



BEACON ECONOMICS

May 2017

# Regional Economic Forecast

## 2017-18

Covering the San Gabriel Valley in Los Angeles County and the West San Bernardino County part of the Inland Empire



CAL POLY POMONA



# Cal Poly & SGVEP Regional Forecast

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This publication was prepared for:

**California Polytechnic University, Pomona and the San Gabriel Valley Economic Partnership**

This publication was prepared by:

## **Beacon Economics**

Christopher Thornberg, PhD  
Founding Partner  
5777 West Century Boulevard, Suite 895  
Los Angeles, California 90045  
310.571.3399  
Chris@BeaconEcon.com

Robert Kleinhenz, PhD  
Executive Director of Research  
5777 West Century Boulevard, Suite 895  
Los Angeles, California 90045  
424.646.4652  
Robert@BeaconEcon.com

And by:

Adam Fowler, Manager, Public Policy  
Eric Meux, Manager, Economic Research  
Alan Hooper, Senior Research Associate  
Justin Niakamal, Research Associate  
Clarissa Paik, Research Assistant  
Jordan Giali, Research Assistant

Or visit our website at [www.BeaconEcon.com](http://www.BeaconEcon.com).

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In this report, the San Gabriel Valley includes the following incorporated cities and communities:

- Alhambra
- Altadena
- Arcadia
- Avocado Heights
- Azusa
- Baldwin Park
- Bradbury
- Charter Oak
- Citrus
- Claremont
- Covina
- Diamond Bar
- Duarte
- East Pasadena
- East San Gabriel
- El Monte
- Glendora
- Industry
- La Canada Flintridge
- La Puente
- La Verne
- Mayflower Village
- Monrovia
- Montebello
- Monterey Park
- Pasadena
- Pomona
- Rosemead
- San Gabriel
- Sierra Madre
- South Pasadena
- Temple City
- Vincent
- Walnut
- West Covina

West San Bernardino includes the following incorporated cities:

- Chino
- Chino Hills
- Montclair
- Ontario
- Rancho Cucamonga
- Upland

## Executive Summary

This report prepared for California Polytechnic University Pomona and the San Gabriel Valley Economic Partnership (Cal Poly & SGVEP Forecast) describes the recent performance of the economies of the San Gabriel Valley and West San Bernardino County, the fundamental drivers of these areas, and the outlook through 2018. The San Gabriel Valley has a mature economy that has shown resilience in recent years, growing at a steady pace in terms of both population and jobs. Thanks to its relative affordability, West San Bernardino is, like the rest of the Inland Empire, renowned for its fast-growing communities.

## San Gabriel Valley

The San Gabriel Valley has stayed the course with a solid economic performance in 2016. Virtually every industry added jobs to the employment base and, according to data compiled by the Employment Development Department, the total job count in the area has now surpassed its pre-recession peak. The economy is fast approaching its eighth year of expansion and job growth is expected to continue. Beacon Economics estimates that total employment in the San Gabriel Valley grew by 2.6% in 2016, with slower rates of growth this year and next. A tighter labor market will also put upward pressure on current wage rates as employers seek high-skilled workers in a contracting labor pool.

| San Gabriel Valley Forecast |                       |                      |                        |                                |                        |
|-----------------------------|-----------------------|----------------------|------------------------|--------------------------------|------------------------|
| Year                        | Population*<br>(000s) | Employment<br>(000s) | Wages<br>(\$ Millions) | Taxable Sales<br>(\$ Millions) | Residential<br>Permits |
| 2016                        | 1,531.5               | 701.65               | 34,496.26              | 22,118.3                       | 2,038                  |
| 2017                        | 1,539.6               | 713.24               | 36,675.93              | 22,781.9                       | 2,111                  |
| 2018                        | 1,546.6               | 718.97               | 37,741.78              | 23,237.5                       | 2,156                  |
| Year over Year Growth (%)   |                       |                      |                        |                                |                        |
| 2016                        | 0.7                   | 2.6                  | 5.2                    | 1.3                            | -7.9                   |
| 2017                        | 0.5                   | 1.7                  | 6.3                    | 3.0                            | 3.6                    |
| 2018                        | 0.5                   | 0.8                  | 2.9                    | 2.0                            | 2.1                    |

Source: Forecasts by Beacon Economics. \*Incorporated cities only.

Continued increases in taxable sales are symptomatic of strength among businesses and households in the private sector, while also boding well for the state and local government sector. Meanwhile, economic growth continues to spread inland from coastal areas of the state. All in all, the San Gabriel Valley is poised for continued growth over the next couple of years. Following a paltry growth rate of 1.2% in 2016, we forecast a 3.0% increase in taxable sales in 2017 as the San Gabriel Valley economy continues to grow.

The population of the San Gabriel Valley consisted of 1.53 million residents in incorporated cities and over 320,000 residents in unincorporated parts of Los Angeles county for a total of 1.85 million residents. The population of the region will grow by 0.5% this year and next, a slightly slower pace than the county as a whole.



The picture for housing has been mixed since the recession, with prices advancing modestly despite many hurdles that have limited sales. Demand for homes has been sustained by low interest rates, but has also been impeded by limited inventories, high underwriting standards, and large down payment requirements. Meanwhile, new home construction has struggled to advance since the recession. The region experienced a surge in residential permits in 2014, but permit activity has declined since then. Beacon Economics' current forecast for residential permits predicts a modest uptick in residential permits of 3.6% in 2017 and 2.1% in 2018.

## West San Bernardino

West San Bernardino County had a great year in 2015 by most metrics and 2016 continued this trend, with the majority of economic indicators moving upward: Labor markets continued to show positive solid gains, home prices are increasing as sales volumes have reversed course, business activity remains robust, and population growth is faster than some coastal areas and the state overall. Indeed, right now there is little in the way of headwinds to impede growth for the area.

| West San Bernardino Forecast |                      |                      |                        |                                |                        |
|------------------------------|----------------------|----------------------|------------------------|--------------------------------|------------------------|
| Year                         | Population<br>(000s) | Employment<br>(000s) | Wages<br>(\$ Millions) | Taxable Sales<br>(\$ Millions) | Residential<br>Permits |
| 2016                         | 624.4                | 288.72               | 12,302.97              | 15,618.7                       | 2,073                  |
| 2017                         | 631.5                | 298.64               | 13,135.00              | 16,493.4                       | 2,187                  |
| 2018                         | 638.7                | 308.37               | 13,989.81              | 17,004.7                       | 2,230                  |
| Year over Year Growth (%)    |                      |                      |                        |                                |                        |
| 2016                         | 1.0                  | 3.9                  | 4.4                    | 8.0                            | 9.3                    |
| 2017                         | 1.1                  | 3.4                  | 6.8                    | 5.6                            | 5.5                    |
| 2018                         | 1.1                  | 3.3                  | 6.5                    | 3.1                            | 2.0                    |

Source: Forecasts by Beacon Economics

Beacon Economics' current forecast for the region is quite positive. The affordability of the region, in terms of both residential and commercial real estate, has been a major driver of growth in the last few years, and is expected to contribute to the region's success moving forward. As such, our current forecast predicts total employment to increase between 3.3% and 3.9% from 2016 to 2018, with over 308,000 jobs supported by 2018. Lower housing prices than coastal regions of Southern California draw more residents, resulting in increased demand for new housing and other services. The affordability advantage translates into increased population growth, which we expect to tick up by 1.1% each year for the next couple of years. Likewise, lower commercial rates entice more businesses to move to the region, fueling spending growth. The migration of residents and businesses will have a positive effect on the region's economy and will continue to drive internal growth. Add it all up, and the western portion of San Bernardino County is poised for growth in the next couple of years.

## The Economic Environment

### U.S. Overview

#### The Unknown Unknowns

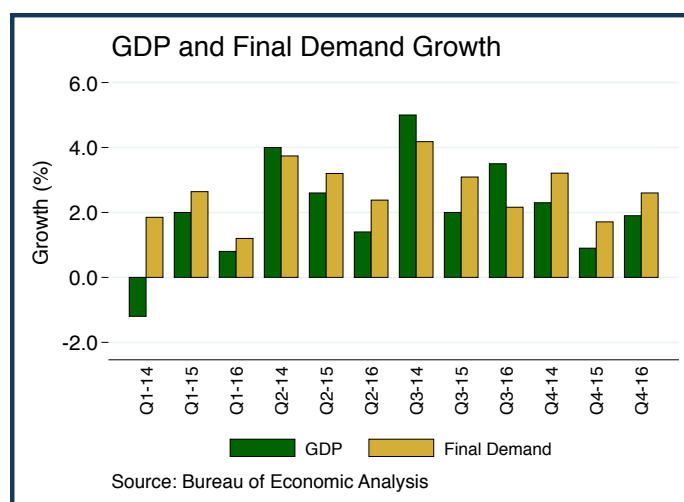
As the first quarter of 2017 comes to a close, two distinctly opposing trends have formed in terms of the U.S. economy's outlook for the year. On one hand, the nation's economy is clearly picking up momentum after a year of slow growth in 2016. On the other hand, the policy uncertainties created by the surprise election of Donald Trump to the presidency have only become worse as his administration moves into its third month.

President Trump's first major agenda items—travel bans and health insurance reform—have become mired in political and legal battles. The net result is that while Beacon Economics' point estimate for growth in 2017 has increased marginally, to slightly less than 2.5% growth for the year, the range of variance around this estimate is also widening. In other words, uncertainty is the biggest issue the nation is dealing with.

Taking a look at current economic trends, U.S. economic growth in the last quarter of 2016 came in at a weaker than expected 1.9% and may be even lower for the first quarter of this year—perhaps as low as 1% given the current reading. But these top line numbers belie growing momentum in the economy. The fourth quarter growth rate was pushed down by a very large jump in the nation's trade deficit, yet in contrast, domestic demand (driven by increases in consumer, business, and government spending) grew at a 2.6% pace of growth—the best since the third quarter of 2015.

As for the weak first quarter of 2017, this is a data pattern that had been seen continuously since 2010, with first quarters averaging 1% growth, while the final three quarters of each year averaging 2.5%. Why the seasonal adjustment process has not ironed out this persistent pattern is difficult to say.

Beyond overall GDP growth, plenty of other economic indicators show that the U.S. economy is gathering momentum. Industrial production estimates from the Federal Reserve have been rising since last fall, while the ISM indexes for both manufacturing and services continue to rise. These improved outcomes are being driven by an international economy that has returned to a growth track with better than expected numbers coming from many corners of the globe including Europe, China, and Japan, all

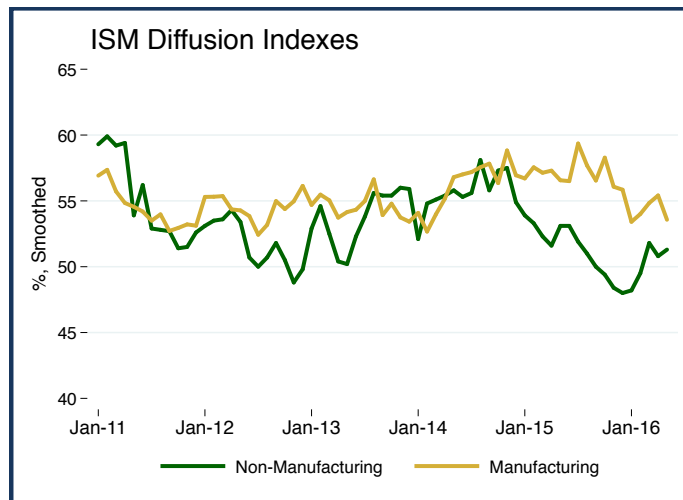


which beat expectations for growth. U.S. exports have expanded accordingly, despite the rising value of the US dollar. The oil slump is also reversing itself. New well construction is rising again and oil production is back to over 9 million barrels per day.

These gains are reflected in increased business investment and rising corporate profits. And it isn't just business experiencing better times. Also significant is the nation's increasingly tight labor market. The headline U.S. unemployment rate is well below 5%, even as job openings remain close to an all-time high level. Consumer spending and credit expansion continues to move forward at a sustainable pace, helping to smooth out some of the bumps created by a volatile global economy. The net result has been an increase in wages as well as a sharp acceleration in labor force growth with workforce participation rates starting to climb again.

In other words, President Trump has had the good fortune of inheriting the strongest U.S. economy in the last decade. Unfortunately, Candidate Trump ran on a platform that did not emphasize the nation's economic strength, but its profound weakness. From trade to regulations to immigration to taxes, Trump created straw men to blame for problems that don't actually exist in the U.S. economy. He has proposed sweeping changes—most of which, by definition, cannot deliver the promised positive effects given the fact that the economy is not suffering in the way he has suggested.

The primary impacts from the Trump administration's proposed policy shifts will largely be confined to what economists refer to as the "law of unintended consequences." One example is the Federal budget. President Trump is proposing broad tax cuts for corporations and individuals, without any major cuts in revenues. Implicit in this proposal is the idea that a surge in economic growth combined with a reduction in wasteful spending and some tax deductions will make these actions largely revenue neutral.



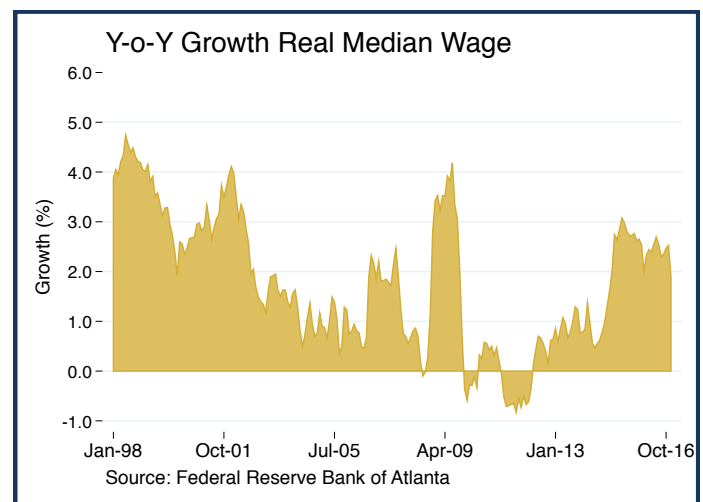


Of course, the entire conversation has aggressively steered clear of the political minefield known as Federal entitlements, all of which are about to see a rapid acceleration in spending growth due to the Baby Boomer generation moving into retirement. By Beacon Economics' internal calculations, without making any change to tax policies, Medicare by itself will rise from 18% of current revenues to over 40% in 2035. Realistically, the outlook for the U.S. deficit is grim regardless of any budget changes by the Trump administration unless the nation is willing to face these very real issues, something that is highly unlikely in today's political environment where even basic decisions such as raising the debt ceiling have become hyper-partisan. Similar arguments can be made around other hot policy items on the Presidential agenda, including trade and immigration.

If Beacon Economics believed President Trump would succeed in enacting his policy priorities, we might have better clarity on economic outcomes, for better or worse. But given that the administration's first three major policy initiatives on travel, health insurance, and the budget have all been stymied by the courts or infighting within the Republican party, it has become harder and harder to predict how policy in the United States will actually change – and what it may mean for economic growth.

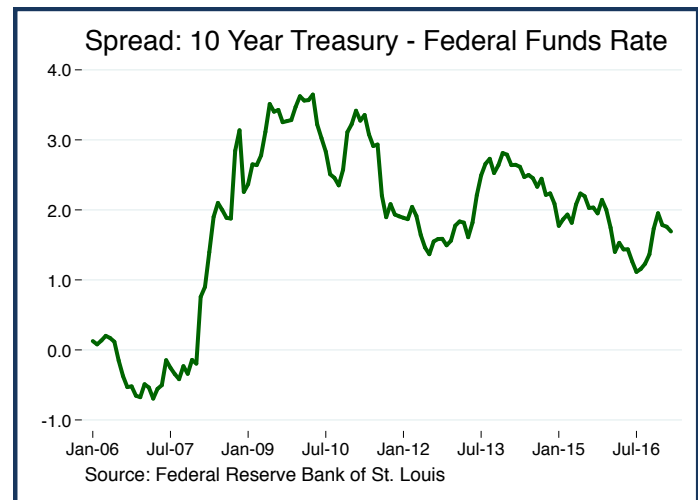
Uncertainty about the direction of the nation seems to fly in the face of the stock market's ongoing rally. But then again, the stock market is strikingly incompetent in recognizing vague threats. Remember that it wasn't until the failure of Lehman Brothers—during the third quarter of the year-and-a-half-long 'Great Recession'—that the markets finally tanked. The market's focus is exclusively on profits and the potential for corporate tax cuts. Wall Street may only start to worry if Trump's tax cut proposals look less likely to succeed, a valid concern given the ongoing failures of his administration. Add to this clear signs of infighting among the President's team of advisors, deepening conflict of interest issues, and falling approval ratings, and it is little wonder that UK odds makers are now suggesting the chance of Trump making it through his first term is only slightly over 50%.

Then there is the Federal Reserve. The Fed has now raised rates three times in the last 6 months—a very sharp pace. The justification for the increases has been typical—that a full labor market implies a need to back off the stimulus before creating inflation. But such a concern is of limited value in today's economy. First, inflation is still low by historical standards and money supply growth is also constrained (hard to see any nascent issues here). Second the Philips curve (the inverse relationship between inflation and unemployment) is hardly existent in a low inflation world. Lastly, the Fed typically chases a rise in the 10-year bond rate—responding to a steepening yield curve. The current move keeps the spread at well



below 2 percentage points—very low from a long-term standpoint and even low relative to the spreads since seen the start of the Great Recession.

Trying to ascertain what is on the minds of people at the Federal Reserve Banks is impossible during the best of times. Are they really concerned about inflation? Or are they more concerned about the potential of a new Trump driven bubble? Or is there some other motivation—such as heading off an effort by Congress to take control of the Federal Reserve after years of complaints about the Fed’s loose monetary policy (even though those complaints have no basis). We don’t really know so it is difficult to say just how far the Fed will go in flattening the yield curve.



All this mystery only adds to the overall confusion about where the economy is headed next. If there were a well-defined policy direction from the Trump administration or the Federal Reserve, even if the policies were unwise, it would allow for some clarity on the direction of the economy. But the chaos within this administration leaves us, as forecasters, with little idea as to what might actually occur. As we move through the year, beware the unknown unknowns.

## California Overview

### California Steady Despite DC Disruption

California has good reason to be concerned about the disruptive political environment that has characterized President Donald Trump’s first two months in office. With a large foreign-born population (foreign-born residents made up more than one-quarter of California’s population in 2015, compared to 13% for the United States as a whole) and a significant amount of the nation’s trade passing through its ports and over its borders, the state economy is hard-wired to the rest of the world. The Administration’s desire to enact a travel ban along with its hardline positions on trade have significant implications for many parts of the California economy. So it’s little surprise to see California government officials and business leaders challenging the Administration on these issues and other policy fronts such as environmental regulation and infrastructure investment. State leaders have their work cut out for them as they try to ensure decisions from Washington neither trip up the California economy, nor work against its businesses and residents.

## California Economy: Slower Growth Ahead

The California economy generally tracked the national economy as it advanced throughout 2016. The state's unemployment rate fell to its lowest in 10 years at 5.0% in February 2017, marginally higher than the U.S. rate. California's real Gross Domestic Product in the third quarter of 2016 (latest available data) grew 3.3% over the prior quarter in annualized terms, approximately on par with the nation's 3.5% rate in that period. For all of 2016, the pace of economic growth in both California

and the U.S. was slower than in 2015. Meanwhile, California continues to get significant contributions from the tech sector, which accounted for 30% of the state's economic growth in the third quarter. Two other sectors, Transportation and Logistics and Finance and Insurance each accounted for 14%, and Durable Goods Manufacturing accounted for 12%.

The state has continued to experience steady but somewhat slower job growth as it has entered 2017. Wage and salary jobs rose by 1.9% year-over-year in February 2017, considerably lower than the 3.3% growth rate a year earlier. In the private sector, Health Care made the largest contribution, followed by Leisure and Hospitality, Government, and Professional Services and Information. The Government sector saw a significant gain mostly due to hiring by local school districts. Together, these sectors accounted for one-fourth of the 315,800 jobs added during the period. Job losses occurred in Manufacturing (9,600 jobs or -0.7%). Having finished 2016 with the highest annual employment on record, despite the drought and the strong dollar, Agriculture posted a modest 1.6% yearly job gain in February 2017.

Virtually all metro areas of the state saw yearly job gains in February 2017. Among the MSAs with more than 100,000 jobs, the Inland Empire led the way with a 3.2% increase from February 2016 to February 2017, followed by the Modesto MSA, the Fresno MSA, and the Ventura MSA. As usual, Los Angeles County led in terms of absolute job gains, adding 94,500 jobs.

## Housing Outlook Mixed

The picture for California housing continues to be mixed. In general, prices have advanced modestly despite hurdles that have limited sales activity. Outside of the San Francisco Bay Area, home prices have yet to surpass their pre-recession peaks. Demand for homes has been sustained by low interest rates but has also been impeded by limited inventories, high underwriting standards, and large down payment requirements. On the supply side, existing home sales have been well below their long run averages,

**Industry Employment for California (jobs in thousands)**

| Industry                | Feb-16   | Feb-17   | Yr-to-Yr | YTY (%) Change |
|-------------------------|----------|----------|----------|----------------|
| Management              | 225.1    | 227.9    | 2.8      | 1.2            |
| Other Services          | 552.4    | 565.3    | 12.9     | 2.3            |
| Government              | 2,491.8  | 2,538.2  | 46.4     | 1.9            |
| Financial Activities    | 816.5    | 830.6    | 14.1     | 1.7            |
| Prof Sci and Tech       | 1,208.9  | 1,241.8  | 32.9     | 2.7            |
| Retail Trade            | 1,677.6  | 1,688.9  | 11.3     | 0.7            |
| Leisure and Hospitality | 1,879.7  | 1,928.6  | 48.9     | 2.6            |
| Wholesale Trade         | 719.8    | 738.1    | 18.3     | 2.5            |
| Manufacturing           | 1,309.3  | 1,299.7  | -9.6     | -0.7           |
| Admin Support           | 1,091.1  | 1,091.6  | 0.5      | 0.0            |
| Health Care             | 2,153.5  | 2,222.8  | 69.3     | 3.2            |
| Total Nonfarm           | 16,360.3 | 16,676.1 | 315.8    | 1.9            |

Source: EDD

while new home construction has been relatively weak since the recession. Meanwhile, with the home-ownership rate at its lowest level in decades, high demand for rental units has driven rents up and rental vacancy rates down.

The outlook for housing in 2017 is mixed. With growing incomes, more households will seemingly be in a position to become homeowners. However, interest rates are expected to rise, as will prices, and it appears that lenders are ratcheting up their lending requirements. A just released Federal Reserve Bank Senior Loan Officer Survey suggests that already tight consumer credit standards have become more stringent as the economy's expansion has lengthened and raised concern in the lending community about a forthcoming slowdown. Meanwhile, the rental market will offer little relief as renters face yet another year of rent hikes, prompting concern about affordability in many communities around the state.

### Conclusion and Statewide Policy Issues

It will take time for policy changes in D.C. to work their way through the political process. As such, California and its regions should experience continued growth in economic activity and jobs throughout 2017, with the largest contributions to employment coming from Health Care, Leisure and Hospitality, and Professional Services. Meanwhile, California must deal with its own homegrown issues. In addition to housing affordability concerns, the state must face up to long-run water problems, even though the precipitation of recent months has alleviated severe years-long drought conditions across most of the state. And as the situation at Lake Oroville has demonstrated, decades of neglected maintenance and repairs have contributed to a significant infrastructure investment deficit. The state and its regions must do more to ensure that the all-important statewide water system, which ties north to south and inland California to coastal California, will be up to the task in the future. More generally, California must find ways to address and finance its infrastructure needs in transportation and other systems to support a growing state economy in the decades ahead.

#### High Rents Across California's Metro Areas

| Location       | Annual Wages (\$) | Monthly Rents | Rent as (%) of Wage/Mo |
|----------------|-------------------|---------------|------------------------|
| Santa Cruz     | 49,364            | 1,954         | 47.5                   |
| Contra Costa   | 67,516            | 2,112         | 37.5                   |
| Sonoma         | 51,878            | 1,598         | 37.0                   |
| Monterey       | 47,141            | 1,418         | 36.1                   |
| Orange         | 62,666            | 1,799         | 34.4                   |
| Los Angeles    | 61,967            | 1,775         | 34.4                   |
| Alameda        | 73,889            | 2,112         | 34.3                   |
| Santa Barbara  | 53,240            | 1,511         | 34.1                   |
| Riverside      | 45,622            | 1,262         | 33.2                   |
| San Francisco  | 106,151           | 2,932         | 33.1                   |
| San Diego      | 61,233            | 1,669         | 32.7                   |
| San Bernardino | 46,874            | 1,262         | 32.3                   |
| San Joaquin    | 45,401            | 1,084         | 28.7                   |
| Tulare         | 39,552            | 878           | 26.6                   |
| Fresno         | 42,616            | 915           | 25.8                   |
| Kern           | 45,901            | 957           | 25.0                   |
| Santa Clara    | 120,947           | 2,468         | 24.5                   |
| Sacramento     | 58,979            | 1,178         | 24.0                   |

Source: QCEW, REIS, Compiled by Beacon Economics

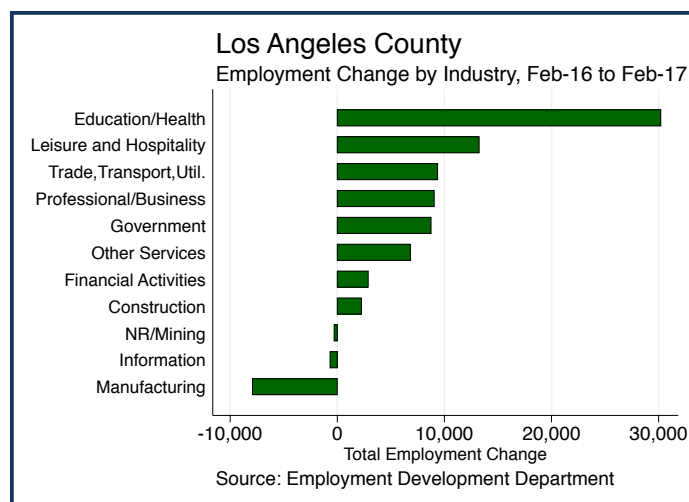
## Regional Overview

### Los Angeles County

Los Angeles County continues its steady employment growth, adding 75,500 new jobs from February 2016 to February 2017 (the latest data available), which equates to a 1.7% rate of growth. This falls closely in line with California overall, which grew by 1.9% across the same period. Indeed, the labor market is very tight in Los Angeles, with a 4.8% unemployment rate (down 0.8 percentage points from a year prior) and 44,500 more workers in the labor force in February.

Leading the way in terms of job growth was the Education and Health industry, which added 31,800 new jobs and grew by 4.2% from February 2016 to 2017. Most of these jobs came from health care providers. Health care workers will remain in high demand in the coming years, as baby boomers continue to age and the population continues to grow. However, a potential disruption to the health care industry may come from Capitol Hill. Although Congress failed to repeal the Affordable Care Act (Obamacare) in late March, there are murmurs of another future attempt to could prevail.<sup>1</sup>

Another industry that helped drive growth in Los Angeles was Leisure and Hospitality, which added 14,000 new jobs (a 2.8% increase) from February 2016 to 2017. Like Education and Health, this industry faces a potential threat from policy changes at the federal level. Although it has been blocked by federal courts, President Trump's second travel ban has many metropolitan areas around the country worried about negative impacts on tourism. Some experts have estimated that Los Angeles County could see 800,000 fewer international visitors over the next three years, spelling a \$736 million loss in tourist spending.<sup>2</sup> Clearly, Los Angeles has much to lose in this regard.



Industries that posted payroll decreases during this time were Information (-0.8%), Manufacturing (-2.3%), and Natural Resources and Mining (-7.7%), which together shed 10,400 jobs. Increased automation

<sup>1</sup><http://www.reuters.com/article/us-usa-healthcare-idUSKBN1781T2>.

