

SANTA BARBARA COUNTY ECONOMIC FORECAST

Santa Barbara County, located immediately northwest of Ventura County, is dominated by three principal economic activities: tourism, Vandenberg Air Force Base, and education. It has a population of more than 425,800 people and has 183,000 wage and salary jobs. The per capita income in Santa Barbara County is \$46,712, and the average salary per worker is \$53,709.

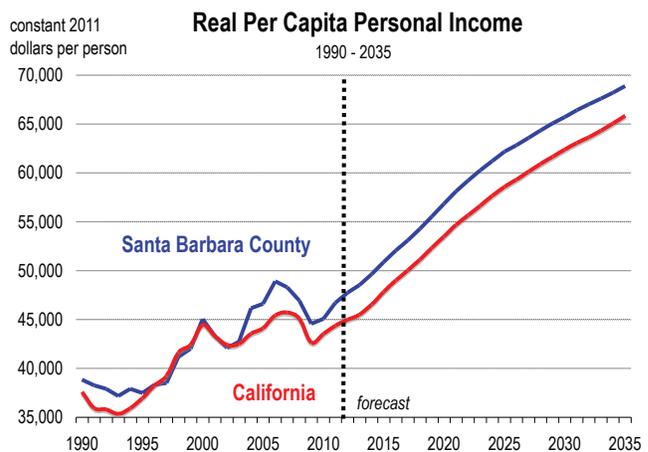
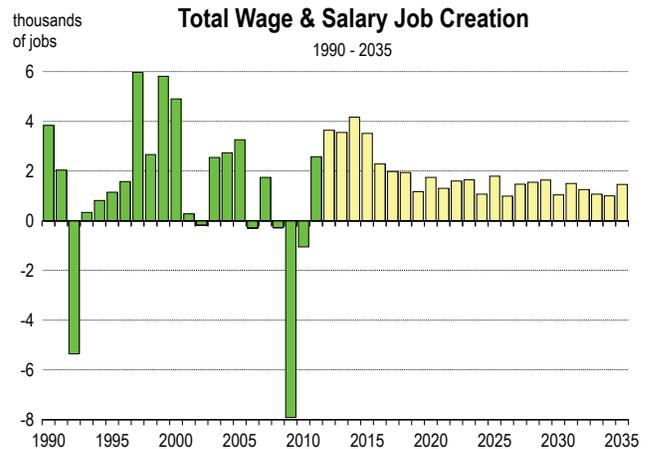
In 2011, employment across Southern California increased by 0.7 percent. In Santa Barbara County, nearly 2,600 wage and salary jobs were gained, representing a growth rate of 1.4 percent. The unemployment rate improved moderately, dropping from 9.4 percent to 8.8 percent.

In 2011, virtually all of the county's employment growth came in the professional services sector, which added 2,500 jobs. Other sectors that experienced growth were education and healthcare (+700 jobs), manufacturing (+400 jobs), and leisure and hospitality (+200 jobs). The largest losses occurred in retail trade (-600 jobs), the public sector (-500 jobs), and construction (-300 jobs). Construction activity in Santa Barbara County continues to dwindle, as the region is still recovering from the housing bust and slow-growth policies restrict building activity in parts of the county.

Employment and population growth will remain modest in Santa Barbara County over the next five years. The northern end of the county will continue to dominate population and job growth due largely to the greater production of planned housing in the Santa Maria Valley. Housing is also more affordable in the northern communities of Santa Maria, Orcutt, and Lompoc. New job creation in the southern end of the county will remain scarce because new housing is both limited and expensive.

FORECAST HIGHLIGHTS

- Employment growth will be relatively strong in 2012. For the year, an increase of 3,600 jobs is forecast, representing a growth rate of 2.0 percent. Over the 2012-2017 period, growth is expected to average 1.7 percent per year.
- Average salaries are currently below the California state average, and will remain so over the forecast horizon. Adjusted for inflation, average salaries are forecast to rise an average of 0.7 percent per year from 2012 to 2017.
- The professional services sector will continue to be the driver of employment growth, adding 5,500 jobs between 2012 and 2017. In addition, the leisure services, retail trade, manufacturing, education and healthcare, and public sectors will each add at least 1,400 jobs over this period.
- From 2012 to 2017, annual population growth will average 0.6 percent per year. The population will increase at faster rates in the Santa Maria Valley than in the Santa Barbara City-Goleta area.

