

Economic Profile

Quarterly Market Trend Analysis for Economic Development in Cerritos

City of Cerritos



Summer 2010

A City With Vision

Economic Profile



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Economic Profile

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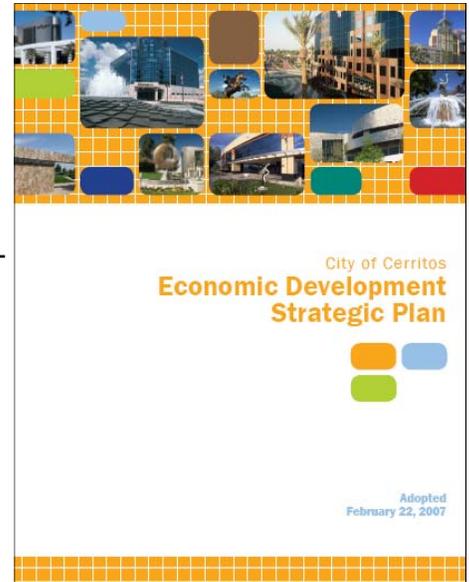
Introduction

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

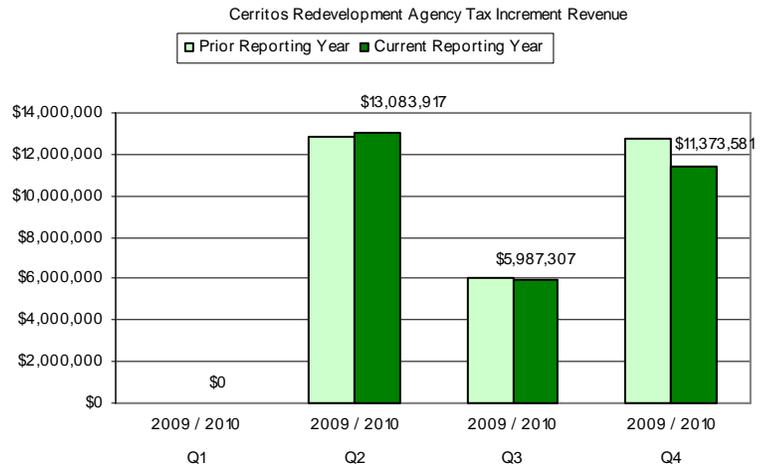


Major Revenues

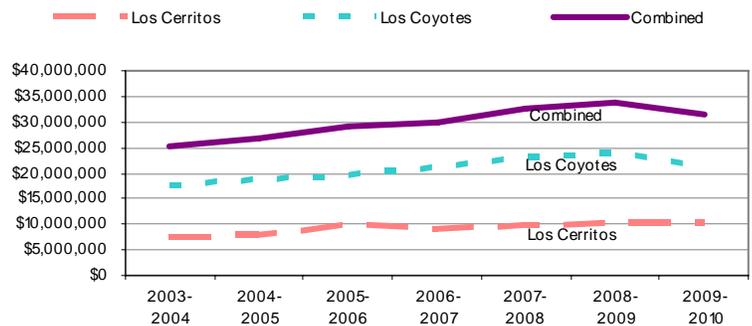
Redevelopment Tax Increment (Fiscal Year)

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 decreased from the fourth quarter of FY 2008-2009 to the fourth quarter of FY 2009-2010. The Redevelopment Agency received \$11,373,581 in tax increment revenue for the fourth quarter of FY 2009-2010, which is a 11% decrease from the same quarter in the prior year.

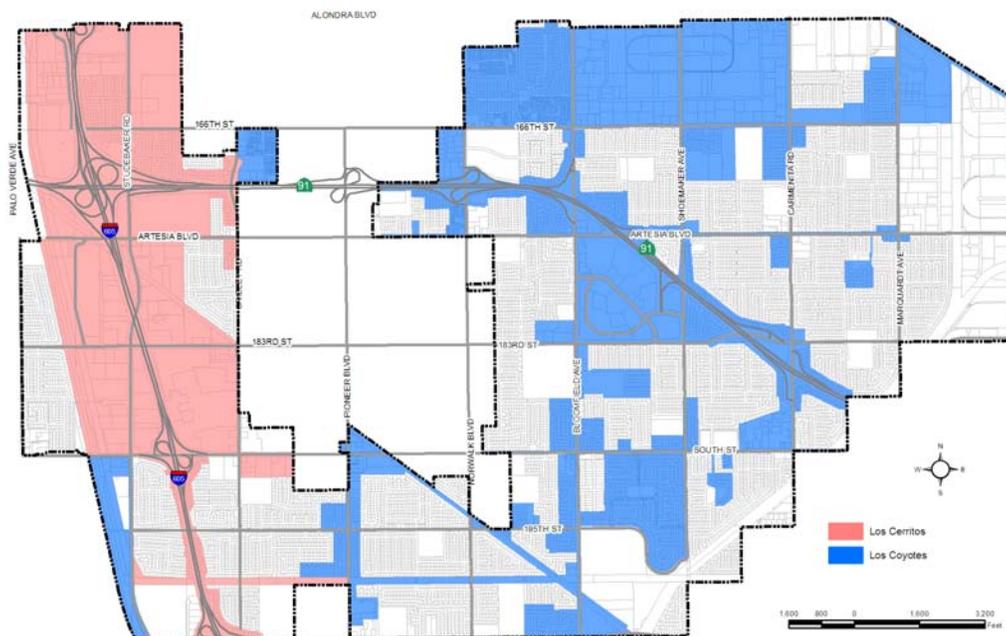
The combined tax increment revenue from the Los Cerritos and Los Coyotes project areas has increased from \$25,106,032 in FY 2003-2004 to \$31,362,844 in FY 2009-2010, or a 20% increase. The Los Coyotes project area generates more revenue than the Los Cerritos project area. In FY 2009-2010, the Los Coyotes 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.



Tax Increment Revenue for Past 5 Fiscal Years Ending June 30



Cerritos Redevelopment Project Areas



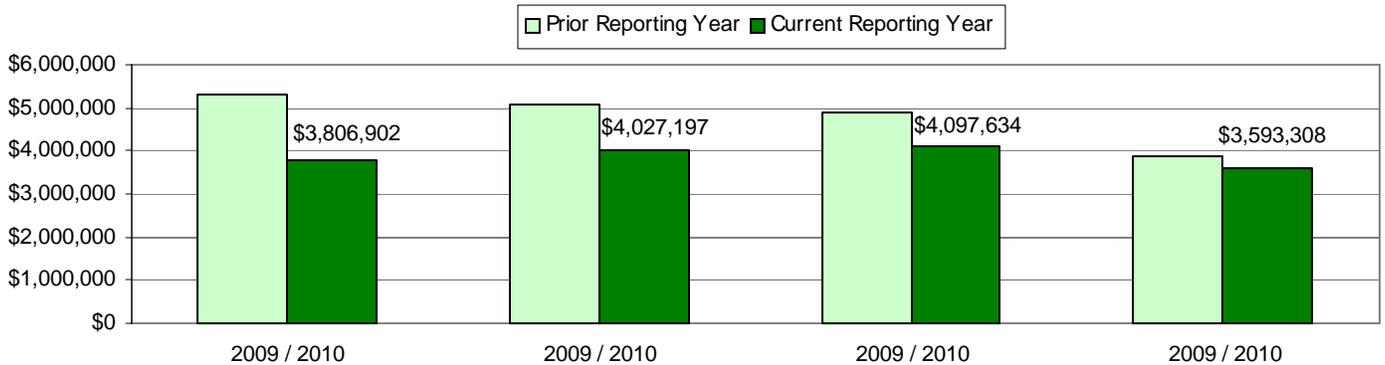
Sources: City of Cerritos Finance Division, GIS Division

Major Revenues

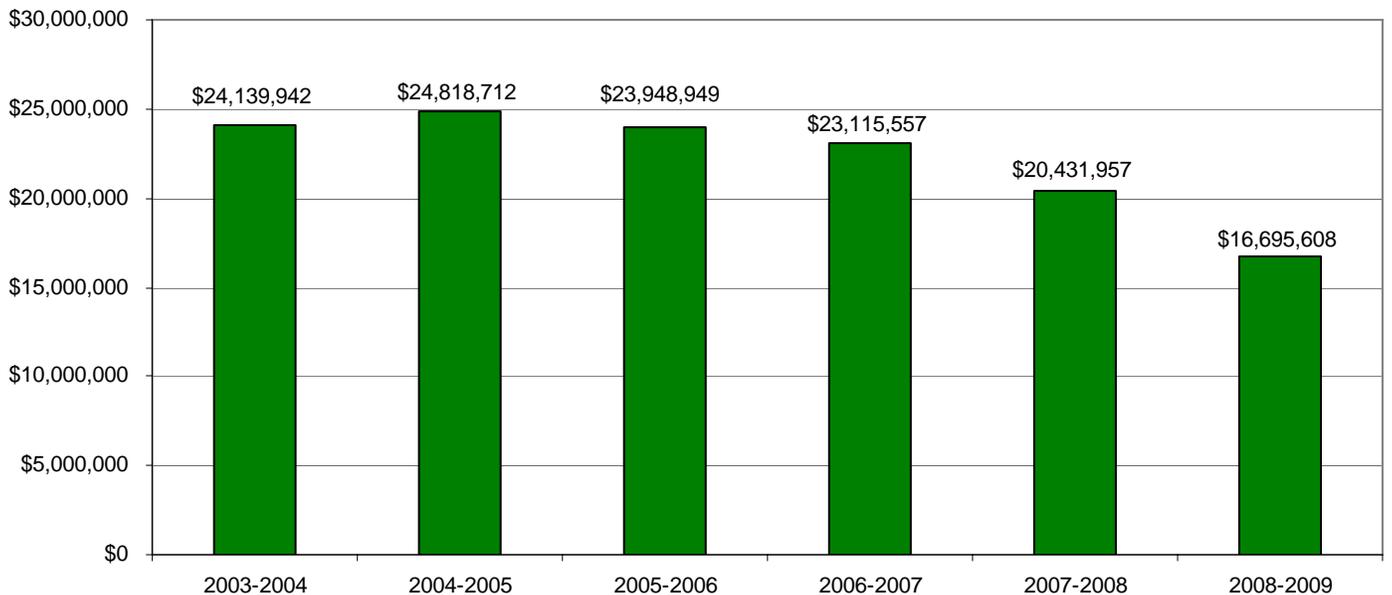
Sales Tax (Calendar Year)

For the first quarter of 2010 (calendar year), businesses in the City generated \$3,593,308 in sales tax revenues, which is a 7% decrease (\$266,225) over the same quarter in 2009. 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, 2010 Q1 experienced the

Sales Tax Revenue



Sales Tax Revenue for Past 6 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 2008-2009, sales tax revenue decreased from \$24,818,712 to \$16,695,608, or a 33% decrease. In addition, from FY 2007-2008 to FY 2008-2009, sales tax decreased \$3,736,349 or approximately 18%, which is the sharpest decrease in sales tax revenue.

