

MONTEREY COUNTY ECONOMIC FORECAST

Monterey County is located on the central coast of California. Farming is a vital component of the county economy, accounting for over \$4 billion in output and 27 percent of all wage and salary jobs. Lettuce is the principal crop in Monterey County, as the county accounts for 56 percent of the nation's total lettuce production. In addition, Monterey County is California's leading producer of strawberries. The county has a population of 419,700 people and 167,400 wage and salary jobs. The per capita income in Monterey County is \$43,419 and the average salary per worker is \$52,225.

In 2011, an estimated 700 wage and salary jobs were created in Monterey County, representing an increase of 0.4 percent. The farm sector gained 800 jobs in 2011, placing it well above its pre-recession level of employment. By contrast, the non-farm sector lost 100 positions last year, representing its fourth straight year of decline. The unemployment rate improved in 2011, dropping from 12.8 percent to 12.5 percent.

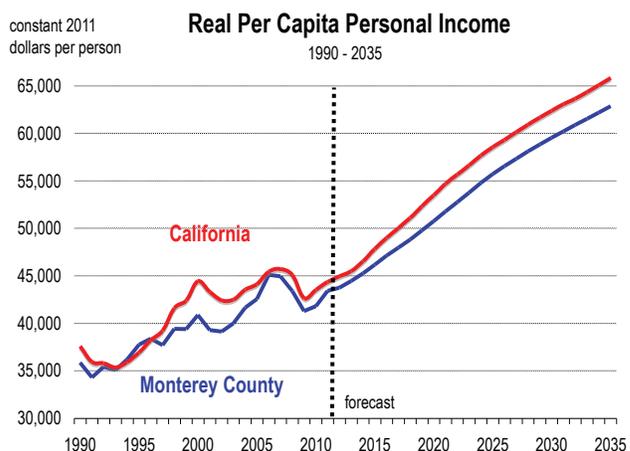
During 2011, the largest job gains occurred in agriculture (+800), retail trade (+600 jobs), leisure and hospitality (+400 jobs), and professional services (+300 jobs). The largest declines were in the public sector (-900 jobs), and construction (-300 jobs).

The public sector is the second largest employer in the county, accounting for 19 percent of total employment. Many of the public sector jobs are associated with the state correctional facilities in Soledad, which house over 9,000 inmates and employ 2,740 staff.

Between 2006 and 2011, the population of Monterey County grew by just 0.5 percent per year. All of this growth can be attributed to the natural increase (new births), as the county lost an average of 3,000 people per year through net migration.

