

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 107,000 wage and salary jobs. The per capita income in San Luis Obispo County is \$35,006, and the average salary per worker is \$39,574.

Nearly 2,000 wage and salary jobs were created in San Luis Obispo County last year, representing a growth rate of 1.9 percent. The unemployment rate remained at 4.0 percent, a level indicating a fully employed labor market.

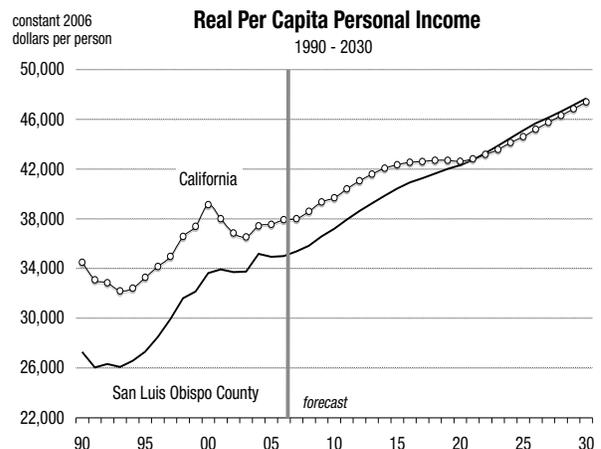
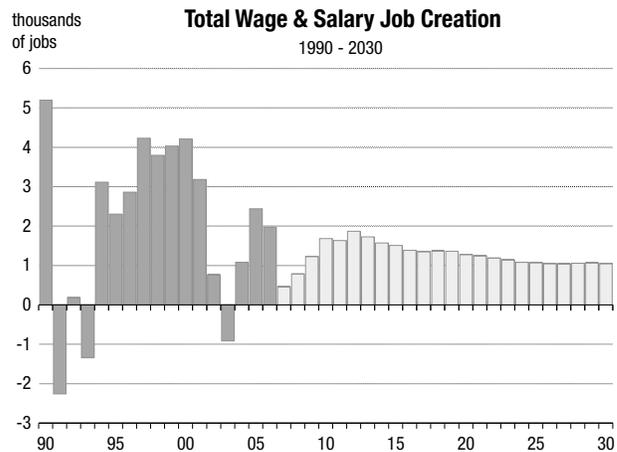
The principal employment clusters in San Luis Obispo County are retail trade, leisure services, education and healthcare services, and government. The public sector dominates all other sectors in terms of jobs because of the large state institutions located in the county, including Cal Poly State University,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

The fastest growing city in the county is Paso Robles, where population increased 2.1 percent between 2006 and 2007. San Luis Obispo, the largest city in the county with just over 44,400 residents, experienced a 0.2 percent reduction in population last year.

Due to an older population, higher home prices and a lack of housing growth, population has been falling in a number of southern coastal cities. Population growth will average between one and two percent in the north, and between zero and one percent in the south. Future growth will occur in Paso Robles and Atascadero to the north, and Nipomo to the south.

FORECAST HIGHLIGHTS

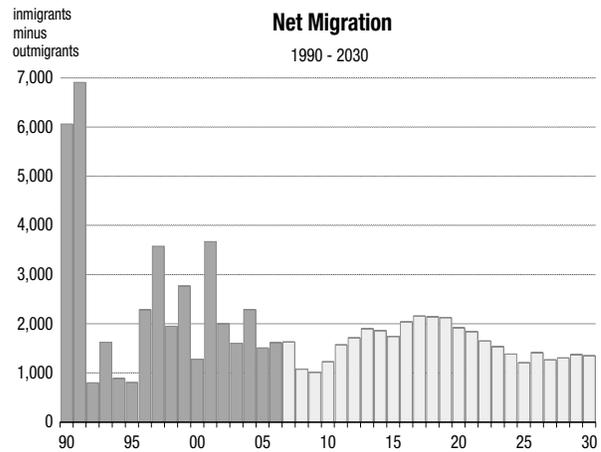
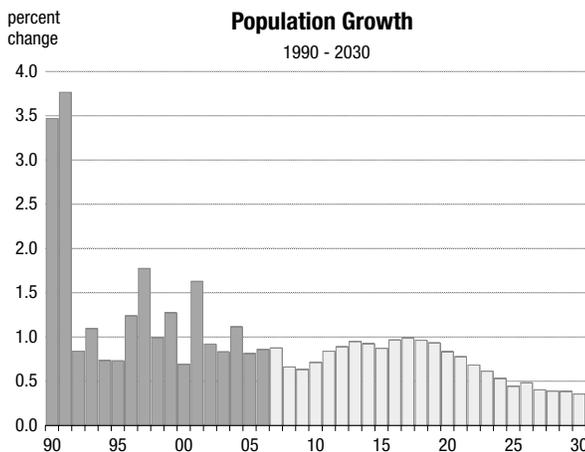
- Job growth is forecast to decline sharply in 2007 to 0.4 percent. Over the next five years, the average annual growth rate is forecast to average 1.1 percent per year.
- Average salaries adjusted for inflation are currently well below the California state average, and will remain so over the forecast horizon. Real average salaries rise an average of 0.4 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, accounting for virtually all net job creation. Many of the service jobs will cater to the large population group aged 65 and over. Construction employment declines by more than 1,000 jobs.
- Population will continue to grow modestly in the county. In 2007, a growth rate of 0.9 percent is forecast. Annual growth in the 2007 to 2011 period averages 0.8 percent per year.
- Net migration is expected to be 1,600 persons in 2007. Over the next five years net migration is forecast to average 1,300 people entering the county per year, accounting for over 65 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 1.1 percent in 2007. An annual compound rate of growth of 1.6 percent is forecast over the next 5 years.
- Total taxable sales are expected to increase by an average of 5.4 percent over the next five years. Adjusted for inflation, they rise an average of 2.4 percent per year.
- Industrial production is forecast to increase by 2.8 percent in 2007. From 2007 to 2011, the growth rate of industrial production will average 3.1 percent per year.



