

Economy

Section Highlights

Job Growth Rank out of 200 Metro Areas 5th

Healthcare Employment  7%

Home Sales  6%

ONT Passenger Traffic  12%

Commercial Real Estate Rents Lowest in Region

Tourism Jobs in the County 55,000

Success Story

In December 2018, the County launched the Vision2Succeed initiative. This initiative encourages residents and businesses to get involved in learning experiences and programs that help propel career growth and lifelong learning. Vision2Succeed included the commissioning of the Labor Market Intelligence and Analytics Report, the first of a planned collection of Workforce Roadmap Studies. This report integrates predictive analytics and applies real-time intelligence through business engagement and enhanced labor market data. As a result, it provides an improved tool to predict and guide future skills development and highlights emerging skills demand within the county.

Riverside-San Bernardino Metro Ranks 5th in Job Growth

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 *Forbe’s* “2019 Best Places for Business and Careers” rankings to assess business climate. *Forbes* compares 200 metropolitan areas using several metrics including job growth, cost of living, cost of doing business, income growth, quality of life and education of the labor force, including the share of highly educated millennials. The greatest weight in the overall ranking is given to business costs and educational attainment.

How is San Bernardino County Doing?

The Riverside-San Bernardino metro area ranks among the top 100 best places in the nation for business and careers:

- Riverside-San Bernardino’s overall ranking rose 51 places in two years. The metropolitan area was ranked 72nd out of 200 metro areas compared in 2019.
- Among the components measured, Riverside-San Bernardino ranked highest for projected job growth. Out of the 200 places analyzed, Riverside-San Bernardino ranked 5th for job growth, and was the only California metro area included in the top 10.
- The region’s cost of doing business improved slightly in 2018, moving from a rank of 151 to 148.
- Low educational attainment continues to be a stubborn problem that brings the Riverside-San Bernardino metro’s ranking down. The metro’s educational attainment rank in 2019 was 183 – the same as the previous year.
- Riverside-San Bernardino ranked above the neighboring counties of Orange and Los Angeles, but below San Diego metro.

Best Places for Business Ranking Regional Comparison, 2010-2019

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Phoenix Metro	117	88	81	64	56	44	36	35	34	25
San Diego Metro	89	64	75	78	70	68	33	48	40	45
Las Vegas Metro	157	135	168	159	111	94	65	59	53	49
Riverside-San Bernardino	88	99	103	103	130	114	98	123	91	72
Orange County Metro	79	109	99	97	87	62	45	93	84	80
Miami Metro	152	152	181	165	113	73	89	84	78	85
Los Angeles County	120	114	123	134	117	116	87	91	100	113

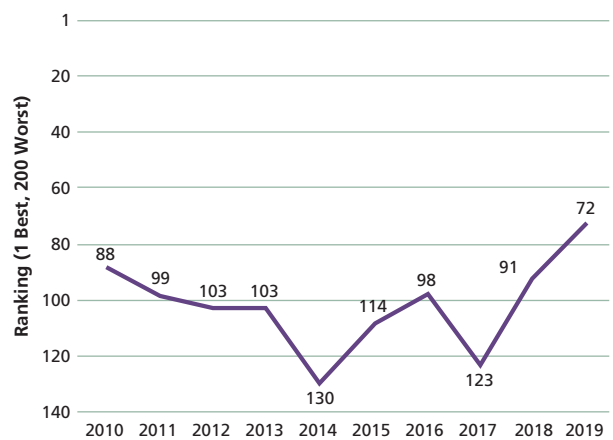
Highest Rank: 1-40 (Green), 41-80 (Light Green), 81-120 (Yellow), 121-160 (Orange), 161-200 (Red)
 Lowest Rank: 161-200 (Red)
 Top 40 (Green), Bottom 40 (Red)

Source: *Forbes Magazine*, October 30, 2019 (www.forbes.com/best-places-for-business/list)