FORECAST HIGHLIGHTS

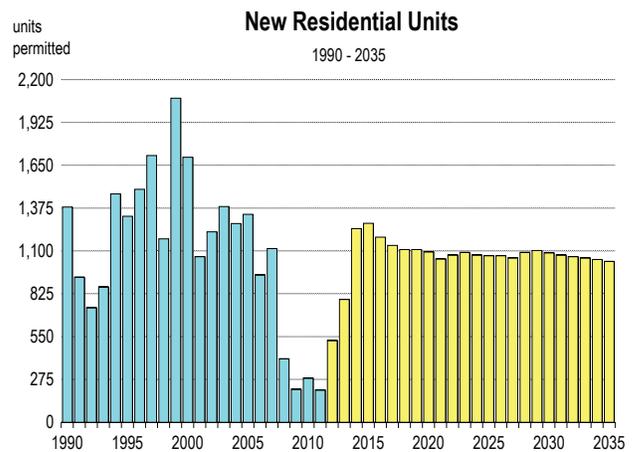
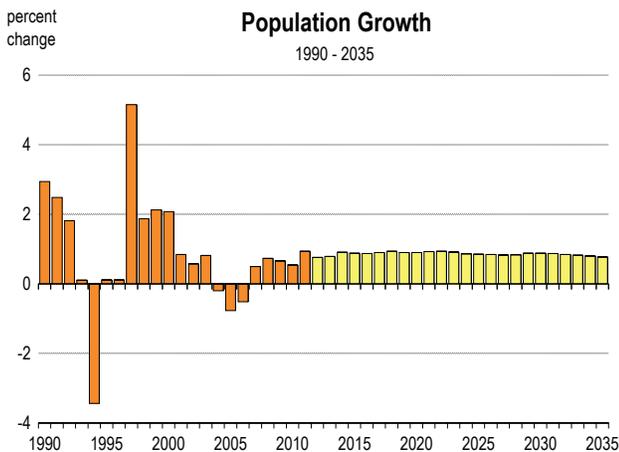
- Job growth is forecast at approximately 0.8 percent in 2012. Between 2012 and 2017, a 1.4 percent average annual growth rate is forecast. Agricultural employment will increase by an average of 0.4 percent per year over the same period.
- Average salaries are currently below the California state average. Inflation adjusted salaries are expected to rise an average of 0.5 percent per year from 2012 to 2017.
- Between 2012 and 2017, the momentum for employment growth is in the professional services, health and education, leisure and hospitality, and public sectors. These sectors will account for 61 percent of net job creation in the county during this time period, with each sector creating at least 2,100 jobs.
- When compared to the preceding five years, population growth will accelerate between 2012 and 2017. Annual growth is expected to average 0.9 percent per year over this time frame.
- Net migration will remain negative through 2017. From 2012 to 2017, an average of 800 net migrants will leave the county each year.
- Real per capita incomes are expected to rise approximately 0.8 percent in 2012. Over the 2012 to 2017 period, real per capita incomes are forecast to increase by 1.7 percent per year.
- Total taxable sales, adjusted for inflation, will rise an average of 2.6 percent per year from 2012 to 2017.
- Industrial production is forecast to increase 1.3 percent in 2012. From 2012 to 2017, the growth rate of industrial production will average 3.2 percent.
- Farm production is expected to increase by 1.0 percent per year between 2012 and 2017. The principal crop in the county is lettuce.



