

RIVERSIDE COUNTY ECONOMIC FORECAST

Riverside County is the fourth largest county in the state in terms of total land area. The county, along with its neighbor to the north, San Bernardino County, comprise the Inland Empire. The Inland Empire is the fastest growing region of the state, and among the fastest growing metro areas in the nation. Riverside County has a population of 1.93 million people, and there are 581,700 wage and salary jobs located in the county. The per capita income in Riverside County is \$26,517, and the average salary per worker is \$40,540.

Economic growth in Southern California has been strong during the decade, but was even more impressive during 2005. Much of the growth in Southern California took place in the Inland Empire. Last year over 26,000 total jobs were created in Riverside County, representing an outstanding growth rate of 4.8 percent. The unemployment rate dropped to 5.1 percent.

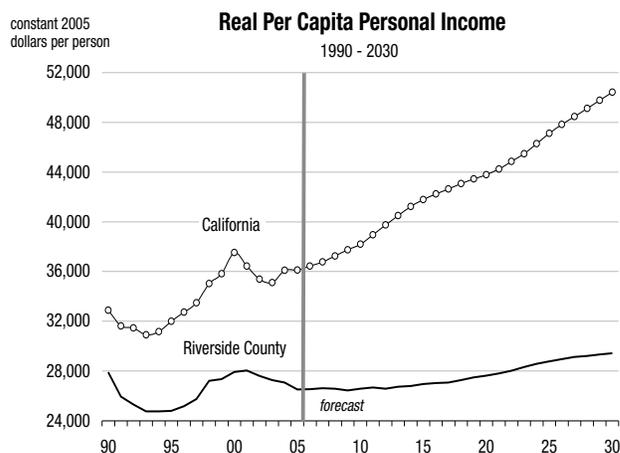
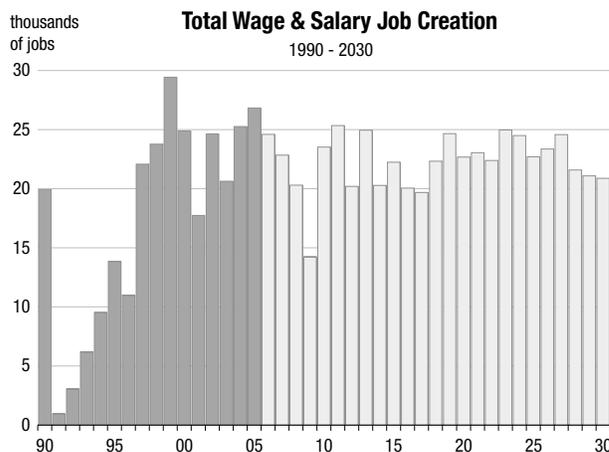
The principal sectors that are producing jobs in Riverside County are business services, construction, retail and wholesale trade, and leisure and hospitality. The recreation and leisure services sector is creating more job opportunities as population growth continues to swell in the Inland Empire. Employment growth in manufacturing was flat in 2005 after three years of positive growth. More job creation in manufacturing is forecast beginning this year.

The population continues to grow at annual average rates exceeding 3 percent in Riverside County. The Coachella Valley (Indio, Coachella, Beaumont) is adding population rapidly, as is Murrieta, Perris, and Temecula.

Population and employment are expected to grow at healthy rates in Riverside County over the next several years. The Inland Empire is positioned to dominate growth in California for the foreseeable future.

FORECAST HIGHLIGHTS

- Job growth is forecast to slow down in 2006, but remain at a brisk 4.2 percent pace. Over the next five years, the annual growth rate is expected to average 3.4 percent per year.
- Average salaries adjusted for inflation are currently below the California state average, and will remain so over the foreseeable future. Real average salaries are forecast to rise an average of 0.6 percent per year over the next 5 years.
- Over the next five years, the momentum for employment growth is in services and logistics. Employment in professional services is forecast to grow 42 percent over the next five years. Transportation, wholesale and retail trade, and leisure and hospitality are all forecast to increase by at least 20 percent from 2006 to 2010.