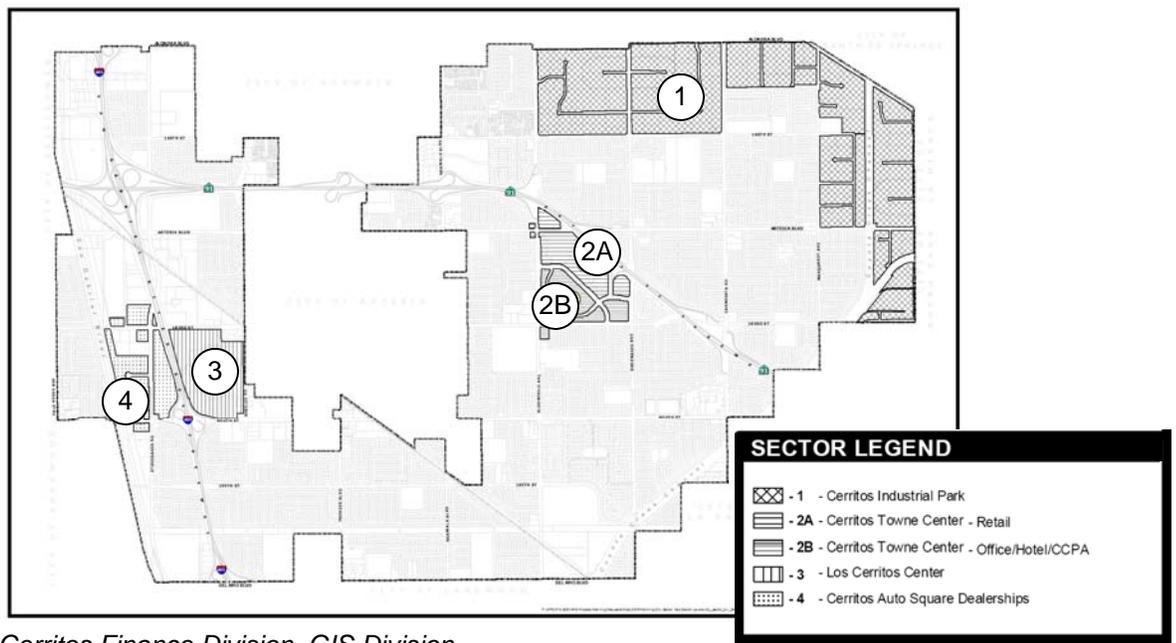
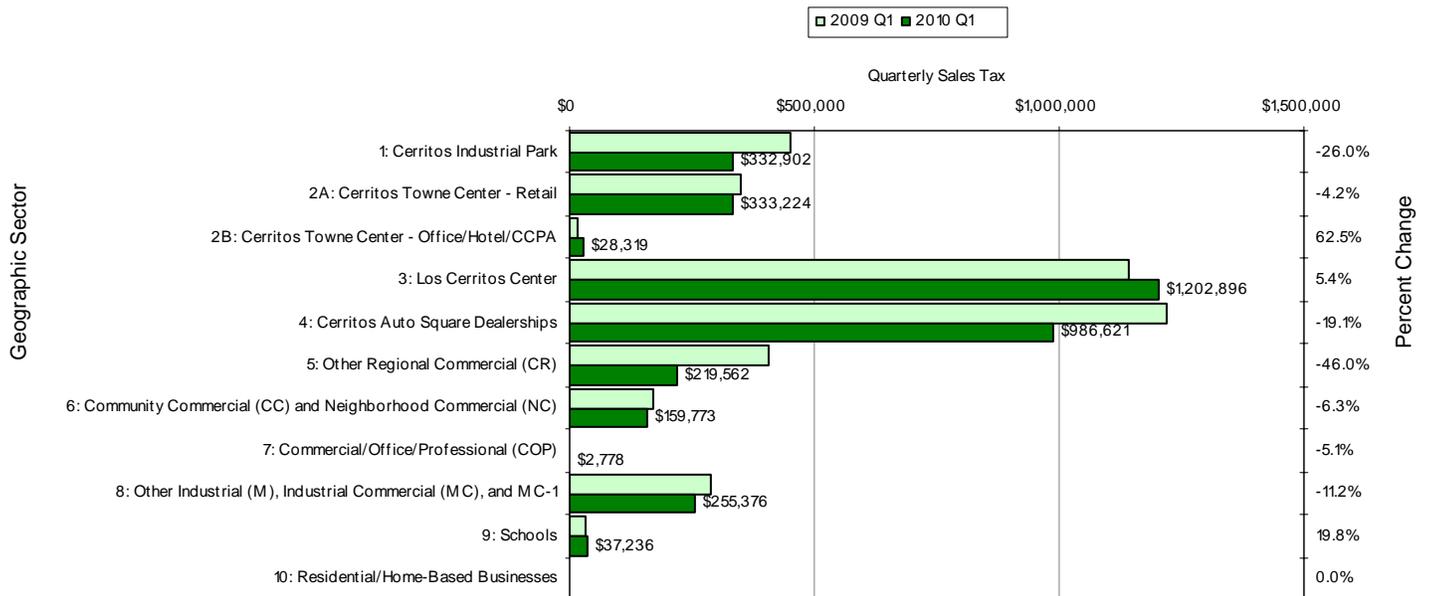
Source: City of Cerritos Finance Division

Major Revenues

Sales Tax by Geographic Sector (Calendar Year)

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 first quarter of 2010, the Los Cerritos Center generated the most sales tax at approximately \$1,202,896. The Cerritos Auto Square generated the second highest sales tax at approximately \$986,621. The Cerritos Towne Center, which includes a retail and office component, generated \$361,543 and the Cerritos Industrial Park generated \$332,902. The Los Cerritos Center is the only major sector to have a significant percentage increase (5.4%), when compared to the same quarter of the prior year.

Quarterly Sales Tax by Geographic Sector



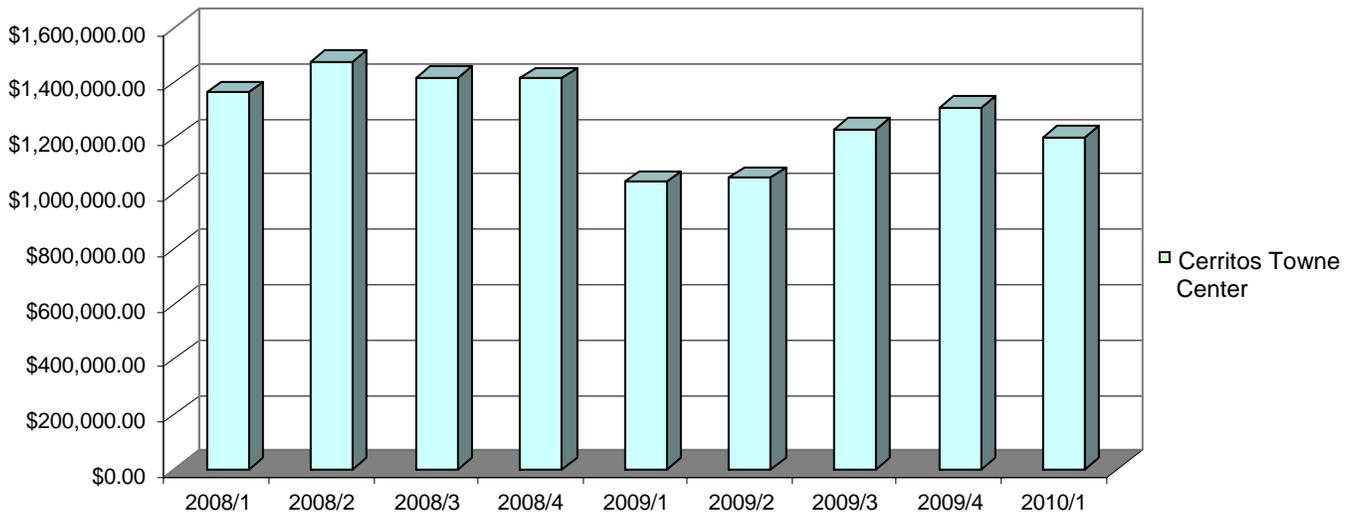
Source: City of Cerritos Finance Division, GIS Division

Major Revenues

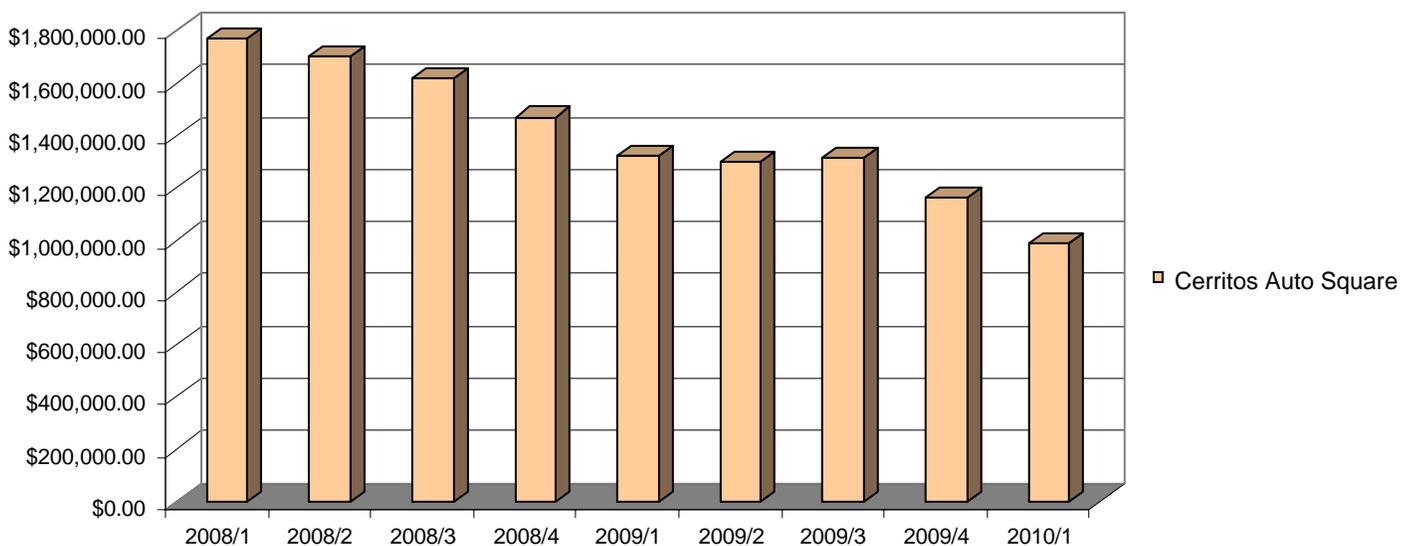
Sales Tax by Geographic Sector (Calendar Year)

The Los Cerritos Center generated 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 began to increase but dipped slightly to \$1.2 million dollars in quarter 2010-1. In contrast, the sales tax revenue from the Cerritos Auto Square but has decreased from a high of approximately \$1.7 million in quarter 2008-1 to approximately \$986,621 in quarter 2010-1, a decrease of 42%.

Los Cerritos Center



Cerritos Auto Square



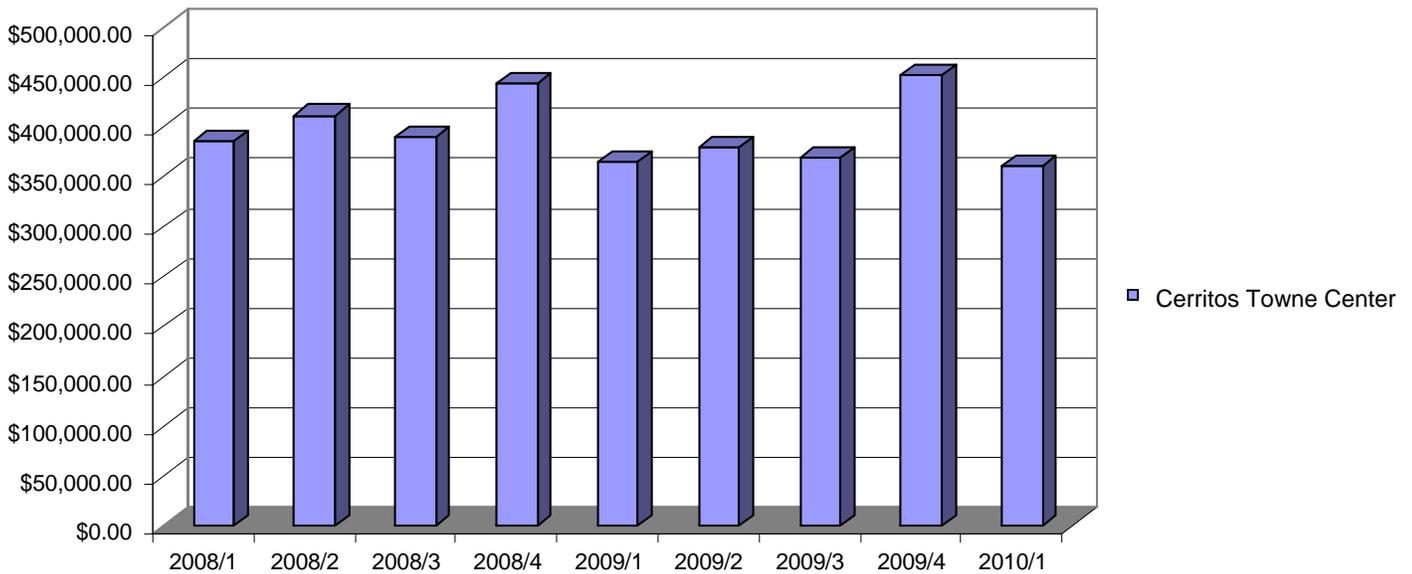
Source: City of Cerritos Finance Division, GIS Division

