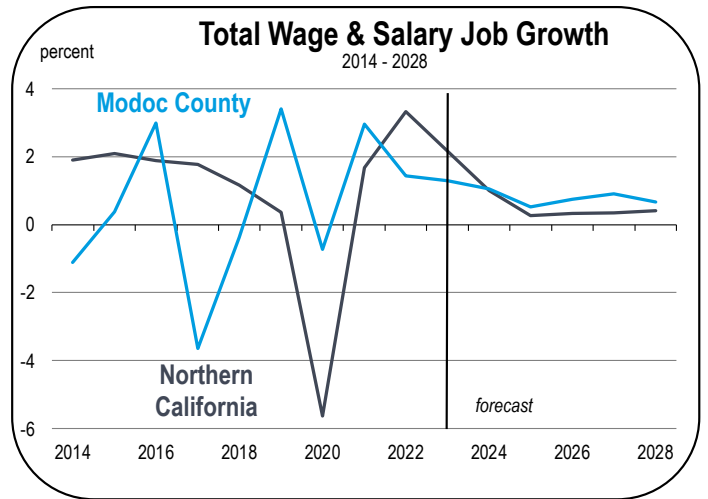


# Modoc County Economic Forecast

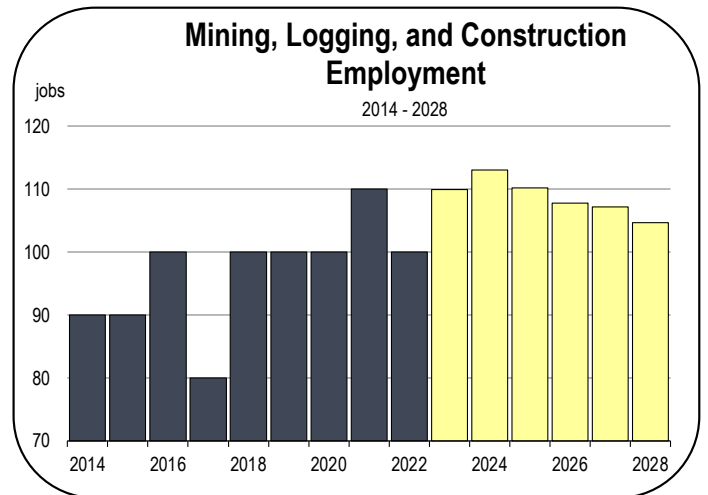
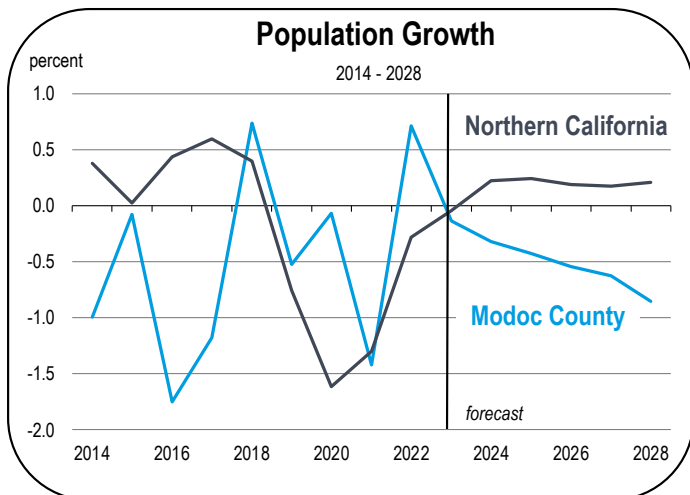
## Forecast Summary

- Modoc is one of the smallest counties in the state, with a population of approximately 8,600 residents.
- Employment increased 1.4 percent in 2022 with the addition of 40 jobs.
- The county is on pace to add another 40 jobs in 2023, and another 115 jobs are expected over the remainder of the forecast period.
- The unemployment rate averaged 5.5 percent in 2022. It is forecast to average 6.6 percent in 2023 and 6.7 percent in 2024.
- Modoc County homes are still highly affordable relative to many neighboring counties. In 2022, the median price dropped 22.4 percent to \$180,500. Prices have fallen again in 2023, and the values are expected to have declined approximately 10 percent by the end of the year.
- Due to the lack of new in-migrating populations, and a persistent negative natural increase in population over time, the Modoc County population is destined to contract over the foreseeable future unless economic development efforts can attract new residents.

