

IMPERIAL COUNTY ECONOMIC FORECAST

Imperial County is located at the extreme southeastern edge of the state, adjacent to San Diego County. It is the home of the Salton Sea, the largest lake in California. Imperial County has a population of over 175,500 people, together with 54,900 wage and salary jobs. The per capita income in Imperial County is \$27,353, and the average salary per worker is \$43,393, both measures representing the lowest levels among all Southern California counties. 2010 was the transition year in Southern California and Imperial County. After horrific job losses during 2009 conditions improved substantially in 2010.

Last year approximately 70 total jobs were created in Imperial County, implying a growth rate of 0.1 percent. The non-farm growth rate was significantly worse at -2.3 percent. The unemployment rate increased to 29.6 percent in 2010. This high unemployment rate is due principally to the large farm sector, which represents 19 percent of total employment in the county. Imperial County has the highest unemployment rate of any county in California.

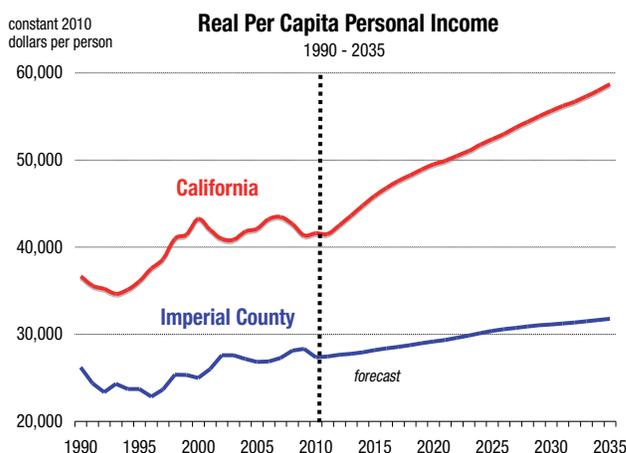
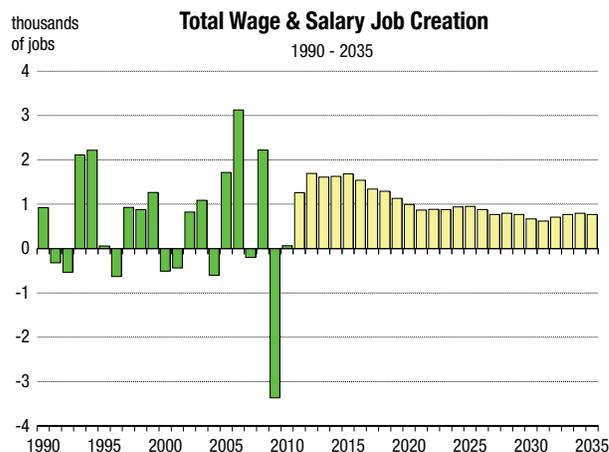
The principal labor markets in Imperial County are farming, retail trade, and government. The latter accounts for 34 percent of total employment, while retail trade contributes another 12 percent of total jobs. Many of the government jobs in Imperial County are related to the two state correctional facilities, which employ over 2,500 staff and house nearly 8,400 inmates.

In 2010, the manufacturing sector added 240 jobs, while the farm sector added 1,100 workers. These gains were offset by 330 jobs lost in government, 270 lost in professional services, 210 in construction, and smaller losses in most other sectors.

Between 2009 and 2010, the population grew at a rate of 2.6 percent in Imperial County. The county continues to grow substantially faster than the state average.

FORECAST HIGHLIGHTS

- Non-farm job growth is expected to resume in 2011, averaging 1.5 percent. From 2011 to 2016, the average annual non-farm growth rate is 3.0 percent per year. Total wage and salary growth will be lower at 2.8 percent, due to slower growth in the farm sector.
- Average salaries adjusted for inflation are currently well below the California state average, and will remain so over the forecast horizon. Real average salaries rise by an average of 0.6 percent per year from 2011 to 2016.
- The sectors creating the most jobs between 2011 and 2016 will be government (2,500 jobs), farm (1,100 jobs), retail trade (800 jobs), and education and healthcare (770 jobs).

