

Economic Profile

Quarterly Market Trend Analysis for Economic Development in Cerritos

City of Cerritos



Summer 2011

A City With Vision

Economic Profile



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Economic Profile

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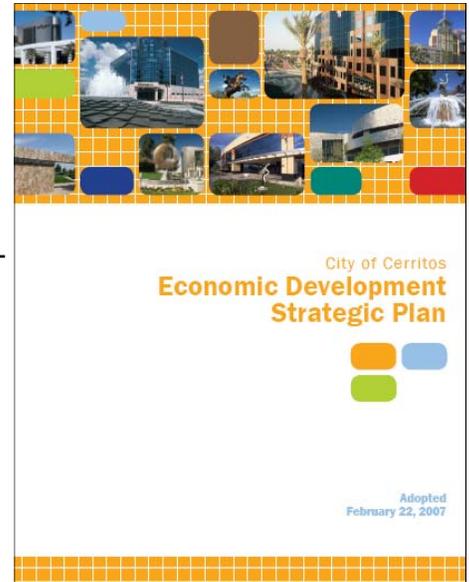
Introduction

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 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



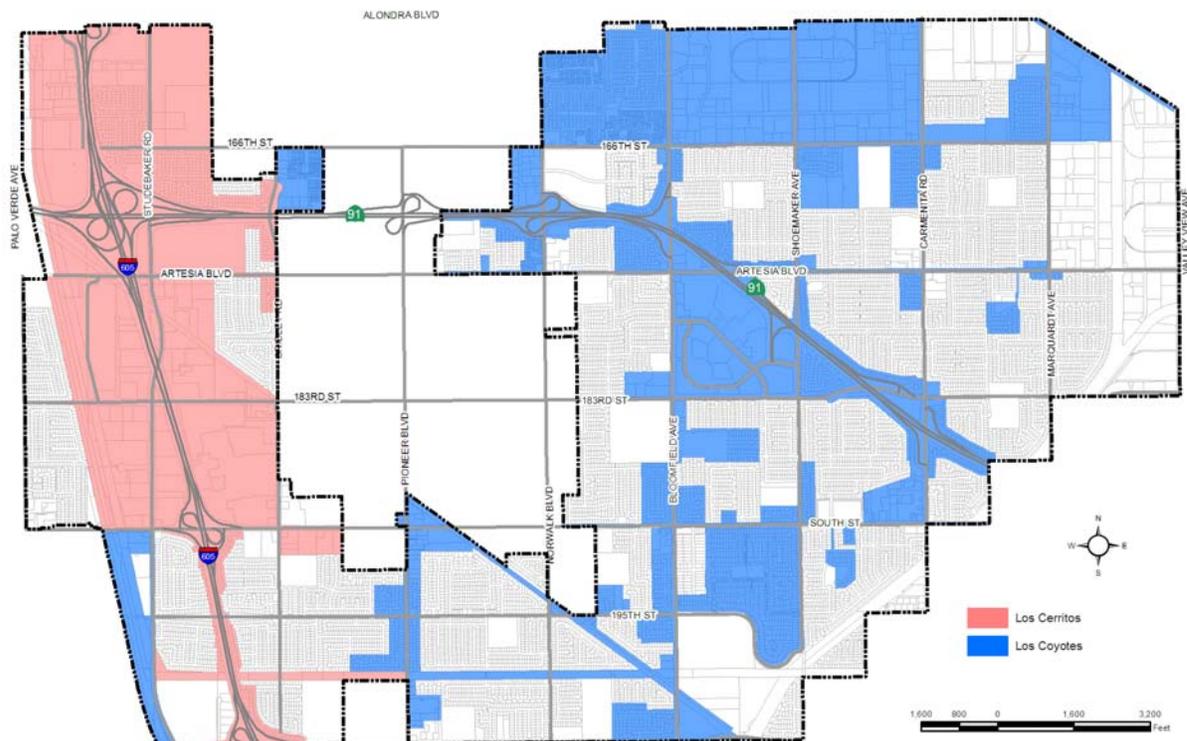
Redevelopment Tax Increment

The Cerritos Redevelopment Agency (Agency) has historically been a major source of funding for a variety of public improvements and other projects that have enhanced the economic capacity of the community. Redevelopment agencies have certain powers and a dedicated revenue source – tax increment financing – to assist in revitalizing neighborhoods and business districts.

In Cerritos, redevelopment has helped fund public facilities and infrastructure improvements, and has facilitated major job-producing developments. The most important role redevelopment serves in Cerritos is the generation of revenues in the form of tax increment that can be used to finance redevelopment activities. Once a redevelopment project area is formed, a portion of future property taxes generated within the specified redevelopment project area, known as tax increment, is directed to pay for redevelopment activities. The tax increment allocations received by the Agency are based only on future increases in the assessed values of properties within the Redevelopment Area. This works on the assumption that as a redevelopment agency invests in a project area, it will attract new private investment, which in turn will increase property values and tax revenues.

Cerritos has two (2) redevelopment project areas: Los Cerritos and Los Coyotes. The Los Cerritos project area is located in the western section of the City and the Los Coyotes project area is located in the central section of the City.