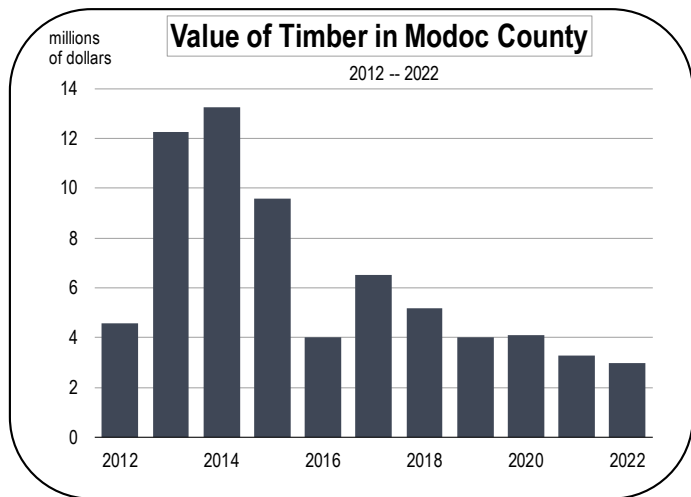


## Mining, Logging, and Construction Employment

- Overall, employment in this sector declined 9.1 percent in 2022 with the loss of 10 jobs, but these same positions were then re-filled during 2023.
- Employment will be stable between 2024-2028 with very little movement in employment gains or losses.
- Modoc County has a prominent timber industry, but timber production has been declining in recent years.



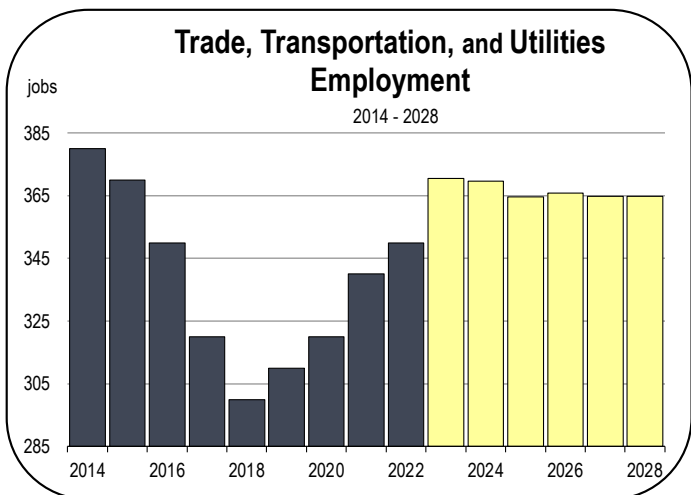
# Modoc County Economic Forecast



- The timber industry now produces approximately \$3 million in sales value but both volume and total value has been declining over the last 8 years.
- Over the 2023-2028 forecast period, job losses in timber production will be offset by gains in construction, but employment within industries related to the production of goods will contract over the forecast.

## Trade, Transportation, and Utilities Employment

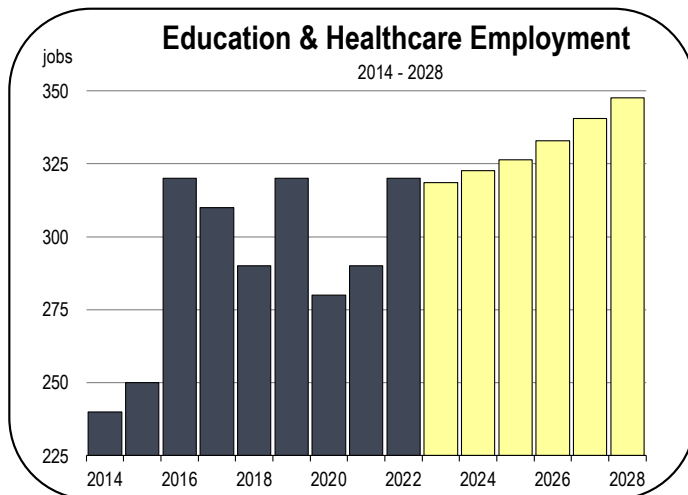
- The trade, transportation, and utilities industry have a diverse range of firms, including:
  - Retail stores
  - Wholesale companies
  - Trucking and delivery firms
  - Warehousing and storage facilities
  - Electricity providers (including Surprise Valley Electric) and water providers (including Newell County Water District)