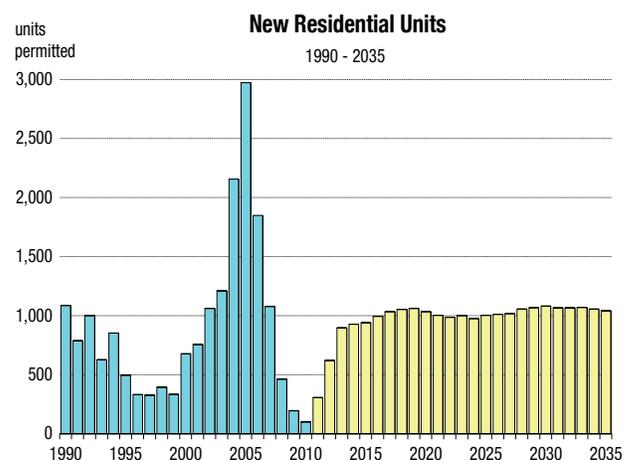
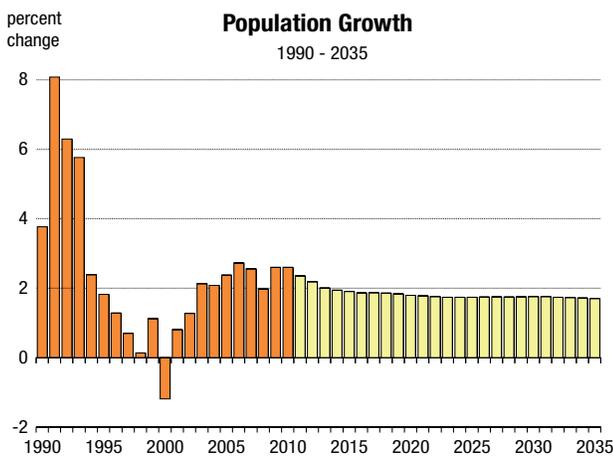


- The population will continue to grow much faster than the state average. Annual growth in the 2011 to 2016 period averages 2.0 percent per year.
- Net migration slows during the 2011 to 2016 period, though it remains positive. The forecast of net migration averages 1,500 people entering the county per year from 2011 to 2016.
- Real per capita incomes increases by 0.3 percent in 2011 as employment and income rise. An annual compound rate of growth of 0.7 percent is forecast from 2011 to 2016.
- Total taxable sales adjusted for inflation are expected to increase by an average of 4.2 percent per year between 2011 and 2016.
- Industrial production is expected to increase 4.6 percent in 2011 due to strength in manufacturing. From 2011 to 2016, the growth rate of industrial production is expected to average 5.1 percent per year.
- Farm production is forecast to increase by 0.1 percent per year between 2011 and 2016. The principal farm product in the county is cattle.

