



Economy

Section Highlights

Unemployment Rate (2020) **rose to 8%**

Home Sale Price (Jan 2019 - Jan 2020) **up 12%**

ONT Passenger Traffic (2019 - 2020) **down 55%**

ONT Freight Volume (2019-2020) **up 18%**

Commercial Real Estate Rents (2018-2019) **up 4-7%**

Per Capita Tourism-Related Tax Receipts (2019) **\$196**

Success Story

In an effort to respond to the needs of the business community impacted by the COVID-19 pandemic, the County of San Bernardino launched the COVID Compliant Business Partnership Program, the first of its kind in the State of California, designed to provide grant funding to small businesses and to encourage ongoing compliance with State health orders. The program provided nearly \$30 million dollars total to over 6,100 small businesses who used the funds for rent, utilities, Personal Protective Equipment (PPE), and payroll expenses to keep their businesses afloat in the face of shutdowns and restricted patronage.



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 *Forbes*’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.

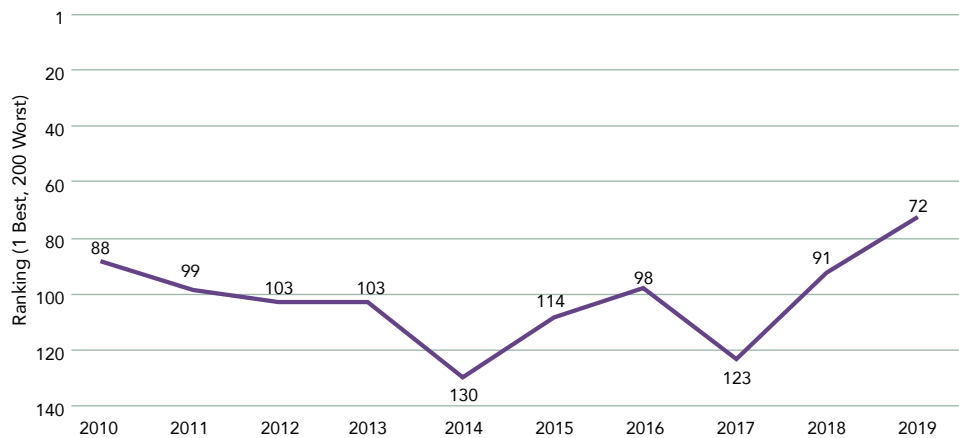


TREND

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.

BUSINESS CLIMATE RANK INCREASES AGAIN IN 2019

Riverside-San Bernardino Metro Area Business Climate Ranking, 2010-2019



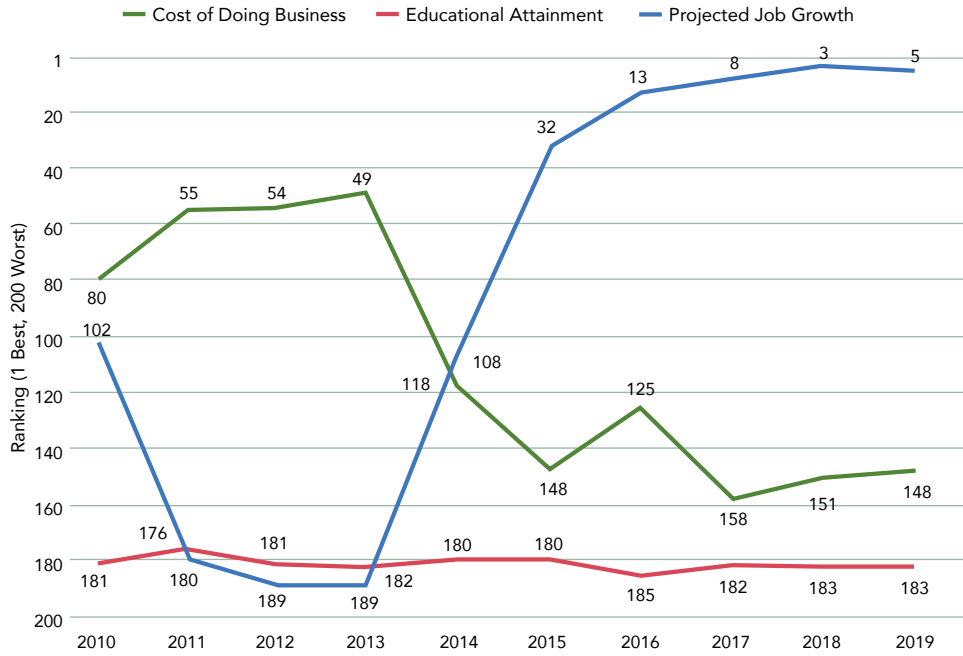
Source: *Forbes Magazine*, October 30, 2019 (www.forbes.com/best-places-for-business/list)



Among the components measured, Riverside-San Bernardino ranked highest for projected job growth. 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.

