

MERCED COUNTY ECONOMIC FORECAST

Merced County is located in the San Joaquin Valley and is home to the newest University of California campus, UC Merced. The campus opened in September 2005, and now has more than 6,000 students. Merced County has a population of 265,100 people and a total of 76,300 wage and salary jobs. The income per capita is \$32,640 and the average salary per worker is \$46,950.

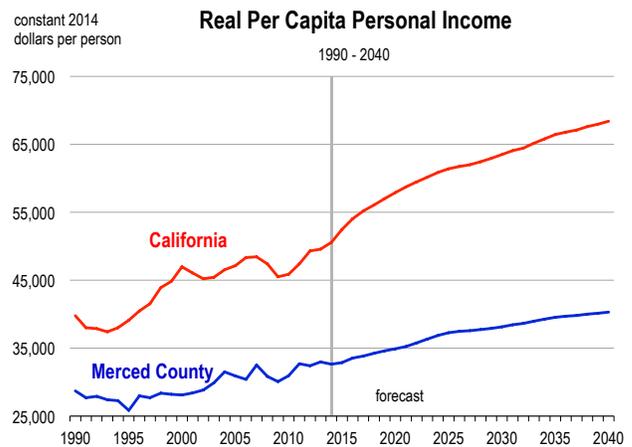
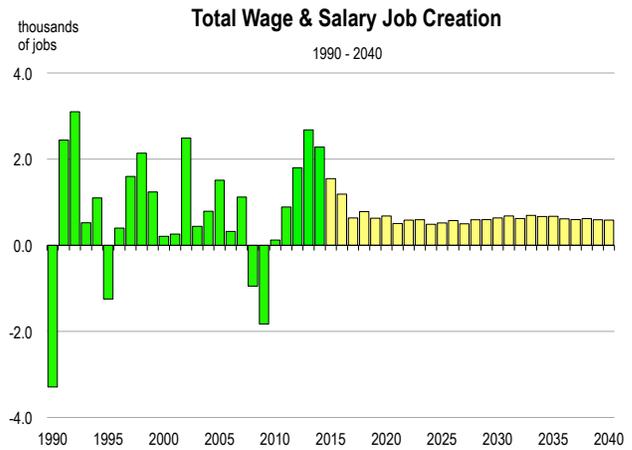
In 2014, employment across Northern California increased by 3.4 percent, whereas employment in the San Joaquin Valley (Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare counties) grew by 2.5 percent. Merced County gained 2,300 wage and salary jobs, representing an increase of 3.1 percent. Farm employment increased by 1.9 percent, while non-farm employment grew at a rate of 3.3 percent. Although still very high, the unemployment rate improved substantially, falling from 14.5 percent in 2013 to 12.8 percent in 2014.

Across employment sectors, the largest increases occurred in manufacturing (+1,300 jobs), government (+480 jobs), and leisure services (+420 jobs). The largest declines were observed in wholesale trade (-210 jobs) and transportation and warehousing (-160 jobs).

Between 2009 and 2014, the population of Merced County grew by 0.8 percent per year. This growth was due entirely to the natural increase (new births), as the county lost an average of 520 residents per year through net migration.