Major Revenues

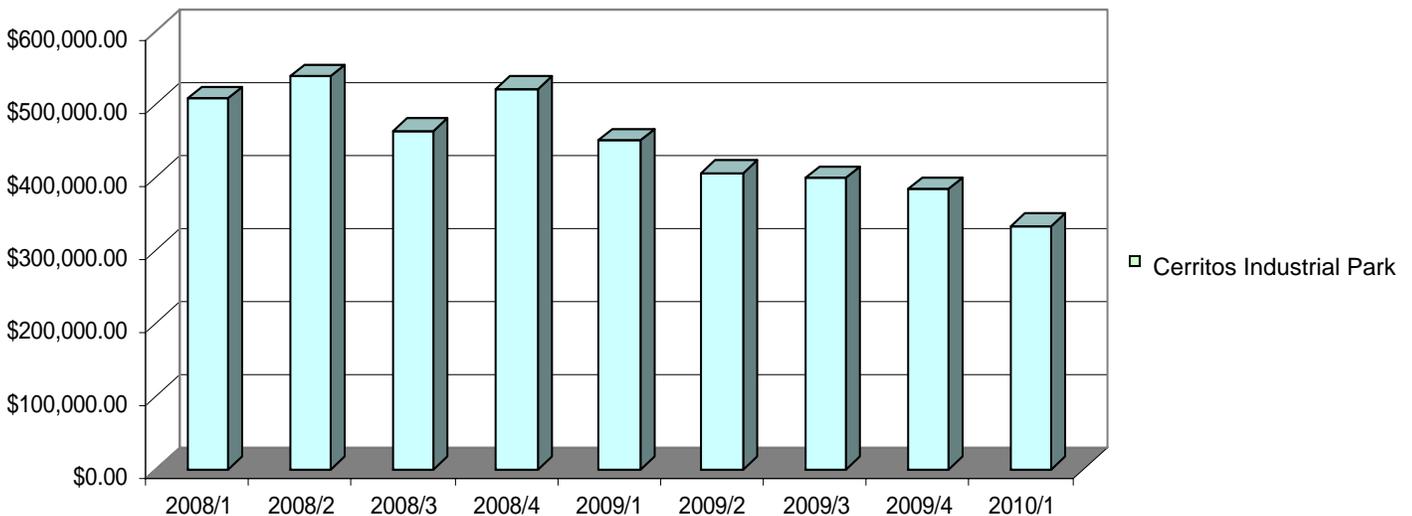
Sales Tax by Geographic Sector (Calendar Year)

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 decreased from \$451,498 in 2009-4 to \$361,543 in quarter 2010-1, which is a decrease of approximately 20%. 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 \$332,902 in sales tax revenue in quarter 2010-1, which is a decrease of 34% from quarter 2008-4. This drop in sales tax revenue may be attributed to the current economic climate affecting the import and export of goods from the ports and subsequently of industrial uses.

Cerritos Towne Center



Cerritos Industrial Park



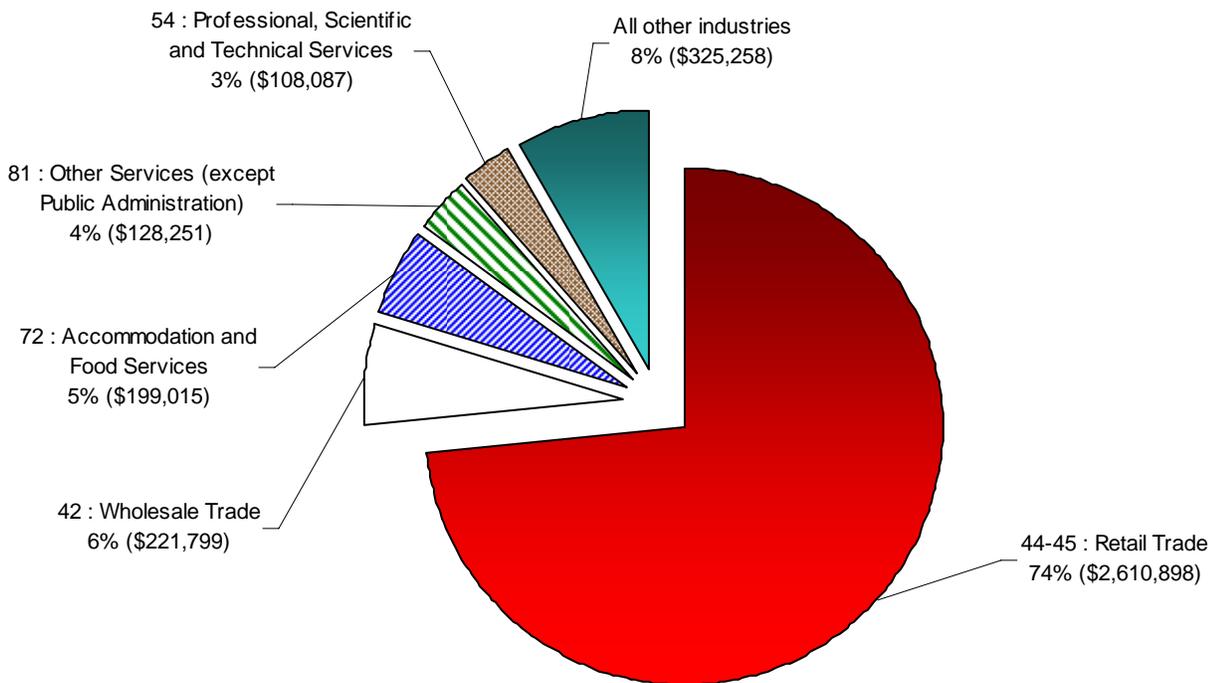
Source: City of Cerritos Finance Division, GIS Division

Major Revenues

Sales Tax—Top Five Generators (Calendar Year)

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 (6%). Accommodation and Food Services is the fourth highest (5%), Other Services (except Public Administration) is fifth (4%) and Professional and Technical Services is sixth (3%).

**Top Five Sales Tax Generating Industries
First 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

*North American Industry Classification System

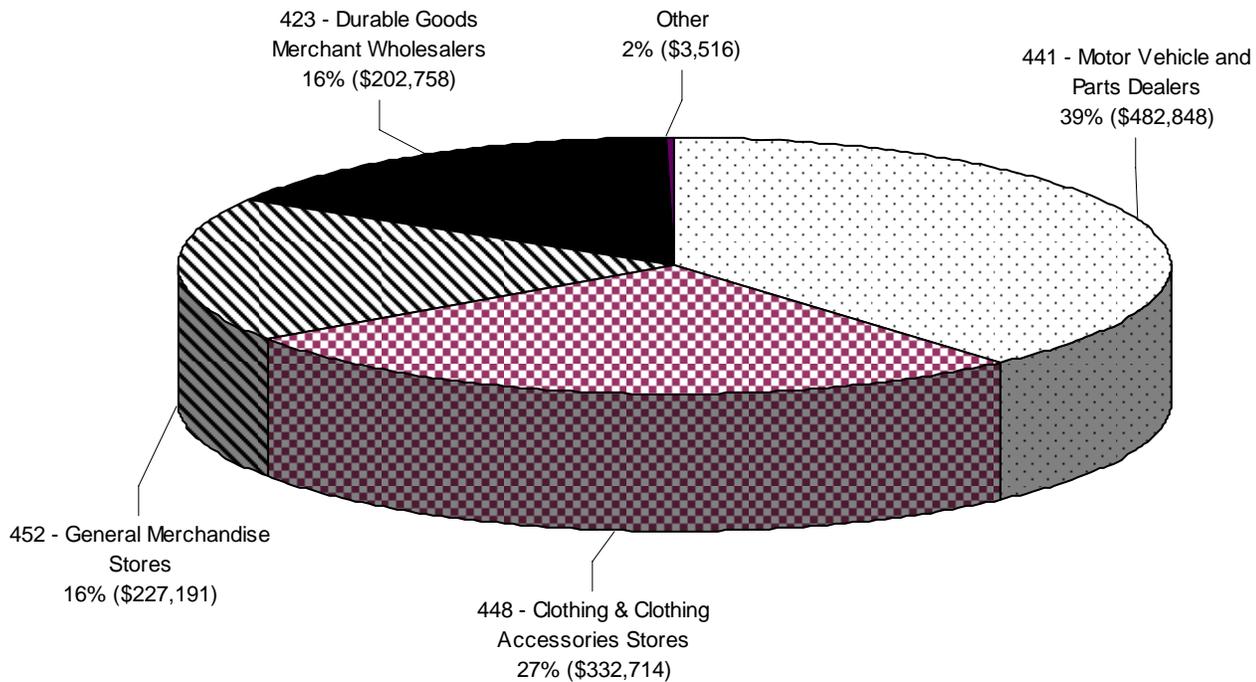
Source: City of Cerritos Finance Division

Major Revenues

Sales Tax—Top Retail Trade Generators (Calendar Year)

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 39% of retail sales and is the top sales tax generator. Clothing and Clothing Accessories Stores make up 27%, 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 16%.

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



441 Motor Vehicle and Parts Dealers	448 Clothing & Clothing Accessories Stores	452 General Merchandise Stores	423 Durable Goods Merchant Wholesalers
\$482,848	\$332,714	\$227,191	\$202,758

*North American Industry Classification System

Source: City of Cerritos Finance Division

Auto Sales

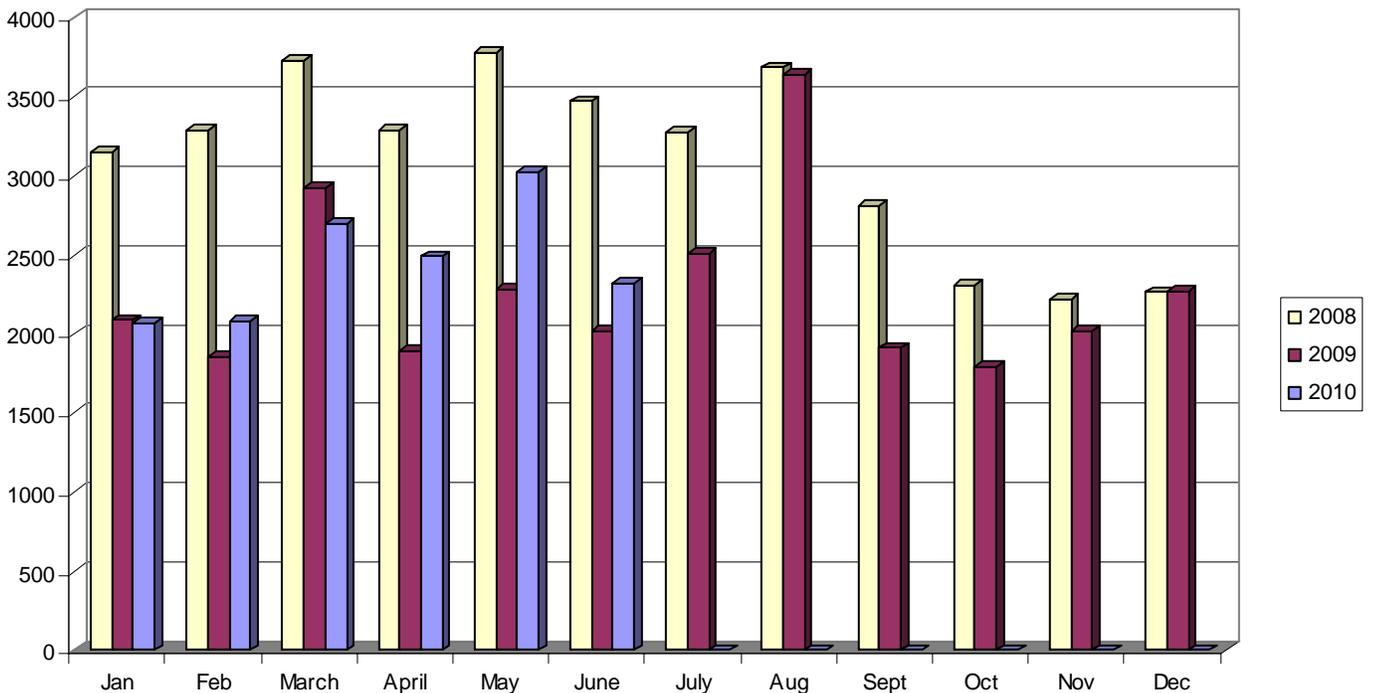
Cerritos Auto Square—Total Number of Vehicles Sold (Calendar Year)

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 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. However, sales for April 2010 (32% increase), May 2010 (33% increase), and June 2010 (15% increase) exceeded sales from the same months in the previous year. In fact, from the previous year, a total of 598 more cars were sold in April 2010 a total of 742 more cars were sold in May 2010 and a total of 303 more cars were sold in June 2010. The sales increase may be an indicator of consumer confidence resulting in automobile purchases.

