

CALIFORNIA ECONOMIC FORECAST

In 2013, the state's official population was 38.2 million people, and total wage and salary employment stood at just under 15.6 million jobs. California accounts for 12.1 percent of the U.S. population and 11.4 percent of the nation's non-farm wage and salary employment. The per capita income in California is \$49,134 and the average salary per worker is \$69,341.

In 2013, a total of 453,400 wage and salary jobs were gained in California, representing an increase of 3.0 percent. This is the fastest rate of growth since the year 2000. The farm sector, which accounts for less than 3 percent of total wage-and-salary employment, increased by 12,300 jobs. The unemployment rate improved substantially, falling from 10.4 percent in 2012 to 9.0 percent in 2013.

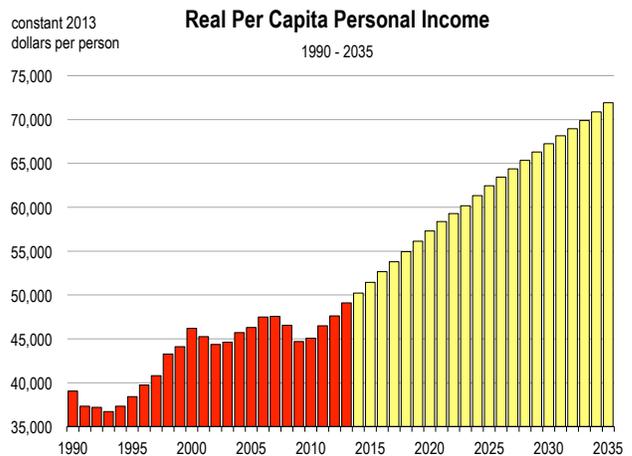
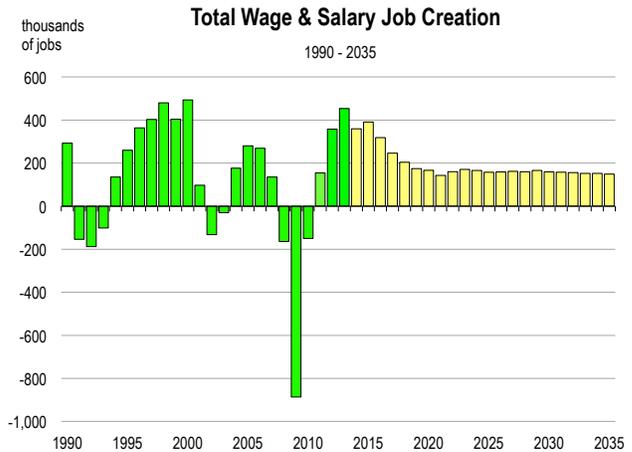
Virtually all major sectors created jobs in 2013. The largest increases were observed in education and healthcare (+135,000 jobs), professional and business services (+92,700 jobs), leisure and hospitality (+72,700 jobs), wholesale and retail trade (+50,800 jobs), and construction (+46,300 jobs). The only major sectors to decline were government (-6,200 jobs) and manufacturing (-1,200 jobs).

Between 2008 and 2013, the state population grew at an annual average rate of 0.6 percent. In total, growth occurred in 46 counties, while declines occurred in 12 counties. The fastest growing county was Placer, which increased at an average rate of 1.3 percent per year, while the county with the most rapid decline was Alpine, which fell by 1.5 percent per year.

Over the 2008-2013 period, all population growth was the result of the natural increase (new births), which resulted in more than 270,000 new residents each year. Over the same time frame, the state lost an average of 10,000 residents per year through net migration.

FORECAST HIGHLIGHTS

- In 2014, total wage and salary employment will increase by 2.3 percent. Between 2014 and 2019, growth will average 1.6 percent per year. Farm employment will grow by just 0.5 percent per year during this period.
- Average salaries, adjusted for inflation, are forecasted to increase by 0.6 percent in 2014. Over the 2014-2019 period, average salaries will increase by 1.3 percent per year.
- Between 2014 and 2019, job creation will occur primarily in professional and business services (+350,000 jobs), education and healthcare (+256,000 jobs), leisure and hospitality (+160,000 jobs), and wholesale and retail trade (+111,000 jobs). Together, these sectors will account for 66 percent of net job creation in the state.

