

SANTA CRUZ COUNTY ECONOMIC FORECAST

Santa Cruz County is located on the central coast of California, it is the second smallest county in terms of physical size. Santa Cruz County has a population of 272,000 people and 102,000 wage and salary jobs. The per capita income in Santa Cruz County is \$54,615 and the average salary per worker is \$52,908.

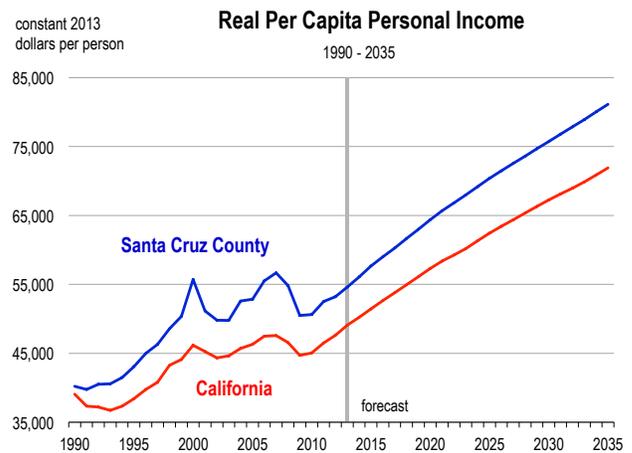
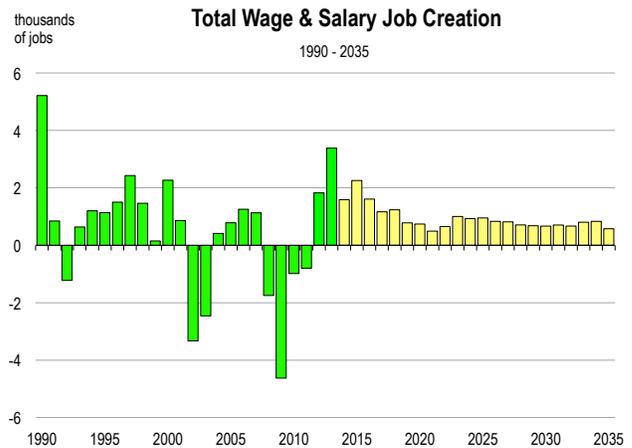
In 2013, 3,400 total wage and salary jobs were gained in Santa Cruz County, representing a growth rate of 3.4 percent. Over the course of the year, the unemployment rate improved substantially, dropping from 11.2 percent in 2012 to 9.5 percent in 2013.

Across employment sectors, the largest gains occurred in education and healthcare (+930 jobs), leisure and hospitality (+630 jobs), professional services (+430 jobs), and government (+340 jobs). The largest declines were observed in agriculture (-50 jobs), and transportation and utilities (-40 jobs).

Between 2008 and 2013, the population of Santa Cruz grew at an annual average rate of 0.9 percent. In part, this growth was the result of in-migration, as the county gained an average of 770 net migrants per year.

FORECAST HIGHLIGHTS

- In 2014, total employment will increase by 1.6 percent. From 2014 to 2019, an annual average growth rate of 1.3 percent is expected.
- Average salaries are currently below the California state average, and will remain so over the forecast period. In Santa Cruz County, inflation-adjusted salaries are expected to rise by an average of 1.8 percent per year between 2014 and 2019.
- Between 2014 and 2019, employment growth will be broad-based. However, the largest gains will be observed in education and healthcare (+1,500 jobs), wholesale and retail trade (+1,200 jobs), construction (+1,100 jobs), leisure and hospitality (+900 jobs), and government (+800 jobs). Together, these sectors will account for 79 percent of net job creation in the county.
- During the 2014-2019 period, the population will increase by 0.9 percent per year. This is identical to the growth rate that prevailed between 2008 and 2013.
- Net migration will remain strong over the forecast period. Between 2014 and 2019, net migration is expected to average 1,000 people per year, accounting for 42 percent of total population growth.
- Real income per capita is forecasted to increase by 2.7 percent in 2014. From 2014 to 2019, real income per capita is expected to increase by 2.4 percent per year.

