



2010 CITY OF HEALDSBURG: LOCAL ECONOMIC REPORT



City of Healdsburg: Local Economic Report

June 2010

The Sonoma County Economic Development Board (EDB), in partnership with the Sonoma County Workforce Investment Board, is pleased to bring you the *2010 City of Healdsburg Local Economic Report*.

Highlights from this Local Economic Report include:

- Between 2000 and 2009, median-household income in Healdsburg increased 32.8% nominally, or 6.6% in real (inflation-adjusted) dollars. Over the same period, the percentage of households making over \$100,000 increased 12.3 points. Over the next five years, median-household incomes are projected to climb an additional 3.8% nominally to just over \$67,000.
- Residential housing vacancy rates have been increasing in Healdsburg. Up from 4.1% in 2000, 8.6% of housing was vacant in 2009. Five-year projections expect the vacancy rate to remain near 8.6%. Office and retail vacancy rates in Healdsburg have remained below county averages.
- The Healdsburg economy is expected to track in line with Sonoma County's performance. Improvements in the labor market will lag improvements in its core industries. Current forecasts suggest the unemployment rate will start to show improvement during the latter half of 2010.

Thank you for your continued interest in the EDB reports. As always, if you have any questions, please feel free to contact us at (707) 565-7170.

Sincerely,

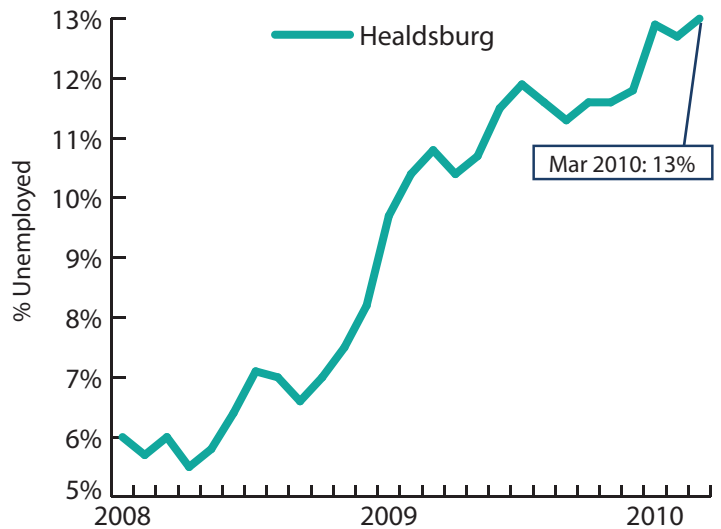
Ben Stone
Executive Director

Healdsburg's seasonally unadjusted unemployment rate for the first quarter of 2010 was 12.5%, above the county average over the same quarter. Healdsburg's unemployment is up considerably from the first quarter of 2008 when the unemployment rate registered 5.9%. Currently, Healdsburg matches California's unemployment rate but is above the national level.

The population of Healdsburg plateaued in 2002 after sharp growth during much of the 1990s. Between 2002 and 2008, the population increased by 64 residents.

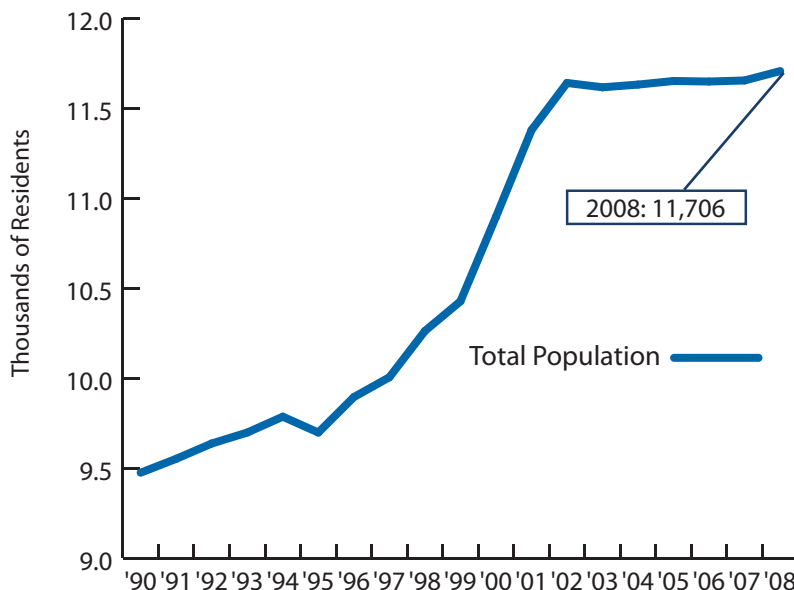
Total employment in Healdsburg has been in decline for the past two years. At 5,100 for Q1 2010, the number of jobs in Healdsburg is down 8.9% from its two-year peak in Q4 2008. Moody's Economy.com has predicted that Sonoma County's employment should start seeing improvement during the latter half of 2010. This could be a positive sign for Healdsburg's employment profile, which has largely mirrored that of Sonoma County over the past decade.

