

# Riverside Rising

## *Economic Outlook for the Region*

April 2015

**Christopher Thornberg**  
**Founding Partner, Beacon Economics**



# California fact versus fiction

“Looking back a few years (2009 / 2010) ~~everyone~~ was saying that CA would fail like Greece or Detroit, but things look different now. What has happened to turn things around?”



## California Hype:

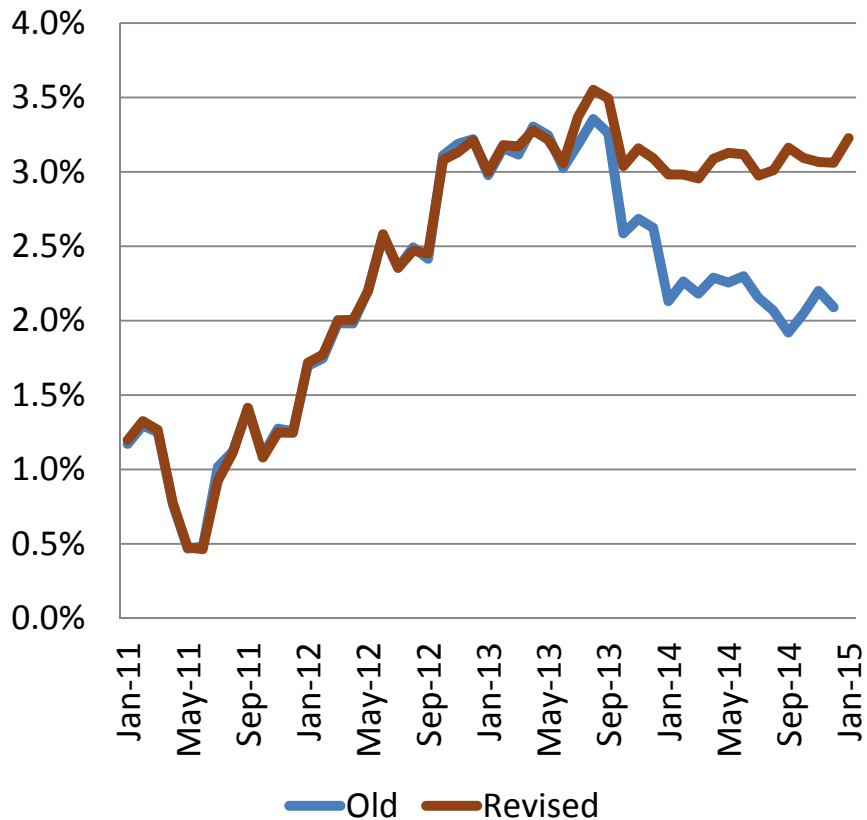
- High taxes, Over regulated
- People / businesses fleeing

## Reality

- Cyclical issues being confused with structural ones
- Business Climate is not *that* important
- Certain industries more vulnerable than others, but others doing great
- State on top of growth again
- Biggest issue is resistance to growth, particularly in coastal regions

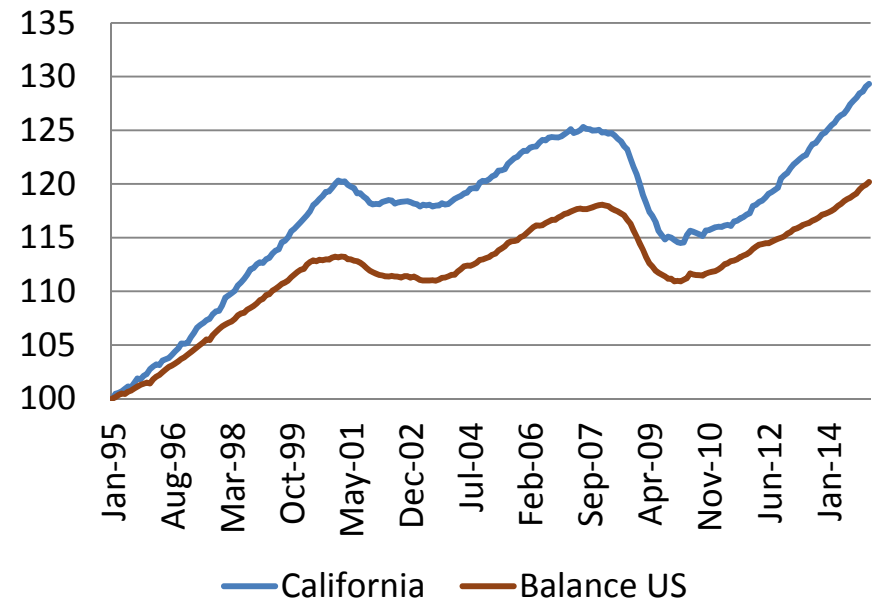
# Job Estimates

**Year on Year Change California Payrolls**



|                       | Change    | Growth |
|-----------------------|-----------|--------|
| <b>United States</b>  | 3,212,000 | 2.4%   |
| <b>New York State</b> | 156,800   | 1.8%   |
| <b>California</b>     | 498,000   | 3.2%   |
| <b>Texas</b>          | 392,900   | 3.5%   |

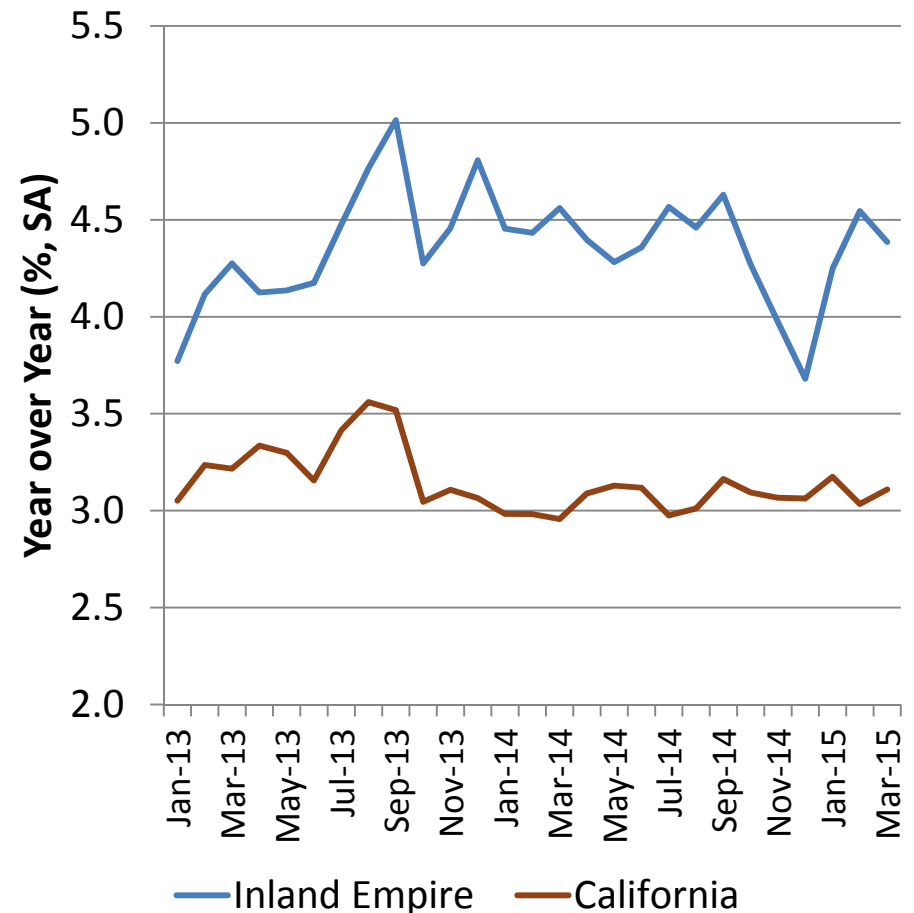
**Index Payroll Employment**



# IE Employment Trends

| SA Data              | Mar-15           | Y-o-Y Gr    |
|----------------------|------------------|-------------|
| San Jose             | 1,044,900        | 5.3%        |
| Fresno               | 323,000          | 4.5%        |
| <b>Inland Empire</b> | <b>1,325,800</b> | <b>4.4%</b> |
| Orange Cnt           | 1,536,000        | 3.5%        |
| Santa Barbara        | 182,000          | 3.2%        |
| Stockton             | 213,500          | 3.1%        |
| Sacramento           | 909,400          | 3.0%        |
| San Diego            | 1,376,600        | 2.9%        |
| Modesto              | 164,800          | 2.7%        |
| Los Angeles          | 4,298,400        | 2.4%        |
| Bakersfield          | 260,600          | 2.4%        |
| East Bay             | 1,080,700        | 2.3%        |
| Sonoma               | 194,700          | 1.7%        |
| Ventura              | 296,400          | 1.5%        |

