

# Merced

# OPPORTUNITIES



City of Merced Development Services and Office of Economic Development

Summer 2005

## Merced's Growth Forecast

UC MERCED

On September 6th, classes at the new University of California at Merced Campus will begin. More than 9,000 students applied to the university, seeking to become pioneers at the nation's first academic research institution of the 21st Century.

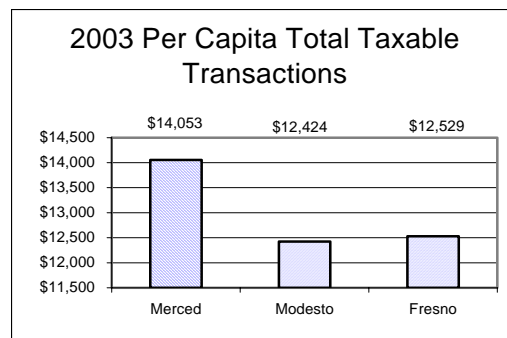


Record  
Housing  
Starts

Merced's housing market continues its rapid price escalation. In 2004, Merced had the nation's 12th highest median home price appreciation at 24.45% according to the Office of Federal Housing Enterprise Oversight (OFHEO).

In addition to the resale market, new housing construction continues to reach all time highs, with the number of total housing starts doubling from 2002 to 2003 and increasing 380% in the past six years. This escalated activity is being led by both national and local developers.

Dramatic  
Retail  
Growth



Merced's per capita retail sales continue to lead other Central Valley cities, including Fresno and Modesto. Since 1995 Merced's retail growth has exceeded these neighboring cities. In 2003, annual per capita sales were more than \$1,500 higher than those of Fresno and Modesto. Total sales have also seen a dramatic rise, increasing 27% during the past three years.

A partial list of new retailers in 2005 includes; Jamba Juice, Starbucks (3rd store), Juice It Up, and Ross Dress For Less.

## Merced Population Projections

Year	Merced City	U.C. Merced	Merced County
2000	63,893	0	210,554
2003	67,600	0	225,115
2005	73,610	1,200	240,162
2010	81,900	4,300	276,200
2015	89,400	8,220	307,300
2020	97,700	14,100	340,800
2025	106,800	21,700	377,400

## Factoids

\$34,400,000

The estimated discretionary spending of UC Merced students through 2010

25,000

The number of students who will attend UC Merced upon build out

\$2,000

The yearly discretionary income of an average University student

## Five-Year Forecast for 2006-2010

Type of Development	2006	2007	2008	2009	2010
Single family homes (new units)	700	725	750	775	800
Multi-family housing (new units)	400	200	225	225	250
Office (new sf)	30,000	15,000	15,000	70,000	20,000
Commercial construction (new sf)					
High Traffic	3,000	3,000	9,000	3,000	3,000
Low Traffic	35,000	35,000	35,000	35,000	35,000
>50,000 sf	54,000	30,000	300,000	0	0
Industrial construction (new sf)					
Light	40,000	40,000	20,000	20,000	20,000
Heavy	5,000	5,000	5,000	5,000	5,000
Institutional	5,000	5,000	255,000	5,000	5,000

*Housing demand* is projected to steadily increase over the five-year period. This should be understood as an annual average approximation, with some years underperforming the forecast and other years having more housing starts. In 2006, the multi-family housing category will receive a significant boost due to several new hotel developments.

*Office Development* is expected to level off upon the completion of several developments in 2006. One year of accelerated growth of approximately 50,000 square feet of new office construction is anticipated to follow new hospital development in Merced in 2008.

*Commercial growth* is expected to be fairly level with the exception of a large development in 2008.

*Industrial development* has generally been around 20,000 to 30,000 square feet per year. Exceptions have occurred in years when major new facilities locate in Merced, generally once every three to four years. Due to significant recent land sales in the Airport Industrial Park, a higher level of light industrial development is forecasted during 2006 and 2007. Large heavy industrial developments are not anticipated in the next five years, consistent with national heavy industry trends.

*Institutional growth* is expected to remain steady with annual development averaging approximately 5,000 sq. ft. with the exception of the new 250,000 square foot hospital facility expected in 2008.

Merced is equipped to provide support services for all its expanding business and residential communities. City residents have come to expect these high-quality services that contribute to Merced's overall high quality of life.

To find out more about the opportunities in Merced, contact the City of Merced Office of Economic Development today.

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