Cerritos Redevelopment Project Areas

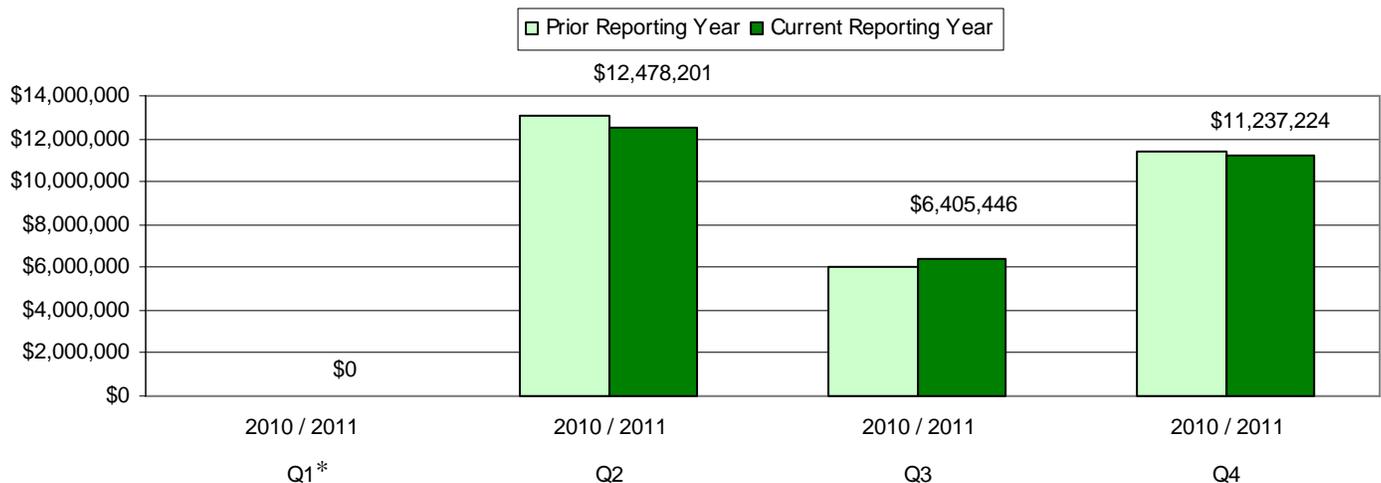


Sources: City of Cerritos Finance Division, GIS Division

Redevelopment Tax Increment

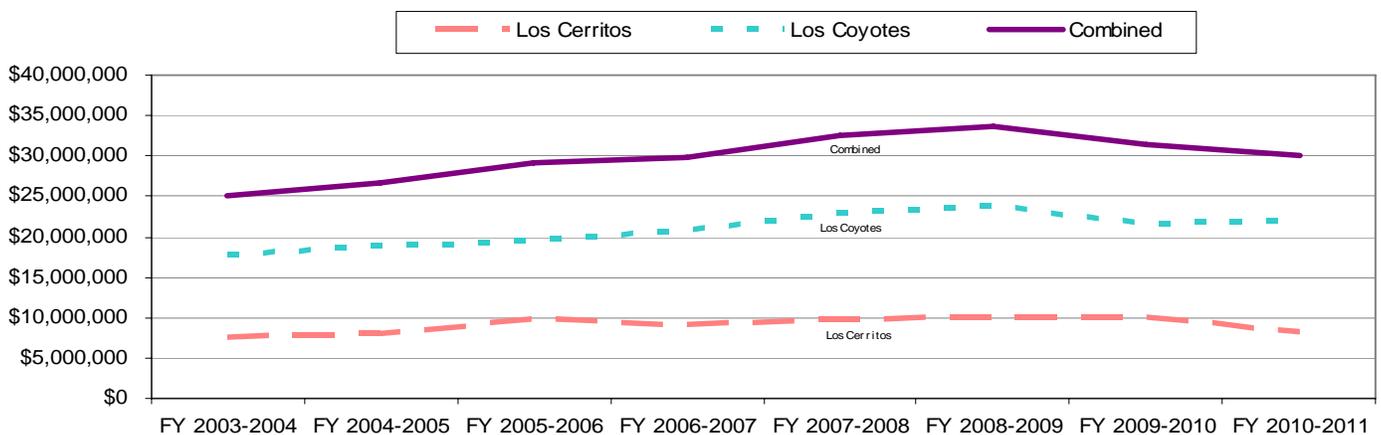
As mentioned, the City has two redevelopment project areas: Los Coyotes and Los Cerritos. These two areas are comprised of major regional commercial centers including the Cerritos Towne Center, the Los Cerritos Center and the Cerritos Auto Square. In 2011-Q4, the Cerritos Redevelopment Agency's tax increment revenue decreased from the previous year. The Redevelopment Agency received \$11,237,224 in tax increment revenue for 2011-Q4, which is a \$136,358 decrease from the previous year. (*Note: Tax increment for quarter one and quarter three are always lower because taxes are collected on February 1st (second quarter) and November 1st (fourth quarter) of each year by the Los Angeles County Office of the Assessor. Any late payments submitted to the Los Angeles County Assessor's Office are recorded in quarter one or in quarter three.)

Cerritos Redevelopment Agency Tax Increment Revenue



The combined tax increment revenue from the Los Cerritos and Los Coyotes project areas has increased by 20% from \$25,106,032 in FY 2003-2004 to \$30,120,872 in FY 2010-2011. Given the size and the nature of uses it encompasses, the Los Coyotes project area generates more revenue than the Los Cerritos project area. In FY 2010-2011, the Los Coyotes project area generated \$21,873,966 and Los Cerritos generated \$8,246,906 (\$30,120,872 combined).

