

A TIME TO FOCUS



by
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The Southern California Association of Governments (SCAG) predicts that by 2035 the Inland Empire will grow by 1.8 million people.

That means the Riverside and San Bernardino County Region will have 6.1 million people and be larger than 33 of today's U.S. states starting with Missouri. So what are we as a region doing to prepare for this growth and the corresponding issues that it will bring?

The Inland Empire Economic Partnership (IEEP) is focusing on issues that promote a better business climate and quality of life in Riverside and San Bernardino Counties. This year we are helping to create a goods movement strategy that will insure that the Inland Empire's predominance in goods movement and e-commerce is able to continue creating badly needed blue collar jobs in the region as international trade with the Pacific Rim continues to grow.

Healthcare remains a critical need for the residents of the Inland Empire, yet the ratio of medical providers to patients has been stuck at 35% above California's average and our public health statistics are among the state's worst. With the addition of Loma Linda Medical Center, Riverside Community Hospital and San Antonio Hospital to our list of IEEP member medical providers, we will be working to create a public health strategy to meet the needs of our 4.3 million current residents and the 1.8 million people that are expected to come.

Manufacturing is a key economic driver for the Inland Empire. Yet, reasonable people can disagree on the amount of regulation that this sector of our economy can handle before they decide that they just cannot do business in California. That is why IEEP is working with a coalition of 18 economic development groups across California to ensure that the state legislature and groups like the South Coast Air Management District gain an understanding of the public health consequences to blue collar workers

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INLAND EMPIRE CITY PROFILE 2012

John E. Husing, Ph.D.

What is the relative economic strength of each of the Inland Empire's 52 cities? The annual Inland Empire City Profile (*Exhibits 1 & 2*) provides information to answer this question. The sources are the most recently available data for population, taxable sales, assessed valuation, bank deposits, housing prices and volumes, and income. [*Note: Jurupa Valley omitted in cases where data is not yet available.*]

Population. From 2000-2012, the CA Finance Department reports that the Inland Empire added 1,035,970 people to reach 4,291,496, up 31.8% including 21,846 people from 2011-2012. This occurred despite the Census Bureau's downward adjustments. Twelve cities have over 100,000 people, led by Riverside (308,511) and San Bernardino (211,674) followed by Fontana (199,898) and Moreno Valley (196,495). The newest cities are Eastvale (55,602) and Jurupa Valley (96,456). The smallest cities were Needles (4,894), Big Bear Lake (5,088) and Indian Wells (5,035). Five cities added over 50,000 people from 2000-2012: Fontana (70,970), Murrieta (60,703), Victorville (55,030), Moreno Valley (54,116) and Riverside (53,345). Four cities have added under 1,000 people: Needles (64), Grand Terrace (531), Canyon Lake (737), Calimesa (859). Two cities shrank: Big Bear Lake (-350) and Blythe (-65).

Of California's 482 cities, the Inland Empire's five largest places ranked (*not shown*): Riverside (12th), San Bernardino (17th), Fontana (20th), Moreno Valley (21st), Rancho Cucamonga (26th). The housing slowdown reduced population growth from 2011-2012. The area had four of the state's 20 fastest growth rates (*not shown*): Eastvale (2.8%, 6th), Beaumont (2.1%, 14th), Twentynine Palms (2.1%, 17th) and Victorville (1.9%, 20th). Four ranked in the top 20 in absolute growth: Riverside (2,442, 13th), Fontana (2,112, 18th), Moreno Valley (2,044, 19th) and Victorville (2,202; 20th).

Taxable Retail Sales. Taxable sales are a major city revenue source that is now recovering from the steep downturn. The CA Board of Equalization reports the data quarterly, a year after they occur. Hinterliter DeLlamas provides data within three months. In calendar year 2011, San Bernardino County's sales rose 10.2% to \$27.2 billion. Riverside County's sales increased 10.1% to \$25.5 billion (*Exhibit 1*). Inland Empire (10.2%) growth was well above California (8.7%). In the first half of 2012, inland sales expanded by another 9.5% versus 8.0% for the state. If that continues for all of 2012, the inland area will reach \$57.7 billion in sales, putting it within 5.6% of its 2006 maximum of \$61.1 billion.

