

SAN LUIS OBISPO COUNTY ECONOMIC FORECAST

San Luis Obispo County is located on the central coast, north of Santa Barbara County. It is one of the principal regions for California's wine industry. The population in 2011 was 270,700 people, and wage and salary employment was 100,400. The per capita income in San Luis Obispo County is \$40,997, and the average salary per worker is \$47,262.

In 2011, San Luis Obispo County gained 500 wage and salary jobs, the first such increase since 2007. This represents a growth rate of 0.5 percent – slightly lower than the 0.7 percent increase that occurred across Southern California. The unemployment rate decreased from 10.2 percent to 9.6 percent.

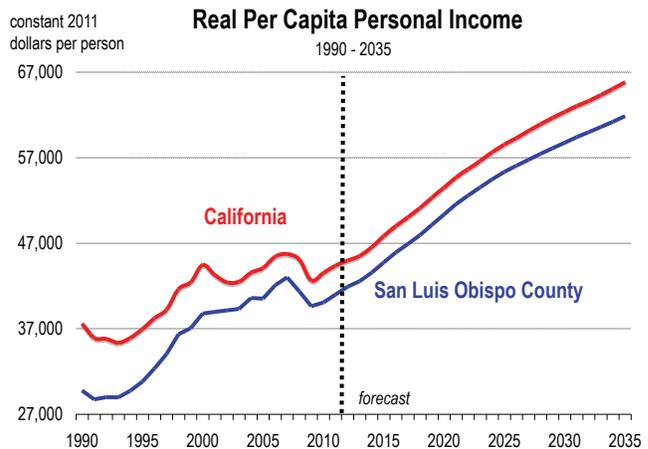
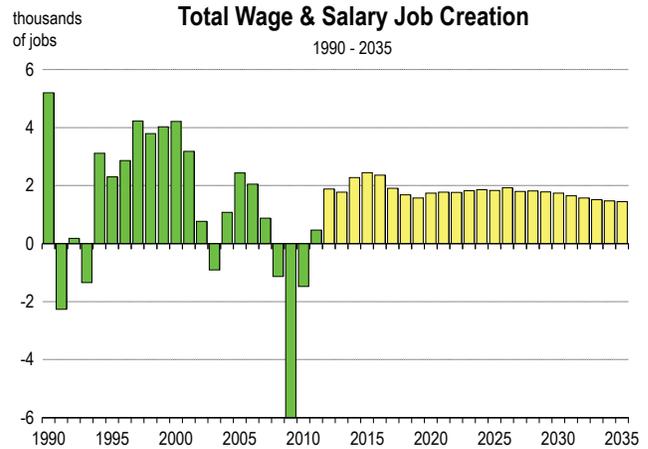
The principal employment clusters in San Luis Obispo County are retail trade, leisure services, education and healthcare services, and government. However, with 20,200 jobs, the public sector dominates all other sectors. This is primarily because the county has several large state institutions, including Cal Poly State University, Cuesta College, Atascadero State Hospital, the California Men's Colony, and the California Youth Authority.

Government employment has declined dramatically in San Luis Obispo County, down 5.6 percent in 2011, after falling 6.2 percent in 2010 and 4.4 percent in 2009. However, many other sectors created jobs during 2011, including construction, agriculture, leisure and hospitality, education and healthcare, and professional services.

From 2006-2011, the population of San Luis Obispo County increased by just 0.7 percent per year. This increase was largely due to net migration, as in-migrants accounted for 69 percent of all new residents over this period. Net migration will continue to account for the majority of all population growth, as an older resident base leads to a low birth rate.

FORECAST HIGHLIGHTS

- Job growth is expected to accelerate in 2012, as employment increases by 1.9 percent. From 2012 to 2017, employment growth is expected to average 2.0 percent per year.
- Average salaries are currently well below the California state average, and will remain so over the forecast horizon. Real average salaries will rise an average of 0.6 percent per year between 2012 and 2017.
- Over the next five years, the professional and business services, leisure, construction, retail trade, and government sectors will exhibit the strongest job growth, each adding between 1,000 and 2,600 positions.
- Population will continue to grow modestly in the county. Annual growth in the 2012 to 2017 period is expected to average 0.9 percent.

