

SANTA CRUZ COUNTY ECONOMIC FORECAST

Santa Cruz County is located on the central coast of California and is the second smallest county in terms of physical size behind San Francisco. The county borders Monterey County to the south, San Mateo County to the north, and Santa Clara County to the east. Santa Cruz County has a population of 263,390 people and 103,150 wage and salary jobs. The per capita income in Santa Cruz County is \$42,917, and the average salary per worker is \$44,513.

In 2006, just less than 1,900 total wage and salary jobs were created in Santa Cruz County, representing an increase in employment of 1.9 percent. Non-farm employment grew by 2,700 jobs, an increase of 2.9 percent. Farm employment declined by 800 jobs in 2006 and is 40 percent below the level of 1996. The unemployment rate fell to 5.6 percent in 2006.

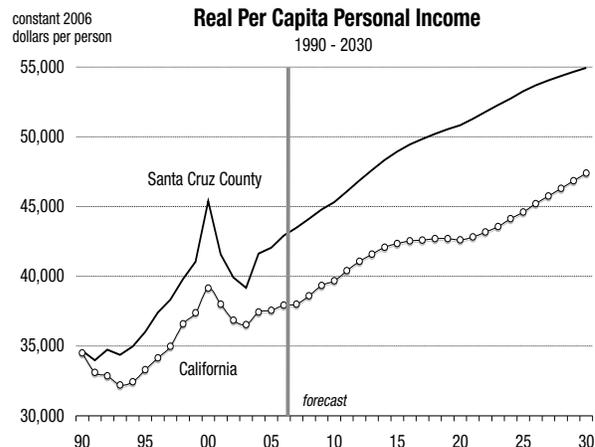
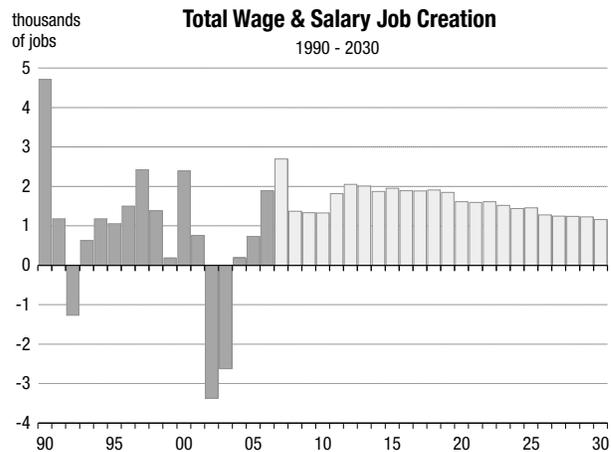
The principal sectors that are producing jobs in Santa Cruz County are the construction, wholesale and retail trade, healthcare and education, and government sectors. Many of the public sector jobs are associated with the University of California located in Santa Cruz. The manufacturing sector lost nearly 400 jobs last year. The information technologies sector lost 100 jobs last year.

During 2006, the population grew at a rate of 1.0 percent. The fastest growing city in the county was Watsonville, which rose 2.5 percent from January 2006 to January 2007. The largest city in the county is Santa Cruz with a population of 57,553.

Employment growth will remain at healthy levels over the forecast. Population growth will remain subdued.

FORECAST HIGHLIGHTS

- Job growth averages 2.6 percent in 2007. Over the next five years, a 1.6 percent average annual growth rate is forecast. Non-farm employment increases by an average of 1.8 percent over the same period.
- Average salaries adjusted for inflation are currently below the California state average. Inflation adjusted salaries are expected to rise an average of 0.6 percent per year over the next 5 years.
- Between 2007 and 2011, the momentum for employment growth occurs in professional services, construction and government. These sectors account for 68 percent of the net job growth over the next five years. The manufacturing and farm sectors are expected to have declining employment.
- Population growth will remain modest over the foreseeable future. Annual growth in the 2007 to 2011 period averages 0.7 percent per year.

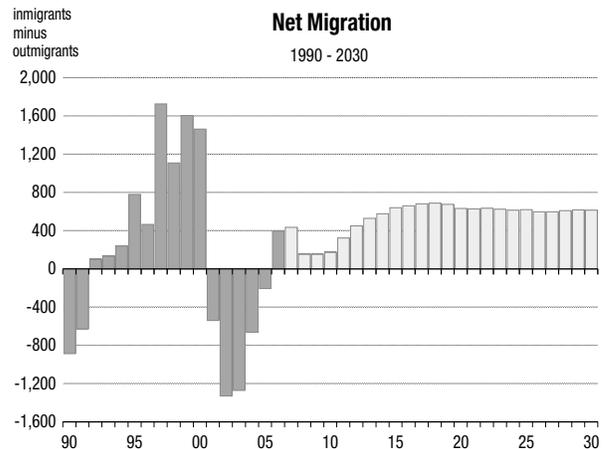
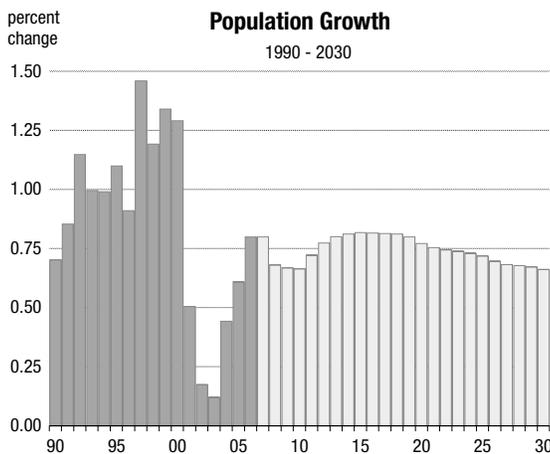


