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INLAND EMPIRE
QUARTERLY ECONOMIC REPORT

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25TH ANNIVERSARY ISSUE: MAJOR ISSUES FACING THE INLAND EMPIRE

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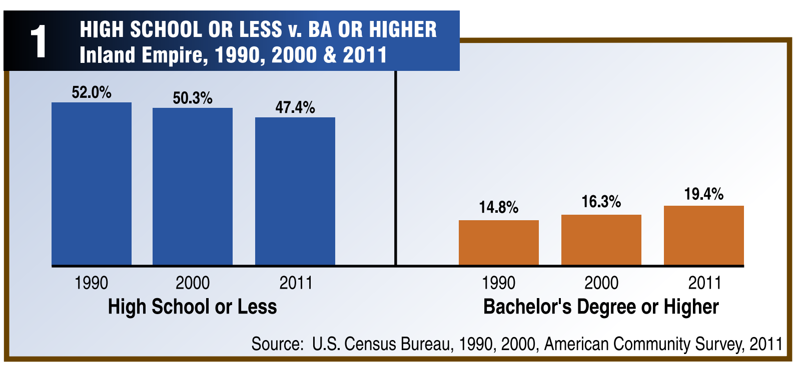
Over the 25 year history of the Inland Empire Quarterly Economic Report (*QER*), a variety of issues have continually faced the Inland Empire. For seven of the most important issues, data is presented below on the interactive facts with which local leaders must deal with if they are ever to be resolved.

EDUCATION

Certainly, since the QER was launched in 1988, the Inland Empire's most discussed issue has been the modest educational level of its adult population. This has meant that the vast majority of firms choosing to move to or expand within the region are comfortable with a workforce of limited academic training. It has also narrowed the options available to policy makers to add better paying sectors to the local economy.

Looking at the facts, in 1990, 52.0% of the inland region's adults had stopped their educations with high school or less schooling. This has slowly improved, reaching 50.3% in 2000 and falling to 47.4% by 2011 (*Exhibit 1*). That said, the world economy has shifted during this 21 year period, with a higher premium now placed on educated workers. The fact that the share of the population with BA's or higher degrees has moved from 14.8% in 1990 to 16.3% in 2000 and 19.4% in 2011 is good news. The bad news is that the region faces competition from the balance of Southern California, where the share of well educated workers is now 31.4%.



POPULATION GROWTH

From 1988, when the QER was founded (*2.20 million*) until 2012 (*4.29 million*), the Inland Empire has added 2.09 million people, an

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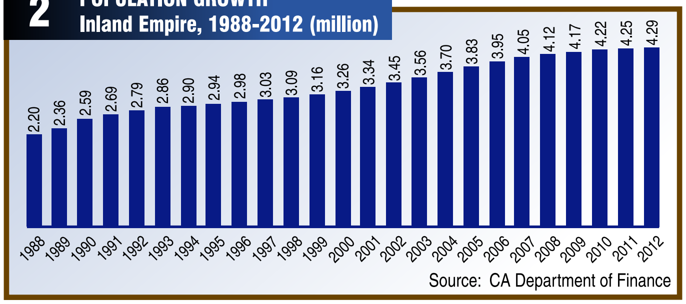
increase of 95.0% (*Exhibit 2*) California added 9.62 million people in this period (*34.3%*). Significantly from 1988-2012, 21.7% of all new California residents were in the Inland Empire. The size of the area in 2012 was 420,000 people above Oregon (*3.87 million*), making it more populated than 24 of the 50 U.S. states.

2 POPULATION GROWTH
Inland Empire, 1988-2012 (million)

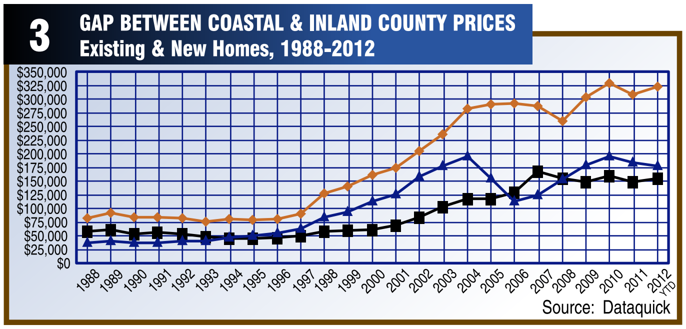


This large and fast growing population has meant that the inland area has had trouble building the physical and human infrastructure to deal with its huge size. This is seen in such issues as the constant need to find financing for road construction and the fact that the region has 39.7 people per health care worker versus 29.2 statewide, a 36.0% gap.

HOUSING VALUES

In some circles, there is a constant refrain that the inland area's growth equals "sprawl" that policy makers must stop. That simplistic view fails to account for Southern California's constant population expansion and the huge difference in home prices between the land rich Inland Empire and the rest of Southern California. In 1988, the QER reported median inland home prices at $102,000. That ranged from -$38,000 below San Diego County (*$140,000*) to -$83,000 below Orange County (*$185,000*). By 2012, inland prices were at $197,000. The height of the gaps, shown by the lines on Exhibit 3 now ranges from -$155,000 below Los Angeles County (*$352,000*) to -$324,000 below in Orange County (*$521,000*). Since middle income people have needed homes, many have had no rational option but to migrate inland. These price differentials have also impacted the educational issue since lower inland home prices have tended to attract people with lower incomes and educations.

