

SANTA CLARA COUNTY ECONOMIC FORECAST

Santa Clara County is the largest county in the San Francisco Bay Area, in terms of both population and total employment. The northwest portion of the county, known as Silicon Valley, is home to many leading technology companies. Santa Clara County has a population of 1.9 million people and a total of 994,800 wage and salary jobs. The per capita income in Santa Clara County is \$74,563 and the average salary per worker is \$113,086.

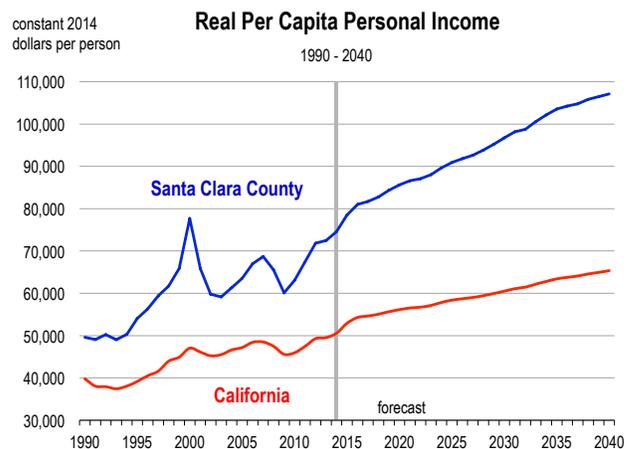
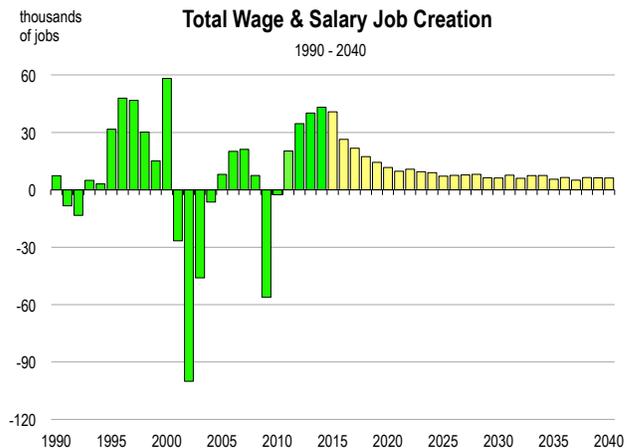
In 2014, employment in Northern California increased by 3.4 percent, whereas employment in the greater Bay Area grew by 4.0 percent. In Santa Clara County, a total of 43,200 wage and salary jobs were created, representing a growth rate of 4.5 percent. The unemployment rate improved significantly, falling from 6.5 percent in 2013 to 5.2 percent in 2014.

Every major sector created jobs in 2014. The largest gains were observed in professional services (+12,600 jobs), information (+7,600 jobs), education and healthcare (+7,000 jobs), and leisure services (+4,200 jobs).

Between 2009 and 2014, the population of Santa Clara County grew at an annual average rate of 1.1 percent. The majority of this growth was due to the natural increase (new births), as net migration was low.

FORECAST HIGHLIGHTS

- Total employment will increase by 4.1 percent in 2015. Between 2015 and 2020, the growth rate will average 1.7 percent per year.
- Average salaries are currently well above the California state average, and will remain so over the forecast horizon. In Santa Clara County, inflation-adjusted salaries are expected to rise by an average of 1.1 percent per year from 2015 to 2020.
- Between 2015 and 2020, the largest employment gain will occur in professional services (+39,900 jobs), which will account for 44 percent of net job creation in the county. Strong growth will also be observed in information (+16,600 jobs), manufacturing (+12,600 jobs), and education and healthcare (+10,600 jobs).
- The population is expected to increase by 1.2 percent in 2015. Annual growth in the 2015-2020 period is forecasted to average 0.9 percent.
- From 2015 to 2020, an average of 3,600 net in-migrants will enter the county each year.