Tax Increment Revenue for Past 8 Fiscal Years Ending June 30

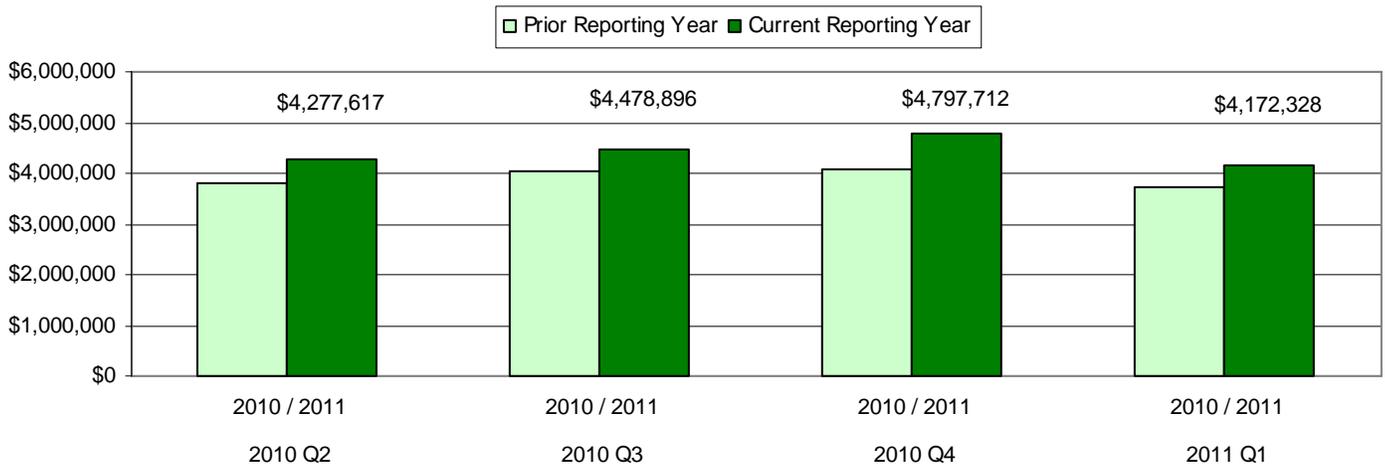


Sources: City of Cerritos Finance Division

Sales Tax

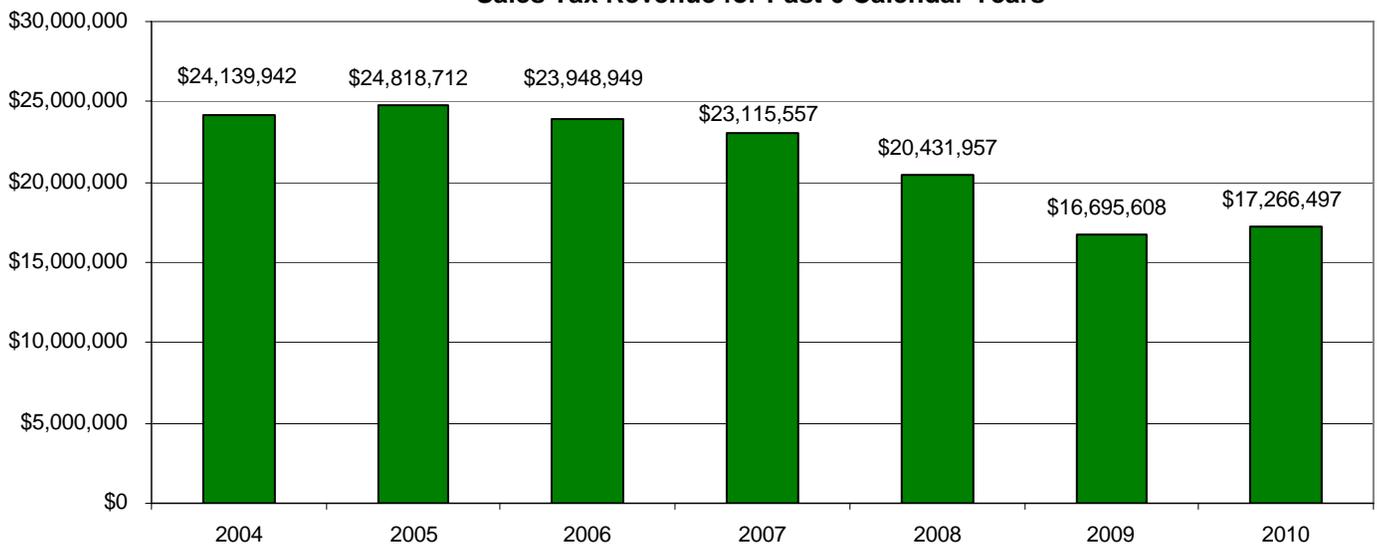
For 2011-Q1, businesses in the City generated \$4,172,328 in sales tax revenue, which is a 12% increase (\$460,057) over the same quarter in 2010. In a quarter over quarter comparison, sales tax revenue increased in 2011 over the same quarter in 2010. This continued increase in sales tax revenue may indicate that the economy is beginning to show signs of recovery.

Sales Tax Revenue



Beginning in 2006, the City's sales tax revenues over the past six calendar years have declined, with the exception of calendar year 2010. From 2005 through 2009, sales tax revenue decreased from \$24,818,712 to \$16,695,608, or a 33% decrease. However, in 2010, sales tax revenue increased by \$507,889 or a 9% increase from 2009. This is the first increase in sales tax revenue since 2005 and may indicate that the local economy is recovering from the Great Recession.

