

economic and business climate

Signs of economic recovery abound. Employment and salaries rose in key industries, and per capita income levels increased for the second consecutive year. At the same time, home sales prices are increasing while foreclosures, short sales, and homes with underwater mortgages are declining. Despite rising home prices, the county continues to have the most affordable housing in the region.

Industry-Education Partnership is a Win-Win

In July 2012, California Steel Industries (CSI) – a Fontana-based manufacturer of steel products employing 930 workers – announced a \$100 million expansion that will dramatically increase steel production capabilities and add up to 100 new local jobs. To ensure they have the highly skilled craft employees they need, CSI partnered with San Bernardino Valley College (SBVC) through the Manufacturers’ Council of the Inland Empire to launch a 40-hour-per-week paid internship program. During the summer of 2013, selected interns will attend SBVC three days a week and spend the remaining two days a week working at CSI. Upon successful completion, interns will be promoted to regular full-time positions with a starting rate of \$26.31 per hour.

Slight Decline in Ranking

Description of Indicator

This indicator measures the Riverside-San Bernardino metro area business climate through *Forbes Magazine's* "2012 Best Places for Business" regional rankings. The *Forbes* ranking compares metropolitan regions by cost of doing business, projected economic growth, number of highly-ranked colleges, cost of living, crime rate, cultural and recreational opportunities, educational attainment, income growth, job growth, and net migration.

Why is it Important?

A region's attractiveness as a place to do business, the availability of business support and resources, opportunities for growth, and barriers to doing business are critical in our interconnected national economy, where entrepreneurs and businesses have choices about where to locate. Since businesses provide jobs, sales tax revenue, economic growth, and entrepreneurship opportunities, a strong business climate is important for maintaining San Bernardino County's economic health and quality of life.

How is San Bernardino County Doing?

The Riverside-San Bernardino metro area's business climate ranking dropped for the second consecutive year:

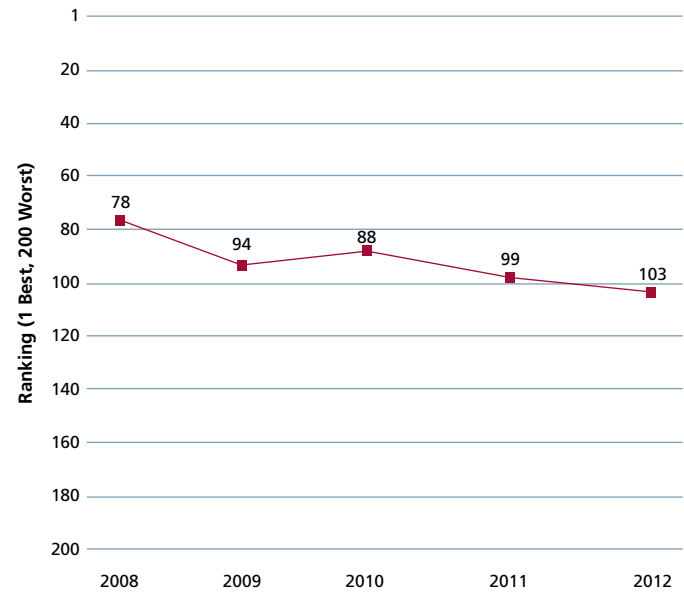
- Riverside-San Bernardino placed 103rd out of the 200 metro areas ranked, down four places from 99th in 2011.
- Riverside-San Bernardino's ranking for the cost of doing business improved again, but poor projected job growth negatively impacted the region's overall score. Further, the region's cost of living is 2.5% above the national average.
- Among neighboring California counties, Riverside-San Bernardino ranked above Los Angeles County, but below San Diego and Orange counties.
- Among out-of-state regions compared, only Phoenix is ranked higher.

Best Places for Business, Ranking by Component Riverside-San Bernardino, 2010-2012

	2010	2011	2012
Cost of Doing Business	80	55	54
Educational Attainment	181	176	181
Projected Job Growth	102	180	189

Note: Ranking is out of 200: 1 is best, 200 is worst.

Best Places for Business Ranking Riverside-San Bernardino, 2008-2012



Source: *Forbes Magazine*, June 27, 2012 (www.forbes.com/best-places-for-business/list)

Best Places for Business Ranking Regional Comparison, 2008-2012

	2008	2009	2010	2011	2012
San Diego Metro	106	104	89	64	75
Phoenix Metro	44	113	117	88	81
Orange County Metro	92	107	79	109	99
Riverside-San Bernardino	78	94	88	99	103
Los Angeles County	154	180	120	114	123
Las Vegas Metro	112	92	157	135	168
Miami Metro	147	188	152	152	181

Highest Rank	1-40	41-80	81-120	121-160	161-200	Lowest Rank
Top 40						Bottom 40

Source: *Forbes Magazine*, June 27, 2012 (www.forbes.com/best-places-for-business/list)

● Connecting the Dots

The Business Climate factors into the region's ability to maximize its Educational-Occupational Match.

Income Levels Rise for Second Consecutive Year

Description of Indicator

This indicator measures per capita income levels and income growth. Total personal income includes wages and salaries, proprietor income, property income, and transfer payments, such as pensions and unemployment insurance. Figures are not adjusted for inflation.

Why is it Important?

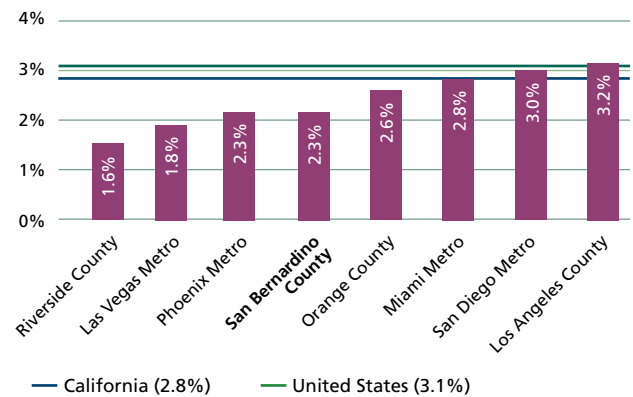
Per capita income reflects the economic health of a region. It signals whether or not a region is generating wealth faster than population growth. A high per capita income relative to the cost of living signals greater discretionary income for the purchase of goods and services. This contributes to overall economic strength and a sense of material wellbeing when residents have the financial resources needed to survive and prosper. Residents may prioritize quality of life factors such as a lower cost of living and affordable housing over a higher income.

How is San Bernardino County Doing?