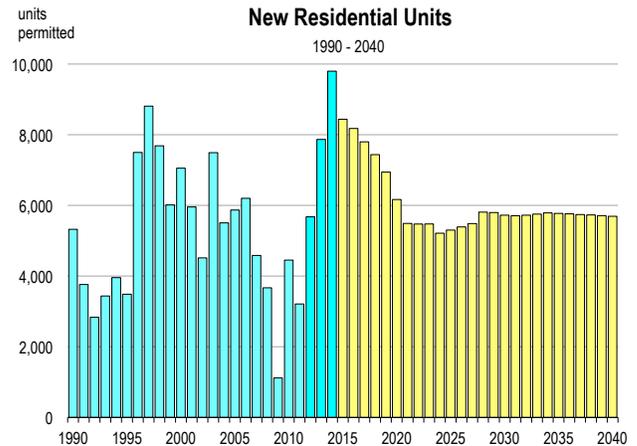
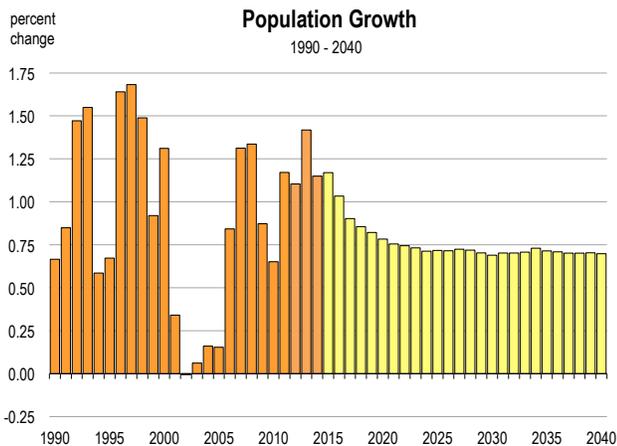


- Real per capita income will rise by 5.3 percent in 2015. During the 2015-2020 period, real per capita income is expected to increase by 1.8 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 0.3 percent per year between 2015 and 2020.
- Industrial production is expected to rise by 6.0 percent in 2015. Over the following five years, the growth is forecasted to average 4.0 percent per year.