Sales Tax Revenue for Past 6 Calendar Years

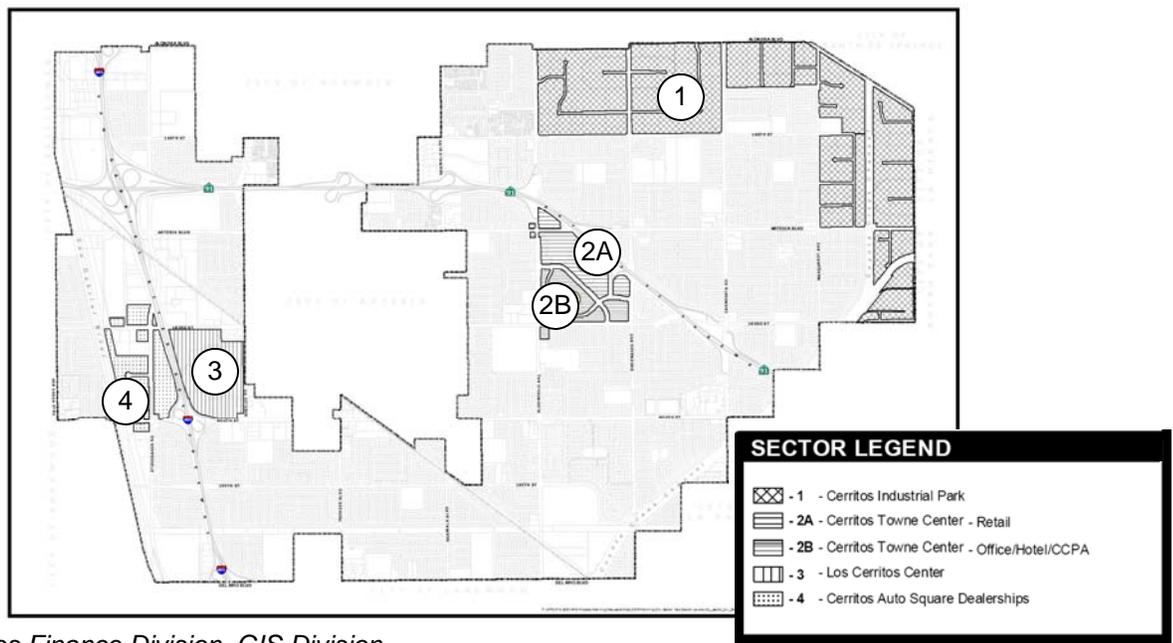
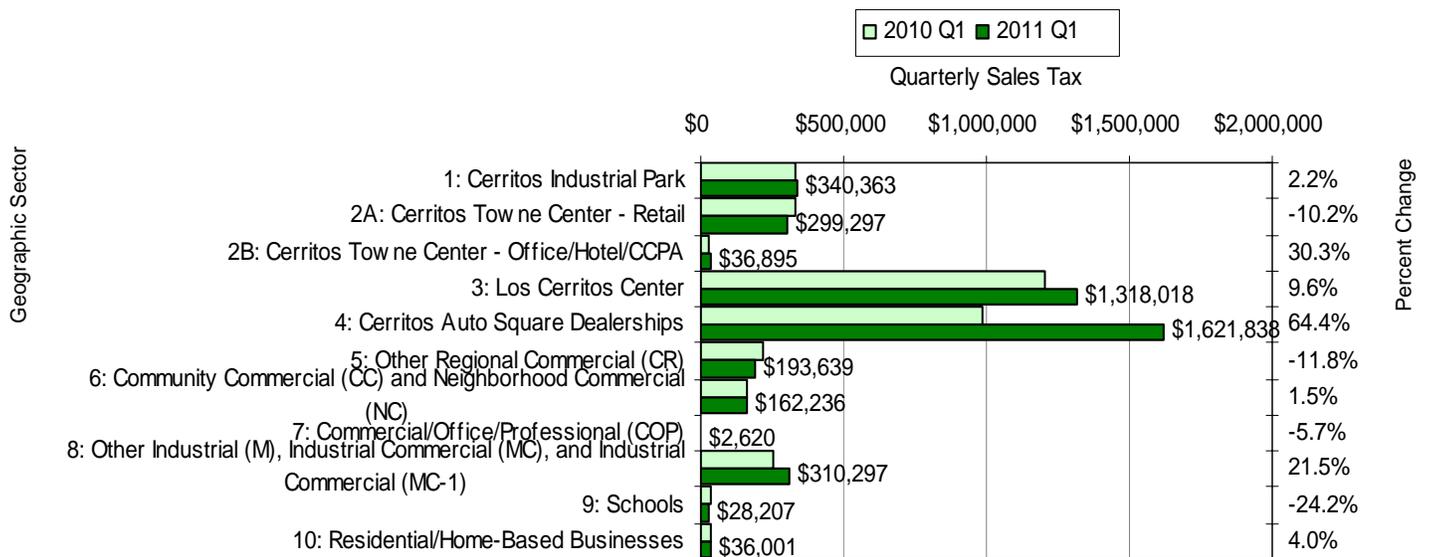


Source: City of Cerritos Finance Division

Sales Tax by Geographic Sector

The City of Cerritos is home to four major areas of business activity: Cerritos Industrial Park, Cerritos Towne Center, Los Cerritos Center and Cerritos Auto Square. Businesses are also found in other commercial and industrial zones throughout the City. For 2011-Q1, the Cerritos Auto Square generated the most sales tax at approximately \$1,621,838, which is a 64.4% increase from the previous year. The Cerritos Auto Square generated \$986,621 in 2010-Q1. The Los Cerritos Center generated the second highest sales tax at approximately \$1,318,018, which is a 9.6% increase over FY 2010-Q1. The Cerritos Industrial Park generated \$340,363. The Cerritos Towne Center, which includes a retail and office component, generated the fourth highest sales tax revenue at \$336,192. During this quarter, the City experienced a significant increase in sales tax revenue from the previous quarter for two major areas of business activity: Los Cerritos Center (9.6%) and Cerritos Auto Square (64.4%).

