

MERCED COUNTY ECONOMIC FORECAST

Merced County is located in the San Joaquin Valley and is home to the newest University of California campus, UC Merced. The campus opened in September 2005, and had more than 5,000 students by the 2011-2012 school year. Long-range plans call for a maximum of 25,000 students by 2030. Merced County has a population of 258,700 people and 67,800 wage and salary jobs. The per capita income in Merced County is \$27,888, and the average salary per worker is \$42,118.

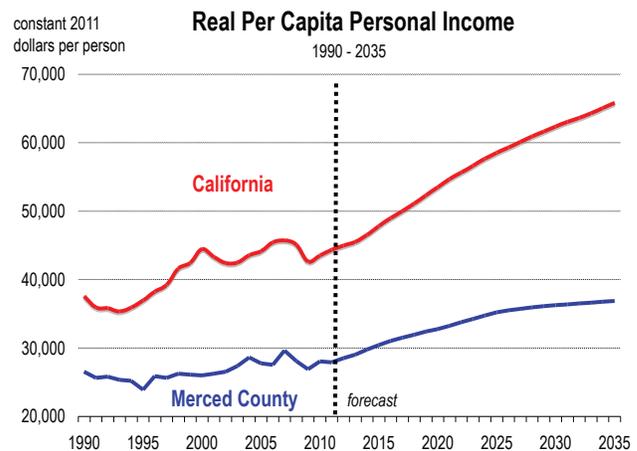
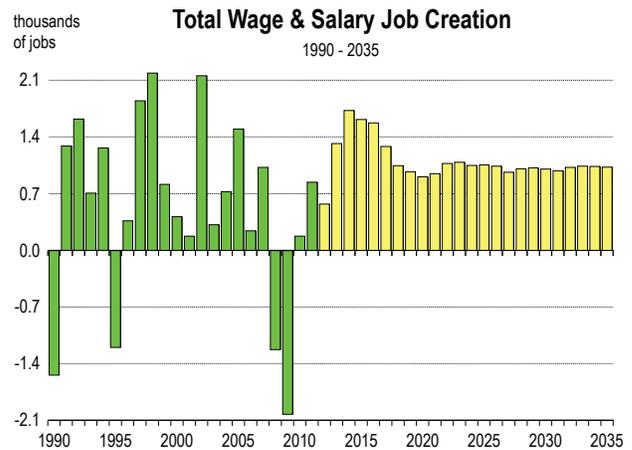
In 2011, employment across the San Joaquin Valley contracted by 0.7 percent. Merced County, however, gained 840 wage and salary jobs, an increase of 1.3 percent. Farm employment increased by 670 jobs, or 6.2 percent. The non-farm sectors gained 170 jobs, representing a growth rate of 0.3 percent. The average unemployment rate dropped from 18.8 percent to 18.3 percent, a slight improvement.

Across employment sectors, the largest increases occurred in education and healthcare (+420 jobs), retail trade (+230 jobs), leisure and hospitality (+190 jobs), and professional services (+130 jobs). The largest declines were observed in government (-310 jobs), manufacturing (-270 jobs), and wholesale trade (-90 jobs).

Between 2006 and 2011, the population of Merced County grew by 1.2 percent per year. This growth was due entirely to the natural increase (new births), as the county lost residents through net migration. Population growth should accelerate slightly over the near term, as net migration turns positive in 2013.

