



May 2014

California & Metro

FORECAST



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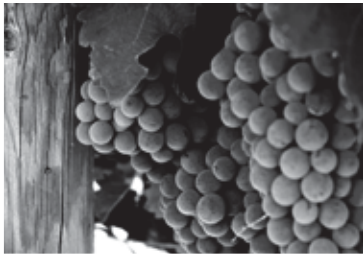
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Highlights of the May 2014 California Forecast

- California is forecast to experience 3.1% growth in real gross state product over the next year, and accelerate to 3.7% growth in 2016.
- California unemployment rate has fallen below 8%. We expect the unemployment rate to decline more gradually in the months ahead and fall below 7% in late 2015, and reach 6% by the end of 2016.
- Nonfarm payroll jobs should recover their pre-recession, 2007, level next month, and are projected to grow at a 2.1% rate in 2014, and increase to 2.3% growth in 2015 and 2016.
- State and local government employment stabilized in 2013 after four years of decline. We expect modest, 0.5% growth in state and local government payrolls in 2014 and a gradual increase to 1.4% growth by 2017. Because of this slow recovery, we project state and local government payrolls will still be slightly below 2008 levels in 2018.
- The Health Services sector was the only private sector to experience consistent job growth throughout the recession. Health care employment will continue substantial gains of about 60,000 jobs per year over the next few years.
- Professional Scientific & Technical Services is a high-paying sector that has led job growth in the recovery and fully recovered pre-recession employment in early 2012. This sector is projected to continue over 3% growth, adding 35,000 jobs over the next year.
- Manufacturing employment has shown very little growth over the past four years after a decade of large declines. We project roughly 1% growth in manufacturing jobs over the next few years with some of the growth driven by the construction rebound and the increasing demand for building materials.
- About 250,000 new Construction jobs are expected to be created over the next four years, about one-fifth of the 1.3 million jobs California will add between 2014 and 2018. Despite leading the state in job growth over the next four years, there will still be fewer Construction jobs than before the recession.
- Single-family housing starts have been slow to respond to increased housing prices, and we have reduced our forecast for 2014 single family housing starts to 40,000 units. We project a significant increase to 65,000 single-family units in 2015, 90,000 in 2016, and remaining just below 100,000 units in subsequent years.
- Multi-family housing starts have recovered pre-recession levels, and are projected to increase from 40,000 new starts in 2014 to 57,000 units by 2017.

California Outlook

California's economy is strengthening, and it will reach a major recovery milestone this quarter as non-farm payroll employment reaches its pre-recession, 2007 peak of 15.4 million jobs. California will achieve this milestone nearly a year earlier than previously forecast as recently revised employment data shows California jobs grew 3% in 2013, more than a full percentage point higher than estimates prior to the March revision. Some of the increase is due to a Bureau of Labor Statistics reclassification of some home health care jobs to the healthcare industry from private household employment that is outside the monthly payroll surveys, but most of the upward revision reflects higher job growth – much of it from new firms.

California's improving labor market is also evidenced by the state's unemployment rate falling below 8% for the first time since 2008. Part of the reason for rapidly declining unemployment is the slow growth of the labor force, as labor force participation has yet to respond to the improving job market. As the labor force begins to grow more rapidly, the unemployment rate will decline slower. We forecast unemployment will remain above 7% for all of 2014, drop below 7% near the end of 2015, and finally reach 6% at the end of 2016.

The California economy has continued to gain momentum despite the fact that construction and homebuilding remains sluggish. Building permits stopped growing in the fall and winter after taking a step forward in early 2013. Single family housing starts are still only about one-fourth of their pre-recession levels, at a pace of less than 40,000 units per year. With the recent recovery in home prices, inventories of existing homes for sale remaining low, and the economic recovery spreading to inland areas, home building is poised to begin growing again soon. We forecast significant recovery in housing

starts in 2015 and 2016 which will help push real gross state product growth above 3.5% in 2016 and 2017.

ECONOMIC IMPACTS OF DROUGHT:

The economic impact of the extreme drought gripping the state is of great interest. In our January forecast, we stated that “the worst case drought scenarios should have no more than a quarter percentage reduction in California's economic growth,” but a tenth of a percentage point decline (\$2 billion loss to a \$2 trillion economy) in the State economy is more likely. Public perception, fueled by the media, can overstate drought impacts in part due to its visibility and the highly political nature of California water debates. While the drought will decrease crop production in California by no more than 5%, the economic impacts on some parts of California's agriculture industry are very severe. In addition, the drought has significant environmental and quality of life impacts even in areas where economic output is little changed.

It will be a year before solid data is available on how much the drought has affected California agricultural production, but we can project a reasonable range of impacts based on early estimates of land fallowing. In 2009, agricultural water shortages in the San Joaquin Valley resulted in about 250,000 fallowed acres, and the loss of about \$350 million in agricultural output and between 5,000 and 9,000 fewer agricultural-related jobs in the San Joaquin Valley. In 2014, the drought is more severe, and agriculture industry sources have projected 500,000 to 800,000 fallowed acres – 2 to 3 times more fallowing than in 2009. Based on this industry projection of fallowed acres, we have made a preliminary

Table 1. California Annual Forecast Summary

	2013	2014	2015	2016	2017	2018
Real Gross State Product (% change)	2.6	2.6	3.3	3.7	3.5	3.2
Non-Farm Payroll Employment (% change)	3.0	2.1	2.3	2.3	2.0	1.4
Unemployment Rate (%)	8.9	7.8	7.2	6.4	5.7	5.4
Housing Starts (thousands)	73.1	80.0	117.5	146.1	152.2	151.9

Table 2. Change in Harvested Acres Between 2007 and 2012

County	Field Crops	Fruit and Nut Crops	Vegetable Crops	Total Change
Kern	-131,673	102,205	-13,446	-42,914
Kings	-533	7,105	-1,125	5,447
Tulare	98,646	32,698	-731	130,613
Fresno	-4,500	98,637	-39,079	55,058
Madera	-11,620	33,350	-1,000	20,730
Merced	18,481	10,306	-6,219	22,568
Stanislaus	64,515	54,113	12,887	131,515
San Joaquin	64,515	54,113	12,887	131,515
Total	72,316	386,414	-72,013	386,717

estimate of roughly \$1 billion in reduced crop output and between 10,000 and 30,000 fewer farm and agriculture-related jobs in 2014.

A new projection released last week from the Center for Watershed Sciences at UC-Davis suggests the impacts could be lower than our preliminary forecast. The UC-Davis model estimates 410,000 acres will be fallowed across the Central Valley. They project farmers will increase groundwater pumping by 5 million acre feet at a cost of \$450 million to offset a 6.5 million acre feet decline in surface water supplies. They estimate \$740 million decline in agriculture revenue and 14,500 fewer farm and agriculture-related jobs in the Central Valley. Interestingly, they estimate 30% of the agriculture losses will be in the Sacramento Valley and Delta, areas that were largely spared from the effects of the 2009 drought. Thus, they estimate impacts in the San Joaquin Valley south of the Delta are only a little greater than the 2009 drought. Some industry officials have stated that the UC-Davis forecast is too optimistic about groundwater availability and that losses will be larger.

The drought has also brought much needed attention to the issue of groundwater management and the sustainability of significant expansions of permanent crop acres in the Valley. We tabulated harvested acres in the San Joaquin Valley in 2007 and 2012, both of which

had good water supplies despite being the first year of multi-year droughts. Overall, harvested acres in the San Joaquin Valley increased from 5.4 million acres to 5.8 million acres, a 7% increase. Virtually all of the 386,000 new acres harvested were permanent crops, mostly almonds. While this expansion has provided a boost to the Valley economy through the recession, it also added over 1 million acre feet of new permanent water demand to a region that is already over drafting groundwater supplies.

THE REGIONAL EMPLOYMENT OUTLOOK:

The Bay Area continues to lead California's economic recovery. Both the San Francisco and San Jose MSA added jobs at a 4.5% pace in 2013, and also experienced impressive tech-fueled gains in income. Every metro area in the Bay area exceeded California's 3% job growth in 2013, including the East Bay where the recovery had been sluggish until 2013. We anticipate San Jose will continue to exceed the statewide average job growth through the end of the forecast in 2018. The San Francisco MSA will grow a little slower than San Jose as high costs and physical and regulatory constraints to growth will bring San Francisco job growth below 3% in 2014, and gradually declining to 1.7% growth in 2017.

Fresno led the Central Valley in job growth in 2013 at 4.4% posting strong gains in health care and temporary employment agencies. Despite the impacts of drought on local agriculture, Fresno non-farm jobs are on pace for healthy 3.4% growth in 2014 before slowing to 2.3% in 2015. Despite the City of Stockton’s bankruptcy, the Stockton MSA also exceeded statewide job growth in 2013 at 3.2% with growth driven by the California Prison Healthcare Facility and Amazon. All parts of the Central Valley are projected to grow employment at a 2% or higher pace between 2015 and 2017. In 2015, we project Sacramento will lead all MSAs in Northern California with 3% job growth supported by the construction of the new arena and associated development and the improving California budget outlook.

STOCKTON BANKRUPTCY UPDATE: Two Issues Still Unresolved as Trial Resumes June 4

In late 2013, it looked as if Stockton could be exiting bankruptcy by now as it had reached settlements with its largest creditors, passed a sales tax increase, and filed its plan of adjustment in bankruptcy court. However, in recent months, Stockton has been unable to reach a much anticipated settlement with its final major creditor, Franklin Templeton Investments, over roughly \$30 million in bonds issued in 2009. Franklin began challenging the City’s plan in Court the week of May 12. The trial was unable to be completed in the scheduled week, and will resume on June 4, perhaps giving the City and Franklin a few more weeks to work out a settlement.

There appear to be two key questions to resolve before the judge can confirm Stockton’s plan to exit bankruptcy.

The first question is whether Stockton’s plan treats Franklin equitably in relation to other creditors. The second question is whether the Stockton’s bankruptcy exit plan is financially sound so as to prevent a future bankruptcy. The hot button issue of whether pensions can or should be cut has been raised in relation to both of these key questions.

The first issue of Franklin’s equitable treatment has been the main focus in court and seems more likely to threaten confirmation of the City’s bankruptcy plan. The City’s plan proposes less than 1% repayment of Franklin’s bonds, largely justified by the City’s opinion that the money-losing recreation facilities that are collateral to the bonds have no economic value. Franklin disputes this valuation, and also points out that other creditors, including a pension bond with no collateral, are receiving at least a 50% and up to 100% recovery. If no last minute settlement emerges with Franklin, it seems there is a reasonable chance the judge could reject Stockton’s current plan as inequitable, and force the City to write a new plan. It is unclear how long it would take to develop a revised plan, if it could affect previous settlements Stockton has reached with its other creditors, and whether this could bring the pension issue into play.

The second question, whether the bankruptcy exit plan is financially sound, seems less likely to derail the bankruptcy exit plan. It is true that the City’s budget projections show very small reserves and assume that the recent sales tax increase is extended beyond its ten year expiration date. However, the budget plan also incorporates an ambitious plan to hire 120 more police officers that was a key to persuading City voters to pass the general sales tax increase last fall. In the event of

Table 3. Central Valley Metro Forecast Summary

Metro Area	Nonfarm Payroll Employment (% change)					Unemployment Rate (%)				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
Sacramento	2.8	2.4	2.9	2.7	2.5	8.6	7.5	7.0	6.3	5.6
Stockton	3.2	2.3	2.6	2.6	2.3	12.8	11.8	11.0	9.9	8.7
Modesto	2.9	2.0	2.3	2.6	2.4	13.0	12.2	11.6	10.7	10.0
Merced	2.6	1.5	2.8	2.5	2.4	14.8	13.3	12.4	11.3	10.2
Fresno	4.4	3.4	2.3	2.4	2.2	13.1	11.9	11.0	9.7	8.7
California	3.0	2.1	2.3	2.3	2.0	8.9	7.8	7.2	6.4	5.7

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 (%)				
	2013	2014	2015	2016	2017	2013	2014	2015	2016	2017
San Francisco	4.4	2.7	2.5	2.2	1.7	5.5	4.8	4.4	4.0	3.6
San Jose	4.5	3.6	2.7	2.7	2.4	6.9	5.9	5.5	4.9	4.4
Oakland	3.5	1.7	2.4	2.5	2.5	7.4	6.4	5.9	5.2	4.6
Santa Cruz	3.9	1.8	2.1	1.9	1.8	9.2	8.4	7.9	7.1	6.2
Vallejo	3.2	2.1	2.6	2.5	2.2	8.3	7.4	7.0	6.2	5.5
California	3.0	2.1	2.3	2.3	2.0	8.9	7.8	7.2	6.4	5.7

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.

renewed budget deficits, whether driven by rising pension costs most frequently cited by opponents as a major risk or other issues, the City would have the option to disappoint voters and add fewer than the promised 120 additional police officers to balance its budget and avoid another trip into bankruptcy.

The final hurdle of the bankruptcy process, confirmation of the City's plan, is proving to be more difficult and time consuming than expected last fall when the City reached settlements with its largest creditors and passed the Measure A sales tax increase. The bankruptcy judge's ruling next month will determine whether the City is simply experiencing a short delay or a major detour from the path it has charted out of bankruptcy.

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Personal Income and Gross State Product													
Personal Income (Bil. \$)	1499.5	1564.4	1596.3	1536.4	1579.1	1683.2	1768.0	1817.0	1893.2	1998.4	2113.1	2238.2	2360.2
Calif. (%Ch)	7.4	4.3	2.1	-3.7	2.8	6.6	5.0	2.8	4.2	5.6	5.7	5.9	5.5
Real Personal Income (Bil. 2005\$)	1460.3	1486.4	1471.8	1417.6	1433.1	1492.0	1538.6	1563.6	1607.5	1673.4	1744.1	1817.1	1881.1
(%Ch)	4.6	1.8	-1.0	-3.7	1.1	4.1	3.1	1.6	2.8	4.1	4.2	4.2	3.5
Real Disposable Income (Bil. 2005\$)	1270.6	1284.0	1288.6	1268.6	1276.2	1312.6	1348.3	1355.9	1392.0	1447.7	1508.3	1572.7	1628.3
(%Ch)	4.0	1.1	0.4	-1.6	0.6	2.9	2.7	0.6	2.7	4.0	4.2	4.3	3.5
Gross State Product (Bil. \$)	1798.2	1870.9	1900.5	1818.6	1845.3	1908.9	2003.4	2075.6	2166.3	2278.3	2398.7	2523.1	2648.7
Calif. (%Ch)	6.5	4.0	1.6	-4.3	1.5	3.5	4.9	3.6	4.4	5.2	5.3	5.2	5.0
Real GSP (Bil. 2005\$)	1745.4	1763.5	1756.1	1667.2	1672.5	1692.3	1754.3	1799.1	1846.0	1907.1	1977.3	2046.9	2112.5
Calif. (%Ch)	3.4	1.0	-0.4	-5.0	0.3	1.2	3.7	2.6	2.6	3.3	3.7	3.5	3.2
Employment and Labor Force (Household Survey % Change)													
Employment	1.4	0.9	-0.4	-4.3	-0.6	1.1	2.1	2.1	1.9	2.4	2.3	1.9	1.3
Labor Force	0.8	1.3	1.6	0.1	0.6	0.5	0.6	0.4	0.6	1.8	1.4	1.1	1.0
CA Unemployment Rate (%)	4.9	5.3	7.2	11.3	12.3	11.8	10.4	8.9	7.8	7.2	6.4	5.7	5.4
Nonfarm Employment (Payroll Survey % Change)													
Total Nonfarm													
California	1.8	0.8	-1.1	-5.7	-1.1	1.1	2.4	3.0	2.1	2.3	2.3	2.0	1.4
Mining	6.3	6.5	7.9	-9.3	2.9	7.7	6.0	0.2	2.7	2.5	-0.5	1.0	2.1
Construction	3.2	-4.3	-11.8	-21.0	-9.9	0.3	5.1	8.0	6.9	10.3	11.7	7.6	3.2
Manufacturing	-1.0	-1.7	-2.6	-10.1	-3.0	0.5	0.3	0.0	0.4	1.6	0.9	0.5	0.5
Nondurable Goods	-0.6	-1.2	-2.0	-8.2	-2.5	-0.4	0.3	0.0	-1.5	0.1	0.0	0.1	0.4
Durable Goods	-1.2	-2.1	-3.0	-11.2	-3.4	1.0	0.3	0.0	1.6	2.5	1.4	0.7	0.6
Trans. Warehs. & Utility	1.8	2.3	-0.6	-6.0	-1.7	1.7	2.7	3.3	1.8	2.9	3.5	3.4	2.3
Wholesale Trade	4.0	2.2	-1.7	-8.3	-0.1	2.2	2.7	3.2	2.5	2.4	2.6	2.4	1.8
Retail Trade	1.3	0.5	-2.9	-7.2	-0.2	1.9	1.6	2.0	1.0	0.8	0.4	0.4	0.3
Financial Activities	0.9	-3.4	-6.1	-7.0	-2.9	0.2	1.5	1.2	0.0	1.2	0.8	0.2	-0.8
Prof. and Business Services	3.8	1.0	-1.2	-8.0	0.7	2.8	5.0	4.3	4.2	4.6	4.0	3.0	2.0
Edu. & Health Services	2.3	3.8	4.0	2.7	0.6	1.4	4.3	6.2	2.7	2.3	3.0	2.5	2.0
Leisure & Hospitality	3.0	2.7	0.8	-4.4	-0.1	2.3	4.1	4.5	2.3	2.0	1.0	1.5	1.1
Information	-1.6	1.1	1.1	-7.3	-2.7	0.4	1.0	3.5	2.2	0.9	2.3	2.8	2.0
Federal Gov't.	-0.6	-0.7	0.5	1.1	6.8	-4.6	-1.8	-1.9	-2.0	-1.2	-2.0	-1.4	-1.5
State & Local Gov't.	1.5	2.0	1.0	-1.8	-2.1	-1.4	-1.1	0.0	0.5	0.7	1.1	1.4	1.7
Population and Migration													
Population (Ths.)	36052.0	36302.1	36648.9	37012.0	37376.5	37709.7	38041.3	38373.9	38709.9	39060.0	39420.3	39790.4	40168.5
(%Ch)	0.6	0.7	1.0	1.0	1.0	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0
Net Migration (Quarterly Rate, Ths.)	-28.5	-9.1	8.6	16.7	16.7	18.0	19.6	19.9	20.2	21.2	20.4	19.6	19.3
Housing													
Housing Starts Tot. Private (Annual Rate, Ths.)	154.1	102.1	61.0	36.1	39.0	45.8	55.7	73.1	80.0	117.5	146.1	152.2	151.9
Housing Starts Single Family	113.7	70.1	36.5	26.7	26.8	23.9	28.7	36.4	39.7	65.1	89.8	95.0	92.3
Housing Starts Multi-Family	40.4	32.0	24.4	9.3	12.3	21.9	27.0	36.7	40.3	52.3	56.4	57.2	59.6
Consumer Prices													
(%Ch)	3.4	3.2	3.3	-0.3	1.1	2.8	2.2	1.5	1.8	1.5	1.5	1.8	2.1

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

	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Personal Income and Gross State Product												
Personal Income (Annual Rate, Bil. \$)	1778.7	1803.9	1839.1	1846.4	1857.6	1881.2	1906.1	1928.0	1958.8	1985.5	2011.2	2038.0
Calif. (%Ch)	2.6	3.6	4.2	0.7	4.4	4.3	3.6	4.4	5.4	5.5	5.5	5.7
Real Personal Income (Bil. 2005\$)	1535.0	1557.1	1580.0	1582.1	1586.7	1601.8	1614.6	1626.7	1648.0	1666.4	1681.3	1698.1
(%Ch)	1.3	2.5	3.1	-0.3	3.4	2.9	2.2	2.8	3.9	4.0	4.1	4.4
Real Disposable Income (Bil. 2005\$)	1331.8	1350.2	1370.2	1371.3	1375.5	1387.5	1396.9	1408.0	1425.7	1441.5	1454.9	1468.6
(%Ch)	0.3	1.4	2.0	-1.3	3.3	2.8	2.0	2.7	3.6	3.9	4.2	4.3
Gross State Product (Bil. \$)	2045.6	2058.4	2087.8	2110.4	2124.5	2151.4	2181.6	2207.5	2235.1	2262.4	2293.4	2322.4
Calif. (%Ch)	3.8	3.5	3.3	3.8	3.9	4.5	4.5	4.6	5.2	5.2	5.1	5.2
Real GSP (Bil. 2005\$)	1780.7	1789.3	1806.8	1819.8	1825.3	1838.5	1853.2	1866.9	1881.6	1897.5	1915.8	1933.7
Calif. (%Ch)	2.8	2.6	2.4	2.4	2.5	2.8	2.6	2.6	3.1	3.2	3.4	3.6
Employment and Labor Force (Household Survey % Change)												
Employment	2.4	2.5	2.0	1.4	1.4	1.6	2.1	2.3	2.2	2.4	2.5	2.6
Labor Force	0.7	0.7	0.4	-0.2	0.0	0.2	0.7	1.3	1.6	1.9	1.9	1.9
CA Unemployment Rate (%)	9.4	9.1	8.9	8.4	8.1	7.8	7.7	7.6	7.5	7.4	7.2	7.0
Nonfarm Employment (Payroll Survey % Change)												
Total Nonfarm												
California	3.1	3.2	3.3	2.6	2.2	2.2	2.0	2.0	2.3	2.2	2.3	2.4
Mining	1.9	1.9	-1.5	-1.4	0.0	1.1	4.5	5.0	4.0	3.5	1.7	0.7
Construction	8.2	9.1	7.8	6.9	5.7	6.3	7.5	8.3	9.2	9.6	10.9	11.7
Manufacturing	-0.1	-0.1	-0.1	0.1	-0.2	0.1	0.8	1.1	1.9	1.9	1.4	1.3
Nondurable Goods	0.4	0.2	0.3	-1.1	-1.8	-1.7	-1.9	-0.5	0.1	0.1	0.0	0.1
Durable Goods	-0.4	-0.3	-0.3	0.8	0.9	1.2	2.4	2.0	2.9	2.9	2.2	2.1
Trans. Warehs. & Utility	4.0	2.8	2.9	3.3	1.9	2.2	1.6	1.4	2.6	2.9	3.0	3.1
Wholesale Trade	3.4	3.4	3.4	2.7	2.6	2.5	2.3	2.7	2.5	2.3	2.3	2.4
Retail Trade	1.4	2.0	2.2	2.4	1.4	1.2	1.1	0.4	1.0	0.9	0.8	0.5
Financial Activities	1.6	1.8	1.2	0.1	-0.1	-0.4	-0.3	0.7	1.2	1.2	1.2	1.2
Prof. and Business Services	4.5	4.5	4.2	4.0	4.1	3.9	4.4	4.5	4.4	4.7	4.5	4.7
Edu. & Health Services	6.8	6.6	7.5	3.7	3.1	3.7	2.2	2.0	1.9	1.8	2.4	2.8
Leisure & Hospitality	4.8	5.0	4.2	4.1	2.7	2.3	2.2	2.0	2.7	2.1	1.9	1.4
Information	3.2	3.3	3.8	3.9	3.1	2.6	2.3	0.7	0.6	0.3	1.3	1.5
Federal Gov't.	-1.3	-1.6	-2.3	-2.3	-2.5	-2.2	-1.5	-1.7	-1.0	-1.0	-1.3	-1.4
State & Local Gov't.	-0.7	-0.5	0.4	0.6	0.8	0.8	0.1	0.3	0.5	0.7	0.8	0.8
Population and Migration												
Population (Ths.)	38249.1	38332.5	38415.6	38498.4	38581.8	38666.4	38752.2	38839.0	38926.8	39015.2	39104.2	39193.7
(%Ch)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9
Net Migration (Ths.)	20.0	20.2	19.9	19.6	19.3	20.0	20.6	21.1	21.4	21.3	21.2	21.0
Housing												
Housing Starts Tot. Private (Annual Rate, Th)	72.9	68.3	67.4	83.6	70.1	77.0	81.7	91.1	98.9	111.7	125.4	133.8
Housing Starts Single Family	35.9	34.8	35.4	39.6	33.9	37.8	41.6	45.6	51.6	61.0	70.9	77.1
Housing Starts Multi-Family	37.1	33.5	32.0	44.0	36.3	39.2	40.1	45.5	47.3	50.7	54.5	56.7
Consumer Prices												
(%Ch)	1.8	1.6	1.6	1.0	1.6	1.8	1.9	2.1	1.9	1.6	1.3	1.1

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

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Personal Income and Gross State Product												
Personal Income (Annual Rate, Bil. \$)	2070.6	2097.9	2126.7	2157.4	2191.4	2223.0	2253.9	2284.5	2316.8	2345.6	2374.7	2403.9
Calif. (%Ch)	5.7	5.7	5.7	5.9	5.8	6.0	6.0	5.9	5.7	5.5	5.4	5.2
Real Personal Income (Bil. 2005\$)	1718.4	1735.1	1752.5	1770.3	1790.6	1808.8	1826.3	1842.8	1859.4	1873.9	1888.3	1902.7
(%Ch)	4.3	4.1	4.2	4.3	4.2	4.2	4.2	4.1	3.8	3.6	3.4	3.2
Real Disposable Income (Bil. 2005\$)	1484.7	1499.4	1516.2	1533.0	1547.1	1564.3	1581.6	1597.9	1607.9	1621.8	1635.3	1648.3
(%Ch)	4.1	4.0	4.2	4.4	4.2	4.3	4.3	4.2	3.9	3.7	3.4	3.2
Gross State Product (Bil. \$)	2352.6	2382.1	2413.8	2446.4	2476.4	2507.0	2538.6	2570.1	2601.1	2632.0	2664.6	2697.0
Calif. (%Ch)	5.3	5.3	5.3	5.3	5.3	5.2	5.2	5.1	5.0	5.0	5.0	4.9
Real GSP (Bil. 2005\$)	1950.1	1967.5	1986.4	2005.2	2020.8	2038.0	2055.8	2072.9	2087.6	2103.6	2120.7	2137.8
Calif. (%Ch)	3.6	3.7	3.7	3.7	3.6	3.6	3.5	3.4	3.3	3.2	3.2	3.1
Employment and Labor Force (Household Survey % Change)												
Employment	2.4	2.3	2.2	2.1	2.1	2.0	1.8	1.6	1.4	1.3	1.2	1.1
Labor Force	1.6	1.4	1.3	1.2	1.2	1.1	1.1	1.0	1.0	1.0	1.0	0.9
CA Unemployment Rate (%)	6.8	6.5	6.3	6.1	5.9	5.8	5.7	5.6	5.5	5.5	5.4	5.4
Nonfarm Employment (Payroll Survey % Change)												
Total Nonfarm												
California	2.4	2.3	2.3	2.3	2.2	2.1	2.0	1.8	1.6	1.5	1.3	1.2
Mining	-0.3	-1.1	-0.4	-0.1	0.4	0.9	1.1	1.4	1.6	2.1	2.4	2.5
Construction	12.3	12.3	11.5	10.5	9.5	8.3	7.0	5.7	4.5	3.5	2.7	2.0
Manufacturing	1.1	0.9	0.8	0.7	0.6	0.6	0.4	0.3	0.3	0.5	0.5	0.6
Nondurable Goods	0.0	0.0	0.0	-0.1	-0.1	0.0	0.1	0.3	0.4	0.4	0.4	0.4
Durable Goods	1.7	1.4	1.3	1.2	0.9	0.9	0.6	0.4	0.3	0.5	0.6	0.8
Trans. Warehs. & Utility	3.2	3.5	3.7	3.7	3.7	3.5	3.3	3.1	2.9	2.6	2.1	1.6
Wholesale Trade	2.4	2.6	2.6	2.7	2.7	2.5	2.4	2.2	2.0	1.8	1.7	1.6
Retail Trade	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.4	0.3	0.1
Financial Activities	1.0	0.9	0.8	0.6	0.5	0.3	0.1	-0.2	-0.5	-0.8	-0.9	-0.9
Prof. and Business Services	4.5	4.0	3.8	3.6	3.4	3.2	2.9	2.5	2.3	2.0	1.9	1.7
Edu. & Health Services	3.0	3.0	2.9	3.0	2.7	2.5	2.5	2.4	2.2	2.1	2.0	1.7
Leisure & Hospitality	0.9	0.7	1.0	1.3	1.3	1.6	1.6	1.4	1.4	1.2	1.0	0.9
Information	1.8	2.7	2.2	2.4	3.3	2.9	2.5	2.4	2.3	1.9	1.7	1.9
Federal Gov't.	-2.1	-2.0	-1.9	-2.0	-1.4	-1.4	-1.3	-1.4	-1.5	-1.5	-1.5	-1.4
State & Local Gov't.	0.9	1.0	1.1	1.3	1.4	1.4	1.4	1.5	1.6	1.7	1.7	1.7
Population and Migration												
Population (Ths.)	39283.8	39374.4	39465.6	39557.5	39650.0	39743.3	39837.0	39931.2	40025.9	40121.0	40216.1	40311.1
(%Ch)	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0	1.0	1.0
Net Migration (Ths.)	20.8	20.6	20.3	20.1	19.8	19.6	19.5	19.4	19.4	19.3	19.3	19.4
Housing												
Housing Starts Tot. Private (Annual Rate, Th)	140.6	144.7	148.5	150.7	153.2	152.4	151.4	151.8	152.3	151.2	151.2	153.0
Housing Starts Single Family	83.2	88.5	92.7	94.8	96.1	95.5	94.4	94.0	93.3	92.6	92.0	91.5
Housing Starts Multi-Family	57.4	56.3	55.9	55.9	57.1	56.9	57.0	57.8	59.0	58.6	59.2	61.5
Consumer Prices												
(%Ch)	1.3	1.5	1.5	1.7	1.7	1.8	1.9	1.9	2.1	2.1	2.2	2.2

Table 3. Employment Quarterly

2013Q1 2013Q2 2013Q3 2013Q4 2014Q1 2014Q2 2014Q3 2014Q4 2015Q1 2015Q2 2015Q3 2015Q4

California Payroll Employment (Thousands)

Total Nonfarm	15008.9	15102.9	15209.4	15292.7	15334.4	15433.2	15511.7	15592.9	15682.4	15778.4	15873.6	15969.1
Manufacturing	1250.5	1251.4	1252.1	1251.7	1248.4	1252.4	1261.8	1265.5	1272.0	1275.9	1279.1	1282.4
Durable Goods	778.5	779.7	779.3	786.1	785.1	788.9	798.0	802.1	808.1	811.9	815.5	818.7
Wood Products	20.4	20.6	20.9	21.3	22.2	22.7	23.2	23.8	24.5	25.3	26.1	26.8
Computer & Electronics	263.3	262.6	262.4	263.8	263.4	265.5	267.1	267.6	269.7	271.1	271.3	271.3
Transportation Equipment	103.8	103.2	103.0	102.9	102.5	102.9	103.6	104.1	104.6	105.1	105.5	105.5
Nondurables	472.0	471.7	472.8	465.5	463.3	463.5	463.8	463.4	463.9	463.9	463.6	463.8
Foods	150.5	150.7	150.6	145.1	146.7	147.2	147.2	147.2	147.8	148.2	148.5	149.0
Non-Manufacturing	13758.4	13851.5	13957.3	14041.0	14086.0	14180.8	14249.9	14327.4	14410.4	14502.5	14594.5	14686.7
Mining	30.9	30.9	30.3	30.3	30.9	31.2	31.6	31.9	32.1	32.3	32.2	32.1
Construction	624.5	633.9	639.9	650.2	659.8	674.0	687.8	704.2	720.2	738.8	762.5	786.5
Transportation, Warehouse & Util.	498.6	498.8	505.1	510.2	508.1	509.9	513.0	517.2	521.4	524.7	528.6	533.2
Wholesale Trade	690.0	696.3	701.4	702.5	707.7	713.4	717.3	721.3	725.6	730.0	734.2	738.5
Retail Trade	1589.0	1598.5	1604.4	1620.1	1610.5	1617.6	1621.3	1625.9	1627.3	1631.5	1634.0	1634.5
Information	443.2	447.9	451.3	459.3	457.1	459.7	461.6	462.6	459.9	460.9	467.4	469.4
Prof. & Bus. Services	2298.7	2324.3	2346.8	2366.2	2392.5	2416.1	2449.8	2472.7	2498.9	2529.2	2559.0	2589.7
Admin. & Support	963.0	972.1	984.8	991.4	1005.9	1020.1	1045.8	1060.2	1077.2	1098.8	1120.4	1143.0
Prof. Sci. & Tech.	1121.8	1136.3	1144.4	1154.7	1164.0	1173.5	1181.7	1190.8	1200.3	1209.5	1217.8	1226.2
Mgmt. of Co.	213.9	215.9	217.6	220.1	222.6	222.6	222.3	221.7	221.5	221.0	220.8	220.5
Financial Activities	780.5	784.9	785.5	779.9	779.5	781.7	783.2	785.2	788.6	791.3	792.7	794.6
Real Estate & Rent	256.2	258.4	259.9	260.0	260.5	261.9	263.6	265.3	267.5	268.9	270.8	273.0
Finance & Insurance	524.2	526.5	525.6	519.9	519.1	519.8	519.6	519.9	521.1	522.3	521.9	521.6
Education & Health Service	2278.7	2288.1	2322.6	2335.2	2350.3	2371.9	2374.3	2381.0	2396.0	2415.2	2431.5	2448.3
Education Services	341.0	342.9	347.6	352.0	352.6	356.9	352.8	350.6	349.7	348.5	347.3	346.6
Health Services	1937.7	1945.3	1975.0	1983.3	1997.7	2015.1	2021.5	2030.3	2046.2	2066.7	2084.2	2101.7
Leisure & Hospitality	1646.6	1669.3	1676.5	1691.4	1691.9	1708.0	1712.9	1725.3	1738.1	1743.2	1745.9	1749.2
Other Services	512.1	514.7	516.5	518.4	522.1	522.8	521.4	519.7	518.8	517.5	516.5	515.5
Government	2365.6	2363.7	2376.9	2377.2	2375.6	2374.6	2375.6	2380.5	2383.7	2388.0	2390.2	2395.2
Federal Gov't.	248.4	246.4	244.2	244.4	242.3	241.1	240.5	240.3	239.9	238.6	237.3	236.9
State & Local Gov't.	2117.1	2117.3	2132.7	2132.8	2133.3	2133.5	2135.1	2140.2	2143.8	2149.4	2152.9	2158.3

Table 3. Employment Quarterly

2016Q1 2016Q2 2016Q3 2016Q4 2017Q1 2017Q2 2017Q3 2017Q4 2018Q1 2018Q2 2018Q3 2018Q4

California Payroll Employment (Thousands)

Total Nonfarm	16052.9	16145.0	16238.6	16332.8	16409.1	16487.3	16557.3	16623.8	16677.2	16727.6	16776.3	16821.4
Manufacturing	1286.0	1287.3	1289.5	1291.6	1293.3	1294.8	1295.2	1295.9	1297.5	1300.7	1302.1	1304.3
Durable Goods	822.0	823.3	825.8	828.3	829.7	830.7	831.0	831.2	832.1	834.8	836.1	837.9
Wood Products	27.4	27.8	28.2	28.4	28.6	28.7	28.6	28.4	28.3	28.3	28.3	28.4
Computer & Electronics	271.2	270.5	270.2	270.6	271.3	272.0	272.5	273.4	274.7	276.5	278.0	279.9
Transportation Equipment	106.0	105.8	105.6	105.3	104.6	104.0	103.4	102.9	102.7	102.7	102.7	102.7
Nondurables	463.9	464.0	463.7	463.3	463.6	464.1	464.2	464.7	465.4	465.9	466.0	466.4
Foods	149.4	149.8	150.0	150.3	150.7	151.4	151.9	152.5	153.2	153.8	154.3	154.9
Non-Manufacturing	14767.0	14857.7	14949.1	15041.2	15115.7	15192.5	15262.1	15327.9	15379.7	15426.9	15474.2	15517.1
Mining	32.0	32.0	32.1	32.1	32.2	32.3	32.4	32.5	32.7	32.9	33.2	33.3
Construction	808.7	829.6	850.2	869.4	885.3	898.7	909.7	918.7	925.4	930.4	934.5	937.3
Transportation, Warehouse & Util.	537.8	543.2	547.9	552.7	557.7	562.0	566.0	569.7	573.7	576.5	577.8	578.8
Wholesale Trade	743.0	748.6	753.6	758.4	762.9	767.2	771.3	774.9	778.4	781.3	784.6	787.1
Retail Trade	1636.1	1638.4	1640.0	1640.8	1642.3	1645.0	1647.3	1649.3	1650.3	1651.4	1651.5	1651.2
Information	468.3	473.3	477.9	480.5	483.6	487.0	490.0	492.0	494.8	496.2	498.5	501.6
Prof. & Bus. Services	2610.7	2631.2	2656.9	2682.9	2700.4	2715.6	2732.7	2749.3	2761.7	2770.5	2783.5	2796.8
Admin. & Support	1159.4	1174.6	1195.6	1216.3	1228.4	1237.7	1250.9	1263.7	1273.0	1279.3	1289.8	1301.1
Prof. Sci. & Tech.	1230.7	1235.8	1240.6	1245.9	1251.0	1256.9	1261.0	1264.9	1267.9	1270.8	1273.5	1275.7
Mgmt. of Co.	220.7	220.7	220.8	220.8	221.0	221.0	220.9	220.8	220.8	220.3	220.2	220.0
Financial Activities	796.1	798.0	799.2	799.4	799.8	800.6	799.7	797.5	796.1	793.9	792.1	790.6
Real Estate & Rent	275.3	277.2	278.5	280.0	281.3	282.2	282.6	283.0	283.7	284.0	284.1	284.0
Finance & Insurance	520.8	520.8	520.7	519.5	518.5	518.5	517.1	514.6	512.5	509.9	508.0	506.6
Education & Health Service	2467.2	2488.5	2503.2	2520.7	2533.4	2551.7	2565.8	2581.7	2590.2	2605.9	2617.6	2626.7
Education Services	346.4	346.2	346.1	346.6	348.0	348.8	349.9	350.7	352.1	352.7	353.1	353.0
Health Services	2120.8	2142.3	2157.1	2174.1	2185.4	2202.8	2216.0	2231.0	2238.0	2253.2	2264.5	2273.7
Leisure & Hospitality	1753.6	1755.4	1762.5	1771.2	1776.7	1783.3	1790.4	1796.8	1801.6	1804.3	1809.1	1813.7
Other Services	515.4	515.6	515.6	515.7	517.4	518.1	518.8	519.0	519.7	519.5	519.3	519.1
Government	2398.2	2404.1	2410.0	2417.5	2424.1	2431.1	2438.0	2446.5	2455.2	2464.1	2472.8	2480.8
Federal Gov't.	234.9	233.8	232.8	232.1	231.6	230.6	229.8	228.9	228.0	227.2	226.4	225.6
State & Local Gov't.	2163.3	2170.2	2177.2	2185.3	2192.6	2200.4	2208.3	2217.6	2227.2	2236.9	2246.4	2255.2