All but two Inland Empire cities had gains in 2011 retail sales. Ontario (\$5.34 billion) and Riverside (\$4.04 billion) had the most sales, followed by Corona (\$2.74 billion), Temecula (\$2.34 billion) and San Bernardino (\$2.30 billion). Fontana (\$2.25 billion) was sixth followed by Rancho Cucamonga (\$2.17 billion). Victorville (\$1.45 billion) was eighth ahead of Chino (\$1.43 billion) and Palm Desert (\$1.40 billion). Declines occurred in Adelanto (-5.8%) and Canyon Lake (-9.7%). Of the 48 cities with expanding sales, the largest gains were in Desert Hot Springs (24.9%), Hesperia (22.4%), Indian Wells (18.4%), Grand Terrace (14.2%) and Menifee (13.9%).

Per capita sales reveal how well sales taxes finance city services for each resident. In 2011, the leaders were Ontario (\$32,257), Big Bear Lake (\$31,467), Palm Desert (\$28,499). Barstow (\$26,854) moved up to fourth passing Montclair (\$24,928). Canyon Lake (\$1,188), Adelanto (\$2,910), Highland (\$3,402) and Wildomar (\$3,536) were the weakest [*Note: prison populations not in per capita calculations*].

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Assessed Valuation. Assessed valuation is important since property taxes are also a major municipal revenue source with values now beginning to turnaround. On July 1, 2012, San Bernardino County's valuation was \$162.7 billion, up 0.8%. Riverside County's was \$197.8 billion, down -0.3%. For cities, assessed valuation tends to follow industrial and housing development. The top five cities saw small growth or were unchanged from 2011: Riverside (\$22.2 billion), Rancho Cucamonga (\$19.6 billion), Ontario (\$18.5 billion), Corona (\$15.8 billion) and Fontana (\$13.6 billion). Though San Bernardino is second in population and has an industrial base, its low home values put its valuation (\$10.3 billion) at just ninth. 20 of 50 cities saw their FY 2012 assessed valuation decline, down from 37 cities in 2011. The weakest area was the Coachella Valley with declines in six of nine cities. Interestingly, of the 30 cities with increases, Indio (+5.9%) led, followed by Eastvale (3.3%).

Assessed value per capita measures the ability of property taxes to support city services for each resident. Here, five Coachella Valley cities continued to be the strongest led by Indian Wells (\$909,127) and third ranked Rancho Mirage (\$408,437) followed by La Quinta (\$269,862), Palm Desert (\$242,456) and Palm Springs (\$193,961). Two smaller cities did well: 2nd ranked Big Bear Lake (\$572,262) and 7th ranked Canyon Lake (\$123,773). Ranked 8th to 10th were cities near Los Angeles County: Chino (\$122,345), Chino Hills (\$119,541) and Rancho Cucamonga (\$117,821). Three East SB Valley cities were weak: Highland (43rd, \$50,677), Colton (45th, \$49,284) San Bernardino (46th, \$49,031). Outlying desert cities ranked in the bottom tier: Blythe (48th, \$45,222), Desert Hot Springs (50th, \$41,161), Twentynine Palms (51st, \$31,754) and Coachella (52nd, \$30,973). The exception was San Jacinto (49th, \$44,909).

Financial Deposits. Financial deposits are the only available indicator of local wealth since there is no local measure of stock market investments. In 2011, Thomas Reuters Bank Insight showed Inland Empire's deposits up 3.4% to \$43.9 billion. Riverside County's deposits rose 9.1% to \$24.3 billion; San Bernardino County's rose 0.5% to \$19.6 billion.

Riverside (\$5.38 billion) had the most deposits followed by Palm Desert (\$2.82 billion). Temecula (\$2.47 billion) was next, ahead of Redlands (\$2.19 billion), Corona (\$2.17 billion) and Ontario (\$2.04 billion). San Bernardino (\$2.01 billion) fell to 7th from 3rd in 2010. Coachella Valley cities had the highest deposits per capita led by Indian Wells (\$67,355) and Palm Desert (\$57,821). Big Bear Lake (\$56,611) ranked 3rd, Rancho Mirage (\$43,584) passed Redlands (\$31,754) followed by Palm Springs (\$26,508).

