

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 Kern County's 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 over 848,000 people, and has almost 279,000 wage and salary jobs. In 2011, the per capita income in Kern County was \$30,537, and the average salary per worker was \$52,516.

Kern County is a large producer of oil and natural gas. In 2011, the region produced more than 140 million barrels of oil, representing more than 70 percent of California's total. In addition, Kern County produced more than 145 billion cubic feet of natural gas, almost 60 percent of the state total.

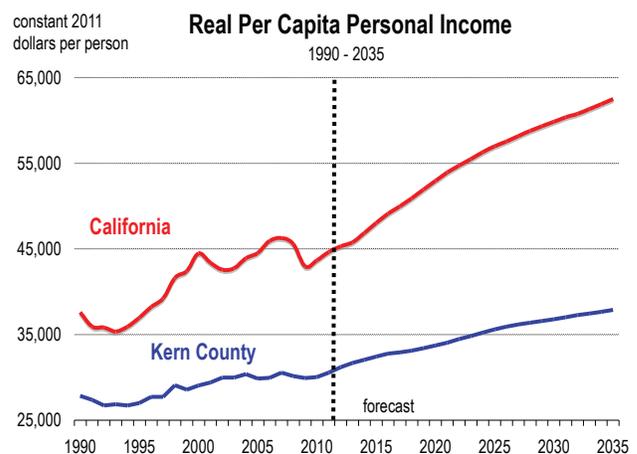
During 2011, employment across Southern California increased by 0.7 percent. Kern County, however, gained 8,000 total wage and salary jobs, representing a growth rate of 3.0 percent – one of the fastest in the state. The unemployment rate, while still high, decreased by a full percentage point, falling to 14.9 percent.

In 2011, job growth primarily occurred in the agricultural sector (+3,200 jobs), the mining and natural resources industry (+1,900 jobs), the construction sector (+1,600 jobs), and the professional services industry (+1,000 jobs). The only sector to lose a significant number of jobs was government (-1,100 jobs).

Between 2006 and 2011, the population of Kern County grew by 11.4 percent, an annual average increase of 1.8 percent. Most of the growth was due to the natural increase (births were higher than deaths), as net migration was relatively low.

FORECAST HIGHLIGHTS

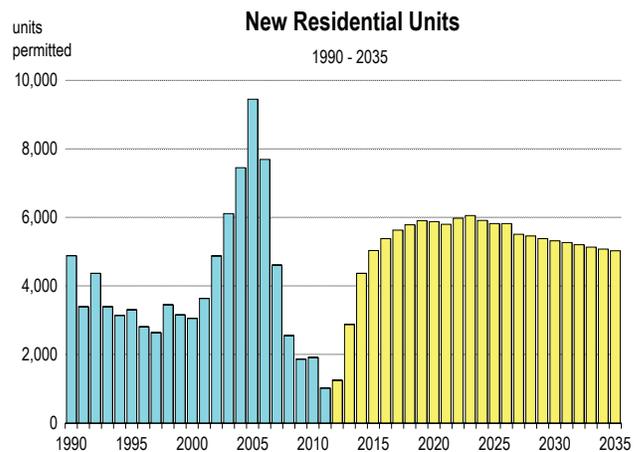
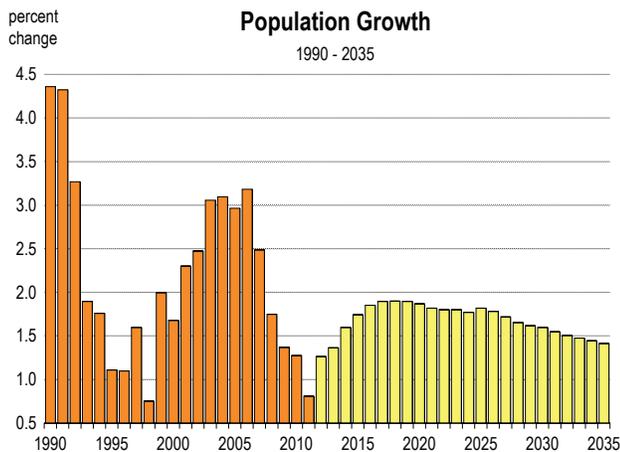
- Total wage and salary employment is expected to grow by 2.4 percent in 2012, and an annual average of 2.3 percent between 2012 and 2017.
- Over the next five years, job growth will be lead by professional and business services, education and healthcare, government, leisure services, and construction. Together these sectors create nearly 20,000 jobs, representing 61 percent of all new positions in the county.
- Average salaries are currently well below the California state average, and will remain so over the forecast horizon. Real average salaries will rise by 0.7 percent per year from 2012 to 2017.
- Population growth has slowed in recent years, but is expected to accelerate through 2017. Though it will not match the rapid pace that prevailed from 2001-2007, it will remain relatively high, averaging 1.6 percent per year from 2012 to 2017. The county will remain one of the fastest growing areas of the state.
- From 2012 to 2017, net migration will rise as more job creation occurs. An average of 4,900 net migrants enter the county each year over this time frame.
- Real per capita incomes are expected to increase at a rate of 1.3 percent in 2012. An annual average rate of growth of 0.9 percent is forecast from 2012 to 2017.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.5 percent per year between 2012 and 2017.
- Industrial production is expected to increase 3.5 percent in 2012. From 2012 to 2017, the growth rate of industrial production is expected to average 3.1 percent per year.
- Farm production is forecast to increase by 0.9 percent per year between 2012 and 2017. The principal farm product in the county is grapes.



