

# SAN MATEO COUNTY ECONOMIC FORECAST

San Mateo County thrived in the late 1990s during the technology boom in California and the rapid rise in visitor and business travel through San Francisco International Airport. However, since the dotcom bust of 2000, the county has had severe job loss and is only now showing signs of recovery. San Mateo County has a population of more than 721,000 people and approximately 327,000 wage and salary jobs. The per capita income in San Mateo County is \$57,114, and the average salary per worker is among the highest in the state at \$74,191.

Although not nearly as robust as Southern California, employment growth in Northern California was strong in 2005, compared to the previous four years. Employment in the greater Bay Area increased by 0.8 percent last year. In 2005, job growth was flat in San Mateo County, but the net creation of 400 wage and salary jobs reversed four consecutive years of job losses. The unemployment rate fell to 4.3 percent in 2005.

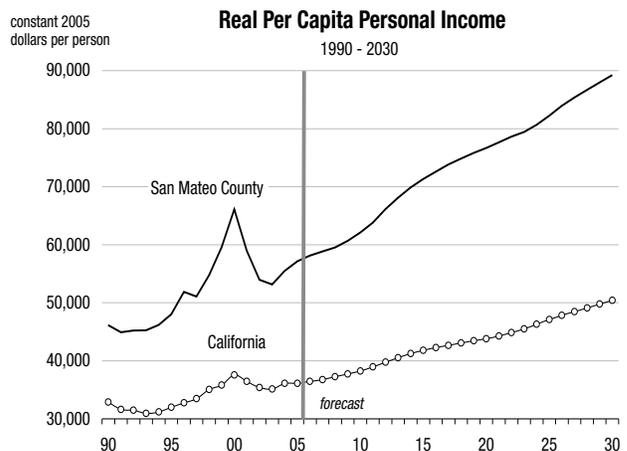
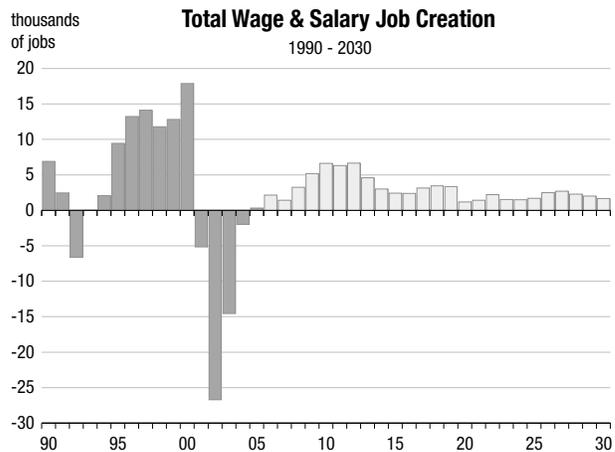
The only sector that created a significant number of jobs last year was professional services, which grew by 2,000 jobs, meaning that the rest of economy had a net loss of 1,600 jobs. The transportation (largely SFO airport), manufacturing and information sectors lost a combined total of 2,700 jobs.

Population growth remains positive in San Mateo County, but the rate of growth is a scant 0.5 percent. No cities grew by more than 1.0 percent last year. The largest city in the county, Daly City, grew 0.6 percent.

Employment growth is forecast to accelerate modestly in San Mateo County in 2006 and 2007. In 2008 and beyond the county will return to healthier levels of job creation and slightly higher population growth.

## FORECAST HIGHLIGHTS

- Job growth is forecast to reach 0.7 percent in 2006. Over the next five years job growth in the county will gain momentum, and the annual growth rate is expected to average 1.1 percent per year.
- Average salaries adjusted for inflation are currently well above the California average, and will remain so over the forecast horizon. Real average salaries are forecast to rise an average of 1.3 percent per year over the next 5 years.
- Between 2006 and 2010, the momentum for employment growth is in professional services and information services. These sectors are forecast to contribute 61 percent of all jobs created in the county over the next five years, with nearly 46 percent coming from the professional services sector.

