

KERN COUNTY ECONOMIC FORECAST

Kern County is located at the southern end of California's Central Valley, just north of Los Angeles County. Agriculture is a vital component of the Kern County economy, and total crop value consistently ranks within top five of the most productive counties in the nation. Kern County has a population of almost 856,000 people and almost 297,000 wage and salary jobs. In 2012, the per capita income in Kern County was \$32,839, and the average salary per worker was \$53,789.

Kern County is a large producer of oil and natural gas. In 2012, the region produced more than 138 million barrels of oil, representing more than 70 percent of California's total oil production. In addition, Kern County produced almost 142 billion cubic feet of natural gas, accounting for almost 64 percent of the state total.

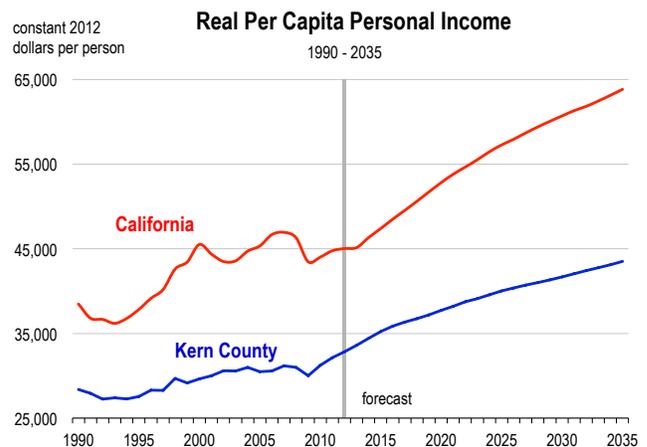
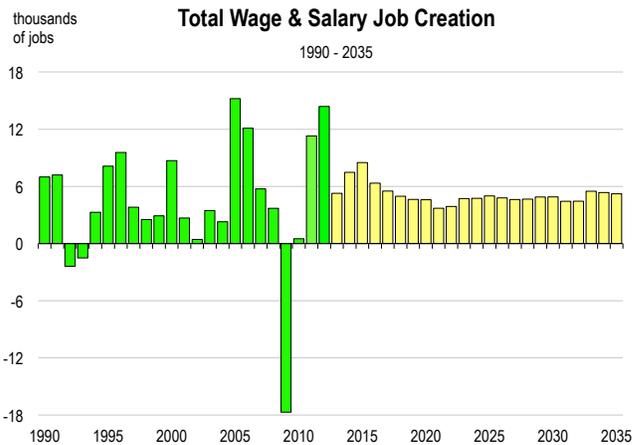
During 2012, employment across Southern California increased by 2.1 percent. Kern County, however, gained 14,400 total wage and salary jobs, representing a growth rate of 5.1 percent – one of the fastest in the state. The unemployment rate, while still high, improved dramatically, falling to 13.3 percent.

In 2012, job growth primarily occurred in the agricultural sector (+6,100 jobs), the construction industry (+2,600 jobs), and the professional services industry (+1,300 jobs). The only sector to lose a significant number of jobs was government (-1,300 jobs).

Between 2007 and 2012, the population of Kern County grew by 8.8 percent, representing an annual average increase of 1.4 percent. Most of this growth was due to the natural increase (new births), as net migration was relatively low.

FORECAST HIGHLIGHTS

- Total wage and salary employment is expected to increase by 1.8 percent in 2013, and by an annual average of 2.1 percent between 2013 and 2018.
- Between 2013 and 2018, job growth will be lead by professional and business services, education and healthcare, leisure services, and construction. Together, these sectors are expected to create more than 21,000 jobs, representing 65 percent of all new positions in the county.
- Average salaries, adjusted for inflation, are currently well below the California state average, and will remain so over the forecast horizon. Real average salaries will increase by 1.0 percent per year from 2013 to 2018.
- Population growth has slowed in recent years, but is expected to accelerate through 2018. Though it will not match the rapid pace that was observed from 2001-2007, it will remain relatively high, averaging 1.8 percent



