

ORANGE COUNTY ECONOMIC FORECAST

The population of Orange County is just over 3 million people. It is the third largest county in California, right behind neighboring San Diego County which has a population over 3.1 million. There are more than 1.3 million wage and salary jobs located in the county. The per capita income in Orange County is \$49,862, which is the highest in Southern California, and the average salary is \$60,758 per worker.

Job loss in Orange County continued for the 4th straight year in 2010, though at a much slower pace than during 2009. A total of just over 19,000 jobs were lost, representing a growth rate of -1.4 percent. The unemployment rate increased to 9.6 percent in 2010.

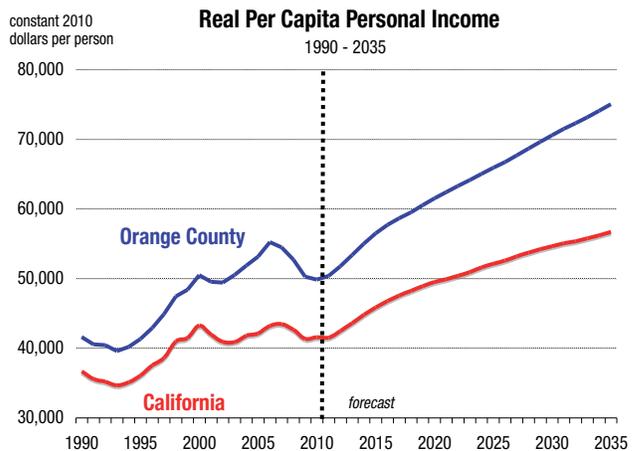
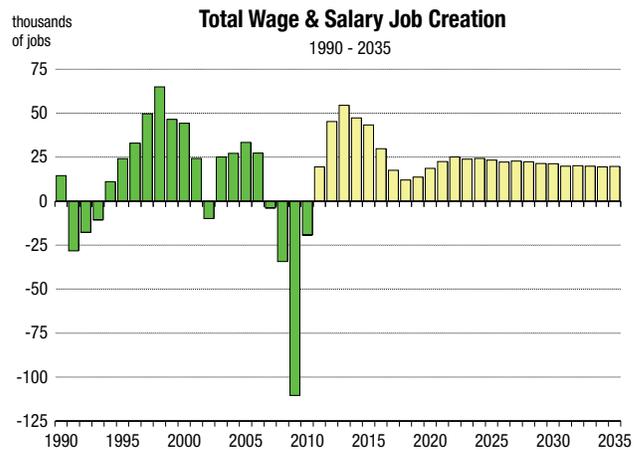
The net population gain from July 2009 to July 2010 in Orange County was 33,000 people, population growth has accelerated in recent years due to more in-migration.

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 four 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 34,600 jobs, and is not expected to return to the previous peak until 2029. Substantial contraction in the financial sector combined with layoffs in construction, manufacturing, information, and retail trade have defined the general economic downturn in Orange County.

FORECAST HIGHLIGHTS

- Annual average job growth turns positive in 2011, rising by 1.4 percent. The county labor market expansion accelerates between 2011 and 2016, averaging 3.0 percent growth per year.
- Average salaries adjusted for inflation are nearly identical to the California state average. Average salaries move in lockstep with the state throughout the forecast.
- The services sector remains the growth engine of jobs in Orange County, especially professional business services.
- Employment in construction, wholesale trade, information, and professional services is expected to grow more than 20 percent between 2011 and 2016.

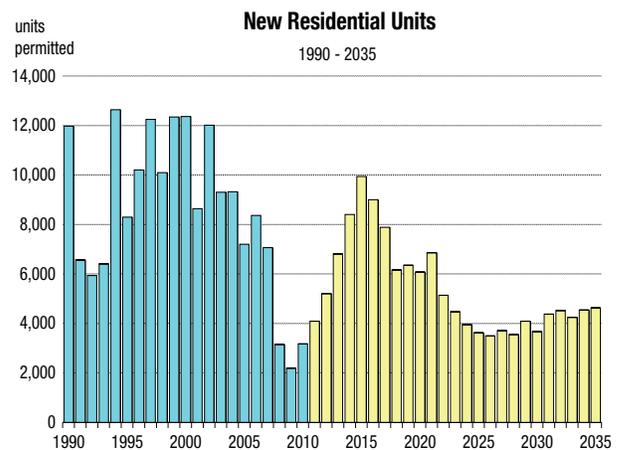
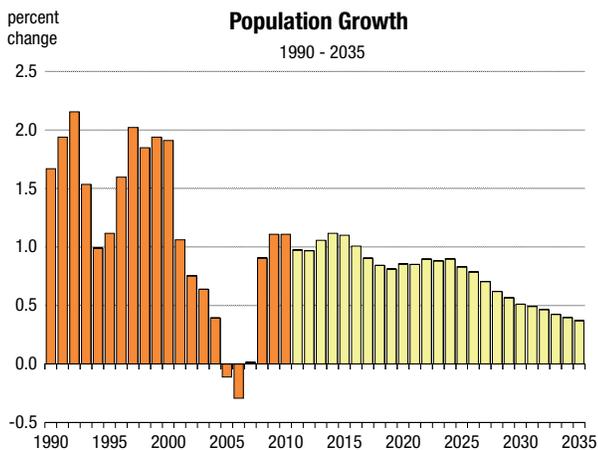


