

LAKE COUNTY ECONOMIC FORECAST

Lake County is located in Northern California, approximately 100 miles north of San Francisco. The name of the county is derived from Clear Lake, the largest natural freshwater lake in the state and a prominent recreation destination. Lake County has a population of 63,703 people and 13,374 wage and salary jobs. The per capita income in Lake County is \$34,827 and the average salary per worker is \$42,351.

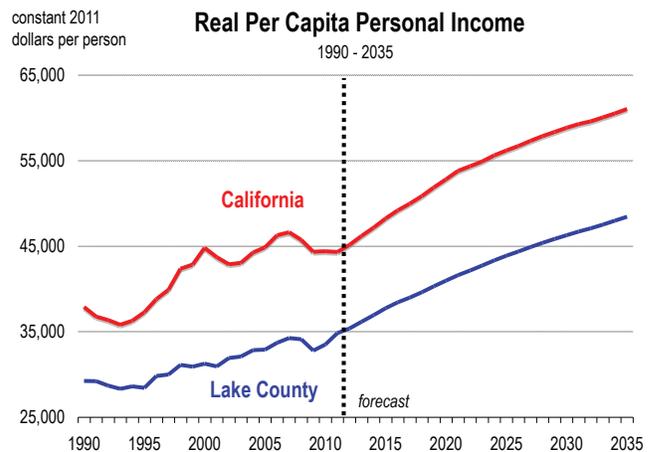
In 2011, total wage and salary employment increased by 254 jobs in Lake County. This represents a growth rate of 1.9 percent. Non-farm employment grew by 83 jobs, while farm employment increased by 171. The unemployment rate, while still very high, improved from 17.7 to 16.7 percent.

Over the past year, the majority of all job growth occurred in three sectors: agriculture (+171 jobs), "miscellaneous services" (+84 jobs), and education and healthcare (+48 jobs). Likewise, losses were concentrated in three sectors: construction (-47 jobs), the public sector (-35 jobs), and leisure and hospitality (-18 jobs). 2011 was the fifth straight year of losses for both construction and leisure and hospitality.

Between 2006 and 2011, the population of Lake County grew at an annual rate of 0.2 percent. This growth was due entirely to net migration, as the county has experienced a natural decrease (deaths outnumbering births) since 1993. As net migration increases over the next few years, population growth will accelerate.

FORECAST HIGHLIGHTS

- Total wage and salary job growth is forecast at 2.0 percent in 2012. Over the 2012-2017 period, growth will average 1.9 percent per year.
- Average salaries are currently below the California state average, and will remain so over the forecast period. Inflation adjusted salaries are expected to rise an average of 1.2 percent per year from 2012 to 2017.
- Between 2012 and 2017, the momentum for employment growth will be in healthcare and education, leisure and hospitality, and the public sector. These industries will account for 57 percent of net job creation in the county.
- Annual population growth in the 2012 to 2017 period is expected to average 0.7 percent per year.

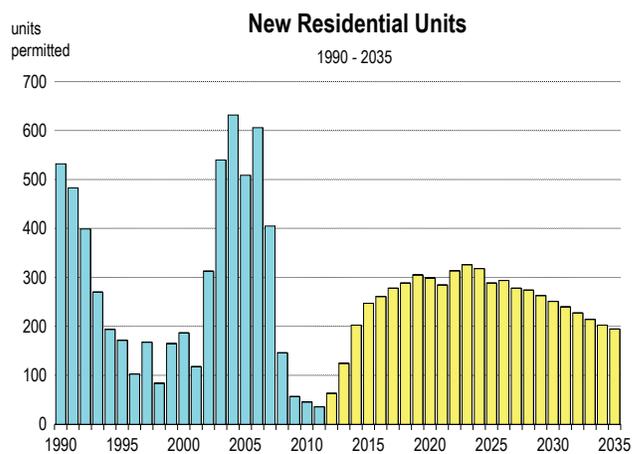
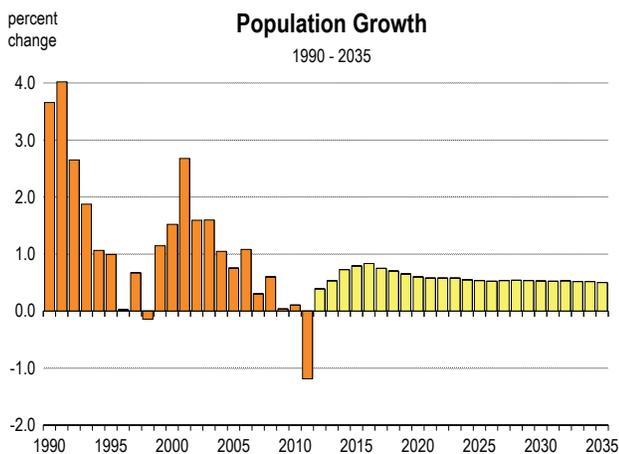


