

SAN BERNARDINO COUNTY ECONOMIC FORECAST

San Bernardino County is the largest county in the nation in terms of total land area. San Bernardino County and Riverside County comprise the Inland Empire, one of the fastest growing metro areas in the nation from 1997 to 2006. The recession has had an outsized impact on the region, but general economic improvements have been observed over the last two years.

San Bernardino County has a population of 2.1 million people and a total of 608,000 wage and salary jobs. The per capita income is \$31,174 and the average salary per worker is \$54,610.

Despite heavy fallout from the housing bubble and subsequent recession, the San Bernardino County labor market improved in 2012. The county added a total of 12,100 jobs, representing a growth rate of 2.0 percent. This is a positive development, and is similar to the 2.1 percent growth that occurred across Southern California. In addition, the unemployment rate in San Bernardino County improved from 13.4 percent in 2011 to 12.0 percent in 2012.

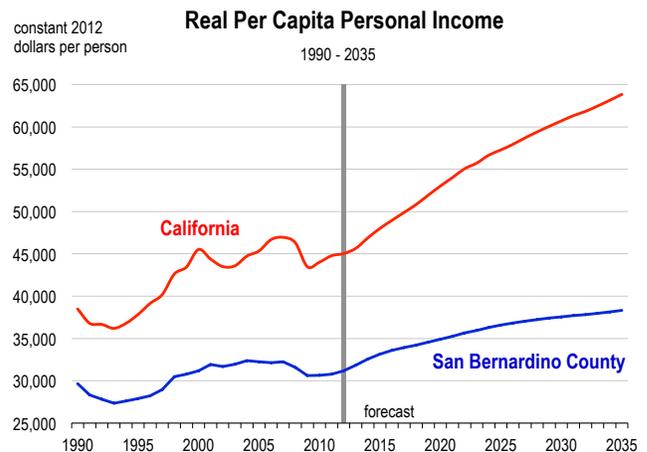
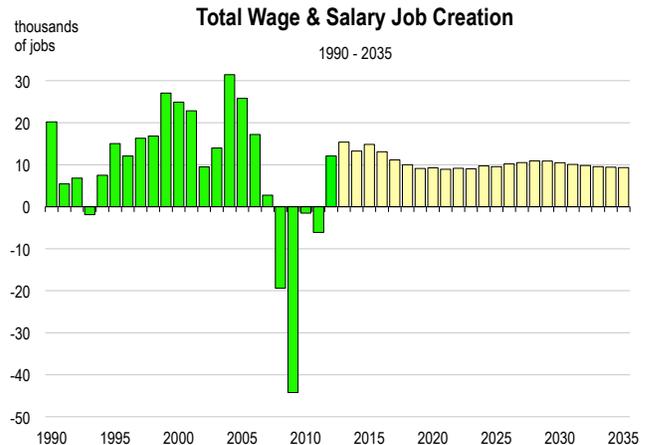
In 2012, virtually all major sectors were characterized by job growth. The largest gains occurred in education and health services (+3,500 jobs), retail and wholesale trade (+3,000 jobs), and leisure and hospitality (+2,400 jobs). The only sectors to experience losses were government (-1,600 jobs) and information (-200 jobs).

From 2007-2012, the San Bernardino County population increased at an annual average rate of 0.6 percent. This is much slower than the growth that occurred in the late 1990s and early 2000s, but faster than most other regions of the state. Growth within the county was due entirely to the natural increase (new births), as total net migration was negative for the past five years.

The San Bernardino County economy will continue to expand in 2013. Over the longer-term forecast, the Inland Empire will experience greater growth than the coastal counties, due largely to the availability of land at lower costs.

