

MONTEREY COUNTY ECONOMIC FORECAST

Monterey County is located on the central coast of California. Farming is a vital component of the county economy, accounting for over \$4 billion in total crop sales, and 27 percent of the workforce. Lettuce is the principal crop in Monterey, accounting for 59 percent of the nation's total production. The county has a population of 416,300 people and 166,800 wage and salary jobs. The per capita income in Monterey County is \$42,683 and the average salary per worker is \$50,964.

In 2010, an estimated 1,800 wage and salary jobs were created in Monterey County, representing an increase in employment of 1.2 percent. Non-farm employment fell by 775 jobs, a decline of 0.6 percent. The farm sector gained 2,500 jobs in 2010 and has increased by 6,300 jobs over the last ten years. Last year, the unemployment rate rose to 12.9 percent.

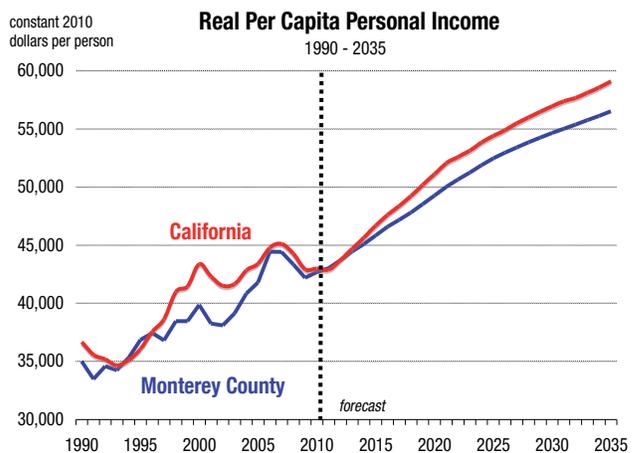
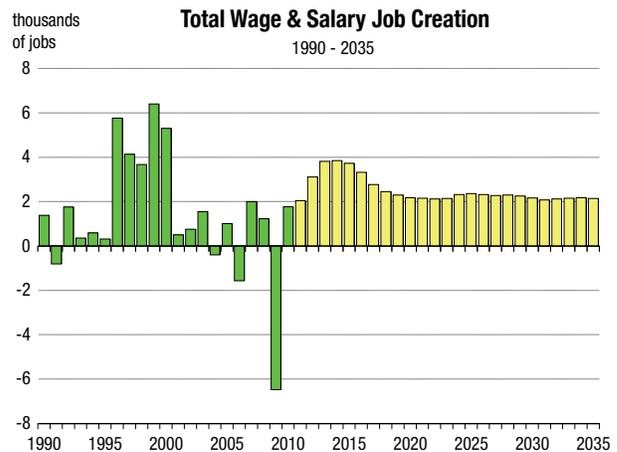
The only sectors creating jobs in 2010 other than farm were wholesale trade, professional services, and education/health services. The largest job losses occurred in the construction (-500 jobs), manufacturing (-400 jobs) and financial activities (-300 jobs) sectors.

Government and farm are the largest sectors in the county, accounting for a combined 46 percent of total employment. Many of the public sector jobs are associated with the state correctional facilities in Soledad, which accommodate a total of 10,400 inmates and employ 2,740 staff.

Between the 2000 and 2010 census the population of Monterey County grew by just 3.3 percent. The largest city in the county is Salinas with a population of just over 150,000, more than 100,000 people larger than the cities of Seaside and Monterey. Salinas has accounted for 58 percent of all population growth in the county over the past 10 years.

FORECAST HIGHLIGHTS

- Job growth is forecast at approximately 1.2 percent in 2011. Between 2011 and 2016, a 2.0 percent average annual growth rate is forecast. Non-farm employment increases by an average of 2.5 percent per year over the same period.
- Average salaries adjusted for inflation are currently below the California state average. Inflation adjusted salaries are expected to rise an average of 0.3 percent per year from 2011 to 2016.
- Between 2011 and 2016, the momentum for employment growth is in the farm, wholesale trade, leisure, professional services, and public sectors. These sectors account for 84 percent of net job creation in the county during this time period, with each sector creating at least 1,800 jobs.
- Population growth will increase slightly over the near term forecast. Annual growth in the 2011 to 2016 period averages 1.4 percent per year.