- Net migration will be moderate over the next five years, with an average of 470 net in-migrants each year. Net migration will be responsible for all employment growth, as the county will experience a natural decrease each year.
- Real per capita income is forecast to increase by 1.6 percent in 2012. From 2012 to 2017, real per capita income is expected to increase by an average of 1.9 percent per year.
- Between 2012 and 2017, total taxable sales, adjusted for inflation, are forecast to rise by 3.6 percent per year.
- Industrial production is expected to rise by 4.5 percent per year from 2012 to 2017. Over the same period, total crop production is expected to increase by an average of 1.0 percent per year. The principal crop in the county is wine grapes.

Lake County Economic Forecast

2006-2011 History, 2012-2040 Forecast

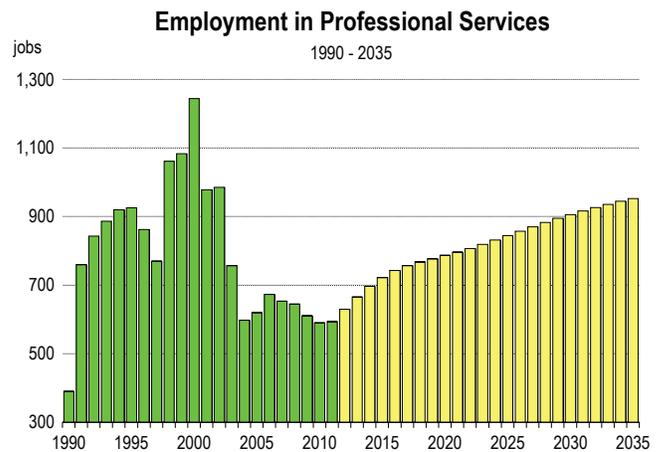
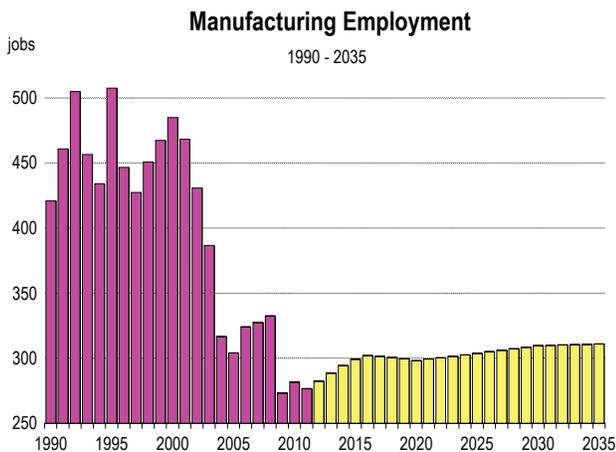
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (millions)	Unemploy- ment Rate (percent)
2006	63,792	759	87.1	25.1	606	\$0.57	\$1.93	\$33,724	3.2	73.6	149.7	7.7
2007	63,986	235	85.5	25.8	405	\$0.57	\$2.03	\$34,250	3.4	77.5	145.6	8.4
2008	64,370	458	85.1	26.2	146	\$0.57	\$2.10	\$34,110	3.0	64.1	151.3	10.6
2009	64,396	113	84.9	26.4	57	\$0.46	\$2.03	\$32,794	0.8	67.6	136.4	15.3
2010	64,466	167	85.0	26.5	46	\$0.46	\$2.11	\$33,495	1.3	65.9	140.1	17.7
2011	63,703	-693	84.4	26.6	36	\$0.49	\$2.22	\$34,827	2.5	66.8	144.7	16.7
2012	63,953	289	84.9	26.7	63	\$0.52	\$2.31	\$35,381	1.9	68.1	151.1	15.3
2013	64,293	381	85.5	26.7	125	\$0.55	\$2.42	\$36,175	2.1	70.3	158.0	14.0
2014	64,762	498	86.3	26.8	203	\$0.58	\$2.54	\$36,948	2.1	72.6	166.1	12.5
2015	65,276	540	87.1	26.9	248	\$0.62	\$2.67	\$37,750	1.8	72.2	173.8	11.2
