

SAN MATEO COUNTY ECONOMIC FORECAST

San Mateo County is located south of San Francisco County, along the Bay Area Peninsula. The county has some of the most expensive housing in the state, with the median price well over \$900,000. San Mateo County has a population of 734,000 people and approximately 339,000 wage and salary jobs. The per capita income in San Mateo County is \$65,500, and the average salary per worker is among the highest in the state at \$83,266. Together with San Francisco and Marin Counties, the median household income for 2008 is \$94,300, second highest in the state behind Santa Clara County.

Employment growth in Northern California was modest in 2007, compared to the previous two years. Employment in the greater Bay Area increased by 1.3 percent last year. For the second consecutive year, job growth in San Mateo averaged a healthy 2.0 percent. Sixty-seven hundred jobs were created in 2007. The unemployment rate remained constant at 3.7 percent.

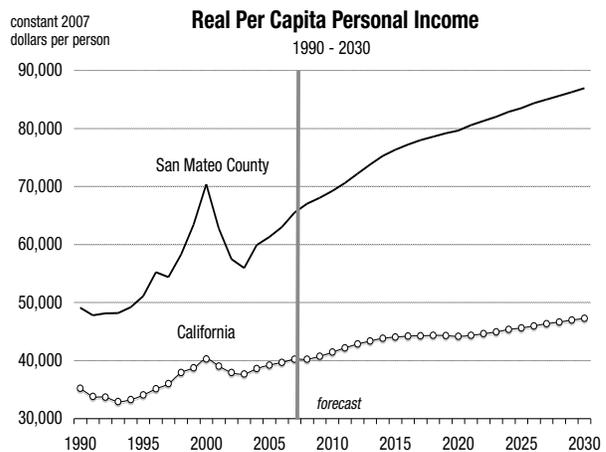
The professional services sector added 2,800 jobs in 2007, accounting for approximately 40 percent of net job creation. The transportation (largely SFO airport) sector was the only sector to have negative growth; the sector lost nearly 1,000 jobs, or 3.5 percent. The manufacturing sector added nearly 700 jobs.

Population growth remains positive in San Mateo County. The rate of growth during calendar 2007 was 1.3 percent. The majority of the cities grew over 1.0 percent. The fastest growing city was San Bruno, which grew 3.5 percent from January 2007 to January 2008.

Employment growth is forecast to moderate in San Mateo County through 2010. Total wage and salary jobs are not forecast to reach the 2000 peak until the middle of the next decade. Population growth will remain low throughout the forecast.

FORECAST HIGHLIGHTS

- Job growth is forecast to be 1.7 percent in 2008. Over the next five years job growth is expected to average 1.2 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 2008 and 2012, employment growth is lead by the professional services, transportation and warehousing, healthcare and education, leisure services, information, and wholesale and retail trade sectors. Manufacturing employment is forecast to decline by 1,500 jobs over the next five years, while construction employment declines by nearly 500 jobs.

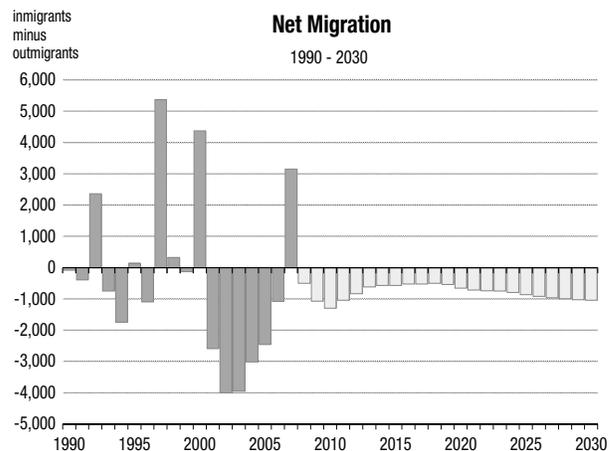
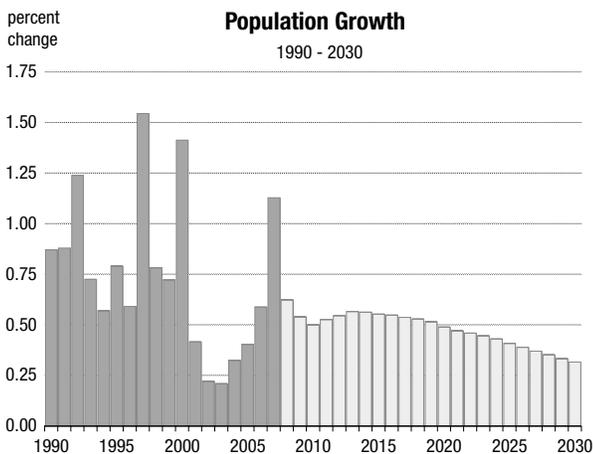


- The population will grow at a rate of approximately 0.6 percent in 2008. Annual growth in the 2008 to 2012 period is forecast to also average 0.6 percent per year.
- After high levels of out-migration from 2001 to 2006, net migration was positive in 2007. Over the next five years, however, it is expected that there will be negative net migration averaging 1,000 persons leaving the county per year.
- Real per capita incomes increase at a rate of 2.4 percent in 2008. Over the next five years real per capita incomes are forecast to increase 2.0 percent per year.
- Total taxable sales are expected to increase by an average of 3.4 percent over the next five years.
- Industrial production is forecast to rise 3.0 percent in 2008. Over the next five years the growth rate of industrial production will average 3.2 percent per year.