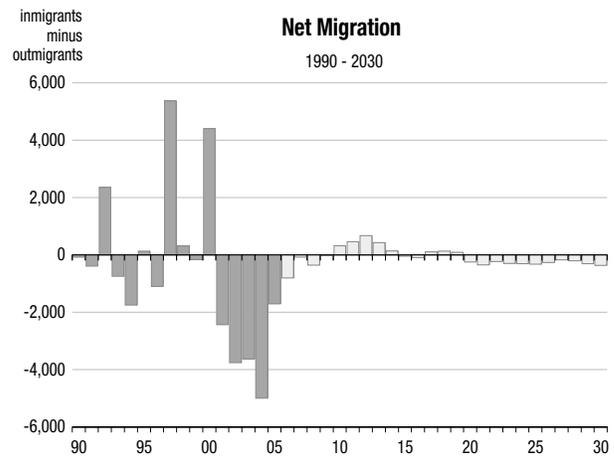
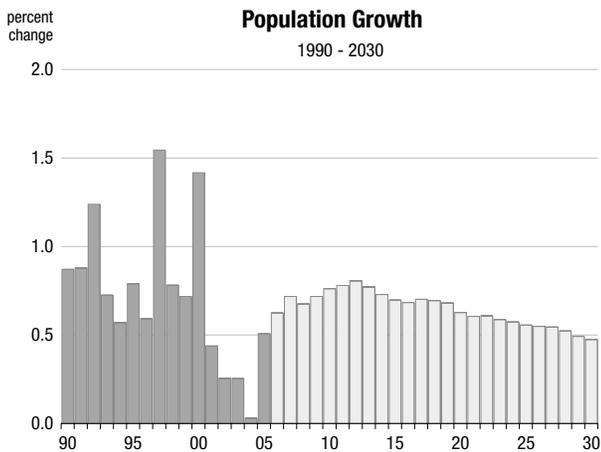


- The population will grow at a rate of approximately 0.6 percent in 2006. Annual growth in the 2006 to 2010 period is forecast to increase slightly, averaging 0.7 percent per year.
- Net migration is expected to remain negative in 2006 for the sixth consecutive year. Over the next five years net migration is expected to trend closer to zero.
- Real per capita incomes increase at a rate of 1.8 percent in 2006. Over the next five years real per capita incomes are forecast to increase 1.7 percent per year.
- Industrial production is forecast to rise 2.6 percent in 2006. Over the next five years the growth rate of industrial production will average 2.3 percent per year, due largely to rising levels of industrial (transportation) employment.

