

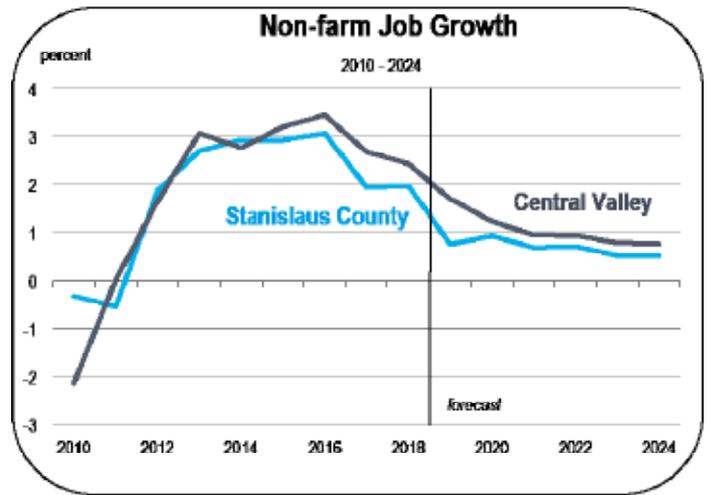
Stanislaus County Economic Forecast

Forecast Summary

- 1,400 non-farm jobs will be created in Stanislaus County during 2019. Over the following five years, an average of 1,200 new jobs are expected.
- Employment growth will be widespread, but will be led by professional services, leisure services, healthcare, and government. These sectors will account for 84 percent of net job creation during the forecast period.
- The unemployment rate has reached its lowest sustainable level, and no further improvement is expected.
- The unemployment rate averaged 6.4 percent in 2018, and is forecast to begin rising in 2020.
- The population is expanding at the same rate as the broader state, and will continue to do so.
- Housing production has increased in recent years, but is not keeping pace with population growth.
- Over the forecast period, virtually all new units will be single-family homes.

Job Growth

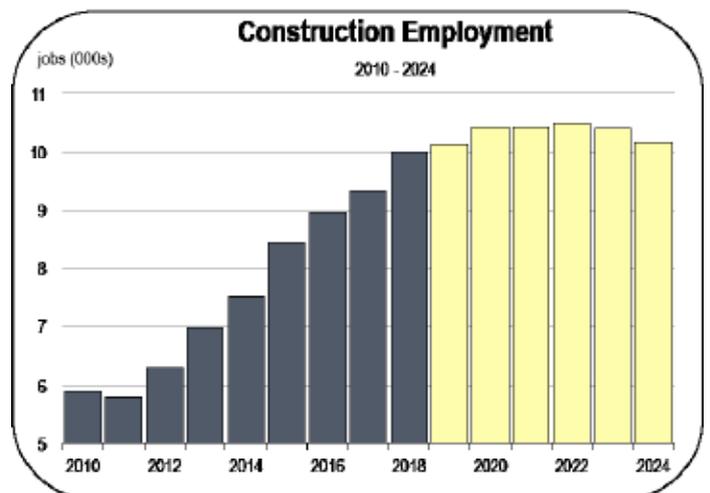
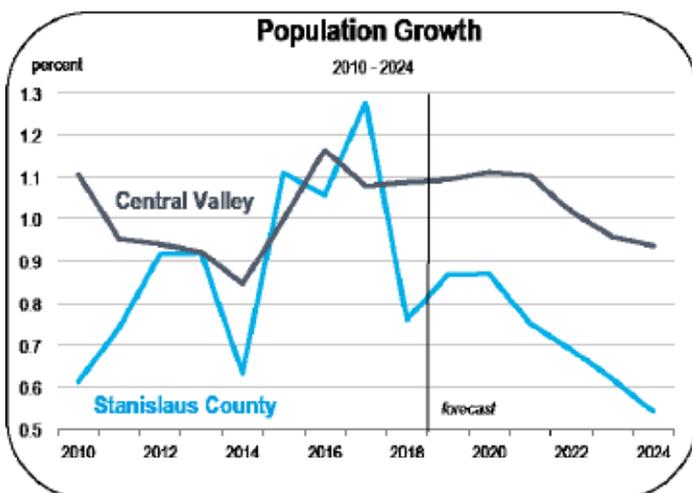
- The expected slowdown in job creation is underway, and fewer jobs will be created over the next 6 years than during the previous 6 years.
- The leading industries in 2018 were healthcare and government, which accounted for two thirds of net job creation during the year.



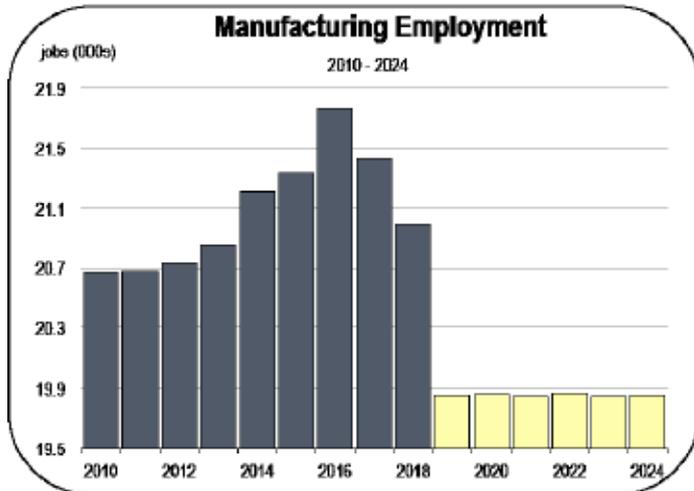
- Between 2012 and 2018, non-farm employment increased by 2.6 percent per year.
- Between 2018 and 2024, growth is forecast to average 0.7 percent per year.
- Approximately 1,400 non-farm jobs will be created during 2019.
- Through 2024, an average of 1,200 new non-farm wage and salary jobs are expected per year.