- Net migration will remain low in 2007, forecast at 440 people. Over the next five years net migration is expected to average 250 people entering the county per year. Net migration accounts for less than 15 percent of population growth over the next five years.
- Real per capita income is forecast to increase 1.3 percent in 2007. Over the next five years real per capita incomes are forecast to increase approximately 1.4 percent per year.
- Total taxable sales are expected to increase by an average of 4.4 percent over the next five years. Adjusted for inflation, they increase by 1.9 percent per year.
- Industrial production is forecast to increase 0.9 percent in 2007. Over the next five years industrial production will increase by an average of 2.5 percent. Total crop production is expected to decline by an average of 1.8 percent per year between 2007 and 2011.

Santa Cruz 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	246,950	1,726	200.2	86.9	751	\$2.3	\$7.2	\$38,326	3.4	364.1	1.10	7.9
1998	249,893	1,109	214.8	87.5	639	\$2.4	\$7.9	\$39,811	3.2	292.2	1.07	7.4
1999	253,241	1,604	219.6	88.0	506	\$2.6	\$8.6	\$41,047	4.2	375.6	1.08	6.4
2000	256,510	1,463	227.3	91.1	587	\$2.9	\$10.0	\$45,397	4.5	409.3	1.15	5.1
2001	257,805	-539	232.6	91.5	602	\$2.9	\$9.7	\$41,576	5.4	402.9	1.00	5.7
2002	258,255	-1,328	236.4	92.0	922	\$2.8	\$9.5	\$39,919	1.6	313.6	0.89	7.4
2003	258,568	-1,270	231.6	92.4	1,202	\$2.8	\$9.5	\$39,165	1.8	395.8	0.90	7.8
2004	259,713	-664	244.7	93.3	804	\$2.9	\$10.3	\$41,630	1.2	472.3	0.95	7.1
2005	261,295	-204	241.0	94.7	894	\$3.1	\$10.6	\$42,042	2.0	431.8	0.95	6.3
2006	263,385	398	243.3	95.2	444	\$3.2	\$11.3	\$42,917	3.3	440.1	0.91	5.6
2007	265,490	436	245.6	95.7	601	\$3.4	\$11.9	\$43,476	2.9	419.0	0.92	5.6
2008	267,297	156	247.9	96.3	566	\$3.5	\$12.4	\$44,118	2.0	405.2	0.94	5.7
2009	269,085	158	250.1	96.9	619	\$3.7	\$12.9	\$44,788	2.0	401.5	0.96	5.9
2010	270,873	178	252.2	97.5	646	\$3.8	\$13.5	\$45,316	2.5	401.9	1.00	5.8
2011	272,828	325	254.2	98.2	673	\$4.0	\$14.1	\$46,077	2.4	401.3	1.03	5.8
2012	274,938	452	256.1	98.9	705	\$4.2	\$14.8	\$46,866	2.2	402.6	1.08	6.0
2013	277,139	528	257.9	99.7	713	\$4.3	\$15.5	\$47,619	2.3	405.9	1.12	6.0
2014	279,389	577	259.5	100.5	719	\$4.5	\$16.3	\$48,333	2.3	408.6	1.17	6.1
2015	281,674	640	261.0	101.2	729	\$4.7	\$17.0	\$48,936	2.6	411.9	1.21	6.1
2016	283,970	661	262.5	102.0	725	\$4.9	\$17.8	\$49,456	2.7	415.4	1.25	6.1
2017	286,281	680	263.8	102.8	724	\$5.1	\$18.6	\$49,845	2.7	415.8	1.30	6.0
2018	288,606	688	264.9	103.6	729	\$5.3	\$19.3	\$50,207	2.5	417.9	1.35	6.0
2019	290,913	676	266.0	104.3	728	\$5.5	\$20.1	\$50,553	2.5	420.6	1.41	6.0
2020	293,157	632	266.9	105.1	718	\$5.7	\$20.9	\$50,831	2.5	422.9	1.45	5.9
2021	295,369	628	267.8	105.9	709	\$5.9	\$21.8	\$51,286	2.4	422.6	1.49	5.8
2022	297,571	637	268.6	106.6	710	\$6.1	\$22.7	\$51,791	2.5	424.9	1.50	5.8
2023	299,770	625	269.3	107.4	707	\$6.4	\$23.6	\$52,279	2.5	424.6	1.52	5.8
2024	301,961	616	269.9	108.2	697	\$6.6	\$24.6	\$52,742	2.3	427.8	1.55	5.8
2025	304,134	621	270.5	108.9	698	\$6.8	\$25.6	\$53,271	2.4	430.4	1.57	5.8
2026	306,252	598	271.1	109.7	689	\$7.1	\$26.6	\$53,692	2.4	432.8	1.59	5.7
2027	308,341	599	271.6	110.4	697	\$7.4	\$27.6	\$54,055	2.5	435.0	1.61	5.7
2028	310,431	609	272.1	111.1	699	\$7.6	\$28.7	\$54,359	2.7	435.2	1.63	5.7
2029	312,519	617	272.5	111.9	694	\$7.9	\$29.8	\$54,671	2.7	438.1	1.66	5.7
2030	314,586	615	272.9	112.6	689	\$8.2	\$31.0	\$54,940	2.6	440.6	1.70	5.6



