

SANTA CRUZ COUNTY ECONOMIC FORECAST

Santa Cruz County is located on the central coast of California, and behind San Francisco, it is the second smallest county in terms of physical size. Santa Cruz County has a population of 267,600 people and 96,900 wage and salary jobs. The per capita income in Santa Cruz County is \$50,891 and the average salary per worker is \$50,519.

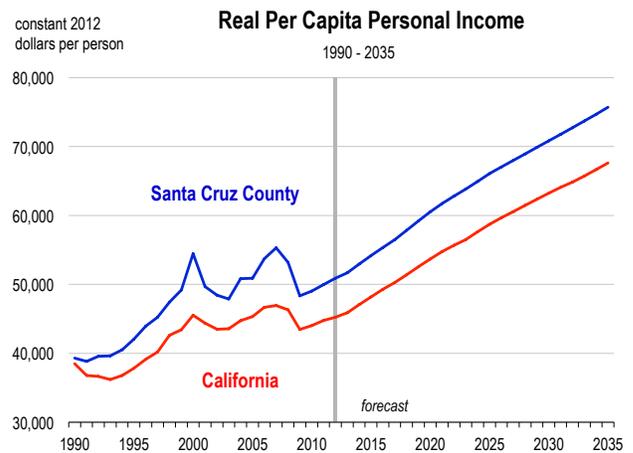
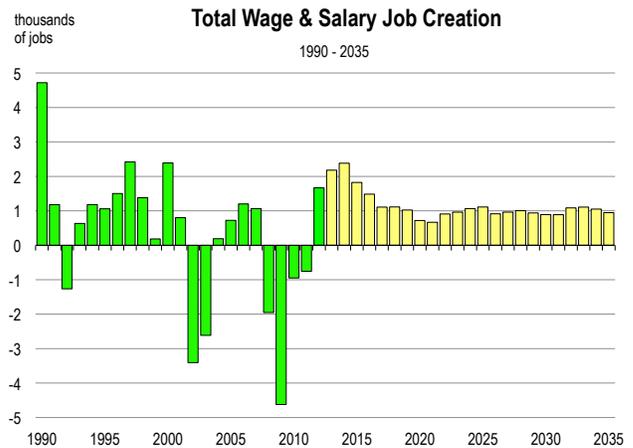
In 2012, 1,700 total wage and salary jobs were gained in Santa Cruz County, representing a growth rate of 1.8 percent. All of this growth was observed in the non-farm sector, as the farm sector declined by almost 100 jobs. Over the course of the year, the unemployment rate improved substantially, dropping from 12.3 percent in 2011 to 11.2 percent in 2012.

Across employment sectors, the largest gains occurred in leisure and hospitality (+540 jobs), wholesale and retail trade (+280 jobs), professional services (+240 jobs), and government (+220 jobs). The largest declines were observed in information (-90 jobs) and agriculture (-80 jobs).

Between 2007 and 2012, the population of Santa Cruz County grew at an annual average rate of 0.8 percent. This growth was largely due to the natural increase (new births), as net migration was relatively low. During this period, an average of only 300 net migrants entered the county each year.

FORECAST HIGHLIGHTS

- Job growth will accelerate in 2013, with total employment increasing by 2.3 percent. From 2013 to 2018, an annual average growth rate of 1.5 percent is expected. Non-farm employment will increase by an average of 1.6 percent per year, while farm employment will grow by 0.7 percent per year.
- Average salaries are currently below the California state average, and will remain so over the forecast period. Inflation adjusted salaries are expected to rise by an average of 1.1 percent per year between 2013 and 2018.
- Between 2013 and 2018, employment growth will be broad-based. However, the largest gains will be observed in education and healthcare, wholesale and retail trade, leisure and hospitality, and government. Together, these sectors will account for 61 percent of net job creation in the county.
- During the 2013-2018 period, the population will increase by 0.8 percent per year. This is identical to the growth rate that prevailed between 2007 and 2012.
- Net migration is expected to increase over the forecast, but will remain low. Between 2013 and 2018, net migration is expected to average 580 people per year.