FORECAST HIGHLIGHTS

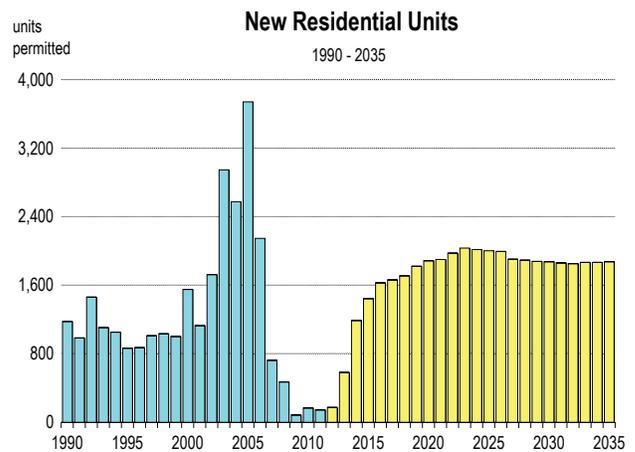
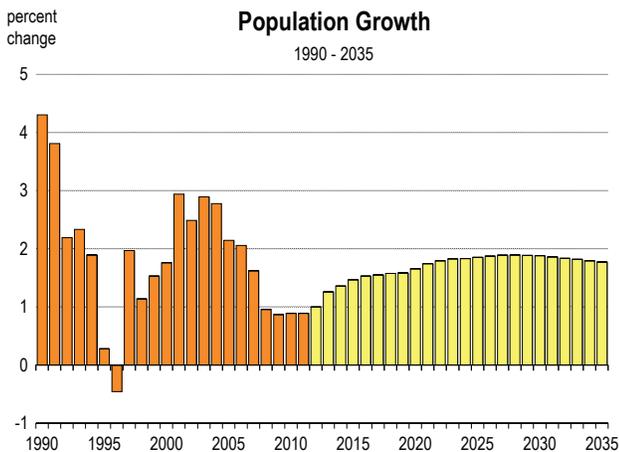
- Total wage and salary job growth is forecast to increase by 0.8 percent in 2012. From 2012 to 2017, total employment growth will average 1.9 percent per year, while non-farm job growth averages 2.2 percent per year.
- Average salaries are currently below the California state average, and will remain so over the forecast period. Inflation adjusted salaries are expected to rise an average of 1.1 percent per year between 2012 and 2017.
- Between 2012 and 2017, the momentum for employment growth will occur in the retail trade, construction, education and health services, professional services, and public sectors. These sectors will account for 66 percent of all jobs created in the county.
- Population growth is expected to accelerate in the coming years, but will remain below historical levels. Annual growth in the 2012 to 2017 period will average 1.4 percent per year.
- Net migration will turn positive in 2013, and remain positive over the life of the forecast. From 2012 to 2017, net migration is expected to average approximately 540 people per year.
- Real per capita incomes rise by 2.2 percent in 2012. Between 2012 and 2017, real per capita incomes are forecast to increase an average of 2.0 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 4.3 percent per year during the 2012 to 2017 period.
- Industrial production is forecast to increase 1.2 percent in 2012. From 2012 to 2017, the growth rate of industrial production will average 3.2 percent per year.
- Farm production is forecast to increase by 0.9 percent per year between 2012 and 2017. The principal agricultural commodity is milk.



