

SONOMA COUNTY ECONOMIC FORECAST

Sonoma County is the northernmost county in the San Francisco Bay Area. Although slightly less famous as its neighbor to the east, Sonoma County actually produces more wine grapes than Napa County. The county thrived in the late 1990s when technology was booming, but conditions turned negative during the dotcom bust in 2000. The county had just recovered all of the jobs lost in 2001 and 2002 when the 2008-09 recession began. It is estimated that total employment will not return to the 2000-2001 record levels until 2013-2014.

Sonoma County has a population of 489,000 people and more than 183,400 wage and salary jobs. The per capita income in Sonoma County is \$45,061, and the average salary per worker is \$48,737.

Employment growth in Northern California was negative in 2009, and in the greater Bay Area, total jobs declined by 4.2 percent. In 2009, over 9,000 jobs were lost in Sonoma County, representing a growth rate of -4.7 percent. The unemployment rate increased to 10.2 percent in 2009.

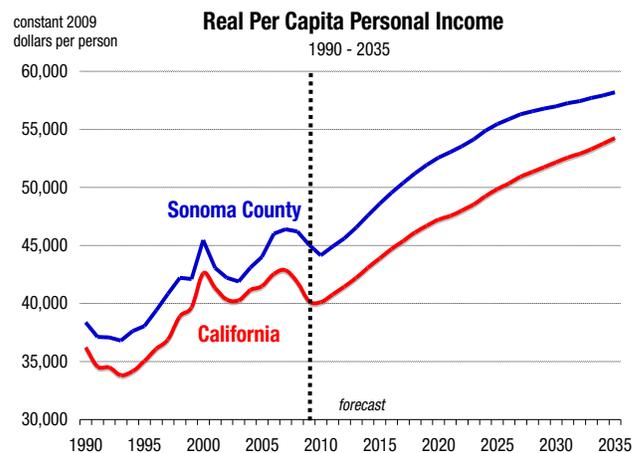
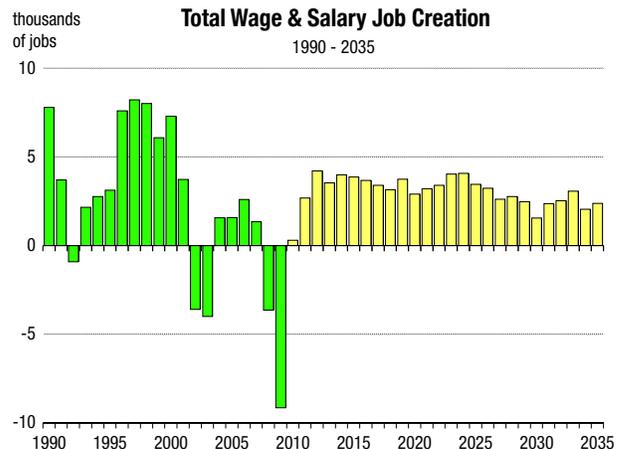
The only non-farm sector recording positive job growth during 2009 was mining, though it is a tiny jobs sector and insignificant to the overall labor market in Sonoma County. The farm sector also increased employment in 2009 adding 300 jobs. Employment in manufacturing continued to decline, shrinking by 600 jobs and bringing the total contraction of manufacturing jobs since 2001 to over 10,000 workers. Other large employment losses occurred in the construction, retail trade, and leisure sectors, which all reduced employment by over 1,000 jobs.

The population growth rate in Sonoma County during 2009 was 0.9 percent. The largest city in the county is Santa Rosa, which accounts for 34 percent of the total population, and grew 1.4 percent between January 2008 and January 2009.

Annual population growth will remain near one percent over the next five years. Employment growth will be minor in 2010. By 2011 employment is growing faster than the population.

FORECAST HIGHLIGHTS

- Employment growth will barely be noticeable in 2010, with a point estimate of 0.2 percent growth. Between 2010 and 2015, the annual growth rate is expected to average 1.9 percent per year.
- Average salaries adjusted for inflation are currently below the California average, but increase slightly faster over the next five years. Real average salaries are forecast to rise an average of 1.0 percent per year from 2010 to 2015, compared with 0.8 percent per year in California.
- The principle job creation occurs in professional services, trade, leisure services, education and healthcare services, and construction. These sectors account for almost all of the job growth in the county during the forecast period. The manufacturing sector continues to contract in 2010 and 2011 before recording positive employment gains beginning in 2012.

