

SAN DIEGO COUNTY ECONOMIC FORECAST

San Diego County, the southern-most county in California, has a population of 3.1 million people and a total of 1.3 million wage and salary jobs. The average salary per worker is \$73,785 and the per capita income is \$49,084. San Diego County has a diverse economy with a strong tourism sector, a sizeable defense industry, and a bustling technology cluster. The U.S. Navy is the largest employer.

San Diego County's tourism industry has made significant strides since the fallout of 2008-2009, but still has not completely recovered. Hotel occupancy rates, as well as average room prices, have risen from their 2009 lows, but are still significantly below pre-recession levels.

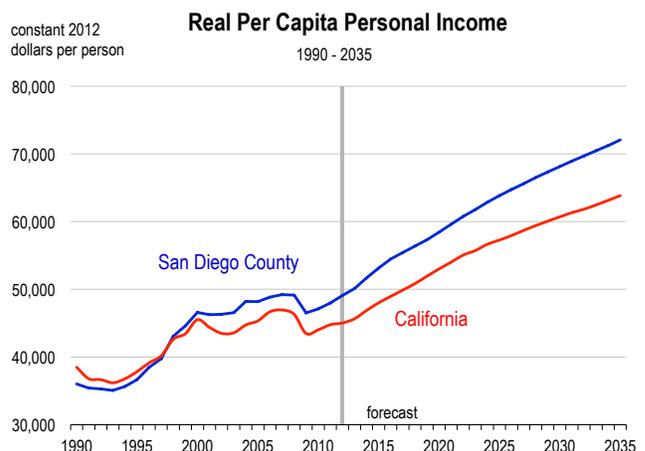
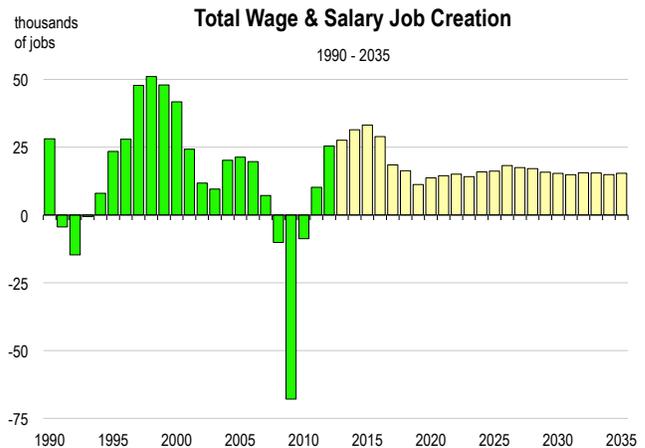
During 2012, San Diego was characterized by employment growth of 2.1 percent, which is identical to the 2.1 percent growth that occurred across all of Southern California. Over the past year, San Diego County added a total of 25,400 wage and salary jobs, and the unemployment rate improved from 10.0 percent to 8.9 percent.

In 2012, most employment sectors were characterized by job growth. The largest gains occurred in professional services (+5,700 jobs), leisure and hospitality (+5,400 jobs), and retail and wholesale trade (+4,500 jobs), and education and healthcare (+4,300 jobs). The only sector that lost jobs was government (-1,400 jobs).

From 2007-2012, the population of San Diego County grew at an annual average rate of 0.9 percent. This growth was largely a result of the natural increase (new births), as net migration was virtually flat. Over the next few years, net migration should accelerate, as San Diego County experiences relatively robust job growth in high-paying sectors.

FORECAST HIGHLIGHTS

- Total employment is expected to increase by 2.2 percent in 2013. From 2013 to 2018, growth will average 1.9 percent per year.
- Average salaries are well above the California state average, and will remain so over the foreseeable future. Real average salaries will rise by an average of 1.1 percent per year from 2013 to 2018.
- The fastest rates of growth will be observed in information and professional and business services. These sectors will increase by annual average rates of 3.8 percent and 2.9 percent, respectively.

