

SONOMA COUNTY ECONOMIC FORECAST

Sonoma County is the northernmost county in the San Francisco Bay Area. Although slightly less famous than its neighbor to the east, Sonoma County produces nearly as many wine grapes as Napa County. 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 in 2001 and 2002 when the 2008-09 recession began. It is estimated that total employment will not return to the 2000-2001 record levels until 2015.

Sonoma County has a population of 485,000 people and more than 174,000 wage and salary jobs. The per capita income in Sonoma County is \$45,020, and the average salary per worker is \$51,430.

Employment growth in Northern California was negative in 2010, and in the greater Bay Area, total jobs declined by 1.4 percent. In 2010, 3,600 jobs were lost in Sonoma County, representing a growth rate of -2.0 percent. The unemployment rate increased to 10.5 percent in 2010.

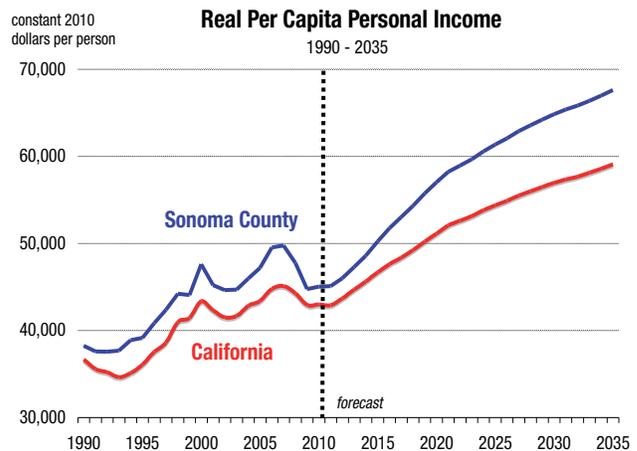
The only non-farm sectors recording positive job growth during 2010 were professional services, which increased by an impressive 7.7 percent, and education and healthcare, which was only marginally higher than 2009. The farm sector lost 230 jobs during 2010, a decline of 4.0 percent. The government sector has recorded more job losses than most other counties, with 3 straight years of employment contraction and a decline of 8.6 percent in 2010. The other sectors with large employment declines in 2010 were construction (-900 jobs) and manufacturing (-500 jobs).

Between the 2000 and 2010 census the population of Sonoma County increased by 5.5 percent. The largest city in the county is Santa Rosa, which accounts for 35 percent of the total population, and 80 percent of the growth in the past 10 years.

Annual population growth will slow over the forecast. Employment growth will peak in 2013, but will continue to outpace population growth throughout the forecast.

FORECAST HIGHLIGHTS

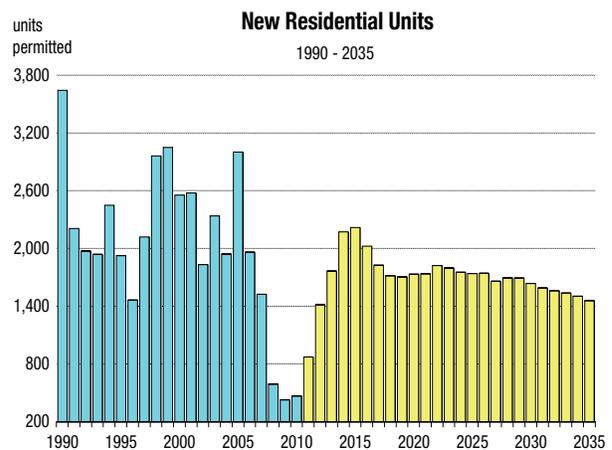
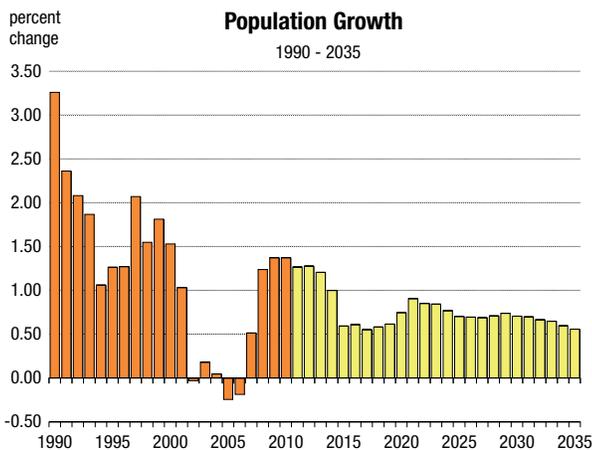
- Employment will expand by 2.1 percent in 2011. Between 2011 and 2016, the annual growth rate is expected to average 2.9 percent per year.
- Average salaries adjusted for inflation are currently below the California average, but increase slightly faster over the next five years. Real average salaries are forecast to rise an average of 1.2 percent per year from 2011 to 2016, compared with 0.9 percent per year in California.
- Total taxable sales adjusted for inflation are expected to increase an average of 4.8 percent per year during the 2011 to 2016 period.
- The population will grow at a rate of approximately 1.3 percent in 2011. Annual growth in the 2011 to 2016 period is forecast to average 0.9 percent per year.
- Net migration is expected to exceed 4,000 persons in 2011. From 2011 to 2016 net migration is forecast to average 2,700 migrants each year.
- The momentum for employment growth is in professional services, trade, leisure services, education and healthcare services, and construction. These sectors account for 82 percent of all the job growth in the county during the forecast period, though all sectors are expected to create employment.
- Real per capita incomes increase at a rate of 0.1 percent in 2011. Between 2011 and 2016 per capita incomes are forecast to increase 2.8 percent per year.
- Industrial production is forecast to increase 3.4 percent in 2011. Between 2011 and 2016 the growth rate of industrial production will average 2.1 percent per year.
- Farm production is forecast to increase by only 0.1 percent per year between 2011 and 2016. The principal crop in the county is wine grapes.