Top 10 Metro Areas, by Projected Job Growth, 2019

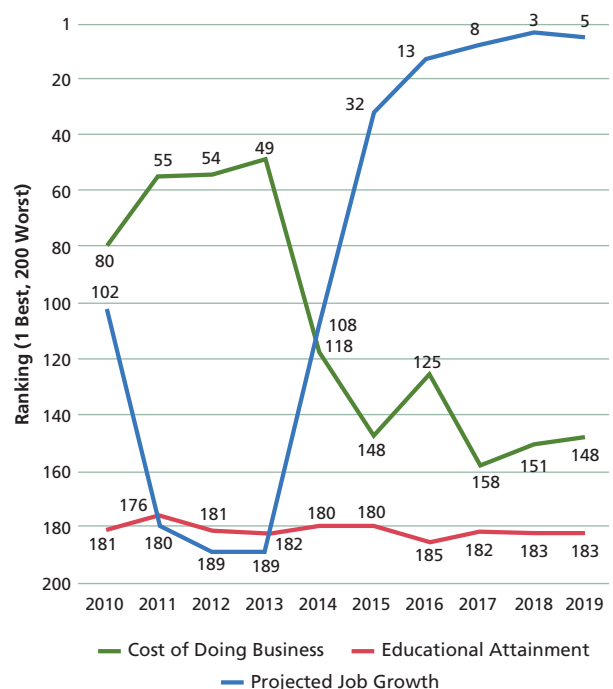
Rank	Metro Area	Rank	Metro Area
1	Provo, UT	6	Orlando, FL
2	Reno, NV	7	Boise, ID
3	Cape Coral, FL	8	Greely, CO
4	Naples, FL	9	Austin, TX
5	Riverside-San Bernardino, CA	10	Fayetteville, AR

Best Places for Business Ranking Riverside-San Bernardino, 2010-2019



Source: *Forbes Magazine*, October 30, 2019 (www.forbes.com/best-places-for-business/list)

Best Places for Business, Ranking by Component Riverside-San Bernardino, 2010-2019



Source: *Forbes Magazine*, October 24, 2017 (www.forbes.com/best-places-for-business/)

Unemployment Rate Continues to Drop

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, as well as to capture major economic drivers within the county and important industry sectors for workforce development. Approximately 53% of all San Bernardino County jobs can be found in the five clusters described in this indicator. The unemployment rate is also shown.

How is San Bernardino County Doing?

Three of the five selected industry clusters experienced an increase in employment between 2017 and 2018:

- Healthcare experienced the greatest growth in the past year, increasing 7%.
- Manufacturing jobs increased by 2% and Logistics grew by 1%.
- Professional/Scientific/Technical Services jobs decreased 2% and Construction/Housing Related Industries saw a decline of 3% from the prior year.

Over 10 years, employment grew in all selected clusters:

- Since 2009, Logistics employment increased 89% and Healthcare employment increased 44%.
- Professional/Scientific/Technical Services and Manufacturing each increased 20% since 2009, and Construction/Housing Related Industries employment increased 38% over the same period.

Salaries in two out of five of the selected clusters increased:

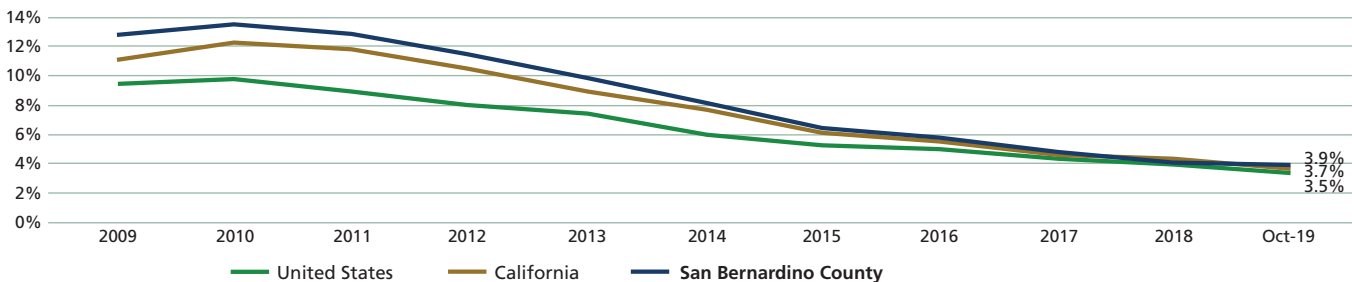
- Between 2017 and 2018, average salaries in Healthcare increased by 4% and Professional/Scientific/Technical Services increased by 1%.
- The average salary of Manufacturing jobs remained essentially unchanged, while Construction/Housing Related Industries decreased 2% and Logistics decreased 6%.
- During this same period, the cost of living increased 2.9%.¹
- The minimum annual income needed to qualify for financing to purchase an entry-level home (priced at 85% of median) in the first quarter of 2019 was approximately \$41,300, which was affordable on average to employees in all five of these clusters if a down payment can be secured.

San Bernardino County’s unemployment rate continues to decline:

- From the high in 2010, the unemployment rate has been decreasing and was 3.5% in October 2019.
- In October 2019, San Bernardino County’s unemployment rate was the 28th lowest out of the 58 counties in California, a position that has changed slightly from 27th in 2018.
- San Bernardino County’s unemployment rate is lower than the national and state rates of 3.9% and 3.7%, respectively.

