

SANTA CLARA COUNTY ECONOMIC FORECAST

Santa Clara County is the largest county in the San Francisco Bay Area and accounts for more than 34 percent of the region's total employment. The northwest portion of the county, known as Silicon Valley, is home to many leading computer and electronics companies. Santa Clara County has a population of 1.79 million people and nearly 843,000 wage and salary jobs. The per capita income in Santa Clara County is \$58,670, and the average salary per worker is the highest in the state at \$98,430. The median family income is also the highest in the state at \$103,500.

Employment growth in Northern California was negative in 2010, and in the greater Bay Area, total jobs declined by 1.4 percent. In 2010, 4,200 wage and salary jobs were lost in Santa Clara County, a decline of 0.5 percent. The unemployment rate increased to 11.2 percent.

The transportation and warehousing, information, education and healthcare, and professional services sectors all increased employment levels during 2010. The sectors with the greatest job losses were government (-2,800 jobs), manufacturing (-2,800 jobs), and construction (-2,000 jobs).

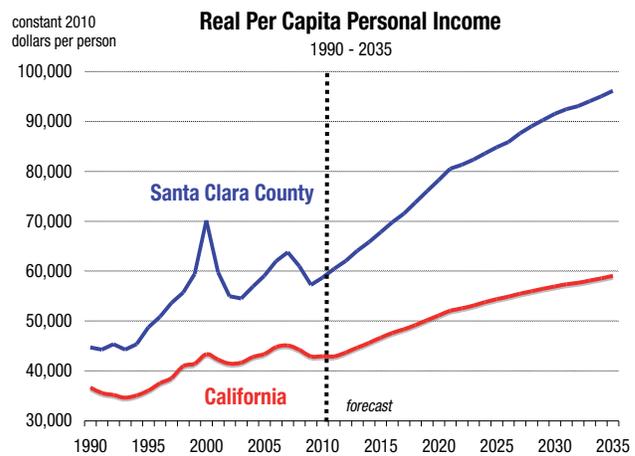
Between the 2000 and 2010 census the population of Santa Clara County grew by 5.9 percent. The fastest growing cities were Cupertino, Gilroy, Morgan Hill, and Santa Clara City, each growing by over 13 percent. San Jose, the largest city in the county, which accounts for over half of the total population grew by 5.7 percent.

Estimated net migration has been significantly higher than the historical average over the past 3 years, totaling approximately 30,300 in-migrants. This trend is expected to continue for the next few years due to strong employment growth in the technology sector. Over the longer term forecast migration will slow as a result of the high cost of living.

Employment is expected to rebound in 2011. Largely due to reduced net migration, the rate of population growth slows over the forecast horizon. Total wage and salary employment is not forecast to reach the peak level recorded in 2000 until after 2020.

FORECAST HIGHLIGHTS

- Total employment increases by 1.7 percent in 2011. Between 2011 and 2016, the annual growth rate is forecast to average 2.6 percent per year.
- Average salaries adjusted for inflation are currently well above the California state average, and will remain so over the forecast horizon. Real average salaries are forecast to rise by an average of 1.2 percent per year from 2011 to 2016.
- Between 2011 and 2016, employment growth is strongest in the professional services sector, which accounts for nearly 30 percent of job creation. The trade sectors together create 21 percent of new jobs. Manufacturing employment begins to rebound, and adds 12 percent of all new jobs.

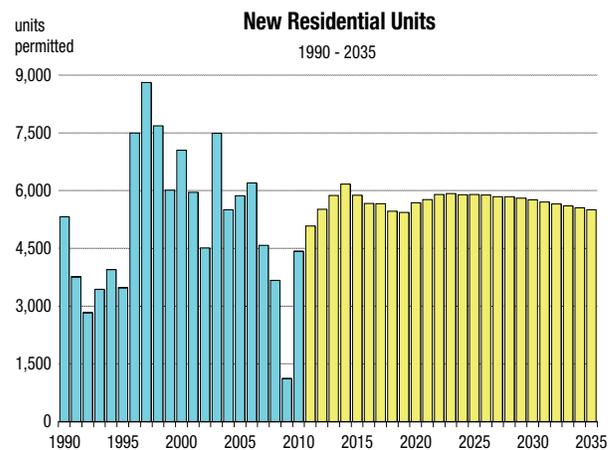
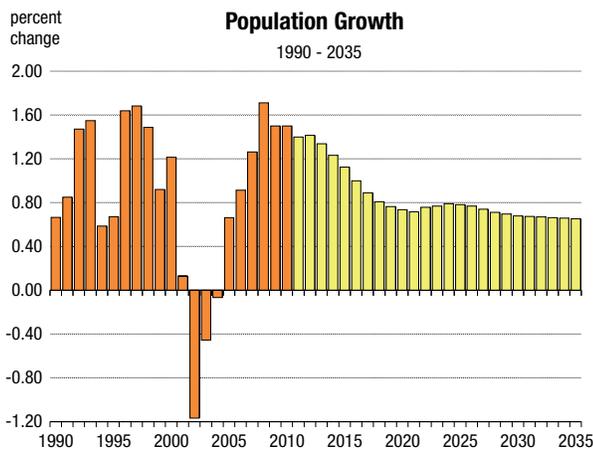