FORECAST HIGHLIGHTS

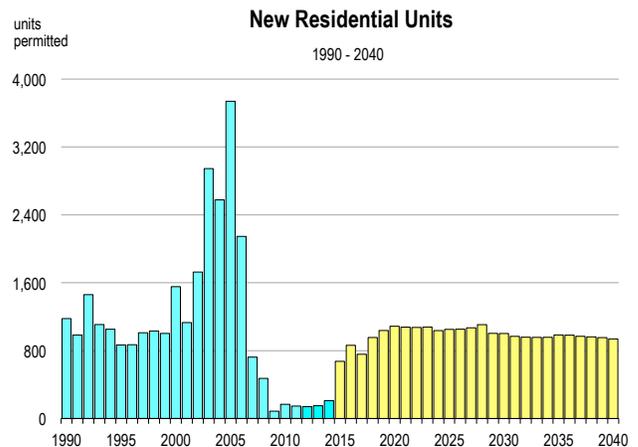
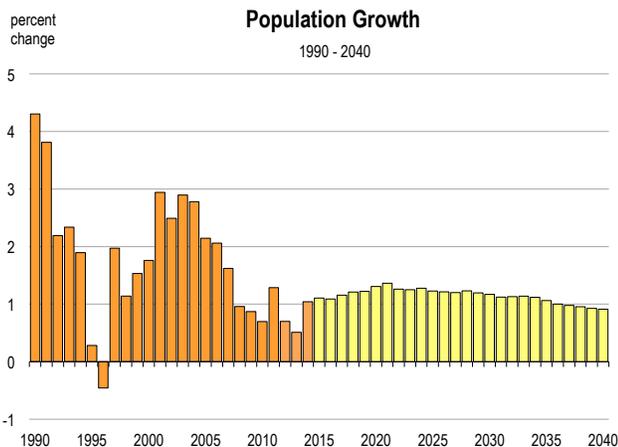
- Total wage and salary employment is forecasted to increase by 2.0 percent in 2015. From 2015 to 2020, total employment growth will average 1.0 percent per year.
- Average salaries are currently below the California state average, and will remain so over the forecast period. In Merced County, inflation-adjusted salaries are expected to rise by an average of 1.2 percent per year between 2015 and 2020.
- Between 2015 and 2020, the largest job gains will occur in education and healthcare, manufacturing, government, wholesale and retail trade, and professional and business services. These sectors will account for 65 percent of net job creation in the county.
- Population growth is expected to accelerate in the coming years, reaching 1.3 percent by 2020. Annual growth over the entire 2015-2020 period will average 1.2 percent per year.
- Net migration will remain positive over the near term. From 2015 to 2020, an average of 690 net migrants will enter the county each year.
- Real per capita income will rise by 0.7 percent in 2015. Between 2015 and 2020, real per capita income is forecasted to increase by an average of 1.2 percent per year.
- Total taxable sales, adjusted for inflation, are expected to increase by an average of 1.9 percent per year during the 2015-2020 period.
- Industrial production is forecasted to increase by 4.7 percent in 2015. From 2015 to 2020, the growth rate of industrial production will average 3.0 percent per year.
- Farm production is forecasted to increase by 1.3 percent per year between 2015 and 2020. The principal agricultural commodity is milk.