HEALDSBURG SEASONALLY UNADJUSTED UNEMPLOYMENT RATE



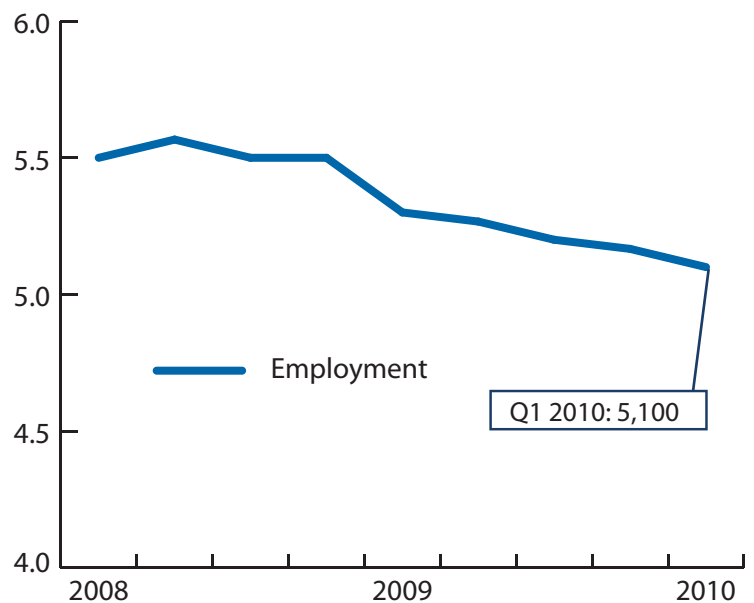
Source: California Employment Development Department (www.edd.ca.gov)

CITY OF HEALDSBURG POPULATION



Source: California Dept. of Finance. Demographic Research Unit. (www.dof.ca.gov)
U.S. Census Bureau (www.census.gov) & ESRI Market Profile (www.esri.com)

HEALDSBURG SEASONALLY UNADJUSTED NON-FARM EMPLOYMENT (THOUSANDS)



Source: California Employment Development Department (www.edd.ca.gov)

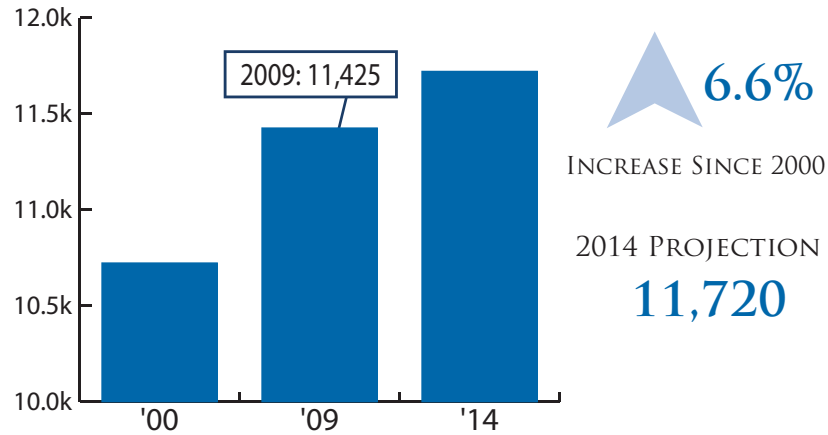
The population of Healdsburg grew by 6.6% during the past decade and is expected to increase by 2.5% over the next five years. A diminished projection of the five-year population growth rate in Healdsburg is reflective of county-wide expectations.

Between 2000 and 2009, median-household incomes in Healdsburg grew 32.8% nominally. In real dollars (adjusted for inflation), incomes increased 6.6%. Over the next five years, the median-household income for Healdsburg is expected to climb roughly 3.8% nominally, to just over \$67,000.

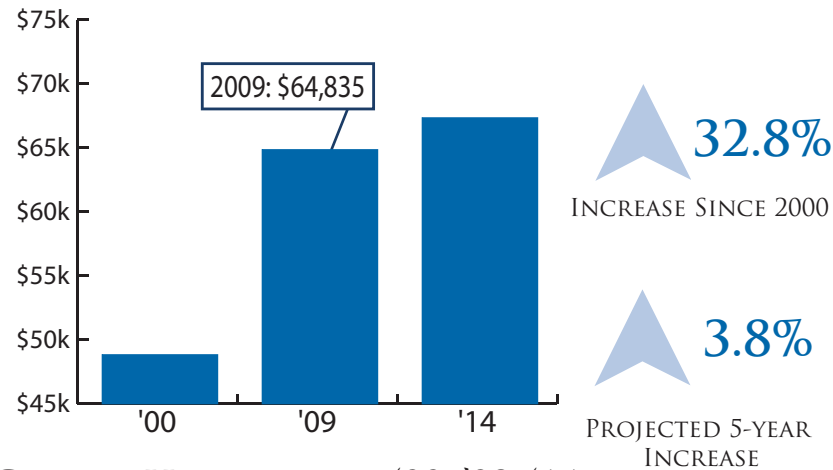
During the past decade, the percentage of households earning less than \$50,000 in Healdsburg was reduced from 51% to 37.2%. With the percentage of middle-earning households (between \$50,000 and \$100,000 per year) remaining relative stable, households earning over \$100,000 had the highest percentage growth.

