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INLAND EMPIRE

QUARTERLY
ECONOMIC REPORT

RIVERSIDE & SAN BERNARDINO COUNTIES, CALIFORNIA

VOL. 24 NO. 4

OCTOBER 2012

\$5.00

INLAND EMPIRE CITY PROFILE 2012

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What is the relative economic strength of each of the Inland Empire's 52 cities? The annual Inland Empire 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, bank deposits, housing prices and volumes, and income. [*Note: Jurupa Valley omitted in cases where data is not yet available.*]

Population. From 2000-2012, the CA Finance Department reports that the Inland Empire added 1,035,970 people to reach 4,291,496, up 31.8% including 21,846 people from 2011-2012. This occurred despite the Census Bureau's downward adjustments. Twelve cities have over 100,000 people, led by Riverside (308,511) and San Bernardino (211,674) followed by Fontana (199,898) and Moreno Valley (196,495). The newest cities are Eastvale (55,602) and Jurupa Valley (96,456). The smallest cities were Needles (4,894), Big Bear Lake (5,088) and Indian Wells (5,035). Five cities added over 50,000 people from 2000-2012: Fontana (70,970), Murrieta (60,703), Victorville (55,030), Moreno Valley (54,116) and Riverside (53,345). Four cities have added under 1,000 people: Needles (64), Grand Terrace (531), Canyon Lake (737), Calimesa (859). Two cities shrank: Big Bear Lake (-350) and Blythe (-65).

Of California's 482 cities, the Inland Empire's five largest places ranked (*not shown*): Riverside (12th), San Bernardino (17th), Fontana (20th), Moreno Valley (21st), Rancho Cucamonga (26th). The housing slowdown reduced population growth from 2011-2012. The area had four of the state's 20 fastest growth rates (*not shown*): Eastvale (2.8%, 6th), Beaumont (2.1%, 14th), Twentynine Palms (2.1%, 17th) and Victorville (1.9%, 20th). Four ranked in the top 20 in absolute growth: Riverside (2,442, 13th), Fontana (2,112, 18th), Moreno Valley (2,044, 19th) and Victorville (2,202, 20th).

Taxable Retail Sales. Taxable sales are a major city revenue source that is now recovering from the steep downturn. The CA Board of Equalization reports the data quarterly, a year after they occur. Hinterliter DeLlamas provides data within three months. In calendar year 2011, San Bernardino County's sales rose 10.2% to \$27.2 billion. Riverside County's sales increased 10.1% to \$25.5 billion (*Exhibit 1*). Inland Empire (10.2%) growth was well above California (8.7%). In the first half of 2012, inland sales expanded by another 9.5% versus 8.0% for the state. If that continues for all of 2012, the inland area will reach \$57.7 billion in sales, putting it within 5.6% of its 2006 maximum of \$61.1 billion.

All but two Inland Empire cities had gains in 2011 retail sales. Ontario (\$5.34 billion) and Riverside (\$4.04 billion) had the most sales, followed by Corona (\$2.74 billion), Temecula (\$2.34 billion) and San Bernardino (\$2.30 billion). Fontana (\$2.25 billion) was sixth followed by Rancho Cucamonga (\$2.17 billion). Victorville (\$1.45 billion) was eighth ahead of Chino (\$1.43 billion) and Palm Desert (\$1.40 billion). Declines occurred in Adelanto (-5.8%) and Canyon Lake (-9.7%). Of the 48 cities with expanding sales, the largest gains were in Desert Hot Springs (24.9%), Hesperia (22.4%), Indian Wells (18.4%), Grand Terrace (14.2%) and Menifee (13.9%).

Per capita sales reveal how well sales taxes finance city services for each resident. In 2011, the leaders were Ontario (\$32,257), Big Bear Lake (\$31,467), Palm Desert (\$28,499). Barstow (\$26,854) moved up to fourth passing Montclair (\$24,928). Canyon Lake (\$1,188), Adelanto (\$2,910), Highland (\$3,402) and Wildomar (\$3,536) were the weakest [*Note: prison populations not in per capita calculations*].