Imperial County Economic Forecast

2006-2010 History, 2011-2040 Forecast

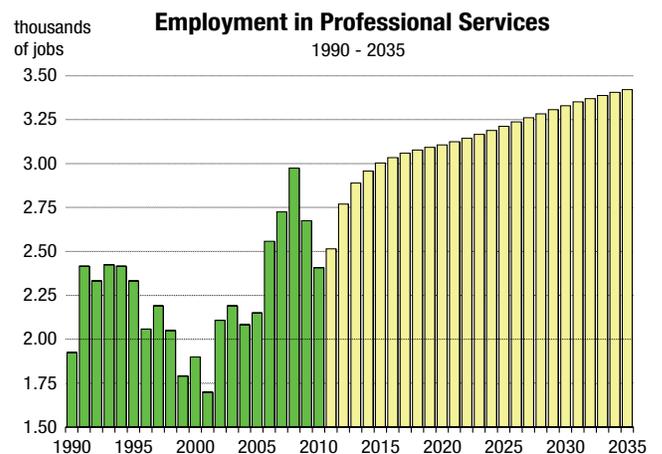
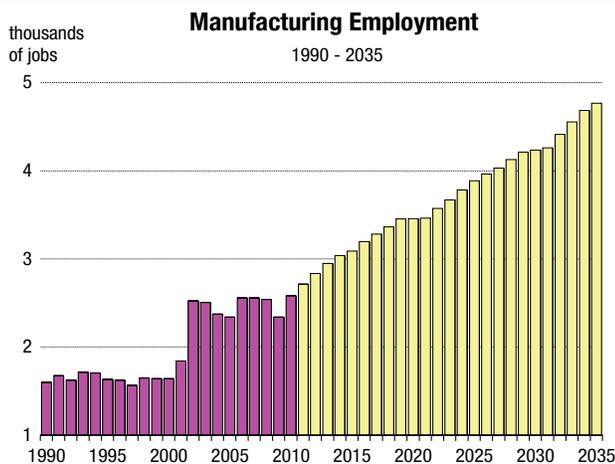
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	159,426	2,206	144.6	46.7	1,850	\$2.15	\$3.99	\$26,881	4.3	1.47	0.68	15.4
2007	163,511	1,855	145.0	49.0	1,079	\$2.25	\$4.29	\$27,261	3.3	1.44	0.67	18.0
2008	166,753	889	147.7	49.5	464	\$2.18	\$4.67	\$28,123	3.5	1.69	0.73	22.2
2009	171,090	2,074	151.5	50.1	195	\$1.77	\$4.79	\$28,310	-0.8	1.47	0.77	27.9
2010	175,540	2,191	155.8	50.4	102	\$1.89	\$4.80	\$27,353	1.2	1.50	0.85	29.6
2011	179,682	1,948	156.3	50.6	307	\$2.03	\$5.05	\$27,446	2.3	1.54	0.89	28.7
2012	183,613	1,711	160.5	50.9	621	\$2.18	\$5.31	\$27,639	2.3	1.56	0.94	26.4
2013	187,294	1,438	164.8	51.5	898	\$2.31	\$5.57	\$27,743	2.5	1.57	1.00	23.5
2014	190,936	1,379	169.6	52.4	928	\$2.48	\$5.88	\$27,931	2.7	1.56	1.04	20.3
2015	194,589	1,369	174.8	53.3	942	\$2.66	\$6.21	\$28,169	2.8	1.53	1.08	16.7
2016	198,227	1,337	179.9	54.2	996	\$2.85	\$6.56	\$28,386	2.9	1.54	1.14	14.1
2017	201,948	1,401	184.7	55.2	1,036	\$3.03	\$6.90	\$28,538	2.8	1.54	1.20	12.4
2018	205,713	1,436	189.6	56.2	1,054	\$3.23	\$7.27	\$28,729	2.7	1.54	1.26	11.3
2019	209,498	1,445	194.5	57.2	1,063	\$3.43	\$7.65	\$28,959	2.5	1.55	1.34	10.5
2020	213,265	1,414	199.1	58.3	1,035	\$3.59	\$8.02	\$29,159	2.3	1.52	1.39	9.9
2021	217,065	1,435	203.4	59.3	1,005	\$3.75	\$8.40	\$29,339	2.2	1.49	1.45	9.7
