

Forecast: Construction will lead Fresno job growth through 2018

By Tim Sheehan

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Economic forecast

The University of the Pacific's latest California & Metro Forecast predicts continuing growth in nonfarm jobs, personal income and wages in the Fresno metropolitan area (Fresno County) economy over the next several years.

	2014	2015	2018
Population	963,600	972,100	1,005,600
Labor force	450,100	454,700	470,700
Non-farm employment	314,800	319,800	336,200
Total personal income (all sources)	\$35.9 billion	\$37.4 billion	\$44.0 billion
Wage & salary income	\$15.3 billion	\$16.0 billion	\$18.5 billion
Annual average wage (per worker)	\$48,500	\$49,700	\$54,700

Source: California & Metro Forecast — January 2015, published by UOP Business Forecasting Center.

Continuing recovery

- An economic forecast by the University of the Pacific predicts nonfarm jobs in Fresno County will grow from an average of 314,800 last year to more than 336,000 in 2018.
- Construction is predicted to be the fastest-rising job sector, growing by 8.3% this year and 8.2% in 2016, based on expectations for continued recovery in home-building.
- Among nonfarm jobs, the annual average wage for workers is forecast to grow from \$48,500 last year to \$54,700 in 2018.

The recovery of the housing market in the Fresno area is expected to continue to drive employment growth in the construction industry through 2016, according to an [economic forecast](#) released Friday for Northern California and its large metro areas by Stockton's [University of the Pacific](#).

At the same time, total personal income and average annual wages are also predicted to keep climbing over the next few years, combining with job growth to keep fueling the region's recovery from recession.

"Consumers are confident, supported by surprisingly low gas prices, solid job growth and improving wages," UOP's California & Metro Forecast declared. "The labor force is beginning to grow again, the tech engine continues to propel

the state's economy forward, and the housing market is no longer a major deterrent to growth although home building still remains well below historic norms and the pace of population growth."

Economist [Jeff Michael](#), who heads UOP's [Business Forecasting Center](#), said that while job growth in the Central Valley slowed somewhat last year compared to 2013, he expects unemployment rates to continue falling this year and through 2018. "Considering the drought and the weakness in home building in 2014, the slight slowdown from 2013 is unsurprising," Michael wrote in the report, "and the fact that job growth continued to be at or above the state average ... is particularly encouraging."

The construction industry in Fresno, as across the Valley, was slammed when the housing bubble burst and the regional and national economies slid into recession in 2007, 2008 and 2009. The number of people working in construction in Fresno County nosedived from more than 23,000 in 2006 to fewer than 12,000 in 2011 before the industry slowly began to regain jobs.

Michael anticipates that Fresno County construction jobs will grow at a rate of 8.3% this year and 8.2% in 2016. "In percentage terms, that's similar to what we've seen in the past couple of years," he said Friday. "We're primarily expecting a little increase in development and the recovery of housing and home building across inland California, and Fresno is no exception to that."

Michael said housing starts are expected to double over the next three years across California. In the Fresno market, new home construction is forecast to rise from fewer than 1,940 last year to nearly 4,400 in 2018.

Still, the expectation is that the ranks of construction workers in the Fresno market will only climb back to about 18,600 by 2018 — fewer than before the recession began. That falls in line with the forecast's regional expectations for Northern California because, Michael said, the industry fell so hard and so fast that it will take time to climb back out of the hole.

Another potential factor, albeit an unsteady one, in the prospects for growth in construction jobs is California's effort to build a high-speed train line connecting San Francisco and Los Angeles through the San Joaquin Valley, with construction anticipated over the next few years between Madera and Bakersfield. "We've included a modest bump for increased activity around high-speed rail," Michael said. "There's been so much uncertainty about the project and whether to include its effects in our forecast or take it out. We've included a very mild increase, but it could go even further if we saw a real surge in activity in that area."

Looming over the region, however, is the prospect of an ongoing drought with a fourth-straight year of lackluster rainfall and snow across California, and the potential effects on the Valley's agricultural base. "There is a good deal of uncertainty about farm employment because of the drought," Michael said. "In 2014, most of the drought effects didn't present themselves until the summer or fall, and we still don't have strong data on the extent of job losses in agriculture last year."

"Our belief is that farm jobs were several thousand lower in 2014 than 2013, and we're not expecting a big rebound from those levels in 2015," he added. Michael noted that some meteorologists have forecast one or more good storms in February. "But if the optimistic forecast of the next month doesn't come to fruition, the effects could be even deeper. ... Probably not enough to cause a recession, but enough to blunt the momentum in some areas of the economy."

Nonfarm employment is expected to climb from less than 315,000 in 2014 to more than 336,000 in 2018, according to the forecast. The unemployment rate in the Fresno market is forecast to fall from 11.5% last year to 9.4% in 2018, even as the population and labor force continue to grow at a modest pace.

During the same period, total personal income among the county's residents is predicted to rise from a collective \$35.9 billion to \$44 billion. For workers earning a paycheck, the estimated average annual wage is expected to climb from \$48,500 last year to \$54,700 in 2018.

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