Merced County Economic Forecast

2006-2014 History, 2015-2040 Forecast

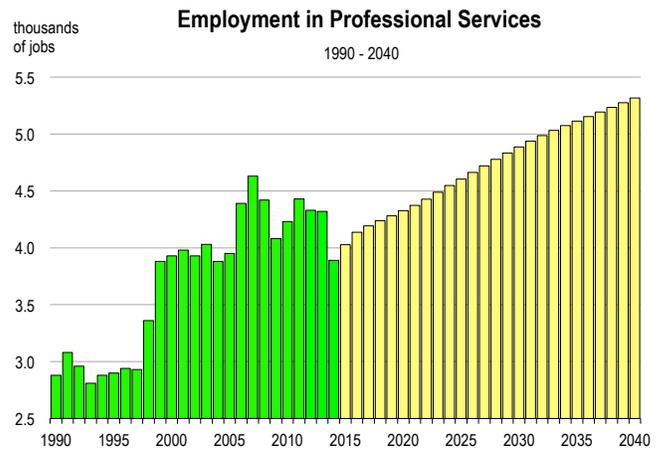
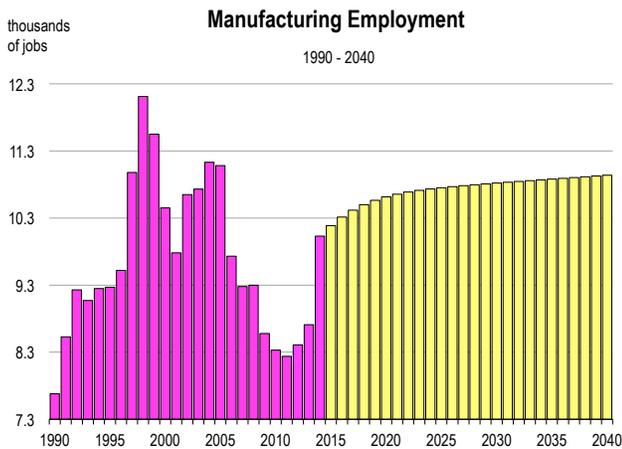
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2006	245,555	1,870	204	72.6	2,147	\$2.62	\$6.2	\$30,402	3.2	2.75	2.20	9.5
2007	249,538	615	203	75.3	725	\$2.52	\$7.0	\$32,494	3.4	3.50	2.21	10.1
2008	251,932	-650	202	76.1	473	\$2.39	\$6.9	\$30,851	2.9	3.40	2.44	12.6
2009	254,123	-804	202	76.1	87	\$2.05	\$6.8	\$30,069	0.8	2.76	2.31	17.0
2010	255,897	-1,068	203	75.6	168	\$2.13	\$7.1	\$30,952	1.3	3.03	2.21	18.0
2011	259,186	442	201	75.8	147	\$2.37	\$7.8	\$32,691	2.7	3.52	2.13	17.7
2012	261,002	-907	201	75.9	140	\$2.51	\$8.0	\$32,391	2.7	3.45	2.27	16.4
2013	262,336	-1,242	208	76.0	151	\$2.67	\$8.4	\$32,955	2.3	3.91	2.32	14.5
2014	265,069	179	213	76.2	211	\$2.75	\$8.7	\$32,640	2.8	3.88	2.65	12.8
2015	268,002	408	216	76.3	674	\$2.85	\$8.9	\$32,860	1.2	3.89	2.78	11.7
2016	270,921	377	219	76.5	863	\$3.02	\$9.5	\$33,541	3.2	3.91	2.86	10.2
2017	274,054	558	222	76.9	757	\$3.17	\$10.0	\$33,823	3.2	3.96	2.92	9.2
2018	277,371	715	225	77.5	955	\$3.33	\$10.5	\$34,223	3.0	3.98	3.01	8.8
2019	280,761	760	228	78.1	1,037	\$3.48	\$11.1	\$34,607	2.8	4.03	3.11	8.7
2020	284,431	1,018	231	78.8	1,088	\$3.64	\$11.7	\$34,894	2.9	4.14	3.22	8.6
2021	288,308	1,204	234	79.7	1,077	\$3.80	\$12.3	\$35,222	3.0	4.14	3.32	8.5
2022	291,943	951	236	80.6	1,074	\$3.99	\$13.0	\$35,777	3.1	4.21	3.43	8.6
2023	295,594	959	238	81.5	1,079	\$4.17	\$13.8	\$36,343	2.7	4.24	3.55	8.5
2024	299,367	1,080	241	82.5	1,036	\$4.34	\$14.5	\$36,885	2.6	4.29	3.66	8.5
2025	303,043	983	243	83.4	1,051	\$4.52	\$15.3	\$37,286	2.8	4.32	3.77	8.5
2026	306,721	984	245	84.4	1,053	\$4.68	\$16.0	\$37,483	2.8	4.37	3.88	8.4
2027	310,406	989	247	85.4	1,069	\$4.84	\$16.7	\$37,579	2.8	4.41	4.01	8.4
2028	314,227	1,126	249	86.4	1,106	\$5.02	\$17.4	\$37,725	2.7	4.45	4.14	8.4
2029	317,984	1,059	251	87.4	1,004	\$5.20	\$18.1	\$37,918	2.5	4.50	4.29	8.4
2030	321,705	1,024	252	88.3	1,002	\$5.40	\$18.9	\$38,146	2.4	4.54	4.44	8.4
2031	325,316	919	254	89.3	969	\$5.63	\$19.7	\$38,437	2.3	4.59	4.59	8.3
2032	328,993	980	256	90.3	959	\$5.86	\$20.5	\$38,632	2.5	4.64	4.75	8.4
2033	332,740	1,053	258	91.2	957	\$6.10	\$21.4	\$38,977	2.1	4.68	4.92	8.3
2034	336,464	1,040	260	92.1	957	\$6.35	\$22.2	\$39,263	2.3	4.73	5.09	8.3
2035	340,039	909	262	93.1	985	\$6.60	\$23.2	\$39,538	2.4	4.78	5.26	8.3
2036	343,442	760	264	94.0	983	\$6.84	\$24.1	\$39,689	2.8	4.82	5.44	8.3
2037	346,802	745	265	94.9	969	\$7.08	\$25.1	\$39,807	2.8	4.87	5.63	8.3
2038	350,115	729	267	95.8	963	\$7.34	\$26.2	\$39,999	2.7	4.92	5.83	8.3
2039	353,360	686	269	96.7	954	\$7.59	\$27.3	\$40,129	2.8	4.97	5.98	8.3
2040	356,585	682	271	97.6	938	\$7.84	\$28.4	\$40,310	2.8	5.02	6.16	8.3