3 GAP BETWEEN COASTAL & INLAND COUNTY PRICES
Existing & New Homes, 1988-2012

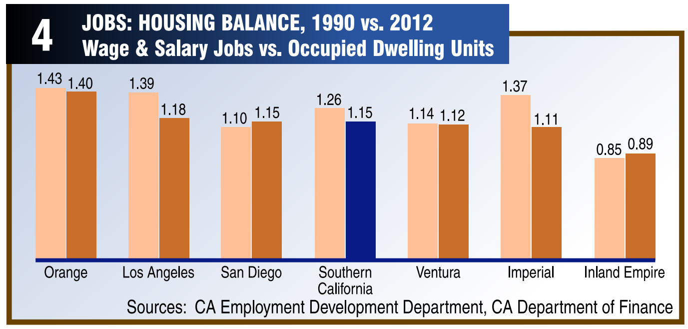


Recently, the housing debacle has slowed the inland migration with a net domestic migration of -15,538 people leaving the inland counties in 2008-2012 (*Exhibit 11, later*). That will reverse again once the housing markets normalize. In many respects, policy makers need to quit concentrating on population movements that have proven unstoppable and find ways to increase the flow of jobs to where housing prices are forcing many people to live.

EMPLOYMENT

With people literally forced to migrate inland for affordable homes and with no Southern California-wide policies to move jobs to the Inland Empire, the area's growth has never matched its population growth. This has put enormous pressure on regional transportation networks and forced many inland workers to face long commutes. This is seen in the inland area's ratio of wage and salary jobs to occupied dwellings. In 1990, there was 0.85 jobs per occupied residence. In 2012, that had slightly improved to 0.89. Actually, since the 2012 figure has been suppressed by the recession, it should be noted that the 1990 inland ratio was -32.7% below the regional average of 1.26 jobs per dwelling. The 2012 figure was only -23.0% lower. The situation is improving, but too slowly.

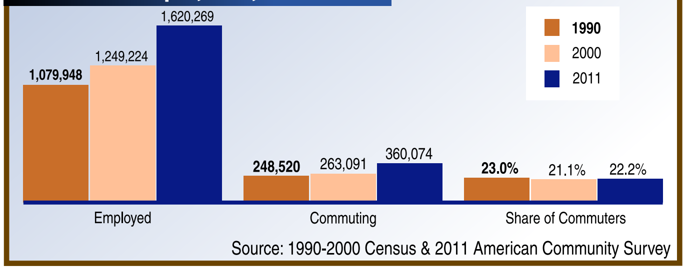
4 JOBS: HOUSING BALANCE, 1990 vs. 2012
Wage & Salary Jobs vs. Occupied Dwelling Units



Looking at the Inland Empire's job growth. From January-November 2012, the area is on track to create 16,140 jobs, just under the 16,300 forecasted by the QER for the year. If that level holds, the region will have gained back 19,840 in 2011 and 2012, or 13.6% of the -146,400 jobs lost from 2007-2010. That is a long way from the 56.7% of jobs that the U.S. has seen come back (*see Exhibit 8*).

A major contributing factor for the region's slow recovery is the continuing depression in construction, which remains -69,500 jobs (*-54.5%*) below its 2006 peak. Major causes of this fact are the shares of Riverside (*47%*) and San Bernardino (*48%*) county homes worth less than their mortgages (*see Exhibit 9*). While housing is now recovering, it is largely due to foreclosure sales. Even here, local families are being denied buying opportunities as Wall Street's latest strategy has huge capital funds buying 38.5% of foreclosed homes for rentals before they hit the open market (*see Exhibit 10*). That is exacerbating local calls for police service (*see Exhibit 15*). To date, policy makers have had no appetite to take on this issue.

5 **COMMUTING PATTERN**
Inland Empire, 1990, 2000 & 2011



Source: 1990-2000 Census & 2011 American Community Survey

COMMUTING

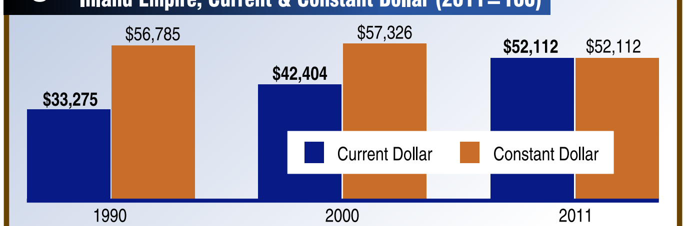
Commuting has always been an Inland Empire issue. However, contrary to popular belief, there has not been a large increase in the share of Inland Empire workers working outside the two county area. The figure often cited for commuters has been the 31.3% of workers or 507,144 leaving their county for jobs. However, that ignores the 147,070 driving the short distances between Riverside and San Bernardino counties. That leaves 360,074 or 22.2% driving to the coastal counties. Interestingly, that is below the 22.9% of Ventura County's commuters. Even Orange County sees 15.9% of its workers leaving for jobs.

Over time, the share of inland commuters has actually been quite stable, going from 23.0% in 1990 to 21.1% in 2000 and 22.2% in 2011. What has changed dramatically is the number of commuters. It grew from 248,520 in 1990 to 263,091 in 2000, up just 5.9%. However, the number leaped to 360,074 in 2011, up 36.9%. That growth occurred due to the large increase in the number of employed inland workers between 2000-2011 (*Exhibit 5*).

