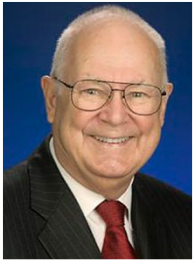


STRONG INLAND EMPIRE JOB GROWTH, FALLING POVERTY LEVELS



by
John E. Husing, Ph.D.
Economics & Politics, Inc.

For the Inland Empire, the continuing increase in job growth in sectors that provide access to middle class jobs for its residents is resulting

in declining poverty rates. In 2010, the U.S. census found that the region had 24.1% of its children under 18 living below the U.S. poverty line. For the entire population, the share was 17.1%. This raised a powerful issue for the inland area.

From 2010-2018, the CA Employment Development Department's data show that the Inland Empire created 352,208 local jobs, a rapid 30.2% increase, that put total employment above its pre-Great Recession level. With more and more people finding work, it is no surprise that poverty levels should go down and they have. In 2018, the Census Bureau's American Community Survey showed the poverty rate had dropped to 19.1% for children and 13.7% for the entire population. These rates are close to California averages of 17.4% and 12.8%. There is no question that the poverty rates are still too high at both the state and Inland Empire levels. However, the trend is a decidedly favorable one.

Three sectors have driven the economy up and poverty levels down. First has been logistics. In the 2010-2018 period, the sector added 83,967 jobs or 23.8% of the total increase. Second was construction. In this period, it added 45,142 workers or 12.8% of the growth. Third was health care which grew by 37,858 or 10.7% of the entire gain. These sectors were responsible for 47.4% of the 352,208 new jobs since 2018.

For poverty levels, an important characteristics of these sectors are the opportunities they open

Continued on back page

QUARTERLY ECONOMIC REPORT

RIVERSIDE & SAN BERNARDINO COUNTIES, CALIFORNIA

YEAR 31

OCTOBER 2019

INLAND EMPIRE CITY PROFILE 2019

John E. Husing, Ph.D.

What does the most recent comparable data say about the 52 cities of the Inland Empire? The annual City Profile (*Exhibits 1 & 2*) provides information to answer this question. The sources are the most recently available data for population, taxable sales, assessed valuation, poverty, housing prices and volumes, income and jobs/housing balance.

Population. From 2010-2019, the CA Finance Department reports that the Inland Empire added 407,476 people to reach 4,632,327 (9.6%). The gain represented 15.2% of California's population growth of 2,673,359. The area now exceeds the populations of 25 U.S. states. From 2018 to 2019, the area added 41,434 people (0.9%). In 2019, twelve cities now have over 100,000 people led by Riverside (328,101) and San Bernardino (219,233) followed by Fontana (212,078) and Moreno Valley (208,297). The smallest cities were Needles (5,085), Indian Wells (5,445) and Big Bear Lake (5,461). Nine cities added over 14,000 people from 2010-2019: Riverside (24,230), Fontana (16,009), Menifee (15,933), Corona (15,727), Moreno Valley (14,932), Murrieta (14,659), Ontario (14,344), Rancho Cucamonga (14,143) and Eastvale (14,078). Three cities added under 500 people: Needles (241), Big Bear Lake (442), and Indian Wells (487). Two cities shrank: Blythe (-1,389) and Norco (-677).

Of California's 482 cities in 2019, six Inland Empire places had top 30 populations (*not shown*): Riverside (12th), San Bernardino (17th), Fontana (20th), Moreno Valley (22nd), Rancho Cucamonga (25th) and Ontario (26th). The housing slowdown continued reducing population growth from 2018-2019. Still, the area had three of the state's 25 fastest growth rates (*not shown*): Twentynine Palms (6.3%, 5th), Beaumont (4.0%; 13th) and Menifee (2.9%, 21st). Six inland cities ranked in the top 25 in absolute growth: Ontario (4,024; 8th), Menifee (2,677; 16th), Fontana (2,623; 17th), Chino (2,255; 21st), Moreno Valley (2,251; 22nd) and Beaumont (1,856; 25th).

Taxable Retail Sales. Taxable sales are a major revenue source for cities. Its growth is under pressure due to the public's increasing use of e-commerce. The CA Department of Tax and

