

SONOMA COUNTY ECONOMIC FORECAST

Sonoma County is the northernmost county in the San Francisco Bay Area. Although slightly less famous than Napa County – its neighbor to the east – Sonoma County produces nearly as many wine grapes as Napa. The county thrived in the late 1990s when technology was booming, but conditions turned negative during the dotcom bust in 2000. The county had just recovered all of the jobs lost during 2001 and 2002 when the 2008-09 recession began. It is estimated that total employment will not return to the 2000-2001 levels until 2023.

Sonoma County has a population of 489,300 people and approximately 176,300 wage and salary jobs. The per capita income in Sonoma County is \$47,116, and the average salary per worker is \$56,026.

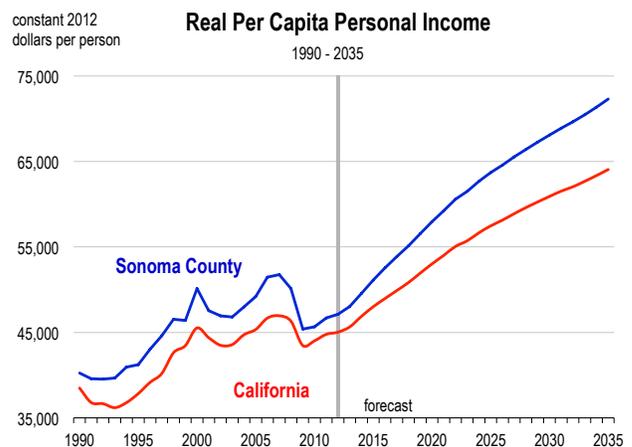
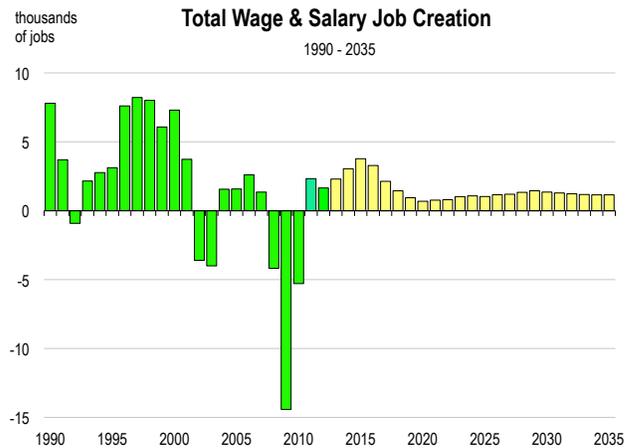
In 2012, employment in Northern California increased by 2.4 percent, whereas employment in the greater Bay Area grew by 3.0 percent. In Sonoma County, 1,700 jobs were created, representing a growth rate of 1.0 percent. The unemployment rate improved dramatically, falling from 9.8 percent in 2011 to 8.6 percent in 2012.

Positive job growth was observed in most major sectors over the past year. The largest gains occurred in leisure and hospitality (+1,400 jobs), wholesale and retail trade (+830 jobs), and education and healthcare (+630 jobs). The largest declines were observed in government (-810 jobs), financial activities (-180 jobs), and professional services (-110 jobs).

Between the 2007 and 2012, the population of Sonoma County increased at an average rate of 0.7 percent per year. Net migration accounted for approximately half of this growth, as the county gained an average of 1,600 net migrants per year.

FORECAST HIGHLIGHTS

- Employment will expand by 1.3 percent in 2013. Between 2013 and 2018, the annual growth rate is expected to average 1.5 percent per year.
- Average salaries are currently below the California average, and are expected to remain so over the life of the forecast. Real average salaries are expected to rise by an average of 1.2 percent per year between 2013 and 2018.
- The largest employment gains will be observed in wholesale and retail trade, leisure and hospitality, professional services, and government. These sectors will account for 75 percent of net job creation in the county between 2013 and 2018.
- The population will increase by 0.4 percent in 2013. Throughout the 2013 to 2018 period, growth will average 0.4 percent.