# San Mateo County Economic Forecast

## 1997-2005 History, 2006-2030 Forecast

|      | Population<br>(people) | Net<br>Migration<br>(people) | Registered<br>Vehicles<br>(thousands) | Households<br>(thousands) | New Homes<br>Permitted<br>(homes) | Total Taxable<br>Sales<br>(billions) | Personal<br>Income<br>(billions) | Real Per<br>Capita<br>Income<br>(dollars) | Inflation Rate<br>(% change<br>in CPI) | Real Farm<br>Crop Value<br>(millions) | Real Industrial<br>Production<br>(billions) | Unemploy-<br>ment Rate<br>(percent) |
|------|------------------------|------------------------------|---------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|---|--|---------------------------------------|---|-------------------------------------|
| 1997 | 690,400                | 5,375                        | 637.4                                 | 248.5                     | 1,519                             | \$10.7                               | \$27.9                           | \$51,062                                  | 3.4                                    | 272.0                                 | 6.2   | 2.7                                 |
| 1998 | 695,800                | 323                          | 711.9                                 | 249.8                     | 2,175                             | \$11.0                               | \$31.1                           | \$54,743                                  | 3.2                                    | 225.7                                 | 6.7   | 2.5                                 |
| 1999 | 700,800                | -157                         | 714.4                                 | 251.2                     | 901                               | \$12.1                               | \$35.5                           | \$59,551                                  | 4.2                                    | 208.4                                 | 7.2   | 2.0                                 |
| 2000 | 710,732                | 4,405                        | 708.9                                 | 254.1                     | 2,317                             | \$14.0                               | \$41.7                           | \$66,101                                  | 4.5                                    | 223.7                                 | 7.7   | 2.9                                 |
| 2001 | 713,847                | -2,430                       | 698.0                                 | 255.1                     | 1,441                             | \$12.9                               | \$39.4                           | \$58,957                                  | 5.4                                    | 189.2                                 | 6.7   | 3.8                                 |
| 2002 | 715,672                | -3,759                       | 712.4                                 | 256.7                     | 1,423                             | \$11.6                               | \$36.7                           | \$53,940                                  | 1.6                                    | 192.5                                 | 6.5   | 5.7                                 |
| 2003 | 717,492                | -3,625                       | 685.4                                 | 258.1                     | 1,304                             | \$11.4                               | \$36.9                           | \$53,146                                  | 1.8                                    | 186.4                                 | 6.7   | 5.9                                 |
| 2004 | 717,710                | -4,993                       | 714.9                                 | 259.2                     | 609                               | \$11.8                               | \$39.0                           | \$55,461                                  | 1.2                                    | 183.4                                 | 7.3   | 4.9                                 |
| 2005 | 721,350                | -1,705                       | 718.2                                 | 260.2                     | 868                               | \$11.9                               | \$41.2                           | \$57,114                                  | 2.0                                    | 181.5                                 | 7.3   | 4.3                                 |
| 2006 | 725,856                | -799                         | 730.5                                 | 260.7                     | 654                               | \$12.7                               | \$43.7                           | \$58,127                                  | 2.7                                    | 181.5                                 | 7.5   | 4.0                                 |
| 2007 | 731,072                | -75                          | 738.3                                 | 261.3                     | 570                               | \$13.2                               | \$45.8                           | \$58,812                                  | 2.1                                    | 181.5                                 | 7.6   | 4.1                                 |
| 2008 | 736,012                | -353                         | 747.4                                 | 261.8                     | 598                               | \$13.9                               | \$48.1                           | \$59,514                                  | 2.3                                    | 181.5                                 | 7.8   | 3.9                                 |
| 2009 | 741,299                | -18                          | 756.4                                 | 262.4                     | 664                               | \$14.7                               | \$50.9                           | \$60,640                                  | 2.2                                    | 181.5                                 | 8.0   | 3.7                                 |
| 2010 | 746,950                | 322                          | 765.6                                 | 263.0                     | 762                               | \$15.6                               | \$54.2                           | \$62,122                                  | 2.4                                    | 181.5                                 | 8.1   | 3.6                                 |
| 2011 | 752,777                | 466                          | 774.3                                 | 263.7                     | 867                               | \$16.4                               | \$57.8                           | \$63,793                                  | 2.3                                    | 181.5                                 | 8.4   | 3.5                                 |
| 2012 | 758,845                | 671                          | 782.3                                 | 264.4                     | 938                               | \$17.4                               | \$62.2                           | \$66,121                                  | 2.1                                    | 181.5                                 | 8.7   | 3.6                                 |
