

QUARTERLY ECONOMIC REPORT

RIVERSIDE & SAN BERNARDINO COUNTIES, CALIFORNIA

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INLAND EMPIRE CITY PROFILE 2017

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

Population. From 2010-2017, the CA Finance Department reports that the Inland Empire added 320,188 people to reach 4,545,039 (7.6%). The gain represented 14.1% of California's population growth of 2,269,657. The area now exceeds the populations of 25 U.S. states. From 2016 to 2017, the area added 57,641 people (1.3%). Eleven cities continued to have over 100,000 people in 2017, led by Riverside (326,792) and San Bernardino (216,972) followed by Fontana (212,786) and Moreno Valley (206,750). The smallest cities were Needles (5,044), Big Bear Lake (5,047), and Indian Wells (5,450). Seven cities added over 12,000 people from 2010-2017: Riverside (22,921), Fontana (16,717), Corona (15,385), Moreno Valley (13,385), Menifee (13,141), Indio (12,682) and Rancho Cucamonga (12,055). Five cities added under 500 people: Big Bear Lake (28), Needles (200), Canyon Lake (330), Grand Terrace (395) and Indian Wells (492). Two cities shrank: Blythe (-1,157) and Norco (-181).

Of California's 482 cities, the Inland Empire's five largest places in 2017, their statewide ranks were (*not shown*): Riverside (12th), San Bernardino (*rose to* 17th), Fontana (20th), Moreno Valley (22nd) and Rancho Cucamonga (*rose to* 25th). The housing slowdown continued reducing population growth from 2016-2017. Still, the area had four of the state's 25 fastest growth rates (*not shown*): Twentynine Palms (3.3%, 11th), Calimesa (3.1%; 14th), Beaumont (3.0%, 16th) and Chino (2.7%, 22nd). Five cities ranked in the top 25 in absolute growth: Ontario (4,069, 11th), Corona (3,828, 12th) Fontana (3,607, 13th), Riverside (3,126, 14th) and Jurupa Valley (2,395, 24th).

Taxable Retail Sales. Taxable sales are a major revenue source for cities that are in recovery from the steep downturn. The CA Board of Equalization reports the data quarterly, a year after they occur. Hinterliter DeLlamas provides data within three

