

Economy

Section Highlights

Logistics Sector Jobs

78,908

Median Home Sales Price

\$206,660

Industrial Real Estate Vacancy Rate

4.5%

Visitor Spending

\$4.5 billion

Tourism-Related Jobs

50,100

Registered Nonprofit Organizations

5,480

A Success Story

Global video and ecommerce retailer QVC has selected the city of Ontario for the company's first West Coast distribution center. Once completed in summer 2016, QVC's new LEED-certified facility in Ontario will be one of city's largest distribution centers and top employers. The announcement comes as Ontario and the San Bernardino County economies continue to improve, with Transportation, Warehousing and Distribution leading the growth.

Employment and Average Salaries Grow

Employment change within specific industry clusters illustrates how San Bernardino County's economy is evolving. Tracking salary levels in these clusters shows whether these jobs can provide a wage high enough for workers to afford living in San Bernardino County. This indicator presents employment and salaries in five industry clusters chosen to reflect the diversity of San Bernardino County employment, major economic drivers within the county, and important industry sectors for workforce development. Approximately 46% of all San Bernardino County jobs can be found in the five clusters described in this indicator.

How is San Bernardino County Doing?

Four of the five selected industry clusters experienced an increase in employment between 2012 and 2013:

- Logistics experienced the greatest growth in the past year, increasing 12%.
- Construction/Housing Related industries saw 2% growth, and Manufacturing and Healthcare each grew by 1%. Professional/Scientific/Technical Services employment was essentially flat (0.1% decline).
- Since 2001, Logistics employment increased 60%, Healthcare employment increased 37%, and Professional/Scientific/Technical Services employment increased 33%.
- Manufacturing employment has decreased 29% since 2001 and Construction/ Housing Related Industries employment has seen an overall decline of 10% during the same period.

Salaries in most of the selected clusters are increasing:

- Between 2012 and 2013, average salaries in Healthcare increased 2%, while Professional/Scientific/Technical Services, Logistics and Manufacturing salaries each increased by 1%. The average salary of Construction/Housing Related Industries decreased 1%.
- During this same period, the cost of living increased 1.1%.¹
- The minimum household income needed to purchase an existing single-family home priced at 85% of the San Bernardino County median is approximately \$25,400 (first quarter 2015), affordable to the average salaried employee in all five of these clusters if a down payment can be secured.

Average Annual Salaries in Selected Clusters San Bernardino County, 2012 and 2013

	2012	2013	Percent Change
Healthcare	\$53,750	\$54,642	2%
Professional/Scientific/Technical Services	\$36,901	\$37,349	1%
Logistics	\$45,716	\$46,005	1%
Manufacturing	\$47,381	\$47,678	1%
Construction/Housing-Related Industries	\$50,325	\$49,969	-1%

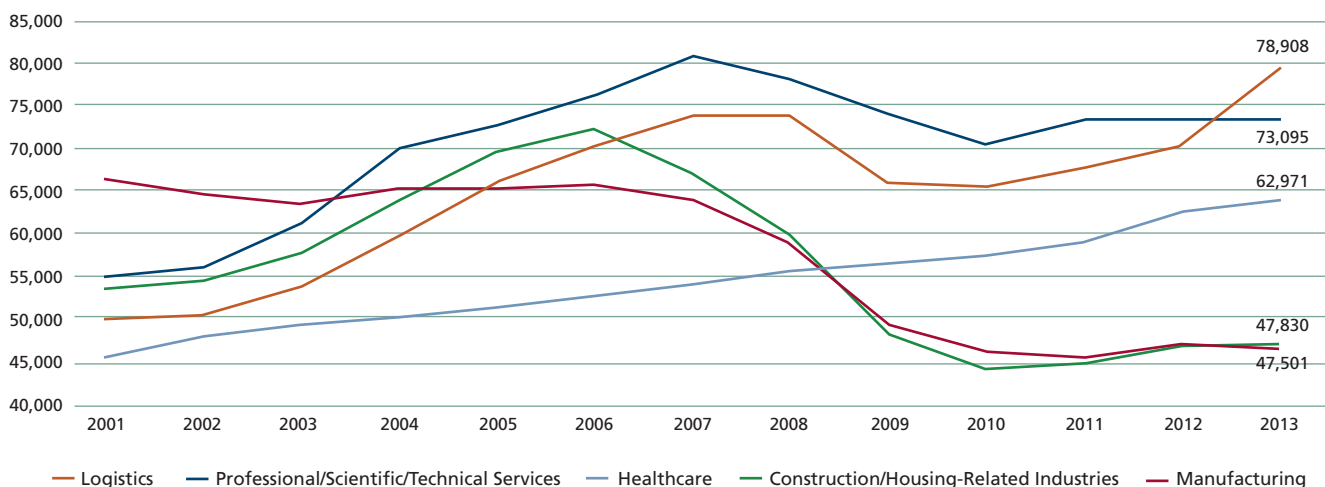
Source: Analysis of data from the Economic Modeling Specialists

Veterans in San Bernardino County

According to the U.S. Census, in 2013 there were fewer veterans unemployed in San Bernardino County than the non-veteran population (10.2% versus 12.2% unemployment rate, respectively). Also in 2013, fewer veterans were living below the poverty line compared to their non-veteran peers – 9.5% and 16.7%, respectively.

