

SAN MATEO COUNTY ECONOMIC FORECAST

San Mateo County is located on the Bay Area Peninsula, south of San Francisco County. The county has some of the most expensive housing in the state, with a median price of \$544,000. San Mateo County has a population of 725,300 people and has 321,000 wage and salary jobs. The per capita income in San Mateo County is \$70,574, and the average salary per worker is among the highest in the state at \$89,594. Together with San Francisco and Marin Counties, the median family income for 2011 was \$101,600, second highest in the state behind Santa Clara County.

In 2011, employment in Northern California increased by 0.9 percent, whereas employment in the greater Bay Area grew by 1.2 percent. In San Mateo County, employment grew by 5,000 jobs, a growth rate of 1.6 percent. This was one of the fastest increases in the state. The unemployment rate dropped to 7.9 percent, and remains one of the lowest rates in California.

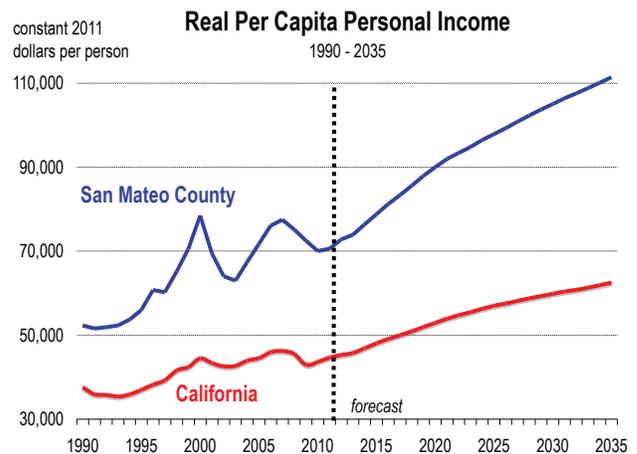
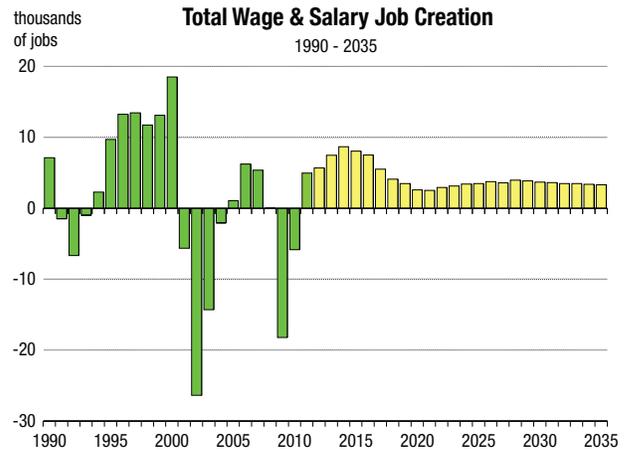
Virtually all sectors added jobs in 2011. Professional services (+2,600 jobs) and leisure and hospitality (+1,200 jobs) had the largest increases, while the information industry (+900 jobs) added a moderate number of new positions. The only industry with significant losses was transportation and utilities (-300 jobs).

Between the 2006 and 2011, the population of San Mateo County grew by 3.7 percent, an annual average increase of 0.6 percent. This growth was due entirely to the natural increase (births were greater than deaths), as the county lost an average of 800 residents per year through out-migration.

Positive employment growth is forecast to continue in San Mateo County. Total wage and salary jobs, however, are not expected to regain their 2000 peak until approximately 2021. Population growth will remain low throughout the forecast.

FORECAST HIGHLIGHTS

- Job growth is forecast to be 1.8 percent in 2012. From 2012 to 2017, job growth is expected to average 2.1 percent per year.
- Average salaries are currently well above the California average, and will remain so over the forecast horizon. Adjusted for inflation, average salaries are forecast to rise an average of 0.9 percent per year from 2012 to 2017.
- Between 2012 and 2017, employment growth will be led by the professional services, transportation and warehousing, information, and construction sectors, which are expected to account for 65 percent of employment growth.
- The population will grow at a rate of approximately 0.5 percent in 2012. Annual growth in the 2012 to 2017 period is forecast to average 0.4 percent.