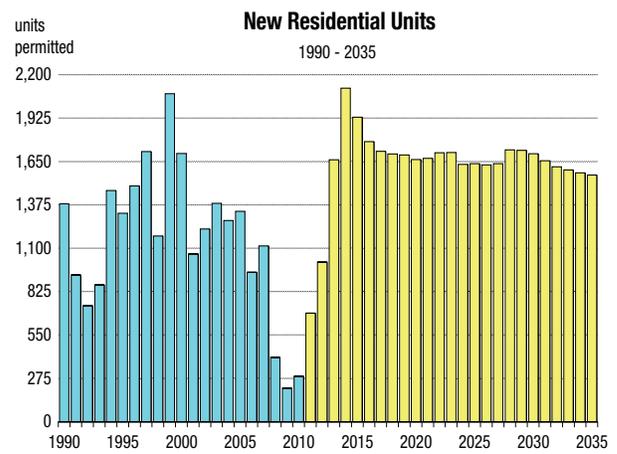
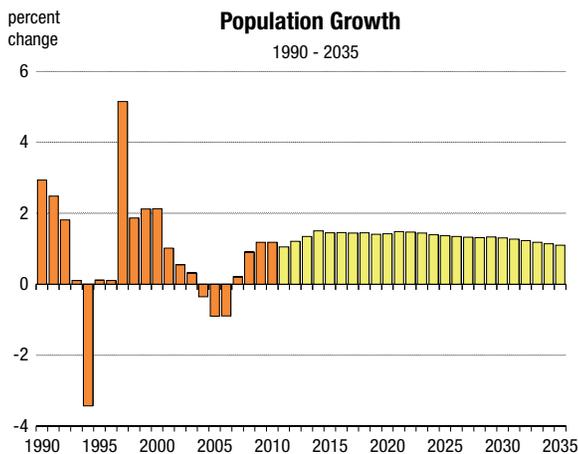


- Net migration is positive over the forecast horizon, though in 2011 it will be approximately zero. From 2011 to 2016 immigration is expected to average 1,300 net migrants per year.
- Real per capita incomes are expected to rise approximately 0.8 percent in 2011. Over the 2011 to 2016 period real per capita incomes are forecast to increase 1.6 percent per year.
- Total taxable sales adjusted for inflation are expected to rise an average of 3.6 percent per year from 2011 to 2016.
- Industrial production is forecast to increase 3.3 percent in 2011. From 2011 to 2016 the growth rate of industrial production will average 3.4 percent.
- Farm production is forecast to increase by 1.9 percent per year between 2011 and 2016. The principal crop in the county is lettuce.