Over the next five years, the percentage of households in Healdsburg earning between \$75,000 and \$99,999 is expected to increase by 4% percentage points. Other income brackets are expected to remain relatively unchanged.

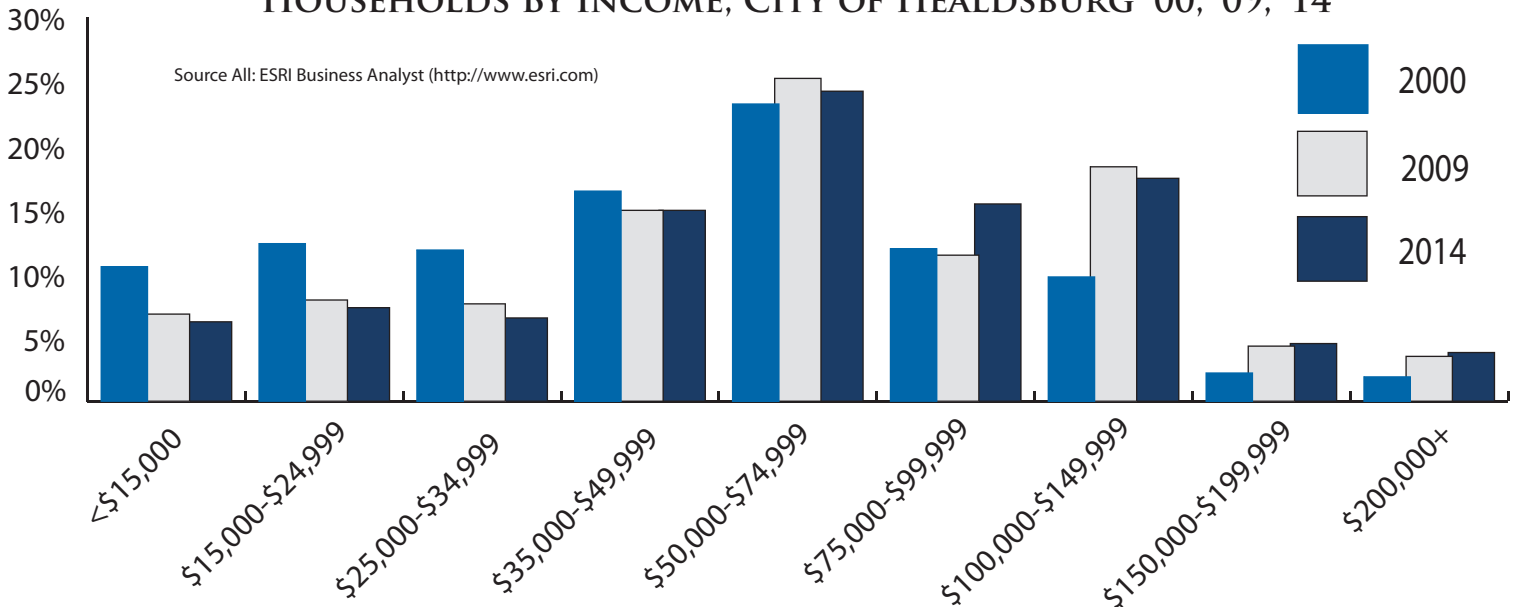
TOTAL POPULATION CITY OF HEALDSBURG



MEDIAN HOUSEHOLD INCOME CITY OF HEALDSBURG



HOUSEHOLDS BY INCOME, CITY OF HEALDSBURG '00, '09, '14

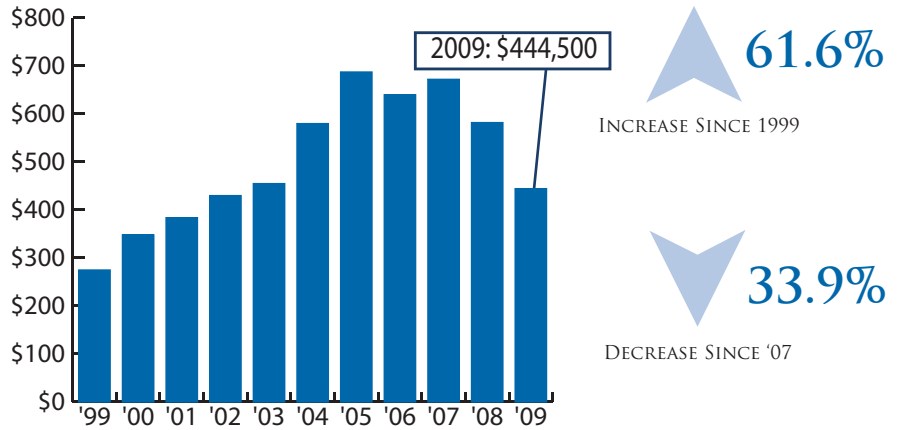


Healdsburg's median-home price decreased roughly \$137,625, or 23.6% on a year-over basis between 2008 and 2009. This is the third consecutive year of decline after nearly a decade's worth of strong price advances. Housing affordability is near its highest level in over two decades.

