

STANISLAUS COUNTY ECONOMIC FORECAST

Stanislaus County is located in the heart of the San Joaquin Valley, bordered by the Bay Area to the west and the Sierra Nevada Mountains to the east. Stanislaus County has a population of 518,500 people and 156,600 wage and salary jobs, most of them located in the city of Modesto. The per capita income in Stanislaus County is \$32,493, and the average salary per worker is \$47,603.

Like the rest of the San Joaquin Valley, Stanislaus is a large producer of agricultural goods. Its primary commodities are milk, almonds, and chickens, each generating more than \$300 million in output per year.

In 2011, employment across the San Joaquin Valley contracted by 0.7 percent. In Stanislaus County, 2,600 total wage and salary jobs were lost, a decline of 1.6 percent. The unemployment rate is still very high, but declined from 17.3 percent in 2010 to 16.8 percent in 2011.

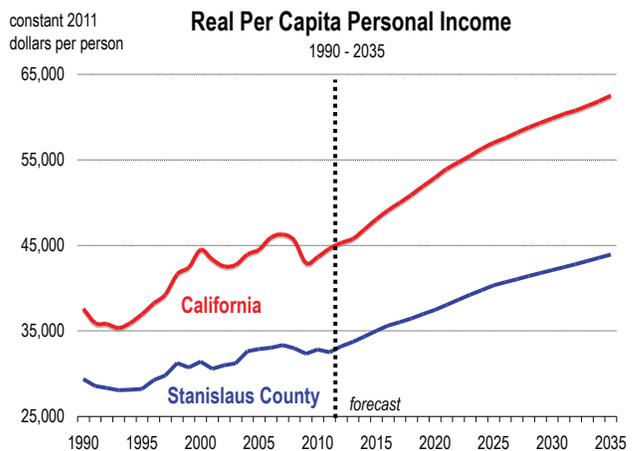
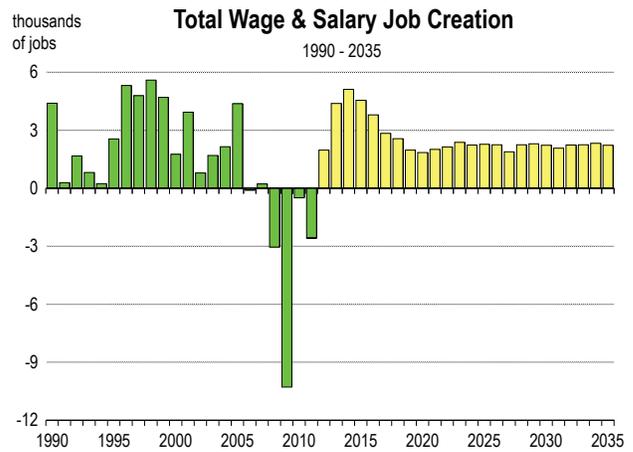
In 2011, the only sector to add a significant number of jobs was education and healthcare (+2,400 jobs). The largest losses occurred in manufacturing (-800 jobs), professional services (-600 jobs), and government (-500 jobs). After declining dramatically since 2005, the construction sector lost 100 jobs in 2011. Construction employment is expected to turn the corner in 2012, as new housing production begins to grow again.

Between 2006 and 2011 the population of Stanislaus County increased by an average of 0.7 percent per year. This growth was due entirely to the natural increase (new births), as an annual average of 1,400 residents left the county through net migration.

Over the long term, population in the county will grow at a rate exceeding the state average. Employment will return to pre-recession levels by 2016.

