

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 approximately 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 435,700 people and a total of 187,500 wage and salary jobs. The income per capita is \$48,890 and the average salary per worker is \$54,874.

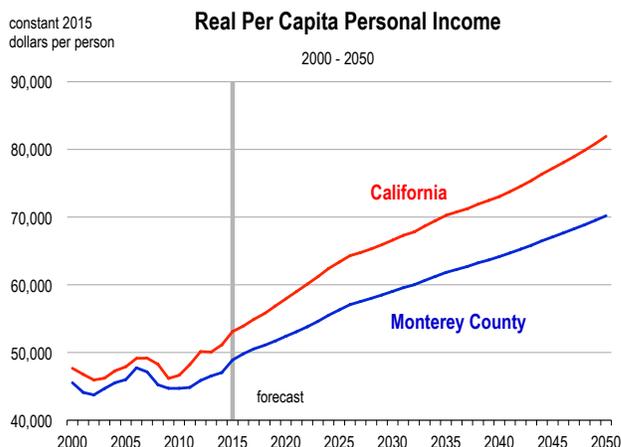
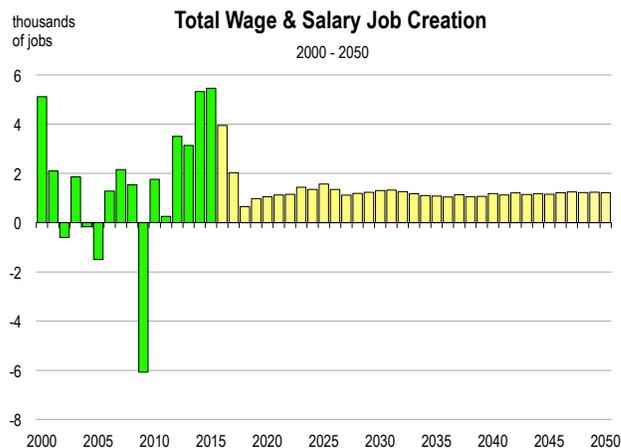
In 2015, a total of 5,500 wage and salary jobs were created in Monterey County, representing an increase of 3.0 percent. Farm employment increased by 3.7 percent, whereas nonfarm employment grew by 2.7 percent. The unemployment rate also improved, falling from 9.1 percent in 2014 to 8.2 percent in 2015.

During 2015, the largest job gains occurred in agriculture (+2,000 jobs), professional and business services (+750 jobs), leisure and hospitality (+550 jobs), government (+510 jobs), and education and healthcare (+500 jobs). Significant declines were not observed in any major sector.

Between 2010 and 2015, the population of Monterey County grew at an average rate of 0.9 percent per year. All of this growth can be attributed to the natural increase (new births), as the county lost an average of 370 people per year through net migration.

FORECAST HIGHLIGHTS

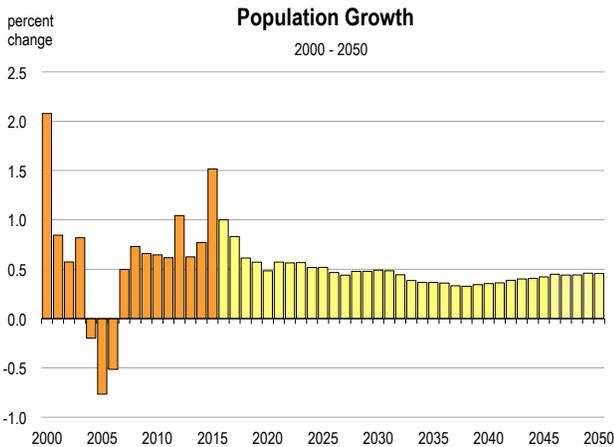
- Total employment is expected to increase by 2.1 percent in 2016. Between 2016 and 2021, growth will average 0.6 percent per year. During the same period, agricultural employment will decline slightly.
- Average salaries are currently below the California state average, and will remain so over the forecast period. In Monterey County, inflation-adjusted salaries are expected to rise by an average of 1.4 percent per year between 2016 and 2021.
- Between 2016 and 2021, the largest employment gains will be observed in education and healthcare, professional and business services, leisure and hospitality, and wholesale and retail trade. Together, these sectors will account for 70 percent of net job creation in the county.
- Over the 2016-2021 period, annual population growth is expected to average 0.6 percent per year.
- Between 2016 and 2021, net migration will be negative, with an average of 1,300 net migrants leaving the county each year.
- Real income per capita is expected to rise by 1.9 percent in 2016. Between 2016 and 2021, real income per capita will increase by 1.3 percent per year.
- Total taxable sales, adjusted for inflation, will rise by an average of 1.0 percent per year from 2016 to 2021.
- Industrial production is expected to increase by 4.2 percent in 2016. From 2016 to 2021, the growth rate of industrial production will average 2.6 percent per year.
- Farm production is expected to increase by 0.7 percent per year between 2016 and 2021. The principal crops in the county are lettuce and strawberries.



