

CALIFORNIA STATE ECONOMIC FORECAST

The gross state product of California is estimated at \$1.8 trillion, making it the eighth largest economy in the world. The state has a population of 38.1 million people and 15.45 million wage and salary jobs. The per capita income in California is \$40,184, and the average salary per worker is \$57,172.

In 2007, 114,108 total wage and salary jobs were created in California, representing an increase in employment of 0.7 percent. Non-farm employment, which accounts for over 97 percent of total employment in the state, added 102,900 jobs. The unemployment rate increased to 6.1 percent in 2007.

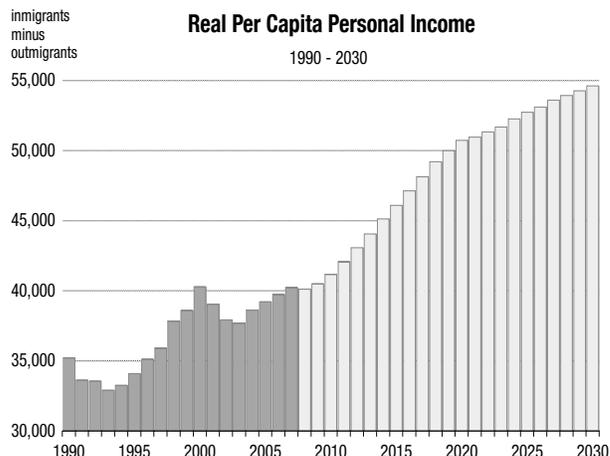
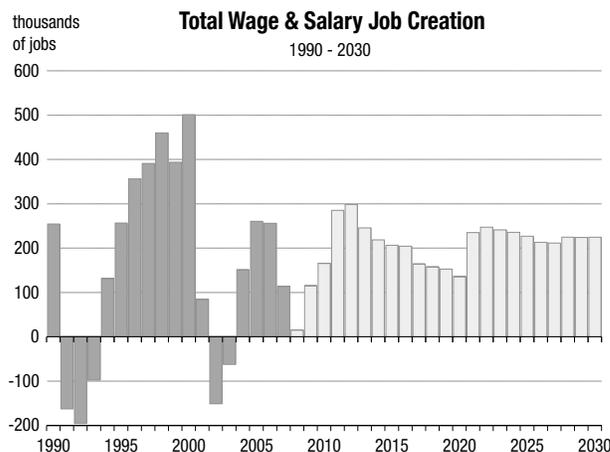
The principal sectors that are producing jobs in California are professional services, leisure services, government, and healthcare and education. Professional services employment increased by 21,900, while leisure services increased by 34,000 jobs. Government, and healthcare and education each grew between 45,000 and 50,000 jobs in 2007. Employment in manufacturing continued to decline, losing nearly 25,000 jobs. The construction sector lost 41,400 jobs, while the financial activities sector lost 28,600 workers in 2007.

The population in California grew at a rate of 1.2 percent in calendar 2007. The fastest growing major counties in the state are Imperial and Riverside Counties, which increased 2.7 and 2.6 percent respectively between January 2007 and January 2008. Net migration in California was positive last year, with 111,200 migrants entering the state.

Employment and population growth are expected to moderate over the next several years. Inland counties will dominate growth. The fastest growing areas in the state will remain the Inland Empire, the San Joaquin Valley, and to a lesser extent the Sacramento Valley.