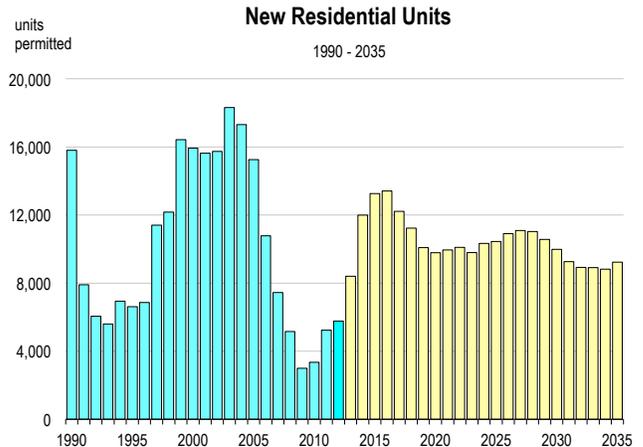
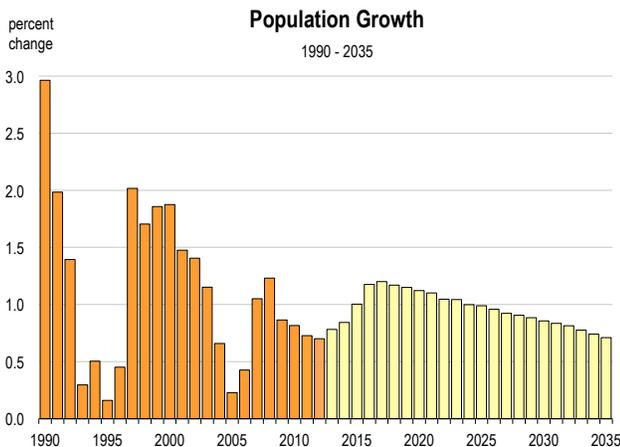


- Population growth will accelerate, reaching 1.2 percent by 2017. Annual growth in the 2013 to 2018 period will average 1.1 percent.
- From 2013 to 2018, an average of 9,600 net migrants will enter the county each year. This represents a dramatic increase over the previous five years, in which total net migration was virtually flat.
- Real per capita income is expected to increase by 2.1 percent in 2013. An annual compound rate of 2.4 percent is forecast from 2013 to 2018.
- Total taxable sales are expected to increase by an average of 2.5 percent per year from 2013 to 2018.
- Industrial production is expected to rise by 3.4 percent in 2013, and by an average of 3.8 percent per year from 2013 to 2018.