Monterey County Economic Forecast

2010-2015 History, 2016-2050 Forecast

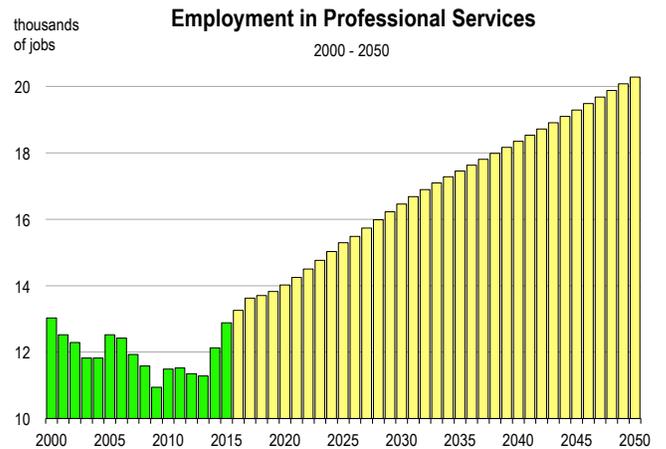
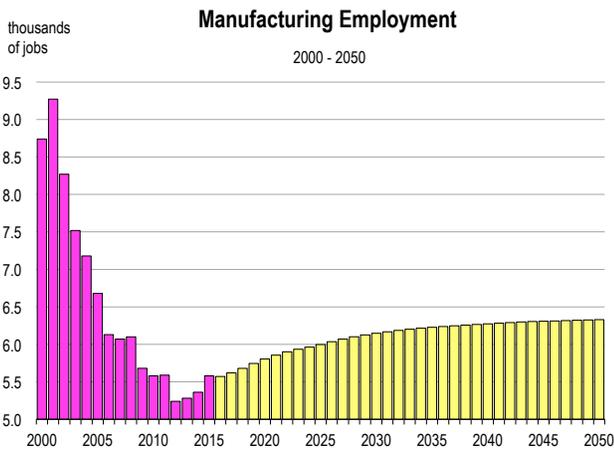
| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (billions) | Real Industrial Production (billions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|--|--|---------------------------------------|---|-------------------------------------|
| 2010 | 416,265 | -1,887 | 352 | 125 | 285 | \$5.0 | \$16.9 | \$44,720 | 1.3 | 4.41 | 1.95 | 12.9 |
| 2011 | 418,836 | -1,963 | 348 | 125 | 208 | \$5.3 | \$17.5 | \$44,836 | 2.7 | 4.13 | 1.89 | 12.8 |
| 2012 | 423,208 | -52 | 350 | 125 | 238 | \$5.6 | \$18.5 | \$45,882 | 2.7 | 4.20 | 1.91 | 11.7 |
| 2013 | 425,860 | -1,444 | 361 | 125 | 442 | \$5.9 | \$19.2 | \$46,546 | 2.3 | 4.53 | 1.99 | 10.4 |
| 2014 | 429,144 | -790 | 369 | 126 | 307 | \$6.3 | \$19.9 | \$47,022 | 2.8 | 4.56 | 1.97 | 9.1 |
| 2015 | 435,658 | 2,409 | 379 | 126 | 632 | \$6.4 | \$21.3 | \$48,890 | 2.6 | 4.63 | 2.20 | 8.2 |
| 2016 | 440,018 | 331 | 385 | 126 | 595 | \$6.8 | \$22.5 | \$49,816 | 2.7 | 4.67 | 2.29 | 7.0 |
| 2017 | 443,676 | -381 | 391 | 127 | 657 | \$7.1 | \$23.8 | \$50,550 | 3.4 | 4.70 | 2.36 | 6.7 |
| 2018 | 446,400 | -1,317 | 396 | 127 | 608 | \$7.4 | \$24.9 | \$51,063 | 3.4 | 4.73 | 2.43 | 6.9 |
| 2019 | 448,955 | -1,475 | 401 | 128 | 641 | \$7.7 | \$26.1 | \$51,715 | 3.0 | 4.76 | 2.50 | 7.0 |
| 2020 | 451,128 | -1,820 | 405 | 128 | 654 | \$8.0 | \$27.3 | \$52,392 | 3.0 | 4.79 | 2.55 | 7.1 |