San Bernardino County's average income level rose slightly:

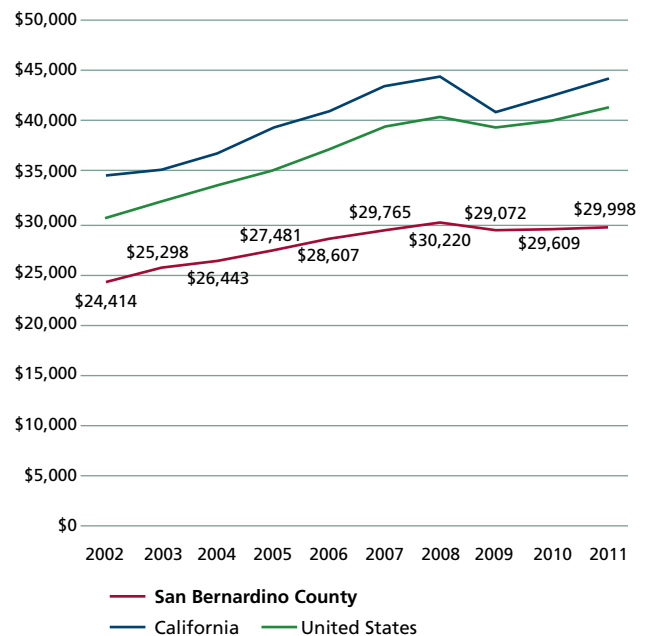
- In 2011, San Bernardino County's per capita income was \$29,998, up 1.3% from \$29,609 in 2010. This income level (\$29,998) is lower than the state and national averages and all peers compared except for Riverside County.
- Between 2002 and 2011, San Bernardino County posted per capita income growth of 2.3%, higher than Riverside and Las Vegas, the same as Phoenix, but lower than other regions compared and the state and national averages.
- Over this same 10-year period, the average inflation rate was 2.0%. The rate of inflation should be taken into account when interpreting these income growth percentages.¹
- San Bernardino County's cost of living is lower than many other Southern California counties, so lower relative per capita income does not necessarily translate to lower purchasing power.

Per Capita Income Average Annual Percent Change Regional Comparison, 2002-2011



Source: U.S. Bureau of Economic Analysis (www.bea.gov)

Per Capita Income San Bernardino County, California, and United States, 2002-2011



Source: U.S. Bureau of Economic Analysis (www.bea.gov)

¹ U.S. Dept. of Labor, Bureau of Labor Statistics, Consumer Price Index.

Connecting the Dots
Per Capita Income is one factor that influences **Academic Performance**.

Employment and Salaries Grow in all Clusters

Description of Indicator

This indicator shows 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 40% of all San Bernardino County jobs can be found in the five clusters described in this indicator. This indicator also shows unemployment rates.

Why is it Important?

Employment change within specific 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.

How is San Bernardino County Doing?

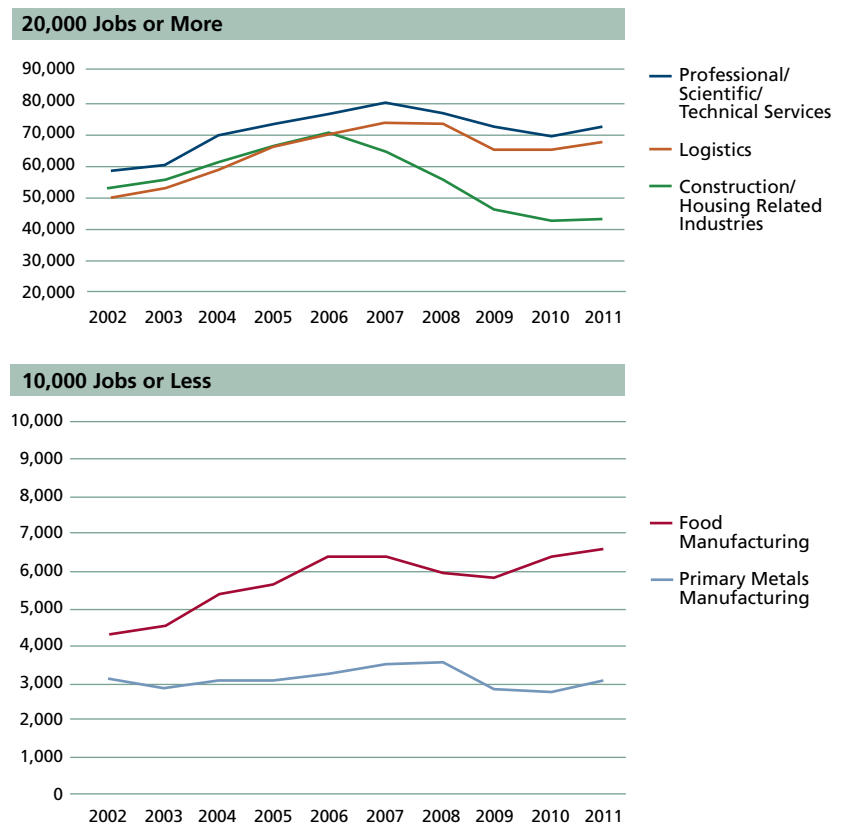
All five selected industry clusters experienced an increase in employment between 2010 and 2011:

- At 12%, Primary Metals Manufacturing employment experienced the greatest growth in the past year, while Food Manufacturing, Professional/Scientific/Technical Services, and Logistics each saw 3% employment growth.
- Construction/Housing Related Industries employment increased 1%.
- During the 10-year period from 2002 to 2011, Food Manufacturing employment increased 51%, Logistics employment grew 36% and Professional/Scientific/Technical Services employment increased 29%.
- Primary Metals Manufacturing remained relatively stable during the past 10 years (growing 1%), while Construction/Housing Related Industries has seen an overall 10-year decline of 17%.

Salaries in the selected clusters are increasing:

- Between 2010 and 2011, average salaries in Primary Metals Manufacturing and Food Manufacturing increased 6% and 4%, respectively.
- Logistics and Construction/Housing Related Industries each showed average salary increases of 2% and Professional/Scientific/Technical Services salaries increased 1% during the same period.
- The minimum household income needed to purchase an existing single-family home priced at 85% of the San Bernardino County median is approximately \$18,560 (fourth quarter 2012), affordable to employees in all five of these clusters if a down payment can be secured.

