

Nevada County Conditions, Trends, and Forecasts 2007





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Topics

- Current conditions
 - Recent trends
 - Forecasts (where available) through 2030
 - Implications of deviations from past trends
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Current Conditions

- Unemployment Rate—3.6% (2006)
 - Population growth rate—0.56% (2006)
 - Personal income growth rate—5.97% (2005)
 - Employment growth—3.11% (2005)
 - Median housing costs—\$456,500 (2005)
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Trends and Forecasts

- Personal income
 - Employment
 - Industry growth: Earnings and employment
 - Population
 - Age composition
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Personal Income Growth: Average Annual Rate (Inflation Adjusted)



- 1995-2004: 4.28%
- 2004-2015: 3.58%
- 2015-2030: 3.23%

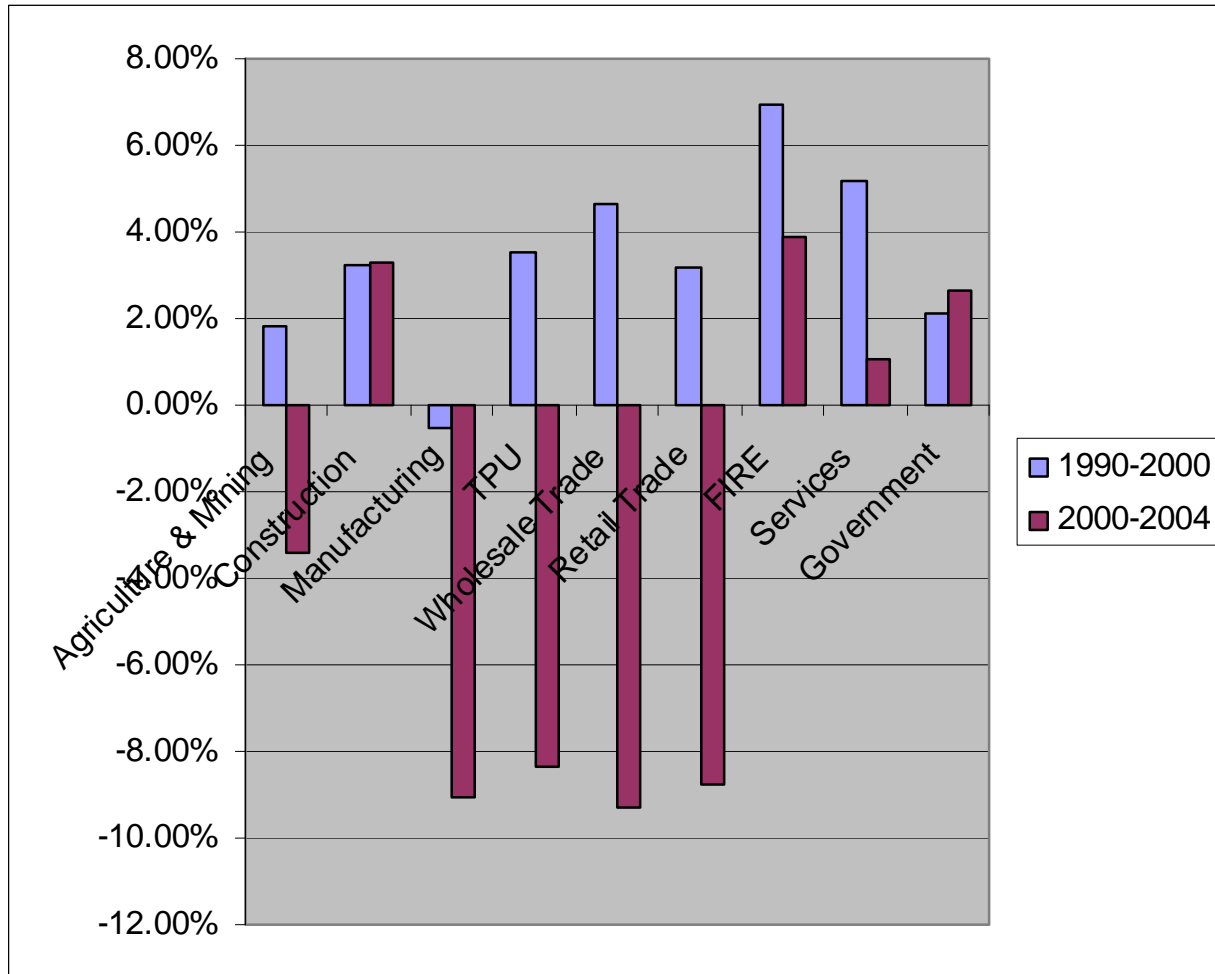
Changes in Composition of Personal Income: Growth Rates

