

SANTA BARBARA COUNTY ECONOMIC FORECAST

Santa Barbara County, located immediately west of Ventura County, is dominated by three principal economic activities: tourism, Vandenberg Air Force Base, and education. The population is nearly 433,000 people, and there are 186,400 wage and salary jobs. The per capita income in Santa Barbara County is \$42,828, and the average salary per worker is \$50,029.

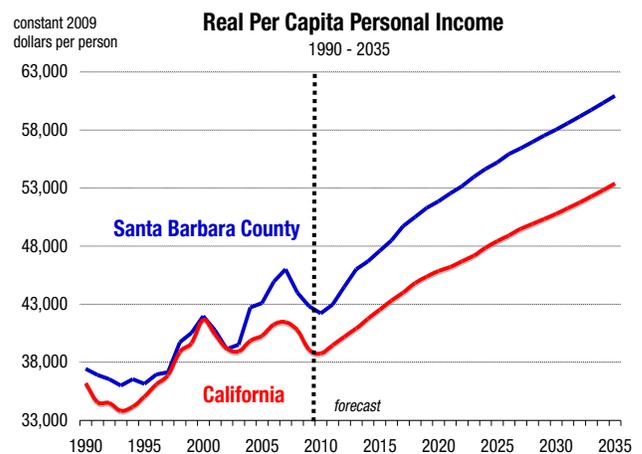
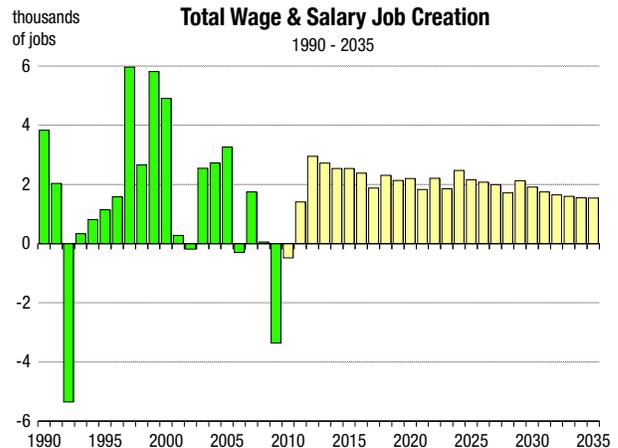
Economic growth in Southern California declined sharply in 2009 and job creation was the lowest on record. In Santa Barbara County, nearly 3,400 wage and salary jobs were lost last year, a decline of -1.8 percent. Non-farm employment declined at a slightly higher rate of -1.9 percent. Though the unemployment rate increased to 8.8 percent, Santa Barbara has the second lowest rate of unemployment of all California Counties.

The principal employment clusters in Santa Barbara County are the public sector, retail trade, and services. Last year the only sectors that showed growth in the county were government and education and health services. The farm sector, which accounts for 9 percent of total employment, lost 160 jobs in 2009, declining 1 percent. The total value of crop production exceeded \$1.1 billion in 2008, on the strength of strawberries, broccoli, and wine grapes.

Employment and population growth will remain modest in Santa Barbara County over the next five years. The northern end of the county will continue to dominate population and job growth due largely to the greater production of planned housing in the Santa Maria Valley. Housing is also more affordable in the northern communities of Santa Maria, Orcutt, and Lompoc. New job creation in the southern end of the county will remain scarce because new housing is both limited and expensive.

FORECAST HIGHLIGHTS

- 2010 will be a year of stagnant job growth. For the year a decline of 480 jobs or 0.3 percent is forecast. By 2011 recovery is underway, with employment increasing by 0.8 percent.
- Average salaries adjusted for inflation are currently below the California state average, and will remain so over the forecast horizon. Real average salaries are forecast to rise an average of 1.1 percent per year from 2010 to 2015.
- The professional services, government, leisure services, retail trade, construction, education and health services, and farm sectors each add at least 1,200 jobs between 2010 and 2015. Together they account for 98 percent of net job creation. No other sector is expected to add more than 350 jobs from 2010 to 2015.
- Population growth will remain modest in the county. Annual growth in the 2010 to 2015 period averages 1.0 percent per year. The population will increase at faster rates in the Santa Maria Valley than in the Santa Barbara-Goleta area.

