

ORANGE COUNTY ECONOMIC FORECAST

The population of Orange County is just over 3.15 million people. It is the third largest county in California, right behind neighboring San Diego County which also has a population over 3 million. There are more than 1.4 million wage and salary jobs located in the county. The per capita income in Orange County is \$45,359, which is the highest in Southern California, and the average salary is \$56,534 per worker.

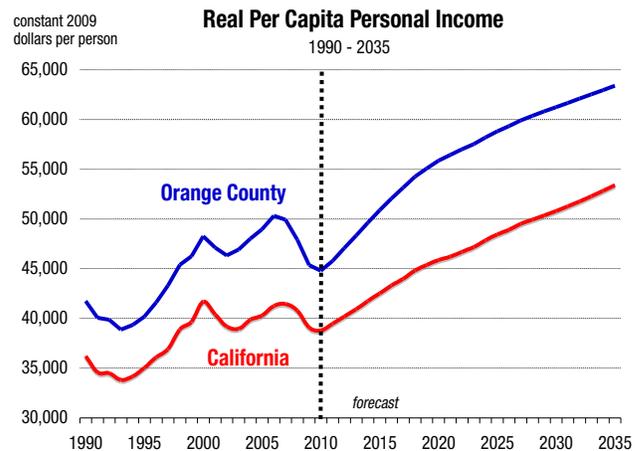
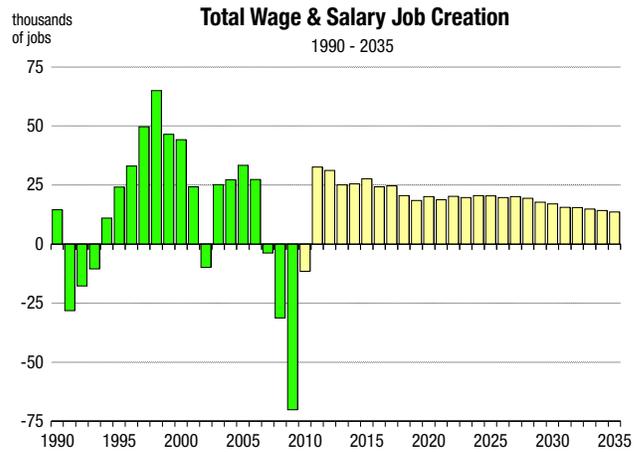
Economic growth in Southern California declined sharply in 2009 and job creation was the lowest on record. During 2009 approximately 70,000 jobs were lost in Orange County, representing a growth rate of -4.7 percent. The unemployment rate increased to 9.5 percent in 2009.

The net population gain from July 2008 to July 2009 in Orange County was 27,000 people, due entirely to the net natural increase. Net migration was slightly negative during this period.

The nationwide downturn in residential real estate had a disproportionately large impact on Orange County. Recent growth during this decade had been driven in large part by the expansion of mortgage loan companies headquartered in Orange County. In the past three years, a number of these companies declared bankruptcy and shut down as loan volumes declined and loan defaults soared. Job losses in the financial services sector have been unprecedented. To date, employment in finance has declined by over 30,000 jobs, with another 500 job losses expected in 2010. Substantial contraction in the financial sector combined with layoffs in construction, manufacturing, and retail trade have defined the general economic downturn in Orange County. A recovery is expected in 2010 with gradual improvement evolving into a more convincing economic expansion by mid-2011.

FORECAST HIGHLIGHTS

- Annual average job growth remains negative in 2010, at -0.8 percent. The county labor market recovers during the 2nd half of the year. Job growth rebounds in 2011, rising 2.2 percent.
- Average salaries adjusted for inflation fell below the California state average in 2008 for the first time in 20 years. Average salaries will lag the state until approximately 2013.
- The services sector remains the principle engine of job creation in Orange County, especially professional business services.
- Employment in health care and education, professional services, transportation and utilities, and information services is expected to grow more than 13 percent between 2010 and 2015.
- Employment in financial activates never recovers to the levels of the mortgage boom.