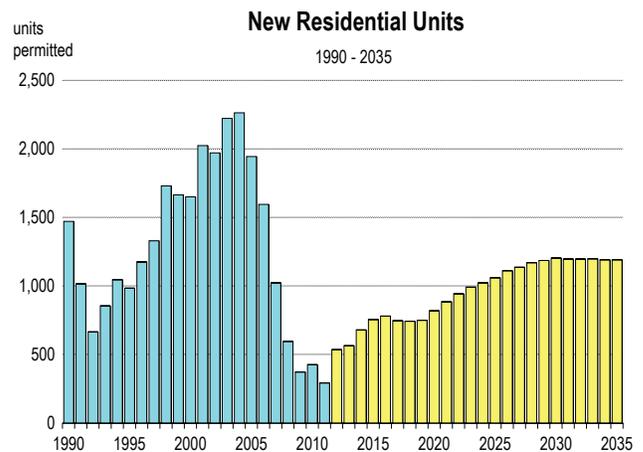
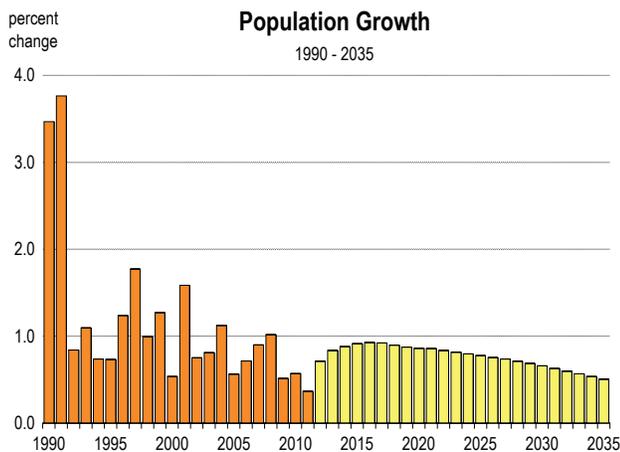


- Between 2012 and 2017, net migration is expected to average 1,750 people entering the county per year, accounting for 73 percent of population growth. Many of these new residents will be located in the north county, especially the Paso Robles area, where more housing will be built.
- Real per capita incomes will rise by 2.3 percent in 2012, identical to the 2011 increase. Over the 2012-2017 period, an annual compound rate of 2.3 percent is forecast.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 4.2 percent per year over the 2012 to 2017 period.
- Industrial production is forecast to increase by 1.7 percent in 2012. From 2012 to 2017, the growth rate of industrial production will average 1.6 percent per year.
- Farm production is forecast to increase by 0.8 percent per year between 2012 and 2017. The principal crops in the county are strawberries and wine grapes.

