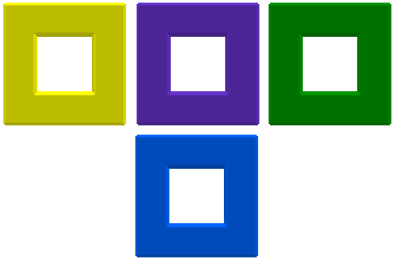




Quarterly Market Trend Analysis for Economic Development in Cerritos

City of Cerritos
Economic Profile
Fall 2012



A City With Vision



ECONOMIC PROFILE



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2010 Winner
Most Business-Friendly City Award

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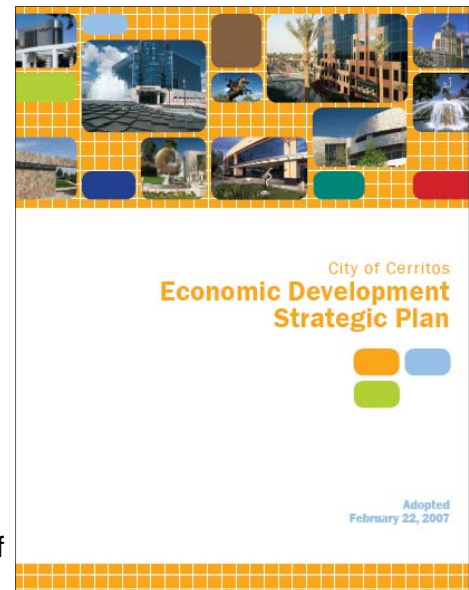
Introduction

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 on 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 includes 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

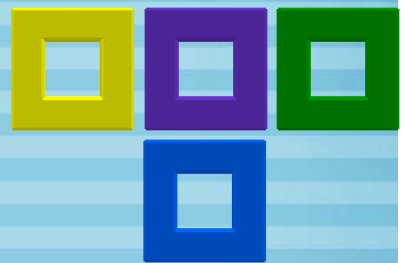
BAR-1: Identify the "best customers" among existing Cerritos businesses and initiate an outreach program.

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

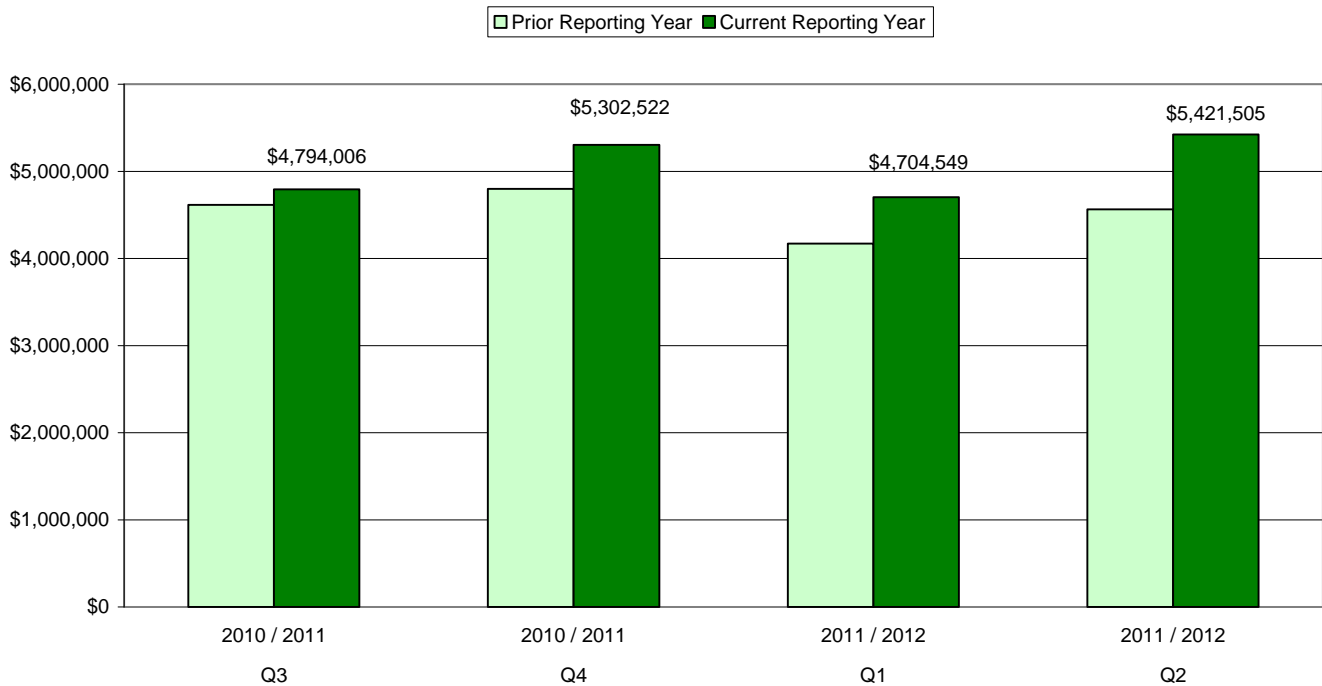


Major Revenues

Sales Tax

For 2012-Q2, businesses in the City generated \$5,421,505 in sales tax revenue, which is a 19% increase (\$856,606) over the same quarter in 2011. In a quarter by quarter comparison, sales tax revenue increased each quarter from the previous year. Additionally, 2012-Q2 was higher than 2011-Q4, which is typically the highest quarter due to holiday shopping. This increase in sales tax revenue from 2012-Q2 may be an indicator that the economy is growing and perhaps higher sales tax revenue can be anticipated in the future. (Please note that sales tax reporting is one quarter behind and the data presented herein is the most current available.)

Sales Tax Revenue – Calendar Year



From 2005 through 2009, annual sales tax revenue decreased from \$24,818,712 to \$16,695,608, resulting in a 33% decrease. However, in 2010, sales tax revenue increased by \$570,889 equaling a 9% increase from 2009. Additionally, sales tax increased once again in 2011 by 9% from 2010, which is an increase of \$1,567,259.

Sales Tax Revenue from the Past Six Calendar Years

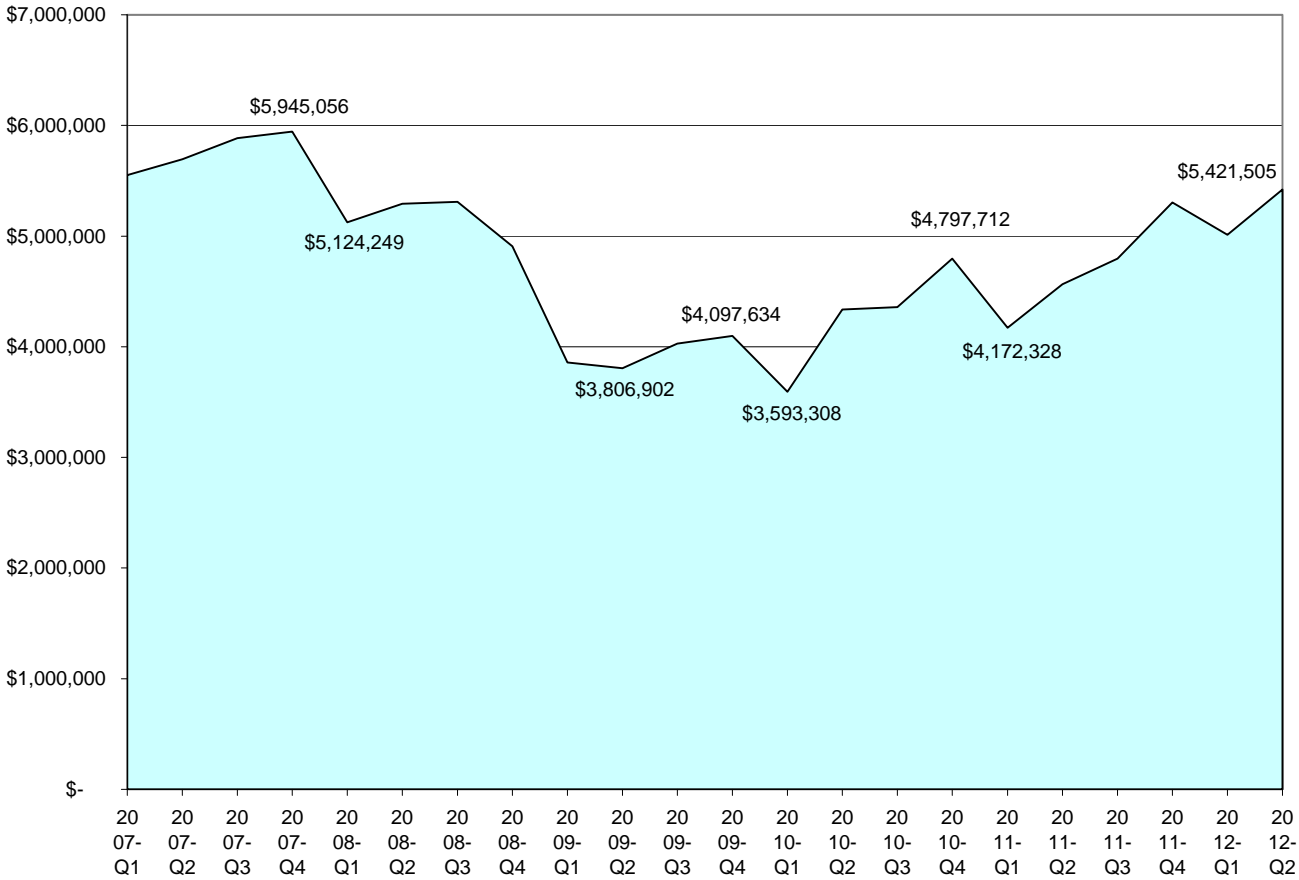
2004	2005	2006
\$24,139,942	\$24,818,712 ↑	\$23,948,949 ↓
2007	2008	2009
\$23,115,557 ↓	\$20,431,957 ↓	\$16,695,608 ↓
2010	2011	
17,266,497 ↑	\$18,833,756 ↑	

TREND ANALYSIS: ↑ Increase

Major Revenues

Sales Tax

In 2007-Q4, sales tax revenue was at \$5.9 million dollars; however, as a result of the Great Recession, sales tax revenue declined to a low of \$3.5 million in 2010-Q1. Based on a trend analysis, sales tax has gradually increased from a low of \$3.5 million in 2010-Q1 to its current level of \$5.4 million in 2012-Q2, which is a positive sign for the local economy. In 2012-Q2, sales tax revenue reached a high of \$5.4 million, which is approaching sales tax levels prior to the Great Recession.



Second Quarter Analysis

A trend analysis on a quarter by quarter (sales tax) basis is another method to measure consumer confidence. In 2009-Q2, sales tax revenue was at \$3.8 million and has progressively increased to a high of \$5.4 million in 2012-Q2. The increase in sales tax revenues may indicate an increase in consumer confidence.

2009-Q2	2010-Q2	2011-Q2	2012-Q2
\$3,806,902	\$4,335,719	\$4,564,899	\$5,421,505

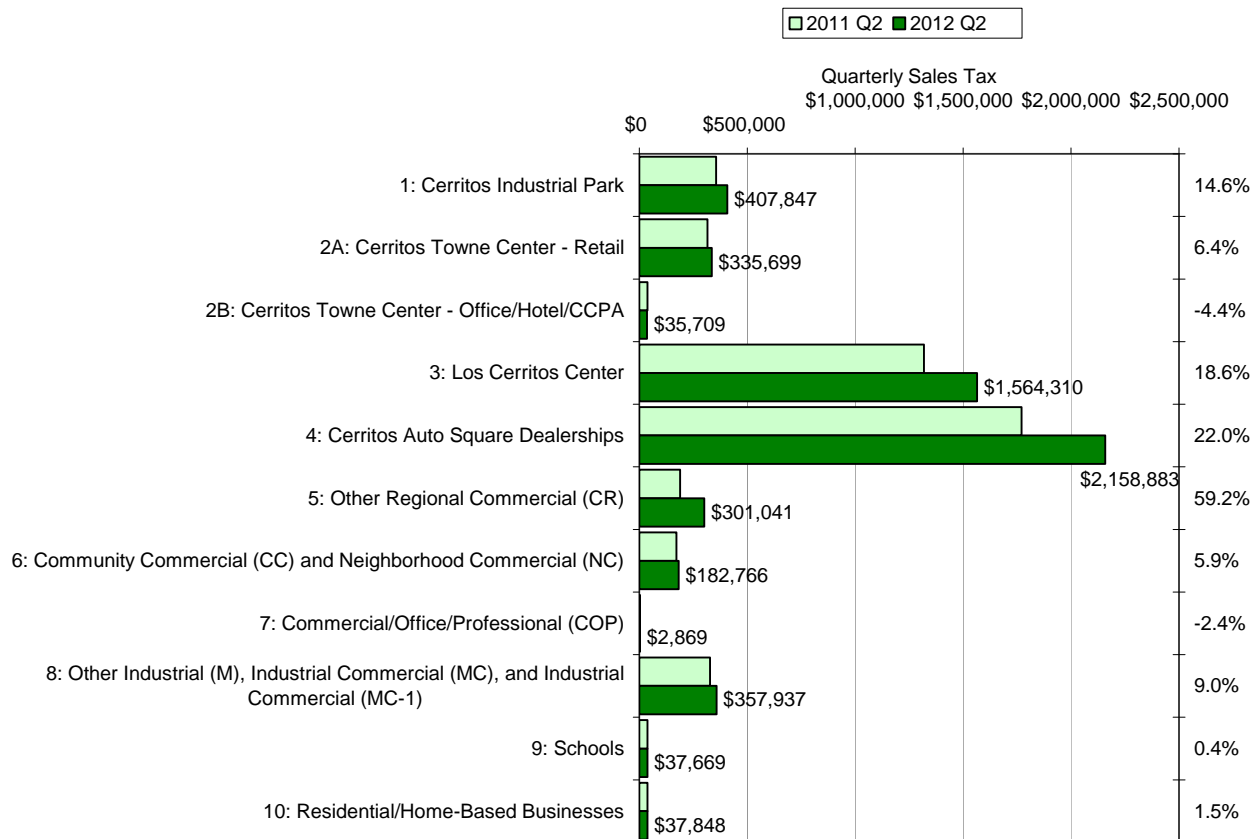
TREND ANALYSIS: ↑ Increase

Major Revenues

Sales Tax

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 2012-Q2, the Cerritos Auto Square generated the most sales tax at approximately \$2,158,883 which is a 22% increase from the same quarter last year. The Los Cerritos Center generated the second highest sales tax at approximately \$1,564,310, which is an 18% increase over FY 2011-Q2. The Cerritos Industrial Park generated \$407,847. The Cerritos Towne Center, which includes a retail and office component, combined to generate the fourth highest sales tax revenue at \$371,408. During this quarter, the Cerritos Auto Square (22%), Los Cerritos Center (18.6%), Other Regional Commercial (59.2%) and the Cerritos Industrial Park (14%) experienced a significant increase in sales tax revenue from the previous year. Overall, all categories maintained or increased their sales tax revenue from 2011-Q2 to 2012-Q2.

