

SAN BERNARDINO COUNTY ECONOMIC FORECAST

San Bernardino County is the largest county in the nation in terms of total land area. The county, along with Riverside County – its neighbor to the south – comprise the Inland Empire, one of the fastest growing metro areas of the state and nation from 1997 to 2006. However, the real estate and labor market declines were especially severe in the Inland Empire, leading to a dramatic economic fallout. Despite recent signs of improvement, San Bernardino County is still climbing out of this massive hole.

San Bernardino County has a population of 2.1 million people and 591,000 wage and salary jobs. The per capita income is \$30,206, and the average annual salary per worker is \$52,017.

Despite heavy fallout from the housing bubble and subsequent recession, the San Bernardino County labor market began to improve in 2011. The county added a total of 1,300 jobs, representing a growth rate of 0.2 percent. This is a positive development, but lags the 0.7 percent growth that occurred across Southern California. In addition, the unemployment rate in San Bernardino County improved from 14.3 percent in 2010 to 13.2 percent in 2011.

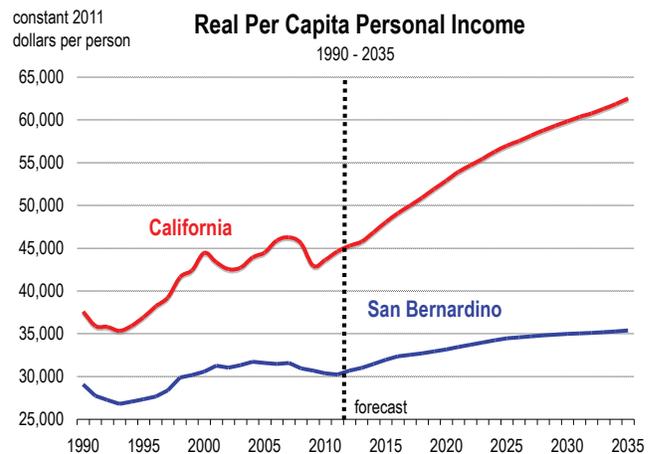
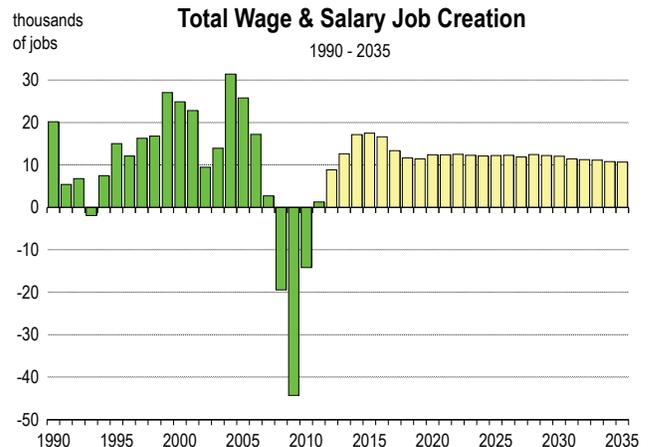
Across the major industry sectors, employment gains were mixed in 2011. Some industries were characterized by large increases, while others experienced sizeable declines. The largest gains occurred in professional services (+2,200 jobs), retail trade (+2,200 jobs), and leisure and hospitality (+1,500 jobs). The largest losses, on the other hand, were in government (-3,000 jobs) and transportation and utilities (-2,600 jobs).

From 2006-2011, the San Bernardino County population increased by 6.0 percent, an annual average rate of 1.0 percent. This is much slower than the growth that occurred in the late 1990s and early 2000s, but faster than most other regions of the state. Furthermore, growth within the county was due entirely to the natural increase (new births), as total net migration was negative for the past five years.

San Bernardino County and the entire Inland Empire economy are expected to expand in 2012, with growth accelerating by 2013. Over the longer-term forecast, the Inland Empire will experience greater growth than the coastal counties, due largely to the availability of land at lower costs.

