

# Economic Profile

*Quarterly Market Trend Analysis for Economic Development in Cerritos*

## City of Cerritos



Fall 2010

*A City With Vision*

# Economic Profile



## Cerritos City Council

Joseph Cho, Ph.D, Mayor  
Laura Lee, Mayor Pro Tem  
Bruce Barrows, Councilmember  
Carol Chen, Councilmember  
Jim Edwards, Councilmember

## Cerritos Economic Development Commission

Lily Kuo, Chair  
Pat Patnaik, Vice Chair  
Robert D. Buell, Commissioner  
Richard L. Gilliland Jr., Commissioner  
Kathleen Lovell, Commissioner

## Department of Community Development—Advance Planning Division

Torrey N. Contreras  
Director of Community Development

Ryan Carey  
Management Analyst

Metre Anthony  
Redevelopment/Economic Development  
Administrator

Eduardo Vega  
Associate Planner

Kristin Huy  
Planning Assistant

Angie Tart  
Division Secretary



# Economic Profile

## Table of Contents

<u>Section</u>	<u>Page</u>
Introduction	i
Major Revenues	
Redevelopment Tax Increment	2
Sales Tax	3
Sales Tax by Geographic Sector	4
Sales Tax-Top Five Generators	7
Retail Trade-Top Generators	8
Auto Sales	9
Employment/Unemployment	
Top Ten Employers	12
Number of Employees By Industry	13
Average Annual Payroll	15
Employment by Sector	16
Unemployment	18
Commercial Real Estate	
Vacancy Rate and Asking Rental Rate	20
Total Vacancy in Cerritos	21
Certificate of Occupancy	22
Tenant Improvements	23
Housing	
Single-Family Homes	25
Condominiums	26
Summary	27
Strategies/Trend Analysis	28
Data Sources	29

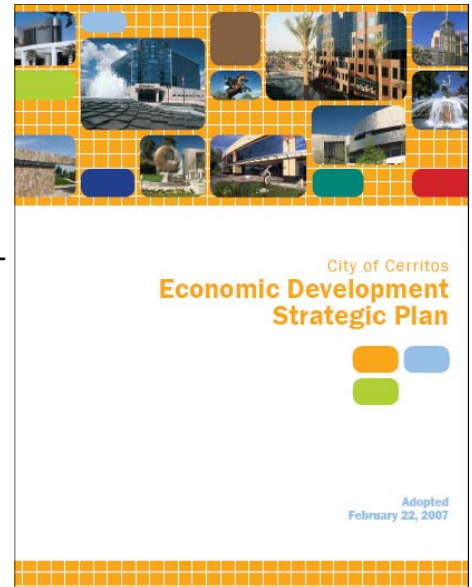
# Introduction

The Cerritos *Economic Profile* is a report that is prepared on a quarterly basis to conduct market trend analysis and to develop strategies for the City's Business Retention and Expansion (BRE) Program. The BRE program was created in order to identify business climate issues and individual actions that would improve upon the operating conditions of existing businesses. It also provides the mechanism by which to identify "at risk" businesses and respond to their specific needs.

The development of the BRE was identified in the City of Cerritos Economic Development Strategic Plan (EDSP), which was adopted by the Cerritos City Council in 2007. As identified in the EDSP, Goal BAR-1 recommends that the City identify the "best customers" among existing Cerritos businesses and initiate an outreach program. In addition, Goal BAR-7 recommends that staff dedicate resources to track market trends.

With this in mind, this *Economic Profile* is a product of the EDSP and complements the BRE by tracking market trends for the preparation of economic development strategies. The *Economic Profile* will assist City staff in responding proactively to the ever changing business climate. In addition, this report supports the City's commitment to creating a business-friendly environment in which quality jobs may grow and prosper. The report will also assist the City to expand its tremendous success with its economic base, by identifying growth industries as well as declining industries in need of reinvigoration.

The *Economic Profile* is comprised of several sections, which include Major Revenues, Employment, Unemployment and Commercial Real Estate. The statistical data is compiled from a wide variety of sources, such as the California Employment Development Department, Cerritos' Finance Division, and several real estate publications. The quarterly report provides a wealth of information and will be used by City staff to monitor the economic profile of the City in order to develop precise strategies to improve the business climate in Cerritos. The *Economic Profile* is the first of its kind in the local Gateway Cities region and it illustrates the commitment of Cerritos to its tradition of being "A City with Vision."



## Mission Statement

The mission of the Cerritos Economic Profile is for the City of Cerritos to think strategically towards economic development in order to foster a healthy local economy, maintain the City's strong fiscal position and to be proactive and adapt to the changing business climate.

## Select Strategic Plan Goals

BAR-1: Identify the "best customers" among existing Cerritos businesses and initiate an outreach program.

BAR-6: Use a targeted approach to business attraction.

BAR-5: Maintain a proactive approach to addressing the needs of important businesses that might be looking to relocate out of Cerritos.

BAR-7: Dedicate staff resources to tracking market trends.

# Major Revenues

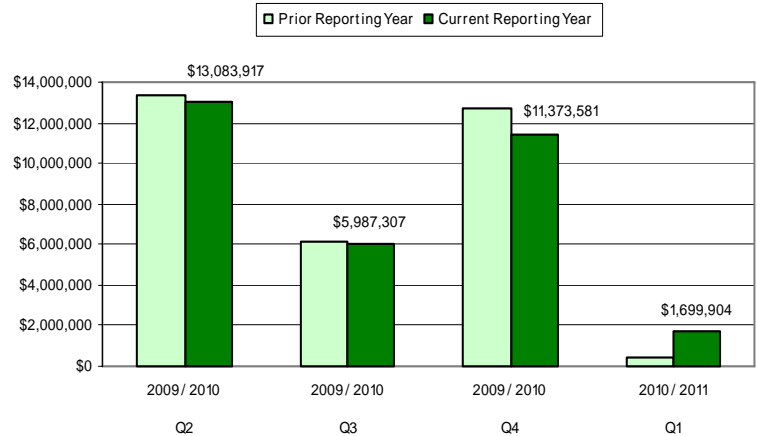


# Redevelopment Tax Increment

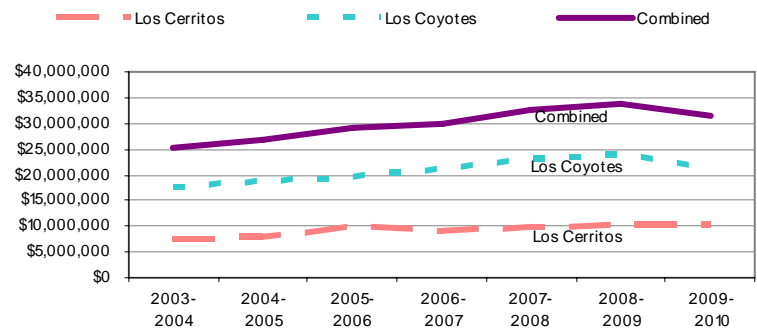
The City of Cerritos has two redevelopment project areas: Los Coyotes and Los Cerritos. These two areas comprise major regional commercial centers including the Cerritos Towne Center, the Los Cerritos Center and the Cerritos Auto Square. In a year-over-year comparison, the Cerritos Redevelopment Agency's tax increment revenue has decreased. The Redevelopment Agency received \$1,699,904 in tax increment revenue for the first quarter of FY 2010-2011, which includes a carry over from the previous fiscal year. A carry over are funds not spent in the previous year and are carried over to the new fiscal year.

The combined tax increment revenue from the Los Cerritos and Los Coyotes project areas has increased by 20% from \$25,106,032 in FY 2003-2004 to \$31,362,844 in FY 2009-2010. The Los Coyotes project area generates more revenue than the Los Cerritos project area. In FY 2009-2010, the Los Coyotes project area generated \$21,386,086 and Los Cerritos generated \$9,976,757. In FY 2009-2010, the combined project areas generated \$31,362,844.

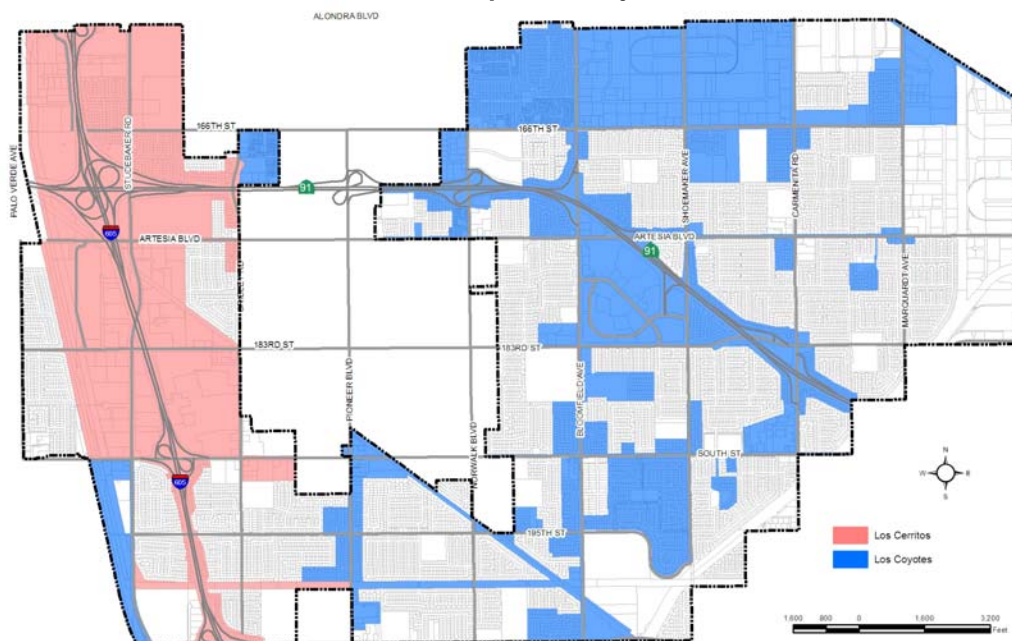
Cerritos Redevelopment Agency Tax Increment Revenue



Tax Increment Revenue for Past 5 Fiscal Years Ending June 30



## Cerritos Redevelopment Project Areas

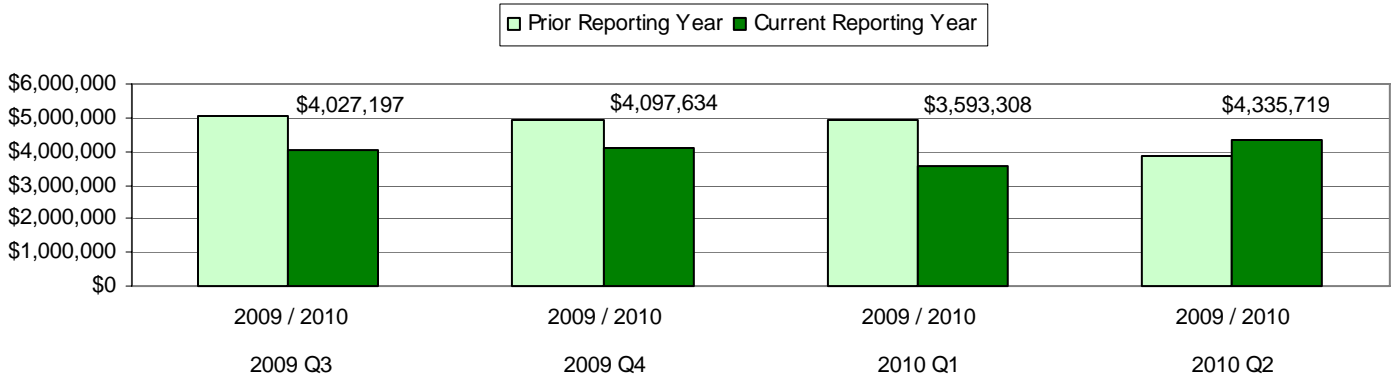


Sources: City of Cerritos Finance Division, GIS Division

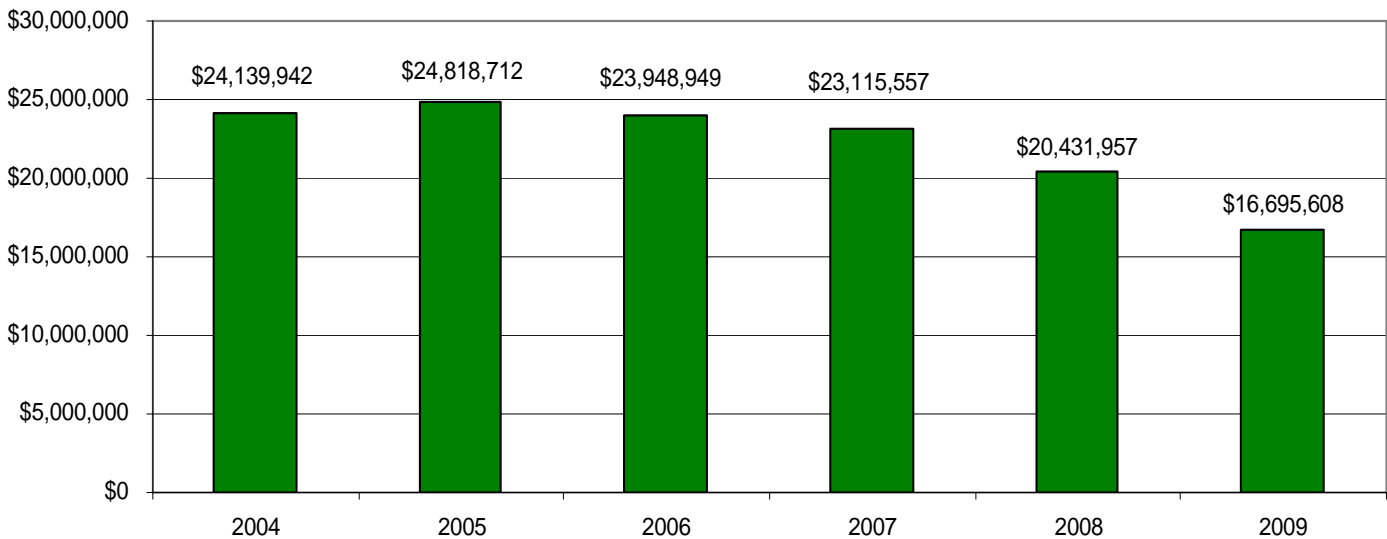
# Sales Tax

For 2010-Q2, businesses in the City generated \$4,335,719 in sales tax revenues, which is a 12% increase (\$476,186) over the same quarter in 2009 and 21% increase (\$739,411) from 2010-Q1. However, according to the data, sales tax revenues have decreased for each quarter over the past year with the exception of 2010-Q2.

