

SAN LUIS OBISPO COUNTY ECONOMIC FORECAST

San Luis Obispo County is located on the central coast of California, north of Santa Barbara County. It is one of the principal regions for California's wine industry. The county has a population of 271,000 people and a total of 106,500 wage and salary jobs. The per capita income is \$41,679 and the average salary per worker is \$46,637.

In 2011, San Luis Obispo County gained 1,400 wage and salary jobs, representing a growth rate of 1.4 percent. The unemployment rate improved substantially, falling from 9.4 percent in 2011 to 8.1 percent in 2012.

The principal employment clusters in San Luis Obispo County are retail trade, leisure services, education and healthcare services, and government. However, with 20,700 jobs, the public sector dominates all other industries. This is primarily because the county has several large state institutions, including Cal Poly State University, Cuesta College, Atascadero State Hospital, the California Men's Colony, and the California Youth Authority.

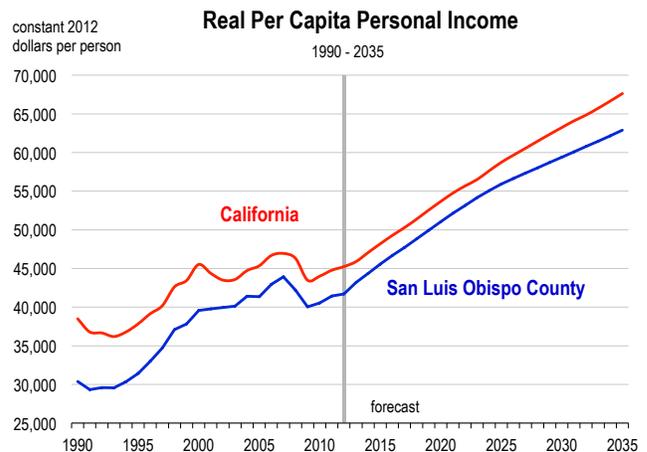
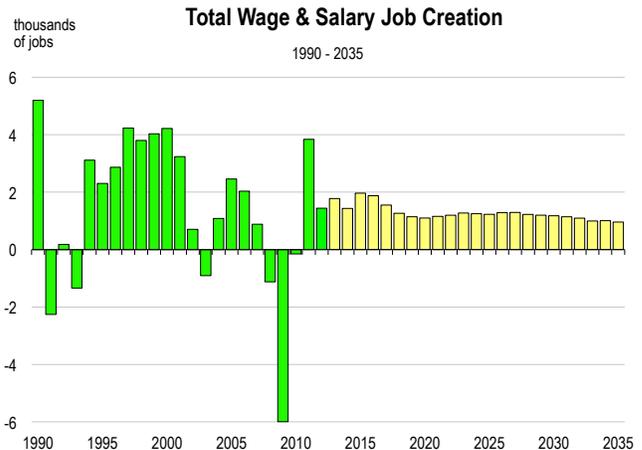
Since 2008, government employment has fallen by 11.0 percent in San Luis Obispo County, one of the largest declines in the state. On an annual average basis, government employment will largely be flat through 2014, with growth returning thereafter.

In 2012, the largest employment gains were observed in agriculture (+350 jobs), professional services (+270 jobs), leisure and hospitality (+270 jobs), wholesale and retail trade (+220 jobs), and manufacturing (+160 jobs). No sectors were characterized by significant declines.

From 2007-2012, the population of San Luis Obispo County increased by 0.5 percent per year. This was largely due to net migration; an average of 1,100 net migrants entered the county each year, representing 79 percent of total employment growth. Net migration will continue to account for the majority of all population growth, as an older resident base leads to a low birth rate.

FORECAST HIGHLIGHTS

- In 2013, total employment is expected to increase by 1.7 percent. From 2013 to 2018, growth is expected to average 1.5 percent per year.
- Average salaries are currently well below the California state average, and will remain so over the forecast horizon. Real average salaries will rise by an average of 0.9 percent per year between 2013 and 2018.
- The professional services, leisure and hospitality, construction, wholesale and retail trade, and government sectors will exhibit the strongest job growth between 2013 and 2018. Together, these sectors will account for 70 percent of net job creation in the county.
- Population growth will accelerate slightly, with growth averaging 0.9 percent per year between 2013 and 2018.