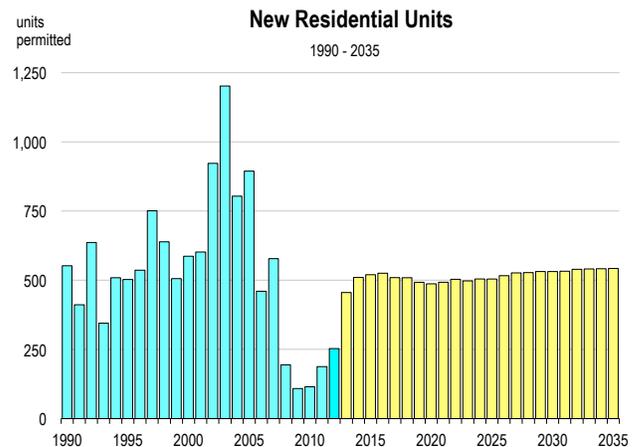
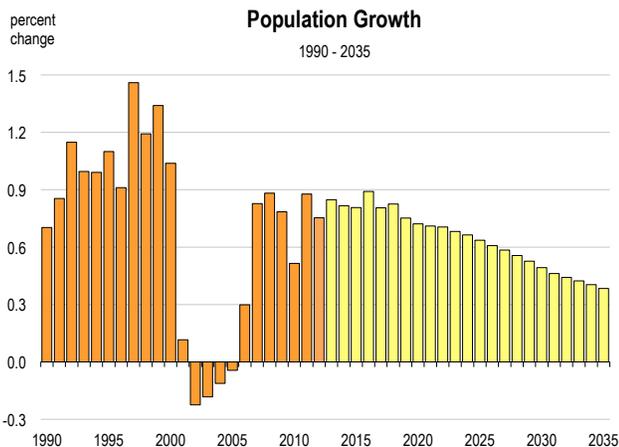


- Real income per capita is forecast to increase by 1.6 percent in 2013. From 2013 to 2018, real income per capita is expected to increase by 2.3 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.2 percent per year between 2013 and 2018.
- Industrial production is projected to increase by 3.5 percent in 2013. During the 2013-2018 period, industrial production will increase by an average of 2.9 percent per year.
- Farm production is forecast to increase by 1.1 percent per year between 2013 and 2018. The principal crop in the county is the strawberry.