Construction Employment

- Due to an acceleration in housing production and non-residential investment activity, construction employment is increasing at a rapid rate.
- Almost 700 homes were built across the county in 2018, and a substantial number of retail, logistics, office, and hotel buildings were under construction.



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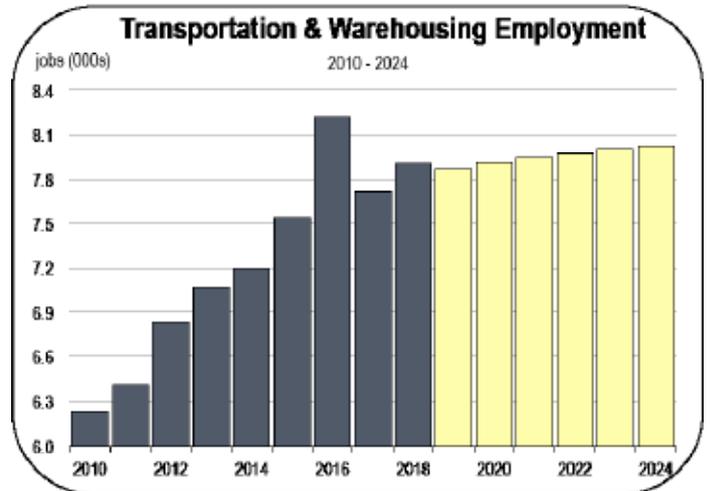
- 400 additional jobs will be created by 2020.
- Beginning in 2021 or 2022, job creation could become much slower. We are nearing the end of the building cycle, and the risk of recession will increase over the next few years.

Manufacturing Employment

- The manufacturing industry lost 400 net jobs in 2018.
- Most losses were at a single company – Seneca Foods Corporation – which laid off 1,975 workers. The company ceased operations for its canned fruit business due to increased competition from overseas suppliers, and due to lower volumes of fruit production from local farms.
- Another manufacturing firm laid off 400 workers at the end of the year, but expects to reinstate most of these jobs in 2019.
- Manufacturing employment is expected to decline by more than 1,000 jobs in 2019.

Transportation and Warehousing Employment

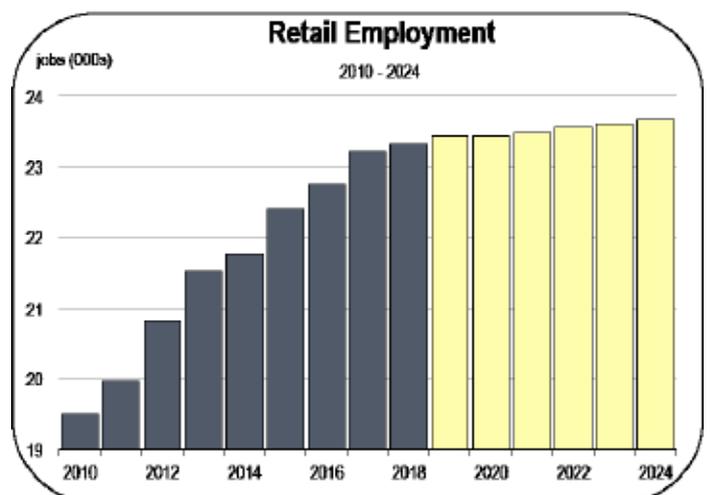
- Stanislaus County has a prominent logistics industry, which includes fulfillment centers for Amazon, Restoration Hardware, and others.
- The industry generated a small number of jobs last year.
- Growth may be slow over the next few years.



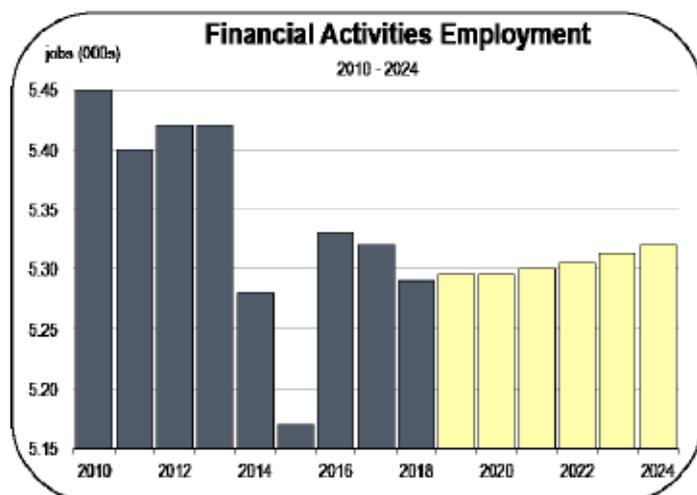
- But over the long term, a new 10 million square foot industrial park will be built at the former Crows Landing NASA site, allowing more firms to establish logistics facilities in Stanislaus County.