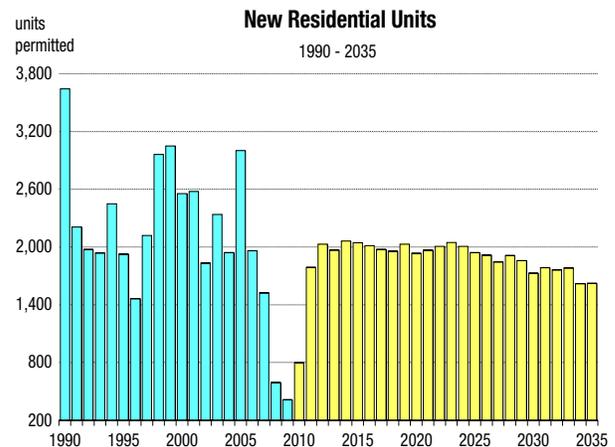
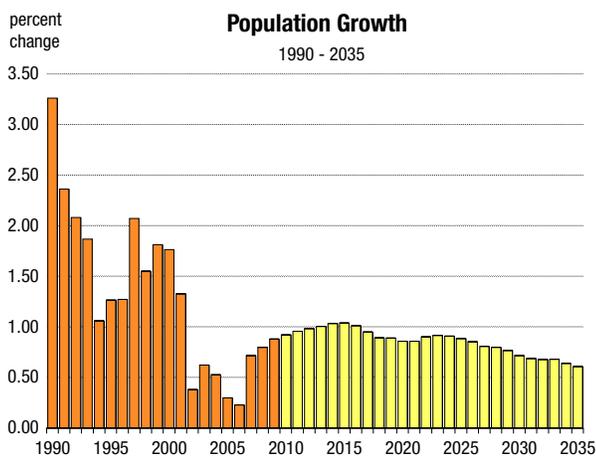


- The population will grow at a rate of approximately 0.9 percent in 2010. Annual growth in the 2010 to 2015 period is forecast to average 1.0 percent per year.
- Net migration is expected to exceed 2,500 persons in 2010. From 2010 to 2015 net migration is forecast to average 3,100 migrants each year.
- Real per capita incomes decline at a rate of 2.0 percent in 2010. Between 2010 and 2015 per capita incomes are forecast to increase 1.9 percent per year.
- Total taxable sales adjusted for inflation are expected to increase an average of 3.3 percent per year during the 2010 to 2015 period.
- Industrial production is forecast to decline 2.0 percent in 2010. Between 2010 and 2015 the growth rate of industrial production will average 2.6 percent per year.
- Farm production is forecast to increase by only 0.4 percent per year between 2010 and 2015. The principal crop in the county is wine grapes.

