.2	\$28.8	\$63,981	2.1	0.67	2.37	6.3
2029	308,671	619	271.1	108.6	747	\$6.3	\$29.9	\$64,630	2.1	0.68	2.45	6.3
2030	310,546	588	272.1	109.3	752	\$6.5	\$31.0	\$65,225	2.1	0.68	2.53	6.3
2031	312,384	550	273.1	110.1	747	\$6.7	\$32.1	\$65,761	2.2	0.67	2.60	6.2
2032	314,218	544	274.0	110.9	747	\$6.9	\$33.2	\$66,265	2.2	0.68	2.68	6.2
2033	316,043	531	274.9	111.6	747	\$7.1	\$34.4	\$66,798	2.1	0.69	2.77	6.3
2034	317,845	504	275.8	112.4	743	\$7.3	\$35.7	\$67,326	2.2	0.71	2.86	6.2
2035	319,622	477	276.7	113.1	739	\$7.5	\$36.9	\$67,882	2.2	0.72	2.96	6.2
2036	321,406	475	277.8	113.9	735	\$7.7	\$38.3	\$68,468	2.1	0.74	3.06	6.2
2037	323,184	454	279.0	114.6	733	\$7.9	\$39.6	\$69,046	2.2	0.75	3.16	6.2
2038	324,958	429	280.2	115.3	732	\$8.1	\$41.0	\$69,623	2.1	0.75	3.27	6.2
2039	326,780	450	281.5	116.1	732	\$8.3	\$42.5	\$70,275	2.1	0.76	3.39	6.2
2040	328,623	441	282.6	116.8	730	\$8.6	\$44.1	\$70,940	2.1	0.77	3.51	6.2

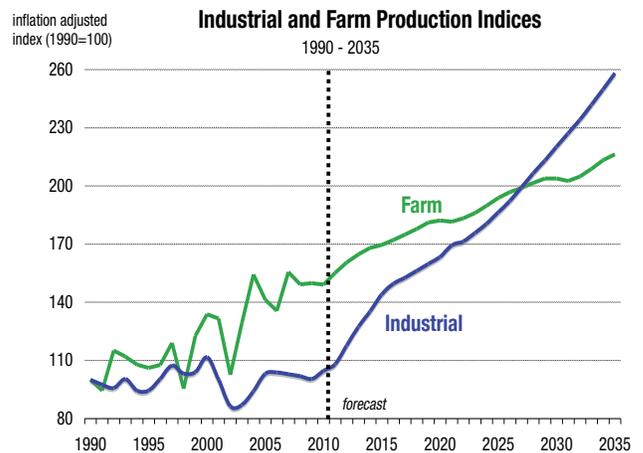
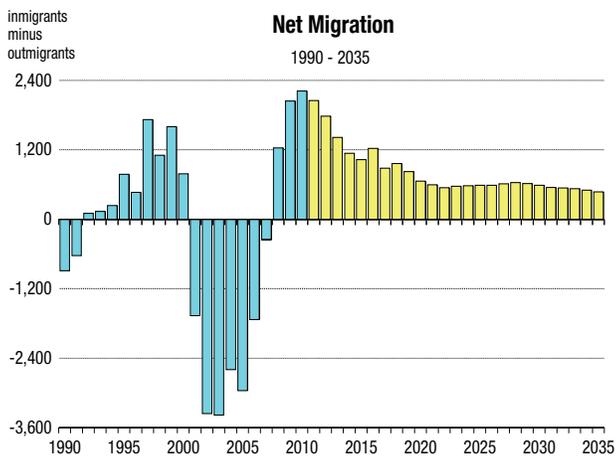
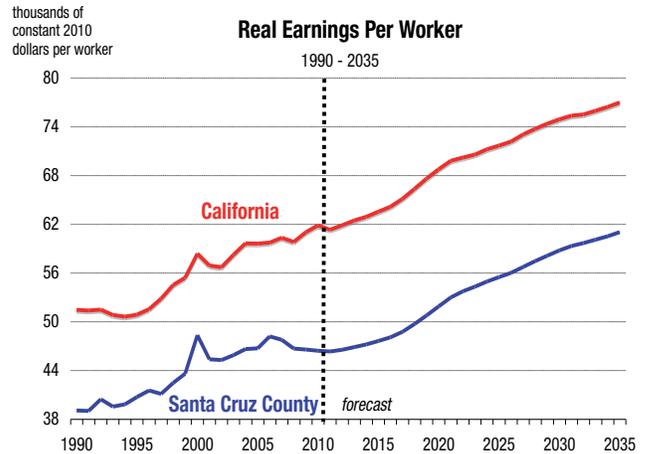
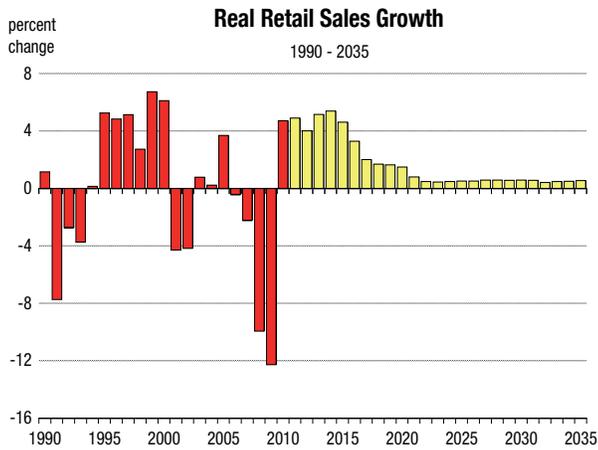