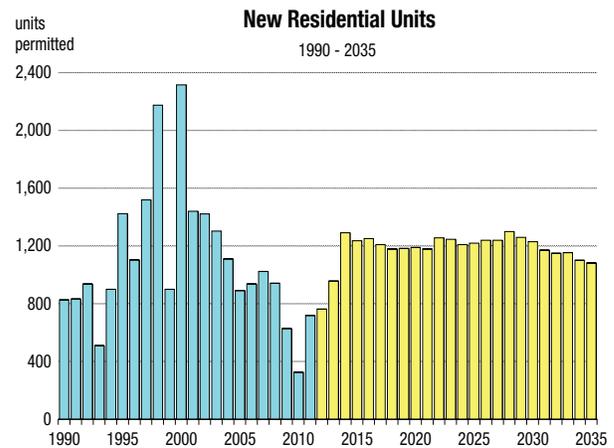
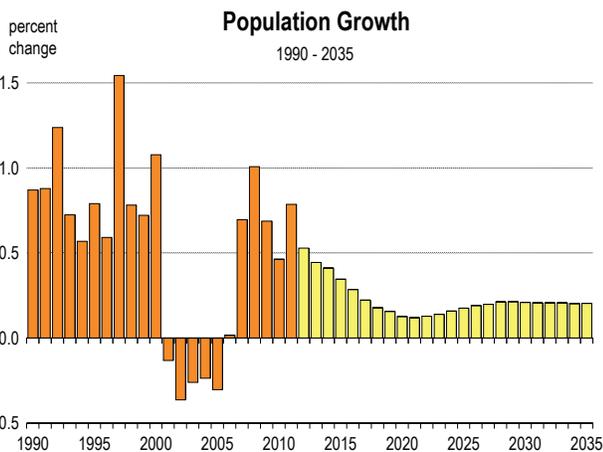


- After high levels of out-migration from 2001 to 2006, net migration averaged 400 in-migrants from 2007-2011. Between 2012 and 2017 it is expected that migration will moderately negative, with an average of 1,300 people leaving the county each year.
- Real per capita income will rise by 0.8 percent in 2012. During the 2012 to 2017 period, real per capita income is expected to increase by 2.8 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.8 percent per year from 2012 to 2017.
- Industrial production is forecast to rise 5.4 percent in 2012. Over the next five years the growth rate of industrial production will average 3.6 percent per year.

