

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 64,400 people and a total of 13,400 wage and salary jobs. The per capita income in Lake County is \$34,611 and the average salary per worker is \$42,672.

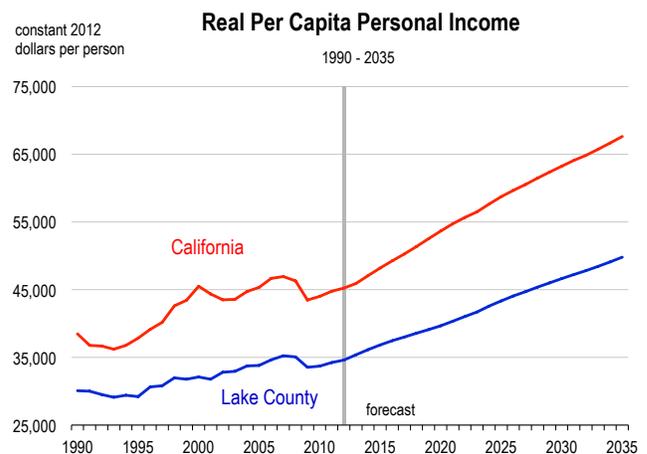
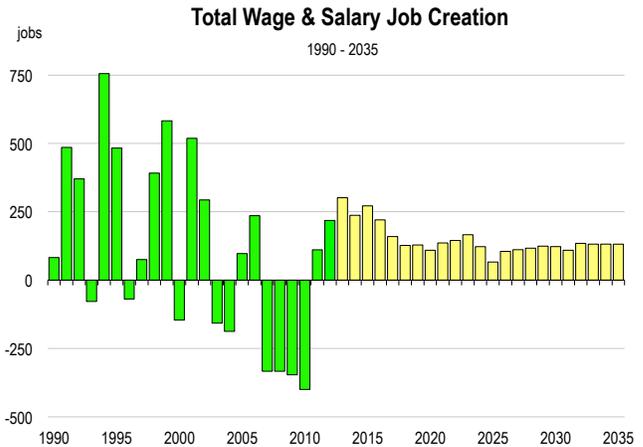
In 2012, total wage and salary employment increased by 218 jobs in Lake County. This represents a growth rate of 1.7 percent. Non-farm employment grew by 174 jobs, while farm employment increased by 44. The unemployment rate, while still very high, improved substantially, falling from 16.9 percent in 2011 to 15.0 percent in 2012.

Over the past year, the largest employment gains were observed in education and healthcare (+82 jobs), agriculture (+44 jobs), “miscellaneous services” (+42 jobs), and government (+39 jobs). Notably, the construction industry was characterized by a small employment gain – only the second such occurrence in the last decade. In 2012, leisure and hospitality was the only sector with significant losses (-28 jobs).

Between 2007 and 2012, the population of Lake County grew at an annual rate of 0.1 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 projected to be 2.2 percent in 2013. Over the 2013-2018 period, growth will average 1.4 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 by an average of 1.6 percent per year from 2013 to 2018.
- Between 2013 and 2018, the momentum for employment growth will be in transportation and utilities, leisure and hospitality, education and healthcare, professional services, and government. Together, these industries will account for 80 percent of net job creation in the county.
- Annual population growth in the 2013-2018 period is expected to average 0.6 percent per year.

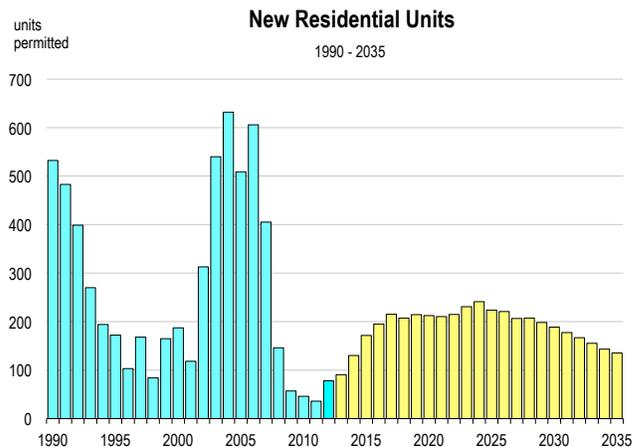
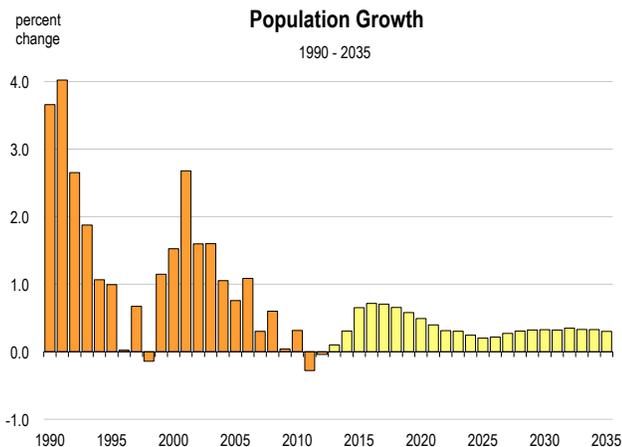