FORECAST HIGHLIGHTS

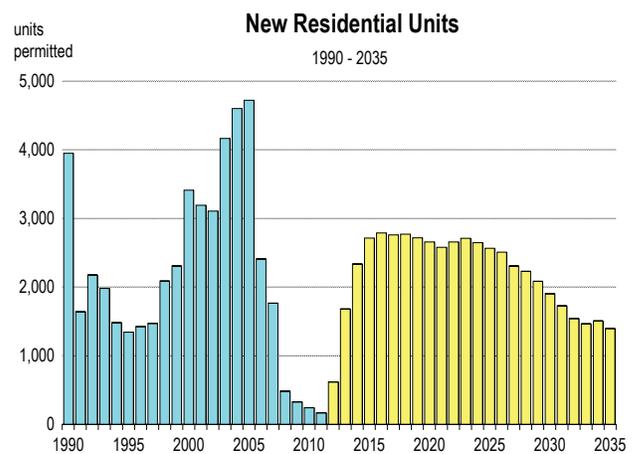
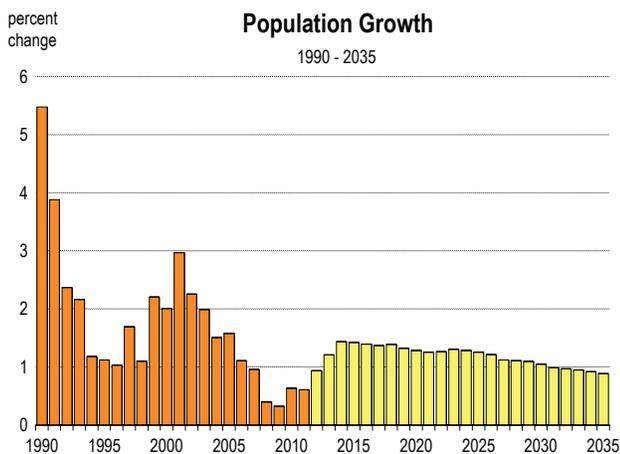
- Total wage and salary job growth is forecast to be positive in 2012 at 1.3 percent. From 2012 to 2017, farm employment will be relatively flat, while total job growth will average 2.3 percent per year.
- Average salaries are currently well below the California state average, and will remain so over the forecast. Average salaries, adjusted for inflation, are expected to rise an average of 1.0 percent per year from 2012 to 2017.
- Between 2012 and 2017, employment growth will be led by professional services, education and healthcare services, construction, and government. Combined, these sectors will account for 60 percent of total wage and salary growth.
- Population growth is expected to accelerate through 2014 before gradually moderating. Annual growth in the 2012 to 2017 period will be 1.3 percent per year.
- Net migration will turn positive in 2012, with in-migration forecast at approximately 500 people. Between 2012 and 2017, net migration is expected to average 2,400 in-migrants per year.
- Real per capita incomes are forecast to rise 2.2 percent in 2012. From 2012 to 2017, real per capita incomes are expected to increase 1.7 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 3.8 percent per year over the 2012 to 2017 period. Sales do not eclipse their 2005 peak until 2021.
- Industrial production is forecast to increase 3.1 percent in 2012. From 2012 to 2017, the growth rate of industrial production is expected to average 2.6 percent per year.
- Farm production is forecast to decline by 0.7 percent per year between 2012 and 2017. The principal commodities in the county are milk, almonds, and chickens.



