

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 6,000 students by the start of the 2013-2014 school year. Merced County has a population of 263,000 people and a total of 75,000 wage and salary jobs. The income per capita is \$31,293 and the average salary per worker is \$45,813.

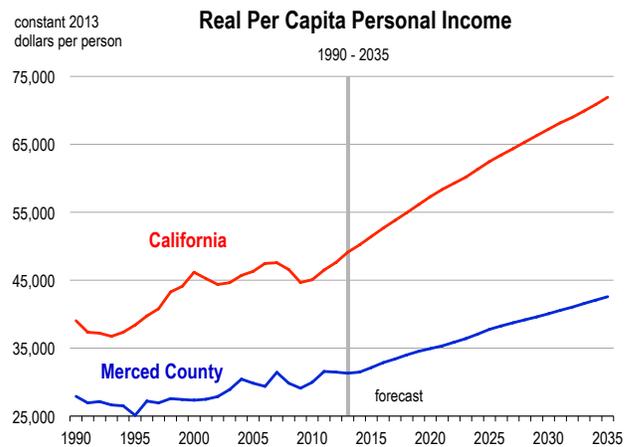
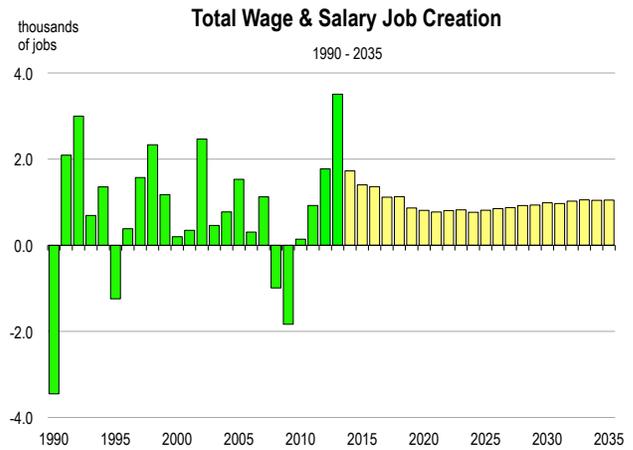
In 2013, employment across Northern California increased by 3.7 percent, whereas employment in the San Joaquin Valley (Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare counties) grew by 3.5 percent. Merced County, however, gained 3,500 wage and salary jobs, representing an increase of 4.9 percent – one of the fastest rates in the state. Farm employment increased by 16.2 percent, while non-farm employment grew at a rate of 2.5 percent. Although still very high, the unemployment rate improved substantially, falling from 16.9 percent in 2012 to 14.7 percent in 2013.

Across employment sectors, the largest increases occurred in agriculture (+2,000 jobs), education and healthcare (+480 jobs), leisure and hospitality (+340 jobs), and manufacturing (+320 jobs). The largest declines were observed in financial activities (-50 jobs).

Between 2008 and 2013, the population of Merced County grew by 0.9 percent per year. This growth was due entirely to the natural increase (new births), as the county lost an average of 640 residents per year through net migration.