- Net migration will be moderate over the next five years, with an average of 440 net in-migrants each year. Net migration will be responsible for all employment growth, as the county will experience a natural decrease each year.
- Real per capita income is forecast to increase by 2.2 percent in 2013. From 2013 to 2018, real per capita income is expected to increase by an average of 1.7 percent per year.
- Between 2013 and 2018, total taxable sales, adjusted for inflation, are forecast to rise by 1.9 percent per year.
- Industrial production is expected to rise by 4.7 percent per year from 2013 to 2018. Over the same period, total crop production is expected to increase by an average of 1.1 percent per year. The principal crop in the county is the wine grape.

Lake 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 (millions)	Real Industrial Production (millions)	Unemploy- ment Rate (percent)
2006	63,792	759	87.1	25.2	606	\$0.57	\$1.93	\$34,624	3.3	75.5	145.0	7.7
2007	63,986	235	85.5	25.8	405	\$0.57	\$2.03	\$35,252	3.2	79.7	144.4	8.4
2008	64,370	458	85.1	26.3	146	\$0.57	\$2.10	\$35,060	3.1	65.8	148.3	10.6
2009	64,396	113	84.9	26.4	57	\$0.46	\$2.03	\$33,547	0.9	69.5	136.8	15.3
2010	64,599	300	85.0	26.5	46	\$0.46	\$2.07	\$33,711	1.2	67.7	138.1	17.7
2011	64,419	-115	84.4	26.6	36	\$0.51	\$2.15	\$34,230	2.6	68.6	144.2	16.9
2012	64,394	45	82.6	26.7	78	\$0.55	\$2.23	\$34,611	2.7	68.2	150.0	15.0
2013	64,459	109	82.3	26.7	90	\$0.57	\$2.33	\$35,364	2.3	66.2	155.2	13.2
2014	64,658	228	81.9	26.8	130	\$0.60	\$2.45	\$36,130	2.7	69.0	162.9	12.1
2015	65,080	458	81.7	26.9	171	\$0.63	\$2.57	\$36,827	2.1	69.2	170.7	10.8
2016	65,546	509	81.5	27.0	195	\$0.65	\$2.70	\$37,484	2.4	70.4	178.9	9.9
2017	66,009	515	81.4	27.1	215	\$0.68	\$2.81	\$38,000	2.1	70.4	187.0	9.6
2018	66,442	498	81.4	27.3	207	\$0.70	\$2.93	\$38,564	2.1	69.9	195.3	9.5
2019	66,828	465	81.6	27.4	214	\$0.73	\$3.05	\$39,090	2.1	70.0	203.9	9.4
2020	67,156	417	81.8	27.6	212	\$0.76	\$3.18	\$39,661	2.1	70.4	211.1	9.3
2021	67,424	361	82.0	27.7	210	\$0.78	\$3.32	\$40,324	2.2	70.9	217.3	8.9
2022	67,635	310	82.3	27.9	215	\$0.81	\$3.47	\$41,028	2.3	71.8	223.5	8.4
2023	67,841	306	82.7	28.1	231	\$0.84	\$3.62	\$41,706	2.3	72.9	229.6	8.2
2024	68,008	275	83.2	28.2	241	\$0.87	\$3.79	\$42,555	2.4	67.6	237.1	8.2
2025	68,145	256	83.6	28.4	224	\$0.91	\$3.96	\$43,340	2.4	65.4	244.4	8.2
2026	68,294	278	84.1	28.6	221	\$0.95	\$4.13	\$44,056	2.5	64.5	251.7	8.2
2027	68,479	327	84.6	28.7	206	\$0.99	\$4.31	\$44,710	2.5	64.2	259.3	8.2
2028	68,690	365	85.1	28.9	207	\$1.03	\$4.49	\$45,364	2.5	64.2	267.1	8.2
2029	68,911	388	85.6	29.1	198	\$1.07	\$4.69	\$46,015	2.5	64.3	275.2	8.2
2030	69,137	404	86.1	29.2	189	\$1.11	\$4.88	\$46,627	2.5	64.4	283.5	8.2
2031	69,360	414	86.6	29.4	177	\$1.16	\$5.08	\$47,221	2.5	64.6	292.0	8.2
2032	69,602	446	87.2	29.5	167	\$1.21	\$5.29	\$47,795	2.5	64.8	300.8	8.2
2033	69,832	445	87.8	29.6	155	\$1.26	\$5.51	\$48,440	2.5	65.0	309.8	8.2
2034	70,062	458	88.4	29.8	143	\$1.31	\$5.75	\$49,115	2.5	65.3	319.1	8.2
2035	70,273	454	89.1	29.9	135	\$1.37	\$5.99	\$49,811	2.5	65.5	328.7	8.2
2036	70,467	451	89.8	30.0	127	\$1.42	\$6.24	\$50,511	2.5	65.7	338.5	8.2
2037	70,652	459	90.5	30.1	125	\$1.48	\$6.51	\$51,252	2.5	66.0	348.6	8.2
2038	70,816	455	91.1	30.2	113	\$1.54	\$6.79	\$52,016	2.5	66.2	358.9	8.2
2039	70,952	445	91.8	30.3	100	\$1.60	\$7.08	\$52,819	2.5	66.5	369.6	8.2
2040	71,076	451	92.5	30.4	88	\$1.65	\$7.38	\$53,620	2.4	66.8	385.1	8.2