2022	220,893	1,447	207.8	60.3	987	\$3.93	\$8.82	\$29,597	2.3	1.51	1.54	9.5
2023	224,748	1,435	212.2	61.2	1,001	\$4.11	\$9.25	\$29,847	2.2	1.52	1.63	9.4
2024	228,659	1,451	216.6	62.2	977	\$4.32	\$9.70	\$30,114	2.2	1.55	1.72	9.3
2025	232,634	1,468	221.0	63.2	1,004	\$4.54	\$10.17	\$30,383	2.2	1.56	1.81	9.2
2026	236,709	1,524	225.3	64.2	1,013	\$4.76	\$10.64	\$30,574	2.2	1.56	1.90	9.2
2027	240,863	1,568	229.2	65.2	1,018	\$4.99	\$11.11	\$30,721	2.1	1.56	1.98	9.2
2028	245,071	1,603	233.1	66.2	1,056	\$5.24	\$11.61	\$30,892	2.2	1.57	2.09	9.1
2029	249,376	1,674	237.0	67.2	1,069	\$5.51	\$12.13	\$31,034	2.2	1.57	2.19	9.1
2030	253,768	1,740	240.8	68.2	1,081	\$5.79	\$12.65	\$31,123	2.2	1.54	2.27	9.1
2031	258,234	1,794	244.5	69.3	1,066	\$6.08	\$13.20	\$31,221	2.2	1.51	2.36	9.1
2032	262,735	1,808	248.5	70.3	1,067	\$6.40	\$13.79	\$31,356	2.2	1.54	2.51	9.0
2033	267,286	1,837	252.4	71.4	1,071	\$6.73	\$14.41	\$31,498	2.2	1.57	2.65	8.9
2034	271,893	1,873	256.3	72.4	1,056	\$7.09	\$15.05	\$31,636	2.3	1.58	2.80	8.9
2035	276,536	1,891	260.2	73.5	1,042	\$7.46	\$15.71	\$31,758	2.2	1.58	2.93	8.8
2036	281,207	1,902	264.4	74.5	1,030	\$7.86	\$16.42	\$31,930	2.2	1.61	3.11	8.7
2037	285,923	1,922	268.9	75.5	1,023	\$8.27	\$17.16	\$32,105	2.2	1.62	3.28	8.6
2038	290,701	1,956	273.4	76.5	1,022	\$8.71	\$17.91	\$32,268	2.2	1.58	3.38	8.6
2039	295,529	1,980	278.3	77.5	1,023	\$9.18	\$18.71	\$32,456	2.2	1.60	3.57	8.5
2040	300,419	2,008	283.5	78.5	1,022	\$9.68	\$19.54	\$32,652	2.1	1.61	3.76	8.4

