

SACRAMENTO COUNTY ECONOMIC FORECAST

Sacramento County is home to the 8th largest city in California, and the state capital of Sacramento. Sacramento County has a population of nearly 1.4 million people and almost 600,000 wage and salary jobs. The per capita income in Sacramento County is \$31,943, and the average salary per worker is \$51,311.

Although not nearly as robust as Southern California, employment growth in Northern California was strong in 2005, compared to the previous four years. Employment in the greater Bay Area increased by 0.8 percent last year, while the Sacramento Valley (consisting of Sacramento, Yolo, Placer, and El Dorado, Yuba and Sutter Counties) grew at a robust pace of 2.4 percent. In 2005, 14,000 total wage and salary jobs were created in Sacramento County, implying a growth rate of 2.4 percent. Non-farm employment grew at the same rate. The unemployment rate declined to 4.8 percent in 2005.

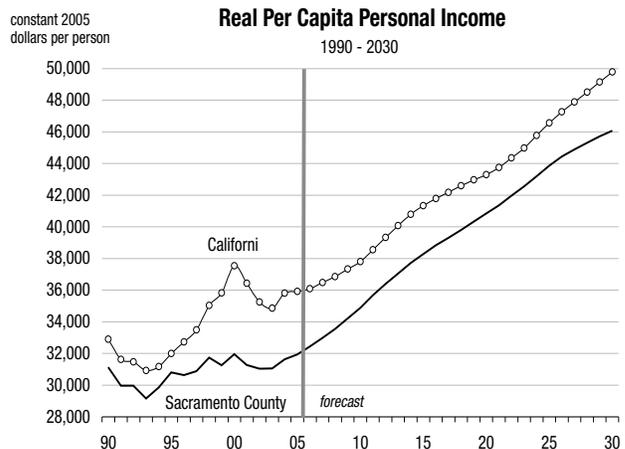
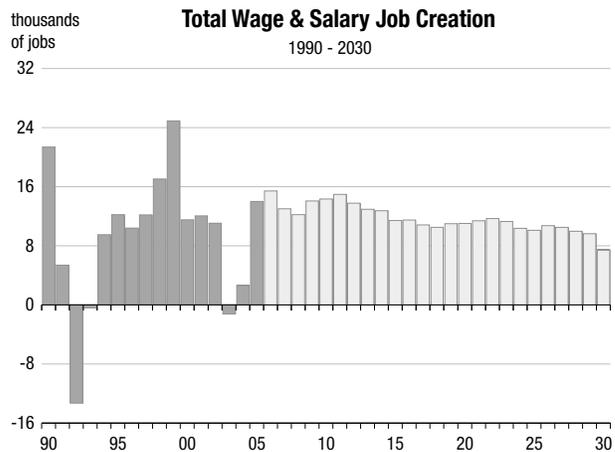
The principal sectors that are producing jobs in Sacramento County are professional services, government, retail trade, healthcare and education, and leisure services. Leisure services and other population serving sectors are creating more job opportunities as the greater Valley population continues to grow. All six Valley counties are among the top 20 fastest growing counties in California.

The city of Sacramento, which accounts for 33 percent of the total population in the county, grew at a rate of 1.2 percent last year. The fastest growing city is Elk Grove, which leaped 7.8 percent last year, and now exceeds 130,000 people.

Employment growth is expected to continue at rapid rates in Sacramento County over the next several years and population growth will remain strongly positive. Inland counties, like Sacramento County, will dominate growth in the state due to the relative affordability and higher production of homes.

FORECAST HIGHLIGHTS

- Job growth increases in 2006, averaging 2.6 percent. From 2006 to 2010, the rate is forecast to moderate and over the five year period it will average 2.2 percent.
- Average salaries adjusted for inflation are currently above the California state average, and will remain so over the foreseeable future. Average salaries adjusted for inflation rise an average of 2.6 percent per year over the next 5 years.
- Between 2006 and 2010, the momentum for employment growth is in professional services, government, and healthcare and education services. These three sectors are forecast to contribute 70 percent of all jobs created in the county over the next five years.