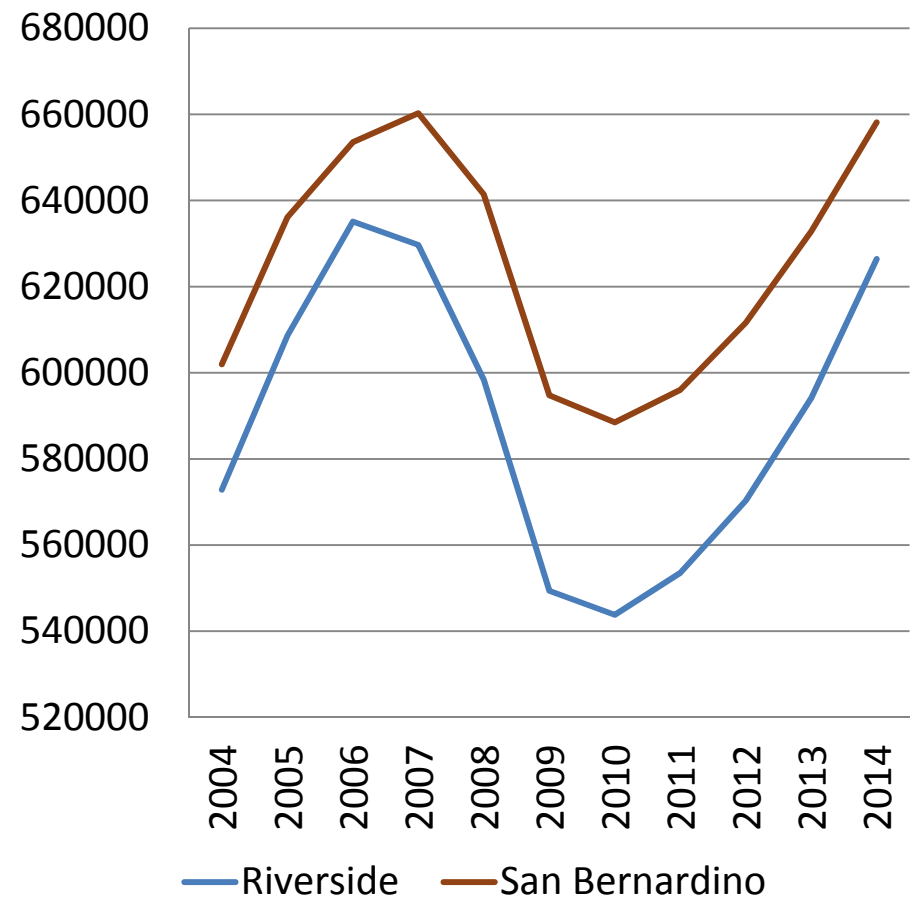
## Nonfarm Employment Growth



# Local Jobs

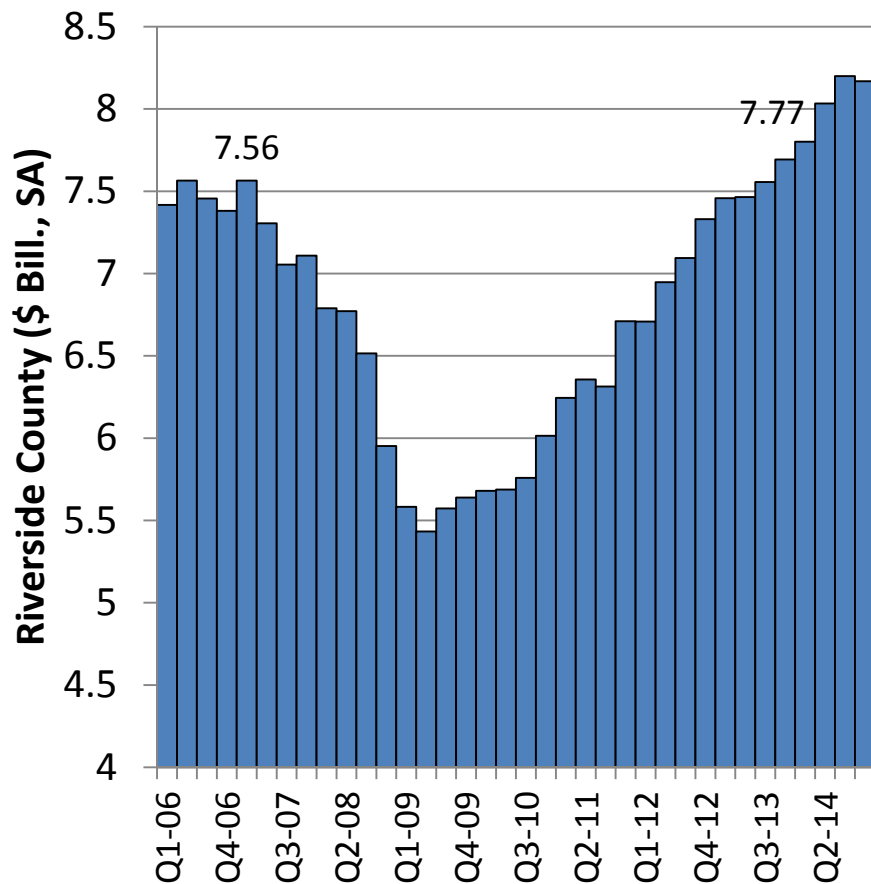
|                       | Mar-15    | YoY Gr |
|-----------------------|-----------|--------|
| Total, All Industries | 1,340,800 | 4.2%   |
| Logistics             | 86,600    | 12.6%  |
| Administrative        | 94,200    | 11.1%  |
| Professional          | 43,700    | 7.4%   |
| Wholesale Trade       | 62,000    | 6.7%   |
| Construction          | 78,700    | 5.6%   |
| Financial Activities  | 44,700    | 5.4%   |
| Hospitality           | 153,000   | 5.3%   |
| Health Care           | 178,700   | 3.6%   |
| Other Services        | 44,600    | 3.5%   |
| Educational           | 20,300    | 3.0%   |
| Government            | 235,100   | 1.5%   |
| Manufacturing         | 90,900    | 1.1%   |
| Retail Trade          | 165,900   | 0.2%   |
| Information           | 11,200    | -0.9%  |

## County Jobs



# Taxable Sales

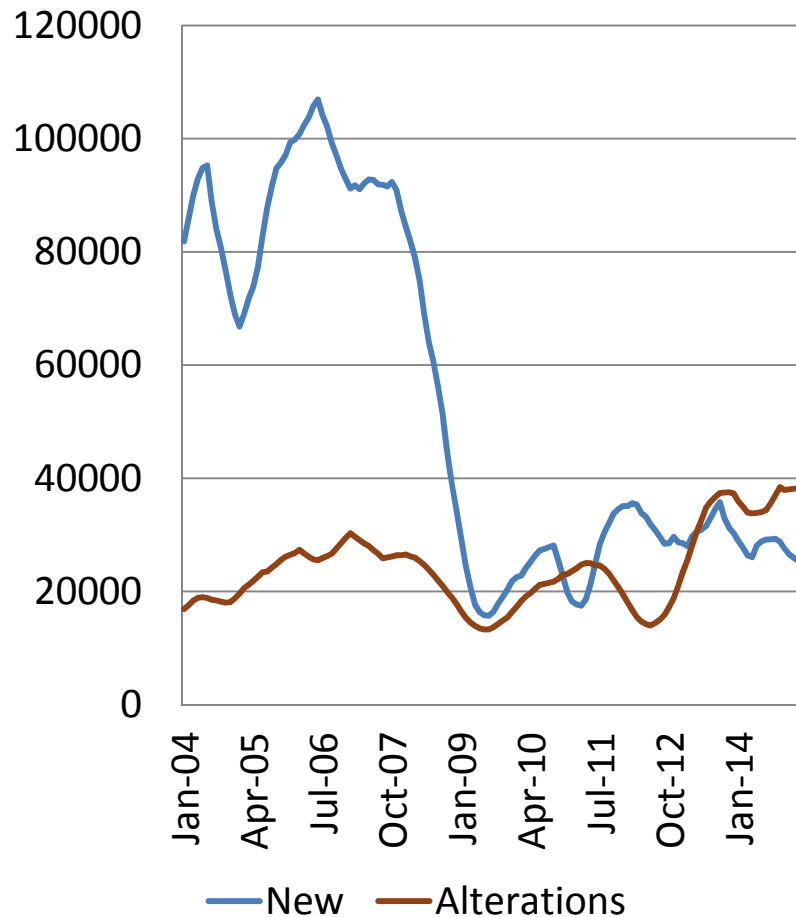
## Riverside Taxable Sales



| Category                  | 2013 YTD     | 2014 YTD     | Change (%) |
|---------------------------|--------------|--------------|------------|
| Autos and Transportation  | 34.9         | 39.3         | 12.6       |
| Building and Construction | 21.5         | 23.7         | 10.0       |
| Business and Industry     | 28.7         | 28.2         | -1.7       |
| Food and Drugs            | 12.1         | 12.8         | 5.5        |
| Fuel and Service Stations | 28.6         | 29.6         | 3.6        |
| General Consumer Goods    | 50.2         | 52.4         | 4.4        |
| Restaurants and Hotels    | 23.6         | 25.2         | 6.6        |
| <b>Total</b>              | <b>220.8</b> | <b>235.6</b> | <b>6.7</b> |