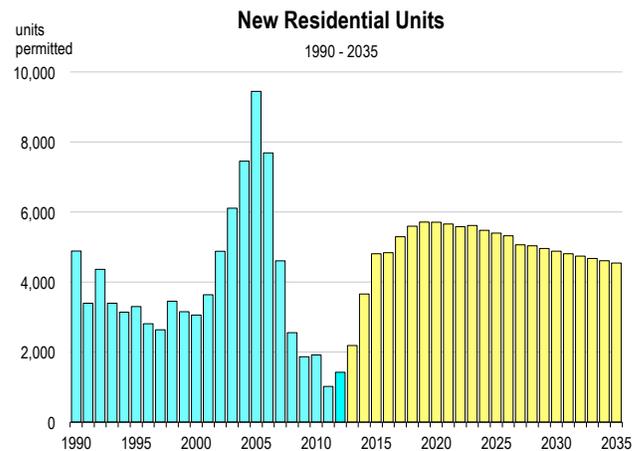
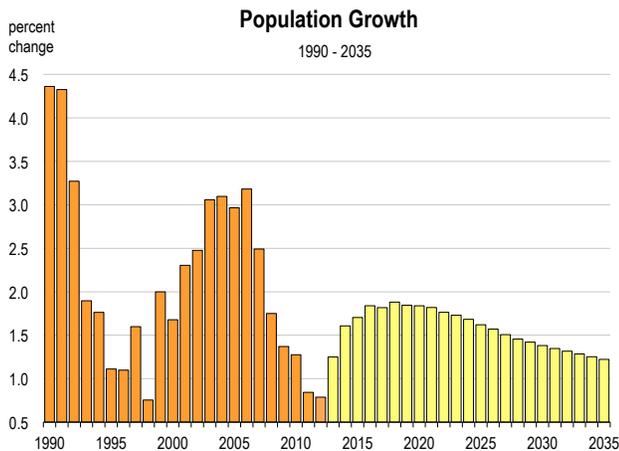
per year from 2013 to 2018. Over this time, frame the county will remain one of the fastest growing areas of the state.

- From 2013 to 2018, net migration will rise as more job creation occurs. An average of 5,300 net migrants are expected to enter the county each year during this period.
- Real per capita income is expected to increase at a rate of 2.3 percent in 2013. An annual average rate of 1.8 percent is forecast between 2013 and 2018.
- Total taxable sales are expected to increase by an average of 1.6 percent per year between 2013 and 2018.
- Industrial production is expected to increase by 2.4 percent in 2013. From 2013 to 2018, the growth rate of industrial production is expected to average 3.2 percent per year.
- Farm production is forecast to increase by 0.6 percent per year between 2013 and 2018. The principal farm product in the county is grapes.