Employment in Selected Industry Clusters
San Bernardino County, 2002 - 2011



Average Annual Salaries in Selected Industry Clusters
San Bernardino County, 2010 and 2011

	2010	2011	Percent Change
Primary Metals Manufacturing	\$56,523	\$59,689	6%
Food Manufacturing	\$42,716	\$44,441	4%
Construction/Housing Related Industries	\$44,751	\$45,538	2%
Logistics	\$43,619	\$44,545	2%
Professional/Scientific/Technical Services	\$36,446	\$36,941	1%

Source: Analysis of data from the California Employment Development Department

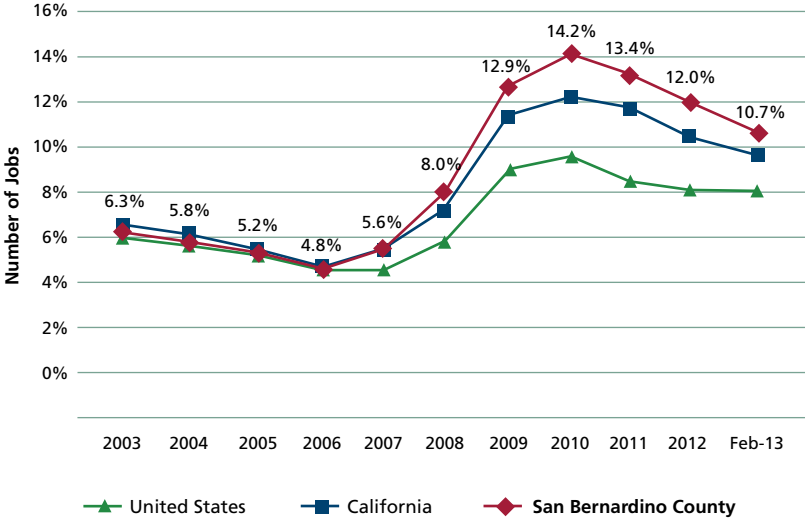
Connecting the Dots

Employment is directly connected to the **Mobility** of the region's population and the movement of goods.

Paralleling trends nationwide, San Bernardino County's unemployment rate improved in 2012 and continued falling into early 2013:

- During the 10-year period from 2003 to 2013, the unemployment rate in San Bernardino County ranged from a low of 4.8% in 2006 to a high of 14.2% in 2010.
- From its high in 2010, the unemployment rate decreased slightly to 12.0% in 2012 and 10.7% as of February 2013.
- In February 2013, San Bernardino County's unemployment rate was ranked 25th 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.

Unemployment Rate
San Bernardino County, California and United States, 2003-February 2013



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 2011, the Riverside-San Bernardino metro area added 9,909 jobs, while 4,736 new housing permits were granted:
- This marks the first time since 2007 that the number of jobs expanded rather than contracted.
 - Since 2007, a cumulative total of 144,000 jobs have been lost in Riverside-San Bernardino, while 46,439 housing units were permitted.

When there is more housing available than the local labor market supports, the large number of people residing in the county but working outside the county (or losing a job outside the county) places a disproportionate burden on the communities in which those workers reside to provide things like social services and unemployment benefits (see Housing Market).

Jobs Created/Lost and Housing Permits Granted
Riverside-San Bernardino, 2002-2011



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 Improves but not Fully Recovered

Description of Indicator

This indicator tracks the median price of existing single-family homes, as well as the foreclosure rate and type of sales. It also reports on the number of housing permits granted and the number of homes with underwater mortgages.

Why is it Important?

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 – 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. Taken together, key housing market indicators – including 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?

Between January 2012 and 2013, the median home sale price increased:

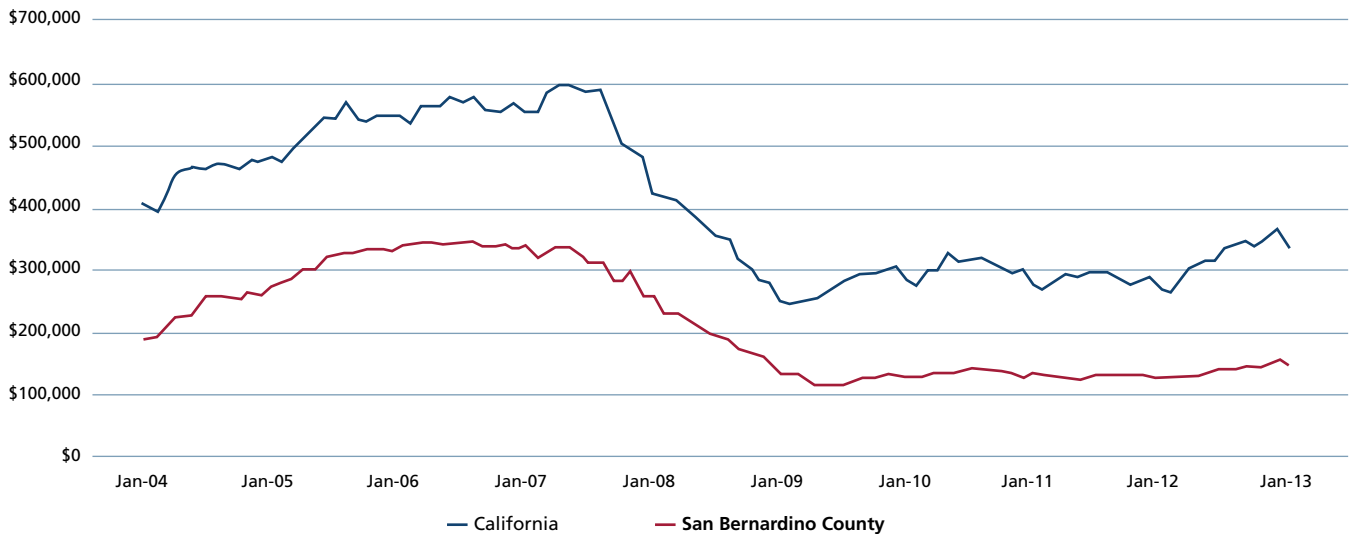
- The median sale price of existing single-family homes increased 19%, from \$129,920 to \$154,500.
- While this is a significant improvement, the overall median price of existing homes declined 40% in the past five years, since January 2008 (one month into the Great Recession).

The rate of properties in foreclosure is decreasing:

- In December 2012, 2.2% of all residential properties in San Bernardino County were in some stage of foreclosure.
- While this marks a decline from the prior year, when 3.6% of all residential properties were in foreclosure, it is still more than four times higher than in December 2003 (0.5%).

Median Sale Price of Existing Single-Family Homes

San Bernardino County and California, January 2004-January 2013



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

Median Price of Home by Type of Sale San Bernardino County, January 2013

Type of Sale	Price	Percent Price is Above or Below Total Sales Median
New Construction	\$ 225,000	41%
Resale	\$ 172,250	8%
Short Sale	\$ 161,000	1%
REO	\$ 132,000	-18%
Total Sales Median	\$ 160,000	

Source: CoreLogic

Defining Terms

Underwater Mortgage (Negative Equity): The mortgage balance is more than the property is worth.

