

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 almost 7,000 students. Merced County has a population of 270,200 people and a total of 77,500 wage and salary jobs. The income per capita is \$33,852 and the average salary per worker is \$47,856.

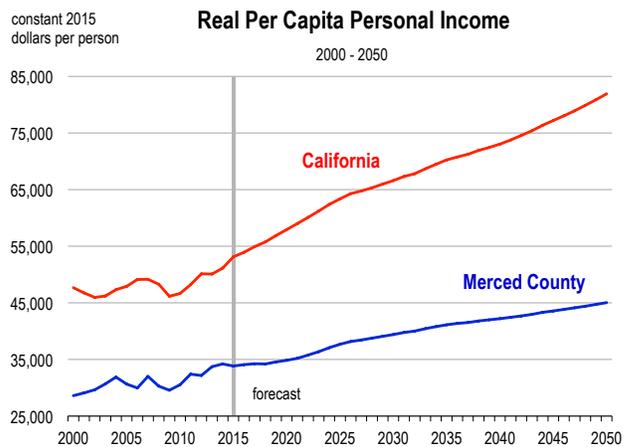
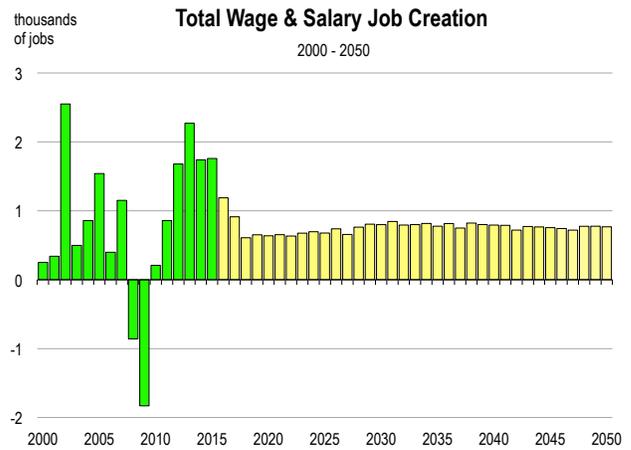
In 2015, employment across Northern California increased by 3.5 percent, whereas employment in the San Joaquin Valley (Fresno, Kings, Madera, Merced, San Joaquin, Stanislaus, and Tulare counties) grew by 3.2 percent. Merced County gained 1,800 wage and salary jobs, representing an increase of 2.3 percent. Farm employment increased by 2.9 percent, while non-farm employment grew at a rate of 2.2 percent. Although still very high, the unemployment rate improved substantially, falling from 12.8 percent in 2014 to 11.4 percent in 2015.

Across employment sectors, the largest increases occurred in government (+600 jobs), agriculture (+400 jobs), education and healthcare (+330 jobs), and manufacturing (+280 jobs). The largest declines were observed in professional and business services (-80 jobs).

Between 2010 and 2015, the population of Merced County grew by 1.1 percent per year. This growth was due primarily to the natural increase (new births), as net migration was low.

FORECAST HIGHLIGHTS

- Total wage and salary employment is expected to increase by 1.5 percent in 2016. From 2016 to 2021, total employment growth will average 0.9 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 1.6 percent per year between 2016 and 2021.
- Between 2016 and 2021, the largest job gains will occur in education and healthcare, manufacturing, government, and wholesale and retail trade. These sectors will account for 71 percent of net job creation in the county.
- Population growth is expected to accelerate in the coming years, averaging 1.2 percent per year from 2016-2021.
- Net migration will be positive over the near term. From 2016 to 2021, an average of 550 net migrants will enter the county each year.
- Real per capita income will rise by 0.8 percent in 2016. Between 2016 and 2021, real per capita income is forecasted to increase by an average of 0.6 percent per year.

