INLAND EMPIRE

QUARTERLY ECONOMIC REPORT

RIVERSIDE & SAN BERNARDINO COUNTIES, CALIFORNIA

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INLAND EMPIRE CITY PROFILE 2010

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Often, questions are asked about the relative strengths of the Inland Empire's 50 cities (*51 next year*). The annual Inland Empire City Profile (*Exhibits 1 & 2*) provides a good source of the information. The sources are the most recently available data for population, taxable sales, assessed valuation, bank deposits, housing prices and volumes, and income.

Population. From 2000-2010, the CA Finance Department reports that the Inland Empire added 957,158 people to reach 4,212,684, a 2.6% compound growth rate including 1.1% in 2009-2010. Eleven cities now have over 100,000 people, led by Riverside (*304,051*) and San Bernardino (*204,800*) followed by Fontana (*190,356*) and Moreno Valley (*188,537*). The two newest cities are Menifee (*68,905*) and Wildomar (*31,907*). The smallest cities were Indian Wells (*5,144*), Needles (*5,809*) and Big Bear Lake (*6,278*). Two cities have added over 50,000 people from 2000-2010: Fontana (*61,428*), Murrieta (*57,205*) and Rancho Cucamonga (*51,161*). Three cities have added under 1,000 people: Needles (*979*), Big Bear Lake (*840*), Calimesa (*416*).

Of California's 479 cities, the Inland Empire's five largest places ranked: Riverside (*12th*), San Bernardino (*19th*), Fontana (*22nd*), Moreno Valley (*23rd*), Rancho Cucamonga (*25th*). The housing slowdown reduced population growth from 2009-2010. The area had four of the state's 25 fastest growth rates (*not shown*): Beaumont (*5.5%; 2nd*), Coachella (*3.8%, 4th*), Victorville (*2.6%, 14th*), Temecula (*2.3%, 24th*). Three ranked in the top 25 in absolute growth: Riverside (*3,282, 13th*), Victorville (*2,829; 16th*) and Temecula (*2,316; 23rd*).

Taxable Retail Sales. Taxable sales are a major city revenue source that has been hit hard in the current downturn. The CA Board of Equalization reports them quarterly, a year after they occur. Hinterliter DeLlamas provides data within three months. In fiscal year 2008-2009, San Bernardino County's sales fell –15.0% to $23.6 billion. Riverside County's sales dropped –14.5% to $22.2 billion (*Exhibit 1*). Inland Empire (*-14.7%*) and California (*-14.6%*) sales nearly matched.

Every major Inland Empire city lost retail sales, with some changes in the rank order for the largest: Ontario (*$4.60 billion*) and Riverside (*$3.45 billion*) had the most sales. Corona (*$2.45 billion*) led Temecula (*$2.08 billion*). San Bernardino fell to fifth (*$2.01 billion*). Rancho Cucamonga (*$1.93 billion*) regained sixth passing Fontana (*$1.71 billion*). Chino (*$1.35 billion*) moved to eighth ahead of Victorville (*$1.30 billion*) and Palm Desert (*$1.22 billion*).

Sales rose in only 4 of 48 Inland Empire cities led by Canyon Lake (*15.0%*), Highland (*9.3%*), Twentynine Palms (*1.8%*) and Chino Hills (*0.3%*). Of the 42 cities with shrinking sales, the largest losses were in Rialto (*-35.7%*), Norco (*-23.3%*), Coachella (*-22.3%*), Fontana (*-21.6%*) and Adelanto (*-21.0%*). Unemployment fluctuating on either side of 15% drove the losses.

Per capita sales reveal how well sales taxes can finance city services for each resident. In fiscal year 2009, the leaders were Ontario (*$26,468*)