Santa Clara County Economic Forecast

2006-2014 History, 2015-2040 Forecast

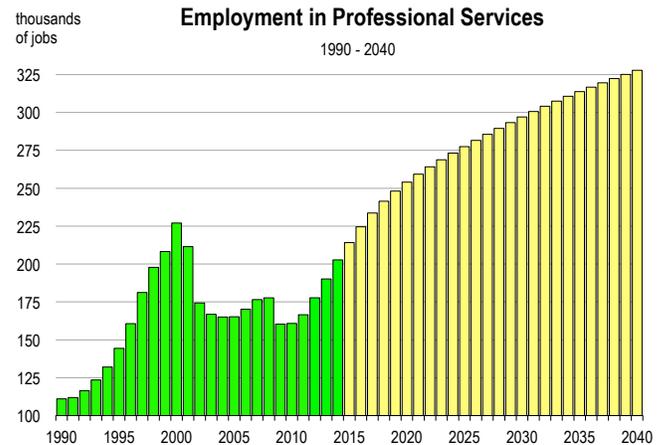
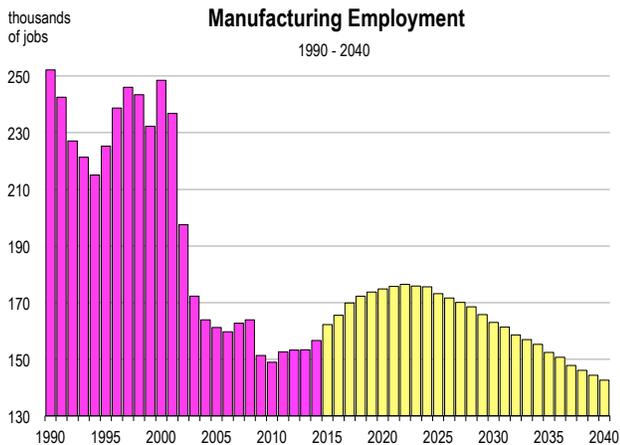
| | Population (people) | Net Migration (people) | Registered Vehicles (millions) | Households (thousands) | New Homes Permitted (homes) | Total Taxable Sales (billions) | Personal Income (billions) | Real Per Capita Income (dollars) | Inflation Rate (% change in CPI) | Real Farm Crop Value (millions) | Real Industrial Production (billions) | Unemploy- ment Rate (percent) |
|------|------------------------|------------------------------|--------------------------------------|---------------------------|-----------------------------------|--------------------------------------|----------------------------------|--|--|---------------------------------------|---|-------------------------------------|
| 2006 | 1,713,839 | -3,423 | 1.50 | 591.6 | 6,204 | \$32.3 | \$95.2 | \$66,963 | 3.2 | 294.8 | 27.0 | 4.5 |
| 2007 | 1,736,327 | 4,088 | 1.52 | 595.4 | 4,583 | \$33.7 | \$102.3 | \$68,662 | 3.4 | 297.2 | 28.4 | 4.7 |
| 2008 | 1,759,534 | 4,769 | 1.51 | 599.9 | 3,671 | \$32.3 | \$101.8 | \$65,517 | 2.9 | 280.8 | 28.6 | 6.0 |
| 2009 | 1,774,890 | -1,958 | 1.51 | 602.5 | 1,117 | \$27.4 | \$95.0 | \$60,079 | 0.8 | 292.8 | 28.0 | 10.8 |
| 2010 | 1,786,443 | -4,002 | 1.52 | 604.1 | 4,453 | \$30.5 | \$101.7 | \$63,109 | 1.3 | 295.0 | 27.8 | 10.4 |
| 2011 | 1,807,361 | 6,034 | 1.52 | 605.4 | 3,212 | \$33.4 | \$112.8 | \$67,384 | 2.7 | 267.7 | 28.5 | 9.3 |
| 2012 | 1,827,313 | 5,819 | 1.53 | 608.9 | 5,677 | \$36.2 | \$124.8 | \$71,826 | 2.7 | 274.2 | 29.2 | 7.9 |
| 2013 | 1,853,223 | 11,189 | 1.58 | 611.4 | 7,868 | \$37.6 | \$130.6 | \$72,491 | 2.3 | 270.9 | 29.3 | 6.5 |
| 2014 | 1,874,526 | 8,048 | 1.61 | 616.4 | 9,799 | \$39.7 | \$139.8 | \$74,563 | 2.8 | 268.7 | 30.6 | 5.2 |
| 2015 | 1,896,454 | 8,142 | 1.63 | 625.8 | 8,438 | \$41.9 | \$150.6 | \$78,496 | 1.2 | 274.3 | 32.4 | 4.3 |
| 2016 | 1,916,051 | 5,977 | 1.65 | 633.7 | 8,177 | \$43.5 | \$162.0 | \$80,988 | 3.2 | 278.7 | 33.7 | 4.2 |
| 2017 | 1,933,342 | 3,820 | 1.66 | 641.1 | 7,799 | \$44.8 | \$170.2 | \$81,720 | 3.2 | 282.0 | 35.2 | 4.3 |
| 2018 | 1,949,882 | 3,206 | 1.67 | 648.1 | 7,437 | \$46.2 | \$179.2 | \$82,781 | 3.0 | 284.9 | 36.7 | 4.3 |
| 2019 | 1,965,902 | 2,792 | 1.68 | 654.8 | 6,943 | \$47.9 | \$189.3 | \$84,341 | 2.8 | 286.8 | 38.1 | 4.2 |