San Mateo County Economic Forecast

1997-2007 History, 2008-2030 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	690,400	5,375	637.4	248.5	1,519	\$10.7	\$27.9	\$54,379	3.4	289.7	6.73	2.7
1998	695,800	323	711.9	249.8	2,175	\$11.0	\$31.1	\$58,299	3.2	240.4	7.24	2.5
1999	700,830	-127	714.4	251.2	901	\$12.1	\$35.5	\$63,417	4.2	221.9	7.78	2.0
2000	710,734	4,377	708.9	254.1	2,317	\$14.0	\$41.7	\$70,395	4.5	238.2	8.38	2.9
2001	713,694	-2,585	698.0	255.1	1,441	\$12.9	\$39.4	\$62,800	5.4	201.5	7.20	3.8
2002	715,273	-4,005	712.4	256.7	1,423	\$11.6	\$36.7	\$57,494	1.6	205.0	6.72	5.7
2003	716,773	-3,945	685.4	258.1	1,304	\$11.4	\$36.5	\$55,928	1.8	198.6	6.65	5.8
2004	719,102	-3,011	714.9	258.9	609	\$11.8	\$39.6	\$59,886	1.2	197.3	6.89	4.9
2005	722,012	-2,456	711.7	259.9	892	\$12.5	\$41.5	\$61,290	2.0	172.7	6.99	4.3
2006	726,260	-1,078	701.7	260.2	937	\$12.9	\$44.3	\$63,013	3.2	174.0	7.33	3.7
2007	734,453	3,152	706.6	262.1	1,016	\$13.1	\$48.1	\$65,482	3.3	175.0	7.50	3.7
2008	739,036	-501	709.2	263.0	794	\$13.4	\$50.5	\$67,046	2.0	175.0	7.72	3.8
2009	743,028	-1,068	714.0	263.7	841	\$13.7	\$52.5	\$68,067	1.8	175.0	8.04	3.9
2010	746,749	-1,296	721.3	264.4	1,129	\$14.2	\$54.7	\$69,223	1.9	175.0	8.31	3.9
2011	750,680	-1,039	727.8	265.5	1,216	\$14.8	\$57.4	\$70,599	2.4	175.0	8.48	3.9
2012	754,777	-828	733.5	266.6	1,262	\$15.4	\$60.4	\$72,211	2.2	175.0	8.75	3.9
2013	759,049	-610	739.1	267.7	1,332	\$16.1	\$63.5	\$73,794	2.3	175.0	9.07	3.8
2014	763,325	-567	745.0	268.9	1,395	\$16.7	\$66.6	\$75,254	2.3	175.0	9.35	3.9
2015	767,543	-571	751.0	270.1	1,449	\$17.4	\$69.7	\$76,311	2.6	175.0	9.63	3.9
2016	771,754	-519	757.3	271.4	1,469	\$18.1	\$72.8	\$77,238	2.7	175.0	9.99	3.9
2017	775,901	-520	764.0	272.7	1,477	\$18.8	\$75.9	\$77,978	2.7	175.0	10.34	3.9
2018	780,008	-501	771.1	274.1	1,463	\$19.5	\$78.8	\$78,590	2.5	175.0	10.72	3.9
2019	784,029	-535	779.1	275.4	1,425	\$20.3	\$81.8	\$79,156	2.5	175.0	11.09	4.0
2020	787,870	-655	787.5	276.7	1,413	\$21.0	\$84.8	\$79,646	2.5	175.0	11.37	4.0
2021	791,589	-716	796.0	277.9	1,341	\$21.8	\$88.2	\$80,554	2.4	175.0	11.60	4.0
2022	795,222	-734	804.1	279.1	1,309	\$22.6	\$91.7	\$81,292	2.5	175.0	11.73	4.0
2023	798,772	-748	811.9	280.3	1,233	\$23.4	\$95.2	\$82,037	2.5	175.0	11.84	4.1
2024	802,209	-790	819.2	281.4	1,133	\$24.3	\$98.8	\$82,860	2.3	175.0	11.93	4.1
2025	805,492	-862	826.2	282.4	1,023	\$25.2	\$102.4	\$83,512	2.4	175.0	12.03	4.1
2026	808,633	-917	832.9	283.3	912	\$26.1	\$106.3	\$84,359	2.4	175.0	12.18	4.0
2027	811,634	-959	838.8	284.1	809	\$27.0	\$110.2	\$85,005	2.5	175.0	12.40	4.0
2028	814,492	-990	844.1	284.9	751	\$28.0	\$114.4	\$85,610	2.7	175.0	12.58	4.0
2029	817,205	-1,022	849.1	285.5	694	\$29.1	\$118.7	\$86,262	2.7	175.0	12.81	4.0
2030	819,794	-1,043	853.6	286.2	636	\$30.2	\$123.1	\$86,926	2.6	175.0	13.05	4.0



