

STANISLAUS COUNTY ECONOMIC FORECAST

Stanislaus County is located in the heart of the San Joaquin Valley, and is bordered by San Joaquin, Santa Clara, Merced, and Tuolumne Counties. Stanislaus County has a population of 510,900 people and just over 173,000 wage and salary jobs. The per capita income in Stanislaus County is \$26,025, and the average salary per worker is \$38,713.

Growth in Northern California was strong in 2005, compared to the previous four years. Employment in the greater Bay Area increased 0.8 percent last year, while the San Joaquin Valley grew at a robust pace of 2.3 percent. In 2005, 4,900 total wage and salary jobs were created in Stanislaus County, representing a growth rate of 2.9 percent. Non-farm employment grew at a rate of 3.0 percent. The unemployment rate declined to 8.8 percent in 2005.

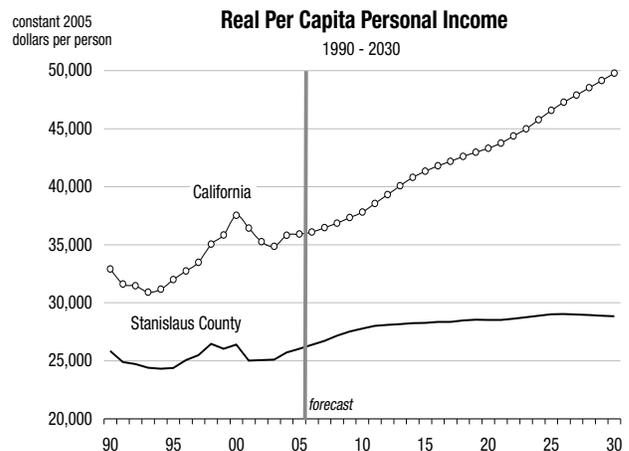
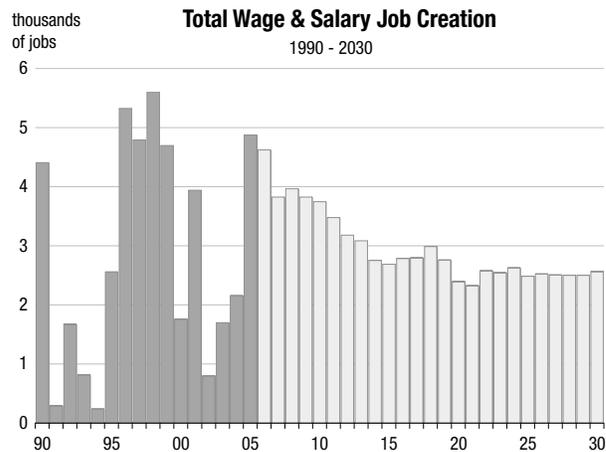
The principal sectors that are producing jobs in Stanislaus County are leisure services, professional services, retail trade, and construction. For the second consecutive year, the construction sector created the most new jobs, due to significant housing production in the county. New home production set a record in 2005 with more than 4,500 units started. Manufacturing and information technology were the only two sectors to have shrinking employment in 2005.

From January 2005 to January 2006, the population growth rate was 1.8 percent in Stanislaus County. Approximately 40 percent of the population resides in the city of Modesto, which grew a scant 0.1 percent last year. Most of the growth in the county occurred in smaller towns, such as Patterson, Riverbank and Newman.

Employment and population growth will continue at healthy rates in Stanislaus County over the next several years because inland counties will dominate growth in the state due to the relative affordability and higher production of housing.

FORECAST HIGHLIGHTS

- Total wage and salary job growth is forecast to decline slightly in 2006 to 2.7 percent, while non-farm job growth increases to 3.3 percent. From 2006 to 2010, farm employment will continue to decline, as total job growth averages 2.2 percent and non-farm job growth averages 2.5 percent.
- Average salaries adjusted for inflation are currently well below the California state average. Lower than average state salaries are forecast over the foreseeable future. However, real average salaries (adjusted for inflation) are expected to rise an average of one percent per year over the next 5 years.
- Real per capita incomes increase at a rate of 1.3 percent in 2006, and remain at this rate over the next five years.