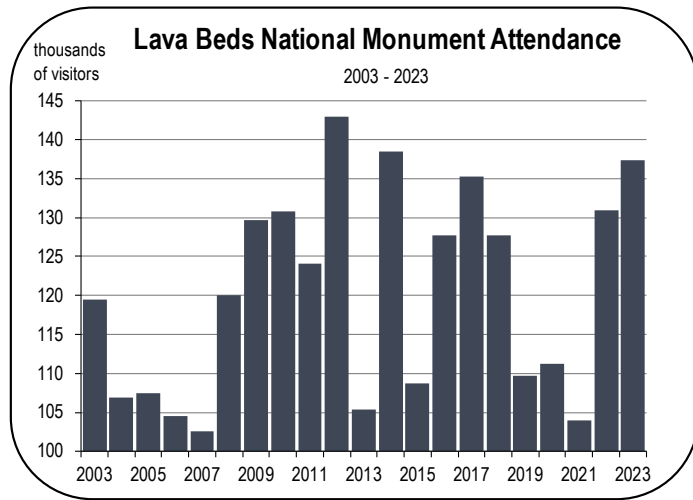
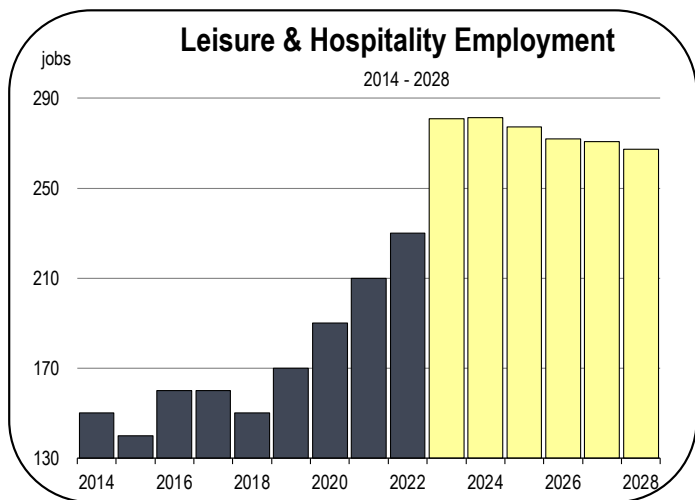
- The trade, transportation, and utilities industry gained 10 jobs in 2022.
- In 2023, the sector is on pace to add 20 jobs, a gain of 5.8 percent, but this composite labor market is under pressure from population decline and the transition to online shopping.
- Employment growth for this composite labor market will contract over time, principally due to the consolidation of retail sector jobs.

## Private Education and Healthcare Employment

- A large share of the local economy is represented by hospitals and healthcare facilities.
- The largest healthcare employer is Modoc Medical Center, which has more than 100 workers at its hospital in Alturas.
- Modoc Medical Center completed construction on a new facility in September 2020, which includes a 10,500 square foot hospital, a medical office building, and an outpatient clinic. Total employment at the facility is estimated at 87 staff and physicians.
- Healthcare employment rose 10 percent in 2022 with the addition of 30 jobs.
- The employment level will remain constant in 2023.
- Moderate growth of 1.8 percent per year is expected during 2024-2028. This growth will produce 30 jobs.
- In Modoc County, there are only two small private K-12 schools with a combined 37 students in grades 1 to 12. Most teachers and education administrators work in public schools which are part of the government or public sector.



# Modoc County Economic Forecast



## Leisure and Hospitality Employment

- The most prominent tourist attraction in Modoc County is the array of outdoor recreation opportunities, including Lava Beds National Monument.
- The attraction drew 137,400 people in 2023, the highest number of visitors since 2014.
- Lava Beds National Monument has a variety of volcanic terrain that can accommodate hiking and camping, and it has underground caves that are accessible to visitors.
- Leisure services employment expanded 9.5 percent in 2022 with the addition of 20 jobs.
- The sector is on track to add 50 jobs in 2023, representing job growth of 22.1 percent.

- There will however be contraction in the industry over the forecast, which calls for leisure service employment to contract by 15 jobs between 2024 and 2028, an average decline of 1.0 percent per year.