**Sales Tax Revenue**



**Sales Tax Revenue for Past 6 Calendar Years**



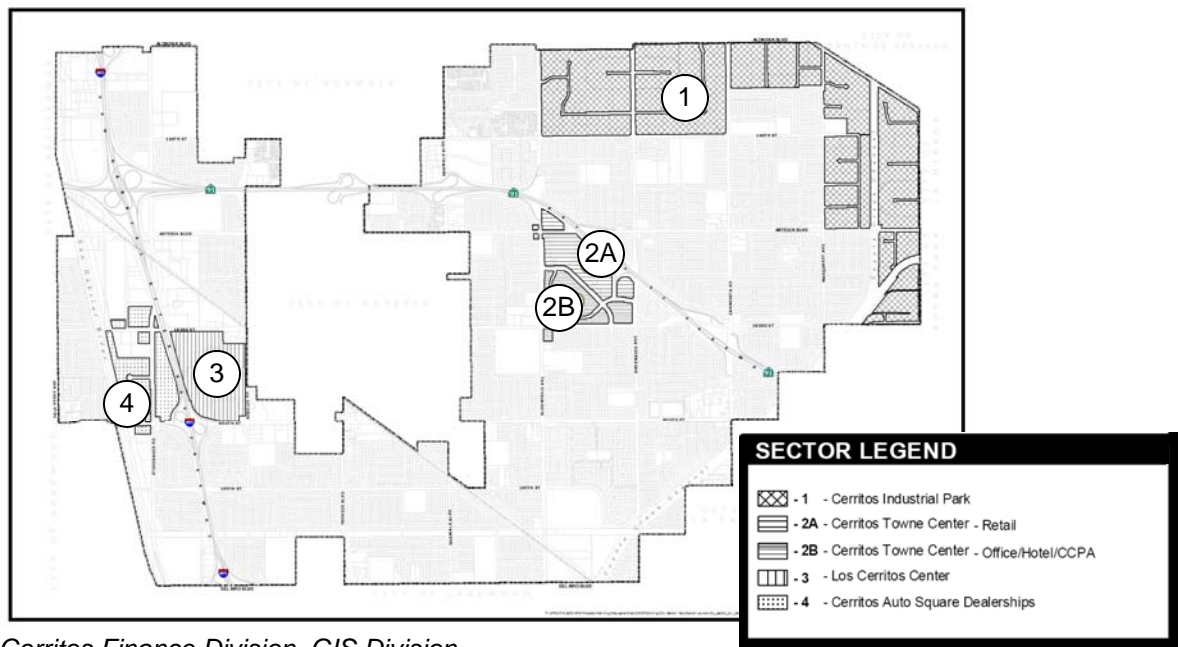
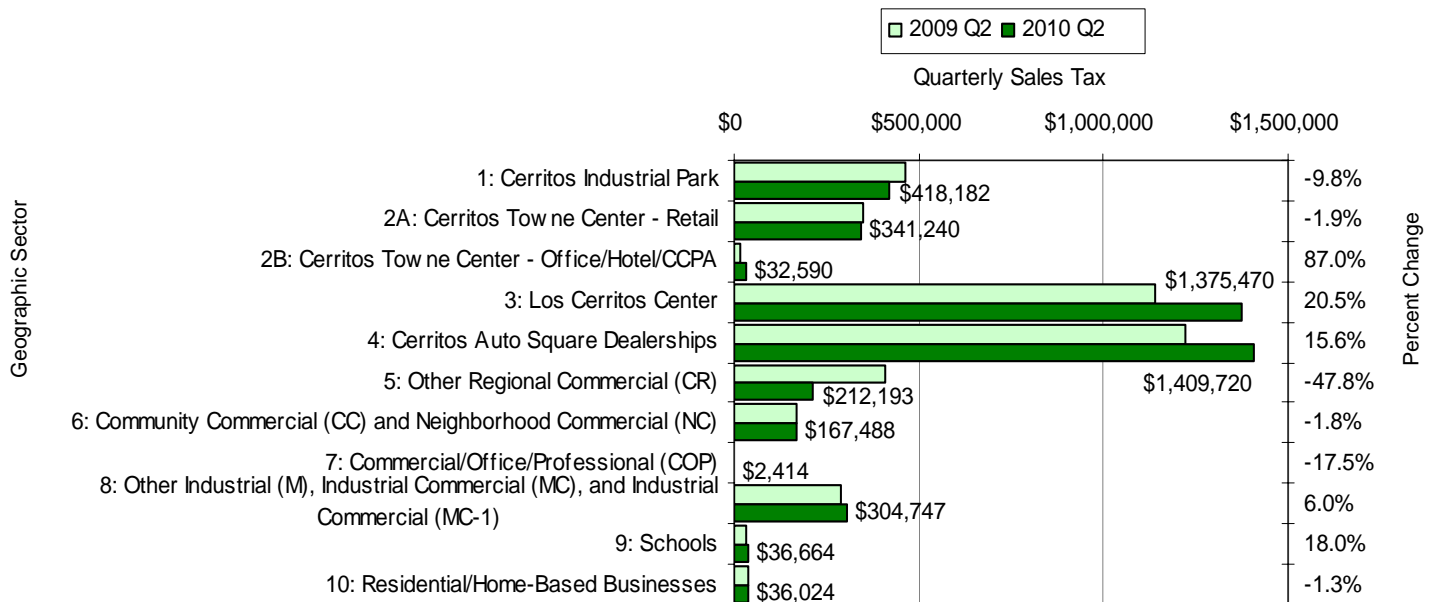
Beginning in 2006, the City's sales tax revenues over the past six calendar years have declined. From 2005 through 2009, sales tax revenue decreased from \$24,818,712 to \$16,695,608, or a 33% decrease. In addition, from 2008 to 2009, sales tax decreased \$3,736,349 or approximately 18%, which is the sharpest decrease in sales tax revenue.

Source: City of Cerritos Finance Division

# Sales Tax by Geographic Sector

The City of Cerritos is home to four major areas of business activity: Cerritos Industrial Park, Cerritos Towne Center, Los Cerritos Center and Cerritos Auto Square. Businesses are also found in other commercial and industrial zones throughout the City. For 2010-Q2, the Cerritos Auto Square generated the most sales tax at approximately \$1,409,720. The Los Cerritos Center generated the second highest sales tax at approximately \$1,375,470. The Cerritos Industrial Park generated \$418,182 and the Cerritos Towne Center, which includes a retail and office component combined to generate \$373,830. The Los Cerritos Center saw sales tax increase by 20.5% while sales tax in the Cerritos Auto Square also increased by 15.6%.

**Quarterly Sales Tax by Geographic Sector**



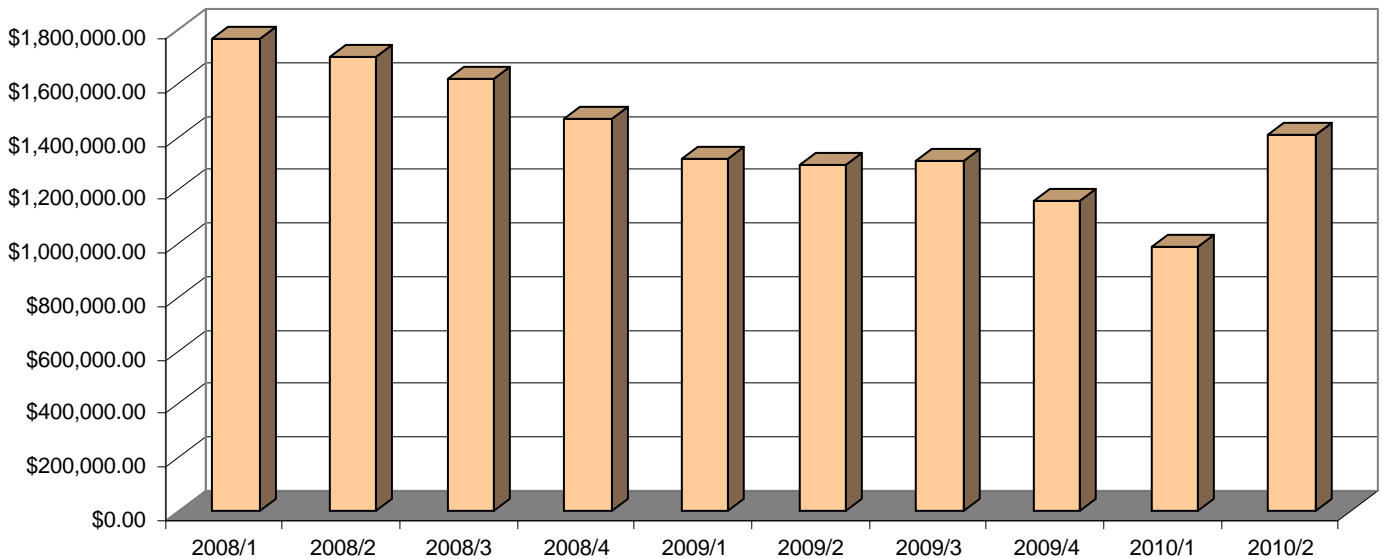
Source: City of Cerritos Finance Division, GIS Division



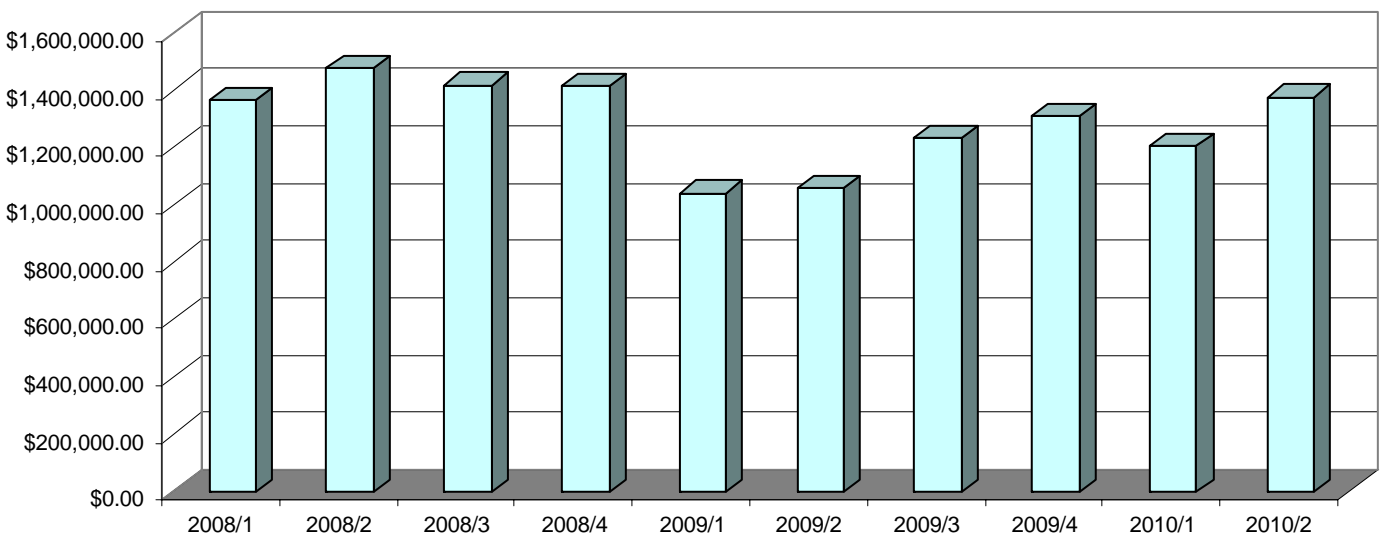
# Sales Tax by Geographic Sector

The Cerritos Auto Square generated the greatest amount of sales tax in 2010-Q2 and experienced an increase of \$401,603 dollars from 2010-Q1 to 2010-Q2. The Los Cerritos Center generated the second greatest amount of sales tax revenue for the City's General Fund. Based on the sales tax data, the Los Cerritos Center generated a high of \$1.4 million dollars in 2008-Q2 and steadily declined to \$1 million dollars in 2009-Q1. However, based on the trend analysis, after 2009-Q1 sales tax revenue began to increase and dipped slightly in 2010-Q1 and increased once again in 2010-Q2. The Los Cerritos Center experienced a \$169,536 sales tax increase from 2010-Q1 to 2010-Q2.