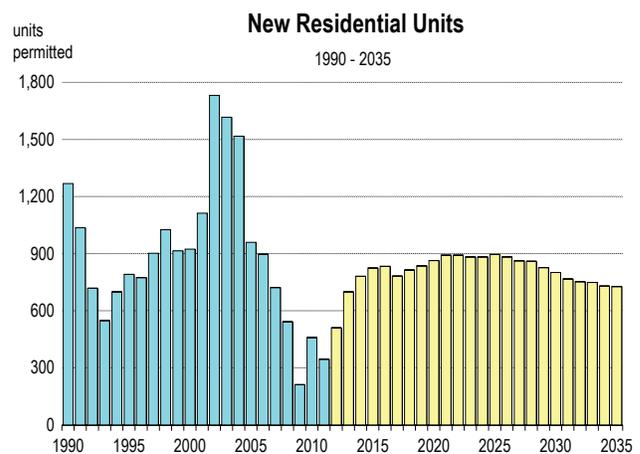
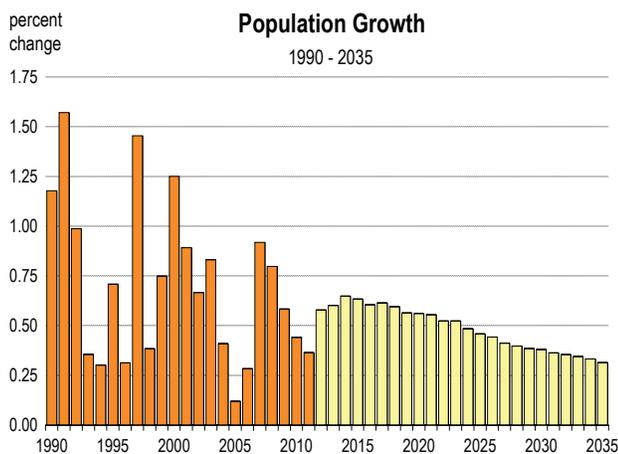


- Net migration has been negative for much of the past decade, but will turn positive in 2014, and remain positive over the medium-term. From 2012 to 2017, there are an average of 150 net migrants entering the county per year. The Santa Maria Valley will be characterized by positive net migration, while Santa Barbara City and Goleta will lose residents through out-migration.
- Real per capita incomes are expected to rise at an annual compound growth rate of 2.2 percent from 2012 to 2017.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.8 percent per year during the 2012 to 2017 period.
- From 2012 to 2017, industrial production will rise by an average of 3.6 percent per year.
- Farm production is forecast to increase by 1.0 percent per year between 2012 and 2017. The principal crop in the county is strawberries.