# Other Measure Business Activity

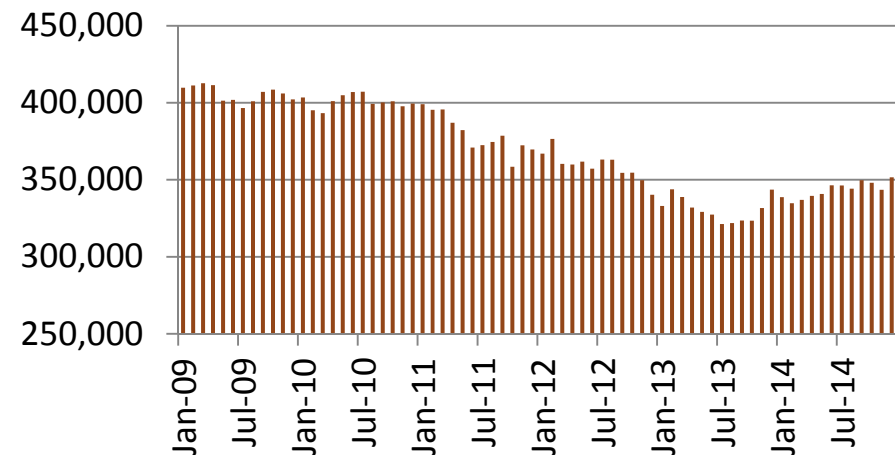
## Non Residential Permits



## Hotels

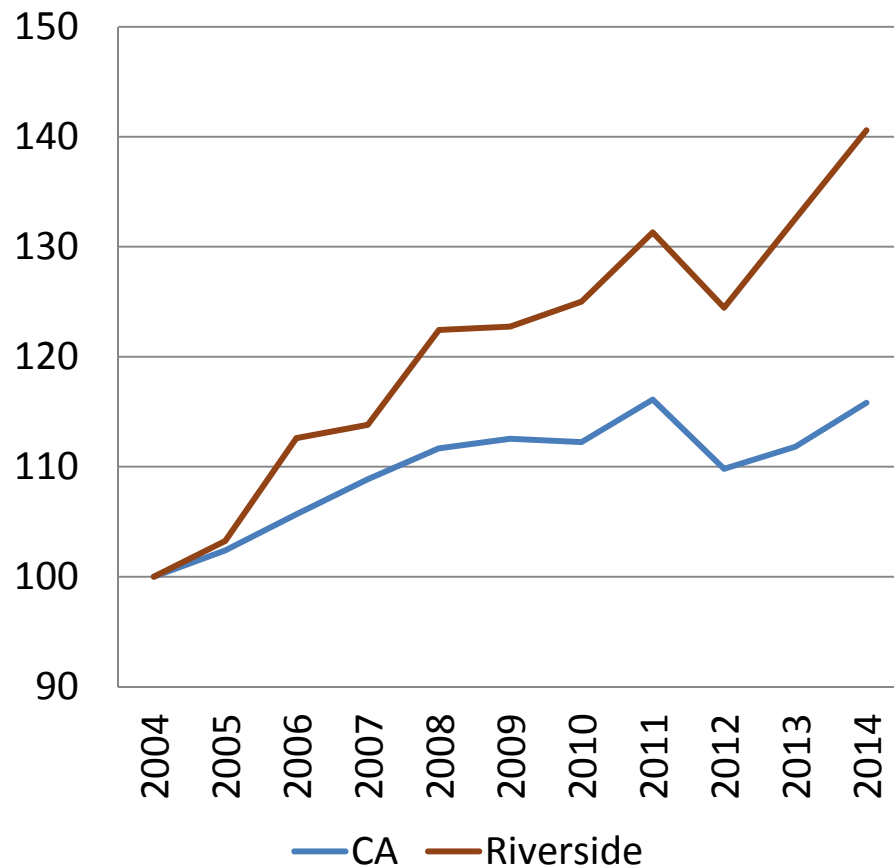
|                  | 2013    | 2014    |
|------------------|---------|---------|
| <u>Room Rate</u> |         |         |
| Palm Springs     | \$164.0 | \$174.7 |
| Riverside        | \$91.7  | \$97.5  |
| Temecula         | \$111.8 | \$116.5 |
| <u>Occupancy</u> |         |         |
| Palm Springs     | 60.4%   | 62.0%   |
| Riverside        | 67.2%   | 69.7%   |
| Temecula         | 73.5%   | 77.7%   |