Retail Trade Employment

- Retail employment growth was slow in 2018, as the industry generated only 100 new jobs.
- Growth was observed in sectors that are not yet facing heavy online competition:
 - Grocery Stores
 - Drug stores and healthcare stores
 - Car dealers
 - Gas stations



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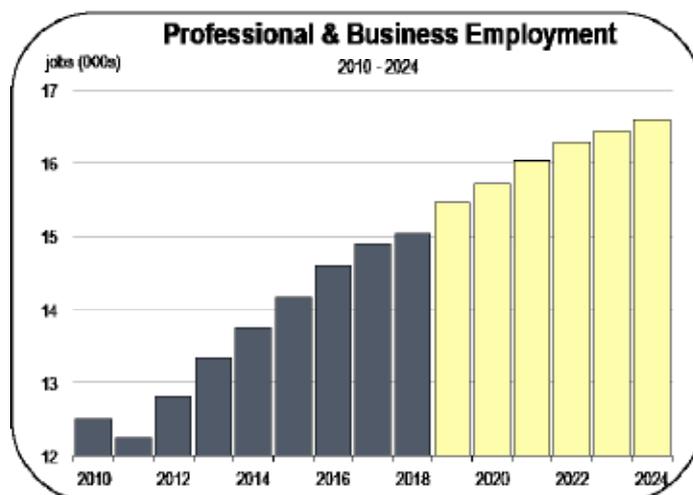
- Losses were observed in sectors that are threatened by online competitors:
 - Clothing stores
 - Department stores (i.e. Macy's)
 - Sporting goods stores
 - Office supply stores
 - Hardware stores
- A number of large stores closed in 2018:
 - Sears
 - Kmart
 - Orchard Supply Co.
- This industry is in danger of losing jobs in 2020 or 2021, particularly if the economy falls into recession.

Financial Activities Employment

- Employment levels in this sector have been stagnant since 2016.
- Banks and insurance companies are losing jobs. These industries are transitioning to online services, and fewer customers are visiting their local branches.
- Real estate companies are still expanding to accommodate a surge in construction activity.

Professional and Business Services Employment

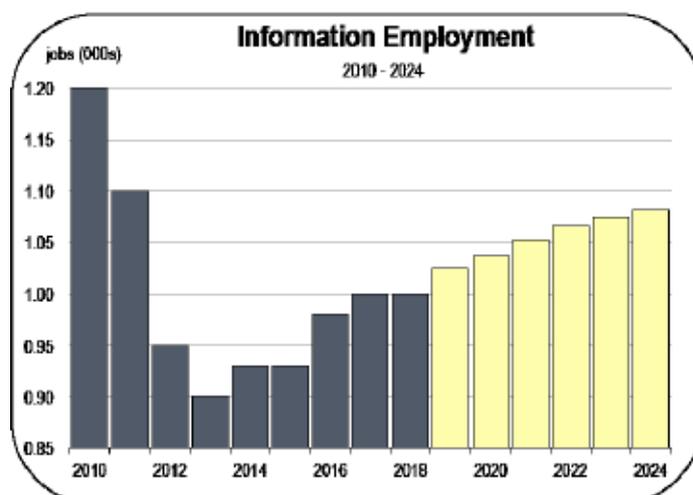
- This industry has experienced strong growth since 2012, but only 100 jobs were generated last year.
- The industry is partly comprised of high-skill jobs in law, accounting, consulting, and engineering. It also has a high percentage of business support workers, who generally perform administrative tasks or manual labor.



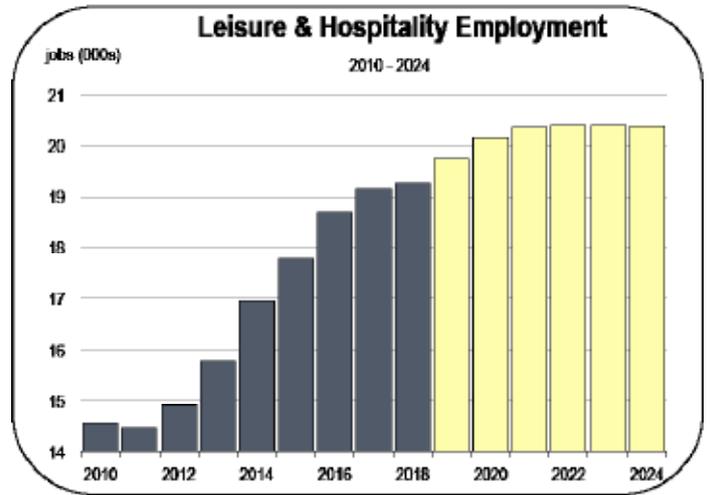
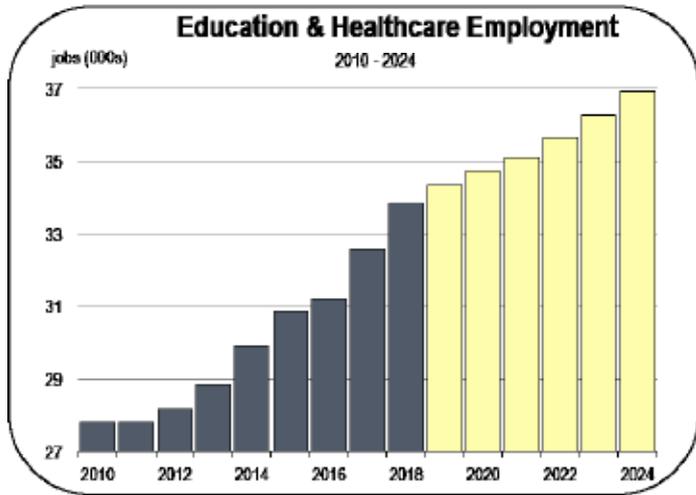
- Growth will outpace the broader labor market through 2024 as demand strengthens for high-value business services, and as local firms increasingly outsource their business support functions.