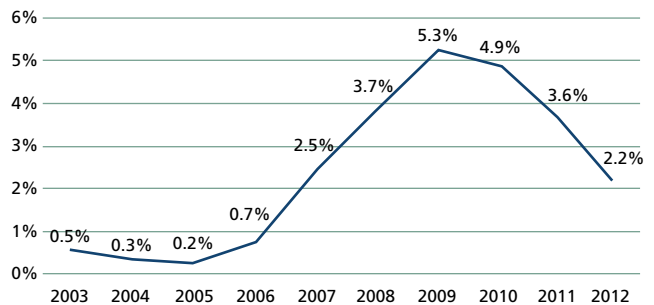
Short Sale: The property is sold for less than is owed on the mortgage loan to purchase it.

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.

Percent of Properties in Foreclosure

San Bernardino County, December 2003-December 2012



Source: CoreLogic

Connecting the Dots

The Housing Market's ability to provide an adequate supply of safe, affordable housing is an important factor in Family Safety.

The percent of homes sold as a short sale or real estate owned (REO) property is declining:

- In January 2013, 42% of homes sold in San Bernardino County were either a short sale or REO, compared with 78% in January 2009.
- However, prior to the Great Recession, in January 2007, only 2% of homes sold were through a short sale or REO.
- Short sales and REOs typically sell for a lower price, driving down the median prices for houses in an area.

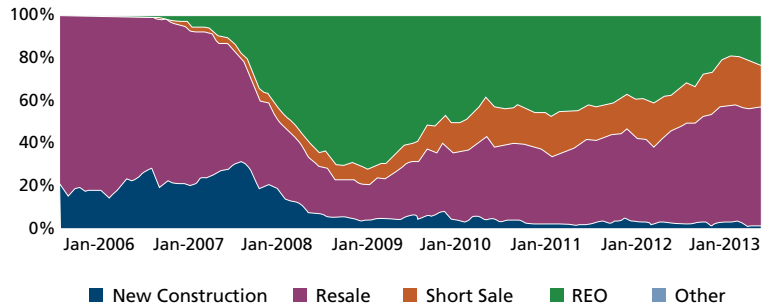
The decline in the number of permits granted per 1,000 Riverside-San Bernardino residents is leveling off:

- In 2011, there were 1.1 permits granted per 1,000 residents in Riverside-San Bernardino, similar to the California rate (1.2).
- By contrast, in 2004, there were 13.7 permits per 1,000 residents in Riverside-San Bernardino, compared with 5.8 per 1,000 in California.
- Preliminary data indicate an increase in the number of housing permits granted between 2011 and 2012, with 4,736 and 5,594 total housing units granted, respectively.

Despite a slight increase in January 2013, the proportion of homes with an underwater mortgage decreased since January 2010:

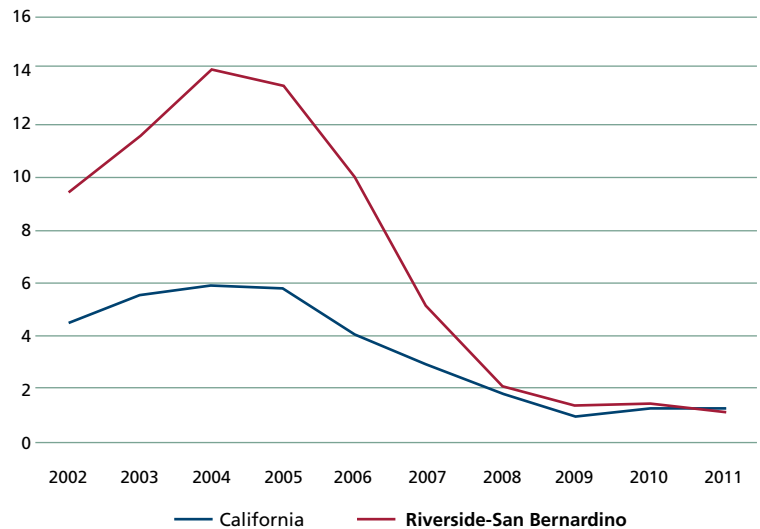
- In January 2013, 37% of homes carrying mortgages in San Bernardino County were underwater.
- While the proportion of underwater mortgages is significant, it represents a 31% reduction from January 2010, when 54% of mortgages were underwater.

Homes Sold by Type of Sale
San Bernardino County, January 2006-January 2013



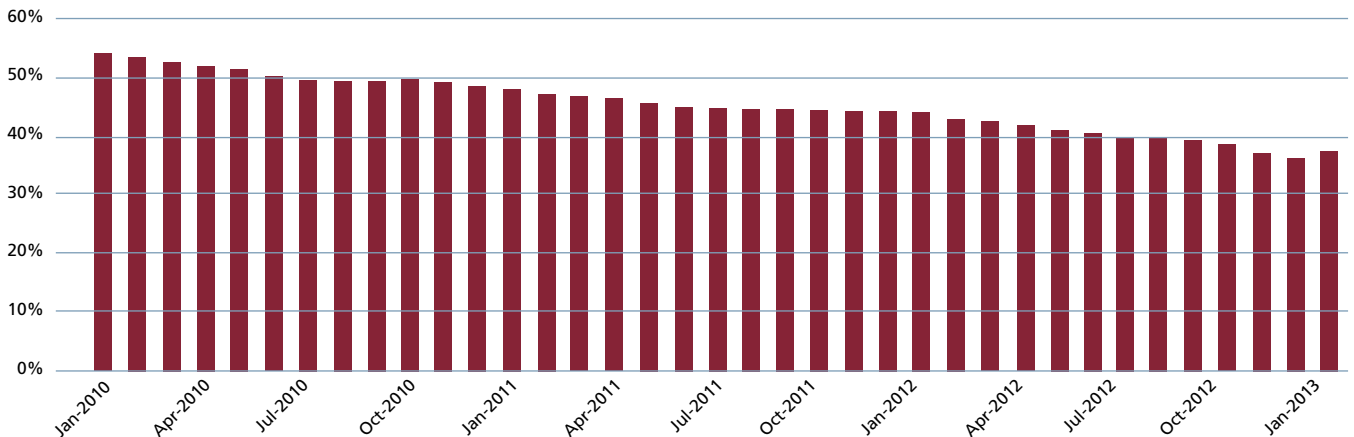
Source: CoreLogic

Housing Permits Granted per 1,000 Residents
Riverside-San Bernardino and California, 2002-2011



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

Percent of Homes with Underwater Mortgages
San Bernardino County, January 2010-January 2013



Source: CoreLogic

County Remains Affordable Despite Rising Home Prices

Description of Indicator

This indicator measures the value and change in value of the median-priced existing single-family detached home. It uses the California Association of Realtors Housing Affordability Index to measure the percentage of households that can afford the existing single-family detached home priced at 85% of median in San Bernardino County. It also compares homeownership rates.