Geographic Sectors

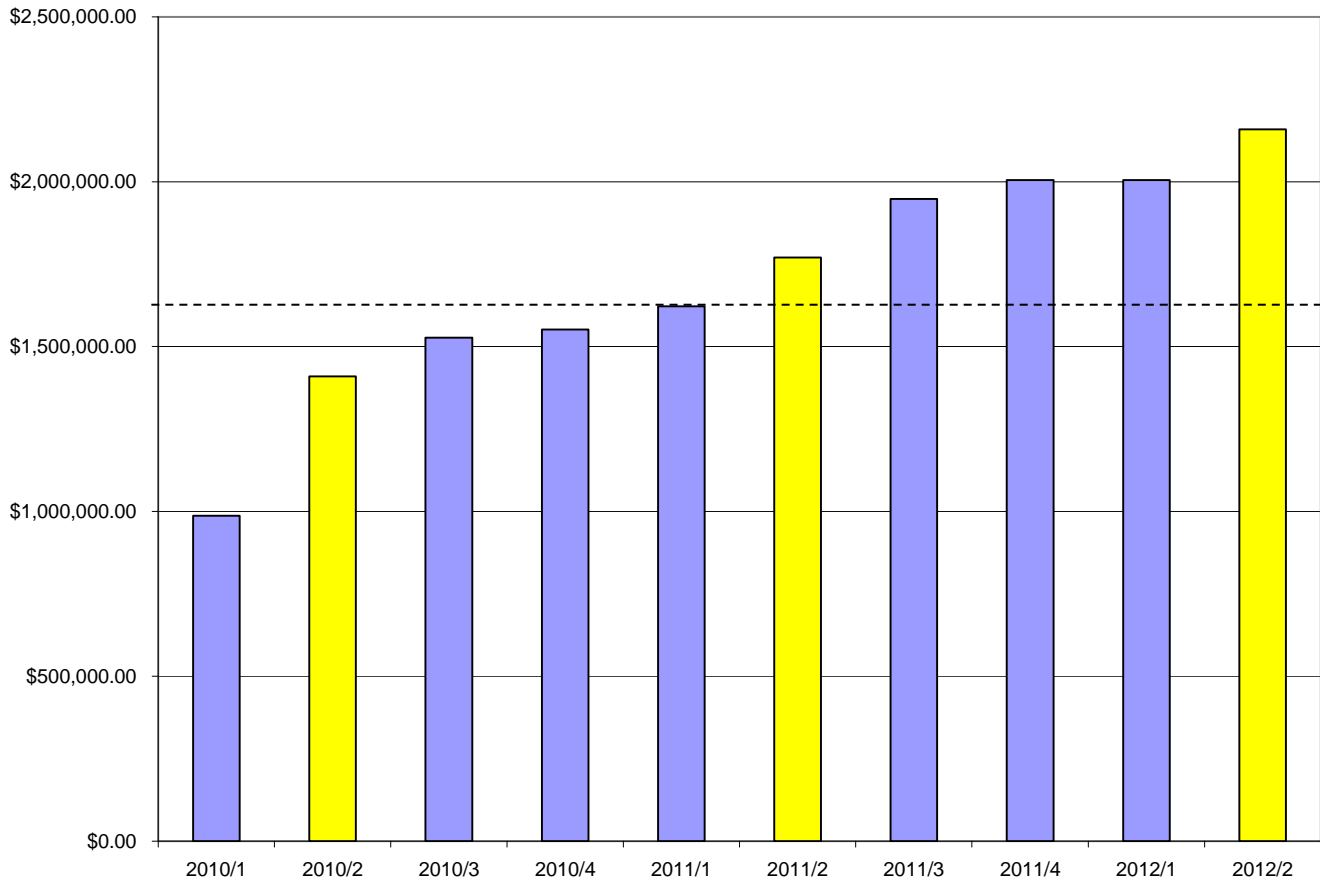


Major Revenues

Sales Tax

The Cerritos Auto Square generated the greatest amount of sales tax in the City in 2012-Q2 (\$2.1 million). In quarter-to-quarter comparison, 2012-Q2 increased from 2012-Q1 by 8%. The trend analysis indicates an increase in auto sales and a recovering local economy. The addition of two dealerships that opened in 2010 and an increase in consumer confidence may have contributed to the increased auto sales.

Cerritos Auto Square



2010-Q1 to 2012-Q2

Average: \$1,698,351

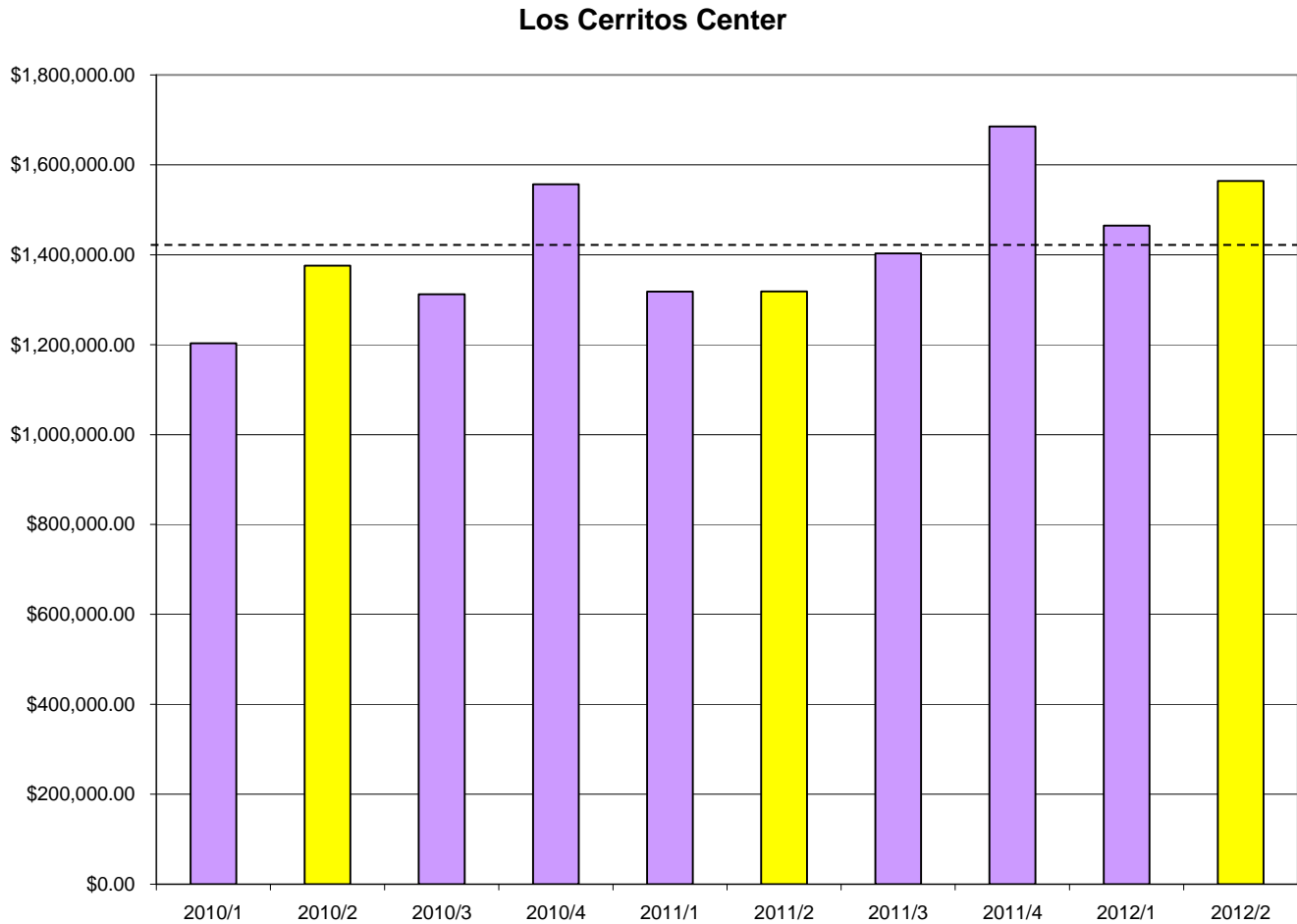
Auto sales generated sales tax has consistently increased with no decrease, and has more than doubled since 2010-Q1. This increasing slope on the bar chart for two years illustrates a positive sign for the Cerritos Auto Square. For example, in a quarter-to-quarter comparison of sales tax revenue, 2012-Q2 was 22% higher than 2011-Q2 and 53% higher than 2010-Q2.

TREND ANALYSIS: ↑ Increase

Major Revenues

Sales Tax

The Los Cerritos Center generated the second greatest amount of sales tax revenue for the City's General Fund at \$1.5 million dollars in 2012-Q2. Based on the trend analysis, sales tax revenue remained constant from the previous quarters. Since 2010-Q1, sales tax revenue at the Los Cerritos Center has remained relatively constant averaging approximately \$1.4 million dollars per quarter (with the exception of an increase in 2010-Q4 and 2011-Q4 that corresponds with fourth quarter holiday sales).



2010-Q1 to 2012-Q2

Average: \$1,420,242

Sales tax at the Los Cerritos Center has increased from 2010-Q1 to 2012-Q2 by approximately \$400,000. Additionally, a trend analysis from 2010-Q2 to 2012-Q2 indicates increases in sales tax revenue. For example, in a quarter-to-quarter comparison of sales tax revenue, 2012-Q2 was 19% higher than 2011-Q2 and 14% higher than 2010-Q2.

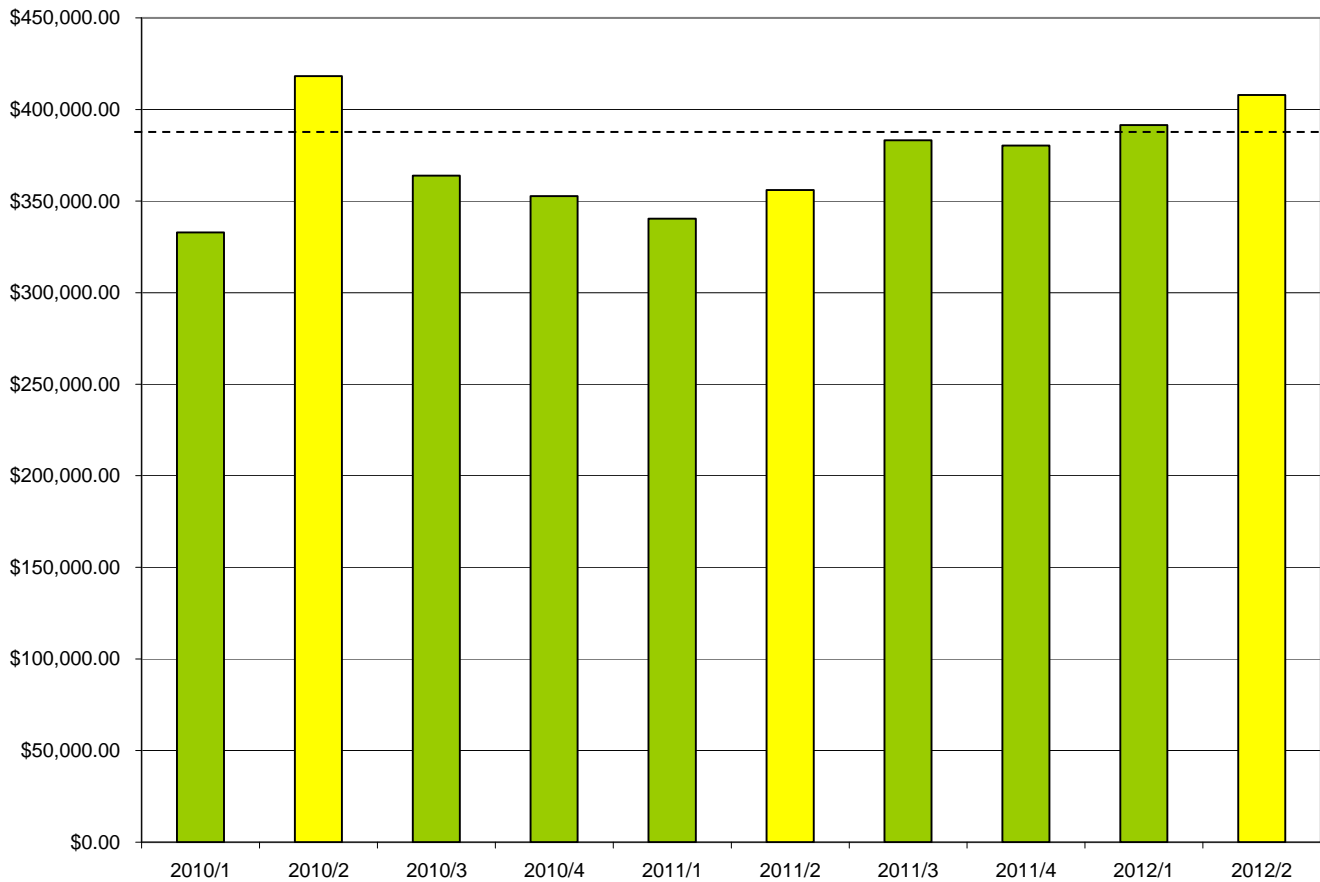
TREND ANALYSIS: ↑ Increase

Major Revenues

Sales Tax

The Cerritos Industrial Park is the third highest sales tax generator in Cerritos. The Cerritos Industrial Park generated \$407,846 in 2012-Q2, which is a 15% increase from 2011-Q2. Based on the trend analysis, sales tax revenue has remained constant from 2011-Q3 to 2012-Q2.

Cerritos Industrial Park



2010-Q1 to 2012-Q2

Average: \$372,687

Overall sales tax has increased since 2010-Q1; however, it has remained relatively constant from 2010-Q3 to 2012-Q2. Additionally, sales tax for 2012-Q2 exceeded the low of \$332,902 in 2010-Q1 by approximately \$75,000.

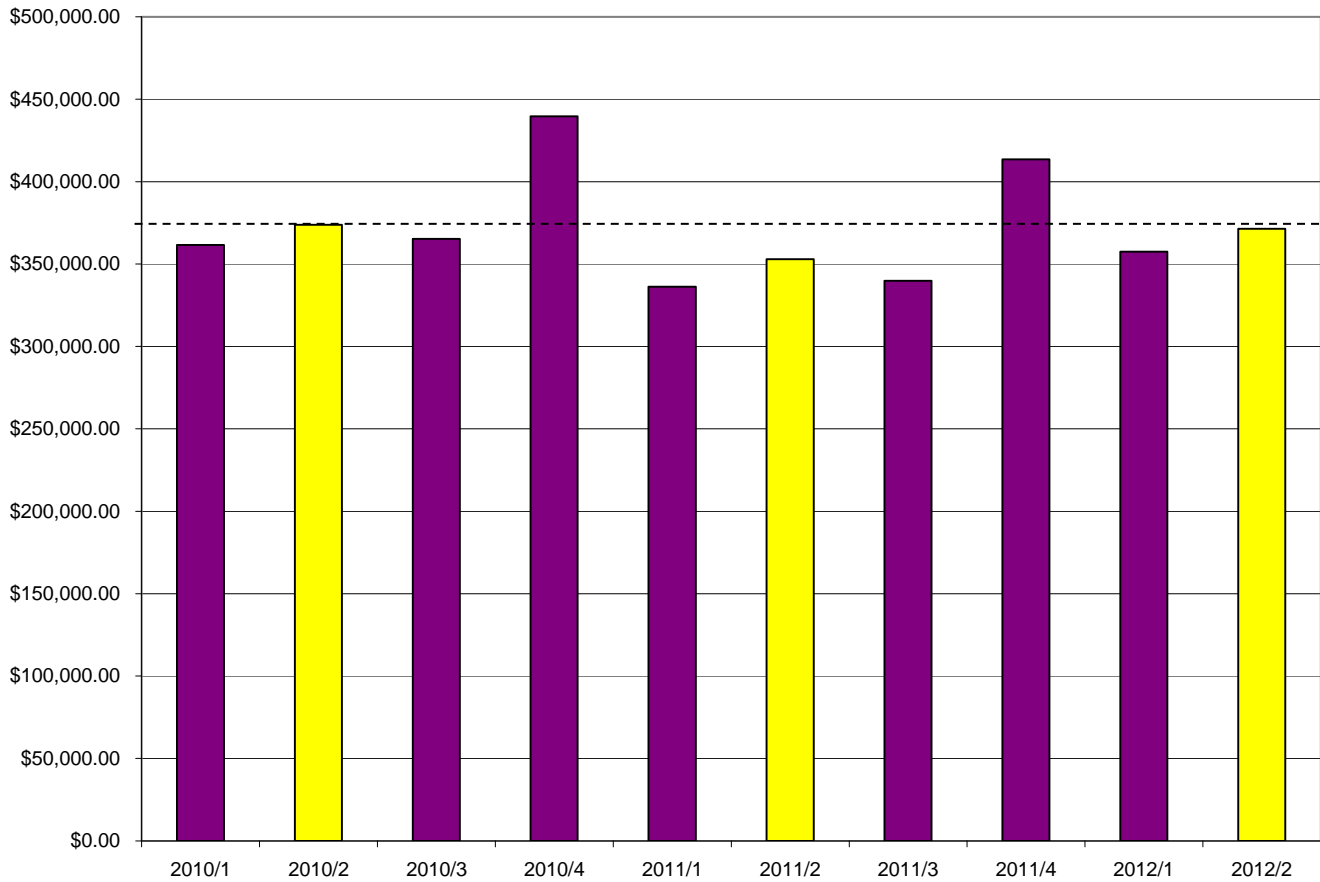
TREND ANALYSIS: → Constant

Major Revenues

Sales Tax

Sales tax revenue at the Cerritos Towne Center was \$371,407 for 2012-Q2, which is an increase of 5% from 2011-Q2. Based on a trend analysis, sales tax revenues have remained constant from 2010-Q1 to 2012-Q2 (with the exception of an increase in 2010-Q4 and 2011-Q4 that corresponds with fourth quarter holiday sales).