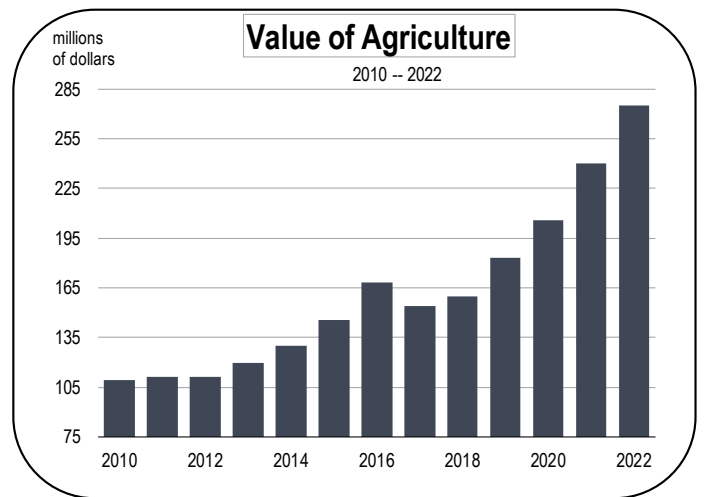
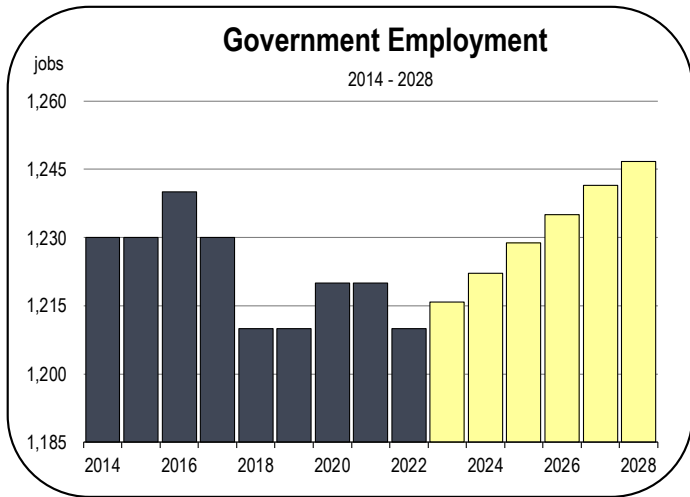
### Modoc County National Forest

- Modoc National Forest is over 1.6 million acres in size and is home to wild horses. The forest is also home to 300 species of wildlife including rocky mountain elk and pronghorn antelope.
- The biggest attractions in Modoc National Forest are the Devil's Garden and Mill Creek Falls. The Devil's Garden Plateau is 258,000 acres and the prime location to view herds of wild animals. Visitors travel to the Plateau to watch the wild horses grazing.
- The falls is a principal visitor attraction. Park officials recommend hiking to the falls in the spring, soon after the snow melts.



Modoc National Forest

# Modoc County Economic Forecast



## Government Employment

- Government is the largest employer in Modoc County, representing 42 percent of all non-farm wage and salary jobs.
- The largest government agencies are the local school districts and the US Forest Service, which has several outposts in the county.
- In 2022 the government shed 10 jobs. The county is on pace to gain 6 jobs in 2023, and another 30 jobs over the remainder of the forecast period.

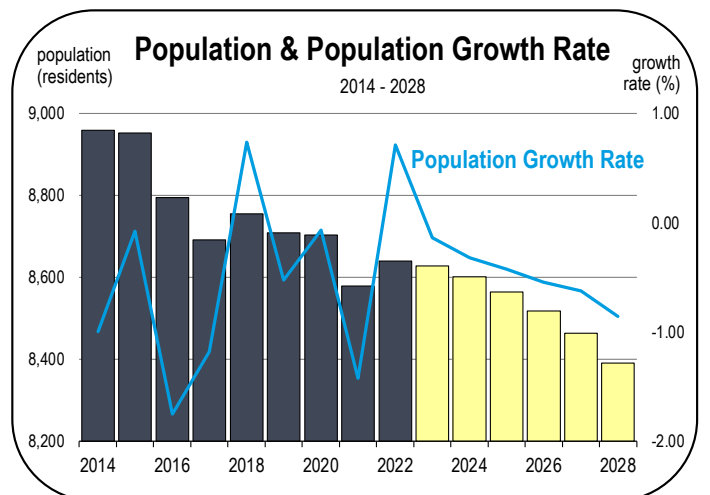
## Agriculture Employment

- Agriculture is the third largest employment sector in Modoc County.
- Employment in agriculture fell in 2022, by only 10 jobs. The sector is on pace to add 12 jobs in 2023. The average rate of job growth between 2024-2028 is expected to be 1.8 percent per year resulting in 35 new jobs.
- The total value of agricultural products was \$240 million in 2021. Ag output jumped 17 percent from 2020.
- Field crops like Alfalfa Hay and Forage Hay accounted for nearly half of total gross sales.
- Livestock and poultry accounted for \$83 million.
- Vegetable crops, and in particular, potatoes, contributed \$47 million.

