

LAKE COUNTY ECONOMIC FORECAST

Lake County is located in Northern California approximately 100 miles north of San Francisco. The name of the county is derived from Clear Lake, which is the largest natural freshwater lake in California. The lake is a summer water sports recreation destination. Lake County has a population of 64,155 people and 13,410 wage and salary jobs. The per capita income in Lake County is \$32,600 and the average salary per worker is \$40,490.

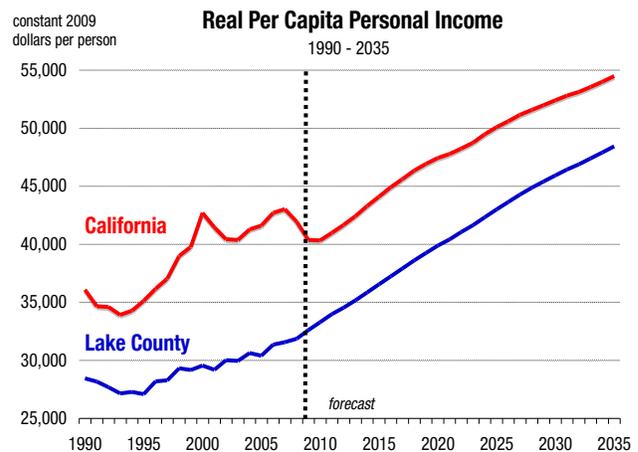
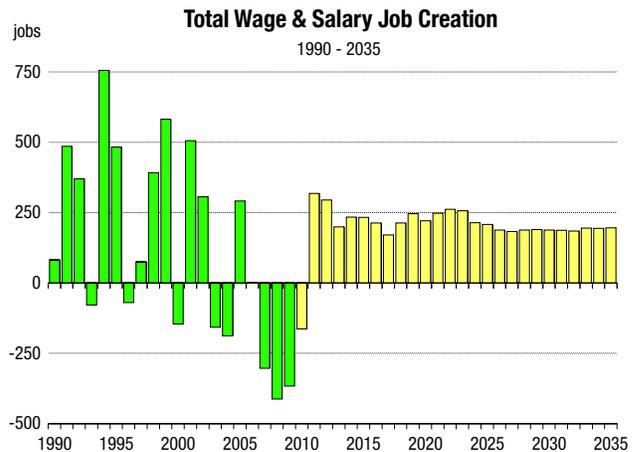
Total wage and salary employment fell by 367 jobs or 2.7 percent in Lake County during 2009. Non-farm employment declined by 2.8 percent, while farm employment fell 0.6 percent. The unemployment rate increased to 16.2 percent in 2009.

The government and manufacturing sectors were the only areas of the economy to create jobs during 2009 (though manufacturing does not employ a significant workforce in Lake County). During 2009 employment losses were greatest in the construction (-110 jobs), retail (-100 jobs) and leisure (-100 jobs) sectors. 2009 was the third straight year of significant job losses in Lake County, due in large part to the leisure sector which has dwindled as consumers cut down on recreation spending.

The population declined in Lake County at a rate of 0.1 percent in 2009, only the second year on record of declining population going back to 1960. The only two incorporated cities in the county are Clearlake and Lakeport. The population of the former grew 1.4 percent while the population of the latter grew 2.4 percent from January 2008 to January 2009. Net migration was positive last year, with an estimated total of 30 migrants entering the county.

FORECAST HIGHLIGHTS

- Total wage and salary job growth is forecast to remain negative in 2010, declining by 1.2 percent. From 2010 to 2015, total employment growth averages 1.9 percent per year.
- Average salaries adjusted for inflation are currently below the California state average, and will remain so over the forecast period. Inflation adjusted salaries are expected to rise an average of 0.9 percent per year from 2010 to 2015.
- Between 2010 and 2015, the principle job creation is in education and healthcare services, leisure, transportation, professional services, and government. These sectors account for 77 percent of net job creation during this time period.
- Annual population growth in the 2010 to 2015 period averages 0.8 percent per year.
- Net migration turns slightly negative in 2010 as continued job loss encourages residents to seek employment elsewhere.