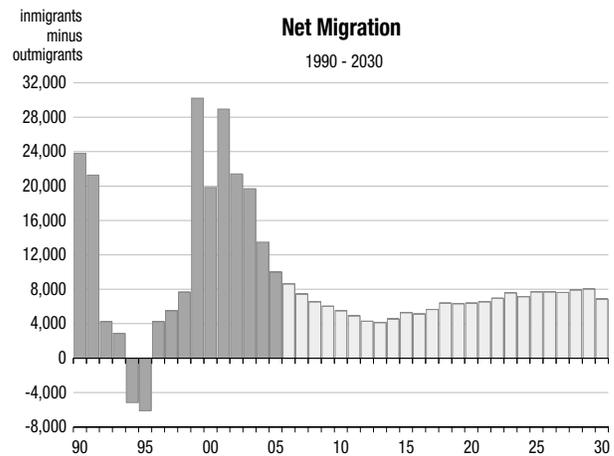
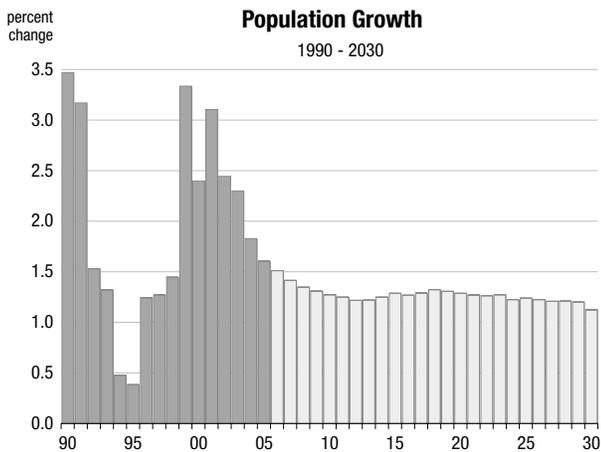


- The population will continue to grow, but at a declining rate. Annual growth in the 2006 to 2010 period averages 1.4 percent per year.
- Net migration is expected to slow to 8,700 people in 2006. Over the next five years net migration will taper off, but remain positive averaging nearly 7,000 net migrants per year.
- Real per capita incomes are forecast to rise 1.5 percent in 2006. Over the next five years real per capita incomes are forecast to increase 1.7 percent per year.
- Industrial production will improve by 4.1 percent in 2006. Over the next five years industrial production is forecast to rise 3.1 percent per year, due to sustained growth in the durable manufacturing sector.

