

SANTA BARBARA COUNTY ECONOMIC FORECAST

Santa Barbara County, located immediately northwest of Ventura County, is dominated by three principal economic activities: tourism, Vandenberg Air Force Base, and education. It has a population of 427,400 people and a total of 187,900 wage and salary jobs. The income per capita in Santa Barbara County is \$47,378 and the average salary per worker is \$55,144.

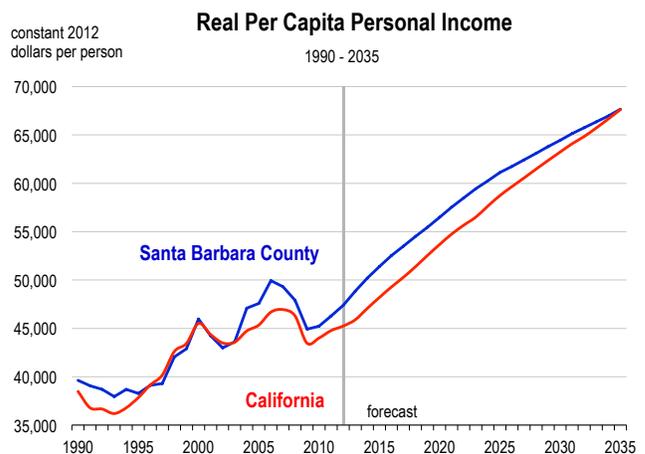
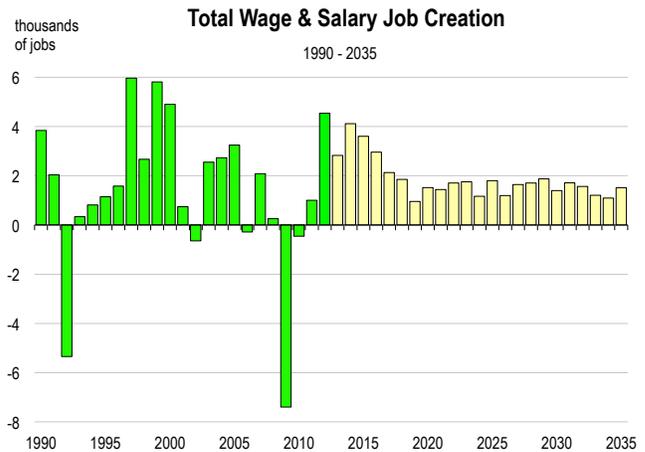
In 2012, employment across Southern California increased by 2.1 percent. In Santa Barbara County, 4,500 wage and salary jobs were created, representing a growth rate of 2.5 percent. In addition, the unemployment rate improved substantially, falling from 8.9 percent in 2011 to 8.0 percent in 2012.

Over the past year, virtually all sectors were characterized by positive job growth. The largest gains were observed in professional services (+1,100 jobs), agriculture (+800 jobs), wholesale and retail trade (+600 jobs), and leisure and hospitality (+600 jobs). No sectors were characterized by significant losses, although construction and financial activities were virtually flat.

Between 2007 and 2012, the population of Santa Barbara County grew at an average rate of 0.5 percent per year. This growth was due entirely to the natural increase (new births), as net migration was negative. During the forecast period, the majority of population growth will occur in the northern portion of the county. Because of restrictions on new housing development, the population growth in the southern portion of the county will be minimal.