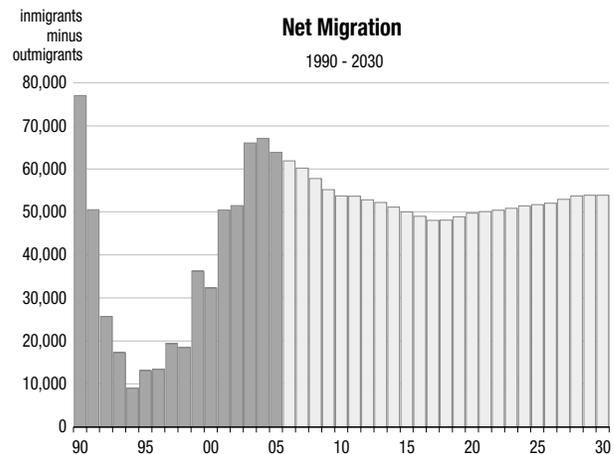
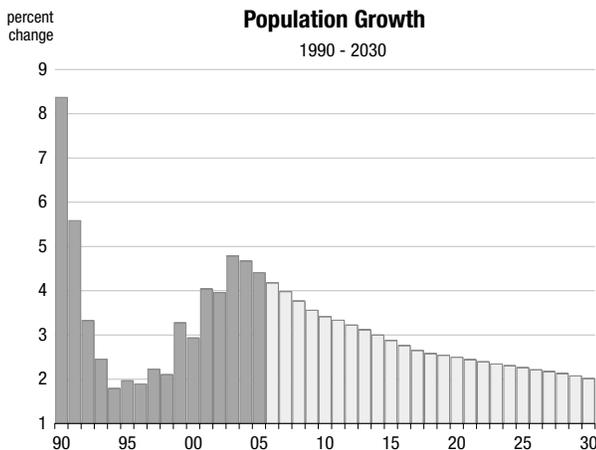


- The population will continue to grow at a rapid rate in the county. Annual growth in the 2006 to 2010 period is expected to average 3.8 percent per year.
- Over the next five years net migration is expected to decline slightly from the levels observed in 2004, but still average 57,800 net migrants per year.
- Population growth is forecast to match income growth for the remainder of the decade. Real per capita incomes are expected to remain relatively unchanged in 2006, and increase by a scant margin through 2010.
- Industrial production is forecast to increase by 3.8 percent in 2006. From 2006 to 2010, the growth rate of industrial production is expected average gains of 5.3 percent per year.

