

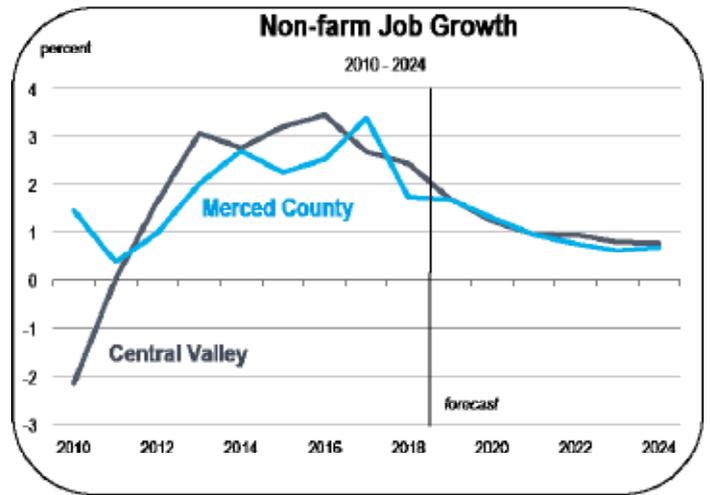
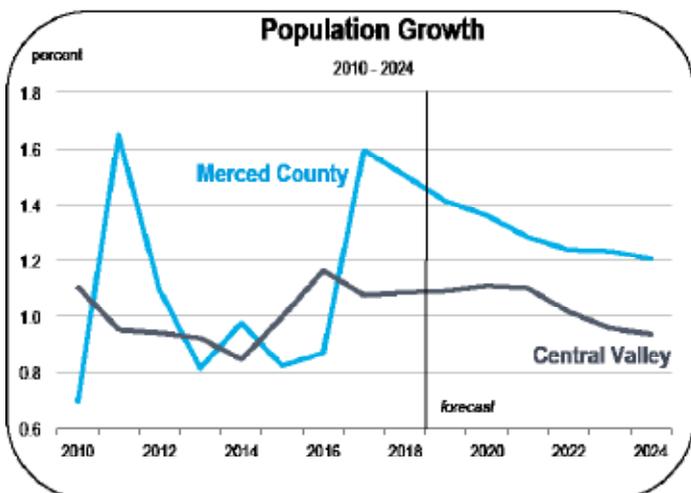
# Merced County Economic Forecast

## Forecast Summary

- 1,200 non-farm jobs will be created in Merced County during 2019.
- Over the entire 2018 – 2024 period, an average of 700 non-farm jobs per year are expected.
- Employment growth will be led by government, which will create 1,900 jobs between 2018 and 2024. Education and healthcare will create 1,400 jobs. Together, these sectors will account for 78 percent of net job creation in Merced County through 2024.
- Between 2018 and 2024, a number of sectors are at risk of employment contraction, including agriculture, construction, manufacturing, transportation and warehousing, retail and wholesale trade, and financial activities.
- The unemployment rate averaged 8.3 percent in 2018 and is near its lowest sustainable level.
- The population of Merced County is expanding faster than the average for the Central Valley and will continue to do so.
- Housing production has accelerated, but during the 2018 – 2024 forecast period, housing production is not expected to keep pace with population growth.

## Job Growth

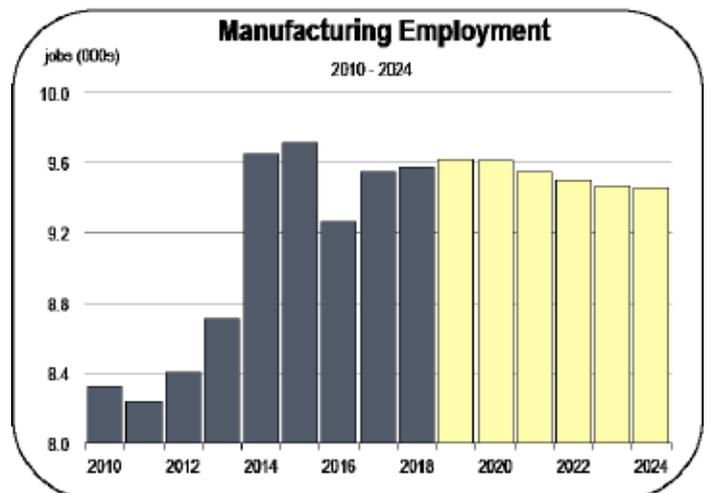
- Approximately 1,200 non-farm jobs were created in Merced County in 2018.
- The largest gains in 2018 were observed in transportation and warehousing (+300 jobs), government (+300 jobs), professional business services (+200 jobs), and construction (+200 jobs).
- Employment contraction was observed in agriculture in 2018.