FORECAST HIGHLIGHTS

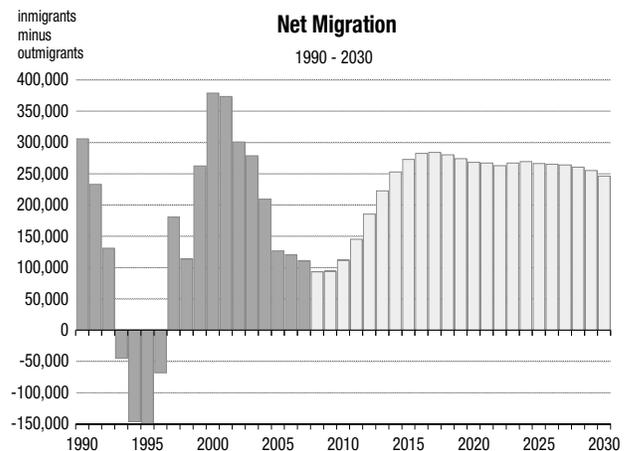
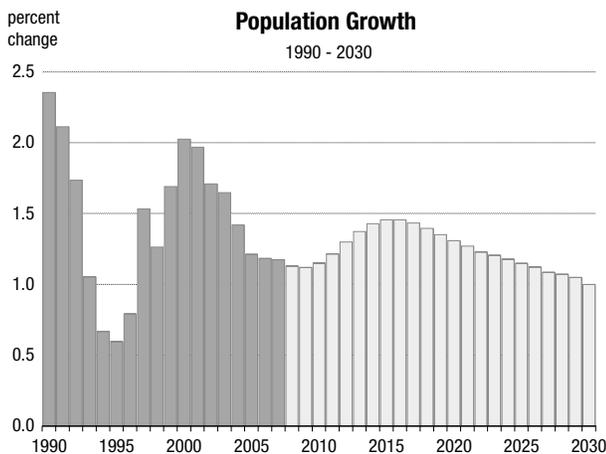
- Job growth averages 0.1 percent in 2008. Over the next five years, a 1.1 percent average annual growth rate is forecast. Non-farm employment increases by an average of 1.1 percent over the same period.
- Average salaries adjusted for inflation are forecast to increase 0.2 percent in 2008. Inflation adjusted salaries are expected to rise an average of 0.9 percent per year over the next 5 years.
- Between 2008 and 2012, significant employment growth will occur in health and education, the professional services, retail trade, and leisure activities. These sectors account for 75 percent of all jobs created in the state over the next five years.
- The population in the state will grow, but at a slower rate than the last several years. Annual growth in the 2008 to 2012 period averages 1.2 percent per year.
- Net migration is forecast at 93,500 people in 2008. Over the next five years net migration is expected to average 126,000 net migrants per year.
- Real per capita income is forecast to decline 0.2 percent in 2008. Over the next five years real per capita incomes are expected to rise an average of 1.3 percent per year.
- Total taxable sales, adjusted for inflation, are forecast to decline 2.8 percent in 2008. Over the next five years real taxable sales are forecast to increase 1.4 percent per year.
- Industrial production is forecast to increase 1.6 percent in 2008. Over the next five years the growth rate of industrial production will average 3.4 percent per year. Total crop production, adjusted for inflation, is expected to decline an average of 2.0 percent per year between 2008 and 2012.



