

SANTA CRUZ COUNTY ECONOMIC FORECAST

Santa Cruz County is located on the central coast of California. In terms of land area, it is the second smallest county in the state, behind San Francisco. Santa Cruz County has a population of 264,800 people and 96,000 wage and salary jobs. The per capita income in Santa Cruz County is \$49,738, and the average salary per worker is \$48,265.

In 2011, 270 total wage and salary jobs were gained in Santa Cruz County, representing a growth rate of 0.3 percent. Non-farm employment increased by 1,170 jobs, a growth rate of 1.4 percent. Farm employment declined by 900 jobs, a loss of 9.4 percent. The annual unemployment rate improved moderately, dropping from 12.7 percent to 12.1 percent.

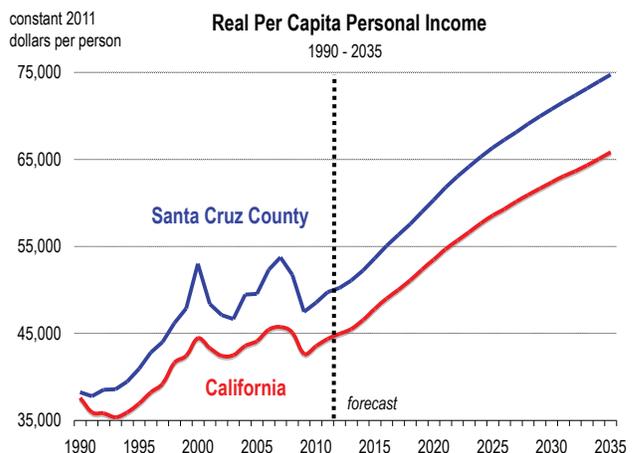
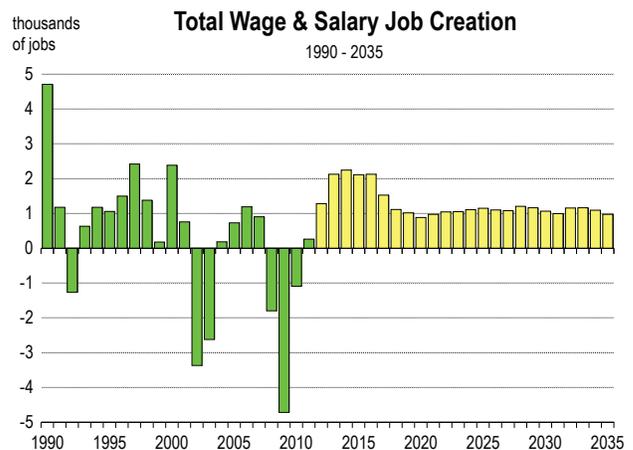
Across employment sectors, the largest gains occurred in professional services (+560 jobs), education and healthcare (+520 jobs), and leisure and hospitality (+500 jobs). The largest declines were observed in agriculture, manufacturing (-230 jobs), and construction (-210 jobs). Employment in the construction industry has now declined for five straight years.

Between 2006 and 2011, the population of Santa Cruz County grew at an annual average rate of 0.7 percent. This growth was due entirely to the natural increase (new births), as net migration was negative during this period.

Over the next five years, the rate of job creation should accelerate. However, population growth will remain modest due to low rates of home building and higher than average home prices.

FORECAST HIGHLIGHTS

- Job growth will accelerate in 2012, with total employment increasing by 1.3 percent. From 2012 to 2017, an annual average rate of 1.9 percent is expected. Non-farm employment will increase by an average of 2.0 percent per year over this period.
- Average salaries are currently below the California state average, and will remain so over the forecast period. Inflation adjusted salaries are expected to rise an average of 0.9 percent per year between 2012 and 2017.
- Between 2012 and 2017, employment growth will be broad based, with gains occurring in every sector. Construction, manufacturing, retail trade, wholesale trade, leisure services, education and healthcare, professional services, and government will each add at least 1,000 jobs over this period.
- Population growth is expected to be modest. Annual growth in the 2012 to 2017 period will average 0.6 percent per year.