<sup>2</sup><http://www.presstelegram.com/lifestyle/20170326/travel-ban-proposals-making-california-tourism-indust>

and competition from abroad have both contributed to the region's continuing decline in manufacturing employment. However, many manufacturing jobs remain to be filled in factories around the country, yet many workers do not have the necessary skills.<sup>3</sup>

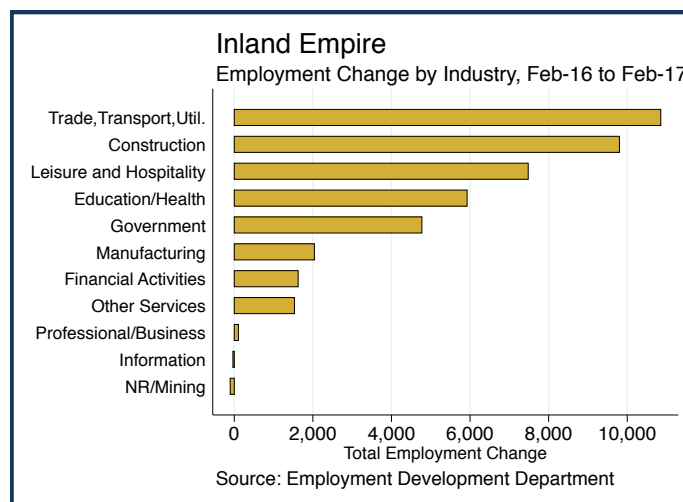
The median home price in Los Angeles County continues to approach its pre-recession peak, increasing 7.9% to \$559,000 from the fourth quarter of 2015 to the fourth quarter of 2016. Moreover, home sales increased by 1.4%, or about 14,000 sales, across the same period.

Still, low levels of construction activity along with affordability and lending problems continue to push many residents into the rental market. This is indicated by a 5.0% increase in apartment rents from the fourth quarter of 2015 to the fourth quarter of 2016, with prices hovering around \$1,775 per month. In addition, apartment vacancy rates remain stagnant at 3.3%

Recently, the City of Los Angeles voted down Measure S, a two-year moratorium on building activity.<sup>4</sup> The measure's failure will save Los Angeles from more severe housing shortages in the future, however the City and California in general must build more housing units to keep up with growing demand.

### Inland Empire

As with Los Angeles County, the Inland Empire economy has continued to grow, adding 44,100 new jobs and reaching a total of 1,430,000 jobs in February 2017 (representing a 3.2% rate of growth from a year prior). This put the Inland Empire in second place for most jobs added to the state, right behind Los Angeles County. While the unemployment rate fell another 0.6 percentage points to 5.4%, the labor force grew by 0.6%, adding 110,000 people. All of this indicates that the Inland Empire has a vigorous and tight labor market that is poised for further (although slower) future growth.



Contributing the most to employment growth was the Transportation, Warehouse, and Utilities industry, with 10,300 new jobs added, representing a 9.7% increase from February 2016 to 2017. This industry

<sup>3</sup><http://www.latimes.com/business/la-fi-manufacturing-trump-20170223-story.html>.

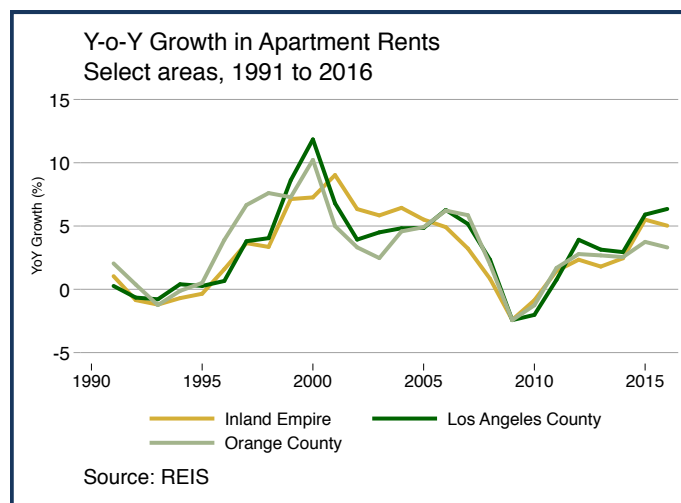
<sup>4</sup><http://la.curbed.com/2017/3/7/14850898/live-election-results-2017-measure-s-la>.



typically sees very strong growth each year, as the Inland Empire is a major logistics hub for southern California. While much of this activity can be traced to the ports of Los Angeles and Long Beach, dramatic growth in internet retail over the past few years has also fueled the logistics industry. In Riverside County, for example, a massive 1.45 million-square-foot warehouse is being built in response to this demand.<sup>5</sup>

Strong growth also came from Construction (+8,800), Leisure and Hospitality (+7,800), and Education and Health (+7,100), which added a combined 23,700 jobs during this period. Although very low by historical standards, residential construction has slightly increased in recent times in the Inland Empire (as indicated by the growth in Construction), while increased wages have spurred residents to spend more on leisurely activities. As with Los Angeles, the Information (-0.3%) and Natural Resources and Mining (-11.1%) industries posted decreases from February 2016 to February 2017.

Although still lower than their pre-recession peak, median home prices in the Inland Empire have continued to rise at a steady pace, reaching \$311,400 in the fourth quarter of 2016, an 8.7% increase from a year earlier. During the same time period, home sales grew by 9.9% for a total of 14,800 sales. Inventories have been tight in the Inland Empire, and as a result sales have remained stagnant over the last few years.



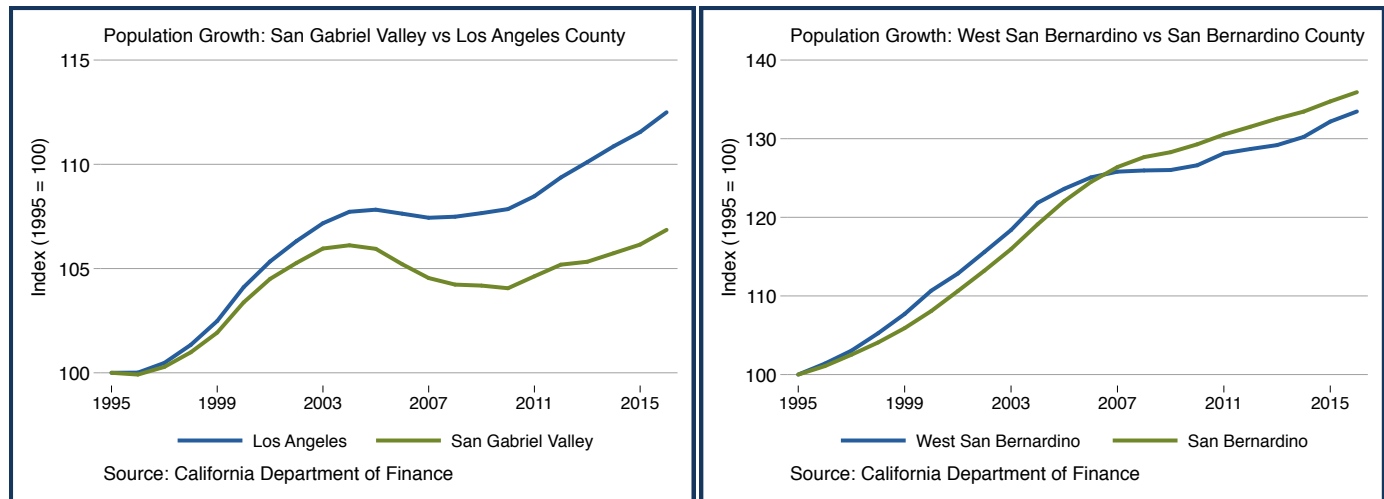
The net result of low housing supply in the Inland Empire has been increased pressure on the rental market. During the fourth quarter of 2016, average rents in the Inland Empire reached \$1,260 per month. While this is much less than average rents in Los Angeles or Orange County (\$1,775 and \$1,800, respectively), it represents an annual growth rate of 5.0%, which is equal to Los Angeles and twice that of Orange County (2.4%). Furthermore, of these three regions, vacancy rates were lowest in the Inland Empire with 2.4% (Los Angeles was 3.3% and Orange County was 3.2%). As with many parts of California, more units must be built in order to keep up with demand, reign in home prices, and stabilize rents.

<sup>5</sup><http://www.latimes.com/business/la-fi-perris-warehouse-20170330-story.html>.

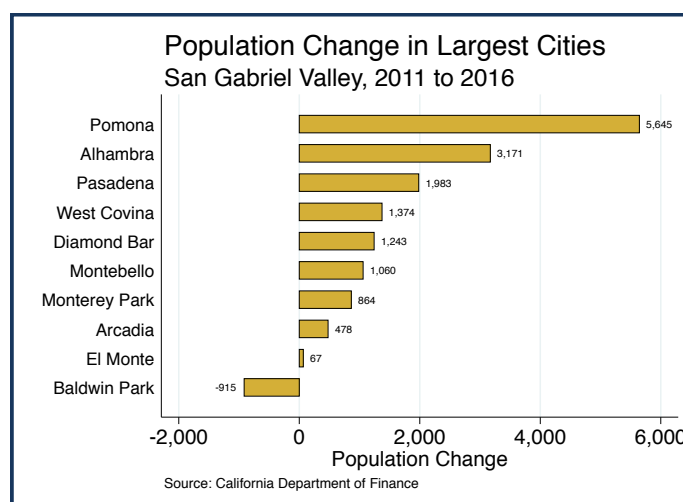
## Regional Economic Indicators

### Demographics

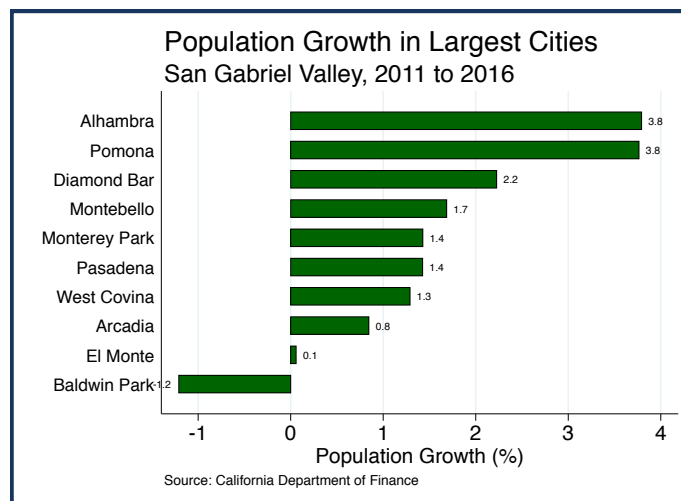
#### Overall Population Trends



As of 2016, the total population of the San Gabriel Valley stood at 1.54 million, representing a 0.7% increase from 2015. This rate of growth was about the same for Los Angeles County, which increased by 0.8% across the same period. However, because the region is mature and mostly built out, growth in the San Gabriel Valley has been noticeably slower than the county in recent decades. From 1995 to 2015, the San Gabriel Valley population grew about 7% while the population of Los Angeles County grew by almost 13%. By comparison, population growth was explosive in neighboring San Bernardino County during this period, with population expanding by 36%. West San Bernardino, which includes cities closest to the San Gabriel Valley, increased by 33% during this period.

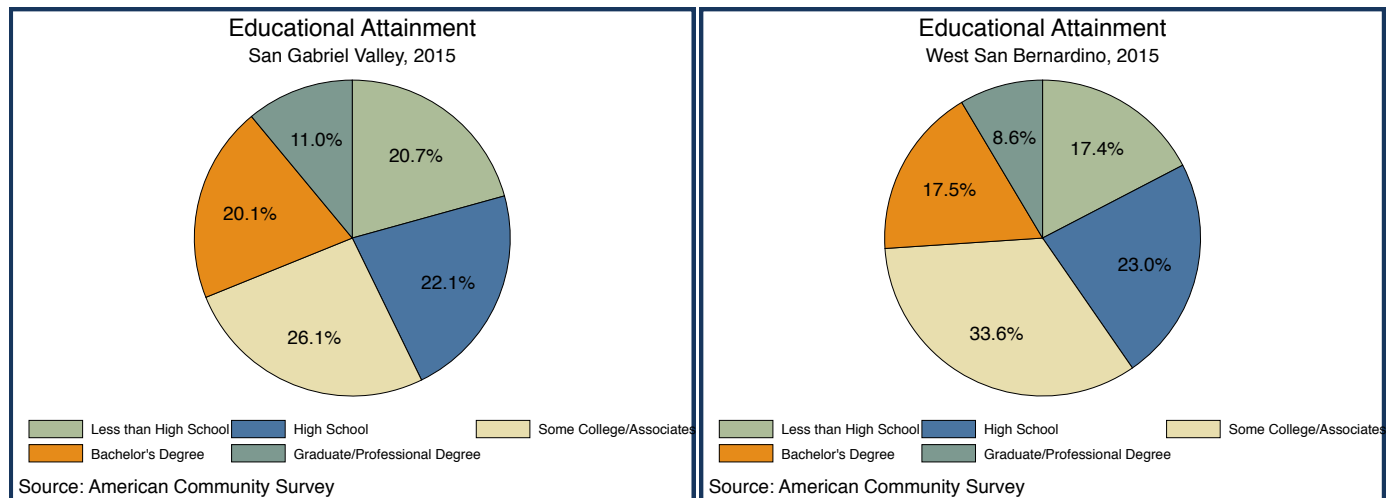


Naturally, the bulk of absolute population gains in the San Gabriel Valley occurred in its largest cities. Leading the pack was Pomona (total population of 155,600 in 2016) which increased by 5,600 residents from 2011 to 2016, representing a 3.8% rate of growth. During this period, Alhambra had the second largest absolute increase, adding 3,200 new residents (a 3.8% rate of growth). Other top cities that experienced strong growth included Pasadena, West Covina, Diamond Bar, and Montebello, which together increased by 5,600 new residents. Baldwin Park was the only major city to see its population contract during this period, as a little over 900 residents left the city.



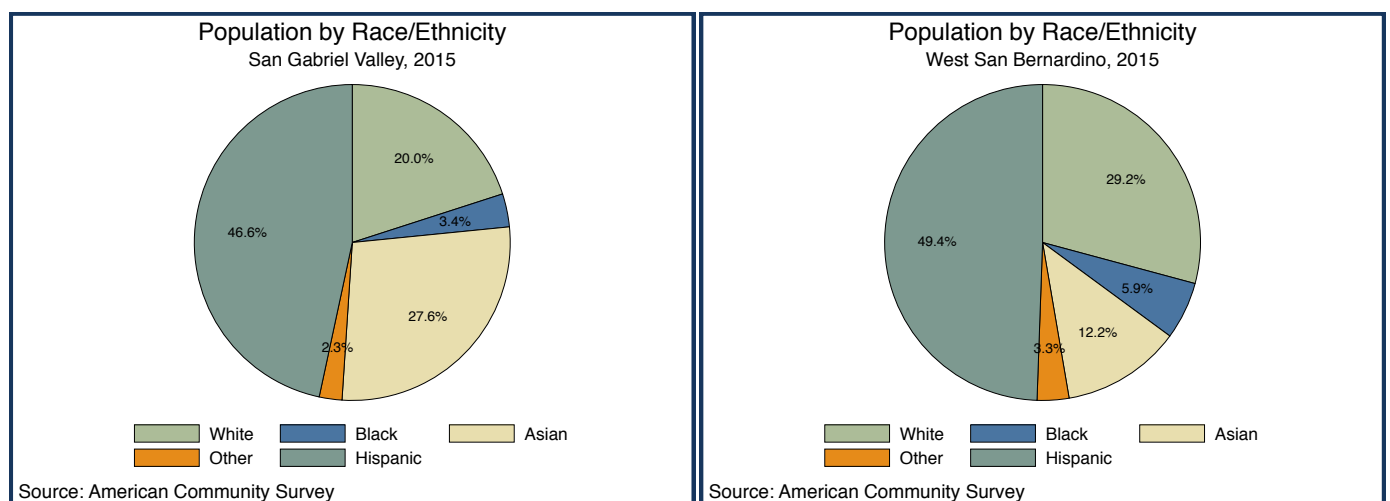
In West San Bernardino County, the largest city is Ontario, with a total population of about 170,000 in 2016. From 2011 to 2016, Ontario grew by 2.7%, adding 4,500 new residents. This was not the largest absolute increase during this period, however, as Rancho Cucamonga added 7,000 new residents (a 4.2% increase) and Chino added 6,700 (an 8.5% increase). The city with the smallest increase during this period was Upland, which grew by 2.1% (about 1,600 residents).

Aside from population changes, these regions differ significantly in educational attainment. For example, the San Gabriel Valley is a highly-educated region — in 2015, 20.1% of the population had a bachelor's degree, while 11.0% had a graduate or professional degree. The most educated parts of the Valley included San Marino, where 37.5% of the population had a graduate or professional degree, and 33.6% had a bachelor's degree. Neighboring Pasadena also had strong educational attainment, with 23.7% of its population having a graduate or professional degree and 26.3% having a bachelor's. By comparison, 26.1% of West San Bernardino County residents had at least a Bachelor's degree, with the largest concentration in the city of Chino Hills, followed by Upland.



High levels of educational attainment equate to higher average earnings, as these places amply demonstrate. For example, Pasadena's median household income was \$72,400 in 2015 while San Marino's was \$133,700. In general, most cities in the San Gabriel Valley had median household incomes above Los Angeles County's, which was \$56,200 in 2015.

Higher graduation rates also reflect the quality of the educational system in the San Gabriel Valley. For instance, a recent report released by the California Department of Education showed that many of the school districts in the San Gabriel Valley were well above the state and county averages for high school graduation rates.<sup>6</sup> For instance, the class of 2016 had an 83.2% graduation rate for the state overall, while Los Angeles County had a rate of 81.3%. However, places like the Basset Unified School District had a graduation rate of 97.1%, while Covina Valley Unified had a 97.4% graduation rate.



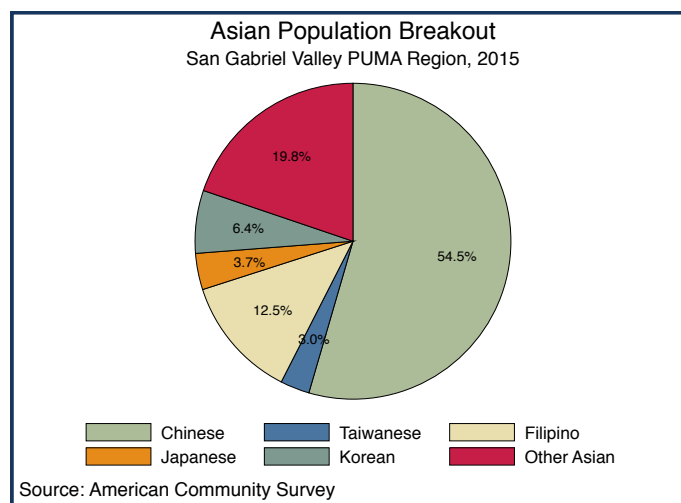
Overall population growth and educational attainment are not the only demographic indicators that differentiate the San Gabriel Valley and Los Angeles County. Major distinctions exist between these two

<sup>6</sup><http://www.sgvtribune.com/social-affairs/20170411/heres-how-schools-across-the-san-gabriel-valley-did>

regions in terms of race and ethnic makeup. In 2015, for instance, Asians made up 27.6% of the region, but only 14.3% of the population of Los Angeles County. Moreover, Whites made up just 20% of the San Gabriel Valley's population, while making up 26.4% in Los Angeles County. The share of Hispanics in the San Gabriel Valley (46.6%) was comparable to Los Angeles County, however, where they made up 48.4% of the population. In contrast, Hispanics were the majority in San Bernardino County at 52.2% of the population.

The city in the San Gabriel Valley with the highest concentration of Hispanics was Irwindale, with 95.9%, well above the average for the region as a whole. This was followed by South San Jose Hills, La Puente, and South El Monte, with 85.9%, 84.8%, 84.2%, respectively. Pomona, the largest city in the San Gabriel Valley, had a population that was 69.5% Hispanic, while the second largest city, Pasadena, had a 33.5% Hispanic population. By comparison, Ontario had the largest percentage of Hispanics in West San Bernardino at 70.7%, followed by Montclair with 68.8% Hispanic. Rancho Cucamonga, the largest city in this region, had a 35.8% Hispanic population.

The proportion of Asian residents in the San Gabriel Valley is substantial and invites closer inspection. From 2010 to 2015, the Asian population in the Valley increased by 1.3 percentage points, going from 26.3% to 27.6% of the total population. Most of this growth occurred in a handful of cities where Asian populations are steadily increasing. For example, Walnut's population was 64.2% Asian in 2015, making it the most heavily concentrated area for this race in the Valley. Not far behind were Monterey Park (63.3%), Rosemead (61.2%), San Gabriel (60.6%), and Arcadia (58.8%) which collectively accounted for a quarter of the Valley's Asian population.



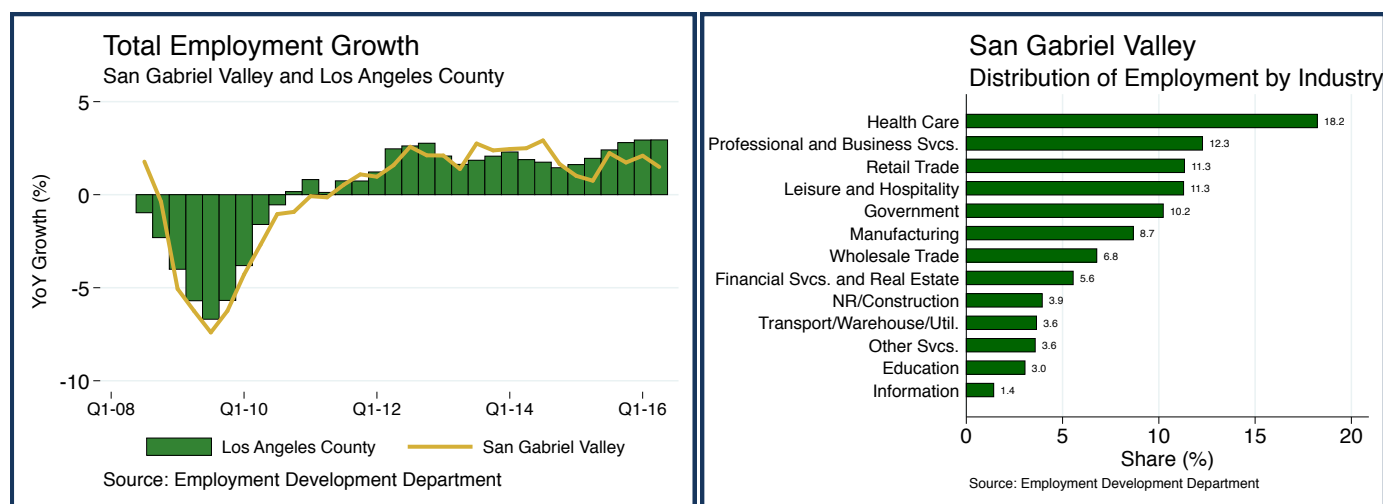
The city that saw its Asian population increase the most during this period was Claremont, going from 10.2% Asian in 2010 to 15.9% in 2015, a 5.6 percentage point increase. Other cities experiencing strong growth were Citrus, East Pasadena and Baldwin Park, which had percentage point increase of 5.6, 5.3, and 4.9, respectively. Major cities that saw their Asian populations decrease during this period were Alhambra (down to 50.8% from 52.9%), and South Pasadena (29.6% from 30.9%).

Compared to the San Gabriel Valley and Los Angeles County in general, San Bernardino County has a much smaller Asian population, just 6.9% in 2015. However, a closer look at the data reveals an interesting trend: Asians are beginning to move further east. For example, Asians made up 5.0% of the population in the city of Chino in 2000, but that more than doubled to 12% by 2015. A similar pattern can be seen in Rancho Cucamonga, where the Asians made up nearly 13% of the population in 2015, up from 6.0% in 2000. During this period, the city where Asians made up the largest share of the population, and which also saw the greatest increase, was Chino Hills, where Asians were 32% of the population, a 10 percentage point increase from 2000.

Broken down by national origin, the majority of Asians in the San Gabriel Valley are Chinese (54.5%). After Other (19.8%), Filipinos are the next largest group at 12.5%, followed by Koreans and Japanese, which were respectively 6.4% and 3.7% of the population in 2015.

Having such a large Asian population has significant implications for the San Gabriel Valley economy. For instance, the Westfield Santa Anita shopping mall in Arcadia has been recently upgraded to include a plethora of new Asian retailers.<sup>7</sup> Including more Asian-oriented shops was an intentional and highly successful move by the mall management to adapt to the ethnic makeup of the surrounding area.

## Employment and Unemployment



In looking at long run potential growth for both the San Gabriel Valley and west San Bernardino, it's useful to identify both the external industries that expand the economic pie, and the internal industries that serve the local population. The regions' Logistics, Manufacturing, Tourism and Hospitality, and Knowledge Creation (universities) industries are the most prominent external industries. Internal industries include Health Care and Social Assistance, Food and Beverage Establishments, many of the in-

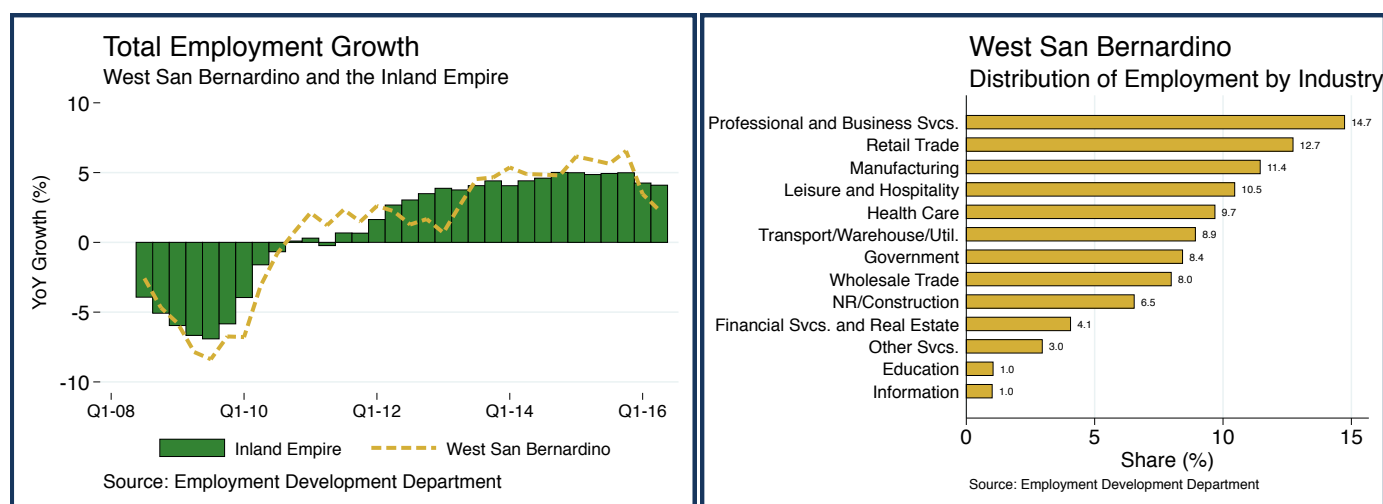
<sup>7</sup><http://www.latimes.com/business/la-fi-santa-anita-westfield-mall-20170331-story.html>.



dividual industries within Financial Activities, and Other Services, which, with some exceptions, mainly serve the local population.

The employment environment in the San Gabriel Valley has been marked by continued expansion in recent years. Total employment in the region bottomed out at the end of 2009 and began to pick up steam in the midway point of 2012. Since then, nearly 62,000 jobs have been added in the region, with total payrolls increasing at an average rate of 1.6% since 2011. This was below job growth for the state, which was 2.4% over that same period. Government and Leisure and Hospitality have been driving employment and wage gains in the San Gabriel Valley, accounting for nearly 65% of total jobs created in the first half of 2016 compared to levels in 2015. In terms of overall employment, Health Care continues to be the largest sector, comprising 18.2% of total employment. Professional and Business Services and Leisure and Hospitality fall right behind the Health Care Industry. Taken together, these two represented nearly a quarter of total jobs in the San Gabriel Valley as of the first half of 2016.

Unfortunately, gains in employment were not spread evenly across all sectors. The manufacturing industry continued to experience losses, although this is part of an ongoing trend going back many years. Retail Trade, Professional and Business Services, and Information all contracted in the first half of 2016 compared to 2015 levels. However, Professional and Business Services and Retail trade still represent the lion's share of total jobs in the region at nearly 28%.