Cerritos Towne Center



2010-Q1 to 2012-Q2

Average: \$371,155

Sales tax has remained fairly constant since 2010-Q1 with an average of \$371,155 per quarter. The Cerritos Towne Center has not experienced a significant change in revenues over several quarters. In fact, 2012-Q2 sales tax revenue was consistent with 2011-Q2 and 2010-Q2

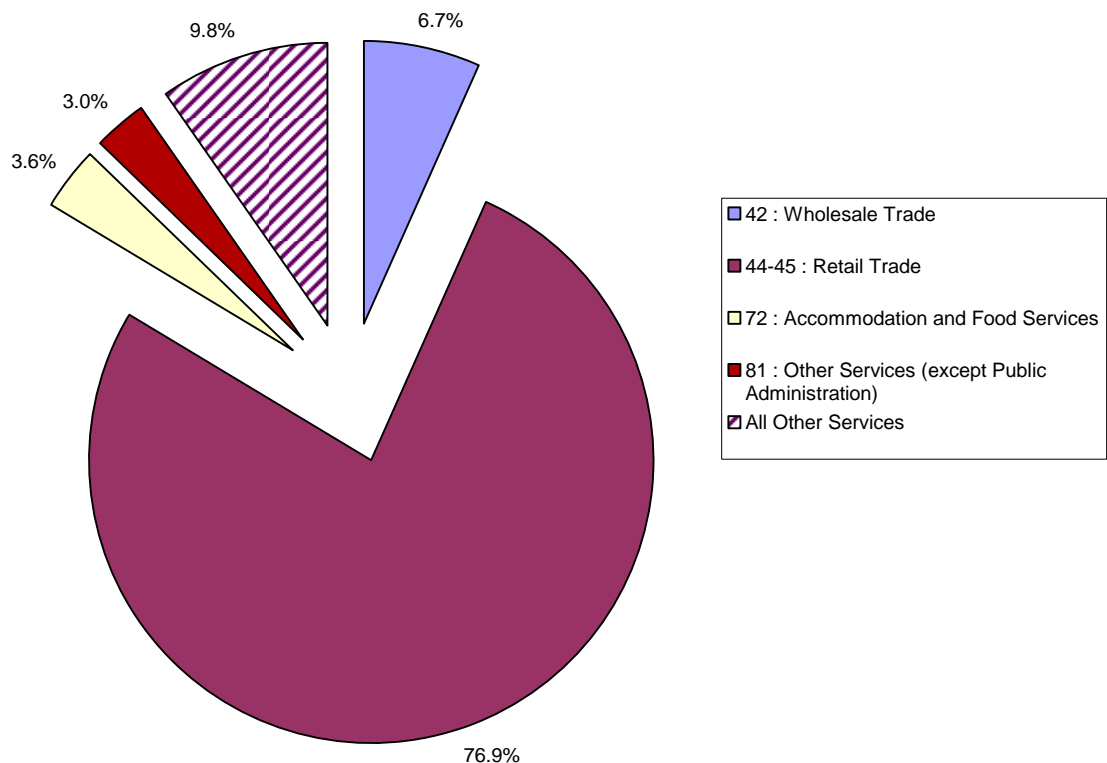
TREND ANALYSIS: → Constant

Major Revenues

Sales Tax – Top Five Generators

Staff 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 in 2012-Q2 is the Retail Trade industry, which generates 76.9% 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 (9.8%) followed by Wholesale Trade (6.7%). Accommodation and Food Services is fourth (3.6%) and Other Services (except Public Administration) is fifth (3%).

Top Five Sales Tax Generating Industries – 2012-Q2



Top Five Sales Tax Generating Industries

2012 Quarter	Retail Trade	All Other Industries	Wholesale Trade	Accommodation and Food Services	Other Services (except Public Administration)
2012-Q1	\$3,795,858	\$636,523	\$282,691	\$190,063	\$159,428
2012-Q2	\$4,170,574	\$531,178	\$362,636	\$195,858	\$161,257
Total	\$7,966,432	\$1,167,701	\$645,327	\$385,921	\$320,685

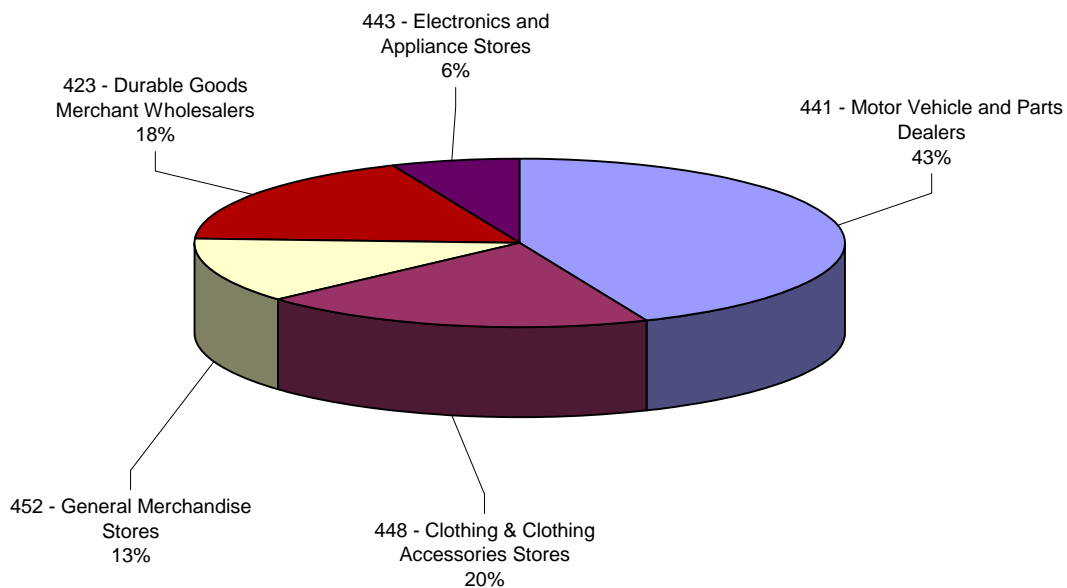
*North American Industry Classification System

Major Revenues

Sales Tax – Top Five Generators

As mentioned previously, Retail Trade generates 76.9% of the City's sales tax. Staff has identified the top five (5) sales tax retail subsectors or industries within the Retail Trade sector 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 43% of retail sales and is the top sales tax generator. Clothing and Clothing Accessories Stores make up 20%, Durable Goods Merchant Wholesalers make up 18%, while General Merchandise Stores makes up 13% of retail sales. Finally, Electronics and Appliance Stores make up 6% of retail sales.

Top Retail Trade Industries by NAICS Code - 2012-Q1



Definition of Top Five Sales Tax Generators by NAICS Code

441 – Motor Vehicles and Parts Dealers

Industries in the Motor Vehicle and Parts Dealers subsector provide retail sales of retail motor vehicles and parts from fixed point-of-sale locations. Establishments in this subsector typically operate from a showroom and/or an open lot where the vehicles are on display. The display of vehicles and the related parts require little by way of display equipment. The personnel generally include both the sales and sales support staff familiar with the requirements for registering and financing a vehicle as well as a staff of parts experts and mechanics trained to provide repair and maintenance services for the vehicles.

448 – Clothing and Clothing Accessories Stores

Industries in the Clothing and Clothing Accessories Stores subsector provide retail sales of new clothing and clothing accessories merchandise from fixed point-of-sale locations. Establishments in this subsector have similar display equipment and staff that is knowledgeable regarding fashion trends and the proper match of styles, colors, and combinations of clothing and accessories to the characteristics and tastes of the customer.

Major Revenues

Sales Tax – Top Five Generators

423 – Merchant Wholesalers, Durable Goods

Industries in the Merchant Wholesalers, Durable Goods subsector sell capital or durable goods to other businesses. Merchant wholesalers generally take title to the goods that they sell; in other words, they buy and sell goods on their own account. Durable goods are new or used items generally with a normal life expectancy of three years or more. Durable goods merchant wholesale trade establishments are engaged in wholesaling products, such as motor vehicles, furniture, construction materials, machinery and equipment (including household-type appliances), metals and minerals (except petroleum), sporting goods, toys and hobby goods, recyclable materials, and parts.

452 – General Merchandise Stores

Industries in the General Merchandise Stores subsector provide retail sales of new general merchandise from fixed point-of-sale locations. Establishments in this subsector are unique in that they have the equipment and staff capable of retailing a large variety of goods from a single location. This includes a variety of display equipment and staff trained to provide information on many lines of products.

443 – Electronics and Appliance Stores

Industries in the Electronics and Appliance Stores subsector provide retail sales of new electronics and appliances from point-of-sale locations. Establishments in this subsector often operate from locations that have special provisions for floor displays requiring special electrical capacity to accommodate the proper demonstration of the products. The staff includes sales personnel knowledgeable in the characteristics and warranties of the line of goods retailed and may also include trained repair persons to handle the maintenance and repair of the electronic equipment and appliances. The classifications within this subsector are made principally on the type of product and knowledge required to operate each type of store.

Top Five Retail Trade Sales Tax Generating Industries

2012 Quarter	441 Motor Vehicles and Parts Dealers	448 Clothing & Clothing Accessories Stores	423 Durable Goods Merchant Wholesalers	452 General Merchandise Stores	443 Electronics and Appliance Stores
2012-Q1	\$770,256	\$352,434	\$263,168	\$224,972	\$95,692
2012-Q2	\$847,689	\$385,572	\$244,523	\$344,345	\$124,594
Total	\$1,617,945	\$738,006	\$507,691	\$569,317	\$220,286

*North American Industry Classification System

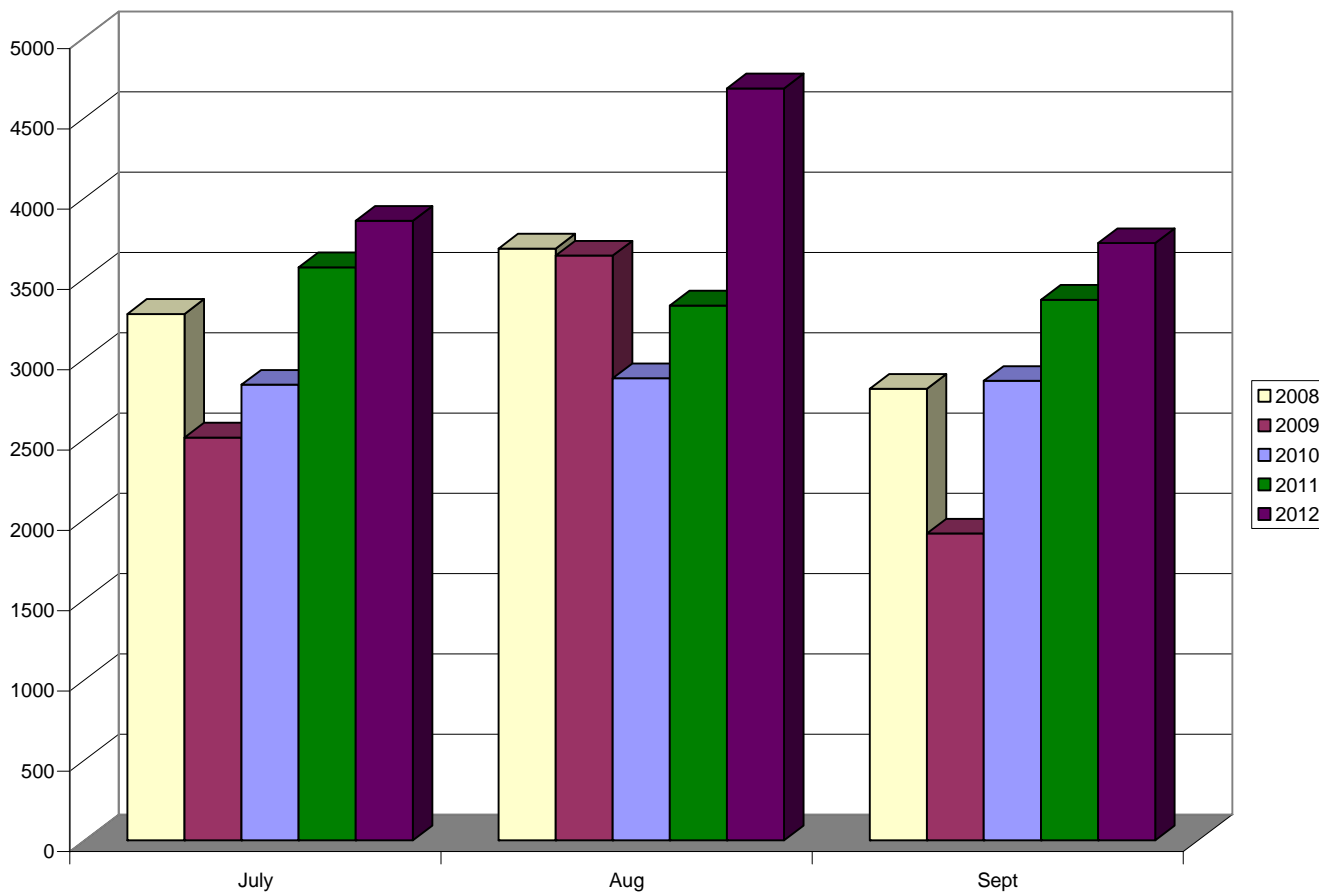
Major Revenues

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.

For 2012-Q3, sales increased every month from the previous year. In fact, sales were higher than in 2008, 2009, 2010 and 2011. In July 2012, a total of 3,859 cars were sold, which is an 8% increase over July 2011. Additionally, a total of 4,683 cars were sold in August 2012, a 41% increase over August 2011 and 3,720 cars were sold in September 2012, which is a 10% increase over September 2011.

Number of Vehicles Sold in Cerritos Auto Square, Five Year Period



Cars Sold in 2012-Q3

July	August	September
3,859	4,683	3,720

2012-Q3 Total: 12,262
 2011-Q3 Total: 10,267
 Difference: (+1,995)

TREND ANALYSIS: ↑ Increase

Major Revenues

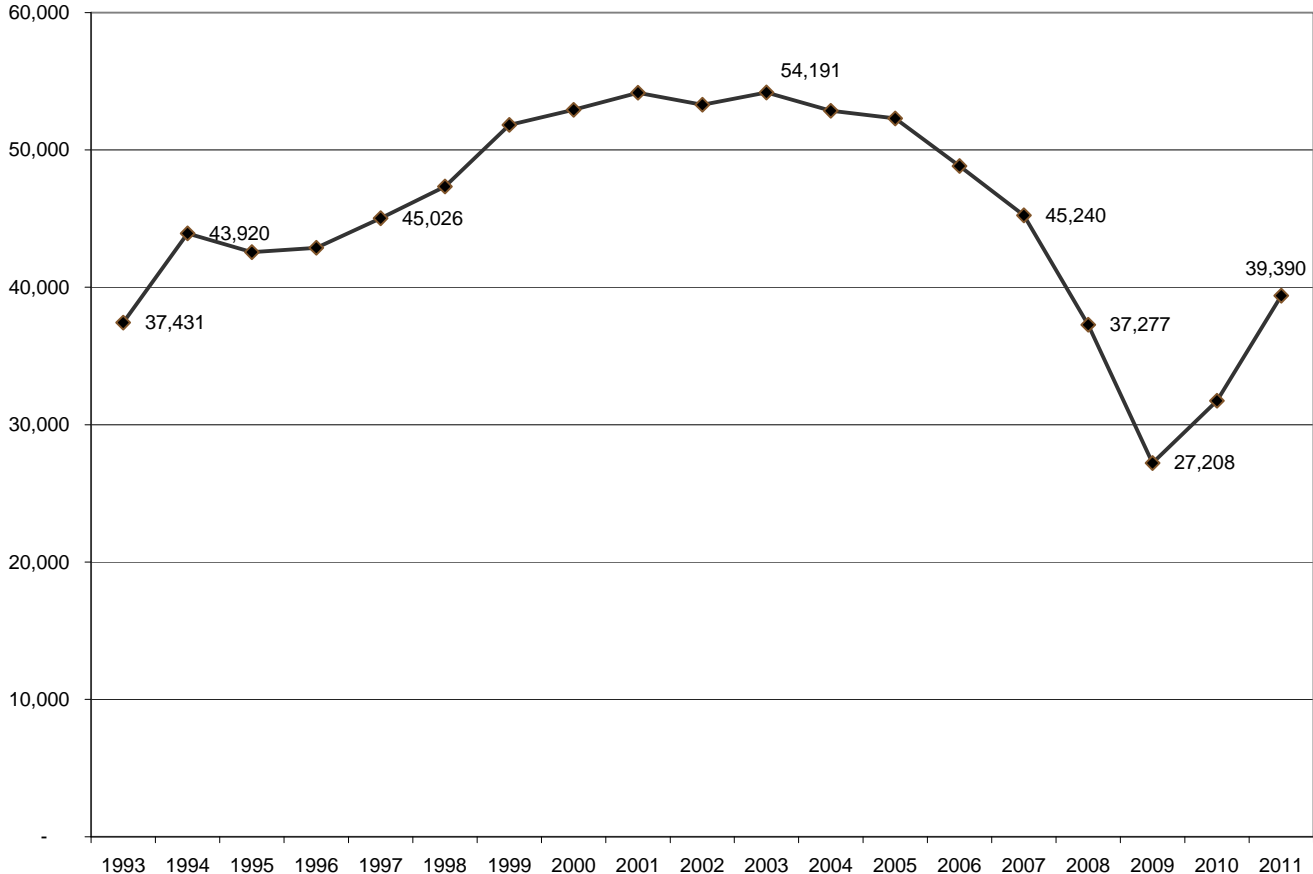
Auto Sales

The Cerritos Auto Dealers Association has been compiling data since 1993 in order to conduct annual sales comparisons. From 1993 to 2011, a total of 860,391 cars have been sold, equating to an annual average of 45,284 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.

