

MONTEREY COUNTY ECONOMIC FORECAST

Monterey County is located on the central coast of California. Farming is a vital component of the county's economy, accounting for over \$4 billion in total output and 29 percent of all wage and salary jobs. Lettuce is the principal crop in the region, with Monterey County producing roughly half of all lettuce in the United States. In addition, Monterey is one of California's leading producers of strawberries.

Monterey County has a population of 422,900 people and a total of 173,100 wage and salary jobs. The income per capita is \$44,077 and the average salary per worker is \$54,428.

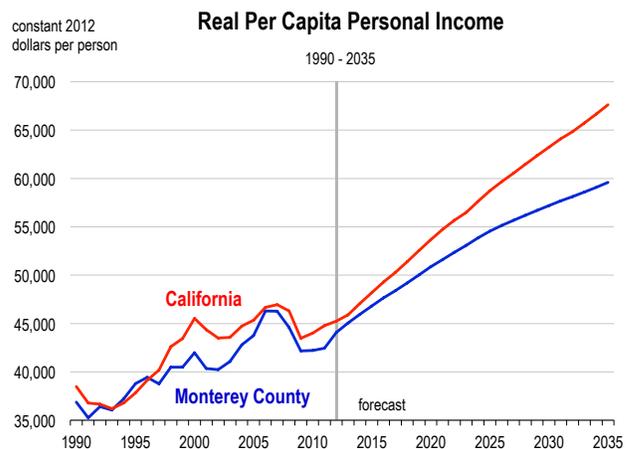
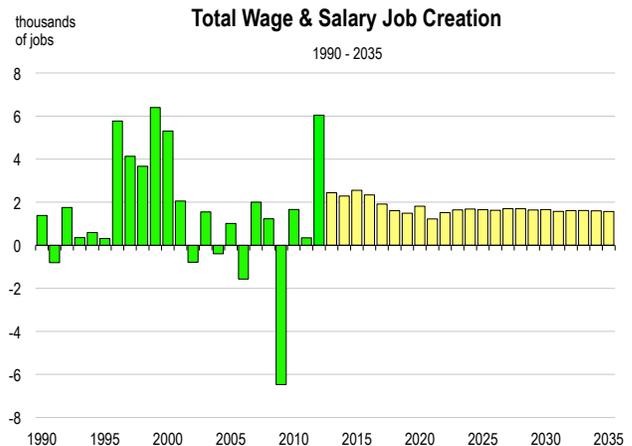
In 2012, a total of 6,000 wage and salary jobs were created in Monterey County, representing an increase of 3.6 percent. On an annual basis, this is the fastest increase since 1999, and total employment has now surpassed its pre-recession peak. In 2012, growth was primarily driven by the farm sector, which increased at a rate of 10.1 percent. The unemployment rate also improved, falling from 12.7 percent in 2011 to 11.5 percent in 2012.

During 2012, the largest job gains occurred in agriculture (+4,700 jobs), leisure and hospitality (+900 jobs), wholesale and retail trade (+390 jobs), and construction (+340 jobs). The largest declines were observed in the public sector (-410 jobs) and manufacturing (-380 jobs).

Between 2007 and 2012, the population of Monterey County grew at an average rate 0.7 percent per year. All of this growth can be attributed to the natural increase (new births), as the county lost an average of 1,800 people per year through net migration.