Merced County Economic Forecast

2006-2011 History, 2012-2040 Forecast

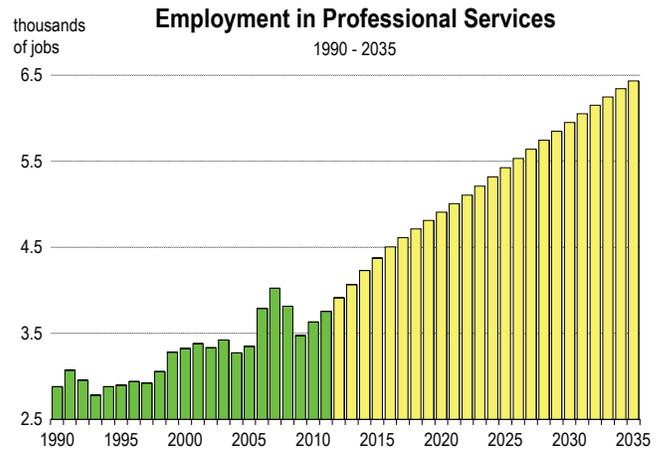
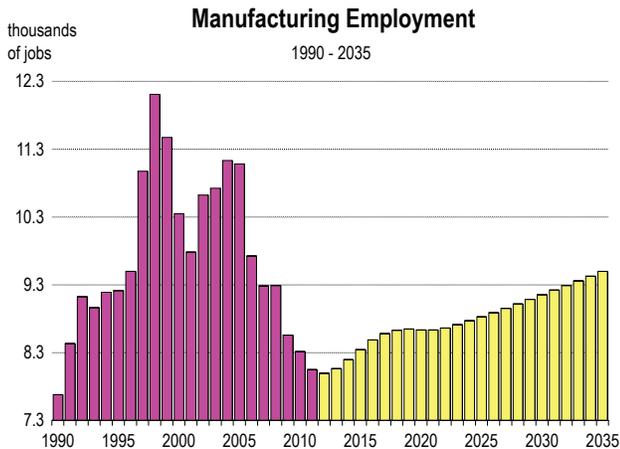
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	245,555	1,870	204	73.7	2,147	\$2.62	\$6.1	\$27,523	3.2	2.55	1.96	9.5
2007	249,538	615	203	76.3	725	\$2.52	\$6.9	\$29,618	3.4	3.24	1.95	10.1
2008	251,932	-650	202	76.9	473	\$2.39	\$6.8	\$28,072	3.0	3.14	2.17	12.5
2009	254,123	-804	202	76.6	87	\$2.05	\$6.6	\$26,897	0.8	2.55	1.95	17.0
2010	256,386	-579	203	75.6	168	\$2.13	\$7.0	\$28,044	1.3	2.80	1.98	18.8
2011	258,678	-588	201	75.8	147	\$2.28	\$7.2	\$27,888	2.5	2.79	1.97	18.3
2012	261,272	-312	201	77.0	175	\$2.40	\$7.6	\$28,511	1.9	2.83	2.00	16.9
2013	264,560	278	201	78.0	582	\$2.62	\$8.0	\$29,029	2.1	2.86	2.04	15.6
2014	268,159	509	203	78.8	1,189	\$2.84	\$8.5	\$29,771	2.1	2.89	2.11	13.4
2015	272,097	780	206	79.7	1,446	\$2.99	\$9.0	\$30,414	1.8	2.88	2.19	11.8
2016	276,260	944	210	80.7	1,628	\$3.12	\$9.4	\$31,018	1.7	2.92	2.28	10.8
2017	280,550	1,019	214	81.9	1,662	\$3.28	\$9.9	\$31,492	1.7	2.94	2.38	10.0
2018	284,971	1,105	218	83.1	1,710	\$3.40	\$10.4	\$31,917	1.7	2.97	2.47	9.5
2019	289,493	1,175	222	84.5	1,821	\$3.55	\$10.8	\$32,392	1.5	3.00	2.56	8.9
2020	294,289	1,415	225	85.9	1,885	\$3.66	\$11.3	\$32,769	1.4	2.99	2.65	8.5
2021	299,425	1,712	229	87.4	1,899	\$3.80	\$11.8	\$33,221	1.3	2.96	2.73	8.4
2022	304,796	1,910	233	89.0	1,975	\$3.95	\$12.4	\$33,756	1.5	3.00	2.83	8.3
2023	310,374	2,076	237	90.6	2,034	\$4.10	\$13.0	\$34,255	1.5	3.04	2.94	8.3
2024	316,068	2,158	241	92.3	2,018	\$4.27	\$13.7	\$34,745	1.6	3.08	3.05	8.2
2025	321,933	2,291	245	94.0	2,003	\$4.45	\$14.3	\$35,206	1.7	3.11	3.17	8.1
2026	327,965	2,431	250	95.8	1,995	\$4.64	\$15.0	\$35,519	1.7	3.12	3.30	8.1
2027	334,168	2,577	254	97.6	1,903	\$4.83	\$15.6	\$35,733	1.7	3.13	3.43	8.0
2028	340,505	2,686	258	99.3	1,894	\$5.02	\$16.3	\$35,927	1.7	3.15	3.57	7.9
2029	346,937	2,752	262	101.1	1,878	\$5.22	\$16.9	\$36,098	1.7	3.17	3.71	7.9
2030	353,469	2,824	267	102.8	1,875	\$5.43	\$17.6	\$36,244	1.7	3.15	3.85	7.8
2031	360,044	2,846	271	104.5	1,860	\$5.63	\$18.3	\$36,380	1.7	3.12	4.00	7.8
2032	366,664	2,867	276	106.2	1,854	\$5.83	\$19.0	\$36,498	1.7	3.18	4.16	7.7
2033	373,339	2,899	280	107.9	1,866	\$6.03	\$19.8	\$36,629	1.7	3.22	4.32	7.7
2034	380,046	2,907	285	109.6	1,867	\$6.23	\$20.6	\$36,760	1.7	3.26	4.49	7.6
2035	386,792	2,926	289	111.3	1,875	\$6.43	\$21.4	\$36,888	1.7	3.26	4.66	7.6
2036	393,552	2,923	293	113.0	1,871	\$6.62	\$22.2	\$37,014	1.7	3.32	4.84	7.5
2037	400,353	2,946	298	114.7	1,869	\$6.82	\$23.0	\$37,142	1.7	3.34	5.03	7.5
2038	407,219	2,991	302	116.4	1,863	\$7.02	\$23.9	\$37,271	1.7	3.30	5.23	7.4
2039	414,121	3,008	307	118.1	1,857	\$7.22	\$24.8	\$37,415	1.7	3.34	5.43	7.4
2040	421,064	3,031	311	119.8	1,851	\$7.42	\$25.8	\$37,570	1.7	3.36	5.76	7.3

