



July 2010

California & Metro

FORECAST



2010-2015



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California & Metro Forecast

is published by the
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Published quarterly by the Business Forecasting Center at the University of the Pacific Eberhardt School of Business.

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Highlights of the July 2010 California Forecast

- California remains in the sluggish, early stages of a long, slow five year recovery.
- California unemployment peaked at 12.6% in the first quarter of 2010, and will remain at or above 12% through the end of 2010, and above 10% through all of 2011.
- Payroll jobs bottomed out this winter nearly 1.35 million jobs below their 15.2 million job peak in Summer 2007. Although California will add 250,000 jobs over the next 12 months, this is less than one-fifth the total lost. Jobs will not recover their pre-recession peak until the 1st quarter of 2015.
- After 7.5 years of zero net job growth from 2007 through 2014, the state's population will have grown by over 2.4 million people, keeping unemployment above 8% through most of 2014.
- Growth in real gross state product will average a modest 3.1% over the next four years.
- Construction has lost 390,000 jobs, by far the most battered sector through the recession, and will lose another 10,000 jobs by year-end. This cyclical sector will eventually bounce back, and should experience almost 11% job growth during 2012 and 2013.
- With the NUMMI closure in the past, manufacturing is growing again. Next year could bring the first annual increase in California manufacturing employment in a decade.
- Retail jobs have bottomed out after declining more than 10%, and are projected to rebound by 47,000 jobs (3%) over the next 12 to 18 months.
- Professional and Scientific Service jobs are projected to increase by 55,000 (5.5%) over the next year after a steep decline in 2009.
- State and local governments, including public schools, will drive most remaining job loss and shed 36,000 jobs over the next year.
- Housing starts bottomed in 2009 at a record low 36,000 units. Although housing starts will recover to 45,000 units in 2010, this is still the 2nd lowest level in 50 years. By 2014, housing starts will be back to normal levels exceeding 150,000 units as foreclosures finally ebb and existing home prices recover to close the gap with construction costs.
- Retail sales are growing again, but will not recover their 2007 level until 2011.

The California Outlook

Overall, our California forecast has changed very little over the past year. Although some recent economic data have been weak and raised discussions of a “double dip” recession, we are not yet convinced that it merits an adjustment to our forecast of modest growth and a long, slow recovery. In April, some economic indicators such as consumer spending and stock market valuations were suggesting a stronger recovery than our forecast, but data from May and June has been weak and more consistent with our outlook of very modest growth. Nevertheless, uncertainty is high, and the risk of further contraction has increased, especially if private sector hiring does not improve in the second half of the year.

California’s unemployment rate has peaked, but will not drop below 12% until the end of 2010, and will remain above 10% for all of 2011. After the loss of temporary Census jobs in June, we project California will add 90,000 jobs, about 15,000 per month, over the last six months of the year. Job growth will pick up momentum and average nearly 30,000 per month in 2011 as construction and public sector employment finally bottom out. While this sounds impressive, it

is a weak recovery for an economy that was shedding over 100,000 jobs per month in the winter of 2009, and remains more than 1.3 million jobs below its 2007 peak. We project California will not return to 2007 employment levels until early 2015 with unemployment remaining at an uncomfortably high 8% in 2015. Growth in real gross state product will average a modest 3.1% over the next four years.

Cuts to state and local government spending will drive most job losses through the rest of the year as federal government stimulus support runs out and local tax revenues continue to languish. In addition to government cuts, construction continues to be at the center of California’s employment woes, directly accounting for nearly one-third of all job loss in the recession and is the only private sector of the economy that is still experiencing substantial job loss. Housing starts remain near record low levels despite stabilizing home prices and government tax credits, and we have revised down are already pessimistic forecast for 2010 and 2011, and now project total housing starts below 50,000 for 2010. California’s economy will not be fully recovered until the real estate market stabilizes

Table 1. California Annual Forecast Summary

	2009	2010	2011	2012	2013
Real Gross State Product (% change)	-3.0	3.4	3.0	3.1	2.8
Non-Farm Payroll Employment (% change)	-6.0	-1.2	2.0	2.5	2.3
Unemployment Rate (%)	11.4	12.3	10.9	9.7	9.0

Table 2. California Quarterly Forecast Summary

	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2
Real Gross State Product (% change, annual rate)	4.1	4.0	3.1	2.7	2.5	2.9
Non-Farm Payroll Employment (% change, annual rate)	-0.3	1.4	0.9	1.6	2.1	2.5
Unemployment Rate (%)	12.6	12.5	12.3	12.0	11.5	11.0

and housing starts return to a sustainable range of 150,000 to 170,000 starts per year. Home building will eventually return to more normal levels in 2014 or 2015, and construction will lead employment gains for 2012 and beyond.

Over the next year, professional and business services will lead employment growth with hard-hit manufacturing and retail sector also registering significant job growth. Most business services growth will be hiring from temporary agencies, but we also anticipate growth in higher-paying professional and technical services. Manufacturing jobs will grow a modest 2% over the next 12 months, posting California's first growth in manufacturing employment in a decade. Healthcare hiring will remain sluggish in the near term, but should return to consistent growth in 2011.

The Northern California Metro Outlook

San Jose Surges While Others Struggle

With the notable exception of San Jose, the first six months of the recovery are being led by Southern California. San Diego, Orange County, Bakersfield and San Jose are the metro areas that have separated themselves from the rest of the state and firmly established renewed job growth. Between November 2009 and May 2010, all of the worst performing metro areas were in Northern California with the NUMMI impacted East Bay posting the largest losses.

Last summer, we predicted the first half of 2010 would be characterized by strong "V" shaped recoveries for San Jose and San Francisco while other parts of Northern California struggled under the weight of continuing problems with real estate and state and local governments. San Jose's tech-oriented economy has not disappointed by posting solid gains after a sharp downturn between 2008 and 2009. The U.S. and global recovery is being led by manufacturing and business investment in software and equipment which boosts Silicon Valley, and the area also benefits from relatively low exposure to the real estate bust and low dependence on state government spending. Unfortunately, San Jose's renewed growth has yet to spill over to neighboring areas such as Santa Cruz.

San Francisco has been the biggest disappointment in recent months. The "V" recovery we forecast now looks more like a "U". San Francisco's financial and professional services sectors have not recovered as quickly as we anticipated, but it is still the only metro area we track that avoided double-digit unemployment. With a highly-skilled economic base and relatively low exposure to the real estate and state budget crisis, we believe San Francisco will soon follow San Jose near the front of the recovery. The East Bay economy has been battered in every possible way over the past 3 years: housing, retail, transportation, and the NUMMI closure have sequentially battered the region. As a result, it is the only metro area we track that has lost over 10% of its jobs through the downturn. As chronicled in our last forecast, the East Bay's troubles are a major contributor to economic problems in San Joaquin and Solano Counties. Despite the recent shocks, the East Bay still possesses a diverse economic base and will show this resiliency outpacing the state's recovery over the next two years.

We do not anticipate the recovery in the Bay Area will be strong enough to lift the economy in Santa Cruz and Vallejo in the near term. Both of these areas have posted very weak job performance of late, and with their reliance on consumer spending, commuters, and state and local government they will be the last parts of the Bay Area to begin adding jobs. We do not anticipate any significant job growth for Santa Cruz and Vallejo until 2011.

The on-going state budget crisis is having a disproportionate impact on the Central Valley. K-12 education, corrections, and health and human services targeted for cuts are all large employers in the Valley and will generate significant losses to income and services. For most of the San Joaquin Valley, public schools and prisons provide more income and jobs than its mainstay agriculture industry, and combined with the on-going housing disaster, the contraction in state and local budgets mean the Valley will lag the rest of California in recovery.

Of course, the state budget is of greatest concern in Sacramento where thousands of state employees have received temporary relief from furloughs only to be greeted with the threat of having their salaries slashed to the minimum wage. The on-going uncertainty is bogging down the entire Sacramento economy, where

many private sector jobs are also directly and indirectly connected to the business of the state. Although state jobs have yet to decline, state paychecks and spending have declined, and this is evidenced by heavy private sector job loss in Sacramento. Over the past year, jobs have declined in Sacramento at nearly double the pace of the rest of California even though the region's largest employer has not experienced heavy lay-offs. Although we anticipate renewed job growth in Sacramento over the next 12 months, it will significantly lag the state. Although the difference is very small, we are projecting the unemployment rate in Sacramento will edge higher than California's in 2011 for the first time in more than 20 years of consistent data.

The northern San Joaquin Valley was the first area to drop into recession, and it remains in the deepest hole with unemployment in Stockton and Modesto forecast around 17% in 2010 and remaining above

15% in 2011. Local job losses have stabilized in recent months, but both areas have been heavily impacted by recent job losses in the East Bay. With the East Bay economy expected to begin recovering, and relatively less exposure to the state budget than their Central Valley neighbors to the north and south, we anticipate employment growth in Stockton and Modesto will slightly exceed other inland areas over the next 12 months. We shouldn't overstate our optimism, as the north Valley will still lag behind growth in coastal areas, and we anticipate double-digit unemployment will persist in the region all the way through our forecast horizon of 2015. The prospects for this area are deeply tied to the housing market and the eventual resolution of the housing crisis, and whether they can take advantage of broad improvements in the U.S. manufacturing outlook to attract new industry to a strategically-located and relatively low-cost area in California.

Table 3. Central Valley Metro Forecast Summary

Metro Area	Nonfarm Payroll Employment (% change)					Unemployment Rate (%)				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
Sacramento	-2.3	-5.5	-2.1	1.6	3.1	7.1	11.2	12.3	11.0	9.8
Stockton	-2.7	-5.7	-1.3	1.8	2.9	10.4	15.5	16.9	15.1	13.6
Modesto	-2.3	-6.1	-1.0	1.9	2.7	11.1	16.1	17.0	15.4	14.0
Merced	-1.9	-5.0	-2.2	1.8	2.8	12.6	17.4	18.4	16.8	15.6
Fresno	-1.1	-5.4	-2.0	1.7	2.7	10.5	15.2	16.2	15.0	13.7
California	-1.3	-6.0	-1.2	2.0	2.5	7.2	11.4	12.3	10.9	9.7

NOTE: Sacramento MSA includes Sacramento, El Dorado, Placer, and Yolo counties. Stockton, Merced, Fresno and Modesto MSAs correspond to San Joaquin, Merced, Fresno and Stanislaus counties.

Table 4. Bay Area Metro Forecast Summary

Metro Area	Nonfarm Payroll Employment (% change)					Unemployment Rate (%)				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
San Francisco	0.8	-5.4	-1.8	2.3	2.4	5.0	8.7	9.3	8.0	7.1
San Jose	0.4	-6.4	-0.6	3.0	2.9	6.1	11.1	11.5	10.0	8.9
Oakland	-1.7	-6.2	-2.1	2.1	2.8	6.2	10.5	11.5	10.3	9.2
Santa Cruz	-2.9	-4.8	-2.1	1.3	2.2	7.4	11.4	12.0	10.6	9.7
Vallejo	-2.2	-4.4	-2.2	1.1	2.6	6.8	10.9	12.1	10.5	9.2
California	-1.3	-6.0	-1.2	2.0	2.5	7.2	11.4	12.3	10.9	9.7

NOTE: San Francisco MSA includes San Francisco, Marin and San Mateo counties. Oakland MSA includes Contra Costa and Alameda counties. San Jose MSA includes Santa Clara and San Benito counties. Vallejo and Santa Cruz MSAs correspond to Solano and Santa Cruz counties.

Fresno was the last area in the Central Valley to fall into recession, and until recently, has been the top performing economy in the region. In 2007 and 2008, strong returns from the agriculture industry, a large and stable base of government employment, and comparatively low foreclosure rates softened the blow of the deep recession. For the past two years, Fresno unemployment has been lower than Stockton and Modesto despite it historically being one to two percentage points higher. Since 2008, Fresno has joined its neighbors in serious recession. Recent employment data has been weak and suggest Fresno could follow a “last one in, last one out” pattern. One key is the housing market. Currently, home prices in Fresno are even with Stockton and Modesto, but historically they have been lower by 30% or more due to its distance from the Bay Area and slightly lower average incomes. Through 2009, housing starts in Fresno dropped 70% from their peak, an enormous decline, but less than the 80% to 90% drops seen in

other inland areas of California. Similarly, Fresno foreclosure rates did not spike as high as other inland areas, but they also did not drop as much as others and now are above the California average. This data suggests Fresno housing may have further to decline before finding a bottom, although other indicators such as relatively low vacancy rates suggest otherwise. The Fresno area is also heavily exposed to the state and local budget crisis with state and local government paychecks making up 18% of the region’s wages compared to a 13% share in the rest of California. Improved water supplies will help agriculture in 2010, but as we have explained in previous forecasts, the role of water supplies in driving regional unemployment rates has been greatly exaggerated by many. ■

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For each of California’s 58 counties, we compile and annually update a 50 page report with historical data on personal income, earnings, employment, regional income & expenses, transfer payments, labor force statistics, demographic profiles, and commuting patterns.

SPECIAL REPORTS

The Center periodically produces special reports on topics of current interest. Most of these are available on our Website. The most recent reports tackle the employment impact of the state water crisis in the San Joaquin Valley. Custom research projects are conducted for clients under contract.

VALLEY ECONOMY BLOG

Dr. Jeff Michael, Director of the Business Forecasting Center, comments on current economic, business and environmental issues of importance to the Central Valley at <http://valleyecon.blogspot.com/>

TABLES

Table 1. Annual Summary of the University of Pacific Forecast for California

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income and Gross State Product													
Personal Income (Bil. \$)	1233.0	1312.2	1387.7	1495.6	1572.3	1604.1	1564.4	1606.9	1686.0	1771.9	1861.0	1979.1	2094.0
Calif. (%Ch)	3.8	6.4	5.7	7.8	5.1	2.0	-2.5	2.7	4.9	5.1	5.0	6.3	5.8
Real Personal Income (Bil. 2000\$)	1169.8	1213.2	1245.7	1306.7	1337.9	1320.9	1285.7	1299.5	1341.6	1384.6	1426.4	1487.1	1542.4
(%Ch)	1.8	3.7	2.7	4.9	2.4	-1.3	-2.7	1.1	3.2	3.2	3.0	4.3	3.7
Real Disposable Income (Bil. 2000\$)	1034.8	1073.9	1086.4	1134.4	1154.4	1153.9	1158.2	1168.3	1192.7	1216.1	1235.5	1289.0	1336.4
(%Ch)	2.7	3.8	1.2	4.4	1.8	0.0	0.4	0.9	2.1	2.0	1.6	4.3	3.7
Gross State Product (Bil. \$)	1406.5	1519.4	1628.6	1727.6	1801.8	1846.8	1812.4	1894.2	1980.0	2077.6	2178.4	2285.4	2400.6
Calif. (%Ch)	4.9	8.0	7.2	6.1	4.3	2.5	-1.9	4.5	4.5	4.9	4.9	4.9	5.0
Real GSP (Bil. 2000\$)	1337.9	1406.8	1467.9	1512.9	1539.4	1546.2	1500.4	1551.7	1597.5	1646.7	1693.5	1741.4	1794.0
Calif. (%Ch)	3.0	5.2	4.3	3.1	1.8	0.4	-3.0	3.4	3.0	3.1	2.8	2.8	3.0
Employment and Labor Force (Household Survey % Change)													
Employment	0.0	1.1	1.9	1.5	1.0	-0.5	-4.5	-0.7	2.7	2.7	2.2	1.5	1.2
Labor Force	0.2	0.5	1.0	1.0	1.4	1.6	0.0	0.3	1.0	1.3	1.4	0.9	0.7
CA Unemployment Rate (%)	6.9	6.2	5.4	4.9	5.3	7.2	11.4	12.3	10.9	9.7	9.0	8.4	7.9
U.S. Unemployment Rate (%)	6.0	5.5	5.1	4.6	4.6	5.8	9.3	9.6	9.1	8.3	7.7	7.3	6.9
Nonfarm Employment (Payroll Survey % Change)													
Total Nonfarm													
U.S.	-0.3	1.1	1.7	1.8	1.1	-0.6	-4.3	-0.3	1.9	2.6	2.1	1.4	1.1
California	-0.5	1.0	1.8	1.8	0.8	-1.3	-6.0	-1.2	2.0	2.5	2.3	1.6	1.3
Mining	-3.8	2.5	3.3	6.3	6.5	7.7	-10.4	-3.8	3.2	2.2	0.8	0.4	-1.7
Construction	2.9	6.7	6.4	3.2	-4.4	-11.8	-21.4	-10.8	1.0	10.2	11.6	6.4	4.8
Manufacturing	-5.5	-1.4	-1.2	-1.0	-1.7	-2.7	-10.2	-2.6	2.7	2.8	2.5	1.2	0.2
Nondurable Goods	-3.2	-1.5	-2.1	-0.6	-1.1	-2.0	-8.2	-3.5	0.5	1.1	0.1	-0.3	-0.4
Durable Goods	-6.7	-1.3	-0.7	-1.2	-2.1	-3.0	-11.3	-2.0	4.1	3.7	3.8	2.1	0.6
Trans. Warehs. & Utility	-2.1	0.4	0.9	1.8	2.3	-0.6	-6.0	-2.8	3.5	5.4	3.6	2.4	2.4
Wholesale Trade	-0.4	0.9	3.1	3.9	2.1	-1.6	-8.4	-4.1	0.8	2.1	1.2	0.7	0.7
Retail Trade	0.4	1.8	2.6	1.3	0.6	-2.9	-7.4	-0.8	2.8	2.3	1.3	0.7	0.6
Financial Activities	3.8	1.9	2.8	0.9	-3.3	-6.0	-6.3	-1.5	2.0	3.7	2.8	0.5	-0.4
Prof. and Business Services	-1.6	0.6	3.0	3.8	1.0	-1.2	-8.2	0.9	6.4	3.9	3.5	2.6	2.2
Edu. & Health Services	2.5	1.5	1.7	1.7	3.5	3.3	0.9	1.4	1.6	1.7	1.1	1.3	1.5
Leisure & Hospitality	1.3	2.8	2.5	3.0	2.7	0.8	-4.6	-0.9	0.9	1.5	1.4	0.9	0.7
Information	-4.2	1.3	-1.8	-1.6	1.0	1.0	-6.0	1.2	3.9	1.6	1.1	0.7	0.9
Federal Gov't.	0.6	-1.7	-0.2	-0.7	-0.7	0.5	1.2	3.2	-7.0	-1.7	-1.0	-0.5	-0.5
State & Local Gov't.	-1.0	-1.1	1.1	1.6	2.0	1.0	-1.1	-1.9	-1.0	1.0	1.9	1.8	1.7
Population and Migration													
Population (Ths.)	35285.1	35583.5	35814.9	36013.9	36276.9	36629.4	37009.3	37385.3	37752.7	38121.9	38496.7	38876.2	39256.2
(%Ch)	1.0	0.8	0.7	0.6	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Net Migration (Quarterly Rate, Ths.)	10.4	-9.5	-26.3	-27.5	-6.8	11.6	17.4	16.5	16.5	17.7	19.3	19.6	18.4
Housing													
Housing Starts Tot. Private (Annual Rate, Ths.)	188.0	194.5	194.5	154.9	103.3	62.2	36.2	44.9	81.7	111.6	138.0	153.4	173.6
Housing Starts Single Family	146.2	152.5	151.8	114.3	70.5	37.4	26.9	34.3	60.6	84.8	101.4	109.9	123.7
Housing Starts Multi-Family	41.8	41.9	42.7	40.6	32.8	24.8	9.3	10.6	21.1	26.8	36.6	43.5	49.9
Consumer Prices													
(%Ch)	2.3	2.4	3.0	3.5	3.1	3.4	-0.5	1.5	1.8	2.2	2.3	2.3	2.2

Table 2. Quarterly Summary of the University of Pacific Forecast for California

	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Personal Income and Gross State Product											
Personal Income (Annual Rate, Bil. \$)	1571.0	1581.5	1596.0	1614.5	1635.8	1657.0	1675.8	1695.4	1716.0	1737.7	1760.3
Calif. (%Ch)	-1.5	1.0	2.0	3.8	4.1	4.8	5.0	5.0	4.9	4.9	5.0
Real Personal Income (Bil. 2000\$)	1280.0	1283.7	1293.8	1303.8	1316.6	1327.3	1336.4	1346.1	1356.7	1367.5	1379.1
(%Ch)	-2.7	-1.0	0.2	2.2	2.9	3.4	3.3	3.2	3.0	3.0	3.2
Real Disposable Income (Bil. 2000\$)	1153.9	1154.1	1163.9	1173.4	1181.7	1180.6	1188.5	1196.2	1205.7	1203.8	1212.8
(%Ch)	0.3	-1.1	0.1	2.1	2.4	2.3	2.1	1.9	2.0	2.0	2.0
Gross State Product (Bil. \$)	1833.5	1856.2	1887.2	1909.7	1923.6	1945.5	1967.8	1991.5	2015.0	2038.9	2063.1
Calif. (%Ch)	0.0	2.7	4.8	5.7	4.9	4.8	4.3	4.3	4.8	4.8	4.8
Real GSP (Bil. 2000\$)	1515.7	1531.3	1546.8	1558.9	1569.6	1579.6	1591.0	1603.7	1616.0	1627.0	1639.4
Calif. (%Ch)	-0.7	2.2	3.7	4.2	3.6	3.2	2.9	2.9	3.0	3.0	3.0
Employment and Labor Force (Household Survey % Change)											
Employment	-5.1	-3.6	-1.3	0.3	1.7	2.4	2.5	2.9	3.1	3.0	2.7
Labor Force	-1.2	-1.0	0.1	0.7	1.3	1.1	0.7	1.0	1.2	1.4	1.3
CA Unemployment Rate (%)	12.3	12.6	12.5	12.3	12.0	11.5	11.0	10.6	10.3	10.0	9.8
U.S. Unemployment Rate (%)	10.0	9.7	9.8	9.6	9.5	9.4	9.2	9.0	8.8	8.6	8.4
Nonfarm Employment (Payroll Survey % Change)											
Total Nonfarm											
U.S.	-4.0	-2.3	-0.5	0.5	1.2	1.6	1.6	2.1	2.4	2.6	2.6
California	-6.0	-4.0	-1.8	0.0	0.9	1.5	1.8	2.2	2.4	2.6	2.5
Mining	-16.1	-11.9	-4.9	-0.7	2.4	2.4	2.7	3.3	4.1	3.9	2.6
Construction	-22.4	-17.6	-12.8	-7.2	-5.4	-3.5	-0.4	2.2	5.6	8.1	10.0
Manufacturing	-11.0	-7.1	-4.2	-0.8	1.7	1.9	3.3	3.1	2.7	2.9	2.9
Nondurable Goods	-8.9	-5.9	-4.8	-2.6	-0.7	-0.5	0.9	0.7	1.0	1.3	1.2
Durable Goods	-12.3	-7.8	-3.9	0.3	3.1	3.3	4.8	4.5	3.7	3.8	3.8
Trans. Warehs. & Utility	-6.1	-5.6	-3.4	-1.5	-0.8	1.7	2.9	4.3	5.3	5.8	5.7
Wholesale Trade	-8.6	-6.7	-5.0	-3.0	-1.8	-0.4	0.7	1.2	1.9	2.3	2.3
Retail Trade	-6.2	-3.6	-1.9	0.4	1.9	2.3	3.1	2.9	3.0	2.7	2.3
Financial Activities	-5.8	-4.1	-2.4	-0.2	1.0	1.7	2.2	1.9	2.3	3.1	3.7
Prof. and Business Services	-7.6	-4.5	-0.6	3.4	5.3	6.6	7.2	6.5	5.3	4.6	3.9
Edu. & Health Services	0.4	1.2	1.5	1.7	1.5	0.9	1.5	1.8	2.0	2.1	1.8
Leisure & Hospitality	-4.8	-3.3	-1.2	0.1	0.9	1.4	0.7	0.8	0.9	1.2	1.3
Information	-5.0	-1.1	1.3	2.0	2.6	3.9	4.4	4.2	3.2	2.6	1.8
Federal Gov't.	0.8	0.0	10.5	4.2	-1.9	-2.7	-14.4	-8.0	-2.8	-2.2	-1.8
State & Local Gov't.	-1.8	-1.9	-1.9	-2.0	-2.0	-1.7	-1.6	-0.6	0.1	0.4	0.9
Population and Migration											
Population (Ths.)	37152.4	37247.8	37339.4	37431.1	37523.0	37615.3	37706.7	37798.5	37890.5	37982.7	38075.3
(%Ch)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Net Migration (Ths.)	18.2	18.7	15.4	15.8	16.2	16.7	16.0	16.4	16.8	17.2	17.6
Housing											
Housing Starts Tot. Private (Annual Rate, Ths.)	30.1	41.2	37.0	48.0	53.6	64.9	76.7	88.3	97.0	104.6	111.3
Housing Starts Single Family	26.1	31.7	27.4	36.7	41.5	49.5	56.8	64.5	71.6	78.3	84.9
Housing Starts Multi-Family	4.0	9.5	9.6	11.3	12.1	15.4	19.9	23.7	25.4	26.3	26.4
Consumer Prices											
(%Ch)	1.0	2.0	1.7	1.2	1.3	1.4	1.8	1.9	2.1	2.1	2.2

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Table 2. Quarterly Summary of the University of Pacific Forecast for California

	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Personal Income and Gross State Product												
Personal Income (Annual Rate, Bil. \$)	1783.0	1806.4	1824.3	1848.4	1872.9	1898.3	1935.8	1964.4	1993.7	2022.5	2052.1	2080.1
Calif. (%Ch)	5.2	5.3	5.0	5.0	5.0	5.1	6.1	6.3	6.4	6.5	6.0	5.9
Real Personal Income (Bil. 2000\$)	1390.2	1401.5	1408.3	1420.0	1432.4	1445.1	1465.8	1479.7	1494.4	1508.6	1523.0	1536.0
(%Ch)	3.3	3.3	3.0	3.0	3.0	3.1	4.1	4.2	4.3	4.4	3.9	3.8
Real Disposable Income (Bil. 2000\$)	1220.0	1227.6	1223.9	1229.5	1238.3	1250.4	1268.7	1281.9	1296.0	1309.2	1318.8	1330.7
(%Ch)	2.0	1.8	1.7	1.4	1.5	1.9	3.7	4.3	4.7	4.7	3.9	3.8
Gross State Product (Bil. \$)	2089.4	2118.8	2142.9	2165.1	2190.4	2215.0	2245.2	2269.6	2299.0	2328.0	2358.0	2386.8
Calif. (%Ch)	4.9	5.2	5.1	4.9	4.8	4.5	4.8	4.8	5.0	5.1	5.0	5.2
Real GSP (Bil. 2000\$)	1652.6	1667.7	1677.4	1687.1	1699.2	1710.2	1723.4	1733.5	1747.5	1761.3	1774.5	1787.8
Calif. (%Ch)	3.1	3.2	3.1	2.9	2.8	2.5	2.7	2.7	2.8	3.0	3.0	3.1
Employment and Labor Force (Household Survey % Change)												
Employment	2.5	2.4	2.4	2.3	2.2	2.0	1.8	1.5	1.4	1.3	1.2	1.2
Labor Force	1.3	1.3	1.5	1.5	1.4	1.4	1.1	0.9	0.8	0.7	0.7	0.7
CA Unemployment Rate (%)	9.6	9.4	9.2	9.0	8.9	8.8	8.6	8.5	8.3	8.2	8.1	8.0
U.S. Unemployment Rate (%)	8.2	8.1	7.9	7.8	7.6	7.5	7.4	7.3	7.2	7.1	7.0	6.9
Nonfarm Employment (Payroll Survey % Change)												
Total Nonfarm												
U.S.	2.6	2.5	2.4	2.2	2.0	1.7	1.6	1.4	1.3	1.3	1.2	1.1
California	2.5	2.6	2.6	2.5	2.3	2.1	1.8	1.7	1.5	1.4	1.3	1.3
Mining	1.5	0.7	0.4	0.7	1.0	1.0	0.9	0.6	0.2	-0.1	-0.6	-1.3
Construction	11.2	11.6	13.1	12.3	11.2	9.8	7.2	6.7	6.1	5.6	5.2	4.9
Manufacturing	2.6	2.6	2.6	2.4	2.5	2.3	1.8	1.4	1.0	0.6	0.5	0.2
Nondurable Goods	1.1	0.8	0.4	0.2	0.0	-0.1	-0.3	-0.3	-0.4	-0.4	-0.3	-0.4
Durable Goods	3.5	3.6	3.8	3.7	3.9	3.7	2.9	2.3	1.8	1.2	0.9	0.5
Trans. Warehs. & Utility	5.2	4.8	4.2	3.8	3.3	3.0	2.6	2.4	2.3	2.3	2.4	2.4
Wholesale Trade	2.0	1.8	1.5	1.3	1.0	0.9	0.8	0.8	0.7	0.6	0.7	0.7
Retail Trade	2.1	1.9	1.7	1.4	1.1	0.8	0.7	0.7	0.7	0.7	0.7	0.8
Financial Activities	4.0	3.9	3.5	3.1	2.5	1.9	1.5	0.8	0.2	-0.3	-0.6	-0.5
Prof. and Business Services	3.5	3.6	3.6	3.7	3.6	3.2	3.0	2.7	2.5	2.4	2.2	2.1
Edu. & Health Services	1.6	1.4	1.3	1.2	1.1	1.0	1.3	1.3	1.3	1.5	1.3	1.4
Leisure & Hospitality	1.6	1.8	1.7	1.5	1.3	1.1	1.0	0.9	0.8	0.8	0.7	0.8
Information	1.3	0.8	0.6	1.1	1.3	1.2	0.6	0.6	0.7	0.7	1.0	0.8
Federal Gov't.	-1.6	-1.3	-1.1	-1.0	-0.9	-0.8	-0.7	-0.5	-0.4	-0.3	-0.4	-0.5
State & Local Gov't.	1.3	1.5	1.8	1.9	1.9	1.9	1.9	1.8	1.8	1.7	1.8	1.8
Population and Migration												
Population (Ths.)	38168.2	38261.5	38355.1	38449.2	38543.7	38638.9	38733.3	38828.0	38923.9	39019.4	39114.6	39209.0
(%Ch)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Net Migration (Ths.)	17.9	18.3	18.7	19.1	19.4	20.0	19.0	19.3	20.2	19.8	19.2	18.4
Housing												
Housing Starts Tot. Private (Annual Rate, Ths.)	111.3	119.1	126.1	136.2	143.1	146.7	149.7	151.3	154.0	158.8	161.6	170.0
Housing Starts Single Family	85.1	90.9	94.9	100.9	103.9	105.9	108.1	108.6	110.2	112.9	114.0	120.9
Housing Starts Multi-Family	26.2	28.2	31.2	35.3	39.2	40.9	41.6	42.7	43.8	45.8	47.6	49.2
Consumer Prices												
(%Ch)	2.2	2.3	2.4	2.4	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.2

Table 3. Employment Quarterly

	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
California Payroll Employment (Thousands)											
Total Nonfarm	13848.4	13838.3	13887.1	13919.7	13975.1	14049.7	14138.7	14224.7	14315.0	14409.1	14497.6
Manufacturing	1238.4	1243.1	1236.0	1246.3	1259.4	1266.5	1277.2	1284.7	1293.3	1303.2	1313.8
Durable Goods	769.7	774.7	772.6	781.0	793.7	800.5	809.9	816.2	823.0	831.0	840.7
Wood Products	20.8	21.1	20.5	20.9	21.5	22.2	23.2	24.2	25.2	26.0	26.8
Computer & Electronics	269.9	271.5	274.3	278.1	280.2	279.2	278.9	277.7	275.8	277.1	279.5
Transportation Equipment	110.2	111.0	106.7	107.1	110.0	112.3	113.5	113.5	114.5	115.2	116.1
Nondurables	468.7	468.4	463.3	465.3	465.6	466.0	467.3	468.5	470.3	472.2	473.1
Foods	140.4	139.8	139.7	139.9	140.1	140.2	140.6	140.9	141.5	142.0	142.3
Non-Manufacturing	12610.0	12595.2	12651.1	12673.4	12715.7	12783.3	12861.6	12939.9	13021.7	13106.0	13183.8
Mining	24.2	24.4	24.7	24.8	24.8	25.0	25.3	25.6	25.8	26.0	26.0
Construction	574.1	564.0	551.2	546.6	543.0	544.6	549.0	558.5	573.1	588.5	603.8
Transportation, Warehouse & Util.	466.3	459.3	459.6	460.9	462.4	466.9	473.1	480.6	487.0	494.0	499.9
Wholesale Trade	627.9	620.2	616.2	617.2	616.7	617.5	620.7	624.9	628.2	631.6	634.7
Retail Trade	1491.9	1498.3	1499.9	1512.7	1520.3	1533.3	1546.9	1556.6	1566.1	1574.7	1581.8
Information	447.4	448.5	448.9	451.8	459.2	466.0	468.6	471.0	474.1	477.9	477.0
Prof. & Bus. Services	2020.3	2026.5	2044.8	2083.3	2127.9	2160.9	2192.2	2219.1	2241.0	2259.8	2277.4
Admin. & Support	830.6	838.8	856.9	887.2	916.3	935.5	949.1	961.8	972.5	982.8	993.8
Prof. Sci. & Tech.	1000.4	1000.1	999.4	1007.1	1022.9	1036.5	1054.5	1068.6	1079.8	1088.3	1094.8
Mgmt. of Co.	189.3	187.5	188.5	188.9	188.8	188.9	188.7	188.8	188.7	188.7	188.8
Financial Activities	784.2	780.5	780.5	787.4	791.6	793.8	797.3	802.6	809.9	818.7	826.6
Real Estate & Rent	248.0	245.6	242.9	245.0	245.6	246.2	247.3	248.6	249.9	251.0	252.0
Finance & Insurance	536.2	534.9	537.6	542.4	546.0	547.5	550.0	553.9	560.0	567.7	574.5
Education & Health Service	1744.9	1760.4	1762.1	1766.1	1771.4	1776.6	1788.6	1798.1	1806.8	1813.7	1821.5
Education Services	309.2	314.4	319.3	320.7	322.4	324.2	325.8	326.9	327.8	328.5	328.4
Health Services	1435.8	1446.0	1442.8	1445.4	1449.0	1452.4	1462.9	1471.2	1478.9	1485.2	1493.2
Leisure & Hospitality	1479.3	1474.0	1487.9	1489.7	1491.9	1494.2	1498.6	1501.7	1505.2	1511.7	1518.8
Other Services	472.8	470.3	478.9	478.7	479.1	481.3	481.2	481.5	481.8	482.0	481.3
Government	2476.7	2468.8	2496.4	2454.2	2427.4	2423.3	2420.0	2420.0	2422.7	2427.4	2435.0
Federal Gov't.	250.3	249.8	281.7	260.9	245.5	243.0	241.1	239.9	238.7	237.7	236.9
State & Local Gov't.	2226.4	2219.0	2214.7	2193.3	2181.9	2180.2	2178.8	2180.1	2184.0	2189.7	2198.2

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Table 3. Employment Quarterly

	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
California Payroll Employment (Thousands)												
Total Nonfarm	14586.2	14680.6	14776.6	14853.2	14919.0	14981.9	15045.9	15098.3	15146.0	15196.0	15246.8	15296.8
Manufacturing	1318.8	1326.9	1336.8	1345.9	1351.6	1357.6	1360.6	1364.7	1365.6	1366.1	1366.9	1367.0
Durable Goods	845.0	852.9	862.7	871.8	877.9	884.1	887.8	892.2	893.6	894.5	895.6	896.3
Wood Products	27.3	27.7	28.0	28.3	28.4	28.6	28.6	28.6	28.3	28.0	27.8	27.8
Computer & Electronics	278.5	281.4	285.6	289.5	291.7	295.0	296.9	298.5	299.6	300.6	300.8	301.2
Transportation Equipment	117.0	117.8	118.5	119.2	119.7	120.2	120.6	121.0	121.3	121.5	121.6	121.5
Nondurables	473.8	473.9	474.1	474.0	473.8	473.5	472.8	472.5	472.0	471.6	471.3	470.6
Foods	142.6	142.7	142.9	143.0	143.1	143.3	143.4	143.6	143.7	143.8	143.9	144.0
Non-Manufacturing	13267.4	13353.8	13439.8	13507.3	13567.4	13624.3	13685.3	13733.6	13780.4	13829.9	13879.9	13929.9
Mining	26.0	26.0	26.1	26.2	26.2	26.3	26.3	26.3	26.3	26.2	26.1	26.0
Construction	621.1	639.7	665.3	678.2	690.5	702.2	713.5	723.5	732.8	741.4	750.9	759.2
Transportation, Warehouse & Util.	505.7	510.5	514.9	518.7	522.3	525.5	528.3	531.3	534.4	537.8	541.1	544.2
Wholesale Trade	637.7	639.8	641.3	642.7	644.3	645.5	646.8	647.7	648.6	649.6	651.0	652.2
Retail Trade	1589.4	1596.6	1601.4	1604.2	1607.2	1610.1	1612.9	1614.7	1617.7	1621.7	1624.9	1627.3
Information	477.0	478.0	480.7	482.5	483.3	483.6	483.6	485.3	486.9	487.2	488.3	489.3
Prof. & Bus. Services	2297.4	2320.8	2342.3	2362.5	2379.1	2396.1	2413.0	2427.3	2438.1	2452.5	2465.1	2479.2
Admin. & Support	1007.8	1025.8	1043.6	1058.0	1069.1	1082.3	1095.7	1108.0	1118.3	1131.2	1143.9	1155.3
Prof. Sci. & Tech.	1101.0	1106.4	1110.3	1116.1	1121.6	1125.5	1129.3	1131.5	1132.1	1133.9	1134.0	1136.8
Mgmt. of Co.	188.7	188.6	188.4	188.4	188.4	188.3	188.1	187.9	187.6	187.4	187.2	187.0
Financial Activities	834.6	841.9	847.3	852.0	855.6	858.2	860.1	859.0	857.1	855.2	854.8	854.8
Real Estate & Rent	253.2	254.0	254.3	254.7	255.2	255.6	255.7	255.7	256.0	256.2	256.6	257.0
Finance & Insurance	581.5	587.9	593.0	597.3	600.4	602.6	604.4	603.4	601.2	599.0	598.2	597.8
Education & Health Service	1827.3	1832.8	1836.8	1842.6	1847.1	1850.4	1860.5	1866.0	1871.6	1878.1	1884.3	1892.1
Education Services	328.3	328.0	328.1	327.9	327.6	327.5	327.8	328.1	328.4	328.8	329.3	329.6
Health Services	1499.0	1504.8	1508.8	1514.7	1519.5	1522.9	1532.7	1538.0	1543.2	1549.2	1555.0	1562.5
Leisure & Hospitality	1525.3	1531.9	1537.4	1541.4	1544.7	1549.0	1552.6	1555.0	1557.8	1561.2	1564.2	1566.7
Other Services	482.1	482.7	483.0	482.7	482.9	483.1	484.1	485.1	486.5	486.6	486.7	487.0
Government	2443.8	2453.3	2463.2	2473.7	2484.2	2494.3	2503.5	2512.3	2522.6	2532.3	2542.4	2551.9
Federal Gov't.	236.2	235.6	235.0	234.5	234.0	233.7	233.4	233.3	233.0	232.9	232.5	232.2
State & Local Gov't.	2207.6	2217.7	2228.1	2239.3	2250.2	2260.7	2270.1	2279.0	2289.6	2299.5	2309.8	2319.7

Table 4. Employment Annual

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
California Payroll Employment (Thousands)													
Total Nonfarm	14392.6	14531.8	14800.3	15059.3	15172.7	14981.7	14083.4	13905.1	14182.0	14543.4	14882.7	15121.5	15319.2
Manufacturing	1544.5	1523.4	1504.6	1490.1	1464.2	1425.3	1280.6	1246.2	1280.4	1315.7	1348.0	1364.3	1367.6
Durable Goods	978.5	966.0	959.0	947.6	927.9	899.7	797.9	780.5	812.4	842.4	874.1	892.0	897.1
Wood Products	25.2	25.2	25.1	24.9	24.6	24.0	20.0	20.5	22.9	23.4	22.8	22.4	22.1
Computer & Electronics	320.9	313.4	310.8	308.2	304.1	300.0	278.0	276.0	277.9	279.1	290.5	298.9	302.2
Transportation Equipment	131.5	133.0	132.4	130.1	126.8	123.7	113.1	108.7	113.4	116.5	119.4	121.1	121.2
Nondurables	566.1	557.4	545.7	542.5	536.4	525.5	482.7	465.7	468.0	473.2	473.8	472.2	470.5
Foods	156.3	155.0	153.6	151.1	153.0	153.0	146.2	139.9	140.8	142.4	143.1	143.6	144.0
Non-Manufacturing	12848.1	13008.4	13295.6	13569.3	13708.4	13556.5	12802.8	12658.9	12901.6	13227.7	13534.7	13757.3	13951.6
Mining	22.3	22.8	23.6	25.1	26.7	28.7	25.7	24.7	25.4	26.0	26.2	26.3	25.8
Construction	796.9	850.4	905.3	933.6	892.6	787.8	619.9	551.2	556.3	613.2	684.1	727.8	762.7
Trans., Warehouse & Util.	480.6	482.7	487.1	496.0	507.5	504.6	474.1	460.6	476.9	502.5	520.4	533.0	545.7
Wholesale Trade	647.3	653.0	673.6	700.1	715.2	703.5	644.4	617.6	622.8	635.9	643.4	648.2	652.8
Retail Trade	1588.2	1617.5	1658.9	1679.9	1689.9	1641.6	1520.6	1507.8	1550.7	1585.6	1605.7	1616.8	1626.9
Information	476.1	482.3	473.5	465.9	470.7	475.5	446.8	452.1	469.9	477.5	482.5	485.8	489.9
Prof. & Bus. Services	2084.4	2096.7	2159.4	2241.1	2264.0	2237.0	2053.1	2070.6	2203.3	2288.9	2370.0	2432.7	2487.3
Admin. & Support	931.0	947.6	968.0	1003.1	997.7	951.5	841.5	874.8	954.7	1002.6	1063.3	1113.3	1162.8
Prof. Sci. & Tech.	906.6	918.8	970.2	1026.4	1060.2	1079.6	1016.8	1007.4	1059.8	1097.6	1118.4	1131.7	1137.6
Mgmt. of Co.	246.8	230.2	221.2	211.6	206.1	206.0	194.8	188.5	188.7	188.7	188.4	187.8	186.9
Financial Activities	885.6	902.1	927.1	935.2	904.6	850.3	796.9	785.0	800.9	830.4	853.3	857.9	854.6
Real Estate & Rent	272.2	276.4	283.6	288.5	283.5	275.9	254.7	244.8	248.0	252.5	255.0	255.9	257.2
Finance & Insurance	613.4	625.8	643.5	646.7	621.1	574.5	542.2	540.2	552.9	577.9	598.3	602.0	597.4
Education & Health Service	1536.3	1560.0	1586.6	1614.2	1670.4	1724.8	1739.8	1765.0	1792.5	1823.8	1844.2	1869.0	1896.2
Education Services	258.2	262.9	272.3	277.8	289.4	300.7	302.2	319.2	326.2	328.3	327.8	328.3	329.8
Health Services	1278.1	1297.1	1314.3	1336.4	1381.0	1424.1	1437.6	1445.8	1466.3	1495.6	1516.5	1540.8	1566.5
Leisure & Hospitality	1400.1	1439.3	1475.0	1518.9	1560.2	1572.6	1499.8	1485.9	1499.9	1521.9	1543.1	1556.6	1567.7
Other Services	504.3	503.8	505.4	507.0	512.1	511.3	484.3	476.7	481.4	482.0	482.9	485.6	486.8
Government	2426.1	2397.7	2420.2	2452.3	2494.6	2518.9	2497.3	2461.7	2421.5	2439.9	2478.9	2517.7	2555.3
Federal Gov't.	255.4	251.1	250.4	248.7	247.0	248.3	251.4	259.5	240.7	236.6	234.3	233.2	232.1
State & Local Gov't.	2170.6	2146.7	2169.8	2203.6	2247.6	2270.6	2246.0	2202.2	2180.8	2203.3	2244.6	2284.5	2323.2