Source: U.S. Census Bureau, American Community Survey, 1-Year Estimates, 2013

Employment in Selected Industry Clusters San Bernardino County, 2001-2013



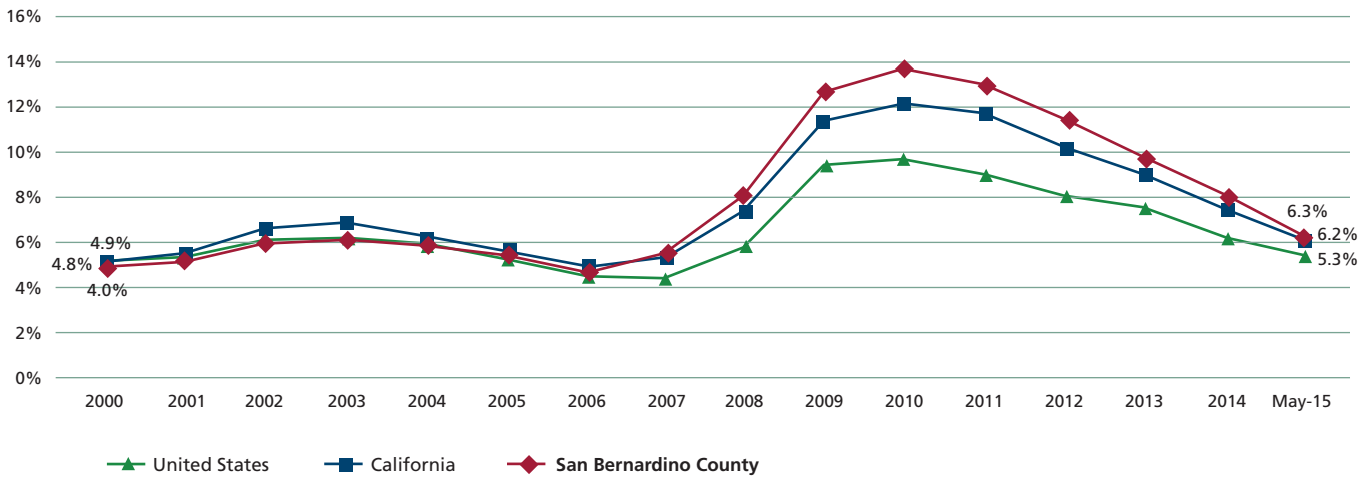
Source: Analysis of data from Economic Modeling Specialists

¹ Consumer Price Index – All Urban Consumers; Los Angeles-Riverside-Orange County (<http://www.bls.gov/data/#prices>)

Paralleling trends nationwide, San Bernardino County's unemployment rate improved in 2014 and continued falling in 2015 (according to the latest data available at time of publication):

- Since 2000, the unemployment rate in San Bernardino County ranged from a low of 4.8% in 2006 to a high of 13.5% in 2010.
- From its high in 2010, the unemployment rate has been steadily decreasing and was 6.3% as of May 2015.
- In May 2015, San Bernardino County's unemployment rate was ranked 23rd out of the 58 counties in California, a position that has not changed substantially in recent years.
- San Bernardino County's unemployment rate has been higher than the state and nation since 2007 but appears to be approaching the state unemployment rate once again.

Unemployment Rate
San Bernardino County, California and United States, 2000-May 2015



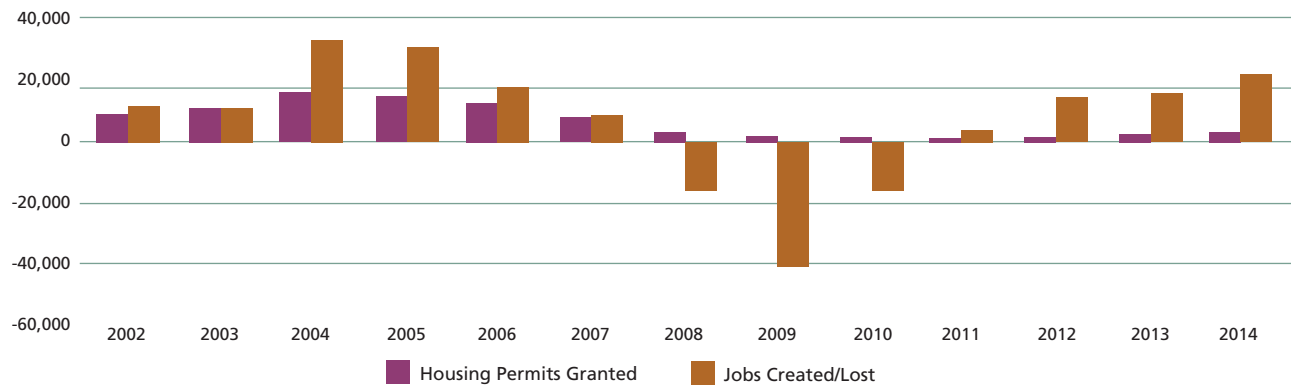
Sources: U.S. Bureau of Labor Statistics (www.bls.gov); California Employment Development Department (www.labormarketinfo.edd.ca.gov/LMID/Labor_Force_Unemployment_Data.html)

Jobs-Housing Balance

In 2014, San Bernardino County added 24,804 jobs while 3,405 new housing permits were granted:

- This is the fourth consecutive year where the number of jobs expanded rather than contracted.
- During a five-year period, from 2010 to 2014, a cumulative total of 47,372 jobs were added in San Bernardino County, while 11,987 housing units were permitted.

Jobs Created/Lost and Housing Permits Granted
San Bernardino, 2002-2014



Sources: United States Department of Housing and Urban Development (<http://socs.buduser.org/permits/index.html>) and United States Bureau of Labor Statistics

Housing Market Continues to Recover

Given San Bernardino County's location and relative housing affordability in Southern California, it has become a substantial supplier of housing and construction-related jobs, which are a key employment sector for the region (see Employment). As a result, the county's economy is acutely sensitive to changes in the housing market. Home sale prices are a key measure of the health of the community's housing market, as well as consumer confidence. Taken together, trends in home sale prices, foreclosure rates, the percent of homeowners "underwater" on their mortgages, and the number of housing permits granted signify the health of the county's housing market and the local economy.

How is San Bernardino County Doing?

Median home sales prices remain down by 41% from their peak in August 2006; however, prices continue to recover:

- The median sale price of existing single-family homes increased 8% from \$190,540 in January 2014 to \$206,660 in January 2015.

Despite population and household increases, the number of homes sold continues to decline:

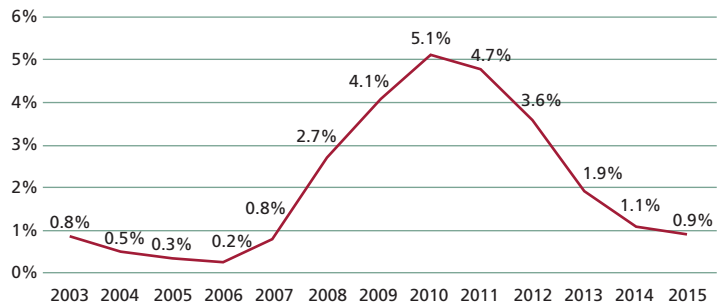
- There was a 23% one-year decline in the number of homes sold – from 30,763 total homes sold in 2013 to 23,589 in 2014 (annual totals).
- 2014 had the fewest number of homes sold in San Bernardino County since 2000.