Table 4. Employment Annual

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
California Payroll Employment (Thousands)													
Total Nonfarm	15282.9	15410.8	15241.3	14369.6	14210.0	14359.2	14706.1	15153.5	15468.0	15825.9	16192.3	16519.4	16750.6
Manufacturing	1489.9	1463.9	1425.4	1281.7	1242.0	1247.8	1252.0	1251.4	1257.0	1277.4	1288.6	1294.8	1301.2
Durable Goods	947.2	927.7	899.8	798.8	771.2	778.7	781.3	780.9	793.5	813.5	824.9	830.7	835.2
Wood Products	24.9	24.6	24.0	19.7	19.0	19.8	19.9	19.1	18.8	19.1	19.5	19.9	20.1
Computer & Electronics	308.1	304.0	300.0	278.5	271.9	275.2	270.0	263.0	265.9	270.9	270.6	272.3	277.3
Transportation Equipment	130.0	126.8	123.7	112.9	106.7	102.7	102.6	103.2	103.3	105.2	105.7	103.7	102.7
Nondurables	542.7	536.2	525.6	482.8	470.8	469.1	470.7	470.5	463.5	463.8	463.7	464.2	465.9
Foods	151.1	152.9	153.0	147.9	147.0	149.4	150.3	149.2	147.1	148.3	149.9	151.6	154.1
Non-Manufacturing	13793.0	13946.9	13815.9	13087.9	12968.0	13111.3	13454.1	13902.0	14211.0	14548.5	14903.7	15224.6	15449.5
Mining	25.0	26.6	28.7	26.1	26.8	28.8	30.5	30.6	31.4	32.2	32.0	32.3	33.0
Construction	933.5	893.1	788.3	622.8	559.6	561.3	590.1	637.2	681.4	752.0	839.5	903.1	931.9
Trans., Warehouse & Util.	496.3	507.7	504.7	474.6	466.3	474.2	487.3	503.2	512.0	526.9	545.4	563.8	576.7
Wholesale Trade	700.3	715.4	703.4	645.1	644.0	658.1	675.8	697.5	714.9	732.0	750.9	769.1	782.9
Retail Trade	1680.4	1689.5	1640.9	1522.5	1518.4	1547.0	1571.5	1603.0	1618.8	1631.8	1638.8	1646.0	1651.1
Information	466.0	471.0	476.0	441.3	429.0	430.6	435.1	450.4	460.2	464.4	475.0	488.2	497.8
Prof. & Bus. Services	2242.3	2265.6	2239.4	2060.9	2073.9	2131.4	2238.1	2334.0	2432.8	2544.2	2645.4	2724.5	2778.1
Admin. & Support	1003.9	998.3	952.7	850.4	863.4	882.8	932.5	977.9	1033.0	1109.8	1186.5	1245.2	1285.8
Prof. Sci. & Tech.	1025.8	1060.0	1079.4	1013.2	1015.1	1049.2	1100.4	1139.3	1177.5	1213.4	1238.2	1258.4	1272.0
Mgmt. of Co.	212.7	207.3	207.3	197.3	195.4	199.3	205.2	216.9	222.3	221.0	220.7	220.9	220.3
Financial Activities	927.9	896.7	841.9	782.9	760.1	761.9	773.5	782.7	782.4	791.8	798.2	799.4	793.2
Real Estate & Rent	288.5	283.6	275.9	254.8	248.2	247.1	250.9	258.7	262.8	270.1	277.8	282.3	283.9
Finance & Insurance	639.4	613.1	566.0	528.1	511.9	514.8	522.6	524.1	519.6	521.7	520.4	517.1	509.2
Education & Health Service	1843.0	1913.4	1990.1	2043.9	2055.4	2083.8	2172.7	2306.2	2369.4	2422.7	2494.9	2558.1	2610.1
Education Services	277.7	289.1	300.5	304.2	309.5	325.9	336.4	345.9	353.2	348.0	346.3	349.3	352.7
Health Services	1565.3	1624.3	1689.7	1739.7	1745.9	1758.0	1836.3	1960.3	2016.2	2074.7	2148.6	2208.8	2257.4
Leisure & Hospitality	1518.9	1560.2	1573.0	1503.3	1501.6	1535.8	1598.5	1671.0	1709.5	1744.1	1760.7	1786.8	1807.2
Other Services	506.9	512.5	511.6	485.8	484.6	493.5	504.9	515.4	521.5	517.1	515.5	518.3	519.4
Government	2452.6	2495.1	2518.0	2478.9	2448.4	2404.8	2376.1	2370.8	2376.6	2389.3	2407.4	2434.9	2468.2
Federal Gov't.	248.8	247.1	248.3	251.1	268.3	255.2	250.6	245.9	241.0	238.2	233.4	230.2	226.8
State & Local Gov't.	2203.8	2248.0	2269.6	2227.8	2180.1	2149.7	2125.5	2125.0	2135.5	2151.1	2174.0	2204.7	2241.4

Table 5. Personal Income - Quarterly

	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Billions Current Dollars												
Personal Income	1778.7	1803.9	1839.1	1846.4	1857.6	1881.2	1906.1	1928.0	1958.8	1985.5	2011.2	2038.0
Wages & Salaries	907.6	923.1	941.1	950.5	955.4	968.7	981.1	992.9	1006.3	1021.6	1036.0	1050.3
Other Labor Income	221.9	224.0	228.9	230.4	231.9	232.6	235.0	237.6	241.2	243.1	246.3	249.8
Nonfarm	145.9	147.9	149.7	151.4	153.6	156.8	158.8	160.8	162.8	165.8	168.3	170.8
Farm	12.1	11.6	12.2	10.4	9.0	8.7	8.3	8.0	8.9	9.6	10.0	10.4
Property Income	347.1	356.9	363.4	364.6	364.8	370.2	378.4	384.0	391.8	397.4	402.3	408.1
Transfer Payments	279.5	277.8	283.7	280.2	285.6	288.0	290.0	291.9	300.2	302.2	304.2	306.3
Billions 2005 \$												
Personal Income	1535.0	1557.1	1580.0	1582.1	1586.7	1601.8	1614.6	1626.7	1648.0	1666.4	1681.3	1698.1
Wages & Salaries	783.2	796.9	808.5	814.5	816.0	824.9	831.1	837.7	846.7	857.4	866.1	875.1
Other Labor Income	191.5	193.3	196.6	197.4	198.1	198.0	199.1	200.5	202.9	204.0	205.9	208.1
Nonfarm	125.9	127.6	128.6	129.7	131.2	133.5	134.5	135.6	137.0	139.1	140.7	142.3
Farm	10.5	10.0	10.4	8.9	7.7	7.4	7.0	6.8	7.4	8.1	8.3	8.7
Property Income	299.5	308.1	312.2	312.4	311.6	315.2	320.5	324.0	329.7	333.5	336.3	340.1
Transfer Payments	241.2	239.8	243.7	240.1	243.9	245.2	245.6	246.3	252.6	253.6	254.3	255.2
New Passenger Car & Truck Reg.	1624.9	1710.7	1748.9	1762.5	1771.7	1858.0	1845.2	1858.5	1880.0	1900.9	1920.5	1949.6
Retail Sales (Billions \$)	501.9	505.7	516.4	519.2	518.0	523.3	530.1	535.1	539.8	545.6	553.2	560.0
Real Retail Sales (Billions 2005\$)	433.1	436.5	443.7	444.9	442.4	445.6	449.0	451.5	454.2	457.9	462.5	466.6

Table 5. Personal Income - Quarterly

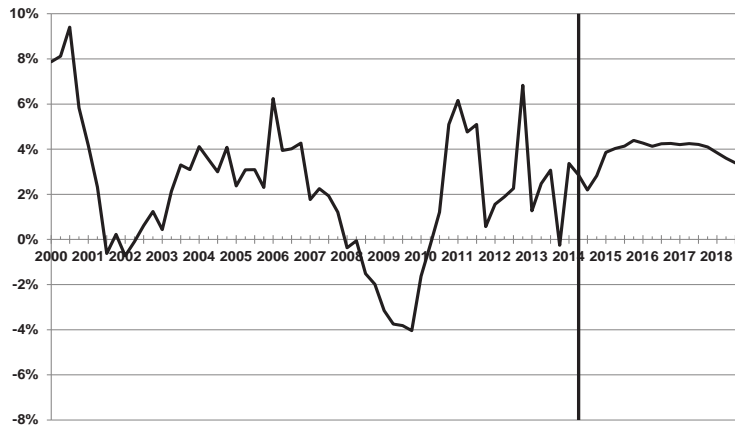
	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Billions Current Dollars												
Personal Income	2070.6	2097.9	2126.7	2157.4	2191.4	2223.0	2253.9	2284.5	2316.8	2345.6	2374.7	2403.9
Wages & Salaries	1064.3	1077.9	1092.2	1106.8	1121.7	1136.0	1149.9	1164.0	1178.0	1191.3	1204.8	1218.7
Other Labor Income	254.8	257.8	261.6	265.4	270.8	274.0	277.8	281.6	286.6	289.5	292.8	296.0
Nonfarm	173.2	175.9	177.7	179.6	181.1	183.3	184.5	186.5	187.9	190.5	192.8	195.3
Farm	10.1	9.9	9.8	9.8	9.8	9.8	9.9	10.0	10.0	9.9	9.9	9.9
Property Income	415.5	423.4	432.0	442.1	453.0	463.7	474.2	483.6	493.5	502.1	510.6	518.7
Transfer Payments	315.9	317.8	319.8	322.0	328.0	330.8	333.5	336.6	343.0	346.0	349.0	352.3
Billions 2005 \$												
Personal Income	1718.4	1735.1	1752.5	1770.3	1790.6	1808.8	1826.3	1842.8	1859.4	1873.9	1888.3	1902.7
Wages & Salaries	883.3	891.5	900.1	908.2	916.6	924.4	931.8	938.9	945.5	951.7	958.0	964.6
Other Labor Income	211.5	213.2	215.6	217.8	221.3	222.9	225.1	227.1	230.0	231.3	232.8	234.3
Nonfarm	143.7	145.5	146.4	147.4	148.0	149.1	149.5	150.4	150.8	152.2	153.3	154.6
Farm	8.4	8.2	8.1	8.1	8.0	8.0	8.1	8.1	8.0	7.9	7.9	7.8
Property Income	344.8	350.2	356.0	362.8	370.1	377.3	384.3	390.1	396.1	401.1	406.0	410.6
Transfer Payments	262.2	262.8	263.5	264.2	268.0	269.2	270.2	271.5	275.3	276.4	277.6	278.8
New Passenger Car & Truck Reg.	1962.2	1976.9	1986.6	1998.7	2005.8	2015.1	2015.0	2020.8	2015.9	2014.9	2017.1	2016.6
Retail Sales (Billions \$)	566.4	572.5	579.4	586.5	591.8	598.7	605.6	612.6	617.8	624.3	631.3	637.9
Real Retail Sales (Billions 2005\$)	470.0	473.5	477.4	481.3	483.6	487.1	490.7	494.1	495.8	498.8	502.0	504.9

Table 6. Personal Income - Annual

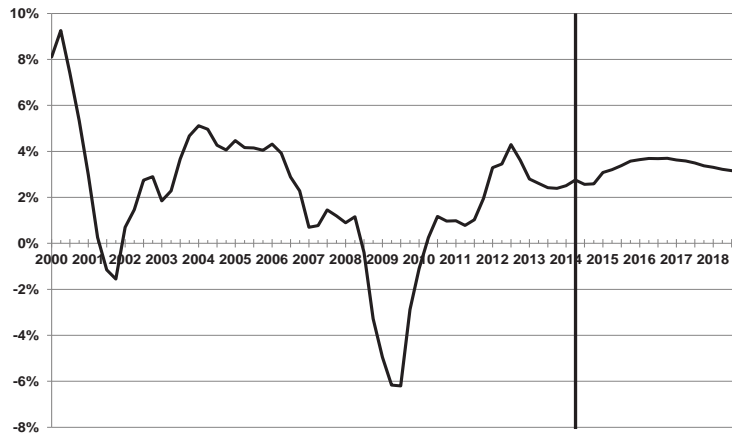
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Billions Current Dollars													
Personal Income	1499.5	1564.4	1596.3	1536.4	1579.1	1683.2	1768.0	1817.0	1893.2	1998.4	2113.1	2238.2	2360.2
Wages & Salaries	791.5	834.4	842.9	799.5	814.5	849.7	899.7	930.6	974.5	1028.5	1085.3	1142.9	1198.2
Other Labor Income	194.6	200.7	204.8	197.1	203.9	219.1	222.7	226.3	234.3	245.1	259.9	276.0	291.2
Nonfarm	146.6	131.1	127.7	123.0	124.3	133.1	140.1	148.7	157.5	166.9	176.6	183.8	191.6
Farm	4.9	7.5	5.2	5.7	6.3	10.5	10.7	11.6	8.5	9.7	9.9	9.9	9.9
Property Income	301.4	321.4	330.2	292.1	291.1	323.9	343.8	358.0	374.3	399.9	428.2	468.6	506.2
Transfer Payments	181.6	192.1	210.3	239.9	261.0	261.3	269.6	280.3	288.9	303.2	318.9	332.2	347.6
Billions 2005 \$													
Personal Income	1460.3	1486.4	1471.8	1417.6	1433.1	1492.0	1538.6	1563.6	1607.5	1673.4	1744.1	1817.1	1881.1
Wages & Salaries	770.9	792.8	777.2	737.6	739.2	753.2	783.0	800.8	827.4	861.3	895.8	927.9	955.0
Other Labor Income	189.5	190.7	188.8	181.9	185.1	194.2	193.8	194.7	198.9	205.2	214.5	224.1	232.1
Nonfarm	142.8	124.5	117.8	113.4	112.8	118.0	121.9	128.0	133.7	139.8	145.8	149.3	152.7
Farm	4.7	7.1	4.8	5.3	5.7	9.3	9.3	10.0	7.2	8.1	8.2	8.0	7.9
Property Income	293.5	305.4	304.4	269.6	264.2	287.0	299.2	308.1	317.8	334.9	353.4	380.4	403.4
Transfer Payments	176.9	182.5	193.9	221.3	236.8	231.6	234.6	241.2	245.3	253.9	263.2	269.7	277.0
New Passenger Car & Truck Reg.	2086.8	1871.1	1401.3	1036.2	1105.8	1223.0	1529.2	1711.8	1833.4	1912.8	1981.1	2014.2	2016.1
Retail Sales (Billions \$)	449.1	455.0	442.9	407.2	427.5	461.5	489.3	510.8	526.6	549.6	576.2	602.2	627.8
Real Retail Sales (Billions 2005\$)	437.4	432.3	408.4	375.7	387.9	409.1	425.8	439.5	447.1	460.3	475.6	488.9	500.4

CHARTS

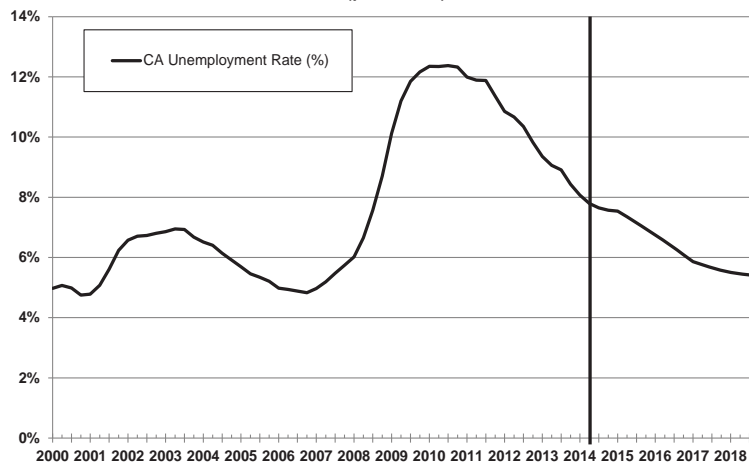
California Real Personal Income
(percent change from one year ago)



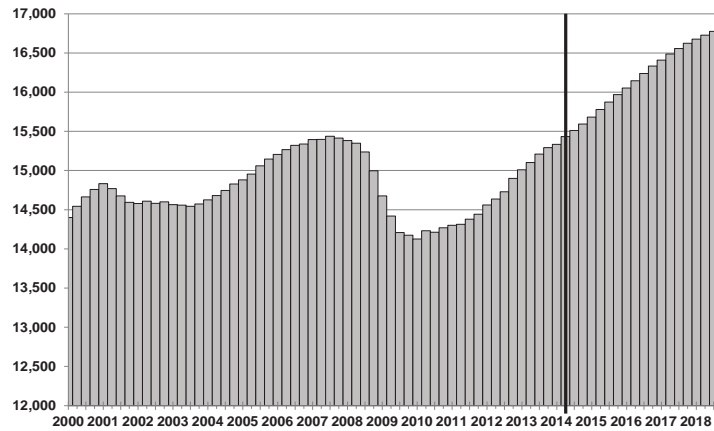
California Real Gross State Product
(percent change from one year ago)



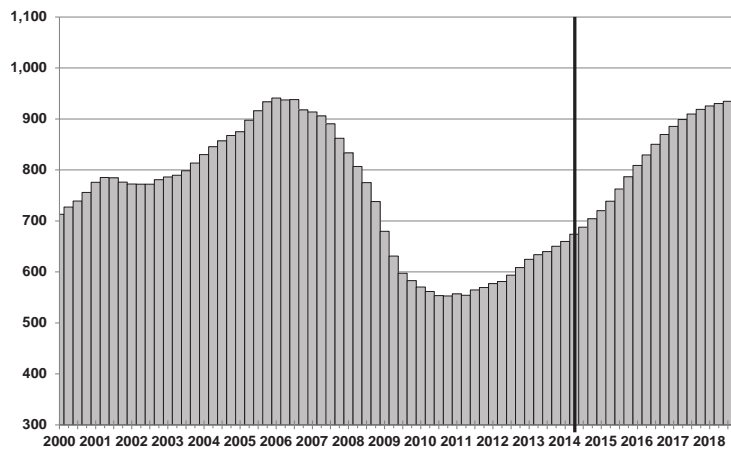
California Unemployment Rate
(percent)



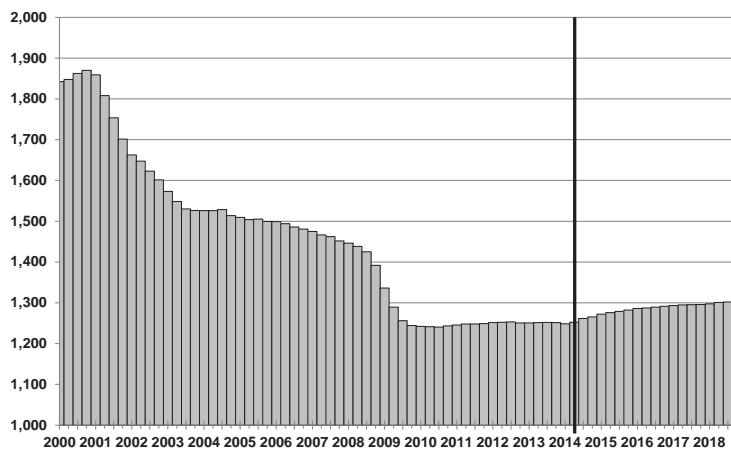
California Total Nonfarm Employment
(Thousands)



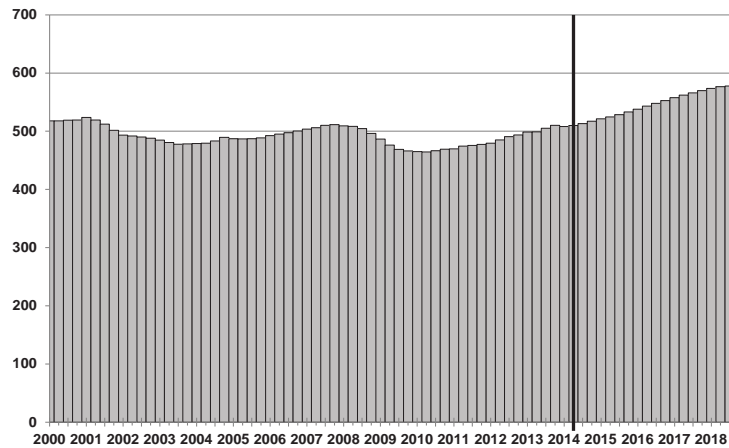
California Construction Employment
(Thousands)



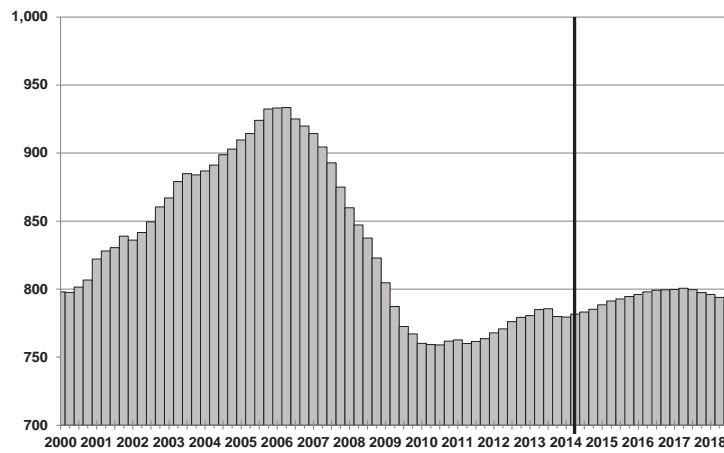
California Manufacturing Employment
(Thousands)



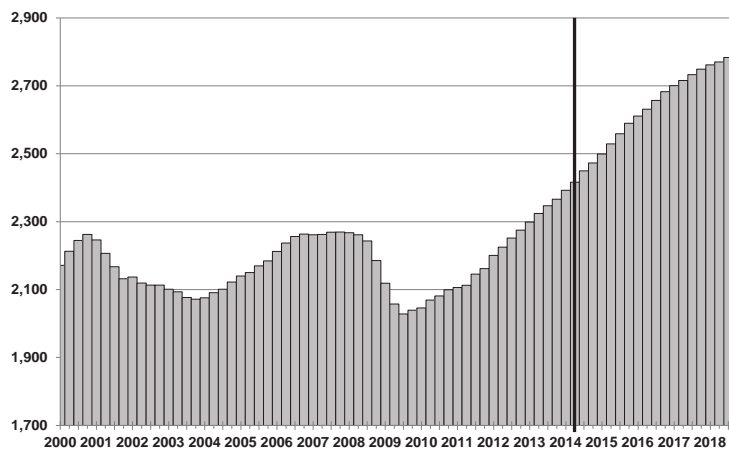
California Trade, Transportation, and Utilities Employment (Thousands)



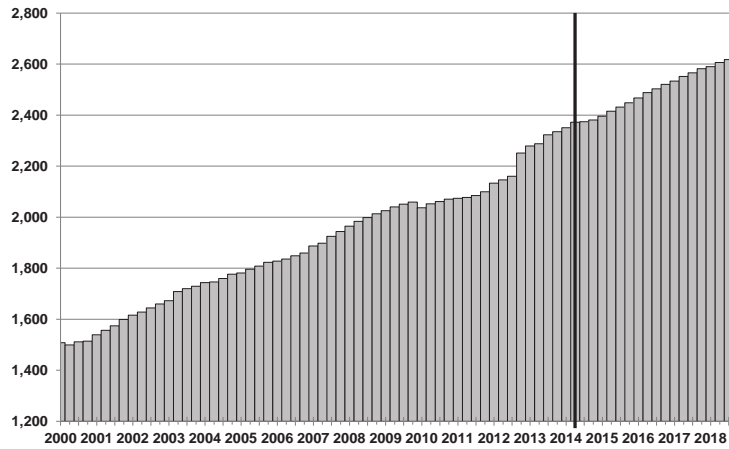
California Financial Activities Employment (Thousands)



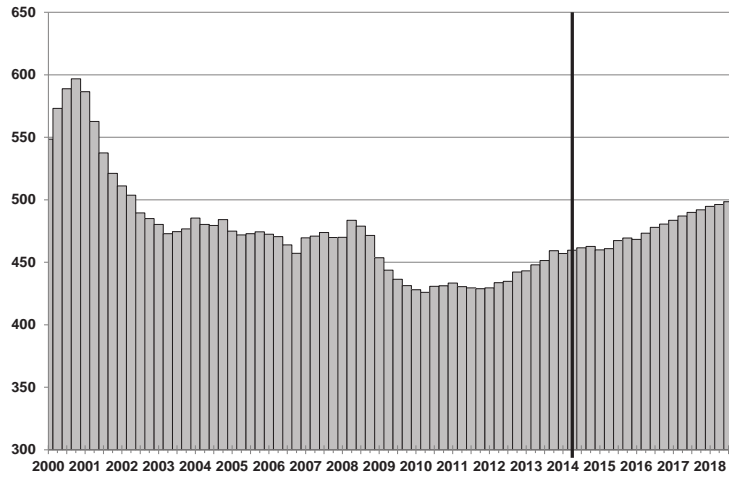
California Professional and Business Employment (Thousands)



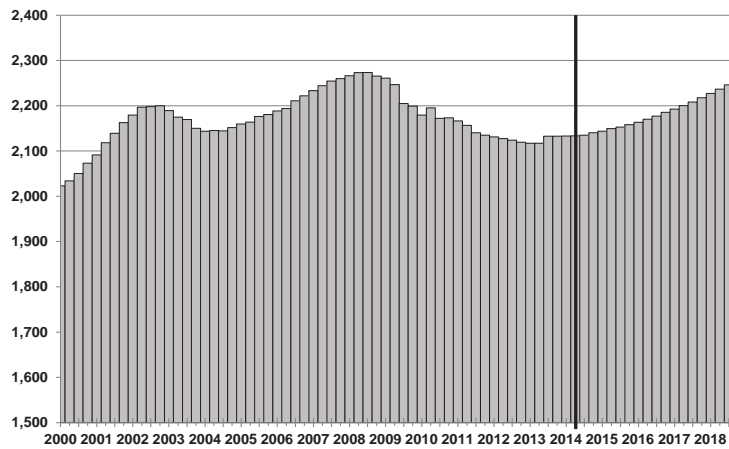
**California Education and Health Services
Employment (Thousands)**



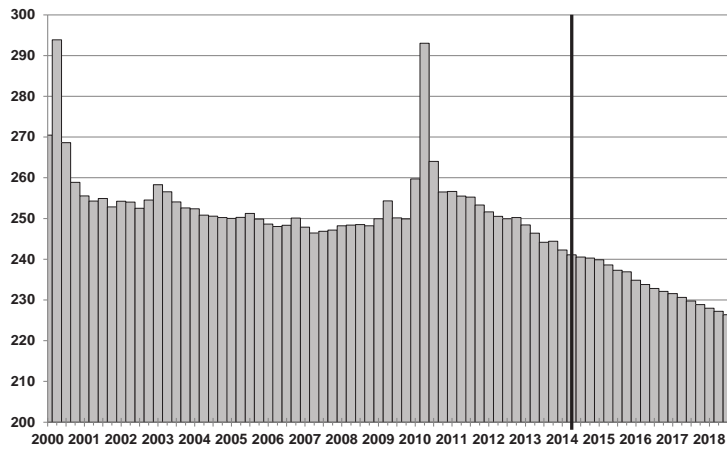
California Information Employment (Thousands)



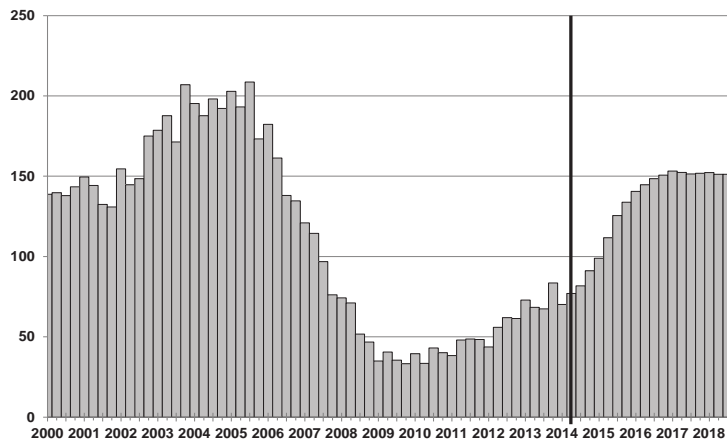
**California State and Local Government
Employment (Thousands)**



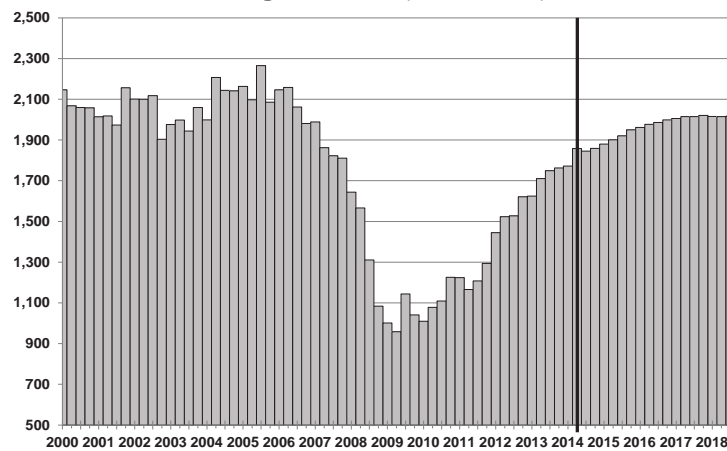
**California Federal Government Employment
(Thousands)**



**California Housing Starts
(Thousands)**



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



METROS

Fresno MSA

SHORT TERM OUTLOOK

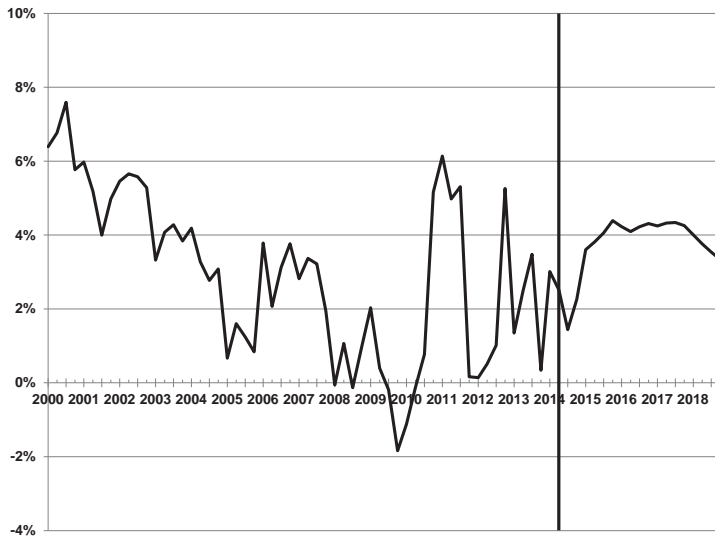
Nonfarm employment in the Fresno Metropolitan Statistical Area (MSA) will continue to grow at a steady rate of 2.3% for 2015. The first quarter of 2015 is expected to have a 1.9% increase in employment followed by 2.0% growth in the second quarter. The leading sectors in job growth for 2015 are predicted to be the Construction and Mining sector and the Professional and Business Services sector with 10.4% and 4.2% increases, respectively. Employment is expected to increase at a modest rate in all sectors with the exception of the Other Services sector and the Federal Government, which will suffer job losses.

Real personal income in Fresno is expected to grow

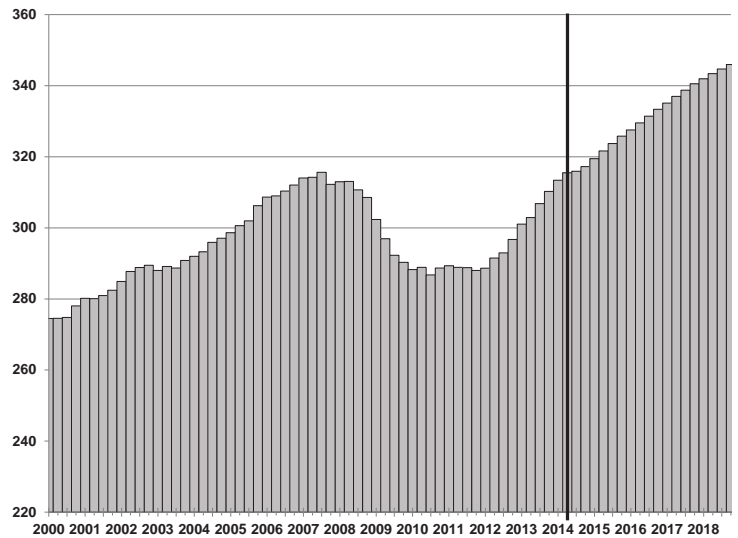
4% in 2015 to \$30.5 Billion. 2016 is anticipated to bring additional 4.2% growth, increasing real personal income to \$31.7 Billion.

The Fresno MSA's population will increase 0.9% in 2015 and 1.0% in 2016. Along with the increase in employment comes an increase in the labor force in 2015 of 1.2%. The labor force is projected to maintain a 0.9% and 1.1% growth for 2016 and 2017. The unemployment rate in 2015 is expected to decrease to 11% from 11.9% in 2014. Unemployment is expected to continue decreasing every year for the foreseeable future, declining to an 8.2% in 2018.

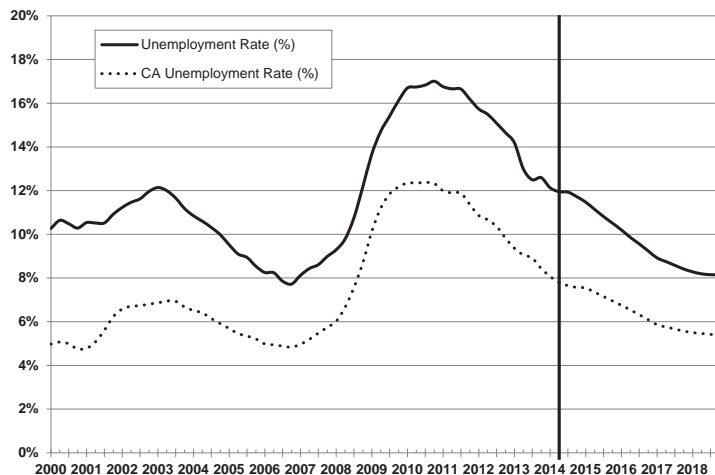
Fresno Real Personal Income
(percent change from one year ago)



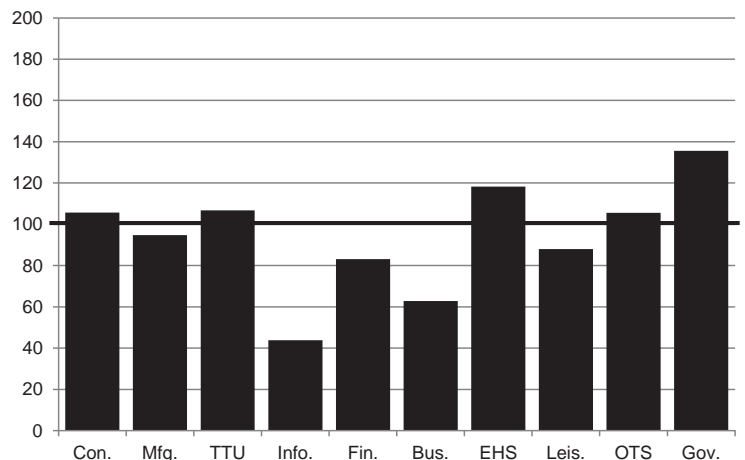
Fresno Payroll Employment
(Thousands)



Fresno and California Unemployment Rates
(percent)



Fresno Employment Mix Relative to California, 2012
(California = 100)



Quarterly Outlook for Fresno

May 2014 Forecast

	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	32.6	33.0	33.7	33.8	33.9	34.3	34.7	35.1	35.7	36.2	36.6	37.1
Pct Chg Year Ago	2.7	3.6	4.6	1.3	4.1	3.9	2.9	3.9	5.2	5.3	5.4	5.7
Wages and Salaries	14.0	14.2	14.5	14.6	14.6	14.8	14.9	15.0	15.2	15.4	15.6	15.8
Nonwage Income	18.6	18.8	19.2	19.2	19.3	19.5	19.8	20.1	20.5	20.7	21.0	21.2
Real Personal Income (2005\$)	28.1	28.5	29.0	28.9	29.0	29.2	29.4	29.6	30.0	30.3	30.6	30.9
Pct Chg Year Ago	1.3	2.5	3.5	0.3	3.0	2.5	1.4	2.3	3.6	3.8	4.1	4.4
Per Capita Income (Ths.)	34.2	34.6	35.3	35.2	35.3	35.7	36.0	36.3	36.8	37.3	37.6	38.0
Real Per Capita Income (2005\$)	29.5	29.8	30.3	30.2	30.2	30.4	30.5	30.6	31.0	31.3	31.5	31.7
Average Annual Wage (Ths.)	46.2	46.6	47.1	46.9	46.3	46.6	46.9	47.1	47.4	47.7	48.0	48.4
Pct Chg Year Ago	-1.2	0.5	1.1	-1.9	0.4	0.0	-0.4	0.5	2.3	2.4	2.5	2.7
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	301.0	302.9	306.8	310.3	313.4	315.5	315.9	317.2	319.5	321.6	323.7	325.8
Pct Chg Year Ago	4.3	3.9	4.7	4.6	4.1	4.1	3.0	2.2	1.9	2.0	2.5	2.7
Manufacturing	23.3	22.6	23.0	22.8	22.8	22.3	22.3	22.4	22.6	22.7	22.9	23.1
Pct Chg Year Ago	-1.5	-5.8	-2.9	-1.8	-2.4	-1.1	-2.9	-2.0	-0.8	1.8	2.6	3.1
Nonmanufacturing	277.7	280.3	283.8	287.4	290.6	293.1	293.6	294.9	296.9	298.9	300.8	302.7
Pct Chg Year Ago	4.8	4.8	5.4	5.1	4.7	4.6	3.4	2.6	2.1	2.0	2.4	2.7
Construction & Mining	13.1	13.4	13.4	13.7	14.3	14.5	14.8	15.2	15.6	16.0	16.5	17.0
Pct Chg Year Ago	9.3	9.6	7.1	6.8	9.4	8.3	10.7	10.8	8.6	9.9	11.1	11.9
Trade, Trans, & Utilities	60.1	61.0	61.4	61.8	63.3	63.8	63.5	63.6	64.2	64.6	64.9	65.1
Pct Chg Year Ago	5.0	5.3	5.5	4.8	5.3	4.6	3.4	3.0	1.4	1.3	2.2	2.3
Wholesale Trade	13.3	13.7	13.7	13.9	14.3	14.3	14.1	14.2	14.5	14.7	14.8	14.9
Retail Trade	34.8	35.2	35.4	35.4	36.1	36.6	36.5	36.4	36.5	36.6	36.6	36.7
Trans, Wrhsng, & Util	12.0	12.1	12.3	12.5	12.9	13.0	12.9	13.0	13.2	13.4	13.5	13.6
Information	3.8	3.8	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.9	4.0	4.0
Pct Chg Year Ago	1.8	-1.0	0.9	0.1	2.5	2.7	3.3	4.2	0.8	0.6	1.7	2.0
Financial Activities	12.9	12.9	12.8	12.9	12.9	12.9	12.9	12.9	13.0	13.0	13.1	13.1
Pct Chg Year Ago	2.2	0.3	-0.8	-0.2	-0.4	0.3	0.7	0.4	1.0	1.0	1.0	1.2
Prof & Business Services	29.7	30.4	32.3	33.2	32.6	33.5	33.7	33.9	34.2	34.6	35.0	35.5
Pct Chg Year Ago	8.0	10.9	15.9	13.6	9.8	10.1	4.5	2.1	5.0	3.3	3.9	4.7
Educ & Health Services	54.8	55.2	56.1	56.7	57.3	57.9	58.0	58.2	58.6	59.1	59.6	60.0
Pct Chg Year Ago	9.4	9.0	10.3	7.4	4.6	4.9	3.3	2.7	2.2	2.1	2.7	3.1
Leisure & Hospitality	28.4	28.7	29.0	29.6	29.7	29.9	29.9	30.1	30.4	30.4	30.5	30.6
Pct Chg Year Ago	3.1	2.5	2.8	4.9	4.7	4.1	3.0	1.9	2.1	1.9	1.9	1.5
Other Services	11.0	10.9	11.0	11.1	11.2	11.1	11.1	11.0	11.0	11.0	11.0	11.0
Pct Chg Year Ago	6.6	2.2	2.8	3.4	1.7	1.7	0.8	-0.8	-1.2	-0.6	-0.6	-0.5
Federal Government	10.0	9.9	10.1	9.8	10.0	10.0	10.0	9.9	9.9	9.9	9.8	9.8
Pct Chg Year Ago	-2.7	-2.1	-0.3	-4.7	0.5	1.2	-1.7	1.2	-1.0	-1.1	-1.3	-1.4
State & Local Government	54.0	54.3	53.9	54.9	55.5	55.7	55.8	56.0	56.1	56.3	56.5	56.7
Pct Chg Year Ago	0.5	0.5	-0.3	2.1	2.7	2.7	3.6	1.9	1.2	1.1	1.2	1.2
Other Economic Indicators												
Population (Ths.)	953.3	955.3	957.0	958.6	960.4	962.3	964.4	966.3	968.4	970.4	972.6	975.0
Pct Chg Year Ago	0.8	0.8	0.8	0.8	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9
Labor Force (Ths.)	442.3	440.4	438.4	436.5	443.6	443.5	444.6	445.7	447.8	449.4	450.5	451.5
Pct Chg Year Ago	-0.1	-0.7	-1.0	-1.1	0.3	0.7	1.4	2.1	1.0	1.3	1.3	1.3
Unemployment Rate (%)	14.2	13.0	12.5	12.6	12.1	12.0	11.9	11.7	11.5	11.1	10.8	10.5
Total Housing Starts (Annual Rate)	1984	1953	2148	2979	965	1574	2113	2640	2967	3433	3888	4125
Single-Family	1770	1874	1898	2645	897	1373	1795	2198	2444	2819	3180	3355
Multifamily	214	79	250	335	68	201	318	441	523	614	707	770