INCOME DETERIORATION

Most Inland Empire families feel that their purchasing power has declined in recent years. They are right. In 2011, median household income (*50% above/below*) was $52,112 (*Exhibit 6*). In 2000, it was just $42,404. However, because prices were -26.0% lower in 2000, that was the equivalent of $57,326 in today's purchasing power. Households were thus 10.0% better off in 2000. In 1990, median income was only $33,275. However, prices were -41.4% lower then and purchasing power equaled $56,785 in today's terms. Household were 9.0% better off in 1990 than today. The idea that the middle class is not benefiting from economic growth certainly applies in the Inland Empire.

6 **MEDIAN INCOME, 1990-2011**
Inland Empire, Current & Constant Dollar (2011=100)



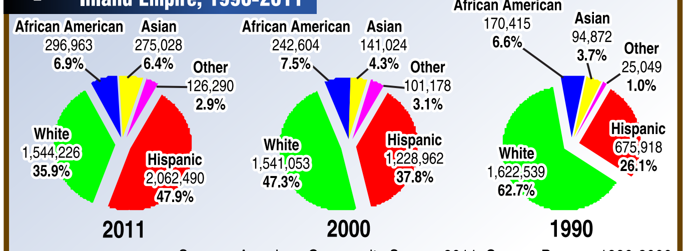
Sources: 1990-2000 Census, 2011 American Community Survey, L.A.-Anaheim-Riverside Consumer Price Index

CHANGING ETHNICITY

Clearly, a major change in the nature of the Inland Empire has been the rising importance of the Hispanic community (*Exhibit 7*). It has gone from 26.1% of residents in 1990 (*675,918*) to 37.8% in 2000 (*1,228,962*) to 47.9% in 2011 (*2,062,490*). Already, seven of the 12 inland cities with over 100,000 people have Hispanic majorities. Simultaneously, the White population has declined in number and share. It went from 62.7% in 1990 (*1,622,539*) to 47.3% in 2000 (*1,541,053*) to just 35.9% in 2011 (*1,544,226*).

Meanwhile, the share of African Americans has been relatively stable, going from 6.6% in 1990 to 7.5% in 2000 and back to 6.9% in 2011. The Asian population has begun to stir. It was just 3.7% in 1990. It grew to 4.3% in 2000 and was nearly equal to the Black population in 2011 at 6.4%.

7 **ETHNIC COMPOSITION**
Inland Empire, 1990-2011



Source: American Community Survey, 2011; Census Bureau, 1990-2000

These changes mean that leadership and business decisions made in the Inland Empire will have to increasingly allow for the special interests and participation of a much more diverse population. That will be particularly true of the Hispanic community.

SUMMARY

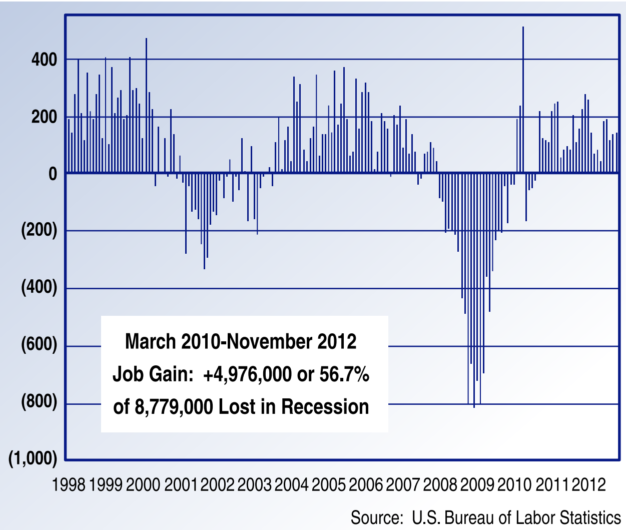
Since the beginning of the QER in 1988, the Inland Empire has seen a variety of major economic issues persist. These challenged the region's leaders then and they continue to do so today. Here, data has been presented looking at the seven most important economic issues including: education, population growth, housing, employment, commuting, income and diversity. If we are to see the prosperity of our region reach its potential twenty-five years from now, progress on each of them needs to start now. ■

For further information on the economic analysis in the QER, visit Dr. John Husing's website at:

www.johnhusing.com

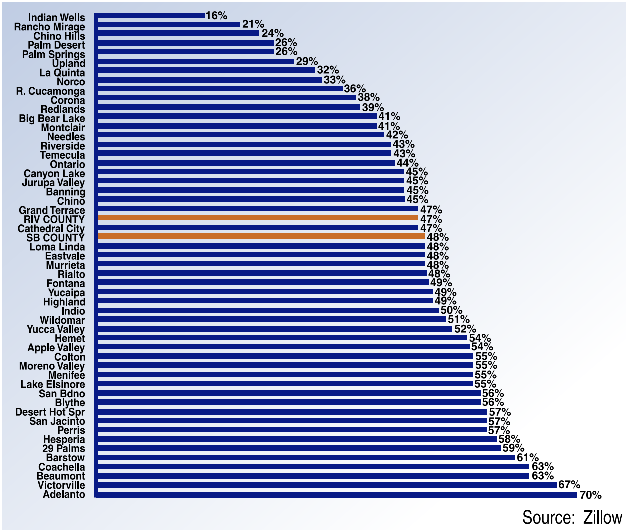
You'll also find pages on Dr. Husing's background, speaking engagements, downloadable presentations, adventures, and other items of interest.