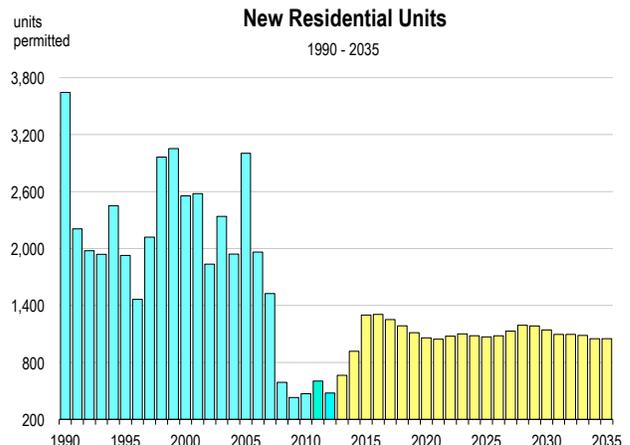
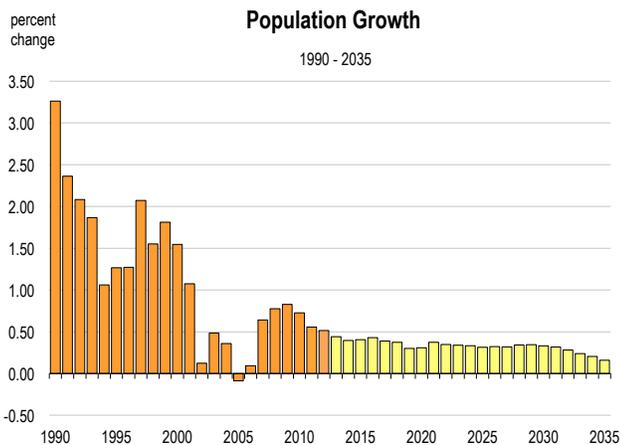


- In 2013, approximately 1,600 net migrants will enter the county. From 2013 to 2018, net migration is expected to average 1,400 individuals per year.
- Real per capita income will increase by of 1.9 percent in 2013. Between 2013 and 2018, real per capita income is expected to rise at a rate 2.8 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.7 percent per year during the 2013 to 2018 period.
- Industrial production is forecast to increase by 3.7 percent in 2013. Between 2013 and 2018, the growth rate of industrial production will average 3.3 percent per year.
- Farm production is expected to decline at an average rate of 0.5 percent per year between 2013 and 2018. The principal crop in the county is the wine grape.