Quarterly Outlook for Fresno

May 2014 Forecast

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	37.7	38.2	38.7	39.3	39.9	40.5	41.1	41.7	42.3	42.8	43.3	43.9
Pct Chg Year Ago	5.7	5.6	5.7	5.9	5.9	6.0	6.1	6.1	5.9	5.7	5.5	5.3
Wages and Salaries	16.0	16.2	16.4	16.6	16.8	17.0	17.2	17.5	17.7	17.9	18.1	18.3
Nonwage Income	21.7	22.0	22.3	22.7	23.1	23.5	23.8	24.2	24.6	24.9	25.3	25.6
Real Personal Income (2005\$)	31.3	31.6	31.9	32.2	32.6	32.9	33.3	33.6	33.9	34.2	34.5	34.7
Pct Chg Year Ago	4.2	4.1	4.2	4.3	4.2	4.3	4.3	4.3	4.0	3.8	3.5	3.3
Per Capita Income (Ths.)	38.6	39.0	39.4	39.9	40.4	40.9	41.3	41.8	42.3	42.7	43.1	43.5
Real Per Capita Income (2005\$)	32.0	32.2	32.5	32.7	33.0	33.3	33.5	33.7	33.9	34.1	34.3	34.4
Average Annual Wage (Ths.)	48.7	49.0	49.3	49.6	49.9	50.3	50.6	51.0	51.4	51.7	52.1	52.6
Pct Chg Year Ago	2.7	2.5	2.5	2.5	2.6	2.7	2.7	2.9	2.9	2.9	3.0	3.0
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	327.6	329.5	331.4	333.4	335.1	337.0	338.7	340.5	341.9	343.4	344.7	345.9
Pct Chg Year Ago	2.5	2.4	2.4	2.3	2.3	2.3	2.2	2.1	2.0	1.9	1.8	1.6
Manufacturing	23.1	23.2	23.2	23.3	23.3	23.4	23.4	23.4	23.5	23.5	23.6	23.6
Pct Chg Year Ago	2.5	1.9	1.4	0.9	0.8	0.8	0.7	0.6	0.6	0.7	0.8	0.9
Nonmanufacturing	304.4	306.3	308.2	310.1	311.8	313.6	315.3	317.1	318.5	319.9	321.1	322.3
Pct Chg Year Ago	2.5	2.5	2.5	2.4	2.4	2.4	2.3	2.3	2.2	2.0	1.8	1.6
Construction & Mining	17.5	17.9	18.4	18.8	19.1	19.4	19.7	19.9	20.0	20.2	20.3	20.3
Pct Chg Year Ago	12.3	12.3	11.4	10.4	9.4	8.4	7.1	5.9	4.7	3.8	3.0	2.3
Trade, Trans, & Utilities	65.4	65.7	66.0	66.2	66.5	66.8	67.2	67.5	67.7	68.0	68.1	68.3
Pct Chg Year Ago	1.9	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.7	1.5	1.2
Wholesale Trade	15.0	15.1	15.2	15.3	15.4	15.5	15.6	15.7	15.8	15.9	15.9	16.0
Retail Trade	36.7	36.7	36.8	36.8	36.9	37.0	37.1	37.1	37.2	37.3	37.3	37.3
Trans, Wrhsng, & Util	13.7	13.9	14.0	14.1	14.3	14.4	14.5	14.6	14.7	14.8	14.9	14.9
Information	4.0	4.1	4.1	4.1	4.2	4.2	4.2	4.2	4.3	4.3	4.3	4.3
Pct Chg Year Ago	2.4	3.3	2.6	2.6	3.4	3.2	2.7	2.7	2.4	2.0	2.3	2.3
Financial Activities	13.1	13.1	13.2	13.2	13.2	13.2	13.2	13.1	13.1	13.1	13.1	13.1
Pct Chg Year Ago	1.0	0.9	0.8	0.5	0.3	0.2	0.0	-0.1	-0.2	-0.4	-0.6	-0.6
Prof & Business Services	35.7	36.0	36.3	36.7	37.0	37.3	37.6	38.0	38.3	38.5	38.7	39.0
Pct Chg Year Ago	4.4	4.0	3.7	3.5	3.6	3.6	3.6	3.5	3.5	3.2	3.0	2.7
Educ & Health Services	60.5	61.1	61.5	61.9	62.3	62.8	63.2	63.7	64.0	64.5	64.8	65.1
Pct Chg Year Ago	3.3	3.3	3.2	3.2	3.0	2.9	2.9	2.9	2.7	2.6	2.5	2.2
Leisure & Hospitality	30.7	30.7	30.9	31.0	31.1	31.2	31.4	31.5	31.7	31.7	31.9	32.0
Pct Chg Year Ago	1.1	0.9	1.1	1.3	1.4	1.7	1.8	1.8	1.8	1.6	1.5	1.4
Other Services	11.0	11.0	11.0	11.0	11.0	11.1	11.1	11.1	11.1	11.1	11.1	11.1
Pct Chg Year Ago	-0.5	-0.4	-0.2	0.0	0.5	0.6	0.8	1.0	0.6	0.5	0.3	0.1
Federal Government	9.7	9.7	9.6	9.6	9.6	9.5	9.5	9.5	9.4	9.4	9.4	9.3
Pct Chg Year Ago	-2.1	-1.9	-1.9	-1.9	-1.4	-1.4	-1.2	-1.5	-1.6	-1.5	-1.5	-1.5
State & Local Government	56.8	57.1	57.3	57.6	57.8	58.0	58.3	58.6	58.9	59.2	59.5	59.7
Pct Chg Year Ago	1.2	1.3	1.5	1.6	1.7	1.7	1.7	1.8	1.9	1.9	2.0	2.0
Other Economic Indicators												
Population (Ths.)	977.4	979.9	982.5	985.1	987.9	990.8	993.8	996.8	999.9	1002.9	1006.0	1009.0
Pct Chg Year Ago	0.9	1.0	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2
Labor Force (Ths.)	452.5	453.6	454.5	455.6	456.9	458.3	459.7	461.1	462.3	463.7	465.1	466.3
Pct Chg Year Ago	1.1	0.9	0.9	0.9	1.0	1.0	1.1	1.2	1.2	1.2	1.2	1.1
Unemployment Rate (%)	10.2	9.9	9.6	9.2	8.9	8.8	8.6	8.4	8.3	8.2	8.2	8.2
Total Housing Starts (Annual Rate)	4315	4445	4543	4544	4541	4545	4548	4592	4677	4699	4733	4851
Single-Family	3508	3632	3711	3687	3654	3635	3606	3599	3583	3536	3498	3488
Multifamily	807	813	832	857	887	910	942	993	1094	1163	1235	1362

Annual Outlook for Fresno

May 2014 Forecast

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Personal Income (Billions \$)													
Total Personal Income	26.1	27.5	28.4	28.4	29.2	31.2	32.3	33.3	34.5	36.4	38.5	40.8	43.1
Pct Chg Year Ago	5.9	5.4	3.5	0.0	2.8	6.6	3.6	3.1	3.7	5.4	5.7	6.0	5.6
Wages and Salaries	12.6	13.3	13.7	13.2	13.2	13.5	13.8	14.3	14.8	15.5	16.3	17.1	18.0
Nonwage Income	13.5	14.1	14.7	15.3	16.1	17.7	18.5	19.0	19.7	20.8	22.2	23.6	25.1
Real Personal Income (2005\$)	25.4	26.1	26.2	26.2	26.5	27.6	28.1	28.6	29.3	30.5	31.7	33.1	34.3
Pct Chg Year Ago	3.2	2.8	0.5	0.1	1.2	4.1	1.7	1.9	2.3	4.0	4.2	4.3	3.7
Per Capita Income (Ths.)	29.4	30.6	31.2	30.8	31.3	33.1	34.0	34.8	35.8	37.4	39.2	41.1	42.9
Real Per Capita Income (2005\$)	28.7	29.1	28.8	28.4	28.4	29.3	29.6	30.0	30.4	31.4	32.4	33.4	34.2
Average Annual Wage (Ths.)	40.5	42.3	43.8	44.3	45.4	46.3	46.9	46.7	46.7	47.9	49.1	50.5	51.9
Pct Chg Year Ago	3.8	4.5	3.6	1.2	2.5	2.0	1.2	-0.4	0.1	2.5	2.6	2.7	2.9
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	310.0	314.0	311.3	295.5	288.2	288.7	292.5	305.3	315.5	322.6	330.5	337.8	344.0
Pct Chg Year Ago	2.7	1.3	-0.9	-5.1	-2.5	0.2	1.3	4.4	3.4	2.3	2.4	2.2	1.8
Manufacturing	27.5	28.1	27.1	25.1	24.1	23.7	23.6	22.9	22.4	22.8	23.2	23.4	23.5
Pct Chg Year Ago	1.2	2.1	-3.5	-7.4	-3.8	-1.6	-0.5	-3.0	-2.1	1.7	1.7	0.7	0.7
Nonmanufacturing	282.5	285.9	284.2	270.4	264.0	265.0	268.8	282.3	293.1	299.8	307.3	314.5	320.5
Pct Chg Year Ago	2.9	1.2	-0.6	-4.9	-2.3	0.4	1.4	5.0	3.8	2.3	2.5	2.3	1.9
Construction & Mining	23.3	21.2	18.0	13.9	12.2	11.7	12.4	13.4	14.7	16.2	18.1	19.5	20.2
Pct Chg Year Ago	7.5	-9.2	-15.1	-22.7	-11.9	-4.1	5.8	8.2	9.8	10.4	11.6	7.7	3.4
Trade, Trans. & Utilities	58.4	60.4	59.2	55.7	55.1	57.3	58.1	61.0	63.5	64.7	65.8	67.0	68.0
Pct Chg Year Ago	2.3	3.3	-2.0	-6.0	-0.9	3.9	1.3	5.1	4.1	1.8	1.7	1.8	1.5
Wholesale Trade	13.2	13.5	12.9	11.9	11.5	12.5	12.8	13.7	14.2	14.7	15.1	15.5	15.9
Retail Trade	35.2	36.3	35.4	33.2	32.8	33.4	33.7	35.2	36.4	36.6	36.7	37.0	37.3
Trans, Wrhsng, & Util	10.0	10.6	11.0	10.6	10.8	11.4	11.5	12.2	12.9	13.4	13.9	14.4	14.8
Information	4.2	4.2	4.7	4.2	3.6	3.5	3.8	3.8	3.9	4.0	4.1	4.2	4.3
Pct Chg Year Ago	-3.2	-0.6	13.4	-11.7	-14.1	-1.6	8.1	0.4	3.2	1.3	2.7	3.0	2.2
Financial Activities	15.5	15.3	14.8	13.8	13.4	13.0	12.8	12.9	12.9	13.0	13.1	13.2	13.1
Pct Chg Year Ago	5.5	-1.4	-3.5	-6.6	-2.9	-3.2	-0.9	0.3	0.3	1.1	0.8	0.1	-0.4
Prof & Business Services	29.5	30.0	30.7	28.2	26.7	27.2	28.0	31.4	33.4	34.8	36.2	37.5	38.6
Pct Chg Year Ago	2.5	1.6	2.3	-8.1	-5.1	1.7	3.1	12.1	6.6	4.2	3.9	3.6	3.1
Educ & Health Services	45.0	46.6	48.4	49.1	49.2	49.4	51.1	55.7	57.8	59.3	61.3	63.0	64.6
Pct Chg Year Ago	1.7	3.7	3.7	1.6	0.1	0.5	3.4	9.0	3.9	2.5	3.3	2.9	2.5
Leisure & Hospitality	28.1	28.2	28.0	26.6	26.8	27.1	28.0	28.9	29.9	30.5	30.8	31.3	31.8
Pct Chg Year Ago	8.6	0.3	-0.8	-4.8	0.6	1.2	3.3	3.3	3.4	1.9	1.1	1.6	1.6
Other Services	10.9	11.0	10.6	10.2	10.0	10.1	10.6	11.0	11.1	11.0	11.0	11.1	11.1
Pct Chg Year Ago	0.5	0.7	-3.0	-4.4	-1.9	1.4	4.9	3.7	0.9	-0.7	-0.2	0.7	0.4
Federal Government	9.8	9.5	9.7	9.8	10.7	10.2	10.2	9.9	10.0	9.9	9.7	9.5	9.4
Pct Chg Year Ago	-0.6	-2.1	2.1	0.9	8.8	-4.8	0.3	-2.4	0.3	-1.2	-2.0	-1.4	-1.5
State & Local Government	57.8	59.6	60.2	58.9	56.4	55.5	53.9	54.3	55.7	56.4	57.2	58.2	59.3
Pct Chg Year Ago	1.1	3.1	1.0	-2.1	-4.3	-1.5	-3.0	0.7	2.7	1.2	1.4	1.7	2.0
Other Economic Indicators													
Population (Ths.)	885.4	897.7	911.0	922.9	933.4	941.7	948.6	956.1	963.4	971.6	981.2	992.3	1004.5
Pct Chg Year Ago	1.3	1.4	1.5	1.3	1.1	0.9	0.7	0.8	0.8	0.9	1.0	0.8	1.2
Labor Force (Ths.)	411.6	419.5	430.2	435.2	440.6	443.8	442.4	439.4	444.3	449.8	454.0	459.0	464.4
Pct Chg Year Ago	1.0	1.9	2.6	1.2	1.3	0.7	-0.3	-0.7	1.1	1.2	0.9	1.1	1.2
Unemployment Rate (%)	8.0	8.5	10.5	15.0	16.8	16.6	15.2	13.1	11.9	11.0	9.7	8.7	8.2
Total Housing Starts	5290	4490	2697	2271	2179	1895	1894	2266	1823	3603	4462	4557	4740
Single-Family	4219	3649	2285	2169	1902	1665	1582	2047	1566	2950	3634	3623	3526
Multifamily	1071	841	413	102	277	229	312	220	257	654	827	933	1214

Merced MSA

SHORT TERM OUTLOOK

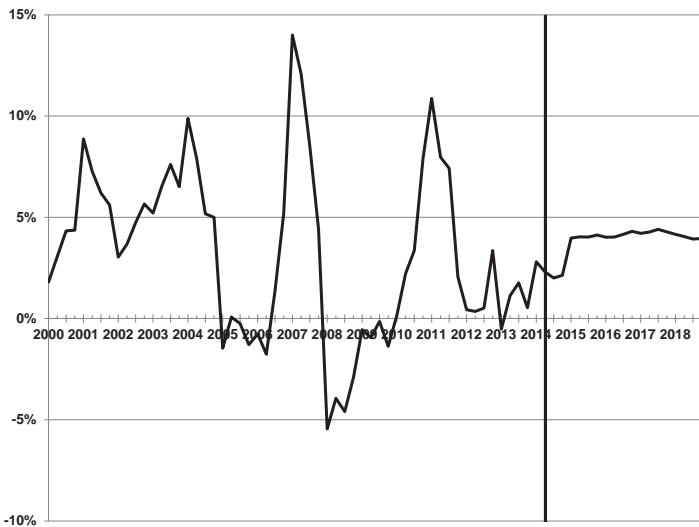
Merced MSA's employment will increase 1.5% in 2014 and is expected to increase slightly in 2015 with a 2.8% growth. Job growth is expected to drop slightly in the fourth quarter of 2014 to a 1% increase, and is expected to increase with a 3% growth in the first quarter of 2015. The sectors with the strongest growth in jobs for 2015 are the Construction and Mining sector and the Professional and Business Services sector with job increases of 10.3% and 6.1%, respectively. Growth is expected in all sectors for Merced in 2015, with the exception of jobs in the Federal Government which is expected to decrease 0.4%.

Real personal income in Merced is expected to increase

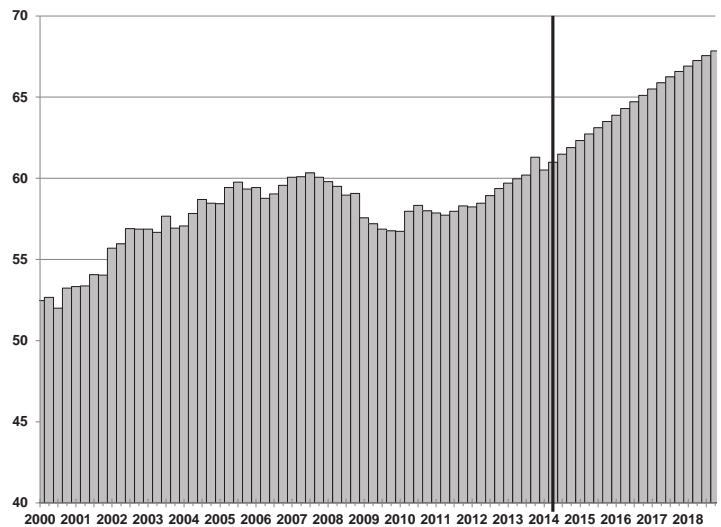
to \$7.5 billion dollars in 2015, a 4% increase from 2014 real personal income of \$7.2 Billion. This increase in income is expected to continue until it reaches \$8.5 Billion in 2018.

The population in Merced is expected to raise 1% in 2015 and 1.2% in 2016. The labor force growth is expected to jump to a 1.9% growth in 2015 from a 0.6% growth in 2014 and is expected to increase more than 1.4% every year for the foreseeable future. Despite the increase in the labor force, the unemployment rate will still decrease to 12.4% from 13.3% in 2014. The unemployment rate will continue to decrease, reaching 9.9% in 2018.

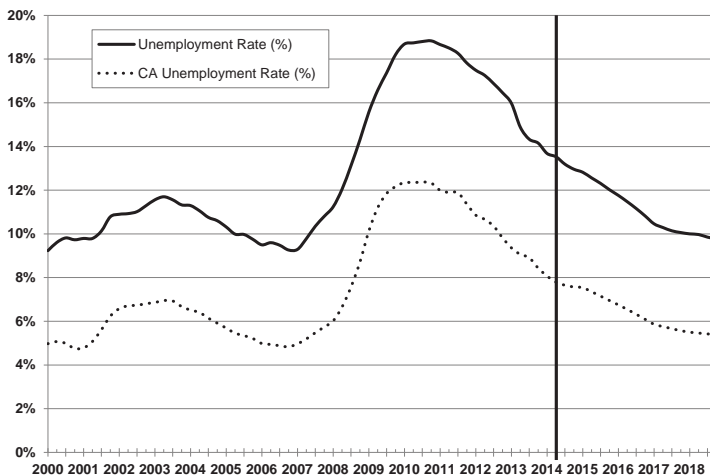
Merced Real Personal Income
(percent change from one year ago)



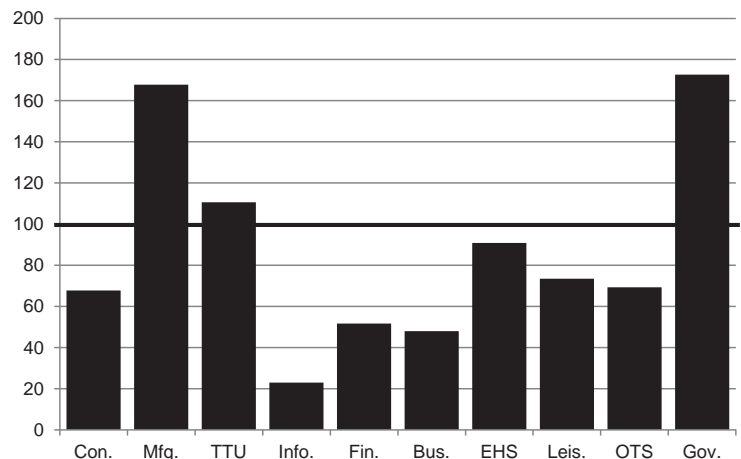
Merced Payroll Employment
(Thousands)



Merced and California Unemployment Rates
(percent)



Merced Employment Mix Relative to California, 2012
(California = 100)



Quarterly Outlook for Merced

May 2014 Forecast

	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	8.0	8.1	8.3	8.3	8.3	8.4	8.5	8.6	8.8	8.9	9.0	9.1
Pct Chg Year Ago	0.8	2.2	2.9	1.5	3.9	3.7	3.5	3.7	5.6	5.5	5.4	5.4
Wages and Salaries	2.6	2.7	2.7	2.8	2.8	2.8	2.8	2.9	2.9	2.9	3.0	3.0
Nonwage Income	5.4	5.4	5.5	5.5	5.6	5.6	5.7	5.8	5.9	6.0	6.0	6.1
Real Personal Income (2005\$)	6.9	7.0	7.1	7.1	7.1	7.2	7.2	7.3	7.4	7.5	7.5	7.6
Pct Chg Year Ago	-0.5	1.1	1.8	0.5	2.8	2.3	2.0	2.1	4.0	4.0	4.0	4.1
Per Capita Income (Ths.)	30.5	30.9	31.3	31.5	31.4	31.8	32.1	32.4	32.9	33.2	33.5	33.8
Real Per Capita Income (2005\$)	26.3	26.7	26.9	27.0	26.8	27.1	27.2	27.3	27.6	27.9	28.0	28.2
Average Annual Wage (Ths.)	44.1	44.8	45.0	45.5	45.2	45.5	45.7	46.0	46.3	46.6	46.8	47.1
Pct Chg Year Ago	-2.0	0.3	0.5	0.1	2.7	1.6	1.6	1.0	2.3	2.3	2.4	2.4
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	59.7	60.0	60.2	61.3	60.5	61.0	61.5	61.9	62.3	62.7	63.1	63.5
Pct Chg Year Ago	2.5	2.6	2.1	3.3	1.4	1.7	2.1	1.0	3.0	2.9	2.6	2.6
Manufacturing	8.7	8.5	8.6	9.1	9.2	9.2	9.3	9.4	9.4	9.5	9.5	9.5
Pct Chg Year Ago	4.4	0.8	1.9	8.6	5.3	8.2	8.1	3.1	2.7	2.6	1.6	1.5
Nonmanufacturing	51.0	51.5	51.6	52.2	51.3	51.8	52.2	52.5	52.9	53.3	53.6	54.0
Pct Chg Year Ago	2.2	2.9	2.2	2.4	0.7	0.6	1.1	0.6	3.1	2.9	2.8	2.8
Construction & Mining	1.6	1.6	1.7	1.6	1.6	1.6	1.7	1.7	1.8	1.8	1.9	1.9
Pct Chg Year Ago	-2.3	-1.8	4.2	2.2	0.5	1.7	1.4	6.0	9.5	9.6	10.7	11.5
Trade, Trans, & Utilities	12.0	12.3	12.2	12.1	11.7	11.8	11.9	12.0	12.0	12.1	12.1	12.2
Pct Chg Year Ago	0.8	2.6	-0.8	0.8	-3.2	-3.9	-2.7	-1.0	3.1	2.1	2.1	1.9
Wholesale Trade	2.1	2.2	2.1	2.2	2.4	2.4	2.4	2.4	2.4	2.4	2.5	2.5
Retail Trade	7.5	7.7	7.5	7.5	7.4	7.5	7.5	7.6	7.6	7.6	7.7	7.7
Trans, Wrhsng, & Util	2.4	2.5	2.6	2.3	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.1
Information	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	0.1	0.3	-0.1	0.1	2.7	-2.0	-0.4	2.7	0.8	0.7	2.1	2.2
Financial Activities	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6
Pct Chg Year Ago	-0.1	-6.2	-6.2	0.3	-0.8	1.3	1.4	0.6	2.6	2.5	2.1	2.1
Prof & Business Services	4.4	4.4	4.4	4.5	4.5	4.5	4.6	4.7	4.7	4.8	4.9	5.0
Pct Chg Year Ago	0.9	3.4	2.5	3.0	3.4	1.4	5.1	3.3	5.1	6.7	6.3	6.2
Educ & Health Services	8.3	8.4	8.3	8.3	8.2	8.4	8.4	8.4	8.5	8.6	8.7	8.8
Pct Chg Year Ago	8.1	9.9	6.3	0.6	-1.0	-0.8	0.9	1.8	3.3	2.7	3.3	3.7
Leisure & Hospitality	4.9	5.0	5.2	5.2	5.2	5.4	5.4	5.5	5.5	5.6	5.6	5.6
Pct Chg Year Ago	5.7	6.7	9.1	7.7	6.8	8.0	5.2	4.4	5.5	3.0	2.8	2.2
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
Pct Chg Year Ago	-2.4	0.4	0.0	0.1	3.1	1.4	1.2	0.9	0.7	0.0	0.7	0.7
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	-4.2	-4.2	-9.0	-4.4	-0.9	-0.3	3.5	-0.1	-0.2	-0.2	-0.5	-0.5
State & Local Government	15.8	15.7	15.9	16.5	16.1	16.0	16.2	16.2	16.3	16.4	16.4	16.5
Pct Chg Year Ago	1.1	0.4	1.7	3.5	1.9	2.2	1.7	-1.5	1.4	2.3	1.7	1.7
Other Economic Indicators												
Population (Ths.)	262.8	263.2	263.7	264.3	264.9	265.4	266.0	266.8	267.4	268.1	268.8	269.7
Pct Chg Year Ago	0.6	0.6	0.6	0.7	0.8	0.8	0.9	0.9	1.0	1.0	1.0	1.1
Labor Force (Ths.)	113.1	112.2	110.9	111.0	112.1	112.2	112.6	113.0	113.8	114.4	114.9	115.3
Pct Chg Year Ago	1.9	1.2	-0.3	-1.0	-0.8	0.0	1.5	1.8	1.4	2.0	2.0	2.0
Unemployment Rate (%)	16.0	14.9	14.3	14.2	13.7	13.5	13.2	13.0	12.8	12.6	12.3	12.0
Total Housing Starts (Annual Rate)	217	106	114	95	119	199	280	376	494	653	826	944
Single-Family	94	91	109	95	119	177	249	331	439	585	743	850
Multifamily	123	15	5	0	0	22	31	45	55	68	83	94

Quarterly Outlook for Merced

May 2014 Forecast

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	9.3	9.4	9.5	9.7	9.8	10.0	10.1	10.2	10.4	10.6	10.7	10.8
Pct Chg Year Ago	5.4	5.6	5.7	5.9	5.8	6.0	6.2	6.1	6.0	6.0	5.9	5.9
Wages and Salaries	3.0	3.1	3.1	3.1	3.2	3.2	3.3	3.3	3.3	3.4	3.4	3.5
Nonwage Income	6.2	6.3	6.4	6.5	6.6	6.7	6.8	6.9	7.1	7.2	7.3	7.4
Real Personal Income (2005\$)	7.7	7.8	7.8	7.9	8.0	8.1	8.2	8.3	8.3	8.4	8.5	8.6
Pct Chg Year Ago	4.0	4.0	4.2	4.3	4.2	4.3	4.4	4.3	4.2	4.1	3.9	4.0
Per Capita Income (Ths.)	34.3	34.6	35.0	35.3	35.8	36.2	36.6	37.0	37.4	37.8	38.2	38.6
Real Per Capita Income (2005\$)	28.4	28.6	28.8	29.0	29.3	29.5	29.7	29.8	30.0	30.2	30.4	30.5
Average Annual Wage (Ths.)	47.4	47.7	47.9	48.1	48.4	48.8	49.1	49.3	49.7	50.0	50.4	50.8
Pct Chg Year Ago	2.4	2.4	2.3	2.2	2.2	2.3	2.5	2.5	2.6	2.6	2.6	2.9
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	63.9	64.3	64.7	65.1	65.5	65.9	66.3	66.6	66.9	67.3	67.6	67.8
Pct Chg Year Ago	2.5	2.5	2.5	2.5	2.5	2.5	2.4	2.3	2.2	2.1	2.0	1.9
Manufacturing	9.5	9.6	9.6	9.6	9.6	9.6	9.7	9.7	9.7	9.7	9.7	9.7
Pct Chg Year Ago	1.1	1.1	1.1	1.0	0.7	0.8	0.8	0.7	0.6	0.7	0.7	0.8
Nonmanufacturing	54.3	54.7	55.1	55.5	55.9	56.2	56.6	56.9	57.2	57.5	57.8	58.1
Pct Chg Year Ago	2.8	2.8	2.8	2.8	2.8	2.7	2.7	2.5	2.4	2.3	2.2	2.1
Construction & Mining	2.0	2.0	2.1	2.1	2.2	2.2	2.3	2.3	2.3	2.3	2.4	2.4
Pct Chg Year Ago	12.3	12.9	12.6	12.2	11.2	10.0	8.5	7.0	6.0	5.0	4.1	3.3
Trade, Trans, & Utilities	12.2	12.3	12.4	12.4	12.5	12.5	12.6	12.6	12.7	12.7	12.8	12.8
Pct Chg Year Ago	1.9	1.9	1.9	1.9	1.9	1.8	1.7	1.6	1.6	1.6	1.4	1.5
Wholesale Trade	2.5	2.5	2.5	2.5	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Retail Trade	7.7	7.7	7.7	7.8	7.8	7.8	7.8	7.9	7.9	7.9	7.9	7.9
Trans, Wrhsng, & Util	2.1	2.1	2.1	2.1	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2
Information	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5
Pct Chg Year Ago	2.9	4.0	3.0	3.3	4.5	3.7	3.3	3.2	3.1	2.9	2.5	2.8
Financial Activities	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Pct Chg Year Ago	1.8	1.9	2.0	1.6	1.2	0.6	0.0	-0.7	-0.9	-1.2	-1.1	-0.8
Prof & Business Services	5.0	5.1	5.1	5.2	5.3	5.3	5.4	5.4	5.4	5.5	5.5	5.5
Pct Chg Year Ago	5.7	5.2	5.1	5.1	5.0	4.7	4.5	3.8	3.4	3.2	2.6	2.4
Educ & Health Services	8.8	8.9	9.0	9.1	9.1	9.2	9.3	9.4	9.4	9.5	9.6	9.6
Pct Chg Year Ago	3.8	3.8	3.8	3.7	3.5	3.2	3.2	3.4	3.1	2.9	2.9	2.5
Leisure & Hospitality	5.6	5.6	5.7	5.7	5.7	5.8	5.8	5.8	5.8	5.8	5.9	5.9
Pct Chg Year Ago	1.6	1.3	1.4	1.6	1.8	2.1	2.1	1.9	1.9	1.6	1.4	1.4
Other Services	1.4	1.4	1.4	1.4	1.4	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Pct Chg Year Ago	0.7	1.4	0.7	0.7	1.4	1.4	1.4	1.4	1.4	0.7	0.7	1.4
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	-1.2	-1.1	-1.0	-1.2	-0.6	-0.5	-0.4	-0.5	-0.7	-0.6	-0.6	-0.6
State & Local Government	16.6	16.7	16.8	16.9	17.0	17.1	17.2	17.3	17.4	17.5	17.6	17.8
Pct Chg Year Ago	1.8	1.8	2.0	2.2	2.3	2.3	2.4	2.5	2.6	2.7	2.7	2.7
Other Economic Indicators												
Population (Ths.)	270.5	271.2	272.0	273.0	273.9	274.8	275.8	276.9	277.9	278.9	280.0	281.3
Pct Chg Year Ago	1.1	1.2	1.2	1.2	1.3	1.3	1.4	1.4	1.4	1.5	1.5	1.6
Labor Force (Ths.)	115.6	116.0	116.4	116.7	117.1	117.5	118.0	118.4	119.0	119.6	120.1	120.7
Pct Chg Year Ago	1.6	1.4	1.3	1.3	1.3	1.3	1.4	1.5	1.6	1.7	1.8	1.9
Unemployment Rate (%)	11.8	11.5	11.2	10.8	10.5	10.3	10.1	10.1	10.0	10.0	9.9	9.8
Total Housing Starts (Annual Rate)	1050	1094	1120	1138	1136	1117	1096	1086	1084	1073	1071	1073
Single-Family	949	991	1014	1030	1025	1007	985	973	971	963	961	960
Multifamily	101	103	106	107	110	110	111	113	114	111	111	113

Annual Outlook for Merced

May 2014 Forecast

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Personal Income (Billions \$)													
Total Personal Income	6.2	6.9	6.8	6.8	7.1	7.8	8.0	8.2	8.5	9.0	9.5	10.0	10.6
Pct Chg Year Ago	3.7	12.5	-1.3	-0.8	5.1	9.6	3.0	1.9	3.7	5.5	5.6	6.0	6.0
Wages and Salaries	2.4	2.5	2.6	2.5	2.5	2.5	2.7	2.7	2.8	3.0	3.1	3.2	3.4
Nonwage Income	3.8	4.4	4.3	4.2	4.6	5.3	5.4	5.5	5.7	6.0	6.4	6.8	7.2
Real Personal Income (2005\$)	6.0	6.6	6.3	6.2	6.5	6.9	7.0	7.0	7.2	7.5	7.8	8.1	8.5
Pct Chg Year Ago	1.0	9.8	-4.2	-0.8	3.4	7.1	1.2	0.7	2.3	4.0	4.1	4.3	4.0
Per Capita Income (Ths.)	25.0	27.8	27.2	26.8	27.7	30.0	30.7	31.1	31.9	33.3	34.8	36.4	38.0
Real Per Capita Income (2005\$)	24.4	26.4	25.1	24.7	25.2	26.6	26.7	26.7	27.1	27.9	28.7	29.6	30.3
Average Annual Wage (Ths.)	39.5	41.1	43.1	44.2	43.8	43.5	45.0	44.8	45.6	46.7	47.8	48.9	50.2
Pct Chg Year Ago	7.0	3.8	5.0	2.5	-0.9	-0.6	3.3	-0.3	1.7	2.4	2.3	2.4	2.7
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	59.2	60.1	59.3	57.1	57.8	58.0	58.8	60.3	61.2	62.9	64.5	66.1	67.4
Pct Chg Year Ago	-0.1	1.6	-1.3	-3.8	1.2	0.4	1.4	2.6	1.5	2.8	2.5	2.4	2.0
Manufacturing	9.7	9.3	9.3	8.6	8.3	8.2	8.4	8.7	9.3	9.5	9.6	9.6	9.7
Pct Chg Year Ago	-11.8	-4.4	0.3	-8.0	-3.0	-1.0	2.2	3.9	6.2	2.1	1.0	0.8	0.7
Nonmanufacturing	49.5	50.8	50.0	48.5	49.4	49.7	50.3	51.6	51.9	53.4	54.9	56.4	57.7
Pct Chg Year Ago	2.7	2.8	-1.6	-3.0	1.9	0.6	1.2	2.4	0.8	2.9	2.8	2.7	2.3
Construction & Mining	3.6	3.2	2.4	1.6	1.6	1.5	1.6	1.6	1.7	1.8	2.1	2.2	2.3
Pct Chg Year Ago	1.4	-12.1	-24.9	-32.0	-2.6	-2.2	4.7	0.6	2.4	10.3	12.5	9.2	4.6
Trade, Trans. & Utilities	11.3	11.9	11.7	11.5	11.4	11.8	12.1	12.2	11.8	12.1	12.3	12.6	12.7
Pct Chg Year Ago	4.2	5.4	-2.2	-1.5	-1.1	3.4	2.5	0.8	-2.7	2.3	1.9	1.7	1.5
Wholesale Trade	1.8	1.9	1.8	2.0	2.0	2.0	2.2	2.2	2.4	2.4	2.5	2.6	2.6
Retail Trade	7.5	7.8	7.6	7.3	7.2	7.4	7.4	7.5	7.5	7.6	7.7	7.8	7.9
Trans, Wrhsng, & Util	2.1	2.3	2.3	2.2	2.2	2.4	2.4	2.4	2.0	2.0	2.1	2.2	2.2
Information	0.8	0.7	0.7	0.6	0.6	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5
Pct Chg Year Ago	-18.4	-7.1	-11.9	-5.8	1.4	-29.6	-7.1	0.1	0.7	1.4	3.3	3.7	2.8
Financial Activities	1.9	1.9	1.8	1.6	1.6	1.5	1.6	1.5	1.5	1.5	1.6	1.6	1.6
Pct Chg Year Ago	4.9	-2.8	-4.6	-12.5	1.4	-3.7	0.7	-3.1	0.6	2.3	1.8	0.3	-1.0
Prof & Business Services	4.4	4.6	4.4	4.1	4.2	4.4	4.3	4.4	4.6	4.8	5.1	5.3	5.5
Pct Chg Year Ago	11.4	5.4	-4.4	-7.7	3.6	4.6	-2.3	2.4	3.3	6.1	5.3	4.5	2.9
Educ & Health Services	6.4	6.8	7.0	7.2	7.5	7.6	7.9	8.3	8.4	8.6	9.0	9.3	9.5
Pct Chg Year Ago	0.0	5.5	4.1	2.6	3.8	1.6	3.3	6.3	0.2	3.3	3.8	3.3	2.8
Leisure & Hospitality	4.8	5.0	5.0	4.7	4.5	4.6	4.7	5.1	5.4	5.6	5.7	5.8	5.9
Pct Chg Year Ago	1.2	4.3	0.7	-6.2	-3.6	2.6	2.3	7.3	6.1	3.4	1.5	2.0	1.6
Other Services	1.5	1.6	1.5	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.5
Pct Chg Year Ago	-10.4	2.2	-6.2	-6.8	-0.2	1.3	0.8	-0.5	1.7	0.5	0.9	1.4	1.0
Federal Government	0.7	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	-7.0	9.6	1.2	-0.1	5.1	-5.9	-5.1	-5.4	0.5	-0.4	-1.1	-0.5	-0.6
State & Local Government	14.0	14.4	14.8	15.1	15.9	15.6	15.7	15.9	16.1	16.4	16.7	17.1	17.6
Pct Chg Year Ago	4.9	3.1	2.6	2.0	5.2	-1.3	0.3	1.7	1.1	1.8	2.0	2.4	2.7
Other Economic Indicators													
Population (Ths.)	245.8	248.7	250.7	253.0	256.7	259.8	261.8	263.5	265.8	268.5	271.7	275.3	279.5
Pct Chg Year Ago	1.2	1.2	0.8	0.9	1.5	1.2	0.8	0.6	0.9	1.0	1.2	1.4	1.5
Labor Force (Ths.)	98.3	100.0	102.3	105.7	109.3	110.5	111.3	111.8	112.5	114.6	116.2	117.8	119.9
Pct Chg Year Ago	-0.7	1.8	2.3	3.3	3.5	1.0	0.8	0.4	0.6	1.9	1.4	1.4	1.8
Unemployment Rate (%)	9.5	10.1	12.7	16.9	18.8	18.3	17.0	14.8	13.3	12.4	11.3	10.2	9.9
Total Housing Starts	2451	856	363	120	119	126	175	133	244	729	1100.4	1108.7	1075.5
Single-Family	2380	837	283	119	116	99	77	97	219	654	996.1	997.6	963.5
Multifamily	71	19	80	2	3	28	98	36	24	75	104.3	111.1	112.0

Modesto MSA

SHORT TERM OUTLOOK

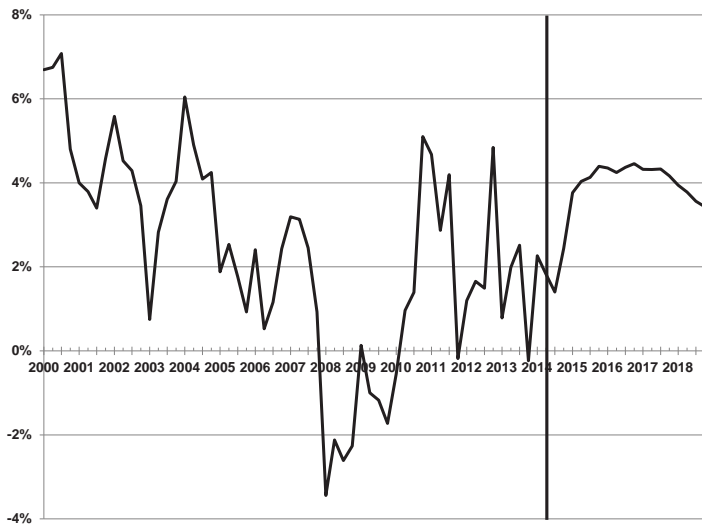
Employment in the Modesto MSA is expected to grow 2.6% in 2016, after a 2.4% increase in 2015. Job growth is expected to reach 2.6% growth the last two quarters in 2015 and then slightly decrease to 2.5% the first quarter of 2016. Through 2014-2016 the Construction and Mining sector sees the most dramatic change, increasing from -1.3% in 2014 to 11.5% in 2015 and, finally, 13.3% in 2016. Moderate growth is expected in all sectors with the exception of the Professional and Business sector and the Federal Government.

Real personal income is expected to increase at a healthy rate of 4.1% in 2015 to \$16.7 Billion. It is predicted that real

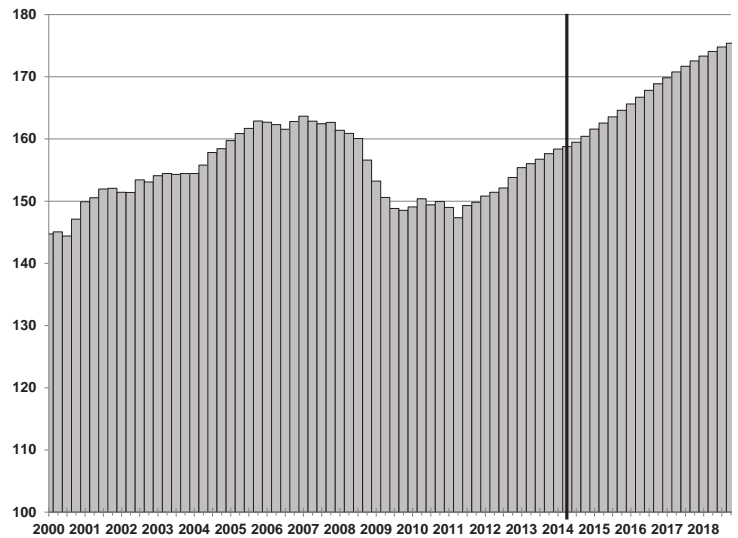
personal income will increase 4.3% for 2017 and slightly decrease in 2018 with a growth of 3.7%.

Population in Modesto will increase in 2016 by 1.2% and will continue to increase at a slight rate for the years to come. Modesto's labor force is expected to grow at a modest rate of 1.9% for 2015 and it is anticipated to steadily decline through the foreseeable forecast, reaching a 1.2% growth in 2018. Unemployment in Modesto will decline from 11.6% in 2015 to 10.7% in 2016. It is projected that unemployment will continue its steady decrease until it reaches 9.8% in 2018.

