

# SANTA CRUZ COUNTY ECONOMIC FORECAST

Santa Cruz County is located on the central coast of California and is the second smallest county in terms of physical size behind San Francisco. The county borders Monterey County to the south, San Mateo County to the north, and Santa Clara County to the east. Santa Cruz County has a population of 260,630 people and 101,000 wage and salary jobs. The per capita income in Santa Cruz County is \$39,975, and the average salary per worker is \$41,757.

In 2005, just under 450 total wage and salary jobs were created in Santa Cruz County, representing an increase in employment of 0.4 percent. There was no gain in non-farm employment; all of the net job growth was in the farm sector, which gained nearly 500 jobs. However farm employment has generally declined in recent years and is 32 percent below the level of 1996. The unemployment rate increased to 7.7 percent in 2005.

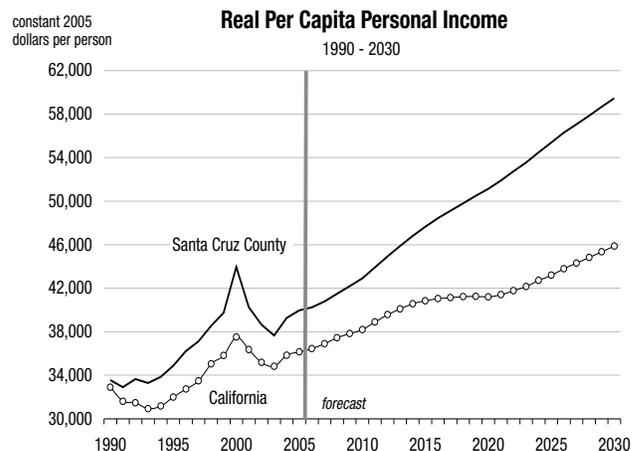
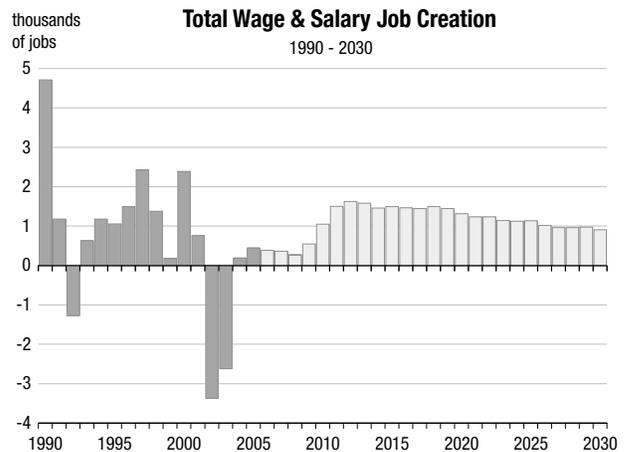
The principal sectors that are producing jobs in Santa Cruz County are the construction, retail trade and government sectors. Manufacturing, leisure and hospitality, and education and health-care services each lost 200 or more jobs last year. Many of the public sector jobs are associated with the University of California located in Santa Cruz.

During 2005, the population grew at a modest rate of 0.8 percent. The fastest growing city in the county was Watsonville, which rose 1.2 percent from January 2005 to January 2006. The largest city in the county is Santa Cruz with a population of 56,925.

Employment growth will remain modest over the next three years. The population will continue to increase over the forecast, but all of the growth will be due to the natural increase, rather than net migration.

## FORECAST HIGHLIGHTS

- Job growth averages 0.4 percent in 2006. Over the next five years, a 0.5 percent average annual growth rate is forecast. Non-farm employment increases by an average of 0.6 percent over the same period.
- Average salaries adjusted for inflation are currently below the California state average, but are rising at a faster rate than the state. Inflation adjusted salaries are expected to rise an average of 1.1 percent per year over the next 5 years.
- Between 2006 and 2010, the momentum for employment growth occurs in education and healthcare services, wholesale and retail trade, and government. These sectors account for more than 100 percent of the net job growth over the next five years. The manufacturing, construction and farm sectors are expected to have declining employment.