- The population is expected to grow at a rate of 1.4 percent in 2011. Annual growth in the 2011 to 2016 period is forecast to average 1.2 percent per year.
- Net migration remains very strong, but declines in the long term. Over the next five years an annual average of 8,800 net in-migrants are forecast.
- Real per capita incomes rise by 3.0 percent in 2011. During the 2011 to 2016 period real per capita incomes are forecast to rise 2.9 percent per year.
- Total taxable sales adjusted for inflation are expected to increase by an average of 8.8 percent per year between 2011 and 2016.
- Industrial production is expected to rise 3.1 percent in 2011. From 2011 to 2016 the growth rate of industrial production is forecast to average 2.6 percent per year.

Santa Clara County Economic Forecast

2006-2010 History, 2011-2040 Forecast

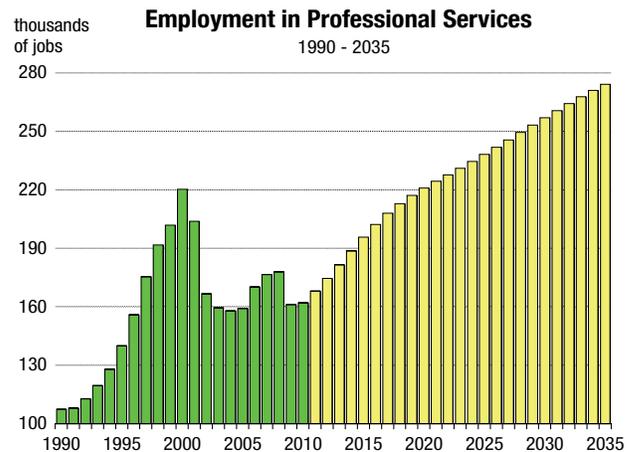
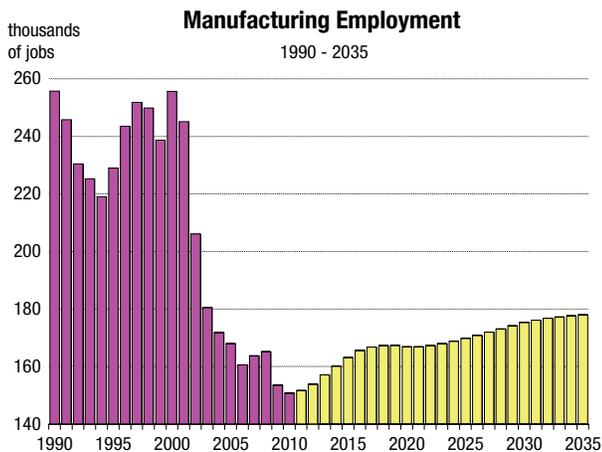
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	1,685,930	-2,488	1,496	598	6,204	\$32.3	\$96.1	\$62,013	3.2	266	22.5	4.5
2007	1,707,218	2,888	1,516	603	4,583	\$33.7	\$103.5	\$63,771	3.4	268	23.3	4.7
2008	1,736,449	10,793	1,509	609	3,671	\$32.3	\$103.7	\$61,016	3.0	253	24.0	6.0
2009	1,762,502	8,844	1,508	612	1,117	\$27.4	\$99.5	\$57,231	0.8	264	23.8	10.8
2010	1,788,946	10,622	1,518	615	4,426	\$29.3	\$105.0	\$58,670	1.3	265	23.8	11.2
2011	1,813,993	10,339	1,559	618	5,083	\$32.5	\$113.2	\$60,446	3.3	252	24.5	9.8
2012	1,839,651	11,221	1,590	623	5,521	\$36.6	\$120.6	\$62,053	2.3	242	25.0	8.5
2013	1,864,251	10,415	1,620	628	5,876	\$41.2	\$129.1	\$64,093	2.3	234	25.7	7.7
2014	1,887,207	9,018	1,647	634	6,169	\$45.6	\$137.4	\$65,794	2.4	227	26.3	6.6
2015	1,908,451	7,579	1,673	640	5,882	\$50.5	\$146.3	\$67,806	2.1	222	27.0	6.1
2016	1,927,520	5,576	1,697	645	5,668	\$55.4	\$155.1	\$69,777	2.1	217	27.9	5.9