Kern County Economic Forecast

2006-2011 History, 2012-2040 Forecast

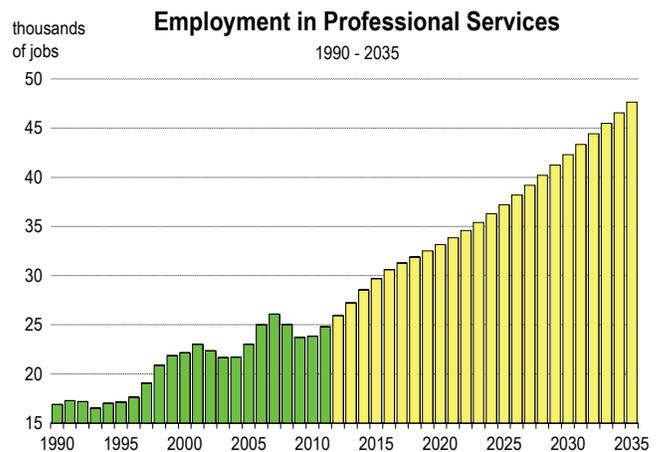
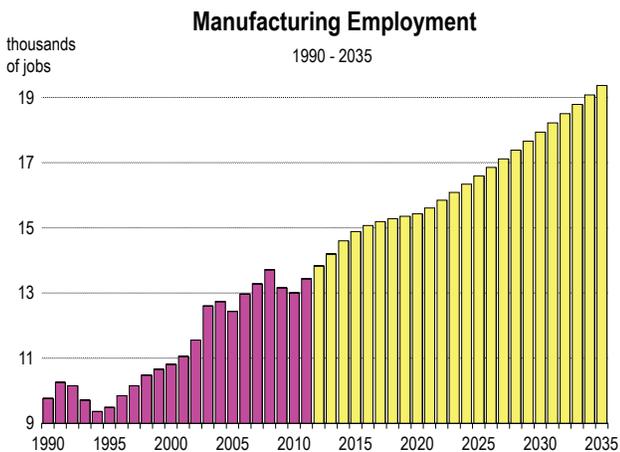
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	786,220	15,131	669	236.9	7,691	\$12.0	\$21.4	\$29,945	4.3	3.8	9.8	7.6
2007	805,798	9,681	672	243.0	4,608	\$11.9	\$23.1	\$30,552	3.3	4.4	10.5	8.2
2008	819,891	3,884	676	248.7	2,558	\$12.1	\$24.0	\$30,134	3.5	4.2	12.4	9.7
2009	831,134	1,474	678	251.4	1,868	\$9.9	\$23.9	\$29,896	-0.8	3.8	10.3	14.4
2010	841,744	1,084	681	253.1	1,920	\$10.8	\$24.6	\$30,034	1.2	4.9	11.5	15.9
2011	848,553	-2,436	686	256.0	1,022	\$11.8	\$25.9	\$30,537	2.6	4.9	12.6	14.9
2012	859,272	1,759	693	256.4	1,252	\$12.3	\$27.2	\$31,181	2.1	4.9	13.1	13.8
2013	871,005	2,595	701	257.3	2,882	\$12.8	\$28.7	\$31,674	2.2	5.0	13.3	12.6
2014	884,923	4,594	710	259.8	4,367	\$13.3	\$30.2	\$32,050	2.3	5.0	13.9	11.6
2015	900,353	5,923	719	263.6	5,035	\$13.9	\$31.8	\$32,421	2.0	5.0	14.3	10.8
2016	917,033	7,009	729	268.1	5,385	\$14.7	\$33.5	\$32,766	1.9	5.1	14.7	9.9
2017	934,435	7,600	739	272.9	5,631	\$15.5	\$35.0	\$32,894	1.9	5.1	15.2	9.4
2018	952,201	7,851	750	278.0	5,786	\$16.2	\$36.6	\$33,123	1.8	5.2	15.6	9.0
2019	970,274	8,119	761	283.2	5,904	\$17.0	\$38.4	\$33,404	1.7	5.2	16.1	8.6
2020	988,427	8,200	772	288.5	5,881	\$17.7	\$40.2	\$33,711	1.5	5.2	16.6	8.3
2021	1,006,421	8,042	784	293.7	5,800	\$18.5	\$42.0	\$34,046	1.5	5.1	17.1	8.2