Why is it Important?

An adequate supply of affordable housing promotes homeownership. Homeownership increases stability for families and communities, and can provide long-term financial benefits that renting cannot. Affordable housing encourages young workers to move to or remain in San Bernardino County and low relative housing prices can attract and retain businesses.

How is San Bernardino County Doing?

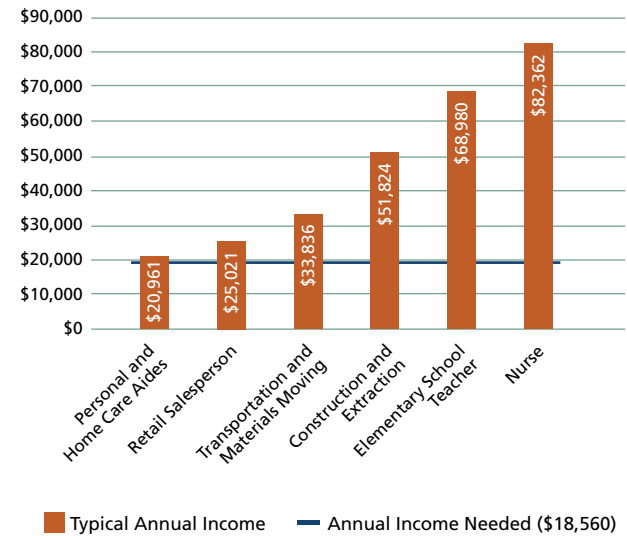
Despite rising home prices (see Housing Market), San Bernardino County housing remains affordable:

- The minimum household income needed to purchase a single-family home priced at 85% of median (or \$129,930) in San Bernardino County was approximately \$18,560 as of the fourth quarter of 2012.¹
- Fully 86% of households in San Bernardino County could afford such a home in the fourth quarter of 2012, down from 88% in 2011 and up from 82% in 2010.
- Looking at typical salaries in large or growing occupations, all of the selected fields earn more than the minimum qualifying income.
- San Bernardino County's affordability rate is higher than all other Southern California counties compared, which makes the county attractive to buyers seeking less expensive housing, such as first-time home buyers.

The homeownership rate in 2011 was high:

- The rate of homeownership in San Bernardino County was 62.5%.
- This rate exceeds the state average (54.9%) and five out of seven comparison regions, including Phoenix (61.6%), Orange (58.6%), Las Vegas (53.6%), San Diego (53.3%), and Los Angeles (46.3%).
- The county is tied with Miami (62.5%) and has fewer homeowners than Riverside County (65.9%) and the national average (64.6%).²

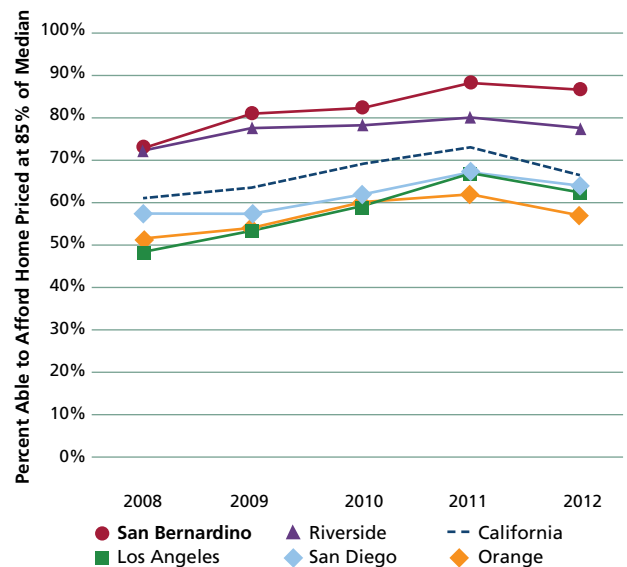
Income Needed to Afford Home Priced at 85% of Median (\$129,930) Compared to Typical Salaries San Bernardino County, 2012



Note: Wage data are from the first quarter of 2012 and home price and income needed data are from the fourth quarter of 2012.

Sources: California Employment Development Department, Occupational Employment Statistics (www.labormarketinfo.edd.ca.gov/?pageid=152); California Association of Realtors (www.car.org)

First-Time Homebuyer Housing Affordability Index County Comparison, 2008-2012



Note: Data are from the fourth quarter of the years presented.

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

¹The California Association of Realtors defines the parameters for the First-Time Buyer Housing Affordability Index: 10% down and a one-year adjustable-rate mortgage, including points and fees, based on Freddie Mac's Primary Mortgage Market Survey.
²U.S. Census Bureau, American Community Survey, 1-Year Estimates (<http://factfinder2.census.gov>)

Connecting the Dots

Housing Affordability and Rental Affordability together determine a community's capacity to house its workforce.

Renting Becomes More Affordable

Description of Indicator

This indicator measures the housing wage – the hourly wage a resident would need to earn to be able to afford Fair Market Rent. For the Riverside-San Bernardino metro area, Fair Market Rent is the 50th percentile (or median) rent in the market.

Why is it Important?

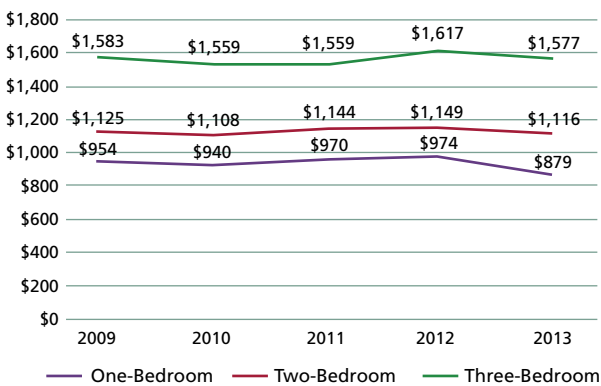
Lack of affordable rental housing can lead to crowding and household stress. Less affordable rental housing also restricts the ability of renters to save for a down payment on a home, limiting their ability to become homeowners. Ultimately, a shortage of affordable housing for renters can perpetuate and exacerbate a cycle of poverty.

How is San Bernardino County Doing?

