

NAPA COUNTY ECONOMIC FORECAST

Napa County is home to the Napa Valley, a popular tourist destination known for wine grapes and premium wine production. Napa County has a population of nearly 138,000 people and has 65,500 wage and salary jobs. The per capita income in Napa County is \$51,291, and the average salary per worker is \$54,290. The median family income in the Napa-Solano metro area was estimated at \$81,500 in 2011, among the highest in the state.

In 2011, wine grapes accounted for 98 percent of all agricultural output in Napa County. Black grapes are dominant in the region, bringing in 5 times the revenue of white grapes. The viticulture industry also attracts a large number of visitors to the county each year, generating a substantial amount of economic activity. The Napa County tourism sector strengthened in 2011, with higher hotel occupancy rates and room prices than in 2010.

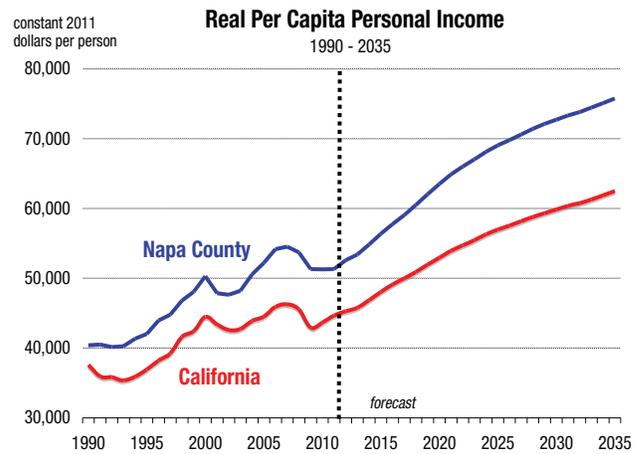
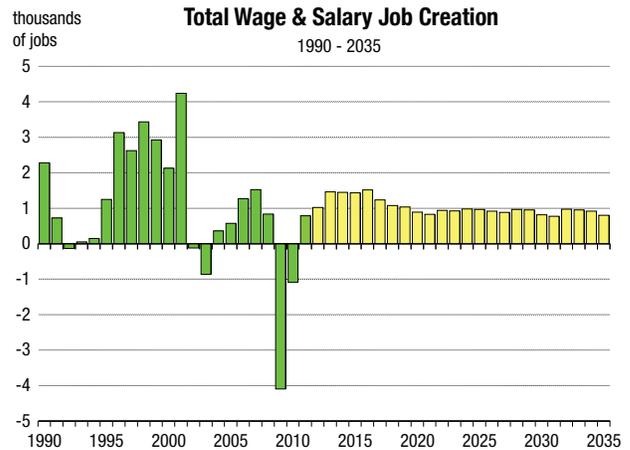
In 2011, employment in Northern California increased by 0.9 percent, whereas employment in the greater Bay Area grew by 1.2 percent. Napa County job growth turned positive last year, increasing by 800 total wage and salary jobs – a growth rate of 1.2 percent. Non-farm employment increased by 1.4 percent, while farm employment declined by 1.3 percent. The unemployment rate improved to 9.0 percent in 2011.

Job gains were observed in almost every industry in 2011, with the largest increases occurring in the leisure and hospitality (+600 jobs), education and healthcare (+400 jobs), and professional services (+100 jobs) sectors. Together, these industries accounted for virtually all employment growth in the county. The largest decline occurred in government (-300 jobs).

Over the past 5 years, the population in Napa County grew by 5.4 percent, an annual average increase of 0.9 percent. Net migration accounted for the majority of this growth, as the county experienced an average of 670 in-migrants each year. Over the forecast horizon, population growth will remain relatively modest, but net migration will account for 3 out of 4 new residents between 2012 and 2017.