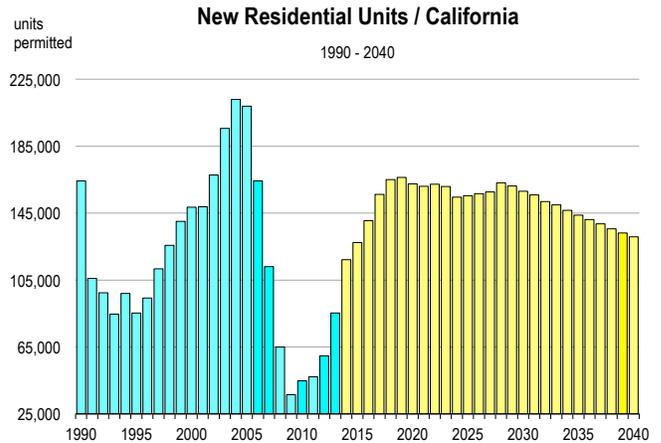
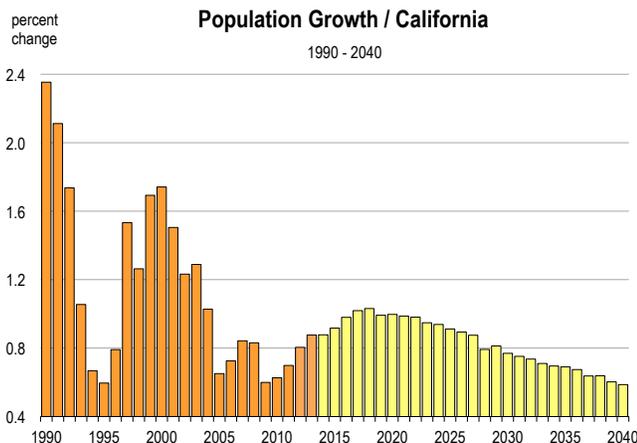


- The population growth rate will increase substantially over the medium term, averaging 1.0 percent per year during the 2014-2019 period.
- Net migration is expected to be positive over the forecast period. In 2014, approximately 66,000 net migrants will enter the state. Over the following five years, an average of 112,000 net migrants will enter each year.
- Real per capita income is forecasted to increase by 2.3 percent in 2014. Between 2014 and 2019, real per capita income is expected to rise by an average of 2.2 percent per year.
- Total taxable sales, adjusted for inflation, are forecasted to grow by 2.5 percent in 2014. From 2014 to 2019, real taxable sales will increase at an average annual rate of 2.0 percent per year.
- Industrial production is expected to increase by 3.6 percent in 2014. Between 2014 and 2019, the growth rate of industrial production will average 3.9 percent per year. Total crop production, adjusted for inflation, is expected to rise by an average of 0.5 percent per year between 2014 and 2019.

