

LOS ANGELES COUNTY ECONOMIC FORECAST

Los Angeles County is the largest county-level economy in California, with 10.3 million people, and 4.1 million wage and salary jobs. Employment growth in the services such as healthcare, information, and professional services remains strong. However, employment growth in manufacturing remains weak and the construction sector is forecast to slow. The per capita income in Los Angeles County is \$36,069, and the average salary per worker is \$56,811.

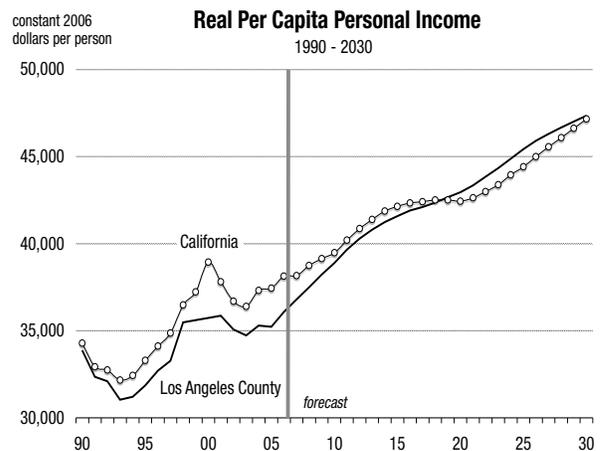
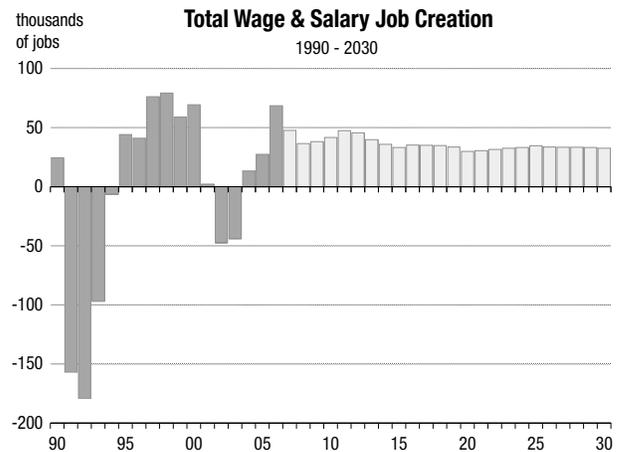
Economic growth in Southern California has been strong during the decade, but was even more impressive during 2006. Employment growth in Los Angeles County was at the highest level since 2000, as employment increased by 1.7 percent. Total wage and salary employment has rebounded from the downturn in the early part of the decade. The unemployment rate fell to 4.7 percent in 2006, the lowest rate in over 20 years and indicative of a labor force with little slack.

Northern Los Angeles County is the fastest growing area of the county. In 2006, despite being just over 5 percent of the total county population, North Los Angeles County accounted for 10 percent of net job creation, 16 percent of housing production and 25 percent of population growth in Los Angeles County. Traffic counts have increased significantly in the area.

The larger problem in Los Angeles County is the lack of new housing production. From 1997 to 2004, only one unit was built for every 7.0 new residents causing housing density to increase from 3.0 to 3.2 persons per unit. Population growth is expected to slow and housing production will continue to be underproduced. This will cause household densities to increase marginally over the forecast. The lack of housing production continues to redistribute people and jobs out of Los Angeles County and into the Inland Empire.

FORECAST HIGHLIGHTS

- Job growth is forecast to slow down in 2007 to 1.2 percent. Over the next five years, the annual growth rate is expected to average 1.0 percent per year.
- Average salaries adjusted for inflation are currently above the California state average, and will remain so over the foreseeable future. Real average salaries are forecast to rise an average of 0.9 percent per year over the next 5 years.
- Transportation and utilities is expected to grow by 15 percent over the forecast period, tops among all sectors. From 2007 to 2011, all service sectors grow between 5.5 and 8.0 percent, except information technologies (11.5 percent) and financial services (1.4 percent). Employment declines in both the manufacturing and construction sectors.

