

Economic Profile

Quarterly Market Trend Analysis for Economic Development in Cerritos

City of Cerritos



Spring 2010

A City With Vision

Economic Profile



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Economic Profile

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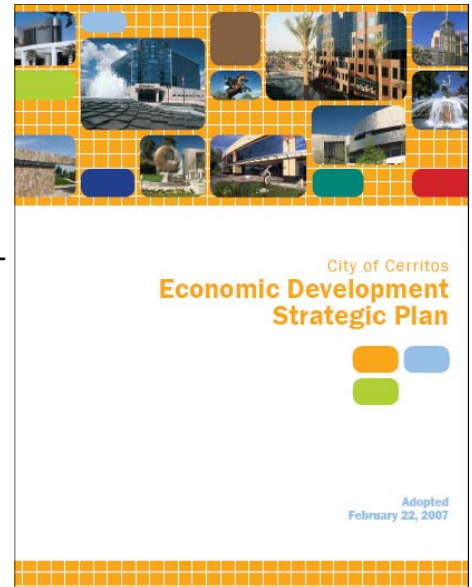
Introduction

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 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

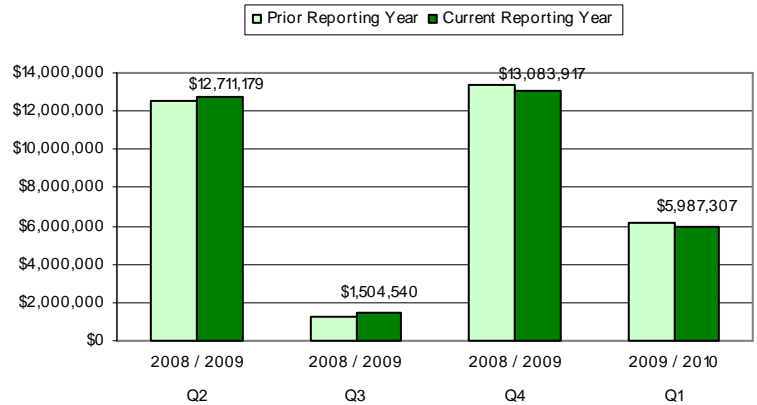


Major Revenues

Redevelopment Tax Increment

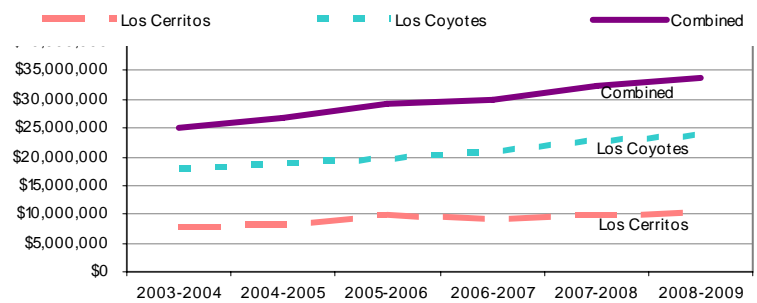
The City of Cerritos has two (2) redevelopment project areas: Los Coyotes and Los Cerritos. These two (2) areas comprise major regional commercial centers including the Cerritos Towne Center, the Los Cerritos Center and the Cerritos Auto Square. In a year-over-year comparison, the Cerritos Redevelopment Agency's tax increment revenue marginally decreased from the first quarter of 2009 to the first quarter of 2010. The Redevelopment Agency received \$5,987,307 in tax increment revenue for the first quarter of 2010, which is a 3% decrease from the same quarter in the prior year.

Cerritos Redevelopment Agency Tax Increment Revenue

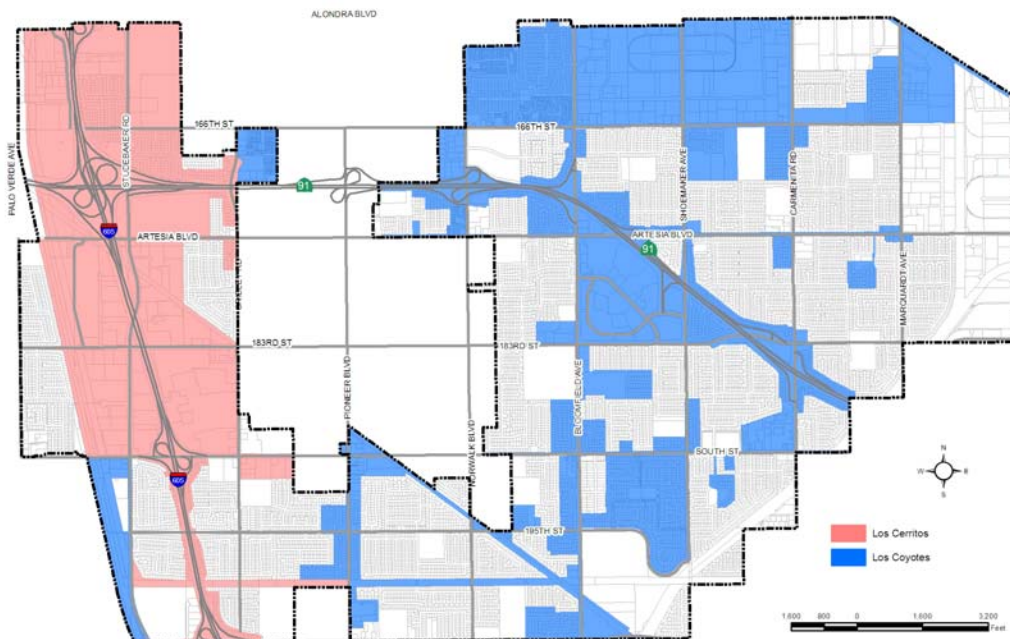


The combined tax increment revenue from the Los Cerritos and Los Coyotes project areas has increased from \$25,106,032 in 2004 to \$33,711,139 in 2009, or a 34% increase. The Los Coyotes project area generates more revenue than the Los Cerritos project area. In FY 2008-2009, the Los Coyotes project area generated \$23,734,381 and Los Cerritos generated \$9,976,758.

Tax Increment Revenue for Past 5 Fiscal Years Ending June 30



Cerritos Redevelopment Project Areas



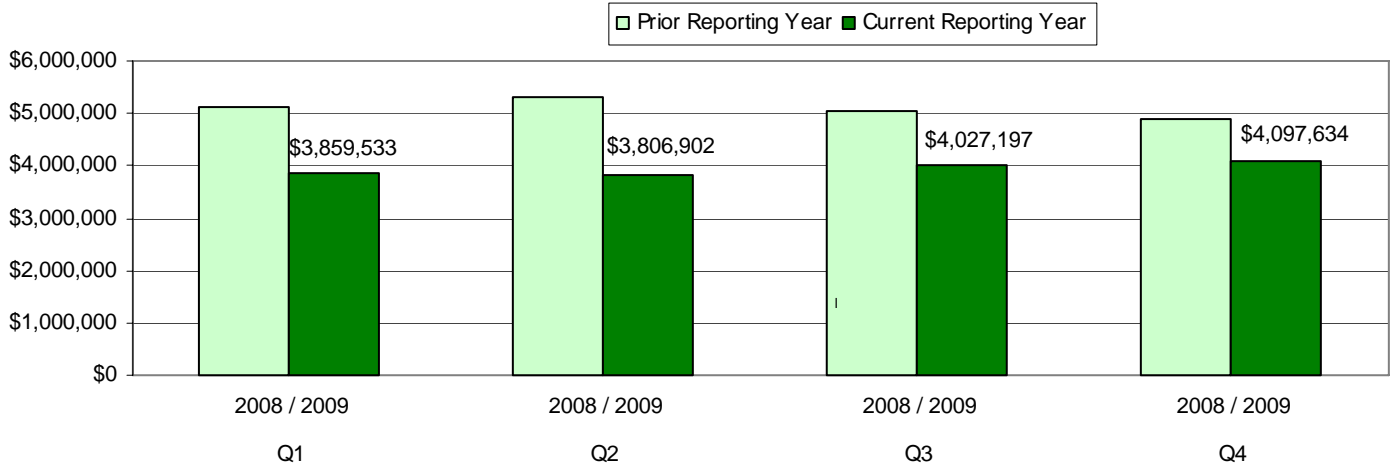
Sources: City of Cerritos Finance Division, GIS Division

Major Revenues

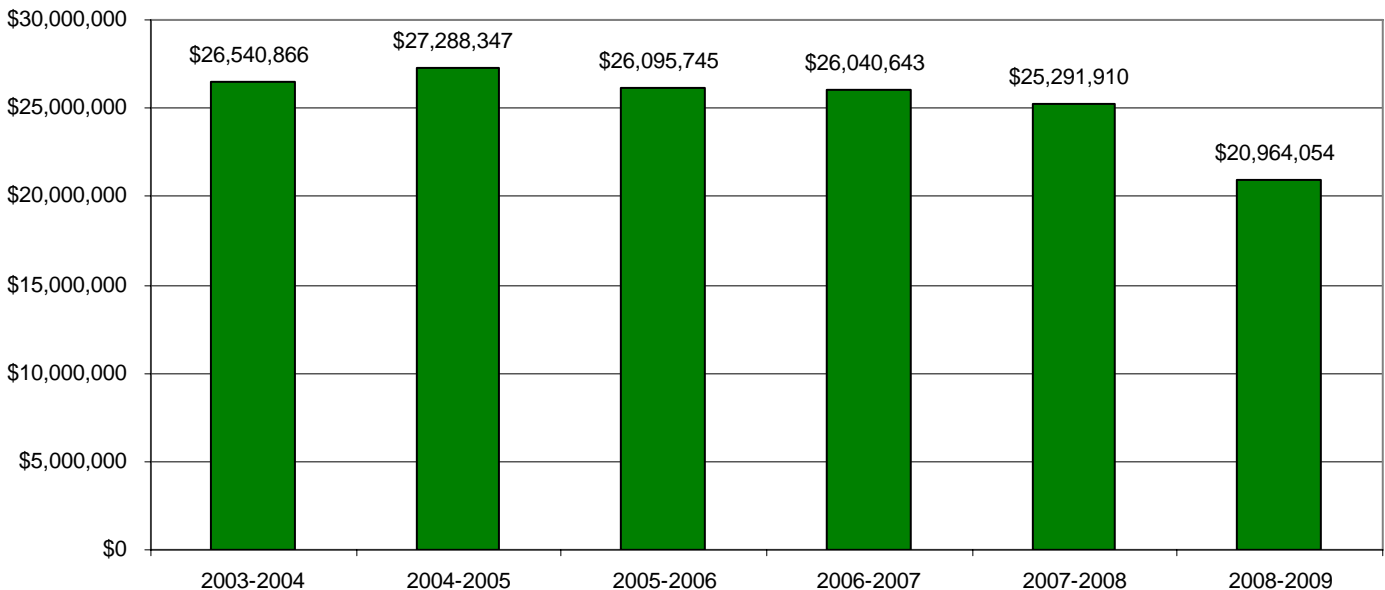
Sales Tax

For the fourth quarter of 2009, businesses in the City generated \$4,097,634 in sales tax revenues, which is a 17% decrease over the same quarter in 2008. According to the data, sales tax revenues have decreased for each quarter in the past year over the prior year, which may be the result of the recent nationwide recession that has affected local retail sales. However, there has been steady growth in sales tax revenue from the first quarter in 2009 (\$3,859,533) to the fourth quarter in 2009 (\$4,097,634), with an increase of approximately \$238,000 in sales tax revenue.

Sales Tax Revenue



Sales Tax Revenue for Past 5 Fiscal Years Ending June 30



The City's sales tax revenues over the past four (4) fiscal years have declined, beginning with FY 2005-2006. From FY 2004-2005 through FY 2007-2008, sales tax revenue decreased from \$27,288,347 to \$25,291,910, or a 7% decrease. In addition, from FY 2007-2008 to FY 2008-2009, sales tax decreased an additional \$4,327,865 or 17%, which is the sharpest decrease in sales tax revenue.

