

SONOMA COUNTY ECONOMIC FORECAST

Sonoma County is the northern most county in the Bay Area and neighbors Napa County to the east. Sonoma County has a prominent agricultural sector and is a large producer of wine grapes. The county thrived in the late 1990s during the technology boom, but economic conditions turned negative when the “dot-com” bust occurred in 2000. The county recovered all of the jobs lost during 2001-02 period before the 2008-09 period recession began. Employment will not return to 2001-02 peak levels until 2016.

Sonoma County has a population of 492,000 people and approximately 189,000 wage and salary jobs. The per capita income is \$50,937 and the average salary per worker is \$55,491.

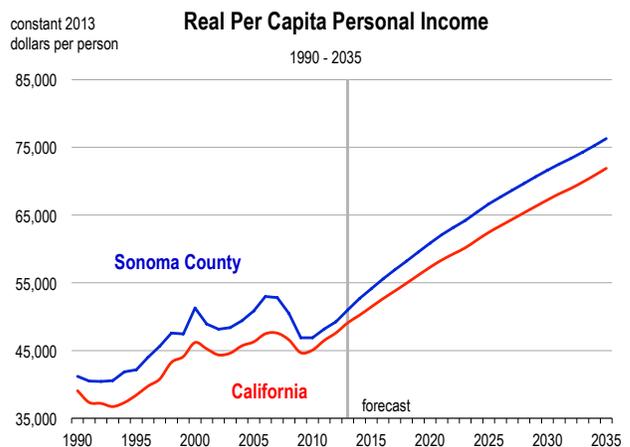
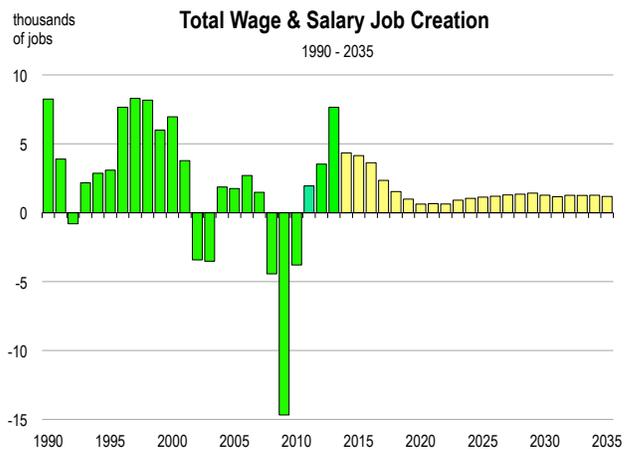
In 2013, employment in Northern California increased by 3.7 percent, whereas employment in the greater Bay Area grew by 4.1 percent. In Sonoma County 7,700 jobs were created, representing a growth rate of 4.2 percent. The unemployment rate improved dramatically, falling from 8.5 percent in 2012 to 6.7 percent in 2013.

During 2013, the largest employment gains occurred in government (+1,400 jobs), wholesale and retail trade (+1,200 jobs), education and healthcare (+1,100 jobs), and construction (+1,000 jobs). Significant declines were not observed in any major sector.

Between 2008 and 2013, the population of Sonoma County increased at an average rate of 0.6 percent per year. Net migration accounted for approximately half of this growth, as the county gained an average of 1,500 net migrants per year.

FORECAST HIGHLIGHTS

- Employment will expand by 2.3 percent in 2014. Between 2014 and 2019, the annual growth rate is expected to average 1.3 percent per year.
- Average salaries are currently below the California average, and are expected to remain so over the life of the forecast. In Sonoma County, inflation-adjusted salaries are expected to rise by an average of 1.7 percent per year between 2014 and 2019.
- The largest employment gains will be observed in professional and business services (+4,200 jobs), leisure and hospitality (+2,800 jobs), and wholesale and retail trade (+1,300 jobs). Combined, these sectors will account for 66 percent of net job creation in the county between 2014 and 2019.
- The population will increase by 0.8 percent in 2014. Throughout the 2014 to 2019 period, growth will average 0.7 percent per year.
- From 2014 to 2019, net migration is expected to average 2,300 individuals per year.