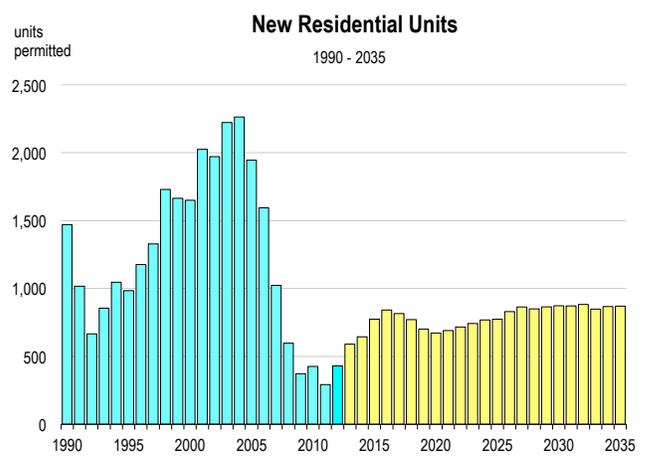
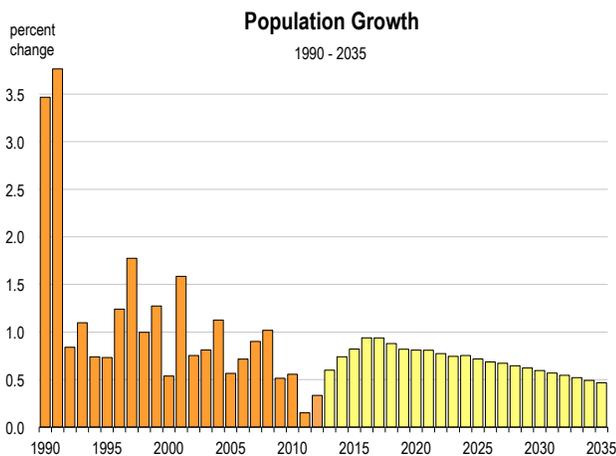


- Between 2013 and 2018, an average of 1,900 net migrants will enter the county each year, accounting for 81 percent of total population growth. Many of these individuals will settle in the north county, especially the Paso Robles area, where more housing will be built.
- Real income per capita will rise by 3.6 percent in 2013. Over the 2013-2018 period, growth will average 2.5 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 3.7 percent per year over the 2013-2018 period.
- Industrial production is forecast to increase by 4.1 percent in 2013. From 2013 to 2018, the growth rate of industrial production will average 2.7 percent per year.
- Farm production is forecast to increase by 0.6 percent per year between 2013 and 2018. The principal crops in the county are strawberries and wine grapes.

