Growth of Personal Income – With continued stagnation of oil prices and layoffs starting to affect regional oil companies, there was a minimal increase in personal income, increasing by 0.51%, on an annual basis, compared to the second quarter of 2015. This amounted to an increase, in total income, of only $41 million. This increase was largely driven by increases in property income from the third quarter of 2015, helping to offset stagnation in personal income and a decrease in profit income by firms.

Labor Market
We adjust published data in three ways. Firstly, we averaged monthly data to calculate quarterly data. Secondly, we recalculated quarterly data to take into account workers employed in the “informal” market (i.e., self-employed labor and those who work outside their county of residence). Finally, we adjusted quarterly data for the effects of seasonal variations.

Labor Force - The civilian labor force increased by 4,267 members from 393,600 in the second quarter of 2015 to 397,867 in the third quarter of 2015. In addition, 15,707 more workers were available for work this quarter relative to the third quarter of 2014.
Employment – In the third quarter of 2015, Kern County hired 7,333 more workers as total employment increased from 353,900 in the second quarter of 2015 to 361,233 in the third quarter of 2015. Even better, the county employed 15,753 more workers this quarter than four quarters ago.
**Unemployment** – In the meantime, 3,067 fewer workers were unemployed as the number of jobless workers decreased from 39,667 to 36,600. Likewise, 2,990 fewer workers were unemployed this quarter than the third quarter of last year.

![Unemployment Graph](image)

**Unemployment Rate** – Kern County’s unemployment rate decreased 0.87 percentage points to 9.23 percent. The county’s unemployment rate was 10.4 percent four quarters ago.

![Unemployment Rate Graph](image)

The rate of unemployment varied considerably across cities. Among cities shown below, the unemployment rate varied between 4.3 percent in Inyokern to 27.9 percent in McFarland, which was one of the few cities in Kern County to have an increase in the unemployment rate, which was the second continuous quarter of rising unemployment rates in this city. In Bakersfield, the rate of unemployment was 9.2 percent.
<table>
<thead>
<tr>
<th>Location</th>
<th>Unemployment Rate (%)</th>
<th>Location</th>
<th>Unemployment Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inyokern</td>
<td>4.3</td>
<td>Bakersfield</td>
<td>8.2</td>
</tr>
<tr>
<td>Taft</td>
<td>6.0</td>
<td>Arvin</td>
<td>10.7</td>
</tr>
<tr>
<td>Lamont</td>
<td>6.1</td>
<td>Delano</td>
<td>11.0</td>
</tr>
<tr>
<td>Ridgecrest</td>
<td>6.2</td>
<td>Oildale</td>
<td>11.9</td>
</tr>
<tr>
<td>Tehachapi</td>
<td>7.0</td>
<td>Wasco</td>
<td>12.2</td>
</tr>
<tr>
<td>Frazier Park</td>
<td>7.1</td>
<td>Edwards</td>
<td>16.0</td>
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<tr>
<td>Rosamond</td>
<td>7.6</td>
<td>Mojave</td>
<td>16.7</td>
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<tr>
<td>Shafter</td>
<td>7.8</td>
<td>California City</td>
<td>19.0</td>
</tr>
<tr>
<td>Lake Isabella</td>
<td>7.9</td>
<td>McFarland</td>
<td>27.9</td>
</tr>
</tbody>
</table>

Note: City-level data are not adjusted for seasonality and “informal” market workers.

**Farm Employment** – In the third quarter of 2015, Kern County hired 12,633 more farm workers. As a result, farm employment increased from 58,500 to 71,113. Similarly, the farming industry hired 17,653 more workers this quarter than four quarters ago.

![Farm Employment Chart]

**Nonfarm Employment** – Local nonfarm industries employed 2,900 fewer workers this quarter. Hence, the number of nonfarm workers decreased from 259,200 to 256,300, hinting that much of the employment gain in Kern County was from farming. Fortunately, nonfarm industries have still hired 7,830 more workers than four quarters ago.
In Bakersfield, however, many nonfarm industries lost jobs: oil and gas extraction, service providing, educational and health services, leisure and hospitality, and state and local governments. However, jobs were added farming, manufacturing, retail trade, and federal government.