Sacramento County Economic Forecast

1997-2005 History, 2006-2030 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)
1997	1,149,127	5,524	0.86	430.5	4,339	\$12.5	\$28.1	\$30,877	3.4	320.3	3.9	5.6
1998	1,165,767	7,656	0.92	434.3	6,842	\$13.3	\$30.2	\$31,733	3.2	337.8	4.2	5.0
1999	1,204,658	30,239	0.95	438.7	7,743	\$15.0	\$32.0	\$31,259	4.2	345.6	4.6	4.3
2000	1,233,557	19,853	0.99	453.6	7,750	\$16.6	\$35.0	\$31,958	4.5	322.2	4.9	4.4
2001	1,271,868	28,961	1.04	459.6	9,434	\$17.3	\$37.2	\$31,267	5.4	319.1	4.2	4.5
2002	1,302,944	21,425	1.10	469.3	12,440	\$17.6	\$38.5	\$31,031	1.6	290.0	4.6	5.6
2003	1,332,907	19,704	1.11	480.4	13,833	\$18.5	\$40.1	\$31,050	1.8	283.8	4.7	5.8
2004	1,357,300	13,484	1.19	490.9	12,962	\$20.2	\$42.1	\$31,623	1.2	332.4	5.2	5.5
2005	1,379,103	10,031	1.24	502.1	9,750	\$21.3	\$44.1	\$31,943	2.0	313.8	5.5	4.8
2006	1,399,943	8,655	1.29	510.8	7,942	\$23.2	\$46.6	\$32,430	2.7	325.6	5.8	4.5
2007	1,419,778	7,468	1.34	518.5	8,107	\$24.6	\$49.1	\$32,982	2.1	330.8	6.0	4.6
2008	1,438,921	6,561	1.39	526.4	8,471	\$26.0	\$51.8	\$33,548	2.3	338.2	6.1	4.7
2009	1,457,782	6,051	1.44	534.5	8,732	\$27.5	\$54.7	\$34,208	2.2	341.2	6.3	4.8
2010	1,476,369	5,520	1.48	543.0	9,053	\$29.1	\$57.8	\$34,877	2.4	343.0	6.5	4.9
2011	1,494,828	4,942	1.53	551.8	9,783	\$30.7	\$61.3	\$35,678	2.3	346.0	6.7	5.1
2012	1,513,059	4,295	1.59	561.2	9,867	\$32.4	\$64.6	\$36,387	2.1	347.8	7.0	5.1
2013	1,531,528	4,161	1.64	570.8	9,632	\$34.3	\$68.0	\$37,044	2.2	350.2	7.3	5.0
2014	1,550,663	4,567	1.70	580.1	9,465	\$36.2	\$71.6	\$37,717	2.2	351.2	7.6	4.9
2015	1,570,661	5,312	1.77	589.3	9,159	\$38.2	\$75.4	\$38,275	2.4	352.0	7.8	4.7
2016	1,590,590	5,144	1.82	598.1	8,898	\$40.4	\$79.4	\$38,841	2.5	352.4	8.1	4.8
2017	1,611,145	5,671	1.88	606.7	8,613	\$42.6	\$83.5	\$39,298	2.6	353.6	8.3	4.6
2018	1,632,503	6,392	1.93	615.1	8,400	\$44.9	\$87.8	\$39,804	2.4	354.1	8.6	4.4
2019	1,653,849	6,357	1.97	623.2	8,178	\$47.2	\$92.3	\$40,337	2.4	352.9	8.9	4.5
2020	1,675,175	6,407	2.01	631.1	8,013	\$49.7	\$96.9	\$40,850	2.3	353.2	9.2	4.5
2021	1,696,466	6,580	2.03	638.9	7,694	\$52.2	\$101.6	\$41,358	2.3	352.6	9.4	4.4
2022	1,717,914	6,977	2.06	646.3	7,731	\$54.8	\$106.9	\$41,963	2.4	353.1	9.5	4.4
2023	1,739,814	7,599	2.11	653.8	8,043	\$57.4	\$112.3	\$42,551	2.3	353.6	9.5	4.3
2024	1,761,146	7,151	2.16	661.6	8,286	\$60.1	\$117.9	\$43,200	2.2	354.0	9.4	4.5
2025	1,783,011	7,720	2.20	669.6	8,455	\$63.0	\$123.9	\$43,858	2.2	354.4	9.2	4.3
2026	1,804,883	7,715	2.23	677.8	8,595	\$66.1	\$130.0	\$44,442	2.3	355.7	9.2	4.4
2027	1,826,706	7,651	2.27	686.1	8,850	\$69.3	\$136.0	\$44,897	2.3	356.0	9.2	4.4
2028	1,848,824	7,952	2.30	694.6	9,048	\$72.6	\$142.4	\$45,308	2.5	356.3	9.2	4.3
2029	1,871,046	8,051	2.35	703.4	9,192	\$76.1	\$149.1	\$45,714	2.5	356.6	9.3	4.3
2030	1,892,101	6,885	2.39	712.3	9,180	\$79.7	\$155.7	\$46,084	2.5	356.9	9.3	4.6