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							

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

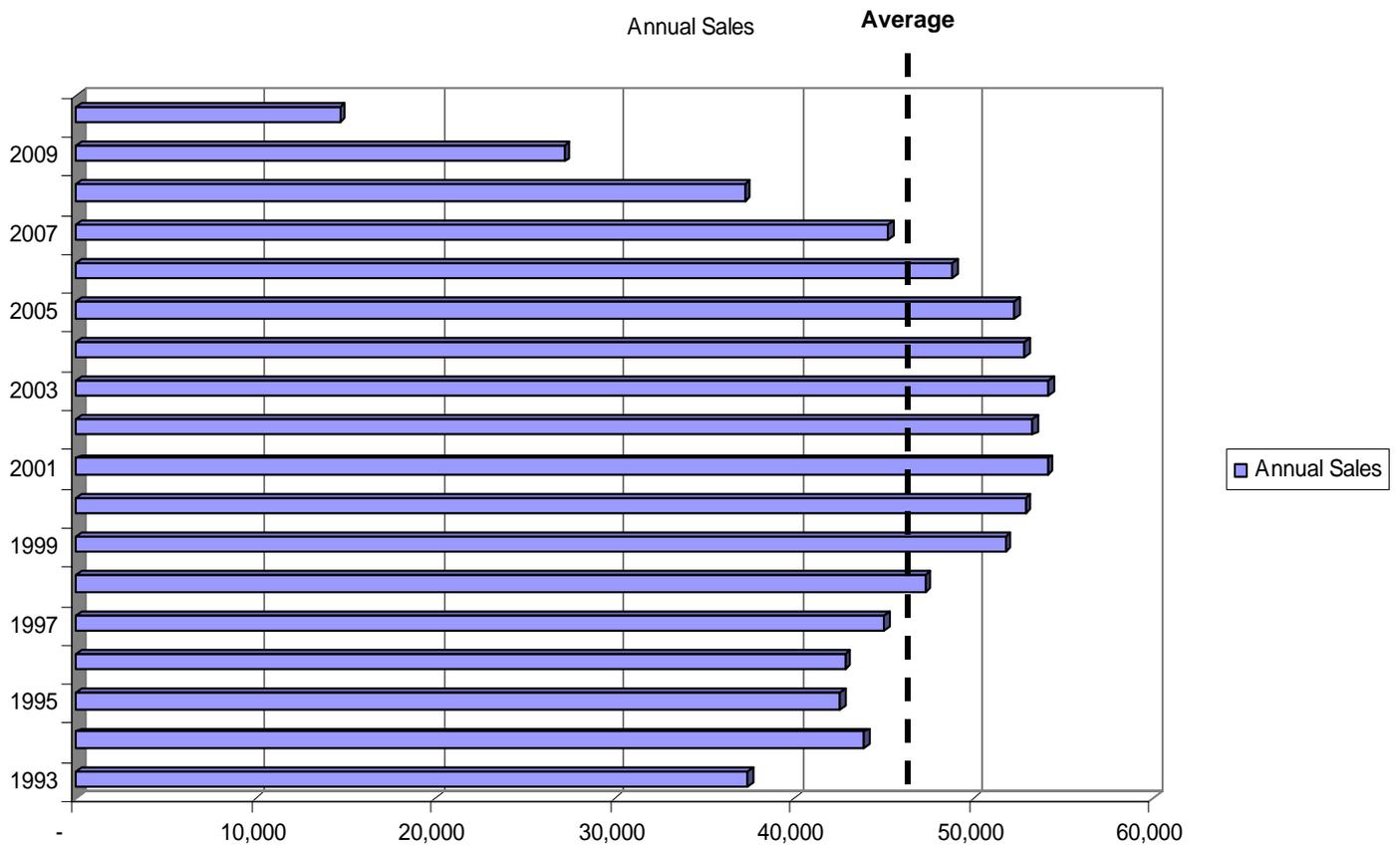
Source: Cerritos Auto Dealers Association

Auto Sales

Cerritos Auto Square—Annual Car Sales (Calendar Year)

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 April 2010, May 2010, and June 2010 have increased from the previous year. In fact, four out of the six months in 2010 have experienced sale increases when compared to the previous year.

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	14,684*								

*June 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%

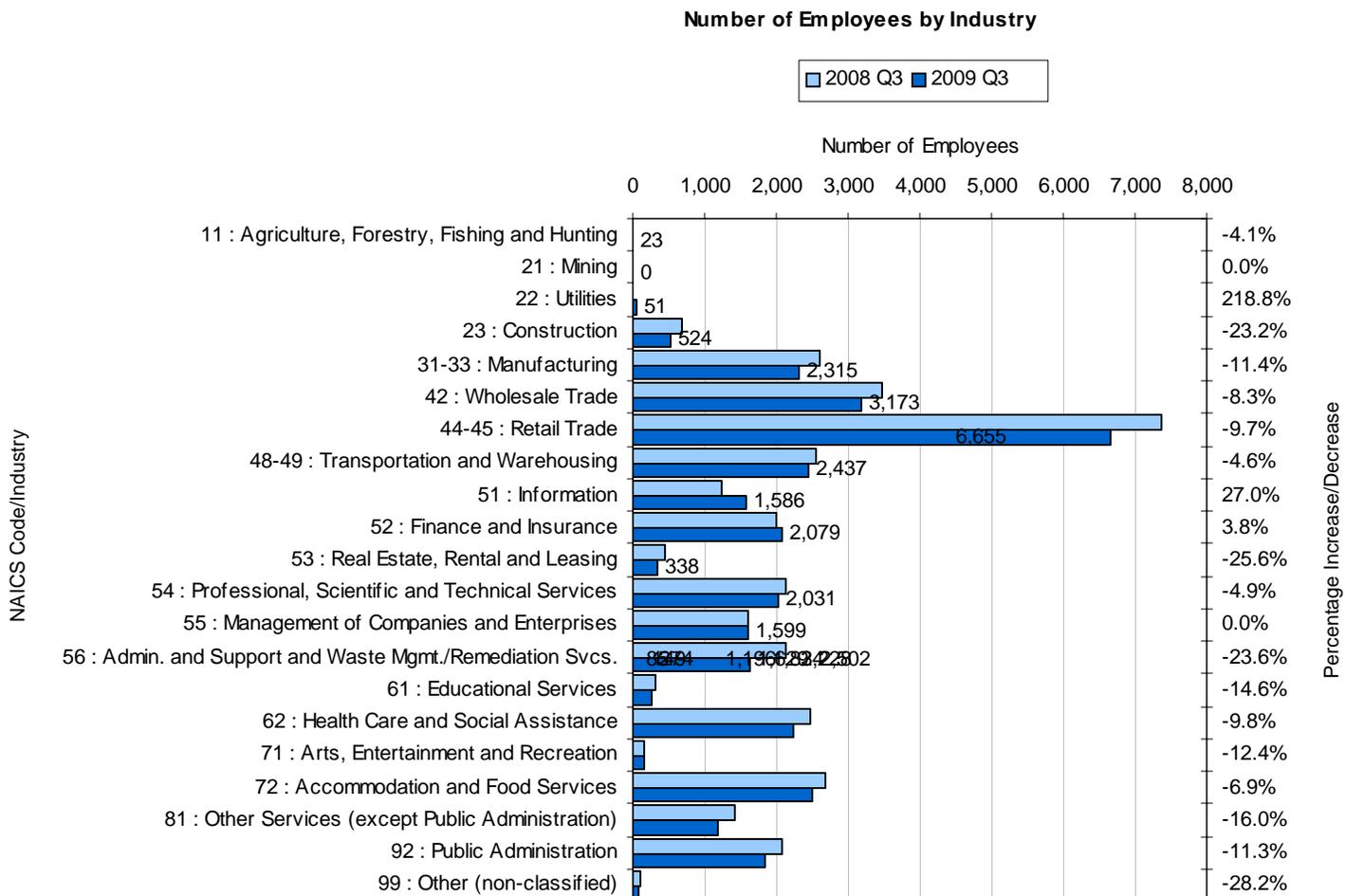
*Note: The number of employees was based on employment numbers from the California Employment Development Department and a telephone survey conducted by City staff. The top employers are calculated annually.

Source: California Employment Development Department

Employment

Total Number of Employees—By Industry (Calendar Year)

A total of 35,288 persons work in Cerritos. The Retail Trade industry has the highest number of employees at approximately 6,655 for the third quarter of 2009. Wholesale Trade is the second highest with approximately 3,173 employees and Accommodation and Food Services has approximately 2,502. 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. However, Finance and Insurance (4%) and Information (27%) experienced an increase.



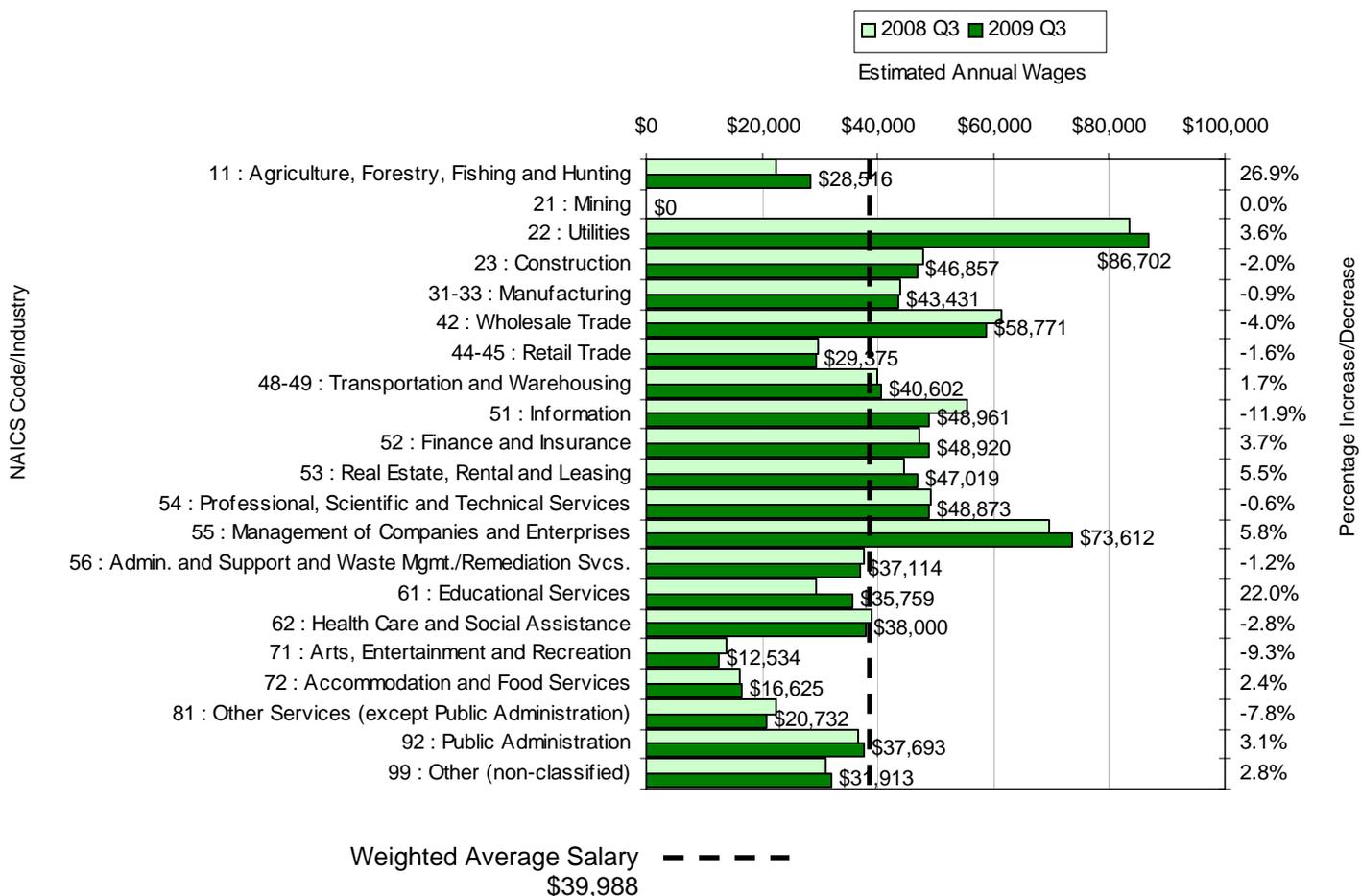
Source: California Employment Development Department

Employment

Average Estimated Annual Payroll Per Employee (Calendar Year)

In Cerritos, the Utilities industry has the highest average annual payroll at approximately \$86,702, though this industry has a relatively small presence in terms of its total number of employees (51). The industry with the second highest average annual payroll is the Management of Companies and Enterprises at \$73,612 and the third highest is Wholesale Trade at \$58,771. Based on the data, several of the top industries have experienced an increase in their annual wages. For example, the Utilities industry experienced a 3.6% increase, Transportation and Warehousing increased 1.7%, Finance and Insurance increased 3.7%, Real Estate and Leasing increased 5.5%, Management of Companies and Enterprises increased 5.8%, Educational Services increased 22%, Accommodation and Food Services increased 2.4% and Public Administration at 3.1%. The dashed line indicates the weighted average salary for all industries in Cerritos: \$39,988.