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City	Population				Taxable Retail Sales					Assessed Valuation				Poverty				
	2017	Rank	2010-2017 Change	Rank	2016 (mil)	Rank	% Chg.	Per Capita	Rank	July 1, 2017 (mil)	Rank	% Chg.	Per Capita	Rank	All People 2015	Rank	Under 18 2015	Rank
SAN BERNARDINO COUNTY																		
Adelanto	34,273	37	2,508	33	\$116	46	-6.8%	\$3,634	51	\$1,942	42	6.4%	\$59,088	46	40.3%	52	51.1%	52
Apple Valley	74,701	21	5,566	20	\$523	33	5.7%	\$6,997	40	\$5,646	25	5.3%	\$75,584	33	24.0%	43	37.9%	47
Barstow	24,248	43	1,609	38	\$638	28	-2.3%	\$26,261	6	\$1,286	47	7.8%	\$53,038	49	33.7%	50	49.8%	51
Big Bear Lake	5,047	51	28	50	\$200	41	8.7%	\$40,102	2	\$3,370	34	4.1%	\$667,770	2	18.8%	33	27.1%	33
Chino	88,026	16	10,043	13	\$2,079	8	9.5%	\$25,516	7	\$12,217	12	8.3%	\$148,007	8	12.5%	15	15.6%	15
Chino Hills	80,676	18	5,877	19	\$650	27	-8.2%	\$8,146	35	\$11,586	14	6.4%	\$143,606	9	3.7%	1	2.5%	1
Colton	53,879	28	1,725	37	\$749	24	7.3%	\$13,973	24	\$3,285	35	7.3%	\$60,971	44	22.1%	39	30.2%	37
Fontana	212,786	3	16,717	2	\$3,142	5	1.9%	\$14,868	19	\$17,721	5	5.4%	\$83,282	28	17.3%	29	24.4%	27
G. Terrace	12,435	47	395	47	\$74	49	-2.3%	\$5,991	44	\$967	48	6.1%	\$77,780	32	9.9%	9	9.2%	6
Hesperia	94,133	13	3,960	23	\$749	25	-2.8%	\$7,996	36	\$5,683	24	6.5%	\$60,376	45	27.7%	46	36.7%	46
Highland	54,377	26	1,273	40	\$204	40	6.1%	\$3,784	50	\$3,435	33	4.9%	\$63,167	42	20.7%	36	30.9%	38
Loma Linda	24,528	42	1,267	41	\$566	32	-21.3%	\$23,004	10	\$2,111	40	11.1%	\$86,073	27	17.6%	31	23.6%	24
Montclair	39,122	35	2,458	34	\$1,166	14	2.9%	\$29,980	4	\$3,192	36	7.0%	\$81,600	29	16.9%	28	24.5%	29
Needles	5,044	52	200	49	\$38	51	3.8%	\$7,574	39	\$311	52	1.8%	\$61,698	43	27.7%	47	36.1%	44
Ontario	174,283	6	10,359	10	\$7,990	1	10.6%	\$46,433	1	\$23,243	3	6.9%	\$133,365	13	17.6%	30	26.2%	31
R. Cucamonga	177,324	5	12,055	7	\$2,502	7	0.1%	\$14,434	21	\$24,938	2	6.1%	\$142,876	10	9.8%	8	14.8%	14
Redlands	69,851	22	1,104	42	\$1,116	15	1.0%	\$16,150	16	\$8,709	18	6.1%	\$124,687	15	12.8%	16	19.1%	18
Rialto	106,528	11	7,357	16	\$960	19	2.9%	\$8,977	34	\$7,907	23	7.8%	\$74,225	34	16.3%	25	24.3%	26
San Bernardino	216,972	2	7,048	18	\$2,944	6	2.6%	\$14,065	22	\$13,395	9	5.8%	\$63,794	41	32.6%	49	44.2%	49
29 Palms	26,919	40	1,871	36	\$101	48	11.9%	\$3,813	49	\$860	49	1.3%	\$31,943	52	17.9%	32	19.8%	20
Upland	76,790	19	3,058	30	\$1,181	13	4.0%	\$15,479	17	\$8,896	17	5.5%	\$115,847	17	15.7%	23	24.5%	28
Victorville	123,565	8	7,662	15	\$1,827	9	2.8%	\$15,364	18	\$8,259	21	4.5%	\$69,678	39	22.4%	40	26.6%	32
Yucaipa	54,324	27	2,957	31	\$301	36	5.5%	\$5,573	45	\$4,302	30	5.4%	\$79,196	30	16.7%	27	23.7%	25
Yucca Valley	21,519	44	819	44	\$300	37	4.5%	\$14,015	23	\$1,593	46	4.0%	\$74,040	35	21.0%	37	30.2%	36
SB County	2,160,256		125,046		\$36,939		3.1%	\$17,359		\$206,577		6.1%	\$96,596		17.7%¹		26.0%¹	
RIVERSIDE COUNTY																		
Banning	31,068	38	1,465	39	\$197	42	7.6%	\$6,655	42	\$2,086	41	6.4%	\$70,245	38	21.2%	38	36.7%	45
Beaumont	46,179	32	9,302	14	\$412	35	0.1%	\$9,035	32	\$4,264	32	8.9%	\$92,326	21	11.8%	14	13.3%	11
Blythe	19,660	45	(1,157)	52	\$151	43	-0.7%	\$10,886	30	\$717	51	4.1%	\$52,543	50	24.4%	44	32.8%	41
Calimesa	8,637	49	758	45	\$64	50	1.3%	\$7,603	38	\$810	50	9.1%	\$93,771	20	14.8%	18	21.8%	23
Canyon Lake	10,891	48	330	48	\$21	52	10.7%	\$1,975	52	\$1,696	44	4.1%	\$155,692	7	6.5%	5	9.9%	7
Cathedral City	54,557	25	3,357	26	\$793	23	-3.5%	\$14,576	20	\$4,289	31	4.6%	\$78,612	31	23.1%	41	32.7%	40
Coachella	45,551	33	4,847	22	\$299	38	-8.4%	\$6,574	43	\$1,770	43	6.3%	\$38,856	51	31.6%	48	43.5%	48
Corona	167,759	7	15,385	3	\$3,316	3	-0.7%	\$19,951	13	\$19,775	4	6.0%	\$117,877	16	11.0%	11	10.5%	8
Dsrt Hot Spr.	29,111	39	3,173	29	\$126	45	-5.0%	\$4,335	47	\$1,609	45	8.6%	\$55,284	48	34.9%	51	46.1%	50
Eastvale	64,613	23	10,350	11	\$637	29	-3.7%	\$9,976	31	\$9,001	16	7.1%	\$139,307	11	5.9%	4	7.0%	4
Hemet	81,868	17	3,211	27	\$1,021	17	1.1%	\$12,612	26	\$5,511	29	5.6%	\$67,315	40	25.4%	45	34.2%	43
Indian Wells	5,450	50	492	46	\$106	47	57.1%	\$19,569	14	\$5,545	28	3.6%	\$1,017,360	1	4.6%	2	3.1%	2
Indio	88,718	15	12,682	6	\$972	18	1.8%	\$10,999	29	\$7,951	22	4.6%	\$89,615	23	15.6%	22	20.5%	21
Jurupa Valley	101,315	12	5,345	21	\$896	21	0.5%	\$8,978	33	\$9,026	15	7.4%	\$89,091	24	16.5%	26	28.1%	35
Lk Elsinore	62,092	24	10,271	12	\$712	26	-7.8%	\$11,573	28	\$5,599	26	7.4%	\$90,169	22	14.6%	17	19.1%	17
La Quinta	40,677	34	3,210	28	\$808	22	4.5%	\$20,032	12	\$12,872	10	3.4%	\$316,450	4	9.6%	7	12.7%	10
Menifee	90,660	14	13,141	5	\$621	30	3.7%	\$6,917	41	\$8,686	19	7.9%	\$95,804	19	15.2%	20	17.0%	16
Moreno Vly.	206,750	4	13,385	4	\$1,584	11	0.9%	\$7,687	37	\$14,694	7	5.6%	\$71,069	37	15.4%	21	19.3%	19
Murrieta	114,914	9	11,448	8	\$1,347	12	4.5%	\$11,777	27	\$12,544	11	5.7%	\$109,160	18	11.3%	13	14.5%	13
Norco	26,882	41	(181)	51	\$570	31	3.6%	\$23,637	9	\$3,120	38	4.5%	\$130,074	14	7.0%	6	8.3%	5
Palm Desert	50,740	29	2,295	35	\$1,622	10	0.0%	\$32,414	3	\$14,378	8	2.5%	\$283,361	5	10.8%	10	13.9%	12
Palm Springs	47,379	31	2,827	32	\$1,075	16	1.3%	\$22,868	11	\$12,154	13	7.2%	\$256,518	6	18.9%	34	33.2%	42
Perris	75,739	20	7,353	17	\$944	20	14.5%	\$12,627	25	\$5,593	27	8.5%	\$73,851	36	23.7%	42	31.5%	39
Rancho Mirage	18,295	46	1,077	43	\$460	34	5.1%	\$25,282	8	\$8,340	20	1.4%	\$455,876	3	11.0%	12	10.5%	9
Riverside	326,792	1	22,921	1	\$5,527	2	1.6%	\$17,006	15	\$28,103	1	5.1%	\$86,191	26	16.0%	24	25.3%	30
San Jacinto	47,925	30	3,726	24	\$246	39	3.7%	\$5,146	46	\$2,789	39	7.4%	\$58,185	47	20.4%	35	27.7%	34
Temecula	111,024	10	10,927	9	\$3,207	4	6.7%	\$29,142	5	\$15,311	6	4.4%	\$137,909	12	5.8%	3	6.6%	3
Wildomar	35,782	36	3,606	25	\$148	44	3.5%	\$4,168	48	\$3,153	37	6.4%	\$88,121	25	15.0%	19	21.4%	22
Riv County	2,384,783		195,142		\$34,124		3.3%	\$14,487		\$260,621		5.5%	\$109,792		15.3%¹		21.1%¹	
Inl. Empire	4,545,039		320,188		\$71,063		3.2%	\$15,850		\$467,198		5.8%	\$103,538		16.4%¹		23.5%¹	