FORECAST HIGHLIGHTS

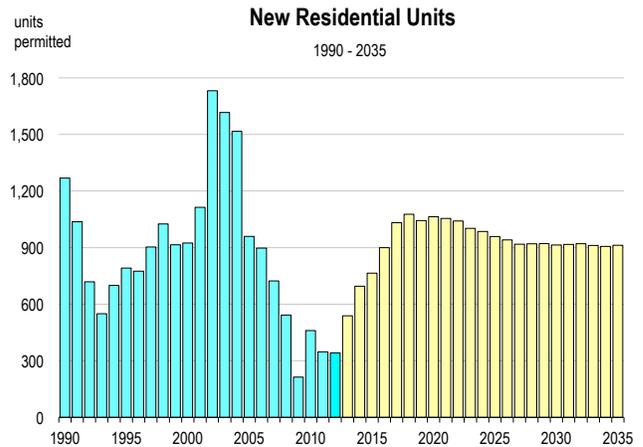
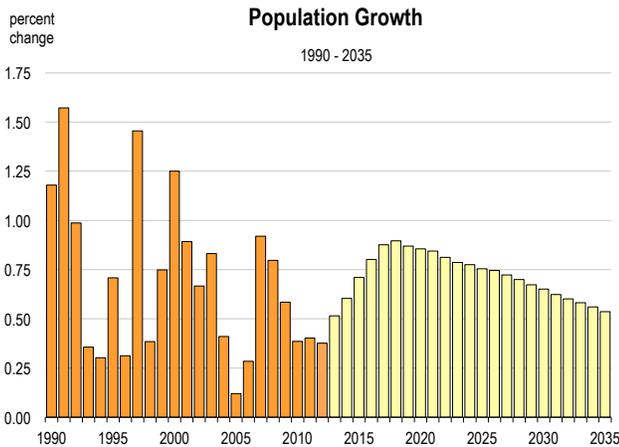
- In 2013, total employment is expected to increase by 1.5 percent. Over the entire 2013-2018 period, growth is expected to average 1.5 percent per year.
- Average salaries are currently below the California state average, and will remain so over the forecast horizon. Adjusted for inflation, average salaries are forecast to rise at a rate of 1.0 percent per year from 2013 to 2018.
- Over the 2013-2018 period, the professional services sector will continue to be the driver of employment growth, accounting for 23 percent of net job creation in the county. In addition, government, leisure services, wholesale and retail trade, construction, and agriculture will account for an additional 54 percent of total employment growth.
- Net migration has been negative for much of the past decade, but will turn positive in 2015, and remain positive through 2018. Over the entire 2013-2018 period, an average of 300 net migrants will enter the county each year. Northern Santa Barbara County will be characterized by positive net migration, while Southern Santa Barbara County will lose residents through out-migration.
- Population growth will accelerate, but remain relatively modest. Growth in the 2013 to 2018 period will average 0.8 percent per year.
- Real income per capita is expected to rise at an average annual rate of 2.2 percent from 2013 to 2018.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.2 percent per year during the 2013-2018 period.
- From 2013 to 2018, industrial production will rise by an average of 3.9 percent per year.
- Farm production is forecast to increase by 1.0 percent per year between 2013 and 2018. The principal crop in the county is the strawberry.