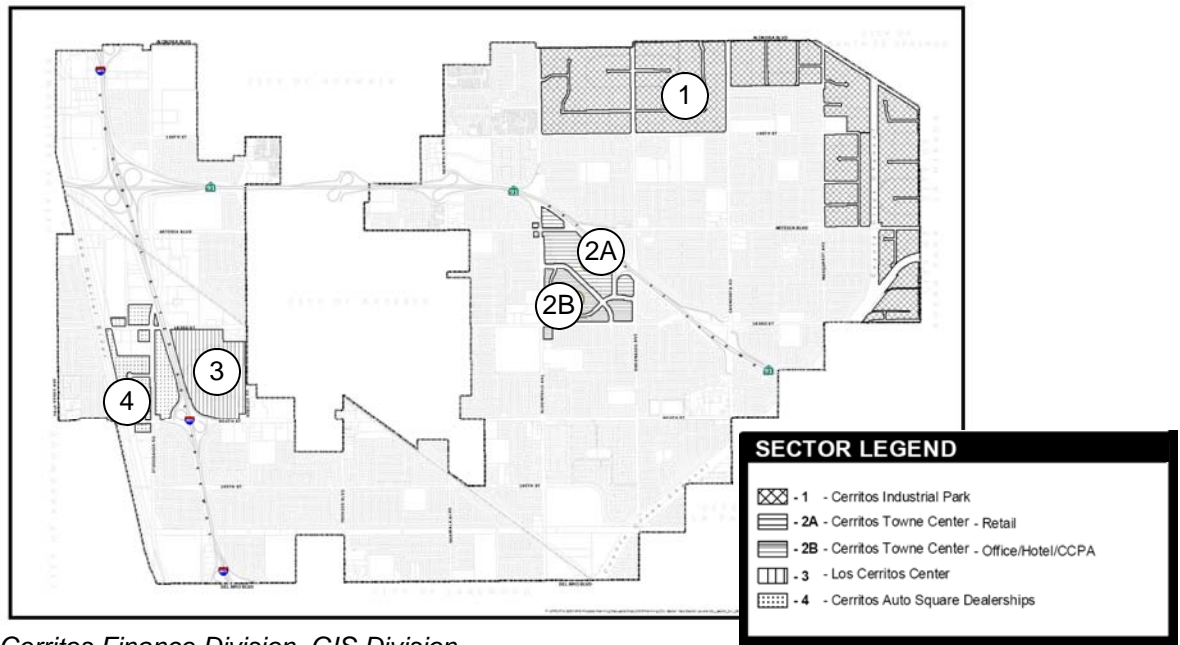
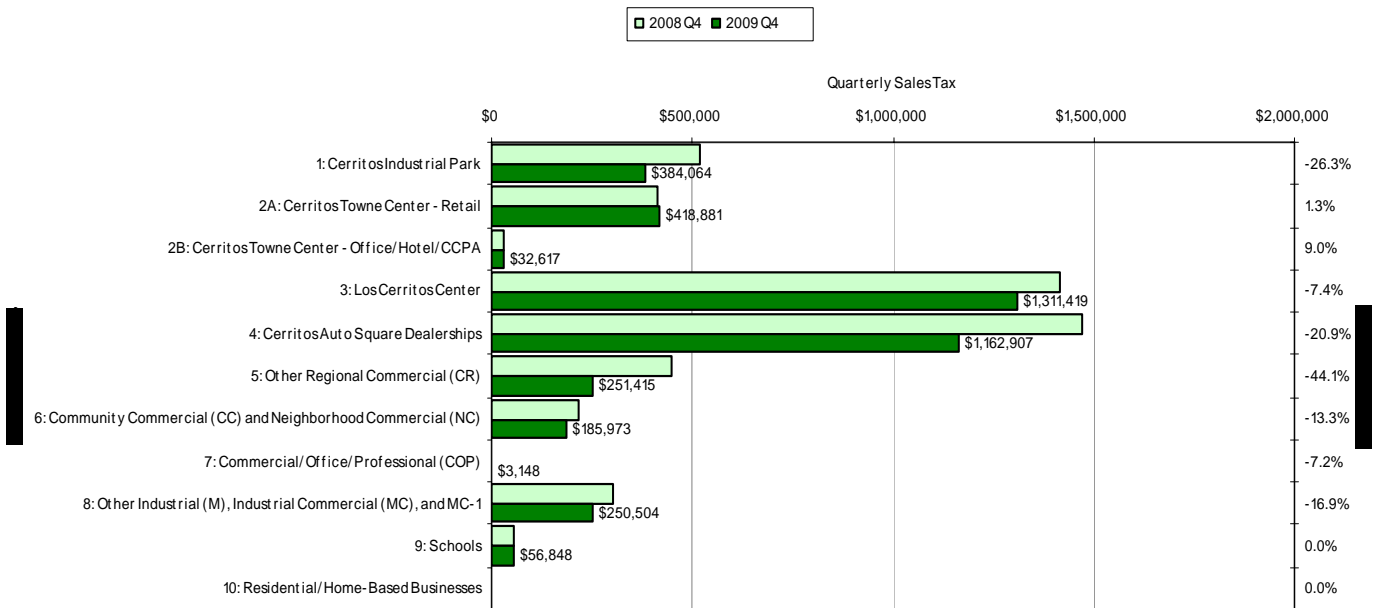
Source: City of Cerritos Finance Division

Major Revenues

Sales Tax by Geographic Sector

The City of Cerritos is home to four (4) 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 the fourth quarter of 2009, the Los Cerritos Center generated the most sales tax at approximately \$1,311,419. The Cerritos Auto Square generated the second highest sales tax at approximately \$1,162,907. The Cerritos Towne Center, which includes a retail and office component, generated \$451,498 and the Cerritos Industrial Park generated \$384,064. The Cerritos Towne Center is the only sector to have a percentage increase (1.3% for 2A-Retail and 9.0% for 2B-Office/Hotel/CCPA).

Quarterly Sales Tax by Geographic Sector

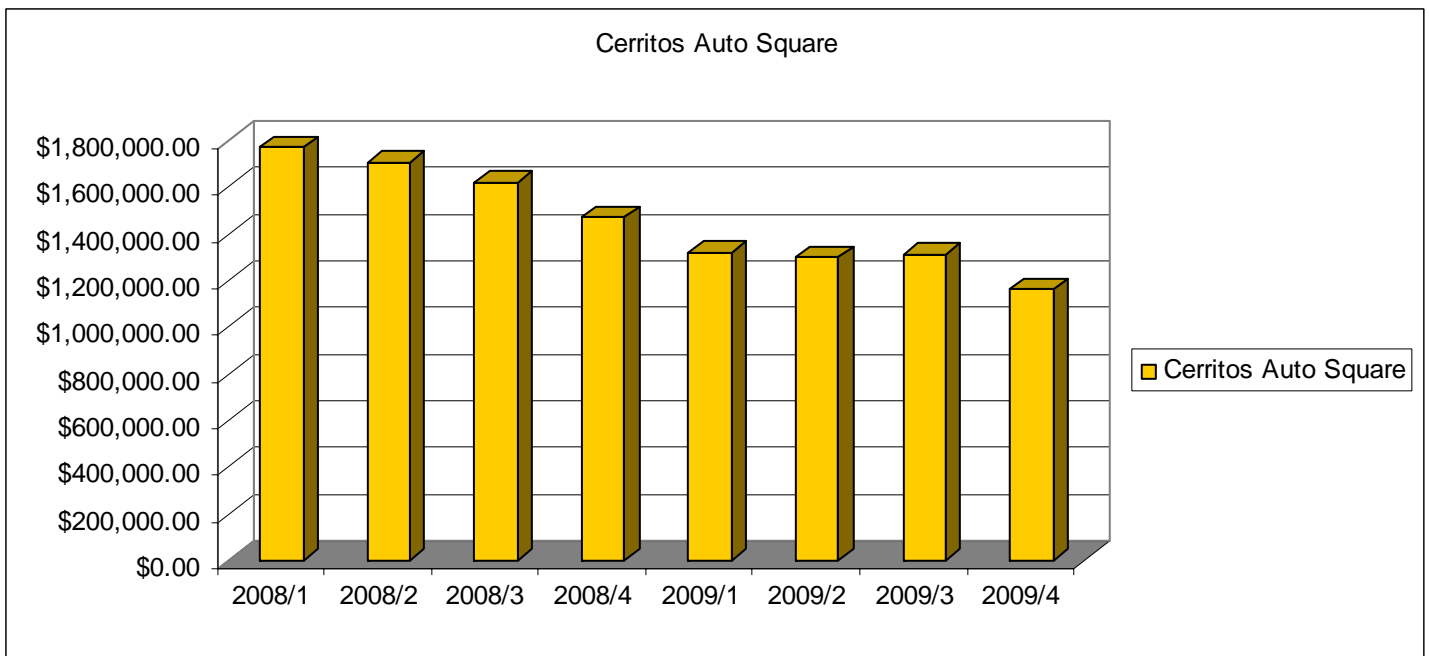
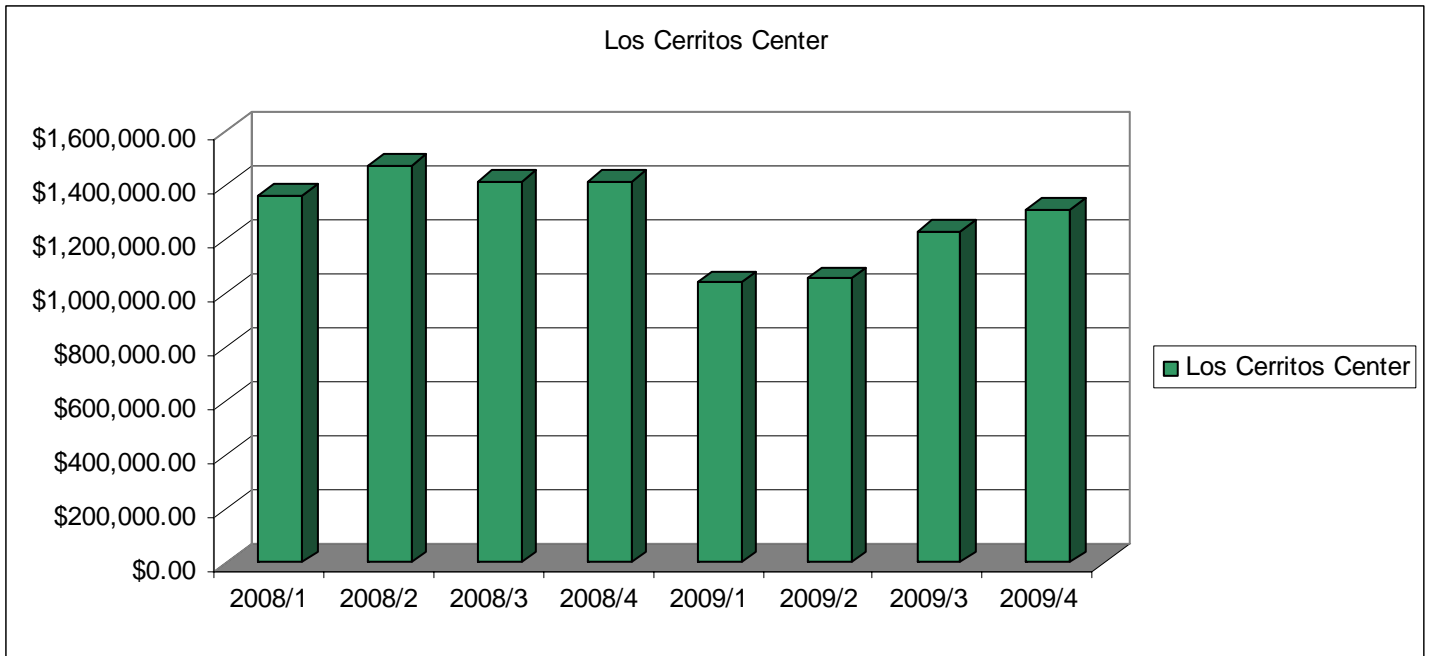


Source: City of Cerritos Finance Division, GIS Division

Major Revenues

Sales Tax by Geographic Sector

As mentioned previously, the Los Cerritos Center generates the 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 quarter 2008-2 and steadily declined to \$1 million dollars in quarter 2009-1. However, based on the trend analysis, after quarter 2009-1 sales tax revenue has begun to increase and was \$1.3 million dollars in quarter 2009-4. In contrast, the sales tax revenue from the Cerritos Auto Square has declined. In fact, sales tax revenue has decreased from a high of approximately \$1.7 million in quarter 2008-1 to approximately \$1.1 million in quarter 2009-4, or a 35.3% decrease.