2017	1,944,656	3,737	1,718	650	5,663	\$60.0	\$163.7	\$71,497	2.1	213	28.9	5.7
2018	1,960,374	2,353	1,739	656	5,469	\$65.1	\$173.6	\$73,752	2.0	209	29.8	5.8
2019	1,975,359	1,600	1,759	661	5,438	\$70.3	\$183.8	\$76,038	1.9	204	30.7	5.6
2020	1,989,906	1,108	1,779	666	5,691	\$75.6	\$193.8	\$78,260	1.7	202	31.6	5.4
2021	2,004,166	619	1,798	671	5,772	\$81.0	\$204.3	\$80,531	1.7	201	32.4	5.4
2022	2,019,350	1,274	1,814	677	5,901	\$85.7	\$212.4	\$81,328	2.2	198	33.2	5.2
2023	2,034,875	1,300	1,831	682	5,929	\$90.7	\$221.5	\$82,381	2.2	195	34.1	5.2
2024	2,050,981	1,547	1,849	688	5,893	\$96.3	\$231.3	\$83,588	2.1	192	35.1	5.1
2025	2,067,002	1,123	1,867	693	5,904	\$102.3	\$241.5	\$84,817	2.1	188	36.1	5.1
2026	2,082,886	580	1,884	699	5,886	\$108.2	\$251.7	\$85,901	2.1	184	37.2	5.0
2027	2,098,316	-221	1,902	704	5,842	\$114.9	\$263.9	\$87,593	2.1	181	38.3	4.9
2028	2,113,254	-1,035	1,919	710	5,846	\$121.6	\$275.9	\$89,045	2.1	178	39.5	4.9
2029	2,127,951	-1,570	1,935	715	5,810	\$128.5	\$287.7	\$90,313	2.1	175	40.8	4.7
2030	2,142,417	-2,054	1,950	721	5,762	\$135.6	\$299.9	\$91,536	2.1	174	42.1	4.6
2031	2,156,882	-2,245	1,966	726	5,709	\$142.7	\$311.6	\$92,473	2.2	174	43.5	4.5
2032	2,171,358	-2,394	1,980	732	5,654	\$149.7	\$322.7	\$93,087	2.2	172	44.9	4.5
2033	2,185,771	-2,586	1,995	737	5,604	\$157.4	\$335.3	\$94,079	2.1	168	46.3	4.4
2034	2,200,177	-2,683	2,010	742	5,555	\$165.4	\$348.4	\$95,025	2.2	164	47.8	4.3
2035	2,214,542	-2,777	2,025	747	5,507	\$173.9	\$362.4	\$96,129	2.2	160	49.3	4.3
2036	2,228,896	-2,824	2,039	753	5,461	\$182.6	\$376.4	\$97,128	2.1	155	50.8	4.2
2037	2,243,156	-2,937	2,054	758	5,418	\$191.8	\$391.3	\$98,206	2.2	150	52.3	4.2
2038	2,257,233	-3,133	2,069	763	5,378	\$201.6	\$407.2	\$99,430	2.1	149	53.9	4.1
2039	2,271,135	-3,315	2,084	768	5,341	\$211.7	\$423.5	\$100,674	2.1	146	55.6	4.1
2040	2,284,883	-3,467	2,098	773	5,305	\$222.1	\$440.0	\$101,877	2.1	142	57.3	4.0