Monterey County Economic Forecast

2006-2010 History, 2011-2040 Forecast

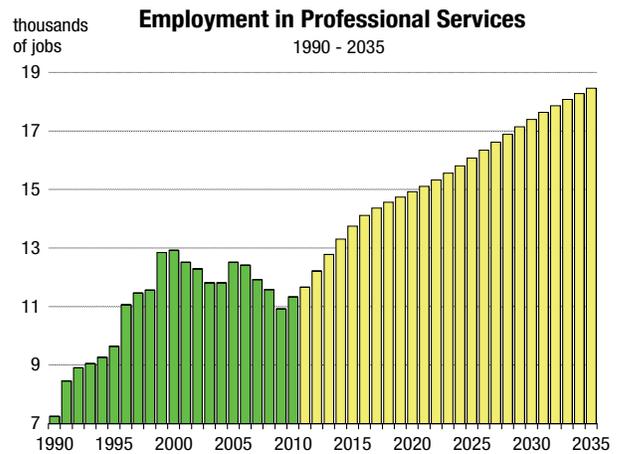
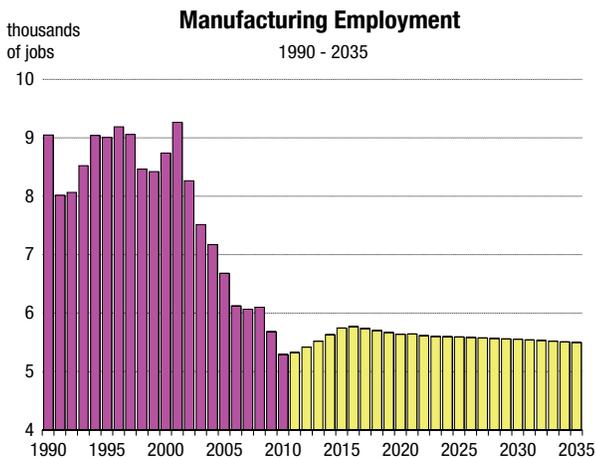
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	402,030	-8,649	348	128	948	\$5.7	\$16.4	\$44,435	3.2	3.80	1.64	7.0
2007	402,883	-4,396	349	129	1,116	\$5.7	\$17.0	\$44,421	3.4	4.02	1.65	7.2
2008	406,543	-1,746	349	129	408	\$5.4	\$17.2	\$43,335	3.0	3.91	1.82	8.4
2009	411,374	-79	349	130	213	\$4.7	\$17.1	\$42,185	0.8	4.09	1.83	11.9
2010	416,262	308	352	130	288	\$4.9	\$17.8	\$42,683	1.3	4.13	1.76	12.9
2011	420,666	-64	355	130	689	\$5.3	\$18.7	\$43,010	3.3	4.22	1.82	12.2
2012	425,768	631	358	131	1,013	\$5.6	\$19.7	\$43,702	2.3	4.31	1.88	11.4
2013	431,521	1,275	362	132	1,662	\$6.0	\$20.8	\$44,462	2.3	4.40	1.95	10.3
2014	438,021	2,012	368	134	2,116	\$6.4	\$22.0	\$45,105	2.4	4.49	2.01	9.0
2015	444,392	1,879	374	136	1,931	\$6.7	\$23.1	\$45,837	2.1	4.56	2.08	7.8
2016	450,867	1,966	380	137	1,776	\$7.1	\$24.4	\$46,572	2.1	4.64	2.15	7.0
2017	457,391	1,991	386	139	1,715	\$7.4	\$25.6	\$47,166	2.1	4.72	2.21	6.4
2018	464,021	2,071	393	141	1,699	\$7.8	\$26.8	\$47,800	2.0	4.80	2.26	6.0
2019	470,577	1,977	399	142	1,692	\$8.1	\$28.1	\$48,536	1.9	4.87	2.32	5.6
2020	477,283	2,120	405	144	1,663	\$8.5	\$29.5	\$49,264	1.7	4.94	2.38	5.4
2021	484,394	2,514	411	145	1,671	\$8.9	\$30.9	\$50,024	1.7	4.99	2.47	5.4
2022	491,514	2,522	417	147	1,707	\$9.2	\$32.4	\$50,640	2.2	5.05	2.54	5.4
2023	498,621	2,510	423	149	1,708	\$9.6	\$34.0	\$51,235	2.2	5.11	2.60	5.4
2024	505,603	2,383	429	150	1,632	\$10.1	\$35.7	\$51,881	2.1	5.18	2.68	5.5
2025	512,532	2,329	435	152	1,637	\$10.5	\$37.3	\$52,477	2.1	5.25	2.76	5.5
2026	519,446	2,300	441	153	1,629	\$11.0	\$39.0	\$52,958	2.1	5.32	2.84	5.5
2027	526,337	2,270	446	155	1,636	\$11.5	\$40.7	\$53,417	2.1	5.39	2.92	5.5
2028	533,276	2,310	452	156	1,724	\$12.0	\$42.5	\$53,854	2.1	5.45	3.01	5.6
2029	540,414	2,498	458	158	1,722	\$12.5	\$44.3	\$54,264	2.1	5.51	3.10	5.6
2030	547,483	2,414	463	160	1,699	\$13.0	\$46.1	\$54,655	2.1	5.56	3.20	5.6
2031	554,477	2,334	469	161	1,656	\$13.6	\$48.1	\$55,026	2.2	5.60	3.30	5.6
2032	561,302	2,159	475	163	1,616	\$14.2	\$50.1	\$55,387	2.2	5.65	3.40	5.6
2033	567,969	1,999	480	164	1,598	\$14.8	\$52.1	\$55,753	2.1	5.71	3.51	5.6
2034	574,479	1,845	485	166	1,578	\$15.4	\$54.2	\$56,125	2.2	5.78	3.61	5.7
2035	580,808	1,669	490	167	1,564	\$16.1	\$56.4	\$56,531	2.2	5.84	3.73	5.7
2036	586,983	1,525	496	169	1,541	\$16.8	\$58.7	\$56,962	2.1	5.91	3.84	5.7
2037	593,076	1,448	501	170	1,524	\$17.5	\$61.0	\$57,403	2.2	5.99	3.96	5.7
2038	599,048	1,332	506	172	1,503	\$18.3	\$63.5	\$57,863	2.1	6.05	4.08	5.7
2039	604,930	1,244	511	173	1,489	\$19.0	\$66.0	\$58,359	2.1	6.11	4.21	5.7
2040	610,664	1,093	516	175	1,475	\$19.9	\$68.6	\$58,890	2.1	6.17	4.34	5.8