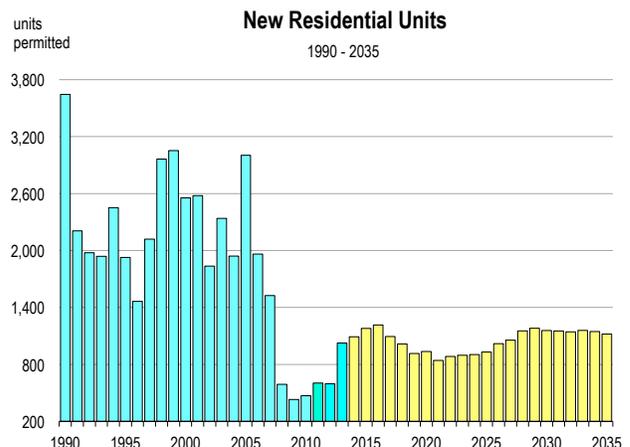
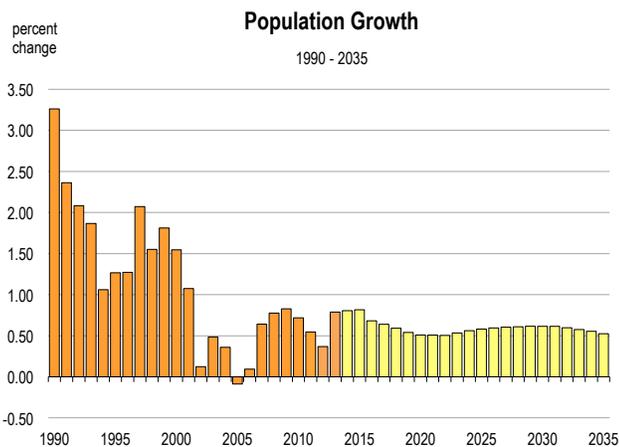


- Real per capita income will increase by 3.3 percent in 2014. Between 2014 and 2019, real per capita income is expected to rise at a rate of 2.5 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 2.3 percent per year during the 2014-2019 period.
- Industrial production is forecasted to increase by 3.9 percent in 2014. Between 2014 and 2019, the growth rate of industrial production will average 3.4 percent per year.
- Farm production is expected to increase at an average rate of 0.9 percent per year between 2014 and 2019. The principal crop in the county is the wine grape.