Unemployment Rate

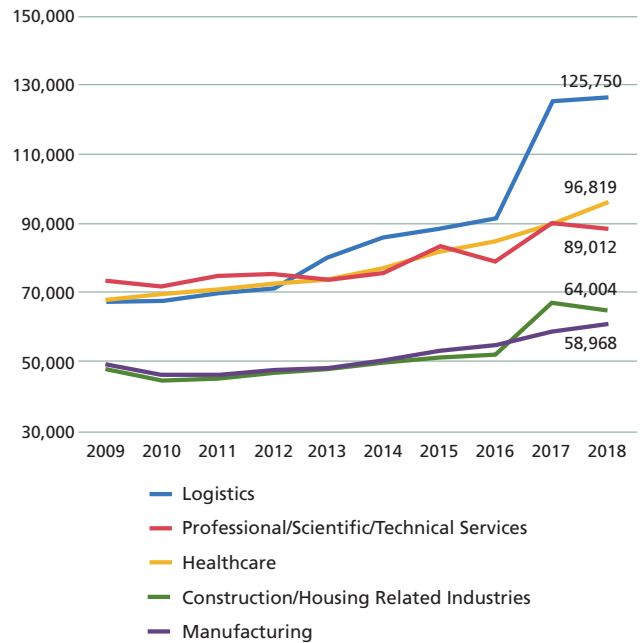
San Bernardino County, California and United States, 2009-July 2019



Sources: U.S. Bureau of Labor Statistics (www.bls.gov); California Employment Development Department (www.labormarketinfo.edd.ca.gov/data/unemployment-and-labor-force.html)

¹ Consumer Price Index—All Urban Consumers; Riverside-San Bernardino-Ontario (<http://www.bls.gov/data/#prices>)

Employment in Selected Industry Clusters
San Bernardino County, 2009-2018



Source: Analysis of data from Cbmura Economics & Analytics

Average Annual Salaries in Selected Clusters
San Bernardino County, 2017 and 2018

Cluster	2017	2018	Percent Change
Healthcare	\$57,641	\$59,979	4%
Professional/Scientific/Technical Services	\$67,101	\$67,528	1%
Manufacturing	\$56,764	\$56,849	0.1%
Construction/Housing Related Industries	\$52,467	\$51,630	-2%
Logistics	\$51,924	\$48,585	-6%

Source: Analysis of data from Cbmura Economics & Analytics

Number of Homes Sold Declines for First Time in Four Years

Given San Bernardino County's location and relative housing affordability in Southern California, it has become a substantial supplier of jobs in construction and housing-related industries. As a result, the county's economy is acutely sensitive to changes in the housing market. Trends in home sale prices, housing availability, and the number of housing permits granted signify the health of the county's housing market and the local economy, as well as consumer confidence.

How is San Bernardino County Doing?

Median home sale prices continue to rise:

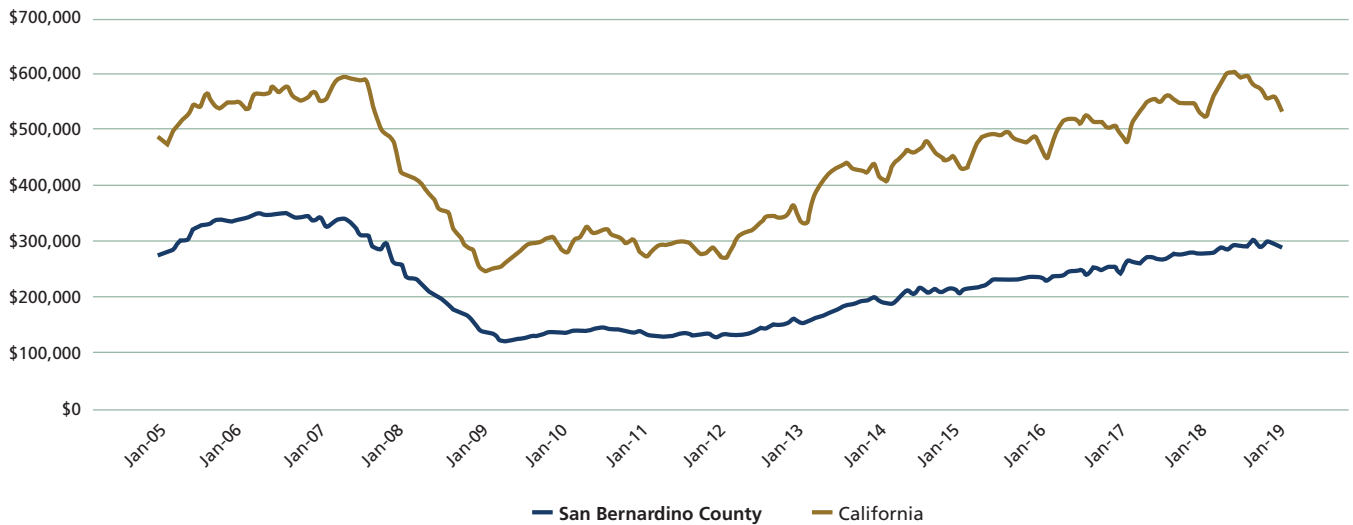
- The median sale price of existing single-family homes increased 5%, from \$277,000 in January 2018 to \$290,000 in January 2019, nearing pre-recession levels.
- During the 10-year period between January 2010 and January 2019, the median sale price of homes increased 115% in San Bernardino County, compared to an 89% increase in California.