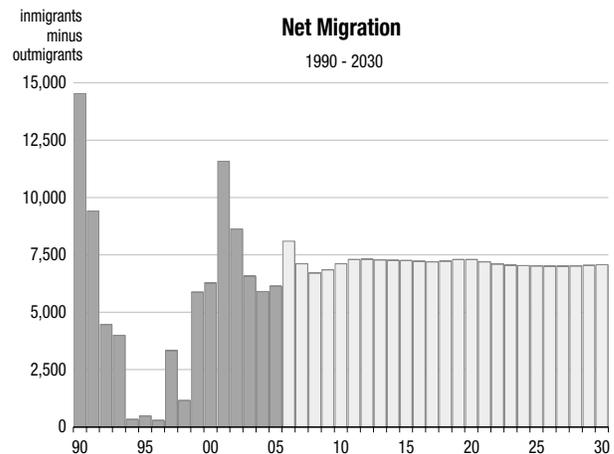
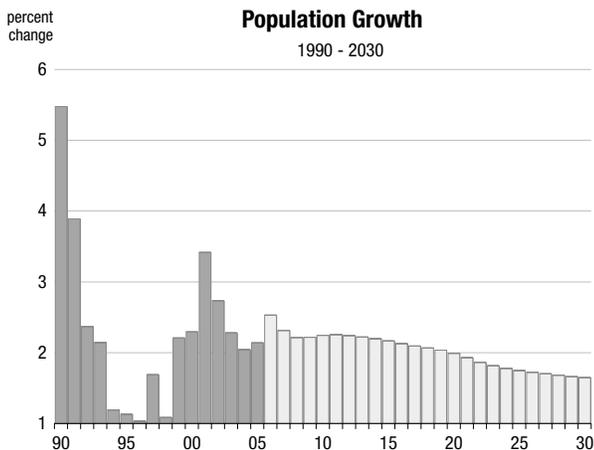


- Between 2006 and 2010, employment growth will be led by job creation in leisure services, education and healthcare services, wholesale and retail trade, and government. These sectors will account for 89 percent of all jobs created in the county over the next five years.
- The population will continue to grow at a healthy rate in the county. Annual growth in the 2006 to 2010 period averages 2.3 percent per year.
- Net migration will increase to 8,100 people in 2006. Over the next five years, the population is expected to increase by an average of 7,200 net migrants per year.
- Industrial production is forecast to increase 3.5 percent in 2006. Over the next five years the growth rate of industrial production will moderate, with the growth of production averaging 2.6 percent per year.