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	Population				Taxable Retail Sales					Assessed Valuation				Financial Deposits				
City	2009	Rank	2000-2010 Change	Rank	FY 2008-2009 (mil)	Rank	% Chg.	Per Capita	Rank	FY 2009-2010 (mil)	Rank	Per Capita	Rank	FY 2008-2009 (mil)	Rank	%Chg.	Per Capita	Rank
SAN BERNARDINO COUNTY																		
Adelanto	28,540	37	10,410	27	$100	42	-21.0%	$3,678	45	$1,547	40	$56,570	38	$44	50	-11.3%	$1,629	48
Apple Valley	70,040	19	15,801	23	$438	28	-3.3%	$6,265	35	$4,551	23	$64,983	30	$579	21	1.2%	$8,278	30
Barstow	24,281	40	3,162	43	$528	25	-8.2%	$21,774	5	$1,243	44	$51,201	44	$240	33	-6.0%	$9,890	24
Big Bear Lake	6,278	48	840	49	$145	40	-12.8%	$23,150	3	$2,957	30	$470,970	2	$209	35	0.3%	$33,365	3
Chino	84,742	13	17,574	19	$1,352	8	-8.1%	$18,092	8	$8,796	14	$117,277	8	$1,548	10	-4.9%	$20,720	9
Chino Hills	78,971	15	12,184	25	$533	24	0.3%	$6,762	32	$8,863	13	$112,235	9	$747	18	-3.9%	$9,472	25
Colton	51,816	25	4,154	39	$551	23	-13.2%	$10,654	22	$2,583	33	$49,841	45	$218	34	-10.2%	$4,204	41
Fontana	190,356	3	61,428	1	$1,709	7	-21.6%	$9,012	28	$13,548	5	$71,173	25	$817	15	-1.7%	$4,305	40
G. Terrace	12,717	45	1,091	47	$67	47	-20.0%	$5,311	41	$765	47	$60,185	34	$113	43	3.6%	$9,004	28
Hesperia	88,479	12	25,889	9	$498	27	-12.4%	$5,636	38	$4,369	24	$49,381	46	$541	22	-13.2%	$6,122	38
Highland	52,495	23	7,870	33	$153	39	9.3%	$2,923	48	$2,711	32	$51,652	43	$132	40	12.6%	$2,521	44
Loma Linda	22,760	41	3,532	41	$279	32	-10.4%	$12,282	14	$1,583	39	$69,532	26	$339	30	7.1%	$14,940	14
Montclair	37,535	31	4,486	37	$845	13	-14.8%	$22,685	4	$2,511	34	$66,897	29	$306	32	-10.3%	$8,221	31
Needles	5,809	49	979	48	$33	49	-15.2%	$5,747	36	$331	50	$56,928	37	$66	46	8.1%	$11,335	21
Ontario	174,536	6	16,529	21	$4,602	1	-14.1%	$26,468	1	$18,757	3	$107,468	13	$1,822	5	1.6%	$10,482	23
R. Cucamonga	178,904	5	51,161	3	$1,928	6	-13.2%	$11,035	19	$19,415	2	$110,769	11	$1,649	8	-1.4%	$9,441	26
Redlands	71,926	18	8,335	32	$803	15	-13.8%	$11,180	18	$6,704	17	$93,213	16	$1,768	6	-3.2%	$24,631	7
Rialto	100,260	11	8,378	31	$680	18	-35.7%	$6,791	31	$5,618	21	$56,036	39	$383	28	-2.0%	$3,828	42
San Bdno	204,800	2	19,418	16	$2,009	5	-18.2%	$10,164	24	$10,488	9	$53,017	42	$2,676	2	-1.0%	$13,538	17
29 Palms	30,649	35	15,885	22	$94	44	1.8%	$3,066	47	$809	46	$26,384	50	$56	47	-12.7%	$1,812	47
Upland	76,106	16	7,713	34	$829	14	-10.7%	$10,967	21	$6,856	16	$90,084	17	$1,571	9	9.4%	$20,791	8
Victorville	112,097	8	48,068	5	$1,295	9	-19.2%	$12,261	15	$6,683	18	$62,511	33	$1,165	13	-4.9%	$11,038	22
Yucaipa	51,476	26	10,269	28	$216	36	-5.6%	$4,212	44	$3,334	29	$64,759	31	$398	26	-6.7%	$7,742	34
Yucca Valley	21,292	43	4,427	38	$248	34	-12.8%	$11,656	17	$1,368	42	$64,234	32	$428	24	-10.1%	$20,114	10
SB County	**2,073,149**		**363,010**		**$23,623**		**-15.0%**	**$11,578**		**$162,849**		**$79,577**		**$18,205**		**-1.9%**	**$8,922**	
RIVERSIDE COUNTY																		
Banning	28,751	36	5,189	36	$157	38	-18.9%	$5,482	39	$1,651	38	$57,428	35	$396	27	-5.8%	$13,846	16
Beaumont	34,217	33	22,833	12	$269	33	-0.7%	$8,061	30	$2,764	31	$80,783	19	$208	36	19.6%	$6,236	37
Blythe	21,812	42	1,347	44	$137	41	-14.7%	$10,104	25	$611	48	$44,273	47	$125	41	-4.0%	$9,206	27
Calimesa	7,555	47	416	50	$49	48	-10.0%	$6,494	34	$563	49	$74,462	22	$203	37	-8.9%	$27,006	6
Canyon Lake	11,225	46	1,273	46	$14	50	15.0%	$1,265	50	$1,328	43	$118,263	7	$90	44	2.7%	$8,020	32
Cathedral City	52,841	22	10,194	30	$552	22	-15.0%	$10,485	23	$3,565	28	$67,458	28	$151	39	-15.7%	$2,873	43
Coachella	42,591	30	19,867	15	$239	35	-22.3%	$5,716	37	$1,458	41	$34,239	49	$54	48	8.3%	$1,288	50
Corona	150,416	7	25,450	11	$2,453	3	-18.1%	$16,406	9	$15,930	4	$105,909	14	$1,706	7	2.6%	$11,409	20
Dsrt Hot Spr.	26,811	39	10,229	29	$76	46	-17.0%	$2,852	49	$1,183	45	$44,137	48	$191	38	-16.7%	$7,162	36
Hemet	75,820	17	17,008	20	$720	17	-14.3%	$9,591	26	$4,117	25	$54,298	41	$1,468	11	-5.5%	$19,550	12
Indian Wells	5,144	50	1,328	45	$80	45	-13.0%	$15,564	11	$4,617	22	$897,622	1	$379	29	13.5%	$74,114	1
Indio	83,675	14	34,559	8	$557	20	-17.3%	$6,713	33	$6,292	19	$75,194	21	$629	20	-16.0%	$7,583	35
Lk Elsinore	50,983	27	22,053	13	$556	21	-13.1%	$10,984	20	$3,884	26	$76,185	20	$420	25	-3.4%	$8,294	29
La Quinta	44,421	29	20,727	14	$610	19	-16.7%	$13,825	13	$10,871	8	$244,722	4	$632	19	5.2%	$14,340	15
Menifee	68,905	20	25,836	10	$339	30	NA	$4,966	42	$5,754	20	$83,501	18	$796	17	-6.8%	$11,659	19
Moreno Vly.	188,537	4	46,158	7	$1,005	11	-13.0%	$5,361	40	$10,373	10	$55,019	40	$927	14	-9.6%	$4,946	39
Murrieta	101,487	10	57,205	2	$872	12	-10.4%	$8,624	29	$9,703	11	$95,605	15	$810	16	11.9%	$8,013	33
Norco	27,370	38	3,213	42	$335	31	-23.3%	$14,660	12	$2,499	35	$108,867	12	$308	31	15.1%	$13,487	18
Palm Desert	52,067	24	10,912	26	$1,221	10	-15.6%	$23,584	2	$12,633	6	$242,629	5	$2,557	3	13.5%	$49,370	2
Palm Springs	48,040	28	5,235	35	$747	16	-9.6%	$15,612	10	$9,061	12	$188,612	6	$1,403	12	3.0%	$29,349	5
Perris	55,133	21	18,944	17	$499	26	-11.1%	$9,126	27	$3,791	27	$68,769	27	$125	42	-1.0%	$2,278	45
Rancho Mirage	17,008	44	3,759	40	$355	29	-19.0%	$20,786	6	$7,360	15	$432,759	3	$515	23	5.2%	$30,107	4
Riverside	304,051	1	48,885	4	$3,454	2	-15.6%	$11,817	16	$22,069	1	$72,846	23	$5,784	1	6.4%	$19,787	11
San Jacinto	36,933	32	13,154	24	$172	37	-10.7%	$4,687	43	$2,108	37	$57,074	36	$69	45	9.1%	$1,886	46
Temecula	105,029	9	47,313	6	$2,080	4	-9.8%	$20,036	7	$11,701	7	$111,404	10	$1,958	4	-3.3%	$18,857	13
Wildomar	31,907	34	17,843	18	$99	43	NA	$3,118	46	$2,280	36	$71,461	24	$46	49	-23.5%	$1,445	49
Riv County	**2,139,535**		**594,148**		**$22,236**		**-14.5%**	**$10,582**		**$201,614**		**$94,833**		**$22,182**		**2.1%**	**$10,556**	
Inl. Empire	**4,212,684**		**957,158**		**$45,858**		**-14.7%**	**$11,073**		**$364,463**		**$87,350**		**$40,386**		**0.2%**	**$9,751**	