San Mateo County Economic Forecast

2006-2011 History, 2012-2040 Forecast

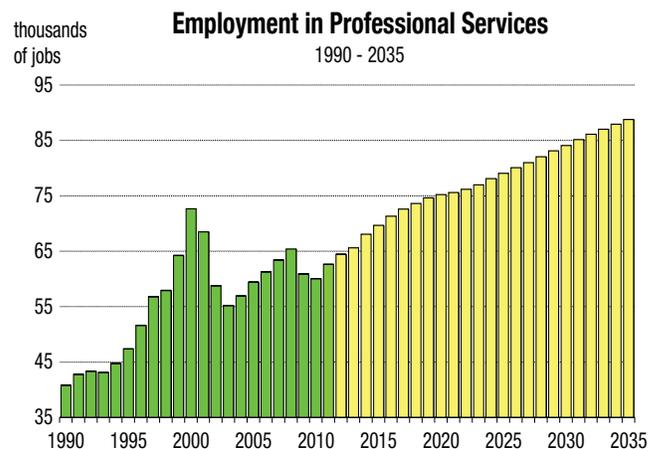
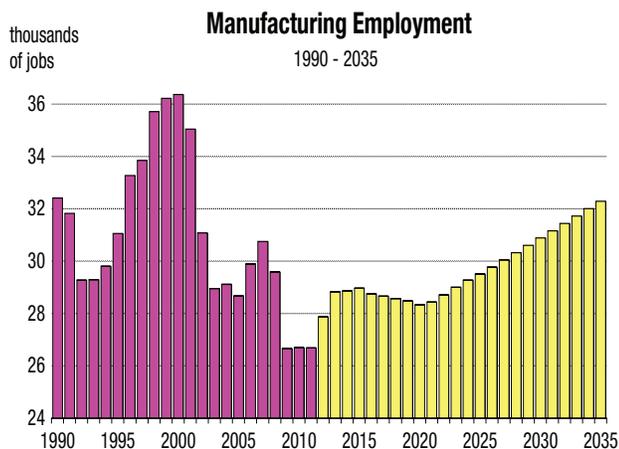
| | Population (people) | Net Migration (people) | Registered Vehicles (thousands) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (millions) | Real Industrial Production (billions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|--|--|---------------------------------------|---|-------------------------------------|
| 2006 | 699,398 | -5,098 | 702 | 255.9 | 937 | \$12.9 | \$47.7 | \$76,028 | 3.2 | 187.9 | 8.7 | 3.7 |
| 2007 | 704,272 | -360 | 707 | 257.3 | 1,025 | \$13.3 | \$50.6 | \$77,454 | 3.4 | 186.3 | 8.9 | 3.8 |
| 2008 | 711,374 | 1,623 | 698 | 257.8 | 942 | \$13.1 | \$51.1 | \$75,149 | 3.0 | 170.4 | 9.2 | 4.8 |
| 2009 | 716,264 | -280 | 684 | 257.9 | 629 | \$11.3 | \$50.0 | \$72,498 | 0.8 | 154.9 | 8.7 | 8.4 |
| 2010 | 719,582 | -1,597 | 678 | 257.8 | 327 | \$12.0 | \$49.2 | \$70,049 | 1.3 | 147.2 | 9.0 | 8.9 |
| 2011 | 725,245 | 989 | 680 | 258.2 | 720 | \$12.7 | \$51.2 | \$70,574 | 2.5 | 142.3 | 9.0 | 7.9 |
| 2012 | 729,080 | -512 | 688 | 258.8 | 763 | \$13.3 | \$54.1 | \$72,777 | 1.9 | 136.1 | 9.5 | 7.4 |
| 2013 | 732,324 | -981 | 695 | 259.5 | 957 | \$14.0 | \$56.3 | \$73,843 | 2.1 | 130.1 | 9.9 | 6.6 |
| 2014 | 735,346 | -1,083 | 705 | 260.4 | 1,292 | \$14.7 | \$59.7 | \$76,371 | 2.1 | 124.2 | 10.2 | 6.0 |
| 2015 | 737,897 | -1,415 | 714 | 261.5 | 1,236 | \$15.3 | \$62.9 | \$78,770 | 1.8 | 118.8 | 10.5 | 5.5 |
| 2016 | 740,012 | -1,735 | 723 | 262.6 | 1,252 | \$16.1 | \$66.1 | \$81,183 | 1.7 | 113.5 | 10.8 | 5.1 |
| 2017 | 741,665 | -2,092 | 730 | 263.7 | 1,210 | \$16.7 | \$69.2 | \$83,355 | 1.7 | 108.3 | 11.2 | 4.8 |
| 2018 | 742,995 | -2,327 | 734 | 264.8 | 1,179 | \$17.4 | \$72.4 | \$85,574 | 1.7 | 103.2 | 11.5 | 4.6 |
| 2019 | 744,170 | -2,398 | 739 | 265.8 | 1,184 | \$18.1 | \$75.6 | \$87,931 | 1.5 | 98.2 | 11.9 | 4.3 |
| 2020 | 745,119 | -2,536 | 741 | 266.9 | 1,190 | \$18.7 | \$78.6 | \$90,010 | 1.4 | 93.6 | 12.2 | 4.1 |