San Luis Obispo County Economic Forecast

1997-2006 History, 2007-2030 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	\$29,919	1.7	502.2	943.1	4.8
1998	243,300	1,951	219.7	87.6	1,730	\$2.29	\$5.93	\$31,614	1.4	465.4	990.6	4.2
1999	246,400	2,765	229.1	88.8	1,664	\$2.60	\$6.25	\$32,149	2.3	501.2	1,050.6	3.3
2000	248,105	1,280	244.1	92.7	1,650	\$2.92	\$6.80	\$33,626	3.3	598.2	1,124.5	4.0
2001	252,149	3,674	257.1	93.9	2,025	\$3.08	\$7.21	\$33,937	3.4	581.3	1,021.3	4.7
2002	254,473	2,000	263.3	95.6	1,972	\$3.10	\$7.43	\$33,712	2.8	553.1	1,034.4	4.7
2003	256,596	1,604	263.3	97.3	2,222	\$3.31	\$7.69	\$33,750	2.6	595.5	1,101.0	4.6
2004	259,462	2,289	282.0	98.5	2,263	\$3.67	\$8.38	\$35,177	3.3	587.6	1,144.2	4.3
2005	261,572	1,504	281.7	100.5	1,945	\$3.94	\$8.77	\$34,943	4.5	619.0	1,158.4	4.0
2006	263,824	1,617	288.2	102.1	1,612	\$4.43	\$9.24	\$35,006	4.3	621.5	1,183.1	4.0
2007	266,136	1,628	293.9	103.7	1,406	\$4.69	\$9.75	\$35,375	3.6	630.7	1,216.4	3.9
2008	267,899	1,078	297.3	105.0	1,524	\$4.92	\$10.19	\$35,822	2.5	639.2	1,257.8	4.1
2009	269,603	1,013	300.2	106.4	1,688	\$5.16	\$10.74	\$36,594	2.5	647.5	1,297.2	3.9
2010	271,530	1,227	304.4	108.0	1,755	\$5.46	\$11.34	\$37,208	3.1	654.9	1,341.5	3.9
2011	273,814	1,571	308.7	109.6	1,950	\$5.75	\$11.99	\$37,932	2.9	660.6	1,376.9	4.0
2012	276,251	1,712	313.6	111.4	2,031	\$6.06	\$12.66	\$38,633	2.7	663.3	1,417.0	4.1
2013	278,879	1,899	318.4	113.3	2,023	\$6.38	\$13.35	\$39,240	2.8	663.7	1,461.6	4.1
2014	281,465	1,859	323.0	115.2	2,001	\$6.71	\$14.07	\$39,862	2.8	662.7	1,514.2	4.2
2015	283,924	1,741	327.3	117.0	1,983	\$7.06	\$14.84	\$40,434	3.1	661.2	1,565.2	4.1
2016	286,669	2,037	331.5	118.9	1,942	\$7.43	\$15.64	\$40,919	3.2	659.0	1,601.4	4.2
2017	289,513	2,155	335.9	120.7	1,929	\$7.82	\$16.44	\$41,262	3.2	655.1	1,646.0	4.2
2018	292,309	2,140	340.1	122.5	1,946	\$8.20	\$17.26	\$41,647	3.0	650.0	1,696.4	4.2
2019	295,045	2,129	344.4	124.3	1,957	\$8.60	\$18.11	\$42,010	3.0	644.4	1,745.8	4.1
2020	297,512	1,922	348.3	126.1	1,951	\$9.00	\$18.94	\$42,308	3.0	639.2	1,807.5	4.0
2021	299,830	1,841	351.7	127.9	1,904	\$9.41	\$19.85	\$42,731	3.0	634.9	1,859.4	4.0
2022	301,882	1,650	354.6	129.7	1,861	\$9.85	\$20.86	\$43,288	3.0	631.5	1,895.3	4.0
2023	303,741	1,535	357.1	131.4	1,802	\$10.30	\$21.90	\$43,874	3.0	628.5	1,933.9	4.0
2024	305,364	1,382	359.3	133.1	1,754	\$10.75	\$22.96	\$44,490	2.8	626.5	1,973.9	4.0
2025	306,724	1,207	361.4	134.7	1,722	\$11.22	\$24.05	\$45,099	2.9	625.2	2,007.2	4.0
2026	308,207	1,413	363.6	136.3	1,693	\$11.72	\$25.19	\$45,679	2.9	624.6	2,037.4	3.9
2027	309,455	1,263	365.9	137.8	1,680	\$12.24	\$26.31	\$46,136	3.0	624.6	2,059.5	3.9
2028	310,669	1,306	368.0	139.4	1,683	\$12.81	\$27.54	\$46,632	3.2	625.5	2,086.8	3.9
2029	311,879	1,374	370.1	141.0	1,687	\$13.40	\$28.84	\$47,144	3.2	627.1	2,118.5	3.8
2030	312,997	1,348	372.1	142.5	1,661	\$14.00	\$30.17	\$47,678	3.1	629.2	2,148.4	3.8