Source: CA Finance Dept., E-5 Population Report; CA Bd. of Equalization, Taxable Retail Sales; San Bernardino/Riverside Co. Assessors' Offices, High Line Data

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	EXISTING HOMES							NEW HOMES							INCOME			
City	2009 Volume	Rank	08-09 %Chg	2010 2nd Q Median P	Rank	09-10 %Chg	2010 Pmt.	2009 Volume	Rank	08-09 %Chg	2010 2nd Q Median P	Rank	09-10 %Chg	2010 Pmt.	2008 Median	Rank	2008 (mil.)	Rank
SAN BERNARDINO COUNTY																		
Adelanto	1,133	22	86.3%	$86,000	47	11.7%	$409	139	19	11.2%	$178,000	39	-9.6%	$846	$41,875	40	$314	45
Apple Valley	1,613	16	50.9%	$110,000	43	10.4%	$523	201	15	11.0%	$174,444	40	-14.4%	$829	$42,872	38	$1,423	22
Barstow	349	41	37.4%	$53,000	50	1.0%	$252	37	30	94.7%	$236,250	22	18.1%	$1,122	$48,042	31	$456	37
Big Bear Lk	385	39	18.8%	$247,000	15	-18.9%	$1,173	7	43	-12.5%	$230,000	23	-19.3%	$1,093	$37,843	46	$134	47
Chino	622	33	32.1%	$300,082	11	1.2%	$1,426	325	9	-9.5%	$366,598	10	4.2%	$1,742	$72,464	12	$1,647	15
Chino Hills	764	26	32.4%	$455,000	3	9.6%	$2,162	100	23	49.3%	$334,250	11	-50.5%	$1,588	$96,032	2	$2,542	10
Colton	715	30	64.0%	$140,000	36	21.7%	$665	1	47	-83.3%	NA	NA	NA	NA	$46,411	33	$859	29
Fontana	4,096	4	47.6%	$223,249	20	12.0%	$1,061	507	3	15.0%	$282,207	18	-15.2%	$1,341	$62,037	14	$3,302	4
G. Terrace	101	46	16.1%	$225,000	18	15.1%	$1,069	0	NA	NA	NA	NA	NA	NA	$74,462	11	$377	41
Hesperia	2,232	10	54.7%	$102,500	44	7.9%	$487	23	35	130.0%	$125,000	42	8.7%	$594	$49,125	29	$1,625	16
Highland	735	29	41.6%	$171,750	28	15.7%	$816	37	30	-19.0%	$60,000	43	-82.6%	$285	$60,963	16	$1,171	25
Loma Linda	164	45	32.3%	$250,500	14	-12.1%	$1,190	8	41	-89.4%	$215,000	30	NA	$1,021	$55,091	25	$653	31
Montclair	315	43	26.0%	$240,000	17	11.6%	$1,140	36	32	-16.3%	$332,250	12	2.9%	$1,578	$58,094	19	$592	33
Needles	26	50	30.0%	$69,000	49	18.5%	$328	0	NA	NA	NA	NA	NA	NA	$28,960	48	$89	48
Ontario	1,374	20	56.3%	$224,721	19	11.5%	$1,068	111	21	-40.0%	$270,125	21	-22.6%	$1,283	$55,781	23	$2,814	7
R. Cucamonga	1,527	18	12.9%	$343,956	8	2.1%	$1,634	301	10	-19.7%	$466,779	6	-1.0%	$2,217	$78,452	6	$4,960	2
Redlands	648	31	22.7%	$240,582	16	4.1%	$1,143	44	29	-53.2%	$220,091	26	-34.4%	$1,046	$61,641	15	$2,240	11
Rialto	1,719	14	62.3%	$160,634	31	17.6%	$763	30	34	-34.8%	$285,500	17	40.6%	$1,356	$49,255	28	$1,476	19
San Bdno	4,536	3	68.1%	$119,958	41	33.0%	$570	150	17	-40.2%	$219,609	29	-25.2%	$1,043	$38,987	43	$2,915	6
29 Palms	262	44	1.6%	$70,000	48	-9.1%	$333	31	33	-68.0%	$190,000	36	-13.2%	$903	$43,447	37	$387	40
Upland	595	34	25.8%	$378,579	5	6.6%	$1,798	18	36	-59.5%	$635,500	2	-30.5%	$3,391	$65,531	13	$2,003	12
Victorville	2,839	6	74.6%	$119,637	42	7.9%	$568	286	11	-57.8%	$189,531	37	-2.9%	$900	$48,462	30	$1,951	13
Yucaipa	562	36	13.3%	$195,000	23	-9.0%	$926	60	28	-36.8%	$442,000	7	85.5%	$2,100	$57,397	20	$1,292	24
Yucca Valley	561	37	43.1%	$90,500	46	-9.5%	$430	9	40	-62.5%	$220,000	27	-8.9%	$1,045	$45,298	35	$453	38
SB County	**32,071**		**51.7%**	**$150,000**		**11.9%**	**$713**	**2,337**		**-30.3%**	**$285,000**		**-1.7%**	**$1,354**	**$55,021**		**$40,812**	
RIVERSIDE COUNTY																		
Banning	563	35	32.8%	$130,000	39	18.2%	$618	4	44	-82.6%	NA	NA	NA	NA	$39,546	42	$549	35
Beaumont	850	25	34.5%	$188,750	24	-0.7%	$897	560	2	-26.3%	$220,000	28	-10.0%	$1,045	$58,287	18	$571	34
Blythe	77	49	-2.5%	$132,000	38	1.5%	$627	8	41	-71.8%	NA	NA	NA	NA	$37,937	45	$226	46
Calimesa	82	48	54.7%	$164,500	29	-12.3%	$781	1	47	NA	NA	NA	NA	NA	$45,857	34	$319	44
Canyon Lake	533	38	66.0%	$204,500	21	13.6%	$971	10	39	-82.7%	$300,000	14	NA	$1,425	$86,723	3	$345	43
Cathedral City	894	24	38.0%	$160,000	32	3.3%	$760	14	38	-26.3%	$212,000	31	-29.9%	$1,007	$42,026	39	$981	26
Coachella	632	32	88.7%	$140,500	35	-1.7%	$667	88	24	-50.0%	$169,250	41	-7.3%	$804	$40,463	41	$401	39
Corona	3,870	5	4.1%	$317,536	9	8.9%	$1,508	756	1	-28.7%	$387,462	9	-3.3%	$1,841	$74,936	10	$4,261	3
Dsrt Hot Spr.	1,348	21	66.0%	$100,730	45	18.8%	$479	76	27	-56.6%	$207,000	33	15.0%	$983	$38,465	44	$350	42
Hemet	2,319	9	13.2%	$123,312	40	9.7%	$586	141	18	-22.5%	$207,000	32	-9.3%	$983	$34,838	47	$1,429	21
Indian Wells	99	47	-12.4%	$837,500	1	32.9%	$4,468	2	45	-86.4%	$1,385,000	1	-36.3%	$7,390	$127,625	1	$518	36
Indio	1,654	15	28.4%	$181,935	25	10.2%	$864	335	7	-44.2%	$222,700	25	-8.7%	$1,058	$51,477	27	$1,517	18
Lk Elsinore	1,783	13	29.6%	$180,966	26	8.9%	$860	210	14	-21.6%	$276,728	19	13.8%	$1,315	$58,496	17	$893	27
La Quinta	1,021	23	13.1%	$384,000	4	22.9%	$1,824	121	20	-49.2%	$477,000	4	-9.8%	$2,266	$78,898	5	$1,614	17
Menifee	2,086	12	31.1%	$178,378	27	6.8%	$847	441	4	-14.6%	$275,293	20	-3.4%	$1,308	NA	NA	NA	NA
Moreno Vly.	4,622	2	23.6%	$163,730	30	17.6%	$778	186	16	-47.3%	$289,022	16	7.9%	$1,373	$56,042	22	$3,251	5
Murrieta	2,649	7	-1.9%	$255,726	13	7.7%	$1,215	218	13	-1.0%	$294,141	15	10.6%	$1,397	$75,412	9	$2,560	9
Norco	383	40	39.8%	$307,500	10	-15.5%	$1,461	1	46	-52.3%	NA	NA	NA	NA	$78,141	7	$646	32
Palm Desert	749	28	11.0%	$346,610	7	12.8%	$1,647	83	25	-10.4%	$188,875	38	-25.5%	$897	$55,218	24	$1,811	14
Palm Springs	752	27	23.1%	$356,564	6	16.1%	$1,694	103	22	-17.6%	$390,288	8	26.4%	$1,854	$45,114	36	$1,436	20
Perris	2,396	8	44.1%	$156,968	33	15.4%	$746	256	12	-16.3%	$205,134	34	2.9%	$975	$53,442	26	$891	28
Rancho Mirage	321	42	0.3%	$602,500	2	0.8%	$3,215	18	36	-34.9%	$605,000	3	44.3%	$3,228	$83,366	4	$1,336	23
Riverside	5,528	1	37.6%	$202,176	22	9.6%	$960	334	8	-33.9%	$476,934	5	18.8%	$2,266	$56,859	21	$6,136	1
San Jacinto	1,446	19	63.8%	$138,460	37	6.0%	$658	78	26	-47.5%	$198,041	35	-12.8%	$941	$47,127	32	$689	30
Temecula	2,090	11	9.8%	$279,908	12	12.0%	$1,330	369	5	-36.1%	$318,102	13	-5.1%	$1,511	$76,555	8	$2,695	8
Wildomar	1,548	17	62.9%	$148,543	34	17.0%	$706	349	6	6.3%	$223,611	24	-10.9%	$1,062	NA	NA	NA	NA
Riv County	**40,955**		**26.1%**	**$200,000**		**16.3%**	**$950**	**5,069**		**-31.0%**	**$287,500**		**4.5%**	**$1,366**	**$57,792**		**$47,829**	
Inl. Empire	**73,026**		**36.2%**	**$178,392**		**12.9%**	**$847**	**7,406**		**-30.8%**	**$286,746**		**2.6%**	**$1,362**	**$56,472**		**$88,640**	