- The government sector continues to contract in 2011 as budget deficits force layoffs that were delayed during the recession.
- Annual population growth in the 2011 to 2016 period averages 1.1 percent per year.
- Net migration remains significantly positive, with over 68,000 new residents entering the county between 2011 and 2016.
- Real per capita income rises by 1.0 percent in 2011. Growth then accelerates sharply and between 2011 and 2016, the average annual rate of growth is 2.8 percent.
- Total taxable sales adjusted for inflation have already begun to rebound, and will grow at a faster pace in 2011 and 2012. Between 2011 and 2016 total taxable sales growth averages 5.4 percent per year.
- Industrial production in the county is expected to average 2.4 percent growth per year from 2011 to 2016.

Orange County Economic Forecast

2006-2010 History, 2011-2040 Forecast

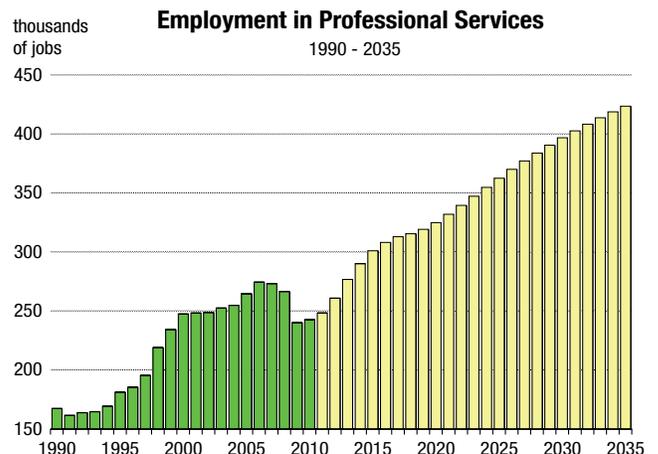
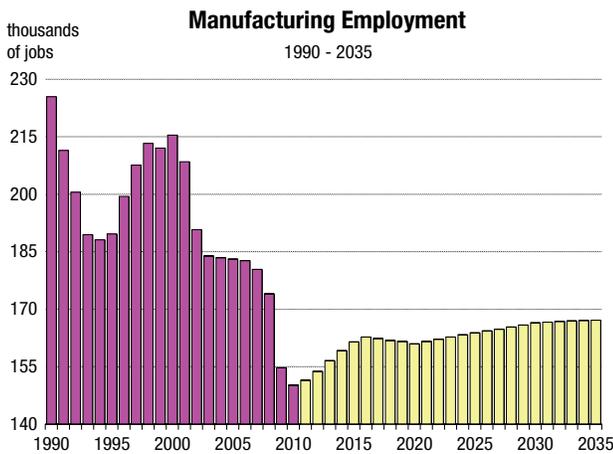
	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	2,926,818	-35,572	2.55	985	8,371	\$57.9	\$152.4	\$55,233	4.3	309	30.1	3.4
2007	2,927,239	-26,497	2.54	991	7,072	\$58.0	\$155.3	\$54,484	3.3	265	30.2	3.9
2008	2,953,778	-292	2.53	996	3,159	\$54.2	\$156.9	\$52,705	3.5	229	31.1	5.2
2009	2,986,562	8,788	2.51	1,001	2,200	\$46.3	\$150.2	\$50,276	-0.8	194	30.0	8.9
2010	3,019,710	10,371	2.52	1,006	3,181	\$48.0	\$152.4	\$49,862	1.2	171	29.6	9.6
2011	3,049,141	7,808	2.54	1,006	4,097	\$51.0	\$159.0	\$50,372	2.3	170	30.5	8.5
2012	3,078,699	8,460	2.57	1,010	5,213	\$55.7	\$168.8	\$51,770	2.3	169	31.2	7.0
2013	3,111,272	11,715	2.62	1,014	6,812	\$60.5	\$180.4	\$53,402	2.5	167	32.0	5.7
2014	3,146,047	14,197	2.68	1,021	8,405	\$65.5	\$192.9	\$55,003	2.7	164	32.7	4.9
2015	3,180,703	14,388	2.74	1,028	9,938	\$70.7	\$206.0	\$56,501	2.8	161	33.5	4.2
2016	3,212,796	11,996	2.79	1,038	9,000	\$75.6	\$218.6	\$57,696	2.9	159	34.4	4.0