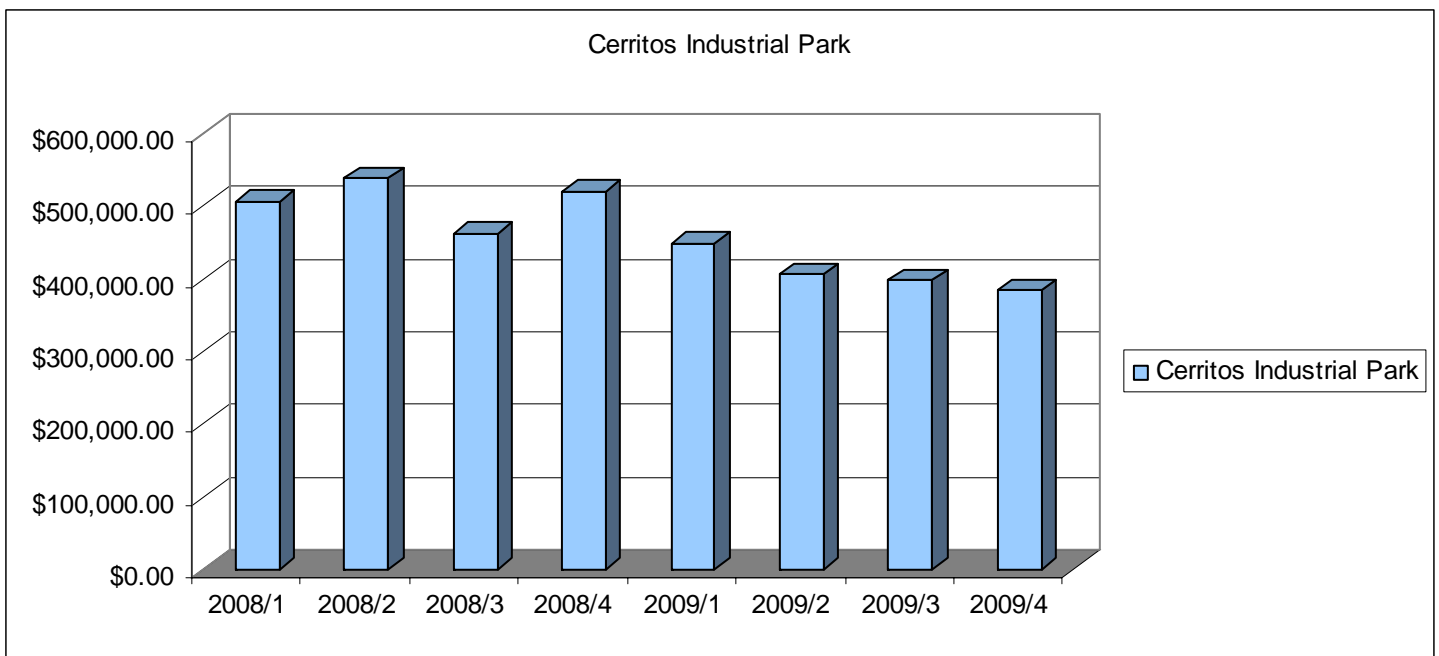
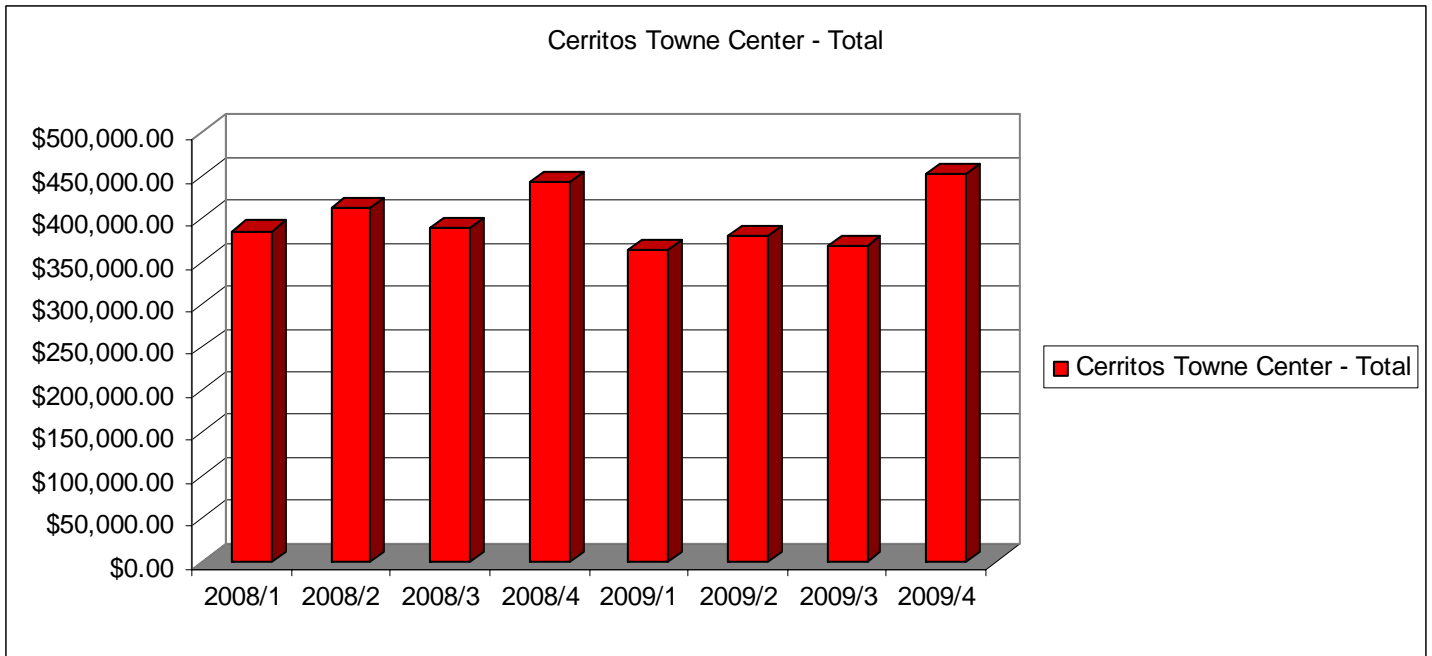


Source: City of Cerritos Finance Division, GIS Division

Major Revenues

Sales Tax by Geographic Sector

The Cerritos Towne Center, which has a retail and office component, is the City's third highest sales tax generator. Sales tax revenue at the Cerritos Towne Center increased from \$443,336 in quarter 2008-4 to \$451,498 in quarter 2009-4, which is an increase of approximately 2%. The Cerritos Industrial Park is the fourth highest sales tax generator in Cerritos. Since quarter 2008-4, sales tax revenues have decreased gradually. The Cerritos Industrial Park generated \$384,064 in sales tax revenue in quarter 2009-4, which is a decrease of 26.3% from quarter 2008-4. This drop in sales tax revenue may be attributed to the current economic climate of industrial uses.



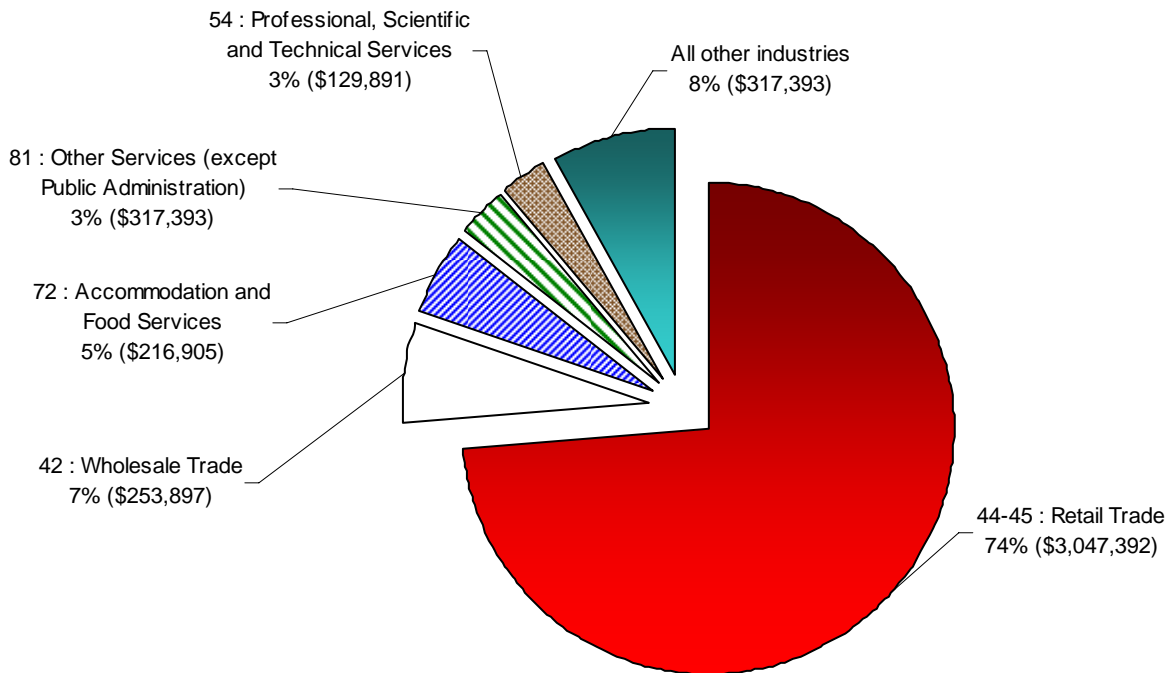
Source: City of Cerritos Finance Division, GIS Division

Major Revenues

Sales Tax—Top Five 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 74% 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 (7%). Accommodation and Food Services is the fourth highest (5%) and Other Services (except Public Administration) and Professional, Scientific and Technical Services are both at 3%.

Top Five Sales Tax Generating Industries Fourth Quarter of 2009



Top Five Sales Tax Generating Industries

2009 Quarter	Retail Trade	All Other Industries	Wholesale Trade	Accommodation and Food Services	Other Services (except Public Administration)	Professional, Scientific and Technical Services
2009 Q1	\$2,795,395	\$354,848	\$274,658	\$202,935	\$125,886	\$121,530
2009 Q2	\$2,814,451	\$297,774	\$258,428	\$208,468	\$119,083	\$108,697
2009 Q3	\$2,947,424	\$326,747	\$273,529	\$204,168	\$153,524	\$121,805
2009 Q4	\$3,047,392	\$317,393	\$253,897	\$216,905	\$132,157	\$129,891
2009 Total	\$11,604,662	\$1,296,762	\$1,060,513	\$832,477	\$530,650	\$481,923

*North American Industry Classification System

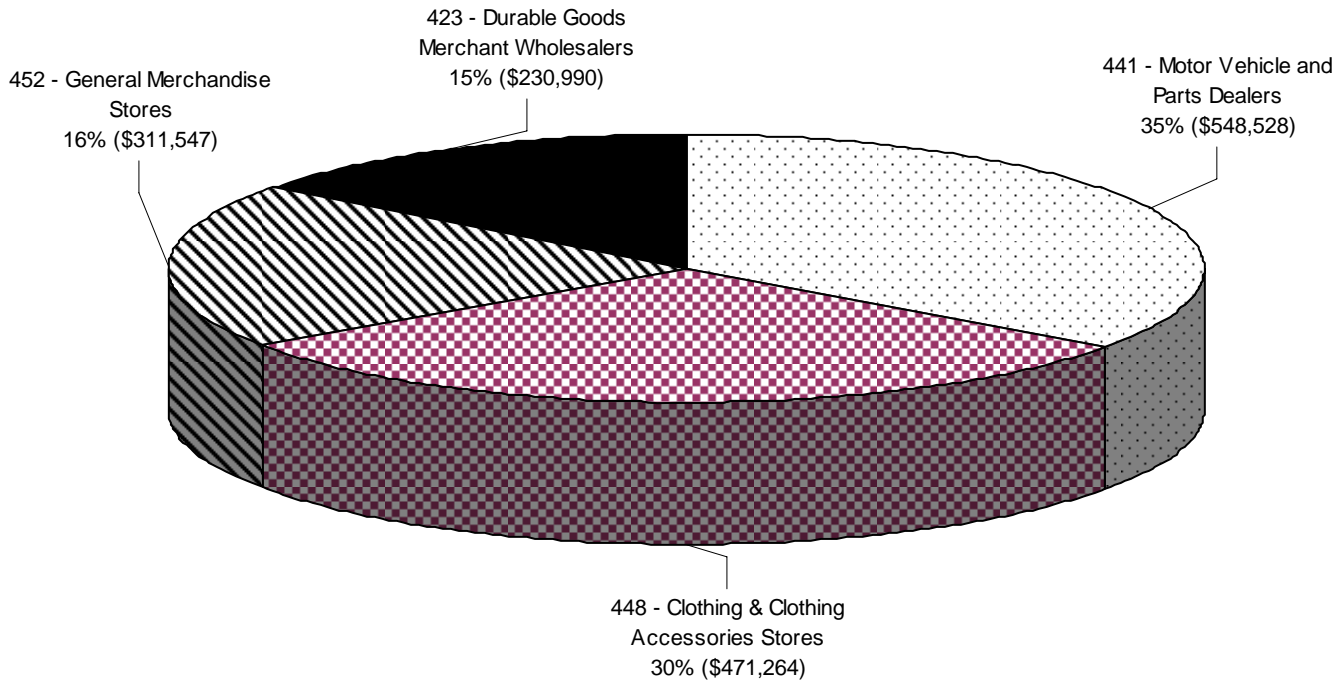
Source: City of Cerritos Finance Division

Major Revenues

Sales Tax—Top Retail Trade Generators

As mentioned in page 7 of this report, Retail Trade generates 74% 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 35% of retail sales and is the top sales tax generator. Clothing and Clothing Accessories Stores make up 30%, General Merchandise Stores (including electronics and furniture stores and discount department stores) make up 16% of retail sales, while Durable Goods Merchant Wholesalers (businesses that sell capital or durable goods to other businesses) make up 15%.

**Top Retail Trade Industries
Fourth Quarter of 2009**



441 Motor Vehicle and Parts Dealers	448 Clothing & Clothing Accessories Stores	452 General Merchandise Stores	423 Durable Goods Merchant Wholesalers
\$548,528	\$471,264	\$311,547	\$230,990

*North American Industry Classification System

Source: City of Cerritos Finance Division

Auto Sales

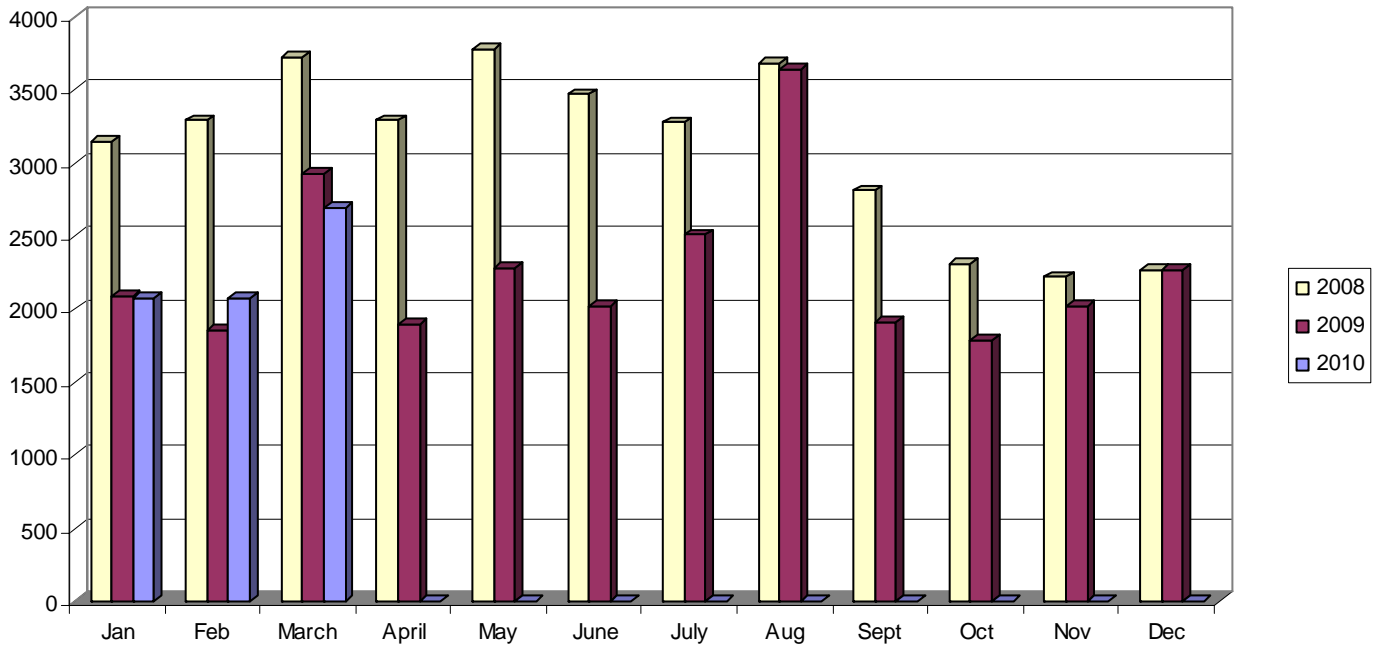
Cerritos Auto Square—Total Number of Vehicles Sold

Cerritos is well known for the Cerritos Auto Square—the world's first and most successful auto mall. With 24 dealerships, the Cerritos Auto Square is located on Studebaker Road off the 605 Freeway at South Street. Developed in the early 1980s 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. With the exception of December 2009, monthly sales for each month in 2009 were less than monthly sales for each month in 2008. However, in February 2010 the Auto Square had an increase in sales from 2009, with a total of 220 more cars sold in 2010 than 2009.