Home Sales Volumes. Dataquick provides home deed recordings by zip code using county recorders' data. In 2011, sales again declined due to the fear in the marketplace despite low rates and prices plus high affordability. San Bernardino County's 2011 **existing home sales** recordings fell -5.6% to 25,505 units; Riverside County decreased by -6.3% to 32,725 sales (Exhibit 2). Except for Ontario (1,096, 20th), the largest cities had the most existing home sales. The five leaders were Riverside (4,333), San Bernardino (3,084), Moreno Valley (2,785), Corona (2,938) and Fontana (2,876). Sixteen of 52 inland cities saw existing home sales growth with small markets dominant. Blythe grew the most (46.7%; \$93,000) yet led with very low prices, while Yucca Valley ranked fourth (12.0%; \$87,000). Calimesa was next (36.8%, \$140,250) with modest prices. Rancho Mirage (16.0%; \$465,000) was next with higher prices, followed by Upland (10.0%, \$364,926). Sales declines occurred 36 of 52 inland cities. Except for Montclair (-21.6%), the biggest sales declines were in former housing "hot spots:" Hemet (-29.7%), Hesperia (-22.6%), San Jacinto (-16.5%).

Riverside County's 2011 **new home sales** fell -25.6% to 3,233 units; San Bernardino County saw a drop of -30.7% to 1,199. Sales exceeded 300 in Coachella (579), San Jacinto (465), Desert Hot Springs

(413) and La Quinta (342). Twenty-two of 52 cities had increased new homes indicating some life in the markets. They were led by Yucaipa (283.0% to 46), Perris (167.0% to 16), Colton (133.0% to 7), Redlands (46.2% to 38) and Hesperia (36.4% to 30).

Home Prices. From second quarter 2011-2012, Riverside County's **median existing home price** fell -2.9% to \$189,614; San Bernardino County's fell -0.7% to \$148,962. The highest 2012 prices were in Indian Wells (\$865,000), Rancho Mirage (\$465,000), Chino Hills (\$415,000), Upland (\$364,926) and Palm Springs (\$355,772). Three outlying desert cities again saw the lowest prices: Adelanto (\$80,000), Barstow (\$55,000), Twentynine Palms (\$60,000) and Needles (\$29,500). Prices increased in 10 of 51 cities led by: Indian Wells (34.1% to \$865,000), Palm Springs (15.4% to \$355,772), Yucca Valley (12.0% to \$87,000) and Upland (10.0% to \$364,000).

San Bernardino County's **median new home price** fell -10.3% to \$249,773; Riverside County's increased 2.4% to \$287,325. The highest prices were in Indian Wells (\$1,500,000), Chino Hills (\$705,000), Rancho Cucamonga (\$560,538), Palm Springs (\$531,000) and La Quinta (\$475,000). At \$130,000 or less were: Banning (\$105,000), Desert Hot Springs (\$110,000), Colton (\$120,750), Yucca Valley (\$126,500), and Hesperia (\$130,000).

Lower prices and mortgages mean Inland Empire homes cost less per month in 2012. Using 3% down, 30-year FHA financing at a 3.40% interest rate, Exhibit 2 shows each city's median existing home payment in second quarter 2012, including points, fees, taxes and insurance. In San Bernardino County, payments were \$633 on its \$148,962 median **existing home** versus \$694 in 2011. In Riverside County, they were \$806 on its \$189,614 median existing home versus \$874 in 2011. These homes were affordable to 78% of San Bernardino County residents and 65% of those in Riverside County. In part, the Inland Empire's housing markets are having difficulties because Zillow finds that 51% of the region's single family homes are underwater on their mortgages. The range is from 19% in Indian Wells to 74% in Adelanto.

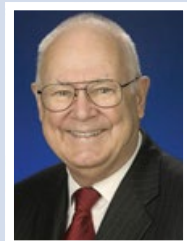
Income. The income levels for 21 cities of 65,000 or more are from the 2011 American Community Survey (ACS). Another 22 cities with 20,000-64,999 people are from the 2008-2010 American Community Survey. The eight cities under 20,000 people are from 2006-2010 data. The highest median incomes were in Indian Wells (\$131,250), Eastvale (\$104,758), Chino Hills (\$93,736), Canyon Lake (\$83,845) and Corona (\$80,557). For comparison, Irvine was \$87,484. Total personal income was led by Riverside (\$6.00 billion), Rancho Cucamonga (\$4.71 billion) and Corona (\$4.08 billion). Fontana (\$3.51 billion) passed Moreno Valley (\$3.29 billion).

Most Prosperous? Which Inland Empire cities are the most economically prosperous? Summing city rankings for *per capita* retail sales, *per capita* assessed value, *per capita* financial deposits, as well as absolute population growth, median income and median price of all homes, jobs:housing balance could yield a perfect score of 7 for seven first places or a worst score of 364 from seven 52nd places. In 2012, the best 10 scores on these criteria were: Temecula (50), Palm Desert (53), Rancho Mirage (58), Indian Wells (61), La Quinta (73), Palm Springs (74), Big Bear Lake (75), Chino (80), Corona (88) and Rancho Cucamonga (89). ■

For further information on the economic analysis in the QER, visit Dr. John Husing's website at:

www.johnhusing.com

You'll also find pages on Dr. Husing's background, speaking engagements, downloadable presentations, adventures, and other items of interest.