FORECAST HIGHLIGHTS

- Employment is forecast to increase by 1.5 percent in 2012. From 2012 to 2017, the annual growth rate is expected to average 2.3 percent.
- Average salaries are currently below the California state average, and will remain so over the foreseeable future. Adjusted for inflation, average salaries are forecast to rise an average of 0.4 percent per year from 2012 to 2017.
- From 2012 to 2017, the momentum for employment growth will be broad-based. Manufacturing, transportation, wholesale trade,



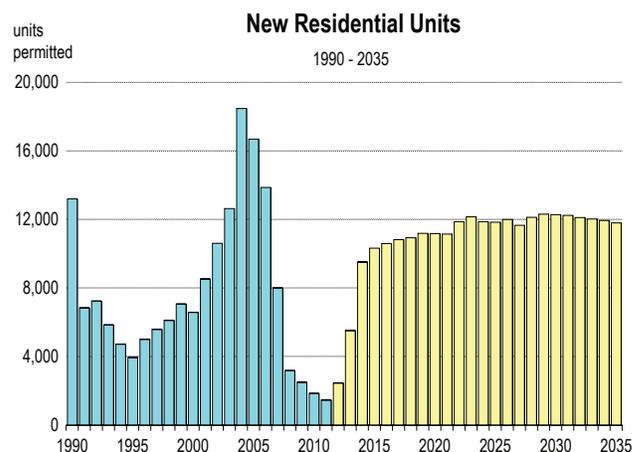
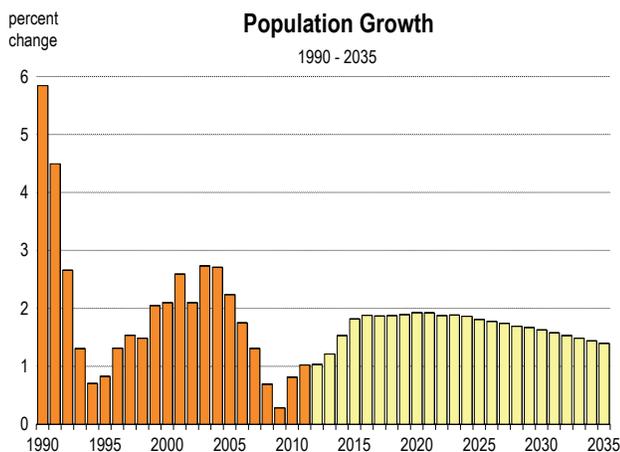
professional services, health and education, leisure and hospitality, and construction will all grow by 15 percent or more.

- From 2012-2017, population growth is expected to average 1.6 percent per year. This is significantly faster than the 1.0 percent that occurred over the previous five years.
- Net migration will be positive throughout the forecast, and will average 13,100 residents per year from 2012-2017.
- Real per capita incomes are expected to rise 1.5 percent in 2012. During the 2012 to 2017 period, real per capita incomes are forecast to increase by 1.2 percent per year.
- Total taxable sales, adjusted for inflation, will increase by an average of 3.4 percent per year from 2012 to 2017.
- Industrial production will rise 2.3 percent in 2012, with nearly all the gains coming in the transportation, warehousing and utilities sector. From 2012 to 2017, the growth rate of industrial production is expected to average 3.8 percent per year.