The Cerritos Auto Square experienced a significant increase in auto sales in 2011. In fact, there was a 24% increase in auto sales from 2010 to 2011 (a total of 7,643 more cars were sold). This is two years in a row that total annual sales exceeded sales totals from the previous year (2010 and 2011).

1993	1994	1995	1996	1997
37,431	43,920	42,556	42,879	45,026
1998	1999	2000	2001	2002
47,341	51,825	52,925	54,164	53,288
2003	2004	2005	2006	2007
54,191	52,857	52,290	48,836	45,240
2008	2009	2010	2011	
37,277	27,208	31,747	39,390	

Trend Analysis – 1993 to 2011

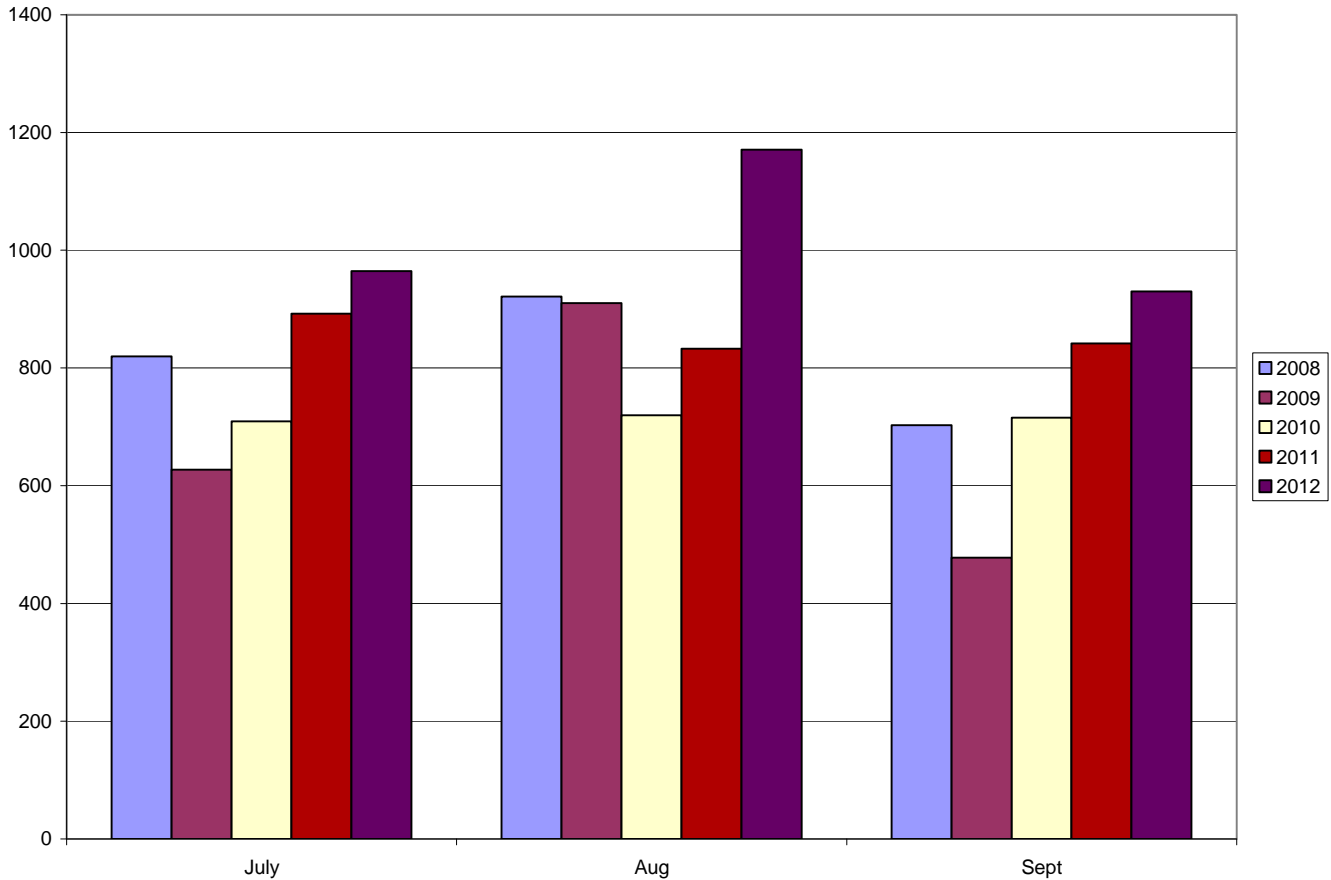


Major Revenues

Auto Sales

Based on a trend analysis, weekly sales average for 2012-Q3 exceeded weekly averages for 2011-Q3, 2010-Q3, 2009-Q3 and 2008-Q3. August 2012 experienced the highest number of weekly average sales in comparison from the previous four years. This increase in weekly sales averages is a positive sign for the Cerritos Auto Square.

Weekly Averages – 2008-Q3 to 2012-Q3



Weekly Average 2012-Q3

- July 2012 (965 cars sold)
- August 2012 (1,171 cars sold)
- September 2012 (930 cars sold)

Weekly Average 2011-Q3

- July 2011 (892 cars sold)
- August 2011 (833 cars sold)
- September 2011 (842 cars sold)

Weekly Average 2010-Q3

- July 2010 (710 cars sold)
- August 2010 (720 cars sold)
- September 2010 (716 cars sold)

Weekly Average 2009-Q3

- July 2009 (627 cars sold)
- August 2009 (911 cars sold)
- September 2009 (478 sold)

Weekly Average 2008-Q3

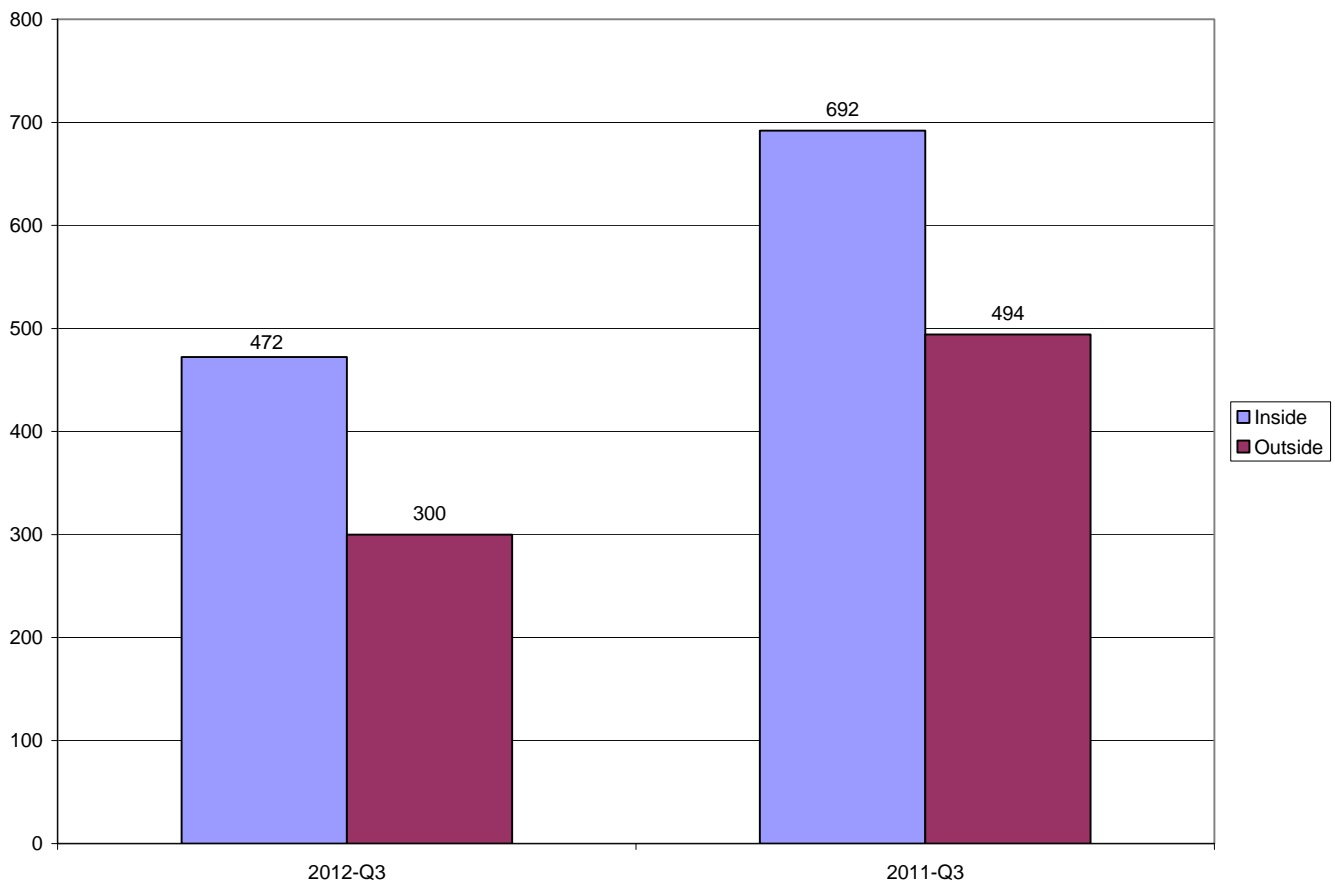
- July 2008 (820 cars sold)
- August 2008 (922 cars sold)
- September 2008 (703 sold)

Major Revenues

Business License

The tracking of new and renewed business licenses is one method of forecasting business growth in the City. For 2012-Q3, a total of 772 new and renewal business licenses were processed by the City's Business License Division, which equated to \$218,830 in revenue. In Cerritos, there are a higher proportion of businesses that have a City business license that are located outside the City boundaries. These businesses are largely made up of contractors, who are required to have a City issued business license; however, their business offices are not located within the City's jurisdictional boundaries. In 2012-Q3, the City experienced a 35% decrease in the issuance of new and renewal of business licenses from 2011-Q3.

2012-Q3 New and Renewal of Business Licenses – Located in Cerritos and Located Outside Cerritos



2012-Q3 New and Renewal of Business Licenses

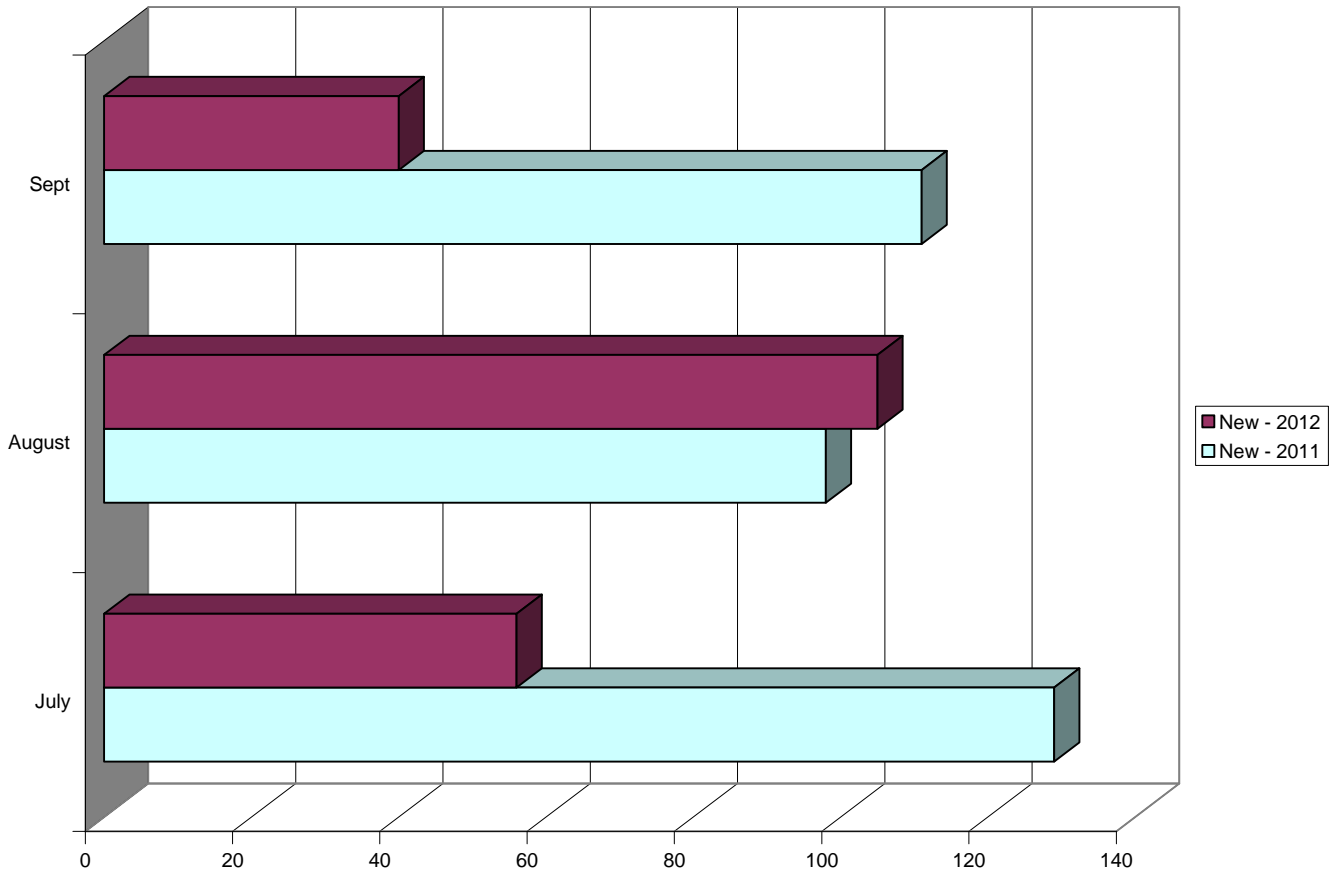
Location	July	August	September
Inside Cerritos	107	272	93
Outside Cerritos	76	170	54
Total	183	442	147

2012-Q3 Total New and Renewal of Business Licenses: 772
2011-Q3 Total New and renewal of Business Licenses: 1,186
Difference: (-414)

Major Revenues

Business License

Based on data from the City's Business License Division, the City processed 201 new business licenses for 2012-Q3, which is a 41% decrease from 2011-Q3. In August 2012, the City experienced an increase in new business licenses from the previous year.