2016	65,823	575	87.9	27.1	261	\$0.65	\$2.78	\$38,429	1.7	71.2	181.2	10.3
2017	66,317	526	88.7	27.2	278	\$0.68	\$2.90	\$38,997	1.7	70.9	187.9	9.8
2018	66,785	504	89.5	27.4	288	\$0.71	\$3.01	\$39,633	1.7	70.4	195.5	9.4
2019	67,221	483	90.1	27.6	305	\$0.74	\$3.13	\$40,325	1.5	69.7	203.6	9.0
2020	67,626	464	90.6	27.9	299	\$0.77	\$3.25	\$40,978	1.4	69.3	212.4	8.7
2021	68,019	467	91.1	28.1	284	\$0.81	\$3.36	\$41,619	1.3	68.9	221.0	8.7
2022	68,415	478	91.5	28.3	314	\$0.84	\$3.48	\$42,169	1.5	68.9	229.9	8.7
2023	68,813	491	91.9	28.5	326	\$0.87	\$3.60	\$42,727	1.5	69.3	238.8	8.7
2024	69,193	482	92.1	28.8	318	\$0.90	\$3.73	\$43,339	1.6	68.4	248.3	8.7
2025	69,564	484	92.3	29.0	289	\$0.94	\$3.86	\$43,889	1.7	68.1	258.0	8.7
2026	69,930	489	92.5	29.2	294	\$0.98	\$3.99	\$44,381	1.7	68.1	267.9	8.7
2027	70,308	513	92.7	29.5	278	\$1.02	\$4.13	\$44,909	1.7	68.3	277.9	8.7
2028	70,689	529	92.9	29.7	274	\$1.06	\$4.27	\$45,393	1.7	68.5	288.4	8.7
2029	71,069	541	93.1	29.9	263	\$1.10	\$4.41	\$45,856	1.7	68.7	299.3	8.7
2030	71,444	550	93.4	30.1	251	\$1.15	\$4.55	\$46,296	1.7	68.9	310.6	8.7
2031	71,821	565	93.8	30.3	240	\$1.19	\$4.69	\$46,719	1.7	69.1	322.1	8.6
2032	72,205	586	94.3	30.5	227	\$1.24	\$4.84	\$47,080	1.7	69.4	333.9	8.6
2033	72,580	591	94.9	30.7	215	\$1.29	\$4.99	\$47,526	1.7	69.6	346.2	8.6
2034	72,957	608	95.7	30.8	203	\$1.34	\$5.15	\$47,977	1.7	69.8	359.0	8.6
2035	73,325	613	96.4	31.0	195	\$1.39	\$5.32	\$48,460	1.7	70.1	372.1	8.6
2036	73,681	616	97.3	31.1	187	\$1.45	\$5.49	\$48,949	1.7	70.3	385.8	8.6
2037	74,033	628	98.2	31.3	184	\$1.51	\$5.67	\$49,459	1.7	70.6	400.0	8.6
2038	74,370	626	99.3	31.4	171	\$1.57	\$5.86	\$50,010	1.7	70.9	414.6	8.6
2039	74,685	621	100.5	31.6	158	\$1.63	\$6.06	\$50,589	1.7	71.1	429.8	8.6
2040	74,995	630	101.7	31.7	145	\$1.69	\$6.26	\$51,175	1.7	71.4	453.7	8.6