Home sales declined in 2018:

- There was a 6% decrease in the number of homes sold, from 30,321 homes sold in 2017 to 28,377 homes sold in 2018.
- Overall, this represents the first decline in home sales since 2014.

Median Sale Price of Existing Detached Homes

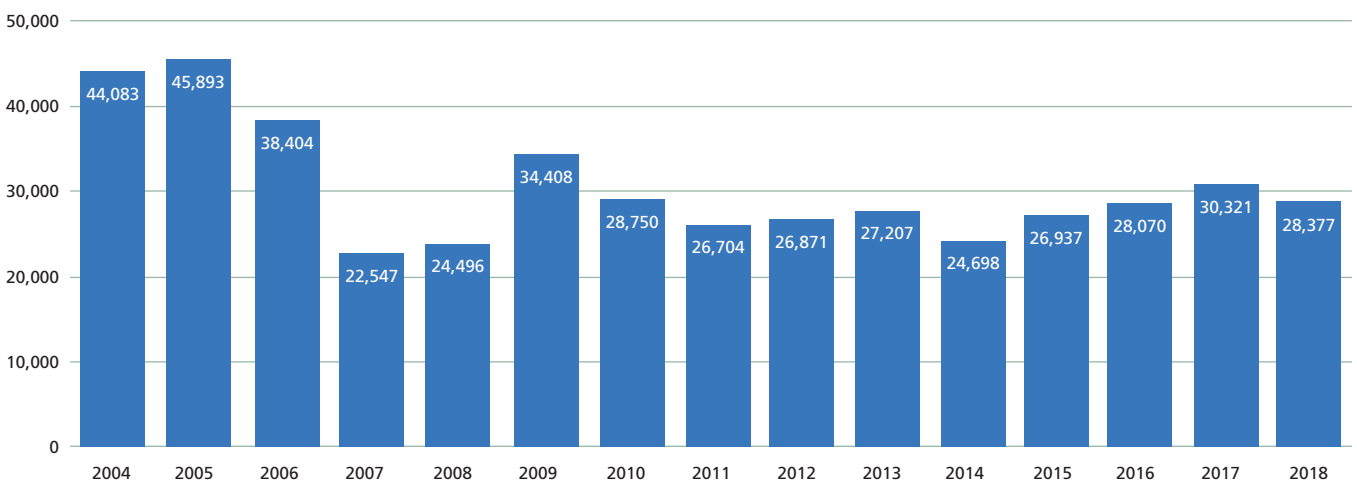
San Bernardino County and California, January 2005-January 2019