Average Estimated Annual Payroll Per Employee



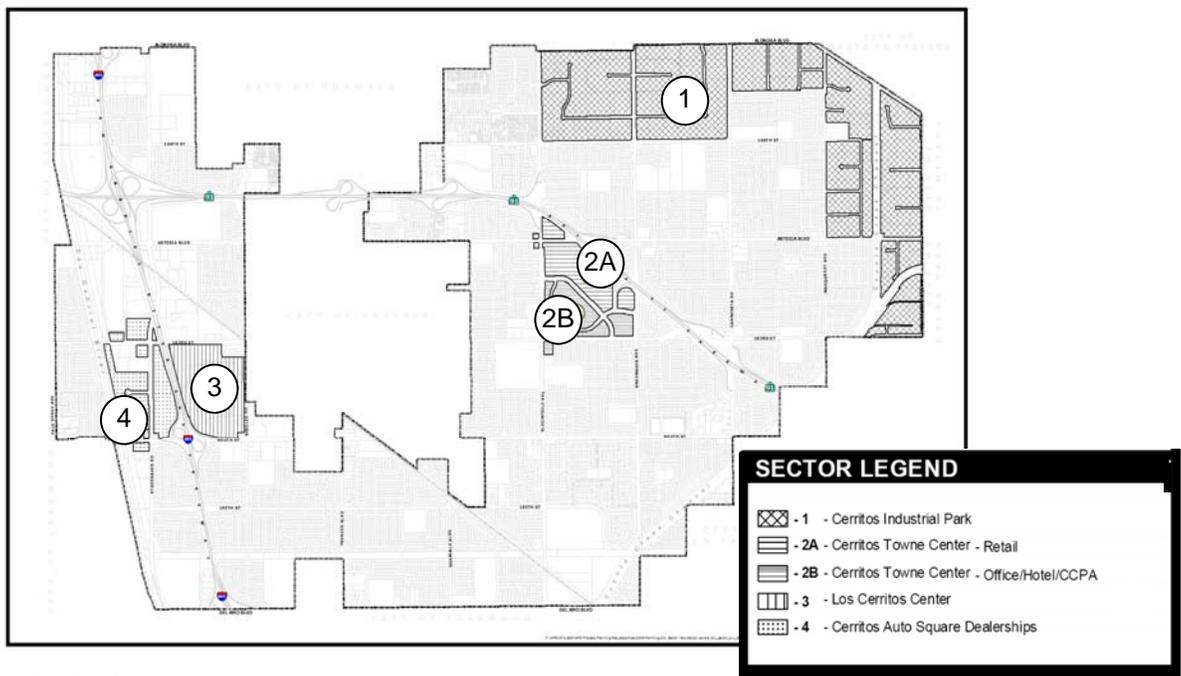
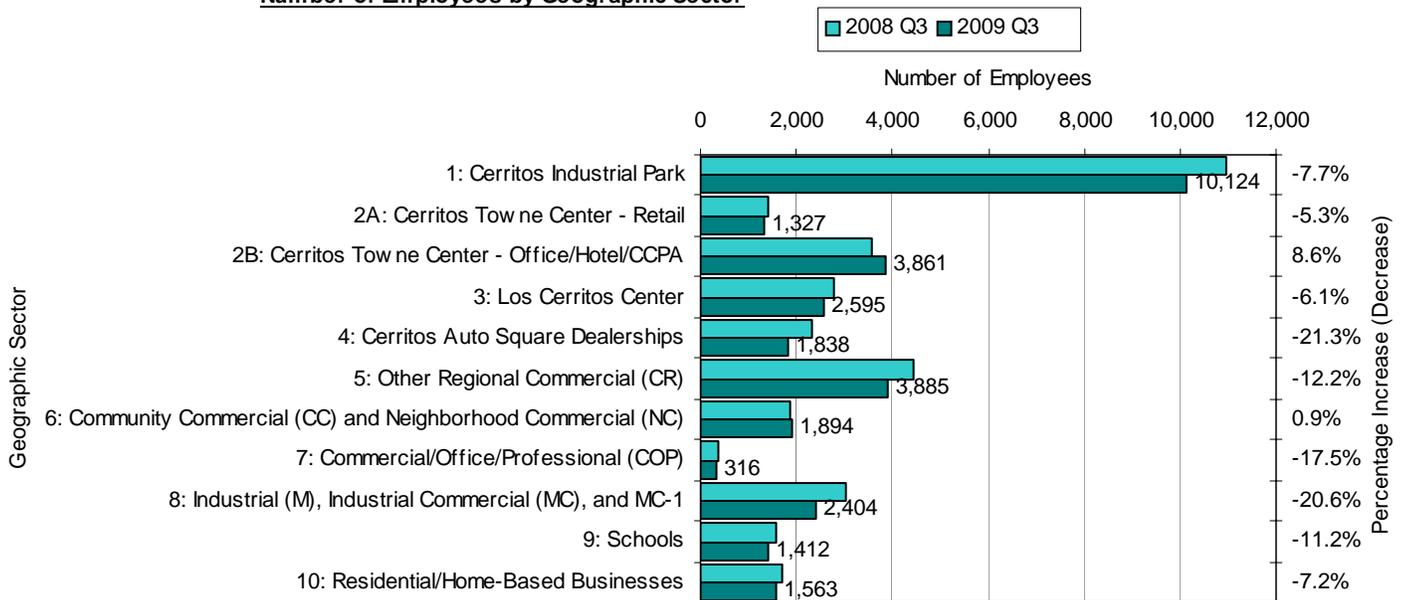
Source: California Employment Development Department

Employment

Total Number of Employees—By Geographic Sector (Calendar Year)

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 10,124. The Towne Center, including the retail and office component, has approximately 5,188 employees, the Los Cerritos Center has approximately 2,595 employees and the Cerritos Auto Square has approximately 1,838 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



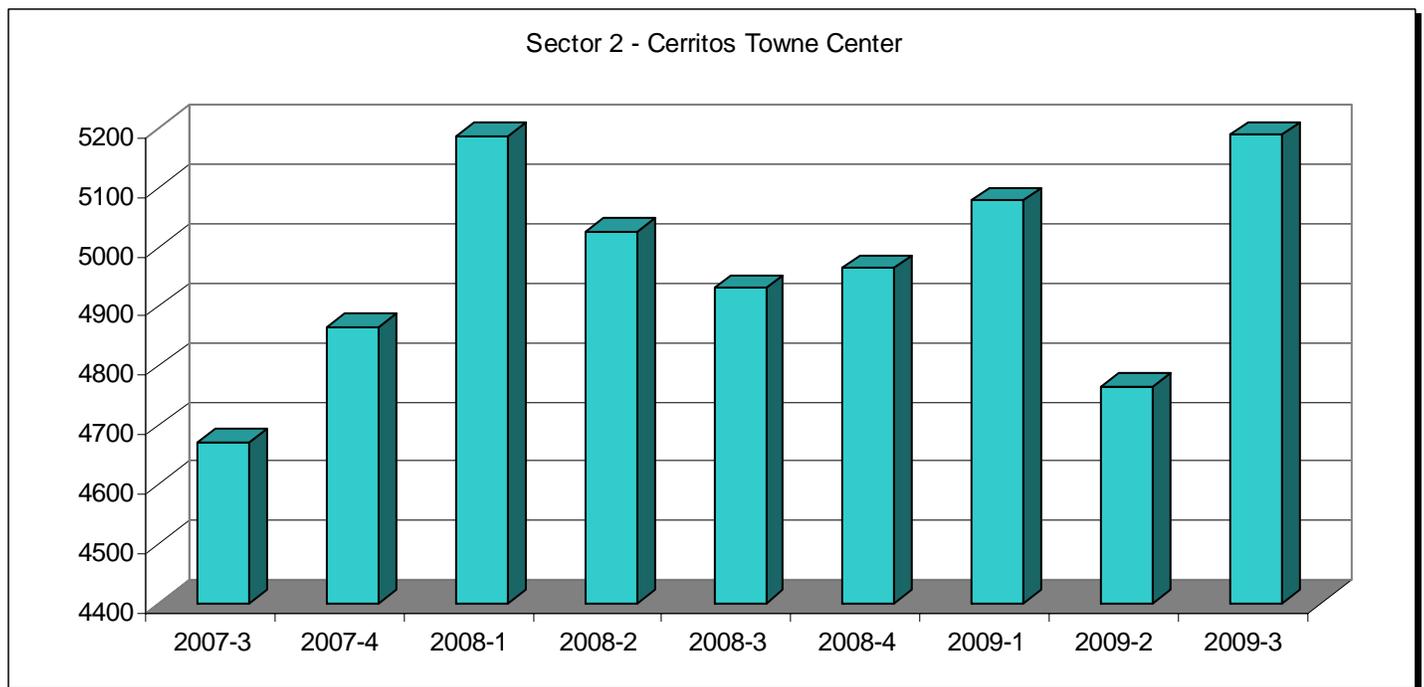
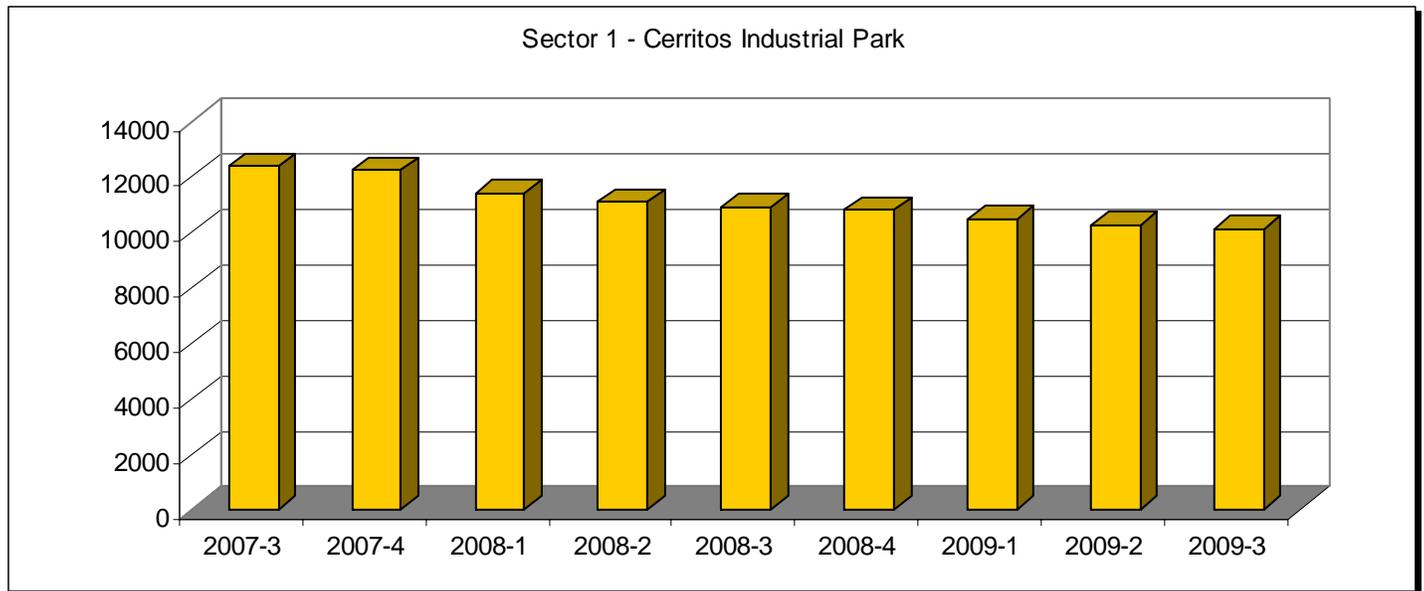
*Cerritos Center for the Performing Arts

Source: California Employment Development Department

Employment

Total Number of Employees—By Geographic Sector (Calendar Year)

The Cerritos Industrial Park is the sector that has the greatest number of employees at 10,124. 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 2009-3. In 2009-3, the Cerritos Industrial Park had 10,124 employees, which is an 18% 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 2009-3. In 2009-3 the Cerritos Towne Center had a total of 5,188 employees, which is a 9% increase. 2009-3 employee levels are equivalent to 2008-1, which equals the highest employee count for the Towne Center.