Continued on page 4

1 INLAND EMPIRE CITY PROFILE

City	Population				Taxable Retail Sales				Assessed Valuation				Poverty					
	2019	Rank	2010-2019 Change	Rank	2018 (mil)	Rank	% Chg.	Per Capita	Rank	July 1, 2019 (mil)	Rank	% Chg.	Per Capita	Rank	All People 2017	Rank	Under 18 2017	Rank
SAN BERNARDINO COUNTY																		
Adelanto	35,136	37	3,371	34	\$159	44	6.3%	\$4,792	49	\$2,298	42	10.7%	\$68,829	44	38.5%	52	52.0%	51
Apple Valley	73,464	21	4,329	28	\$589	33	4.9%	\$8,015	40	\$6,227	27	4.2%	\$84,163	35	20.0%	39	32.6%	44
Barstow	24,150	43	1,511	40	\$654	31	-0.8%	\$27,072	9	\$1,444	47	5.0%	\$59,137	49	36.4%	50	53.4%	52
Big Bear Lake	5,461	50	442	49	\$216	42	4.4%	\$39,483	2	\$3,676	35	4.1%	\$666,832	2	16.0%	30	24.1%	32
Chino	89,829	15	11,846	12	\$2,542	8	11.8%	\$30,221	6	\$14,270	10	6.5%	\$176,061	7	13.6%	24	17.2%	20
Chino Hills	84,364	18	9,565	17	\$722	30	8.8%	\$8,559	38	\$12,897	14	4.7%	\$155,090	11	9.0%	9	7.5%	4
Colton	54,391	28	2,237	39	\$862	24	9.2%	\$15,840	22	\$3,735	34	7.7%	\$69,526	42	18.3%	36	26.4%	37
Fontana	212,078	3	16,009	2	\$3,381	4	0.0%	\$15,941	20	\$21,009	5	6.8%	\$99,101	24	13.4%	23	19.5%	23
G. Terrace	12,654	47	614	47	\$66	50	-6.9%	\$5,201	47	\$1,145	48	6.7%	\$91,388	30	9.0%	10	8.5%	7
Hesperia	96,362	13	6,189	21	\$863	23	8.0%	\$8,959	35	\$6,388	26	6.2%	\$67,360	46	17.8%	32	23.6%	31
Highland	55,778	25	2,674	38	\$250	41	10.2%	\$4,479	50	\$3,800	33	4.7%	\$69,391	43	20.1%	40	29.3%	41
Loma Linda	24,335	42	1,074	45	\$759	28	27.3%	\$31,199	4	\$2,325	40	5.1%	\$97,104	27	18.7%	37	22.6%	28
Montclair	39,563	35	2,899	37	\$1,220	17	3.5%	\$30,837	5	\$3,501	37	3.4%	\$89,028	31	18.2%	34	27.3%	39
Needles	5,085	52	241	50	\$39	51	-0.3%	\$7,635	42	\$356	52	0.6%	\$68,693	45	26.6%	48	38.4%	48
Ontario	178,268	6	14,344	7	\$7,932	1	3.4%	\$44,493	1	\$27,445	3	7.4%	\$154,545	12	13.1%	22	20.1%	24
R. Cucamonga	179,412	5	14,143	8	\$2,788	7	6.6%	\$15,785	23	\$27,481	2	4.1%	\$158,069	10	6.6%	5	9.2%	10
Redlands	71,839	22	3,092	36	\$1,160	18	3.2%	\$16,153	18	\$9,715	20	5.8%	\$136,448	15	15.8%	29	16.0%	18
Rialto	107,271	11	8,100	20	\$1,751	12	18.8%	\$16,392	17	\$9,951	18	8.8%	\$93,355	29	17.6%	31	26.6%	38
San Bernardino	219,233	2	9,309	18	\$3,243	6	6.1%	\$15,244	25	\$15,437	9	8.6%	\$71,931	41	22.7%	44	33.6%	45
29 Palms	28,958	40	3,910	30	\$114	47	11.9%	\$3,943	51	\$915	50	2.6%	\$33,831	52	22.8%	45	25.9%	35
Upland	78,481	19	4,749	25	\$1,244	16	3.0%	\$15,846	21	\$9,760	19	4.0%	\$126,729	17	10.0%	12	8.9%	8
Victorville	126,543	8	10,640	16	\$1,960	9	5.3%	\$16,019	19	\$9,161	21	5.0%	\$76,647	39	18.1%	33	24.1%	32
Yucaipa	54,844	27	3,477	33	\$348	36	11.9%	\$6,347	44	\$4,669	32	3.9%	\$85,427	34	14.5%	25	18.0%	21
Yucca Valley	22,050	44	1,350	42	\$321	38	5.4%	\$14,580	26	\$1,776	46	4.7%	\$81,334	37	21.2%	43	30.1%	43
SB County	2,192,203		156,993		\$40,554		6.3%	\$18,683		\$234,694		5.8%	\$108,989		14.9%		21.4%	
RIVERSIDE COUNTY																		
Banning	31,044	38	1,441	41	\$251	40	11.2%	\$8,471	39	\$2,307	41	4.8%	\$77,101	38	23.4%	46	37.0%	46
Beaumont	48,401	32	11,524	13	\$455	35	6.1%	\$9,403	34	\$5,232	30	11.3%	\$108,455	20	11.8%	14	13.3%	13
Blythe	19,428	45	(1,389)	52	\$138	46	-9.9%	\$10,100	33	\$752	51	0.7%	\$55,283	50	26.2%	47	37.0%	46
Calimesa	9,159	49	1,280	43	\$80	49	11.3%	\$8,763	36	\$961	49	8.2%	\$108,250	21	12.1%	17	11.2%	12
Canyon Lake	11,285	48	724	46	\$32	52	53.5%	\$2,845	52	\$1,855	45	4.6%	\$168,380	8	6.4%	4	9.9%	11
Cathedral City	54,907	26	3,707	32	\$846	25	4.5%	\$15,405	24	\$4,740	31	5.4%	\$86,511	33	20.7%	42	29.5%	42
Coachella	46,351	33	5,647	23	\$327	37	6.5%	\$7,064	43	\$1,971	43	5.0%	\$43,198	51	28.0%	49	40.0%	49
Corona	168,101	7	15,727	4	\$3,860	3	5.4%	\$22,960	13	\$21,743	4	4.4%	\$128,981	16	9.7%	11	14.0%	14
Dsrt Hot Spr.	29,251	39	3,313	35	\$153	45	10.1%	\$5,232	46	\$1,888	44	9.0%	\$63,484	48	36.8%	51	46.8%	50
Eastvale	66,078	23	14,078	9	\$784	27	5.6%	\$11,867	30	\$10,344	16	6.2%	\$159,497	9	7.3%	7	8.0%	5
Hemet	84,754	17	6,097	22	\$1,046	20	0.4%	\$12,343	29	\$6,099	29	4.5%	\$73,334	40	20.2%	41	28.9%	40
Indian Wells	5,445	51	487	48	\$111	48	7.6%	\$20,299	14	\$6,139	28	4.0%	\$1,101,330	1	4.4%	1	0.0%	1
Indio	89,406	16	13,370	11	\$1,041	21	3.3%	\$11,765	31	\$8,752	23	4.8%	\$100,646	23	14.8%	28	21.0%	25
Jurupa Valley	106,318	12	11,318	14	\$1,090	19	20.7%	\$10,253	32	\$10,487	15	8.3%	\$98,887	25	12.1%	17	15.1%	16
Lk Elsinore	62,949	24	11,128	15	\$872	22	6.8%	\$13,853	27	\$6,553	25	6.7%	\$103,416	22	19.0%	38	25.9%	35
La Quinta	42,098	34	4,631	27	\$821	26	0.0%	\$19,511	15	\$13,989	11	4.8%	\$339,512	4	11.2%	13	17.0%	19
Menifee	93,452	14	15,933	3	\$742	29	8.5%	\$7,935	41	\$10,280	17	8.4%	\$111,853	19	6.8%	6	6.9%	3
Moreno Vly.	208,297	4	14,932	5	\$1,784	10	8.0%	\$8,566	37	\$17,004	6	8.8%	\$81,898	36	14.5%	25	21.0%	25
Murrieta	118,125	9	14,659	6	\$1,581	14	3.8%	\$13,385	28	\$13,925	12	4.6%	\$122,643	18	5.2%	2	5.7%	2
Norco	26,386	41	(677)	51	\$628	32	4.0%	\$26,284	10	\$3,498	38	5.5%	\$144,195	14	7.5%	8	9.0%	9
Palm Desert	53,625	29	5,180	24	\$1,751	13	7.8%	\$32,652	3	\$15,603	8	4.2%	\$295,677	5	12.5%	19	18.5%	22
Palm Springs	48,733	31	4,181	29	\$1,248	15	8.5%	\$25,601	11	\$13,701	13	6.3%	\$287,187	6	11.8%	14	22.7%	30
Perris	76,971	20	8,585	19	\$1,780	11	21.7%	\$23,122	12	\$6,819	24	9.9%	\$87,611	32	14.7%	27	21.2%	27
Rancho Mirage	18,489	46	1,271	44	\$521	34	7.2%	\$28,186	8	\$8,950	22	4.2%	\$477,616	3	11.8%	14	22.7%	30
Riverside	328,101	1	24,230	1	\$5,779	2	4.4%	\$17,654	16	\$31,553	1	5.7%	\$96,831	28	12.8%	21	14.9%	15
San Jacinto	48,878	30	4,679	26	\$277	39	7.4%	\$5,672	45	\$3,234	39	7.3%	\$67,176	47	18.2%	34	24.5%	34
Temecula	113,826	10	13,729	10	\$3,266	5	1.8%	\$28,693	7	\$16,677	7	4.3%	\$147,350	13	6.3%	3	8.4%	6
Wildomar	36,066	36	3,890	31	\$178	43	16.7%	\$4,930	48	\$3,555	36	5.6%	\$98,087	26	12.7%	20	15.7%	17
Riv County	2,440,124		250,483		\$38,919		7.7%	\$16,024		\$293,421		6.0%	\$121,987		12.7%		17.0%	
Inl. Empire	4,632,327		407,476		\$79,474		7.0%	\$17,279		\$528,115		5.9%	\$115,847		13.7%		19.1%	