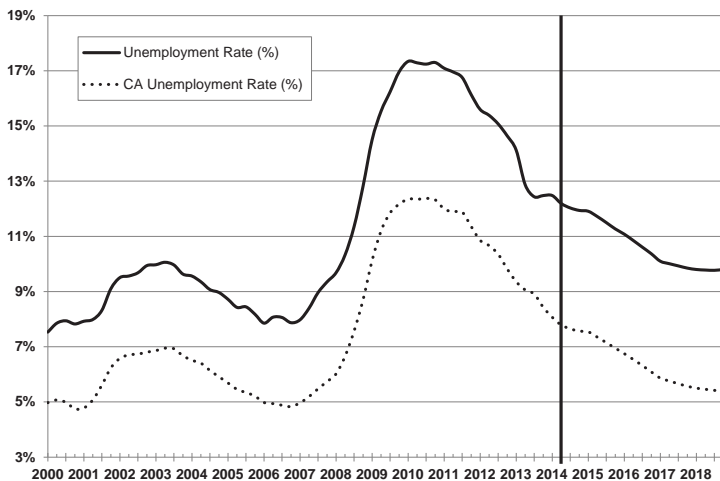
Modesto Real Personal Income
(percent change from one year ago)



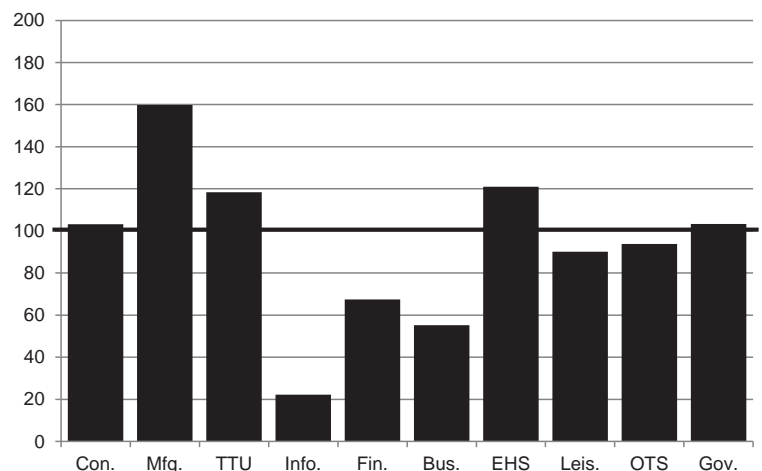
Modesto Payroll Employment
(Thousands)



Modesto and California Unemployment Rates
(percent)



Modesto Employment Mix Relative to California, 2012
(California = 100)



Quarterly Outlook for Modesto

May 2014 Forecast

	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	17.9	18.1	18.4	18.4	18.5	18.7	19.0	19.2	19.5	19.8	20.0	20.3
Pct Chg Year Ago	2.2	3.1	3.7	0.7	3.3	3.2	2.8	4.0	5.3	5.5	5.5	5.7
Wages and Salaries	7.2	7.3	7.4	7.4	7.3	7.4	7.5	7.6	7.7	7.8	7.9	8.0
Nonwage Income	10.7	10.9	11.1	11.1	11.2	11.3	11.5	11.6	11.8	12.0	12.1	12.3
Real Personal Income (2005\$)	15.5	15.7	15.9	15.8	15.8	15.9	16.1	16.2	16.4	16.6	16.7	16.9
Pct Chg Year Ago	0.8	2.0	2.5	-0.2	2.3	1.8	1.4	2.4	3.8	4.0	4.1	4.4
Per Capita Income (Ths.)	34.2	34.5	35.0	34.9	35.0	35.3	35.7	36.0	36.5	36.9	37.3	37.6
Real Per Capita Income (2005\$)	29.5	29.8	30.1	29.9	29.9	30.1	30.2	30.4	30.7	31.0	31.2	31.4
Average Annual Wage (Ths.)	46.0	46.4	46.8	46.5	46.1	46.4	46.8	47.0	47.3	47.8	48.1	48.4
Pct Chg Year Ago	-1.5	0.1	0.5	-1.9	0.2	0.1	0.0	1.1	2.8	2.9	2.8	2.8
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	155.4	156.0	156.7	157.6	158.4	158.8	159.5	160.4	161.6	162.6	163.5	164.6
Pct Chg Year Ago	3.0	3.0	3.0	2.5	1.9	1.7	1.7	1.8	2.0	2.4	2.6	2.6
Manufacturing	20.8	20.8	20.7	20.3	20.2	20.3	20.3	20.4	20.5	20.5	20.6	20.6
Pct Chg Year Ago	-0.6	-0.7	-0.1	-0.7	-2.6	-2.3	-1.6	0.3	1.1	1.1	1.1	1.2
Nonmanufacturing	134.6	135.3	136.1	137.3	138.1	138.5	139.1	140.1	141.1	142.0	143.0	144.0
Pct Chg Year Ago	3.6	3.6	3.5	3.0	2.6	2.4	2.3	2.0	2.2	2.6	2.8	2.8
Construction & Mining	7.0	6.9	7.1	6.7	6.7	6.7	6.9	7.1	7.3	7.5	7.8	8.0
Pct Chg Year Ago	19.1	13.0	9.6	1.1	-4.5	-2.6	-2.9	5.0	8.2	11.5	12.8	13.4
Trade, Trans, & Utilities	34.4	34.6	34.7	35.6	36.1	36.1	36.3	36.6	36.9	37.0	37.2	37.4
Pct Chg Year Ago	4.4	4.2	3.0	4.6	5.0	4.6	4.5	2.6	2.2	2.4	2.4	2.1
Wholesale Trade	5.8	5.9	5.9	5.9	6.0	6.1	6.1	6.1	6.2	6.2	6.2	6.3
Retail Trade	21.5	21.7	21.7	22.1	22.3	22.3	22.3	22.4	22.4	22.5	22.5	22.5
Trans, Wrhsng, & Util	7.1	7.0	7.1	7.6	7.8	7.8	7.9	8.1	8.3	8.4	8.5	8.5
Information	0.9	0.9	0.9	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Pct Chg Year Ago	-13.0	-3.3	-3.7	-0.3	-3.9	-8.1	-8.2	-6.4	-5.7	-1.2	1.2	1.2
Financial Activities	5.5	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.5	5.5	5.5	5.6
Pct Chg Year Ago	1.2	0.1	-0.6	-0.3	-1.3	0.2	0.0	0.4	1.6	2.0	2.0	2.0
Prof & Business Services	13.0	13.2	13.3	13.5	13.4	13.6	13.8	13.9	14.1	14.3	14.4	14.6
Pct Chg Year Ago	2.8	2.9	3.9	3.9	2.9	2.6	3.9	3.4	4.9	5.2	4.9	5.2
Educ & Health Services	28.1	28.3	28.4	28.5	28.7	28.8	28.9	29.0	29.2	29.4	29.6	29.8
Pct Chg Year Ago	4.4	4.8	5.1	1.9	2.0	1.8	1.6	1.7	1.6	2.1	2.6	3.0
Leisure & Hospitality	15.3	15.7	15.8	16.0	16.0	16.1	16.1	16.2	16.4	16.4	16.5	16.5
Pct Chg Year Ago	3.4	5.9	6.0	6.6	4.7	2.1	2.0	1.2	2.0	2.2	2.2	1.7
Other Services	4.9	5.0	5.0	5.1	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4
Pct Chg Year Ago	0.6	2.2	2.0	6.0	11.4	9.1	8.8	5.2	-0.5	-1.0	-0.9	-0.8
Federal Government	0.9	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	-0.3	-7.2	-11.0	-8.0	-10.2	-4.2	-0.7	0.1	-0.8	-0.9	-1.2	-1.3
State & Local Government	24.6	24.5	24.7	24.7	24.7	24.7	24.8	24.8	24.9	25.0	25.0	25.1
Pct Chg Year Ago	0.4	0.0	1.2	0.5	0.4	1.1	0.3	0.4	0.7	1.0	1.0	1.0
Other Economic Indicators												
Population (Ths.)	524.5	525.5	526.6	527.7	529.0	530.3	531.7	533.1	534.5	535.7	537.3	538.7
Pct Chg Year Ago	0.8	0.8	0.8	0.8	0.9	0.9	1.0	1.0	1.0	1.0	1.0	1.1
Labor Force (Ths.)	238.7	237.2	236.4	235.2	237.8	238.1	238.9	240.0	241.4	242.6	243.8	244.9
Pct Chg Year Ago	-0.4	-1.0	-1.2	-1.6	-0.4	0.3	1.0	2.0	1.5	1.9	2.1	2.1
Unemployment Rate (%)	14.1	12.9	12.4	12.5	12.5	12.2	12.0	11.9	11.9	11.7	11.5	11.3
Total Housing Starts (Annual Rate)	333	270	170	294	245	297	427	684	1030	1446	1875	2201
Single-Family	260	244	161	262	245	278	389	582	866	1208	1559	1820
Multifamily	73	26	8	32	0	19	39	102	164	237	316	381

Quarterly Outlook for Modesto

May 2014 Forecast

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	20.6	20.9	21.2	21.5	21.9	22.2	22.5	22.8	23.1	23.4	23.7	24.0
Pct Chg Year Ago	5.8	5.8	5.9	6.1	6.0	6.0	6.1	6.0	5.8	5.7	5.5	5.4
Wages and Salaries	8.1	8.2	8.3	8.4	8.6	8.7	8.8	8.9	9.0	9.1	9.2	9.4
Nonwage Income	12.5	12.7	12.9	13.1	13.3	13.5	13.7	13.9	14.1	14.3	14.5	14.7
Real Personal Income (2005\$)	17.1	17.3	17.5	17.7	17.9	18.0	18.2	18.4	18.6	18.7	18.9	19.0
Pct Chg Year Ago	4.4	4.2	4.4	4.5	4.3	4.3	4.3	4.2	3.9	3.8	3.6	3.4
Per Capita Income (Ths.)	38.2	38.6	39.0	39.4	39.9	40.3	40.8	41.2	41.7	42.1	42.5	42.9
Real Per Capita Income (2005\$)	31.7	31.9	32.1	32.3	32.6	32.8	33.0	33.2	33.5	33.6	33.8	33.9
Average Annual Wage (Ths.)	48.8	49.1	49.4	49.8	50.3	50.6	51.0	51.4	51.9	52.3	52.6	53.1
Pct Chg Year Ago	3.1	2.9	2.9	2.9	3.0	3.0	3.2	3.3	3.2	3.3	3.1	3.2
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	165.6	166.7	167.8	168.9	169.8	170.8	171.7	172.5	173.3	174.1	174.8	175.4
Pct Chg Year Ago	2.5	2.5	2.6	2.6	2.5	2.4	2.3	2.2	2.1	1.9	1.8	1.7
Manufacturing	20.7	20.7	20.8	20.8	20.8	20.9	20.9	20.9	20.9	21.0	21.0	21.0
Pct Chg Year Ago	1.0	0.9	0.9	0.8	0.7	0.7	0.6	0.5	0.5	0.6	0.6	0.7
Nonmanufacturing	145.0	146.0	147.1	148.1	149.0	149.9	150.8	151.6	152.4	153.1	153.8	154.4
Pct Chg Year Ago	2.7	2.8	2.9	2.8	2.8	2.7	2.5	2.4	2.3	2.1	2.0	1.8
Construction & Mining	8.3	8.5	8.8	9.0	9.2	9.4	9.5	9.6	9.7	9.8	9.9	9.9
Pct Chg Year Ago	14.0	14.0	13.1	12.1	11.0	9.6	8.2	6.9	5.7	4.7	3.9	3.2
Trade, Trans, & Utilities	37.5	37.7	37.9	38.0	38.2	38.4	38.5	38.7	38.9	39.0	39.1	39.2
Pct Chg Year Ago	1.7	1.8	1.9	1.8	1.8	1.8	1.8	1.8	1.8	1.7	1.5	1.2
Wholesale Trade	6.3	6.4	6.4	6.5	6.5	6.5	6.6	6.6	6.7	6.7	6.7	6.8
Retail Trade	22.6	22.6	22.6	22.6	22.7	22.7	22.8	22.8	22.9	22.9	22.9	22.9
Trans, Wrhsng, & Util	8.6	8.7	8.8	8.9	9.0	9.1	9.2	9.3	9.4	9.4	9.5	9.5
Information	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	0.9	1.0
Pct Chg Year Ago	2.4	3.7	2.4	3.6	4.8	4.7	4.7	3.4	3.4	3.4	3.3	5.6
Financial Activities	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6
Pct Chg Year Ago	1.6	1.2	1.1	0.7	0.6	0.6	0.3	0.1	0.0	-0.4	-0.5	-0.6
Prof & Business Services	14.8	14.9	15.1	15.2	15.3	15.5	15.6	15.7	15.8	15.9	16.0	16.1
Pct Chg Year Ago	5.0	4.6	4.4	4.1	3.9	3.7	3.3	3.0	2.8	2.6	2.5	2.4
Educ & Health Services	30.1	30.4	30.6	30.9	31.0	31.3	31.5	31.7	31.9	32.1	32.3	32.5
Pct Chg Year Ago	3.2	3.4	3.4	3.4	3.1	3.0	2.9	2.9	2.7	2.6	2.5	2.3
Leisure & Hospitality	16.6	16.7	16.8	16.9	17.0	17.1	17.2	17.2	17.3	17.4	17.4	17.5
Pct Chg Year Ago	1.4	1.5	1.9	2.2	2.3	2.5	2.3	2.1	2.0	1.8	1.7	1.6
Other Services	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.5	5.5	5.4
Pct Chg Year Ago	-0.6	-0.2	0.2	0.5	0.8	1.0	1.0	1.0	0.7	0.5	0.4	0.2
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	-2.0	-1.9	-1.8	-1.9	-1.3	-1.3	-1.2	-1.3	-1.4	-1.3	-1.3	-1.3
State & Local Government	25.2	25.3	25.4	25.5	25.6	25.7	25.8	26.0	26.1	26.3	26.4	26.5
Pct Chg Year Ago	1.1	1.2	1.4	1.6	1.7	1.7	1.8	1.9	2.0	2.1	2.2	2.1
Other Economic Indicators												
Population (Ths.)	540.5	542.3	544.1	546.0	547.8	549.6	551.4	553.3	555.1	556.9	558.7	560.6
Pct Chg Year Ago	1.1	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Labor Force (Ths.)	245.9	246.9	247.8	248.6	249.4	250.2	250.9	251.7	252.5	253.2	253.9	254.6
Pct Chg Year Ago	1.9	1.8	1.6	1.5	1.4	1.3	1.3	1.3	1.2	1.2	1.2	1.2
Unemployment Rate (%)	11.1	10.9	10.6	10.4	10.1	10.0	9.9	9.9	9.8	9.8	9.8	9.8
Total Housing Starts (Annual Rate)	2495	2732	2927	3050	3144	3162	3141	3131	3079	3078	3074	3109
Single-Family	2069	2287	2468	2581	2658	2673	2647	2624	2575	2582	2578	2595
Multifamily	426	445	459	469	486	489	493	507	505	496	496	514

Annual Outlook for Modesto

May 2014 Forecast

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Personal Income (Billions \$)													
Total Personal Income	15.1	15.8	15.9	15.7	16.2	17.1	17.8	18.2	18.9	19.9	21.1	22.3	23.6
Pct Chg Year Ago	4.4	5.0	0.4	-1.0	3.4	5.3	4.2	2.4	3.4	5.5	5.9	6.0	5.6
Wages and Salaries	6.6	6.9	7.0	6.8	6.8	6.9	7.1	7.3	7.5	7.8	8.3	8.7	9.2
Nonwage Income	8.4	8.9	8.8	8.9	9.5	10.2	10.7	10.9	11.4	12.0	12.8	13.6	14.4
Real Personal Income (2005\$)	14.7	15.0	14.6	14.5	14.7	15.2	15.5	15.7	16.0	16.7	17.4	18.1	18.8
Pct Chg Year Ago	1.6	2.4	-2.6	-0.9	1.7	2.9	2.3	1.3	2.0	4.1	4.4	4.3	3.7
Per Capita Income (Ths.)	29.8	31.1	31.1	30.6	31.5	33.0	34.1	34.7	35.5	37.1	38.8	40.6	42.3
Real Per Capita Income (2005\$)	29.0	29.6	28.7	28.3	28.6	29.2	29.7	29.8	30.1	31.0	32.0	32.9	33.7
Average Annual Wage (Ths.)	40.6	42.1	43.7	44.7	45.0	45.9	46.7	46.4	46.6	47.9	49.3	50.8	52.5
Pct Chg Year Ago	2.6	3.6	3.8	2.4	0.7	2.0	1.8	-0.7	0.4	2.8	2.9	3.1	3.2
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	162.3	162.9	159.7	150.3	149.7	148.9	152.1	156.5	159.3	163.1	167.3	171.2	174.4
Pct Chg Year Ago	0.7	0.3	-1.9	-5.9	-0.4	-0.5	2.1	2.9	1.8	2.4	2.6	2.4	1.9
Manufacturing	22.2	22.9	22.6	20.9	20.7	20.7	20.7	20.6	20.3	20.5	20.7	20.9	21.0
Pct Chg Year Ago	-1.8	3.3	-1.3	-7.7	-1.0	0.0	0.5	-0.5	-1.6	1.1	0.9	0.7	0.6
Nonmanufacturing	140.2	140.0	137.1	129.4	129.0	128.2	131.3	135.8	138.9	142.5	146.5	150.3	153.4
Pct Chg Year Ago	1.0	-0.1	-2.0	-5.6	-0.3	-0.6	2.4	3.4	2.3	2.6	2.8	2.6	2.0
Construction & Mining	13.2	11.2	9.1	6.6	5.9	5.8	6.3	6.9	6.9	7.6	8.7	9.4	9.8
Pct Chg Year Ago	-0.5	-15.2	-18.8	-27.4	-10.8	-1.7	8.8	10.7	-1.3	11.5	13.3	8.9	4.4
Trade, Trans., & Utilities	33.6	33.8	32.9	31.4	31.6	32.1	33.5	34.8	36.3	37.1	37.8	38.4	39.0
Pct Chg Year Ago	-0.2	0.5	-2.6	-4.5	0.6	1.8	4.1	4.0	4.2	2.3	1.8	1.8	1.5
Wholesale Trade	5.9	6.1	6.0	6.1	5.9	5.8	5.8	5.9	6.1	6.2	6.4	6.6	6.7
Retail Trade	22.5	22.1	21.2	19.5	19.5	19.9	20.8	21.7	22.3	22.5	22.6	22.7	22.9
Trans, Wrhsng, & Util	5.2	5.6	5.7	5.7	6.2	6.4	6.8	7.2	7.9	8.4	8.8	9.1	9.5
Information	2.4	2.3	1.8	1.3	1.2	1.1	1.0	0.9	0.8	0.8	0.9	0.9	0.9
Pct Chg Year Ago	-3.9	-5.5	-19.2	-30.1	-4.6	-8.3	-13.5	-5.1	-6.7	-1.1	3.0	4.4	3.9
Financial Activities	6.3	6.2	6.1	5.6	5.4	5.4	5.4	5.4	5.4	5.5	5.6	5.6	5.6
Pct Chg Year Ago	1.6	-1.1	-2.2	-7.7	-2.7	-0.9	0.4	0.1	-0.2	1.9	1.2	0.4	-0.4
Prof & Business Services	14.8	14.8	14.3	13.2	12.5	12.2	12.8	13.2	13.7	14.3	15.0	15.5	15.9
Pct Chg Year Ago	-0.4	-0.1	-3.2	-7.9	-5.2	-2.0	4.8	3.4	3.2	5.1	4.5	3.5	2.6
Educ & Health Services	22.4	23.8	24.9	25.7	26.6	26.6	27.2	28.3	28.8	29.5	30.5	31.4	32.2
Pct Chg Year Ago	3.2	6.5	4.5	3.4	3.5	0.0	2.2	4.1	1.8	2.3	3.3	3.0	2.5
Leisure & Hospitality	15.3	15.4	15.5	14.7	14.5	14.4	14.9	15.7	16.1	16.4	16.7	17.1	17.4
Pct Chg Year Ago	3.7	0.8	1.0	-5.7	-0.7	-0.7	3.1	5.5	2.5	2.1	1.7	2.3	1.8
Other Services	5.9	6.0	5.8	5.2	5.0	4.8	4.9	5.0	5.4	5.4	5.4	5.4	5.5
Pct Chg Year Ago	-3.4	1.5	-3.8	-10.3	-2.7	-4.0	0.3	2.7	8.6	-0.8	0.0	0.9	0.5
Federal Government	1.2	1.1	0.9	0.9	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8
Pct Chg Year Ago	-1.9	-6.9	-18.7	-1.0	12.7	-9.0	-0.8	-6.6	-3.8	-1.1	-1.9	-1.3	-1.4
State & Local Government	25.1	25.4	25.8	24.9	25.2	24.7	24.5	24.6	24.8	25.0	25.3	25.8	26.3
Pct Chg Year Ago	2.8	1.2	1.6	-3.3	1.2	-1.8	-1.0	0.5	0.6	0.9	1.3	1.8	2.1
Other Economic Indicators													
Population (Ths.)	505.0	507.9	509.4	512.2	515.8	518.4	522.0	526.1	531.1	536.5	543.3	550.5	557.8
Pct Chg Year Ago	0.9	0.6	0.3	0.5	0.7	0.5	0.7	0.8	0.9	1.0	1.2	1.3	1.3
Labor Force (Ths.)	225.1	227.3	232.1	235.0	239.7	238.8	239.4	236.9	238.7	243.2	247.3	250.6	253.6
Pct Chg Year Ago	-0.9	1.0	2.1	1.3	2.0	-0.4	0.3	-1.1	0.8	1.9	1.7	1.3	1.2
Unemployment Rate (%)	8.0	8.7	11.0	15.8	17.3	16.7	15.2	13.0	12.2	11.6	10.7	10.0	9.8
Total Housing Starts	2661	1720	636	376	270	212	317	267	413	1638	2801	3144	3085
Single-Family	2368	1395	534	289	169	132	191	232	373	1363	2351	2650	2582
Multifamily	293	324	102	87	100	80	126	35	40	275	450	494	503

Oakland MSA

SHORT TERM OUTLOOK

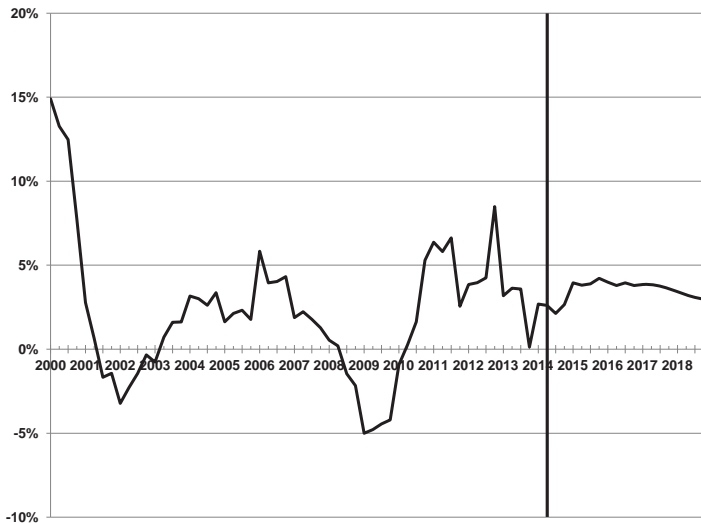
Nonfarm employment in the Oakland MSA is expected to increase in 2015 compared to 2014 with a growth of 2.4% from 1.7%. The sector with the greatest increase in employment for 2015 is the “Construction & Mining” sector which is expected to grow 10%. The next leader in economic growth is the “Professional & Business Services” sector with an expected growth of 4.6%. Employment growth is expected as well in all other sectors with the exception of the “Other Services” sector and the Federal Government, which is projected to decrease by 1.5% and 0.8% respectively.

Real personal income for 2015 is expected to increase to

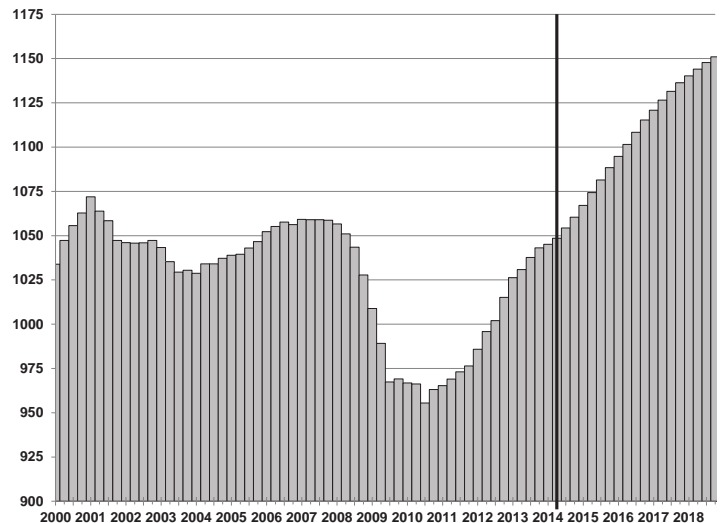
\$144.2 Billion, which is a 4% increase from \$138.7 Billion in 2014. For the years following, Oakland MSA will continue to have positive real personal income growth rate.

The Oakland MSA’s population is expected to have a 1.3% growth for 2015 and 1.3% growth for 2016. 2017 will bring a 1.2% growth rate which is expected to continue throughout the projected horizon. Unemployment in Oakland is expected to decrease to 5.9% in 2015 and will continue to decrease in the foreseeable future until it reaches 4.4% in 2018. As growth in employment continues, labor force will also increase 0.4% this year with an increase of 2% and 1.6% for 2015 and 2016, respectively.

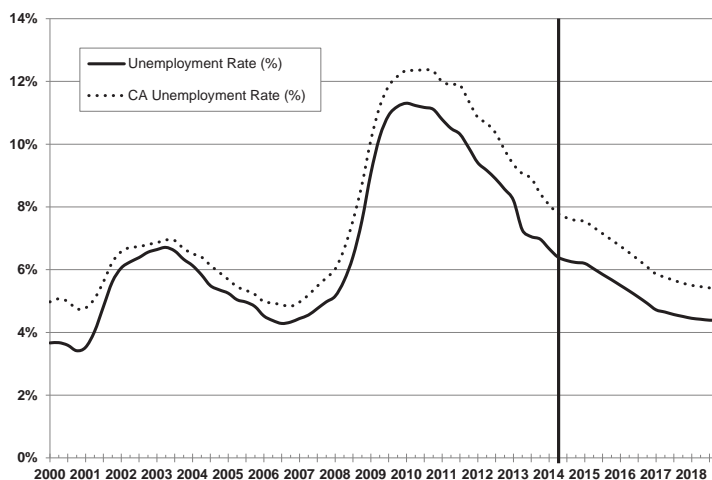
Oakland Real Personal Income
(Percent change from one year ago)



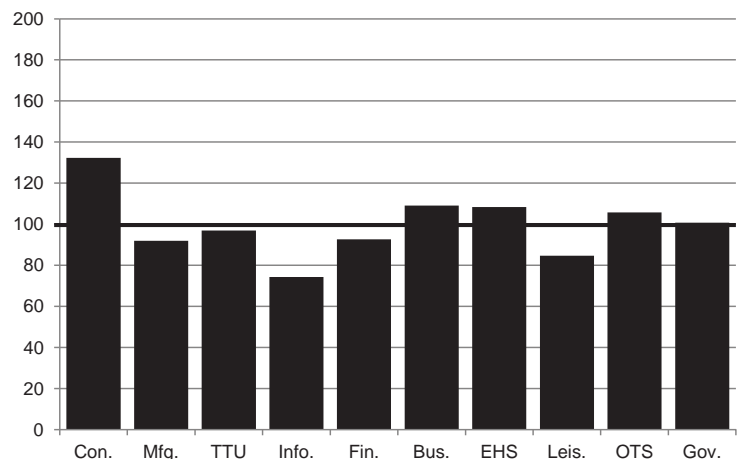
Oakland Payroll Employment
(Thousands)



Oakland and California Unemployment Rates
(percent)



Oakland Employment Mix Relative to California, 2012
(California = 100)



Quarterly Outlook for Oakland

May 2014 Forecast

	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	154.2	156.2	158.9	159.8	160.0	162.5	164.5	166.6	168.9	171.1	173.2	175.8
Pct Chg Year Ago	4.6	4.7	4.7	1.1	3.7	4.0	3.6	4.3	5.5	5.3	5.3	5.5
Wages and Salaries	67.3	68.3	69.5	69.9	69.8	70.6	71.5	72.4	73.5	74.6	75.7	76.9
Nonwage Income	86.9	87.8	89.4	89.9	90.2	91.9	93.0	94.2	95.4	96.5	97.5	98.9
Real Personal Income (2005\$)	133.1	134.8	136.5	136.9	136.7	138.3	139.4	140.5	142.1	143.6	144.8	146.5
Pct Chg Year Ago	3.2	3.6	3.6	0.1	2.7	2.6	2.1	2.7	3.9	3.8	3.9	4.2
Per Capita Income (Ths.)	57.9	58.4	59.2	59.4	59.3	59.9	60.5	61.1	61.7	62.3	62.9	63.6
Real Per Capita Income (2005\$)	50.0	50.4	50.9	50.9	50.6	51.0	51.3	51.5	51.9	52.3	52.6	53.0
Average Annual Wage (Ths.)	65.3	65.9	66.6	66.6	66.5	67.0	67.5	67.9	68.5	69.1	69.6	70.3
Pct Chg Year Ago	-0.8	0.9	1.3	-2.5	1.8	1.6	1.3	1.9	3.0	3.2	3.2	3.5

Establishment Employment (Place of Work, Thousands, SA)

Total Non-Farm Employment	1026.2	1030.8	1037.7	1043.1	1045.1	1048.5	1054.3	1060.4	1067.1	1074.3	1081.4	1088.4
Pct Chg Year Ago	4.1	3.5	3.6	2.8	1.8	1.7	1.6	1.7	2.1	2.5	2.6	2.6
Manufacturing	77.7	78.2	78.6	79.9	79.8	80.7	81.3	81.5	81.9	82.2	82.4	82.6
Pct Chg Year Ago	-0.7	-0.6	0.5	2.6	2.8	3.2	3.4	2.0	2.6	1.8	1.4	1.4
Nonmanufacturing	948.5	952.6	959.1	963.2	965.3	967.8	973.1	978.9	985.2	992.1	999.0	1005.8
Pct Chg Year Ago	4.5	3.9	3.8	2.8	1.8	1.6	1.5	1.6	2.1	2.5	2.7	2.7
Construction & Mining	57.6	57.6	57.0	57.1	57.4	58.4	59.5	60.9	62.3	63.9	65.9	67.8
Pct Chg Year Ago	12.2	9.7	6.7	3.5	-0.3	1.3	4.4	6.8	8.5	9.5	10.6	11.3
Trade, Trans, & Utilities	184.4	184.8	185.6	187.1	186.8	188.3	189.1	190.1	190.8	191.6	192.3	192.9
Pct Chg Year Ago	3.5	2.8	2.7	2.7	1.3	1.9	1.9	1.6	2.1	1.7	1.6	1.5
Wholesale Trade	44.9	44.8	45.1	45.3	46.1	46.0	46.3	46.6	47.0	47.3	47.6	48.0
Retail Trade	106.4	106.8	107.1	107.4	106.3	107.7	107.9	108.2	108.2	108.5	108.5	108.5
Trans, Wrhsng, & Util	33.1	33.2	33.5	34.4	34.4	34.6	34.9	35.3	35.6	35.9	36.1	36.4
Information	21.3	21.5	21.4	21.5	21.3	21.3	21.4	21.5	21.3	21.3	21.7	21.8
Pct Chg Year Ago	-3.7	-3.0	-1.8	-2.5	-0.1	-1.1	-0.1	-0.1	0.2	0.4	1.4	1.7
Financial Activities	49.5	49.7	49.4	49.6	49.3	49.4	49.5	49.6	49.9	50.1	50.2	50.4
Pct Chg Year Ago	2.0	2.0	1.5	1.1	-0.4	-0.5	0.2	0.0	1.2	1.3	1.4	1.5
Prof & Business Services	172.1	172.2	173.2	172.2	174.0	173.0	175.7	177.5	179.6	182.0	184.3	186.4
Pct Chg Year Ago	6.3	4.4	3.8	1.1	1.1	0.5	1.4	3.1	3.3	5.2	4.9	5.0
Educ & Health Services	168.5	170.2	172.5	173.2	174.2	175.6	175.9	176.4	177.5	179.0	180.2	181.6
Pct Chg Year Ago	7.5	7.5	7.8	4.7	3.4	3.2	2.0	1.9	1.9	1.9	2.5	2.9
Leisure & Hospitality	95.9	97.6	98.6	100.0	100.2	100.1	100.4	101.1	101.9	102.2	102.4	102.6
Pct Chg Year Ago	6.1	6.3	6.5	6.8	4.5	2.5	1.8	1.1	1.7	2.1	2.0	1.5
Other Services	36.8	36.8	37.1	37.5	37.5	37.4	37.4	37.2	37.2	37.1	37.0	37.0
Pct Chg Year Ago	2.1	1.2	2.2	2.8	1.7	1.6	0.8	-0.6	-0.7	-0.9	-0.9	-0.7
Federal Government	14.0	13.8	13.6	13.6	13.7	13.6	13.6	13.5	13.5	13.4	13.3	13.3
Pct Chg Year Ago	-1.9	-2.7	-4.0	-3.8	-2.4	-1.4	-0.2	-0.8	-1.3	-1.3	-1.7	-1.7
State & Local Government	148.4	148.3	150.6	151.5	151.0	150.7	150.7	151.0	151.2	151.5	151.7	152.0
Pct Chg Year Ago	0.3	0.0	0.9	1.9	1.7	1.6	0.0	-0.4	0.2	0.6	0.7	0.7

Other Economic Indicators

Population (Ths.)	2662.8	2673.1	2682.0	2690.2	2700.1	2710.0	2718.8	2726.5	2736.3	2745.7	2754.1	2761.7
Pct Chg Year Ago	1.5	1.6	1.5	1.4	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.3
Labor Force (Ths.)	1320.9	1319.9	1315.6	1305.9	1313.7	1317.5	1323.4	1329.0	1337.6	1345.2	1351.3	1356.8
Pct Chg Year Ago	1.2	0.7	0.1	-0.8	-0.5	-0.2	0.6	1.8	1.8	2.1	2.1	2.1
Unemployment Rate (%)	8.2	7.3	7.1	7.0	6.7	6.4	6.3	6.2	6.2	6.0	5.9	5.7
Total Housing Starts (Annual Rate)	5771	3948	4107	5521	3731	4414	5017	5878	6751	7942	9152	9893
Single-Family	3147	3163	2776	3386	2491	2772	3052	3361	3845	4530	5178	5494
Multifamily	2625	786	1331	2135	1240	1642	1965	2517	2906	3412	3974	4398

Quarterly Outlook for Oakland

May 2014 Forecast

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	178.0	180.2	182.6	185.2	187.8	190.2	192.7	195.2	197.7	200.0	202.4	204.9
Pct Chg Year Ago	5.4	5.3	5.4	5.4	5.5	5.6	5.5	5.4	5.3	5.2	5.0	4.9
Wages and Salaries	78.0	78.9	80.0	81.1	82.2	83.2	84.3	85.4	86.4	87.4	88.5	89.5
Nonwage Income	100.1	101.3	102.6	104.2	105.6	107.0	108.4	109.9	111.2	112.6	113.9	115.4
Real Personal Income (2005\$)	147.7	149.0	150.5	152.0	153.4	154.8	156.1	157.5	158.7	159.8	161.0	162.2
Pct Chg Year Ago	4.0	3.8	3.9	3.8	3.8	3.9	3.7	3.6	3.4	3.2	3.1	3.0
Per Capita Income (Ths.)	64.2	64.8	65.5	66.3	66.9	67.6	68.3	69.0	69.7	70.3	71.0	71.7
Real Per Capita Income (2005\$)	53.3	53.6	54.0	54.4	54.7	55.0	55.3	55.7	55.9	56.2	56.4	56.7
Average Annual Wage (Ths.)	70.9	71.3	71.8	72.3	73.0	73.5	74.1	74.7	75.4	76.0	76.7	77.4
Pct Chg Year Ago	3.5	3.2	3.2	2.9	3.0	3.1	3.2	3.4	3.4	3.4	3.5	3.5
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	1094.7	1101.5	1108.3	1115.3	1120.8	1126.5	1131.5	1136.4	1140.3	1144.1	1147.7	1151.0
Pct Chg Year Ago	2.6	2.5	2.5	2.5	2.4	2.3	2.1	1.9	1.7	1.6	1.4	1.3
Manufacturing	82.9	83.0	83.2	83.3	83.4	83.5	83.5	83.6	83.7	84.0	84.1	84.2
Pct Chg Year Ago	1.1	1.0	0.9	0.8	0.6	0.6	0.5	0.4	0.4	0.5	0.6	0.7
Nonmanufacturing	1011.9	1018.5	1025.2	1032.0	1037.4	1043.0	1048.0	1052.8	1056.5	1060.1	1063.7	1066.8
Pct Chg Year Ago	2.7	2.7	2.6	2.6	2.5	2.4	2.2	2.0	1.8	1.6	1.5	1.3
Construction & Mining	69.7	71.4	73.0	74.7	76.0	77.1	78.0	78.7	79.3	79.7	80.1	80.3
Pct Chg Year Ago	11.8	11.7	10.9	10.1	9.0	8.0	6.8	5.4	4.4	3.4	2.7	2.0
Trade, Trans, & Utilities	193.5	194.3	195.0	195.6	196.3	197.1	197.7	198.3	198.9	199.3	199.5	199.7
Pct Chg Year Ago	1.4	1.4	1.4	1.4	1.5	1.4	1.4	1.4	1.3	1.1	0.9	0.7
Wholesale Trade	48.3	48.7	49.0	49.3	49.7	50.0	50.3	50.5	50.7	50.9	51.2	51.3
Retail Trade	108.5	108.5	108.5	108.5	108.6	108.7	108.8	108.9	108.9	108.9	108.8	108.8
Trans, Wrhsng, & Util	36.8	37.1	37.5	37.8	38.1	38.4	38.7	39.0	39.3	39.5	39.5	39.6
Information	21.8	22.0	22.3	22.4	22.6	22.7	22.9	23.0	23.1	23.2	23.4	23.5
Pct Chg Year Ago	2.3	3.3	2.6	2.6	3.5	3.2	2.7	2.6	2.5	2.1	2.0	2.1
Financial Activities	50.5	50.6	50.8	50.8	50.9	51.0	51.0	50.9	50.8	50.7	50.6	50.6
Pct Chg Year Ago	1.2	1.1	1.1	1.0	0.9	0.8	0.5	0.1	-0.2	-0.6	-0.7	-0.6
Prof & Business Services	188.0	189.6	191.6	193.5	194.8	196.0	197.2	198.4	199.5	200.3	201.4	202.5
Pct Chg Year Ago	4.7	4.2	4.0	3.8	3.6	3.4	2.9	2.5	2.4	2.2	2.1	2.1
Educ & Health Services	183.0	184.7	185.8	187.1	188.0	189.4	190.5	191.7	192.4	193.6	194.5	195.2
Pct Chg Year Ago	3.1	3.2	3.1	3.0	2.7	2.6	2.5	2.5	2.3	2.2	2.1	1.8
Leisure & Hospitality	102.9	103.0	103.5	104.1	104.4	104.8	105.2	105.6	105.8	106.0	106.2	106.5
Pct Chg Year Ago	1.0	0.8	1.0	1.4	1.5	1.7	1.7	1.5	1.4	1.1	1.0	0.8
Other Services	37.0	37.0	37.0	37.1	37.2	37.3	37.4	37.4	37.4	37.5	37.5	37.5
Pct Chg Year Ago	-0.6	-0.2	0.0	0.2	0.6	0.7	0.9	0.9	0.6	0.5	0.3	0.2
Federal Government	13.2	13.1	13.0	13.0	13.0	12.9	12.8	12.8	12.7	12.7	12.6	12.6
Pct Chg Year Ago	-2.4	-2.3	-2.2	-2.3	-1.7	-1.6	-1.6	-1.7	-1.8	-1.8	-1.7	-1.7
State & Local Government	152.3	152.8	153.3	153.8	154.3	154.8	155.3	156.0	156.6	157.3	158.0	158.6
Pct Chg Year Ago	0.8	0.8	1.0	1.2	1.3	1.3	1.4	1.4	1.5	1.6	1.7	1.6
Other Economic Indicators												
Population (Ths.)	2771.0	2780.3	2788.2	2795.7	2804.6	2813.4	2821.1	2828.1	2836.8	2845.2	2852.5	2859.2
Pct Chg Year Ago	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.1
Labor Force (Ths.)	1361.8	1366.7	1371.6	1376.4	1380.5	1384.4	1388.3	1392.1	1395.1	1398.0	1400.8	1403.6
Pct Chg Year Ago	1.8	1.6	1.5	1.4	1.4	1.3	1.2	1.1	1.1	1.0	0.9	0.8
Unemployment Rate (%)	5.5	5.3	5.1	4.9	4.7	4.7	4.6	4.5	4.5	4.4	4.4	4.4
Total Housing Starts (Annual Rate)	10439	10696	10875	10868	10868	10801	10746	10769	10943	11072	11256	11545
Single-Family	5775	5977	6109	6076	5959	5881	5783	5723	5659	5690	5695	5654
Multifamily	4664	4719	4766	4792	4909	4920	4963	5047	5284	5382	5560	5891