Stanislaus County Economic Forecast

2006-2011 History, 2012-2040 Forecast

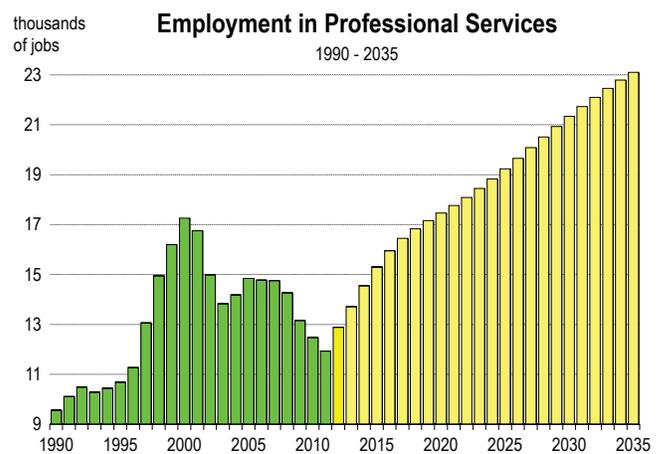
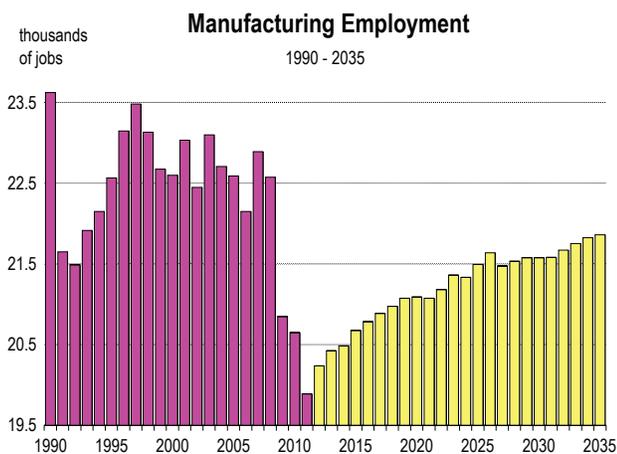
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	503,548	785	455	161.2	2,410	\$7.4	\$14.9	\$33,024	3.2	2.39	4.37	8.0
2007	508,372	-371	451	163.8	1,767	\$7.1	\$15.7	\$33,345	3.4	2.61	4.62	8.7
2008	510,396	-3,100	448	164.8	486	\$6.7	\$16.1	\$32,968	3.0	2.59	5.05	11.0
2009	512,052	-3,147	445	165.0	331	\$5.8	\$15.9	\$32,338	0.8	2.40	4.69	15.9
2010	515,311	-1,084	443	165.1	244	\$6.1	\$16.5	\$32,806	1.3	2.64	4.94	17.3
2011	518,461	-1,252	443	165.3	171	\$6.4	\$16.8	\$32,493	2.5	2.62	4.89	16.8
2012	523,330	458	448	165.7	620	\$6.8	\$17.7	\$33,201	1.9	2.74	5.04	15.2
2013	529,660	1,888	458	166.8	1,683	\$7.2	\$18.6	\$33,717	2.1	2.75	5.13	13.3
2014	537,263	3,106	468	168.9	2,337	\$7.6	\$19.6	\$34,352	2.1	2.74	5.23	12.0
2015	544,906	3,078	478	171.4	2,716	\$8.0	\$20.6	\$34,997	1.8	2.67	5.35	10.8
2016	552,509	2,950	486	174.2	2,789	\$8.5	\$21.7	\$35,603	1.7	2.71	5.51	9.7
2017	560,065	2,820	493	176.9	2,763	\$8.9	\$22.6	\$36,010	1.7	2.73	5.71	9.0
2018	567,860	2,969	499	179.6	2,773	\$9.4	\$23.6	\$36,459	1.7	2.75	5.91	8.4
2019	575,375	2,591	504	182.2	2,718	\$9.8	\$24.6	\$36,969	1.5	2.80	6.13	8.0
2020	582,784	2,405	508	184.7	2,659	\$10.3	\$25.6	\$37,469	1.4	2.72	6.33	7.6
2021	590,114	2,249	513	187.3	2,582	\$10.8	\$26.7	\$38,046	1.3	2.62	6.49	7.6
2022	597,590	2,329	519	189.7	2,659	\$11.3	\$27.8	\$38,642	1.5	2.68	6.72	7.7
2023	605,397	2,602	524	192.3	2,711	\$11.8	\$29.0	\$39,217	1.5	2.72	6.97	7.7
2024	613,183	2,519	529	194.9	2,648	\$12.3	\$30.3	\$39,772	1.6	2.78	7.19	7.8
2025	620,891	2,397	535	197.4	2,569	\$12.9	\$31.6	\$40,300	1.7	2.81	7.47	7.8
2026	628,439	2,184	540	199.9	2,511	\$13.5	\$32.9	\$40,698	1.7	2.80	7.76	7.9
2027	635,483	1,655	545	202.2	2,309	\$14.1	\$34.1	\$41,038	1.7	2.77	7.97	7.9
2028	642,535	1,658	551	204.5	2,230	\$14.7	\$35.4	\$41,401	1.7	2.78	8.25	7.9
2029	649,589	1,667	556	206.6	2,085	\$15.4	\$36.7	\$41,750	1.7	2.77	8.54	7.9
2030	656,423	1,444	562	208.7	1,907	\$16.1	\$38.0	\$42,092	1.7	2.67	8.81	8.0
2031	662,914	1,104	567	210.6	1,728	\$16.7	\$39.4	\$42,446	1.7	2.57	9.10	8.0
2032	669,335	1,037	573	212.3	1,543	\$17.4	\$40.8	\$42,801	1.7	2.65	9.43	8.0
2033	675,696	982	578	213.9	1,465	\$18.1	\$42.2	\$43,156	1.7	2.71	9.77	8.1
2034	681,923	858	584	215.5	1,508	\$18.7	\$43.7	\$43,532	1.7	2.74	10.12	8.1
2035	687,974	704	590	217.0	1,399	\$19.4	\$45.2	\$43,913	1.7	2.71	10.47	8.1
2036	693,960	665	596	218.5	1,435	\$20.1	\$46.8	\$44,311	1.7	2.80	10.86	8.1
2037	699,978	711	602	220.0	1,529	\$20.8	\$48.5	\$44,717	1.7	2.81	11.24	8.2
2038	706,240	962	608	221.6	1,632	\$21.5	\$50.2	\$45,116	1.7	2.67	11.60	8.2
2039	712,466	937	615	223.4	1,641	\$22.2	\$52.0	\$45,548	1.7	2.70	12.02	8.3
2040	718,600	851	622	225.1	1,524	\$22.9	\$53.9	\$45,994	1.7	2.72	12.58	8.3