2017	3,241,864	8,865	2.84	1,046	7,889	\$80.2	\$230.5	\$58,653	2.8	155	35.4	4.1
2018	3,269,226	7,137	2.87	1,053	6,171	\$84.9	\$242.3	\$59,517	2.7	152	36.3	4.2
2019	3,295,785	6,403	2.90	1,059	6,353	\$90.2	\$254.7	\$60,549	2.5	149	37.2	4.1
2020	3,324,011	8,190	2.93	1,065	6,084	\$94.5	\$267.1	\$61,538	2.3	145	38.2	3.9
2021	3,352,346	8,489	2.96	1,070	6,863	\$99.3	\$279.3	\$62,428	2.2	141	39.3	3.8
2022	3,382,415	10,428	2.99	1,076	5,142	\$103.8	\$292.3	\$63,316	2.3	138	40.4	3.7
2023	3,412,273	10,558	3.02	1,081	4,480	\$108.2	\$305.3	\$64,134	2.2	134	41.4	3.7
2024	3,442,928	11,416	3.06	1,085	3,962	\$112.9	\$319.2	\$65,045	2.2	130	42.6	3.7
2025	3,471,551	9,644	3.09	1,089	3,625	\$118.1	\$333.2	\$65,913	2.2	127	43.7	3.7
2026	3,498,886	8,825	3.13	1,092	3,497	\$123.2	\$347.3	\$66,723	2.2	124	44.9	3.7
2027	3,523,592	6,892	3.16	1,095	3,717	\$128.6	\$362.3	\$67,685	2.1	120	46.2	3.7
2028	3,545,446	4,824	3.19	1,099	3,554	\$134.4	\$377.9	\$68,666	2.2	117	47.5	3.7
2029	3,565,531	3,923	3.23	1,102	4,100	\$140.5	\$393.8	\$69,630	2.2	113	48.9	3.7
2030	3,583,770	2,877	3.26	1,106	3,676	\$146.7	\$410.1	\$70,596	2.2	110	50.3	3.7
2031	3,601,470	3,088	3.29	1,109	4,383	\$153.2	\$426.7	\$71,492	2.2	106	51.8	3.7
2032	3,618,241	3,007	3.32	1,113	4,529	\$160.2	\$443.4	\$72,314	2.2	102	53.4	3.7
2033	3,633,630	2,598	3.35	1,117	4,254	\$167.2	\$460.6	\$73,187	2.2	98	54.9	3.8
2034	3,648,102	2,894	3.38	1,121	4,550	\$174.5	\$478.7	\$74,080	2.3	95	56.6	3.8
2035	3,661,652	3,144	3.41	1,125	4,638	\$182.1	\$497.6	\$75,058	2.2	91	58.2	3.8
2036	3,674,466	3,465	3.44	1,130	4,325	\$190.2	\$517.1	\$76,061	2.2	88	60.0	3.8
2037	3,686,367	3,428	3.47	1,134	4,555	\$198.5	\$537.5	\$77,093	2.2	85	61.8	3.8
2038	3,696,891	3,064	3.50	1,138	4,389	\$207.2	\$558.8	\$78,217	2.2	82	63.6	3.7
2039	3,706,049	2,840	3.53	1,142	4,265	\$216.3	\$581.0	\$79,407	2.2	79	65.5	3.7
2040	3,714,160	2,680	3.56	1,146	4,114	\$225.9	\$603.8	\$80,644	2.1	76	67.5	3.7

