

SANTA CLARA COUNTY ECONOMIC FORECAST

Santa Clara County is the largest county in the San Francisco Bay Area, and accounts for almost 28 percent of the region's total employment. The northwest portion of the county, known as Silicon Valley, is home to many leading computer and electronics companies. Santa Clara County has a population of 1.81 million people and roughly 865,700 wage and salary jobs. The per capita income in Santa Clara County is \$66,411, and the average salary per worker is the highest in the state at \$112,668. The median family income is also the highest in the state at \$103,600.

In 2011, employment in Northern California increased by 0.9 percent, whereas employment in the greater Bay Area grew by 1.2 percent. In 2011, 22,600 wage and salary jobs were gained in Santa Clara County, a growth of 2.7 percent – one of the fastest in the state. The unemployment rate improved to 9.7 percent.

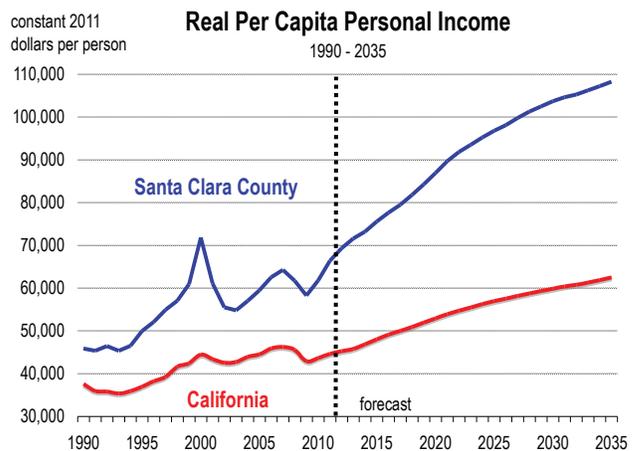
Virtually every sector gained jobs in 2011. Professional services (+7,500 jobs), information (+5,000 jobs), manufacturing (+4,600 jobs), and education and health (+4,500 jobs) had the largest increases. The only sectors with significant job losses were government (-2,100 jobs), and construction (-800 jobs).

Between the 2006 and 2011, the population of Santa Clara County grew by 6.3 percent, an annual average increase of 1.0 percent. Net migration has been relatively low over the past 5 years, averaging only 650 in-migrants per year. Net migration is expected to accelerate over the next few years due to strong employment growth in the technology sector. Over the longer term, migration will slow as a result of the high cost of living.

Employment growth is expected to be strong over the 2012-2017 period, as the technology sectors will continue to be characterized by rapid increases. However, total wage and salary employment is not forecast to reach its previous peak, set in the year 2000, until after 2020.

FORECAST HIGHLIGHTS

- Total employment will increase by 2.2 percent in 2012. Growth will accelerate through 2015, and then slow thereafter. Between 2012 and 2017, the overall growth rate will average 2.3 percent per year.
- Average salaries are currently well above the California state average, and will remain so over the forecast horizon. Adjusted for inflation, average salaries are forecast to rise by an average of 1.5 percent per year from 2012 to 2017.
- Between 2012 and 2017, employment growth will be strongest in the professional services and manufacturing sectors, which account for nearly 50 percent of all job creation. Wholesale and retail trade, as well as leisure and hospitality, also will have large increases.

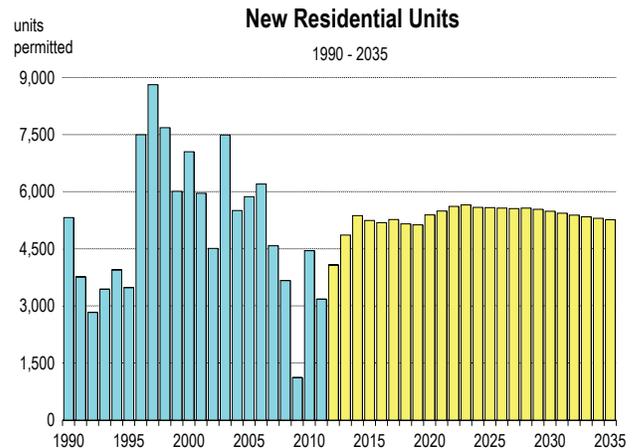
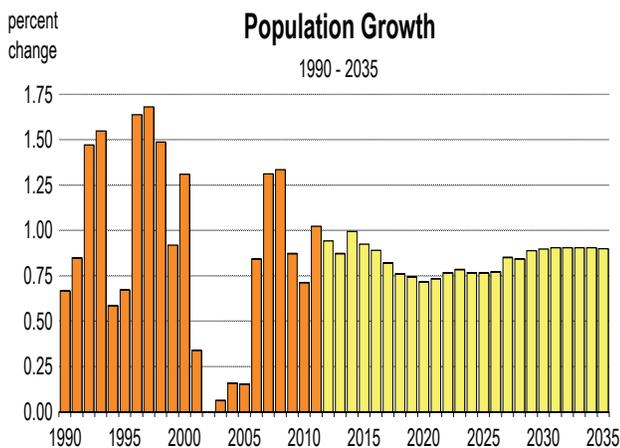