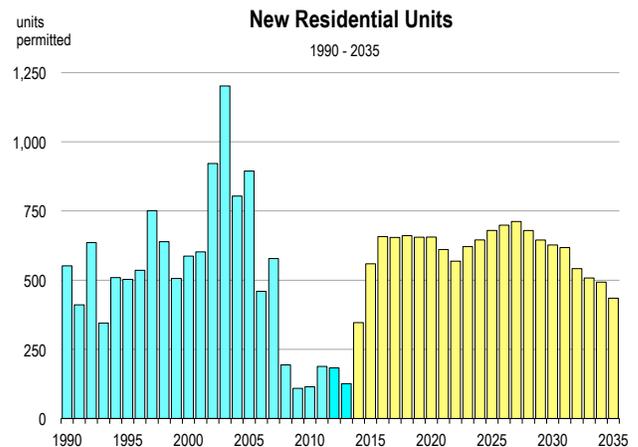
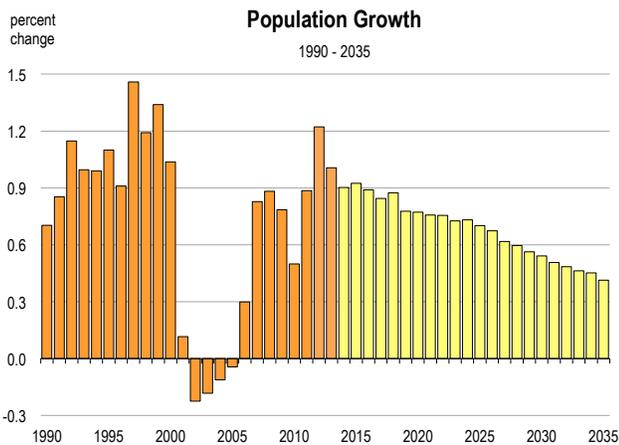


- Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.4 percent per year between 2014 and 2019.
- Industrial production is projected to increase by 2.4 percent in 2014. During the 2014-2019 period, industrial production will increase by an average of 2.6 percent per year.
- Farm production is forecasted to increase by 1.6 percent per year between 2014 and 2019. The principal crop in the county is the strawberry.