FORECAST HIGHLIGHTS

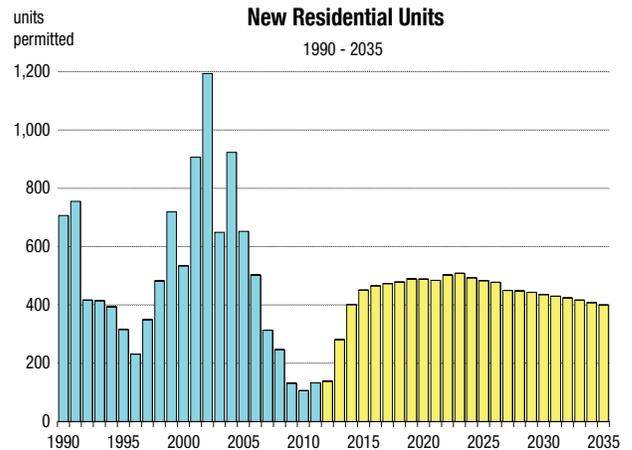
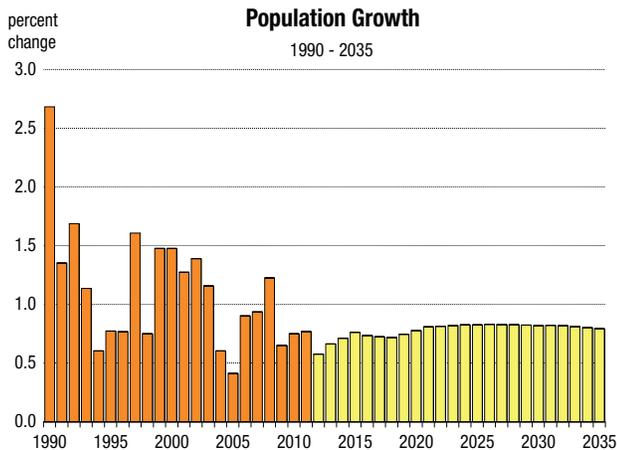
- Employment will increase by 1.6 percent in 2012. The farm sector is expected to rise by 3.0 percent, reversing the losses of last year. Between 2012 and 2017, the annual growth rate for total wage and salary jobs will average 2.0 percent per year.
- Average salaries are currently below the California average, and will remain so over the foreseeable future. Adjusted for inflation, average salaries are forecast to rise by an average of 1.6 percent per year from 2012 to 2017.
- Between 2012 and 2017, job creation will be concentrated in leisure services, retail trade, healthcare and education, professional services, and manufacturing.
- Government employment will continue to decline through 2012, but will begin to rebound in 2013.
- Population growth is expected to average 0.7 percent per year from 2012 to 2017.
- During the 2012 to 2017 period, net migration is forecast to average 700 people entering the county per year. Migration will increase slightly over the long term forecast.
- Real per capita incomes will rise 2.5 percent in 2012. From 2012 to 2017, real per capita incomes are forecast to increase by 2.4 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 3.1 percent per year between 2012 and 2017.
- Industrial production is expected to rise by 2.5 percent in 2012. From 2012 to 2017, industrial production will grow by an average of 3.3 percent per year.
- Farm production is forecast to increase by 2.5 percent per year between 2012 and 2017. Wine grapes will continue to account for the vast majority of all agricultural output.