Source: CA Finance Dept., E-5 Population Report; CA Bd. of Equalization, Taxable Retail Sales; San Bernardino/Riverside Co. Assessors, American Community Survey

2 INLAND EMPIRE CITY PROFILE

City	EXISTING HOMES						NEW HOMES						INCOME				Jobs\ HH
	2018 Volume	2017-18 Rank	2017-18 %Chg	2019 3rd Q Median P	2018-19 Rank	2018-19 %Chg	2018 Volume	2017-18 Rank	2017-18 %Chg	2019 3rd Q Median P	2018-19 Rank	2018-19 %Chg	2017 Median	2017 Rank	2017 (mil.)	2017 Rank	
SAN BERNARDINO COUNTY																	
Adelanto	502	37	-2.7%	\$230,000	46	4.5%	47	31	-27.7%	\$301,750	46	9.1%	\$34,446	50	\$363	47	0.74
Apple Valley	1,472	12	-7.1%	\$269,928	41	9.8%	104	21	12.5%	\$297,500	48	-0.2%	\$55,951	29	\$1,877	18	0.59
Barstow	456	41	11.2%	\$138,000	51	3.0%	3	44	125.9%	\$245,500	50	113.0%	\$36,606	48	\$416	45	0.98
Big Bear Lake	501	38	-17.3%	\$359,000	29	-1.2%	3	44	-4.5%	\$467,500	21	-29.3%	\$49,519	36	\$154	51	1.74
Chino	641	32	-9.2%	\$515,411	10	2.6%	618	4	43.6%	\$500,412	18	-7.1%	\$72,396	11	\$1,820	20	2.15
Chino Hills	687	30	-4.9%	\$675,000	2	-4.9%	214	14	60.9%	\$1,236,250	1	31.5%	\$99,763	3	\$2,738	10	0.61
Colton	452	42	-13.1%	\$318,500	36	5.5%	38	35	441.4%	\$385,500	35	-2.2%	\$47,256	39	\$980	33	1.36
Fontana	1,925	7	-11.0%	\$429,833	19	4.9%	360	10	-41.9%	\$506,893	16	6.8%	\$67,067	17	\$4,526	4	1.21
G. Terrace	132	50	-17.5%	\$370,000	26	0.0%	9	42	-66.8%	\$335,000	40	-21.2%	\$64,188	22	\$334	48	0.51
Hesperia	1,085	17	-10.0%	\$264,000	42	3.5%	54	29	14.6%	\$374,000	37	12.3%	\$55,418	30	\$1,705	23	0.53
Highland	599	35	-12.3%	\$365,000	28	6.4%	65	26	-34.8%	\$449,000	25	15.1%	\$55,130	31	\$1,239	27	0.79
Loma Linda	171	48	-11.9%	\$370,000	27	-5.2%	1	48	-52.2%	\$805,500	4	24.9%	\$52,310	33	\$662	38	2.27
Montclair	204	46	0.5%	\$440,000	17	2.3%	66	25	-19.5%	\$510,000	15	6.5%	\$54,192	32	\$676	37	1.29
Needles	56	52	-16.4%	\$85,000	52	-10.5%	2	47	-52.2%	\$68,000	52	-69.4%	\$34,673	49	\$91	52	0.61
Ontario	1,080	18	-8.8%	\$441,869	16	2.6%	846	1	11.7%	\$503,323	17	-5.5%	\$60,086	25	\$3,776	6	2.46
R. Cucamonga	1,573	10	-7.7%	\$575,134	6	-4.0%	85	23	-39.5%	\$514,598	14	-42.5%	\$90,034	5	\$5,558	2	1.37
Redlands	880	24	-1.1%	\$467,526	12	10.9%	82	24	5.5%	\$579,500	8	8.7%	\$65,053	20	\$2,465	12	1.64
Rialto	807	25	-12.7%	\$371,471	25	5.5%	40	34	1046.5%	\$415,400	30	-2.2%	\$57,065	27	\$1,834	19	0.88
San Bernardino	3,105	2	-6.0%	\$313,315	38	6.5%	449	7	-13.3%	\$411,042	32	-2.0%	\$46,510	40	\$3,551	8	1.78
29 Palms	468	40	17.9%	\$140,000	50	21.7%	1	48	-80.9%	\$200,000	51	100.0%	\$41,509	44	\$437	43	0.58
Upland	730	26	-7.7%	\$591,792	5	2.1%	139	17	3.8%	\$554,167	10	-4.1%	\$70,760	14	\$2,476	11	1.08
Victorville	1,411	13	-7.8%	\$261,544	43	1.7%	232	13	85.7%	\$328,506	43	6.9%	\$50,997	34	\$2,300	14	0.88
Yucaipa	695	27	-10.3%	\$380,000	23	-1.3%	17	38	-64.2%	\$449,000	23	-0.3%	\$58,166	26	\$1,368	26	0.45
Yucca Valley	634	33	-4.2%	\$205,500	47	2.8%	12	41	-29.9%	\$325,000	45	23.8%	\$44,428	42	\$503	42	0.54
SB County	24,942		-7.4%	\$333,500		5.9%	3,435		1.4%	\$477,000		-2.8%	\$63,857		\$52,436		1.21