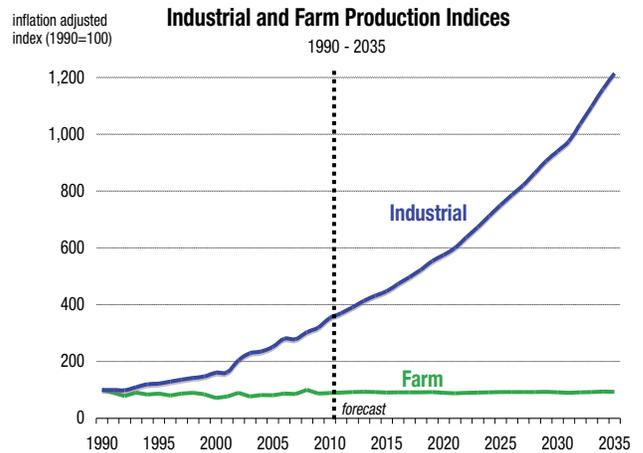
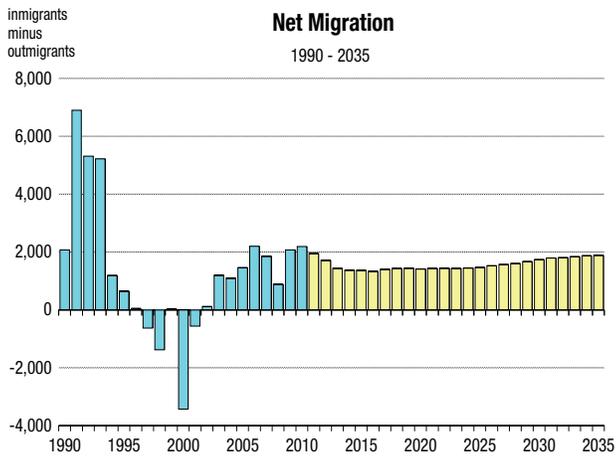
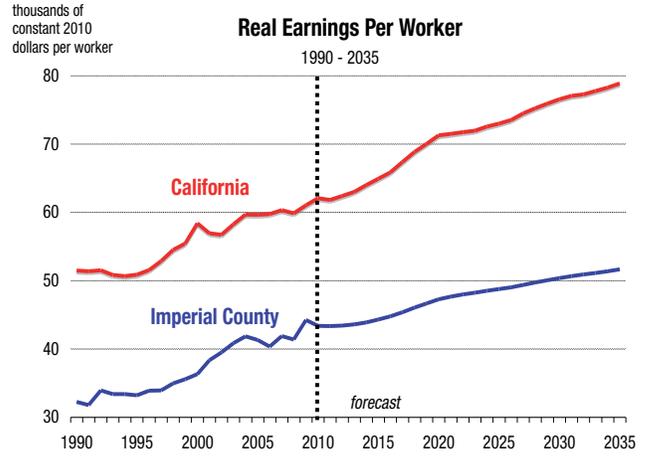
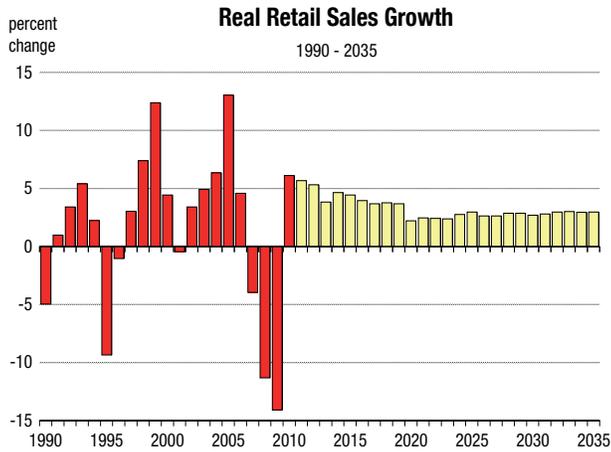