Source: Dataquick, U.S. Census Bureau, Economics & Politics, Inc. Mortgage payments based on 3% down, 30-year term at 4.34% rate (5.390% for jumbo loans).

and Palm Desert (*$23,584*). Big Bear Lake (*$23,150*) passed Montclair (*$22,685*). Barstow (*$21,774*) moved up to fifth passing Rancho Mirage (*$20,786*). Canyon Lake (*$1,265*) and Desert Hot Springs (*$2,852*) were the weakest [*Note: prison populations not in per capita calculations]*.

Assessed Valuation. Assessed valuation is important since property taxes are also a major municipal revenue source with values again impacted by declining property values. In July 2010, San Bernardino County's valuation was $163 billion, down –4.5%. Riverside County's was $202 billion, down –4.6%. For cities, assessed valuation tends to follow industrial and housing development. The top five cities were unchanged from 2009: Riverside (*$22.1 billion*), Rancho Cucamonga (*$19.4 billion*), Ontario (*$18.8 billion*), Corona (*$15.9 billion*) and Fontana (*$13.5 billion*). Though San Bernardino is second in population and has an industrial base, its low home values put its valuation (*$10.1 billion*) at just ninth. Of 48 cities, only Chino Hills (*0.0%*) did not see a 2009-2010 decline in assessed valuation.

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 the strongest led by Indian Wells (*$897,622*) and third ranked Rancho Mirage (*$432,759*) followed by La Quinta (*$244,722*), Palm Desert (*$242,629*) and Palm Springs (*$188,612*). Two smaller cities did well: 2nd ranked Big Bear Lake (*$470,970*) and 7th ranked Canyon Lake (*$118,263*). Ranked 8th through 11th were cities near the coastal counties: Chino (*$117,277*), Chino Hills (*$112,235*), Temecula (*$111,404*) and Rancho Cucamonga (*$110,769*). Four East SB Valley cities were weak: Rialto (*39th, $56,036*), San Bernardino (*42nd, $53,017*), Highland (*43rd, $51,652*), and Colton (*45th, $49,841*). Outlying desert cities ranked 46th to 50th: Hesperia (*46th, $49,381*), Blythe (*47th, $44,273*), Desert Hot Springs (*48th, $44,137*), Coachella (*49th, $34,239*), and Twentynine Palms (*50th, $26,384*).

Financial Deposits. Financial deposits are the only available indicator of local wealth since there is no local measure of stock market investments. In 2009, Inland Empire's deposits from HighLine Data were essentially stable up 0.2% to $40.4 billion. Riverside County's deposits rose 2.1% to $22.2 billion; San Bernardino County's fell –1.9% to $18.2 billion.