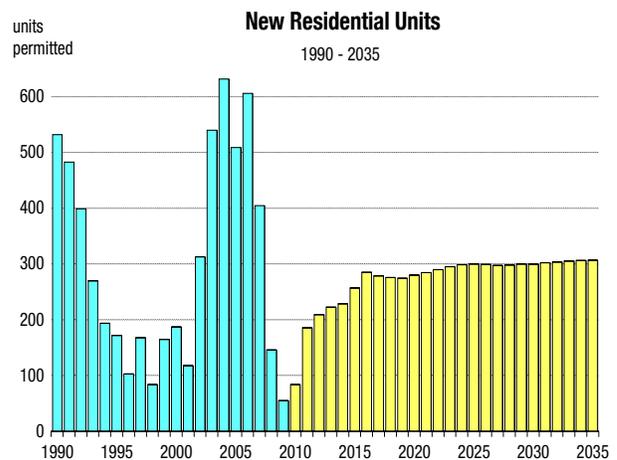
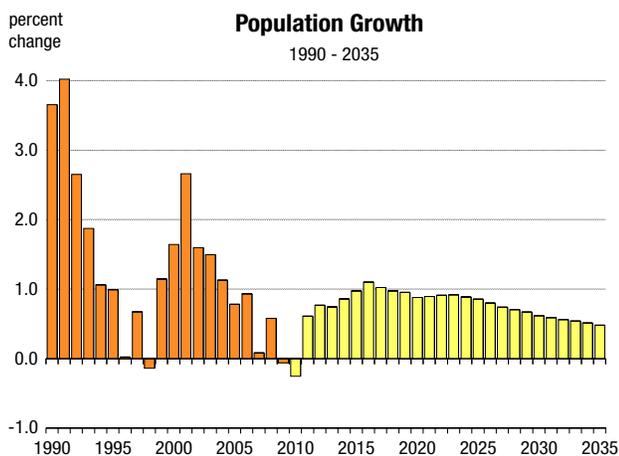
Between 2010 and 2015 net migration is expected to average 490 net migrants entering the county per year. Net migration is responsible for all growth, as the natural increase is forecast to be negative for the duration of the forecast.

- Real per capita income is forecast to increase 2.1 percent in 2010. From 2010 to 2015 real per capita incomes are expected to increase an average of 1.9 percent per year.
- Total taxable sales, adjusted for inflation, are forecast to fall at a rate of 3.3 percent in 2010. Between 2010 and 2015 real taxable sales are forecast to increase an average of 2.1 percent per year.
- Industrial production is forecast to decline 0.1 percent in 2010. From 2010 to 2015 the growth rate of industrial production will average 4.4 percent per year. Total crop production is expected to increase an average of 2.8 percent per year between 2010 and 2015. The principle crop in the county is wine grapes.