¹County data is for 2016

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

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City	EXISTING HOMES						NEW HOMES						INCOME				Jobs\ HH
	2016 Volume	2015-16 Rank	2017 2nd Q %Chg	2016-17 Median P	2016-17 Rank	2016-17 %Chg	2016 Volume	2015-16 Rank	2017 2nd Q %Chg	2016-17 Median P	2016-17 Rank	2016-17 %Chg	2015 Median	2015 Rank	2015 (mil.)	2015 Rank	
SAN BERNARDINO COUNTY																	
Adelanto	522	37	4.2%	\$198,000	47	12.8%	54	30	-48.1%	\$258,500	43	36.1%	\$33,298	50	\$308	48	0.82
Apple Valley	1,491	11	12.6%	\$234,463	44	12.1%	102	22	30.8%	\$262,400	42	-5.6%	\$44,498	37	\$1,469	23	0.56
Barstow	376	40	4.7%	\$112,500	50	25.7%	9	40	50.0%	\$0	48	NA	\$39,632	46	\$403	44	0.96
Big Bear Lake	452	39	-8.1%	\$345,000	25	1.3%	2	50	0.0%	\$0	48	NA	\$42,031	40	\$158	51	2.25
Chino	676	30	4.8%	\$480,176	10	8.4%	309	11	8.5%	\$568,478	7	5.3%	\$72,155	9	\$1,545	21	2.00
Chino Hills	814	27	-1.5%	\$641,500	3	3.0%	58	29	67.7%	\$713,500	5	-30.2%	\$102,890	2	\$2,863	9	0.56
Colton	473	38	7.3%	\$280,000	37	16.7%	6	44	84.8%	\$318,000	35	-5.1%	\$41,565	42	\$826	33	1.35
Fontana	2,135	6	-0.8%	\$384,886	19	8.2%	569	4	58.4%	\$424,045	19	2.7%	\$64,297	15	\$3,693	4	1.17
G. Terrace	156	48	25.8%	\$337,500	27	7.1%	8	42	94.0%	\$406,250	23	-5.0%	\$63,871	16	\$333	47	0.52
Hesperia	1,419	13	3.3%	\$236,000	43	14.8%	24	34	-38.5%	\$325,000	34	7.4%	\$46,169	35	\$1,437	24	0.54
Highland	624	34	-0.6%	\$335,000	28	11.7%	24	34	171.0%	\$387,500	27	8.8%	\$53,851	28	\$1,121	27	0.75
Loma Linda	154	49	-31.6%	\$377,500	20	-3.9%	4	45	0.0%	\$477,500	14	78.5%	\$55,895	26	\$684	37	2.07
Montclair	198	46	8.8%	\$395,000	18	6.8%	53	31	213.0%	\$440,250	17	17.4%	\$49,366	32	\$641	38	1.27
Needles	48	52	-4.0%	\$64,500	52	-36.8%	4	45	-76.7%	\$247,000	45	55.6%	\$30,443	52	\$87	52	0.58
Ontario	1,139	16	2.6%	\$396,077	17	6.6%	539	5	245.4%	\$482,811	13	7.3%	\$57,361	22	\$3,196	6	2.32
R. Cucamonga	1,666	10	-1.1%	\$566,239	4	10.4%	203	12	-38.8%	\$787,042	4	27.9%	\$80,720	5	\$4,990	2	1.37
Redlands	853	25	-2.3%	\$401,930	15	7.6%	35	32	-46.7%	\$510,000	10	-58.1%	\$66,148	12	\$2,342	12	1.60
Rialto	970	23	4.9%	\$325,741	30	7.9%	9	40	-70.4%	\$300,000	37	-21.6%	\$52,080	31	\$1,644	18	0.73
San Bernardino	3,056	2	4.5%	\$275,158	38	11.5%	315	10	-18.6%	\$430,536	18	9.7%	\$35,932	49	\$2,756	10	1.74
29 Palms	361	41	31.8%	\$110,500	51	25.6%	7	43	66.3%	\$290,000	38	125.7%	\$41,582	41	\$439	42	0.42
Upland	729	29	-1.2%	\$530,573	6	5.7%	119	19	-12.3%	\$411,000	22	-14.3%	\$63,771	17	\$2,350	11	1.09
Victorville	1,474	12	0.0%	\$239,097	42	10.9%	98	23	25.1%	\$278,440	40	4.2%	\$47,693	33	\$2,079	13	0.92
Yucaipa	767	28	7.0%	\$340,000	26	6.6%	82	27	-11.8%	\$415,000	21	22.1%	\$56,452	24	\$1,311	26	0.43
Yucca Valley	634	32	14.4%	\$174,750	48	12.7%	17	37	27.9%	\$275,500	41	0.5%	\$40,030	44	\$434	43	0.53
SB County	25,404		3.1%	\$295,000		7.3%	2,666		16.6%	\$461,500		7.4%	\$56,337¹		\$46,271¹		1.15
RIVERSIDE COUNTY																	
Banning	528	36	-0.6%	\$249,000	40	10.7%	4	45	-48.0%	\$185,000	47	-14.4%	\$40,405	43	\$573	39	0.50
Beaumont	979	22	8.9%	\$311,364	31	9.3%	343	9	-17.3%	\$346,000	32	2.7%	\$64,830	14	\$995	31	0.47
Blythe	127	50	-48.6%	\$135,000	49	-16.9%	2	50	4.1%	\$0	48	NA	\$42,798	39	\$263	49	1.31
Calimesa	117	51	20.6%	\$400,000	16	29.0%	86	26	145.7%	\$354,000	31	-0.6%	\$46,025	36	\$209	50	0.42
Canyon Lake	361	41	-6.7%	\$370,000	22	-6.6%	4	45	0.0%	\$365,000	29	268.7%	\$78,556	7	\$382	45	0.29
Cathedral City	596	35	-1.8%	\$299,000	34	15.0%	23	36	58.0%	\$389,000	26	8.2%	\$39,872	45	\$981	32	0.49
Coachella	277	45	56.5%	\$234,250	45	4.6%	4	45	-42.6%	\$0	48	NA	\$37,497	47	\$486	40	0.84
Corona	2,793	3	1.9%	\$494,560	9	7.5%	582	3	24.8%	\$494,575	11	2.4%	\$71,291	10	\$4,737	3	1.57
Desert Hot Spr.	637	31	1.4%	\$202,316	46	14.9%	17	37	60.8%	\$229,000	46	11.7%	\$33,027	51	\$367	46	0.35
Eastvale	1,064	20	6.2%	\$525,692	7	7.2%	768	1	29.1%	\$514,000	9	6.1%	\$110,927	1	\$1,517	22	0.03
Hemet	2,055	7	6.5%	\$245,033	41	10.7%	89	25	-31.9%	\$250,875	44	5.0%	\$36,334	48	\$1,395	25	0.64
Indian Wells	193	47	17.0%	\$790,000	1	-9.2%	11	39	-57.5%	\$665,000	6	-59.2%	\$93,625	3	\$466	41	1.29
Indio	1,375	14	11.3%	\$294,637	35	3.3%	195	13	-49.1%	\$335,221	33	-10.6%	\$52,343	30	\$1,967	15	0.62
Jurupa Valley	625	33	-11.8%	\$363,636	23	9.7%	93	24	-59.7%	\$310,000	36	-33.3%	\$61,042	21	\$1,836	17	1.05
Lk Elsinore	1,183	15	7.4%	\$355,234	24	12.6%	440	8	-3.7%	\$387,455	28	4.5%	\$61,248	20	\$1,118	28	0.81
La Quinta	1,110	17	1.9%	\$407,000	14	7.1%	79	28	31.7%	\$1,195,000	1	148.7%	\$71,091	11	\$1,572	20	0.73
Menifee	2,000	9	6.6%	\$328,713	29	8.8%	471	6	3.1%	\$403,318	24	6.1%	\$57,204	23	\$2,024	14	0.32
Moreno Vly.	2,242	4	1.0%	\$303,052	32	4.9%	143	16	53.3%	\$444,841	16	25.5%	\$56,025	25	\$3,598	5	0.57
Murrieta	2,179	5	2.4%	\$418,601	12	7.0%	597	2	63.2%	\$418,568	20	3.4%	\$74,594	8	\$2,954	8	0.76
Norco	304	44	7.4%	\$499,500	8	5.8%	1	52	-65.3%	\$0	48	NA	\$88,051	4	\$721	36	1.92
Palm Desert	1,091	19	3.9%	\$374,082	21	6.0%	106	21	-35.9%	\$396,500	25	-3.8%	\$52,892	29	\$1,939	16	1.23
Palm Springs	938	24	-3.2%	\$550,321	5	13.2%	111	20	-33.2%	\$802,500	3	-8.2%	\$44,075	38	\$1,596	19	1.02
Perris	988	21	-1.6%	\$302,197	33	10.8%	187	14	-6.3%	\$358,860	30	0.8%	\$55,074	27	\$1,005	30	1.08
Rancho Mirage	346	43	8.8%	\$650,000	2	21.5%	32	33	55.8%	\$980,000	2	-26.1%	\$66,086	13	\$1,078	29	1.44
Riverside	3,364	1	1.1%	\$417,513	13	20.4%	457	7	24.8%	\$484,247	12	-2.2%	\$61,279	19	\$7,108	1	1.31
San Jacinto	827	26	8.5%	\$261,120	39	8.4%	136	17	51.5%	\$282,889	39	1.5%	\$46,725	34	\$761	34	0.51
Temecula	2,019	8	-1.9%	\$466,463	11	8.5%	159	15	-51.0%	\$552,262	8	4.5%	\$80,495	6	\$3,186	7	1.54
Wildomar	1,101	18	5.6%	\$291,766	36	12.7%	134	18	127.5%	\$449,879	15	18.3%	\$62,489	18	\$725	35	0.35
Riv County	30,913		2.8%	\$365,000		9.0%	5,174		3.5%	\$426,000		5.4%	\$60,134¹		\$56,741¹		0.97
Inl. Empire	56,317		2.9%	\$332,801		8.4%	7,840		7.6%	\$441,569		6.9%	\$58,351¹		\$103,012¹		1.05