| 2020 | 1,981,300 | 2,294 | 1.69 | 661.0 | 6,167 | \$49.5 | \$199.4 | \$85,625 | 2.9 | 287.8 | 39.5 | 4.3 |
| 2021 | 1,996,253 | 1,960 | 1.70 | 666.5 | 5,490 | \$51.0 | \$209.4 | \$86,592 | 3.0 | 289.8 | 40.8 | 4.4 |
| 2022 | 2,011,116 | 1,930 | 1.71 | 671.4 | 5,473 | \$52.6 | \$218.7 | \$87,065 | 3.1 | 290.5 | 42.1 | 4.4 |
| 2023 | 2,025,837 | 1,824 | 1.72 | 676.3 | 5,475 | \$54.2 | \$228.6 | \$88,011 | 2.7 | 291.6 | 43.2 | 4.4 |
| 2024 | 2,040,277 | 1,594 | 1.73 | 681.2 | 5,214 | \$56.2 | \$240.5 | \$89,655 | 2.6 | 292.3 | 44.3 | 4.4 |
| 2025 | 2,054,907 | 1,865 | 1.74 | 685.9 | 5,302 | \$58.0 | \$252.4 | \$90,893 | 2.8 | 292.9 | 45.0 | 4.3 |
| 2026 | 2,069,602 | 1,957 | 1.75 | 690.7 | 5,391 | \$60.0 | \$264.0 | \$91,800 | 2.8 | 293.3 | 45.9 | 4.2 |
| 2027 | 2,084,591 | 2,306 | 1.76 | 695.6 | 5,486 | \$62.1 | \$276.0 | \$92,646 | 2.8 | 293.7 | 46.9 | 4.1 |
| 2028 | 2,099,577 | 2,353 | 1.77 | 700.5 | 5,810 | \$64.5 | \$289.1 | \$93,858 | 2.7 | 294.0 | 48.0 | 4.0 |
| 2029 | 2,114,331 | 2,107 | 1.78 | 705.7 | 5,799 | \$66.8 | \$302.7 | \$95,246 | 2.5 | 294.2 | 48.8 | 4.1 |
| 2030 | 2,128,908 | 1,924 | 1.79 | 710.8 | 5,723 | \$69.5 | \$316.9 | \$96,712 | 2.4 | 294.3 | 49.6 | 4.1 |
| 2031 | 2,143,856 | 2,183 | 1.80 | 716.0 | 5,708 | \$72.5 | \$331.2 | \$98,154 | 2.3 | 294.5 | 50.8 | 4.1 |
| 2032 | 2,158,909 | 2,137 | 1.81 | 721.0 | 5,723 | \$75.2 | \$343.8 | \$98,746 | 2.5 | 294.6 | 51.6 | 4.1 |
| 2033 | 2,174,178 | 2,162 | 1.83 | 726.1 | 5,754 | \$78.6 | \$360.0 | \$100,564 | 2.1 | 294.6 | 52.8 | 4.1 |
| 2034 | 2,190,052 | 2,633 | 1.84 | 731.3 | 5,788 | \$81.9 | \$376.8 | \$102,166 | 2.3 | 294.7 | 54.0 | 4.0 |
| 2035 | 2,205,697 | 2,317 | 1.85 | 736.5 | 5,774 | \$85.0 | \$393.7 | \$103,541 | 2.4 | 294.7 | 54.8 | 4.0 |
| 2036 | 2,221,335 | 2,202 | 1.86 | 741.6 | 5,761 | \$88.2 | \$410.2 | \$104,256 | 2.8 | 294.8 | 56.0 | 4.0 |
| 2037 | 2,236,917 | 2,084 | 1.87 | 746.7 | 5,741 | \$91.1 | \$426.9 | \$104,768 | 2.8 | 294.8 | 56.8 | 4.0 |
| 2038 | 2,252,606 | 2,103 | 1.88 | 751.8 | 5,730 | \$94.5 | \$445.8 | \$105,817 | 2.7 | 294.8 | 58.0 | 4.0 |
| 2039 | 2,268,450 | 2,221 | 1.88 | 756.9 | 5,711 | \$97.6 | \$464.5 | \$106,457 | 2.8 | 294.8 | 59.2 | 4.0 |
| 2040 | 2,284,284 | 2,149 | 1.89 | 762.0 | 5,692 | \$100.8 | \$483.6 | \$107,112 | 2.8 | 294.8 | 60.4 | 4.0 |