## Ontario Passenger Traffic (SA)

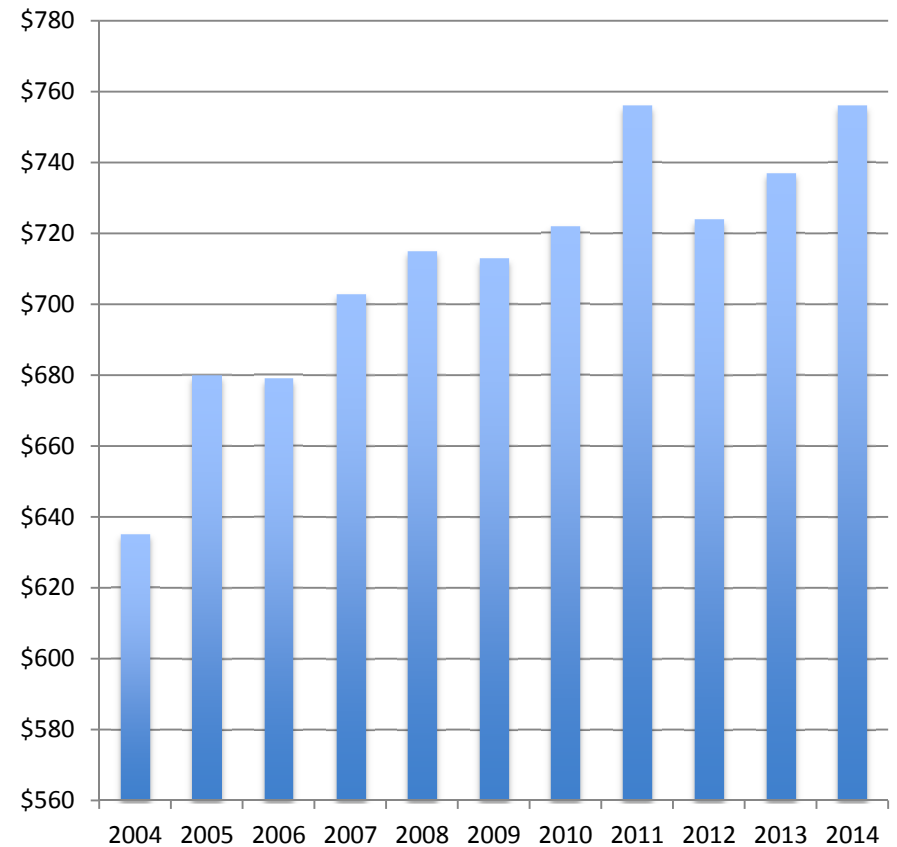


# Business and Wages

## Establishments (Indexed)



## Weekly Earnings: Riverside



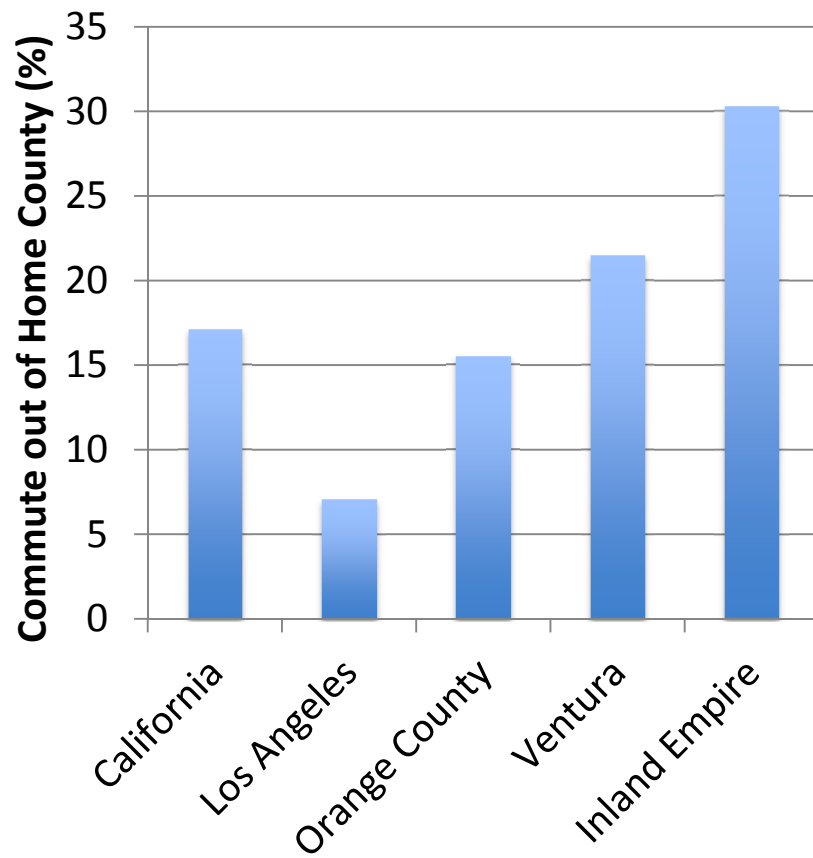


# The IE Economy

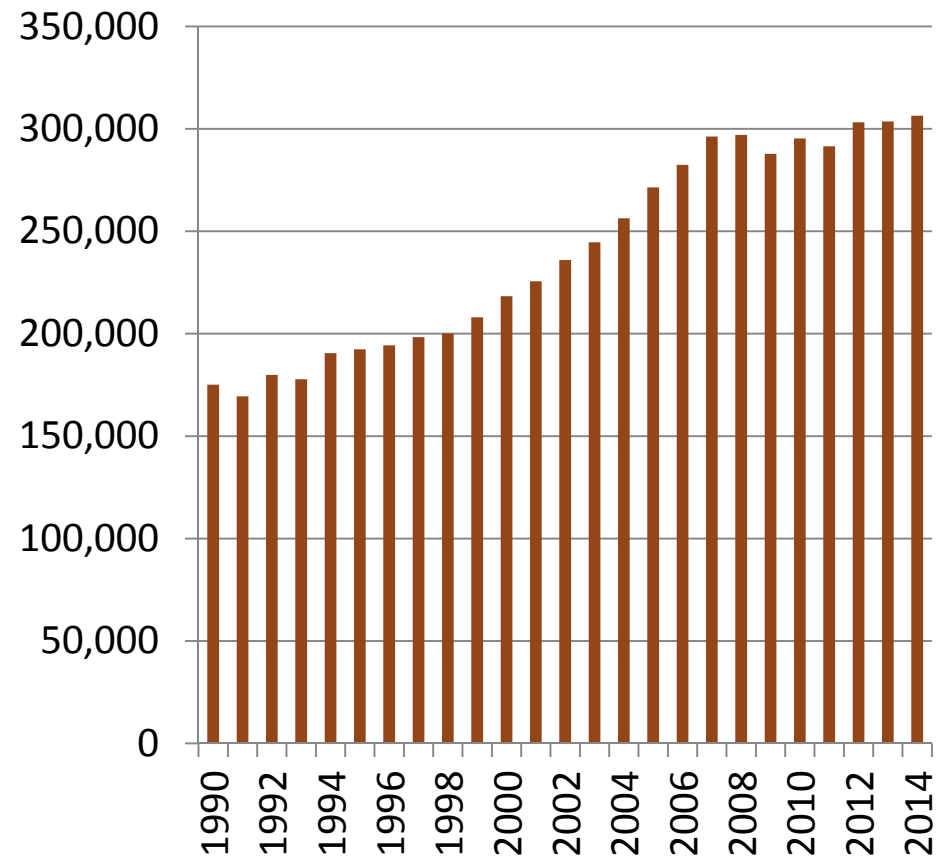
| Rank | City          | GMP    | 01-13 Gr |                      | Share | LQ    |
|------|---------------|--------|----------|----------------------|-------|-------|
|      |               |        |          | Government           | 19.3% | 7.1%  |
| 17   | San Diego     | 186108 | 2.0%     | Retail trade         | 8.9%  | 3.2%  |
| 18   | Denver        | 166150 | 1.9%     | Logistics            | 5.2%  | 2.4%  |
| 19   | Portland      | 159266 | 5.1%     | Construction         | 5.3%  | 1.6%  |
| 20   | Baltimore     | 158746 | 1.9%     | Real estate          | 15.5% | 1.5%  |
| 21   | St. Louis     | 136519 | 0.6%     | Other services       | 2.8%  | 0.7%  |
| 22   | Charlotte     | 130318 | 2.9%     | Administrative       | 3.8%  | 0.7%  |
| 23   | Pittsburgh    | 122891 | 1.0%     | Wholesale trade      | 6.6%  | 0.7%  |
| 24   | Inland Empire | 118693 | 1.6%     | Health care          | 8.0%  | 0.7%  |
| 25   | Indianapolis  | 117312 | 1.7%     | Accommodation        | 3.2%  | 0.4%  |
| 26   | Tampa         | 115263 | 1.6%     | Arts, entertainment  | 0.8%  | -0.2% |
| 27   | Cleveland     | 114448 | 0.6%     | Educational services | 0.6%  | -0.5% |
| 28   | Cincinnati    | 111279 | 1.1%     | Information          | 2.0%  | -3.5% |
| 29   | Kansas City   | 110278 | 1.3%     | Manufacturing        | 8.1%  | -3.8% |
|      |               |        |          | Finance              | 2.7%  | -4.2% |
|      |               |        |          | Professional         | 3.3%  | -4.3% |