**Informal Employment** - Informal employment is the difference between total employment and industry employment. It accounts for self-employed workers and workers employed outside their county of residence. In the third quarter of 2015, the number of informal workers decreased by 2,400 from 36,200 to 33,800. Likewise, the informal labor sector hired 9,730 fewer workers this quarter relative to the third quarter of last year.
Private-Sector Employment - Nonfarm employment is comprised of private-sector employment and public-sector employment. In the third quarter of 2015, private companies hired 33 fewer workers as their employment decreased from 196,800 to 196,767. Conversely, the private sector employed 5,397 more workers this quarter than four quarters ago.

Public-Sector Employment – The public sector consists of federal, state, and local government agencies. The local government labor market includes county and city agencies and public education. In the third quarter of 2015, government agencies hired 2,867 fewer workers as their employment decreased from 62,400 to 59,533, spurred by large reductions in state and local government employment. This is opposite of the annual trend, as the public sector employed 2,793 more workers this quarter than four quarters ago.
**Housing Market**

**Housing Price** - In the third quarter of 2015, Kern County’s housing prices continued to strongly increase, reaching a level not seen since the second quarter of 2008. The median sales price for all residential units increased $5,500 (or 2.7 percent) from $200,500 in the second quarter of 2015 to $206,000 in the third quarter of 2015. Similarly, the county’s median sales price appreciated $14,000 (or 7.3 percent) between the third quarter of 2014 and the third quarter of 2015.

In Bakersfield, the median housing price appreciated $3,833 (or 1.7 percent) from the second quarter of 2015, to reach a similar level not seen since the first quarter of 2008: $224,833. Similarly, the city’s median sales price has appreciated $15,833 (or 7.6 percent) since the third quarter of 2014.

Housing price varied across the county. Within previous four quarters (2014 third quarter to 2015 third quarter), the median sales price appreciated in all the major cities of Kern County except California City, Ridgecrest, and Taft. In dollar value, Delano had the
largest appreciation of $16,167. The largest decrease, in dollar value, was found in Taft, where median housing prices fell by $14,083.

<table>
<thead>
<tr>
<th>Location</th>
<th>Median Price 2015.3</th>
<th>Median Price 2014.3</th>
<th>Price Change 2014.3 to 2015.3</th>
<th>% Price Change 2014.3 to 2015.3</th>
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</thead>
<tbody>
<tr>
<td>Kern County</td>
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<td>14,000</td>
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<tr>
<td>Bakersfield</td>
<td>$224,833</td>
<td>$209,000</td>
<td>15,833</td>
<td>7.6</td>
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<td>California City</td>
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<td>$93,500</td>
<td>-5,583</td>
<td>-6.0</td>
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<td>Delano</td>
<td>$176,167</td>
<td>$160,000</td>
<td>16,167</td>
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<td>Ridgecrest</td>
<td>$150,417</td>
<td>$153,000</td>
<td>-2,583</td>
<td>-1.7</td>
</tr>
<tr>
<td>Rosamond</td>
<td>$188,667</td>
<td>$178,800</td>
<td>9,867</td>
<td>5.5</td>
</tr>
<tr>
<td>Taft</td>
<td>$99,017</td>
<td>$113,100</td>
<td>-14,083</td>
<td>-12.5</td>
</tr>
<tr>
<td>Tehachapi</td>
<td>$223,333</td>
<td>$219,500</td>
<td>3,833</td>
<td>1.7</td>
</tr>
</tbody>
</table>

**Housing Sales** – In the second quarter of 2015, price appreciation was accompanied by modest sales increases. In Kern County, 139 more homes were sold as total sales increased from 3,325 to 3,464. Compared to four quarters ago, 474 more units were sold.

In Bakersfield, sales of residential units increased, at almost the same rate as in Kern County as a whole, as 133 more homes were sold. Total sales increased from 2,335 to 2,468. Sales were up by 326 units this quarter relative to the third quarter of last year.
**New Building Permits** – In the third quarter of 2015, Kern County issued 573 permits for construction of new privately-owned dwelling units. The county issued 615 new building permits last quarter and 302 four quarters ago, showing a modest decline in new building permits that likely reflects continued stagnation in oil prices, though activity is much higher than it was just four quarters ago.

![New Building Permits Chart](chart1)

**Mortgage Interest Rate** – In the third quarter of 2015, the interest rate on thirty-year conventional mortgage loans increased from 3.83 to 3.95 percent. Four quarters ago, the mortgage loan interest rate was 4.14 percent.