RIVERSIDE COUNTY																	
Banning	564	36	6.8%	\$257,000	42	3.2%	8	41	96.2%	\$167,000	49	-9.7%	\$40,627	43	\$563	39	0.55
Beaumont	960	21	-1.9%	\$338,000	32	8.6%	491	7	43.2%	\$366,000	36	5.8%	\$68,369	13	\$1,049	30	0.48
Blythe	164	49	29.1%	\$120,000	50	-11.1%	2	50	1.5%	\$287,000	42	NA	\$40,448	45	\$264	49	1.37
Calimesa	119	51	1.7%	\$360,000	28	-10.0%	59	29	-31.2%	\$424,750	27	20.0%	\$46,070	37	\$210	50	0.38
Canyon Lake	387	42	7.2%	\$410,000	20	10.8%	4	46	5.6%	\$465,000	21	27.4%	\$84,015	6	\$428	44	0.34
Cathedral City	599	34	0.5%	\$316,250	36	5.8%	27	34	19.9%	\$390,000	35	0.3%	\$41,696	40	\$1,024	31	0.55
Coachella	245	45	-11.6%	\$250,000	44	6.7%	4	45	1.5%	\$175,000	48	NA	\$36,124	49	\$518	40	0.98
Corona	2,817	3	0.9%	\$525,311	9	6.2%	399	11	-31.4%	\$518,955	15	4.9%	\$71,584	10	\$4,626	3	1.70
Desert Hot Spr.	593	35	-6.9%	\$209,285	47	3.4%	16	40	-4.9%	\$249,750	45	-5.4%	\$34,059	51	\$393	45	0.37
Eastvale	1,044	20	-1.9%	\$553,123	7	5.2%	667	2	-13.1%	\$599,433	9	16.6%	\$104,940	1	\$1,603	23	0.27
Hemet	2,015	9	-1.9%	\$265,223	40	8.2%	23	38	-74.0%	\$230,500	46	-8.1%	\$37,314	47	\$1,420	25	0.70
Indian Wells	197	47	2.1%	\$970,000	1	22.8%	25	37	121.4%	\$850,000	5	27.8%	\$96,961	3	\$498	41	1.13
Indio	1,474	13	7.2%	\$328,152	35	11.4%	147	14	-24.6%	\$422,925	30	26.2%	\$40,449	44	\$1,936	15	0.67
Jurupa Valley	619	32	-1.0%	\$375,000	24	3.1%	83	24	-9.9%	\$392,500	33	26.6%	\$61,800	22	\$1,793	17	0.84
Lk Elsinore	1,242	15	5.0%	\$374,964	25	5.6%	517	5	17.6%	\$397,703	31	2.6%	\$63,306	20	\$1,199	27	0.73
La Quinta	1,285	14	15.8%	\$445,000	12	9.3%	55	30	-30.6%	\$867,500	4	-27.4%	\$71,338	11	\$1,613	22	0.94
Menifee	2,017	8	0.9%	\$342,280	31	4.1%	490	8	3.9%	\$423,883	29	5.1%	\$59,895	23	\$2,294	11	0.43
Moreno Vly.	2,394	4	6.8%	\$334,078	33	10.2%	141	15	-0.7%	\$424,512	28	-4.6%	\$64,008	18	\$3,640	5	0.78
Murrieta	2,185	5	0.3%	\$432,515	14	3.3%	512	6	-14.3%	\$492,582	18	17.7%	\$81,467	7	\$3,254	8	0.92
Norco	334	43	9.9%	\$550,000	8	10.1%	1	52	1.5%	NA	NA	NA	\$87,067	5	\$771	34	2.05
Palm Desert	1,159	19	6.2%	\$416,949	19	11.5%	77	27	-27.4%	\$503,214	17	26.9%	\$53,701	26	\$1,921	16	1.26
Palm Springs	934	22	-0.4%	\$560,544	6	1.9%	89	23	-20.3%	\$989,520	1	23.3%	\$46,059	38	\$1,687	21	1.16
Perris	265	44	-73.2%	\$331,079	34	9.6%	26	36	-86.1%	\$429,096	24	19.6%	\$48,974	32	\$1,113	28	1.29
Rancho Mirage	430	39	24.3%	\$674,500	3	3.8%	36	33	11.3%	\$530,500	14	-45.9%	\$66,083	14	\$1,108	29	1.59
Riverside	3,514	1	4.5%	\$436,768	13	4.6%	404	10	-11.5%	\$504,377	16	4.2%	\$63,548	19	\$7,147	1	1.76
San Jacinto	780	27	-5.7%	\$279,698	39	7.1%	150	13	10.0%	\$319,000	38	12.8%	\$48,382	33	\$790	33	0.54
Temecula	2,127	7	5.3%	\$479,753	11	2.8%	196	12	23.4%	\$601,500	8	8.9%	\$90,179	4	\$3,378	7	1.64
Wildomar	1,180	18	7.2%	\$297,136	38	1.8%	119	20	-11.1%	\$462,741	22	2.9%	\$62,976	21	\$733	35	0.47
Riv County	32,161		4.0%	\$385,000		5.5%	4,947		-4.4%	\$438,000		2.8%	\$63,944		\$60,956		0.94
Inl. Empire	59,096		4.9%	\$352,500		5.9%	8,333		6.3%	\$456,800		3.5%	\$62,303		\$109,451		1.01