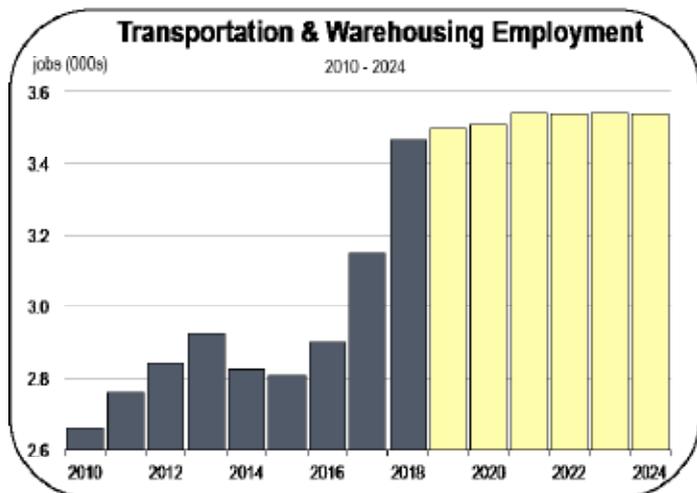
- Between 2012 and 2018, non-farm job growth averaged 2.4 percent per year. Between 2018 and 2024, growth is expected to average 1.0 percent per year.
- Job growth in the agriculture sector averaged 2.0 percent per year between 2012 and 2018. Between 2018 and 2024, no meaningful job growth is expected in agriculture.

## Manufacturing Employment

- The manufacturing sector is among the top employers in Merced County, accounting for 12 percent of the total job market.
- Merced County’s manufacturing firms are primarily in the food manufacturing business, turning agricultural commodities into finished products ready for consumption.
- In 2016, several food manufacturing plants went out of business, eliminating more than 400 jobs. Since 2016, the food manufacturing sector has begun to expand again.



# Merced County Economic Forecast



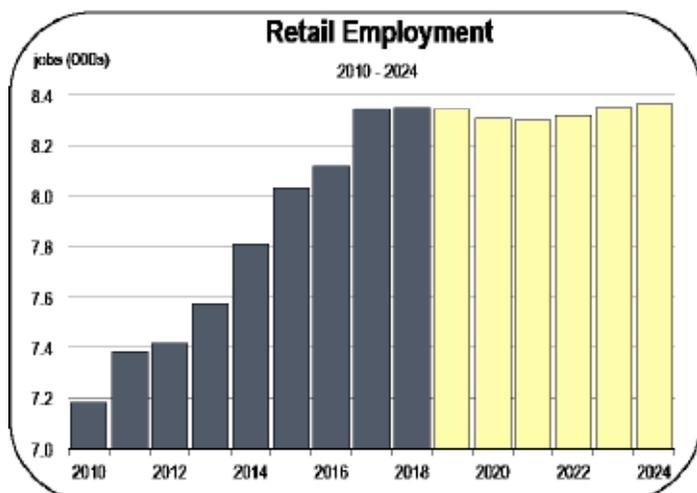
- Manufacturing job growth is expected to be very slow between 2018 and 2024, and may contract, particularly if the economy falls into recession.

## Transportation and Warehousing Employment

- This sector is very small in Merced County, employing only 3,500 workers in 2018, but has grown very rapidly.
- Over the last two years, transportation and warehousing firms have created approximately 600 jobs.
- The Central Valley, including Merced County, is becoming a hub for transportation and warehousing activity, due primarily to affordable land prices and proximity to major freeways.

## Retail Trade Employment

- Employment in the Merced County retail sector grew very slowly in 2018 but may begin to contract in 2019 and 2020.
- The retail industry is being divided into two groups: stores that face heavy online competition, and stores that don't.



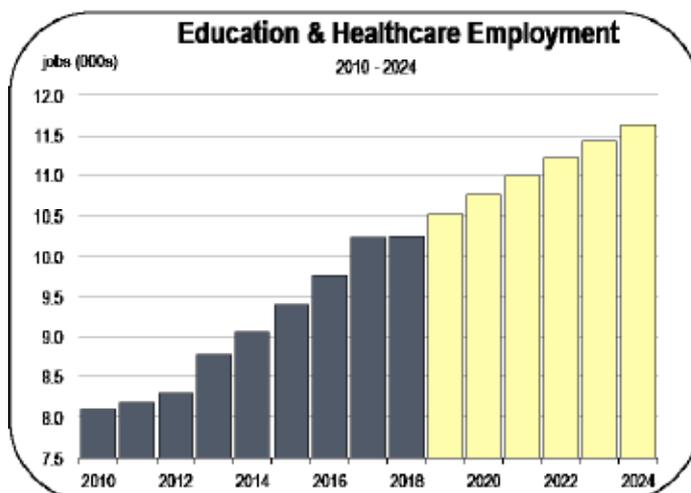
- In 2019 and 2020, jobs are expected to be created in sectors not facing heavy online competition:
  - Car dealerships
  - Drug stores and healthcare stores
  - Grocery stores
  - Gas Stations
- Job losses are expected in sectors that are facing heavy online competition:
  - Clothing stores
  - Sporting goods stores
  - Consumer electronics stores
  - Department stores (i.e. Macy's)
  - Office supply stores