Santa Barbara County Economic Forecast

2006-2012 History, 2013-2040 Forecast

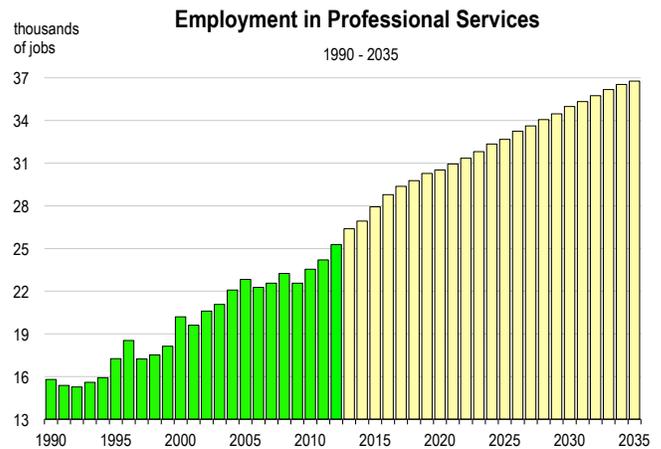
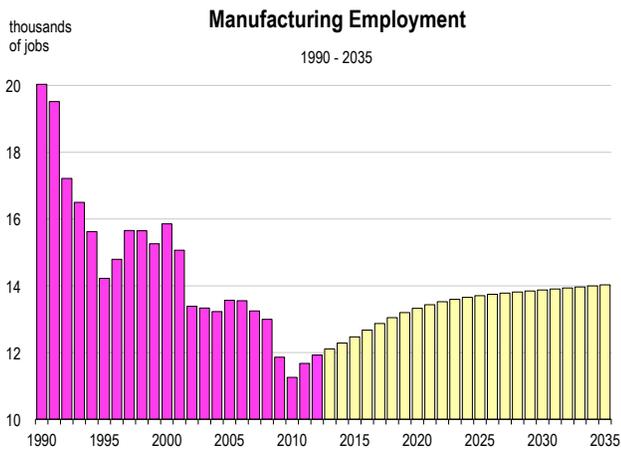
| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (millions) | Real Industrial Production (billions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|--|--|---------------------------------------|---|-------------------------------------|
| 2006 | 412,853 | -2,145 | 373.2 | 141 | 897 | \$6.13 | \$18.33 | \$49,923 | 4.3 | 1,143 | 3.18 | 4.0 |
| 2007 | 416,648 | 251 | 370.6 | 142 | 723 | \$6.07 | \$18.87 | \$49,312 | 3.3 | 1,201 | 3.26 | 4.4 |
| 2008 | 419,970 | -107 | 369.4 | 141 | 543 | \$5.88 | \$19.13 | \$47,903 | 3.5 | 1,196 | 3.36 | 5.5 |
| 2009 | 422,423 | -877 | 367.9 | 142 | 213 | \$5.10 | \$17.90 | \$44,922 | -0.8 | 1,316 | 2.91 | 8.4 |
| 2010 | 424,050 | -1,464 | 368.1 | 142 | 460 | \$5.31 | \$18.31 | \$45,234 | 1.2 | 1,278 | 3.02 | 9.4 |
| 2011 | 425,756 | -1,242 | 366.1 | 143 | 347 | \$5.72 | \$19.30 | \$46,261 | 2.7 | 1,219 | 3.40 | 8.9 |
| 2012 | 427,358 | -1,337 | 365.8 | 143 | 342 | \$6.10 | \$20.25 | \$47,378 | 2.0 | 1,291 | 3.63 | 8.0 |
| 2013 | 429,560 | -835 | 367.1 | 143 | 538 | \$6.36 | \$21.33 | \$48,846 | 1.7 | 1,257 | 3.78 | 6.9 |
| 2014 | 432,154 | -454 | 370.2 | 144 | 695 | \$6.67 | \$22.50 | \$50,182 | 2.1 | 1,282 | 3.96 | 6.2 |
| 2015 | 435,224 | 17 | 374.2 | 145 | 765 | \$6.94 | \$23.57 | \$51,391 | 1.5 | 1,290 | 4.18 | 5.4 |
| 2016 | 438,714 | 422 | 378.6 | 145 | 900 | \$7.22 | \$24.71 | \$52,516 | 1.8 | 1,298 | 4.26 | 4.9 |
| 2017 | 442,558 | 733 | 382.7 | 146 | 1,032 | \$7.47 | \$25.78 | \$53,496 | 1.5 | 1,306 | 4.42 | 4.7 |
| 2018 | 446,525 | 812 | 386.6 | 147 | 1,077 | \$7.71 | \$26.88 | \$54,496 | 1.5 | 1,323 | 4.59 | 4.5 |
| 2019 | 450,408 | 678 | 389.8 | 148 | 1,043 | \$7.94 | \$28.02 | \$55,456 | 1.5 | 1,315 | 4.76 | 4.5 |
| 2020 | 454,261 | 611 | 392.8 | 149 | 1,064 | \$8.14 | \$29.22 | \$56,492 | 1.5 | 1,339 | 4.92 | 4.5 |