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										

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

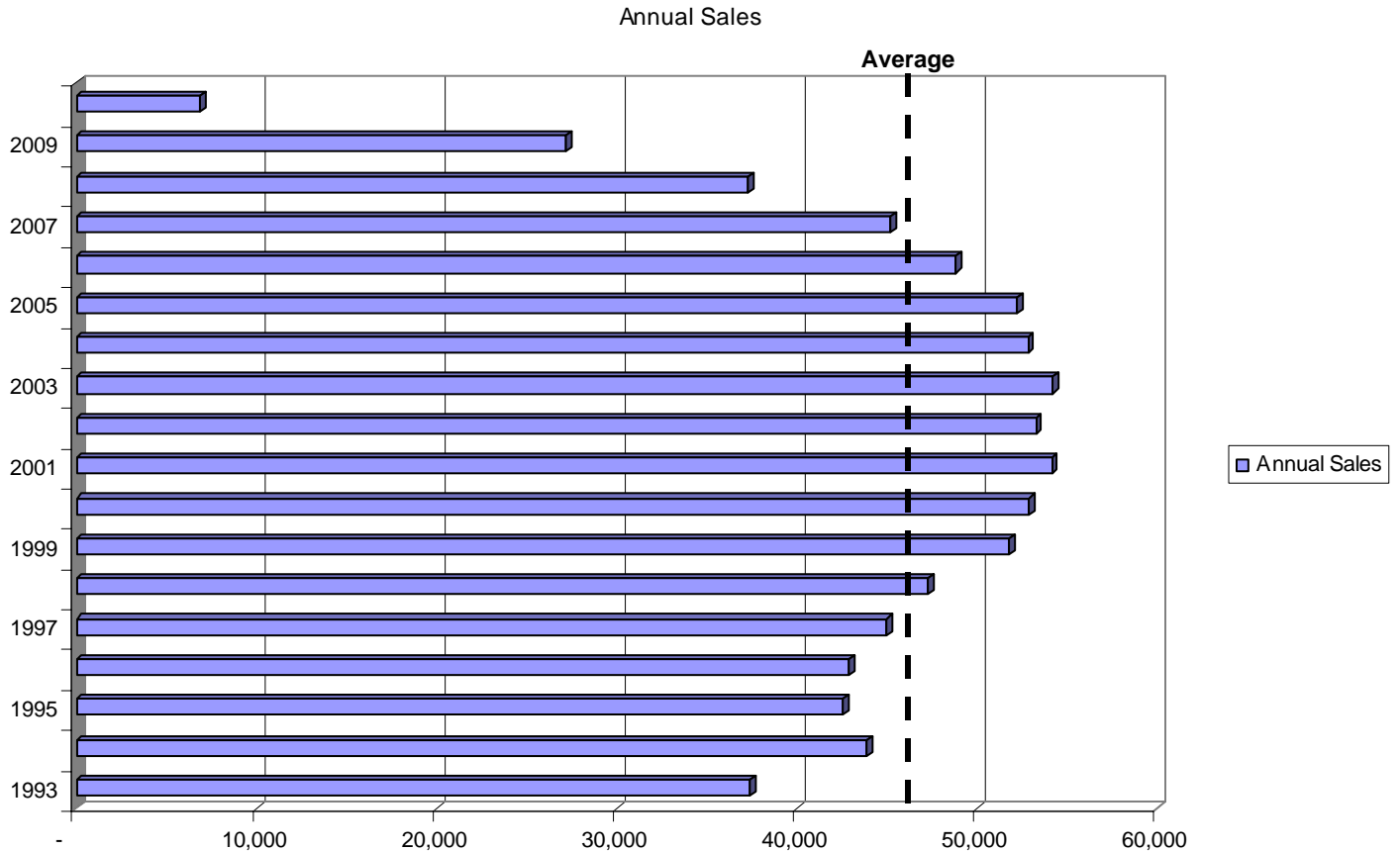
Source: Cerritos Auto Dealers Association

Auto Sales

Cerritos Auto Square—Annual Car 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, the Auto Square experienced a 12% increase in sales from February 2009 to February 2010, which may be an indication that the local economy and auto sales are recovering from the current recession.

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	6,850								

*March 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

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 ABC Unified School District with 1,899 employees. United Parcel Service has the second highest number of employees with 1,761 and the third top employer in Cerritos is AT&T Wireless Services with 994 employees. In addition, Cerritos is home to other major employers such as Southern Wine and Spirits, College Hospital and Nordstrom.

Top Ten Employers

	Employer	Employees*
1	ABC Unified School District	1,899
2	United Parcel Service	1,761
3	AT&T Wireless Services	994
4	Southern Wine & Spirits of Southern California	979
5	City of Cerritos	667
6	College Hospital, Inc.	523
7	S&J Chevrolet	415
8	Nordstrom, Inc	364
9	Delta Dental of California	353
10	Norm Reeves of Cerritos	286

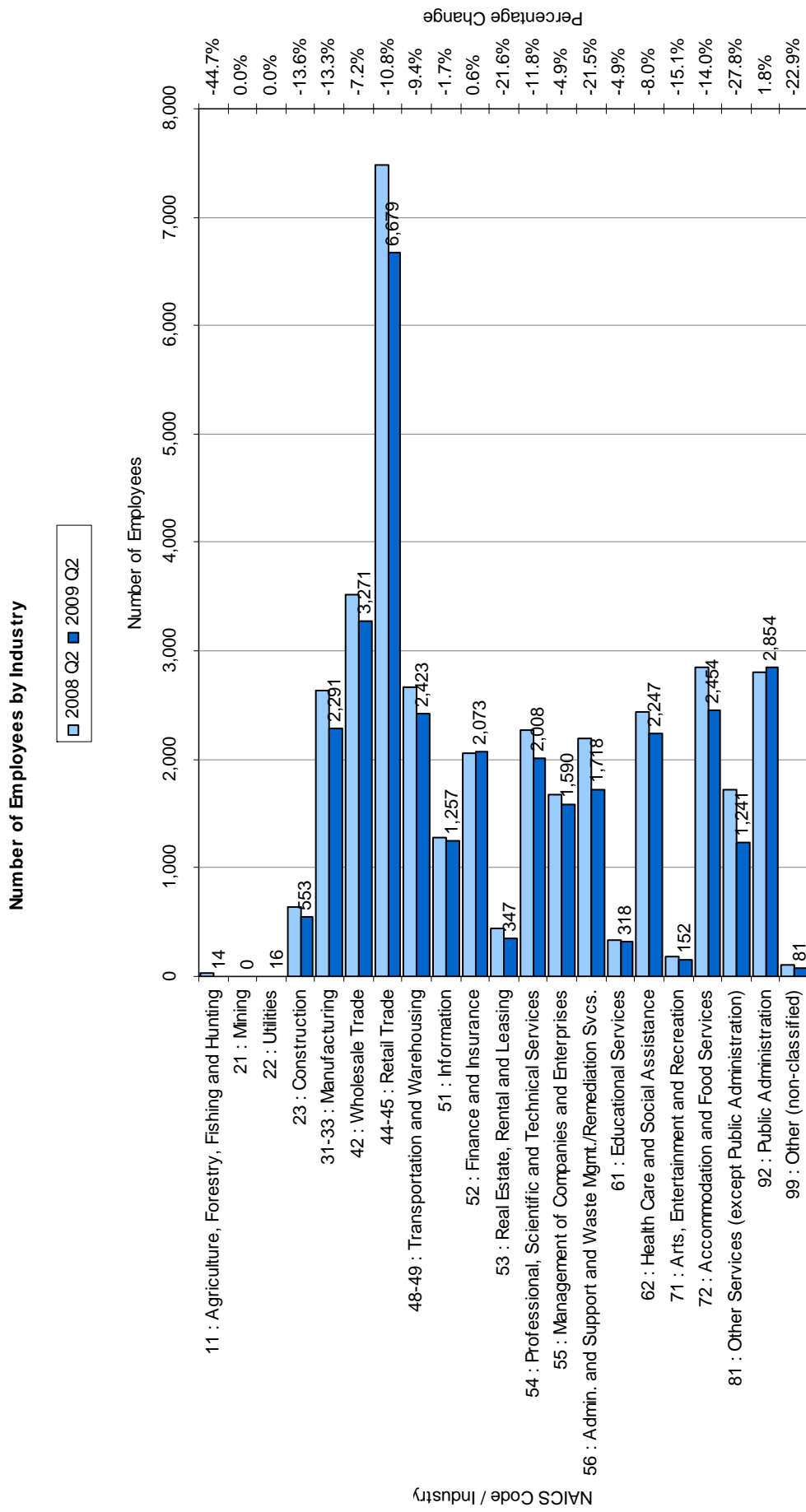
*Note: The number of employees was based on employment numbers from the California Employment Development Department and a telephone survey conducted by City staff. The top employers are calculated annually.

Source: California Employment Development Department

Employment

Total Number of Employees—By Industry

A total of 33,591 persons work in Cerritos. The Retail Trade industry has the highest number of employees at approximately 6,679 for the second quarter of 2009. Wholesale Trade is the second highest with approximately 3,271 employees and Public Administration has approximately 2,854 employees (Public Administration includes City of Cerritos and public schools from ABC Unified School District located in Cerritos). Based on the same data, most industries experienced some level of percentage decrease over the same quarter in 2008. For example, Retail Trade experienced a 10.8% decrease and Manufacturing experienced a 13.3% decrease.



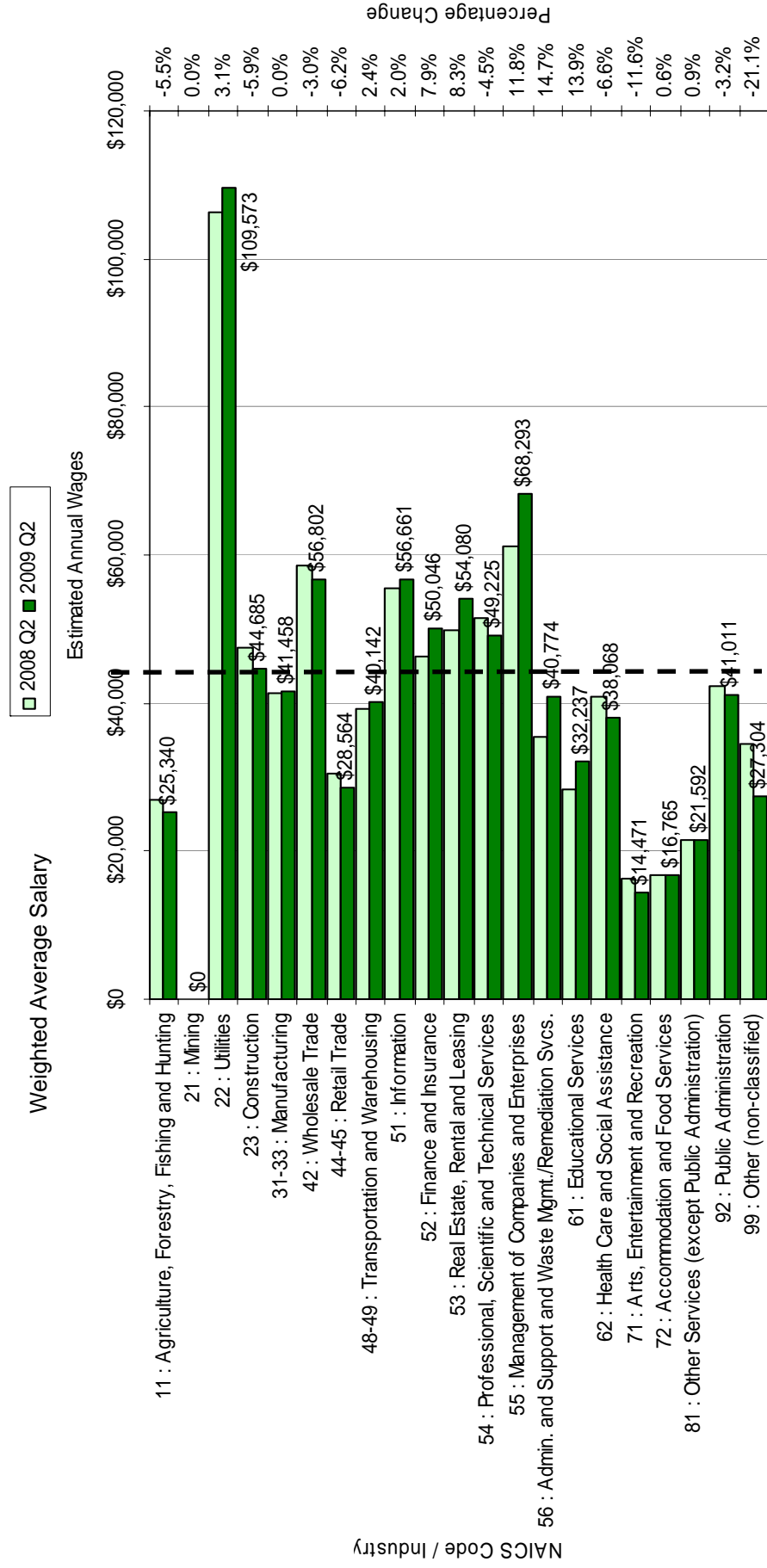
Source: California Employment Development Department

Employment

Average Estimated Annual Payroll Per Employee

In Cerritos, the Utilities industry has the highest average annual payroll at approximately \$109,573, though this industry has a relatively small presence in terms of its total number of employees (16). The industry with the second highest average annual payroll is the Management of Companies and Enterprises at \$68,293 and the third highest is Wholesale Trade at \$56,802. Based on the data, several of the top industries have experienced an increase in their annual wages. For example, the Utilities industry experienced a 3.1% increase, Management of Companies experienced an 11.8% increase and Information experienced a 2% increase from 2008 to 2009. The dashed line indicates the weighted average salary for all industries in Cerritos: \$40,255.