San Mateo County 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	332.4	2.88	15.5	33.9	33.4	54.0	25.0	56.8	11.9	27.8	31.2	30.2
1998	344.1	2.92	16.8	35.7	34.3	54.5	26.0	57.9	14.9	28.7	30.8	31.4
1999	357.3	2.88	18.0	36.2	34.6	54.4	26.1	64.2	19.5	28.5	30.1	32.1
2000	375.8	2.93	19.1	36.4	35.8	54.7	25.4	72.7	26.2	28.5	30.8	32.5
2001	369.9	2.88	19.9	35.1	34.8	54.5	23.8	68.6	26.3	29.3	31.2	32.9
2002	343.7	2.68	18.9	31.1	29.3	51.4	21.8	58.8	23.4	30.0	30.8	33.6
2003	329.1	2.58	17.9	29.0	27.8	48.9	20.8	55.2	22.5	30.1	30.3	32.7
2004	327.5	2.17	17.7	29.1	28.2	47.4	20.8	57.0	21.1	30.2	30.7	32.1
2005	327.5	1.91	16.3	28.7	27.4	47.4	21.2	59.5	20.5	30.2	31.4	32.1
2006	334.1	1.93	17.3	30.0	26.8	48.2	21.6	61.0	18.5	31.7	33.4	32.2
2007	340.7	1.87	18.2	30.3	25.8	49.0	21.8	63.8	18.6	32.4	34.7	32.5
2008	346.5	1.80	18.2	30.1	26.9	49.6	21.8	66.6	18.6	33.1	35.3	32.9
2009	350.8	1.75	17.9	30.5	27.8	50.2	22.0	67.2	18.8	33.6	36.0	33.3
2010	353.3	1.69	17.7	30.2	29.0	50.8	22.1	66.7	19.1	34.0	36.5	33.7
2011	357.1	1.64	17.6	29.2	29.8	51.5	21.8	67.7	20.2	34.4	37.2	34.0
2012	361.2	1.60	17.7	28.9	30.4	52.2	21.7	68.1	21.5	34.9	37.7	34.4
2013	366.3	1.55	18.0	28.6	30.9	52.9	21.6	69.2	22.8	35.4	38.3	34.7
2014	370.7	1.51	18.2	28.2	31.2	53.5	21.4	70.1	24.1	35.9	38.8	35.1
2015	374.5	1.48	18.4	27.7	31.6	54.1	21.3	70.7	25.2	36.4	39.2	35.4
2016	378.6	1.44	18.6	27.7	32.2	54.7	21.3	71.1	26.3	36.9	39.6	35.8
2017	382.5	1.41	18.7	27.6	32.7	55.3	21.3	71.5	27.4	37.4	39.9	36.0
2018	386.4	1.38	18.8	27.7	33.2	55.8	21.3	72.0	28.5	37.9	40.2	36.3
2019	390.0	1.35	18.7	27.6	33.7	56.3	21.4	72.4	29.5	38.3	40.4	36.5
2020	392.5	1.32	18.7	27.3	33.9	56.7	21.4	72.6	30.4	38.8	40.6	36.7
2021	395.0	1.30	18.5	26.9	34.2	57.2	21.5	73.1	31.2	39.2	40.8	36.8
2022	397.2	1.28	18.3	26.6	34.4	57.7	21.5	73.5	31.9	39.5	40.9	36.9
2023	399.5	1.25	18.1	26.4	34.6	58.1	21.6	74.0	32.7	39.9	41.0	37.1
2024	401.7	1.23	17.8	26.2	34.6	58.6	21.6	74.6	33.4	40.3	41.1	37.2
2025	403.9	1.22	17.4	26.1	34.7	59.1	21.8	75.2	34.1	40.7	41.1	37.3
2026	406.3	1.20	17.1	25.9	34.8	59.5	21.9	75.7	34.7	41.2	41.3	37.4
2027	408.6	1.18	16.8	25.9	34.9	59.9	22.1	76.3	35.4	41.6	41.4	37.4
2028	410.8	1.17	16.6	25.9	34.9	60.4	22.1	76.6	36.1	42.0	41.5	37.5
2029	413.1	1.15	16.4	25.9	35.0	60.8	22.1	77.0	36.8	42.5	41.7	37.6
2030	415.4	1.14	16.3	26.0	35.0	61.2	22.1	77.3	37.4	43.0	41.8	37.7