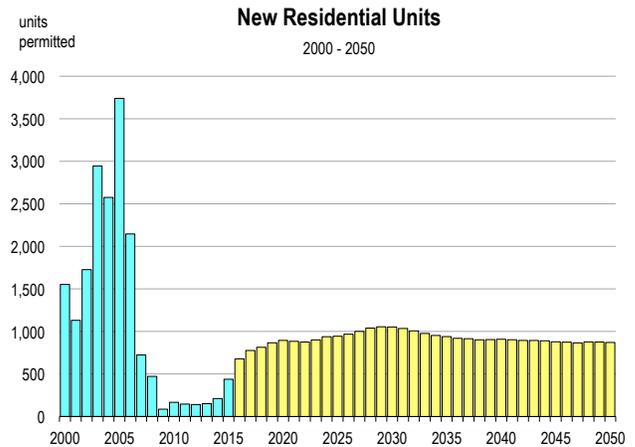
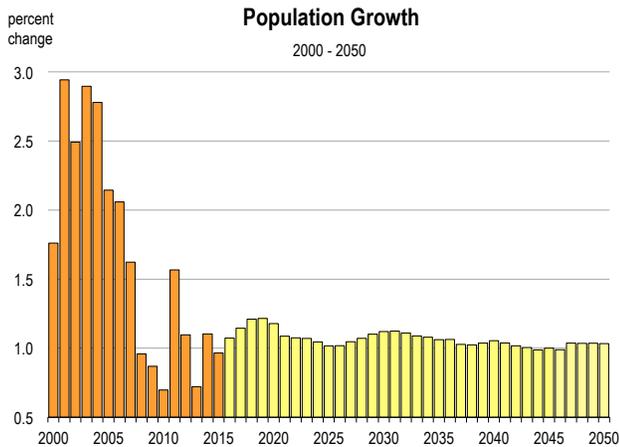


- Total taxable sales, adjusted for inflation, are expected to increase by an average of 1.3 percent per year during the 2016-2021 period.
- Industrial production will increase by 3.1 percent in 2016. From 2016 to 2021, the growth rate of industrial production will average 2.0 percent per year.
- Farm production is expected to increase by 1.3 percent per year between 2016 and 2021. The principal agricultural commodity is milk.