- Earnings by place of work (annual inflation adjusted growth rate)
 - 1995-2004: 5.73%
 - 2004-2015: 3.36%
 - 2015-2030: 3.05%
 - Transfer payments
 - 1995-2004: 3.06%
 - 2004-2015: 4.53%
 - 2015-2030: 3.97%
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Interpretive Intermission I: Changes in Income Sources

- An increasing percentage of county personal income is from transfer payments
 - The 1995-2004 rate of growth in earnings was not sustainable as employment growth was greater than labor force growth
 - We will see that much of the projected change is due to changes in population age distribution
 - Slower growth in the working age population
 - More rapid growth in the senior component of population
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Employment Growth: Annual Rates of Growth for 1990-2000 and 2000-2004



Total Employment Growth: Average Annual Rates 2001-2005

- Total employment: 2.23%
 - Wage and salary employment: 1.18%
 - Proprietors employment: 3.68%
 - Non-farm proprietors: 3.78%
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- Indicative of a shift towards small, owner operated businesses
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Industry Employment Growth: Annual Rates for 2001-2005

Industry Sector	Annual Rate of Growth
<i>Forestry and Fishing</i>	-3.24%
<i>Mining</i>	-1.11%
<i>Manufacturing</i>	-2.24%
<i>Wholesale Trade</i>	-1.60%
<i>Retail Trade</i>	-0.33%
<i>Finance and Insurance</i>	-1.68%
<i>Federal, Civilian</i>	-2.82%
<i>Military</i>	-1.63%
<i>State Government</i>	-9.00%

- Industries with negative employment growth

Industry Employment Growth: Annual Rates for 2001-2005

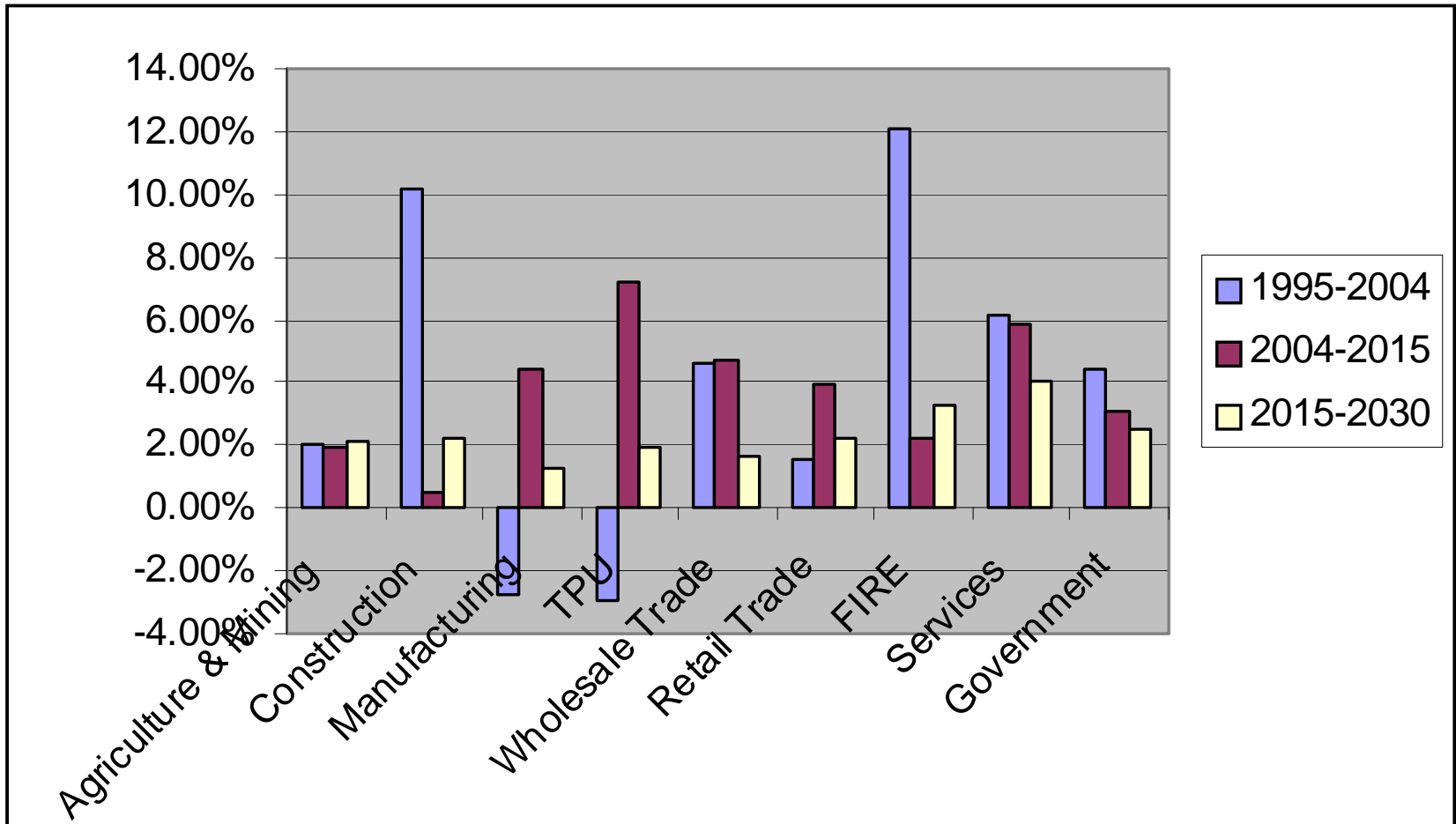
Industry Sector	Annual Rate of Growth
<i>Information</i>	5.28%
<i>Real Estate</i>	7.85%
<i>Construction</i>	3.51%
<i>Management of Companies</i>	12.79%
<i>Accommodation and Food Services</i>	4.50%
<i>Other Services</i>	3.07%
<i>Local Government</i>	2.80%