# Commuting

## Outbound Commuting

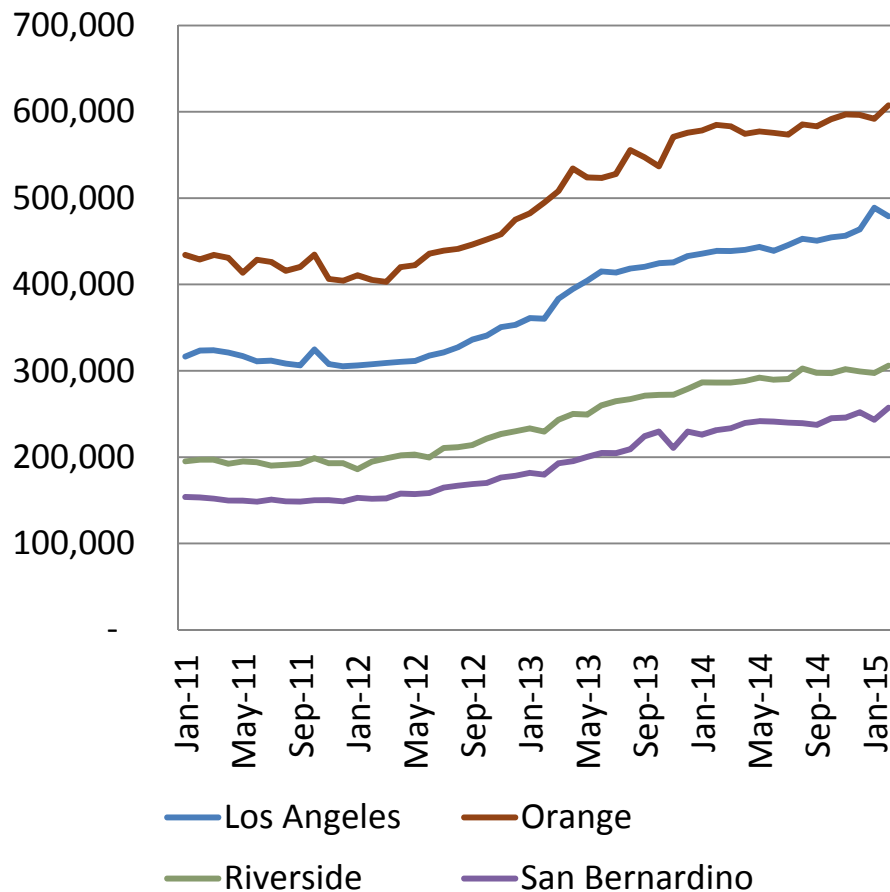


## Riverside Household Payroll Gap



# The Commuter Base

**Median Homes Prices**



**Who are the Commuters?**

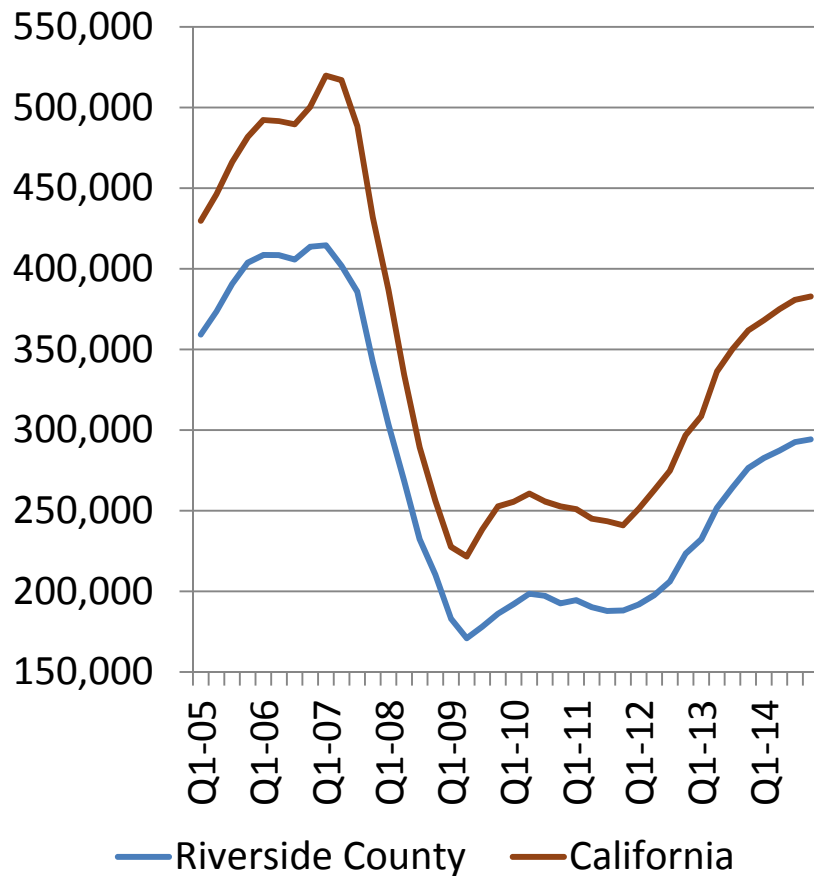
| By Income       | Local | Commuters |
|-----------------|-------|-----------|
| Under \$20k     | 41.4% | 24.0%     |
| \$20k to \$50k  | 34.6% | 34.3%     |
| \$50k to \$100k | 18.3% | 31.9%     |
| \$100k plus     | 5.7%  | 9.8%      |

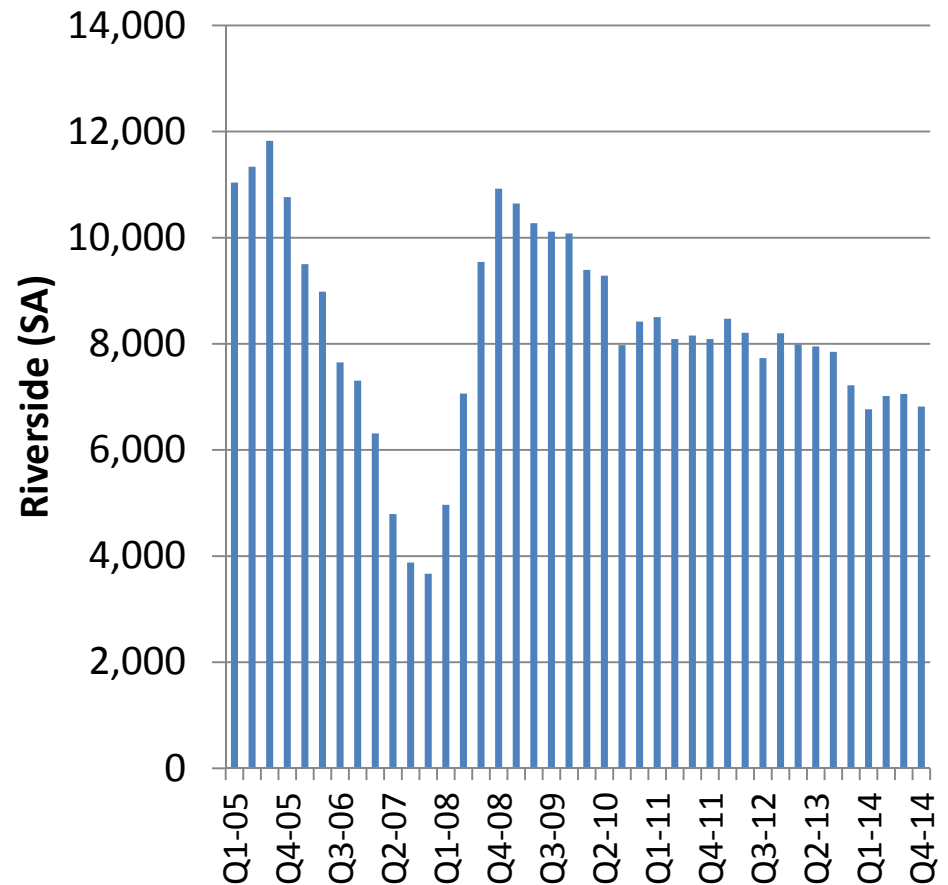
| By Education       | Local | Commuters |
|--------------------|-------|-----------|
| No High School     | 17.1% | 13.2%     |
| High School        | 26.8% | 22.8%     |
| Some College       | 35.6% | 36.4%     |
| Bachelors Degree   | 13.1% | 18.8%     |
| Grad./Prof. Degree | 7.3%  | 8.8%      |