Santa Cruz 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	101.6	11.24	3.4	10.8	1.5	16.1	3.4	10.7	2.2	10.3	10.4	17.6
1998	103.0	10.96	3.8	9.9	1.5	16.8	3.5	10.5	2.4	10.5	10.8	18.0
1999	103.2	9.11	4.2	9.5	1.5	17.2	3.8	10.9	2.4	10.4	11.1	18.8
2000	105.6	8.34	4.5	9.3	1.4	17.6	4.1	11.7	2.6	10.6	11.5	19.5
2001	106.3	7.83	4.9	8.9	1.7	17.4	3.9	11.4	2.6	11.0	12.1	20.2
2002	102.9	8.30	4.8	7.5	1.6	16.9	3.8	9.9	2.2	11.7	11.6	20.7
2003	100.3	8.53	4.8	6.9	1.5	16.5	3.8	9.0	2.0	11.9	11.4	20.3
2004	100.5	7.50	5.5	7.0	1.5	16.7	3.7	9.0	1.8	12.0	11.2	21.0
2005	101.3	7.82	5.8	6.9	1.5	16.8	3.7	9.3	1.6	11.9	11.0	21.3
2006	103.1	7.03	6.1	6.5	1.5	17.2	3.8	10.4	1.5	12.4	11.2	21.8
2007	105.8	6.80	6.6	6.2	1.5	17.3	3.8	11.6	1.5	12.8	11.5	22.3
2008	107.2	6.65	6.8	6.1	1.5	17.6	3.9	11.9	1.4	13.0	11.6	22.8
2009	108.5	6.59	7.1	6.0	1.5	17.8	3.9	12.0	1.4	13.3	11.8	23.1
2010	109.9	6.57	7.2	5.9	1.6	18.0	4.0	12.3	1.4	13.1	12.0	23.6
2011	111.7	6.53	7.4	5.9	1.6	18.3	4.0	12.6	1.4	13.3	12.1	24.1
2012	113.7	6.51	7.6	5.9	1.6	18.6	4.1	12.9	1.4	13.7	12.3	24.6
2013	115.8	6.50	7.8	6.0	1.6	18.9	4.2	13.1	1.4	14.1	12.4	25.1
2014	117.6	6.48	7.9	6.0	1.7	19.2	4.2	13.4	1.4	14.5	12.5	25.5
2015	119.6	6.45	8.1	6.0	1.7	19.4	4.3	13.5	1.4	15.1	12.7	26.0
2016	121.5	6.43	8.2	6.0	1.7	19.7	4.4	13.7	1.4	15.6	12.9	26.4
2017	123.4	6.38	8.3	6.0	1.8	19.9	4.5	13.8	1.4	16.2	13.0	26.8
2018	125.3	6.34	8.5	6.1	1.8	20.1	4.5	13.9	1.4	16.7	13.2	27.3
2019	127.1	6.30	8.6	6.1	1.8	20.3	4.6	14.0	1.4	17.2	13.3	27.9
2020	128.7	6.26	8.7	6.1	1.9	20.5	4.7	14.1	1.4	17.7	13.3	28.4
2021	130.3	6.20	8.8	6.0	1.9	20.8	4.7	14.3	1.4	18.2	13.4	28.9
2022	131.9	6.16	8.8	6.0	1.9	21.1	4.8	14.4	1.4	18.6	13.4	29.3
2023	133.5	6.10	8.9	5.9	2.0	21.3	4.9	14.5	1.4	19.0	13.5	29.8
2024	134.9	6.07	8.9	5.9	2.0	21.5	4.9	14.6	1.4	19.4	13.5	30.2
2025	136.4	6.02	8.9	5.8	2.0	21.8	5.0	14.7	1.4	19.9	13.6	30.7
2026	137.7	5.98	9.0	5.8	2.1	22.0	5.1	14.8	1.4	20.2	13.6	31.1
2027	138.9	5.93	9.0	5.8	2.1	22.3	5.2	14.9	1.4	20.5	13.7	31.4
2028	140.1	5.87	9.0	5.8	2.1	22.5	5.2	15.1	1.4	20.8	13.7	31.8
2029	141.4	5.82	9.0	5.8	2.1	22.7	5.3	15.2	1.4	21.0	13.8	32.2
2030	142.5	5.77	9.0	5.8	2.2	22.9	5.4	15.3	1.4	21.3	13.9	32.6