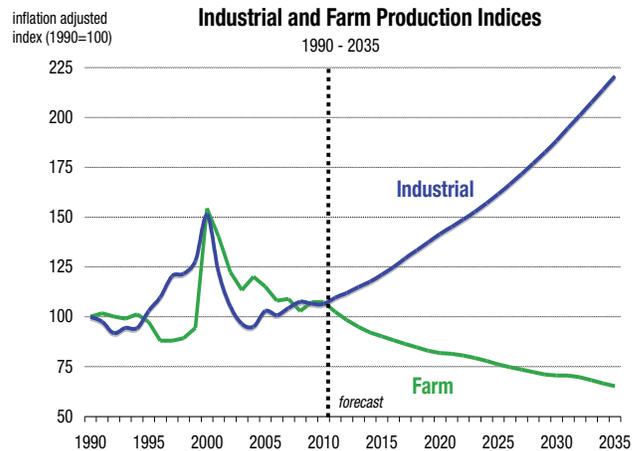
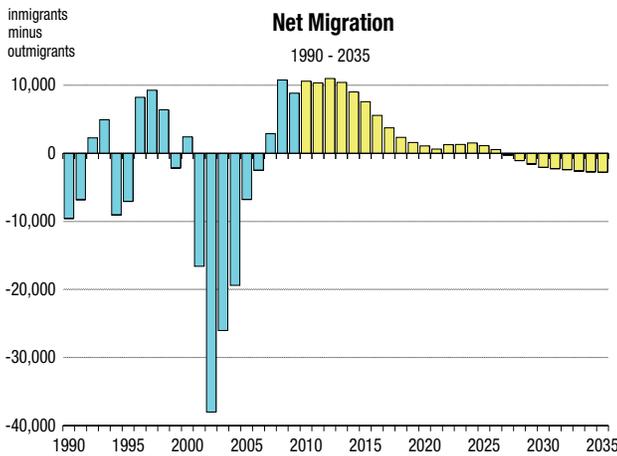
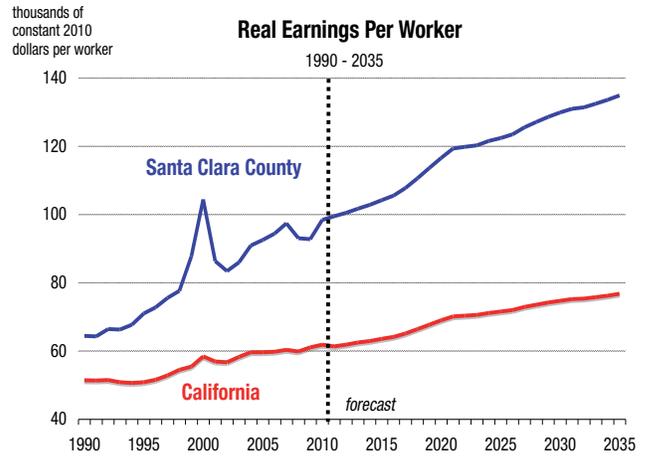
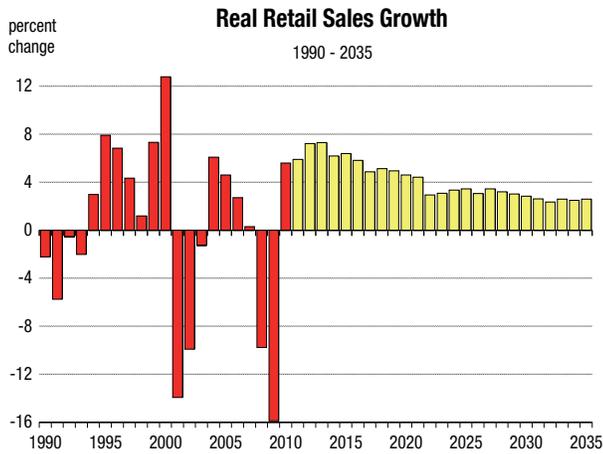