Annual Outlook for Oakland

May 2014 Forecast

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Personal Income (Billions \$)													
Total Personal Income	125.0	130.4	133.4	127.1	131.3	141.5	151.6	157.3	163.4	172.2	181.5	191.5	201.2
Pct Chg Year Ago	7.3	4.3	2.3	-4.7	3.2	7.9	7.1	3.8	3.9	5.4	5.4	5.5	5.1
Wages and Salaries	60.7	63.4	63.8	60.3	61.1	63.2	66.7	68.8	71.1	75.2	79.5	83.8	88.0
Nonwage Income	64.2	66.9	69.6	66.8	70.1	78.4	84.9	88.5	92.3	97.1	102.0	107.7	113.3
Real Personal Income (2005\$)	121.7	123.9	123.0	117.3	119.1	125.4	131.9	135.3	138.7	144.2	149.8	155.5	160.4
Pct Chg Year Ago	4.5	1.8	-0.7	-4.6	1.6	5.3	5.1	2.6	2.5	4.0	3.9	3.8	3.2
Per Capita Income (Ths.)	51.0	52.8	53.2	50.1	51.1	54.4	57.5	58.7	60.2	62.6	65.2	68.0	70.7
Real Per Capita Income (2005\$)	49.7	50.1	49.1	46.2	46.4	48.2	50.0	50.5	51.1	52.5	53.8	55.2	56.3
Average Annual Wage (Ths.)	57.2	59.6	60.7	61.0	63.1	64.7	66.3	66.1	67.2	69.4	71.6	73.8	76.4
Pct Chg Year Ago	4.4	4.1	1.9	0.4	3.5	2.5	2.5	-0.3	1.6	3.2	3.2	3.2	3.5
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	1055.3	1059.0	1044.8	983.6	962.9	971.0	999.7	1034.5	1052.1	1077.8	1105.0	1128.8	1145.8
Pct Chg Year Ago	1.3	0.3	-1.3	-5.9	-2.1	0.8	3.0	3.5	1.7	2.4	2.5	2.5	1.5
Manufacturing	93.9	92.3	90.8	80.5	77.4	78.3	78.3	78.6	80.8	82.3	83.1	83.5	84.0
Pct Chg Year Ago	0.0	-1.7	-1.6	-11.4	-3.8	1.2	-0.1	0.4	2.8	1.8	0.9	0.5	0.6
Nonmanufacturing	961.4	966.6	953.9	903.2	885.5	892.6	921.4	955.8	971.3	995.5	1021.9	1045.3	1061.8
Pct Chg Year Ago	1.4	0.5	-1.3	-5.3	-1.9	0.8	3.2	3.7	1.6	2.5	2.6	2.3	1.6
Construction & Mining	74.4	72.9	66.2	54.8	48.7	48.8	53.1	57.3	59.1	65.0	72.2	77.4	79.8
Pct Chg Year Ago	0.7	-2.1	-9.2	-17.2	-11.0	0.2	9.0	8.0	3.0	10.0	11.1	7.3	3.1
Trade, Trans., & Utilities	197.9	199.3	193.0	179.0	173.6	175.4	180.2	185.5	188.6	191.9	194.6	197.4	199.3
Pct Chg Year Ago	1.1	0.7	-3.1	-7.2	-3.0	1.0	2.8	2.9	1.7	1.7	1.4	1.4	1.0
Wholesale Trade	48.8	48.7	47.6	43.7	41.8	42.1	43.6	45.0	46.3	47.4	48.8	50.1	51.0
Retail Trade	113.3	113.3	109.5	102.1	100.3	101.1	103.8	106.9	107.5	108.4	108.5	108.7	108.8
Trans, Wrhsng, & Util	35.8	37.3	35.9	33.2	31.5	32.2	32.9	33.5	34.8	36.0	37.3	38.6	39.5
Information	30.1	29.0	27.8	25.3	23.6	22.6	22.0	21.4	21.4	21.6	22.1	22.8	23.3
Pct Chg Year Ago	-1.8	-3.6	-4.0	-9.2	-6.7	-4.3	-2.4	-2.8	-0.4	0.9	2.7	3.0	2.2
Financial Activities	63.6	58.1	52.7	48.0	48.2	47.7	48.7	49.5	49.5	50.1	50.7	51.0	50.7
Pct Chg Year Ago	-3.2	-8.8	-9.3	-8.9	0.4	-0.9	2.1	1.6	-0.2	1.3	1.1	0.6	-0.5
Prof & Business Services	155.1	158.1	163.3	151.1	152.1	157.3	166.0	172.4	175.1	183.1	190.7	196.6	200.9
Pct Chg Year Ago	2.9	1.9	3.3	-7.4	0.7	3.4	5.6	3.9	1.5	4.6	4.2	3.1	2.2
Educ & Health Services	136.8	141.3	148.6	152.7	153.4	153.2	160.1	171.1	175.5	179.6	185.1	189.9	193.9
Pct Chg Year Ago	3.0	3.3	5.2	2.8	0.5	-0.1	4.5	6.9	2.6	2.3	3.1	2.6	2.1
Leisure & Hospitality	85.5	88.0	89.1	85.1	85.8	88.2	92.1	98.0	100.5	102.3	103.4	105.0	106.1
Pct Chg Year Ago	3.1	2.8	1.3	-4.5	0.9	2.9	4.4	6.4	2.5	1.8	1.1	1.6	1.1
Other Services	35.9	36.2	36.1	34.6	34.9	35.7	36.3	37.1	37.4	37.1	37.0	37.3	37.4
Pct Chg Year Ago	0.9	0.7	-0.2	-4.0	0.9	2.1	1.7	2.1	0.9	-0.8	-0.1	0.8	0.4
Federal Government	17.3	17.1	17.1	16.7	15.7	14.6	14.2	13.8	13.6	13.4	13.1	12.9	12.6
Pct Chg Year Ago	-0.2	-1.3	0.2	-2.3	-5.8	-7.1	-2.6	-3.1	-1.2	-1.5	-2.3	-1.7	-1.8
State & Local Government	164.7	166.8	160.1	155.8	149.5	149.3	148.6	149.7	150.8	151.6	153.1	155.1	157.6
Pct Chg Year Ago	1.3	1.3	-4.0	-2.7	-4.0	-0.1	-0.5	0.8	0.7	0.5	0.9	1.3	1.6
Other Economic Indicators													
Population (Ths.)	2448.7	2470.3	2505.0	2539.7	2569.3	2601.8	2637.7	2677.0	2713.8	2749.4	2783.8	2816.8	2848.4
Pct Chg Year Ago	0.3	0.9	1.4	1.4	1.2	1.3	1.4	1.5	1.4	1.3	1.3	1.2	1.1
Labor Force (Ths.)	1247.6	1261.6	1282.5	1286.7	1285.6	1294.3	1311.7	1315.6	1320.9	1347.7	1369.1	1386.3	1399.4
Pct Chg Year Ago	0.1	1.1	1.7	0.3	-0.1	0.7	1.3	0.3	0.4	2.0	1.6	1.3	0.9
Unemployment Rate (%)	4.4	4.7	6.2	10.4	11.2	10.4	9.0	7.4	6.4	5.9	5.2	4.6	4.4
Total Housing Starts	9485	6244	4257	2836	3162	3079	4450	4837	4760	8434	10719	10796	11204
Single-Family	5267	4134	2114	1907	1921	1620	2716	3118	2919	4762	5984	5837	5674.7
Multifamily	4218	2109	2143	928	1242	1459	1734	1719	1841	3673	4735	4960	5529.3

Sacramento MSA

SHORT TERM OUTLOOK

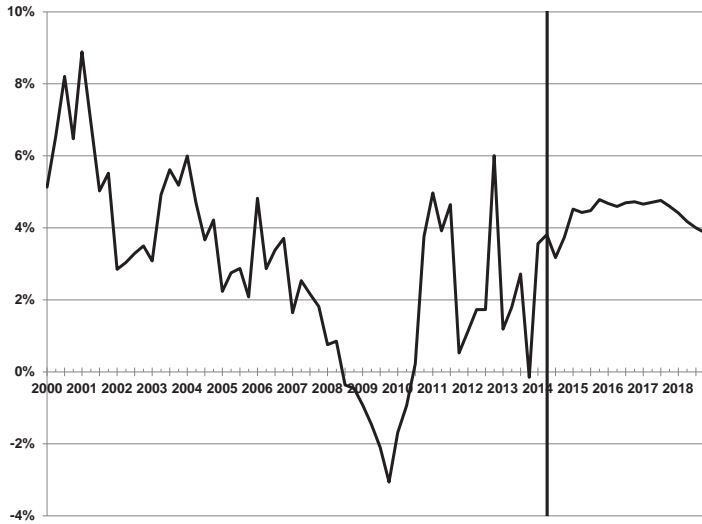
After a slight decline from 2013-2014, employment in the Sacramento MSA is expected to increase up to 2.9% in the year 2016. Employment growth is expected to be 2.7% for the fourth quarter of 2014 and 2.9% for the first quarter of 2015. Employment in Sacramento will be led by a 13.4 % increase in the Construction and Mining sector followed by a 4.7% increase in the Professional and Business Services sector in 2015. While most sectors see a decline in growth, the Information sector is suspected of seeing growth starting at -2.5% in 2014 to 3.9% in 2017.

Real personal income in the Sacramento MSA is projected

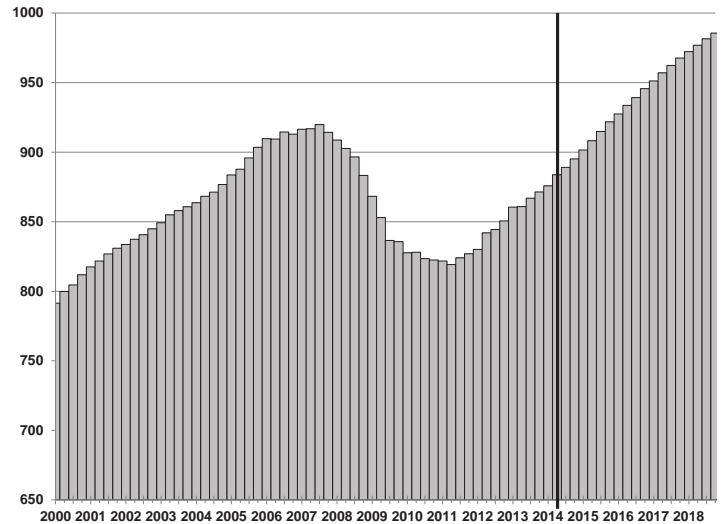
to rise 4.6% in 2015 bringing real personal income to a total of \$ 93.7 Billion. An average increase of 4.5% is anticipated for the next three years, bringing real personal income to \$106.9 Billion in 2018.

Population will increase 1.4% in 2015 and is expected to increase 1.5% for the following two years. The Sacramento labor force will increase 0.5% in 2014 and grow to 2.3% in 2015. Unemployment will continue to decrease as well with a 7.5% unemployment rate for this year. It is expected to decline until it reaches 5.3% in 2018.

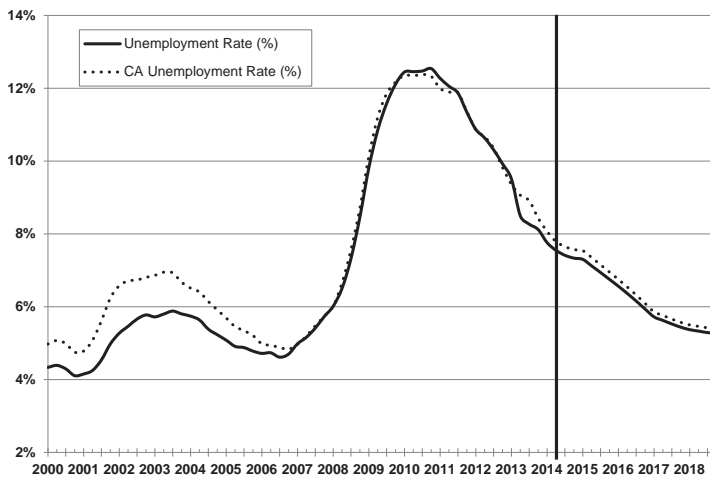
Sacramento Real Personal Income
(percent change from one year ago)



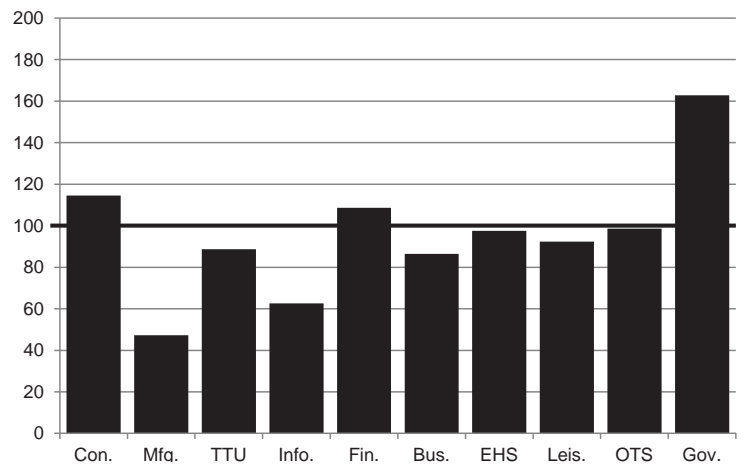
Sacramento Payroll Employment
(Thousands)



Sacramento and California Unemployment Rate
(percent)



Sacramento Employment Mix Relative to California, 2012
(California = 100)



Quarterly Outlook for Sacramento

May 2014 Forecast

	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Personal Income (Billions \$)												
Total Personal Income	98.6	99.6	101.6	102.2	103.2	104.8	106.4	107.7	109.5	111.1	112.6	114.3
Pct Chg Year Ago	2.6	2.9	3.9	0.8	4.6	5.2	4.6	5.4	6.1	5.9	5.9	6.1
Wages and Salaries	48.9	49.3	50.3	51.0	51.6	52.5	53.2	53.9	54.7	55.6	56.4	57.3
Nonwage Income	49.8	50.3	51.3	51.2	51.6	52.3	53.1	53.8	54.8	55.5	56.2	56.9
Real Personal Income (05\$)	85.1	86.0	87.3	87.6	88.2	89.3	90.1	90.9	92.1	93.2	94.1	95.2
Pct Chg Year Ago	1.2	1.8	2.7	-0.2	3.6	3.8	3.2	3.7	4.5	4.4	4.5	4.8
Per Capita Income (Ths.)	44.6	45.0	45.8	45.9	46.2	46.8	47.3	47.8	48.4	48.9	49.4	50.0
Real Per Capita Income (05\$)	38.5	38.8	39.3	39.3	39.5	39.9	40.1	40.3	40.7	41.1	41.3	41.6
Average Annual Wage (Ths)	56.5	57.0	57.8	58.3	58.7	59.1	59.6	60.0	60.4	60.9	61.4	61.9
Pct Chg Year Ago	-0.8	0.7	1.6	-1.0	3.8	3.8	3.2	2.9	3.0	3.0	3.0	3.2
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	860.5	860.9	866.9	871.4	875.7	883.8	889.1	895.1	901.6	908.2	914.9	921.7
Pct Chg Year Ago	3.7	2.3	2.7	2.4	1.8	2.7	2.6	2.7	2.9	2.8	2.9	3.0
Manufacturing	34.0	34.1	33.7	33.2	34.0	34.5	34.7	34.9	35.1	35.2	35.4	35.5
Pct Chg Year Ago	0.8	0.7	-1.4	-1.7	0.3	1.2	3.0	4.9	3.1	2.2	1.9	1.8
Nonmanufacturing	826.5	826.8	833.2	838.2	841.7	849.3	854.3	860.2	866.5	873.0	879.5	886.2
Pct Chg Year Ago	3.8	2.3	2.8	2.6	1.8	2.7	2.5	2.6	2.9	2.8	2.9	3.0
Construction & Mining	43.0	43.6	43.8	43.2	46.1	46.9	48.2	49.9	51.7	53.3	55.0	56.7
Pct Chg Year Ago	14.8	14.3	11.6	7.2	7.4	7.6	10.2	15.5	12.0	13.7	14.0	13.8
Trade, Trans, & Utilities	141.2	141.6	142.5	143.3	143.4	144.9	145.6	146.4	147.0	147.8	148.5	149.1
Pct Chg Year Ago	3.4	1.9	1.9	2.2	1.6	2.3	2.2	2.1	2.5	2.0	2.0	1.9
Wholesale Trade	25.0	24.9	25.2	24.9	25.5	25.6	25.7	25.9	26.1	26.3	26.4	26.6
Retail Trade	93.2	93.7	94.1	94.7	94.7	96.2	96.6	97.0	97.2	97.6	97.9	98.0
Trans, Wrhsng, & Util	23.0	22.9	23.2	23.8	23.2	23.1	23.3	23.5	23.8	24.0	24.2	24.4
Information	15.2	15.1	15.0	14.8	14.7	14.6	14.7	14.7	14.5	14.5	14.9	15.0
Pct Chg Year Ago	-2.4	-3.5	-3.6	-4.1	-3.5	-3.4	-1.9	-1.1	-1.4	-0.5	1.2	2.3
Financial Activities	49.3	49.4	49.7	49.8	49.5	50.0	50.1	50.3	50.6	50.8	51.0	51.2
Pct Chg Year Ago	4.2	3.5	3.0	1.5	0.4	1.1	0.8	1.1	2.3	1.7	1.8	1.8
Prof & Business Services	114.3	113.2	113.8	116.1	118.2	119.2	120.8	121.9	123.3	124.8	126.4	128.2
Pct Chg Year Ago	7.1	1.5	1.3	3.0	3.4	5.3	6.1	5.0	4.3	4.7	4.7	5.1
Educ & Health Services	126.1	126.3	128.3	130.2	130.2	132.7	133.0	133.5	134.5	135.9	137.1	138.1
Pct Chg Year Ago	5.2	4.6	6.5	4.9	3.2	5.1	3.6	2.5	3.3	2.4	3.1	3.5
Leisure & Hospitality	87.8	88.5	88.1	87.7	86.5	87.5	88.0	88.8	89.4	89.7	89.9	90.1
Pct Chg Year Ago	6.7	4.8	3.4	1.9	-1.5	-1.2	-0.1	1.2	3.4	2.5	2.2	1.5
Other Services	28.9	28.7	28.8	29.1	28.8	28.8	28.8	28.7	28.7	28.7	28.6	28.6
Pct Chg Year Ago	1.3	0.1	1.9	1.8	-0.3	0.5	-0.2	-1.2	-0.2	-0.6	-0.6	-0.4
Federal Government	13.6	13.4	13.4	13.5	13.4	13.4	13.4	13.4	13.3	13.3	13.2	13.2
Pct Chg Year Ago	-1.6	-2.9	-2.6	0.0	-1.5	-0.2	-0.6	-1.4	-0.6	-0.7	-1.0	-1.0
State & Local Government	207.2	207.0	209.8	210.4	211.0	211.4	211.9	212.7	213.4	214.3	214.9	215.9
Pct Chg Year Ago	-0.6	-0.7	1.2	1.7	1.8	2.1	1.0	1.1	1.1	1.4	1.4	1.5
Other Economic Indicators												
Population (Ths)	2210.3	2215.7	2220.7	2226.8	2233.1	2239.9	2247.3	2254.6	2262.6	2270.7	2279.0	2287.2
Pct Chg Year Ago	1.0	1.0	1.0	1.0	1.0	1.1	1.2	1.3	1.3	1.4	1.4	1.4
Labor Force (Ths)	1044.5	1044.6	1044.3	1041.8	1042.8	1045.6	1050.9	1056.2	1063.7	1070.5	1076.1	1081.2
Pct Chg Year Ago	-0.3	-0.5	-0.4	-0.3	-0.2	0.1	0.6	1.4	2.0	2.4	2.4	2.4
Unemployment Rate (%)	9.5	8.5	8.3	8.1	7.8	7.5	7.4	7.3	7.3	7.1	6.9	6.8
Total Housing Starts (Annual Rate)	4714	4194	4399	4044	4025	4283	5022	6127	7550	9494	11574	13094
Single-Family	3911	3773	3359	3711	3317	3657	4068	4676	5664	7088	8604	9683
Multifamily	803	421	1040	333	708	626	954	1451	1886	2406	2970	3410

Quarterly Outlook for Sacramento

May 2014 Forecast

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Personal Income (Billions \$)												
Total Personal Income	116.2	117.9	119.6	121.5	123.5	125.5	127.4	129.3	131.3	133.2	135.0	136.9
Pct Chg Year Ago	6.1	6.1	6.2	6.3	6.3	6.4	6.5	6.4	6.3	6.1	6.0	5.9
Wages and Salaries	58.1	58.9	59.7	60.6	61.5	62.3	63.2	64.0	64.9	65.7	66.6	67.4
Nonwage Income	58.1	59.0	59.9	60.9	62.1	63.2	64.2	65.2	66.4	67.4	68.4	69.4
Real Personal Income (05\$)	96.5	97.5	98.5	99.7	101.0	102.1	103.2	104.3	105.4	106.4	107.4	108.3
Pct Chg Year Ago	4.7	4.6	4.7	4.7	4.7	4.7	4.8	4.6	4.4	4.2	4.0	3.9
Per Capita Income (Ths.)	50.6	51.2	51.7	52.3	53.0	53.7	54.3	54.9	55.5	56.1	56.6	57.2
Real Per Capita Income (05\$)	42.0	42.3	42.6	43.0	43.3	43.7	44.0	44.2	44.5	44.8	45.0	45.2
Average Annual Wage (Ths)	62.4	62.8	63.3	63.8	64.3	64.8	65.4	65.9	66.5	67.0	67.6	68.1
Pct Chg Year Ago	3.3	3.1	3.1	3.1	3.1	3.2	3.3	3.3	3.3	3.3	3.4	3.4
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	927.5	933.7	939.1	945.6	951.1	957.0	962.3	967.6	972.2	976.8	981.4	985.6
Pct Chg Year Ago	2.9	2.8	2.7	2.6	2.6	2.5	2.5	2.3	2.2	2.1	2.0	1.9
Manufacturing	35.7	35.7	35.9	36.0	36.0	36.1	36.2	36.2	36.3	36.5	36.5	36.6
Pct Chg Year Ago	1.6	1.4	1.4	1.3	1.1	1.1	0.9	0.8	0.8	0.9	1.0	1.1
Nonmanufacturing	891.8	897.9	903.3	909.6	915.1	920.9	926.2	931.4	935.9	940.4	944.9	948.9
Pct Chg Year Ago	2.9	2.9	2.7	2.6	2.6	2.6	2.5	2.4	2.3	2.1	2.0	1.9
Construction & Mining	58.1	59.4	60.0	61.2	62.4	63.4	64.3	65.0	65.6	66.0	66.4	66.7
Pct Chg Year Ago	12.5	11.5	9.1	7.9	7.3	6.7	7.1	6.2	5.1	4.1	3.4	2.7
Trade, Trans, & Utilities	149.8	150.6	151.3	152.1	152.8	153.5	154.3	154.9	155.5	156.1	156.5	156.9
Pct Chg Year Ago	1.9	1.9	1.9	2.0	2.0	2.0	2.0	1.8	1.8	1.6	1.5	1.3
Wholesale Trade	26.8	27.1	27.3	27.6	27.8	28.0	28.1	28.3	28.5	28.6	28.8	28.9
Retail Trade	98.3	98.5	98.7	99.0	99.2	99.5	99.8	100.1	100.3	100.5	100.7	100.8
Trans, Wrhsng, & Util	24.7	25.0	25.3	25.5	25.8	26.1	26.3	26.5	26.8	26.9	27.0	27.1
Information	15.0	15.2	15.4	15.5	15.7	15.8	16.0	16.1	16.2	16.3	16.4	16.5
Pct Chg Year Ago	3.7	4.8	3.8	3.5	4.3	4.1	3.6	3.5	3.2	2.7	2.8	2.8
Financial Activities	51.4	51.6	51.7	51.9	52.0	52.1	52.2	52.1	52.1	52.1	52.1	52.1
Pct Chg Year Ago	1.6	1.5	1.4	1.2	1.1	1.1	0.8	0.5	0.3	-0.1	-0.2	-0.1
Prof & Business Services	129.4	130.7	132.1	133.5	134.5	135.5	136.4	137.4	138.3	139.0	140.0	140.9
Pct Chg Year Ago	5.0	4.7	4.5	4.2	3.9	3.7	3.3	2.9	2.8	2.6	2.6	2.5
Educ & Health Services	139.3	140.7	141.6	142.8	143.6	144.9	145.9	147.0	147.7	148.9	149.8	150.6
Pct Chg Year Ago	3.6	3.5	3.3	3.3	3.1	3.0	3.0	3.0	2.9	2.8	2.7	2.4
Leisure & Hospitality	90.4	90.5	90.9	91.4	91.8	92.2	92.6	93.1	93.4	93.7	94.0	94.4
Pct Chg Year Ago	1.0	0.8	1.1	1.4	1.5	1.9	1.9	1.8	1.8	1.6	1.5	1.5
Other Services	28.6	28.7	28.7	28.8	28.9	29.0	29.1	29.2	29.2	29.3	29.3	29.4
Pct Chg Year Ago	-0.3	0.0	0.3	0.5	1.0	1.1	1.3	1.4	1.1	1.0	0.8	0.8
Federal Government	13.1	13.1	13.0	13.0	13.0	12.9	12.9	12.9	12.8	12.8	12.8	12.7
Pct Chg Year Ago	-1.6	-1.6	-1.4	-1.7	-1.1	-1.0	-0.9	-1.0	-1.2	-1.1	-1.1	-1.0
State & Local Government	216.6	217.6	218.5	219.5	220.5	221.5	222.5	223.8	225.0	226.3	227.5	228.7
Pct Chg Year Ago	1.5	1.5	1.7	1.7	1.8	1.8	1.9	1.9	2.1	2.1	2.2	2.2
Other Economic Indicators												
Population (Ths)	2295.5	2303.9	2312.4	2321.0	2329.7	2338.6	2347.6	2356.8	2366.1	2375.5	2385.0	2394.5
Pct Chg Year Ago	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.6	1.6	1.6	1.6
Labor Force (Ths)	1085.9	1090.6	1095.4	1100.2	1104.8	1109.2	1113.7	1118.2	1122.6	1127.0	1131.3	1135.5
Pct Chg Year Ago	2.1	1.9	1.8	1.8	1.7	1.7	1.7	1.6	1.6	1.6	1.6	1.6
Unemployment Rate (%)	6.6	6.4	6.2	5.9	5.7	5.6	5.5	5.4	5.4	5.3	5.3	5.3
Total Housing Starts (Annual Rate)	14421	15443	16240	16613	16752	16779	16770	16991	17209	17091	16987	17116
Single-Family	10729	11678	12448	12835	12882	12923	12909	13079	13132	12973	12766	12672
Multifamily	3691	3765	3791	3779	3870	3855	3862	3912	4077	4118	4221	4444

Annual Outlook for Sacramento

May 2014 Forecast

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Personal Income (Billions \$)													
Total Personal Income	82.0	85.7	88.5	86.8	88.5	93.8	98.1	100.5	105.5	111.9	118.8	126.4	134.1
Pct Chg Year Ago	6.5	4.6	3.3	-1.9	2.0	6.0	4.5	2.5	5.0	6.0	6.2	6.4	6.1
Wages and Salaries	44.3	46.4	47.2	45.3	44.9	46.3	48.5	49.9	52.8	56.0	59.3	62.8	66.2
Nonwage Income	37.7	39.3	41.3	41.5	43.6	47.5	49.6	50.7	52.7	55.8	59.5	63.7	67.9
Real Personal Income (05\$)	79.8	81.5	81.6	80.1	80.3	83.1	85.3	86.5	89.6	93.7	98.1	102.6	106.9
Pct Chg Year Ago	3.7	2.0	0.2	-1.9	0.3	3.5	2.6	1.4	3.6	4.6	4.7	4.7	4.1
Per Capita Income (Ths.)	39.8	41.1	41.9	40.6	41.0	43.1	44.6	45.3	47.0	49.2	51.5	54.0	56.3
Real Per Capita Income (05\$)	38.7	39.1	38.7	37.5	37.2	38.2	38.8	39.0	39.9	41.2	42.5	43.8	44.9
Average Annual Wage (Ths)	48.3	50.4	52.3	53.1	54.1	56.0	57.3	57.4	59.3	61.2	63.1	65.1	67.3
Pct Chg Year Ago	4.2	4.2	3.9	1.5	1.9	3.5	2.4	0.1	3.4	3.1	3.1	3.2	3.4
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	911.6	916.8	897.7	848.4	825.4	823.0	841.8	864.9	885.9	911.6	936.5	959.5	979.0
Pct Chg Year Ago	2.1	0.6	-2.1	-5.5	-2.7	-0.3	2.3	2.8	2.4	2.9	2.7	2.5	2.0
Manufacturing	42.8	40.8	38.7	34.4	32.8	33.2	33.9	33.7	34.5	35.3	35.8	36.1	36.5
Pct Chg Year Ago	-0.6	-4.5	-5.2	-11.1	-4.8	1.3	2.0	-0.4	2.4	2.2	1.4	1.0	0.9
Nonmanufacturing	868.8	875.9	859.0	813.9	792.6	789.8	807.9	831.2	851.4	876.3	900.7	923.4	942.5
Pct Chg Year Ago	2.3	0.8	-1.9	-5.3	-2.6	-0.4	2.3	2.9	2.4	2.9	2.8	2.5	2.1
Construction & Mining	71.4	67.6	56.9	44.1	38.8	37.4	38.7	43.4	47.8	54.2	59.7	63.8	66.2
Pct Chg Year Ago	-3.7	-5.3	-15.9	-22.6	-11.6	-3.7	3.7	12.0	10.2	13.4	10.3	6.9	3.8
Trade, Trans, & Utilities	153.6	153.1	146.7	134.9	132.5	134.0	138.8	142.1	145.1	148.1	150.9	153.9	156.2
Pct Chg Year Ago	3.1	-0.3	-4.2	-8.0	-1.8	1.2	3.6	2.4	2.0	2.1	1.9	1.9	1.5
Wholesale Trade	28.4	27.9	26.5	24.1	22.8	23.6	25.1	25.0	25.7	26.3	27.2	28.0	28.7
Retail Trade	100.7	99.8	95.2	87.6	88.0	89.3	91.8	93.9	96.1	97.7	98.6	99.7	100.6
Trans, Wrhsg, & Util	24.5	25.4	25.1	23.2	21.7	21.1	21.9	23.2	23.3	24.1	25.1	26.2	27.0
Information	20.0	20.1	19.2	18.3	17.2	16.3	15.6	15.0	14.7	14.7	15.3	15.9	16.3
Pct Chg Year Ago	0.5	0.4	-4.1	-4.8	-6.1	-5.1	-4.6	-3.4	-2.5	0.4	3.9	3.9	2.9
Financial Activities	64.3	61.5	57.2	52.9	48.3	46.6	48.1	49.5	50.0	50.9	51.6	52.1	52.1
Pct Chg Year Ago	1.9	-4.4	-7.1	-7.5	-8.7	-3.4	3.1	3.0	0.9	1.9	1.4	0.9	0.0
Prof & Business Services	112.5	112.1	110.1	101.1	102.2	104.2	110.8	114.3	120.0	125.7	131.4	136.0	139.6
Pct Chg Year Ago	3.7	-0.4	-1.8	-8.1	1.1	2.0	6.4	3.2	5.0	4.7	4.6	3.4	2.7
Educ & Health Services	105.1	110.9	115.2	116.6	115.0	116.9	121.3	127.7	132.3	136.4	141.1	145.4	149.3
Pct Chg Year Ago	4.8	5.6	3.9	1.2	-1.3	1.7	3.7	5.3	3.6	3.1	3.4	3.0	2.7
Leisure & Hospitality	85.3	86.6	85.9	81.9	80.2	81.7	84.5	88.0	87.7	89.8	90.8	92.4	93.9
Pct Chg Year Ago	3.9	1.6	-0.9	-4.6	-2.1	1.8	3.4	4.2	-0.4	2.4	1.1	1.8	1.6
Other Services	28.3	28.9	29.6	28.8	28.1	28.0	28.5	28.9	28.8	28.7	28.7	29.0	29.3
Pct Chg Year Ago	-0.7	2.3	2.3	-2.6	-2.4	-0.5	1.8	1.3	-0.3	-0.4	0.1	1.2	0.9
Federal Government	12.6	12.4	12.5	13.3	14.6	14.0	13.7	13.5	13.4	13.3	13.1	12.9	12.8
Pct Chg Year Ago	-1.3	-1.9	1.0	6.2	10.5	-4.1	-1.9	-1.8	-0.9	-0.8	-1.6	-1.0	-1.1
State & Local Government	215.8	222.7	225.8	222.0	215.6	210.6	207.8	208.6	211.7	214.6	218.0	222.1	226.9
Pct Chg Year Ago	2.1	3.2	1.4	-1.7	-2.9	-2.3	-1.3	0.4	1.5	1.4	1.6	1.8	2.2
Other Economic Indicators													
Population (Ths)	2061.0	2085.6	2111.2	2135.3	2156.6	2177.4	2196.8	2218.4	2243.7	2274.9	2308.2	2343.1	2380.3
Pct Chg Year Ago	1.2	1.2	1.2	1.1	1.0	1.0	0.9	1.0	1.1	1.4	1.5	1.5	1.6
Labor Force (Ths)	1025.5	1037.8	1046.4	1052.9	1049.3	1044.7	1047.7	1043.8	1048.9	1072.9	1093.1	1111.5	1129.1
Pct Chg Year Ago	1.1	1.2	0.8	0.6	-0.3	-0.4	0.3	-0.4	0.5	2.3	1.9	1.7	1.6
Unemployment Rate (%)	4.7	5.3	7.1	11.1	12.5	11.9	10.4	8.6	7.5	7.0	6.3	5.6	5.3
Total Housing Starts	11773	8122	5536	2932	2564	2816	3407	4338	4864	10428	15679	16823	17101
Single-Family	9453	7054	4299	2728	2249	2071	2929	3689	3929	7760	11923	12948	12886
Multifamily	2320	1067	1237	204	315	745	478	649	935	2668	3756	3875	4215

San Francisco MSA

SHORT TERM OUTLOOK

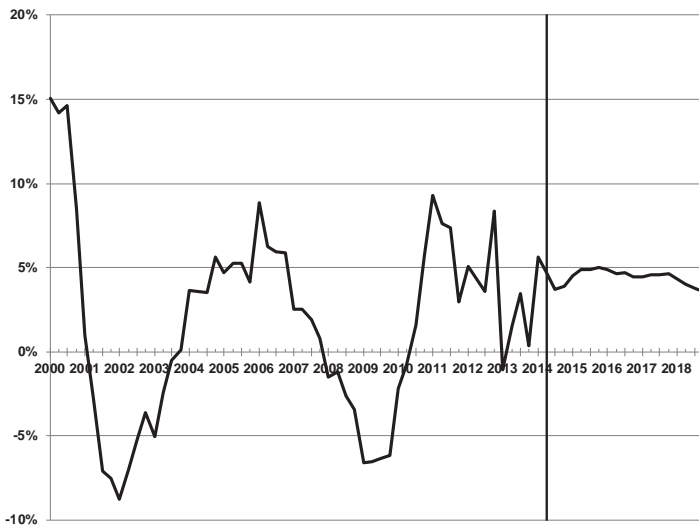
Non-farm employment in the San Francisco MSA is expected to have a growth of 2.5% in 2015 followed by a slight decrease in the growth rate of 2.2% in 2016. In the last quarter of 2014, job growth is expected to be 2.3% and then in first quarter of 2015 the growth rate increases to 2.4%. In 2015, there is an expected high growth rate in the Construction and Mining sector of 9.3% and the Professional and Business Services sector of 4.4%. Between 2015 – 2018 two sectors will experience a declining growth rate. Manufacturing will experience a drop from .8% in 2015 and -0.2% in 2018 and Financial Activities will see a drop from 1.5% in 2015 to -1% in 2018.

Despite the slight decrease in employment, the Real

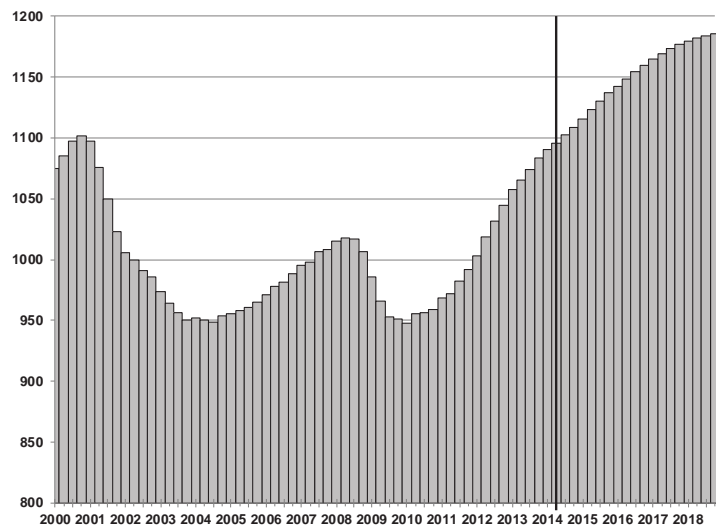
Personal Income is expected to have small increase to 4.8% from 2014. Over the next four years Real Personal Income is expected to see an average growth rate of 4.5%. Per Capita Income is expected to increase to an estimated \$104,500 in 2018.

San Francisco's population rate is expected to slightly decrease to .8% and the average population rate between 2015 and 2018 is .6%. Although the labor force growth rate will increase to 1.9% from 2014, the rate will decline every year after reaching .5% in 2018. Possibly due to the decreasing population, the unemployment rate is expected to decrease to 4.4% in 2015 and will reach 3.4% in 2018.