Total home sales in Healdsburg have been increasing since the decade low of 2008. The price drops across Sonoma County have been fueling house sales, according to Moody's Economy.com.

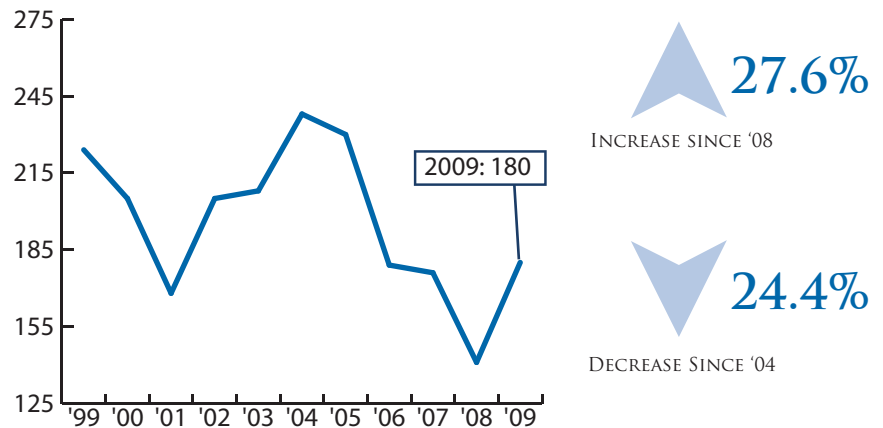
The average sale price of a home was roughly \$762,000 during the fourth quarter of 2009 making Healdsburg the most expensive on the county geographic spectrum.

MEDIAN PRICE OF AN EXISTING HOME SOLD IN HEALDSBURG (\$THOUSANDS)



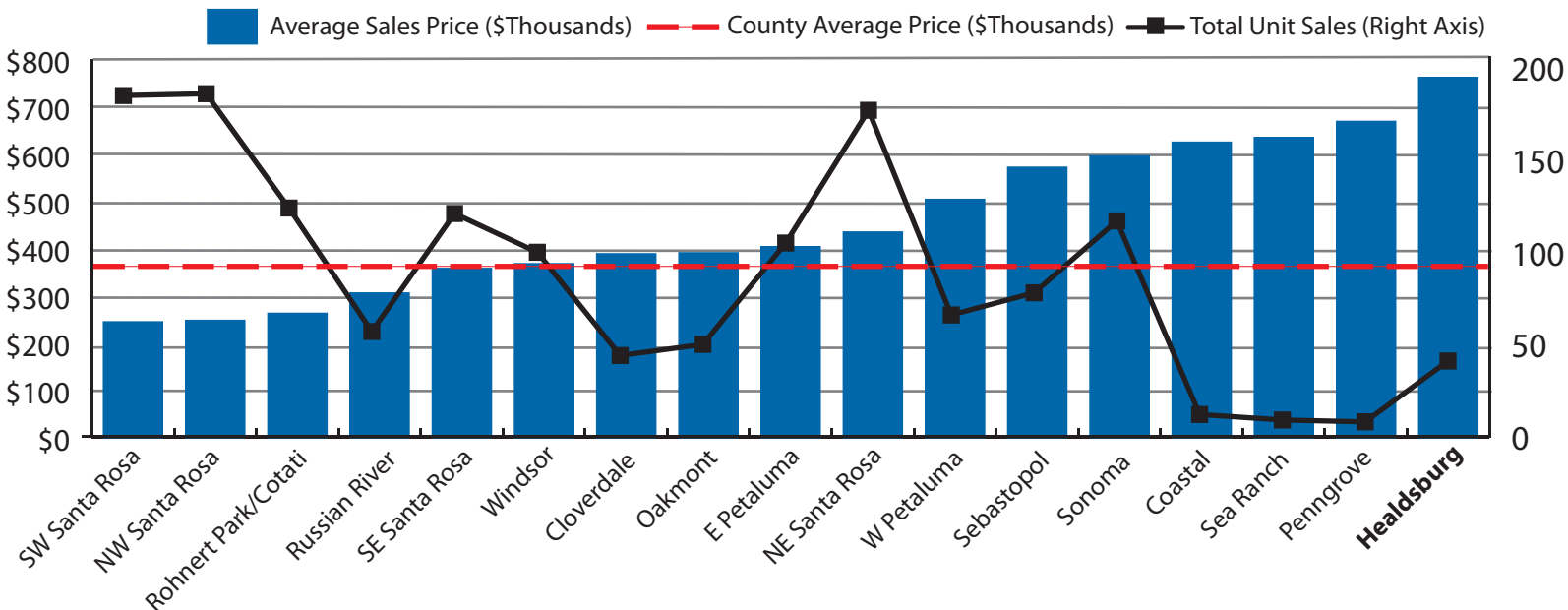
Source: Bay Area Real Estate Information Services Inc (<http://www.bareis.com>)