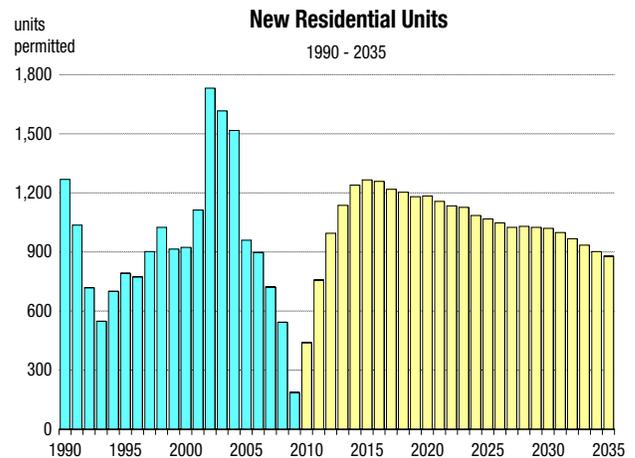
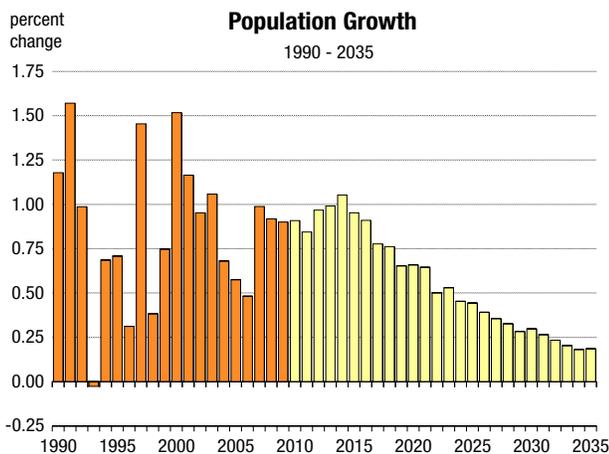


- Net migration for the entire county is expected to remain positive over the medium term forecast horizon. The south county will likely have negative net migration, but that will be offset by gains in the north county. From 2010 to 2015, there is an average of 1,100 net migrants entering the county per year.
- Real per capita incomes are expected to rise at an annual compound growth rate of 2.4 percent from 2010 to 2015.
- Total taxable sales are expected to increase by an average of 2.8 percent during the 2010 to 2015 period.
- Industrial production will increase by 2.1 percent in 2010, with gains coming from all component sectors. From 2010 to 2015 the growth rate of industrial production will average 2.6 percent per year.
- Farm production is forecast to increase by 0.8 percent per year between 2010 and 2015. The principal crop in the county is currently strawberries but wine grape production continues to increase in value.

