

SONOMA COUNTY ECONOMIC FORECAST

Sonoma County is the northernmost county in the San Francisco Bay Area. Although not as famous as its neighbor to the east, Sonoma County actually produces more wine grapes than Napa County. The county thrived in the late 1990s when technology was booming, but since the dotcom bust of 2000 economic growth in the county has been slow to recover, only recently turning positive. Sonoma County has a population of almost 480,000 people and more than 192,000 wage and salary jobs. The per capita income in Sonoma County is \$39,275, and the average salary per worker is \$45,101. Median family income in 2006 is \$75,100.

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. In 2005, 1,400 jobs were created in Sonoma County, representing a tepid growth rate of 0.7 percent. The non-farm growth rate was 0.9 percent. The unemployment rate rose slightly to 5.2 percent in 2005.

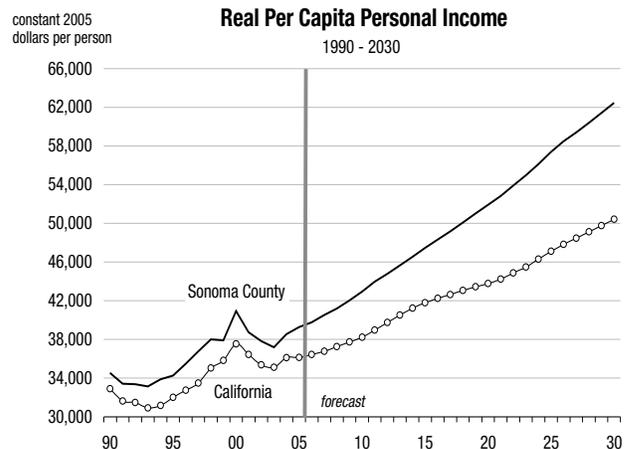
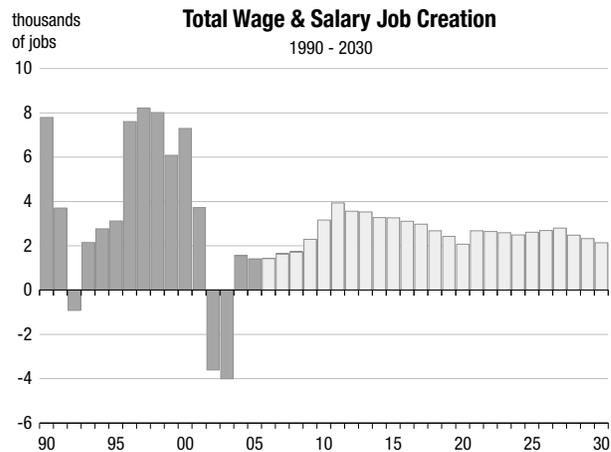
Professional services, construction, wholesale trade and government created new employment opportunities in 2005. These three sectors contributed over 2,800 jobs. Employment in manufacturing continued to decline, shrinking by more than 500 jobs. Manufacturing employment peaked in 2001 with 30,400 jobs, but since then has declined by more than 6,500 jobs.

The population continues to grow in Sonoma County, but the growth rate is very modest at 0.5 percent. The fastest growing cities in the county last year were Windsor and Cloverdale, growing 2.3 and 2.7 percent respectively.

Employment growth will remain modest in Sonoma County through 2008. In 2009, the county will return to healthier levels of job creation, but population growth is forecast to remain slow.

FORECAST HIGHLIGHTS

- Employment will rise at the rate of 0.8 percent in 2006. Over the next five years, the annual growth rate is expected to increase to an average of 1.0 percent per year.
- Real per capita incomes increase at a rate of 1.2 percent in 2006. Over the next five years real per capita incomes are forecast to increase 1.8 percent per year.
- Total taxable sales, adjusted for inflation, are forecast to increase at a rate of 4.7 percent in 2006. Over the next five years real taxable sales are also forecast to increase 4.7 percent per year.
- Industrial production is forecast to increase 0.7 percent in 2006. Over the next five years the growth rate of industrial production will average 1.5 percent per year.