Lake County Economic Forecast

2002-2009 History, 2010-2035 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 (millions)	Unemploy- ment Rate (percent)
2002	61,069	1,161	78.7	24.1	313	\$0.44	\$1.58	\$30,018	1.6	74.4	129.3	8.3
2003	61,984	991	79.6	24.3	540	\$0.46	\$1.62	\$29,952	1.8	66.4	130.3	9.2
2004	62,685	890	84.4	24.6	632	\$0.51	\$1.70	\$30,623	1.2	69.5	131.3	9.1
2005	63,177	559	85.0	24.8	509	\$0.54	\$1.73	\$30,387	2.0	68.2	128.8	8.0
2006	63,768	665	87.1	25.1	606	\$0.57	\$1.86	\$31,354	3.2	70.9	138.8	7.7
2007	63,822	95	85.5	25.7	405	\$0.57	\$1.94	\$31,554	3.4	74.6	134.0	8.5
2008	64,193	422	85.1	26.0	146	\$0.57	\$2.03	\$31,859	3.0	61.7	137.7	10.8
2009	64,155	30	84.5	26.2	55	\$0.55	\$2.09	\$32,596	0.8	61.4	139.4	16.2
2010	63,993	-48	84.3	26.3	84	\$0.55	\$2.17	\$33,281	2.1	56.7	139.3	16.4
2011	64,385	445	84.5	26.5	186	\$0.56	\$2.29	\$33,979	2.4	58.8	145.4	14.8
2012	64,882	577	84.9	26.6	209	\$0.58	\$2.39	\$34,526	2.1	63.6	152.6	12.9
2013	65,365	578	85.5	26.7	222	\$0.61	\$2.51	\$35,168	2.2	64.5	158.8	11.9
2014	65,928	630	86.2	26.9	229	\$0.64	\$2.63	\$35,854	2.2	64.7	165.5	10.8
2015	66,571	733	87.0	27.0	257	\$0.68	\$2.77	\$36,551	2.2	65.0	172.4	10.2
2016	67,305	824	87.8	27.2	285	\$0.71	\$2.92	\$37,230	2.2	65.3	178.9	9.9
2017	67,995	778	88.6	27.4	279	\$0.76	\$3.07	\$37,904	2.2	65.6	185.3	9.8
2018	68,658	768	89.3	27.6	276	\$0.80	\$3.22	\$38,599	2.2	66.3	192.4	9.6
2019	69,314	764	89.9	27.8	275	\$0.84	\$3.38	\$39,243	2.2	66.3	200.2	9.4
2020	69,925	729	90.4	28.0	280	\$0.89	\$3.54	\$39,879	2.1	66.6	208.6	9.3
2021	70,550	758	90.9	28.2	284	\$0.93	\$3.71	\$40,423	2.5	64.8	217.5	9.3
2022	71,194	788	91.3	28.4	290	\$0.98	\$3.90	\$41,043	2.6	65.8	226.4	9.2
2023	71,848	816	91.6	28.7	295	\$1.03	\$4.10	\$41,653	2.5	66.8	235.4	9.0
2024	72,486	820	91.9	28.9	299	\$1.08	\$4.30	\$42,328	2.4	65.7	244.8	8.9
2025	73,106	821	92.1	29.1	300	\$1.13	\$4.51	\$42,997	2.5	65.6	254.5	8.8
2026	73,692	809	92.3	29.3	299	\$1.19	\$4.73	\$43,637	2.5	65.9	264.4	8.8
2027	74,239	797	92.4	29.5	297	\$1.25	\$4.96	\$44,282	2.6	66.2	274.6	8.8
2028	74,764	801	92.6	29.8	299	\$1.31	\$5.20	\$44,864	2.8	66.6	285.4	8.7
2029	75,265	805	92.9	30.0	300	\$1.37	\$5.45	\$45,403	2.7	67.0	296.7	8.6
2030	75,732	797	93.2	30.2	300	\$1.43	\$5.69	\$45,935	2.7	67.5	308.5	8.6
2031	76,179	802	93.6	30.4	302	\$1.50	\$5.94	\$46,438	2.7	67.9	320.5	8.5
2032	76,607	805	94.1	30.7	304	\$1.57	\$6.20	\$46,899	2.7	68.3	332.9	8.5
2033	77,021	814	94.7	30.9	306	\$1.64	\$6.47	\$47,392	2.7	68.8	345.9	8.6
2034	77,418	818	95.5	31.1	307	\$1.71	\$6.75	\$47,900	2.7	69.2	359.3	8.7
2035	77,793	816	96.2	31.3	307	\$1.79	\$7.04	\$48,436	2.7	69.7	373.2	8.7