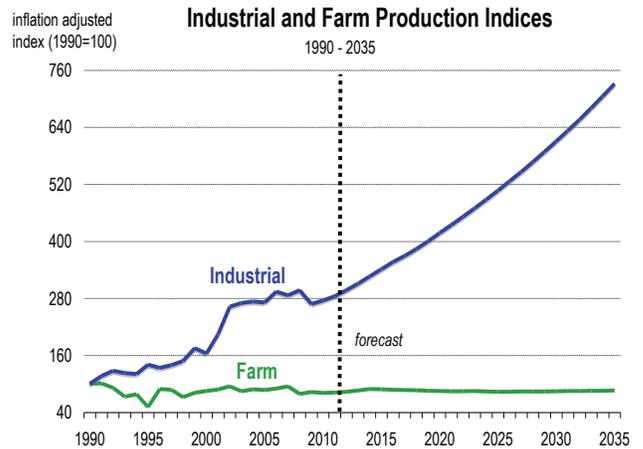
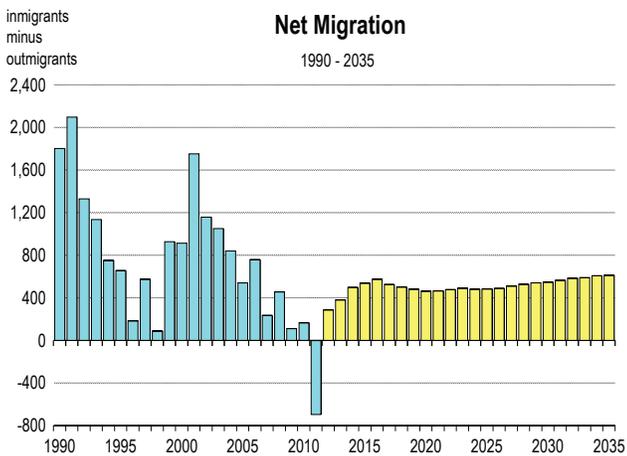
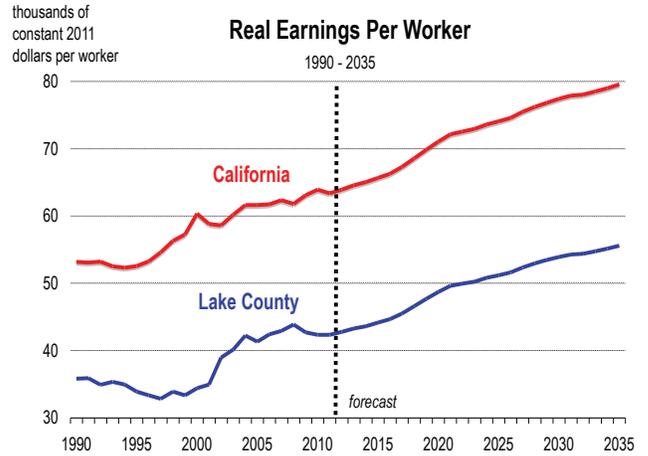
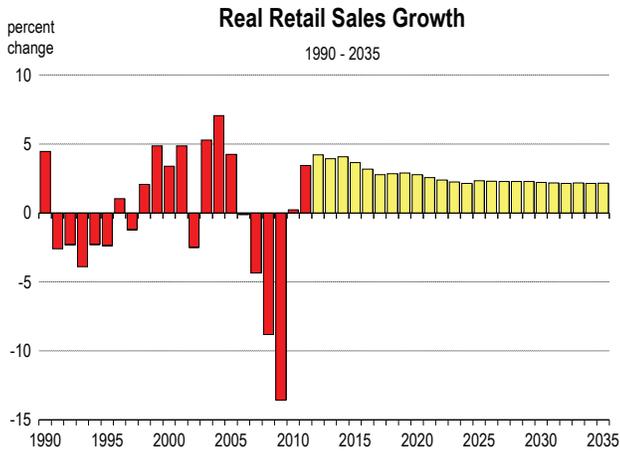