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

Number of Homes Sold

San Bernardino County, 2004-2018

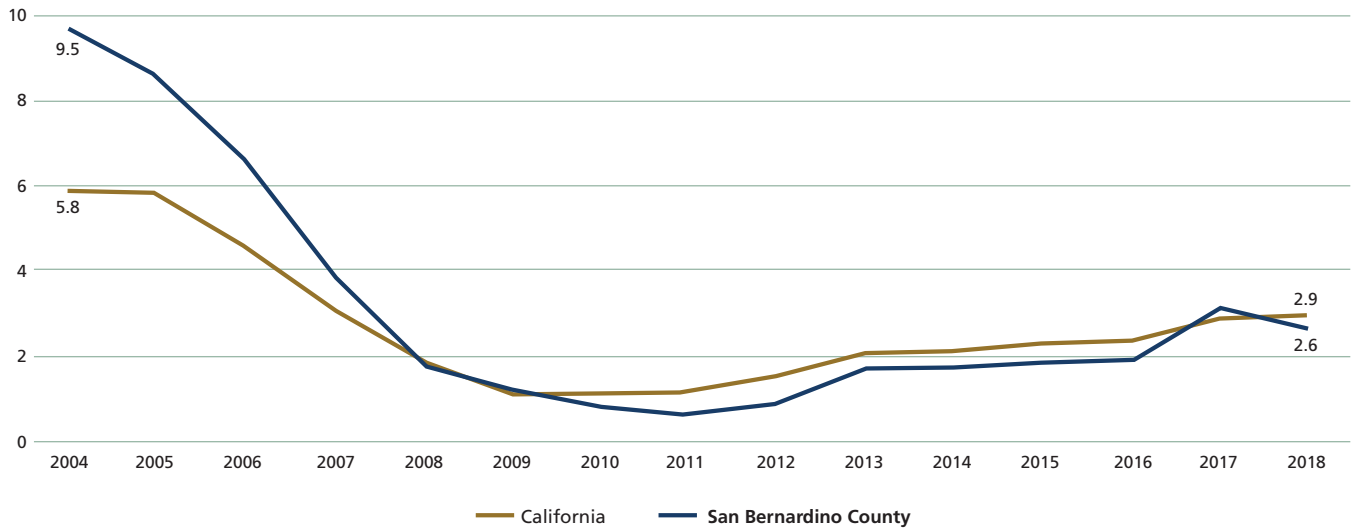


Source: Dataquick 2004-2016 & Dataquick division of CoreLogic 2017-2018

Despite a recent decrease in the number of housing construction permits granted, the post-recession trend is upward:

- The number of housing permits granted decreased 16% between 2017 and 2018, dropping from 6,675 to 5,577 housing units granted.
- This translates to 2.6 permits granted per 1,000 residents in San Bernardino County in 2018, down from 3.1 permits granted per 1,000 residents in 2017, and lower than the California rate (2.9).
- However, since 2011, the number of permits granted increased more than two and a half fold, up from 0.7 permits per 1,000 residents granted in 2011.

Housing Permits Granted per 1,000 Residents
 San Bernardino County and California, 2004-2018



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

Rent Prices Rise in Two of Three Commercial Real Estate Markets

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. It also tracks net absorption of industrial real estate, which 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 continue to rise, while the vacancy rates remained the same from the prior year:

- Industrial real estate, which accounts for the vast majority of the total market share (79%), had a 3.7% vacancy rate in the fourth quarter of 2018.
- This represents a decrease of 5.3 percentage points from a 9.0% vacancy rate in the fourth quarter of 2009, but is the same as the vacancy rate from the prior year.
- The asking rent for industrial space continues to increase, from \$0.53/square foot in the fourth quarter of 2017 to \$0.57/square foot in the fourth quarter of 2018.
- There was a 37% increase in industrial net absorption between the fourth quarters of 2017 and 2018.

Retail vacancy rates increased while rents decreased:

- In the fourth quarter of 2018, retail space, which accounts for 17% of market share, had an 8.3% vacancy rate.
- Despite this slight increase from the prior year (8.2% vacancy rate), vacancy rates have decreased 3.5 percentage points from the peak of 11.8% vacancy in the fourth quarter of 2009.
- At \$2.03/square foot, retail asking rent decreased 3% between the fourth quarters of 2017 and 2018.

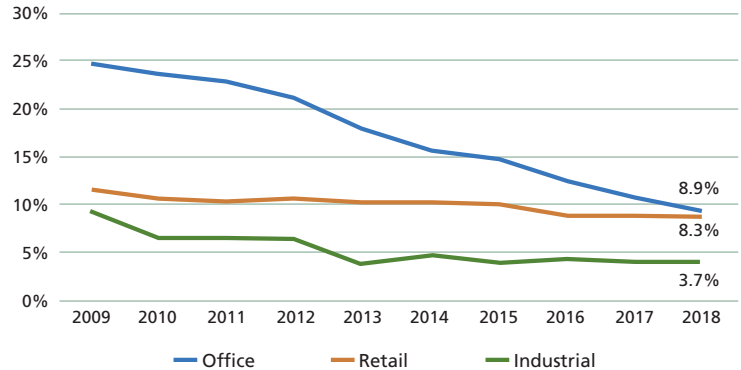
Office vacancy rates declined while rents increased:

- In the fourth quarter of 2018, office space, which accounts for 4% of market share, had an 8.9% vacancy rate.
- This is a decrease from the fourth quarter of 2017 (10.9% vacancy rate) and a drop of more than 15 percentage points since the peak of 24.3% vacancy in the fourth quarter of 2009.
- Between the fourth quarters of 2017 and 2018, office rents increased 1%, from \$1.92/square foot in the fourth quarter of 2017 to \$1.94/square foot in the fourth quarter of 2018.