- The population is expected to grow at a rate of 1.0 percent in 2012. Annual growth in the 2012 to 2017 period is forecast to average 0.9 percent.
- Net migration will be moderate over the next few years, but will slow in the long term. From 2012 to 2017, an annual average of 3,000 net in-migrants are expected.
- Real per capita incomes will rise by 4.4 percent in 2012. During the 2012 to 2017 period, real per capita incomes are forecast to rise 3.0 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 4.7 percent per year between 2012 and 2017.
- Industrial production is expected to increase by 5.2 percent in 2012. Over the next five years, the growth rate of industrial production is forecast to average 3.7 percent per year.

Santa Clara County Economic Forecast

2006-2011 History, 2012-2040 Forecast

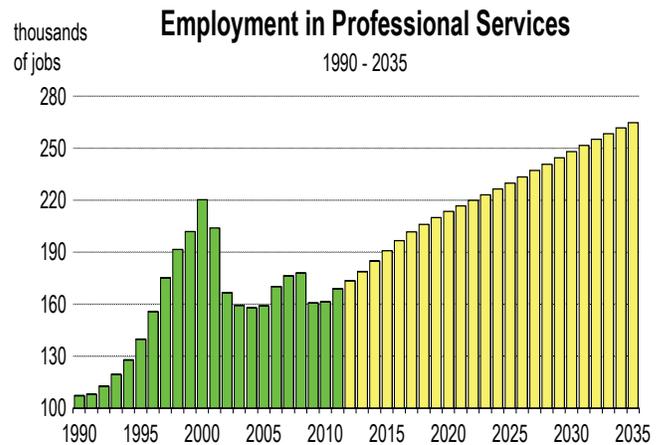
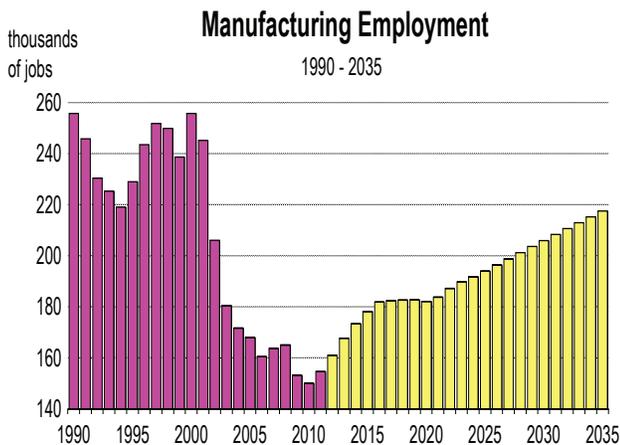
	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	1,713,839	-3,423	1.50	594.6	6,204	\$32.3	\$96.1	\$62,509	3.2	272.5	23.1	4.5
2007	1,736,327	4,088	1.52	598.3	4,583	\$33.7	\$103.5	\$64,249	3.4	274.8	23.9	4.7
2008	1,759,534	4,769	1.51	602.4	3,671	\$32.3	\$103.7	\$61,701	3.0	259.6	24.6	6.0
2009	1,774,890	-1,958	1.51	603.0	1,117	\$27.4	\$99.5	\$58,234	0.8	270.7	25.4	10.8
2010	1,787,553	-2,892	1.52	603.9	4,453	\$30.5	\$107.8	\$61,770	1.3	272.7	28.0	11.2
2011	1,805,861	3,308	1.54	605.3	3,179	\$34.5	\$119.9	\$66,411	2.5	271.5	29.0	9.7
2012	1,822,907	2,715	1.56	610.6	4,081	\$36.2	\$128.8	\$69,312	1.9	260.6	30.5	8.2
2013	1,838,827	1,842	1.58	615.5	4,865	\$39.1	\$137.0	\$71,599	2.1	251.6	31.6	7.5
2014	1,857,125	4,465	1.59	621.4	5,372	\$41.8	\$144.5	\$73,216	2.1	244.4	32.7	6.1
2015	1,874,297	3,613	1.61	627.6	5,248	\$45.4	\$153.2	\$75,548	1.8	239.4	34.0	5.7
2016	1,890,996	3,311	1.63	633.7	5,191	\$49.3	\$161.7	\$77,664	1.7	234.5	35.1	5.2
2017	1,906,524	2,232	1.64	639.7	5,271	\$52.8	\$169.7	\$79,474	1.7	230.1	36.2	5.2