California Economic Forecast

2006-2013 History, 2014-2040 Forecast

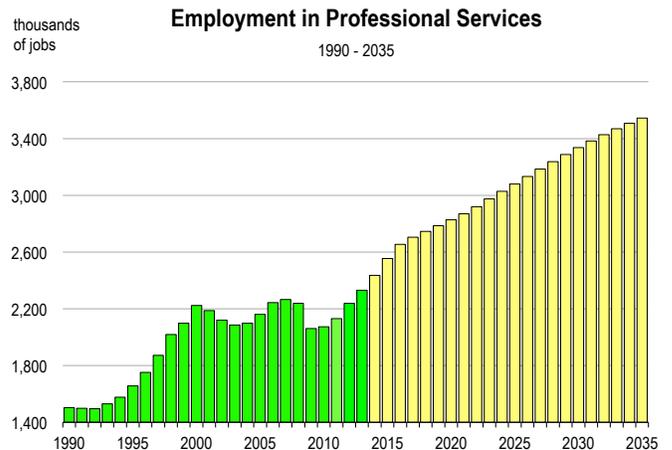
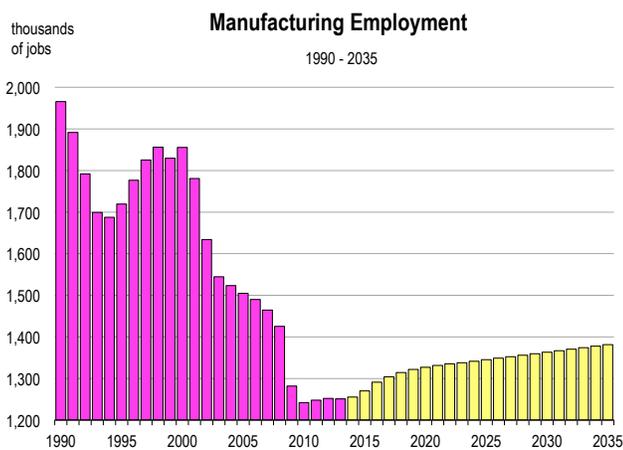
	Population (millions)	Net Migration (thousands)	Registered Vehicles (millions)	Households (millions)	New Homes Permitted (thousands)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	36.25	-52.8	31.5	12.2	164.3	\$547.8	\$1,468.0	\$47,485	3.2	37.2	318.3	4.9
2007	36.55	-24.2	31.5	12.4	113.0	\$550.4	\$1,534.0	\$47,570	3.4	41.8	323.1	5.4
2008	36.86	-25.2	31.9	12.5	65.0	\$519.1	\$1,558.5	\$46,559	2.9	40.7	335.4	7.2
2009	37.08	-89.1	31.8	12.5	36.4	\$450.8	\$1,517.2	\$44,681	0.8	37.5	310.6	11.3
2010	37.31	-55.4	31.9	12.6	44.8	\$471.7	\$1,560.3	\$45,067	1.3	40.4	299.1	12.4
2011	37.57	-11.3	31.7	12.6	47.1	\$514.6	\$1,664.0	\$46,490	2.7	44.9	302.4	11.8
2012	37.87	38.7	31.8	12.6	59.6	\$554.1	\$1,754.4	\$47,370	2.7	45.4	320.8	10.4
2013	38.20	66.3	32.8	12.7	85.3	\$594.1	\$1,877.1	\$49,134	2.3	47.3	330.6	9.0
2014	38.54	66.1	32.9	12.8	117.2	\$625.9	\$1,991.6	\$50,276	2.8	46.8	342.6	7.9
2015	38.89	84.1	33.2	12.9	127.4	\$659.8	\$2,128.3	\$51,563	3.3	46.7	357.5	7.1
2016	39.27	102.8	33.6	13.0	140.5	\$697.9	\$2,269.4	\$52,776	3.2	47.1	371.9	6.7
2017	39.67	121.2	33.9	13.1	156.2	\$728.0	\$2,395.2	\$53,869	2.4	47.3	385.8	6.6
2018	40.08	130.3	34.4	13.3	165.0	\$758.6	\$2,526.7	\$54,984	2.3	47.6	400.9	6.6
2019	40.48	123.3	34.7	13.4	166.3	\$790.4	\$2,667.0	\$56,138	2.4	48.0	415.8	6.5
2020	40.89	135.5	35.1	13.6	162.5	\$821.7	\$2,811.8	\$57,265	2.3	47.8	430.7	6.5
2021	41.29	143.4	35.4	13.7	161.0	\$853.4	\$2,962.2	\$58,302	2.5	47.5	445.3	6.5
2022	41.69	151.8	35.8	13.9	162.3	\$884.9	\$3,114.2	\$59,184	2.6	48.0	460.3	6.5
2023	42.09	147.2	36.1	14.0	160.9	\$917.5	\$3,270.0	\$60,067	2.5	48.3	476.5	6.4
2024	42.48	148.7	36.4	14.2	154.6	\$952.4	\$3,447.8	\$61,222	2.5	48.8	491.8	6.2
2025	42.87	143.5	36.7	14.3	155.4	\$988.8	\$3,631.2	\$62,346	2.5	49.1	508.0	6.1
2026	43.26	141.7	37.0	14.5	156.6	\$1,026.7	\$3,814.1	\$63,331	2.5	49.3	525.3	6.0
2027	43.63	139.4	37.3	14.6	157.7	\$1,067.6	\$4,002.7	\$64,287	2.5	49.4	543.6	5.9
2028	43.98	109.3	37.6	14.8	163.1	\$1,112.2	\$4,199.6	\$65,296	2.5	49.7	563.7	5.8
2029	44.34	123.7	37.9	14.9	161.2	\$1,158.2	\$4,404.3	\$66,279	2.5	49.8	585.1	5.7
2030	44.68	110.4	38.2	15.1	158.1	\$1,207.8	\$4,615.0	\$67,246	2.5	49.6	607.3	5.6
2031	45.01	108.0	38.5	15.2	155.9	\$1,262.7	\$4,831.3	\$68,178	2.5	49.3	630.3	5.5
2032	45.35	106.1	38.8	15.4	151.9	\$1,321.8	\$5,048.3	\$69,004	2.5	49.9	654.1	5.5
2033	45.67	99.6	39.1	15.5	149.9	\$1,383.1	\$5,282.4	\$69,955	2.5	50.5	678.8	5.5
2034	45.99	98.6	39.4	15.7	146.7	\$1,445.5	\$5,529.6	\$70,958	2.5	50.9	704.5	5.5
2035	46.30	101.6	39.7	15.8	143.8	\$1,508.9	\$5,789.9	\$71,999	2.5	51.0	731.0	5.5
2036	46.62	99.7	40.1	15.9	141.2	\$1,573.0	\$6,059.7	\$73,032	2.5	51.7	758.6	5.5
2037	46.91	87.6	40.4	16.1	138.6	\$1,638.1	\$6,344.0	\$74,132	2.5	52.1	787.2	5.5
2038	47.21	93.5	40.7	16.2	135.6	\$1,704.1	\$6,643.9	\$75,272	2.5	51.5	816.8	5.5
2039	47.50	82.0	41.1	16.3	133.1	\$1,771.1	\$6,957.2	\$76,448	2.5	52.0	847.5	5.5
2040	47.78	79.5	41.4	16.4	130.8	\$1,838.9	\$7,281.6	\$77,616	2.5	52.3	879.4	5.5