Santa Clara County Employment Forecast

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	879.8	3.78	44.9	160.6	12.7	121.8	36.7	170.3	37.4	99.7	73.7	93.6
2007	900.3	3.85	45.5	163.8	13.3	124.0	36.8	176.6	39.5	102.5	75.3	94.3
2008	905.2	3.68	42.8	165.2	13.3	122.1	34.2	178.0	42.2	107.2	76.6	94.9
2009	847.2	3.67	32.9	153.5	11.8	112.4	31.4	161.2	41.0	107.3	72.9	95.0
2010	843.0	3.37	30.9	150.8	11.8	111.3	30.6	162.1	43.2	109.4	72.3	92.2
2011	857.1	3.30	30.7	151.7	12.1	114.7	30.6	168.0	45.7	111.0	73.6	90.5
2012	879.2	3.25	31.2	153.9	12.7	120.5	31.0	174.6	48.1	112.3	75.4	90.2
2013	904.0	3.20	31.9	157.1	13.1	125.6	31.7	181.6	50.6	113.6	77.0	91.2
2014	928.8	3.16	32.6	160.2	13.6	130.5	32.4	188.8	52.9	115.3	79.0	91.9
2015	952.9	3.14	33.1	163.2	14.1	135.3	32.9	195.8	55.1	117.0	81.1	92.8
2016	973.4	3.11	33.5	165.7	14.4	139.4	33.4	202.3	56.8	118.5	82.7	93.6
2017	988.7	3.09	33.7	166.8	14.6	142.3	33.7	208.0	57.9	119.7	84.0	94.0
2018	1,002.0	3.07	33.9	167.3	15.0	145.3	34.1	212.9	58.8	121.1	85.1	94.5
2019	1,014.2	3.04	34.0	167.4	15.4	148.3	34.4	217.2	59.5	122.4	86.2	94.9
2020	1,025.6	3.03	34.1	166.9	16.0	151.5	34.7	220.9	60.1	123.6	87.2	95.4
2021	1,036.7	3.02	34.2	166.9	16.5	154.5	34.9	224.4	60.6	125.0	88.0	95.9
2022	1,047.3	3.01	34.3	167.4	16.8	156.9	35.2	227.8	61.1	126.5	88.7	96.3
2023	1,058.3	2.99	34.4	168.0	17.2	159.3	35.4	231.2	61.8	128.2	89.4	96.7
2024	1,070.1	2.97	34.5	168.9	17.5	161.6	35.7	234.7	62.4	130.2	90.2	97.1
2025	1,082.2	2.95	34.6	169.9	17.8	163.9	36.0	238.2	63.2	132.3	90.9	97.5
2026	1,094.0	2.93	34.7	170.9	18.0	166.0	36.3	241.9	63.9	134.4	91.5	97.9
2027	1,106.2	2.92	34.8	172.0	18.2	168.1	36.6	245.7	64.7	136.7	92.3	98.3
2028	1,118.8	2.90	34.9	173.1	18.4	170.2	37.0	249.5	65.6	139.0	93.0	98.8
2029	1,131.4	2.88	35.0	174.2	18.6	172.2	37.3	253.3	66.4	141.4	93.7	99.2
2030	1,144.1	2.88	35.1	175.4	18.9	174.1	37.7	257.1	67.3	143.9	94.5	99.7
2031	1,156.2	2.88	35.2	176.2	19.1	176.0	38.0	260.8	68.0	146.5	95.2	100.1
2032	1,168.0	2.87	35.3	176.8	19.3	177.7	38.3	264.3	68.8	149.0	95.9	100.5
2033	1,179.6	2.85	35.3	177.3	19.5	179.4	38.7	267.8	69.6	151.6	96.7	100.9
2034	1,191.0	2.83	35.4	177.7	19.8	181.2	39.0	271.1	70.4	154.3	97.4	101.4
2035	1,202.3	2.81	35.4	178.0	20.0	182.9	39.4	274.2	71.2	157.0	98.2	101.8
2036	1,213.4	2.78	35.5	178.3	20.2	184.6	39.8	277.2	72.1	159.7	98.9	102.3
2037	1,224.5	2.75	35.5	178.5	20.5	186.3	40.1	280.2	72.9	162.4	99.7	102.7
2038	1,235.6	2.74	35.6	178.8	20.7	188.1	40.5	283.1	73.7	165.2	100.5	103.2
2039	1,246.8	2.73	35.6	179.0	21.0	189.8	40.9	286.0	74.6	167.9	101.3	103.7
2040	1,258.0	2.71	35.7	179.2	21.2	191.5	41.2	288.9	75.4	170.7	102.0	104.2





County Economic and Demographic Indicators

Projected Economic Growth (2011-2016)

Expected retail sales growth:	37.6 %
Expected job growth:	13.6 %
Fastest growing jobs sector:	Wholesale Trade
Expected personal income growth:	22.7 %

Expected population growth:	6.3 %
Net migration to account for:	38.6 %
Expected growth in number of vehicles:	8.8 %

Demographics (2011)

Unemployment rate (June 2011):	10.3 %
County Rank* in California (58 counties):	10th
Working age (16-64) population:	66.6 %

Population with B.A. Degree or higher:	44.0 %
Median Home Selling Price:	\$500,000
Median Household Income:	\$86,335

Quality of Life

Violent Crime rate (2009):	270 per 100,000 persons
County Rank* in California (58 counties):	12th
Average Commute Time to work (2011):	26.0 minutes

High School drop out rate (2009):	16.1 %
Households at/below poverty line:	6.0 %

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