Average Estimated Annual Payroll Per Employee



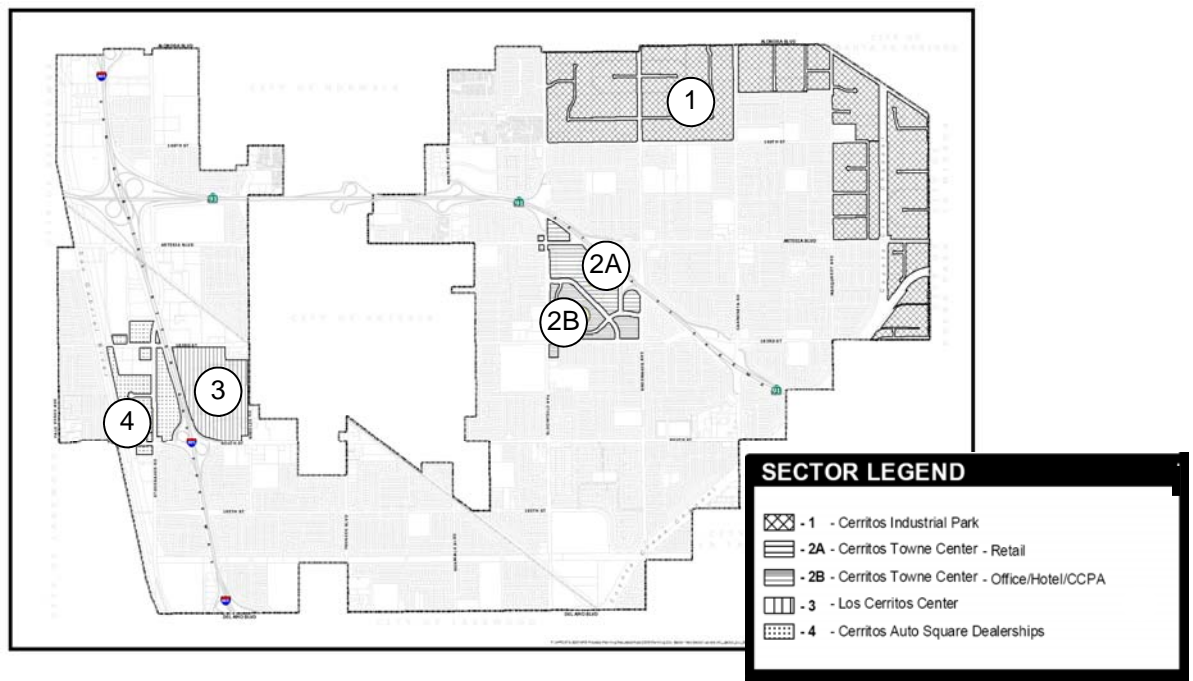
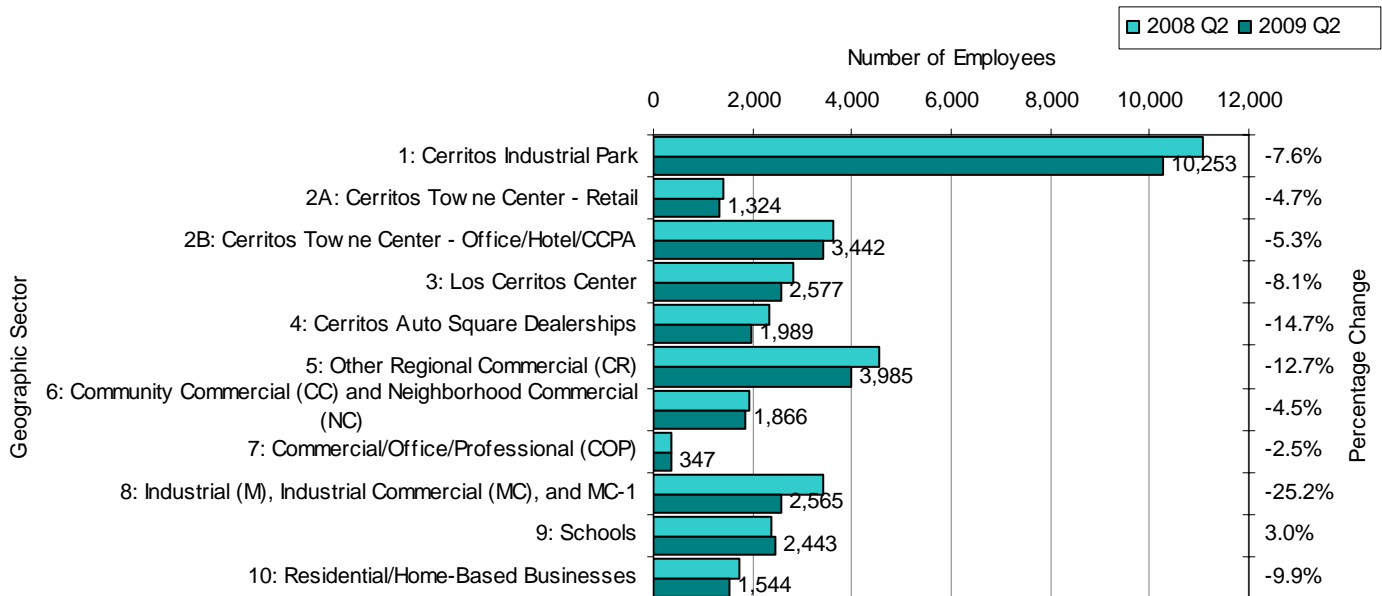
Source: California Employment Development Department

Employment

Total Number of Employees—By Geographic 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 10,253. The Towne Center, including the retail and office component, has approximately 4,766 employees, the Los Cerritos Center has approximately 2,577 employees and the Cerritos Auto Square has approximately 1,989 employees. With the exception of Sector 9—Schools, 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



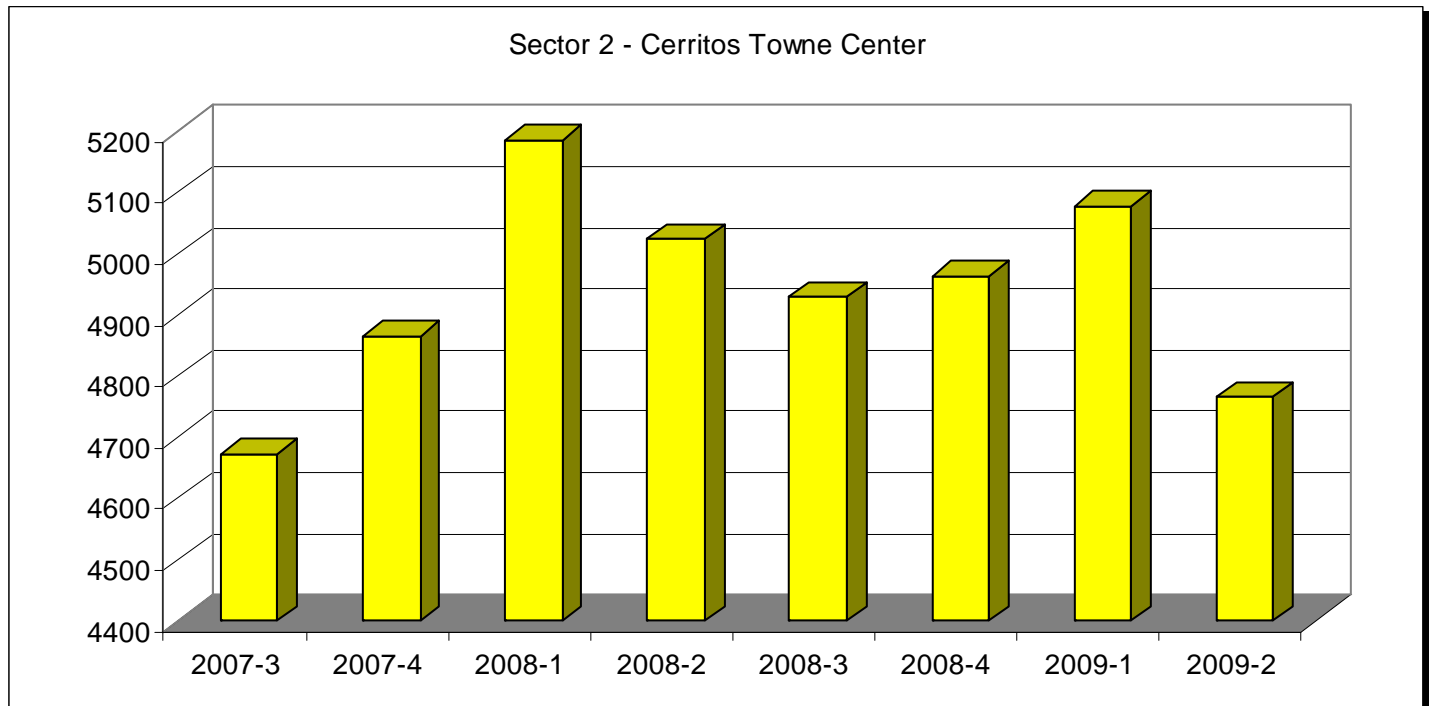
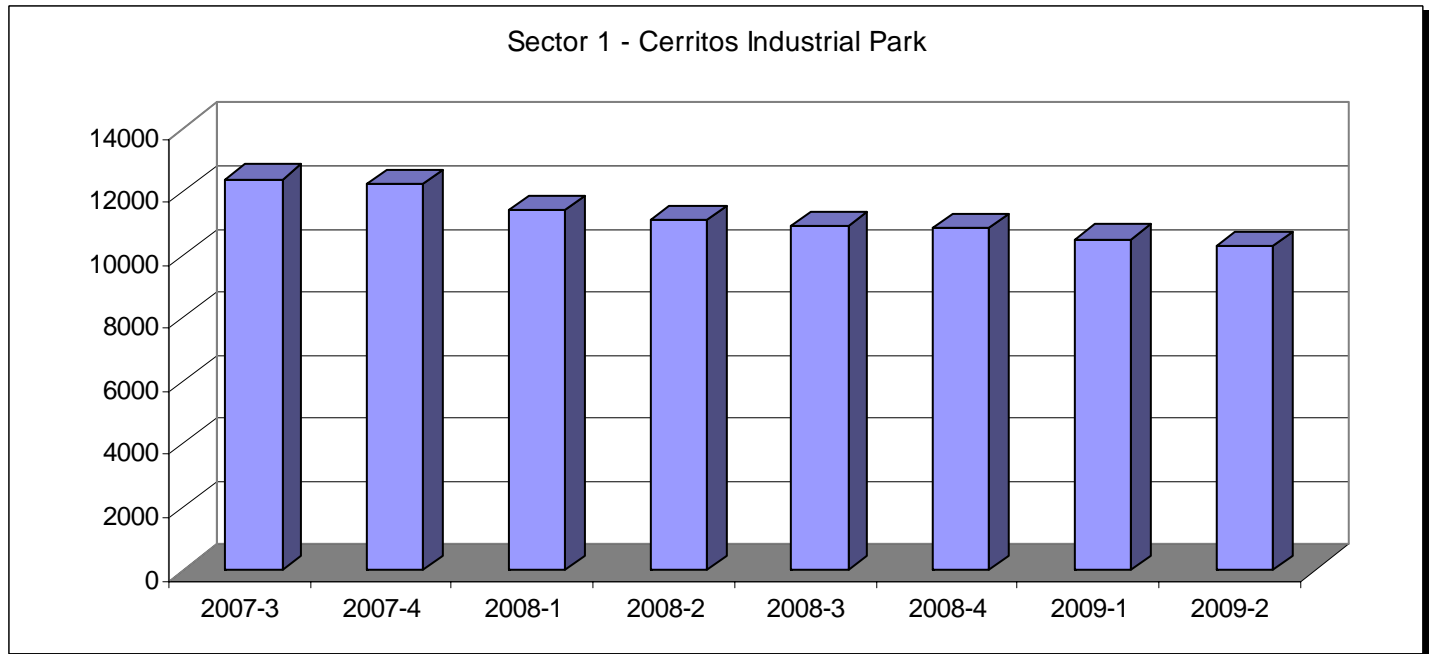
*Cerritos Center for the Performing Arts

Source: California Employment Development Department

Employment

Total Number of Employees—By Geographic Sector

The Cerritos Industrial Park is the sector that has the greatest number of employees at 10,253. Based on data from the Employment Development Department of California, the Cerritos Industrial Park has experienced a gradual and steady decline in employment from quarter 2007-3 to quarter 2009-2. In 2009-2, the Cerritos Industrial Park had 10,253 employees, which is a 17% decrease from 2007-3, when there were 12,393 employees in the Industrial Park. In contrast, the number of employees at the Cerritos Towne Center has fluctuated between 2007-3 and 2009-2. In 2009-2 the Cerritos Towne Center had a total of 4,766 employees, which is the lowest since its peak in 2008-1 ,when there were a total of 5,186 employees.