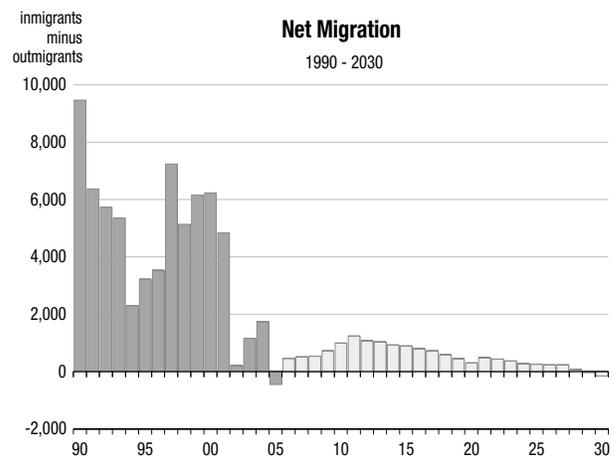
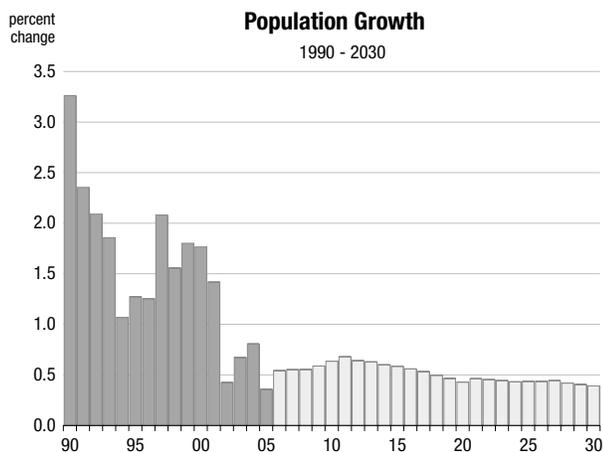


- Average salaries adjusted for inflation are currently below the California average, but are increasing at a faster rate than the state average. Real average salaries are forecast to rise an average of 1.4 percent per year over the next 5 years.
- The momentum for employment growth is in professional services, trade, leisure services, education and healthcare services, and government. These sectors account for almost all of the job growth in the county during the forecast period.
- The population will continue to grow at a rate of 0.5 percent in 2006. Annual growth in the 2006 to 2010 period is forecast to be 0.6 percent.
- Net migration is expected to increase to nearly 500 people in 2006. Over the next five years net migration is expected to average 650 migrants each year.