Sonoma County Economic Forecast

2006-2013 History, 2014-2040 Forecast

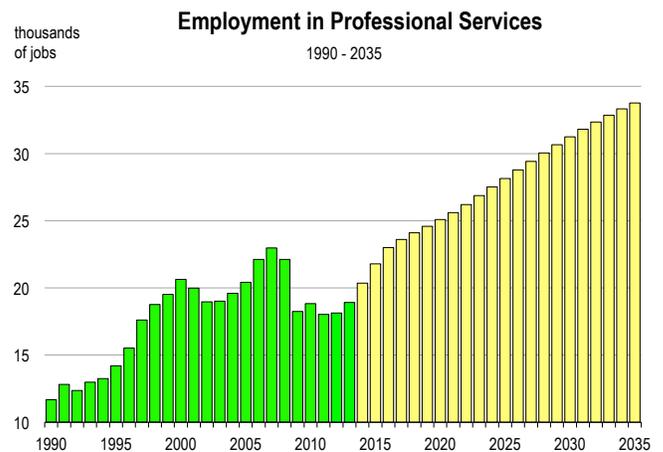
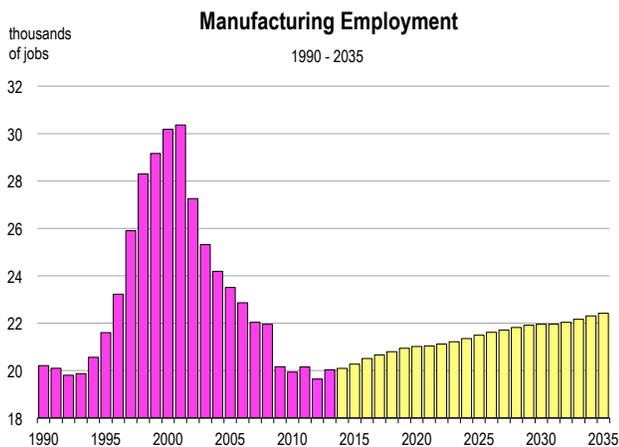
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	469,967	-1,575	488	181.0	1,962	\$7.9	\$21.3	\$52,990	3.2	695.9	4.4	4.0
2007	472,987	923	485	182.3	1,526	\$7.9	\$22.1	\$52,826	3.4	723.9	4.5	4.3
2008	476,650	1,685	487	184.3	591	\$7.4	\$21.9	\$50,484	3.0	641.9	4.8	5.7
2009	480,598	1,881	487	185.2	430	\$6.3	\$20.7	\$46,896	0.8	708.8	4.4	9.6
2010	484,053	1,440	486	185.8	470	\$6.5	\$21.1	\$46,901	1.3	636.7	4.2	10.5
2011	486,695	1,178	484	186.1	604	\$7.0	\$22.4	\$48,188	2.7	609.5	4.2	9.8
2012	488,487	514	484	186.5	597	\$7.4	\$23.5	\$49,263	2.7	839.4	4.4	8.5
2013	492,337	2,496	501	187.0	1,026	\$8.1	\$25.1	\$50,973	2.2	846.0	4.6	6.7
2014	496,300	2,908	505	188.2	1,091	\$8.6	\$26.9	\$52,675	2.7	853.7	4.8	5.8
2015	500,351	3,031	509	189.5	1,180	\$9.2	\$28.7	\$54,105	3.2	857.9	5.0	5.0
2016	503,760	2,362	511	190.8	1,216	\$9.7	\$30.6	\$55,592	3.1	865.0	5.2	4.6
2017	506,984	2,195	514	192.0	1,094	\$10.1	\$32.3	\$56,912	2.3	873.0	5.3	4.3
2018	509,983	1,986	520	193.0	1,016	\$10.5	\$33.9	\$58,210	2.2	881.6	5.5	4.1
2019	512,737	1,785	526	193.9	915	\$11.0	\$35.7	\$59,535	2.3	891.7	5.7	3.9
2020	515,346	1,697	533	194.7	936	\$11.4	\$37.5	\$60,845	2.3	896.4	5.9	3.8
2021	517,964	1,772	536	195.5	842	\$11.8	\$39.4	\$62,121	2.4	896.3	6.0	3.8
2022	520,574	1,824	542	196.2	884	\$12.2	\$41.3	\$63,169	2.5	901.6	6.2	3.7
2023	523,352	2,043	547	197.0	897	\$12.6	\$43.2	\$64,208	2.4	909.5	6.4	3.6
2024	526,289	2,235	552	197.8	904	\$13.0	\$45.4	\$65,451	2.4	920.2	6.6	3.4
2025	529,347	2,399	556	198.7	931	\$13.5	\$47.6	\$66,639	2.4	931.7	6.9	3.3
2026	532,495	2,532	561	199.5	1,019	\$13.9	\$49.8	\$67,672	2.4	941.6	7.1	3.2
2027	535,713	2,646	566	200.4	1,056	\$14.4	\$52.0	\$68,677	2.4	949.4	7.4	3.1
2028	538,976	2,738	571	201.4	1,154	\$15.0	\$54.4	\$69,685	2.4	957.8	7.6	3.1
2029	542,293	2,836	573	202.5	1,181	\$15.6	\$56.9	\$70,682	2.4	965.7	7.9	3.0
2030	545,626	2,898	578	203.5	1,157	\$16.2	\$59.4	\$71,641	2.4	967.8	8.2	2.9
2031	548,979	2,963	583	204.6	1,153	\$16.9	\$62.0	\$72,553	2.4	965.9	8.5	2.8
2032	552,258	2,929	587	205.6	1,143	\$17.7	\$64.6	\$73,381	2.4	972.2	8.8	2.8
2033	555,435	2,865	589	206.6	1,159	\$18.5	\$67.4	\$74,302	2.4	982.9	9.1	2.8
2034	558,513	2,809	594	207.7	1,147	\$19.3	\$70.3	\$75,280	2.4	995.5	9.5	2.8
2035	561,442	2,710	598	208.7	1,121	\$20.1	\$73.4	\$76,312	2.4	1005.0	9.8	2.8
2036	564,246	2,638	602	209.7	1,111	\$21.0	\$76.6	\$77,360	2.4	1020.1	10.2	2.8
2037	566,932	2,576	605	210.7	1,103	\$21.8	\$80.0	\$78,475	2.4	1034.5	10.6	2.8
2038	569,475	2,492	607	211.7	1,073	\$22.7	\$83.5	\$79,648	2.4	1037.8	11.0	2.8
2039	571,879	2,410	610	212.7	1,039	\$23.6	\$87.2	\$80,862	2.4	1045.4	11.4	2.8
2040	574,162	2,346	612	213.6	1,001	\$24.4	\$91.0	\$82,072	2.4	1054.8	12.0	2.8