California State Economic Forecast

1997-2007 History, 2008-2030 Forecast

	Population (millions)	Net Migration (thousands)	Registered Vehicles (millions)	Households (millions)	New Homes Permitted (thousands)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	32.45	181.1	25.4	11.0	111.7	\$343.0	\$865.5	\$35,926	3.4	35.2	221.5	6.4
1998	32.86	114.2	27.1	11.1	125.7	\$365.1	\$952.4	\$37,832	3.2	31.9	237.7	6.0
1999	33.42	262.5	27.8	11.2	140.1	\$406.7	\$1,029.4	\$38,580	4.2	32.6	255.0	5.3
2000	34.10	379.1	29.1	11.5	148.5	\$458.6	\$1,145.8	\$40,291	4.5	31.9	282.8	4.9
2001	34.77	373.9	29.7	11.6	148.8	\$464.2	\$1,193.6	\$39,060	5.4	31.6	239.8	5.4
2002	35.36	301.1	30.4	11.7	167.8	\$460.2	\$1,197.8	\$37,920	1.6	31.9	226.4	6.7
2003	35.94	278.9	30.5	11.9	195.7	\$477.9	\$1,232.9	\$37,706	1.8	32.9	228.1	6.8
2004	36.45	209.7	32.8	12.0	213.0	\$511.9	\$1,295.9	\$38,634	1.2	35.2	233.5	6.2
2005	36.90	126.9	32.8	12.2	209.0	\$540.6	\$1,357.6	\$39,220	2.0	35.4	245.0	5.4
2006	37.33	120.7	33.3	12.4	164.3	\$559.6	\$1,436.4	\$39,735	3.2	33.2	255.8	4.9
2007	37.77	111.2	33.0	12.7	113.0	\$570.4	\$1,517.8	\$40,184	3.3	35.0	264.8	5.4
2008	38.20	93.5	33.2	12.7	90.3	\$565.1	\$1,581.8	\$40,087	3.3	31.7	268.9	6.1
2009	38.63	94.5	33.4	12.8	101.3	\$590.1	\$1,650.2	\$40,472	2.2	32.3	275.6	5.9
2010	39.07	112.3	33.5	12.9	112.2	\$620.4	\$1,730.6	\$41,174	1.9	32.5	284.3	5.7
2011	39.54	145.5	34.0	13.0	124.5	\$655.9	\$1,825.3	\$42,068	2.0	31.6	295.3	5.5
2012	40.06	185.6	34.6	13.1	128.4	\$694.7	\$1,918.3	\$42,780	2.0	31.5	307.7	5.5
2013	40.61	222.9	35.1	13.3	140.5	\$738.0	\$2,012.1	\$43,341	2.1	31.6	320.8	5.5
2014	41.19	253.1	35.6	13.4	149.3	\$784.6	\$2,110.6	\$43,922	2.0	31.2	334.0	5.5
2015	41.79	273.1	36.0	13.5	155.4	\$834.2	\$2,215.1	\$44,491	2.1	31.0	347.1	5.4
2016	42.40	282.8	36.4	13.7	159.8	\$885.7	\$2,324.8	\$45,101	2.0	30.9	361.2	5.4
2017	43.00	284.4	36.8	13.8	156.5	\$934.8	\$2,428.1	\$45,489	2.1	29.8	373.8	5.4
2018	43.60	280.5	37.1	14.0	169.0	\$979.2	\$2,543.1	\$46,019	2.1	29.7	388.0	5.4
2019	44.19	274.4	37.4	14.1	162.4	\$1,031.0	\$2,651.0	\$46,376	2.1	29.5	400.8	5.4
2020	44.77	268.6	37.7	14.3	158.8	\$1,085.4	\$2,759.3	\$46,721	2.0	29.1	412.3	5.3
2021	45.34	267.5	38.2	14.4	162.0	\$1,137.5	\$2,881.8	\$47,033	2.4	28.1	424.8	5.3
2022	45.90	263.1	38.7	14.6	171.1	\$1,188.5	\$3,016.8	\$47,442	2.5	28.0	434.3	5.3
2023	46.45	267.5	39.2	14.7	168.3	\$1,240.5	\$3,153.3	\$47,824	2.5	26.9	443.6	5.3
2024	47.00	269.7	39.8	14.9	158.3	\$1,298.4	\$3,299.3	\$48,343	2.3	27.1	452.3	5.3
2025	47.54	266.4	40.3	15.0	155.9	\$1,362.2	\$3,449.8	\$48,820	2.4	26.7	460.1	5.3
2026	48.07	265.3	40.8	15.2	159.2	\$1,423.9	\$3,597.0	\$49,150	2.4	26.2	469.4	5.3
2027	48.59	264.2	41.2	15.3	159.7	\$1,488.1	\$3,748.8	\$49,454	2.5	25.8	480.2	5.3
2028	49.12	260.9	41.7	15.4	167.1	\$1,555.8	\$3,905.7	\$49,653	2.7	24.9	490.6	5.3
2029	49.63	255.3	42.1	15.6	162.7	\$1,626.9	\$4,068.3	\$49,860	2.7	24.8	502.5	5.2
2030	50.13	246.5	42.5	15.7	157.9	\$1,698.9	\$4,235.6	\$50,099	2.6	24.4	514.8	5.2