By comparison, strong population gains in the west San Bernardino region have been a boon to many of the region's internal and external industries. While San Bernardino was struck hard by the housing crash, total employment in the area now stands at 282,200, with 4,300 jobs added in the first half of 2016 compared to 2015 levels. Overall, total employment growth has cooled as the economy is well into its expansion. Total employment increased an impressive 5% in 2014, only to be outdone by a 6.1% increase in 2015. However, as of the first half of 2016, total employment increased at an anemic pace compared to years prior, up 1.5% from 2015. Information and Education were the top-performing industries, growing at 7.7% and 7.4%, respectively. In terms of absolute gains, Government and Manufacturing added

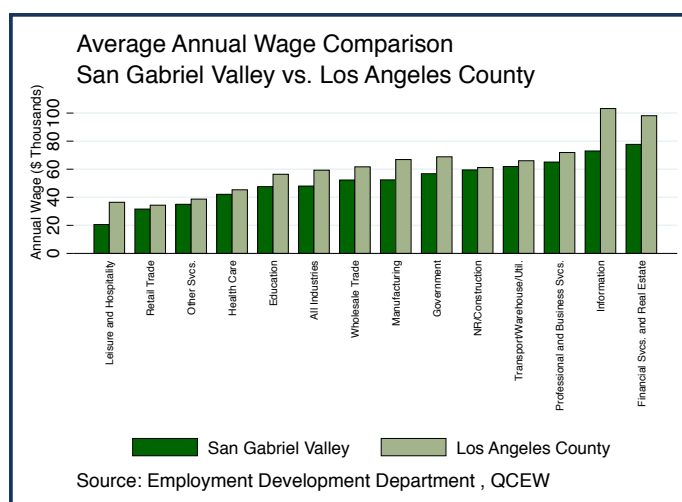
the most payrolls to the region's employment base, accounting for 65% of jobs added in the first half of 2016 over 2015 levels. Impressively, only one industry – Professional and Business Services – posted job losses, with jobs down 4.6% in the first half of 2016. Financial Activities employment was near the bottom of the list, with employment levels virtually unchanged.

Both the San Gabriel Valley and west San Bernardino County will exhibit continued population growth and employment gains. Population growth in west San Bernardino is expected to grow at a faster rate compared to the relatively built-out San Gabriel Valley. While the western portion of San Bernardino county relies on core industries such as Logistics and Manufacturing to drive growth, it may become increasingly attractive over time to professional services such as architecture and engineering, management consulting and IT as firms in these industries move further from the coast.

## Income and Wages

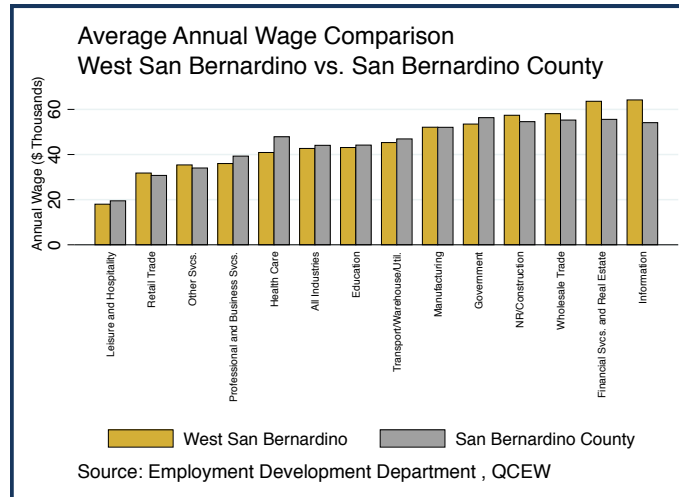
As the economy enters its eighth year of expansion, tightening in the local labor supply will continue to pressurize local businesses to provide higher wages. Prior to 2015, growth in wages was modest both statewide and locally. However, the region experienced a bump in total payroll during 2015.

The San Gabriel Valley's annual average wage across all industries grew by 3.9% in 2015 to \$48,000. As of the first half of 2016, wages are marginally below 2015 levels (0.4%), but overall job counts are higher than they were in 2015. Financial Activities, the region's highest paying sector, posted the largest increase, with payroll increasing 8.8% during the first half of 2016. Overall wage growth was suppressed by declines in other sectors including Professional and Business Services (-4.3%), Wholesale Trade (-2.9%), and Transportation, Warehouse, and Utilities (-2.9%).



Average wages in the San Gabriel Valley were much lower than Los Angeles County as a whole across all industries in the first half of 2016. At \$59,300, the average annual wage in Los Angeles County was 19.1% higher in the first half of 2016 than wages in the San Gabriel Valley. The largest differential occurred

in the low-wage Leisure and Hospitality sector (43.5%), while the smallest differential was between the Natural Resources and Construction sector (2.7%). Employment in Leisure and Hospitality continues to yield the lowest average annual wages in the San Gabriel Valley, primarily because of the large number of part-time and seasonal workers generally employed in this industry.



Overall, wages in west San Bernardino County are on par with those in county. Across all industries, the average annual wage was 3.1% lower in the west compared to the county overall. This is largely due to the differential in Health Care wages. Workers in the Health Care industry in the western area earned 14.6% less than the county industry average. Some sectors pay a substantially higher wage, notably Financial Activities (14.4%) and Information (18.6%). However, taken together, these industries represented 7% of total employment in the western portion of San Bernardino County.

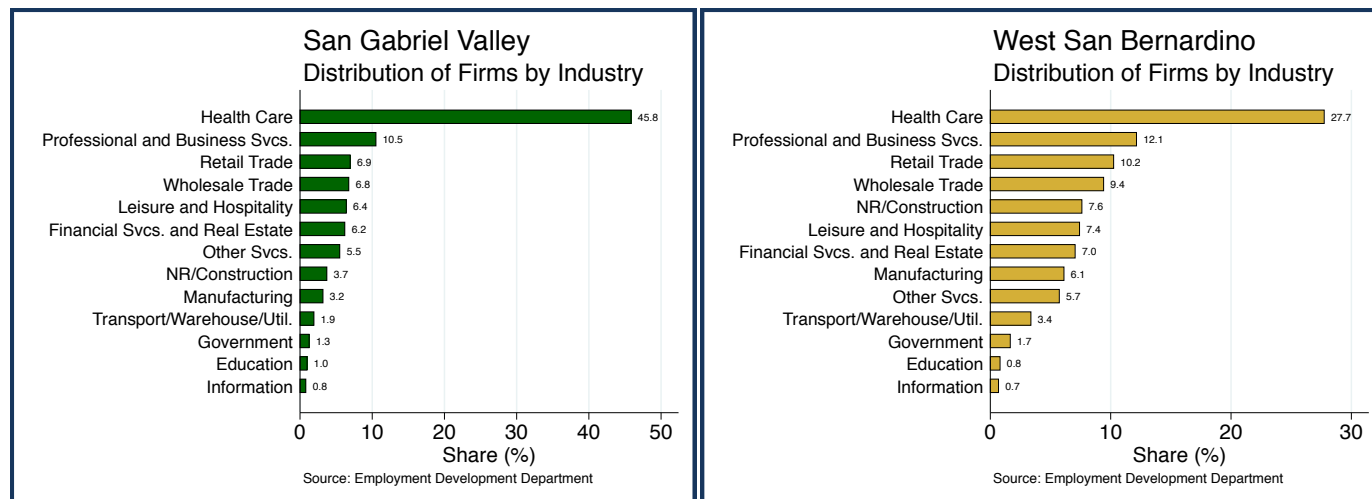
Across all industries, wage growth was virtually unchanged in the first half of 2016, declining 0.5% compared to a year earlier. Strong gains occurred in the region's government sector, which represents 10.2% of all jobs in the west, with wages increasing 5.4% to \$56,400. While this was an impressive increase, overall wage growth was offset by declines in Wholesale Trade (-5.0%), and Natural Resources and Construction (-5.1%).

## Business Establishments

The number of establishments operating in San Gabriel Valley fell by 690 in the first half of 2016 compared to 2015. Most of the drop-off was attributable to the Health Care industry, which saw a decline from 34,800 establishments in 2015 to 33,500 in the first half of 2016. Employment in Health Care was up 0.7% during that same time period, so the decline in the number of establishments reflects the consolidation in Health Care establishments that has occurred locally and statewide in recent years.

Health Care is by far the largest sector in the San Gabriel Valley in terms of both employment and the share of total firms. At around 46%, nearly half of all establishments in the San Gabriel Valley are in

the Health and Social Services industry. This comprises not only hospitals and medical clinics, but also office premises for physicians, dentists, nursing and elderly care facilities, chiropractors, and childcare facilities. In terms of establishments, the health care sector is the largest in both the San Gabriel Valley and Los Angeles county as a whole.



Similar to the San Gabriel Valley and Los Angeles County, at 27.7%, the Health Care sector is the largest in terms of overall number of establishments in the western part of San Bernardino County. The total number of firms in the area was down 0.5% in the western San Bernardino area, with much of the muted growth attributable to a 3.9% decline in the number of Health Care establishments. However, employment over the same period was up 3.0%, which further suggests a consolidation rather than a contraction in the industry. Professional and Business Services (+4.8%), the largest sector in terms of employment, and Wholesale Trade (+6.3%) posted solid gains. The largest gains in overall growth occurred in the Financial Activities sector (+8.3%).

## Industries of the Regional Economy

### Health Care

A primary component of the San Gabriel Valley's economy is the Health Care and Social Services industry, which accounted for 18.1% of total employment in the first half of 2016. At 125,500 jobs, the Health Care and Social Services industry is the largest in terms of employment in the San Gabriel Valley. The Health Care industry has provided a solid foundation for the San Gabriel Valley economy, as establishments engaged in this industry continue to expand payrolls at a solid rate. Because of the slow pace of population growth in the San Gabriel Valley, the bulk of the recent growth in the Health Care sector can generally be attributed to an ageing population and an increase in the number of consumers entering

the health care market as a result of the Affordable Care Act. These factors have resulted in more jobs for local communities in general and the San Gabriel Valley in particular.

Employment growth in the Health Care industry has provided a significant source of jobs for local residents. Not all jobs are created equal, however. The Health Care industry includes a mix of both well-paying jobs and relatively low-wage positions. The average annual wage in this industry was nearly \$42,200 in the first half of 2016, a 0.2% increase over the prior year, although there is a high likelihood of an upward revision throughout the balance of the year. However, average pay for a worker in the hospital subsector was close to \$70,000, while workers in the Social Assistance subsector earn closer to \$20,000 per annum.

Compared to the San Gabriel Valley, the western region of San Bernardino County has a much lower share of Health Care jobs. While the Health Care Sector constitutes nearly one-fifth of total payroll employment in the San Gabriel Valley, employment in this industry is less than 10% of all jobs in western San Bernardino County, making it the fifth-largest industry in terms of employment. Both employment counts and the average wage in western San Bernardino was \$41,100, negligibly lower than in the San Gabriel Valley. What's more, wage growth in the Health Care industry in the western region of San Bernardino advanced at a slow pace, growing 0.5% in the first half of 2016.

Despite policy challenges at the national level, the outlook for the Health Care industry remains positive because it is largely insulated from the effects of an economic downturn. Additionally, demographic trends, including an ageing population and increased life expectancy, will continue to drive employment in the Health Care industry. Employment in the Health Care and Social Services industry is expected to grow, as the shift in demographics and political pressures to increase access to affordable health care continues on its current trajectory. As for possible changes to the Affordable Care Act, it is too early to say how health care reforms will impact the health care sector in the San Gabriel Valley or West San Bernardino County.

## Higher Education

In terms of higher education, the San Gabriel Valley certainly stands apart from other regions. Top-ranked schools representing a variety of disciplines pepper the region, helping to equip the next generation with the knowledge, skills, and connections to build a better future. Employment in this industry has remained relatively stable in recent years and average wages have gone up, comparable to trends seen in West San Bernardino and in Los Angeles County in general.

The San Gabriel Valley is home to some of the best colleges, universities, and community colleges not just in the nation but in the world. For example, the region is home to California State Polytechnic University in Pomona (serving the San Gabriel Valley as well as the West San Bernardino County region), the California Institute of Technology (Caltech) in Pasadena, and Harvey Mudd College in Claremont.

These schools are particularly noteworthy for their focus on the technical arts and empowerment of students to apply scientific and engineering principles to real-world problems.

The Art Center College of Design in Pasadena is a global leader in industrial and media design, especially for automobile development. Further east, the University of La Verne, Azusa Pacific University, and the Claremont Colleges offer traditional liberal arts educations where students can explore a variety of disciplines. Fuller Theological Seminary and Life Pacific College provide students with thorough training in theology and ministry.

The San Gabriel Valley is also home to some of the best community colleges in California. For example, The American Institutes of Research and Matrix Knowledge Group ranked East San Gabriel Regional Occupational Program the best community college in the country for students that graduate or transfer to four-year universities within three years.<sup>8</sup> Citrus College, Mt. San Antonio College, and Pasadena City College are also excellent schools that equip students for competitive four-year programs around the nation.

In West San Bernardino, Chaffey College in Rancho Cucamonga is another excellent community college, helping students to improve their lives and advance their careers with new, relevant skills. In fact, Chaffey was a finalist in the prestigious Aspen Prize competition for most excellent community colleges in the nation.<sup>9</sup> Chaffey was honored for its attention to Hispanic students and its emphasis on instilling a 'growth mindset': the idea that any student can build skills through hard work. Platt College and San Joaquin Valley College, both in Ontario, are also high-quality places of learning for the local community.

These premier educational institutions not only pave the way for the next wave of innovative learners and entrepreneurs, but they also give back to their local communities. For instance, Cal Poly Pomona is home to the Femineer Program which strives to empower females to enter STEM (science, technology and mathematics) fields.<sup>10</sup> This program targets K-12th graders and was recognized by the White House in 2015 for its excellence. The Game Design and Development Club will also be hosting an intercollegiate conference at Cal Poly Pomona later this year.<sup>11</sup> The event will focus on inspiring those who are keen to pursue game creation as a career.

Additionally, Pasadena City College recently announced its commitment to providing first-year students free tuition if they graduated high school within the Pasadena Community College District boundaries.<sup>12</sup> Earlier this year, Caltech received a \$30 million donation to its medical engineering department.<sup>13</sup> This funding will go toward developing the next generation of leading-edge medical devices that will help and save lives around the world.

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<sup>8</sup><http://money.cnn.com/pf/college/community-colleges/>.

<sup>9</sup><http://highered.aspeninstitute.org/aspen-prize-program/chaffey-college/>.

<sup>10</sup><http://www.cpp.edu/~engineering/diversity/cppwe/femineers.shtml>.

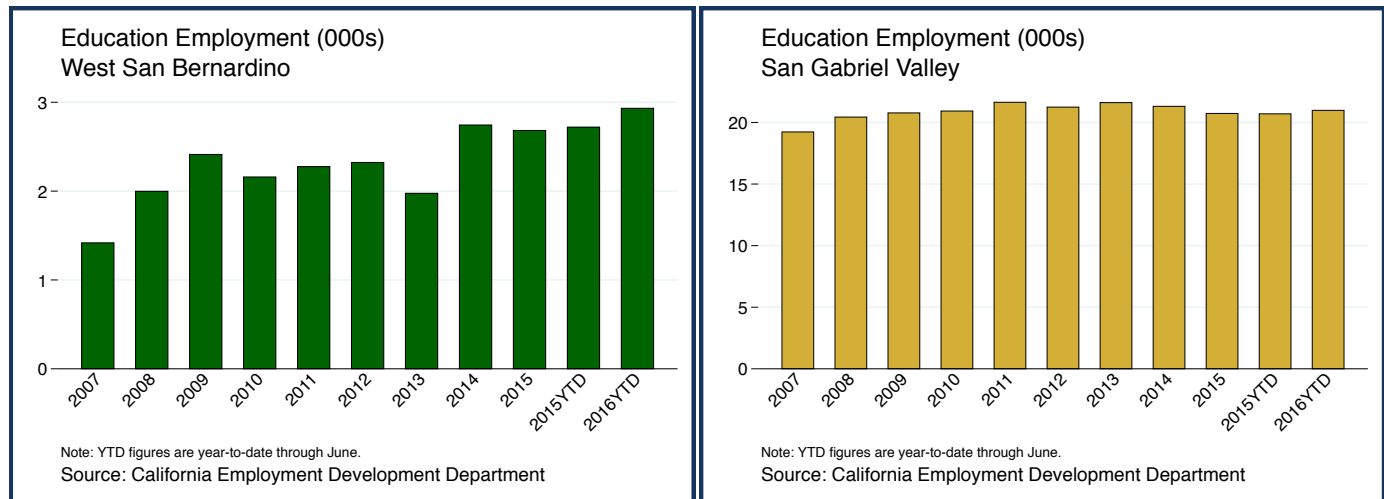
<sup>11</sup>[http://www.thepolypost.com/arts\\_and\\_entertainment/game-design-and-development-club-to-host-sdga/article\\_372797d4-2405-11e7-b5c5-37db96e1b2d8.html](http://www.thepolypost.com/arts_and_entertainment/game-design-and-development-club-to-host-sdga/article_372797d4-2405-11e7-b5c5-37db96e1b2d8.html).

<sup>12</sup><http://www.sgvtribune.com/opinion/20170405/pasadena-city-college-free-tuition-plan-boosts-culture-eco>

<sup>13</sup><http://www.pasadenastarnews.com/social-affairs/20170328/panda-express-founders-donate-30-million-to-c>



Still, regardless of prestige, the higher education industry in the San Gabriel Valley is not without its challenges. Recently, the California State University system voted to increase tuition fees by 5% for the 2017-18 school year.<sup>14</sup> The increase was necessary to make up for insufficient funding from the state government. In all, it will increase tuition costs by \$270 per year — a trifle to some, but a strain for many others.



As of June 2016 (the latest data available), employment in the Educational Services industry (private sector only) reached 20,200, up 2.3% from a year earlier. By comparison, this industry grew 8.5% in Los Angeles County and 12.7% in West San Bernardino during the same period. Additionally, wages in this industry remained strong, averaging \$47,600 in 2015 in San Gabriel Valley, a 1.5% increase from 2014. In West San Bernardino, average wages for higher education increased by 5.9% from 2014 to 2015 for an average of \$43,100 per employee. As more people migrate east from the San Gabriel Valley, employment and wages in places like West San Bernardino should continue to increase.

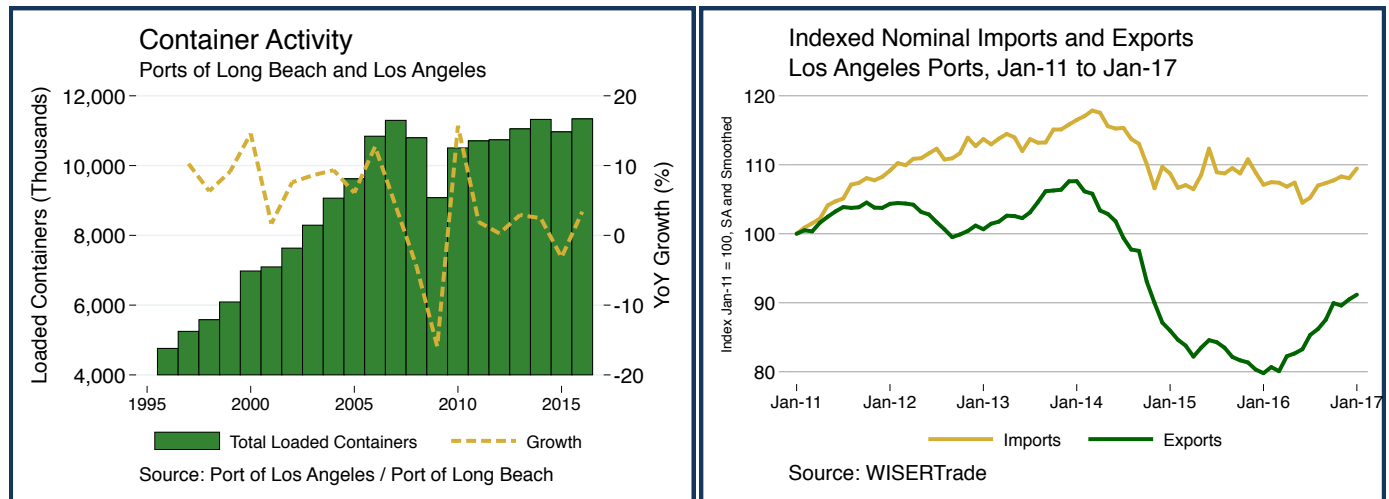
## International Trade/Goods Movement

The Port of Los Angeles, located in San Pedro, is the largest port in the United States. Together with its neighbor, the Port of Long Beach (the second largest in the US), the twin San Pedro ports make up the largest complex in the western hemisphere. In a given year, between 30% to 40% of inbound containers pass through this important link in the U.S. and global supply chain. In addition, nearby Los Angeles International Airport (LAX) is one of the largest cargo airports in the nation.

Recent gains in the Transportation and Warehousing sector stem from an acceleration in activity through ports in the Los Angeles region during 2016. The number of loaded containers passing through these ports increased 3.4% in 2016, making it the third best year on record. Total loaded inbound TEUs

<sup>14</sup><http://www.ksq.com/news/california-state-university-system-to-consider-tuition-hike/408451163>.

(Twenty-foot equivalent units) to the San Pedro ports are down 3.8% year to date through March 2017, but outbound containers rose by 10.0%. While exports have been a drag on overall economic growth, substantial gains were made throughout 2016, with the total value of exports increasing 15.4% from January 2016 to January 2017. In all, port activity is off to a healthy start in 2017, which could be a boon to the goods movement sector in the San Gabriel Valley.



With import demand slowly on the rise, demand for logistics services has been robust. In many cases, goods are moved from the ports to distribution centers scattered throughout Southern California. Transportation and Warehousing has been one of the fastest growing industries in the San Gabriel Valley, with both wages and employment currently trending at record-high levels.

In line with the trends in Transportation and Warehousing, the San Gabriel Valley and West San Bernardino County both observed strong gains in the Wholesale Trade industry. Employment in Wholesale Trade is now above its pre-recession peak in both areas. Additionally, employment for this industry reached 46,600 in the San Gabriel Valley during the first half of 2016, up 3.8% over 2015 levels. West San Bernardino, which has an affordability advantage over coastal warehouse markets, has seen employment in wholesale trade trending above pre-recession peaks for over two years. Strong gains in employment occurred in the latter half of 2015 and into 2016, but growth slowed to 2.3%. Despite the slowdown, the region increased payrolls by 2.6% in June 2016 compared to levels observed a year earlier.

West San Bernardino's transportation assets include the Ontario International Airport (ONT). In recent news, ownership of ONT was transferred from Los Angeles World Airports to local city control. Ontario's traffic volumes have yet to recover to pre-recession levels, even as passenger volumes at the Los Angeles International Airport and the John Wayne Airport have. As of 2015, annual passenger volumes and freight tonnage that passed through the Ontario International Airport amounted to 58% and 96% of peak volumes recorded in 2007. Freight volumes have been recovering at a faster rate thanks to the strength of the logistics industry in the Inland Empire overall. However, according to the Southern California Association of Governments' projections, the airport could see between 11 million and 19 million pas-

sengers annually by 2035 – at minimum an increase of 2015 passenger volumes by a factor of 2.6. New airport leaders have plans to expand international flights, bringing in more passengers and cargo from abroad, especially China and South Korea.<sup>15</sup>

Unfortunately, uncertainties surrounding the current Administration's trade policies are making it difficult to predict where the industry is headed. The San Pedro ports connect California to the rest of the world, often making a series of stops in Pacific Asia before looping back to North America by way of Mexico. And it's not just goods that are made in California. Intellectual property in the form of movies, television programs, games, and other creative products are a major source of exports.

It may not be immediately obvious, but a lot of what is imported into the United States gets exported abroad as well. For example, Industrial Machinery was both the top export and import into the San Pedro ports. Many firms purchase raw goods from the global market and often export those goods as finished products. According to the magazine *The Economist*, every dollar of Mexican goods exported to America contains 40 cents of American goods embedded in it.<sup>16</sup> It's hardly front page news, but trade is mutually beneficial. Depending on the degree to which President Trump pursues protectionist policies, he may hurt the very people he has promised to help. And he could put a big dent in the California economy in the process. The more Californians understand the importance of their state's trade relationships with the rest of the world, the clearer it becomes how much they stand to lose from protectionist trade policies.

#### Top Commodities by Value, San Pedro Ports

| Commodity  | 2017 YTD<br>\$ 000s | YTD<br>Growth (%) |
|--|---------------------|-------------------|
| <b>Imports</b>                                     |                     |                   |
| Industrial Machinery, Including Computers          | 8,050,480           | 0.0               |
| Electric Machinery Etc; Sound Equip; Tv Equip; Pts | 7,232,054           | -15.4             |
| Vehicles, Except Railway Or Tramway, And Parts Etc | 4,114,270           | 3.4               |
| Furniture; Bedding Etc; Lamps Nesoi Etc; Prefab Bd | 2,734,424           | -5.2              |
| Footwear, Gaiters Etc. And Parts Thereof           | 2,623,065           | -6.8              |
| Apparel Articles And Accessories, Knit Or Crochet  | 2,417,878           | -4.2              |
| Apparel Articles And Accessories, Not Knit Etc.    | 2,269,950           | -4.2              |
| Plastics And Articles Thereof                      | 1,536,438           | -4.1              |
| Mineral Fuel, Oil Etc.; Bitumin Subst; Mineral Wax | 1,487,068           | 57.6              |
| Toys, Games, Sport Equipment; Parts/Accessories    | 1,480,123           | -15.0             |
| <b>Exports</b>                                     |                     |                   |
| Industrial Machinery, Including Computers          | 1,372,570           | 3.5               |
| Vehicles, Except Railway Or Tramway, And Parts Etc | 920,021             | 22.8              |
| Plastics And Articles Thereof                      | 877,474             | 17.7              |
| Electric Machinery Etc; Sound Equip; Tv Equip; Pts | 620,431             | 17.4              |
| Cotton, Including Yarn And Woven Fabric Thereof    | 609,409             | 134.2             |
| Meat And Edible Meat Offal                         | 447,813             | 16.3              |
| Edible Fruit/ Nuts; Citrus Fruit Or Melon Peel     | 374,899             | 43.4              |
| Miscellaneous Chemical Products                    | 349,105             | 9.9               |
| Oil Seeds Etc.; Misc Grain, Seed, Fruit, Plant Etc | 338,357             | 43.6              |
| Optic, Photo Etc, Medic Or Surgical Instrments Etc | 295,478             | -16.6             |

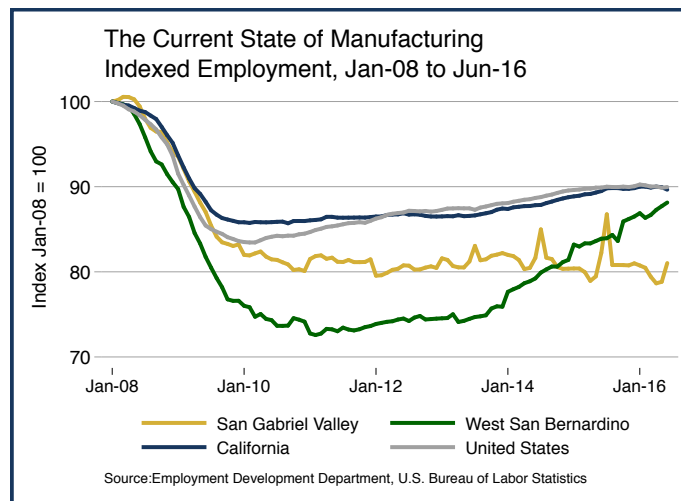
Source: WISERTrade

<sup>15</sup><http://www.pe.com/articles/airport-817856-international-hagman.html?page=1>.

<sup>16</sup><http://www.economist.com/blogs/buttonwood/2017/01/economics-and-finance>.