Sonoma County Economic Forecast

2006-2010 History, 2011-2040 Forecast

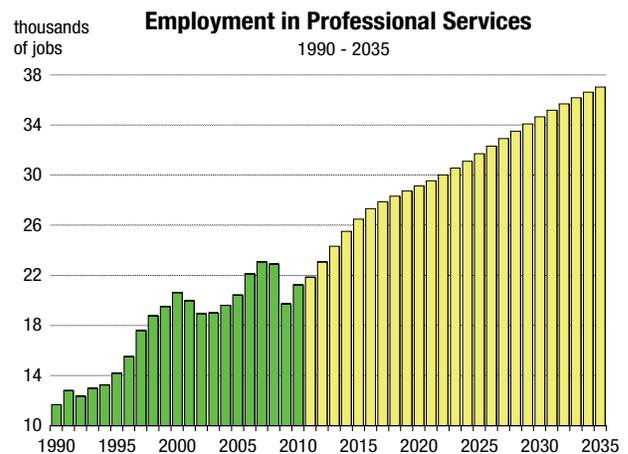
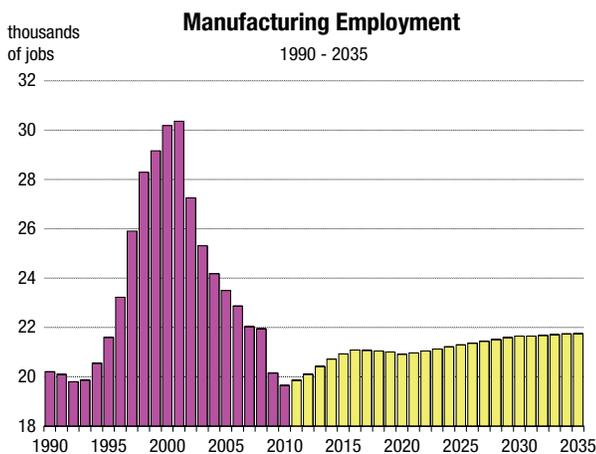
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	464,118	-2,879	488	183	1,962	\$7.9	\$21.1	\$49,540	3.2	646	4.19	4.0
2007	466,500	286	485	184	1,526	\$7.9	\$22.1	\$49,746	3.4	672	4.20	4.3
2008	472,285	3,807	487	187	591	\$7.4	\$22.1	\$47,762	3.0	596	4.56	5.7
2009	478,774	4,698	487	188	430	\$6.3	\$21.1	\$44,745	0.8	662	4.48	9.7
2010	485,351	4,774	486	189	470	\$6.6	\$21.9	\$45,020	1.3	647	4.49	10.5
2011	491,499	4,227	492	189	874	\$6.9	\$22.9	\$45,078	3.3	648	4.64	8.7
2012	497,775	4,315	498	190	1,418	\$7.3	\$24.2	\$46,006	2.3	649	4.74	8.3
2013	503,776	4,020	504	191	1,766	\$7.8	\$25.7	\$47,286	2.3	649	4.86	7.7
2014	508,822	2,999	510	193	2,175	\$8.4	\$27.4	\$48,588	2.4	650	4.95	7.1
2015	511,847	949	514	195	2,218	\$9.0	\$29.1	\$50,229	2.1	649	5.02	6.5
2016	514,973	1,040	518	197	2,025	\$9.7	\$30.7	\$51,727	2.1	650	5.15	6.1
2017	517,820	755	522	199	1,826	\$10.3	\$32.3	\$53,017	2.1	651	5.29	5.8
2018	520,839	926	525	201	1,718	\$10.9	\$34.0	\$54,324	2.0	651	5.43	5.5
2019	524,051	1,147	527	202	1,707	\$11.6	\$35.7	\$55,725	1.9	652	5.57	5.2
2020	527,963	1,891	530	204	1,733	\$12.2	\$37.5	\$57,028	1.7	652	5.71	4.8
2021	532,756	2,826	533	205	1,738	\$12.8	\$39.3	\$58,219	1.7	651	5.89	4.5