Sonoma County Economic Forecast

2002-2009 History, 2010-2035 Forecast

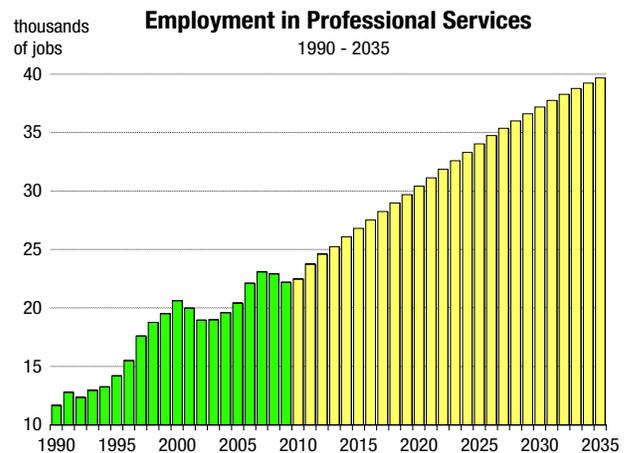
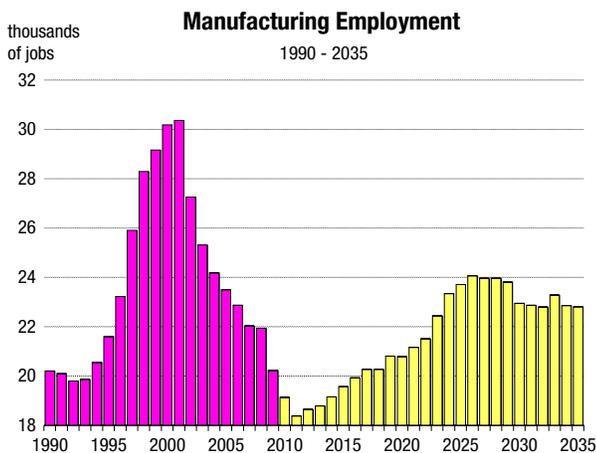
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2002	469,366	-8	475	176	1,835	\$6.7	\$17.0	\$42,207	1.6	659	3.41	5.1
2003	472,287	920	466	178	2,339	\$6.8	\$17.3	\$41,887	1.8	587	3.36	5.5
2004	474,776	445	490	180	1,941	\$7.2	\$18.1	\$43,072	1.2	596	3.38	5.0
2005	476,193	-699	481	181	3,003	\$7.7	\$18.9	\$44,018	2.0	708	3.50	4.5
2006	477,290	-921	488	183	1,962	\$7.9	\$20.5	\$46,001	3.2	640	3.72	4.0
2007	480,712	1,395	485	184	1,526	\$7.9	\$21.5	\$46,395	3.4	666	3.72	4.3
2008	484,547	1,847	487	187	591	\$7.4	\$22.2	\$46,192	3.0	600	3.81	5.7
2009	488,807	2,287	483	188	413	\$7.2	\$22.0	\$45,061	0.8	584	3.67	10.2
2010	493,308	2,547	483	188	799	\$7.2	\$22.2	\$44,139	2.1	585	3.59	10.6
2011	498,036	2,813	485	189	1,788	\$7.5	\$23.4	\$44,908	2.4	588	3.55	9.7
2012	502,939	3,017	488	190	2,031	\$7.9	\$24.5	\$45,615	2.1	591	3.69	8.5
2013	507,996	3,201	492	192	1,970	\$8.4	\$25.8	\$46,539	2.2	594	3.80	7.7
2014	513,254	3,423	496	194	2,064	\$8.9	\$27.2	\$47,576	2.2	597	3.93	6.8
2015	518,584	3,516	501	196	2,046	\$9.5	\$28.7	\$48,594	2.2	598	4.08	6.2
2016	523,838	3,462	505	198	2,014	\$10.0	\$30.2	\$49,537	2.2	600	4.20	5.9
2017	528,809	3,205	510	200	1,976	\$10.6	\$31.7	\$50,376	2.2	601	4.34	5.8
2018	533,528	2,974	514	202	1,957	\$11.2	\$33.2	\$51,205	2.2	603	4.44	5.7
2019	538,275	3,015	518	203	2,031	\$11.8	\$34.8	\$51,942	2.2	605	4.64	5.5
2020	542,892	2,901	522	205	1,934	\$12.4	\$36.2	\$52,570	2.1	605	4.78	5.5
2021	547,552	2,964	526	207	1,967	\$12.9	\$37.8	\$53,038	2.5	601	4.96	5.4
2022	552,496	3,277	530	209	2,008	\$13.6	\$39.5	\$53,554	2.6	597	5.14	5.2
2023	557,554	3,439	534	211	2,048	\$14.2	\$41.3	\$54,140	2.5	595	5.41	5.1
2024	562,620	3,494	538	213	2,007	\$14.9	\$43.3	\$54,881	2.4	593	5.69	5.0
2025	567,597	3,459	542	215	1,941	\$15.7	\$45.2	\$55,449	2.5	591	5.90	4.9
2026	572,440	3,380	546	216	1,917	\$16.4	\$47.1	\$55,890	2.5	589	6.11	4.8
2027	577,067	3,210	550	218	1,847	\$17.2	\$49.1	\$56,296	2.6	586	6.25	4.9
2028	581,677	3,234	553	220	1,913	\$17.9	\$51.1	\$56,568	2.8	582	6.41	4.8
2029	586,141	3,119	557	222	1,859	\$18.7	\$53.1	\$56,795	2.7	577	6.55	4.8
2030	590,344	2,874	560	224	1,729	\$19.5	\$55.1	\$56,988	2.7	572	6.55	4.8
2031	594,409	2,738	563	225	1,786	\$20.3	\$57.2	\$57,266	2.7	565	6.72	4.7
2032	598,437	2,691	566	227	1,764	\$21.1	\$59.4	\$57,437	2.7	559	6.89	4.6
2033	602,506	2,715	569	228	1,785	\$21.9	\$61.7	\$57,715	2.7	554	7.20	4.6
2034	606,367	2,484	572	230	1,621	\$22.8	\$63.9	\$57,912	2.7	550	7.30	4.7
2035	610,059	2,289	575	232	1,623	\$23.8	\$66.4	\$58,206	2.7	545	7.50	4.8