![Mortgage Loan Interest Rate Chart](chart2)

**Housing Foreclosure Activity** – Kern County’s foreclosure activity continued to slow in the third quarter of 2015. The number of homeowners receiving notices of loan default from their mortgage bankers declined from 407 to 393.33. Similarly, the number of default notices has gone down by 115 since the third quarter of last year. This is especially good news as the depressed oil prices had a chance to push homeowners in Kern County into economic distress.
**Stock Market**
In the first quarter of 2015, the composite price index (2014.1=100) of the five publically traded companies doing business in Kern County decreased 6.6 percentage points from the previous quarter, from 96.7 to 90.2. The index was also 10.9 percentage points lower than that of four quarters ago. Average “close” prices were measured for five local *market-movers*: Chevron Corporation U.S., Tejon Ranch Company, Granite Construction, Wells Fargo Company, and Sierra Bancorp.

**Chevron Corporation U.S.**: CVX lost $5.55 (or 5.8 percent) per share as its price decreased from $96.47 to $90.92. Relative to the third quarter of 2014, CVX was down $40.27 (or 30.7 percent).
Tejon Ranch Company: TRC lost $3.18 (or 12.4 percent) per share as its stock price dropped from $25.71 to $22.53. Likewise, TRC was down $6.92 (or 23.5 percent) relative to the third quarter of 2014.

Granite Construction: GVA lost $2.69 (or 7.6 percent) per share as its stock price decreased from $35.51 to $32.82. Likewise, GVA has declined $1.65 (or 4.8 percent) since the third quarter of 2014.

Wells Fargo Company: WFC lost $2.16 (or 3.8 percent) per share as its stock price fell from $56.24 to $54.08. Relative to one year ago, WFC was up $2.64 (or 5.1 percent).
Sierra Bancorp: BSRR lost $1.10 (or 6.4 percent) per share as its price decreased from $17.31 to $16.21. Similarly, BSRR has lost $0.19 (or 1.2 percent) since the third quarter of 2014.

Inflation

Cost of Living – In the third quarter of 2015, the Consumer Price Index for all urban areas (1982-84 = 100) increased from 237.7 to 238.31. As a result, inflation for the cost of living accelerated at an annual rate of 1.02 percent. The cost of living inflation rate was 2.71 percent last quarter and 1.1 percent a year ago.
**Cost of Production** – The Producer Price Index for all commodities (1982 =100) decreased from 192.8 to 191.8. As a result, the cost of production fell at an annual rate of 2.14 percent. The cost of production inflation rate was 2.51 percent last quarter and -2.10 percent four quarters ago.

![Cost of Producing Inflation Rate Graph]

**Cost of Employment** - The Employment Cost Index (December 2005 = 100) for all civilian workers increased from 123.8 to 124.5. As a result, the cost of employment grew at an annual rate of 2.26 percent. The cost of employment inflation rate was 0.65 percent last quarter and 2.64 percent four quarters ago.

![Cost of Employment Inflation Rate Graph]

**Commodity Prices**

**Price of Gasoline** - In the Bakersfield metropolitan area, the average retail price of regular gasoline decreased $0.62 per gallon from $3.52 to $2.90. Compared with the third quarter of last year, the average gasoline price was down $0.98.
Price of Milk – The unit price of California’s Class III milk decreased $0.10 (or 0.6 percent) from $16.24 to $16.14. Noticeably, the price fell in each month of the second quarter of 2015. Even more noticeably, the price is down sizably since the third quarter of last year, falling by $6.68 (or 29.3 percent).

Farm Prices – In the third quarter of 2015, the national Index of Prices Received by Farmers for all farm products (2011 = 100) decreased 8.0 points from 107.7 to 99.7. The index was 108 four quarters ago.
Meanwhile, the national Index of Prices Paid by Farmers for commodities, services, interest, taxes, wages, and rents fell slightly by 1.3 point to reach 108. The index was 112 four quarters ago.

We measure the Index of Farm Price Parity as the ratio Index of Prices Received to the Index of Prices Paid. In the third quarter of 2015, the gap between prices paid and prices received fell substantially as the Index of Farm Price Parity decreased from 97 percent to 92.3 percent, mainly from a large decrease in the index of prices received. Four quarters ago, the price ratio was 96 percent, meaning that conditions for farmers are the worst that they have been since the end of 2013.
Index of Farm Price Parity

1 Source - Online databases: labormarketinfo.edd.ca.gov, bakersfieldgasprices.com, dqnews.com, economagic.com, bea.gov, bls.com, gpoaccess.gov, dairy.nu, msn.com, census.gov, kerndata.com, and bry.com