| 2021 | 458,097 | 561 | 395.7 | 150 | 1,055 | \$8.37 | \$30.50 | \$57,531 | 1.6 | 1,331 | 5.08 | 4.2 |
| 2022 | 461,819 | 426 | 398.6 | 151 | 1,041 | \$8.68 | \$31.81 | \$58,506 | 1.7 | 1,339 | 5.24 | 4.1 |
| 2023 | 465,452 | 326 | 401.5 | 152 | 1,002 | \$9.01 | \$33.13 | \$59,439 | 1.7 | 1,348 | 5.38 | 4.0 |
| 2024 | 469,061 | 308 | 404.1 | 153 | 986 | \$9.34 | \$34.45 | \$60,251 | 1.8 | 1,331 | 5.55 | 4.1 |
| 2025 | 472,599 | 262 | 406.9 | 154 | 959 | \$9.68 | \$35.84 | \$61,103 | 1.8 | 1,356 | 5.71 | 4.2 |
| 2026 | 476,123 | 284 | 409.5 | 154 | 941 | \$10.01 | \$37.16 | \$61,742 | 1.9 | 1,339 | 5.88 | 4.1 |
| 2027 | 479,565 | 257 | 412.2 | 155 | 918 | \$10.34 | \$38.54 | \$62,405 | 1.9 | 1,348 | 6.04 | 4.1 |
| 2028 | 482,921 | 237 | 414.9 | 156 | 920 | \$10.69 | \$39.96 | \$63,088 | 1.9 | 1,356 | 6.21 | 4.1 |
| 2029 | 486,171 | 202 | 417.8 | 157 | 921 | \$11.08 | \$41.45 | \$63,795 | 1.9 | 1,372 | 6.42 | 4.1 |
| 2030 | 489,337 | 178 | 420.6 | 158 | 914 | \$11.51 | \$42.94 | \$64,437 | 1.9 | 1,364 | 6.60 | 4.1 |
| 2031 | 492,389 | 120 | 423.4 | 158 | 917 | \$11.94 | \$44.48 | \$65,134 | 1.9 | 1,381 | 6.79 | 4.0 |
| 2032 | 495,350 | 85 | 426.2 | 159 | 921 | \$12.38 | \$46.03 | \$65,762 | 1.9 | 1,389 | 6.98 | 4.1 |
| 2033 | 498,233 | 61 | 428.7 | 160 | 912 | \$12.81 | \$47.58 | \$66,347 | 1.9 | 1,381 | 7.21 | 4.1 |
| 2034 | 501,026 | 26 | 431.1 | 161 | 906 | \$13.24 | \$49.19 | \$66,954 | 1.9 | 1,372 | 7.42 | 4.1 |
| 2035 | 503,714 | -31 | 433.5 | 161 | 912 | \$13.67 | \$50.92 | \$67,657 | 1.9 | 1,389 | 7.66 | 4.1 |
| 2036 | 506,326 | -63 | 436.0 | 162 | 918 | \$14.11 | \$52.70 | \$68,350 | 1.9 | 1,397 | 7.88 | 4.0 |
| 2037 | 508,845 | -100 | 438.4 | 163 | 921 | \$14.55 | \$54.55 | \$69,070 | 1.9 | 1,406 | 8.10 | 4.0 |
| 2038 | 511,276 | -140 | 441.0 | 164 | 922 | \$14.99 | \$56.48 | \$69,847 | 1.9 | 1,422 | 8.34 | 4.0 |
| 2039 | 513,641 | -152 | 443.3 | 165 | 923 | \$15.44 | \$58.43 | \$70,597 | 1.9 | 1,414 | 8.58 | 4.0 |
| 2040 | 515,911 | -201 | 445.8 | 165 | 924 | \$15.88 | \$60.48 | \$71,437 | 1.8 | 1,430 | 8.74 | 4.0 |