Continued on page 2

1 INLAND EMPIRE CITY PROFILE																		
City	Population				Taxable Retail Sales				Assessed Valuation				Financial Deposits					
	2012 Rank	2000-2012 Change Rank	2012 (mil)	2012 Rank	% Chg.	Per Capita	Rank	July 1, 2012 (mil)	Rank	% Chg.	Per Capita	Rank	2011 (mil)	Rank	Per Capita	Rank		
SAN BERNARDINO COUNTY																		
Adelanto	31,066	37	12,936	22	\$91	45	-5.8%	\$2,910	49	\$1,532	42	1.9%	\$49,933	44	\$47	52	\$1,496	52
Apple Valley	70,033	21	15,794	20	\$476	28	6.9%	\$6,833	38	\$4,490	25	-0.6%	\$64,117	32	\$676	20	\$9,763	30
Barstow	23,019	43	1,900	43	\$615	23	6.7%	\$26,854	4	\$1,197	46	-1.1%	\$52,015	41	\$340	31	\$14,992	17
Big Bear Lake	5,088	50	(350)	50	\$159	40	4.8%	\$31,467	2	\$2,912	32	-0.0%	\$572,262	2	\$285	34	\$56,611	3
Chino	79,171	16	12,003	23	\$1,427	9	6.8%	\$19,865	8	\$8,802	13	-0.1%	\$122,345	8	\$1,325	13	\$18,608	13
Chino Hills	75,655	18	8,868	29	\$601	25	9.2%	\$7,978	33	\$9,044	12	1.3%	\$119,541	9	\$1,128	15	\$15,052	16
Colton	52,690	26	5,028	36	\$529	27	5.5%	\$10,072	27	\$2,597	35	1.8%	\$49,284	45	\$255	37	\$4,890	42
Fontana	199,898	3	70,970	1	\$2,252	6	12.9%	\$11,326	23	\$13,596	5	1.3%	\$68,016	26	\$964	17	\$4,895	41
G. Terrace	12,157	47	531	47	\$86	47	14.2%	\$7,067	36	\$764	49	1.1%	\$62,885	34	\$105	46	\$8,699	32
Hesperia	91,033	13	28,443	12	\$684	20	22.4%	\$7,537	34	\$4,294	26	-0.8%	\$47,167	47	\$576	23	\$6,376	38
Highland	53,664	24	9,039	28	\$182	38	12.8%	\$3,402	48	\$2,720	33	0.4%	\$50,677	43	\$204	39	\$3,838	45
Loma Linda	23,389	42	4,161	38	\$344	32	12.2%	\$14,741	14	\$1,586	41	0.1%	\$67,799	27	\$347	30	\$14,939	18
Montclair	37,163	35	4,114	39	\$923	13	7.6%	\$24,928	5	\$2,547	36	1.1%	\$68,535	24	\$287	33	\$7,789	34
Needles	4,894	52	64	48	\$35	50	3.4%	\$7,099	35	\$312	52	-2.7%	\$63,842	33	\$53	50	\$11,029	25
Ontario	166,134	6	8,127	32	\$5,338	1	10.2%	\$32,257	1	\$18,517	3	0.0%	\$111,455	12	\$2,043	6	\$12,431	22
R. Cucamonga	169,498	5	41,755	7	\$2,170	7	10.6%	\$13,139	15	\$19,564	2	0.8%	\$117,821	10	\$1,916	8	\$11,754	24
Redlands	69,498	22	5,907	35	\$902	14	11.3%	\$13,023	17	\$6,740	17	2.4%	\$96,981	16	\$2,187	4	\$31,754	5
Rialto	100,606	11	8,724	30	\$877	16	3.3%	\$8,755	29	\$5,697	23	2.7%	\$56,630	36	\$471	25	\$4,734	44
San Bdn	211,674	2	26,292	14	\$2,295	5	9.7%	\$11,260	24	\$10,315	9	0.1%	\$49,031	46	\$2,009	7	\$9,897	29
29 Palms	25,713	41	10,949	25	\$107	44	7.6%	\$4,215	45	\$816	48	0.2%	\$31,754	51	\$269	35	\$10,699	26
Upland	74,568	19	6,175	34	\$898	15	7.0%	\$12,089	21	\$7,075	16	1.7%	\$94,882	17	\$1,492	11	\$20,207	10
Victorville	119,059	8	55,030	3	\$1,454	8	7.5%	\$12,984	18	\$6,486	18	-0.2%	\$55,129	38	\$1,339	12	\$12,129	23
Yucaipa	52,100	27	10,893	26	\$234	36	9.4%	\$4,522	43	\$3,378	30	1.0%	\$64,837	29	\$386	28	\$7,508	35
Yucca Valley	20,916	44	4,051	40	\$255	35	5.2%	\$12,259	20	\$1,356	43	-0.7%	\$64,814	30	\$420	27	\$20,236	9
SB County	2,063,919		353,780		\$27,213		10.2%	\$13,396		\$162,679		0.8%	\$79,349		\$19,573		\$9,703	
RIVERSIDE COUNTY																		
Banning	29,965	38	6,403	33	\$160	39	9.2%	\$5,629	41	\$1,594	40	0.7%	\$55,742	37	\$359	29	\$12,689	21
Beaumont	38,851	33	27,467	13	\$317	33	8.4%	\$8,243	32	\$2,655	34	0.1%	\$68,341	25	\$257	36	\$6,849	37
Blythe	20,400	45	(65)	49	\$141	41	4.6%	\$10,901	25	\$594	50	-2.1%	\$45,222	48	\$133	43	\$10,096	28
Calimesa	7,998	49	859	45	\$54	48	5.4%	\$6,767	39	\$565	51	1.6%	\$70,588	23	\$180	40	\$22,837	8
Canyon Lake	10,689	48	737	46	\$13	51	-9.7%	\$1,188	50	\$1,323	44	0.3%	\$123,773	7	\$76	48	\$7,141	36
Cathedral City	51,952	28	9,305	27	\$614	24	9.7%	\$11,872	22	\$3,341	31	-2.4%	\$64,314	31	\$154	41	\$3,001	46
Coachella	41,904	32	19,180	18	\$287	34	10.6%	\$6,905	37	\$1,298	45	-4.9%	\$30,973	52	\$68	49	\$1,646	51
Corona	154,520	7	29,554	10	\$2,737	3	11.5%	\$17,798	11	\$15,776	4	0.0%	\$102,098	15	\$2,165	5	\$14,179	20
Dsrt Hot Spr.	27,638	39	11,056	24	\$112	43	24.9%	\$4,063	46	\$1,138	47	-4.8%	\$41,161	50	\$149	42	\$5,597	39
Eastvale	55,602	23	NA	NA	\$36	49	NA	\$651	51	\$6,156	20	3.3%	\$110,715	13	\$129	44	\$4,776	43
Hemet	80,089	15	21,277	16	\$812	18	5.1%	\$10,188	26	\$4,091	27	0.5%	\$51,083	42	\$1,591	9	\$20,143	11
Indian Wells	5,035	51	1,219	44	\$89	46	18.4%	\$17,715	12	\$4,577	24	2.9%	\$909,127	1	\$335	32	\$67,355	1
Indio	78,065	17	28,949	11	\$646	22	10.9%	\$8,438	30	\$6,270	19	5.9%	\$81,293	19	\$600	22	\$7,948	33
Jurupa Valley	96,456	12	NA	NA	NA	NA	NA	NA	NA	\$5,827	21	NA	\$60,416	35	\$217	38	\$2,248	47
Lk Elsinore	53,024	25	24,094	15	\$651	21	8.6%	\$12,366	19	\$3,792	28	-2.3%	\$71,515	22	\$547	24	\$10,500	27
La Quinta	38,075	34	14,381	21	\$689	19	8.7%	\$18,178	10	\$10,275	10	-0.5%	\$269,862	4	\$636	21	\$16,936	15
Menifee	80,589	14	37,520	8	\$422	29	13.9%	\$5,284	42	\$5,778	22	-0.7%	\$71,693	21	\$720	19	\$9,198	31
Moreno Vly.	196,495	4	54,116	4	\$1,167	11	9.3%	\$5,968	40	\$10,591	8	1.4%	\$53,899	39	\$1,034	16	\$5,331	40
Murrieta	104,985	9	60,703	2	\$984	12	8.9%	\$9,411	28	\$9,618	11	-0.3%	\$91,614	18	\$1,543	10	\$14,871	19
Norco	27,053	40	2,896	41	\$389	30	9.7%	\$16,999	13	\$2,498	37	-0.0%	\$108,912	14	\$428	26	\$18,686	12
Palm Desert	49,471	29	8,316	31	\$1,402	10	10.7%	\$28,499	3	\$11,995	6	-0.5%	\$242,456	5	\$2,815	2	\$57,821	2
Palm Springs	45,279	30	2,474	42	\$876	17	8.7%	\$19,454	9	\$8,782	14	0.6%	\$193,961	6	\$1,185	14	\$26,508	6
Perris	70,180	20	33,991	9	\$587	26	13.5%	\$8,401	31	\$3,678	29	-4.2%	\$52,413	40	\$119	45	\$1,728	49
Rancho Mirage	17,504	46	4,255	37	\$373	31	5.1%	\$21,386	7	\$7,149	15	-0.2%	\$408,431	3	\$754	18	\$43,584	4
Riverside	308,511	1	53,345	5	\$4,037	2	9.3%	\$13,137	16	\$22,210	1	0.8%	\$72,079	20	\$5,377	1	\$17,630	14
San Jacinto	44,803	31	21,024	17	\$197	37	8.5%	\$4,427	44	\$2,012	39	-2.8%	\$44,909	49	\$99	47	\$2,242	48
Temecula	103,092	10	45,376	6	\$2,342	4	7.4%	\$22,925	6	\$11,739	7	0.1%	\$113,867	11	\$2,469	3	\$24,523	7
Wildomar	32,719	36	18,655	19	\$115	42	10.5%	\$3,536	47	\$2,174	38	-2.6%	\$66,456	28	\$53	51	\$1,652	50
Riv County	2,227,577		682,190		\$25,487		10.1%	\$11,569		\$197,790		-0.3%	\$89,355		\$24,307		\$11,130	
Inl. Empire	4,291,496		1,035,970		\$52,700		10.2%	\$12,445		\$360,468		0.2%	\$84,544		\$43,881		\$10,445	