Merced County Economic Forecast

2010-2015 History, 2016-2050 Forecast

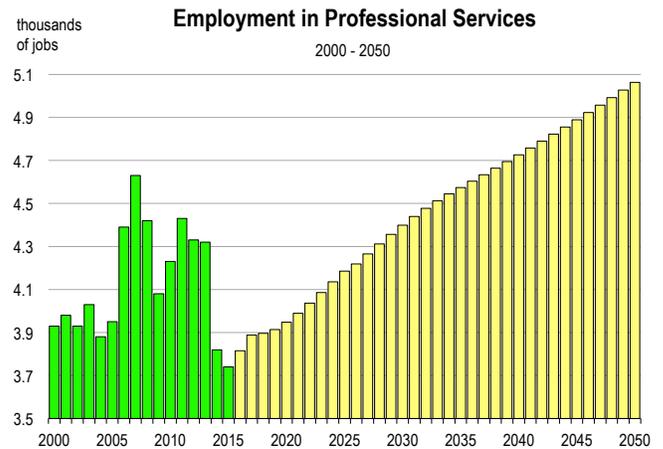
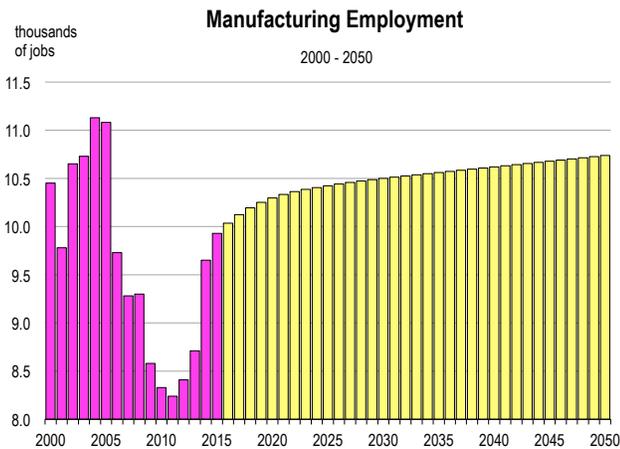
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2010	255,897	-1,068	203	75.6	168	\$2.13	\$7.1	\$30,543	1.3	3.01	2.25	18.0
2011	259,905	328	201	75.8	147	\$2.37	\$7.9	\$32,405	2.7	3.49	2.10	17.7
2012	262,755	127	201	76.0	140	\$2.51	\$8.1	\$32,157	2.7	3.44	2.24	16.4
2013	264,652	-679	208	76.3	151	\$2.67	\$8.6	\$33,714	2.3	3.93	2.39	14.5
2014	267,571	318	213	76.7	211	\$2.75	\$9.0	\$34,203	2.8	4.49	2.57	12.8
2015	270,156	2	220	77.0	437	\$2.98	\$9.1	\$33,852	2.6	4.74	2.67	11.4
2016	273,056	319	224	77.1	678	\$3.10	\$9.5	\$34,106	2.7	4.74	2.75	10.3
2017	276,181	500	228	77.4	776	\$3.24	\$10.0	\$34,239	3.4	4.82	2.80	9.0
2018	279,523	667	231	77.8	814	\$3.37	\$10.5	\$34,226	3.4	4.88	2.86	8.7
2019	282,921	684	234	78.3	867	\$3.52	\$11.0	\$34,547	3.0	4.93	2.92	8.9
2020	286,255	586	237	79.0	895	\$3.67	\$11.5	\$34,835	3.0	4.96	2.98	8.9
2021	289,366	333	239	79.6	884	\$3.83	\$12.1	\$35,222	2.9	5.06	3.04	8.9
2022	292,477	299	242	80.4	876	\$3.99	\$12.8	\$35,774	2.9	5.09	3.11	8.8
2023	295,609	287	244	81.1	901	\$4.17	\$13.5	\$36,377	2.8	5.11	3.17	8.7
2024	298,700	225	246	81.9	938	\$4.35	\$14.2	\$37,074	2.6	5.16	3.23	8.6
2025	301,737	159	249	82.7	944	\$4.54	\$14.9	\$37,699	2.5	5.14	3.29	8.5
2026	304,809	178	251	83.6	968	\$4.72	\$15.6	\$38,178	2.5	5.18	3.36	8.4
2027	308,000	275	253	84.4	1,001	\$4.90	\$16.3	\$38,448	2.9	5.13	3.43	8.2
2028	311,300	355	255	85.3	1,039	\$5.09	\$17.0	\$38,759	2.7	5.16	3.51	8.2