# Residential Real Estate

## Median Home Prices

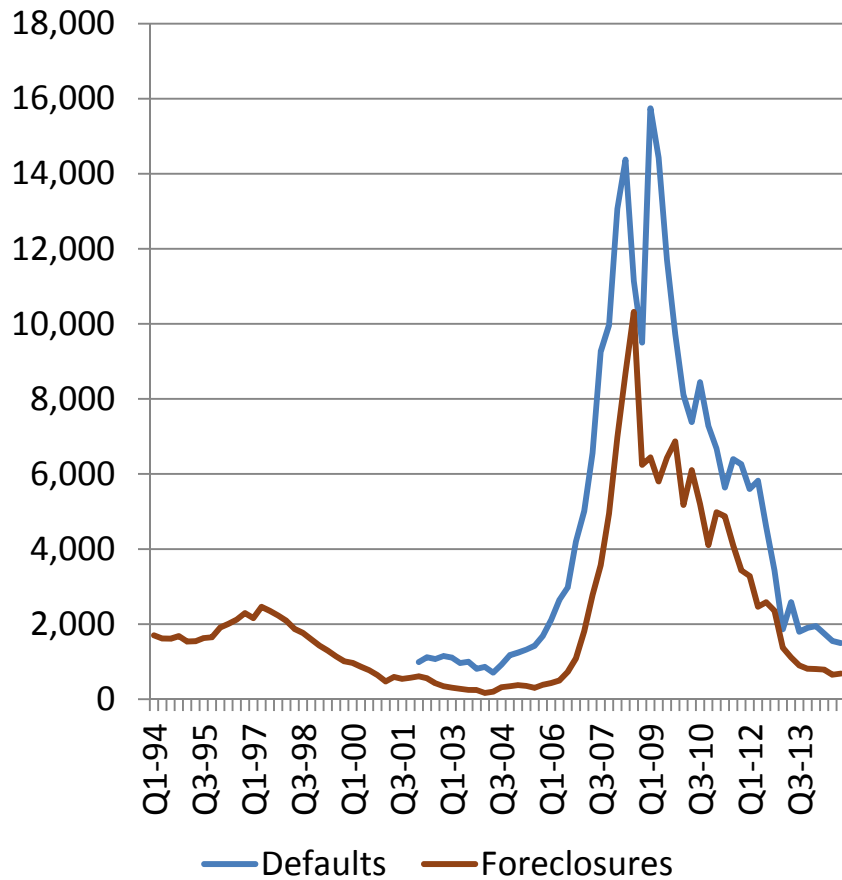


## Existing Home Sales

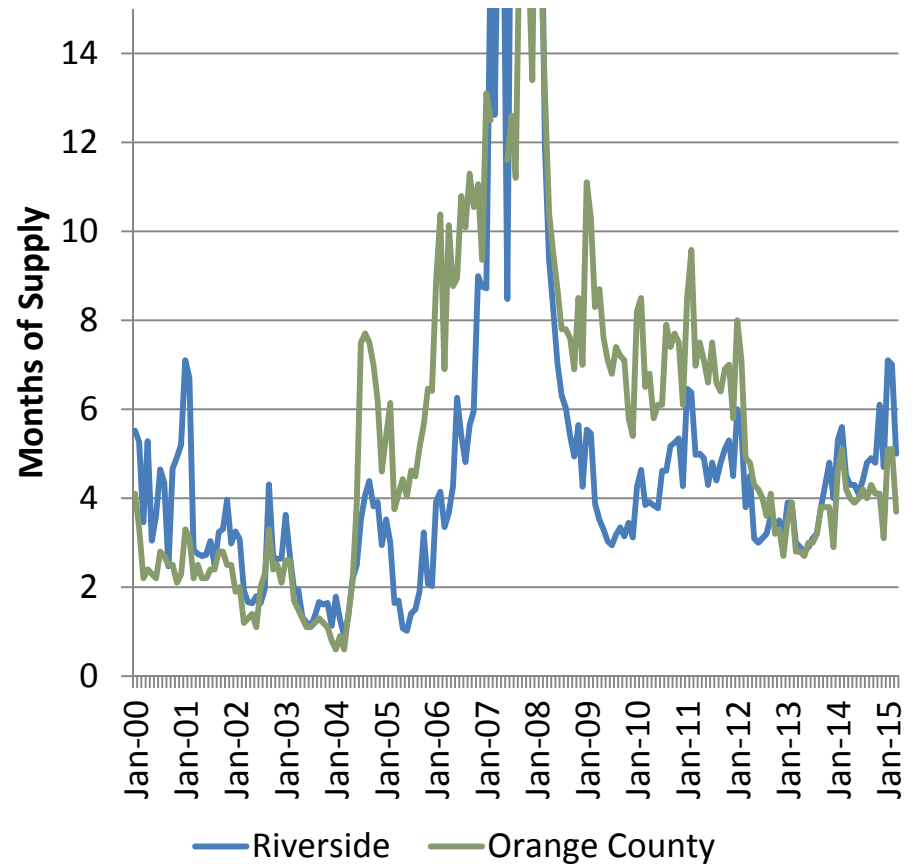


# Residential Real Estate

## Distressed Mortgages

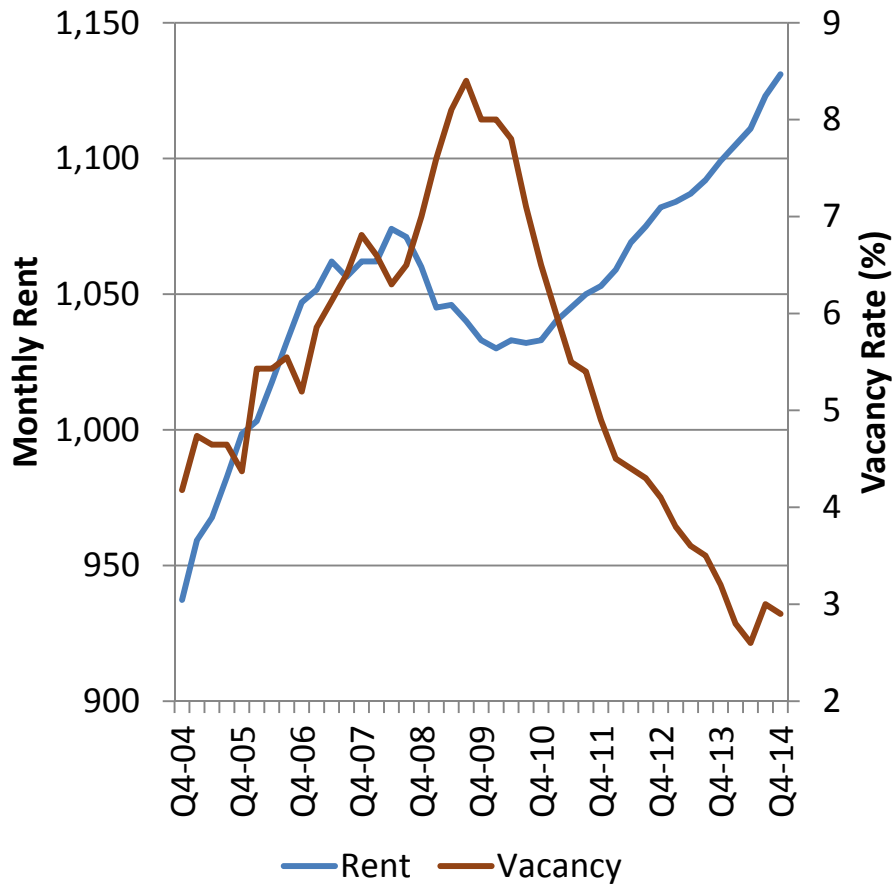


## Housing Inventory

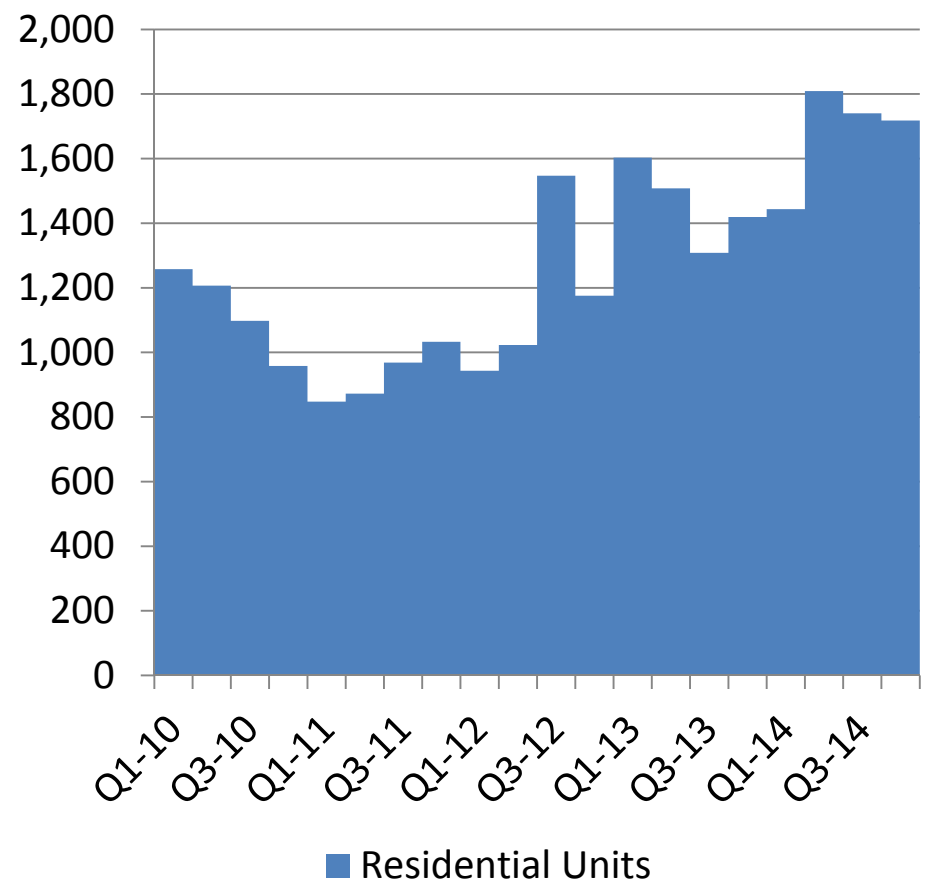


# Residential Real Estate

## Inland Empire Apartment Market

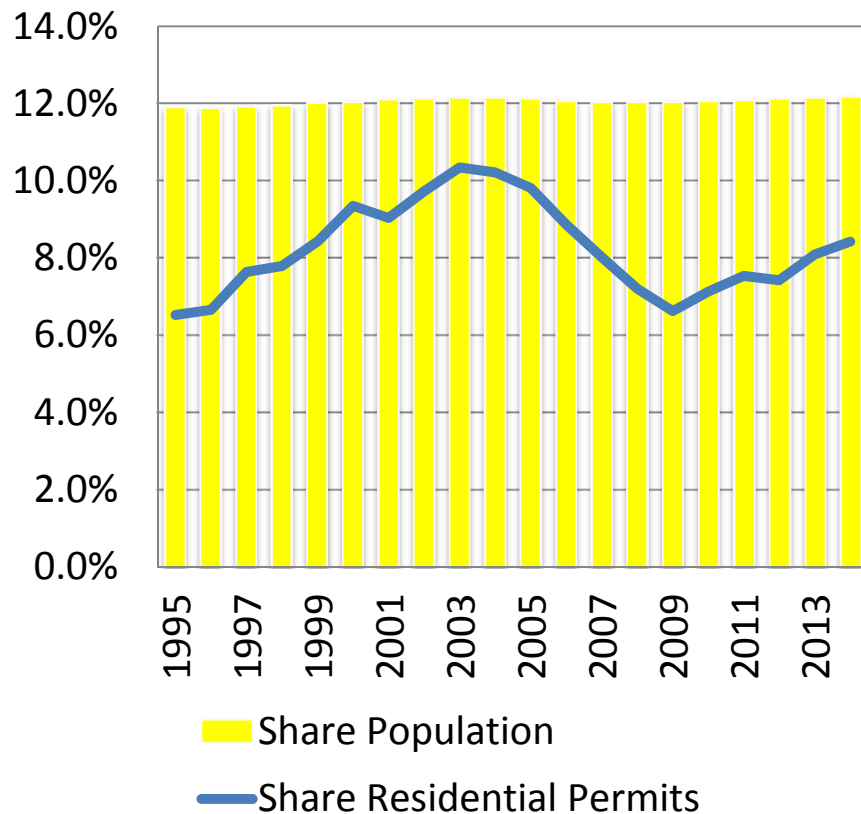


## Riverside County Permits



# Supply Demand Imbalances

**State Housing / Population Imbalance**

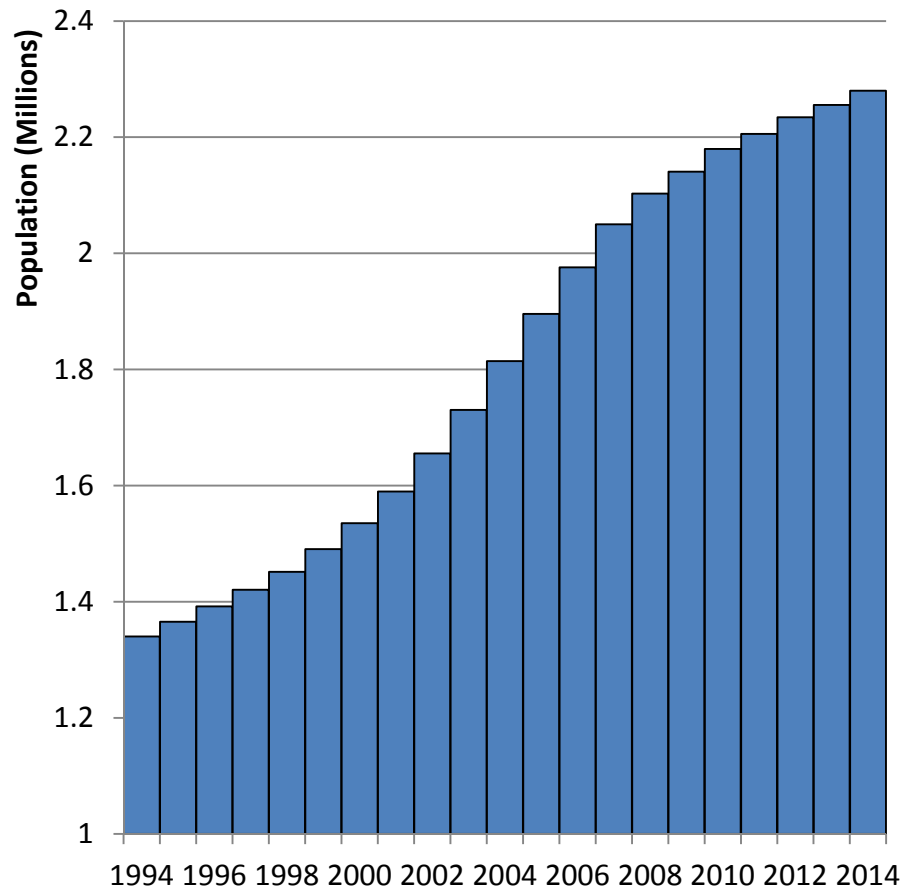


**2013 Vacancy**

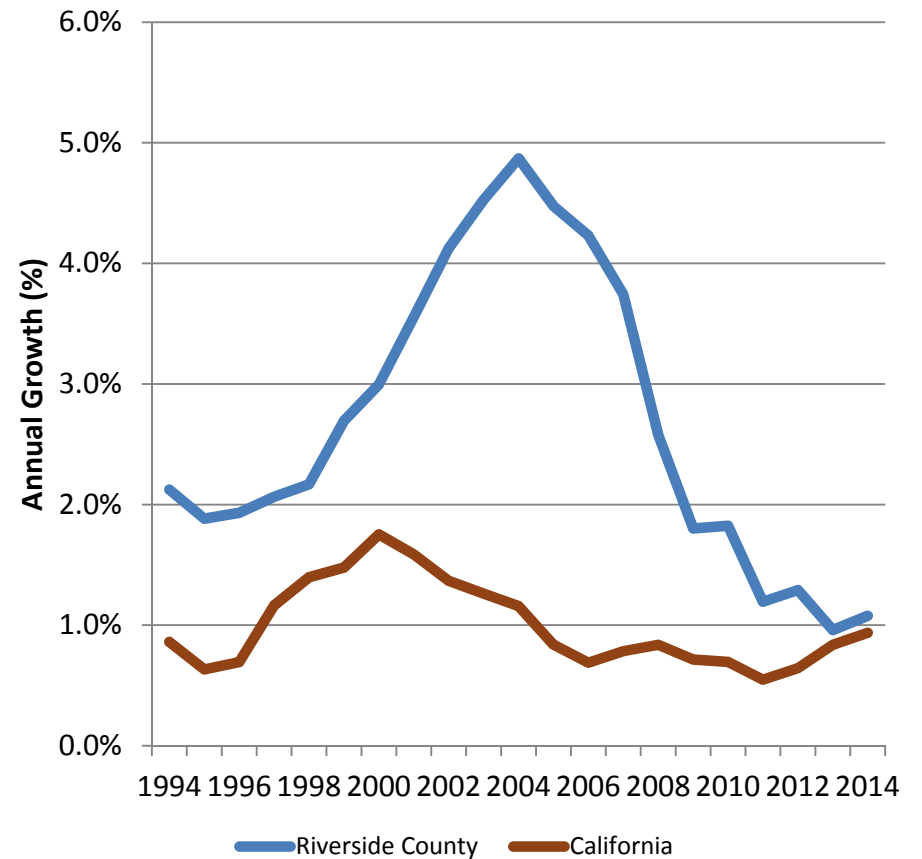
| State          | Owner | Renter | Both |
|----------------|-------|--------|------|
| Florida        | 2.5%  | 9.2%   | 4.9% |
| Texas          | 1.6%  | 7.9%   | 4.0% |
| Illinois       | 1.8%  | 6.2%   | 3.3% |
| New York       | 1.6%  | 4.2%   | 2.8% |
| California     | 1.3%  | 4.2%   | 2.6% |
| <b>MSA</b>     |       |        |      |
| Miami          | 2.1%  | 7.4%   | 4.2% |
| Dallas         | 1.4%  | 7.2%   | 3.7% |
| Inland Empire  | 1.9%  | 6.5%   | 3.7% |
| Chicago        | 1.9%  | 5.6%   | 3.2% |
| New York       | 1.6%  | 4.3%   | 2.9% |
| San Diego      | 1.4%  | 4.1%   | 2.7% |
| Washington, DC | 1.0%  | 5.1%   | 2.5% |
| Los Angeles    | 1.0%  | 3.7%   | 2.4% |
| San Francisco  | 0.9%  | 3.0%   | 1.9% |