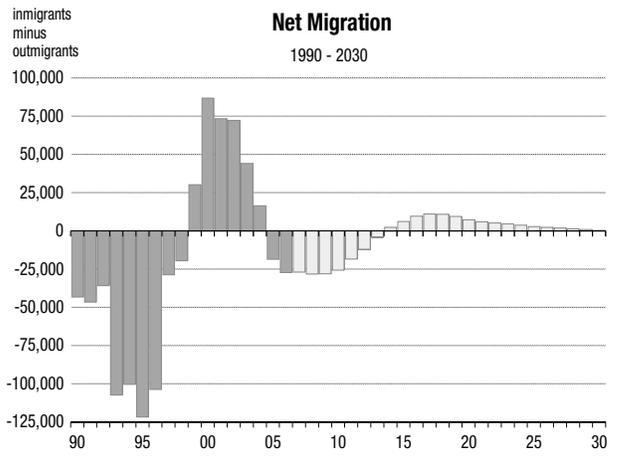
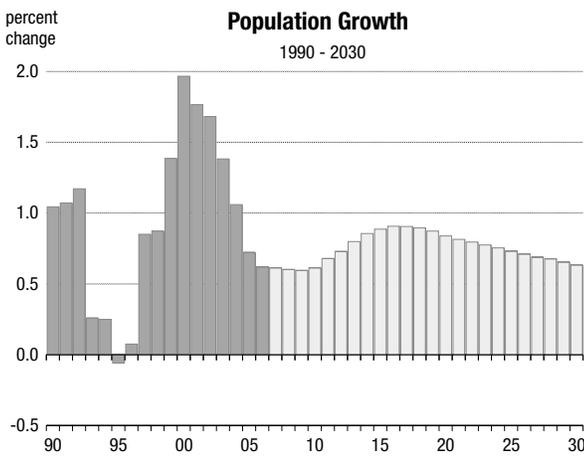


- Population growth remains flat over the forecast. Annual growth in the 2007 to 2011 period averages 0.6 percent per year. The slowdown in population growth is largely due to the forecast of negative net migration in Los Angeles County over the near term forecast. The labor markets create enough jobs to accommodate the natural increase in population over time. Consequently, net migration will not be a factor in population growth.
- Real per capita incomes increase at a rate of 2.0 percent in 2007. An annual compound rate of growth of 1.9 percent over the next 5 years is forecast.
- Total taxable sales are expected to increase by an average of 5.6 percent over the next five years.
- Industrial production increased 0.9 percent in 2006. From 2007 to 2011 it is forecast to increase 3.6 percent per year, as the transportation and utilities sector offsets continued job losses in the manufacturing sector.