## Manufacturing

The United States remains a very large manufacturer as measured by real output, but American manufacturers have increasingly relied on technology in their production methods, displacing workers in the process. In fact, the number of workers in US manufacturing peaked in 1979 and has generally declined in the decades since. This is evident locally when looking at employment for Los Angeles County, which has shed 474,000 jobs since 1990 – a time period that encompasses the longest economic expansion in history. At the local level, West San Bernardino and the San Gabriel Valley have generally tracked their respective counties during the aftermath of the Great Recession.



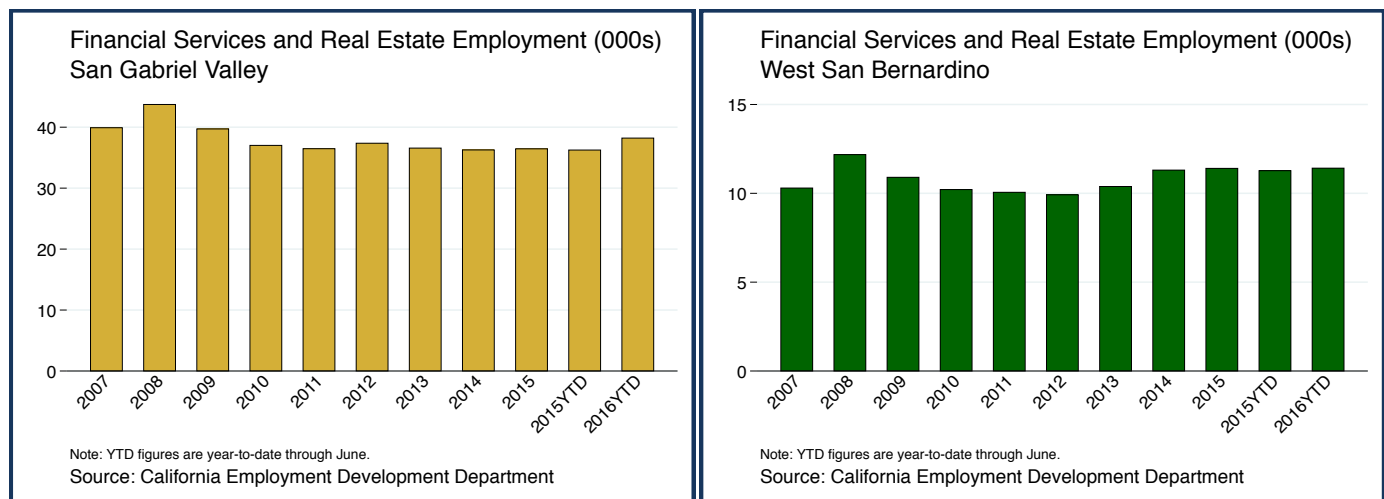
In the San Gabriel Valley, manufacturing employment has struggled to regain lost ground. Employment in manufacturing now constitutes 8.7% of total employment in the San Gabriel Valley, down from its pre-recession peak of 10.5%. Unfortunately, manufacturing jobs are unlikely to return anytime soon. That's not to say that manufacturing is done for, far from it. Manufacturing technology is transforming itself and growing in the process. Whether it's 3D printing, medical devices, or aerospace defense, there is cause for optimism about the growth prospects of manufacturing in the future, but the growth in activity will not be matched by gains in employment.

Compared to the San Gabriel Valley, manufacturing in West San Bernardino was hit hard, declining nearly 24% from peak to trough. However, while employment is still below its pre-recession peak, manufacturing employment in West San Bernardino continues to gain ground, with exceptional growth occurring over the last couple of years in particular. Since bottoming out, manufacturing employment has grown 20.1%, and this uptick is just one positive sign of recovery. Manufacturing wages are also on the rise, with the average wage increasing a hefty 5.3% in 2015 to \$52,100 – nearly \$10,000 above the average wage across all industries in the region. A minor slowdown occurred in the first half of 2016, with average annual wages declining to \$50,800. However, wage growth is likely to pick up as the year continues.

## Financial Activities

Generally speaking, financial jobs have experienced downward pressure across the state and nation recently, mainly due to consolidation in banking. However, the Financial Activities sector in the San Gabriel Valley, which includes both Finance and Insurance and Real Estate and Rental Leasing, continued to show signs of improvement leading into the first half of 2016. Overall, employment in Financial Activities was up 5.3%, and both industries remained on a solid footing moving into the first half of 2016. From June 2015 to June 2016, Real Estate employment in the San Gabriel Valley ticked up 4.5%, while Finance and Insurance employment grew by 5.6% over the same period.

The western portion of San Bernardino saw a decline in the Financial Activities sector, with employment falling 2.4% from June 2015 to June 2016. The overall decline stems from significant job losses that occurred in Finance and Insurance. Year over year, this industry contracted by 7.9%. Although not enough to offset the losses in Finance and Insurance, Real Estate experienced a hefty uptick, with jobs increasing 8.7% over that same period.

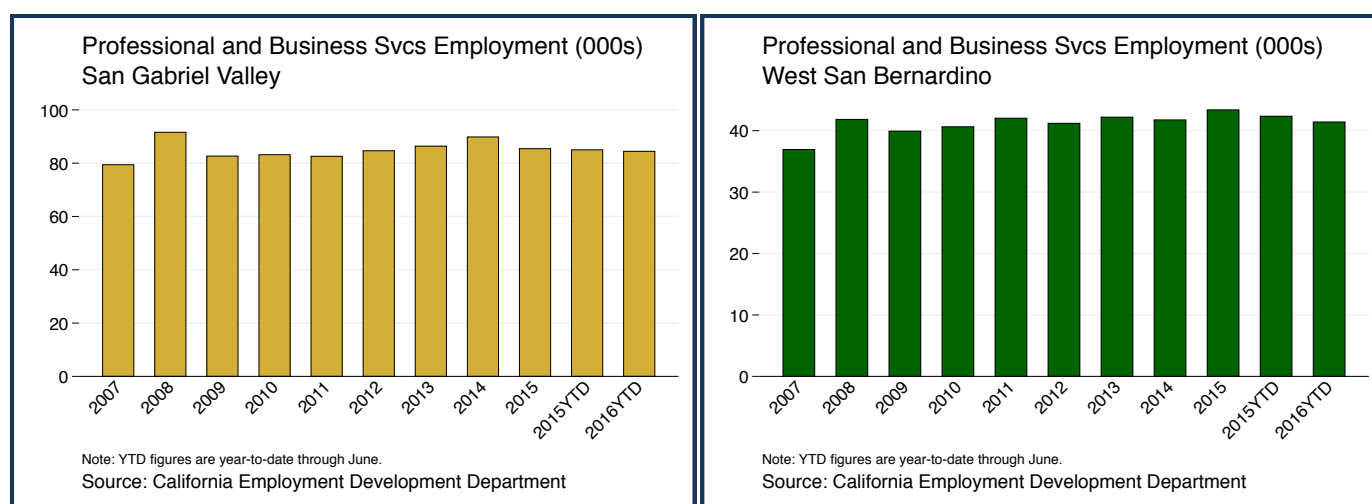


Overall, the Financial Activities industry is still trending below levels observed during the housing boom in both the Inland Empire and the County of Los Angeles. Still, Finance and Insurance in both the San Gabriel Valley and West San Bernardino will continue to chug along at a moderate pace. Improvements in technology, consolidation of financial firms, and tight financial regulations will limit growth in the coming years. The real estate market is poised for improvement this year, although trajectories will differ for each region. Compared to the San Gabriel Valley, the western portion of San Bernardino has more developable land available, and at a lower cost. By comparison, the San Gabriel Valley is considerably more built out. Strong population growth in western San Bernardino, particularly from net migration, will drive employment in the real estate industry because of the lower cost of housing, a result of the region adding to existing housing stock to accommodate new residents.

## Professional and Business Services

The Professional and Business Services sector, comprised of a diverse group of predominantly office-based employment industries, is a vital component of the local economies in the San Gabriel Valley and West San Bernardino. These industries (namely Professional, Scientific, and Technical Services, Management of Companies and Enterprises, and Administrative Support and Waste Services), help support a thick supply of jobs in the region spread across the wage scale.

Indeed, establishments engaged in this sector employed the second-largest number of workers in the San Gabriel Valley through the first half of 2016 (84,400 jobs), while it was the top employment sector in West San Bernardino (41,400 jobs) during the same period. Although Professional and Business Services remains a major employment sector in these areas, growth in the sector has stagnated over the past year, particularly in the San Gabriel Valley where employment fell 0.7% through the first half of 2016, compounding the 4.9% drop observed between 2014 and 2015. Meanwhile, Professional and Business Services employment fell 2.2% in West San Bernardino during the first two quarters of 2016 after posting strong gains the previous year.



One consequence of weakness in the Professional and Business Services sector has been a near-term increase in slack in the region's market for office space. In fact, the office vacancy rate in the San Gabriel Valley surged from 12.0% in the first quarter of 2015 to 15% in the third quarter, around the time when job losses in the sector were most concentrated. More current data, however, indicate that office-based employment is poised for a rebound to close out 2016, with vacancy rates falling back to around 12.4% by the fourth quarter of 2016.

The average annual wage paid to workers in the Professional and Business Services sector during the first half of 2016 was \$62,300 and \$36,100 in the San Gabriel Valley and West San Bernardino respectively. Though these wages remain below the county-wide average, this sector is a major source of above-average wage jobs in the San Gabriel Valley that have supported growing household incomes

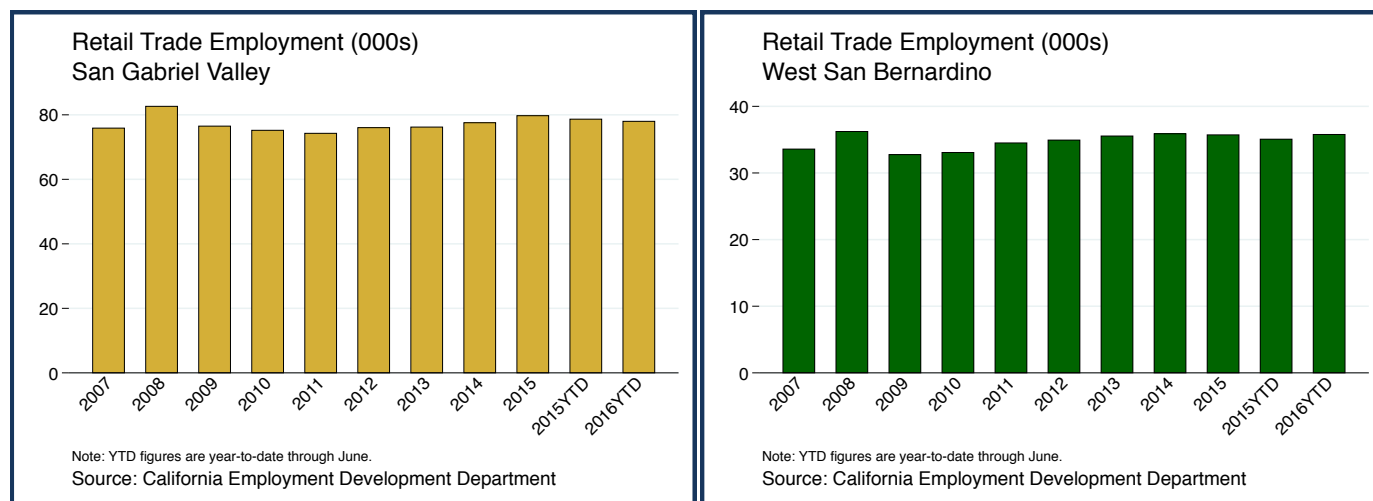


throughout the region. Meanwhile, the relatively low wages paid to workers employed in West San Bernardino's Professional and Business Services sector indicate that employment in this sector is more concentrated in the low-wage and often part-time Administrative Support industry.

## Retail Trade

With consumer spending accounting for roughly two-thirds of Gross Domestic Product, trends in the Retail Trade sector serve as an important indicator of overall economic activity across the United States. Establishments engaged in Retail Trade are a major source of low-skill jobs, in addition to being a major conduit for local government revenues via sales and use taxes.

The strong year posted by retailers in 2016 demonstrates the extent to which American consumers have underpinned economic growth across the United States for much of the current economic expansion. To this end, total retail sales in the U.S. grew a solid 2.9% between 2015 and 2016, headlined by strong spending growth at automobile dealers (4.1%) and nonstore (e-commerce) retailers. However, more current data indicate that there are some clouds on the horizon, with disappointing retail sales reported for the first three months of 2017.<sup>17</sup> It appears that weakness at traditional brick-and-mortar retailers, coupled with a plateau in auto sales<sup>18</sup>, have countered the momentum generated by stronger wage growth and overall household income gains. Nonetheless, the overall trajectory of growth in spending remains intact.



At the local level, Retail Trade is a foundational component of the employment environment in both the San Gabriel Valley and West San Bernardino. In fact, the retail sector was the third-largest employment sector in the San Gabriel Valley in 2016 and the second-largest source of jobs in West San Bernardino. While workers employed in the Retail Trade sector earn among the lowest wages in either region, it

<sup>17</sup><http://www.reuters.com/article/us-usa-economy-idUSKBN17G0ZW>.

<sup>18</sup><http://www.reuters.com/article/us-usa-autos-moody-s-idUSKBN16Y1C0>.

should be noted that many workers in this industry are employed part-time. The average worker in the San Gabriel Valley earned just \$31,000 in 2016, on par with the \$32,000 paid to the average Retail Trade employee in West San Bernardino.

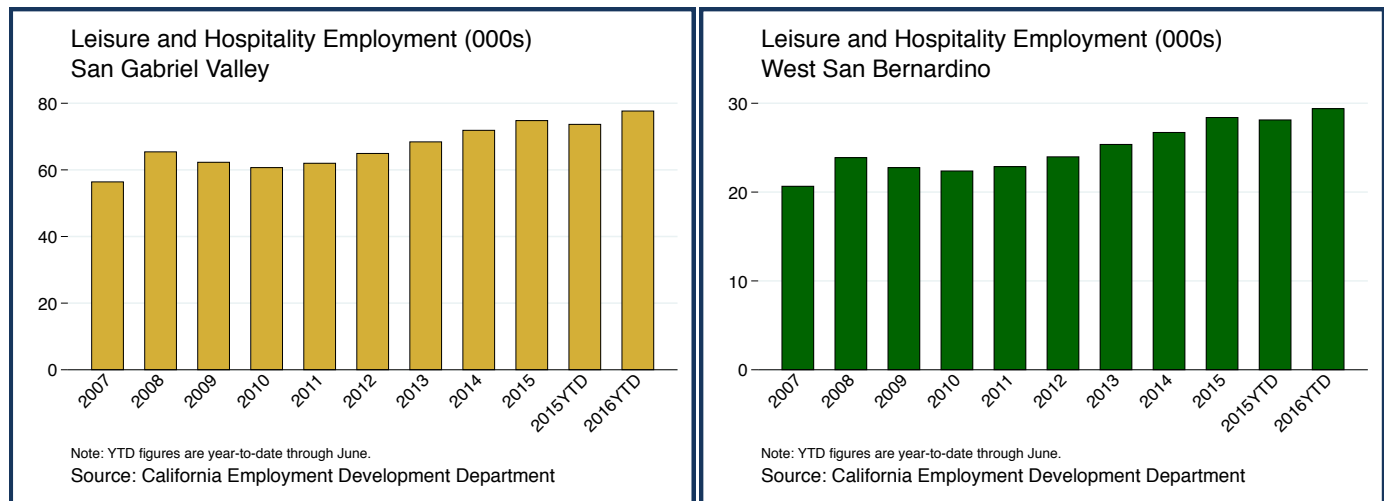
Though Retail Trade is a large part of the San Gabriel Valley and West San Bernardino economies, the direction of sector employment across the two regions is trending in opposite directions. Not surprisingly, these divergent trends have been closely linked to the direction of consumer spending activity. To this end, taxable sales growth in the San Gabriel Valley cooled to just 1.3% between 2015 and 2016 due in large part to a lackluster start to the year. As a result of slower overall spending growth and the long-term secular trend towards e-commerce, Retail Trade employment in the San Gabriel Valley fell 0.8% year-to-date. With taxable sales in the San Gabriel Valley forecasted to increase 3.0% in the year ahead, and 2.0% in 2017, the trends observed in Retail Trade employment can be expected to persist in the year ahead.

At the same time, consumer spending in West San Bernardino has grown robustly for the fifth consecutive year, due to a combination of population and income growth. In fact, spending activity in the region gained even more momentum in 2016, growing 8.0% over the year after growing between 5% and 6% during the prior two years. The continued strength of consumer spending in West San Bernardino has made the local Retail Trade sector more resilient to the headwinds tamping down sector employment just across the county line. Indeed, Retail Trade employment in the region grew 2.0% in the first half of 2016, and with taxable sales in West San Bernardino projected to grow 9.3%, the trends observed in Retail Trade employment can be expected to extend in the year ahead.

## **Leisure and Hospitality**

The Leisure and Hospitality sector is a lynchpin of the Southern California economy, catering not only to the hordes of tourists that visit the region's beaches, entertainment industry attractions, and iconic landmarks, but also to the enormous population that calls Southern California home. Accordingly, this industry supports a large number of jobs across the region and billions of dollars in economic activity in bars and restaurants, hotels, museums, amusement parks, and gambling establishments.

While consumer spending trends have yielded mixed results in the Retail Trade sector, Leisure and Hospitality employment has continued to grow briskly throughout the San Gabriel Valley and West San Bernardino. In the San Gabriel Valley, Leisure and Hospitality employment grew 5.4% year-to-date to 77,700. Meanwhile, sector employment in West San Bernardino reached 29,400 midway through 2016, an increase of 4.5% through the second quarter of 2016.



Although the Leisure and Hospitality industry generates a significant amount of economic activity throughout Southern California, workers employed in this sector in both the San Gabriel Valley and West San Bernardino earn considerably lower wages than workers in every other sector. The average Leisure and Hospitality worker earned just \$20,800 at the midpoint of 2016, while the average annual wage paid to Leisure and Hospitality workers in West San Bernardino stood at a paltry \$18,400. In fact, the average worker employed in the Leisure and Hospitality sector earns less than half the average annual wage across all sectors in both regions, and wage growth has continued to lag behind long-term wage gains observed in high-skill sectors requiring greater educational attainment.

### Tourism and Accommodation

Continued economic growth, domestically and in still-growing international economies such as China, continued to fuel demand for travel-related goods and services in Los Angeles County throughout 2016. In fact, the County played host to 47.3 million visitors in 2016, topping the previous record of 45.6 million visitors set the previous year.<sup>19</sup> Moreover, the continuing influx of tourists in the County brought in \$19.6 billion in spending in 2015, up 4.8% from 2014.<sup>20</sup>

The exponential rise in visitors from China to California over the past decade has been a major contributor to the annual shattering of tourism records in Los Angeles County. China is now Los Angeles County's top overseas market, and is now the first U.S. destination to welcome more than one million Chinese visitors.<sup>21</sup> More importantly, many of these Chinese tourists visit the San Gabriel Valley due to the region's large ethnic Chinese population, bringing vital outside money into the region.

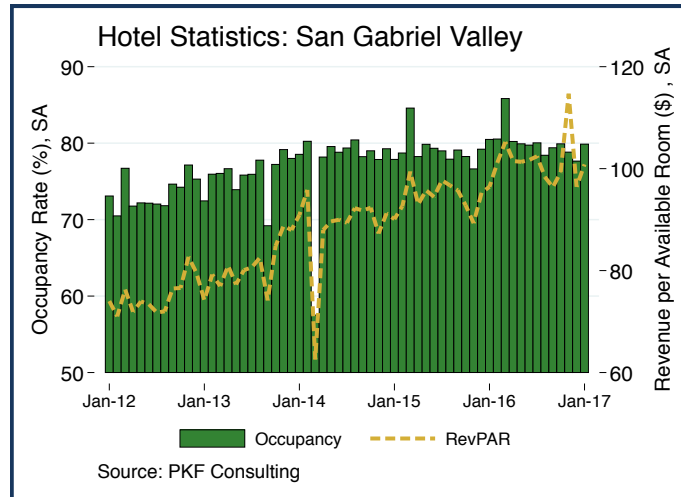
With a growing number of tourists flowing into Los Angeles County, the region's lodging market has continued to be supported by strong underlying fundamentals. This holds true in the San Gabriel Valley, where occupancy rates continue to hover near record highs and the average daily rate continues its

<sup>19</sup><http://www.discoverlosangeles.com/tourism/research>.

<sup>20</sup>Ibid.

<sup>21</sup>Ibid.

upward trend. The average occupancy rate in the San Gabriel Valley was 80.13% in 2016, up roughly a full percentage point from the previous year. At the same time, the average daily rate reached \$126.83, an increase of 5.7% from 2015. Moreover, the revenue per available room (RevPAR) in the region grew at an even more brisk 7.0% between 2015 and 2016, reaching a high of \$101.63.



Looking ahead, the stronger corporate spending and solid personal income growth that has supported gains in the San Gabriel Valley lodging sector in previous years will butt heads with domestic policy that may well limit the number of international tourists visiting the United States.<sup>22</sup> The Los Angeles Tourism and Convention Board claims, for instance, that “Los Angeles could lose about 800,000 international visitors and \$736 million in spending over the next three years ‘as a direct result’ of Trump’s orders...”<sup>23</sup> Though this may be a worse-case scenario, it is important to bear in mind that Mexico is the single largest source of international visitors to Los Angeles County,<sup>24</sup> which magnifies the importance of policy discussions, especially those surrounding a proposed border wall between the two countries.

A great deal of uncertainty still clouds these hot-button issues, but they may well have ramifications for the lodging industry in Los Angeles County and California overall. That being said, the influx of Chinese tourists into the San Gabriel Valley may give the region’s lodging industry some resiliency to these trends, though the extent of this resilience may be tested in the months ahead.

In 2017, Auto Club Speedway in Fontana will celebrate its 20th anniversary as the home of two annual NASCAR events—the Auto Club 400 and the NXS 300—and many other events, such as the HARD Summer music festival, each year. The 68,000-capacity venue is one of the largest in Southern California, and the growing popularity of auto racing and major music events will likely increase Auto Club Speedway’s role in hosting popular events throughout the year. Auto Club Speedway serves as an engine to help build economic growth in the western portion of San Bernardino County through leisure and hospital-

<sup>22</sup><https://www.bloomberg.com/politics/articles/2017-03-06/trump-s-travel-ban-threatens-to-deter-foreign->

<sup>23</sup>Ibid.

<sup>24</sup><http://www.discoverlosangeles.com/tourism/research>.

ity and tourism. The venue brings millions of dollars in outside spending to the region, whether directly through its events or indirectly through spending by visitors at nearby places.

### **Minimum Wage —Facts and Impact**

The statewide minimum wage is \$10.50/hour as of January 1, 2017, already well above the federal minimum wage of \$7.25 per hour. In 2016, California lawmakers passed legislation that will gradually increase the statewide minimum wage to \$15 per hour by the year 2022. How will the increase in the minimum wage affect the local economy? There will be winners and losers.

Some workers will continue to be employed at the higher wage and will benefit to the extent that they do not suffer offsetting decreases in hours worked or reduction in other benefits. Other workers will be laid off. In a tight labor market, they may be able to find work elsewhere, but there is a more abundant supply of low-wage and entry-level workers compared to other categories of workers, so they may not readily find another job.

Retail stores, restaurants, hotels, apparel manufacturers, and social assistance firms will most likely bear the brunt of a higher minimum wage, because they employ large numbers of unskilled and entry-level workers. In order to remain competitive, firms in these industries may respond in a number of ways: cut jobs, cut hours per worker, increase use of full-time skilled workers, and introduce labor-saving automation. Firms with larger profit margins will be able to absorb more of the increase with fewer impacts on hiring. While one might expect firms to leave California, that is not an option for firms in most of the industries cited above to the extent that they provide services that cannot readily be moved.

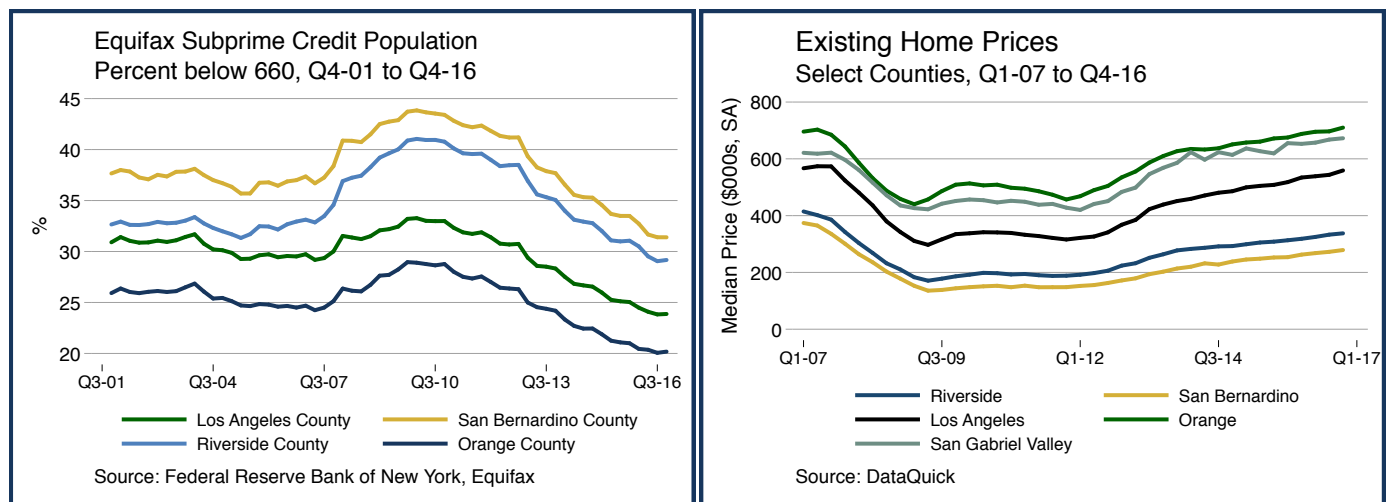
Will a higher minimum wage have the intended effect? There is often a difference between the intended outcome and the actual outcome.

Elected officials seek to raise the minimum wage to achieve a number of goals. One goal may be to raise the standard of living for low-income households, especially those in poverty. However, few households in poverty have minimum wage workers so the minimum wage hike will not necessarily raise households out of poverty. Another goal may be to reduce unemployment among target unskilled workers and young workers, including African-American teens whose unemployment rate is several times higher than the headline rate. But as mentioned above, firms may respond to a hike in the minimum wage by cutting jobs to unskilled and entry-level workers, making a difficult situation even worse.

So what can be done? There are additional options to consider. For example, the best way to address poverty is through the federal income tax credit. This is not a policy lever over which local elected officials have control, but they could engage in education campaigns to inform their constituents of this option. As for the goal of reducing teen employment, one could add to the minimum wage law a measure that provides for a “training wage” that would be lower than the minimum wage itself, and would enable firms to hire younger and other entry-level workers at a lower wage for a limited period of time. This would allow the firm time to evaluate the potential of that individual for long-term employment while enabling the worker to get much-needed experience at the workplace.

## Residential Real Estate

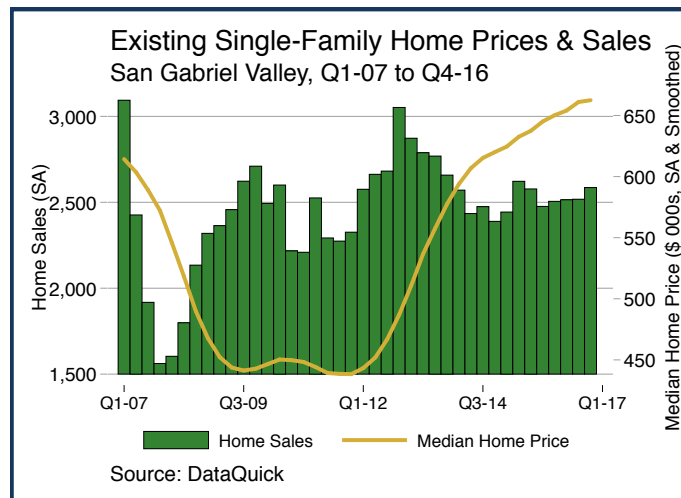
Even as Southern California home prices continued on an upward trajectory, the conditions for homeownership have improved. Wage and employment gains picked up in 2016, placing homeownership within reach of more Southern California residents. The percentage of residents who could afford mortgage payments on the median single family home increased across all major markets, based on calculations from the California Association of Realtors. From a financing perspective, home lending standards continue to be a hurdle for some would-be homeowners, but Equifax data indicates that Southern California residents' finances have more than recovered since the recession. Another factor to take into account is that "boomerang buyers" are starting to re-enter the market now that foreclosures are being removed from consumer credit reports. For these reasons, 2017 is likely to be another strong year for the regional housing market.