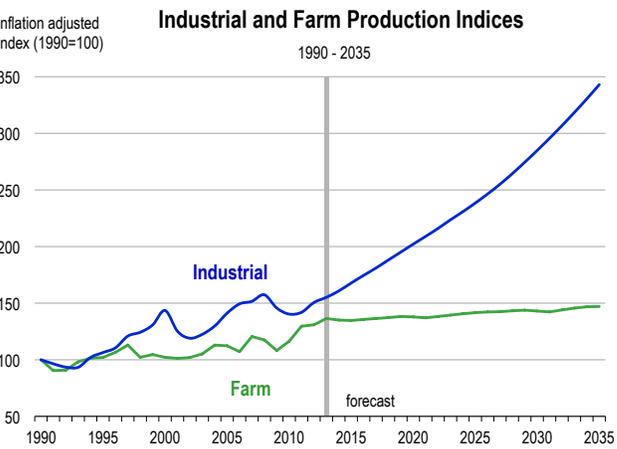
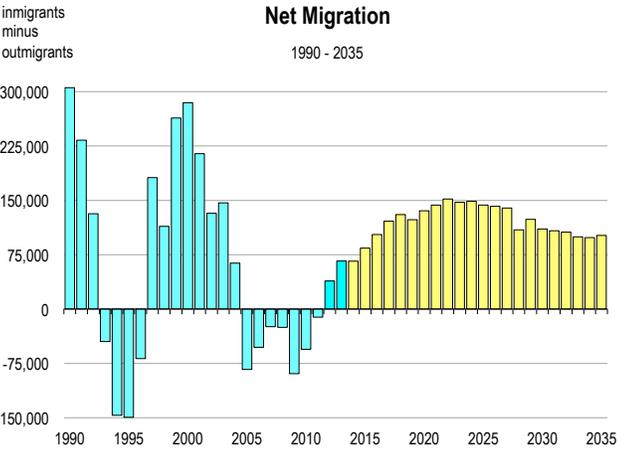
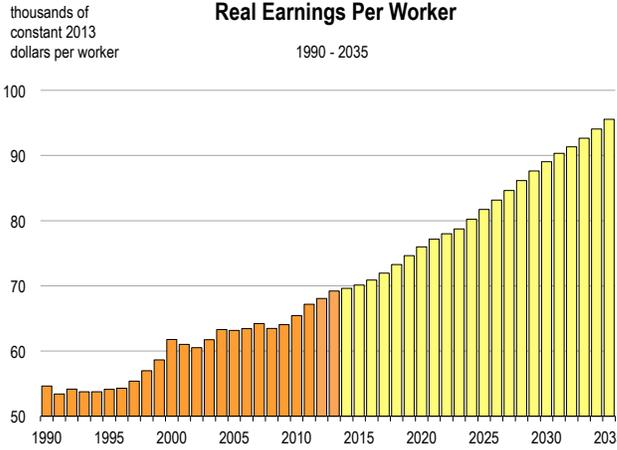