2022	537,300	2,595	536	207	1,824	\$13.5	\$41.0	\$58,942	2.2	652	6.06	4.5
2023	541,830	2,605	540	209	1,798	\$14.2	\$42.7	\$59,659	2.2	653	6.22	4.5
2024	545,995	2,262	543	210	1,753	\$15.0	\$44.6	\$60,569	2.1	654	6.40	4.5
2025	549,843	1,975	546	212	1,741	\$15.8	\$46.5	\$61,366	2.1	654	6.58	4.5
2026	553,663	1,977	548	214	1,742	\$16.6	\$48.3	\$62,084	2.1	655	6.77	4.5
2027	557,485	2,009	551	215	1,660	\$17.5	\$50.3	\$62,887	2.1	655	6.97	4.5
2028	561,439	2,177	554	217	1,697	\$18.4	\$52.3	\$63,579	2.1	655	7.18	4.5
2029	565,584	2,403	556	219	1,694	\$19.3	\$54.4	\$64,230	2.1	656	7.39	4.5
2030	569,585	2,297	559	220	1,638	\$20.3	\$56.5	\$64,846	2.1	655	7.61	4.5
2031	573,569	2,314	562	222	1,591	\$21.3	\$58.6	\$65,395	2.2	655	7.84	4.5
2032	577,379	2,174	565	223	1,562	\$22.4	\$60.7	\$65,839	2.2	656	8.08	4.5
2033	581,131	2,149	567	225	1,537	\$23.5	\$62.9	\$66,388	2.1	657	8.33	4.5
2034	584,593	1,898	570	226	1,506	\$24.6	\$65.2	\$66,969	2.2	658	8.58	4.5
2035	587,859	1,741	572	227	1,459	\$25.8	\$67.7	\$67,628	2.2	658	8.84	4.5
2036	590,920	1,575	575	229	1,402	\$27.1	\$70.2	\$68,294	2.1	659	9.11	4.5
2037	594,087	1,718	577	230	1,335	\$28.4	\$72.8	\$68,949	2.2	659	9.39	4.5
2038	597,177	1,676	579	231	1,310	\$29.7	\$75.5	\$69,661	2.1	659	9.66	4.5
2039	600,206	1,648	581	233	1,308	\$31.2	\$78.3	\$70,422	2.1	659	9.95	4.5
2040	603,167	1,616	583	234	1,289	\$32.7	\$81.2	\$71,209	2.1	660	10.26	4.5

