

CALIFORNIA ECONOMIC FORECAST

In 2014, the state's official population was 38.5 million people, and total wage and salary employment stood at just over 16.0 million jobs. California accounts for 12.1 percent of the U.S. population and 11.6 percent of the nation's non-farm wage and salary employment. The per capita income in California is \$50,425 and the average salary per worker is \$67,190.

In 2014, a total of 465,000 wage and salary jobs were gained in California, representing an increase of 3.0 percent. Over the last two years, growth has average 3.1 percent, which is the fastest two-year increase since the year 2000. The farm sector, which accounts for 2.6 percent of total wage-and-salary employment, increased by 5,000 jobs over the course of the year. The unemployment rate improved substantially, falling from 9.0 percent in 2013 to 7.5 percent in 2014.

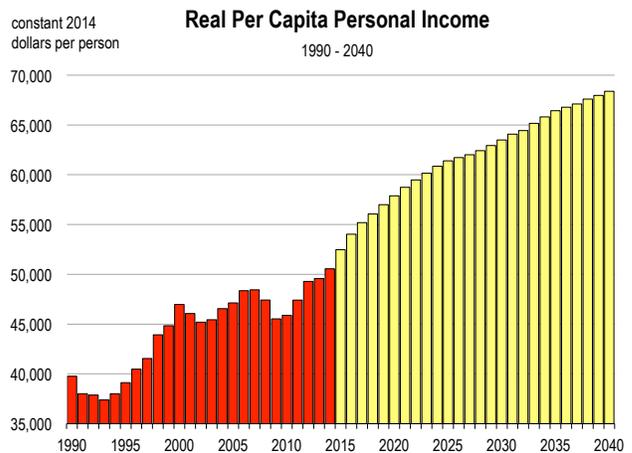
All major employment sectors created jobs in 2014. The largest increases were observed in professional and business services (+92,000 jobs), education and healthcare (+89,000 jobs), leisure and hospitality (+81,000 jobs), and wholesale and retail trade (+58,000 jobs).

Between 2009 and 2014, the state population grew at an annual average rate of 0.8 percent. In total, growth occurred in 44 counties, while declines were observed in 12 counties, and one county had virtually no change. The fastest growing county was Placer, which increased at an average rate of 1.4 percent per year, while the county with most rapid decline was Alpine, which fell by 1.2 percent per year.

Over the 2009-2014 period, the majority of all population growth was the result of the natural increase (new births), which added almost 260,000 new residents each year. Over the same time frame, overall net migration was positive, but low, as the state gained an average of 18,800 residents per year through the migratory process.

FORECAST HIGHLIGHTS

- In 2015, total wage and salary employment will increase by 2.5 percent. Between 2015 and 2020, growth will average 1.3 percent per year. Farm employment will grow by just 0.4 percent per year during this period.
- Average salaries, adjusted for inflation, are forecasted to increase by 1.7 percent in 2015. Over the 2015-2020 period, average salaries will increase by 1.3 percent per year.
- Between 2015 and 2020, job creation will be spread across a broad range of industries. The largest gains will occur in professional and business services (+271,800 jobs), education and healthcare (+222,800 jobs), leisure and hospitality (+120,300 jobs), wholesale and retail trade (+93,300 jobs), and construction (+86,400 jobs). Together, these sectors will account for 71 percent of net job creation in the state.