TOTAL NUMBER OF HOMES SOLD

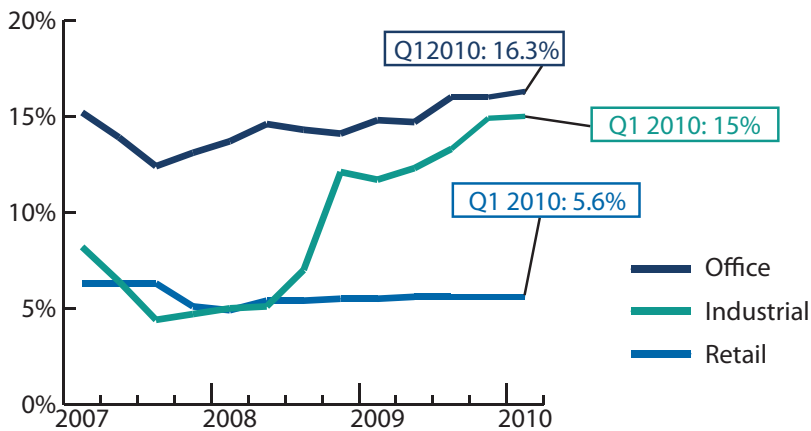


Source: Bay Area Real Estate Information Services (<http://www.bareis.com>)

AVERAGE SALES PRICE (\$THOUSANDS) AND TOTAL SALES BY SUB-COUNTY AREA, Q4 2009



HEALDSBURG COMMERCIAL PROPERTY VACANCY RATES



*Retail '08 Q3 - '09 Q2: Data extrapolated.

Source: Keegan and Coppin Company, Inc. (<http://www.keegancoppin.com>)

The office vacancy rate in Healdsburg continued its upward trend in Q1 2010 and is now 16.3%. The office vacancy rate in Healdsburg is considerably below the county average of 24.8%.

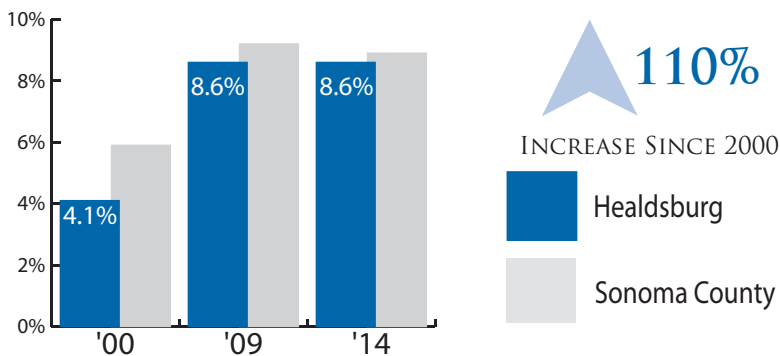
Healdsburg's industrial vacancy rate rose significantly from 5.10% in Q2 2008 to 15% in Q1 2010. Currently, Healdsburg's industrial vacancy rate is below the county average of 15.6%, but the disparity is shrinking. Petaluma recorded the highest industrial vacancy rate in Sonoma County at 18.7% for the first quarter of 2010.

Healdsburg's retail vacancy rate, at 5.6% for Q1 2010, is below Sonoma County's average of 9.2% over the same quarter. Retail vacancy rates have remained constant for the last two years.

Although the disparity has shrunk considerably, Healdsburg's residential vacancy rate remains below the county average. Five-year projections suggest Healdsburg's rate will remain around 8.6%.

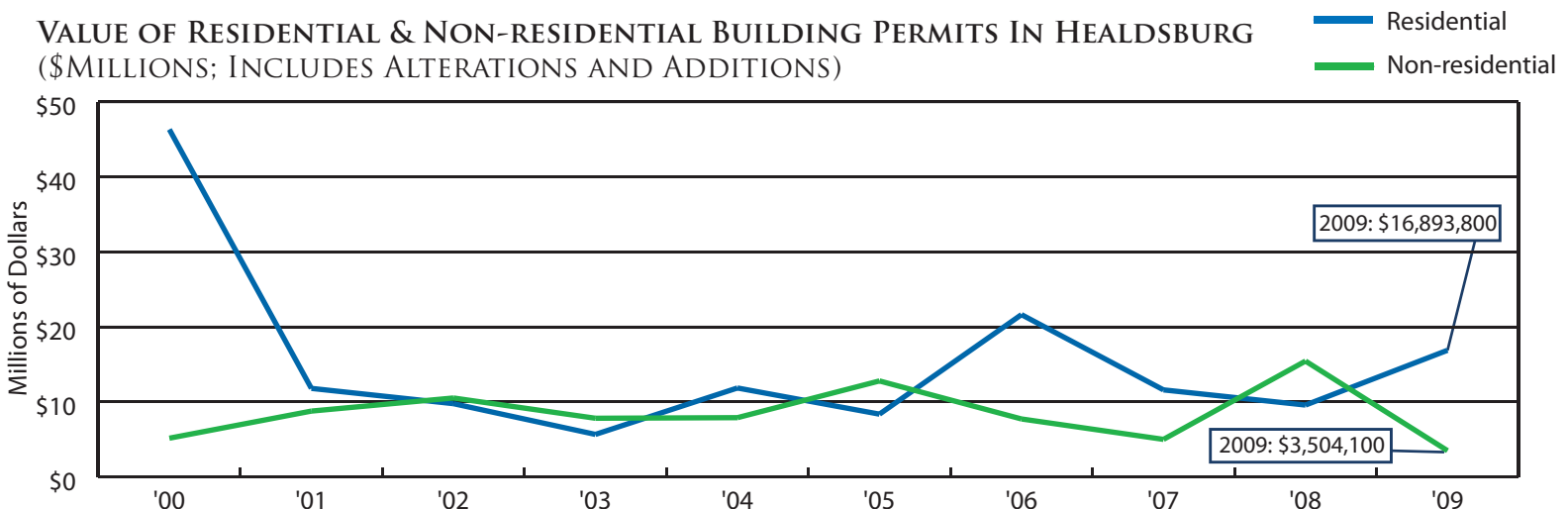
The value of building permits, which reflect trends in construction activity, have been stagnant over the past decade. Residential construction is down considerably from its high in 2000.