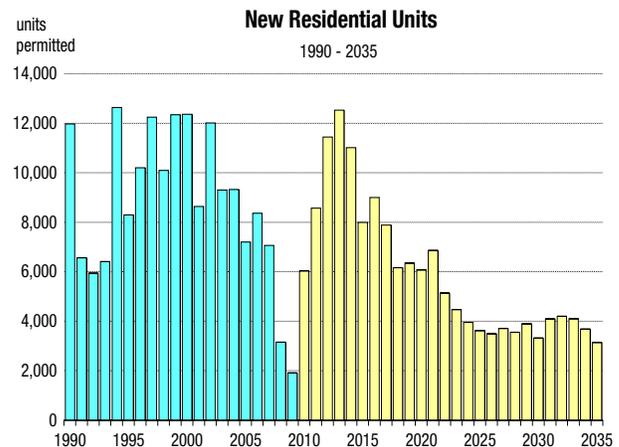
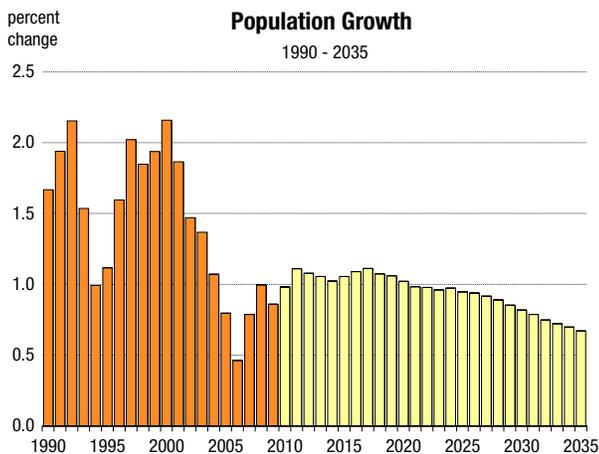


- Manufacturing employment does not recover and remains in a gradual long term contraction.
- The construction sector stages the largest recovery with employment increasing by nearly 27 percent over the next 5 years.
- Annual population growth in the 2010 to 2015 period averages 1.0 percent per year.
- Net migration rebounds with nearly 27,000 new residents entering the county between 2010 and 2015.
- Real per capita income declines at a rate of 1.3 percent in 2010. However, growth rebounds in 2011 and between 2010 and 2015, the average annual rate of growth is 2.6 percent.
- Total taxable sales are expected to decline until 2011. Growth then accelerates until 2015 when taxable sales grow by nearly 5 percent per year.
- Industrial production in the county is expected to average 2.9 percent growth per year from 2010 to 2015.