2022	1,024,556	8,120	797	298.9	5,980	\$19.3	\$44.1	\$34,459	1.6	5.2	17.7	8.3
2023	1,043,033	8,405	811	304.2	6,053	\$20.2	\$46.2	\$34,801	1.7	5.3	18.3	8.3
2024	1,061,512	8,350	825	309.6	5,912	\$21.2	\$48.6	\$35,206	1.8	5.4	18.9	8.3
2025	1,080,840	9,154	839	314.8	5,819	\$22.3	\$51.0	\$35,603	1.8	5.5	19.6	8.3
2026	1,100,121	9,070	854	320.0	5,822	\$23.4	\$53.5	\$35,901	1.9	5.5	20.3	8.3
2027	1,119,035	8,684	869	325.2	5,509	\$24.6	\$56.0	\$36,176	1.9	5.5	21.0	8.3
2028	1,137,554	8,264	885	330.2	5,458	\$25.8	\$58.4	\$36,363	1.9	5.6	21.7	8.2
2029	1,155,953	8,115	900	335.1	5,379	\$27.1	\$61.0	\$36,566	1.9	5.6	22.5	8.2
2030	1,174,435	8,167	915	340.0	5,317	\$28.4	\$63.6	\$36,784	1.9	5.5	23.3	8.2
2031	1,192,641	7,821	930	344.8	5,273	\$29.7	\$66.4	\$37,002	1.9	5.5	24.1	8.1
2032	1,210,608	7,502	946	349.5	5,202	\$31.1	\$69.3	\$37,255	1.9	5.6	24.9	8.1
2033	1,228,474	7,320	961	354.2	5,136	\$32.3	\$72.1	\$37,425	1.9	5.7	25.8	8.1
2034	1,246,233	7,137	977	358.8	5,081	\$33.6	\$75.1	\$37,629	1.9	5.8	26.7	8.1
2035	1,263,877	6,946	992	363.4	5,029	\$34.9	\$78.3	\$37,874	1.9	5.8	27.7	8.2
2036	1,281,356	6,711	1,008	367.9	4,975	\$36.2	\$81.7	\$38,127	1.9	5.9	28.7	8.2
2037	1,298,790	6,595	1,023	372.3	4,919	\$37.5	\$85.2	\$38,413	1.9	6.0	29.7	8.1
2038	1,316,155	6,457	1,039	376.7	4,875	\$38.8	\$88.6	\$38,586	1.9	5.9	30.8	8.2
2039	1,333,362	6,225	1,054	381.1	4,828	\$40.1	\$92.2	\$38,826	1.9	6.0	31.9	8.2
2040	1,350,506	6,091	1,070	385.4	4,776	\$41.4	\$96.1	\$39,126	1.8	6.1	33.2	8.1