2029	314,729	446	257	86.2	1,055	\$5.28	\$17.8	\$39,081	2.5	5.20	3.60	8.2
2030	318,256	520	260	87.2	1,053	\$5.48	\$18.5	\$39,397	2.4	5.23	3.69	8.1
2031	321,833	565	262	88.1	1,035	\$5.70	\$19.3	\$39,749	2.3	5.25	3.78	8.1
2032	325,406	537	264	89.1	1,007	\$5.92	\$20.1	\$40,018	2.5	5.26	3.88	8.1
2033	328,949	492	267	90.1	977	\$6.16	\$20.9	\$40,434	2.1	5.28	3.97	8.1
2034	332,500	490	269	91.0	953	\$6.39	\$21.8	\$40,801	2.3	5.33	4.07	8.1
2035	336,031	484	271	91.9	939	\$6.64	\$22.7	\$41,139	2.4	5.31	4.18	8.1
2036	339,604	530	273	92.9	919	\$6.89	\$23.6	\$41,354	2.8	5.36	4.28	8.1
2037	343,094	467	275	93.8	915	\$7.15	\$24.6	\$41,542	2.9	5.33	4.39	8.1
2038	346,608	512	277	94.6	902	\$7.41	\$25.7	\$41,803	2.7	5.40	4.50	8.0
2039	350,202	597	279	95.5	904	\$7.68	\$26.8	\$41,993	2.9	5.43	4.62	8.0
2040	353,895	687	281	96.4	908	\$7.95	\$27.9	\$42,222	2.8	5.47	4.73	8.0
2041	357,567	657	283	97.3	903	\$8.23	\$29.0	\$42,447	2.6	5.52	4.85	8.0
2042	361,205	597	285	98.1	894	\$8.50	\$30.2	\$42,690	2.5	5.50	4.97	7.9
2043	364,835	562	287	99.0	894	\$8.78	\$31.3	\$42,968	2.4	5.55	5.10	7.9
2044	368,439	507	289	99.8	890	\$9.07	\$32.5	\$43,307	2.2	5.60	5.23	7.9
2045	372,126	569	291	100.7	879	\$9.36	\$33.8	\$43,569	2.4	5.65	5.36	7.9
2046	375,806	542	293	101.5	874	\$9.65	\$35.1	\$43,857	2.3	5.68	5.50	7.9
2047	379,703	725	295	102.4	866	\$9.96	\$36.4	\$44,126	2.3	5.67	5.64	7.8
2048	383,634	725	297	103.2	877	\$10.28	\$37.8	\$44,419	2.3	5.68	5.78	7.8
2049	387,609	736	299	104.0	876	\$10.61	\$39.2	\$44,727	2.3	5.70	5.93	7.8
2050	391,614	735	301	104.8	871	\$10.96	\$40.8	\$45,046	2.3	5.71	6.08	7.8