## Private Education and Healthcare Employment

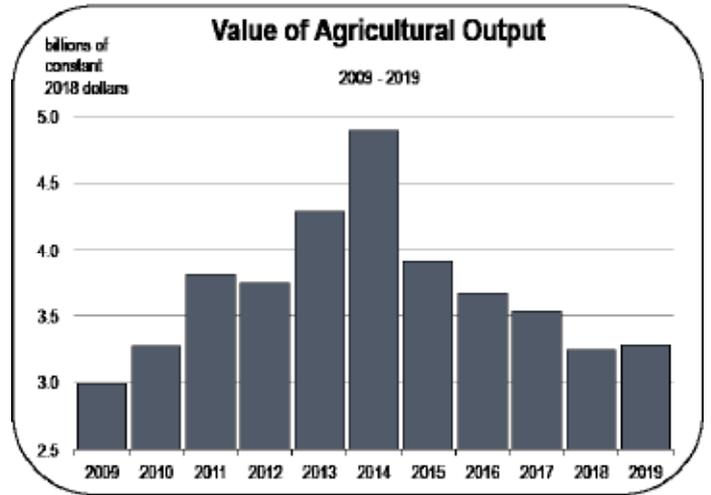
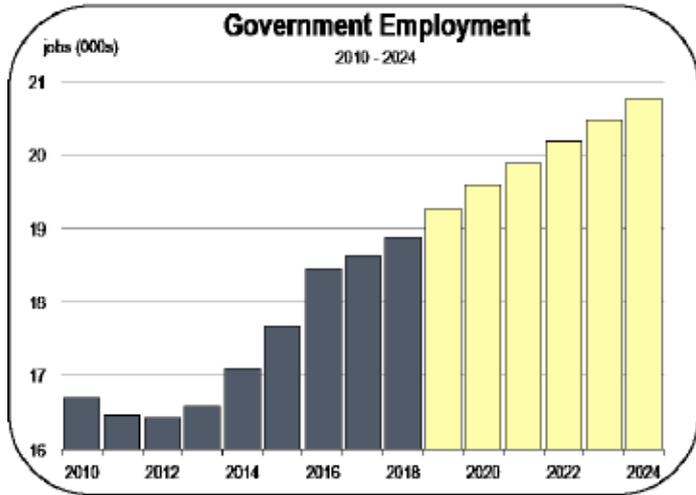
- This industry has grown quickly for much of the last decade, but only created a small number of jobs in 2018.
- Since 2010, gains have been widespread, with strength in doctors' offices, home health services, outpatient care centers, and facilities that serve the elderly and people with disabilities.
- The private education industry lost a small number of jobs in 2018 (public schools are included in the government sector).
- The future of the U.S. health insurance landscape is unknown, and legislative changes could influence job growth in this sector.

## Government Employment

- Government agencies in Merced County created approximately 300 jobs in 2018.
- Half of these new jobs were created in local public schools. Some of the remaining jobs were created at UC Merced and the local community colleges.



# Merced County Economic Forecast



- UC Merced is the fastest growing university in the U.S. It had approximately 8,500 students in 2018, a sizeable increase from the 7,300 students that were enrolled in 2016.
- Future gains in government employment will depend on population growth, student enrollment, and the conditions of state and local budgets.