- Industries with strong positive employment growth

Interpretive Intermission II: Employment Growth

- Fastest growing sectors (in terms of employment) are linked to:
 - Small business growth in the information sector (information and management of companies)
 - Tourism growth (accommodations and food services)
 - The recent housing boom (construction and real estate)
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Industry Earnings Growth: Annual Rates (Inflation Adjusted)

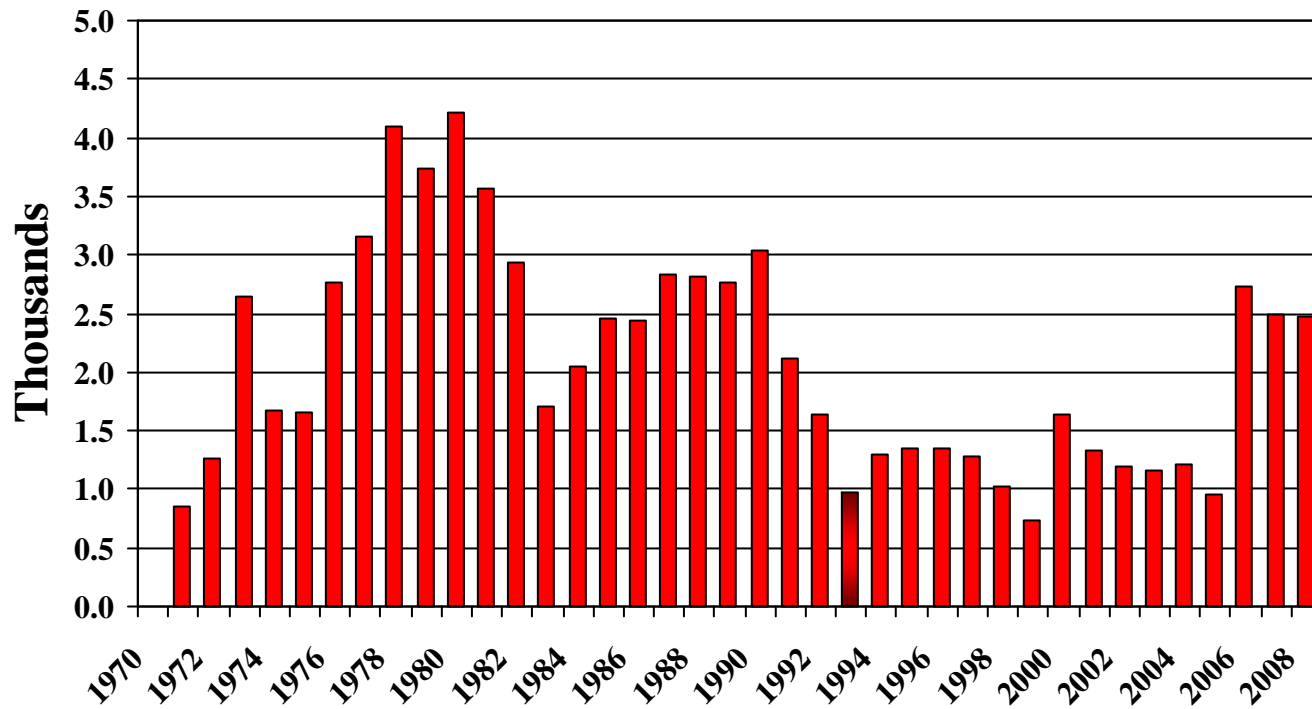


Growth in Earnings and Employment



- Earnings and employment growth are not necessarily at similar rates
- When earnings growth exceeds employment growth, that implies rising productivity
- Productivity is measured as output (related to earnings) per employee