Santa Barbara County Economic Forecast

2002-2009 History, 2010-2035 Forecast

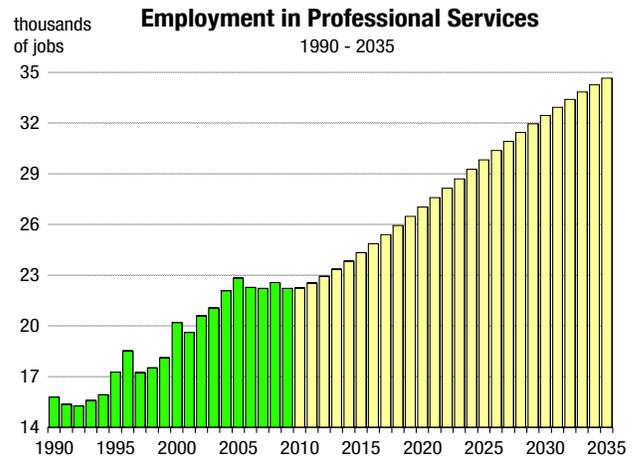
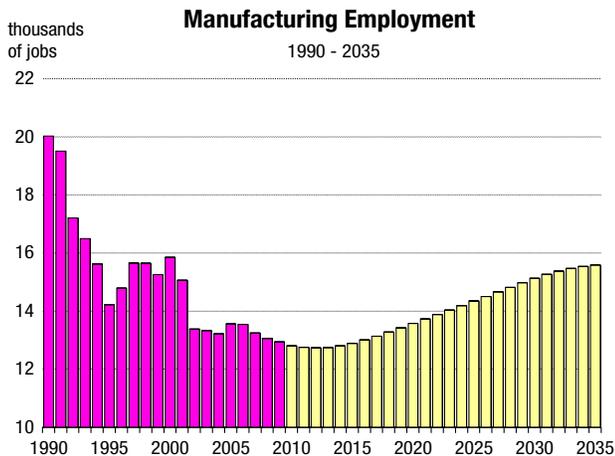
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2002	409,464	1,202	355.0	138	1,732	\$5.07	\$13.06	\$39,126	2.8	947	2.00	5.2
2003	413,800	1,470	353.1	140	1,617	\$5.28	\$13.68	\$39,522	2.6	1,026	2.11	5.1
2004	416,619	-235	374.6	142	1,517	\$5.54	\$15.38	\$42,722	3.3	1,048	2.19	4.7
2005	419,016	-968	369.4	143	960	\$5.81	\$16.31	\$43,110	4.5	1,105	2.48	4.4
2006	421,041	-1,290	373.2	146	897	\$6.13	\$17.81	\$44,936	4.3	1,080	2.77	4.1
2007	425,203	787	370.6	147	723	\$6.07	\$19.02	\$46,012	3.3	1,135	2.73	4.4
2008	429,109	625	369.4	148	543	\$6.07	\$19.00	\$43,991	3.5	1,130	2.71	5.4
2009	432,975	613	363.1	149	187	\$5.77	\$18.54	\$42,828	-0.8	1,154	2.66	8.8
2010	436,912	751	366.3	149	440	\$5.87	\$18.78	\$42,216	1.8	1,172	2.72	9.4
2011	440,601	539	369.5	150	759	\$6.08	\$19.78	\$42,967	2.4	1,155	2.74	8.6
2012	444,868	1,188	374.4	150	995	\$6.36	\$21.14	\$44,489	2.2	1,167	2.83	7.8
2013	449,279	1,361	379.8	151	1,138	\$6.72	\$22.60	\$46,005	2.4	1,192	2.92	7.0
2014	454,009	1,685	385.3	152	1,240	\$7.13	\$23.70	\$46,687	2.3	1,200	2.99	6.2
2015	458,337	1,285	390.7	153	1,266	\$7.58	\$24.97	\$47,601	2.4	1,219	3.09	5.7
2016	462,508	1,109	395.4	155	1,259	\$8.06	\$26.25	\$48,481	2.3	1,239	3.17	5.4
2017	466,101	515	398.9	156	1,218	\$8.54	\$27.76	\$49,727	2.3	1,220	3.27	5.3
2018	469,656	488	402.5	157	1,204	\$9.00	\$29.07	\$50,496	2.3	1,243	3.36	5.2
2019	472,727	59	405.4	158	1,182	\$9.47	\$30.40	\$51,297	2.3	1,262	3.46	5.0
2020	475,848	179	408.1	159	1,185	\$9.97	\$31.62	\$51,859	2.2	1,274	3.59	5.0
2021	478,922	201	410.5	160	1,158	\$10.50	\$33.11	\$52,541	2.7	1,255	3.70	4.9
2022	481,323	-440	413.5	161	1,135	\$11.02	\$34.59	\$53,146	2.8	1,287	3.81	4.8
2023	483,875	-224	415.6	162	1,127	\$11.55	\$36.26	\$53,963	2.7	1,268	3.92	4.8
2024	486,075	-502	419.2	163	1,086	\$12.09	\$37.81	\$54,636	2.5	1,312	4.04	4.7
2025	488,234	-482	422.8	164	1,068	\$12.69	\$39.38	\$55,220	2.6	1,325	4.17	4.6
2026	490,149	-677	425.3	165	1,048	\$13.30	\$41.11	\$55,932	2.7	1,339	4.31	4.6
2027	491,896	-719	427.9	166	1,025	\$13.95	\$42.75	\$56,431	2.7	1,353	4.45	4.5
2028	493,506	-763	429.8	166	1,030	\$14.63	\$44.56	\$56,971	2.9	1,342	4.60	4.5
2029	494,910	-870	432.0	167	1,025	\$15.34	\$46.42	\$57,517	2.9	1,380	4.76	4.4
2030	496,392	-716	434.0	168	1,020	\$16.06	\$48.31	\$58,040	2.8	1,395	4.92	4.4
2031	497,710	-829	435.9	169	999	\$16.81	\$50.28	\$58,593	2.8	1,398	5.10	4.3
2032	498,878	-970	437.8	170	967	\$17.59	\$52.32	\$59,158	2.8	1,401	5.28	4.3
2033	499,900	-1,078	439.6	171	935	\$18.42	\$54.44	\$59,742	2.8	1,403	5.46	4.4
2034	500,814	-1,179	441.1	172	902	\$19.28	\$56.64	\$60,336	2.8	1,405	5.64	4.4
2035	501,748	-1,162	442.4	172	878	\$20.18	\$58.93	\$60,933	2.8	1,406	5.83	4.5