Foreclosures and short sales are decreasing:

- In January 2015, 0.9% of all residential properties in San Bernardino County were in some stage of foreclosure, slightly lower than the prior January's rate of 1.1%, but above the rate of 0.2% in January 2006.
- Also in January 2015, 13% of homes sold in San Bernardino County were either a short sale or Real Estate Owned (REO) sale, compared with 64% in January 2011.
- Short sales and REOs typically sell for a lower price, driving down the median prices for houses in an area.

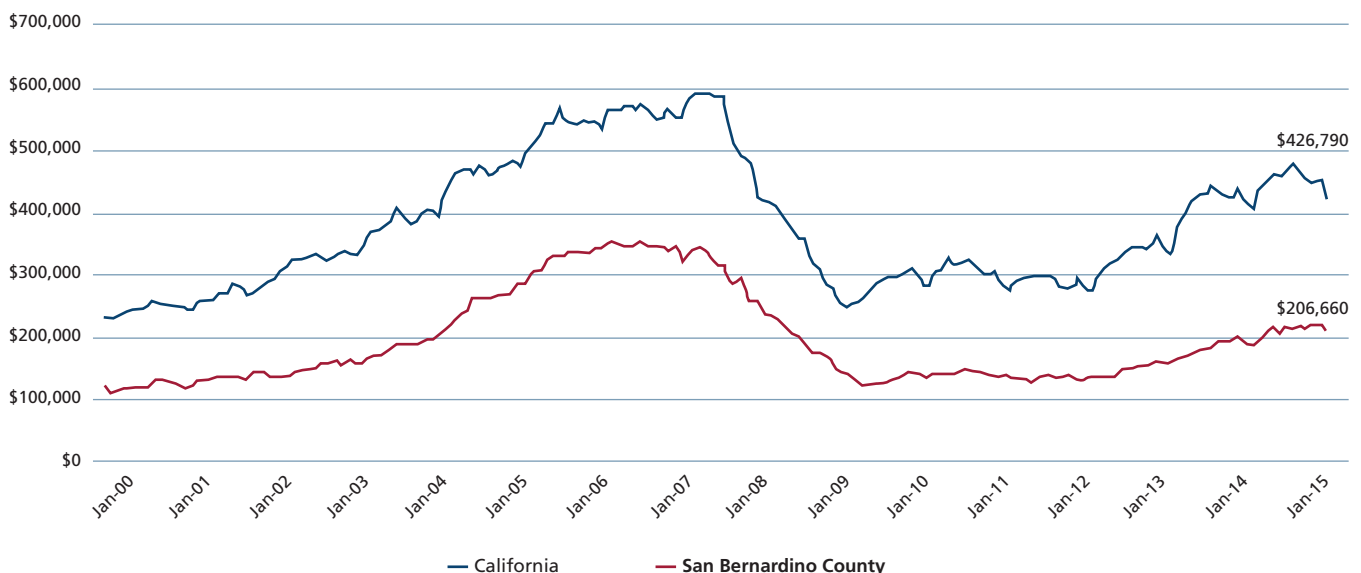
Defining Terms	Underwater Mortgage (Negative Equity): The mortgage balance is more than the property is worth.
	Short Sale: The property is sold for less than is owed on the mortgage.
	Foreclosure: The property used to secure a mortgage is sold to pay off that mortgage because the borrower has defaulted or failed to make timely loan payments.
	REO (Real Estate Owned): The property failed to sell at a foreclosure auction and is now owned by a lender, most likely a bank.

Percentage of Properties in Foreclosure
San Bernardino County, January 2003-January 2015



Source: CoreLogic

Median Sale Price of Existing Detached Homes
San Bernardino and California, January 2000-January 2015



Source: California Association of Realtors (www.car.org)

The proportion of homes with an underwater mortgage has decreased since January 2011:

- In January 2015, 14% of homes carrying mortgages in San Bernardino County were underwater.
- This represents a significant reduction from January 2011, when 49% of mortgages were underwater.

The number of construction permits granted per 1,000 San Bernardino County residents decreased slightly but is showing signs of growth:

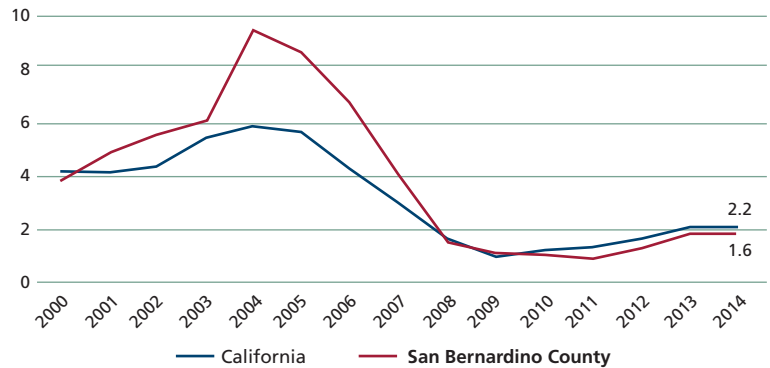
- In 2014, there were 1.6 permits granted per 1,000 residents in San Bernardino County, lower than the California rate (2.2).
- This is slightly lower (-1%) than the prior year, when there were 1.7 permits granted per 1,000 residents in San Bernardino County.
- The number of permits granted per 1,000 residents has slowly increased since 2009, suggesting a stabilization in the construction industry following the building bubble of the mid 2000's, which ended with the Great Recession.
- There was a slight decrease in the number of housing permits granted between 2013 and 2014, with 3,424 and 3,405 total housing permits granted, respectively.