Cerritos Geographic Sectors

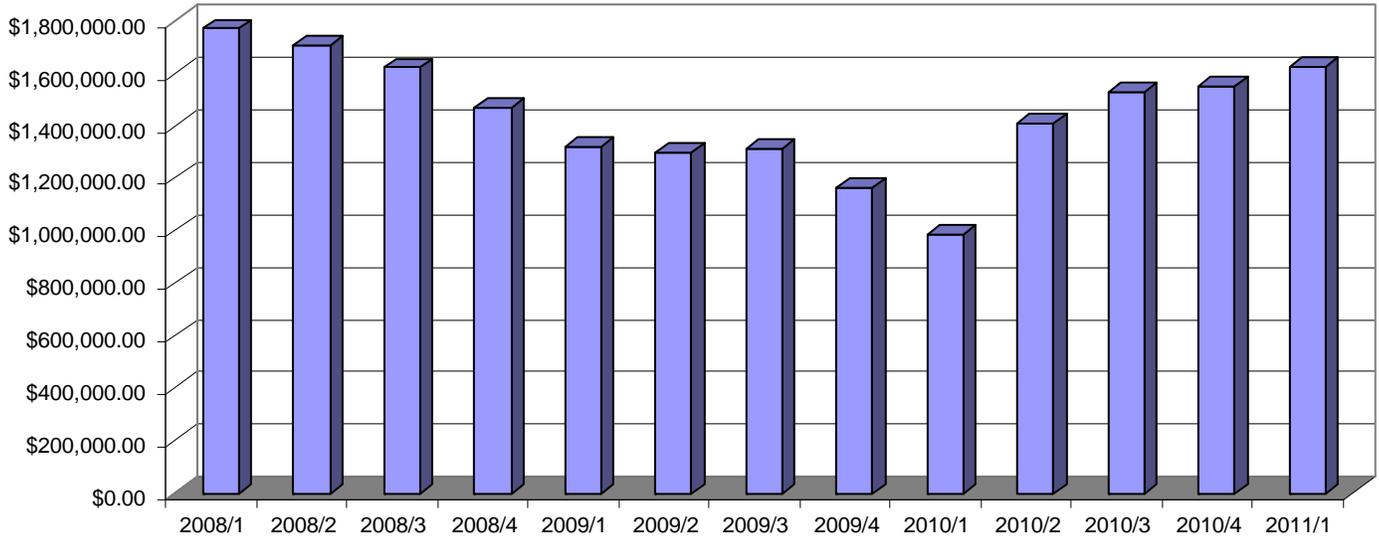


Source: City of Cerritos Finance Division, GIS Division

Sales Tax by Geographic Sector

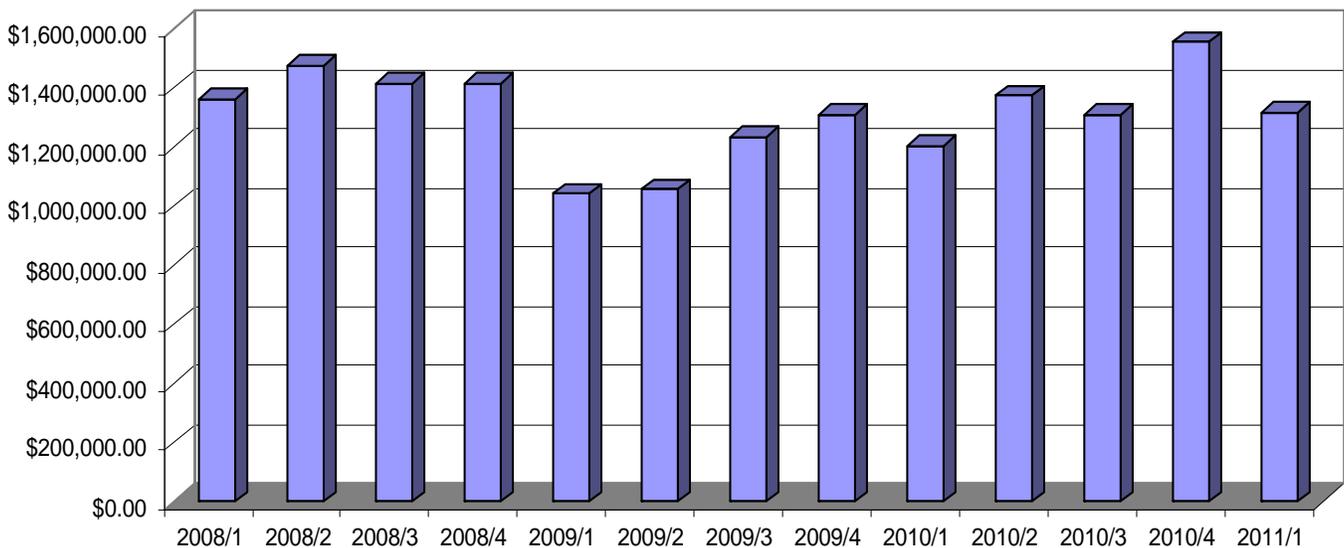
The Cerritos Auto Square generated the greatest amount of sales tax in 2011-Q1 and experienced an increase from the previous quarter. In addition, sales tax revenue has steadily increased since 2010-Q1. The trend analysis indicates an increase in auto sales and a recovering local economy. The addition of two new dealerships (Kia and Volkswagen) have contributed to the increased auto sales, as described later in this report.