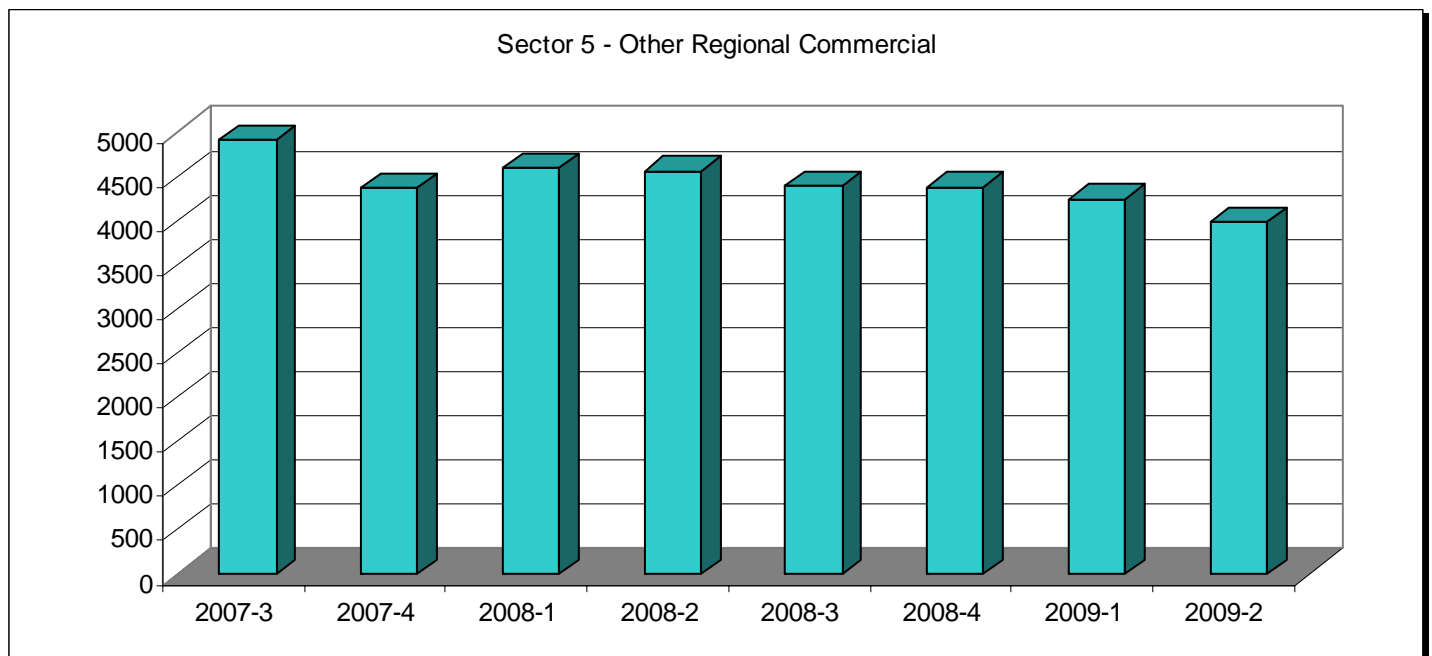
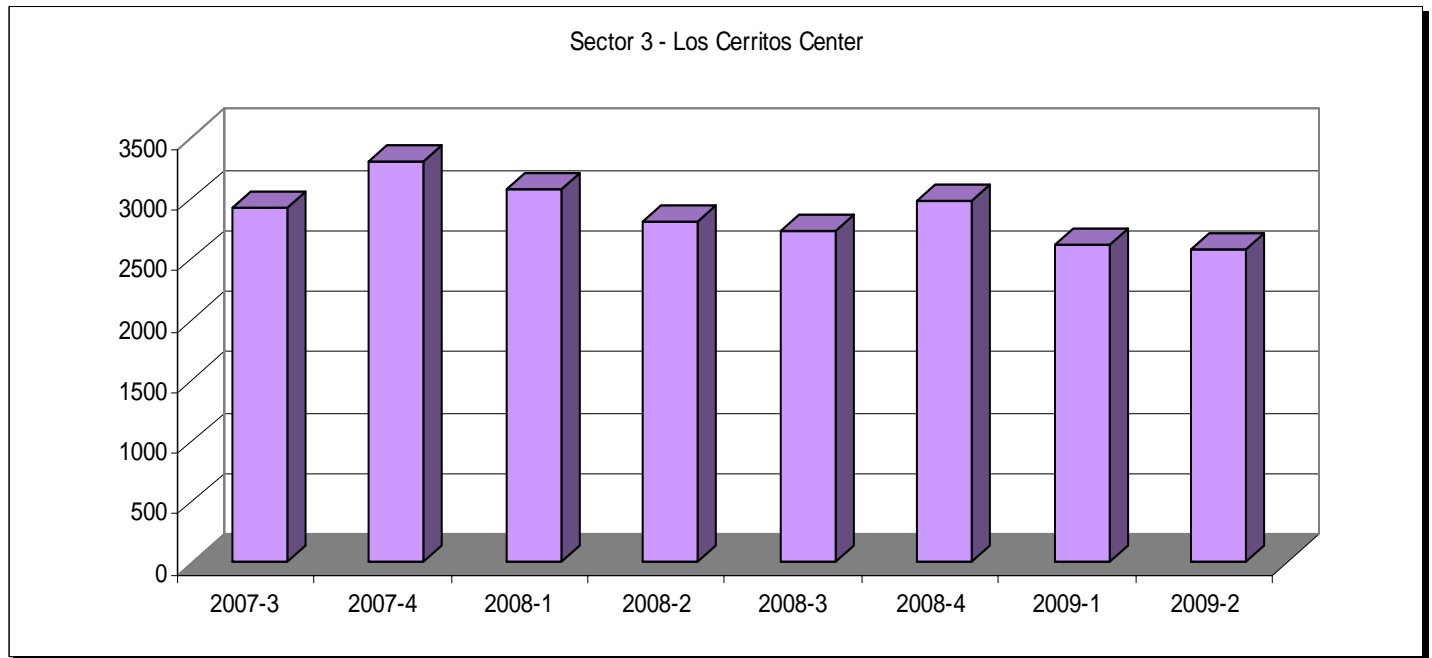


Source: California Employment Development Department

Employment

Total Number of Employees—By Geographic Sector

Employment figures at the Los Cerritos Center have fluctuated from 2007-3 until 2009-2. However, the total number of employees decreased from 2,926 in 2007-3 to 2,577 employees in 2009-2, which is a decrease of approximately 11.9%. Similarly, the Other Regional Commercial sector (other commercial areas not in the identified sectors), has also experienced a steady and gradual decrease in total number of employees. In quarter 2007-3, a total of 4,918 employees were reported in this area and in quarter 2009-2, a total of 3,985 employees were reported, equating to a 19% decrease.



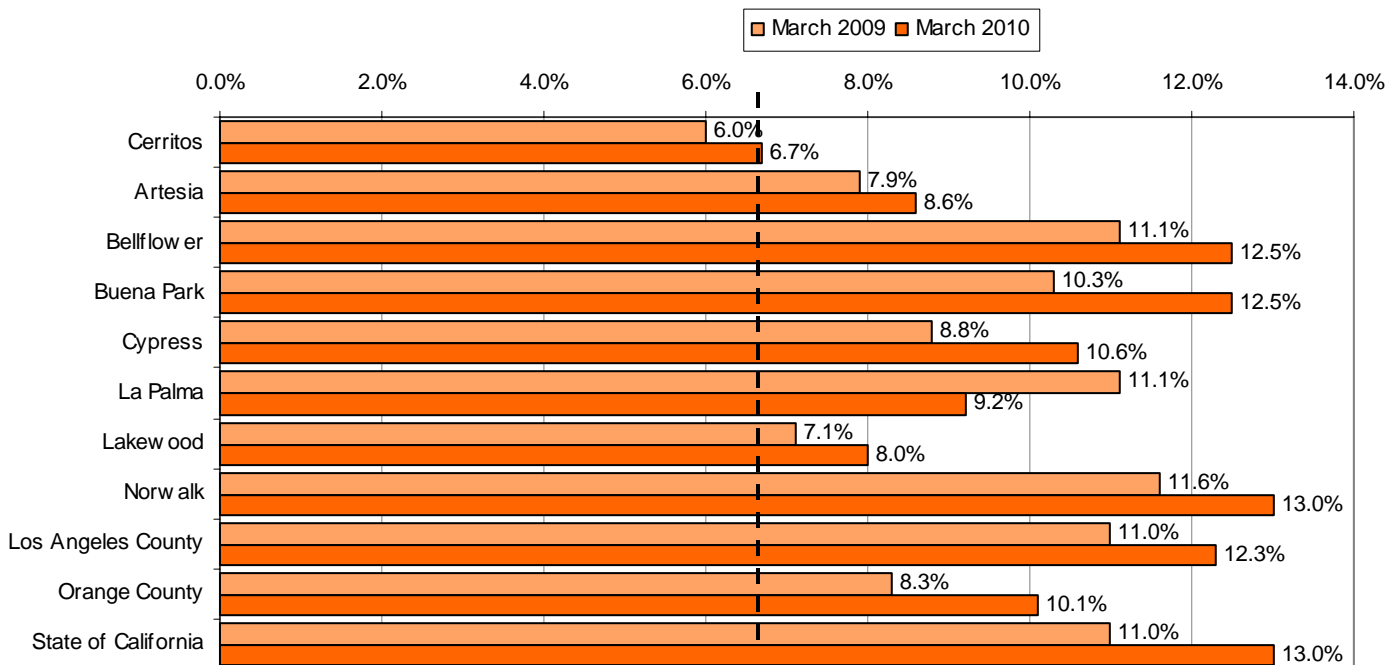
Source: California Employment Development Department

Unemployment

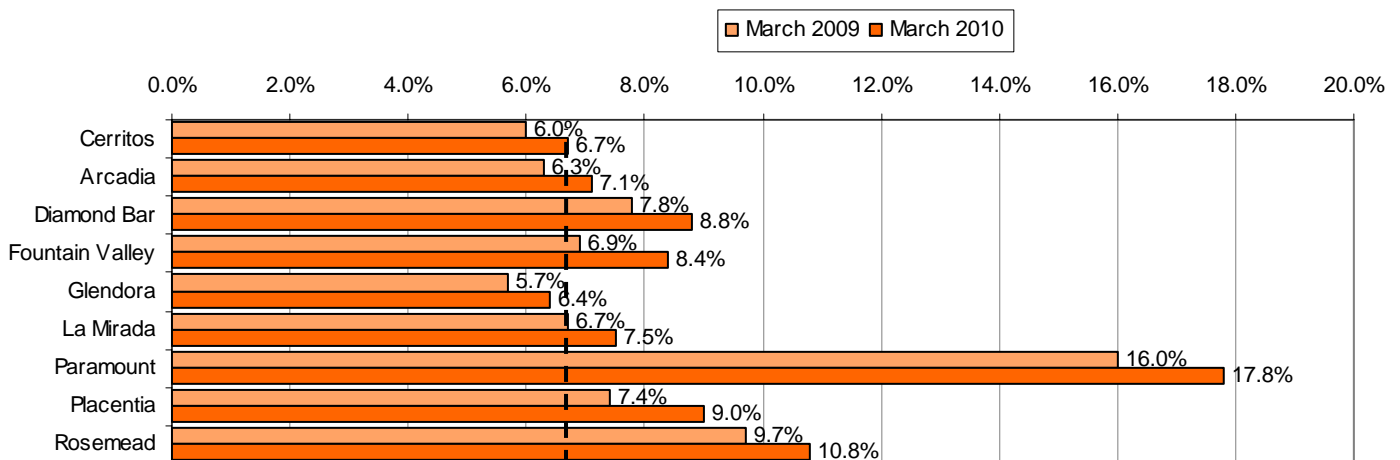
Unemployment—Cerritos and Surrounding Cities

According to the California Employment Development Department, the unemployment rate among Cerritos residents in March 2010 was approximately 6.7%, which is the lowest unemployment rate among surrounding cities. Lakewood has the second lowest unemployment rate at 8%. In addition, the Cerritos unemployment rate is lower than Los Angeles County (12.3%), Orange County (10.1%) and the State of California (13%). 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 7.1%. In a regional comparison, Glendora has the lowest unemployment rate at 6.4% and Paramount has the highest unemployment rate at 17.8%.