San Luis Obispo County Economic Forecast

2006-2012 History, 2013-2040 Forecast

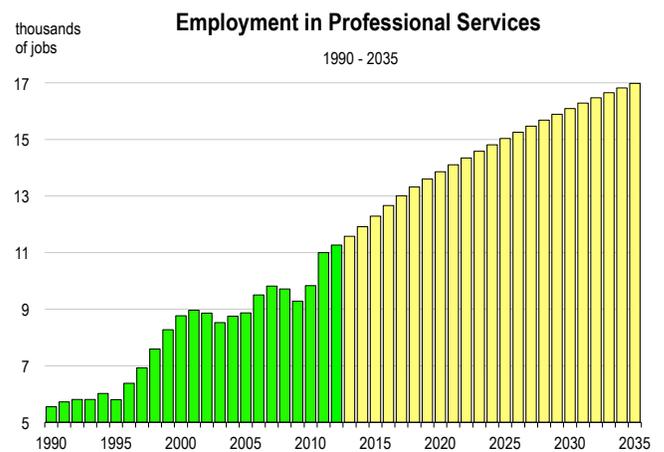
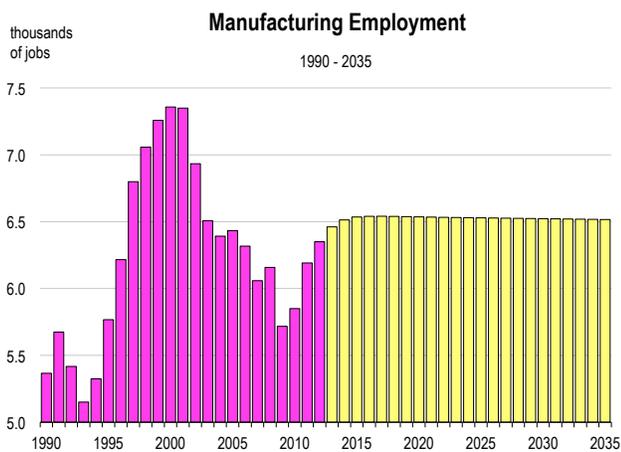
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (millions)	Unemploy- ment Rate (percent)
2006	261,803	946	288	98.6	1,595	\$4.22	\$10.00	\$42,954	4.3	709.1	1,585	3.9
2007	264,162	1,161	285	99.9	1,024	\$4.27	\$10.65	\$43,909	3.3	694.8	1,588	4.3
2008	266,850	1,709	286	100.7	597	\$3.97	\$10.71	\$42,206	3.5	634.1	1,659	5.7
2009	268,224	2,028	285	101.1	373	\$3.44	\$10.13	\$40,038	-0.8	660.6	1,582	9.0
2010	269,713	742	286	102.1	427	\$3.61	\$10.44	\$40,535	1.2	746.7	1,652	9.9
2011	270,119	1,034	286	102.2	293	\$4.02	\$10.97	\$41,425	2.7	751.2	1,773	9.4
2012	271,021	-67	286	102.7	430	\$4.50	\$11.30	\$41,697	2.0	750.9	1,854	8.1
2013	272,644	1,138	286	103.2	590	\$4.80	\$12.00	\$43,185	1.7	758.1	1,931	7.1
2014	274,660	1,518	287	103.7	644	\$5.07	\$12.71	\$44,346	2.1	763.3	1,985	6.4
2015	276,915	1,765	289	104.3	774	\$5.45	\$13.51	\$45,554	1.5	768.0	2,037	5.5
2016	279,513	2,133	293	104.9	841	\$5.83	\$14.32	\$46,683	1.8	772.6	2,086	4.8
2017	282,135	2,180	297	105.6	815	\$6.16	\$15.14	\$47,714	1.5	776.1	2,142	4.6
2018	284,613	2,060	301	106.3	771	\$6.49	\$15.99	\$48,821	1.5	779.2	2,201	4.5
2019	286,944	1,951	304	107.0	701	\$6.80	\$16.89	\$49,939	1.5	783.1	2,269	4.5
2020	289,267	1,963	307	107.6	672	\$7.12	\$17.81	\$51,035	1.5	787.5	2,339	4.5
2021	291,606	1,991	310	108.2	690	\$7.47	\$18.77	\$52,147	1.6	791.9	2,405	4.3
2022	293,859	1,923	313	108.8	717	\$7.83	\$19.72	\$53,151	1.7	796.8	2,473	4.0
2023	296,046	1,863	316	109.5	742	\$8.17	\$20.73	\$54,158	1.7	801.6	2,533	3.8
2024	298,274	1,925	319	110.1	769	\$8.54	\$21.66	\$55,072	1.8	806.5	2,603	3.8
2025	300,412	1,863	322	110.8	774	\$8.93	\$22.59	\$55,901	1.8	811.3	2,675	3.8
2026	302,471	1,814	327	111.4	830	\$9.36	\$23.51	\$56,630	1.9	816.1	2,747	3.8
2027	304,501	1,815	331	112.1	864	\$9.80	\$24.46	\$57,328	1.9	820.8	2,822	3.8
2028	306,465	1,780	335	112.9	850	\$10.20	\$25.42	\$58,019	1.9	825.6	2,898	3.8
2029	308,370	1,753	340	113.6	865	\$10.61	\$26.42	\$58,701	1.9	830.3	2,976	3.8
2030	310,204	1,716	343	114.4	873	\$11.02	\$27.45	\$59,389	1.9	834.9	3,057	3.8
2031	311,968	1,678	347	115.1	872	\$11.44	\$28.50	\$60,092	1.9	839.4	3,139	3.8
2032	313,668	1,643	350	115.9	883	\$11.88	\$29.59	\$60,780	1.9	844.4	3,224	3.8
2033	315,300	1,602	354	116.7	848	\$12.31	\$30.69	\$61,451	1.9	849.3	3,311	3.8
2034	316,849	1,557	357	117.4	867	\$12.76	\$31.84	\$62,160	1.9	854.2	3,401	3.8
2035	318,327	1,524	359	118.2	870	\$13.22	\$33.03	\$62,887	1.9	858.9	3,493	3.8
2036	319,737	1,490	362	119.0	864	\$13.70	\$34.26	\$63,599	1.9	863.9	3,587	3.8
2037	321,080	1,460	365	119.7	851	\$14.20	\$35.53	\$64,320	1.9	868.7	3,684	3.8
2038	322,362	1,437	367	120.5	852	\$14.70	\$36.84	\$65,062	1.9	873.1	3,784	3.8
2039	323,585	1,416	369	121.2	856	\$15.21	\$38.20	\$65,848	1.9	878.0	3,886	3.8
2040	324,753	1,398	371	122.0	865	\$15.74	\$39.62	\$66,682	1.8	882.8	3,982	3.8

