

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 its neighbor to the south, Riverside County, comprise the Inland Empire. The Inland Empire is the fastest growing region of the state, and among the fastest growing metro areas in the nation. San Bernardino County has a population of 1.98 million people, with over 640,000 wage and salary jobs. The per capita income in San Bernardino County is \$25,820, the average salary per worker is \$41,025, and median family income is \$57,500.

Economic growth in Southern California has been strong during the decade, but was even more impressive during 2005. Much of the growth in Southern California occurred in the Inland Empire. Last year 29,200 total jobs were created in San Bernardino County, representing a spectacular growth rate of 4.8 percent. The unemployment rate dropped to 5.0 percent in 2005.

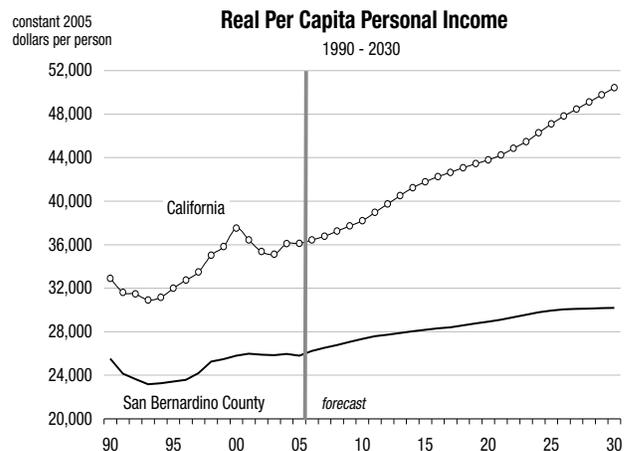
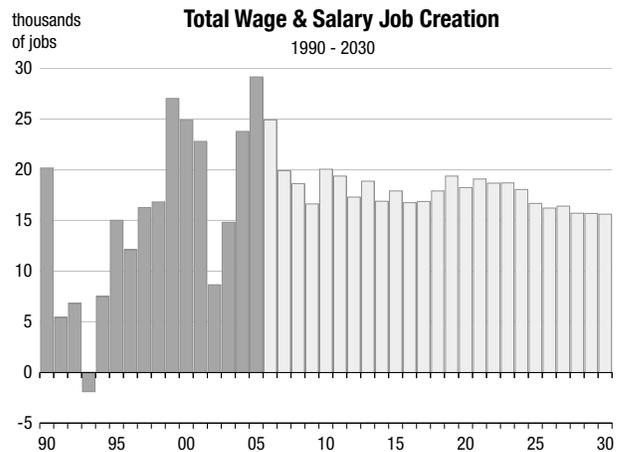
Every sector experienced positive job creation in 2005, led by construction, wholesale and retail trade, transportation, financial activities, leisure, and professional and business services. The manufacturing sector is also creating jobs, making the county one of the few areas in California where manufacturing employment is not shrinking.

The population growth rate still exceeds 2 percent in San Bernardino County, though it is slower than neighboring Riverside County. Five cities grew by more than five percent from January 2005 to January 2006: Adelanto, Apple Valley, Hesperia, Rancho Cucamonga and Victorville.

Population and employment growth are expected to remain healthy for the remainder of the decade in San Bernardino County. The Inland Empire is positioned to dominate growth in California for the foreseeable future.

FORECAST HIGHLIGHTS

- Job growth is forecast to decline in 2006, but still remain above 3 percent. Over the next five years, the annual growth rate is expected to average 2.9 percent per year.
- Average salaries adjusted for inflation are currently below the California state average, and will remain so over the foreseeable future. Real average salaries are forecast to rise an average of 0.5 percent per year over the next 5 years.
- Over the next five years, the momentum for employment growth is in services and logistics. Transportation and utilities is forecast to grow by more than 40 percent in the five years from 2006 to 2010. Wholesale and retail trade, and professional services will grow by more than 20 percent over that same period. These sectors account for more than 60 percent of growth.