Stanislaus 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 (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	426,734	3,337	323.2	139.7	1,472	\$4.0	\$8.6	\$25,479	3.4	1.69	2.28	13.3
1998	431,370	1,145	343.3	140.9	2,090	\$4.2	\$9.3	\$26,457	3.2	1.60	2.41	12.3
1999	440,908	5,879	356.6	142.4	2,310	\$4.7	\$9.8	\$26,024	4.2	1.42	2.54	10.7
2000	451,030	6,278	372.3	145.1	3,413	\$5.2	\$10.6	\$26,390	4.5	1.35	2.72	7.8
2001	466,442	11,580	390.9	147.5	3,195	\$5.6	\$10.9	\$25,003	5.4	1.45	2.60	8.3
2002	479,193	8,627	413.6	150.9	3,109	\$5.8	\$11.4	\$25,048	1.6	1.44	2.74	9.6
2003	490,127	6,580	414.5	153.7	4,168	\$6.2	\$11.9	\$25,104	1.8	1.50	3.12	9.8
2004	500,153	5,907	445.2	156.8	4,603	\$6.8	\$12.6	\$25,714	1.2	2.02	3.34	9.2
2005	510,858	6,143	465.9	160.8	4,722	\$7.2	\$13.3	\$26,025	2.0	1.97	3.48	8.8
2006	523,800	8,106	477.3	165.9	3,151	\$7.7	\$14.2	\$26,360	2.7	1.94	3.61	8.6
2007	535,938	7,125	487.9	169.0	3,173	\$8.2	\$15.0	\$26,714	2.1	1.96	3.70	8.6
2008	547,818	6,715	498.7	172.2	3,491	\$8.8	\$15.9	\$27,150	2.3	1.92	3.80	8.6
2009	559,978	6,851	509.5	175.7	3,735	\$9.3	\$16.9	\$27,521	2.2	1.95	3.88	8.5
2010	572,558	7,117	520.7	179.4	3,872	\$9.8	\$17.9	\$27,766	2.4	1.96	3.96	8.5
2011	585,490	7,299	531.9	183.3	3,919	\$10.4	\$18.8	\$27,995	2.3	1.94	4.09	8.5
2012	598,634	7,325	542.4	187.2	3,925	\$10.9	\$19.7	\$28,092	2.1	1.95	4.27	8.6
2013	611,946	7,286	552.9	191.2	3,976	\$11.4	\$20.6	\$28,157	2.2	1.97	4.45	8.7
2014	625,408	7,266	563.6	195.1	4,010	\$11.9	\$21.6	\$28,227	2.2	1.97	4.64	8.7
2015	638,979	7,254	574.4	199.2	4,005	\$12.4	\$22.7	\$28,266	2.4	1.98	4.84	8.8
2016	652,606	7,223	585.5	203.2	4,026	\$13.0	\$23.8	\$28,334	2.5	2.00	4.98	8.8
2017	666,282	7,204	595.9	207.2	4,055	\$13.6	\$24.9	\$28,354	2.6	1.97	5.14	8.8
2018	680,059	7,239	605.9	211.3	4,130	\$14.1	\$26.2	\$28,469	2.4	1.99	5.32	8.8
2019	693,927	7,304	615.7	215.4	4,138	\$14.7	\$27.4	\$28,533	2.4	2.00	5.49	8.7
2020	707,758	7,295	624.7	219.5	4,082	\$15.3	\$28.6	\$28,518	2.3	2.01	5.68	8.8
2021	721,427	7,203	633.2	223.6	4,023	\$15.9	\$29.8	\$28,503	2.3	1.99	5.81	8.8
2022	734,904	7,108	641.2	227.7	4,017	\$16.6	\$31.2	\$28,623	2.4	2.02	5.86	8.8
2023	748,267	7,059	648.3	231.7	4,021	\$17.2	\$32.6	\$28,746	2.3	2.00	5.88	8.8
2024	761,586	7,035	655.3	235.7	4,035	\$17.9	\$34.1	\$28,885	2.2	2.03	5.81	8.7
2025	774,922	7,022	661.3	239.7	4,039	\$18.6	\$35.6	\$28,992	2.2	2.04	5.70	8.7
2026	788,303	7,016	668.0	243.8	4,050	\$19.4	\$37.1	\$29,020	2.3	2.05	5.72	8.7
2027	801,738	7,015	675.2	247.9	4,069	\$20.1	\$38.5	\$28,987	2.3	2.06	5.73	8.7
2028	815,235	7,024	682.7	251.9	4,096	\$20.9	\$40.1	\$28,936	2.5	2.04	5.81	8.6
2029	828,809	7,047	690.4	256.0	4,127	\$21.7	\$41.7	\$28,882	2.5	2.07	5.89	8.6
2030	842,476	7,082	698.6	260.2	4,169	\$22.5	\$43.4	\$28,831	2.5	2.08	5.94	8.6