| 2021 | 453,712 | -1,361 | 409 | 129 | 660 | \$8.3 | \$28.6 | \$53,074 | 2.9 | 4.82 | 2.61 | 7.1 |
| 2022 | 456,272 | -1,335 | 413 | 129 | 660 | \$8.6 | \$29.9 | \$53,810 | 2.9 | 4.86 | 2.66 | 7.1 |
| 2023 | 458,862 | -1,255 | 416 | 130 | 666 | \$8.9 | \$31.4 | \$54,620 | 2.8 | 4.89 | 2.72 | 7.1 |
| 2024 | 461,241 | -1,421 | 419 | 130 | 662 | \$9.2 | \$32.8 | \$55,498 | 2.6 | 4.92 | 2.77 | 7.1 |
| 2025 | 463,636 | -1,358 | 422 | 131 | 687 | \$9.5 | \$34.3 | \$56,316 | 2.5 | 4.96 | 2.82 | 7.0 |
| 2026 | 465,801 | -1,552 | 425 | 131 | 690 | \$9.8 | \$35.7 | \$57,055 | 2.5 | 5.00 | 2.88 | 6.9 |
| 2027 | 467,854 | -1,633 | 428 | 132 | 679 | \$10.2 | \$37.1 | \$57,520 | 2.9 | 5.03 | 2.94 | 7.0 |
| 2028 | 470,094 | -1,405 | 431 | 132 | 686 | \$10.5 | \$38.5 | \$58,002 | 2.7 | 5.07 | 3.01 | 7.0 |
| 2029 | 472,347 | -1,354 | 433 | 133 | 699 | \$10.9 | \$39.9 | \$58,510 | 2.5 | 5.11 | 3.08 | 7.0 |
| 2030 | 474,666 | -1,245 | 436 | 133 | 732 | \$11.2 | \$41.4 | \$59,024 | 2.4 | 5.14 | 3.15 | 7.0 |
| 2031 | 476,966 | -1,214 | 438 | 134 | 785 | \$11.6 | \$42.8 | \$59,559 | 2.3 | 5.18 | 3.22 | 7.1 |
| 2032 | 479,086 | -1,353 | 440 | 135 | 799 | \$12.1 | \$44.3 | \$59,993 | 2.5 | 5.22 | 3.30 | 7.1 |
| 2033 | 480,934 | -1,591 | 442 | 135 | 752 | \$12.5 | \$45.8 | \$60,631 | 2.1 | 5.26 | 3.37 | 7.1 |
| 2034 | 482,700 | -1,625 | 444 | 136 | 686 | \$13.0 | \$47.4 | \$61,228 | 2.3 | 5.31 | 3.45 | 7.1 |
| 2035 | 484,471 | -1,583 | 446 | 136 | 630 | \$13.5 | \$49.1 | \$61,821 | 2.4 | 5.35 | 3.53 | 7.1 |