| 2021 | 746,012 | -2,528 | 745 | 267.9 | 1,180 | \$19.3 | \$81.5 | \$91,936 | 1.3 | 89.5 | 12.5 | 3.9 |
| 2022 | 746,976 | -2,409 | 750 | 269.0 | 1,257 | \$19.8 | \$84.0 | \$93,367 | 1.5 | 85.5 | 12.9 | 3.8 |
| 2023 | 748,026 | -2,304 | 755 | 270.1 | 1,247 | \$20.4 | \$86.8 | \$94,792 | 1.5 | 81.4 | 13.3 | 3.7 |
| 2024 | 749,217 | -2,175 | 760 | 271.2 | 1,209 | \$21.1 | \$89.8 | \$96,452 | 1.6 | 77.4 | 13.7 | 3.7 |
| 2025 | 750,539 | -2,072 | 766 | 272.2 | 1,220 | \$21.8 | \$92.9 | \$97,890 | 1.7 | 73.5 | 14.1 | 3.6 |
| 2026 | 751,980 | -2,014 | 772 | 273.3 | 1,239 | \$22.6 | \$96.0 | \$99,304 | 1.7 | 69.8 | 14.6 | 3.5 |
| 2027 | 753,482 | -1,996 | 777 | 274.4 | 1,240 | \$23.3 | \$99.3 | \$100,821 | 1.7 | 66.3 | 15.1 | 3.5 |
| 2028 | 755,090 | -1,909 | 784 | 275.5 | 1,300 | \$24.1 | \$102.7 | \$102,305 | 1.7 | 62.9 | 15.6 | 3.4 |
| 2029 | 756,711 | -1,917 | 790 | 276.7 | 1,260 | \$24.9 | \$106.1 | \$103,708 | 1.7 | 59.7 | 16.2 | 3.4 |
| 2030 | 758,304 | -1,969 | 796 | 277.8 | 1,231 | \$25.7 | \$109.5 | \$105,037 | 1.7 | 56.8 | 16.7 | 3.4 |
| 2031 | 759,879 | -1,991 | 801 | 278.9 | 1,172 | \$26.5 | \$113.1 | \$106,388 | 1.7 | 54.3 | 17.2 | 3.4 |
| 2032 | 761,451 | -1,984 | 807 | 279.9 | 1,149 | \$27.3 | \$116.5 | \$107,559 | 1.7 | 51.6 | 17.8 | 3.3 |
| 2033 | 763,030 | -1,956 | 812 | 280.9 | 1,155 | \$28.1 | \$120.1 | \$108,803 | 1.7 | 49.0 | 18.4 | 3.3 |
| 2034 | 764,583 | -1,934 | 818 | 281.9 | 1,102 | \$28.8 | \$123.8 | \$110,087 | 1.7 | 46.5 | 18.9 | 3.3 |
| 2035 | 766,146 | -1,861 | 823 | 282.9 | 1,083 | \$29.6 | \$127.7 | \$111,381 | 1.7 | 44.1 | 19.5 | 3.3 |
| 2036 | 767,653 | -1,841 | 828 | 283.9 | 991 | \$30.5 | \$131.7 | \$112,636 | 1.7 | 41.7 | 20.1 | 3.3 |
| 2037 | 769,080 | -1,847 | 833 | 284.8 | 1,048 | \$31.3 | \$135.7 | \$113,923 | 1.7 | 39.4 | 20.7 | 3.3 |
| 2038 | 770,464 | -1,820 | 839 | 285.7 | 1,034 | \$32.1 | \$140.0 | \$115,259 | 1.7 | 37.3 | 21.4 | 3.3 |
| 2039 | 771,791 | -1,814 | 844 | 286.6 | 997 | \$32.9 | \$144.3 | \$116,645 | 1.7 | 35.4 | 22.0 | 3.3 |
| 2040 | 773,060 | -1,807 | 849 | 287.5 | 991 | \$33.7 | \$148.7 | \$118,049 | 1.7 | 33.5 | 22.6 | 3.3 |