Sonoma County Economic Forecast

2006-2012 History, 2013-2040 Forecast

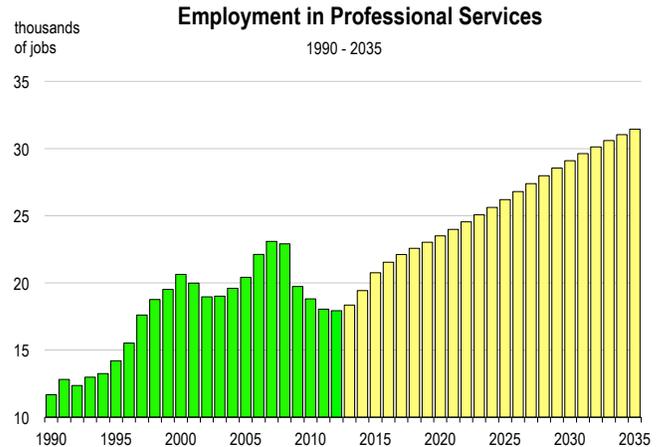
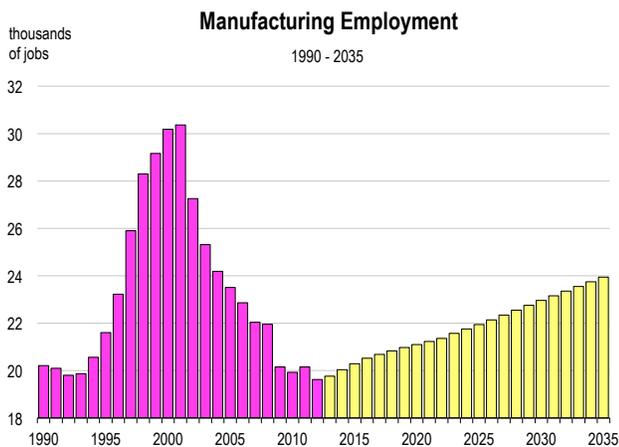
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	469,967	-1,575	488	181.0	1,962	\$7.9	\$21.1	\$51,470	3.3	679.8	4.4	4.0
2007	472,987	923	485	182.3	1,526	\$7.9	\$22.1	\$51,745	3.2	708.9	4.4	4.3
2008	476,650	1,685	487	184.3	591	\$7.4	\$22.2	\$50,132	3.1	627.8	4.7	5.7
2009	480,598	1,881	487	185.2	430	\$6.3	\$20.5	\$45,390	0.9	692.7	4.3	9.7
2010	484,084	1,471	486	185.8	470	\$6.5	\$21.0	\$45,651	1.2	622.9	4.4	10.5
2011	486,778	1,413	484	186.1	604	\$7.0	\$22.1	\$46,689	2.6	596.8	4.6	9.8
2012	489,283	1,362	482	186.5	478	\$7.3	\$23.1	\$47,116	2.7	569.4	4.7	8.6
2013	491,440	1,561	485	187.3	664	\$7.8	\$24.1	\$48,018	2.3	566.2	4.9	7.9
2014	493,384	1,327	485	188.2	918	\$8.2	\$25.7	\$49,577	2.7	560.9	5.0	7.2
2015	495,382	1,391	487	189.3	1,299	\$8.6	\$27.2	\$51,117	2.1	558.5	5.2	6.4
2016	497,510	1,544	489	190.6	1,306	\$9.1	\$28.7	\$52,563	2.4	554.9	5.4	5.8
2017	499,445	1,375	496	191.9	1,252	\$9.5	\$30.2	\$53,867	2.1	552.8	5.5	5.5
2018	501,311	1,326	502	193.0	1,186	\$10.0	\$31.6	\$55,131	2.1	551.5	5.7	5.4
2019	502,818	1,013	508	194.0	1,113	\$10.4	\$33.3	\$56,549	2.1	550.0	5.9	5.4
2020	504,367	1,117	514	195.0	1,059	\$11.0	\$34.9	\$57,935	2.1	547.7	6.1	5.3
2021	506,253	1,523	520	195.9	1,045	\$11.5	\$36.6	\$59,260	2.2	545.4	6.4	5.2
2022	508,013	1,461	526	196.8	1,077	\$12.2	\$38.4	\$60,571	2.3	542.7	6.6	5.2
2023	509,734	1,462	530	197.8	1,101	\$12.8	\$40.1	\$61,512	2.3	540.2	6.8	5.1
2024	511,430	1,477	535	198.7	1,081	\$13.5	\$42.0	\$62,682	2.4	537.4	7.1	5.1
2025	513,037	1,437	539	199.7	1,069	\$14.3	\$43.8	\$63,706	2.4	534.3	7.3	5.1
2026	514,690	1,531	543	200.7	1,081	\$15.0	\$45.7	\$64,584	2.5	530.8	7.6	5.1
2027	516,330	1,569	547	201.6	1,130	\$15.8	\$47.6	\$65,528	2.5	527.7	7.9	5.0
2028	518,094	1,745	551	202.7	1,192	\$16.5	\$49.6	\$66,420	2.5	525.0	8.2	5.0
2029	519,883	1,819	555	203.8	1,185	\$17.2	\$51.7	\$67,275	2.5	522.0	8.5	5.0
2030	521,605	1,804	558	204.8	1,143	\$18.0	\$53.8	\$68,098	2.5	519.0	8.8	5.0
2031	523,261	1,788	562	205.9	1,096	\$18.9	\$56.0	\$68,909	2.5	515.2	9.1	5.0
2032	524,733	1,651	565	206.8	1,096	\$19.8	\$58.1	\$69,631	2.5	511.7	9.4	5.0
2033	525,985	1,472	568	207.8	1,085	\$20.8	\$60.4	\$70,467	2.5	507.9	9.8	5.0
2034	527,060	1,346	571	208.8	1,050	\$21.7	\$62.8	\$71,356	2.5	504.5	10.1	5.0
2035	527,898	1,163	575	209.8	1,050	\$22.8	\$65.3	\$72,302	2.5	500.8	10.5	5.0
2036	528,618	1,106	578	210.7	1,019	\$23.8	\$67.9	\$73,247	2.5	497.2	10.9	5.0
2037	529,226	1,057	581	211.6	1,000	\$24.8	\$70.7	\$74,241	2.5	493.6	11.3	5.0
2038	529,709	998	584	212.6	951	\$25.9	\$73.5	\$75,292	2.5	489.9	11.7	5.0
2039	530,066	937	587	213.4	896	\$26.9	\$76.5	\$76,388	2.5	486.4	12.1	5.0
2040	530,295	873	591	214.3	850	\$28.0	\$79.5	\$77,508	2.4	482.9	12.4	5.0