Riverside County Economic Forecast

1997-2005 History, 2006-2030 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (millions)	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 (billions)	Unemploy- ment Rate (percent)
1997	1,436,278	19,412	0.96	458.0	9,784	\$12.0	\$29.3	\$25,734	1.7	1,372.5	4.8	7.6
1998	1,466,539	18,528	1.04	464.2	12,493	\$13.1	\$32.1	\$27,216	1.4	1,492.0	5.4	6.7
1999	1,514,602	36,213	1.10	473.1	14,579	\$15.1	\$34.1	\$27,352	2.3	1,455.1	6.2	5.5
2000	1,559,071	32,356	1.18	506.2	15,410	\$17.0	\$37.0	\$27,932	3.3	1,233.6	7.0	5.3
2001	1,622,137	50,457	1.26	515.7	19,014	\$18.2	\$40.0	\$28,050	3.4	1,280.4	6.0	5.4
2002	1,686,397	51,489	1.34	531.5	22,664	\$19.5	\$42.0	\$27,609	2.8	1,177.8	6.2	6.3
2003	1,767,208	66,070	1.39	549.5	30,361	\$21.7	\$44.6	\$27,262	2.6	1,152.3	7.0	6.3
2004	1,849,844	67,145	1.56	572.0	34,226	\$25.2	\$47.9	\$27,079	3.3	1,182.2	7.6	5.8
2005	1,931,437	63,879	1.67	598.2	34,330	\$27.9	\$51.2	\$26,517	4.5	1,155.6	7.8	5.1
2006	2,012,227	61,895	1.78	625.3	33,437	\$31.4	\$55.3	\$26,529	3.5	1,157.7	8.1	5.3
2007	2,092,387	60,189	1.85	653.5	30,711	\$34.6	\$59.3	\$26,609	2.8	1,154.3	8.7	5.6
2008	2,171,224	57,803	1.91	679.4	29,982	\$38.0	\$63.4	\$26,584	3.1	1,154.1	9.2	5.5
2009	2,248,512	55,191	1.95	704.6	25,594	\$41.7	\$67.3	\$26,444	3.0	1,147.9	9.6	5.5
2010	2,325,350	53,712	2.00	726.2	27,699	\$45.8	\$72.2	\$26,574	3.2	1,139.4	10.1	5.2
2011	2,402,959	53,676	2.06	749.5	29,190	\$50.2	\$77.2	\$26,684	3.1	1,133.9	10.7	5.2
2012	2,480,444	52,839	2.11	774.1	27,836	\$54.7	\$81.7	\$26,583	2.9	1,127.1	11.2	5.5
2013	2,557,856	52,192	2.16	797.6	27,764	\$59.5	\$87.2	\$26,737	3.0	1,118.3	11.7	5.4
2014	2,634,577	51,114	2.21	821.0	25,421	\$64.6	\$92.8	\$26,797	3.0	1,110.3	12.1	5.6
2015	2,710,404	50,022	2.25	842.4	24,534	\$70.1	\$99.1	\$26,953	3.2	1,101.6	12.5	5.5
2016	2,785,332	48,994	2.30	863.1	23,146	\$76.0	\$105.5	\$27,038	3.3	1,092.6	12.8	5.6
2017	2,859,333	48,060	2.34	882.6	22,421	\$82.3	\$112.1	\$27,062	3.4	1,087.6	13.0	5.8
2018	2,933,280	48,089	2.38	901.5	22,792	\$88.7	\$119.5	\$27,263	3.2	1,081.1	13.4	5.7
2019	3,007,978	48,870	2.44	920.7	23,916	\$95.3	\$127.5	\$27,491	3.2	1,074.1	13.8	5.6
2020	3,083,296	49,712	2.48	940.8	23,268	\$102.0	\$135.5	\$27,634	3.1	1,067.5	14.3	5.5
2021	3,158,749	50,063	2.53	960.4	23,243	\$108.9	\$144.0	\$27,796	3.1	1,064.5	14.6	5.4
2022	3,234,419	50,418	2.58	980.0	22,417	\$116.0	\$153.4	\$28,021	3.2	1,058.8	14.8	5.4
2023	3,310,366	50,836	2.63	998.9	23,295	\$123.0	\$163.5	\$28,316	3.1	1,056.5	15.1	5.3
2024	3,386,889	51,444	2.68	1,018.5	23,602	\$129.9	\$173.8	\$28,571	3.0	1,050.4	15.5	5.3
2025	3,463,714	51,695	2.73	1,038.4	23,506	\$136.9	\$184.4	\$28,768	3.0	1,044.5	16.0	5.3
2026	3,540,461	52,060	2.78	1,058.2	24,119	\$144.0	\$195.6	\$28,959	3.1	1,038.7	16.5	5.2
2027	3,617,666	52,920	2.83	1,078.5	25,082	\$151.3	\$207.2	\$29,123	3.1	1,033.2	17.1	5.2
2028	3,694,872	53,722	2.88	1,099.7	24,114	\$159.0	\$219.4	\$29,210	3.3	1,030.1	17.6	5.2
2029	3,771,610	53,915	2.92	1,120.0	23,370	\$166.9	\$232.3	\$29,328	3.3	1,024.2	18.2	5.2
2030	3,847,722	53,884	2.96	1,139.7	22,859	\$174.8	\$245.5	\$29,435	3.2	1,018.6	18.7	5.2