San Luis Obispo County Employment Forecast

1997-2006 History, 2007-2030 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	105.6	4.28	7.8	6.4	3.6	16.4	4.8	8.9	1.6	10.8	14.9	21.8
2006	107.5	4.27	8.1	6.4	3.8	16.9	4.9	9.5	1.6	10.7	14.9	22.2
2007	108.0	3.84	7.3	6.4	3.7	17.1	4.9	10.0	1.6	11.0	15.4	22.5
2008	108.8	3.62	6.8	6.4	3.7	17.4	4.9	10.3	1.6	11.2	15.8	22.8
2009	110.0	3.56	6.7	6.4	3.7	17.6	4.9	10.6	1.6	11.4	16.1	23.0
2010	111.7	3.48	6.8	6.4	3.7	17.9	5.0	10.9	1.7	11.6	16.4	23.5
2011	113.3	3.36	6.9	6.4	3.7	18.1	5.1	11.2	1.7	11.7	16.6	24.0
2012	115.2	3.33	7.1	6.3	3.7	18.4	5.2	11.6	1.8	11.8	16.9	24.6
2013	116.9	3.30	7.2	6.3	3.7	18.6	5.3	12.0	1.8	11.9	17.1	25.1
2014	118.5	3.28	7.2	6.4	3.7	18.9	5.4	12.3	1.8	12.0	17.3	25.6
2015	120.0	3.25	7.3	6.4	3.8	19.1	5.5	12.5	1.9	12.1	17.6	26.0
2016	121.4	3.22	7.3	6.4	3.8	19.3	5.6	12.7	1.9	12.2	17.8	26.5
2017	122.8	3.20	7.3	6.4	3.8	19.5	5.7	12.9	1.9	12.3	18.1	27.0
2018	124.1	3.17	7.3	6.4	3.8	19.7	5.8	13.0	2.0	12.4	18.3	27.6
2019	125.5	3.15	7.4	6.4	3.8	19.9	5.9	13.2	2.0	12.4	18.5	28.1
2020	126.8	3.14	7.4	6.4	3.8	20.1	6.0	13.3	2.0	12.5	18.6	28.7
2021	128.1	3.12	7.4	6.5	3.8	20.2	6.1	13.4	2.0	12.6	18.7	29.2
2022	129.2	3.11	7.4	6.5	3.8	20.4	6.2	13.6	2.1	12.7	18.8	29.8
2023	130.4	3.10	7.4	6.5	3.8	20.6	6.2	13.7	2.1	12.8	18.9	30.3
2024	131.5	3.10	7.4	6.5	3.8	20.8	6.3	13.8	2.1	12.9	18.9	30.8
2025	132.5	3.09	7.3	6.5	3.9	20.9	6.4	13.9	2.1	13.0	19.0	31.3
2026	133.6	3.08	7.3	6.6	3.9	21.1	6.5	14.1	2.1	13.1	19.1	31.7
2027	134.7	3.08	7.3	6.6	3.9	21.3	6.6	14.2	2.2	13.2	19.2	32.1
2028	135.7	3.08	7.3	6.6	3.9	21.4	6.7	14.3	2.2	13.3	19.3	32.6
2029	136.8	3.07	7.4	6.5	3.9	21.6	6.8	14.4	2.2	13.4	19.4	33.0
2030	137.8	3.06	7.4	6.5	3.9	21.7	6.9	14.5	2.2	13.5	19.5	33.5