| 2013 | 764,703                | 434                          | 790.3                                 | 265.3                     | 962                               | \$18.3                               | \$66.4                           | \$68,075                                  | 2.2                                    | 181.5                                 | 9.0   | 3.7                                 |
| 2014 | 770,279                | 142                          | 798.2                                 | 266.1                     | 960                               | \$19.3                               | \$70.7                           | \$69,880                                  | 2.2                                    | 181.5                                 | 9.1   | 3.9                                 |
| 2015 | 775,660                | -41                          | 806.0                                 | 267.0                     | 961                               | \$20.2                               | \$75.0                           | \$71,334                                  | 2.4                                    | 181.5                                 | 9.3   | 4.0                                 |
| 2016 | 780,964                | -95                          | 813.9                                 | 267.9                     | 959                               | \$21.3                               | \$79.4                           | \$72,576                                  | 2.5                                    | 181.5                                 | 9.5   | 4.0                                 |
| 2017 | 786,446                | 114                          | 821.6                                 | 268.7                     | 960                               | \$22.4                               | \$84.1                           | \$73,814                                  | 2.6                                    | 181.5                                 | 9.8   | 4.0                                 |
| 2018 | 791,918                | 138                          | 830.2                                 | 269.6                     | 971                               | \$23.5                               | \$88.6                           | \$74,837                                  | 2.4                                    | 181.5                                 | 10.1  | 4.0                                 |
| 2019 | 797,316                | 96                           | 840.0                                 | 270.4                     | 975                               | \$24.7                               | \$93.2                           | \$75,825                                  | 2.4                                    | 181.5                                 | 10.4  | 4.0                                 |
| 2020 | 802,323                | -248                         | 850.1                                 | 271.3                     | 970                               | \$25.9                               | \$97.9                           | \$76,683                                  | 2.3                                    | 181.5                                 | 10.5  | 4.1                                 |
| 2021 | 807,180                | -347                         | 860.5                                 | 272.2                     | 963                               | \$27.1                               | \$102.8                          | \$77,658                                  | 2.3                                    | 181.5                                 | 10.6  | 4.1                                 |
| 2022 | 812,090                | -231                         | 870.6                                 | 273.0                     | 963                               | \$28.4                               | \$108.0                          | \$78,630                                  | 2.4                                    | 181.5                                 | 10.6  | 4.1                                 |
| 2023 | 816,867                | -292                         | 880.4                                 | 273.9                     | 958                               | \$29.7                               | \$113.2                          | \$79,427                                  | 2.3                                    | 181.5                                 | 10.6  | 4.1                                 |
| 2024 | 821,558                | -300                         | 889.8                                 | 274.8                     | 964                               | \$31.1                               | \$119.1                          | \$80,676                                  | 2.2                                    | 181.5                                 | 10.3  | 4.1                                 |
| 2025 | 826,136                | -324                         | 899.0                                 | 275.6                     | 976                               | \$32.7                               | \$125.7                          | \$82,225                                  | 2.2                                    | 181.5                                 | 10.0  | 4.1                                 |
| 2026 | 830,682                | -260                         | 908.0                                 | 276.5                     | 996                               | \$34.4                               | \$133.0                          | \$83,929                                  | 2.3                                    | 181.5                                 | 9.9   | 4.1                                 |
| 2027 | 835,211                | -167                         | 916.4                                 | 277.4                     | 1,019                             | \$36.1                               | \$140.2                          | \$85,358                                  | 2.3                                    | 181.5                                 | 9.8   | 4.0                                 |
| 2028 | 839,583                | -202                         | 924.3                                 | 278.3                     | 1,036                             | \$37.9                               | \$147.9                          | \$86,685                                  | 2.5                                    | 181.5                                 | 9.8   | 4.1                                 |
| 2029 | 843,729                | -306                         | 931.8                                 | 279.2                     | 1,043                             | \$39.8                               | \$155.9                          | \$87,971                                  | 2.5                                    | 181.5                                 | 9.9   | 4.1                                 |
| 2030 | 847,740                | -364                         | 938.7                                 | 280.2                     | 1,025                             | \$41.7                               | \$164.0                          | \$89,227                                  | 2.5                                    | 181.5                                 | 9.8   | 4.1                                 |