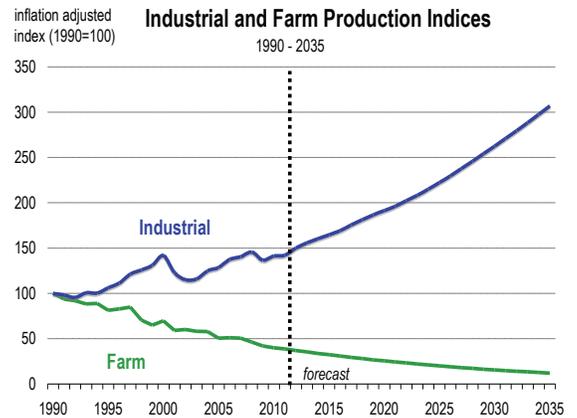
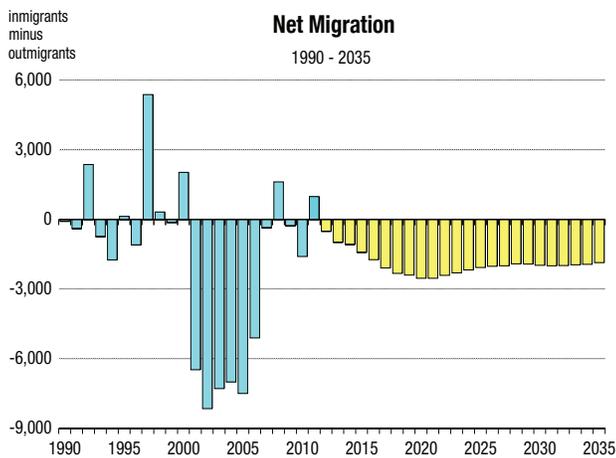
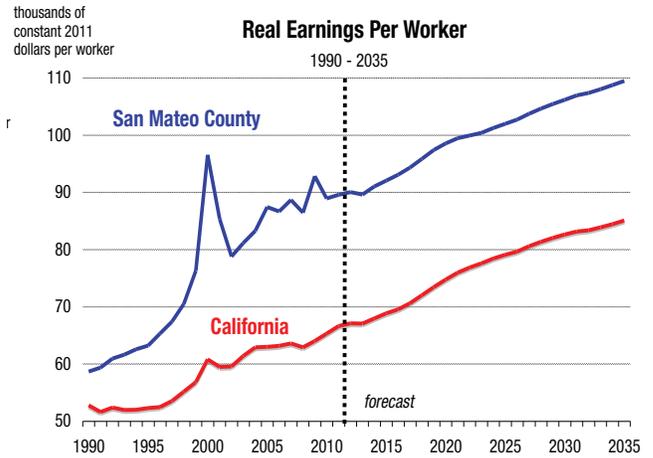
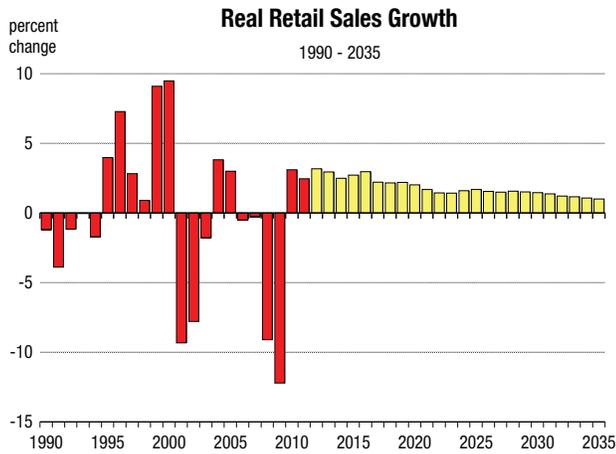


