

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 2012-2013 school year. Merced County has a population of 261,700 people and a total of 69,600 wage and salary jobs. The income per capita is \$28,321, and the average salary per worker is \$43,191.

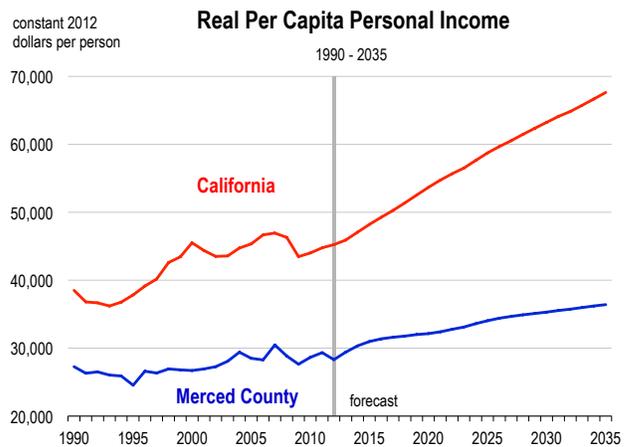
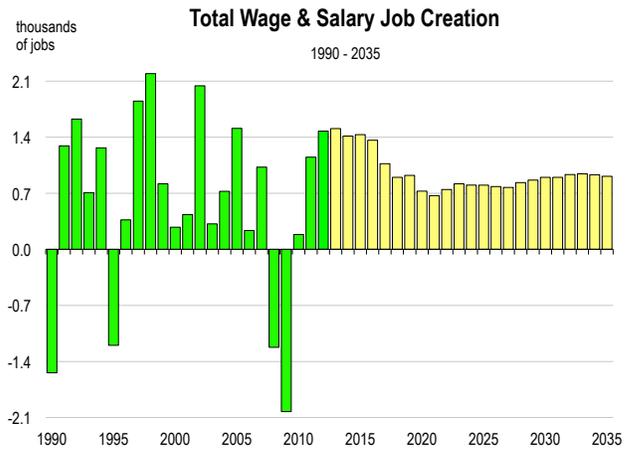
In 2012, employment across the San Joaquin Valley increased by 1.0 percent. Merced County, however, gained 1,500 wage and salary jobs, an increase of 2.2 percent. Farm employment increased by 6.8 percent, while non-farm employment grew at a rate of 1.2 percent. Although still very high, the unemployment rate improved substantially, falling from 18.3 percent in 2011 to 17.0 percent in 2012.

Across employment sectors, the largest increases occurred in agriculture (+780 jobs), wholesale and retail trade (+280 jobs), manufacturing (+220 jobs), and construction (+120 jobs). The largest declines were observed in professional services (-70 jobs), and government (-40 jobs).

Between 2007 and 2012, the population of Merced County grew by 1.0 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 over the near term, as net migration turns sharply higher.

FORECAST HIGHLIGHTS

- Total wage and salary employment is forecast to increase by 2.2 percent in 2013. From 2013 to 2018, total employment growth will average 1.9 percent per year, while farm job growth averages 1.2 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 by an average of 1.1 percent per year between 2013 and 2018.
- Between 2013 and 2018, the momentum for employment growth will occur in wholesale and retail trade, construction, government, agriculture, and manufacturing. These sectors will account for 72 percent of all jobs created in the county.
- Population growth is expected to accelerate in the coming years, reaching 2.4 percent in 2018. Annual growth in the 2013-2018 period will average 1.9 percent per year.
- Net migration will turn higher by 2015, and remain high over the life of the forecast. From 2013 to 2018, net migration is expected to average approximately 2,050 people per year.