Santa Cruz County Employment Forecast

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	102.4	7.4	5.9	6.5	1.5	17.3	3.8	10.0	1.4	12.1	11.1	21.8
2007	103.4	7.8	5.4	6.3	1.6	17.4	3.7	10.0	1.2	12.4	11.5	22.2
2008	101.6	8.6	4.6	5.9	1.5	16.4	3.5	10.0	1.1	12.5	11.3	22.3
2009	96.8	9.5	3.2	5.2	1.4	15.3	3.4	9.3	1.0	13.0	11.1	20.8
2010	94.8	9.6	3.0	5.3	1.4	15.0	3.3	8.9	0.9	13.3	11.0	19.4
2011	96.5	10.0	3.1	5.3	1.5	15.6	3.3	9.1	1.0	13.4	11.3	19.3
2012	99.0	10.1	3.7	5.8	1.5	16.1	3.4	9.3	1.0	13.7	11.5	19.1
2013	102.1	10.2	4.3	6.2	1.5	16.8	3.5	9.5	1.0	13.9	11.8	19.3
2014	105.2	10.3	4.7	6.6	1.6	17.6	3.6	9.7	1.0	14.2	12.1	19.6
2015	108.0	10.2	4.8	6.9	1.6	18.3	3.6	9.9	1.0	14.5	12.4	20.1
2016	110.3	10.3	5.0	7.1	1.7	18.9	3.7	10.1	1.0	14.8	12.7	20.4
2017	111.6	10.4	5.2	7.1	1.7	19.2	3.7	10.2	1.0	15.0	12.9	20.4
2018	112.7	10.5	5.2	7.1	1.7	19.4	3.8	10.3	1.0	15.2	13.1	20.5
2019	113.8	10.6	5.2	7.0	1.7	19.6	3.8	10.3	1.0	15.4	13.3	20.6
2020	114.7	10.5	5.2	7.0	1.8	19.8	3.9	10.4	1.0	15.6	13.4	20.8
2021	115.5	10.5	5.2	7.0	1.8	20.0	3.9	10.5	1.0	15.9	13.6	20.9
2022	116.4	10.6	5.2	6.9	1.9	20.1	3.9	10.6	1.0	16.1	13.7	20.9
2023	117.3	10.7	5.2	7.0	1.9	20.3	4.0	10.6	1.0	16.4	13.8	21.0
2024	118.4	10.8	5.2	7.0	2.0	20.4	4.0	10.7	1.0	16.6	13.9	21.1
2025	119.5	10.9	5.3	7.0	2.0	20.5	4.1	10.8	1.0	16.9	14.0	21.2
2026	120.5	10.9	5.3	7.1	2.0	20.7	4.1	10.9	1.0	17.2	14.1	21.3
2027	121.6	11.0	5.4	7.2	2.0	20.8	4.2	11.0	1.0	17.5	14.2	21.4
2028	122.8	11.0	5.4	7.2	2.1	21.0	4.2	11.1	1.0	17.8	14.3	21.5
2029	123.9	11.1	5.5	7.3	2.1	21.1	4.3	11.2	1.0	18.1	14.4	21.7
2030	124.9	11.0	5.5	7.3	2.1	21.2	4.3	11.3	1.0	18.4	14.5	21.8
2031	125.8	10.9	5.5	7.3	2.2	21.4	4.4	11.4	1.0	18.7	14.6	21.9
2032	126.9	11.1	5.5	7.4	2.2	21.5	4.5	11.5	1.0	19.0	14.7	22.0
2033	128.0	11.2	5.5	7.4	2.2	21.7	4.5	11.6	1.0	19.3	14.8	22.1
2034	129.0	11.3	5.5	7.4	2.3	21.8	4.6	11.7	1.0	19.6	14.9	22.2
2035	130.0	11.3	5.5	7.4	2.3	21.9	4.6	11.7	1.0	20.0	15.0	22.3
2036	131.2	11.5	5.5	7.4	2.3	22.1	4.7	11.8	1.0	20.3	15.2	22.4
2037	132.2	11.6	5.4	7.5	2.3	22.2	4.7	11.9	1.0	20.7	15.3	22.5
2038	133.2	11.5	5.4	7.5	2.4	22.4	4.8	11.9	1.0	21.0	15.4	22.7
2039	134.3	11.6	5.4	7.5	2.4	22.5	4.8	12.0	1.0	21.4	15.5	22.8
2040	135.4	11.6	5.4	7.6	2.4	22.7	4.9	12.1	1.0	21.7	15.6	22.9





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	24.6 %
Expected job growth:	14.2 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	15.9 %

Expected population growth:	5.4 %
Net migration to account for:	16.1 %
Expected growth in number of vehicles:	5.1 %

Demographics (2011)

Unemployment rate (June 2011)	11.5 %
County Rank* in California (58 counties):	21st
Working age (16-64) population:	68.3 %

Population with B.A. Degree or higher:	39.0 %
Median Home Selling Price:	\$430,000
Median Household Income:	\$64,699

Quality of Life

Violent Crime rate (2009):	452 per 100,000 persons
County Rank* in California (58 counties):	40th
Average Commute Time to work (2011):	26.7 minutes

High School drop out rate (2009):	18.4 %
Households at/below poverty line:	7.6 %

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