2018	1,921,061	1,276	1.66	645.8	5,159	\$56.7	\$178.9	\$81,799	1.7	226.0	37.2	5.1
2019	1,935,343	999	1.68	651.8	5,132	\$60.8	\$188.5	\$84,262	1.5	221.9	38.4	4.9
2020	1,949,236	555	1.69	657.8	5,391	\$65.0	\$198.6	\$86,930	1.4	219.3	39.5	4.8
2021	1,963,562	784	1.71	664.1	5,498	\$69.4	\$209.2	\$89,712	1.3	218.3	40.6	4.7
2022	1,978,618	1,245	1.72	670.6	5,618	\$73.4	\$218.9	\$91,825	1.5	216.1	41.8	4.7
2023	1,994,163	1,418	1.74	677.3	5,654	\$77.3	\$228.1	\$93,498	1.5	213.4	43.1	4.7
2024	2,009,469	844	1.75	684.1	5,590	\$81.6	\$238.0	\$95,244	1.6	210.1	44.4	4.9
2025	2,024,837	566	1.76	690.8	5,583	\$86.2	\$247.7	\$96,768	1.7	206.5	45.8	5.0
2026	2,040,472	425	1.78	697.7	5,574	\$90.7	\$257.4	\$98,135	1.7	203.4	47.2	5.0
2027	2,057,832	1,803	1.79	704.6	5,561	\$95.6	\$268.4	\$99,785	1.7	200.7	48.7	4.8
2028	2,075,196	1,483	1.80	711.6	5,570	\$100.7	\$279.4	\$101,282	1.7	197.9	50.2	4.9
2029	2,093,652	2,280	1.82	718.7	5,540	\$105.8	\$290.2	\$102,512	1.7	195.3	51.7	4.8
2030	2,112,462	2,381	1.83	725.8	5,488	\$111.1	\$301.2	\$103,692	1.7	194.2	53.3	4.8
2031	2,131,609	2,526	1.85	732.9	5,438	\$116.2	\$312.0	\$104,660	1.7	194.2	55.0	4.8
2032	2,150,911	2,518	1.86	740.0	5,388	\$121.0	\$322.1	\$105,260	1.7	192.3	56.7	4.8
2033	2,170,388	2,566	1.87	747.1	5,344	\$126.2	\$333.6	\$106,248	1.7	189.2	58.4	4.8
2034	2,190,058	2,665	1.89	754.2	5,304	\$131.5	\$345.5	\$107,239	1.7	185.6	60.2	4.8
2035	2,209,788	2,670	1.90	761.3	5,263	\$136.9	\$358.1	\$108,297	1.7	182.6	62.0	4.8
2036	2,229,592	2,708	1.91	768.4	5,225	\$142.3	\$370.7	\$109,209	1.7	178.3	63.9	4.8
2037	2,249,442	2,734	1.93	775.6	5,188	\$147.8	\$384.1	\$110,214	1.7	174.0	65.8	4.8
2038	2,269,357	2,784	1.94	782.8	5,154	\$153.6	\$398.2	\$111,323	1.7	172.4	67.8	4.8
2039	2,289,348	2,851	1.95	790.0	5,121	\$159.5	\$412.7	\$112,445	1.7	169.8	69.8	4.8
2040	2,309,363	2,875	1.97	797.2	5,087	\$165.4	\$427.3	\$113,527	1.7	166.9	66.8	4.8