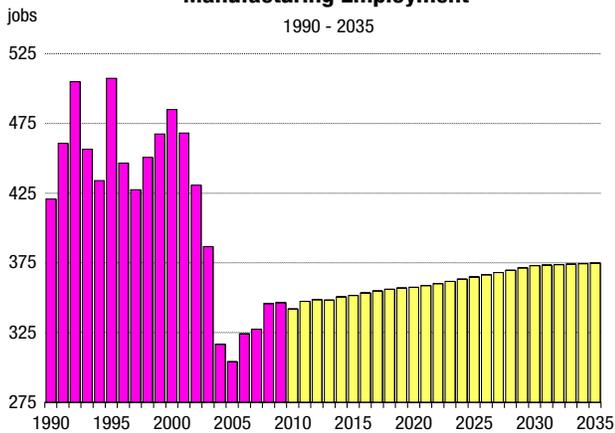


Lake County Employment Forecast

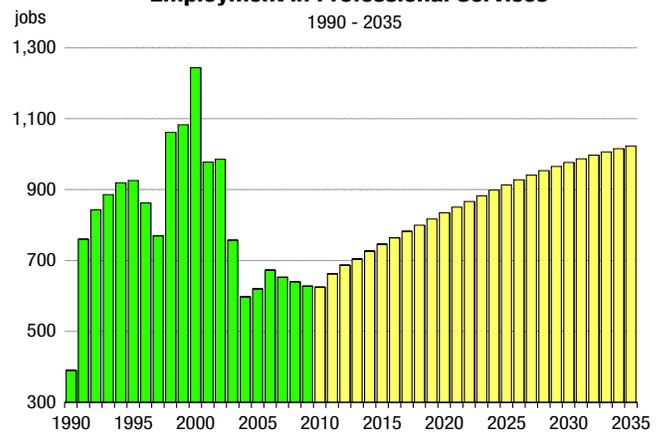
2002-2009 History, 2010-2035 Forecast

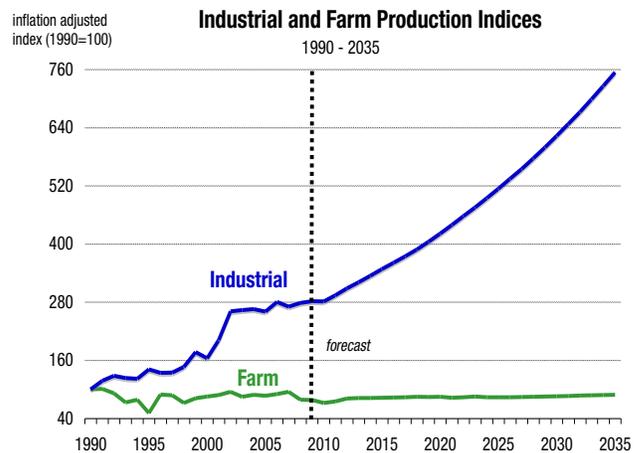
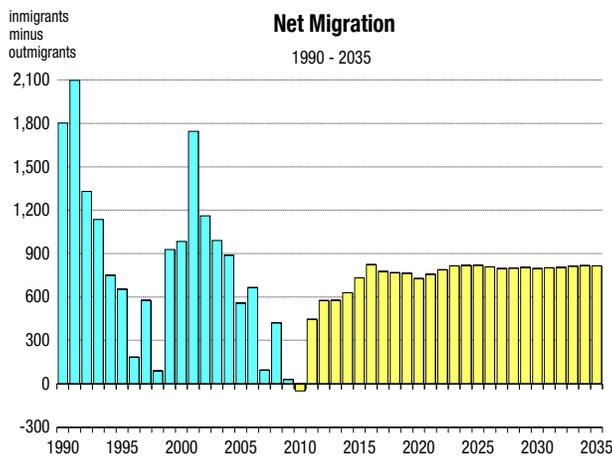
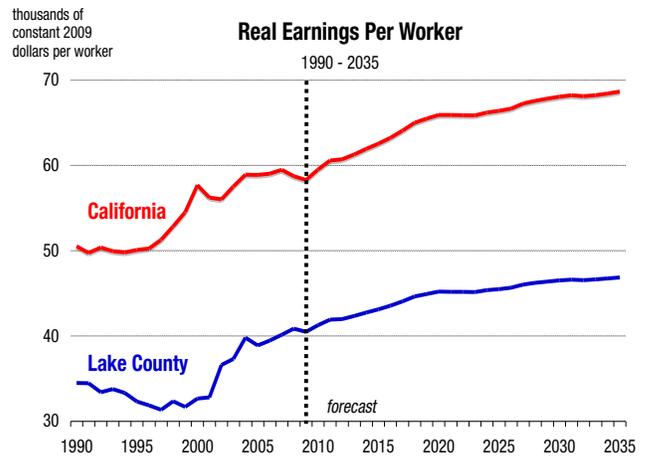
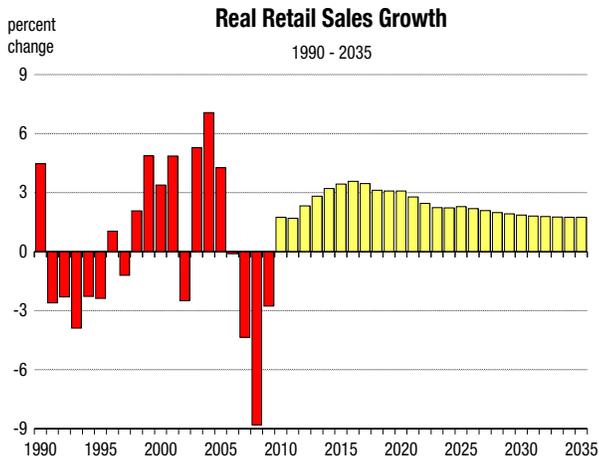
	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
2002	14.5	0.84	0.78	0.43	0.65	2.21	0.42	0.99	0.15	2.05	1.59	4.04
2003	14.4	0.84	0.77	0.39	0.64	2.20	0.41	0.76	0.15	2.07	1.55	4.24
2004	14.2	0.86	0.74	0.32	0.65	2.29	0.42	0.60	0.16	2.09	1.57	4.18
2005	14.5	0.89	0.83	0.30	0.63	2.23	0.44	0.62	0.16	2.15	1.56	4.35
2006	14.5	0.98	0.90	0.32	0.63	2.23	0.45	0.67	0.16	2.17	1.59	4.06
2007	14.2	1.04	0.84	0.33	0.60	2.26	0.43	0.65	0.15	2.21	1.41	3.95
2008	13.8	1.03	0.70	0.35	0.58	2.23	0.39	0.64	0.14	2.20	1.30	3.91
2009	13.4	1.02	0.59	0.35	0.57	2.13	0.38	0.63	0.13	2.17	1.19	3.93
2010	13.2	1.01	0.55	0.34	0.56	2.15	0.33	0.63	0.13	2.20	1.24	3.78
2011	13.6	1.02	0.57	0.35	0.59	2.16	0.35	0.66	0.13	2.24	1.29	3.88
2012	13.9	1.04	0.62	0.35	0.62	2.17	0.37	0.69	0.13	2.29	1.35	3.91
2013	14.1	1.04	0.64	0.35	0.65	2.19	0.37	0.70	0.13	2.34	1.38	3.94
2014	14.3	1.05	0.66	0.35	0.68	2.21	0.37	0.73	0.13	2.39	1.41	4.00
2015	14.5	1.05	0.66	0.35	0.71	2.23	0.38	0.75	0.13	2.44	1.44	4.06
2016	14.7	1.06	0.68	0.35	0.73	2.25	0.39	0.76	0.13	2.49	1.46	4.09
2017	14.9	1.06	0.69	0.35	0.76	2.28	0.39	0.78	0.13	2.53	1.48	4.13
2018	15.1	1.07	0.69	0.36	0.78	2.30	0.38	0.80	0.13	2.58	1.49	4.21
2019	15.4	1.07	0.70	0.36	0.81	2.32	0.38	0.82	0.13	2.65	1.51	4.29
2020	15.6	1.08	0.70	0.36	0.83	2.35	0.37	0.83	0.13	2.70	1.52	4.37
2021	15.8	1.08	0.71	0.36	0.86	2.37	0.37	0.85	0.13	2.79	1.53	4.44
2022	16.1	1.09	0.72	0.36	0.89	2.39	0.38	0.87	0.13	2.88	1.55	4.51
2023	16.4	1.09	0.73	0.36	0.92	2.41	0.38	0.88	0.13	2.97	1.56	4.57