San Bernardino County Economic Forecast

2006-2011 History, 2012-2040 Forecast

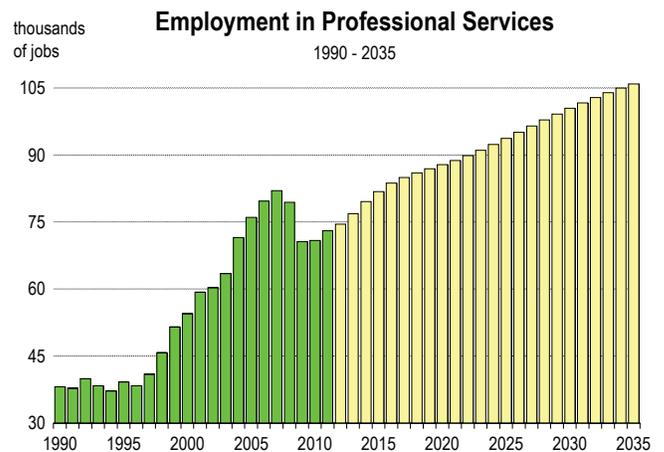
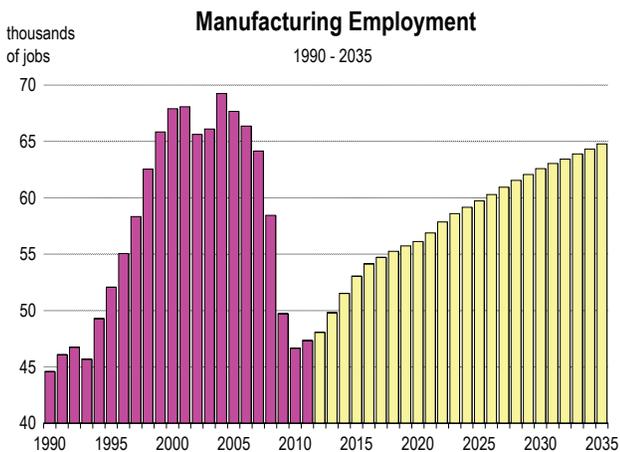
	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	1,976,767	12,872	1.69	582.6	13,872	\$31.3	\$56.5	\$31,474	4.3	480.1	17.3	4.8
2007	2,002,651	3,056	1.67	595.7	8,004	\$30.5	\$59.3	\$31,584	3.3	610.3	17.2	5.6
2008	2,016,526	-8,896	1.64	603.8	3,182	\$27.8	\$60.5	\$30,927	3.5	564.0	17.4	8.0
2009	2,022,319	-15,473	1.63	608.3	2,495	\$23.7	\$59.7	\$30,681	-0.8	369.1	16.2	13.0
2010	2,038,771	-3,553	1.64	611.1	1,847	\$24.7	\$60.3	\$30,364	1.2	438.8	16.6	14.3
2011	2,059,630	628	1.66	613.0	1,465	\$25.9	\$62.2	\$30,206	2.6	436.1	16.5	13.2
2012	2,080,914	1,883	1.68	616.2	2,454	\$27.2	\$65.2	\$30,671	2.1	466.0	16.9	11.9
2013	2,106,217	5,600	1.71	618.4	5,515	\$28.4	\$68.1	\$30,990	2.2	470.0	17.4	10.5
2014	2,138,478	12,205	1.75	623.4	9,514	\$30.7	\$71.9	\$31,465	2.3	468.7	18.2	9.5
2015	2,177,347	18,458	1.80	631.9	10,321	\$32.5	\$75.8	\$31,936	2.0	455.9	19.0	8.7
2016	2,218,321	20,256	1.84	641.1	10,591	\$34.4	\$79.7	\$32,341	1.9	464.6	19.8	7.9
2017	2,259,776	20,510	1.88	650.6	10,816	\$36.3	\$83.2	\$32,534	1.9	468.7	20.7	7.4
2018	2,302,211	21,303	1.90	660.2	10,929	\$38.2	\$86.8	\$32,711	1.8	472.7	21.6	7.0
2019	2,345,795	22,475	1.93	670.0	11,188	\$40.2	\$90.5	\$32,935	1.7	480.8	22.5	6.7
2020	2,391,066	24,286	1.96	680.0	11,174	\$42.1	\$94.4	\$33,169	1.5	465.8	23.5	6.3
2021	2,437,033	25,184	1.99	690.0	11,146	\$44.1	\$98.4	\$33,436	1.5	447.6	24.4	6.3