Orange County Economic Forecast

2002-2009 History, 2010-2035 Forecast

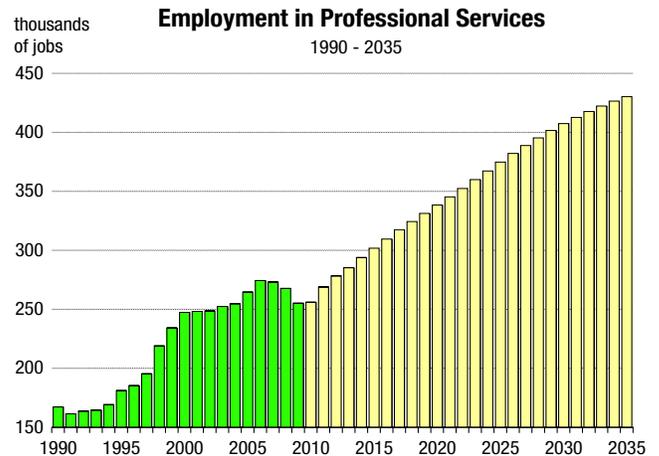
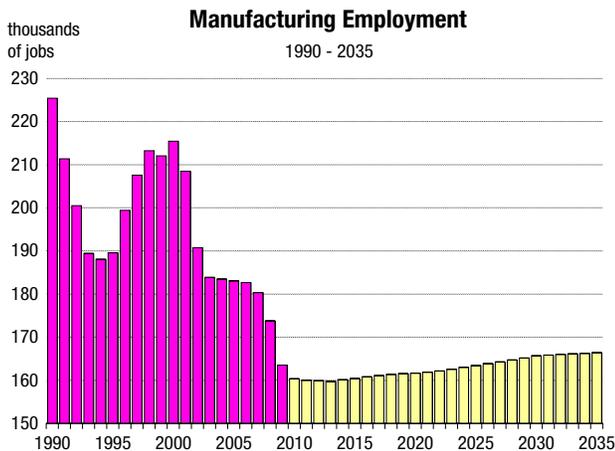
	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2002	2,959,709	14,572	2.37	951	12,020	\$44.9	\$111.8	\$46,320	2.8	422	23.5	5.0
2003	3,000,237	12,200	2.36	959	9,311	\$47.5	\$117.7	\$46,920	2.6	373	23.8	4.8
2004	3,032,362	4,662	2.52	968	9,322	\$51.7	\$125.8	\$48,004	3.3	340	24.5	4.3
2005	3,056,518	-4,016	2.50	977	7,206	\$55.1	\$135.1	\$48,949	4.5	346	25.9	3.8
2006	3,070,696	-12,836	2.55	985	8,371	\$57.2	\$145.4	\$50,315	4.3	306	27.1	3.4
2007	3,094,872	-2,497	2.54	991	7,072	\$57.3	\$150.2	\$49,926	3.3	263	27.0	3.9
2008	3,125,756	3,585	2.53	996	3,159	\$55.0	\$150.6	\$47,875	3.5	227	26.7	5.3
2009	3,152,660	-99	2.49	1,001	1,912	\$53.2	\$143.0	\$45,359	-0.8	219	26.3	9.5
2010	3,182,335	2,660	2.47	1,000	4,665	\$53.2	\$145.1	\$44,789	1.8	223	26.4	9.9
2011	3,212,708	3,831	2.49	1,006	8,575	\$54.7	\$153.6	\$45,775	2.4	227	26.9	7.7
2012	3,243,654	4,465	2.52	1,013	11,452	\$57.4	\$163.1	\$47,072	2.2	229	27.9	6.1
2013	3,275,754	5,836	2.55	1,024	12,537	\$61.0	\$173.1	\$48,325	2.4	232	28.8	5.3
2014	3,306,876	4,909	2.59	1,035	11,018	\$65.1	\$183.5	\$49,623	2.3	233	29.6	4.7
2015	3,338,037	5,043	2.63	1,045	8,000	\$69.8	\$194.4	\$50,875	2.4	234	30.4	4.3
2016	3,370,076	5,882	2.67	1,053	9,000	\$74.8	\$205.4	\$52,049	2.3	235	31.2	4.1
2017	3,402,527	6,228	2.70	1,061	7,889	\$79.8	\$216.6	\$53,125	2.3	235	32.1	4.1
2018	3,434,394	5,506	2.73	1,068	6,171	\$84.5	\$228.5	\$54,248	2.3	235	33.0	4.1
2019	3,465,381	4,535	2.76	1,074	6,353	\$89.3	\$239.5	\$55,076	2.3	236	33.9	4.0
2020	3,497,392	5,456	2.79	1,080	6,084	\$94.4	\$250.6	\$55,863	2.2	235	34.9	3.9
2021	3,529,172	5,308	2.81	1,085	6,863	\$99.6	\$262.2	\$56,423	2.7	234	36.0	3.9
2022	3,561,532	6,016	2.84	1,092	5,142	\$104.7	\$274.7	\$56,996	2.8	234	37.1	3.8
2023	3,593,716	5,925	2.87	1,096	4,480	\$109.6	\$287.3	\$57,517	2.7	233	38.1	3.8
2024	3,626,059	6,118	2.90	1,100	3,962	\$114.6	\$300.8	\$58,198	2.5	232	39.3	3.7
2025	3,658,775	6,364	2.93	1,104	3,625	\$120.1	\$314.7	\$58,814	2.6	232	40.5	3.7
2026	3,691,609	6,416	2.96	1,107	3,497	\$125.8	\$328.8	\$59,329	2.7	231	41.8	3.7
2027	3,723,530	5,865	2.99	1,111	3,717	\$131.7	\$344.0	\$59,908	2.7	230	43.1	3.7
2028	3,754,462	5,179	3.02	1,114	3,554	\$138.0	\$359.7	\$60,372	2.9	229	44.4	3.6
2029	3,784,464	4,874	3.04	1,117	3,900	\$144.5	\$375.8	\$60,804	2.9	228	45.8	3.6
2030	3,813,438	4,273	3.07	1,121	3,321	\$151.1	\$392.2	\$61,239	2.8	227	47.3	3.6
2031	3,841,670	3,991	3.09	1,124	4,095	\$158.0	\$409.0	\$61,654	2.8	226	48.8	3.6
2032	3,869,340	3,816	3.11	1,128	4,200	\$165.2	\$426.6	\$62,092	2.8	225	50.4	3.6
2033	3,896,906	4,068	3.13	1,132	4,104	\$172.8	\$444.9	\$62,524	2.8	223	52.1	3.6
2034	3,923,967	3,931	3.16	1,135	3,685	\$180.7	\$463.9	\$62,954	2.8	222	53.8	3.7
2035	3,950,189	3,477	3.18	1,139	3,153	\$189.0	\$483.6	\$63,392	2.8	221	55.5	3.7