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

2 INLAND EMPIRE CITY PROFILE

City	EXISTING HOMES						NEW HOMES						Homes Under Water	INCOME				
	2011 Volume	10-11 Rank	10-11 %Chg	2012 2 nd Q Median P	11-12 Rank	11-12 %Chg	2012 Pmt.	2011 Vol.	10-11 Rank	10-11 %Chg	2012 2 nd Q Median P	11-12 Rank		11-12 %Chg	10-11 Median	10-11 Rank	10-11 (mil.)	10-11 Rank
SAN BERNARDINO COUNTY																		
Adelanto	650	32	-13.0%	\$80,000	49	-13.0%	\$340	40	30	11.1%	\$190,000	36	-16.7%	74%	\$40,000	44	\$344	46
Apple Valley	1,344	14	0.8%	\$109,549	44	0.8%	\$466	101	14	18.8%	\$186,957	38	9.0%	59%	\$51,258	27	\$1,529	19
Barstow	348	43	6.7%	\$55,000	51	6.7%	\$234	4	43	-86.7%	\$155,000	46	-24.0%	63%	\$42,459	37	\$426	41
Big Bear Lk	394	42	-10.3%	\$255,000	13	-10.3%	\$1,084	4	44	33.3%	\$155,000	45	NA	36%	\$32,299	49	\$130	50
Chino	594	34	-0.7%	\$290,621	11	-0.7%	\$1,236	83	17	-61.8%	\$372,917	10	-1.2%	46%	\$59,749	19	\$1,723	15
Chino Hills	660	30	-5.3%	\$415,000	3	-5.3%	\$1,765	24	34	-69.2%	\$705,000	2	-6.4%	27%	\$93,736	3	\$2,425	10
Colton	499	37	-9.3%	\$137,000	37	-9.3%	\$583	7	42	133%	\$120,750	50	15.0%	58%	\$41,620	40	\$794	31
Fontana	2,879	4	-7.5%	\$217,669	17	-7.5%	\$926	119	12	-61.9%	\$324,512	14	21.5%	53%	\$64,202	15	\$3,514	4
G. Terrace	95	50	-1.0%	\$182,500	23	-1.0%	\$776	1	49	NA	\$200,000	33	0.0%	50%	\$62,335	16	\$342	47
Hesperia	1,383	13	-22.6%	\$101,000	45	-22.6%	\$429	30	32	36.4%	\$130,000	48	23.8%	63%	\$42,298	38	\$1,391	22
Highland	630	33	3.3%	\$180,000	25	3.3%	\$765	16	37	23.1%	\$189,000	37	-2.6%	53%	\$55,522	23	\$1,083	27
Loma Linda	163	47	-10.9%	\$209,950	21	-10.9%	\$893	0	NA	NA	\$233,500	28	NA	53%	\$56,441	22	\$658	35
Montclair	225	46	-21.6%	\$235,000	15	-21.6%	\$999	12	39	-67.6%	\$220,000	30	-28.5%	46%	\$49,283	29	\$551	38
Needles	43	52	-4.4%	\$29,500	52	-4.4%	\$125	0	52	NA	\$135,000	47	NA	42%	\$31,226	50	\$98	51
Ontario	1,096	20	-5.8%	\$214,790	18	-5.8%	\$913	68	22	-13.9%	\$288,000	18	10.7%	47%	\$49,713	28	\$2,728	8
R. Cucamonga	1,390	12	-8.1%	\$330,897	6	-8.1%	\$1,407	249	5	0.0%	\$560,538	3	20.0%	39%	\$70,836	10	\$4,713	2
Redlands	659	31	2.8%	\$225,239	16	2.8%	\$958	38	31	46.2%	\$239,063	26	-1.8%	43%	\$66,577	13	\$2,323	11
Rialto	1,287	17	-9.7%	\$170,598	29	-9.7%	\$725	53	25	1.9%	\$198,000	34	-16.4%	55%	\$45,415	34	\$1,310	24
San Bdn	3,084	2	-11.1%	\$132,363	38	-11.1%	\$563	118	13	-11.9%	\$270,913	19	11.1%	60%	\$35,118	47	\$2,734	7
29 Palms	241	45	-7.3%	\$60,000	50	-7.3%	\$255	23	35	-11.5%	\$165,000	43	-14.5%	60%	\$40,723	42	\$388	43
Upland	581	35	10.0%	\$364,926	4	10.0%	\$1,552	50	26	117%	\$387,206	8	-7.2%	32%	\$59,780	18	\$2,090	12
Victorville	2,088	6	-6.9%	\$116,666	43	-6.9%	\$496	199	7	-21.3%	\$165,957	41	-8.4%	63%	\$45,847	33	\$1,620	17
Yucaipa	667	29	4.9%	\$182,000	24	4.9%	\$774	46	28	283%	\$387,000	9	74.3%	53%	\$57,656	20	\$1,290	25
Yucca Valley	570	36	12.0%	\$87,000	48	12.0%	\$370	16	38	-23.8%	\$126,500	49	-5.6%	56%	\$44,755	35	\$432	40
SB County	25,505		-5.6%	\$148,962		-0.7%	\$633	1,199		-30.7%	\$249,773		-10.3%	52%	\$52,607		\$39,339	
RIVERSIDE COUNTY																		
Banning	481	38	-2.6%	\$127,750	40	8.7%	\$543	195	8	-53.1%	\$105,000	52	-51.2%	48%	\$36,268	45	\$562	37
Beaumont	931	24	7.9%	\$170,000	30	0.0%	\$723	3	46	-50.0%	\$242,000	24	15.4%	67%	\$67,948	11	\$872	30
Blythe	116	49	48.7%	\$93,000	47	-7.0%	\$395	0	NA	NA	\$208,000	31	-17.1%	58%	\$41,856	39	\$279	48
Calimesa	78	51	36.8%	\$140,250	36	-9.5%	\$596	3	47	0.0%	\$157,000	44	NA	NA	\$48,945	30	\$177	49
Canyon Lake	416	41	-2.6%	\$210,000	20	6.3%	\$893	29	33	16.0%	\$265,000	22	-13.1%	51%	\$83,845	4	\$365	45
Cathedral City	765	28	-4.4%	\$159,000	32	3.4%	\$676	49	27	-31.0%	\$170,000	40	-27.2%	50%	\$47,418	32	\$1,067	28