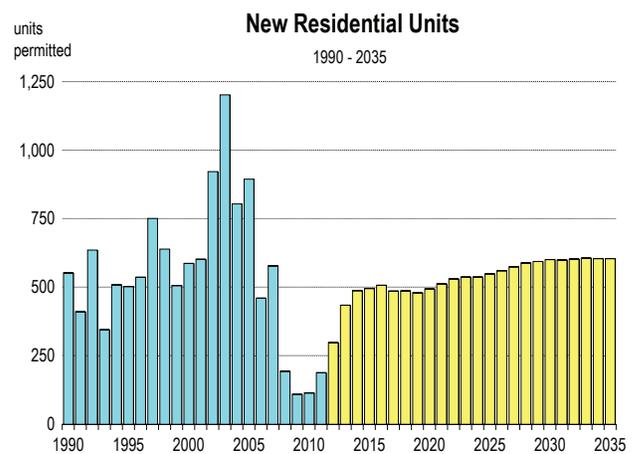
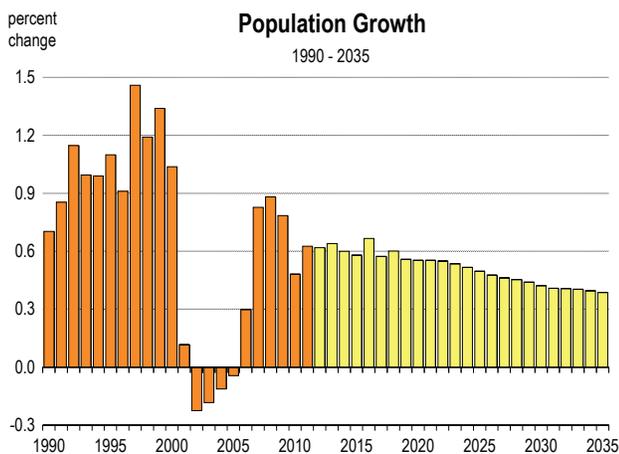


- Net migration is expected to increase over the forecast, but will remain low. Between 2012 and 2017, net migration is expected to average 240 people per year.
- Real per capita income is forecast to increase by 1.0 percent in 2012. From 2012 to 2017, real per capita income is expected to increase by 2.1 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.4 percent per year between 2012 and 2017.
- Industrial production is forecast to increase by 3.6 percent in 2012. During the 2012 to 2017 period, industrial production will increase by an average of 5.4 percent per year, as manufacturing activity increases substantially.
- Farm production is forecast to increase by 0.9 percent per year between 2012 and 2017. The principal crop in the county is strawberries.