San Luis Obispo County Economic Forecast

2006-2011 History, 2012-2040 Forecast

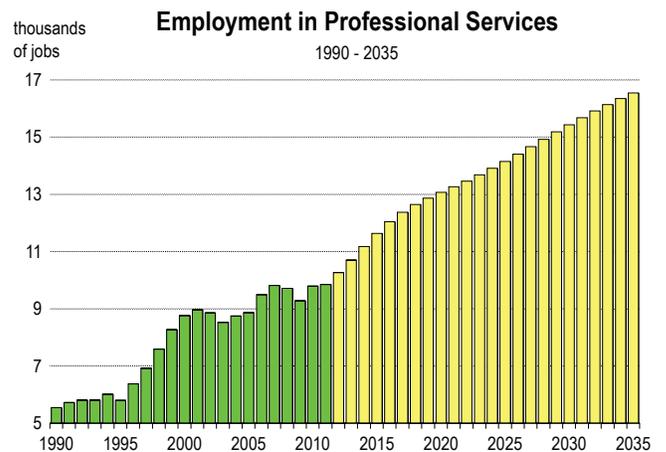
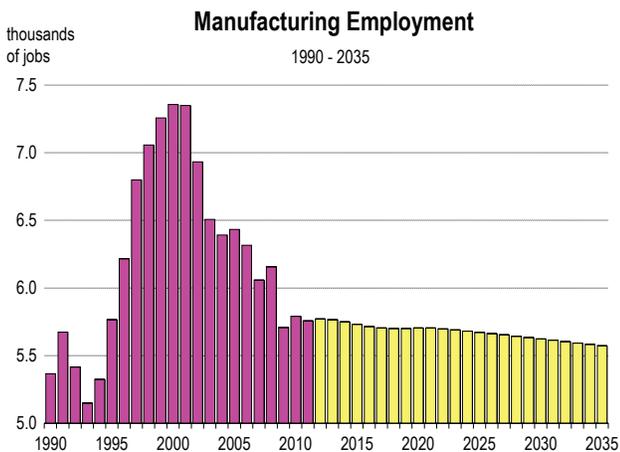
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (millions)	Unemploy- ment Rate (percent)
2006	261,803	946	288	98.4	1,595	\$4.22	\$10.00	\$42,080	4.3	694.7	1,557	3.9
2007	264,162	1,161	285	99.8	1,024	\$4.27	\$10.65	\$43,015	3.3	680.7	1,557	4.3
2008	266,850	1,709	286	100.6	597	\$3.97	\$10.71	\$41,348	3.5	621.2	1,651	5.7
2009	268,224	2,028	285	101.1	373	\$3.44	\$10.24	\$39,641	-0.8	647.1	1,571	9.0
2010	269,753	742	286	102.0	427	\$3.61	\$10.53	\$40,072	1.2	731.5	1,653	10.2
2011	270,739	866	286	102.2	293	\$3.91	\$11.10	\$40,997	2.6	736.2	1,693	9.6
2012	272,670	1,259	287	102.6	536	\$4.18	\$11.64	\$41,920	2.1	742.5	1,723	8.8
2013	274,951	1,623	289	103.0	565	\$4.44	\$12.19	\$42,541	2.2	748.0	1,736	8.0
2014	277,376	1,767	293	103.5	679	\$4.70	\$12.90	\$43,541	2.3	757.0	1,760	6.7
2015	279,916	1,887	298	104.0	755	\$5.02	\$13.67	\$44,725	2.0	761.8	1,784	5.8
2016	282,516	1,957	304	104.6	780	\$5.36	\$14.47	\$45,908	1.9	766.4	1,818	5.2
2017	285,125	1,984	310	105.3	747	\$5.67	\$15.24	\$46,894	1.9	770.0	1,866	4.8
2018	287,683	1,960	316	106.0	743	\$5.98	\$16.04	\$47,943	1.8	773.2	1,915	4.5
2019	290,201	1,959	322	106.6	751	\$6.29	\$16.90	\$49,135	1.7	777.1	1,966	4.3
2020	292,701	1,988	327	107.3	820	\$6.63	\$17.78	\$50,354	1.5	781.6	2,018	4.0
2021	295,213	2,052	333	108.0	885	\$7.01	\$18.68	\$51,563	1.5	786.0	2,061	4.0
2022	297,684	2,057	338	108.8	943	\$7.39	\$19.56	\$52,576	1.6	791.1	2,108	4.0
2023	300,117	2,065	344	109.6	991	\$7.77	\$20.47	\$53,541	1.7	796.0	2,155	4.0
2024	302,511	2,068	349	110.4	1,023	\$8.14	\$21.43	\$54,492	1.8	801.0	2,208	4.0
2025	304,859	2,066	355	111.3	1,061	\$8.55	\$22.38	\$55,338	1.8	806.0	2,265	4.0
2026	307,159	2,063	361	112.2	1,111	\$8.97	\$23.32	\$56,064	1.9	810.9	2,323	4.0
2027	309,427	2,076	366	113.2	1,136	\$9.39	\$24.29	\$56,759	1.9	815.7	2,384	4.0
2028	311,630	2,059	372	114.2	1,171	\$9.82	\$25.27	\$57,448	1.9	820.6	2,446	4.0
2029	313,772	2,049	378	115.2	1,187	\$10.24	\$26.29	\$58,115	1.9	825.4	2,510	4.0
2030	315,840	2,028	383	116.2	1,203	\$10.68	\$27.32	\$58,766	1.9	830.0	2,576	4.0
2031	317,826	2,000	388	117.3	1,197	\$11.09	\$28.38	\$59,406	1.9	834.6	2,643	4.0
2032	319,726	1,969	394	118.3	1,197	\$11.51	\$29.44	\$59,998	1.9	839.7	2,713	4.0
2033	321,541	1,941	399	119.4	1,198	\$11.93	\$30.53	\$60,589	1.9	844.7	2,785	4.0
2034	323,268	1,915	404	120.5	1,192	\$12.34	\$31.66	\$61,209	1.9	849.7	2,858	4.0
2035	324,906	1,889	408	121.5	1,192	\$12.78	\$32.84	\$61,862	1.9	854.5	2,935	4.0
2036	326,458	1,867	413	122.6	1,187	\$13.21	\$34.06	\$62,512	1.9	859.7	3,013	4.0
2037	327,922	1,847	417	123.6	1,185	\$13.66	\$35.32	\$63,179	1.9	864.6	3,094	4.0
2038	329,298	1,831	422	124.7	1,189	\$14.13	\$36.63	\$63,883	1.9	869.1	3,177	4.0
2039	330,588	1,816	426	125.7	1,192	\$14.60	\$37.99	\$64,633	1.9	874.1	3,263	4.0
2040	331,789	1,803	431	126.8	1,189	\$15.08	\$39.40	\$65,419	1.8	879.0	3,361	4.0