HEALDSBURG AND SONOMA COUNTY RESIDENTIAL HOUSING VACANCY



Source: ESRI Business Analyst (<http://www.esri.com>)

VALUE OF RESIDENTIAL & NON-RESIDENTIAL BUILDING PERMITS IN HEALDSBURG (\$ MILLIONS; INCLUDES ALTERATIONS AND ADDITIONS)



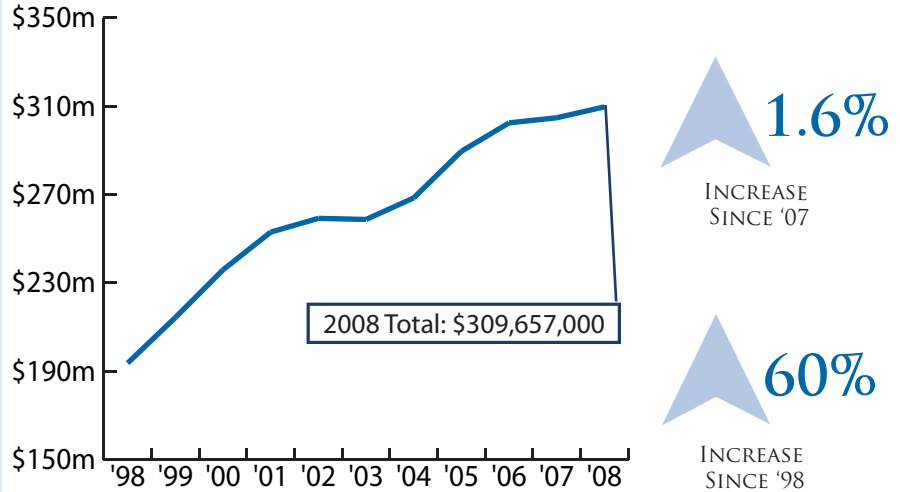
Source: Construction Industry Research Board (<http://www.cirbdata.com>)

Although Healdsburg's total taxable sales growth has remained positive over the last decade, rate of growth has been sluggish.

Since 2007, sales have increased 1.6% in Healdsburg compared to a county-wide average drop of 6.5%.

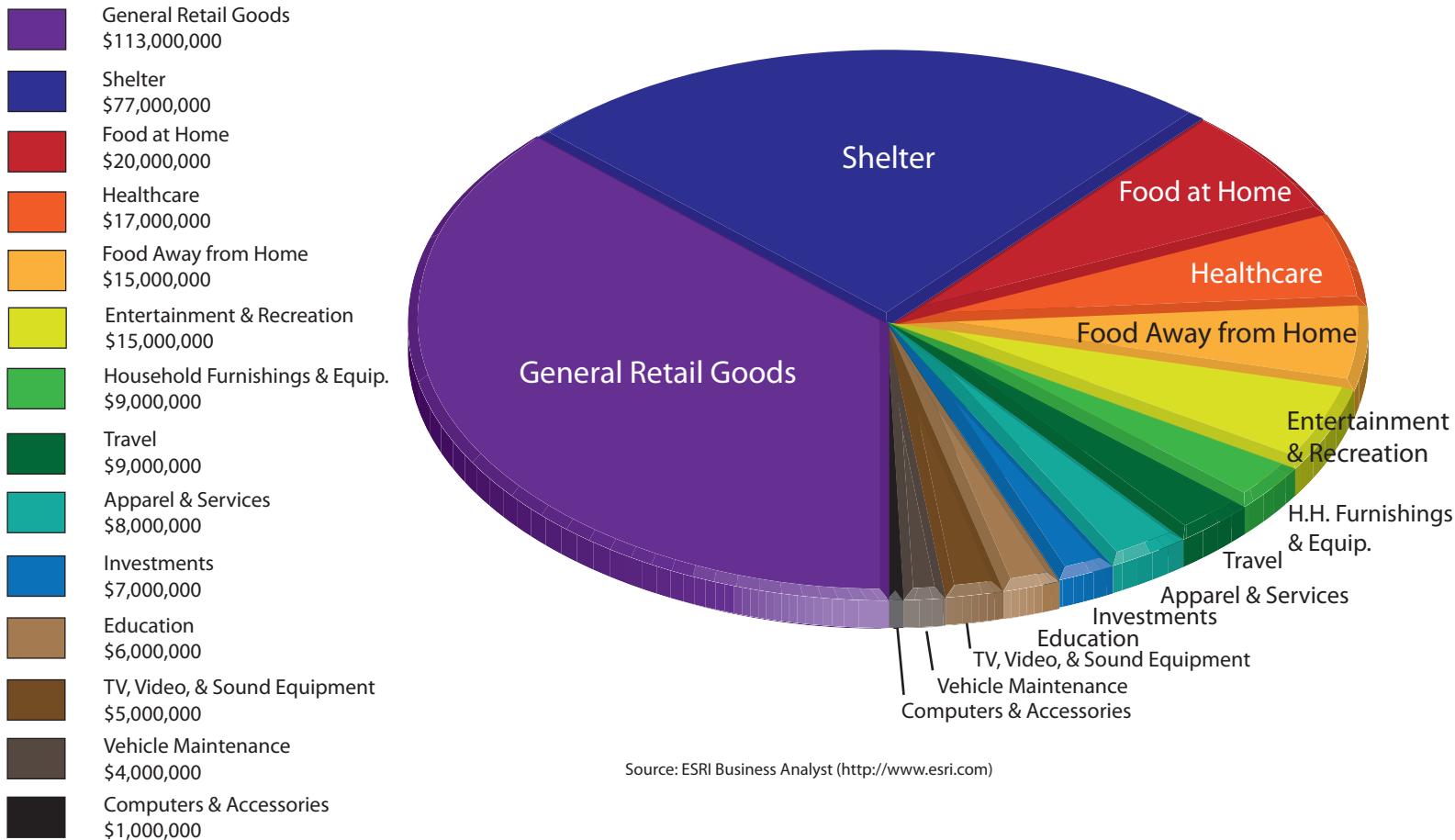
Compared to the national average, Healdsburg residents spend considerably more per-capita on housing, computers, education, and food away from home. They spend considerably less on apparel. Consumers' biggest purchases cover general retail goods, shelter, food at home, and healthcare.