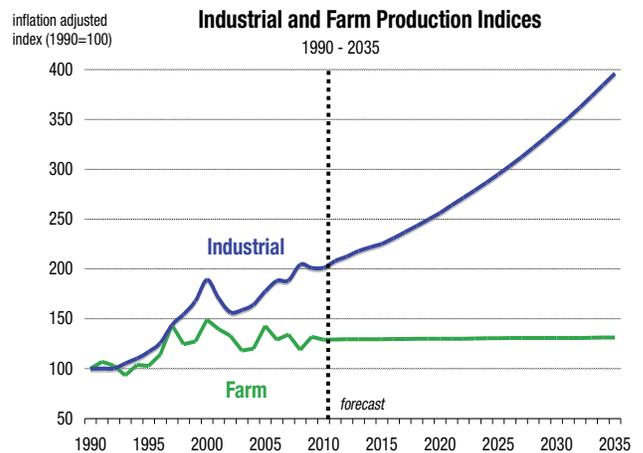
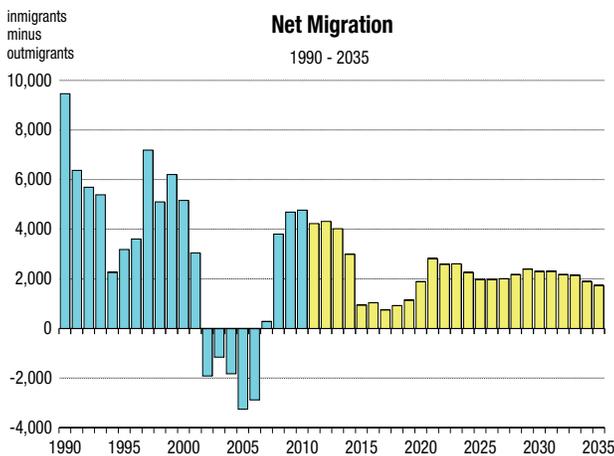
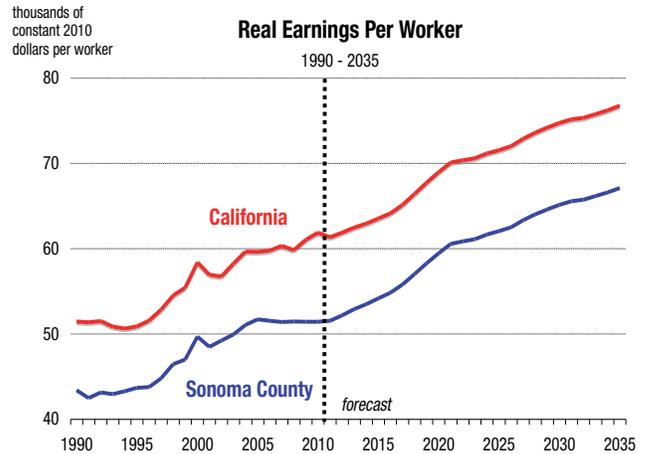
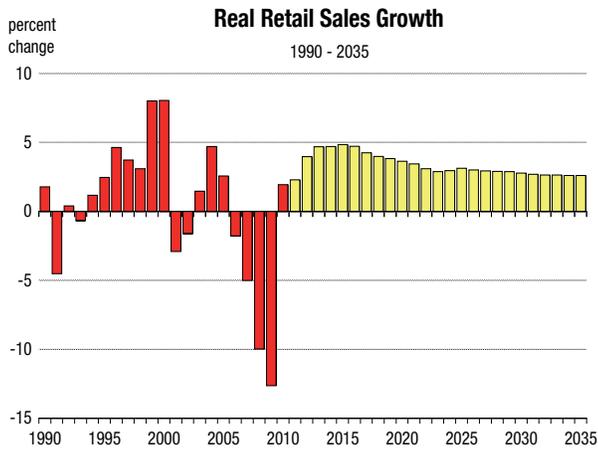