# Population

## Riverside County Population



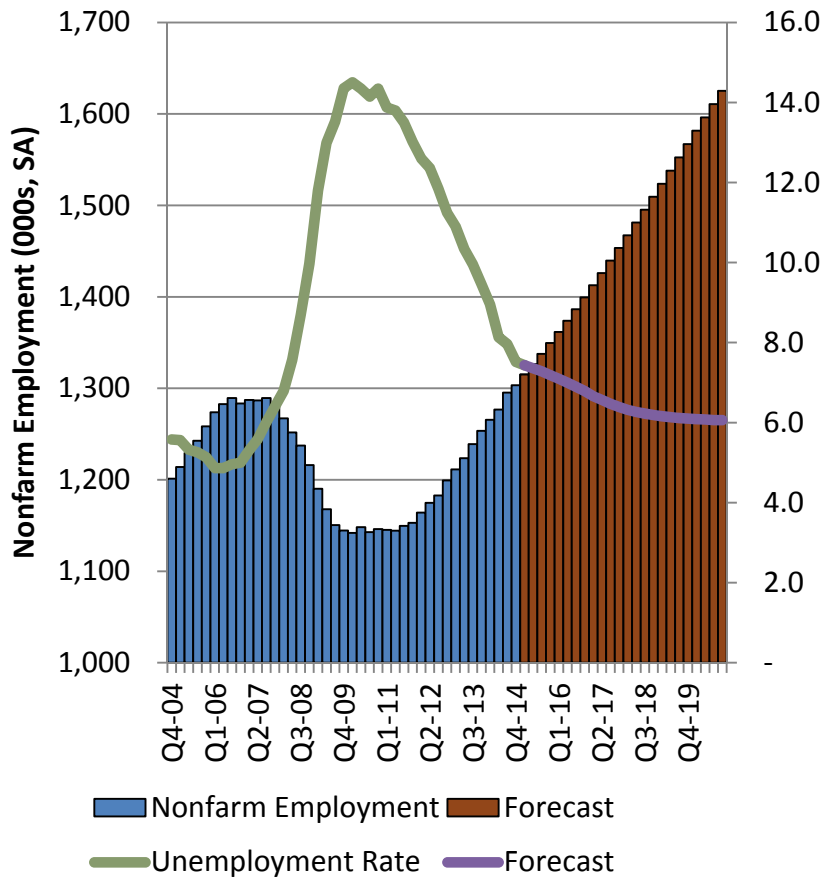
## Population Growth



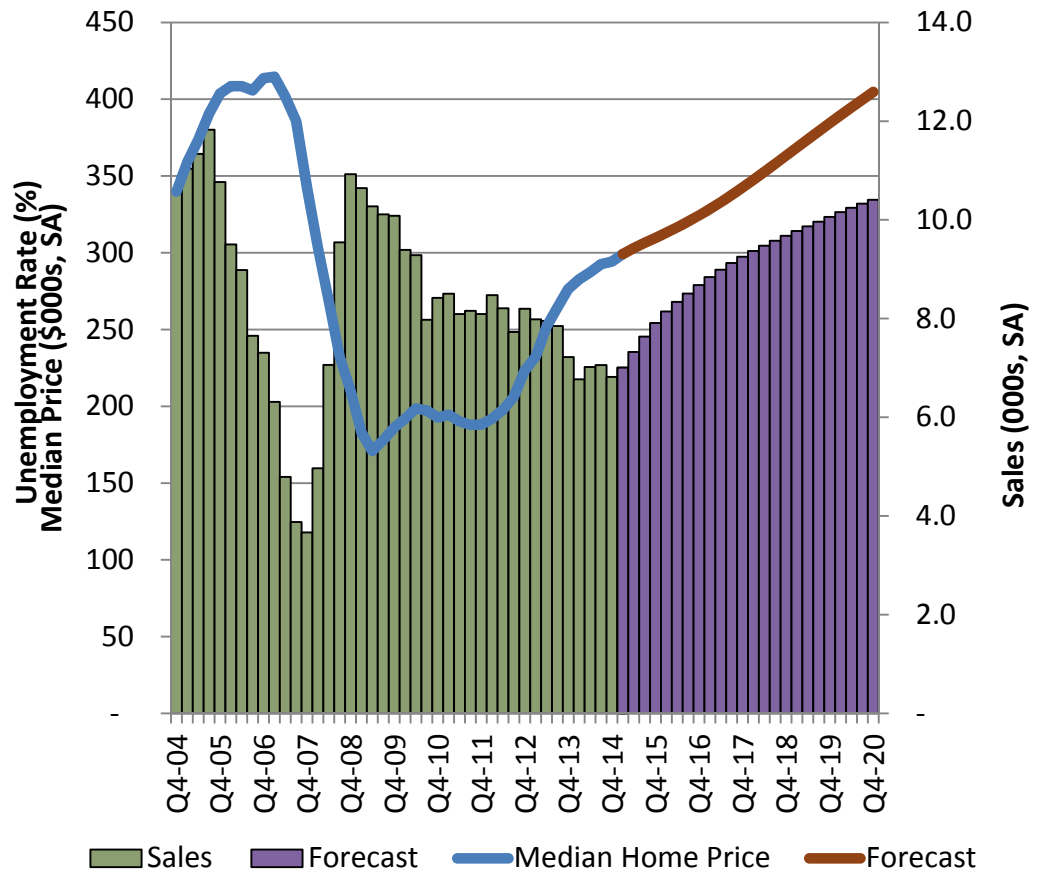


# Forecast

## Labor Market Forecast

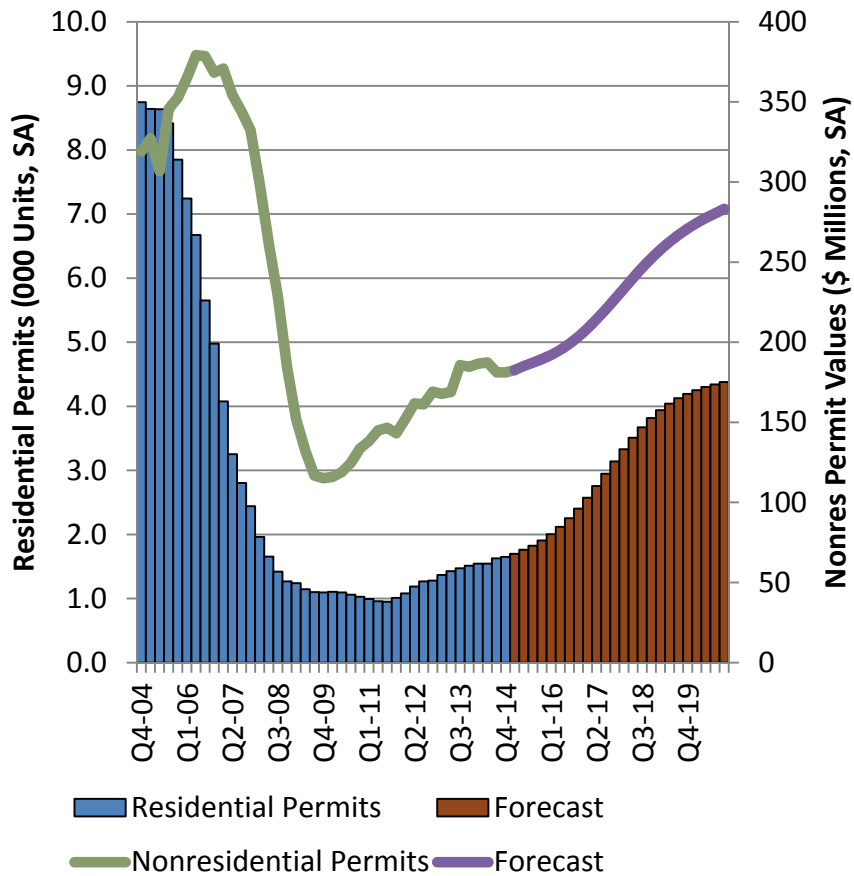


## Residential Real Estate Forecast

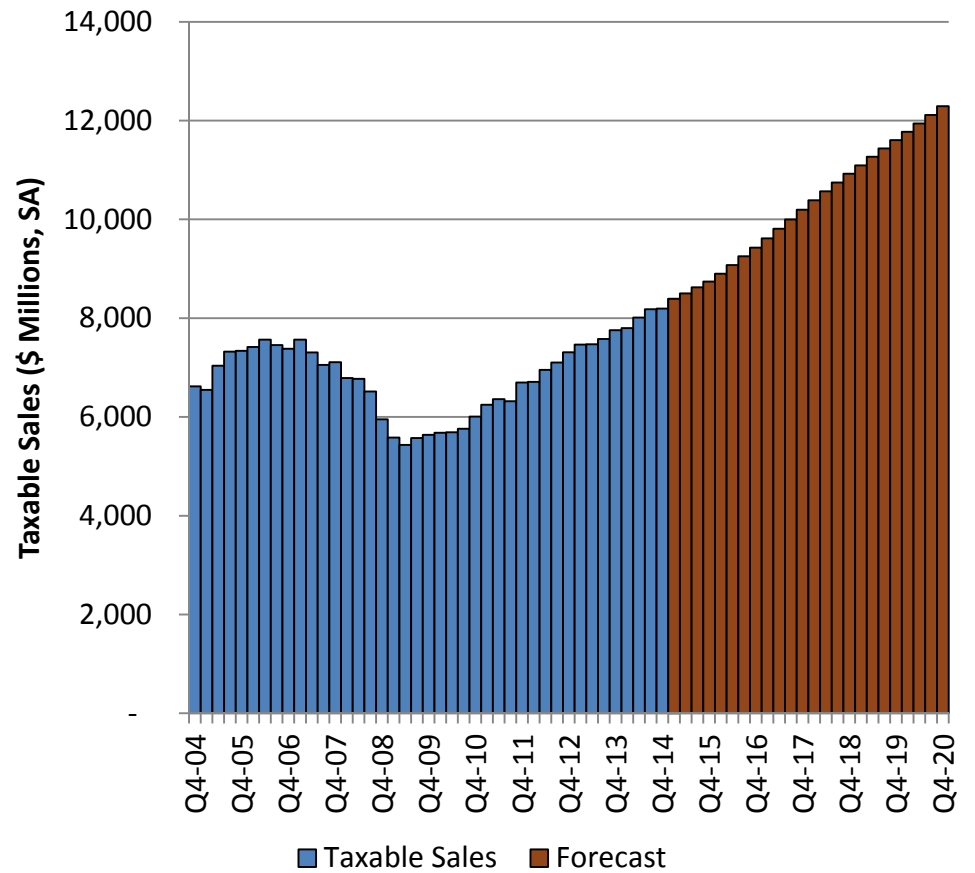


# Forecast

## Construction Permit Forecast



## Taxable Sales Forecast





- **Our Services**

- Economic Forecasting
- Regional Intelligence Reports
- Business & Market Analysis
- Real Estate Market Analysis
- Ports & Infrastructure Analysis
- Economic Impact Analysis
- Public Policy Analysis

To view or download this presentation please visit:

[www.BeaconEcon.com](http://www.BeaconEcon.com)

[Chris@BeaconEcon.com](mailto:Chris@BeaconEcon.com)

310-571-3399

- For additional information visit [www.beaconecon.com](http://www.beaconecon.com)