FORECAST HIGHLIGHTS

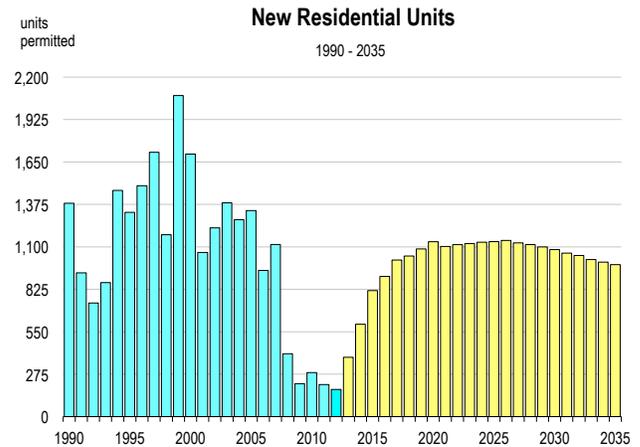
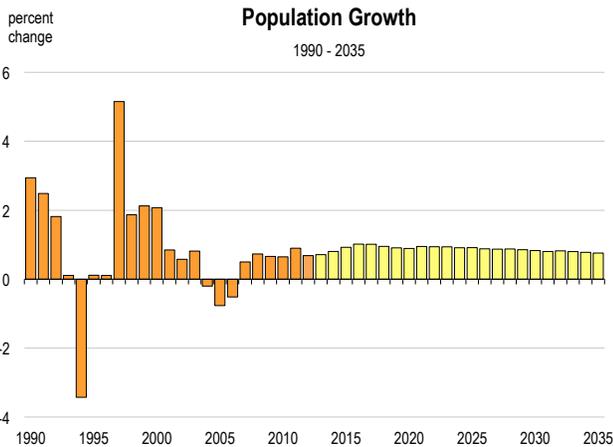
- Total employment is expected to increase by 1.4 percent in 2013. Between 2013 and 2018, growth will average 1.2 percent per year. During the same period, agricultural employment will increase by an average of 0.2 percent per year.
- Average salaries are currently below the California state average, and will remain so over the forecast period. Inflation adjusted salaries are expected to rise by an average of 0.7 percent per year between 2013 and 2018.
- Between 2013 and 2018, the largest employment gains will be observed in professional services, health and education, leisure and hospitality, and wholesale and retail trade. Together, these sectors will account for 66 percent of net job creation in the county.
- When compared to the preceding five years, population growth will accelerate between 2013 and 2018. Annual growth is expected to average 0.9 percent per year over this time frame.
- Over the 2013-2018 period, total net migration will be negative, as an average of 200 net migrants leave the county each year.
- Real income per capita is expected to rise by 2.2 percent in 2013. Between 2013 and 2018, real income per capita is forecast to increase by 1.8 percent per year.
- Total taxable sales, adjusted for inflation, will rise by an average of 1.7 percent per year from 2013 to 2018.
- Industrial production is forecast to increase by 4.6 percent in 2013. From 2013 to 2018, the growth rate of industrial production will average 3.9 percent per year.
- Farm production is expected to increase by 1.2 percent per year between 2013 and 2018. The principal crop in the county is lettuce.