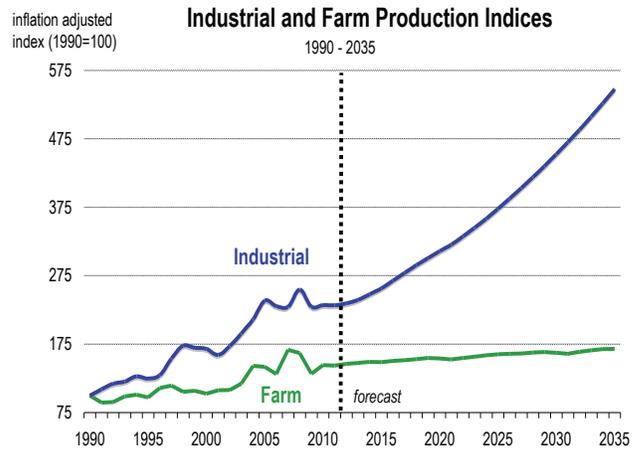
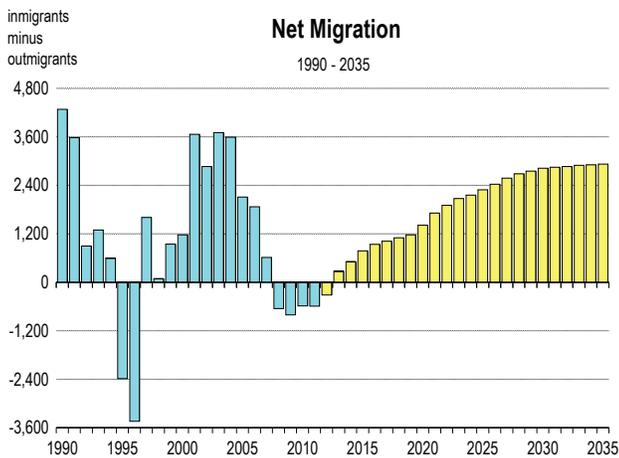
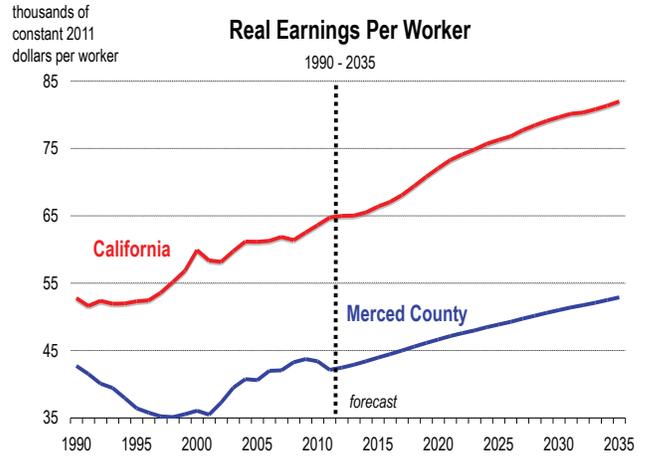
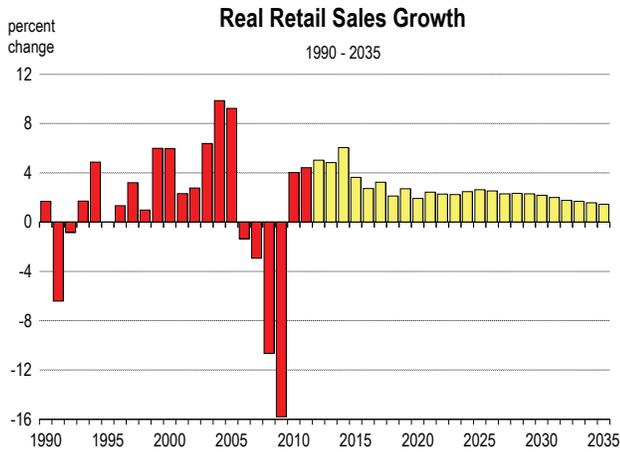