Santa Cruz County Economic Forecast

2006-2011 History, 2012-2040 Forecast

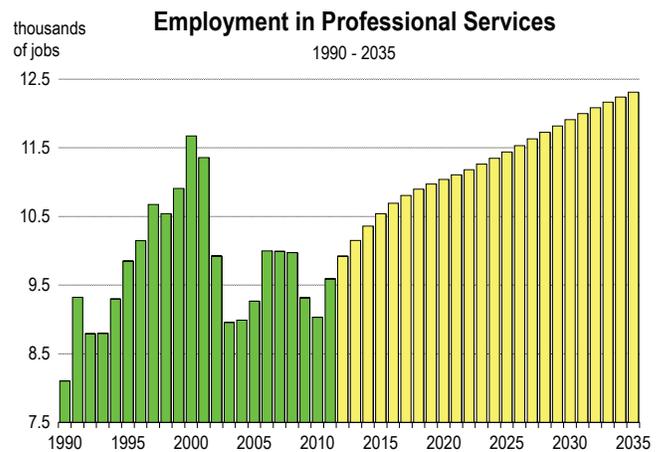
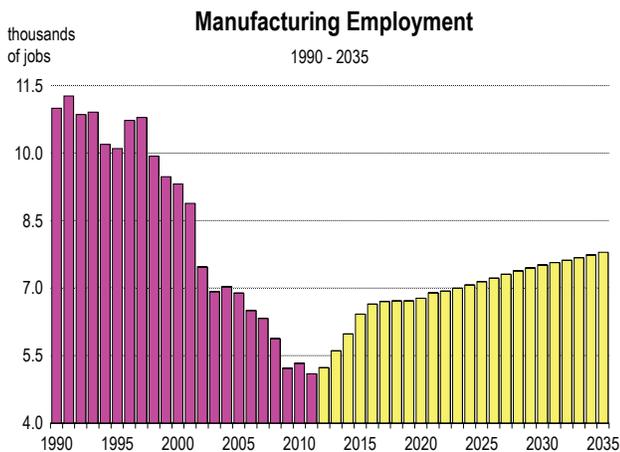
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	255,486	-1,123	243.3	93.5	460	\$3.2	\$12.0	\$52,327	3.2	0.46	1.22	5.7
2007	257,601	30	241.8	94.1	578	\$3.2	\$12.8	\$53,726	3.4	0.53	1.21	5.9
2008	259,873	320	241.9	94.3	194	\$3.0	\$12.8	\$51,736	3.0	0.51	1.20	7.3
2009	261,912	319	241.7	94.3	109	\$2.6	\$12.0	\$47,479	0.8	0.51	1.11	11.3
2010	263,174	-322	242.9	94.3	115	\$2.7	\$12.5	\$48,524	1.3	0.55	1.22	12.7
2011	264,824	130	241.5	94.4	188	\$2.9	\$13.2	\$49,738	2.5	0.54	1.22	12.1
2012	266,462	249	242.5	94.5	298	\$3.0	\$13.6	\$50,233	1.9	0.54	1.27	11.2
2013	268,168	317	243.8	94.7	434	\$3.2	\$14.3	\$51,088	2.1	0.55	1.35	10.4
2014	269,778	193	245.6	95.1	488	\$3.3	\$15.0	\$52,246	2.1	0.55	1.44	9.1
2015	271,343	148	247.6	95.5	495	\$3.5	\$15.7	\$53,635	1.8	0.56	1.55	8.1
2016	273,152	378	249.5	95.9	507	\$3.7	\$16.6	\$55,066	1.7	0.56	1.62	7.4
2017	274,717	127	251.1	96.4	486	\$3.8	\$17.3	\$56,305	1.7	0.57	1.68	7.0
2018	276,369	203	252.2	96.8	487	\$4.0	\$18.1	\$57,568	1.7	0.58	1.72	6.7
2019	277,912	106	252.9	97.2	480	\$4.2	\$18.9	\$58,961	1.5	0.59	1.77	6.4
2020	279,450	132	253.3	97.6	494	\$4.4	\$19.8	\$60,350	1.4	0.60	1.84	6.1
2021	280,996	183	253.8	98.0	512	\$4.6	\$20.6	\$61,768	1.3	0.60	1.91	6.0
2022	282,541	211	254.5	98.4	530	\$4.8	\$21.5	\$63,025	1.5	0.60	1.96	6.0
2023	284,053	206	255.3	98.9	538	\$5.0	\$22.3	\$64,168	1.5	0.61	2.02	6.0
2024	285,522	196	256.4	99.4	537	\$5.2	\$23.2	\$65,297	1.6	0.62	2.08	6.0
2025	286,939	190	257.6	99.8	549	\$5.5	\$24.1	\$66,354	1.7	0.64	2.15	6.0
2026	288,307	175	259.0	100.3	561	\$5.7	\$24.9	\$67,251	1.7	0.65	2.23	6.0
2027	289,639	169	260.4	100.8	574	\$6.0	\$25.8	\$68,146	1.7	0.66	2.31	6.0
2028	290,955	168	261.7	101.3	588	\$6.2	\$26.7	\$69,064	1.7	0.66	2.39	6.0
2029	292,235	142	262.8	101.8	594	\$6.5	\$27.6	\$69,946	1.7	0.67	2.46	6.0
2030	293,471	110	263.9	102.3	601	\$6.8	\$28.6	\$70,783	1.7	0.67	2.54	6.0
2031	294,670	73	264.9	102.9	599	\$7.1	\$29.5	\$71,586	1.7	0.67	2.62	5.9
2032	295,870	71	265.9	103.4	603	\$7.4	\$30.5	\$72,365	1.7	0.68	2.70	5.9
2033	297,063	61	266.8	103.9	607	\$7.7	\$31.4	\$73,154	1.7	0.69	2.78	5.9
2034	298,239	42	267.8	104.5	605	\$7.9	\$32.4	\$73,948	1.7	0.70	2.87	5.9
2035	299,396	21	268.7	105.0	604	\$8.2	\$33.5	\$74,739	1.7	0.72	2.96	5.9
2036	300,556	17	269.7	105.5	603	\$8.5	\$34.6	\$75,540	1.7	0.73	3.05	5.9
2037	301,721	6	270.9	106.1	604	\$8.8	\$35.7	\$76,324	1.7	0.75	3.15	5.9
2038	302,897	-5	272.0	106.6	605	\$9.0	\$36.8	\$77,082	1.7	0.75	3.25	5.9
2039	304,123	19	273.1	107.2	607	\$9.3	\$38.0	\$77,920	1.7	0.76	3.36	5.9
2040	305,380	21	274.1	107.7	607	\$9.6	\$39.2	\$78,769	1.7	0.77	3.41	5.9