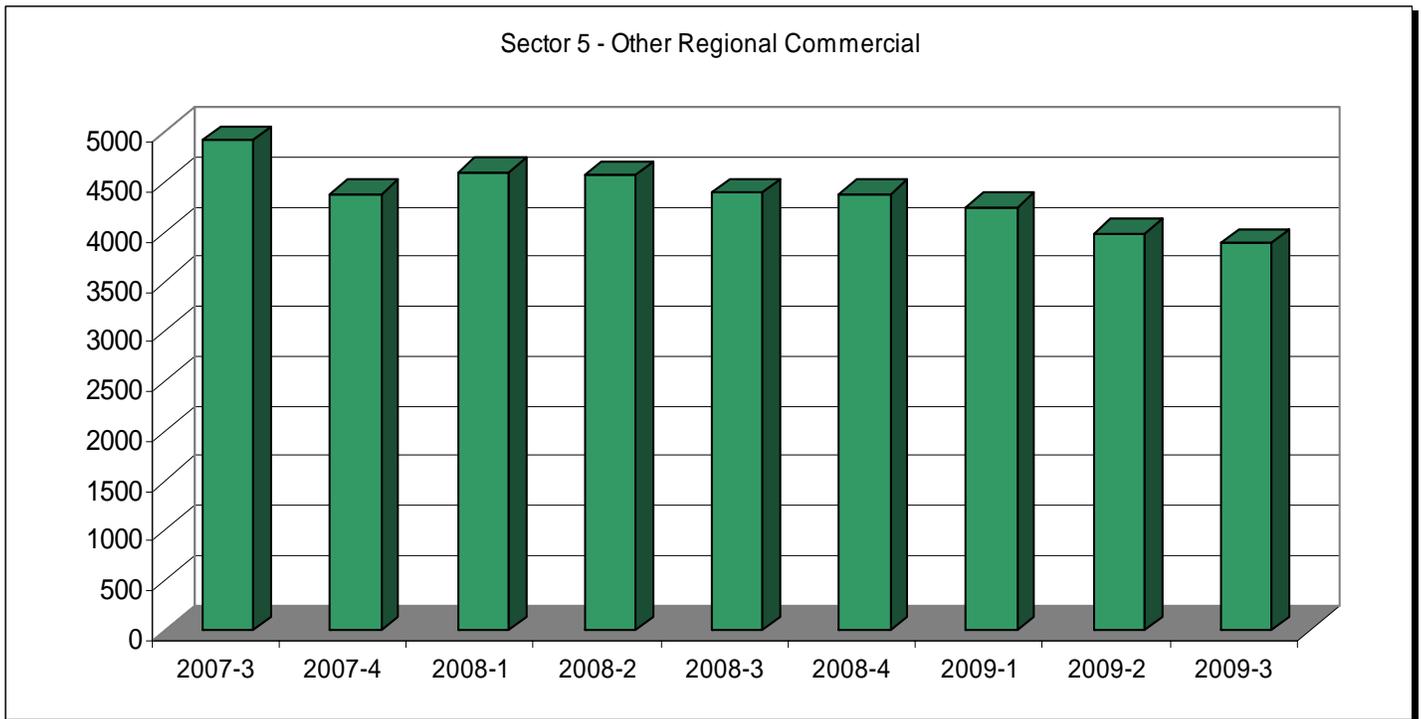
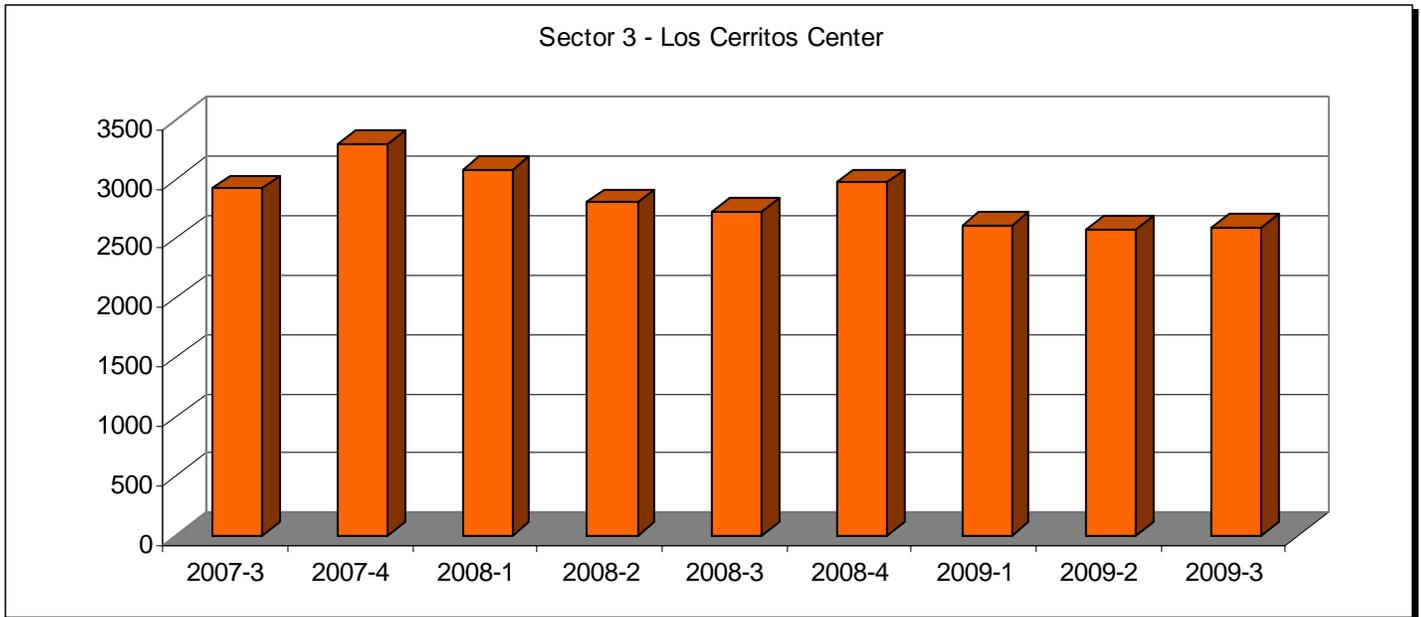


Source: California Employment Development Department

Employment

Total Number of Employees—By Geographic Sector (Calendar Year)

Employment figures at the Los Cerritos Center have fluctuated from 2007-3 until 2009-3. However, the total number of employees decreased from 2,926 in 2007-3 to 2,595 employees in 2009-3, which is a decrease of approximately 11%. 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 2009-3, a total of 3,885 employees were reported, equating to a 21% decrease.



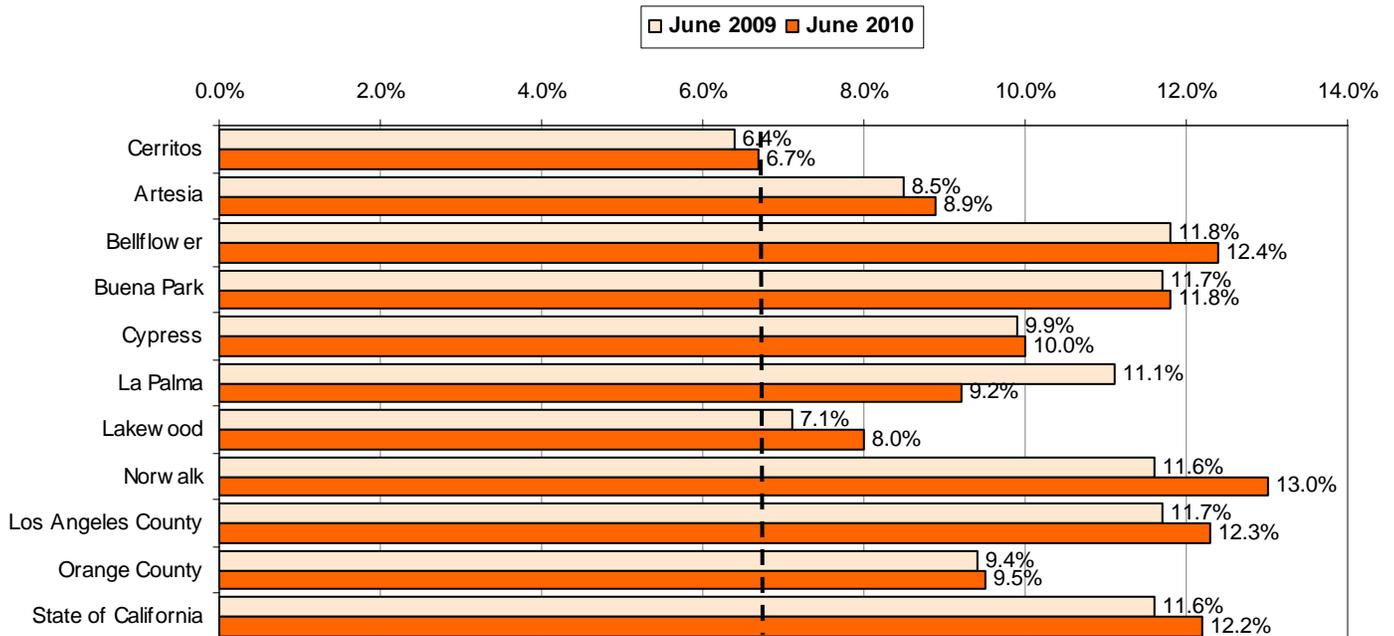
Source: California Employment Development Department

Unemployment

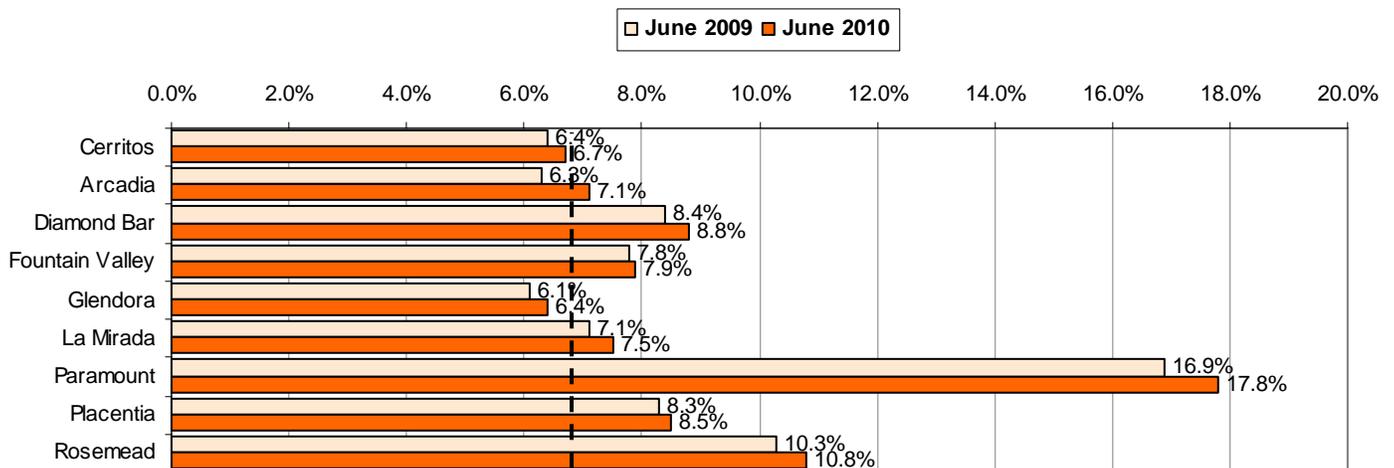
Unemployment—Cerritos and Surrounding Cities (Calendar Year)

According to the California Employment Development Department, the unemployment rate among Cerritos residents in June 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 (9.5%) 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 7.1%. 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



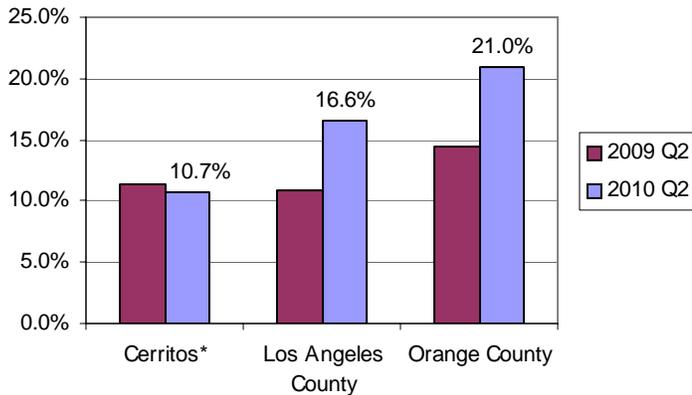
Commercial Real Estate

Vacancy Rate and Asking Rental Rate (Calendar Year)

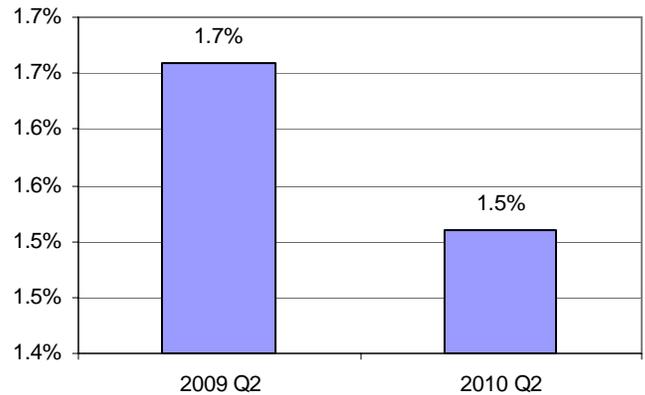
Cerritos' office market vacancy and rental rates are lower than those in Orange County and Los Angeles County. In the second quarter of 2010, the office market vacancy rate in Cerritos was 10.7%, which is lower than Orange County (21%) and Los Angeles County (16.6%). Cerritos also has the lowest office 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 Cerritos, the retail vacancy rate is currently at 1.5%.