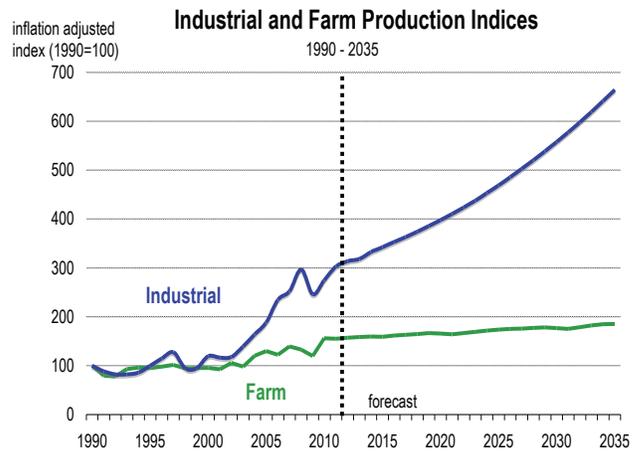
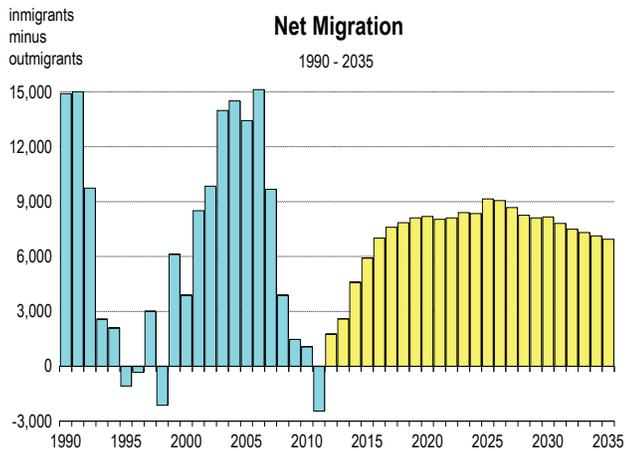
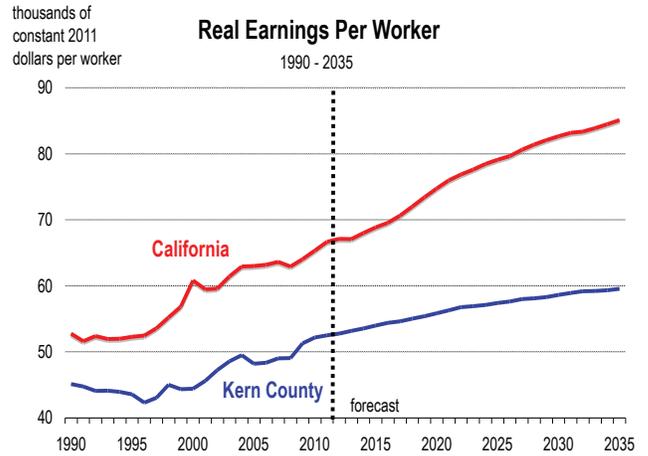
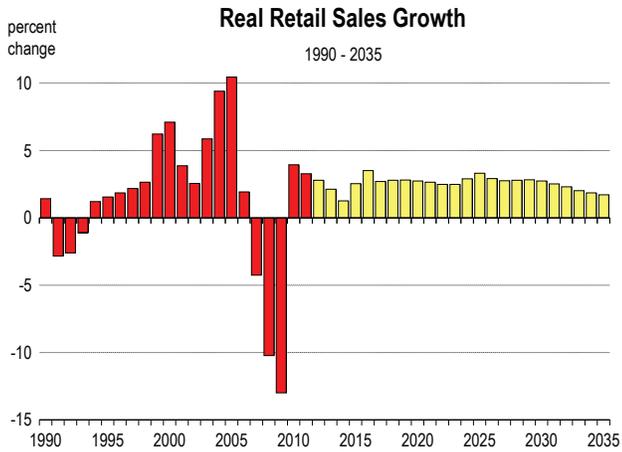