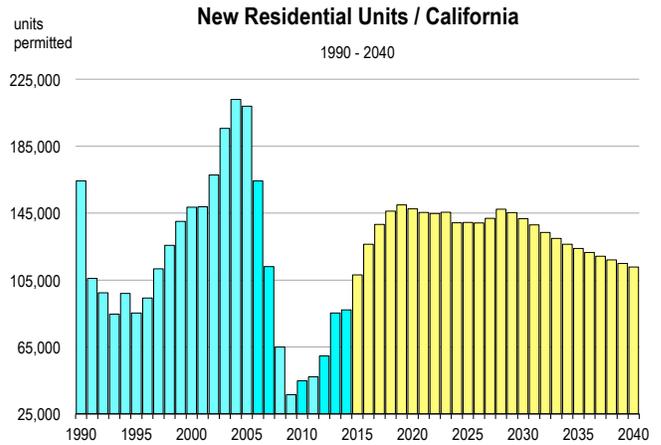
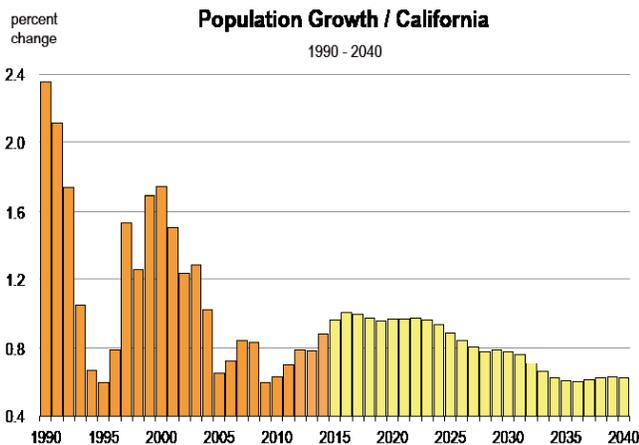


- The population growth rate will increase moderately over the medium term, averaging 1.0 percent per year during the 2015-2020 period.
- Net migration is expected to be positive over the forecast period. In 2015, approximately 123,500 net migrants will enter the state. Over the following five years, an average of 139,600 net migrants will enter each year.
- Real per capita income is forecasted to increase by 3.4 percent in 2015. Between 2015 and 2020, real per capita income is expected to rise by an average of 1.9 percent per year.
- Total taxable sales, adjusted for inflation, are forecasted to grow by 3.2 percent in 2015. From 2015 to 2020, real taxable sales will increase at an average annual rate of 1.3 percent per year.
- Industrial production is expected to increase by 4.1 percent in 2015. Between 2015 and 2020, the growth rate of industrial production will average 3.7 percent per year. Total crop production, adjusted for inflation, is expected to rise by an average of 0.6 percent per year between 2015 and 2020.