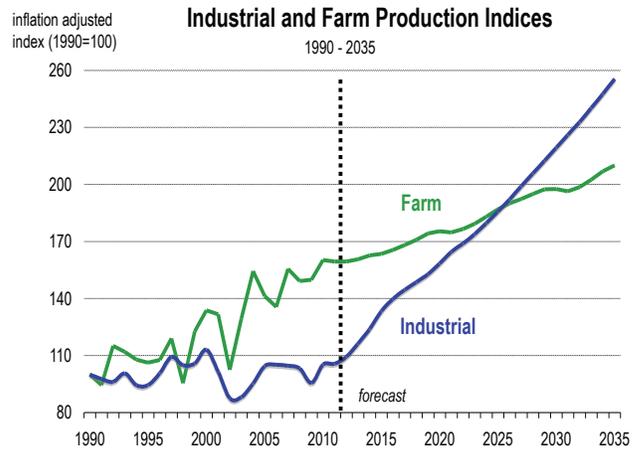
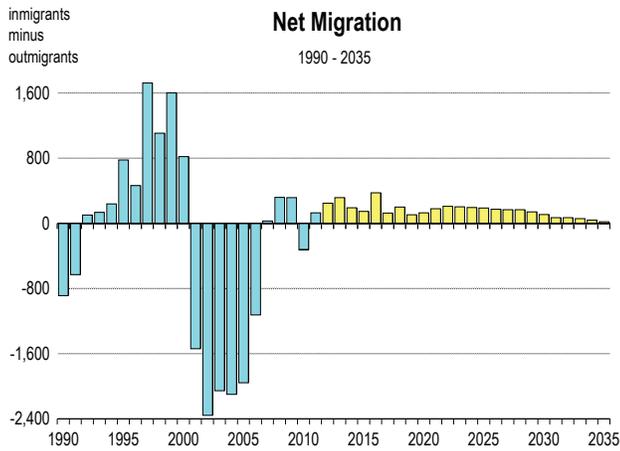
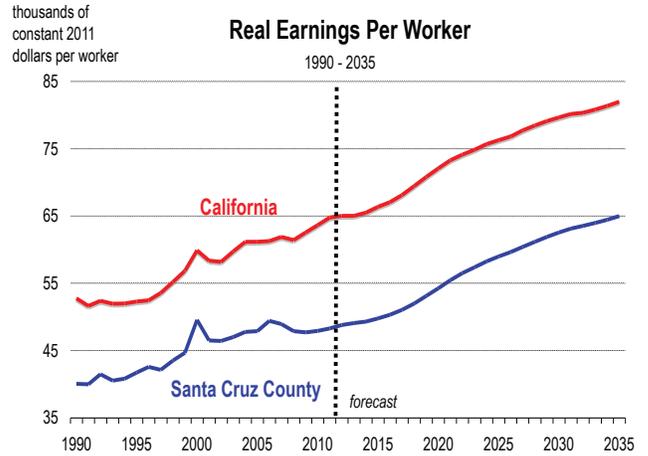
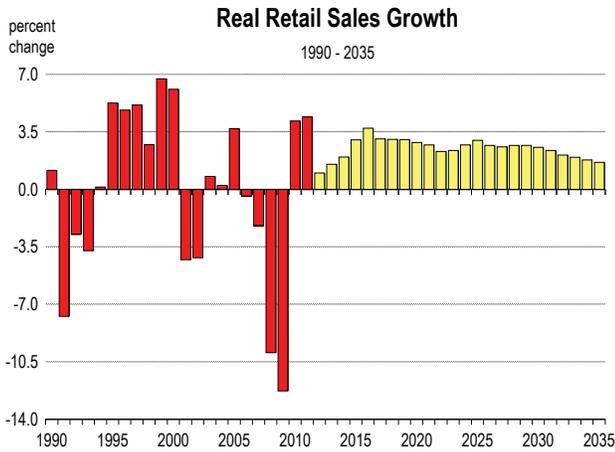


