

SAN LUIS OBISPO COUNTY ECONOMIC FORECAST

San Luis Obispo County is located on the central coast north of Santa Barbara County. The population exceeds 260,000 people, and there are over 105,000 wage and salary jobs. The per capita income in San Luis Obispo County is \$32,485, and the average salary per worker is \$37,817.

Nearly 1,700 wage and salary jobs were created in San Luis Obispo County last year, representing a growth rate of 1.6 percent. The unemployment rate declined to 4.1 percent, a level indicating a fully employed labor market.

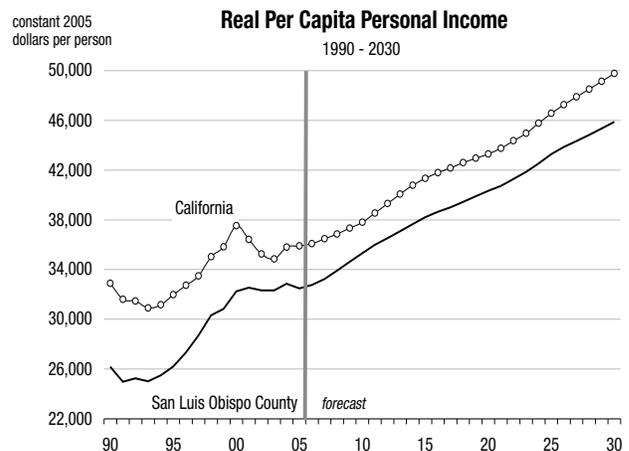
The principal employment clusters in San Luis Obispo County are retail trade, leisure services, education and healthcare services, and government. The public sector dominates all other sectors in terms of jobs because of the large state institutions located in the county, including Cal Poly State University, Cuesta College, Atascadero State Hospital, the California Men's Colony, and the California Youth Authority. The fastest growing sectors last year were construction, information, and financial activities, each recording a rate of 3 percent or greater.

The fastest growing city in the county is Paso Robles, where population increased 3.3 percent between 2005 and 2006. San Luis Obispo, the largest city in the county with just over 44,400 residents, experienced a 0.4 percent reduction in population last year.

Employment growth is forecast to remain modest over the next five years in the county. Population growth will average between two and three percent in the north, and between 0.5 and 1.0 percent in the south. The lack of housing growth in the south together with higher prices for housing will push most of the future growth into Paso Robles and Atascadero.

FORECAST HIGHLIGHTS

- Job growth is forecast to decline in 2006 to 1.2 percent. Over the next five years, the average annual growth rate is forecast to average 1.5 percent per year.
- Average salaries adjusted for inflation are currently well below the California state average, and will remain so over the forecast horizon. Real average salaries rise an average of 0.5 percent per year over the next 5 years.
- The service, retail trade, and government sectors remain the growth engine of jobs in San Luis Obispo County. The service sector alone will be responsible for over 50 percent of total job growth in the county over the next five years. Many of the service jobs will cater to the large population group aged 65 and over.

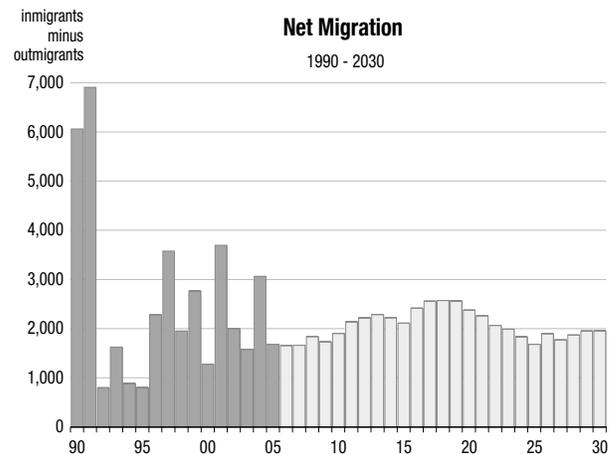
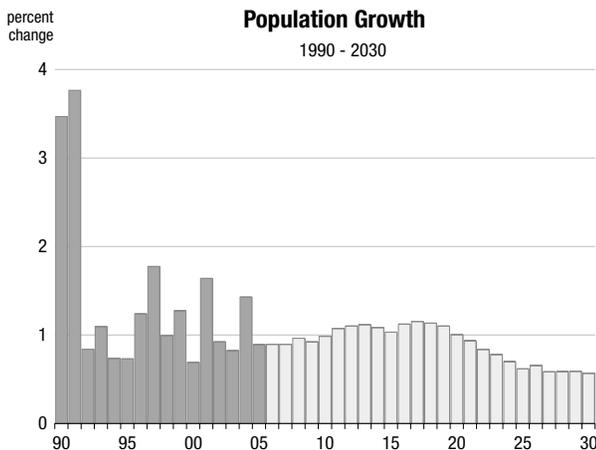


- Population will continue to grow slowly in the county. In 2006, a growth rate of 0.9 percent is forecast. Annual growth in the 2006 to 2010 period averages 0.49 percent per year.
- Net migration is expected to be 1,660 persons in 2006. Over the next five years net migration is forecast to average 1,800 people entering the county per year, accounting for over 80 percent of population growth. Much of the new population will relocate in the north county, especially in Paso Robles.
- Real per capita incomes increase at a rate of 0.8 percent in 2006. An annual compound rate of growth of 1.7 percent is forecast over the next 5 years.
- Industrial production is forecast to increase by 2.2 percent in 2006. From 2006 to 2010, the growth rate of industrial production will average 1.6 percent per year.