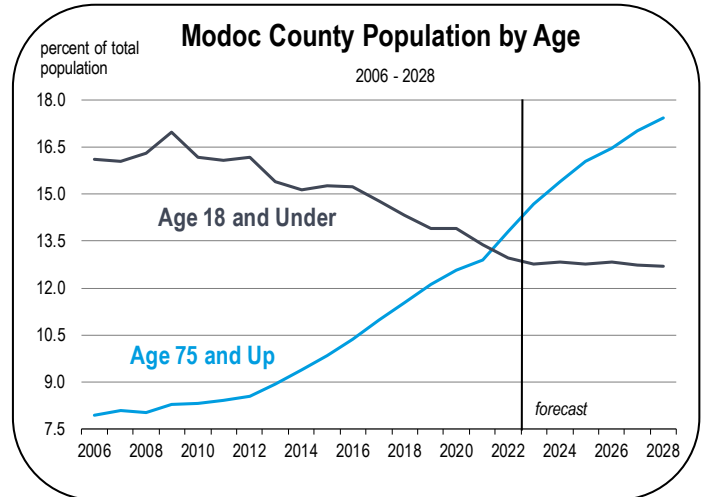
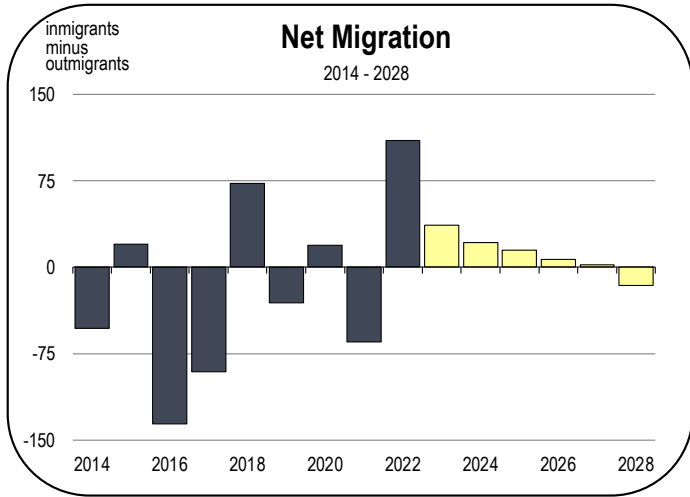
- Timber products sold for \$6.5 million.
- Values for agriculture have been steadily rising with one interrupt since 2009. The value for 2022 is estimated based on the average annual growth over the last 5 years.
- Farms and other agricultural activities are expected to maintain total employment in the 350 to 385 range of jobs, largely due to the principal commodities that will remain in strong demand, such as field crops, honey, and livestock.

## Population Growth

- The Modoc County population has been trending downward since 2012, with both net in-migration and the natural population rate contracting.



# Modoc County Economic Forecast

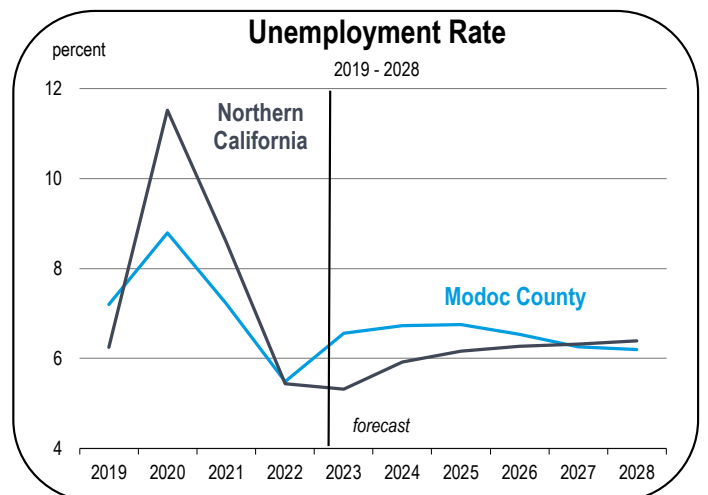
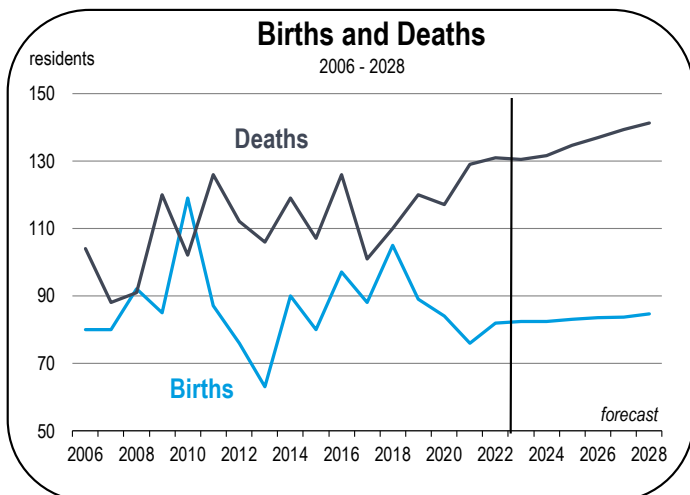