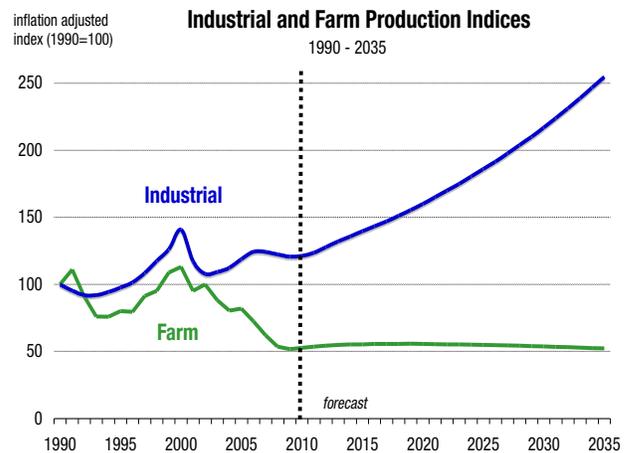
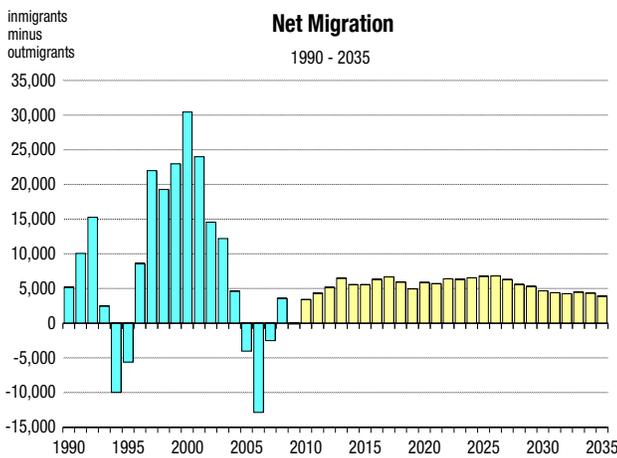
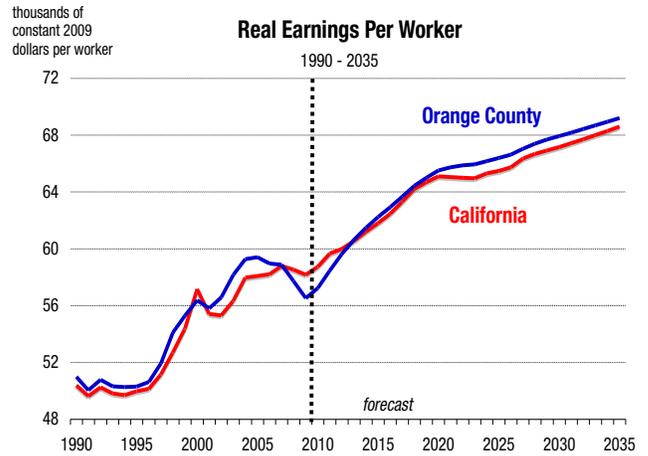
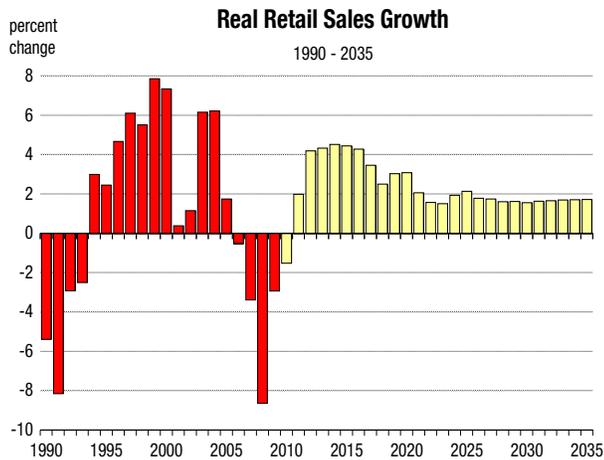