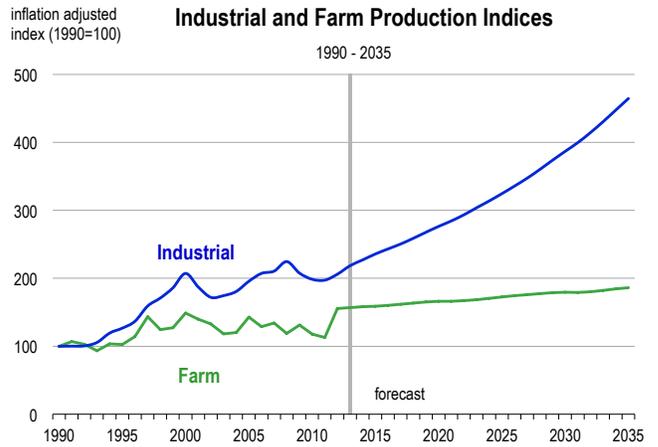
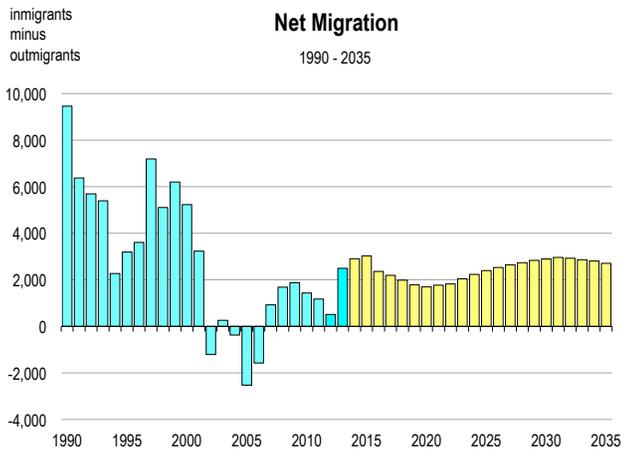
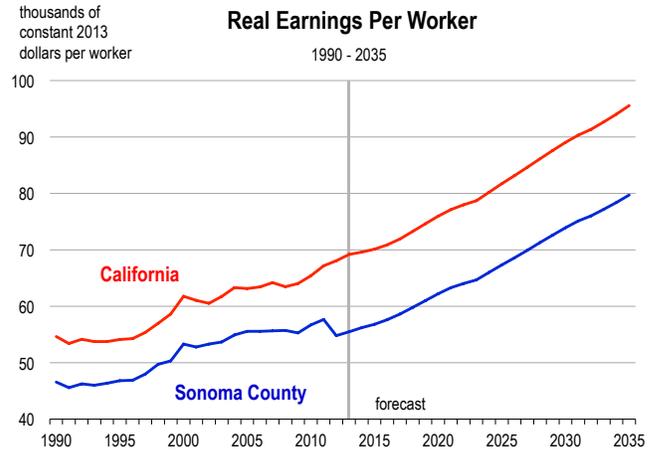
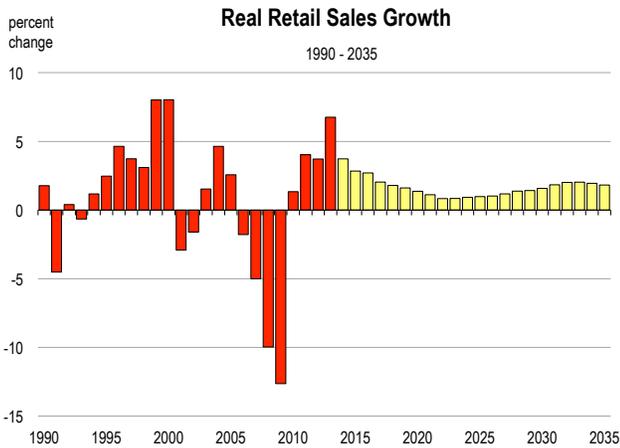