¹ County data is 2016 Source: Dataquick, U.S. Census Bureau, Economics & Politics, Inc.

months. In calendar year 2016, San Bernardino County's sales rose 3.1% to \$36.9 billion. Riverside County's sales increased 3.3% to \$34.1 billion (*Exhibit 1*). The combined Inland Empire growth (3.2%) was well above that of California (2.5%). In the first half of 2017, inland sales expanded by another 2.6%. If that continues for all of 2017, the inland area will reach \$72.9 billion in sales, putting it 19.3% above the 2006 record of \$61.1 billion. It needs to exceed 20.1% to completely overcome inflation since that time.

In 2016, retail sales were again led by Ontario (\$7.99 billion) and Riverside (\$5.53 billion), followed by Corona (\$3.32 billion), Temecula (\$3.21 billion) and Fontana (\$3.14 billion). San Bernardino (\$2.94 billion) ranked sixth followed by Rancho Cucamonga (\$2.50 billion), Chino (\$2.08 billion), Victorville (\$1.83 billion) and Palm Desert (\$1.62 billion). Of the 52 cities, the five largest 2015-2016 percentage gains were in Indian Wells (57.1%), Perris (14.5%), Twentynine Palms (11.9%), Canyon Lake (10.7%) and Chino (9.5%).

Per capita sales reveal how well sales taxes could finance city services for each resident. In 2016, the five leaders were almost unchanged: Ontario (\$46,433), Big Bear Lake (\$40,102), Palm Desert (\$32,414), Montclair (\$29,980) except Temecula moved to fifth (\$29,142). The weakest per capita sales were in Canyon Lake (\$1,975), Adelanto (\$3,634), Highland (\$3,784), Twentynine Palms (\$3,813) and Wildomar (\$4,168). [*Inmates not in per capita calculations*].

Assessed Valuation. Assessed valuation is important since property taxes are also a major municipal revenue source with values now beginning to turn around. On July 1, 2017, San Bernardino County's valuation was \$206.6 billion, up 6.1%. Riverside County's was \$260.6 billion, up 5.5%. Combined, the counties' \$497.2 billion exceeded their 2008 record level (\$418.7 billion) by \$48.5 billion or 11.6%, still under the 13.6% inflation rate since 2008, meaning that the value of property taxes has not completely recovered. For cities, assessed valuation tends to follow industrial and housing development. In 2017, the top five cities were: Riverside (\$28.1 billion; 5.1%), Rancho Cucamonga (\$24.9 billion; 6.1%), Ontario (\$23.2 billion; 6.9%), Corona (\$19.8 billion; 6.0%) and Fontana (\$17.7 billion; 5.4%). Though San Bernardino is second in population and has an industrial base, its low home values kept its valuation (\$13.4 billion; 5.8%) at ninth. Each of the 52 cities saw their FY 2017 assessed valuation increase. Assessment growth was led

by: Loma Linda (11.1%), Calimesa (9.1%), Beaumont (8.9%), Desert Hot Springs (8.6%) and Perris (8.5%).

Assessed value per capita measures the ability of property taxes to support city services for each resident. Here, five Coachella Valley cities continued to be strong led by Indian Wells (\$1,017,360) and third ranked Rancho Mirage (\$455,876) followed by La Quinta (\$316,450), Palm Desert (\$283,361) and Palm Springs (\$256,518). Two smaller cities did well: Second ranked Big Bear Lake (\$667,770) and seventh ranked Canyon Lake (\$155,692). Ranked eighth to tenth were cities near Los Angeles County: Chino (\$148,007), Chino Hills (\$143,606), and Rancho Cucamonga (\$142,876). Three East SB Valley cities were weak: San Bernardino (41st, \$63,794), Highland (42nd, \$61,167), and Colton (44th, \$60,671). Outlying desert cities ranked in the bottom tier: Twentynine Palms (52nd, \$31,943), Coachella (51st, \$38,856), Blythe (50th, \$52,543), Barstow (49th, \$53,038), and Desert Hot Springs (48th, \$55,284).

Poverty. Increasingly, the levels of poverty in the Inland Empire have been recognized as a threat to the region's public health. In 2016, the Census Bureau's American Community Survey showed that 17.7% of San Bernardino County's population was below the federal poverty level, down from 19.0% in 2015. It was 26.0% for the county's children under 18, down from 27.4%. In Riverside County, the share of all people was 15.3%, down from 16.2% in 2015. It was 21.1% for the county's children, off from 2015's level of 22.8%.

Data for all cities was only available for 2015. The highest poverty levels were found in Adelanto (40.3%; 51.1%), Desert Hot Springs (34.9%, 46.1%), Barstow (33.7%, 49.8%), San Bernardino (32.6%; 44.2%) and Coachella (31.6%, 43.5%). Among cities of over 100,000 people, the difficulty was most prominent in San Bernardino, Victorville (22.4%, 26.6%), Ontario (17.6%, 26.2%), Jurupa Valley (16.5%, 28.1%) and Fontana (17.3%, 24.4%). The least poverty occurred in Chino Hills (3.7%, 2.5%), Indian Wells (4.6%, 3.1%) and Temecula (5.8%, 6.6%).

