

SAN DIEGO COUNTY ECONOMIC FORECAST

San Diego is the second largest county in California, behind only Los Angeles. It has a population of 3.2 million people and a total of 1.4 million wage and salary jobs. The average salary per worker is \$71,886, and the per capita income is \$54,004. San Diego County has a diverse economy with a strong tourism sector, a sizeable defense industry, and a bustling technology cluster. The U.S. Navy is the largest employer.

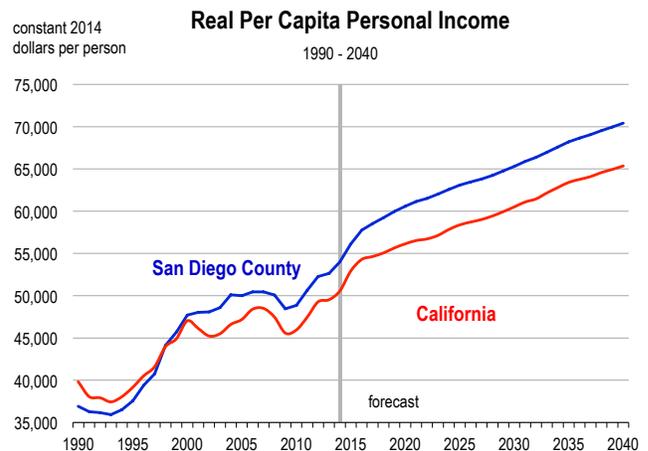
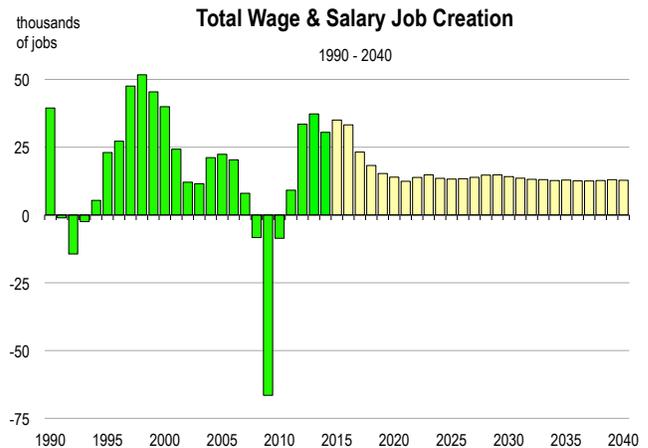
During 2014, San Diego County was characterized by employment growth of 2.3 percent, gaining a total of 30,500 jobs. Across the broader Southern California region, total employment increased by 2.6 percent. In San Diego County, the unemployment rate improved from 7.8 percent in 2013 to 6.4 percent in 2014.

In 2014, the largest job gains occurred in leisure and hospitality (+8,200 jobs), education and healthcare (+5,800 jobs), and professional services (+5,300 jobs). The only sectors that lost jobs were financial activities (-900 jobs) and transportation and utilities (-400 jobs).

From 2009-2014, the population of San Diego County grew at an annual average rate of 0.9 percent. This growth was largely a result of the natural increase (new births), as net migration was relatively low.