INLAND EMPIRE EMPLOYMENT... Job Growth Continues!

In September 2012, the CA Employment Development Department estimated that the Inland Empire gained 16,700 jobs or 1.5% from September 2011 (*Exhibit 3*) continuing the positive trend this year (*Exhibit 4*). This included 23,300 private sector jobs minus the loss of -5,500 public sector positions. The area's September 2012 unemployment rate of 11.6% was down from 13.5% last year. The decline of -34,600 unemployed people included 28,300 who found jobs but -6,300 who quit looking.

CLEAN WORK, GOOD PAY: -1,300 JOBS (-0.7%)

For the Inland Empire, the weakest group was again its higher paying sectors. Since September 2011, they lost -1,300 jobs (-0.7%). Higher education gained 300 public and 200 private college positions (3.5%) as adults went back to school. Utilities added 100 jobs (1.7%), while mining and local government were flat. Management and the professions are growing nationally but shrank by -200 jobs (-0.4%). Budget difficulties shrank federal and state government by -1,700 (-4.3%).

CLEAN WORK, MODERATE PAY: +7,900 JOBS (2.5%)

Sectors paying moderate incomes to white collar workers were the Inland Empire's strongest group, adding 7,900 jobs (2.5%). Administrative support firms performing routine activities for the day-to-day operations of other organizations added 8,100 positions (17.2%). Health care continued growing, up 4,000 jobs (3.7%) almost entirely due to growth by out-patient operations. The financial sector gained 900 people (2.4%) as it moved beyond the impact of the mortgage crisis. Publishing/information were up 100 jobs (0.7%) as its long term decline halted. K-12 education had the inland area's worst performance losing 5,200 positions as the state budget crisis hit hard (-4.9%).

3 INLAND EMPIRE EMPLOYMENT INFORMATION 2011-2012

Sector	Jul-12	Aug-12	Sep-12	Sep-11	11-12 Change	% Change
Higher Education	14,500	14,100	14,700	14,200	500	3.5%
Utilities	5,900	5,900	6,000	5,900	100	1.7%
Mining	1,100	1,100	1,100	1,100	0	0.0%
Local Government	75,700	75,500	75,500	75,500	0	0.0%
Mgmt & Professions	44,200	44,400	44,600	44,800	(200)	-0.4%
Federal & State	38,200	38,100	38,000	39,700	(1,700)	-4.3%
Clean Work, Good Pay	179,600	179,100	179,900	181,200	(1,300)	-0.7%
Admin. Support	54,100	54,700	55,100	47,000	8,100	17.2%
Health Care	111,000	111,600	112,300	108,300	4,000	3.7%
Financial Activities	38,600	38,700	38,700	37,800	900	2.4%
Publish, telecomm, Other	14,800	14,800	14,900	14,800	100	0.7%
K-12 Education	93,600	100,300	100,200	105,400	(5,200)	-4.9%
Clean Work, Moderate Pay	312,100	320,100	321,200	313,300	7,900	2.5%
Distribution & Transportation	116,800	117,900	118,100	113,100	5,000	4.4%
Construction	63,000	61,700	61,900	62,100	(200)	-0.3%
Manufacturing	86,600	87,300	86,900	87,300	(400)	-0.5%
Dirty Work, Moderate Pay	266,400	266,900	266,900	262,500	4,400	1.7%
Employment Agcy	41,900	41,900	42,500	37,000	5,500	14.9%
Accommodation	14,800	14,800	14,600	13,600	1,000	7.4%
Amusement	14,700	14,700	14,200	13,400	800	6.0%
Agriculture	15,100	13,100	13,300	13,000	300	2.3%
Eating & Drinking	94,400	94,800	94,900	93,600	1,300	1.4%
Social Assistance	14,900	15,400	14,800	14,900	(100)	-0.7%
Retail Trade	154,000	154,700	154,600	156,100	(1,500)	-1.0%
Other Services	39,000	39,000	38,200	39,800	(1,600)	-4.0%
Lower Paying Jobs	388,800	388,400	387,100	381,400	5,700	1.5%
Total, All Industries	1,146,900	1,154,500	1,155,100	1,138,400	16,700	1.5%
Civilian Labor Force	1,806,400	1,803,300	1,793,100	1,799,400	(6,300)	-0.4%
Employment	1,576,400	1,581,300	1,585,600	1,557,300	28,300	1.8%
Unemployment	230,000	222,000	207,500	242,100	(34,600)	-14.3%
Unemployment Rate	12.7%	12.3%	11.6%	13.5%	-1.9%	