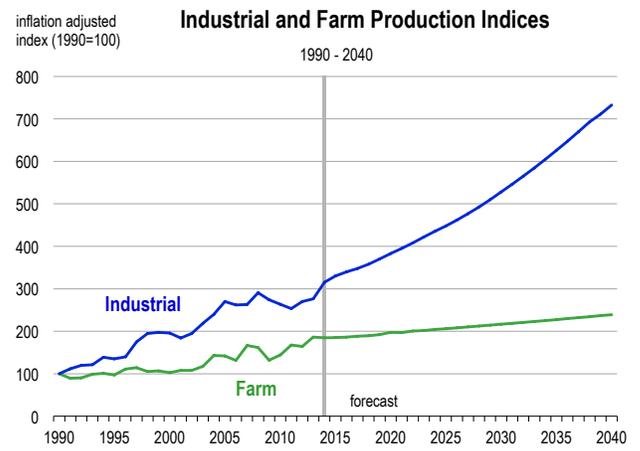
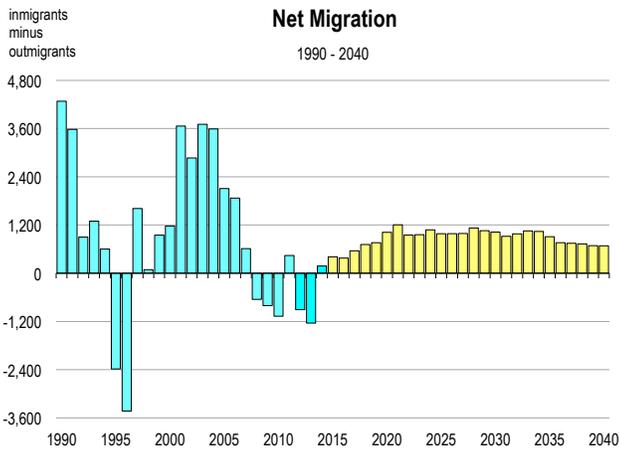
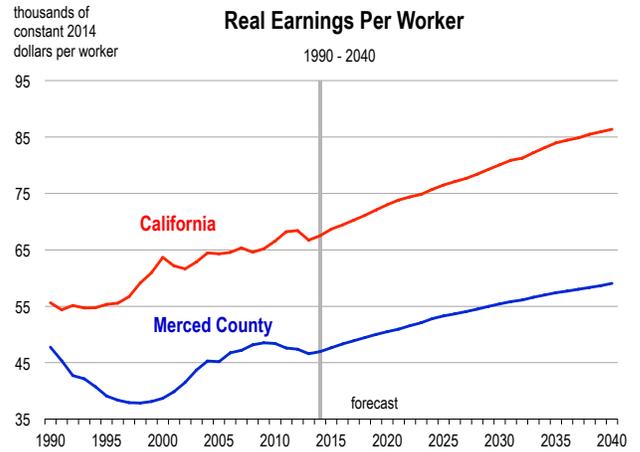