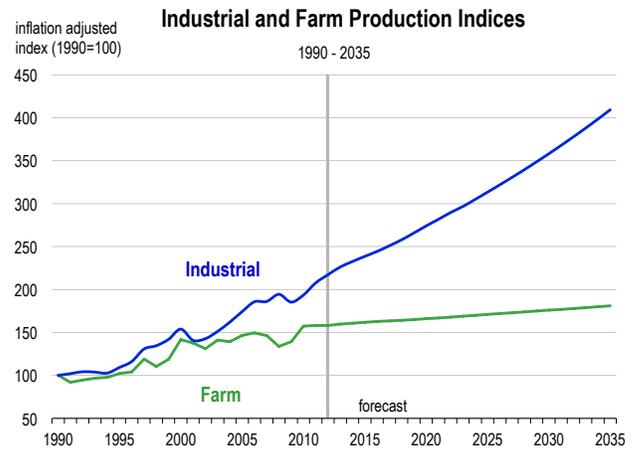
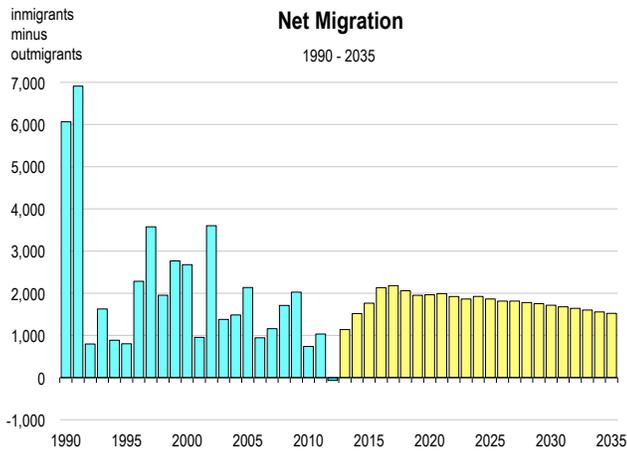
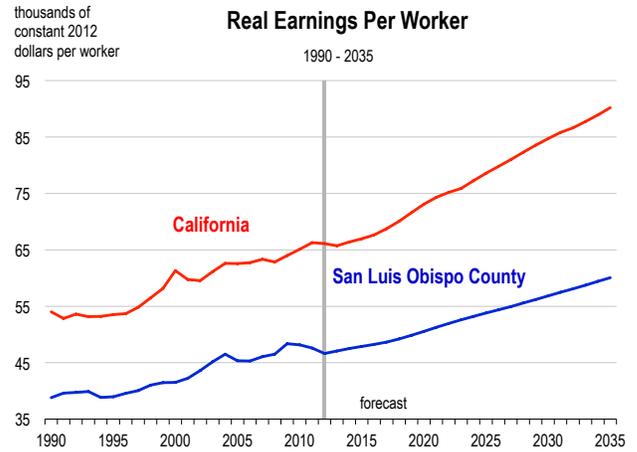
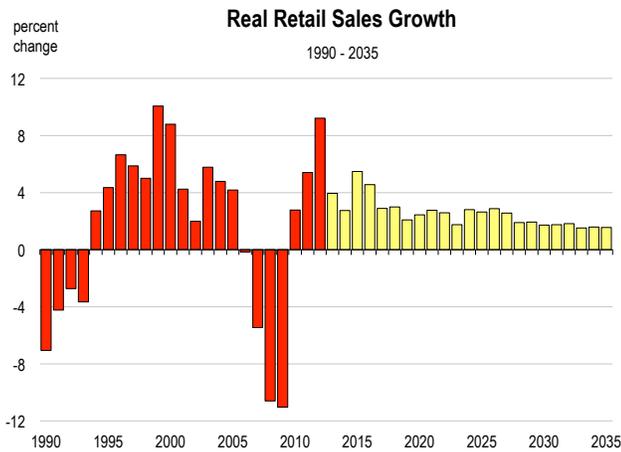