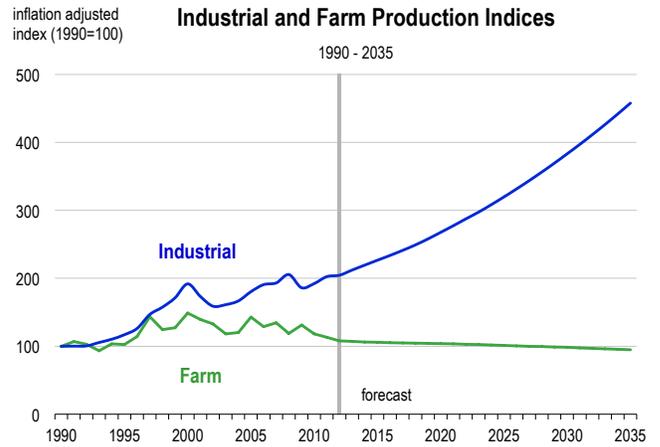
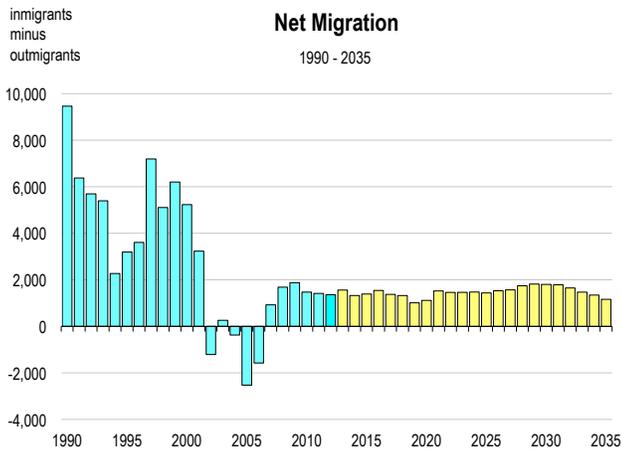
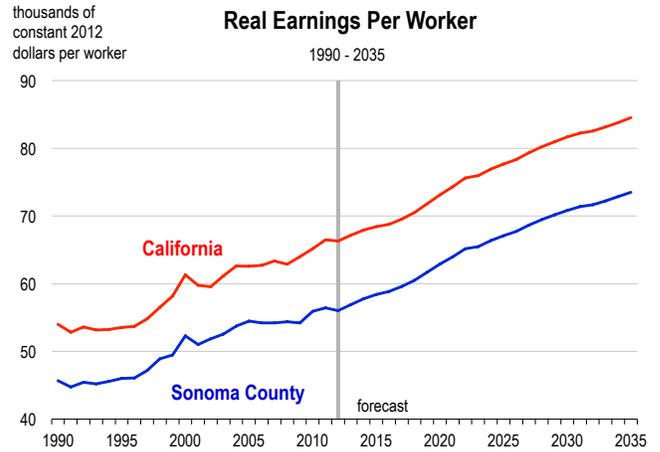