Net Population Change: 1970 to the Present

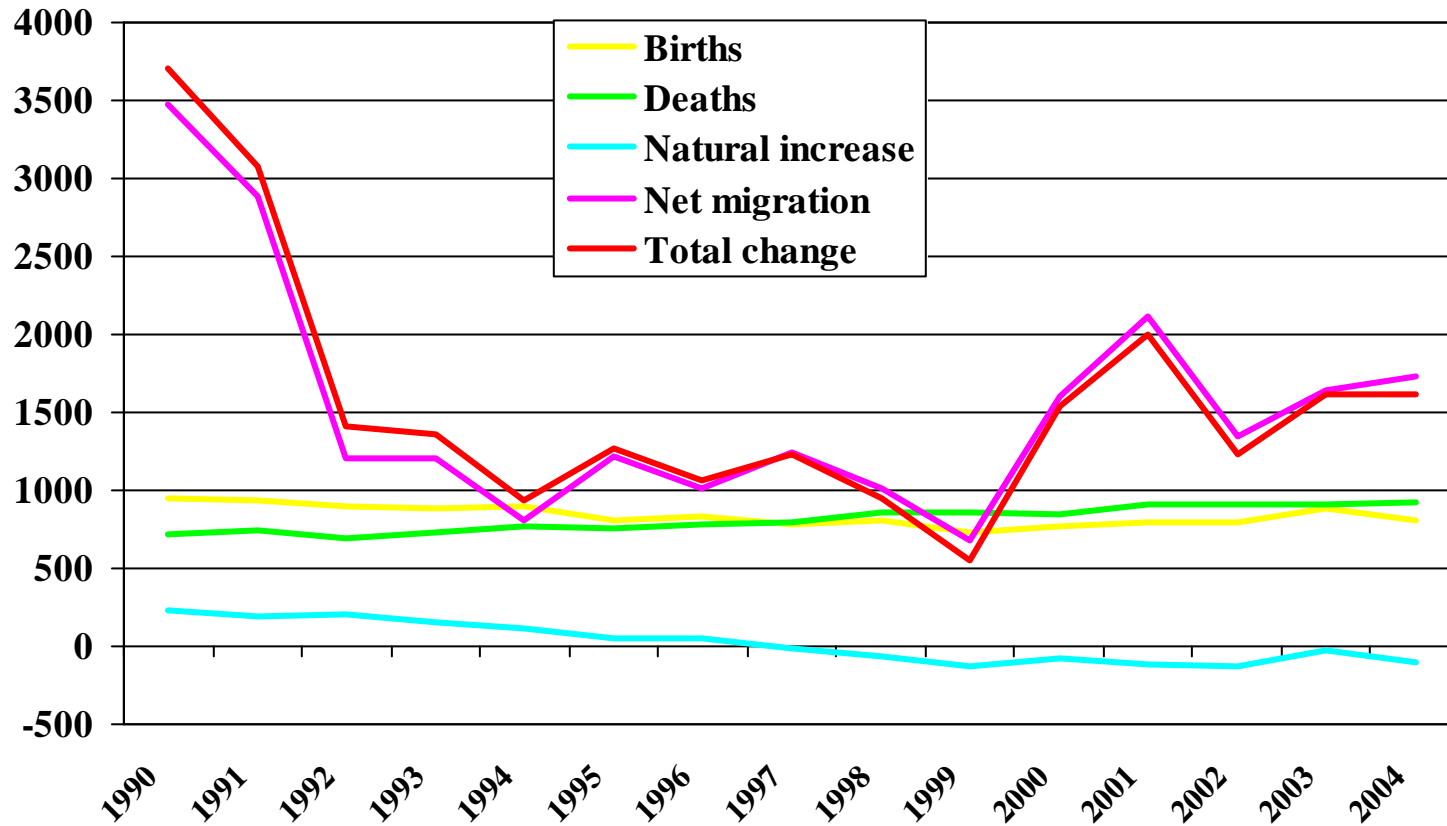


Population Growth

Years	Annual Rates
1995-2006	1.34%
2006-2015	2.37%
2015-2030	1.85%

- Population growth is expected to rise
- But that is not the important point
 - Since 1997 all growth has been due to in migration as the natural rate (births minus deaths) has been negative
 - Significant change in the age composition is expected