Table 5. Personal Income - Quarterly

	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Billions Current Dollars											
Personal Income	1571.0	1581.5	1596.0	1614.5	1635.8	1657.0	1675.8	1695.4	1716.0	1737.7	1760.3
Wages & Salaries	791.0	795.6	805.5	810.9	821.7	833.5	845.0	856.1	867.4	879.6	890.9
Other Labor Income	187.5	188.0	191.1	192.6	194.3	198.8	201.7	204.2	206.9	210.5	213.5
Nonfarm	162.5	163.6	160.1	162.7	165.2	168.0	170.9	173.3	175.7	177.5	179.5
Farm	3.2	3.2	3.3	3.4	3.4	3.5	3.6	3.7	3.8	3.9	4.0
Property Income	299.9	299.8	303.9	312.2	318.3	322.7	324.8	328.7	333.7	339.5	346.2
Transfer Payments	248.2	254.7	256.7	257.9	258.9	262.2	262.8	263.5	263.9	267.0	268.0
Social Insurance	121.2	123.4	124.5	125.2	126.1	131.6	133.0	134.1	135.3	140.2	141.7
Billions 2000 \$											
Personal Income	1280.0	1283.7	1293.8	1303.8	1316.6	1327.3	1336.4	1346.1	1356.7	1367.5	1379.1
Wages & Salaries	644.5	645.8	652.9	654.9	661.4	667.6	673.9	679.8	685.8	692.2	698.0
Other Labor Income	152.7	152.6	154.9	155.5	156.4	159.2	160.8	162.1	163.6	165.7	167.2
Nonfarm	132.4	132.8	129.8	131.4	132.9	134.5	136.3	137.6	138.9	139.7	140.6
Farm	2.6	2.6	2.7	2.7	2.8	2.8	2.9	2.9	3.0	3.1	3.1
Property Income	244.4	243.3	246.4	252.1	256.2	258.5	259.0	261.0	263.8	267.2	271.2
Transfer Payments	202.3	206.8	208.1	208.3	208.4	210.0	209.6	209.2	208.6	210.1	210.0
Social Insurance	98.8	100.2	101.0	101.1	101.5	105.4	106.1	106.5	107.0	110.4	111.0
New Passenger Car & Truck Reg.	1168.4	1267.2	1268.2	1314.7	1363.0	1412.7	1464.2	1517.7	1569.5	1615.8	1667.5
Retail Sales (Billions \$)	448.1	455.7	461.4	469.8	477.6	484.0	491.0	499.0	507.2	513.7	519.1
Real Retail Sales (Billions 2000\$)	365.1	369.9	374.1	379.4	384.4	387.7	391.6	396.2	401.0	404.3	406.7

CALIFORNIA SUMMARY TABLES

Continued from page 20

Table 5. Personal Income - Quarterly

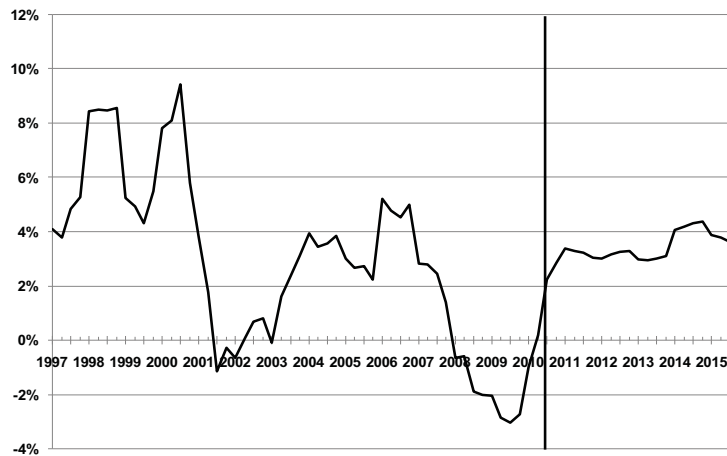
	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Billions Current Dollars												
Personal Income	1783.0	1806.4	1824.3	1848.4	1872.9	1898.3	1935.8	1964.4	1993.7	2022.5	2052.1	2080.1
Wages & Salaries	902.4	914.9	928.5	940.3	951.5	962.9	975.5	986.6	997.7	1009.0	1021.4	1032.8
Other Labor Income	216.3	219.4	222.7	225.5	228.1	231.0	234.7	237.5	240.0	243.0	246.5	249.0
Nonfarm	181.1	183.2	184.9	187.4	189.7	192.3	195.6	198.6	200.5	202.5	204.7	207.6
Farm	4.1	4.2	4.2	4.2	4.2	4.2	4.1	4.1	4.1	4.1	4.0	3.9
Property Income	352.5	357.4	362.5	368.0	374.0	380.6	387.5	396.5	407.0	416.4	425.3	433.2
Transfer Payments	269.9	272.3	274.0	277.2	280.4	283.8	297.4	301.2	305.6	310.3	320.5	325.0
Social Insurance	143.3	145.0	152.5	154.2	154.9	156.4	159.1	160.1	161.3	162.7	170.2	171.4
Billions 2000 \$												
Personal Income	1390.2	1401.5	1408.3	1420.0	1432.4	1445.1	1465.8	1479.7	1494.4	1508.6	1523.0	1536.0
Wages & Salaries	703.6	709.8	716.8	722.4	727.7	733.0	738.6	743.2	747.8	752.6	758.0	762.7
Other Labor Income	168.6	170.2	171.9	173.2	174.4	175.8	177.7	178.9	179.9	181.2	182.9	183.8
Nonfarm	141.2	142.1	142.7	144.0	145.1	146.4	148.1	149.6	150.3	151.1	151.9	153.3
Farm	3.2	3.3	3.2	3.2	3.2	3.2	3.1	3.1	3.1	3.0	3.0	2.9
Property Income	274.8	277.3	279.8	282.7	286.0	289.7	293.4	298.7	305.1	310.6	315.7	319.9
Transfer Payments	210.4	211.2	211.5	213.0	214.5	216.0	225.2	226.9	229.1	231.4	237.9	240.0
Social Insurance	111.7	112.5	117.7	118.5	118.5	119.1	120.4	120.6	120.9	121.4	126.3	126.6
New Passenger Car & Truck Reg.	1709.3	1743.7	1774.2	1801.0	1823.3	1847.3	1876.1	1890.3	1904.6	1919.0	1933.5	1948.2
Retail Sales (Billions \$)	523.9	528.4	532.7	537.1	540.9	544.5	549.3	555.1	560.6	566.6	573.2	580.9
Real Retail Sales (Billions 2000\$)	408.5	409.9	411.2	412.7	413.6	414.5	415.9	418.1	420.2	422.6	425.4	429.0

Table 6. Personal Income - Annual

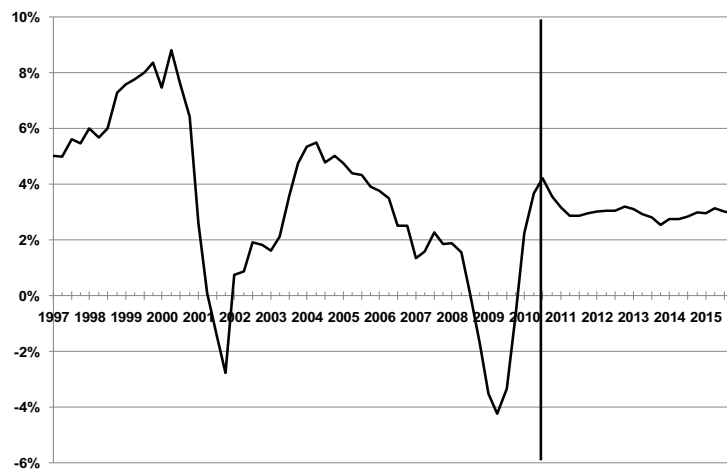
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Billions Current Dollars													
Personal Income	1233.0	1312.2	1387.7	1495.6	1572.3	1604.1	1564.4	1606.9	1686.0	1771.9	1861.0	1979.1	2094.0
Wages & Salaries	666.2	706.2	743.5	792.9	834.1	843.0	798.8	808.4	850.5	897.0	945.8	992.2	1038.6
Other Labor Income	158.2	171.7	181.6	183.6	186.0	189.7	188.4	191.5	202.9	214.9	226.8	238.8	250.3
Nonfarm	146.8	156.8	163.4	173.9	168.9	167.6	160.1	162.9	172.0	180.3	188.6	199.3	208.7
Farm	5.2	6.8	4.8	4.8	7.0	4.5	2.7	3.3	3.7	4.1	4.2	4.1	3.9
Property Income	206.6	222.1	243.8	280.2	305.9	315.3	297.4	308.5	327.5	348.9	371.3	401.9	437.3
Transfer Payments	152.5	160.2	167.9	181.0	193.0	210.4	239.4	257.1	263.1	269.3	278.9	303.6	327.3
Social Insurance	102.3	111.2	117.1	120.6	122.5	126.5	122.3	124.8	133.5	142.5	154.5	160.8	172.2
Billions 2000 \$													
Personal Income	1169.8	1213.2	1245.7	1306.7	1337.9	1320.9	1285.7	1299.5	1341.6	1384.6	1426.4	1487.1	1542.4
Wages & Salaries	632.1	652.9	667.5	692.8	709.8	694.2	656.5	653.7	676.8	700.9	725.0	745.6	765.0
Other Labor Income	150.1	158.7	163.0	160.5	158.3	156.2	154.9	154.9	161.4	167.9	173.8	179.4	184.4
Nonfarm	139.3	144.9	146.7	151.9	143.7	138.0	131.6	131.7	136.8	140.9	144.5	149.8	153.8
Farm	4.9	6.3	4.4	4.2	6.0	3.7	2.2	2.7	2.9	3.2	3.2	3.1	2.9
Property Income	196.1	205.3	218.8	244.8	260.3	259.6	244.5	249.5	260.6	272.6	284.6	301.9	322.1
Transfer Payments	144.7	148.1	150.8	158.2	164.2	173.3	196.7	207.9	209.3	210.4	213.7	228.1	241.1
Social Insurance	97.0	102.9	105.1	105.4	104.2	104.1	100.6	100.9	106.2	111.4	118.4	120.8	126.8
New Passenger Car & Truck Reg.	1946.0	2121.0	2143.8	2084.1	1870.8	1394.7	1053.4	1303.3	1491.0	1684.1	1811.4	1897.5	1964.7
Retail Sales (Billions \$)	388.3	413.7	439.4	465.2	478.8	471.2	439.3	466.1	495.3	521.3	538.8	557.9	584.2
Real Retail Sales (Billions 2000\$)	368.4	382.5	394.5	406.5	407.4	388.0	361.0	376.9	394.1	407.3	413.0	419.2	430.3

CHARTS

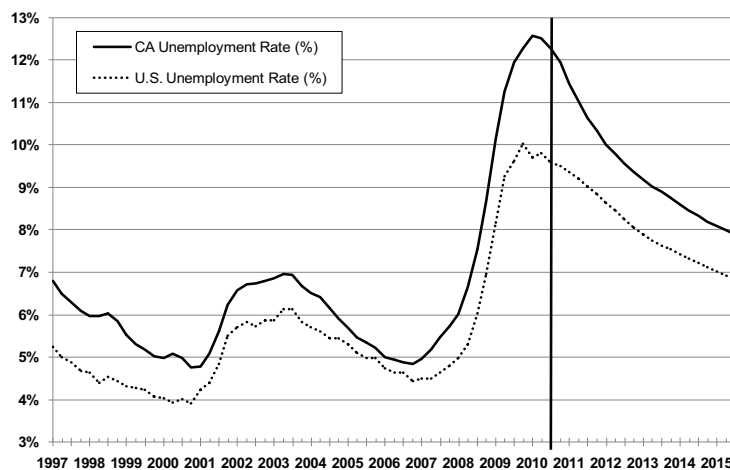
California Real Personal Income
(percent change from one year ago)



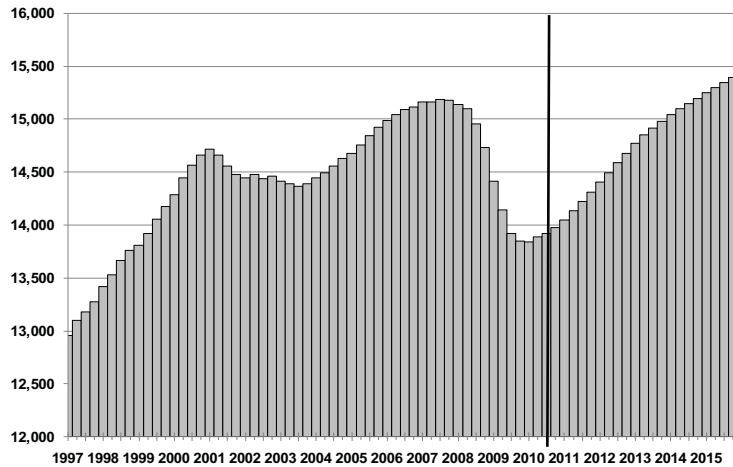
California Real Gross State Product
(percent change from one year ago)



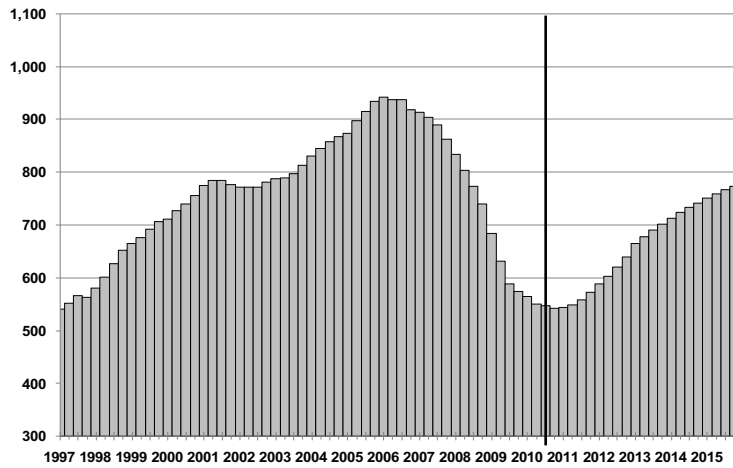
California and U.S. Unemployment Rates
(percent)



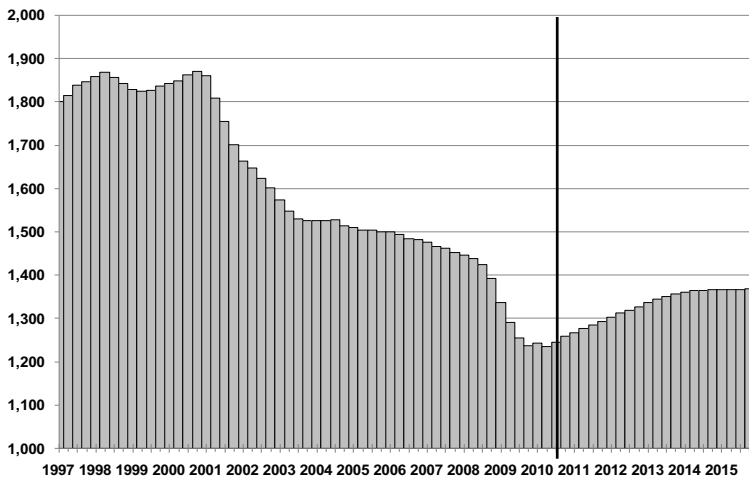
California Total Nonfarm Employment
(Thousands)



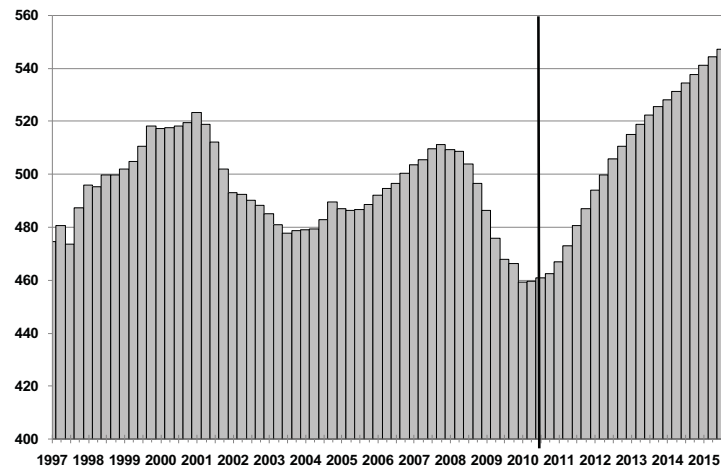
California Construction Employment
(Thouands)



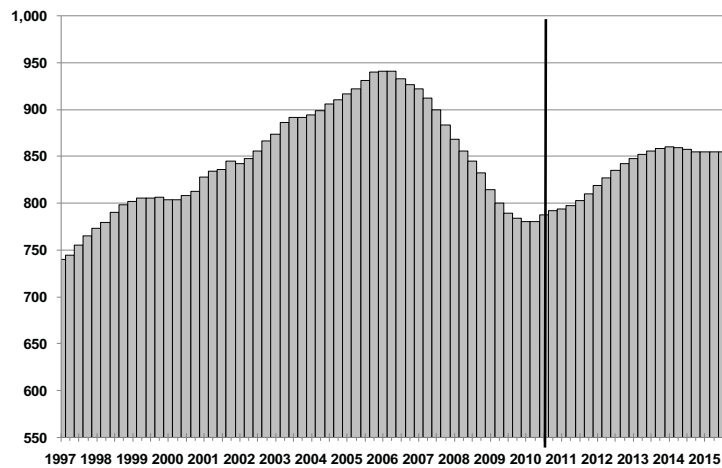
California Manufacturing Employment
(Thousands)



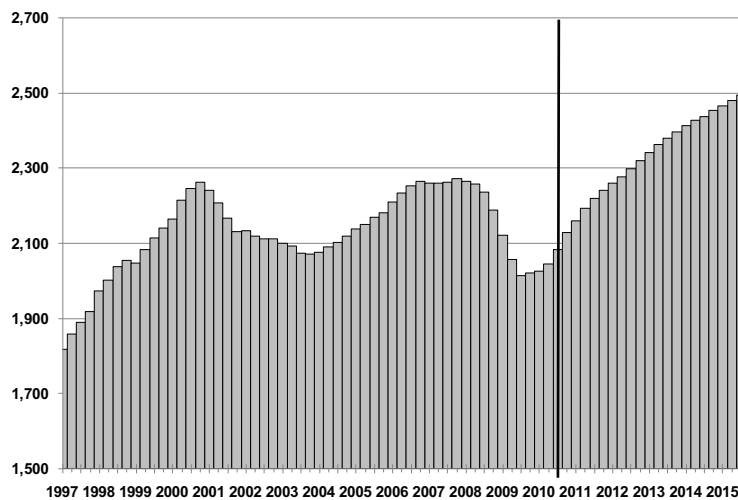
**California Trade, Transportation, and Utilities
Employment (Thousands)**



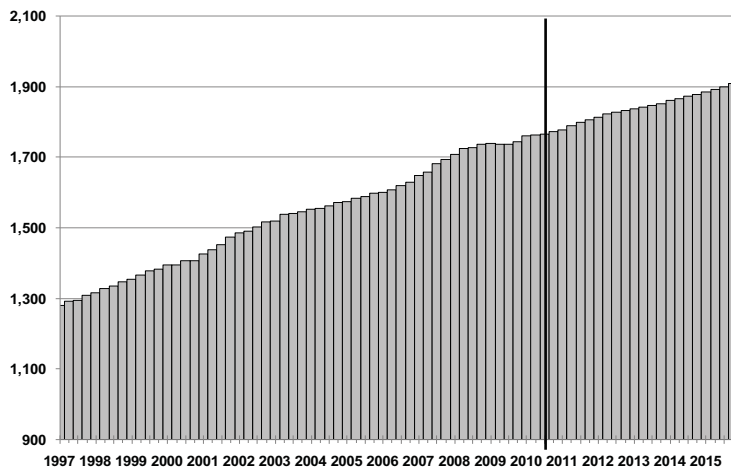
**California Financial Activities Employment
(Thousands)**



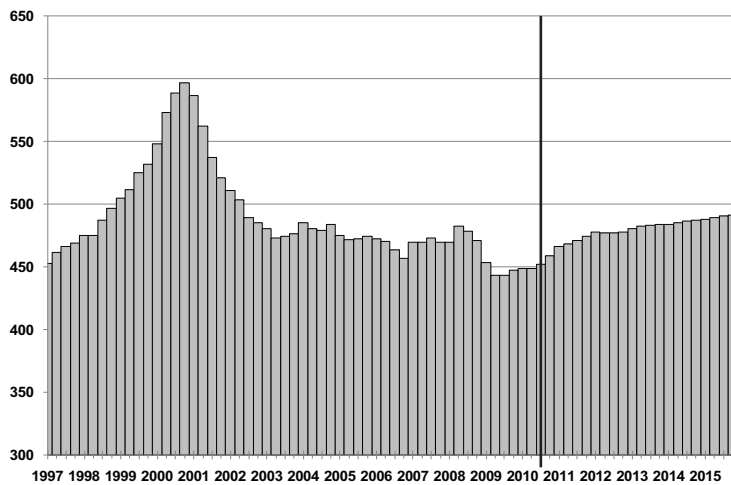
**California Professional and Business
Employment (Thousands)**



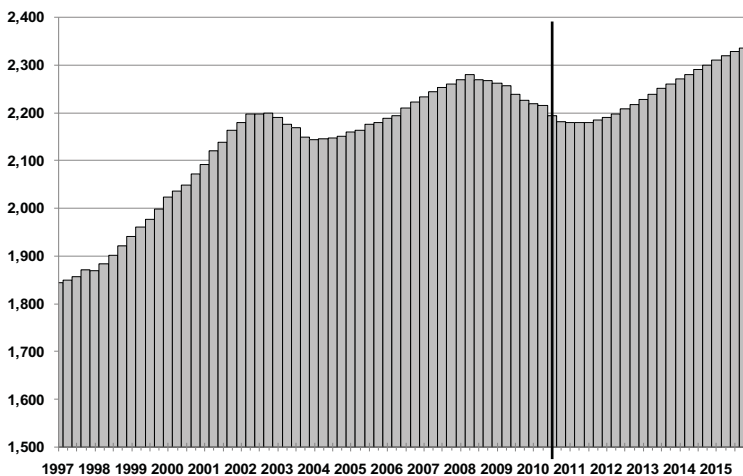
California Education and Health Services
Employment (Thousands)



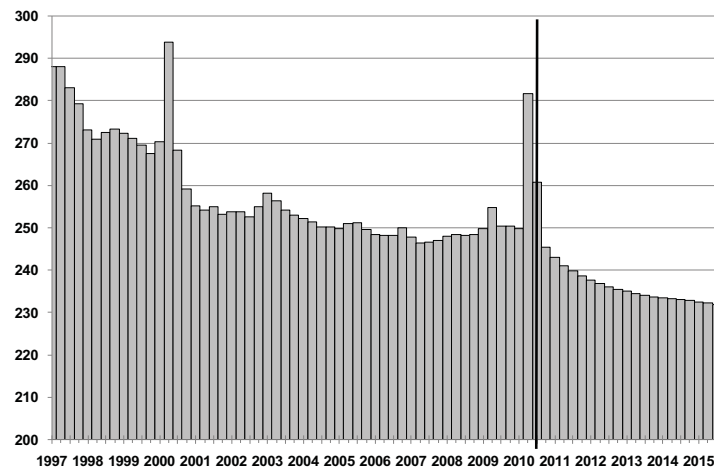
California Information Employment (Thousands)



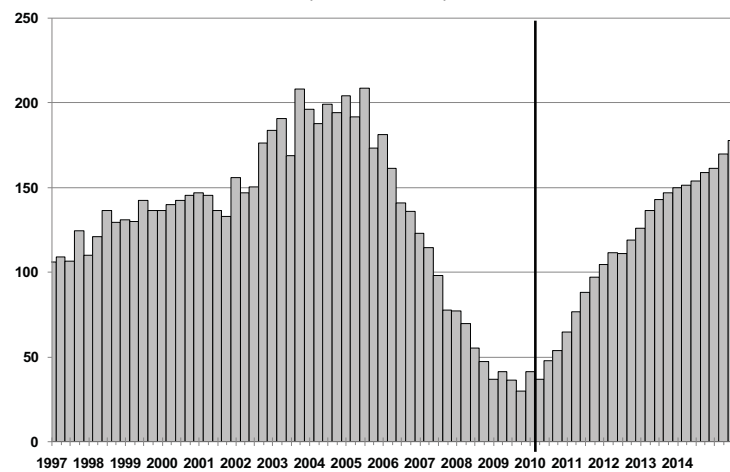
California State and Local Government
Employment (Thousands)



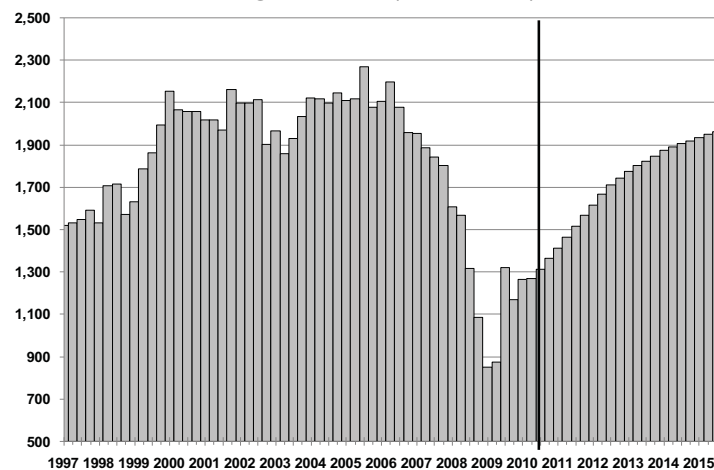
**California Federal Government Employment
(Thousands)**



**California Housing Starts
(Thousands)**



**California New Passenger & Light Truck
Registrations (Thousands)**



METROS

SHORT TERM OUTLOOK

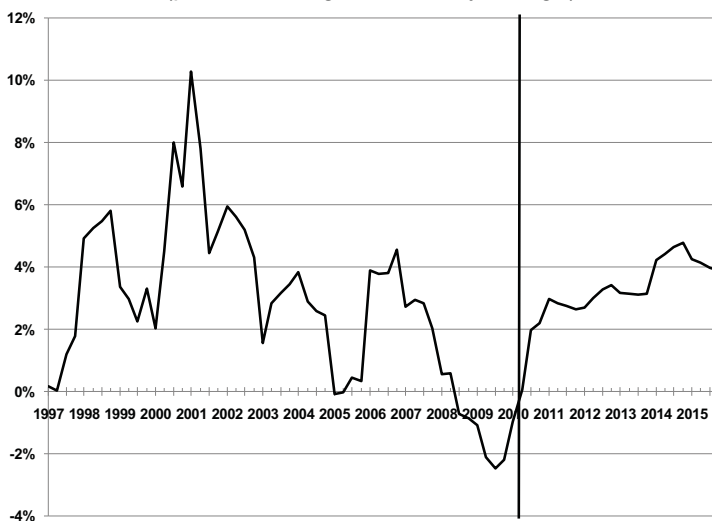
Real Personal Income in the Fresno Metropolitan Statistical Area (MSA) is projected to grow by 0.8% in 2010, less than the state's growth rate of 1.1%. The growth rate is expected to increase to 2.8% in 2011 amid the economic recovery, while increasing to 3.1% in 2012.

In 2009, the Fresno MSA shed 5.4% of jobs due to the recession and is expected to shed a further 2% of jobs in 2010. The labor market will show signs of recovery in the first quarter of 2011 as overall job growth is seen for the first time since the fourth quarter of 2007 at 1.1%. Job growth will be led by Professional and Business Services,

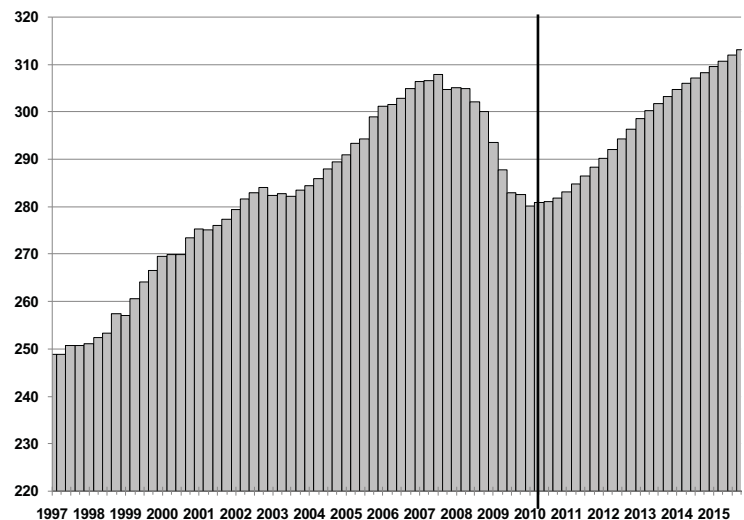
Information, and Education & Health Services in the first quarter of 2011. As the economy continues to recover, job growth will be 1.7% in 2011 and 2.7% in 2012.

Population growth will remain robust at a 1.3% rate in 2010, increasing slightly to 1.4% in 2011 and remaining steady through 2013. However, as job losses continue, the unemployment rate in the Fresno MSA will rise from 15.2% in 2009 to peak at 16.2% in 2010, cooling to 15% in 2011, and 13.7% in 2012. We expect unemployment to fall steadily, but slowly, for the rest of the forecast horizon.

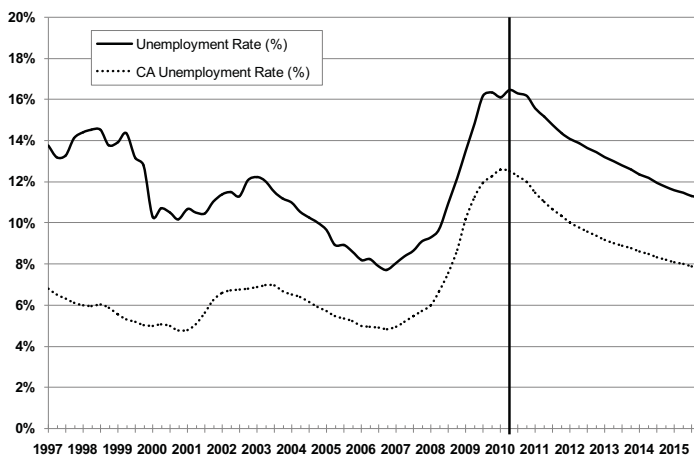
Fresno Real Personal Income
(percent change from one year ago)



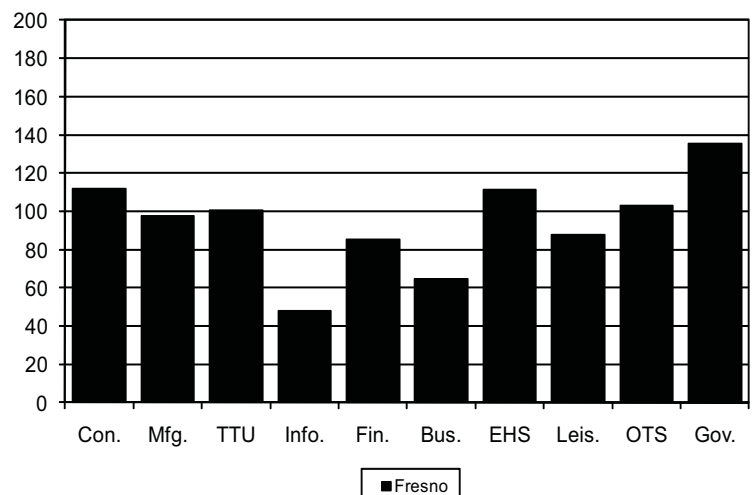
Fresno Payroll Employment
(Thousands)



Fresno and California Unemployment Rates
(percent)



Relative Employment Mix, 2009 (California)



Annual Outlook for Fresno

July 2010 Forecast

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income (Billions \$)													
Total Personal Income	22.1	23.3	24.1	25.7	27.1	28.0	27.5	28.2	29.4	30.9	32.5	34.7	36.8
Pct Chg Year Ago	4.8	5.6	3.2	6.9	5.4	3.3	-1.8	2.5	4.5	5.0	5.2	6.6	6.2
Wages and Salaries	10.6	11.2	11.8	12.6	13.3	13.6	13.0	13.0	13.6	14.3	15.1	15.8	16.6
Nonwage Income	11.5	12.1	12.2	13.1	13.8	14.3	14.5	15.1	15.8	16.6	17.4	18.9	20.2
Real Personal Income (2000\$)	21.0	21.6	21.6	22.5	23.1	23.1	22.6	22.8	23.4	24.2	24.9	26.0	27.1
Pct Chg Year Ago	2.8	2.9	0.2	4.0	2.6	-0.1	-1.9	0.8	2.8	3.1	3.2	4.5	4.1
Per Capita Income (Ths.)	26.1	27.2	27.7	29.3	30.4	30.9	30.0	30.3	31.2	32.3	33.6	35.3	37.1
Real Per Capita Income (2000\$)	24.8	25.1	24.9	25.6	25.9	25.5	24.7	24.5	24.9	25.3	25.7	26.6	27.3
Average Annual Wage (Ths.)	37.3	38.9	40.0	41.5	43.1	44.8	45.1	46.1	47.3	48.4	49.8	51.2	52.8
Pct Chg Year Ago	4.0	4.4	2.8	3.9	3.8	3.8	0.7	2.3	2.5	2.4	2.8	2.9	3.2

Establishment Employment (Place of Work, Thousands, SA)

Total Non-Farm Employment	282.7	287.0	294.4	302.6	306.4	303.0	286.7	280.9	285.6	293.2	301.0	306.5	311.3
Pct Chg Year Ago	0.3	1.5	2.6	2.8	1.3	-1.1	-5.4	-2.0	1.7	2.7	2.6	1.9	1.6
Manufacturing	27.1	27.5	27.2	27.5	28.1	27.1	25.3	25.8	26.4	27.1	27.8	28.1	28.2
Pct Chg Year Ago	1.2	1.4	-1.1	1.1	2.1	-3.6	-6.6	1.8	2.6	2.7	2.4	1.2	0.4
Nonmanufacturing	255.6	259.4	267.1	275.1	278.3	275.9	261.4	255.2	259.2	266.1	273.2	278.4	283.1
Pct Chg Year Ago	0.2	1.5	3.0	3.0	1.2	-0.9	-5.3	-2.3	1.6	2.6	2.7	1.9	1.7
Construction & Mining	18.3	20.1	21.8	23.4	21.2	18.0	13.9	12.3	12.6	13.9	15.5	16.4	17.2
Pct Chg Year Ago	6.3	10.3	8.1	7.5	-9.2	-15.2	-22.7	-11.0	2.6	9.8	11.5	6.2	4.8
Trade, Trans., & Utilities	55.9	55.7	57.1	58.4	60.4	59.2	55.6	55.5	56.7	58.2	59.3	60.1	60.9
Pct Chg Year Ago	2.0	-0.3	2.5	2.3	3.3	-2.0	-6.1	-0.2	2.3	2.5	2.0	1.4	1.3
Wholesale Trade	12.5	12.2	12.7	13.2	13.5	12.9	11.9	11.8	11.8	12.0	12.2	12.3	12.4
Retail Trade	33.8	33.9	35.1	35.2	36.3	35.4	33.0	32.7	33.7	34.5	35.1	35.5	35.7
Trans, Wrhsng, & Util	9.6	9.6	9.4	10.0	10.6	11.0	10.7	10.9	11.2	11.6	12.0	12.4	12.8
Information	4.2	4.6	4.3	4.2	4.2	4.7	4.4	4.3	4.5	4.6	4.6	4.6	4.7
Pct Chg Year Ago	-10.2	8.7	-4.7	-3.2	-0.6	13.3	-6.8	-1.7	4.4	1.9	0.9	0.2	1.3
Financial Activities	13.7	13.9	14.7	15.5	15.3	14.8	13.9	13.7	13.7	14.3	14.7	14.7	14.6
Pct Chg Year Ago	-3.0	1.7	5.6	5.5	-1.4	-3.5	-5.9	-1.5	0.6	4.2	2.6	0.2	-0.6
Prof & Business Services	26.4	27.7	28.8	29.5	30.0	30.6	28.1	27.4	29.5	31.0	32.6	33.7	34.6
Pct Chg Year Ago	4.7	5.0	4.1	2.5	1.6	2.2	-8.2	-2.3	7.6	5.1	5.1	3.3	2.6
Educ & Health Services	34.9	35.8	36.6	37.5	38.9	40.1	40.2	40.5	41.4	42.4	43.1	43.9	44.7
Pct Chg Year Ago	3.1	2.4	2.4	2.4	3.8	3.0	0.3	0.7	2.4	2.4	1.7	1.8	1.9
Leisure & Hospitality	23.6	24.3	25.9	28.1	28.2	28.0	26.6	25.6	25.9	26.4	27.0	27.3	27.6
Pct Chg Year Ago	-2.5	3.1	6.5	8.6	0.3	-0.8	-5.0	-3.5	1.2	2.0	2.0	1.4	1.1
Other Services	11.0	10.7	10.8	10.9	11.0	10.6	10.2	10.2	10.2	10.2	10.2	10.3	10.3
Pct Chg Year Ago	-7.3	-3.2	1.6	0.5	0.7	-3.0	-3.8	-0.7	0.7	0.0	0.1	0.6	0.4
Federal Government	11.4	10.6	9.8	9.8	9.5	9.7	9.8	9.2	8.6	8.4	8.4	8.3	8.3
Pct Chg Year Ago	-2.4	-7.1	-7.5	-0.7	-2.1	2.0	0.9	-6.1	-7.2	-1.5	-0.8	-0.5	-0.5
State & Local Government	56.2	56.0	57.2	57.8	59.6	60.2	58.6	56.5	56.0	56.6	57.8	58.9	60.1
Pct Chg Year Ago	-2.2	-0.2	2.1	1.1	3.1	1.0	-2.6	-3.7	-1.0	1.2	2.0	2.0	2.0

Other Economic Indicators

Population (Ths.)	845.6	858.3	868.8	879.6	891.6	904.6	916.8	929.1	942.4	955.8	968.6	980.6	992.1
Pct Chg Year Ago	1.9	1.5	1.2	1.2	1.4	1.5	1.4	1.3	1.4	1.4	1.3	1.2	1.2
Labor Force (Ths.)	406.8	405.9	407.9	412.7	421.1	432.4	439.3	446.0	451.5	458.3	466.0	470.7	474.0
Pct Chg Year Ago	0.9	-0.2	0.5	1.2	2.0	2.7	1.6	1.5	1.2	1.5	1.7	1.0	0.7
Unemployment Rate (%)	11.7	10.4	9.0	8.0	8.5	10.5	15.2	16.2	15.0	13.7	12.9	12.1	11.4
Total Housing Starts	5358	6663	7087	5332	4543	2762	2132	2214	2533	3308	3866	4385	4884
Single-Family	4705	5388	5735	4250	3679	2353	2025	1905	2227	2910	3274	3625	3939
Multifamily	654	1275	1352	1081	864	409	107	309	306	398	591	760	945