FORECAST HIGHLIGHTS

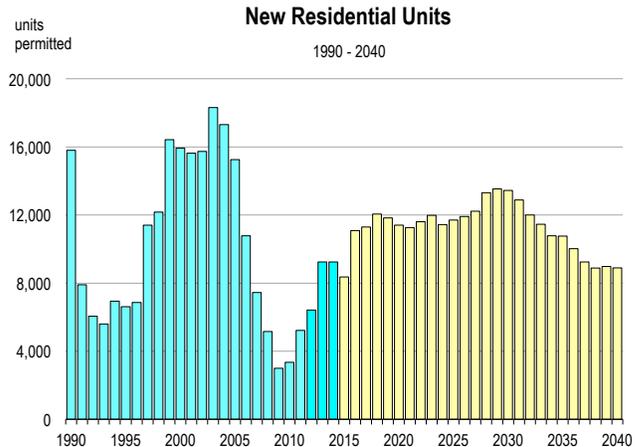
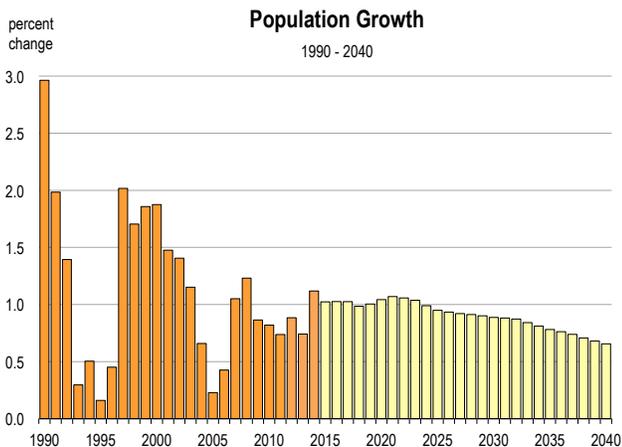
- Total employment is expected to increase by 2.6 percent in 2015. From 2015 to 2020, growth will average 1.4 percent per year.
- Average salaries are above the California state average, and will remain so over the foreseeable future. In San Diego County, real average salaries will rise by an average of 0.8 percent per year from 2015 to 2020.
- Between 2015 and 2020, the largest job gains will be observed in professional and business services (+28,400 jobs), leisure and hospitality (+16,200 jobs), education and healthcare (+15,100 jobs), and government (11,300 jobs).
- Population growth will accelerate slightly when compared to the last few years, averaging 1.0 percent annually from 2015 to 2020.
- From 2015 to 2020, an average of 10,200 net migrants will enter the county each year. This represents a dramatic increase over the previous five years, in which an average of 2,800 net migrants entered the county each year.
- Between 2015 and 2020, an average of 11,000 housing permits will be issued each year. Approximately 9,000 homes have been proposed in various development projects north of Escondido. Construction will begin shortly on some, with complete build-out occurring sometime after the year 2020.
- Real per capita income is expected to increase by 3.9 percent in 2015. An annual average rate of 1.5 percent is forecasted from 2015 to 2020.
- Total taxable sales are expected to increase by an average of 0.8 percent per year from 2015 to 2020.
- Industrial production is expected to rise by an average of 3.4 percent per year from 2015 to 2020.