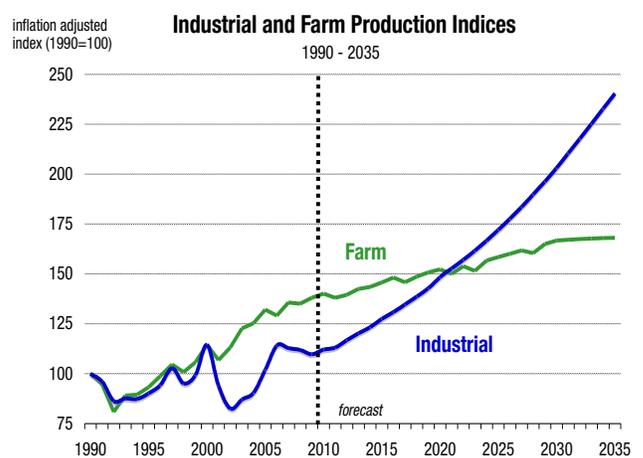
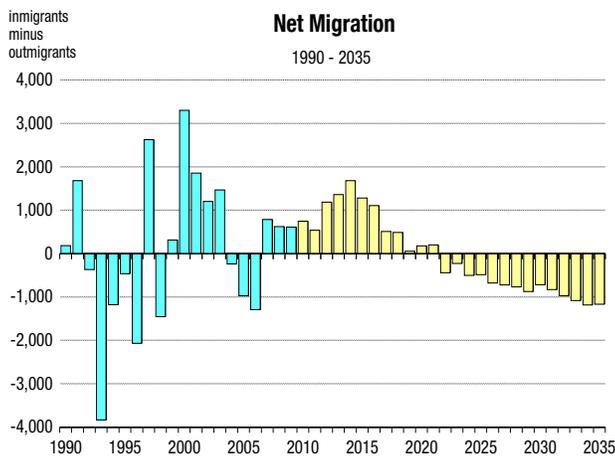
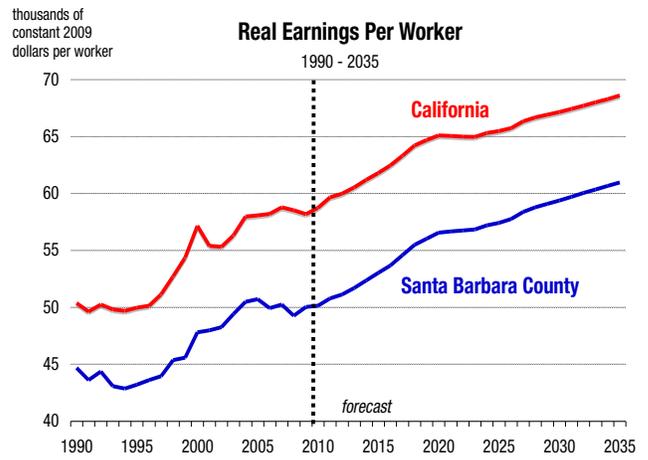
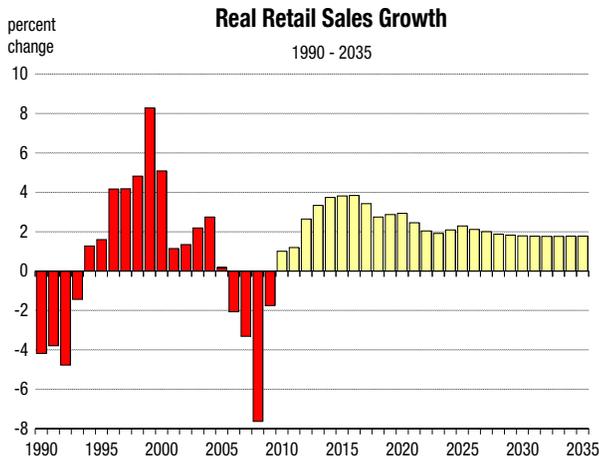