Quarterly Outlook for Fresno

July 2010 Forecast

	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Personal Income (Annual Rate, Billions \$)													
Total Personal Income	27.5	27.3	27.7	27.8	28.0	28.3	28.7	29.0	29.3	29.6	29.9	30.3	30.7
Pct Chg Year Ago	-2.3	-3.1	-1.0	1.0	1.9	3.5	3.5	4.3	4.5	4.5	4.5	4.5	4.9
Wages and Salaries	13.1	12.8	12.9	12.9	13.0	13.1	13.2	13.4	13.5	13.7	13.8	14.0	14.2
Nonwage Income	14.4	14.5	14.8	14.9	15.0	15.2	15.4	15.6	15.7	15.9	16.1	16.3	16.5
Real Personal Income (2000\$)	22.7	22.4	22.6	22.5	22.7	22.9	23.1	23.2	23.3	23.5	23.7	23.8	24.0
Pct Chg Year Ago	-2.1	-2.5	-2.2	-1.0	0.1	2.0	2.2	3.0	2.8	2.8	2.6	2.7	3.0
Per Capita Income (Ths.)	30.0	29.8	30.1	30.0	30.2	30.4	30.7	30.9	31.1	31.3	31.6	31.8	32.2
Real Per Capita Income (2000\$)	24.8	24.4	24.5	24.4	24.5	24.6	24.7	24.8	24.8	24.9	25.0	25.1	25.2
Average Annual Wage (Ths.)	45.1	45.0	45.4	45.7	46.1	46.2	46.6	46.9	47.2	47.4	47.7	47.9	48.2
Pct Chg Year Ago	1.0	-0.6	0.9	2.0	2.1	2.6	2.6	2.6	2.3	2.7	2.4	2.3	2.3
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	287.8	283.0	282.5	280.1	280.9	281.0	281.7	283.1	284.8	286.4	288.3	290.2	292.1
Pct Chg Year Ago	-5.6	-6.3	-5.8	-4.6	-2.4	-0.7	-0.3	1.1	1.4	1.9	2.3	2.5	2.6
Manufacturing	25.3	24.5	25.5	25.6	25.6	25.8	26.0	26.2	26.4	26.5	26.7	26.9	27.0
Pct Chg Year Ago	-8.2	-8.4	-4.1	-1.0	1.0	5.3	2.1	2.0	3.1	2.8	2.5	2.6	2.5
Nonmanufacturing	262.4	258.5	257.0	254.5	255.3	255.2	255.7	256.9	258.4	259.9	261.6	263.3	265.1
Pct Chg Year Ago	-5.3	-6.1	-6.0	-4.9	-2.7	-1.3	-0.5	1.0	1.2	1.8	2.3	2.5	2.6
Construction & Mining	14.2	13.4	12.9	12.5	12.3	12.3	12.3	12.4	12.5	12.7	13.1	13.4	13.7
Pct Chg Year Ago	-23.3	-24.5	-23.5	-17.6	-13.4	-8.6	-4.5	-1.0	1.2	3.6	6.4	8.1	9.8
Trade, Trans., & Utilities	55.8	54.6	54.9	55.2	55.2	55.5	55.8	56.2	56.6	56.9	57.2	57.6	58.0
Pct Chg Year Ago	-6.1	-7.7	-6.1	-3.2	-1.0	1.6	1.7	1.6	2.4	2.5	2.5	2.6	2.5
Wholesale Trade	11.8	11.7	11.9	11.9	11.7	11.8	11.8	11.8	11.8	11.9	11.9	12.0	12.0
Retail Trade	33.1	32.6	32.4	32.5	32.6	32.8	33.0	33.3	33.6	33.8	34.0	34.2	34.4
Trans, Wrhsng, & Util	10.8	10.4	10.6	10.8	10.9	11.0	11.0	11.1	11.1	11.2	11.3	11.4	11.5
Information	4.4	4.3	4.3	4.3	4.3	4.3	4.4	4.5	4.5	4.5	4.6	4.6	4.6
Pct Chg Year Ago	-8.3	-11.1	-10.4	-7.1	-2.3	0.4	2.1	4.0	4.7	4.8	4.1	3.1	2.2
Financial Activities	13.9	13.7	13.7	13.7	13.6	13.7	13.7	13.7	13.7	13.8	13.9	14.1	14.3
Pct Chg Year Ago	-6.0	-6.6	-5.7	-3.4	-2.2	0.0	-0.6	-0.5	0.5	0.4	1.8	3.2	4.2
Prof & Business Services	28.4	27.4	27.1	26.6	27.1	27.7	28.3	28.9	29.3	29.8	30.1	30.4	30.8
Pct Chg Year Ago	-6.9	-11.8	-10.9	-10.0	-4.6	0.8	4.6	8.4	8.3	7.6	6.2	5.4	5.0
Educ & Health Services	40.3	40.1	40.1	40.2	40.4	40.6	40.8	40.9	41.3	41.6	41.9	42.1	42.3
Pct Chg Year Ago	0.1	0.1	-0.7	-0.6	0.2	1.3	1.8	2.0	2.3	2.6	2.7	2.8	2.4
Leisure & Hospitality	26.7	26.4	26.1	25.6	25.6	25.7	25.7	25.8	25.9	26.0	26.1	26.2	26.4
Pct Chg Year Ago	-4.2	-5.5	-5.9	-5.3	-4.4	-2.9	-1.4	0.7	1.2	1.2	1.6	1.8	1.9
Other Services	10.2	10.2	10.1	10.1	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2	10.2
Pct Chg Year Ago	-3.6	-3.5	-4.7	-3.2	-0.8	-0.1	1.1	1.3	0.5	0.6	0.5	0.0	-0.2
Federal Government	9.7	9.9	10.1	9.3	9.8	9.1	8.7	8.6	8.6	8.5	8.5	8.5	8.4
Pct Chg Year Ago	-2.1	3.4	3.4	-4.1	1.1	-7.7	-13.6	-7.0	-12.4	-6.8	-2.5	-2.0	-1.5
State & Local Government	58.8	58.4	57.9	57.0	56.9	56.2	55.9	55.9	55.9	55.9	56.1	56.2	56.5
Pct Chg Year Ago	-2.8	-2.2	-3.6	-4.1	-3.3	-3.8	-3.4	-1.9	-1.7	-0.5	0.3	0.6	1.0
Other Economic Indicators													
Population (Ths.)	915.3	918.3	921.3	924.4	927.4	930.6	933.9	937.3	940.7	944.2	947.6	950.9	954.2
Pct Chg Year Ago	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.5	1.4
Labor Force (Ths.)	440.2	438.7	439.7	441.3	447.4	447.7	447.8	448.7	450.5	452.6	454.3	455.5	457.4
Pct Chg Year Ago	1.9	1.5	0.4	0.6	1.6	2.0	1.8	1.7	0.7	1.1	1.5	1.5	1.5
Unemployment Rate (%)	14.8	16.1	16.3	16.1	16.4	16.3	16.2	15.6	15.1	14.8	14.4	14.1	13.9
Total Housing Starts (Annual Rate)	2304	2221	2121	2377	1484	2410	2586	2390	2443	2516	2781	3084	3281
Single-Family	2217	2192	2074	1707	1384	2173	2356	2131	2149	2191	2435	2678	2890
Multifamily	87	29	47	670	100	237	231	259	295	325	346	406	391

Quarterly Outlook for Fresno

July 2010 Forecast

	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	31.1	31.6	31.9	32.3	32.7	33.2	33.8	34.4	34.9	35.5	36.0	36.5
Pct Chg Year Ago	5.2	5.4	5.2	5.2	5.1	5.1	6.3	6.5	6.8	6.9	6.4	6.2
Wages and Salaries	14.4	14.6	14.8	15.0	15.2	15.3	15.5	15.7	15.9	16.1	16.3	16.5
Nonwage Income	16.7	17.0	17.0	17.3	17.6	17.8	18.3	18.7	19.0	19.4	19.7	20.1
Real Personal Income (2000\$)	24.3	24.5	24.6	24.8	25.0	25.2	25.6	25.9	26.2	26.5	26.7	27.0
Pct Chg Year Ago	3.3	3.4	3.2	3.2	3.1	3.1	4.2	4.4	4.6	4.8	4.3	4.2
Per Capita Income (Ths.)	32.5	32.8	33.0	33.4	33.7	34.1	34.7	35.1	35.6	36.0	36.4	36.9
Real Per Capita Income (2000\$)	25.3	25.5	25.5	25.6	25.8	25.9	26.3	26.5	26.7	26.9	27.0	27.2
Average Annual Wage (Ths.)	48.5	48.9	49.2	49.6	49.9	50.3	50.6	51.0	51.4	51.8	52.2	52.6
Pct Chg Year Ago	2.4	2.6	2.7	2.8	2.9	2.9	2.8	2.9	2.9	3.0	3.1	3.1
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	294.2	296.4	298.6	300.3	301.8	303.2	304.7	306.0	307.2	308.3	309.5	310.7
Pct Chg Year Ago	2.7	2.8	2.9	2.8	2.6	2.3	2.0	1.9	1.8	1.7	1.6	1.5
Manufacturing	27.3	27.4	27.6	27.7	27.9	27.9	28.0	28.1	28.1	28.2	28.2	28.2
Pct Chg Year Ago	2.9	2.8	2.7	2.6	2.2	1.9	1.6	1.4	1.0	0.8	0.6	0.3
Nonmanufacturing	267.0	269.0	271.0	272.6	273.9	275.2	276.6	277.9	279.0	280.2	281.3	282.5
Pct Chg Year Ago	2.7	2.8	2.9	2.8	2.6	2.3	2.1	1.9	1.9	1.8	1.7	1.7
Construction & Mining	14.0	14.5	15.1	15.3	15.6	15.9	16.1	16.3	16.5	16.7	16.9	17.1
Pct Chg Year Ago	10.5	10.8	12.9	12.2	11.2	9.7	6.8	6.4	5.9	5.4	5.2	4.9
Trade, Trans, & Utilities	58.4	58.7	59.0	59.2	59.4	59.7	59.9	60.0	60.2	60.4	60.6	60.8
Pct Chg Year Ago	2.5	2.6	2.4	2.1	1.8	1.6	1.5	1.4	1.4	1.3	1.3	1.3
Wholesale Trade	12.1	12.1	12.1	12.2	12.2	12.2	12.3	12.3	12.3	12.3	12.4	12.4
Retail Trade	34.6	34.9	35.0	35.1	35.2	35.3	35.4	35.4	35.5	35.6	35.6	35.7
Trans, Wrhsng, & Util	11.6	11.8	11.8	11.9	12.0	12.1	12.2	12.3	12.4	12.5	12.6	12.7
Information	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.6	4.7	4.7	4.7	4.7
Pct Chg Year Ago	1.6	0.9	1.0	1.2	0.9	0.6	-0.2	0.0	0.4	0.5	1.3	1.3
Financial Activities	14.4	14.5	14.6	14.7	14.7	14.7	14.8	14.7	14.7	14.7	14.7	14.6
Pct Chg Year Ago	4.8	4.5	3.8	3.0	2.2	1.4	1.0	0.4	-0.1	-0.5	-0.8	-0.7
Prof & Business Services	31.2	31.6	32.1	32.5	32.8	33.0	33.3	33.6	33.8	34.0	34.2	34.4
Pct Chg Year Ago	4.7	5.0	5.4	5.5	5.1	4.5	3.9	3.4	3.1	2.9	2.6	2.4
Educ & Health Services	42.5	42.7	42.9	43.1	43.2	43.4	43.6	43.8	44.0	44.2	44.4	44.6
Pct Chg Year Ago	2.2	2.1	1.9	1.8	1.7	1.5	1.7	1.7	1.8	1.9	1.7	1.8
Leisure & Hospitality	26.5	26.7	26.8	26.9	27.0	27.1	27.2	27.3	27.4	27.5	27.5	27.6
Pct Chg Year Ago	2.0	2.1	2.2	2.1	1.9	1.8	1.6	1.4	1.3	1.2	1.1	1.1
Other Services	10.2	10.2	10.2	10.2	10.2	10.2	10.3	10.3	10.3	10.3	10.3	10.3
Pct Chg Year Ago	0.0	0.1	0.1	0.3	0.1	0.1	0.2	0.5	0.9	0.8	0.7	0.6
Federal Government	8.4	8.4	8.4	8.4	8.3	8.3	8.3	8.3	8.3	8.3	8.3	8.3
Pct Chg Year Ago	-1.3	-1.1	-1.0	-0.9	-0.8	-0.7	-0.6	-0.5	-0.4	-0.4	-0.4	-0.5
State & Local Government	56.7	57.0	57.3	57.6	57.9	58.2	58.5	58.8	59.1	59.4	59.7	60.0
Pct Chg Year Ago	1.4	1.7	1.9	2.0	2.1	2.1	2.1	2.0	2.0	2.0	2.0	2.1
Other Economic Indicators												
Population (Ths.)	957.5	960.7	964.0	967.2	970.2	973.2	976.2	979.1	982.0	984.9	987.8	990.7
Pct Chg Year Ago	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2
Labor Force (Ths.)	459.3	461.1	463.3	465.3	467.0	468.5	469.5	470.3	471.2	471.9	472.7	473.6
Pct Chg Year Ago	1.5	1.5	1.7	1.7	1.7	1.6	1.3	1.1	0.9	0.7	0.7	0.7
Unemployment Rate (%)	13.6	13.4	13.2	13.0	12.8	12.6	12.4	12.2	12.0	11.8	11.6	11.4
Total Housing Starts (Annual Rate)	3533	3335	3559	3753	3976	4174	4258	4336	4413	4532	4611	4789
Single-Family	3151	2920	3091	3189	3333	3484	3561	3590	3641	3707	3729	3870
Multifamily	382	415	468	564	643	690	697	746	771	825	881	920

SHORT TERM OUTLOOK

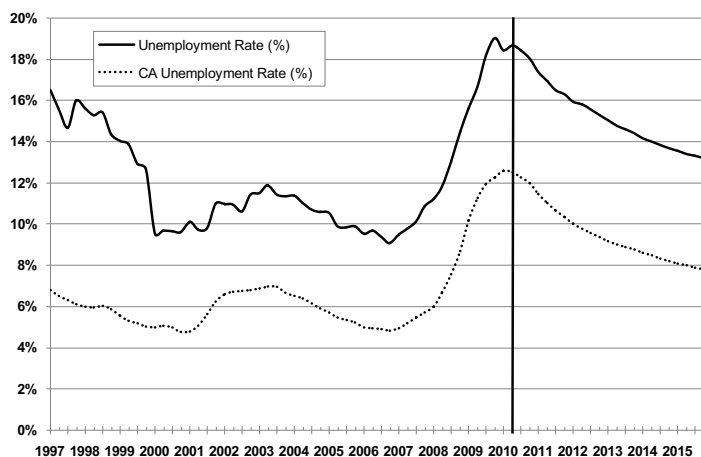
Real personal income in the Merced MSA will grow by 1.1% in 2010. The growth rate will rise to 3.3% in 2011 amid economic recovery, rising to 3.4% in 2012, and 3.3% in 2013.

Similar to surrounding regions, the Merced MSA shed 5% of jobs in 2009, and will shed an additional 2.2% of jobs in 2010. We expect job losses to slow to 1.1% in the third and 1% in the fourth quarters of 2010. We expect job growth to return in the first quarter of 2011 at 0.3%. Some sectors, such as Professional and Business Services, Trade, Transportation, and Utilities, Education and Health Services, and Other Services (maintenance, landscaping, churches, etc.) will begin gaining jobs in the second quarter of 2010, while

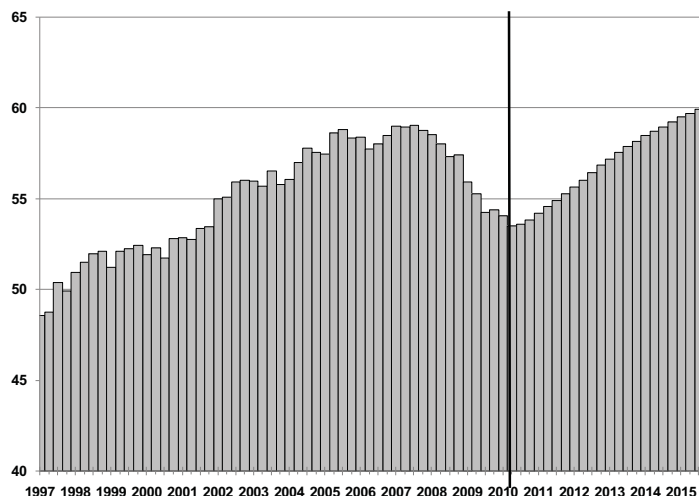
most other sectors will not see job growth until the fourth quarter at the earliest. We expect job growth to continue, albeit weakly, reaching 1.8% in 2011 and 2.8% in 2012.

The population will grow slowly at a rate of 0.4% in 2010 and 0.8% in 2011. Population growth is expected to accelerate, but will remain moderate at an average rate of 1.5% per year through 2015. This, combined with significant job losses, will increase the unemployment rate to 18.4% in 2010. Job growth in 2011 will pull the unemployment rate down to 16.8% in 2011, and further in 2012 to 15.6%. However, we expect unemployment to remain well above 13% for the remainder of the forecast horizon.

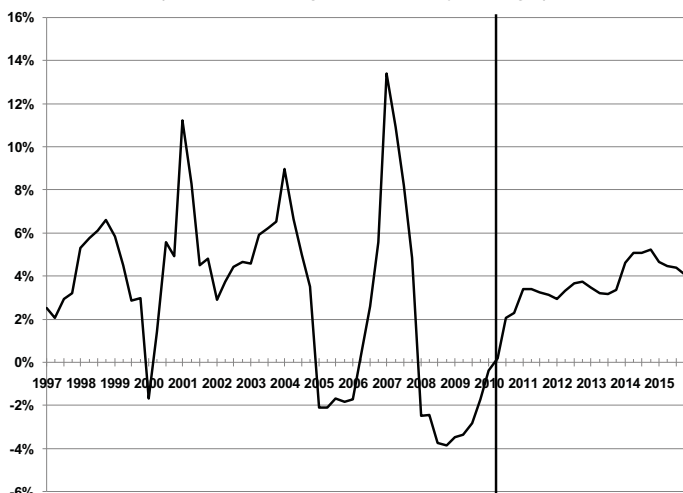
Merced and California Unemployment Rates
(percent)



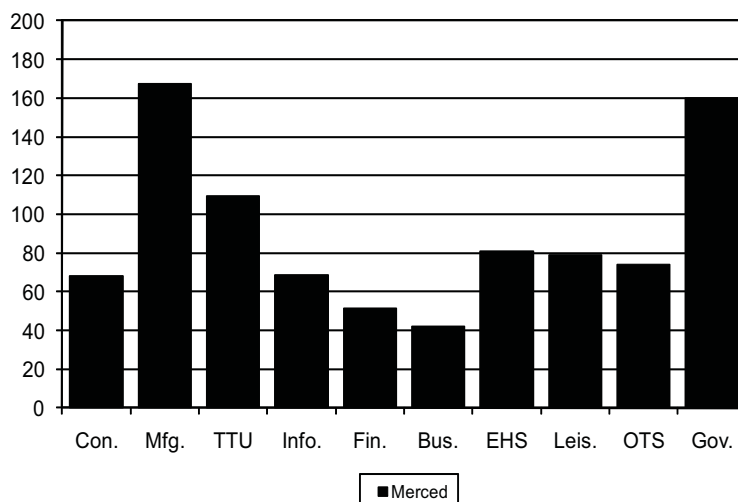
Merced Payroll Employment
(Thousands)



Merced Real Personal Income
(percent change from one year ago)



Relative Employment Mix, 2009 (California)



Annual Outlook for Merced

July 2010 Forecast

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income (Billions \$)													
Total Personal Income	5.3	5.7	5.8	6.1	6.8	6.8	6.6	6.8	7.1	7.5	7.9	8.5	9.0
Pct Chg Year Ago	8.0	8.8	1.0	4.5	12.3	0.1	-2.6	2.7	5.0	5.3	5.3	7.1	6.5
Wages and Salaries	2.0	2.1	2.2	2.4	2.5	2.6	2.5	2.5	2.6	2.7	2.9	3.0	3.2
Nonwage Income	3.3	3.6	3.6	3.7	4.3	4.3	4.2	4.3	4.6	4.8	5.0	5.5	5.9
Real Personal Income (2000\$)	5.0	5.3	5.2	5.3	5.8	5.6	5.4	5.5	5.7	5.9	6.1	6.4	6.7
Pct Chg Year Ago	5.8	6.0	-1.9	1.7	9.3	-3.1	-2.8	1.1	3.3	3.4	3.3	5.0	4.4
Per Capita Income (Ths.)	23.0	24.5	24.4	25.2	28.0	27.9	27.0	27.6	28.8	29.9	30.9	32.5	34.1
Real Per Capita Income (2000\$)	21.8	22.7	21.9	22.0	23.8	22.9	22.2	22.3	22.9	23.3	23.7	24.4	25.1
Average Annual Wage (Ths.)	35.7	36.8	37.6	40.5	41.6	43.9	44.4	45.5	46.9	48.2	49.7	51.3	53.0
Pct Chg Year Ago	5.4	3.1	2.2	7.5	2.8	5.6	1.0	2.5	3.1	2.7	3.2	3.2	3.3

Establishment Employment (Place of Work, Thousands, SA)

Total Non-Farm Employment	56.0	57.1	58.3	58.2	58.9	57.8	55.0	53.7	54.7	56.2	57.7	58.8	59.8
Pct Chg Year Ago	0.9	2.0	2.1	-0.2	1.4	-1.9	-5.0	-2.2	1.8	2.8	2.6	2.0	1.7
Manufacturing	10.7	11.1	11.1	9.7	9.3	9.3	8.3	7.6	7.8	8.1	8.4	8.5	8.6
Pct Chg Year Ago	0.8	3.8	-0.2	-11.9	-4.5	0.1	-11.0	-8.0	3.3	3.8	3.3	1.5	0.3
Nonmanufacturing	45.3	46.0	47.2	48.4	49.6	48.5	46.7	46.1	46.9	48.1	49.3	50.3	51.3
Pct Chg Year Ago	0.9	1.5	2.7	2.5	2.6	-2.3	-3.8	-1.1	1.6	2.6	2.5	2.1	1.9
Construction & Mining	3.0	3.3	3.6	3.6	3.2	2.4	1.6	1.3	1.3	1.5	1.6	1.7	1.8
Pct Chg Year Ago	24.3	8.2	10.2	1.3	-12.2	-24.9	-32.3	-17.5	0.7	10.7	10.0	7.1	6.0
Trade, Trans, & Utilities	10.7	10.9	10.9	11.4	12.0	11.7	11.6	11.8	12.3	12.6	12.9	13.0	13.2
Pct Chg Year Ago	-2.1	1.9	0.4	4.1	5.3	-2.3	-0.3	1.4	3.8	2.9	1.9	1.5	1.4
Wholesale Trade	1.4	1.5	1.5	1.8	1.9	1.8	2.2	2.7	2.8	2.9	2.9	2.9	3.0
Retail Trade	7.2	7.5	7.5	7.5	7.8	7.6	7.3	7.0	7.3	7.4	7.5	7.6	7.7
Trans, Wrhsg, & Util	2.1	1.9	1.9	2.1	2.3	2.3	2.2	2.1	2.2	2.4	2.4	2.5	2.6
Information	1.5	1.6	1.6	1.4	1.3	1.3	1.2	1.2	1.3	1.4	1.4	1.4	1.4
Pct Chg Year Ago	-1.6	5.8	2.9	-11.7	-4.1	-6.7	-3.1	0.1	8.0	3.5	2.0	1.1	1.1
Financial Activities	1.7	1.7	1.9	1.9	1.9	1.8	1.6	1.5	1.5	1.6	1.6	1.7	1.6
Pct Chg Year Ago	-0.9	2.5	7.9	4.8	-2.9	-4.8	-11.5	-5.8	-0.1	4.8	3.5	1.5	-0.5
Prof & Business Services	3.4	3.3	3.4	3.8	4.0	3.8	3.5	3.5	3.7	3.9	4.0	4.1	4.2
Pct Chg Year Ago	3.0	-4.3	2.3	13.4	6.2	-5.1	-9.3	2.5	5.0	4.4	3.6	2.7	2.7
Educ & Health Services	5.5	5.5	5.4	5.3	5.6	5.6	5.6	5.7	5.7	5.8	5.9	6.1	6.2
Pct Chg Year Ago	1.5	0.0	-2.3	-1.5	4.7	0.6	0.7	1.0	0.2	2.0	2.0	2.3	2.3
Leisure & Hospitality	4.5	4.7	4.7	4.8	5.0	5.0	4.6	4.5	4.6	4.8	4.9	5.0	5.0
Pct Chg Year Ago	0.7	4.1	-0.3	1.1	4.2	0.6	-6.8	-2.5	2.4	2.6	2.5	1.8	1.7
Other Services	1.7	1.7	1.7	1.5	1.6	1.5	1.4	1.4	1.4	1.5	1.5	1.5	1.5
Pct Chg Year Ago	-0.9	-0.9	3.1	-10.4	2.2	-6.4	-4.4	1.5	1.2	1.0	0.6	1.0	1.6
Federal Government	0.8	0.8	0.8	0.7	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7
Pct Chg Year Ago	0.0	0.0	-3.1	-7.1	9.5	1.1	0.1	-1.5	-9.6	-1.0	-0.4	0.2	0.1
State & Local Government	12.5	12.6	13.3	14.0	14.4	14.7	14.7	14.3	14.3	14.5	14.8	15.2	15.5
Pct Chg Year Ago	-0.9	0.8	6.0	4.8	2.9	2.5	-0.4	-2.3	-0.4	1.4	2.3	2.2	2.0

Other Economic Indicators

Population (Ths.)	229.5	234.1	238.1	240.8	243.2	244.5	245.4	246.4	248.4	252.1	256.5	261.0	265.4
Pct Chg Year Ago	2.3	2.0	1.7	1.1	1.0	0.5	0.4	0.4	0.8	1.5	1.8	1.7	1.7
Labor Force (Ths.)	97.6	98.0	98.9	98.5	100.5	102.8	105.9	107.7	108.4	108.6	110.3	111.7	113.3
Pct Chg Year Ago	1.4	0.4	0.9	-0.5	2.0	2.4	3.0	1.7	0.6	0.2	1.5	1.3	1.4
Unemployment Rate (%)	11.5	10.9	10.0	9.4	10.1	12.6	17.4	18.4	16.8	15.6	14.7	13.9	13.4
Total Housing Starts	2613	2813	3353	2458	854	374	109	148	587	1290	1528	1648	1789
Single-Family	2497	2673	3260	2388	842	292	109	123	561	1258	1481	1588	1718
Multifamily	116	140	92	70	13	82	1	25	26	31	47	60	71

Quarterly Outlook for Merced

July 2010 Forecast

	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Personal Income (Annual Rate, Billions \$)													
Total Personal Income	6.6	6.6	6.7	6.7	6.8	6.8	6.9	7.0	7.1	7.2	7.3	7.4	7.5
Pct Chg Year Ago	-3.5	-3.5	-0.5	1.6	2.0	3.6	3.6	4.8	5.1	5.0	5.0	4.8	5.2
Wages and Salaries	2.5	2.4	2.5	2.4	2.4	2.5	2.5	2.5	2.6	2.6	2.6	2.7	2.7
Nonwage Income	4.2	4.2	4.2	4.3	4.3	4.4	4.4	4.5	4.5	4.6	4.6	4.7	4.8
Real Personal Income (2000\$)	5.5	5.4	5.5	5.4	5.5	5.5	5.6	5.6	5.7	5.7	5.8	5.8	5.9
Pct Chg Year Ago	-3.3	-2.8	-1.7	-0.4	0.2	2.1	2.3	3.4	3.4	3.3	3.2	2.9	3.3
Per Capita Income (Ths.)	27.0	26.9	27.2	27.3	27.4	27.8	28.1	28.4	28.7	28.9	29.2	29.4	29.7
Real Per Capita Income (2000\$)	22.3	22.0	22.2	22.1	22.2	22.4	22.6	22.7	22.8	22.9	23.1	23.1	23.3
Average Annual Wage (Ths.)	44.3	44.5	44.8	44.8	45.4	45.6	46.0	46.4	46.7	47.1	47.3	47.7	48.0
Pct Chg Year Ago	0.9	-0.4	1.4	2.1	2.7	2.4	2.8	3.5	2.9	3.2	2.9	2.7	2.7
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	55.3	54.2	54.4	54.0	53.5	53.6	53.8	54.2	54.6	54.9	55.3	55.6	56.0
Pct Chg Year Ago	-4.7	-5.4	-5.3	-3.4	-3.2	-1.1	-1.0	0.3	2.0	2.4	2.7	2.7	2.7
Manufacturing	8.8	7.8	7.8	7.7	7.5	7.6	7.7	7.7	7.8	7.9	7.9	8.0	8.1
Pct Chg Year Ago	-7.0	-14.7	-13.4	-11.8	-15.4	-2.9	-2.0	0.7	4.8	4.1	3.5	3.7	3.6
Nonmanufacturing	46.4	46.4	46.5	46.3	46.0	46.0	46.1	46.5	46.7	47.0	47.3	47.6	47.9
Pct Chg Year Ago	-4.3	-3.6	-3.8	-1.8	-0.9	-0.9	-0.9	0.2	1.5	2.1	2.5	2.5	2.5
Construction & Mining	1.6	1.6	1.5	1.5	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.5
Pct Chg Year Ago	-37.2	-26.7	-28.4	-16.2	-18.7	-20.3	-14.8	-11.4	0.8	4.7	8.7	10.1	10.6
Trade, Trans., & Utilities	11.6	11.6	11.7	11.8	11.7	11.8	11.9	12.1	12.2	12.3	12.4	12.5	12.6
Pct Chg Year Ago	1.6	-1.5	-1.0	1.5	0.3	2.0	2.0	1.9	4.6	4.5	4.2	3.5	3.0
Wholesale Trade	2.0	2.3	2.5	2.7	2.7	2.7	2.7	2.7	2.8	2.8	2.8	2.8	2.8
Retail Trade	7.5	7.2	7.1	7.0	6.9	7.0	7.1	7.2	7.3	7.3	7.3	7.4	7.4
Trans, Wrhsng, & Util	2.2	2.1	2.1	2.2	2.1	2.1	2.1	2.2	2.2	2.2	2.3	2.3	2.3
Information	1.2	1.3	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.4	1.4
Pct Chg Year Ago	-5.3	5.5	-5.0	-0.1	2.0	-5.3	3.8	7.5	8.6	8.7	7.1	5.7	3.9
Financial Activities	1.6	1.6	1.6	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6
Pct Chg Year Ago	-13.0	-11.2	-11.0	-6.1	-6.6	-5.7	-4.9	-3.1	0.7	0.7	1.3	3.4	4.7
Prof & Business Services	3.4	3.3	3.6	3.5	3.5	3.5	3.6	3.6	3.7	3.7	3.8	3.8	3.9
Pct Chg Year Ago	-13.5	-15.2	-1.6	-0.7	4.4	5.7	0.8	3.1	5.4	5.9	5.6	4.9	4.3
Educ & Health Services	5.6	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.7	5.8	5.8
Pct Chg Year Ago	0.7	1.6	0.8	3.0	1.7	0.1	-0.9	-0.8	0.3	0.4	1.0	1.6	1.9
Leisure & Hospitality	4.7	4.6	4.6	4.5	4.5	4.5	4.6	4.6	4.6	4.6	4.7	4.7	4.7
Pct Chg Year Ago	-6.5	-8.8	-6.6	-5.1	-4.3	-0.5	-0.2	1.4	2.9	2.6	2.6	2.5	2.5
Other Services	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Pct Chg Year Ago	-6.6	-4.5	0.2	-0.1	3.1	3.6	-0.8	1.4	0.6	1.2	1.6	0.6	1.0
Federal Government	0.8	0.8	0.8	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Pct Chg Year Ago	0.0	-0.1	4.6	4.4	5.4	-4.1	-11.6	-11.0	-16.0	-8.8	-2.5	-1.7	-1.1
State & Local Government	14.6	14.7	14.5	14.3	14.4	14.3	14.3	14.3	14.3	14.3	14.3	14.4	14.4
Pct Chg Year Ago	-0.6	1.0	-3.7	-3.9	-1.3	-2.3	-1.6	-0.4	-1.2	-0.3	0.5	0.8	1.2
Other Economic Indicators													
Population (Ths.)	245.3	245.6	245.8	246.0	246.2	246.5	246.9	247.3	247.9	248.7	249.5	250.5	251.5
Pct Chg Year Ago	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.7	0.9	1.1	1.3	1.5
Labor Force (Ths.)	105.7	106.7	107.5	106.0	108.3	108.3	108.3	108.4	108.4	108.4	108.5	108.5	108.5
Pct Chg Year Ago	3.4	4.2	2.8	2.1	2.5	1.5	0.8	2.2	0.1	0.1	0.1	0.1	0.1
Unemployment Rate (%)	16.7	18.2	19.0	18.4	18.7	18.4	18.0	17.4	16.9	16.5	16.3	15.9	15.8
Total Housing Starts (Annual Rate)	110	116	102	160	89	151	192	276	442	665	966	1098	1254
Single-Family	110	116	102	150	80	105	155	247	420	640	939	1071	1222
Multifamily	0	0	0	10	9	46	37	29	22	25	27	27	32

Quarterly Outlook for Merced

July 2010 Forecast

	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	7.6	7.7	7.8	7.9	8.0	8.1	8.3	8.4	8.6	8.7	8.8	9.0
Pct Chg Year Ago	5.6	5.7	5.5	5.2	5.2	5.3	6.7	7.2	7.2	7.4	6.8	6.6
Wages and Salaries	2.7	2.8	2.8	2.9	2.9	2.9	3.0	3.0	3.1	3.1	3.1	3.2
Nonwage Income	4.8	4.9	4.9	5.0	5.1	5.2	5.3	5.4	5.5	5.6	5.7	5.8
Real Personal Income (2000\$)	5.9	6.0	6.0	6.0	6.1	6.2	6.3	6.3	6.4	6.5	6.6	6.6
Pct Chg Year Ago	3.7	3.7	3.5	3.2	3.2	3.4	4.6	5.1	5.1	5.2	4.7	4.5
Per Capita Income (Ths.)	30.0	30.3	30.5	30.7	31.0	31.4	31.9	32.4	32.7	33.1	33.5	33.9
Real Per Capita Income (2000\$)	23.4	23.5	23.5	23.6	23.7	23.9	24.2	24.4	24.5	24.7	24.9	25.0
Average Annual Wage (Ths.)	48.3	48.7	49.1	49.5	49.9	50.3	50.7	51.1	51.5	51.9	52.4	52.8
Pct Chg Year Ago	2.7	2.8	3.0	3.1	3.2	3.3	3.2	3.3	3.2	3.3	3.4	3.2
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	56.4	56.8	57.2	57.5	57.9	58.2	58.5	58.7	59.0	59.2	59.5	59.7
Pct Chg Year Ago	2.8	2.9	2.8	2.7	2.5	2.3	2.2	2.0	1.9	1.8	1.8	1.7
Manufacturing	8.2	8.3	8.3	8.4	8.4	8.5	8.5	8.5	8.5	8.5	8.6	8.6
Pct Chg Year Ago	3.9	3.9	3.6	3.5	3.2	2.9	2.5	1.8	1.2	0.6	0.6	0.2
Nonmanufacturing	48.2	48.6	48.9	49.2	49.4	49.7	49.9	50.2	50.4	50.7	50.9	51.1
Pct Chg Year Ago	2.6	2.7	2.6	2.6	2.4	2.2	2.2	2.0	2.0	2.0	2.0	2.0
Construction & Mining	1.5	1.5	1.6	1.6	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.8
Pct Chg Year Ago	11.2	10.9	10.6	10.3	10.1	9.2	8.3	6.8	6.7	6.6	6.5	6.4
Trade, Trans, & Utilities	12.7	12.7	12.8	12.8	12.9	12.9	13.0	13.0	13.1	13.1	13.2	13.2
Pct Chg Year Ago	2.6	2.6	2.3	2.0	1.8	1.6	1.5	1.4	1.5	1.4	1.5	1.5
Wholesale Trade	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	2.9	3.0	3.0	3.0
Retail Trade	7.4	7.4	7.5	7.5	7.5	7.5	7.6	7.6	7.6	7.6	7.7	7.7
Trans, Wrhsng, & Util	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.6
Information	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Pct Chg Year Ago	2.5	1.8	1.4	2.0	2.3	2.1	1.4	1.2	1.0	0.9	0.9	1.0
Financial Activities	1.6	1.6	1.6	1.6	1.6	1.6	1.7	1.7	1.7	1.7	1.7	1.6
Pct Chg Year Ago	5.3	6.0	4.5	3.8	3.2	2.5	2.5	1.9	1.2	0.6	0.0	-0.6
Prof & Business Services	3.9	3.9	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.2	4.2	4.2
Pct Chg Year Ago	4.3	4.0	3.9	4.2	3.3	3.0	2.8	2.5	2.7	2.7	2.7	2.7
Educ & Health Services	5.8	5.9	5.9	5.9	5.9	6.0	6.0	6.0	6.1	6.1	6.1	6.2
Pct Chg Year Ago	2.2	2.3	2.0	2.0	2.0	1.9	2.2	2.2	2.3	2.4	2.2	2.2
Leisure & Hospitality	4.8	4.8	4.8	4.9	4.9	4.9	4.9	4.9	5.0	5.0	5.0	5.0
Pct Chg Year Ago	2.5	2.7	2.8	2.6	2.4	2.1	1.9	1.7	1.7	1.7	1.7	1.7
Other Services	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Pct Chg Year Ago	1.1	1.2	1.3	1.0	0.4	-0.2	0.0	0.7	1.4	1.8	1.9	1.8
Federal Government	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Pct Chg Year Ago	-0.8	-0.5	-0.5	-0.5	-0.4	-0.3	-0.1	0.2	0.2	0.3	0.2	0.1
State & Local Government	14.5	14.6	14.7	14.8	14.9	15.0	15.0	15.1	15.2	15.3	15.4	15.4
Pct Chg Year Ago	1.6	1.9	2.2	2.3	2.4	2.4	2.3	2.2	2.2	2.1	2.1	2.2
Other Economic Indicators												
Population (Ths.)	252.6	253.7	254.9	256.0	257.1	258.2	259.3	260.4	261.5	262.7	263.8	264.9
Pct Chg Year Ago	1.6	1.7	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.7	1.7
Labor Force (Ths.)	108.6	109.0	109.6	110.0	110.5	110.9	111.2	111.5	111.9	112.3	112.7	113.1
Pct Chg Year Ago	0.1	0.5	1.0	1.4	1.7	1.7	1.5	1.4	1.3	1.2	1.3	1.4
Unemployment Rate (%)	15.6	15.3	15.0	14.8	14.6	14.4	14.2	14.0	13.8	13.7	13.5	13.4
Total Housing Starts (Annual Rate)	1439	1367	1447	1495	1559	1613	1635	1633	1650	1674	1689	1759
Single-Family	1407	1332	1409	1450	1507	1559	1579	1574	1590	1610	1621	1689
Multifamily	32	35	38	45	51	54	56	58	61	64	67	70

Modesto MSA

SHORT TERM OUTLOOK

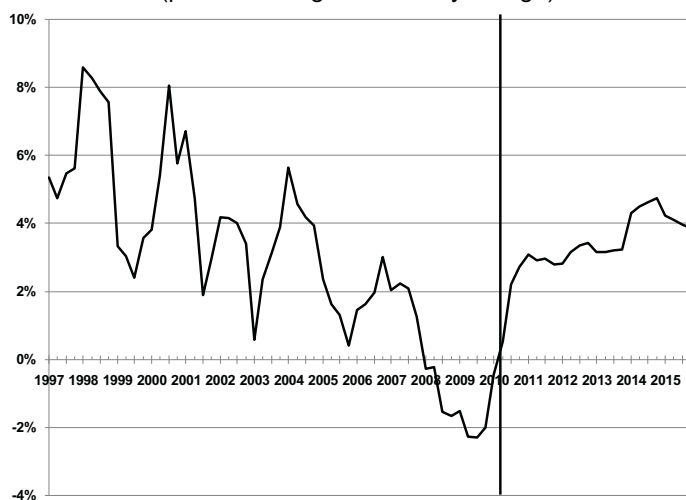
Real personal income in the Modesto MSA in 2010 will grow at a rate of 1.2%, offsetting some of the 2% decrease in 2009. The growth rate will jump to 2.9% in 2011 and 2012.

Job losses, which bottomed out at 6.1% in 2009, will slow to 1% in 2010. The recession is expected to fade out starting in the third quarter of 2010, as job growth returns at just 0.1%. The Manufacturing, Professional and Business Services, Trade, Transportation, and Utilities, and Leisure & Hospitality sectors will all add jobs in the third quarter of 2010, leading job growth in the Modesto MSA. The fourth

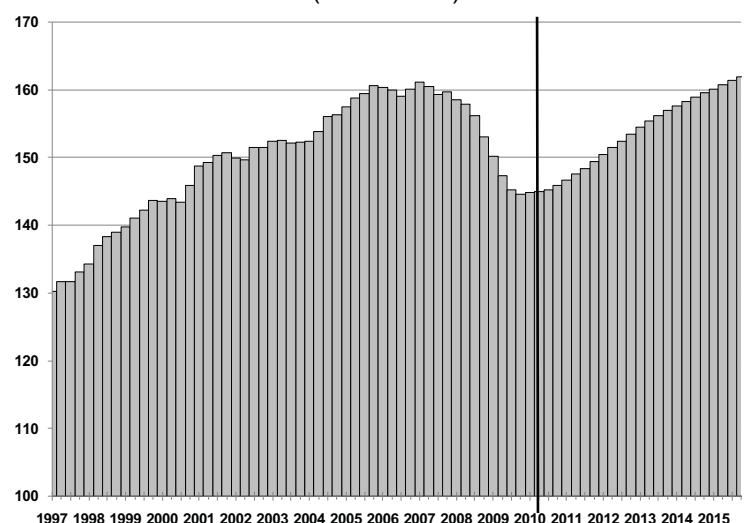
quarter of 2010 will see stronger job growth of 0.9%. The labor market should begin to recover with job growth of 1.9% and 2.7% in 2011 and 2012.

Population growth is expected to be 0.6% in 2010, rising to 0.9% per year through 2015. As expected, the unemployment rate will rise from 16.1% in 2009 to 17% in 2010. Despite this, we expect unemployment to fall steadily after 2010, remaining well above 11% through 2015.