JOB GROWTH IS A STRENGTH; EDUCATIONAL ATTAINMENT IS A CHALLENGE

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



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

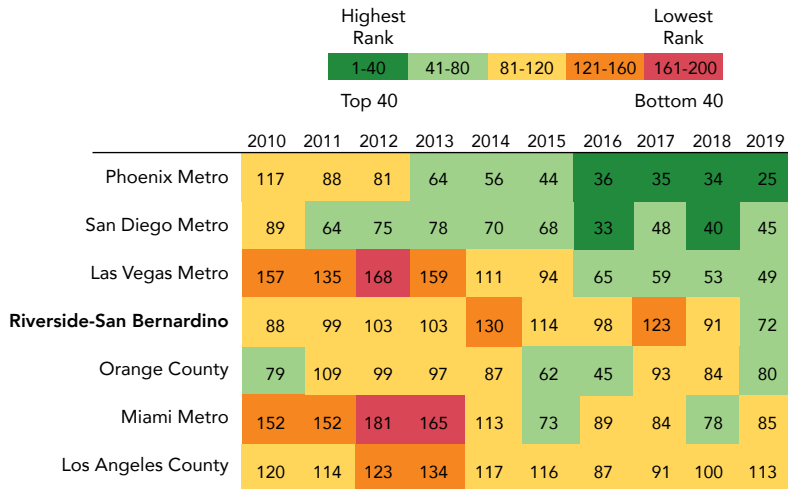


GEOGRAPHIC DETAIL

Riverside-San Bernardino ranked above the neighboring counties of Orange and Los Angeles, but below San Diego metro.

SAN BERNARDINO COUNTY BUSINESS CLIMATE RANKS HIGHER THAN L.A. AND O.C.

Regional Comparison of Best Places for Business Ranking, 2010-2019



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

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.

RIVERSIDE-SAN BERNARDINO METRO IS 5TH FOR JOB GROWTH

Top 10 Metro Areas by Projected Job Growth, 2019

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



Unemployment Rises Substantially Due to Pandemic Closures

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. Also tracked is the unemployment rate.



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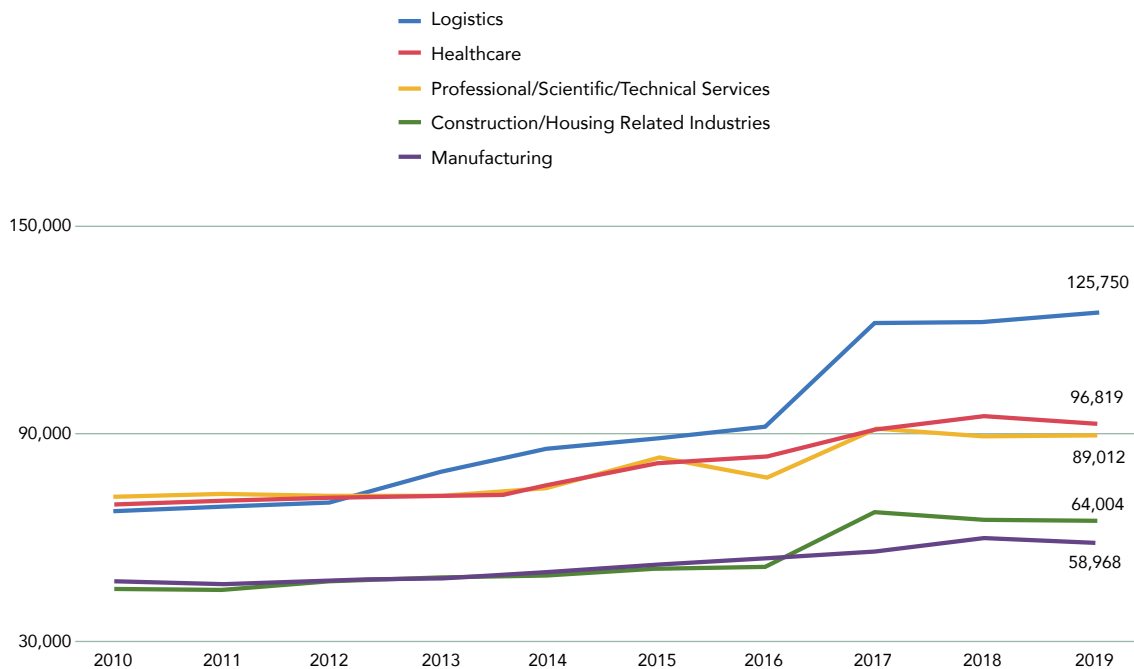
Number of Jobs

Three of the five selected industry clusters experienced a decrease in employment between 2018 and 2019. At 8%, Manufacturing experienced the greatest decline between 2018 and 2019. Healthcare jobs decreased by 2% and Construction/Housing Related Industries decreased by 1%. Logistics grew by 3% and Professional/Scientific/Technical Services jobs increased by 1% from the prior year.

The 10-year trend, however, indicates that all selected clusters experienced employment increases. Since 2010, Logistics employment increased 94% and Construction/Housing Related Industries employment increased 45%. The number of Healthcare jobs grew by 38%, Professional/Scientific/Technical Services increased 25% since 2010, and Manufacturing employment increased 17% over the same period.