The county seats had the most deposits: Riverside (*$5.78 billion*) and San Bernardino (*$2.68 billion*), followed by Palm Desert (*$2.56 billion*). Temecula (*$1.96 billion*) and Ontario (*$1.82 billion*) passed Redlands (*$1.77 billion*). From 2008-2009, deposits rose in only 25 of 50 cities led by Beaumont (*19.6%*), Norco (*15.1%*) and Indian Wells (*13.5%*). The largest declines were in Wildomar (*-23.5%*), Desert Hot Springs (*-16.7%*) and Indio (*-16.0%*). Coachella Valley cities had the highest deposits per capita led by Indian Wells (*$74,114*) and Palm Desert (*$49,370*). Big Bear Lake (*$33,365*) ranked third, followed by Rancho Mirage (*$30,107*) and Palm Springs (*$29,349*).

Home Sales Volumes. Dataquick provides home deed recordings by zip code using county recorders' data. In 2009, sales soared along with low rates and prices plus high affordability. San Bernardino County's 2009 **existing home sales** recordings rose 51.7% to 32,071 units; Riverside County saw an increase of 26.1% to 40,955 (*Exhibit 2*). Except for Ontario (*1,374, 20th*), the largest cities had the most existing home sales The five leaders were Riverside (*5,528*), Moreno Valley (*4,622*), San Bernardino (*4,536*), Corona (*3,870*) and Fontana (*4,096*). Growth rates were led by cities with affordable prices: Coachella (*88.7%; $140,500*), Adelanto (*86.3%; $86,000*), Victorville (*74.6%; $119,637*), San Bernardino (*68.1%; $119,958*) and Desert Hot Springs (*66.0%; $100,730*) which was tied with higher priced Canyon Lake (*66.0%; $204,500*). Sales declines occurred in Indian Wells (*-12.5%*), Blythe (*-2.5%*) and Murrieta (*-1.9%*).

Riverside County's 2009 **new home sales** fell -31.0% to 5,069 units; San Bernardino County saw a drop of -30.3% to 2,337. Sales exceeded 400 in Corona (*756*), Beaumont (*560*), Fontana (*507*), and Menifee (*441*). Only 7 of 48 cities had increased new home sales led by Hesperia (*130.0% to 23*), Barstow (*94.7% to 37*), Chino Hills (*49.3% to 100*), Fontana (*15.0% to 507*), Adelanto (*11.2% to 139*).

Home Prices. From second quarter 2009-2010, Riverside County's **median existing home price** rose 16.3% to $200,000; San Bernardino County's rose 11.9% to $150,000. The highest 2010 prices were in Indian Wells (*$837,500*), Rancho Mirage (*$602,500*), Chino Hills (*$455,000*), La Quinta (*$384,000*) and Upland (*$378,579*). Three outlying desert cities again saw the lowest prices: Twentynine Palms (*$70,000*), Needles (*$69,000*) and Barstow (*$53,000*). Prices increased in 41 of 50 cities led by: San Bernardino (*33.0% to $119,958*), Indian Wells (*32.9% to $837,500*), La Quinta (*22.9% to $384,000*) and Colton (*21.7% to $140,000*).

San Bernardino County's **median new home price** fell –1.7% to $285,000; Riverside County's increased 4.5% to $287,500. The highest prices were in Indian Wells (*$1,385,000*), Upland (*$635,500*), Rancho Mirage (*$605,000*), La Quinta (*$477,000*) and Riverside (*$476,934*). Under $180,000 were: Highland (*$60,000*), Hesperia (*$125,000*), Coachella (*$169,250*), Apple Valley (*$174,444*) and Adelanto (*$178,000*). Seven cities had no new home sales.

Lower prices and mortgages mean Inland Empire homes cost less per month in 2010. Using 3% down, 30-year FHA financing at a 4.34% interest rate (*5.39% jumbo*), Exhibit 2 shows each city's median home payment in second quarter 2010, including points, fees, taxes and insurance. In San Bernardino County, payments were $713 on its $150,000 median **existing home** versus $694 in 2009 and $1,098 in 2008. In Riverside County, they were $950 on its $200,000 median existing home versus $891 in 2009 and $1,258 in 2008.

Income. The income levels for 19 cities of 65,000 or more are from the 2008 American Community Survey (*ACS*). Another 22 cities with 20,000-64,999 people are from the 2006-2008 American Community Survey. Levels in seven small cities were modeled. The highest median incomes were in Indian Wells (*$127,625*), Chino Hills (*$96,032*), Canyon Lake (*$86,723*), Rancho Mirage (*$83,366*) and Lake Elsinore (*$78,898*). For comparison, Beverly Hills was $88,014. Total personal income was led by Riverside (*$6.14 billion*), Rancho Cucamonga (*$4.96 billion*), Corona (*$4.26 billion*), Fontana (*$3.30 billion*) and Moreno Valley (*$3.25 billion*).

Most Prosperous? Which Inland Empire cities are the most economically prosperous? Summing city rankings for *per capita* retail sales, *per capita* assessed value, *per capita* financial deposits, as well as absolute population growth, median income and median price of all homes, plus jobs:housing balances could yield a perfect score of 7 for seven first places or a worst score of 350 from seven 50th places. In 2009-2010, the best 10 scores on these criteria were: La Quinta (*57*), Rancho Mirage (*60*), Temecula (*61*), Indian Wells (*61*), Chino (*67*), Palm Desert (*68*), Rancho Cucamonga (*72*), Corona (*74*), Chino Hills (*97*) and Upland (*99*). ■

INLAND EMPIRE EMPLOYMENT ... Recession Starting To Weaken

In August 2010, the CA Employment Development Department estimated that the Inland Empire was down 22,500 jobs –2.0% from August 2009 (*Exhibit 3*). It appears that the average lost for 2010 will be -28,444 jobs (*Exhibit 4*). That would follow a loss of -92,692 in 2009, the region's modern record. The area's August 2010 unemployment rate of 14.8% was just above the 14.2% last year. While negative, the size of the job gap to 2009 has narrowed each month.

