

SAN JOAQUIN COUNTY ECONOMIC FORECAST

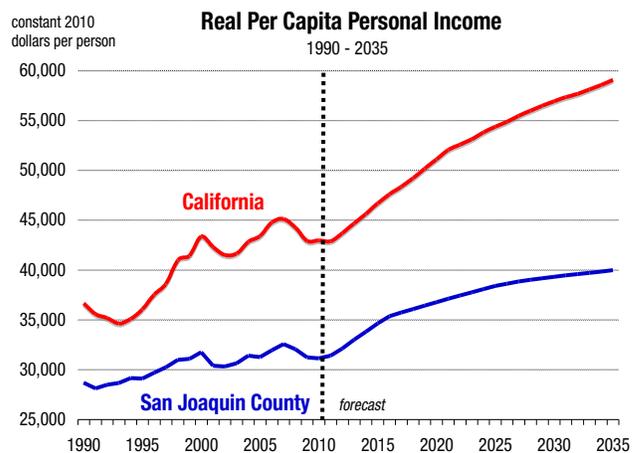
San Joaquin County is the northernmost county of the San Joaquin Valley. The county's central location in California makes it a hot spot for business activity because it connects the San Joaquin Valley, Bay Area, and Sacramento Valley. San Joaquin County has a population of 686,900 people and 203,400 wage and salary jobs. The per capita income in San Joaquin County is \$31,134, and the average salary per worker is \$47,199.

Employment in Northern California contracted during 2010, consistent with the rest of the state and nation. In 2010, 5,600 total wage and salary jobs were lost in San Joaquin County, representing a growth rate of negative 2.8 percent. Non-farm employment also fell at a rate of negative 2.7 percent. The annual unemployment rate increased to 17.4 percent in 2010.

Education and healthcare was the only non-farm sector to create jobs in San Joaquin County during 2010. Employment losses were greatest in government (1,700 jobs), manufacturing (1,300 jobs), financial activities (1,000 jobs), and construction (800 jobs). New home production increased slightly in 2010, but remains 86 percent below the 2003 peak.

Between the 2000 and 2010 census the population of San Joaquin County increased by 21.6 percent, making it one of the fastest growing counties in the state. Communities in the western half of San Joaquin County are growing due to an influx of people that commute to the East Bay or Santa Clara County for work, but cannot afford the expensive housing in those areas. The cities of Lathrop and Tracy grew in excess of 45 percent in the past 10 years.

Over the long term, both population and employment in the county will grow at a rate exceeding the state average.



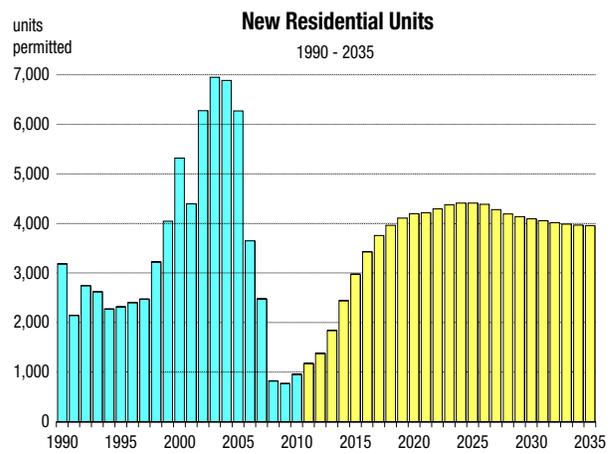
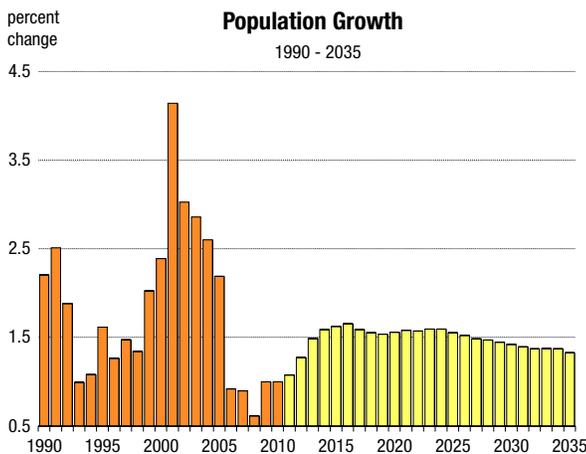
FORECAST HIGHLIGHTS