**Cerritos Auto Square**



**Los Cerritos Center**

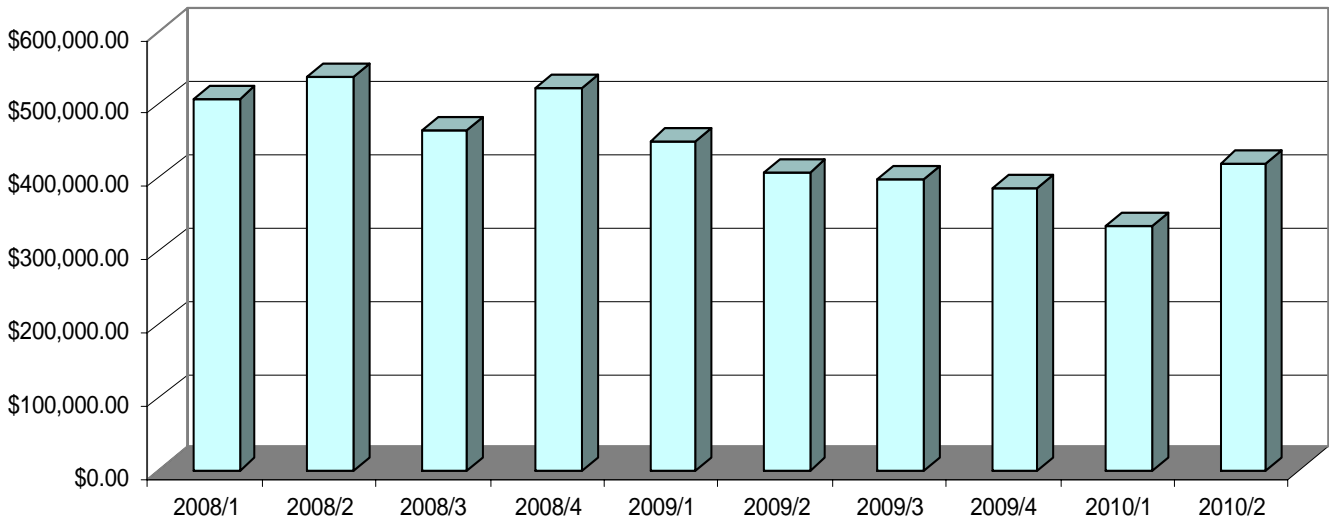


Source: City of Cerritos Finance Division, GIS Division

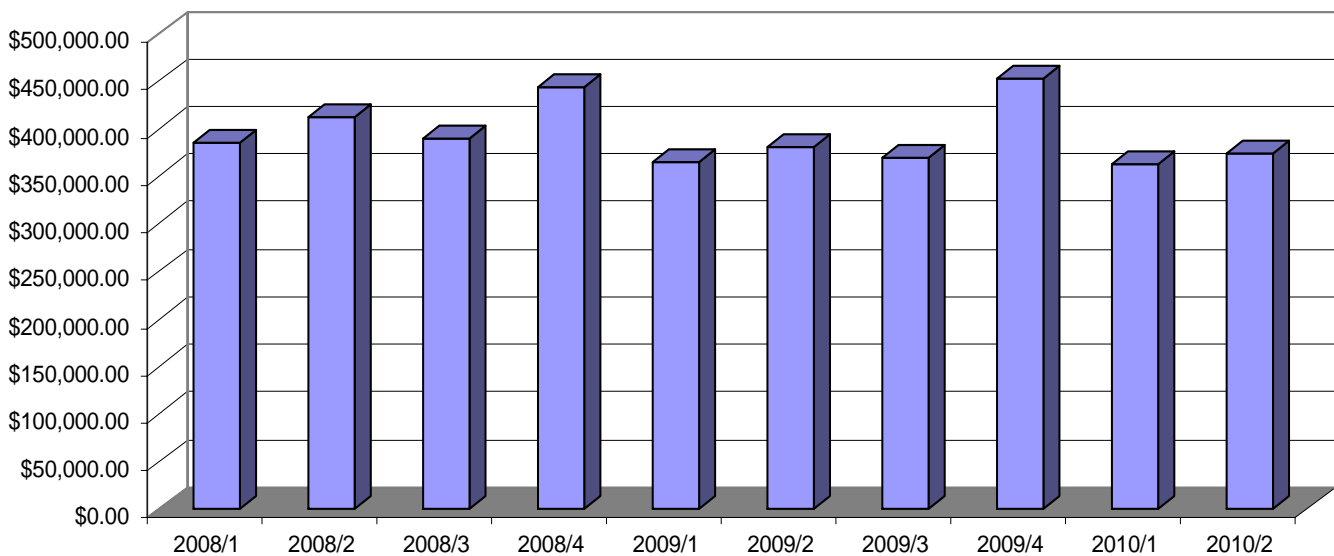
# Sales Tax by Geographic Sector

The Cerritos Industrial Park is the third highest sales tax generator in Cerritos. The Cerritos Industrial Park also experienced a slight increase in sales tax of \$62,510 from 2010-Q1 to 2010-Q2. This increase is the first for the Cerritos Industrial Park since 2008-Q4, which may indicate that industrial businesses are growing. The Cerritos Towne Center, which has a retail and office component, is the City's fourth highest sales tax generator. Sales tax revenue at the Cerritos Towne Center remained constant with a slight increase in sales tax of \$11,110 from 2010-Q1 to 2010-Q2.

**Cerritos Industrial Park**



**Cerritos Towne Center**

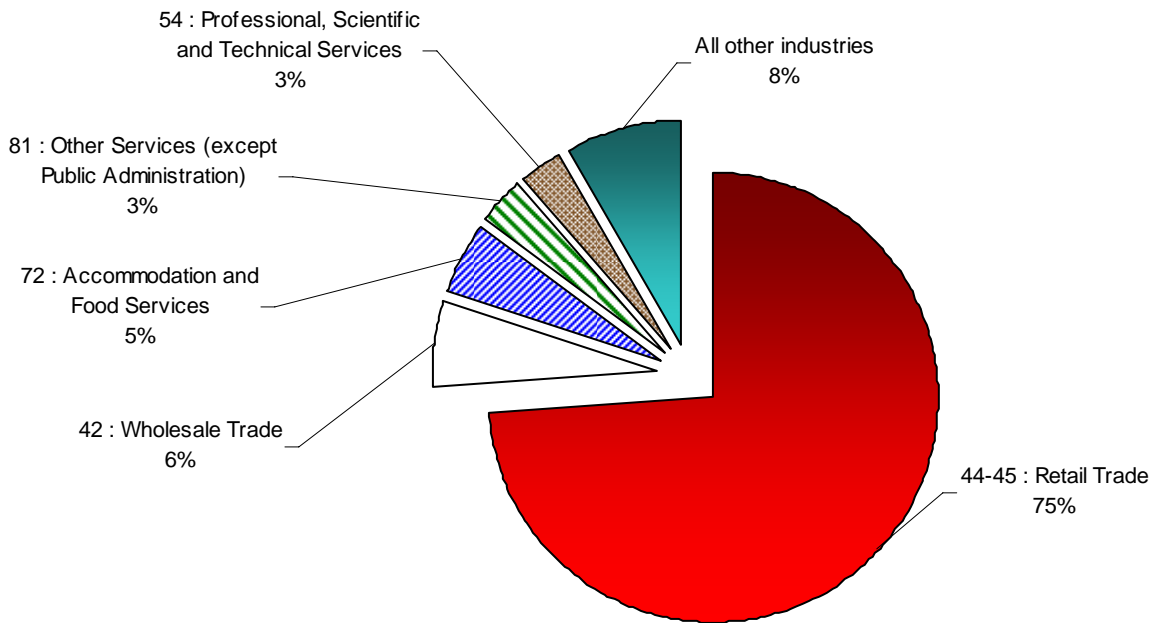


Source: City of Cerritos Finance Division, GIS Division

# Sales Tax—Top 5 Generators

Cerritos has identified the top five (5) sales tax generating business sectors or industries based on the NAICS\* classification. The City's top sales tax generator is the Retail Trade industry, which generates 75% of Cerritos' total sales tax. Retail Trade includes major businesses in the Cerritos Auto Square, the Los Cerritos Center and the Towne Center. The second highest sales tax generator is All Other Industries (8%) followed by Wholesale Trade (6%). Accommodation and Food Services is the fourth highest (5%), Other Services (except Public Administration) is fifth (3%) and Professional and Technical Services is sixth (3%).

**Top Five Sales Tax Generating Industries  
Second Quarter of 2010**



**Top Five Sales Tax Generating Industries**

2010 Quarter	Retail Trade	All Other Industries	Wholesale Trade	Accommodation and Food Services	Other Services (except Public Administration)	Professional, Scientific and Technical Services
2010 Q1	\$2,610,898	\$325,258	\$221,799	\$199,015	\$128,251	\$108,087
2010 Q2	\$3,213,150	\$376,077	\$261,943	\$215,149	\$148,321	\$121,079
Total	\$5,824,048	\$701,335	\$483,742	\$414,164	\$276,572	\$229,166

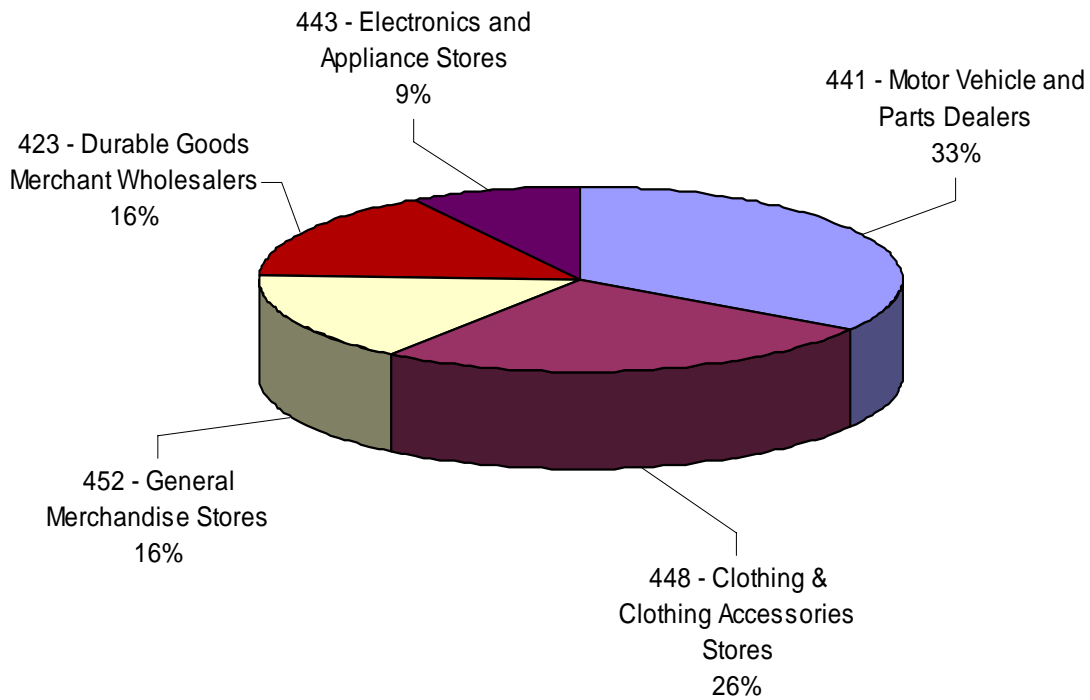
\*North American Industry Classification System

Source: City of Cerritos Finance Division

# Sales Tax—Top 5 Generators

As mentioned in page 7 of this report, Retail Trade generates 75% of the City's sales tax. Cerritos has identified the top four (4) sales tax retail subsectors or industries based on the NAICS\* classification. Retail Trade may include a wide variety of industries, such as auto sales, clothing, and general merchandise sales. In Cerritos, Motor Vehicles and Parts Dealers make up 33% of retail sales and is the top sales tax generator. Clothing and Clothing Accessories Stores make up 26%, General Merchandise Stores and Durable Goods Merchant Wholesalers each make up 16% of retail sales, while Electronics and Appliance Stores make up 9% of retail sales.

**Top Retail Trade Industries  
Second Quarter of 2010**



441 Motor Vehicle and Parts Dealers	448 Clothing & Clothing Accessories Stores	452 General Merchandise Stores	423 Durable Goods Merchant Wholesalers
\$518,382	\$393,476	\$235,458	\$239,656

\*North American Industry Classification System

Source: City of Cerritos Finance Division

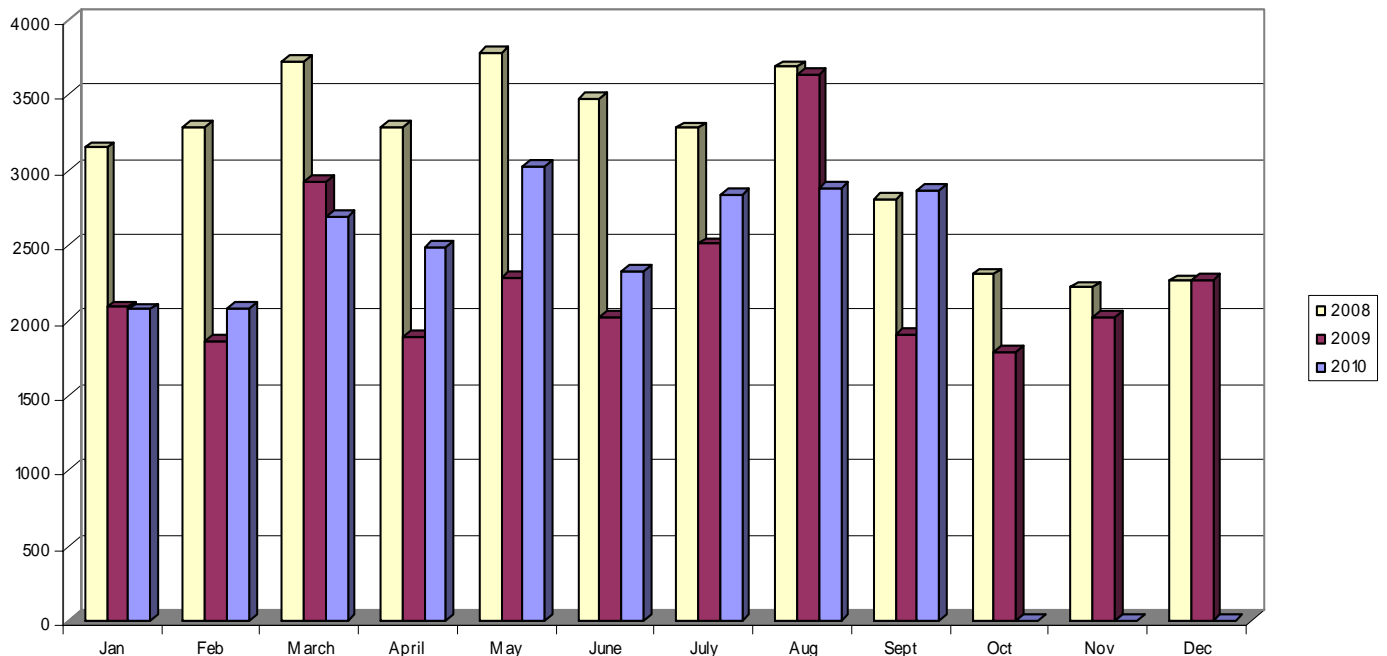
# Auto Sales

Cerritos is well known for the Cerritos Auto Square—the world's first and most successful auto mall. With 23 dealerships, the Cerritos Auto Square is located on Studebaker Road off the 605 Freeway at South Street. Developed in the early 1980's in partnership with the City of Cerritos and the Cerritos Redevelopment Agency, the Cerritos Auto Square generates approximately half of the City's sales tax revenue.

Sales at the Cerritos Auto Square have decreased over the years. For example, in 2009 a total of 27,208 cars were sold, compared to the 37,277 cars that were sold in 2008, which is a 27% decrease. However, sales for July 2010 and September 2010 exceeded sales from the same months in the previous year. In fact, 329 more cars were sold in July 2010 and 951 more cars were sold in September 2010 than the previous year. The sales increase may be an indicator of growing consumer confidence in an automobile purchase.