Source: Dataquick, U.S. Census Bureau, Economics & Politics, Inc.

Fee Administration now reports the data quarterly, a few months after they occur. In calendar year 2018, San Bernardino County's sales rose 6.3% to \$40.6 billion. Riverside County's sales increased 7.7% to \$38.9 billion (*Exhibit 1*). The combined Inland Empire growth (7.0%) was above that of California (5.1%). In first quarter 2019, the state showed San Bernardino County increasing by another 10.2%, Riverside County by 1.3% (*not shown*). In second quarter 2019, their growth rates were respectively 2.7% and 5.4%.

In 2018, retail sales were again led by Ontario (\$7.93 billion) and Riverside (\$5.78 billion), followed by Corona (\$3.86 billion), Fontana (\$3.38 billion) and Temecula (\$3.27 billion). San Bernardino (\$3.24 billion) ranked sixth followed by Rancho Cucamonga (\$2.79 billion), Chino (\$2.54 billion), Victorville (\$1.96 billion) and Moreno Valley (\$1.78 billion). Of the 52 cities, the five largest 2017-2018 percentage gains were in Canyon Lake (53.5%), Loma Linda (27.3%), Perris (21.7%), Jurupa Valley (20.7%) and Rialto (18.8%).

Per capita sales reveal how well sales taxes finance city services for each resident. In 2018, the five leaders were almost unchanged: Ontario (\$44,493), Big Bear Lake (\$39,483), Palm Desert (\$32,652) still led, but Loma Linda (\$31,199) moved into third followed by Montclair (\$30,837) and Chino (\$30,221). The weakest per capita sales were in Canyon Lake (\$2,845), Twentynine Palms (\$3,943), Highland (\$4,479), Adelanto (\$4,795) and Wildomar (\$4,930). [*Inmates not in per capita calculations*].

Assessed Valuation. Assessed valuation is important since property taxes are also a major municipal revenue source with values having risen more than inflation since 2006. On July 1, 2019, San Bernardino County's valuation was \$234.7 billion, up 5.8% and 29.1% above its 2008 high (\$181.8 billion). Riverside County's was \$293.4 billion, up 6.0% and 23.9% over its 2008 high (\$236.9 billion). From 2008-2019, the inflation rate was 22.0%, meaning that the purchasing power of property taxes in both counties is at record levels. For cities, assessed valuation tends to follow industrial and housing development. In 2018, the top five cities and their annual assessed valuation growth rates were: Riverside (\$31.6 billion; 5.7%), Rancho Cucamonga (\$27.5 billion; 4.1%), Ontario (\$27.4 billion; 7.4%), Corona (\$21.7 billion; 4.4%) and Fontana (\$21.0 billion; 6.8%). Though San Bernardino is second in population and has an industrial base, its

low home values kept its valuation (\$15.4 billion; 8.6%) at ninth. Each of the 52 cities saw their FY 2019 assessed valuation increase. Annual assessment growth was led by Beaumont (11.3%), Adelanto (10.7%), Perris (9.9%), Desert Hot Springs (9.0%) and Rialto (8.8%).

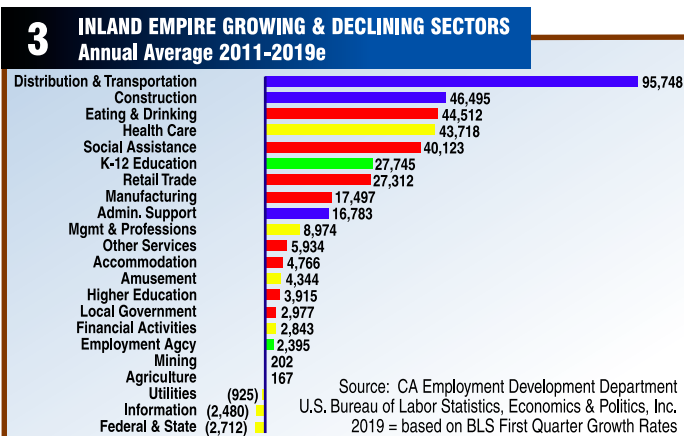
Assessed value per capita measures the ability of property taxes to support city services for each resident. Here, five Coachella Valley cities continued to be strong led by Indian Wells (\$1,101,330) and third ranked Rancho Mirage (\$477,616) followed by La Quinta (\$339,512), Palm Desert (\$295,677) and Palm Springs (\$287,187). Two smaller cities did well: second ranked Big Bear Lake (\$666,832) and eighth ranked Canyon Lake (\$168,380). Several cities near Los Angeles County ranked high: Chino (7th; \$176,061), Eastvale (9th; \$159,497), Rancho Cucamonga (10th; \$158,069), Chino Hills (11th; \$155,090) and Ontario (12th; \$154,545). Three East SB Valley cities remained weak: San Bernardino (41st; \$71,931), Colton (42nd, \$69,526) and Highland (43rd; \$69,391). Outlying desert cities ranked in the bottom tier: Twentynine Palms (52nd, \$33,831), Coachella (51st, \$43,198), Blythe (50th, \$55,283), Barstow (49th, \$59,137) and Desert Hot Springs (48th, \$63,484).

Poverty. The levels of poverty in the Inland Empire are recognized by public health officials as the primary threat to the region's wellness. The good news is that these rates have fallen as the area's economy has aggressively expanded. In 2018, the American Community Survey showed that 14.9% of San Bernardino County's population was below the federal poverty level, down from 18.0% in 2010. It was 21.4% for the county's children under 18, down from 24.7% in 2010. In Riverside County, the share of all people was 12.7%, down from 16.3% in 2010. It was 17.0% for the county's children, off from 2010's level of 23.5%.

Data for all cities was only available for 2017. The highest poverty levels (*all; under 18*) were found in Adelanto (38.5%; 52.0%), Desert Hot Springs (36.8%; 46.8%), Barstow (36.4%; 53.4%), Coachella (28.0%; 40.0%) and Needles (26.6%; 38.4%). Among cities of over 100,000 people, the difficulty was most prominent in San Bernardino (22.7%; 33.6%) and Victorville (18.1%; 24.1%). The least poverty occurred in Indian Wells (4.4%; 0.0%), Murrieta (5.2%; 5.7%), Temecula (6.3%; 8.4%), Canyon Lake (6.4%; 9.9%) and Rancho Cucamonga (6.6%; 9.2%). ■

INLAND EMPIRE EMPLOYMENT... Job Growth Better Balanced Than California!

From 2011-2019e, the CA Employment Development Department (EDD) and the U.S. Bureau of Labor Statistics (BLS) have shown that the Inland Empire gained 349,778 jobs (*Exhibit 3*). The Great Recession loss was -140,200 so the area has added 250,100 more jobs than were lost. It is now 19.1% above its pre-recession level. That compares to 12.8% for California and 9.6% for the U.S. The growth was led by 95,748 new logistics jobs (24.5% share), 46,495 new construction jobs (15.4% share), 44,512 more eating & drinking workers (14.6% share) and new 43,718 health care workers (11.2% share). In first quarter 2019, BLS showed growth of 37,567 jobs or 2.5%.



GOOD PAYING JOBS (Yellow Bars): 12,367 Jobs (32.9%)

From first quarter 2018-2019, Inland Empire sectors paying \$65,000 and above were responsible for 12,367 new positions, a 2.5% growth rate (*Exhibit 4*). They represented 32.9% of job growth. Leading the group were 5,767 more health care jobs (15.4% share of all new jobs). The overall size of the share was expanded in that there were 2,200 more K-12 jobs (5.9% overall share) whose pay now exceeds a median of \$65,000. Management and professions added 1,800 (4.8% share). Local government was up 1,200 workers (3.2% share). There were 800 more positions in higher education (2.1% share). The other 600 net new higher paying jobs (1.6% share) were in information, federal & state agencies and mining plus utilities which shrank.

