

CALIFORNIA ECONOMIC FORECAST

In 2015, the state's official population was 38.7 million people, and total wage and salary employment stood at just under 16.5 million jobs. California accounts for 12.0 percent of the U.S. population and 11.6 percent of the nation's non-farm wage and salary employment. The per capita income in California is \$53,224 and the average salary per worker is \$70,022.

In 2015, a total of 420,000 wage and salary jobs were gained in California, representing an increase of 2.6 percent. Job growth was observed at 3.8 percent in the Bay Area, 3.1 percent in the Central Valley, 2.5 percent in the Sacramento Valley, and 2.6 percent in Southern California. Growth was significantly slower in the far northern portion of the state, as well as the Eastern Sierra region, averaging 1.6 percent.

The statewide unemployment rate improved substantially, falling from 7.5 percent in 2014 to 6.2 percent in 2015.

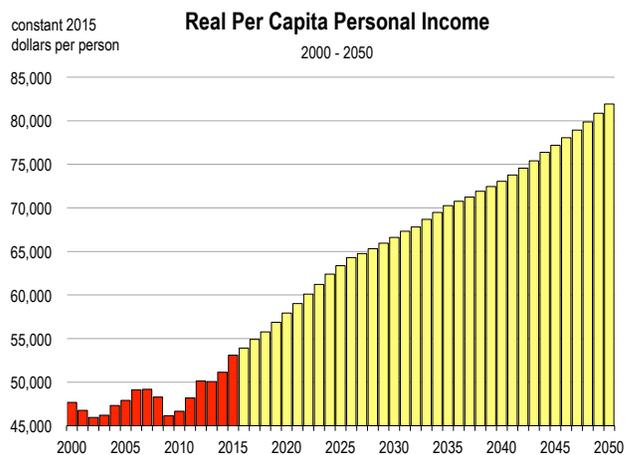
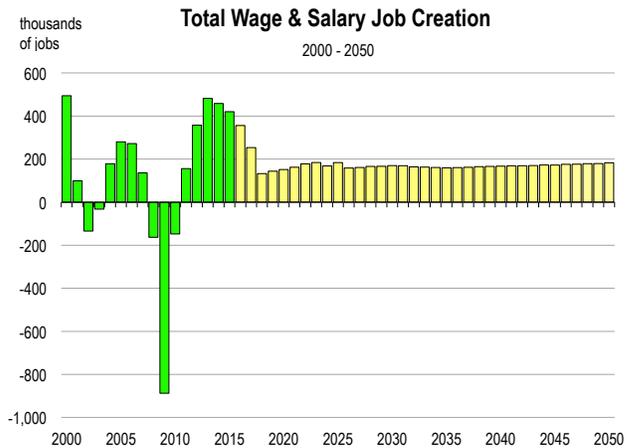
Most major employment sectors created jobs in 2015. The largest increases were observed in leisure and hospitality (+73,000 jobs), professional and business services (61,000 jobs), construction (+53,000 jobs), and wholesale and retail trade (+49,000 jobs). The only major sector with job losses was mining and natural resources (-3,000 jobs).

Between 2010 and 2015, the state population grew at an annual average rate of 0.7 percent. Growth was observed in 42 counties, while declines were observed in 14 counties, and two counties had virtually no change. The fastest growing county was Santa Clara, which increased at an average rate of 1.4 percent per year, while the county with most rapid decline was Lassen, which fell by 2.5 percent per year.

Over the 2009-2014 period, the majority of all statewide population growth was the result of the natural increase (new births), which added almost 256,000 new residents each year. Over the same time frame, overall net migration was positive, but low, as the state gained an average of 21,100 residents per year through the migratory process.

FORECAST HIGHLIGHTS

- In 2016, total wage and salary employment will increase by 2.2 percent. Between 2016 and 2021, growth will average 1.0 percent per year.
- Average salaries, adjusted for inflation, are expected to increase by 2.1 percent per year during the 2016-2021 period.
- Between 2016 and 2021, job creation will be spread across a broad range of industries. The largest gains will occur in professional and business services (+200,100 jobs), education and healthcare (+156,000 jobs), leisure and hospitality (+130,300 jobs), wholesale and retail trade (+74,300 jobs), and government (+60,300 jobs). Together, these sectors will account for 74 percent of net job creation in the state.
- Between 2016 and 2021, job losses will be observed in agriculture (-11,200 jobs).