Coachella	479	39	8.1%	\$127,000	41	5.6%	\$540	579	1	-30.1%	\$171,000	39	1.2%	68%	\$40,566	43	\$417	42
Corona	2,938	3	-9.1%	\$304,459	10	0.2%	\$1,295	7	41	-69.6%	\$406,598	6	8.1%	58%	\$80,557	5	\$4,078	3
Dsrt Hot Spr.	942	23	-7.6%	\$99,895	46	6.9%	\$425	413	3	-36.4%	\$110,000	51	NA	63%	\$34,443	48	\$381	44
Eastvale	885	26	-3.1%	\$171,264	28	-50.1%	\$728	80	18	-25.9%	\$234,500	27	-39.9%	51%	\$104,758	2	\$1,516	20
Hemet	1,311	15	-29.7%	\$119,487	42	0.2%	\$508	10	40	11.1%	\$193,333	35	-6.5%	58%	\$29,679	51	\$1,381	23
Indian Wells	160	48	8.8%	\$865,000	1	34.1%	\$3,836	171	10	-18.6%	\$1,500,000	1	15.4%	19%	\$131,250	1	\$535	39
Indio	1715	9	7.3%	\$174,502	27	8.2%	\$742	77	19	-14.0%	\$232,176	29	-10.9%	54%	\$41,082	41	\$1,463	21
Lk Elsinore	1080	21	-10.9%	\$211,702	19	4.5%	\$900	169	11	0.0%	\$291,205	17	-6.9%	60%	NA	NA	NA	NA
Jurupa Valley	1,295	16	-9.6%	\$175,084	26	-2.7%	\$744	70	21	1.4%	\$265,133	21	12.7%	49%	\$64,296	14	\$1,027	29
La Quinta	1217	18	9.6%	\$330,000	7	9.2%	\$1,403	342	4	-18.8%	\$475,000	5	-3.0%	36%	\$72,181	9	\$1,569	18
Menifee	1654	10	-15.1%	\$169,610	31	0.2%	\$721	88	16	-34.8%	\$251,063	23	12.8%	59%	\$56,735	21	\$1,817	14
Moreno Vly.	2,785	5	-15.1%	\$158,930	33	1.9%	\$676	245	6	-21.5%	\$266,577	20	7.0%	59%	\$53,018	24	\$3,278	5
Murrieta	2,046	7	-11.9%	\$253,706	14	3.4%	\$1,079	3	48	NA	\$312,425	15	12.2%	52%	\$72,496	8	\$2,859	6
Norco	298	44	-13.9%	\$305,000	9	-16.4%	\$1,297	63	23	26.0%	\$405,000	7	62.7%	37%	\$80,358	6	\$629	36
Palm Desert	953	22	9.0%	\$306,656	8	6.9%	\$1,304	60	24	-29.4%	\$301,154	16	3.6%	28%	\$51,727	25	\$1,922	13
Palm Springs	894	25	3.6%	\$355,772	5	15.4%	\$1,513	70	20	-77.2%	\$531,000	4	9.7%	32%	\$44,731	36	\$1,657	16
Perris	1,432	11	-11.1%	\$148,078	34	-0.2%	\$630	16	36	167%	\$202,500	32	7.2%	62%	\$36,229	46	\$703	34
Rancho Mirage	436	40	16.0%	\$465,000	2	-10.6%	\$1,977	175	9	-11.6%	\$345,000	13	-29.2%	23%	\$74,327	7	\$1,142	26
Riverside	4,333	1	-7.8%	\$206,136	22	6.6%	\$876	45	29	-56.3%	\$348,378	12	-5.5%	46%	\$51,331	26	\$6,004	1
San Jacinto	878	27	-16.5%	\$130,411	39	-4.1%	\$554	465	2	14.0%	\$165,000	42	7.0%	64%	\$47,837	31	\$723	33
Temecula	1,904	8	-6.6%	\$289,351	12	4.8%	\$1,230	98	15	19.5%	\$357,849	11	8.3%	47%	\$66,869	12	\$2,483	9
Wildomar	1167	19	-2.0%	\$146,346	35	4.0%	\$622	195	8	-53.1%	\$240,533	25	-3.6%	55%	\$60,574	17	\$735	32
Riv County	32,725		-6.3%	\$189,614		-2.9%	\$806	3,233		-25.6%	\$287,325		2.4%	51%	\$54,296		\$47,269	
Inl. Empire	58,230		-6.0%	\$171,808		-2.1%	\$731	4,432		-27.0%	\$270,296		-3.3%	51%	\$68,462		\$86,608	

Source: Dataquick, U.S. Census Bureau, Economics & Politics, Inc. Mortgage payments based on 3% down, 30-year term at 3.40% rate (3.75% for jumbo loans).

Assessed Valuation. Assessed valuation is important since property taxes are also a major municipal revenue source with values now beginning to turnaround. On July 1, 2012, San Bernardino County's valuation was \$162.7 billion, up 0.8%. Riverside County's was \$197.8 billion, down -0.3%. For cities, assessed valuation tends to follow industrial and housing development. The top five cities saw small growth or were unchanged from 2011: Riverside (\$22.2 billion), Rancho Cucamonga (\$19.6 billion), Ontario (\$18.5 billion), Corona (\$15.8 billion) and Fontana (\$13.6 billion). Though San Bernardino is second in population and has an industrial base, its low home values put its valuation (\$10.3 billion) at just ninth. 20 of 50 cities saw their FY 2012 assessed valuation decline, down from 37 cities in 2011. The weakest area was the Coachella Valley with declines in six of nine cities. Interestingly, of the 30 cities with increases, Indio (+5.9%) led, followed by Eastvale (3.3%).