San Luis Obispo County Employment Forecast

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	107.6	4.3	8.2	6.3	3.8	17.0	4.9	9.5	1.5	10.8	15.0	22.2
2007	108.5	4.5	7.6	6.1	4.1	16.9	4.6	9.8	1.4	11.1	15.7	22.3
2008	107.4	4.4	6.6	6.2	3.9	16.5	4.2	9.7	1.4	11.4	15.4	23.3
2009	101.4	3.8	5.3	5.7	3.6	15.3	4.0	9.3	1.2	11.3	15.0	22.3
2010	101.2	4.7	4.9	5.9	3.6	15.5	3.9	9.8	1.2	11.5	14.8	20.9
2011	105.1	5.0	5.4	6.2	3.7	16.1	4.1	11.0	1.2	11.8	15.3	20.8
2012	106.5	5.3	5.4	6.4	3.7	16.3	4.2	11.3	1.2	11.8	15.6	20.7
2013	108.3	5.4	5.7	6.5	3.8	16.4	4.3	11.6	1.2	11.9	16.1	20.7
2014	109.7	5.5	6.0	6.5	3.8	16.7	4.3	11.9	1.3	12.0	16.4	20.7
2015	111.7	5.5	6.3	6.5	3.8	17.1	4.4	12.3	1.3	12.1	16.8	20.8
2016	113.6	5.5	6.6	6.5	3.9	17.4	4.4	12.7	1.3	12.3	17.1	21.0
2017	115.1	5.4	6.8	6.5	3.9	17.7	4.4	13.0	1.4	12.4	17.5	21.1
2018	116.4	5.4	6.9	6.5	3.9	18.0	4.5	13.3	1.4	12.5	17.7	21.2
2019	117.5	5.4	6.9	6.5	4.0	18.3	4.6	13.6	1.4	12.7	17.9	21.4
2020	118.6	5.4	6.9	6.5	4.0	18.5	4.6	13.9	1.4	12.8	18.1	21.5
2021	119.8	5.4	7.0	6.5	4.0	18.7	4.7	14.1	1.4	13.0	18.3	21.6
2022	121.0	5.4	7.1	6.5	4.0	19.0	4.7	14.3	1.5	13.1	18.5	21.8
2023	122.3	5.4	7.1	6.5	4.0	19.2	4.8	14.6	1.5	13.2	18.8	22.0
2024	123.5	5.5	7.2	6.5	4.0	19.4	4.9	14.8	1.5	13.4	19.0	22.2
2025	124.7	5.5	7.3	6.5	4.0	19.6	5.0	15.0	1.5	13.5	19.2	22.3
2026	126.0	5.5	7.4	6.5	4.0	19.9	5.0	15.3	1.5	13.7	19.4	22.5
2027	127.3	5.6	7.5	6.5	4.0	20.1	5.1	15.5	1.5	13.9	19.7	22.7
2028	128.5	5.6	7.6	6.5	4.0	20.3	5.2	15.7	1.5	14.1	19.9	22.8
2029	129.7	5.6	7.7	6.5	4.1	20.5	5.2	15.9	1.6	14.3	20.1	23.0
2030	130.9	5.6	7.7	6.5	4.1	20.7	5.3	16.1	1.6	14.5	20.4	23.2
2031	132.1	5.7	7.7	6.5	4.1	20.9	5.4	16.3	1.6	14.7	20.6	23.3
2032	133.2	5.7	7.8	6.5	4.1	21.0	5.4	16.5	1.6	14.8	20.8	23.5
2033	134.2	5.7	7.7	6.5	4.1	21.2	5.5	16.7	1.6	15.0	21.0	23.7
2034	135.2	5.8	7.7	6.5	4.1	21.3	5.6	16.8	1.6	15.1	21.3	23.8
2035	136.1	5.8	7.7	6.5	4.1	21.5	5.6	17.0	1.7	15.2	21.5	24.0
2036	137.0	5.8	7.7	6.5	4.1	21.6	5.7	17.1	1.7	15.3	21.7	24.2
2037	137.9	5.8	7.7	6.5	4.1	21.8	5.7	17.3	1.7	15.4	22.0	24.3
2038	138.8	5.9	7.7	6.5	4.1	21.9	5.8	17.4	1.7	15.4	22.2	24.5
2039	139.6	5.9	7.7	6.5	4.1	22.0	5.9	17.6	1.7	15.5	22.4	24.7
2040	140.5	5.9	7.7	6.5	4.1	22.2	5.9	17.7	1.7	15.6	22.6	24.8





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

Expected retail sales growth:	20.1%
Expected job growth:	7.5%
Fastest growing jobs sector:	Construction
Expected personal income growth:	18.0%

Expected population growth:	4.4%
Net migration to account for:	80.7%
Expected growth in number of vehicles:	5.1%

Demographics (2013)

Unemployment rate (April 2013):	6.1%
County Rank in California (58 counties):	7th
Percent of population working age (16-64):	67.3%

Population with B.A. or higher:	30.6%
Median Home Selling Price (2012):	\$360,000
Median Household Income:	\$55,526

Quality of Life

Violent Crime rate (2010):	261 per 100,000 persons
County Rank in California (58 counties):	15th
Average Commute Time to work (2013):	22.2 minutes

High School drop out rate (2011):	7.8%
Households at/below poverty line (2013):	7.0%

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