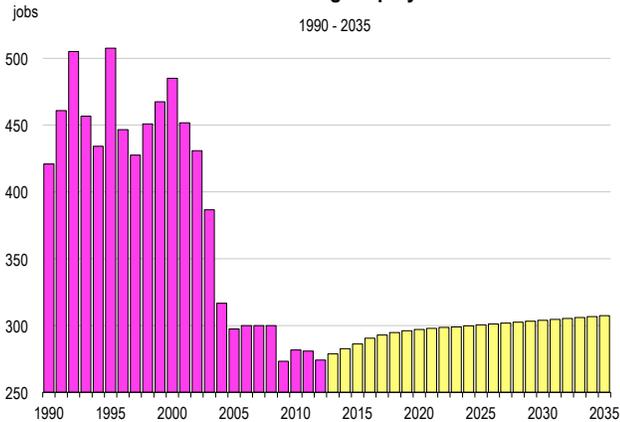


Lake County Employment Forecast

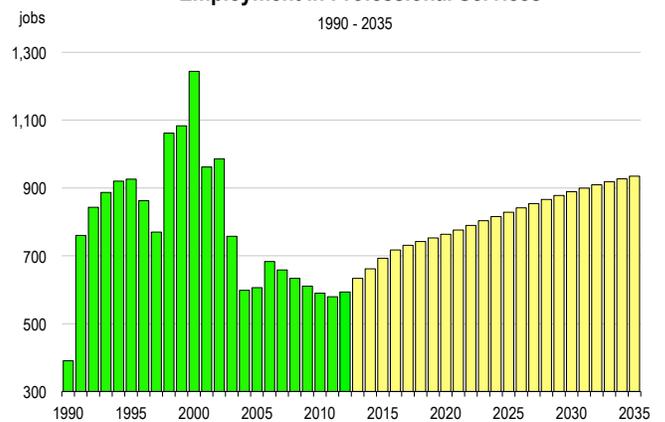
2006-2012 History, 2013-2040 Forecast

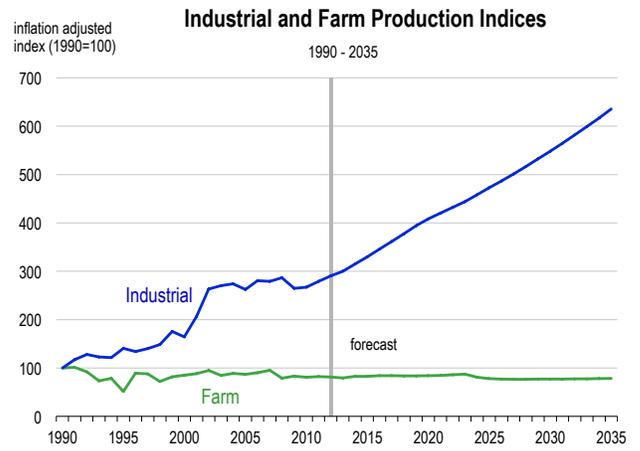
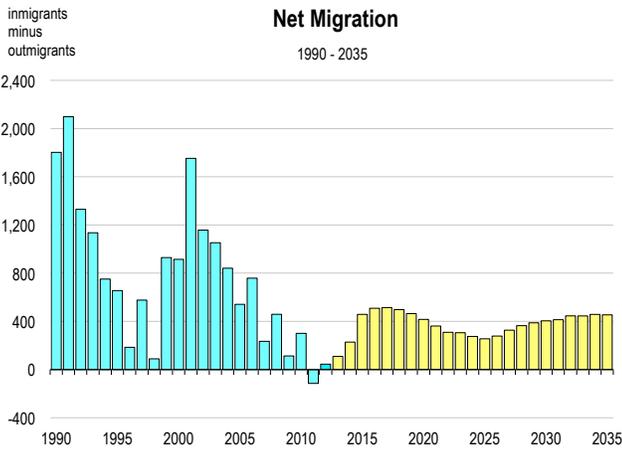
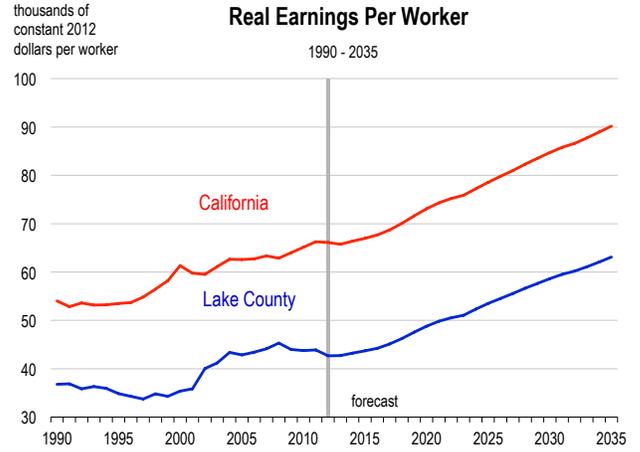
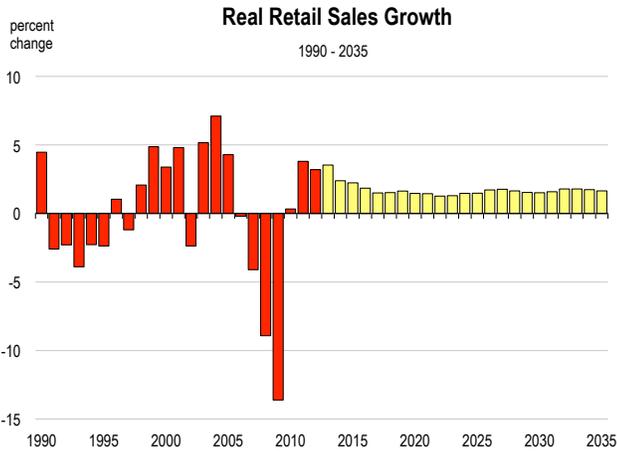
	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
2006	14.53	0.99	0.85	0.30	0.60	2.26	0.46	0.68	0.18	2.19	1.59	4.08
2007	14.20	1.04	0.84	0.30	0.60	2.28	0.40	0.66	0.13	2.22	1.41	4.00
2008	13.87	0.99	0.68	0.30	0.60	2.23	0.40	0.63	0.10	2.20	1.33	4.10
2009	13.52	1.13	0.47	0.27	0.54	2.17	0.37	0.61	0.13	2.15	1.26	4.10
2010	13.12	1.06	0.38	0.28	0.53	2.10	0.35	0.59	0.13	2.09	1.13	4.11
2011	13.23	1.15	0.34	0.28	0.56	2.11	0.36	0.58	0.14	2.19	1.11	3.91
2012	13.45	1.19	0.35	0.27	0.59	2.10	0.36	0.59	0.15	2.27	1.08	3.95
2013	13.75	1.19	0.39	0.28	0.59	2.12	0.36	0.63	0.16	2.30	1.16	4.03
2014	13.99	1.20	0.42	0.28	0.62	2.13	0.36	0.66	0.16	2.38	1.20	4.04
2015	14.26	1.21	0.44	0.29	0.64	2.14	0.36	0.69	0.17	2.45	1.25	4.08
2016	14.48	1.22	0.47	0.29	0.66	2.15	0.36	0.72	0.17	2.50	1.29	4.12
2017	14.64	1.22	0.48	0.29	0.68	2.16	0.36	0.73	0.17	2.54	1.30	4.16
2018	14.77	1.23	0.48	0.29	0.70	2.17	0.37	0.74	0.17	2.58	1.31	4.20