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

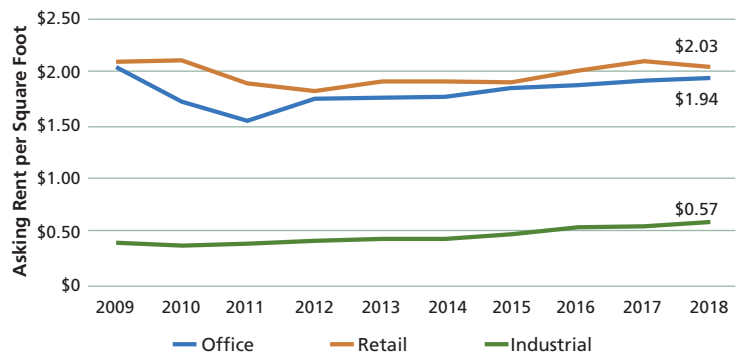
- In the fourth quarter of 2018, on average, industrial rent in Los Angeles and Orange counties was 57% more expensive than comparable space in the Riverside-San Bernardino metro area. Office rent was 63% more expensive and retail rent was 20% more expensive, on average.

Office, Retail and Industrial Real Estate Vacancy Rates
Riverside-San Bernardino, 2009-2018 (Fourth Quarters)



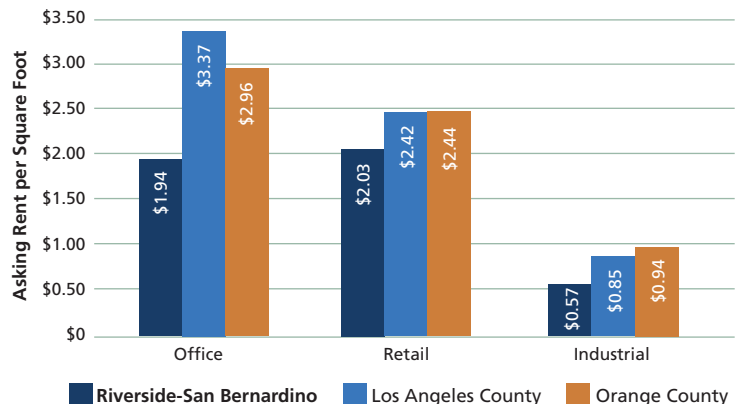
Source: CBRE

Office, Retail and Industrial Real Estate Asking Rents
Riverside-San Bernardino, 2009-2018 (Fourth Quarters)



Source: CBRE

Office, Retail and Industrial Real Estate Asking Rents
Regional Comparison, 2018 (Fourth Quarter)