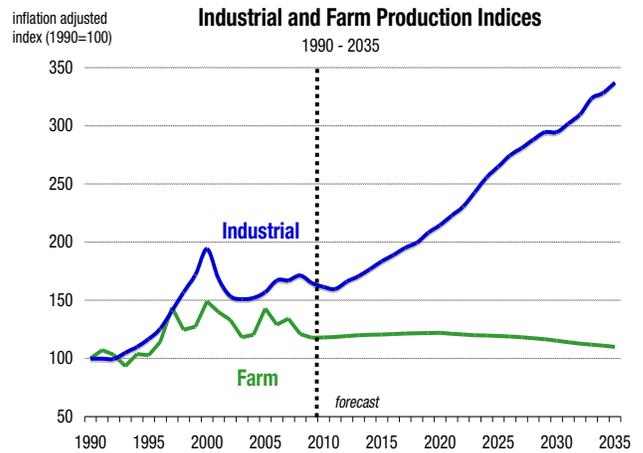
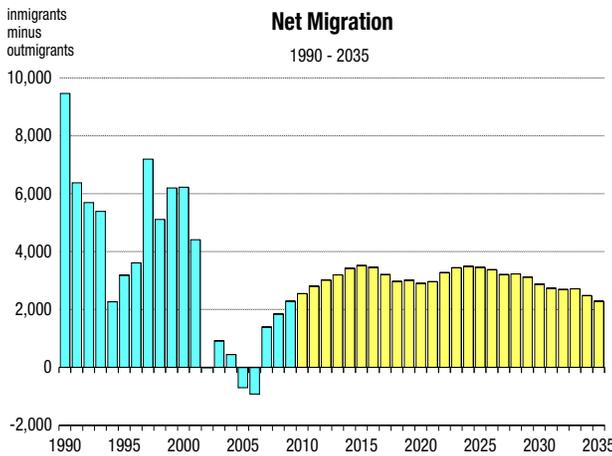
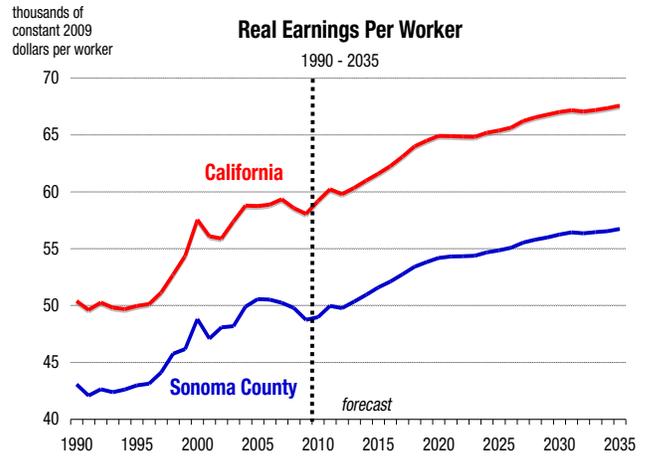
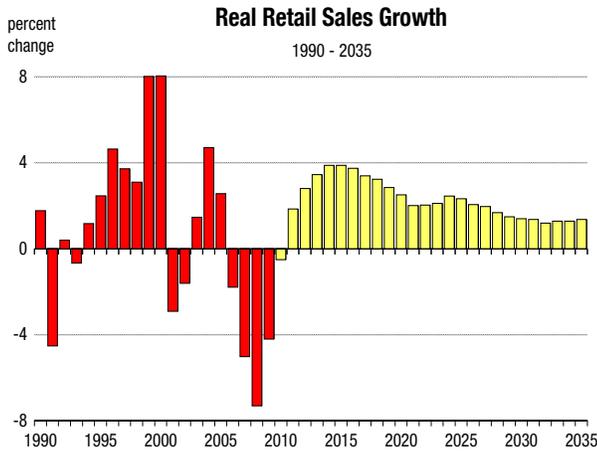