Merced County Employment Forecast

2006-2014 History, 2015-2040 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
2006	70.2	10.9	3.6	9.7	2.1	9.3	2.0	4.4	0.8	6.4	4.8	14.7
2007	71.3	11.1	3.2	9.3	2.3	9.7	1.9	4.6	0.8	6.8	5.0	15.2
2008	70.3	11.0	2.4	9.3	2.3	9.4	1.8	4.4	0.7	7.0	5.0	15.5
2009	68.5	11.4	1.6	8.6	2.2	9.4	1.6	4.1	0.6	7.2	4.7	15.8
2010	68.6	10.8	1.6	8.3	2.2	9.2	1.6	4.2	0.6	7.5	4.5	16.7
2011	69.5	11.4	1.6	8.2	2.4	9.4	1.5	4.4	0.4	7.6	4.6	16.5
2012	71.3	12.5	1.6	8.4	2.4	9.6	1.6	4.3	0.4	7.9	4.7	16.4
2013	74.0	13.6	1.6	8.7	2.5	9.7	1.5	4.3	0.4	8.8	5.0	16.6
2014	76.3	13.8	1.7	10.0	2.3	9.7	1.5	3.9	0.4	9.0	5.4	17.1
2015	77.8	13.8	2.0	10.2	2.4	9.8	1.5	4.0	0.4	9.2	5.5	17.4
2016	79.0	13.9	2.2	10.3	2.5	9.9	1.5	4.1	0.4	9.4	5.6	17.6
2017	79.6	13.9	2.2	10.4	2.6	10.0	1.6	4.2	0.5	9.5	5.6	17.7
2018	80.4	13.9	2.3	10.5	2.7	10.1	1.6	4.2	0.5	9.6	5.7	17.8
2019	81.0	14.0	2.4	10.6	2.7	10.1	1.6	4.3	0.5	9.8	5.7	17.9
2020	81.7	14.0	2.4	10.6	2.8	10.2	1.6	4.3	0.5	9.9	5.7	18.0
2021	82.2	14.0	2.4	10.7	2.8	10.3	1.6	4.4	0.5	10.1	5.8	18.0
2022	82.8	14.1	2.4	10.7	2.9	10.3	1.6	4.4	0.5	10.3	5.8	18.1
2023	83.4	14.1	2.5	10.7	2.9	10.4	1.6	4.5	0.5	10.5	5.8	18.1
2024	83.9	14.1	2.4	10.7	3.0	10.5	1.6	4.5	0.5	10.7	5.9	18.1
2025	84.4	14.2	2.5	10.8	3.0	10.5	1.7	4.6	0.5	10.9	5.9	18.2
2026	85.0	14.2	2.5	10.8	3.1	10.6	1.7	4.7	0.5	11.1	6.0	18.2
2027	85.5	14.2	2.5	10.8	3.1	10.6	1.7	4.7	0.5	11.3	6.0	18.2
2028	86.1	14.2	2.6	10.8	3.2	10.7	1.7	4.8	0.5	11.5	6.0	18.2
2029	86.7	14.3	2.6	10.8	3.2	10.7	1.7	4.8	0.5	11.7	6.1	18.3
2030	87.3	14.3	2.6	10.8	3.3	10.8	1.7	4.9	0.5	12.0	6.1	18.3
2031	88.0	14.3	2.6	10.8	3.4	10.9	1.7	4.9	0.5	12.3	6.2	18.4
2032	88.6	14.4	2.6	10.8	3.4	10.9	1.8	5.0	0.5	12.5	6.2	18.4
2033	89.3	14.4	2.6	10.9	3.5	11.0	1.8	5.0	0.5	12.8	6.3	18.5
2034	90.0	14.4	2.6	10.9	3.5	11.1	1.8	5.1	0.5	13.0	6.3	18.6
2035	90.6	14.5	2.7	10.9	3.6	11.1	1.8	5.1	0.5	13.3	6.3	18.7
2036	91.3	14.5	2.7	10.9	3.6	11.2	1.8	5.2	0.5	13.6	6.4	18.7
2037	91.9	14.5	2.7	10.9	3.7	11.2	1.8	5.2	0.6	13.8	6.4	18.7
2038	92.5	14.6	2.8	10.9	3.8	11.3	1.9	5.2	0.6	14.1	6.5	18.7
2039	93.1	14.6	2.8	10.9	3.8	11.3	1.9	5.3	0.6	14.3	6.5	18.7
2040	93.7	14.6	2.8	10.9	3.9	11.4	1.9	5.3	0.6	14.5	6.5	18.8





County Economic and Demographic Indicators

Projected Economic Growth (2015-2020)

Expected retail sales growth:	10.0%
Expected job growth:	5.0%
Fastest growing jobs sector:	Construction
Expected personal income growth:	12.7%

Expected population growth:	6.1%
Net migration to account for:	20.9%
Expected growth in number of vehicles:	6.9%

Demographics (2015)

Unemployment rate (March 2015):	2.9%
County rank* in California (58 counties):	54th
Working age (16-64) population:	63.0%

Population with B.A. or higher:	12.6%
Median home selling price (2014):	\$175,000
Median household income:	\$45,576

Quality of Life

Violent crime rate (2013):	592 per 100,000 persons
County rank* in California (58 counties):	52nd
Average commute time to work (2015):	28.0 minutes

High School drop out rate (2014):	8.9%
Households at/below poverty line (2015):	20.7%

* The county ranked 1st corresponds to the lowest rate in California