Santa Cruz County Economic Forecast

2007-2013 History, 2014-2040 Forecast

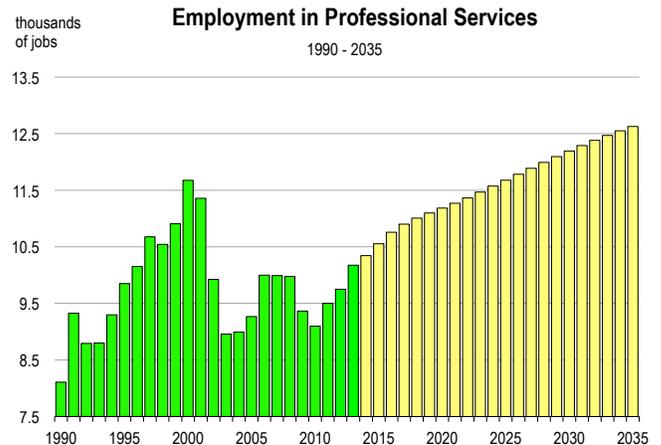
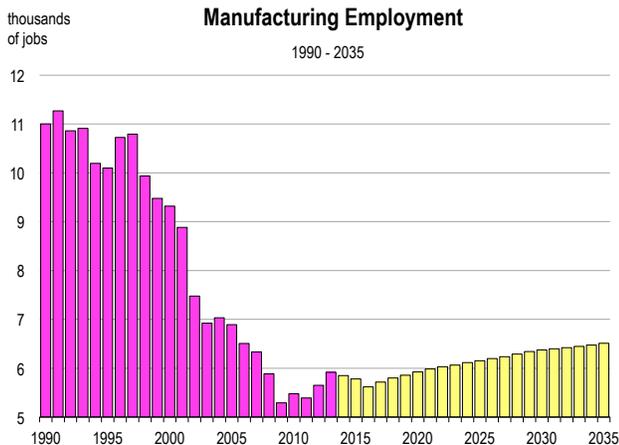
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	255,486	-1,123	243.3	93.7	460	\$3.2	\$12.1	\$55,497	3.2	0.49	1.24	5.7
2007	257,601	30	241.8	94.2	578	\$3.2	\$12.9	\$56,681	3.4	0.56	1.25	5.9
2008	259,873	320	241.9	94.3	194	\$3.0	\$12.9	\$54,827	2.9	0.53	1.22	7.3
2009	261,912	319	241.7	94.4	109	\$2.6	\$12.1	\$50,496	0.8	0.54	1.15	11.3
2010	263,220	-276	242.9	94.3	115	\$2.7	\$12.4	\$50,609	1.3	0.57	1.17	12.7
2011	265,551	781	241.5	94.4	188	\$2.9	\$13.3	\$52,512	2.7	0.59	1.14	12.4
2012	268,796	1,725	241.0	94.5	183	\$3.1	\$14.0	\$53,222	2.7	0.58	1.24	11.2
2013	271,501	1,308	248.9	94.7	126	\$3.3	\$14.8	\$54,615	2.3	0.57	1.32	9.5
2014	273,951	1,043	251.1	94.7	347	\$3.5	\$15.8	\$56,085	2.8	0.58	1.35	8.3
2015	276,483	1,142	253.6	95.0	559	\$3.7	\$16.9	\$57,661	3.3	0.59	1.37	7.4
2016	278,945	1,046	255.8	95.5	658	\$3.9	\$18.0	\$59,004	3.2	0.59	1.36	6.5
2017	281,300	976	257.4	96.1	654	\$4.1	\$19.0	\$60,267	2.4	0.61	1.42	6.2
2018	283,760	1,081	258.9	96.7	661	\$4.3	\$20.1	\$61,653	2.3	0.62	1.47	6.0
2019	285,965	835	260.1	97.3	655	\$4.5	\$21.1	\$62,994	2.4	0.63	1.53	5.9
2020	288,173	856	260.9	97.9	656	\$4.7	\$22.3	\$64,379	2.3	0.63	1.59	5.8
2021	290,355	851	261.4	98.5	611	\$4.9	\$23.5	\$65,679	2.5	0.63	1.65	5.8
2022	292,548	874	261.7	99.0	569	\$5.1	\$24.7	\$66,829	2.6	0.64	1.71	5.8
2023	294,672	819	262.2	99.6	621	\$5.3	\$25.9	\$67,986	2.5	0.65	1.77	5.7
2024	296,829	864	262.8	100.1	645	\$5.5	\$27.2	\$69,191	2.5	0.66	1.84	5.7
2025	298,911	816	263.8	100.7	680	\$5.7	\$28.6	\$70,394	2.5	0.67	1.90	5.7
2026	300,925	776	265.0	101.3	699	\$5.9	\$29.9	\$71,482	2.5	0.69	1.97	5.7
2027	302,784	649	266.4	102.0	712	\$6.1	\$31.3	\$72,552	2.5	0.69	2.04	5.7
2028	304,589	632	267.9	102.6	679	\$6.4	\$32.8	\$73,614	2.5	0.70	2.13	5.7
2029	306,304	573	269.4	103.3	645	\$6.7	\$34.3	\$74,679	2.5	0.71	2.22	5.7
2030	307,962	560	271.1	103.8	627	\$7.0	\$35.8	\$75,749	2.5	0.71	2.30	5.7
2031	309,523	500	272.8	104.4	618	\$7.3	\$37.4	\$76,826	2.5	0.71	2.39	5.7
2032	311,023	477	274.7	105.0	542	\$7.7	\$39.1	\$77,844	2.5	0.72	2.48	5.7
2033	312,462	435	276.5	105.5	508	\$8.1	\$40.8	\$78,920	2.5	0.73	2.57	5.7
2034	313,874	429	278.2	105.9	493	\$8.4	\$42.6	\$80,043	2.5	0.75	2.67	5.7
2035	315,172	341	279.7	106.3	435	\$8.8	\$44.4	\$81,138	2.5	0.76	2.77	5.7
2036	316,453	355	281.3	106.7	387	\$9.2	\$46.4	\$82,306	2.5	0.78	2.88	5.7
2037	317,675	290	282.8	107.0	341	\$9.6	\$48.4	\$83,477	2.5	0.79	2.99	5.7
2038	318,825	225	284.2	107.3	317	\$10.0	\$50.5	\$84,671	2.5	0.79	3.11	5.7
2039	319,937	200	285.7	107.5	303	\$10.4	\$52.7	\$85,981	2.5	0.80	3.23	5.7
2040	320,996	165	287.4	107.7	291	\$10.8	\$55.0	\$87,307	2.5	0.81	3.36	5.7