FORECAST HIGHLIGHTS

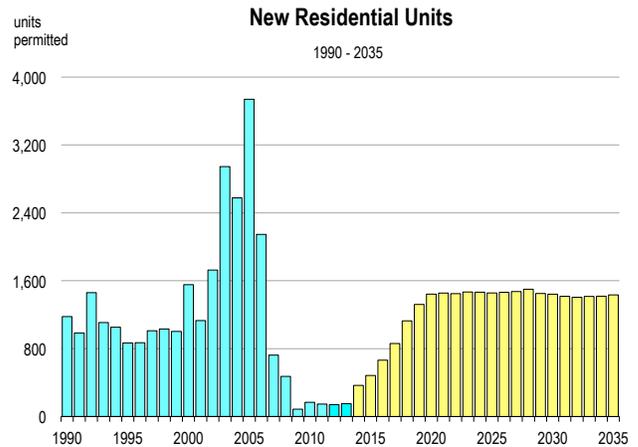
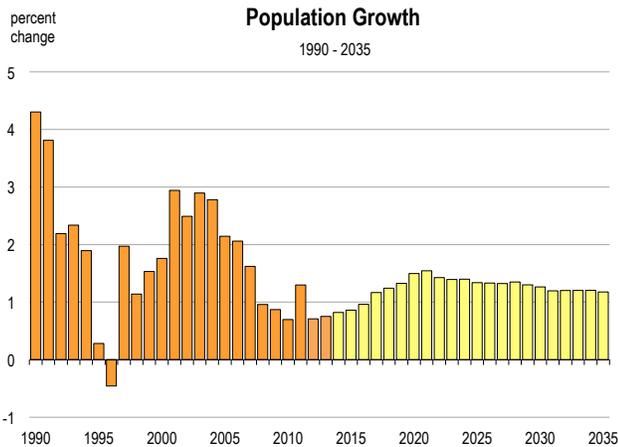
- Total wage and salary employment is forecasted to increase by 2.3 percent in 2014. From 2014 to 2019, total employment growth will average 1.5 percent per year.
- Average salaries are currently below the California state average, and will remain so over the forecast period. In Merced County, inflation-adjusted salaries are expected to rise by an average of 1.5 percent per year between 2014 and 2019.
- Between 2014 and 2019, the momentum for employment growth will occur in government (+1,400 jobs), education and healthcare (+1,100 jobs), construction (+700 jobs), wholesale and retail trade (+700 jobs), and professional and business services (+500 jobs). These sectors will account for 76 percent of net job creation in the county.
- Population growth is expected to accelerate in the coming years, reaching 1.3 percent in 2019. Annual growth in the 2014-2019 period will average 1.1 percent per year.
- Net migration will turn positive by 2017, but remain low. From 2014 to 2019, an average of 140 net migrants will enter the county each year.
- Real per capita income will rise by 0.5 percent in 2014. Between 2014 and 2019, real per capita income is forecasted to increase by an average of 1.9 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 3.2 percent per year during the 2014-2019 period.
- Industrial production is forecasted to increase by 5.7 percent in 2014. From 2014 to 2019, the growth rate of industrial production will average 3.8 percent per year.
- Farm production is forecasted to increase by 0.7 percent per year between 2014 and 2019. The principal agricultural commodity is milk.