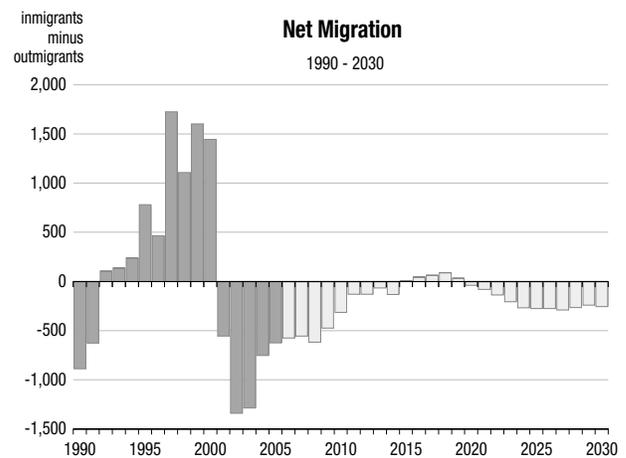
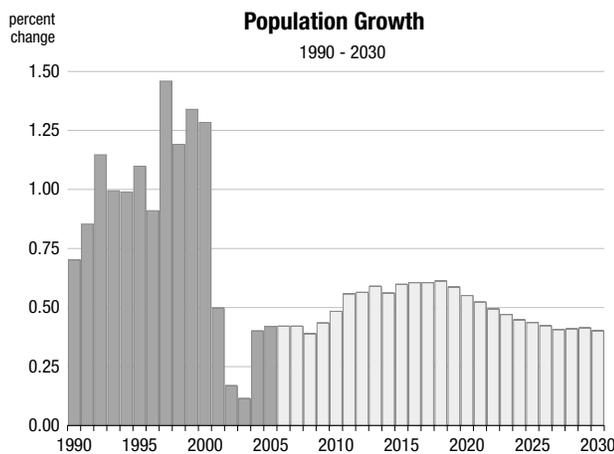


- Population growth will remain modest over the foreseeable future. Annual growth in the 2006 to 2010 period averages 0.4 percent per year.
- Net migration will remain negative in 2006, forecast at -575. Over the next five years out migration will continue as an average of 500 net residents leave the county every year.
- Real per capita income is forecast to increase 0.7 percent in 2006. Over the next five years this growth rate will increase, with real per capita income rising an average of 1.4 percent per year.
- Industrial production is forecast to decline 1.5 percent in 2006. Over the next five years industrial production will decline by an average of 0.3 percent, due to falling manufacturing employment. Total crop production is expected to increase an average of 2.0 percent per year between 2006 and 2010.