San Diego County Economic Forecast

2006-2012 History, 2013-2040 Forecast

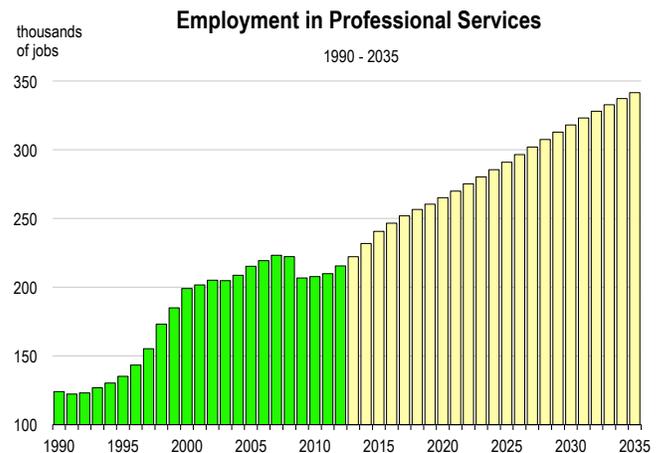
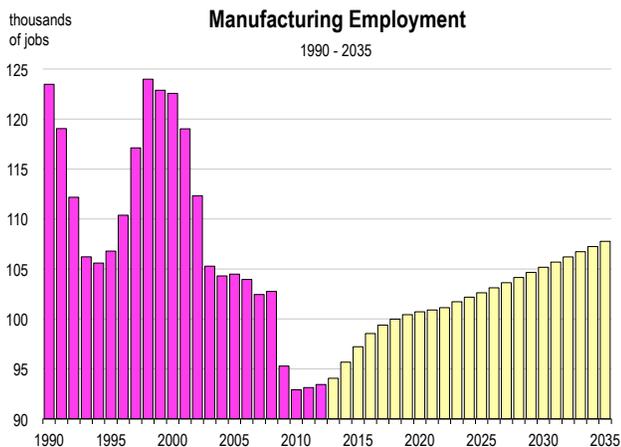
	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	2,982,816	-13,669	2.64	1,060.8	10,777	\$47.8	\$129.6	\$48,854	4.3	1.64	19.6	4.0
2007	3,014,165	3,410	2.64	1,069.1	7,445	\$47.5	\$136.2	\$49,200	3.3	1.67	19.6	4.6
2008	3,051,262	8,830	2.64	1,077.2	5,154	\$45.3	\$142.6	\$49,164	3.5	1.63	20.3	6.0
2009	3,077,633	-480	2.65	1,084.0	2,990	\$39.7	\$135.0	\$46,511	-0.8	1.64	19.6	9.6
2010	3,102,745	-356	2.67	1,086.4	3,346	\$41.6	\$139.6	\$47,127	1.2	1.73	20.6	10.5
2011	3,125,321	-2,857	2.65	1,089.0	5,234	\$45.1	\$147.0	\$47,978	2.7	1.72	21.3	10.0
2012	3,147,220	-2,503	2.66	1,092.3	5,770	\$47.8	\$154.5	\$49,084	2.0	1.72	22.1	8.9
2013	3,171,838	-408	2.69	1,099.3	8,404	\$50.2	\$161.6	\$50,100	1.7	1.74	22.9	8.1
2014	3,198,582	1,710	2.74	1,107.2	11,994	\$52.4	\$171.5	\$51,666	2.1	1.76	23.8	7.1
2015	3,230,669	6,942	2.80	1,118.6	13,260	\$54.9	\$180.9	\$53,150	1.5	1.77	24.7	6.0
2016	3,268,657	12,732	2.85	1,131.2	13,412	\$57.8	\$191.0	\$54,478	1.8	1.77	25.6	5.4
2017	3,307,906	13,577	2.88	1,143.9	12,216	\$59.7	\$199.7	\$55,443	1.5	1.76	26.5	5.0
2018	3,346,597	12,853	2.91	1,155.5	11,230	\$61.6	\$208.4	\$56,364	1.5	1.75	27.5	4.9
2019	3,385,076	12,377	2.93	1,166.1	10,085	\$63.3	\$217.7	\$57,324	1.5	1.75	28.5	4.8
2020	3,423,058	11,827	2.96	1,175.7	9,785	\$65.0	\$227.7	\$58,428	1.5	1.74	29.5	4.7
2021	3,460,760	11,887	2.98	1,184.9	9,948	\$67.1	\$238.7	\$59,596	1.6	1.74	30.5	4.8
2022	3,496,977	10,630	3.01	1,194.4	10,101	\$69.2	\$250.2	\$60,777	1.7	1.73	31.5	4.7
2023	3,533,466	11,227	3.03	1,203.9	9,794	\$71.7	\$261.4	\$61,791	1.7	1.73	32.5	4.7
2024	3,568,757	10,241	3.06	1,213.2	10,332	\$75.0	\$273.5	\$62,874	1.8	1.73	33.6	4.7
2025	3,604,060	10,483	3.09	1,223.0	10,446	\$78.5	\$285.5	\$63,837	1.8	1.73	34.7	4.7
2026	3,638,608	9,946	3.12	1,232.9	10,908	\$82.4	\$297.8	\$64,739	1.9	1.74	35.8	4.7
2027	3,672,182	9,227	3.15	1,243.3	11,090	\$86.3	\$310.3	\$65,623	1.9	1.74	37.0	4.7
2028	3,705,453	8,863	3.18	1,253.8	11,031	\$90.1	\$323.2	\$66,500	1.9	1.74	38.2	4.7
2029	3,738,228	8,549	3.21	1,264.2	10,568	\$94.2	\$336.4	\$67,334	1.9	1.74	39.5	4.7
2030	3,770,250	8,046	3.24	1,274.2	9,985	\$98.3	\$349.9	\$68,147	1.9	1.74	40.8	4.7
2031	3,801,737	7,608	3.26	1,283.7	9,260	\$102.3	\$363.5	\$68,939	1.9	1.74	42.2	4.7
2032	3,832,689	7,299	3.29	1,292.5	8,924	\$106.3	\$377.5	\$69,697	1.9	1.74	43.6	4.7
2033	3,862,430	6,438	3.32	1,300.9	8,910	\$110.1	\$391.8	\$70,460	1.9	1.74	45.0	4.7
2034	3,891,051	5,669	3.34	1,309.4	8,820	\$113.9	\$406.5	\$71,241	1.9	1.74	46.5	4.7
2035	3,918,687	4,943	3.37	1,317.7	9,231	\$117.8	\$421.9	\$72,068	1.9	1.74	48.1	4.7
2036	3,945,661	4,712	3.39	1,326.5	8,723	\$121.7	\$437.7	\$72,855	1.9	1.74	49.7	4.7
2037	3,971,963	4,232	3.42	1,334.8	8,179	\$125.7	\$454.0	\$73,652	1.9	1.74	51.3	4.6
2038	3,997,461	3,613	3.44	1,342.5	7,961	\$129.6	\$471.0	\$74,498	1.9	1.74	53.0	4.6
2039	4,022,278	3,097	3.47	1,350.1	8,275	\$133.6	\$488.7	\$75,406	1.9	1.73	54.8	4.6
2040	4,046,634	2,825	3.50	1,357.9	8,387	\$0.0	\$506.9	\$76,341	1.8	1.73	56.1	4.6