10-YEAR TREND MARKS GROWTH IN ALL SELECTED INDUSTRY CLUSTERS

Employment in Selected Industry Clusters in San Bernardino County, 2010 - 2019



Source: Analysis of data from Chmura Economics & Analytics



Salaries

Salaries in three out of the five selected clusters are increasing. Between 2018 and 2019, average salaries in Logistics increased by 13%, Construction/Housing Related Industries increased by 9%, and Manufacturing by 1%. The average salary of Professional/Scientific/Technical Services and Healthcare jobs remained essentially unchanged. During this same period, the cost of living increased 2.0%.¹

The minimum annual income needed to qualify for financing to purchase an entry-level home (priced at 85% of median) is approximately \$42,000, which is affordable on average to employees in all five of these clusters if a down payment can be secured.

SALARIES INCREASED OR STAYED THE SAME ACROSS THE FIVE SELECTED CLUSTERS

Average Annual Salaries in Selected Clusters in San Bernardino County, 2018 and 2019

	2017	2018	Percent Change
Healthcare	\$59,979	\$59,811	0%
Professional/Scientific/Technical Services	\$67,528	\$67,600	0%
Manufacturing	\$56,849	\$57,483	1%
Construction/Housing Related Industries	\$51,630	\$56,500	9%
Logistics	\$48,585	\$54,833	13%

Source: Analysis of data from Chmura Economics & Analytics

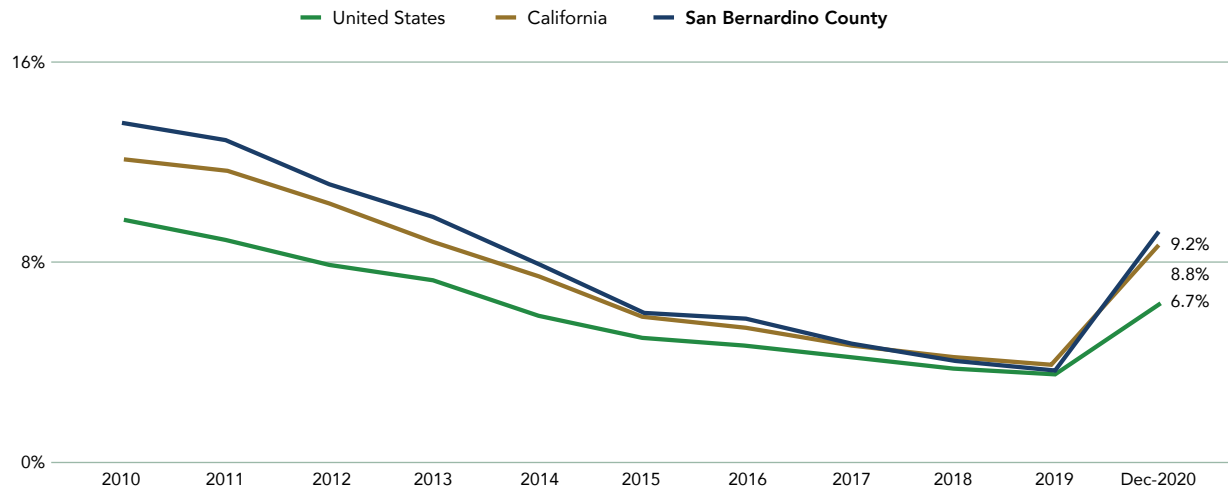
Unemployment

After years of steady decreases in the unemployment rate, hitting a low of 3.7% in 2019, the unemployment rate was 9.2% in December 2020. This is mostly due to the impact of the pandemic and mandatory stay-at-home orders.

In December 2020, San Bernardino County's unemployment rate was ranked 39 out of the 58 counties in California, a position that has worsened significantly from 28th in 2019. San Bernardino County's unemployment rate is higher than the California rate (8.8%) and the national rate (6.7%).

UNEMPLOYMENT RATE MORE THAN DOUBLED, MOSTLY DUE TO PANDEMIC

Unemployment Rate, in San Bernardino County, California and United States, 2010 - December 2020



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>)



Home Prices Continue Their Steady Rise

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.