Riverside County Employment Forecast

1997-2005 History, 2006-2030 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)-----												
1997	388.4	17.44	30.4	42.9	8.0	62.5	14.1	32.7	4.9	39.1	49.7	72.2
1998	412.2	17.49	36.4	46.5	8.9	65.4	14.8	35.9	5.4	41.6	50.4	73.9
1999	441.6	17.28	43.7	49.4	10.2	69.7	15.7	37.9	5.5	42.7	54.5	78.2
2000	466.5	17.57	48.4	51.8	10.2	73.5	16.0	42.2	5.8	44.0	55.4	84.1
2001	484.3	16.67	53.4	50.6	10.5	77.5	16.8	42.5	6.3	45.3	57.3	89.3
2002	508.9	16.18	55.0	49.8	10.8	82.5	17.6	46.5	6.6	49.6	59.2	96.6
2003	529.6	16.21	60.8	50.0	12.3	86.3	19.5	52.0	6.6	50.7	60.6	96.2
2004	554.8	15.58	69.6	51.2	13.5	92.3	20.6	53.7	6.9	51.6	63.6	97.2
2005	581.7	15.19	76.1	51.2	14.6	99.1	21.9	56.7	7.1	52.3	66.7	100.7
2006	606.3	15.28	80.5	51.8	15.5	104.7	22.7	61.1	7.4	54.1	69.5	103.2
2007	629.1	15.34	81.7	52.8	16.3	109.9	23.3	67.3	7.6	55.1	72.5	106.1
2008	649.4	15.40	81.6	53.2	16.9	115.1	23.9	72.8	7.9	57.1	75.6	108.3
2009	663.6	15.44	78.0	53.2	17.6	120.7	24.2	76.0	8.0	59.1	78.4	110.6
2010	687.2	15.47	80.2	53.9	18.0	126.4	25.2	80.9	8.1	61.2	81.4	113.0
2011	712.5	15.51	81.2	55.2	18.7	132.4	26.5	86.6	8.2	63.4	84.6	116.0
2012	732.7	15.53	80.4	55.7	19.4	138.3	27.5	90.1	8.4	65.6	87.5	119.2
2013	757.7	15.54	82.2	55.9	19.9	144.3	28.5	95.9	8.5	67.9	90.8	122.4
2014	778.0	15.56	80.6	55.4	20.5	150.2	29.1	101.4	8.7	70.4	93.9	125.4
2015	800.2	15.56	81.3	54.6	20.8	156.3	29.7	106.8	8.7	73.2	97.1	128.5
2016	820.3	15.57	80.3	53.9	21.3	162.4	30.3	111.2	8.8	76.3	100.3	131.6
2017	840.0	15.58	78.7	53.2	21.6	168.5	30.7	115.7	8.9	79.5	103.6	134.7
2018	862.3	15.58	78.3	52.6	22.0	174.5	31.4	120.2	8.9	83.3	107.0	138.3
2019	887.0	15.58	79.5	52.3	22.4	180.5	32.1	125.0	9.0	87.1	110.2	142.1
2020	909.7	15.58	79.4	51.8	22.9	186.3	32.7	129.3	9.0	90.8	113.6	145.7
2021	932.7	15.59	80.6	51.2	23.2	192.1	33.3	133.8	9.1	94.1	116.9	149.2
2022	955.1	15.59	80.3	50.7	23.6	197.7	33.7	138.5	9.2	97.6	120.6	152.9
2023	980.1	15.60	82.3	50.7	23.9	203.0	34.4	143.1	9.2	100.9	124.4	156.6
2024	1,004.6	15.59	83.8	51.1	24.4	208.1	35.2	147.5	9.3	104.0	128.2	160.2
2025	1,027.3	15.59	83.9	51.9	24.8	212.9	36.1	152.0	9.4	106.9	132.1	163.4
2026	1,050.7	15.58	84.6	53.0	25.1	217.7	37.3	156.7	9.5	109.6	136.1	166.4
2027	1,075.3	15.57	86.5	54.3	25.5	222.2	38.6	161.7	9.6	112.2	139.8	169.2
2028	1,096.9	15.57	85.9	55.4	26.0	226.6	39.7	166.7	9.8	114.7	143.5	172.0
2029	1,117.9	15.56	85.4	56.4	26.3	230.9	40.8	171.6	9.9	117.1	147.2	174.7
2030	1,138.8	15.56	85.0	57.4	26.5	235.2	41.8	176.4	10.0	119.5	150.8	177.5