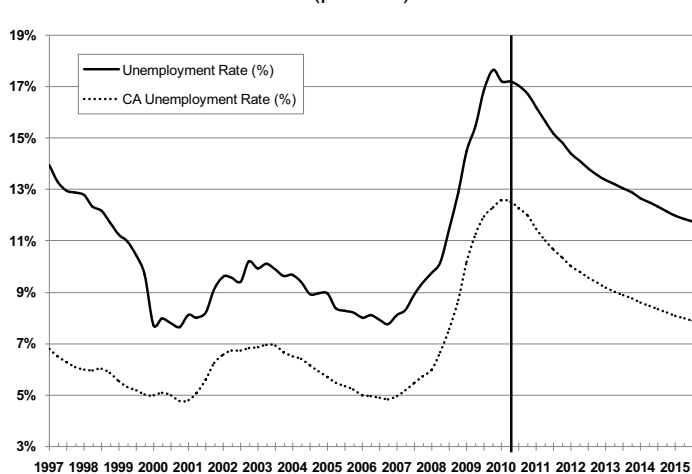
Modesto Real Personal Income
(percent change from one year ago)



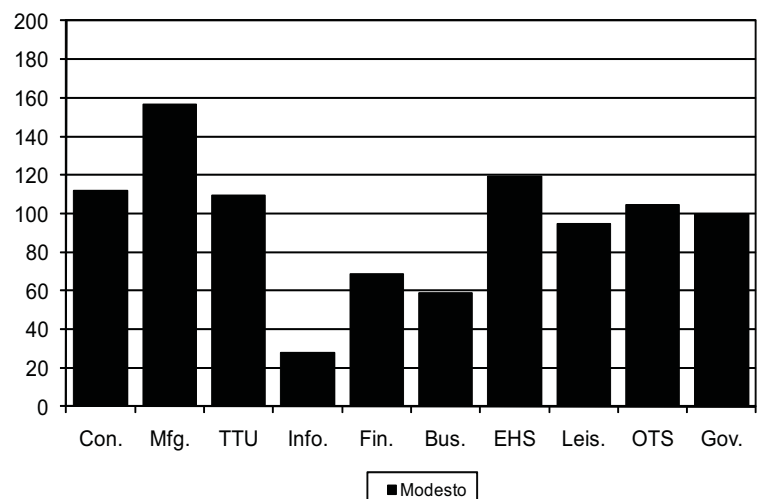
Modesto Payroll Employment
(Thousands)



Modesto and California Unemployment Rates
(percent)



Relative Employment Mix, 2009 (California)



Annual Outlook for Modesto

July 2010 Forecast

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income (Billions \$)													
Total Personal Income	12.7	13.6	14.2	14.9	15.6	16.0	15.7	16.1	16.9	17.7	18.7	19.9	21.1
Pct Chg Year Ago	4.6	7.3	4.4	4.8	4.6	2.4	-1.8	2.9	4.6	5.1	5.2	6.6	6.1
Wages and Salaries	5.7	6.0	6.4	6.6	6.9	7.0	6.7	6.8	7.1	7.5	7.9	8.3	8.7
Nonwage Income	7.0	7.6	7.8	8.3	8.7	9.0	9.0	9.4	9.8	10.3	10.8	11.6	12.4
Real Personal Income (2000\$)	12.0	12.6	12.8	13.0	13.3	13.2	12.9	13.0	13.4	13.9	14.3	14.9	15.6
Pct Chg Year Ago	2.5	4.6	1.4	2.0	1.9	-0.9	-2.0	1.2	2.9	3.2	3.2	4.5	4.0
Per Capita Income (Ths.)	26.1	27.7	28.5	29.6	30.8	31.5	30.7	31.4	32.7	34.1	35.5	37.5	39.3
Real Per Capita Income (2000\$)	24.7	25.6	25.6	25.9	26.2	25.9	25.2	25.4	26.0	26.6	27.2	28.2	28.9
Average Annual Wage (Ths.)	37.4	38.8	40.2	41.4	42.6	44.5	45.2	46.3	47.6	48.9	50.4	52.0	53.7
Pct Chg Year Ago	3.7	3.6	3.6	3.0	3.1	4.3	1.6	2.5	2.9	2.7	3.1	3.2	3.2

Establishment Employment (Place of Work, Thousands, SA)

Total Non-Farm Employment	152.3	154.6	159.1	159.8	160.1	156.4	146.8	145.2	148.0	151.9	155.7	158.6	161.0
Pct Chg Year Ago	1.1	1.5	2.9	0.5	0.2	-2.3	-6.1	-1.0	1.9	2.7	2.5	1.8	1.6
Manufacturing	23.1	22.7	22.6	22.2	22.9	22.6	20.8	20.8	21.5	22.2	22.8	23.0	23.0
Pct Chg Year Ago	3.1	-1.7	-0.4	-1.8	3.3	-1.3	-7.8	-0.2	3.4	3.4	2.6	1.0	-0.2
Nonmanufacturing	129.2	131.9	136.5	137.6	137.2	133.8	126.0	124.4	126.5	129.7	132.9	135.5	138.1
Pct Chg Year Ago	0.8	2.1	3.5	0.9	-0.3	-2.5	-5.9	-1.2	1.7	2.6	2.5	1.9	1.9
Construction & Mining	11.4	12.3	13.4	13.2	11.2	9.1	7.0	6.7	7.0	7.9	8.9	9.5	10.0
Pct Chg Year Ago	6.2	7.7	8.9	-0.5	-15.2	-18.8	-23.1	-3.6	3.8	12.5	13.2	6.9	5.6
Trade, Trans., & Utilities	32.0	32.2	33.7	33.6	33.7	32.8	31.0	30.8	31.4	32.1	32.6	33.0	33.4
Pct Chg Year Ago	0.8	0.6	4.7	-0.3	0.5	-2.6	-5.7	-0.5	1.9	2.3	1.6	1.2	1.2
Wholesale Trade	5.7	6.0	6.2	5.9	6.1	6.0	6.1	6.2	6.2	6.3	6.4	6.5	6.5
Retail Trade	21.8	21.5	22.3	22.5	22.1	21.1	19.3	18.9	19.3	19.6	19.8	19.9	20.1
Trans, Wrhsng, & Util	4.6	4.7	5.2	5.2	5.6	5.7	5.6	5.8	5.9	6.2	6.4	6.6	6.8
Information	2.2	2.5	2.5	2.4	2.3	1.8	1.3	1.2	1.3	1.3	1.4	1.4	1.4
Pct Chg Year Ago	6.4	16.6	-0.6	-3.9	-5.5	-19.2	-30.0	-3.9	6.5	2.8	2.2	1.8	1.5
Financial Activities	6.0	6.1	6.2	6.3	6.2	6.1	5.7	5.5	5.5	5.6	5.8	5.8	5.7
Pct Chg Year Ago	8.7	1.3	1.3	1.5	-1.2	-2.3	-6.2	-3.8	-0.2	3.2	2.2	0.0	-0.2
Prof & Business Services	13.8	14.2	14.9	14.8	14.8	14.3	13.1	13.2	14.1	14.6	15.1	15.6	16.0
Pct Chg Year Ago	-7.5	2.5	4.7	-0.5	-0.1	-3.3	-7.9	0.7	6.3	3.8	3.8	2.9	2.5
Educ & Health Services	18.9	19.2	19.3	19.8	21.1	21.7	22.1	21.9	22.3	22.7	22.9	23.3	23.9
Pct Chg Year Ago	4.7	1.5	0.7	2.6	6.4	2.8	1.7	-0.8	1.7	2.0	0.8	1.8	2.3
Leisure & Hospitality	13.7	14.2	14.7	15.3	15.4	15.5	14.7	14.6	14.7	14.9	15.1	15.2	15.3
Pct Chg Year Ago	0.6	3.5	4.2	3.6	0.7	0.9	-5.2	-0.6	0.7	0.8	1.3	0.9	0.9
Other Services	6.2	6.2	6.1	5.9	6.0	5.8	5.3	5.2	5.2	5.2	5.2	5.2	5.2
Pct Chg Year Ago	0.7	-0.6	-0.4	-3.4	1.5	-3.8	-8.2	-2.3	0.1	-0.3	-0.4	0.5	0.5
Federal Government	1.2	1.2	1.2	1.2	1.1	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8
Pct Chg Year Ago	0.0	0.7	0.0	-1.9	-6.9	-18.8	-1.0	-3.7	-7.0	-1.4	-0.7	-0.2	-0.2
State & Local Government	23.7	23.9	24.4	25.1	25.4	25.8	25.0	24.4	24.4	24.7	25.3	25.9	26.4
Pct Chg Year Ago	-1.3	0.5	2.3	2.8	1.1	1.5	-3.1	-2.1	-0.3	1.5	2.4	2.2	2.0

Other Economic Indicators

Population (Ths.)	486.9	492.6	499.0	503.4	506.4	507.9	510.7	513.6	516.9	520.6	524.9	530.8	537.6
Pct Chg Year Ago	1.8	1.2	1.3	0.9	0.6	0.3	0.6	0.6	0.6	0.7	0.8	1.1	1.3
Labor Force (Ths.)	223.4	224.5	227.1	225.6	228.3	233.2	236.4	238.9	241.3	244.4	248.5	251.0	253.3
Pct Chg Year Ago	1.4	0.5	1.1	-0.7	1.2	2.1	1.4	1.1	1.0	1.3	1.7	1.0	0.9
Unemployment Rate (%)	9.9	9.2	8.4	7.9	8.7	11.1	16.1	17.0	15.4	14.0	13.1	12.4	11.8
Total Housing Starts	4047	4476	4507	2672	1743	658	303	303	955	2071	2751	3149	3596
Single-Family	3954	4069	4176	2385	1405	554	283	269	864	1907	2523	2877	3277
Multifamily	93	408	331	287	338	104	21	35	91	164	228	272	320

Quarterly Outlook for Modesto

July 2010 Forecast

	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Personal Income (Annual Rate, Billions \$)													
Total Personal Income	15.7	15.6	15.8	15.9	16.0	16.2	16.4	16.6	16.8	17.0	17.2	17.4	17.6
Pct Chg Year Ago	-2.5	-3.0	-0.8	1.5	2.3	3.8	4.0	4.5	4.6	4.7	4.6	4.6	5.0
Wages and Salaries	6.7	6.6	6.6	6.7	6.7	6.8	6.9	7.0	7.0	7.1	7.2	7.3	7.4
Nonwage Income	9.0	9.0	9.2	9.2	9.3	9.4	9.5	9.7	9.7	9.8	9.9	10.1	10.2
Real Personal Income (2000\$)	12.9	12.8	12.9	12.9	13.0	13.1	13.2	13.3	13.4	13.5	13.6	13.7	13.8
Pct Chg Year Ago	-2.3	-2.3	-2.0	-0.5	0.5	2.2	2.7	3.1	2.9	2.9	2.8	2.8	3.2
Per Capita Income (Ths.)	30.7	30.6	30.8	31.0	31.2	31.5	31.9	32.2	32.5	32.8	33.1	33.5	33.9
Real Per Capita Income (2000\$)	25.3	25.0	25.1	25.2	25.3	25.5	25.7	25.8	25.9	26.0	26.2	26.3	26.5
Average Annual Wage (Ths.)	45.2	45.1	45.5	45.8	46.3	46.4	46.8	47.2	47.5	47.8	48.1	48.4	48.7
Pct Chg Year Ago	2.2	0.6	0.9	2.0	2.3	2.8	2.9	3.1	2.6	3.1	2.8	2.6	2.7
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	147.3	145.2	144.6	144.8	145.0	145.3	145.9	146.7	147.6	148.4	149.4	150.5	151.4
Pct Chg Year Ago	-6.7	-7.1	-5.5	-3.6	-1.6	0.1	0.9	1.3	1.8	2.1	2.4	2.6	2.6
Manufacturing	20.9	20.7	20.6	20.7	20.6	20.8	21.1	21.2	21.4	21.6	21.7	22.0	22.1
Pct Chg Year Ago	-9.5	-6.8	-5.9	-2.2	-1.5	0.7	2.3	2.7	4.0	3.6	3.1	3.5	3.3
Nonmanufacturing	126.3	124.5	124.0	124.1	124.4	124.5	124.8	125.4	126.1	126.8	127.7	128.5	129.3
Pct Chg Year Ago	-6.2	-7.1	-5.4	-3.8	-1.6	0.0	0.6	1.0	1.4	1.9	2.3	2.4	2.5
Construction & Mining	6.9	6.7	7.0	7.0	6.6	6.6	6.7	6.7	6.9	7.0	7.3	7.5	7.7
Pct Chg Year Ago	-27.9	-26.0	-12.3	-3.8	-4.5	-1.3	-4.9	-4.1	3.6	6.3	9.5	11.3	12.5
Trade, Trans., & Utilities	31.1	30.7	30.4	30.5	30.8	30.9	30.9	31.1	31.3	31.5	31.6	31.8	32.0
Pct Chg Year Ago	-6.0	-6.5	-6.0	-3.7	-0.9	0.6	1.9	1.8	1.5	1.9	2.3	2.4	2.2
Wholesale Trade	6.1	6.0	6.0	6.0	6.2	6.2	6.2	6.2	6.2	6.2	6.3	6.3	6.3
Retail Trade	19.5	19.1	18.7	18.7	18.9	18.9	19.0	19.1	19.2	19.3	19.4	19.5	19.5
Trans, Wrhsng, & Util	5.6	5.5	5.6	5.7	5.8	5.8	5.8	5.8	5.9	5.9	6.0	6.1	6.1
Information	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3
Pct Chg Year Ago	-35.1	-24.5	-16.2	-8.2	-6.3	-3.4	2.3	7.5	7.5	6.5	4.8	3.8	2.5
Financial Activities	5.7	5.6	5.6	5.5	5.4	5.5	5.5	5.5	5.4	5.5	5.5	5.5	5.6
Pct Chg Year Ago	-6.6	-6.1	-7.7	-4.6	-5.3	-3.3	-2.1	-1.7	0.4	0.0	0.6	1.7	2.9
Prof & Business Services	13.1	12.8	13.0	12.9	13.1	13.3	13.6	13.8	14.0	14.2	14.3	14.4	14.5
Pct Chg Year Ago	-7.9	-10.0	-7.4	-5.4	0.0	3.8	4.6	7.0	6.5	6.4	5.2	4.3	3.8
Educ & Health Services	22.1	21.9	21.9	21.8	21.8	21.9	22.0	22.1	22.2	22.3	22.5	22.6	22.7
Pct Chg Year Ago	1.9	0.6	-0.9	-2.3	-1.3	-0.1	0.7	1.3	1.7	1.8	2.3	2.5	2.3
Leisure & Hospitality	14.8	14.5	14.5	14.6	14.6	14.6	14.7	14.7	14.7	14.8	14.8	14.8	14.8
Pct Chg Year Ago	-4.6	-8.0	-5.7	-2.9	-1.2	0.7	1.2	0.5	1.0	0.8	0.7	0.6	0.6
Other Services	5.4	5.3	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Pct Chg Year Ago	-8.5	-7.5	-7.1	-4.9	-3.1	-1.4	0.4	0.0	-0.2	0.2	0.2	-0.1	-0.2
Federal Government	0.9	0.9	0.8	0.8	1.0	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Pct Chg Year Ago	3.4	-0.2	-7.1	-11.6	3.4	-2.4	-4.0	-1.1	-16.6	-8.4	-1.9	-1.8	-1.4
State & Local Government	25.0	24.8	24.6	24.5	24.6	24.4	24.3	24.3	24.3	24.4	24.4	24.5	24.6
Pct Chg Year Ago	-3.0	-4.9	-3.7	-3.9	-1.6	-1.6	-1.1	-0.8	-1.0	-0.1	0.6	0.9	1.3
Other Economic Indicators													
Population (Ths.)	510.4	511.1	511.8	512.6	513.2	513.9	514.7	515.5	516.3	517.3	518.4	519.4	520.1
Pct Chg Year Ago	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.8	0.7
Labor Force (Ths.)	236.2	237.4	236.6	237.6	238.9	239.5	239.6	239.9	241.0	241.8	242.6	243.0	243.9
Pct Chg Year Ago	1.4	1.3	0.9	1.0	1.1	0.9	1.3	1.0	0.9	1.0	1.2	1.3	1.2
Unemployment Rate (%)	15.5	16.9	17.6	17.2	17.2	17.0	16.7	16.2	15.7	15.2	14.8	14.4	14.1
Total Housing Starts (Annual Rate)	445	265	186	205	229	292	487	632	813	1034	1341	1638	2008
Single-Family	429	264	186	205	196	247	427	558	731	938	1230	1488	1839
Multifamily	16	1	0	0	33	45	60	74	82	96	111	150	169

Quarterly Outlook for Modesto

July 2010 Forecast

	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	17.9	18.1	18.3	18.5	18.8	19.0	19.4	19.7	20.1	20.4	20.7	21.0
Pct Chg Year Ago	5.2	5.4	5.2	5.2	5.2	5.2	6.3	6.6	6.7	6.9	6.3	6.2
Wages and Salaries	7.5	7.6	7.7	7.8	7.9	8.0	8.1	8.2	8.3	8.4	8.5	8.6
Nonwage Income	10.3	10.5	10.5	10.7	10.8	11.0	11.3	11.5	11.7	11.9	12.1	12.3
Real Personal Income (2000\$)	13.9	14.0	14.1	14.2	14.4	14.5	14.7	14.9	15.0	15.2	15.3	15.5
Pct Chg Year Ago	3.3	3.4	3.1	3.1	3.2	3.2	4.3	4.5	4.6	4.7	4.2	4.1
Per Capita Income (Ths.)	34.3	34.7	34.9	35.3	35.8	36.1	36.8	37.3	37.7	38.2	38.6	39.0
Real Per Capita Income (2000\$)	26.7	26.9	27.0	27.1	27.3	27.5	27.8	28.1	28.3	28.5	28.7	28.8
Average Annual Wage (Ths.)	49.1	49.4	49.8	50.2	50.6	51.0	51.4	51.8	52.2	52.6	53.0	53.5
Pct Chg Year Ago	2.6	2.8	2.9	3.0	3.2	3.1	3.1	3.2	3.2	3.2	3.2	3.2
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	152.4	153.5	154.5	155.4	156.2	156.9	157.6	158.2	158.9	159.5	160.1	160.7
Pct Chg Year Ago	2.7	2.7	2.7	2.6	2.4	2.2	2.0	1.8	1.7	1.7	1.6	1.6
Manufacturing	22.3	22.4	22.6	22.7	22.9	23.0	23.0	23.1	23.0	23.0	23.0	23.0
Pct Chg Year Ago	3.5	3.3	3.0	2.7	2.5	2.3	1.7	1.4	0.7	0.2	-0.1	-0.4
Nonmanufacturing	130.1	131.0	131.9	132.6	133.3	133.9	134.6	135.2	135.8	136.5	137.2	137.8
Pct Chg Year Ago	2.6	2.6	2.6	2.6	2.4	2.2	2.1	1.9	1.9	1.9	1.9	1.9
Construction & Mining	8.0	8.2	8.6	8.8	9.0	9.1	9.3	9.4	9.6	9.7	9.8	10.0
Pct Chg Year Ago	13.1	13.0	14.9	14.0	12.7	11.1	7.8	7.2	6.5	6.1	5.9	5.7
Trade, Trans, & Utilities	32.2	32.4	32.4	32.6	32.7	32.8	32.9	32.9	33.0	33.2	33.3	33.4
Pct Chg Year Ago	2.2	2.3	1.9	1.7	1.6	1.3	1.3	1.2	1.1	1.2	1.2	1.3
Wholesale Trade	6.4	6.4	6.4	6.4	6.4	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Retail Trade	19.6	19.7	19.7	19.8	19.8	19.9	19.9	19.9	20.0	20.0	20.1	20.1
Trans, Wrhsng, & Util	6.2	6.3	6.3	6.4	6.4	6.5	6.5	6.6	6.6	6.7	6.7	6.7
Information	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Pct Chg Year Ago	2.4	2.3	1.9	2.1	2.5	2.3	1.8	2.0	1.9	1.6	1.4	1.3
Financial Activities	5.7	5.7	5.7	5.8	5.8	5.8	5.8	5.8	5.8	5.7	5.7	5.7
Pct Chg Year Ago	4.0	4.2	3.4	2.9	1.6	1.1	0.7	0.0	-0.2	-0.7	-0.5	-0.3
Prof & Business Services	14.7	14.8	14.9	15.1	15.2	15.3	15.4	15.5	15.6	15.7	15.8	15.9
Pct Chg Year Ago	3.5	3.6	3.8	3.9	3.8	3.5	3.3	3.0	2.8	2.6	2.4	2.4
Educ & Health Services	22.7	22.8	22.8	22.9	22.9	23.0	23.1	23.2	23.4	23.5	23.6	23.8
Pct Chg Year Ago	1.8	1.2	0.7	0.7	0.9	1.0	1.4	1.6	2.0	2.3	2.2	2.3
Leisure & Hospitality	14.9	14.9	15.0	15.0	15.1	15.1	15.1	15.2	15.2	15.2	15.3	15.3
Pct Chg Year Ago	0.9	1.2	1.4	1.4	1.3	1.1	1.0	0.9	0.8	0.9	0.9	0.9
Other Services	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Pct Chg Year Ago	-0.3	-0.4	-0.5	-0.4	-0.4	-0.3	0.0	0.3	0.7	0.8	0.8	0.7
Federal Government	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Pct Chg Year Ago	-1.3	-1.0	-0.9	-0.8	-0.7	-0.7	-0.5	-0.2	-0.1	0.0	-0.1	-0.2
State & Local Government	24.8	24.9	25.1	25.2	25.4	25.5	25.7	25.8	25.9	26.1	26.2	26.3
Pct Chg Year Ago	1.8	2.0	2.3	2.4	2.4	2.5	2.3	2.2	2.1	2.0	2.1	2.1
Other Economic Indicators												
Population (Ths.)	520.9	521.9	523.1	524.2	525.4	526.8	528.4	529.9	531.7	533.4	535.1	536.8
Pct Chg Year Ago	0.7	0.7	0.7	0.8	0.9	0.9	1.0	1.1	1.2	1.2	1.3	1.3
Labor Force (Ths.)	244.8	245.8	247.0	248.1	249.0	249.8	250.3	250.8	251.3	251.7	252.3	253.0
Pct Chg Year Ago	1.2	1.3	1.7	1.7	1.7	1.7	1.3	1.1	0.9	0.8	0.8	0.9
Unemployment Rate (%)	13.8	13.5	13.4	13.2	13.0	12.9	12.7	12.5	12.3	12.1	12.0	11.9
Total Housing Starts (Annual Rate)	2366	2274	2495	2644	2842	3022	3079	3110	3160	3248	3322	3519
Single-Family	2201	2101	2305	2424	2595	2767	2823	2844	2886	2956	3017	3203
Multifamily	165	173	190	220	247	255	256	266	274	292	304	316

Oakland MSA

SHORT TERM OUTLOOK

Real personal income in the Oakland MSA will rise 1% in 2010, abating some of the 2.9% decrease in 2009. Amid economic recovery in the Bay Area, real personal income will return to strong growth, growing 3.1% in 2011 and 3.2% in 2012.

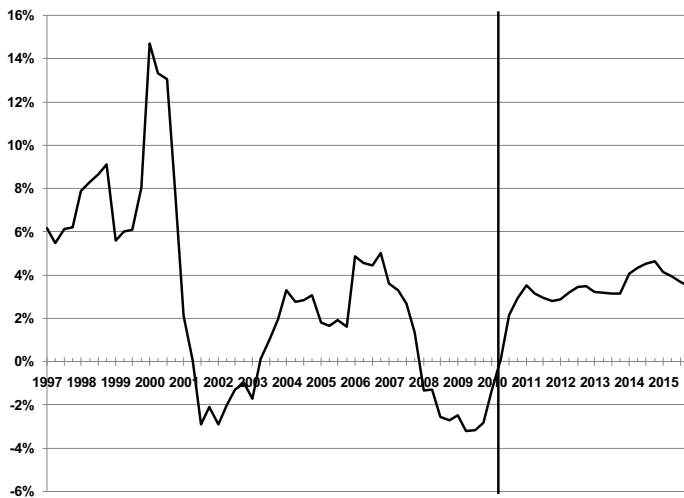
After shedding 6.2% of jobs in 2009, the Oakland MSA will experience a job loss of 2.1% in 2010, the largest in the surrounding region.

The labor market will not join the recovery until the fourth quarter of 2010, as job growth returns after 11 quarters of losses, at a 0.3% rate. Job growth will be led

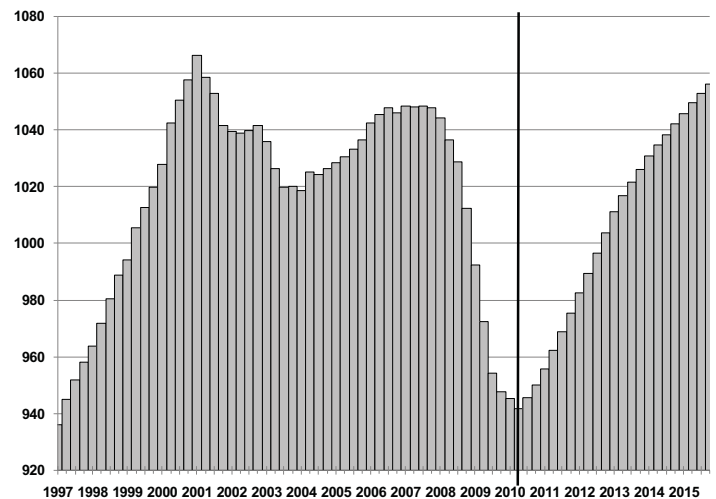
by non-manufacturing sectors, which will grow at 0.4% in the first quarter of 2011, while manufacturing will lose 0.9% additional jobs in the same quarter. However, 2011 will bring overall job growth at a rate of 2.1%, and 2.8% in 2012.

Population growth will continue at a modest 1.5% in 2010, but will fall steadily over the course of the forecast horizon, slowing to 1% by 2013. The unemployment rate will rise from 10.5% in 2009 to 11.5% in 2010. Unemployment is expected to begin decreasing in 2011, to 10.3%, as job growth returns to service sectors.

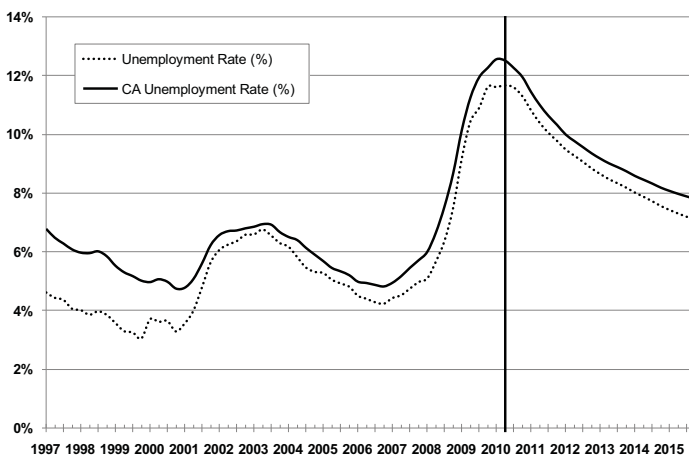
Oakland Real Personal Income
(Percent change from one year ago)



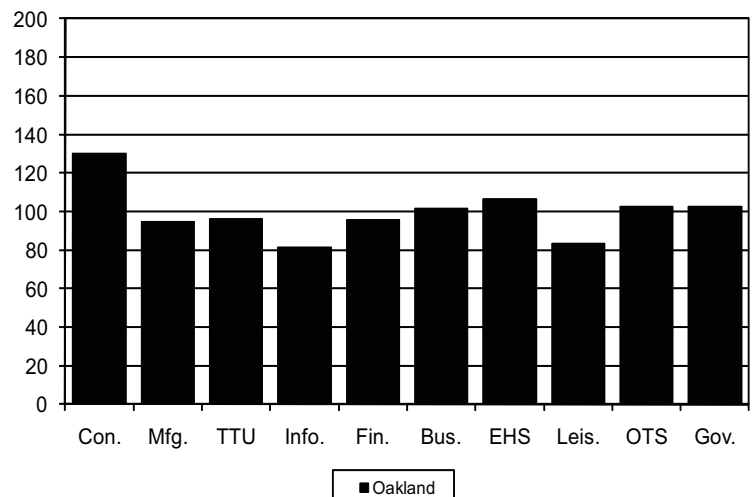
Oakland Payroll Employment
(Thousands)



Oakland and California Unemployment Rates
(percent)



Relative Employment Mix, 2009 (California)



Annual Outlook for Oakland

July 2010 Forecast

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income (Billions \$)													
Total Personal Income	104.1	110.0	115.3	124.0	130.8	132.5	128.9	132.2	138.5	145.6	153.1	163.1	172.7
Pct Chg Year Ago	2.4	5.7	4.8	7.6	5.5	1.3	-2.7	2.6	4.8	5.1	5.2	6.5	5.9
Wages and Salaries	52.3	55.1	57.5	60.8	63.4	63.6	60.1	60.3	63.5	67.2	71.1	74.8	78.7
Nonwage Income	51.8	54.9	57.8	63.2	67.4	68.9	68.7	71.9	75.0	78.4	82.0	88.2	94.0
Real Personal Income (2000\$)	98.8	101.7	103.5	108.4	111.3	109.1	105.9	106.9	110.2	113.8	117.4	122.5	127.2
Pct Chg Year Ago	0.3	3.0	1.7	4.7	2.7	-2.0	-2.9	1.0	3.1	3.2	3.2	4.4	3.8
Per Capita Income (Ths.)	42.7	45.2	47.3	50.8	53.1	53.0	50.8	51.4	53.0	55.1	57.4	60.5	63.4
Real Per Capita Income (2000\$)	40.5	41.8	42.5	44.4	45.2	43.6	41.7	41.5	42.2	43.1	44.0	45.4	46.7
Average Annual Wage (Ths.)	50.8	53.6	55.4	57.9	60.2	61.5	61.8	63.4	65.4	67.3	69.4	71.8	74.4
Pct Chg Year Ago	3.3	5.5	3.5	4.4	4.0	2.1	0.6	2.5	3.2	2.9	3.2	3.4	3.6
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	1025.6	1023.6	1032.1	1045.3	1048.1	1030.4	966.7	945.7	965.6	993.1	1018.8	1036.5	1051.1
Pct Chg Year Ago	-1.4	-0.2	0.8	1.3	0.3	-1.7	-6.2	-2.1	2.1	2.8	2.6	1.7	1.4
Manufacturing	98.1	98.2	95.6	95.8	94.3	93.0	82.5	78.8	81.8	85.5	87.8	88.8	88.8
Pct Chg Year Ago	-5.4	0.2	-2.7	0.2	-1.5	-1.4	-11.3	-4.4	3.8	4.6	2.7	1.1	0.0
Nonmanufacturing	927.5	925.4	936.5	949.5	953.8	937.4	884.2	866.9	883.8	907.6	931.0	947.7	962.3
Pct Chg Year Ago	-0.9	-0.2	1.2	1.4	0.4	-1.7	-5.7	-1.9	2.0	2.7	2.6	1.8	1.5
Construction & Mining	68.0	70.9	73.9	74.5	72.9	66.1	54.8	49.4	48.4	52.9	58.9	62.3	65.2
Pct Chg Year Ago	0.4	4.3	4.3	0.8	-2.1	-9.3	-17.2	-9.8	-1.8	9.3	11.4	5.9	4.6
Trade, Trans., & Utilities	198.0	194.6	195.8	197.9	199.3	193.0	179.0	175.1	180.3	185.6	188.9	190.8	192.4
Pct Chg Year Ago	-3.6	-1.7	0.6	1.1	0.7	-3.2	-7.2	-2.1	3.0	2.9	1.8	1.0	0.8
Wholesale Trade	50.6	49.1	48.6	48.8	48.7	47.6	43.9	42.9	43.3	44.2	44.9	45.2	45.5
Retail Trade	110.6	110.5	112.1	113.3	113.3	109.5	102.0	100.1	103.5	105.8	107.0	107.6	108.1
Trans, Wrhng, & Util	36.8	35.0	35.1	35.8	37.3	35.9	33.1	32.2	33.5	35.6	37.0	37.9	38.8
Information	32.6	31.3	30.6	30.1	29.0	27.8	25.2	24.4	25.5	26.0	26.3	26.5	26.8
Pct Chg Year Ago	-7.4	-4.0	-2.0	-1.8	-3.6	-4.0	-9.6	-2.9	4.5	1.8	1.2	0.7	1.1
Financial Activities	67.6	67.6	69.4	67.6	62.4	57.2	52.6	51.5	52.5	54.7	56.4	57.0	57.1
Pct Chg Year Ago	8.4	-0.1	2.8	-2.6	-7.8	-8.3	-8.1	-2.0	2.0	4.2	3.2	1.1	0.1
Prof & Business Services	145.0	147.7	150.5	154.9	157.9	162.2	148.6	148.8	159.2	165.7	172.1	177.2	181.6
Pct Chg Year Ago	-3.1	1.9	1.9	2.9	2.0	2.8	-8.4	0.2	7.0	4.1	3.9	3.0	2.5
Educ & Health Services	116.2	116.4	117.7	121.0	124.2	128.6	130.0	129.2	131.5	134.1	135.8	137.9	140.1
Pct Chg Year Ago	2.1	0.1	1.1	2.9	2.6	3.6	1.1	-0.7	1.8	2.0	1.3	1.5	1.6
Leisure & Hospitality	80.4	80.6	83.0	85.6	88.0	89.1	85.2	85.0	85.2	86.4	87.7	88.6	89.3
Pct Chg Year Ago	0.6	0.3	2.9	3.1	2.8	1.2	-4.4	-0.2	0.2	1.4	1.6	1.0	0.8
Other Services	37.5	36.6	35.6	35.9	36.2	36.1	34.3	33.9	34.1	34.1	34.0	34.1	34.1
Pct Chg Year Ago	-0.9	-2.5	-2.7	1.0	0.7	-0.2	-4.9	-1.0	0.5	-0.2	-0.2	0.3	0.0
Federal Government	18.5	17.5	17.3	17.3	17.1	17.1	17.2	17.4	16.6	16.3	16.1	16.0	15.9
Pct Chg Year Ago	-0.1	-5.4	-1.3	-0.2	-1.2	0.2	0.7	1.2	-4.5	-1.9	-1.1	-0.6	-0.6
State & Local Government	163.7	162.2	162.6	164.7	166.8	160.1	157.4	152.2	150.6	152.0	154.7	157.3	159.9
Pct Chg Year Ago	-1.1	-0.9	0.3	1.3	1.3	-4.0	-1.7	-3.3	-1.1	0.9	1.8	1.7	1.6
Other Economic Indicators													
Population (Ths.)	2438.0	2435.0	2436.4	2443.0	2465.1	2500.4	2537.4	2574.4	2611.0	2641.8	2669.5	2696.4	2722.9
Pct Chg Year Ago	-0.1	-0.1	0.1	0.3	0.9	1.4	1.5	1.5	1.4	1.2	1.0	1.0	1.0
Labor Force (Ths.)	1272.1	1254.1	1246.5	1252.1	1267.2	1288.0	1288.8	1292.8	1313.1	1333.5	1354.3	1364.7	1372.3
Pct Chg Year Ago	-1.3	-1.4	-0.6	0.5	1.2	1.6	0.1	0.3	1.6	1.6	1.6	0.8	0.6
Unemployment Rate (%)	6.6	5.7	5.0	4.4	4.7	6.2	10.5	11.5	10.3	9.2	8.4	7.8	7.3
Total Housing Starts	11286	10112	10214	9780	6415	4548	2811	3552	4761	6766	9148	10878	12534
Single-Family	7744	6707	6889	5304	4171	2178	1989	2617	3074	4434	5702	6565	7657
Multifamily	3542	3405	3326	4476	2244	2371	823	935	1687	2332	3446	4313	4877

Quarterly Outlook for Oakland

July 2010 Forecast

	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Personal Income (Annual Rate, Billions \$)													
Total Personal Income	128.9	128.2	129.3	129.9	131.4	132.9	134.6	136.3	137.7	139.2	140.9	142.7	144.6
Pct Chg Year Ago	-3.4	-3.8	-1.7	0.6	1.9	3.7	4.2	4.9	4.8	4.7	4.6	4.7	5.0
Wages and Salaries	60.5	59.3	59.4	59.6	59.9	60.4	61.3	62.2	63.1	63.9	64.8	65.8	66.7
Nonwage Income	68.4	68.9	69.9	70.3	71.5	72.5	73.4	74.1	74.6	75.3	76.1	76.9	77.9
Real Personal Income (2000\$)	106.4	105.1	105.3	105.5	106.5	107.3	108.4	109.2	109.8	110.5	111.4	112.3	113.3
Pct Chg Year Ago	-3.2	-3.2	-2.9	-1.4	0.1	2.1	2.9	3.5	3.1	3.0	2.8	2.9	3.2
Per Capita Income (Ths.)	50.9	50.4	50.7	50.7	51.1	51.5	52.0	52.5	52.8	53.2	53.7	54.2	54.8
Real Per Capita Income (2000\$)	42.0	41.3	41.3	41.2	41.4	41.6	41.9	42.0	42.1	42.3	42.4	42.7	42.9
Average Annual Wage (Ths.)	61.9	61.8	62.3	62.7	63.2	63.5	64.1	64.7	65.2	65.6	66.1	66.6	67.1
Pct Chg Year Ago	0.7	-0.2	0.9	2.0	2.2	2.8	3.0	3.3	3.1	3.3	3.0	2.9	2.9
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	972.5	954.4	947.6	945.3	941.8	945.5	950.2	955.8	962.3	968.7	975.5	982.6	989.3
Pct Chg Year Ago	-6.2	-7.2	-6.4	-4.8	-3.2	-0.9	0.3	1.1	2.2	2.5	2.7	2.8	2.8
Manufacturing	82.7	80.7	80.2	80.7	77.0	78.2	79.4	80.1	81.3	82.2	83.4	84.3	85.1
Pct Chg Year Ago	-12.1	-13.6	-11.1	-6.7	-6.9	-3.1	-0.9	-0.7	5.6	5.2	5.0	5.3	4.7
Nonmanufacturing	889.8	873.7	867.4	864.6	864.8	867.4	870.8	875.7	881.0	886.5	892.2	898.3	904.2
Pct Chg Year Ago	-5.6	-6.6	-5.9	-4.6	-2.8	-0.7	0.4	1.3	1.9	2.2	2.5	2.6	2.6
Construction & Mining	55.3	52.9	52.2	51.3	49.3	48.8	48.0	47.8	47.7	48.5	49.6	50.9	52.1
Pct Chg Year Ago	-17.9	-18.2	-16.6	-12.6	-10.8	-7.9	-7.9	-6.8	-3.2	-0.5	3.2	6.4	9.1
Trade, Trans., & Utilities	180.2	176.5	175.3	173.4	174.6	175.8	176.7	178.0	179.7	181.2	182.4	183.8	185.0
Pct Chg Year Ago	-7.6	-7.9	-6.3	-5.7	-3.1	-0.4	0.8	2.6	2.9	3.1	3.3	3.3	3.0
Wholesale Trade	44.2	43.4	42.8	42.8	42.8	43.0	42.9	42.9	43.1	43.4	43.6	43.8	44.1
Retail Trade	102.6	100.4	100.4	98.7	99.6	100.6	101.3	102.3	103.3	104.0	104.5	105.0	105.5
Trans, Wrhsng, & Util	33.4	32.7	32.1	32.0	32.1	32.3	32.4	32.8	33.2	33.8	34.3	34.9	35.4
Information	25.0	24.7	24.5	24.2	24.1	24.4	24.9	25.3	25.5	25.6	25.7	26.0	25.9
Pct Chg Year Ago	-10.5	-11.4	-10.3	-8.4	-3.6	-1.3	1.6	4.6	5.5	4.8	3.3	2.7	1.8
Financial Activities	52.8	51.7	51.6	51.4	50.9	51.6	52.0	52.0	52.3	52.5	53.0	53.7	54.4
Pct Chg Year Ago	-8.5	-8.5	-7.4	-5.1	-3.6	-0.2	0.7	1.3	2.7	1.7	2.1	3.2	3.9
Prof & Business Services	149.7	146.4	144.4	145.1	147.1	149.8	153.2	156.0	158.4	160.3	161.9	163.3	164.7
Pct Chg Year Ago	-8.4	-10.0	-9.1	-5.7	-1.7	2.3	6.1	7.5	7.7	7.0	5.7	4.6	4.0
Educ & Health Services	130.4	129.5	129.3	129.2	128.6	129.1	129.7	130.2	131.1	132.0	132.7	133.3	133.9
Pct Chg Year Ago	1.9	0.4	-1.0	-1.3	-1.4	-0.3	0.3	0.8	1.9	2.2	2.3	2.3	2.1
Leisure & Hospitality	85.1	84.6	85.0	86.1	84.5	84.6	84.8	84.9	85.1	85.3	85.5	85.8	86.2
Pct Chg Year Ago	-5.0	-5.1	-3.8	0.0	-0.7	0.0	-0.3	-1.4	0.7	0.8	0.8	1.1	1.3
Other Services	34.9	33.9	33.5	34.0	33.9	33.9	34.0	34.1	34.1	34.1	34.1	34.1	34.0
Pct Chg Year Ago	-3.8	-5.5	-6.3	-2.6	-2.8	-0.1	1.4	0.2	0.6	0.7	0.5	0.0	-0.3
Federal Government	17.5	17.1	17.0	16.6	18.5	17.6	17.0	16.8	16.6	16.5	16.5	16.4	16.3
Pct Chg Year Ago	2.7	-0.3	-0.3	-3.5	5.8	3.0	-0.4	1.1	-10.1	-6.2	-2.9	-2.3	-1.9
State & Local Government	158.9	156.2	154.7	153.2	153.2	151.7	150.8	150.6	150.4	150.5	150.8	151.1	151.7
Pct Chg Year Ago	-0.7	-2.7	-2.7	-4.1	-3.6	-2.9	-2.5	-1.7	-1.8	-0.8	0.0	0.4	0.8
Other Economic Indicators													
Population (Ths.)	2532.8	2542.0	2551.3	2560.6	2569.7	2579.1	2588.4	2597.6	2606.6	2615.5	2624.2	2631.4	2638.3
Pct Chg Year Ago	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.4	1.4	1.4	1.4	1.3	1.2
Labor Force (Ths.)	1295.3	1286.9	1276.3	1279.7	1293.8	1297.1	1300.6	1303.5	1310.6	1316.9	1321.5	1325.4	1330.9
Pct Chg Year Ago	0.7	-0.4	-1.3	-1.3	-0.1	0.8	1.9	1.9	1.3	1.5	1.6	1.7	1.6
Unemployment Rate (%)	10.5	10.9	11.6	11.6	11.7	11.6	11.3	10.8	10.4	10.1	9.8	9.5	9.3
Total Housing Starts (Annual Rate)	2858	2793	2531	3232	3364	3660	3952	3802	4514	5153	5574	5882	6510
Single-Family	2068	2392	2096	2430	2212	2815	3010	2738	2985	3153	3418	3633	4204
Multifamily	790	401	435	802	1152	845	942	1064	1529	2000	2155	2249	2306