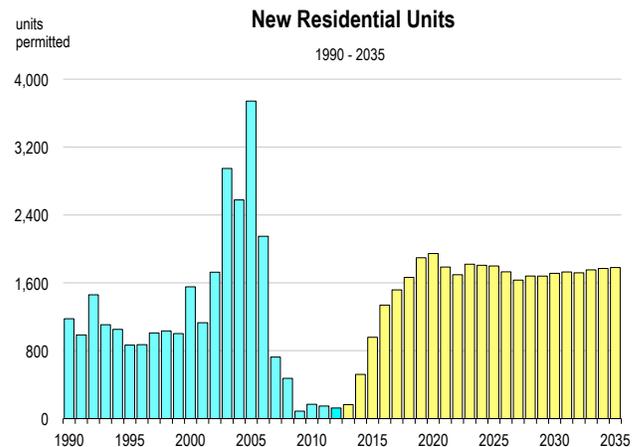
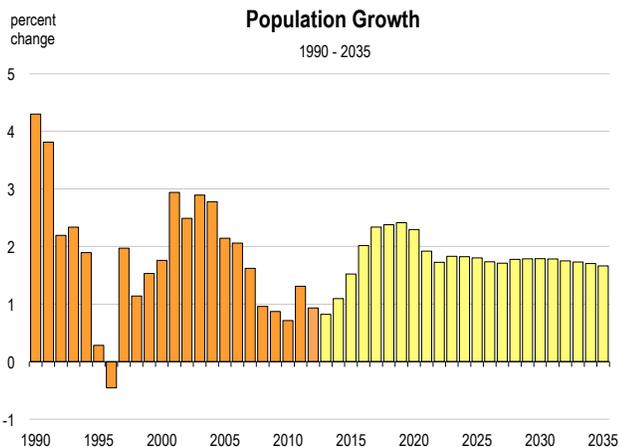


- Real per capita income will rise by 3.8 percent in 2013. Between 2013 and 2018, real per capita income is forecast to increase by an average of 1.2 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 3.7 percent per year during the 2013-2018 period.
- Industrial production is forecast to increase 5.0 percent in 2013. From 2013 to 2018, the growth rate of industrial production will average 4.2 percent per year.
- Farm production is forecast to increase by 1.0 percent per year between 2013 and 2018. The principal agricultural commodity is milk.