3 INLAND EMPIRE EMPLOYMENT INFORMATION 2009-2010

Sector	Jun-10	Jul-10	Aug-10	Aug-09	09-10 Change	% Change
Utilities	6,000	6,000	6,000	5,900	100	1.7%
Mining	1,200	1,200	1,200	1,100	100	9.1%
Higher Education	16,500	14,300	13,800	13,900	(100)	-0.7%
Federal & State	42,200	40,400	39,400	39,600	(200)	-0.5%
Mgmt & Professions	44,600	44,100	44,400	46,200	(1,800)	-3.9%
Local Government	80,200	80,000	79,100	81,400	(2,300)	-2.8%
Clean Work, Good Pay	**190,700**	**186,000**	**183,900**	**188,100**	**(4,200)**	**-2.2%**
Health Care	102,500	102,700	103,000	102,500	500	0.5%
Admin. Support	40,000	40,400	40,500	40,500	0	0.0%
Publish, telecomm, Other	14,400	14,400	14,300	14,900	(600)	-4.0%
Financial Activities	42,100	41,700	41,600	42,700	(1,100)	-2.6%
Education	106,400	91,900	94,200	99,500	(5,300)	-5.3%
Clean Work, Moderate Pay	**305,400**	**291,100**	**293,600**	**300,100**	**(6,500)**	**-2.2%**
Distribution & Transportation	106,700	106,700	107,000	106,500	500	0.5%
Manufacturing	85,300	84,800	84,700	86,300	(1,600)	-1.9%
Construction	58,700	58,600	59,100	67,600	(8,500)	-12.6%
Dirty Work, Moderate Pay	**250,700**	**250,100**	**250,800**	**260,400**	**(9,600)**	**-3.7%**
Employment Agcy	40,300	40,500	41,100	40,200	900	2.2%
Amusement	15,700	15,100	14,900	14,000	900	6.4%
Agriculture	20,700	15,200	12,900	12,700	200	1.6%
Accommodation	14,300	14,100	13,900	14,000	(100)	-0.7%
Social Assistance	13,800	13,600	13,700	14,000	(300)	-2.1%
Consumer Services	36,300	35,900	35,700	36,400	(700)	-1.9%
Eating & Drinking	90,900	90,200	89,200	90,500	(1,300)	-1.4%
Retail Trade	150,500	150,500	150,200	152,000	(1,800)	-1.2%
Lower Paying Jobs	**382,500**	**375,100**	**371,600**	**373,800**	**(2,200)**	**-0.6%**
Total, All Industries	**1,129,300**	**1,102,300**	**1,099,900**	**1,122,400**	**(22,500)**	**-2.0%**
Civilian Labor Force	1,781,900	1,781,900	1,772,600	1,775,500	(2,900)	-0.2%
Employment	1,525,000	1,512,900	1,510,800	1,523,000	(12,200)	-0.8%
Unemployment	256,900	269,100	261,800	252,400	9,400	3.7%
Unemployment Rate	14.4%	15.1%	14.8%	14.2%	0.6%	4.2%

Source: Employment Development Department

CLEAN WORK, GOOD PAY: -4,200 JOBS (*-2.2%*)

Since August 2009, the Inland Empire's highest paying sectors lost 4,200 jobs (*-2.2%*). Utilities (*1.7%*) and mining (*9.1%*) each added 100 jobs, a surprise given the housing slowdown. Higher education lost -100 (*-0.7%*). Budget difficulties caused federal and state government to lose -200 positions (*-0.5%*) and local governments to drop -2,300 (*-2.8%*). The disappointment was a loss of -1,800 jobs in management and professions (*-3.9%*).

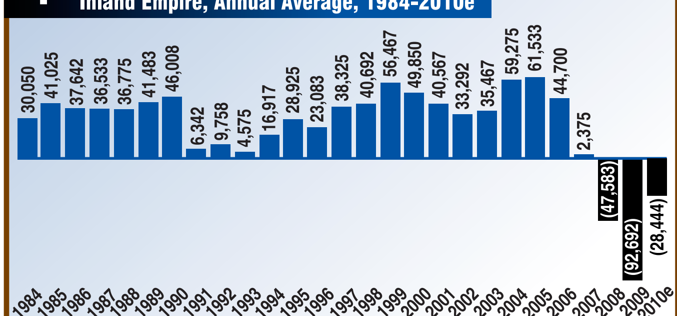
CLEAN WORK, MODERATE PAY: -6,500 JOBS (*-2.2%*)

With less money coming into the Inland Empire's economy, sectors that primarily pay moderate incomes to white collar workers lost -6,500 jobs (*-2.2%*). Health care was up 500 jobs (*0.5%*) with slower out-patient office and hospital growth. Administrative support was flat as the economy's general shrinkage moderated. Publishing/information lost -600 positions (*-4.0%*) as its long term decline continued. The financial sector lost 1,100 people (*-2.6%*) due to the impact of the mortgage crisis. The economy's second largest loss was -5,300 jobs in K-12 education (*-5.3%*) with the budget crisis.

DIRTY WORK, MODERATE PAY: -9,600 (*-3.7%*)

From August 2009-2010, the Inland Empire's blue collar sectors that fundamentally drive its economy lost -9,600 jobs (*-3.7%*) compared to -40,600 last year. Distribution and warehousing gained 500 jobs (*0.5%*) as the growth of imports through Southern California's ports began affecting the area. Manufacturing gave up -1,600 jobs (*-1.9%*) as growth in other areas was offset by the loss of construction clients. Construction dropped -8,500 jobs (*-12.6%*) with a lack of residential and non-residential building. However, the sector added 2,000 jobs from its February low, indicating some life.

4 JOB CHANGE
Inland Empire, Annual Average, 1984-2010e



Source: CA Employment Development Department, Economics & Politics, Inc.

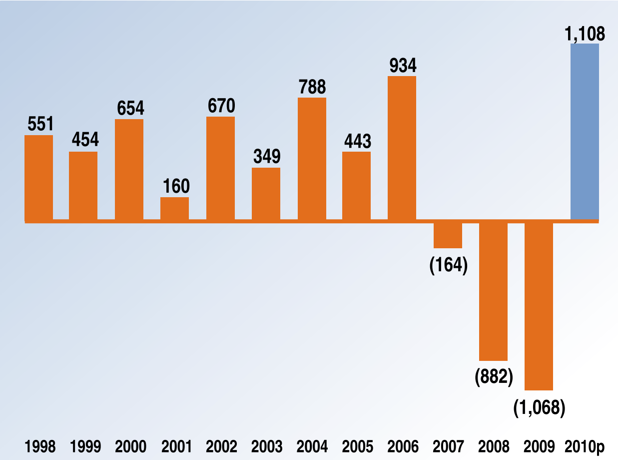
LOWER PAYING JOBS: -2,200 (*-0.6%*)

With the recession moderating, the loss of population serving jobs was just -2,200 (-0.6%) far below the -20,300 last year. Employment agencies added 900 jobs (*2.2%*), a sign that recovery is coming. Amusement was up 900 jobs (*6.4%*) and accommodation off only -100 positions (*-0.7%*) as tourism started back. Agriculture added 200 jobs (*1.6%*) with a better growing season. Social assistance was off -300 (*-2.1%*) with budget difficulties. The greatest weakness were due to local high unemployment (*14.8%*) with consumer services down -700 positions (*-1.9%*), eating & drinking off -1,300 jobs (*-1.4%*) and retailing losing -1,800 jobs (*-1.2%*).