Population Growth and Net Migration



Population Growth and the Quality of Life



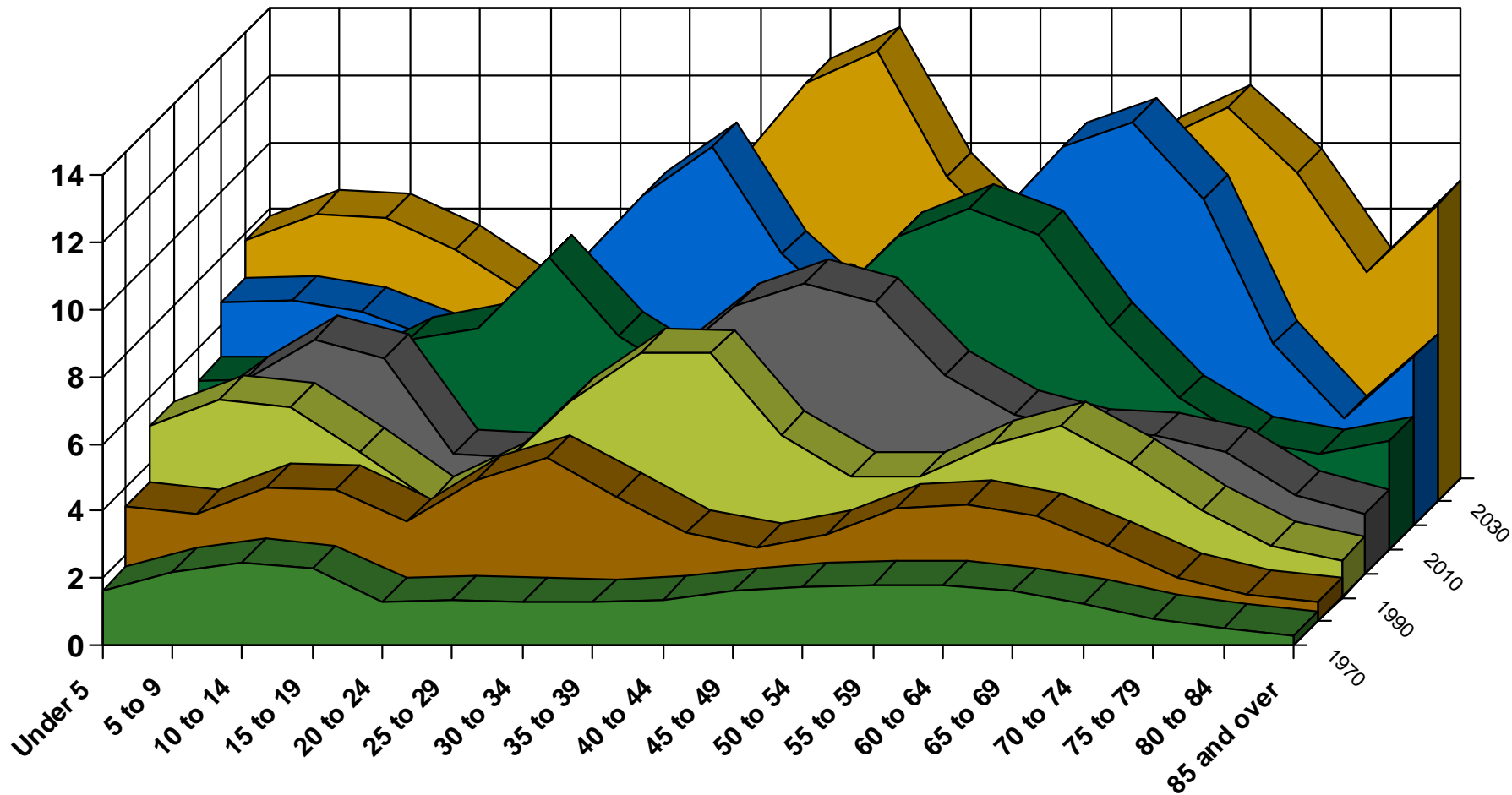
- Population growth in Nevada County is strictly determined by in migration
 - Willingness of people to move here depends on maintaining local amenities, natural and otherwise
 - Availability and cost of appropriate housing is also important
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Population Growth by Age Group