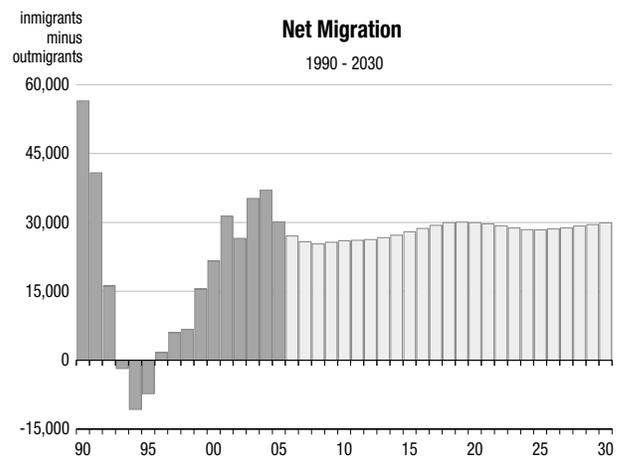
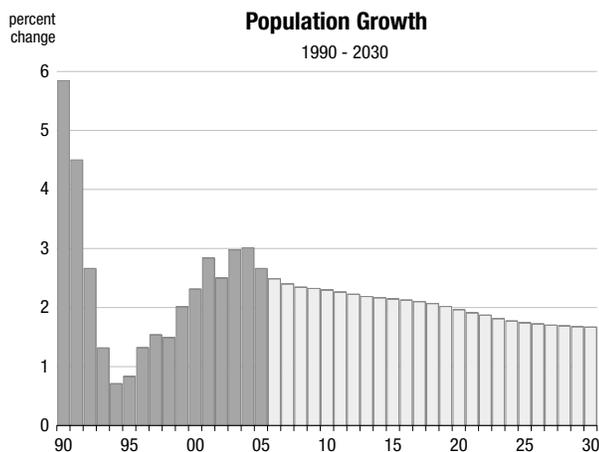


- The population will continue to grow at a rapid, but slowing rate in the county. Annual growth in the 2006 to 2010 period is forecast to average 2.4 percent per year, largely on the strength of net migration
- Net migration is expected to be 27,100 net in-migrants in 2006. Over the next five years net migration is forecast to remain strong, averaging 26,000 people per year. Adequate housing production at affordable values accommodates a healthy forecast of net migration.
- Real per capita incomes are expected to increase at a rate of 1.6 percent in 2006. Over the next five years real per capita incomes are forecast to increase 1.2 percent per year.
- Industrial production is expected to increase by 6.5 percent in 2006. From 2006 to 2010 the growth rate of industrial production averages gains of 5.5 percent per year.