COMMENT

The hoped for recovery in 2010 has turned into another loss of jobs, albeit far less than in 2009. It appears that positive year over year figures will not emerge until at least December. ■

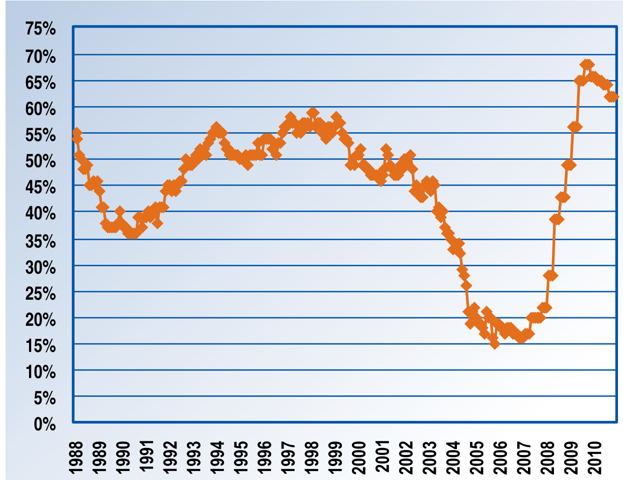
5 CHANGE IN IMPORTED CONTAINERS
Ports of Los Angeles/Long Beach, 1998-2010e (000 of teus)



Source: Port Import Export Reporting Service (PIERS), collected from Vessel, LA-LB for 2009
2010 based on first eight months growth =18.3%.

Port Volume. The volume of imported loaded containers at Los Angeles and Long Beach harbors is up 18.3% for the first eight months of 2010. If the number holds for the year, the increase in containers will set a record at 1,108,000 twenty-foot equivalent units. This growth is helping the Inland Empire's trucking and warehousing sectors to recover. Those sectors are crucial to bringing dollars into the region's economy. Meanwhile, load export container volume is up 13.3% as U.S. sales abroad have also grown. To a small extent, this is also helping the inland area.

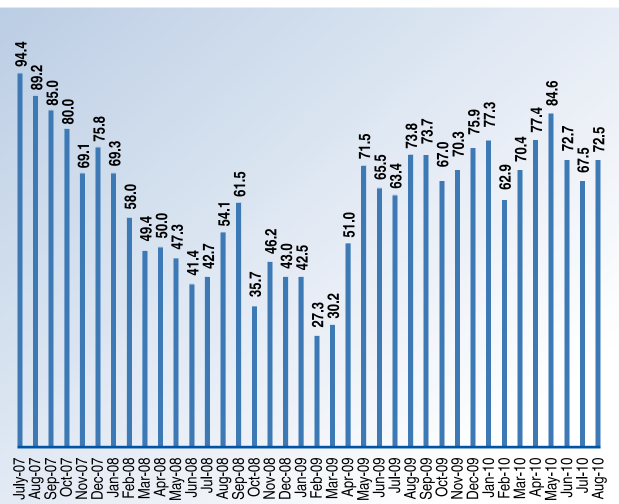
6 HOUSING AFFORDABILITY, INLAND EMPIRE
Share of Families Afford Median Priced Home, 1988-2010



Source: CA Association of Realtors

Housing Affordability. Using the CA Association of Realtors traditional affordability index, 62% of Inland Empire families can still afford the area's median priced home. In effect, 62% can afford the bottom 50% of houses. That is up from just 15% in mid-2005. The previous high was 59% in late 1997. Normally, a percent this high would dictate a seller's market and rising prices. The difficulty remains the flow of foreclosures, tight credit markets and consumer fear. Still, this level of affordability likely means that the future flow of foreclosures will be purchased without further price declines.

7 U.S. CONSUMER CONFIDENCE
Future Outlook, July 2007-August 2010



Source: Conference Board

Confidence. In August 2010, the Conference Board's Consumer Confidence future outlook measure was at 72.5 (*100 = normal*). While that is a modest reading, it is close to the December 2007 level before the economy began losing jobs. It indicates that the U.S. public has stabilized its belief that better times are ahead (*current outlook only 24.9*). These future views are important in decisions to buy items like houses and autos. Importantly, it indicates that some of the fears raised by the downturn are dissipating. An end to the national political campaign should further calm those fears.

8 MONTHLY MEDIAN PRICES
Inland Empire, May 2009-August 2010

	Riverside Co.		San Bernardino Co.	
May-2009	$180,000		$137,000	
June	$185,000	2.8%	$140,000	2.2%
July	$185,000	2.8%	$140,000	2.2%
August	$190,000	5.6%	$145,000	5.8%
Sept.	$183,000	1.7%	$150,000	9.5%
Oct.	$190,000	5.6%	$150,000	9.5%
Nov.	$200,000	11.1%	$160,000	16.8%
Dec.	$196,000	8.9%	$154,000	12.4%
Jan-2010	$195,000	8.3%	$150,000	9.5%
Feb.	$190,000	5.6%	$144,000	5.1%
Mar.	$198,000	10.0%	$152,000	10.9%
Apr.	$195,000	8.3%	$150,000	9.5%
May	$210,000	16.7%	$160,000	16.8%
June	$210,000	16.7%	$160,000	16.8%
July	$200,000	11.1%	$155,000	13.1%
August	$200,000	11.1%	$158,000	15.3%

Source: Dataquick

Home Prices Up & Stabilizing. Median home prices in the Inland Empire bottomed in May 2009 at $180,000 and $137,000 in Riverside and San Bernardino counties. They have slowly risen since, peaking at $210,000 in Riverside County and $160,00 in San Bernardino County in June 2010. Those levels were in part due to a demand surge with the pending end of federal tax credits. Still, by August 2010, despite volume declining, Riverside County's median price was $200,000, up 11.1% from its trough. San Bernardino County's price was $158,000, up 15.3% from its bottom.