- Total wage and salary job growth is expected to be 1.6 percent in 2011. From 2011 to 2016, total job growth averages 3.3 percent per year and non-farm job growth averages 3.5 percent per year.
- Average salaries adjusted for inflation are currently well below the California state average, and will remain so over the forecast. Average salaries adjusted for inflation are forecast to rise an average of 1.0 percent per year between 2011 and 2016.
- Between 2011 and 2016, employment growth will be led by job creation in professional services, government, healthcare and education, and construction. Each of these sectors expands by over 15 percent, and creates over 4,000 jobs. All labor market sectors other than farm are forecast to create jobs over the next 5 years.
- Annual population growth in the 2011 to 2016 period averages 1.5 percent per year.
- Net migration increases over the next 5 years before gradually leveling off. From 2011 to 2016 net migration is expected to average 3,700 people per year.
- Real per capita incomes are forecast to rise 0.9 percent in 2011. During the 2011 to 2016 period real per capita incomes are forecast to increase 2.4 percent per year.
- Total taxable sales adjusted for inflation are expected to increase by an average of 7.1 percent per year between 2011 and 2016.
- Industrial production is expected to increase moderately in 2011, expanding by 4.2 percent. From 2011 to 2016 the growth rate of industrial production will average 2.6 percent per year.
- Farm production is forecast to increase by 1.4 percent per year between 2011 and 2016. The principal crop in the county is grapes.