Santa Barbara County Economic Forecast

2006-2011 History, 2012-2040 Forecast

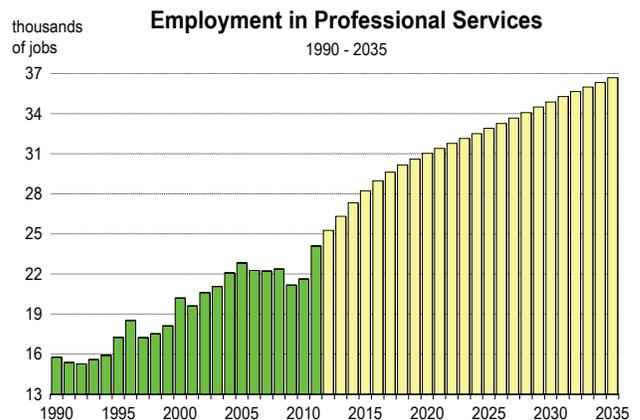
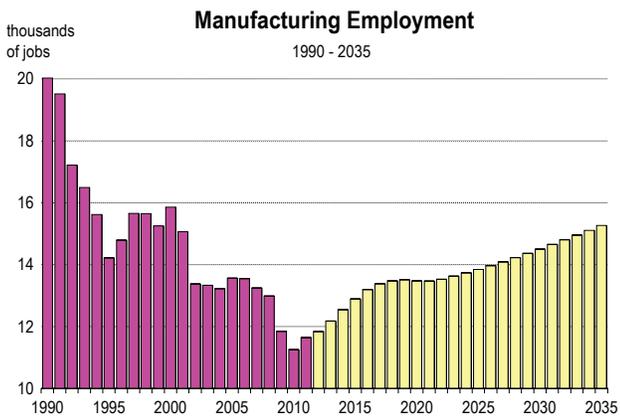
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	412,853	-2,145	373.2	141	897	\$6.13	\$18.33	\$48,908	4.3	1,120	3.12	4.0
2007	416,648	251	370.6	141	723	\$6.07	\$18.87	\$48,308	3.3	1,177	3.19	4.3
2008	419,970	-107	369.4	141	543	\$5.88	\$19.13	\$46,929	3.5	1,172	3.31	5.4
2009	422,423	-877	367.9	141	213	\$5.10	\$18.12	\$44,553	-0.8	1,289	2.96	8.4
2010	424,291	-1,223	368.1	142	460	\$5.31	\$18.63	\$45,062	1.2	1,252	3.19	9.4
2011	425,840	-1,237	367.1	142	347	\$5.58	\$19.89	\$46,712	2.6	1,194	3.33	8.8
2012	428,303	-157	369.5	143	511	\$5.80	\$20.88	\$47,742	2.1	1,239	3.41	7.9
2013	430,882	-1	372.1	143	700	\$6.03	\$21.83	\$48,526	2.2	1,223	3.52	7.4
2014	433,675	258	377.8	144	782	\$6.31	\$22.99	\$49,627	2.3	1,247	3.70	6.3
2015	436,425	265	386.5	145	824	\$6.63	\$24.19	\$50,874	2.0	1,255	3.91	5.7
2016	439,071	205	391.1	145	834	\$7.00	\$25.38	\$52,059	1.9	1,263	3.98	5.2
2017	441,766	298	394.7	146	783	\$7.34	\$26.55	\$53,103	1.9	1,271	4.12	4.9
2018	444,400	277	397.8	147	814	\$7.67	\$27.80	\$54,282	1.8	1,288	4.25	4.7
2019	446,909	193	399.4	148	836	\$8.03	\$29.09	\$55,535	1.7	1,279	4.37	4.5
2020	449,418	237	401.4	148	864	\$8.38	\$30.40	\$56,848	1.5	1,304	4.48	4.3
2021	451,916	272	403.1	149	892	\$8.72	\$31.72	\$58,112	1.5	1,296	4.57	4.2
2022	454,283	192	405.2	150	893	\$9.06	\$33.02	\$59,220	1.6	1,304	4.67	4.2
2023	456,662	255	407.0	151	883	\$9.42	\$34.34	\$60,249	1.7	1,312	4.78	4.2
2024	458,873	142	408.6	151	883	\$9.83	\$35.69	\$61,215	1.8	1,296	4.91	4.2
2025	460,979	92	411.6	152	896	\$10.29	\$37.07	\$62,165	1.8	1,320	5.05	4.2
2026	463,020	82	412.7	153	884	\$10.75	\$38.34	\$62,835	1.9	1,304	5.19	4.2
2027	464,930	3	414.5	154	864	\$11.21	\$39.69	\$63,588	1.9	1,312	5.34	4.2
2028	466,782	-12	416.1	155	861	\$11.71	\$41.07	\$64,344	1.9	1,320	5.49	4.2
2029	468,580	-36	417.6	155	827	\$12.23	\$42.49	\$65,085	1.9	1,336	5.68	4.2
2030	470,361	-34	418.3	156	802	\$12.76	\$43.88	\$65,723	1.9	1,328	5.84	4.2
2031	472,069	-89	419.8	157	768	\$13.28	\$45.34	\$66,423	1.9	1,344	6.01	4.2
2032	473,741	-104	421.2	157	754	\$13.80	\$46.77	\$67,020	1.9	1,352	6.19	4.2
2033	475,374	-121	422.1	158	749	\$14.31	\$48.22	\$67,597	1.9	1,344	6.40	4.2
2034	476,956	-144	422.9	159	730	\$14.83	\$49.72	\$68,197	1.9	1,336	6.59	4.2
2035	478,455	-195	424.0	159	728	\$15.34	\$51.34	\$68,890	1.9	1,352	6.82	4.2
2036	479,903	-207	426.1	160	711	\$15.86	\$52.98	\$69,544	1.9	1,360	7.02	4.2
2037	481,290	-229	428.1	160	693	\$16.37	\$54.67	\$70,215	1.9	1,368	7.23	4.2
2038	482,602	-261	430.5	161	677	\$16.89	\$56.45	\$70,944	1.9	1,385	7.45	4.2
2039	483,877	-258	432.1	162	655	\$17.40	\$58.22	\$71,635	1.9	1,377	7.67	4.2
2040	485,063	-307	434.2	162	658	\$17.91	\$60.10	\$72,430	1.8	1,393	7.61	4.2