Monterey County Economic Forecast

2006-2012 History, 2013-2040 Forecast

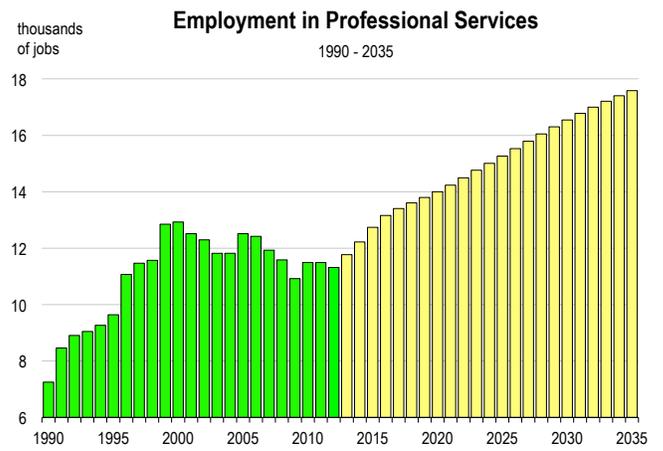
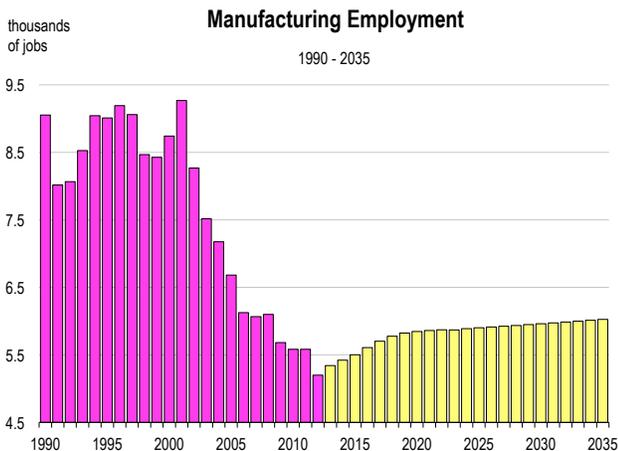
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	405,877	-7,135	348	125	948	\$5.7	\$16.4	\$46,305	3.3	3.99	1.71	7.0
2007	407,896	-3,230	349	126	1,116	\$5.7	\$17.0	\$46,273	3.2	4.24	1.75	7.2
2008	410,877	-2,425	349	126	408	\$5.4	\$17.0	\$44,600	3.1	4.12	1.90	8.5
2009	413,590	-2,301	349	126	213	\$4.7	\$16.4	\$42,160	0.9	4.30	1.74	11.8
2010	416,259	-1,893	352	126	285	\$5.0	\$16.7	\$42,212	1.2	4.22	1.74	12.8
2011	419,998	-873	348	125	208	\$5.3	\$17.4	\$42,445	2.6	3.96	1.81	12.7
2012	422,868	-1,635	348	125	176	\$5.6	\$18.6	\$44,077	2.7	4.14	1.83	11.5
2013	425,878	-1,340	347	125	384	\$5.8	\$19.6	\$45,056	2.3	4.19	1.92	10.3
2014	429,306	-908	348	126	599	\$6.1	\$20.6	\$45,957	2.7	4.24	1.98	9.6
2015	433,278	-347	349	126	817	\$6.3	\$21.8	\$46,803	2.1	4.28	2.06	8.7
2016	437,685	106	350	127	908	\$6.6	\$22.9	\$47,642	2.4	4.33	2.15	8.2
2017	442,121	152	352	127	1,015	\$6.9	\$24.1	\$48,406	2.1	4.38	2.23	8.0
2018	446,330	-70	354	128	1,041	\$7.2	\$25.3	\$49,189	2.1	4.44	2.32	8.0
2019	450,387	-225	356	129	1,087	\$7.5	\$26.6	\$50,023	2.1	4.49	2.41	7.9
2020	454,402	-250	358	130	1,133	\$7.8	\$27.9	\$50,875	2.1	4.54	2.50	8.0
2021	458,715	59	360	131	1,103	\$8.1	\$29.3	\$51,621	2.2	4.57	2.58	7.7
2022	463,032	70	362	132	1,114	\$8.3	\$30.7	\$52,360	2.3	4.62	2.66	7.4
2023	467,377	103	364	132	1,122	\$8.6	\$32.1	\$53,080	2.3	4.66	2.73	7.3
2024	471,638	26	366	133	1,130	\$8.9	\$33.6	\$53,852	2.4	4.72	2.82	7.4
2025	475,954	90	369	134	1,134	\$9.3	\$35.0	\$54,555	2.4	4.78	2.91	7.4
2026	480,146	-24	371	135	1,142	\$9.7	\$36.4	\$55,131	2.5	4.83	3.00	7.5
2027	484,331	-23	373	136	1,126	\$10.0	\$37.9	\$55,668	2.5	4.89	3.09	7.5
2028	488,576	46	376	137	1,115	\$10.4	\$39.4	\$56,192	2.5	4.94	3.19	7.6
2029	492,753	-15	378	138	1,099	\$10.8	\$40.9	\$56,698	2.5	4.99	3.29	7.6
2030	496,844	-95	380	138	1,082	\$11.1	\$42.5	\$57,194	2.5	5.04	3.39	7.7
2031	500,836	-188	383	139	1,059	\$11.6	\$44.1	\$57,681	2.5	5.07	3.49	7.7
2032	504,954	-59	385	140	1,044	\$12.0	\$45.7	\$58,114	2.5	5.11	3.60	7.8
2033	508,997	-133	387	141	1,018	\$12.5	\$47.4	\$58,588	2.5	5.16	3.72	7.8
2034	512,964	-207	390	142	1,001	\$13.0	\$49.2	\$59,085	2.5	5.22	3.83	7.8
2035	516,853	-281	392	142	985	\$13.4	\$51.1	\$59,603	2.5	5.28	3.95	7.9
2036	521,076	55	394	143	962	\$13.9	\$53.0	\$60,077	2.5	5.35	4.08	7.9
2037	525,226	-13	397	144	938	\$14.4	\$55.0	\$60,568	2.5	5.42	4.20	8.0
2038	529,300	-82	399	145	924	\$14.9	\$57.1	\$61,079	2.5	5.47	4.34	8.0
2039	533,407	-40	401	145	903	\$15.4	\$59.2	\$61,611	2.5	5.52	4.47	8.0
2040	537,453	-92	403	146	875	\$15.9	\$61.5	\$62,166	2.4	5.58	4.62	8.1