Imperial County Employment Forecast

2006-2010 History, 2011-2040 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	56.2	11.49	2.0	2.6	1.8	9.4	1.4	2.6	0.4	2.9	3.3	17.4
2007	56.0	10.09	1.9	2.6	1.8	9.4	1.4	2.7	0.4	2.9	3.5	18.1
2008	58.2	11.38	1.7	2.5	1.8	9.5	1.3	3.0	0.4	3.4	3.6	18.5
2009	54.8	9.36	1.5	2.3	1.8	8.6	1.3	2.7	0.4	3.8	3.4	18.8
2010	54.9	10.48	1.3	2.6	1.8	8.5	1.3	2.4	0.4	3.7	3.3	18.4
2011	56.2	11.08	1.4	2.7	1.8	8.7	1.3	2.5	0.4	3.8	3.4	18.5
2012	57.9	11.51	1.4	2.8	1.9	8.9	1.3	2.8	0.4	3.9	3.5	18.6
2013	59.5	11.81	1.5	2.9	2.0	9.1	1.3	2.9	0.4	4.0	3.6	18.9
2014	61.1	12.02	1.5	3.0	2.2	9.4	1.3	3.0	0.4	4.2	3.7	19.5
2015	62.8	12.15	1.5	3.1	2.3	9.6	1.3	3.0	0.4	4.4	3.8	20.2
2016	64.3	12.17	1.5	3.2	2.4	9.8	1.3	3.0	0.4	4.5	3.9	20.9
2017	65.7	12.20	1.6	3.3	2.4	10.0	1.3	3.1	0.4	4.7	3.9	21.6
2018	67.0	12.23	1.6	3.4	2.6	10.2	1.3	3.1	0.4	4.9	3.9	22.2
2019	68.1	12.24	1.6	3.5	2.7	10.3	1.3	3.1	0.4	5.1	4.0	22.6
2020	69.1	12.27	1.6	3.5	2.8	10.4	1.3	3.1	0.4	5.3	4.0	23.1
2021	70.0	12.23	1.6	3.5	3.0	10.5	1.3	3.1	0.4	5.4	4.0	23.5
2022	70.8	12.15	1.6	3.6	3.2	10.7	1.3	3.1	0.4	5.6	4.0	23.9
2023	71.7	12.14	1.6	3.7	3.3	10.8	1.3	3.2	0.4	5.7	4.0	24.2
2024	72.7	12.15	1.6	3.8	3.4	10.9	1.3	3.2	0.4	5.9	4.1	24.5
2025	73.6	12.20	1.6	3.9	3.6	11.0	1.3	3.2	0.4	6.0	4.1	24.8
2026	74.5	12.26	1.6	4.0	3.7	11.2	1.3	3.2	0.4	6.2	4.1	25.1
2027	75.3	12.30	1.6	4.0	3.7	11.3	1.3	3.3	0.4	6.3	4.1	25.4
2028	76.1	12.32	1.6	4.1	3.8	11.4	1.3	3.3	0.4	6.4	4.1	25.6
2029	76.8	12.34	1.6	4.2	3.9	11.6	1.3	3.3	0.4	6.5	4.1	25.8
2030	77.5	12.36	1.6	4.2	4.0	11.7	1.4	3.3	0.4	6.6	4.1	26.0
2031	78.1	12.33	1.7	4.3	4.1	11.8	1.4	3.4	0.4	6.7	4.2	26.2
2032	78.8	12.26	1.7	4.4	4.2	12.0	1.4	3.4	0.4	6.8	4.2	26.4
2033	79.6	12.26	1.7	4.6	4.3	12.1	1.4	3.4	0.4	6.9	4.2	26.6
2034	80.4	12.31	1.7	4.7	4.5	12.3	1.4	3.4	0.4	7.0	4.2	26.7
2035	81.2	12.36	1.7	4.8	4.6	12.4	1.4	3.4	0.4	7.1	4.2	26.9
2036	82.0	12.39	1.6	4.9	4.7	12.5	1.4	3.4	0.5	7.3	4.2	27.1
2037	82.9	12.47	1.6	5.1	4.8	12.7	1.4	3.5	0.5	7.4	4.3	27.4
2038	83.7	12.53	1.6	5.1	4.9	12.8	1.3	3.5	0.5	7.5	4.3	27.6
2039	84.5	12.51	1.6	5.2	5.0	13.0	1.3	3.5	0.5	7.5	4.3	27.9
2040	85.4	12.52	1.7	5.3	5.1	13.1	1.3	3.5	0.5	7.6	4.3	28.2





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	24.3 %
Expected job growth:	14.5 %
Fastest growing jobs sector:	Transport & Warehousing
Expected personal income growth:	14.1 %

Expected population growth:	10.3 %
Net migration to account for:	39.0 %
Expected growth in number of vehicles:	15.1 %

Demographics (2011)

Unemployment rate (June 2011):	28.5 %
County Rank* in California (58 counties):	58th
Working age (16-64) population:	61.6 %

Population with B.A. Degree or higher:	13.1 %
Median Home Selling Price:	\$125,000
Median Household Income:	\$36,739

Quality of Life

Violent Crime rate (2009):	329 per 100,000 persons
County Rank* in California (58 counties):	21st
Average Commute Time to work (2011):	20.0 minutes

High School drop out rate (2009):	12.6 %
Households at/below poverty line:	20.4 %

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