- The county’s population is much older than the statewide average. In 2022, the number of residents aged 75 and older eclipsed the number of residents aged 18 and under. The disparity between the two age cohorts will only widen throughout the forecast.
- Because Modoc County has a high share of older-aged residents, deaths have exceeded births since 2011.
- The natural increase of the population is not expected to turn positive any time before 2050.
- Net in-migration will be positive between 2023-2028, but not enough to offset the negative natural rate of population decline. As a result, Modoc County population will continue to contract over the foreseeable future.
- Sustained population loss will put Modoc County at risk of economic stagnation.

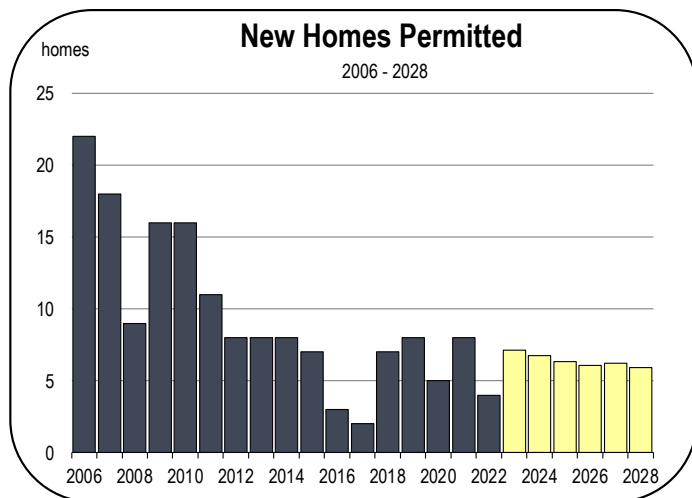
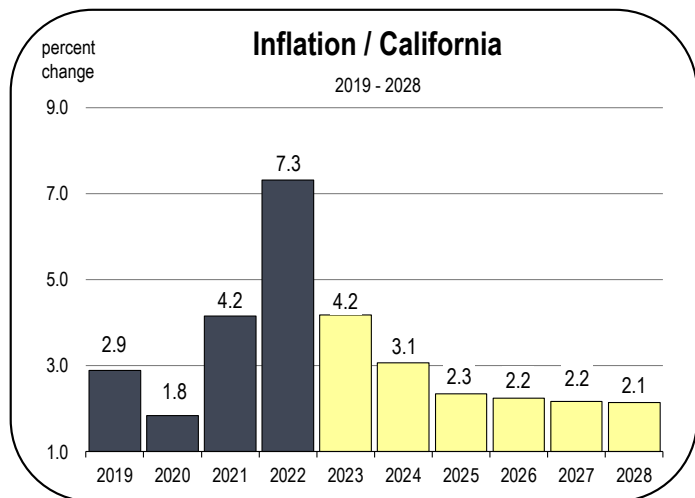
- A declining population can reduce the number of consumers for local businesses, lead to lower demand for schoolteachers and government services, and limit tax revenues.
- Over the long term (through 2050), the local labor market is not expected to generate a meaningful number of jobs, and there is a high probability that a declining population will contribute to a shrinking job market.

## Unemployment and Inflation Rates

- The unemployment rate in Modoc County averaged 5.5 percent in 2022. The unemployment rate is expected to average 6.6 percent in 2023 and 6.7 percent in 2024.
- Inflation in California, including the Northern California Region, soared to 7.4 percent in 2022, but is expected to decelerate in 2023 to 3.8 percent due largely to declining energy costs, the restoration of supply chains, and stagnant housing costs.