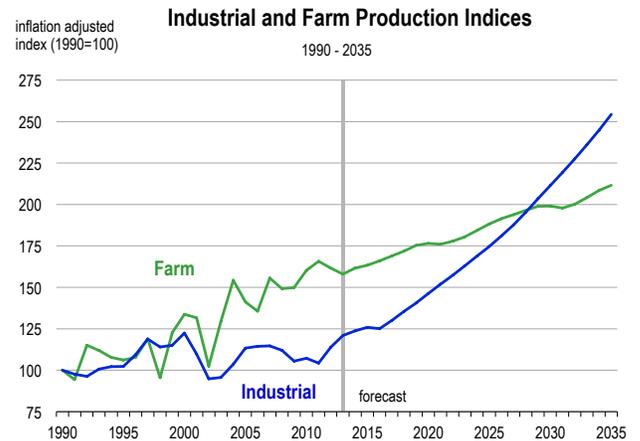
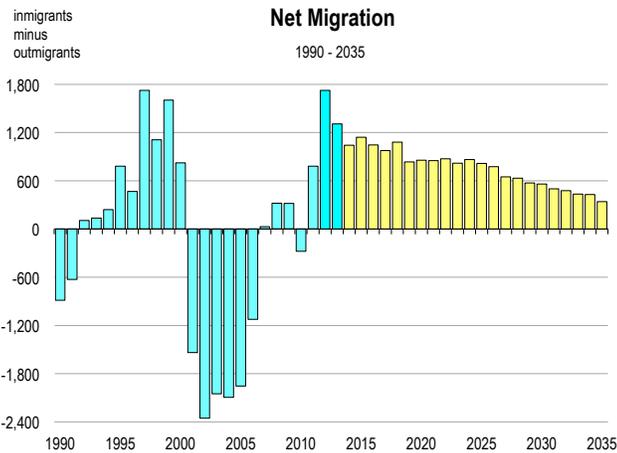
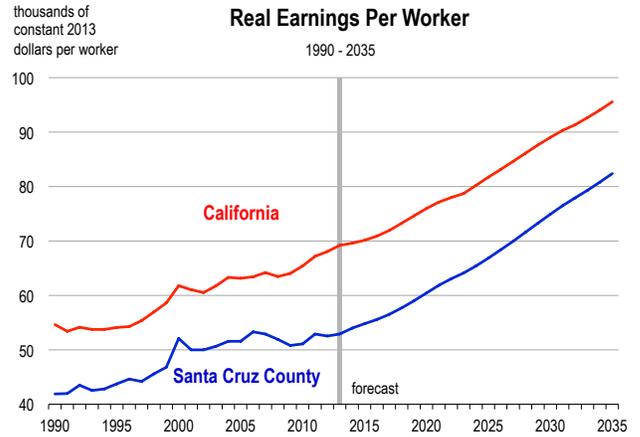