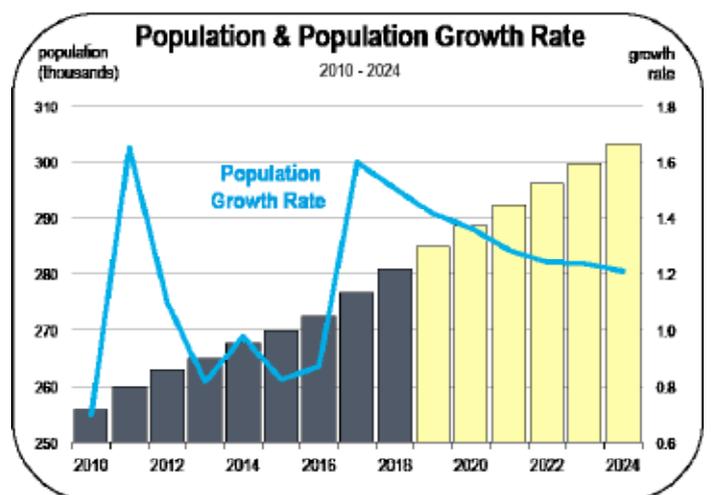
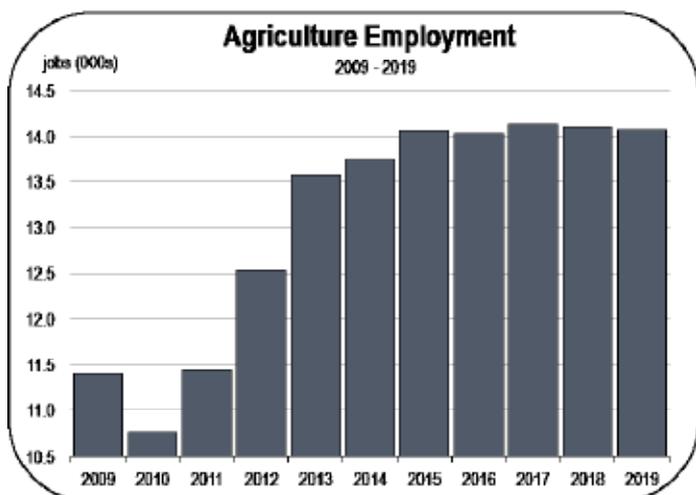
- The top commodities in the county are:
  - Milk (\$900 million produced annually)
  - Almonds (\$400 million)
  - Chickens (\$300 million)
  - Cattle and calves (200 million)
  - Sweet Potatoes (\$200 million)
  - Tomatoes (\$100 million)

## Agriculture

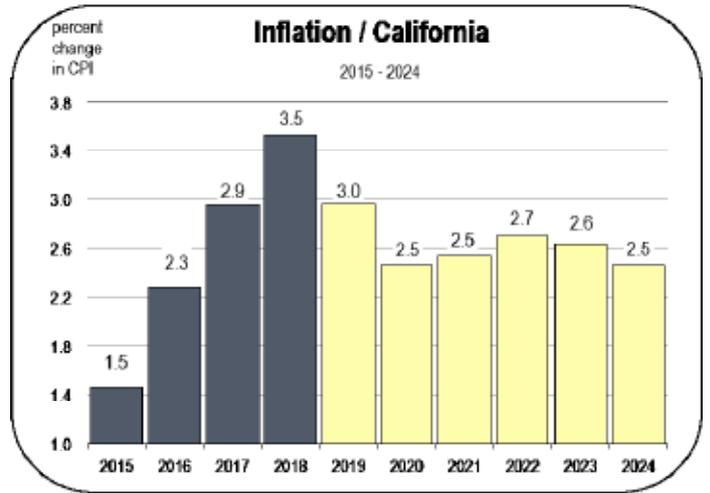
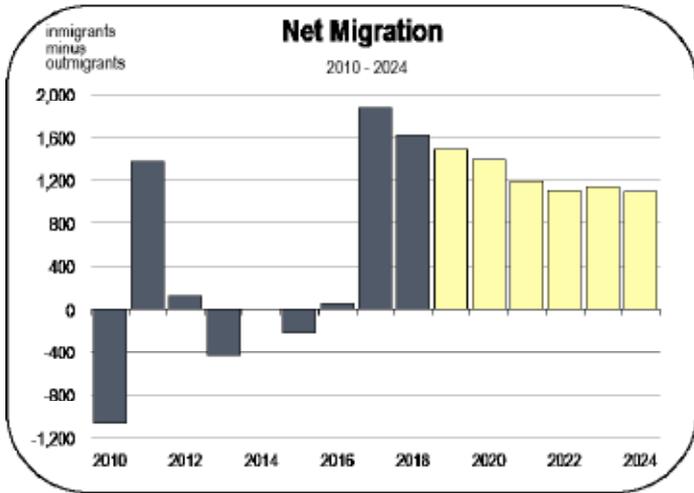
- Agriculture plays a big role in the Merced County economy.
- The agriculture sector employs approximately 14,100 workers, representing 17 percent of the countywide jobs market.
- Merced County produces more than \$3 billion in agricultural commodities annually, placing it among the top farm counties in California.

## Population Growth

- The Merced County population expanded by 1.8 percent in 2018, placing it among the fastest growing counties of the state.
- Net migration was prominent, adding more than 1,600 residents to the population. Some of the in-migrants were students who enrolled at UC Merced.
- Population growth averaged 1.1 percent per year between 2012 and 2018.