Merced County Employment Forecast

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	69.0	10.9	3.6	9.7	2.1	9.3	2.0	3.8	1.4	5.3	4.8	14.7
2007	70.1	11.1	3.2	9.3	2.3	9.7	1.9	4.0	1.4	5.6	5.0	15.2
2008	68.8	11.0	2.4	9.3	2.3	9.4	1.8	3.8	1.3	5.6	5.0	15.5
2009	66.8	11.4	1.6	8.6	2.2	9.4	1.6	3.5	1.2	5.6	4.7	15.8
2010	67.0	10.8	1.6	8.3	2.2	9.2	1.6	3.6	1.2	5.9	4.5	16.7
2011	67.8	11.4	1.5	8.1	2.2	9.3	1.6	3.8	1.2	6.3	4.7	16.4
2012	68.4	11.4	1.6	8.0	2.3	9.5	1.6	3.9	1.2	6.4	4.8	16.4
2013	69.7	11.5	1.8	8.1	2.3	9.7	1.6	4.1	1.2	6.6	4.8	16.7
2014	71.5	11.5	2.1	8.2	2.4	9.9	1.7	4.2	1.3	6.7	4.9	17.1
2015	73.1	11.5	2.3	8.3	2.5	10.2	1.7	4.4	1.4	6.9	5.0	17.4
2016	74.6	11.5	2.4	8.5	2.6	10.5	1.7	4.5	1.5	7.1	5.1	17.6
2017	75.9	11.5	2.5	8.6	2.6	10.8	1.8	4.6	1.5	7.3	5.2	17.9
2018	77.0	11.5	2.5	8.6	2.7	10.9	1.8	4.7	1.6	7.5	5.2	18.1
2019	77.9	11.5	2.6	8.6	2.8	11.0	1.8	4.8	1.6	7.8	5.3	18.3
2020	78.9	11.5	2.6	8.6	2.9	11.2	1.8	4.9	1.6	8.0	5.3	18.5
2021	79.8	11.5	2.7	8.6	3.1	11.3	1.9	5.0	1.7	8.3	5.3	18.7
2022	80.9	11.5	2.7	8.7	3.2	11.5	1.9	5.1	1.7	8.6	5.3	18.9
2023	82.0	11.6	2.8	8.7	3.3	11.7	1.9	5.2	1.7	8.9	5.3	19.1
2024	83.0	11.6	2.8	8.8	3.4	11.9	2.0	5.3	1.7	9.1	5.3	19.3
2025	84.1	11.6	2.8	8.8	3.5	12.1	2.0	5.4	1.7	9.4	5.3	19.5
2026	85.1	11.6	2.8	8.9	3.6	12.3	2.0	5.5	1.8	9.6	5.3	19.7
2027	86.1	11.6	2.7	9.0	3.7	12.5	2.1	5.6	1.8	9.9	5.3	19.9
2028	87.1	11.6	2.7	9.0	3.8	12.7	2.1	5.7	1.8	10.1	5.4	20.2
2029	88.1	11.6	2.7	9.1	3.8	12.8	2.1	5.8	1.9	10.3	5.4	20.4
2030	89.1	11.6	2.7	9.2	3.9	13.0	2.2	6.0	1.9	10.5	5.4	20.7
2031	90.1	11.6	2.7	9.2	4.0	13.2	2.2	6.1	1.9	10.6	5.4	20.9
2032	91.1	11.6	2.7	9.3	4.1	13.4	2.2	6.2	2.0	10.8	5.5	21.2
2033	92.2	11.7	2.7	9.4	4.2	13.6	2.3	6.2	2.0	11.0	5.5	21.4
2034	93.2	11.7	2.7	9.4	4.2	13.7	2.3	6.3	2.0	11.2	5.5	21.7
2035	94.2	11.7	2.8	9.5	4.3	13.9	2.3	6.4	2.1	11.4	5.5	22.0
2036	95.3	11.7	2.8	9.6	4.4	14.1	2.3	6.5	2.1	11.6	5.6	22.3
2037	96.4	11.7	2.8	9.6	4.5	14.2	2.4	6.6	2.1	11.8	5.6	22.6
2038	97.4	11.7	2.8	9.7	4.6	14.4	2.4	6.7	2.2	12.0	5.6	22.9
2039	98.5	11.7	2.8	9.8	4.7	14.6	2.4	6.8	2.2	12.2	5.6	23.2
2040	99.6	11.7	2.8	9.8	4.8	14.7	2.5	6.9	2.3	12.4	5.7	23.5





County Economic and Demographic Indicators

Projected Economic Growth (2012-2017)

Expected retail sales growth:	28.4 %
Expected job growth:	11.9 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	22.5 %

Expected population growth:	8.5 %
Net migration to account for:	14.7 %
Expected growth in number of vehicles:	6.1 %

Demographics (2012)

Unemployment rate (March 2012):	20.1 %
County Rank* in California (58 counties):	55th
Working age (16-64) population:	61.7 %

Population with B.A. Degree or higher:	12.0 %
Median Home Selling Price (2011):	\$112,000
Median Household Income:	\$42,080

Quality of Life

Violent Crime rate (2010):	557 per 100,000 persons
County Rank* in California (58 counties):	49th
Average Commute Time to work (2012):	28.1 minutes

High School drop out rate (2010):	19.6 %
Households at/below poverty line (2012):	19.2 %

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