2024	16.6	1.10	0.74	0.36	0.95	2.43	0.38	0.90	0.13	3.05	1.57	4.61
2025	16.8	1.10	0.75	0.37	0.98	2.45	0.37	0.91	0.13	3.13	1.59	4.66
2026	17.0	1.11	0.76	0.37	1.00	2.47	0.36	0.93	0.13	3.20	1.60	4.70
2027	17.2	1.12	0.77	0.37	1.02	2.48	0.35	0.94	0.14	3.26	1.61	4.75
2028	17.3	1.12	0.78	0.37	1.04	2.50	0.35	0.95	0.14	3.33	1.62	4.79
2029	17.5	1.13	0.79	0.37	1.06	2.52	0.34	0.97	0.14	3.40	1.63	4.83
2030	17.7	1.14	0.80	0.37	1.09	2.54	0.34	0.98	0.14	3.46	1.64	4.88
2031	17.9	1.15	0.81	0.37	1.11	2.55	0.33	0.99	0.14	3.53	1.66	4.92
2032	18.1	1.16	0.82	0.37	1.13	2.57	0.33	1.00	0.14	3.60	1.66	4.96
2033	18.3	1.17	0.83	0.37	1.16	2.58	0.32	1.01	0.14	3.67	1.67	5.02
2034	18.5	1.18	0.83	0.37	1.18	2.60	0.31	1.02	0.14	3.74	1.68	5.07
2035	18.7	1.19	0.84	0.37	1.21	2.61	0.30	1.02	0.14	3.82	1.69	5.12

Manufacturing Employment



Employment in Professional Services





County Economic and Demographic Indicators

Projected Economic Growth (2010-2015)

Expected retail sales growth:	14.2%
Expected job growth:	9.7%
Fastest growing jobs sector:	Transportation, Warehousing, Utilities
Expected personal income growth:	14.3%

Expected population growth:	4.0%
Net migration to account for:	100.0%
Expected growth in number of vehicles:	3.2%

Demographics (2009)

Unemployment rate (December)	18.5%
County Rank* in California (58 counties):	50th
Working age (16-64) population:	62.5%

Population with B.A. Degree or higher:	12.3%
Median Home Selling Price:	\$156,364
Median Household Income:	\$40,746

Quality of Life

Violent Crime rate (2008):	467 per 100,000 persons
County Rank* in California (58 counties):	36th
Average Commute Time to work (2009):	30.8 minutes

High School drop out rate (2008):	16.7%
Households at/below poverty line:	12.6%

* The county ranked 1st corresponds to the lowest rate in California