Home Sales Volumes. CoreLogic provides home deed recordings by zip code using county recorders' data. In 2016, existing home sales were still slow due to lack of homes for sale. San Bernardino County's 2016 **existing home sales** recordings rose 3.1% to 25,404 units; Riverside County's sales rose by 2.8% to 30,913 sales (*Exhibit 2*). The first four cities with the largest volumes were the same as in 2015: Riverside

(3,364), San Bernardino (3,056), Corona (2,793) and Moreno Valley (2,242). Murrieta (2,179) moved passed Fontana (2,135) into fifth. There was sales growth in 34 of 52 cities. Unlike 2015, the fastest sales growth rates were led by smaller cities: Coachella (56.5%), Twentynine Palms (31.8%), Grand Terrace (25.8%), Calimesa (20.6%) and Indian Wells (17.0%). The largest declines were in Blythe (-48.6%), Loma Linda (-31.6%) and Jurupa Valley (-11.8%).

Riverside County's 2016 **new home sales** rose 3.5% to 5,174 units; San Bernardino County's sales increased 16.6% to 2,666. City growth was led by Eastvale (768). It was followed by Murrieta (597), Corona (582), Fontana (569) and Ontario (539). Twenty-nine of 52 cities had increased new home sales, up from 27 in 2015. Growth rates were led by Ontario (245.4% to 539 sales) as Ontario Ranch finally began building. Otherwise, the leading percentage gains were in smaller markets: Montclair (213.0% to 53 sales), Highland (171.0% to 24 sales), Calimesa (145.7% to 86 sales), Wildomar (127.5% to 134 sales).

Home Prices. From third quarter 2016-2017, Riverside County's **median existing home price** rose 9.0% to \$365,000; San Bernardino County's rose 7.3% to \$295,000. These homes were affordable to 39% of Riverside County's families and 51% of those in San Bernardino County. The highest prices in third quarter 2017 were in the same cities as in 2016 led by Indian Wells (\$790,000), Rancho Mirage (\$650,000) and Chino Hills (\$641,500) while Rancho Cucamonga (\$566,239) and Palm Springs (\$550,321) exchanged places. Outlying desert cities continued with the lowest prices: Needles (\$64,500), Twentynine Palms (\$110,500), Barstow (\$112,500), Blythe (\$135,000) and Yucca Valley (\$174,750). Prices increased in 47 of 52 cities led by Calimesa (29.0% to \$400,000), Barstow (25.7% to \$112,500), Twentynine Palms (25.6% to \$110,500), Rancho Mirage (21.5% to \$650,000) and Riverside (20.4% to \$417,513). Prices fell in five small cities: Needles (-36.8% to \$64,500), Blythe (-16.9% to \$135,000), Indian Wells (-9.2% to \$790,000), Canyon Lake (-6.6% to \$370,000) and Loma Linda (-3.9% to \$377,500).

San Bernardino County's **median new home price** from third quarter 2016-2017 rose 7.4% to \$461,500; Riverside County's increased 5.4% to \$426,000. The highest prices were in La Quinta (\$1,195,000; 79 sales), Rancho Mirage (\$980,000; 32 sales), Palm Springs (\$802,500; 111 sales), Rancho Cucamonga (\$787,042,

203 sales) and Chino Hills (\$713,500; 58 sales). At or under \$275,000 were Yucca Valley (\$275,500, 17 sales), Apple Valley (\$262,400, 102 sales), Adelanto (\$258,500, 54 sales), Hemet (\$250,875, 89 sales), Needles (\$247,000, 4 sales), Banning (\$185,000, 4 sales). The greatest 2016-2017 price increases were in Canyon Lake (268.7% to \$365,000), La Quinta (148.7% to \$1,195,000), Twentynine Palms (125.7% to \$290,000), Loma Linda (78.5% to \$477,500) and Needles (55.6% to \$247,000).

Income. 2016 median household income in Riverside County was \$60,134 and gross county income was \$56.7 billion. Those levels were \$56,337 and \$46.3 billion for San Bernardino County. Incomes for all 52 inland cities were only available for 2015. The highest median incomes were in Eastvale (\$110,927), Chino Hills (\$102,890), Indian Wells (\$93,625), Norco (\$88,051) and Rancho Cucamonga (\$80,720). For comparison, Irvine was \$93,781; Santa Monica was \$85,062. Total 2015 personal income was led by Riverside (\$7.11 billion), Rancho Cucamonga (\$4.99 billion), Corona (\$4.74 billion), Fontana (\$3.69 billion) and Moreno Valley (\$3.60 billion).

Jobs/Housing Balance. Often, the fastest growing Inland Empire cities see population surges before job growth, creating commuting issues. Within the region, one city may be the job hub for its neighbors. The ratio of city-based jobs to occupied homes is a measure of this with 1.26 showing balance for Southern California. San Bernardino County is closing in on that gap (1.15), faster growing Riverside was at 0.97. The 10 highest city ratios were: Ontario (2.32), Big Bear Lake (2.25), Loma Linda (2.07), Chino Hills (2.00) and Norco (1.92), followed by San Bernardino (1.74), Redlands (1.60), Corona (1.57), Temecula (1.54) and Rancho Mirage (1.44). Seventeen of the region's 52 cities exceeded the balanced ratio.

Most Prosperous? Which Inland Empire cities are the most economically prosperous? Summing city rankings for *per capita* retail sales, *per capita* assessed value and poverty share, as well as rankings for absolute population growth, median income and median price of all homes, plus 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 2016-2017, the best 10 scores on these criteria were: Temecula (57), Rancho Cucamonga (66), Corona (76), Indian Wells (81), Chino Hills (82), Chino (93), Ontario (94) & Rancho Mirage (94), Norco (96) and La Quinta (107). ■

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

From 2011-2017e, the CA Employment Development Department (EDD) has shown that the Inland Empire gained 291,575 jobs (*Exhibits 3-4*). The Great Recession loss was -140,650, so the area has added 150,925 more jobs than were lost. It is 11.6% above its pre-recession level compared to 8.6% for California. In the growth period, 60.2% of jobs added in the Inland Empire were in the two moderate paying (\$45,000-\$60,000) and the good paying (\$60,000 plus) groups, leaving 41.8% in low paying sectors (*under \$30,000*), much better than California's 46.1%. The difference is because Inland Empire added 121,959 moderate paying blue collar and technical jobs (41.8% share). California added just 20.8%, underscoring the state's problems with middle class positions. For new higher paying jobs, the state's 26.2% share was strong. While the inland area had a 10.7% share in health care, it was only 10.9% for the full group.

CLEAN WORK, GOOD PAY: 31,735 JOBS (I.E. 10.9% SHARE V. CA 26.2%)

Higher paying inland sectors showed weakness in 2011-2017, despite health care's 10.7% share of job growth outpacing California's 9.1%. Management and professions was 2.0% of new jobs (5,972) but well under the state's 10.0%. Higher education was 0.8% of local growth (2,462) versus state's 2.9%. State/federal government (-3,232; -1.1% of growth), local government (-1,482; -0.5% of growth), and information (-2,572; -0.9% of growth) all lost jobs. Mining (-0.1%; -147) and utilities (-0.1%, -577) were nearly flat.