Number of Vehicles Sold in Cerritos Auto Square, 3-Year Period

Cerritos Auto Square Sales



Year	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
2008	3,150	3,292	3,728	3,291	3,780	3,471	3,279	3,686	2,812	2,306	2,219	2,263	37,277
2009	2,087	1,860	2,927	1,893	2,279	2,019	2,509	3,642	1,911	1,791	2,022	2,268	27,208
2010	2,074	2,080	2,695	2,491	3,021	2,322	2,838	2,878	2,862				

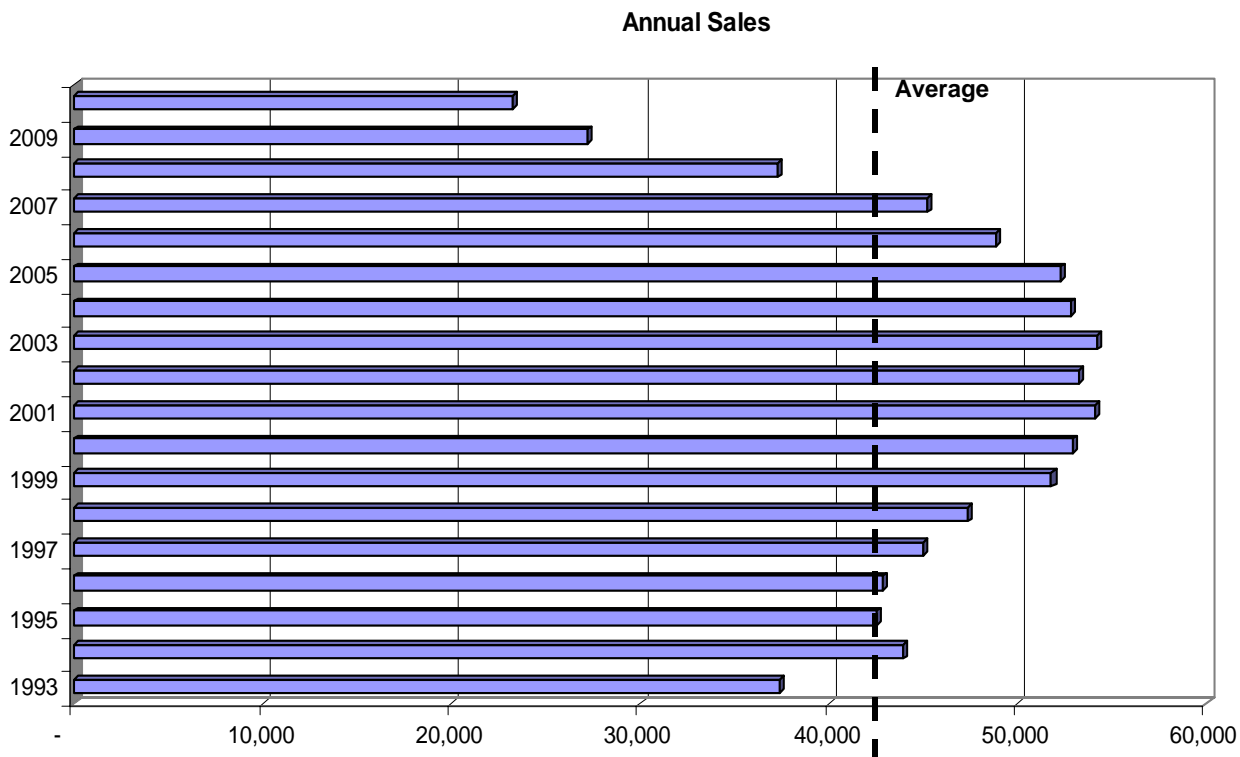
\*September 2010 is the most recent sales data provided by the Cerritos Auto Dealers Association

Source: Cerritos Auto Dealers Association

# Auto Sales

The Cerritos Auto Dealers Association has been compiling data since 1993 in order to conduct annual sales comparisons. Since 1993, a total of 789,254 cars have been sold, equating to an annual average of 46,427 cars. Sales have fluctuated over the years from a low of 27,208 cars sold in 2009 to a high of 54,191 cars sold in 2003. Since 2003, dealers in the Auto Square have experienced a steady decline in sales. However, sales in July 2010 and September 2010 have increased from the previous year. In fact, six out of the nine months in 2010 have experienced sale increases when compared from the previous year. Further, in the month of May 2010, the week of the 24th through the 28th, the Auto Square reported the highest number of cars sold for one week (a total of 1,078 cars were sold for that week).

Number of Vehicles Sold in Cerritos Auto Square Since 1993



Annual Car Sales Since 1993

1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
37,431	43,920	42,556	42,879	45,026	47,341	51,825	52,925	54,164	53,288	54,191	52,857	52,290
2006	2007	2008	2009	2010*								
48,836	45,240	37,277	27,208	23,262*								

\*September 2010 is the most recent sales data provided by the Cerritos Auto Dealers Association

Source: Cerritos Auto Dealers Association

# Employment/ Unemployment



# Top Ten Employers

## Top Employers in Cerritos (Calendar Year)

Cerritos has a wide variety of businesses and agencies that contribute to the local economy. These agencies range from the retail sector, healthcare and public services. The top employer in Cerritos is United Parcel Service with 1,654 employees. ABC Unified School District has the second highest number of employees with 1,231 and the third top employer in Cerritos is Caremore with 1,012 employees. In addition, Cerritos is home to other major employers such as Southern Wine and Spirits of Southern California, College Hospital and Expert Automotive Services.

### Top Ten Employers

	Employer	Employees*	Percentage Change from Prior Year
1	United Parcel Service	1,654	-6%
2	ABC Unified School District	1,231	-35%
3	Caremore	1,012	308%
4	Southern Wine & Spirits of Southern California	979	0%
5	City of Cerritos	592	-11%
6	College Hospital, Inc.	530	1%
7	Dolex Dollar Express	415	-21%
8	Marina Medical Billing	364	2%
9	AT&T Wireless Services	353	-58%
10	Expert Automotive Associates	286	-10%

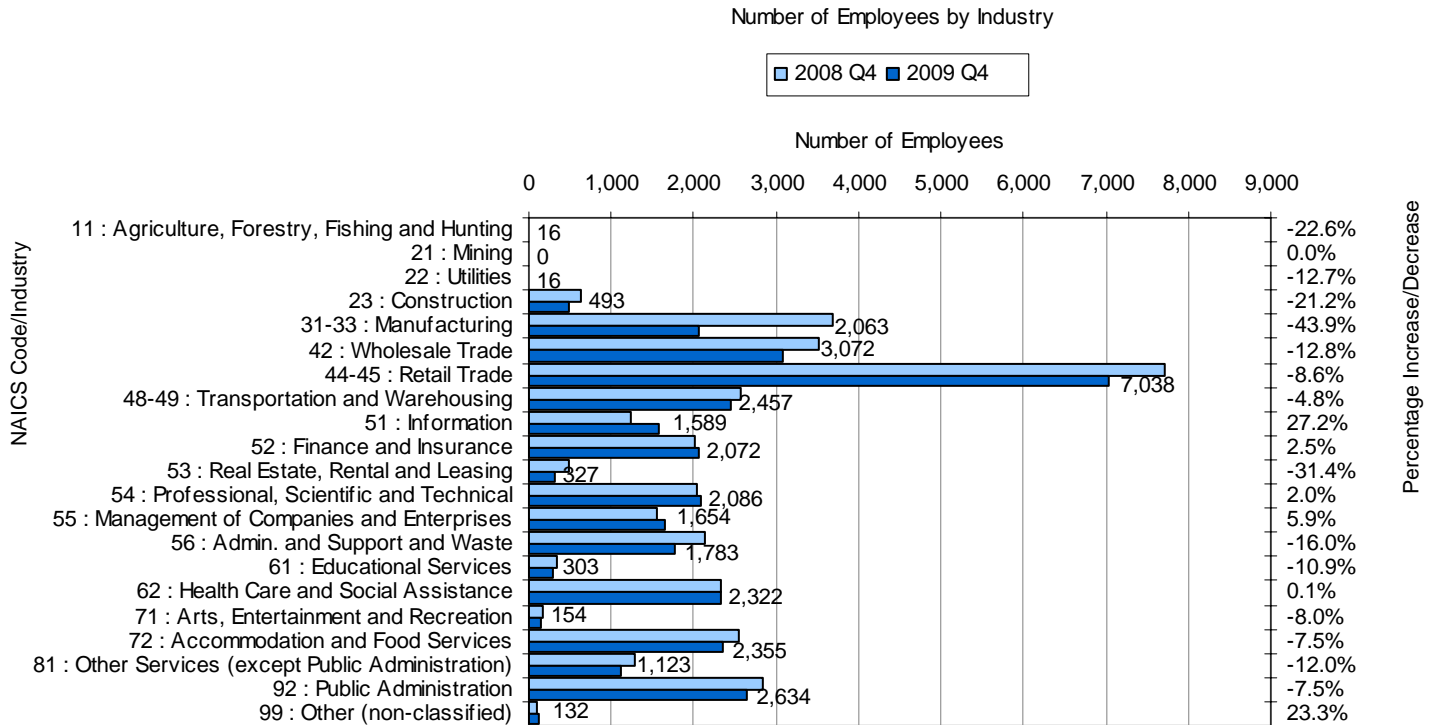
\*Note: The number of employees was based on employment numbers from the California Employment Development Department and a telephone survey conducted by City staff. The top employers are calculated annually.

Source: California Employment Development Department



# Number of Employees by Industry

A total of 35,858 persons work in Cerritos. The Retail Trade industry has the highest number of employees at approximately 7,038 for 2009-Q4. Wholesale Trade is the second highest with approximately 3,072 employees and Public Administration has approximately 2,634 (includes government agencies and schools in Cerritos). Based on the same data, most industries experienced some level of percentage decrease in the total number of employees over the same quarter in 2008.

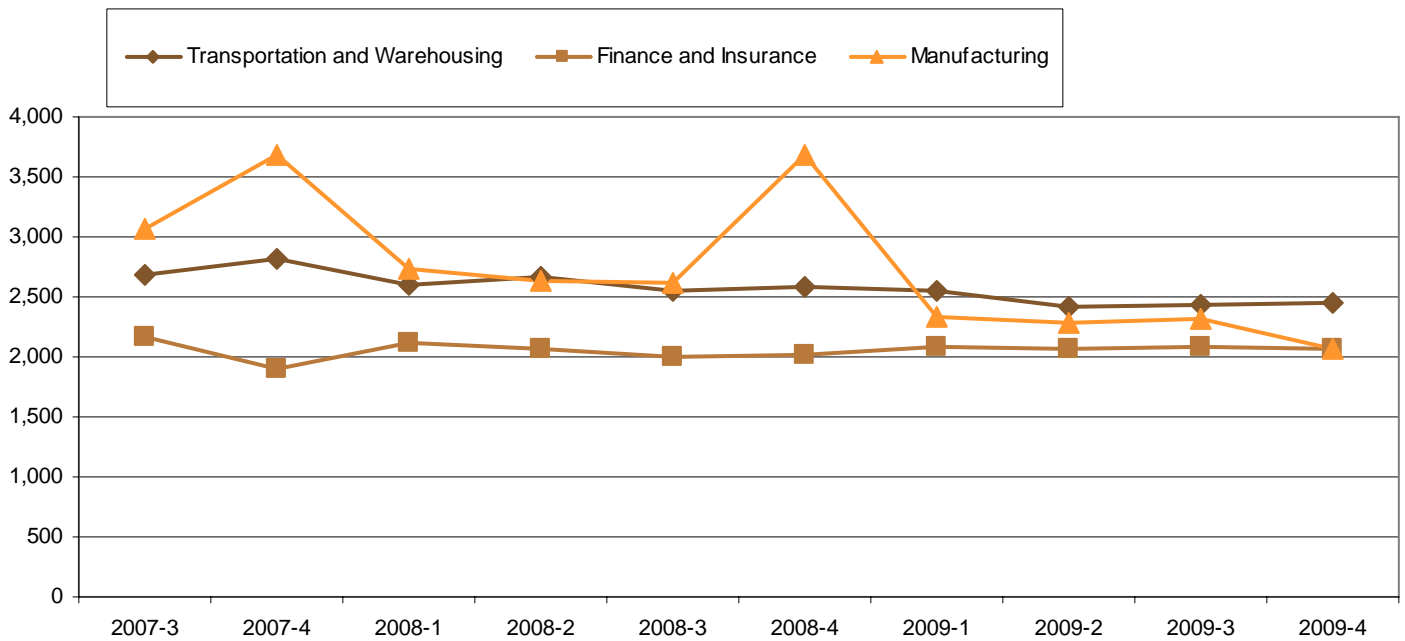
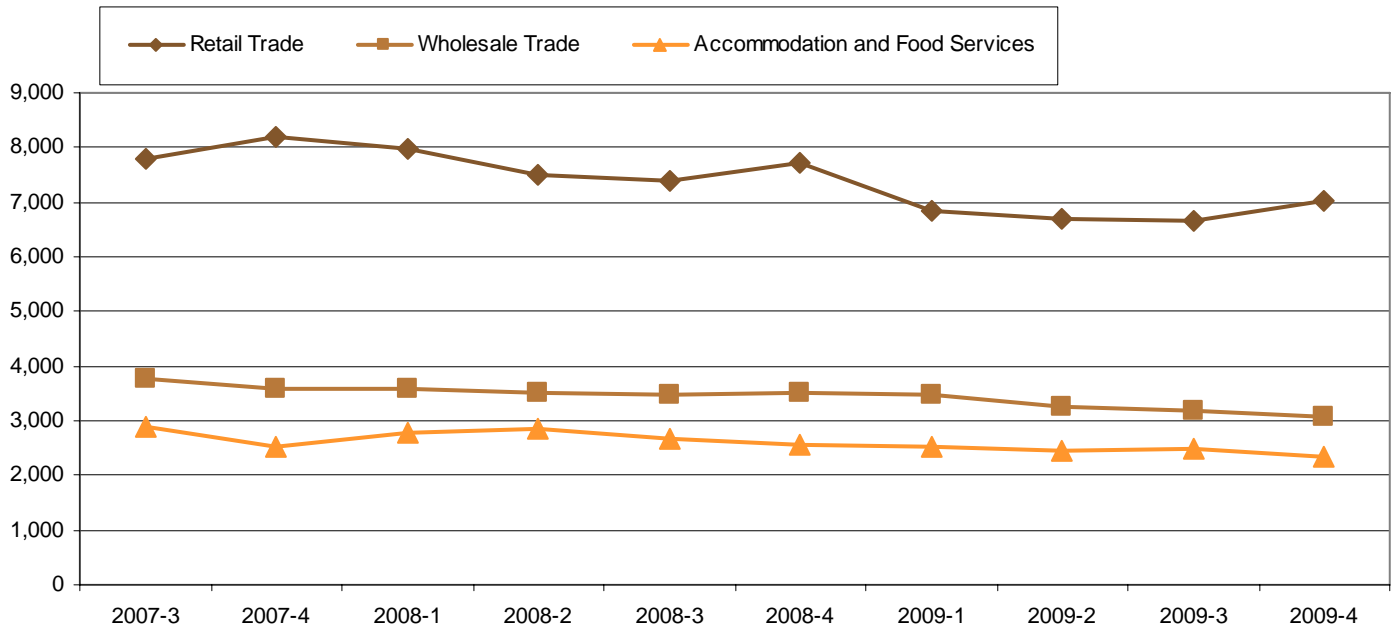


Public Administration includes City, State, and Federal agencies in addition to school employees in Cerritos.