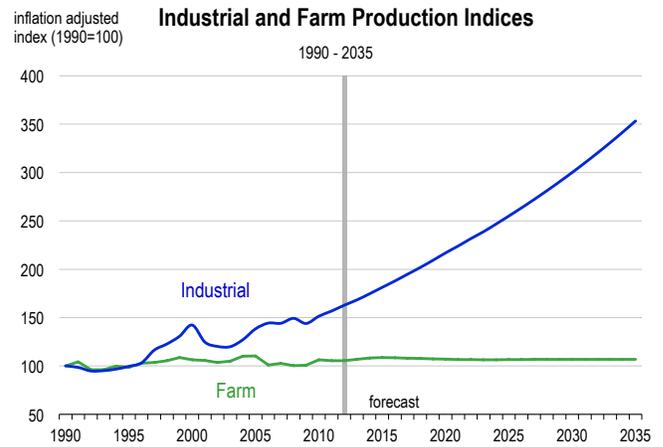
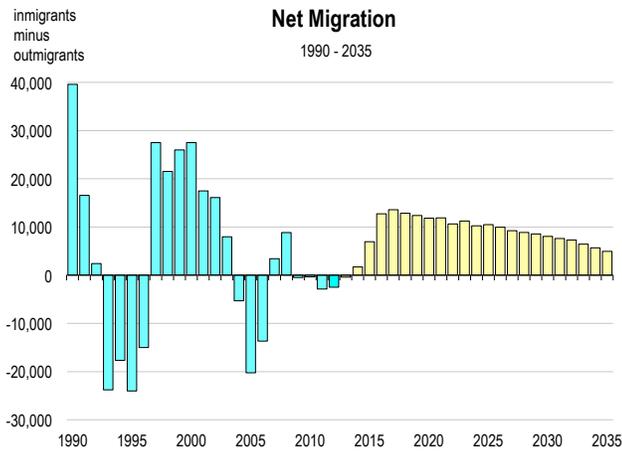
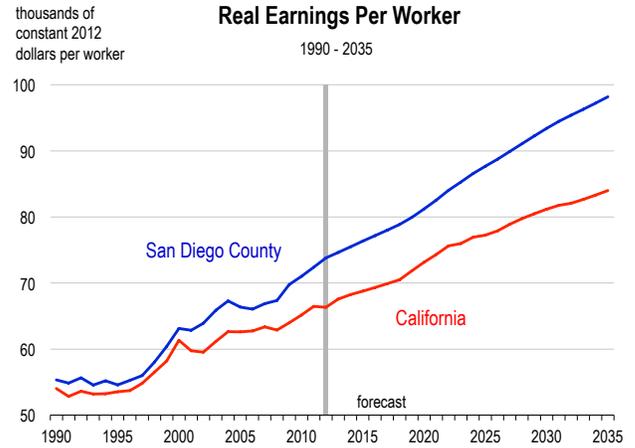