Orange County Employment Forecast

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	1,411.0	7.26	79.2	190.8	28.7	233.8	110.2	248.8	36.8	118.4	155.4	155.1
2003	1,436.2	7.16	83.7	183.9	29.0	236.0	122.2	252.6	35.2	126.3	158.6	154.2
2004	1,463.4	6.69	92.2	183.5	29.2	235.7	132.3	254.9	33.8	131.0	162.9	153.4
2005	1,496.8	5.49	99.7	183.1	28.7	241.2	138.5	264.7	32.8	133.4	165.0	155.3
2006	1,524.3	5.33	106.6	182.7	28.2	244.5	138.2	274.5	31.9	137.7	169.6	156.7
2007	1,520.5	5.01	103.1	180.4	28.9	248.1	127.7	273.3	31.2	142.6	172.9	159.4
2008	1,489.3	4.67	91.2	173.8	29.4	241.5	113.7	267.9	30.1	149.6	176.8	162.1
2009	1,419.3	4.00	77.7	163.6	28.7	223.3	107.5	255.2	27.6	150.7	172.9	159.7
2010	1,408.4	3.84	74.3	159.8	29.0	221.6	107.0	256.2	27.9	154.4	169.9	156.7
2011	1,439.5	3.73	78.7	160.7	29.7	225.2	109.9	265.1	28.6	157.4	173.0	159.3
2012	1,474.7	3.65	82.8	161.2	30.6	231.2	112.0	273.7	29.5	162.1	176.1	162.7
2013	1,507.2	3.60	86.6	161.9	31.6	237.0	113.8	282.5	30.3	166.3	179.1	164.2
2014	1,539.5	3.57	90.6	162.6	32.7	243.1	115.1	291.0	31.0	170.2	182.5	165.9
2015	1,571.2	3.54	94.5	163.1	33.7	248.7	116.5	300.0	31.6	174.1	185.8	167.3
2016	1,599.2	3.53	95.7	163.9	34.5	253.9	117.8	308.6	32.2	177.5	189.2	169.1
2017	1,626.9	3.51	97.5	164.5	35.3	258.3	119.5	317.6	32.7	181.0	192.2	170.9
2018	1,650.3	3.51	98.5	165.2	36.0	262.1	119.3	324.6	33.0	184.3	195.5	173.4
2019	1,672.1	3.50	98.6	165.4	36.7	266.2	119.0	331.4	33.2	187.8	198.1	176.2
2020	1,695.5	3.50	100.7	165.6	37.4	270.3	118.7	338.4	33.4	191.6	200.5	178.7
2021	1,717.7	3.49	101.7	166.1	38.2	274.6	118.5	345.3	33.6	195.0	202.6	181.1
2022	1,741.9	3.48	103.5	166.7	39.1	279.3	118.7	352.5	33.9	198.1	204.9	183.2
2023	1,765.2	3.48	104.1	167.4	39.8	283.7	119.2	359.8	34.3	201.2	207.3	185.2
2024	1,789.7	3.47	105.3	168.4	40.5	288.1	120.0	367.2	34.8	204.0	210.0	187.2
2025	1,813.4	3.47	105.8	169.0	41.0	292.5	121.0	374.6	35.3	207.1	212.5	189.1
2026	1,836.0	3.46	106.4	169.6	41.5	296.8	122.1	381.9	35.7	210.0	214.8	190.9
2027	1,859.0	3.46	107.8	170.3	41.9	301.0	123.3	388.6	36.2	212.6	217.3	192.7
2028	1,881.5	3.45	109.4	170.9	42.4	305.2	124.2	395.1	36.8	215.1	219.4	194.5
2029	1,902.4	3.44	110.1	171.5	42.9	309.4	124.9	401.2	37.3	217.6	221.5	196.3
2030	1,922.8	3.43	111.0	172.1	43.4	313.7	125.4	407.1	37.8	219.9	223.7	198.0
2031	1,941.5	3.42	111.9	172.3	43.8	317.9	125.6	412.3	38.2	221.7	226.0	199.8
2032	1,960.2	3.41	113.5	172.5	44.4	321.9	125.7	417.2	38.7	223.3	228.4	201.6
2033	1,978.2	3.40	114.9	172.8	44.9	325.8	125.7	421.8	39.1	224.9	230.8	203.4
2034	1,995.4	3.39	116.0	173.0	45.4	329.7	125.5	426.0	39.6	226.4	233.3	205.2
2035	2,012.1	3.38	117.0	173.2	46.0	333.6	125.0	429.8	40.0	228.0	235.8	207.0





County Economic and Demographic Indicators

Projected Economic Growth (2010-2015)

Expected retail sales growth:	21.0 %
Expected job growth:	11.6 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	19.1 %

Expected population growth:	4.9 %
Net migration to account for:	15.5 %
Expected growth in number of vehicles:	6.3 %

Demographics (2009)

Unemployment rate (December):	9.1 %
County Rank* in California (58 counties):	3rd
Working age (16-64) population:	67.0 %

Population with B.A. Degree or higher:	31.7 %
Median Home Selling Price:	\$401,663
Median Household Income:	\$74,589

Quality of Life

Violent Crime rate (2008):	246 per 100,000 persons
County Rank* in California (58 counties):	9th
Average Commute Time to work (2009):	29.6 minutes

High School drop out rate (2008):	10.9 %
Households at/below poverty line:	7.1 %

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