Santa Cruz County Economic Forecast

2007-2012 History, 2013-2040 Forecast

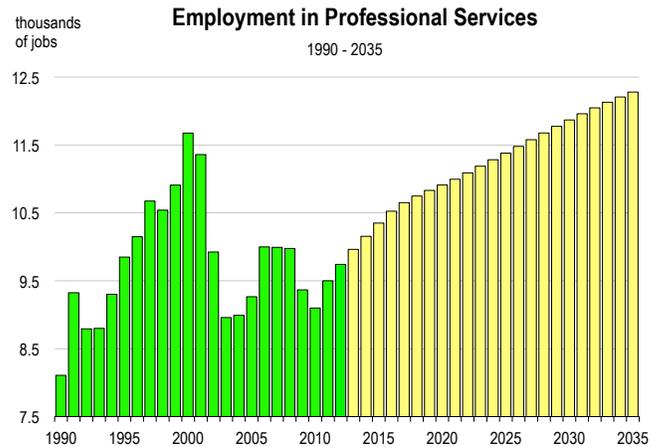
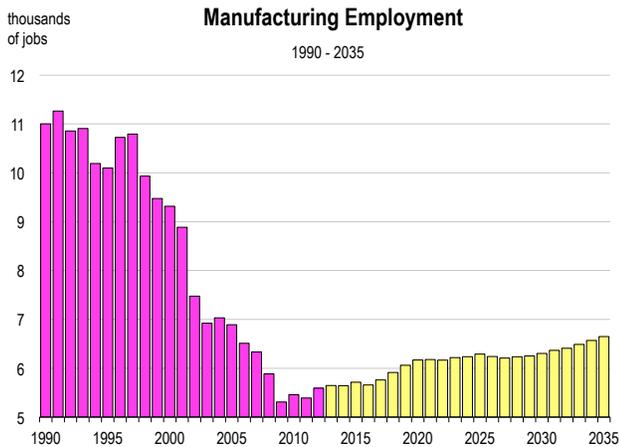
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	255,486	-1,123	243.3	93.7	460	\$3.2	\$12.0	\$53,725	3.3	0.47	1.24	5.7
2007	257,601	30	241.8	94.2	578	\$3.2	\$12.8	\$55,298	3.2	0.55	1.24	5.9
2008	259,873	320	241.9	94.3	194	\$3.0	\$12.8	\$53,178	3.1	0.52	1.21	7.3
2009	261,912	319	241.7	94.4	109	\$2.6	\$11.9	\$48,327	0.9	0.52	1.13	11.3
2010	263,260	-236	242.9	94.4	115	\$2.7	\$12.2	\$49,011	1.2	0.56	1.23	12.7
2011	265,569	670	241.5	94.4	188	\$2.9	\$12.9	\$49,969	2.6	0.58	1.26	12.3
2012	267,569	427	241.0	94.5	253	\$3.0	\$13.6	\$50,891	2.7	0.59	1.33	11.2
2013	269,837	619	241.3	94.7	456	\$3.3	\$14.3	\$51,682	2.3	0.59	1.38	9.9
2014	272,039	508	242.4	95.1	510	\$3.4	\$15.1	\$52,954	2.7	0.59	1.40	8.9
2015	274,233	475	243.9	95.5	520	\$3.6	\$15.9	\$54,178	2.1	0.59	1.44	8.0
2016	276,676	732	245.3	96.0	525	\$3.7	\$16.8	\$55,349	2.4	0.60	1.45	7.3
2017	278,904	543	246.3	96.4	509	\$3.9	\$17.7	\$56,483	2.1	0.61	1.51	7.0
2018	281,205	636	247.2	96.9	509	\$4.1	\$18.6	\$57,827	2.1	0.62	1.59	6.8
2019	283,319	489	247.9	97.3	493	\$4.2	\$19.6	\$59,204	2.1	0.63	1.67	6.7
2020	285,363	437	248.4	97.7	487	\$4.4	\$20.6	\$60,511	2.1	0.64	1.75	6.7
2021	287,389	431	248.8	98.1	493	\$4.6	\$21.7	\$61,734	2.2	0.64	1.80	6.4
2022	289,416	452	249.0	98.6	503	\$4.7	\$22.7	\$62,820	2.3	0.64	1.85	6.1
2023	291,389	414	249.4	99.0	498	\$4.9	\$23.8	\$63,819	2.3	0.65	1.91	5.9
2024	293,323	413	249.9	99.4	505	\$5.1	\$24.9	\$64,951	2.4	0.67	1.97	5.9
2025	295,188	399	250.8	99.9	504	\$5.4	\$26.1	\$66,071	2.4	0.68	2.04	5.9
2026	296,982	379	252.0	100.3	516	\$5.6	\$27.3	\$67,036	2.5	0.69	2.08	5.9
2027	298,717	377	253.3	100.7	526	\$5.9	\$28.6	\$67,978	2.5	0.70	2.12	5.8
2028	300,378	363	254.8	101.2	528	\$6.1	\$29.9	\$68,945	2.5	0.71	2.19	5.8
2029	301,960	336	256.4	101.7	531	\$6.4	\$31.2	\$69,894	2.5	0.72	2.25	5.8
2030	303,447	301	258.2	102.1	531	\$6.7	\$32.6	\$70,830	2.5	0.72	2.33	5.8
2031	304,849	268	260.1	102.6	533	\$7.0	\$34.0	\$71,772	2.5	0.72	2.42	5.8
2032	306,195	266	262.3	103.1	539	\$7.3	\$35.4	\$72,720	2.5	0.73	2.50	5.8
2033	307,492	248	264.3	103.5	541	\$7.6	\$36.9	\$73,700	2.5	0.74	2.60	5.8
2034	308,733	223	266.2	104.0	541	\$8.0	\$38.5	\$74,705	2.5	0.76	2.70	5.8
2035	309,918	195	268.0	104.5	542	\$8.3	\$40.2	\$75,722	2.5	0.77	2.80	5.8
2036	311,066	189	270.0	105.0	546	\$8.7	\$41.9	\$76,774	2.5	0.79	2.91	5.8
2037	312,188	171	271.7	105.4	549	\$9.0	\$43.7	\$77,818	2.5	0.81	3.01	5.8
2038	313,279	152	273.4	105.9	552	\$9.4	\$45.5	\$78,848	2.5	0.81	3.12	5.8
2039	314,376	171	275.2	106.4	556	\$9.7	\$47.5	\$79,981	2.5	0.82	3.24	5.8
2040	315,459	168	277.1	106.9	561	\$10.1	\$49.5	\$81,136	2.4	0.83	3.32	5.8