Cerritos Auto Square



The Los Cerritos Center generated the second greatest amount of sales tax revenue for the City's General Fund at \$1.3 million dollars in 2011-Q1. Based on the trend analysis, sales tax revenue decreased from the previous quarter. Sales tax revenue for the first quarter tends to decrease in comparison to the fourth quarter due to holiday shopping conducted in the November and December. However, sales tax revenue for 2011-Q1 is higher than 2010-Q1 and 2009-Q1, and equivalent to 2008-Q1.

Los Cerritos Center

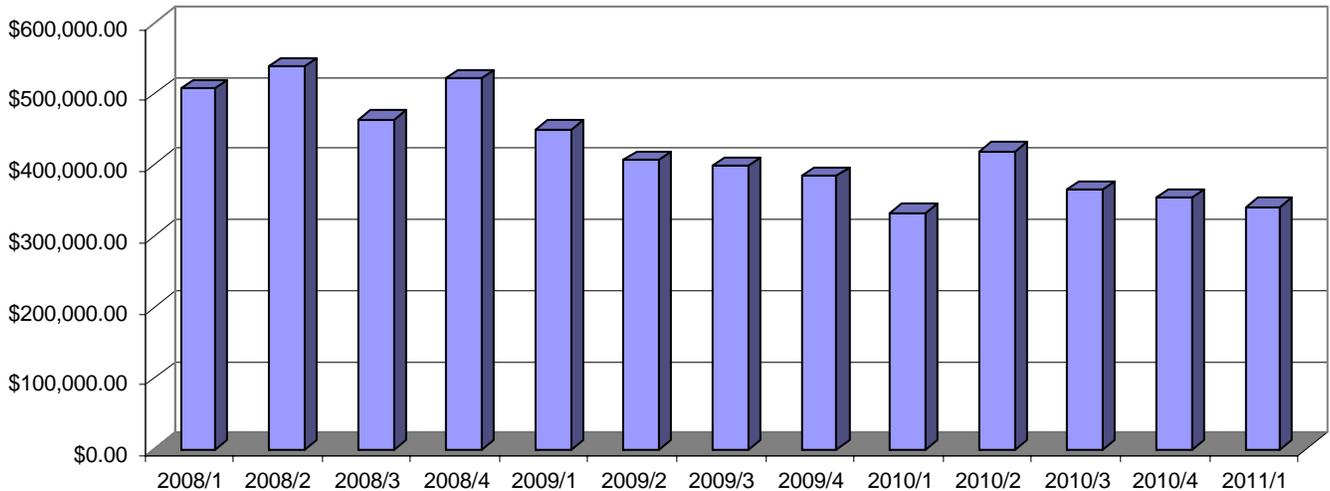


Source: City of Cerritos Finance Division, GIS Division

Sales Tax by Geographic Sector

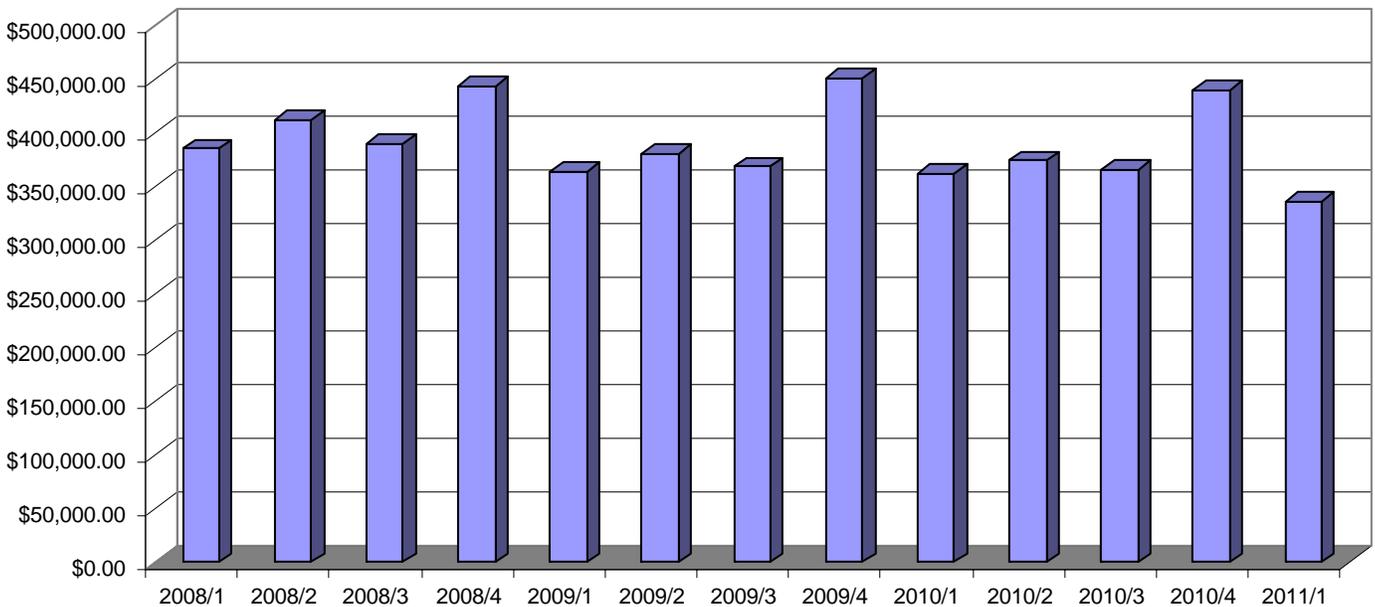
The Cerritos Industrial Park is the third highest sales tax generator in Cerritos. The Cerritos Industrial Park generated \$340,363 in 2011-Q1, which is a 2.2% increase from 2010-Q1. Based on the trend analysis, sales tax revenue continues to decrease from 2008-Q4 to 2011-Q1, with the exception of 2010-Q2.

