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

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.
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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.

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.

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.

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.
## Merced County Economic Forecast

### Economic Indicators

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Household Income (dollars)</th>
<th>Taxable Local Real Property Income (billions)</th>
<th>Local Sales Tax (billions)</th>
<th>Real Per Capita Income (dollars)</th>
<th>School Enrollment (thousands)</th>
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<th>Professional Services</th>
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### 2015-2018 History, 2019-2050 Forecast

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<tr>
<th>Year</th>
<th>Population (thousands)</th>
<th>Income Permitted (thousands)</th>
<th>New Homes Approved (thousands)</th>
<th>Registered Vehicles (thousands)</th>
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<th>Taxable Retail Sales (billions)</th>
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**2019 COUNTY-LEVEL ECONOMIC FORECAST**
Merced County Economic Forecast

Socioeconomic Indicators

**Violent Crime Rate 2017**
- Merced County: 554
- Central Valley: 468
- California: 449

**Poverty Rate 2018**
- Merced County: 18.9%
- Central Valley: 17.8%
- California: 11.1%

**Median Household Income 2018**
- Merced County: $51,100
- Central Valley: $55,300
- California: $74,600

**Median Home Selling Price 2018**
- Merced County: $269,000
- Central Valley: $273,300
- California: $571,200

**Average Travel Time to Work 2016**
- Merced County: 28 minutes
- Central Valley: 27 minutes
- California: 32 minutes

**Percent of Population Age 25+ With at Least a 4-Year College Degree 2016**
- Merced County: 13.7%
- Central Valley: 16.6%
- California: 32.6%