Santa Cruz County Employment Forecast

2006-2013 History, 2014-2040 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	103.3	7.4	5.9	6.5	1.5	17.3	3.8	10.0	1.4	13.0	11.1	21.8
2007	104.4	7.8	5.4	6.3	1.6	17.4	3.7	10.0	1.2	13.3	11.5	22.3
2008	102.7	8.6	4.6	5.9	1.5	16.4	3.5	10.0	1.1	13.6	11.3	22.3
2009	98.1	9.5	3.2	5.3	1.4	15.3	3.4	9.4	1.0	14.2	11.1	20.8
2010	97.1	9.6	3.0	5.5	1.5	14.9	3.2	9.1	0.9	14.6	10.9	20.3
2011	96.3	8.6	2.9	5.4	1.5	14.7	3.1	9.5	0.9	14.9	11.0	20.3
2012	98.1	8.4	3.0	5.7	1.4	14.8	3.2	9.8	0.8	15.4	11.6	20.4
2013	101.5	8.4	3.2	5.9	1.4	15.0	3.4	10.2	0.8	16.3	12.2	20.8
2014	103.1	8.5	3.8	5.8	1.4	15.3	3.5	10.3	0.8	16.5	12.3	20.8
2015	105.3	8.4	4.6	5.8	1.4	15.5	3.6	10.6	0.7	16.9	12.6	21.1
2016	106.9	8.5	4.9	5.6	1.4	15.8	3.6	10.8	0.7	17.2	12.8	21.3
2017	108.1	8.6	4.9	5.7	1.4	16.1	3.6	10.9	0.6	17.5	13.0	21.4
2018	109.3	8.7	4.9	5.8	1.4	16.3	3.6	11.0	0.6	17.8	13.2	21.6
2019	110.1	8.8	4.9	5.9	1.4	16.5	3.6	11.1	0.6	18.1	13.3	21.6
2020	110.9	8.7	4.9	5.9	1.4	16.6	3.6	11.2	0.6	18.4	13.3	21.7
2021	111.4	8.7	4.7	6.0	1.4	16.8	3.6	11.3	0.6	18.7	13.3	21.8
2022	112.0	8.8	4.6	6.0	1.5	16.9	3.6	11.4	0.5	19.0	13.3	21.9
2023	113.0	8.9	4.8	6.1	1.5	17.0	3.6	11.5	0.5	19.3	13.3	22.0
2024	113.9	9.0	4.8	6.1	1.5	17.1	3.6	11.6	0.5	19.6	13.3	22.1
2025	114.9	9.1	5.0	6.2	1.5	17.3	3.6	11.7	0.5	19.8	13.4	22.3
2026	115.7	9.1	5.0	6.2	1.5	17.4	3.6	11.8	0.5	20.1	13.4	22.4
2027	116.5	9.1	5.1	6.2	1.5	17.6	3.6	11.9	0.4	20.3	13.4	22.6
2028	117.2	9.2	5.0	6.3	1.5	17.8	3.6	12.0	0.4	20.6	13.4	22.8
2029	117.9	9.2	4.8	6.3	1.5	17.9	3.6	12.1	0.4	20.8	13.4	22.9
2030	118.6	9.2	4.8	6.4	1.5	18.1	3.6	12.2	0.4	21.1	13.4	23.1
2031	119.3	9.1	4.7	6.4	1.5	18.3	3.6	12.3	0.4	21.3	13.4	23.2
2032	120.0	9.2	4.5	6.4	1.5	18.6	3.7	12.4	0.3	21.6	13.5	23.4
2033	120.8	9.4	4.4	6.4	1.5	18.8	3.7	12.5	0.3	21.9	13.5	23.5
2034	121.6	9.5	4.3	6.5	1.6	19.0	3.7	12.6	0.3	22.1	13.5	23.7
2035	122.2	9.5	4.1	6.5	1.6	19.2	3.7	12.6	0.3	22.4	13.5	23.9
2036	122.9	9.6	4.0	6.5	1.6	19.3	3.6	12.7	0.3	22.6	13.5	24.0
2037	123.6	9.7	3.8	6.6	1.6	19.5	3.6	12.8	0.2	22.9	13.5	24.2
2038	124.1	9.6	3.7	6.6	1.6	19.7	3.6	12.9	0.2	23.2	13.5	24.4
2039	124.9	9.7	3.7	6.7	1.6	19.8	3.6	12.9	0.2	23.4	13.5	24.6
2040	125.7	9.8	3.7	6.7	1.6	19.9	3.6	13.0	0.2	23.7	13.6	24.7





County Economic and Demographic Indicators

Projected Economic Growth (2014-2019)

Expected retail sales growth:	11.1%
Expected job growth:	6.8%
Fastest growing jobs sector:	Construction
Expected personal income growth:	17.2%

Expected population growth:	4.4%
Net migration to account for:	42.3%
Expected growth in number of vehicles:	3.6%

Demographics (2014)

Unemployment rate (April 2014):	9.0%
County rank* in California (58 counties):	32nd
Working age (16-64) population:	68.9%

Population with B.A. degree or higher:	37.0%
Median home selling price (2013):	\$505,000
Median household income:	\$63,092

Quality of Life

Violent crime rate (2012):	384 per 100,000 persons
County rank* in California (58 counties):	29th
Average commute time to work (2014):	28.1 minutes

Annualized high school drop out rate (2012):	12.1%
Households at/below poverty line (2014):	8.7%

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