| 2036 | 486,216 | -1,556 | 448 | 137 | 581 | \$14.0 | \$50.9 | \$62,258 | 2.8 | 5.39 | 3.61 | 7.2 |
| 2037 | 487,834 | -1,645 | 450 | 137 | 610 | \$14.5 | \$52.9 | \$62,706 | 2.9 | 5.43 | 3.69 | 7.2 |
| 2038 | 489,431 | -1,640 | 451 | 138 | 565 | \$14.9 | \$54.8 | \$63,226 | 2.7 | 5.48 | 3.77 | 7.2 |
| 2039 | 491,115 | -1,545 | 453 | 138 | 541 | \$15.4 | \$56.9 | \$63,676 | 2.9 | 5.52 | 3.86 | 7.2 |
| 2040 | 492,858 | -1,484 | 454 | 139 | 572 | \$15.9 | \$59.0 | \$64,162 | 2.8 | 5.56 | 3.94 | 7.2 |
| 2041 | 494,644 | -1,436 | 456 | 139 | 566 | \$16.3 | \$61.2 | \$64,698 | 2.6 | 5.61 | 4.03 | 7.2 |
| 2042 | 496,563 | -1,315 | 458 | 139 | 593 | \$16.8 | \$63.4 | \$65,266 | 2.5 | 5.66 | 4.12 | 7.2 |
| 2043 | 498,558 | -1,242 | 459 | 140 | 565 | \$17.3 | \$65.6 | \$65,846 | 2.4 | 5.70 | 4.22 | 7.2 |
| 2044 | 500,587 | -1,214 | 461 | 140 | 543 | \$17.7 | \$67.9 | \$66,506 | 2.2 | 5.75 | 4.32 | 7.3 |
| 2045 | 502,705 | -1,124 | 462 | 141 | 522 | \$18.2 | \$70.2 | \$67,072 | 2.4 | 5.80 | 4.41 | 7.3 |
| 2046 | 504,967 | -967 | 463 | 141 | 529 | \$18.7 | \$72.7 | \$67,660 | 2.3 | 5.85 | 4.51 | 7.3 |
| 2047 | 507,193 | -995 | 465 | 141 | 545 | \$19.2 | \$75.2 | \$68,262 | 2.3 | 5.90 | 4.61 | 7.3 |
| 2048 | 509,438 | -969 | 466 | 142 | 537 | \$19.7 | \$77.8 | \$68,883 | 2.3 | 5.94 | 4.72 | 7.3 |
| 2049 | 511,783 | -858 | 468 | 142 | 531 | \$20.2 | \$80.5 | \$69,525 | 2.3 | 6.00 | 4.83 | 7.3 |
| 2050 | 514,121 | -852 | 469 | 143 | 505 | \$20.7 | \$83.4 | \$70,196 | 2.3 | 6.05 | 4.94 | 7.3 |