Los Angeles County Economic Forecast

1997-2006 History, 2007-2030 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) | Unemployment Rate (percent) |
|------|---------------------|------------------------|--------------------------------|------------------------|-----------------------------|--------------------------------|----------------------------|----------------------------------|----------------------------------|---------------------------------|---------------------------------------|-----------------------------|
| 1997 | 9,185,584 | -28,693 | 5.81 | 3,067.2 | 10,424 | \$86.4 | \$232.4 | \$33,274 | 1.7 | 328.5 | 73.8 | 6.9 |
| 1998 | 9,265,811 | -19,477 | 6.13 | 3,074.5 | 11,692 | \$90.2 | \$253.5 | \$35,483 | 1.4 | 344.1 | 77.5 | 6.6 |
| 1999 | 9,394,293 | 30,208 | 6.29 | 3,082.1 | 14,363 | \$97.3 | \$264.0 | \$35,608 | 2.3 | 320.6 | 80.6 | 5.9 |
| 2000 | 9,579,022 | 86,791 | 6.52 | 3,133.8 | 17,071 | \$106.7 | \$279.0 | \$35,736 | 3.3 | 329.0 | 85.4 | 5.4 |
| 2001 | 9,748,152 | 73,378 | 6.70 | 3,141.8 | 18,248 | \$107.4 | \$294.5 | \$35,856 | 3.4 | 306.5 | 73.8 | 5.7 |
| 2002 | 9,912,154 | 72,243 | 7.01 | 3,155.1 | 19,364 | \$108.8 | \$301.0 | \$35,068 | 2.8 | 318.7 | 71.3 | 6.8 |
| 2003 | 10,049,244 | 44,125 | 7.01 | 3,170.5 | 21,313 | \$113.7 | \$310.0 | \$34,728 | 2.6 | 310.6 | 73.3 | 7.0 |
| 2004 | 10,155,810 | 16,448 | 7.51 | 3,184.6 | 26,935 | \$122.5 | \$329.0 | \$35,291 | 3.3 | 307.1 | 74.3 | 6.5 |
| 2005 | 10,229,226 | -18,541 | 7.51 | 3,201.3 | 25,647 | \$130.7 | \$345.6 | \$35,229 | 4.5 | 289.7 | 74.1 | 5.3 |
| 2006 | 10,292,723 | -27,139 | 7.61 | 3,223.5 | 26,395 | \$138.3 | \$371.3 | \$36,069 | 4.3 | 280.8 | 74.8 | 4.7 |
| 2007 | 10,355,973 | -26,966 | 7.65 | 3,237.2 | 23,954 | \$148.4 | \$394.6 | \$36,790 | 3.6 | 277.9 | 77.2 | 4.6 |
| 2008 | 10,418,315 | -28,095 | 7.72 | 3,256.6 | 21,155 | \$156.1 | \$414.7 | \$37,490 | 2.5 | 275.1 | 80.0 | 4.6 |
| 2009 | 10,480,407 | -28,064 | 7.81 | 3,273.7 | 21,933 | \$163.9 | \$436.2 | \$38,227 | 2.5 | 272.5 | 82.8 | 4.6 |
| 2010 | 10,544,893 | -25,601 | 7.90 | 3,291.4 | 23,957 | \$172.6 | \$460.1 | \$38,883 | 3.1 | 269.9 | 86.1 | 4.3 |
| 2011 | 10,616,574 | -18,279 | 7.99 | 3,310.8 | 22,875 | \$181.3 | \$485.9 | \$39,647 | 2.9 | 267.5 | 89.4 | 4.2 |