Source: Employment Development Department

DIRTY WORK, MODERATE PAY: +4,400 (1.7%)

From September 2011-2012, the Inland Empire's blue collar sectors that fundamentally drive its economy added 4,400 jobs (1.7%). Distribution and warehousing gained 5,000 jobs (4.4%) as handling of trade from Southern California's ports boosted the area. Construction fell by 200 jobs (-0.3%) as the mortgage crisis continued to limit housing production. Manufacturing was off 400 positions (-0.5%) as firms paused, waiting for Congressional action on the "Fiscal Cliff."

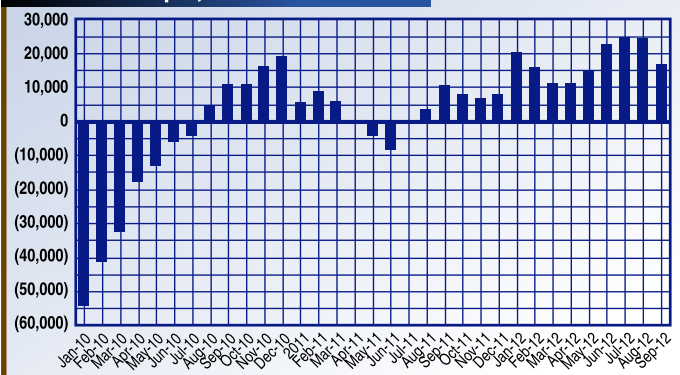
LOWER PAYING JOBS: +5,700 (1.5%)

With the private sector job growth strengthening, there was an increase in population serving jobs, up 5,700 (1.5%). This group normally lags behind growth in the sectors bringing money to the area. Employment agencies added 5,500 jobs (14.9%), a sign that recovery is gaining momentum. Accommodation (1,000; 7.4%) and amusement (800; 6.0%) surged as the Coachella Valley's resorts gained strength. Agriculture added 300 jobs as a weak dollar boosted food exports (2.3%). Eating and drinking grew by 1,300 positions (1.4%) as consumers became more active. Social assistance was off -100 jobs (-0.7%) despite many families still needing help. Oddly, retailing lost -1,500 positions (-1.0%) and other services lost -1,600 (-4.0%) despite increase in retail spending by consumers.

COMMENT

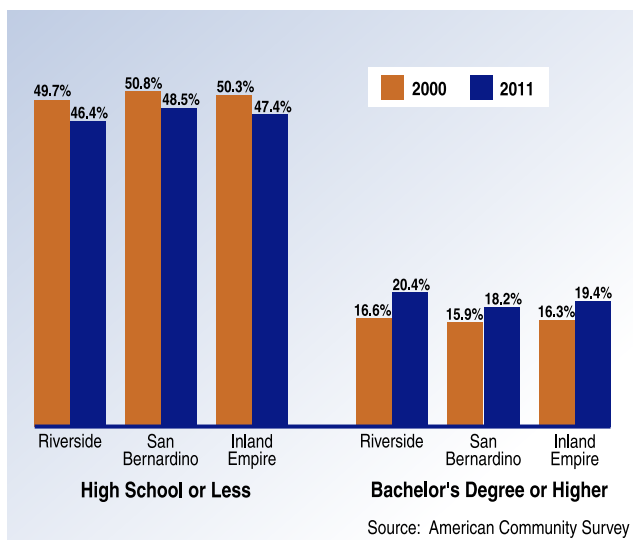
Clearly, 2012 is a stronger year than 2011. The average increase has been 23,111 private sector jobs which is approaching a normal year, despite the lack of construction. Unfortunately, public sector losses have averaged -5,033 jobs, dampening the recovery. ■