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 (\$909,127) and third ranked Rancho Mirage (\$408,437) followed by La Quinta (\$269,862), Palm Desert (\$242,456) and Palm Springs (\$193,961). Two smaller cities did well: 2nd ranked Big Bear Lake (\$572,262) and 7th ranked Canyon Lake (\$123,773). Ranked 8th to 10th were cities near Los Angeles County: Chino (\$122,345), Chino Hills (\$119,541) and Rancho Cucamonga (\$117,821). Three East SB Valley cities were weak: Highland (43rd, \$50,677), Colton (45th, \$49,284) San Bernardino (46th, \$49,031). Outlying desert cities ranked in the bottom tier: Blythe (48th, \$45,222), Desert Hot Springs (50th, \$41,161), Twentynine Palms (51st, \$31,754) and Coachella (52nd, \$30,973). The exception was San Jacinto (49th, \$44,909).

Financial Deposits. Financial deposits are the only available indicator of local wealth since there is no local measure of stock market investments. In 2011, Thomas Reuters Bank Insight showed Inland Empire's deposits up 3.4% to \$43.9 billion. Riverside County's deposits rose 9.1% to \$24.3 billion; San Bernardino County's rose 0.5% to \$19.6 billion.

Riverside (\$5.38 billion) had the most deposits followed by Palm Desert (\$2.82 billion). Temecula (\$2.47 billion) was next, ahead of Redlands (\$2.19 billion), Corona (\$2.17 billion) and Ontario (\$2.04 billion). San Bernardino (\$2.01 billion) fell to 7th from 3rd in 2010. Coachella Valley cities had the highest deposits per capita led by Indian Wells (\$67,355) and Palm Desert (\$57,821). Big Bear Lake (\$56,611) ranked 3rd, Rancho Mirage (\$43,584) passed Redlands (\$31,754) followed by Palm Springs (\$26,508).

Home Sales Volumes. Dataquick provides home deed recordings by zip code using county recorders' data. In 2011, sales again declined due to the fear in the marketplace despite low rates and prices plus high affordability. San Bernardino County's 2011 **existing home sales** recordings fell -5.6% to 25,505 units; Riverside County decreased by -6.3% to 32,725 sales (Exhibit 2). Except for Ontario (1,096, 20th), the largest cities had the most existing home sales. The five leaders were Riverside (4,333), San Bernardino (3,084), Moreno Valley (2,785), Corona (2,938) and Fontana (2,876). Sixteen of 52 inland cities saw existing home sales growth with small markets dominant. Blythe grew the most (46.7%; \$93,000) yet led with very low prices, while Yucca Valley ranked fourth (12.0%; \$87,000). Calimesa was next (36.8%, \$140,250) with modest prices. Rancho Mirage (16.0%; \$465,000) was next with higher prices, followed by Upland (10.0%, \$364,926). Sales declines occurred 36 of 52 inland cities. Except for Montclair (-21.6%), the biggest sales declines were in former housing "hot spots:" Hemet (-29.7%), Hesperia (-22.6%), San Jacinto (-16.5%).

Riverside County's 2011 **new home sales** fell -25.6% to 3,233 units; San Bernardino County saw a drop of -30.7% to 1,199. Sales exceeded 300 in Coachella (579), San Jacinto (465), Desert Hot Springs

(413) and La Quinta (342). Twenty-two of 52 cities had increased new homes indicating some life in the markets. They were led by Yucaipa (283.0% to 46), Perris (167.0% to 16), Colton (133.0% to 7), Redlands (46.2% to 38) and Hesperia (36.4% to 30).

Home Prices. From second quarter 2011-2012, Riverside County's **median existing home price** fell -2.9% to \$189,614; San Bernardino County's fell -0.7% to \$148,962. The highest 2012 prices were in Indian Wells (\$865,000), Rancho Mirage (\$465,000), Chino Hills (\$415,000), Upland (\$364,926) and Palm Springs (\$355,772). Three outlying desert cities again saw the lowest prices: Adelanto (\$80,000), Barstow (\$55,000), Twentynine Palms (\$60,000) and Needles (\$29,500). Prices increased in 10 of 51 cities led by: Indian Wells (34.1% to \$865,000), Palm Springs (15.4% to \$355,772), Yucca Valley (12.0% to \$87,000) and Upland (10.0% to \$364,000).

San Bernardino County's **median new home price** fell -10.3% to \$249,773; Riverside County's increased 2.4% to \$287,325. The highest prices were in Indian Wells (\$1,500,000), Chino Hills (\$705,000), Rancho Cucamonga (\$560,538), Palm Springs (\$531,000) and La Quinta (\$475,000). At \$130,000 or less were: Banning (\$105,000), Desert Hot Springs (\$110,000), Colton (\$120,750), Yucca Valley (\$126,500), and Hesperia (\$130,000).

Lower prices and mortgages mean Inland Empire homes cost less per month in 2012. Using 3% down, 30-year FHA financing at a 3.40% interest rate, Exhibit 2 shows each city's median existing home payment in second quarter 2012, including points, fees, taxes and insurance. In San Bernardino County, payments were \$633 on its \$148,962 median **existing home** versus \$694 in 2011. In Riverside County, they were \$806 on its \$189,614 median existing home versus \$874 in 2011. These homes were affordable to 78% of San Bernardino County residents and 65% of those in Riverside County. In part, the Inland Empire's housing markets are having difficulties because Zillow finds that 51% of the region's single family homes are underwater on their mortgages. The range is from 19% in Indian Wells to 74% in Adelanto.

Income. The income levels for 21 cities of 65,000 or more are from the 2011 American Community Survey (ACS). Another 22 cities with 20,000-64,999 people are from the 2008-2010 American Community Survey. The eight cities under 20,000 people are from 2006-2010 data. The highest median incomes were in Indian Wells (\$131,250), Eastvale (\$104,758), Chino Hills (\$93,736), Canyon Lake (\$83,845) and Corona (\$80,557). For comparison, Irvine was \$87,484. Total personal income was led by Riverside (\$6.00 billion), Rancho Cucamonga (\$4.71 billion) and Corona (\$4.08 billion). Fontana (\$3.51 billion) passed Moreno Valley (\$3.29 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, jobs:housing balance could yield a perfect score of 7 for seven first places or a worst score of 364 from seven 52nd places. In 2012, the best 10 scores on these criteria were: Temecula (50), Palm Desert (53), Rancho Mirage (58), Indian Wells (61), La Quinta (73), Palm Springs (74), Big Bear Lake (75), Chino (80), Corona (88) and Rancho Cucamonga (89). ■

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.