San Joaquin County Economic Forecast

2006-2010 History, 2011-2040 Forecast

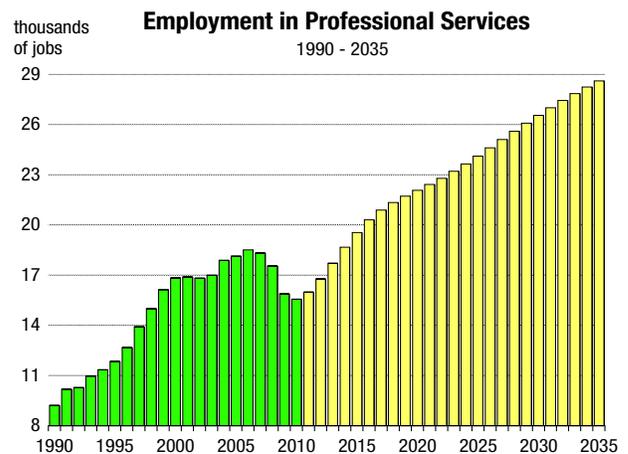
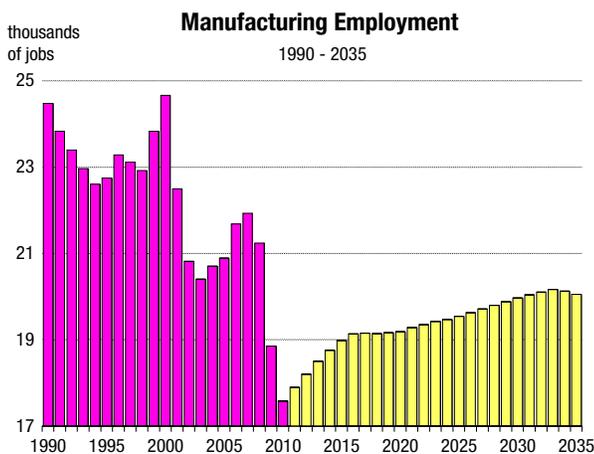
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	663,268	-826	576	211	3,650	\$9.5	\$19.5	\$31,947	3.2	1.83	5.42	7.4
2007	669,222	-1,334	570	215	2,479	\$9.3	\$20.7	\$32,565	3.4	2.11	5.54	8.1
2008	673,333	-2,442	567	219	824	\$8.7	\$21.1	\$32,051	3.0	2.18	5.81	10.3
2009	680,068	532	572	220	773	\$7.3	\$21.0	\$31,242	0.8	2.03	5.80	15.3
2010	686,871	390	574	221	958	\$7.5	\$21.4	\$31,134	1.3	1.96	5.69	17.4
2011	694,260	924	582	222	1,179	\$8.0	\$22.5	\$31,415	3.3	2.09	5.93	15.6
2012	703,108	2,330	590	223	1,379	\$8.7	\$23.9	\$32,119	2.3	2.15	6.08	13.9
2013	713,575	3,850	599	224	1,843	\$9.6	\$25.5	\$33,010	2.3	2.19	6.25	12.0
2014	724,914	4,642	609	226	2,446	\$10.5	\$27.1	\$33,814	2.4	2.22	6.39	10.2
2015	736,689	5,065	619	229	2,980	\$11.5	\$28.8	\$34,646	2.1	2.21	6.54	8.8
2016	748,890	5,480	630	232	3,430	\$12.5	\$30.6	\$35,368	2.1	2.24	6.73	7.8
2017	760,783	5,160	640	235	3,757	\$13.4	\$32.0	\$35,746	2.1	2.24	6.95	7.5
2018	772,611	5,066	651	239	3,966	\$14.2	\$33.5	\$36,089	2.0	2.24	7.15	7.1
2019	784,487	5,089	661	243	4,110	\$15.0	\$35.0	\$36,433	1.9	2.26	7.36	6.7
2020	796,710	5,411	672	247	4,196	\$15.8	\$36.5	\$36,771	1.7	2.24	7.58	6.4
2021	809,298	5,742	683	252	4,216	\$16.6	\$38.0	\$37,126	1.7	2.22	7.83	6.3
2022	822,030	5,827	694	256	4,295	\$17.4	\$39.8	\$37,444	2.2	2.26	8.06	6.2
2023	835,133	6,054	705	260	4,379	\$18.2	\$41.7	\$37,762	2.2	2.28	8.29	6.2
2024	848,454	6,177	717	265	4,413	\$19.2	\$43.6	\$38,095	2.1	2.32	8.53	6.1
2025	861,645	6,018	729	269	4,415	\$20.1	\$45.6	\$38,411	2.1	2.35	8.79	6.0
2026	874,769	6,004	740	274	4,389	\$21.1	\$47.5	\$38,639	2.1	2.36	9.07	6.0
2027	887,753	5,885	751	278	4,282	\$22.0	\$49.5	\$38,846	2.1	2.37	9.38	5.9
2028	900,824	5,993	763	283	4,193	\$22.9	\$51.5	\$39,017	2.1	2.39	9.68	5.9
2029	913,857	5,946	774	287	4,138	\$23.9	\$53.6	\$39,175	2.1	2.40	10.00	5.8
2030	926,844	5,880	785	291	4,094	\$24.9	\$55.7	\$39,324	2.1	2.38	10.34	5.8
2031	939,778	5,760	797	296	4,055	\$26.0	\$57.9	\$39,462	2.2	2.37	10.69	5.7
2032	952,687	5,662	808	300	4,019	\$27.1	\$60.2	\$39,582	2.2	2.41	11.05	5.7
2033	965,793	5,778	819	304	3,987	\$28.2	\$62.6	\$39,720	2.1	2.46	11.42	5.6
2034	979,041	5,842	831	308	3,970	\$29.4	\$65.0	\$39,845	2.2	2.49	11.76	5.6
2035	992,047	5,540	842	312	3,957	\$30.7	\$67.6	\$39,999	2.2	2.50	12.09	5.5
2036	1,005,053	5,483	854	316	3,925	\$32.0	\$70.2	\$40,162	2.1	2.56	12.47	5.5
2037	1,018,071	5,425	865	320	3,897	\$33.4	\$72.9	\$40,333	2.2	2.58	12.87	5.4
2038	1,031,124	5,375	877	324	3,871	\$34.9	\$75.8	\$40,524	2.1	2.54	13.29	5.3
2039	1,044,202	5,312	888	328	3,849	\$36.4	\$78.8	\$40,726	2.1	2.58	13.72	5.3
2040	1,057,267	5,210	899	332	3,827	\$37.9	\$81.8	\$40,938	2.1	2.61	14.19	5.2