San Luis Obispo County Economic Forecast

1997-2005 History, 2006-2030 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 (millions)	Unemploy- ment Rate (percent)
1997	240,900	3,577	205.4	86.6	1,329	\$2.18	\$5.48	\$28,695	1.7	481.7	899.6	4.8
1998	243,300	1,951	219.7	87.6	1,730	\$2.29	\$5.93	\$30,320	1.4	446.3	968.2	4.2
1999	246,400	2,765	229.1	88.8	1,664	\$2.60	\$6.25	\$30,833	2.3	480.7	1,040.9	3.3
2000	248,107	1,282	244.1	92.7	1,650	\$2.92	\$6.80	\$32,250	3.3	573.7	1,126.3	4.0
2001	252,174	3,697	257.1	93.9	2,025	\$3.08	\$7.21	\$32,545	3.4	557.5	1,006.6	3.9
2002	254,501	2,003	263.3	95.6	1,972	\$3.10	\$7.43	\$32,329	2.8	530.5	1,079.1	4.5
2003	256,598	1,578	263.3	97.3	2,222	\$3.31	\$7.69	\$32,334	2.6	571.1	1,160.3	4.6
2004	260,267	3,063	282.0	98.5	2,263	\$3.67	\$8.19	\$32,865	3.3	563.5	1,249.0	4.4
2005	262,593	1,682	281.7	100.5	1,945	\$3.80	\$8.53	\$32,485	4.5	596.8	1,262.5	4.1
2006	264,944	1,660	288.5	102.4	2,074	\$4.18	\$9.00	\$32,753	3.7	601.6	1,289.7	3.8
2007	267,321	1,662	292.8	104.3	2,145	\$4.47	\$9.48	\$33,243	2.8	609.1	1,308.1	4.0
2008	269,902	1,842	296.3	106.3	2,217	\$4.72	\$10.02	\$33,914	2.7	616.7	1,330.3	3.9
2009	272,397	1,734	300.2	108.3	2,288	\$5.00	\$10.64	\$34,629	3.0	624.4	1,348.1	3.9
2010	275,088	1,904	304.6	110.5	2,337	\$5.31	\$11.32	\$35,310	3.2	631.3	1,367.8	4.0
2011	278,042	2,139	309.3	112.6	2,340	\$5.62	\$12.02	\$35,983	3.1	636.7	1,396.1	4.1
2012	281,104	2,221	314.3	114.8	2,305	\$5.93	\$12.69	\$36,532	2.9	639.3	1,442.1	4.2
2013	284,250	2,290	319.2	116.9	2,241	\$6.25	\$13.42	\$37,082	3.0	639.6	1,492.8	4.2
2014	287,337	2,226	323.8	119.0	2,160	\$6.59	\$14.18	\$37,649	3.0	638.7	1,548.5	4.3
2015	290,307	2,114	328.0	121.0	2,080	\$6.94	\$15.01	\$38,202	3.2	637.1	1,604.3	4.3
2016	293,568	2,415	331.9	122.9	1,986	\$7.32	\$15.87	\$38,649	3.3	634.9	1,639.6	4.3
2017	296,955	2,560	336.0	124.8	1,897	\$7.71	\$16.74	\$39,005	3.4	631.1	1,680.1	4.4
2018	300,322	2,575	339.7	126.5	1,820	\$8.11	\$17.67	\$39,447	3.2	626.1	1,729.0	4.4
2019	303,629	2,565	343.5	128.2	1,750	\$8.52	\$18.65	\$39,901	3.2	620.6	1,775.0	4.3
2020	306,682	2,376	346.8	129.8	1,668	\$8.94	\$19.63	\$40,321	3.1	615.4	1,831.4	4.2
2021	309,556	2,266	349.7	131.4	1,578	\$9.38	\$20.64	\$40,735	3.1	611.3	1,859.0	4.2
2022	312,151	2,066	352.4	132.9	1,501	\$9.84	\$21.77	\$41,291	3.2	607.9	1,867.9	4.2
2023	314,589	1,987	354.7	134.3	1,429	\$10.32	\$22.94	\$41,863	3.1	605.0	1,862.6	4.3
2024	316,794	1,838	356.7	135.6	1,357	\$10.81	\$24.16	\$42,537	3.0	602.9	1,829.8	4.3
2025	318,757	1,685	358.3	136.8	1,293	\$11.33	\$25.48	\$43,274	3.0	601.6	1,789.9	4.2
2026	320,850	1,899	360.2	138.0	1,242	\$11.88	\$26.79	\$43,856	3.1	601.0	1,787.5	4.1
2027	322,733	1,774	362.6	139.2	1,208	\$12.47	\$28.09	\$44,324	3.1	601.0	1,783.3	4.1
2028	324,635	1,870	365.0	140.3	1,195	\$13.10	\$29.53	\$44,825	3.3	601.9	1,799.5	4.1
2029	326,551	1,956	367.4	141.4	1,200	\$13.76	\$31.05	\$45,344	3.3	603.4	1,816.7	4.0
2030	328,411	1,958	369.8	142.5	1,205	\$14.44	\$32.62	\$45,878	3.3	605.4	1,822.7	4.0