Lake County Employment Forecast

2006-2011 History, 2012-2040 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)-----												
2006	14.5	0.98	0.90	0.32	0.63	2.23	0.45	0.67	0.16	2.17	1.59	4.06
2007	14.2	1.04	0.84	0.33	0.60	2.26	0.43	0.65	0.15	2.21	1.41	3.95
2008	13.9	1.00	0.68	0.33	0.57	2.24	0.40	0.65	0.14	2.20	1.33	4.09
2009	13.5	1.13	0.47	0.27	0.54	2.17	0.37	0.61	0.13	2.15	1.26	4.10
2010	13.1	1.06	0.38	0.28	0.53	2.10	0.35	0.59	0.13	2.09	1.13	4.11
2011	13.4	1.23	0.34	0.28	0.55	2.12	0.36	0.59	0.13	2.14	1.11	4.07
2012	13.6	1.24	0.34	0.28	0.57	2.14	0.37	0.63	0.13	2.19	1.16	4.13
2013	13.9	1.24	0.37	0.29	0.60	2.16	0.38	0.67	0.13	2.24	1.21	4.15
2014	14.2	1.25	0.41	0.29	0.63	2.18	0.39	0.70	0.13	2.29	1.27	4.23
2015	14.5	1.26	0.45	0.30	0.66	2.19	0.40	0.72	0.13	2.35	1.32	4.30
2016	14.8	1.26	0.47	0.30	0.68	2.21	0.40	0.74	0.13	2.40	1.36	4.36
2017	15.0	1.26	0.49	0.30	0.70	2.22	0.41	0.76	0.13	2.44	1.38	4.41
2018	15.2	1.26	0.51	0.30	0.73	2.23	0.41	0.77	0.13	2.48	1.40	4.48
2019	15.4	1.26	0.53	0.30	0.76	2.24	0.42	0.78	0.14	2.52	1.41	4.56
2020	15.6	1.26	0.54	0.30	0.80	2.25	0.42	0.79	0.14	2.56	1.43	4.66
2021	15.8	1.27	0.55	0.30	0.84	2.26	0.42	0.80	0.14	2.61	1.43	4.75
2022	16.0	1.27	0.58	0.30	0.87	2.27	0.43	0.81	0.14	2.65	1.43	4.84
2023	16.3	1.27	0.60	0.30	0.90	2.28	0.43	0.82	0.14	2.70	1.43	4.93
2024	16.4	1.27	0.61	0.30	0.92	2.29	0.44	0.83	0.14	2.75	1.43	4.99
2025	16.6	1.28	0.61	0.30	0.95	2.30	0.44	0.84	0.14	2.80	1.43	5.06
2026	16.8	1.28	0.62	0.31	0.97	2.31	0.44	0.86	0.14	2.85	1.44	5.12
2027	17.0	1.28	0.62	0.31	0.99	2.32	0.45	0.87	0.14	2.91	1.44	5.18
2028	17.2	1.29	0.63	0.31	1.01	2.33	0.46	0.88	0.14	2.96	1.44	5.25
2029	17.3	1.29	0.63	0.31	1.03	2.34	0.46	0.89	0.14	3.02	1.44	5.32
2030	17.5	1.30	0.63	0.31	1.05	2.35	0.47	0.91	0.14	3.08	1.44	5.38
2031	17.7	1.30	0.63	0.31	1.07	2.36	0.47	0.92	0.14	3.13	1.44	5.45
2032	17.9	1.31	0.63	0.31	1.10	2.37	0.47	0.93	0.14	3.19	1.44	5.52
2033	18.1	1.31	0.63	0.31	1.12	2.38	0.48	0.94	0.14	3.25	1.45	5.60
2034	18.3	1.32	0.63	0.31	1.14	2.39	0.49	0.94	0.14	3.31	1.45	5.68
2035	18.5	1.32	0.63	0.31	1.17	2.40	0.49	0.95	0.14	3.38	1.45	5.76
2036	18.7	1.33	0.64	0.31	1.19	2.40	0.50	0.96	0.14	3.44	1.45	5.84
2037	18.9	1.33	0.64	0.31	1.21	2.41	0.50	0.97	0.14	3.50	1.45	5.93
2038	19.1	1.34	0.64	0.31	1.24	2.42	0.51	0.98	0.14	3.57	1.45	6.01
2039	19.3	1.34	0.64	0.31	1.26	2.43	0.51	0.98	0.14	3.64	1.46	6.10
2040	19.5	1.35	0.64	0.31	1.29	2.44	0.52	0.99	0.14	3.71	1.46	6.18





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	24.0 %
Expected job growth:	11.9 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	16.6 %

Expected population growth:	4.1 %
Net migration to account for:	100.0%
Expected growth in number of vehicles:	5.1 %

Demographics (2012)

Unemployment rate (March 2012)	16.9 %
County Rank* in California (58 counties):	44th
Working age (16-64) population:	63.9 %

Population with B.A. Degree or higher:	17.4 %
Median Home Selling Price (2011):	\$105,000
Median Household Income:	\$37,750

Quality of Life

Violent Crime rate (2010):	453 per 100,000 persons
County Rank* in California (58 counties):	39th
Average Commute Time to work (2012):	30.9 minutes

High School drop out rate (2010):	14.3 %
Households at/below poverty line (2012):	16.8 %

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