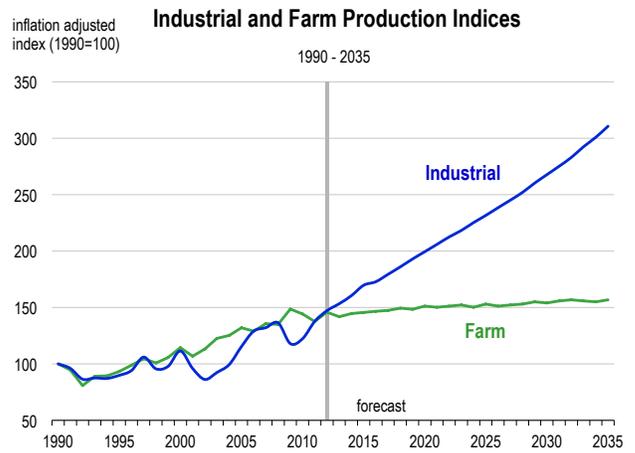
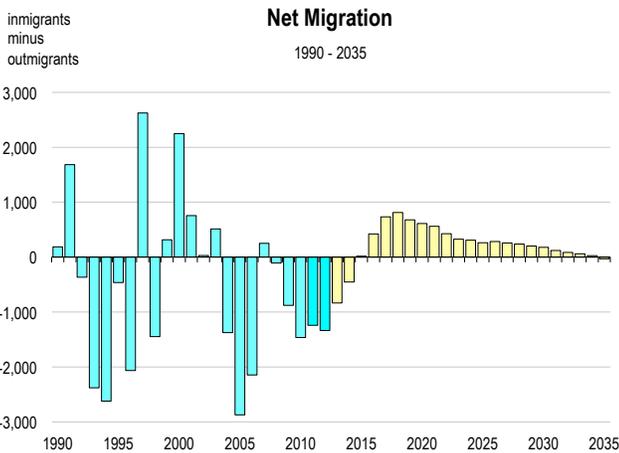
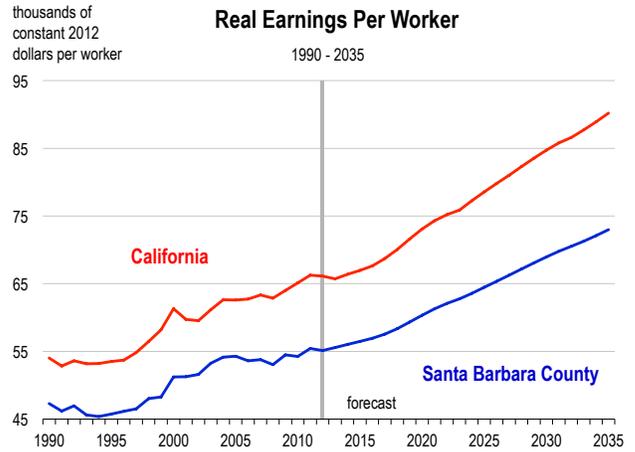
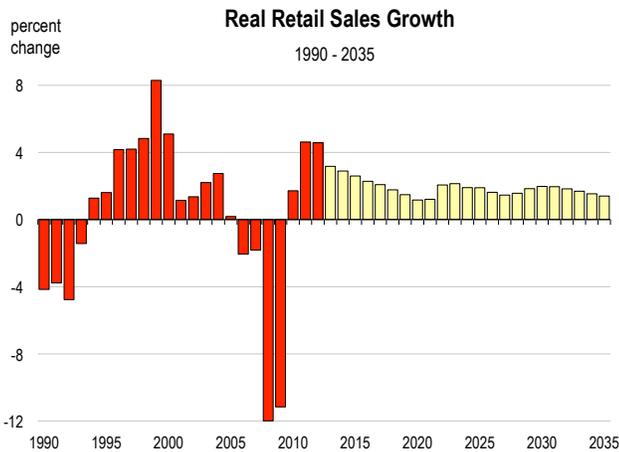