Kern County Economic Forecast

2006-2012 History, 2013-2040 Forecast

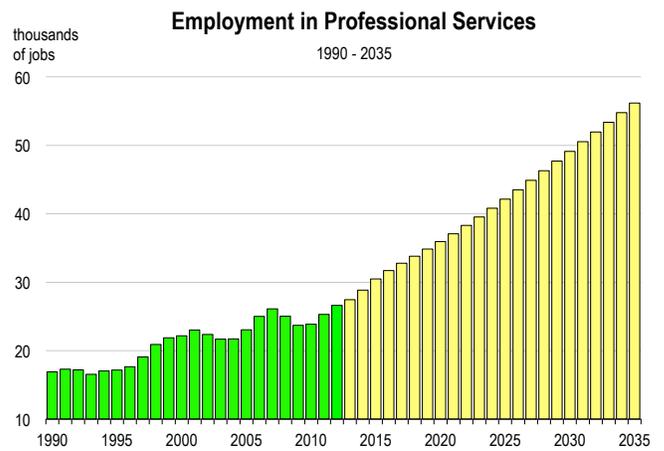
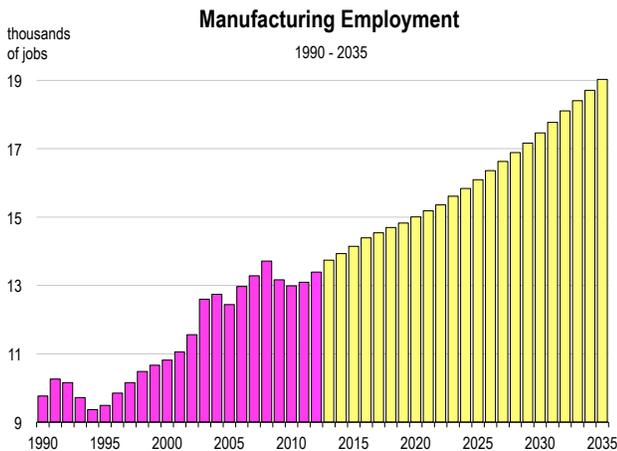
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	786,220	15,131	669	237.0	7,691	\$12.0	\$21.4	\$30,568	4.3	3.9	10.0	7.6
2007	805,798	9,681	672	243.0	4,608	\$11.9	\$23.1	\$31,187	3.3	4.5	10.7	8.2
2008	819,891	3,884	676	248.7	2,558	\$12.1	\$24.2	\$30,996	3.5	4.2	12.7	9.7
2009	831,134	1,474	678	251.5	1,868	\$9.9	\$23.5	\$30,011	-0.8	3.8	9.8	14.4
2010	841,744	1,084	681	253.1	1,920	\$11.1	\$25.1	\$31,229	1.2	5.0	10.2	15.9
2011	848,839	-2,020	682	254.6	1,022	\$13.7	\$26.7	\$32,148	2.7	5.5	12.8	14.9
2012	855,522	-2,345	684	257.4	1,425	\$14.2	\$28.1	\$32,839	2.0	5.5	14.0	13.3
2013	866,210	1,410	691	258.3	2,189	\$15.1	\$29.7	\$33,606	1.7	5.5	14.4	12.5
2014	880,136	4,426	700	260.3	3,661	\$15.7	\$31.6	\$34,432	2.1	5.6	14.8	11.1
2015	895,130	5,315	710	263.7	4,809	\$16.4	\$33.8	\$35,234	1.5	5.5	15.4	9.6
2016	911,591	6,617	722	268.2	4,840	\$17.0	\$35.8	\$35,878	1.8	5.6	15.9	8.8
2017	928,156	6,536	735	272.6	5,296	\$17.5	\$37.5	\$36,337	1.5	5.6	16.4	8.5
2018	945,612	7,299	749	277.6	5,597	\$18.1	\$39.3	\$36,761	1.5	5.7	16.9	8.4
2019	963,060	7,217	763	282.7	5,714	\$18.6	\$41.2	\$37,214	1.5	5.8	17.4	8.4
2020	980,766	7,450	778	288.0	5,711	\$19.2	\$43.3	\$37,724	1.5	5.7	18.0	8.4
2021	998,603	7,559	794	293.3	5,659	\$19.8	\$45.5	\$38,211	1.6	5.7	18.6	8.6
2022	1,016,214	7,291	811	298.6	5,584	\$20.3	\$47.8	\$38,740	1.7	5.8	19.2	8.6
2023	1,033,791	7,170	829	303.8	5,618	\$21.2	\$50.0	\$39,125	1.7	5.8	19.9	8.7
2024	1,051,187	6,904	847	309.0	5,479	\$22.1	\$52.5	\$39,563	1.8	5.9	20.5	8.8
2025	1,068,217	6,468	865	314.1	5,400	\$23.2	\$55.0	\$40,026	1.8	5.9	21.3	8.9
2026	1,084,997	6,155	884	319.1	5,323	\$24.3	\$57.5	\$40,370	1.9	6.0	22.0	8.9
2027	1,101,344	5,653	903	324.0	5,065	\$25.4	\$60.1	\$40,725	1.9	6.0	22.8	8.9
2028	1,117,375	5,258	922	328.7	5,037	\$26.6	\$62.7	\$41,006	1.9	6.0	23.6	9.0
2029	1,133,249	5,044	941	333.4	4,961	\$27.9	\$65.4	\$41,319	1.9	6.1	24.4	9.0
2030	1,148,902	4,770	961	338.0	4,883	\$29.2	\$68.3	\$41,687	1.9	6.0	25.2	8.9
2031	1,164,379	4,534	981	342.5	4,810	\$30.5	\$71.2	\$42,047	1.9	6.0	26.1	8.9
2032	1,179,706	4,319	1,001	346.9	4,743	\$31.8	\$74.3	\$42,428	1.9	6.1	27.0	8.8
2033	1,194,860	4,082	1,021	351.3	4,676	\$33.1	\$77.4	\$42,759	1.9	6.2	28.0	8.8
2034	1,209,826	3,840	1,041	355.7	4,610	\$34.3	\$80.7	\$43,107	1.9	6.2	29.0	8.8
2035	1,224,612	3,627	1,062	360.0	4,545	\$35.6	\$84.1	\$43,505	1.9	6.2	30.0	8.7
2036	1,239,295	3,509	1,083	364.2	4,481	\$36.9	\$87.7	\$43,882	1.9	6.4	31.0	8.7
2037	1,253,934	3,473	1,104	368.3	4,423	\$38.2	\$91.5	\$44,341	1.9	6.4	32.1	8.5
2038	1,268,543	3,463	1,126	372.4	4,371	\$39.5	\$95.3	\$44,702	1.9	6.3	33.3	8.4
2039	1,283,174	3,497	1,147	376.5	4,326	\$40.7	\$99.2	\$45,058	1.9	6.4	34.4	8.2
2040	1,297,812	3,514	1,169	380.5	4,286	\$42.0	\$103.5	\$45,541	1.8	6.5	35.7	8.1