Unemployment: Cerritos and Neighboring Cities



Unemployment: Cerritos and Regional Comparison Cities



Source: California Employment Development Department

Commercial Real Estate



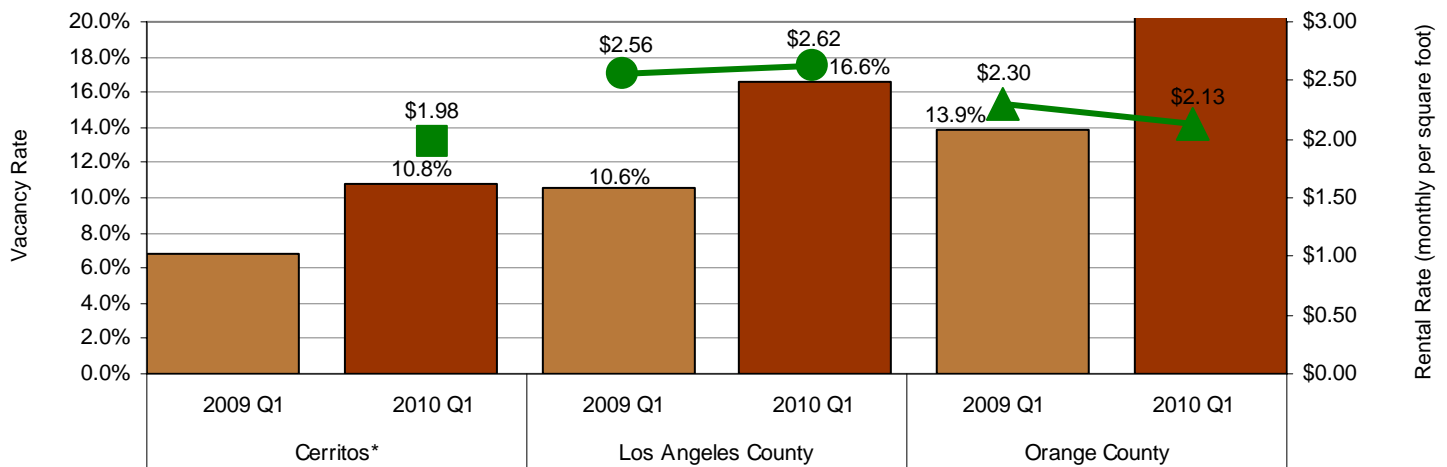
Commercial Real Estate

Vacancy Rate and Asking Rental Rate

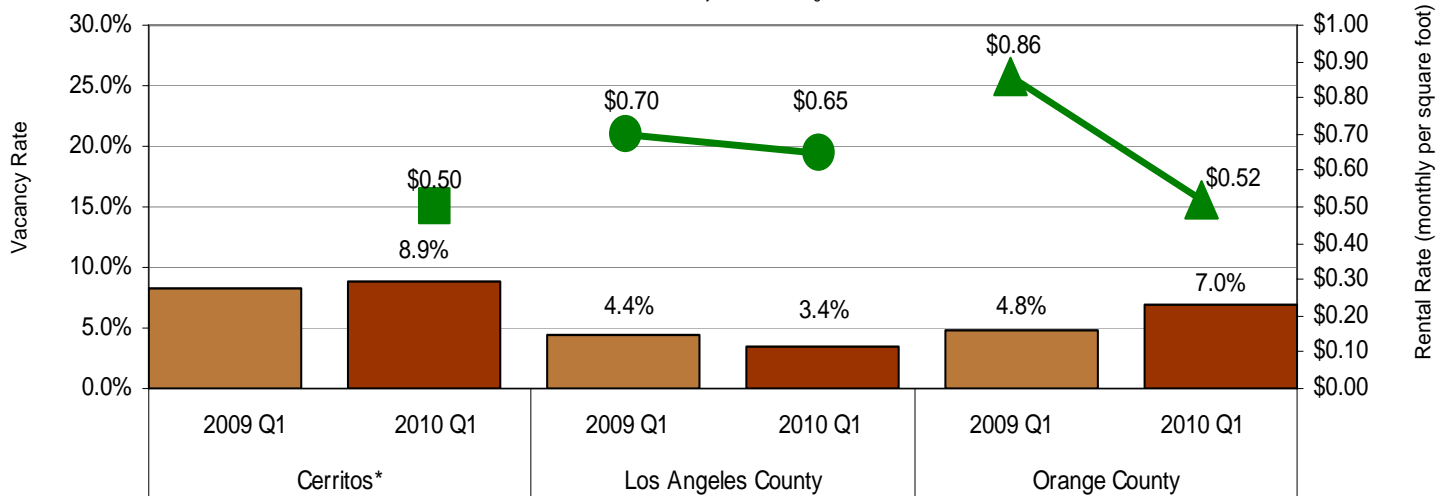
Cerritos' office market vacancy and rental rates are lower than those in Orange County and Los Angeles County. In the first quarter of 2010, the office market vacancy rate in Cerritos was 10.8%, which is lower than Orange County (26.9%) and Los Angeles County (16.6%). Cerritos also has the lowest office market rental rate at \$1.98 per square foot. The overall lower rental rates in Cerritos indicates that Cerritos has competitive rates, which adds to the City's marketability.

In contrast, Cerritos has the highest vacancy rate in the industrial market at 8.9% when compared to Los Angeles County (3.4%) and Orange County (7.0%). However, the asking industrial rental rate per square foot in Cerritos (\$0.50) is lower than Orange County (\$0.65) and Los Angeles County (\$0.52). The low asking rental rate of \$0.50 per square foot for industrial properties, combined with its access to the 91/605 Freeways, help to make the Cerritos Industrial Park a prime location for industrial businesses.

Office Market - Vacancy Rate and Asking Rental Rate



Industrial Market - Vacancy Rate and Asking Rental Rate



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

Sources: Grubb-Ellis and Rofo.com

Commercial Real Estate

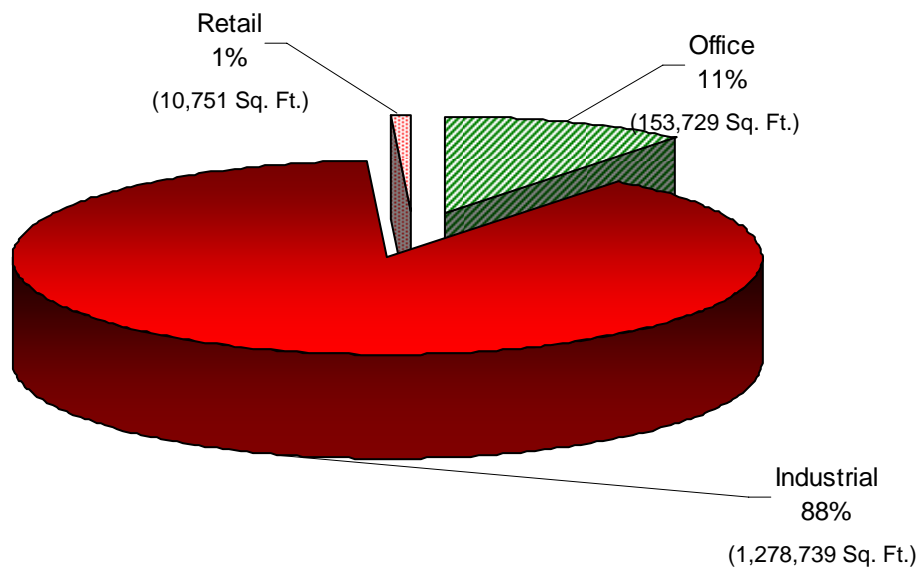
Total Vacancy in Cerritos

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 1,278,739 square feet of vacant industrial space, which equates to 8.9% of the total available commercial space in the City. In addition, the City has approximately 153,729 square feet of vacant office space (10.8% of the total office space in Cerritos) and approximately 10,751 square feet of available retail space (0.23% 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
Industrial	14,341,189	1,278,739	8.9%
Office	1,422,575	153,729	10.8%
Retail	4,685,788	10,751	0.23%
Total	20,449,552	1,443,219	7.06%

Approximately 88% of the total vacant space in Cerritos (1,443,219 sq. ft.) are industrial buildings or uses. Vacant office buildings or uses compose a total of 11% of the total vacant space, while retail buildings or uses compose approximately 1% of the total vacant space in Cerritos.



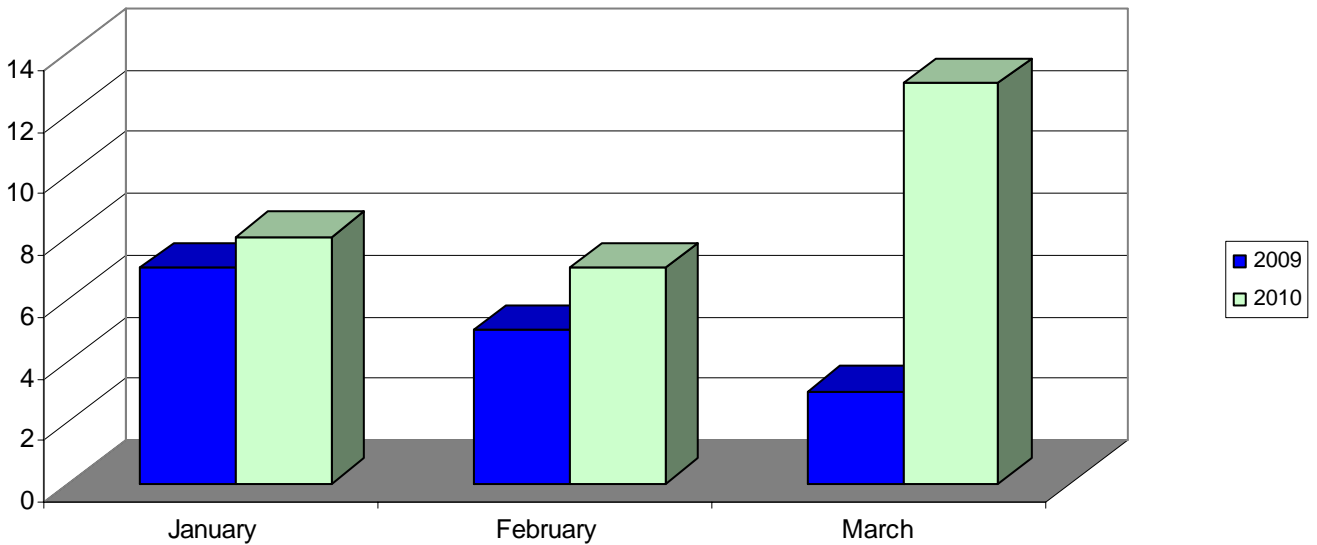
Sources: Grubb-Ellis and Rofo.com

Commercial Real Estate

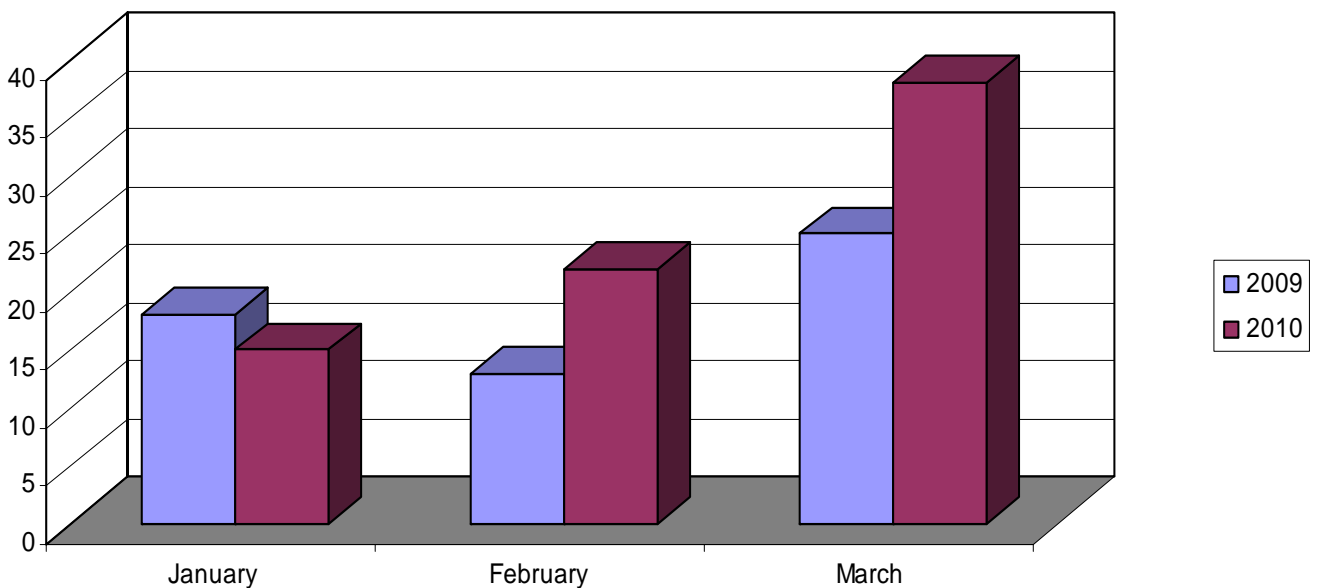
Commercial Real Estate—Construction Activity and Occupancy

The tracking of tenant improvements, new buildings, and the issuance of a Certificate of Occupancy (CofO) is one method to determine the activity of commercial real estate in Cerritos. A CofO 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 CofO, new buildings, and tenant improvements is an indication that the local economy is growing. For the first quarter of 2010, tenant improvements and new buildings increased from the first quarter 2009. In addition, CofO's have experienced an overall increase from 2009 Q1 to 2010 Q1.