Napa County Economic Forecast

2006-2011 History, 2012-2040 Forecast

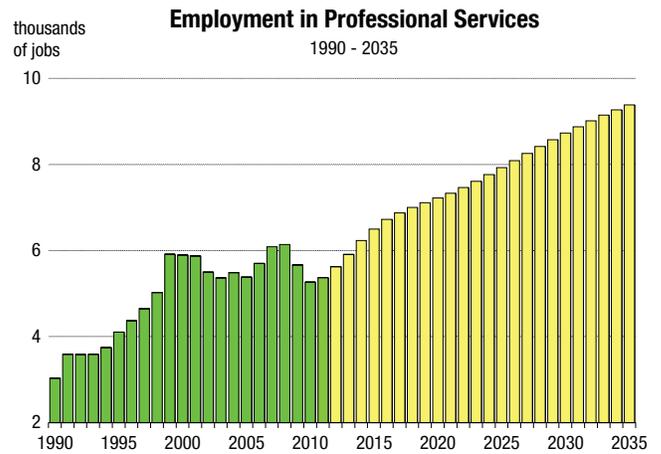
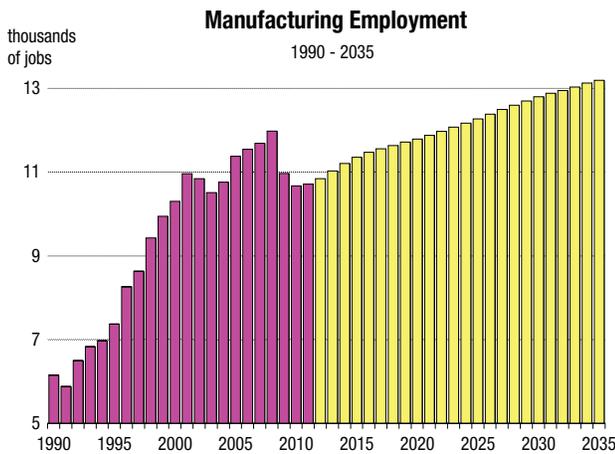
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (millions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	131,920	630	138	48.3	503	\$2.4	\$6.4	\$54,155	3.2	532.8	2.2	3.9
2007	133,155	701	138	48.5	314	\$2.6	\$6.7	\$54,520	3.4	519.7	2.3	4.0
2008	134,786	1,170	139	48.6	247	\$2.5	\$6.9	\$53,706	3.0	428.5	2.7	5.1
2009	135,664	321	138	48.7	132	\$2.2	\$6.7	\$51,324	0.8	521.5	2.3	8.6
2010	136,681	531	138	48.9	106	\$2.3	\$6.8	\$51,289	1.3	472.9	2.3	9.8
2011	137,732	668	138	49.0	133	\$2.4	\$7.1	\$51,291	2.5	470.7	2.4	9.0
2012	138,525	574	138	49.1	139	\$2.5	\$7.4	\$52,563	1.9	490.4	2.5	8.1
2013	139,445	686	139	49.3	281	\$2.6	\$7.7	\$53,400	2.1	505.2	2.5	7.1
2014	140,437	742	140	49.5	402	\$2.7	\$8.2	\$54,829	2.1	515.0	2.6	6.5
2015	141,508	806	142	49.9	451	\$2.9	\$8.6	\$56,366	1.8	510.1	2.7	5.9
2016	142,548	760	143	50.4	466	\$3.1	\$9.1	\$57,743	1.7	529.8	2.8	5.3
2017	143,581	735	145	50.8	474	\$3.2	\$9.5	\$59,041	1.7	544.6	2.9	4.9
2018	144,612	718	146	51.3	479	\$3.4	\$10.0	\$60,503	1.7	559.4	3.0	4.6
2019	145,690	749	148	51.7	490	\$3.6	\$10.5	\$62,064	1.5	579.1	3.1	4.3
2020	146,822	784	149	52.2	489	\$3.8	\$10.9	\$63,491	1.4	569.2	3.3	4.1
2021	148,010	822	150	52.6	485	\$4.0	\$11.4	\$64,867	1.3	554.5	3.4	4.0
2022	149,214	827	152	53.1	503	\$4.2	\$11.9	\$65,991	1.5	579.1	3.5	4.0
2023	150,437	830	153	53.6	509	\$4.4	\$12.3	\$67,021	1.5	598.8	3.7	4.0
2024	151,682	831	154	54.1	494	\$4.6	\$12.8	\$68,120	1.6	623.4	3.8	4.0
2025	152,935	823	156	54.6	484	\$4.8	\$13.3	\$69,043	1.7	643.1	4.0	4.0
2026	154,204	822	157	55.0	478	\$5.1	\$13.8	\$69,780	1.7	653.0	4.1	4.0
2027	155,482	821	158	55.5	450	\$5.3	\$14.4	\$70,617	1.7	657.9	4.3	4.0
2028	156,768	822	160	55.9	448	\$5.5	\$14.9	\$71,400	1.7	672.7	4.5	4.0
2029	158,060	814	161	56.3	443	\$5.8	\$15.4	\$72,114	1.7	682.5	4.6	4.0
2030	159,357	803	162	56.8	436	\$6.0	\$15.9	\$72,734	1.7	667.8	4.8	4.0
2031	160,666	796	163	57.2	430	\$6.3	\$16.5	\$73,311	1.7	653.0	5.0	4.0
2032	161,984	787	165	57.6	425	\$6.6	\$17.0	\$73,809	1.7	687.5	5.2	4.0
2033	163,299	762	166	58.0	417	\$6.8	\$17.6	\$74,440	1.7	717.0	5.4	4.0
2034	164,609	737	167	58.4	409	\$7.1	\$18.2	\$75,098	1.7	741.6	5.6	4.0
2035	165,915	711	168	58.8	400	\$7.3	\$18.8	\$75,746	1.7	746.6	5.8	4.0
2036	167,222	693	170	59.2	394	\$7.6	\$19.5	\$76,402	1.7	786.0	6.0	4.0
2037	168,524	665	171	59.5	385	\$7.8	\$20.1	\$77,059	1.7	805.7	6.3	4.0
2038	169,831	646	172	59.9	377	\$8.1	\$20.8	\$77,664	1.7	776.1	6.5	4.0
2039	171,161	646	173	60.3	373	\$8.4	\$21.5	\$78,377	1.7	800.8	6.8	4.0
2040	172,500	628	174	60.6	367	\$8.6	\$22.2	\$79,088	1.7	820.5	7.2	4.0

