

SAN MATEO COUNTY ECONOMIC FORECAST

San Mateo County thrived in the late 1990s during the technology boom in California and the rapid rise in visitor and business travel through San Francisco International Airport. However, since the dotcom bust of 2000, the county has had severe job loss and is only now showing signs of recovery. San Mateo County has a population of 730,000 people and approximately 334,000 wage and salary jobs. The per capita income in San Mateo County is \$59,324, and the average salary per worker is among the highest in the state at \$77,759.

Employment growth in Northern California was strong in 2006, compared to the previous five years. Employment in the greater Bay Area increased by 1.9 percent last year. In 2006, job growth was significantly positive in San Mateo County for the first time since 2000. A total of 5,600 jobs were created, a growth rate of 1.7 percent. The unemployment rate fell to 3.7 percent in 2006.

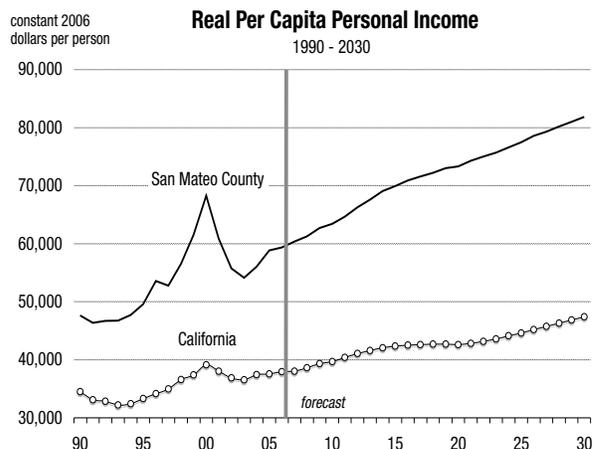
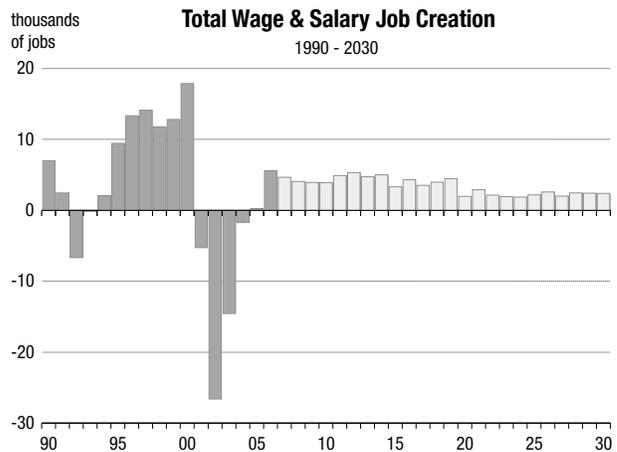
The professional services sector added 2,800 jobs in 2006, accounting for half of all net job creation. Leisure services, and healthcare and education, each added approximately 1,000 jobs. The transportation (largely SFO airport) and information sectors lost a combined total of 1,500 jobs. The manufacturing sector added nearly 700 jobs.

Population growth remains positive in San Mateo County. The rate of growth during calendar 2006 was 1.0 percent. The vast majority of cities grew between 0.7 and 1.1 percent. The largest city in the county, Daly City, grew 1.0 percent.

Employment growth is forecast to moderate in San Mateo County in 2007 and 2008. Population growth will remain steady.

FORECAST HIGHLIGHTS

- Job growth is forecast to be 1.4 percent in 2007. Over the next five years job growth is expected to average 1.3 percent per year.
- Average salaries adjusted for inflation are currently well above the California average, and will remain so over the forecast horizon. Real average salaries are forecast to rise an average of 1.3 percent per year over the next 5 years.
- Between 2007 and 2011, the momentum for employment growth is in service sectors. The professional service sector accounts for 40 percent of job creation alone. Employment in information technologies is expected to reverse the downward trend and add 2,000 jobs by 2011. The manufacturing and construction sectors combine to lose 1,400 jobs over the next five years.