9 SINGLE FAMILY HOME PRICES
2nd Quarter, 2009-2010

County	2nd-09	2nd-10	% Chg.
NEW HOMES			
Riverside	$275,000	$287,500	4.5%
San Bernardino	290,000	285,000	-1.7%
Los Angeles	400,000	395,500	-1.1%
Orange	474,000	610,000	28.7%
San Diego	460,000	418,000	-9.1%
Ventura	380,500	356,500	-6.3%
So. California	$364,300	$387,700	6.4%
EXISTING HOMES			
Riverside	$172,000	$200,000	16.3%
San Bernardino	134,000	150,000	11.9%
Los Angeles	300,000	345,000	15.0%
Orange	464,000	515,000	11.0%
San Diego	330,000	377,000	14.2%
Ventura	390,000	415,000	6.4%
So. California	$266,200	$311,100	16.9%

Source: Dataquick

10 HOME DEED RECORDINGS
Inland Empire, 2nd Quarter, 2009-2010

NEW HOMES				EXISTING HOMES			
Area	2nd-09	2nd-10	% Chg.	Area	2nd-09	2nd-10	% Chg.
Fontana, Rialto, Colton, GT	99	166	67.7%	Redlands, Loma Linda, Yucaipa	359	436	21.4%
San Bernardino, Highland	34	51	50.0%	SB Desert	468	550	17.5%
Chino, CHill, Mtcl, Ont, RC, Upl	175	223	27.4%	SB Mountains	490	558	13.9%
Victor Valley	121	104	-14.0%	Chino, CHill, Mtcl, Ont, RC, Upl	1,386	1,407	1.5%
SB Mountains	4	3	-25.0%	Victor Valley	2,261	1,811	-19.9%
SB Desert	29	13	-55.2%	San Bernardino, Highland	1,236	973	-21.3%
Redlands, Loma Linda, Yucaipa	43	18	-58.1%	Fontana, Rialto, Colton, GT	2,033	1,541	-24.2%
SAN BDNO COUNTY	**505**	**578**	**14.5%**	**SAN BDNO COUNTY**	**8,233**	**7,276**	**-11.6%**
Corona, Norco	193	330	71.0%	Coachella Valley	1,462	1,590	8.8%
Beaumont, Banning, Calimesa	120	147	22.5%	Beaumont, Banning, Calimesa	398	425	6.8%
Murrieta, Temecula, L. Elsinore, Wild.	307	301	-2.0%	Corona, Norco	1,227	1,167	-4.9%
Perris, Hemet, S. Jacinto	311	300	-3.5%	Murrieta, Temecula, L. Elsinore, Wild.	2,126	2,011	-5.4%
Moreno Valley	58	50	-13.8%	Riverside Rural	829	744	-10.3%
Riverside Rural	119	101	-15.1%	Riverside	1,515	1,340	-11.6%
Coachella Valley	105	79	-24.8%	Perris, Hemet, S. Jacinto	2,942	2,345	-20.3%
Riverside	88	41	-53.4%	Moreno Valley	1,247	942	-24.5%
RIVERSIDE COUNTY	**1,301**	**1,349**	**3.7%**	**RIVERSIDE COUNTY**	**11,746**	**10,564**	**-10.1%**
INLAND EMPIRE	**1,806**	**1,927**	**6.7%**	**INLAND EMPIRE**	**19,979**	**17,840**	**-10.7%**

Source: Dataquick

NEW & EXISTING HOMES … PRICES UP, VOLUME DECLINING SLOWLY

In second quarter 2010, the Inland Empire recorded 18,392 *seasonally adjusted* existing and new home sales. Volume has slowed 11.8% during the past five quarters since reaching the 20,865 sales in the first quarter 2009 (*Exhibit 11*). For the first six months of 2010, the inland region was responsible for 38.3% of all home sales in Southern California (*Mexican border to Ventura County*).

SALES. Riverside County had 10,564 existing home sales in second quarter 2010, down -10.1% from 2009. As recordings come at the end of escrow, this included many sales from the first quarter. Coachella Valley had the largest percentage gain, rising to 1,590 units (*+8.8%*). Perris, Hemet, San Jacinto was the volume leader (*2,345; -20.3%*). The county recorded 1,349 new home sales in second quarter 2010, up 3.7% from 2009 (*Exhibit 10*). Corona-Norco led, growing 71.0% to 330 units. The area was also the volume leader ahead of Murrieta, Temecula, Lake Elsinore, Wildomar (*301; -2.0%*).

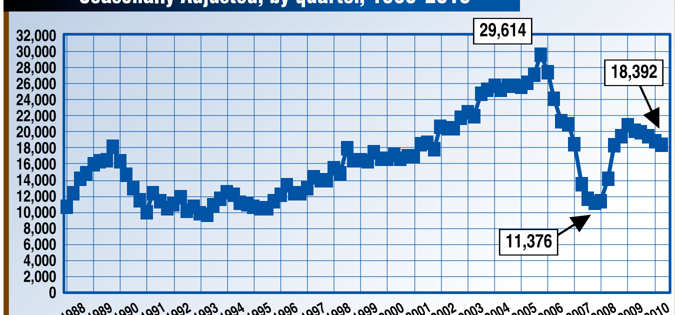
San Bernardino County's existing home sales fell -11.6% to 7,276 units from second quarter 2009-2010. Redlands, Loma Linda, Yucaipa area had the largest percentage gain, rising 21.4% to 436 units. The Victor Valley led in volume (*1,811; -19.9%*). The county's second quarter 2010 new home sales rose to 578 units, up 14.5% from 2009. Sales in Fontana, Rialto, Colton, Grand Terrace had the best performance, up 67.7% to 166 units. The volume leader was the area west of the I-15 freeway (*223; 27.4%*).

PRICES. Riverside County's second quarter 2010 median new home price was $287,500, up from $281,500 the prior quarter and up 4.5% from 2009 (*$275,000*) (*Exhibit 9*). Its second quarter 2010 median existing home price was $200,000, up 16.3% from $172,000 in 2009 and above the prior quarter's $190,000. San Bernardino County's median new home price was $285,000 in second quarter 2010, down –1.7% from 2009 (*$290,000*) and below first quarter's $298,750. Its existing median home price of $150,000 was up 11.9% from 2009 (*$134,000*) and above first quarter's $145,000. Southern California's second quarter 2010 new home price of $387,700 was up 6.4% from 2009 (*$364,300*). The region's existing home price of $311,100 was up 16.9% from $266,200 in 2009.

Note: *The Inland Empire's median price for all homes is much cheaper than for Southern California's coastal counties. Differences range from $160,000 to Los Angeles to $336,000 to Orange (not shown).*

THE FUTURE. With affordability at record levels, interest rates low and second quarter 2010 prices up, it appears that a firm floor has been put under prices in the Inland Empire's housing market. Volume however has fallen with the end of federal tax credits. Looking ahead, the keys will be the dissipation of consumer fears, the willingness of banks to lend and the share of the large volume of "underwater" homes that become delinquent, are taken by lenders and put on the market. ■

11 ALL HOME SALES, INLAND EMPIRE
Seasonally Adjusted, by quarter, 1988-2010



Source: Dataquick