Merced County Economic Forecast

2006-2012 History, 2013-2040 Forecast

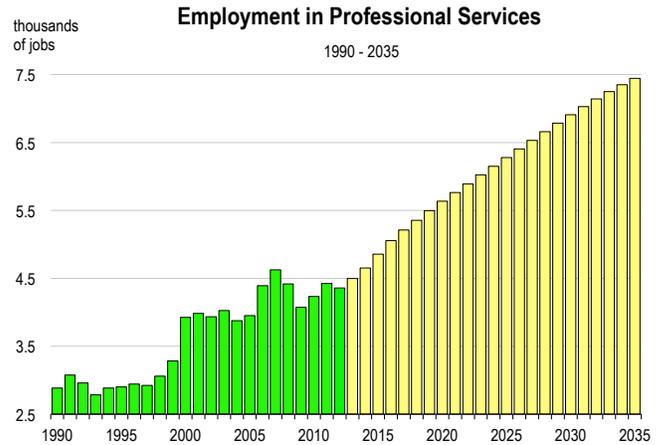
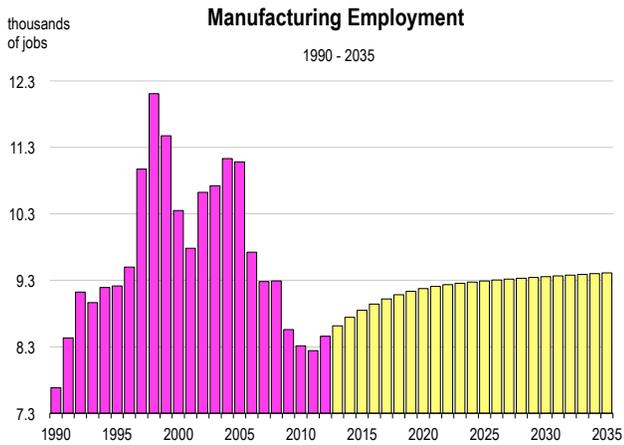
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	245,555	1,870	204	72.6	2,147	\$2.62	\$6.1	\$28,258	3.3	2.61	2.00	9.5
2007	249,538	615	203	75.3	725	\$2.52	\$6.9	\$30,485	3.2	3.33	2.00	10.1
2008	251,932	-650	202	76.1	473	\$2.39	\$6.8	\$28,854	3.1	3.23	2.20	12.6
2009	254,123	-804	202	76.1	87	\$2.05	\$6.6	\$27,627	0.9	2.62	2.02	17.0
2010	255,937	-1,028	203	75.7	168	\$2.13	\$7.0	\$28,635	1.2	2.88	2.01	18.8
2011	259,289	534	201	75.8	147	\$2.37	\$7.4	\$29,339	2.6	3.35	2.09	18.3
2012	261,708	-400	201	75.9	125	\$2.51	\$7.4	\$28,321	2.7	3.42	2.21	17.0
2013	263,858	-678	204	75.9	165	\$2.73	\$7.9	\$29,391	2.3	3.46	2.32	14.9
2014	266,748	58	208	75.9	521	\$2.95	\$8.5	\$30,330	2.7	3.49	2.41	13.7
2015	270,809	1,144	212	76.1	958	\$3.11	\$9.0	\$30,960	2.1	3.48	2.50	12.6
2016	276,270	2,412	217	76.5	1,337	\$3.24	\$9.5	\$31,374	2.4	3.52	2.58	11.4
2017	282,728	3,257	222	77.2	1,517	\$3.40	\$10.0	\$31,595	2.1	3.55	2.67	10.8
2018	289,454	3,394	226	78.1	1,664	\$3.54	\$10.5	\$31,762	2.1	3.57	2.77	10.7
2019	296,442	3,570	231	79.2	1,895	\$3.71	\$11.1	\$31,991	2.1	3.61	2.87	10.5
2020	303,247	3,328	235	80.5	1,945	\$3.85	\$11.6	\$32,128	2.1	3.59	2.98	10.5
2021	309,068	2,296	240	81.9	1,786	\$4.00	\$12.2	\$32,406	2.2	3.56	3.09	10.4
2022	314,404	1,831	244	83.5	1,695	\$4.15	\$12.9	\$32,767	2.3	3.61	3.19	9.9
2023	320,158	2,240	248	85.0	1,819	\$4.31	\$13.6	\$33,119	2.3	3.64	3.28	9.5
2024	325,995	2,258	252	86.6	1,806	\$4.54	\$14.3	\$33,600	2.4	3.68	3.39	9.3
2025	331,871	2,264	256	88.2	1,798	\$4.77	\$15.1	\$34,052	2.4	3.72	3.50	9.3
2026	337,630	2,112	261	89.9	1,729	\$5.02	\$15.9	\$34,390	2.5	3.73	3.61	9.3
2027	343,405	2,111	266	91.5	1,632	\$5.28	\$16.8	\$34,664	2.5	3.74	3.72	9.3
2028	349,509	2,412	271	93.2	1,680	\$5.53	\$17.6	\$34,892	2.5	3.76	3.83	9.2
2029	355,752	2,502	275	94.8	1,679	\$5.79	\$18.4	\$35,095	2.5	3.78	3.95	9.2
2030	362,114	2,595	280	96.4	1,712	\$6.07	\$19.4	\$35,303	2.5	3.76	4.08	9.1
2031	368,574	2,663	285	98.0	1,728	\$6.38	\$20.3	\$35,524	2.5	3.73	4.20	9.1
2032	375,025	2,628	291	99.6	1,718	\$6.71	\$21.3	\$35,734	2.5	3.79	4.33	9.1
2033	381,517	2,657	296	101.2	1,752	\$7.05	\$22.4	\$35,964	2.5	3.83	4.46	9.1
2034	388,020	2,653	302	102.8	1,769	\$7.39	\$23.4	\$36,189	2.5	3.87	4.60	9.0
2035	394,473	2,597	307	104.4	1,780	\$7.74	\$24.6	\$36,416	2.5	3.88	4.74	9.0
2036	400,854	2,537	313	106.1	1,770	\$8.09	\$25.8	\$36,635	2.5	3.93	4.89	9.0
2037	407,107	2,426	318	107.7	1,750	\$8.45	\$27.0	\$36,862	2.5	3.96	5.03	9.0
2038	413,297	2,386	324	109.4	1,745	\$8.82	\$28.3	\$37,099	2.5	3.92	5.19	9.0
2039	419,487	2,407	329	111.0	1,744	\$9.19	\$29.6	\$37,346	2.5	3.95	5.35	8.9
2040	425,611	2,349	334	112.7	1,736	\$9.56	\$31.0	\$37,602	2.4	3.98	5.49	8.9