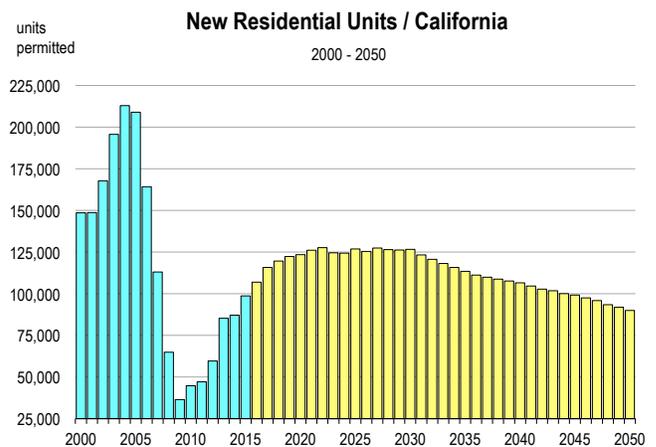
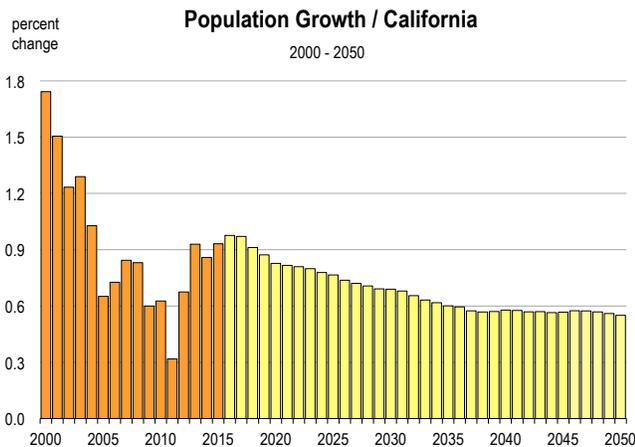


- The population growth rate will decelerate moderately over the medium term, averaging 0.9 percent per year from 2016 to 2021.
- Net migration is expected to be positive over the forecast period. In 2016, approximately 119,200 net migrants will enter the state. Over the following five years, an average of 89,700 net migrants will enter each year, accounting for 26 percent of total population growth.
- Real per capita income is projected to increase by 1.2 percent in 2016. Between 2016 and 2021, real per capita income is expected to rise by an average of 1.8 percent per year.
- Total taxable sales, adjusted for inflation, are forecasted to grow by 1.6 percent in 2016. From 2016 to 2021, real taxable sales will increase at an average annual rate of 1.0 percent per year.
- Industrial production is expected to increase by 1.5 percent in 2016. Between 2016 and 2021, the growth rate of industrial production will average 2.0 percent per year. Total crop production, adjusted for inflation, is expected to rise by an average of 0.1 percent per year between 2016 and 2021.