Monterey County Economic Forecast

2006-2011 History, 2012-2040 Forecast

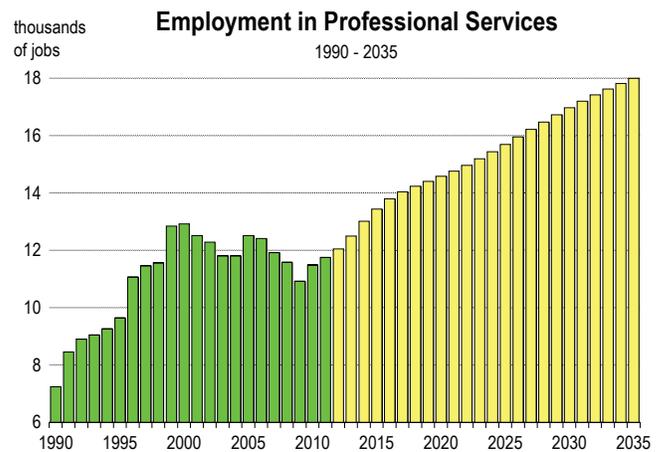
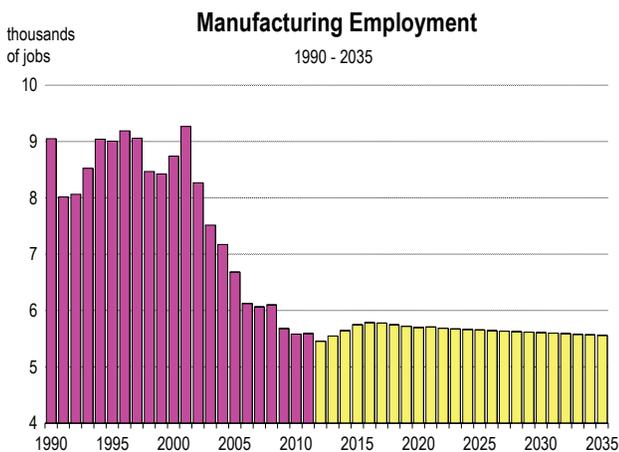
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	405,877	-7,135	348	125	948	\$5.7	\$16.4	\$45,100	3.2	3.89	1.68	7.0
2007	407,896	-3,230	349	126	1,116	\$5.7	\$17.0	\$44,958	3.4	4.12	1.71	7.2
2008	410,877	-2,425	349	126	408	\$5.4	\$17.0	\$43,391	3.0	4.01	1.88	8.5
2009	413,590	-2,301	349	126	213	\$4.7	\$16.5	\$41,303	0.8	4.19	1.72	11.8
2010	415,825	-2,327	352	126	285	\$5.0	\$17.0	\$41,814	1.3	4.11	1.76	12.8
2011	419,710	-677	348	126	208	\$5.3	\$18.2	\$43,419	2.5	3.85	1.78	12.5
2012	422,906	-1,292	351	126	526	\$5.6	\$18.8	\$43,751	1.9	3.89	1.80	11.4
2013	426,249	-1,132	355	127	790	\$5.9	\$19.7	\$44,451	2.1	3.93	1.86	10.6
2014	430,116	-598	360	127	1,244	\$6.1	\$20.8	\$45,256	2.1	3.97	1.94	9.1
2015	433,899	-667	365	128	1,277	\$6.4	\$21.8	\$46,171	1.8	4.00	2.01	8.3
2016	437,678	-661	370	129	1,188	\$6.7	\$23.0	\$47,134	1.7	4.04	2.08	7.7
2017	441,624	-484	374	130	1,135	\$7.0	\$24.1	\$47,957	1.7	4.08	2.15	7.3
2018	445,758	-286	377	131	1,110	\$7.4	\$25.2	\$48,819	1.7	4.13	2.22	7.0
2019	449,789	-379	380	132	1,109	\$7.7	\$26.5	\$49,782	1.5	4.17	2.29	6.8
2020	453,832	-356	383	133	1,095	\$8.0	\$27.7	\$50,757	1.4	4.21	2.36	6.6
2021	458,062	-158	386	134	1,050	\$8.3	\$29.0	\$51,780	1.3	4.24	2.43	6.6
2022	462,349	-89	388	134	1,075	\$8.7	\$30.4	\$52,767	1.5	4.28	2.51	6.6
2023	466,567	-144	391	135	1,091	\$9.0	\$31.8	\$53,751	1.5	4.32	2.58	6.6
2024	470,620	-294	394	136	1,075	\$9.4	\$33.4	\$54,775	1.6	4.37	2.66	6.7
2025	474,635	-316	397	137	1,071	\$9.8	\$34.9	\$55,731	1.7	4.42	2.74	6.7
2026	478,631	-319	400	138	1,070	\$10.3	\$36.5	\$56,558	1.7	4.47	2.83	6.7
2027	482,594	-337	403	138	1,056	\$10.7	\$38.1	\$57,337	1.7	4.52	2.92	6.8
2028	486,634	-242	406	139	1,091	\$11.2	\$39.7	\$58,109	1.7	4.57	3.01	6.8
2029	490,922	23	409	140	1,104	\$11.7	\$41.4	\$58,836	1.7	4.62	3.11	6.8
2030	495,227	57	412	141	1,090	\$12.3	\$43.2	\$59,537	1.7	4.66	3.20	6.9
2031	499,549	91	415	142	1,075	\$12.8	\$44.9	\$60,219	1.7	4.69	3.30	6.9
2032	503,778	18	417	143	1,065	\$13.3	\$46.8	\$60,879	1.7	4.73	3.41	6.9
2033	507,927	-43	420	143	1,056	\$13.8	\$48.6	\$61,531	1.7	4.78	3.51	7.0
2034	511,995	-102	423	144	1,045	\$14.3	\$50.6	\$62,191	1.7	4.83	3.63	7.0
2035	515,957	-186	425	145	1,033	\$14.9	\$52.6	\$62,862	1.7	4.88	3.74	7.0
2036	519,837	-244	428	146	1,027	\$15.4	\$54.7	\$63,537	1.7	4.95	3.86	7.0
2037	523,699	-237	431	147	1,013	\$15.9	\$56.9	\$64,214	1.7	5.01	3.98	7.1
2038	527,504	-268	433	147	997	\$16.5	\$59.1	\$64,894	1.7	5.06	4.11	7.1
2039	531,271	-279	436	148	981	\$17.0	\$61.4	\$65,602	1.7	5.11	4.24	7.1
2040	534,925	-364	438	149	961	\$17.5	\$63.8	\$66,334	1.7	5.17	4.46	7.1