Source: California Employment Development Department

# Number of Employees by Industry

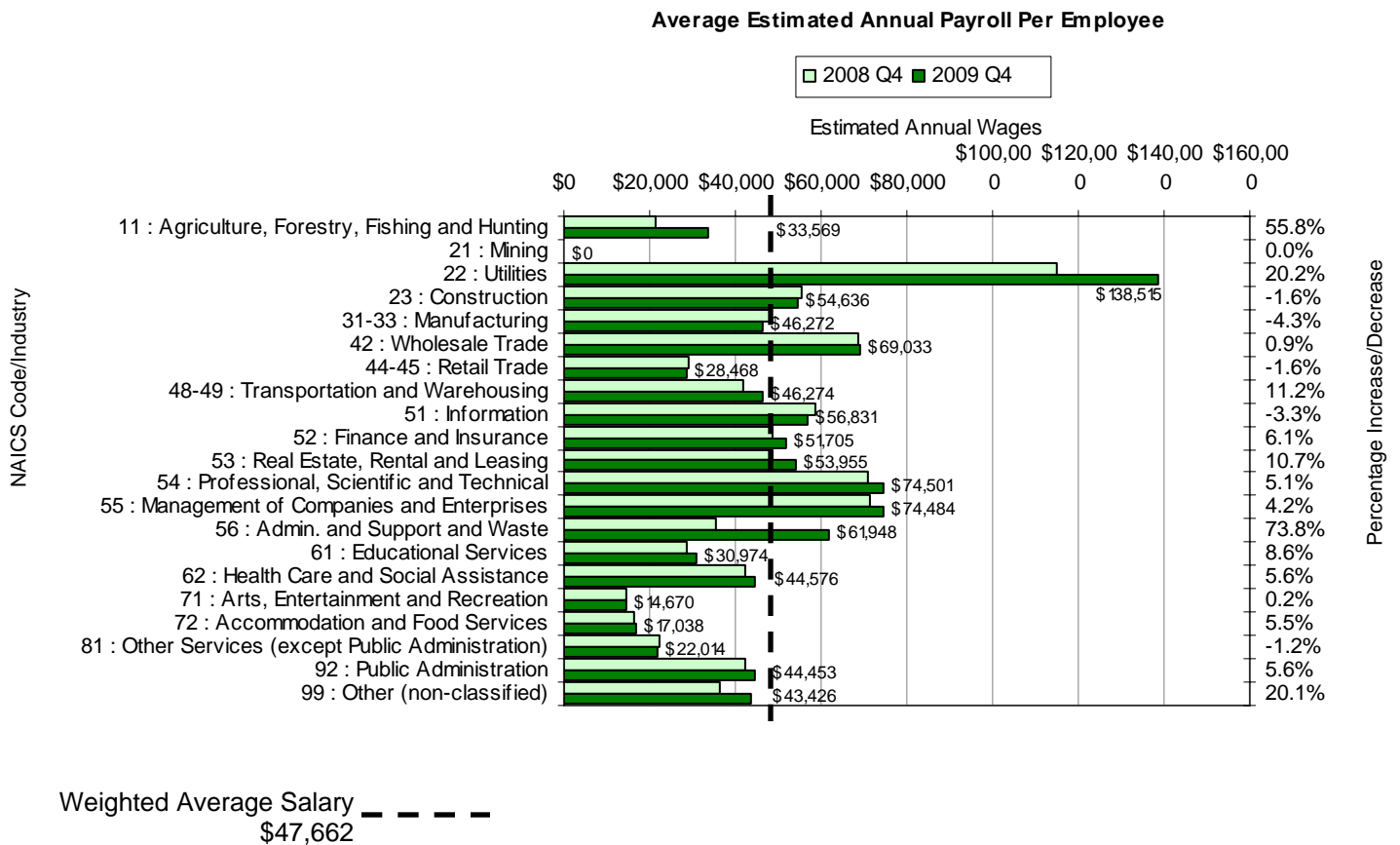
Employment figures for Wholesale Trade and Accommodation and Food Services have decreased from 2007-Q3 through 2009-Q4. Retail Trade (highest number of employees by industry) has declined from a high of 8,204 employees in 2007-Q4 to 7,038 in 2009-Q4 (1,166 decrease). Transportation and Warehousing and Finance and Insurance has remained fairly constant. In contrast, Manufacturing has experienced a decline from a high of 3,679 employees in 2007-Q4 to 2,063 employees in 2009-Q4 (1,616 decline).



Source: California Employment Development Department

# Average Annual Payroll

In Cerritos, the Utilities industry has the highest average annual payroll at approximately \$138,515, though this industry has a relatively small presence in terms of its total number of employees (18). The industry with the second highest average annual payroll is Professional, Scientific and Technical at \$74,501 and the third highest is Management of Companies and Enterprises at \$74,484. Based on the data, several of the top industries have experienced an increase in their annual wages. For example, the Utilities industry experienced a 20.2% increase, Finance and Insurance increased 6.1%, Real Estate and Leasing increased 10.7%, Management of Companies and Enterprises increased 4.2%, and Administrative and Support and Waste Management and Remediation Services at 73.8%. The dashed line indicates the weighted average salary for all industries in Cerritos: \$47,662.

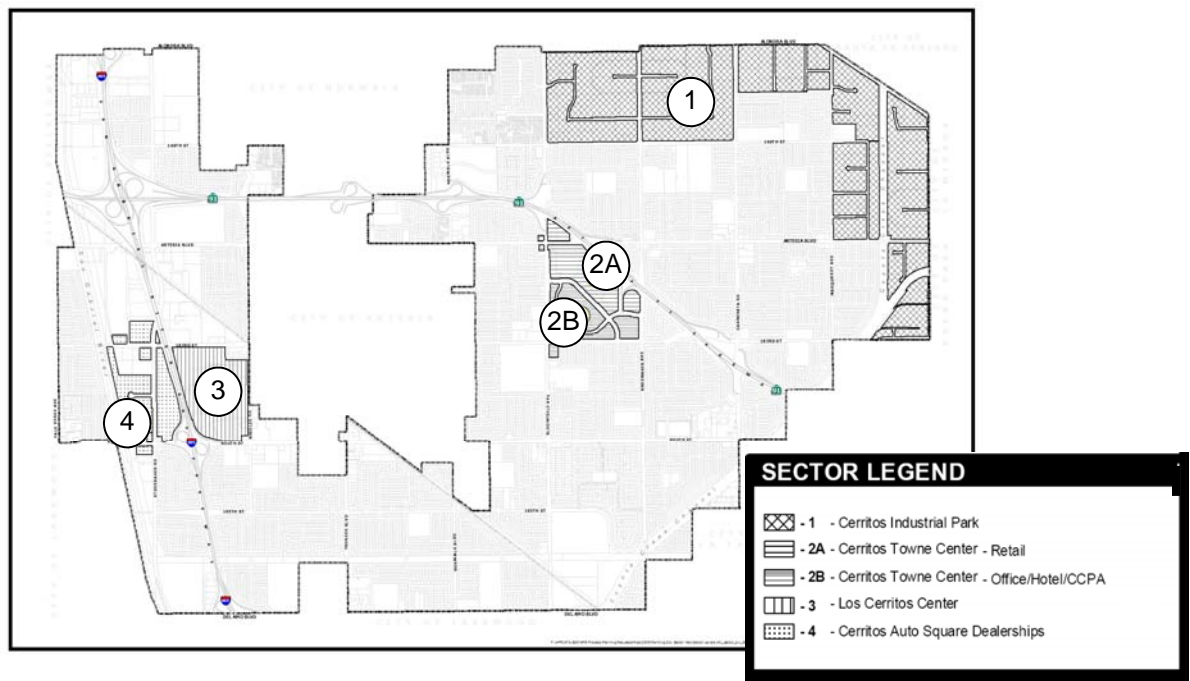
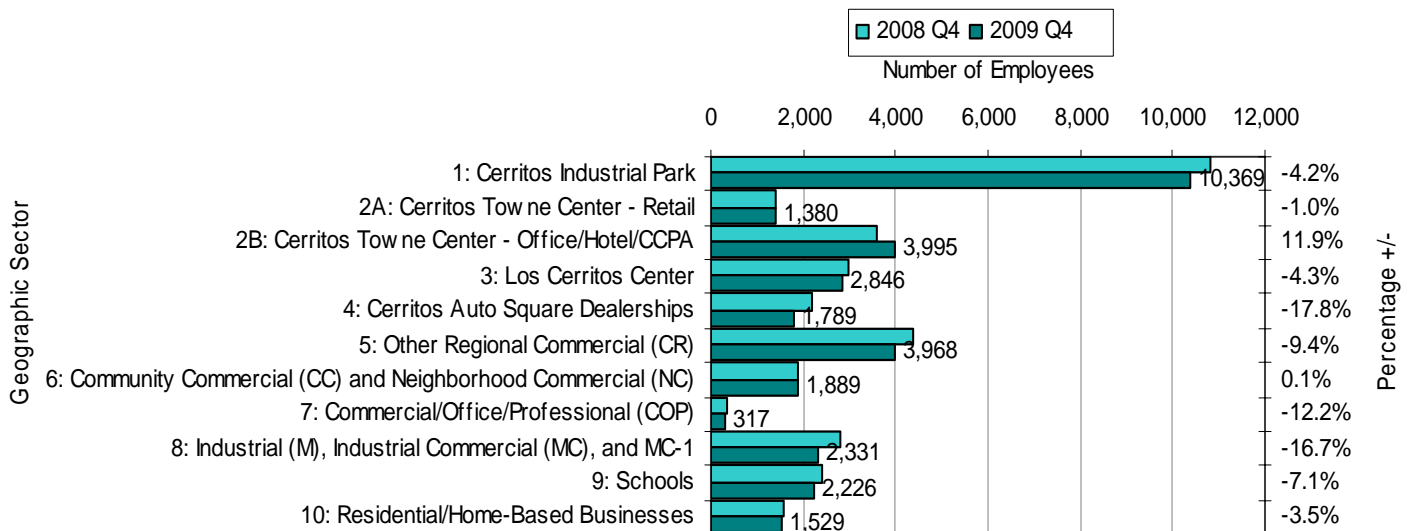


Source: California Employment Development Department

# Employment by Sector

The City of Cerritos has four major employment sectors. These sectors include the Cerritos Industrial Park, the Cerritos Towne Center (retail and office/hotel/CCPA\*), the Los Cerritos Center and the Cerritos Auto Square. The Cerritos Industrial Park has the most employees with approximately 10,369. The Towne Center, including the retail and office component, has approximately 5,375 employees, the Los Cerritos Center has approximately 2,846 employees and the Cerritos Auto Square has approximately 1,789 employees. With the exception of Sector 2B—Cerritos Towne Center (Office/Hotel/CCPA), the total number of employees in each sector has decreased for each quarter in the past year over the prior year.

Number of Employees by Geographic Sector

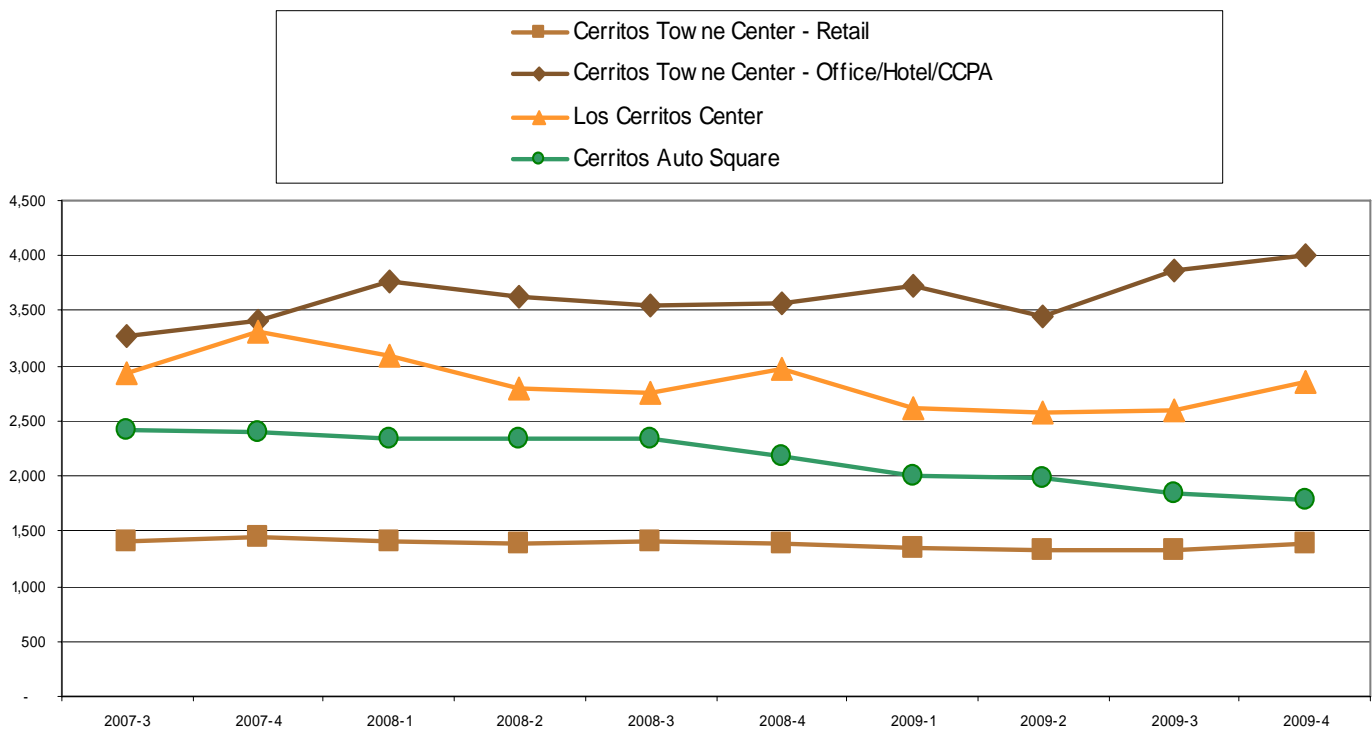
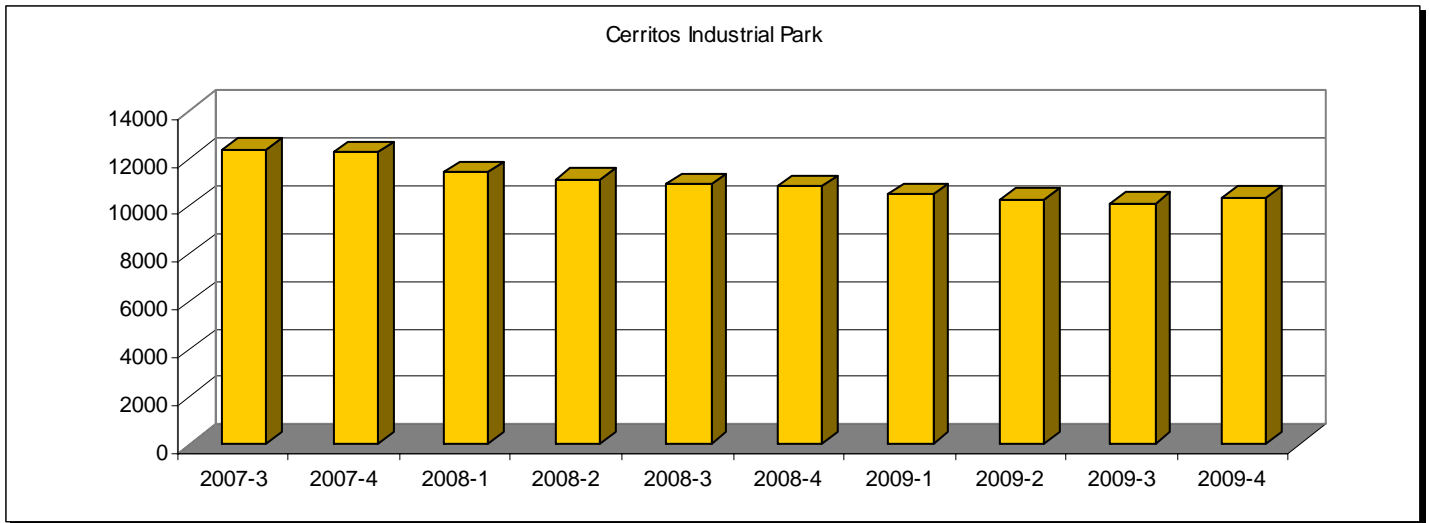