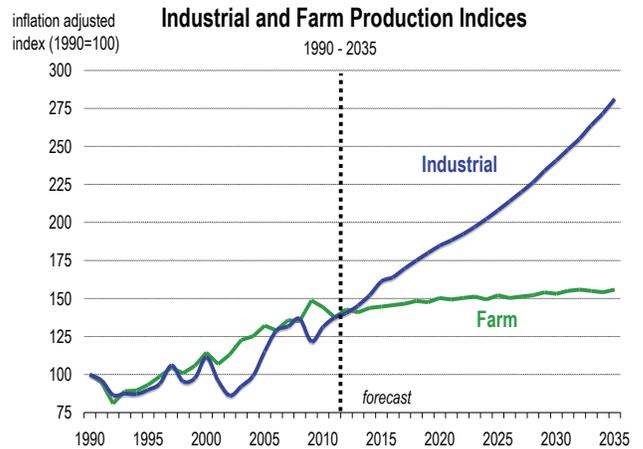
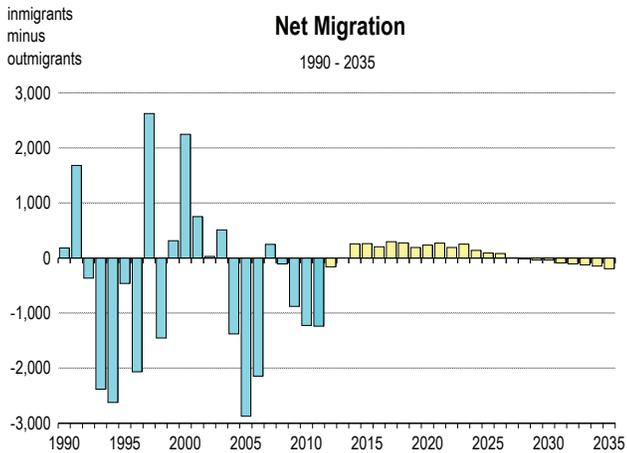
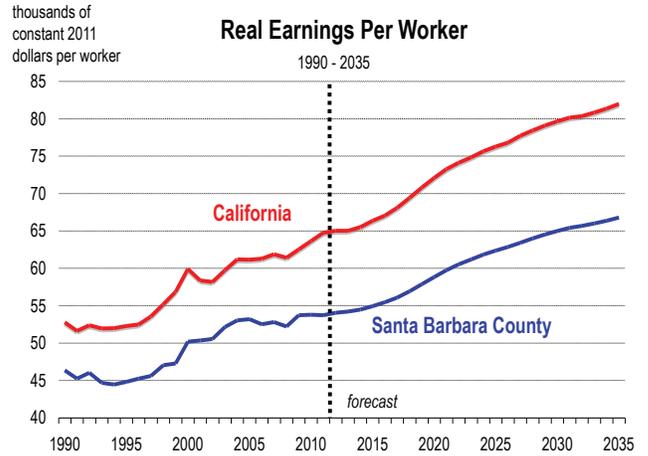
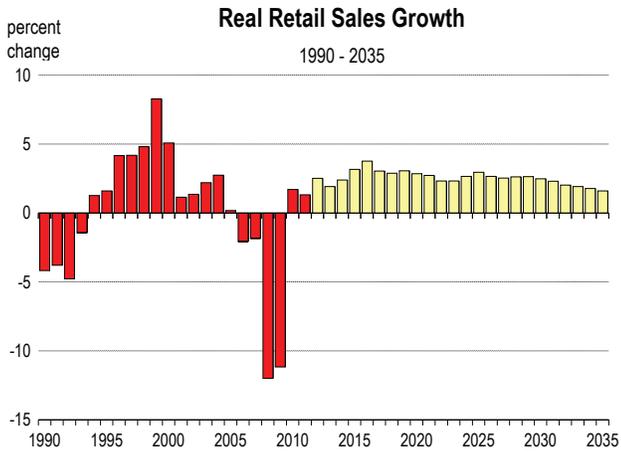