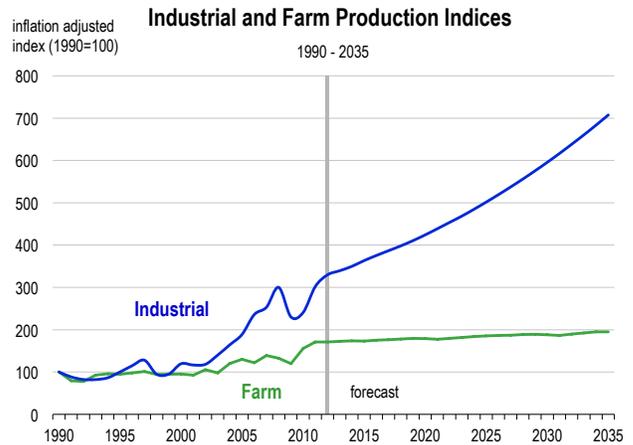
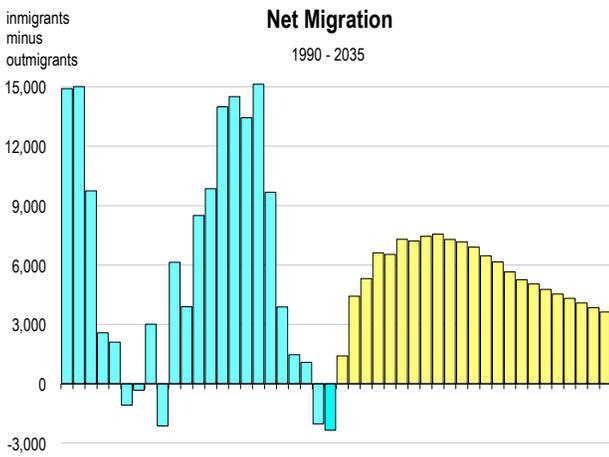
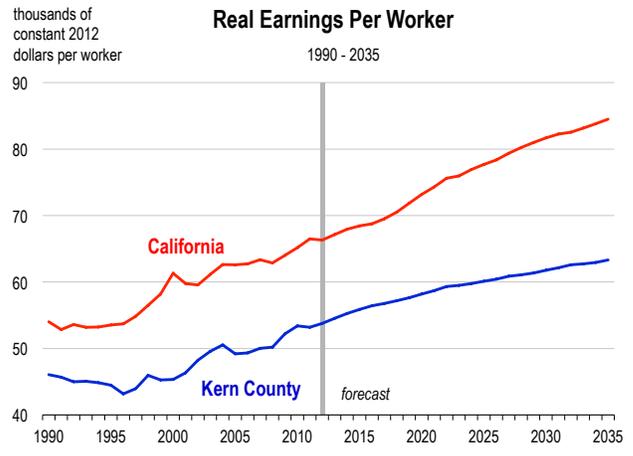
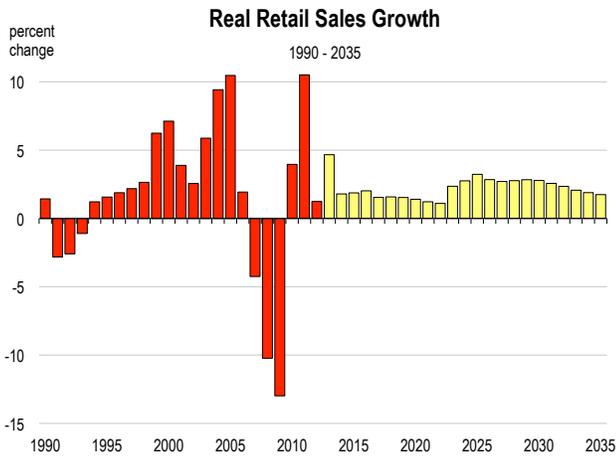