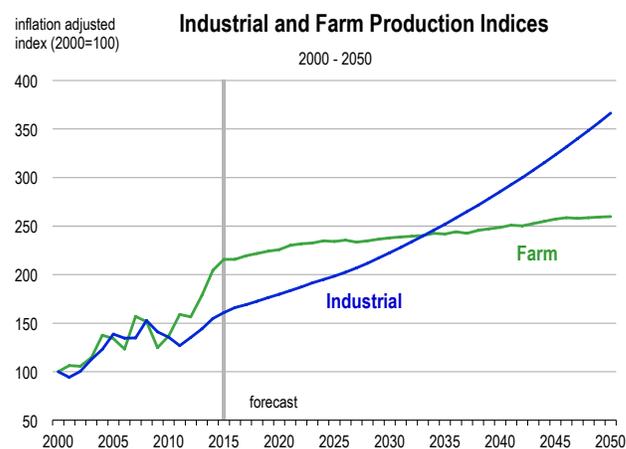
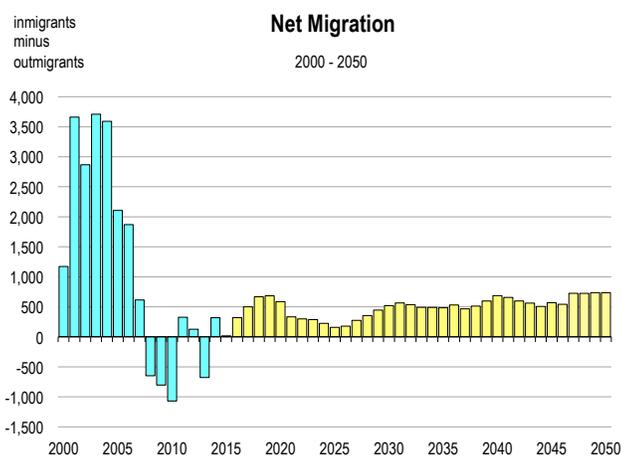
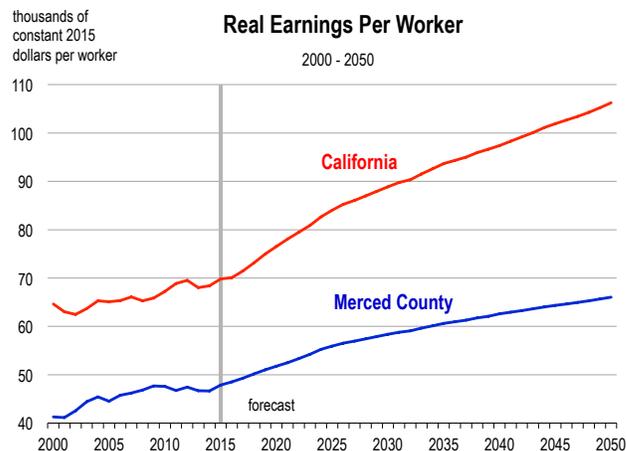
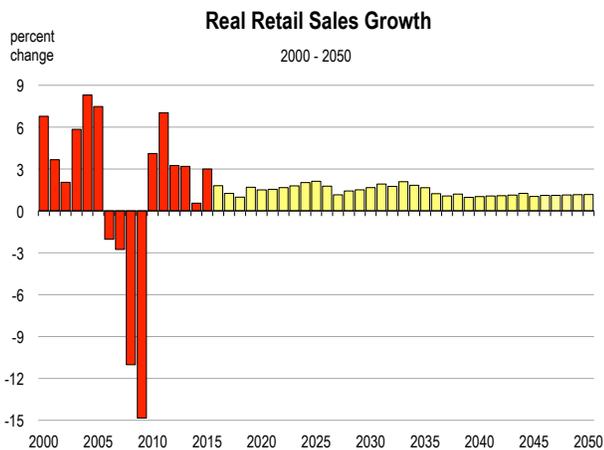