2022	2,482,797	24,961	2.02	700.0	11,875	\$45.9	\$102.8	\$33,720	1.6	459.7	25.3	6.3
2023	2,529,606	26,008	2.04	710.6	12,152	\$48.0	\$107.3	\$33,973	1.7	467.1	26.3	6.3
2024	2,576,794	26,401	2.07	721.5	11,871	\$50.2	\$112.0	\$34,222	1.8	477.3	27.3	6.3
2025	2,623,471	25,924	2.10	732.1	11,846	\$52.8	\$116.9	\$34,453	1.8	483.2	28.4	6.3
2026	2,670,046	25,876	2.13	742.7	12,003	\$55.3	\$121.7	\$34,589	1.9	481.4	29.5	6.2
2027	2,716,554	25,865	2.16	753.4	11,655	\$57.9	\$126.6	\$34,703	1.9	476.1	30.7	6.3
2028	2,762,597	25,471	2.18	763.8	12,128	\$60.7	\$131.5	\$34,810	1.9	477.7	31.9	6.2
2029	2,808,792	25,699	2.21	774.7	12,314	\$63.6	\$136.5	\$34,892	1.9	475.6	33.1	6.2
2030	2,854,639	25,430	2.24	785.7	12,278	\$66.6	\$141.7	\$34,967	1.9	457.0	34.3	6.2
2031	2,899,696	24,715	2.27	796.7	12,241	\$69.5	\$146.9	\$35,035	1.9	439.1	35.6	6.2
2032	2,944,142	24,175	2.29	807.6	12,113	\$72.5	\$152.2	\$35,088	1.9	453.3	36.9	6.2
2033	2,987,922	23,582	2.32	818.4	12,024	\$75.4	\$157.7	\$35,173	1.9	463.7	38.3	6.2
2034	3,030,965	22,945	2.34	829.2	11,938	\$78.3	\$163.4	\$35,267	1.9	470.4	39.6	6.2
2035	3,073,385	22,414	2.36	839.9	11,806	\$81.2	\$169.3	\$35,373	1.9	464.7	41.1	6.2
2036	3,115,148	21,845	2.39	850.4	11,685	\$84.1	\$175.4	\$35,478	1.9	479.5	42.5	6.2
2037	3,156,379	21,389	2.41	860.9	11,553	\$87.0	\$181.8	\$35,604	1.9	482.0	44.0	6.2
2038	3,197,082	20,924	2.43	871.2	11,454	\$89.9	\$188.4	\$35,751	1.9	456.0	45.6	6.2
2039	3,237,273	20,464	2.46	881.4	11,362	\$92.8	\$195.3	\$35,915	1.9	461.5	47.2	6.2
2040	3,276,941	19,979	2.48	891.6	11,235	\$95.7	\$202.3	\$36,093	1.8	464.1	48.7	6.2