# Merced County Economic Forecast



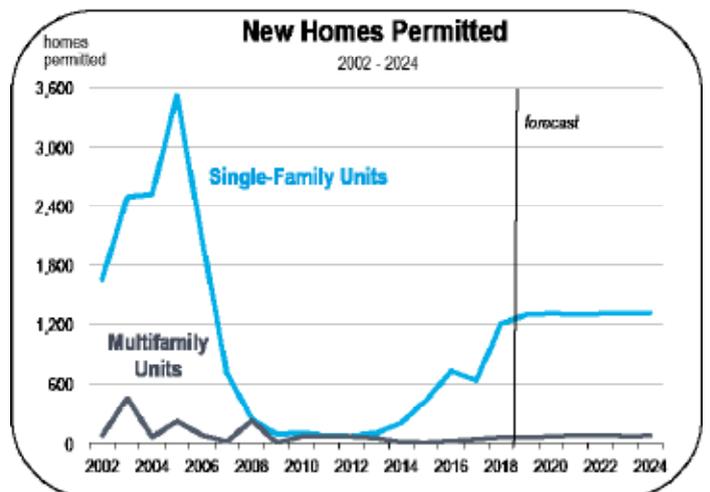
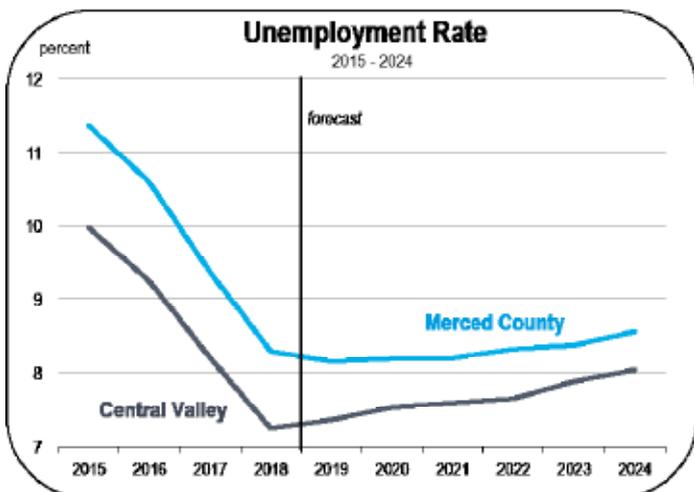
- Population growth is expected to average 1.3 percent per year between 2018 and 2024.
- The countywide population will surpass 300,000 residents by 2024.

## Unemployment and Inflation Rates

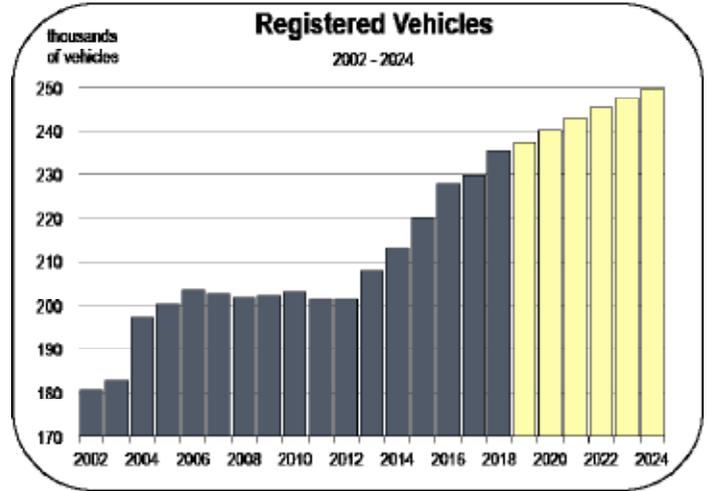
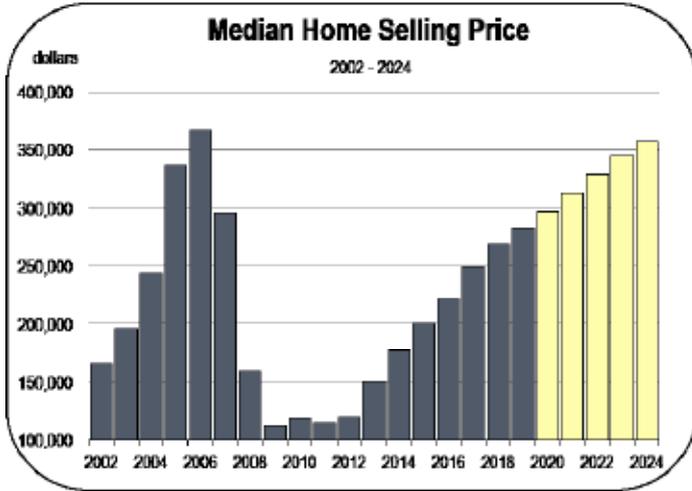
- The unemployment rate in Merced County was 8.3 percent in 2018, which is above the average for the Central Valley.
- The unemployment rate has reached its lowest sustainable level and may begin to rise during the 2018 – 2024 forecast period.
- Inflation accelerated in 2018 as home prices and energy costs increased across California.
- In 2019 and 2020, inflation is expected to be within a range of 2.0 percent and 3.5 percent.