San Diego County Economic Forecast

2006-2014 History, 2015-2040 Forecast

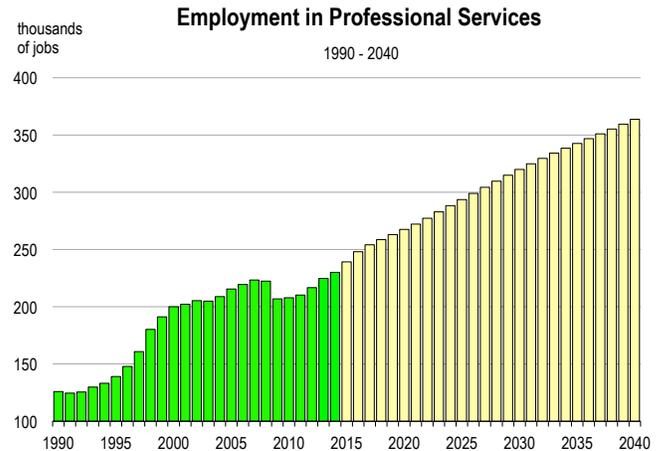
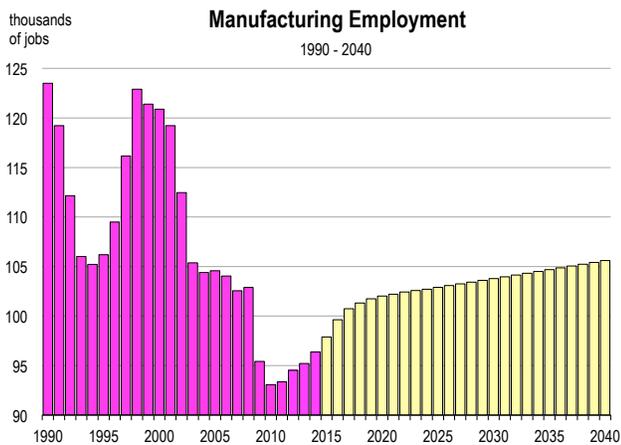
	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	2,982,816	-13,669	2.64	1,060.8	10,777	\$47.8	\$130.7	\$50,461	4.3	1.68	22.1	4.0
2007	3,014,165	3,410	2.64	1,069.1	7,445	\$47.5	\$136.3	\$50,452	3.3	1.71	22.2	4.6
2008	3,051,262	8,830	2.64	1,077.2	5,154	\$45.3	\$141.8	\$50,069	3.5	1.67	22.9	6.0
2009	3,077,633	-480	2.65	1,084.0	2,990	\$39.7	\$137.3	\$48,464	-0.8	1.68	22.1	9.6
2010	3,102,852	-249	2.67	1,086.2	3,346	\$41.6	\$141.2	\$48,854	1.2	1.77	21.8	10.8
2011	3,125,734	-2,158	2.65	1,088.8	5,222	\$45.1	\$151.5	\$50,652	2.7	1.76	21.7	10.3
2012	3,153,376	3,679	2.67	1,092.2	6,419	\$47.9	\$160.9	\$52,276	2.0	1.79	22.4	9.1
2013	3,176,770	193	2.75	1,097.1	9,242	\$50.3	\$165.0	\$52,641	1.1	1.88	22.5	7.8
2014	3,212,298	12,366	2.81	1,102.5	9,242	\$53.0	\$173.5	\$54,004	1.3	1.89	23.0	6.4
2015	3,245,170	9,647	2.84	1,111.6	8,361	\$55.6	\$183.8	\$56,109	0.9	1.90	24.0	5.6
2016	3,278,461	10,118	2.90	1,119.6	11,086	\$58.3	\$196.8	\$57,745	3.0	1.90	24.9	4.8
2017	3,312,072	10,226	2.94	1,130.1	11,296	\$60.4	\$207.7	\$58,538	3.1	1.88	25.6	4.5
2018	3,344,704	9,228	2.97	1,140.8	12,056	\$62.4	\$218.2	\$59,220	2.8	1.87	26.4	4.4
2019	3,378,300	9,978	3.00	1,152.2	11,829	\$64.6	\$229.1	\$59,958	2.7	1.87	27.3	4.3
2020	3,413,533	11,586	3.03	1,163.4	11,405	\$66.6	\$240.3	\$60,592	2.8	1.86	28.3	4.2
2021	3,450,046	13,214	3.05	1,174.2	11,263	\$68.7	\$252.0	\$61,130	2.9	1.85	29.1	4.3
2022	3,486,533	13,428	3.08	1,184.9	11,606	\$70.8	\$263.8	\$61,517	2.9	1.85	30.0	4.2
2023	3,522,703	13,445	3.11	1,195.9	11,981	\$73.0	\$275.4	\$62,026	2.5	1.85	31.0	4.2
2024	3,557,563	12,357	3.13	1,207.3	11,439	\$75.4	\$287.3	\$62,592	2.4	1.85	31.9	4.2
2025	3,591,336	11,512	3.16	1,218.1	11,704	\$77.7	\$299.8	\$63,094	2.6	1.84	32.8	4.2
2026	3,624,874	11,504	3.18	1,229.2	11,913	\$80.1	\$312.5	\$63,469	2.7	1.84	33.9	4.2
2027	3,658,243	11,601	3.21	1,240.5	12,224	\$82.8	\$325.5	\$63,816	2.7	1.84	34.9	4.2
2028	3,691,618	11,555	3.24	1,252.1	13,310	\$85.7	\$338.8	\$64,242	2.5	1.85	36.1	4.2
2029	3,724,885	11,637	3.27	1,264.7	13,534	\$88.8	\$352.4	\$64,758	2.3	1.85	37.4	4.2
2030	3,757,931	11,678	3.29	1,277.5	13,444	\$92.1	\$366.3	\$65,310	2.2	1.85	38.7	4.2
2031	3,791,071	11,878	3.32	1,290.2	12,884	\$95.7	\$380.5	\$65,886	2.1	1.85	40.0	4.2
2032	3,824,163	12,068	3.34	1,302.5	12,002	\$99.5	\$395.3	\$66,359	2.3	1.85	41.4	4.1
2033	3,856,346	11,519	3.37	1,313.8	11,457	\$103.3	\$409.9	\$66,984	1.9	1.85	42.9	4.1
2034	3,887,640	10,993	3.39	1,324.7	10,780	\$107.2	\$425.5	\$67,585	2.1	1.85	44.3	4.1
2035	3,918,015	10,345	3.42	1,334.9	10,762	\$111.0	\$442.1	\$68,198	2.2	1.85	45.9	4.1
2036	3,947,878	10,273	3.44	1,345.1	10,022	\$115.0	\$459.9	\$68,654	2.6	1.85	47.5	4.1
2037	3,977,050	9,786	3.47	1,354.6	9,242	\$118.9	\$478.3	\$69,056	2.7	1.85	49.1	4.1
2038	4,005,183	8,940	3.49	1,363.4	8,885	\$122.8	\$497.0	\$69,540	2.5	1.85	50.8	4.1
2039	4,032,447	8,246	3.52	1,371.8	8,979	\$126.7	\$516.9	\$69,967	2.7	1.86	52.4	4.1
2040	4,058,891	7,621	3.54	1,380.3	8,894	\$130.6	\$537.0	\$70,423	2.6	1.86	54.3	4.1