MODERATE PAYING JOBS (Blue/Green Bars): 14,100 Jobs (37.5%)

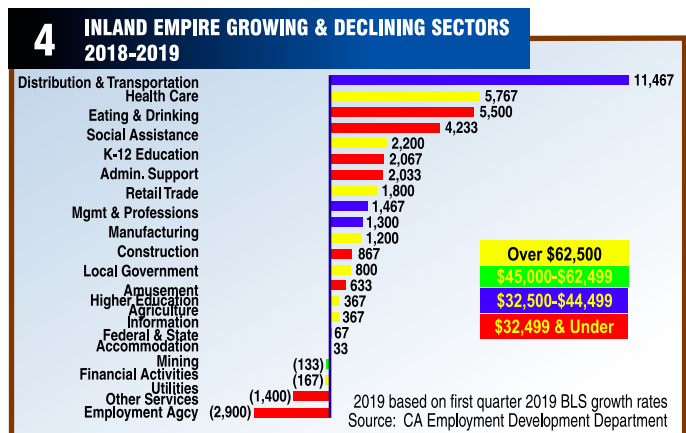
Inland sectors paying moderate incomes from \$45,000 to \$64,999 included the three main blue

collar sectors plus finance, insurance and real estate. Together, they added 14,100 jobs or a 37.5% share of new positions from first quarter 2018-2019. Distribution and transportation added 11,467 jobs (30.5% share of growth) as fulfillment centers and international trade continued boosting employment. Manufacturing was up 1,467 positions (3.9% share) as demand offset California's poor climate for producers. Construction slowed to a 1,300 job gain as the housing market continued to languish (3.5% of growth). Slow real estate sales and bank consolidations caused the finance, insurance and real estate group to shrink (-133).

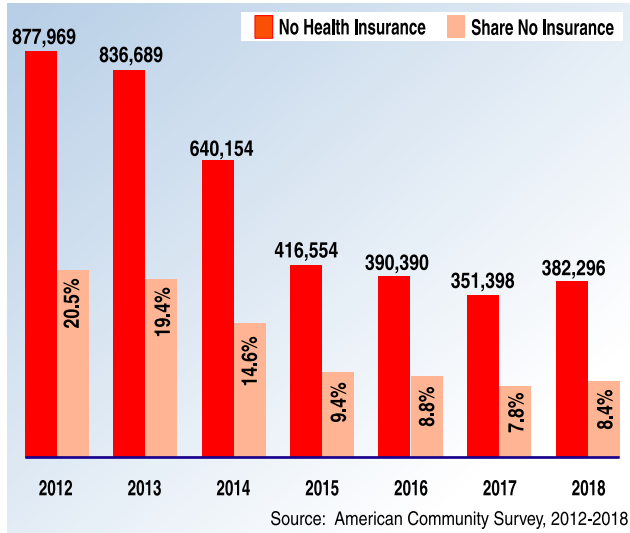
LOWER PAYING JOBS (Red Bars): 11,100 Jobs (29.5%)

There was an increase of only 11,100 jobs in lower paying sectors with incomes under \$35,000. This was an unexpectedly small 29.5% share of the inland expansion from first quarter 2018-2019. Eating and drinking led with 5,500 new jobs (14.6% share of all new positions). Social assistance grew by 4,233 positions (11.3% share of growth). Business administrative support was up 2,067 workers (5.5% share). Retailing gained 2,033 jobs despite the sector's losses to e-commerce (5.4% share). Amusement was up 867 jobs (2.3% share) and agriculture added 633 (1.7% share). Accommodation (up 67 jobs) was essentially flat while other services and employment agencies lost a combined -4,300 positions.

2019 Growth. The 2019 data from BLS on the Inland Empire shows job growth to be moderately strong (37,567 jobs). The QER forecast was for 38,200 this year. If the growth after the first quarter 2019 remains similar then that forecast would be reached. Unemployment is averaging a record low of 4.2% with the strong economy helping lower the inland area's poverty rates (*Exhibit 6*). ■

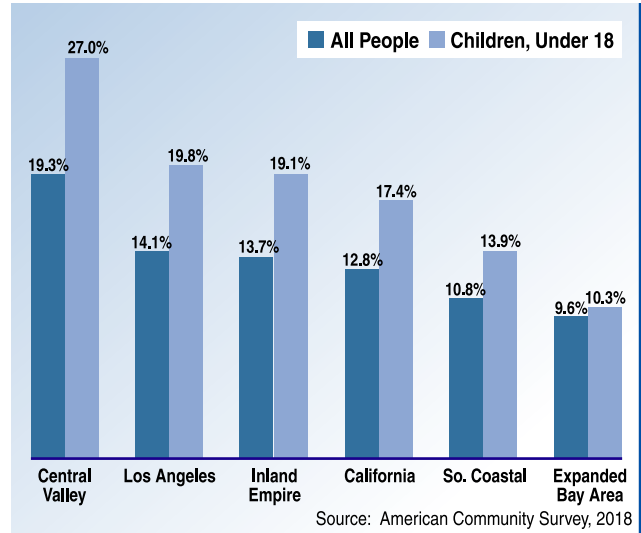


5 NUMBER & SHARE OF POPULATION WITHOUT HEALTH INSURANCE Inland Empire, 2012-2018



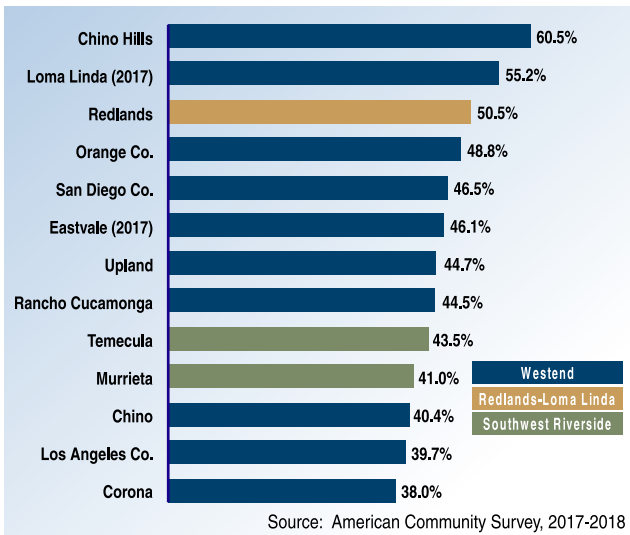
Health Insurance. In 2012, the American Community Survey found that 20.5% or 877,969 of the Inland Empire's non-institutionalized population had no health insurance. By 2017, that had dropped to 351,398, a 7.8% share and a 60.0% decrease in the uninsured. However in 2018, pressure from Washington DC and some courts pushed the number back to 382,296 or an 8.4% share of people. Still, the overall decline has had two impacts. First, a large swath of the public has seen their standards of living increased through access to health care. Second, it has greatly increased the demand for health care services. From 2011-2019, this has created Inland Empire jobs paying a median of \$65,757 for 43,718 workers.