| 2012 | 10,694,072 | -12,243 | 8.09 | 3,329.3 | 22,482 | \$190.1 | \$511.0 | \$40,297 | 2.7 | 265.2 | 92.6 | 4.4 |
| 2013 | 10,779,563 | -4,184 | 8.19 | 3,347.5 | 22,510 | \$199.4 | \$536.3 | \$40,798 | 2.8 | 263.0 | 95.7 | 4.6 |
| 2014 | 10,871,818 | 2,366 | 8.28 | 3,365.7 | 21,397 | \$209.1 | \$562.4 | \$41,244 | 2.8 | 260.9 | 98.9 | 4.8 |
| 2015 | 10,968,264 | 6,225 | 8.37 | 3,383.0 | 21,482 | \$219.6 | \$589.6 | \$41,585 | 3.1 | 259.0 | 101.6 | 5.0 |
| 2016 | 11,067,799 | 9,653 | 8.46 | 3,400.3 | 21,593 | \$230.8 | \$618.4 | \$41,897 | 3.2 | 257.1 | 104.5 | 5.3 |
| 2017 | 11,168,117 | 11,123 | 8.55 | 3,417.8 | 21,680 | \$242.6 | \$647.2 | \$42,106 | 3.2 | 255.2 | 107.6 | 5.5 |
| 2018 | 11,268,110 | 10,853 | 8.63 | 3,435.3 | 22,709 | \$254.6 | \$676.8 | \$42,353 | 3.0 | 253.5 | 111.4 | 5.7 |
| 2019 | 11,366,470 | 9,540 | 8.71 | 3,453.7 | 22,808 | \$267.3 | \$708.6 | \$42,664 | 3.0 | 251.9 | 115.0 | 5.7 |
| 2020 | 11,461,815 | 7,267 | 8.78 | 3,472.1 | 22,362 | \$280.4 | \$740.8 | \$42,950 | 3.0 | 250.3 | 118.1 | 5.6 |
| 2021 | 11,555,265 | 6,057 | 8.85 | 3,490.2 | 22,995 | \$293.9 | \$776.1 | \$43,349 | 3.0 | 248.8 | 120.8 | 5.5 |
| 2022 | 11,647,345 | 5,189 | 8.92 | 3,508.8 | 22,894 | \$308.1 | \$815.2 | \$43,847 | 3.0 | 247.4 | 122.6 | 5.4 |
| 2023 | 11,737,757 | 4,552 | 8.99 | 3,527.3 | 23,223 | \$322.5 | \$855.5 | \$44,343 | 3.0 | 246.0 | 124.9 | 5.5 |
| 2024 | 11,826,347 | 3,790 | 9.06 | 3,546.1 | 23,000 | \$337.4 | \$896.9 | \$44,882 | 2.8 | 244.7 | 127.4 | 5.6 |
| 2025 | 11,913,045 | 2,911 | 9.13 | 3,564.7 | 22,931 | \$353.4 | \$940.7 | \$45,422 | 2.9 | 243.5 | 129.5 | 5.6 |
| 2026 | 11,997,890 | 2,395 | 9.19 | 3,583.2 | 22,665 | \$370.3 | \$985.5 | \$45,911 | 2.9 | 242.3 | 131.4 | 5.6 |
| 2027 | 12,080,768 | 1,947 | 9.25 | 3,601.5 | 22,878 | \$388.0 | \$1,030.7 | \$46,307 | 3.0 | 241.2 | 132.8 | 5.6 |
| 2028 | 12,162,697 | 1,470 | 9.31 | 3,620.0 | 22,786 | \$407.0 | \$1,079.1 | \$46,667 | 3.2 | 240.1 | 134.7 | 5.7 |
| 2029 | 12,242,391 | 914 | 9.36 | 3,638.4 | 22,315 | \$426.7 | \$1,128.7 | \$47,010 | 3.2 | 239.1 | 136.9 | 5.7 |
| 2030 | 12,320,142 | 329 | 9.40 | 3,656.5 | 22,257 | \$446.8 | \$1,179.6 | \$47,351 | 3.1 | 238.1 | 139.1 | 5.7 |