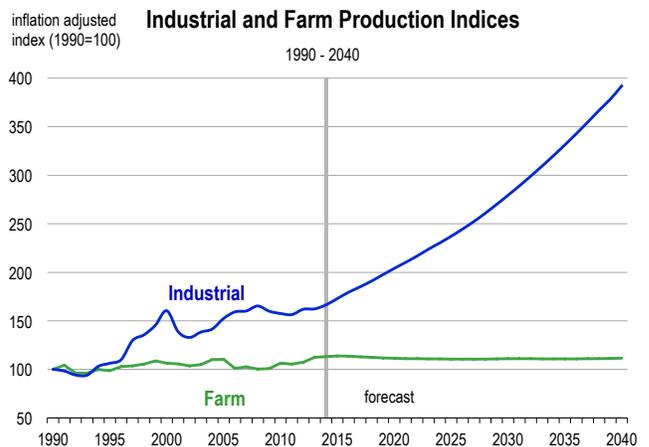
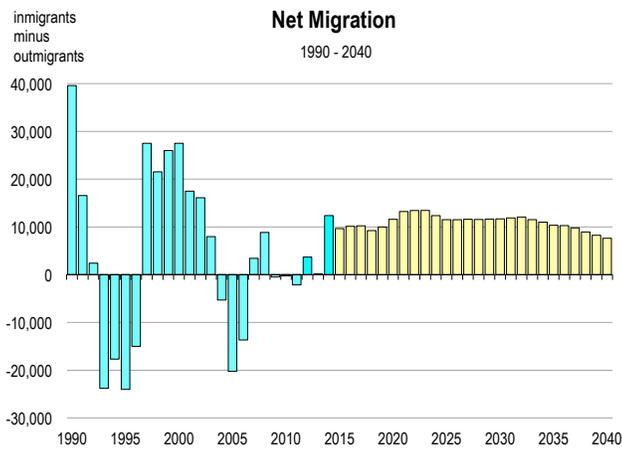
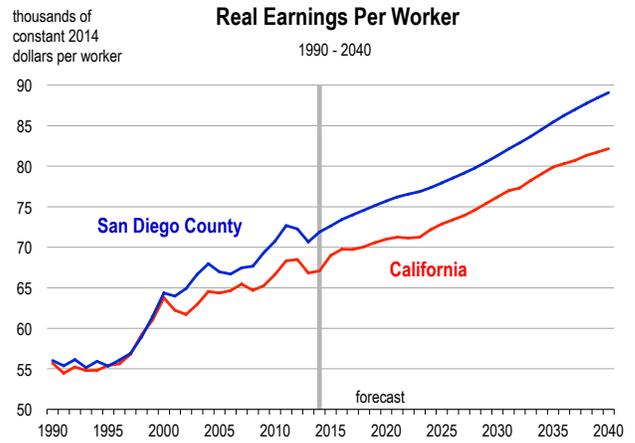