Despite possessing a lower rental rate per square foot of (\$0.50) than Orange County (\$0.71) and Los Angeles County (\$0.65), Cerritos has a greater vacancy rate in the industrial market at 9.1% than Los Angeles County (3.3%) and Orange County (6.9%). The low rent rate of \$0.50 per square foot for industrial properties, combined with its access to the 91/605 freeways, serves as an incentive for business attraction efforts in Cerritos. Industrial vacant space in Cerritos includes a greater proportion of warehousing and distribution businesses, which require large facilities. Therefore, a single large vacant building may proportionately contribute a large amount of square footage to the overall vacancy rate. Further, the reduction of imports and exports from the ports and the lack of businesses requesting warehousing facilities, may contribute to the higher vacancies in the City's industrial parks.

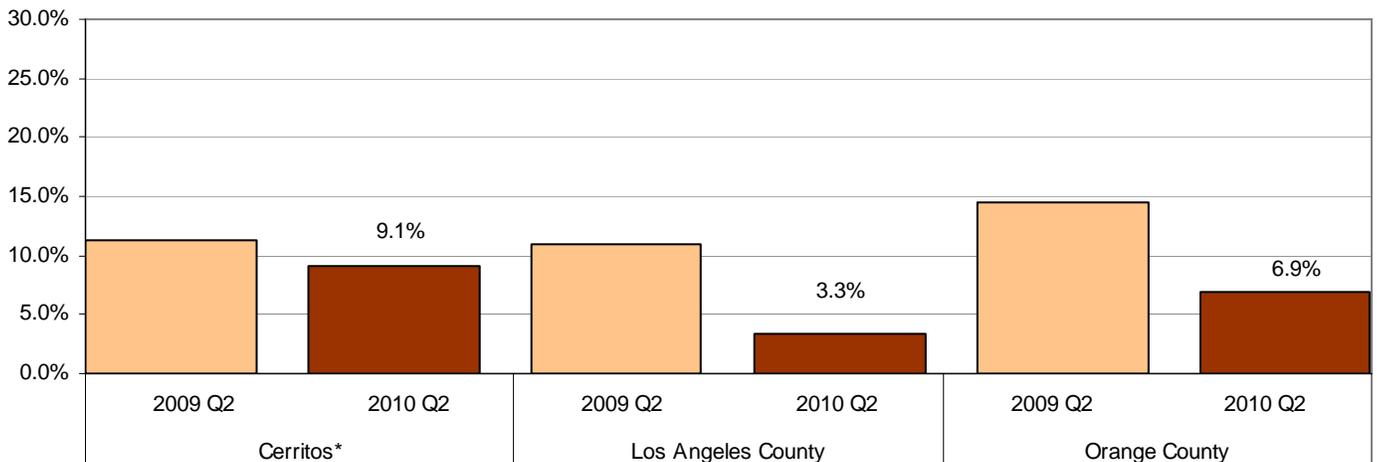
Regional Office Vacancy Rate - Cerritos (10.7%)



Retail Vacancy Rate - Cerritos (1.5%)



Industrial Market Vacancy Rate - (9.1%)



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

Sources: Grubb-Ellis and Rofo.com

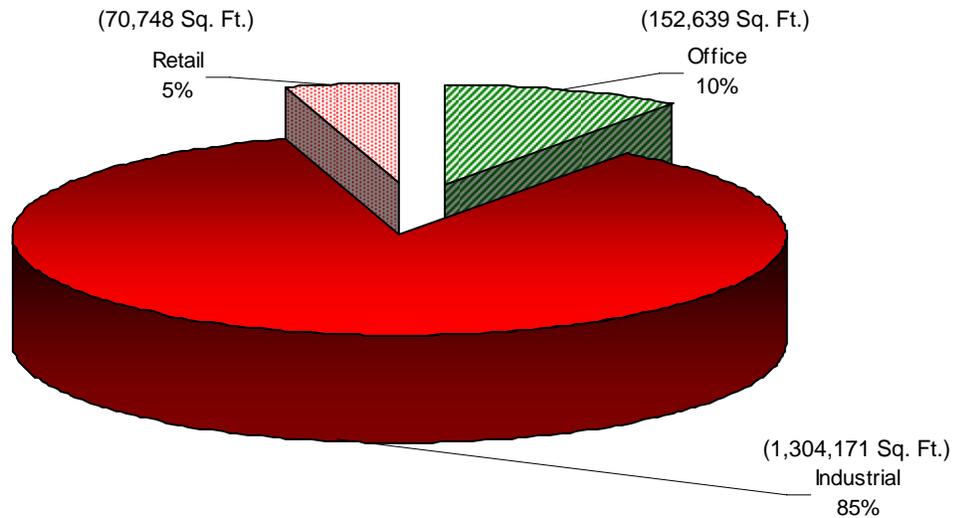
Commercial Real Estate

Total Vacancy in Cerritos (Calendar Year)

The City of Cerritos currently has approximately 20,449,552 square feet of commercial real estate space dedicated to industrial, office and retail uses. Of the total square footage available, approximately 18,921,994 square feet of space is currently occupied, resulting in a very low vacancy rate of 7.4% (1,527,558 square feet of available space). A large percentage of this vacancy (approximately 85%) is found within the City's industrial areas, which, includes a greater proportion of warehousing and distribution businesses, which require large facilities. Therefore, a single vacant building may disproportionately contribute a large amount of square footage to the overall vacancy rate.

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	1,304,171	9%
Office	1,422,575	152,639	10%
Retail	4,685,788	70,748	5%
Total	20,449,552	1,527,558	7.4%



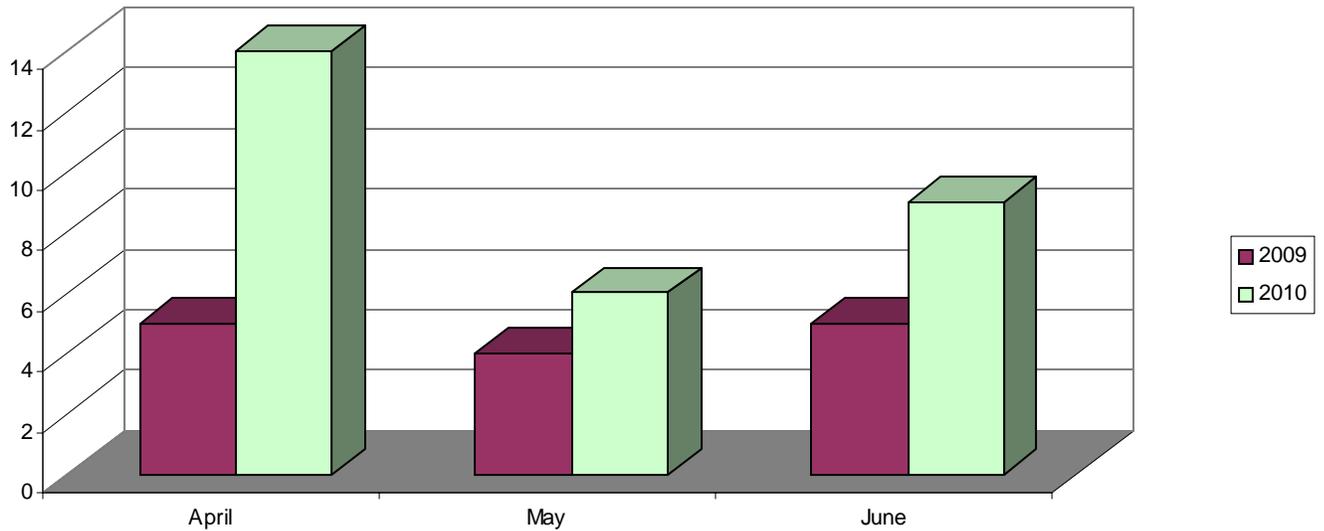
Sources: Grubb-Ellis and Rofo.com

Commercial Real Estate

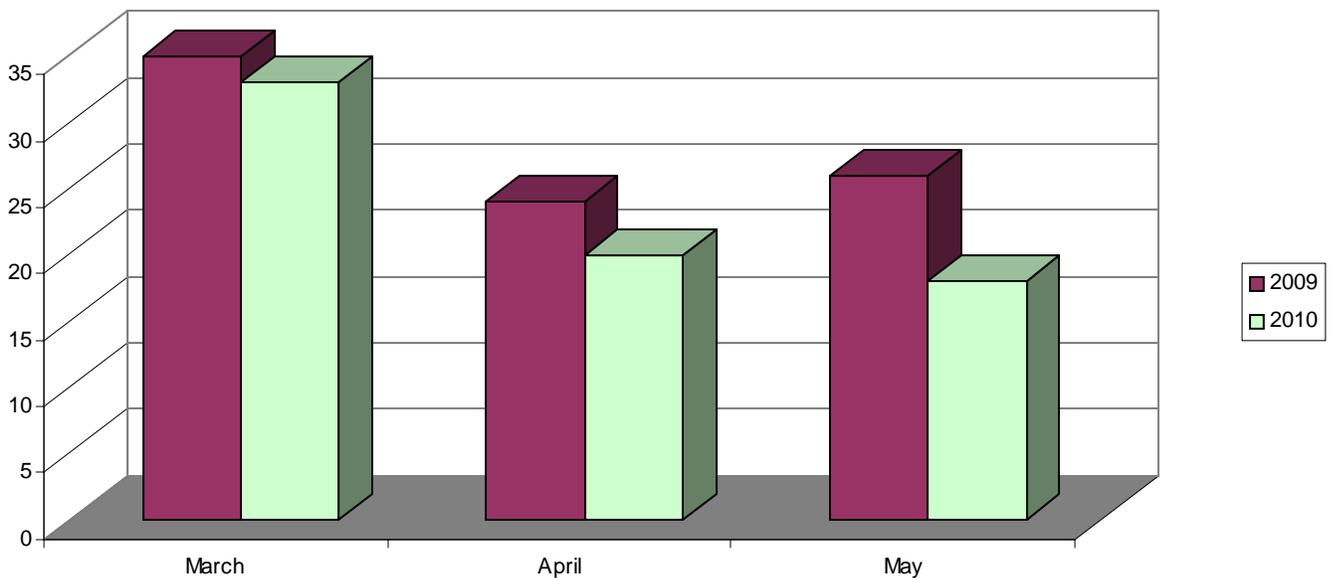
Commercial Real Estate—Construction Activity and Occupancy (Calendar Year)

The tracking of tenant improvements, new buildings, and the issuance of a Certificate of Occupancy is one method to determine the activity of commercial real estate in Cerritos. A Certificate of Occupancy 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 Certificates, new buildings, and tenant improvements is an indication that the local economy is growing. For the second quarter of 2010, tenant improvements and new buildings increased from the second quarter 2009. However, the total number of Certificates of Occupancy have experienced a decrease from 2009 to the second quarter of 2010.