\*Cerritos Center for the Performing Arts

Source: California Employment Development Department

# Employment by Sector

The Cerritos Industrial Park is the sector that has the greatest number of employees at 10,369. Based on data from the Employment Development Department of California, the Cerritos Industrial Park has experienced a gradual and steady decline in employment from 2007-Q3 to 2009-Q4. In 2007-Q3, the Cerritos Industrial Park had 12,393 employees and in 2009-Q4, the Industrial Park had 10,369 employees, which is a 16% decrease. The Cerritos Auto Square also has experienced a gradual decline from a high of 2,423 employees in 2007-Q3 to 1,789 employees in 2009-Q4, or a 26% decrease. In contrast, the Cerritos Towne Center (Office/Hotel/CCPA) has experienced a 22% increase in employment. The Cerritos Towne Center (Retail) has remained constant at 1,300 employees from 2007-Q3 to 2009-Q4.

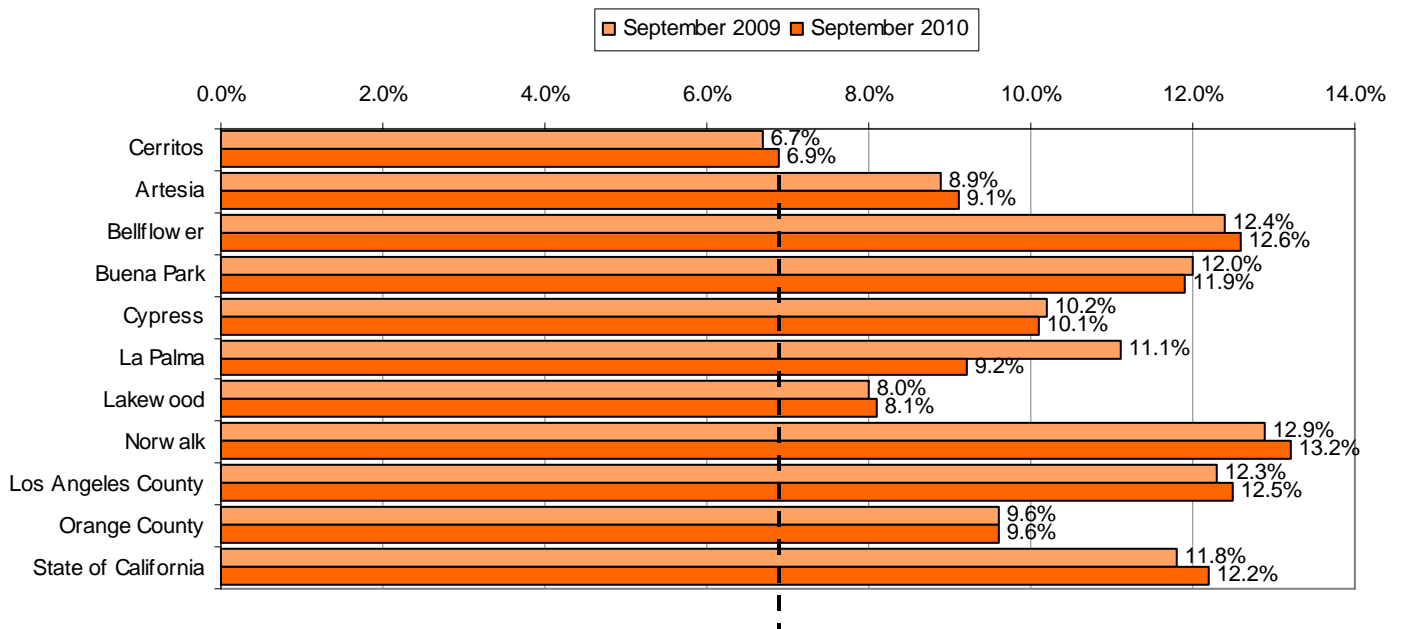


Source: California Employment Development Department

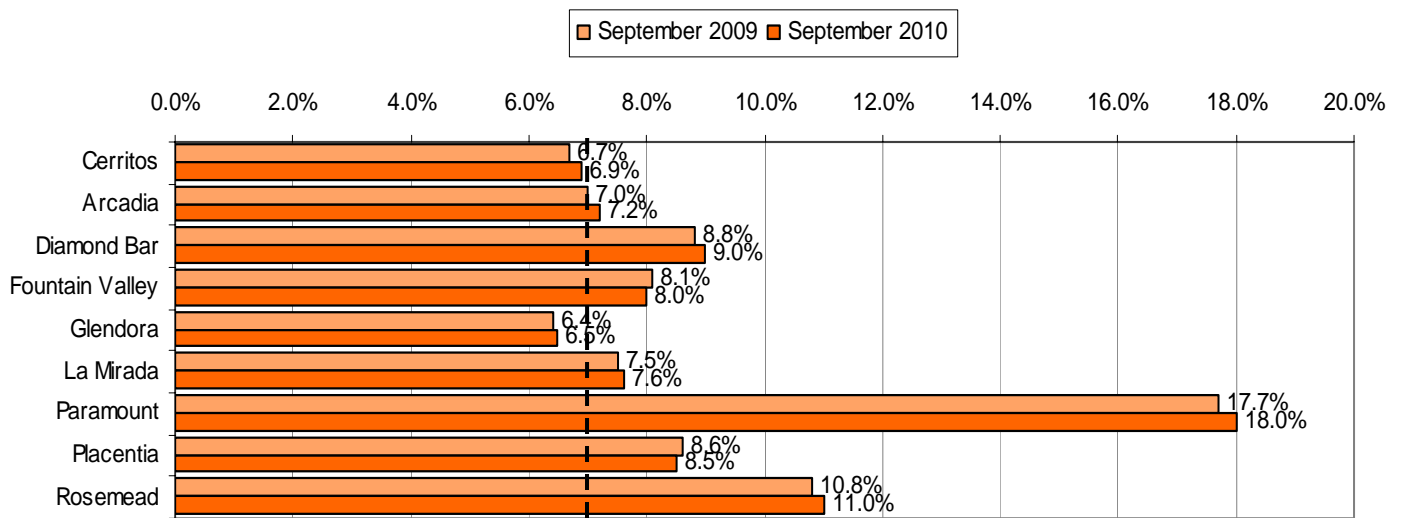
# Unemployment

According to the California Employment Development Department, the unemployment rate among Cerritos residents in June 2010 was approximately 6.9%, which is the lowest unemployment rate among surrounding cities. Lakewood has the second lowest unemployment rate at 8.1%. In addition, the Cerritos unemployment rate is lower than Los Angeles County (12.5%), Orange County (9.6%) and the State of California (12.2%). In comparison to cities with similar size and/or demographics within the region, Cerritos also has one of the lowest unemployment rates. The City of Arcadia has a similar unemployment rate at 7.2%. In a regional comparison, Glendora has the lowest unemployment rate at 6.5% and Paramount has the highest unemployment rate at 18%.

Unemployment: Cerritos and Neighboring Cities



Unemployment: Cerritos and Regional Comparison Cities



Source: California Employment Development Department

# Commercial Real Estate

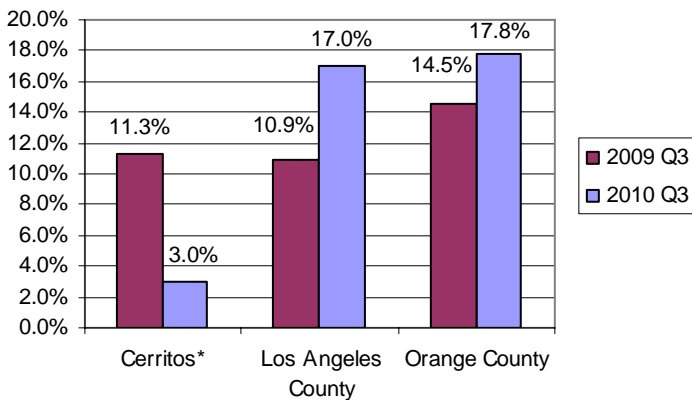


# Vacancy Rate and Asking Rental Rate

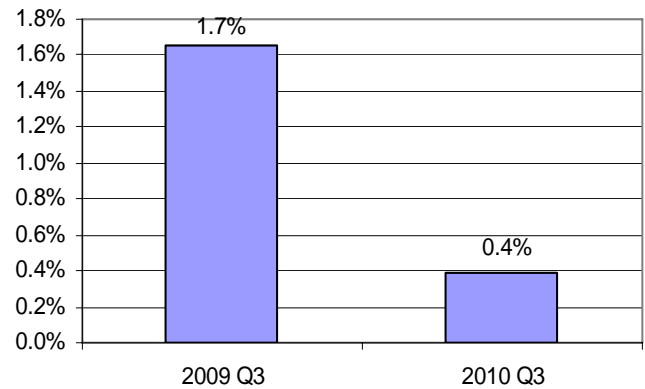
Cerritos' office market vacancy and rental rates are lower than those in Orange County and Los Angeles County. In 2010-Q3, the office market vacancy rate in Cerritos was 3.0%, which is lower than Orange County (17%) and Los Angeles County (17.8%). Cerritos has a low office market rental rate at \$2.03 per square foot, lower than Los Angeles County (\$2.58) and the same as Orange County (\$2.00). Cerritos' office vacancy rate also declined since 2009-3Q. The retail vacancy rate is currently at 0.4%, which is a decline from 2009-3Q.

Based on data that was available at the time, Cerritos has a total of 8.5% industrial vacancy rate (based on available properties identified on Grubb-Ellis) and is a 2.2% decrease from the previous year. The current rental rate for industrial properties is at \$0.69 cents per square foot, which is higher than Los Angeles County (\$0.62) and Orange County (\$0.52).

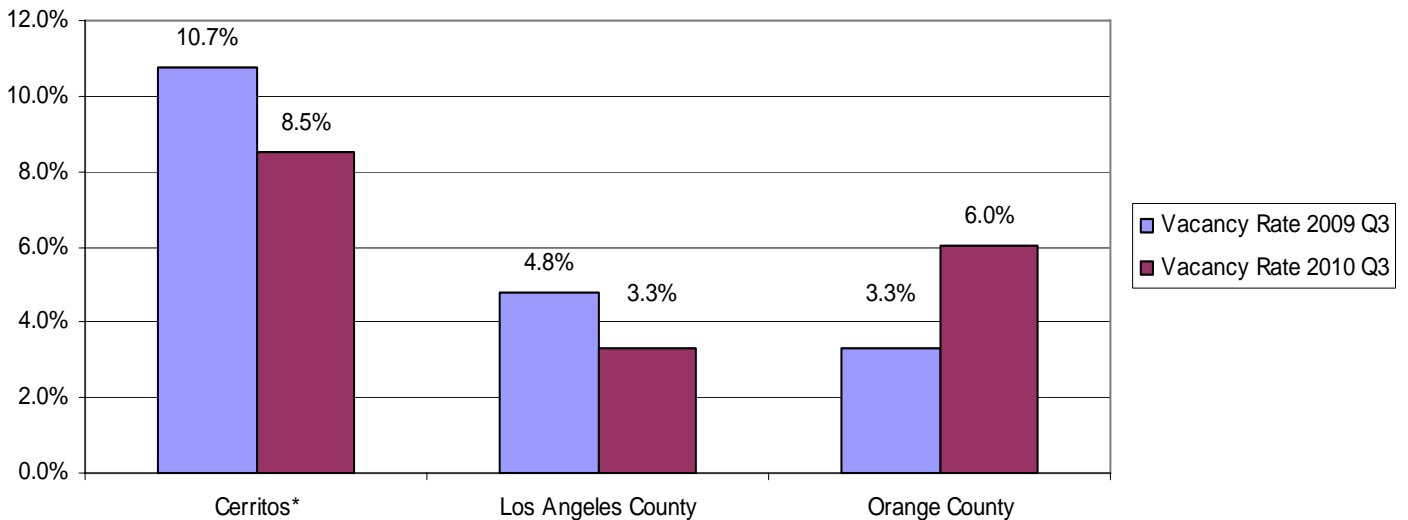
Calendar Year - Regional Office Vacancy Rate



Retail Vacancy Rate - Cerritos



Industrial Vacancy Rate



\*Note: Cerritos vacancy and rental rate data were derived from listings of properties available for lease.