San Mateo County Employment Forecast

2006-2011 History, 2012-2040 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 | 334.8 | 1.93 | 18.1 | 29.9 | 26.7 | 48.3 | 21.7 | 61.3 | 18.5 | 31.4 | 33.5 | 32.2 |
| 2007 | 340.1 | 1.87 | 19.1 | 30.8 | 27.0 | 48.3 | 21.5 | 63.4 | 17.4 | 32.1 | 34.9 | 32.1 |
| 2008 | 340.2 | 1.88 | 18.6 | 29.6 | 27.1 | 47.5 | 20.5 | 65.4 | 18.8 | 32.6 | 34.3 | 31.8 |
| 2009 | 322.0 | 1.71 | 14.7 | 26.7 | 25.3 | 44.6 | 19.1 | 60.9 | 18.1 | 34.6 | 33.5 | 31.3 |
| 2010 | 316.1 | 1.78 | 13.4 | 26.7 | 24.4 | 44.4 | 18.5 | 60.1 | 17.4 | 33.4 | 33.6 | 31.2 |
| 2011 | 321.1 | 1.61 | 13.5 | 26.7 | 24.1 | 44.7 | 18.3 | 62.7 | 18.3 | 33.7 | 34.8 | 31.1 |
| 2012 | 326.8 | 1.60 | 14.2 | 27.9 | 24.9 | 44.4 | 19.0 | 64.5 | 18.7 | 34.0 | 34.8 | 31.0 |
| 2013 | 334.3 | 1.60 | 15.5 | 28.8 | 26.0 | 44.7 | 19.4 | 65.7 | 19.4 | 34.5 | 35.3 | 31.3 |
| 2014 | 343.0 | 1.59 | 17.3 | 28.9 | 27.0 | 45.2 | 19.7 | 68.1 | 20.6 | 35.0 | 35.9 | 31.5 |
| 2015 | 351.0 | 1.58 | 18.4 | 29.0 | 28.0 | 45.9 | 19.9 | 69.7 | 21.9 | 35.5 | 36.6 | 31.6 |
| 2016 | 358.5 | 1.58 | 19.2 | 28.8 | 29.0 | 46.7 | 20.2 | 71.3 | 23.2 | 36.1 | 37.4 | 32.0 |
| 2017 | 364.1 | 1.57 | 19.5 | 28.7 | 29.9 | 47.1 | 20.4 | 72.6 | 24.2 | 36.7 | 38.1 | 32.1 |
| 2018 | 368.2 | 1.57 | 19.6 | 28.6 | 30.8 | 47.1 | 20.6 | 73.7 | 24.9 | 37.3 | 38.6 | 32.2 |
| 2019 | 371.7 | 1.56 | 19.5 | 28.5 | 31.6 | 47.0 | 20.8 | 74.7 | 25.5 | 37.9 | 38.8 | 32.4 |
| 2020 | 374.3 | 1.56 | 19.5 | 28.3 | 32.4 | 46.9 | 20.9 | 75.2 | 25.9 | 38.5 | 39.0 | 32.5 |
| 2021 | 376.8 | 1.55 | 19.5 | 28.4 | 33.1 | 46.9 | 21.0 | 75.6 | 26.1 | 39.1 | 39.1 | 32.6 |
| 2022 | 379.8 | 1.54 | 19.7 | 28.7 | 33.8 | 47.0 | 21.0 | 76.2 | 26.1 | 39.7 | 39.2 | 32.8 |
| 2023 | 382.9 | 1.54 | 19.8 | 29.0 | 34.5 | 47.1 | 21.2 | 77.0 | 26.0 | 40.3 | 39.2 | 33.0 |
| 2024 | 386.4 | 1.53 | 19.8 | 29.3 | 35.1 | 47.1 | 21.3 | 78.1 | 26.1 | 40.9 | 39.3 | 33.3 |
| 2025 | 389.9 | 1.53 | 19.9 | 29.5 | 35.7 | 47.3 | 21.4 | 79.1 | 26.4 | 41.5 | 39.3 | 33.5 |
| 2026 | 393.7 | 1.52 | 20.1 | 29.8 | 36.3 | 47.3 | 21.4 | 80.1 | 26.9 | 42.2 | 39.4 | 33.7 |
| 2027 | 397.3 | 1.51 | 20.3 | 30.1 | 36.9 | 47.3 | 21.5 | 81.0 | 27.4 | 42.8 | 39.5 | 33.9 |
| 2028 | 401.2 | 1.51 | 20.6 | 30.3 | 37.5 | 47.3 | 21.5 | 82.1 | 27.9 | 43.4 | 39.7 | 34.1 |