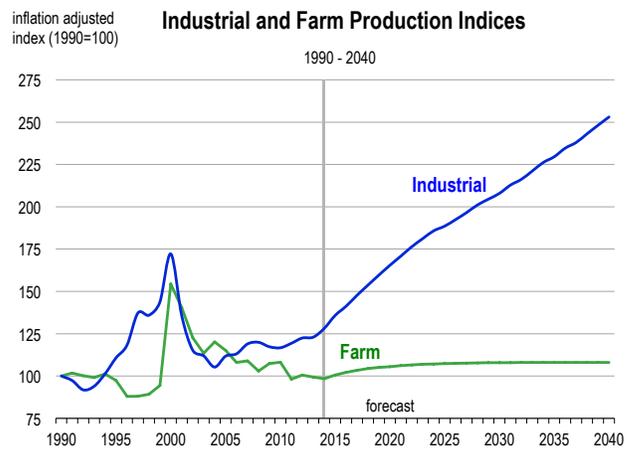
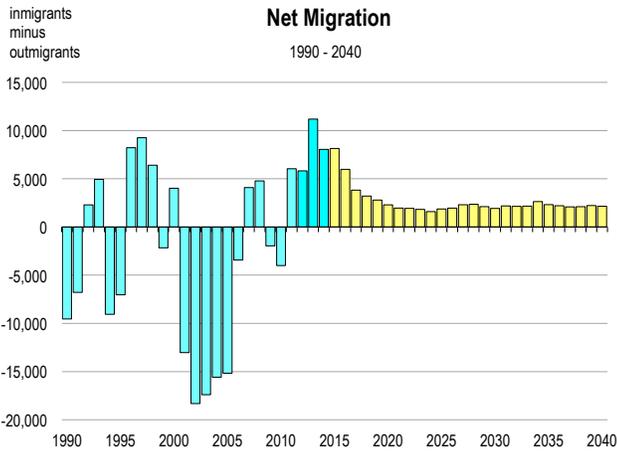
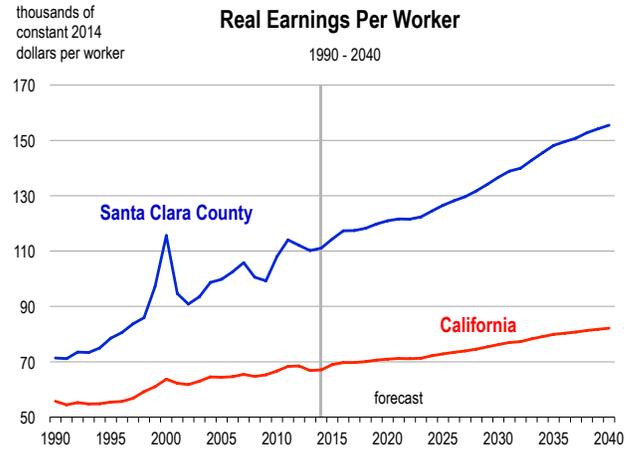
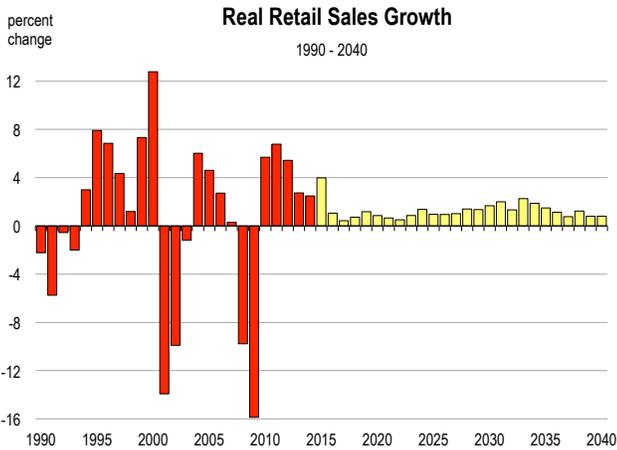