Source: CBRE

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

Passenger Traffic is Highest in 10 Years

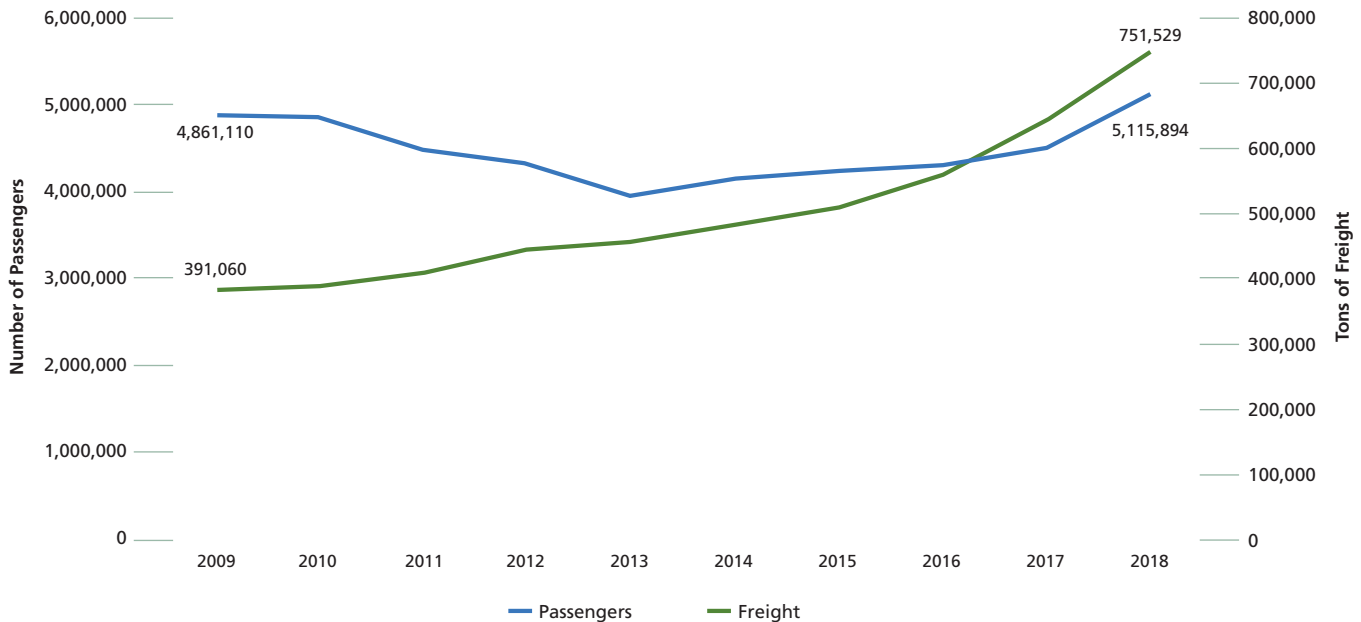
Access to an international airport provides ease of travel for county residents and visitors, and supports the efficient movement of goods into and out of the county. Economic benefits include direct and indirect jobs and a range of aviation-related activities and services, which boost the region’s economic output. Further, there is an “economic multiplier” effect as dollars generated by airport-related activities are re-spent and circulated throughout the local economy. Ontario International Airport (ONT) ranks among San Bernardino County’s most important economic drivers. This indicator tracks passenger and freight volumes at ONT.

How is San Bernardino County Doing?

Both passenger and freight traffic continue their steady climb:

- Ontario International Airport has experienced strong growth since its return to local control in November 2016.
- Passenger traffic increased 12% in a single year to more than 5.1 million passengers in 2018.
- Over 10 years, passenger traffic has increased a total of 5%.
- Freight traffic increased 15% in 2018, on top of a 5% increase the prior year.
- In 2018, a total of 751,529 tons of freight moved through the airport.
- Freight volume has increased 92% in 10 years.

Volume of Passengers and Freight
Ontario International Airport, 2009-2018



Note: Freight totals include U.S. mail

Source: Ontario International Airport (flyontario.com)

A Growing Domestic and International Gateway

In the past two years, ONT added China Airlines, Frontier Airlines, and JetBlue to its lineup. In 2018, it launched the only trans-Pacific flights from a Southern California airport other than LAX. Growth projections show ONT reaching annual passenger volumes of 16 million to 28 million by 2040. No other airport in the six-county region has the capacity to accommodate this kind of growth. Additionally, FedEx has begun work on a 51-acre expansion of its hub operations at ONT – tripling the size of its operations at America’s No. 1 airport for outgoing freight. The massive construction effort represents a \$100 million investment by FedEx and will include a new sorting facility, ground support staging areas, maintenance buildings, enhance perimeter fencing and landscaping. The first phase is scheduled to open in late 2020. The project is part of a 30-year lease extension signed in 2018, with options to extend it another 20 years. FedEx has operated at ONT for more than three decades.

Tourism Industry Continues to Grow

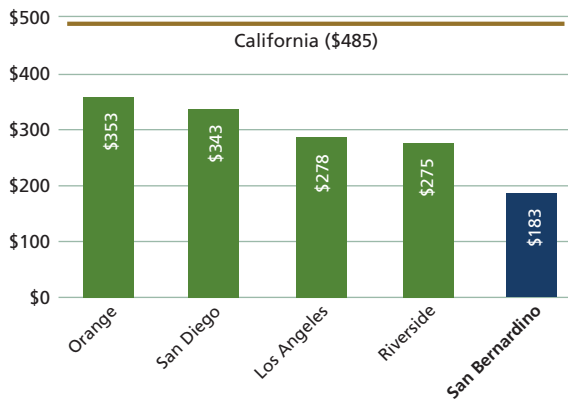
Visitors traveling to San Bernardino County for recreation and business generate revenue and jobs for the local economy. Hotels, shops, restaurants, recreation areas, and entertainment venues benefit substantially from the tourism market. Moreover, residents benefit from tax revenue generated by visitor 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?