Quarterly Outlook for Oakland

July 2010 Forecast

	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	146.6	148.6	150.2	152.1	154.1	156.2	159.3	161.8	164.4	166.8	169.3	171.6
Pct Chg Year Ago	5.3	5.5	5.2	5.2	5.1	5.1	6.1	6.4	6.6	6.8	6.2	6.0
Wages and Salaries	67.7	68.7	69.8	70.7	71.6	72.4	73.5	74.4	75.3	76.2	77.2	78.2
Nonwage Income	78.9	79.9	80.4	81.4	82.5	83.7	85.8	87.5	89.1	90.6	92.0	93.4
Real Personal Income (2000\$)	114.3	115.3	115.9	116.9	117.9	118.9	120.6	121.9	123.2	124.4	125.6	126.7
Pct Chg Year Ago	3.4	3.5	3.2	3.2	3.1	3.1	4.1	4.3	4.5	4.6	4.1	3.9
Per Capita Income (Ths.)	55.4	56.0	56.5	57.1	57.7	58.3	59.3	60.1	60.9	61.6	62.4	63.1
Real Per Capita Income (2000\$)	43.2	43.5	43.6	43.8	44.1	44.4	44.9	45.3	45.6	46.0	46.3	46.6
Average Annual Wage (Ths.)	67.5	68.0	68.7	69.2	69.7	70.2	70.9	71.5	72.1	72.7	73.5	74.1
Pct Chg Year Ago	2.9	3.0	3.1	3.2	3.2	3.2	3.3	3.4	3.4	3.5	3.6	3.6
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	996.6	1003.8	1011.2	1016.7	1021.5	1026.0	1030.7	1034.7	1038.3	1042.0	1045.8	1049.5
Pct Chg Year Ago	2.9	2.9	2.9	2.8	2.5	2.2	1.9	1.8	1.6	1.6	1.5	1.4
Manufacturing	86.0	86.6	87.1	87.7	88.1	88.4	88.6	88.8	88.8	88.8	88.8	88.8
Pct Chg Year Ago	4.6	3.9	3.3	3.0	2.4	2.2	1.7	1.3	0.9	0.4	0.2	-0.1
Nonmanufacturing	910.6	917.3	924.1	929.0	933.4	937.5	942.2	945.9	949.5	953.2	957.0	960.7
Pct Chg Year Ago	2.7	2.8	2.9	2.7	2.5	2.2	2.0	1.8	1.7	1.7	1.6	1.6
Construction & Mining	53.5	55.1	57.5	58.4	59.3	60.2	61.2	62.0	62.7	63.5	64.3	64.9
Pct Chg Year Ago	10.4	11.2	13.1	12.2	10.9	9.3	6.3	6.1	5.7	5.4	5.1	4.8
Trade, Trans, & Utilities	186.2	187.3	188.0	188.7	189.3	189.7	190.2	190.5	190.9	191.4	191.9	192.3
Pct Chg Year Ago	2.8	2.6	2.3	2.0	1.6	1.3	1.1	1.0	0.9	0.9	0.9	0.9
Wholesale Trade	44.4	44.6	44.7	44.8	45.0	45.0	45.1	45.2	45.2	45.3	45.4	45.4
Retail Trade	106.0	106.5	106.8	107.0	107.1	107.3	107.4	107.5	107.7	107.9	108.0	108.1
Trans, Wrhsng, & Util	35.8	36.2	36.6	36.9	37.1	37.4	37.6	37.8	38.0	38.3	38.5	38.7
Information	26.0	26.0	26.2	26.3	26.3	26.3	26.4	26.5	26.6	26.6	26.7	26.7
Pct Chg Year Ago	1.6	1.2	0.9	1.4	1.4	1.2	0.5	0.5	0.8	0.8	1.1	1.1
Financial Activities	55.0	55.6	56.0	56.3	56.6	56.8	57.0	57.0	57.0	57.0	57.0	57.1
Pct Chg Year Ago	4.8	4.8	4.2	3.5	2.8	2.1	1.8	1.3	0.8	0.3	0.1	0.1
Prof & Business Services	166.4	168.2	169.9	171.5	172.9	174.2	175.6	176.8	177.7	178.9	179.9	181.0
Pct Chg Year Ago	3.8	3.9	4.1	4.1	3.9	3.5	3.3	3.1	2.8	2.7	2.5	2.4
Educ & Health Services	134.4	134.8	135.2	135.7	136.1	136.4	137.2	137.7	138.1	138.6	139.1	139.8
Pct Chg Year Ago	1.8	1.6	1.5	1.4	1.3	1.1	1.4	1.4	1.5	1.7	1.4	1.5
Leisure & Hospitality	86.6	87.0	87.4	87.6	87.8	88.1	88.4	88.5	88.7	88.9	89.1	89.2
Pct Chg Year Ago	1.5	1.8	1.8	1.7	1.5	1.3	1.1	1.0	1.0	0.9	0.8	0.8
Other Services	34.1	34.1	34.1	34.0	34.0	34.0	34.0	34.1	34.2	34.1	34.1	34.1
Pct Chg Year Ago	-0.2	-0.2	-0.2	-0.1	-0.2	-0.2	-0.1	0.2	0.5	0.5	0.3	0.1
Federal Government	16.3	16.2	16.2	16.1	16.1	16.1	16.0	16.0	16.0	16.0	16.0	15.9
Pct Chg Year Ago	-1.7	-1.5	-1.3	-1.2	-1.1	-1.0	-0.8	-0.7	-0.6	-0.5	-0.5	-0.6
State & Local Government	152.2	152.9	153.6	154.3	155.0	155.7	156.3	156.9	157.6	158.3	159.0	159.6
Pct Chg Year Ago	1.2	1.4	1.6	1.8	1.8	1.8	1.8	1.7	1.7	1.7	1.7	1.7
Other Economic Indicators												
Population (Ths.)	2645.2	2652.2	2659.2	2666.1	2672.9	2679.7	2686.4	2693.1	2699.7	2706.4	2713.0	2719.6
Pct Chg Year Ago	1.1	1.1	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Labor Force (Ths.)	1336.2	1341.5	1347.3	1352.4	1356.7	1360.6	1362.5	1363.8	1365.5	1367.0	1369.0	1371.2
Pct Chg Year Ago	1.5	1.5	1.6	1.6	1.5	1.4	1.1	0.8	0.6	0.5	0.5	0.5
Unemployment Rate (%)	9.1	8.8	8.7	8.5	8.3	8.2	8.0	7.9	7.7	7.6	7.4	7.3
Total Housing Starts (Annual Rate)	7428	7243	7970	8772	9645	10207	10464	10677	10962	11411	11594	12244
Single-Family	5127	4771	5157	5509	5895	6246	6375	6463	6598	6825	6918	7445
Multifamily	2301	2472	2812	3263	3750	3960	4089	4214	4364	4586	4676	4799

Sacramento MSA

SHORT TERM OUTLOOK

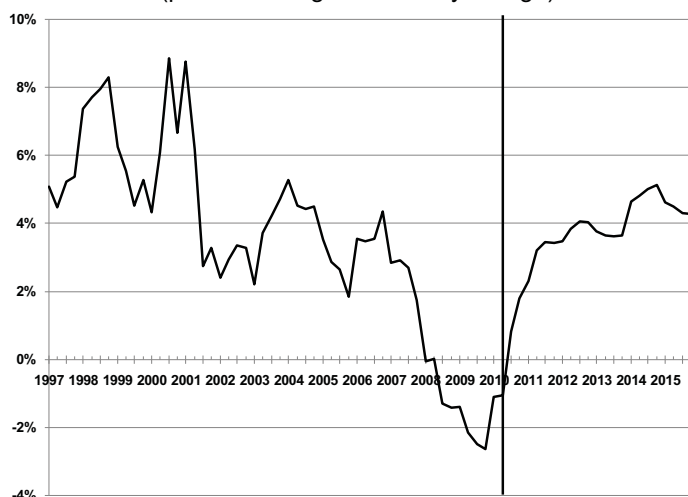
Real personal income will grow just 0.1% in 2010, but will grow strongly in 2011 at a rate of 3.1% following economic recovery beginning in mid-2010. Growth will increase to 3.8% in 2012.

Job losses in Sacramento will continue in 2010 at a slower pace than 2009, with the MSA losing 2.1% of jobs. We expect workers will begin to see the effects of recovery by the first quarter of 2011 as job growth returns at 0.4%; job growth for 2011 is expected to be 1.6%. The employment recovery should be in full swing by 2012, growing 3.1%. Most sectors, however, will not see strong

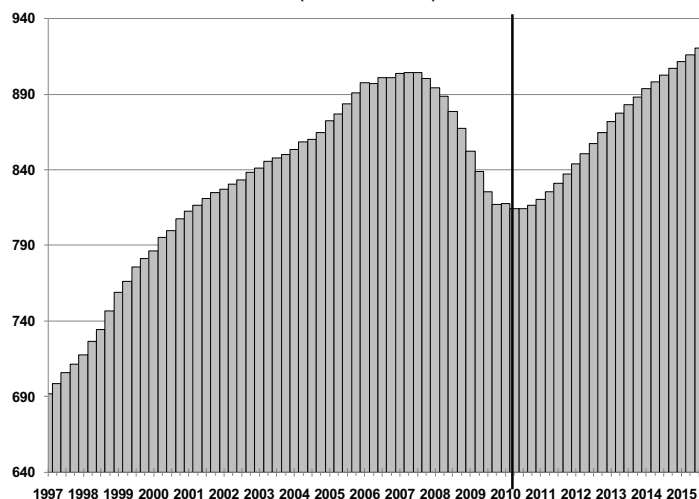
recoveries until the first quarter of 2011, being led by 5.1% job growth in the Professional and Business Services sector and 3.9% job growth in the Information sector.

Population growth will remain at 1.3% in 2010; rising to an average of 1.6% annually through 2015. The unemployment rate, on the other hand, will rise from 11.2% in 2009 to a peak of 12.3% in 2010 before sliding back to 11% in 2011. The rate is expected to drop further to 9.8% in 2012. We anticipate unemployment will still be nearly 8% at the end of the forecast horizon in 2015.

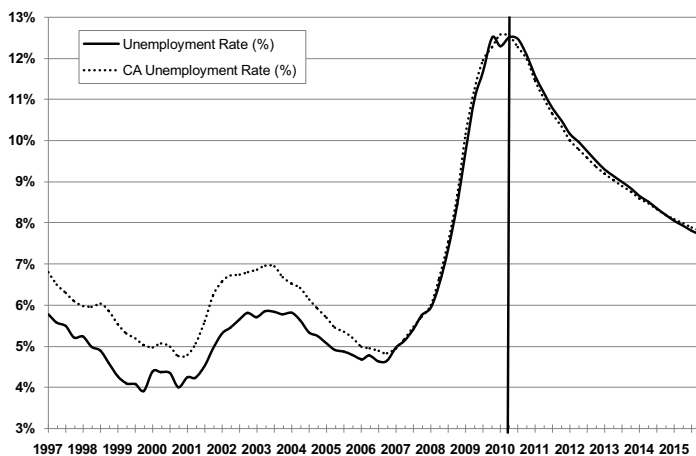
Sacramento Real Personal Income
(percent change from one year ago)



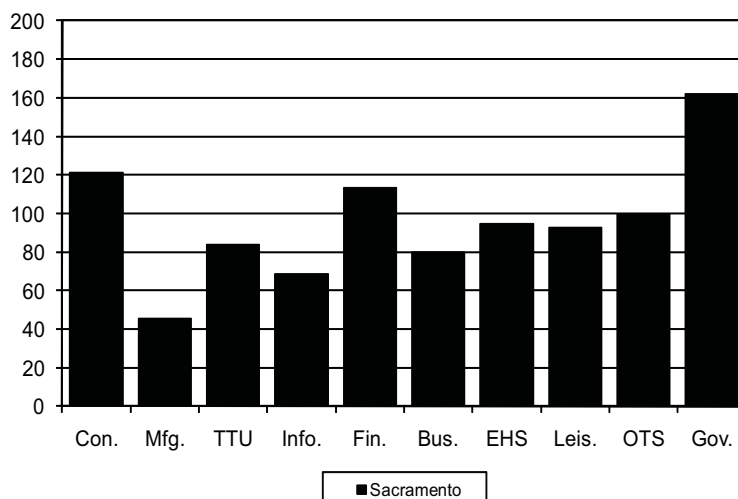
Sacramento Payroll Employment
(Thousands)



Sacramento and California Unemployment Rate
(percent)



Relative Employment Mix, 2009 (California)



Annual Outlook for Sacramento

July 2010 Forecast

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income (Billions \$)													
Total Personal Income	66.0	70.9	75.0	80.0	84.2	86.4	84.7	86.2	90.3	95.4	100.9	107.9	115.0
Pct Chg Year Ago	5.8	7.4	5.8	6.6	5.3	2.6	-2.0	1.7	4.8	5.7	5.7	7.0	6.5
Wages and Salaries	37.0	39.2	41.7	44.3	46.3	47.1	45.0	44.8	46.9	49.8	52.8	55.9	59.0
Nonwage Income	29.0	31.7	33.4	35.6	37.9	39.3	39.7	41.3	43.3	45.7	48.0	52.1	56.0
Real Personal Income (00\$)	62.7	65.6	67.4	69.9	71.6	71.1	69.6	69.7	71.8	74.6	77.3	81.1	84.7
Pct Chg Year Ago	3.7	4.7	2.7	3.7	2.5	-0.7	-2.2	0.1	3.1	3.8	3.7	4.9	4.4
Per Capita Income (Ths.)	33.5	35.4	36.9	38.9	40.5	41.1	39.7	39.9	41.2	42.9	44.5	46.9	49.1
Real Per Capita Income (00\$)	31.8	32.7	33.2	34.0	34.5	33.8	32.7	32.3	32.8	33.5	34.1	35.2	36.2
Average Annual Wage (Ths)	43.6	45.4	47.1	49.1	51.1	53.2	53.7	54.7	56.3	58.0	59.7	61.8	63.9
Pct Chg Year Ago	3.5	4.2	3.8	4.2	4.1	4.1	1.0	1.9	3.0	2.9	3.0	3.4	3.5
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	846.1	859.1	880.9	899.0	903.0	882.1	833.3	815.7	828.6	854.1	880.1	900.0	918.4
Pct Chg Year Ago	1.7	1.5	2.5	2.1	0.4	-2.3	-5.5	-2.1	1.6	3.1	3.0	2.3	2.0
Manufacturing	41.5	42.6	43.1	42.8	40.9	38.7	34.4	33.8	35.0	36.2	37.3	37.9	38.1
Pct Chg Year Ago	-1.2	2.7	1.1	-0.6	-4.5	-5.2	-11.2	-1.6	3.6	3.4	2.9	1.5	0.6
Nonmanufacturing	804.6	816.5	837.8	856.2	862.2	843.3	798.9	781.8	793.5	817.9	842.8	862.2	880.3
Pct Chg Year Ago	1.8	1.5	2.6	2.2	0.7	-2.2	-5.3	-2.1	1.5	3.1	3.0	2.3	2.1
Construction & Mining	67.1	71.5	74.1	71.4	67.6	56.9	43.6	36.9	38.2	42.5	47.7	50.9	53.6
Pct Chg Year Ago	8.1	6.5	3.7	-3.7	-5.3	-15.9	-23.5	-14.8	3.4	11.2	12.5	6.8	5.2
Trade, Trans, & Utilities	143.2	146.1	148.9	153.6	153.1	146.7	134.5	133.4	136.9	141.4	144.6	146.8	148.8
Pct Chg Year Ago	1.8	2.1	1.9	3.1	-0.3	-4.2	-8.3	-0.8	2.6	3.3	2.3	1.5	1.4
Wholesale Trade	26.3	26.5	26.9	28.4	27.9	26.5	24.1	23.0	23.7	24.4	24.7	25.0	25.2
Retail Trade	94.9	96.7	98.6	100.7	99.8	95.1	87.1	87.4	89.5	91.8	93.6	94.7	95.6
Trans, Wrhsng, & Util	21.9	22.8	23.4	24.5	25.4	25.1	23.3	23.0	23.8	25.2	26.3	27.1	27.9
Information	21.9	20.9	19.9	20.0	20.1	19.2	18.3	17.7	18.7	19.3	19.6	19.7	20.0
Pct Chg Year Ago	-5.1	-4.2	-4.9	0.6	0.4	-4.2	-4.8	-3.4	5.9	3.1	1.5	0.8	1.6
Financial Activities	59.4	60.4	63.5	64.6	61.8	57.5	53.6	51.1	51.7	54.3	56.3	57.2	57.5
Pct Chg Year Ago	7.5	1.8	5.1	1.9	-4.3	-7.0	-6.8	-4.6	1.2	5.0	3.8	1.5	0.5
Prof & Business Services	100.6	103.1	108.6	112.5	112.1	110.0	100.7	98.5	104.6	109.1	113.5	117.1	120.6
Pct Chg Year Ago	-0.4	2.4	5.3	3.7	-0.4	-1.8	-8.5	-2.1	6.2	4.3	4.0	3.1	3.0
Educ & Health Services	81.0	84.6	88.2	92.1	96.8	99.4	99.3	99.1	100.9	103.7	105.9	108.3	110.8
Pct Chg Year Ago	3.9	4.4	4.3	4.4	5.1	2.6	0.0	-0.3	1.8	2.8	2.2	2.3	2.3
Leisure & Hospitality	77.3	79.8	82.1	85.3	86.6	85.8	81.8	79.6	80.0	81.6	83.4	84.7	85.8
Pct Chg Year Ago	2.8	3.3	2.8	3.9	1.6	-0.9	-4.7	-2.7	0.5	2.0	2.2	1.6	1.3
Other Services	28.0	28.5	28.5	28.3	28.9	29.6	28.7	27.5	27.5	27.6	27.7	28.0	28.2
Pct Chg Year Ago	-0.5	1.8	-0.1	-0.6	2.3	2.2	-2.9	-4.4	0.2	0.4	0.5	0.9	0.7
Federal Government	12.9	12.5	12.8	12.6	12.4	12.5	12.7	13.3	12.3	12.1	12.1	12.1	12.1
Pct Chg Year Ago	1.2	-2.6	1.7	-1.3	-1.9	1.0	1.7	5.0	-7.3	-1.4	-0.5	0.0	0.0
State & Local Government	213.3	209.0	211.3	215.8	222.7	225.7	225.7	224.8	222.7	226.3	231.9	237.4	242.9
Pct Chg Year Ago	-0.4	-2.0	1.1	2.1	3.2	1.4	0.0	-0.4	-0.9	1.6	2.5	2.4	2.3
Other Economic Indicators													
Population (Ths)	1971.2	2006.4	2031.2	2053.8	2078.5	2104.4	2130.6	2157.3	2189.9	2226.7	2264.3	2301.7	2339.5
Pct Chg Year Ago	2.3	1.8	1.2	1.1	1.2	1.2	1.2	1.3	1.5	1.7	1.7	1.7	1.6
Labor Force (Ths)	990.9	1002.1	1013.9	1028.7	1042.5	1051.8	1058.1	1062.2	1077.0	1098.8	1123.8	1140.5	1155.7
Pct Chg Year Ago	2.1	1.1	1.2	1.5	1.3	0.9	0.6	0.4	1.4	2.0	2.3	1.5	1.3
Unemployment Rate (%)	5.8	5.5	4.9	4.7	5.3	7.1	11.2	12.3	11.0	9.8	9.1	8.4	7.9
Total Housing Starts	23217	21706	20164	11902	8218	5688	3177	3136	7827	12651	15596	17445	19288
Single-Family	19194	18724	16542	9510	7112	4411	2935	2711	6717	11090	13441	14828	16236
Multifamily	4023	2982	3623	2392	1106	1277	242	425	1109	1560	2156	2618	3052

Quarterly Outlook for Sacramento

July 2010 Forecast

	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Personal Income (Billions \$)													
Total Personal Income	84.8	84.3	84.9	85.5	85.4	86.3	87.4	88.6	89.6	90.8	92.1	93.3	94.7
Pct Chg Year Ago	-2.3	-3.2	-1.4	0.9	0.7	2.3	3.0	3.7	4.9	5.2	5.3	5.3	5.7
Wages and Salaries	45.3	44.5	44.4	44.7	44.6	44.7	45.3	45.9	46.6	47.2	48.0	48.6	49.4
Nonwage Income	39.5	39.8	40.5	40.7	40.8	41.5	42.1	42.6	43.0	43.5	44.1	44.6	45.3
Real Personal Income (00\$)	70.0	69.1	69.2	69.4	69.3	69.7	70.4	71.0	71.5	72.1	72.8	73.4	74.2
Pct Chg Year Ago	-2.2	-2.5	-2.6	-1.1	-1.1	0.8	1.8	2.3	3.2	3.4	3.4	3.5	3.8
Per Capita Income (Ths.)	39.9	39.5	39.7	39.8	39.7	39.9	40.3	40.7	41.0	41.4	41.8	42.2	42.6
Real Per Capita Income (00\$)	32.9	32.4	32.3	32.3	32.2	32.2	32.5	32.6	32.7	32.8	33.0	33.2	33.4
Average Annual Wage (Ths)	53.7	53.6	54.1	54.4	54.5	54.7	55.2	55.7	56.1	56.6	57.0	57.4	57.8
Pct Chg Year Ago	1.3	-0.3	0.9	2.0	1.4	1.9	2.2	2.4	3.0	3.5	3.1	3.0	3.0
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	839.0	825.2	817.1	817.6	814.5	814.4	816.3	820.5	825.6	830.9	837.4	843.9	850.6
Pct Chg Year Ago	-5.6	-6.0	-5.8	-4.0	-2.9	-1.3	-0.1	0.4	1.4	2.0	2.6	2.9	3.0
Manufacturing	34.6	33.6	33.5	33.6	33.5	33.9	34.4	34.6	35.0	35.2	35.5	35.8	36.1
Pct Chg Year Ago	-11.7	-12.8	-10.4	-6.4	-3.2	0.7	2.5	2.8	4.3	3.8	3.3	3.5	3.3
Nonmanufacturing	804.3	791.5	783.6	784.0	781.0	780.5	781.9	785.9	790.7	795.7	801.9	808.1	814.5
Pct Chg Year Ago	-5.3	-5.7	-5.6	-3.9	-2.9	-1.4	-0.2	0.2	1.2	1.9	2.6	2.8	3.0
Construction & Mining	44.8	41.6	39.4	38.0	36.6	36.5	36.6	37.0	37.6	38.5	39.6	40.7	41.8
Pct Chg Year Ago	-22.7	-26.4	-26.3	-21.6	-18.4	-12.3	-7.1	-2.5	2.7	5.3	8.2	9.9	11.1
Trade, Trans, & Utilities	135.7	133.0	131.7	133.2	132.8	133.5	134.1	135.1	136.4	137.5	138.6	139.8	140.9
Pct Chg Year Ago	-8.8	-8.5	-7.1	-3.1	-2.1	0.3	1.8	1.4	2.7	3.0	3.4	3.5	3.3
Wholesale Trade	24.5	23.7	23.3	23.1	22.8	23.0	23.1	23.3	23.5	23.8	24.0	24.2	24.3
Retail Trade	87.7	86.5	85.5	87.1	87.0	87.5	87.9	88.6	89.3	89.8	90.3	91.0	91.5
Trans, Wrhsng, & Util	23.5	22.9	22.9	23.0	23.0	23.1	23.1	23.3	23.6	24.0	24.3	24.7	25.0
Information	18.2	18.2	18.1	17.7	17.5	17.6	18.0	18.4	18.6	18.8	19.0	19.2	19.2
Pct Chg Year Ago	-6.4	-5.1	-3.7	-5.4	-3.9	-3.5	-0.9	3.9	6.5	7.2	6.0	4.6	3.5
Financial Activities	54.1	52.9	51.7	51.1	50.8	51.2	51.2	51.2	51.4	51.8	52.4	53.2	53.9
Pct Chg Year Ago	-6.5	-7.2	-7.8	-8.0	-6.1	-3.3	-1.0	0.3	1.2	1.2	2.3	3.8	4.9
Prof & Business Services	100.8	100.2	97.5	97.6	96.7	98.8	101.0	102.6	104.0	105.4	106.5	107.4	108.6
Pct Chg Year Ago	-9.2	-8.2	-9.7	-6.5	-4.0	-1.4	3.6	5.1	7.5	6.6	5.4	4.7	4.4
Educ & Health Services	99.6	98.9	99.1	99.3	98.7	99.0	99.3	99.7	100.6	101.1	102.0	102.7	103.4
Pct Chg Year Ago	0.4	-0.6	-1.0	-0.5	-0.9	0.1	0.2	0.4	1.9	2.2	2.7	3.0	2.8
Leisure & Hospitality	82.5	81.5	80.8	79.2	79.8	79.8	79.6	79.7	79.9	80.1	80.4	80.8	81.4
Pct Chg Year Ago	-5.0	-4.2	-3.6	-4.0	-3.3	-2.0	-1.5	0.6	0.1	0.4	1.0	1.5	1.9
Other Services	29.0	28.3	28.2	27.9	27.3	27.3	27.3	27.5	27.5	27.5	27.5	27.6	27.5
Pct Chg Year Ago	-2.2	-5.5	-4.6	-5.0	-5.8	-3.5	-3.2	-1.5	0.6	0.8	0.8	0.3	0.3
Federal Government	12.9	12.7	12.6	12.8	14.5	13.4	12.6	12.4	12.3	12.3	12.2	12.2	12.2
Pct Chg Year Ago	3.4	1.4	0.2	1.8	12.7	5.3	0.0	-3.0	-15.1	-8.3	-2.6	-2.0	-1.5
State & Local Government	226.8	224.2	224.5	227.1	226.3	223.5	222.2	222.3	222.4	222.7	223.6	224.5	225.6
Pct Chg Year Ago	0.4	-0.5	-0.7	-0.1	-0.2	-0.3	-1.0	-2.1	-1.7	-0.3	0.6	1.0	1.4
Other Economic Indicators													
Population (Ths)	2127.4	2133.9	2140.5	2147.1	2153.3	2160.5	2168.3	2176.7	2185.5	2194.3	2203.2	2212.6	2222.0
Pct Chg Year Ago	1.2	1.2	1.2	1.2	1.2	1.2	1.3	1.4	1.5	1.6	1.6	1.7	1.7
Labor Force (Ths)	1063.5	1060.2	1051.0	1053.4	1063.5	1065.1	1066.9	1069.1	1074.3	1079.9	1084.7	1089.4	1095.8
Pct Chg Year Ago	1.0	0.7	-0.4	-0.4	0.0	0.5	1.5	1.5	1.0	1.4	1.7	1.9	2.0
Unemployment Rate (%)	11.0	11.7	12.5	12.3	12.5	12.5	12.1	11.6	11.1	10.8	10.5	10.2	10.0
Total Housing Starts	3459	3313	2600	3126	2567	2164	4688	5780	7230	8493	9805	11124	12322
Single-Family	3126	3223	2568	2710	2336	1749	4050	4900	6178	7288	8503	9550	10777
Multifamily	334	90	32	416	231	415	637	880	1052	1204	1302	1574	1545

Quarterly Outlook for Sacramento

July 2010 Forecast

	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Personal Income (Billions \$)												
Total Personal Income	96.2	97.6	98.7	100.1	101.6	103.1	105.3	107.0	108.8	110.6	112.3	114.1
Pct Chg Year Ago	5.9	6.0	5.8	5.7	5.6	5.6	6.7	6.9	7.1	7.3	6.7	6.6
Wages and Salaries	50.2	51.0	51.8	52.5	53.2	53.9	54.7	55.5	56.2	57.0	57.8	58.6
Nonwage Income	46.0	46.6	46.9	47.6	48.4	49.2	50.5	51.5	52.6	53.6	54.5	55.5
Real Personal Income (00\$)	75.0	75.7	76.2	76.9	77.7	78.5	79.7	80.6	81.6	82.5	83.4	84.2
Pct Chg Year Ago	4.0	4.0	3.8	3.6	3.6	3.6	4.6	4.8	5.0	5.1	4.6	4.5
Per Capita Income (Ths.)	43.1	43.6	43.9	44.3	44.8	45.2	46.0	46.6	47.2	47.8	48.3	48.9
Real Per Capita Income (00\$)	33.6	33.8	33.9	34.0	34.2	34.4	34.8	35.1	35.4	35.6	35.9	36.1
Average Annual Wage (Ths)	58.2	58.6	59.1	59.5	60.0	60.4	61.0	61.5	62.0	62.6	63.1	63.6
Pct Chg Year Ago	2.9	2.9	3.0	3.0	3.1	3.1	3.2	3.3	3.4	3.5	3.5	3.5
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	857.5	864.6	871.9	877.6	882.8	888.0	893.3	897.8	902.2	906.9	911.6	916.2
Pct Chg Year Ago	3.2	3.2	3.3	3.2	3.0	2.7	2.5	2.3	2.2	2.1	2.0	2.0
Manufacturing	36.4	36.7	36.9	37.2	37.4	37.6	37.7	37.9	37.9	38.0	38.0	38.1
Pct Chg Year Ago	3.5	3.3	3.2	3.0	2.8	2.6	2.1	1.8	1.3	1.0	0.8	0.5
Nonmanufacturing	821.1	827.9	834.9	840.4	845.4	850.4	855.6	859.9	864.3	868.9	873.5	878.1
Pct Chg Year Ago	3.2	3.2	3.3	3.2	3.0	2.7	2.5	2.3	2.2	2.2	2.1	2.1
Construction & Mining	43.0	44.4	46.4	47.3	48.2	49.0	49.9	50.6	51.3	52.0	52.7	53.3
Pct Chg Year Ago	11.8	12.0	14.0	13.2	12.1	10.5	7.5	7.0	6.5	6.0	5.6	5.3
Trade, Trans, & Utilities	141.9	142.9	143.7	144.3	145.0	145.6	146.1	146.5	147.0	147.6	148.2	148.7
Pct Chg Year Ago	3.2	3.1	2.8	2.5	2.1	1.8	1.7	1.5	1.4	1.4	1.4	1.5
Wholesale Trade	24.4	24.6	24.6	24.7	24.8	24.9	24.9	25.0	25.0	25.1	25.2	25.2
Retail Trade	92.1	92.7	93.1	93.5	93.8	94.1	94.3	94.5	94.8	95.1	95.4	95.6
Trans, Wrhsng, & Util	25.4	25.7	25.9	26.2	26.4	26.6	26.8	27.0	27.2	27.4	27.6	27.8
Information	19.3	19.4	19.5	19.6	19.6	19.6	19.6	19.7	19.8	19.8	19.9	20.0
Pct Chg Year Ago	2.5	1.7	1.5	1.8	1.5	1.2	0.4	0.7	1.1	1.1	1.5	1.4
Financial Activities	54.7	55.4	55.8	56.2	56.5	56.8	57.1	57.2	57.2	57.2	57.3	57.5
Pct Chg Year Ago	5.7	5.6	5.0	4.2	3.4	2.7	2.3	1.7	1.2	0.7	0.4	0.5
Prof & Business Services	109.7	110.9	112.0	113.1	114.0	115.0	115.9	116.7	117.3	118.3	119.1	119.9
Pct Chg Year Ago	4.1	4.1	4.3	4.2	3.9	3.7	3.5	3.2	3.0	2.9	2.7	2.8
Educ & Health Services	104.0	104.6	105.1	105.7	106.2	106.7	107.5	108.0	108.6	109.2	109.8	110.5
Pct Chg Year Ago	2.8	2.5	2.3	2.2	2.1	2.0	2.2	2.2	2.2	2.4	2.2	2.3
Leisure & Hospitality	81.8	82.4	82.8	83.2	83.6	83.9	84.3	84.5	84.8	85.1	85.4	85.7
Pct Chg Year Ago	2.2	2.5	2.5	2.3	2.1	1.9	1.7	1.6	1.5	1.4	1.4	1.4
Other Services	27.6	27.7	27.7	27.7	27.7	27.8	27.9	28.0	28.1	28.1	28.1	28.2
Pct Chg Year Ago	0.4	0.5	0.5	0.6	0.5	0.4	0.6	0.9	1.2	1.2	1.0	0.8
Federal Government	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1	12.1
Pct Chg Year Ago	-1.2	-0.9	-0.7	-0.6	-0.4	-0.3	-0.2	0.0	0.0	0.1	0.1	0.0
State & Local Government	226.9	228.3	229.7	231.2	232.6	234.0	235.3	236.6	238.1	239.5	240.9	242.3
Pct Chg Year Ago	1.9	2.1	2.3	2.5	2.5	2.5	2.5	2.4	2.4	2.3	2.4	2.4
Other Economic Indicators												
Population (Ths)	2231.4	2240.8	2250.2	2259.6	2269.0	2278.4	2287.7	2297.0	2306.3	2315.8	2325.3	2334.8
Pct Chg Year Ago	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.7	1.6	1.6	1.6	1.6
Labor Force (Ths)	1101.9	1108.2	1115.0	1121.3	1126.8	1132.1	1135.7	1138.8	1142.2	1145.5	1149.5	1153.6
Pct Chg Year Ago	2.0	2.2	2.3	2.3	2.3	2.2	1.9	1.6	1.4	1.2	1.2	1.3
Unemployment Rate (%)	9.7	9.5	9.3	9.1	9.0	8.8	8.7	8.5	8.4	8.2	8.1	7.9
Total Housing Starts	13873	13284	14264	15137	16131	16854	17136	17244	17499	17904	18104	18939
Single-Family	12364	11671	12460	13081	13807	14416	14641	14681	14862	15128	15212	15939
Multifamily	1510	1613	1805	2056	2324	2438	2494	2563	2638	2776	2892	3001

San Francisco MSA

SHORT TERM OUTLOOK

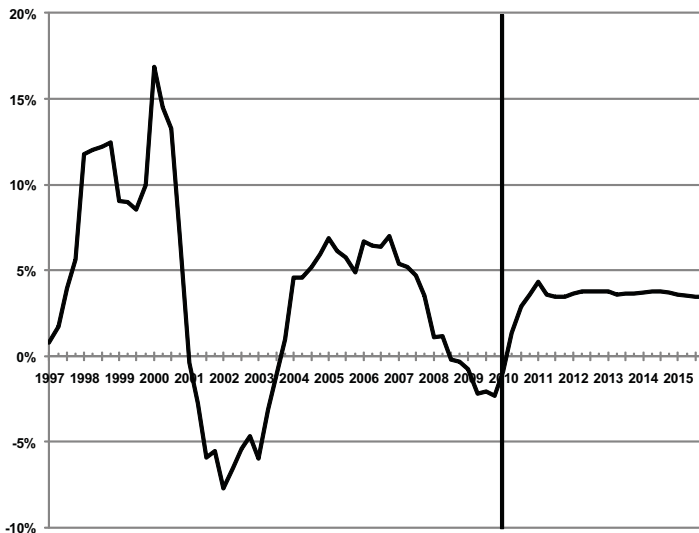
Real personal income in the San Francisco MSA in 2010 will grow by 0.9%. This is well above the 3% decline in 2009, including growth rates in the surrounding regions. Real personal income growth will accelerate to 3.6% in 2011, falling slightly to 3.2% in 2012.

Having smaller shares of housing related sectors, the San Francisco MSA managed to dodge some of the effect of the recession until 2009, when it lost 5.4% of its jobs. The recession is expected to fade in 2010, with a decline of 1.8% of jobs; however, job growth should return at 2.3% in 2011. Despite overall job loss in 2010, recovery will come

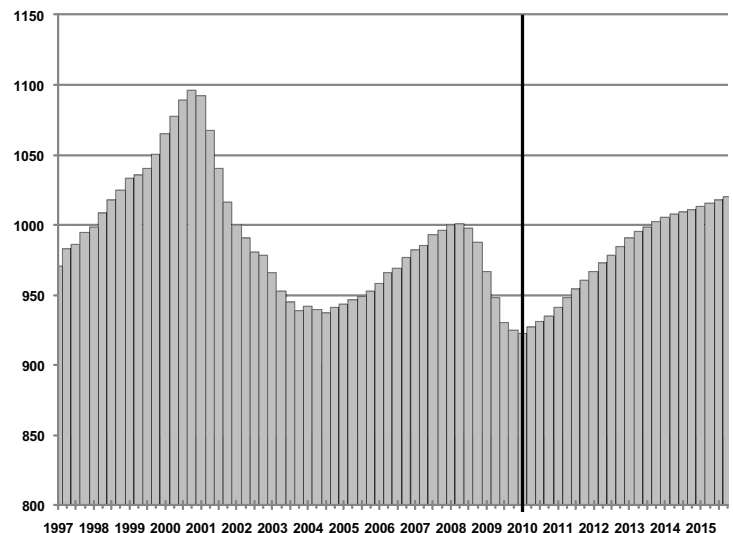
to the labor market in the fourth quarter of 2010, growing just 0.7%. By the first quarter of 2011, healthy job growth should return as the norm – the MSA should add 1.7% more jobs in the fourth quarter.

Population growth remained at a modest pace during the recession. In 2010, population growth will decrease to 1.1% from 1.2% in 2009. Growth will slow to an average of just 0.6% annually through 2015. Unemployment will peak in 2010 at 9.3%, a slow decent will follow, cooling to 8% in 2011 and 5.5% by the end of the forecast horizon in 2015.