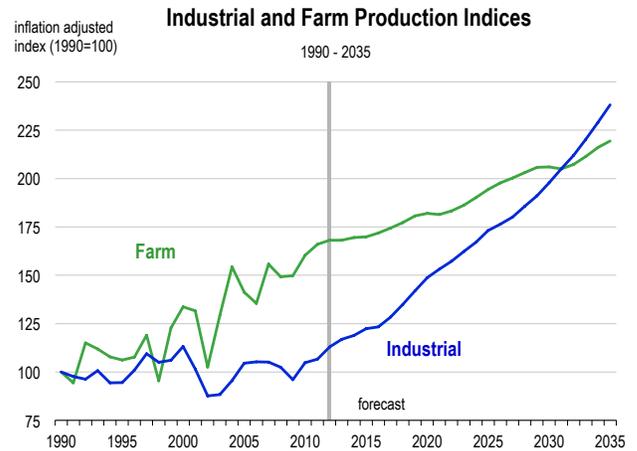
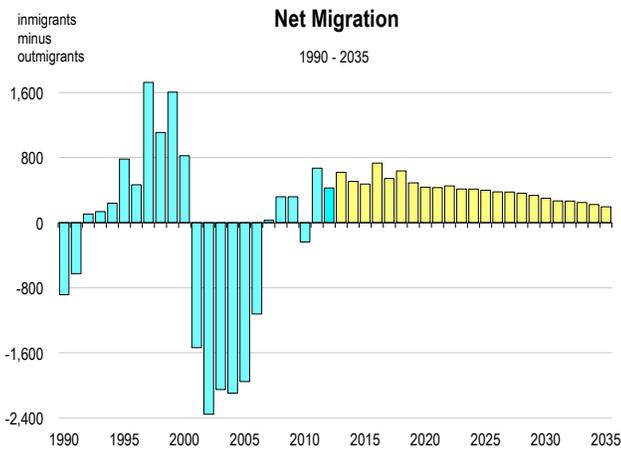
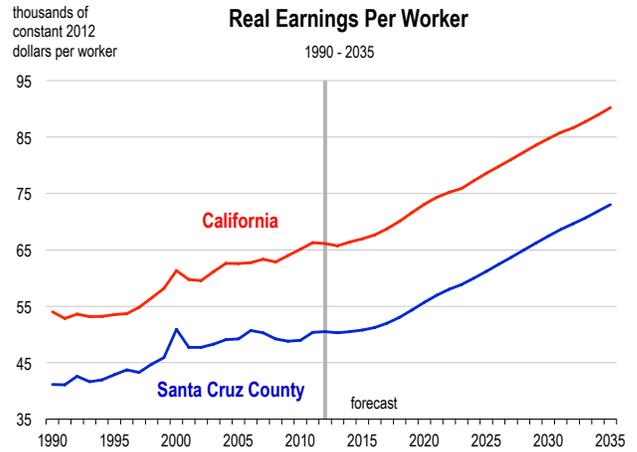