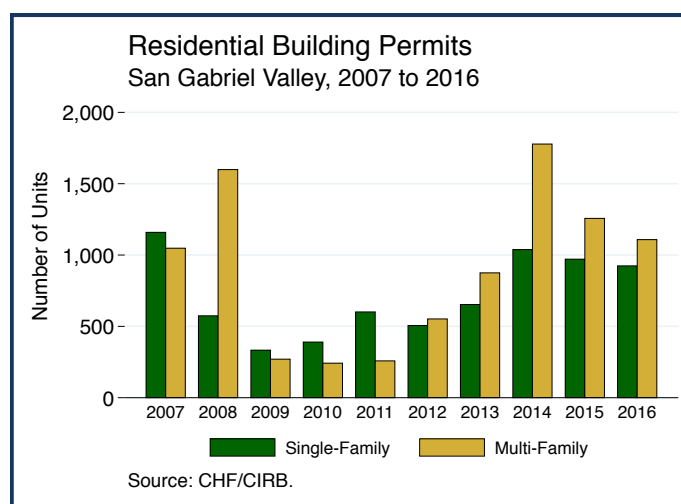
### San Gabriel Valley

Despite a modest slowdown in home sales, the San Gabriel Valley continued to be an attractive location for migrants, which has led to sustained population and housing gains. The median home price in the San Gabriel Valley rose to \$662,400 in 2016, compared to \$559,000 in Los Angeles County. This 4.5% year to year increase in the median existing home price represented an acceleration over the last year. Some of the strongest increases in the San Gabriel Valley were evident in the cities of Azusa, San Dimas, and Alhambra. These represent markets that are, on average, more affordable, than the overall San Gabriel Valley area.





Notably, some of the region's priciest cities saw median prices fall after heated post-recession gains. In Arcadia, home prices fell 5.6% between 2015 and 2016, but the \$1.19 million median price tag still represented a 36% increase from pre-recession highs. Single family real estate in San Marino similarly saw a 6.2% dip over the course of the last year, ending the year at a median valuation of \$2.15 million. This follows a broader trend that has seen high-end real estate sales lose some traction and a slow-down in foreign real estate investment. This could help boost housing affordability in these cities, where, despite some of the highest educational attainment rates in the state, home price to income ratios are among the highest in the region.<sup>25</sup> In effect, the median home price in these cities represents between 15.8 and 17.1 times annual median household incomes.



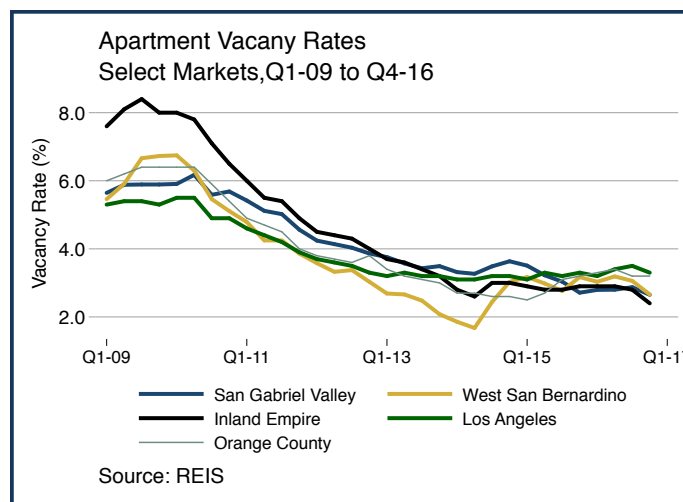
Furthermore, the San Gabriel Valley has continued to be a hotbed of growth in the Los Angeles County area, accounting for 2,032 new housing units in 2016. Over the course of the current expansion, much of construction has favored multifamily housing, which made up 54.5% of annual residential permits last year. Asian and Hispanic migration has been a strong impetus for housing demand, and much of re-

<sup>25</sup> Refer to Appendix: Home Price and Income Comparison for more detailed information.

cent permitting activity has been centered in immigrant enclaves, including Arcadia and Pomona. The passage of Measure M on the November ballot will enable local transit authority to move forward with the second phase of an extension connecting to Montclair. The first phase of construction has already propelled more transit-oriented development near new stations in the San Gabriel Valley, including a 261-unit apartment development to break ground at Monrovia Station.<sup>26</sup>

Apartment development has also been picking up as a result of robust rental rate appreciation in a number of major San Gabriel Valley submarkets. Average rental rates increased 4.9% between the fourth quarter of 2015 and the fourth quarter of 2016. Some of the largest rental rate increases were seen in the Azusa/Covina/Glendora (+7.9% YTY) and West Covina/La Puente/Rowland Heights (+8.4% YTY) submarkets.<sup>27</sup> The former submarket accounted for all 280 apartment units that came online in 2016, based on Reis, Inc. data.

Despite the influx of new units, the San Gabriel Valley has some of the tightest vacancy rates in Los Angeles County. Taken as a whole, approximately 2.7% of all apartment units in the region remained unoccupied in the fourth quarter of 2016, compared to 3.3% in the county overall. By submarket, vacancies fell almost entirely across the board as absorption outpaced the addition of new units.



## West San Bernardino

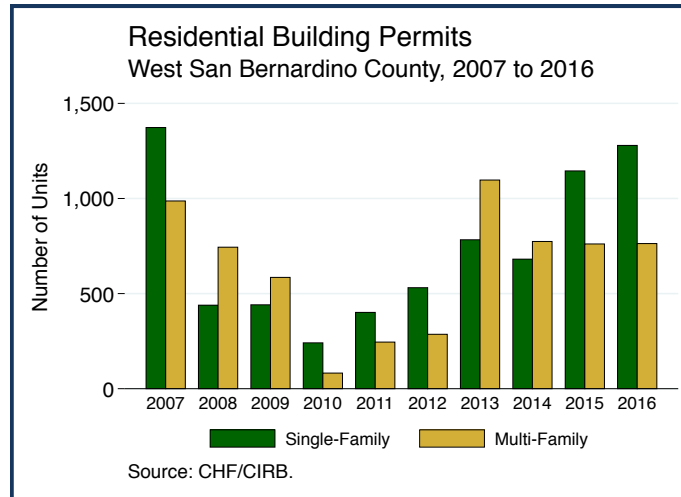
The West San Bernardino housing market represents a more affordable alternative to prospective homebuyers, and has thus seen elevated housing demand and strong population growth in recent years. The region has also seen significant spillover from immigrant enclaves since the start of the millennium, and growth in the Asian population has been particularly notable in the cities of Chino, Chino Hills, and Rancho Cucamonga.<sup>28</sup> The median home price stood at \$466,300 in the fourth quarter of 2016, a 5.6% increase from the year prior. While this is a slower rate of growth than the County of San Bernardino

<sup>26</sup><http://urbanize.la/post/multifamily-residential-development-rise-monrovia-station>.

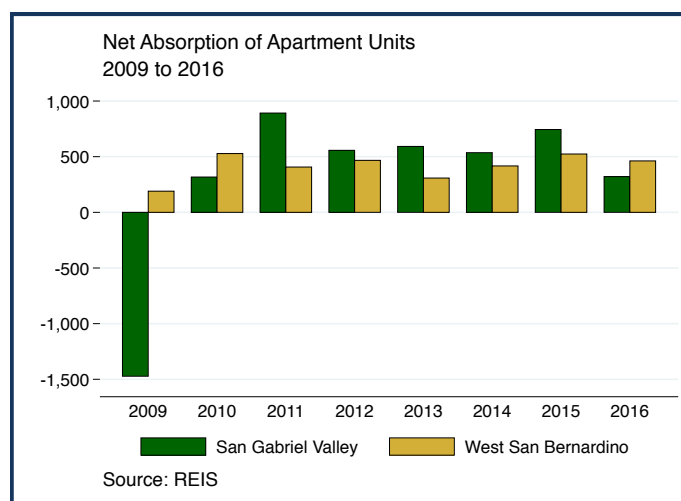
<sup>27</sup> Refer to Appendix: Apartment Rental Statistics, Select Submarkets 2016-Q4 for more detailed information.

<sup>28</sup> Refer to Appendix: Asian Migration East, West San Bernardino County, 2000-2015 for more detailed information.

demonstrated over the most recent year-long period, home valuations in West San Bernardino are almost twice that of the county overall. Furthermore, sales activity in the region continued to move upwards in 2016, with a total of 5,225 existing single family homes sold over the course of the year. This represented a continuation of the robust demand witnessed in recent years.



As low inventories and strong sales have pushed prices up in the West San Bernardino region, residential permitting rates have been particularly strong over the last year: Developers obtained permits to add another 2,042 housing units to the pipeline. In contrast to the San Gabriel Valley, development in West San Bernardino has favored single-family housing, which comprised six out of ten residential permits filed in 2016. This isn't to say that demand for multi-family housing has been weak: with an estimated 2.7% of apartment units vacant in the region, West San Bernardino's rental market is as tight as in the San Gabriel Valley.



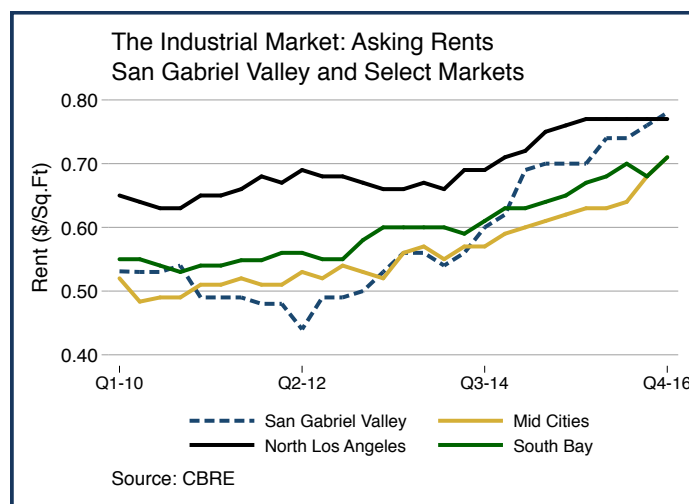
Asking rates for apartments in the region also grew at a rate of 4.6% between the fourth quarter of 2015 and the fourth quarter of 2016. Rental rate appreciation has been particularly strong in North Ontario

and Upland submarkets. Much multi-family development appears to be centered in the city of Ontario, where 298 units came on line in 2016. Developers have been green-lit to begin construction on an 800-unit apartment complex near the Meredith Industrial Centre,<sup>29</sup> and this project alone would account for more permits than the city has seen in any of the last ten years.

## Nonresidential Real Estate

### Industrial

The close proximity of the Ports of Los Angeles and Long Beach, coupled with a large population base, has made Los Angeles County a major hub for the movement of consumer goods. Strong trade and transportation infrastructure along with abundant industrial space, facilitate the region's role in the movement of these types of goods. This is a vital source of employment for local residents, offering positions across a diverse array of skill and wage levels. Additionally, local businesses and consumers rely on the efficient movement of goods throughout the region, all of which is made possible by the region's diversified economic base.



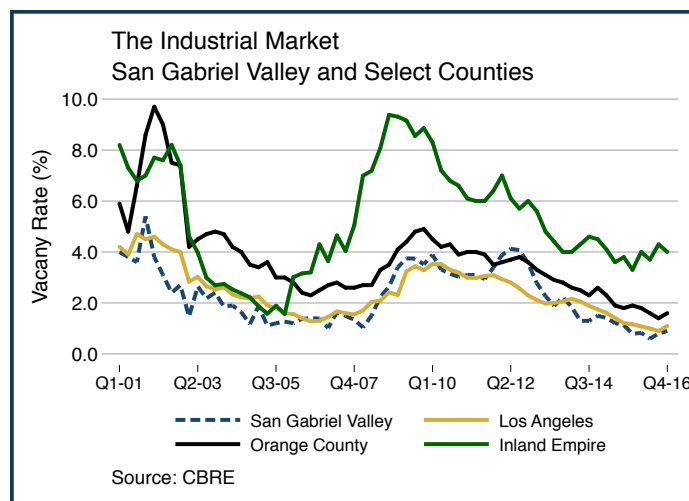
Improvements in the local economy and abroad have given rise to an industrial real estate market that continues to tighten. To this end, the industrial vacancy rate in the San Gabriel Valley has hovered below 1% since the fourth quarter of 2015. As of the fourth quarter of 2016, the industrial vacancy rate in the San Gabriel Valley stood at 0.9%, according to data compiled by CBRE. By comparison, the industrial vacancy rate in Los Angeles County as a whole fell to 1.1% in the fourth quarter of 2016.

The continuing demand for industrial space has placed additional upward pressure on rental rates for vacant space. Rents in the San Gabriel Valley have surpassed many other Los Angeles County submar-

<sup>29</sup><http://www.pe.com/articles/units-812685-center-city.html>.

kets. At \$0.78 per square foot, the cost of rent in the region is above the South Bay (\$0.71), Central (\$0.74), North (\$0.77), and Mid Cities (\$0.71) markets. The San Gabriel Valley's business friendliness has made it an attractive area for doing business. In fact, as of the fourth quarter of 2016, it had a lower vacancy rate than Los Angeles County, Orange County, and the Inland Empire.

Despite rising rents, the San Gabriel Valley's industrial sector continues to thrive because of strong demand. An influx of foreign investment, from China in particular, continues to play an important role in driving growth across the region. Additionally, a number of new developments and sales in the San Gabriel Valley support Beacon Economics' forward outlook for the industrial real estate market. Near the end of 2016, an industrial property in the City of Industry sold for \$29 million to a AFL-CIO Building Investment Trust based in Pittsburgh.<sup>30</sup> Earlier this year, the development firm Charles Company closed a deal for an office and industrial property in the City of El Monte for \$26 million. What's more, the City of El Monte opened a new 500,000 square-foot industrial development, valued at \$55 million, the single largest industrial development the city has seen in two decades.<sup>31</sup>



With a meager supply of industrial space, rents will continue to climb as the supply of existing industrial space is absorbed by local and non-local firms that look to establish a presence in the San Gabriel Valley. After a minor dip in 2015, values for industrial permits in the San Gabriel Valley<sup>32</sup> increased 10.6%, the bulk of which occurred in the City of El Monte and Pomona.

San Bernardino County has seen steady growth in its transportation and logistics sector for quite some time, with nearly a four-fold increase in its job counts over the past twenty-five years. Growth in this sector, and continued expansion of manufacturing, have driven demand for industrial space, which has accelerated in recent years as distribution facilities for online retail have cropped up in the region. Accordingly, the vacancy rate in the Inland Empire stood at 4.0% in the final quarter of last year. However,

<sup>30</sup><http://labusinessjournal.com/news/2016/sep/09/san-gabriel-valley-industrial-property-sells-29m/>.

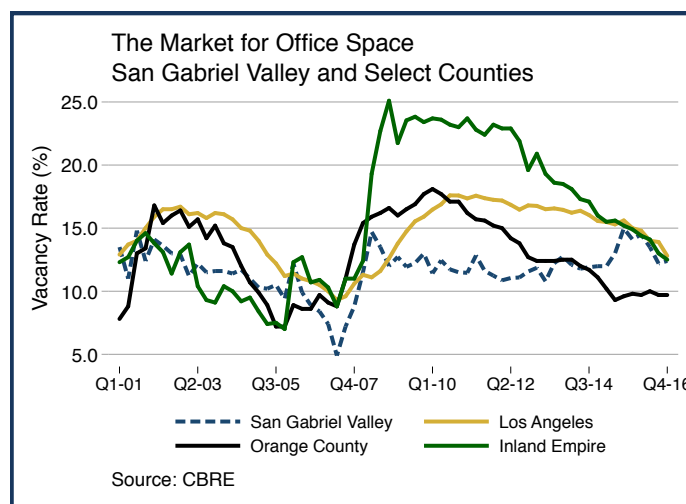
<sup>31</sup><http://www.sgvtribune.com/marketplace/20161017/massive-new-industrial-complex-debuts-in-el-monte-city>

<sup>32</sup>Includes incorporated cities only.

the market is even tighter in the West Inland Empire<sup>33</sup>, with a vacancy rate of 2.1% in the fourth quarter of 2016, while the average lease rate was \$0.55 per square foot, compared to \$0.51 for the Inland Empire as a whole. As for construction, industrial permits in West San Bernardino were 14.8% in 2016 compared to 2015, although 2015 was an exceptional year for growth and permits tend to be volatile from year-to-year. With factors underpinning demand for industrial space remaining, forward trends in industrial rents and vacancy rates will ultimately depend on both demand and new developments.

## Office

Trends in technology and workplace organization have significantly changed the structure of the market for office space across the nation. This holds true in Southern California, where companies have been quick to reduce their real estate footprint and save on rent. During the recession, many employers rapidly shed workers in an effort to cut costs as global demand, and consequently revenues and profit margins, dwindled. But even after cutting jobs to reduce costs, businesses were still on the hook for their office space leases.



A large number of leases began to expire just as the economy was entering expansion territory, and companies were quick to decrease their real estate footprint and net the rent savings. Many companies have embraced the switch to more open floor settings, opting for the flexibility of creative space. The way office space has been utilized has clearly been transformed over the past several years, providing employers with the option of further reducing the office space utilized per employee. What's more, workers now have the flexibility to work at different times and at different locations. According to the June 2015 release of the American Time Use Survey (ATUS), 38 % of workers in management, business, and financial operations occupations, and 35 % of those employed in professional and related occupations, did some or all of their work from home on days they worked.<sup>34</sup>

<sup>33</sup> Data for the West San Bernardino County region were not available at the time of publication.

<sup>34</sup> <https://www.bls.gov/news.release/pdf/atus.pdf>.

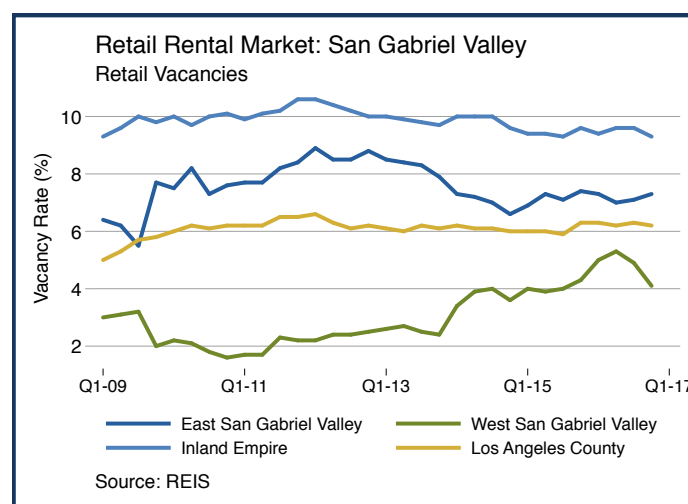
**Office Rental Statistics, Select Submarkets 2016-Q4**

| Submarket                        | Rent                     |            | Vacancy |                |
|----------------------------------|--------------------------|------------|---------|----------------|
|                                  | Annual Cost (\$/Sq. Ft.) | 1-Yr. Chg. | Rate    | 1-Yr. p.p Chg. |
| Chino/Montclair/Upland           | 22.0                     | -0.8       | 10.3    | -2.5           |
| East County                      | 28.0                     | 0.9        | 14.5    | 4.0            |
| Pasadena                         | 36.8                     | 2.7        | 15.5    | 0.3            |
| Rancho Cucamonga/Ontario/Fontana | 22.8                     | -0.9       | 23.4    | -2.0           |
| West San Gabriel Valley          | 27.6                     | 3.8        | 13.5    | -1.9           |

**Source: Reis, Inc.**

Although the transition toward more open offices and more remote working has played a big role in the sluggish growth of the office market, the market for office space in the San Gabriel Valley continues to improve. The office vacancy rate in the San Gabriel Valley fell to 12.4% in the fourth quarter of 2016, down an impressive 1.7 percentage points from a year earlier. At \$2.49 per square foot, the cost of rent in the San Gabriel Valley is marginally higher than the South Bay, which had a rental rate of \$2.40 per square foot in the fourth quarter of 2016, down 3.5% year over year. However, the cost of rent in the San Gabriel Valley is significantly lower than Downtown and West Los Angeles, which had asking rents at \$3.34 and \$4.73, respectively.

Looking ahead, the San Gabriel Valley office market will continue to advance, albeit at a moderate pace. The total value of office permits in the San Gabriel Valley increased 48.5% year over year in 2016. Permits for office space in 2016 were concentrated in the City of Industry, Azusa, and Irwindale. However, the lack of open space could continue to push new developments further from the coast, as marked by strong permitting (roughly \$35 million) for office space in both Chino and Chino Hills the same year.

**Retail**



Los Angeles County's retail market is showing mixed signals, despite notable growth in consumer spending. Although the total value of non-residential permits was lower in 2016 compared to 2015, the total value of retail (Mercantile and Warehouses) permits increased 8.3%. This growth in retail permits may come as a surprise, given that the advent of online e-commerce sales was believed to be the beginning of the end for brick-and-mortar retail stores. Yet various industries in the area appear to be thriving, such as auto sales, tourism, leisure and hospitality. Online shopping still poses a threat to traditional retail stores, but the San Gabriel Valley retail sector is performing well.

Most retail submarkets in Los Angeles County are performing well and can be characterized by low vacancy rates, positive net absorption and moderate rent growth. However, some markets across the county are seeing stronger demand for retail properties than others. Over the course of 2016, roughly 158,000 sq. feet of retail space was absorbed in the San Gabriel Valley market. This marked a sizable gain compared to absorption rates elsewhere in the Los Angeles area. However, just as empty space gets filled, additional stock comes online.

**Retail Market Summary by Submarket: Los Angeles County, Q4-16**

| Submarket           | Vacancy Rate (%) | Occupied Units (000s of Sq. Ft.) | Net Absorption, Annual (000s of Sq. Ft.) | Cost of Rent (\$/ per Sq. Ft. per Year) | Rent Growth, Q4-15 to Q4-16 (%) |
|---------------------|------------------|----------------------------------|--|---|---------------------------------|
| Antelope Valley     | 11.2             | 8,139                            | 52                                       | 25.04                                   | 1.3                             |
| San Fernando Valley | 5.6              | 8,970                            | -4                                       | 35.13                                   | 0.9                             |
| San Gabriel Valley  | 6.2              | 15,299                           | 158                                      | 29.05                                   | 1.4                             |
| South Bay           | 5.1              | 12,403                           | 26                                       | 33.14                                   | 2.2                             |
| South LA County     | 6.1              | 7,693                            | 60                                       | 27.32                                   | 0.7                             |
| Tri-Cities          | 3.5              | 2,635                            | 22                                       | 34.68                                   | 2.3                             |
| West LA County      | 4.3              | 8,104                            | -29                                      | 43.76                                   | 3.7                             |

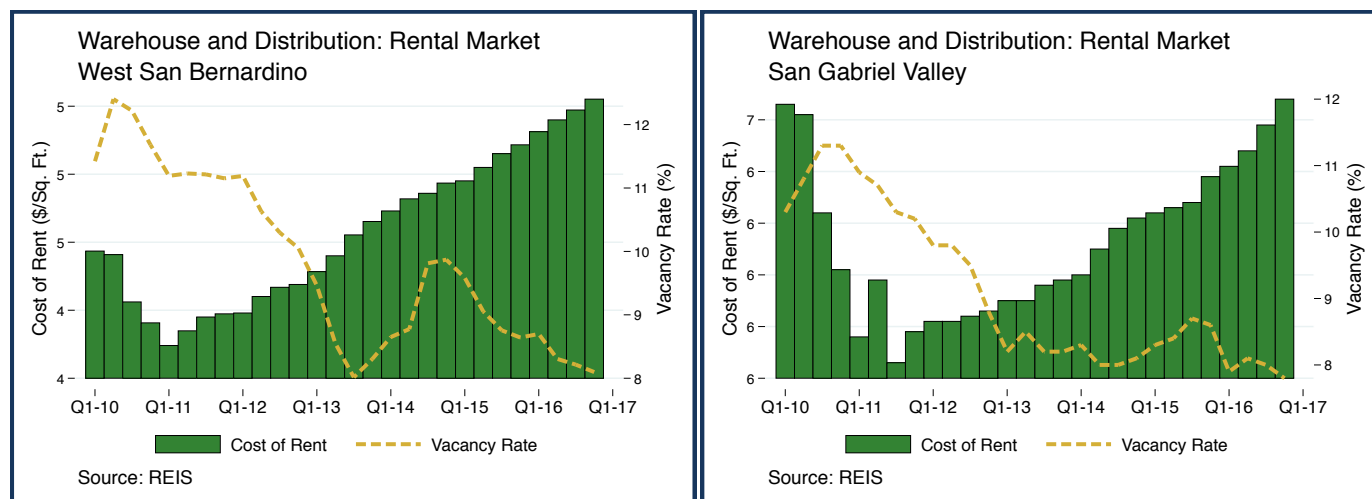
Source: REIS

With vacancy rates remaining mostly flat, cost of rents continuing to pick up, strong growth in retail permits, and higher rates of net absorption, the San Gabriel Valley retail market appears to be in a healthy place. The growth of permits means that more stock should be coming online, which should put some downward pressure on rent growth. At the same time, net absorption should remain positive, and vacancy rates are unlikely to deviate far from their current, stable trajectories. Taking these trends together, Beacon Economics expects the retail market to continue to show sustained growth and improvement over the next several years.

## Warehouse

One of the bright spots in San Gabriel Valley's commercial real estate sector has been the Warehouse and Distribution market. A robust logistics sector has been a boon to the warehouse and distribution market in West San Bernardino County as well. Vacancy rates and rents are both trending at, or close to, post-recession records. Warehouse vacancy rates in the San Gabriel Valley dipped to 7.8% in the fourth

quarter of 2016, among the lowest levels reported since commercial real estate research firm REIS, Inc. began collecting data in 2010. As a result of the rise in demand for warehouse and distribution space, the cost of rent for these properties increased at a rate of 2.3% from the fourth quarter of 2015 to the fourth quarter of 2016.



Despite international trade concerns, attributable in part to a turbulent political environment and uncertainty over trade policy and global economic growth, domestic demand for consumer goods has been an important driver of economic goods across the nation. Strong domestic consumer demand will ultimately maintain the pace of goods movements through major hubs throughout Los Angeles County. In fact, the Los Angeles area ranked Number One in North America in a survey of global real estate investors who have a combined total of \$1.7 trillion on property in 2017.<sup>35</sup> This marked the second year in a row that Los Angeles was the top pic for investment in North America. What's more, 40% of investors said they intend to spend more in 2017 than they did last year. These signals, among rising rents and falling vacancies, spell a healthy year for the regions commercial real estate sector.

**Warehouse & Dist. Market Summary by Submarket: Los Angeles County, Q4-16**

| Submarket           | Vacancy Rate (%) | Occupied Units (000s of Sq. Ft.) | Net Absorption, Annual (000s of Sq. Ft.) | Cost of Rent (\$/ per Sq. Ft. per Year) | Rent Growth, Q4-15 to Q4-16 (%) |
|---------------------|------------------|----------------------------------|--|---|---------------------------------|
| Antelope Valley     | 6.1              | 14,364                           | -90                                      | 6.62                                    | 1.5                             |
| San Fernando Valley | 6.0              | 27,246                           | 109                                      | 8.12                                    | 2.6                             |
| San Gabriel Valley  | 7.8              | 14,856                           | 143                                      | 6.64                                    | 2.3                             |
| South Bay           | 6.2              | 95,374                           | 339                                      | 7.34                                    | 3.1                             |
| South LA County     | 5.8              | 190,539                          | 99                                       | 6.35                                    | 3.2                             |

Source: REIS

<sup>35</sup><http://www.latimes.com/business/la-fi-global-investors-20170317-story.html>.