Sonoma County Employment Forecast

2006-2013 History, 2014-2040 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	196.9	5.73	14.7	22.9	4.2	31.3	9.7	22.1	3.2	25.2	20.7	30.7
2007	198.4	5.77	14.4	22.0	4.5	31.9	9.3	23.0	3.0	25.8	21.0	31.1
2008	194.0	5.77	12.8	22.0	4.4	30.8	8.5	22.1	2.8	26.8	21.0	30.4
2009	179.3	5.80	9.8	20.2	4.0	28.2	7.8	18.3	2.6	27.1	20.1	29.2
2010	175.5	5.65	8.9	19.9	3.9	28.1	7.7	18.8	2.5	27.1	20.1	26.8
2011	177.5	5.79	8.6	20.2	3.8	28.6	7.6	18.0	2.5	27.3	20.5	28.4
2012	181.0	5.96	8.8	19.6	3.9	29.6	7.4	18.1	2.6	28.8	21.8	28.0
2013	188.7	6.28	9.8	20.0	4.2	30.8	7.4	18.9	2.6	29.9	22.6	29.4
2014	193.0	6.33	10.4	20.1	4.2	31.2	7.5	20.4	2.7	30.2	23.5	29.6
2015	197.1	6.35	10.9	20.3	4.3	31.6	7.6	21.8	2.8	30.3	24.3	29.9
2016	200.8	6.39	11.3	20.5	4.3	31.9	7.7	23.0	2.9	30.2	25.0	30.1
2017	203.1	6.43	11.6	20.7	4.3	32.2	7.8	23.6	3.0	30.1	25.7	30.3
2018	204.7	6.48	11.6	20.8	4.2	32.4	7.9	24.1	3.0	30.0	26.1	30.5
2019	205.7	6.53	11.5	20.9	4.2	32.5	7.9	24.6	3.1	29.7	26.3	30.6
2020	206.3	6.56	11.4	21.0	4.2	32.5	7.9	25.1	3.2	29.5	26.4	30.8
2021	207.0	6.56	11.4	21.0	4.2	32.5	7.9	25.6	3.2	29.3	26.5	30.9
2022	207.6	6.59	11.3	21.1	4.2	32.6	7.8	26.2	3.3	29.0	26.5	31.0
2023	208.5	6.63	11.4	21.2	4.2	32.6	7.8	26.9	3.3	28.8	26.6	31.1
2024	209.6	6.69	11.5	21.4	4.2	32.6	7.8	27.5	3.3	28.6	26.6	31.2
2025	210.7	6.75	11.5	21.5	4.1	32.7	7.8	28.1	3.4	28.4	26.7	31.4
2026	211.9	6.80	11.6	21.6	4.1	32.7	7.9	28.8	3.4	28.3	26.7	31.5
2027	213.2	6.85	11.8	21.7	4.1	32.8	7.9	29.4	3.5	28.2	26.7	31.6
2028	214.5	6.89	12.0	21.8	4.1	32.9	7.9	30.1	3.5	28.1	26.8	31.8
2029	216.0	6.93	12.3	21.9	4.1	33.0	8.0	30.7	3.5	28.0	26.8	31.9
2030	217.2	6.95	12.5	22.0	4.1	33.1	8.0	31.2	3.6	28.0	26.8	32.1
2031	218.4	6.94	12.6	22.0	4.1	33.2	8.1	31.8	3.6	28.0	26.9	32.2
2032	219.7	6.97	12.7	22.0	4.1	33.3	8.1	32.4	3.7	28.0	26.9	32.3
2033	220.9	7.03	12.7	22.2	4.1	33.5	8.2	32.9	3.7	28.0	26.9	32.5
2034	222.2	7.10	12.8	22.3	4.1	33.6	8.2	33.3	3.7	28.0	26.9	32.6
2035	223.4	7.15	12.9	22.4	4.1	33.7	8.3	33.8	3.8	28.0	27.0	32.8
2036	224.7	7.23	12.9	22.6	4.1	33.9	8.3	34.2	3.8	28.0	27.0	32.9
2037	226.1	7.31	13.0	22.7	4.1	34.0	8.4	34.7	3.9	28.2	27.0	33.0
2038	227.3	7.33	13.0	22.8	4.1	34.1	8.4	35.1	3.9	28.4	27.0	33.2
2039	228.7	7.37	13.0	22.9	4.1	34.2	8.5	35.6	4.0	28.6	27.0	33.3
2040	230.0	7.42	13.0	23.0	4.1	34.3	8.5	36.0	4.0	28.9	27.0	33.5





County Economic and Demographic Indicators

Projected Economic Growth (2014-2019)

Expected retail sales growth:	11.5%
Expected job growth:	6.6%
Fastest growing jobs sector:	Professional Services
Expected personal income growth:	16.8%

Expected population growth:	3.3%
Net migration to account for:	69.1%
Expected growth in number of vehicles:	4.3%

Demographics (2014)

Unemployment rate (April 2014):	5.3%
County rank* in California (58 counties):	7th
Working age (16-64) population:	65.5%

Population with B.A. degree or higher:	32.3%
Median home selling price (2013):	\$395,000
Median household income:	\$62,405

Quality of Life

Violent crime rate (2012):	364 per 100,000 persons
County rank* in California (58 counties):	25th
Average commute time to work (2014):	27.6 minutes

High school drop out rate (2012):	13.3%
Households at/below poverty line (2014):	7.6%

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