CLEAN WORK, MODERATE PAY: 21,899 JOBS (I.E. 7.5% SHARE V. CA 7.0%)

Inland sectors paying moderate incomes to white collar technical workers during 2011-2017 were modestly strong, adding 21,899 positions (7.5% share), slightly exceeding the state's 7.0% share. K-12 education continued to rebound, up 16,050 positions (5.5% share) against California's 4.1%. Financial activities sectors had a 2.0% share of job gains (5,849) versus the state's 2.9%.

DIRTY WORK, MODERATE PAY: 121,959 JOBS (I.E. 41.8% SHARE V. CA 20.8%)

In 2011-2017, the blue collar sectors that fundamentally drive the Inland Empire's economy gained 121,959 jobs (41.8% share of growth vs. California's 20.8%). Distribution and transportation added 59,857 jobs (20.5% share of growth vs. state's 8.8%) as fulfillment centers and international trade boosted employment. Construction continued its return adding 46,811 jobs (16.1% of growth vs. state's 10.0%). Manufacturing was up 15,291 positions (5.2% share vs. state's 2.0%) as growing demand offset California's poor climate for producers.

LOWER PAYING JOBS: 115,981 JOBS (I.E. 39.8% SHARE V. CA 46.1%)

There was an increase of 115,981 jobs in lower paying sectors, a 39.8% share of the inland expansion from 2011-2017. That compared very favorably with the state's 46.1%. Eating and drinking had 37,722 share of new jobs (11.9% vs. state's 13.8%). Social assistance grew by 24,376 jobs (8.4% share vs.

3 INLAND EMPIRE EMPLOYMENT GROWTH 2011-2017e

Sector	2011	2012	2013	2014	2015	2016	2017ytd	2011-2017 Change	IE Share	CA Share
Health Care	4,883	5,167	3,275	4,408	5,583	4,450	3,545	31,312	10.7%	9.1%
Mgmt & Professions	792	533	1,475	1,942	(217)	325	1,122	5,972	2.0%	10.0%
Higher Education	317	(150)	225	367	725	708	270	2,462	0.8%	2.9%
Mining	42	150	8	92	(8)	(408)	(22)	(147)	-0.1%	-0.2%
Utilities	75	(42)	(167)	(183)	(117)	(67)	(77)	(577)	-0.2%	0.0%
Local Government	(3,533)	(1,658)	(692)	617	875	1,783	1,126	(1,482)	-0.5%	1.2%
Information	(1,817)	(483)	(183)	(275)	150	158	(122)	(2,572)	-0.9%	3.9%
Federal & State	(1,975)	(1,392)	(1,000)	(100)	225	475	535	(3,232)	-1.1%	-0.7%
Clean Work, Good Pay	(1,217)	2,125	2,942	6,867	7,217	7,425	6,376	31,735	10.9%	26.2%
K-12 Education	(1,467)	850	3,275	2,325	3,267	5,117	2,683	16,050	5.5%	4.1%
Financial Activities	(1,083)	1,208	1,175	1,025	1,083	1,308	1,133	5,849	2.0%	2.9%
Clean Work, Medium Pay	(2,550)	2,058	4,450	3,350	4,350	6,425	3,816	21,899	7.5%	7.0%
Logistics	2,492	8,225	9,783	10,825	13,567	8,433	6,532	59,857	20.5%	8.8%
Construction	(625)	3,558	7,392	7,558	8,075	6,808	14,044	46,811	16.1%	10.0%
Manufacturing	(58)	1,617	625	3,975	4,783	2,833	1,516	15,291	5.2%	2.0%
Dirty Work, Medium Pay	1,808	13,400	17,800	22,358	26,425	18,075	22,092	121,959	41.8%	20.8%
Eating & Drinking	1,600	4,517	5,092	7,242	5,075	6,300	4,897	34,722	11.9%	13.8%
Social Assistance	(992)	2,475	9,492	3,158	4,183	3,767	2,293	24,376	8.4%	7.0%
Retail Trade	3,000	3,842	2,467	4,583	4,858	4,725	878	24,353	8.4%	6.7%
Admin. Support	717	1,833	2,367	492	1,433	1,817	532	9,191	3.2%	3.6%
Other Services	867	975	1,067	1,883	967	1,108	1,399	8,266	2.8%	4.0%
Employment Agencies	917	(1,317)	1,025	4,350	7,500	(3,742)	(1,218)	7,516	2.6%	5.1%
Amusement	(425)	400	1,008	783	892	733	1,241	4,633	1.6%	2.5%
Accommodation	75	433	367	908	958	992	594	4,327	1.5%	1.1%
Agriculture	(125)	83	(500)	(42)	358	(125)	(1,052)	(1,402)	-0.5%	2.2%
Lower Paying Jobs	5,633	13,242	22,383	23,358	26,225	15,575	9,565	115,981	39.8%	46.1%
Total, All Industries	3,675	30,825	47,575	55,933	64,217	47,500	41,850	291,575	100.0%	100.0%

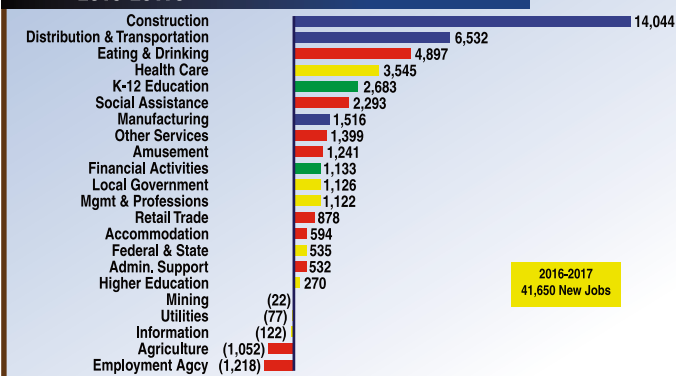
2017e based upon January through September growth by sector
Source: CA Employment Development Department

state's 7.0%). Retailing was up 24,353 positions (8.4% share vs. 6.7%). Business administrative support added 9,191 jobs (3.2% share vs. 3.6%). Other services were up 3,266 jobs (2.8% share vs. 4.0%). Employment agencies added 7,516 jobs (2.6% share vs. 5.1%), far less than thought by those criticizing the area's job mix. Amusement was up 4,633 jobs (1.6% share vs. state's 2.5%). Accommodation added 4,327 workers (1.5% share vs. 1.1%). Agriculture lost -1,402 jobs (-0.5% share vs. state's 2.2%).