FORECAST HIGHLIGHTS

- Wage and salary employment is expected to increase by 2.5 percent in 2013. From 2013 to 2018, the annual growth rate is expected to average 1.9 percent.
- Average salaries are currently below the California state average, and will remain so over the foreseeable future. Adjusted for inflation, average salaries are forecast to rise by an average of 0.5 percent per year from 2013 to 2018.
- From 2013 to 2018, the momentum for employment growth will be broad-based. Manufacturing, transportation, wholesale trade, professional services, health and education, leisure and hospitality, and construction will all grow by 15 percent or more.

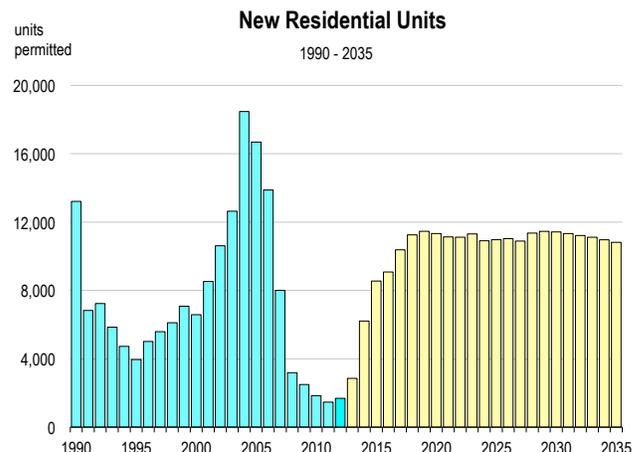
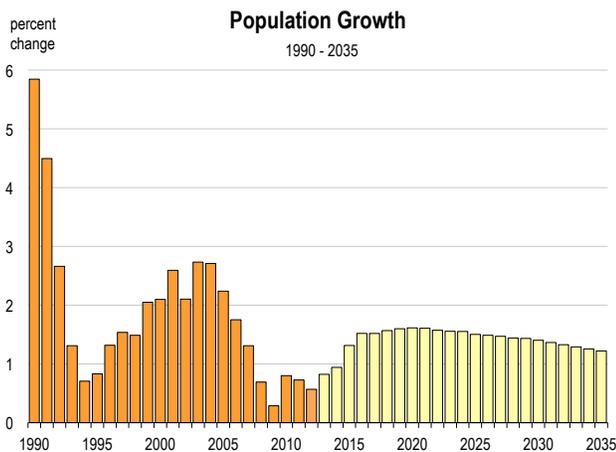


- From 2013 to 2018, population growth is expected to average 1.4 percent per year. This is significantly faster than the 0.6 percent that occurred over the previous five years.
- Net migration will turn positive in 2014, and will remain positive throughout the remainder of the forecast. Between 2013 and 2018, an average of 10,100 net migrants will enter the county each year.
- Real per capita income is expected to rise by 2.1 percent in 2013. During the 2013-2018 period, real per capita income is forecast to increase by 1.5 percent per year.
- Total taxable sales will increase by an average of 2.4 percent per year from 2013 to 2018.
- Industrial production will rise by 4.9 percent in 2013. From 2013 to 2018, the growth rate of industrial production is expected to average 4.8 percent per year.