8 JOB CREATION OR DESTRUCTION
U.S., 1998-2012, Seasonally Adjusted (000)



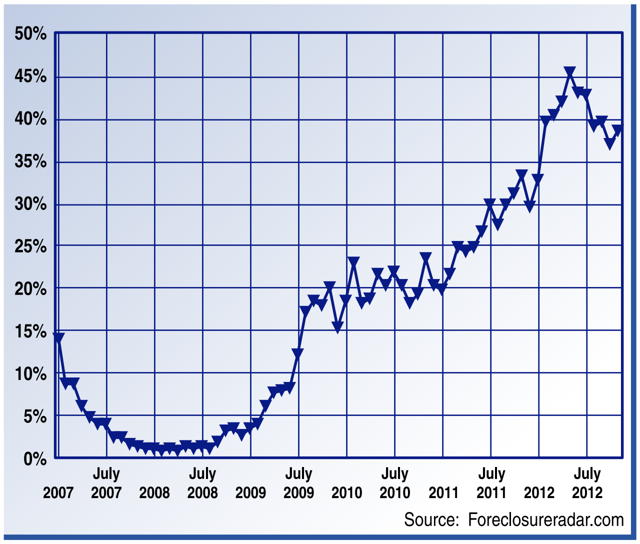
U.S. Employment. During the Great Recession, the U.S. lost 8.78 million jobs. Since job growth returned in March 2010, the economy has gained back 4.98 million or 56.7% of its loss. That leaves 4.80 million that must be created to get back to the 2008 level. The difficulty is that the country has added workers since then, so the number added must be higher than that.

9 SHARE OF UNDERWATER HOMES
Inland Empire, 3rd Quarter 2012



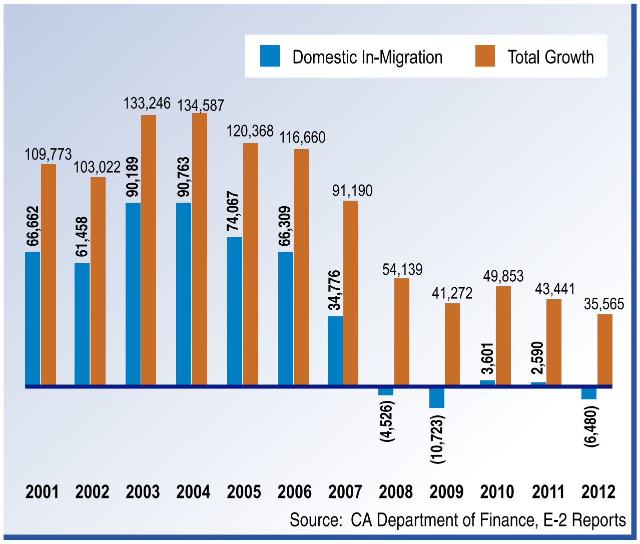
Underwater Homes. In third quarter 2012, Zillow estimates that 47% of Riverside County's homeowners owed more than their houses are worth. For cities, the range was from 16% in Indian Wells to 63% in Beaumont. The share was 48% in San Bernardino County. There, the range was from 24% in Chino Hills to 70% in Adelanto.

10 DIRECT INVESTOR PURCHASE OF FORECLOSURE SALES
Inland Empire, 2007-2012



Direct Investor Foreclosure Purchases. A key factor normally driving home market demand is the share of local families able to afford the median priced home. In third quarter 2012, a near record 68% of Inland Empire families could afford the bottom half of homes (*not shown*). However, many families are not able to buy homes because large investment funds have been created to buy foreclosed properties before they reach the market. In third quarter 2012, foreclosureradar.com found that 38.5% of inland homes thus went to investors, largely to be used as rentals, with families having no chance to buy them.

11 TOTAL POPULATION GROWTH & DOMESTIC IN-MIGRATION
Inland Empire, Annual Change, 2001-2012



Domestic Migration. Traditionally, the affordability of the Inland Empire's housing has led families to migrate inland for both entry level and upscale housing. This led to in-migration levels of as many as 90,000 people a year in the past decade. However, since the housing downturn occurred, this migration has been slightly negative with a net of -15,538 people leaving the area in the five years including 2008-2012. This has meant that the region has not seen the transfers of income, wealth and spending that new families have historically brought to it.

INLAND EMPIRE EMPLOYMENT... Solid Strong Job Growth

From December 2011-2012, CA Employment Development Department data estimated that the Inland Empire was up 1.1% or 12,600 jobs indicating the region's economic recovery is on-going though it has slowed down (*Exhibit 12*). For all of 2012, the area added an average of 16,000 jobs, just below the 16,300 forecasted by the QER (*Exhibit 13*). Its annual average growth rate was 1.6%.