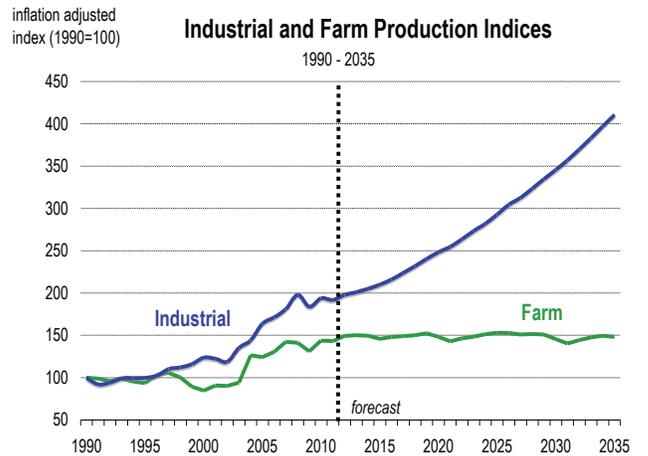
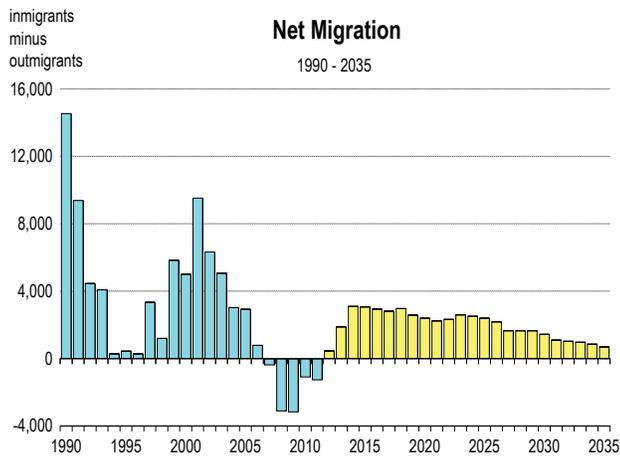
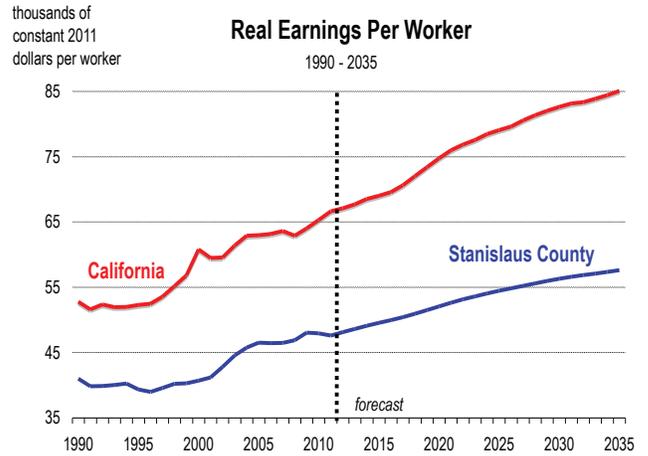
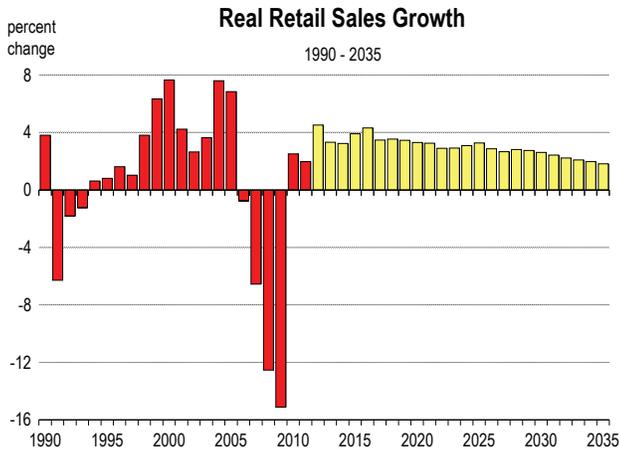