Age Group	1995-2006	2006-2015	2015-2030
0-19	0.57%	-0.70%	2.20%
20-59	1.56%	1.33%	0.93%
60-	1.74%	6.33%	2.62%

- Between 2001 and 2006 the fastest growing population segment was the 20-29 age group
- That group is expected to grow slowly through 2015 and then decline slightly thereafter
- Through 2030 the fastest growing age group is expected to be the 70+ seniors at 4.88% annually

Age Distribution of Nevada County's Population: 1970-2030



Interpretive Intermission III: Population Growth and the Labor Force

- Growth in the 20-59 age group is projected to slow through the year 2030
 - Reduced pool of labor available for local businesses
 - Overall population growth in Nevada County is expected to increase over rates experienced during 1995-2006
 - Most of that growth is expected to be seniors
 - After 2015, growth in the school aged population is expected to increase
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Intermission III (Continued): Structural Market Changes due to Changes in Age Distribution

- Increased demand for goods and services preferred by seniors, including:
 - Medical services
 - Smaller housing units
 - Public transportation
 - After 2015 projections indicate increased demand for educational services for K-12 students
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Median Housing Prices: Nevada County and the State of California

Year	Nevada County	California
1990	\$192,500	\$189,900
2001	\$305,000	\$256,000
2003	\$330,000	\$371,520
2005	\$456,500	\$537,706

Annual Rate of Increase in Median Housing Prices: Nevada County and the State of California

Years	Nevada County	California
1990-2001	4.27%	2.75%
2001-2003	4.02%	20.47%
2003-2005	17.62%	20.30%

Nevada County Housing: Cost and Availability



- Increases in local housing prices are in line with those of California
 - Future housing constraint on in migration is more likely to be due to the composition of the housing stock
 - Seniors prefer more compact development with smaller units
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Growth in Tourism



- Sectors most affected by tourism activity
 - Eating and drinking establishments
 - Retail sales
 - Accommodations
 - Recreation
 - Transportation

Growth in Tourism Expenditures in Nevada County



- Expenditures in Nevada County of \$254.2 million in 2005
 - Increased at an average annual rate of 3.95% between 1992 and 2005
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Earnings of Tourism-Related Businesses in Nevada County



- Tourism earnings by Nevada County businesses of \$79.7 million in 2005
- Increased at an average annual rate of 4.21% between 1992 and 2005

The Economic Future of Nevada County

- Continued population growth at moderate rates
 - A shift towards more retirees and fewer families headed by wage employees
 - More small information-based businesses and service providers
 - Growth industries are likely to be tourism and retiree based
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Changing Industry Focus: Attracting and Retaining Retirees

- Meeting demands of retirees: Housing, medical services, public transportation needs, etc
 - Changes in the mix of residential units
 - Need to attract the appropriate medical professionals and specialists
 - Local government costs of expanded public transportation
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Changing Industry Focus: Supporting Continued Growth in Tourism

- Preservation and enhancement of environmental amenities
 - Preservation and promotion of sites of historical interest
 - Development and support of appropriate tourist-oriented retail
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