12 INLAND EMPIRE EMPLOYMENT INFORMATION 2011-2012

Sector	Oct-12	Nov-12	Dec-12	Dec-11	Chg. 11-12	Percent
Higher Education	18,200	19,000	18,900	17,800	1,100	6.2%
Utilities	5,900	5,900	6,000	5,900	100	1.7%
Mgmt & Professions	45,000	46,000	45,800	45,100	700	1.6%
Mining	1,100	1,000	1,000	1,000	0	0.0%
Local Government	74,800	75,000	74,900	75,100	(200)	-0.3%
Federal & State	37,800	37,600	37,200	38,700	(1,500)	-3.9%
Clean Work, Good Pay	**182,800**	**184,500**	**183,800**	**183,600**	**200**	**0.1%**
Health Care	113,100	112,600	113,900	109,700	4,200	3.8%
Publish, telecomm, Other	15,000	15,400	15,400	15,000	400	2.7%
Financial Activities	39,900	39,700	39,700	38,700	1,000	2.6%
K-12 Education	109,100	110,500	109,400	111,500	(2,100)	-1.9%
Admin. Support	45,900	46,200	46,800	48,700	(1,900)	-3.9%
Clean Work, Moderate Pay	**323,000**	**324,400**	**325,200**	**323,600**	**1,600**	**0.5%**
Distribution & Transportation	119,200	121,000	123,100	115,300	7,800	6.8%
Construction	59,500	58,600	57,400	56,100	1,300	2.3%
Manufacturing	86,100	86,300	86,400	86,500	(100)	-0.1%
Dirty Work, Moderate Pay	**264,800**	**265,900**	**266,900**	**257,900**	**9,000**	**3.5%**
Employment Agcy	42,000	41,700	40,700	36,800	3,900	10.6%
Amusement	14,400	17,200	18,400	16,900	1,500	8.9%
Accommodation	14,600	14,900	15,000	15,000	0	0.0%
Agriculture	13,700	14,300	15,800	15,800	0	0.0%
Social Assistance	15,100	14,800	15,200	15,400	(200)	-1.3%
Retail Trade	156,800	163,500	164,900	165,100	(200)	-0.1%
Eating & Drinking	95,200	97,500	97,100	98,900	(1,800)	-1.8%
Other Services	38,000	37,900	38,500	39,900	(1,400)	-3.5%
Lower Paying Jobs	**389,800**	**401,800**	**405,600**	**403,800**	**1,800**	**0.4%**
Total, All Industries	**1,160,400**	**1,176,600**	**1,181,500**	**1,168,900**	**12,600**	**1.1%**
Civilian Labor Force	1,796,300	1,806,600	1,816,600	1,814,600	2,000	0.1%
Employment	1,586,900	1,602,600	1,617,800	1,593,500	24,300	1.5%
Unemployment	209,400	204,000	198,800	221,100	(22,300)	-10.1%
Unemployment Rate	11.7%	11.3%	10.9%	12.2%	(1,500)	-3.9%

Source: Employment Development Department

CLEAN WORK, GOOD PAY: +0.1%

Since December 2011, the Inland Empire's highest paying sectors gained 200 jobs (0.1%). Higher education added 1,100 positions (*6.2%*) with people going back to school and budget cutbacks relaxing. This often occurs in times of economic stress. Utilities gained 100 jobs as population growth has not stopped (*1.7%*). Management and professions added 700 jobs (1.6%) with the economy now growing. Budget difficulties caused local government to drop -200 positions (*-0.3%*) and federal and state government to drop -1,500 jobs (*-3.9%*). Mining was flat.

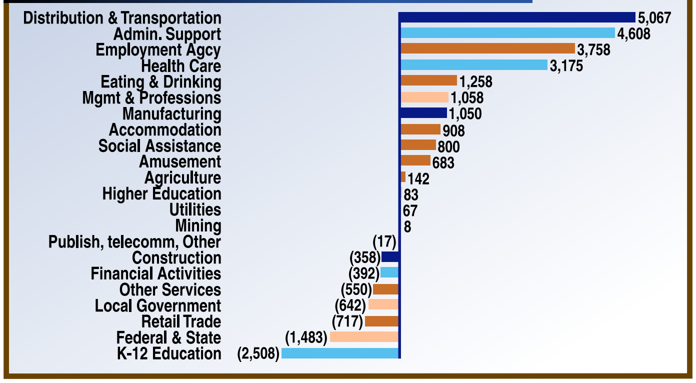
CLEAN WORK, MODERATE PAY: +0.5%

The Inland Empire's sectors that primarily pay moderate incomes to white collar workers added 1,600 workers (*0.5%*). Health care added 4,200 jobs (*3.8%*), mostly in ambulatory care, as it continued to catch up with earlier population gains. Publishing/information added 400 workers (*2.7%*) as the impact of the recession receded. Financial organizations hired 1,000 people (*2.6%*) as the impact of the mortgage crisis on them receded. K-12 education was down -2,100 jobs (*-1.9%*) with weaker state funding. Administrative support dropped -1,900 jobs (*-3.9%*).

DIRTY WORK, MODERATE PAY: +3.5%

From December 2011-2012, the Inland Empire's blue collar sectors began showing clear signs of recovering, adding a net of 9,000 jobs (*3.5%*). Distribution and transportation added 7,800 workers (*6.8%*) as import and export activity expanding at Southern California's ports and Amazon's fulfillment warehouse opening in San Bernardino. Construction finally stopped declining, up 1,300 jobs (*2.3%*) as infrastructure and industrial projects expanded. Manufacturing lost -100 jobs (-0.1%) as the difficulties of doing business in California continued.