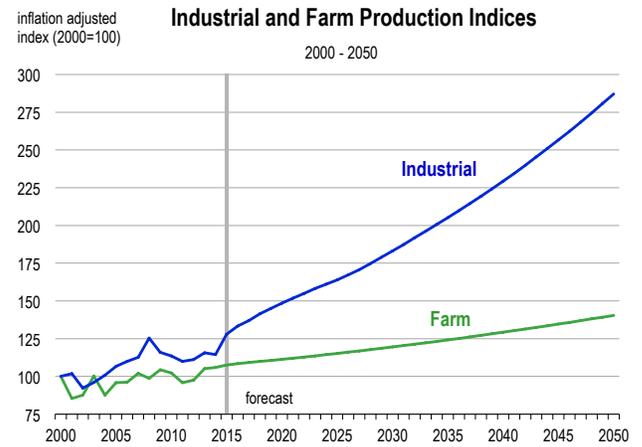
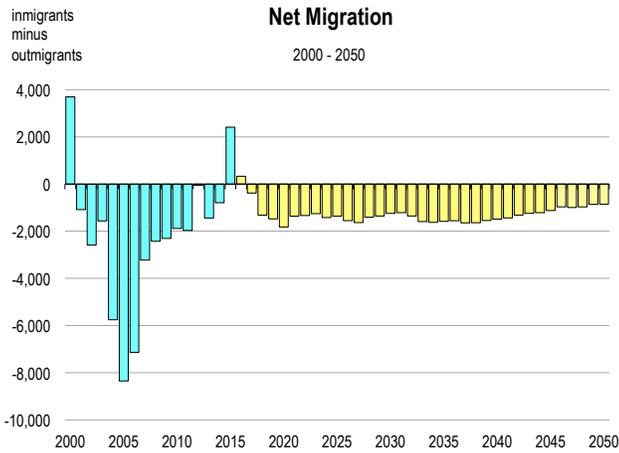
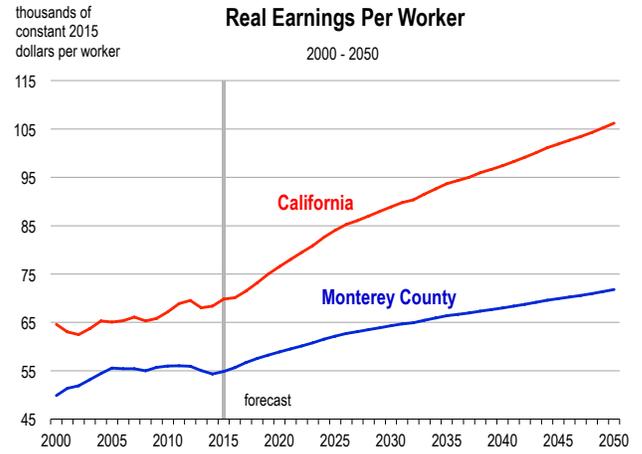
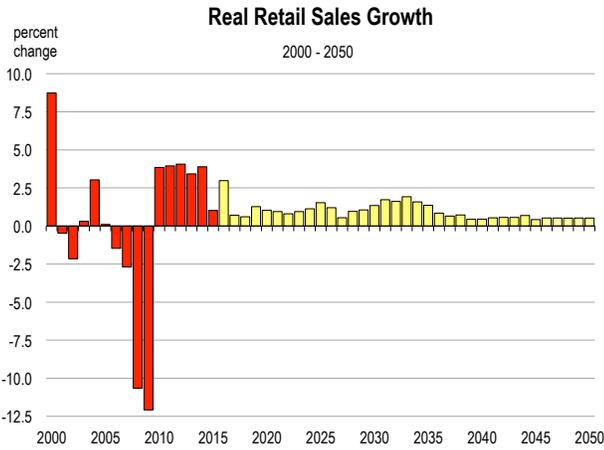