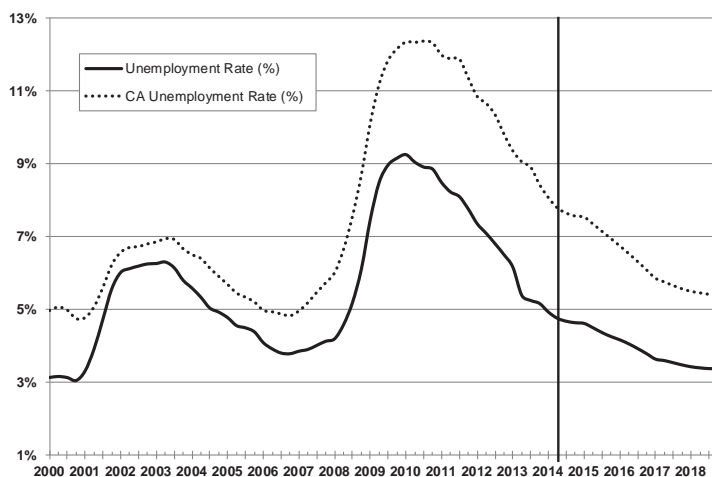
San Francisco Real Personal Income
(percent change from one year ago)



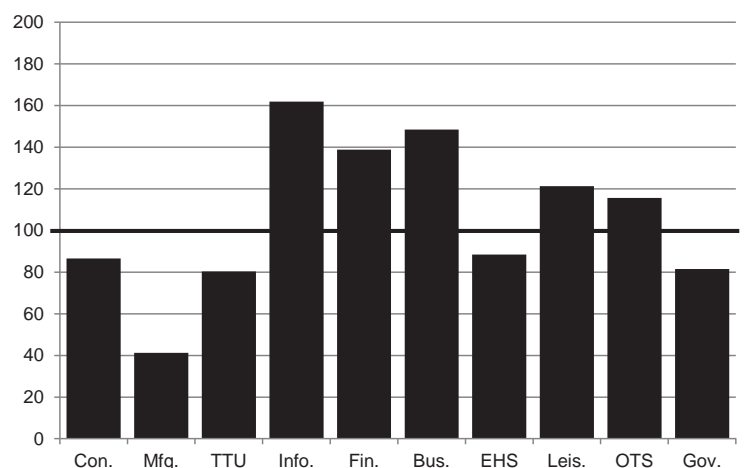
San Francisco Payroll Employment
(Thousands)



San Francisco and California Unemployment Rates (percent)



San Francisco Employment Mix Relative to California, 2012
(California = 100)



Quarterly Outlook for San Francisco

May 2014 Forecast

	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	144.1	146.8	150.4	152.0	153.8	155.8	158.2	160.4	163.3	165.8	168.1	170.6
Pct Chg Year Ago	0.3	2.6	4.6	1.3	6.7	6.1	5.2	5.5	6.1	6.4	6.3	6.4
Wages and Salaries	98.9	100.9	103.2	105.0	106.4	107.8	109.3	110.8	112.5	114.4	116.1	117.9
Nonwage Income	45.2	45.9	47.2	47.0	47.5	47.9	48.9	49.6	50.7	51.4	52.0	52.8
Real Personal Income (2005\$)	124.4	126.7	129.2	130.3	131.4	132.6	134.0	135.3	137.3	139.1	140.6	142.2
Pct Chg Year Ago	-1.1	1.5	3.4	0.3	5.6	4.7	3.7	3.9	4.5	4.9	4.9	5.0
Per Capita Income (Ths.)	78.4	79.6	81.4	82.1	82.8	83.7	84.8	85.8	87.1	88.2	89.4	90.5
Real Per Capita Income (2005\$)	67.7	68.7	69.9	70.3	70.7	71.2	71.8	72.4	73.3	74.1	74.7	75.4
Average Annual Wage (Ths.)	93.2	94.4	95.8	96.6	97.3	98.1	98.9	99.6	100.5	101.5	102.4	103.3
Pct Chg Year Ago	0.2	2.1	2.7	-1.6	4.3	3.9	3.3	3.1	3.3	3.5	3.6	3.7

Establishment Employment (Place of Work, Thousands, SA)

Total Non-Farm Employment	1057.5	1065.6	1073.9	1083.6	1090.1	1095.7	1102.2	1108.8	1115.9	1123.5	1130.4	1136.9
Pct Chg Year Ago	5.4	4.6	4.1	3.7	3.1	2.8	2.6	2.3	2.4	2.5	2.6	2.5
Manufacturing	36.6	36.8	37.5	38.0	37.9	37.7	38.0	38.0	38.1	38.2	38.2	38.2
Pct Chg Year Ago	3.3	2.6	3.1	4.6	3.5	2.4	1.2	0.0	0.7	1.2	0.6	0.6
Nonmanufacturing	1020.9	1028.7	1036.4	1045.5	1052.3	1058.0	1064.3	1070.8	1077.8	1085.3	1092.2	1098.7
Pct Chg Year Ago	5.5	4.6	4.1	3.7	3.1	2.8	2.7	2.4	2.4	2.6	2.6	2.6
Construction & Mining	37.1	37.9	37.8	39.2	41.2	42.6	43.4	44.2	45.1	46.1	47.4	48.7
Pct Chg Year Ago	7.9	8.1	4.2	6.9	11.1	12.4	14.6	12.9	9.4	8.1	9.3	10.2
Trade, Trans, & Utilities	157.5	158.5	160.6	161.5	160.7	161.2	161.8	162.7	163.4	164.2	164.8	165.3
Pct Chg Year Ago	5.0	4.3	4.4	3.4	2.0	1.7	0.7	0.8	1.7	1.9	1.8	1.6
Wholesale Trade	26.8	27.2	27.9	27.7	27.2	27.2	27.4	27.6	27.7	27.9	28.1	28.2
Retail Trade	91.3	91.5	92.5	93.3	92.8	93.1	93.3	93.5	93.7	94.0	94.2	94.2
Trans, Wrhsng, & Util	39.4	39.8	40.3	40.4	40.6	40.9	41.2	41.6	42.0	42.2	42.6	42.9
Information	51.0	51.7	52.2	52.2	53.0	54.0	54.6	55.2	55.5	56.2	56.8	56.9
Pct Chg Year Ago	7.9	6.4	4.5	3.2	4.1	4.3	4.6	5.7	4.6	4.1	4.0	3.1
Financial Activities	76.2	76.4	76.8	76.3	76.2	76.5	76.8	77.1	77.4	77.8	77.9	78.1
Pct Chg Year Ago	3.1	2.4	2.2	1.2	0.0	0.1	0.0	0.9	1.6	1.6	1.5	1.4
Prof & Business Services	239.3	242.9	245.7	250.6	252.9	254.5	257.9	260.3	262.9	266.1	269.3	272.4
Pct Chg Year Ago	6.4	5.0	5.0	6.0	5.7	4.8	5.0	3.9	3.9	4.5	4.4	4.7
Educ & Health Services	142.2	143.8	145.7	144.3	145.4	146.8	147.0	147.4	148.3	149.4	150.3	151.2
Pct Chg Year Ago	9.0	8.4	8.8	4.1	2.2	2.1	0.9	2.1	2.0	1.7	2.2	2.6
Leisure & Hospitality	140.8	140.7	141.3	144.1	145.6	145.2	145.8	147.1	148.4	149.0	149.2	149.4
Pct Chg Year Ago	7.1	5.2	3.5	3.9	3.4	3.2	3.2	2.1	2.0	2.6	2.3	1.6
Other Services	42.2	42.6	42.6	42.4	42.1	42.7	42.6	42.5	42.5	42.4	42.3	42.2
Pct Chg Year Ago	5.9	5.3	3.9	2.0	-0.2	0.3	0.0	0.2	0.8	-0.8	-0.8	-0.7
Federal Government	18.5	18.4	18.2	18.1	18.2	18.0	18.0	17.9	17.9	17.8	17.6	17.6
Pct Chg Year Ago	-2.0	-1.7	-2.3	-2.5	-1.8	-2.1	-1.0	-1.0	-1.5	-1.6	-1.9	-2.0
State & Local Government	116.2	115.7	115.5	116.9	117.1	116.5	116.4	116.4	116.5	116.6	116.6	116.8
Pct Chg Year Ago	-0.4	-0.2	-0.9	0.9	0.7	0.7	0.8	-0.4	-0.5	0.1	0.2	0.3

Other Economic Indicators

Population (Ths.)	1837.8	1843.2	1848.0	1852.6	1857.4	1861.9	1866.4	1870.7	1874.7	1878.4	1881.7	1884.8
Pct Chg Year Ago	1.2	1.2	1.1	1.1	1.1	1.0	1.0	1.0	0.9	0.9	0.8	0.8
Labor Force (Ths.)	1023.6	1026.4	1028.4	1026.5	1035.4	1039.0	1043.7	1048.1	1054.3	1059.7	1063.8	1067.4
Pct Chg Year Ago	2.0	1.6	1.2	0.6	1.2	1.2	1.5	2.1	1.8	2.0	1.9	1.8
Unemployment Rate (%)	6.2	5.4	5.3	5.2	4.9	4.8	4.7	4.6	4.6	4.5	4.4	4.3
Total Housing Starts (Annual Rate)	4894	5299	4282	7161	4352	4810	4625	4776	4671	4737	4839	4831
Single-Family	488	522	473	876	467	493	505	518	567	656	734	773
Multifamily	4407	4777	3809	6285	3885	4317	4121	4258	4105	4081	4106	4057

Quarterly Outlook for San Francisco

May 2014 Forecast

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	173.6	176.0	178.6	181.0	184.1	187.0	189.8	192.7	195.6	198.1	200.8	203.4
Pct Chg Year Ago	6.3	6.2	6.2	6.1	6.1	6.3	6.3	6.5	6.2	5.9	5.7	5.6
Wages and Salaries	119.5	121.1	122.8	124.4	126.1	127.7	129.3	131.0	132.5	133.9	135.4	136.9
Nonwage Income	54.0	54.9	55.8	56.6	58.0	59.3	60.5	61.7	63.1	64.2	65.3	66.5
Real Personal Income (2005\$)	144.0	145.5	147.1	148.5	150.4	152.2	153.8	155.4	157.0	158.3	159.6	161.0
Pct Chg Year Ago	4.9	4.6	4.7	4.5	4.4	4.6	4.5	4.7	4.4	4.0	3.8	3.6
Per Capita Income (Ths.)	91.9	93.1	94.4	95.5	97.1	98.5	99.8	101.2	102.6	103.8	105.1	106.4
Real Per Capita Income (2005\$)	76.3	77.0	77.8	78.4	79.3	80.1	80.9	81.7	82.4	83.0	83.6	84.2
Average Annual Wage (Ths.)	104.3	105.1	106.0	106.9	107.9	108.9	109.9	110.9	111.9	113.0	114.0	115.1
Pct Chg Year Ago	3.8	3.6	3.5	3.5	3.5	3.6	3.7	3.7	3.7	3.7	3.8	3.8
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	1142.5	1148.6	1154.5	1160.0	1164.7	1169.3	1173.4	1177.3	1180.0	1181.9	1184.0	1186.0
Pct Chg Year Ago	2.4	2.2	2.1	2.0	1.9	1.8	1.6	1.5	1.3	1.1	0.9	0.7
Manufacturing	38.3	38.2	38.2	38.2	38.2	38.2	38.2	38.1	38.1	38.1	38.1	38.1
Pct Chg Year Ago	0.4	0.2	0.1	0.0	-0.1	-0.1	-0.2	-0.3	-0.3	-0.2	-0.1	0.0
Nonmanufacturing	1104.3	1110.3	1116.2	1121.8	1126.5	1131.1	1135.3	1139.2	1141.9	1143.8	1145.9	1147.9
Pct Chg Year Ago	2.5	2.3	2.2	2.1	2.0	1.9	1.7	1.6	1.4	1.1	0.9	0.8
Construction & Mining	50.0	51.1	52.3	53.4	54.2	54.9	55.4	55.9	56.2	56.4	56.6	56.7
Pct Chg Year Ago	10.8	10.9	10.3	9.5	8.5	7.4	6.0	4.7	3.7	2.8	2.1	1.5
Trade, Trans, & Utilities	165.8	166.4	166.9	167.4	167.9	168.4	168.8	169.2	169.5	169.8	169.7	169.7
Pct Chg Year Ago	1.5	1.4	1.3	1.3	1.3	1.2	1.1	1.1	1.0	0.8	0.5	0.3
Wholesale Trade	28.4	28.6	28.7	28.9	29.1	29.2	29.4	29.5	29.6	29.7	29.8	29.8
Retail Trade	94.2	94.3	94.3	94.3	94.3	94.3	94.4	94.4	94.3	94.3	94.2	94.0
Trans, Wrhsng, & Util	43.2	43.6	43.9	44.2	44.6	44.9	45.1	45.4	45.6	45.8	45.8	45.8
Information	56.8	57.4	57.9	58.1	58.4	58.8	59.1	59.3	59.5	59.7	59.9	60.3
Pct Chg Year Ago	2.4	2.3	2.0	2.1	2.8	2.4	2.1	1.9	1.8	1.5	1.4	1.8
Financial Activities	78.2	78.4	78.4	78.3	78.3	78.3	78.2	77.9	77.8	77.5	77.2	77.0
Pct Chg Year Ago	1.0	0.8	0.6	0.3	0.1	-0.1	-0.3	-0.5	-0.7	-1.0	-1.2	-1.2
Prof & Business Services	274.9	277.2	279.7	281.8	283.7	285.2	287.0	288.8	289.9	290.6	291.7	292.9
Pct Chg Year Ago	4.6	4.2	3.9	3.4	3.2	2.9	2.6	2.5	2.2	1.9	1.6	1.4
Educ & Health Services	152.2	153.3	154.0	154.8	155.3	156.2	156.8	157.5	157.8	158.4	158.8	159.1
Pct Chg Year Ago	2.7	2.6	2.5	2.4	2.0	1.9	1.8	1.8	1.6	1.4	1.3	1.0
Leisure & Hospitality	149.8	149.9	150.5	151.3	151.7	152.2	152.8	153.3	153.6	153.7	154.0	154.3
Pct Chg Year Ago	0.9	0.6	0.9	1.2	1.3	1.5	1.5	1.3	1.3	1.0	0.8	0.6
Other Services	42.2	42.2	42.2	42.1	42.2	42.2	42.3	42.2	42.2	42.2	42.1	42.1
Pct Chg Year Ago	-0.7	-0.4	-0.3	-0.1	0.1	0.2	0.3	0.2	0.0	-0.1	-0.3	-0.4
Federal Government	17.4	17.3	17.2	17.1	17.1	17.0	16.9	16.8	16.7	16.6	16.5	16.5
Pct Chg Year Ago	-2.7	-2.6	-2.5	-2.6	-2.0	-1.9	-1.9	-2.0	-2.1	-2.1	-2.0	-2.0
State & Local Government	116.9	117.1	117.3	117.5	117.7	117.9	118.1	118.4	118.7	119.0	119.3	119.6
Pct Chg Year Ago	0.4	0.4	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.9	1.0	1.0
Other Economic Indicators												
Population (Ths.)	1887.6	1890.1	1892.4	1894.7	1896.9	1899.2	1901.5	1903.7	1905.9	1908.1	1910.2	1912.1
Pct Chg Year Ago	0.7	0.6	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.4
Labor Force (Ths.)	1070.4	1073.2	1076.0	1078.6	1080.9	1083.1	1085.2	1087.1	1088.2	1089.3	1089.9	1090.6
Pct Chg Year Ago	1.5	1.3	1.1	1.0	1.0	0.9	0.9	0.8	0.7	0.6	0.4	0.3
Unemployment Rate (%)	4.2	4.1	3.9	3.8	3.6	3.6	3.5	3.5	3.4	3.4	3.4	3.4
Total Housing Starts (Annual Rate)	4786	4664	4630	4630	4686	4646	4625	4659	4573	4446	4352	4358
Single-Family	816	846	865	858	823	795	766	742	714	708	693	688
Multifamily	3970	3818	3765	3772	3862	3851	3859	3917	3859	3738	3659	3669

Annual Outlook for San Francisco

May 2014 Forecast

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Personal Income (Billions \$)													
Total Personal Income	122.3	127.8	128.8	120.5	123.8	135.3	145.1	148.3	157.0	166.9	177.3	188.4	199.5
Pct Chg Year Ago	9.6	4.5	0.8	-6.5	2.8	9.4	7.3	2.2	5.9	6.3	6.2	6.3	5.9
Wages and Salaries	71.2	77.2	78.6	75.5	75.9	81.6	96.9	102.0	108.6	115.2	122.0	128.5	134.7
Nonwage Income	51.1	50.6	50.2	45.0	47.8	53.7	48.2	46.3	48.5	51.7	55.3	59.9	64.8
Real Personal Income (2005\$)	119.1	121.4	118.7	111.1	112.3	119.9	126.3	127.6	133.3	139.8	146.3	153.0	159.0
Pct Chg Year Ago	6.7	1.9	-2.2	-6.4	1.1	6.8	5.3	1.1	4.5	4.8	4.7	4.6	3.9
Per Capita Income (Ths.)	71.7	74.2	73.8	68.1	69.4	75.1	79.5	80.4	84.2	88.8	93.7	99.1	104.5
Real Per Capita Income (2005\$)	69.8	70.5	68.0	62.9	63.0	66.6	69.2	69.2	71.5	74.4	77.4	80.5	83.3
Average Annual Wage (Ths.)	72.4	76.7	77.2	78.0	79.2	83.0	94.2	95.0	98.5	101.9	105.6	109.4	113.5
Pct Chg Year Ago	4.8	6.0	0.6	1.1	1.5	4.8	13.5	0.9	3.7	3.5	3.6	3.6	3.8
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	979.9	1002.1	1014.0	963.9	954.7	978.6	1024.8	1070.1	1099.2	1126.7	1151.4	1171.2	1183.0
Pct Chg Year Ago	2.1	2.3	1.2	-4.9	-0.9	2.5	4.7	4.4	2.7	2.5	2.2	1.7	1.0
Manufacturing	43.5	43.5	42.2	38.1	37.0	36.3	36.0	37.2	37.9	38.2	38.2	38.2	38.1
Pct Chg Year Ago	2.1	0.0	-3.1	-9.6	-2.9	-1.7	-0.8	3.4	1.7	0.8	0.2	-0.2	-0.2
Nonmanufacturing	936.4	958.5	971.9	925.8	917.7	942.2	988.8	1032.9	1061.3	1088.5	1113.2	1133.0	1144.9
Pct Chg Year Ago	2.1	2.4	1.4	-4.7	-0.8	2.7	4.9	4.5	2.8	2.6	2.3	1.8	1.0
Construction & Mining	43.3	45.6	44.5	35.3	32.6	33.4	35.6	38.0	42.9	46.8	51.7	55.1	56.5
Pct Chg Year Ago	4.4	5.3	-2.4	-20.8	-7.5	2.4	6.7	6.8	12.8	9.3	10.4	6.6	2.5
Trade, Trans., & Utilities	162.3	162.6	160.6	149.9	147.0	147.7	153.0	159.5	161.6	164.4	166.6	168.6	169.7
Pct Chg Year Ago	-0.6	0.2	-1.2	-6.7	-1.9	0.5	3.6	4.3	1.3	1.7	1.4	1.2	0.6
Wholesale Trade	26.7	27.1	26.8	24.5	23.9	24.6	26.0	27.4	27.3	28.0	28.6	29.3	29.7
Retail Trade	93.5	95.0	94.0	87.7	86.7	87.2	89.5	92.2	93.2	94.0	94.3	94.3	94.2
Trans, Wrhsng, & Util	42.1	40.6	39.8	37.8	36.4	36.0	37.6	40.0	41.1	42.4	43.7	45.0	45.8
Information	39.0	39.4	40.8	39.6	39.0	43.2	49.1	51.8	54.2	56.3	57.6	58.9	59.8
Pct Chg Year Ago	-4.5	1.2	3.4	-2.8	-1.5	10.6	13.7	5.5	4.7	3.9	2.2	2.3	1.6
Financial Activities	87.0	86.8	84.4	76.8	73.9	73.3	74.8	76.4	76.6	77.8	78.3	78.2	77.3
Pct Chg Year Ago	0.6	-0.2	-2.8	-9.0	-3.7	-0.9	2.1	2.2	0.3	1.5	0.7	-0.2	-1.0
Prof & Business Services	196.3	205.5	212.2	200.6	200.1	213.2	231.6	244.6	256.4	267.7	278.4	286.2	291.3
Pct Chg Year Ago	5.4	4.7	3.3	-5.4	-0.2	6.5	8.7	5.6	4.8	4.4	4.0	2.8	1.8
Educ & Health Services	115.9	118.6	124.8	127.8	128.3	128.8	133.9	144.0	146.6	149.8	153.6	156.4	158.5
Pct Chg Year Ago	2.6	2.4	5.2	2.4	0.4	0.3	4.0	7.6	1.8	2.1	2.5	1.9	1.3
Leisure & Hospitality	119.9	124.3	126.8	122.2	122.7	127.6	135.1	141.7	145.9	149.0	150.4	152.5	153.9
Pct Chg Year Ago	3.3	3.6	2.0	-3.7	0.4	4.0	5.8	4.9	3.0	2.1	0.9	1.4	0.9
Other Services	37.3	38.6	39.4	38.0	37.8	38.8	40.7	42.5	42.5	42.3	42.2	42.2	42.2
Pct Chg Year Ago	1.1	3.6	2.0	-3.5	-0.5	2.8	4.9	4.3	0.1	-0.4	-0.4	0.2	-0.2
Federal Government	19.9	19.4	19.3	18.9	20.2	19.1	18.7	18.3	18.0	17.7	17.3	16.9	16.6
Pct Chg Year Ago	-2.6	-2.7	-0.5	-1.8	6.7	-5.2	-2.1	-2.1	-1.5	-1.7	-2.6	-2.0	-2.1
State & Local Government	115.5	117.7	119.1	116.7	116.1	117.2	116.2	116.1	116.6	116.6	117.2	118.0	119.1
Pct Chg Year Ago	2.6	1.9	1.3	-2.0	-0.5	1.0	-0.8	-0.1	0.5	0.0	0.5	0.7	1.0
Other Economic Indicators													
Population (Ths.)	1705.9	1722.4	1746.1	1767.6	1782.7	1801.8	1824.4	1845.4	1864.1	1879.9	1891.2	1900.3	1909.1
Pct Chg Year Ago	0.4	1.0	1.4	1.2	0.9	1.1	1.3	1.1	1.0	0.8	0.6	0.5	0.5
Labor Force (Ths.)	912.6	935.5	963.2	966.0	965.8	985.0	1012.4	1026.2	1041.6	1061.3	1074.5	1084.1	1089.5
Pct Chg Year Ago	0.9	2.5	3.0	0.3	0.0	2.0	2.8	1.4	1.5	1.9	1.3	0.9	0.5
Unemployment Rate (%)	3.9	4.0	5.0	8.5	9.0	8.1	6.9	5.5	4.8	4.4	4.0	3.6	3.4
Total Housing Starts	3640	3158	2814	929	980	2779	3663	5409	4641	4769	4677	4654	4432
Single-Family	946	981	634	404	378	402	474	590	496	682	846	782	701
Multifamily	2694	2177	2179	526	601	2377	3189	4819	4145	4087	3831	3873	3731

San Jose MSA

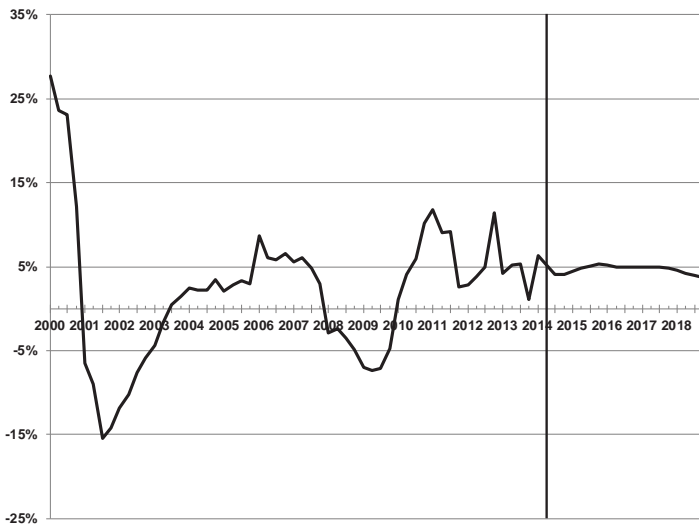
SHORT TERM OUTLOOK

After the non-farm employment in the San Jose MSA is expected to increase by 3.6% for the year 2014, it is expected to increase by a smaller 2.7% in 2015. Job growth will be 3% in the last quarter of 2014 and then will be 2.8% in the last quarter of 2015. Leading job growth will be seen in the Construction & Mining sector and the Professional and Business Services in 2015; this growth measures about 9.1% and 5%. There will be positive growth in all sectors with the exception of the Other Services and the Federal Government, which will both see -1.1% in 2015.

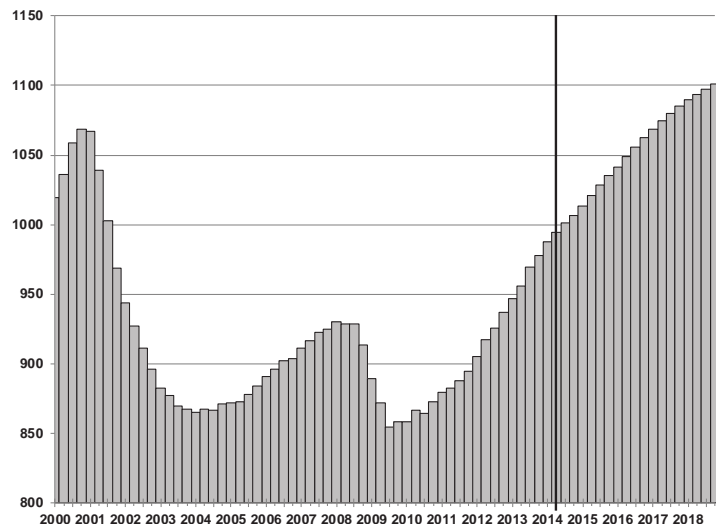
In 2015 the increase in employment will lead to a growth in real personal income of 4.9% from 2014. Over the next four years Real Personal Income is expected to see growth reaching a high of 5% and a low of 4.1%.

San Jose's population is expected to grow by 1.3% in both 2015 and in 2016. Population growth will decrease to 1.2% growth in 2017 and 2018. As the labor force and the employment increases the unemployment rate will decrease to 5.5% in 2015 and it's expected to drop to 4.1% in 2018.

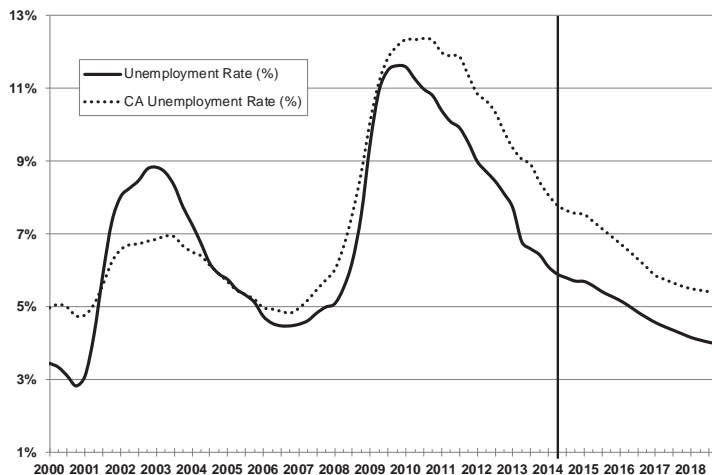
San Jose Real Personal Income
(percent change from one year ago)



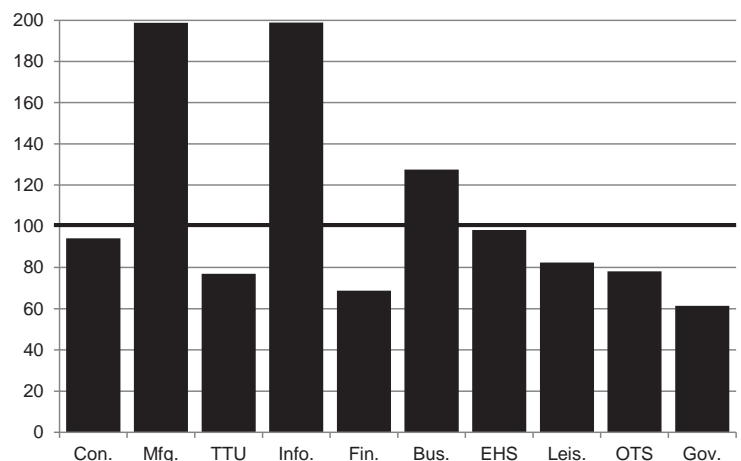
San Jose Payroll Employment
(Thousands)



San Jose and California Unemployment Rates
(percent)



San Jose Employment Mix Relative to California, 2012
(California = 100)



Quarterly Outlook for San Jose

May 2014 Forecast

	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	126.8	129.3	132.8	134.3	136.1	138.0	140.1	141.9	144.3	146.7	149.1	151.3
Pct Chg Year Ago	5.6	6.3	6.6	2.1	7.4	6.7	5.5	5.7	6.0	6.3	6.4	6.6
Wages and Salaries	94.2	96.4	99.2	101.0	102.8	104.4	106.0	107.5	109.2	111.1	113.1	114.8
Nonwage Income	32.5	32.9	33.6	33.2	33.3	33.6	34.1	34.4	35.1	35.6	36.0	36.5
Real Personal Income (2005\$)	109.4	111.6	114.1	115.0	116.3	117.5	118.7	119.7	121.4	123.1	124.6	126.1
Pct Chg Year Ago	4.2	5.2	5.4	1.1	6.3	5.3	4.0	4.1	4.4	4.8	5.0	5.3
Per Capita Income (Ths.)	66.3	67.4	68.9	69.5	70.2	70.9	71.8	72.5	73.4	74.4	75.4	76.3
Real Per Capita Income (2005\$)	57.2	58.1	59.2	59.5	60.0	60.4	60.8	61.1	61.8	62.5	63.0	63.6
Average Annual Wage (Ths.)	99.2	100.5	101.9	103.0	103.7	104.6	105.6	106.5	107.4	108.5	109.6	110.6
Pct Chg Year Ago	0.1	2.0	2.4	-0.6	4.5	4.1	3.6	3.4	3.5	3.7	3.8	3.9
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	946.4	956.1	969.8	977.5	987.6	994.2	1000.8	1006.6	1013.3	1020.7	1028.4	1035.1
Pct Chg Year Ago	4.6	4.3	4.8	4.4	4.4	4.0	3.2	3.0	2.6	2.7	2.8	2.8
Manufacturing	154.6	155.0	156.2	158.7	160.5	161.4	162.6	163.1	164.0	164.5	164.9	165.4
Pct Chg Year Ago	-0.5	-0.7	-0.2	2.1	3.8	4.1	4.1	2.8	2.2	1.9	1.4	1.4
Nonmanufacturing	791.7	801.1	813.5	818.8	827.1	832.8	838.2	843.5	849.3	856.2	863.5	869.8
Pct Chg Year Ago	5.7	5.3	5.8	4.8	4.5	4.0	3.0	3.0	2.7	2.8	3.0	3.1
Construction & Mining	36.8	37.1	38.0	39.1	40.6	39.4	40.2	41.2	42.1	43.2	44.6	46.0
Pct Chg Year Ago	9.6	6.0	9.1	9.4	10.4	6.0	5.7	5.2	3.8	9.7	10.9	11.8
Trade, Trans, & Utilities	134.6	134.9	136.4	137.0	137.5	138.5	139.3	140.1	140.7	141.5	142.1	142.7
Pct Chg Year Ago	3.6	2.6	2.9	2.5	2.1	2.7	2.1	2.2	2.4	2.1	2.0	1.9
Wholesale Trade	36.0	36.2	37.0	36.9	37.4	37.9	38.2	38.5	38.8	39.2	39.5	39.8
Retail Trade	84.9	84.8	85.3	85.8	85.8	86.3	86.6	87.0	87.2	87.5	87.7	87.7
Trans, Wrhsng, & Util	13.8	13.8	14.1	14.3	14.3	14.4	14.5	14.6	14.7	14.9	15.0	15.1
Information	57.0	57.9	59.3	60.7	61.8	63.2	63.9	64.2	63.9	64.1	65.2	65.7
Pct Chg Year Ago	7.8	7.2	8.7	9.5	8.3	9.3	7.7	5.8	3.4	1.5	2.1	2.3
Financial Activities	33.2	33.9	34.0	33.2	33.4	34.4	34.5	34.6	34.8	34.9	35.0	35.1
Pct Chg Year Ago	0.5	1.8	1.5	-0.7	0.5	1.7	1.6	4.2	4.3	1.5	1.4	1.4
Prof & Business Services	188.0	189.9	194.0	193.4	195.3	196.4	199.2	201.2	203.8	206.8	209.6	212.0
Pct Chg Year Ago	9.1	7.2	7.2	4.9	3.9	3.4	2.7	4.0	4.3	5.3	5.2	5.3
Educ & Health Services	139.3	142.9	148.0	148.3	149.0	151.9	152.1	152.6	153.5	154.8	155.9	157.1
Pct Chg Year Ago	6.3	8.1	10.8	7.5	6.9	6.3	2.8	2.9	3.1	1.9	2.5	3.0
Leisure & Hospitality	85.9	87.7	87.5	88.4	89.7	89.4	89.7	90.4	91.2	91.5	91.7	91.9
Pct Chg Year Ago	6.5	7.3	5.0	4.8	4.4	2.0	2.6	2.3	1.7	2.3	2.2	1.6
Other Services	25.2	25.4	25.4	25.6	25.7	25.2	25.2	25.1	25.1	25.0	25.0	24.9
Pct Chg Year Ago	3.1	2.6	1.8	3.2	2.0	-0.6	-1.0	-1.8	-2.2	-0.7	-0.8	-0.6
Federal Government	9.9	9.9	10.0	10.0	10.0	10.0	10.0	10.0	9.9	9.9	9.8	9.8
Pct Chg Year Ago	0.7	1.1	1.7	0.5	1.0	1.1	-0.2	-0.4	-0.5	-1.0	-1.3	-1.4
State & Local Government	81.9	81.6	81.0	83.2	84.3	84.2	84.2	84.3	84.4	84.5	84.6	84.7
Pct Chg Year Ago	0.2	0.0	-0.4	1.9	2.9	3.1	3.9	1.3	0.1	0.3	0.5	0.5
Other Economic Indicators												
Population (Ths.)	1912.9	1919.6	1926.2	1932.3	1939.1	1945.7	1952.2	1958.2	1964.9	1971.4	1977.8	1983.7
Pct Chg Year Ago	1.4	1.4	1.4	1.4	1.4	1.4	1.3	1.3	1.3	1.3	1.3	1.3
Labor Force (Ths.)	947.7	953.4	956.2	953.6	957.6	960.9	966.4	971.6	978.5	984.6	989.5	993.7
Pct Chg Year Ago	1.7	1.8	1.8	1.2	1.0	0.8	1.1	1.9	2.2	2.5	2.4	2.3
Unemployment Rate (%)	7.7	6.8	6.6	6.4	6.1	5.9	5.8	5.7	5.7	5.6	5.4	5.3
Total Housing Starts (Annual Rate)	6652	6160	6185	7437	5789	6203	6332	6440	6409	6689	7042	7193
Single-Family	1827	1945	1931	2107	1549	1634	1669	1694	1834	2118	2435	2639
Multifamily	4826	4216	4253	5330	4241	4569	4663	4745	4576	4571	4607	4554

Quarterly Outlook for San Jose

May 2014 Forecast

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	153.9	156.2	158.7	161.3	164.1	166.7	169.3	172.0	174.6	176.9	179.3	181.8
Pct Chg Year Ago	6.7	6.5	6.4	6.6	6.6	6.7	6.7	6.6	6.4	6.1	5.9	5.7
Wages and Salaries	116.6	118.4	120.3	122.3	124.2	126.0	127.9	129.8	131.6	133.3	135.1	137.0
Nonwage Income	37.3	37.8	38.4	39.0	39.9	40.7	41.5	42.2	43.0	43.6	44.2	44.9
Real Personal Income (2005\$)	127.7	129.2	130.8	132.3	134.1	135.7	137.2	138.7	140.2	141.4	142.6	143.9
Pct Chg Year Ago	5.2	4.9	4.9	5.0	5.0	5.0	4.9	4.8	4.5	4.2	3.9	3.7
Per Capita Income (Ths.)	77.3	78.2	79.2	80.3	81.5	82.5	83.5	84.6	85.6	86.5	87.4	88.4
Real Per Capita Income (2005\$)	64.2	64.7	65.3	65.9	66.6	67.1	67.7	68.2	68.7	69.1	69.5	70.0
Average Annual Wage (Ths.)	111.6	112.5	113.6	114.7	115.9	116.9	118.0	119.2	120.5	121.6	122.8	124.0
Pct Chg Year Ago	4.0	3.7	3.6	3.7	3.8	3.9	3.9	3.9	4.0	4.0	4.0	4.0
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	1041.5	1048.6	1055.8	1062.7	1068.6	1074.5	1080.0	1085.3	1089.4	1093.3	1097.1	1101.1
Pct Chg Year Ago	2.8	2.7	2.7	2.7	2.6	2.5	2.3	2.1	1.9	1.7	1.6	1.5
Manufacturing	165.9	166.1	166.5	166.8	167.0	167.3	167.3	167.5	167.7	168.1	168.3	168.6
Pct Chg Year Ago	1.2	1.0	0.9	0.8	0.7	0.7	0.5	0.4	0.4	0.5	0.6	0.7
Nonmanufacturing	875.6	882.4	889.3	896.0	901.6	907.3	912.6	917.9	921.7	925.2	928.8	932.5
Pct Chg Year Ago	3.1	3.1	3.0	3.0	3.0	2.8	2.6	2.4	2.2	2.0	1.8	1.6
Construction & Mining	47.3	48.6	49.8	51.0	51.9	52.7	53.3	53.8	54.2	54.4	54.7	54.8
Pct Chg Year Ago	12.4	12.4	11.7	10.8	9.6	8.4	6.9	5.5	4.4	3.4	2.6	1.9
Trade, Trans, & Utilities	143.3	144.0	144.7	145.2	145.8	146.4	147.0	147.5	147.9	148.3	148.6	148.9
Pct Chg Year Ago	1.8	1.8	1.8	1.8	1.7	1.6	1.6	1.6	1.5	1.3	1.1	1.0
Wholesale Trade	40.2	40.6	41.0	41.3	41.6	41.9	42.3	42.5	42.8	43.0	43.3	43.4
Retail Trade	87.9	88.1	88.2	88.3	88.4	88.5	88.7	88.8	88.9	89.0	89.0	89.1
Trans, Wrhsng, & Util	15.2	15.4	15.5	15.6	15.8	15.9	16.0	16.1	16.2	16.3	16.4	16.4
Information	65.6	66.4	67.2	67.7	68.3	68.9	69.5	70.0	70.5	70.9	71.3	72.0
Pct Chg Year Ago	2.7	3.5	3.0	3.2	4.2	3.8	3.4	3.3	3.2	2.8	2.6	2.9
Financial Activities	35.2	35.3	35.4	35.4	35.4	35.4	35.4	35.3	35.3	35.2	35.2	35.1
Pct Chg Year Ago	1.2	1.1	1.0	0.7	0.5	0.3	0.1	-0.1	-0.3	-0.6	-0.7	-0.6
Prof & Business Services	214.2	216.4	218.9	221.5	223.5	225.2	227.2	229.2	230.5	231.4	232.6	234.0
Pct Chg Year Ago	5.1	4.6	4.4	4.5	4.3	4.1	3.8	3.5	3.1	2.7	2.4	2.1
Educ & Health Services	158.3	159.8	160.8	161.9	162.7	164.0	165.0	166.1	166.7	167.8	168.6	169.2
Pct Chg Year Ago	3.1	3.2	3.1	3.1	2.8	2.7	2.6	2.6	2.4	2.3	2.2	1.9
Leisure & Hospitality	92.1	92.3	92.7	93.2	93.5	93.9	94.3	94.6	95.0	95.2	95.5	95.8
Pct Chg Year Ago	1.1	0.8	1.1	1.4	1.5	1.7	1.7	1.6	1.6	1.4	1.3	1.2
Other Services	25.0	25.0	25.0	25.0	25.1	25.2	25.2	25.2	25.3	25.3	25.3	25.3
Pct Chg Year Ago	-0.5	-0.2	0.0	0.2	0.6	0.7	0.8	0.9	0.7	0.6	0.4	0.4
Federal Government	9.7	9.7	9.6	9.6	9.6	9.6	9.5	9.5	9.4	9.4	9.4	9.3
Pct Chg Year Ago	-2.0	-2.0	-1.9	-2.0	-1.4	-1.3	-1.3	-1.5	-1.6	-1.6	-1.5	-1.5
State & Local Government	84.9	85.1	85.4	85.6	85.9	86.1	86.4	86.7	87.0	87.4	87.7	88.0
Pct Chg Year Ago	0.6	0.7	0.9	1.1	1.2	1.2	1.2	1.2	1.4	1.4	1.5	1.5
Other Economic Indicators												
Population (Ths.)	1990.3	1996.6	2002.9	2008.7	2014.9	2021.2	2027.3	2033.0	2039.1	2045.2	2051.3	2056.8
Pct Chg Year Ago	1.3	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Labor Force (Ths.)	996.9	1000.3	1003.5	1006.0	1007.7	1009.6	1011.2	1012.9	1015.0	1017.0	1018.9	1020.9
Pct Chg Year Ago	1.9	1.6	1.4	1.2	1.1	0.9	0.8	0.7	0.7	0.7	0.8	0.8
Unemployment Rate (%)	5.2	5.0	4.9	4.7	4.6	4.5	4.4	4.3	4.2	4.1	4.0	4.0
Total Housing Starts (Annual Rate)	7169	7077	7087	7098	7094	7063	7019	7038	7035	7006	7003	7130
Single-Family	2803	2945	3065	3115	3086	3070	3030	3015	2917	2858	2781	2727
Multifamily	4366	4132	4021	3983	4009	3994	3990	4023	4118	4148	4221	4403