The Riverside-San Bernardino metro area's housing wage decreased:

- The hourly wage needed for a one-bedroom apartment fell 10% from \$18.73 in 2012 to \$16.90 in 2013. This housing wage is equivalent to an annual income of \$35,160.¹
- The hourly wages needed to afford two- and three-bedroom apartments fell 3% in one year.
- Over the past five years, one-bedroom rents fell 8%, two-bedroom rents fell 1%, and three-bedroom rents remained steady.
- The Riverside-San Bernardino metro area has more affordable rental housing than all regions compared except Phoenix, Las Vegas, and Miami.
- However, median rent for a one-bedroom apartment (\$879) is still not affordable to many lower wage occupations, including personal care aide and retail salesperson.
- Someone earning minimum wage can afford to pay \$416 a month in rent or would have to work 85 hours per week to afford median one-bedroom rent.
- In terms of the occupations projected to have the fastest rate of job growth between 2010 and 2020, fully 72% have a wage high enough to afford a one-bedroom unit.
- For occupations projected to have the most openings between 2010 and 2020, only 28% have an average hourly wage high enough to afford a one-bedroom unit (see County Profile).²

Monthly Fair Market Rent Riverside-San Bernardino, 2009-2013

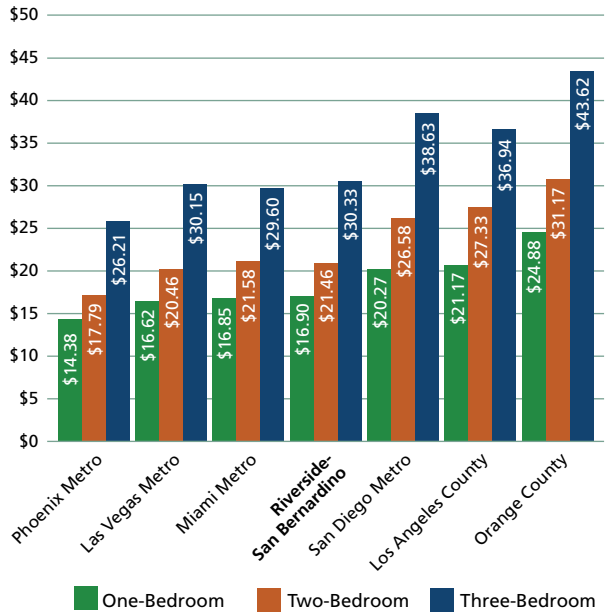


Source: Analysis of Housing and Urban Development 2013 Fair Markets Rents (www.buduser.org/portal/datasets/fmr.html) using the methodology of the National Low Income Housing Coalition (<http://nlhc.org/oor/2013>)

¹ Assumes 2,080 paid hours per year (52 weeks at 40 hours per week).

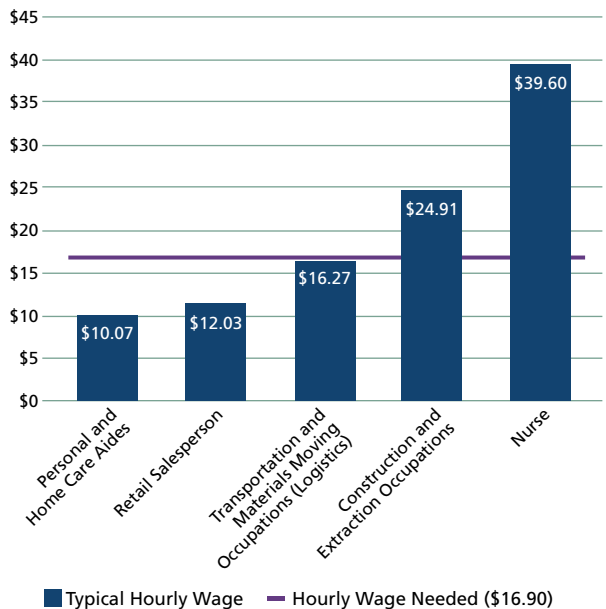
² California Employment Development Department, 2010-2020 Occupation Projections (www.labormarketinfo.edd.ca.gov/?pageid=145).

Hourly Wage Needed to Afford Fair Market Rent Regional Comparison, 2013



Source: Analysis of Housing and Urban Development 2013 Fair Markets Rents (www.buduser.org/portal/datasets/fmr.html) using the methodology of the National Low Income Housing Coalition (<http://nlhc.org/oor/2013>)

Hourly Wage Needed to Afford a One-Bedroom Unit Compared to Typical Hourly Wages Riverside-San Bernardino, 2013



Note: Wage data are from first quarter 2012.

Sources: Analysis of Housing and Urban Development 2013 Fair Markets Rents (www.buduser.org/portal/datasets/fmr.html) using the methodology of the National Low Income Housing Coalition (<http://nlhc.org/oor/2013>); California Employment Development Department, Occupational Employment Statistics (www.labormarketinfo.edd.ca.gov/?pageid=152)

Connecting the Dots

A higher level of Rental Affordability provides housing for vulnerable populations such as Veterans.

Highest Percentage of Carpoolers in the Region

Description of Indicator

This indicator tracks average commute times, residents' primary mode of travel to work, and hours of delay on freeways in the region.

Why is it Important?

Tracking commuter trends and transportation system demand helps gauge the ease with which residents, workers, and goods can move within the county. Traffic congestion adversely affects the efficient movement of goods, contributes to the expense of operating a car, and increases air pollution. Residents may choose to trade off longer commute times for housing affordability or other quality of life factors.

How is San Bernardino County Doing?

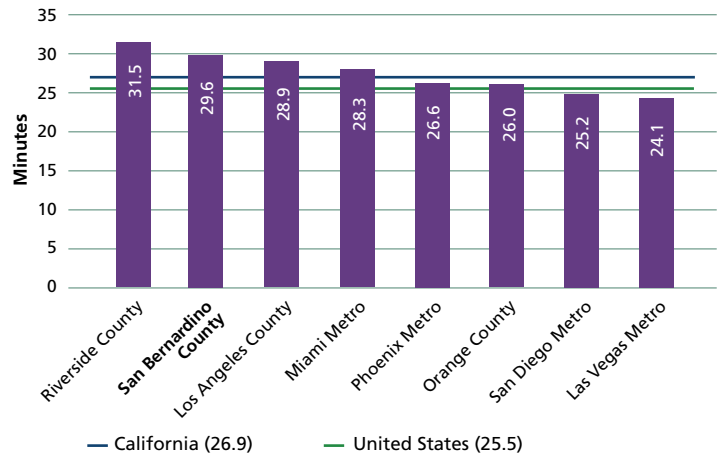
San Bernardino County commute times hold steady:

- In 2011, the average commute time to work for San Bernardino County residents was 29.6 minutes, longer than previous years (29.3 in 2010 and 29.0 in 2009).
- San Bernardino County's average commute time is the second longest among comparison regions and longer than both California (26.9 minutes) and the U.S. (25.5 minutes).
- In 2011, 75.7% of San Bernardino County commuters drove alone – fewer than all regions compared except Los Angeles County.
- At 15.8% of trips, carpooling is the second most common mode of travel to work and is higher than all regions compared.
- 3.9% of residents work at home and 1.7% walk to work, compared to 1.8% who use public transportation.
- Transit use is likely impacted by the large distances between destinations within the county and low-density land use, which may result in lengthy transit trips.