# San Mateo 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                                     | 333.2               | 2.88 | 15.3                  | 33.2          | 32.8                       | 52.9                     | 24.7                 | 62.7                  | 11.2        | 27.2               | 30.7    | 30.1       |
| 1998                                     | 345.0               | 2.92 | 16.6                  | 35.1          | 33.7                       | 53.6                     | 25.8                 | 64.0                  | 13.6        | 28.2               | 30.2    | 31.4       |
| 1999                                     | 357.8               | 2.88 | 17.7                  | 35.6          | 34.0                       | 53.5                     | 25.8                 | 70.8                  | 17.7        | 27.9               | 29.5    | 32.1       |
| 2000                                     | 375.7               | 2.93 | 18.9                  | 35.9          | 35.2                       | 54.0                     | 24.7                 | 78.5                  | 24.0        | 28.1               | 30.5    | 32.5       |
| 2001                                     | 370.6               | 2.88 | 19.7                  | 34.8          | 34.4                       | 54.0                     | 23.9                 | 71.0                  | 26.1        | 29.1               | 30.9    | 32.9       |
| 2002                                     | 343.9               | 2.68 | 18.9                  | 31.0          | 29.3                       | 51.2                     | 22.1                 | 59.3                  | 23.3        | 30.0               | 30.8    | 33.6       |
| 2003                                     | 329.3               | 2.58 | 17.9                  | 29.0          | 27.8                       | 48.9                     | 21.1                 | 55.2                  | 22.5        | 30.1               | 30.3    | 32.7       |
| 2004                                     | 327.4               | 2.19 | 18.0                  | 29.5          | 28.1                       | 47.1                     | 21.1                 | 56.2                  | 21.2        | 30.5               | 30.6    | 32.1       |
| 2005                                     | 327.7               | 1.90 | 17.7                  | 28.9          | 27.2                       | 47.3                     | 21.2                 | 58.2                  | 20.0        | 30.7               | 31.0    | 32.5       |
| 2006                                     | 329.9               | 1.66 | 17.4                  | 28.7          | 27.6                       | 47.3                     | 21.3                 | 59.8                  | 19.8        | 30.9               | 31.3    | 32.9       |
| 2007                                     | 331.3               | 1.46 | 16.9                  | 28.6          | 28.0                       | 47.4                     | 21.4                 | 60.5                  | 19.8        | 31.1               | 31.6    | 33.3       |
| 2008                                     | 334.6               | 1.30 | 16.5                  | 28.7          | 28.2                       | 47.6                     | 21.4                 | 61.9                  | 20.5        | 31.4               | 31.8    | 33.7       |
| 2009                                     | 339.8               | 1.17 | 16.4                  | 28.9          | 28.5                       | 48.0                     | 21.5                 | 64.2                  | 21.6        | 31.6               | 32.1    | 34.0       |
| 2010                                     | 346.4               | 1.07 | 16.5                  | 29.0          | 29.0                       | 48.5                     | 21.5                 | 67.2                  | 23.0        | 31.9               | 32.4    | 34.3       |
| 2011                                     | 352.8               | 0.98 | 16.8                  | 29.5          | 29.1                       | 49.2                     | 21.4                 | 70.4                  | 23.6        | 32.2               | 32.8    | 34.6       |
| 2012                                     | 359.4               | 0.91 | 17.1                  | 29.7          | 29.2                       | 50.3                     | 21.4                 | 73.4                  | 24.4        | 32.5               | 33.2    | 34.9       |
| 2013                                     | 364.1               | 0.85 | 17.3                  | 29.7          | 29.2                       | 51.2                     | 21.4                 | 75.7                  | 24.2        | 33.0               | 33.6    | 35.1       |
| 2014                                     | 367.1               | 0.80 | 17.4                  | 29.0          | 29.2                       | 52.1                     | 21.5                 | 77.6                  | 23.9        | 33.4               | 34.1    | 35.3       |
| 2015                                     | 369.5               | 0.76 | 17.4                  | 28.4          | 29.1                       | 52.8                     | 21.6                 | 79.1                  | 23.4        | 33.9               | 34.5    | 35.4       |
| 2016                                     | 371.9               | 0.73 | 17.4                  | 28.5          | 29.3                       | 53.3                     | 21.6                 | 80.1                  | 22.8        | 34.5               | 34.9    | 35.5       |
| 2017                                     | 375.1               | 0.70 | 17.4                  | 28.6          | 29.3                       | 53.8                     | 21.7                 | 81.1                  | 23.2        | 35.0               | 35.3    | 35.6       |
| 2018                                     | 378.5               | 0.68 | 17.4                  | 29.1          | 29.3                       | 54.1                     | 21.7                 | 82.1                  | 23.7        | 35.5               | 35.6    | 35.7       |
| 2019                                     | 381.9               | 0.66 | 17.4                  | 29.3          | 29.3                       | 54.4                     | 21.7                 | 83.2                  | 24.3        | 36.0               | 35.9    | 35.8       |
| 2020                                     | 383.1               | 0.64 | 17.4                  | 28.9          | 29.2                       | 54.8                     | 21.7                 | 83.9                  | 23.9        | 36.5               | 36.2    | 35.8       |
| 2021                                     | 384.5               | 0.63 | 17.3                  | 28.8          | 29.0                       | 55.1                     | 21.7                 | 84.9                  | 23.3        | 37.0               | 36.5    | 35.9       |
| 2022                                     | 386.8               | 0.62 | 17.3                  | 29.1          | 28.9                       | 55.3                     | 21.8                 | 85.9                  | 23.1        | 37.4               | 36.8    | 35.9       |
| 2023                                     | 388.3               | 0.62 | 17.2                  | 29.3          | 28.7                       | 55.5                     | 21.8                 | 86.7                  | 22.6        | 37.8               | 37.2    | 36.0       |
| 2024                                     | 389.8               | 0.61 | 17.2                  | 29.3          | 28.4                       | 55.7                     | 21.7                 | 87.6                  | 22.2        | 38.3               | 37.6    | 36.0       |
| 2025                                     | 391.6               | 0.61 | 17.2                  | 29.3          | 28.2                       | 56.1                     | 21.7                 | 88.5                  | 21.8        | 38.7               | 38.1    | 36.1       |
| 2026                                     | 394.1               | 0.60 | 17.3                  | 29.3          | 28.0                       | 56.4                     | 21.6                 | 89.5                  | 21.9        | 39.1               | 38.5    | 36.2       |
| 2027                                     | 396.8               | 0.60 | 17.4                  | 29.3          | 27.7                       | 56.7                     | 21.5                 | 90.4                  | 22.5        | 39.6               | 39.0    | 36.2       |
| 2028                                     | 399.1               | 0.60 | 17.5                  | 29.2          | 27.4                       | 57.1                     | 21.5                 | 91.2                  | 22.8        | 40.0               | 39.4    | 36.3       |
| 2029                                     | 401.1               | 0.59 | 17.6                  | 29.1          | 27.2                       | 57.3                     | 21.5                 | 92.0                  | 22.8        | 40.5               | 39.9    | 36.3       |
| 2030                                     | 402.8               | 0.59 | 17.6                  | 29.1          | 26.9                       | 57.6                     | 21.5                 | 92.6                  | 22.7        | 40.9               | 40.3    | 36.3       |