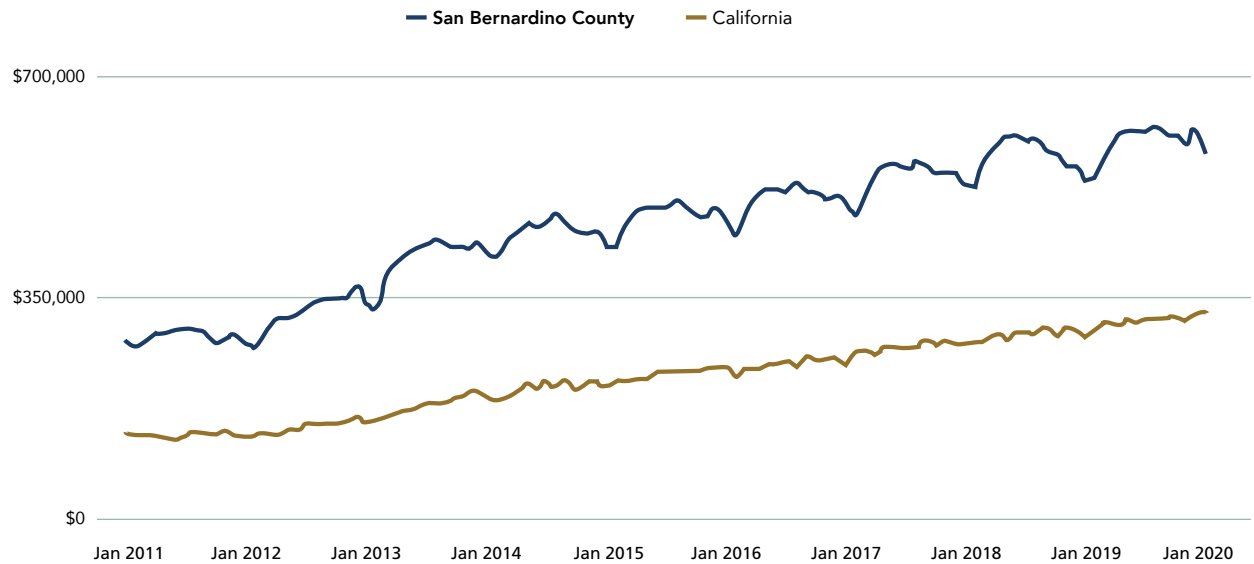


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The median sale price of existing single-family homes increased 12% from \$290,000 in January 2019 to \$325,000 in January 2020. During the ten-year period between January 2011 to January 2020, the median sale price of homes increased 135% in San Bernardino County, compared to a 106% increase in California.

MEDIAN HOME SALE PRICES CONTINUE TO RISE

Median Sale Price of Existing Detached Homes in San Bernardino County and California, January 2011 - January 2020



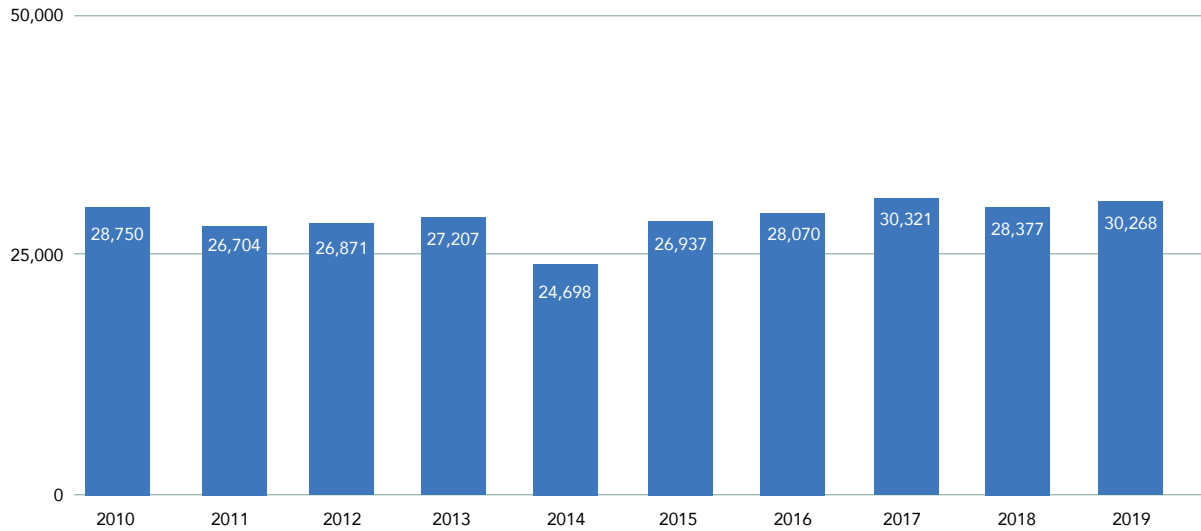
Source: California Association of Realtors (www.car.org)



In the one-year period between 2018 and 2019, there was a 7% increase in the number of homes sold, from 28,377 to 30,268 homes sold. The 10-year figure is up 5%, from 28,750 homes sold in 2010. Homes sold include new and existing single family residences.