Median Price of Home by Type of Sale
San Bernardino County, April 2015

Type of Sale	Price	Percent Price is Above or Below Total Sales Median
New Construction	\$ 410,500	66%
Resale	\$ 245,000	-1%
Short Sale	\$ 203,000	-18%
REO	\$ 193,000	-22%
Total Sales Median	\$ 247,000	

Source: CoreLogic

Housing Permits Granted per 1,000 Residents
San Bernardino County and California, 2000-2014



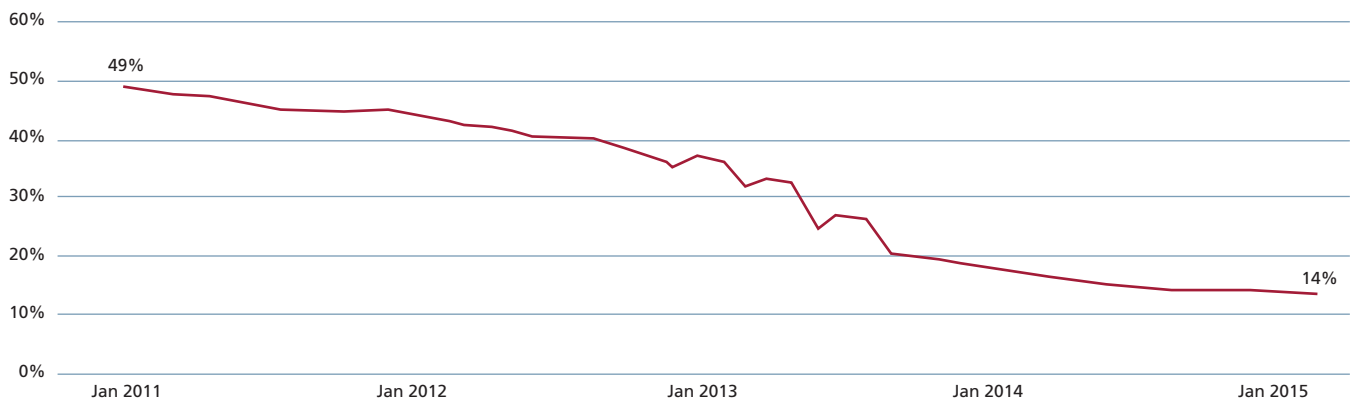
Sources: United States Department of Housing and Urban Development (<http://socds.buduser.org/permits/index.html>), California Department of Finance Population Estimates

Total Number of Homes Sold, by Month
San Bernardino County, January 2000-January 2015



Source: CoreLogic

Percent of Homes with Underwater Mortgages
San Bernardino County, 2011-2015



Note: No data available for October 2013.

Source: CoreLogic

Key Measures Headed in Positive Direction

Changes in commercial real estate vacancy rates, rents, and net absorption reflect the health of the market, as well as opportunities for business expansion. Lower vacancy rates, increasing net absorption, and increasing rents can signal a need for investments in new facilities, thus stimulating construction and related building activities. This indicator tracks rental prices and vacancy rates for office, retail and industrial real estate. The net absorption of industrial real estate comprises the largest share of market space available in the region and is a key indicator of overall market health.¹

How is San Bernardino County Doing?

Industrial rents in the Riverside-San Bernardino metro area have remained relatively steady while vacancy rates, though increasing slightly from 2013 to 2014, continue an overall downward trend:

- Industrial real estate, which accounts for the vast majority of the total market share (77%), had a 4.5% vacancy rate in the fourth quarter of 2014.
- This represents a decrease of almost five percentage points since the fourth quarter of 2009's peak of 9.0% vacancy.
- Industrial rents have declined 7% since their peak of \$0.42/square foot in the fourth quarter of 2008.
- However, industrial rents have remained relatively stable since the fourth quarter of 2009 and did not change between the fourth quarters of 2013 and 2014, remaining at \$0.39/square foot.
- There was a 40% decrease in industrial net absorption between the fourth quarters of 2013 and 2014.
- For the year end, there was an overall positive net absorption of 16.1 million square feet of industrial space generated in 2014, surpassing the 14.9 million square feet generated in 2013.

Retail vacancy rates and rents have remained steady:

- In the fourth quarter of 2014, retail space, which accounts for 19% of market share, had a 10.0% vacancy rate.
- Vacancy rates have decreased almost two percentage points from the peak of 11.8% vacancy in the fourth quarter of 2009.
- At \$1.89/square foot in the fourth quarter of 2014, retail rent has not changed significantly since the fourth quarter of 2011.

Office vacancy rates have declined while rents remain stable:

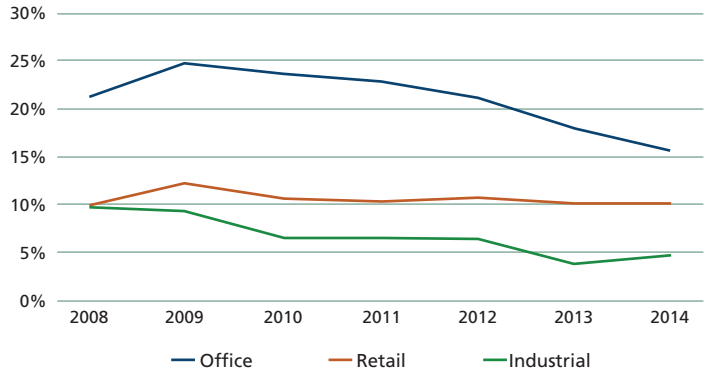
- In the fourth quarter of 2014, office space, which accounts for 4% of market share, had a 15.8% vacancy rate.
- This represents a steady decrease of almost nine percentage points since the peak of 24.3% vacancy in the fourth quarter of 2009.
- While office rents are down 17% since their peak of \$2.11/square foot in the fourth quarter of 2008, rents have remained stable since the fourth quarter of 2012 (\$1.75/square foot in the fourth quarter of 2014).

Across all categories of commercial real estate, rents in the Riverside-San Bernardino metro area are comparatively low:

- In the fourth quarter of 2014, on average, industrial rent in Los Angeles and Orange counties was 69% more expensive than comparable space in the Riverside-San Bernardino metro area; office rent was 35% more expensive on average; and retail rent 10% more expensive on average.