New Business License Decrease/Increase from 2011 to 2012

Jan	Feb	Mar	Apr	May	June
28% ↓	19% ↓	29% ↓	39% ↓	5% ↑	8% ↑
July	Aug	Sept	Oct	Nov	Dec
57% ↓	7% ↑	64% ↓			

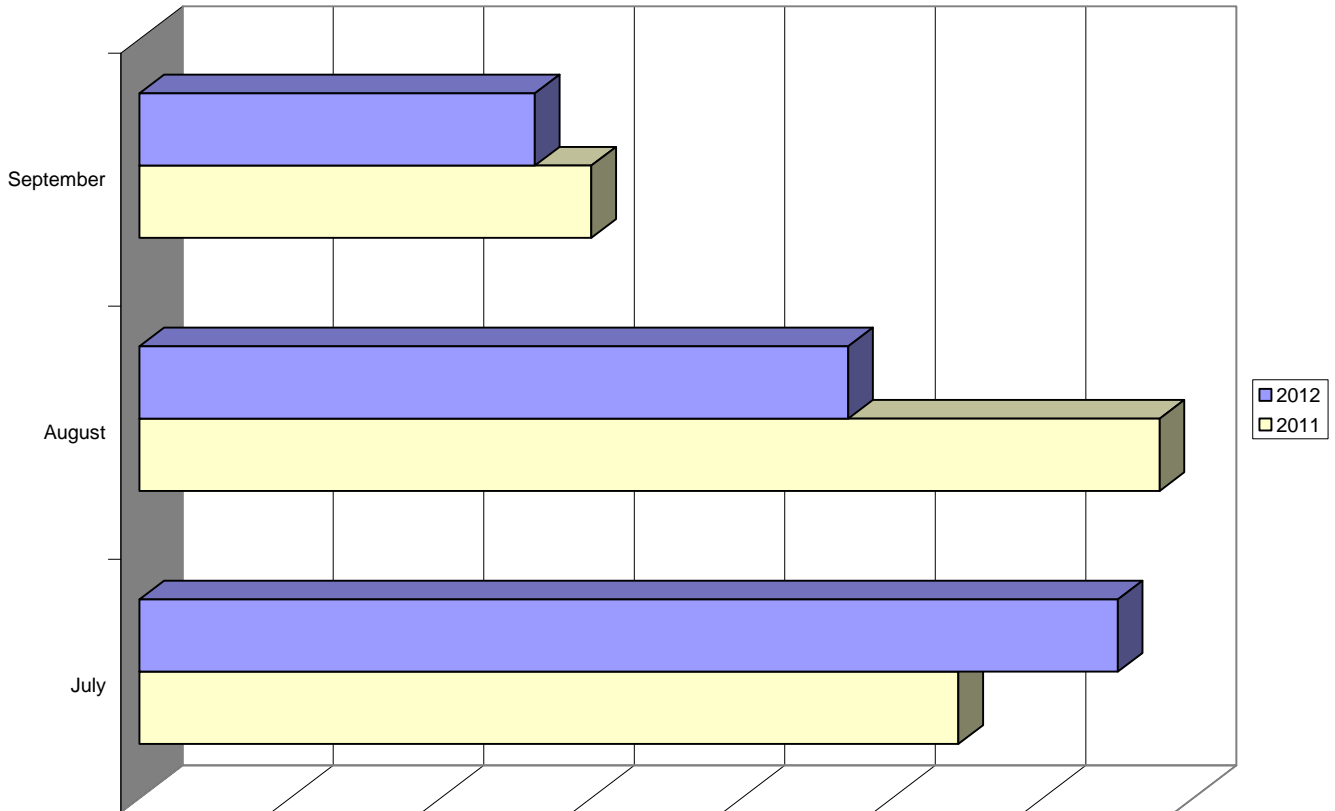
TREND ANALYSIS: ↓ Decrease

Major Revenues

Los Cerritos Center

The tracking of visitors at the Los Cerritos Center is another method of forecasting business growth and consumer confidence in retail sales. The Los Cerritos Center was the second largest sales tax generator in the City for 2012-Q3 and experienced an approximate overall decrease of 1% in monthly visitors from 2011-Q3 to 2012-Q3.

Monthly Visitors – Los Cerritos Center



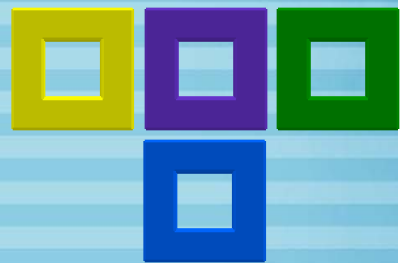
*At the request of Macerich, the Los Cerritos Center property management company, the actual numbers of monthly visitors are not provided. The bar graphs represent the percentage gain or loss from 2011 to 2012.

Monthly Traffic—Percentage Gain/Loss from 2011 to 2012

July	August	September
3% ↑	-5% ↓	-1% ↓

TREND ANALYSIS: ↓ Decrease

Unemployment

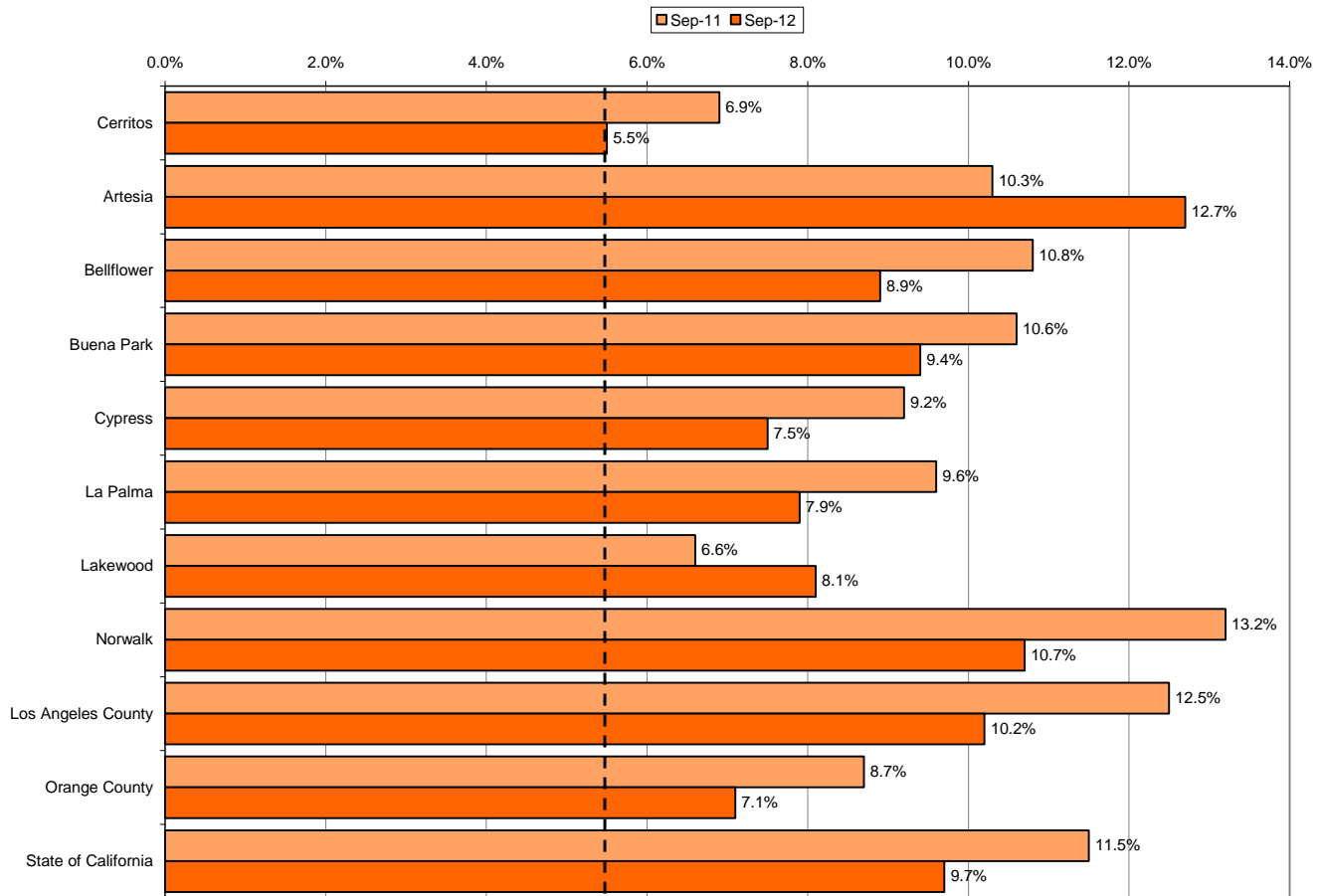


Unemployment

Surrounding Cities

According to the California Employment Development Department, the unemployment rate among Cerritos residents in September 2012 was approximately 5.5%, which is the lowest unemployment rate among surrounding cities. Cerritos' unemployment rate has dropped from 6.9% in September 2011 to 5.5% in September 2012. Additionally, the Cerritos unemployment rate is lower than Los Angeles County (10.2%), Orange County (7.1%) and the State of California (9.7%). Overall, unemployment rates appear to be improving throughout the region.

**Unemployment Rate – Surrounding Cities
September 2012**



Annual Unemployment Rate - Cerritos

August 2011	December 2011	February 2012	September 2012
6.3%	6.6%	6.6%	5.5%

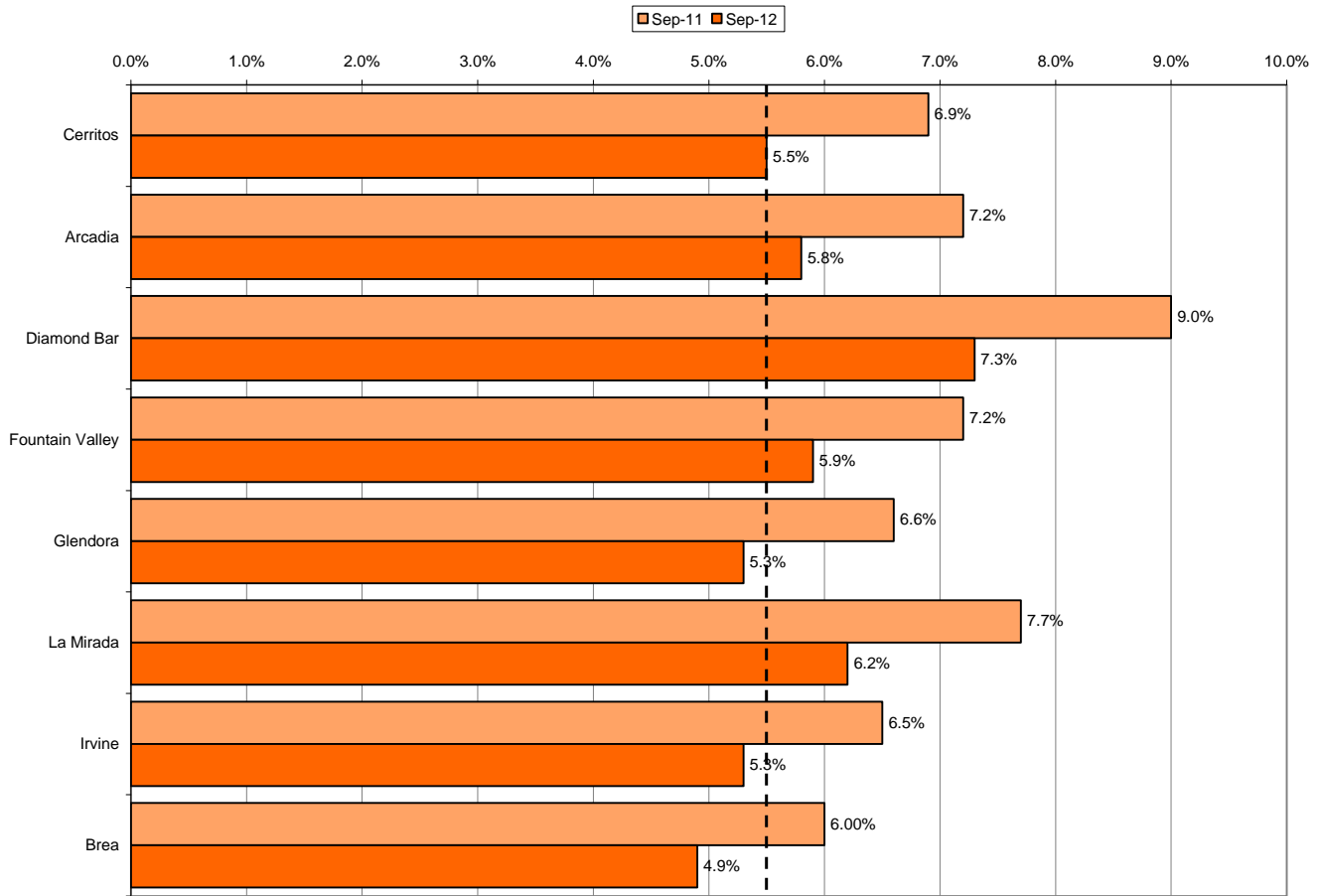
TREND ANALYSIS: ↓ Decrease

Unemployment

Comparable Cities

In comparison to cities similar to Cerritos in size and/or demographics in the region, Brea had the lowest unemployment rate at 4.9%, which is lower than Cerritos at 5.5%. However, Cerritos unemployment rate was lower than Arcadia (5.8%), Diamond Bar (7.3%), Fountain Valley (5.9%), and La Mirada (6.2%).

Unemployment Rate – Comparable Cities



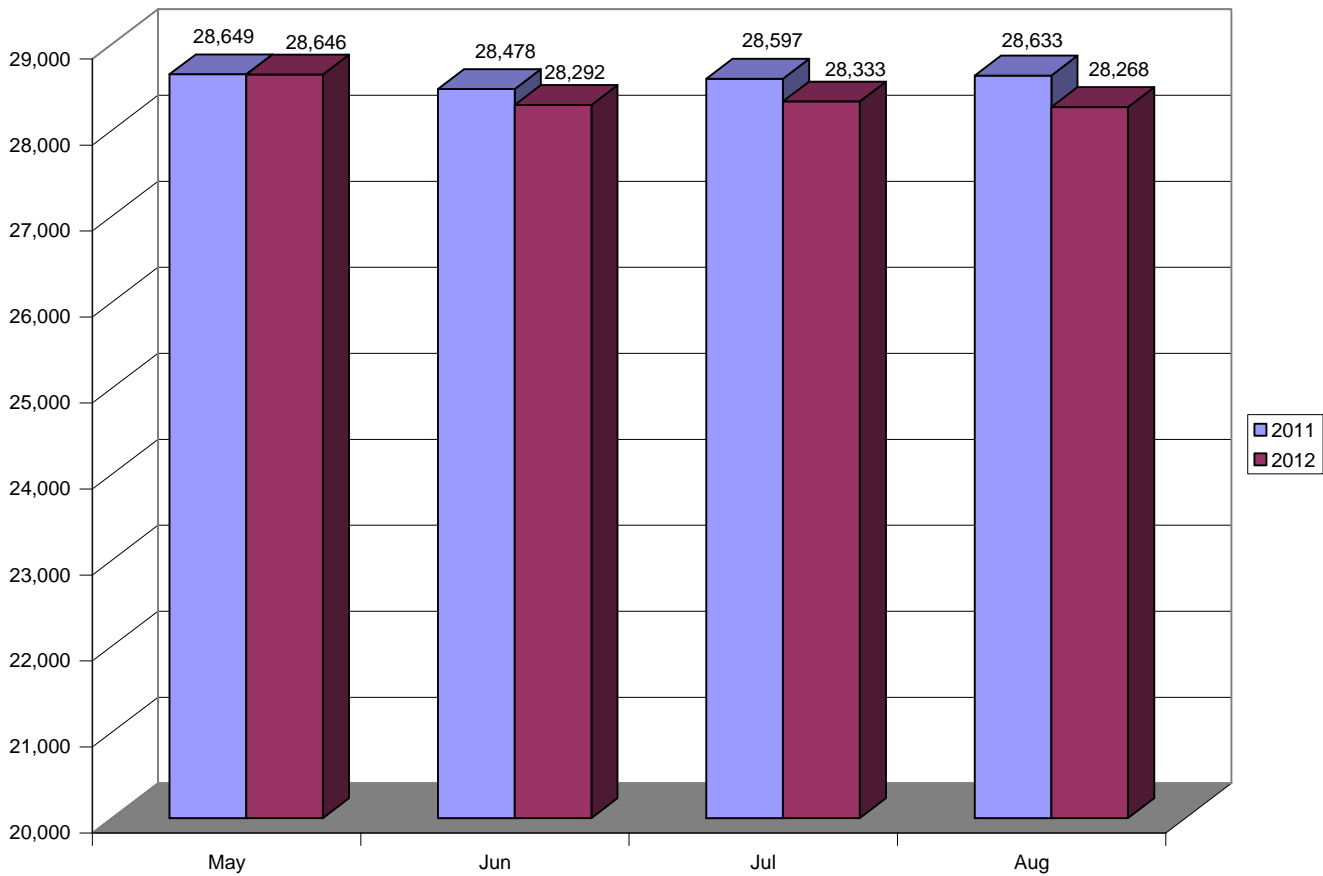
TREND ANALYSIS: ↓ Decrease

Employment

Cerritos – Labor Force

According to the United States Bureau of Labor and Statistics, labor force refers to the sum of all employed and unemployed individuals in the economy. In Cerritos, there are 28,268 persons as of August 2012 in the local workforce (a decrease of 365 persons from the same quarter last year). Based on a trend analysis, the labor force in the City has decreased from 28,646 in May 2012 to 28,268 persons in August 2012 (378 person decrease). Additionally, the labor force has decreased from the previous year. (Please note that August 2012 was the most recent data available on the United States Bureau of Labor and Statistics website.)