Los Angeles County Employment Forecast

1997-2006 History, 2007-2030 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)----- | | | | | | | | | | | |
| 1997 | 3,872.0 | 6.98 | 110.6 | 638.4 | 160.8 | 583.9 | 220.5 | 552.2 | 214.7 | 386.3 | 326.9 | 536.3 |
| 1998 | 3,951.2 | 7.71 | 119.1 | 643.6 | 168.0 | 591.0 | 224.2 | 576.4 | 214.9 | 395.0 | 331.9 | 541.0 |
| 1999 | 4,010.2 | 7.32 | 126.9 | 625.1 | 172.4 | 599.3 | 226.8 | 575.5 | 236.5 | 402.4 | 336.1 | 561.6 |
| 2000 | 4,079.8 | 7.66 | 131.7 | 612.2 | 174.6 | 611.4 | 224.5 | 587.9 | 243.7 | 416.8 | 344.7 | 581.3 |
| 2001 | 4,082.0 | 8.41 | 136.8 | 577.9 | 175.6 | 614.2 | 228.9 | 588.0 | 226.3 | 432.2 | 348.5 | 598.3 |
| 2002 | 4,034.6 | 7.80 | 134.5 | 534.8 | 167.2 | 615.5 | 232.6 | 575.0 | 207.3 | 450.4 | 354.2 | 606.1 |
| 2003 | 3,990.8 | 7.84 | 134.6 | 500.0 | 161.5 | 613.4 | 239.8 | 559.9 | 202.3 | 460.4 | 362.6 | 599.3 |
| 2004 | 4,004.1 | 7.61 | 140.2 | 483.6 | 161.1 | 620.4 | 241.6 | 562.4 | 211.9 | 467.0 | 372.8 | 587.1 |
| 2005 | 4,031.6 | 7.38 | 148.7 | 471.7 | 161.7 | 633.7 | 244.0 | 576.1 | 207.6 | 471.3 | 377.8 | 583.7 |
| 2006 | 4,100.2 | 7.61 | 156.7 | 462.3 | 165.7 | 648.4 | 248.0 | 594.7 | 209.7 | 481.3 | 387.5 | 588.6 |
| 2007 | 4,147.8 | 7.48 | 157.3 | 455.7 | 168.7 | 659.7 | 247.7 | 608.8 | 210.3 | 489.0 | 394.6 | 595.9 |
| 2008 | 4,184.4 | 7.37 | 155.6 | 450.5 | 171.3 | 668.9 | 248.4 | 617.7 | 212.1 | 493.5 | 401.1 | 602.6 |
| 2009 | 4,222.5 | 7.28 | 153.3 | 445.8 | 176.4 | 676.8 | 249.0 | 624.8 | 218.7 | 498.2 | 406.5 | 607.8 |
| 2010 | 4,264.3 | 7.20 | 151.2 | 441.6 | 183.2 | 684.9 | 250.2 | 632.2 | 226.8 | 503.2 | 411.6 | 612.0 |
| 2011 | 4,311.8 | 7.14 | 150.2 | 440.1 | 190.7 | 693.7 | 251.5 | 640.5 | 233.7 | 508.8 | 417.0 | 616.0 |
| 2012 | 4,357.4 | 7.08 | 149.7 | 437.1 | 197.9 | 701.8 | 253.0 | 649.3 | 239.3 | 516.3 | 422.6 | 618.9 |
| 2013 | 4,397.2 | 7.03 | 149.4 | 432.9 | 204.8 | 708.0 | 254.7 | 657.8 | 243.6 | 523.9 | 427.9 | 621.0 |
| 2014 | 4,433.1 | 6.98 | 149.6 | 426.9 | 211.6 | 714.1 | 256.5 | 665.6 | 246.7 | 531.5 | 433.0 | 622.5 |
| 2015 | 4,466.3 | 6.94 | 149.8 | 419.7 | 218.4 | 720.0 | 258.5 | 672.4 | 249.0 | 539.9 | 437.9 | 623.8 |
| 2016 | 4,501.7 | 6.90 | 150.3 | 416.2 | 225.3 | 725.9 | 260.5 | 677.7 | 251.6 | 547.8 | 442.8 | 625.1 |
| 2017 | 4,536.9 | 6.87 | 151.2 | 412.1 | 232.4 | 731.8 | 263.3 | 682.4 | 254.3 | 555.9 | 447.4 | 626.5 |
| 2018 | 4,571.9 | 6.83 | 152.0 | 408.5 | 240.2 | 737.9 | 265.2 | 686.4 | 257.0 | 564.3 | 451.8 | 628.0 |
| 2019 | 4,605.6 | 6.80 | 152.9 | 404.4 | 248.9 | 744.3 | 266.8 | 690.4 | 259.1 | 573.2 | 455.5 | 629.2 |
| 2020 | 4,635.6 | 6.78 | 153.5 | 397.4 | 257.4 | 751.6 | 268.4 | 694.1 | 260.7 | 583.1 | 458.0 | 630.6 |
| 2021 | 4,666.1 | 6.75 | 154.1 | 390.9 | 265.9 | 759.1 | 270.0 | 697.9 | 262.4 | 592.8 | 460.3 | 631.9 |
| 2022 | 4,697.8 | 6.72 | 154.6 | 384.9 | 274.8 | 766.7 | 271.9 | 701.6 | 264.0 | 602.6 | 463.0 | 633.2 |
| 2023 | 4,730.3 | 6.70 | 155.2 | 379.8 | 283.7 | 773.7 | 273.9 | 705.2 | 265.8 | 612.6 | 465.6 | 634.8 |
| 2024 | 4,763.5 | 6.68 | 156.0 | 375.5 | 292.4 | 780.5 | 276.1 | 708.9 | 267.5 | 622.3 | 468.3 | 636.6 |
| 2025 | 4,798.1 | 6.66 | 156.9 | 371.4 | 300.5 | 787.8 | 278.4 | 712.5 | 269.2 | 633.0 | 471.0 | 638.7 |
| 2026 | 4,831.9 | 6.64 | 157.9 | 367.7 | 307.9 | 795.4 | 280.6 | 716.1 | 270.8 | 642.5 | 474.0 | 641.0 |
| 2027 | 4,865.4 | 6.62 | 158.7 | 364.2 | 314.3 | 803.1 | 283.0 | 719.8 | 272.6 | 651.7 | 477.1 | 643.5 |
| 2028 | 4,899.0 | 6.60 | 159.2 | 361.1 | 320.7 | 810.5 | 285.5 | 723.5 | 274.6 | 660.8 | 480.4 | 646.0 |
| 2029 | 4,932.3 | 6.58 | 159.5 | 358.2 | 327.3 | 817.7 | 287.8 | 726.8 | 276.7 | 669.7 | 484.0 | 648.7 |
| 2030 | 4,965.1 | 6.56 | 159.6 | 355.5 | 333.9 | 825.1 | 290.1 | 730.1 | 278.4 | 678.2 | 487.7 | 651.4 |