Annual Outlook for San Jose

May 2014 Forecast

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Personal Income (Billions \$)													
Total Personal Income	97.6	104.9	104.4	97.5	104.4	115.5	124.4	130.8	139.0	147.9	157.5	168.0	178.2
Pct Chg Year Ago	9.7	7.5	-0.5	-6.6	7.1	10.8	7.7	5.2	6.3	6.3	6.6	6.7	6.0
Wages and Salaries	72.4	79.2	78.1	72.9	80.5	88.0	92.7	97.7	105.2	112.0	119.4	127.0	134.3
Nonwage Income	25.3	25.7	26.3	24.6	23.8	27.5	31.8	33.1	33.8	35.8	38.1	41.1	43.9
Real Personal Income (2005\$)	95.1	99.7	96.3	89.9	94.7	102.4	108.3	112.5	118.0	123.8	130.0	136.4	142.0
Pct Chg Year Ago	6.8	4.8	-3.4	-6.6	5.3	8.2	5.8	4.0	4.9	4.9	5.0	4.9	4.1
Per Capita Income (Ths.)	55.8	59.3	58.1	53.5	56.6	61.7	65.6	68.0	71.3	74.9	78.8	83.0	87.0
Real Per Capita Income (2005\$)	54.4	56.3	53.5	49.4	51.3	54.7	57.1	58.5	60.6	62.7	65.0	67.4	69.3
Average Annual Wage (Ths.)	80.3	85.9	84.1	83.7	92.7	99.0	100.2	101.2	105.1	109.0	113.1	117.5	122.2
Pct Chg Year Ago	6.5	7.0	-2.1	-0.5	10.8	6.9	1.3	1.0	3.9	3.7	3.8	3.9	4.0
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	898.1	918.7	925.3	868.4	865.4	886.1	921.1	962.5	997.3	1024.4	1052.1	1077.1	1095.2
Pct Chg Year Ago	2.5	2.3	0.7	-6.1	-0.3	2.4	3.9	4.5	3.6	2.7	2.7	2.4	1.7
Manufacturing	162.8	165.5	166.7	153.9	151.4	155.2	155.9	156.2	161.9	164.7	166.3	167.3	168.2
Pct Chg Year Ago	-0.8	1.7	0.7	-7.7	-1.5	2.5	0.4	0.2	3.7	1.7	1.0	0.6	0.5
Nonmanufacturing	735.3	753.2	758.6	714.5	714.0	730.8	765.2	806.3	835.4	859.7	885.8	909.8	927.1
Pct Chg Year Ago	3.2	2.4	0.7	-5.8	-0.1	2.4	4.7	5.4	3.6	2.9	3.0	2.7	1.9
Construction & Mining	47.1	47.5	44.5	34.7	32.4	31.8	34.8	37.8	40.3	44.0	49.2	52.9	54.5
Pct Chg Year Ago	5.3	1.0	-6.4	-22.1	-6.3	-1.8	9.5	8.5	6.8	9.1	11.8	7.6	3.1
Trade, Trans., & Utilities	137.0	139.7	137.7	126.4	125.7	127.7	131.9	135.7	138.8	141.7	144.3	146.6	148.4
Pct Chg Year Ago	3.2	2.0	-1.4	-8.2	-0.5	1.6	3.3	2.9	2.3	2.1	1.8	1.6	1.2
Wholesale Trade	38.3	39.8	39.8	35.6	34.9	33.9	34.9	36.5	38.0	39.3	40.7	42.1	43.1
Retail Trade	85.8	86.4	84.4	78.8	78.8	81.8	84.1	85.2	86.4	87.5	88.1	88.6	89.0
Trans, Wrhng, & Util	12.9	13.5	13.5	12.1	12.0	12.1	12.9	14.0	14.4	14.9	15.4	16.0	16.3
Information	38.4	40.8	43.6	43.9	46.4	51.3	54.2	58.7	63.2	64.7	66.7	69.2	71.2
Pct Chg Year Ago	6.5	6.1	7.1	0.5	5.9	10.5	5.7	8.3	7.8	2.3	3.1	3.7	2.9
Financial Activities	36.9	36.9	34.3	31.5	31.0	32.3	33.3	33.6	34.2	35.0	35.3	35.4	35.2
Pct Chg Year Ago	2.2	-0.1	-7.1	-8.0	-1.5	4.2	3.0	0.8	2.0	2.1	1.0	0.2	-0.5
Prof & Business Services	171.8	178.1	178.6	161.1	161.4	167.3	178.7	191.3	198.0	208.0	217.7	226.3	232.1
Pct Chg Year Ago	3.7	3.7	0.3	-9.8	0.3	3.6	6.8	7.1	3.5	5.0	4.7	3.9	2.6
Educ & Health Services	107.7	111.2	118.6	121.2	123.4	125.8	133.7	144.6	151.4	155.3	160.2	164.4	168.1
Pct Chg Year Ago	3.9	3.3	6.6	2.2	1.8	1.9	6.3	8.2	4.7	2.6	3.1	2.7	2.2
Leisure & Hospitality	75.1	76.8	78.1	74.9	74.9	77.4	82.5	87.3	89.8	91.5	92.5	94.1	95.3
Pct Chg Year Ago	3.2	2.2	1.7	-4.1	0.0	3.4	6.6	5.9	2.9	1.9	1.1	1.6	1.4
Other Services	24.8	25.1	25.4	24.5	24.3	24.6	24.7	25.4	25.3	25.0	25.0	25.2	25.3
Pct Chg Year Ago	0.7	1.1	1.3	-3.5	-0.8	1.2	0.6	2.7	-0.4	-1.1	-0.1	0.8	0.5
Federal Government	11.1	11.0	11.0	10.8	10.7	10.1	9.8	9.9	10.0	9.9	9.7	9.5	9.4
Pct Chg Year Ago	-2.3	-0.5	-0.6	-1.5	-0.7	-5.4	-2.8	1.0	0.4	-1.1	-2.0	-1.4	-1.5
State & Local Government	85.4	86.2	86.9	85.6	83.7	82.5	81.6	81.9	84.2	84.5	85.2	86.3	87.5
Pct Chg Year Ago	0.9	0.9	0.8	-1.4	-2.3	-1.4	-1.1	0.4	2.8	0.3	0.9	1.2	1.4
Other Economic Indicators													
Population (Ths.)	1748.2	1770.2	1798.0	1822.2	1844.7	1870.5	1896.3	1922.8	1948.8	1974.4	1999.6	2024.1	2048.1
Pct Chg Year Ago	0.9	1.3	1.6	1.3	1.2	1.4	1.4	1.4	1.4	1.3	1.3	1.2	1.2
Labor Force (Ths.)	848.1	868.8	895.2	900.8	907.6	920.0	937.7	952.7	964.1	986.6	1001.7	1010.4	1017.9
Pct Chg Year Ago	0.8	2.4	3.0	0.6	0.8	1.4	1.9	1.6	1.2	2.3	1.5	0.9	0.7
Unemployment Rate (%)	4.6	4.7	6.1	10.9	11.2	10.0	8.6	6.9	5.9	5.5	4.9	4.4	4.1
Total Housing Starts	5163	3979	2693	1358	2311	3165	4934	6608	6191	6833	7108	7054	7043
Single-Family	2211	1970	1105	708	887	1077	1519	1952	1636	2256	2982	3050	2821
Multifamily	2952	2009	1589	650	1424	2087	3416	4656	4554	4577	4126	4004	4223

Santa Cruz MSA

SHORT TERM OUTLOOK

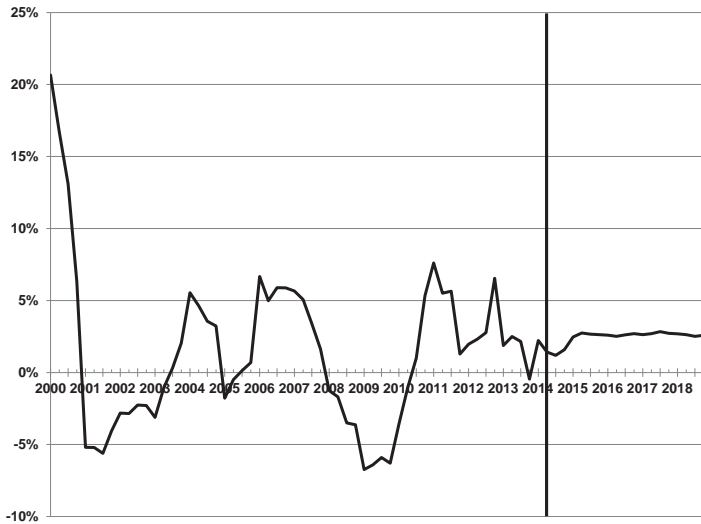
After a 3.9% growth in nonfarm employment during 2013, employment growth in the Santa Cruz MSA is expected to increase at a substantially slower rate in upcoming years. In 2014, the employment rate will increase 1.8% and 2.1% in 2015. Most sectors will see an increase in employment for 2014, with Construction and Mining leading the growth at 4.1%. Sectors such as Information and Transportation, Transport, and Utilities; will see a decrease in employment of 3.8% and 0.2% respectively.

Real personal income for the Santa Cruz MSA is expected to increase 1.6% in 2014. In the next four years, real

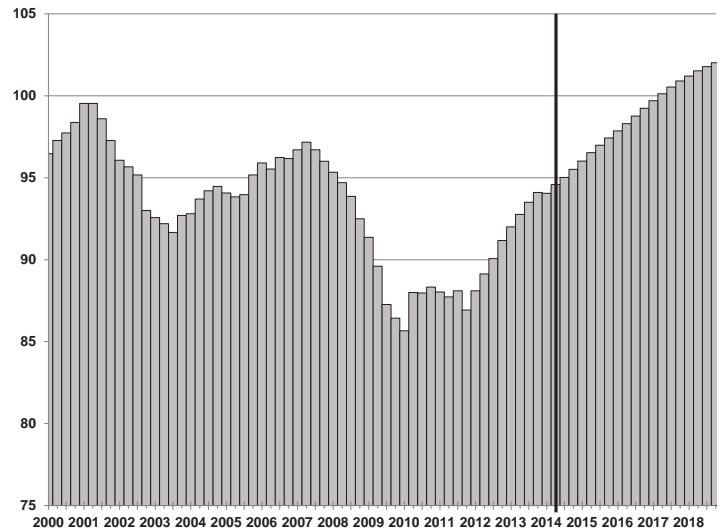
personal income will grow on average by 2.6% for the remainder of the forecast.

Population in Santa Cruz is expected to grow at a modest 0.7% growth rate in 2014. After 2015, the population will be fairly similar for the remainder of the forecast. The labor force is expected to decrease by 0.2% in 2014 and increase by 2.3% in 2015. This trend of increasing at a decreasing rate will continue for the projected horizon. With employment rate growth rate increasing, unemployment rate will decrease to 8.4% in 2014 and will continue to decrease resulting in 5.7% unemployment in 2018.

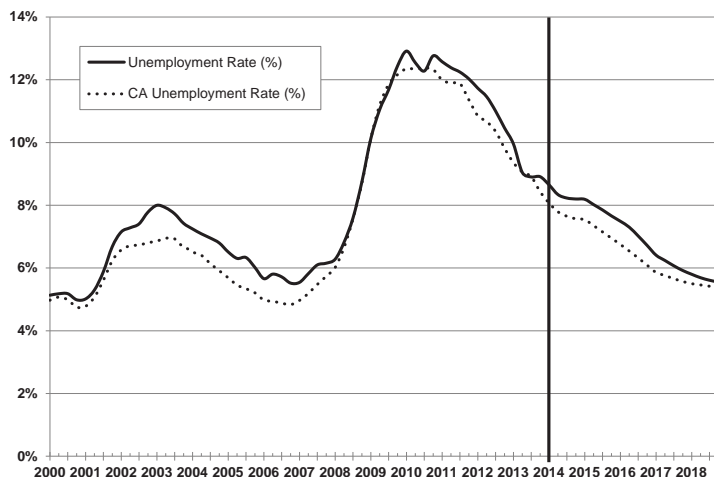
Santa Cruz Real Personal Income
(Percent change from one year ago)



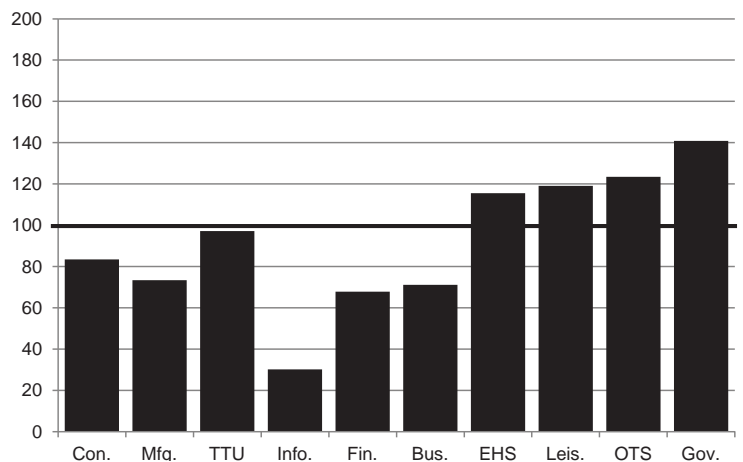
Santa Cruz Payroll Employment
(Thousands)



Santa Cruz and California Unemployment Rates
(Percent)



Santa Cruz Employment Mix Relative to California, 2012
(California = 100)



Quarterly Outlook for Santa Cruz

May 2014 Forecast

	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	14.1	14.3	14.5	14.5	14.6	14.7	14.9	15.0	15.2	15.3	15.5	15.6
Pct Chg Year Ago	3.3	3.6	3.3	0.5	3.3	2.8	2.6	3.2	4.0	4.2	4.0	3.9
Wages and Salaries	4.5	4.6	4.7	4.7	4.7	4.8	4.8	4.9	4.9	5.0	5.0	5.1
Nonwage Income	9.7	9.7	9.8	9.8	9.9	9.9	10.0	10.1	10.2	10.3	10.4	10.5
Real Personal Income (2005\$)	12.2	12.3	12.4	12.5	12.5	12.5	12.6	12.7	12.8	12.9	12.9	13.0
Pct Chg Year Ago	1.9	2.5	2.1	-0.5	2.2	1.4	1.2	1.6	2.5	2.7	2.7	2.6
Per Capita Income (Ths.)	52.6	53.2	53.7	53.8	53.9	54.2	54.7	55.2	55.7	56.2	56.7	57.1
Real Per Capita Income (2005\$)	45.4	45.9	46.1	46.1	46.0	46.2	46.4	46.6	46.9	47.2	47.4	47.6
Average Annual Wage (Ths.)	48.3	49.3	49.6	50.2	50.1	50.4	50.6	50.9	51.2	51.5	51.9	52.2
Pct Chg Year Ago	-1.6	1.2	1.3	-0.5	3.6	2.1	2.1	1.4	2.3	2.4	2.5	2.5
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	92.0	92.8	93.5	94.1	94.0	94.6	95.0	95.5	96.0	96.5	97.0	97.4
Pct Chg Year Ago	4.4	4.1	3.8	3.2	2.2	2.0	1.6	1.5	2.1	2.1	2.1	2.0
Manufacturing	5.9	6.0	5.9	5.9	5.9	6.0	6.1	6.1	6.1	6.1	6.1	6.1
Pct Chg Year Ago	7.5	5.9	1.7	4.2	0.6	0.8	3.6	2.6	2.9	1.2	0.7	0.7
Nonmanufacturing	86.1	86.8	87.6	88.2	88.1	88.5	88.9	89.4	89.9	90.4	90.9	91.3
Pct Chg Year Ago	4.2	4.0	4.0	3.1	2.3	2.0	1.5	1.4	2.0	2.1	2.2	2.1
Construction & Mining	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.4	3.5	3.6	3.7	3.8
Pct Chg Year Ago	9.6	10.6	6.3	6.7	3.3	2.4	5.6	5.0	5.5	8.9	9.6	10.6
Trade, Trans, & Utilities	16.3	16.3	16.4	16.5	16.3	16.3	16.4	16.4	16.5	16.5	16.6	16.6
Pct Chg Year Ago	1.8	1.2	0.7	0.9	-0.2	-0.1	-0.4	-0.2	1.1	1.3	1.2	1.0
Wholesale Trade	3.4	3.5	3.5	3.5	3.6	3.6	3.7	3.7	3.7	3.7	3.7	3.8
Retail Trade	11.6	11.6	11.5	11.6	11.4	11.4	11.4	11.5	11.5	11.5	11.5	11.5
Trans, Wrhsng, & Util	1.4	1.3	1.4	1.4	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Information	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	-4.2	0.0	0.2	0.1	-0.7	-6.9	-4.9	-2.5	-5.0	1.3	2.6	2.6
Financial Activities	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.6	3.6	3.6
Pct Chg Year Ago	10.0	6.3	5.9	6.2	4.4	2.7	1.4	0.7	1.1	1.7	1.7	1.4
Prof & Business Services	10.0	10.1	10.4	10.2	10.4	10.4	10.6	10.7	10.8	11.0	11.1	11.2
Pct Chg Year Ago	5.7	5.0	4.3	2.6	3.6	3.0	2.1	4.5	4.4	5.3	5.1	5.1
Educ & Health Services	16.0	16.1	16.4	16.6	16.5	16.6	16.7	16.7	16.9	17.0	17.1	17.2
Pct Chg Year Ago	5.0	5.6	7.3	6.3	3.6	3.6	1.5	0.6	2.0	2.0	2.4	2.7
Leisure & Hospitality	12.1	12.2	12.2	12.3	12.3	12.6	12.7	12.8	12.9	12.9	12.9	12.9
Pct Chg Year Ago	7.7	6.1	4.6	4.0	2.2	3.4	3.6	4.1	4.2	2.1	2.0	1.3
Other Services	3.9	4.0	4.0	4.0	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Pct Chg Year Ago	7.3	5.4	6.3	2.6	4.1	4.1	2.8	2.9	-0.3	-0.8	-0.7	-0.6
Federal Government	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Pct Chg Year Ago	0.2	0.0	-0.3	0.3	2.1	1.0	0.0	0.8	-0.8	-0.8	-1.1	-1.2
State & Local Government	20.0	20.2	20.3	20.6	20.4	20.4	20.4	20.5	20.5	20.6	20.6	20.7
Pct Chg Year Ago	1.1	1.8	2.7	1.6	2.1	1.1	0.8	-0.3	0.7	0.9	0.9	0.8
Other Economic Indicators												
Population (Ths.)	268.3	269.0	269.7	270.3	270.7	271.1	271.5	271.9	272.2	272.6	272.9	273.2
Pct Chg Year Ago	0.8	0.9	1.0	1.0	0.9	0.8	0.7	0.6	0.5	0.5	0.5	0.5
Labor Force (Ths.)	156.2	155.6	155.3	151.9	153.5	153.9	154.7	155.6	156.7	157.7	158.4	159.0
Pct Chg Year Ago	4.8	3.9	2.5	-1.4	-1.7	-1.1	-0.3	2.4	2.1	2.5	2.4	2.2
Unemployment Rate (%)	10.0	9.0	8.9	8.9	8.6	8.3	8.2	8.2	8.2	8.0	7.9	7.7
Total Housing Starts (Annual Rate)	260	188	205	284	125	169	234	277	325	389	457	499
Single-Family	90	110	143	192	118	132	179	194	220	266	314	343
Multifamily	170	78	63	92	7	37	55	83	105	123	142	157

Quarterly Outlook for Santa Cruz

May 2014 Forecast

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	15.8	15.9	16.1	16.3	16.5	16.6	16.8	17.0	17.2	17.4	17.6	17.8
Pct Chg Year Ago	4.0	4.0	4.1	4.3	4.2	4.4	4.6	4.5	4.5	4.5	4.5	4.5
Wages and Salaries	5.2	5.2	5.3	5.3	5.4	5.4	5.5	5.5	5.6	5.7	5.7	5.8
Nonwage Income	10.6	10.7	10.8	10.9	11.1	11.2	11.3	11.4	11.6	11.7	11.9	12.0
Real Personal Income (2005\$)	13.1	13.2	13.3	13.3	13.4	13.5	13.6	13.7	13.8	13.9	14.0	14.1
Pct Chg Year Ago	2.6	2.5	2.6	2.7	2.6	2.7	2.8	2.7	2.7	2.6	2.5	2.6
Per Capita Income (Ths.)	57.7	58.2	58.7	59.2	59.9	60.5	61.1	61.6	62.2	62.9	63.4	64.0
Real Per Capita Income (2005\$)	47.9	48.2	48.4	48.6	48.9	49.2	49.5	49.7	50.0	50.2	50.4	50.6
Average Annual Wage (Ths.)	52.5	52.8	53.1	53.4	53.7	54.1	54.5	54.8	55.2	55.6	56.0	56.4
Pct Chg Year Ago	2.6	2.5	2.4	2.3	2.3	2.4	2.6	2.6	2.7	2.7	2.8	3.1
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	97.9	98.3	98.8	99.2	99.7	100.1	100.5	100.9	101.2	101.5	101.8	102.0
Pct Chg Year Ago	1.9	1.8	1.8	1.9	1.9	1.8	1.8	1.7	1.5	1.4	1.2	1.1
Manufacturing	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1	6.1
Pct Chg Year Ago	0.2	0.0	-0.2	-0.2	-0.5	-0.5	-0.5	-0.7	-0.7	-0.3	-0.3	-0.2
Nonmanufacturing	91.7	92.2	92.7	93.1	93.6	94.0	94.5	94.8	95.1	95.5	95.7	96.0
Pct Chg Year Ago	2.0	2.0	2.0	2.0	2.0	2.0	1.9	1.8	1.6	1.5	1.3	1.2
Construction & Mining	3.9	4.0	4.1	4.2	4.3	4.4	4.4	4.5	4.5	4.6	4.6	4.6
Pct Chg Year Ago	11.5	12.1	12.0	11.7	10.8	9.5	8.0	6.4	5.3	4.3	3.6	2.7
Trade, Trans, & Utilities	16.6	16.7	16.7	16.7	16.8	16.8	16.8	16.9	16.9	16.9	17.0	17.0
Pct Chg Year Ago	1.0	0.8	0.7	0.7	0.7	0.8	1.0	1.0	0.9	0.8	0.7	0.5
Wholesale Trade	3.8	3.8	3.8	3.9	3.9	3.9	3.9	3.9	4.0	4.0	4.0	4.0
Retail Trade	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5	11.5
Trans, Wrhsng, & Util	1.3	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Information	0.8	0.8	0.8	0.8	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9
Pct Chg Year Ago	3.9	5.3	3.8	3.8	5.1	5.0	4.9	4.9	3.6	3.6	2.4	3.5
Financial Activities	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.5	3.5	3.5
Pct Chg Year Ago	1.1	0.8	0.6	0.3	0.0	-0.3	-0.6	-1.1	-1.4	-1.4	-1.4	-1.1
Prof & Business Services	11.3	11.4	11.6	11.7	11.8	11.9	12.0	12.0	12.1	12.1	12.1	12.2
Pct Chg Year Ago	4.8	4.3	4.1	3.9	4.0	3.7	3.4	2.8	2.5	2.1	1.6	1.5
Educ & Health Services	17.3	17.4	17.5	17.6	17.7	17.9	18.0	18.1	18.1	18.2	18.3	18.4
Pct Chg Year Ago	2.7	2.7	2.6	2.6	2.5	2.4	2.4	2.5	2.2	2.1	2.0	1.7
Leisure & Hospitality	13.0	13.0	13.0	13.0	13.1	13.1	13.1	13.2	13.2	13.2	13.2	13.2
Pct Chg Year Ago	0.7	0.4	0.5	0.7	0.8	1.1	1.1	1.2	1.0	0.8	0.7	0.5
Other Services	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1
Pct Chg Year Ago	-0.4	-0.1	0.1	0.3	0.7	0.8	0.9	1.0	0.7	0.5	0.3	0.2
Federal Government	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Pct Chg Year Ago	-1.8	-1.7	-1.7	-1.8	-1.2	-1.2	-1.1	-1.2	-1.3	-1.2	-1.3	-1.2
State & Local Government	20.7	20.8	20.8	20.9	21.0	21.1	21.1	21.2	21.3	21.4	21.5	21.6
Pct Chg Year Ago	0.8	0.9	1.0	1.2	1.3	1.4	1.4	1.5	1.7	1.7	1.8	1.8
Other Economic Indicators												
Population (Ths.)	273.5	273.8	274.1	274.5	274.8	275.2	275.6	275.9	276.4	276.8	277.2	277.7
Pct Chg Year Ago	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6
Labor Force (Ths.)	159.5	159.9	160.3	160.6	160.9	161.2	161.6	161.9	162.3	162.6	162.9	163.3
Pct Chg Year Ago	1.8	1.4	1.2	1.0	0.9	0.8	0.8	0.8	0.8	0.9	0.8	0.8
Unemployment Rate (%)	7.5	7.3	7.0	6.7	6.4	6.2	6.1	5.9	5.8	5.7	5.6	5.6
Total Housing Starts (Annual Rate)	541	562	583	592	599	587	578	576	574	563	563	566
Single-Family	377	397	416	424	428	419	411	407	408	403	405	405
Multifamily	163	165	167	167	171	168	167	169	166	159	158	161

Annual Outlook for Santa Cruz

May 2014 Forecast

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Personal Income (Billions \$)													
Total Personal Income	12.1	12.9	12.9	12.1	12.4	13.3	14.0	14.4	14.8	15.4	16.0	16.7	17.5
Pct Chg Year Ago	8.7	6.5	0.5	-6.4	2.1	7.5	5.3	2.7	3.0	4.1	4.1	4.4	4.5
Wages and Salaries	4.2	4.4	4.3	4.1	4.1	4.3	4.4	4.6	4.8	5.0	5.2	5.5	5.7
Nonwage Income	7.9	8.5	8.6	8.0	8.2	9.0	9.6	9.7	10.0	10.4	10.8	11.3	11.8
Real Personal Income (2005\$)	11.8	12.2	11.9	11.2	11.2	11.8	12.2	12.4	12.6	12.9	13.2	13.6	13.9
Pct Chg Year Ago	5.9	3.9	-2.5	-6.3	0.4	5.0	3.4	1.5	1.6	2.6	2.6	2.7	2.6
Per Capita Income (Ths.)	48.0	50.8	50.4	46.5	47.0	50.1	52.4	53.3	54.5	56.4	58.5	60.7	63.1
Real Per Capita Income (2005\$)	46.8	48.2	46.4	42.9	42.6	44.4	45.6	45.9	46.3	47.3	48.3	49.3	50.3
Average Annual Wage (Ths.)	43.8	45.1	45.7	46.3	46.9	48.3	49.3	49.3	50.5	51.7	53.0	54.3	55.8
Pct Chg Year Ago	6.4	2.8	1.4	1.2	1.4	3.0	2.1	0.1	2.3	2.4	2.4	2.5	2.8
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	96.0	96.6	94.1	88.7	87.5	87.7	89.6	93.1	94.8	96.7	98.5	100.3	101.6
Pct Chg Year Ago	1.8	0.7	-2.6	-5.8	-1.3	0.3	2.2	3.9	1.8	2.1	1.9	1.8	1.3
Manufacturing	6.5	6.3	5.9	5.3	5.5	5.4	5.6	5.9	6.0	6.1	6.1	6.1	6.1
Pct Chg Year Ago	-5.6	-2.7	-7.1	-9.6	2.8	-1.1	4.7	4.9	1.9	1.3	0.0	-0.5	-0.4
Nonmanufacturing	89.5	90.3	88.2	83.4	82.0	82.3	84.0	87.2	88.8	90.6	92.4	94.2	95.6
Pct Chg Year Ago	2.4	1.0	-2.3	-5.5	-1.5	0.3	2.0	3.8	1.8	2.1	2.0	2.0	1.4
Construction & Mining	5.9	5.4	4.6	3.3	3.0	2.9	3.0	3.2	3.3	3.6	4.0	4.4	4.6
Pct Chg Year Ago	2.1	-8.7	-14.1	-29.4	-8.5	-2.0	2.0	8.3	4.1	8.6	11.8	8.7	4.0
Trade, Trans., & Utilities	18.7	19.0	17.9	16.7	16.4	16.1	16.2	16.4	16.4	16.5	16.7	16.8	16.9
Pct Chg Year Ago	2.4	1.6	-6.0	-6.9	-1.8	-1.6	0.5	1.2	-0.2	1.1	0.8	0.9	0.7
Wholesale Trade	4.0	4.3	4.1	3.8	3.5	3.4	3.4	3.5	3.6	3.7	3.8	3.9	4.0
Retail Trade	13.3	13.1	12.3	11.5	11.4	11.3	11.4	11.5	11.4	11.5	11.5	11.5	11.5
Trans, Wrhng, & Util	1.5	1.6	1.5	1.4	1.5	1.5	1.4	1.4	1.3	1.3	1.4	1.4	1.4
Information	1.4	1.2	1.1	1.0	0.9	0.9	0.8	0.8	0.8	0.8	0.8	0.8	0.9
Pct Chg Year Ago	-12.7	-14.2	-9.8	-9.1	-7.7	0.0	-10.2	-1.0	-3.8	0.4	4.2	5.0	3.3
Financial Activities	3.8	3.7	3.5	3.4	3.3	3.1	3.2	3.4	3.5	3.6	3.6	3.6	3.5
Pct Chg Year Ago	1.1	-2.5	-4.8	-2.8	-4.2	-5.1	3.5	7.1	2.3	1.5	0.7	-0.5	-1.3
Prof & Business Services	10.0	10.0	10.0	9.4	9.1	9.5	9.7	10.2	10.5	11.0	11.5	11.9	12.1
Pct Chg Year Ago	8.0	-0.2	-0.2	-6.0	-2.8	4.5	2.6	4.4	3.3	5.0	4.3	3.5	1.9
Educ & Health Services	13.0	13.3	13.6	14.2	14.6	14.9	15.3	16.3	16.7	17.0	17.5	17.9	18.3
Pct Chg Year Ago	2.4	2.6	2.3	4.2	2.7	2.2	3.2	6.1	2.3	2.3	2.7	2.5	2.0
Leisure & Hospitality	11.1	11.5	11.3	11.1	10.9	11.1	11.6	12.2	12.6	12.9	13.0	13.1	13.2
Pct Chg Year Ago	0.6	3.8	-1.8	-2.1	-1.7	1.6	4.6	5.6	3.3	2.4	0.6	1.0	0.8
Other Services	3.8	3.9	4.0	3.7	3.7	3.6	3.8	4.0	4.1	4.1	4.1	4.1	4.1
Pct Chg Year Ago	2.2	2.9	0.7	-6.2	-1.4	-1.3	4.3	5.4	3.5	-0.6	-0.1	0.8	0.5
Federal Government	0.5	0.5	0.6	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Pct Chg Year Ago	0.0	3.3	16.4	-9.7	0.1	-6.8	0.0	0.0	1.0	-1.0	-1.8	-1.2	-1.3
State & Local Government	21.3	21.8	21.7	20.2	19.8	19.8	19.9	20.2	20.4	20.6	20.8	21.1	21.5
Pct Chg Year Ago	2.4	2.4	-0.5	-6.9	-1.5	-0.1	0.7	1.8	0.9	0.8	1.0	1.4	1.8
Other Economic Indicators													
Population (Ths.)	251.9	253.8	257.0	260.4	263.1	265.0	266.8	269.3	271.3	272.7	274.0	275.4	277.0
Pct Chg Year Ago	0.2	0.7	1.2	1.3	1.1	0.7	0.7	0.9	0.7	0.5	0.5	0.5	0.6
Labor Force (Ths.)	143.5	145.0	146.3	147.7	150.1	149.6	151.1	154.7	154.4	158.0	160.1	161.4	162.8
Pct Chg Year Ago	0.1	1.0	0.9	1.0	1.6	-0.3	1.0	2.5	-0.2	2.3	1.3	0.8	0.8
Unemployment Rate (%)	5.7	5.9	7.4	11.3	12.6	12.3	11.2	9.2	8.4	7.9	7.1	6.2	5.7
Total Housing Starts	672	727	366	158	159	131	270	234	201	417	569	585	566
Single-Family	566	354	245	141	125	111	170	134	156	286	404	416	405
Multifamily	107	373	121	17	34	20	100	100	46	132	166	169	161

Stockton MSA

SHORT TERM OUTLOOK

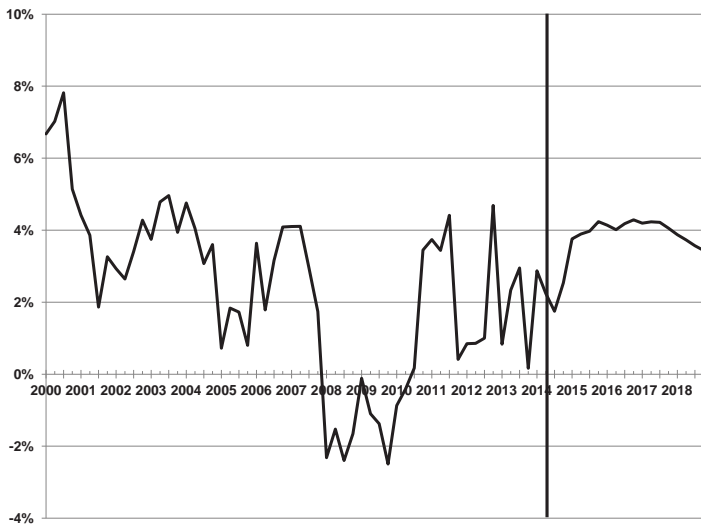
Non-farm employment in the Stockton MSA is expected to increase 2.6% for the year 2015 followed with an equal increase of 2.6% for 2016. The first quarter of 2016 is expected to have a 2.7% increase in employment but will decrease slightly to 2.6% in the last quarter. The Construction & Mining and Professional & Business Services sectors will lead in job growth with 11.6% and 5.1% increases in 2015, respectively. The sectors that will suffer job losses are the “Federal Government” and “Other Services” sectors with 0.8% and 0.2% decreases in employment.

With an overall increase in employment, real personal income will increase by a rate of 4% for 2015 from 2.3% in 2014. Real personal income will continue to grow at a

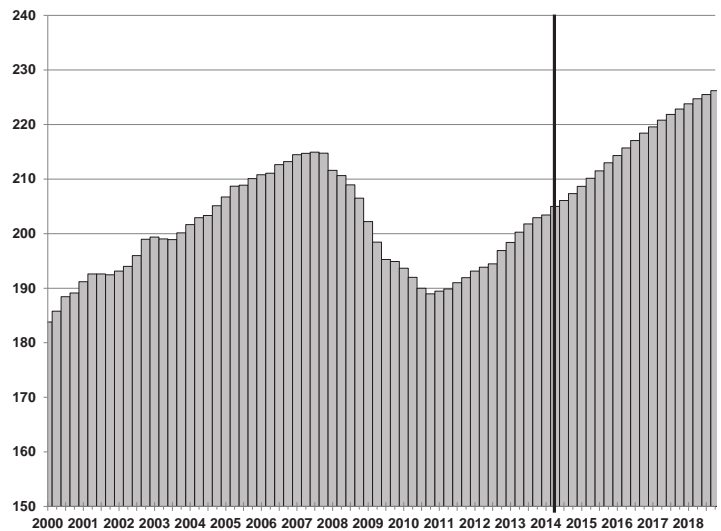
constant rate of 3.5% or higher for the upcoming years. Per capita income will also consistently increase in the foreseeable future, along with the average real wage, which has a forecasted change of 1.3% in 2014 to 2.7% in 2015.

Population in Stockton will increase 1.4% in 2015. It will continue to increase at the rate of 1.5% through 2016 and 2017. The labor force will have its first increase in growth since 2010 to an increase of .2% in 2014 and 2% in 2015. Starting in 2014, labor force will consistently increase for the remainder of the forecast. With the growth in employment, the unemployment rate is expected to decrease from 11.8% in 2014 to 11.0% in 2015. This decrease in unemployment will continue through the projected forecast until it reaches 8.2% in 2018.

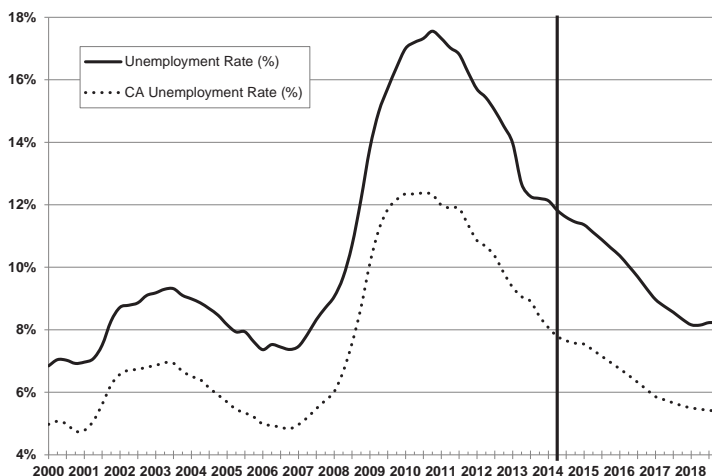
Stockton Real Personal Income
(percent change from one year ago)



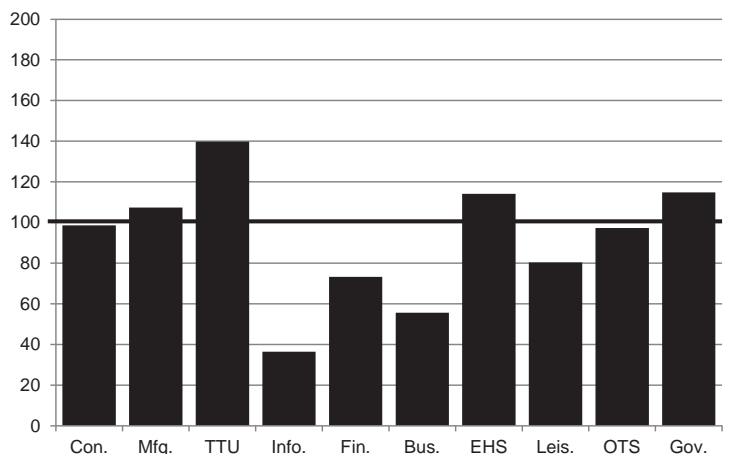
Stockton Payroll Employment
(Thousands)



Stockton and California Unemployment Rates
(percent)



Stockton Employment Mix Relative to California, 2012
(California = 100)



Quarterly Outlook for Stockton

May 2014 Forecast

	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	23.4	23.7	24.1	24.2	24.3	24.6	24.9	25.2	25.6	25.9	26.2	26.6
Pct Chg Year Ago	2.2	3.4	4.1	1.1	3.9	3.7	3.2	4.1	5.3	5.4	5.4	5.6
Wages and Salaries	9.2	9.3	9.5	9.5	9.5	9.7	9.8	9.9	10.0	10.2	10.3	10.4
Nonwage Income	14.2	14.4	14.6	14.6	14.7	14.9	15.1	15.3	15.5	15.7	15.9	16.1
Real Personal Income (2005\$)	20.2	20.5	20.7	20.7	20.7	20.9	21.1	21.2	21.5	21.7	21.9	22.1
Pct Chg Year Ago	0.8	2.3	2.9	0.2	2.9	2.2	1.8	2.5	3.8	3.9	4.0	4.2
Per Capita Income (Ths.)	33.2	33.6	34.2	34.1	34.2	34.6	34.9	35.2	35.6	35.9	36.2	36.6
Real Per Capita Income (2005\$)	28.6	29.0	29.3	29.3	29.2	29.4	29.5	29.7	30.0	30.2	30.3	30.5
Average Annual Wage (Ths.)	45.9	46.4	46.7	46.7	46.6	46.9	47.2	47.5	47.8	48.2	48.5	48.8
Pct Chg Year Ago	-1.2	0.6	1.0	-1.3	1.6	1.1	1.1	1.6	2.6	2.7	2.6	2.8
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	198.4	200.3	201.8	202.9	203.4	205.0	206.1	207.3	208.7	210.1	211.5	213.0
Pct Chg Year Ago	2.7	3.3	3.8	3.1	2.5	2.4	2.1	2.2	2.6	2.5	2.6	2.7
Manufacturing	17.6	17.8	18.0	17.9	17.6	17.8	18.0	18.1	18.1	18.2	18.3	18.3
Pct Chg Year Ago	-2.3	-0.8	2.1	1.9	-0.5	0.2	-0.1	1.0	3.3	2.1	1.4	1.4
Nonmanufacturing	180.7	182.5	183.8	185.1	185.8	187.2	188.1	189.3	190.5	191.9	193.3	194.7
Pct Chg Year Ago	3.2	3.7	3.9	3.2	2.8	2.6	2.3	2.3	2.5	2.6	2.8	2.8
Construction & Mining	8.6	9.1	8.8	8.9	8.2	8.4	8.6	8.9	9.1	9.4	9.7	10.0
Pct Chg Year Ago	11.7	21.1	14.5	11.5	-4.8	-6.9	-1.6	0.1	10.8	10.9	12.0	12.7
Trade, Trans, & Utilities	51.6	51.9	52.0	52.7	53.3	53.6	53.9	54.2	54.5	54.9	55.2	55.5
Pct Chg Year Ago	3.6	2.8	2.3	3.2	3.3	3.2	3.7	2.9	2.3	2.4	2.5	2.4
Wholesale Trade	10.7	10.9	10.9	11.1	11.2	11.2	11.3	11.4	11.4	11.6	11.7	11.8
Retail Trade	25.7	25.8	25.7	25.8	26.2	26.3	26.4	26.5	26.5	26.6	26.7	26.7
Trans, Wrhsg, & Util	15.2	15.3	15.3	15.8	15.9	16.1	16.2	16.4	16.6	16.7	16.9	17.1
Information	1.9	2.0	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0	2.0
Pct Chg Year Ago	-9.5	-6.6	-8.0	-7.6	-0.6	-2.1	1.6	2.8	0.7	0.5	1.6	1.8
Financial Activities	7.6	7.6	7.7	7.6	7.6	7.6	7.6	7.6	7.7	7.7	7.7	7.7
Pct Chg Year Ago	2.2	0.3	5.0	0.5	-0.6	-0.4	-0.7	0.1	1.2	1.2	1.3	1.3
Prof & Business Services	16.8	17.7	17.2	17.5	18.1	18.3	18.6	18.8	19.0	19.3	19.5	19.8
Pct Chg Year Ago	6.4	7.3	3.4	2.4	7.4	3.2	7.7	7.2	5.0	5.2	5.0	5.3
Educ & Health Services	33.9	33.2	33.4	33.2	33.1	33.1	33.2	33.3	33.5	33.8	34.1	34.4
Pct Chg Year Ago	4.8	1.9	2.6	-1.4	-2.4	-0.3	-0.7	0.1	1.3	2.1	2.8	3.2
Leisure & Hospitality	17.5	17.9	18.3	18.6	18.8	19.0	19.1	19.2	19.4	19.4	19.5	19.5
Pct Chg Year Ago	3.3	5.9	7.6	8.4	7.8	6.4	4.0	3.3	2.8	2.0	2.1	1.6
Other Services	6.6	6.6	6.6	6.7	6.7	6.8	6.8	6.8	6.7	6.7	6.7	6.7
Pct Chg Year Ago	2.5	2.0	0.5	2.6	1.6	2.5	2.0	0.1	0.0	-0.3	-0.3	-0.1
Federal Government	3.8	3.6	3.4	3.3	3.2	3.2	3.2	3.2	3.2	3.2	3.2	3.2
Pct Chg Year Ago	-6.0	-10.1	-12.0	-12.7	-14.5	-10.0	-6.7	-3.9	-0.7	-0.7	-0.9	-1.0
State & Local Government	32.3	32.9	34.4	34.6	34.9	35.2	35.3	35.4	35.5	35.7	35.8	35.9
Pct Chg Year Ago	-0.1	3.6	6.7	6.9	7.8	7.0	2.4	2.3	1.9	1.3	1.4	1.4
Other Economic Indicators												
Population (Ths.)	704.1	704.9	706.0	707.5	709.1	711.0	713.4	715.5	717.9	720.6	723.3	725.9
Pct Chg Year Ago	0.6	0.5	0.5	0.6	0.7	0.9	1.0	1.1	1.2	1.4	1.4	1.4
Labor Force (Ths.)	297.9	297.6	298.8	297.8	297.4	297.8	298.9	300.2	302.3	304.0	305.4	306.5
Pct Chg Year Ago	-0.5	-0.5	0.2	0.2	-0.2	0.0	0.0	0.8	1.6	2.1	2.1	2.1
Unemployment Rate (%)	14.0	12.7	12.3	12.2	12.1	11.8	11.6	11.5	11.4	11.1	10.9	10.6
Total Housing Starts (Annual Rate)	1669	1538	851	1022	1066	1250	1426	1628	1881	2253	2645	2900
Single-Family	1506	1322	827	887	1035	1182	1323	1470	1676	1993	2325	2533
Multifamily	163	217	25	135	31	68	103	159	205	260	320	367