Labor Force – Cerritos



Average - Cerritos Labor Force

2002	2003	2004	2005	2006
28,615	28,520	28,618	28,826	29,133

2007	2008	2009	2010	2011
29,478	29,498	28,709	28,597	28,725

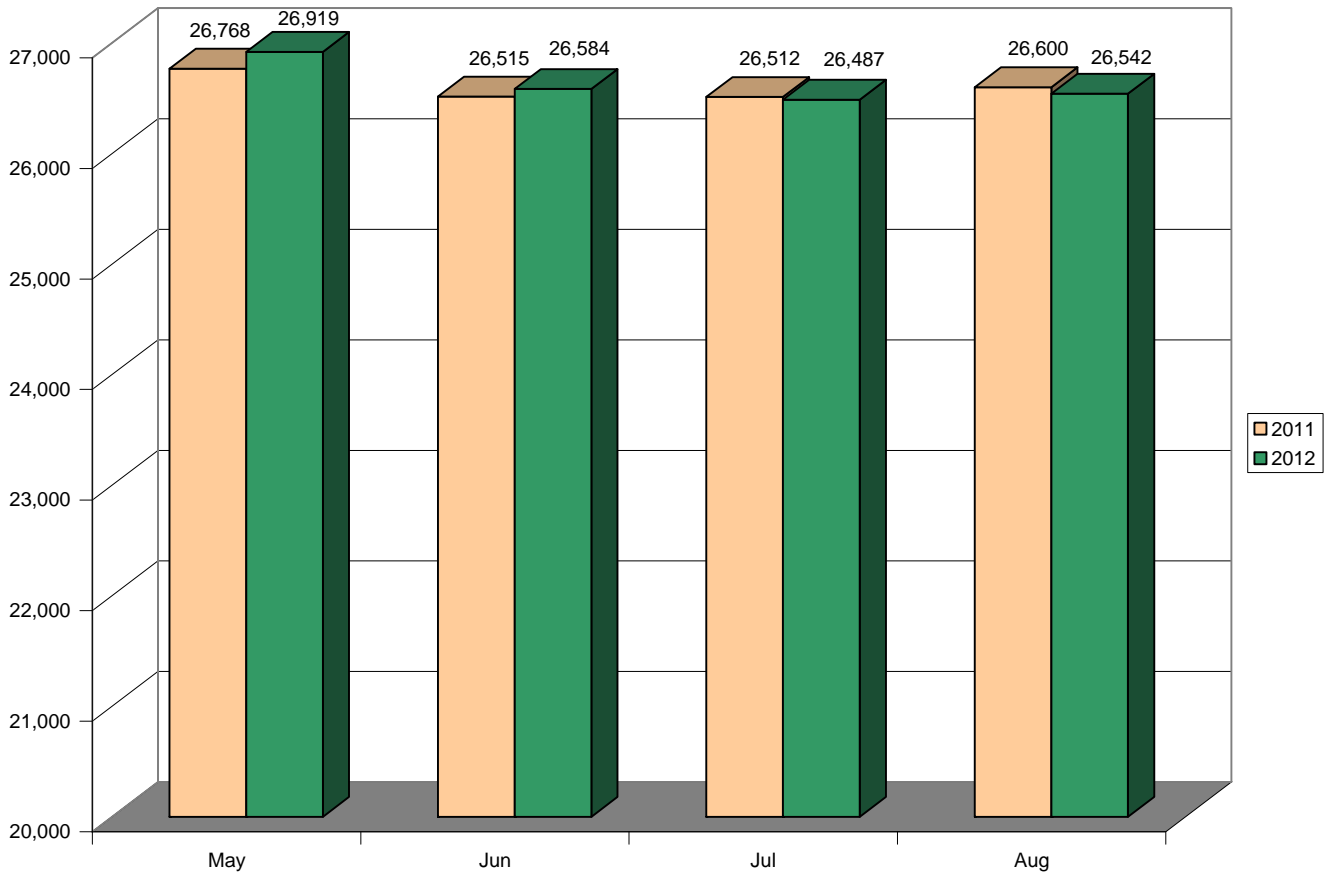
TREND ANALYSIS: ↓ Decrease

Employment

Employment in Cerritos

As mentioned on the previous page, there are 28,268 individuals in the Cerritos labor force for August 2012. As part of the workforce of 28,268, there are 26,542 jobs within the City that employ both Cerritos residents and persons that reside outside of Cerritos. Based on the trend analysis, employment from May 2012 through August 2012 has remained constant with an average of 26,633.

Employment – Cerritos



Average – Employment in Cerritos

2002	2003	2004	2005	2006
27,581	27,457	27,624	28,008	28,397
2007	2008	2009	2010	2011
28,688	28,315	26,887	26,615	26,786

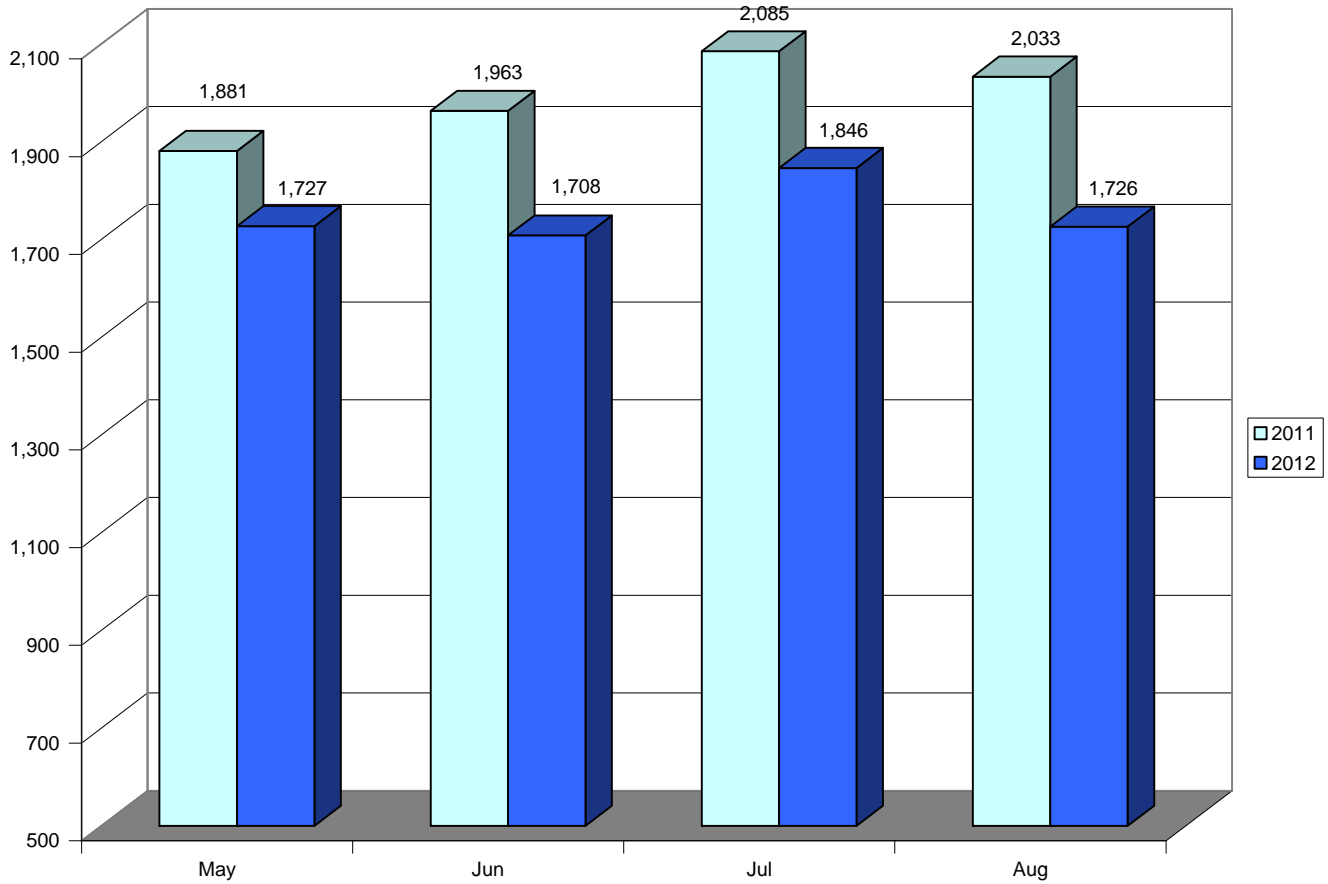
TREND ANALYSIS: → Constant

Unemployment

Unemployment in Cerritos

According to the United States Bureau of Labor and Statistics, the number of individuals unemployed is calculated with the following formula: (unemployment = labor force – employment). Based on the data from August 2012, there are currently 1,726 individuals (5.5%) unemployed in Cerritos, which is a decrease from 2011.

Unemployment – Cerritos

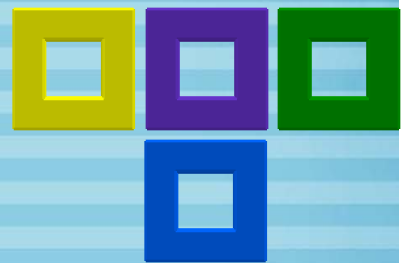


Average – Unemployed in Cerritos

2002	2003	2004	2005	2006
1,034	1,063	994	818	736
2007	2008	2009	2010	2011
790	1,183	1,822	1,982	1,939

TREND ANALYSIS: ↓ Decrease

Commercial Real Estate

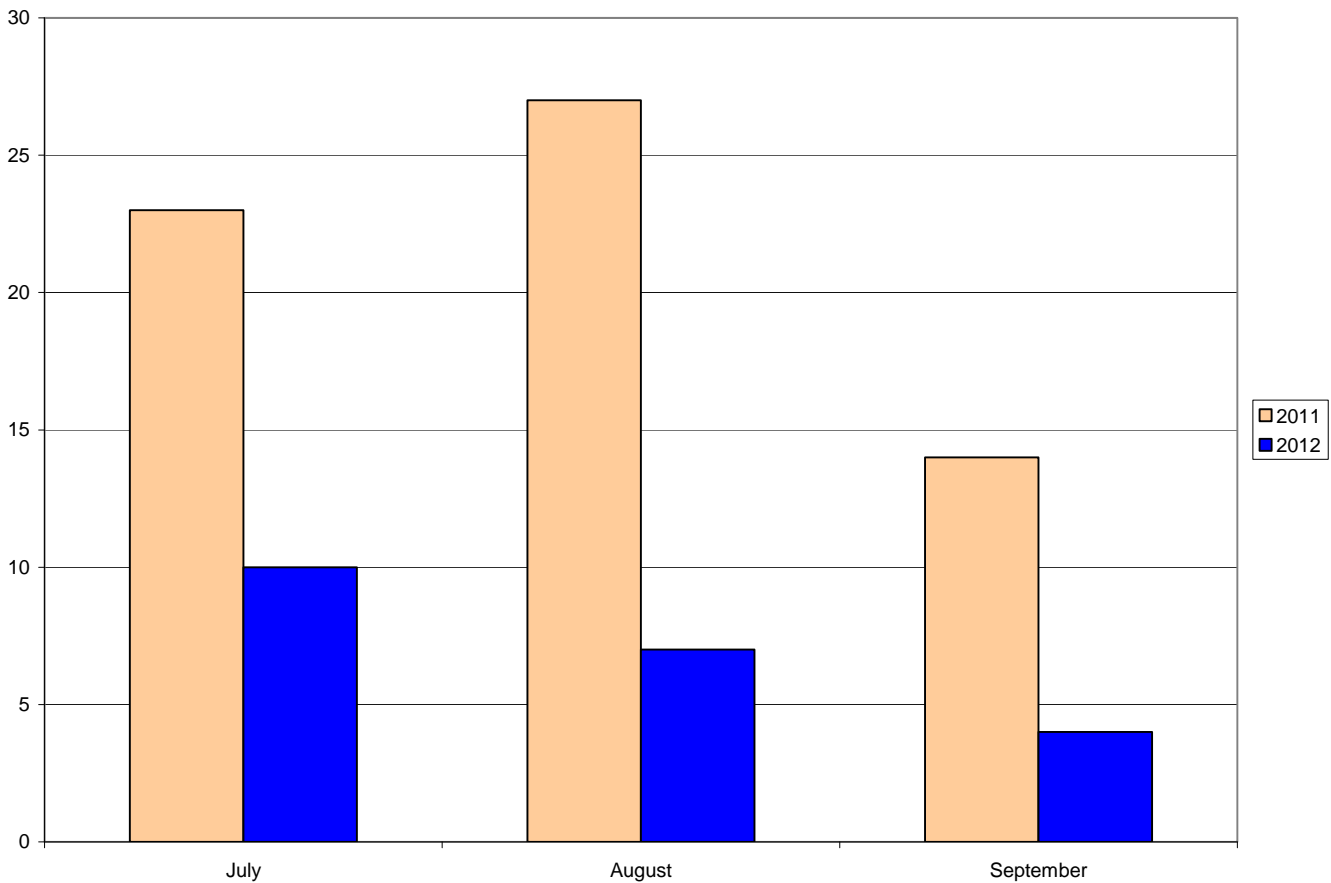


Commercial Real Estate

Certificate of Occupancy

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 are indications that the local economy is growing. For 2012-Q3, CO's decreased from a year ago. A total of 21 CO's were processed in 2012-Q3, a decrease of 43 from 2011-Q3, in which 64 CO's were processed.

Certificates of Occupancy for 2012-Q3



Certificate of Occupancy – 2012

Jan	Feb	Mar	Apr	May	June
16	16	13	17	24	21
July	Aug	Sept	Oct	Nov	Dec
10	7	4			

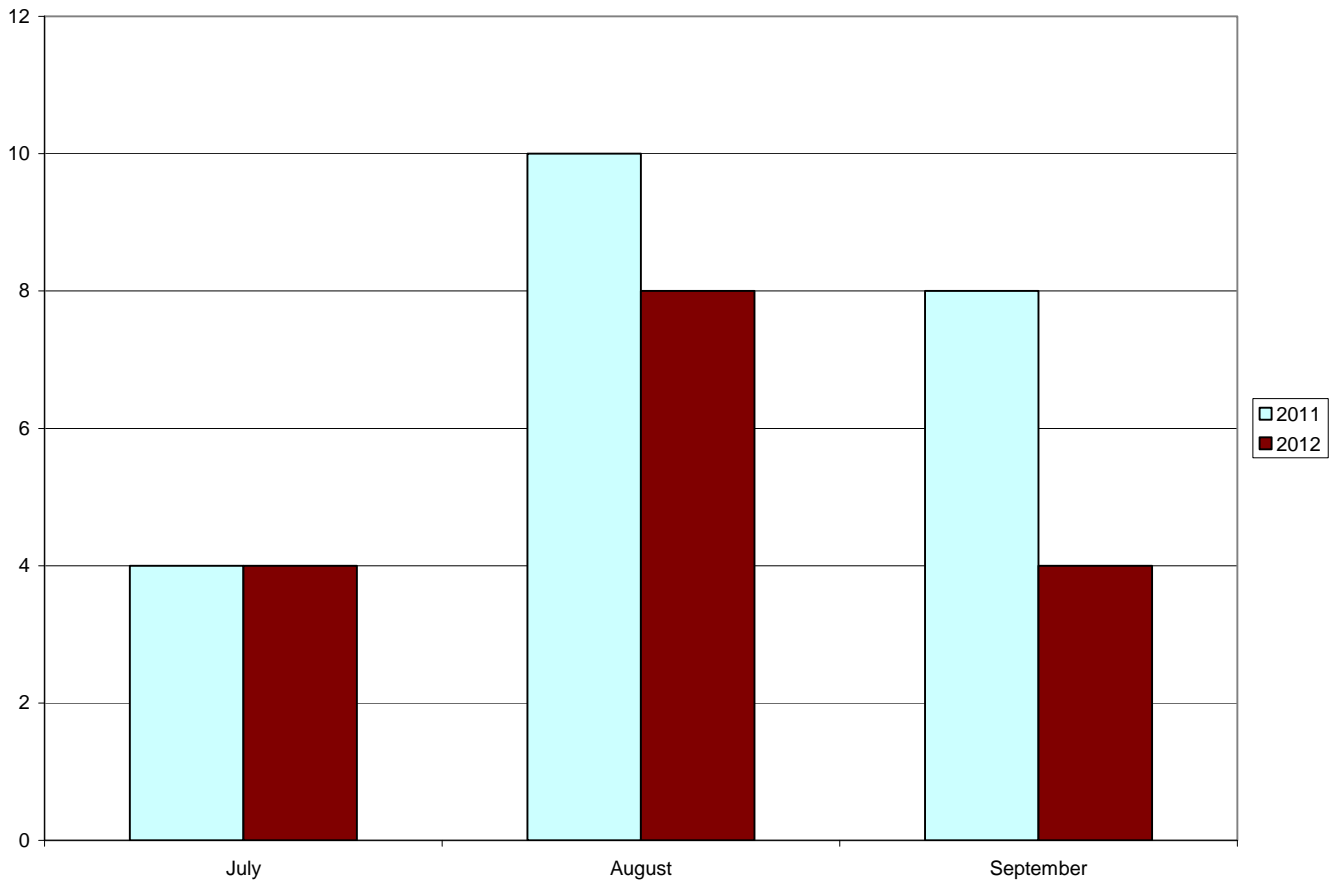
TREND ANALYSIS: ↓ Decrease

Commercial Real Estate

Tenant Improvement

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. A TI is an indicator of a new business starting in the City or an existing business expanding to meet their needs. For 2012-Q3, tenant improvements decreased from the previous year. A total of 16 TI's were processed in 2012-Q3, a decrease of six from 2011-Q3, in which 22 TI's were processed.