Merced County Economic Forecast

2006-2013 History, 2014-2040 Forecast

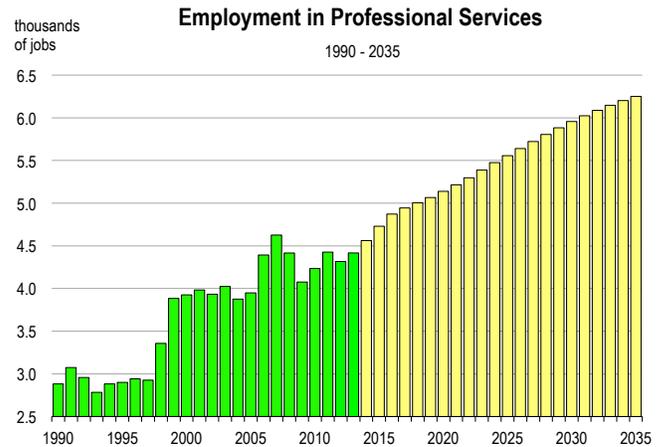
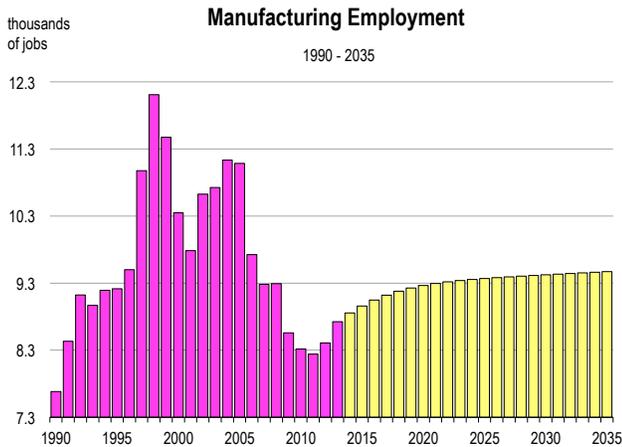
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	245,555	1,870	204	72.6	2,147	\$2.62	\$6.2	\$29,383	3.2	2.68	2.01	9.5
2007	249,538	615	203	75.3	725	\$2.52	\$6.9	\$31,426	3.4	3.40	2.02	10.1
2008	251,932	-650	202	76.1	473	\$2.39	\$6.8	\$29,836	2.9	3.30	2.22	12.6
2009	254,123	-804	202	76.1	87	\$2.05	\$6.8	\$29,095	0.8	2.69	2.07	17.0
2010	255,897	-1,068	203	75.6	168	\$2.13	\$7.1	\$29,971	1.3	2.95	1.93	18.7
2011	259,221	477	201	75.8	147	\$2.37	\$7.8	\$31,576	2.7	3.42	1.90	18.3
2012	261,062	-930	201	75.9	140	\$2.51	\$8.0	\$31,470	2.7	3.35	2.06	16.9
2013	263,026	-867	208	76.0	151	\$2.68	\$8.2	\$31,293	2.3	3.44	2.17	14.7
2014	265,186	-639	211	76.1	367	\$2.80	\$8.6	\$31,459	2.8	3.45	2.29	13.8
2015	267,469	-526	214	76.2	484	\$2.99	\$9.1	\$32,142	3.3	3.44	2.40	12.5
2016	270,046	-258	218	76.4	664	\$3.20	\$9.7	\$32,883	3.2	3.48	2.48	11.4
2017	273,197	286	221	76.8	861	\$3.37	\$10.2	\$33,411	2.4	3.50	2.57	10.4
2018	276,591	485	225	77.3	1,128	\$3.56	\$10.8	\$34,011	2.3	3.53	2.66	10.0
2019	280,260	709	228	78.0	1,321	\$3.75	\$11.4	\$34,527	2.4	3.57	2.76	9.9
2020	284,456	1,192	231	78.8	1,442	\$3.93	\$11.9	\$34,922	2.3	3.55	2.87	9.8
2021	288,851	1,343	234	79.8	1,455	\$4.12	\$12.6	\$35,339	2.5	3.52	2.97	9.7
2022	292,971	1,037	237	80.9	1,448	\$4.31	\$13.3	\$35,878	2.6	3.57	3.07	9.7
2023	297,054	973	240	82.1	1,468	\$4.50	\$14.0	\$36,415	2.5	3.60	3.18	9.6
2024	301,210	1,026	243	83.4	1,465	\$4.72	\$14.8	\$37,080	2.5	3.65	3.29	9.6
2025	305,243	887	245	84.7	1,456	\$4.95	\$15.7	\$37,763	2.5	3.68	3.39	9.6
2026	309,308	902	248	86.0	1,464	\$5.18	\$16.5	\$38,269	2.5	3.69	3.51	9.5
2027	313,401	917	251	87.4	1,473	\$5.44	\$17.3	\$38,720	2.5	3.70	3.63	9.5
2028	317,633	1,044	253	88.7	1,500	\$5.72	\$18.2	\$39,172	2.5	3.73	3.77	9.5
2029	321,763	933	256	90.1	1,450	\$6.00	\$19.1	\$39,614	2.5	3.74	3.91	9.4
2030	325,831	869	258	91.5	1,442	\$6.31	\$20.1	\$40,076	2.5	3.72	4.05	9.4
2031	329,731	697	261	92.8	1,417	\$6.65	\$21.1	\$40,569	2.5	3.69	4.21	9.4
2032	333,695	759	264	94.2	1,405	\$7.01	\$22.1	\$41,044	2.5	3.75	4.36	9.3
2033	337,714	816	266	95.5	1,416	\$7.39	\$23.2	\$41,554	2.5	3.80	4.53	9.3
2034	341,784	869	269	96.9	1,418	\$7.77	\$24.4	\$42,060	2.5	3.83	4.69	9.3
2035	345,807	832	271	98.2	1,433	\$8.16	\$25.6	\$42,578	2.5	3.84	4.87	9.2
2036	349,775	801	274	99.6	1,440	\$8.56	\$26.8	\$43,097	2.5	3.90	5.05	9.2
2037	353,725	809	277	100.9	1,447	\$8.97	\$28.1	\$43,619	2.5	3.93	5.24	9.2
2038	357,653	815	279	102.3	1,451	\$9.38	\$29.5	\$44,142	2.5	3.89	5.43	9.2
2039	361,461	726	282	103.6	1,454	\$9.80	\$30.9	\$44,686	2.5	3.92	5.63	9.1
2040	365,182	661	285	105.0	1,445	\$10.23	\$32.4	\$45,221	2.5	3.95	5.93	9.1