San Luis Obispo County Employment Forecast

1997-2005 History, 2006-2030 Forecast

	Total Wage & Salary	Farm	Mining & Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1997	87.0	4.84	4.4	6.8	3.3	12.4	3.3	6.9	1.4	8.2	11.3	20.3
1998	90.8	4.62	5.0	7.1	3.2	13.2	3.6	7.6	1.3	8.5	11.9	21.2
1999	94.8	4.29	6.5	7.3	3.1	14.0	3.7	8.3	1.6	8.5	12.3	21.6
2000	99.0	4.78	6.1	7.4	3.2	15.0	3.7	8.8	1.8	8.7	13.0	22.4
2001	102.2	4.85	6.7	7.4	3.2	15.6	3.8	9.0	1.8	9.6	13.2	22.8
2002	103.0	4.58	6.8	6.9	3.3	15.6	4.3	8.9	1.5	10.0	13.8	23.0
2003	102.0	3.91	6.9	6.5	3.5	15.5	4.4	8.5	1.4	10.3	14.3	22.4
2004	103.1	4.03	7.2	6.4	3.7	16.0	4.7	8.8	1.5	10.5	14.4	22.0
2005	104.8	4.18	7.7	6.2	3.7	16.3	4.8	8.8	1.6	10.8	14.7	21.8
2006	106.0	4.28	7.4	6.1	3.7	16.6	4.9	9.0	1.7	11.0	15.1	21.9
2007	107.6	4.38	7.5	6.1	3.7	16.9	5.0	9.2	1.7	11.3	15.4	22.2
2008	109.1	4.47	7.6	6.0	3.7	17.1	5.1	9.3	1.7	11.5	15.7	22.6
2009	111.0	4.55	7.7	6.0	3.7	17.4	5.1	9.6	1.7	11.7	15.9	23.2
2010	113.0	4.62	7.7	6.0	3.7	17.7	5.2	9.9	1.8	11.9	16.1	23.8
2011	115.0	4.68	7.8	6.0	3.7	18.0	5.3	10.2	1.8	12.1	16.4	24.4
2012	117.0	4.73	7.9	6.0	3.7	18.3	5.4	10.6	1.8	12.2	16.6	25.0
2013	118.9	4.77	8.0	6.0	3.8	18.5	5.5	10.9	1.9	12.4	16.9	25.6
2014	120.5	4.80	8.0	6.0	3.8	18.7	5.6	11.3	1.9	12.5	17.1	26.1
2015	122.1	4.83	8.0	6.1	3.8	19.0	5.6	11.5	1.9	12.6	17.3	26.7
2016	123.5	4.84	7.9	6.0	3.8	19.2	5.7	11.8	2.0	12.7	17.6	27.2
2017	124.8	4.85	7.9	6.0	3.8	19.4	5.8	11.9	2.0	12.8	17.8	27.7
2018	126.1	4.85	7.8	6.0	3.8	19.6	5.8	12.1	2.0	12.9	18.1	28.2
2019	127.4	4.84	7.8	6.0	3.8	19.8	5.8	12.2	2.1	12.9	18.2	28.9
2020	128.6	4.83	7.7	6.1	3.8	20.0	5.9	12.4	2.1	13.0	18.4	29.4
2021	129.7	4.81	7.7	6.0	3.8	20.2	5.9	12.5	2.1	13.1	18.5	30.0
2022	130.9	4.80	7.6	6.1	3.9	20.4	5.9	12.7	2.1	13.2	18.6	30.6
2023	132.0	4.79	7.5	6.1	3.9	20.6	6.0	12.8	2.2	13.3	18.7	31.2
2024	133.0	4.77	7.3	6.1	3.9	20.8	6.0	12.9	2.2	13.4	18.7	31.8
2025	134.0	4.76	7.1	6.1	3.9	21.0	6.1	13.0	2.3	13.4	18.8	32.4
2026	134.9	4.76	7.0	6.1	3.9	21.2	6.1	13.1	2.3	13.5	18.9	32.9
2027	136.1	4.75	7.0	6.1	3.9	21.3	6.2	13.3	2.4	13.6	19.0	33.3
2028	137.2	4.75	7.0	6.1	3.9	21.5	6.3	13.4	2.4	13.7	19.1	33.8
2029	138.4	4.75	7.1	6.1	3.9	21.7	6.3	13.5	2.5	13.8	19.2	34.3
2030	139.6	4.75	7.2	6.1	3.9	21.9	6.4	13.6	2.5	13.9	19.3	34.7