## Appendix

### Annual Establishment Count by Sector

| City                                     | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016YTD |
|--|------|------|------|------|------|------|------|------|---------|
| <b>San Gabriel Valley (000s)</b>         |      |      |      |      |      |      |      |      |         |
| Education                                | 0.6  | 0.6  | 0.6  | 0.6  | 0.6  | 0.7  | 0.7  | 0.7  | 0.7     |
| Financial Svcs. and Real Estate          | 4.3  | 4.1  | 4.0  | 3.9  | 3.9  | 4.1  | 4.4  | 4.5  | 4.5     |
| Government                               | 0.9  | 0.9  | 1.0  | 1.0  | 1.0  | 1.0  | 0.9  | 0.9  | 0.9     |
| Health Care                              | 4.9  | 5.0  | 5.1  | 5.1  | 5.2  | 32.6 | 34.3 | 34.8 | 33.5    |
| Information                              | 0.6  | 0.6  | 0.6  | 0.6  | 0.6  | 0.6  | 0.6  | 0.6  | 0.6     |
| Leisure and Hospitality                  | 3.9  | 3.9  | 4.0  | 4.0  | 4.0  | 4.2  | 4.4  | 4.6  | 4.7     |
| Manufacturing                            | 2.7  | 2.6  | 2.5  | 2.4  | 2.3  | 2.3  | 2.3  | 2.3  | 2.3     |
| NR/Construction                          | 2.9  | 2.8  | 2.6  | 2.5  | 2.5  | 2.5  | 2.7  | 2.7  | 2.7     |
| Other Svcs.                              | 31.4 | 32.7 | 32.8 | 33.3 | 31.4 | 3.8  | 4.1  | 4.2  | 4.0     |
| Professional and Business Svcs.          | 6.9  | 6.9  | 6.7  | 6.7  | 6.8  | 7.2  | 7.6  | 7.7  | 7.7     |
| Retail Trade                             | 5.1  | 5.0  | 4.9  | 4.8  | 4.8  | 4.9  | 5.0  | 5.0  | 5.1     |
| Transport/Warehouse/Util.                | 1.0  | 1.1  | 1.0  | 1.1  | 1.1  | 1.2  | 1.3  | 1.3  | 1.4     |
| Wholesale Trade                          | 5.0  | 5.0  | 4.8  | 4.7  | 4.7  | 4.9  | 5.1  | 5.0  | 4.9     |
| Total                                    | 72.9 | 73.1 | 73.2 | 74.2 | 72.8 | 73.4 | 75.8 | 77.7 | 77.0    |
| <b>West San Bernardino County (000s)</b> |      |      |      |      |      |      |      |      |         |
| Education                                | 0.1  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1  | 0.2  | 0.1  | 0.1     |
| Financial Svcs. and Real Estate          | 1.3  | 1.2  | 1.1  | 1.1  | 1.1  | 1.1  | 1.2  | 1.2  | 1.3     |
| Government                               | 0.3  | 0.3  | 0.3  | 0.3  | 0.3  | 0.3  | 0.3  | 0.3  | 0.3     |
| Health Care                              | 1.1  | 1.2  | 1.2  | 1.2  | 1.3  | 4.4  | 4.8  | 5.1  | 4.9     |
| Information                              | 0.1  | 0.2  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1  | 0.1     |
| Leisure and Hospitality                  | 1.1  | 1.1  | 1.1  | 1.1  | 1.1  | 1.2  | 1.2  | 1.3  | 1.3     |
| Manufacturing                            | 1.1  | 1.1  | 1.0  | 1.0  | 1.0  | 1.0  | 1.0  | 1.1  | 1.1     |
| NR/Construction                          | 1.5  | 1.5  | 1.4  | 1.3  | 1.3  | 1.3  | 1.4  | 1.4  | 1.4     |
| Other Svcs.                              | 3.4  | 3.9  | 3.9  | 4.2  | 4.0  | 0.9  | 1.0  | 1.0  | 1.0     |
| Professional and Business Svcs.          | 1.9  | 1.9  | 1.9  | 1.9  | 2.0  | 2.0  | 2.1  | 2.1  | 2.2     |
| Retail Trade                             | 1.7  | 1.7  | 1.7  | 1.6  | 1.7  | 1.7  | 1.8  | 1.8  | 1.8     |
| Transport/Warehouse/Util.                | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.5  | 0.6  | 0.6     |
| Wholesale Trade                          | 1.4  | 1.4  | 1.4  | 1.4  | 1.4  | 1.5  | 1.6  | 1.6  | 1.7     |
| Total                                    | 16.2 | 16.4 | 16.3 | 16.8 | 16.7 | 16.8 | 17.5 | 18.5 | 18.6    |

Source: Employment Development Department

Note: YTD figures are year-to-date through June. Totals include unclassified industries.

**Annual Employment by Sector**

| City                                     | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  | 2016YTD |
|--|-------|-------|-------|-------|-------|-------|-------|-------|---------|
| <b>San Gabriel Valley (000s)</b>         |       |       |       |       |       |       |       |       |         |
| Education                                | 20.4  | 20.8  | 20.9  | 21.6  | 21.2  | 21.6  | 21.3  | 20.7  | 21.0    |
| Financial Svcs. and Real Estate          | 43.7  | 39.7  | 37.0  | 36.5  | 37.4  | 36.6  | 36.3  | 36.5  | 38.2    |
| Government                               | 72.5  | 70.2  | 68.6  | 66.8  | 65.1  | 64.5  | 65.4  | 67.3  | 70.4    |
| Health Care                              | 80.6  | 83.7  | 87.4  | 88.7  | 90.0  | 117.7 | 121.5 | 124.6 | 125.5   |
| Information                              | 12.3  | 10.7  | 9.9   | 9.9   | 10.0  | 10.4  | 10.6  | 10.4  | 9.8     |
| Leisure and Hospitality                  | 65.4  | 62.3  | 60.7  | 62.0  | 64.9  | 68.4  | 71.9  | 74.8  | 77.7    |
| Manufacturing                            | 72.6  | 64.3  | 60.2  | 60.2  | 59.4  | 60.3  | 60.2  | 59.9  | 59.7    |
| NR/Construction                          | 32.1  | 25.9  | 23.6  | 23.7  | 23.3  | 23.9  | 24.7  | 26.2  | 27.2    |
| Other Svcs.                              | 41.8  | 43.0  | 40.7  | 40.3  | 44.3  | 23.6  | 24.7  | 24.4  | 24.6    |
| Professional and Business Svcs.          | 91.6  | 82.7  | 83.2  | 82.6  | 84.7  | 86.4  | 89.8  | 85.4  | 84.4    |
| Retail Trade                             | 82.6  | 76.5  | 75.2  | 74.3  | 76.0  | 76.2  | 77.6  | 79.7  | 78.0    |
| Transport/Warehouse/Util.                | 24.1  | 23.5  | 21.4  | 22.1  | 22.3  | 22.1  | 22.7  | 23.6  | 25.1    |
| Wholesale Trade                          | 45.8  | 40.3  | 40.6  | 41.5  | 42.8  | 44.3  | 44.3  | 44.9  | 46.6    |
| Total                                    | 688.9 | 646.0 | 631.4 | 633.6 | 645.0 | 658.8 | 674.3 | 683.8 | 693.1   |
| <b>West San Bernardino County (000s)</b> |       |       |       |       |       |       |       |       |         |
| Education                                | 2.0   | 2.4   | 2.2   | 2.3   | 2.3   | 2.0   | 2.7   | 2.7   | 2.9     |
| Financial Svcs. and Real Estate          | 12.2  | 10.9  | 10.2  | 10.1  | 9.9   | 10.4  | 11.3  | 11.4  | 11.4    |
| Government                               | 20.7  | 20.9  | 19.4  | 18.7  | 18.4  | 18.5  | 19.0  | 22.2  | 23.7    |
| Health Care                              | 16.5  | 16.8  | 17.2  | 18.7  | 20.3  | 23.3  | 24.6  | 26.4  | 27.2    |
| Information                              | 3.4   | 3.1   | 3.0   | 2.6   | 2.6   | 2.6   | 2.4   | 2.6   | 2.8     |
| Leisure and Hospitality                  | 23.9  | 22.8  | 22.4  | 22.9  | 24.0  | 25.4  | 26.7  | 28.4  | 29.4    |
| Manufacturing                            | 35.2  | 30.0  | 27.3  | 26.8  | 27.3  | 27.5  | 29.2  | 30.9  | 32.2    |
| NR/Construction                          | 17.6  | 14.4  | 12.7  | 13.1  | 13.7  | 14.4  | 16.9  | 18.1  | 18.4    |
| Other Svcs.                              | 8.5   | 8.4   | 8.0   | 8.0   | 8.8   | 7.1   | 7.6   | 8.2   | 8.3     |
| Professional and Business Svcs.          | 41.8  | 39.9  | 40.6  | 42.0  | 41.2  | 42.2  | 41.8  | 43.4  | 41.4    |
| Retail Trade                             | 36.2  | 32.8  | 33.1  | 34.5  | 34.9  | 35.5  | 35.9  | 35.7  | 35.8    |
| Transport/Warehouse/Util.                | 19.9  | 19.2  | 19.6  | 19.9  | 20.5  | 21.3  | 23.1  | 24.5  | 25.1    |
| Wholesale Trade                          | 19.1  | 17.1  | 16.9  | 16.9  | 17.2  | 18.8  | 20.0  | 21.9  | 22.4    |
| Total                                    | 257.8 | 239.2 | 233.1 | 237.3 | 242.0 | 249.6 | 262.0 | 277.9 | 282.2   |

Source: Employment Development Department

Note: YTD figures are year-to-date through June. Totals include unclassified industries.

**Average Annual Wage by Sector**

| City                                       | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016YTD |
|--|------|------|------|------|------|------|------|------|---------|
| <b>San Gabriel Valley (\$000s)</b>         |      |      |      |      |      |      |      |      |         |
| Education                                  | 37.7 | 37.8 | 40.2 | 41.3 | 43.8 | 45.4 | 46.9 | 47.6 | 46.7    |
| Financial Svcs. and Real Estate            | 61.2 | 60.2 | 60.6 | 62.3 | 69.9 | 68.9 | 73.8 | 77.7 | 84.5    |
| Government                                 | 52.7 | 52.7 | 53.3 | 54.0 | 53.6 | 53.8 | 55.3 | 56.8 | 58.1    |
| Health Care                                | 43.8 | 45.6 | 46.4 | 48.0 | 49.1 | 40.3 | 40.8 | 42.1 | 42.2    |
| Information                                | 60.1 | 63.3 | 67.7 | 68.1 | 66.8 | 68.0 | 68.4 | 73.0 | 72.5    |
| Leisure and Hospitality                    | 19.2 | 19.0 | 19.6 | 19.9 | 20.0 | 20.1 | 20.7 | 20.6 | 20.8    |
| Manufacturing                              | 46.0 | 45.8 | 47.1 | 48.2 | 48.9 | 49.2 | 50.6 | 52.4 | 51.3    |
| NR/Construction                            | 52.9 | 53.8 | 54.0 | 55.3 | 55.4 | 57.1 | 57.9 | 59.5 | 59.3    |
| Other Svcs.                                | 22.3 | 21.3 | 22.5 | 22.4 | 21.2 | 32.6 | 33.4 | 35.0 | 34.3    |
| Professional and Business Svcs.            | 50.5 | 52.8 | 55.7 | 58.1 | 57.6 | 58.3 | 59.4 | 65.1 | 62.3    |
| Retail Trade                               | 28.2 | 28.4 | 28.2 | 28.3 | 29.2 | 29.8 | 30.1 | 31.6 | 31.0    |
| Transport/Warehouse/Util.                  | 56.9 | 57.9 | 53.9 | 56.5 | 58.4 | 60.4 | 60.2 | 61.9 | 60.1    |
| Wholesale Trade                            | 48.0 | 46.8 | 47.9 | 49.8 | 51.2 | 51.0 | 51.1 | 52.3 | 50.8    |
| Total                                      | 42.7 | 42.8 | 43.7 | 44.8 | 45.4 | 45.4 | 46.2 | 48.0 | 47.8    |
| <b>West San Bernardino County (\$000s)</b> |      |      |      |      |      |      |      |      |         |
| Education                                  | 28.9 | 35.8 | 37.4 | 37.6 | 36.8 | 34.5 | 40.7 | 43.1 | 41.8    |
| Financial Svcs. and Real Estate            | 49.9 | 50.3 | 50.7 | 50.8 | 53.4 | 55.8 | 57.6 | 63.6 | 62.8    |
| Government                                 | 51.6 | 50.9 | 50.5 | 50.9 | 50.8 | 51.1 | 52.8 | 53.5 | 56.4    |
| Health Care                                | 38.4 | 39.3 | 39.5 | 41.0 | 42.4 | 39.3 | 40.4 | 40.9 | 41.1    |
| Information                                | 53.4 | 52.9 | 57.4 | 57.7 | 58.1 | 62.2 | 65.3 | 64.2 | 63.9    |
| Leisure and Hospitality                    | 16.2 | 16.2 | 16.5 | 16.7 | 17.1 | 16.7 | 17.1 | 18.0 | 18.4    |
| Manufacturing                              | 43.3 | 43.0 | 46.0 | 46.4 | 47.8 | 47.9 | 49.5 | 52.1 | 50.8    |
| NR/Construction                            | 48.2 | 47.9 | 46.9 | 46.9 | 48.5 | 50.7 | 52.8 | 57.4 | 54.5    |
| Other Svcs.                                | 26.6 | 26.1 | 26.4 | 26.4 | 26.1 | 33.1 | 33.9 | 35.4 | 35.2    |
| Professional and Business Svcs.            | 31.3 | 31.1 | 30.5 | 31.6 | 33.9 | 33.4 | 34.7 | 36.0 | 36.1    |
| Retail Trade                               | 27.8 | 28.5 | 30.4 | 30.8 | 30.3 | 30.3 | 30.8 | 31.8 | 32.0    |
| Transport/Warehouse/Util.                  | 42.0 | 42.5 | 43.6 | 44.4 | 45.2 | 45.1 | 43.9 | 45.3 | 45.1    |
| Wholesale Trade                            | 49.0 | 48.1 | 49.7 | 51.5 | 54.1 | 54.1 | 56.7 | 58.1 | 55.2    |
| Total                                      | 37.4 | 37.3 | 37.8 | 38.3 | 39.3 | 39.5 | 40.8 | 42.7 | 42.5    |

Source: Employment Development Department

Note: YTD figures are year-to-date through June.

**Number of Residential Permits Issued: Incorporated Cities**

| City                              | 2007  | 2008  | 2009  | 2010 | 2011 | 2012  | 2013  | 2014  | 2015  | 2016  |
|-----------------------------------|-------|-------|-------|------|------|-------|-------|-------|-------|-------|
| <b>San Gabriel Valley</b>         |       |       |       |      |      |       |       |       |       |       |
| Alhambra                          | 119   | 92    | 67    | 57   | 92   | 7     | 140   | 3     | 275   | 60    |
| Arcadia                           | 84    | 133   | 55    | 63   | 140  | 106   | 192   | 248   | 154   | 134   |
| Azusa                             | 169   | 4     | 3     | 35   | 153  | 132   | 193   | 288   | 111   | 106   |
| Baldwin Park                      | 21    | 11    | 24    | 10   | 47   | 4     | 1     | 18    | 56    | 29    |
| Bradbury                          | 6     | 5     | 1     | 3    | 2    | 4     | 1     | 2     | 0     | 14    |
| Claremont                         | 273   | 5     | 39    | 78   | 3    | 3     | 24    | 103   | 23    | 40    |
| Covina                            | 10    | 0     | 0     | 0    | 32   | 39    | 53    | 3     | 1     | 6     |
| Diamond Bar                       | 56    | 5     | 3     | 1    | 4    | 4     | 7     | 47    | 127   | 13    |
| Duarte                            | 4     | 32    | 1     | 0    | 37   | 13    | 57    | 0     | 0     | 0     |
| El Monte                          | 136   | 33    | 26    | 9    | 89   | 53    | 32    | 186   | 38    | 125   |
| Glendora                          | 44    | 346   | 161   | 22   | 3    | 72    | 1     | 284   | 98    | 122   |
| Industry                          | 0     | 3     | 2     | 4    | 0    | 0     | 0     | 0     | 0     | 0     |
| Irwindale                         | 1     | 0     | 1     | 0    | 0    | 0     | 1     | 1     | 3     | 5     |
| La Canada Flintridge              | 22    | 17    | 15    | 11   | 17   | 10    | 8     | 8     | 20    | 10    |
| La Puente                         | 23    | 15    | 11    | 9    | 0    | 7     | 11    | 11    | 0     | 133   |
| La Verne                          | 3     | 103   | 6     | 2    | 2    | 1     | 219   | 78    | 5     | 16    |
| Monrovia                          | 124   | 181   | 4     | 8    | 0    | 9     | 1     | 31    | 2     | 1     |
| Montebello                        | 11    | 16    | 4     | 59   | 4    | 0     | 1     | 43    | 36    | 47    |
| Monterey Park                     | 56    | 227   | 3     | 19   | 7    | 7     | 11    | 31    | 57    | 63    |
| Pasadena                          | 412   | 549   | 24    | 56   | 25   | 397   | 101   | 547   | 578   | 466   |
| Pomona                            | 351   | 112   | 5     | 1    | 47   | 67    | 15    | 39    | 159   | 278   |
| Rosemead                          | 74    | 30    | 37    | 18   | 12   | 16    | 9     | 10    | 29    | 67    |
| San Dimas                         | 5     | 27    | 3     | 1    | 6    | 14    | 200   | 3     | 7     | 18    |
| San Gabriel                       | 13    | 10    | 11    | 11   | 1    | 6     | 54    | 12    | 100   | 72    |
| San Marino                        | 2     | 7     | 2     | 3    | 4    | 10    | 10    | 16    | 19    | 13    |
| Sierra Madre                      | 0     | 0     | 0     | 1    | 0    | 1     | 0     | 1     | 0     | 1     |
| South El Monte                    | 5     | 75    | 1     | 3    | 1    | 6     | 3     | 80    | 59    | 1     |
| South Pasadena                    | 25    | 5     | 2     | 1    | 7    | 4     | 6     | 2     | 5     | 6     |
| Temple City                       | 68    | 51    | 37    | 38   | 35   | 31    | 143   | 226   | 145   | 87    |
| Walnut                            | 52    | 35    | 34    | 44   | 85   | 34    | 21    | 14    | 16    | 57    |
| West Covina                       | 38    | 44    | 21    | 65   | 4    | 1     | 13    | 481   | 105   | 42    |
| San Gabriel Valley Total          | 2,207 | 2,173 | 603   | 632  | 859  | 1,058 | 1,528 | 2,816 | 2,228 | 2,032 |
| <b>West San Bernardino County</b> |       |       |       |      |      |       |       |       |       |       |
| Chino                             | 512   | 247   | 71    | 20   | 185  | 356   | 990   | 408   | 843   | 566   |
| Chino Hills                       | 108   | 62    | 28    | 34   | 21   | 23    | 6     | 327   | 122   | 447   |
| Montclair                         | 143   | 2     | 29    | 75   | 0    | 133   | 19    | 28    | 64    | 59    |
| Ontario                           | 792   | 83    | 150   | 50   | 52   | 37    | 171   | 437   | 532   | 689   |
| Rancho Cucamonga                  | 796   | 461   | 748   | 144  | 369  | 244   | 669   | 214   | 303   | 147   |
| Upland                            | 9     | 328   | 0     | 0    | 19   | 24    | 25    | 41    | 42    | 134   |
| West San Bernardino County Total  | 2,360 | 1,183 | 1,026 | 323  | 646  | 817   | 1,880 | 1,455 | 1,906 | 2,042 |

Sources: CIRB, California Homebuilding Foundation

**Sales of Existing Single-Family Homes**

| City                              | 2007  | 2008  | 2009   | 2010  | 2011  | 2012   | 2013   | 2014  | 2015   | 2016   |
|-----------------------------------|-------|-------|--------|-------|-------|--------|--------|-------|--------|--------|
| <b>San Gabriel Valley</b>         |       |       |        |       |       |        |        |       |        |        |
| Alhambra                          | 268   | 217   | 244    | 212   | 205   | 272    | 249    | 253   | 281    | 242    |
| Arcadia                           | 473   | 429   | 472    | 470   | 517   | 591    | 683    | 600   | 530    | 534    |
| Azusa                             | 241   | 226   | 353    | 294   | 297   | 357    | 349    | 291   | 290    | 302    |
| Baldwin Park                      | 309   | 273   | 401    | 391   | 362   | 403    | 313    | 294   | 266    | 298    |
| Claremont                         | 270   | 214   | 237    | 240   | 254   | 322    | 327    | 322   | 354    | 326    |
| Covina                            | 453   | 489   | 598    | 511   | 526   | 638    | 684    | 499   | 552    | 613    |
| Diamond Bar                       | 343   | 310   | 420    | 372   | 343   | 435    | 450    | 391   | 389    | 430    |
| Duarte                            | 182   | 132   | 166    | 183   | 145   | 233    | 197    | 188   | 180    | 202    |
| El Monte                          | 173   | 216   | 247    | 230   | 241   | 260    | 237    | 197   | 196    | 193    |
| Glendora                          | 374   | 301   | 378    | 357   | 380   | 479    | 526    | 439   | 471    | 511    |
| La Canada Flintridge              | 279   | 173   | 234    | 252   | 246   | 280    | 281    | 278   | 301    | 276    |
| La Puente                         | 514   | 558   | 772    | 689   | 749   | 747    | 640    | 570   | 614    | 609    |
| La Verne                          | 180   | 190   | 196    | 202   | 213   | 289    | 284    | 263   | 258    | 279    |
| Monrovia                          | 252   | 198   | 244    | 239   | 225   | 273    | 309    | 282   | 275    | 281    |
| Montebello                        | 167   | 171   | 211    | 209   | 211   | 227    | 233    | 231   | 239    | 240    |
| Monterey Park                     | 226   | 197   | 246    | 229   | 222   | 262    | 317    | 265   | 292    | 290    |
| Pasadena                          | 916   | 760   | 912    | 852   | 893   | 1,047  | 1,164  | 981   | 1,090  | 1,038  |
| Pomona                            | 778   | 814   | 1,279  | 1,181 | 1,049 | 1,142  | 1,002  | 863   | 912    | 850    |
| Rosemead                          | 209   | 204   | 217    | 224   | 188   | 216    | 212    | 212   | 252    | 236    |
| San Dimas                         | 220   | 149   | 234    | 207   | 209   | 252    | 259    | 266   | 272    | 249    |
| San Gabriel                       | 371   | 258   | 350    | 341   | 279   | 319    | 368    | 340   | 317    | 291    |
| San Marino                        | 188   | 142   | 159    | 158   | 157   | 184    | 176    | 166   | 135    | 165    |
| Sierra Madre                      | 106   | 85    | 84     | 79    | 85    | 114    | 128    | 127   | 136    | 111    |
| South El Monte                    | 86    | 91    | 89     | 101   | 108   | 121    | 92     | 65    | 80     | 100    |
| South Pasadena                    | 153   | 89    | 134    | 129   | 141   | 128    | 158    | 138   | 146    | 146    |
| Temple City                       | 228   | 210   | 228    | 223   | 198   | 255    | 305    | 286   | 230    | 272    |
| Walnut                            | 288   | 269   | 359    | 318   | 295   | 379    | 411    | 359   | 343    | 344    |
| West Covina                       | 564   | 556   | 716    | 606   | 632   | 752    | 718    | 683   | 748    | 688    |
| San Gabriel Valley                | 8,811 | 7,921 | 10,180 | 9,499 | 9,370 | 10,977 | 11,072 | 9,849 | 10,149 | 10,116 |
| <b>West San Bernardino County</b> |       |       |        |       |       |        |        |       |        |        |
| Chino                             | 453   | 521   | 726    | 700   | 680   | 743    | 714    | 635   | 645    | 686    |
| Chino Hills                       | 642   | 598   | 790    | 738   | 694   | 856    | 829    | 724   | 826    | 818    |
| Montclair                         | 168   | 253   | 320    | 296   | 227   | 264    | 245    | 200   | 183    | 200    |
| Ontario                           | 810   | 953   | 1,510  | 1,290 | 1,226 | 1,192  | 1,213  | 1,090 | 1,112  | 1,146  |
| Rancho Cucamonga                  | 1,162 | 1,426 | 1,576  | 1,577 | 1,465 | 1,759  | 1,805  | 1,583 | 1,687  | 1,672  |
| Upland                            | 525   | 497   | 649    | 575   | 625   | 697    | 767    | 629   | 743    | 733    |
| West San Bernardino               | 3,760 | 4,248 | 5,571  | 5,176 | 4,917 | 5,511  | 5,573  | 4,861 | 5,196  | 5,255  |

Source: DataQuick



**Median Prices of Existing Single-Family Homes (\$ Thousands)**

| City                              | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    |
|-----------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>San Gabriel Valley</b>         |         |         |         |         |         |         |         |         |         |         |
| Alhambra                          | 547.0   | 495.0   | 477.4   | 487.1   | 446.1   | 432.2   | 498.9   | 539.4   | 563.2   | 609.9   |
| Arcadia                           | 874.8   | 807.5   | 812.8   | 863.8   | 865.2   | 913.9   | 1,157.5 | 1,304.2 | 1,260.8 | 1,190.0 |
| Azusa                             | 448.3   | 323.4   | 256.5   | 284.0   | 256.7   | 272.5   | 317.6   | 345.5   | 370.8   | 410.1   |
| Baldwin Park                      | 424.5   | 304.5   | 244.9   | 254.9   | 246.2   | 246.9   | 291.1   | 330.5   | 364.8   | 391.6   |
| Claremont                         | 599.0   | 523.4   | 494.0   | 480.1   | 445.9   | 438.4   | 528.5   | 587.6   | 609.1   | 630.1   |
| Covina                            | 476.2   | 383.2   | 322.6   | 334.6   | 309.4   | 309.9   | 371.2   | 410.3   | 433.6   | 460.4   |
| Diamond Bar                       | 620.9   | 531.2   | 514.4   | 500.7   | 480.9   | 494.7   | 596.6   | 664.8   | 640.4   | 663.1   |
| Duarte                            | 490.1   | 395.2   | 283.0   | 297.2   | 275.5   | 311.4   | 374.0   | 424.1   | 469.1   | 500.2   |
| El Monte                          | 438.9   | 341.5   | 287.0   | 299.6   | 280.1   | 290.0   | 346.4   | 380.9   | 410.0   | 424.2   |
| Glendora                          | 534.5   | 456.1   | 390.6   | 392.9   | 386.4   | 363.1   | 449.5   | 480.1   | 525.1   | 559.2   |
| La Canada Flintridge              | 1,352.8 | 1,072.5 | 1,180.0 | 1,072.0 | 1,022.4 | 1,085.6 | 1,223.0 | 1,305.9 | 1,505.7 | 1,597.2 |
| La Puente                         | 435.5   | 304.9   | 241.9   | 257.4   | 242.6   | 251.1   | 311.2   | 345.9   | 369.4   | 402.0   |
| La Verne                          | 601.1   | 522.9   | 439.0   | 454.0   | 415.0   | 425.4   | 482.5   | 558.0   | 589.5   | 617.7   |
| Monrovia                          | 572.3   | 533.1   | 460.0   | 473.8   | 447.0   | 443.0   | 521.9   | 589.8   | 625.8   | 634.6   |
| Montebello                        | 533.1   | 411.2   | 337.4   | 339.1   | 323.8   | 321.9   | 367.0   | 413.1   | 439.9   | 470.9   |
| Monterey Park                     | 554.5   | 478.5   | 443.5   | 473.4   | 435.0   | 423.8   | 504.1   | 529.3   | 550.5   | 592.0   |
| Pasadena                          | 748.8   | 629.2   | 580.8   | 572.6   | 577.9   | 572.2   | 669.6   | 723.8   | 765.8   | 831.6   |
| Pomona                            | 402.0   | 266.0   | 185.6   | 213.5   | 198.5   | 210.0   | 270.5   | 308.3   | 328.6   | 356.5   |
| Rosemead                          | 483.8   | 411.6   | 381.4   | 382.9   | 365.9   | 359.5   | 427.9   | 458.1   | 487.8   | 506.3   |
| San Dimas                         | 563.9   | 477.1   | 426.8   | 421.2   | 407.1   | 404.5   | 458.4   | 544.6   | 543.8   | 604.0   |
| San Gabriel                       | 602.6   | 534.9   | 513.6   | 513.8   | 510.5   | 501.5   | 578.1   | 660.6   | 688.0   | 706.1   |
| San Marino                        | 1,464.0 | 1,431.4 | 1,500.0 | 1,543.9 | 1,460.1 | 1,624.9 | 1,793.1 | 2,027.0 | 2,286.4 | 2,145.5 |
| Sierra Madre                      | 816.9   | 695.5   | 740.0   | 762.2   | 682.0   | 646.8   | 762.4   | 821.3   | 899.6   | 948.4   |
| South El Monte                    | 441.5   | 349.9   | 284.5   | 294.5   | 277.0   | 279.8   | 344.2   | 381.9   | 388.5   | 405.1   |
| South Pasadena                    | 877.6   | 929.3   | 833.4   | 838.7   | 836.2   | 832.0   | 915.0   | 1,067.1 | 1,164.8 | 1,200.0 |
| Temple City                       | 577.2   | 551.2   | 534.4   | 545.6   | 525.8   | 529.6   | 619.4   | 672.8   | 705.5   | 734.8   |
| Walnut                            | 629.5   | 550.4   | 552.1   | 552.6   | 548.7   | 553.1   | 655.8   | 698.1   | 727.1   | 747.2   |
| West Covina                       | 494.4   | 395.9   | 354.4   | 365.0   | 335.4   | 328.6   | 391.2   | 441.2   | 464.8   | 501.2   |
| San Gabriel Valley                | 614.4   | 495.4   | 435.6   | 452.3   | 438.8   | 448.8   | 549.9   | 613.8   | 634.0   | 662.4   |
| <b>West San Bernardino County</b> |         |         |         |         |         |         |         |         |         |         |
| Chino                             | 475.7   | 346.0   | 288.8   | 295.4   | 281.8   | 283.4   | 357.0   | 396.3   | 413.1   | 434.1   |
| Chino Hills                       | 567.5   | 470.1   | 419.8   | 442.5   | 411.6   | 412.9   | 500.6   | 560.9   | 574.8   | 603.4   |
| Montclair                         | 398.8   | 273.5   | 222.2   | 227.9   | 222.2   | 231.8   | 281.3   | 330.5   | 346.1   | 367.6   |
| Ontario                           | 406.4   | 276.4   | 205.5   | 223.4   | 218.8   | 225.0   | 273.4   | 316.6   | 343.6   | 363.2   |
| Rancho Cucamonga                  | 488.4   | 392.6   | 336.2   | 331.2   | 320.2   | 323.8   | 399.5   | 431.5   | 450.4   | 480.0   |
| Upland                            | 526.0   | 434.0   | 364.7   | 371.9   | 351.1   | 363.9   | 420.0   | 451.0   | 467.5   | 501.2   |
| West San Bernardino               | 483.7   | 370.8   | 303.2   | 314.0   | 301.8   | 311.6   | 379.2   | 418.4   | 441.4   | 466.3   |