INLAND EMPIRE EMPLOYMENT... Job Growth Continues!

In September 2012, the CA Employment Development Department estimated that the Inland Empire gained 16,700 jobs or 1.5% from September 2011 (*Exhibit 3*) continuing the positive trend this year (*Exhibit 4*). This included 23,300 private sector jobs minus the loss of -5,500 public sector positions. The area's September 2012 unemployment rate of 11.6% was down from 13.5% last year. The decline of -34,600 unemployed people included 28,300 who found jobs but -6,300 who quit looking.

CLEAN WORK, GOOD PAY: -1,300 JOBS (-0.7%)

For the Inland Empire, the weakest group was again its higher paying sectors. Since September 2011, they lost -1,300 jobs (-0.7%). Higher education gained 300 public and 200 private college positions (3.5%) as adults went back to school. Utilities added 100 jobs (1.7%), while mining and local government were flat. Management and the professions are growing nationally but shrank by -200 jobs (-0.4%). Budget difficulties shrank federal and state government by -1,700 (-4.3%).

CLEAN WORK, MODERATE PAY: +7,900 JOBS (2.5%)

Sectors paying moderate incomes to white collar workers were the Inland Empire's strongest group, adding 7,900 jobs (2.5%). Administrative support firms performing routine activities for the day-to-day operations of other organizations added 8,100 positions (17.2%). Health care continued growing, up 4,000 jobs (3.7%) almost entirely due to growth by out-patient operations. The financial sector gained 900 people (2.4%) as it moved beyond the impact of the mortgage crisis. Publishing/information were up 100 jobs (0.7%) as its long term decline halted. K-12 education had the inland area's worst performance losing 5,200 positions as the state budget crisis hit hard (-4.9%).

3 INLAND EMPIRE EMPLOYMENT INFORMATION 2011-2012

Sector	Jul-12	Aug-12	Sep-12	Sep-11	11-12 Change	% Change
Higher Education	14,500	14,100	14,700	14,200	500	3.5%
Utilities	5,900	5,900	6,000	5,900	100	1.7%
Mining	1,100	1,100	1,100	1,100	0	0.0%
Local Government	75,700	75,500	75,500	75,500	0	0.0%
Mgmt & Professions	44,200	44,400	44,600	44,800	(200)	-0.4%
Federal & State	38,200	38,100	38,000	39,700	(1,700)	-4.3%
Clean Work, Good Pay	179,600	179,100	179,900	181,200	(1,300)	-0.7%
Admin. Support	54,100	54,700	55,100	47,000	8,100	17.2%
Health Care	111,000	111,600	112,300	108,300	4,000	3.7%
Financial Activities	38,600	38,700	38,700	37,800	900	2.4%
Publish, telecomm, Other	14,800	14,800	14,900	14,800	100	0.7%
K-12 Education	93,600	100,300	100,200	105,400	(5,200)	-4.9%
Clean Work, Moderate Pay	312,100	320,100	321,200	313,300	7,900	2.5%
Distribution & Transportation	116,800	117,900	118,100	113,100	5,000	4.4%
Construction	63,000	61,700	61,900	62,100	(200)	-0.3%
Manufacturing	86,600	87,300	86,900	87,300	(400)	-0.5%
Dirty Work, Moderate Pay	266,400	266,900	266,900	262,500	4,400	1.7%
Employment Agcy	41,900	41,900	42,500	37,000	5,500	14.9%
Accommodation	14,800	14,800	14,600	13,600	1,000	7.4%
Amusement	14,700	14,700	14,200	13,400	800	6.0%
Agriculture	15,100	13,100	13,300	13,000	300	2.3%
Eating & Drinking	94,400	94,800	94,900	93,600	1,300	1.4%
Social Assistance	14,900	15,400	14,800	14,900	(100)	-0.7%
Retail Trade	154,000	154,700	154,600	156,100	(1,500)	-1.0%
Other Services	39,000	39,000	38,200	39,800	(1,600)	-4.0%
Lower Paying Jobs	388,800	388,400	387,100	381,400	5,700	1.5%
Total, All Industries	1,146,900	1,154,500	1,155,100	1,138,400	16,700	1.5%
Civilian Labor Force	1,806,400	1,803,300	1,793,100	1,799,400	(6,300)	-0.4%
Employment	1,576,400	1,581,300	1,585,600	1,557,300	28,300	1.8%
Unemployment	230,000	222,000	207,500	242,100	(34,600)	-14.3%
Unemployment Rate	12.7%	12.3%	11.6%	13.5%	-1.9%	

Source: Employment Development Department

DIRTY WORK, MODERATE PAY: +4,400 (1.7%)

From September 2011-2012, the Inland Empire's blue collar sectors that fundamentally drive its economy added 4,400 jobs (1.7%). Distribution and warehousing gained 5,000 jobs (4.4%) as handling of trade from Southern California's ports boosted the area. Construction fell by 200 jobs (-0.3%) as the mortgage crisis continued to limit housing production. Manufacturing was off 400 positions (-0.5%) as firms paused, waiting for Congressional action on the "Fiscal Cliff."

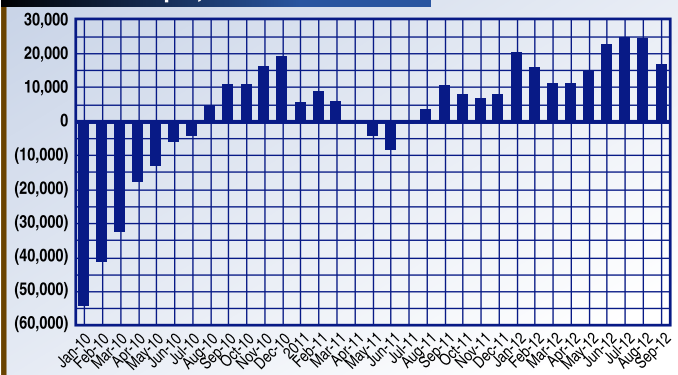
LOWER PAYING JOBS: +5,700 (1.5%)

With the private sector job growth strengthening, there was an increase in population serving jobs, up 5,700 (1.5%). This group normally lags behind growth in the sectors bringing money to the area. Employment agencies added 5,500 jobs (14.9%), a sign that recovery is gaining momentum. Accommodation (1,000; 7.4%) and amusement (800; 6.0%) surged as the Coachella Valley's resorts gained strength. Agriculture added 300 jobs as a weak dollar boosted food exports (2.3%). Eating and drinking grew by 1,300 positions (1.4%) as consumers became more active. Social assistance was off -100 jobs (-0.7%) despite many families still needing help. Oddly, retailing lost -1,500 positions (-1.0%) and other services lost -1,600 (-4.0%) despite increase in retail spending by consumers.