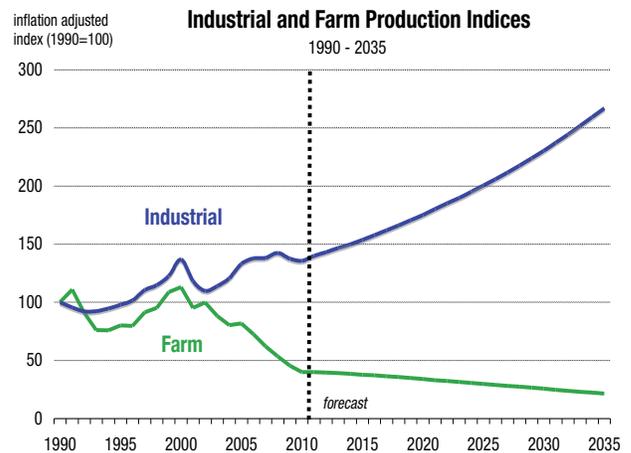
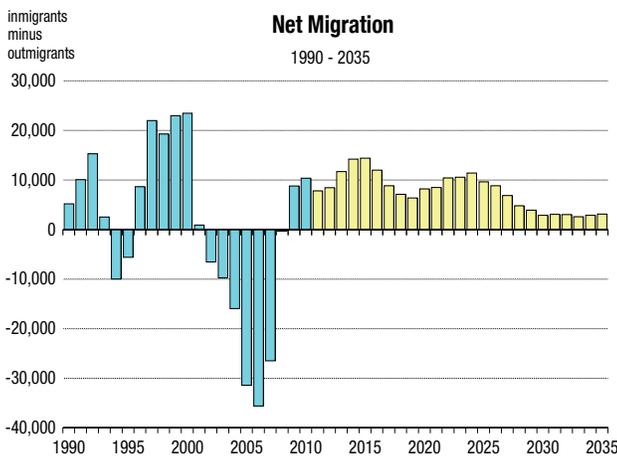
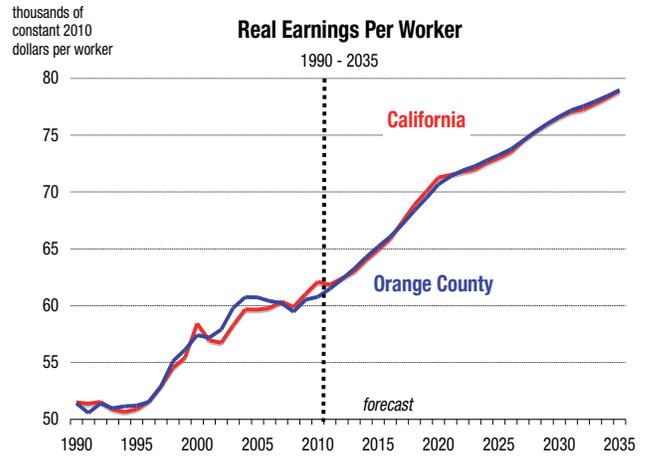
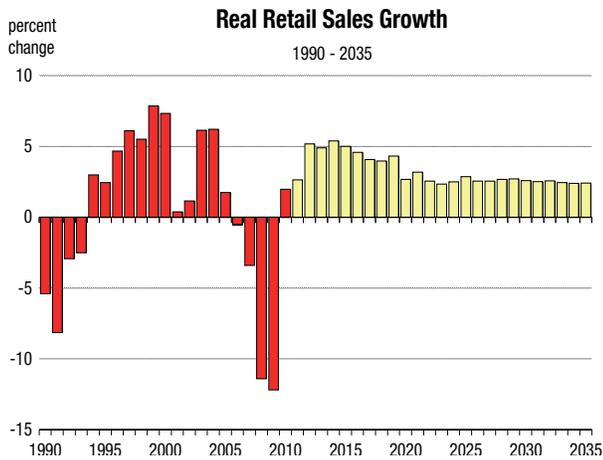