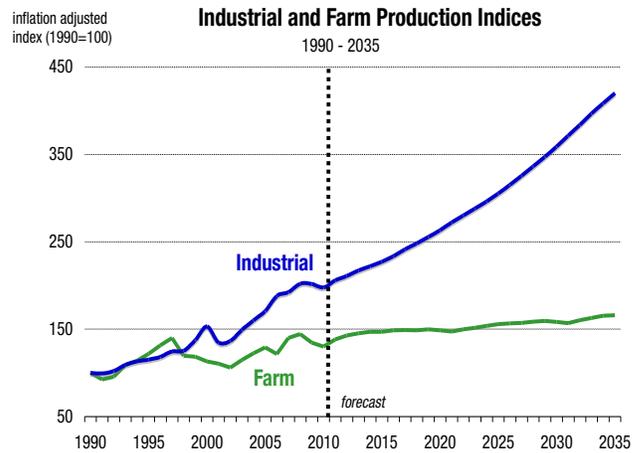
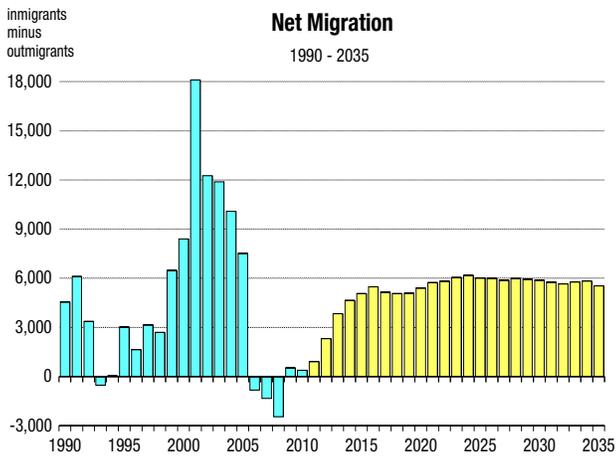
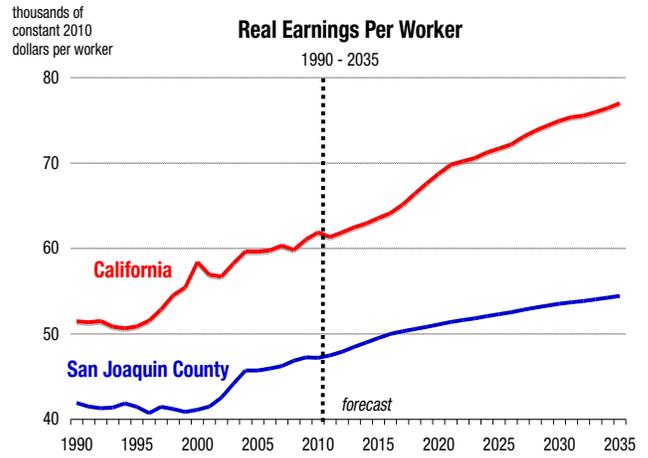
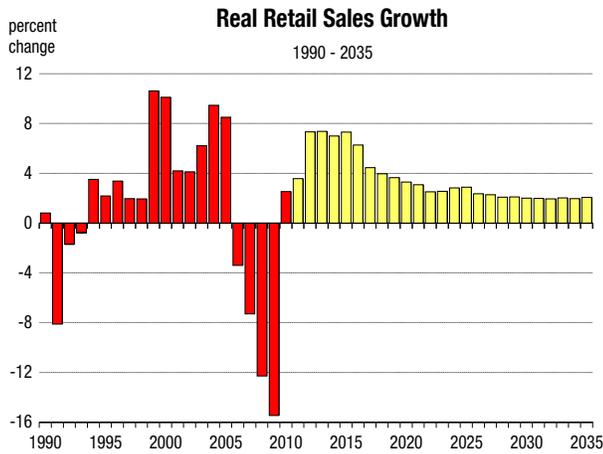