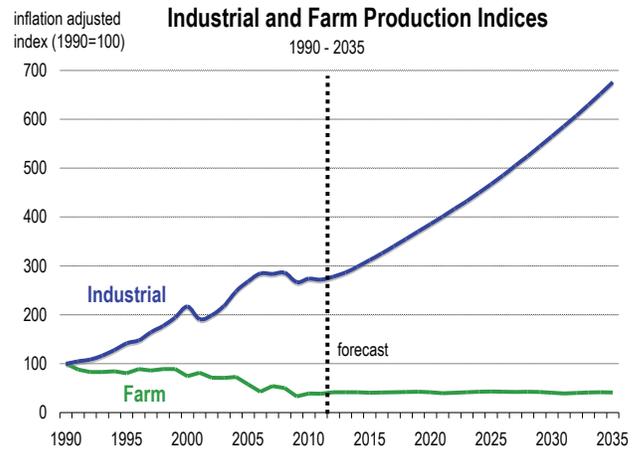
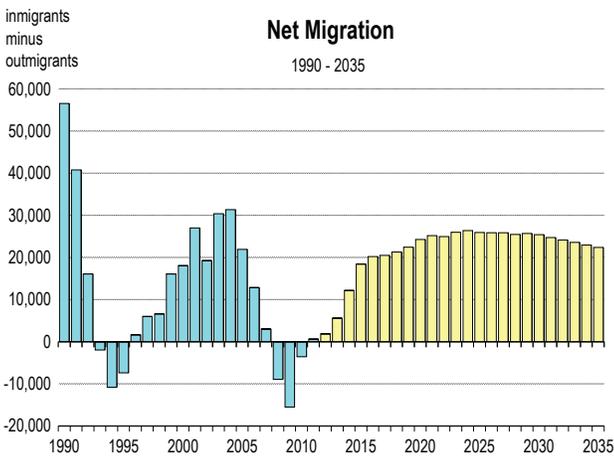
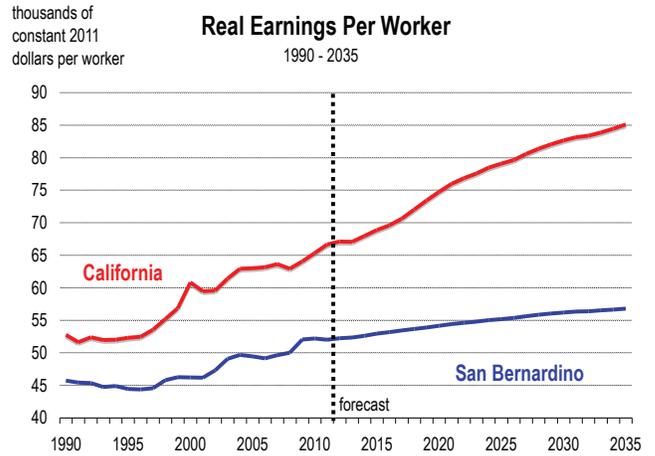
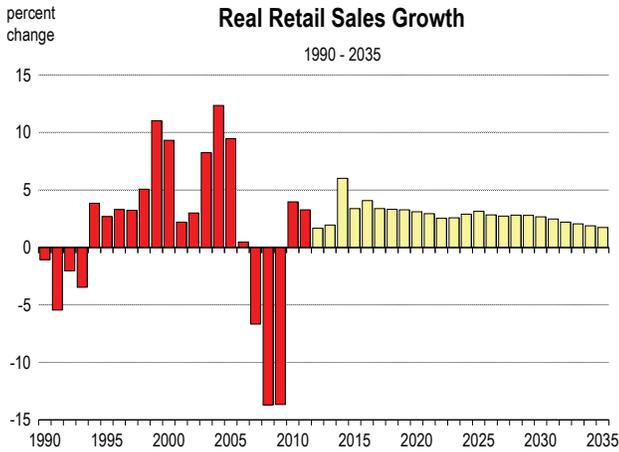