Tenant Improvements for 2012-Q3



Tenant Improvements – 2012

Jan	Feb	Mar	Apr	May	June
2	3	6	5	9	6
July	Aug	Sept	Oct	Nov	Dec
4	8	4			

TREND ANALYSIS: ↓ Decrease

Commercial Real Estate

Cerritos Vacancy Rates

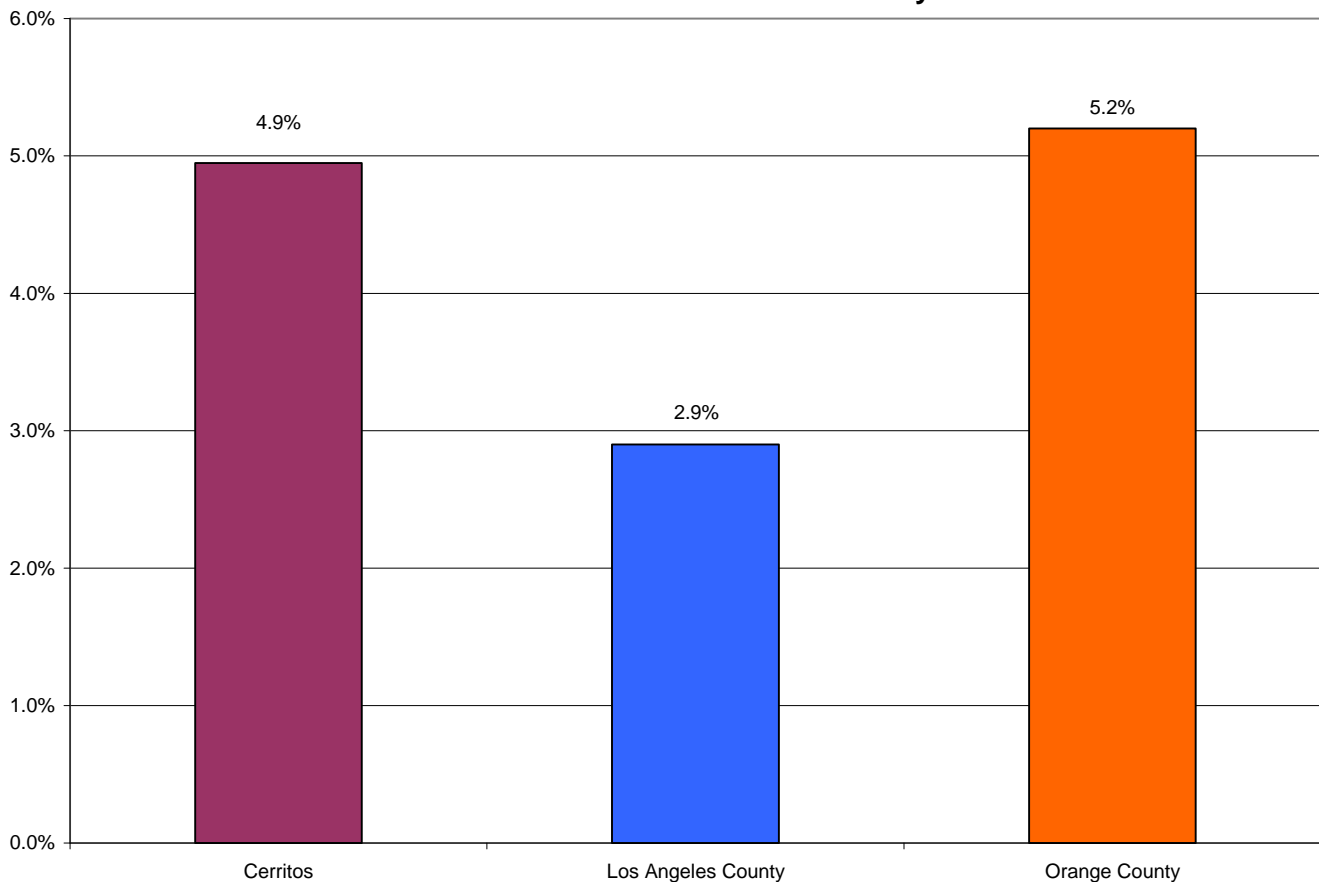
The City of Cerritos currently has a low vacancy rate when compared to the overall total available space for industrial, office, and retail uses. Currently, there is approximately 746,572 square feet of vacant industrial space, which equates to 4.9% of the total available citywide industrial space. In addition, the City has approximately 172,489 square feet of vacant office space (12% of the total office space in Cerritos) and approximately 103,755 square feet of available retail space (2.2% of the total retail space in Cerritos). This equates to a total of 1,022,816 of available commercial space in the City, which is equal to 4.8% of the total amount of commercial square footage within the city.

Total Available and Vacant Space in Cerritos

Use	Total Space (Sq. Ft.)	Total Vacant Space (Sq. Ft.)	Percent (%) of Vacancy in Cerritos
Industrial	15,185,149	746,572	4.9%
Office	1,422,575	172,489	12%
Retail	4,685,788	103,755	2.2%
Total	20,449,552	1,022,816	4.8%

Cerritos' industrial market vacancy rate is lower than Orange County; however, higher than Los Angeles County. In 2012-Q3, the industrial market vacancy rate in Cerritos was 4.9%, which is higher than Los Angeles County (2.9%) but lower than Orange County (5.2%).

Commercial Real Estate—Industrial Vacancy Rates

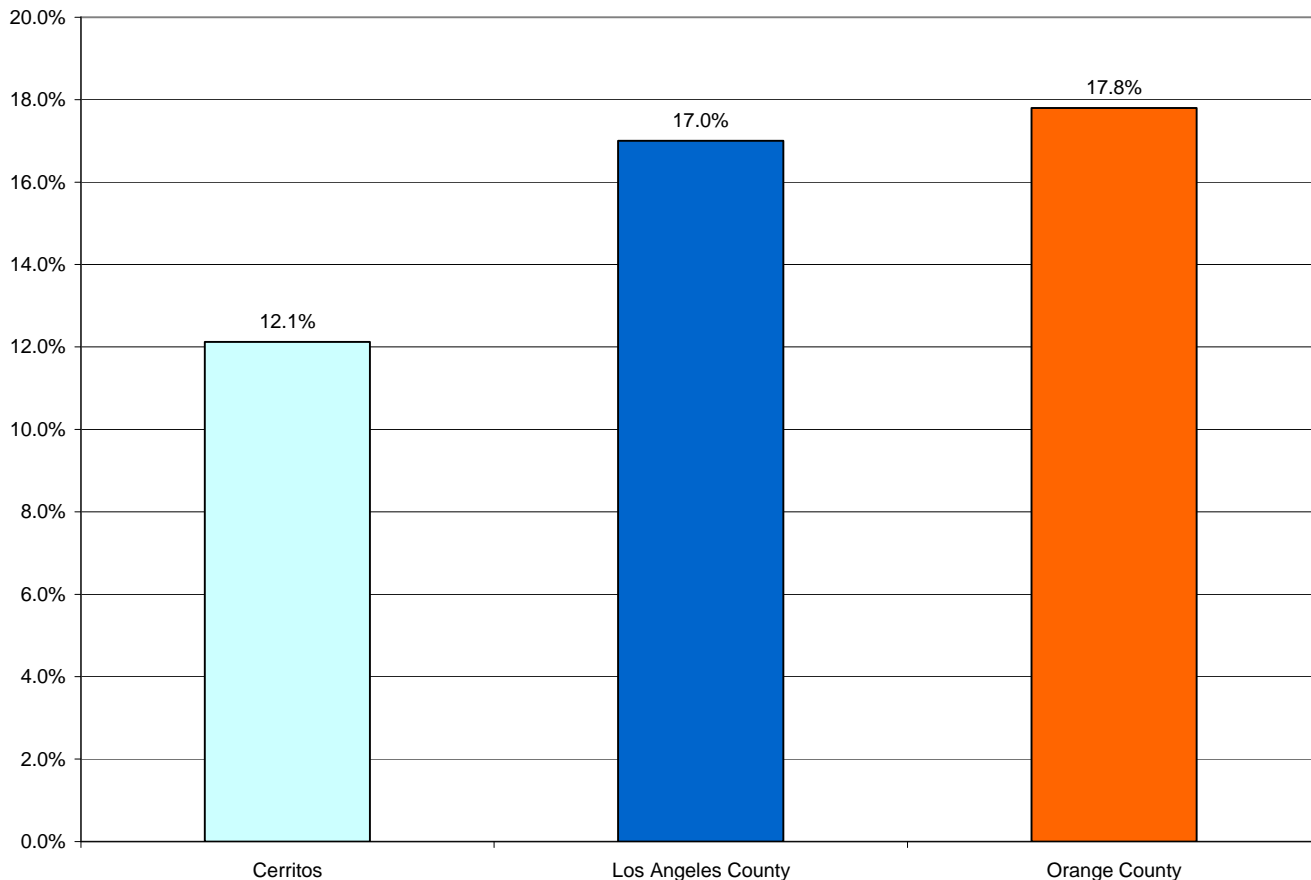


Commercial Real Estate

Regional Office Vacancy Rates

Cerritos' office market vacancy rate is lower than those in Orange County and Los Angeles County. In 2012-Q3, the office market vacancy rate in Cerritos was 12%, which is lower than Los Angeles County (17%) and Orange County (17.8%).

Office Vacancy Rate



Cerritos Retail Vacancy Rate

Based on available data, Cerritos has a retail vacancy rate of 2.2% for 2012-Q3. This low vacancy rate indicates that retail space is in great demand in Cerritos. In addition, Cerritos' strategic location along the 91 and 605 Freeways contribute toward a greater demand for retail space. The Cerritos Towne Center and Los Cerritos Center are located along these freeways and consumers have easy access to these centers for their retail shopping needs. Please note that a detailed comparison of previous quarters is not available at this time. However, a quarter-to-quarter comparison will be available in future versions of this report.

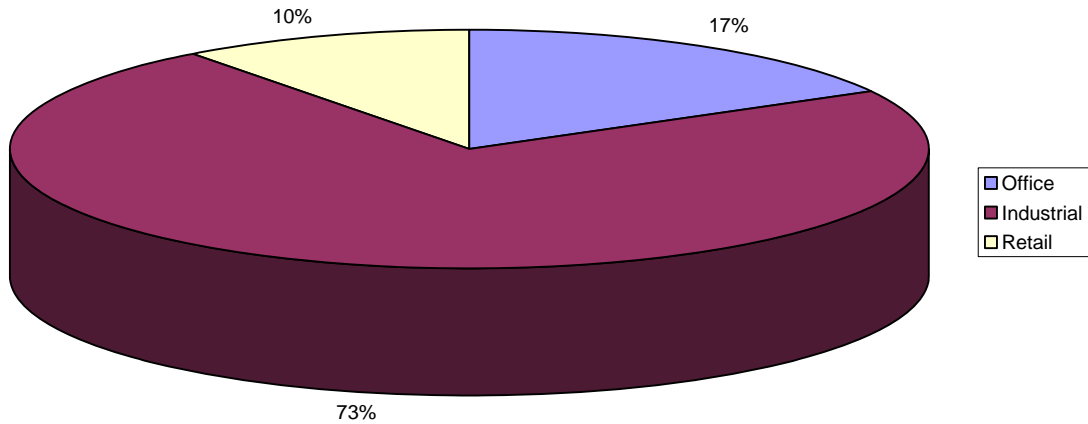
Retail Vacancy Rate

2012-Q3	2012-Q4	2013-Q1	2013-Q2
2.2%			

Commercial Real Estate

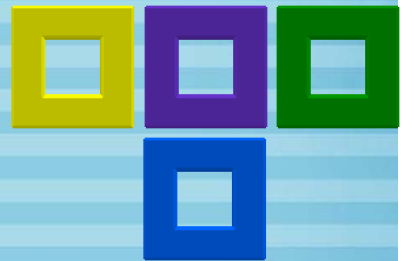
Vacancy Breakdown by Use

In Cerritos, there is approximately 1,022,816 square feet of total vacant space (4.8%) for 2012-Q3. Within the total available space, 73% (746,572 square feet) is available for industrial use, 17% (172,489 square feet) is available for office use and 10% (172,489 square feet) is available for retail use.



(Note: 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. Additionally, industrial vacancy rates are calculated using available data from Loop.net for properties that are available for sale and for lease. Further, there is a possibility of additional vacant industrial properties; however, these sites may not be available for sale or lease or reported on Loop.net at the time of the preparation of this report.)

Housing

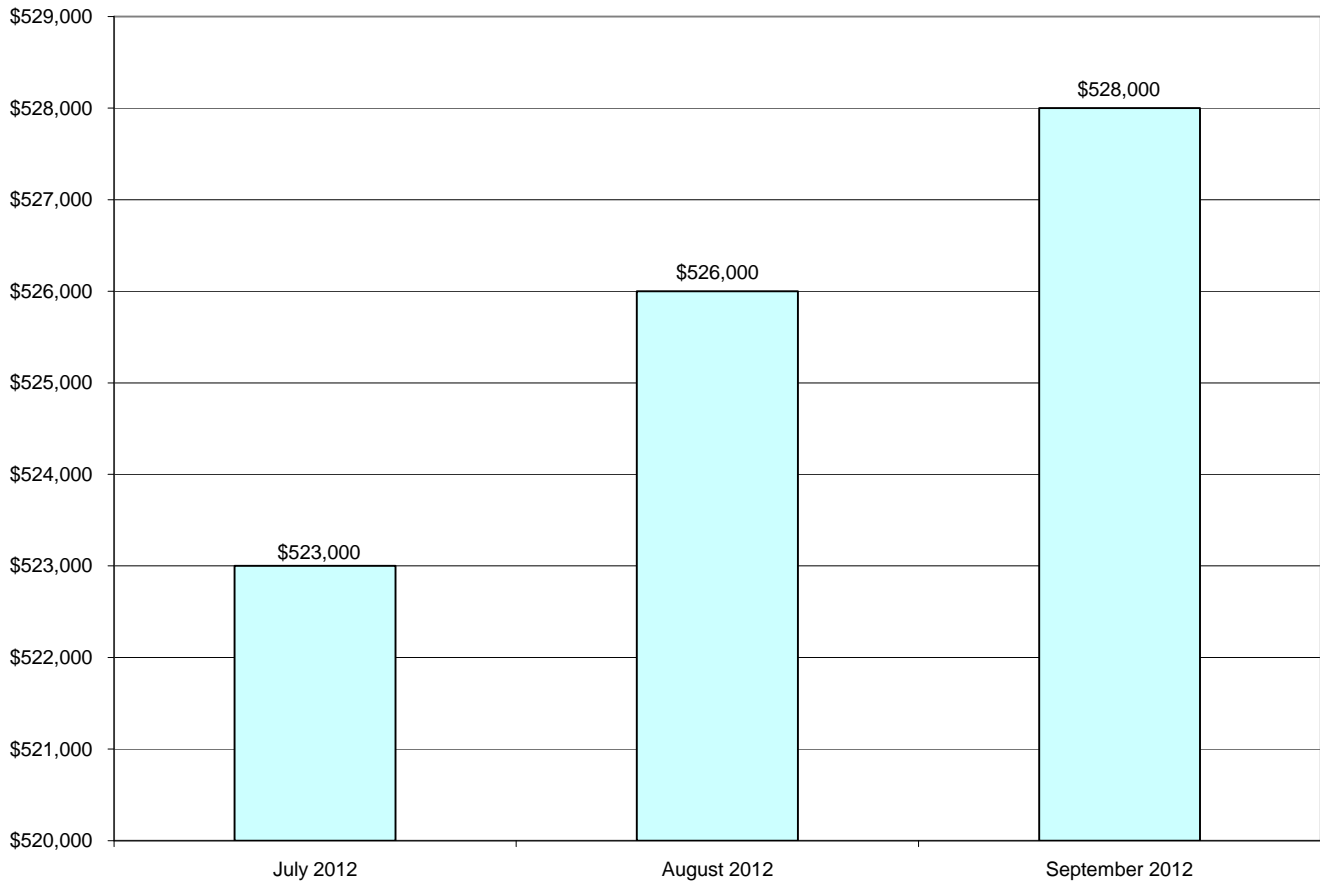


Housing

Single-Family Residential

For 2012-Q3, the average median home sales price in Cerritos was \$525,667. Housing prices in Cerritos have increased throughout 2012-Q3 from \$523,000 in July 2012 to \$528,000 in September 2012 (1% increase). In comparison, Cerritos has a higher median home sales price per square foot than Orange County and Los Angeles County. A total of 92 single-family homes were sold in Cerritos in 2012-Q3.