San Diego County Employment Forecast

2006-2014 History, 2015-2040 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	1,323.0	10.92	92.7	104.0	28.7	193.5	83.7	219.4	31.7	135.1	156.5	217.9
2007	1,331.0	10.87	87.0	102.6	28.8	193.6	80.3	223.4	31.3	140.5	161.8	222.4
2008	1,322.7	10.84	76.1	102.9	29.0	187.0	75.2	222.5	31.4	150.0	164.0	225.1
2009	1,256.2	10.36	61.1	95.4	27.3	172.3	69.8	207.0	28.2	158.2	154.8	224.5
2010	1,247.6	10.53	55.4	93.1	26.5	170.9	67.2	207.9	25.1	159.6	154.5	230.5
2011	1,256.8	9.79	55.2	93.4	26.1	174.9	67.6	210.2	24.2	162.8	155.6	229.0
2012	1,290.3	9.80	57.0	94.5	27.3	180.7	70.2	216.7	24.5	170.5	161.7	227.8
2013	1,327.6	9.78	60.9	95.2	27.2	185.2	71.4	224.7	24.3	181.1	168.6	229.5
2014	1,358.1	10.03	63.5	96.4	26.8	188.0	70.5	230.0	24.6	186.9	176.8	231.9
2015	1,393.1	10.00	64.9	97.9	27.7	191.4	71.5	239.2	25.0	190.7	184.5	235.7
2016	1,426.3	9.97	67.4	99.6	28.4	194.3	71.5	248.0	25.9	194.3	190.7	239.1
2017	1,449.5	9.96	68.1	100.7	29.0	196.4	71.6	254.1	27.0	196.6	195.3	241.7
2018	1,467.8	9.94	68.9	101.3	29.5	197.9	72.4	258.6	27.7	199.7	198.2	243.5
2019	1,483.1	9.94	69.1	101.7	29.8	198.9	73.4	263.0	28.2	202.8	199.9	245.1
2020	1,497.0	9.93	69.2	102.0	30.2	199.5	74.3	267.5	28.7	205.8	200.7	247.0
2021	1,509.5	9.93	69.5	102.2	30.6	200.1	75.1	272.2	29.3	208.9	201.1	247.6
2022	1,523.3	9.93	70.3	102.4	31.0	200.7	76.2	277.3	29.8	212.1	201.1	248.4
2023	1,538.1	9.93	71.3	102.6	31.4	201.4	77.3	282.9	30.2	215.4	201.3	249.3
2024	1,551.6	9.94	72.0	102.7	31.8	202.2	78.2	288.3	30.4	218.2	201.4	250.4
2025	1,564.9	9.94	72.6	102.9	32.1	202.9	79.2	293.6	30.7	220.9	201.8	251.3
2026	1,578.3	9.94	73.1	103.1	32.5	203.5	80.3	299.0	31.1	223.4	202.2	252.1
2027	1,592.2	9.94	73.7	103.2	32.9	204.3	81.5	304.3	31.5	225.9	202.9	253.0
2028	1,606.9	9.94	75.0	103.4	33.3	205.0	82.6	309.6	31.8	228.5	203.6	253.9
2029	1,621.7	9.94	76.3	103.6	33.7	205.9	83.8	314.8	32.1	231.1	204.7	254.6
2030	1,635.8	9.94	77.1	103.8	34.1	206.7	84.9	319.9	32.5	233.8	206.0	255.1
2031	1,649.4	9.94	77.6	104.0	34.5	207.6	85.7	324.8	32.9	236.4	207.2	255.7
2032	1,662.5	9.94	77.8	104.1	34.9	208.4	86.5	329.6	33.4	239.1	208.5	256.3
2033	1,675.6	9.94	78.1	104.3	35.2	209.3	87.4	334.1	33.7	241.8	209.8	256.8
2034	1,688.3	9.94	78.3	104.5	35.6	210.1	88.3	338.5	34.0	244.4	211.0	257.4
2035	1,701.2	9.94	78.8	104.7	36.0	210.9	89.3	342.6	34.4	247.1	212.3	258.0
2036	1,713.8	9.94	79.0	104.9	36.4	211.6	90.3	346.8	34.9	249.7	213.6	258.5
2037	1,726.3	9.94	79.1	105.1	36.8	212.3	91.3	351.0	35.4	252.4	214.8	259.1
2038	1,739.0	9.94	79.3	105.2	37.2	213.0	92.2	355.2	35.8	255.1	216.1	259.7
2039	1,752.1	9.94	79.9	105.4	37.6	213.7	93.1	359.4	36.3	257.9	217.3	260.4
2040	1,764.9	9.93	80.2	105.6	38.0	214.3	94.0	363.7	36.7	260.6	218.6	261.1





County Economic and Demographic Indicators

Projected Economic Growth (2015-2020)

Expected retail sales growth:	4.4%
Expected job growth:	8.1%
Fastest growing jobs sector:	Information
Expected personal income growth:	13.6%

Expected population growth:	5.2%
Net migration to account for:	30.4%
Expected growth in number of vehicles:	5.6%

Demographics (2015)

Unemployment rate (March 2015):	5.1%
County rank* in California (58 counties):	11th
Working age (16-64) population:	67.12%

Population with B.A. or higher:	34.39%
Median home selling price (2014):	\$437,000
Median household income:	\$61,766

Quality of Life

Violent crime rate (2013):	349 per 100,000 persons
County rank* in California (58 counties):	26th
Average commute time to work (2015):	26.85 minutes

High school drop out rate (2014):	10.2%
Households at/below poverty line (2015):	11.25%

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