MORE HOMES SOLD IN 2019 COMPARED TO 10 YEARS AGO

Number of Homes Sold in San Bernardino County, 2010-2019

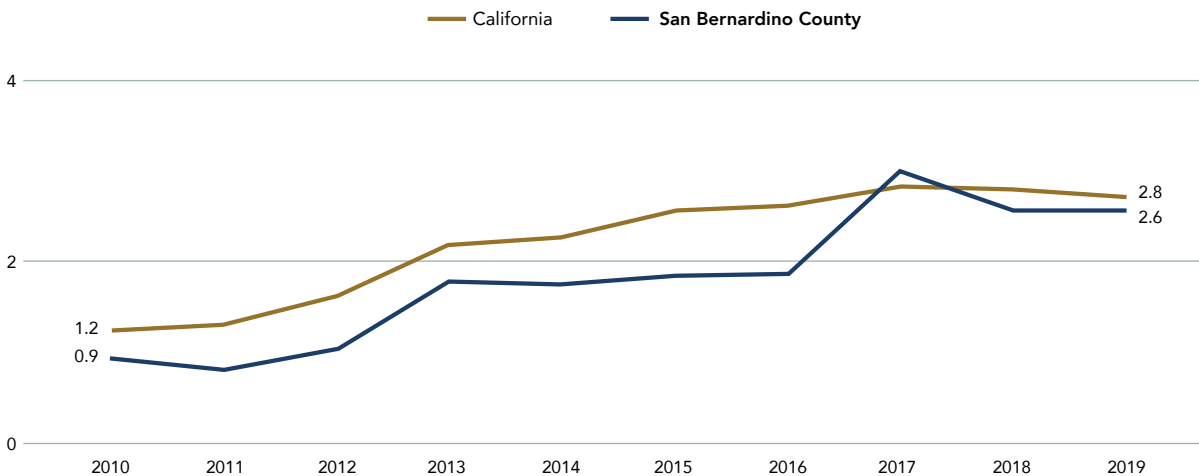


Source: Dataquick & Dataquick Division of CoreLogic

The number of housing permits granted increase slightly (0.5%) between 2018 and 2019, from 5,577 to 5,607 housing units granted. This translates to 2.6 permits granted per 1,000 residents in San Bernardino County in 2019, unchanged from 2018, and lower than the California rate (2.8). However, since 2010, the number of permits granted increased almost three-fold, up from 0.9 per 1,000 permits granted in 2010.

RATE OF HOUSING PERMITS GRANTED ALSO ON THE RISE

Housing Permits Granted per 1,000 Residents in San Bernardino County and California, 2010-2019



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



Rent Prices Increase in 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



TREND

Vacancy Rates

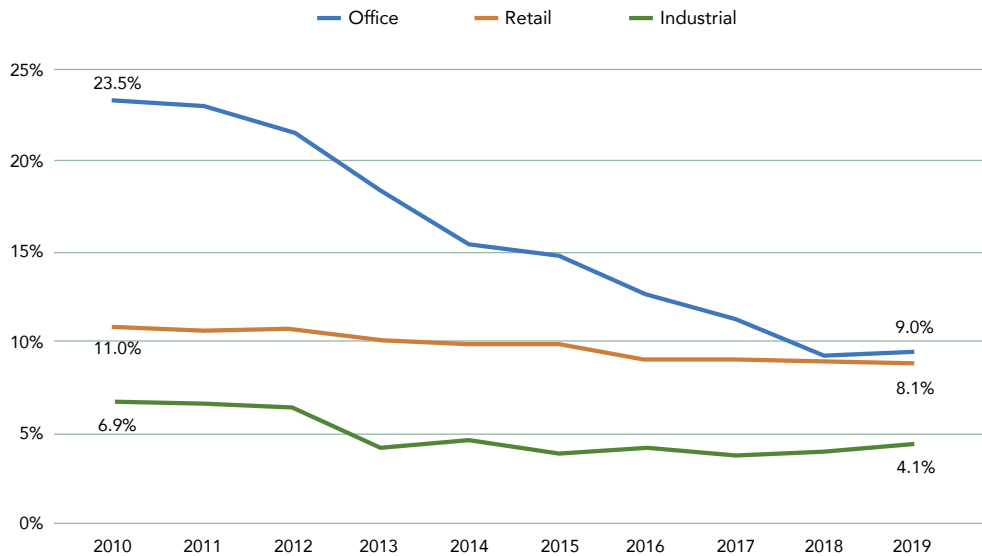
Industrial real estate, which accounts for the vast majority of the total market share (80%), had a 4.1% vacancy rate in the fourth quarter of 2019. This represents a decrease of 2.8 percentage points from a 6.9% vacancy rate in the fourth quarter of 2010, and is slightly higher than the prior year, when the vacancy rate was 3.7%.

Retail vacancy rates are also trending downward. In the fourth quarter of 2019, retail space, which accounts for 16% of market share, had an 8.1% vacancy rate. Vacancy rates decreased almost three percentage points from 11.0% vacancy in the fourth quarter of 2010.

In the fourth quarter of 2019, office space, which accounts for 4% of market share, had a 9.0% vacancy rate. This is a slight increase from the fourth quarter of 2018 (8.9% vacancy rate). However, it is a drop of almost 15 percentage points from the fourth quarter of 2010, when office vacancy rates were at 23.5%.

VACANCY RATES DECREASING ACROSS THE THREE MARKETS

Office, Retail, and Industrial Real Estate Vacancy Rates in Riverside-San Bernardino, 2010-2019 (Fourth Quarters)