4 TOTAL WAGE & SALARY JOB CHANGES Inland Empire, 2010-2012



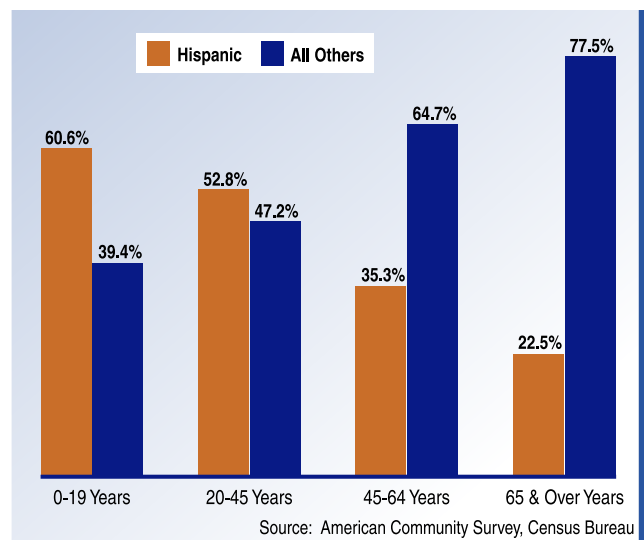
Source: CA Employment Development Department

5 HIGH SCHOOL OR LESS vs. BA OR HIGHER Inland Empire, 2000 vs. 2011



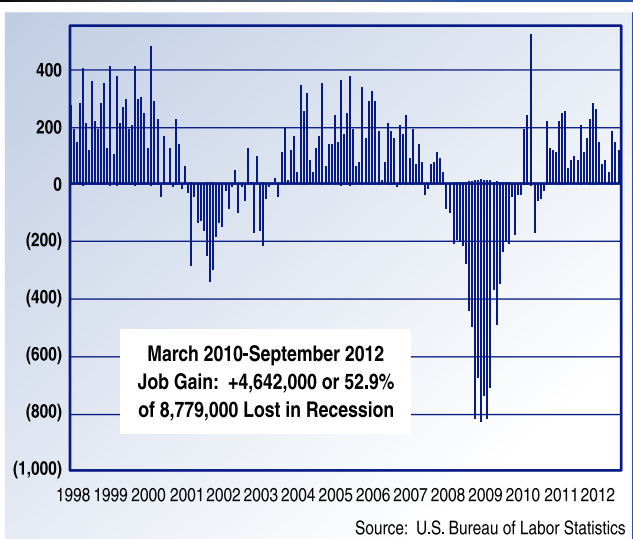
Education Trend. From 2000-2011, the Inland Empire's education profile has improved. In Riverside County, the share of adults 25 & over with a high school or less education has fallen -3.3% from 49.7 to 46.4%. San Bernardino County's share is down -2.3% from 50.8% to 48.5%. Simultaneously, the percent of Riverside County adults with bachelor's or higher degrees rose 3.7% from 16.6% to 20.4%. San Bernardino County's share is up 2.3% from 15.9% to 18.2%. Unfortunately, these small changes have taken too long and still leave both counties with marginally educated workforces.

6 SHARES OF KEY AGE GROUPS Hispanics vs. Non-Hispanics, 2011



Hispanic Age Level. In 2011, Hispanics represented 49.9% of San Bernardino County's residents and 46.1% in Riverside County. As this ethnic community approaches majority status, it will be of growing importance to the Inland Empire's labor force. Currently, 64.7% of the baby boomer age groups 45-64 are non-Hispanics versus just 35.3% of Hispanics. They are the economy's most experienced workers and managers and the oldest are starting to retire. Ultimately, they must be replaced by 20-45 year olds, where 52.8% are Hispanic and 47.2% are not. Behind them are those under 20 who will be the newest labor force entrants. They are 60.6% Hispanic and 39.4% of all others.

7 JOB CREATION OR DESTRUCTION U.S., 1998-2012, Seasonally Adjusted (000)



U.S. Job Growth. The U.S. economy began adding jobs in March 2010. Since then the gain has been 4,642,000 jobs. That represents 52.9% of the 8,779,000 lost during the Great Recession. The pace has been steady but slow. In part, this is largely due to the fact that the recession was caused by consumers, homeowners, businesses and government running up too much debt. Unwinding that debt is a long process, hence the slow pace of economic expansion. That said, allowing for the -518,000 public sector jobs lost since March 2010, the private sector has added 5,160,000 positions in the recovery phase.