San Joaquin County Employment Forecast

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	223.4	14.3	15.9	21.7	13.5	37.0	9.9	18.5	2.5	26.1	17.3	39.6
2007	225.9	14.5	13.8	21.9	13.9	37.5	9.9	18.3	2.5	27.7	17.8	40.3
2008	220.6	14.9	11.4	21.2	14.1	36.0	9.4	17.6	2.4	28.4	17.5	40.4
2009	209.0	15.2	8.4	18.9	13.9	33.7	8.9	15.9	2.2	28.3	16.7	39.9
2010	203.4	15.4	7.6	17.6	13.8	33.3	7.8	15.6	2.1	28.6	16.2	38.3
2011	206.7	15.5	8.2	17.9	14.2	34.1	7.8	16.0	2.2	29.9	16.5	37.1
2012	212.2	15.6	8.9	18.2	14.7	35.3	7.9	16.8	2.2	30.8	16.9	37.4
2013	220.0	15.6	10.1	18.5	15.2	36.7	8.2	17.7	2.3	31.7	17.2	38.9
2014	227.9	15.6	11.4	18.8	15.7	38.1	8.3	18.7	2.4	32.7	17.8	40.3
2015	235.8	15.5	12.6	19.0	16.1	39.5	8.4	19.6	2.4	33.7	18.4	41.8
2016	242.8	15.5	14.0	19.1	16.6	40.8	8.5	20.3	2.5	34.5	18.9	43.0
2017	247.5	15.4	14.8	19.2	17.0	41.7	8.5	20.9	2.5	35.2	19.3	43.7
2018	251.7	15.3	15.4	19.1	17.5	42.3	8.6	21.3	2.5	36.0	19.7	44.4
2019	255.5	15.2	15.8	19.2	17.9	43.0	8.6	21.7	2.6	36.7	20.1	45.1
2020	259.2	15.2	16.2	19.2	18.4	43.7	8.7	22.1	2.6	37.4	20.4	45.7
2021	262.6	15.2	16.2	19.3	18.9	44.3	8.7	22.4	2.6	38.0	20.6	46.3
2022	266.0	15.2	16.3	19.4	19.4	45.1	8.7	22.8	2.6	38.7	20.9	46.7
2023	269.5	15.2	16.6	19.4	19.8	45.8	8.7	23.2	2.6	39.4	21.2	47.1
2024	272.8	15.1	16.6	19.5	20.2	46.5	8.8	23.7	2.6	40.1	21.5	47.5
2025	276.3	15.1	16.8	19.5	20.7	47.2	8.8	24.1	2.7	40.8	21.7	47.9
2026	279.7	15.1	16.8	19.6	21.1	47.9	8.9	24.6	2.7	41.5	22.0	48.3
2027	283.1	15.1	16.9	19.7	21.5	48.6	9.0	25.1	2.7	42.2	22.2	48.7
2028	286.6	15.0	16.9	19.8	21.9	49.2	9.0	25.6	2.7	43.0	22.5	49.1
2029	290.0	15.0	16.9	19.9	22.4	49.9	9.1	26.1	2.8	43.7	22.8	49.5
2030	293.5	15.0	17.0	20.0	22.8	50.6	9.1	26.6	2.8	44.5	23.0	49.9
2031	296.9	15.0	17.0	20.0	23.2	51.2	9.2	27.0	2.8	45.3	23.3	50.4
2032	300.4	15.1	16.9	20.1	23.6	51.9	9.3	27.5	2.8	46.1	23.6	50.8
2033	304.0	15.0	17.0	20.2	24.0	52.6	9.3	27.9	2.9	47.0	23.8	51.3
2034	307.4	15.0	17.0	20.1	24.5	53.2	9.4	28.3	2.9	47.8	24.1	51.8
2035	310.8	15.0	17.0	20.1	24.9	53.9	9.4	28.6	2.9	48.7	24.4	52.3
2036	314.3	15.0	16.9	20.1	25.3	54.6	9.5	29.0	2.9	49.6	24.6	52.8
2037	317.9	14.9	17.0	20.1	25.7	55.2	9.6	29.3	3.0	50.6	24.9	53.4
2038	321.5	14.9	17.0	20.2	26.1	55.9	9.6	29.7	3.0	51.5	25.2	53.9
2039	325.3	14.9	17.0	20.2	26.6	56.6	9.7	30.0	3.0	52.4	25.5	54.5
2040	329.0	14.9	17.0	20.3	27.0	57.3	9.8	30.4	3.1	53.4	25.7	55.0





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	40.7 %
Expected job growth:	17.5 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	21.4 %

Expected population growth:	7.9 %
Net migration to account for:	39.1 %
Expected growth in number of vehicles:	8.2 %

Demographics (2011)

Unemployment rate (June 2011):	16.7 %
County Rank* in California (58 counties):	48th
Working age (16-64) population:	63.1 %

Population with B.A. Degree or higher:	17.4 %
Median Home Selling Price:	\$165,000
Median Household Income:	\$50,743

Quality of Life

Violent Crime rate (2009):	802 per 100,000 persons
County Rank* in California (58 counties):	57th
Average Commute Time to work (2011):	30.8 minutes

High School drop out rate (2009):	26.9 %
Households at/below poverty line:	11.7 %

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