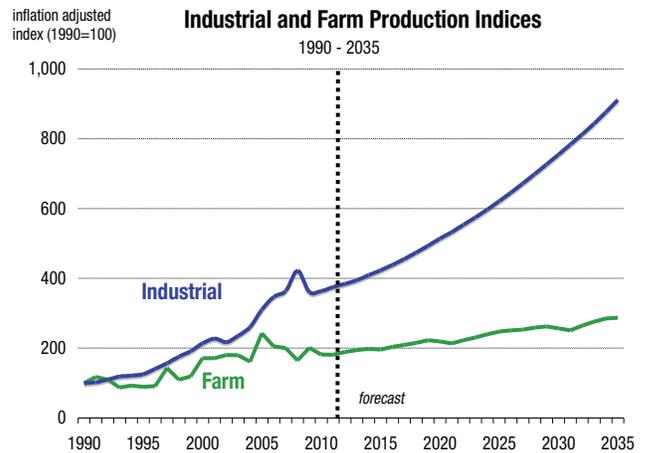
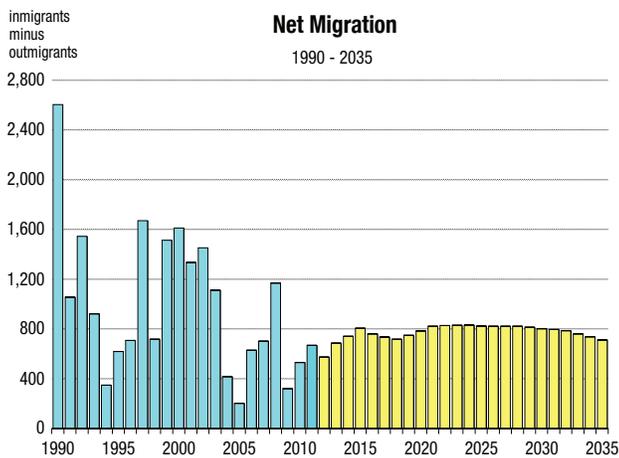
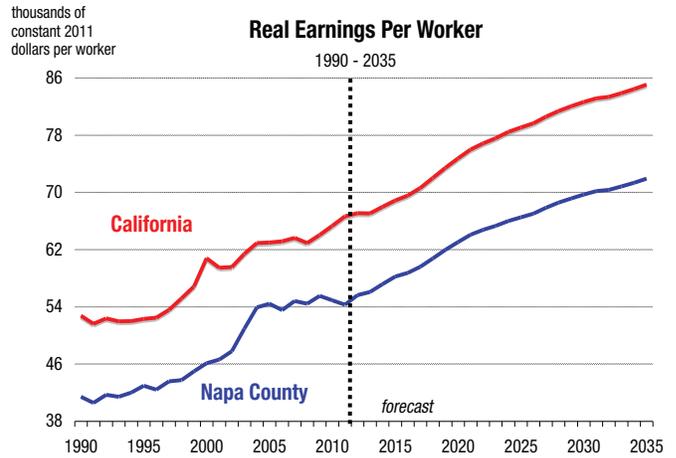
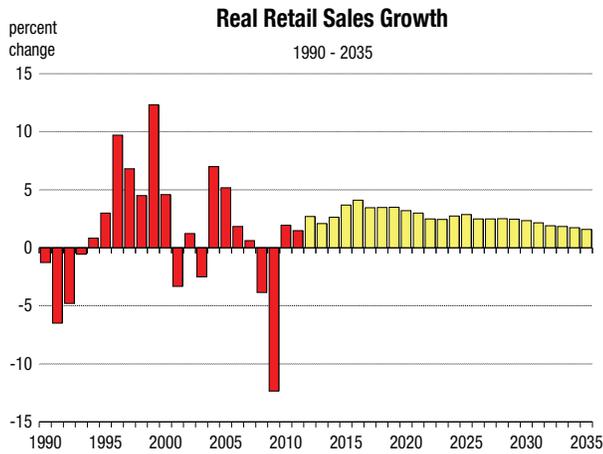