COMMENT

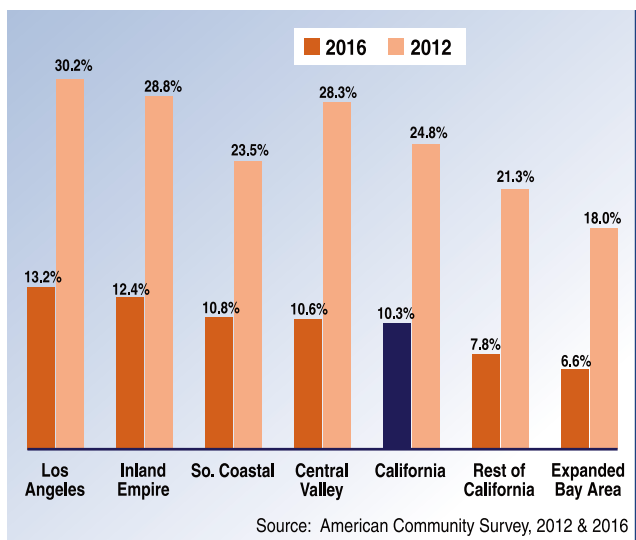
2017 data show job growth in the Inland Empire strong (41,850), dominated by construction and logistics (*Exhibit 4*). The gain this year is coming in slower than the very rapid pace of 2013-2016. Still, the region is headed for a new employment record (1,445,667; 3.0%), with job quality as good as before the recession. This stands in contrast to the state's record (1.9%) where middle income sectors (\$40,000-\$55,000) are growing weakly. The inland area's main issue is the need to expand private sector higher paying sectors with their employment of four year graduates. ■

4 INLAND EMPIRE GROWING & DECLINING SECTORS 2016-2017e



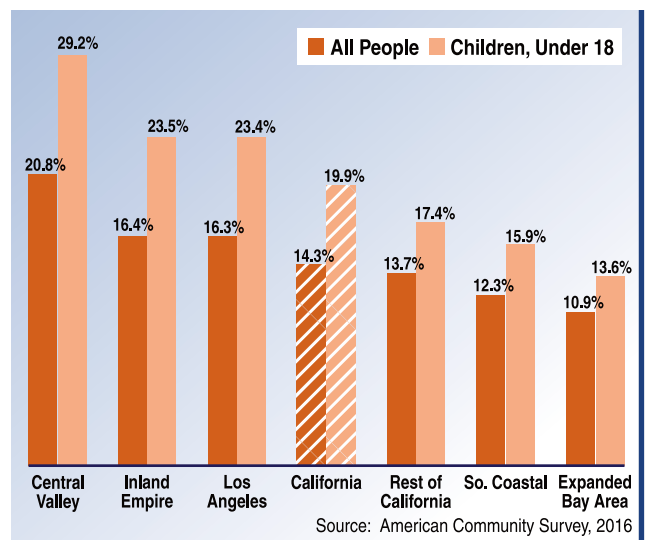
Source: CA Employment Development Department, 2017e = January to September growth

5 SHARE OF POPULATION WITHOUT HEALTH INSURANCE People 18-64, CA Regions, 2012 vs. 2016



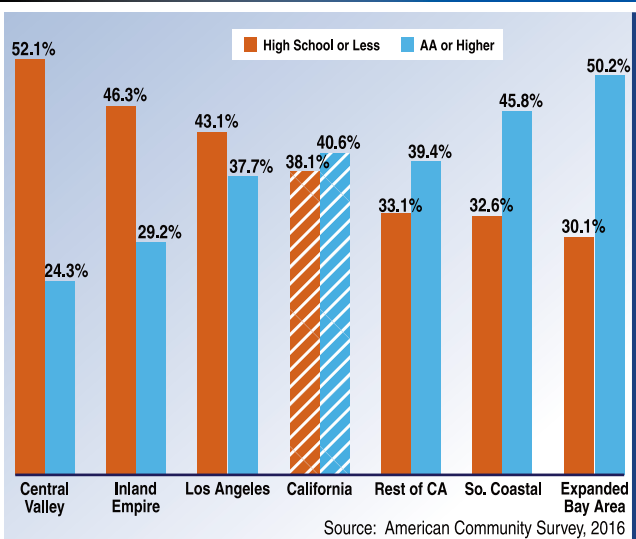
Health Insurance Improvement. The dramatic improvement in the share of California residents without health insurance continued into 2016. This included the Inland Empire. In 2012, 24.8% of Californians lacked coverage. It was 28.8% in the Inland Empire. By 2016, the share for California was down to 10.3%. In the inland area, it fell to 12.4%. It was also down from 13.6% in 2015. That said, the inland region still ranked second highest among state regions, below Los Angeles County. These improvements are one reason the health care sector has been a strong job producer in the inland area, despite the uncertainty coming from Washington DC.

6 SHARE OF POPULATION LIVING IN POVERTY California Regions, 2016



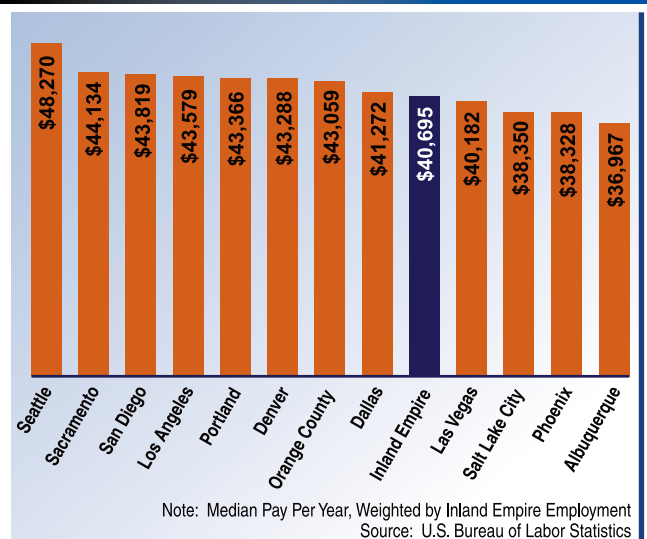
Poverty. A continuing difficulty impacting the Inland Empire has been the share of its population living in poverty. In 2016, it was 16.4%, down from 17.5% the previous year. A greater problem for the region's long term future was the 23.5% of children under 18 living in poverty. That too improved from the 25.0% in 2015. For California, the comparable rates were 14.3% and 19.9%. Among state regions, the inland area had the second highest overall poverty below the Central Valley (20.8%, 29.2%). Given the difficulty the region has had with the educational level of its workforce, these figures add an unfortunate dimension to the challenges facing today's school children.

7 EDUCATIONAL ATTAINMENT: High School or Less & AA or Higher Adults, 25 & Over, by CA Region, 2016



Educational Attainment. A competitive difficulty for the Inland Empire is the modest levels of educational completion by its adults. In 2016, those with community college or higher degrees stood at 29.2%, up from 27.8% in 2015. That was better than the Central Valley (24.3%), but well below other areas of California and the state average of 40.6%. Its share of adults with high school or less schooling was 46.3%, down from 47.1% but also second highest to the Central Valley (52.1%) among state areas. The California average was 38.1%. These data condition the kinds of economic activity for which the inland area can compete.