Santa Barbara County Employment Forecast

2006-2012 History, 2013-2040 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 | 187.9 | 15.4 | 10.5 | 13.6 | 3.1 | 25.2 | 8.7 | 22.3 | 4.0 | 19.5 | 22.7 | 36.1 |
| 2007 | 190.0 | 16.1 | 10.5 | 13.3 | 3.0 | 25.1 | 8.2 | 22.6 | 3.9 | 20.3 | 22.9 | 37.0 |
| 2008 | 190.2 | 17.1 | 9.7 | 13.0 | 3.1 | 24.6 | 7.8 | 23.3 | 3.7 | 20.6 | 23.1 | 37.3 |
| 2009 | 182.8 | 17.6 | 7.8 | 11.9 | 3.0 | 22.8 | 6.7 | 22.6 | 3.5 | 20.7 | 22.1 | 37.8 |
| 2010 | 182.4 | 18.6 | 7.0 | 11.3 | 2.8 | 21.9 | 6.4 | 23.6 | 3.5 | 20.9 | 21.9 | 38.2 |
| 2011 | 183.4 | 18.2 | 6.8 | 11.7 | 2.8 | 21.8 | 6.5 | 24.2 | 3.6 | 21.5 | 22.1 | 37.8 |
| 2012 | 187.9 | 19.1 | 6.8 | 11.9 | 2.9 | 22.5 | 6.5 | 25.3 | 4.1 | 21.9 | 22.7 | 37.8 |
| 2013 | 190.8 | 18.3 | 7.3 | 12.1 | 2.9 | 23.0 | 6.8 | 26.4 | 4.1 | 22.0 | 23.2 | 37.8 |
| 2014 | 194.9 | 18.9 | 8.2 | 12.3 | 3.0 | 23.5 | 6.9 | 26.9 | 4.2 | 22.1 | 23.6 | 38.3 |
| 2015 | 198.5 | 19.0 | 8.6 | 12.5 | 3.0 | 23.9 | 7.0 | 27.9 | 4.2 | 22.3 | 24.0 | 38.6 |
| 2016 | 201.4 | 19.2 | 9.1 | 12.7 | 3.0 | 24.3 | 7.1 | 28.8 | 4.2 | 22.5 | 24.4 | 38.7 |
| 2017 | 203.6 | 19.4 | 9.2 | 12.9 | 3.1 | 24.5 | 7.2 | 29.4 | 4.3 | 22.7 | 24.8 | 38.8 |
| 2018 | 205.4 | 19.7 | 9.3 | 13.0 | 3.1 | 24.7 | 7.2 | 29.8 | 4.3 | 22.8 | 25.0 | 38.9 |
| 2019 | 206.4 | 19.6 | 9.2 | 13.2 | 3.1 | 24.8 | 7.0 | 30.3 | 4.3 | 22.9 | 25.3 | 39.0 |
| 2020 | 207.9 | 20.1 | 9.1 | 13.3 | 3.0 | 24.9 | 7.1 | 30.5 | 4.3 | 23.1 | 25.5 | 39.3 |
| 2021 | 209.3 | 19.9 | 9.1 | 13.4 | 2.9 | 25.1 | 7.0 | 30.9 | 4.4 | 23.2 | 25.8 | 39.7 |
| 2022 | 211.0 | 20.1 | 9.3 | 13.5 | 2.9 | 25.3 | 7.1 | 31.4 | 4.4 | 23.3 | 26.1 | 39.9 |
| 2023 | 212.8 | 20.3 | 9.4 | 13.6 | 2.9 | 25.4 | 7.0 | 31.8 | 4.4 | 23.5 | 26.4 | 40.2 |
| 2024 | 214.0 | 19.9 | 9.5 | 13.7 | 3.0 | 25.6 | 7.0 | 32.3 | 4.4 | 23.7 | 26.6 | 40.4 |
| 2025 | 215.8 | 20.4 | 9.5 | 13.7 | 2.9 | 25.7 | 7.0 | 32.7 | 4.4 | 23.9 | 26.9 | 40.6 |
| 2026 | 217.0 | 20.1 | 9.5 | 13.7 | 2.9 | 25.8 | 7.0 | 33.3 | 4.5 | 24.1 | 27.2 | 40.8 |
| 2027 | 218.6 | 20.3 | 9.6 | 13.8 | 2.9 | 25.9 | 7.0 | 33.6 | 4.5 | 24.3 | 27.5 | 41.0 |
| 2028 | 220.3 | 20.4 | 9.7 | 13.8 | 2.9 | 26.0 | 7.0 | 34.1 | 4.5 | 24.5 | 27.8 | 41.2 |
| 2029 | 222.2 | 20.8 | 9.8 | 13.8 | 2.9 | 26.1 | 7.0 | 34.5 | 4.5 | 24.8 | 28.0 | 41.4 |