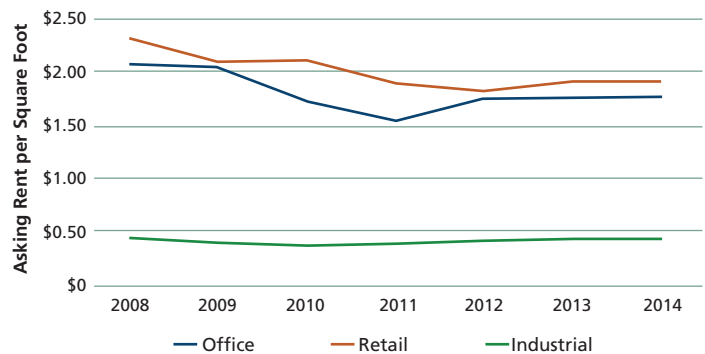
¹ Net absorption is the change in occupied square feet from one period to the next.

Office, Retail and Industrial Real Estate Vacancy Rates
Riverside-San Bernardino, 2008-2014 (Fourth Quarters)



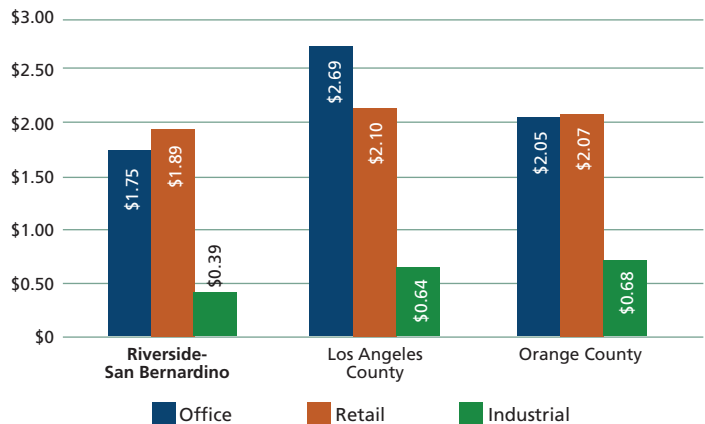
Source: CBRE

Office, Retail and Industrial Real Estate Asking Rents
Riverside-San Bernardino, 2008-2014 (Fourth Quarters)



Source: CBRE

Office, Retail and Industrial Real Estate Asking Rents
Regional Comparison, Fourth Quarter 2014



Source: CBRE

Tourism-Related Spending and Employment Grow

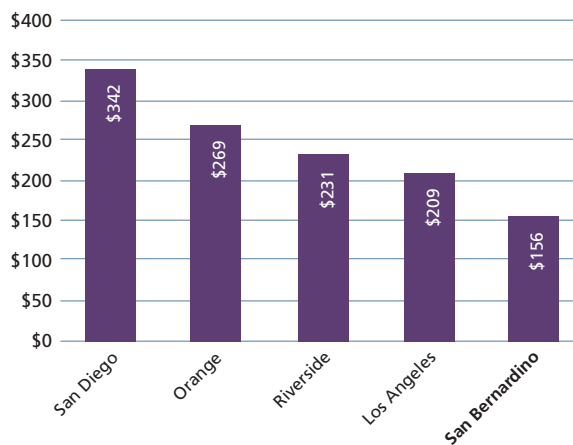
Visitors traveling to San Bernardino County for recreation and business generate revenue and jobs for the local economy. Hotels, shops, restaurants, recreation areas, and entertainment venues benefit substantially from the tourism market. Moreover, the County and cities within the county benefit from tax revenue generated by visitor spending. This indicator measures visitor spending on accommodations, food, recreation, retail products, and travel arrangements, as well as tax revenue generated within the county from visitor spending. Travel industry employment is also measured.

How is San Bernardino County Doing?

After a drop in 2009, visitor spending, tax receipts and employment have grown to surpass pre-recession levels:

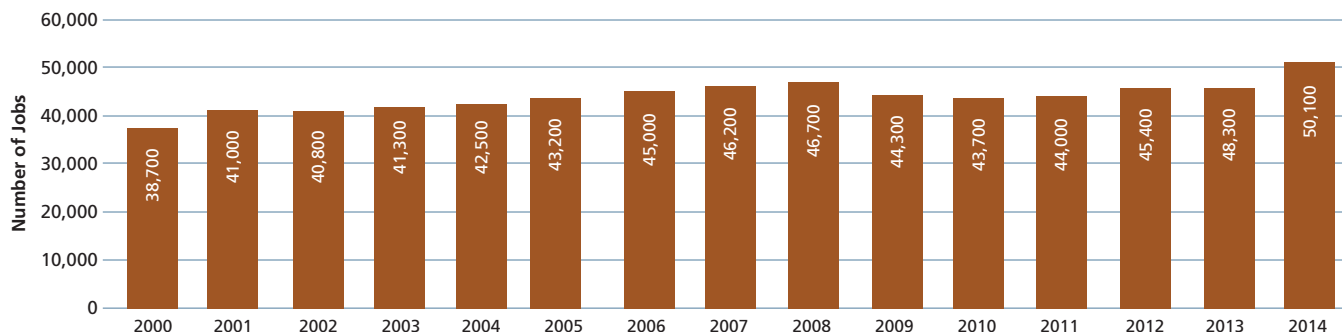
- At \$4.5 billion in 2014, visitor spending is at the highest level in 15 years.
- Similarly, tax receipts have increased, growing to \$327 million in 2014. This is equivalent to \$156 per resident, which was the lowest per capita tax receipts among the counties compared.
- Employment in the tourism industry fell during the recession and has now more than recovered, topping out at 50,100 jobs in 2014.
- San Bernardino County's share of total California tourism earnings is 3.3%, an increase since 2000 when the county's share was 2.7%.