8 MEDIAN PAY PER YEAR Major Western Markets, May 2016



Median Pay By Sector. The Inland Empire generally offers employers a labor cost advantage. Its median pay for all workers in 2016 was \$40,695 up from \$39,632 in 2015 (*half workers above/half below*). Using the pay levels by sector for competitor areas weighted by the inland area's employment in those sectors, the coastal counties were more costly: Los Angeles (\$43,579), San Diego (\$43,819) and Orange (\$43,059). The region's labor cost was also below Seattle (\$48,270), Sacramento (\$44,134), Portland (\$43,366), Denver (\$43,288) and Dallas (\$41,272). It was above Las Vegas (\$40,182), Salt Lake City (\$38,350), Phoenix (\$38,328) and Albuquerque (\$36,967). This is one reason the area's job growth has continually been the second fastest in California.

9 SINGLE FAMILY HOME PRICES 3rd Quarter, 2016-2017

County	3rd-2016	3rd-2017	% Chg.
NEW HOMES			
Riverside	\$404,000	\$426,000	5.4%
San Bernardino	429,750	461,500	7.4%
Los Angeles	582,750	678,500	16.4%
Orange	820,000	851,000	3.8%
San Diego	626,000	622,000	-0.6%
Ventura	530,000	702,250	32.5%
So. California	\$576,800	\$617,600	7.1%
EXISTING HOMES			
Riverside	\$335,000	\$365,000	9.0%
San Bernardino	275,000	295,000	7.3%
Los Angeles	557,750	600,100	7.6%
Orange	705,000	755,000	7.1%
San Diego	546,000	587,000	7.5%
Ventura	584,000	615,000	5.3%
So. California	\$494,600	\$528,700	6.9%

Source: Dataquick

10 HOME DEED RECORDINGS Inland Empire, 3rd Quarter, 2016-2017

NEW HOMES				EXISTING HOMES			
Area	3rd 16	3rd 17	% Chg.	Area	3rd 16	3rd 17	% Chg.
West of I-15	301	457	51.8%	SB Mountains	775	1,011	30.5%
San Bdn-Highland	90	129	43.3%	San Bdn-Highland	825	892	8.1%
I-15 to I-215	150	194	29.3%	Victor Valley	1,350	1,438	6.5%
East of I-215	22	28	27.3%	SB Desert	576	584	1.4%
Victor Valley	57	72	26.3%	West of I-15	1,437	1,437	0.0%
SB Desert	10	12	20.0%	I-15 to I-215	1,054	1,021	-3.1%
SB Mountains	11	5	-54.5%	East of I-215	513	487	-5.1%
SAN BDNO COUNTY	641	897	39.9%	SAN BDNO COUNTY	6,530	6,870	5.2%
I-15 South	319	385	20.7%	Rural Desert	513	586	14.2%
Pass Area	104	125	20.2%	Moreno Valley	552	626	13.4%
Corona, Norco	192	215	12.0%	Riverside	1,037	1,151	11.0%
Riverside	100	90	-10.0%	Pass Area	431	461	7.0%
I-215 South	296	224	-24.3%	I-15 South	1,709	1,823	6.7%
Coachella Valley	84	58	-31.0%	I-215 South	1,938	1,977	2.0%
Rural Desert	42	28	-33.3%	Corona, Norco	920	937	1.8%
Moreno Valley	36	23	-36.1%	Coachella Valley	1,224	1,201	-1.9%
RIVERSIDE COUNTY	1,173	1,148	-2.1%	RIVERSIDE COUNTY	8,324	8,762	5.3%
INLAND EMPIRE	1,814	2,045	12.7%	INLAND EMPIRE	14,854	15,632	5.2%

Source: Dataquick

HOME MARKETS: Price Rises Continue, Volume Flat!

In third quarter 2017, the Inland Empire recorded 16,864 *seasonally adjusted* existing and new home sales. Volume has essentially been flat since 2nd quarter 2010 (*Exhibit 11*). For the first nine months of 2017, the inland region was responsible for 34.9% of all home sales in Southern California, up from 33.8% in 2016 (*Mexican border to Ventura County*). Meanwhile, the median existing home price in the two county area rose to \$332,801 from \$307,085 last year (*Exhibit 12*); the new home price was \$441,569, up from \$413,072. The existing home level is -14.6% below the 2006 peak of \$389,924. The new home price is 1.0% above the prior peak \$437,200.

SALES

Riverside County had 8,762 existing home sales in third quarter 2017, up 5.3% from 2016. As recordings come at the end of escrow, this included some second quarter sales. The rural area had the highest percentage gain (586 units; 14.2%). I-215 south led in volume (1,977; 2.0%). The county's 1,148 new home sales were off -2.1% from 2016 (*Exhibit 10*). The South I-15 area had the fastest growth and most sales (385 units, 20.7%).

San Bernardino County's existing home sales rose 5.2% to 6,870 units. The mountain areas had the largest percentage increase (1,011 sales, 30.5%). West of I-15 led in volume (1,438 sales; 0.0%). New home sales in third quarter 2017 rose 39.9% to 897 units. The area west of I-15 had the fastest growth and most sales (457 sales; 51.8%).

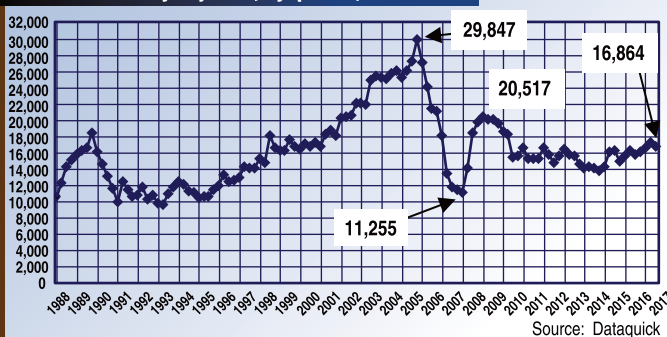
PRICES

Riverside County's third quarter 2017 median new home price was \$426,000, up 5.4% from \$404,000 in 2016 and 0.4% from second quarter's \$424,500 (*Exhibit 9*). The median existing home price of \$365,000 was 9.0% above 2016's \$335,000 and up 2.0% from second quarter's \$358,000. San Bernardino County's median new home price of \$461,500 was up 7.4% from \$429,750 in 2016 and up 4.2% from second quarter's \$443,000. Its existing median home was \$295,000, up 7.3% from \$275,000 in 2016 and up 1.0% from the prior quarter's \$292,000. Southern California's new home price of \$617,600 was up another 7.1% from 2016 (\$576,800). The larger region's existing home price of \$528,700 was up 6.9% from \$494,800 in 2016.

SUMMARY

The Inland Empire's housing markets remain stuck in a narrow band of home sales that has gone on seven years. Lack of supply is propelling prices which continue to rise sharply in the face of demand that is increasing with the general rise in Southern California's economy and consumer confidence. Affordability is high in San Bernardino County where 51% of local families can afford the median priced home. It is 41% in Riverside County. In the coastal counties just 21%-28% of families in each county can afford their county's median priced homes. The coastal lack of affordability has historically driven buyers inland, but so far not yet. ■

11 ALL HOME SALES, INLAND EMPIRE Seasonally Adjusted, by quarter, 1988-2017



12 PRICE TRENDS, NEW & EXISTING HOMES Inland Empire, 1988-2017, Quarterly