## Home Prices and New Housing Production

- From 2013 to 2018, construction commenced on an average of 580 new homes each year.
- Between 2019 and 2024, housing production is expected to average 1,400 units per year. Most are expected to be single-family units.
- The median home selling price in Merced County is approximately \$280,000, making homes in Merced County much more affordable than other parts of California.
- In Merced County, the typical household spends less than 25 percent of its income on housing costs. In contrast, households in coastal California counties typically spend more than 35 percent of their income on mortgage payments or rent, and a large portion spends more than 50 percent of income on housing costs.



# Merced County Economic Forecast



## Income per Capita

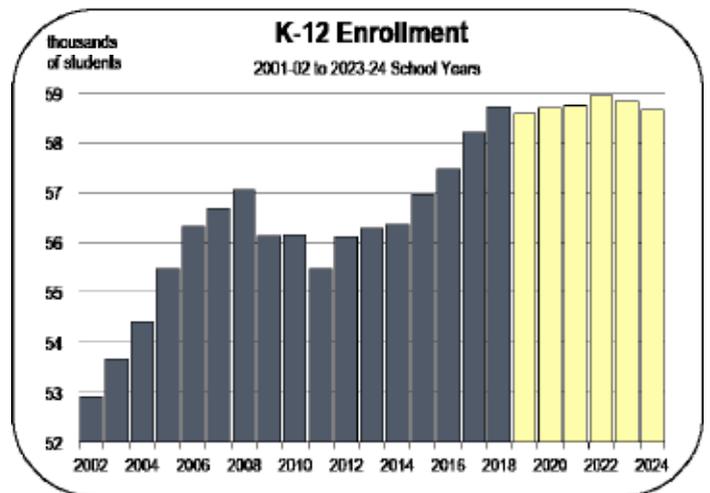
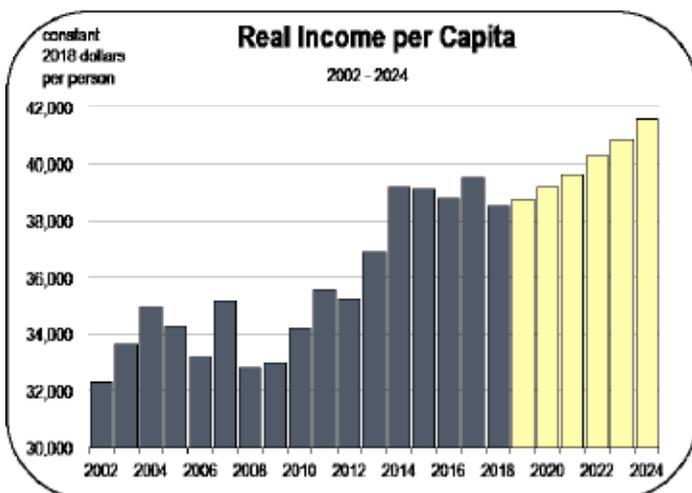
- Income per capita was \$38,600 in 2018, which is below the Central Valley average of \$42,100.
- Over the last six years, real income per capita has risen at a rate of 1.5 percent per year.
- Over the next six years, real income per capita is expected to increase by an average of 1.3 percent per year.

## Public School Enrollment

- In Merced County, approximately 58,700 students were enrolled in K-12 public schools.
- By 2024, the number of enrolled students is expected to remain near 58,700. Enrollment will not increase because the population aged 5 to 17 is not expected to increase.

## Registered Vehicles

- There were 235,300 registered vehicles in Merced County in 2018. By 2024, it is expected that the county will have 249,700 registered vehicles.