California Economic Forecast

2010-2015 History, 2016-2050 Forecast

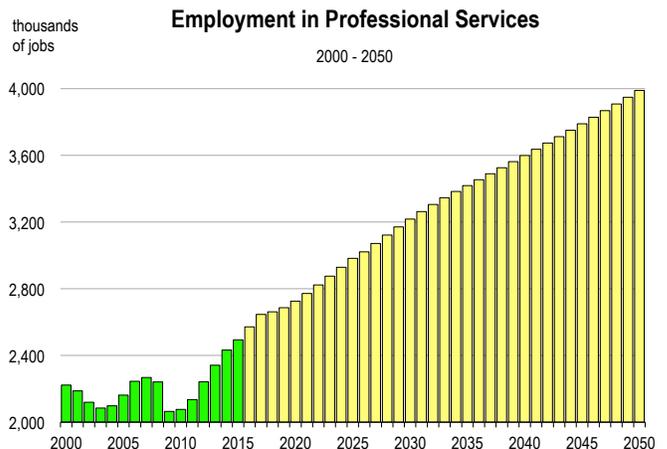
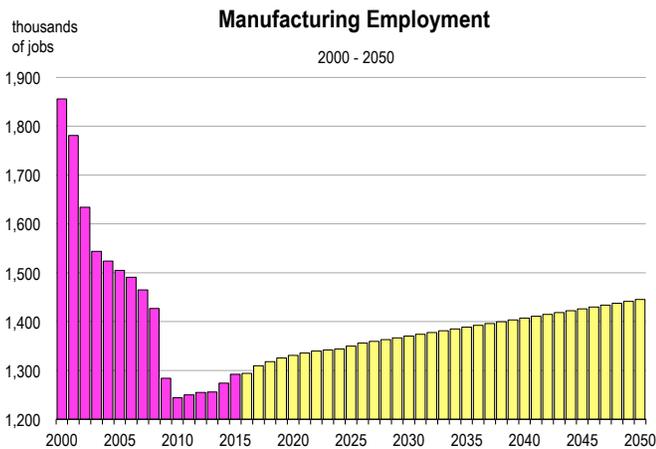
	Population (millions)	Net Migration (thousands)	Registered Vehicles (millions)	Households (millions)	New Homes Permitted (thousands)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2010	37.31	-55.4	31.9	12.6	44.8	\$477.3	\$1,583.4	\$46,688	1.3	41.7	344.6	12.2
2011	37.43	-153.4	31.7	12.6	47.1	\$520.6	\$1,691.0	\$48,419	2.7	46.4	341.9	11.7
2012	37.68	-5.4	31.8	12.7	59.6	\$558.4	\$1,812.3	\$50,415	2.7	46.4	352.4	10.4
2013	38.03	98.2	32.8	12.7	85.3	\$586.8	\$1,849.5	\$50,248	2.3	47.9	359.6	9.0
2014	38.36	70.7	33.4	12.8	87.2	\$612.7	\$1,939.5	\$51,303	2.8	54.8	361.7	7.5
2015	38.71	95.3	34.2	12.9	98.7	\$631.7	\$2,060.5	\$53,224	2.6	55.1	374.7	6.2
2016	39.09	119.2	34.4	13.0	107.0	\$658.1	\$2,158.5	\$53,846	2.7	53.9	380.5	5.2
2017	39.47	119.8	34.6	13.1	115.8	\$687.2	\$2,291.3	\$54,817	3.4	53.5	388.8	4.9
2018	39.83	99.4	34.7	13.2	119.6	\$715.5	\$2,425.5	\$55,704	3.4	53.4	397.3	5.0
2019	40.18	86.6	35.0	13.3	122.4	\$744.7	\$2,567.3	\$56,820	3.0	53.5	405.6	5.0
2020	40.51	71.9	35.3	13.4	123.5	\$773.7	\$2,710.9	\$57,894	3.0	53.6	412.8	5.1
2021	40.84	70.8	35.6	13.5	126.1	\$802.9	\$2,861.7	\$58,990	2.9	54.1	420.3	5.0
2022	41.17	71.2	35.9	13.6	127.7	\$831.6	\$3,016.8	\$60,067	2.9	54.2	427.9	5.0
2023	41.50	70.6	36.2	13.8	124.6	\$861.2	\$3,178.0	\$61,171	2.8	54.4	435.6	4.9
2024	41.83	65.7	36.6	13.9	124.4	\$892.2	\$3,344.0	\$62,341	2.6	54.6	442.1	4.8
2025	42.15	63.8	36.9	14.0	126.9	\$926.2	\$3,502.0	\$63,321	2.5	54.8	449.5	4.7
2026	42.46	55.5	37.2	14.1	125.4	\$959.4	\$3,662.4	\$64,284	2.5	55.0	458.1	4.6
2027	42.76	52.9	37.6	14.2	127.5	\$992.5	\$3,819.9	\$64,819	2.9	55.2	468.2	4.6
2028	43.07	51.8	37.9	14.3	126.5	\$1,026.7	\$3,982.1	\$65,460	2.7	55.4	479.5	4.6