Per Capita Tourism-Related Tax Receipts County Comparison, 2014



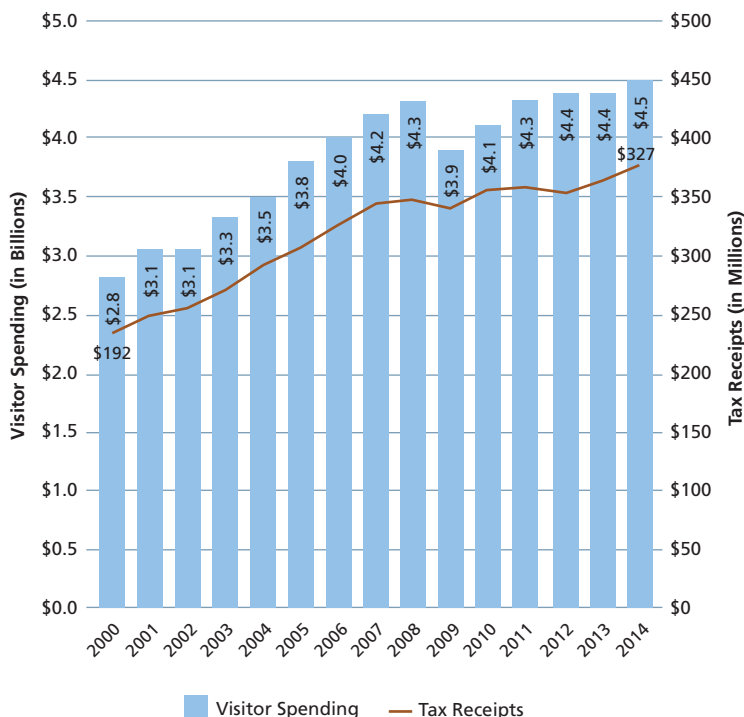
Source: California Division of Tourism, California Travel Impacts, Dean Runyan Associates (www.deanrunyan.com/CATravelImpacts/CATravelImpacts.html)

Tourism Employment San Bernardino County, 2000-2014



Source: California Division of Tourism, California Travel Impacts, Dean Runyan Associates (www.deanrunyan.com/CATravelImpacts/CATravelImpacts.html)

Visitor Spending and Tourism-Related Tax Receipts San Bernardino County, 2000-2014



Source: California Division of Tourism, California Travel Impacts, Dean Runyan Associates (www.deanrunyan.com/CATravelImpacts/CATravelImpacts.html)

Most Nonprofits have Less than \$50,000 in Annual Revenues

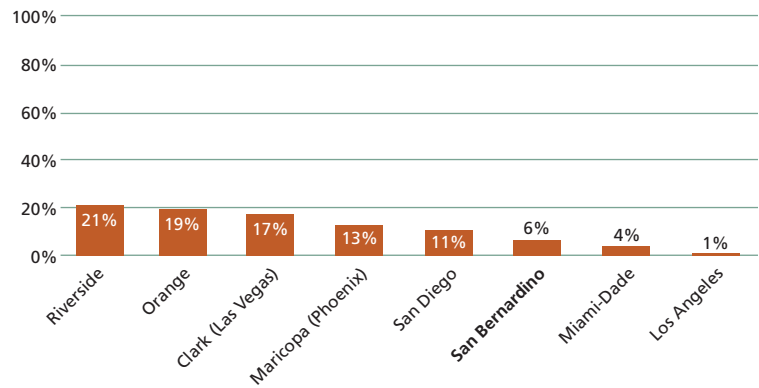
A well-funded, stable nonprofit sector is integral to a healthy and stable community. Foundation, federal, and state grants can provide critical funding for community services and charitable organizations, helping to bridge the gap between government programs and local needs. The nonprofit sector is also a valuable contributor to the local economy, providing jobs, purchasing goods and services from a variety of local businesses, and contributing to local, state and federal taxes. This indicator assesses San Bernardino County's nonprofit sector, including the number of organizations and per capita revenues and assets.¹ It also tracks federal and foundation grants awarded to the County, and the contribution of the nonprofit sector to the local economy.

How is San Bernardino County Doing?

The number of nonprofit organizations in San Bernardino County increased in 2014:

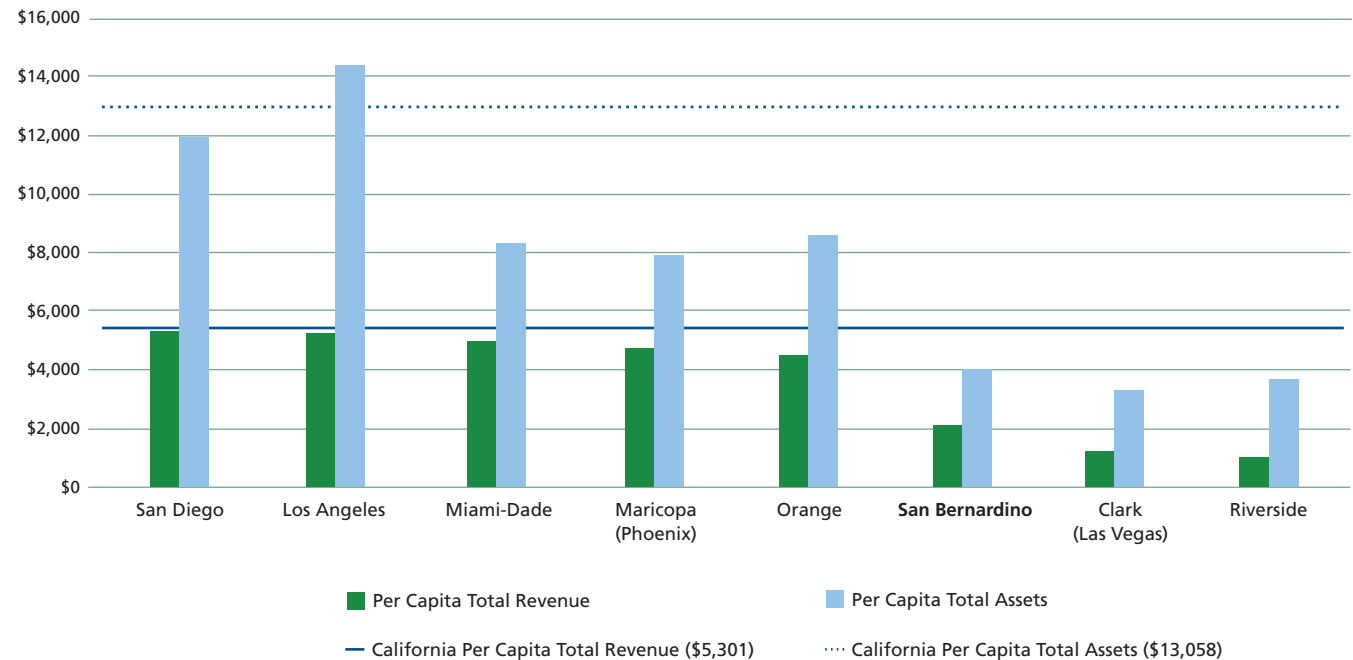
- There were 5,480 registered nonprofit organizations in San Bernardino County in 2014, up 6% from 2013 when 5,191 nonprofits were registered in the county.
- San Bernardino County has 2.5 nonprofit organizations per thousand residents, which is lower than all regions compared except Riverside County and Las Vegas.
- The number of San Bernardino County nonprofit organizations has increased 6% over the past 10 years. This is a slower rate of growth than all neighboring and peer counties compared, except Los Angeles and Miami-Dade.
- The largest category of nonprofit organizations in San Bernardino County in 2014 was Religion at 29%, followed by Human Services (23%), Public/Societal Benefit (16%), and Education (13%).