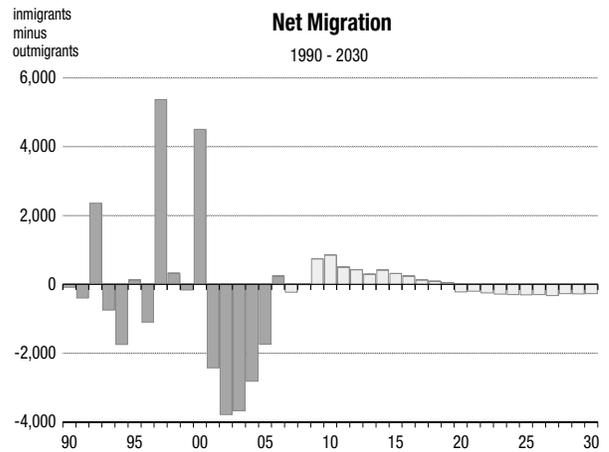
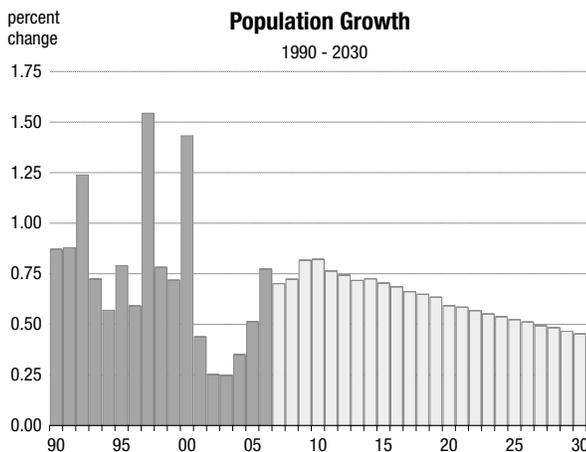


- The population will grow at a rate of approximately 0.8 percent in 2007. Annual growth in the 2007 to 2011 period is forecast to also average 0.8 percent per year.
- After high levels of out-migration from 2001 to 2005, net migration will be positive, but insignificant, over the forecast. Over the next five years net migration is expected to average 400 persons entering the county per year.
- Real per capita incomes increase at a rate of 1.8 percent in 2007. Over the next five years real per capita incomes are forecast to increase 1.7 percent per year.
- Total taxable sales are expected to increase by an average of 4.7 percent over the next five years.
- Industrial production is forecast to rise 2.2 percent in 2007. Over the next five years the growth rate of industrial production will average 2.6 percent per year.