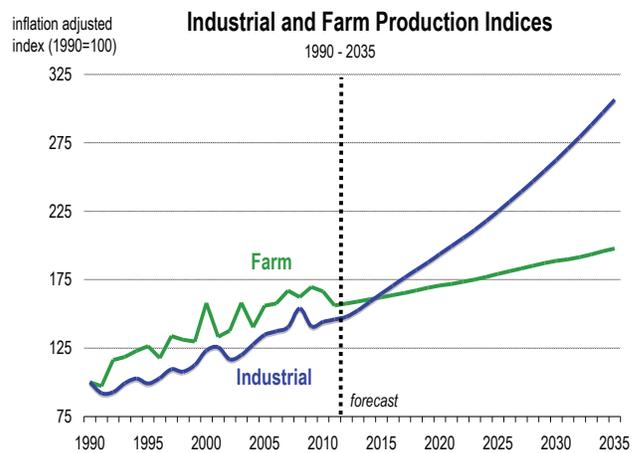
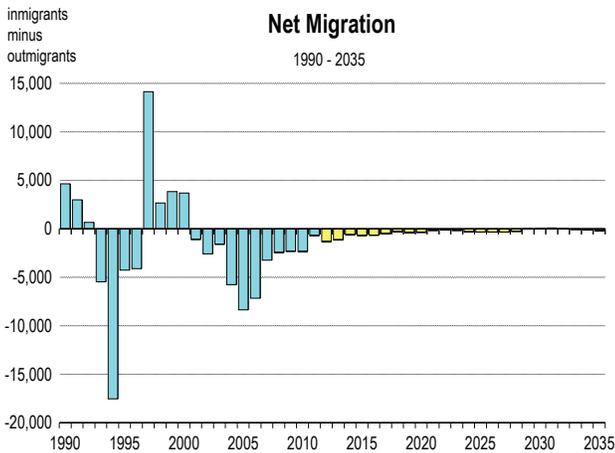
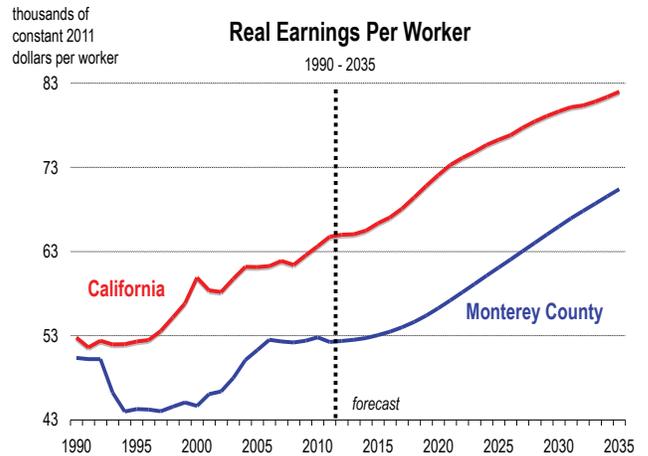