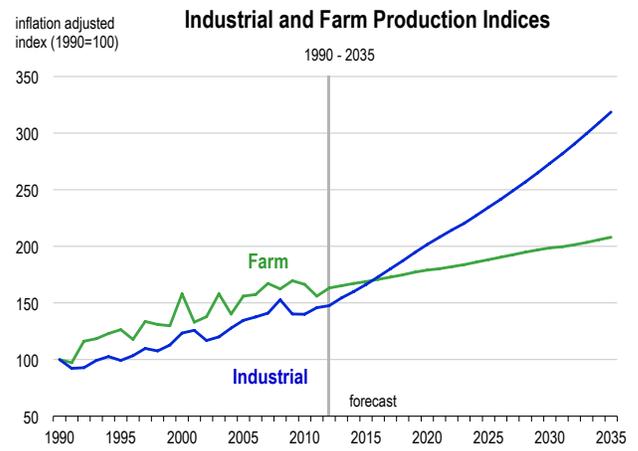
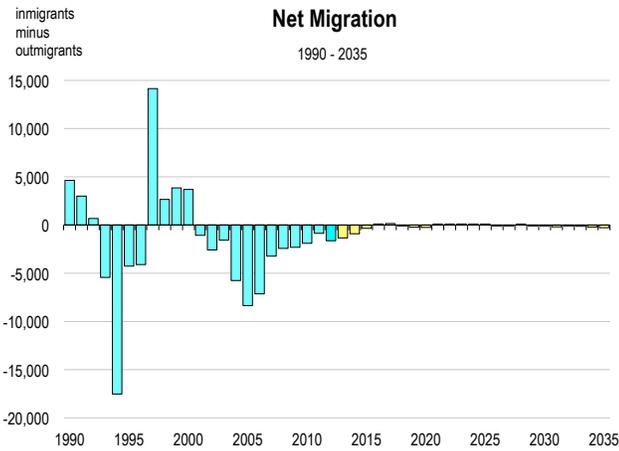
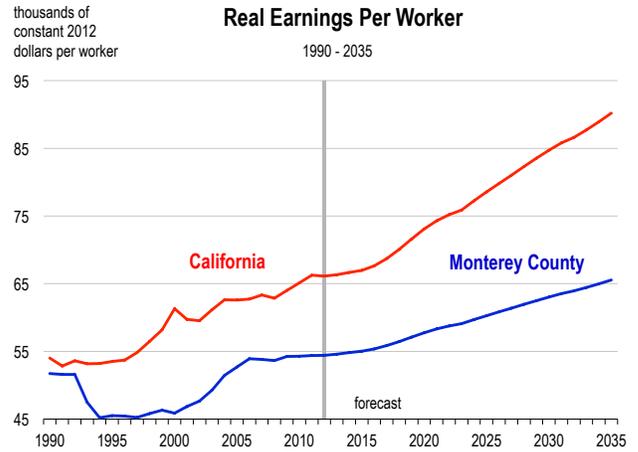
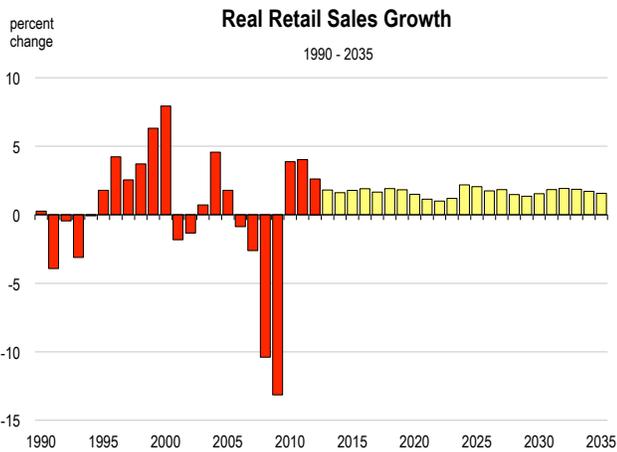