2019	14.89	1.23	0.49	0.30	0.72	2.18	0.37	0.75	0.17	2.62	1.31	4.24
2020	15.00	1.24	0.49	0.30	0.73	2.18	0.37	0.76	0.17	2.65	1.31	4.27
2021	15.14	1.24	0.50	0.30	0.73	2.19	0.37	0.78	0.17	2.69	1.33	4.31
2022	15.29	1.25	0.51	0.30	0.73	2.20	0.37	0.79	0.17	2.74	1.35	4.35
2023	15.45	1.26	0.52	0.30	0.74	2.20	0.37	0.80	0.17	2.78	1.36	4.42
2024	15.57	1.25	0.53	0.30	0.74	2.21	0.37	0.82	0.17	2.83	1.36	4.47
2025	15.64	1.25	0.54	0.30	0.75	2.22	0.37	0.83	0.17	2.87	1.36	4.46
2026	15.75	1.25	0.54	0.30	0.75	2.23	0.38	0.84	0.17	2.91	1.36	4.49
2027	15.86	1.25	0.54	0.30	0.76	2.24	0.38	0.85	0.17	2.95	1.36	4.52
2028	15.97	1.26	0.55	0.30	0.76	2.24	0.38	0.87	0.17	2.99	1.36	4.56
2029	16.10	1.27	0.56	0.30	0.77	2.25	0.38	0.88	0.17	3.03	1.36	4.60
2030	16.22	1.27	0.57	0.30	0.78	2.26	0.38	0.89	0.17	3.08	1.36	4.64
2031	16.33	1.28	0.57	0.30	0.78	2.27	0.39	0.90	0.17	3.12	1.37	4.67
2032	16.46	1.29	0.57	0.31	0.79	2.27	0.39	0.91	0.17	3.16	1.37	4.72
2033	16.60	1.30	0.57	0.31	0.79	2.28	0.39	0.92	0.17	3.21	1.37	4.78
2034	16.73	1.31	0.58	0.31	0.80	2.29	0.39	0.93	0.17	3.25	1.37	4.83
2035	16.86	1.31	0.58	0.31	0.80	2.30	0.39	0.93	0.17	3.29	1.37	4.89
2036	16.99	1.32	0.59	0.31	0.81	2.31	0.40	0.94	0.17	3.33	1.37	4.94