Sonoma County Employment Forecast

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	193.1	6.5	13.3	27.3	4.1	30.0	10.3	19.0	4.2	23.3	19.7	28.4
2003	189.1	5.9	13.0	25.3	3.8	30.0	10.3	19.0	4.0	22.7	19.9	28.5
2004	190.7	5.7	13.7	24.2	3.9	30.3	10.0	19.6	4.3	22.5	20.2	29.7
2005	192.3	5.8	14.2	23.5	3.7	31.1	9.8	20.4	3.7	22.8	20.5	30.4
2006	194.9	5.7	14.7	22.9	4.2	31.3	9.7	22.1	3.2	23.1	20.7	30.7
2007	196.2	5.8	14.4	22.0	4.5	31.8	9.3	23.1	3.0	23.5	21.0	31.1
2008	192.6	6.0	12.8	21.9	4.4	30.7	8.4	22.9	2.9	24.1	21.1	30.6
2009	183.4	6.3	10.9	20.2	4.2	28.5	7.7	22.2	2.9	23.9	20.0	30.1
2010	183.7	6.5	11.4	19.1	4.3	28.3	8.0	22.5	2.9	24.3	20.2	29.8
2011	186.4	6.6	12.7	18.4	4.3	28.6	8.0	23.8	2.9	24.7	20.6	29.2
2012	190.6	6.7	13.2	18.7	4.3	29.2	8.1	24.6	3.0	25.4	20.9	29.7
2013	194.2	6.8	13.5	18.8	4.4	29.8	8.2	25.2	3.0	26.1	21.2	30.1
2014	198.2	6.9	13.8	19.2	4.4	30.6	8.2	26.1	3.1	26.8	21.5	30.4
2015	202.0	6.8	14.0	19.6	4.4	31.3	8.3	26.8	3.2	27.5	21.9	30.8
2016	205.7	6.9	14.2	19.9	4.4	32.1	8.3	27.5	3.3	28.2	22.2	31.0
2017	209.1	7.0	14.4	20.3	4.4	32.8	8.3	28.3	3.4	28.9	22.5	31.2
2018	212.3	7.1	14.7	20.3	4.4	33.4	8.4	29.0	3.4	29.5	22.8	31.6
2019	216.0	7.2	14.9	20.8	4.5	34.0	8.4	29.7	3.5	30.1	23.0	32.2
2020	218.9	7.1	15.1	20.8	4.5	34.6	8.4	30.4	3.5	30.7	23.2	32.6
2021	222.1	7.0	15.3	21.2	4.5	35.1	8.4	31.2	3.6	31.2	23.4	33.1
2022	225.5	7.1	15.5	21.5	4.5	35.7	8.4	31.9	3.6	31.8	23.6	33.5
2023	229.6	7.2	15.7	22.4	4.5	36.3	8.5	32.6	3.7	32.4	23.8	33.9
2024	233.6	7.3	16.0	23.3	4.5	37.0	8.5	33.3	3.7	32.9	23.9	34.3
2025	237.1	7.3	16.1	23.7	4.6	37.7	8.6	34.0	3.8	33.5	24.1	34.7
2026	240.3	7.3	16.3	24.1	4.6	38.3	8.6	34.8	3.8	34.0	24.3	35.0
2027	242.9	7.3	16.5	24.0	4.6	38.9	8.6	35.4	3.9	34.5	24.5	35.4
2028	245.7	7.4	16.6	24.0	4.6	39.5	8.6	36.0	4.0	35.0	24.7	35.8
2029	248.2	7.4	16.8	23.8	4.6	40.0	8.6	36.6	4.0	35.5	24.9	36.1
2030	249.7	7.3	16.9	23.0	4.6	40.5	8.6	37.2	4.1	35.9	25.1	36.5
2031	252.1	7.2	17.1	22.9	4.6	41.0	8.6	37.8	4.2	36.3	25.3	36.9
2032	254.6	7.3	17.3	22.8	4.6	41.5	8.6	38.3	4.3	36.6	25.6	37.3
2033	257.7	7.4	17.5	23.3	4.6	42.0	8.6	38.8	4.3	36.9	25.8	37.7
2034	259.8	7.4	17.6	22.9	4.7	42.5	8.5	39.3	4.4	37.2	26.1	38.1
2035	262.1	7.4	17.8	22.8	4.7	43.1	8.5	39.7	4.4	37.5	26.4	38.5





County Economic and Demographic Indicators

Projected Economic Growth (2010-2015)

Expected retail sales growth:	16.9 %
Expected job growth:	10.0 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	15.7 %

Expected population growth:	5.1 %
Net migration to account for:	63.2 %
Expected growth in number of vehicles:	3.6 %

Demographics (2009)

Unemployment rate (December):	10.1 %
County Rank* in California (58 counties):	10th
Working age (16-64) population:	66.3 %

Population with B.A. Degree or higher:	28.2 %
Median Home Selling Price:	\$350,355
Median Household Income:	\$65,204

Quality of Life

Violent Crime rate (2008):	421 per 100,000 persons
County Rank* in California (58 counties):	30th
Average Commute Time to work (2009):	28.5 minutes

High School drop out rate (2008):	16.6 %
Households at/below poverty line:	5.3 %

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