San Bernardino County Economic Forecast

2006-2012 History, 2013-2040 Forecast

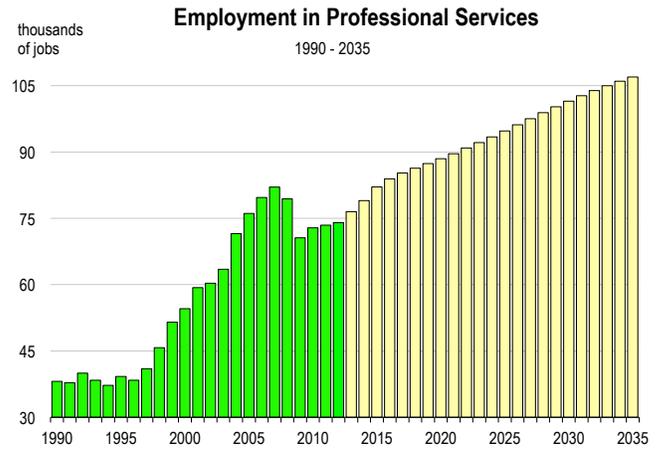
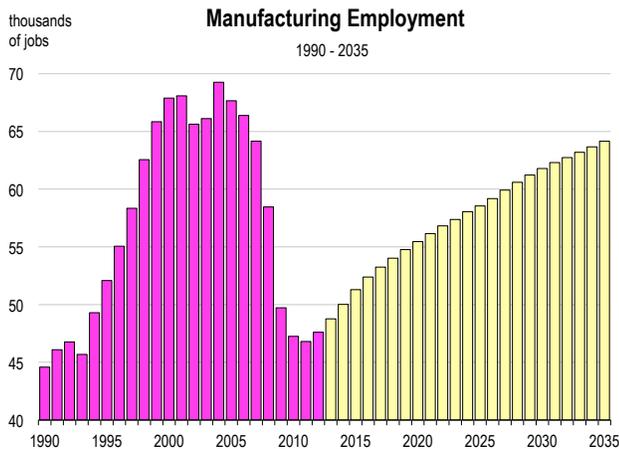
	Population (people)	Net Migration (people)	Registered Vehicles (millions)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	1,976,767	12,872	1.69	582.5	13,872	\$31.3	\$56.5	\$32,127	4.3	490.1	17.6	4.8
2007	2,002,651	3,056	1.67	595.8	8,004	\$30.5	\$59.3	\$32,240	3.3	623.0	17.6	5.6
2008	2,016,526	-8,896	1.64	604.0	3,182	\$27.8	\$60.6	\$31,582	3.5	575.8	17.4	8.0
2009	2,022,319	-15,473	1.63	608.4	2,495	\$23.7	\$58.4	\$30,613	-0.8	376.8	16.1	12.9
2010	2,038,523	-3,801	1.64	611.6	1,847	\$24.7	\$59.6	\$30,634	1.2	447.9	16.4	14.2
2011	2,053,348	-4,409	1.63	613.3	1,465	\$27.3	\$62.0	\$30,788	2.7	530.0	16.8	13.4
2012	2,065,016	-6,827	1.63	614.6	1,688	\$29.3	\$64.4	\$31,174	2.0	545.4	17.7	12.0
2013	2,082,014	-1,097	1.68	616.1	2,855	\$30.6	\$67.4	\$31,835	1.7	547.0	18.5	10.8
2014	2,101,615	952	1.71	618.7	6,209	\$31.9	\$71.0	\$32,575	2.1	546.5	19.4	9.5
2015	2,129,231	8,607	1.75	624.2	8,552	\$33.2	\$74.4	\$33,150	1.5	534.2	20.3	8.1
2016	2,161,587	13,079	1.78	631.9	9,081	\$34.8	\$77.9	\$33,615	1.8	538.5	21.3	7.3
2017	2,194,423	13,312	1.81	640.0	10,379	\$36.1	\$81.1	\$33,923	1.5	540.4	22.3	6.8
2018	2,228,819	14,707	1.83	649.3	11,254	\$37.4	\$84.3	\$34,223	1.5	542.7	23.4	6.7
2019	2,264,456	15,957	1.86	659.3	11,463	\$38.8	\$87.8	\$34,565	1.5	547.8	24.7	6.5
2020	2,301,003	17,046	1.88	669.5	11,332	\$40.1	\$91.5	\$34,902	1.5	532.8	25.9	6.4
2021	2,337,990	17,704	1.90	679.7	11,133	\$41.5	\$95.4	\$35,255	1.6	514.1	27.2	6.5