# Merced County Economic Forecast

## Economic Indicators

## 2015-2018 History, 2019-2050 Forecast

	Population (people)	House- holds (thousands)	Average Household Income (dollars)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (billions)	Taxable Retail Sales (billions)	Local Sales Tax (millions)	Real Industrial Production (billions)	Real per Capita Income (dollars)	School Enrollment (thousands)	Births (people)	Deaths (people)
2015	269,917	79.0	\$122,852	437	220	\$9.7	\$1.9	\$33	\$3.1	\$39,123	57.0	4,104	1,699
2016	272,268	79.7	\$124,236	749	228	\$9.9	\$1.9	\$34	\$3.1	\$38,806	57.5	4,117	1,850
2017	276,611	79.9	\$131,721	670	230	\$10.5	\$2.1	\$36	\$3.2	\$39,512	58.2	4,202	1,865
2018	280,772	80.0	\$135,220	1,262	235	\$10.8	\$2.1	\$38	\$3.2	\$38,551	58.7	4,325	1,845
2019	284,738	80.6	\$140,871	1,346	237	\$11.4	\$2.2	\$39	\$3.2	\$38,800	58.6	4,345	1,865
2020	288,615	81.3	\$146,881	1,372	240	\$11.9	\$2.3	\$40	\$3.3	\$39,212	58.7	4,391	1,902
2021	292,323	82.2	\$152,895	1,375	243	\$12.6	\$2.3	\$41	\$3.3	\$39,615	58.7	4,449	1,934
2022	295,948	83.1	\$159,946	1,379	245	\$13.3	\$2.4	\$42	\$3.4	\$40,297	59.0	4,494	1,976
2023	299,602	84.2	\$166,506	1,375	247	\$14.0	\$2.5	\$44	\$3.4	\$40,856	58.8	4,538	2,018
2024	303,220	85.3	\$173,522	1,387	250	\$14.8	\$2.6	\$45	\$3.5	\$41,571	58.7	4,578	2,056
2025	306,765	86.5	\$180,194	1,368	252	\$15.6	\$2.6	\$46	\$3.6	\$42,231	58.4	4,616	2,096
2026	310,353	87.7	\$186,532	1,297	255	\$16.4	\$2.7	\$47	\$3.7	\$42,805	58.4	4,655	2,132
2027	313,948	88.9	\$192,852	1,318	257	\$17.1	\$2.8	\$48	\$3.8	\$43,370	58.5	4,693	2,169
2028	317,472	90.1	\$199,066	1,336	259	\$17.9	\$2.8	\$50	\$3.8	\$43,867	58.8	4,729	2,207
2029	320,899	91.4	\$204,434	1,319	262	\$18.7	\$2.9	\$51	\$3.9	\$44,122	59.2	4,767	2,244
2030	324,300	92.6	\$209,770	1,281	264	\$19.4	\$3.0	\$52	\$3.9	\$44,388	59.5	4,804	2,284
2031	327,692	93.9	\$215,127	1,238	267	\$20.2	\$3.0	\$53	\$4.0	\$44,670	60.0	4,850	2,322
2032	331,186	95.1	\$220,398	1,180	270	\$21.0	\$3.1	\$55	\$4.0	\$44,798	60.6	4,901	2,361
2033	334,674	96.3	\$226,042	1,138	273	\$21.8	\$3.2	\$56	\$4.1	\$45,133	61.2	4,944	2,397
2034	338,166	97.5	\$232,030	1,117	275	\$22.6	\$3.3	\$57	\$4.2	\$45,409	61.9	4,985	2,430
2035	341,736	98.6	\$238,377	1,105	278	\$23.5	\$3.3	\$58	\$4.2	\$45,656	62.4	5,018	2,465
2036	345,089	99.7	\$245,039	1,114	280	\$24.4	\$3.4	\$60	\$4.2	\$45,774	63.4	5,043	2,496
2037	348,407	100.8	\$251,999	1,103	283	\$25.4	\$3.5	\$62	\$4.3	\$45,865	64.1	5,062	2,528
2038	351,692	101.9	\$259,177	1,095	285	\$26.4	\$3.6	\$63	\$4.3	\$46,041	65.0	5,077	2,557
2039	354,944	103.0	\$266,667	1,090	288	\$27.5	\$3.7	\$65	\$4.4	\$46,148	65.8	5,091	2,584
2040	358,158	104.1	\$274,413	1,084	290	\$28.6	\$3.8	\$67	\$4.4	\$46,302	66.7	5,104	2,609
2041	361,348	105.1	\$281,866	1,075	293	\$29.6	\$3.9	\$69	\$4.4	\$46,460	67.5	5,109	2,629
2042	364,525	106.2	\$289,394	1,046	295	\$30.7	\$4.0	\$71	\$4.5	\$46,640	68.2	5,127	2,647
2043	367,672	107.2	\$297,010	1,040	298	\$31.9	\$4.1	\$72	\$4.5	\$46,845	68.8	5,138	2,665
2044	370,796	108.3	\$304,642	1,036	300	\$33.0	\$4.2	\$74	\$4.6	\$47,111	69.5	5,148	2,683
2045	373,881	109.3	\$312,514	1,027	302	\$34.2	\$4.3	\$76	\$4.6	\$47,293	70.0	5,156	2,703
2046	376,941	110.3	\$320,439	1,022	304	\$35.3	\$4.4	\$77	\$4.7	\$47,498	70.4	5,164	2,720
2047	379,980	111.3	\$328,463	1,011	306	\$36.6	\$4.5	\$79	\$4.7	\$47,687	70.9	5,176	2,734
2048	382,994	112.3	\$336,775	1,012	308	\$37.8	\$4.6	\$81	\$4.8	\$47,888	71.5	5,188	2,747
2049	386,000	113.3	\$345,353	1,007	310	\$39.1	\$4.7	\$83	\$4.8	\$48,095	71.7	5,202	2,759
2050	388,980	114.3	\$354,200	999	313	\$40.5	\$4.8	\$85	\$4.8	\$48,310	72.2	5,214	2,771