COMMENT

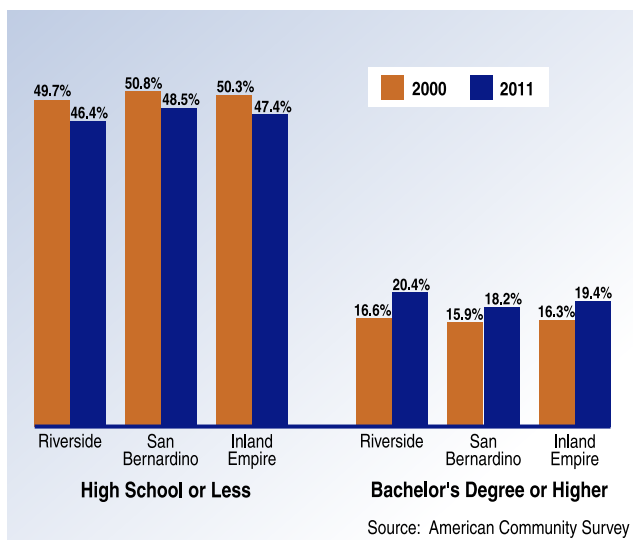
Clearly, 2012 is a stronger year than 2011. The average increase has been 23,111 private sector jobs which is approaching a normal year, despite the lack of construction. Unfortunately, public sector losses have averaged -5,033 jobs, dampening the recovery. ■

4 TOTAL WAGE & SALARY JOB CHANGES Inland Empire, 2010-2012



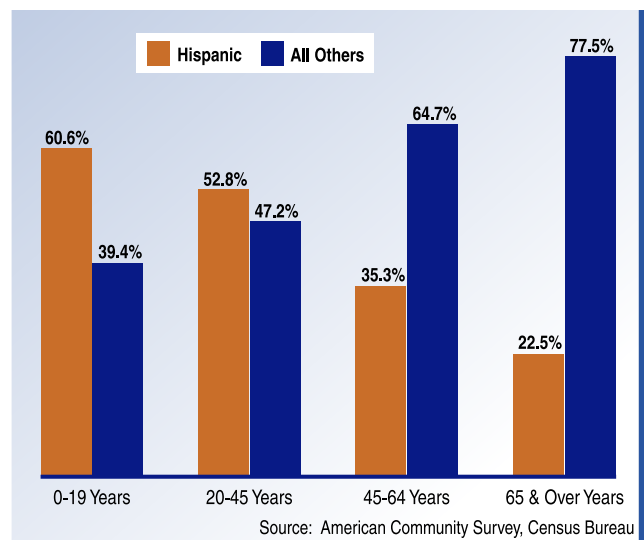
Source: CA Employment Development Department

5 HIGH SCHOOL OR LESS vs. BA OR HIGHER Inland Empire, 2000 vs. 2011



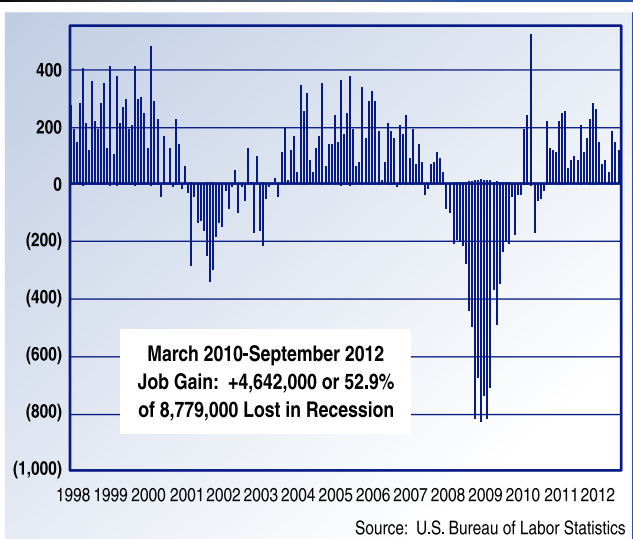
Education Trend. From 2000-2011, the Inland Empire's education profile has improved. In Riverside County, the share of adults 25 & over with a high school or less education has fallen -3.3% from 49.7 to 46.4%. San Bernardino County's share is down -2.3% from 50.8% to 48.5%. Simultaneously, the percent of Riverside County adults with bachelor's or higher degrees rose 3.7% from 16.6% to 20.4%. San Bernardino County's share is up 2.3% from 15.9% to 18.2%. Unfortunately, these small changes have taken too long and still leave both counties with marginally educated workforces.

6 SHARES OF KEY AGE GROUPS Hispanics vs. Non-Hispanics, 2011



Hispanic Age Level. In 2011, Hispanics represented 49.9% of San Bernardino County's residents and 46.1% in Riverside County. As this ethnic community approaches majority status, it will be of growing importance to the Inland Empire's labor force. Currently, 64.7% of the baby boomer age groups 45-64 are non-Hispanics versus just 35.3% of Hispanics. They are the economy's most experienced workers and managers and the oldest are starting to retire. Ultimately, they must be replaced by 20-45 year olds, where 52.8% are Hispanic and 47.2% are not. Behind them are those under 20 who will be the newest labor force entrants. They are 60.6% Hispanic and 39.4% of all others.

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



U.S. Job Growth. The U.S. economy began adding jobs in March 2010. Since then the gain has been 4,642,000 jobs. That represents 52.9% of the 8,779,000 lost during the Great Recession. The pace has been steady but slow. In part, this is largely due to the fact that the recession was caused by consumers, homeowners, businesses and government running up too much debt. Unwinding that debt is a long process, hence the slow pace of economic expansion. That said, allowing for the -518,000 public sector jobs lost since March 2010, the private sector has added 5,160,000 positions in the recovery phase.

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



Investor Direct Foreclosure Purchases. When lenders decide to take foreclosed homes, they put a price on what they believe they are worth and offered them for sale at that price. If no group offers more, the lender takes the property as Real Estate Owned (REO). These properties are later offered for sale. If an investor group offers more money, they acquire the property directly and it never hits the market. The trend of such purchases is increasing. It was 44.8% in Riverside County and 34.0% in San Bernardino County in September 2012. These are the most likely homes to bring rentals into detached single family neighborhoods.