Stanislaus County Employment Forecast

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	172.8	12.93	13.2	22.2	5.2	28.4	6.3	14.8	2.4	19.9	15.3	26.3
2007	173.0	12.88	11.2	22.9	5.6	28.1	6.2	14.8	2.3	21.1	15.4	26.5
2008	170.0	13.55	9.1	22.6	5.7	27.2	6.1	14.3	1.9	21.7	15.5	26.7
2009	159.7	12.93	6.6	20.9	5.7	25.6	5.6	13.2	1.3	22.2	14.7	25.8
2010	159.2	12.85	5.9	20.7	6.2	25.4	5.5	12.5	1.2	23.2	14.6	26.2
2011	156.6	12.78	5.8	19.9	6.2	25.4	5.4	11.9	1.1	23.5	14.2	25.7
2012	158.6	12.81	6.3	20.2	6.3	25.7	5.5	12.9	1.1	23.9	14.4	24.6
2013	163.0	12.84	7.1	20.4	6.4	26.0	5.5	13.7	1.2	24.4	14.6	25.6
2014	168.1	12.86	8.5	20.5	6.5	26.5	5.5	14.6	1.2	24.9	14.9	26.7
2015	172.6	12.86	9.4	20.7	6.6	27.2	5.6	15.3	1.3	25.3	15.4	27.2
2016	176.5	12.86	9.6	20.8	6.7	28.0	5.6	16.0	1.4	25.8	15.8	27.8
2017	179.3	12.81	9.6	20.9	6.9	28.6	5.6	16.5	1.4	26.2	16.2	28.3
2018	181.9	12.74	9.9	21.0	7.0	29.1	5.6	16.8	1.5	26.6	16.5	28.6
2019	183.8	12.70	10.0	21.1	7.2	29.7	5.6	17.2	1.5	26.9	16.6	28.8
2020	185.7	12.70	10.1	21.1	7.4	30.2	5.6	17.5	1.6	27.2	16.6	29.0
2021	187.7	12.70	10.2	21.1	7.6	30.7	5.7	17.8	1.6	27.5	16.6	29.2
2022	189.9	12.70	10.3	21.2	7.9	31.3	5.7	18.1	1.7	27.9	16.6	29.4
2023	192.2	12.71	10.5	21.4	8.1	32.0	5.7	18.4	1.7	28.2	16.6	29.6
2024	194.5	12.71	10.7	21.3	8.4	32.6	5.8	18.8	1.8	28.6	16.5	29.8
2025	196.8	12.71	10.7	21.5	8.6	33.2	5.8	19.2	1.9	28.9	16.4	30.0
2026	199.0	12.72	10.6	21.6	8.9	33.8	5.8	19.7	1.9	29.4	16.4	30.2
2027	200.9	12.72	10.6	21.5	9.1	34.4	5.8	20.1	1.9	29.9	16.4	30.4
2028	203.2	12.72	10.5	21.5	9.4	34.9	5.9	20.5	2.0	30.4	16.4	30.6
2029	205.5	12.73	10.4	21.6	9.6	35.5	5.9	20.9	2.1	30.9	16.5	30.9
2030	207.7	12.73	10.4	21.6	9.9	36.1	5.9	21.3	2.1	31.3	16.5	31.1
2031	209.8	12.74	10.2	21.6	10.1	36.6	5.9	21.7	2.2	31.8	16.6	31.3
2032	212.0	12.74	10.2	21.7	10.4	37.2	5.9	22.1	2.2	32.3	16.6	31.5
2033	214.3	12.74	10.1	21.8	10.7	37.7	5.9	22.5	2.3	32.7	16.7	31.7
2034	216.6	12.75	10.1	21.8	10.9	38.3	5.9	22.8	2.4	33.2	16.7	31.9
2035	218.8	12.75	10.1	21.9	11.2	38.8	5.9	23.1	2.4	33.7	16.8	32.2
2036	221.2	12.75	10.2	22.0	11.5	39.3	5.9	23.4	2.5	34.3	16.8	32.4
2037	223.7	12.76	10.2	22.0	11.8	39.8	5.9	23.7	2.6	34.9	16.9	32.6
2038	226.2	12.76	10.3	22.0	12.1	40.3	5.9	24.0	2.6	35.6	16.9	32.8
2039	228.8	12.77	10.4	22.1	12.4	40.8	5.9	24.3	2.7	36.3	17.0	33.1
2040	231.4	12.77	10.4	22.1	12.8	41.3	6.0	24.6	2.8	37.0	17.1	33.3





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	25.1 %
Expected job growth:	15.8 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	19.7 %

Expected population growth:	8.0 %
Net migration to account for:	34.4 %
Expected growth in number of vehicles:	11.1 %

Demographics

Unemployment rate (March 2012):	17.4 %
County Rank* in California (58 counties):	45th
Working age (16-64) population:	63.6 %

Population with B.A. Degree or higher:	16.2 %
Median Home Selling Price:	\$139,000
Median Household Income:	\$48,517

Quality of Life

Violent Crime rate (2010):	503 per 100,000 persons
County Rank* in California (58 counties):	45th
Average Commute Time to work (2012):	28.0 minutes

High School drop out rate (2010):	19.4 %
Households at/below poverty line:	13.1 %

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