Number of Nonprofit Businesses, 10-Year Growth Rate County Comparison, 2005-2014



Source: National Center for Charitable Statistics (<http://nccsweb.urban.org/tablewiz/bmf.php>)

Per Capita Total Revenue and Assets County Comparison, 2014



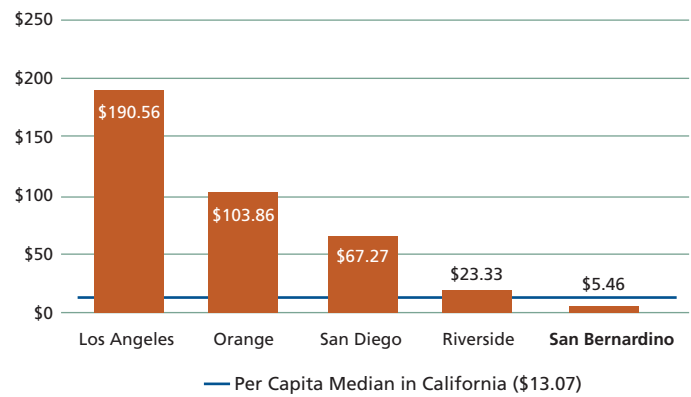
Source: National Center for Charitable Statistics (<http://nccs.urban.org/statistics/index.fm>)

¹ Nonprofits include public charities, private foundations, and other nonprofit organizations.

Grant funds for San Bernardino County, while increasing, fall short of comparison regions' funding levels:

- Only 33% of nonprofit businesses in San Bernardino County have revenues over \$50,000, a lower proportion than all other regions compared and California.
- In 2013, private foundations located in San Bernardino County awarded contributions, grants and gifts totaling \$5.46 per capita. This is less than half the median figure for all California counties of \$13.07 per capita, but an increase of 37% since 2009.
- Reported revenues for San Bernardino County nonprofits increased 44% in the 10-year period between 2005 and 2014, while total assets increased 73% during the same period.
- This surpasses California, for which nonprofit revenues increased 16% while assets increased 39% over the same 10-year period.

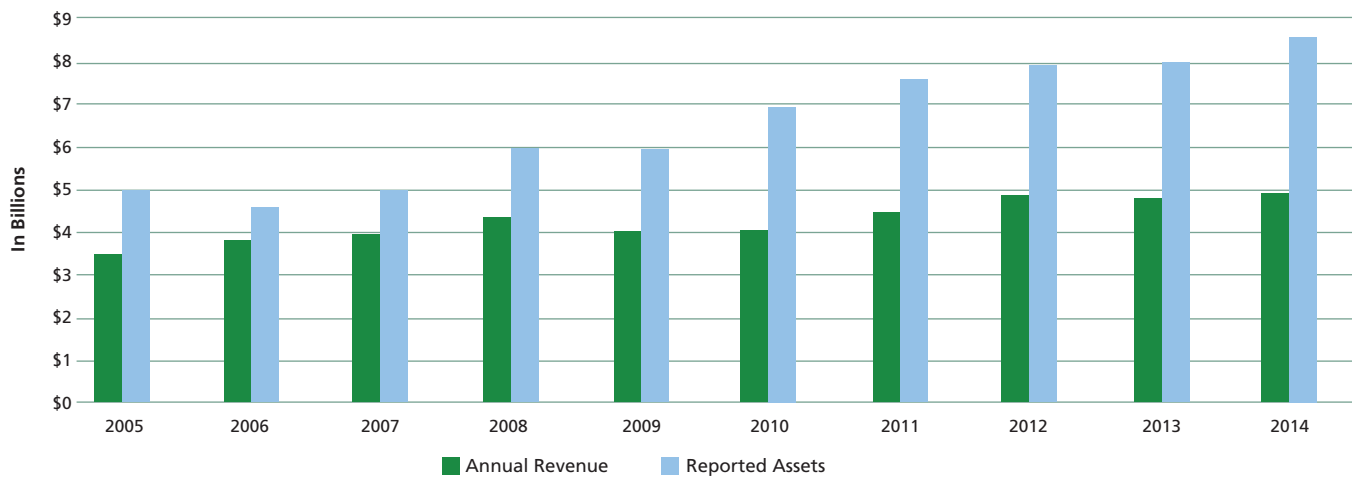
Per Capita Contributions, Grants, and Gifts Paid*
County Comparison, 2013



*Data reflect funds awarded from private foundations located within the given county.

Source: Analysis from The Urban Institute, National Center for Charitable Statistics. NCCS Core File (<http://nccsweb.urban.org/tablewiz/pf.php>)

Revenue and Asset Growth
San Bernardino County, 2005-2014



Source: National Center for Charitable Statistics (<http://nccsweb.urban.org/tablewiz/bmf.php>)

Increasing Investment in the Inland Empire's Nonprofit Sector

Since June 2014, the Funders Alliance of San Bernardino & Riverside Counties has been engaged in a campaign to increase the awareness of major funders about the great opportunities to serve the Inland Empire's nonprofit sector.