Santa Clara County Employment Forecast

2006-2014 History, 2015-2040 Forecast

| | Total Wage & Salary | Farm | Construction | Manufacturing | Transportation & Utilities | Wholesale & Retail Trade | Financial Activities | Professional Services | Information | Health & Education | Leisure | Government |
|--|---------------------|------|--------------|---------------|----------------------------|--------------------------|----------------------|-----------------------|-------------|--------------------|---------|------------|
| -----employment (thousands of jobs)----- | | | | | | | | | | | | |
| 2006 | 886.7 | 3.78 | 44.9 | 159.7 | 12.7 | 121.8 | 36.5 | 170.2 | 38.3 | 106.8 | 73.7 | 93.6 |
| 2007 | 907.8 | 3.85 | 45.5 | 162.7 | 13.3 | 124.0 | 36.5 | 176.5 | 40.7 | 110.3 | 75.3 | 94.3 |
| 2008 | 915.3 | 3.68 | 42.8 | 163.9 | 13.3 | 122.1 | 33.9 | 177.7 | 43.6 | 117.7 | 76.6 | 94.9 |
| 2009 | 859.1 | 3.53 | 33.4 | 151.3 | 11.9 | 112.4 | 31.2 | 160.4 | 43.8 | 120.2 | 73.5 | 93.4 |
| 2010 | 856.6 | 3.53 | 31.4 | 148.9 | 11.7 | 111.4 | 30.7 | 160.8 | 46.3 | 122.5 | 73.8 | 91.5 |
| 2011 | 876.9 | 3.42 | 30.9 | 152.6 | 11.8 | 113.2 | 32.0 | 166.6 | 51.2 | 124.8 | 76.3 | 89.9 |
| 2012 | 911.5 | 3.32 | 33.9 | 153.2 | 12.7 | 116.4 | 33.0 | 177.7 | 54.1 | 132.7 | 81.3 | 88.7 |
| 2013 | 951.6 | 3.44 | 36.7 | 153.3 | 13.6 | 118.9 | 33.2 | 190.2 | 58.6 | 143.4 | 86.1 | 89.1 |
| 2014 | 994.8 | 3.56 | 38.7 | 156.6 | 14.4 | 120.4 | 34.4 | 202.7 | 66.2 | 150.4 | 90.3 | 91.0 |
| 2015 | 1,035.6 | 3.59 | 42.8 | 162.2 | 15.1 | 123.9 | 35.0 | 214.1 | 72.1 | 153.7 | 93.1 | 92.1 |
| 2016 | 1,061.9 | 3.61 | 41.0 | 165.5 | 15.4 | 125.4 | 35.5 | 224.5 | 76.9 | 156.2 | 95.6 | 93.2 |
| 2017 | 1,083.7 | 3.63 | 39.0 | 169.9 | 15.5 | 126.0 | 35.9 | 233.7 | 80.8 | 157.8 | 97.5 | 93.8 |
| 2018 | 1,101.0 | 3.64 | 37.6 | 172.3 | 15.7 | 126.9 | 36.0 | 241.4 | 83.9 | 160.0 | 98.7 | 94.0 |
| 2019 | 1,115.4 | 3.65 | 36.3 | 173.7 | 15.8 | 127.8 | 36.2 | 248.1 | 86.5 | 162.2 | 99.5 | 94.2 |
| 2020 | 1,127.1 | 3.65 | 34.7 | 174.8 | 15.9 | 128.4 | 36.3 | 254.0 | 88.7 | 164.3 | 99.8 | 94.8 |
| 2021 | 1,136.8 | 3.66 | 33.4 | 175.7 | 15.9 | 128.8 | 36.4 | 259.3 | 90.5 | 166.4 | 99.9 | 94.5 |
| 2022 | 1,147.5 | 3.67 | 33.3 | 176.4 | 16.0 | 129.4 | 36.6 | 264.2 | 92.1 | 168.6 | 100.0 | 94.5 |
| 2023 | 1,157.0 | 3.67 | 33.4 | 175.8 | 16.2 | 130.0 | 36.8 | 268.8 | 93.5 | 170.9 | 100.1 | 94.6 |
| 2024 | 1,166.0 | 3.68 | 33.0 | 175.6 | 16.2 | 130.9 | 37.1 | 273.2 | 94.7 | 172.8 | 100.1 | 94.9 |
| 2025 | 1,173.1 | 3.68 | 33.1 | 173.2 | 16.4 | 131.7 | 37.3 | 277.5 | 95.9 | 174.6 | 100.3 | 95.1 |
| 2026 | 1,180.7 | 3.68 | 33.3 | 171.6 | 16.6 | 132.5 | 37.5 | 281.6 | 96.9 | 176.3 | 100.5 | 95.3 |