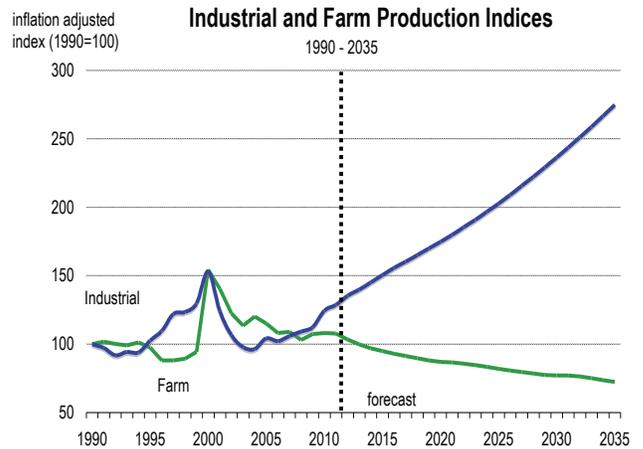
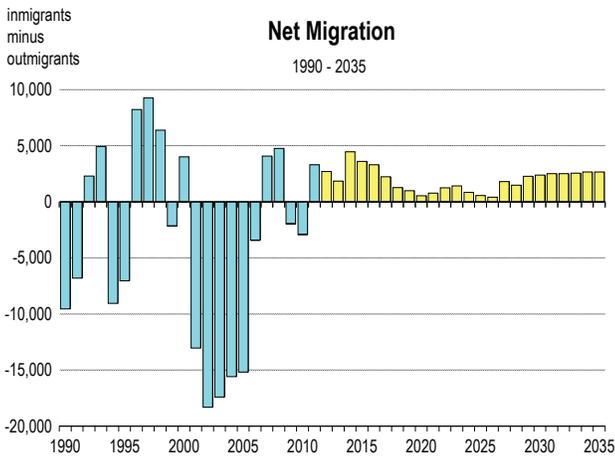
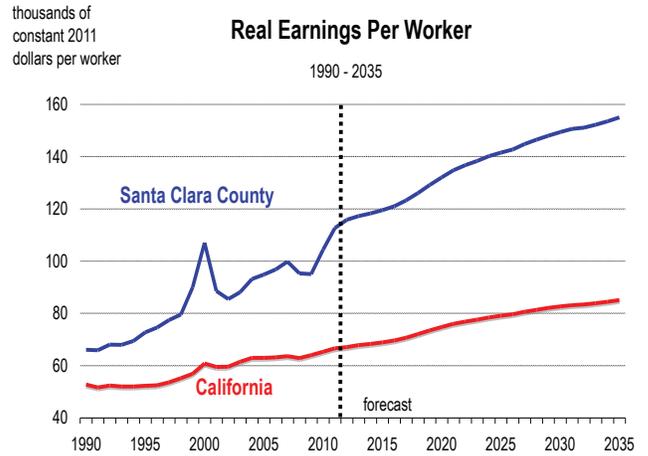
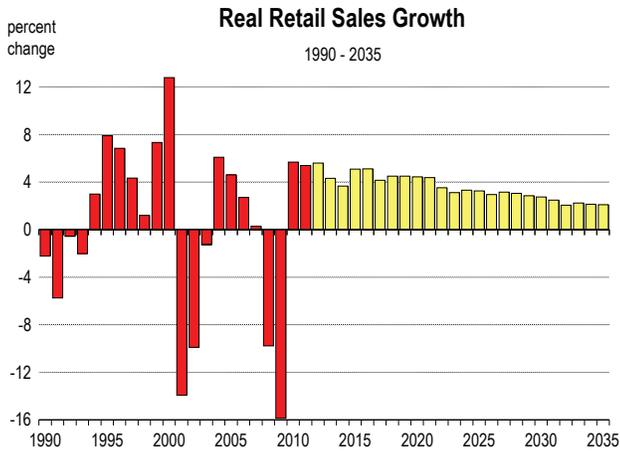