9 SINGLE FAMILY HOME PRICES 3rd Quarter, 2011-2012

County	3rd Qtr-11	3rd Qtr-12	% Chg.
NEW HOMES			
Riverside	\$290,000	\$292,500	0.9%
San Bernardino	260,000	302,000	16.2%
Los Angeles	362,000	376,500	4.0%
Orange	583,000	613,000	5.1%
San Diego	455,000	460,500	1.2%
Ventura	343,000	344,000	0.3%
So. California	\$382,700	\$389,600	1.8%
EXISTING HOMES			
Riverside	\$189,000	\$206,000	9.0%
San Bernardino	150,000	165,000	10.0%
Los Angeles	329,000	350,000	6.4%
Orange	485,000	515,000	6.2%
San Diego	352,000	375,000	6.5%
Ventura	399,000	418,500	4.9%
So. California	\$318,800	\$328,300	3.0%

Source: Dataquick

10 HOME DEED RECORDINGS Inland Empire, 3rd Quarter, 2011-2012

NEW HOMES				EXISTING HOMES			
Area	3rd-2011	3rd-2012	% Chg.	Area	3rd-2011	3rd-2012	% Chg.
Fontana, Rialto, Colton, GT	43	73	69.8%	SB Mountains	613	732	19.4%
Chino, CHill, Mtcl, Ont, RC, Upl	97	147	51.5%	Chino, CHill, Mtcl, Ont, RC, Upl	1,197	1,297	8.4%
San Bernardino, Highland	36	46	27.8%	SB Desert	450	455	1.1%
SB Mountains	5	6	20.0%	Redlands, Loma Linda, Yucaipa	408	412	1.0%
Redlands, Loma Linda, Yucaipa	30	35	16.7%	San Bernardino, Highland	765	697	-8.9%
Victor Valley	112	105	-6.3%	Fontana, Rialto, Colton, GT	1,313	1,133	-13.7%
SB Desert	15	4	-73.3%	Victor Valley	1,561	1,261	-19.2%
SAN BDNO COUNTY	338	416	23.1%	SAN BDNO COUNTY	6,307	5,987	-5.1%
Riverside, Jurupa Valley	38	65	71.1%	Corona, Norco, Eastvale	879	974	10.8%
Perris, Hemet, S. Jacinto, Menifee	145	176	21.4%	Murrieta, Temecula, L. Elsinore, Wildomar	1,679	1,654	-1.5%
Beaumont, Banning, Calimesa	52	60	15.4%	Riverside, Jurupa Valley	1,177	1,141	-3.1%
Murrieta, Temecula, L. Elsinore, Wildomar	270	302	11.9%	Perris, Hemet, S. Jacinto, Menifee	1,849	1,705	-7.8%
Riverside Rural	64	67	4.7%	Coachella Valley	1,317	1,211	-8.0%
Coachella Valley	73	74	1.4%	Moreno Valley	736	640	-13.0%
Corona, Norco, Eastvale	190	174	-8.4%	Riverside Rural	693	584	-15.7%
Moreno Valley	18	9	-50.0%	Beaumont, Banning, Calimesa	417	347	-16.8%
RIVERSIDE COUNTY	850	927	9.1%	RIVERSIDE COUNTY	8,747	8,256	-5.6%
INLAND EMPIRE	1,188	1,343	13.0%	INLAND EMPIRE	15,054	14,243	-5.4%

Source: Dataquick

HOME MARKETS: FINALLY SOME PRICE MOVEMENT!

In third quarter 2011, the Inland Empire recorded 14,243 *seasonally adjusted* existing and new home sales. Volume has been relatively flat the past nine quarters since reaching the 20,717 sales in the first quarter 2009 (*Exhibit 11*). For the first nine months of 2012, the inland region was responsible for 35.2% of all home sales in Southern California (*Mexican border to Ventura County*). Meanwhile, the median existing home price in

the two county area moved up to \$187,825, roughly equal to the first quarter 2003 level. The new home price moved to \$295,422, roughly equal to the fourth quarter 2003 level (*Exhibit 12*).

SALES

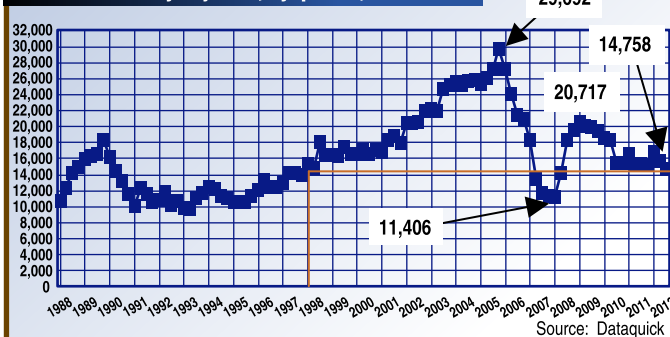
Riverside County had 8,256 existing home sales in third quarter 2012, down -5.6% from 2011. As recordings come at the end of escrow, this included many second quarter sales. Corona, Norco, Eastvale had the only percentage gain (974 units; 10.8%). The South 1-215 area was the volume leader (1,705 sales; -7.8%). The county's 927 new home sales were up 9.1% from 2011 (*Exhibit 10*). Riverside-Jurupa Valley led had the fastest growth (65 units; 71.1%). Southwest county was the volume leader (302 sales; 11.9%).

San Bernardino County's existing home sales fell -5.1% to 5,987. Mountain areas had the fastest growth (732 sales, 19.4%). The Westend led in volume (1,297 sales; 8.4%). New home sales rose 23.1% to 416 units. Fontana, Rialto, Colton had the best performance (73 sales; 69.8%). The Westend led in volume (147 sales; 51.5%).

PRICES

Riverside County's third quarter median new home price was \$292,500, up slightly from \$291,500 in the prior quarter and up 0.9% from 2011 (\$290,000) (*Exhibit 9*). The median existing home price was \$206,000, up 9.0% from \$189,000 in 2011 and above the prior quarter's \$200,000. San Bernardino County's median new home price was \$302,000, up 16.2% from 2011 (\$260,000) and above second quarter's \$291,500. Its existing median home price of \$165,000 was 10.0% above 2011 (\$150,000) up from second quarter's \$155,000. Southern California's new home price of \$389,600 was up 1.8% from 2011 (\$382,700). The region's existing home price of \$328,300 was up 3.0% from \$318,800 in 2011. ■

11 ALL HOME SALES, INLAND EMPIRE Seasonally Adjusted, by quarter, 1988-2012



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