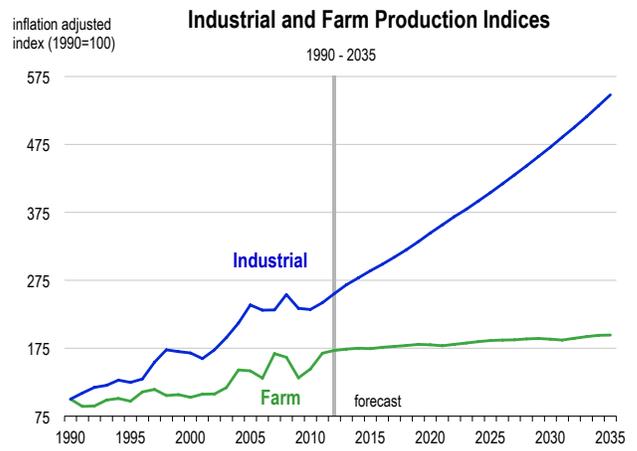
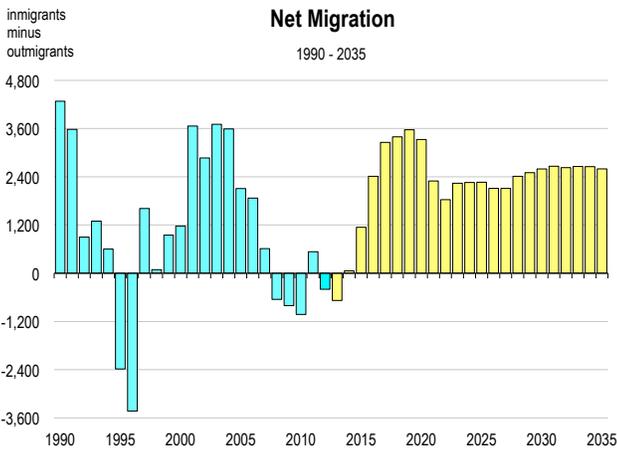
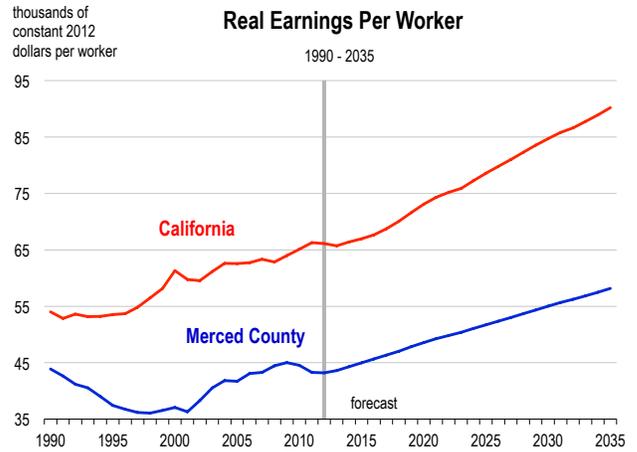