Monterey County Employment Forecast

2006-2011 History, 2012-2040 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	168.3	40.4	7.2	6.1	3.4	21.9	6.2	12.4	2.2	12.5	20.7	30.6
2007	170.3	41.6	7.0	6.1	3.6	21.9	6.0	11.9	2.1	12.7	21.1	31.5
2008	171.5	43.3	6.1	6.1	3.6	21.8	5.5	11.6	2.0	13.1	21.4	32.2
2009	165.1	42.8	4.6	5.7	3.4	20.0	4.7	10.9	1.7	13.6	20.3	32.6
2010	166.7	45.1	4.1	5.6	3.3	20.2	4.3	11.5	1.7	13.4	20.0	32.6
2011	167.4	45.9	3.9	5.6	3.3	20.8	4.2	11.8	1.6	13.6	20.4	31.7
2012	168.8	46.0	4.4	5.5	3.3	20.8	4.1	12.1	1.5	13.9	20.6	31.6
2013	171.2	46.2	4.7	5.5	3.4	21.1	4.1	12.5	1.4	14.2	20.9	32.2
2014	174.1	46.5	5.1	5.6	3.5	21.4	4.1	13.0	1.4	14.6	21.2	32.7
2015	177.0	46.6	5.3	5.7	3.6	21.8	4.0	13.4	1.3	15.0	21.7	33.2
2016	179.7	46.8	5.4	5.8	3.7	22.3	4.0	13.8	1.2	15.3	22.2	33.6
2017	182.1	47.1	5.6	5.8	3.8	22.7	4.0	14.0	1.2	15.7	22.6	34.0
2018	184.1	47.3	5.7	5.7	3.8	23.1	3.9	14.2	1.1	16.0	23.0	34.4
2019	186.0	47.5	5.9	5.7	3.9	23.5	3.9	14.4	1.1	16.2	23.2	34.8
2020	187.7	47.7	6.1	5.7	4.1	23.8	3.9	14.6	1.1	16.4	23.3	35.2
2021	189.4	47.9	6.2	5.7	4.2	24.1	3.8	14.8	1.0	16.6	23.4	35.6
2022	191.1	48.1	6.3	5.7	4.3	24.4	3.8	15.0	1.0	16.8	23.4	36.1
2023	192.8	48.3	6.4	5.7	4.4	24.7	3.7	15.2	1.0	17.1	23.5	36.6
2024	194.8	48.5	6.5	5.7	4.5	25.1	3.7	15.4	0.9	17.4	23.5	37.2
2025	196.7	48.7	6.6	5.7	4.6	25.4	3.7	15.7	0.9	17.7	23.5	37.7
2026	198.7	49.0	6.7	5.6	4.6	25.8	3.7	16.0	0.9	18.0	23.6	38.3
2027	200.6	49.2	6.9	5.6	4.7	26.2	3.7	16.2	0.9	18.3	23.6	38.8
2028	202.6	49.4	7.0	5.6	4.8	26.5	3.6	16.5	0.8	18.6	23.7	39.3
2029	204.6	49.7	7.2	5.6	4.8	26.9	3.6	16.7	0.8	19.0	23.8	39.8
2030	206.6	49.8	7.3	5.6	4.9	27.2	3.6	17.0	0.8	19.3	23.9	40.3
2031	208.5	50.0	7.4	5.6	4.9	27.6	3.6	17.2	0.8	19.6	24.0	40.8
2032	210.4	50.2	7.6	5.6	5.0	27.9	3.5	17.4	0.8	19.9	24.2	41.3
2033	212.3	50.4	7.7	5.6	5.1	28.2	3.5	17.6	0.8	20.3	24.3	41.8
2034	214.2	50.6	7.9	5.6	5.1	28.5	3.5	17.8	0.7	20.6	24.4	42.3
2035	216.1	50.8	8.0	5.6	5.2	28.8	3.5	18.0	0.7	20.9	24.5	42.8
2036	218.0	51.1	8.1	5.6	5.2	29.1	3.4	18.2	0.7	21.2	24.6	43.4
2037	219.9	51.4	8.3	5.5	5.3	29.3	3.4	18.4	0.7	21.5	24.7	43.9
2038	221.7	51.6	8.4	5.5	5.4	29.6	3.4	18.6	0.7	21.8	24.8	44.4
2039	223.6	51.8	8.5	5.5	5.4	29.8	3.4	18.7	0.7	22.1	25.0	45.0
2040	225.4	52.0	8.6	5.5	5.5	30.1	3.3	18.9	0.7	22.4	25.1	45.5





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	17.0 %
Expected job growth:	8.8 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	16.2 %

Expected population growth:	5.2 %
Net migration to account for:	0 %
Expected growth in number of vehicles:	7.3 %

Demographics (2012)

Unemployment rate (March 2012):	14.7 %
County Rank* in California (58 counties):	34th
Working age (16-64) population:	64.9 %

Population with B.A. Degree or higher:	22.3 %
Median Home Selling Price (2011):	\$240,000
Median Household Income:	\$58,238

Quality of Life

Violent Crime rate (2010):	465 per 100,000 persons
County Rank* in California (58 counties):	41st
Average Commute Time to work (2012):	24.8 minutes

High School drop out rate (2010):	15.3 %
Households at/below poverty line (2012):	11.4 %

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