Caltrans calculates the cost of freeway delays:¹

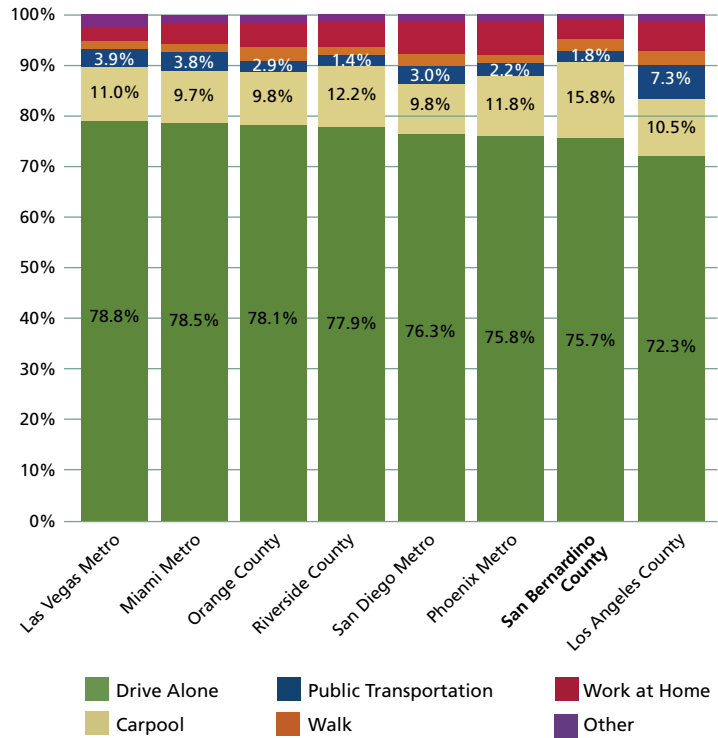
- In 2010, there were 1,919,526 annual hours of delay due to congestion on San Bernardino County freeways, up from 1,341,000 annual hours of delay in 2009.
- In addition, there were 3,550,075 annual hours of delay due to congestion in 2010 on Riverside County freeways, up from 3,206,000 annual hours of delay in 2009.
- This congestion-related delay in the region resulted in the use of 9.4 million extra gallons of fuel and the release of 84,000 additional metric tons of carbon dioxide into the air compared with what would have been emitted at free-flow speeds.
- In terms of productivity, the delays equate to wage and salary losses of \$80.4 million or \$220,000 a day.

Average Commute Time to Work in Minutes
Regional Comparison, 2011



Source: U.S. Census Bureau, 2011 American Community Survey 3-Year Estimates (www.census.gov/acs)

Primary Mode of Travel to Work
Regional Comparison, 2011



Source: U.S. Census Bureau, 2011 American Community Survey 1-Year Estimates (<http://factfinder2.census.gov>)

Transportation Funds Declining

The San Bernardino Association of Governments conducts transportation planning for the region. Their projected funding between 2008 and 2035 for transportation projects like freeway improvements, rail, express bus, and local street and road projects, totals approximately \$450 billion. These funds come from several sources, including local (Measure I), state, federal, and other sources such as gas and sales taxes. While there is significant transportation construction happening today, the conclusion of Proposition 1B, along with a reduction in other state dollars, means that funding for future transportation projects is expected to decline.

¹ California Department of Transportation, *Mobility Performance Report*, 2010 (preliminary) (www.dot.ca.gov)

Connecting the Dots

Mobility throughout Southern California has a direct impact on the Housing Market, spawning the phrase "drive till you qualify."

Bus and Rail Ridership Increase

Description of Indicator

This indicator measures ridership on the commuter rail system, as well as ridership and operating costs for San Bernardino County's bus systems. The bus systems serve San Bernardino Valley (Omnitrans), Victor Valley (Victor Valley Transit Authority), and rural areas (Barstow Area Transit, Needles Area Transit, Morongo Basin Transit Authority, and Mountain Areas Regional Transit Authority). Together, these transit agencies offer bus service coverage to over 90% of the county's population.

Why is it Important?

The ability of residents and workers to move efficiently within San Bernardino County contributes to a high quality of life and a prosperous business climate. An effective public transit system is essential for individuals who cannot afford, are unable, or choose not to drive a car. Having both rail and bus service is important for meeting diverse transit needs, with rail serving mostly long-distance commuters and buses primarily serving local commuters.

How is San Bernardino County Doing?

Ridership rose on all commuter rail lines:

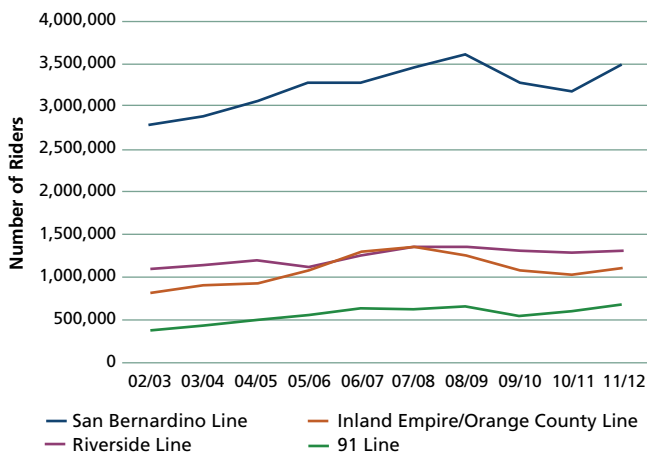
- In 2011/12, ridership on all Metrolink lines serving San Bernardino County totaled 6.53 million riders, an increase of 7% from the previous year.
- Ridership growth was strongest on the San Bernardino and 91 Lines, at 9% and 8%, respectively.
- The Inland Empire-Orange County Line ridership grew 5% while the Riverside Line grew 1%.
- Long-term ridership trends remain positive, with 30% growth over the past 10 years.

Bus ridership in San Bernardino County increased overall:

- In 2011/12, there were a total of 18,812,596 bus passenger boardings, an increase of 8% from the previous year.
- Ridership increased for five out of the six transit agencies providing bus service in San Bernardino County. Only Needles Area Transit experienced a decrease (-3.5%).
- San Bernardino County's bus ridership per capita is on the low end of the regions compared.
- The Omnitrans bus system operating costs are in the middle (\$3.77/trip) while the Victor Valley Transit Authority operating costs are somewhat higher (\$4.15/trip).
- Among the regions compared, Las Vegas had the lowest cost per boarding and Riverside Transit Agency had the highest cost per boarding.