San Diego County Employment Forecast

2006-2012 History, 2013-2040 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)-----												
2006	1,312.5	10.92	92.7	103.9	28.7	193.3	83.7	219.2	31.7	125.1	156.5	217.9
2007	1,319.7	10.87	87.0	102.5	28.8	193.5	80.3	223.2	31.3	129.5	161.8	222.4
2008	1,309.6	10.84	76.1	102.8	29.0	186.9	75.2	222.3	31.4	137.3	164.0	225.1
2009	1,241.7	10.36	61.1	95.3	27.3	172.2	69.8	206.8	28.2	144.3	154.8	224.5
2010	1,233.0	10.53	55.4	92.9	26.5	170.7	67.2	207.7	25.1	145.5	154.5	230.4
2011	1,243.2	9.79	55.2	93.1	26.1	174.7	67.6	209.8	24.2	150.2	155.6	229.0
2012	1,268.6	9.83	56.3	93.4	27.6	179.2	69.5	215.5	24.6	154.5	161.0	227.6
2013	1,296.2	9.85	60.9	94.1	28.0	182.8	71.5	222.1	26.2	157.6	166.0	226.4
2014	1,327.6	9.86	64.7	95.7	28.7	185.6	73.0	231.8	27.4	162.3	168.7	227.8
2015	1,360.8	9.87	68.8	97.2	29.4	188.7	74.6	240.6	28.4	167.0	173.8	228.9
2016	1,389.7	9.88	71.4	98.5	30.0	191.9	76.1	246.5	29.8	170.3	179.3	231.2
2017	1,408.2	9.89	68.8	99.4	30.5	193.9	77.5	251.8	30.8	173.4	183.8	232.7
2018	1,424.5	9.91	67.4	100.0	31.0	195.6	78.9	256.5	31.5	176.5	186.2	234.4
2019	1,435.8	9.92	64.9	100.4	31.4	196.8	80.3	260.3	31.9	179.8	186.6	236.0
2020	1,449.4	9.94	64.5	100.7	31.9	198.0	81.6	265.1	32.3	183.1	186.1	238.1
2021	1,463.9	9.95	65.3	100.9	32.4	199.5	82.8	269.8	32.9	186.5	185.6	239.4
2022	1,479.0	9.97	66.3	101.1	33.0	200.9	84.2	275.1	33.4	189.9	184.4	240.9
2023	1,493.1	9.98	66.0	101.7	33.5	202.5	85.8	280.2	34.3	192.2	184.1	242.4
2024	1,509.0	10.00	67.2	102.2	34.0	204.9	87.5	285.4	34.9	194.6	183.3	243.6
2025	1,525.2	10.01	67.9	102.6	34.5	207.4	89.1	290.9	35.7	197.1	183.0	244.8
2026	1,543.4	10.02	70.1	103.1	35.1	210.0	90.6	296.4	36.4	199.6	183.0	246.1
2027	1,560.9	10.02	71.7	103.6	35.7	212.5	92.2	301.9	37.0	202.0	182.8	247.4
2028	1,578.0	10.03	72.5	104.1	36.2	214.8	93.9	307.4	37.6	204.7	183.2	248.6
2029	1,593.8	10.03	72.6	104.7	36.8	217.0	95.5	312.7	38.2	207.5	183.9	249.0
2030	1,609.1	10.04	72.0	105.2	37.4	219.1	97.1	318.0	38.9	210.3	184.7	249.8
2031	1,624.0	10.04	71.3	105.7	38.0	221.1	98.6	323.0	39.5	213.2	185.5	250.4
2032	1,639.6	10.04	71.6	106.2	38.6	222.9	100.2	327.9	40.1	216.0	186.5	251.1
2033	1,655.1	10.05	72.2	106.7	39.2	224.5	101.8	332.6	40.7	218.8	187.3	251.7
2034	1,670.0	10.05	72.7	107.2	39.8	226.0	103.4	337.1	41.2	221.7	188.1	252.4
2035	1,685.4	10.05	74.1	107.8	40.5	227.3	105.0	341.4	41.7	224.5	188.9	253.0
2036	1,699.2	10.06	73.8	108.3	41.1	228.6	106.6	345.7	42.2	227.3	189.8	253.7
2037	1,712.9	10.06	73.4	108.8	41.8	229.9	108.2	350.1	42.7	230.2	190.6	254.3
2038	1,727.2	10.06	73.6	109.3	42.4	231.1	109.8	354.5	43.3	233.1	191.3	255.0
2039	1,742.4	10.07	74.7	109.9	43.1	232.3	111.4	358.9	43.8	235.9	192.0	255.8
2040	1,757.3	10.07	75.3	110.4	43.8	233.4	112.9	363.3	44.3	238.8	192.8	256.6





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

Expected retail sales growth:	13.6 %
Expected job growth:	9.9 %
Fastest growing jobs sector:	Information
Expected personal income growth:	18.7 %

Expected population growth:	5.5 %
Net migration to account for:	27.4 %
Expected growth in number of vehicles:	8.4 %

Demographics (2013)

Unemployment rate (April 2013)	7.0 %
County Rank* in California (58 counties):	11th
Working age (16-64) population:	67.4 %

Population with B.A. Degree or higher:	33.9 %
Median Home Selling Price (2012):	\$340,000
Median Household Income:	\$60,651

Quality of Life

Violent Crime rate (2010):	359 per 100,000 persons
County Rank* in California (58 counties):	26th
Average Commute Time to work (2013):	26.5 minutes

High School drop out rate (2011):	12.9 %
Households at/below poverty line (2013):	10.0 %

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