Visitor spending, tax receipts, and employment continue to grow:¹

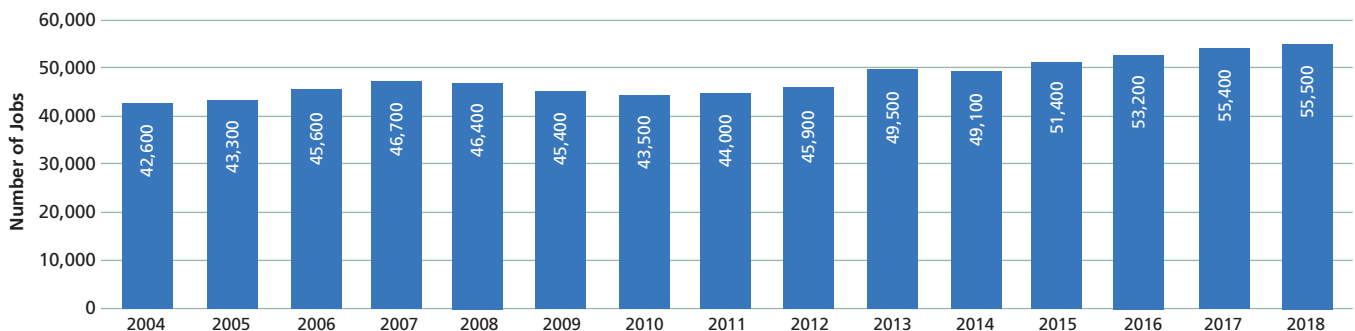
- In 2018, visitor spending totaled \$5.3 billion, which represents 13% growth in visitor spending since 2004. Over the same period, inflation was 34%.
- Tourism-related tax receipts have increased in step with spending, growing to \$399 million in 2018 from \$240 million in 2004. This is equivalent to \$183 per resident, which was the lowest per capita tax receipts among the southern California counties compared.
- Employment in the tourism industry has grown steadily over the past eight years, reaching 55,500 jobs in 2018.
- San Bernardino County’s share of total California tourism earnings is 2.1%, the same as in 2004.

Per Capita Tourism-Related Tax Receipts County Comparison, 2018



Sources: California Division of Tourism, California Travel Impacts, Dean Runyan Associates (www.deanrunyan.com/CATravelImpacts/CATravelImpacts.html); California Department of Finance, Demographic Research Unit, Table E-2, July 2018 Estimates (www.dof.ca.gov/Forecasting/Demographics/Estimates/)

Tourism Employment San Bernardino County, 2004-2018

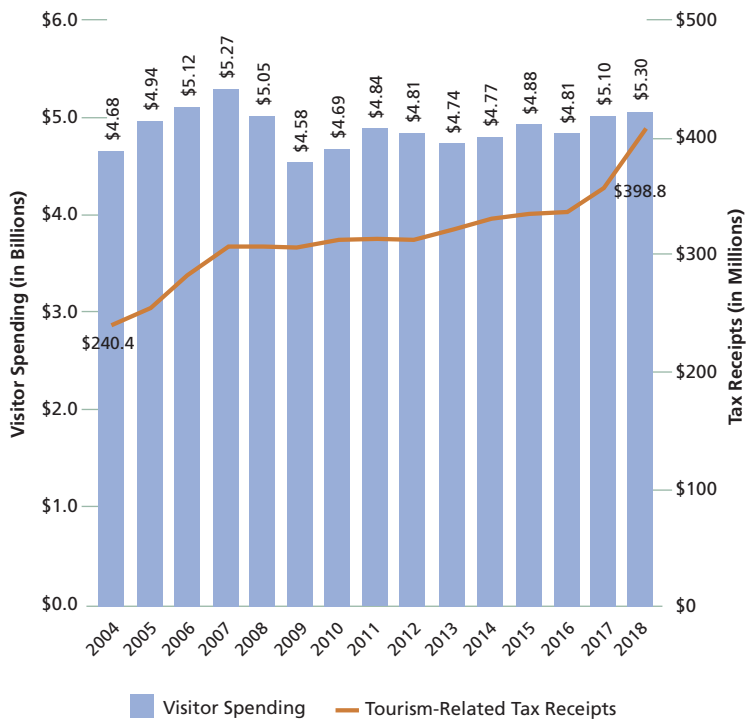


Source: California Division of Tourism, California Travel Impacts, Dean Runyan Associates (www.deanrunyan.com/CATravelImpacts/CATravelImpacts.html)

¹ Historical data have been updated based on revised source data. Therefore, the data presented are not comparable with prior Community Indicator Reports.

² Bureau of Labor Statistics CPI Inflation Calculator (January 2004 to January 2018)

Visitor Spending and Tourism-Related Tax Receipts San Bernardino County, 2004-2018



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