Information Employment

- The information industry is in expansion mode, but took a brief pause in 2018.
- In Stanislaus County, this sector is partially comprised of telecommunications companies and newspaper publishers. Both of these sectors are in long-term patterns of stagnation.
- The industry also contains software firms and movie theaters. Both of these sectors had been expanding quickly between 2013 and 2017, but generated only a few dozen jobs in 2018.
- Growth will be positive over the forecast period, largely the result of expansion at software firms.



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Private Education and Healthcare Employment

- The healthcare industry continues to be a leading employment sector for Stanislaus County.
- Gains have been widespread, with strong growth in doctors’ offices, outpatient care centers, nursing care facilities, home health companies, and organizations that provide services to people with disabilities.
- Private schools gained a small number of jobs in 2018 (public schools are included in the government sector).
- Healthcare organizations will continue to expand, but the future of the U.S. health insurance landscape is unknown, and legislative changes could influence job growth in health services.

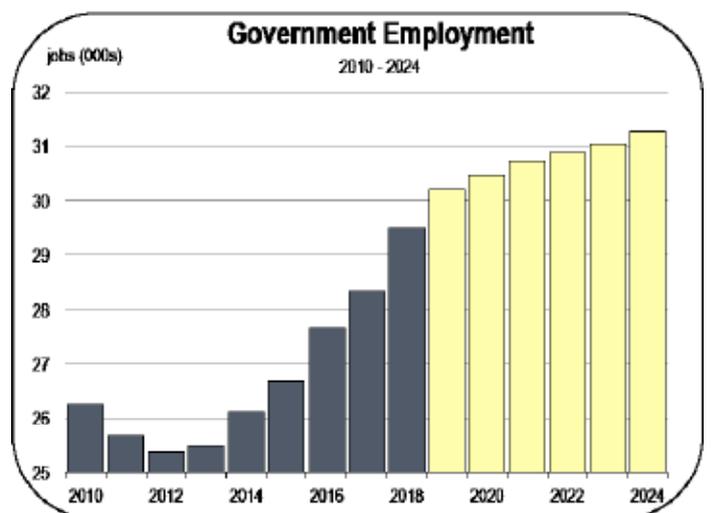
- The median wage in Stanislaus County is \$17.50 per hour, meaning that half of all workers earn less than this amount. It may be difficult for local companies to support a minimum wage of \$15.

Government Employment

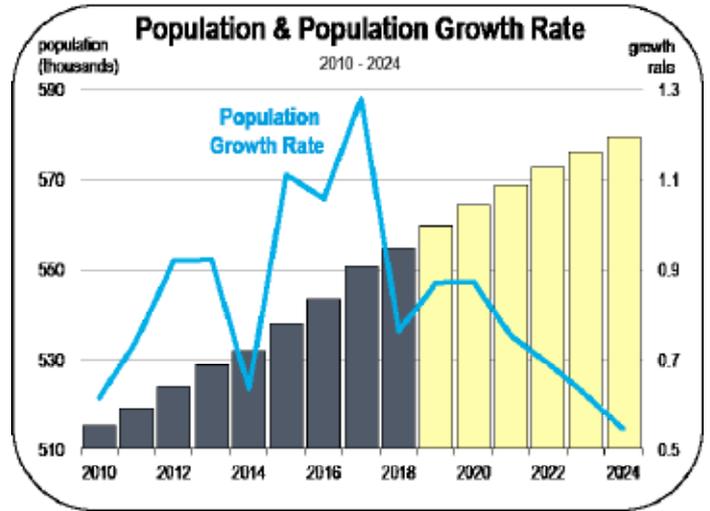
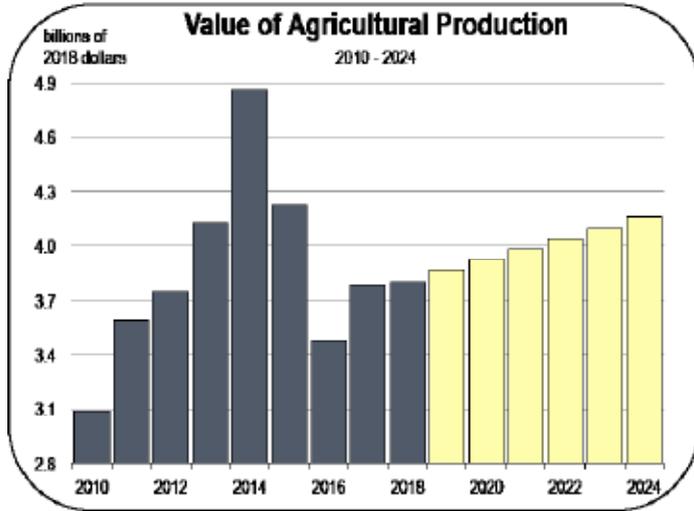
- Government jobs increased substantially in 2018.
- Most of these job gains were observed in local schools, but municipal agencies also expanded their employee headcounts.
- Future employment trends will be influenced by population growth, as well as state and local budgetary conditions.

Leisure and Hospitality Employment

- Stanislaus County gained 200 new restaurant jobs last year.
- All of these new jobs were created in the takeout and fast casual market segment, as 22 new establishments opened in this category.
- A small number of jobs were also created at hotels.
- Job growth will continue to be strong in 2019 and 2020, primarily due to expansion at restaurants.
- The leisure industry is sensitive to changes in the minimum wage. As California’s minimum wage rises to \$15 per hour by 2022, job growth could be impacted.