Santa Barbara County Employment Forecast

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	187.9	15.44	10.5	13.6	3.1	25.2	8.7	22.3	4.0	19.5	22.7	36.1
2007	189.6	16.05	10.5	13.3	3.0	25.1	8.2	22.2	3.9	20.3	22.9	37.0
2008	189.4	17.06	9.7	13.0	3.1	24.6	7.8	22.4	3.7	20.6	23.1	37.3
2009	181.5	17.56	7.8	11.9	3.0	22.8	6.7	21.2	3.5	20.7	22.1	37.8
2010	180.4	18.63	7.0	11.3	2.8	21.9	6.4	21.6	3.5	20.9	21.9	38.2
2011	183.0	18.53	6.7	11.7	2.8	21.4	6.6	24.1	3.6	21.7	22.0	37.8
2012	186.6	18.85	7.0	11.8	2.8	21.8	6.6	25.3	3.6	21.8	22.1	38.5
2013	190.2	18.58	7.7	12.2	2.8	22.1	6.9	26.3	3.6	22.1	22.5	38.6
2014	194.3	18.98	8.2	12.6	2.8	22.6	7.0	27.3	3.7	22.3	23.1	38.8
2015	197.9	19.12	8.5	12.9	2.8	23.0	7.0	28.2	3.8	22.5	23.5	39.1
2016	200.1	19.26	8.4	13.2	2.9	23.4	6.9	29.0	3.8	22.8	23.9	39.1
2017	202.1	19.39	8.4	13.4	2.9	23.7	6.9	29.6	3.8	22.9	24.3	39.2
2018	204.1	19.67	8.4	13.5	2.9	24.0	6.9	30.2	3.8	23.1	24.6	39.4
2019	205.2	19.53	8.5	13.5	2.9	24.3	6.8	30.6	3.8	23.3	24.7	39.6
2020	207.0	19.94	8.5	13.5	2.9	24.6	6.9	31.0	3.9	23.4	24.8	39.7
2021	208.3	19.80	8.8	13.5	2.9	24.8	6.9	31.4	3.9	23.6	24.8	39.9
2022	209.9	19.94	9.2	13.5	2.9	25.0	7.0	31.8	3.9	23.8	24.9	40.1
2023	211.5	20.07	9.5	13.6	2.9	25.1	7.0	32.2	3.9	23.9	24.9	40.3
2024	212.6	19.80	9.7	13.7	2.9	25.3	7.0	32.5	3.9	24.1	24.9	40.5
2025	214.4	20.21	9.7	13.9	2.9	25.6	7.0	32.9	3.9	24.3	25.0	40.7
2026	215.4	19.94	9.9	14.0	2.9	25.8	7.0	33.3	3.9	24.4	25.0	40.9
2027	216.9	20.07	10.0	14.1	2.9	26.0	7.0	33.7	3.9	24.6	25.1	41.1
2028	218.4	20.21	10.1	14.2	2.9	26.2	7.1	34.1	4.0	24.7	25.2	41.3
2029	220.1	20.48	10.2	14.4	2.9	26.4	7.0	34.5	4.0	24.7	25.3	41.5
2030	221.1	20.35	10.2	14.5	2.9	26.6	7.0	34.9	4.0	24.8	25.3	41.7
2031	222.6	20.62	10.2	14.7	2.9	26.7	7.0	35.3	4.0	24.8	25.5	41.9
2032	223.9	20.75	10.2	14.8	2.9	26.9	7.0	35.6	4.0	24.9	25.6	42.2
2033	224.9	20.62	10.2	15.0	2.9	27.0	7.0	36.0	4.0	25.0	25.7	42.4
2034	225.9	20.48	10.2	15.1	2.9	27.2	6.9	36.3	4.1	25.1	25.8	42.6
2035	227.4	20.75	10.2	15.3	2.9	27.3	6.9	36.7	4.1	25.1	25.9	42.8
2036	228.6	20.89	10.2	15.4	2.9	27.4	6.9	37.0	4.1	25.2	26.0	43.1
2037	229.8	21.03	10.2	15.6	2.9	27.5	6.9	37.3	4.1	25.3	26.1	43.3
2038	231.2	21.30	10.2	15.7	2.9	27.6	6.9	37.6	4.1	25.4	26.2	43.5
2039	232.0	21.16	10.2	15.9	2.9	27.7	6.8	37.9	4.2	25.5	26.3	43.7
2040	233.4	21.43	10.2	16.1	2.9	27.7	6.8	38.3	4.2	25.6	26.4	44.0





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	18.1 %
Expected job growth:	10.5 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	13.7 %

Expected population growth:	3.7 %
Net migration to account for:	5.4 %
Expected growth in number of vehicles:	7.5 %

Demographics (2012)

Unemployment rate (March 2012)	8.9 %
County Rank* in California (58 counties):	5th
Working age (16-64) population:	65.3 %

Population with B.A. Degree or higher:	31.9%
Median Home Selling Price (2011):	\$289,000
Median Household Income:	\$58,314

Quality of Life

Violent Crime rate (2010):	422 per 100,000 persons
County Rank* in California (58 counties):	35th
Average Commute Time to work (2012):	21.43 minutes

High School drop out rate (2010):	13.0 %
Households at/below poverty line:	8.6 %

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