| 2029 | 405.1 | 1.50 | 20.8 | 30.6 | 38.0 | 47.3 | 21.6 | 83.1 | 28.4 | 44.1 | 39.9 | 34.3 |
| 2030 | 408.8 | 1.50 | 20.8 | 30.9 | 38.5 | 47.4 | 21.7 | 84.1 | 28.9 | 44.8 | 40.0 | 34.5 |
| 2031 | 412.5 | 1.49 | 20.7 | 31.2 | 39.0 | 47.4 | 21.8 | 85.2 | 29.3 | 45.4 | 40.2 | 34.7 |
| 2032 | 416.0 | 1.49 | 20.6 | 31.5 | 39.5 | 47.4 | 21.9 | 86.2 | 29.8 | 46.1 | 40.4 | 34.9 |
| 2033 | 419.5 | 1.48 | 20.6 | 31.7 | 39.9 | 47.5 | 21.9 | 87.1 | 30.3 | 46.8 | 40.6 | 35.1 |
| 2034 | 422.9 | 1.47 | 20.4 | 32.0 | 40.3 | 47.5 | 22.0 | 88.0 | 30.7 | 47.4 | 40.8 | 35.3 |
| 2035 | 426.2 | 1.47 | 20.3 | 32.3 | 40.7 | 47.5 | 22.1 | 88.8 | 31.2 | 48.1 | 41.0 | 35.5 |
| 2036 | 429.4 | 1.46 | 20.0 | 32.6 | 41.1 | 47.6 | 22.2 | 89.6 | 31.7 | 48.8 | 41.2 | 35.7 |
| 2037 | 432.8 | 1.46 | 19.9 | 32.9 | 41.4 | 47.6 | 22.3 | 90.5 | 32.2 | 49.5 | 41.4 | 35.9 |
| 2038 | 436.2 | 1.45 | 19.9 | 33.1 | 41.8 | 47.6 | 22.4 | 91.3 | 32.8 | 50.2 | 41.6 | 36.1 |
| 2039 | 439.5 | 1.44 | 19.8 | 33.4 | 42.1 | 47.7 | 22.5 | 92.1 | 33.3 | 50.8 | 41.8 | 36.3 |
| 2040 | 442.7 | 1.44 | 19.7 | 33.7 | 42.3 | 47.7 | 22.6 | 92.9 | 33.8 | 51.4 | 42.1 | 36.5 |





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

| | |
|----------------------------------|--------------|
| Expected retail sales growth: | 17.8 % |
| Expected job growth: | 13.5 % |
| Fastest growing jobs sector: | Construction |
| Expected personal income growth: | 20.8 % |

| | |
|--|-------|
| Expected population growth: | 2.3 % |
| Net migration to account for: | 0 % |
| Expected growth in number of vehicles: | 7.3 % |

Demographics

| | |
|---|--------|
| Unemployment rate (March 2012): | 7.5 % |
| County Rank* in California (58 counties): | 2nd |
| Working age (16-64) population: | 67.0 % |

| | |
|--|-----------|
| Population with B.A. Degree or higher: | 43.7% |
| Median Home Selling Price: | \$543,626 |
| Median Household Income: | \$84,030 |

Quality of Life

| | |
|---|-------------------------|
| Violent Crime rate (2010): | 238 per 100,000 persons |
| County Rank* in California (58 counties): | 10th |
| Average Commute Time to work (2012): | 28.0 minutes |

| | |
|-----------------------------------|--------|
| High School drop out rate (2010): | 11.7 % |
| Households at/below poverty line: | 4.7 % |

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