Source: CBRE

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

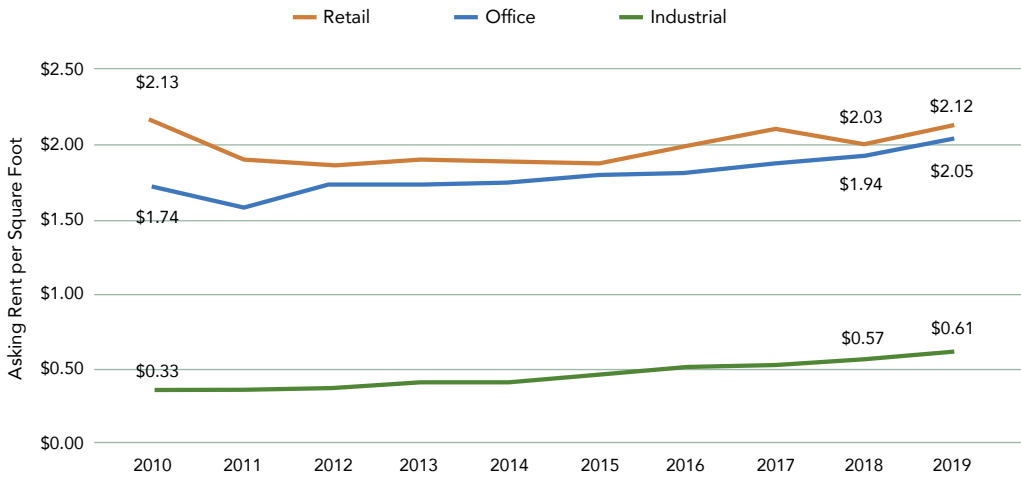


Rents

The asking rent for industrial space is increasing, from \$0.57/square foot in the fourth quarter of 2018 to \$0.61/square foot in the fourth quarter of 2019. During this same one-year period, there was a 19% decrease in industrial net absorption. At \$2.12/square foot, retail asking rent increased 4% between the fourth quarters of 2018 and 2019. Office rents also increased between the fourth quarters of 2018 and 2019, rising 6%, from \$1.94/square foot to \$2.05/square foot, respectively.

ASKING RENT INCREASING ACROSS THE THREE MARKETS

Office, Retail and Industrial Real Estate Asking Rents in Riverside-San Bernardino, 2010-2019 (Fourth Quarters)



Source: CBRE

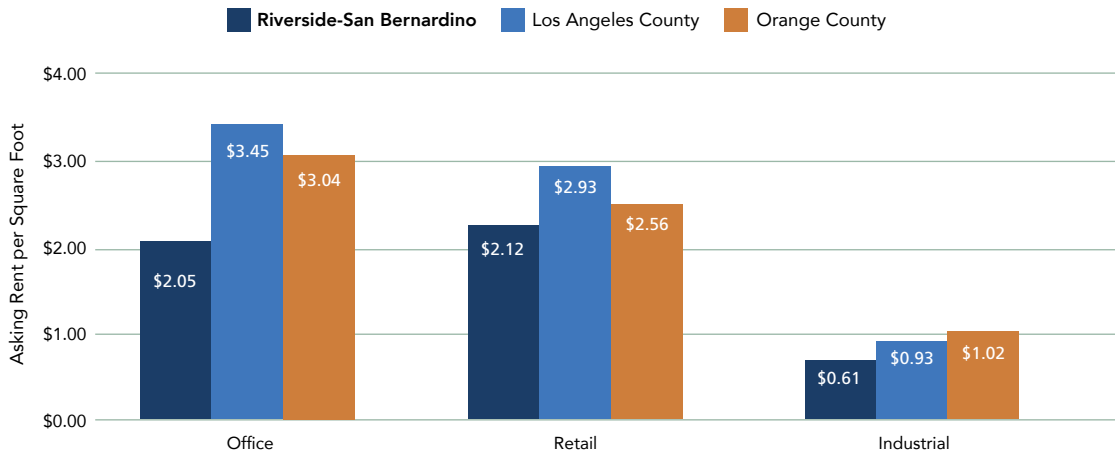


GEOGRAPHIC DETAIL

In the fourth quarter of 2019, on average, industrial rent in Los Angeles and Orange counties was 60% more expensive than comparable space in the Riverside-San Bernardino metro area. Office rent was 58% more expensive and retail rent was 29% more expensive, on average.

RENTS IN THE RIVERSIDE-SAN BERNARDINO METRO AREA ARE COMPARATIVELY LOW

Office, Retail and Industrial Real Estate Asking Rents, Regional Comparison, Fourth Quarter 2019



Source: CBRE



Freight Traffic 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.