| 2030 | 223.6 | 20.6 | 9.9 | 13.9 | 2.9 | 26.3 | 7.0 | 35.0 | 4.5 | 25.0 | 28.3 | 41.7 |
| 2031 | 225.3 | 20.9 | 9.9 | 13.9 | 2.9 | 26.5 | 7.0 | 35.3 | 4.6 | 25.2 | 28.6 | 41.9 |
| 2032 | 226.9 | 21.1 | 9.9 | 13.9 | 2.9 | 26.6 | 7.0 | 35.7 | 4.6 | 25.4 | 28.8 | 42.2 |
| 2033 | 228.1 | 20.9 | 9.9 | 14.0 | 2.9 | 26.7 | 7.0 | 36.2 | 4.6 | 25.6 | 29.1 | 42.4 |
| 2034 | 229.2 | 20.8 | 9.9 | 14.0 | 2.9 | 26.8 | 7.0 | 36.5 | 4.6 | 25.7 | 29.4 | 42.7 |
| 2035 | 230.7 | 21.1 | 9.9 | 14.0 | 2.9 | 26.9 | 7.0 | 36.8 | 4.7 | 25.9 | 29.7 | 43.0 |
| 2036 | 232.1 | 21.3 | 9.9 | 14.1 | 2.9 | 27.0 | 6.9 | 37.1 | 4.7 | 26.0 | 29.9 | 43.2 |
| 2037 | 233.5 | 21.5 | 9.9 | 14.1 | 2.9 | 27.1 | 6.9 | 37.4 | 4.7 | 26.2 | 30.2 | 43.5 |
| 2038 | 235.1 | 21.8 | 9.9 | 14.1 | 2.9 | 27.2 | 6.9 | 37.7 | 4.7 | 26.3 | 30.5 | 43.8 |
| 2039 | 236.2 | 21.6 | 10.0 | 14.2 | 2.9 | 27.2 | 6.9 | 38.1 | 4.7 | 26.5 | 30.7 | 44.0 |
| 2040 | 237.7 | 22.0 | 10.0 | 14.2 | 2.9 | 27.3 | 6.9 | 38.4 | 4.8 | 26.6 | 31.0 | 44.3 |





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

| | |
|----------------------------------|--------------|
| Expected retail sales growth: | 12.2% |
| Expected job growth: | 7.7% |
| Fastest growing jobs sector: | Construction |
| Expected personal income growth: | 16.0% |

| | |
|--|------|
| Expected population growth: | 4.0% |
| Net migration to account for: | 9.0% |
| Expected growth in number of vehicles: | 5.3% |

Demographics (2013)

| | |
|--|-------|
| Unemployment rate (April 2013): | 6.0% |
| County Rank in California (58 counties): | 6th |
| Percent of population working age (16-64): | 66.5% |

| | |
|-----------------------------------|-----------|
| Population with B.A. or higher: | 30.6% |
| Median Home Selling Price (2012): | \$315,000 |
| Median Household Income: | \$59,595 |

Quality of Life

| | |
|--|-------------------------|
| Violent Crime rate (2010): | 422 per 100,000 persons |
| County Rank in California (58 counties): | 35th |
| Average Commute Time to work (2013): | 22.1 minutes |

| | |
|--|-------|
| High School drop out rate (2011): | 11.7% |
| Households at/below poverty line (2013): | 9.7% |

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