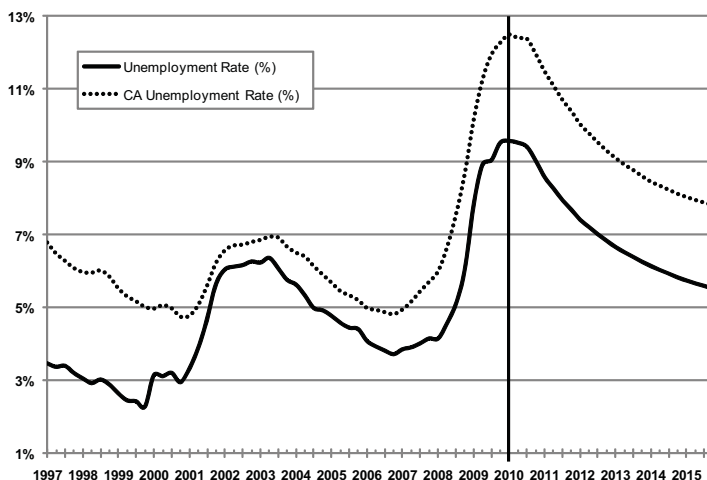
San Francisco Real Personal Income
(percent change from one year ago)



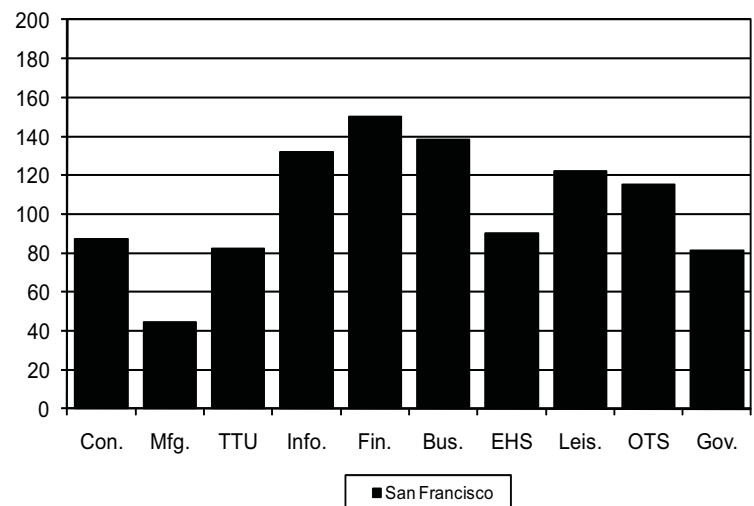
San Francisco Payroll Employment
(Thousands)



San Francisco and California Unemployment Rates
(percent)



Relative Employment Mix, 2009 (California)



Annual Outlook for San Francisco

July 2010 Forecast

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income (Billions \$)													
Total Personal Income	96.4	103.7	112.6	123.4	132.4	134.2	130.4	133.7	140.7	147.9	155.1	164.7	174.6
Pct Chg Year Ago	-0.2	7.6	8.6	9.6	7.3	1.4	-2.8	2.5	5.3	5.1	4.9	6.2	6.1
Wages and Salaries	60.0	62.4	66.7	71.3	77.3	78.8	74.8	75.3	79.6	84.1	88.8	93.1	97.6
Nonwage Income	36.3	41.3	45.9	52.1	55.0	55.4	55.6	58.4	61.1	63.7	66.3	71.6	77.1
Real Personal Income (2000\$)	91.4	95.9	101.1	107.8	112.6	110.5	107.1	108.1	112.0	115.6	118.9	123.7	128.6
Pct Chg Year Ago	-2.2	4.8	5.4	6.7	4.5	-1.9	-3.0	0.9	3.6	3.2	2.9	4.1	4.0
Per Capita Income (Ths.)	56.2	60.6	65.6	71.5	75.8	75.9	72.9	73.9	77.1	80.5	84.0	88.8	93.8
Real Per Capita Income (2000\$)	53.4	56.1	58.9	62.5	64.5	62.5	59.9	59.8	61.4	62.9	64.4	66.7	69.1
Average Annual Wage (Ths.)	62.9	66.2	70.0	73.4	77.9	78.8	79.0	81.1	83.8	86.4	89.3	92.4	95.9
Pct Chg Year Ago	2.5	5.2	5.9	4.8	6.2	1.1	0.3	2.5	3.3	3.2	3.3	3.5	3.8
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	950.9	940.1	948.1	967.6	989.0	996.6	942.6	925.2	946.4	969.5	990.4	1003.2	1013.2
Pct Chg Year Ago	-3.7	-1.1	0.8	2.1	2.2	0.8	-5.4	-1.8	2.3	2.4	2.2	1.3	1.0
Manufacturing	45.2	44.1	42.6	43.5	43.5	42.1	37.9	37.2	38.5	39.5	40.3	40.5	40.3
Pct Chg Year Ago	-9.1	-2.5	-3.3	2.1	0.0	-3.1	-10.0	-1.8	3.4	2.7	2.0	0.5	-0.5
Nonmanufacturing	905.6	896.0	905.5	924.1	945.4	954.5	904.7	888.0	907.9	930.0	950.1	962.7	972.9
Pct Chg Year Ago	-3.4	-1.0	1.1	2.1	2.3	1.0	-5.2	-1.8	2.2	2.4	2.2	1.3	1.1
Construction & Mining	43.8	42.4	41.5	43.4	45.6	44.5	35.2	31.6	30.4	32.0	34.4	36.1	37.3
Pct Chg Year Ago	-4.0	-3.2	-1.9	4.4	5.3	-2.5	-20.9	-10.2	-3.5	5.0	7.7	4.8	3.3
Trade, Trans., & Utilities	168.2	164.7	163.3	162.4	162.6	160.6	149.8	148.0	151.8	156.5	159.4	160.8	161.7
Pct Chg Year Ago	-4.0	-2.1	-0.8	-0.6	0.1	-1.3	-6.7	-1.2	2.6	3.1	1.9	0.8	0.6
Wholesale Trade	27.4	26.5	26.1	26.7	27.1	26.7	24.6	23.5	23.7	24.1	24.4	24.5	24.5
Retail Trade	94.7	93.3	93.8	93.5	95.0	94.0	87.5	87.5	89.8	91.8	93.1	93.5	93.8
Trans, Wrhsng, & Util	46.1	44.9	43.5	42.1	40.6	39.8	37.7	36.9	38.3	40.5	42.0	42.7	43.3
Information	46.3	43.5	40.8	39.0	39.4	40.8	39.8	38.9	40.7	41.2	41.5	41.6	41.9
Pct Chg Year Ago	-8.9	-6.0	-6.1	-4.5	1.2	3.3	-2.4	-2.2	4.6	1.4	0.6	0.3	0.7
Financial Activities	90.0	87.4	87.8	88.7	88.9	86.8	80.2	77.5	78.7	82.0	83.7	83.6	82.8
Pct Chg Year Ago	-5.9	-2.8	0.4	1.0	0.2	-2.3	-7.6	-3.3	1.5	4.2	2.1	-0.2	-0.9
Prof & Business Services	176.3	176.7	185.2	195.0	203.8	210.0	197.5	195.9	209.6	218.5	227.9	234.3	240.2
Pct Chg Year Ago	-5.6	0.3	4.8	5.3	4.5	3.1	-6.0	-0.7	7.0	4.2	4.3	2.8	2.5
Educ & Health Services	99.0	100.1	100.8	103.2	105.2	107.4	107.4	106.9	109.4	111.4	112.3	113.4	114.7
Pct Chg Year Ago	1.5	1.1	0.7	2.3	2.0	2.1	0.0	-0.5	2.4	1.8	0.9	1.0	1.1
Leisure & Hospitality	112.5	114.0	116.1	119.9	124.3	126.7	121.9	121.4	122.6	124.1	125.5	126.2	126.6
Pct Chg Year Ago	-1.1	1.3	1.9	3.3	3.6	2.0	-3.8	-0.4	1.0	1.2	1.2	0.5	0.3
Other Services	37.8	36.9	36.9	37.3	38.6	39.3	37.5	35.9	36.3	36.4	36.5	36.7	36.7
Pct Chg Year Ago	-3.2	-2.4	-0.1	1.1	3.5	2.0	-4.6	-4.3	1.1	0.3	0.2	0.5	0.1
Federal Government	22.5	21.4	20.4	19.9	19.3	19.2	18.9	18.8	17.3	16.9	16.6	16.5	16.3
Pct Chg Year Ago	0.0	-4.7	-4.7	-2.6	-2.7	-0.6	-1.9	-0.3	-8.0	-2.2	-1.5	-1.0	-1.0
State & Local Government	109.2	108.9	112.6	115.5	117.7	119.1	116.5	113.1	111.2	111.2	112.2	113.5	114.8
Pct Chg Year Ago	-1.2	-0.3	3.4	2.6	1.9	1.2	-2.2	-2.9	-1.7	0.0	0.9	1.2	1.1
Other Economic Indicators													
Population (Ths.)	1714.1	1710.2	1715.3	1726.3	1745.5	1766.9	1787.7	1807.8	1824.0	1836.3	1846.0	1854.2	1861.2
Pct Chg Year Ago	-0.6	-0.2	0.3	0.6	1.1	1.2	1.2	1.1	0.9	0.7	0.5	0.4	0.4
Labor Force (Ths.)	933.6	912.6	904.4	915.6	939.6	967.6	966.2	963.9	978.5	991.9	1003.4	1008.5	1011.6
Pct Chg Year Ago	-3.3	-2.2	-0.9	1.2	2.6	3.0	-0.1	-0.2	1.5	1.4	1.2	0.5	0.3
Unemployment Rate (%)	6.1	5.2	4.6	3.9	4.0	5.0	8.7	9.3	8.0	7.1	6.5	6.0	5.5
Total Housing Starts	3266	3663	3542	3758	3230	2895	1015	811	1664	2738	3694	4315	4902
Single-Family	1547	1365	1017	953	987	648	430	420	485	963	1230	1380	1535
Multifamily	1719	2299	2525	2806	2242	2247	584	391	1180	1774	2464	2935	3366

Quarterly Outlook for San Francisco

July 2010 Forecast

	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Personal Income (Annual Rate, Billions \$)													
Total Personal Income	130.4	129.5	130.8	131.5	132.6	134.3	136.3	138.1	139.8	141.6	143.3	145.0	146.9
Pct Chg Year Ago	-3.5	-4.1	-1.7	0.6	1.7	3.7	4.1	5.0	5.4	5.5	5.2	5.0	5.1
Wages and Salaries	75.3	73.8	73.9	74.1	74.9	75.5	76.7	77.9	79.0	80.2	81.3	82.5	83.5
Nonwage Income	55.1	55.7	56.9	57.4	57.7	58.8	59.6	60.2	60.8	61.4	62.0	62.5	63.3
Real Personal Income (2000\$)	107.6	106.1	106.6	106.7	107.5	108.4	109.7	110.6	111.5	112.4	113.3	114.1	115.1
Pct Chg Year Ago	-3.3	-3.4	-2.9	-1.4	-0.1	2.2	2.9	3.7	3.7	3.7	3.3	3.1	3.2
Per Capita Income (Ths.)	73.1	72.3	72.9	73.0	73.4	74.2	75.1	75.9	76.7	77.5	78.4	79.1	80.0
Real Per Capita Income (2000\$)	60.3	59.3	59.4	59.3	59.5	59.9	60.4	60.8	61.2	61.6	61.9	62.3	62.7
Average Annual Wage (Ths.)	79.1	79.0	79.6	80.1	80.9	81.2	82.0	82.7	83.4	84.1	84.8	85.5	86.1
Pct Chg Year Ago	0.4	-0.5	0.9	2.0	2.3	2.9	3.0	3.3	3.1	3.6	3.4	3.3	3.2
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	948.1	930.4	924.9	921.2	922.3	926.1	931.2	937.3	943.7	949.4	955.1	961.1	966.4
Pct Chg Year Ago	-5.3	-6.7	-6.4	-4.7	-2.7	-0.5	0.7	1.7	2.3	2.5	2.6	2.5	2.4
Manufacturing	38.1	37.4	37.0	36.8	37.0	37.3	37.8	38.0	38.4	38.6	38.9	39.1	39.4
Pct Chg Year Ago	-11.0	-10.8	-8.8	-6.2	-2.9	-0.1	2.1	3.4	3.9	3.4	2.7	2.9	2.6
Nonmanufacturing	910.1	893.1	887.9	884.4	885.3	888.8	893.4	899.3	905.2	910.8	916.3	922.0	927.0
Pct Chg Year Ago	-5.1	-6.6	-6.3	-4.7	-2.7	-0.5	0.6	1.7	2.3	2.5	2.6	2.5	2.4
Construction & Mining	35.7	33.8	32.8	32.3	32.1	31.3	30.6	30.3	30.2	30.4	30.8	31.2	31.6
Pct Chg Year Ago	-21.3	-23.6	-22.1	-16.3	-10.3	-7.4	-6.7	-6.1	-5.7	-2.7	0.5	2.8	4.6
Trade, Trans., & Utilities	150.3	147.8	147.3	147.9	147.2	148.0	148.7	149.9	151.3	152.5	153.6	154.8	155.9
Pct Chg Year Ago	-7.3	-7.9	-6.4	-3.7	-2.1	0.2	0.9	1.3	2.8	3.0	3.3	3.3	3.1
Wholesale Trade	24.7	24.3	23.9	23.6	23.4	23.5	23.5	23.6	23.7	23.8	23.8	24.0	24.1
Retail Trade	87.6	86.2	86.4	87.0	87.2	87.7	88.2	88.9	89.6	90.1	90.6	91.1	91.6
Trans, Wrhsng, & Util	38.0	37.3	37.0	37.2	36.6	36.8	37.0	37.4	37.9	38.6	39.2	39.8	40.3
Information	39.9	39.3	39.2	38.9	38.4	38.7	39.6	40.3	40.6	40.8	41.1	41.4	41.2
Pct Chg Year Ago	-2.2	-4.3	-4.3	-4.5	-3.9	-1.3	1.1	3.6	5.7	5.2	3.7	2.8	1.6
Financial Activities	80.7	78.9	78.3	77.9	76.8	77.6	77.8	77.9	78.2	78.8	79.8	80.8	81.7
Pct Chg Year Ago	-7.4	-8.8	-8.6	-5.9	-4.8	-1.7	-0.7	0.1	1.8	1.6	2.5	3.7	4.4
Prof & Business Services	198.8	194.4	193.4	192.3	192.9	197.0	201.6	205.3	208.5	211.2	213.4	215.3	217.2
Pct Chg Year Ago	-5.8	-7.8	-7.0	-5.4	-3.0	1.3	4.2	6.7	8.1	7.2	5.8	4.9	4.2
Educ & Health Services	107.9	106.2	106.5	106.4	106.4	107.0	107.7	108.3	109.2	109.9	110.4	110.8	111.3
Pct Chg Year Ago	1.0	-1.6	-2.6	-2.5	-1.4	0.8	1.1	1.7	2.7	2.7	2.5	2.4	1.8
Leisure & Hospitality	122.4	121.1	121.0	120.8	121.3	121.6	121.8	122.1	122.5	122.7	122.9	123.4	123.8
Pct Chg Year Ago	-3.8	-4.6	-4.1	-2.0	-0.9	0.5	0.7	1.0	1.0	0.9	0.9	1.1	1.1
Other Services	37.9	37.1	36.3	36.1	35.7	35.8	35.9	36.2	36.3	36.3	36.4	36.4	36.4
Pct Chg Year Ago	-3.6	-5.8	-8.4	-6.8	-5.8	-3.6	-1.0	0.3	1.5	1.5	1.3	0.6	0.3
Federal Government	19.2	18.7	18.4	18.4	20.4	18.8	17.6	17.5	17.3	17.2	17.1	17.0	16.9
Pct Chg Year Ago	-0.4	-2.6	-3.4	-3.7	6.1	0.5	-4.3	-5.3	-15.1	-8.5	-3.1	-2.6	-2.3
State & Local Government	117.1	115.7	114.6	113.4	114.1	113.0	112.0	111.6	111.2	110.9	110.9	110.9	111.1
Pct Chg Year Ago	-1.8	-2.9	-3.6	-4.3	-2.5	-2.4	-2.3	-1.6	-2.6	-1.8	-1.0	-0.6	-0.1
Other Economic Indicators													
Population (Ths.)	1785.1	1790.3	1795.4	1800.6	1805.7	1810.3	1814.6	1818.6	1822.4	1825.9	1829.1	1832.2	1835.0
Pct Chg Year Ago	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.0	0.9	0.9	0.8	0.7	0.7
Labor Force (Ths.)	971.4	964.4	954.9	956.0	964.1	966.2	969.4	971.8	977.0	981.3	984.0	987.0	990.6
Pct Chg Year Ago	0.5	-1.0	-2.0	-1.9	-0.8	0.2	1.5	1.7	1.3	1.6	1.5	1.6	1.4
Unemployment Rate (%)	8.7	9.0	9.5	9.6	9.4	9.2	8.9	8.4	8.1	7.9	7.6	7.4	7.2
Total Housing Starts (Annual Rate)	1258	751	680	799	593	868	983	1116	1501	1891	2148	2497	2656
Single-Family	398	536	443	403	327	468	482	401	454	502	581	760	917
Multifamily	860	215	237	397	266	401	501	715	1047	1389	1567	1736	1739

Quarterly Outlook for San Francisco

July 2010 Forecast

	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	148.9	150.8	152.2	154.1	156.0	158.0	161.2	163.4	165.9	168.3	171.0	173.4
Pct Chg Year Ago	5.1	5.2	5.0	4.9	4.8	4.8	5.9	6.1	6.3	6.5	6.1	6.1
Wages and Salaries	84.7	85.9	87.2	88.3	89.3	90.3	91.6	92.6	93.6	94.6	95.9	97.0
Nonwage Income	64.2	64.9	65.0	65.8	66.7	67.7	69.6	70.8	72.3	73.7	75.1	76.4
Real Personal Income (2000\$)	116.1	117.0	117.5	118.4	119.3	120.3	122.0	123.1	124.3	125.5	126.9	128.0
Pct Chg Year Ago	3.2	3.2	3.0	2.9	2.8	2.8	3.9	4.0	4.2	4.3	4.0	4.0
Per Capita Income (Ths.)	81.0	81.9	82.6	83.5	84.5	85.5	87.0	88.2	89.4	90.6	92.0	93.2
Real Per Capita Income (2000\$)	63.2	63.6	63.8	64.2	64.6	65.0	65.9	66.4	67.0	67.6	68.3	68.8
Average Annual Wage (Ths.)	86.8	87.4	88.2	88.9	89.6	90.3	91.2	92.0	92.8	93.6	94.6	95.5
Pct Chg Year Ago	3.1	3.1	3.2	3.3	3.3	3.3	3.4	3.5	3.6	3.7	3.7	3.7
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	972.2	978.3	984.2	988.8	992.6	996.1	999.8	1002.3	1004.1	1006.4	1009.2	1012.0
Pct Chg Year Ago	2.4	2.4	2.4	2.3	2.1	1.8	1.6	1.4	1.2	1.0	0.9	1.0
Manufacturing	39.7	39.9	40.1	40.3	40.4	40.5	40.5	40.6	40.5	40.4	40.4	40.3
Pct Chg Year Ago	2.7	2.6	2.4	2.1	1.8	1.6	1.1	0.8	0.3	-0.1	-0.3	-0.6
Nonmanufacturing	932.5	938.5	944.1	948.5	952.2	955.7	959.3	961.7	963.6	966.0	968.8	971.7
Pct Chg Year Ago	2.4	2.4	2.4	2.3	2.1	1.8	1.6	1.4	1.2	1.1	1.0	1.0
Construction & Mining	32.2	32.9	33.7	34.2	34.7	35.1	35.6	36.0	36.3	36.5	36.9	37.2
Pct Chg Year Ago	5.7	6.8	8.0	8.2	7.7	6.9	5.6	5.1	4.6	4.0	3.7	3.4
Trade, Trans, & Utilities	157.0	158.0	158.7	159.2	159.7	160.1	160.4	160.6	160.8	161.2	161.5	161.6
Pct Chg Year Ago	3.0	2.9	2.5	2.1	1.7	1.3	1.1	0.9	0.7	0.7	0.6	0.6
Wholesale Trade	24.2	24.3	24.3	24.4	24.4	24.5	24.5	24.5	24.5	24.5	24.5	24.5
Retail Trade	92.0	92.5	92.8	93.0	93.1	93.3	93.4	93.5	93.6	93.7	93.8	93.9
Trans, Wrhsng, & Util	40.8	41.2	41.6	41.9	42.1	42.4	42.6	42.7	42.8	43.0	43.1	43.2
Information	41.1	41.2	41.4	41.5	41.5	41.5	41.5	41.6	41.6	41.7	41.8	41.9
Pct Chg Year Ago	0.9	0.2	0.0	0.8	0.9	0.9	0.2	0.1	0.3	0.4	0.7	0.7
Financial Activities	82.5	83.1	83.4	83.7	83.8	83.9	83.9	83.7	83.5	83.2	83.0	82.9
Pct Chg Year Ago	4.7	4.1	3.3	2.4	1.6	1.0	0.6	0.1	-0.4	-0.9	-1.1	-1.0
Prof & Business Services	219.4	222.1	224.7	227.0	228.9	230.8	232.5	233.9	234.8	236.0	237.5	239.3
Pct Chg Year Ago	3.9	4.1	4.4	4.6	4.4	3.9	3.5	3.0	2.6	2.3	2.1	2.3
Educ & Health Services	111.6	111.8	112.0	112.3	112.5	112.6	113.1	113.3	113.6	113.8	114.1	114.5
Pct Chg Year Ago	1.5	1.3	1.1	0.9	0.8	0.7	0.9	0.9	1.0	1.1	0.9	1.0
Leisure & Hospitality	124.3	124.8	125.2	125.4	125.6	125.9	126.1	126.1	126.2	126.4	126.5	126.6
Pct Chg Year Ago	1.3	1.5	1.5	1.3	1.1	0.9	0.7	0.6	0.5	0.4	0.3	0.3
Other Services	36.4	36.5	36.5	36.5	36.5	36.5	36.6	36.7	36.8	36.8	36.7	36.7
Pct Chg Year Ago	0.2	0.2	0.2	0.3	0.2	0.1	0.2	0.5	0.7	0.7	0.5	0.2
Federal Government	16.8	16.8	16.7	16.7	16.6	16.6	16.5	16.5	16.4	16.4	16.4	16.3
Pct Chg Year Ago	-2.1	-1.8	-1.6	-1.5	-1.4	-1.3	-1.2	-1.0	-1.0	-0.9	-0.9	-1.0
State & Local Government	111.3	111.5	111.7	112.0	112.4	112.7	113.1	113.3	113.7	114.0	114.4	114.7
Pct Chg Year Ago	0.3	0.5	0.7	0.9	1.0	1.1	1.2	1.2	1.2	1.2	1.2	1.2
Other Economic Indicators												
Population (Ths.)	1837.6	1840.2	1842.7	1845.0	1847.1	1849.2	1851.3	1853.2	1855.1	1857.0	1858.7	1860.4
Pct Chg Year Ago	0.6	0.6	0.6	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4
Labor Force (Ths.)	993.6	996.6	999.6	1002.5	1005.0	1006.5	1007.4	1008.1	1008.9	1009.7	1010.4	1011.2
Pct Chg Year Ago	1.3	1.3	1.3	1.2	1.1	1.0	0.8	0.6	0.4	0.3	0.3	0.3
Unemployment Rate (%)	7.0	6.8	6.7	6.5	6.4	6.3	6.2	6.1	5.9	5.8	5.7	5.6
Total Housing Starts (Annual Rate)	2908	2890	3225	3547	3897	4107	4162	4245	4326	4525	4567	4823
Single-Family	1164	1012	1101	1192	1276	1351	1370	1373	1372	1406	1393	1509
Multifamily	1743	1879	2123	2355	2621	2756	2792	2872	2954	3120	3174	3315

San Jose MSA

SHORT TERM OUTLOOK

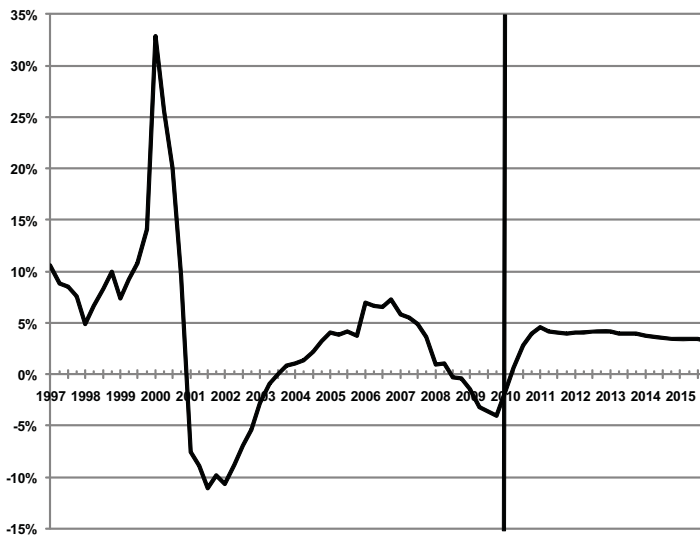
Real personal income growth in the San Jose MSA is expected to return in 2010, growing by 0.7%. Real income growth should accelerate to 4.4% and 3.9% in 2011 and 2012, respectively, as the economy hits full stride.

Job losses will slow significantly to 0.6% of jobs in 2010; up from 6.4% of jobs in 2009. Overall job growth should return by the third quarter of 2010, seeing growth of 1%. Employment gains will be led by the Professional and Business Services, Education and Health Services, and Trade, Transportation, and Utilities sectors. By 2011, the

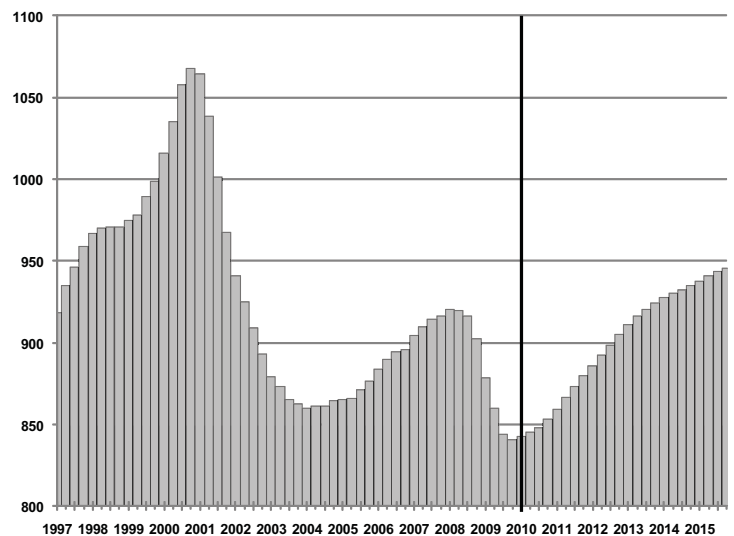
labor market will be in full recovery, adding 3% of jobs in 2011 and 2.9% in 2012.

Population growth in the San Jose MSA is expected to fall slightly in 2010 to 1.6%. However, over the course of the rest of the forecast horizon, population growth will average 1% per annum. The unemployment rate will rise slightly in 2010 to 11.5% from 11.1% in 2009. Returning job growth will lower the unemployment rate to 10% in 2011 and 8.9% in 2012.

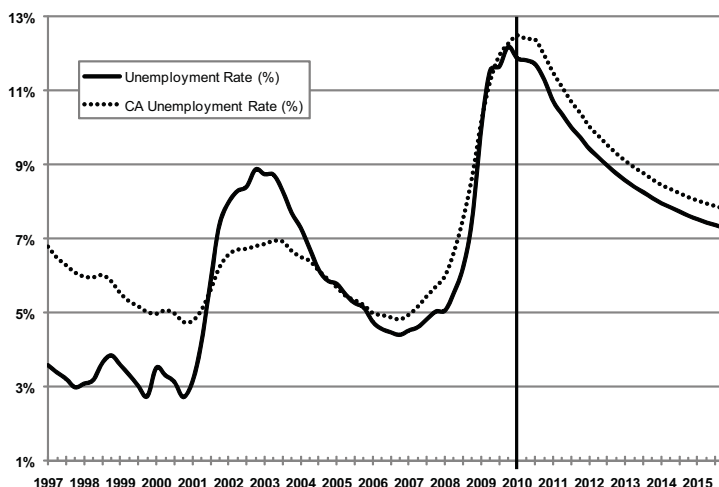
San Jose Real Personal Income
(percent change from one year ago)



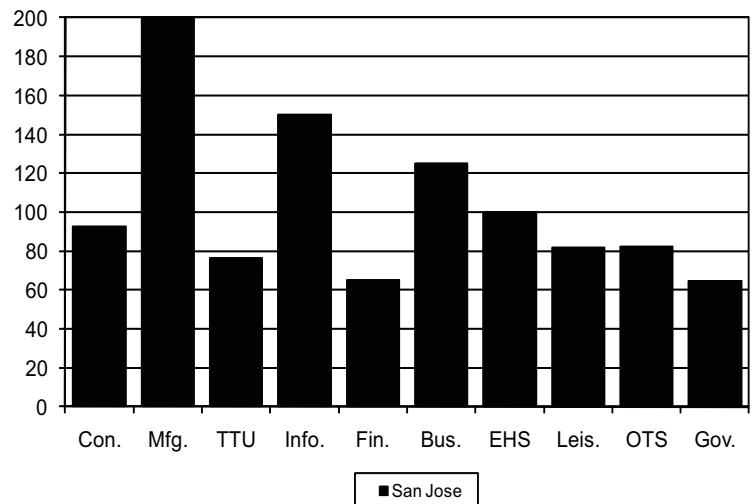
San Jose Payroll Employment
(Thousands)



San Jose and California Unemployment Rates
(percent)



Relative Employment Mix, 2009 (California)



Annual Outlook for San Jose

July 2010 Forecast

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income (Billions \$)													
Total Personal Income	79.9	84.2	89.6	98.0	105.6	106.0	101.2	103.6	109.9	116.2	122.8	130.3	138.2
Pct Chg Year Ago	0.7	5.4	6.5	9.3	7.8	0.4	-4.5	2.4	6.1	5.8	5.6	6.1	6.0
Wages and Salaries	60.1	63.7	66.4	72.5	79.2	78.2	72.9	74.3	79.0	84.0	89.1	93.6	98.3
Nonwage Income	19.7	20.5	23.2	25.5	26.4	27.8	28.3	29.3	30.9	32.3	33.7	36.7	39.9
Real Personal Income (2000\$)	75.8	77.8	80.5	85.6	89.8	87.3	83.2	83.8	87.4	90.8	94.1	97.9	101.8
Pct Chg Year Ago	-1.3	2.7	3.4	6.4	5.0	-2.9	-4.7	0.7	4.4	3.9	3.6	4.1	3.9
Per Capita Income (Ths.)	46.3	48.8	51.5	55.7	59.2	58.4	54.9	55.3	58.0	60.7	63.6	66.9	70.3
Real Per Capita Income (2000\$)	44.0	45.1	46.2	48.7	50.4	48.1	45.1	44.7	46.1	47.5	48.7	50.3	51.8
Average Annual Wage (Ths.)	68.8	73.5	76.1	81.0	86.6	85.2	84.8	86.9	89.8	92.8	96.0	99.3	102.9
Pct Chg Year Ago	4.1	6.9	3.4	6.5	6.9	-1.7	-0.4	2.5	3.3	3.3	3.4	3.5	3.7

Establishment Employment (Place of Work, Thousands, SA)

Total Non-Farm Employment	870.2	862.0	869.9	891.0	911.1	914.8	856.0	850.7	876.3	901.5	924.7	939.5	951.2
Pct Chg Year Ago	-5.1	-0.9	0.9	2.4	2.2	0.4	-6.4	-0.6	3.0	2.9	2.6	1.6	1.2
Manufacturing	175.5	167.2	164.9	163.7	166.7	167.9	155.8	154.2	159.2	163.9	168.0	169.8	170.1
Pct Chg Year Ago	-12.6	-4.7	-1.4	-0.7	1.8	0.8	-7.2	-0.9	3.2	3.0	2.5	1.1	0.2
Nonmanufacturing	694.7	694.8	705.0	727.3	744.4	746.9	700.2	696.5	717.1	737.7	756.7	769.6	781.1
Pct Chg Year Ago	-3.0	0.0	1.5	3.2	2.4	0.3	-6.3	-0.5	3.0	2.9	2.6	1.7	1.5
Construction & Mining	41.7	43.1	44.7	47.1	47.5	44.5	34.2	30.4	31.4	34.7	38.6	41.1	42.9
Pct Chg Year Ago	-6.4	3.4	3.6	5.3	1.0	-6.5	-23.2	-10.6	3.4	10.4	11.4	6.3	4.5
Trade, Trans., & Utilities	132.0	130.8	132.8	137.0	139.7	137.6	126.5	126.0	129.5	133.1	135.3	136.4	137.3
Pct Chg Year Ago	-3.9	-0.9	1.5	3.2	2.0	-1.5	-8.1	-0.3	2.7	2.8	1.6	0.8	0.7
Wholesale Trade	34.1	34.4	35.8	38.3	39.8	39.8	35.6	34.8	35.3	36.3	36.8	37.1	37.2
Retail Trade	83.6	82.9	83.9	85.8	86.4	84.4	78.9	79.1	81.5	83.6	84.7	85.2	85.7
Trans, Wrhsng, & Util	14.3	13.5	13.0	12.9	13.5	13.5	12.0	12.1	12.6	13.3	13.8	14.1	14.4
Information	31.4	32.6	35.2	37.4	39.6	42.2	41.1	41.4	43.8	44.7	45.4	45.7	46.2
Pct Chg Year Ago	-8.4	4.0	8.0	6.3	5.7	6.7	-2.6	0.7	5.8	2.2	1.4	0.8	1.1
Financial Activities	35.1	35.4	36.3	37.1	37.2	34.6	31.7	30.7	31.1	32.3	33.0	33.0	32.7
Pct Chg Year Ago	-1.3	0.9	2.5	2.2	0.1	-7.0	-8.3	-3.0	1.2	4.0	2.1	-0.2	-0.6
Prof & Business Services	167.6	165.6	165.8	171.9	178.2	178.8	161.9	163.3	174.9	182.5	190.5	196.0	201.0
Pct Chg Year Ago	-4.2	-1.2	0.1	3.7	3.7	0.4	-9.5	1.0	7.1	4.4	4.4	2.9	2.5
Educ & Health Services	93.5	95.0	96.9	100.4	103.2	107.9	108.2	109.4	112.1	114.3	115.7	117.4	119.3
Pct Chg Year Ago	2.0	1.6	1.9	3.7	2.8	4.6	0.2	1.2	2.4	2.0	1.2	1.5	1.6
Leisure & Hospitality	69.0	70.8	72.8	75.1	76.8	78.0	74.3	74.3	75.1	76.2	77.4	78.1	78.7
Pct Chg Year Ago	0.2	2.7	2.8	3.2	2.2	1.7	-4.8	0.1	1.0	1.5	1.6	0.9	0.7
Other Services	25.3	25.0	24.6	24.8	25.1	25.4	24.3	23.9	24.2	24.1	24.1	24.2	24.2
Pct Chg Year Ago	-4.1	-1.2	-1.6	0.7	1.1	1.3	-4.2	-1.8	1.2	0.0	-0.2	0.3	0.0
Federal Government	11.7	11.4	11.3	11.1	11.0	10.9	10.8	11.0	10.2	10.0	9.9	9.9	9.8
Pct Chg Year Ago	-1.5	-2.7	-0.8	-2.3	-0.5	-0.6	-1.4	2.2	-7.2	-1.7	-1.0	-0.5	-0.5
State & Local Government	87.4	84.8	84.6	85.4	86.1	86.8	87.3	86.0	85.0	85.5	86.7	87.9	88.9
Pct Chg Year Ago	-3.5	-2.9	-0.3	0.9	0.9	0.8	0.5	-1.4	-1.2	0.6	1.4	1.3	1.2

Other Economic Indicators

Population (Ths.)	1723.6	1726.5	1739.7	1758.0	1783.0	1814.1	1843.3	1872.1	1895.3	1913.6	1931.0	1947.9	1964.3
Pct Chg Year Ago	-0.3	0.2	0.8	1.0	1.4	1.7	1.6	1.6	1.2	1.0	0.9	0.9	0.8
Labor Force (Ths.)	875.7	849.9	841.5	850.6	872.7	899.3	903.1	908.0	924.6	938.8	951.6	956.5	959.6
Pct Chg Year Ago	-4.6	-2.9	-1.0	1.1	2.6	3.0	0.4	0.6	1.8	1.5	1.4	0.5	0.3
Unemployment Rate (%)	8.4	6.5	5.4	4.6	4.7	6.1	11.1	11.5	10.0	8.9	8.2	7.7	7.2
Total Housing Starts	6246	4745	5644	5374	4118	2749	1401	2407	3203	3787	4934	5923	6874
Single-Family	2678	2728	2563	2221	1988	1139	705	1230	1487	1683	2029	2407	2818
Multifamily	3568	2016	3082	3153	2130	1610	696	1177	1716	2104	2905	3516	4056

Quarterly Outlook for San Jose

July 2010 Forecast

	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Personal Income (Annual Rate, Billions \$)													
Total Personal Income	101.6	100.0	100.9	101.7	102.8	104.0	105.8	107.5	109.1	110.7	112.2	113.6	115.4
Pct Chg Year Ago	-4.9	-6.1	-3.7	-0.6	1.1	4.0	4.9	5.7	6.2	6.4	6.0	5.7	5.7
Wages and Salaries	73.3	71.8	72.1	72.8	73.8	74.6	75.9	77.2	78.5	79.6	80.8	82.1	83.3
Nonwage Income	28.3	28.2	28.8	28.9	29.0	29.4	29.9	30.3	30.7	31.1	31.4	31.5	32.1
Real Personal Income (2000\$)	83.9	82.0	82.2	82.5	83.3	84.0	85.2	86.1	87.0	87.9	88.7	89.4	90.4
Pct Chg Year Ago	-4.7	-5.4	-4.9	-2.5	-0.6	2.4	3.6	4.3	4.4	4.6	4.1	3.8	3.9
Per Capita Income (Ths.)	55.2	54.2	54.4	54.6	55.0	55.4	56.2	56.9	57.7	58.3	59.0	59.6	60.4
Real Per Capita Income (2000\$)	45.6	44.4	44.3	44.3	44.6	44.8	45.3	45.6	46.0	46.3	46.6	46.9	47.3
Average Annual Wage (Ths.)	84.9	84.7	85.4	86.0	86.8	87.1	87.9	88.7	89.5	90.2	90.9	91.6	92.4
Pct Chg Year Ago	-0.6	-0.7	0.9	2.0	2.2	2.8	2.9	3.2	3.1	3.6	3.4	3.3	3.3
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	860.4	844.1	840.9	843.2	847.4	852.6	859.7	866.3	873.6	879.4	885.8	892.4	898.4
Pct Chg Year Ago	-6.4	-7.9	-6.8	-4.0	-1.5	1.0	2.2	2.7	3.1	3.1	3.0	3.0	2.8
Manufacturing	156.8	152.7	152.1	153.0	153.0	154.5	156.5	157.4	159.0	159.6	160.8	162.0	163.4
Pct Chg Year Ago	-7.1	-9.3	-8.6	-5.3	-2.4	1.2	2.9	2.9	3.9	3.4	2.7	3.0	2.8
Nonmanufacturing	703.6	691.5	688.8	690.3	694.4	698.1	703.2	709.0	714.7	719.8	725.0	730.3	735.0
Pct Chg Year Ago	-6.3	-7.6	-6.4	-3.7	-1.3	1.0	2.1	2.7	2.9	3.1	3.1	3.0	2.8
Construction & Mining	35.1	32.4	31.0	30.5	30.4	30.3	30.3	30.6	31.0	31.7	32.5	33.3	34.2
Pct Chg Year Ago	-22.8	-26.7	-25.9	-20.3	-13.3	-6.5	-2.4	0.1	1.8	4.4	7.2	9.0	10.3
Trade, Trans., & Utilities	127.5	124.8	123.8	124.8	125.7	126.4	127.1	128.0	129.0	130.0	130.9	131.9	132.8
Pct Chg Year Ago	-8.3	-9.0	-7.6	-3.9	-1.4	1.3	2.7	2.6	2.6	2.8	3.0	3.1	3.0
Wholesale Trade	36.1	34.9	34.5	34.7	34.7	34.8	34.9	35.0	35.2	35.5	35.7	35.9	36.2
Retail Trade	79.5	78.3	77.6	78.0	78.9	79.4	80.0	80.6	81.3	81.8	82.4	82.9	83.4
Trans, Wrhsng, & Util	12.0	11.6	11.7	12.1	12.1	12.2	12.2	12.4	12.5	12.7	12.9	13.1	13.3
Information	41.1	40.8	40.6	40.7	41.1	41.4	42.4	43.3	43.7	43.9	44.3	44.8	44.7
Pct Chg Year Ago	-2.8	-4.8	-4.4	-2.9	-0.1	1.5	4.4	6.3	6.3	5.9	4.5	3.5	2.3
Financial Activities	32.0	31.3	31.0	30.8	30.6	30.8	30.8	30.9	30.9	31.1	31.5	31.8	32.2
Pct Chg Year Ago	-8.8	-8.6	-6.6	-5.0	-4.4	-1.8	-0.7	0.2	1.2	1.2	2.1	3.2	4.0
Prof & Business Services	162.2	159.0	158.6	159.1	161.2	164.5	168.4	171.4	174.0	176.2	178.1	179.8	181.4
Pct Chg Year Ago	-10.2	-11.5	-9.7	-5.2	-0.6	3.5	6.2	7.7	7.9	7.1	5.8	4.9	4.3
Educ & Health Services	108.7	107.4	107.9	108.4	109.3	109.7	110.3	110.7	111.8	112.6	113.2	113.7	114.2
Pct Chg Year Ago	1.6	-1.1	-0.7	-0.2	0.5	2.1	2.2	2.2	2.3	2.6	2.6	2.6	2.1
Leisure & Hospitality	74.9	73.4	72.8	74.5	74.0	74.4	74.5	74.7	75.0	75.2	75.3	75.7	76.1
Pct Chg Year Ago	-4.1	-6.4	-6.4	-2.3	-1.2	1.4	2.3	0.3	1.4	1.1	1.1	1.3	1.4
Other Services	24.6	24.0	23.8	23.9	23.8	23.9	24.0	24.1	24.2	24.2	24.2	24.2	24.1
Pct Chg Year Ago	-3.6	-5.1	-6.0	-4.3	-3.0	-0.6	0.7	1.1	1.4	1.3	1.0	0.3	-0.1
Federal Government	10.9	10.7	10.8	10.7	11.9	11.1	10.4	10.3	10.2	10.2	10.1	10.1	10.0
Pct Chg Year Ago	-0.9	-1.9	-1.4	-1.1	9.7	3.3	-3.1	-4.0	-14.1	-7.9	-2.8	-2.2	-1.8
State & Local Government	86.7	87.6	88.5	86.9	86.4	85.7	85.1	85.0	84.9	84.9	85.0	85.1	85.4
Pct Chg Year Ago	0.0	0.9	2.5	0.8	-0.3	-2.3	-3.8	-2.1	-1.7	-0.9	-0.2	0.1	0.5
Other Economic Indicators													
Population (Ths.)	1839.7	1847.0	1854.3	1861.6	1868.8	1875.8	1882.1	1887.8	1892.9	1897.9	1902.6	1907.1	1911.4
Pct Chg Year Ago	1.6	1.6	1.6	1.6	1.6	1.6	1.5	1.4	1.3	1.2	1.1	1.0	1.0
Labor Force (Ths.)	908.3	901.2	895.4	899.5	907.1	910.9	914.4	917.4	922.9	927.6	930.7	933.3	937.2
Pct Chg Year Ago	1.3	-0.3	-1.3	-0.9	-0.1	1.1	2.1	2.0	1.7	1.8	1.8	1.7	1.6
Unemployment Rate (%)	11.2	11.5	12.1	11.9	11.6	11.4	11.1	10.5	10.1	9.8	9.5	9.2	9.0
Total Housing Starts (Annual Rate)	1282	1355	879	1674	2417	2737	2799	2831	3079	3385	3519	3681	3734
Single-Family	584	990	737	1185	950	1325	1461	1414	1447	1501	1587	1617	1623
Multifamily	698	364	142	489	1467	1412	1338	1417	1632	1884	1932	2063	2111

Quarterly Outlook for San Jose

July 2010 Forecast

	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	117.1	118.9	120.3	121.9	123.6	125.3	127.5	129.3	131.2	133.1	135.2	137.2
Pct Chg Year Ago	5.8	6.0	5.8	5.6	5.5	5.4	6.1	6.1	6.2	6.2	6.0	6.1
Wages and Salaries	84.6	85.9	87.3	88.5	89.7	90.8	92.0	93.1	94.2	95.3	96.5	97.7
Nonwage Income	32.6	33.0	33.0	33.4	33.9	34.5	35.6	36.2	37.1	37.9	38.7	39.5
Real Personal Income (2000\$)	91.3	92.2	92.8	93.6	94.5	95.4	96.6	97.4	98.4	99.3	100.4	101.3
Pct Chg Year Ago	3.9	4.0	3.8	3.6	3.5	3.4	4.0	4.0	4.1	4.1	3.9	4.0
Per Capita Income (Ths.)	61.1	61.9	62.5	63.2	63.9	64.7	65.7	66.5	67.3	68.1	69.1	69.9
Real Per Capita Income (2000\$)	47.7	48.0	48.2	48.5	48.9	49.2	49.7	50.1	50.4	50.8	51.3	51.6
Average Annual Wage (Ths.)	93.1	93.9	94.8	95.6	96.4	97.2	98.0	98.9	99.7	100.6	101.6	102.5
Pct Chg Year Ago	3.3	3.3	3.4	3.4	3.5	3.4	3.4	3.4	3.5	3.6	3.6	3.7
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	904.5	910.9	917.5	922.8	927.2	931.3	935.1	938.4	940.8	943.5	946.6	949.9
Pct Chg Year Ago	2.8	2.8	2.8	2.7	2.5	2.2	1.9	1.7	1.5	1.3	1.2	1.2
Manufacturing	164.6	165.5	166.6	167.6	168.4	169.2	169.5	170.0	170.0	170.0	170.1	170.0
Pct Chg Year Ago	3.1	3.0	2.8	2.6	2.4	2.2	1.7	1.4	0.9	0.5	0.3	0.1
Nonmanufacturing	739.9	745.4	750.9	755.2	758.7	762.1	765.6	768.5	770.8	773.6	776.6	779.8
Pct Chg Year Ago	2.8	2.8	2.8	2.7	2.5	2.3	2.0	1.8	1.6	1.5	1.4	1.5
Construction & Mining	35.1	36.2	37.6	38.3	39.0	39.7	40.3	40.9	41.4	41.8	42.3	42.7
Pct Chg Year Ago	10.9	11.4	12.9	12.1	11.1	9.6	7.2	6.7	6.0	5.4	4.9	4.6
Trade, Trans, & Utilities	133.6	134.3	134.8	135.1	135.5	135.8	136.1	136.2	136.5	136.8	137.1	137.3
Pct Chg Year Ago	2.8	2.6	2.2	1.8	1.4	1.1	1.0	0.8	0.7	0.7	0.8	0.8
Wholesale Trade	36.4	36.5	36.6	36.7	36.8	36.9	37.0	37.0	37.1	37.1	37.2	37.2
Retail Trade	83.8	84.2	84.5	84.6	84.8	84.9	85.0	85.1	85.2	85.4	85.6	85.7
Trans, Wrhsng, & Util	13.4	13.6	13.7	13.8	13.9	14.0	14.0	14.1	14.2	14.3	14.3	14.4
Information	44.7	44.8	45.1	45.4	45.4	45.5	45.5	45.6	45.8	45.9	46.0	46.1
Pct Chg Year Ago	1.8	1.1	0.8	1.5	1.7	1.6	0.7	0.6	0.8	0.8	1.1	1.1
Financial Activities	32.5	32.8	32.9	33.0	33.1	33.1	33.1	33.0	32.9	32.8	32.8	32.8
Pct Chg Year Ago	4.5	4.2	3.4	2.5	1.7	1.0	0.6	0.1	-0.5	-0.9	-1.0	-0.8
Prof & Business Services	183.3	185.6	187.8	189.8	191.4	193.0	194.4	195.7	196.4	197.5	198.8	200.3
Pct Chg Year Ago	4.1	4.2	4.5	4.6	4.4	4.0	3.5	3.1	2.6	2.4	2.2	2.4
Educ & Health Services	114.6	114.9	115.2	115.6	115.9	116.2	116.8	117.2	117.6	118.1	118.5	119.0
Pct Chg Year Ago	1.8	1.5	1.4	1.3	1.2	1.1	1.4	1.4	1.4	1.6	1.4	1.5
Leisure & Hospitality	76.4	76.8	77.1	77.3	77.5	77.8	78.0	78.1	78.2	78.4	78.5	78.6
Pct Chg Year Ago	1.6	1.9	1.9	1.7	1.5	1.3	1.1	1.0	0.9	0.8	0.7	0.7
Other Services	24.1	24.1	24.1	24.1	24.1	24.1	24.1	24.2	24.2	24.2	24.2	24.2
Pct Chg Year Ago	-0.2	-0.1	-0.2	-0.1	-0.2	-0.3	-0.1	0.2	0.5	0.5	0.3	0.1
Federal Government	10.0	10.0	10.0	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.9	9.8
Pct Chg Year Ago	-1.6	-1.3	-1.1	-1.0	-0.9	-0.8	-0.7	-0.5	-0.5	-0.4	-0.4	-0.5
State & Local Government	85.6	85.9	86.2	86.6	86.9	87.2	87.4	87.7	88.0	88.3	88.6	88.9
Pct Chg Year Ago	0.9	1.1	1.3	1.4	1.5	1.4	1.4	1.3	1.3	1.3	1.3	1.3
Other Economic Indicators												
Population (Ths.)	1915.7	1920.0	1924.4	1928.8	1933.1	1937.5	1941.7	1945.9	1950.0	1954.2	1958.3	1962.3
Pct Chg Year Ago	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.8
Labor Force (Ths.)	940.6	943.9	947.6	950.7	953.1	955.1	955.8	956.0	956.9	957.4	958.3	959.2
Pct Chg Year Ago	1.4	1.4	1.5	1.4	1.3	1.2	0.9	0.6	0.4	0.2	0.3	0.3
Unemployment Rate (%)	8.8	8.6	8.4	8.3	8.2	8.0	7.9	7.8	7.6	7.5	7.4	7.3
Total Housing Starts (Annual Rate)	3813	3918	4247	4689	5229	5571	5687	5813	5946	6248	6365	6758
Single-Family	1762	1728	1816	1912	2101	2285	2352	2372	2403	2501	2513	2776
Multifamily	2052	2190	2431	2777	3127	3286	3335	3441	3543	3747	3851	3981

Santa Cruz MSA

SHORT TERM OUTLOOK

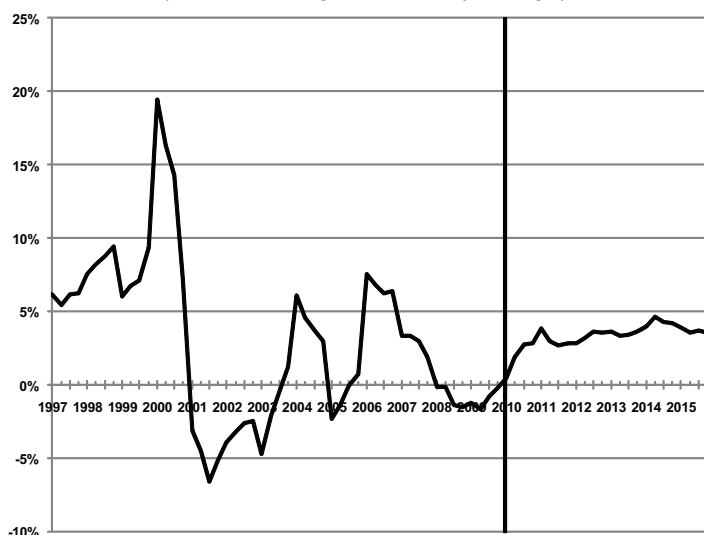
The Santa Cruz MSA will experience growth in real personal income of 1.3% in 2010, similar to the surrounding region. Growth should accelerate to 3% and 3.1% in 2011 and 2012, respectively.