Stanislaus County Employment Forecast

1997-2005 History, 2006-2030 Forecast

	Total Wage & Salary	Farm	Mining & Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1997	147.8	16.14	6.7	23.7	3.8	22.9	5.0	13.1	1.9	15.0	11.3	23.4
1998	153.4	16.22	7.9	23.3	3.8	24.2	5.2	15.1	1.9	15.3	11.8	23.7
1999	158.1	16.37	9.2	22.9	4.0	25.4	5.3	16.3	2.0	15.9	12.0	23.7
2000	159.9	15.68	9.9	22.8	3.8	25.6	5.1	17.4	2.0	16.5	12.2	23.9
2001	163.8	14.05	11.0	23.0	4.3	26.5	5.4	16.8	2.2	17.1	13.0	24.6
2002	164.6	13.94	10.7	22.5	4.5	27.3	5.6	15.0	2.1	18.1	13.6	25.3
2003	166.3	14.01	11.4	23.1	4.6	27.4	6.0	13.8	2.2	18.9	13.7	24.9
2004	168.5	13.82	12.3	22.7	4.7	27.5	6.1	14.2	2.5	19.2	14.2	25.1
2005	173.3	14.10	13.3	22.3	5.2	28.9	6.2	14.9	2.5	19.5	14.8	25.6
2006	178.0	13.51	14.0	22.4	5.3	30.5	6.2	14.9	2.5	20.4	15.7	26.2
2007	181.8	13.38	13.3	22.4	5.4	31.6	6.2	15.1	2.5	21.0	16.6	27.8
2008	185.7	13.32	13.0	22.4	5.5	32.5	6.2	15.4	2.6	21.5	17.4	29.3
2009	189.6	13.42	12.9	22.4	5.7	33.5	6.3	15.8	2.6	22.1	18.0	30.3
2010	193.3	13.37	12.9	22.4	5.8	34.3	6.3	16.5	2.6	22.6	18.5	31.1
2011	196.8	13.34	12.8	22.4	5.9	35.2	6.4	17.4	2.7	23.0	19.0	31.6
2012	200.0	13.38	12.6	22.4	6.1	36.0	6.4	18.4	2.7	23.3	19.4	32.0
2013	203.1	13.38	12.5	22.5	6.2	36.9	6.4	19.3	2.7	23.7	19.8	32.3
2014	205.8	13.34	12.4	22.5	6.3	37.6	6.4	20.0	2.8	24.1	20.2	32.5
2015	208.5	13.32	12.3	22.5	6.5	38.4	6.5	20.7	2.8	24.5	20.6	32.7
2016	211.3	13.28	12.3	22.6	6.6	39.1	6.5	21.1	2.8	24.9	21.1	33.1
2017	214.1	13.22	12.3	22.6	6.7	39.9	6.5	21.5	2.8	25.3	21.6	33.6
2018	217.1	13.22	12.4	22.5	6.8	40.6	6.6	21.9	2.9	25.7	22.0	34.2
2019	219.8	13.17	12.4	22.5	7.0	41.3	6.6	22.2	2.9	26.0	22.3	34.9
2020	222.2	13.12	12.4	22.5	7.1	41.9	6.6	22.6	2.9	26.3	22.5	35.5
2021	224.6	13.09	12.3	22.5	7.2	42.6	6.7	23.0	2.9	26.6	22.6	36.2
2022	227.1	13.13	12.2	22.6	7.4	43.3	6.7	23.3	2.9	26.9	22.8	36.9
2023	229.7	13.10	12.3	22.6	7.5	43.9	6.7	23.7	2.9	27.1	22.9	37.6
2024	232.3	13.13	12.4	22.6	7.6	44.6	6.8	24.0	3.0	27.4	23.0	38.2
2025	234.8	13.07	12.4	22.7	7.7	45.3	6.8	24.4	3.0	27.7	23.1	38.9
2026	237.3	13.04	12.5	22.7	7.9	45.9	6.9	24.8	3.1	28.0	23.2	39.4
2027	239.8	13.02	12.6	22.7	8.0	46.6	6.9	25.2	3.1	28.4	23.3	39.9
2028	242.3	12.99	12.6	22.8	8.1	47.2	7.0	25.5	3.1	28.9	23.5	40.5
2029	244.8	13.02	12.6	22.8	8.2	47.8	7.0	25.9	3.2	29.3	23.7	41.0
2030	247.4	12.97	12.7	22.8	8.3	48.5	7.1	26.2	3.2	29.7	23.9	41.5