HEALDSBURG TOTAL TAXABLE SALES



Source: California Board of Equalization (<http://www.boe.ca.gov>)

2009 CITY OF HEALDSBURG CONSUMER SPENDING BY COMMODITY



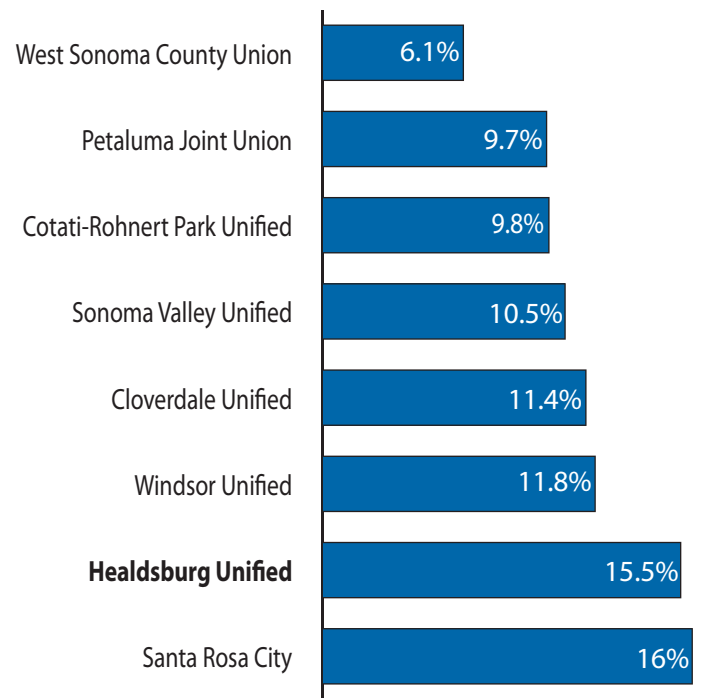
Source: ESRI Business Analyst (<http://www.esri.com>)

The National Center for Education Statistics (NCES) adjusted high school dropout rate for the Healdsburg Unified School District (15.5%) is below the state average (18.9%). Students identifying as Hispanic, which make up 43.3% of Healdsburg’s student population, had a dropout rate of 21.4%. These rates do not reflect student transfers to alternative schools.

The percentage of English learners in the Healdsburg school district (37.7%) is far above the county (26%) and state (24.2%) averages. Over the past decade, English learners in the Healdsburg school district have grown by 38.7% annually. The percentage of English learners in Sonoma County has increased by nearly 80% over the past decade, when in 2001, the percentage of English learners was just 15.1 percent.