California Employment Forecast

2006-2013 History, 2014-2040 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	15,659	375	934	1,490	496	2,380	928	2,243	466	1,843	1,519	2,452
2007	15,794	384	893	1,464	508	2,405	897	2,266	471	1,913	1,560	2,495
2008	15,630	389	788	1,425	505	2,344	842	2,239	476	1,990	1,573	2,519
2009	14,743	372	623	1,282	474	2,168	783	2,061	441	2,044	1,503	2,480
2010	14,593	383	560	1,242	466	2,162	760	2,074	429	2,056	1,502	2,448
2011	14,748	389	561	1,248	474	2,204	762	2,131	431	2,084	1,536	2,405
2012	15,105	399	590	1,252	487	2,248	773	2,238	435	2,172	1,599	2,376
2013	15,559	411	636	1,251	504	2,299	782	2,331	450	2,307	1,671	2,370
2014	15,918	429	673	1,255	520	2,338	784	2,436	459	2,369	1,712	2,384
2015	16,309	429	720	1,270	533	2,366	794	2,555	470	2,433	1,753	2,410
2016	16,628	429	725	1,291	544	2,397	804	2,654	482	2,481	1,796	2,431
2017	16,874	433	734	1,304	555	2,421	813	2,705	492	2,528	1,835	2,448
2018	17,078	437	748	1,314	565	2,437	822	2,746	500	2,575	1,860	2,459
2019	17,252	440	755	1,322	574	2,450	831	2,786	506	2,624	1,872	2,470
2020	17,419	440	760	1,327	584	2,458	838	2,827	512	2,674	1,877	2,490
2021	17,562	440	761	1,331	594	2,466	846	2,870	518	2,724	1,882	2,490
2022	17,722	441	765	1,335	605	2,474	855	2,919	523	2,776	1,883	2,495
2023	17,893	441	770	1,338	616	2,483	866	2,975	528	2,830	1,885	2,501
2024	18,059	441	773	1,341	626	2,492	878	3,028	532	2,875	1,888	2,510
2025	18,217	442	772	1,345	638	2,500	890	3,080	538	2,918	1,890	2,519
2026	18,376	442	776	1,349	649	2,509	901	3,133	543	2,959	1,893	2,526
2027	18,537	442	781	1,352	661	2,518	913	3,185	548	3,000	1,895	2,534
2028	18,697	443	783	1,356	672	2,526	925	3,237	553	3,041	1,898	2,543
2029	18,863	443	791	1,359	684	2,535	937	3,288	559	3,084	1,900	2,551
2030	19,023	443	794	1,363	696	2,544	948	3,336	564	3,127	1,902	2,559
2031	19,180	443	796	1,367	709	2,553	959	3,383	569	3,171	1,905	2,568
2032	19,336	444	799	1,370	722	2,562	970	3,428	575	3,214	1,907	2,576
2033	19,489	444	800	1,374	734	2,570	981	3,469	580	3,257	1,910	2,584
2034	19,641	444	803	1,378	747	2,579	993	3,508	586	3,300	1,912	2,593
2035	19,790	445	806	1,381	761	2,588	1,004	3,545	591	3,343	1,915	2,601
2036	19,940	445	808	1,385	774	2,597	1,015	3,581	597	3,387	1,917	2,610
2037	20,092	445	810	1,389	788	2,606	1,026	3,618	603	3,430	1,920	2,618
2038	20,245	445	812	1,392	802	2,615	1,037	3,656	608	3,474	1,922	2,627
2039	20,398	446	814	1,396	816	2,624	1,048	3,694	614	3,518	1,925	2,635
2040	20,553	446	816	1,400	831	2,634	1,059	3,732	620	3,562	1,927	2,644





State Economic and Demographic Indicators

Projected Economic Growth (2014-2019)

Expected retail sales growth:	11.0%
Expected job growth:	8.8%
Fastest growing jobs sector:	Professional Services
Expected personal income growth:	17.3%

Expected population growth:	5.0%
Net migration to account for:	28.9%
Expected growth in number of vehicles:	5.7%

Demographics (2014)

Unemployment rate (April 2014):	7.4%
County rank* in California (58 counties):	NA
Working age (16-64) population:	66.2%

Population with B.A. degree or higher:	30.2%
Median home selling price (2013):	\$407,100
Median household income:	\$58,504

Quality of Life

Violent crime rate (2012):	423 per 100,000 persons
County rank* in California (58 counties):	NA
Average commute time to work (2014):	29.7 minutes

High School drop out rate (2012):	15.2%
Households at/below poverty line (2014):	12.0%

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