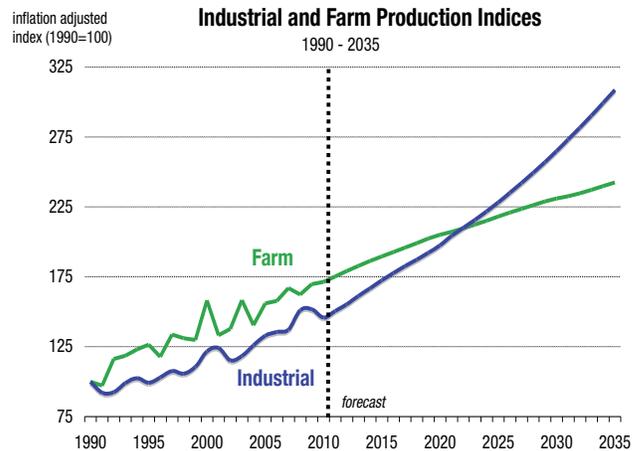
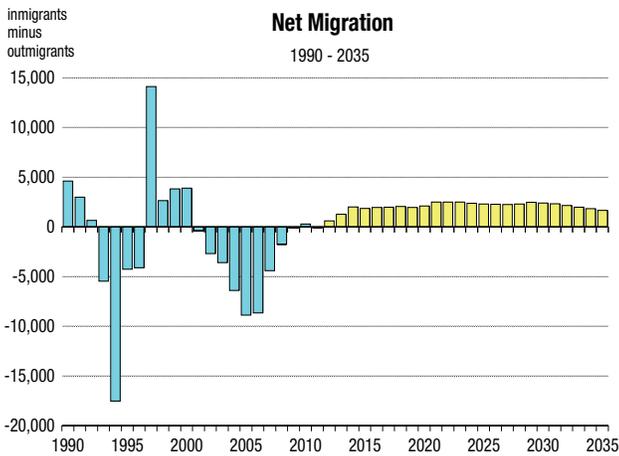
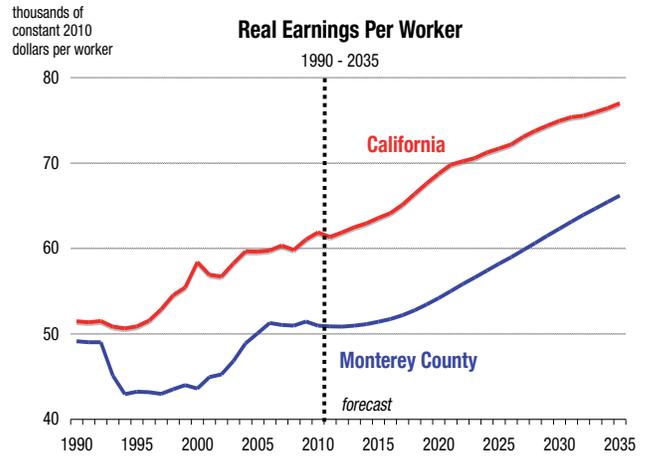
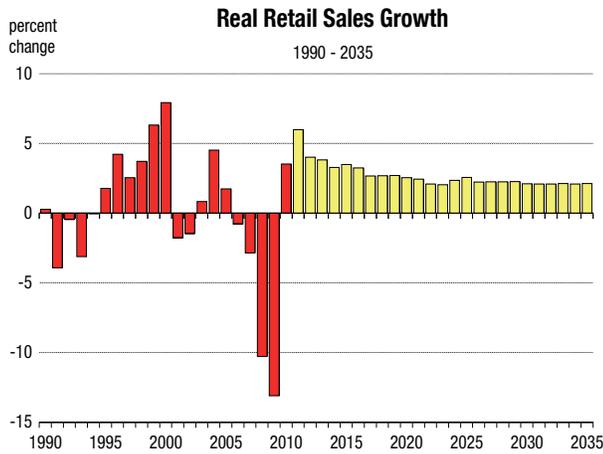