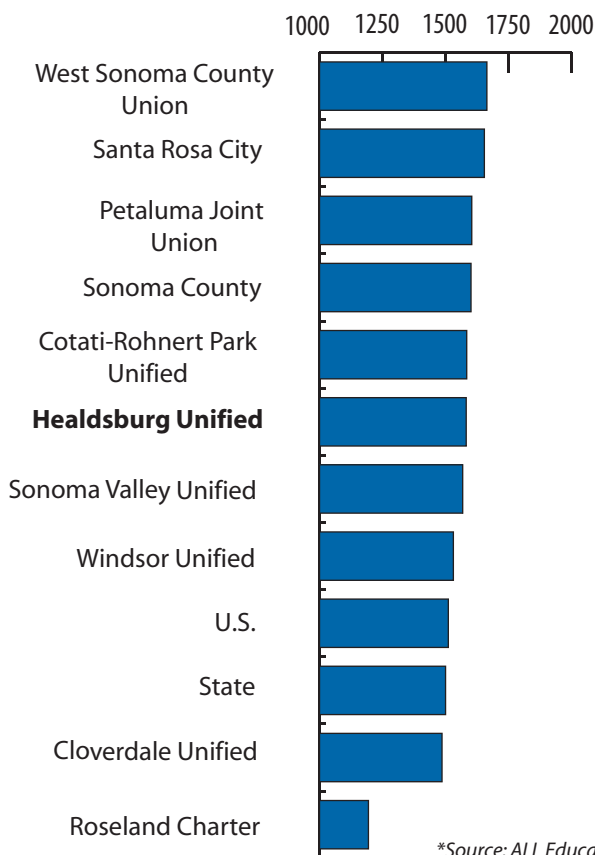
SAT scores for college-bound high school graduates in Healdsburg rank above the state, and national averages, but below the county average.

Adjusted NCES High School Dropout Rate, 2007-2008



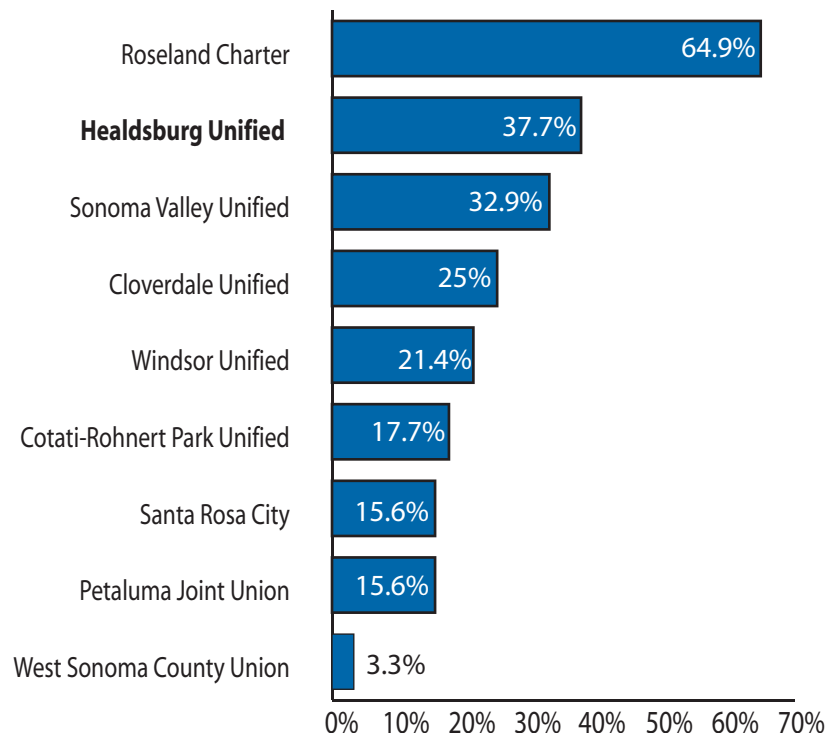
**The NCES defines dropout as students who do not achieve a diploma or GED during their first four years of high school.*

Average Total SAT Scores by School District, 2008



**Source: ALL Educational Demographics Unit, CA Department of Education*

English Learners By District 2008-2009

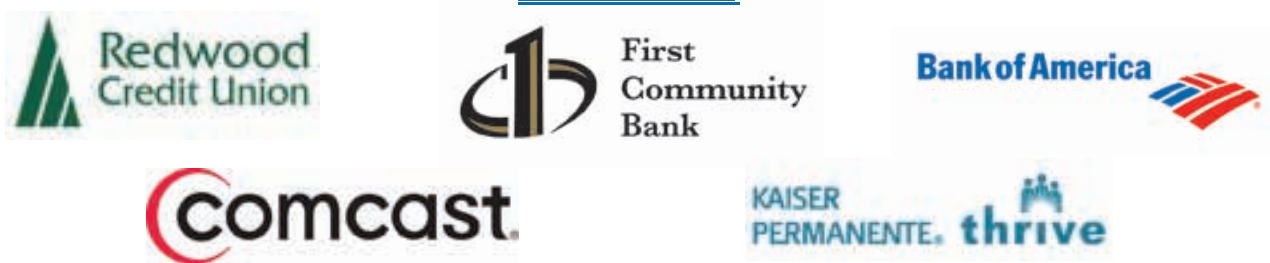


WITH ACKNOWLEDGMENT AND APPRECIATION TO LOCAL KEY BUSINESSES
SUPPORTING SONOMA COUNTY ECONOMIC DEVELOPMENT:

DIRECTOR



EXECUTIVE



SPONSOR



- County of Sonoma General Services, Real Estate Division
- County of Sonoma Board of Supervisors
- Sonoma County Health Services
- Sonoma County Transportation & Public Works