2022	2,374,776	17,699	1.92	689.6	11,117	\$42.8	\$99.7	\$35,653	1.7	520.9	28.5	6.5
2023	2,411,718	17,815	1.94	699.5	11,309	\$44.6	\$103.8	\$35,937	1.7	524.6	29.6	6.5
2024	2,449,163	18,284	1.96	709.6	10,907	\$46.8	\$108.4	\$36,302	1.8	530.7	31.0	6.4
2025	2,485,969	17,640	1.98	719.4	10,969	\$49.2	\$112.9	\$36,584	1.8	533.3	32.3	6.4
2026	2,522,954	17,822	2.00	729.2	11,033	\$51.6	\$117.4	\$36,816	1.9	529.4	33.7	6.4
2027	2,560,047	17,930	2.02	739.0	10,892	\$54.1	\$122.1	\$37,032	1.9	522.5	35.2	6.4
2028	2,596,943	17,729	2.05	748.8	11,358	\$56.7	\$126.8	\$37,229	1.9	521.4	36.7	6.4
2029	2,634,195	18,079	2.07	758.9	11,459	\$59.5	\$131.7	\$37,403	1.9	517.3	38.3	6.4
2030	2,671,143	17,784	2.10	769.1	11,425	\$62.3	\$136.6	\$37,555	1.9	499.0	39.8	6.4
2031	2,707,604	17,337	2.12	779.3	11,331	\$65.1	\$141.6	\$37,702	1.9	481.3	41.5	6.4
2032	2,743,540	16,863	2.14	789.5	11,217	\$67.9	\$146.7	\$37,825	1.9	490.7	43.1	6.4
2033	2,778,940	16,372	2.16	799.5	11,115	\$70.7	\$151.9	\$37,976	1.9	497.3	44.8	6.4
2034	2,813,836	15,939	2.18	809.4	10,966	\$73.4	\$157.4	\$38,144	1.9	500.8	46.6	6.4
2035	2,848,197	15,465	2.20	819.2	10,817	\$76.2	\$163.1	\$38,327	1.9	493.9	48.4	6.4
2036	2,882,050	15,010	2.22	828.8	10,668	\$79.0	\$169.0	\$38,508	1.9	504.4	50.2	6.4
2037	2,915,424	14,581	2.24	838.4	10,539	\$81.7	\$175.1	\$38,707	1.9	504.5	52.2	6.4
2038	2,948,308	14,158	2.26	847.8	10,430	\$84.5	\$181.5	\$38,925	1.9	480.6	54.2	6.4
2039	2,980,738	13,781	2.28	857.1	10,302	\$87.2	\$188.1	\$39,163	1.9	483.2	56.2	6.4
2040	3,012,725	13,402	2.30	866.3	10,161	\$90.0	\$194.9	\$39,418	1.8	483.5	58.6	6.4