Sonoma County Employment Forecast

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	194.9	5.7	14.7	22.9	4.2	31.3	9.7	22.1	3.2	23.1	20.7	30.7
2007	196.2	5.8	14.4	22.0	4.5	31.8	9.3	23.1	3.0	23.5	21.0	31.1
2008	192.0	5.8	12.8	22.0	4.4	30.7	8.5	22.9	2.8	24.2	21.0	30.4
2009	177.6	5.8	9.8	20.2	4.0	28.1	7.8	19.7	2.6	24.1	20.1	29.2
2010	174.1	5.6	8.9	19.7	3.9	27.7	7.6	21.3	2.5	24.1	20.1	26.7
2011	177.7	5.6	9.2	19.9	4.0	28.3	7.9	21.8	2.7	24.7	20.8	26.5
2012	182.4	5.6	10.0	20.1	4.1	29.3	7.9	23.1	2.9	25.4	21.4	25.9
2013	188.6	5.6	11.0	20.4	4.1	30.6	7.8	24.3	3.1	26.1	22.1	26.4
2014	194.5	5.6	11.7	20.7	4.2	31.8	7.9	25.5	3.3	26.7	23.0	26.7
2015	200.2	5.6	12.4	20.9	4.2	33.0	7.9	26.5	3.4	27.5	24.0	27.1
2016	204.9	5.6	12.8	21.1	4.2	34.1	8.0	27.3	3.5	28.1	24.8	27.4
2017	208.1	5.6	12.7	21.1	4.3	34.8	8.1	27.9	3.6	28.8	25.5	27.7
2018	210.6	5.6	12.5	21.0	4.3	35.4	8.1	28.3	3.6	29.4	26.1	28.0
2019	213.1	5.6	12.3	21.0	4.4	36.0	8.1	28.7	3.6	29.9	26.7	28.3
2020	215.7	5.6	12.3	20.9	4.5	36.6	8.2	29.1	3.7	30.5	27.2	28.6
2021	218.5	5.6	12.4	21.0	4.5	37.2	8.2	29.6	3.7	31.0	27.6	29.0
2022	221.4	5.6	12.4	21.1	4.6	37.9	8.3	30.0	3.7	31.6	28.0	29.3
2023	224.2	5.6	12.5	21.1	4.6	38.5	8.2	30.6	3.8	32.1	28.5	29.6
2024	227.1	5.6	12.5	21.2	4.7	39.2	8.3	31.1	3.8	32.7	28.9	30.0
2025	229.9	5.6	12.5	21.3	4.7	39.9	8.2	31.7	3.9	33.2	29.2	30.3
2026	232.8	5.6	12.5	21.4	4.7	40.5	8.2	32.3	3.9	33.8	29.6	30.5
2027	235.5	5.6	12.6	21.4	4.8	41.2	8.2	32.9	4.0	34.3	30.0	30.9
2028	238.3	5.6	12.6	21.5	4.8	41.9	8.2	33.5	4.0	34.7	30.4	31.2
2029	241.2	5.6	12.7	21.6	4.8	42.6	8.2	34.1	4.1	35.2	30.8	31.5
2030	244.0	5.6	12.7	21.7	4.9	43.3	8.2	34.7	4.1	35.6	31.2	31.8
2031	246.6	5.6	12.7	21.7	4.9	44.0	8.2	35.2	4.2	35.9	31.5	32.1
2032	249.1	5.6	12.7	21.7	4.9	44.7	8.2	35.7	4.2	36.3	31.9	32.4
2033	251.5	5.6	12.6	21.7	5.0	45.4	8.2	36.2	4.2	36.6	32.3	32.7
2034	254.0	5.6	12.6	21.7	5.0	46.2	8.3	36.6	4.3	36.9	32.7	33.0
2035	256.5	5.6	12.6	21.8	5.1	46.9	8.3	37.1	4.3	37.2	33.0	33.3
2036	258.9	5.6	12.5	21.8	5.1	47.6	8.3	37.5	4.4	37.5	33.4	33.7
2037	261.2	5.6	12.4	21.8	5.1	48.4	8.3	37.9	4.4	37.7	33.8	34.0
2038	263.5	5.6	12.2	21.8	5.2	49.2	8.3	38.3	4.5	37.9	34.1	34.3
2039	265.9	5.6	12.1	21.8	5.2	50.0	8.3	38.8	4.5	38.1	34.5	34.7
2040	268.4	5.6	12.1	21.9	5.3	50.8	8.3	39.2	4.6	38.3	34.9	35.0e





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	25.2 %
Expected job growth:	15.3 %
Fastest growing jobs sector:	Wholesale Trade
Expected personal income growth:	20.2 %

Expected population growth:	4.8 %
Net migration to account for:	56.8 %
Expected growth in number of vehicles:	5.4 %

Demographics (2011)

Unemployment rate (June 2011):	10.1 %
County Rank* in California (58 counties):	8th
Working age (16-64) population:	66.1 %

Population with B.A. Degree or higher:	31.7 %
Median Home Selling Price:	\$320,500
Median Household Income:	\$62,943

Quality of Life

Violent Crime rate (2009):	394 per 100,000 persons
County Rank* in California (58 counties):	28th
Average Commute Time to work (2011):	26.4 minutes

High School drop out rate (2009):	16.6 %
Households at/below poverty line:	5.6 %

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