Sacramento County Employment Forecast

1997-2005 History, 2006-2030 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)-----												
1997	504.6	3.19	23.9	32.3	11.5	68.4	36.9	62.1	13.8	47.4	41.2	146.3
1998	521.7	2.99	26.0	32.6	12.0	70.6	42.1	68.1	13.8	47.4	40.2	147.6
1999	546.6	3.17	30.2	32.3	12.8	74.5	42.5	74.0	14.7	48.9	41.5	152.9
2000	558.1	3.16	32.2	31.3	12.9	76.7	40.3	78.1	14.4	51.3	43.9	154.7
2001	570.2	3.25	36.1	31.5	11.9	77.7	39.8	71.5	18.1	54.9	44.7	160.5
2002	581.2	2.65	37.4	31.8	11.4	78.7	40.9	70.0	19.1	55.4	46.5	166.1
2003	580.0	2.38	40.2	29.3	11.4	80.5	43.3	67.9	17.4	57.4	47.2	161.8
2004	582.7	2.48	43.1	29.7	11.9	82.2	43.5	68.4	16.3	60.0	48.0	155.8
2005	596.7	2.37	44.6	30.8	12.2	83.8	45.5	71.3	15.5	62.2	49.3	157.5
2006	612.1	2.42	46.0	31.4	12.4	85.6	45.7	75.0	15.6	64.5	50.3	161.4
2007	625.2	2.43	46.3	32.1	12.5	87.1	45.3	78.8	15.8	66.9	51.3	164.6
2008	637.4	2.44	46.9	32.6	12.5	88.6	44.9	81.0	16.0	69.4	52.2	168.3
2009	651.5	2.44	46.9	33.1	12.6	90.5	44.4	85.0	16.3	72.4	53.1	171.6
2010	665.8	2.44	46.6	33.5	12.8	92.5	43.9	89.4	16.7	75.3	54.0	174.8
2011	680.8	2.45	46.1	33.9	13.0	94.5	43.6	93.8	17.2	78.1	54.8	178.6
2012	694.6	2.45	45.9	34.1	13.2	96.6	43.7	97.4	17.6	80.6	55.7	181.9
2013	707.5	2.45	46.0	34.3	13.4	98.6	43.6	100.5	18.0	83.1	56.6	184.9
2014	720.3	2.45	46.6	34.4	13.6	100.5	43.7	103.1	18.4	85.5	57.6	188.0
2015	731.7	2.45	47.2	34.4	13.7	102.4	43.5	104.6	18.7	88.0	58.7	191.0
2016	743.2	2.46	47.3	34.6	13.9	104.4	43.4	106.4	19.0	90.4	59.8	193.9
2017	754.1	2.46	47.2	34.7	14.1	106.4	43.3	107.9	19.3	92.8	60.9	196.8
2018	764.6	2.46	46.1	34.8	14.2	108.3	43.1	109.7	19.6	95.5	62.0	199.7
2019	775.6	2.46	45.4	35.0	14.4	110.3	43.1	111.3	19.9	98.3	63.1	202.8
2020	786.7	2.46	44.9	35.0	14.6	112.2	43.1	113.0	20.2	100.9	64.2	205.9
2021	798.1	2.46	44.7	35.1	14.8	114.2	43.1	114.7	20.4	103.6	65.3	208.7
2022	809.8	2.46	44.8	35.3	15.0	116.2	43.1	116.3	20.7	106.3	66.4	211.5
2023	821.1	2.46	45.1	35.5	15.2	118.0	42.9	118.0	20.9	109.0	67.4	214.1
2024	831.5	2.46	44.7	35.6	15.3	119.9	42.9	119.6	21.2	111.6	68.4	216.7
2025	841.6	2.46	44.5	35.8	15.4	121.7	42.9	121.2	21.6	114.0	69.5	218.9
2026	852.3	2.46	45.0	36.0	15.4	123.4	43.0	123.0	22.0	116.3	70.4	221.0
2027	862.8	2.46	46.0	36.1	15.5	124.9	43.2	124.5	22.5	118.5	71.4	222.9
2028	872.8	2.46	46.6	36.3	15.6	126.4	43.3	125.9	22.9	120.8	72.5	224.6
2029	882.4	2.46	47.0	36.4	15.6	128.0	43.4	127.4	23.4	123.0	73.5	226.3
2030	889.9	2.46	47.0	36.6	15.6	129.7	43.4	126.9	23.9	125.2	74.6	228.0