13 INLAND EMPIRE GROWING & DECLINING SECTORS Average January-December 2011-2012



Source: CA Employment Development Department

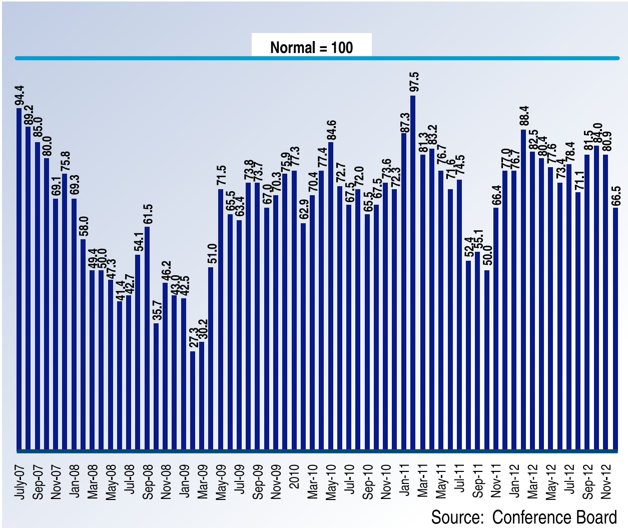
LOWER PAYING JOBS: +1.8%

The Inland Empire's lower paying sectors gained 1,800 jobs (*0.4%*). Employment agencies were up 3,900 jobs (*10.6%*) as firms hired temporary workers as they reacted to an economy appearing to be turning around. Amusement gained 1,500 jobs (*8.9%*) and accommodation was flat with an early winter in the mountains and somewhat stronger Coachella Valley. Agriculture was flat as farm sales grew but technology held down employment. Social assistance was down by -200 jobs (*-1.3%*) as contributions were weak with the downturn. Other "consumer" services lost -1,400 jobs (*-3.5%*), eating & drinking fell -1,800 jobs (*-1.8%*) and retailing declined by -200 jobs (*-0.1%*) as consumer spending was restrained by high unemployment and underwater homeowners.

COMMENT

The December 2012 data showed the Inland Empire starting to show its blue collar strengths re-exerting themselves. Caution should be exercised with these data as the annual revision will occur in late February 2013. With the economy undergoing major changes, there will likely be major shifts in these statistics. ■

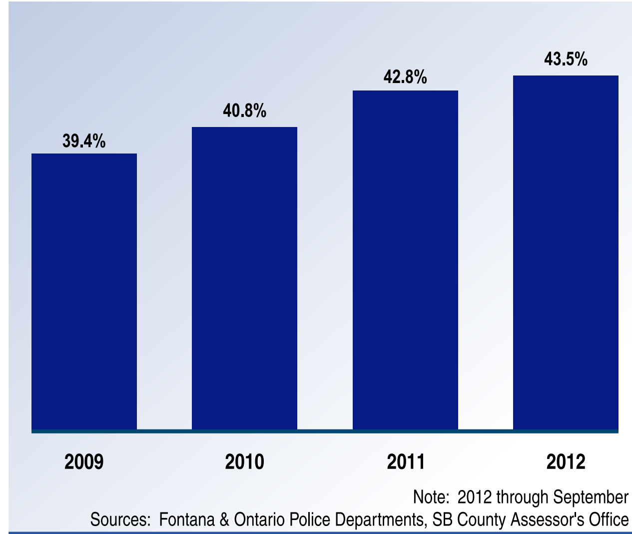
14 U.S. CONSUMER CONFIDENCE
Future Outlook, July 2007-Present



Source: Conference Board

Consumer Confidence. With consumers responsible for about two-thirds of demand, their confidence is important to whether they will propel economic activity. This is particularly true for sectors, like housing, involving major expenditures. In terms of consumer views of the future, the inability of Congress to deal with the Fiscal Cliff has pushed the index down to 66.5 after it had climbed to 84.0. "Normal" would be 100.0. That is the same scenario that was seen in 2011 when Congress could not agree to pay U.S. debts and the future confidence level fell from 97.5 to 50.0.

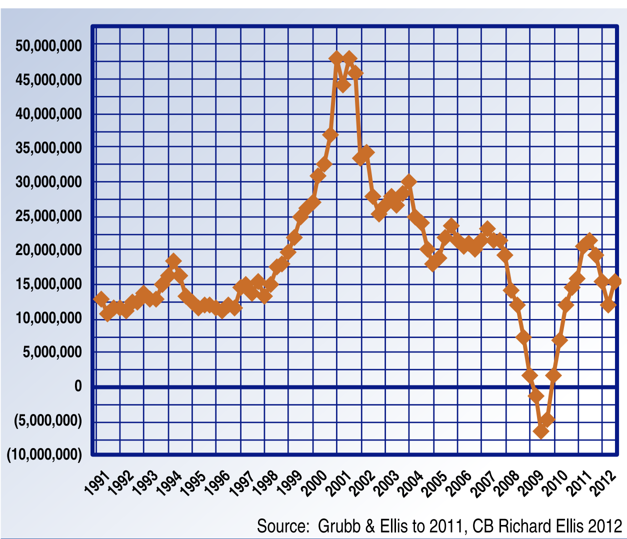
15 HOW MUCH HIGHER IS PROBABILITY OF CALLS FOR POLICE SERVICE?
Single Family Rents over Owner Occupied Homes, Fontana & Ontario, 2009-2012



Note: 2012 through September
Sources: Fontana & Ontario Police Departments, SB County Assessor's Office

Police Calls & Single Family Rentals. Data from the Fontana and Ontario police departments comparing calls for service at single family detached home rentals compared to owner occupied homes is revealing. It shows that on a per unit basis, the probability of calls for the police were 43.5% higher at rentals in 2012. The degree that a single family detached rental is more likely to have a call for police service has been growing as the injection of such homes into the cities has been rising with increased investor activity in residential markets. It underscores one difficulty of having so many homes underwater and having investor groups increasingly buying foreclosed homes.