San Bernardino County Employment Forecast

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	664.4	3.06	46.8	66.4	46.8	120.9	28.1	79.7	7.6	68.6	56.2	117.6
2007	667.1	3.45	43.6	64.2	48.0	123.5	27.2	82.1	7.6	70.1	58.8	116.5
2008	647.7	2.83	36.0	58.5	49.0	117.5	24.4	79.4	7.2	73.3	58.2	119.3
2009	603.5	2.49	27.6	49.7	47.1	107.6	21.9	70.6	6.6	75.7	55.1	119.1
2010	589.3	2.05	23.9	46.7	47.0	106.1	21.7	70.9	5.7	75.2	53.5	116.5
2011	590.6	2.06	24.1	47.3	44.4	108.6	22.2	73.1	5.4	76.1	55.1	113.5
2012	599.5	1.91	24.4	48.1	44.7	111.2	22.3	74.5	5.7	77.8	56.1	113.6
2013	612.1	1.80	25.6	49.8	45.8	113.3	22.9	76.9	5.7	78.9	57.3	114.3
2014	629.3	1.70	27.2	51.5	47.6	117.4	23.2	79.6	5.8	80.4	58.7	115.6
2015	646.8	1.61	28.5	53.1	49.8	121.0	23.7	81.8	5.8	82.3	60.5	117.3
2016	663.4	1.55	29.5	54.1	51.9	125.1	23.9	83.7	5.8	83.9	62.5	119.0
2017	676.8	1.50	30.7	54.7	53.8	128.1	24.0	85.0	5.9	85.3	64.2	120.8
2018	688.5	1.47	31.6	55.3	56.0	129.8	24.1	86.0	5.9	86.8	65.3	123.0
2019	700.0	1.45	32.8	55.7	58.3	131.3	24.1	86.9	5.9	88.4	65.8	125.3
2020	712.4	1.42	34.1	56.1	61.0	133.1	24.6	87.9	5.9	89.9	66.1	127.9
2021	724.8	1.37	35.2	56.9	63.4	134.9	25.3	88.8	5.9	91.3	66.4	130.3
2022	737.3	1.35	36.2	57.9	65.7	137.0	26.0	89.9	5.9	92.5	66.5	132.8
2023	749.6	1.34	36.9	58.6	68.0	139.0	26.6	91.1	5.9	94.0	66.6	135.5
2024	761.7	1.34	37.6	59.2	70.2	141.0	26.8	92.4	6.0	95.5	66.7	138.4
2025	774.0	1.35	38.3	59.7	72.4	143.2	27.4	93.7	6.0	97.1	66.8	140.9
2026	786.3	1.35	39.0	60.3	74.4	145.2	28.0	95.1	6.0	98.6	67.0	143.6
2027	798.2	1.35	39.8	60.9	76.2	147.1	28.7	96.5	6.0	100.2	67.2	146.0
2028	810.7	1.35	40.8	61.5	78.2	149.1	29.4	97.9	6.0	101.8	67.5	148.2
2029	822.9	1.35	41.9	62.1	80.1	151.0	29.8	99.2	6.0	103.5	68.0	150.4
2030	835.0	1.33	42.9	62.6	82.1	152.9	30.4	100.5	6.1	105.2	68.5	152.6
2031	846.5	1.29	43.8	63.0	84.1	154.7	30.6	101.7	6.1	106.8	69.0	154.7
2032	857.7	1.28	44.7	63.4	86.0	156.4	31.0	102.8	6.1	108.4	69.5	156.7
2033	868.9	1.28	45.7	63.9	88.0	158.0	31.4	103.9	6.1	110.0	70.1	158.6
2034	879.7	1.28	46.6	64.3	89.9	159.6	31.6	105.0	6.1	111.6	70.7	160.6
2035	890.4	1.28	47.5	64.8	91.8	161.1	31.9	105.9	6.2	113.2	71.3	162.5
2036	901.0	1.30	48.4	65.2	93.8	162.5	32.1	106.9	6.2	114.8	71.9	164.5
2037	911.7	1.31	49.3	65.6	95.7	163.8	32.4	107.8	6.2	116.3	72.5	166.4
2038	922.4	1.30	50.3	66.1	97.6	165.1	32.8	108.8	6.2	117.9	73.2	168.4
2039	933.2	1.29	51.2	66.5	99.4	166.4	33.1	109.8	6.2	119.4	73.8	170.4
2040	943.8	1.29	52.1	67.0	101.3	167.6	33.5	110.8	6.3	121.0	74.5	172.3





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	22.3 %
Expected job growth:	14.7 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	18.2 %

Expected population growth:	9.7 %
Net migration to account for:	39.4 %
Expected growth in number of vehicles:	13.2 %

Demographics (2011)

Unemployment rate (March 2012):	12.6 %
County Rank* in California (58 counties):	25th
Working age (16-64) population:	65.0 %

Population with B.A. Degree or higher:	18.5 %
Median Home Selling Price:	\$151,404
Median Household Income:	\$51,808

Quality of Life

Violent Crime rate (2010):	433 per 100,000 persons
County Rank* in California (58 counties):	37th
Average Commute Time to work (2012):	31.5 minutes

High School drop out rate (2010):	17.9 %
Households at/below poverty line:	12.9 %

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