Commuter Rail Ridership

San Bernardino Line, Riverside Line, Inland Empire/Orange County Line, and 91 Line, 2003-2012



Source: Southern California Regional Rail Authority (www.scrra.org)

Bus System Operating Costs per Boarding and Boardings per Capita Regional Comparison, 2011

Regional Transportation System	Bus Boardings per Capita	Cost per Boarding
Los Angeles Metropolitan Transportation Authority	41.4	\$2.68
Miami-Dade Transit	30.3	\$4.03
Regional Transportation Commission of Southern Nevada (Las Vegas)	29.4	\$2.28
San Diego Metropolitan Transit System	25.1	\$2.55
Valley Metro (Phoenix)	22.0	\$3.66
Orange County Transportation Authority	18.4	\$3.44
Sunline Transit Agency	11.7	\$4.28
Omnitrans	10.0	\$3.77
Victor Valley Transit Authority	4.7	\$4.15
Riverside Transit Agency	4.6	\$4.69

Note: Boardings per capita are calculated using the service area population for the transit providers and bus boardings only, not demand responsive service.

Source: National Transit Database (www.ntdprogram.gov)

Connecting the Dots

Transit investments may reduce Energy Consumption resulting in a more sustainable community with cleaner air.

Rents Fall While Vacancy Rates Improve

Description of Indicator

This indicator tracks rental prices and vacancy rates for office, retail and industrial real estate in the Riverside-San Bernardino metro area compared to those in neighboring Los Angeles and Orange counties.

Why is it Important?

A key factor for businesses seeking office, retail or industrial real estate is the cost of rent. Relatively low rental prices may help draw businesses to, or keep existing businesses in, the Riverside-San Bernardino region. Vacancy rates – another key factor – signal the health of the market, as well as available space for business expansion. Lower vacancy rates can signal a need for investments in new facilities, while higher vacancy rates can mean reduced costs for businesses and opportunities for end-users.

How is San Bernardino County Doing?

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

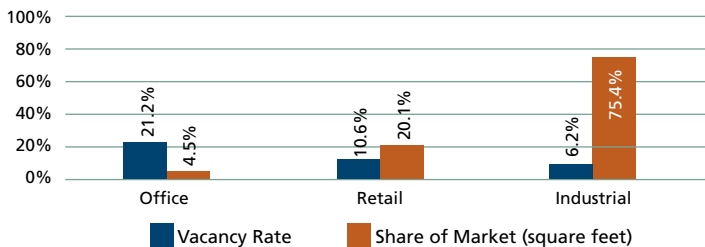
- In the first quarter of 2013, commercial real estate in Los Angeles and Orange counties was 32% more expensive, on average, than comparable space in the Riverside-San Bernardino metro area.
- Since the first quarter of 2009, Riverside-San Bernardino rents decreased across all categories. Industrial rents dropped by 3%, office rents fell by 18%, and retail rents decreased by 21%.

Riverside-San Bernardino's vacancy rates suggest that the region may have an over-supply of commercial real estate:

- In the first quarter of 2013, vacancy rates for office, retail and industrial real estate were significantly higher in the Riverside-San Bernardino metro region than in neighboring counties.
- Industrial real estate, which accounts for the vast majority of the total market share (75%), had the lowest vacancy rate in the first quarter of 2013 at 6.2%.
- Conversely, office real estate, which accounts for only 5% of total commercial real estate in the Riverside-San Bernardino metro area, had the highest vacancy rate (21.2%).
- Retail space, which accounts for 20% of market share, had a 10.6% vacancy rate.
- However, in the past year, there has been an improvement in vacancy rates. Since the first quarter of 2012, industrial vacancy rates dropped 16%, office vacancies declined by 7% and retail fell 2%.

Office, Retail and Industrial Real Estate Vacancy Rates Compared to Share of Market

Riverside-San Bernardino, First Quarter 2013

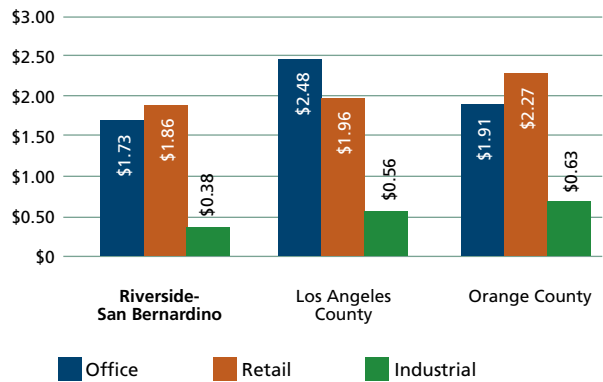


Source: CBRE

Connecting the Dots

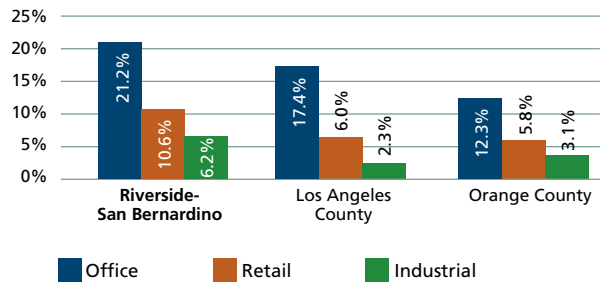
The development of the **Commercial Real Estate Market** will create local jobs, reduce the need for commuting, and have a positive effect on **Air Quality**.

Office, Retail and Industrial Real Estate Asking Rents Regional Comparison, First Quarter 2013



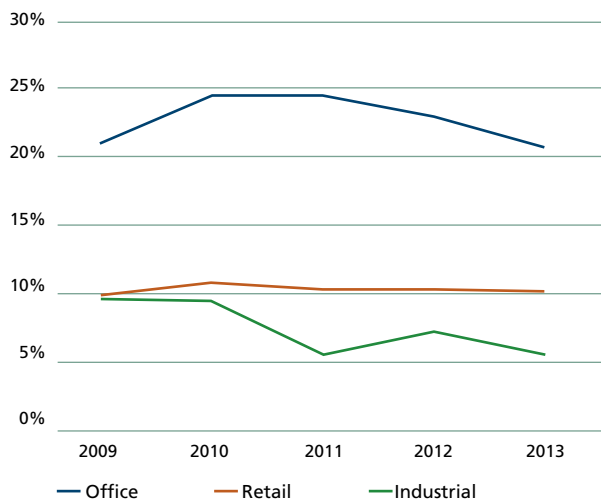
Source: CBRE

Office, Retail and Industrial Real Estate Vacancy Rates Regional Comparison, First Quarter 2013



Source: CBRE

Office, Retail and Industrial Real Estate Vacancy Rates Riverside-San Bernardino, 2009-2013 (First Quarters)



Source: CBRE