| 2027 | 1,188.4 | 3.68 | 33.6 | 170.1 | 16.7 | 133.3 | 37.7 | 285.6 | 97.9 | 178.0 | 100.9 | 95.4 |
| 2028 | 1,196.5 | 3.68 | 34.3 | 168.5 | 16.8 | 134.2 | 37.9 | 289.5 | 98.8 | 179.8 | 101.2 | 95.6 |
| 2029 | 1,202.8 | 3.69 | 34.4 | 165.8 | 16.9 | 135.1 | 38.1 | 293.3 | 99.7 | 181.6 | 101.7 | 95.9 |
| 2030 | 1,209.0 | 3.69 | 34.3 | 163.0 | 17.0 | 136.0 | 38.3 | 297.0 | 100.5 | 183.5 | 102.2 | 96.2 |
| 2031 | 1,216.7 | 3.69 | 34.2 | 161.4 | 17.1 | 137.2 | 38.6 | 300.7 | 101.4 | 185.4 | 102.8 | 96.4 |
| 2032 | 1,222.7 | 3.69 | 34.3 | 158.6 | 17.2 | 138.0 | 38.8 | 304.1 | 102.1 | 187.2 | 103.4 | 96.7 |
| 2033 | 1,230.1 | 3.69 | 34.3 | 156.9 | 17.3 | 139.2 | 39.0 | 307.5 | 102.9 | 189.1 | 104.0 | 97.0 |
| 2034 | 1,237.6 | 3.69 | 34.4 | 155.3 | 17.4 | 140.4 | 39.2 | 310.7 | 103.6 | 191.0 | 104.6 | 97.3 |
| 2035 | 1,243.2 | 3.69 | 34.5 | 152.4 | 17.5 | 141.3 | 39.3 | 313.8 | 104.3 | 192.9 | 105.2 | 97.6 |
| 2036 | 1,249.6 | 3.69 | 34.5 | 150.7 | 17.6 | 142.0 | 39.5 | 316.7 | 105.0 | 194.9 | 105.8 | 97.8 |
| 2037 | 1,254.7 | 3.69 | 34.6 | 147.8 | 17.7 | 142.6 | 39.6 | 319.6 | 105.7 | 196.8 | 106.3 | 98.0 |
| 2038 | 1,261.1 | 3.69 | 34.7 | 146.1 | 17.8 | 143.4 | 39.8 | 322.4 | 106.3 | 198.8 | 107.0 | 98.2 |
| 2039 | 1,267.3 | 3.69 | 34.8 | 144.3 | 17.9 | 144.1 | 39.9 | 325.1 | 106.9 | 200.8 | 107.6 | 98.4 |
| 2040 | 1,273.5 | 3.69 | 34.9 | 142.6 | 18.0 | 144.7 | 40.1 | 327.9 | 107.5 | 202.8 | 108.2 | 98.6 |





County Economic and Demographic Indicators

Projected Economic Growth (2015-2020)

| | |
|----------------------------------|-------------|
| Expected retail sales growth: | 4.3% |
| Expected job growth: | 8.8% |
| Fastest growing jobs sector: | Information |
| Expected personal income growth: | 14.0% |

| | |
|--|-------|
| Expected population growth: | 4.5% |
| Net migration to account for: | 21.3% |
| Expected growth in number of vehicles: | 3.6% |

Demographics (2015)

| | |
|---|-------|
| Unemployment rate (March 2015): | 4.1% |
| County rank* in California (58 counties): | 4th |
| Percent of population working age:(16-64) | 66.9% |

| | |
|-----------------------------------|-----------|
| Population with B.A. or higher: | 46.8% |
| Median home selling price (2014): | \$710,000 |
| Median household income: | \$93,827 |

Quality of Life

| | |
|---|-------------------------|
| Violent crime rate (2013): | 242 per 100,000 persons |
| County rank* in California (58 counties): | 12th |
| Average commute time to work (2015): | 28.0 minutes |

| | |
|--|-------|
| High School drop out rate (2014): | 14.3% |
| Households at/below poverty line (2015): | 7.3% |

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