Santa Cruz County Employment Forecast

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	102.4	7.4	5.9	6.5	1.5	17.3	3.8	10.0	1.4	12.1	11.1	21.8
2007	103.4	7.8	5.4	6.3	1.6	17.4	3.7	10.0	1.2	12.4	11.5	22.2
2008	101.6	8.6	4.6	5.9	1.5	16.4	3.5	10.0	1.1	12.5	11.3	22.3
2009	96.8	9.5	3.2	5.2	1.4	15.3	3.4	9.3	1.0	13.0	11.1	20.8
2010	95.8	9.6	3.0	5.3	1.5	14.9	3.2	9.0	0.9	13.4	10.9	20.3
2011	96.0	8.7	2.8	5.1	1.7	14.9	3.1	9.6	0.9	14.0	11.4	20.4
2012	97.3	8.7	3.0	5.2	1.7	15.1	3.3	9.9	0.9	14.1	11.6	20.3
2013	99.4	8.8	3.5	5.6	1.7	15.3	3.3	10.2	0.9	14.3	11.7	20.5
2014	101.7	8.9	3.9	6.0	1.7	15.5	3.4	10.4	1.0	14.7	11.9	20.6
2015	103.8	8.9	3.9	6.4	1.7	15.9	3.4	10.5	1.0	15.0	12.2	20.9
2016	105.9	9.0	4.0	6.6	1.7	16.4	3.5	10.7	1.0	15.3	12.5	21.3
2017	107.5	9.0	4.1	6.7	1.7	16.8	3.5	10.8	1.0	15.5	12.7	21.6
2018	108.6	9.1	4.0	6.7	1.7	17.2	3.6	10.9	1.0	15.7	12.8	21.8
2019	109.6	9.2	4.1	6.7	1.8	17.5	3.6	11.0	1.0	16.0	12.9	21.9
2020	110.5	9.2	4.1	6.8	1.8	17.9	3.6	11.0	1.0	16.2	13.0	22.0
2021	111.5	9.1	4.2	6.9	1.8	18.2	3.7	11.1	1.0	16.4	13.0	22.1
2022	112.5	9.2	4.3	6.9	1.8	18.6	3.7	11.2	1.0	16.5	13.0	22.3
2023	113.6	9.3	4.3	7.0	1.8	18.9	3.8	11.3	1.0	16.7	13.1	22.4
2024	114.7	9.4	4.4	7.1	1.8	19.3	3.9	11.3	1.0	16.9	13.1	22.5
2025	115.8	9.5	4.4	7.1	1.8	19.7	3.9	11.4	1.0	17.1	13.1	22.6
2026	116.9	9.6	4.4	7.2	1.8	20.1	4.0	11.5	1.0	17.3	13.1	22.7
2027	118.0	9.6	4.5	7.3	1.8	20.5	4.0	11.6	1.0	17.5	13.1	22.8
2028	119.2	9.7	4.5	7.4	1.9	21.0	4.1	11.7	1.0	17.7	13.2	23.0
2029	120.4	9.7	4.6	7.4	1.9	21.4	4.2	11.8	1.0	18.0	13.2	23.1
2030	121.5	9.6	4.6	7.5	1.9	21.8	4.2	11.9	1.0	18.2	13.3	23.2
2031	122.5	9.6	4.6	7.6	1.9	22.2	4.3	12.0	1.0	18.4	13.4	23.4
2032	123.6	9.7	4.6	7.6	1.9	22.6	4.4	12.1	1.0	18.7	13.4	23.5
2033	124.8	9.8	4.6	7.7	1.9	23.0	4.4	12.2	1.0	18.9	13.5	23.6
2034	125.9	10.0	4.6	7.7	1.9	23.3	4.5	12.2	1.0	19.1	13.5	23.7
2035	126.9	10.0	4.6	7.8	1.9	23.6	4.5	12.3	1.0	19.4	13.6	23.9
2036	127.9	10.1	4.6	7.9	1.9	23.9	4.6	12.4	1.0	19.6	13.7	24.0
2037	129.0	10.2	4.6	7.9	1.9	24.2	4.7	12.4	1.0	19.8	13.7	24.1
2038	129.8	10.1	4.6	8.0	1.9	24.5	4.7	12.5	1.0	20.1	13.8	24.3
2039	130.8	10.2	4.6	8.1	2.0	24.8	4.8	12.6	1.0	20.3	13.8	24.4
2040	131.8	10.3	4.6	8.1	2.0	25.0	4.8	12.7	1.0	20.5	13.9	24.6





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	15.2 %
Expected job growth:	11.9 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	17.4 %

Expected population growth:	3.7 %
Net migration to account for:	14.3 %
Expected growth in number of vehicles:	4.0 %

Demographics (2012)

Unemployment rate (March 2012)	13.7 %
County Rank* in California (58 counties):	29th
Working age (16-64) population:	69.2 %

Population with B.A. Degree or higher:	39.2 %
Median Home Selling Price (2011):	\$386,000
Median Household Income:	\$64,246

Quality of Life

Violent Crime rate (2010):	453 per 100,000 persons
County Rank* in California (58 counties):	44th
Average Commute Time to work (2012):	28.2 minutes

High School drop out rate (2010):	17.4 %
Households at/below poverty line (2012):	7.8 %

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