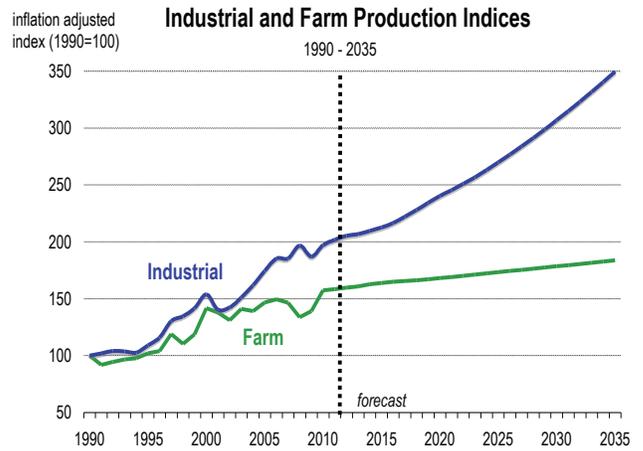
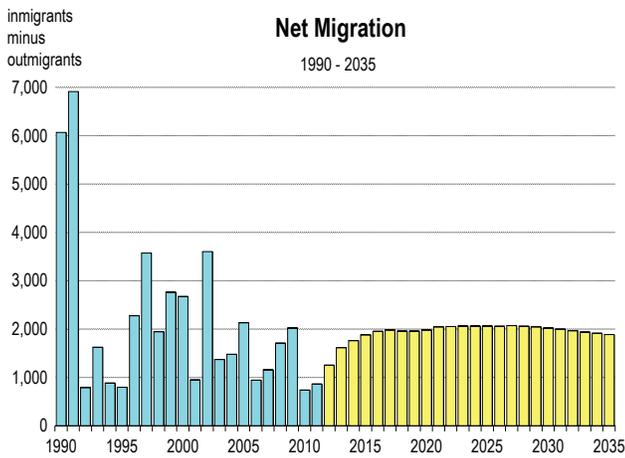
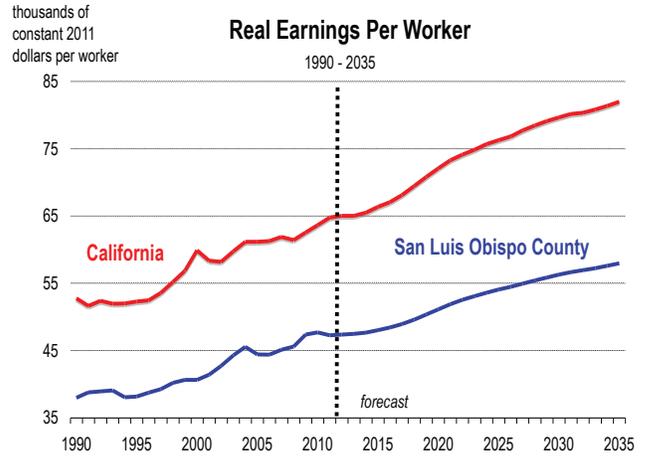
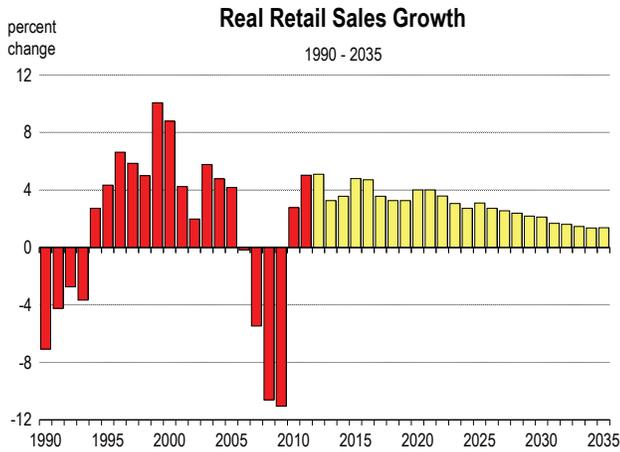