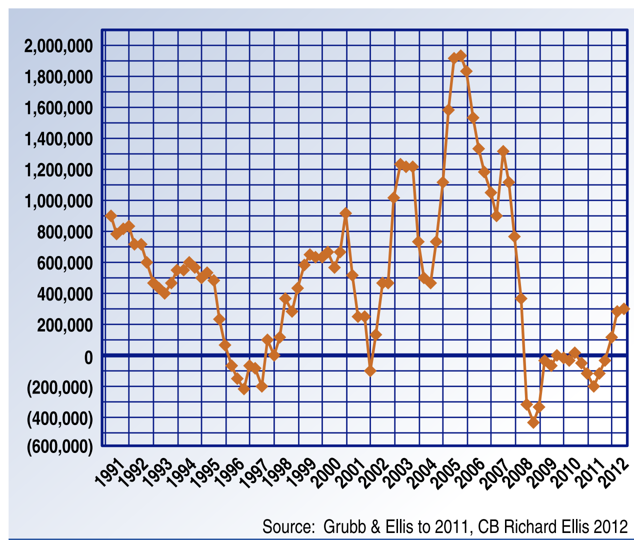
16 INDUSTRIAL SPACE GROSS ABSORPTION
Inland Empire, 1991-Present (moving 4-quarter total)



Source: Grubb & Ellis to 2011, CB Richard Ellis 2012

Industrial Space Absorption. For the 4-quarters ended September 2012, Grubb & Ellis and CB Richard Ellis tracked 15.4 million sq. ft. of gross industrial space taken by Inland Empire users. Still, that kept the region below the 20 million sq. ft. average annual level that has characterized "normal" periods since 2000. The 6.3% vacancy rate was the lowest since late 2007. The low rate has resulted in 8.9 million sq. ft. of new buildings under construction.

17 OFFICE NET SPACE ABSORPTION
Moving 4-quarters, Inland Empire, 1991-Present



Source: Grubb & Ellis to 2011, CB Richard Ellis 2012

Office Space Absorption. For the 4-quarters ended September 2012, Grubb & Ellis and CB Richard Ellis have found that the Inland Empire's net office space absorption was 304,675. Still, the vacancy rate is 22.8%. The market had zero or negative absorption for each four quarter period through 2011. The difficulty has been the reluctance of office firms to migrate to the area despite a local population (*4.29 million*) larger than 24 states starting with Oregon (*3.87 million*). In part, this is due to high 13.7% vacancy rate in Orange County and 16.1% in Los Angeles County. Colliers International puts the San Diego rate at 14.2%.

18 SINGLE FAMILY HOME PRICES
4th Quarter, 2011-2012

County	4th Qtr-11	4th Qtr-12	% Chg.
NEW HOMES			
Riverside	$285,000	$298,250	4.6%
San Bernardino	269,500	326,500	21.2%
Los Angeles	360,000	397,250	10.3%
Orange	575,500	627,000	8.9%
San Diego	453,000	462,000	2.0%
Ventura	367,250	340,000	-7.4%
So. California	$383,300	$412,000	7.5%
EXISTING HOMES			
Riverside	$187,000	$222,750	19.1%
San Bernardino	150,000	174,000	16.0%
Los Angeles	315,000	360,000	14.3%
Orange	450,000	525,000	16.7%
San Diego	342,000	390,000	14.0%
Ventura	379,000	415,000	9.5%
So. California	$284,500	$339,200	19.2%