Merced County Employment Forecast

2010-2015 History, 2016-2050 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)-----											
2010	69.2	10.8	1.6	8.3	2.2	9.2	1.6	4.2	0.6	8.1	4.5	16.7
2011	70.1	11.4	1.6	8.2	2.4	9.4	1.5	4.4	0.4	8.2	4.6	16.5
2012	71.8	12.5	1.6	8.4	2.4	9.6	1.6	4.3	0.4	8.3	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	75.8	13.7	1.7	9.7	2.3	9.7	1.6	3.8	0.4	9.1	5.4	17.1
2015	77.5	14.1	1.9	9.9	2.3	9.7	1.6	3.7	0.3	9.4	5.4	17.7
2016	78.7	14.1	2.1	10.0	2.4	9.8	1.6	3.8	0.4	9.6	5.5	17.9
2017	79.6	14.2	2.2	10.1	2.4	9.9	1.6	3.9	0.4	9.8	5.6	18.2
2018	80.2	14.2	2.2	10.2	2.4	10.0	1.6	3.9	0.4	9.9	5.6	18.4
2019	80.9	14.3	2.2	10.3	2.5	10.0	1.6	3.9	0.4	10.0	5.6	18.7
2020	81.5	14.3	2.2	10.3	2.5	10.1	1.6	3.9	0.4	10.1	5.7	18.9
2021	82.2	14.3	2.2	10.3	2.5	10.1	1.7	4.0	0.4	10.2	5.7	19.2
2022	82.8	14.4	2.2	10.4	2.6	10.2	1.7	4.0	0.4	10.4	5.8	19.4
2023	83.5	14.4	2.2	10.4	2.6	10.3	1.7	4.1	0.4	10.6	5.8	19.6
2024	84.2	14.4	2.2	10.4	2.6	10.3	1.7	4.1	0.5	10.7	5.9	19.9
2025	84.9	14.4	2.3	10.4	2.6	10.4	1.7	4.2	0.5	10.9	5.9	20.1
2026	85.6	14.4	2.3	10.4	2.6	10.5	1.7	4.2	0.5	11.2	5.9	20.3
2027	86.3	14.4	2.4	10.5	2.6	10.5	1.8	4.3	0.5	11.3	6.0	20.6
2028	87.0	14.4	2.4	10.5	2.7	10.6	1.8	4.3	0.5	11.6	6.0	20.8
2029	87.8	14.4	2.5	10.5	2.7	10.6	1.8	4.4	0.5	11.8	6.0	21.1
2030	88.6	14.5	2.5	10.5	2.8	10.7	1.8	4.4	0.5	12.1	6.1	21.4
2031	89.5	14.5	2.5	10.5	2.8	10.8	1.8	4.4	0.5	12.4	6.1	21.6
2032	90.3	14.5	2.5	10.5	2.9	10.8	1.8	4.5	0.5	12.7	6.2	21.9
2033	91.1	14.5	2.5	10.5	2.9	10.9	1.8	4.5	0.5	12.9	6.2	22.2
2034	91.9	14.5	2.5	10.5	3.0	11.0	1.9	4.5	0.5	13.2	6.2	22.4
2035	92.7	14.5	2.6	10.6	3.0	11.0	1.9	4.6	0.5	13.5	6.3	22.7
2036	93.5	14.5	2.6	10.6	3.1	11.1	1.9	4.6	0.5	13.7	6.3	23.0
2037	94.2	14.5	2.6	10.6	3.1	11.1	1.9	4.6	0.6	14.0	6.3	23.2
2038	95.0	14.6	2.6	10.6	3.2	11.2	1.9	4.7	0.6	14.3	6.4	23.5
2039	95.8	14.6	2.7	10.6	3.2	11.2	2.0	4.7	0.6	14.6	6.4	23.7
2040	96.6	14.6	2.7	10.6	3.3	11.3	2.0	4.7	0.6	14.8	6.5	24.0
2041	97.4	14.7	2.7	10.6	3.3	11.3	2.0	4.8	0.6	15.1	6.5	24.3
2042	98.1	14.6	2.7	10.6	3.4	11.3	2.0	4.8	0.6	15.3	6.5	24.6
2043	98.9	14.7	2.7	10.7	3.5	11.4	2.0	4.8	0.6	15.5	6.6	24.8
2044	99.7	14.7	2.7	10.7	3.5	11.4	2.1	4.9	0.6	15.8	6.6	25.1
2045	100.4	14.7	2.7	10.7	3.6	11.5	2.1	4.9	0.6	16.0	6.6	25.4
2046	101.2	14.8	2.7	10.7	3.6	11.5	2.1	4.9	0.6	16.2	6.7	25.7
2047	101.9	14.8	2.7	10.7	3.7	11.6	2.1	5.0	0.6	16.5	6.7	26.0
2048	102.7	14.8	2.7	10.7	3.7	11.6	2.2	5.0	0.6	16.7	6.7	26.2
2049	103.5	14.8	2.7	10.7	3.8	11.7	2.2	5.0	0.7	16.9	6.8	26.5
2050	104.2	14.8	2.7	10.7	3.8	11.7	2.2	5.1	0.7	17.2	6.8	26.8





County Economic and Demographic Indicators

Projected Economic Growth (2016-2021)

Expected retail sales growth:	7.2%
Expected job growth:	4.4%
Fastest growing jobs sector:	Information
Expected personal income growth:	9.4%

Expected population growth:	6.0%
Net migration to account for:	17.0%
Expected growth in number of vehicles:	6.8%

Demographics (2016)

Unemployment rate (April 2016):	11.2%
County rank* in California (58 counties):	56th
Working age (16-64) population:	62.9%

Population with B.A. or higher:	13.2%
Median home selling price (2015):	\$200,000
Median household income:	\$42,844

Quality of Life

Violent crime rate (2014):	555 per 100,000 persons
County rank* in California (58 counties):	50th
Average commute time to work (2016):	29.0 minutes

High School drop out rate (2015):	8.7%
Households at/below poverty line (2016):	21.6%

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