Merced County Employment Forecast

2006-2012 History, 2013-2040 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	4.4	0.8	5.3	4.8	14.7
2007	70.1	11.1	3.2	9.3	2.3	9.7	1.9	4.6	0.8	5.6	5.0	15.2
2008	68.8	11.0	2.4	9.3	2.3	9.4	1.8	4.4	0.7	5.6	5.0	15.5
2009	66.8	11.4	1.6	8.6	2.2	9.4	1.6	4.1	0.6	5.6	4.7	15.8
2010	67.0	10.8	1.6	8.3	2.2	9.2	1.6	4.2	0.6	5.9	4.5	16.7
2011	68.2	11.4	1.5	8.2	2.4	9.4	1.5	4.4	0.4	6.3	4.6	16.5
2012	69.6	12.2	1.7	8.5	2.5	9.7	1.6	4.4	0.4	6.3	4.7	16.4
2013	71.1	12.2	1.9	8.6	2.5	10.0	1.6	4.5	0.4	6.5	4.8	16.6
2014	72.5	12.3	2.0	8.7	2.6	10.2	1.7	4.7	0.5	6.7	4.9	17.0
2015	74.0	12.2	2.3	8.8	2.7	10.3	1.7	4.9	0.5	6.9	5.0	17.2
2016	75.3	12.3	2.5	8.9	2.8	10.5	1.7	5.1	0.5	7.0	5.0	17.5
2017	76.4	12.3	2.6	9.0	2.9	10.6	1.7	5.2	0.6	7.2	5.1	17.6
2018	77.3	12.3	2.7	9.1	2.9	10.7	1.8	5.4	0.6	7.3	5.2	17.8
2019	78.2	12.3	2.8	9.1	3.0	10.8	1.8	5.5	0.6	7.4	5.2	17.9
2020	79.0	12.3	2.9	9.2	3.1	10.9	1.8	5.6	0.6	7.4	5.3	18.1
2021	79.6	12.3	2.9	9.2	3.1	11.0	1.8	5.8	0.7	7.6	5.4	18.2
2022	80.4	12.3	2.9	9.2	3.1	11.1	1.9	5.9	0.7	7.7	5.4	18.4
2023	81.2	12.4	2.9	9.3	3.2	11.2	1.9	6.0	0.7	7.8	5.5	18.6
2024	82.0	12.4	3.0	9.3	3.2	11.3	1.9	6.1	0.7	7.9	5.5	18.8
2025	82.8	12.4	3.0	9.3	3.2	11.4	2.0	6.3	0.7	8.0	5.6	19.0
2026	83.6	12.4	3.0	9.3	3.2	11.5	2.0	6.4	0.7	8.2	5.7	19.2
2027	84.3	12.4	3.0	9.3	3.3	11.7	2.0	6.5	0.8	8.3	5.7	19.5
2028	85.2	12.4	3.0	9.3	3.3	11.8	2.1	6.7	0.8	8.4	5.8	19.7
2029	86.0	12.4	3.1	9.3	3.3	11.9	2.1	6.8	0.8	8.6	5.9	19.9
2030	86.9	12.4	3.1	9.4	3.3	12.0	2.1	6.9	0.8	8.8	5.9	20.2
2031	87.8	12.4	3.1	9.4	3.3	12.1	2.2	7.0	0.8	9.0	6.0	20.4
2032	88.8	12.4	3.2	9.4	3.4	12.3	2.2	7.1	0.8	9.2	6.1	20.6
2033	89.7	12.5	3.2	9.4	3.4	12.4	2.2	7.3	0.9	9.4	6.2	20.9
2034	90.6	12.5	3.2	9.4	3.4	12.5	2.3	7.4	0.9	9.6	6.2	21.1
2035	91.5	12.5	3.2	9.4	3.4	12.6	2.3	7.4	0.9	9.8	6.3	21.4
2036	92.5	12.5	3.3	9.4	3.4	12.7	2.3	7.5	0.9	10.0	6.4	21.7
2037	93.4	12.6	3.3	9.4	3.5	12.9	2.3	7.6	0.9	10.2	6.5	22.0
2038	94.2	12.5	3.3	9.4	3.5	13.0	2.4	7.7	1.0	10.4	6.5	22.2
2039	95.2	12.6	3.3	9.5	3.5	13.1	2.4	7.8	1.0	10.6	6.6	22.5
2040	96.1	12.6	3.3	9.5	3.5	13.2	2.4	7.9	1.0	10.7	6.7	22.8





County Economic and Demographic Indicators

Projected Economic Growth (2013-2018)

Expected retail sales growth:	25.2 %
Expected job growth:	12.1 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	17.4 %

Expected population growth:	9.7 %
Net migration to account for:	40.1 %
Expected growth in number of vehicles:	10.0 %

Demographics (2013)

Unemployment rate (April 2013):	15.5 %
County Rank* in California (58 counties):	55th
Working age (16-64) population:	62.8 %

Population with B.A. Degree or higher:	12.3 %
Median Home Selling Price (2012):	\$117,000
Median Household Income:	\$42,741

Quality of Life

Violent Crime rate (2010):	557 per 100,000 persons
County Rank* in California (58 counties):	49th
Average Commute Time to work (2013):	27.6 minutes

High School drop out rate (2011):	12.5 %
Households at/below poverty line (2013):	19.2 %

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