Stanislaus County Economic Forecast

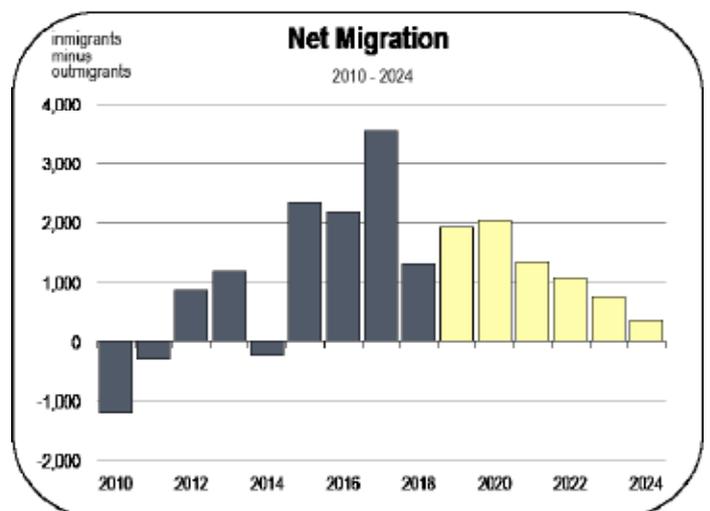
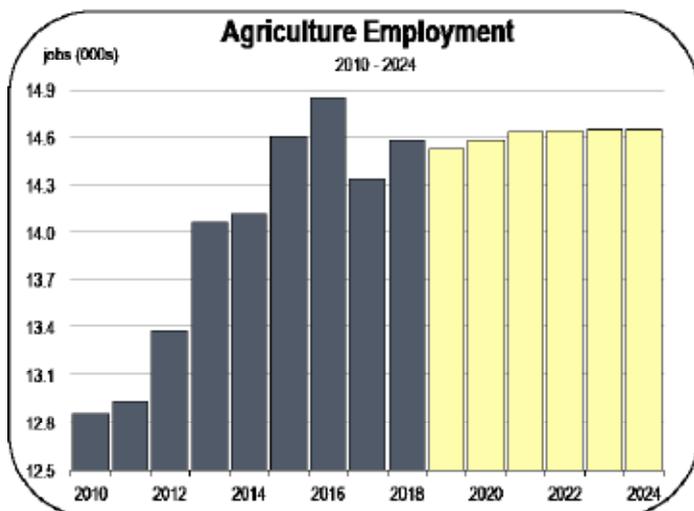


Agriculture

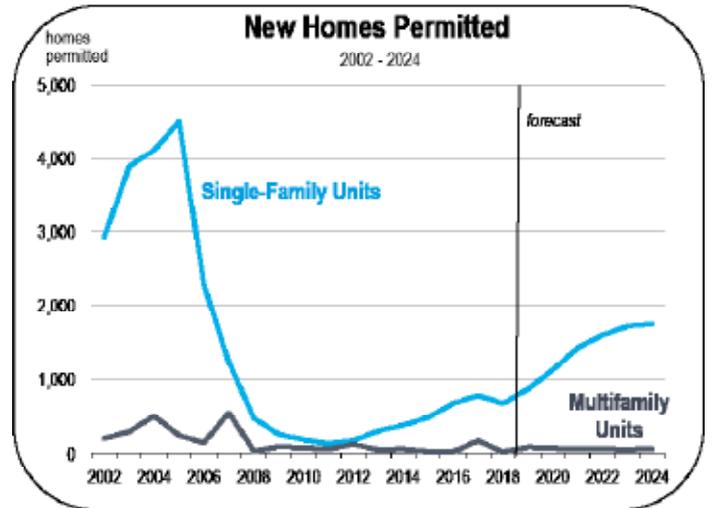
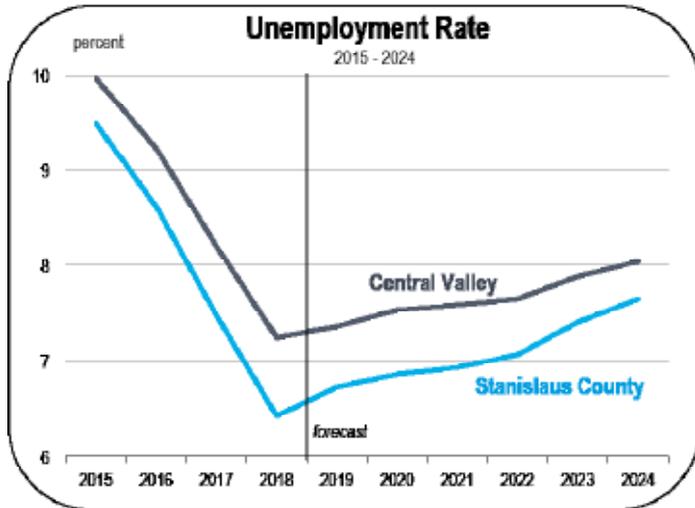
- Agricultural output has declined by more than \$1 billion since 2014 (adjusted for inflation).
- Most of the decline has occurred among Stanislaus County’s major commodities, including drops of \$390 million in milk production, \$350 million in almond output, and \$160 million in cattle value.
- Employment nevertheless increased by 300 jobs in 2018, and is now at an all time record level in 2019.

Population Growth

- Population decelerated in 2018, and the county is now growing at the same rate as the statewide average.
- Approximately 1,300 net migrants entered the county in 2018.
- An average of 1,200 net migrants will enter the county annually through 2024.
- Population growth will average 0.7 percent per year, and the county will approach 580,000 residents by the end of the forecast period.



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Unemployment and Inflation Rates

- The unemployment rate in Stanislaus County averaged 6.4 percent in 2018, which was lower than the composite rate for the Central Valley.
- The unemployment rate may begin to rise by 2020, but with an unemployment rate of 6.7 percent, the labor market will still be in a "full employment scenario," meaning that most people that are looking for work will be able to find it.
- Inflation accelerated in 2018 as energy prices increased and housing costs rose quickly. Across California, the inflation rate is expected to be within a range of 2 percent and 3 percent in 2019 and 2020.