Quarterly Outlook for Stockton

May 2014 Forecast

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	27.0	27.3	27.7	28.1	28.6	29.0	29.4	29.8	30.2	30.6	31.0	31.4
Pct Chg Year Ago	5.6	5.5	5.7	5.9	5.8	5.9	6.0	5.9	5.8	5.7	5.5	5.4
Wages and Salaries	10.6	10.7	10.9	11.0	11.1	11.3	11.4	11.6	11.7	11.8	12.0	12.1
Nonwage Income	16.4	16.6	16.8	17.1	17.4	17.7	17.9	18.2	18.5	18.8	19.0	19.3
Real Personal Income (2005\$)	22.4	22.6	22.8	23.1	23.3	23.6	23.8	24.0	24.2	24.4	24.6	24.8
Pct Chg Year Ago	4.1	4.0	4.2	4.3	4.2	4.2	4.2	4.1	3.9	3.7	3.6	3.4
Per Capita Income (Ths.)	37.0	37.4	37.7	38.2	38.6	39.0	39.4	39.8	40.2	40.6	41.0	41.3
Real Per Capita Income (2005\$)	30.7	30.9	31.1	31.3	31.6	31.7	31.9	32.1	32.3	32.4	32.6	32.7
Average Annual Wage (Ths.)	49.2	49.5	49.8	50.1	50.5	50.8	51.2	51.6	52.0	52.4	52.8	53.2
Pct Chg Year Ago	2.9	2.7	2.7	2.6	2.7	2.8	2.9	3.0	3.1	3.1	3.2	3.2
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	214.3	215.7	217.0	218.4	219.6	220.8	221.8	222.8	223.8	224.7	225.5	226.2
Pct Chg Year Ago	2.7	2.7	2.6	2.6	2.5	2.4	2.2	2.0	1.9	1.8	1.6	1.5
Manufacturing	18.4	18.4	18.4	18.5	18.5	18.6	18.6	18.6	18.6	18.7	18.7	18.7
Pct Chg Year Ago	1.3	1.1	1.0	0.9	0.8	0.8	0.7	0.5	0.6	0.6	0.8	0.9
Nonmanufacturing	195.9	197.3	198.6	199.9	201.1	202.2	203.3	204.2	205.2	206.0	206.8	207.5
Pct Chg Year Ago	2.8	2.8	2.8	2.7	2.6	2.5	2.3	2.2	2.0	1.9	1.7	1.6
Construction & Mining	10.3	10.6	10.9	11.1	11.3	11.5	11.7	11.8	12.0	12.0	12.1	12.2
Pct Chg Year Ago	13.2	13.0	12.2	11.1	10.1	9.1	7.7	6.6	5.4	4.3	3.6	2.9
Trade, Trans, & Utilities	55.9	56.2	56.5	56.8	57.1	57.4	57.7	57.9	58.2	58.4	58.5	58.6
Pct Chg Year Ago	2.4	2.4	2.4	2.2	2.2	2.1	2.0	1.9	1.9	1.7	1.5	1.2
Wholesale Trade	11.9	12.1	12.2	12.3	12.4	12.5	12.6	12.7	12.8	12.9	12.9	13.0
Retail Trade	26.7	26.7	26.8	26.7	26.8	26.8	26.8	26.9	26.9	26.9	26.9	26.9
Trans, Wrhsng, & Util	17.2	17.4	17.6	17.8	17.9	18.1	18.2	18.3	18.5	18.6	18.7	18.7
Information	2.0	2.0	2.0	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.2
Pct Chg Year Ago	2.8	3.9	3.4	3.5	4.0	3.5	3.0	3.0	3.1	2.6	2.5	2.4
Financial Activities	7.7	7.8	7.8	7.8	7.8	7.8	7.8	7.7	7.7	7.7	7.7	7.7
Pct Chg Year Ago	1.0	0.8	0.7	0.4	0.3	0.2	-0.1	-0.4	-0.6	-1.0	-1.1	-1.0
Prof & Business Services	20.0	20.1	20.3	20.5	20.7	20.8	20.9	21.1	21.2	21.3	21.4	21.5
Pct Chg Year Ago	5.0	4.5	4.2	3.9	3.7	3.4	3.0	2.6	2.5	2.3	2.2	2.1
Educ & Health Services	34.7	35.0	35.2	35.5	35.7	36.0	36.3	36.5	36.7	36.9	37.1	37.3
Pct Chg Year Ago	3.4	3.5	3.4	3.4	3.1	2.9	2.9	2.8	2.7	2.5	2.4	2.2
Leisure & Hospitality	19.6	19.6	19.7	19.8	19.8	19.9	20.0	20.1	20.1	20.2	20.2	20.3
Pct Chg Year Ago	1.0	0.8	1.0	1.3	1.4	1.7	1.7	1.6	1.6	1.4	1.2	1.1
Other Services	6.8	6.8	6.8	6.8	6.8	6.8	6.8	6.9	6.9	6.9	6.9	6.9
Pct Chg Year Ago	0.1	0.3	0.3	0.6	0.7	0.9	1.2	1.0	1.0	0.9	0.6	0.6
Federal Government	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.1	3.0
Pct Chg Year Ago	-1.6	-1.6	-1.4	-1.6	-1.0	-0.9	-0.9	-1.0	-1.1	-1.1	-1.1	-1.0
State & Local Government	36.0	36.2	36.3	36.5	36.7	36.8	37.0	37.1	37.3	37.5	37.6	37.8
Pct Chg Year Ago	1.4	1.5	1.7	1.8	1.8	1.7	1.7	1.6	1.7	1.8	1.9	1.9
Other Economic Indicators												
Population (Ths.)	728.6	731.4	734.2	736.8	739.6	742.4	745.2	747.9	750.7	753.6	756.4	759.1
Pct Chg Year Ago	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Labor Force (Ths.)	307.4	308.4	309.3	310.0	310.9	311.7	312.6	313.4	314.2	315.1	315.9	316.7
Pct Chg Year Ago	1.7	1.4	1.3	1.2	1.1	1.1	1.1	1.1	1.1	1.1	1.0	1.0
Unemployment Rate (%)	10.4	10.0	9.7	9.3	9.0	8.8	8.6	8.3	8.2	8.2	8.2	8.2
Total Housing Starts (Annual Rate)	3120	3273	3360	3368	3421	3426	3392	3356	3317	3261	3223	3214
Single-Family	2722	2868	2953	2961	2999	3007	2971	2930	2891	2846	2814	2798
Multifamily	397	404	407	407	422	419	421	426	425	415	409	416

Annual Outlook for Stockton

May 2014 Forecast

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Personal Income (Billions \$)													
Total Personal Income	19.7	20.8	21.0	20.7	21.2	22.4	23.2	23.8	24.7	26.1	27.5	29.2	30.8
Pct Chg Year Ago	5.9	5.8	1.0	-1.3	2.2	5.5	3.7	2.7	3.7	5.4	5.7	5.9	5.6
Wages and Salaries	8.7	9.2	9.3	8.9	8.8	8.9	9.1	9.4	9.7	10.2	10.8	11.4	11.9
Nonwage Income	11.0	11.7	11.7	11.9	12.5	13.5	14.1	14.5	15.0	15.8	16.7	17.8	18.9
Real Personal Income (2005\$)	19.2	19.8	19.4	19.1	19.3	19.8	20.2	20.5	21.0	21.8	22.7	23.7	24.5
Pct Chg Year Ago	3.2	3.2	-2.0	-1.3	0.6	3.0	1.8	1.6	2.3	4.0	4.2	4.2	3.7
Per Capita Income (Ths.)	29.7	31.1	31.3	30.6	30.8	32.2	33.1	33.8	34.7	36.1	37.6	39.2	40.8
Real Per Capita Income (2005\$)	28.9	29.6	28.8	28.2	28.0	28.5	28.8	29.1	29.5	30.2	31.0	31.8	32.5
Average Annual Wage (Ths.)	40.8	42.5	44.2	44.7	45.6	46.3	46.5	46.4	47.1	48.3	49.6	51.0	52.6
Pct Chg Year Ago	3.7	4.1	4.0	1.3	1.8	1.7	0.5	-0.2	1.3	2.7	2.7	2.8	3.1
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	211.9	214.7	209.4	197.7	191.2	190.6	194.6	200.8	205.4	210.8	216.4	221.3	225.0
Pct Chg Year Ago	1.6	1.3	-2.5	-5.6	-3.3	-0.3	2.1	3.2	2.3	2.6	2.6	2.3	1.7
Manufacturing	21.7	21.9	21.2	18.9	17.6	17.9	17.8	17.8	17.9	18.2	18.4	18.6	18.7
Pct Chg Year Ago	3.7	1.2	-3.1	-11.1	-6.7	1.9	-0.8	0.2	0.2	2.1	1.1	0.7	0.7
Nonmanufacturing	190.3	192.8	188.2	178.8	173.6	172.6	176.8	183.0	187.6	192.6	197.9	202.7	206.4
Pct Chg Year Ago	1.4	1.3	-2.4	-5.0	-2.9	-0.5	2.4	3.5	2.5	2.7	2.8	2.4	1.8
Construction & Mining	16.1	14.0	11.6	8.5	7.7	7.5	7.7	8.8	8.5	9.5	10.7	11.6	12.1
Pct Chg Year Ago	-4.8	-12.6	-17.7	-26.1	-9.5	-2.8	3.0	14.7	-3.3	11.6	12.4	8.4	4.0
Trade, Trans, & Utilities	50.5	51.4	50.1	47.6	47.5	48.8	50.6	52.1	53.8	55.0	56.3	57.5	58.4
Pct Chg Year Ago	3.1	1.8	-2.5	-5.1	-0.1	2.7	3.7	3.0	3.3	2.4	2.4	2.1	1.6
Wholesale Trade	9.8	10.5	10.4	9.9	10.0	10.2	10.7	10.9	11.3	11.6	12.1	12.5	12.9
Retail Trade	27.2	26.9	25.6	23.7	23.7	24.1	24.9	25.7	26.4	26.6	26.7	26.8	26.9
Trans, Wrhsng, & Util	13.5	13.9	14.1	13.9	13.8	14.5	14.9	15.4	16.1	16.8	17.5	18.1	18.6
Information	2.5	2.5	2.4	2.2	2.1	2.1	2.1	1.9	1.9	1.9	2.0	2.1	2.1
Pct Chg Year Ago	-1.6	-2.0	-3.3	-7.2	-4.1	-0.3	-1.2	-7.9	0.4	1.1	3.4	3.4	2.7
Financial Activities	9.9	9.9	9.4	8.9	7.7	7.4	7.5	7.6	7.6	7.7	7.8	7.8	7.7
Pct Chg Year Ago	1.9	-0.1	-5.3	-5.9	-12.9	-3.4	0.5	2.0	-0.4	1.2	0.8	0.0	-0.9
Prof & Business Services	18.5	18.3	17.5	15.9	15.4	15.1	16.5	17.3	18.4	19.4	20.2	20.9	21.3
Pct Chg Year Ago	2.1	-1.0	-4.2	-9.4	-3.1	-1.6	9.3	4.9	6.4	5.1	4.4	3.2	2.3
Educ & Health Services	29.1	30.9	32.0	32.2	32.3	32.5	32.8	33.4	33.2	33.9	35.1	36.1	37.0
Pct Chg Year Ago	2.6	6.3	3.6	0.5	0.3	0.6	1.0	2.0	-0.8	2.4	3.4	2.9	2.4
Leisure & Hospitality	17.3	17.7	17.4	16.7	16.1	16.3	17.0	18.1	19.0	19.4	19.6	20.0	20.2
Pct Chg Year Ago	1.1	2.7	-1.7	-4.5	-3.3	1.4	4.0	6.3	5.4	2.1	1.0	1.6	1.3
Other Services	6.8	7.7	7.4	7.0	6.5	6.3	6.5	6.6	6.8	6.7	6.8	6.8	6.9
Pct Chg Year Ago	6.7	13.6	-4.1	-5.2	-6.1	-3.0	3.0	1.9	1.6	-0.2	0.3	1.0	0.8
Federal Government	3.9	3.9	3.9	4.1	4.3	4.0	3.9	3.5	3.2	3.2	3.1	3.1	3.1
Pct Chg Year Ago	-1.2	0.3	-0.6	4.7	5.6	-7.1	-2.5	-10.2	-8.8	-0.8	-1.6	-0.9	-1.1
State & Local Government	35.7	36.4	36.4	35.8	33.8	32.5	32.2	33.6	35.2	35.7	36.3	36.9	37.6
Pct Chg Year Ago	0.3	1.9	0.2	-1.6	-5.6	-3.8	-1.0	4.3	4.9	1.5	1.6	1.7	1.8
Other Economic Indicators													
Population (Ths.)	663.4	668.4	672.6	679.1	687.8	695.7	701.6	705.6	712.3	721.9	732.8	743.8	754.9
Pct Chg Year Ago	0.9	0.8	0.6	1.0	1.3	1.1	0.8	0.6	0.9	1.4	1.5	1.5	1.5
Labor Force (Ths.)	284.5	289.0	293.2	298.7	300.9	299.8	298.5	298.0	298.6	304.5	308.8	312.2	315.5
Pct Chg Year Ago	0.2	1.6	1.4	1.9	0.7	-0.4	-0.4	-0.2	0.2	2.0	1.4	1.1	1.1
Unemployment Rate (%)	7.4	8.1	10.4	15.2	17.3	16.9	15.2	12.8	11.8	11.0	9.9	8.7	8.2
Total Housing Starts	3831	2432	1023	828	853	956	1056	1270	1343	2420	3280	3399	3254
Single-Family	3693	2318	900	828	847	826	1042	1135	1252	2132	2876	2977	2837
Multifamily	139	114	123	0	7	130	13	135	90	288	404	422	416

Vallejo-Fairfield MSA

SHORT TERM OUTLOOK

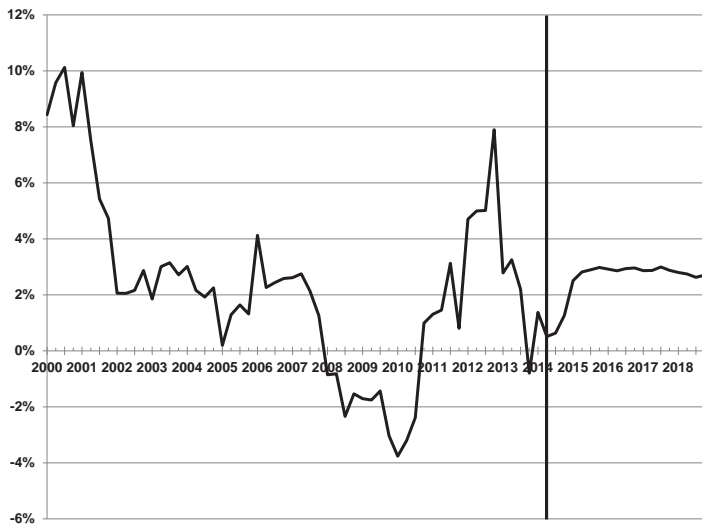
It is anticipated that the Vallejo-Fairfield MSA nonfarm employment will continue to grow in the foreseeable future starting with a 2.1% expected growth rate for 2014. Nonfarm employment will increase 2.3% in the third quarter of 2014 and 2.3% in the fourth quarter. The sector with the highest growth rate is expected to be Leisure & Hospitality with a 5.7% increase. Employment in the sectors of Federal Government and Other Services is expected to decrease by 0.8% and 0.6% in 2015.

Real personal income is projected to raise 0.9% in 2014. This increase is expected to grow in the upcoming years.

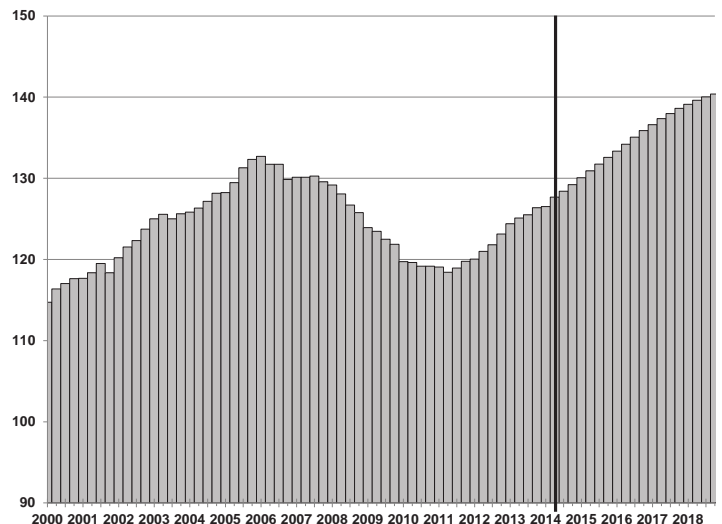
After 2014, real personal income will continue to increase at an average rate of 2.8% for the remainder of the forecast.

The population of Vallejo-Fairfield MSA is expected to grow 1% in 2014 and is projected to stay relatively constant through 2018. Despite an increase in the labor force of 0.2%, the unemployment rate is expected to decrease to 7.4% in 2014 and 7% in 2015. A steady decrease in the unemployment rate is expected for this MSA with a projection of unemployment rate decreasing to 5.1% by 2018.

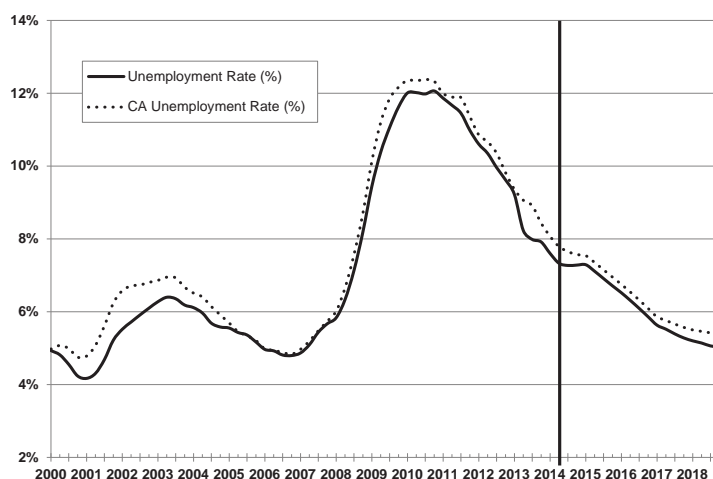
Vallejo Real Personal Income
(percent change from one year ago)



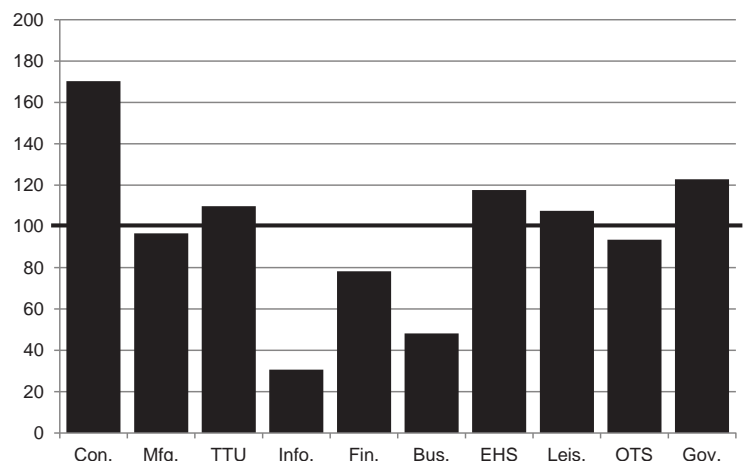
Vallejo Payroll Employment
(Thousands)



Vallejo and California Unemployment Rates
(percent)



Vallejo-Fairfield Employment Mix Relative to California, 2012
(California = 100)



Quarterly Outlook for Vallejo

May 2014 Forecast

	2013Q1	2013Q2	2013Q3	2013Q4	2014Q1	2014Q2	2014Q3	2014Q4	2015Q1	2015Q2	2015Q3	2015Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	18.1	18.3	18.5	18.5	18.5	18.7	18.9	19.0	19.3	19.5	19.7	19.9
Pct Chg Year Ago	4.2	4.4	3.3	0.2	2.4	1.9	2.1	2.8	4.1	4.3	4.3	4.3
Wages and Salaries	6.9	7.1	7.1	7.2	7.1	7.2	7.3	7.4	7.5	7.6	7.7	7.8
Nonwage Income	11.2	11.2	11.4	11.3	11.4	11.5	11.6	11.7	11.8	11.9	12.0	12.1
Real Personal Income (2005\$)	15.6	15.8	15.9	15.9	15.8	15.9	16.0	16.1	16.2	16.4	16.4	16.5
Pct Chg Year Ago	2.8	3.3	2.2	-0.8	1.4	0.5	0.6	1.3	2.5	2.8	2.9	3.0
Per Capita Income (Ths.)	42.7	43.2	43.4	43.4	43.3	43.5	43.9	44.2	44.6	45.0	45.3	45.6
Real Per Capita Income (2005\$)	36.8	37.3	37.3	37.2	37.0	37.1	37.2	37.3	37.5	37.8	37.9	38.0
Average Annual Wage (Ths.)	52.9	54.0	53.9	54.1	53.4	53.8	54.1	54.4	54.7	55.1	55.5	55.8
Pct Chg Year Ago	-1.8	1.0	0.6	-1.2	1.0	-0.4	0.2	0.5	2.4	2.5	2.6	2.6
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	124.4	125.1	125.5	126.4	126.5	127.7	128.4	129.2	130.1	130.9	131.8	132.6
Pct Chg Year Ago	3.6	3.4	3.0	2.6	1.7	2.1	2.3	2.3	2.8	2.5	2.6	2.6
Manufacturing	10.0	10.1	10.1	10.2	10.2	10.3	10.4	10.5	10.6	10.6	10.6	10.7
Pct Chg Year Ago	1.3	1.1	1.0	1.4	2.1	2.2	2.7	2.4	3.0	2.9	2.0	2.0
Nonmanufacturing	114.4	115.0	115.4	116.1	116.3	117.4	118.0	118.7	119.5	120.3	121.1	121.9
Pct Chg Year Ago	3.9	3.6	3.2	2.7	1.7	2.1	2.3	2.2	2.8	2.5	2.7	2.7
Construction & Mining	9.0	8.5	8.8	9.0	8.8	8.8	8.9	9.1	9.3	9.5	9.8	10.1
Pct Chg Year Ago	13.6	6.5	4.0	3.2	-2.3	2.7	1.8	1.1	5.7	8.3	9.4	10.3
Trade, Trans, & Utilities	24.9	25.4	25.6	26.1	26.1	26.1	26.2	26.3	26.4	26.5	26.6	26.7
Pct Chg Year Ago	1.5	1.8	2.6	4.4	5.2	2.8	2.2	0.6	1.0	1.6	1.6	1.4
Wholesale Trade	4.1	4.2	4.2	4.3	4.3	4.3	4.4	4.4	4.4	4.5	4.5	4.5
Retail Trade	16.9	17.3	17.5	17.8	17.7	17.6	17.7	17.7	17.7	17.8	17.8	17.8
Trans, Wrhsng, & Util	3.8	3.9	3.9	4.0	4.1	4.1	4.2	4.2	4.2	4.3	4.3	4.3
Information	1.1	1.2	1.1	1.1	1.1	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Pct Chg Year Ago	-0.4	3.0	0.1	-2.8	-2.1	0.2	5.1	5.6	5.5	0.9	1.7	2.6
Financial Activities	5.1	5.2	5.2	5.1	5.1	5.3	5.3	5.3	5.3	5.4	5.4	5.4
Pct Chg Year Ago	2.0	3.5	3.3	0.7	0.6	1.4	1.4	3.1	3.7	1.7	1.7	1.5
Prof & Business Services	9.2	9.5	9.4	9.2	9.3	9.6	9.7	9.8	10.0	10.1	10.3	10.5
Pct Chg Year Ago	3.7	6.5	7.6	1.2	0.9	1.0	3.4	6.9	7.9	6.1	6.2	6.4
Educ & Health Services	22.7	22.9	23.0	23.0	22.8	23.3	23.4	23.5	23.6	23.9	24.0	24.2
Pct Chg Year Ago	9.7	9.7	8.7	5.4	0.6	1.6	1.5	2.2	3.6	2.4	2.9	3.1
Leisure & Hospitality	14.6	14.5	14.4	14.7	15.2	15.4	15.4	15.5	15.6	15.7	15.7	15.8
Pct Chg Year Ago	4.2	1.6	1.2	2.8	4.2	6.2	6.8	5.7	2.6	2.2	2.1	1.5
Other Services	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	3.9	3.9	3.9	3.9
Pct Chg Year Ago	5.1	3.6	1.8	0.9	-1.1	-0.8	-0.9	-1.1	-0.3	-0.5	-0.8	-0.8
Federal Government	3.8	3.8	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Pct Chg Year Ago	-2.7	-2.4	-5.1	-5.1	-2.7	-2.0	-0.1	0.4	-0.6	-0.7	-1.0	-1.1
State & Local Government	20.0	20.2	20.1	20.2	20.1	20.3	20.3	20.4	20.4	20.5	20.5	20.6
Pct Chg Year Ago	-1.5	-0.4	-0.4	0.9	0.7	0.4	0.9	0.8	1.4	1.1	1.1	1.1
Other Economic Indicators												
Population (Ths.)	423.6	424.7	425.8	426.7	427.8	428.9	430.0	430.9	432.0	433.1	434.1	435.0
Pct Chg Year Ago	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.9
Labor Force (Ths.)	218.6	218.6	218.6	216.6	218.8	217.3	218.4	219.5	221.1	222.4	223.4	224.1
Pct Chg Year Ago	1.0	0.7	0.7	-0.5	0.1	-0.6	-0.1	1.3	1.0	2.3	2.3	2.1
Unemployment Rate (%)	9.2	8.2	8.0	7.9	7.6	7.3	7.3	7.3	7.3	7.1	6.9	6.7
Total Housing Starts (Annual Rate)	584	1094	731	335	480	563	641	677	766	922	1153	1329
Single-Family	541	616	543	322	479	503	538	528	579	684	835	942
Multifamily	42	478	188	13	1	60	104	149	187	238	318	386

Quarterly Outlook for Vallejo

May 2014 Forecast

	2016Q1	2016Q2	2016Q3	2016Q4	2017Q1	2017Q2	2017Q3	2017Q4	2018Q1	2018Q2	2018Q3	2018Q4
Personal Income (Annual Rate, Billions \$)												
Total Personal Income	20.1	20.3	20.5	20.8	21.0	21.3	21.5	21.7	22.0	22.3	22.5	22.7
Pct Chg Year Ago	4.3	4.4	4.4	4.5	4.5	4.6	4.7	4.7	4.7	4.6	4.6	4.7
Wages and Salaries	7.9	8.0	8.0	8.1	8.2	8.3	8.4	8.5	8.6	8.7	8.8	8.9
Nonwage Income	12.3	12.4	12.5	12.6	12.8	12.9	13.1	13.2	13.4	13.5	13.7	13.8
Real Personal Income (2005\$)	16.7	16.8	16.9	17.0	17.2	17.3	17.4	17.5	17.6	17.8	17.9	18.0
Pct Chg Year Ago	2.9	2.9	2.9	3.0	2.9	2.9	3.0	2.9	2.8	2.7	2.6	2.7
Per Capita Income (Ths.)	46.1	46.5	46.9	47.3	47.7	48.2	48.7	49.0	49.5	50.0	50.4	50.9
Real Per Capita Income (2005\$)	38.3	38.5	38.6	38.8	39.0	39.2	39.4	39.6	39.7	39.9	40.1	40.3
Average Annual Wage (Ths.)	56.2	56.6	56.8	57.1	57.6	58.0	58.4	58.7	59.1	59.6	60.1	60.6
Pct Chg Year Ago	2.7	2.6	2.5	2.4	2.4	2.5	2.7	2.7	2.8	2.8	2.8	3.2
Establishment Employment (Place of Work, Thousands, SA)												
Total Non-Farm Employment	133.3	134.2	135.1	135.9	136.6	137.3	138.0	138.6	139.1	139.6	140.0	140.4
Pct Chg Year Ago	2.5	2.5	2.5	2.5	2.5	2.3	2.2	2.0	1.8	1.6	1.5	1.3
Manufacturing	10.7	10.8	10.8	10.8	10.9	10.9	10.9	10.9	11.0	11.0	11.0	11.1
Pct Chg Year Ago	1.7	1.5	1.4	1.4	1.2	1.2	1.1	1.0	0.9	1.1	1.2	1.3
Nonmanufacturing	122.6	123.5	124.3	125.0	125.8	126.5	127.1	127.7	128.2	128.6	129.0	129.3
Pct Chg Year Ago	2.6	2.6	2.6	2.6	2.6	2.4	2.3	2.1	1.9	1.7	1.5	1.3
Construction & Mining	10.3	10.6	10.9	11.2	11.4	11.6	11.7	11.9	12.0	12.0	12.1	12.1
Pct Chg Year Ago	11.2	11.8	11.6	11.2	10.2	8.9	7.4	5.9	4.9	3.9	3.1	2.2
Trade, Trans, & Utilities	26.8	26.9	26.9	27.0	27.1	27.2	27.3	27.3	27.4	27.5	27.5	27.5
Pct Chg Year Ago	1.4	1.3	1.3	1.3	1.2	1.2	1.2	1.2	1.2	1.1	0.9	0.7
Wholesale Trade	4.5	4.6	4.6	4.6	4.7	4.7	4.7	4.7	4.8	4.8	4.8	4.8
Retail Trade	17.9	17.9	17.9	17.9	17.9	17.9	18.0	18.0	18.0	18.0	18.0	18.0
Trans, Wrhsng, & Util	4.4	4.4	4.4	4.5	4.5	4.6	4.6	4.6	4.6	4.7	4.7	4.7
Information	1.2	1.2	1.2	1.2	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Pct Chg Year Ago	3.4	3.4	3.4	2.5	4.2	4.1	2.4	3.3	2.4	1.6	2.4	2.4
Financial Activities	5.4	5.4	5.4	5.4	5.4	5.4	5.4	5.3	5.3	5.3	5.3	5.3
Pct Chg Year Ago	1.1	0.9	0.7	0.4	0.0	-0.2	-0.7	-1.1	-1.1	-1.5	-1.5	-1.1
Prof & Business Services	10.6	10.7	10.8	11.0	11.1	11.2	11.3	11.3	11.4	11.5	11.5	11.6
Pct Chg Year Ago	5.9	5.4	4.9	4.7	4.6	4.3	4.1	3.5	3.2	2.7	2.1	1.9
Educ & Health Services	24.4	24.6	24.8	24.9	25.1	25.3	25.4	25.6	25.7	25.9	26.0	26.1
Pct Chg Year Ago	3.0	3.1	3.1	3.0	3.0	2.8	2.7	2.9	2.5	2.4	2.3	2.0
Leisure & Hospitality	15.8	15.8	15.9	15.9	16.0	16.0	16.1	16.1	16.1	16.2	16.2	16.2
Pct Chg Year Ago	0.9	0.6	0.8	1.0	1.1	1.3	1.3	1.3	1.2	0.9	0.8	0.7
Other Services	3.9	3.9	3.9	3.9	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Pct Chg Year Ago	-0.5	-0.3	0.0	0.3	0.8	0.8	0.8	1.0	0.8	0.5	0.5	0.3
Federal Government	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.5	3.5	3.5
Pct Chg Year Ago	-1.8	-1.7	-1.6	-1.7	-1.1	-1.1	-1.0	-1.1	-1.3	-1.2	-1.2	-1.2
State & Local Government	20.7	20.7	20.8	20.9	21.0	21.1	21.2	21.3	21.4	21.5	21.6	21.7
Pct Chg Year Ago	1.1	1.2	1.4	1.6	1.6	1.7	1.7	1.8	1.9	1.9	2.0	1.9
Other Economic Indicators												
Population (Ths.)	436.1	437.2	438.2	439.0	440.1	441.1	442.1	443.0	444.0	445.0	446.0	446.8
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	0.9
Labor Force (Ths.)	224.8	225.4	225.9	226.4	226.9	227.4	227.8	228.3	228.8	229.4	229.8	230.3
Pct Chg Year Ago	1.7	1.4	1.2	1.0	0.9	0.9	0.8	0.8	0.9	0.9	0.9	0.9
Unemployment Rate (%)	6.5	6.3	6.1	5.9	5.6	5.5	5.4	5.3	5.2	5.1	5.1	5.0
Total Housing Starts (Annual Rate)	1487	1577	1646	1678	1696	1670	1641	1630	1620	1600	1571	1574
Single-Family	1045	1119	1174	1195	1195	1170	1141	1121	1111	1107	1087	1079
Multifamily	442	458	472	483	501	500	501	509	509	493	485	495

Annual Outlook for Vallejo

May 2014 Forecast

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Personal Income (Billions \$)													
Total Personal Income	15.3	16.1	16.3	16.0	15.9	16.6	17.8	18.4	18.8	19.6	20.4	21.4	22.4
Pct Chg Year Ago	5.6	4.7	1.6	-2.0	-0.5	4.1	7.6	3.0	2.3	4.2	4.4	4.6	4.6
Wages and Salaries	6.0	6.3	6.5	6.6	6.5	6.6	6.9	7.1	7.2	7.6	8.0	8.4	8.8
Nonwage Income	9.4	9.8	9.8	9.4	9.4	10.0	10.9	11.3	11.5	12.0	12.4	13.0	13.6
Real Personal Income (2005\$)	14.9	15.3	15.0	14.7	14.4	14.7	15.5	15.8	15.9	16.4	16.9	17.4	17.8
Pct Chg Year Ago	2.9	2.2	-1.4	-2.0	-2.1	1.7	5.7	1.9	0.9	2.8	2.9	2.9	2.7
Per Capita Income (Ths.)	37.5	39.3	39.9	38.9	38.4	39.7	42.3	43.2	43.7	45.1	46.7	48.4	50.2
Real Per Capita Income (2005\$)	36.6	37.4	36.8	35.9	34.8	35.2	36.8	37.1	37.1	37.8	38.5	39.3	40.0
Average Annual Wage (Ths.)	42.9	45.6	48.5	50.6	51.2	52.0	53.9	53.7	53.9	55.3	56.7	58.2	59.8
Pct Chg Year Ago	4.6	6.2	6.3	4.4	1.1	1.6	3.7	-0.4	0.3	2.5	2.5	2.6	2.9
Establishment Employment (Place of Work, Thousands, SA)													
Total Non-Farm Employment	131.5	130.0	127.4	122.9	119.4	119.1	121.5	125.3	128.0	131.3	134.6	137.6	139.8
Pct Chg Year Ago	0.9	-1.1	-2.0	-3.5	-2.9	-0.3	2.1	3.2	2.1	2.6	2.5	2.2	1.6
Manufacturing	10.6	10.6	10.3	9.8	9.7	9.6	10.0	10.1	10.4	10.6	10.8	10.9	11.0
Pct Chg Year Ago	5.3	0.3	-2.6	-4.7	-1.3	-0.9	4.0	1.2	2.3	2.5	1.5	1.1	1.1
Nonmanufacturing	120.9	119.4	117.1	113.1	109.7	109.4	111.5	115.2	117.6	120.7	123.8	126.7	128.8
Pct Chg Year Ago	0.6	-1.2	-1.9	-3.4	-3.0	-0.3	1.9	3.3	2.1	2.6	2.6	2.3	1.6
Construction & Mining	13.0	11.0	9.5	7.7	7.4	8.0	8.3	8.8	8.9	9.7	10.8	11.6	12.0
Pct Chg Year Ago	-5.6	-14.8	-13.2	-19.7	-3.3	8.8	3.2	6.8	0.8	8.4	11.4	8.1	3.5
Trade, Trans., & Utilities	27.2	26.9	26.4	25.0	24.7	24.2	24.8	25.5	26.2	26.5	26.9	27.2	27.5
Pct Chg Year Ago	0.3	-1.0	-1.9	-5.3	-1.1	-2.0	2.7	2.6	2.7	1.4	1.3	1.2	1.0
Wholesale Trade	4.2	4.1	4.1	4.1	4.1	4.0	4.2	4.2	4.3	4.5	4.6	4.7	4.8
Retail Trade	18.8	18.3	17.7	16.3	16.4	16.5	16.9	17.4	17.7	17.8	17.9	18.0	18.0
Trans, Wrhsng, & Util	4.2	4.5	4.5	4.6	4.2	3.7	3.7	3.9	4.1	4.3	4.4	4.6	4.7
Information	1.6	1.5	1.5	1.3	1.3	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3
Pct Chg Year Ago	-0.8	-5.7	-3.6	-10.6	-2.8	-12.2	0.0	0.0	2.2	2.6	3.2	3.5	2.2
Financial Activities	6.2	5.6	5.1	5.1	5.2	5.1	5.0	5.2	5.2	5.4	5.4	5.4	5.3
Pct Chg Year Ago	-0.9	-9.8	-9.1	0.0	2.4	-2.0	-1.3	2.4	1.6	2.2	0.8	-0.5	-1.3
Prof & Business Services	11.5	11.5	10.6	10.8	8.8	8.8	8.9	9.3	9.6	10.2	10.8	11.2	11.5
Pct Chg Year Ago	1.3	0.2	-7.4	1.4	-18.1	0.1	1.0	4.8	3.1	6.6	5.2	4.1	2.5
Educ & Health Services	17.9	18.6	19.2	19.8	20.2	20.4	21.1	22.9	23.2	23.9	24.7	25.4	25.9
Pct Chg Year Ago	3.1	4.2	3.2	2.9	2.3	0.8	3.7	8.4	1.5	3.0	3.1	2.8	2.3
Leisure & Hospitality	13.5	13.7	13.9	13.8	13.7	13.9	14.2	14.5	15.4	15.7	15.8	16.0	16.2
Pct Chg Year Ago	2.3	1.6	1.9	-0.8	-1.2	1.6	2.5	2.4	5.7	2.1	0.8	1.2	0.9
Other Services	4.1	4.0	3.9	3.7	3.6	3.6	3.9	4.0	4.0	3.9	3.9	4.0	4.0
Pct Chg Year Ago	-1.9	-3.7	-2.5	-5.8	-2.0	1.7	6.6	2.8	-1.0	-0.6	-0.1	0.8	0.5
Federal Government	3.9	4.0	3.8	4.0	4.6	4.2	3.9	3.8	3.7	3.7	3.6	3.6	3.5
Pct Chg Year Ago	-1.2	0.3	-3.1	4.3	15.1	-7.7	-7.6	-3.8	-1.1	-0.8	-1.7	-1.1	-1.2
State & Local Government	22.1	22.7	23.1	22.0	20.3	20.1	20.2	20.1	20.3	20.5	20.8	21.1	21.5
Pct Chg Year Ago	2.8	2.7	2.0	-4.6	-7.9	-1.1	0.7	-0.4	0.7	1.2	1.3	1.7	2.0
Other Economic Indicators													
Population (Ths.)	408.4	408.4	409.2	411.0	414.5	417.3	420.9	425.2	429.4	433.5	437.6	441.6	445.5
Pct Chg Year Ago	0.0	0.0	0.2	0.4	0.9	0.7	0.9	1.0	1.0	1.0	0.9	0.9	0.9
Labor Force (Ths.)	208.4	208.5	211.2	214.7	214.9	215.3	217.1	218.1	218.5	222.7	225.6	227.6	229.6
Pct Chg Year Ago	-0.2	0.0	1.3	1.6	0.1	0.2	0.8	0.5	0.2	1.9	1.3	0.9	0.9
Unemployment Rate (%)	4.9	5.3	6.9	10.6	12.0	11.5	10.1	8.3	7.4	7.0	6.2	5.5	5.1
Total Housing Starts	1241	1024	471	602	532	414	534	686	590	1042	1597	1659	1591
Single-Family	1129	873	353	589	532	414	489	506	512	760	1133	1157	1096
Multifamily	112	150	118	13	0	0	45	180	78	283	464	503	495

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Jeff's areas of expertise include regional economic forecasting and environmental economics including work on the economic impacts of the Endangered Species Act, climate change, and regulation on land use, property values and employment growth.

His research has received numerous grants, been published in scholarly journals and received local and national press coverage including the Wall Street Journal,

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Prior to joining Pacific in 2008, Jeff was faculty at Towson University in Maryland where he served as Director of the Center for Applied Business and Economic Research, Associate Dean, and faculty. Jeff received his Ph.D. from North Carolina State University, M.S. from the University of Maine, and B.A. from Hamilton College (NY).



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