San Bernardino 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	1,626,289	6,062	1.10	506.2	5,593	\$14.0	\$31.2	\$24,187	1.7	847.3	8.3	6.5
1998	1,650,580	6,727	1.17	510.9	6,113	\$15.0	\$33.5	\$25,262	1.4	875.1	9.3	5.7
1999	1,683,843	15,560	1.21	515.9	7,072	\$16.8	\$35.3	\$25,488	2.3	877.8	10.5	4.9
2000	1,722,782	21,668	1.27	528.6	6,580	\$18.9	\$37.8	\$25,795	3.3	729.4	11.8	4.8
2001	1,771,775	31,422	1.33	532.6	8,527	\$19.7	\$40.4	\$25,974	3.4	801.5	10.1	5.1
2002	1,816,122	26,539	1.41	539.4	10,616	\$20.8	\$42.5	\$25,894	2.8	699.5	10.9	6.0
2003	1,870,209	35,278	1.44	547.4	12,640	\$22.6	\$44.8	\$25,844	2.6	697.3	12.3	6.2
2004	1,926,555	37,053	1.59	556.9	18,470	\$26.2	\$47.9	\$25,967	3.3	718.6	13.9	5.6
2005	1,977,822	30,146	1.69	569.1	16,679	\$28.6	\$51.0	\$25,802	4.5	681.1	14.9	5.0
2006	2,027,052	27,088	1.76	583.7	15,678	\$32.2	\$55.0	\$26,222	3.5	672.6	15.8	5.1
2007	2,075,744	25,821	1.83	597.8	14,930	\$35.6	\$58.6	\$26,512	2.8	674.1	16.7	5.3
2008	2,124,451	25,368	1.89	611.3	14,992	\$39.1	\$62.5	\$26,781	3.1	669.2	17.7	5.2
2009	2,173,846	25,696	1.95	624.8	14,406	\$42.6	\$66.5	\$27,061	3.0	685.0	18.5	5.1
2010	2,223,819	26,053	2.02	637.7	14,121	\$46.4	\$71.0	\$27,331	3.2	699.1	19.4	5.0
2011	2,274,175	26,124	2.08	650.4	14,553	\$50.1	\$75.5	\$27,589	3.1	702.7	20.5	5.1
2012	2,324,804	26,316	2.14	663.5	14,417	\$53.9	\$79.9	\$27,727	2.9	710.2	21.9	5.2
2013	2,375,676	26,733	2.20	676.5	14,100	\$57.8	\$84.5	\$27,879	3.0	719.0	23.3	5.3
2014	2,427,142	27,253	2.26	689.2	14,341	\$61.9	\$89.4	\$28,030	3.0	727.9	24.8	5.4
2015	2,479,294	27,961	2.31	702.1	14,353	\$66.3	\$94.8	\$28,180	3.2	736.8	26.3	5.4
2016	2,532,080	28,718	2.37	715.0	13,728	\$71.0	\$100.5	\$28,319	3.3	747.6	27.6	5.4
2017	2,585,333	29,387	2.42	727.4	13,299	\$75.8	\$106.4	\$28,404	3.4	751.8	29.0	5.5
2018	2,638,887	29,968	2.47	739.3	13,165	\$80.8	\$112.7	\$28,583	3.2	760.9	30.5	5.5
2019	2,692,232	30,083	2.52	751.2	12,949	\$85.9	\$119.5	\$28,773	3.2	768.2	31.9	5.4
2020	2,745,125	30,003	2.57	762.8	12,701	\$91.2	\$126.3	\$28,928	3.1	774.2	33.4	5.3
2021	2,797,687	29,750	2.62	774.2	12,373	\$96.7	\$133.5	\$29,096	3.1	770.9	34.6	5.2
2022	2,850,017	29,318	2.67	785.4	12,176	\$102.5	\$141.4	\$29,330	3.2	775.8	35.2	5.2
2023	2,901,725	28,829	2.72	796.3	12,755	\$108.5	\$149.7	\$29,563	3.1	770.8	35.6	5.2
2024	2,953,133	28,464	2.77	807.8	12,878	\$114.6	\$157.9	\$29,775	3.0	773.8	35.4	5.2
2025	3,004,602	28,393	2.81	819.4	12,650	\$121.0	\$166.5	\$29,946	3.0	776.9	35.1	5.2
2026	3,056,376	28,606	2.86	830.8	12,368	\$127.7	\$175.2	\$30,055	3.1	779.7	35.4	5.1
2027	3,108,386	28,847	2.91	841.9	12,732	\$134.9	\$184.1	\$30,104	3.1	780.1	35.7	5.1
2028	3,160,876	29,259	2.97	853.4	12,133	\$142.6	\$193.6	\$30,129	3.3	777.9	36.4	5.0
2029	3,213,859	29,567	3.02	864.3	12,399	\$150.7	\$203.5	\$30,161	3.3	784.6	37.1	5.0
2030	3,267,489	29,930	3.07	875.4	12,489	\$159.1	\$213.9	\$30,191	3.2	791.2	37.8	4.9