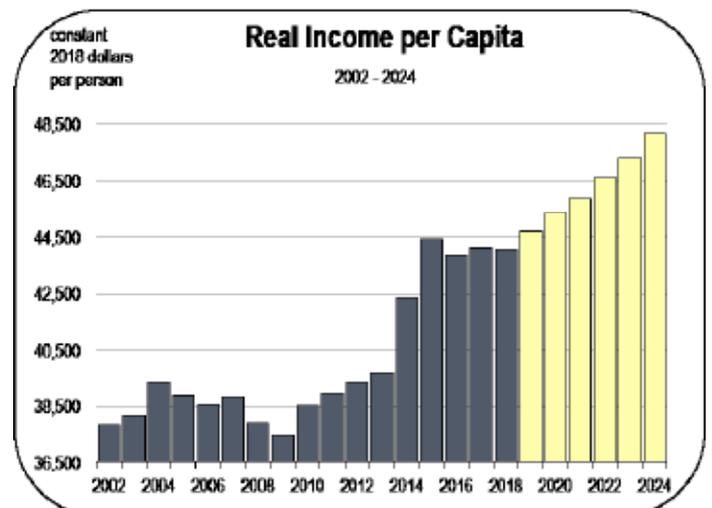
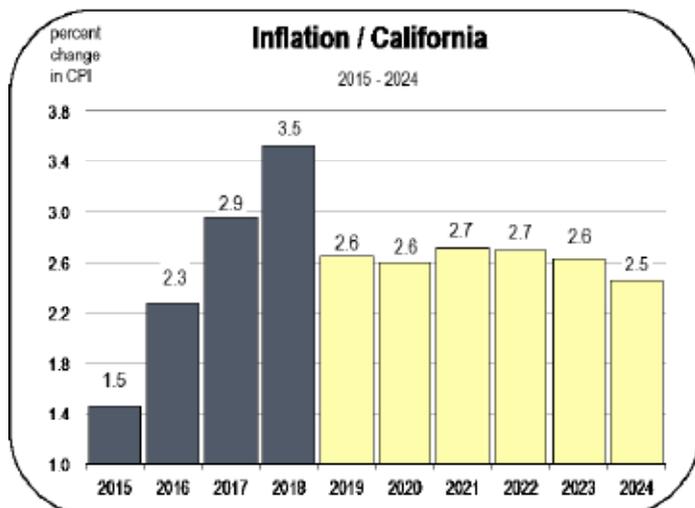
New Housing Production

- From 2013 to 2018, an average of 590 homes were permitted per year. Housing production is forecast to average 1,500 homes per year from 2018 to 2024.

- Housing affordability is now a problem in Coastal California, but homes across Inland California are much more affordable.
- Households in Coastal California typically spend more than 35 percent of their income on mortgage and rental payments, and some spend more than 50 percent.
- In Stanislaus County, the typical household spends less than 25 percent of its income on housing, although there are a significant number of households below the poverty line who spend a large share of their income on rent.

Income per Capita

- Income per capita in 2018 was \$44,100, which is above the Central Valley average of \$42,100.
- Over the last six years, real incomes have risen at an average rate of 1.9 percent per year, which is higher than the Central Valley average of 1.7 percent per year.

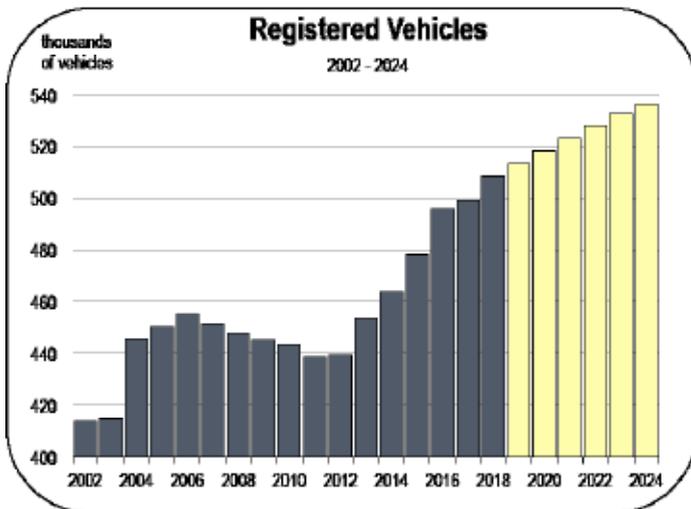


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- Over the next six years, real incomes are expected to rise by approximately 1.5 percent per year in Stanislaus County.

Registered Vehicles

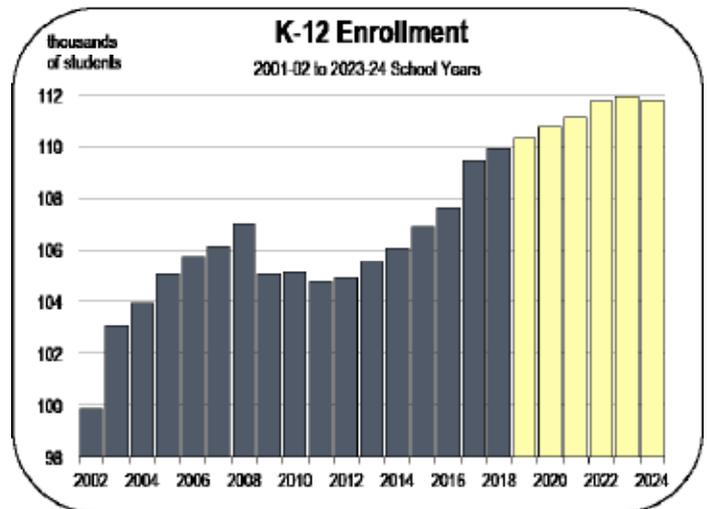
- There were 508,400 registered vehicles in the county in 2018.
- By 2024, it is expected that the county will have approximately 536,500 registered vehicles.