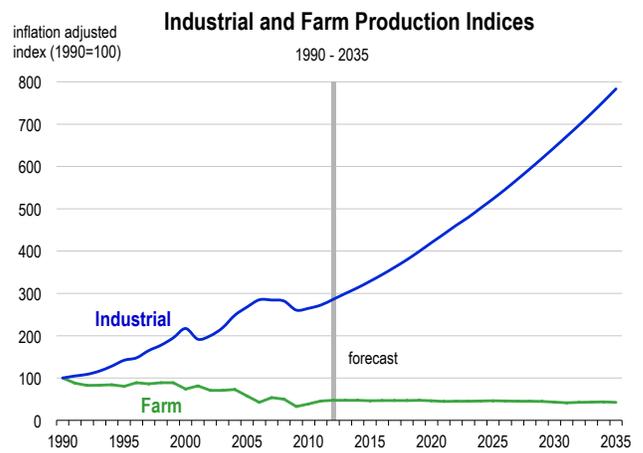
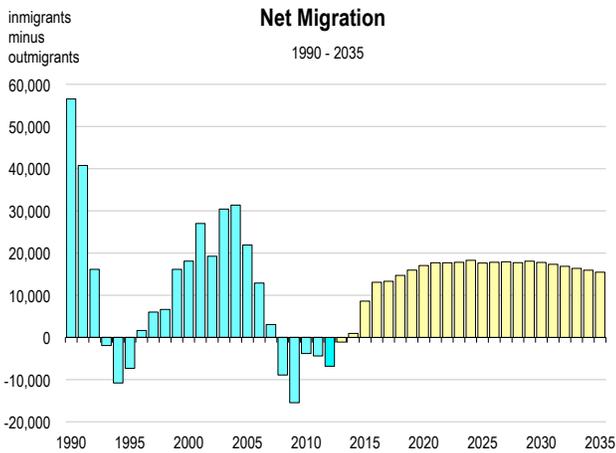
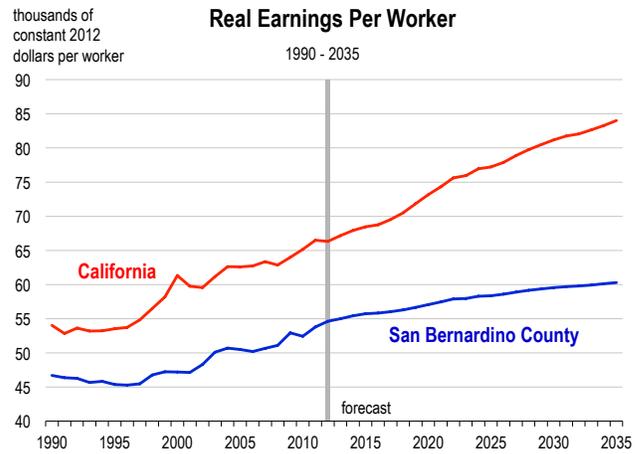
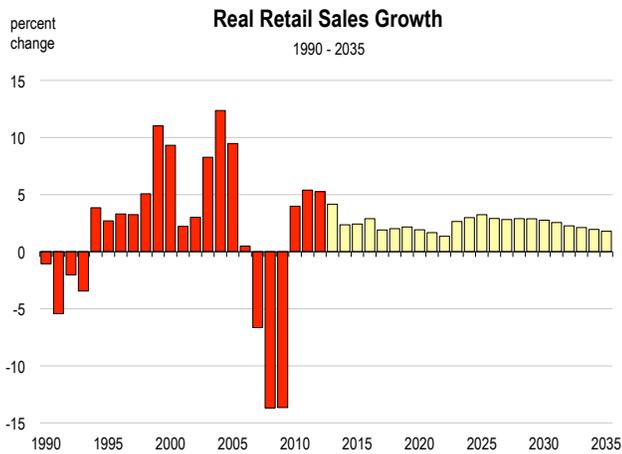