Monterey County Employment Forecast

2006-2012 History, 2013-2040 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	167.1	46.3	3.8	5.6	3.4	20.5	4.1	11.5	1.6	13.5	20.2	31.7
2012	173.1	51.0	4.2	5.2	3.8	20.9	4.2	11.3	1.5	13.8	21.1	31.3
2013	175.5	51.1	4.7	5.3	3.8	21.2	4.3	11.8	1.4	14.1	21.7	31.3
2014	177.8	51.2	4.8	5.4	3.9	21.5	4.3	12.2	1.3	14.6	22.0	31.4
2015	180.4	51.3	5.0	5.5	4.0	21.8	4.4	12.7	1.3	15.0	22.5	31.7
2016	182.7	51.4	5.1	5.6	4.1	22.0	4.4	13.2	1.2	15.3	23.0	32.0
2017	184.6	51.6	5.3	5.7	4.1	22.3	4.5	13.4	1.2	15.6	23.4	32.2
2018	186.2	51.7	5.4	5.8	4.2	22.5	4.5	13.6	1.1	15.9	23.8	32.2
2019	187.7	51.8	5.5	5.8	4.3	22.7	4.6	13.8	1.1	16.2	24.1	32.2
2020	189.5	51.9	5.6	5.8	4.3	22.9	4.6	14.0	1.1	16.3	24.4	32.9
2021	190.8	52.0	5.7	5.9	4.4	23.1	4.6	14.2	1.0	16.7	24.7	32.8
2022	192.3	52.1	5.7	5.9	4.4	23.2	4.7	14.5	1.0	17.0	25.0	33.0
2023	193.9	52.2	5.8	5.9	4.4	23.4	4.7	14.8	1.0	17.3	25.3	33.3
2024	195.6	52.3	5.9	5.9	4.4	23.6	4.8	15.0	1.0	17.6	25.6	33.6
2025	197.3	52.5	6.0	5.9	4.4	23.8	4.9	15.3	0.9	17.9	25.9	33.8
2026	198.9	52.6	6.1	5.9	4.4	24.0	4.9	15.5	0.9	18.2	26.2	34.0
2027	200.6	52.7	6.2	5.9	4.5	24.2	5.0	15.8	0.9	18.5	26.5	34.2
2028	202.3	52.8	6.4	5.9	4.5	24.3	5.0	16.1	0.9	18.8	26.8	34.5
2029	203.9	52.9	6.5	5.9	4.5	24.5	5.1	16.3	0.9	19.1	27.1	34.7
2030	205.6	53.0	6.6	6.0	4.5	24.7	5.2	16.5	0.9	19.4	27.4	35.0
2031	207.2	53.1	6.7	6.0	4.5	24.9	5.2	16.8	0.9	19.6	27.7	35.2
2032	208.8	53.2	6.9	6.0	4.6	25.1	5.3	17.0	0.9	19.9	28.0	35.5
2033	210.4	53.3	7.0	6.0	4.6	25.3	5.3	17.2	0.9	20.2	28.3	35.7
2034	212.0	53.4	7.1	6.0	4.6	25.5	5.4	17.4	0.9	20.4	28.6	36.0
2035	213.5	53.5	7.2	6.0	4.6	25.7	5.5	17.6	0.9	20.7	28.9	36.2
2036	215.1	53.6	7.3	6.0	4.6	25.9	5.5	17.8	0.9	21.0	29.2	36.5
2037	216.7	53.8	7.4	6.1	4.7	26.0	5.6	18.0	0.9	21.2	29.5	36.7
2038	218.2	53.9	7.5	6.1	4.7	26.2	5.6	18.1	0.9	21.5	29.8	37.0
2039	219.8	54.0	7.6	6.1	4.7	26.3	5.7	18.3	0.9	21.8	30.1	37.2
2040	221.3	54.1	7.7	6.1	4.7	26.5	5.7	18.5	0.9	22.0	30.4	37.5





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

Expected retail sales growth:	9.2%
Expected job growth:	6.1%
Fastest growing jobs sector:	Professional Services
Expected personal income growth:	14.4%

Expected population growth:	4.8%
Net migration to account for:	0%
Expected growth in number of vehicles:	1.9%

Demographics (2013)

Unemployment rate (April 2013):	10.0%
County Rank in California (58 counties):	32nd
Percent of population working age (16-64):	65.0

Population with B.A. or higher:	22.6%
Median Home Selling Price (2012):	\$280,000
Median Household Income :	\$55,840

Quality of Life

Violent Crime rate (2010):	465 per 100,000 persons
County Rank in California (58 counties):	41st
Average Commute Time to work (2013):	24.2 minutes

High School drop out rate (2011):	11.6%
Households at/below poverty line (2013):	12.5%

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