California Economic Forecast

2006-2014 History, 2015-2040 Forecast

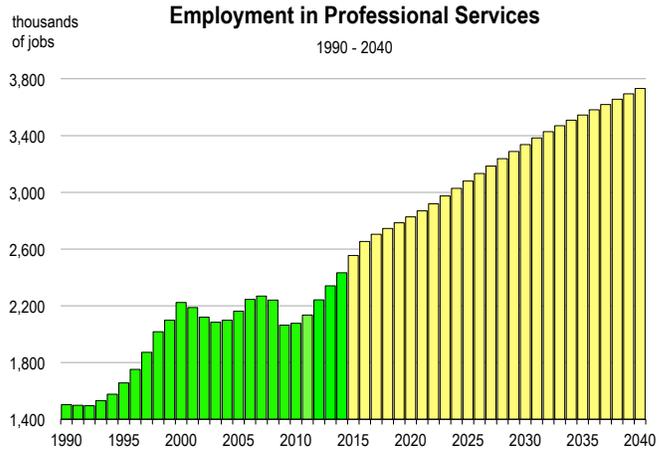
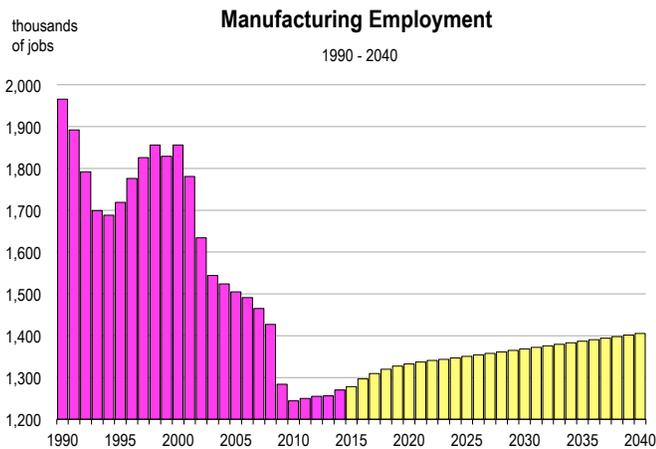
	Population (millions)	Net Migration (thousands)	Registered Vehicles (millions)	Households (millions)	New Homes Permitted (thousands)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	36.25	-52.8	31.5	12.2	164.3	\$542.4	\$1,453.3	\$48,347	3.2	37.9	318.3	4.9
2007	36.55	-24.2	31.5	12.4	113.0	\$544.9	\$1,518.7	\$48,435	3.4	42.5	323.4	5.4
2008	36.86	-25.2	31.9	12.5	65.0	\$513.9	\$1,543.0	\$47,407	2.9	41.5	335.9	7.3
2009	37.08	-89.1	31.8	12.5	36.4	\$446.3	\$1,502.8	\$45,517	0.8	38.2	310.7	11.2
2010	37.31	-55.4	31.9	12.6	44.8	\$467.0	\$1,544.4	\$45,878	1.3	41.1	299.5	12.2
2011	37.57	-11.3	31.7	12.6	47.1	\$509.4	\$1,649.4	\$47,393	2.7	45.7	302.9	11.7
2012	37.87	39.4	31.8	12.6	59.6	\$548.6	\$1,773.7	\$49,259	2.7	46.2	321.5	10.4
2013	38.16	38.8	32.8	12.7	85.3	\$581.1	\$1,838.5	\$49,544	2.3	48.2	331.7	9.0
2014	38.50	82.4	33.4	12.8	87.2	\$613.8	\$1,941.3	\$50,425	2.8	49.3	346.1	7.5
2015	38.87	123.5	33.7	12.8	108.1	\$641.2	\$2,051.1	\$52,151	1.2	49.4	360.3	6.2
2016	39.26	144.9	33.8	12.9	126.4	\$673.3	\$2,198.2	\$53,642	3.2	49.5	374.0	5.2
2017	39.65	143.4	34.0	13.0	138.3	\$703.5	\$2,338.3	\$54,725	3.2	49.8	387.2	4.9
2018	40.04	135.7	34.3	13.2	146.2	\$734.3	\$2,470.3	\$55,572	3.0	49.9	402.3	4.8
2019	40.42	133.1	34.7	13.3	149.9	\$765.0	\$2,607.5	\$56,493	2.8	50.2	417.3	4.7
2020	40.81	140.7	35.0	13.5	147.5	\$796.1	\$2,751.8	\$57,362	2.9	50.8	432.3	4.6
2021	41.21	147.0	35.4	13.6	145.4	\$828.3	\$2,904.3	\$58,190	3.0	50.8	447.0	4.7
2022	41.61	151.5	35.7	13.7	144.8	\$860.9	\$3,060.8	\$58,900	3.1	51.2	462.0	4.7
2023	42.01	152.4	36.0	13.9	145.5	\$891.1	\$3,207.3	\$59,549	2.7	51.3	478.2	4.6
2024	42.40	146.9	36.3	14.0	139.2	\$920.3	\$3,363.0	\$60,317	2.6	51.6	493.6	4.6
2025	42.78	131.6	36.7	14.1	139.4	\$950.6	\$3,522.0	\$60,939	2.8	51.8	509.9	4.6
2026	43.14	118.3	37.0	14.3	139.1	\$981.7	\$3,678.6	\$61,368	2.8	52.1	527.2	4.6
2027	43.48	108.7	37.4	14.4	141.9	\$1,015.1	\$3,838.2	\$61,760	2.8	52.3	545.6	4.6
2028	43.82	103.7	37.8	14.5	147.3	\$1,051.1	\$4,004.9	\$62,288	2.7	52.6	565.8	4.6
2029	44.17	113.3	38.1	14.7	145.3	\$1,088.0	\$4,176.6	\$62,898	2.5	52.8	587.3	4.6
2030	44.52	114.9	38.5	14.8	141.7	\$1,128.1	\$4,352.3	\$63,528	2.4	53.1	609.6	4.6
2031	44.85	110.8	38.8	14.9	138.0	\$1,172.7	\$4,531.3	\$64,180	2.3	53.3	632.7	4.6
2032	45.17	93.8	39.1	15.1	133.5	\$1,221.2	\$4,708.2	\$64,622	2.5	53.6	656.6	4.6
2033	45.47	75.5	39.5	15.2	129.9	\$1,270.1	\$4,899.9	\$65,445	2.1	53.9	681.5	4.6
2034	45.76	63.8	39.8	15.3	126.4	\$1,320.5	\$5,101.1	\$66,202	2.3	54.1	707.2	4.6
2035	46.03	60.6	40.2	15.4	123.9	\$1,371.1	\$5,311.7	\$66,933	2.4	54.4	733.9	4.6
2036	46.31	61.8	40.5	15.5	121.5	\$1,422.5	\$5,527.7	\$67,385	2.8	54.7	761.6	4.6
2037	46.59	73.5	40.9	15.7	119.2	\$1,473.3	\$5,754.0	\$67,785	2.8	55.0	790.3	4.6
2038	46.89	81.9	41.2	15.8	117.0	\$1,523.5	\$5,992.4	\$68,338	2.7	55.2	820.1	4.6
2039	47.18	86.7	41.6	15.9	114.9	\$1,574.7	\$6,239.3	\$68,752	2.8	55.5	851.0	4.6
2040	47.48	89.4	42.0	16.0	112.8	\$1,625.4	\$6,493.3	\$69,202	2.8	55.8	883.0	4.6