6 SHARE OF POPULATION LIVING IN POVERTY California Regions, 2018



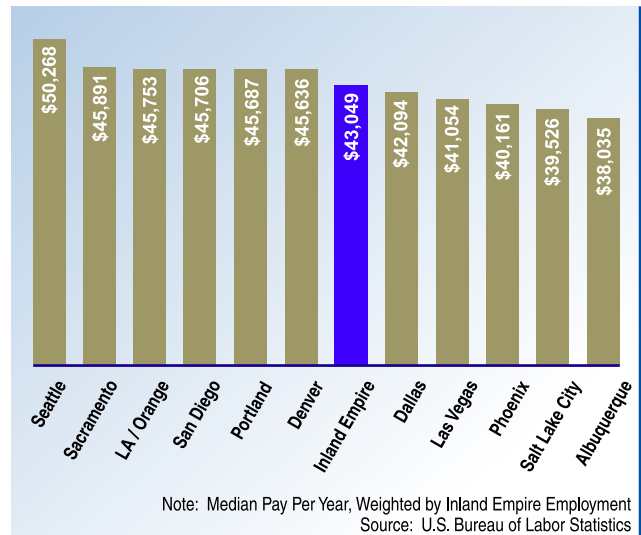
Poverty. A continuing difficulty impacting the Inland Empire has been the share of its population living in poverty. Fortunately, a review of the most recent economic data shows job growth soaring to historic highs, and unemployment falling to an all time low. As a result, the American Community Survey has found that the level of poverty has dropped significantly. Thus, the share of children under 18 living below the federal poverty line has fallen from 24.1% in 2010 to 19.1% in 2018. Poverty for all people has dropped from 17.1% in 2000 to 13.7%. Poverty levels for the Inland Empire now rank below Los Angeles County and are approaching the California average. While still unacceptably high, poverty levels are definitely moving in the right direction.

7 HIGHEST SHARE ASSOCIATES OR HIGHER DEGREES Inland Empire Cities, 2018



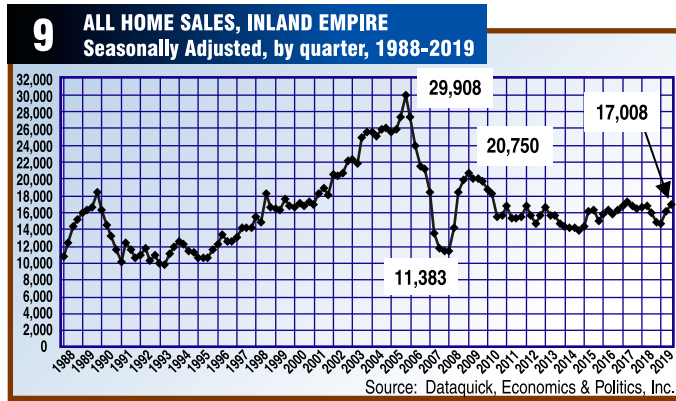
Educational Attainment. A competitive difficulty for the Inland Empire is the modest level of educated adults. In 2018, inland residents with community college or higher degrees were only 30.2% of adults. This was well below the shares in the coastal counties: Los Angeles (39.7%), San Diego (46.5%), Orange (48.8%). However, some inland cities now offer firms locations with strong shares of educated workers. Thus, soaring coastal home prices have forced well educated adults to migrate inland for upscale housing in places like Chino Hills (60.5%), Eastvale (46.1%), Upland (44.7%), Rancho Cucamonga (44.5%), Temecula (43.5%), Murrieta (41.0%) and Chino (40.4%). Strong local employers plus higher college graduation rates have helped in places like Loma Linda (55.2%) and Redlands (50.5%).

8 MEDIAN PAY PER YEAR Major Western Markets, May 2018



Median Pay By Sector. The Inland Empire generally offers employers a labor cost advantage. Its 2018 median pay for all workers was up 3.9% to \$43,049 (*half workers above/half below*). Using pay levels by sector for competitor areas *weighted by the inland area's employment in each sector*, the coastal counties were more costly: San Diego (\$45,706), Los Angeles/Orange (\$45,753). For the western states, the inland region's labor cost was also below Seattle (\$50,268), Sacramento (\$45,891), Portland (\$45,687) and Denver (\$45,636). The area's median pay was above Dallas (\$42,094), Las Vegas (\$41,054), Phoenix (\$40,161), Salt Lake City (\$39,526), and Albuquerque (\$38,035). This is one reason the area's job growth rate in recent years has continually been the fastest in California.

HOME MARKETS: Price Rises Slows, Volume Slightly Higher

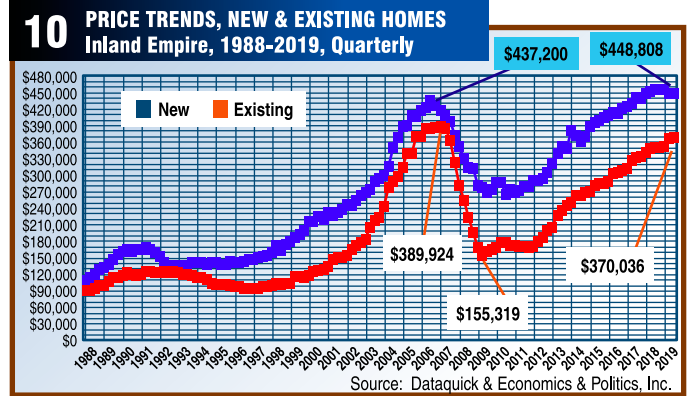


In third quarter 2019, the Inland Empire recorded 17,008 *seasonally adjusted* existing and new home sales. Volume, though not aggressive, was the highest since 2nd quarter 2017 and prior to that back to mid-2010 (*Exhibit 9*). Meanwhile, the median existing home price in the two county area reached \$370,036, up from \$352,482 last year but still -5.1% below the \$389,924 record in 3rd quarter 2006 (*Exhibit 10*). The new home price of \$448,808 was 2.7% above the 2006 record.

Sales. Riverside County had 8,754 existing home sales in third quarter 2019, up 8.1% from 2018. As recordings come at the end of escrow, this included some second quarter sales. Riverside city had the highest percentage gain (1,174 units; 15.6%). The I-215 south led in volume (1,902 units; 9.2%). The county's 1,666 new home sales were up 17.4% from 2018. The I-215 south area, led by Menifee had the fastest growth (528 units, 47.9%). It also had the most sales (*Exhibit 11*). This area seems to be seeing the impact of families migrating north from San Diego County.