8 DIRECT INVESTOR PURCHASE OF FORECLOSURE SALES Inland Empire, 2007-2012



Investor Direct Foreclosure Purchases. When lenders decide to take foreclosed homes, they put a price on what they believe they are worth and offered them for sale at that price. If no group offers more, the lender takes the property as Real Estate Owned (REO). These properties are later offered for sale. If an investor group offers more money, they acquire the property directly and it never hits the market. The trend of such purchases is increasing. It was 44.8% in Riverside County and 34.0% in San Bernardino County in September 2012. These are the most likely homes to bring rentals into detached single family neighborhoods.

9 SINGLE FAMILY HOME PRICES 3rd Quarter, 2011-2012

County	3rd Qtr-11	3rd Qtr-12	% Chg.
NEW HOMES			
Riverside	\$290,000	\$292,500	0.9%
San Bernardino	260,000	302,000	16.2%
Los Angeles	362,000	376,500	4.0%
Orange	583,000	613,000	5.1%
San Diego	455,000	460,500	1.2%
Ventura	343,000	344,000	0.3%
So. California	\$382,700	\$389,600	1.8%
EXISTING HOMES			
Riverside	\$189,000	\$206,000	9.0%
San Bernardino	150,000	165,000	10.0%
Los Angeles	329,000	350,000	6.4%
Orange	485,000	515,000	6.2%
San Diego	352,000	375,000	6.5%
Ventura	399,000	418,500	4.9%
So. California	\$318,800	\$328,300	3.0%

Source: Dataquick

10 HOME DEED RECORDINGS Inland Empire, 3rd Quarter, 2011-2012

NEW HOMES				EXISTING HOMES			
Area	3rd-2011	3rd-2012	% Chg.	Area	3rd-2011	3rd-2012	% Chg.
Fontana, Rialto, Colton, GT	43	73	69.8%	SB Mountains	613	732	19.4%
Chino, CHill, Mtcl, Ont, RC, Upl	97	147	51.5%	Chino, CHill, Mtcl, Ont, RC, Upl	1,197	1,297	8.4%
San Bernardino, Highland	36	46	27.8%	SB Desert	450	455	1.1%
SB Mountains	5	6	20.0%	Redlands, Loma Linda, Yucaipa	408	412	1.0%
Redlands, Loma Linda, Yucaipa	30	35	16.7%	San Bernardino, Highland	765	697	-8.9%
Victor Valley	112	105	-6.3%	Fontana, Rialto, Colton, GT	1,313	1,133	-13.7%
SB Desert	15	4	-73.3%	Victor Valley	1,561	1,261	-19.2%
SAN BDNO COUNTY	338	416	23.1%	SAN BDNO COUNTY	6,307	5,987	-5.1%
Riverside, Jurupa Valley	38	65	71.1%	Corona, Norco, Eastvale	879	974	10.8%
Perris, Hemet, S. Jacinto, Menifee	145	176	21.4%	Murrieta, Temecula, L. Elsinore, Wildomar	1,679	1,654	-1.5%
Beaumont, Banning, Calimesa	52	60	15.4%	Riverside, Jurupa Valley	1,177	1,141	-3.1%
Murrieta, Temecula, L. Elsinore, Wildomar	270	302	11.9%	Perris, Hemet, S. Jacinto, Menifee	1,849	1,705	-7.8%
Riverside Rural	64	67	4.7%	Coachella Valley	1,317	1,211	-8.0%
Coachella Valley	73	74	1.4%	Moreno Valley	736	640	-13.0%
Corona, Norco, Eastvale	190	174	-8.4%	Riverside Rural	693	584	-15.7%
Moreno Valley	18	9	-50.0%	Beaumont, Banning, Calimesa	417	347	-16.8%
RIVERSIDE COUNTY	850	927	9.1%	RIVERSIDE COUNTY	8,747	8,256	-5.6%
INLAND EMPIRE	1,188	1,343	13.0%	INLAND EMPIRE	15,054	14,243	-5.4%

Source: Dataquick

HOME MARKETS: FINALLY SOME PRICE MOVEMENT!

In third quarter 2011, the Inland Empire recorded 14,243 *seasonally adjusted* existing and new home sales. Volume has been relatively flat the past nine quarters since reaching the 20,717 sales in the first quarter 2009 (*Exhibit 11*). For the first nine months of 2012, the inland region was responsible for 35.2% of all home sales in Southern California (*Mexican border to Ventura County*). Meanwhile, the median existing home price in

the two county area moved up to \$187,825, roughly equal to the first quarter 2003 level. The new home price moved to \$295,422, roughly equal to the fourth quarter 2003 level (*Exhibit 12*).

