Madera County Economic Forecast

Forecast Summary

• Like many inland counties, the Madera County labor markets were not as severely impacted by the pandemic as larger and coastal counties of California were.

• Through mid-2021, the following sectors had fully recovered:
  – Construction
  – Wholesale Trade
  – Information
  – Transportation and warehousing
  – State and Federal Government

• Leisure and hospitality will recover this year along with the retail sector, healthcare, and financial activities.

• 2020 did have its bright spots. During the summer, for example, Bass Lake saw record highs for visitors as people from the Central Valley sought a place to go that kept them socially distanced while escaping the confinements of their homes. This had a positive effect on restaurants, boat rentals and other businesses in the area before the fire hit.

• The Creek Fire was a large wildfire which started on September 4, 2020 near Shaver Lake, California. The fire burned 379,895 acres and was declared 100% contained on December 24, 2020. The fire burned mostly in the Sierra National Forest.

Job Growth

• Total employment in Madera County will rebound by 2.8 percent in 2021 on an annual average basis.

• Between 2022 and 2026, job growth will average 1.7 percent.

Construction Employment

• For the construction sector, 2020 also proved to be a good year, and the trend is expected to continue through 2021 and 2022.

• In the City of Madera, a new Veteran's and Family Housing project will commence downtown, along with a new fire station and housing construction.

• Along Highway 41 heading towards eastern Madera County, construction continues at a rapid pace for the Tesoro Viejo and Riverstone communities.

• Meanwhile, Rancho Calera, another master planned community of 2,042 homes is underway in the City of Chowchilla.
Manufacturing Employment

- Madera County has a heavy concentration in food and beverage manufacturing firms, which turn agricultural commodities into finished food products.

- Manufacturing is expected to bounce back to pre-pandemic levels by next year.

- Large employers include Warnock Food Product, Lion Raisins, EVAPCO, and Baltimore Aircoil Company.

- Employment growth in this sector will be limited because technology is largely substituting for human labor resources.

Transportation and Warehousing Employment

- Most transportation jobs in Madera County are in trucking, where firms deliver goods to and from businesses within the county and across California.

- Trucking companies hired more than 100 new workers in 2020 in response to a surge in online shopping and a higher volume of spending on physical goods rather than services (which were heavily restricted by social distancing regulations).

Retail Trade Employment

- Madera County was among the few regions to increase retail jobs in 2020.

- Gains were largest at grocery stores as people bought fewer restaurant meals and spent more time cooking at home.

- Though employment in retail trade is not expected to fade away over the forecast it is also not expected to increase much as consumers further adapt to online purchases of goods.

Financial Activities Employment

- The Madera County financial activities industry is mostly comprised of real estate companies and banks.
The industry maintains existing workforce levels over the forecast. No meaningful growth was observed in any of the subsectors in this industry between 2012 and 2020 which represented an expansive economy with a growing population in the County.

Professional and Business Services Employment

- The professional and business services industry has a diverse array of subsectors, and each was affected differently during 2020.
- The largest losses were staffing agencies, which typically employ temp workers. Temp workers are usually the first to be laid off during a recession and the first hired back during the recovery.
- The professional and business services sector is destined to create a major share of future jobs in Madera County over the next several years.
- Professional services represent many of the technology services companies that provide design and consulting services to high tech product manufacturers both domestically and internationally.

Information Employment

- In Madera County, the information sector is almost entirely comprised of telecommunications companies.
- The largest firm is Sierra Tel, which is headquartered in Oakhurst and accounts for approximately half of all Information jobs in the county.
- The entire telecommunications sector has been replacing jobs with technology, which should lead to consolidation of jobs over the forecast period.

Private Education and Healthcare Employment

- The healthcare sector of the Madera labor market did not experience a net reduction of employment in 2020.
- The fallout in April of 2020 was offset by rehiring workers back in the summer months with additional net employment gains during the 2nd half of 2020.
Leisure and Hospitality Employment

- Leisure and hospitality firms were impacted by restricted business conditions more than any other type of company, but compared to greater California, Madera County employment declined less.

- On an annual average basis, 200 jobs were lost at restaurants and bars, a decline of 9 percent.

- Almost 100 jobs were lost at hotels and motels (15 percent) and several dozen jobs were lost at gyms, fitness centers, and recreation centers.

- Leisure and hospitality employment could rebound sharply in the second half of 2021 due to a surge in dining, drinking, and recreation throughout Madera County.

- Jobs are recovered this year and next, but complete recovery is not forecast until 2023.

Government Employment

- State and local government agencies lost 500 jobs during 2020.

- Federal government agencies added a small number of jobs in 2020, but this was mainly due the Decennial Census, which creates temporary government jobs every 10 years.

- Some state and local government positions will be restored in fiscal 2022 (beginning in July 2021) with the commencement of in-person schools in the Fall of 2021 and with federal grants to cities and counties from the American Rescue Plan that will help to offset fiscal 2021 deficits.

Population Growth

- The Madera County population is expected to expand more quickly that the California average between 2021 and 2026.

- Net migration is expected to be a meaningful contributor to population growth as residents relocate from Coastal California or move to Madera from elsewhere for more the affordable housing.

- An average of 450 to 500 net migrants are expected to move into Madera County each year between 2021 and 2026.

- Madera County has a young population with a high birth rate, and births will also contribute substantially to population growth.