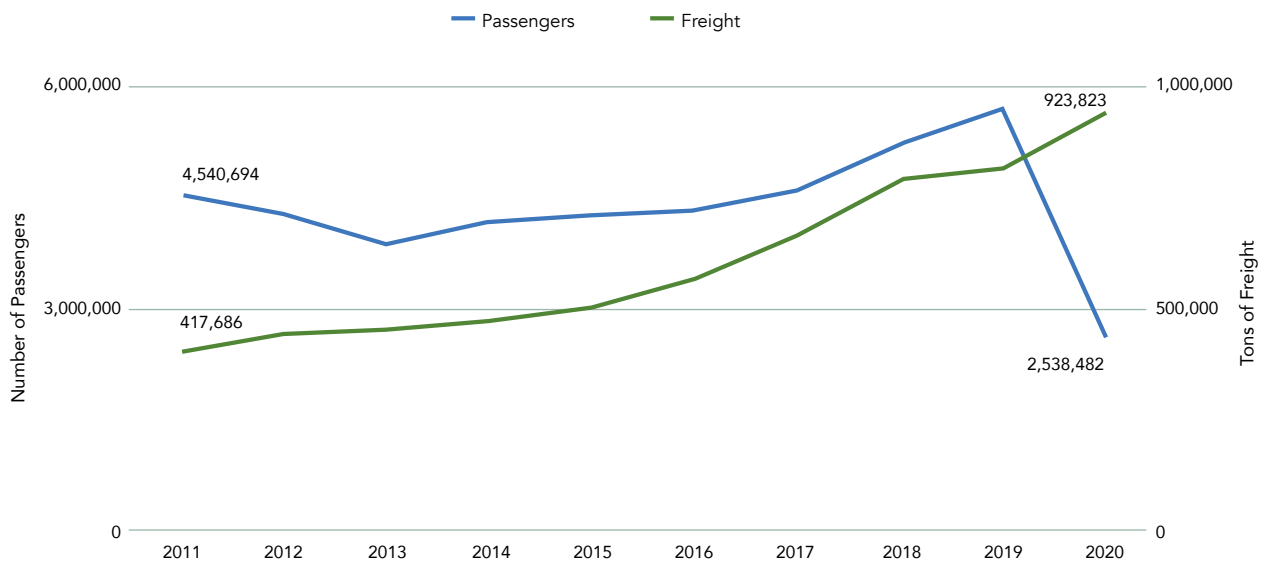
TREND

Prior to travel restrictions stemming from the COVID-19 pandemic in 2020, ONT had been experiencing strong growth in both freight and passenger volume. Over the 10-year period between 2010 and 2019, freight volume increased 99% and the number of passengers increased by 16%. Between 2016, when ONT returned to local control, and 2019, freight volume increased by 38% and passenger volume increased by 31%.

Although ONT passenger travel increased 9% between 2018 and 2019, it dropped 55% between 2019 and 2020 as a result of stay-at-home orders and reduced travel due to the COVID-19 crisis. The drop in passenger air travel was most notable in April 2020, when 28,916 people traveled compared to 444,948 in April 2019. In contrast, freight traffic grew significantly during this period, increasing 4% between 2018 and 2019, and 18% between 2019 and 2020 for a full 136% growth over the past 10 years.

ONT continued to fortify its role as a major global supply chain hub over the course of 2020, including the opening of a new 251,000-square-foot Fed Ex processing center in November. Additionally, airlines resumed or initiated new service from ONT to five destinations in 2020 and announced flights to another nine markets by Spring 2021.

PASSENGER AND FREIGHT VOLUME INCREASED STEADILY IN THE YEARS LEADING UP TO 2020
Annual Passenger and Freight Volume, Ontario Airport, 2011-2020



Note: Freight totals include U.S. mail
Source: Ontario International Airport (flyontario.com)



Tourism Spending Grows to Highest Level in at Least 15 Years

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.

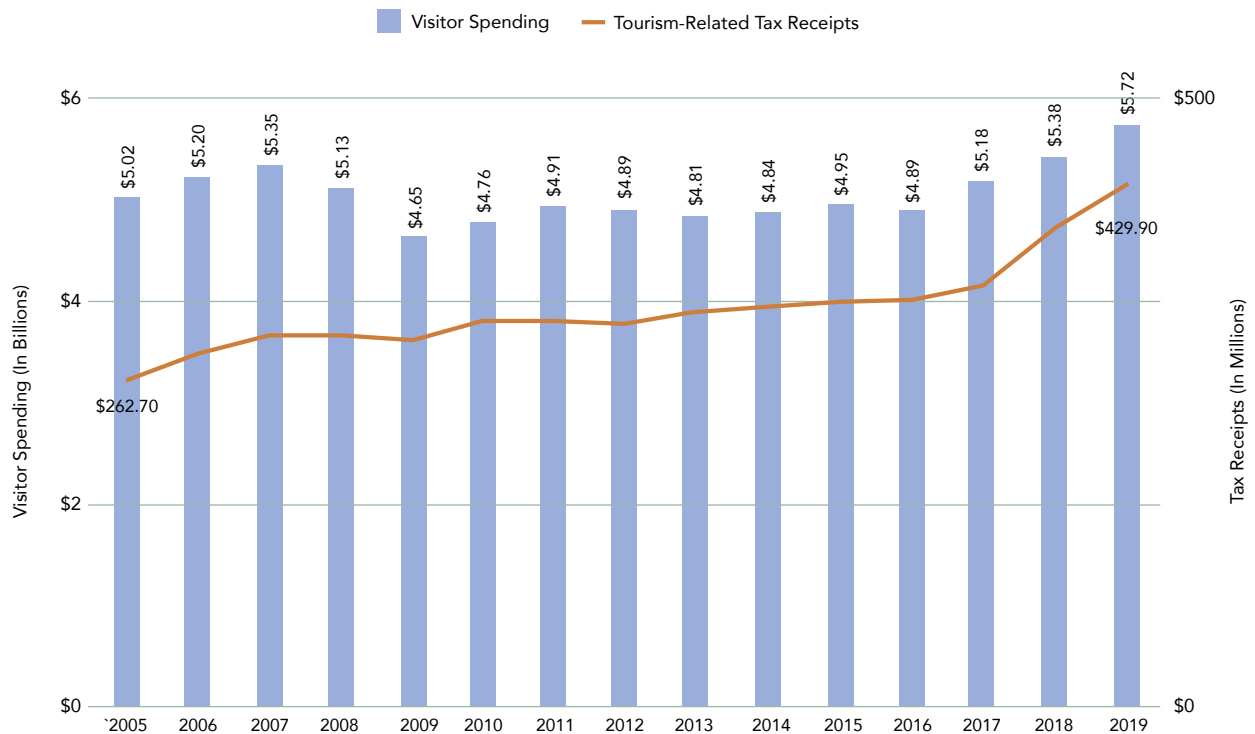


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In 2019, visitor spending totaled \$5.7 billion, which represents a 14% growth in visitor spending since 2005 (in inflation-adjusted dollars).¹ Tourism-related tax receipts have increased in step with visitor spending, growing to \$430 million in 2019 from \$263 million in 2005. Employment in the tourism industry has grown steadily over the past decade, reaching 57,500 jobs in 2019.