Orange County Employment Forecast

2006-2010 History, 2011-2040 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	1,524.3	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	1,486.2	4.64	91.2	174.1	29.3	242.3	113.1	266.6	30.1	150.7	176.4	160.8
2009	1,375.9	3.79	74.2	154.8	27.8	221.7	105.1	240.2	27.3	152.1	169.1	156.6
2010	1,356.7	3.80	67.1	150.2	26.7	217.5	103.6	242.8	25.0	156.0	168.7	152.5
2011	1,376.3	3.58	68.9	151.5	27.0	222.8	104.5	248.3	25.6	158.1	170.1	151.9
2012	1,421.7	3.42	72.0	153.8	27.6	232.4	110.7	260.9	27.4	160.6	174.2	152.5
2013	1,476.2	3.29	74.0	156.6	28.2	243.1	116.8	276.8	29.3	163.2	178.6	157.5
2014	1,523.6	3.20	76.7	159.2	28.9	253.4	120.5	290.1	30.8	165.9	183.6	160.8
2015	1,567.0	3.11	80.6	161.5	29.6	263.5	121.5	301.0	32.2	169.2	188.9	163.4
2016	1,596.9	3.05	82.6	162.8	30.3	271.1	121.9	308.2	33.2	171.8	193.3	164.8
2017	1,614.5	2.99	83.2	162.4	30.7	275.4	121.4	312.9	33.7	174.2	197.0	165.8
2018	1,626.6	2.94	82.8	161.9	31.3	278.5	120.1	315.5	34.1	176.7	199.8	167.2
2019	1,640.3	2.90	81.7	161.6	31.9	281.5	119.9	319.2	34.4	179.6	201.9	169.1
2020	1,659.0	2.86	82.9	161.0	32.4	284.5	120.7	324.8	33.7	183.0	203.6	171.6
2021	1,681.6	2.81	83.0	161.6	32.9	287.6	121.7	332.0	33.9	187.4	205.6	174.1
2022	1,706.7	2.78	83.8	162.2	33.5	290.6	123.3	339.5	34.3	192.3	207.8	176.4
2023	1,730.6	2.74	83.4	162.8	33.9	293.3	125.2	347.2	34.7	196.9	210.0	178.7
2024	1,755.0	2.70	83.7	163.3	34.3	296.1	127.3	354.9	35.1	201.3	212.5	180.9
2025	1,778.4	2.67	83.5	163.9	34.6	299.0	129.5	362.6	35.6	205.2	214.7	183.0
2026	1,800.7	2.63	83.2	164.4	34.8	301.8	131.8	370.1	36.0	208.9	216.7	185.0
2027	1,823.5	2.60	84.0	164.8	35.0	304.6	134.2	377.1	36.5	212.4	219.0	186.9
2028	1,846.0	2.57	84.6	165.4	35.2	307.4	136.5	383.9	37.0	215.8	221.2	188.9
2029	1,867.4	2.53	84.5	165.9	35.4	310.1	138.7	390.5	37.6	219.2	223.3	190.8
2030	1,888.7	2.50	84.9	166.5	35.6	312.9	140.8	396.9	38.0	222.7	225.3	192.8
2031	1,908.7	2.47	84.9	166.7	35.8	315.5	142.8	402.7	38.5	226.3	227.3	194.7
2032	1,929.0	2.43	85.6	166.9	36.1	318.2	144.8	408.3	38.9	229.9	229.0	196.7
2033	1,949.0	2.40	86.0	167.0	36.3	320.8	146.8	413.6	39.3	233.6	231.0	198.7
2034	1,968.5	2.36	86.1	167.1	36.5	323.3	148.9	418.7	39.8	237.4	233.1	200.8
2035	1,988.2	2.33	86.5	167.2	36.8	325.9	150.9	423.5	40.2	241.2	235.3	202.8
2036	2,008.0	2.30	86.8	167.3	37.0	328.4	153.0	428.3	40.7	245.1	237.5	204.9
2037	2,027.7	2.27	86.9	167.5	37.2	330.9	155.1	433.1	41.1	249.0	239.7	207.0
2038	2,048.1	2.24	87.3	167.6	37.5	333.4	157.1	437.9	41.6	253.1	242.1	209.1
2039	2,068.4	2.21	87.4	167.7	37.7	335.9	159.2	442.8	42.0	257.2	244.5	211.3
2040	2,088.9	2.18	87.5	167.9	37.9	338.4	161.4	447.8	42.5	261.3	247.0	213.5





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	27.7 %
Expected job growth:	16.0 %
Fastest growing jobs sector:	Wholesale Trade
Expected personal income growth:	20.7 %

Expected population growth:	5.4 %
Net migration to account for:	37.1 %
Expected growth in number of vehicles:	10.0 %

Demographics (2011)

Unemployment rate (June 2011):	9.2 %
County Rank* in California (58 counties):	6th
Working age (16-64) population:	66.1 %

Population with B.A. Degree or higher:	35.1 %
Median Home Selling Price:	\$435,000
Median Household Income:	\$71,632

Quality of Life

Violent Crime rate (2009):	237 per 100,000 persons
County Rank* in California (58 counties):	6th
Average Commute Time to work (2011):	27.7 minutes

High School drop out rate (2009):	14.3 %
Households at/below poverty line:	7.0 %

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