- The population will expand at an annual average rate of 0.9 percent per year from 2021 to 2026. By 2025 the Madera County population will surpass 165,000 residents.
Unemployment and Inflation Rates

- The unemployment rate averaged 10.8 percent in 2020. An unemployment rate below 7.0 percent signifies a fully employed workforce in Madera County.

- The unemployment rate is expected to average 8.4 percent in 2021 and 6.7 percent in 2022.

- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.

- Inflation soared in 2021 and is expected to remain elevated for several years.

- Over the forecast period, there will be a number of factors that will contribute to high inflation. The most prominent will be:
  - Record levels of spending by consumers and government agencies
  - Fractures in the global supply chain that raise the cost of production for many businesses
  - Sharp increases in the cost of housing and energy
  - Labor market recruitment challenges that force companies to raise wages

- Combined, these factors will push inflation to its highest rates in 30 years. Ultimately, it will reduce the purchasing power of households and negatively impact consumer confidence, limiting the growth potential of the economy in 2022.

- However, inflation will begin to decelerate as supply chains and the labor force are restored by the second half of the forecast period, eventually falling below 3 percent.

Home Prices and New Housing Production

- In 2020 the median home price in Madera County was $299,900, an increase of 12 percent from the previous year.


- Homes in Madera County are more affordable than homes across California, especially Coastal California.

- In Madera County, the typical household spends less than 25 percent of its pre-tax income on mortgage payments or rent.

- Along Coastal California the typical household spends more than 35 percent of income on housing costs, and in very expensive markets like San Francisco, housing costs often account for more than 50 percent of income.

- From 2015 to 2020, an average of 500 new homes were started per year in Madera County. Virtually all were single-family homes.

- Housing production is expected to average 1,000 homes per year from 2021 to 2026.

- The largest project in Madera County is Rio Mesa, a massive development near Highway 41 and the Fresno County border.

- The project contains 33,000 homes (18,000 have been approved). It could accommodate up to 120,000 residents, virtually doubling the county’s population.
Several neighborhoods in the project area are under construction, including Tesoro Viejo and Riverstone, but complete buildout is not expected for approximately 30 years.

In addition to 33,000 homes, Rio Mesa will produce new schools, parks, and millions of square feet of commercial space.

The inaugural village at Tesoro Viejo is Hillside Village, an 800 home development including parks and schools.

The entire master planned community has 9 residential villages totaling 5,200 homes and 3 million SF of office, retail, commercial, and light industrial space.

Today, new homes in the Hickory and Ivy neighborhoods are for sale in the $400,000s.

New homes in the Oaks neighborhood sell in the $500,000 to $600,000 range.

In the City of Madera, another 11,000 units are currently in the entitlement pipeline.

Riverstone is a master planned community of 8 districts comprising 6,578 homes and 2.6 million square feet of commercial office and retail space.

The project started in January 2017.

The first district is Lodge, which will contain 860 single family units at build-out.

Two additional housing districts have already been planned and the Town Center District is also selling homes.

Riverstone is expected to become a new city the size of nearby Clovis.
### 2015-2050 Forecast

#### Economic Indicators

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<th>Year</th>
<th>Population (152,972)</th>
<th>Households (4,469)</th>
<th>Net Migration (30,777)</th>
<th>New Homes (20,065)</th>
<th>Registered Vehicles (171,213)</th>
<th>Personal Income (18,943)</th>
<th>Taxable Sales (2,584)</th>
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<th>Real Industrial Production (2,986)</th>
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#### Employment Growth

- **2015-2020 History**:
  - Agriculture: $16.6 billion
  - Construction: $14.1 billion
  - Manufacturing: $13.2 billion
  - Transportation & Utilities: $12.4 billion
  - Wholesale & Retail Trade: $12.0 billion

- **2021-2050 Forecast**:
  - Agriculture: $11.5 billion
  - Construction: $10.7 billion
  - Manufacturing: $11.4 billion
  - Transportation & Utilities: $10.8 billion
  - Wholesale & Retail Trade: $10.5 billion

#### Per Capita Income

- **2015**: $50,340
- **2020**: $46,260
- **2025**: $41,582
- **2030**: $38,761
- **2035**: $35,940
- **2040**: $33,942
- **2045**: $31,730
- **2050**: $29,270

#### Taxable Rate

- **2015**: 7.4%
- **2020**: 7.8%
- **2025**: 8.3%
- **2030**: 8.8%
- **2035**: 9.3%
- **2040**: 9.8%
- **2045**: 10.3%
- **2050**: 10.8%
Madera County Economic Forecast

Socioeconomic Indicators

**Violent Crime Rate**

2019

- Madera County: 530 crimes per 100,000 residents
- Central Valley: 461
- California: 441

**Poverty Rate**

2020

- Madera County: 16.9%
- Central Valley: 15.6%
- California: 9.4%

**Median Household Income**

2020

- Madera County: $59,700
- Central Valley: $59,400
- California: $82,100

**Median Home Selling Price**

2020

- Madera County: $299,900
- Central Valley: $300,600
- California: $659,200

**Average Travel Time to Work**

2020

- Madera County: 32 minutes each way
- Central Valley: 29
- California: 33

**Percent of Population Age 25+ With at Least a 4-Year College Degree**

2020

- Madera County: 14.8%
- Central Valley: 17.4%
- California: 33.9%