The labor market will still be in the throes of recession in 2010, shedding an additional 2.1% of jobs on top of the 4.8% loss in the previous year. However, not all sectors will shed jobs in 2010 – job growth in the manufacturing sector will return at 0.6% in the third quarter. By 2011, economic

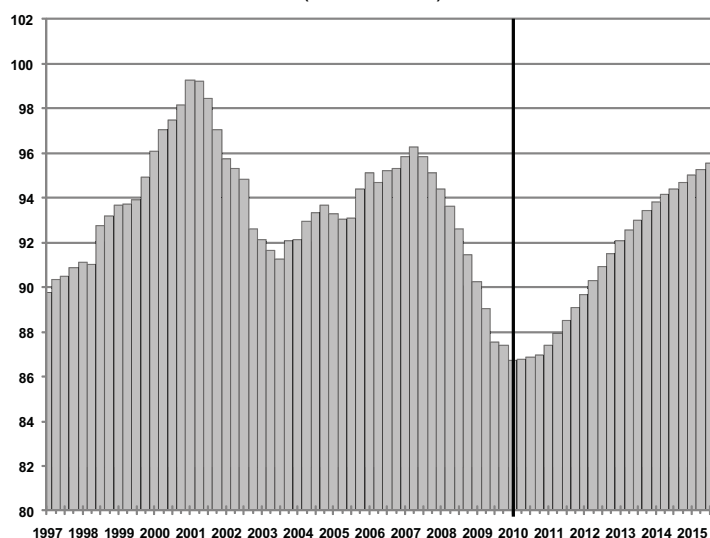
recovery should allow employers in most sectors to begin hiring again, adding 0.1% of jobs.

Population growth is expected to decrease from 1.3% in 2009 to 1.1% in 2010. Population growth over the course of the forecast horizon will steadily decrease, falling to an annual rate of 0.7% by 2015. The unemployment rate in 2010 will rise to 12% from 11.4% in 2009, falling to 10.6% in 2011 and 9.7% in 2012. By 2015, the end of the forecast horizon, we expect unemployment to remain high at 9%.

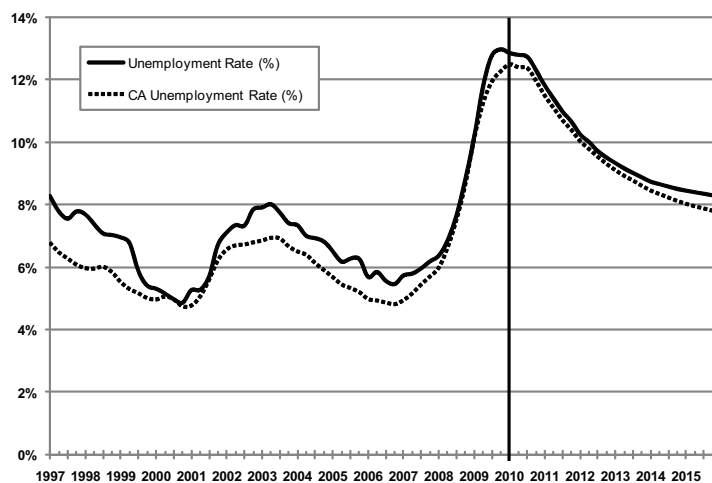
Santa Cruz Real Personal Income
(Percent change from one year ago)



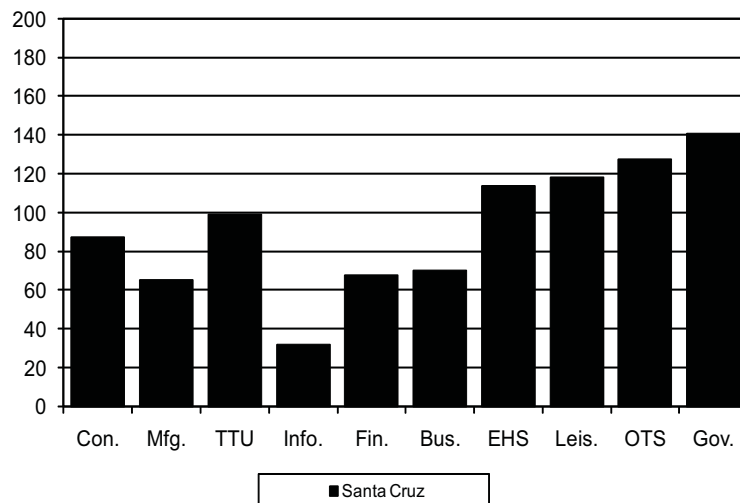
Santa Cruz Payroll Employment
(Thousands)



Santa Cruz and California Unemployment Rates
(Percent)



Relative Employment Mix, 2009 (California)



Annual Outlook for Santa Cruz

July 2010 Forecast

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income (Billions \$)													
Total Personal Income	10.0	10.7	11.0	12.0	12.9	12.9	12.7	13.1	13.7	14.4	15.1	16.1	17.1
Pct Chg Year Ago	0.7	7.2	2.1	9.4	7.8	0.1	-1.8	2.9	4.7	5.0	5.1	6.8	6.2
Wages and Salaries	3.7	3.8	3.9	4.2	4.4	4.3	4.1	4.1	4.3	4.5	4.7	4.9	5.2
Nonwage Income	6.3	6.9	7.1	7.8	8.6	8.6	8.6	9.0	9.4	9.9	10.4	11.2	12.0
Real Personal Income (2000\$)	9.5	9.9	9.8	10.5	11.0	10.7	10.4	10.6	10.9	11.2	11.6	12.1	12.6
Pct Chg Year Ago	-1.3	4.4	-0.9	6.4	5.0	-3.1	-2.0	1.3	3.0	3.1	3.1	4.7	4.1
Per Capita Income (Ths.)	39.9	42.9	44.0	48.2	51.6	51.1	49.5	50.3	52.1	54.2	56.5	59.9	63.2
Real Per Capita Income (2000\$)	37.8	39.7	39.5	42.1	43.9	42.0	40.7	40.7	41.5	42.4	43.3	45.0	46.5
Average Annual Wage (Ths.)	40.1	40.7	41.7	44.4	45.4	46.2	46.2	47.4	48.7	49.8	51.2	52.7	54.4
Pct Chg Year Ago	2.0	1.4	2.5	6.6	2.3	1.6	0.2	2.5	2.7	2.4	2.9	2.9	3.2

Establishment Employment (Place of Work, Thousands, SA)

Total Non-Farm Employment	91.8	93.0	93.5	95.1	95.8	93.0	88.6	86.7	87.8	89.7	91.6	93.0	94.3
Pct Chg Year Ago	-3.0	1.3	0.5	1.8	0.7	-2.9	-4.8	-2.1	1.3	2.2	2.1	1.6	1.4
Manufacturing	6.9	7.0	6.9	6.5	6.3	5.9	5.2	5.1	5.2	5.3	5.4	5.4	5.3
Pct Chg Year Ago	-6.9	1.6	-1.9	-5.5	-2.6	-7.2	-12.2	-1.1	1.5	2.1	1.7	0.0	-0.8
Nonmanufacturing	84.9	86.0	86.6	88.6	89.4	87.1	83.4	81.6	82.6	84.4	86.2	87.6	89.0
Pct Chg Year Ago	-2.6	1.3	0.7	2.3	1.0	-2.6	-4.3	-2.2	1.3	2.2	2.1	1.7	1.6
Construction & Mining	4.8	5.5	5.7	5.9	5.4	4.6	3.3	2.8	2.9	3.2	3.5	3.7	3.9
Pct Chg Year Ago	0.3	13.6	5.2	2.1	-8.6	-14.1	-28.7	-13.7	4.2	9.3	8.8	6.1	5.1
Trade, Trans., & Utilities	17.9	18.2	18.3	18.7	19.1	17.9	16.8	16.7	17.3	17.6	17.8	18.0	18.2
Pct Chg Year Ago	-2.5	1.2	0.9	2.4	1.7	-6.0	-6.1	-0.4	3.5	1.8	1.1	0.9	1.0
Wholesale Trade	3.3	3.6	3.7	4.0	4.3	4.1	3.8	3.6	3.7	3.8	3.8	3.9	3.9
Retail Trade	13.2	13.1	13.1	13.3	13.1	12.3	11.6	11.7	12.2	12.4	12.4	12.5	12.6
Trans, Wrhsng, & Util	1.5	1.5	1.5	1.5	1.6	1.5	1.4	1.4	1.4	1.5	1.6	1.6	1.6
Information	2.0	1.8	1.6	1.4	1.2	1.1	0.9	0.9	1.0	1.0	1.0	1.0	1.1
Pct Chg Year Ago	-10.0	-9.6	-10.8	-12.6	-14.1	-9.8	-13.3	-1.7	7.8	3.3	1.8	1.3	2.0
Financial Activities	3.8	3.7	3.7	3.8	3.7	3.5	3.4	3.3	3.3	3.4	3.5	3.5	3.5
Pct Chg Year Ago	0.4	-3.4	1.7	1.1	-2.4	-4.8	-3.8	-1.6	0.1	4.0	2.6	0.0	-0.7
Prof & Business Services	9.0	9.0	9.3	10.0	10.0	10.0	9.4	9.2	9.6	10.0	10.3	10.5	10.7
Pct Chg Year Ago	-9.7	0.5	3.1	8.0	-0.1	-0.2	-5.5	-2.3	4.2	3.8	3.2	2.1	2.0
Educ & Health Services	11.9	12.0	11.9	12.1	12.4	12.5	12.7	12.5	12.5	12.7	12.9	13.1	13.4
Pct Chg Year Ago	1.5	1.2	-1.1	2.1	2.3	0.9	1.6	-1.4	-0.2	1.5	1.7	1.9	1.8
Leisure & Hospitality	11.4	11.2	11.0	11.1	11.5	11.3	11.1	10.7	10.8	11.0	11.2	11.4	11.5
Pct Chg Year Ago	-1.8	-1.7	-1.4	0.6	3.8	-1.8	-2.1	-3.6	1.1	2.1	2.0	1.2	1.1
Other Services	3.9	3.8	3.7	3.8	3.9	4.0	3.9	4.1	4.2	4.2	4.2	4.2	4.2
Pct Chg Year Ago	-5.7	-3.2	-0.4	2.2	3.0	0.7	-2.6	6.4	1.2	0.4	0.5	0.8	0.5
Federal Government	0.6	0.5	0.5	0.5	0.5	0.6	0.5	0.5	0.4	0.4	0.4	0.4	0.4
Pct Chg Year Ago	-1.4	-12.7	-2.9	0.1	3.3	16.4	-9.9	-9.8	-10.5	-1.6	-1.0	-0.4	-0.5
State & Local Government	19.7	20.5	20.8	21.3	21.8	21.7	21.4	20.8	20.6	20.9	21.3	21.7	22.1
Pct Chg Year Ago	-1.9	4.0	1.6	2.4	2.5	-0.5	-1.3	-2.8	-0.8	1.1	2.0	1.9	1.8

Other Economic Indicators

Population (Ths.)	251.5	250.2	249.0	249.0	250.6	253.4	256.6	259.9	262.7	265.2	267.3	269.2	271.0
Pct Chg Year Ago	-0.8	-0.5	-0.5	0.0	0.6	1.1	1.3	1.3	1.1	0.9	0.8	0.7	0.7
Labor Force (Ths.)	145.2	144.0	143.3	143.8	145.6	147.1	150.1	149.5	149.4	150.6	151.8	152.9	154.1
Pct Chg Year Ago	-2.0	-0.8	-0.5	0.4	1.2	1.1	2.0	-0.4	0.0	0.8	0.8	0.7	0.8
Unemployment Rate (%)	7.8	7.0	6.3	5.6	5.9	7.4	11.4	12.0	10.6	9.7	9.0	8.5	8.1
Total Housing Starts	1019	813	754	602	715	351	125	118	261	500	641	735	835
Single-Family	699	742	687	573	358	251	122	81	195	429	541	614	698
Multifamily	320	71	67	29	357	100	3	37	67	71	100	121	137

Quarterly Outlook for Santa Cruz

July 2010 Forecast

	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Personal Income (Annual Rate, Billions \$)													
Total Personal Income	12.7	12.7	12.9	12.9	13.0	13.1	13.3	13.5	13.6	13.8	13.9	14.1	14.3
Pct Chg Year Ago	-2.8	-2.3	0.6	2.3	2.4	3.5	3.5	4.4	4.8	4.7	4.7	4.4	4.9
Wages and Salaries	4.1	4.1	4.1	4.1	4.1	4.1	4.2	4.2	4.3	4.3	4.4	4.4	4.5
Nonwage Income	8.6	8.6	8.8	8.8	8.9	9.0	9.1	9.2	9.3	9.4	9.6	9.7	9.8
Real Personal Income (2000\$)	10.5	10.4	10.5	10.5	10.5	10.6	10.7	10.8	10.8	10.9	11.0	11.1	11.2
Pct Chg Year Ago	-2.6	-1.6	-0.6	0.3	0.6	2.0	2.3	3.1	3.1	2.9	2.9	2.6	3.0
Per Capita Income (Ths.)	49.5	49.4	49.8	49.8	50.0	50.5	51.0	51.4	51.8	52.3	52.9	53.2	53.9
Real Per Capita Income (2000\$)	40.8	40.5	40.6	40.4	40.6	40.8	41.0	41.2	41.3	41.5	41.8	41.9	42.2
Average Annual Wage (Ths.)	46.1	46.4	46.7	46.7	47.4	47.5	47.9	48.2	48.6	48.8	49.0	49.3	49.6
Pct Chg Year Ago	-0.2	-0.3	1.4	2.1	2.8	2.4	2.7	3.2	2.4	2.7	2.3	2.2	2.2
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	89.0	87.5	87.4	87.0	86.4	86.5	86.7	87.1	87.6	88.0	88.5	89.0	89.4
Pct Chg Year Ago	-4.9	-5.5	-4.4	-3.5	-2.9	-1.2	-0.8	0.1	1.3	1.8	2.1	2.1	2.1
Manufacturing	5.2	5.0	5.1	5.2	5.0	5.1	5.1	5.1	5.2	5.2	5.2	5.3	5.3
Pct Chg Year Ago	-14.2	-15.1	-8.5	-2.9	-2.4	0.6	0.1	-1.2	3.0	2.4	2.0	2.1	1.9
Nonmanufacturing	83.9	82.5	82.3	81.8	81.4	81.4	81.6	82.0	82.4	82.9	83.3	83.7	84.2
Pct Chg Year Ago	-4.3	-4.8	-4.1	-3.6	-3.0	-1.3	-0.9	0.2	1.2	1.8	2.1	2.1	2.1
Construction & Mining	3.3	3.1	3.1	2.8	2.8	2.8	2.8	2.9	2.9	3.0	3.0	3.1	3.2
Pct Chg Year Ago	-31.2	-30.0	-26.5	-23.3	-14.5	-9.3	-7.7	1.4	3.1	5.0	7.4	8.6	9.3
Trade, Trans., & Utilities	16.9	16.8	16.6	16.7	16.6	16.8	16.9	17.1	17.3	17.4	17.5	17.6	17.6
Pct Chg Year Ago	-6.4	-5.3	-5.3	-1.7	-2.0	0.0	2.0	2.2	4.3	4.0	3.5	2.6	1.9
Wholesale Trade	3.8	3.7	3.7	3.7	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.8	3.8
Retail Trade	11.6	11.7	11.6	11.7	11.6	11.8	11.9	12.1	12.2	12.3	12.3	12.3	12.3
Trans, Wrhsng, & Util	1.4	1.4	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5
Information	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.0
Pct Chg Year Ago	-15.2	-12.9	-16.5	-10.2	-3.7	1.9	5.4	6.5	8.7	8.7	7.1	5.6	3.8
Financial Activities	3.4	3.4	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.4	3.4
Pct Chg Year Ago	-3.7	-3.0	-5.7	-3.2	-1.7	-2.0	0.4	-1.1	0.0	0.2	1.3	2.7	4.1
Prof & Business Services	9.5	9.3	9.2	9.2	9.1	9.2	9.3	9.4	9.5	9.7	9.8	9.8	9.9
Pct Chg Year Ago	-4.7	-7.7	-7.6	-4.8	-4.3	-1.4	1.3	2.0	4.8	5.3	4.8	4.3	3.9
Educ & Health Services	12.8	12.7	12.5	12.6	12.5	12.5	12.5	12.4	12.5	12.5	12.5	12.6	12.6
Pct Chg Year Ago	2.9	1.2	-0.7	-1.8	-2.1	-1.5	-0.4	-1.1	-0.4	0.0	0.6	1.2	1.4
Leisure & Hospitality	10.9	10.9	11.4	10.8	10.6	10.6	10.7	10.7	10.8	10.8	10.9	10.9	11.0
Pct Chg Year Ago	-4.7	-3.1	3.2	-2.5	-2.7	-2.9	-6.2	-0.6	1.3	1.7	1.8	1.9	2.0
Other Services	3.8	3.8	4.0	4.1	4.1	4.1	4.1	4.2	4.2	4.2	4.2	4.2	4.2
Pct Chg Year Ago	-5.8	-4.9	3.6	5.1	9.6	7.3	3.5	2.2	0.7	1.0	0.7	0.2	0.2
Federal Government	0.6	0.5	0.5	0.5	0.5	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Pct Chg Year Ago	-0.2	-16.5	-17.4	-12.1	-11.0	-5.9	-10.2	-10.3	-18.2	-10.3	-3.2	-2.2	-1.7
State & Local Government	21.8	21.1	20.9	20.9	20.9	20.7	20.6	20.6	20.6	20.6	20.7	20.7	20.8
Pct Chg Year Ago	0.4	-1.8	-3.3	-3.9	-4.1	-1.7	-1.5	-1.3	-1.5	-0.6	0.2	0.5	1.0
Other Economic Indicators													
Population (Ths.)	256.2	257.0	257.9	258.7	259.5	260.3	261.1	261.8	262.4	263.0	263.6	264.3	264.9
Pct Chg Year Ago	1.3	1.3	1.3	1.3	1.3	1.3	1.2	1.2	1.1	1.1	1.0	1.0	0.9
Labor Force (Ths.)	149.5	152.2	151.9	148.1	150.3	150.0	149.4	149.2	149.3	149.4	149.7	150.1	150.4
Pct Chg Year Ago	2.0	3.2	2.6	0.7	0.5	-1.4	-1.6	0.8	-0.7	-0.4	0.2	0.6	0.7
Unemployment Rate (%)	11.2	12.3	12.6	11.9	12.4	12.1	11.7	11.2	10.7	10.4	10.2	9.9	9.8
Total Housing Starts (Annual Rate)	128	147	146	153	68	104	148	182	231	284	349	410	495
Single-Family	124	147	146	103	54	64	102	122	165	213	279	343	424
Multifamily	4	0	0	50	14	40	45	59	66	71	70	66	72

Quarterly Outlook for Santa Cruz

July 2010 Forecast

	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	14.5	14.7	14.8	15.0	15.2	15.4	15.7	16.0	16.2	16.5	16.7	17.0
Pct Chg Year Ago	5.3	5.4	5.3	5.0	4.9	5.0	6.3	7.0	6.9	7.0	6.4	6.1
Wages and Salaries	4.5	4.6	4.6	4.7	4.7	4.8	4.8	4.9	5.0	5.0	5.1	5.1
Nonwage Income	10.0	10.1	10.2	10.3	10.5	10.6	10.9	11.1	11.3	11.5	11.7	11.9
Real Personal Income (2000\$)	11.3	11.4	11.4	11.5	11.6	11.7	11.9	12.1	12.2	12.3	12.4	12.6
Pct Chg Year Ago	3.4	3.4	3.3	3.0	2.9	3.0	4.2	4.9	4.8	4.9	4.3	4.0
Per Capita Income (Ths.)	54.6	55.2	55.5	56.1	56.8	57.5	58.6	59.6	60.3	61.2	61.9	62.8
Real Per Capita Income (2000\$)	42.5	42.8	42.9	43.1	43.4	43.8	44.4	44.9	45.2	45.6	46.0	46.4
Average Annual Wage (Ths.)	50.0	50.3	50.7	51.1	51.4	51.8	52.1	52.5	52.9	53.3	53.8	54.2
Pct Chg Year Ago	2.4	2.7	2.8	2.9	2.9	2.8	2.8	2.9	3.0	3.1	3.1	3.1
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	90.0	90.5	90.9	91.4	91.8	92.1	92.5	92.8	93.1	93.5	93.8	94.1
Pct Chg Year Ago	2.2	2.3	2.2	2.2	2.0	1.8	1.7	1.6	1.5	1.5	1.4	1.4
Manufacturing	5.3	5.3	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.3
Pct Chg Year Ago	2.3	1.9	1.9	1.9	1.5	1.5	0.9	0.2	-0.4	-0.7	-0.7	-0.9
Nonmanufacturing	84.7	85.2	85.6	86.0	86.4	86.7	87.1	87.4	87.8	88.1	88.5	88.8
Pct Chg Year Ago	2.2	2.3	2.3	2.2	2.0	1.8	1.7	1.6	1.6	1.6	1.6	1.6
Construction & Mining	3.2	3.3	3.4	3.5	3.5	3.6	3.6	3.7	3.7	3.8	3.8	3.9
Pct Chg Year Ago	9.7	9.7	9.6	9.2	8.6	7.8	6.8	6.2	5.8	5.5	5.5	5.3
Trade, Trans, & Utilities	17.7	17.7	17.8	17.8	17.9	17.9	17.9	18.0	18.0	18.1	18.1	18.2
Pct Chg Year Ago	1.4	1.4	1.3	1.1	1.0	0.9	0.9	0.9	1.0	1.0	1.1	1.1
Wholesale Trade	3.8	3.8	3.8	3.8	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.9
Retail Trade	12.4	12.4	12.4	12.4	12.4	12.5	12.5	12.5	12.5	12.6	12.6	12.6
Trans, Wrhsng, & Util	1.5	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Information	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.1	1.1	1.1	1.1
Pct Chg Year Ago	2.4	1.6	1.3	1.9	2.2	2.0	1.2	1.3	1.3	1.6	1.9	2.0
Financial Activities	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Pct Chg Year Ago	4.7	4.5	3.9	3.0	2.1	1.3	0.7	0.1	-0.3	-0.7	-0.8	-0.7
Prof & Business Services	10.0	10.1	10.2	10.3	10.3	10.4	10.4	10.5	10.5	10.6	10.6	10.7
Pct Chg Year Ago	3.5	3.7	3.7	3.5	3.1	2.7	2.5	2.1	1.9	1.8	1.8	1.9
Educ & Health Services	12.7	12.8	12.8	12.9	12.9	13.0	13.0	13.1	13.2	13.2	13.3	13.3
Pct Chg Year Ago	1.7	1.8	1.7	1.7	1.7	1.6	1.8	1.8	1.9	2.1	1.8	1.8
Leisure & Hospitality	11.1	11.1	11.2	11.2	11.3	11.3	11.3	11.4	11.4	11.4	11.4	11.5
Pct Chg Year Ago	2.2	2.3	2.3	2.2	1.8	1.6	1.3	1.2	1.1	1.1	1.1	1.1
Other Services	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Pct Chg Year Ago	0.5	0.5	0.5	0.5	0.5	0.5	0.5	1.0	1.0	1.0	1.0	0.5
Federal Government	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Pct Chg Year Ago	-1.4	-1.0	-1.1	-1.0	-0.9	-0.8	-0.6	-0.4	-0.3	-0.2	-0.3	-0.5
State & Local Government	20.9	21.0	21.1	21.2	21.3	21.4	21.5	21.6	21.7	21.8	21.9	22.0
Pct Chg Year Ago	1.4	1.6	1.9	2.0	2.0	2.0	1.9	1.9	1.9	1.9	1.9	1.9
Other Economic Indicators												
Population (Ths.)	265.5	266.0	266.6	267.1	267.6	268.1	268.6	269.0	269.4	269.9	270.3	270.8
Pct Chg Year Ago	0.9	0.9	0.9	0.8	0.8	0.8	0.7	0.7	0.7	0.7	0.7	0.7
Labor Force (Ths.)	150.7	151.1	151.4	151.6	151.9	152.2	152.5	152.8	153.0	153.2	153.6	153.9
Pct Chg Year Ago	0.9	0.9	0.9	0.8	0.8	0.7	0.8	0.8	0.8	0.7	0.7	0.7
Unemployment Rate (%)	9.7	9.5	9.3	9.1	9.0	8.8	8.7	8.5	8.4	8.3	8.2	8.1
Total Housing Starts (Annual Rate)	562	534	578	622	656	707	722	726	737	755	781	820
Single-Family	492	458	496	526	548	593	606	607	615	627	648	683
Multifamily	71	76	82	95	108	113	116	119	122	127	133	137

Stockton MSA

SHORT TERM OUTLOOK

Real personal income in the Stockton MSA is expected to grow by 1.2% in 2010, slightly greater than the state's rate of 2.8%. Growth will accelerate to 3.2% in 2011 and 2012 as the economic recovery continues.

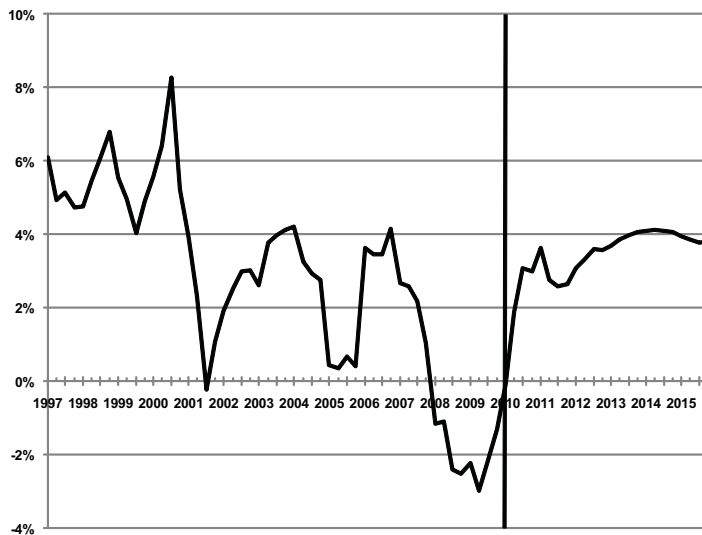
The Stockton MSA shed 5.7% of jobs in 2009, slightly worse than many of the surrounding areas. As the recession fades, job losses in most sectors are expected to slow, shrinking to a rate of 1.3% in 2010.

The labor market should begin to rebound in the third quarter of 2010 as Manufacturing, Professional and Business Services, Information, and Other Services sectors begin

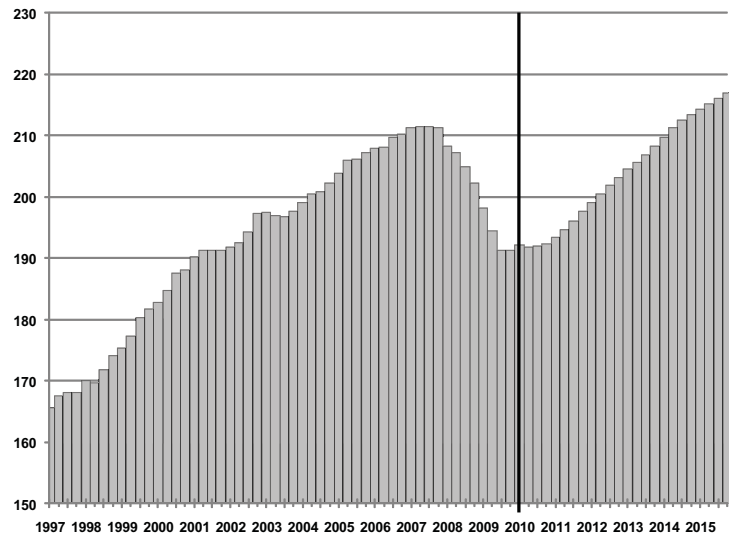
hiring. Job growth is expected to accelerate to 1.8% in 2011 and 2.9% in 2012.

Population growth in Stockton will remain very slow, growing at only 0.9% in 2010. The population is expected to gradually begin growing at a fast pace again by 2012, averaging 1.5% per year from 2012 until the end of the forecast horizon. Continued job losses will push the unemployment rate from 15.5% in 2009 to peak at 16.9% in 2010. The unemployment rate will slowly decrease over the next 3 years, shrinking to 15.1% in 2011, and 13.6% in 2012, and 12.7% in 2013.

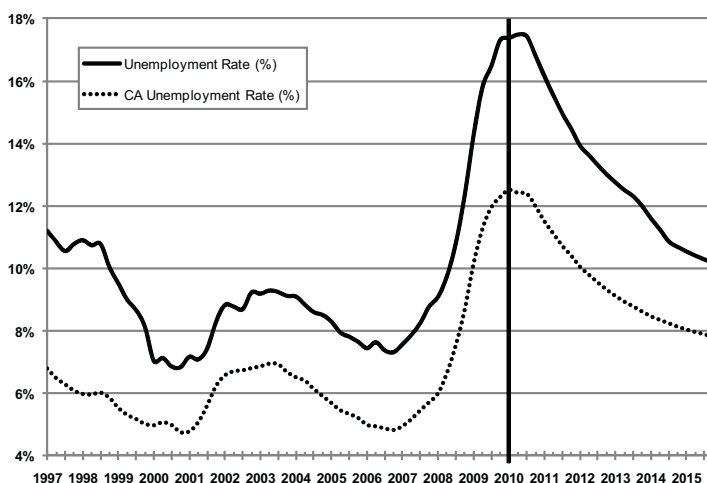
Stockton Real Personal Income
(percent change from one year ago)



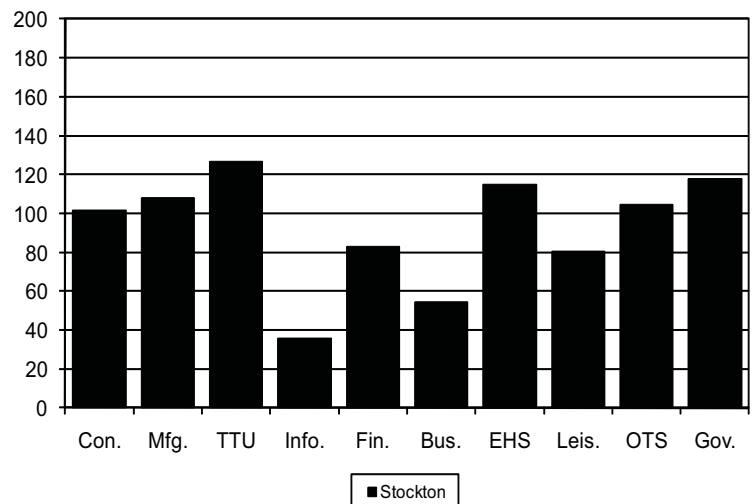
Stockton Payroll Employment
(Thousands)



Stockton and California Unemployment Rates
(percent)



Relative Employment Mix, 2009(California)



Annual Outlook for Stockton

July 2010 Forecast

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income (Billions \$)													
Total Personal Income	16.6	17.6	18.3	19.5	20.6	21.1	20.7	21.3	22.3	23.4	24.6	26.2	27.9
Pct Chg Year Ago	5.8	6.3	3.8	6.4	6.0	2.3	-1.9	2.9	4.5	5.1	5.2	6.6	6.2
Wages and Salaries	7.5	7.9	8.3	8.7	9.1	9.3	8.8	8.9	9.3	9.8	10.4	10.9	11.5
Nonwage Income	9.1	9.7	10.0	10.8	11.5	11.8	11.9	12.4	12.9	13.5	14.2	15.3	16.4
Real Personal Income (2000\$)	15.7	16.3	16.4	17.0	17.6	17.4	17.0	17.2	17.7	18.3	18.9	19.7	20.5
Pct Chg Year Ago	3.7	3.6	0.8	3.6	3.2	-1.1	-2.1	1.2	2.8	3.2	3.2	4.5	4.1
Per Capita Income (Ths.)	26.4	27.4	28.0	29.5	31.0	31.5	30.6	31.2	32.3	33.5	34.7	36.4	38.1
Real Per Capita Income (2000\$)	25.1	25.4	25.1	25.8	26.4	25.9	25.2	25.3	25.7	26.2	26.6	27.4	28.0
Average Annual Wage (Ths.)	37.8	39.3	39.9	41.5	43.0	44.9	45.3	46.4	47.7	48.9	50.2	51.6	53.1
Pct Chg Year Ago	4.1	4.0	1.5	3.9	3.7	4.4	0.9	2.5	2.8	2.4	2.8	2.8	2.9

Establishment Employment (Place of Work, Thousands, SA)

Total Non-Farm Employment	197.3	200.7	205.8	209.0	211.4	205.7	193.9	191.3	194.7	200.4	205.9	210.6	215.1
Pct Chg Year Ago	1.7	1.7	2.6	1.6	1.2	-2.7	-5.7	-1.3	1.8	2.9	2.7	2.3	2.1
Manufacturing	20.4	20.7	20.9	21.7	21.9	21.2	19.0	19.0	19.6	20.2	20.7	20.9	20.9
Pct Chg Year Ago	-2.0	1.5	0.8	3.8	1.2	-3.1	-10.8	0.7	3.0	3.0	2.4	1.1	0.1
Nonmanufacturing	176.9	180.0	184.9	187.3	189.5	184.4	174.9	172.3	175.1	180.2	185.2	189.7	194.2
Pct Chg Year Ago	2.1	1.8	2.8	1.3	1.2	-2.7	-5.2	-1.5	1.6	2.9	2.8	2.5	2.4
Construction & Mining	14.6	15.5	16.9	16.1	14.0	11.5	8.5	7.5	8.1	9.3	10.2	10.3	10.9
Pct Chg Year Ago	6.7	5.8	9.4	-4.8	-12.7	-17.7	-26.6	-10.7	7.3	14.5	10.3	1.2	5.6
Trade, Trans, & Utilities	46.5	47.3	49.0	50.5	51.4	50.1	47.4	47.1	48.0	49.3	50.5	51.5	52.5
Pct Chg Year Ago	4.1	1.7	3.5	3.1	1.8	-2.5	-5.3	-0.6	1.9	2.8	2.4	1.9	1.9
Wholesale Trade	7.8	8.2	9.1	9.8	10.5	10.4	9.9	9.8	9.7	9.9	10.0	10.2	10.3
Retail Trade	25.3	25.8	26.9	27.2	26.9	25.6	23.7	23.4	23.9	24.4	24.9	25.3	25.6
Trans, Wrhsng, & Util	13.4	13.3	13.0	13.5	13.9	14.1	13.8	13.9	14.3	15.0	15.6	16.1	16.5
Information	2.9	2.8	2.6	2.5	2.5	2.4	2.2	2.2	2.4	2.4	2.4	2.4	2.5
Pct Chg Year Ago	-6.5	-3.1	-8.6	-1.6	-2.0	-3.3	-6.4	-0.4	6.2	2.2	1.2	0.6	0.8
Financial Activities	9.9	9.6	9.8	9.9	9.9	9.4	9.1	8.9	9.0	9.3	9.6	9.6	9.6
Pct Chg Year Ago	5.4	-3.1	1.8	1.9	-0.1	-5.3	-3.1	-1.8	0.3	3.9	2.6	0.5	-0.3
Prof & Business Services	17.0	17.9	18.1	18.5	18.3	17.5	15.9	16.3	17.4	18.1	18.9	19.6	20.3
Pct Chg Year Ago	1.0	5.2	1.4	2.1	-1.0	-4.2	-9.2	2.5	6.8	4.2	4.4	3.7	3.4
Educ & Health Services	23.9	24.4	25.6	26.1	27.7	28.3	28.1	27.7	28.3	29.0	29.5	30.6	31.8
Pct Chg Year Ago	3.0	2.3	4.8	2.2	5.8	2.5	-0.9	-1.3	2.0	2.5	1.9	3.7	3.7
Leisure & Hospitality	16.4	16.8	17.1	17.3	17.7	17.4	16.5	16.1	16.2	16.5	16.9	17.2	17.4
Pct Chg Year Ago	3.1	2.9	1.7	1.1	2.6	-1.7	-5.5	-2.3	0.8	1.7	2.1	1.7	1.5
Other Services	6.3	6.3	6.4	6.8	7.7	7.4	7.0	7.1	7.1	7.2	7.2	7.3	7.4
Pct Chg Year Ago	-1.0	0.1	1.6	6.7	13.5	-4.1	-5.5	2.1	0.7	0.2	0.6	1.2	1.0
Federal Government	3.9	4.0	4.0	3.9	3.9	3.9	4.1	4.2	3.9	3.8	3.8	3.8	3.8
Pct Chg Year Ago	-4.6	1.7	-0.6	-1.2	0.2	-0.6	4.6	2.3	-7.1	-1.4	-0.7	-0.2	-0.1
State & Local Government	35.5	35.4	35.6	35.7	36.3	36.4	36.2	35.1	34.7	35.3	36.1	37.4	38.2
Pct Chg Year Ago	-1.2	-0.2	0.4	0.4	1.8	0.2	-0.7	-3.0	-0.9	1.5	2.5	3.5	2.1