## Employment Sectors

## 2015-2018 History, 2019-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade (thousands of jobs)	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
2015	77.5	14.1	1.9	9.7	2.8	9.4	1.6	3.8	0.3	9.4	5.4	17.7
2016	79.1	14.0	2.2	9.3	2.9	9.7	1.8	3.7	0.3	9.8	5.5	18.5
2017	81.4	14.1	2.4	9.6	3.2	10.0	1.8	4.1	0.3	10.2	5.6	18.6
2018	82.5	14.1	2.5	9.6	3.5	10.1	1.8	4.3	0.3	10.3	5.8	18.9
2019	83.6	14.1	2.7	9.6	3.5	10.1	1.8	4.4	0.3	10.5	5.8	19.3
2020	84.5	14.1	2.9	9.6	3.5	10.0	1.8	4.5	0.3	10.8	5.9	19.6
2021	85.2	14.1	2.9	9.5	3.5	10.0	1.8	4.6	0.3	11.0	5.9	19.9
2022	85.7	14.1	2.9	9.5	3.5	10.0	1.8	4.7	0.3	11.2	5.9	20.2
2023	86.2	14.1	2.8	9.5	3.5	10.1	1.8	4.7	0.3	11.4	6.0	20.5
2024	86.7	14.1	2.7	9.5	3.5	10.1	1.8	4.7	0.3	11.6	6.0	20.8
2025	87.1	14.1	2.6	9.5	3.5	10.1	1.8	4.8	0.4	11.8	6.0	21.1
2026	87.7	14.1	2.6	9.5	3.5	10.1	1.8	4.8	0.4	12.0	6.0	21.3
2027	88.3	14.1	2.6	9.5	3.5	10.1	1.8	4.8	0.4	12.2	6.1	21.6
2028	88.9	14.1	2.6	9.5	3.5	10.1	1.8	4.9	0.4	12.4	6.1	21.9
2029	89.4	14.1	2.6	9.5	3.5	10.2	1.8	4.9	0.4	12.5	6.1	22.2
2030	89.9	14.1	2.5	9.6	3.5	10.2	1.8	4.9	0.4	12.7	6.2	22.4
2031	90.4	14.1	2.5	9.6	3.5	10.2	1.8	4.9	0.4	12.8	6.2	22.7
2032	90.9	14.1	2.5	9.6	3.5	10.2	1.8	5.0	0.4	13.0	6.2	23.0
2033	91.4	14.2	2.4	9.6	3.5	10.2	1.8	5.0	0.4	13.2	6.3	23.2
2034	91.9	14.2	2.4	9.6	3.5	10.3	1.9	5.1	0.4	13.3	6.3	23.5
2035	92.5	14.2	2.4	9.6	3.6	10.3	1.9	5.1	0.4	13.4	6.3	23.7
2036	93.0	14.2	2.4	9.6	3.6	10.3	1.9	5.1	0.4	13.6	6.3	24.0
2037	93.5	14.2	2.4	9.7	3.6	10.3	1.9	5.2	0.4	13.7	6.4	24.3
2038	94.0	14.2	2.4	9.7	3.6	10.3	1.9	5.2	0.4	13.9	6.4	24.5
2039	94.5	14.2	2.4	9.7	3.6	10.3	1.9	5.2	0.5	14.0	6.4	24.8
2040	95.0	14.2	2.4	9.7	3.6	10.4	1.9	5.3	0.5	14.1	6.5	25.0
2041	95.5	14.2	2.4	9.7	3.6	10.4	1.9	5.3	0.5	14.3	6.5	25.2
2042	95.9	14.2	2.4	9.7	3.6	10.4	1.9	5.3	0.5	14.4	6.5	25.5
2043	96.4	14.2	2.4	9.7	3.6	10.4	1.9	5.4	0.5	14.5	6.6	25.7
2044	96.9	14.2	2.4	9.7	3.6	10.4	1.9	5.4	0.5	14.6	6.6	26.0
2045	97.4	14.2	2.4	9.8	3.6	10.5	1.9	5.4	0.5	14.7	6.6	26.2
2046	97.9	14.2	2.4	9.8	3.6	10.5	1.9	5.5	0.5	14.9	6.6	26.4
2047	98.3	14.3	2.4	9.8	3.6	10.5	1.9	5.5	0.5	15.0	6.7	26.7
2048	98.8	14.3	2.4	9.8	3.6	10.5	1.9	5.5	0.5	15.1	6.7	26.9
2049	99.3	14.3	2.4	9.8	3.6	10.5	1.9	5.6	0.5	15.2	6.7	27.1
2050	99.7	14.3	2.4	9.8	3.6	10.6	1.9	5.6	0.5	15.3	6.8	27.4

# Merced County Economic Forecast

## Socioeconomic Indicators