- The number of registered vehicles is expected to increase at similar rates to the overall population, with approximately 24,600 new residents and 28,100 new vehicles by 2024.

Public School Enrollment

- In Stanislaus County, approximately 109,900 students were enrolled in K-12 public schools during the 2017—2018 school year.
- By 2024, there are expected to be 111,800 K-12 students in the county.



Stanislaus 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	537,874	168.8	\$130,068	490	478	\$22.0	\$5.4	\$101	\$6.9	\$44,389	106.9	7,698	4,293
2016	543,561	169.8	\$131,473	686	496	\$22.3	\$5.6	\$105	\$6.9	\$43,848	107.6	7,862	4,156
2017	550,505	169.4	\$137,953	939	499	\$23.4	\$5.9	\$110	\$7.0	\$44,094	109.4	7,441	4,407
2018	554,703	169.0	\$144,630	680	508	\$24.4	\$6.1	\$115	\$6.9	\$44,075	109.9	7,283	4,496
2019	559,527	171.3	\$150,022	942	513	\$25.7	\$6.3	\$119	\$6.7	\$44,715	110.3	7,427	4,523
2020	564,406	172.3	\$156,665	1,188	518	\$27.0	\$6.5	\$122	\$6.8	\$45,340	110.7	7,457	4,616
2021	568,653	173.5	\$163,034	1,477	523	\$28.3	\$6.7	\$126	\$6.9	\$45,861	111.1	7,611	4,715
2022	572,582	174.9	\$169,913	1,645	528	\$29.7	\$7.0	\$130	\$7.0	\$46,555	111.8	7,707	4,849
2023	576,138	176.5	\$176,935	1,762	532	\$31.2	\$7.2	\$134	\$7.2	\$47,311	111.9	7,789	4,980
2024	579,264	178.1	\$184,015	1,800	537	\$32.8	\$7.4	\$139	\$7.3	\$48,160	111.8	7,886	5,106
2025	582,400	179.8	\$190,615	1,737	540	\$34.3	\$7.6	\$142	\$7.4	\$48,899	111.7	8,022	5,236
2026	585,700	181.4	\$197,969	1,693	544	\$35.9	\$7.8	\$146	\$7.6	\$49,779	111.6	8,064	5,359
2027	589,229	183.0	\$205,711	1,713	548	\$37.6	\$8.0	\$150	\$7.7	\$50,720	111.7	8,174	5,483
2028	592,674	184.6	\$213,355	1,697	552	\$39.4	\$8.2	\$154	\$7.9	\$51,566	112.2	8,206	5,612
2029	596,361	186.2	\$220,721	1,634	556	\$41.1	\$8.5	\$159	\$8.0	\$52,225	112.4	8,311	5,742
2030	600,090	187.7	\$228,148	1,569	561	\$42.8	\$8.7	\$163	\$8.1	\$52,879	112.6	8,367	5,878
2031	603,851	189.2	\$235,787	1,508	566	\$44.6	\$8.9	\$167	\$8.2	\$53,561	113.1	8,405	6,007
2032	607,698	190.7	\$243,296	1,450	571	\$46.4	\$9.2	\$172	\$8.3	\$54,042	113.6	8,448	6,134
2033	611,490	192.1	\$250,624	1,404	576	\$48.1	\$9.4	\$176	\$8.4	\$54,635	114.1	8,516	6,258
2034	615,267	193.4	\$258,516	1,386	580	\$50.0	\$9.6	\$180	\$8.5	\$55,190	114.3	8,592	6,375
2035	619,065	194.8	\$266,784	1,352	585	\$52.0	\$9.9	\$185	\$8.6	\$55,715	114.6	8,696	6,498
2036	622,908	196.1	\$275,700	1,326	589	\$54.1	\$10.2	\$190	\$8.7	\$56,095	115.2	8,736	6,609
2037	626,791	197.4	\$284,957	1,304	594	\$56.2	\$10.5	\$196	\$8.8	\$56,421	116.2	8,771	6,711
2038	630,609	198.6	\$294,224	1,277	599	\$58.4	\$10.8	\$202	\$8.9	\$56,798	116.9	8,771	6,807
2039	634,378	199.9	\$304,055	1,258	604	\$60.8	\$11.1	\$208	\$8.9	\$57,115	117.7	8,736	6,898
2040	638,118	201.1	\$313,994	1,228	609	\$63.1	\$11.4	\$214	\$9.0	\$57,441	118.5	8,742	6,982
2041	641,912	202.3	\$324,037	1,191	615	\$65.5	\$11.7	\$220	\$9.1	\$57,834	118.7	8,774	7,049
2042	645,729	203.4	\$334,286	1,160	620	\$68.0	\$12.0	\$226	\$9.2	\$58,252	119.2	8,811	7,110
2043	649,566	204.5	\$344,670	1,124	625	\$70.5	\$12.4	\$232	\$9.3	\$58,685	119.7	8,858	7,172
2044	653,437	205.6	\$355,104	1,076	630	\$73.0	\$12.7	\$237	\$9.4	\$59,178	120.0	8,930	7,235
2045	657,348	206.7	\$366,171	1,024	635	\$75.7	\$13.0	\$243	\$9.5	\$59,597	120.2	8,959	7,308
2046	661,313	207.7	\$377,364	971	640	\$78.4	\$13.3	\$249	\$9.6	\$60,024	120.4	8,994	7,367
2047	665,397	208.6	\$388,886	931	645	\$81.1	\$13.6	\$255	\$9.7	\$60,431	120.7	9,060	7,414
2048	669,590	209.6	\$400,689	880	650	\$84.0	\$14.0	\$262	\$9.8	\$60,811	120.8	9,133	7,455
2049	673,910	210.5	\$412,951	828	656	\$86.9	\$14.3	\$268	\$9.9	\$61,186	121.1	9,222	7,491
2050	678,354	210.5	\$427,390	827	656	\$89.9	\$14.7	\$275	\$10.0	\$61,554	120.9	9,310	7,530