SALES

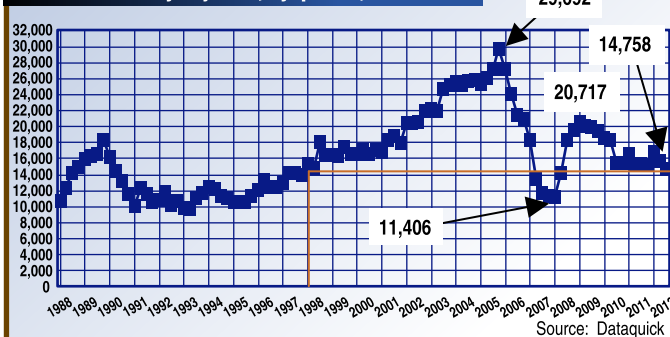
Riverside County had 8,256 existing home sales in third quarter 2012, down -5.6% from 2011. As recordings come at the end of escrow, this included many second quarter sales. Corona, Norco, Eastvale had the only percentage gain (974 units; 10.8%). The South 1-215 area was the volume leader (1,705 sales; -7.8%). The county's 927 new home sales were up 9.1% from 2011 (*Exhibit 10*). Riverside-Jurupa Valley led had the fastest growth (65 units; 71.1%). Southwest county was the volume leader (302 sales; 11.9%).

San Bernardino County's existing home sales fell -5.1% to 5,987. Mountain areas had the fastest growth (732 sales, 19.4%). The Westend led in volume (1,297 sales; 8.4%). New home sales rose 23.1% to 416 units. Fontana, Rialto, Colton had the best performance (73 sales; 69.8%). The Westend led in volume (147 sales; 51.5%).

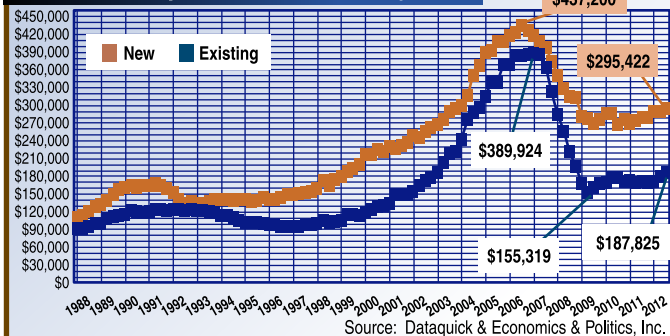
PRICES

Riverside County's third quarter median new home price was \$292,500, up slightly from \$291,500 in the prior quarter and up 0.9% from 2011 (\$290,000) (*Exhibit 9*). The median existing home price was \$206,000, up 9.0% from \$189,000 in 2011 and above the prior quarter's \$200,000. San Bernardino County's median new home price was \$302,000, up 16.2% from 2011 (\$260,000) and above second quarter's \$291,500. Its existing median home price of \$165,000 was 10.0% above 2011 (\$150,000) up from second quarter's \$155,000. Southern California's new home price of \$389,600 was up 1.8% from 2011 (\$382,700). The region's existing home price of \$328,300 was up 3.0% from \$318,800 in 2011. ■

11 ALL HOME SALES, INLAND EMPIRE Seasonally Adjusted, by quarter, 1988-2012



12 PRICE TRENDS, NEW & EXISTING HOMES Inland Empire, 1988-2012, Quarterly



INLAND EMPIRE ECONOMIC PARTNERSHIP

Continued from front page

and their families if regulation suppresses the kind of jobs they need to reach the middle class.

Education remains the number one quality of life issue for the Inland Empire. That is why IEEP is focused on being a bridge between the region's major employers and our leading educators. Local firms stress that the key to our region's economic prosperity is to have a growing workforce able to think, calculate and become proficient in the use of technology. We therefore need to see an expansion of successful programs that teach Science, Technology, Engineering and Math. It is our belief that the best way to do so is to involve both educators and businesses from across the region in this effort.

Our region needs leaders. That is why this spring, IEEP will launch IE-Leads, a program targeting the future leaders of our region's private

and public sectors. The effort will immerse enrollees in the economic and political realities of Southern California by having them learn from our region's best and most successful executives. It is our hope that the inaugural IE Leads class will gain a decisive advantage for themselves and their employers as they learn how to become senior leaders in our area's private and public sectors.

"Without a vision a people fail" says the good book. As the economy shows promising signs for the future, the leadership of the Inland Empire needs to realize that it is time to focus on promoting our major employers, insuring our quality of life and insuring we have the best workforce possible.

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