San Mateo County Economic Forecast

1997-2006 History, 2007-2030 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	690,400	5,375	637.4	248.5	1,519	\$10.7	\$27.9	\$52,739	3.4	281.0	6.43	2.7
1998	695,800	323	711.9	249.8	2,175	\$11.0	\$31.1	\$56,541	3.2	233.1	6.86	2.5
1999	700,800	-157	714.4	251.2	901	\$12.1	\$35.5	\$61,507	4.2	215.2	7.27	2.0
2000	710,836	4,509	708.9	254.1	2,317	\$14.0	\$41.7	\$68,262	4.5	231.0	7.74	2.9
2001	713,958	-2,423	698.0	255.1	1,441	\$12.9	\$39.4	\$60,884	5.4	195.4	6.93	3.8
2002	715,763	-3,779	712.4	256.7	1,423	\$11.6	\$36.7	\$55,722	1.6	198.8	6.22	5.7
2003	717,538	-3,670	685.4	258.1	1,304	\$11.4	\$36.4	\$54,099	1.8	192.6	6.33	5.9
2004	720,063	-2,815	714.9	258.9	609	\$11.8	\$38.3	\$56,009	1.2	191.3	6.61	4.9
2005	723,762	-1,733	711.7	259.9	892	\$12.5	\$41.2	\$58,813	2.0	167.4	6.54	4.3
2006	729,366	251	717.2	260.2	895	\$12.7	\$43.3	\$59,324	3.3	169.2	6.62	3.7
2007	734,484	-222	723.2	260.8	813	\$13.6	\$45.6	\$60,381	2.9	169.2	6.76	3.5
2008	739,800	-9	729.4	261.5	952	\$14.1	\$47.6	\$61,266	2.0	169.2	7.04	3.4
2009	745,845	746	736.2	262.4	1,123	\$14.7	\$50.1	\$62,698	2.0	169.2	7.20	3.5
2010	751,973	861	743.7	263.4	1,238	\$15.3	\$52.4	\$63,406	2.5	169.2	7.36	3.6
2011	757,717	510	751.6	264.5	1,326	\$16.0	\$55.1	\$64,650	2.4	169.2	7.54	3.5
2012	763,354	432	759.0	265.7	1,389	\$16.7	\$58.1	\$66,242	2.2	169.2	7.74	3.5
2013	768,828	297	766.3	266.9	1,451	\$17.5	\$61.1	\$67,562	2.3	169.2	7.92	3.6
2014	774,407	420	773.9	268.2	1,507	\$18.3	\$64.4	\$69,062	2.3	169.2	8.07	3.6
2015	779,861	321	781.7	269.6	1,552	\$19.0	\$67.3	\$69,926	2.6	169.2	8.18	3.7
2016	785,210	247	789.6	271.0	1,600	\$19.9	\$70.5	\$70,905	2.7	169.2	8.36	3.7
2017	790,413	136	797.8	272.4	1,614	\$20.7	\$73.6	\$71,572	2.7	169.2	8.55	3.8
2018	795,540	91	806.5	273.8	1,635	\$21.5	\$76.6	\$72,228	2.5	169.2	8.78	3.8
2019	800,592	48	816.0	275.3	1,649	\$22.5	\$80.0	\$73,019	2.5	169.2	8.97	3.7
2020	805,341	-213	825.9	276.8	1,676	\$23.3	\$82.8	\$73,324	2.5	169.2	9.11	3.8
2021	810,056	-196	836.0	278.3	1,668	\$24.3	\$86.4	\$74,308	2.4	169.2	9.20	3.8
2022	814,662	-244	845.8	279.8	1,680	\$25.2	\$89.9	\$75,009	2.5	169.2	9.23	3.9
2023	819,162	-280	855.2	281.3	1,645	\$26.1	\$93.5	\$75,701	2.5	169.2	9.27	3.9
2024	823,574	-294	864.3	282.8	1,605	\$27.2	\$97.3	\$76,591	2.3	169.2	9.32	3.9
2025	827,894	-302	873.2	284.2	1,570	\$28.3	\$101.3	\$77,487	2.4	169.2	9.36	3.9
2026	832,135	-291	881.8	285.6	1,537	\$29.5	\$105.8	\$78,581	2.4	169.2	9.40	3.8
2027	836,243	-320	889.7	287.0	1,522	\$30.6	\$109.9	\$79,318	2.5	169.2	9.42	3.9
2028	840,292	-263	897.1	288.4	1,552	\$31.9	\$114.6	\$80,178	2.7	169.2	9.47	3.9
2029	844,210	-275	904.1	289.7	1,574	\$33.1	\$119.4	\$81,001	2.7	169.2	9.56	3.8
2030	848,033	-263	910.6	291.2	1,587	\$34.5	\$124.4	\$81,837	2.6	169.2	9.64	3.8