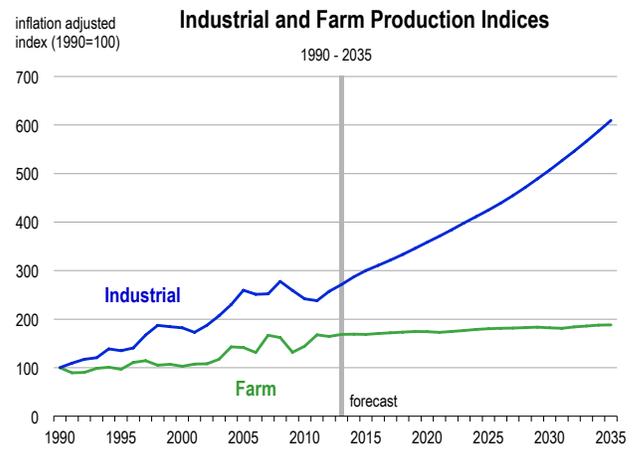
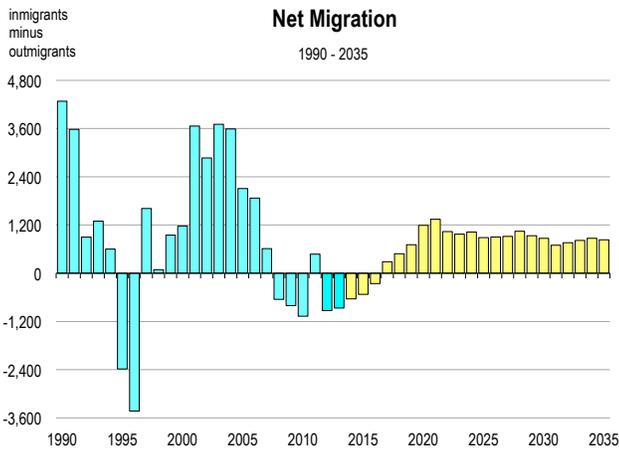
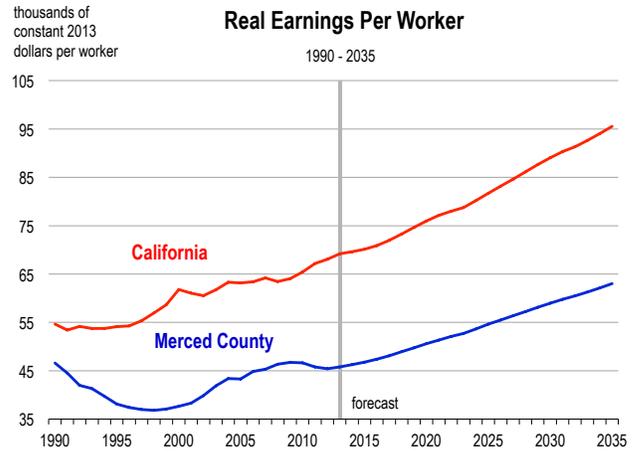
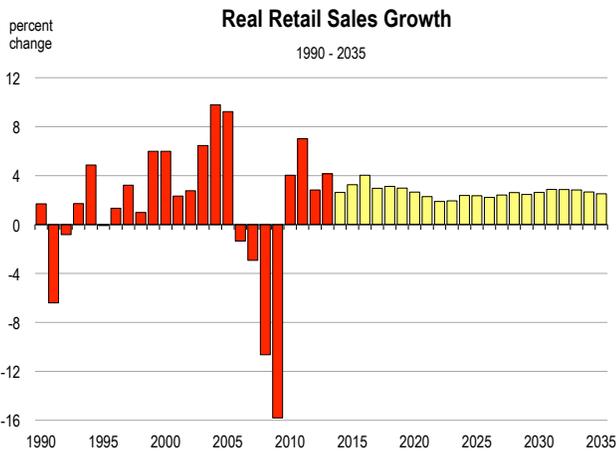