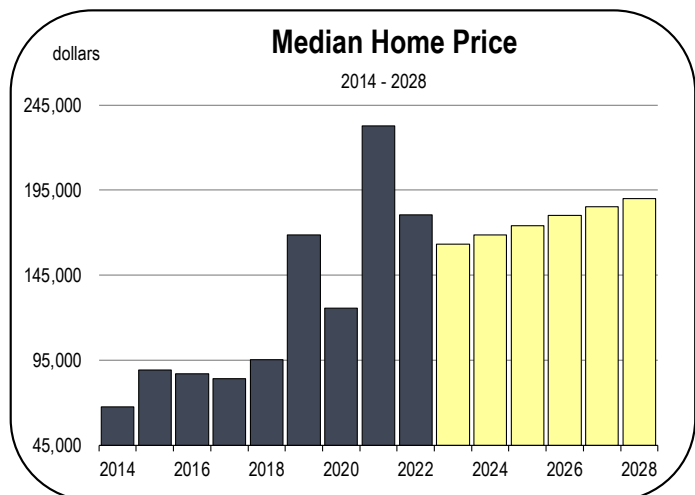
# Modoc County Economic Forecast



## Home Prices and New Housing Production

- Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2023.
- The rate is forecast to continuously decelerate over the forecast period as the labor force is restored, interest rates subside, and wage inflation is contained.
- A risk to the forecast is whether Congressional spending will subside. During 2021 and 2022, this was a principal contributor to the surge of inflation nation-wide. Another risk is whether the economic slowdown will moderate the demand for labor, leading to lower wage inflation.
- Average general inflation rates eventually decline to 3 percent again by 2024.

- In 2022, the median home value in Modoc County was \$180,500, a decrease of 22.4 percent compared to 2021. (In 2021, the median value had increased 85 percent.)
- Median home values are based on actual sales. In a small market, sales typically will present a small sample size which may generate erratic results.
- Price appreciation is now reversing throughout California with most counties reporting selling price contractions in 2023. The median selling price for Modoc County is forecast to fall 9.6 percent in 2023 to \$163,000.
- Home price appreciation is expected to resume in 2024.
- The average annual rate of appreciation between 2024-2028 is forecast to be 3.1 percent. The median home price is expected to be \$190,000 in 2028.
- Homes in Modoc County are much more affordable than homes in many other parts of California. In Modoc County, the typical household spends less than 20 percent of its income on housing costs. In Coastal California, households often spend 35-50 percent on mortgage payment or rent.
- From 2017 to 2022, construction on 34 new homes was started in Modoc County. All were single-family homes. Many new homes are second homes and are not lived in for the full year. The vacancy rate of the housing stock in Modoc County was 22.4 percent in 2023.
- Housing production is expected to increase to 38 units from 2023 to 2028, consisting entirely of single-family homes.





# Modoc County Economic Forecast

## Economic Indicators

## 2015-2022 History, 2023-2050 Forecast

	Population (people)	House- holds (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (millions)	Taxable Retail Sales (millions)	Total Taxable Sales (millions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	8,952	4.0	20	7	13.4	\$384	\$41	\$92	\$12	\$54,812	8.7	\$185	1.4
2016	8,795	4.0	-136	3	13.6	\$382	\$41	\$92	\$11	\$54,306	7.9	\$208	2.3
2017	8,691	4.0	-91	2	13.5	\$378	\$39	\$87	\$10	\$52,809	8.2	\$184	3.0
2018	8,755	3.9	73	7	13.5	\$381	\$36	\$76	\$9	\$50,913	7.6	\$183	3.7
2019	8,709	3.9	-31	8	13.8	\$396	\$38	\$81	\$9	\$51,695	7.2	\$203	2.9
2020	8,703	3.7	19	5	13.8	\$444	\$53	\$108	\$9	\$56,968	8.8	\$225	1.8
2021	8,579	3.7	-65	8	14.3	\$463	\$52	\$110	\$10	\$57,885	7.2	\$254	4.2
2022	8,640	3.7	110	4	14.0	\$490	\$52	\$121	\$9	\$56,727	5.5	\$275	7.3
2023	8,628	3.6	36	7	14.1	\$503	\$55	\$114	\$10	\$55,929	6.6	\$291	4.2
2024	8,601	3.6	21	7	14.2	\$528	\$56	\$117	\$10	\$57,166	6.7	\$303	3.1
2025	8,564	3.6	15	6	14.3	\$548	\$59	\$121	\$10	\$58,225	6.8	\$314	2.3
2026	8,517	3.6	7	6	14.4	\$564	\$62	\$125	\$10	\$58,986	6.5	\$322	2.2
2027	8,464	3.7	2	6	14.5	\$583	\$65	\$128	\$10	\$59,992	6.3	\$329	2.2
2028	8,391	3.7	-16	6	14.5	\$600	\$69	\$132	\$10	\$60,959	6.2	\$335	2.1
2029	8,329	3.7	-4	6	14.6	\$616	\$71	\$135	\$9	\$61,814	6.5	\$340	2.1
2030	8,251	3.7	-18	6	14.6	\$631	\$74	\$139	\$9	\$62,513	6.6	\$344	2.2
2031	8,205	3.7	14	6	14.6	\$647	\$77	\$143	\$9	\$63,170	6.7	\$347	2.1
2032	8,152	3.7	6	6	14.6	\$662	\$80	\$146	\$9	\$63,525	6.8	\$350	2.3
2033	8,088	3.7	-5	6	14.6	\$676	\$82	\$150	\$9	\$64,182	6.9	\$352	1.9
2034	8,011	3.7	-18	5	14.6	\$691	\$84	\$153	\$9	\$64,934	7.2	\$354	2.1
2035	7,927	3.7	-25	5	14.5	\$707	\$87	\$157	\$9	\$65,658	7.3	\$355	2.2
2036	7,862	3.7	-7	5	14.5	\$724	\$89	\$161	\$9	\$66,097	7.3	\$356	2.6
2037	7,810	3.7	7	6	14.4	\$742	\$91	\$165	\$9	\$66,377	7.5	\$357	2.7
2038	7,762	3.7	11	6	14.3	\$760	\$93	\$169	\$9	\$66,745	7.6	\$358	2.5
2039	7,691	3.7	-10	5	14.3	\$776	\$95	\$173	\$9	\$66,966	7.5	\$359	2.7
2040	7,615	3.7	-15	5	14.2	\$795	\$97	\$178	\$9	\$67,506	7.7	\$359	2.6
2041	7,562	3.7	9	6	14.1	\$814	\$99	\$181	\$9	\$68,140	7.7	\$360	2.2
2042	7,506	3.7	5	6	14.0	\$833	\$101	\$185	\$9	\$68,828	7.6	\$360	2.1
2043	7,446	3.7	0	5	13.9	\$852	\$104	\$189	\$9	\$69,552	7.7	\$360	2.0
2044	7,386	3.7	0	5	13.7	\$871	\$107	\$193	\$8	\$70,422	7.7	\$361	1.8
2045	7,319	3.7	-8	5	13.6	\$891	\$110	\$198	\$8	\$71,323	7.7	\$361	1.9
2046	7,267	3.7	6	5	13.5	\$912	\$113	\$202	\$8	\$72,082	7.8	\$361	2.0
2047	7,214	3.7	4	5	13.4	\$934	\$116	\$207	\$8	\$72,725	7.8	\$361	2.2
2048	7,173	3.7	14	6	13.2	\$956	\$119	\$212	\$8	\$73,261	7.8	\$361	2.3
2049	7,128	3.7	11	6	13.1	\$979	\$122	\$217	\$8	\$73,985	7.8	\$361	2.0
2050	7,086	3.7	11	5	13.0	\$1,003	\$126	\$222	\$8	\$74,676	7.8	\$361	2.1