Single-Family Residential Home Sales Price in Cerritos - 2012-Q3



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

Month	Cerritos	Los Angeles County	Orange County
July 2012	\$305	\$236	\$289
August 2012	\$347	\$246	\$281
September 2012	\$302	\$241	\$289

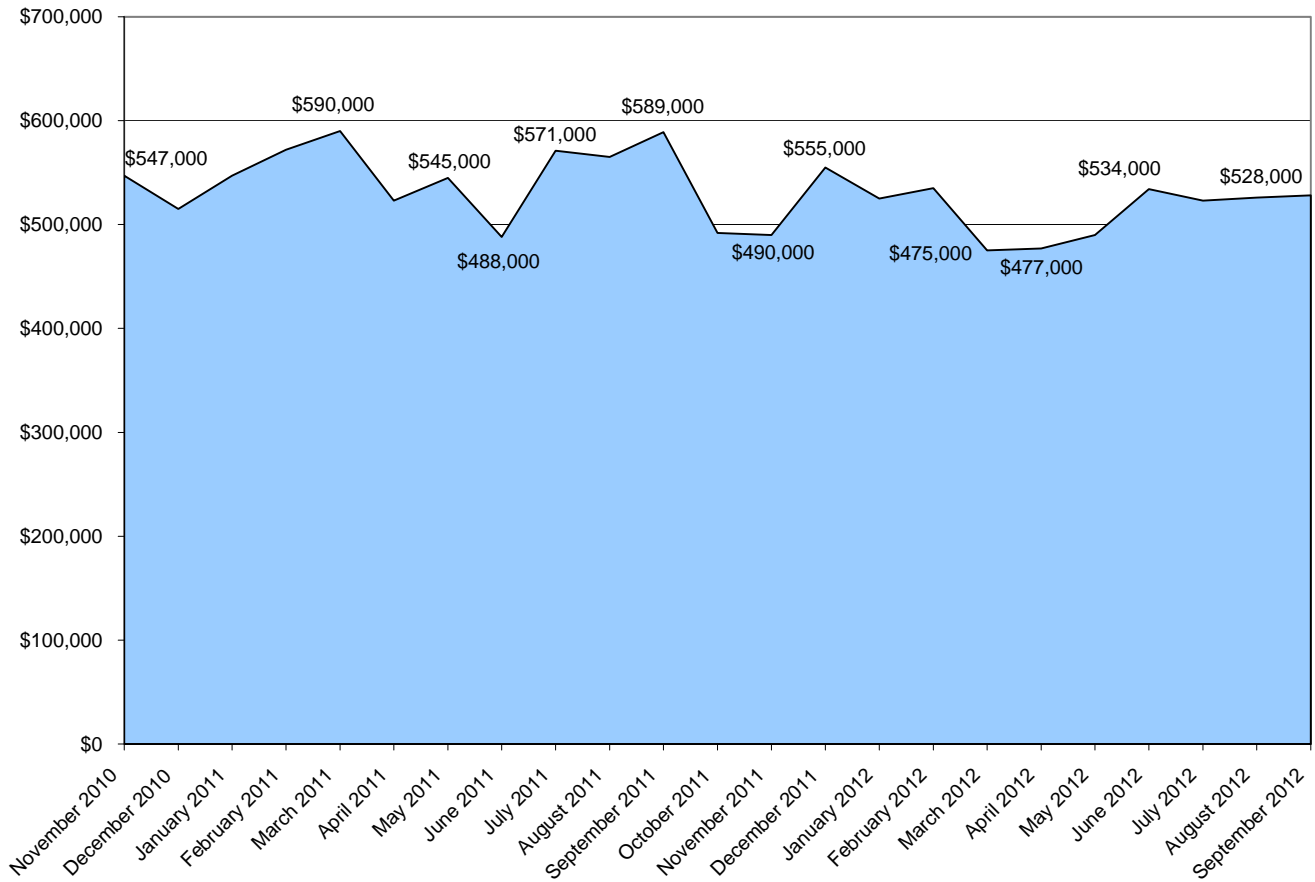
TREND ANALYSIS: ↑ Increase

Housing

Single-Family Residential

Based on a trend line analysis, the average sale price for a single-family residential home in Cerritos was \$547,000 in November 2010 and peaked to a high of \$590,000 in March 2011. In 2012-Q3, the sale price of single-family residential home was \$528,000 in September of 2012. Housing prices have remained fairly constant at the \$530,000 range from 2012-Q2 to 2012-Q3 with no significant decrease.

Cerritos Trend Line - November 2010 to September 2012



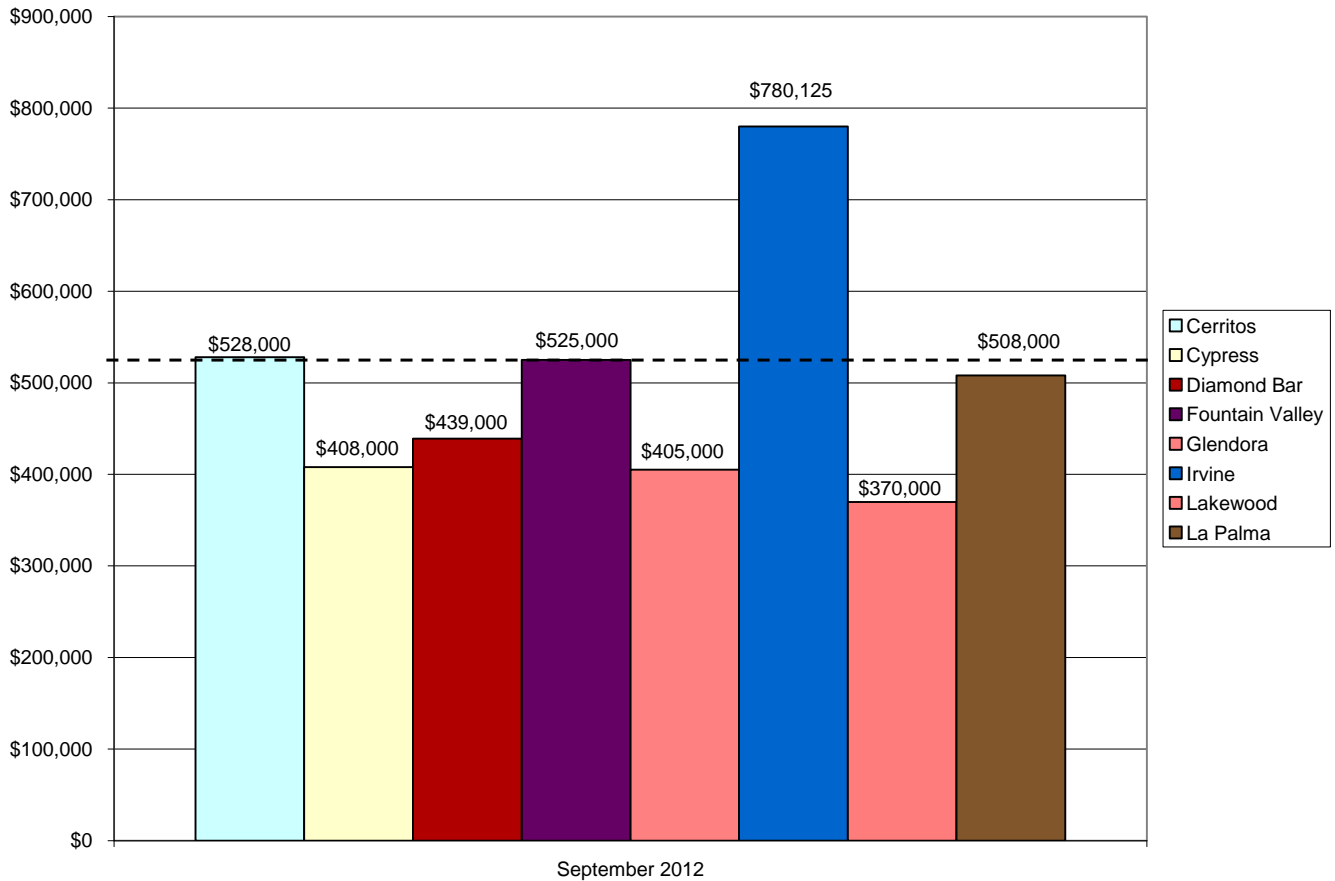
TREND ANALYSIS: → Constant

Housing

Single-Family Residential

In a regional comparison, Cerritos' property values have maintained their value and are higher than surrounding cities. In September 2012, Cerritos home prices were at \$528,000, which was higher than six comparable cities. However, the city of Irvine (\$780,125) had higher home sale prices than Cerritos for the month of September 2012.

Regional Comparison – September 2012

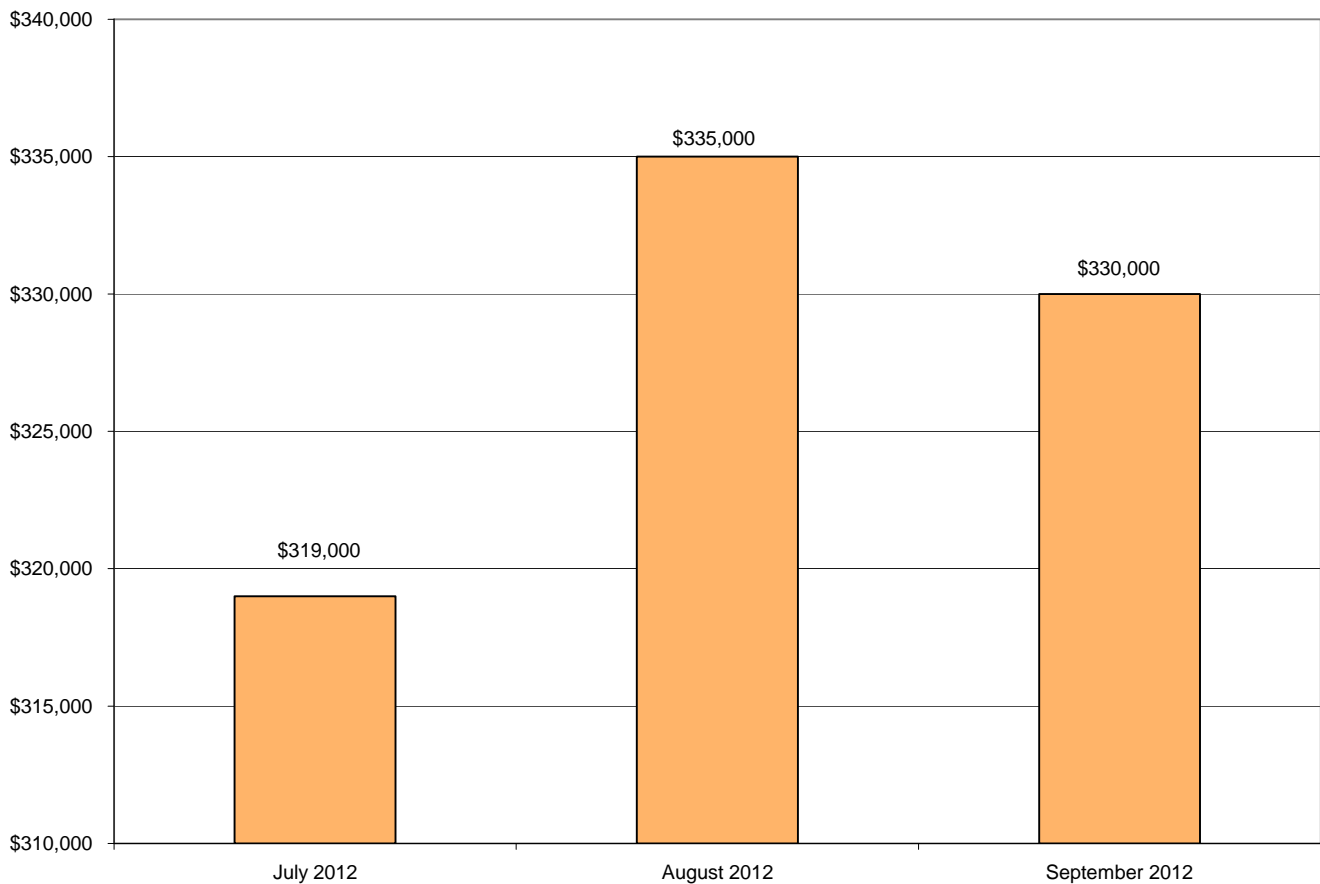


Housing

Condominiums

Condominiums have a niche in housing between renting and owning single-family homes. The median condominium sale price in Cerritos for 2012-Q3 was \$328,000, which is higher than Orange County (\$293,000) and Los Angeles County (\$300,667). Condominium prices increased in Cerritos from July 2012 to August 2012 and decreased in September 2012. For 2012-Q3, condominium prices have remained fairly constant in the \$325,000 range. In Cerritos, a total of 34 condominiums were sold in 2012-Q3.

Condominiums – 2012-Q3



Condominium Sales – 2012-Q3

Month	July 2012	August 2012	September 2012	Total
Condominium	15	10	9	34

TREND ANALYSIS: → Constant

Statistical Summary

Economic Profile – Fall 2012

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 slow nationwide economic recovery. Below is a summary of the major findings of the Cerritos *Economic Profile* for Fall 2012.

Major Revenues

Sales tax revenue for the 2012-Q2 (calendar year) totaled \$5,421,505, which is a 19% increase from the same quarter in 2011.

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 \$2,158,883. The Los Cerritos Center generated the second highest sales tax at \$1,564,310.

Based on a review of businesses by NAICS code, Retail Trade generates the greatest amount of revenue for the City of Cerritos. In fact, 76.9% of the City's 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 subsectors generate the greatest percentage of sales tax for the City at 43%, Clothing and Clothing Accessories Stores generated 20%, Durable Goods and Merchant Wholesalers generated 18%, General Merchandise Stores 13% and Electronics and Appliance Stores 6%.

The Cerritos Auto Square experienced another increase in auto sales for the third quarter of 2012. In fact, July 2012 (8%), August 2012 (41%) and September 2012 (10%) experienced increased auto sales from the previous year. In addition, weekly sales averages have increased from 2008-Q3 to 2012-Q3.

In the third quarter 2012, new business licenses and renewals decreased 35% from a year ago. A total of 772 new and renewal of business licenses were processed.

The Los Cerritos Center, which is the second largest sales tax generator, experienced a decrease of 1% in monthly visitors for 2012-Q3 from the previous year.

Unemployment/Employment

The unemployment rate among Cerritos residents is approximately 5.5%, 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. Additionally, the Cerritos unemployment rate is lower than Los Angeles County (10.2%), Orange County (7.1%) and the State of California (9.7%). Additionally, the Cerritos labor force for September 2012 was 28,268 and was constituted by 26,542 employed and 1,726 unemployed residents.

Commercial Real Estate

Cerritos office vacancy rate of 12.1% is lower than Orange County (17.8%) and Los Angeles County (17%). Cerritos currently has a total vacancy of 1,022,816 square feet, which is approximately 4.8% of the total available real estate space in Cerritos (20,449,552 sq. ft.). Of the total vacant space in Cerritos, 73% is industrial space (746,572 sq. ft.), 17% is office space (172,489 sq. ft.), and 10% is retail space (103,755 sq. ft.). Industrial vacant space in Cerritos includes a greater proportion of warehousing and distribution businesses, which require large facilities. Due to the large amount of space required for industrial warehousing, a single vacancy may have a significant impact on available industrial space.

Statistical Summary

Economic Profile – Fall 2012

Housing

For 2012-Q3, the single family median home sale price in Cerritos was approximately \$525,667. The home sale price for a condominium is approximately \$328,000 for the same time period. Housing in Cerritos has maintained its values as compared to Los Angeles County and Orange County. In a regional comparison, homes in Cerritos have maintained their values and were higher than most cities of comparable size and demographics.

Statistical Trend Analysis – Cerritos

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
- Auto sales at the Cerritos Auto Square
- Single Family Homes
- Sales tax at the Cerritos Auto Square and the Los Cerritos Center

→ Constant

- Condominiums
- Sales tax from the Cerritos Industrial Park and Cerritos Towne Center

↓ Decrease

- Unemployment
- Tenant Improvements/New Buildings
- New and renewal of business licenses
- Visitors at the Los Cerritos Center
- Certificate of Occupancy

Data Sources

Major Revenues

City of Cerritos, Finance Division
City of Cerritos, GIS Division
Los Cerritos Center - Macerich

Auto Sales

Cerritos Auto Dealers Association

Employment/Unemployment

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

United States Bureau of Labor and Statistics

Real Estate

Loop.Net
www.loop.net

Grubb & Ellis
www.grubb-ellis.com

Housing

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