Monterey County Employment Forecast

2010-2015 History, 2016-2050 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)----- | | | | | | | | | | | | |
| 2010 | 169.8 | 45.1 | 4.1 | 5.6 | 3.3 | 20.2 | 4.3 | 11.5 | 1.7 | 16.5 | 20.0 | 32.6 |
| 2011 | 170.0 | 46.3 | 3.8 | 5.6 | 3.4 | 20.6 | 4.1 | 11.5 | 1.6 | 16.5 | 20.2 | 31.7 |
| 2012 | 173.5 | 48.2 | 4.1 | 5.2 | 3.8 | 21.0 | 4.2 | 11.4 | 1.5 | 16.8 | 21.2 | 31.3 |
| 2013 | 176.7 | 50.1 | 4.5 | 5.3 | 4.0 | 21.3 | 4.0 | 11.3 | 1.5 | 17.5 | 21.9 | 30.2 |
| 2014 | 182.0 | 52.2 | 4.9 | 5.4 | 4.2 | 21.6 | 4.0 | 12.1 | 1.4 | 18.0 | 22.8 | 30.6 |
| 2015 | 187.5 | 54.1 | 5.1 | 5.6 | 4.4 | 21.8 | 4.1 | 12.9 | 1.3 | 18.5 | 23.4 | 31.1 |
| 2016 | 191.4 | 55.3 | 5.2 | 5.6 | 4.5 | 22.1 | 4.1 | 13.3 | 1.4 | 19.1 | 24.0 | 31.5 |
| 2017 | 193.4 | 55.5 | 5.3 | 5.6 | 4.5 | 22.3 | 4.2 | 13.6 | 1.4 | 19.4 | 24.2 | 31.8 |
| 2018 | 194.1 | 55.4 | 5.3 | 5.7 | 4.6 | 22.5 | 4.2 | 13.7 | 1.4 | 19.6 | 24.4 | 31.8 |
| 2019 | 195.1 | 55.3 | 5.3 | 5.7 | 4.6 | 22.6 | 4.3 | 13.8 | 1.5 | 19.9 | 24.6 | 31.8 |
| 2020 | 196.1 | 55.2 | 5.3 | 5.8 | 4.6 | 22.7 | 4.3 | 14.0 | 1.5 | 20.1 | 24.8 | 31.9 |
| 2021 | 197.3 | 55.1 | 5.3 | 5.9 | 4.6 | 22.8 | 4.4 | 14.2 | 1.5 | 20.4 | 25.0 | 32.0 |
| 2022 | 198.4 | 55.1 | 5.4 | 5.9 | 4.6 | 22.9 | 4.4 | 14.5 | 1.6 | 20.7 | 25.3 | 32.2 |
| 2023 | 199.8 | 55.2 | 5.4 | 5.9 | 4.6 | 23.0 | 4.5 | 14.8 | 1.6 | 21.0 | 25.5 | 32.4 |
| 2024 | 201.2 | 55.4 | 5.4 | 6.0 | 4.7 | 23.1 | 4.5 | 15.0 | 1.6 | 21.3 | 25.6 | 32.6 |
| 2025 | 202.8 | 55.5 | 5.5 | 6.0 | 4.7 | 23.2 | 4.6 | 15.3 | 1.7 | 21.6 | 25.7 | 32.9 |
| 2026 | 204.1 | 55.7 | 5.5 | 6.0 | 4.7 | 23.3 | 4.6 | 15.5 | 1.7 | 21.9 | 25.8 | 33.2 |
| 2027 | 205.2 | 55.8 | 5.5 | 6.1 | 4.7 | 23.4 | 4.7 | 15.7 | 1.7 | 22.2 | 25.8 | 33.3 |
| 2028 | 206.4 | 56.0 | 5.5 | 6.1 | 4.7 | 23.5 | 4.7 | 16.0 | 1.8 | 22.5 | 25.9 | 33.5 |
| 2029 | 207.7 | 56.1 | 5.5 | 6.1 | 4.7 | 23.5 | 4.7 | 16.2 | 1.8 | 22.8 | 26.0 | 33.6 |
| 2030 | 209.0 | 56.3 | 5.6 | 6.1 | 4.7 | 23.7 | 4.8 | 16.5 | 1.8 | 23.1 | 26.2 | 33.7 |
| 2031 | 210.3 | 56.4 | 5.6 | 6.2 | 4.7 | 23.8 | 4.8 | 16.7 | 1.8 | 23.4 | 26.3 | 33.8 |
| 2032 | 211.5 | 56.6 | 5.7 | 6.2 | 4.8 | 23.9 | 4.9 | 16.9 | 1.9 | 23.7 | 26.4 | 33.9 |
| 2033 | 212.7 | 56.8 | 5.6 | 6.2 | 4.8 | 24.1 | 4.9 | 17.1 | 1.9 | 24.0 | 26.5 | 34.1 |
| 2034 | 213.8 | 57.0 | 5.5 | 6.2 | 4.8 | 24.2 | 4.9 | 17.3 | 1.9 | 24.3 | 26.7 | 34.2 |
| 2035 | 214.9 | 57.1 | 5.4 | 6.2 | 4.8 | 24.3 | 5.0 | 17.5 | 1.9 | 24.5 | 26.8 | 34.3 |
| 2036 | 216.0 | 57.3 | 5.4 | 6.2 | 4.8 | 24.4 | 5.0 | 17.6 | 2.0 | 24.8 | 26.9 | 34.5 |