Sonoma County Economic Forecast

1997-2005 History, 2006-2030 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)
1997	438,615	7,244	389.8	163.8	2,121	\$5.0	\$12.7	\$36,749	3.4	641.5	2.7	3.8
1998	445,444	5,140	417.3	165.3	2,964	\$5.4	\$13.8	\$38,001	3.2	555.9	3.1	3.3
1999	453,470	6,162	431.3	167.2	3,052	\$6.0	\$14.6	\$37,901	4.2	568.1	3.4	2.7
2000	461,483	6,240	453.6	172.4	2,555	\$6.8	\$16.8	\$40,930	4.5	665.5	3.9	2.7
2001	468,031	4,838	467.6	174.2	2,579	\$6.8	\$17.0	\$38,732	5.4	624.0	3.4	3.7
2002	470,025	211	474.8	176.1	1,835	\$6.7	\$16.9	\$37,834	1.6	593.6	3.3	5.1
2003	473,190	1,164	466.4	178.1	2,339	\$6.8	\$17.0	\$37,173	1.8	528.0	3.4	5.5
2004	477,015	1,743	489.8	179.6	1,941	\$7.2	\$18.0	\$38,527	1.2	536.8	3.5	4.9
2005	478,724	-444	499.5	180.9	2,894	\$7.6	\$18.8	\$39,275	2.0	539.1	3.5	5.2
2006	481,326	460	506.5	183.5	2,444	\$8.0	\$19.6	\$39,752	2.7	519.8	3.6	5.1
2007	483,993	519	512.1	185.8	2,328	\$8.3	\$20.6	\$40,512	2.1	507.0	3.6	5.1
2008	486,683	541	517.2	187.9	2,338	\$8.7	\$21.5	\$41,181	2.3	498.8	3.7	5.0
2009	489,552	725	522.1	190.1	2,401	\$9.1	\$22.6	\$42,021	2.2	494.3	3.7	4.9
2010	492,679	996	526.9	192.4	2,462	\$9.6	\$23.8	\$42,953	2.4	491.1	3.8	4.7
2011	496,035	1,240	531.4	194.7	2,509	\$10.1	\$25.1	\$43,958	2.3	489.4	3.9	4.6
2012	499,221	1,079	535.4	197.0	2,473	\$10.6	\$26.2	\$44,789	2.1	488.7	4.1	4.6
2013	502,364	1,039	539.2	199.3	2,487	\$11.2	\$27.5	\$45,653	2.2	488.5	4.2	4.6
2014	505,391	929	542.6	201.7	2,470	\$11.8	\$28.8	\$46,535	2.2	488.3	4.4	4.7
2015	508,361	896	545.7	204.0	2,457	\$12.4	\$30.3	\$47,445	2.4	488.1	4.5	4.7
2016	511,207	805	548.5	206.3	2,414	\$13.0	\$31.8	\$48,323	2.5	487.6	4.7	4.8
2017	513,941	728	550.9	208.5	2,360	\$13.6	\$33.3	\$49,156	2.6	486.8	4.8	4.9
2018	516,507	589	553.1	210.7	2,275	\$14.2	\$34.9	\$50,079	2.4	485.1	5.0	5.0
2019	518,920	456	555.0	212.9	2,174	\$14.9	\$36.6	\$51,023	2.4	483.2	5.1	5.0
2020	521,163	301	556.8	214.9	2,053	\$15.5	\$38.3	\$51,902	2.3	482.0	5.2	5.1
2021	523,586	488	558.1	216.8	2,042	\$16.2	\$40.1	\$52,837	2.3	481.2	5.3	5.0
2022	525,966	438	559.1	218.7	2,015	\$17.0	\$42.0	\$53,886	2.4	481.0	5.3	5.0
2023	528,310	373	559.9	220.6	1,984	\$17.8	\$44.1	\$54,956	2.3	481.1	5.3	5.0
2024	530,605	280	560.6	222.5	1,949	\$18.6	\$46.2	\$56,125	2.2	481.4	5.2	5.0
2025	532,930	265	561.1	224.3	1,939	\$19.6	\$48.5	\$57,378	2.2	481.8	5.1	5.0
2026	535,271	237	561.6	226.1	1,938	\$20.5	\$50.7	\$58,477	2.3	482.3	5.0	5.0
2027	537,655	239	562.1	227.9	1,946	\$21.5	\$53.0	\$59,403	2.3	482.8	5.0	4.9
2028	539,918	75	562.5	229.7	1,915	\$22.5	\$55.4	\$60,389	2.5	483.3	5.1	5.0
2029	542,120	-32	562.9	231.5	1,888	\$23.6	\$58.0	\$61,410	2.5	483.9	5.1	5.0
2030	544,254	-151	563.3	233.3	1,858	\$24.7	\$60.7	\$62,453	2.5	484.4	5.1	5.0