San Bernardino 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	474.8	4.23	23.1	58.3	29.8	84.3	18.7	41.0	6.6	53.8	39.2	99.4
1998	491.6	4.10	24.6	62.6	33.1	83.8	18.2	45.8	6.9	54.8	40.4	100.8
1999	518.7	4.06	28.0	65.8	34.6	86.9	19.1	51.5	7.3	57.0	41.3	104.9
2000	543.6	4.15	31.7	68.3	36.3	92.2	18.7	54.8	7.1	58.1	45.4	108.1
2001	566.4	4.28	35.1	68.0	35.1	96.3	21.3	59.2	8.3	60.7	47.1	111.0
2002	575.1	4.12	35.9	65.6	35.2	96.9	21.9	60.3	7.5	62.8	48.0	116.2
2003	589.9	4.04	38.2	66.1	37.8	99.9	23.1	63.5	7.3	65.1	48.4	115.3
2004	613.7	3.27	41.1	68.8	40.8	103.8	24.6	71.5	6.8	66.2	51.6	114.3
2005	642.9	3.19	44.9	68.9	43.9	111.5	26.2	75.4	7.0	67.1	54.1	118.6
2006	667.8	3.02	47.6	69.5	47.3	117.0	27.0	80.7	7.2	67.7	56.0	122.0
2007	687.8	2.85	48.6	70.0	50.5	121.3	28.3	85.6	7.4	69.1	57.3	123.4
2008	706.4	2.69	48.7	70.6	54.4	125.1	28.5	89.7	7.5	71.1	58.6	125.2
2009	723.1	2.53	47.3	71.3	58.4	129.6	27.7	93.0	7.5	73.0	60.0	127.6
2010	743.2	2.39	47.8	72.0	62.1	134.2	28.3	96.6	7.6	74.4	61.3	130.2
2011	762.6	2.26	48.2	73.0	65.8	138.8	28.8	100.0	7.7	75.7	62.6	132.5
2012	779.9	2.13	48.1	74.2	69.4	143.1	27.9	103.7	7.7	77.2	63.8	134.7
2013	798.8	2.01	48.7	75.3	72.9	147.4	28.2	107.2	7.8	78.8	64.8	136.8
2014	815.7	1.91	48.3	76.5	76.3	151.5	28.3	109.9	7.8	80.6	66.1	138.6
2015	833.6	1.81	48.5	77.6	79.7	155.4	28.7	112.6	7.8	82.6	67.4	140.8
2016	850.4	1.72	48.2	78.7	83.1	159.3	29.0	114.4	7.9	84.7	68.8	142.9
2017	867.2	1.64	47.5	79.8	86.4	163.4	29.4	116.4	7.9	87.0	70.0	145.3
2018	885.2	1.57	47.2	80.9	89.8	167.3	29.8	118.3	7.9	89.8	71.1	147.9
2019	904.6	1.50	47.5	82.0	93.2	171.4	30.2	120.3	8.0	92.8	72.2	150.8
2020	922.8	1.44	47.6	83.0	96.4	175.5	30.5	122.7	8.0	95.5	73.2	153.4
2021	942.0	1.38	48.1	84.0	99.7	179.7	30.7	125.1	8.0	98.3	74.2	156.0
2022	960.7	1.33	48.1	84.9	102.9	183.9	31.0	127.2	8.1	101.4	75.2	158.7
2023	979.4	1.26	48.9	85.6	106.1	187.9	31.5	129.4	8.1	104.2	76.1	161.3
2024	997.4	1.21	49.6	86.2	109.3	191.8	32.0	131.5	8.1	107.0	77.1	163.8
2025	1,014.1	1.16	49.8	86.6	112.3	195.7	32.5	133.6	8.2	109.4	78.1	165.9
2026	1,030.3	1.11	50.1	87.3	115.3	199.6	33.0	135.6	8.2	111.6	79.0	167.7
2027	1,046.8	1.06	50.9	88.0	118.2	203.3	33.4	137.7	8.3	113.6	80.1	169.5
2028	1,062.5	1.01	50.8	88.8	121.1	207.3	33.8	139.6	8.3	115.6	81.2	171.3
2029	1,078.2	0.97	50.6	89.7	124.0	211.3	34.1	141.4	8.4	117.5	82.4	173.1
2030	1,093.8	0.93	50.4	90.6	126.9	215.4	34.5	143.1	8.4	119.4	83.7	174.8