Cerritos Industrial Park



Sales tax revenue at the Cerritos Towne Center was \$336,192 for 2011-Q1, which is a decrease from 2010-Q4. However, based on a trend analysis, sales tax data in the first quarter tends to be lower. Sales tax tend to be higher in the fourth quarter due to holiday shopping in November and December. In addition, based on the trend analysis, 2011-Q1 sales tax was lower than 2010-Q1, 2009-Q1, and 2008-Q1. This trend analysis indicates a slight decrease from previous first quarters.

Cerritos Towne Center

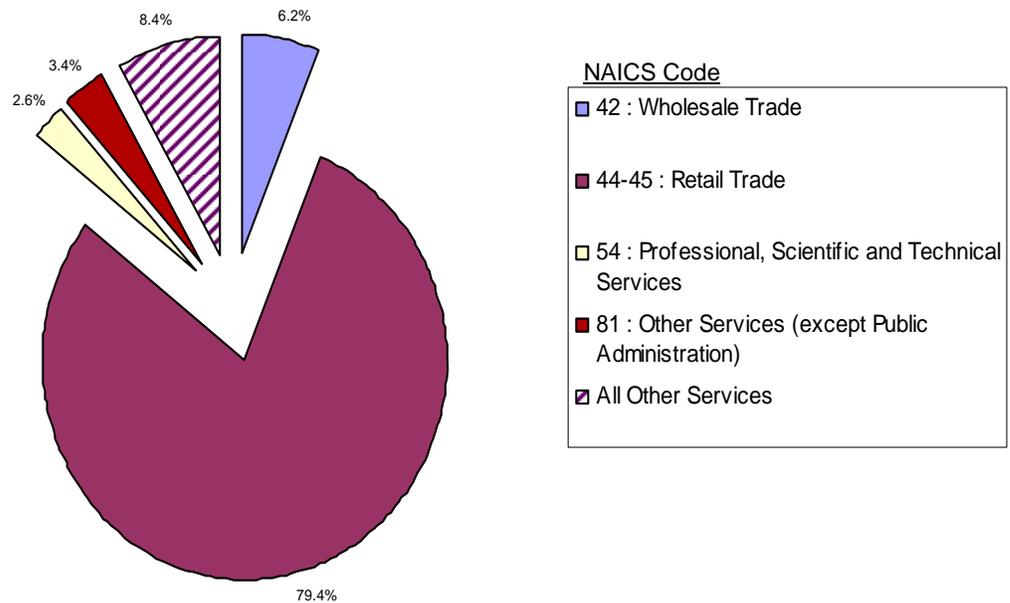


Source: City of Cerritos Finance Division, GIS Division

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 in 2011-Q1 is the Retail Trade industry, which generates 79.4% 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 (8.4%) followed by Wholesale Trade (6.2%). Other Services (except Public Administration) is fourth (3.4%) and Professional and Technical Services is fifth (2.6%).

**Top Five Sales Tax Generating Industries
First Quarter of 2011**



The following table provides an analysis of the top five sales tax generating industries and the sales tax generated for 2011-Q1.

Top Five Sales Tax Generating Industries

2011 Quarter	Retail Trade	All Other Industries	Wholesale Trade	Other Services (except Public Administration)	Professional, Scientific and Technical Services
2011 Q1	\$3,309,996	\$349,922	\$258,643	\$141,819	\$109,339

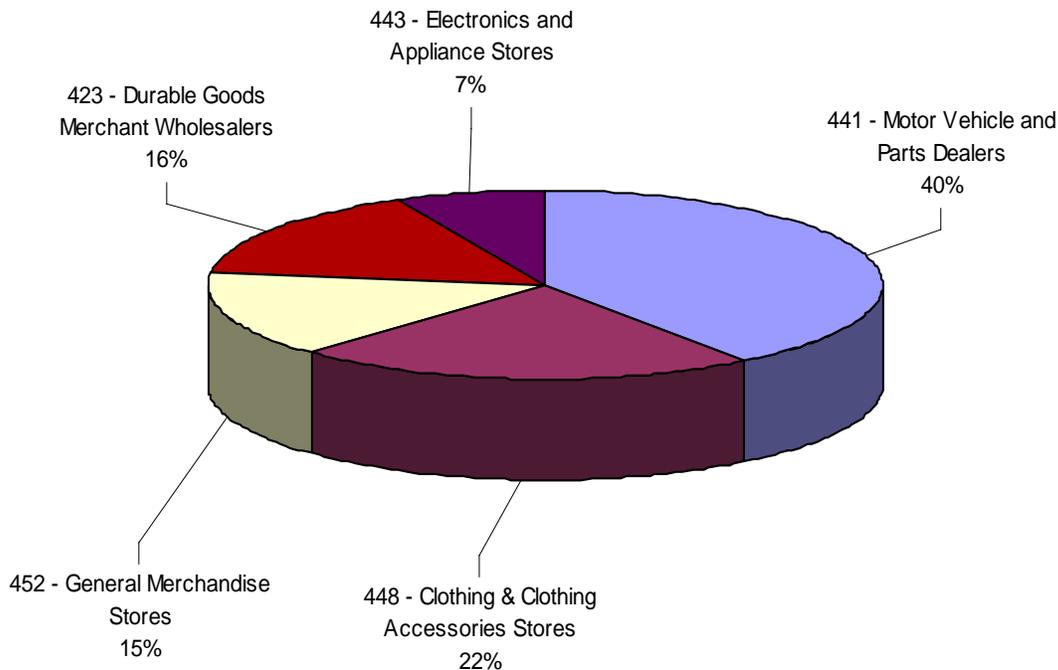
*North American Industry Classification System