Source: DataQuick

**Home Price Appreciation: Existing Single-Family Homes**

| City                              | 2008  | 2009  | 2010 | 2011  | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------------------|-------|-------|------|-------|------|------|------|------|------|
| <b>San Gabriel Valley</b>         |       |       |      |       |      |      |      |      |      |
| Alhambra                          | -9.5  | -3.5  | 2.0  | -8.4  | -3.1 | 15.4 | 8.1  | 4.4  | 8.3  |
| Arcadia                           | -7.7  | 0.7   | 6.3  | 0.2   | 5.6  | 26.7 | 12.7 | -3.3 | -5.6 |
| Azusa                             | -27.9 | -20.7 | 10.7 | -9.6  | 6.2  | 16.6 | 8.8  | 7.3  | 10.6 |
| Baldwin Park                      | -28.3 | -19.6 | 4.1  | -3.4  | 0.3  | 17.9 | 13.5 | 10.4 | 7.4  |
| Claremont                         | -12.6 | -5.6  | -2.8 | -7.1  | -1.7 | 20.6 | 11.2 | 3.7  | 3.4  |
| Covina                            | -19.5 | -15.8 | 3.7  | -7.5  | 0.2  | 19.8 | 10.5 | 5.7  | 6.2  |
| Diamond Bar                       | -14.4 | -3.2  | -2.7 | -4.0  | 2.9  | 20.6 | 11.4 | -3.7 | 3.6  |
| Duarte                            | -19.4 | -28.4 | 5.0  | -7.3  | 13.0 | 20.1 | 13.4 | 10.6 | 6.6  |
| El Monte                          | -22.2 | -16.0 | 4.4  | -6.5  | 3.5  | 19.4 | 10.0 | 7.6  | 3.5  |
| Glendora                          | -14.7 | -14.4 | 0.6  | -1.7  | -6.0 | 23.8 | 6.8  | 9.4  | 6.5  |
| La Canada Flintridge              | -20.7 | 10.0  | -9.2 | -4.6  | 6.2  | 12.7 | 6.8  | 15.3 | 6.1  |
| La Puente                         | -30.0 | -20.7 | 6.4  | -5.7  | 3.5  | 24.0 | 11.1 | 6.8  | 8.8  |
| La Verne                          | -13.0 | -16.0 | 3.4  | -8.6  | 2.5  | 13.4 | 15.6 | 5.6  | 4.8  |
| Monrovia                          | -6.8  | -13.7 | 3.0  | -5.6  | -0.9 | 17.8 | 13.0 | 6.1  | 1.4  |
| Montebello                        | -22.9 | -18.0 | 0.5  | -4.5  | -0.6 | 14.0 | 12.6 | 6.5  | 7.0  |
| Monterey Park                     | -13.7 | -7.3  | 6.7  | -8.1  | -2.6 | 19.0 | 5.0  | 4.0  | 7.5  |
| Pasadena                          | -16.0 | -7.7  | -1.4 | 0.9   | -1.0 | 17.0 | 8.1  | 5.8  | 8.6  |
| Pomona                            | -33.8 | -30.2 | 15.0 | -7.0  | 5.8  | 28.8 | 14.0 | 6.6  | 8.5  |
| Rosemead                          | -14.9 | -7.3  | 0.4  | -4.4  | -1.7 | 19.0 | 7.1  | 6.5  | 3.8  |
| San Dimas                         | -15.4 | -10.5 | -1.3 | -3.4  | -0.6 | 13.3 | 18.8 | -0.2 | 11.1 |
| San Gabriel                       | -11.2 | -4.0  | 0.0  | -0.6  | -1.8 | 15.3 | 14.3 | 4.1  | 2.6  |
| San Marino                        | -2.2  | 4.8   | 2.9  | -5.4  | 11.3 | 10.4 | 13.0 | 12.8 | -6.2 |
| Sierra Madre                      | -14.9 | 6.4   | 3.0  | -10.5 | -5.2 | 17.9 | 7.7  | 9.5  | 5.4  |
| South El Monte                    | -20.8 | -18.7 | 3.5  | -5.9  | 1.0  | 23.1 | 10.9 | 1.7  | 4.3  |
| South Pasadena                    | 5.9   | -10.3 | 0.6  | -0.3  | -0.5 | 10.0 | 16.6 | 9.2  | 3.0  |
| Temple City                       | -4.5  | -3.0  | 2.1  | -3.6  | 0.7  | 17.0 | 8.6  | 4.9  | 4.1  |
| Walnut                            | -12.6 | 0.3   | 0.1  | -0.7  | 0.8  | 18.6 | 6.5  | 4.2  | 2.8  |
| West Covina                       | -19.9 | -10.5 | 3.0  | -8.1  | -2.0 | 19.1 | 12.8 | 5.3  | 7.9  |
| San Gabriel Valley                | -19.4 | -12.1 | 3.8  | -3.0  | 2.3  | 22.5 | 11.6 | 3.3  | 4.5  |
| <b>West San Bernardino County</b> |       |       |      |       |      |      |      |      |      |
| Chino                             | -27.3 | -16.5 | 2.3  | -4.6  | 0.6  | 26.0 | 11.0 | 4.2  | 5.1  |
| Chino Hills                       | -17.2 | -10.7 | 5.4  | -7.0  | 0.3  | 21.3 | 12.0 | 2.5  | 5.0  |
| Montclair                         | -31.4 | -18.7 | 2.6  | -2.5  | 4.3  | 21.4 | 17.5 | 4.7  | 6.2  |
| Ontario                           | -32.0 | -25.6 | 8.7  | -2.1  | 2.9  | 21.5 | 15.8 | 8.5  | 5.7  |
| Rancho Cucamonga                  | -19.6 | -14.4 | -1.5 | -3.3  | 1.1  | 23.4 | 8.0  | 4.4  | 6.6  |
| Upland                            | -17.5 | -16.0 | 2.0  | -5.6  | 3.6  | 15.4 | 7.4  | 3.7  | 7.2  |
| West San Bernardino               | -23.3 | -18.2 | 3.6  | -3.9  | 3.2  | 21.7 | 10.3 | 5.5  | 5.6  |

Source: DataQuick

**Apartment Summary by Submarket, Q4-16**

| Submarket            | Vacancy Rate (%) | Occupied Units | Net Absorption (Annual) | Cost of Rent (\$/Month) | Rent Growth Y-o-Y (%) |
|----------------------|------------------|----------------|-------------------------|-------------------------|-----------------------|
| Central L.A.         | 4.4              | 110,070        | 2,700                   | 1,903                   | +6.3                  |
| San Gabriel Valley   | 2.7              | 78,660         | 585                     | 1,382                   | +4.9                  |
| Long Beach/San Pedro | 3.8              | 61,300         | 215                     | 1,587                   | +6.2                  |
| North L.A. County    | 3.7              | 28,940         | 75                      | 1,366                   | +5.4                  |
| West San Bernardino  | 2.7              | 33,130         | 600                     | 1,478                   | +4.6                  |
| San Fernando Valley  | 2.6              | 149,540        | 650                     | 1,575                   | +3.4                  |
| South Bay            | 3.7              | 72,205         | 2,240                   | 2,236                   | +6.6                  |
| South L.A. County    | 2.1              | 65,465         | 55                      | 1,277                   | +5.7                  |
| Tri-Cities           | 5.3              | 60,860         | 1,030                   | 1,734                   | +4.0                  |
| West L.A. County     | 2.5              | 137,685        | 390                     | 2,282                   | +3.9                  |
| Los Angeles County   | 3.3              | 764,723        | 7,938                   | 1,775                   | +5.0                  |

Source: REIS

**Apartment Rental Statistics, Select Submarkets 2016-Q4**

| Submarket                               | Rent      |            | Vacancy |                |
|---|-----------|------------|---------|----------------|
|   | Cost (\$) | 1-Yr. Chg. | Rate    | 1-Yr. p.p Chg. |
| Arcadia/Duarte/El Monte                 | 1,291     | 2.5        | 2.1     | -0.1           |
| Azusa/Covina/Glendora                   | 1,380     | 7.8        | 3.4     | 0.6            |
| Claremont/Pomona/La Verne               | 1,526     | 2.9        | 3.7     | -0.4           |
| East LA/Alhambra/Montebello/Pico Rivera | 1,272     | 3.7        | 2.4     | -0.2           |
| North Ontario                           | 1,389     | 9.2        | 3.4     | 0.4            |
| Rancho Cucamonga                        | 1,581     | 2.3        | 1.6     | -0.5           |
| South Ontario/Chino                     | 1,544     | 2.4        | 4.9     | -1.4           |
| Upland                                  | 1,282     | 7.8        | 1.9     | -1.0           |
| West Covina/La Puente/Rowland Heights   | 1,547     | 8.4        | 1.6     | -0.2           |

Source: Reis, Inc.

**Home Price and Income Comparison**

| City             | Home Price<br>(\$000s) | Household Income<br>(\$000s) | Price to Income<br>Ratio |
|------------------|------------------------|------------------------------|--------------------------|
| Alhambra         | 563.2                  | 53.6                         | 10.5                     |
| Arcadia          | 1,260.8                | 79.9                         | 15.8                     |
| Azusa            | 370.8                  | 53.1                         | 7.0                      |
| Baldwin Park     | 364.8                  | 51.7                         | 7.0                      |
| Chino            | 413.1                  | 72.9                         | 5.7                      |
| Chino Hills      | 574.8                  | 96.9                         | 5.9                      |
| Claremont        | 609.1                  | 88.5                         | 6.9                      |
| Covina           | 433.6                  | 64.8                         | 6.7                      |
| Diamond Bar      | 640.4                  | 89.2                         | 7.2                      |
| Duarte           | 469.1                  | 62.1                         | 7.6                      |
| El Monte         | 410.0                  | 38.1                         | 10.8                     |
| Glendora         | 525.1                  | 75.1                         | 7.0                      |
| La Puente        | 369.4                  | 56.5                         | 6.5                      |
| La Verne         | 589.5                  | 74.6                         | 7.9                      |
| Monrovia         | 625.8                  | 70.4                         | 8.9                      |
| Montclair        | 346.1                  | 49.4                         | 7.0                      |
| Montebello       | 439.9                  | 45.9                         | 9.6                      |
| Monterey Park    | 550.5                  | 54.1                         | 10.2                     |
| Ontario          | 343.6                  | 54.1                         | 6.4                      |
| Pasadena         | 765.8                  | 72.4                         | 10.6                     |
| Pomona           | 328.6                  | 49.2                         | 6.7                      |
| Rancho Cucamonga | 450.4                  | 77.4                         | 5.8                      |
| Rosemead         | 487.8                  | 44.9                         | 10.9                     |
| San Dimas        | 543.8                  | 78.0                         | 7.0                      |
| San Gabriel      | 688.0                  | 51.6                         | 13.3                     |
| San Marino       | 2,286.4                | 133.7                        | 17.1                     |
| Sierra Madre     | 899.6                  | 92.4                         | 9.7                      |
| South El Monte   | 388.5                  | 40.9                         | 9.5                      |
| South Pasadena   | 1,164.8                | 79.0                         | 14.8                     |
| Temple City      | 705.5                  | 64.4                         | 11.0                     |
| Upland           | 467.5                  | 60.8                         | 7.7                      |
| Walnut           | 727.1                  | 100.2                        | 7.3                      |
| West Covina      | 464.8                  | 69.2                         | 6.7                      |

Source: DataQuick, American Community Survey.

**Housing Stock: San Gabriel Region, 2016**

| City                       | Total Population | In Households | Group Quarters | Total   | Single Detached | Single Attached | Two to Four | Five or More | Mobile Homes | Total Occupied | Vacancy Rate (%) | Persons per Household |
|----------------------------|------------------|---------------|----------------|---------|-----------------|-----------------|-------------|--------------|--------------|----------------|------------------|-----------------------|
| <b>San Gabriel Valley</b>  |                  |               |                |         |                 |                 |             |              |              |                |                  |                       |
| Alhambra                   | 86,782           | 86,168        | 614            | 31,394  | 13,765          | 3,854           | 3,710       | 10,035       | 30           | 29,841         | 4.9              | 2.89                  |
| Arcadia                    | 57,050           | 56,188        | 862            | 20,938  | 12,738          | 2,124           | 1,245       | 4,831        | 0            | 19,390         | 7.4              | 2.90                  |
| Azusa                      | 49,485           | 46,683        | 2,802          | 14,171  | 6,631           | 1,985           | 1,409       | 3,592        | 554          | 13,323         | 6.0              | 3.50                  |
| Baldwin Park               | 74,738           | 74,332        | 406            | 17,800  | 12,714          | 1,238           | 597         | 2,936        | 315          | 16,657         | 6.4              | 4.46                  |
| Bradbury                   | 1,123            | 1,123         | 0              | 410     | 392             | 7               | 0           | 11           | 0            | 371            | 9.5              | 3.03                  |
| Claremont                  | 36,218           | 30,772        | 5,446          | 12,379  | 8,200           | 1,261           | 1,007       | 1,888        | 23           | 11,718         | 5.3              | 2.63                  |
| Covina                     | 49,291           | 48,856        | 435            | 16,641  | 9,654           | 1,528           | 822         | 4,091        | 546          | 15,989         | 3.9              | 3.06                  |
| Diamond Bar                | 57,081           | 56,952        | 129            | 18,642  | 13,429          | 1,744           | 1,055       | 2,046        | 368          | 17,964         | 3.6              | 3.17                  |
| Duarte                     | 22,177           | 21,770        | 407            | 7,337   | 4,691           | 937             | 235         | 1,312        | 162          | 7,136          | 2.7              | 3.05                  |
| El Monte                   | 113,885          | 112,805       | 1,080          | 29,268  | 16,340          | 3,732           | 1,467       | 6,229        | 1,500        | 27,290         | 6.8              | 4.13                  |
| Glendora                   | 52,362           | 51,597        | 765            | 17,961  | 13,229          | 1,412           | 662         | 1,931        | 727          | 17,533         | 2.4              | 2.94                  |
| Industry                   | 441              | 204           | 237            | 68      | 58              | 0               | 6           | 0            | 4            | 64             | 5.9              | 3.19                  |
| Irwindale                  | 1,415            | 1,365         | 50             | 389     | 348             | 10              | 4           | 21           | 6            | 363            | 6.7              | 3.76                  |
| La Canada Flintridge       | 20,556           | 20,529        | 27             | 7,082   | 6,506           | 186             | 96          | 250          | 44           | 6,799          | 4.0              | 3.02                  |
| La Puente                  | 40,521           | 40,478        | 43             | 9,791   | 6,777           | 483             | 403         | 2,098        | 30           | 9,403          | 4.0              | 4.30                  |
| La Verne                   | 33,200           | 32,101        | 1,099          | 12,073  | 7,720           | 931             | 660         | 893          | 1,869        | 11,629         | 3.7              | 2.76                  |
| Monrovia                   | 37,531           | 37,375        | 156            | 14,575  | 8,434           | 1,736           | 1,101       | 3,146        | 158          | 13,800         | 5.3              | 2.71                  |
| Montebello                 | 63,924           | 63,524        | 400            | 19,925  | 9,823           | 1,564           | 2,466       | 5,806        | 266          | 19,010         | 4.6              | 3.34                  |
| Monterey Park              | 61,346           | 61,116        | 230            | 21,078  | 12,058          | 1,993           | 2,119       | 4,844        | 64           | 19,865         | 5.8              | 3.08                  |
| Pasadena                   | 141,023          | 137,530       | 3,493          | 60,703  | 26,416          | 4,164           | 5,238       | 24,755       | 130          | 55,608         | 8.4              | 2.47                  |
| Pomona                     | 155,604          | 151,625       | 3,979          | 40,940  | 24,823          | 2,995           | 3,512       | 7,632        | 1,978        | 39,354         | 3.9              | 3.85                  |
| Rosemead                   | 55,231           | 54,818        | 413            | 14,878  | 11,181          | 1,449           | 853         | 1,229        | 166          | 14,309         | 3.8              | 3.83                  |
| San Dimas                  | 34,144           | 33,604        | 540            | 12,779  | 7,342           | 1,673           | 312         | 2,001        | 1,451        | 12,037         | 5.8              | 2.79                  |
| San Gabriel                | 40,424           | 39,972        | 452            | 13,275  | 7,458           | 1,425           | 775         | 3,609        | 8            | 12,481         | 6.0              | 3.20                  |
| San Marino                 | 13,566           | 13,485        | 81             | 4,479   | 4,424           | 15              | 0           | 40           | 0            | 4,368          | 2.5              | 3.09                  |
| Sierra Madre               | 11,013           | 11,012        | 1              | 5,118   | 3,552           | 325             | 337         | 904          | 0            | 4,770          | 6.8              | 2.31                  |
| South El Monte             | 20,814           | 20,757        | 57             | 4,823   | 3,538           | 173             | 241         | 421          | 450          | 4,622          | 4.2              | 4.49                  |
| South Pasadena             | 26,028           | 25,865        | 163            | 11,153  | 4,973           | 662             | 1,397       | 4,121        | 0            | 10,397         | 6.8              | 2.49                  |
| Temple City                | 36,534           | 36,112        | 422            | 12,196  | 9,845           | 890             | 345         | 1,009        | 107          | 11,662         | 4.4              | 3.10                  |
| Walnut                     | 30,152           | 30,118        | 34             | 8,925   | 8,527           | 57              | 35          | 303          | 3            | 8,623          | 3.4              | 3.49                  |
| West Covina                | 107,873          | 107,199       | 674            | 32,930  | 21,273          | 3,117           | 1,235       | 6,960        | 345          | 31,408         | 4.6              | 3.41                  |
| San Gabriel Valley         | 1,531,532        | 1,506,035     | 25,497         | 494,121 | 296,859         | 43,670          | 33,344      | 108,944      | 11,304       | 467,784        | 5.3              | 3.22                  |
| <b>West San Bernardino</b> |                  |               |                |         |                 |                 |             |              |              |                |                  |                       |
| Chino                      | 85,934           | 80,450        | 5,484          | 23,808  | 16,583          | 1,195           | 1,237       | 4,194        | 599          | 23,084         | 3.0              | 3.48                  |
| Chino Hills                | 78,866           | 78,711        | 155            | 24,133  | 19,514          | 883             | 623         | 2,486        | 627          | 23,699         | 1.8              | 3.32                  |
| Montclair                  | 38,686           | 38,290        | 396            | 10,388  | 5,867           | 479             | 1,081       | 2,065        | 896          | 9,850          | 5.2              | 3.89                  |
| Ontario                    | 169,869          | 169,040       | 829            | 48,079  | 28,463          | 3,114           | 5,076       | 9,259        | 2,167        | 45,601         | 5.2              | 3.71                  |
| Rancho Cucamonga           | 175,251          | 172,472       | 2,779          | 58,988  | 36,747          | 3,685           | 2,757       | 14,259       | 1,540        | 56,670         | 3.9              | 3.04                  |
| Upland                     | 75,774           | 75,092        | 682            | 27,607  | 15,906          | 1,762           | 2,894       | 6,180        | 865          | 26,005         | 5.8              | 2.89                  |
| West San Bernardino        | 624,380          | 614,055       | 10,325         | 193,003 | 123,080         | 11,118          | 13,668      | 38,443       | 6,694        | 184,909        | 4.2              | 3.32                  |

Sources: State of California Department of Finance

**San Gabriel Region Population by Race/Ethnicity**

| City                              | White   | Black  | Hispanic | Asian   | Other  | Two or more | Total     |
|-----------------------------------|---------|--------|----------|---------|--------|-------------|-----------|
| <b>San Gabriel Valley</b>         |         |        |          |         |        |             |           |
| Alhambra                          | 8,701   | 1,264  | 30,408   | 42,813  | 482    | 1,114       | 84,782    |
| Altadena                          | 18,007  | 9,665  | 12,060   | 2,955   | 256    | 1,678       | 44,621    |
| Arcadia                           | 14,040  | 807    | 7,170    | 33,650  | 445    | 1,452       | 57,564    |
| Avocado Heights                   | 1,132   | 12     | 13,066   | 1,576   | 104    | 27          | 15,917    |
| Azusa                             | 9,782   | 1,157  | 30,987   | 4,923   | 279    | 905         | 48,033    |
| Baldwin Park                      | 3,115   | 1,123  | 58,152   | 13,309  | 704    | 199         | 76,602    |
| Bradbury                          | 411     | 21     | 134      | 250     | 3      | 20          | 839       |
| Charter Oak                       | 3,025   | 449    | 4,654    | 766     | 25     | 328         | 9,247     |
| Citrus                            | 1,779   | 210    | 8,214    | 1,022   | 76     | 159         | 11,460    |
| Claremont                         | 19,291  | 1,530  | 7,970    | 5,631   | 285    | 1,055       | 35,762    |
| Covina                            | 11,839  | 1,588  | 28,331   | 5,821   | 242    | 766         | 48,587    |
| Diamond Bar                       | 11,860  | 2,197  | 10,276   | 29,840  | 969    | 1,329       | 56,471    |
| Duarte                            | 5,785   | 1,547  | 10,155   | 3,565   | 126    | 591         | 21,769    |
| East Pasadena                     | 1,925   | 78     | 2,158    | 1,744   | 19     | 139         | 6,063     |
| East San Gabriel                  | 3,221   | 201    | 3,721    | 8,389   | 139    | 309         | 15,980    |
| El Monte                          | 5,185   | 498    | 76,002   | 33,205  | 452    | 369         | 115,711   |
| Glendora                          | 28,105  | 1,260  | 15,673   | 4,367   | 394    | 1,338       | 51,137    |
| Hacienda Heights                  | 7,157   | 467    | 25,084   | 21,652  | 323    | 475         | 55,158    |
| Industry                          | 124     | 5      | 260      | 41      | 0      | 3           | 433       |
| Irwindale                         | 56      | 0      | 1,367    | 3       | 0      | 0           | 1,426     |
| La Canada Flintridge              | 12,339  | 49     | 1,638    | 5,906   | 42     | 552         | 20,526    |
| La Puente                         | 1,219   | 482    | 34,354   | 4,160   | 111    | 170         | 40,496    |
| La Verne                          | 16,627  | 1,030  | 10,333   | 2,859   | 169    | 902         | 31,920    |
| Mayflower Village                 | 1,785   | 38     | 1,905    | 1,564   | 75     | 54          | 5,421     |
| Monrovia                          | 14,292  | 2,259  | 14,293   | 5,119   | 216    | 985         | 37,164    |
| Montebello                        | 5,819   | 718    | 48,012   | 8,083   | 334    | 564         | 63,530    |
| Monterey Park                     | 2,369   | 186    | 18,373   | 38,466  | 505    | 1,186       | 61,085    |
| North El Monte                    | 1,154   | 25     | 1,288    | 1,568   | 22     | 61          | 4,118     |
| Pasadena                          | 52,219  | 14,480 | 46,838   | 21,804  | 677    | 3,881       | 139,899   |
| Pomona                            | 19,349  | 9,680  | 105,397  | 13,991  | 1,284  | 2,052       | 151,753   |
| Rosemead                          | 2,488   | 85     | 18,000   | 33,373  | 236    | 433         | 54,615    |
| Rowland Heights                   | 5,461   | 407    | 14,934   | 28,634  | 322    | 682         | 50,440    |
| San Dimas                         | 16,277  | 971    | 10,805   | 4,178   | 216    | 1,626       | 34,073    |
| San Gabriel                       | 4,617   | 132    | 10,566   | 24,328  | 216    | 339         | 40,198    |
| San Marino                        | 4,782   | 130    | 1,140    | 6,887   | 114    | 300         | 13,353    |
| Sierra Madre                      | 7,667   | 181    | 1,610    | 1,255   | 106    | 265         | 11,084    |
| South El Monte                    | 711     | 15     | 17,253   | 2,350   | 146    | 8           | 20,483    |
| South Monrovia Island             | 862     | 439    | 5,023    | 373     | 8      | 63          | 6,768     |
| South Pasadena                    | 11,071  | 477    | 5,289    | 7,636   | 229    | 1,297       | 25,999    |
| South San Gabriel                 | 660     | 91     | 3,191    | 4,840   | 0      | 104         | 8,886     |
| South San Jose Hills              | 761     | 238    | 18,043   | 1,753   | 36     | 184         | 21,015    |
| Temple City                       | 7,363   | 183    | 7,195    | 20,546  | 117    | 675         | 36,079    |
| Valinda                           | 1,773   | 178    | 19,151   | 2,739   | 134    | 51          | 24,026    |
| Vincent                           | 2,862   | 115    | 12,691   | 1,018   | 57     | 263         | 17,006    |
| Walnut                            | 3,581   | 856    | 5,810    | 18,982  | 110    | 631         | 29,970    |
| West Covina                       | 14,570  | 4,422  | 58,645   | 28,147  | 236    | 1,817       | 107,837   |
| West Puente Valley                | 1,160   | 442    | 20,216   | 1,947   | 117    | 195         | 24,077    |
| San Gabriel Valley Total          | 368,378 | 62,388 | 857,835  | 508,028 | 11,158 | 31,596      | 1,839,383 |
| <b>West San Bernardino County</b> |         |        |          |         |        |             |           |
| Chino                             | 19,966  | 4,348  | 43,801   | 9,739   | 714    | 3,640       | 82,208    |
| Chino Hills                       | 24,631  | 2,942  | 22,458   | 24,389  | 479    | 1,897       | 76,796    |
| Montclair                         | 5,875   | 1,418  | 26,155   | 3,830   | 418    | 329         | 38,025    |
| Ontario                           | 27,859  | 9,029  | 118,932  | 8,963   | 761    | 2,674       | 168,218   |
| Rancho Cucamonga                  | 67,844  | 14,559 | 61,568   | 21,520  | 1,030  | 5,337       | 171,858   |
| Upland                            | 32,646  | 3,837  | 29,968   | 6,441   | 536    | 2,114       | 75,542    |
| West San Bernardino Total         | 178,821 | 36,133 | 302,882  | 74,882  | 3,938  | 15,991      | 612,647   |