Kern County Employment Forecast

2006-2011 History, 2012-2040 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	278.6	45.25	20.0	13.0	9.4	36.9	9.0	25.0	2.7	23.0	20.7	57.7
2007	284.3	45.60	18.4	13.3	9.6	36.9	9.1	26.1	2.8	24.5	21.5	60.0
2008	287.6	49.56	16.5	13.7	9.6	35.1	8.9	25.0	3.0	25.5	21.5	61.5
2009	269.9	42.84	13.1	13.2	8.9	32.8	8.5	23.7	2.8	25.8	20.9	60.8
2010	270.9	44.58	12.7	13.0	8.4	33.7	8.2	23.8	2.7	25.8	20.5	60.6
2011	278.9	47.79	14.3	13.4	8.5	34.2	8.1	24.8	2.6	26.5	20.5	59.6
2012	285.4	50.02	15.3	13.8	8.7	34.9	8.2	25.9	2.6	26.9	20.7	59.0
2013	293.8	51.94	16.3	14.2	9.0	35.6	8.5	27.2	2.6	27.3	21.2	60.0
2014	301.4	53.55	16.8	14.6	9.4	36.3	8.6	28.6	2.6	27.9	21.8	60.8
2015	308.4	54.71	17.1	14.9	9.8	37.2	8.9	29.7	2.6	28.7	22.4	61.7
2016	314.9	55.88	17.4	15.1	10.1	38.2	9.1	30.6	2.7	29.3	23.0	62.3
2017	320.2	56.99	17.4	15.2	10.4	39.1	9.2	31.3	2.7	29.9	23.6	62.9
2018	325.8	58.06	17.6	15.3	10.7	39.9	9.3	31.9	2.7	30.7	24.2	63.7
2019	331.6	59.17	17.8	15.4	11.2	40.6	9.4	32.5	2.7	31.6	24.7	64.5
2020	337.2	59.87	18.0	15.4	11.8	41.4	9.4	33.2	2.8	32.5	25.3	65.5
2021	342.4	60.18	18.1	15.6	12.3	42.2	9.5	33.8	2.8	33.5	25.7	66.4
2022	348.1	60.78	18.1	15.8	12.7	43.0	9.5	34.6	2.8	34.6	26.2	67.5
2023	354.3	61.54	18.1	16.1	13.1	43.9	9.6	35.4	2.9	35.8	26.6	68.6
2024	360.8	62.48	18.1	16.3	13.5	44.8	9.7	36.3	2.9	36.9	26.9	70.0
2025	367.3	63.50	18.1	16.6	13.8	45.8	9.7	37.2	3.0	37.9	27.3	71.2
2026	373.8	64.41	18.1	16.9	14.1	46.7	9.7	38.2	3.1	38.9	27.7	72.6
2027	379.9	65.19	18.1	17.1	14.4	47.6	9.8	39.2	3.1	39.9	28.1	73.8
2028	386.1	66.00	18.1	17.4	14.7	48.6	9.7	40.2	3.2	40.8	28.5	75.0
2029	392.2	66.76	18.1	17.7	15.0	49.6	9.7	41.3	3.3	41.7	28.9	76.3
2030	398.1	67.12	18.1	17.9	15.3	50.5	9.8	42.3	3.3	42.5	29.3	77.5
2031	403.9	67.18	18.1	18.2	15.6	51.5	9.8	43.4	3.4	43.6	29.9	78.8
2032	410.3	67.73	18.1	18.5	15.9	52.4	9.8	44.4	3.5	44.6	30.4	80.1
2033	416.9	68.60	18.1	18.8	16.2	53.3	9.8	45.5	3.6	45.7	31.0	81.3
2034	423.7	69.63	18.1	19.1	16.6	54.1	9.8	46.6	3.7	46.7	31.6	82.6
2035	430.2	70.48	18.0	19.4	16.9	54.9	9.8	47.7	3.7	47.8	32.2	83.8
2036	437.2	71.73	18.0	19.7	17.2	55.7	9.9	48.8	3.8	48.8	32.8	85.1
2037	444.3	72.97	18.0	20.0	17.6	56.4	9.9	49.9	3.9	49.9	33.4	86.4
2038	450.7	73.47	18.0	20.2	17.9	57.1	9.9	51.1	4.0	51.0	34.0	87.7
2039	457.4	74.22	18.0	20.5	18.3	57.9	9.9	52.3	4.1	52.1	34.6	88.9
2040	464.2	75.09	18.0	20.8	18.6	58.6	9.9	53.5	4.2	53.3	35.2	90.1





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	15.9 %
Expected job growth:	13.9 %
Fastest growing jobs sector:	Professional Services
Expected personal income growth:	18.6 %

Expected population growth:	10.1 %
Net migration to account for:	34.3 %
Expected growth in number of vehicles:	7.8 %

Demographics

Unemployment rate (March 2012)	15.9 %
County Rank* in California (58 counties):	39th
Working age (16-64) population:	63.4 %

Population with B.A. Degree or higher:	14.1 %
Median Home Selling Price:	\$122,460
Median Household Income:	\$44,305

Quality of Life

Violent Crime rate (2010):	578 per 100,000 persons
County Rank* in California (58 counties):	50th
Average Commute Time to work (2011):	25.2 minutes

High School drop out rate (2010):	18.3 %
Households at/below poverty line:	17.4 %

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