2037	17.13	1.33	0.59	0.31	0.81	2.31	0.40	0.95	0.17	3.38	1.37	5.00
2038	17.27	1.34	0.60	0.31	0.82	2.32	0.40	0.96	0.17	3.42	1.37	5.05
2039	17.40	1.35	0.60	0.31	0.83	2.33	0.40	0.97	0.17	3.46	1.37	5.11
2040	17.53	1.36	0.60	0.31	0.83	2.33	0.40	0.97	0.17	3.51	1.37	5.16

Manufacturing Employment



Employment in Professional Services





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

Expected retail sales growth:	9.9 %
Expected job growth:	7.4 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	12.4 %

Expected population growth:	3.1 %
Net migration to account for:	100.0%
Expected growth in number of vehicles:	-1.0 %

Demographics (2013)

Unemployment rate (April 2013)	12.8 %
County Rank* in California (58 counties):	44th
Working age (16-64) population:	62.8 %

Population with B.A. Degree or higher:	16.4 %
Median Home Selling Price (2012):	\$119,000
Median Household Income:	\$30,788

Quality of Life

Violent Crime rate (2010):	453 per 100,000 persons
County Rank* in California (58 counties):	39th
Average Commute Time to work (2013):	29.3 minutes

High School drop out rate (2011):	10.7 %
Households at/below poverty line (2013):	14.6 %

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