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	181.0	14.6	8.5	21.3	7.5	28.2	5.2	14.2	0.9	30.9	17.8	26.7
2016	186.4	14.9	9.0	21.8	8.2	28.7	5.3	14.6	1.0	31.2	18.7	27.6
2017	189.2	14.3	9.3	21.4	7.7	29.4	5.3	14.9	1.0	32.6	19.2	28.3
2018	192.9	14.6	10.0	21.0	7.9	29.7	5.3	15.0	1.0	33.8	19.3	29.5
2019	194.8	15.1	10.1	19.9	7.9	29.9	5.3	15.5	1.0	34.3	19.7	30.2
2020	196.5	15.2	10.4	19.9	7.9	29.8	5.3	15.7	1.0	34.7	20.2	30.5
2021	197.8	15.2	10.4	19.9	7.9	29.8	5.3	16.0	1.1	35.1	20.4	30.7
2022	199.2	15.2	10.5	19.9	8.0	30.0	5.3	16.3	1.1	35.7	20.4	30.9
2023	200.1	15.2	10.4	19.8	8.0	30.0	5.3	16.4	1.1	36.3	20.4	31.0
2024	201.1	15.2	10.2	19.9	8.0	30.1	5.3	16.6	1.1	36.9	20.4	31.3
2025	202.2	15.2	10.0	19.8	8.1	30.2	5.3	16.7	1.1	37.7	20.4	31.5
2026	203.3	15.2	9.9	19.8	8.1	30.3	5.3	16.9	1.1	38.4	20.5	31.7
2027	204.6	15.2	9.8	19.8	8.1	30.4	5.3	17.0	1.1	39.2	20.5	31.9
2028	205.8	15.2	9.7	19.8	8.1	30.4	5.3	17.2	1.1	40.0	20.5	32.1
2029	207.1	15.2	9.6	19.8	8.2	30.5	5.3	17.3	1.1	40.9	20.6	32.2
2030	208.5	15.2	9.6	19.8	8.2	30.6	5.3	17.4	1.1	41.8	20.6	32.4
2031	209.8	15.2	9.4	19.8	8.2	30.7	5.3	17.6	1.1	42.7	20.7	32.6
2032	211.2	15.3	9.4	19.8	8.3	30.8	5.3	17.7	1.1	43.6	20.7	32.8
2033	212.6	15.3	9.3	19.8	8.3	30.9	5.3	17.8	1.2	44.5	20.8	33.1
2034	214.0	15.3	9.3	19.8	8.3	30.9	5.3	18.0	1.2	45.3	20.8	33.3
2035	215.3	15.3	9.3	19.8	8.3	31.0	5.3	18.1	1.2	46.2	20.8	33.5
2036	216.6	15.3	9.3	19.8	8.4	31.1	5.3	18.3	1.2	47.0	20.9	33.7
2037	218.0	15.3	9.3	19.8	8.4	31.1	5.3	18.4	1.2	47.7	20.9	33.9
2038	219.2	15.3	9.3	19.8	8.4	31.2	5.3	18.6	1.2	48.5	21.0	34.1
2039	220.4	15.3	9.3	19.8	8.5	31.2	5.3	18.7	1.2	49.2	21.0	34.3
2040	221.6	15.3	9.2	19.8	8.5	31.3	5.3	18.9	1.2	49.9	21.0	34.5
2041	222.8	15.3	9.3	19.8	8.5	31.3	5.3	19.0	1.2	50.5	21.1	34.7
2042	224.0	15.3	9.3	19.8	8.6	31.4	5.3	19.2	1.2	51.1	21.1	34.9
2043	225.1	15.3	9.3	19.8	8.6	31.4	5.3	19.3	1.2	51.7	21.1	35.1
2044	226.2	15.3	9.3	19.8	8.6	31.5	5.3	19.5	1.2	52.3	21.2	35.3
2045	227.3	15.3	9.3	19.8	8.7	31.5	5.3	19.6	1.2	52.9	21.2	35.6
2046	228.4	15.3	9.3	19.8	8.7	31.5	5.3	19.8	1.3	53.5	21.2	35.8
2047	229.6	15.3	9.3	19.8	8.7	31.6	5.3	19.9	1.3	54.2	21.3	36.0
2048	230.7	15.3	9.2	19.8	8.8	31.6	5.3	20.1	1.3	54.8	21.3	36.2
2049	231.9	15.3	9.2	19.8	8.8	31.7	5.3	20.2	1.3	55.5	21.3	36.4
2050	233.1	15.3	9.2	19.9	8.8	31.7	5.3	20.4	1.3	56.1	21.4	36.6

Stanislaus County Economic Forecast

Socioeconomic Indicators