VISITOR SPENDING AND TAX RECEIPTS CONTINUE TO GROW INTO 2019²

Visitor Spending and Tourism-Related Tax Receipts in San Bernardino County, 2005-2019



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

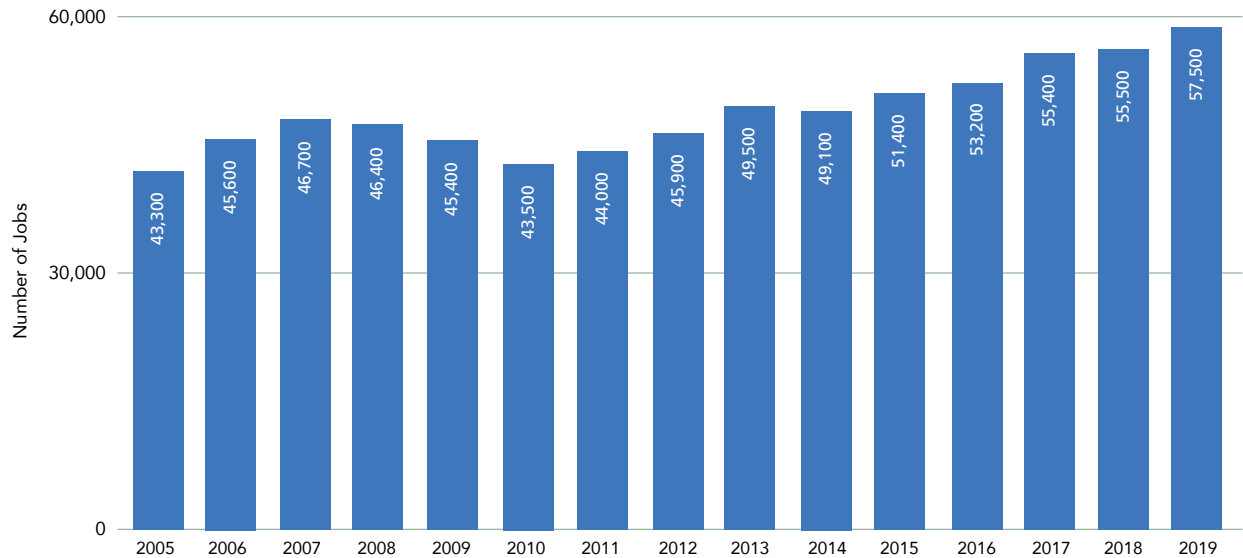
¹ Bureau of Labor Statistics CPI Inflation Calculator (January 2005 to January 2019)

² Historical data have been updated based on revised source data. Therefore, the data presented are not comparable with prior Community Indicator Reports.



TOURISM EMPLOYMENT GROWS STEADILY INTO 2019

Tourism Employment in San Bernardino County, 2005-2019



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



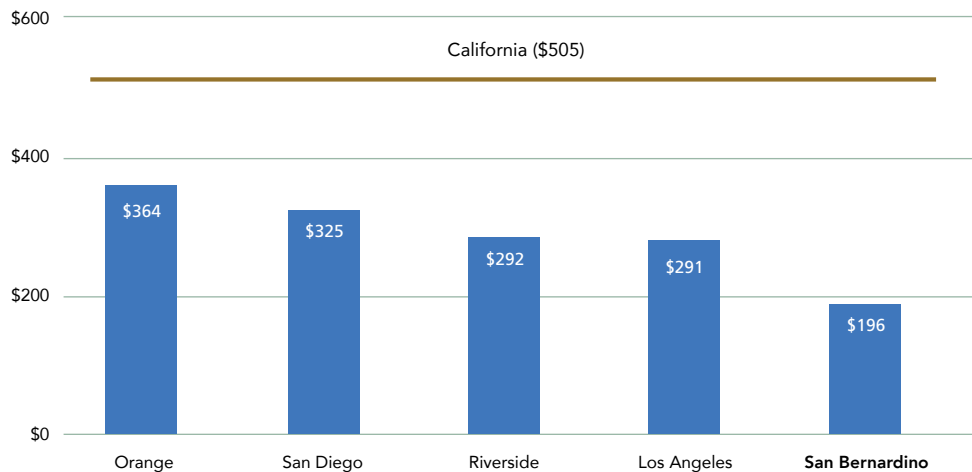
GEOGRAPHIC DETAIL

San Bernardino County's per capita tourism-related tax receipts were \$196 per resident in 2019. This is the lowest per capita tax receipts among the southern California counties compared.

San Bernardino County's share of total California tourism earnings is 2.1%, about the same as in 2005, when it was 2.2% of the state's total tourism earnings.

LOWEST PER-CAPITA TAX RECEIPTS AMONG NEIGHBORING COUNTIES COMPARED

County Comparison of Per Capita Tourism-Related Tax Receipts, 2019



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 2019 Estimates (www.dof.ca.gov/Forecasting/Demographics/Estimates/)