The Funders Alliance is a collaborative group of large regional funding agencies that have joined together to increase communication, collaboration, and coordination among regional funders. The Alliance serves as a resource to funders interested in learning more about the region and identifying specific potential projects where their dollars can make a significant impact.

The goal of the Inland Empire nonprofit sector awareness campaign is to effectively communicate that increased philanthropic investment is needed to improve the economic, educational, and health outcomes of residents in the two-county region. The Alliance is actively reaching out to colleagues at major foundations throughout the state to share the following information:

- **There is great promise for the Inland Empire.** San Bernardino and Riverside are two of the largest counties nationwide, with a total of 4.25 million residents. It is the fastest growing region in the state and is closely tied to the economies of surrounding counties. A strong future for California will require a strong future for the Inland Empire.
- **Investment is needed to help unleash untapped potential of nonprofits in the region.** The Inland Empire has a strong vision for the future, passionate leadership, and a collaborative spirit. The Funders Alliance is inviting others to join them in increasing investment in the region to strengthen long-term outcomes for the local residents, the region and the state.

For more information, go to: www.ieCapaciteria.org/Funders-Alliance

Business Climate Rank Drops to 130th out of 200

A region's attractiveness as a place to do business is critical in our interconnected national economy, where entrepreneurs and businesses have choices about where to locate. The availability of business supports, opportunities for growth, and barriers to doing business are all factors influencing these choices. Since businesses provide jobs, sales tax revenue, economic growth, and entrepreneurship opportunities, a strong business climate and growing job base is important for maintaining San Bernardino County's economic health and quality of life. This indicator uses two measures to assess business climate: *Forbes Magazine's* "2014 Best Places for Business" rankings, which compare 200 metropolitan areas using 12 metrics related to job growth, costs, income growth, projected economic growth, educational attainment, cultural and recreational opportunities, number of highly ranked colleges, and net migration patterns; and Sperling's "Best Places" list, which calculates future job growth in counties based on migration patterns, economic growth, and other factors.

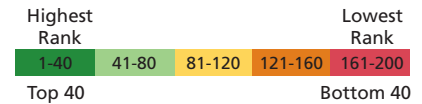
How is San Bernardino County Doing?

The Riverside-San Bernardino metro area's *Forbes* business climate ranking dropped in 2014:

- Riverside-San Bernardino placed 130th out of the 200 metro areas ranked.
- This is a drop of 27 places between 2013 and 2014, driven by a significant decline in the region's ranking for Cost of Doing Business, as well as its ranking for educational attainment.
- Riverside-San Bernardino ranked below the neighboring counties of Los Angeles, San Diego and Orange as well as the three out-of-state regions compared: Phoenix, Las Vegas and Miami.
- Sperling's Best Places projects future job growth in San Bernardino County to increase 31.0% over 10 years (the lowest among the 10 comparison regions).

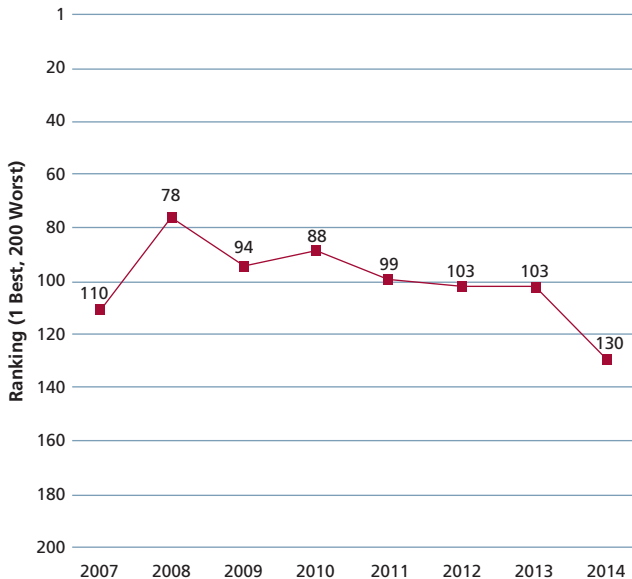
Best Places for Business Ranking Regional Comparison, 2007-2014

	2007	2008	2009	2010	2011	2012	2013	2014
Phoenix Metro	55	44	113	117	88	81	64	56
San Diego Metro	92	106	104	89	64	75	78	70
Orange County Metro	70	92	107	79	109	99	97	87
Las Vegas Metro	136	112	92	157	135	168	159	111
Miami Metro	148	147	188	152	152	181	165	113
Los Angeles County	159	154	180	120	114	123	134	117
Riverside-San Bernardino	110	78	94	88	99	103	103	130



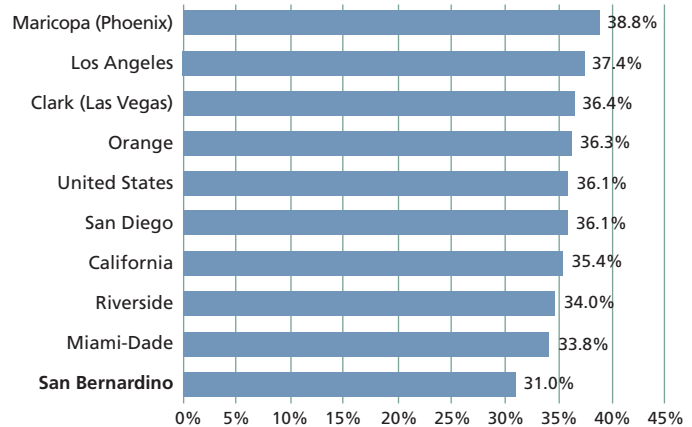
Source: *Forbes Magazine*, July 23, 2014 (www.forbes.com/best-places-for-business/)

Best Places for Business Ranking Riverside-San Bernardino, 2007-2014



Source: *Forbes Magazine*, July 23, 2014 (www.forbes.com/best-places-for-business/)

Projected 10-Year Job Growth County Comparison, 2014



Source: *Sperling's Best Places* (www.bestplaces.com)