Merced County Employment Forecast

2006-2013 History, 2014-2040 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	70.1	10.9	3.6	9.7	2.1	9.3	2.0	4.4	0.8	6.4	4.8	14.7
2007	71.3	11.1	3.2	9.3	2.3	9.7	1.9	4.6	0.8	6.8	5.0	15.2
2008	70.3	11.0	2.4	9.3	2.3	9.4	1.8	4.4	0.7	7.0	5.0	15.5
2009	68.4	11.4	1.6	8.6	2.2	9.4	1.6	4.1	0.6	7.2	4.7	15.9
2010	68.6	10.8	1.6	8.3	2.2	9.2	1.6	4.2	0.6	7.5	4.5	16.7
2011	69.5	11.4	1.5	8.2	2.4	9.4	1.5	4.4	0.4	7.6	4.6	16.5
2012	71.3	12.5	1.6	8.4	2.4	9.6	1.6	4.3	0.4	7.9	4.7	16.4
2013	74.8	14.6	1.6	8.7	2.5	9.7	1.5	4.4	0.4	8.3	5.1	16.6
2014	76.5	14.6	1.7	8.9	2.6	9.9	1.5	4.6	0.4	8.7	5.2	17.2
2015	77.9	14.6	1.8	9.0	2.7	10.0	1.6	4.7	0.4	9.0	5.2	17.6
2016	79.3	14.6	2.0	9.0	2.7	10.2	1.6	4.9	0.5	9.2	5.3	17.9
2017	80.4	14.6	2.2	9.1	2.8	10.3	1.6	4.9	0.5	9.4	5.4	18.1
2018	81.5	14.6	2.3	9.2	2.9	10.4	1.6	5.0	0.5	9.6	5.4	18.4
2019	82.4	14.6	2.5	9.2	3.0	10.5	1.7	5.1	0.5	9.8	5.5	18.6
2020	83.2	14.6	2.6	9.3	3.1	10.6	1.7	5.1	0.5	10.0	5.5	18.8
2021	84.0	14.6	2.6	9.3	3.1	10.7	1.7	5.2	0.5	10.2	5.5	19.1
2022	84.8	14.6	2.6	9.3	3.2	10.8	1.7	5.3	0.5	10.4	5.5	19.4
2023	85.6	14.7	2.7	9.3	3.3	10.9	1.7	5.4	0.5	10.6	5.5	19.6
2024	86.4	14.7	2.7	9.4	3.3	11.0	1.7	5.5	0.5	10.8	5.5	19.9
2025	87.2	14.7	2.7	9.4	3.4	11.1	1.7	5.6	0.5	11.0	5.5	20.2
2026	88.0	14.7	2.7	9.4	3.5	11.2	1.8	5.6	0.5	11.2	5.5	20.5
2027	88.9	14.7	2.7	9.4	3.6	11.3	1.8	5.7	0.5	11.4	5.5	20.9
2028	89.8	14.7	2.8	9.4	3.6	11.4	1.8	5.8	0.5	11.6	5.5	21.2
2029	90.8	14.8	2.8	9.4	3.7	11.5	1.8	5.9	0.5	11.9	5.5	21.6
2030	91.8	14.7	2.8	9.4	3.8	11.6	1.8	6.0	0.5	12.2	5.5	21.9
2031	92.7	14.7	2.8	9.4	3.9	11.7	1.8	6.0	0.5	12.5	5.5	22.3
2032	93.8	14.8	2.8	9.4	4.0	11.8	1.8	6.1	0.5	12.8	5.5	22.7
2033	94.8	14.8	2.9	9.5	4.0	11.9	1.9	6.1	0.5	13.2	5.5	23.1
2034	95.8	14.8	2.9	9.5	4.1	12.0	1.9	6.2	0.6	13.5	5.6	23.5
2035	96.9	14.8	2.9	9.5	4.2	12.1	1.9	6.3	0.6	13.8	5.6	23.9
2036	98.0	14.9	3.0	9.5	4.3	12.2	1.9	6.3	0.6	14.1	5.6	24.3
2037	99.1	14.9	3.0	9.5	4.4	12.2	1.9	6.3	0.6	14.4	5.6	24.7
2038	100.1	14.9	3.1	9.5	4.5	12.3	1.9	6.4	0.6	14.7	5.6	25.2
2039	101.1	14.9	3.1	9.5	4.6	12.4	2.0	6.4	0.6	14.9	5.6	25.7
2040	102.1	14.9	3.1	9.5	4.7	12.5	2.0	6.5	0.6	15.2	5.6	26.1





County Economic and Demographic Indicators

Projected Economic Growth (2014-2019)

Expected retail sales growth:	17.5%
Expected job growth:	7.7%
Fastest growing jobs sector:	Construction
Expected personal income growth:	16.0%

Expected population growth:	5.7%
Net migration to account for:	4.6%
Expected growth in number of vehicles:	8.0%

Demographics (2014)

Unemployment rate (April 2014):	14.3%
County rank* in California (58 counties):	55th
Working age (16-64) population:	63.2%

Population with B.A. degree or higher:	11.9%
Median home selling price (2013):	\$148,000
Median household income:	\$42,741

Quality of Life

Violent crime rate (2012):	702 per 100,000 persons
County rank* in California (58 counties):	52nd
Average commute time to work (2014):	27.6 minutes

High School drop out rate (2012):	12.7%
Households at/below poverty line (2014):	19.2%

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