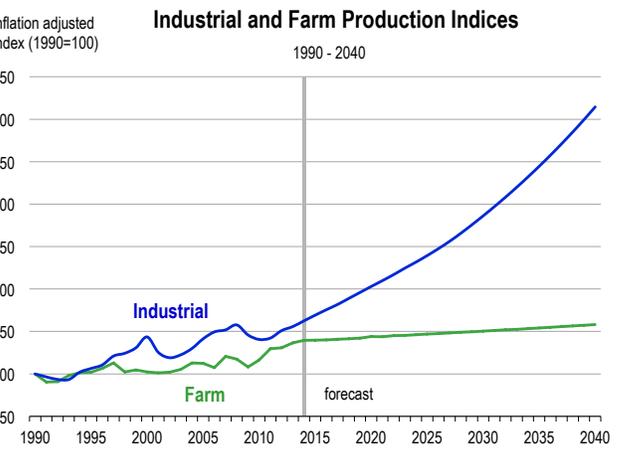
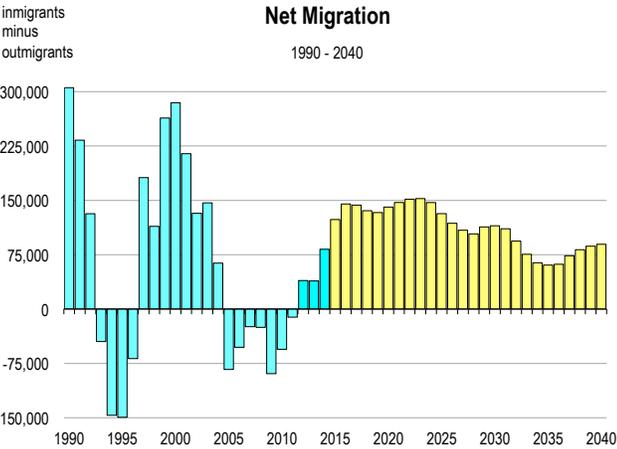