# Santa Cruz 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 (billions)	Unemploy- ment Rate (percent)
1997	246,950	1,726	200.2	86.9	751	\$2.25	\$7.24	\$37,107	3.4	352.6	1.04	7.9
1998	249,893	1,109	214.8	87.5	639	\$2.37	\$7.86	\$38,545	3.2	282.9	1.05	7.4
1999	253,241	1,604	219.6	88.0	506	\$2.62	\$8.56	\$39,741	4.2	363.6	1.07	6.4
2000	256,494	1,447	227.3	91.1	587	\$2.92	\$10.01	\$43,956	4.5	396.3	1.15	5.1
2001	257,772	-556	232.6	91.5	602	\$2.88	\$9.71	\$40,259	5.4	390.0	1.00	5.7
2002	258,209	-1,341	236.4	92.0	922	\$2.77	\$9.50	\$38,657	1.6	303.7	0.92	7.4
2003	258,505	-1,287	231.6	92.4	1,202	\$2.78	\$9.43	\$37,646	1.8	383.2	0.94	7.8
2004	259,542	-751	244.7	93.3	804	\$2.92	\$9.99	\$39,268	1.2	457.2	1.03	7.1
2005	260,634	-624	241.0	94.7	894	\$3.03	\$10.42	\$39,975	2.0	418.1	1.04	7.7
2006	261,733	-575	243.2	95.9	440	\$3.22	\$10.94	\$40,233	3.9	392.6	1.02	6.9
2007	262,837	-555	245.3	96.5	408	\$3.35	\$11.41	\$40,778	2.4	382.0	1.00	6.9
2008	263,862	-615	247.5	96.9	410	\$3.47	\$11.88	\$41,483	2.0	374.7	1.00	7.2
2009	265,008	-473	249.6	97.4	381	\$3.60	\$12.39	\$42,189	2.0	374.6	1.01	7.5
2010	266,293	-314	251.8	97.8	387	\$3.75	\$12.98	\$42,915	2.5	377.0	1.02	7.5
2011	267,780	-129	253.8	98.2	534	\$3.92	\$13.67	\$43,894	2.4	377.5	1.05	7.4
2012	269,293	-129	255.9	98.8	578	\$4.10	\$14.38	\$44,934	2.2	379.3	1.09	7.6
2013	270,883	-65	257.9	99.4	587	\$4.28	\$15.12	\$45,871	2.3	382.6	1.14	7.6
2014	272,405	-131	259.8	100.0	586	\$4.47	\$15.87	\$46,795	2.3	385.2	1.18	7.7
2015	274,036	6	261.7	100.6	586	\$4.67	\$16.67	\$47,640	2.5	388.2	1.22	7.7
2016	275,696	46	263.6	101.3	573	\$4.88	\$17.50	\$48,428	2.7	391.4	1.24	7.7
2017	277,365	62	265.4	101.9	568	\$5.09	\$18.33	\$49,105	2.7	391.5	1.28	7.7
2018	279,065	90	267.2	102.5	582	\$5.30	\$19.17	\$49,798	2.5	393.4	1.32	7.7
2019	280,703	33	268.9	103.1	584	\$5.52	\$20.05	\$50,488	2.5	395.7	1.36	7.6
2020	282,252	-37	270.6	103.7	587	\$5.74	\$20.93	\$51,134	2.5	397.8	1.39	7.6
2021	283,730	-79	272.3	104.4	569	\$5.97	\$21.88	\$51,907	2.4	397.3	1.40	7.5
2022	285,135	-135	273.9	105.0	561	\$6.23	\$22.90	\$52,740	2.5	399.4	1.38	7.5
2023	286,478	-206	275.5	105.6	535	\$6.49	\$23.94	\$53,562	2.5	399.0	1.36	7.5
2024	287,763	-267	277.1	106.2	526	\$6.75	\$25.03	\$54,479	2.3	401.9	1.33	7.5
2025	289,020	-274	278.6	106.7	520	\$7.03	\$26.16	\$55,398	2.4	404.3	1.28	7.5
2026	290,244	-275	280.0	107.3	513	\$7.32	\$27.35	\$56,300	2.4	406.3	1.27	7.4
2027	291,426	-289	281.4	107.9	518	\$7.61	\$28.52	\$57,071	2.5	408.2	1.25	7.4
2028	292,622	-265	282.8	108.4	526	\$7.93	\$29.80	\$57,857	2.7	408.3	1.26	7.4
2029	293,834	-240	284.2	109.0	527	\$8.26	\$31.15	\$58,661	2.7	410.8	1.26	7.4
2030	295,014	-255	285.6	109.6	507	\$8.60	\$32.53	\$59,469	2.6	413.0	1.26	7.4