Santa Cruz County Employment Forecast

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	102.4	7.4	5.9	6.5	1.5	17.3	3.8	10.0	1.4	12.1	11.1	21.8
2007	103.5	7.8	5.4	6.3	1.6	17.4	3.7	10.0	1.2	12.4	11.5	22.3
2008	101.6	8.6	4.6	5.9	1.5	16.4	3.5	10.0	1.1	12.5	11.3	22.3
2009	96.9	9.5	3.2	5.3	1.4	15.3	3.4	9.4	1.0	13.0	11.1	20.8
2010	96.0	9.6	3.0	5.5	1.5	14.9	3.3	9.1	0.9	13.4	10.9	20.3
2011	95.2	8.6	2.9	5.4	1.5	14.7	3.1	9.5	0.9	13.8	11.1	20.3
2012	96.9	8.5	3.0	5.6	1.5	15.0	3.2	9.7	0.8	13.9	11.6	20.5
2013	99.1	8.7	3.2	5.6	1.5	15.2	3.2	10.0	0.9	14.3	11.9	20.8
2014	101.5	8.7	3.7	5.6	1.5	15.5	3.3	10.2	1.0	14.7	12.1	21.4
2015	103.3	8.7	3.9	5.7	1.5	15.7	3.3	10.4	1.1	15.1	12.3	21.7
2016	104.8	8.8	3.9	5.7	1.5	16.0	3.3	10.5	1.1	15.4	12.6	21.9
2017	105.9	8.9	4.0	5.8	1.5	16.2	3.3	10.7	1.2	15.6	12.8	21.9
2018	107.0	9.0	4.0	5.9	1.5	16.4	3.4	10.7	1.2	15.8	13.0	22.0
2019	108.0	9.1	4.0	6.1	1.5	16.6	3.4	10.8	1.3	16.0	13.1	22.0
2020	108.7	9.0	3.9	6.2	1.5	16.8	3.5	10.9	1.3	16.2	13.3	22.0
2021	109.4	9.0	3.9	6.2	1.5	16.9	3.5	11.0	1.4	16.5	13.4	22.1
2022	110.3	9.1	3.9	6.2	1.5	17.0	3.5	11.1	1.4	16.7	13.6	22.1
2023	111.3	9.2	4.0	6.2	1.5	17.1	3.6	11.2	1.4	17.0	13.8	22.1
2024	112.3	9.3	4.0	6.2	1.5	17.4	3.6	11.3	1.4	17.2	13.9	22.2
2025	113.4	9.4	4.0	6.3	1.5	17.6	3.7	11.4	1.5	17.4	14.1	22.3
2026	114.4	9.4	4.0	6.2	1.5	17.8	3.7	11.5	1.5	17.7	14.2	22.5
2027	115.3	9.5	4.1	6.2	1.5	18.0	3.8	11.6	1.5	17.9	14.4	22.6
2028	116.3	9.5	4.1	6.2	1.5	18.1	3.8	11.7	1.5	18.1	14.6	22.7
2029	117.3	9.6	4.1	6.3	1.5	18.3	3.9	11.8	1.6	18.4	14.7	22.8
2030	118.1	9.5	4.2	6.3	1.5	18.4	3.9	11.9	1.6	18.6	14.9	22.9
2031	119.0	9.4	4.1	6.4	1.5	18.6	4.0	12.0	1.6	18.8	15.0	23.1
2032	120.1	9.6	4.1	6.4	1.5	18.8	4.0	12.0	1.6	19.1	15.2	23.2
2033	121.2	9.7	4.1	6.5	1.6	19.0	4.1	12.1	1.7	19.3	15.4	23.3
2034	122.3	9.8	4.1	6.6	1.6	19.2	4.1	12.2	1.7	19.6	15.5	23.4
2035	123.2	9.8	4.1	6.6	1.6	19.4	4.2	12.3	1.7	19.8	15.7	23.5
2036	124.3	10.0	4.1	6.7	1.6	19.6	4.2	12.4	1.7	20.0	15.8	23.7
2037	125.3	10.1	4.1	6.8	1.6	19.7	4.3	12.4	1.8	20.3	16.0	23.8
2038	126.0	10.0	4.1	6.8	1.6	19.8	4.3	12.5	1.8	20.5	16.1	23.9
2039	127.0	10.1	4.1	6.9	1.6	20.0	4.4	12.6	1.8	20.8	16.3	24.0
2040	128.0	10.1	4.1	7.0	1.6	20.1	4.4	12.6	1.9	21.0	16.5	24.2





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

Expected retail sales growth:	10.1 %
Expected job growth:	8.0 %
Fastest growing jobs sector:	Information
Expected personal income growth:	16.6 %

Expected population growth:	4.2 %
Net migration to account for:	25.5 %
Expected growth in number of vehicles:	2.5 %

Demographics (2013)

Unemployment rate (April 2013)	9.9 %
County Rank* in California (58 counties):	31st
Working age (16-64) population:	69.1 %

Population with B.A. Degree or higher:	35.4 %
Median Home Selling Price (2012):	\$430,000
Median Household Income:	\$61,622

Quality of Life

Violent Crime rate (2010):	453 per 100,000 persons
County Rank* in California (58 counties):	44th
Average Commute Time to work (2013):	28.4 minutes

High School drop out rate (2011):	12.0 %
Households at/below poverty line (2013):	9.3 %

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