Sonoma County Employment Forecast

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	194.9	5.73	14.7	22.9	4.2	31.3	9.7	22.1	3.2	23.1	20.7	30.7
2007	196.2	5.77	14.4	22.0	4.5	31.8	9.3	23.1	3.0	23.5	21.0	31.1
2008	192.0	5.77	12.8	22.0	4.4	30.7	8.5	22.9	2.8	24.2	21.0	30.4
2009	177.6	5.80	9.8	20.2	4.0	28.1	7.8	19.7	2.6	24.1	20.1	29.2
2010	172.3	5.65	8.9	19.9	3.9	28.1	7.7	18.8	2.5	24.1	20.1	26.8
2011	174.7	5.79	8.6	20.2	3.8	28.6	7.6	18.0	2.5	24.5	20.5	28.4
2012	176.3	5.78	8.6	19.6	3.9	29.4	7.4	17.9	2.6	25.1	21.9	27.6
2013	178.6	5.76	8.7	19.8	4.0	30.0	7.6	18.4	2.7	25.1	22.6	27.7
2014	181.7	5.72	8.8	20.0	4.0	30.5	7.7	19.4	2.8	25.0	23.1	28.0
2015	185.5	5.71	9.1	20.3	4.1	30.9	7.9	20.8	2.9	24.9	23.8	28.2
2016	188.7	5.69	9.6	20.5	4.1	31.3	8.1	21.5	3.1	24.7	24.6	28.4
2017	190.9	5.68	9.7	20.7	4.1	31.6	8.2	22.1	3.2	24.5	25.3	28.6
2018	192.3	5.67	9.5	20.8	4.2	31.8	8.3	22.6	3.2	24.3	25.7	28.8
2019	193.3	5.66	9.3	21.0	4.2	32.0	8.3	23.0	3.3	24.1	25.9	29.0
2020	194.0	5.65	9.1	21.1	4.2	32.2	8.3	23.5	3.3	23.9	26.0	29.1
2021	194.7	5.63	8.8	21.2	4.2	32.4	8.3	24.0	3.4	23.7	26.1	29.2
2022	195.6	5.62	8.6	21.4	4.3	32.6	8.3	24.5	3.4	23.5	26.1	29.3
2023	196.6	5.60	8.4	21.6	4.3	32.8	8.3	25.1	3.5	23.4	26.2	29.4
2024	197.7	5.58	8.3	21.8	4.3	33.1	8.4	25.6	3.5	23.2	26.2	29.6
2025	198.7	5.57	8.1	21.9	4.3	33.3	8.4	26.2	3.6	23.1	26.2	29.7
2026	199.9	5.54	8.0	22.1	4.4	33.5	8.4	26.8	3.6	23.1	26.3	29.8
2027	201.1	5.53	7.8	22.3	4.4	33.6	8.4	27.4	3.7	23.1	26.4	29.9
2028	202.4	5.51	7.8	22.6	4.4	33.8	8.3	28.0	3.7	23.1	26.6	30.1
2029	203.9	5.49	7.7	22.8	4.5	34.0	8.3	28.6	3.8	23.2	26.7	30.2
2030	205.2	5.47	7.6	23.0	4.5	34.1	8.3	29.1	3.8	23.3	26.9	30.3
2031	206.5	5.45	7.4	23.2	4.5	34.3	8.3	29.6	3.9	23.4	27.1	30.5
2032	207.7	5.43	7.1	23.4	4.6	34.5	8.3	30.1	3.9	23.5	27.3	30.6
2033	208.9	5.41	6.9	23.5	4.6	34.6	8.3	30.6	4.0	23.5	27.4	30.7
2034	210.1	5.39	6.7	23.7	4.6	34.8	8.4	31.0	4.0	23.6	27.6	30.9
2035	211.2	5.36	6.5	23.9	4.7	35.0	8.4	31.4	4.1	23.7	27.8	31.0
2036	212.5	5.34	6.3	24.1	4.7	35.1	8.4	31.9	4.1	23.9	28.0	31.1
2037	213.8	5.32	6.0	24.3	4.7	35.3	8.5	32.3	4.2	24.1	28.2	31.3
2038	215.0	5.30	5.7	24.5	4.8	35.4	8.5	32.7	4.2	24.4	28.3	31.4
2039	216.2	5.28	5.4	24.7	4.8	35.5	8.5	33.1	4.3	24.7	28.5	31.5
2040	217.4	5.26	5.0	24.9	4.8	35.6	8.5	33.6	4.3	25.0	28.7	31.7





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

Expected retail sales growth:	14.0 %
Expected job growth:	7.7 %
Fastest growing jobs sector:	Professional Services
Expected personal income growth:	17.1 %

Expected population growth:	2.0 %
Net migration to account for:	70.5 %
Expected growth in number of vehicles:	3.5 %

Demographics (2013)

Unemployment rate (April 2013):	6.5 %
County Rank* in California (58 counties):	8th
Working age (16-64) population:	65.6 %

Population with B.A. Degree or higher:	32.1 %
Median Home Selling Price (2012):	\$322,500
Median Household Income:	\$55,369

Quality of Life

Violent Crime rate (2010):	379 per 100,000 persons
County Rank* in California (58 counties):	29th
Average Commute Time to work (2013):	28.2 minutes

High School drop out rate (2011):	12.7 %
Households at/below poverty line (2013):	7.1 %

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