Tenant Improvements & New Buildings



Certificate of Occupancy



Sources: GIS Division, City of Cerritos

Housing

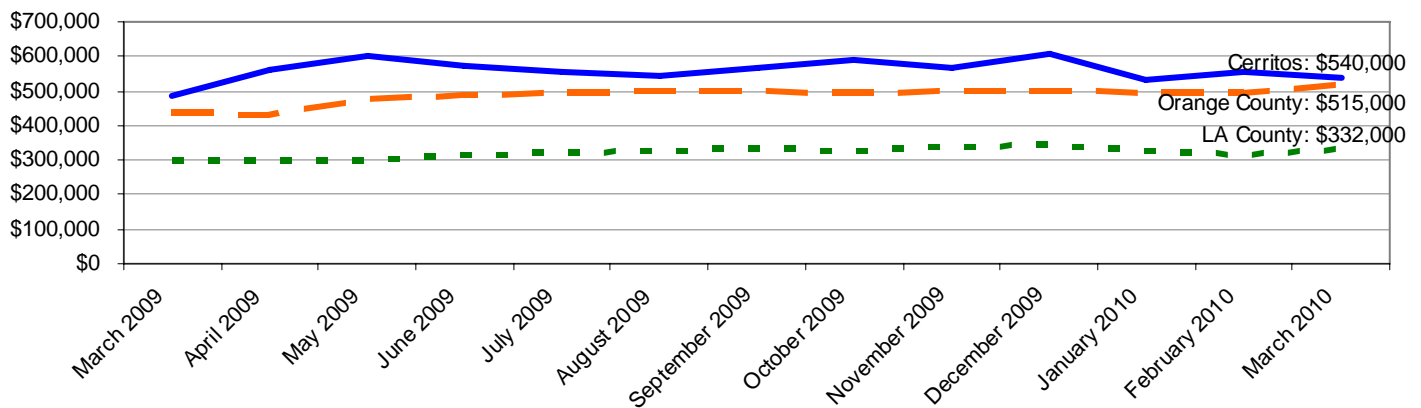


Housing

Median Home Sales Price—Single Family Residential

In Cerritos, the median home price has declined from a high of \$674,417 in 2007 to \$540,000 in March 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 March 2010, the median home sales price in Orange County was approximately \$515,000 and in Los Angeles County the median home sales price was \$332,000.

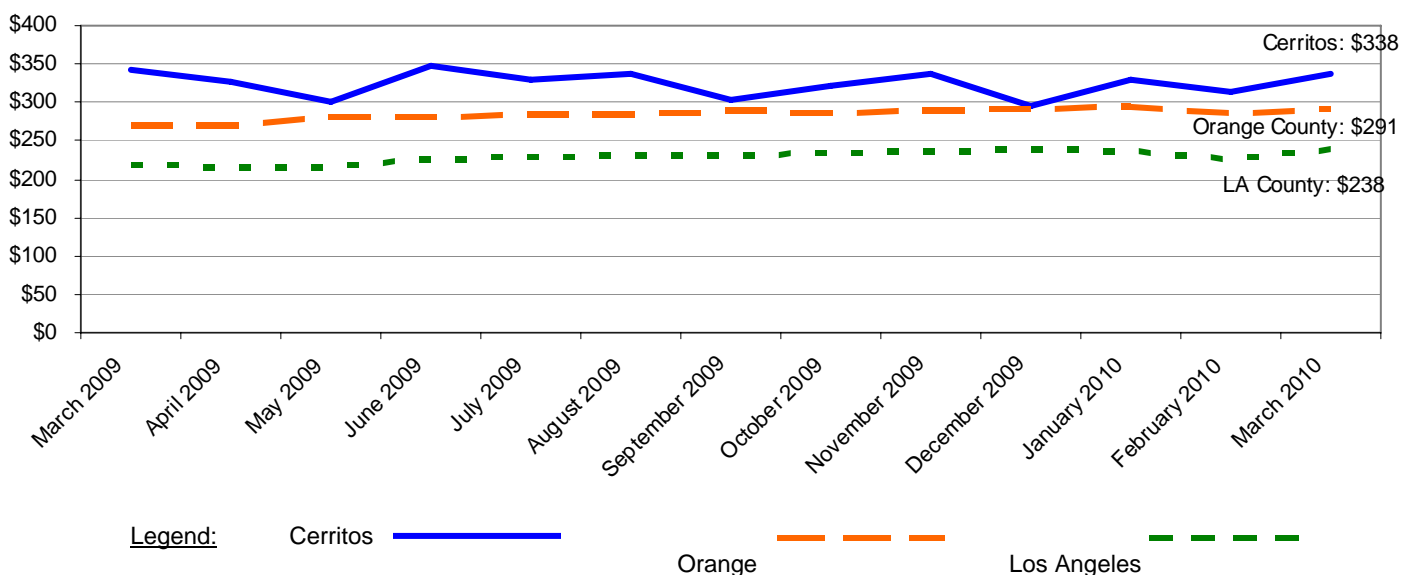
Median Home Sale Prices - Single-Family Residential (SFR)



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 \$338. This is higher than both Orange County (\$291) 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)



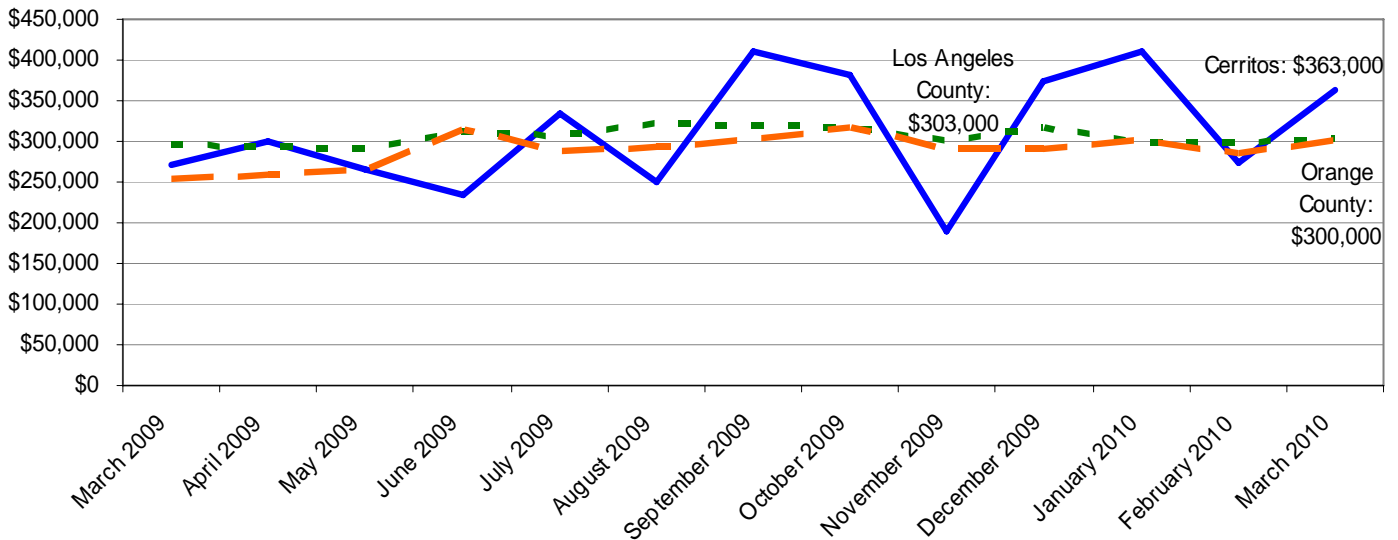
Source: DataQuick

Housing

Median Home Sales Price—Condominiums

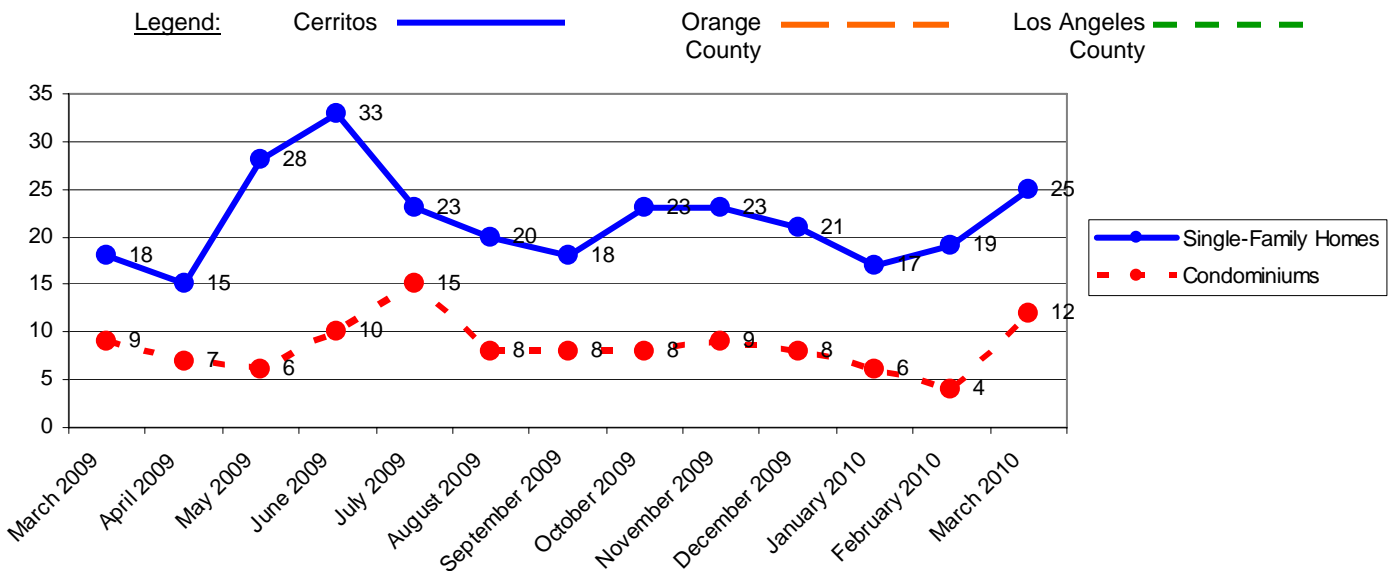
Condominiums have a niche in housing between renting and owning single-family homes. The median home sale price in Cerritos for condominiums experienced an increase in value from a low of \$272,000 in March of 2009 to approximately \$363,000 in March of 2010. The median price for a condo in Cerritos is higher than the median price of \$303,000 for Los Angeles County and the median price of Orange County at \$300,000.

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 March 2010, a total of twelve (12) condominiums were sold, and in comparison, twenty-five (25) single-family homes were sold during the same month.



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 Spring 2010.

Major Revenues

The City of Cerritos has two (2) 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 decreased slightly (3%) from the first quarter 2009 to first quarter 2010. Tax increment revenue for the first quarter 2010 was \$5,987,307, compared to \$6,168,633 in the first quarter 2009. Sales tax revenue for the fourth quarter of 2009 totaled \$4,097,634, which is a decrease from the same quarter in 2008.

Cerritos has four major areas of business activity: Cerritos Industrial Park, Cerritos Towne Center, Los Cerritos Center and the Cerritos Auto Square. The Los Cerritos Center generated the most sales tax at \$1,311,419. The Cerritos Auto Square, the largest auto center in the world, generated the second greatest amount of sales tax with \$1,162,907 for the fourth quarter of 2009. Based on trend analysis of the Los Cerritos Center, sales have increased from quarter 2009-2. In addition, sales at the Cerritos Towne Center increased in quarter 2009-4. Sales at the Cerritos Auto Square have remained low; however, in February 2010, sales increased 12% over the same period in 2009.

Based on a review of businesses by NAICS code, Retail Trade generates the greatest amount of revenue for the City of Cerritos. In fact, 74% 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 35%, Clothing and Clothing Accessories Stores generate 30%, Durable Goods and Merchant Wholesalers generate 16% and General Merchandise Stores generate 15%.

Employment

Cerritos has a wide variety of businesses and agencies that contribute to the local economy. The top ten employers in the City are: ABC Unified School District, United Parcel Service, AT&T Wireless Services, Southern Wine & Spirits of Southern California, City of Cerritos, College Hospital, Inc., S&J Chevrolet, Nordstrom, Inc., Delta Dental of California and Norm Reeves of Cerritos.

From the second quarter 2008 through the second quarter of 2009, most industries experienced a decrease in employment. The Retail Trade industry had the highest number of employees with approximately 6,679 and Wholesale Trade was second with approximately 3,271 employees. The weighted average salary for all industries in Cerritos is \$40,255. The industries with the highest average payroll include Management of Companies and Enterprises at \$68,293, and Wholesale Trade at \$56,802 (Utilities has the highest payroll; however, only a few people are employed in this industry).

A total of 33,591 persons work in Cerritos. Of Cerritos' four (4) major areas of business activity, the Cerritos Industrial Park has highest number of employees with approximately 10,253, or 30% of the total number of employees in Cerritos.

Unemployment

The unemployment rate among Cerritos residents is approximately 6.7%, 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 (10.1%) and the State of California (13%).

Statistical Summary/Strategies

Commercial Real Estate

Cerritos currently has a total vacancy rate of 1,443,219 square feet, which is approximately 7.06% of the total available real estate space in Cerritos (20,449,552 sq. ft.). Of the total vacant space in Cerritos, 88% is industrial space (1,278,739 sq. ft.), 11% is office space (153,729 sq. ft.), and 1% is retail space (10,751 sq. ft.). When compared to Los Angeles County and Orange County, Cerritos office vacancy rate (10.8%) is lower than Orange County (26.9%) and Los Angeles County (16.6%). However, Cerritos' industrial vacancy rate (8.9%) is higher than Orange County (7.0%) and Los Angeles County (3.4%). 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 March 2010. The median home sale price for a condominium is at approximately \$363,000 for March 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 for Los Cerritos Center
- Sales tax for the Cerritos Towne Center
- Housing sale prices continue to grow in Cerritos

→ Constant

- Redevelopment Agency tax increment
- Sales tax at the Cerritos Industrial Park
- Unemployment remained constant at 6.7%

↓ Decrease

- Overall sales tax
- Sales at the Cerritos Auto Square
- Overall employment in Cerritos

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

Housing

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