California Employment Forecast

2006-2014 History, 2015-2040 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	15,662	375	934	1,491	496	2,380	928	2,245	466	1,843	1,519	2,453
2007	15,798	384	893	1,465	508	2,405	897	2,268	471	1,913	1,560	2,495
2008	15,635	389	788	1,427	505	2,345	842	2,241	476	1,990	1,573	2,519
2009	14,747	372	623	1,284	474	2,168	783	2,064	441	2,044	1,503	2,479
2010	14,599	383	560	1,244	466	2,162	760	2,077	429	2,056	1,502	2,448
2011	14,755	389	561	1,250	474	2,205	762	2,135	431	2,084	1,536	2,405
2012	15,112	399	590	1,255	487	2,247	773	2,242	435	2,172	1,599	2,377
2013	15,596	412	637	1,256	503	2,291	783	2,341	449	2,325	1,676	2,375
2014	16,061	417	675	1,270	522	2,349	784	2,433	458	2,414	1,757	2,411
2015	16,468	413	690	1,278	541	2,397	803	2,555	472	2,464	1,824	2,443
2016	16,819	414	726	1,297	552	2,429	815	2,654	484	2,516	1,868	2,465
2017	17,043	416	748	1,309	559	2,453	825	2,704	490	2,546	1,901	2,481
2018	17,245	419	760	1,320	569	2,469	834	2,745	497	2,592	1,926	2,492
2019	17,419	420	769	1,327	578	2,482	843	2,785	503	2,640	1,939	2,504
2020	17,588	422	777	1,332	588	2,491	851	2,827	510	2,687	1,944	2,524
2021	17,732	423	779	1,337	598	2,499	859	2,869	516	2,735	1,949	2,523
2022	17,891	423	783	1,341	609	2,507	869	2,919	521	2,784	1,950	2,528
2023	18,060	424	788	1,343	620	2,516	880	2,974	525	2,836	1,952	2,534
2024	18,228	424	794	1,347	631	2,525	892	3,028	530	2,880	1,954	2,544
2025	18,388	424	793	1,351	642	2,534	904	3,079	535	2,923	1,958	2,553
2026	18,550	424	795	1,354	654	2,543	916	3,133	540	2,964	1,964	2,561
2027	18,715	425	797	1,358	666	2,551	929	3,185	545	3,004	1,971	2,569
2028	18,886	425	804	1,361	678	2,560	941	3,237	550	3,045	1,981	2,577
2029	19,063	425	812	1,365	690	2,569	953	3,288	556	3,084	1,995	2,586
2030	19,235	426	815	1,368	702	2,578	965	3,337	561	3,126	2,011	2,594
2031	19,405	426	816	1,372	715	2,587	977	3,383	566	3,169	2,027	2,602
2032	19,573	426	815	1,376	727	2,596	988	3,428	572	3,212	2,044	2,611
2033	19,737	426	814	1,379	740	2,606	1,000	3,470	577	3,255	2,060	2,619
2034	19,901	427	814	1,383	754	2,615	1,011	3,509	583	3,298	2,076	2,628
2035	20,062	427	814	1,387	767	2,624	1,023	3,545	588	3,340	2,093	2,636
2036	20,226	427	816	1,390	781	2,633	1,034	3,582	594	3,381	2,110	2,645
2037	20,391	427	819	1,394	795	2,642	1,046	3,619	600	3,422	2,127	2,654
2038	20,558	428	822	1,398	809	2,651	1,058	3,656	605	3,464	2,144	2,662
2039	20,726	428	825	1,402	824	2,661	1,069	3,694	611	3,506	2,161	2,671
2040	20,896	428	827	1,405	838	2,670	1,081	3,732	617	3,548	2,178	2,680





State Economic and Demographic Indicators

Projected Economic Growth (2015-2020)

Expected retail sales growth:	7.1%
Expected job growth:	6.8%
Fastest growing jobs sector:	Construction
Expected personal income growth:	15.5%

Expected population growth:	5.0%
Net migration to account for:	35.9%
Expected growth in number of vehicles:	3.8%

Demographics (2015)

Unemployment rate (March 2015):	6.5%
County rank* in California (58 counties):	NA
Working age (16-64) population:	66.0%

Population with B.A. degree or higher:	30.7%
Median home selling price (2014):	449,000
Median household income:	\$60,224

Quality of Life

Violent crime rate (2013):	402 per 100,000 persons
County rank* in California (58 counties):	NA
Average commute time to work (2015):	30.1 minutes

High School drop out rate (2014):	12.0%
Households at/below poverty line (2015):	12.6%

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