Napa County Employment Forecast

2006-2011 History, 2012-2040 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	67.5	4.74	5.1	11.6	1.4	7.5	2.8	5.7	0.7	7.7	8.5	10.0
2007	69.0	4.91	4.5	11.7	1.6	7.8	2.6	6.1	0.7	8.0	9.1	10.2
2008	69.9	4.87	4.0	12.0	1.7	7.7	2.6	6.1	0.7	8.2	9.2	10.6
2009	65.8	4.93	3.0	11.0	1.6	7.3	2.4	5.7	0.6	8.0	8.8	10.6
2010	64.7	4.67	2.5	10.7	1.5	7.3	2.3	5.3	0.6	8.3	9.3	10.4
2011	65.5	4.61	2.4	10.7	1.6	7.2	2.3	5.4	0.6	8.6	9.9	10.1
2012	66.5	4.75	2.5	10.9	1.6	7.3	2.3	5.6	0.6	8.7	10.1	10.0
2013	68.0	4.85	2.6	11.0	1.6	7.4	2.4	5.9	0.6	8.8	10.3	10.3
2014	69.4	4.91	2.7	11.2	1.7	7.5	2.4	6.2	0.7	9.0	10.6	10.3
2015	70.8	4.89	2.8	11.4	1.8	7.7	2.4	6.5	0.7	9.1	10.9	10.4
2016	72.4	4.99	2.8	11.5	1.9	7.9	2.5	6.7	0.7	9.3	11.3	10.5
2017	73.6	5.02	3.0	11.6	1.9	8.1	2.5	6.9	0.7	9.4	11.6	10.6
2018	74.7	5.03	3.1	11.6	2.0	8.3	2.6	7.0	0.7	9.6	11.8	10.7
2019	75.7	5.10	3.2	11.7	2.1	8.4	2.6	7.1	0.7	9.8	11.9	10.8
2020	76.6	5.04	3.3	11.8	2.2	8.6	2.6	7.2	0.7	9.9	12.0	10.8
2021	77.5	4.97	3.5	11.9	2.2	8.8	2.6	7.3	0.7	10.1	12.0	10.9
2022	78.4	5.09	3.6	12.0	2.3	8.9	2.6	7.5	0.7	10.2	12.1	11.0
2023	79.3	5.20	3.6	12.1	2.4	9.1	2.6	7.6	0.7	10.4	12.1	11.1
2024	80.3	5.32	3.7	12.2	2.4	9.2	2.6	7.8	0.7	10.6	12.1	11.1
2025	81.3	5.43	3.8	12.3	2.5	9.4	2.6	7.9	0.7	10.7	12.1	11.2
2026	82.2	5.48	3.9	12.4	2.5	9.5	2.6	8.1	0.7	10.9	12.2	11.3
2027	83.1	5.51	3.9	12.5	2.6	9.6	2.6	8.3	0.7	11.1	12.2	11.4
2028	84.1	5.59	4.0	12.6	2.6	9.8	2.5	8.4	0.7	11.2	12.3	11.5
2029	85.0	5.64	4.1	12.7	2.7	9.9	2.5	8.6	0.7	11.4	12.4	11.6
2030	85.8	5.57	4.2	12.8	2.7	10.0	2.5	8.7	0.7	11.5	12.4	11.7
2031	86.6	5.50	4.3	12.9	2.8	10.2	2.5	8.9	0.7	11.7	12.5	11.7
2032	87.6	5.67	4.4	13.0	2.8	10.3	2.5	9.0	0.7	11.8	12.6	11.8
2033	88.5	5.82	4.5	13.0	2.9	10.4	2.5	9.2	0.7	12.0	12.7	11.9
2034	89.5	5.95	4.6	13.1	2.9	10.5	2.5	9.3	0.8	12.1	12.8	12.0
2035	90.3	5.98	4.7	13.2	3.0	10.6	2.6	9.4	0.8	12.2	12.9	12.1
2036	91.2	6.18	4.8	13.3	3.0	10.7	2.6	9.5	0.8	12.3	13.0	12.2
2037	92.1	6.28	4.9	13.4	3.1	10.7	2.6	9.6	0.8	12.4	13.1	12.3
2038	92.7	6.14	4.9	13.5	3.1	10.8	2.6	9.7	0.8	12.5	13.1	12.4
2039	93.6	6.26	5.0	13.6	3.2	10.9	2.6	9.9	0.8	12.6	13.2	12.5
2040	94.4	6.37	5.1	13.7	3.2	10.9	2.6	10.0	0.8	12.7	13.3	12.5





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	20.2 %
Expected job growth:	12.7 %
Fastest growing jobs sector:	Professional Services
Expected personal income growth:	20.0 %

Expected population growth:	4.3 %
Net migration to account for:	73.6 %
Expected growth in number of vehicles:	4.7 %

Demographics (2011)

Unemployment rate (March 2012):	9.0 %
County Rank* in California (58 counties):	7th
Working age (16-64) population:	64.7 %

Population with B.A. Degree or higher:	30.7 %
Median Home Selling Price:	\$313,460
Median Household Income:	\$65,055

Quality of Life

Violent Crime rate (2010):	466 per 100,000 persons
County Rank* in California (58 counties):	42nd
Average Commute Time to work (2012):	26.5 minutes

High School drop out rate (2010):	16.3 %
Households at/below poverty line:	4.7 %

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