Sources: Grubb-Ellis and Rofo.com



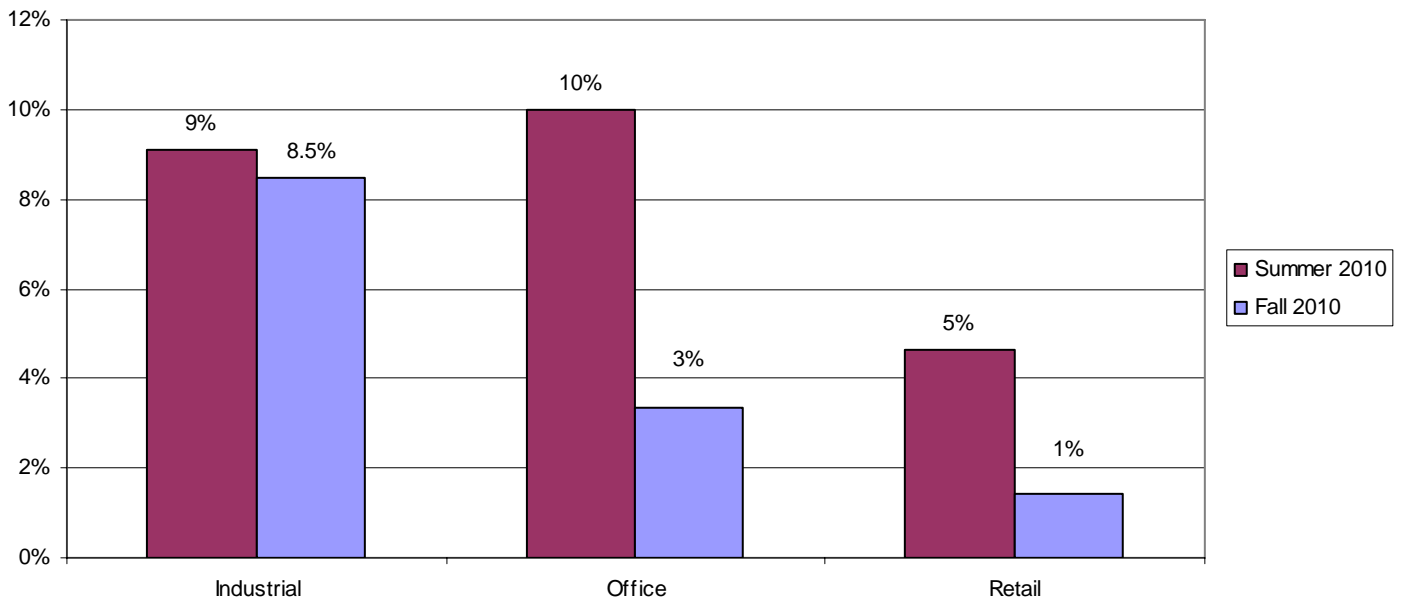
# Total Vacancy in Cerritos

The City of Cerritos currently has a low vacancy rate when compared to the overall available space for industrial, office, and retail uses. Currently, there is approximately 1,218,352 square feet of vacant industrial space, which equates to 8.5% of the total available commercial space in the City. In addition, the City has approximately 42,807 square feet of vacant office space (3% of the total office space in Cerritos) and approximately 18,354 square feet of available retail space (1% of the total retail space in Cerritos).

**Total Available and Vacant Space in Cerritos**

Use	Total Space (Sq. Ft.)	Total Vacant Space (Sq. Ft.)	Percent (%) of Vacancy in Cerritos
<b>Industrial</b>	14,341,189	1,218,352	8.5%
<b>Office</b>	1,422,575	42,807	3%
<b>Retail</b>	4,685,788	18,354	1%
<b>Total</b>	<b>20,449,552</b>	<b>1,279,513</b>	<b>6.3%</b>

**Commercial Real Estate - Vacancy Rates**



Based on data from the Summer 2010, and Fall 2010, vacancy rates in Cerritos have experienced a decline, which may be an indicator that businesses are growing in the City. All three sectors have experienced a decline: Industrial (0.5%), Office (7%) and Retail (4%).

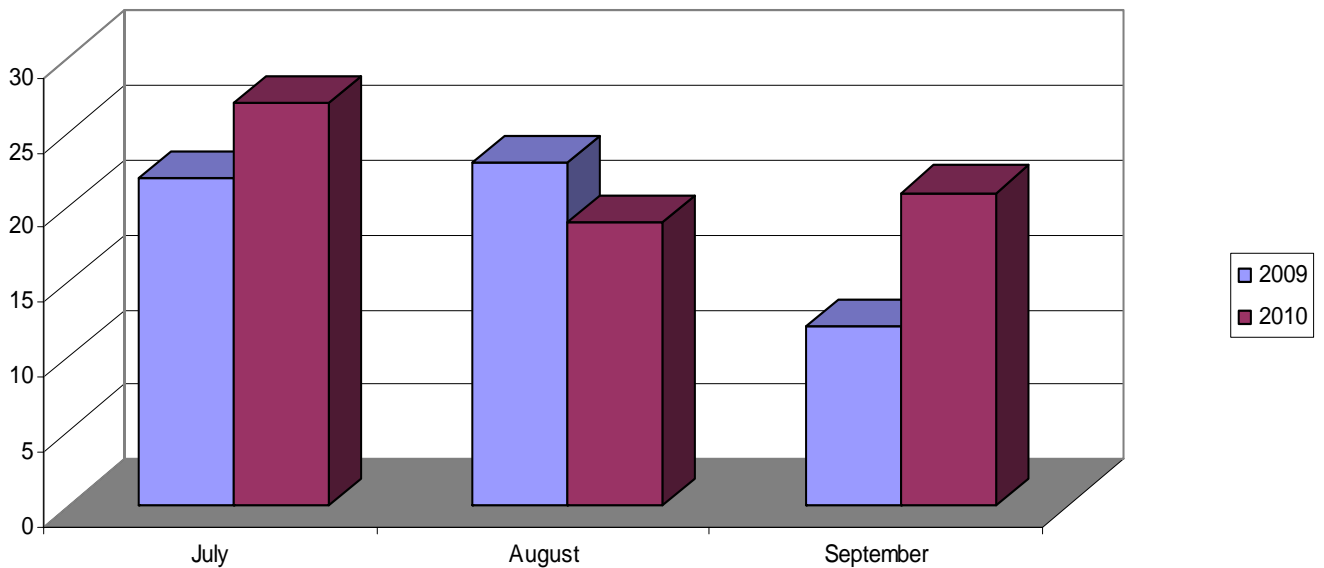
Sources: Grubb-Ellis and Rofo.com

# Certificate of Occupancy

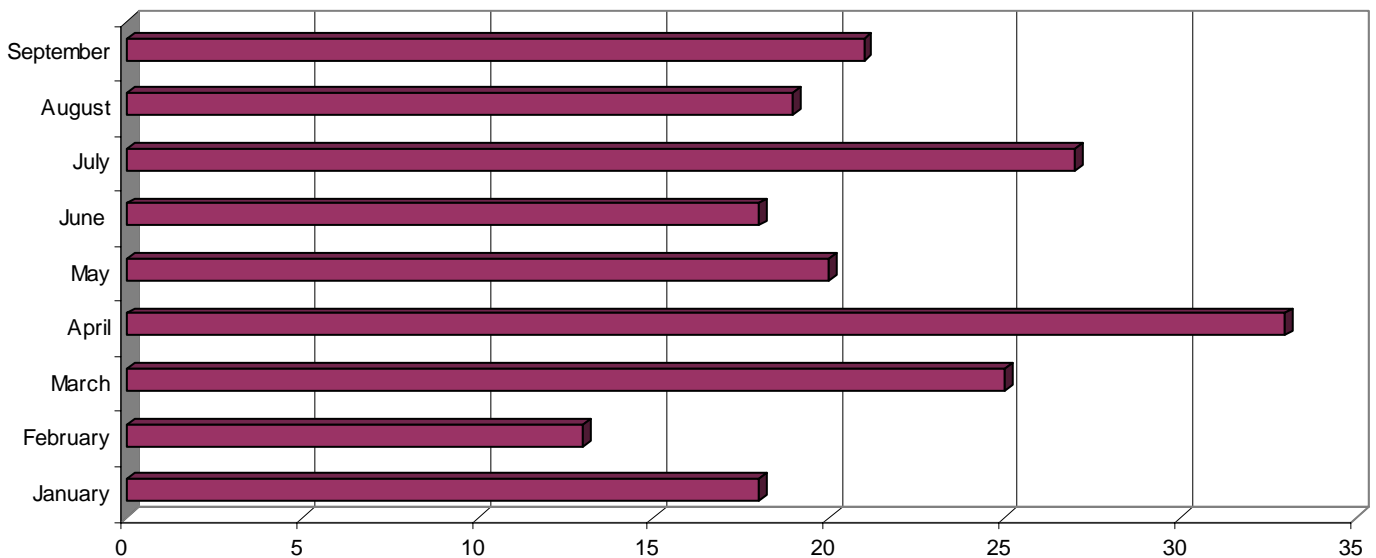
## Commercial Real Estate—Construction Activity and Occupancy (Calendar Year)

The tracking of tenant improvements, new buildings, and the issuance of a Certificate of Occupancy (CO) is one method to determine the activity of commercial real estate in Cerritos. A CO is a required document issued by the City after the completion of construction and the final building department inspection for the purposes of authorizing occupancy. A high number of CO, new buildings, and tenant improvements is an indication that the local economy is growing. For 2010-Q3, CO's have experienced an increase in July and September in comparison from a year ago; however, the City experienced a decline in August from the previous year.

Certificate of Occupancy - Third Quarter



Certificate of Occupancy - 2010



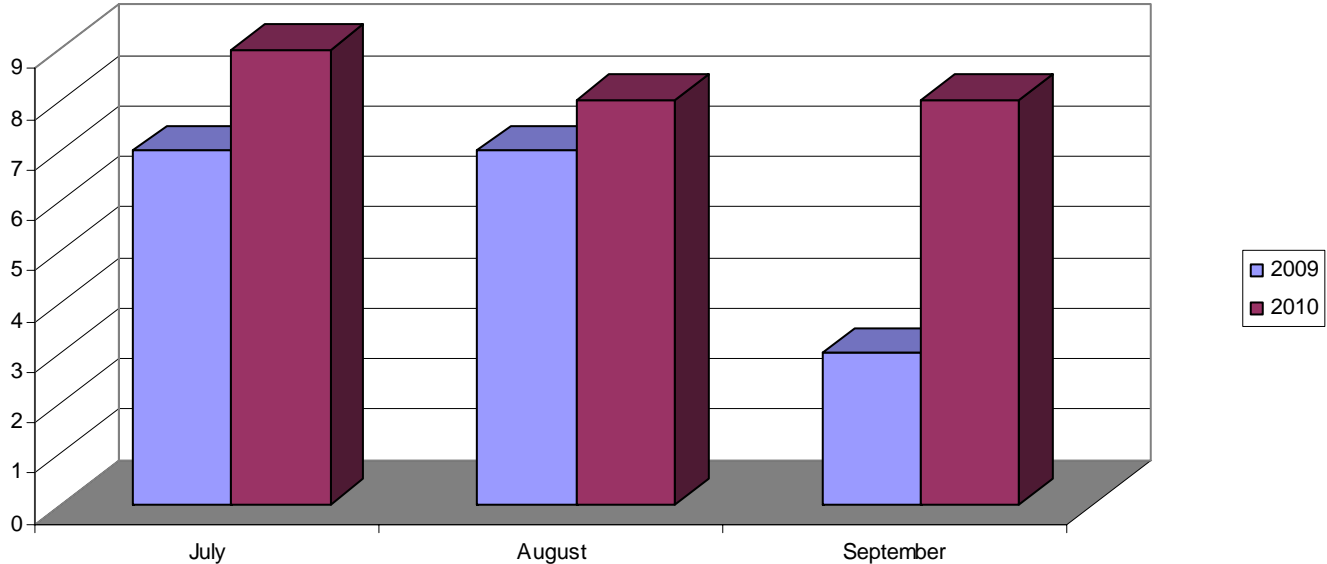
Sources: GIS Division, City of Cerritos

# Tenant Improvements

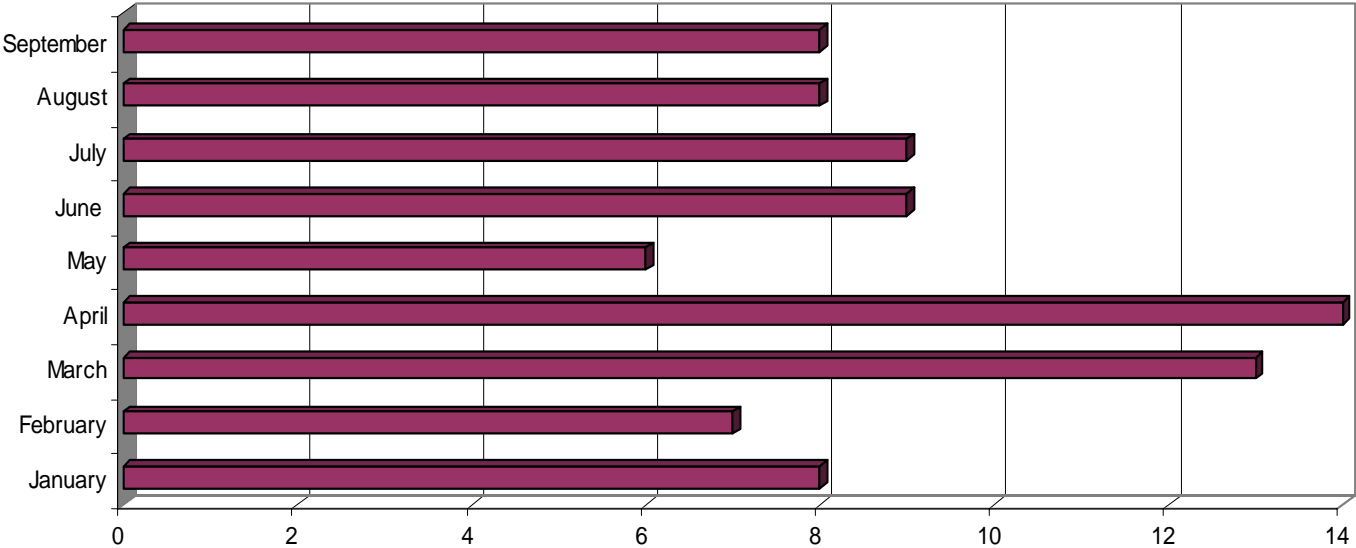
## Commercial Real Estate—Construction Activity and Occupancy (Calendar Year)

A tenant improvement (TI) refers to changes made to the interior of a commercial or industrial property by its owner to accommodate the needs of a tenant such as the installation or relocation of interior walls or partitions, carpeting or other floor covering. A TI is an indicator of a new business starting in the City or an existing business expanding to meet their needs. For 2010-Q3, tenant improvements have increased from the previous year. The increase in TI's from the previous year indicates that local economy is growing in Cerritos.