2029	43.36	50.0	38.3	14.5	126.3	\$1,061.3	\$4,145.8	\$66,162	2.5	55.6	491.6	4.6
2030	43.66	54.1	38.7	14.6	126.7	\$1,098.8	\$4,312.9	\$66,885	2.4	55.8	503.9	4.6
2031	43.96	54.5	39.0	14.7	123.3	\$1,140.6	\$4,483.5	\$67,642	2.3	56.1	516.6	4.6
2032	44.25	48.2	39.3	14.8	120.7	\$1,186.2	\$4,653.5	\$68,180	2.5	56.3	529.7	4.6
2033	44.53	42.3	39.6	14.9	118.2	\$1,231.9	\$4,837.1	\$69,111	2.1	56.5	543.1	4.6
2034	44.80	40.8	39.9	15.0	115.8	\$1,278.9	\$5,030.1	\$69,959	2.3	56.7	556.8	4.6
2035	45.07	37.8	40.3	15.1	113.5	\$1,325.9	\$5,233.2	\$70,792	2.4	57.0	570.9	4.6
2036	45.34	39.3	40.7	15.3	111.2	\$1,373.8	\$5,442.8	\$71,337	2.8	57.2	585.4	4.6
2037	45.60	33.9	41.0	15.4	109.9	\$1,421.1	\$5,663.9	\$71,871	2.9	57.4	600.2	4.6
2038	45.86	34.8	41.4	15.5	108.8	\$1,467.4	\$5,896.4	\$72,585	2.7	57.7	615.5	4.6
2039	46.12	39.5	41.7	15.6	107.7	\$1,514.6	\$6,139.0	\$73,167	2.9	57.9	631.2	4.6
2040	46.39	46.6	42.1	15.7	106.6	\$1,561.2	\$6,388.6	\$73,785	2.8	58.1	647.3	4.5
2041	46.65	49.3	42.4	15.8	104.7	\$1,607.3	\$6,645.6	\$74,524	2.6	58.4	663.8	4.5
2042	46.92	49.4	42.8	15.9	102.8	\$1,653.4	\$6,909.6	\$75,314	2.5	58.6	680.8	4.5
2043	47.19	53.4	43.1	16.0	101.8	\$1,699.6	\$7,180.8	\$76,150	2.4	58.9	698.2	4.5
2044	47.45	54.4	43.5	16.1	100.1	\$1,745.3	\$7,459.3	\$77,117	2.2	59.1	716.1	4.5
2045	47.72	59.0	43.9	16.2	99.2	\$1,792.3	\$7,745.1	\$77,907	2.4	59.4	734.4	4.5
2046	48.00	66.0	44.2	16.2	97.5	\$1,839.5	\$8,038.1	\$78,739	2.3	59.7	753.3	4.5
2047	48.27	68.7	44.6	16.3	95.9	\$1,888.1	\$8,341.1	\$79,569	2.3	59.9	772.7	4.5
2048	48.55	69.2	45.0	16.4	93.4	\$1,938.0	\$8,660.0	\$80,455	2.3	60.2	792.6	4.5
2049	48.82	68.0	45.3	16.5	91.9	\$1,989.2	\$8,995.5	\$81,397	2.3	60.5	813.0	4.5
2050	49.09	66.3	45.7	16.6	90.0	\$2,041.8	\$9,348.8	\$82,400	2.3	60.7	834.0	4.5