San Bernardino County Employment Forecast

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	664.4	3.06	46.8	66.4	46.8	120.9	28.1	79.7	7.6	68.6	56.2	117.6
2007	667.1	3.45	43.6	64.2	48.0	123.5	27.2	82.1	7.6	70.1	58.8	116.5
2008	647.7	2.83	36.0	58.5	49.0	117.5	24.4	79.4	7.2	73.3	58.2	119.3
2009	603.5	2.49	27.6	49.7	47.1	107.6	21.9	70.6	6.6	75.7	55.1	119.1
2010	602.0	2.60	24.3	47.3	47.2	106.5	21.7	72.9	5.6	75.8	55.1	122.5
2011	595.9	2.12	24.5	46.8	48.2	107.3	20.9	73.4	5.3	76.3	55.0	115.1
2012	608.0	2.15	25.4	47.6	49.7	110.2	21.4	74.0	5.1	79.8	57.4	113.5
2013	623.3	2.12	26.5	48.8	51.1	115.4	22.3	76.5	5.2	81.3	58.8	113.2
2014	636.6	2.09	28.0	50.0	52.9	117.5	22.6	79.0	5.2	83.5	59.9	112.9
2015	651.4	2.06	29.5	51.3	54.9	119.3	22.8	82.1	5.2	85.8	61.7	113.2
2016	664.5	2.04	30.4	52.4	56.9	121.4	23.1	83.9	5.3	87.5	63.5	113.8
2017	675.7	2.02	31.6	53.2	58.9	122.7	23.1	85.3	5.3	89.1	65.2	114.5
2018	685.7	2.01	32.6	54.0	60.9	123.8	23.3	86.3	5.3	90.7	66.3	115.1
2019	694.8	2.01	33.4	54.8	62.9	125.0	23.2	87.4	5.4	92.3	67.1	115.9
2020	704.0	1.99	34.0	55.5	64.9	125.9	23.2	88.5	5.4	94.0	67.6	117.0
2021	713.0	1.96	34.5	56.2	66.9	126.8	23.7	89.6	5.4	95.7	68.1	117.6
2022	722.1	1.94	35.1	56.8	68.9	127.5	24.2	90.9	5.4	97.6	68.6	118.3
2023	731.2	1.92	35.7	57.4	70.9	128.8	24.4	92.1	5.5	98.8	69.3	119.1
2024	740.9	1.92	36.3	58.0	72.9	130.1	25.0	93.4	5.5	100.2	69.9	119.9
2025	750.4	1.92	37.0	58.5	74.8	131.5	25.3	94.8	5.5	101.6	70.6	120.7
2026	760.6	1.91	37.6	59.2	76.8	132.8	26.1	96.2	5.5	103.0	71.4	121.4
2027	771.1	1.90	38.4	59.9	78.7	134.1	26.9	97.5	5.5	104.5	72.3	122.3
2028	782.0	1.89	39.5	60.6	80.6	135.4	27.4	98.9	5.6	106.0	73.3	123.3
2029	792.9	1.88	40.5	61.2	82.6	136.7	27.9	100.2	5.6	107.6	74.4	124.3
2030	803.4	1.85	41.4	61.8	84.5	138.0	28.3	101.5	5.6	109.3	75.6	125.1
2031	813.5	1.81	42.3	62.3	86.4	139.2	28.6	102.7	5.6	110.8	76.8	125.9
2032	823.3	1.79	43.2	62.7	88.3	140.3	28.9	103.9	5.7	112.4	78.0	126.7
2033	832.8	1.77	44.1	63.2	90.2	141.3	29.1	105.0	5.7	114.0	79.3	127.4
2034	842.3	1.77	44.9	63.7	92.1	142.3	29.4	106.0	5.7	115.6	80.5	128.0
2035	851.6	1.76	45.8	64.2	94.0	143.2	29.6	107.0	5.7	117.2	81.8	128.6
2036	860.9	1.76	46.7	64.6	95.8	144.0	29.9	107.9	5.7	118.8	83.1	129.2
2037	870.1	1.76	47.5	65.1	97.7	144.9	30.3	108.9	5.8	120.4	84.4	129.8
2038	879.3	1.73	48.4	65.6	99.5	145.6	30.6	109.9	5.8	121.9	85.8	130.3
2039	888.5	1.72	49.3	66.1	101.3	146.4	30.9	110.9	5.8	123.5	87.1	130.8
2040	897.6	1.70	50.2	66.6	103.1	147.1	31.3	111.9	5.8	125.0	88.5	131.3





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

Expected retail sales growth:	12.2 %
Expected job growth:	10.0 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	15.1 %

Expected population growth:	7.1 %
Net migration to account for:	34.5 %
Expected growth in number of vehicles:	9.2 %

Demographics (2013)

Unemployment rate (April 2013):	9.6 %
County Rank* in California (58 counties):	27th
Working age (16-64) population:	65.3 %

Population with B.A. Degree or higher:	18.6 %
Median Home Selling Price (2012):	\$164,500
Median Household Income:	\$53,087

Quality of Life

Violent Crime rate (2010):	433 per 100,000 persons
County Rank* in California (58 counties):	37th
Average Commute Time to work (2013):	31.7 minutes

High School drop out rate (2011):	15.8 %
Households at/below poverty line (2013):	13.4 %

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