Sources: American Community Survey

**Population in the San Gabriel Valley Incorporated Cities**

| City                              | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>San Gabriel Valley</b>         |           |           |           |           |           |           |           |           |           |           |
| Alhambra                          | 84,096    | 83,551    | 83,221    | 83,089    | 83,611    | 84,347    | 84,958    | 85,307    | 85,999    | 86,782    |
| Arcadia                           | 55,607    | 55,707    | 55,975    | 56,364    | 56,572    | 56,484    | 56,136    | 56,543    | 56,550    | 57,050    |
| Azusa                             | 46,133    | 46,117    | 46,227    | 46,361    | 46,444    | 46,744    | 47,414    | 48,083    | 48,962    | 49,485    |
| Baldwin Park                      | 76,264    | 76,066    | 75,666    | 75,390    | 75,653    | 75,442    | 74,615    | 74,629    | 74,534    | 74,738    |
| Bradbury                          | 977       | 999       | 1,017     | 1,048     | 1,062     | 1,080     | 1,096     | 1,105     | 1,109     | 1,123     |
| Claremont                         | 34,903    | 34,850    | 35,259    | 34,926    | 35,087    | 35,402    | 35,669    | 35,758    | 36,022    | 36,218    |
| Covina                            | 47,871    | 47,701    | 47,726    | 47,796    | 48,017    | 48,411    | 48,722    | 48,915    | 49,078    | 49,291    |
| Diamond Bar                       | 55,789    | 55,610    | 55,379    | 55,544    | 55,838    | 56,072    | 56,098    | 56,268    | 56,371    | 57,081    |
| Duarte                            | 21,617    | 21,356    | 21,409    | 21,321    | 21,420    | 21,586    | 21,740    | 21,827    | 21,960    | 22,177    |
| El Monte                          | 115,996   | 114,920   | 114,434   | 113,475   | 113,818   | 113,665   | 112,673   | 112,820   | 112,977   | 113,885   |
| Glendora                          | 50,055    | 49,775    | 49,840    | 50,073    | 50,370    | 50,884    | 51,356    | 51,951    | 52,060    | 52,362    |
| Industry                          | 577       | 541       | 512       | 451       | 440       | 438       | 439       | 440       | 440       | 441       |
| Irwindale                         | 1,437     | 1,480     | 1,461     | 1,422     | 1,426     | 1,414     | 1,434     | 1,439     | 1,439     | 1,415     |
| La Canada Flintridge              | 20,412    | 20,313    | 20,249    | 20,246    | 20,327    | 20,421    | 20,423    | 20,469    | 20,464    | 20,556    |
| La Puente                         | 40,419    | 40,139    | 39,990    | 39,816    | 39,976    | 40,133    | 40,136    | 40,288    | 40,373    | 40,521    |
| La Verne                          | 31,035    | 31,449    | 31,234    | 31,063    | 31,203    | 31,652    | 32,160    | 32,289    | 33,027    | 33,200    |
| Monrovia                          | 36,548    | 36,369    | 36,407    | 36,590    | 36,737    | 36,909    | 36,979    | 37,115    | 37,254    | 37,531    |
| Montebello                        | 62,621    | 62,505    | 62,463    | 62,500    | 62,864    | 63,087    | 63,060    | 63,242    | 63,620    | 63,924    |
| Monterey Park                     | 60,622    | 60,304    | 60,441    | 60,269    | 60,482    | 61,221    | 60,960    | 61,090    | 61,137    | 61,346    |
| Pasadena                          | 135,424   | 135,305   | 136,502   | 137,122   | 139,040   | 139,494   | 139,218   | 139,658   | 139,781   | 141,023   |
| Pomona                            | 150,513   | 150,865   | 149,935   | 149,058   | 149,959   | 151,672   | 153,410   | 154,140   | 154,712   | 155,604   |
| Rosemead                          | 54,045    | 53,849    | 53,877    | 53,764    | 54,119    | 54,505    | 54,669    | 54,865    | 54,987    | 55,231    |
| San Dimas                         | 34,153    | 33,789    | 33,596    | 33,371    | 33,486    | 33,479    | 33,291    | 33,548    | 34,035    | 34,144    |
| San Gabriel                       | 39,974    | 39,870    | 39,798    | 39,718    | 39,886    | 40,075    | 40,084    | 40,141    | 40,219    | 40,424    |
| San Marino                        | 13,163    | 13,136    | 13,107    | 13,147    | 13,210    | 13,315    | 13,387    | 13,468    | 13,520    | 13,566    |
| Sierra Madre                      | 10,785    | 10,881    | 10,881    | 10,917    | 10,957    | 10,979    | 10,943    | 10,978    | 10,976    | 11,013    |
| South El Monte                    | 20,497    | 20,257    | 20,326    | 20,116    | 20,193    | 20,238    | 20,211    | 20,264    | 20,605    | 20,814    |
| South Pasadena                    | 25,324    | 25,358    | 25,486    | 25,619    | 25,720    | 25,804    | 25,770    | 25,851    | 25,929    | 26,028    |
| Temple City                       | 35,024    | 35,098    | 35,284    | 35,558    | 35,725    | 35,952    | 36,051    | 36,162    | 36,210    | 36,534    |
| Walnut                            | 29,540    | 29,305    | 29,285    | 29,172    | 29,472    | 29,760    | 29,863    | 29,947    | 29,996    | 30,152    |
| West Covina                       | 106,985   | 106,426   | 106,231   | 106,098   | 106,499   | 106,934   | 106,642   | 106,897   | 107,081   | 107,873   |
| San Gabriel Valley                | 1,498,406 | 1,493,891 | 1,493,218 | 1,491,404 | 1,499,613 | 1,507,599 | 1,509,607 | 1,515,497 | 1,521,427 | 1,531,532 |
| <b>West San Bernardino County</b> |           |           |           |           |           |           |           |           |           |           |
| Chino                             | 76,340    | 77,040    | 77,982    | 77,983    | 79,231    | 79,479    | 80,425    | 82,507    | 85,377    | 85,934    |
| Chino Hills                       | 75,168    | 74,964    | 74,725    | 74,799    | 75,380    | 75,815    | 76,230    | 76,482    | 78,022    | 78,866    |
| Montclair                         | 35,732    | 36,007    | 36,057    | 36,664    | 37,033    | 37,125    | 37,139    | 37,244    | 38,332    | 38,686    |
| Ontario                           | 164,175   | 163,951   | 163,309   | 163,924   | 165,396   | 165,974   | 166,114   | 166,820   | 168,177   | 169,869   |
| Rancho Cucamonga                  | 164,195   | 164,671   | 164,764   | 165,269   | 168,251   | 169,259   | 170,114   | 171,521   | 173,202   | 175,251   |
| Upland                            | 72,981    | 72,654    | 72,715    | 73,732    | 74,193    | 74,405    | 74,357    | 74,655    | 75,265    | 75,774    |
| West San Bernardino County        | 588,591   | 589,287   | 589,552   | 592,371   | 599,484   | 602,057   | 604,379   | 609,229   | 618,375   | 624,380   |

Source: California Department of Finance



**Population Growth: San Gabriel Region Incorporated Cities**

| City                                   | 2016      | Growth(%) |       | Difference |        |
|--|-----------|-----------|-------|------------|--------|
|  |           | 1-Yr.     | 5-Yr. | 1-Yr.      | 5-Yr.  |
| San Gabriel Valley Incorporated Cities |           |           |       |            |        |
| Alhambra                               | 86,782    | 0.9       | 3.8   | 783        | 3,171  |
| Arcadia                                | 57,050    | 0.9       | 0.8   | 500        | 478    |
| Azusa                                  | 49,485    | 1.1       | 6.5   | 523        | 3,041  |
| Baldwin Park                           | 74,738    | 0.3       | -1.2  | 204        | -915   |
| Bradbury                               | 1,123     | 1.3       | 5.7   | 14         | 61     |
| Claremont                              | 36,218    | 0.5       | 3.2   | 196        | 1,131  |
| Covina                                 | 49,291    | 0.4       | 2.7   | 213        | 1,274  |
| Diamond Bar                            | 57,081    | 1.3       | 2.2   | 710        | 1,243  |
| Duarte                                 | 22,177    | 1.0       | 3.5   | 217        | 757    |
| El Monte                               | 113,885   | 0.8       | 0.1   | 908        | 67     |
| Glendora                               | 52,362    | 0.6       | 4.0   | 302        | 1,992  |
| Industry                               | 441       | 0.2       | 0.2   | 1          | 1      |
| Irwindale                              | 1,415     | -1.7      | -0.8  | -24        | -11    |
| La Canada Flintridge                   | 20,556    | 0.4       | 1.1   | 92         | 229    |
| La Puente                              | 40,521    | 0.4       | 1.4   | 148        | 545    |
| La Verne                               | 33,200    | 0.5       | 6.4   | 173        | 1,997  |
| Monrovia                               | 37,531    | 0.7       | 2.2   | 277        | 794    |
| Montebello                             | 63,924    | 0.5       | 1.7   | 304        | 1,060  |
| Monterey Park                          | 61,346    | 0.3       | 1.4   | 209        | 864    |
| Pasadena                               | 141,023   | 0.9       | 1.4   | 1,242      | 1,983  |
| Pomona                                 | 155,604   | 0.6       | 3.8   | 892        | 5,645  |
| Rosemead                               | 55,231    | 0.4       | 2.1   | 244        | 1,112  |
| San Dimas                              | 34,144    | 0.3       | 2.0   | 109        | 658    |
| San Gabriel                            | 40,424    | 0.5       | 1.3   | 205        | 538    |
| San Marino                             | 13,566    | 0.3       | 2.7   | 46         | 356    |
| Sierra Madre                           | 11,013    | 0.3       | 0.5   | 37         | 56     |
| South El Monte                         | 20,814    | 1.0       | 3.1   | 209        | 621    |
| South Pasadena                         | 26,028    | 0.4       | 1.2   | 99         | 308    |
| Temple City                            | 36,534    | 0.9       | 2.3   | 324        | 809    |
| Walnut                                 | 30,152    | 0.5       | 2.3   | 156        | 680    |
| West Covina                            | 107,873   | 0.7       | 1.3   | 792        | 1,374  |
| San Gabriel Valley                     | 1,531,532 | 0.7       | 2.1   | 10,105     | 31,919 |
| West San Bernardino County             |           |           |       |            |        |
| Chino                                  | 85,934    | 0.7       | 8.5   | 557        | 6,703  |
| Chino Hills                            | 78,866    | 1.1       | 4.6   | 844        | 3,486  |
| Montclair                              | 38,686    | 0.9       | 4.5   | 354        | 1,653  |
| Ontario                                | 169,869   | 1.0       | 2.7   | 1,692      | 4,473  |
| Rancho Cucamonga                       | 175,251   | 1.2       | 4.2   | 2,049      | 7,000  |
| Upland                                 | 75,774    | 0.7       | 2.1   | 509        | 1,581  |
| West San Bernardino County             | 624,380   | 1.0       | 4.2   | 6,005      | 24,896 |

Source: California Department of Finance

**San Gabriel Valley Unincorporated Areas  
Population by Community , 5-Year Estimates**

| Place                 | Population<br>2015 | Share of<br>Unincorporated (%) |
|-----------------------|--------------------|--------------------------------|
| Altadena              | 44,621             | 13.9                           |
| Avocado Heights       | 15,917             | 5.0                            |
| Charter Oak           | 9,247              | 2.9                            |
| Citrus                | 11,460             | 3.6                            |
| East Pasadena         | 6,063              | 1.9                            |
| East San Gabriel      | 15,980             | 5.0                            |
| Hacienda Heights      | 55,158             | 17.2                           |
| Mayflower Village     | 5,421              | 1.7                            |
| North El Monte        | 4,118              | 1.3                            |
| Rowland Heights       | 50,440             | 15.8                           |
| South Monrovia Island | 6,768              | 2.1                            |
| South San Gabriel     | 8,886              | 2.8                            |
| South San Jose Hills  | 21,015             | 6.6                            |
| Valinda               | 24,026             | 7.5                            |
| Vincent               | 17,006             | 5.3                            |
| West Puente Valley    | 24,077             | 7.5                            |
| Unincorporated Total  | 320,203            | 100.0                          |

Source: American Community Survey

*Note: U.S. Census provides 5-Year Estimates  
for smaller geographies.*

**Educational Attainment\*: San Gabriel Region, 2015**

| City                              | Less than High School | High School Graduate | Some College or Associates | Bachelor's Degree | Graduate or Professional Degree |
|-----------------------------------|-----------------------|----------------------|----------------------------|-------------------|---------------------------------|
| <b>San Gabriel Valley</b>         |                       |                      |                            |                   |                                 |
| Alhambra                          | 19.4                  | 22.8                 | 25.0                       | 22.2              | 10.7                            |
| Altadena                          | 10.5                  | 14.0                 | 29.2                       | 26.8              | 19.5                            |
| Arcadia                           | 7.9                   | 16.0                 | 24.3                       | 32.3              | 19.5                            |
| Avocado Heights                   | 27.0                  | 31.0                 | 26.6                       | 10.4              | 5.0                             |
| Azusa                             | 22.4                  | 29.3                 | 28.7                       | 13.4              | 6.3                             |
| Baldwin Park                      | 37.4                  | 31.7                 | 19.6                       | 8.8               | 2.5                             |
| Bradbury                          | 9.7                   | 8.3                  | 22.5                       | 31.4              | 28.1                            |
| Charter Oak                       | 14.5                  | 24.6                 | 40.9                       | 13.5              | 6.7                             |
| Citrus                            | 26.8                  | 33.2                 | 27.1                       | 9.6               | 3.3                             |
| Claremont                         | 6.8                   | 10.6                 | 26.4                       | 24.8              | 31.4                            |
| Covina                            | 14.0                  | 23.1                 | 37.0                       | 18.8              | 7.1                             |
| Diamond Bar                       | 7.9                   | 14.4                 | 26.8                       | 33.7              | 17.2                            |
| Duarte                            | 17.8                  | 24.3                 | 27.4                       | 18.5              | 11.9                            |
| East Pasadena                     | 10.1                  | 17.7                 | 28.9                       | 26.0              | 17.3                            |
| East San Gabriel                  | 12.6                  | 20.0                 | 21.9                       | 31.0              | 14.4                            |
| El Monte                          | 42.2                  | 27.3                 | 18.8                       | 9.4               | 2.3                             |
| Glendora                          | 9.9                   | 18.9                 | 38.8                       | 20.2              | 12.3                            |
| Hacienda Heights                  | 14.2                  | 21.7                 | 28.2                       | 25.2              | 10.7                            |
| Industry                          | 9.3                   | 14.8                 | 43.2                       | 30.9              | 1.7                             |
| Irwindale                         | 27.3                  | 31.2                 | 33.9                       | 7.4               | 0.2                             |
| La Canada Flintridge              | 2.5                   | 5.6                  | 15.9                       | 40.0              | 36.1                            |
| La Puente                         | 39.5                  | 29.5                 | 21.7                       | 7.1               | 2.1                             |
| La Verne                          | 8.9                   | 16.6                 | 37.9                       | 22.6              | 14.0                            |
| Mayflower Village                 | 12.3                  | 29.5                 | 23.3                       | 25.2              | 9.8                             |
| Monrovia                          | 11.2                  | 19.7                 | 32.5                       | 24.0              | 12.5                            |
| Montebello                        | 28.3                  | 29.1                 | 23.9                       | 13.4              | 5.3                             |
| Monterey Park                     | 21.3                  | 24.4                 | 23.9                       | 21.2              | 9.2                             |
| North El Monte                    | 11.1                  | 20.1                 | 41.6                       | 19.0              | 8.3                             |
| Pasadena                          | 12.6                  | 13.8                 | 23.6                       | 26.3              | 23.7                            |
| Pomona                            | 32.5                  | 24.8                 | 25.2                       | 12.6              | 5.0                             |
| Rosemead                          | 33.8                  | 27.4                 | 22.0                       | 12.9              | 3.9                             |
| Rowland Heights                   | 15.5                  | 20.7                 | 27.5                       | 27.3              | 9.0                             |
| San Dimas                         | 8.0                   | 19.0                 | 37.3                       | 22.4              | 13.3                            |
| San Gabriel                       | 22.0                  | 25.3                 | 22.2                       | 22.4              | 8.1                             |
| San Marino                        | 5.4                   | 6.6                  | 16.8                       | 33.6              | 37.5                            |
| Sierra Madre                      | 1.6                   | 10.4                 | 24.4                       | 36.2              | 27.5                            |
| South El Monte                    | 50.1                  | 25.5                 | 17.0                       | 5.3               | 2.1                             |
| South Monrovia Island             | 33.9                  | 31.0                 | 26.0                       | 6.8               | 2.5                             |
| South Pasadena                    | 4.5                   | 11.0                 | 25.4                       | 32.5              | 26.6                            |
| South San Gabriel                 | 26.3                  | 25.4                 | 26.0                       | 14.3              | 8.0                             |
| South San Jose Hills              | 43.2                  | 27.9                 | 20.7                       | 5.9               | 2.2                             |
| Temple City                       | 13.8                  | 21.0                 | 28.0                       | 25.9              | 11.3                            |
| Valinda                           | 33.9                  | 30.1                 | 24.1                       | 9.7               | 2.3                             |
| Vincent                           | 27.9                  | 31.7                 | 28.9                       | 9.3               | 2.1                             |
| Walnut                            | 7.0                   | 13.4                 | 27.2                       | 37.0              | 15.4                            |
| West Covina                       | 16.9                  | 24.5                 | 32.1                       | 20.0              | 6.5                             |
| West Puente Valley                | 36.4                  | 32.5                 | 22.2                       | 6.5               | 2.3                             |
| <b>West San Bernardino County</b> |                       |                      |                            |                   |                                 |
| Chino                             | 22.3                  | 24.7                 | 32.8                       | 14.4              | 5.8                             |
| Chino Hills                       | 6.7                   | 16.7                 | 32.5                       | 29.7              | 14.4                            |
| Montclair                         | 29.9                  | 29.6                 | 27.3                       | 10.9              | 2.5                             |
| Ontario                           | 29.4                  | 26.9                 | 29.9                       | 10.4              | 3.4                             |
| Rancho Cucamonga                  | 9.1                   | 20.4                 | 38.2                       | 20.3              | 12.1                            |
| Upland                            | 10.9                  | 22.2                 | 35.8                       | 20.0              | 11.1                            |

Source: American Community Survey

\*Population 25 years and older.

**Asian Migration East, West San Bernardino County 2000-2015**

| City             | Total Population | Asian Population | Share of Total (%) | Share in 2000 | P.P (Difference) | 15-Yr. Growth (%) |
|------------------|------------------|------------------|--------------------|---------------|------------------|-------------------|
| Chino            | 82,208           | 9,862            | 12.0               | 4.9           | 7.1              | 198.1             |
| Chino Hills      | 76,796           | 24,476           | 31.9               | 22.1          | 9.8              | 66.0              |
| Montclair        | 38,025           | 3,830            | 10.1               | 8.1           | 1.9              | 42.5              |
| Ontario          | 168,218          | 9,205            | 5.5                | 3.9           | 1.6              | 50.3              |
| Rancho Cucamonga | 171,858          | 21,947           | 12.8               | 6.0           | 6.8              | 186.7             |
| Upland           | 75,542           | 6,519            | 8.6                | 7.3           | 1.4              | 31.2              |

Source: American Community Survey

**Warehouse Rental Statistics, Select Submarkets 2016-Q4**

| Submarket                             | Rent              |            | Vacancy |                |
|---------------------------------------|-------------------|------------|---------|----------------|
|                                       | Cost (\$/Sq. Ft.) | 1-Yr. Chg. | Rate    | 1-Yr. p.p Chg. |
| Chino                                 | 6.0               | 1.9        | 9.9     | -0.2           |
| E. Los Angeles/Covina/Pomona Corridor | 6.8               | 2.9        | 5.6     | 0.2            |
| Montclair                             | 4.8               | 2.3        | 6.0     | 0.3            |
| Ontario                               | 4.9               | 3.2        | 7.9     | -0.8           |
| Rancho Cucamonga                      | 4.5               | 3.2        | 7.5     | -0.1           |
| San Gabriel Valley                    | 6.6               | 2.3        | 7.8     | -0.8           |

Source: Reis, Inc.

**Taxable Sales Per Capita: Incorporated Cities**

| City                              | 2007      | 2008      | 2009      | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      |
|-----------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| <b>San Gabriel Valley</b>         |           |           |           |           |           |           |           |           |           |           |
| Alhambra                          | 14,088    | 13,516    | 12,315    | 12,584    | 13,054    | 14,299    | 15,112    | 15,565    | 15,764    | 16,577    |
| Arcadia                           | 15,407    | 14,790    | 13,446    | 13,517    | 14,371    | 11,479    | 15,873    | 16,626    | 16,475    | 16,922    |
| Azusa                             | 9,604     | 9,303     | 7,531     | 7,987     | 8,977     | 9,505     | 9,747     | 9,926     | 9,135     | 7,111     |
| Baldwin Park                      | 7,434     | 6,954     | 6,117     | 6,384     | 6,935     | 7,125     | 6,877     | 6,774     | 6,931     | 6,347     |
| Bradbury                          | 302       | 155       | 253       | 180       | 169       | 187       | 418       | 320       | 350       | 368       |
| Claremont                         | 11,510    | 8,780     | 6,761     | 6,675     | 7,608     | 8,522     | 8,649     | 9,192     | 9,193     | 8,929     |
| Covina                            | 16,515    | 14,702    | 12,193    | 12,155    | 13,082    | 14,329    | 13,883    | 15,001    | 16,044    | 16,762    |
| Diamond Bar                       | 6,309     | 5,597     | 4,912     | 5,156     | 5,477     | 5,554     | 5,623     | 5,839     | 7,233     | 7,623     |
| Duarte                            | 19,315    | 17,100    | 16,679    | 18,081    | 18,365    | 19,536    | 20,491    | 21,099    | 22,016    | 21,252    |
| El Monte                          | 14,656    | 11,627    | 9,397     | 9,253     | 9,892     | 11,072    | 11,550    | 12,416    | 12,585    | 13,054    |
| Glendora                          | 13,186    | 12,636    | 11,403    | 11,337    | 12,201    | 12,936    | 13,436    | 13,680    | 13,759    | 13,986    |
| Industry                          | 5,315,723 | 5,099,100 | 4,614,314 | 5,396,887 | 6,052,900 | 6,845,965 | 6,207,464 | 6,404,123 | 5,962,581 | 6,278,836 |
| Irwindale                         | 318,416   | 292,531   | 237,777   | 249,963   | 228,047   | 231,852   | 234,863   | 243,627   | 248,419   | 236,086   |
| La Canada Flintridge              | 9,459     | 9,459     | 8,671     | 9,056     | 9,892     | 10,400    | 11,442    | 11,719    | 11,709    | 11,394    |
| La Puente                         | 5,440     | 5,000     | 4,485     | 5,011     | 5,224     | 5,218     | 5,365     | 5,873     | 6,219     | 6,746     |
| La Verne                          | 11,999    | 11,650    | 9,579     | 10,139    | 10,805    | 10,868    | 10,620    | 11,082    | 11,390    | 11,065    |
| Monrovia                          | 21,395    | 19,954    | 17,246    | 18,090    | 20,144    | 20,590    | 20,795    | 21,712    | 22,633    | 23,810    |
| Montebello                        | 17,371    | 16,075    | 13,262    | 14,429    | 15,205    | 15,389    | 16,273    | 16,994    | 17,628    | 18,280    |
| Monterey Park                     | 7,126     | 6,583     | 5,865     | 5,960     | 6,539     | 6,712     | 7,293     | 7,841     | 8,419     | 8,429     |
| Pasadena                          | 23,287    | 21,974    | 19,232    | 19,304    | 19,593    | 20,199    | 20,532    | 20,926    | 21,377    | 21,531    |
| Pomona                            | 9,528     | 8,242     | 6,535     | 7,080     | 7,340     | 7,856     | 8,076     | 8,641     | 8,749     | 9,074     |
| Rosemead                          | 6,498     | 6,771     | 6,284     | 6,339     | 6,591     | 6,759     | 7,117     | 7,252     | 7,439     | 8,006     |
| San Dimas                         | 16,503    | 16,314    | 14,895    | 15,315    | 15,915    | 14,976    | 14,692    | 15,107    | 14,312    | 15,152    |
| San Gabriel                       | 8,677     | 8,158     | 7,031     | 7,404     | 8,118     | 8,675     | 8,808     | 8,850     | 8,322     | 8,590     |
| San Marino                        | 3,209     | 3,301     | 2,796     | 2,540     | 2,582     | 2,546     | 2,839     | 2,815     | 2,974     | 3,155     |
| Sierra Madre                      | 2,438     | 2,391     | 2,142     | 2,033     | 2,157     | 2,070     | 2,265     | 2,434     | 2,559     | 2,439     |
| South El Monte                    | 20,514    | 21,070    | 17,402    | 16,626    | 17,479    | 18,685    | 19,191    | 19,575    | 20,301    | 20,353    |
| South Pasadena                    | 6,614     | 6,483     | 5,715     | 5,765     | 6,049     | 6,422     | 6,835     | 7,397     | 7,410     | 7,222     |
| Temple City                       | 4,440     | 4,349     | 3,851     | 3,955     | 4,157     | 4,198     | 4,263     | 4,493     | 4,559     | 4,564     |
| Walnut                            | 6,302     | 5,758     | 4,856     | 5,040     | 5,395     | 5,638     | 5,642     | 5,805     | 5,945     | 6,153     |
| West Covina                       | 12,651    | 11,760    | 10,178    | 10,262    | 10,858    | 11,786    | 12,515    | 13,484    | 14,221    | 11,743    |
| San Gabriel Valley                | 14,807    | 13,609    | 11,719    | 12,026    | 12,721    | 13,347    | 13,641    | 14,201    | 14,358    | 14,442    |
| <b>West San Bernardino County</b> |           |           |           |           |           |           |           |           |           |           |
| Chino                             | 19,386    | 19,099    | 16,559    | 17,139    | 17,799    | 19,895    | 21,594    | 22,309    | 23,116    | 24,760    |
| Chino Hills                       | 6,584     | 7,094     | 7,059     | 7,364     | 7,845     | 8,103     | 8,216     | 8,652     | 8,219     | 8,608     |
| Montclair                         | 33,182    | 27,550    | 23,447    | 23,396    | 24,671    | 25,192    | 26,340    | 27,668    | 28,223    | 31,099    |
| Ontario                           | 34,366    | 32,663    | 28,271    | 29,563    | 32,209    | 34,927    | 36,888    | 39,539    | 42,662    | 46,621    |
| Rancho Cucamonga                  | 14,223    | 13,484    | 11,660    | 11,876    | 12,773    | 13,497    | 13,414    | 13,943    | 14,036    | 14,341    |
| Upland                            | 13,640    | 12,781    | 11,438    | 11,380    | 11,973    | 12,201    | 13,525    | 14,413    | 15,333    | 15,524    |
| West San Bernardino               | 20,614    | 19,514    | 17,019    | 17,545    | 18,816    | 20,131    | 21,107    | 22,317    | 23,378    | 25,015    |

Source: Board of Equalization , Department of Finance

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## Contacts

- **Sherif Hanna**  
Managing Partner  
(424) 646-4656  
[Sherif@BeaconEcon.com](mailto:Sherif@BeaconEcon.com)
- **Rick Smith**  
Director of Business Development  
(858) 997-1834  
[Rick@BeaconEcon.com](mailto:Rick@BeaconEcon.com)
- **Victoria Pike Bond**  
Director of Communications  
(415) 457-6030  
[Victoria@BeaconEcon.com](mailto:Victoria@BeaconEcon.com)