Source: Dataquick

19 HOME DEED RECORDINGS
Inland Empire, 4th Quarter, 2011-2012

NEW HOMES				EXISTING HOMES			
Area	4th-2011	4th-2012	% Chg.	Area	4th-2011	4th-2012	% Chg.
Fontana, Rialto, Colton, GT	42	67	59.5%	Chino, CHill, Mtcl, Ont, RC, Upl	1,161	1,383	19.1%
Chino, CHill, Mtcl, Ont, RC, Upl	116	178	53.4%	SB Mountains	668	789	18.1%
San Bernardino, Highland	30	42	40.0%	Redlands, Loma Linda, Yucaipa	381	431	13.1%
SB Mountains	9	12	33.3%	SB Desert	424	440	3.8%
SB Desert	10	8	-20.0%	Victor Valley	1,386	1,279	-7.7%
Victor Valley	110	87	-20.9%	San Bernardino, Highland	767	673	-12.3%
Redlands, Loma Linda, Yucaipa	28	21	-25.0%	Fontana, Rialto, Colton, GT	1,264	1,091	-13.7%
SAN BDNO COUNTY	**345**	**415**	**20.3%**	**SAN BDNO COUNTY**	**6,051**	**6,086**	**0.6%**
Riverside, Jurupa Valley	23	75	226.1%	Corona, Norco, Eastvale	883	940	6.5%
Corona, Norco, Eastvale	138	241	74.6%	Coachella Valley	1,278	1,307	2.3%
Murrieta, Temecula, L. Elsinore, Wildomar	327	468	43.1%	Murrieta, Temecula, L. Elsinore, Wildomar	1,523	1,527	0.3%
Beaumont, Banning, Calimesa	66	92	39.4%	Beaumont, Banning, Calimesa	379	374	-1.3%
Riverside Rural	52	60	15.4%	Perris, Hemet, S. Jacinto, Menifee	1,707	1,623	-4.9%
Perris, Hemet, S. Jacinto, Menifee	176	199	13.1%	Riverside, Jurupa Valley	1,077	991	-8.0%
Coachella Valley	52	58	11.5%	Riverside Rural	635	577	-9.1%
Moreno Valley	16	11	-31.3%	Moreno Valley	652	543	-16.7%
RIVERSIDE COUNTY	**850**	**1,204**	**41.6%**	**RIVERSIDE COUNTY**	**8,134**	**7,882**	**-3.1%**
INLAND EMPIRE	**1,195**	**1,619**	**35.5%**	**INLAND EMPIRE**	**14,185**	**13,968**	**-1.5%**

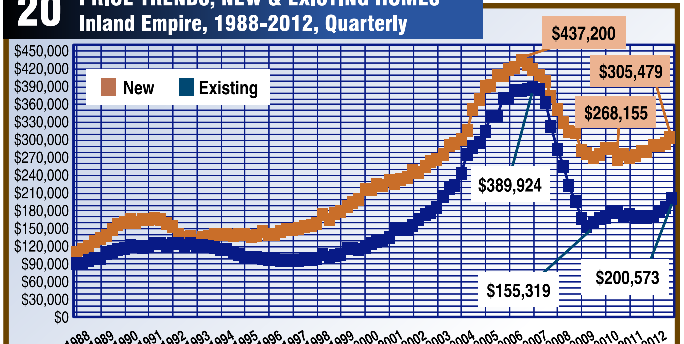
Source: Dataquick

INLAND EMPIRE: HOUSING VOLUMES FLAT, EXISTING HOME PRICES RISING

In second quarter 2006, the Inland Empire's median new home price peaked at $437,200, with existing homes reaching $389,924 in first quarter 2007. Prices then plunged with existing homes hitting a low of $155,319 in second quarter 2009; new homes reached $268,155 in third quarter 2010. Both prices have since gained ground, picking up speed of late to $305,479 for new homes and $200,573 for existing homes. The historically wide gap between these prices reveals the dilemma facing developers. Their costs drive their prices and make competition with foreclosure driven existing home prices difficult. In fourth quarter 2012, their prices were $104,905 or 52.3% higher (*Exhibit 20*).

These price moves saw plunging sales through 2006-2008 with seasonally adjusted combined volume going from a high of 29,692 in late 2005 to a first quarter 2008 trough at 11,376 (*not shown*). Foreclosure sales took sales up to 20,717 by first quarter 2009. Since mid-2010, volume has fallen to a long plateau standing at 15,552 units in fourth quarter 2012. This despite a near record 68% of local families able to afford the area's median priced home.

20 PRICE TRENDS, NEW & EXISTING HOMES
Inland Empire, 1988-2012, Quarterly



Source: Dataquick & Economics & Politics, Inc.

PRICES

Riverside County's $298,250 new home price in fourth quarter 2012 was 4.6% above the prior year's $285,000 (*Exhibit 18*). Its $222,750 existing home price was up 19.1% from $187,000 in fourth quarter 2011 and up 8.1% from $222,750 in third quarter 2012. San Bernardino County's new home price of $326,500 was up 21.2% from its fourth quarter 2011 price of $269,500. Its existing home price of $174,000 was up 16.0% from fourth quarter 2011 (*$150,000*), and up 5.5% last quarter's $165,000. In Southern California, the fourth quarter 2012 new home median price was up 7.5% to $412,000; the existing home median was $339,200, up 19.2%.

VOLUME

Looking at raw data, Riverside County had 7,882 existing home sales in fourth quarter 2012, down -3.1% from 8,134 level in 2011 (*Exhibit 19*). San Bernardino County had 6,086 existing home sales, up 0.6% from fourth quarter 2011. By sub-market, Corona-Norco-Eastvale had Riverside County's largest percentage increase in volume (*940; 6.5%*); Perris, Hemet, San Jacinto, Menifee was its volume leader (*1,623, -4.9%*). In San Bernardino County, the area west of the I-15 freeway had the largest percentage increase and led the area in volume (*1,383; +19.1%*).

New home sales finally showed some life. Riverside County's fourth quarter 2012 volume was 1,204 sales, up 41.6% from 850 in 2011. The largest percentage gain was 226.1% in Riverside-Jurupa Valley (*75 units*). The volume leader was in Temecula, Murrieta, Lake Elsinore, Wildomar (*468; 43.1%*). San Bernardino County's volume was 415 sales, up 20.3% from fourth quarter 2011's volume of 345. Fontana, Rialto, Colton, Grand Terrace led in percentage growth (*67, 59.5%*). The area west of the I-15 freeway led in volume (*178; 53.4%*). ■