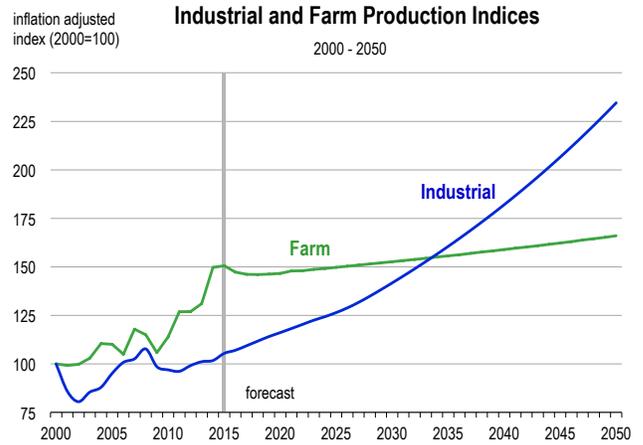
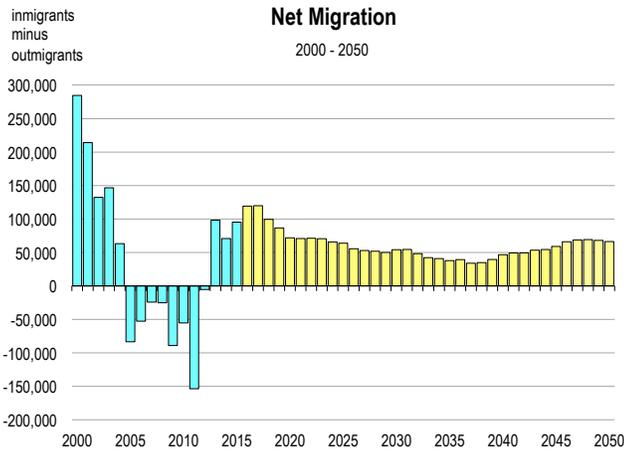
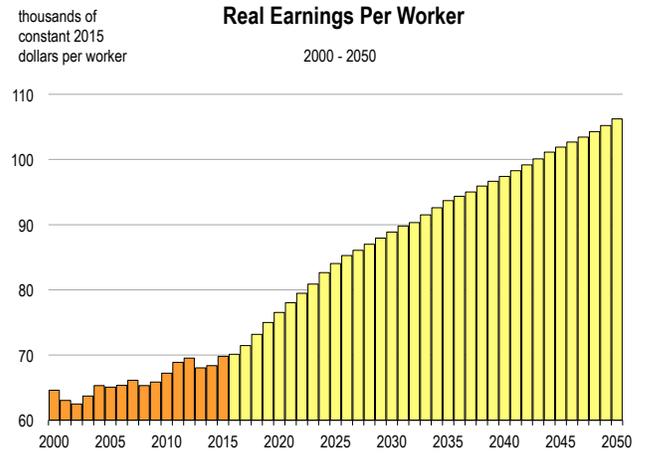
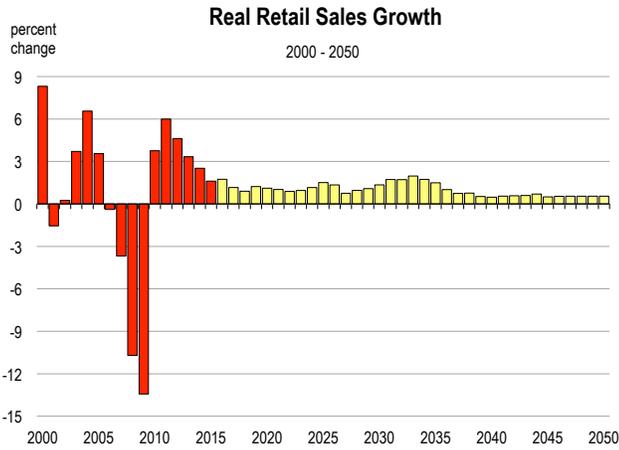