Kern County Employment Forecast

2006-2012 History, 2013-2040 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	278.6	45.25	20.0	13.0	9.4	36.9	9.0	25.0	2.7	23.0	20.7	57.7
2007	284.3	45.60	18.4	13.3	9.6	37.0	9.1	26.1	2.8	24.5	21.5	60.0
2008	288.0	49.56	16.5	13.7	9.6	35.6	8.9	25.0	3.0	25.5	21.5	61.5
2009	270.3	42.26	13.1	13.2	8.9	33.8	8.5	23.7	2.8	25.8	21.0	60.8
2010	270.8	44.58	12.7	13.0	8.4	33.7	8.2	23.9	2.7	25.8	20.5	60.6
2011	282.1	48.80	13.9	13.1	8.7	34.9	8.3	25.3	2.6	26.9	20.7	60.2
2012	296.5	54.91	16.5	13.4	9.1	35.8	8.7	26.6	2.7	28.1	21.5	58.8
2013	301.8	54.89	17.3	13.7	9.5	36.7	9.2	27.4	2.7	29.0	22.1	58.7
2014	309.3	55.24	18.3	13.9	10.0	37.2	9.5	28.8	2.8	30.7	22.7	59.1
2015	317.8	55.59	19.7	14.1	10.5	37.7	9.9	30.5	2.9	32.5	23.6	59.6
2016	324.1	55.48	20.6	14.4	10.8	38.3	10.3	31.7	2.9	33.8	24.6	59.8
2017	329.6	55.94	20.7	14.5	11.1	38.8	10.5	32.8	3.0	35.2	25.4	60.0
2018	334.6	56.30	21.0	14.7	11.4	39.2	10.8	33.8	3.0	36.5	25.8	60.4
2019	339.2	56.64	21.2	14.8	11.6	39.7	11.0	34.8	3.1	37.9	26.0	60.7
2020	343.8	57.10	21.3	15.0	11.8	40.1	11.3	35.9	3.1	39.3	26.1	61.2
2021	347.5	56.87	21.2	15.2	12.0	40.5	11.4	37.1	3.2	40.7	26.2	61.2
2022	351.4	56.53	21.2	15.4	12.3	40.8	11.6	38.3	3.2	42.2	26.2	61.4
2023	356.2	57.10	21.1	15.6	12.5	41.4	11.8	39.5	3.3	43.2	26.3	61.7
2024	360.9	57.55	21.1	15.8	12.7	42.1	11.9	40.8	3.3	44.4	26.5	62.1
2025	365.9	58.12	21.0	16.1	12.9	42.8	12.0	42.1	3.4	45.4	26.7	62.3
2026	370.7	58.57	20.9	16.4	13.2	43.5	12.1	43.5	3.5	46.4	26.9	62.6
2027	375.3	58.80	20.8	16.6	13.4	44.2	12.2	44.9	3.5	47.5	27.1	62.9
2028	380.0	58.91	20.7	16.9	13.6	44.9	12.3	46.3	3.6	48.6	27.4	63.2
2029	384.9	59.25	20.6	17.2	13.8	45.6	12.4	47.7	3.6	49.6	27.7	63.5
2030	389.8	59.48	20.6	17.5	14.0	46.4	12.4	49.1	3.7	50.7	28.0	63.8
2031	394.2	59.14	20.5	17.8	14.3	47.1	12.5	50.5	3.8	51.9	28.2	64.1
2032	398.7	58.80	20.5	18.1	14.5	47.8	12.6	52.0	3.8	53.1	28.5	64.4
2033	404.1	59.59	20.5	18.4	14.7	48.4	12.6	53.4	3.9	54.3	28.7	64.7
2034	409.5	60.27	20.5	18.7	14.9	49.0	12.7	54.8	4.0	55.5	29.0	65.0
2035	414.7	60.83	20.4	19.0	15.1	49.6	12.8	56.2	4.0	56.6	29.3	65.3
2036	419.5	60.95	20.4	19.4	15.4	50.1	12.8	57.6	4.1	57.8	29.6	65.6
2037	425.1	61.85	20.5	19.7	15.6	50.7	12.9	59.1	4.2	58.9	29.9	65.9
2038	430.3	62.30	20.5	20.0	15.8	51.2	13.0	60.5	4.3	60.0	30.2	66.2
2039	434.3	61.63	20.5	20.4	16.0	51.6	13.1	62.0	4.3	61.1	30.4	66.5
2040	439.5	62.19	20.6	20.7	16.3	52.1	13.2	63.6	4.4	62.1	30.7	66.9





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

Expected retail sales growth:	9.1 %
Expected job growth:	10.9 %
Fastest growing jobs sector:	Education and Health
Expected personal income growth:	19.4 %

Expected population growth:	9.2 %
Net migration to account for:	38.0 %
Expected growth in number of vehicles:	8.4 %

Demographics (2013)

Unemployment rate (April 2013)	12.1 %
County Rank* in California (58 counties):	39th
Working age (16-64) population:	64.2 %

Population with B.A. Degree or higher:	14.8 %
Median Home Selling Price (2012):	\$135,000
Median Household Income:	\$45,173

Quality of Life

Violent Crime rate (2010):	578 per 100,000 persons
County Rank* in California (58 counties):	50th
Average Commute Time to work (2013):	25.5 minutes

High School drop out rate (2011):	19.4 %
Households at/below poverty line (2013):	17.3 %

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