Sonoma 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	171.6	6.18	9.4	25.9	4.3	28.0	9.0	17.6	3.1	19.9	16.6	25.2
1998	179.6	6.54	10.1	28.3	4.2	28.8	9.4	18.8	3.4	20.7	17.1	25.6
1999	185.7	6.41	11.9	29.2	4.1	29.1	10.0	19.5	3.6	21.1	17.5	26.6
2000	193.0	6.89	13.1	30.2	4.1	29.5	10.2	20.6	4.1	22.0	17.9	27.6
2001	196.7	6.95	13.7	30.4	4.0	30.1	10.4	20.0	4.5	22.9	18.7	28.0
2002	193.1	6.54	13.3	27.3	4.1	30.0	10.3	19.0	4.2	23.3	19.7	28.4
2003	189.1	5.87	13.0	25.3	3.8	30.0	10.3	19.0	4.0	22.7	19.9	28.5
2004	190.7	5.73	13.7	24.2	3.9	30.3	10.0	19.6	4.3	22.5	20.2	29.7
2005	192.1	5.56	14.3	23.7	3.7	31.0	9.7	20.4	3.8	22.6	20.5	30.4
2006	193.5	5.54	14.3	23.1	3.6	31.4	9.7	20.4	3.9	23.3	21.0	30.8
2007	195.1	5.54	14.0	22.9	3.5	31.9	9.8	20.7	4.0	23.9	21.3	31.3
2008	196.9	5.53	13.7	22.8	3.5	32.2	9.7	21.0	4.1	24.3	21.7	31.8
2009	199.2	5.54	13.5	22.9	3.4	32.6	9.6	21.6	4.2	24.8	22.0	32.4
2010	202.3	5.56	13.4	23.0	3.4	33.1	9.8	22.5	4.4	25.3	22.3	33.0
2011	206.3	5.56	13.4	23.2	3.4	33.6	9.9	23.4	4.6	26.3	22.6	33.7
2012	209.9	5.57	13.5	23.1	3.4	34.0	9.8	24.4	4.7	27.7	22.9	34.4
2013	213.4	5.59	13.6	22.9	3.4	34.4	9.7	25.1	4.8	29.0	23.1	35.1
2014	216.7	5.59	13.7	22.9	3.4	34.8	9.6	25.8	5.0	30.3	23.4	35.8
2015	219.9	5.61	13.8	23.0	3.4	35.1	9.6	26.3	5.1	31.6	23.7	36.5
2016	223.0	5.62	13.8	23.1	3.4	35.4	9.6	26.6	5.1	32.8	24.0	37.2
2017	226.0	5.61	13.7	23.2	3.4	35.7	9.5	26.9	5.2	34.0	24.3	37.9
2018	228.7	5.62	13.6	23.2	3.4	36.1	9.6	27.2	5.3	35.2	24.5	38.6
2019	231.1	5.63	13.5	23.1	3.4	36.4	9.6	27.5	5.4	36.2	24.7	39.3
2020	233.2	5.63	13.3	22.9	3.4	36.7	9.6	27.8	5.5	37.3	24.7	40.0
2021	235.9	5.63	13.1	23.0	3.4	37.0	9.5	28.1	5.6	38.6	24.8	40.7
2022	238.5	5.64	13.0	23.0	3.4	37.3	9.5	28.4	5.6	39.9	25.0	41.4
2023	241.1	5.63	13.0	22.8	3.4	37.6	9.6	28.7	5.7	41.2	25.1	42.2
2024	243.6	5.65	13.0	22.7	3.4	37.9	9.6	28.9	5.8	42.3	25.1	42.9
2025	246.3	5.66	13.0	22.5	3.4	38.2	9.7	29.2	5.9	43.4	25.2	43.7
2026	248.9	5.66	13.1	22.4	3.4	38.5	9.8	29.4	6.0	44.5	25.4	44.5
2027	251.7	5.67	13.2	22.5	3.4	38.8	9.8	29.7	6.1	45.4	25.5	45.2
2028	254.2	5.67	13.2	22.4	3.4	39.1	9.8	30.0	6.2	46.3	25.7	46.1
2029	256.6	5.68	13.2	22.3	3.4	39.5	9.8	30.2	6.4	47.0	25.9	46.9
2030	258.7	5.68	13.2	22.1	3.4	39.8	9.7	30.4	6.5	47.7	26.1	47.7