San Mateo County Employment Forecast

1997-2006 History, 2007-2030 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	333.3	2.88	15.4	33.2	32.8	52.9	24.7	62.7	11.2	27.2	30.7	30.1
1998	345.1	2.92	16.7	35.1	33.7	53.6	25.8	64.0	13.6	28.2	30.2	31.4
1999	357.9	2.88	17.8	35.6	34.0	53.5	25.8	70.8	17.7	27.9	29.5	32.1
2000	375.8	2.93	19.0	35.9	35.2	54.0	24.7	78.5	24.0	28.1	30.5	32.5
2001	370.6	2.88	19.7	34.8	34.4	54.0	23.9	71.0	26.1	29.1	30.9	32.9
2002	344.0	2.68	19.0	31.0	29.3	51.2	22.1	59.3	23.3	30.0	30.8	33.6
2003	329.4	2.58	18.0	29.0	27.8	48.9	21.1	55.2	22.5	30.1	30.3	32.7
2004	327.8	2.17	17.8	29.1	28.2	47.4	21.1	57.0	21.1	30.2	30.7	32.1
2005	328.0	1.99	16.3	28.7	27.4	47.6	21.2	59.3	20.6	30.5	31.4	32.0
2006	333.6	2.02	16.9	29.4	27.0	47.8	21.4	62.1	19.6	31.4	32.5	32.5
2007	338.3	2.10	16.8	29.1	26.7	48.6	21.6	64.8	19.3	32.1	32.8	32.9
2008	342.4	2.11	16.7	29.5	26.9	49.5	21.7	66.1	19.2	32.6	33.2	33.3
2009	346.4	2.12	16.6	28.9	27.1	50.5	21.8	67.8	19.4	33.1	33.5	33.7
2010	350.3	2.12	16.6	28.2	27.4	51.3	21.9	69.1	20.4	33.5	33.9	34.0
2011	355.2	2.13	16.8	28.0	27.5	52.1	22.0	70.6	21.7	33.9	34.2	34.4
2012	360.5	2.14	17.1	27.9	27.6	52.9	22.1	72.1	23.2	34.4	34.6	34.7
2013	365.3	2.14	17.3	27.8	27.5	53.5	22.2	73.4	24.7	34.9	35.0	35.0
2014	370.3	2.14	17.5	27.5	27.4	54.1	22.2	75.5	26.0	35.5	35.3	35.2
2015	373.6	2.14	17.6	27.0	27.2	54.6	22.3	76.4	27.2	36.0	35.6	35.4
2016	378.0	2.14	17.7	27.0	27.2	55.0	22.3	77.9	28.4	36.6	35.9	35.6
2017	381.5	2.14	17.8	26.9	27.2	55.3	22.3	79.1	29.5	37.2	36.1	35.8
2018	385.5	2.14	17.9	27.0	27.1	55.6	22.4	80.6	30.7	37.7	36.2	35.9
2019	390.0	2.14	18.0	27.0	27.0	56.0	22.4	82.7	31.7	38.2	36.3	36.0
2020	391.9	2.14	18.1	26.6	26.8	56.4	22.4	83.1	32.6	38.7	36.4	36.2
2021	394.9	2.15	18.1	26.3	26.6	56.9	22.4	84.4	33.5	39.2	36.5	36.3
2022	397.0	2.15	18.1	26.0	26.3	57.3	22.4	85.2	34.3	39.6	36.6	36.4
2023	399.0	2.15	18.0	25.8	26.0	57.7	22.5	85.7	35.1	40.0	36.8	36.5
2024	400.9	2.15	17.8	25.6	25.6	58.2	22.5	86.4	35.8	40.5	37.0	36.6
2025	403.0	2.15	17.6	25.4	25.3	58.6	22.5	87.1	36.6	40.9	37.2	36.6
2026	405.7	2.15	17.4	25.3	25.0	59.1	22.5	88.2	37.3	41.3	37.5	36.7
2027	407.7	2.15	17.4	25.3	24.7	59.5	22.5	88.6	37.9	41.8	37.8	36.8
2028	410.2	2.15	17.4	25.3	24.3	60.0	22.5	89.3	38.6	42.2	38.1	36.9
2029	412.6	2.15	17.4	25.3	24.0	60.4	22.5	89.8	39.4	42.7	38.4	37.0
2030	415.0	2.15	17.5	25.4	23.6	60.9	22.5	90.4	40.0	43.2	38.7	37.0