# Santa Cruz 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	101.6	11.24	3.4	10.8	1.5	16.1	3.4	10.7	2.2	10.3	10.4	17.6
1998	103.0	10.96	3.8	9.9	1.5	16.8	3.5	10.5	2.4	10.5	10.8	18.0
1999	103.2	9.11	4.2	9.5	1.5	17.2	3.8	10.9	2.4	10.4	11.1	18.8
2000	105.6	8.34	4.5	9.3	1.4	17.6	4.1	11.7	2.6	10.6	11.5	19.5
2001	106.3	7.83	4.9	8.9	1.7	17.4	3.9	11.4	2.6	11.0	12.1	20.2
2002	102.9	8.30	4.8	7.5	1.6	16.9	3.8	9.9	2.2	11.7	11.6	20.7
2003	100.3	8.53	4.8	6.9	1.5	16.5	3.8	9.0	2.0	11.9	11.4	20.3
2004	100.5	7.50	5.5	7.0	1.5	16.7	3.7	9.0	1.8	12.0	11.2	21.0
2005	101.0	7.98	5.8	6.8	1.5	16.8	3.8	9.0	1.6	11.8	10.9	21.3
2006	101.3	7.83	6.1	6.4	1.5	17.0	3.8	9.0	1.6	11.8	10.8	21.6
2007	101.7	7.79	6.0	6.2	1.5	17.2	3.9	9.1	1.6	11.9	10.8	21.9
2008	102.0	7.77	5.7	6.0	1.5	17.4	3.9	9.1	1.6	12.0	10.9	22.3
2009	102.5	7.80	5.3	5.9	1.5	17.6	3.9	9.1	1.6	12.1	10.9	22.7
2010	103.6	7.84	5.2	5.9	1.5	17.8	3.9	9.2	1.6	12.2	11.0	23.2
2011	105.1	7.87	5.4	5.9	1.5	18.1	4.0	9.2	1.6	12.5	11.1	23.7
2012	106.7	7.90	5.4	5.9	1.5	18.4	4.0	9.3	1.6	13.0	11.2	24.1
2013	108.3	7.94	5.5	5.9	1.6	18.7	4.1	9.3	1.6	13.4	11.3	24.5
2014	109.8	7.98	5.6	5.9	1.6	19.0	4.1	9.4	1.6	13.9	11.4	24.9
2015	111.3	8.01	5.6	5.9	1.6	19.3	4.2	9.4	1.6	14.5	11.5	25.3
2016	112.7	8.05	5.6	5.9	1.6	19.5	4.2	9.5	1.6	15.0	11.6	25.6
2017	114.2	8.06	5.7	5.8	1.6	19.8	4.3	9.5	1.6	15.5	11.7	25.9
2018	115.7	8.08	5.7	5.8	1.6	20.0	4.3	9.5	1.6	16.1	11.8	26.3
2019	117.1	8.11	5.8	5.8	1.6	20.3	4.3	9.6	1.6	16.5	11.9	26.7
2020	118.4	8.13	5.9	5.8	1.6	20.5	4.4	9.6	1.6	17.0	11.9	27.1
2021	119.7	8.13	5.9	5.7	1.7	20.7	4.4	9.6	1.6	17.5	12.0	27.4
2022	120.9	8.15	5.9	5.6	1.7	21.0	4.4	9.6	1.6	17.9	12.1	27.7
2023	122.1	8.16	5.9	5.5	1.7	21.3	4.5	9.7	1.6	18.3	12.1	28.1
2024	123.2	8.18	5.9	5.4	1.7	21.6	4.5	9.7	1.6	18.7	12.1	28.4
2025	124.3	8.20	5.9	5.4	1.7	21.8	4.6	9.7	1.6	19.1	12.2	28.7
2026	125.4	8.22	5.9	5.3	1.7	22.1	4.6	9.7	1.6	19.5	12.2	28.9
2027	126.3	8.24	5.9	5.3	1.7	22.4	4.7	9.7	1.6	19.8	12.2	29.2
2028	127.3	8.24	6.0	5.2	1.7	22.6	4.7	9.8	1.6	20.0	12.3	29.5
2029	128.3	8.26	6.0	5.2	1.7	22.9	4.7	9.8	1.6	20.3	12.3	29.7
2030	129.2	8.28	6.0	5.2	1.7	23.2	4.8	9.8	1.6	20.5	12.4	30.0