Other Economic Indicators

Population (Ths.)	627.1	642.5	654.6	660.6	665.6	669.7	675.6	681.8	689.1	697.9	708.4	719.9	731.9
Pct Chg Year Ago	2.7	2.5	1.9	0.9	0.8	0.6	0.9	0.9	1.1	1.3	1.5	1.6	1.7
Labor Force (Ths.)	281.0	282.5	284.1	285.2	290.4	294.6	299.7	305.8	307.4	310.5	315.4	319.0	322.2
Pct Chg Year Ago	1.9	0.5	0.6	0.4	1.8	1.5	1.7	2.0	0.5	1.0	1.6	1.1	1.0
Unemployment Rate (%)	9.2	8.7	7.9	7.4	8.1	10.4	15.5	16.9	15.1	13.6	12.7	11.8	11.1
Total Housing Starts	7513	6742	5984	3838	2452	1050	835	1051	2151	3179	3875	4320	4791
Single-Family	7340	6375	5801	3719	2332	925	830	999	2009	3037	3672	4067	4483
Multifamily	173	367	183	119	120	125	5	52	142	142	203	253	308

Quarterly Outlook for Stockton

July 2010 Forecast

	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Personal Income (Annual Rate, Billions \$)													
Total Personal Income	20.7	20.6	20.9	21.0	21.1	21.4	21.7	21.9	22.1	22.4	22.6	22.9	23.2
Pct Chg Year Ago	-2.6	-3.2	-0.6	1.6	2.3	3.9	3.7	4.3	4.6	4.6	4.5	4.7	5.0
Wages and Salaries	8.9	8.7	8.8	8.8	8.9	8.9	9.0	9.2	9.3	9.4	9.5	9.7	9.8
Nonwage Income	11.8	11.9	12.1	12.2	12.2	12.4	12.6	12.7	12.8	13.0	13.1	13.3	13.4
Real Personal Income (2000\$)	17.1	16.9	17.0	17.0	17.1	17.3	17.4	17.5	17.6	17.8	17.9	18.0	18.2
Pct Chg Year Ago	-2.4	-2.5	-1.8	-0.3	0.5	2.4	2.5	2.9	2.9	2.8	2.7	2.8	3.1
Per Capita Income (Ths.)	30.6	30.4	30.8	30.9	31.0	31.3	31.6	31.9	32.2	32.4	32.7	33.0	33.3
Real Per Capita Income (2000\$)	25.3	24.9	25.1	25.1	25.2	25.3	25.5	25.6	25.6	25.7	25.9	26.0	26.1
Average Annual Wage (Ths.)	45.3	45.2	45.6	45.9	46.3	46.5	46.9	47.3	47.6	47.8	48.1	48.4	48.7
Pct Chg Year Ago	1.3	-0.2	0.9	2.0	2.2	2.7	2.9	3.1	2.8	2.9	2.5	2.4	2.4
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	194.5	191.3	191.4	191.4	191.1	191.1	191.7	192.7	194.0	195.3	196.7	198.2	199.6
Pct Chg Year Ago	-6.1	-6.7	-5.4	-3.4	-1.8	-0.1	0.1	0.7	1.6	2.2	2.7	2.8	2.9
Manufacturing	19.1	18.2	18.4	19.0	18.9	19.1	19.3	19.4	19.6	19.7	19.8	20.0	20.1
Pct Chg Year Ago	-10.9	-14.3	-12.5	-6.0	-1.0	4.8	4.9	2.1	3.8	3.3	2.7	3.0	2.8
Nonmanufacturing	175.5	173.1	173.0	172.4	172.2	172.1	172.4	173.3	174.5	175.6	176.9	178.2	179.5
Pct Chg Year Ago	-5.6	-5.8	-4.6	-3.2	-1.9	-0.6	-0.4	0.5	1.3	2.0	2.6	2.8	2.9
Construction & Mining	8.7	8.0	7.8	7.9	7.4	7.4	7.5	7.7	7.9	8.2	8.5	8.8	9.2
Pct Chg Year Ago	-26.6	-29.3	-25.9	-15.9	-14.9	-8.0	-3.8	-1.8	7.0	10.7	13.1	14.5	15.5
Trade, Trans., & Utilities	47.3	46.7	47.2	47.2	47.0	47.1	47.2	47.5	47.8	48.2	48.5	48.8	49.2
Pct Chg Year Ago	-6.5	-7.1	-3.2	-2.4	-0.7	0.7	-0.1	0.6	1.8	2.3	2.8	2.8	2.8
Wholesale Trade	9.9	9.8	9.9	9.9	9.7	9.7	9.7	9.7	9.7	9.8	9.8	9.8	9.9
Retail Trade	23.7	23.3	23.3	23.4	23.4	23.5	23.5	23.7	23.9	24.0	24.1	24.2	24.3
Trans, Wrhsng, & Util	13.7	13.6	14.0	13.9	13.8	13.9	13.9	14.1	14.2	14.4	14.6	14.8	15.0
Information	2.2	2.2	2.2	2.2	2.2	2.2	2.3	2.3	2.3	2.4	2.4	2.4	2.4
Pct Chg Year Ago	-6.9	-7.2	-10.4	-5.0	-0.9	0.8	3.6	6.3	6.9	6.5	4.9	3.6	2.4
Financial Activities	9.2	8.9	9.0	9.0	8.9	8.9	8.9	8.9	8.9	9.0	9.1	9.2	9.3
Pct Chg Year Ago	-2.4	-4.7	-3.1	-3.3	-2.8	0.3	-1.5	-0.9	0.2	0.3	1.7	2.8	3.9
Prof & Business Services	15.9	15.8	15.5	15.8	16.1	16.4	16.8	17.1	17.3	17.5	17.7	17.9	18.0
Pct Chg Year Ago	-9.0	-9.8	-11.5	-3.7	1.6	4.1	8.1	7.7	7.3	6.6	5.4	4.6	4.1
Educ & Health Services	28.3	27.8	27.9	27.7	27.6	27.7	27.8	27.9	28.2	28.4	28.6	28.8	28.9
Pct Chg Year Ago	-0.4	-1.5	-2.2	-2.5	-2.4	-0.3	-0.1	0.8	2.1	2.4	2.8	3.0	2.6
Leisure & Hospitality	16.6	16.3	16.2	16.0	16.1	16.1	16.1	16.2	16.2	16.3	16.3	16.4	16.5
Pct Chg Year Ago	-5.8	-6.4	-5.2	-5.2	-2.7	-1.1	-0.2	0.7	0.7	0.8	1.1	1.4	1.5
Other Services	7.1	6.9	7.0	7.1	7.1	7.1	7.1	7.2	7.1	7.1	7.2	7.2	7.2
Pct Chg Year Ago	-5.4	-5.5	1.6	3.7	0.6	2.4	1.6	1.4	0.4	0.4	0.5	0.1	0.1
Federal Government	4.2	4.1	4.1	4.1	4.5	4.2	4.0	3.9	3.9	3.9	3.9	3.8	3.8
Pct Chg Year Ago	7.4	4.0	4.8	3.5	6.5	2.5	-3.3	-4.6	-13.9	-7.6	-2.5	-1.9	-1.5
State & Local Government	36.0	36.3	36.1	35.5	35.2	34.9	34.7	34.7	34.7	34.7	34.9	35.0	35.2
Pct Chg Year Ago	-2.0	0.9	-0.6	-2.1	-2.3	-3.8	-3.9	-2.2	-1.5	-0.4	0.5	0.9	1.4
Other Economic Indicators													
Population (Ths.)	674.9	676.4	677.9	679.4	680.9	682.6	684.3	686.1	688.0	690.1	692.2	694.3	696.6
Pct Chg Year Ago	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.1	1.2	1.2	1.2
Labor Force (Ths.)	301.8	300.3	299.3	302.2	307.1	307.2	306.8	306.4	307.2	307.9	308.3	308.8	309.9
Pct Chg Year Ago	2.2	2.1	1.0	1.5	1.8	2.3	2.5	1.4	0.1	0.2	0.5	0.8	0.9
Unemployment Rate (%)	15.2	16.1	16.9	16.7	17.3	17.0	16.5	15.8	15.3	14.8	14.5	14.1	13.8
Total Housing Starts (Annual Rate)	870	1114	848	1011	827	910	1455	1900	2064	2192	2448	2751	3073
Single-Family	866	1113	848	1011	784	841	1359	1726	1906	2050	2355	2623	2929
Multifamily	4	0	0	0	43	69	95	174	158	142	93	128	145

Quarterly Outlook for Stockton

July 2010 Forecast

	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	23.5	23.9	24.1	24.4	24.8	25.1	25.6	26.0	26.4	26.8	27.3	27.7
Pct Chg Year Ago	5.3	5.4	5.2	5.2	5.3	5.3	6.3	6.5	6.7	6.9	6.3	6.2
Wages and Salaries	9.9	10.1	10.2	10.3	10.5	10.6	10.7	10.9	11.0	11.1	11.3	11.4
Nonwage Income	13.6	13.8	13.9	14.1	14.3	14.5	14.9	15.2	15.4	15.7	16.0	16.2
Real Personal Income (2000\$)	18.4	18.5	18.6	18.8	18.9	19.1	19.4	19.6	19.8	20.0	20.2	20.4
Pct Chg Year Ago	3.4	3.4	3.2	3.2	3.2	3.3	4.3	4.5	4.6	4.7	4.2	4.2
Per Capita Income (Ths.)	33.7	34.0	34.2	34.6	34.9	35.2	35.8	36.2	36.7	37.1	37.5	37.9
Real Per Capita Income (2000\$)	26.3	26.4	26.4	26.6	26.7	26.8	27.1	27.3	27.5	27.6	27.8	28.0
Average Annual Wage (Ths.)	49.0	49.3	49.7	50.1	50.4	50.7	51.1	51.5	51.8	52.2	52.6	53.0
Pct Chg Year Ago	2.4	2.5	2.7	2.8	2.9	2.9	2.8	2.8	2.8	2.8	2.9	2.9
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	201.1	202.6	204.2	205.4	206.4	207.5	208.8	210.2	211.2	212.4	213.6	214.7
Pct Chg Year Ago	3.0	3.0	3.0	2.9	2.6	2.4	2.3	2.3	2.4	2.3	2.3	2.1
Manufacturing	20.3	20.4	20.5	20.7	20.7	20.8	20.9	20.9	20.9	20.9	20.9	20.9
Pct Chg Year Ago	3.1	3.0	2.8	2.6	2.3	2.1	1.6	1.3	0.9	0.4	0.2	0.0
Nonmanufacturing	180.8	182.2	183.6	184.8	185.7	186.7	187.9	189.2	190.3	191.5	192.7	193.7
Pct Chg Year Ago	3.0	3.0	3.0	2.9	2.7	2.5	2.3	2.4	2.5	2.6	2.6	2.4
Construction & Mining	9.4	9.7	10.1	10.3	10.2	10.2	10.1	10.3	10.4	10.6	10.7	10.9
Pct Chg Year Ago	14.7	13.4	14.1	12.2	9.1	5.7	0.1	-0.1	1.7	3.2	6.0	5.8
Trade, Trans, & Utilities	49.5	49.8	50.1	50.4	50.7	50.9	51.1	51.4	51.6	51.8	52.1	52.4
Pct Chg Year Ago	2.8	2.8	2.7	2.5	2.3	2.2	2.0	1.9	1.8	1.8	1.8	1.9
Wholesale Trade	9.9	9.9	10.0	10.0	10.1	10.1	10.1	10.1	10.2	10.2	10.2	10.3
Retail Trade	24.5	24.6	24.7	24.8	24.9	25.0	25.1	25.2	25.3	25.4	25.5	25.6
Trans, Wrhsng, & Util	15.1	15.3	15.4	15.5	15.7	15.8	15.9	16.0	16.1	16.2	16.4	16.5
Information	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5	2.5	2.5
Pct Chg Year Ago	1.7	1.0	0.6	1.3	1.4	1.3	0.6	0.6	0.5	0.6	0.8	0.8
Financial Activities	9.4	9.5	9.5	9.5	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6
Pct Chg Year Ago	4.5	4.3	3.7	2.9	2.2	1.6	1.3	0.7	0.2	-0.3	-0.5	-0.4
Prof & Business Services	18.2	18.4	18.6	18.8	19.0	19.2	19.4	19.6	19.7	19.9	20.0	20.2
Pct Chg Year Ago	3.9	4.1	4.4	4.6	4.5	4.2	4.0	3.8	3.5	3.4	3.2	3.3
Educ & Health Services	29.1	29.2	29.3	29.5	29.6	29.7	30.1	30.5	30.8	31.2	31.5	31.7
Pct Chg Year Ago	2.4	2.2	2.0	2.0	1.9	1.8	2.8	3.4	4.0	4.8	4.5	4.0
Leisure & Hospitality	16.6	16.7	16.8	16.8	16.9	17.0	17.1	17.1	17.2	17.3	17.3	17.4
Pct Chg Year Ago	1.9	2.2	2.3	2.2	2.1	2.0	1.9	1.7	1.6	1.5	1.5	1.5
Other Services	7.2	7.2	7.2	7.2	7.2	7.2	7.2	7.3	7.3	7.3	7.3	7.4
Pct Chg Year Ago	0.3	0.3	0.6	0.6	0.7	0.6	0.7	1.1	1.4	1.5	1.3	1.1
Federal Government	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Pct Chg Year Ago	-1.3	-1.0	-0.9	-0.8	-0.6	-0.5	-0.4	-0.2	-0.1	0.0	0.0	-0.1
State & Local Government	35.3	35.5	35.8	36.0	36.2	36.6	37.0	37.3	37.5	37.7	37.9	38.1
Pct Chg Year Ago	1.7	1.9	2.1	2.3	2.4	3.0	3.4	3.8	3.7	3.1	2.6	2.0
Other Economic Indicators												
Population (Ths.)	699.0	701.5	704.1	706.9	709.9	712.7	715.6	718.5	721.4	724.2	727.3	730.3
Pct Chg Year Ago	1.3	1.3	1.4	1.5	1.5	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Labor Force (Ths.)	311.0	312.2	313.5	314.9	316.1	317.2	317.9	318.6	319.4	320.0	320.8	321.7
Pct Chg Year Ago	1.0	1.3	1.5	1.6	1.6	1.6	1.4	1.2	1.0	0.9	0.9	1.0
Unemployment Rate (%)	13.5	13.2	13.0	12.7	12.6	12.4	12.1	11.9	11.7	11.5	11.3	11.1
Total Housing Starts (Annual Rate)	3548	3345	3581	3770	3992	4159	4239	4267	4342	4434	4475	4691
Single-Family	3405	3192	3409	3576	3774	3931	4002	4021	4085	4160	4187	4391
Multifamily	143	152	172	194	218	228	237	246	257	273	287	300

Vallejo-Fairfield MSA

SHORT TERM OUTLOOK

In 2010 real personal income in the Vallejo-Fairfield MSA is expected to grow at 1.5%, rising to 4.1% as the economy recovers in 2011. Real personal income growth is expected to slow slightly to 4% in 2012.

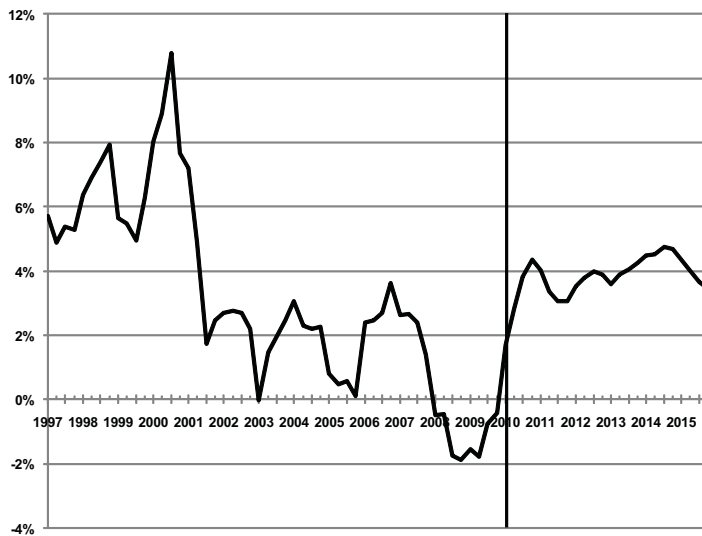
One of the first regions to experience recession in California, the Vallejo-Fairfield MSA will continue to shed jobs in 2010, losing 2.2% of jobs. However, job growth will return in 2011 at 1.1% after 17 straight quarters of job losses.

Economic recovery will translate into job growth starting the fourth quarter of 2010, as employers in Manufacturing,

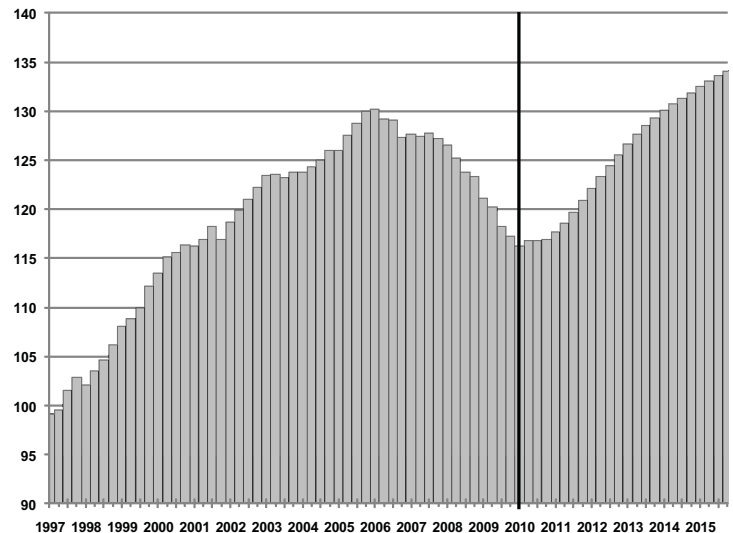
Professional and Business Services, Trade, Transportation, and Utilities, and Information add jobs, but not enough to offset losses in other sectors. Overall job growth will begin the first quarter of 2011, at a rate of 0.1%. Job growth will continue in 2012 as jobs are added at a 1.1% rate.

Population growth will remain low at 0.2% in 2010, rising over the course of the forecast horizon to 0.5% per year through 2015. The unemployment rate will rise to 12.1% for 2010. Returning job growth will begin lowering the unemployment rate, falling to 10.5% in 2011 and 9.2% in 2012.

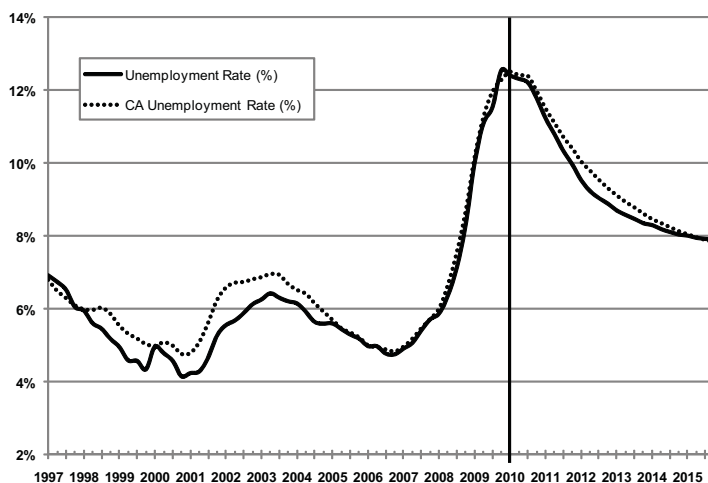
Vallejo Real Personal Income
(percent change from one year ago)



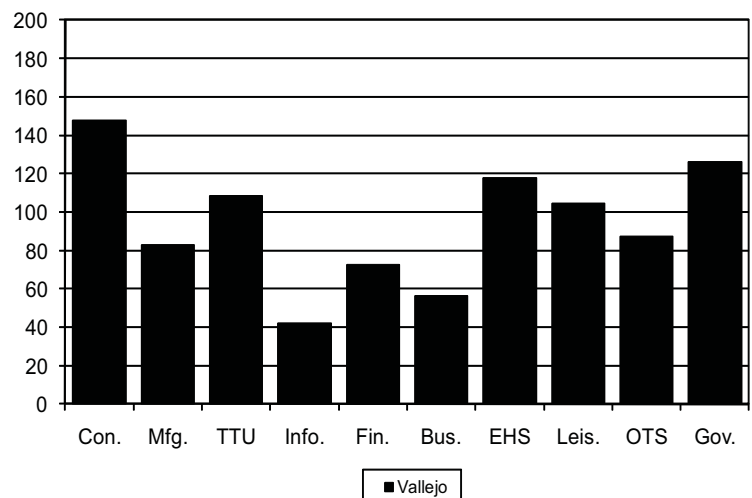
Vallejo Payroll Employment
(Thousands)



Vallejo and California Unemployment Rates
(percent)



Relative Employment Mix, 2009 (California)



Annual Outlook for Vallejo

July 2010 Forecast

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Personal Income (Billions \$)													
Total Personal Income	13.0	13.5	14.1	14.9	15.6	16.0	15.9	16.4	17.3	18.3	19.4	20.8	22.1
Pct Chg Year Ago	3.8	4.4	4.2	5.5	4.9	2.7	-1.0	3.1	5.8	5.9	5.8	7.1	6.3
Wages and Salaries	5.1	5.4	5.7	6.0	6.3	6.5	6.3	6.4	6.6	7.0	7.4	7.8	8.2
Nonwage Income	7.8	8.1	8.4	8.9	9.3	9.5	9.5	10.0	10.7	11.3	12.0	12.9	13.9
Real Personal Income (2000\$)	12.3	12.5	12.7	13.0	13.3	13.2	13.0	13.2	13.8	14.3	14.9	15.6	16.3
Pct Chg Year Ago	1.7	1.8	1.2	2.7	2.2	-0.6	-1.2	1.5	4.1	4.0	3.8	5.0	4.2
Per Capita Income (Ths.)	31.7	33.2	34.7	36.6	38.4	39.4	38.9	40.1	42.3	44.6	46.9	49.9	52.7
Real Per Capita Income (2000\$)	30.1	30.7	31.1	32.0	32.7	32.5	32.0	32.4	33.6	34.8	36.0	37.5	38.8
Average Annual Wage (Ths.)	38.9	40.7	41.8	43.8	46.4	49.2	49.9	51.3	53.0	54.5	56.3	58.2	60.1
Pct Chg Year Ago	3.3	4.6	2.7	4.8	6.0	6.0	1.4	2.7	3.3	2.9	3.3	3.4	3.3

Establishment Employment (Place of Work, Thousands, SA)

Total Non-Farm Employment	123.5	124.8	128.0	129.0	127.5	124.7	119.2	116.6	117.9	121.0	124.2	126.8	129.1
Pct Chg Year Ago	2.5	1.0	2.6	0.8	-1.1	-2.2	-4.4	-2.2	1.1	2.6	2.7	2.0	1.9
Manufacturing	9.0	9.1	9.3	9.7	9.7	9.4	8.9	8.7	9.0	9.4	9.7	9.9	9.9
Pct Chg Year Ago	-4.4	0.4	2.4	4.5	0.3	-3.1	-5.2	-2.7	3.7	3.9	3.4	1.8	0.8
Nonmanufacturing	114.5	115.7	118.7	119.3	117.8	115.3	110.3	107.9	108.9	111.6	114.6	116.9	119.2
Pct Chg Year Ago	3.1	1.1	2.6	0.5	-1.3	-2.1	-4.3	-2.1	0.9	2.5	2.6	2.0	1.9
Construction & Mining	11.7	12.4	13.8	13.0	11.0	9.6	7.8	7.1	7.3	7.9	8.6	9.1	9.6
Pct Chg Year Ago	4.9	6.5	11.0	-5.7	-14.8	-13.1	-18.2	-9.4	2.8	9.2	8.7	6.0	5.0
Trade, Trans., & Utilities	26.1	26.8	27.7	27.7	27.1	26.6	24.9	24.8	25.4	26.0	26.4	26.7	27.1
Pct Chg Year Ago	5.2	2.9	3.1	0.0	-1.9	-2.0	-6.4	-0.2	2.4	2.4	1.6	1.2	1.3
Wholesale Trade	4.3	4.2	4.4	4.2	4.1	4.1	3.9	3.8	3.9	4.0	4.1	4.1	4.2
Retail Trade	18.0	18.2	18.6	18.7	18.3	17.7	16.1	15.9	16.2	16.3	16.5	16.6	16.8
Trans, Wrhsng, & Util	3.8	4.4	4.7	4.7	4.7	4.8	4.8	5.1	5.3	5.6	5.8	6.0	6.1
Information	1.9	1.7	1.7	1.6	1.6	1.6	1.6	1.7	1.8	1.8	1.8	1.8	1.9
Pct Chg Year Ago	4.1	-6.7	-4.6	-0.9	-3.5	1.1	-2.6	11.2	3.8	0.7	1.4	1.0	1.5
Financial Activities	5.8	6.0	6.3	6.2	5.6	5.0	4.9	4.8	4.8	5.0	5.2	5.2	5.2
Pct Chg Year Ago	25.8	2.1	5.7	-0.9	-10.3	-11.1	-1.0	-2.6	0.2	4.3	3.2	0.7	-0.2
Prof & Business Services	11.1	11.4	11.3	11.5	11.5	10.6	10.2	10.3	10.8	11.3	11.8	12.1	12.5
Pct Chg Year Ago	-4.6	2.0	-0.3	1.3	0.2	-7.3	-4.4	1.5	4.6	4.2	4.6	3.0	3.3
Educ & Health Services	15.6	15.4	15.8	16.2	17.1	17.7	17.7	17.4	17.4	17.6	17.9	18.3	18.7
Pct Chg Year Ago	7.0	-1.2	2.6	3.0	5.4	3.5	-0.2	-1.6	-0.1	1.3	1.8	2.1	2.1
Leisure & Hospitality	12.6	12.8	12.6	12.9	13.3	13.4	13.2	12.8	13.0	13.3	13.6	13.7	13.9
Pct Chg Year Ago	3.0	1.0	-1.3	2.7	2.5	1.1	-1.4	-3.3	1.4	2.3	2.2	1.3	1.2
Other Services	4.0	4.3	4.2	4.1	4.0	3.9	3.6	3.6	3.6	3.6	3.7	3.7	3.7
Pct Chg Year Ago	7.6	7.1	-0.9	-2.0	-3.6	-2.5	-6.7	-1.4	0.5	0.8	1.0	1.3	0.8
Federal Government	4.2	4.0	4.0	3.9	4.0	3.8	3.9	3.8	3.5	3.4	3.4	3.4	3.4
Pct Chg Year Ago	-4.2	-6.7	0.9	-1.2	0.4	-3.1	1.3	-1.5	-8.9	-1.5	-0.7	-0.2	-0.1
State & Local Government	21.5	21.1	21.5	22.1	22.7	23.1	22.6	21.6	21.4	21.7	22.2	22.7	23.2
Pct Chg Year Ago	-2.3	-1.8	1.9	2.7	2.8	2.0	-2.3	-4.2	-0.9	1.4	2.3	2.2	2.1

Other Economic Indicators

Population (Ths.)	408.4	408.0	406.6	406.2	406.1	406.4	407.3	408.3	409.6	411.2	413.3	415.8	418.7
Pct Chg Year Ago	0.2	-0.1	-0.3	-0.1	0.0	0.1	0.2	0.2	0.3	0.4	0.5	0.6	0.7
Labor Force (Ths.)	206.9	207.1	208.9	209.1	209.5	212.4	214.3	215.5	215.2	216.6	221.1	224.9	228.1
Pct Chg Year Ago	1.8	0.1	0.9	0.1	0.2	1.4	0.9	0.6	-0.1	0.7	2.1	1.7	1.4
Unemployment Rate (%)	6.3	5.8	5.4	4.9	5.3	6.8	10.9	12.1	10.5	9.2	8.5	8.0	7.7
Total Housing Starts	2719	2695	2432	1244	1037	488	577	600	953	1645	2105	2577	3203
Single-Family	2089	2455	1968	1133	880	362	564	586	881	1497	1879	2296	2877
Multifamily	630	240	463	111	158	125	12	14	72	148	226	281	326

Quarterly Outlook for Vallejo

July 2010 Forecast

	2009Q2	2009Q3	2009Q4	2010Q1	2010Q2	2010Q3	2010Q4	2011Q1	2011Q2	2011Q3	2011Q4	2012Q1	2012Q2
Personal Income (Annual Rate, Billions \$)													
Total Personal Income	15.9	15.9	16.0	16.1	16.2	16.4	16.7	17.0	17.2	17.4	17.7	17.9	18.2
Pct Chg Year Ago	-1.5	-1.8	0.1	2.1	2.1	3.7	4.6	5.6	6.1	5.9	5.6	5.7	6.0
Wages and Salaries	6.4	6.3	6.3	6.3	6.4	6.4	6.4	6.5	6.6	6.7	6.8	6.9	6.9
Nonwage Income	9.5	9.6	9.7	9.8	9.8	10.1	10.3	10.4	10.6	10.7	10.9	11.1	11.3
Real Personal Income (2000\$)	13.1	13.0	13.0	13.0	13.1	13.3	13.5	13.6	13.7	13.8	14.0	14.1	14.3
Pct Chg Year Ago	-1.3	-1.2	-1.1	0.1	0.3	2.2	3.3	4.2	4.4	4.1	3.8	3.9	4.1
Per Capita Income (Ths.)	39.0	38.9	39.2	39.4	39.7	40.3	40.9	41.5	42.0	42.5	43.1	43.7	44.3
Real Per Capita Income (2000\$)	32.1	31.9	32.0	32.0	32.2	32.5	32.9	33.2	33.5	33.7	34.1	34.4	34.7
Average Annual Wage (Ths.)	49.8	50.1	50.4	50.5	51.2	51.4	52.0	52.4	52.8	53.1	53.5	53.9	54.3
Pct Chg Year Ago	1.4	0.1	1.4	2.1	2.8	2.7	3.1	3.9	3.1	3.3	3.0	2.7	2.8
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	120.2	118.2	117.3	116.8	116.7	116.5	116.4	116.9	117.6	118.2	118.9	119.7	120.5
Pct Chg Year Ago	-4.0	-4.5	-4.9	-3.6	-2.9	-1.5	-0.8	0.1	0.7	1.5	2.1	2.4	2.5
Manufacturing	9.1	8.8	8.7	8.7	8.6	8.7	8.8	8.9	9.0	9.1	9.1	9.2	9.3
Pct Chg Year Ago	-3.9	-6.7	-7.5	-5.9	-5.5	-1.0	1.7	2.4	4.7	4.3	3.6	3.9	3.7
Nonmanufacturing	111.1	109.5	108.6	108.1	108.1	107.8	107.6	108.1	108.6	109.2	109.8	110.5	111.2
Pct Chg Year Ago	-4.0	-4.3	-4.6	-3.4	-2.7	-1.5	-1.0	-0.1	0.4	1.3	2.0	2.3	2.4
Construction & Mining	7.8	7.6	7.6	7.3	7.0	7.0	7.0	7.1	7.2	7.3	7.5	7.7	7.8
Pct Chg Year Ago	-20.1	-17.7	-18.3	-12.2	-10.1	-7.6	-7.6	-3.7	2.9	4.8	7.2	8.5	9.1
Trade, Trans., & Utilities	25.1	24.7	24.4	24.8	24.7	24.9	24.9	25.1	25.3	25.5	25.7	25.8	25.9
Pct Chg Year Ago	-6.7	-6.7	-5.3	-2.1	-1.5	0.9	2.0	1.4	2.5	2.4	3.2	2.8	2.5
Wholesale Trade	4.0	3.9	3.9	3.8	3.8	3.8	3.8	3.8	3.9	3.9	4.0	4.0	4.0
Retail Trade	16.3	16.1	15.6	15.8	15.8	16.0	16.0	16.1	16.2	16.2	16.3	16.3	16.3
Trans, Wrhsng, & Util	4.7	4.8	5.0	5.1	5.1	5.1	5.1	5.2	5.3	5.4	5.5	5.5	5.6
Information	1.5	1.7	1.7	1.7	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.8
Pct Chg Year Ago	-8.2	5.9	6.0	24.2	14.8	2.1	3.7	2.7	4.7	5.8	1.7	1.1	0.6
Financial Activities	4.9	4.9	4.9	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.8	4.9	5.0
Pct Chg Year Ago	-1.4	0.0	-1.5	-2.4	-2.9	-2.8	-2.2	-1.1	0.1	0.2	1.4	2.8	4.3
Prof & Business Services	10.3	10.0	10.0	10.0	10.3	10.4	10.6	10.6	10.8	10.9	10.9	11.1	11.2
Pct Chg Year Ago	-4.8	-4.1	-3.2	-3.7	0.6	4.0	5.1	6.7	4.0	4.2	3.7	3.9	3.9
Educ & Health Services	17.9	17.6	17.6	17.4	17.5	17.4	17.4	17.4	17.4	17.4	17.5	17.5	17.6
Pct Chg Year Ago	1.3	-0.6	-1.2	-1.9	-2.2	-1.0	-1.1	0.0	-0.6	-0.2	0.5	1.0	1.0
Leisure & Hospitality	13.3	13.1	13.0	12.8	12.7	12.8	12.8	12.9	12.9	13.0	13.1	13.1	13.2
Pct Chg Year Ago	0.5	-2.1	-4.2	-4.5	-4.3	-2.6	-1.7	0.2	1.6	1.9	1.9	2.0	2.2
Other Services	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Pct Chg Year Ago	-8.3	-6.9	-6.2	-2.2	-1.2	-0.7	-1.7	-1.2	0.9	1.1	1.1	0.7	0.7
Federal Government	4.0	3.8	3.8	3.9	4.1	3.8	3.5	3.5	3.5	3.5	3.4	3.4	3.4
Pct Chg Year Ago	5.1	1.8	-1.7	1.2	1.5	-2.2	-6.6	-10.7	-14.4	-7.9	-2.7	-2.1	-1.6
State & Local Government	22.8	22.5	22.1	21.8	21.8	21.5	21.4	21.4	21.4	21.4	21.5	21.6	21.7
Pct Chg Year Ago	-1.4	-2.7	-3.6	-4.9	-4.4	-4.3	-3.1	-1.7	-1.9	-0.4	0.5	0.8	1.3
Other Economic Indicators													
Population (Ths.)	407.2	407.5	407.7	407.9	408.1	408.5	408.8	409.1	409.3	409.7	410.1	410.7	410.9
Pct Chg Year Ago	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Labor Force (Ths.)	215.2	214.2	213.4	214.3	216.7	215.8	215.3	214.8	215.2	215.4	215.4	215.7	216.2
Pct Chg Year Ago	1.6	1.0	-0.3	0.0	0.7	0.8	0.9	0.3	-0.7	-0.2	0.1	0.4	0.5
Unemployment Rate (%)	10.6	11.2	12.2	12.3	12.3	12.0	11.7	11.1	10.6	10.2	9.9	9.5	9.3
Total Housing Starts (Annual Rate)	538	845	643	734	368	449	848	823	945	1001	1042	1336	1548
Single-Family	533	845	643	734	368	426	817	777	882	920	945	1219	1394
Multifamily	4	0	0	0	0	23	31	46	63	81	98	117	155

Quarterly Outlook for Vallejo

July 2010 Forecast

	2012Q3	2012Q4	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	18.5	18.7	18.9	19.3	19.5	19.8	20.2	20.6	21.0	21.3	21.6	21.9
Pct Chg Year Ago	6.0	5.9	5.6	5.8	5.8	5.9	6.7	6.9	7.3	7.4	6.8	6.5
Wages and Salaries	7.1	7.2	7.3	7.4	7.5	7.6	7.7	7.8	7.9	8.0	8.1	8.2
Nonwage Income	11.4	11.6	11.7	11.9	12.1	12.3	12.5	12.8	13.1	13.3	13.5	13.8
Real Personal Income (2000\$)	14.4	14.5	14.6	14.8	14.9	15.1	15.3	15.5	15.7	15.9	16.0	16.2
Pct Chg Year Ago	4.1	4.0	3.6	3.7	3.8	3.9	4.7	4.8	5.2	5.3	4.7	4.4
Per Capita Income (Ths.)	44.9	45.4	45.9	46.6	47.3	47.9	48.7	49.5	50.4	51.1	51.7	52.4
Real Per Capita Income (2000\$)	35.0	35.3	35.4	35.8	36.1	36.4	36.9	37.3	37.8	38.1	38.4	38.7
Average Annual Wage (Ths.)	54.7	55.1	55.7	56.0	56.5	57.0	57.5	58.0	58.4	58.9	59.5	59.9
Pct Chg Year Ago	3.0	3.1	3.4	3.2	3.3	3.3	3.3	3.6	3.4	3.4	3.4	3.1
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	121.4	122.3	123.2	123.9	124.6	125.3	125.9	126.5	127.0	127.6	128.2	128.8
Pct Chg Year Ago	2.7	2.9	2.9	2.8	2.6	2.4	2.2	2.0	2.0	1.9	1.9	1.9
Manufacturing	9.4	9.5	9.6	9.7	9.7	9.8	9.8	9.9	9.9	9.9	9.9	9.9
Pct Chg Year Ago	4.0	3.9	3.8	3.5	3.2	3.1	2.5	2.1	1.6	1.1	0.9	0.8
Nonmanufacturing	112.0	112.8	113.6	114.3	114.9	115.5	116.1	116.6	117.2	117.7	118.3	118.9
Pct Chg Year Ago	2.6	2.8	2.8	2.8	2.5	2.3	2.2	2.0	2.0	2.0	1.9	2.0
Construction & Mining	8.0	8.2	8.4	8.6	8.7	8.8	9.0	9.1	9.2	9.3	9.4	9.5
Pct Chg Year Ago	9.6	9.6	9.4	9.1	8.5	7.7	6.7	6.1	5.7	5.4	5.4	5.2
Trade, Trans, & Utilities	26.1	26.2	26.3	26.4	26.5	26.6	26.6	26.7	26.8	26.9	27.0	27.0
Pct Chg Year Ago	2.2	2.1	1.9	1.7	1.4	1.3	1.2	1.2	1.2	1.2	1.3	1.4
Wholesale Trade	4.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.2	4.2	4.2	4.2
Retail Trade	16.4	16.4	16.4	16.5	16.5	16.5	16.6	16.6	16.7	16.7	16.8	16.8
Trans, Wrhsng, & Util	5.7	5.7	5.8	5.8	5.9	5.9	6.0	6.0	6.0	6.0	6.0	6.1
Information	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.8	1.9	1.9	1.9
Pct Chg Year Ago	-0.6	1.7	1.7	1.7	1.1	1.1	0.5	0.5	1.1	1.6	1.1	1.6
Financial Activities	5.0	5.1	5.1	5.1	5.2	5.2	5.2	5.2	5.2	5.2	5.2	5.2
Pct Chg Year Ago	5.2	5.1	4.5	3.7	2.7	2.0	1.6	1.0	0.4	-0.1	-0.4	-0.3
Prof & Business Services	11.3	11.5	11.6	11.7	11.8	11.9	12.0	12.1	12.2	12.3	12.4	12.5
Pct Chg Year Ago	4.2	4.8	5.0	5.0	4.5	4.0	3.5	3.1	2.8	2.7	2.8	3.1
Educ & Health Services	17.6	17.7	17.8	17.9	18.0	18.1	18.2	18.3	18.4	18.5	18.5	18.6
Pct Chg Year Ago	1.4	1.6	1.6	1.9	1.9	1.8	2.0	2.1	2.1	2.3	2.0	2.0
Leisure & Hospitality	13.3	13.4	13.5	13.5	13.6	13.6	13.7	13.7	13.7	13.8	13.8	13.9
Pct Chg Year Ago	2.3	2.5	2.6	2.4	2.1	1.7	1.5	1.3	1.2	1.2	1.2	1.2
Other Services	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Pct Chg Year Ago	0.9	1.0	1.0	1.1	1.0	0.8	1.0	1.3	1.5	1.4	1.1	0.9
Federal Government	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Pct Chg Year Ago	-1.4	-1.1	-0.9	-0.8	-0.7	-0.6	-0.4	-0.2	-0.1	0.0	-0.1	-0.1
State & Local Government	21.8	21.9	22.0	22.2	22.3	22.4	22.5	22.7	22.8	22.9	23.0	23.2
Pct Chg Year Ago	1.7	1.9	2.2	2.3	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.2
Other Economic Indicators												
Population (Ths.)	411.4	411.8	412.7	413.0	413.5	413.9	415.1	415.5	416.0	416.5	418.0	418.4
Pct Chg Year Ago	0.4	0.4	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7
Labor Force (Ths.)	216.7	218.0	219.3	220.6	221.7	222.8	223.8	224.5	225.2	226.0	226.9	227.6
Pct Chg Year Ago	0.6	1.2	1.6	2.0	2.3	2.2	2.1	1.8	1.6	1.4	1.4	1.4
Unemployment Rate (%)	9.0	8.9	8.7	8.5	8.4	8.3	8.2	8.1	8.0	7.8	7.8	7.7
Total Housing Starts (Annual Rate)	1834	1862	1947	2013	2150	2310	2453	2518	2602	2734	2814	3131
Single-Family	1680	1695	1761	1798	1906	2052	2188	2244	2319	2435	2500	2807
Multifamily	155	166	186	215	244	258	265	274	283	299	314	324

University of the Pacific

A national doctoral university, University of the Pacific is recognized for an education combining exceptional professional preparation in a student-centered tradition of close interactions between students and professors. With a core liberal arts college and eight professional schools, more than any university enrolling fewer than 10,000 students, Pacific offers professional opportunities associated with far larger institutions in the environment of a small learning community. Pacific is California's first chartered institution of higher learning, having received its articles of incorporation from the California Supreme Court on July 10, 1851. The University enrolls more than 5,600 students on three campuses situated in the Northern California cities of San Francisco, Stockton and Sacramento.

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Business Forecasting Center

The Business Forecasting Center, founded in 2004 and housed in the Eberhardt School of Business, produces quarterly economic forecasts of the United States, California and 11 metropolitan areas from Sacramento to Fresno to the San Francisco Bay Area. In addition to its forecasting program, the Center offers consulting services to businesses and government including economic impact studies, survey analysis, econometric studies, market sizing and forecasting.



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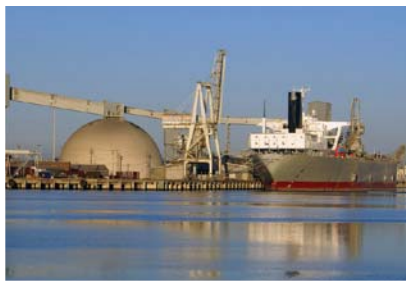
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His research has received numerous grants, been published in scholarly journals and received local and national press coverage including the Wall Street Journal, New York Times Magazine, San Francisco Chronicle, Washington Post, NPR, and PBS.

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