Santa Barbara County Employment Forecast

2002-2009 History, 2010-2035 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)-----												
2002	179.6	14.23	8.0	13.4	2.8	25.1	8.6	20.6	4.1	19.3	21.0	35.8
2003	182.2	16.18	8.6	13.3	2.9	24.4	8.4	21.1	4.1	19.3	21.7	35.6
2004	184.9	16.01	9.7	13.2	2.9	24.7	8.5	22.1	4.0	19.6	21.9	35.9
2005	188.2	16.25	10.1	13.6	3.0	24.9	8.6	22.8	4.1	19.4	22.4	36.4
2006	187.9	15.44	10.5	13.6	3.1	25.2	8.7	22.3	4.0	19.5	22.7	36.1
2007	189.6	16.05	10.5	13.3	3.0	25.1	8.2	22.2	3.9	20.3	22.9	37.0
2008	189.7	16.90	9.7	13.1	3.1	24.6	7.9	22.6	3.8	20.7	23.0	37.4
2009	186.3	16.74	8.4	12.9	3.0	23.6	7.5	22.2	3.6	20.8	22.7	37.8
2010	185.9	17.13	8.1	12.8	3.0	23.6	7.6	22.3	3.4	21.1	22.8	37.2
2011	187.3	17.15	8.2	12.8	3.0	23.8	7.7	22.5	3.2	21.3	23.3	37.4
2012	190.2	17.46	8.6	12.7	3.0	24.3	7.7	22.9	3.1	21.6	23.7	38.1
2013	192.9	17.88	9.0	12.8	3.0	24.8	7.7	23.4	3.0	22.0	24.1	38.3
2014	195.5	18.12	9.4	12.8	3.1	25.3	7.8	23.8	2.9	22.4	24.5	38.4
2015	198.0	18.45	9.6	12.9	3.1	25.8	7.8	24.3	2.8	22.9	24.9	38.5
2016	200.4	18.80	9.7	13.0	3.1	26.2	7.9	24.9	2.7	23.3	25.3	38.5
2017	202.3	18.76	9.7	13.1	3.1	26.5	8.0	25.4	2.6	23.7	25.6	38.7
2018	204.6	19.14	9.7	13.3	3.1	26.8	8.0	25.9	2.5	24.2	26.0	39.0
2019	206.7	19.46	9.7	13.4	3.1	27.1	8.0	26.5	2.4	24.6	26.2	39.3
2020	208.9	19.72	9.7	13.6	3.1	27.4	8.1	27.0	2.3	25.0	26.5	39.6
2021	210.8	19.68	9.7	13.7	3.1	27.7	8.1	27.6	2.2	25.5	26.7	39.9
2022	213.0	20.13	9.6	13.9	3.0	27.9	8.1	28.2	2.1	26.0	27.0	40.2
2023	214.8	20.09	9.6	14.0	3.0	28.2	8.2	28.7	2.0	26.5	27.2	40.4
2024	217.3	20.64	9.5	14.2	3.0	28.4	8.3	29.3	1.9	27.0	27.4	40.6
2025	219.5	20.91	9.5	14.4	3.0	28.7	8.4	29.8	1.8	27.5	27.6	40.9
2026	221.6	21.17	9.4	14.5	3.0	28.9	8.5	30.4	1.8	27.9	27.8	41.1
2027	223.6	21.43	9.4	14.7	3.0	29.2	8.6	30.9	1.7	28.3	28.0	41.3
2028	225.3	21.47	9.3	14.8	3.0	29.4	8.7	31.5	1.6	28.7	28.2	41.5
2029	227.4	21.96	9.3	15.0	3.0	29.6	8.8	32.0	1.6	29.0	28.4	41.7
2030	229.3	22.23	9.3	15.1	3.0	29.8	8.9	32.5	1.5	29.3	28.7	41.9
2031	231.1	22.40	9.3	15.3	3.0	30.0	9.0	32.9	1.5	29.5	28.9	42.1
2032	232.7	22.56	9.2	15.4	3.0	30.2	9.1	33.4	1.4	29.8	29.1	42.3
2033	234.3	22.72	9.2	15.5	3.0	30.4	9.2	33.8	1.3	30.0	29.3	42.5
2034	235.9	22.88	9.2	15.5	3.0	30.6	9.3	34.3	1.3	30.2	29.6	42.7
2035	237.4	23.03	9.2	15.6	3.0	30.8	9.4	34.7	1.3	30.4	29.8	42.9





County Economic and Demographic Indicators

Projected Economic Growth (2010-2015)

Expected retail sales growth:	15.6 %
Expected job growth:	6.5 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	18.3 %

Expected population growth:	4.9 %
Net migration to account for:	28.3 %
Expected growth in number of vehicles:	6.7 %

Demographics (2009)

Unemployment rate (December)	9.3 %
County Rank* in California (58 counties):	4th
Working age (16-64) population:	65.8 %

Population with B.A. Degree or higher:	28.7 %
Median Home Selling Price:	\$374,996
Median Household Income:	\$60,619

Quality of Life

Violent Crime rate (2008):	387 per 100,000 persons
County Rank* in California (58 counties):	25th
Average Commute Time to work (2009):	21.3 minutes

High School drop out rate (2008):	14.5 %
Households at/below poverty line:	9.1 %

* The county ranked 1st corresponds to the lowest rate in California