## Employment Sectors

## 2015-2022 History, 2023-2050 Forecast

	Total Wage & Salary	Farm	Mining, Logging, and Construction	Trade, Transportation, and Utilities (jobs)	Healthcare and Education	Leisure and Hospitality	Government
2015	2,670	390	90	370	250	140	1,230
2016	2,750	390	100	350	320	160	1,240
2017	2,650	360	80	320	310	160	1,230
2018	2,640	360	100	300	290	150	1,210
2019	2,730	380	100	310	320	170	1,210
2020	2,710	360	100	320	280	190	1,220
2021	2,790	350	110	340	290	210	1,220
2022	2,830	340	100	350	320	230	1,210
2023	2,870	352	110	370	319	281	1,216
2024	2,900	361	113	370	323	281	1,222
2025	2,910	369	110	365	326	277	1,229
2026	2,930	375	108	366	333	272	1,235
2027	2,960	380	107	365	341	271	1,241
2028	2,980	385	105	365	348	267	1,247
2029	3,000	388	104	365	355	266	1,251
2030	3,010	391	102	363	361	261	1,257
2031	3,020	393	102	363	368	259	1,261
2032	3,030	395	102	362	375	258	1,265
2033	3,040	397	100	360	381	257	1,268
2034	3,040	398	98	358	387	256	1,270
2035	3,040	400	96	357	392	254	1,272
2036	3,050	400	96	355	397	256	1,272
2037	3,050	401	96	351	402	255	1,272
2038	3,050	402	96	349	408	254	1,271
2039	3,050	402	94	345	413	251	1,270
2040	3,040	403	93	345	417	250	1,268
2041	3,050	403	94	344	422	250	1,266
2042	3,050	403	93	345	427	249	1,263
2043	3,050	404	92	346	431	247	1,260
2044	3,050	404	92	347	435	245	1,257
2045	3,040	404	91	348	438	244	1,253
2046	3,040	404	91	348	442	243	1,249
2047	3,040	404	91	349	446	242	1,244
2048	3,040	404	91	349	450	241	1,240
2049	3,040	404	91	350	454	239	1,235
2050	3,040	404	91	351	457	237	1,230

# Modoc County Economic Forecast

## Socioeconomic Indicators