California Employment Forecast

2010-2015 History, 2016-2050 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)-----												
2010	14,599	383	560	1,244	466	2,162	760	2,077	429	2,056	1,502	2,448
2011	14,755	389	561	1,250	474	2,205	762	2,135	431	2,084	1,536	2,405
2012	15,113	400	590	1,255	487	2,247	773	2,242	435	2,172	1,599	2,377
2013	15,595	412	637	1,256	503	2,290	783	2,341	449	2,325	1,676	2,375
2014	16,054	416	674	1,274	522	2,339	784	2,433	458	2,414	1,757	2,411
2015	16,474	423	727	1,292	554	2,384	797	2,494	483	2,456	1,830	2,459
2016	16,830	429	745	1,294	569	2,430	809	2,572	496	2,518	1,892	2,495
2017	17,084	425	756	1,310	578	2,460	819	2,646	506	2,556	1,925	2,511
2018	17,216	420	763	1,318	587	2,476	828	2,662	513	2,584	1,945	2,520
2019	17,360	418	771	1,325	595	2,488	837	2,686	520	2,614	1,967	2,531
2020	17,512	418	776	1,331	599	2,497	845	2,726	527	2,644	1,993	2,542
2021	17,674	418	783	1,336	601	2,505	852	2,772	533	2,674	2,022	2,555
2022	17,852	418	792	1,340	603	2,513	862	2,823	539	2,705	2,052	2,570
2023	18,036	418	802	1,342	605	2,521	873	2,876	544	2,740	2,082	2,587
2024	18,204	418	806	1,344	608	2,528	886	2,929	552	2,776	2,099	2,602
2025	18,388	419	813	1,350	610	2,537	898	2,983	560	2,814	2,110	2,631
2026	18,547	419	821	1,356	612	2,545	910	3,021	569	2,847	2,122	2,653
2027	18,708	419	825	1,360	623	2,554	922	3,072	574	2,884	2,131	2,661
2028	18,874	419	832	1,363	635	2,563	934	3,122	579	2,921	2,141	2,670
2029	19,041	420	835	1,367	646	2,572	946	3,171	585	2,958	2,156	2,679
2030	19,211	420	841	1,370	658	2,581	957	3,218	591	2,997	2,173	2,687
2031	19,380	420	846	1,374	669	2,590	969	3,263	596	3,035	2,191	2,696
2032	19,544	421	848	1,378	681	2,599	980	3,306	602	3,074	2,209	2,705
2033	19,707	421	850	1,381	694	2,608	991	3,346	608	3,112	2,226	2,714
2034	19,868	421	853	1,385	706	2,617	1,002	3,384	614	3,151	2,244	2,723
2035	20,028	421	857	1,389	719	2,626	1,014	3,419	619	3,189	2,262	2,731
2036	20,188	422	860	1,392	732	2,635	1,025	3,454	625	3,227	2,280	2,740
2037	20,350	422	863	1,396	745	2,644	1,036	3,490	631	3,267	2,299	2,749
2038	20,515	422	868	1,400	758	2,654	1,047	3,526	637	3,305	2,317	2,758
2039	20,682	422	873	1,403	772	2,663	1,059	3,563	643	3,344	2,335	2,767
2040	20,849	423	878	1,407	786	2,672	1,070	3,599	650	3,382	2,354	2,776
2041	21,018	423	884	1,411	800	2,681	1,081	3,637	656	3,421	2,373	2,785
2042	21,187	423	888	1,415	814	2,691	1,092	3,674	662	3,460	2,392	2,794
2043	21,357	423	893	1,418	829	2,700	1,104	3,712	668	3,499	2,411	2,803
2044	21,530	424	898	1,422	843	2,710	1,115	3,751	675	3,538	2,431	2,813
2045	21,702	424	902	1,426	859	2,719	1,126	3,790	681	3,577	2,450	2,822
2046	21,878	424	908	1,430	874	2,729	1,138	3,829	688	3,616	2,470	2,831
2047	22,055	425	911	1,434	890	2,738	1,149	3,868	694	3,656	2,489	2,840
2048	22,234	425	916	1,438	906	2,748	1,161	3,908	701	3,697	2,509	2,850
2049	22,413	425	919	1,441	922	2,757	1,173	3,949	708	3,738	2,530	2,859
2050	22,596	425	923	1,445	938	2,767	1,185	3,990	714	3,779	2,550	2,868





State Economic and Demographic Indicators

Projected Economic Growth (2016-2021)

Expected retail sales growth:	5.5%
Expected job growth:	5.0%
Fastest growing jobs sector:	Professional Services
Expected personal income growth:	14.5%

Expected population growth:	3.8%
Net migration to account for:	25.6%
Expected growth in number of vehicles:	3.4%

Demographics (2016)

Unemployment rate (April 2016):	4.7%
County rank* in California (58 counties):	N/A
Working age (16-64) population:	65.8%

Population with B.A. degree or higher:	30.9%
Median home selling price (2015):	475,200
Median household income:	\$63,566

Quality of Life

Violent crime rate (2014):	396 per 100,000 persons
County rank* in California (58 counties):	N/A
Average commute time to work (2016):	30.0 minutes

High School drop out rate (2015):	10.6%
Households at/below poverty line (2016):	12.6%

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