Santa Clara County Employment Forecast

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	879.8	3.78	44.9	160.6	12.7	121.8	36.7	170.3	37.4	99.7	73.7	93.6
2007	900.3	3.85	45.5	163.8	13.3	124.0	36.8	176.6	39.5	102.5	75.3	94.3
2008	905.2	3.68	42.8	165.2	13.3	122.1	34.2	178.0	42.2	107.2	76.6	94.9
2009	847.5	3.53	33.4	153.3	11.9	112.4	31.2	160.7	41.5	108.4	73.5	93.4
2010	843.1	3.53	31.5	150.1	11.8	110.7	30.5	161.6	43.8	110.6	73.2	90.6
2011	865.7	3.42	30.7	154.7	11.9	112.5	31.1	169.0	48.8	115.1	74.5	88.6
2012	884.9	3.41	32.1	161.0	11.9	115.8	31.8	173.8	51.7	114.3	75.4	88.0
2013	907.5	3.36	33.5	167.8	12.2	118.6	31.8	179.0	54.0	115.4	76.5	89.1
2014	931.4	3.33	34.7	173.4	12.7	121.8	32.6	184.9	56.2	116.8	78.1	89.6
2015	954.3	3.30	35.8	178.3	13.1	125.5	32.2	190.9	58.3	118.5	79.6	90.7
2016	975.3	3.27	36.6	181.9	13.4	129.1	32.8	196.7	60.0	120.0	81.2	91.3
2017	989.0	3.25	37.1	182.4	13.6	131.7	32.8	201.8	61.2	121.3	82.5	91.7
2018	1,000.9	3.23	37.5	182.7	13.9	134.5	32.7	206.2	62.1	122.6	83.4	92.2
2019	1,012.0	3.21	37.8	182.9	14.3	137.2	32.8	210.1	62.7	123.9	83.9	92.5
2020	1,022.0	3.19	38.2	182.2	14.8	140.3	33.0	213.6	63.2	125.2	84.2	93.0
2021	1,033.8	3.19	38.7	183.9	15.3	143.2	33.4	216.8	63.5	126.4	84.5	93.5
2022	1,046.3	3.18	39.3	187.2	15.6	145.7	33.6	220.0	63.6	127.6	84.6	94.0
2023	1,057.7	3.16	39.8	189.8	15.9	147.9	33.7	223.2	63.6	128.9	84.7	94.7
2024	1,069.1	3.14	40.3	191.9	16.2	150.0	33.5	226.6	63.9	130.6	84.7	95.4
2025	1,080.7	3.13	40.9	194.0	16.4	152.1	33.3	230.0	64.4	132.2	84.8	96.1
2026	1,093.3	3.11	41.4	196.4	16.6	154.0	33.5	233.6	65.2	133.9	84.9	96.9
2027	1,105.8	3.10	42.0	198.8	16.8	155.9	33.4	237.2	66.0	135.6	85.2	97.6
2028	1,118.9	3.08	42.6	201.2	17.0	157.7	33.4	240.9	66.8	137.6	85.4	98.4
2029	1,132.0	3.07	43.2	203.6	17.2	159.6	33.3	244.5	67.5	139.6	85.8	99.2
2030	1,145.0	3.06	43.8	206.0	17.4	161.3	33.2	248.2	68.1	141.7	86.2	100.0
2031	1,158.0	3.06	44.4	208.4	17.6	162.9	33.2	251.7	68.8	143.8	86.5	100.8
2032	1,170.4	3.05	45.0	210.7	17.8	164.4	33.0	255.2	69.4	145.9	86.9	101.7
2033	1,183.2	3.03	45.6	213.0	18.0	165.9	33.1	258.5	70.0	148.0	87.2	102.5
2034	1,195.6	3.02	46.1	215.3	18.2	167.4	33.1	261.7	70.6	150.1	87.6	103.4
2035	1,207.8	3.00	46.7	217.5	18.4	168.8	33.0	264.7	71.3	152.2	87.9	104.2
2036	1,220.0	2.98	47.3	219.8	18.6	170.2	33.1	267.7	71.9	154.3	88.3	105.1
2037	1,232.0	2.95	47.8	221.9	18.8	171.6	33.1	270.5	72.6	156.4	88.7	106.0
2038	1,244.2	2.95	48.4	224.1	19.0	172.9	33.2	273.3	73.4	158.5	89.1	106.8
2039	1,256.4	2.93	49.0	226.3	19.2	174.3	33.2	276.1	74.1	160.6	89.5	107.7
2040	1,268.4	2.92	49.6	228.4	19.4	175.6	33.2	278.9	74.8	162.7	89.8	108.5





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	31.5 %
Expected job growth:	14.3 %
Fastest growing jobs sector:	Information
Expected personal income growth:	26.3 %

Expected population growth:	5.6 %
Net migration to account for:	18.1 %
Expected growth in number of vehicles:	7.0 %

Demographics

Unemployment rate (March 2012):	9.0 %
County Rank* in California (58 counties):	7th
Working age (16-64) population:	67.1 %

Population with B.A. Degree or higher:	44.1 %
Median Home Selling Price:	\$470,050
Median Household Income:	\$85,961

Quality of Life

Violent Crime rate (2010):	247 per 100,000 persons
County Rank* in California (58 counties):	12th
Average Commute Time to work (2012):	26.9 minutes

High School drop out rate (2010):	13.6 %
Households at/below poverty line:	6.1 %

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