Tenant Improvements - Third Quarter



Tenant Improvements - 2010



Sources: GIS Division, City of Cerritos

# Housing

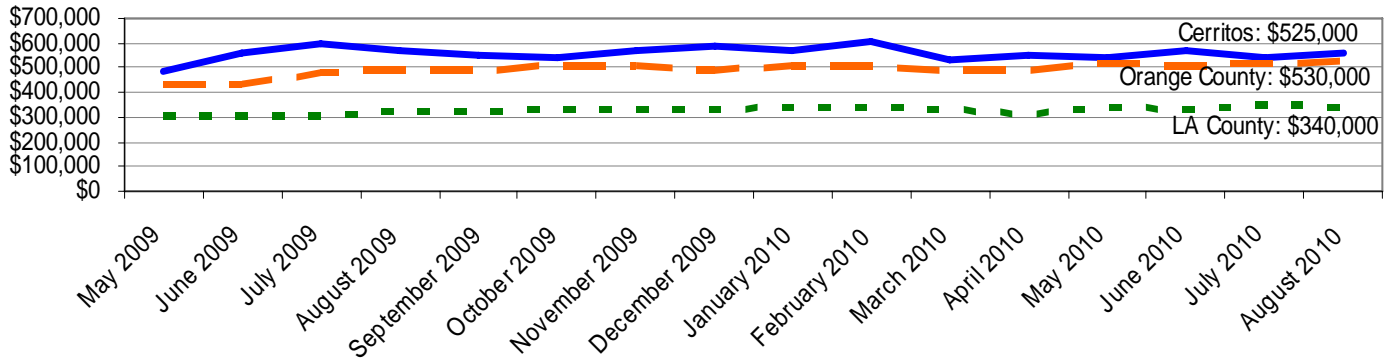


# Single-Family Homes

## Median Home Sales Price—Single Family Residential (Calendar Year)

In Cerritos, the median home price has declined from a high of \$674,417 in 2007 to \$525,000 in August of 2010. This decline in the median sale price of single-family homes is in correlation with the current housing crisis nationwide. However, the median price for a home in Cerritos experienced a lower rate of decline in comparison to the median home sales price in Orange County and Los Angeles County. As of August 2010, the median home sales price in Orange County was approximately \$530,000 and in Los Angeles County the median home sales price was \$340,000.

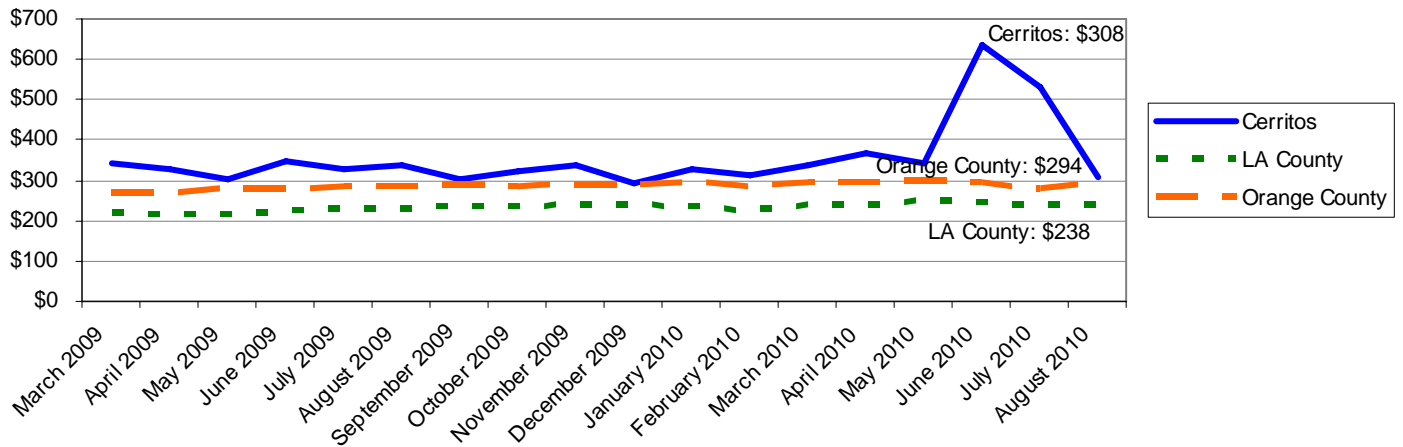
Median Home Sale Prices - Single-Family Residential (SFR)



## Median Home Sales Price Per Square Foot—Single Family Residential

The median home sale price per square foot is higher in Cerritos as compared to Orange County and Los Angeles County. In Cerritos, the median home sale price per square foot for a single-family home is \$308. This is higher than both Orange County (\$294) and Los Angeles County (\$238), and is an indicator that homes in Cerritos are maintaining their value.

Median Home Sale Price Per Square Foot - Single-Family Residential (SFR)



Legend: Cerritos — Orange County — Los Angeles County —

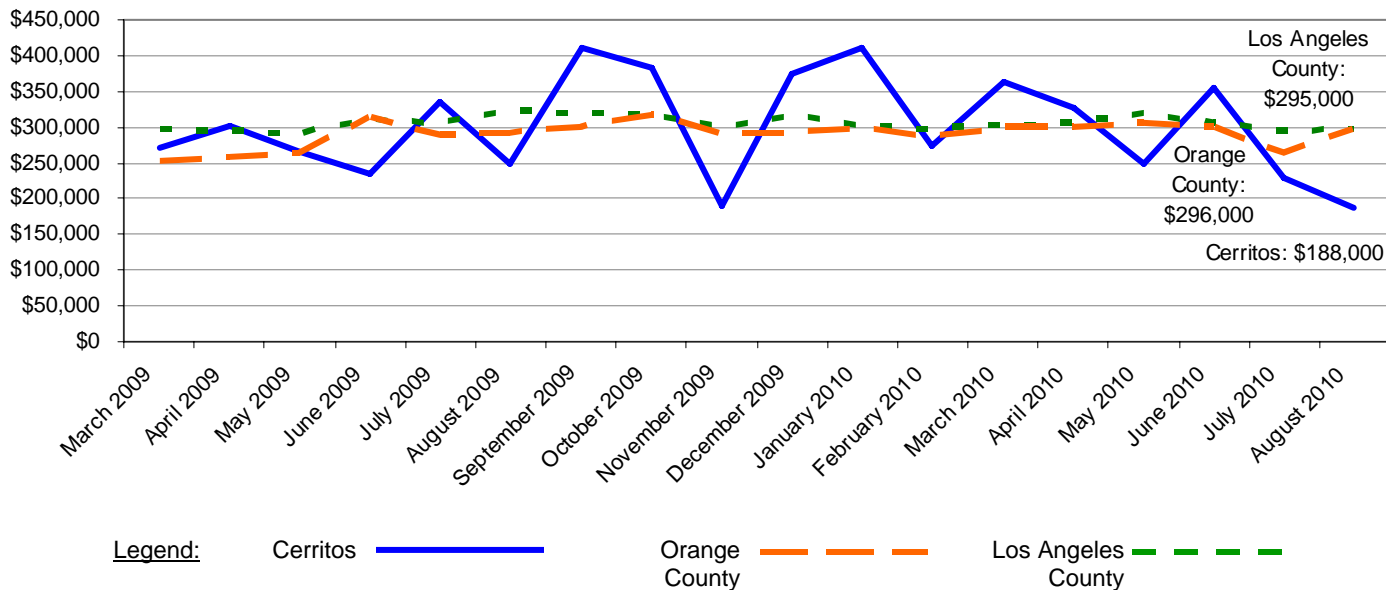
Source: DataQuick

# Condominiums

## Median Home Sales Price—Condominiums (Calendar Year)

Condominiums have a niche in housing between renting and owning single-family homes. The median home sale price in Cerritos for condominiums experienced a decrease in value from a high of \$410,000 in September of 2009 to \$188,000 in August 2010. The median price for a condo in Cerritos is lower than the median price of \$295,000 for Los Angeles County and the median price of Orange County at \$296,000.

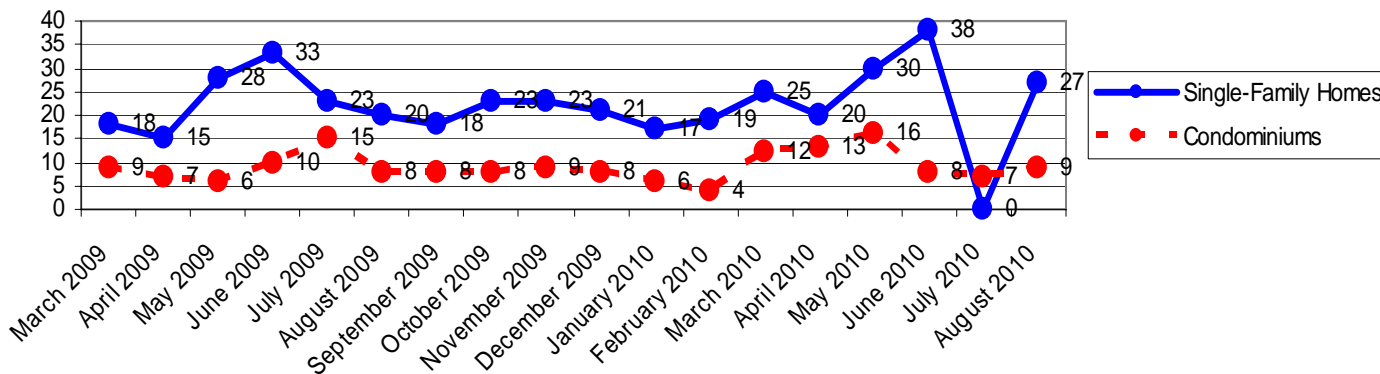
Median Home Sale Prices - Condominiums



## Total Monthly Sales

Condominiums play a relatively small factor in Cerritos' housing market, as the majority of the housing stock in Cerritos is zoned single-family residential. For example, in August 2010, a total of nine condominiums were sold, and in comparison, 27 single-family homes were sold during the same month.

Monthly Sales



Source: DataQuick

# Statistical Summary

Based on the data analysis from a wide variety of sources, Cerritos maintains a relatively healthy economic base as compared to the region, despite the current nationwide economic decline. Below is a summary of the major findings of the Cerritos *Economic Profile* for Fall 2010.

## Major Revenues

The City of Cerritos has two major revenue sources: redevelopment tax increment and sales tax. Both of these sources provide funding for a wide variety of service and infrastructure improvements. Redevelopment tax increment increased from the first quarter of FY 2009-2010 to first quarter FY 2010-2011. Tax increment revenue for the first quarter FY2010-2011 was \$1,699,904. Sales tax revenue for the second quarter of 2010 (calendar year) totaled \$4,335,719 which is an increase from the same quarter in 2009.

Cerritos has four major areas of business activity: Cerritos Industrial Park, Cerritos Towne Center, Los Cerritos Center and the Cerritos Auto Square. The Cerritos Auto Square generated the most sales tax at \$1,409,720. The Los Cerritos Center generated the second highest sales tax at \$1,375,470. Sales at the four major areas of business activity have experienced a decline in quarter 2010-Q2, with the exception of the Cerritos Auto Square and the Los Cerritos Center.

Based on a review of businesses by NAICS code, Retail Trade generates the greatest amount of revenue for the City of Cerritos. In fact, 75% of sales tax comes from the retail sector, which includes the Cerritos Towne Center, the Los Cerritos Center and Cerritos Auto Square. Within the Retail Trade sector, the Motor Vehicles and Parts Dealers subsector generates the greatest percentage of sales tax for the City at 33%, Clothing and Clothing Accessories Stores generate 26%, Durable Goods and Merchant Wholesalers and General Merchandise Stores each generate 16%.

## Employment

Cerritos has a wide variety of businesses and agencies that contribute to the local economy. The top ten employers in the City are: United Parcel Service, ABC Unified School District, Caremore, Southern Wine & Spirits of Southern California, City of Cerritos, College Hospital, Inc., Dolex Dollar Express, Marina Medical Billing, AT&T Wireless Services, and Expert Automotive Services.

From 2008-Q4 through 2009-Q4, most industries experienced a decrease in employment. The Retail Trade industry had the highest number of employees with approximately 7,038 and Wholesale Trade was second with approximately 3,072 employees. The weighted average salary for all industries in Cerritos is \$47,662. The industries with the highest average payroll include Professional, Scientific and Technical Services at \$74,501 and Management of Companies and Enterprises at \$74,484, (Utilities has the highest payroll; however, only a few people are employed in this industry).

A total of 35,858 persons work in Cerritos. Of Cerritos' four major areas of business activity, the Cerritos Industrial Park has the highest number of employees with approximately 10,369, or 29% of the total number of employees in Cerritos.

## Unemployment

The unemployment rate among Cerritos residents is approximately 6.9%, which is the lowest among its surrounding cities and one of the lowest in comparison to cities with similar size and/or demographics in the region. In addition, the Cerritos unemployment rate is lower than Los Angeles County (12.3%), Orange County (9.5%) and the State of California (12.2%).

# Statistical Summary/Strategies

## Commercial Real Estate

Cerritos office vacancy rate of 3.0% is lower than Orange County (17.8%) and Los Angeles County (17%). Cerritos currently has a total vacancy of 1,279,513 square feet, which is approximately 6.3% of the total available real estate space in Cerritos (20,449,552 sq. ft.). Of the total vacant space in Cerritos, 96% is industrial space (1,218,352 sq. ft.), 3% is office space (42,807 sq. ft.), and 1% is retail space (18,354 sq. ft.). Industrial vacant space in Cerritos includes a greater proportion of warehousing and distribution businesses, which require large facilities. Therefore, a single vacancy may contribute a large amount of square footage to the overall vacancy rate.

## Housing

Housing in Cerritos has experienced a decline in the median sale price of a home over the past few years. This is in correlation with the current housing crisis that is affecting all cities nationwide. However, single-family homes in Cerritos declined at a lower rate than single-family homes in Los Angeles County and Orange County. In fact, the median home price increased from \$488,000 in March of 2009 to approximately \$540,000 in August 2010. The median home sale price for a condominium is approximately \$188,000 for August 2010.

## Statistical Trend Analysis

Based on statistical trend analysis of all economic sectors in the City, some industries are showing gains, some are remaining constant and others have experienced some decline. Below is a summary of some of the economic trends in Cerritos:

### ↑ Increase

- Sales tax from 2009-Q2 to 2010-Q2
- Sales tax for Los Cerritos Center and the Cerritos Auto Square
- Housing in Cerritos
- Auto sales at the Cerritos Auto Square (July 2010 and September 2010)
- Tenant Improvements/New Buildings

### → Constant

- Unemployment rate (6.9%)
- Available industrial space

### ↓ Decrease

- Overall sales tax from year-to-year
- Office vacancy rate
- Retail vacancy rate



# Data Sources

## Major Revenues

City of Cerritos, Finance Division  
City of Cerritos, GIS Division

## Auto Sales

Cerritos Auto Dealers Association

## Employment/Unemployment

California Employment Development Department  
<http://www.labormarketinfo.edd.ca.gov>

## Real Estate

Rofo  
<http://www.rofo.com/Cerritos-Commercial-Real-Estate>

Grubb & Ellis  
[www.grubb-ellis.com](http://www.grubb-ellis.com)

## Housing

DataQuick  
<http://www.dqnews.com/Charts/Monthly-Charts/LA-Times-Charts/ZIPLAT.aspx>