San Luis Obispo County Employment Forecast

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	107.6	4.34	8.2	6.3	3.8	17.0	4.9	9.5	1.5	10.8	15.0	22.2
2007	108.5	4.49	7.6	6.1	4.1	16.9	4.6	9.8	1.4	11.1	15.7	22.3
2008	107.4	4.35	6.6	6.2	3.9	16.4	4.2	9.7	1.4	11.4	15.4	23.3
2009	101.4	3.76	5.3	5.7	3.6	15.3	4.0	9.3	1.2	11.3	15.0	22.3
2010	99.9	3.83	4.9	5.8	3.6	15.4	3.9	9.8	1.2	11.3	14.7	20.9
2011	100.4	3.97	5.2	5.8	3.7	15.5	3.9	9.9	1.2	11.6	15.0	20.2
2012	102.2	4.06	5.5	5.8	3.7	15.9	4.0	10.3	1.2	11.7	15.5	20.0
2013	104.0	4.12	5.8	5.8	3.7	16.2	4.1	10.7	1.3	11.8	15.9	20.1
2014	106.3	4.19	6.2	5.8	3.8	16.6	4.2	11.2	1.3	11.9	16.2	20.4
2015	108.7	4.22	6.5	5.7	3.8	17.1	4.3	11.6	1.4	12.0	16.7	20.8
2016	111.1	4.24	6.9	5.7	3.9	17.6	4.4	12.0	1.4	12.1	17.2	21.0
2017	113.0	4.19	7.1	5.7	3.9	18.0	4.4	12.4	1.5	12.2	17.6	21.2
2018	114.7	4.12	7.2	5.7	3.9	18.5	4.5	12.6	1.5	12.3	17.9	21.6
2019	116.3	4.09	7.4	5.7	4.0	18.9	4.6	12.9	1.5	12.4	18.1	21.9
2020	118.0	4.11	7.6	5.7	4.0	19.4	4.6	13.1	1.5	12.5	18.2	22.4
2021	119.8	4.13	7.9	5.7	4.1	19.9	4.7	13.3	1.5	12.6	18.2	22.8
2022	121.6	4.16	8.1	5.7	4.2	20.4	4.7	13.5	1.5	12.7	18.3	23.2
2023	123.4	4.19	8.4	5.7	4.2	20.9	4.8	13.7	1.5	12.8	18.3	23.7
2024	125.2	4.22	8.6	5.7	4.3	21.4	4.9	13.9	1.5	13.0	18.3	24.3
2025	127.1	4.25	8.9	5.7	4.3	21.8	5.0	14.2	1.5	13.1	18.4	24.9
2026	129.0	4.28	9.1	5.7	4.3	22.3	5.0	14.4	1.5	13.2	18.4	25.5
2027	130.8	4.31	9.3	5.7	4.4	22.7	5.1	14.7	1.6	13.4	18.5	26.0
2028	132.6	4.34	9.5	5.6	4.4	23.1	5.2	14.9	1.6	13.5	18.6	26.5
2029	134.4	4.36	9.7	5.6	4.4	23.5	5.2	15.2	1.6	13.6	18.7	27.1
2030	136.1	4.39	9.8	5.6	4.5	23.9	5.3	15.4	1.6	13.7	18.8	27.6
2031	137.8	4.42	9.9	5.6	4.5	24.2	5.4	15.7	1.6	13.9	18.9	28.2
2032	139.4	4.45	9.9	5.6	4.5	24.5	5.5	15.9	1.6	14.0	19.1	28.7
2033	140.9	4.48	9.9	5.6	4.6	24.8	5.5	16.1	1.7	14.1	19.2	29.3
2034	142.4	4.51	9.9	5.6	4.6	25.1	5.6	16.3	1.7	14.2	19.3	29.8
2035	143.8	4.54	9.9	5.6	4.7	25.4	5.7	16.5	1.7	14.3	19.4	30.4
2036	145.2	4.57	9.9	5.6	4.7	25.6	5.8	16.7	1.7	14.4	19.6	30.9
2037	146.6	4.59	9.9	5.6	4.7	25.9	5.9	16.9	1.7	14.6	19.7	31.5
2038	148.0	4.62	9.8	5.5	4.8	26.1	6.0	17.1	1.7	14.6	19.8	32.1
2039	149.4	4.65	9.8	5.5	4.8	26.3	6.0	17.3	1.8	14.7	19.9	32.6
2040	150.7	4.68	9.8	5.5	4.9	26.6	6.1	17.5	1.8	14.8	20.1	33.1





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	27.8%
Expected job growth:	12.6%
Fastest growing jobs sector:	Construction
Expected personal income growth:	20.5%

Expected population growth:	5.3%
Net migration to account for:	72.9%
Expected growth in number of vehicles:	8.5%

Demographics (2012)

Unemployment rate (March 2012)	8.9%
County Rank* in California (58 counties):	5th
Working age (16-64) population:	68.5%

Population with B.A. Degree or higher:	30.1%
Median Home Selling Price:	\$340,000
Median Household Income:	\$54,584

Quality of Life

Violent Crime rate (2010):	261 per 100,000 persons
County Rank* in California (58 counties):	15th
Average Commute Time to work (2012):	21.9 minutes

High School drop out rate (2010):	9.7 %
Households at/below poverty line:	5.5 %

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