California State Employment Forecast

1997-2007 History, 2008-2030 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	13,543	413	556	1,833	479	2,042	751	1,862	463	1,294	1,238	2,141
1998	14,002	406	616	1,864	498	2,092	786	2,007	484	1,332	1,265	2,166
1999	14,396	404	685	1,837	509	2,142	805	2,086	518	1,371	1,299	2,239
2000	14,897	408	733	1,853	518	2,210	807	2,222	577	1,401	1,336	2,318
2001	14,982	380	780	1,779	514	2,235	836	2,186	552	1,448	1,365	2,382
2002	14,831	373	774	1,632	491	2,234	853	2,119	497	1,499	1,382	2,447
2003	14,768	375	797	1,542	481	2,238	886	2,084	476	1,536	1,400	2,426
2004	14,919	386	850	1,521	483	2,273	902	2,097	482	1,560	1,439	2,398
2005	15,180	378	905	1,503	487	2,335	927	2,160	474	1,586	1,475	2,420
2006	15,435	375	934	1,488	496	2,383	935	2,241	466	1,614	1,519	2,452
2007	15,550	386	892	1,463	505	2,406	907	2,263	473	1,664	1,553	2,497
2008	15,565	398	820	1,448	512	2,407	875	2,297	458	1,698	1,575	2,533
2009	15,680	399	813	1,452	520	2,437	876	2,335	463	1,724	1,595	2,518
2010	15,846	399	832	1,457	534	2,482	881	2,375	468	1,748	1,619	2,500
2011	16,131	399	854	1,469	551	2,542	884	2,439	477	1,786	1,646	2,523
2012	16,429	400	873	1,472	568	2,598	889	2,517	487	1,823	1,671	2,565
2013	16,675	400	887	1,471	584	2,647	894	2,575	494	1,854	1,694	2,602
2014	16,893	400	899	1,463	600	2,694	900	2,617	498	1,887	1,719	2,634
2015	17,100	400	911	1,453	616	2,741	906	2,650	501	1,920	1,746	2,664
2016	17,304	399	925	1,460	632	2,791	912	2,673	504	1,951	1,774	2,684
2017	17,468	396	938	1,457	644	2,825	921	2,694	508	1,979	1,798	2,703
2018	17,625	391	951	1,452	658	2,854	921	2,708	510	2,014	1,813	2,739
2019	17,777	388	964	1,441	673	2,884	918	2,721	508	2,056	1,820	2,783
2020	17,913	386	976	1,420	688	2,917	916	2,739	505	2,093	1,820	2,824
2021	18,148	386	975	1,411	705	2,972	926	2,777	512	2,148	1,830	2,863
2022	18,395	386	975	1,404	722	3,027	935	2,816	518	2,210	1,842	2,899
2023	18,636	386	980	1,400	739	3,078	946	2,853	525	2,268	1,851	2,935
2024	18,872	387	990	1,397	756	3,125	957	2,890	532	2,324	1,858	2,968
2025	19,099	387	999	1,395	770	3,174	968	2,927	538	2,373	1,865	3,001
2026	19,312	387	1,007	1,394	783	3,217	979	2,964	544	2,419	1,875	3,030
2027	19,524	387	1,019	1,394	794	3,253	991	3,004	551	2,463	1,884	3,060
2028	19,748	387	1,034	1,395	806	3,295	1,002	3,040	558	2,506	1,896	3,091
2029	19,972	387	1,047	1,396	819	3,339	1,013	3,072	566	2,550	1,910	3,122
2030	20,197	387	1,060	1,398	832	3,383	1,024	3,104	572	2,594	1,924	3,153