San Bernardino County's existing home sales rose 3.9% to 6,649 units. The outlying desert area had the largest percentage increase (647 sales, 8.2%). The area west of I-15 continued leading in volume (1,389 sales; 4.0%) followed closely by the High Desert (1,348; 4.1%). New home sales in third quarter 2019 rose 2.6% to 815 units. The area around Fontana along the I-10 freeway between the I-15 and I-215 had the fastest growth (180 units; 85.6%). Cities west of the I-15 continued to lead in sales (388 units; -10.0%).

Prices. Riverside County's third quarter 2019 median new home price was \$435,000, down -0.7% from \$438,000 in 2018 and equal to the second quarter 2019 level (*Exhibit 12*). The median existing home price of \$400,000 was 3.9% above 2018's \$385,000 and just above second quarter's \$395,000. San Bernardino County's 2019 median new home price of \$477,000 was down -2.8% from \$490,500 in 2018 and essentially equal to second quarter's \$477,750. Its existing median home was \$333,500, up 5.9% from \$315,000 in 2018 and equal to the prior quarter's median price. Southern California's new home price of \$602,100 was down -7.4% from 2018 (\$650,300). The larger region's 2019 existing home price of \$568,900 was up 2.2% from \$556,400 the prior year.



Summary. Volume in the Inland Empire's housing markets increased a little from the narrow band in which they have been stuck for the past eight years. Lack of supply remains the major issue. Combined with strong demand has propelled prices to very high levels. However, the data this quarter indicate that the forces pushing prices higher are beginning to lessen with increases generally slower. Affordability remains high in San Bernardino County where 50% of local families can afford the median priced existing home (half priced above/below). It is 39% in Riverside County. By contrast just 24% of Orange County families can afford their county's median priced homes. It is 27% in San Diego County and 29% in Los Angeles County. The coastal lack of affordability has historically driven buyers inland, but to date lack of supply has slowed this phenomenon.

11 HOME DEED RECORDINGS
Inland Empire, 3rd Quarter, 2018-2019

NEW HOMES				EXISTING HOMES			
Area	3rd-2018	3rd-2019	% Chg.	Area	3rd-2018	3rd-2019	% Chg.
I-15 to I-215	97	180	85.6%	SB Desert	598	647	8.2%
Victor Valley	125	130	4.0%	SB Mountains	857	913	6.5%
West of I-15	431	388	-10.0%	I-15 to I-215	944	999	5.8%
San Bdn-Highland	101	90	-10.9%	Victor Valley	1,295	1,348	4.1%
East of I-215	22	18	-18.2%	West of I-15	1,335	1,389	4.0%
SB Mountains	6	4	-33.3%	East of I-215	502	517	3.0%
SB Desert	12	5	-58.3%	San Bdn-Highland	869	836	3.8%
SAN BDNO COUNTY	794	815	2.6%	SAN BDNO COUNTY	6,400	6,649	3.9%
I-215 South	357	528	47.9%	Riverside	1,016	1,174	15.6%
Riverside	127	169	33.1%	Pass Area	417	480	15.1%
Pass Area	196	247	26.0%	I-215 South	1,742	1,902	9.2%
Moreno Valley	91	111	22.0%	I-15 South	1,657	1,806	9.0%
Corona, Norco	178	216	21.3%	Rural Desert	541	587	8.5%
Coachella Valley	94	111	18.1%	Corona, Norco	862	924	7.2%
Rural Desert	87	67	-23.0%	Coachella Valley	1,298	1,337	3.0%
I-15 South	289	217	-24.9%	Moreno Valley	567	544	-4.1%
RIVERSIDE COUNTY	1,419	1,666	17.4%	RIVERSIDE COUNTY	8,100	8,754	8.1%
INLAND EMPIRE	2,213	2,481	12.1%	INLAND EMPIRE	14,500	15,403	6.2%

Source: Dataquik

12 HOME PRICES
3rd Quarter, 2018-2019

County	3rd Qtr-18	3rd Qtr-19	% Chg.
NEW HOMES			
Riverside	\$438,000	\$435,000	-0.7%
San Bernardino	\$490,500	\$477,000	-2.8%
Los Angeles	\$663,000	\$670,750	1.2%
Orange	\$984,750	\$935,000	-5.1%
San Diego	\$707,000	\$680,500	-3.7%
Ventura	\$661,500	\$615,000	-7.0%
So. California	\$650,300	\$602,100	-7.4%
EXISTING HOMES			
Riverside	\$385,000	\$400,000	3.9%
San Bernardino	315,000	333,500	5.9%
Los Angeles	635,000	655,000	3.1%
Orange	785,500	787,500	0.3%
San Diego	625,000	625,000	0.0%
Ventura	645,000	645,000	0.0%
So. California	\$556,400	\$568,900	2.2%

Source: Dataquik

Continued from front page

up for marginally educated workers given that 46.3% of the Inland Empire's adults have stopped their educations with high school or less schooling. Trucking & warehousing and construction (*median pay: \$45,000-\$55,000*) offer chances for this population to enter the workforce with little or no schooling and move to near middle class incomes. Health care (*median pay: \$60,000-\$65,000*) offers an even better chance to people who obtain AA degrees or credentials in local community colleges. Even entry level pay in these three sectors is rising due to the competition for labor. Thus, the fact Amazon is paying \$15 an hour for even their part time staff is forcing other logistics firms to match them to stop from losing their workers.

A good deal of California and national policy aims at stifling these sectors and the jobs they create. Logistics is hammered by legislators and regulators who don't like trucks. Construction is slowed or stopped by neighborhood lawsuits using the California Environmental Quality Act. Health care is hurt by groups wanting to destroy the Affordable Care Act. In each case, the more they are successful, the less vital these sectors will be in lowering poverty in the Inland Empire.

Whatever their rationale, is that really a world we want our leaders to help create?

John Husing, Ph.D.
Economics & Politics, Inc.

**ECONOMICS
& POLITICS, inc.**
www.johnhusing.com

What Economics & Politics, Inc. offers:

- **Speeches and Powerpoint presentations explaining the state of the economy, specifically tailored to local business, governmental and service groups**
- **Analytical work explaining the financial and employment impact of development projects on local jurisdictions**
- **Explanations of the state of the economy in each sub-region of the Inland Empire**
- **Economic development strategies designed to raise the standard of living in specific cities and counties**
- **Explanation of the importance to the local economy of major infrastructure projects**
- **Local economic justifications for good ratings for municipal bond issues**
- **Budgetary forecasts for Inland Empire governments based upon the directions of the economy and the key metrics driving their budgets**
- **Analysis of the impact of regulatory impacts on sectors of importance to sectors supporting blue collar/technical workers**