| 2037 | 217.1 | 57.5 | 5.4 | 6.2 | 4.8 | 24.5 | 5.1 | 17.8 | 2.0 | 25.1 | 27.1 | 34.6 |
| 2038 | 218.2 | 57.7 | 5.3 | 6.3 | 4.8 | 24.5 | 5.1 | 18.0 | 2.0 | 25.4 | 27.2 | 34.7 |
| 2039 | 219.2 | 57.8 | 5.3 | 6.3 | 4.8 | 24.6 | 5.1 | 18.2 | 2.1 | 25.6 | 27.3 | 34.8 |
| 2040 | 220.4 | 58.0 | 5.3 | 6.3 | 4.8 | 24.6 | 5.2 | 18.3 | 2.1 | 25.9 | 27.4 | 34.9 |
| 2041 | 221.5 | 58.2 | 5.3 | 6.3 | 4.8 | 24.7 | 5.2 | 18.5 | 2.1 | 26.2 | 27.6 | 35.0 |
| 2042 | 222.7 | 58.4 | 5.4 | 6.3 | 4.8 | 24.8 | 5.3 | 18.7 | 2.1 | 26.5 | 27.7 | 35.1 |
| 2043 | 223.9 | 58.6 | 5.3 | 6.3 | 4.9 | 24.8 | 5.3 | 18.9 | 2.2 | 26.8 | 27.8 | 35.3 |
| 2044 | 225.1 | 58.8 | 5.3 | 6.3 | 4.9 | 24.9 | 5.4 | 19.1 | 2.2 | 27.1 | 27.9 | 35.4 |
| 2045 | 226.2 | 59.0 | 5.3 | 6.3 | 4.9 | 25.0 | 5.4 | 19.3 | 2.2 | 27.4 | 28.1 | 35.5 |
| 2046 | 227.4 | 59.2 | 5.3 | 6.3 | 4.9 | 25.0 | 5.4 | 19.5 | 2.3 | 27.8 | 28.2 | 35.7 |
| 2047 | 228.7 | 59.4 | 5.3 | 6.3 | 4.9 | 25.1 | 5.5 | 19.7 | 2.3 | 28.1 | 28.3 | 35.8 |
| 2048 | 229.9 | 59.6 | 5.3 | 6.3 | 4.9 | 25.1 | 5.5 | 19.9 | 2.3 | 28.4 | 28.5 | 36.0 |
| 2049 | 231.1 | 59.8 | 5.3 | 6.3 | 4.9 | 25.2 | 5.6 | 20.1 | 2.4 | 28.7 | 28.6 | 36.1 |
| 2050 | 232.4 | 60.0 | 5.3 | 6.3 | 4.9 | 25.3 | 5.6 | 20.3 | 2.4 | 29.1 | 28.7 | 36.2 |





County Economic and Demographic Indicators

Projected Economic Growth (2016-2021)

| | |
|----------------------------------|-------------|
| Expected retail sales growth: | 4.6% |
| Expected job growth: | 3.1% |
| Fastest growing jobs sector: | Information |
| Expected personal income growth: | 9.9% |

| | |
|--|------|
| Expected population growth: | 3.1% |
| Net migration to account for: | 0% |
| Expected growth in number of vehicles: | 6.3% |

Demographics (2016)

| | |
|---|-------|
| Unemployment rate (April 2016): | 7.5% |
| County rank* in California (58 counties): | 39th |
| Working age (16-64) population: | 63.9% |

| | |
|-----------------------------------|-----------|
| Population with B.A. or higher: | 22.6% |
| Median home selling price (2015): | \$455,000 |
| Median household income: | \$60,158 |

Quality of Life

| | |
|---|-------------------------|
| Violent crime rate (2014): | 414 per 100,000 persons |
| County rank* in California (58 counties): | 38th |
| Average commute time to work (2016): | 25.0 minutes |

| | |
|--|-------|
| High School drop out rate (2015): | 6.3% |
| Households at/below poverty line (2016): | 13.4% |

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