Monterey County Employment Forecast

2006-2010 History, 2011-2040 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	166.8	45.4	4.1	5.3	3.3	20.1	4.4	11.3	1.7	13.6	20.1	32.6
2011	168.9	45.8	4.6	5.3	3.4	20.7	4.3	11.7	1.8	13.9	20.3	32.2
2012	172.0	46.2	4.9	5.4	3.5	21.2	4.3	12.2	1.8	14.2	20.7	32.4
2013	175.8	46.6	5.3	5.5	3.6	21.9	4.4	12.8	1.9	14.5	21.1	33.0
2014	179.6	47.0	5.6	5.6	3.7	22.6	4.4	13.3	1.9	14.8	21.7	33.6
2015	183.4	47.3	5.8	5.7	3.8	23.3	4.4	13.7	1.9	15.2	22.3	34.2
2016	186.7	47.6	5.9	5.8	3.9	24.0	4.4	14.1	1.9	15.6	22.8	34.8
2017	189.5	48.0	6.1	5.7	3.9	24.5	4.4	14.4	1.9	15.9	23.3	35.4
2018	191.9	48.3	6.2	5.7	4.0	24.9	4.3	14.6	1.9	16.2	23.7	36.0
2019	194.2	48.7	6.4	5.7	4.1	25.3	4.3	14.7	1.9	16.5	24.0	36.5
2020	196.4	48.9	6.6	5.6	4.2	25.6	4.2	14.9	1.9	16.7	24.3	37.1
2021	198.6	49.2	6.8	5.6	4.4	25.9	4.2	15.1	1.9	16.9	24.6	37.7
2022	200.7	49.4	6.9	5.6	4.4	26.2	4.1	15.3	1.9	17.2	24.8	38.3
2023	202.8	49.7	7.1	5.6	4.5	26.5	4.1	15.6	1.9	17.5	25.0	38.8
2024	205.2	50.0	7.2	5.6	4.6	26.9	4.0	15.8	1.9	17.8	25.2	39.4
2025	207.5	50.3	7.3	5.6	4.7	27.2	4.0	16.1	1.9	18.2	25.5	40.0
2026	209.8	50.6	7.4	5.6	4.7	27.6	4.0	16.4	1.9	18.6	25.6	40.6
2027	212.1	50.9	7.6	5.6	4.8	27.9	4.0	16.6	1.9	18.9	25.8	41.2
2028	214.4	51.2	7.7	5.6	4.9	28.2	3.9	16.9	1.9	19.3	26.0	41.8
2029	216.7	51.5	7.8	5.6	4.9	28.6	3.9	17.1	1.9	19.7	26.2	42.4
2030	218.8	51.7	7.9	5.6	5.0	28.9	3.9	17.4	1.9	20.1	26.4	43.0
2031	220.9	51.9	8.0	5.5	5.0	29.3	3.9	17.6	1.9	20.5	26.6	43.6
2032	223.0	52.1	8.1	5.5	5.1	29.6	3.8	17.9	1.9	20.8	26.8	44.2
2033	225.2	52.3	8.1	5.5	5.1	29.9	3.8	18.1	1.8	21.2	27.0	44.8
2034	227.4	52.6	8.2	5.5	5.2	30.3	3.8	18.3	1.8	21.6	27.2	45.3
2035	229.5	52.9	8.3	5.5	5.2	30.6	3.7	18.5	1.8	22.0	27.4	45.9
2036	231.7	53.2	8.4	5.5	5.3	30.9	3.7	18.7	1.8	22.4	27.6	46.5
2037	234.0	53.6	8.5	5.5	5.4	31.3	3.7	18.8	1.8	22.7	27.8	47.1
2038	236.2	53.8	8.6	5.5	5.4	31.6	3.7	19.0	1.8	23.1	28.0	47.7
2039	238.4	54.1	8.7	5.5	5.5	32.0	3.7	19.2	1.8	23.5	28.2	48.3
2040	240.7	54.4	8.8	5.4	5.5	32.3	3.6	19.4	1.8	23.9	28.4	48.9





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	19.2 %
Expected job growth:	10.6 %
Fastest growing jobs sector:	Wholesale Trade
Expected personal income growth:	16.3 %

Expected population growth:	7.2 %
Net migration to account for:	25.7 %
Expected growth in number of vehicles:	7.1 %

Demographics (2011)

Unemployment rate (June 2011):	11.1 %
County Rank* in California (58 counties):	16th
Working age (16-64) population:	64.5 %

Population with B.A. Degree or higher:	22.7 %
Median Home Selling Price:	\$240,000
Median Household Income:	\$58,364

Quality of Life

Violent Crime rate (2009):	490 per 100,000 persons
County Rank* in California (58 counties):	43rd
Average Commute Time to work (2011):	23.8 minutes

High School drop out rate (2009):	19.1 %
Households at/below poverty line:	11.4 %

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