Tenant Improvements/New Buildings



Certificate of Occupancy



Sources: GIS Division, City of Cerritos

Housing

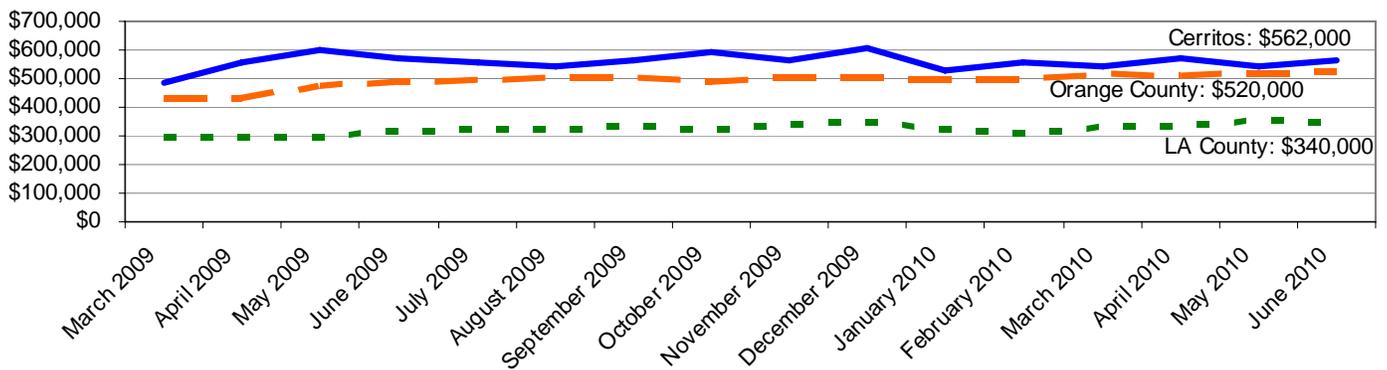


Housing

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

In Cerritos, the median home price in June of 2010 was \$562,000, which is higher than Orange County (\$520,000) and in Los Angeles County (\$340,000). From 2007 to June 2010, the median price for a home in Cerritos (17%) experienced a lower rate of decline than the median home sales price in Orange County (24%) and Los Angeles County (39%). Therefore, Cerritos has maintained a lower rate of decline during the current recession that has affected housing nationwide.

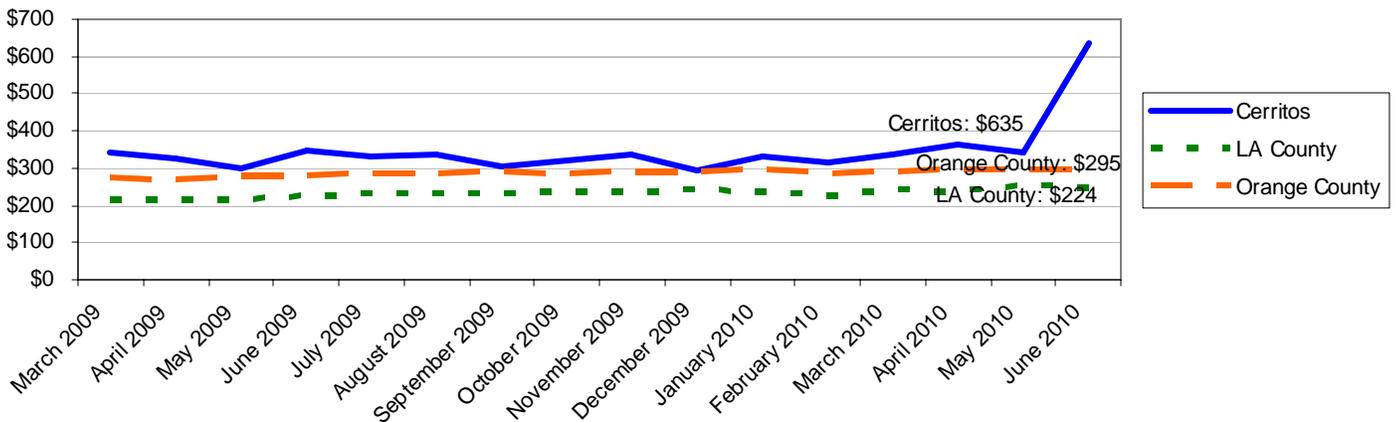
Median Home Sale Prices - Single-Family Residential (SFR)



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 \$635. The total price per square foot in Cerritos (\$635) is higher than both Orange County (\$295) and Los Angeles County (\$224), 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 —

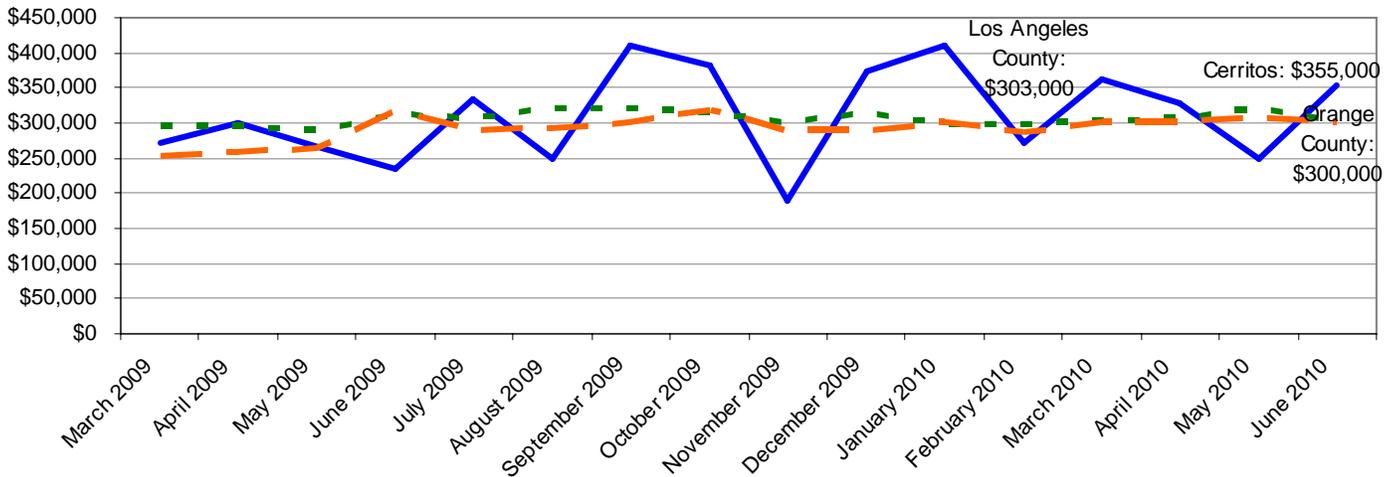
Source: DataQuick

Housing

Median Home Sales Price—Condominiums (Calendar Year)

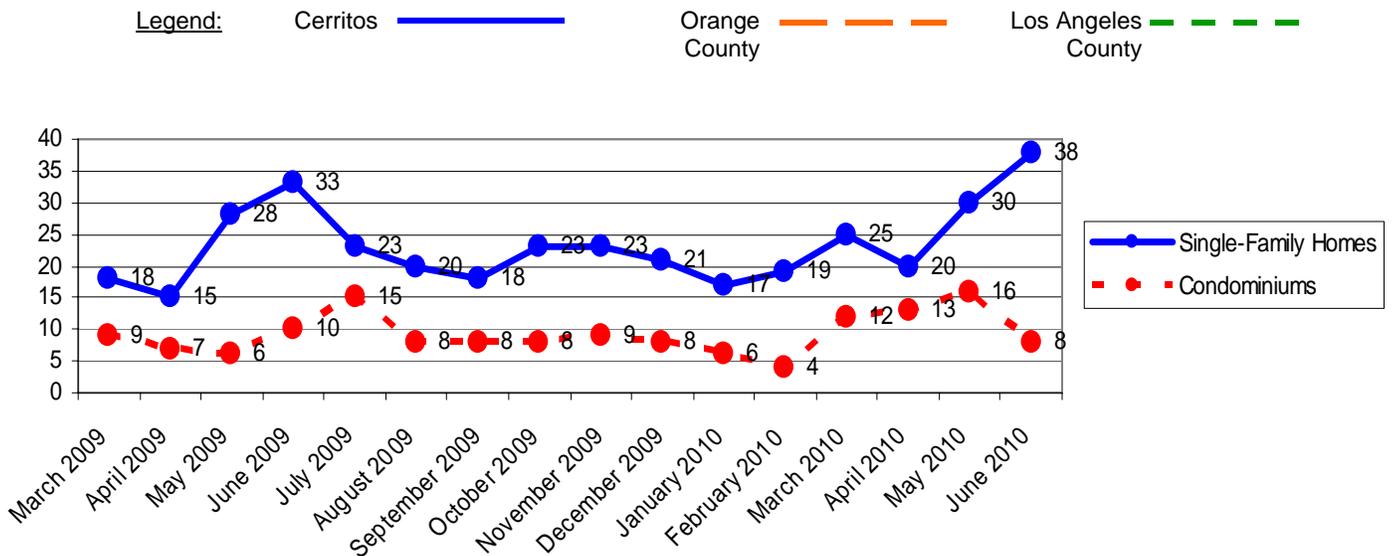
The median home sale price in Cerritos for condominiums experienced an increase in value from a low of \$272,000 in March of 2009 to approximately \$355,000 in June of 2010. The median price for a condominium in Cerritos is higher than the median price of \$303,000 for Los Angeles County and the median 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 June 2010, a total of eight condominiums were sold, and in comparison, 38 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 Summer 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 decreased from the fourth quarter of FY 2008-2009 to fourth quarter FY 2009-2010. Tax increment revenue for the fourth quarter FY2009-2010 was \$11,373,581, compared to \$12,711,179 in the fourth quarter of FY 2008-2009. Sales tax revenue for the first quarter of 2010 (calendar year) totaled \$3,593,308, which is a decrease 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 Los Cerritos Center generated the most sales tax at \$1,202,896. Based on trend analysis of the Los Cerritos Center, sales increased from quarter 2010-1 by 5.4%. The Cerritos Auto Square, the largest auto center in the world, generated the second greatest amount of sales tax with \$986,621 for the first quarter of 2010. Sales at the four major areas of business activity have experienced a decline in quarter 2010-1. Sales tax at the Cerritos Auto Square have remained low; however, in April 2010, May 2010, and June 2010, sales of vehicles have increased over the same months 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 39%, Clothing and Clothing Accessories Stores generate 27%, Durable Goods and Merchant Wholesalers and General Merchandise Stores 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 the third quarter 2008 through the third quarter of 2009, most industries experienced a decrease in employment. The Retail Trade industry had the highest number of employees with approximately 6,655 and Wholesale Trade was second with approximately 3,173 employees. The weighted average salary for all industries in Cerritos is \$39,988. The industries with the highest average payroll include Management of Companies and Enterprises at \$73,612, and Wholesale Trade at \$58,771 (Utilities has the highest payroll; however, only a few people are employed in this industry).

A total of 35,288 persons work in Cerritos. Of Cerritos' four (4) major areas of business activity, the Cerritos Industrial Park has the highest number of employees with approximately 10,124, or 29% 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

Statistical Summary/Strategies

Commercial Real Estate

Cerritos office vacancy rate of 10.7% is lower than Orange County 21% and Los Angeles County 16.6%. However, Cerritos' industrial vacancy rate of 9% is higher than Orange County 6.9% and Los Angeles County 3.3%. Cerritos currently has a total vacancy of 1,527,558 square feet, which is approximately 7.4% of the total available real estate space in Cerritos (20,449,552 sq. ft.). Of the total vacant space in Cerritos, 85% is industrial space (1,304,171 sq. ft.), 10% is office space (152,639 sq. ft.), and 5% is retail space (70,748 sq. ft.). Industrial vacant space in Cerritos includes a greater proportion of warehousing and distribution businesses, which require large facilities. Therefore, a single vacant building may disproportionately contribute a large amount of square footage to the overall vacancy rate.

Housing

Single-family homes in Cerritos (17%) have declined at a lower rate than single-family homes in Los Angeles County (39%) and Orange County (24%) from 2007 to June 2010. Housing in Cerritos has declined at a lower rate during the recession and nationwide housing crisis. The median home sale price for a condominium is approximately \$355,000 for June 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 from 2009 Q1 to 2010 Q1 (5.4%)
- Housing in Cerritos
- Auto sales at the Cerritos Auto Square (April 2010, May 2010, and June 2010)
- Tenant Improvements/New Buildings

→ Constant

- Unemployment rate (6.7%)
- Retail vacancy rate (1.5%)
- Available industrial space (85%)

↓ Decrease

- Overall sales tax
- Overall employment in Cerritos
- Certificates of Occupancy

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>