Source: City of Cerritos Finance Division

Sales Tax—Top Five Generators

As mentioned in the previous page of this report, Retail Trade generates 79.4% of the City's sales tax. Cerritos 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 40% of retail sales and is the top sales tax generator. Clothing and Clothing Accessories Stores make up 22%, Durable Goods Merchant Wholesalers make up 16%, while General Merchandise Stores makes up 15% of retail sales. Finally, Electronics and Appliance Stores make up 7% of retail sales.

**Top Retail Trade Industries by NAICS Code
First Quarter of 2011**



441 Motor Vehicle and Parts Dealers	448 Clothing & Clothing Accessories Stores	423 Durable Goods Merchant Wholesalers	452 General Merchandise Stores	443 Electronics and Appliance Stores
\$600,540	\$331,632	\$236,740	\$219,733	\$107,678

*North American Industry Classification System

Source: City of Cerritos Finance Division

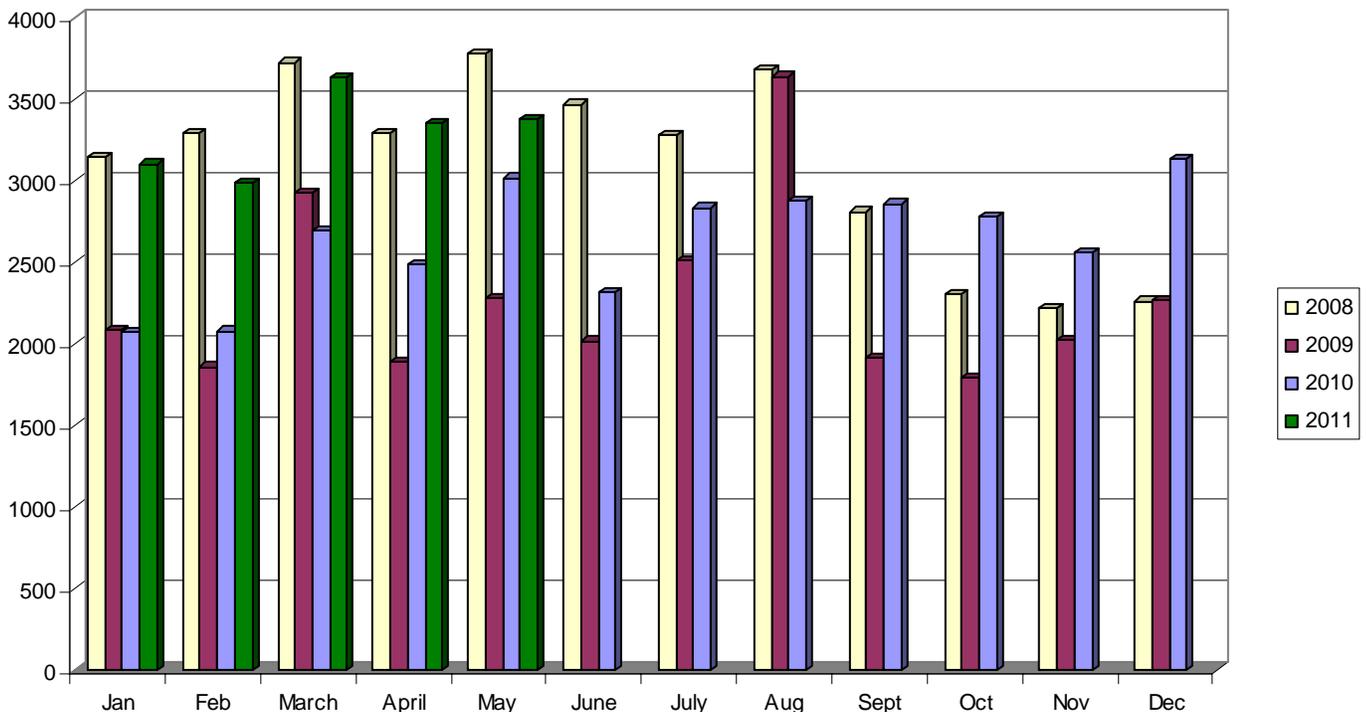
Auto Sales

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

For 2011-Q2, sales increased in April 2011 and May 2011 from the previous year. In fact, in April 2011 and in May 2011, sales were higher than in 2009 and 2010 and comparable to sales in 2008. In April 2011, a total of 866 more cars were sold (35% increase) than in April 2010 and a total of 1,464 more cars were sold (77% increase) than in April 2009, and a total of 66 more cars were sold than in April 2008.

In May 2011, a total of 363 more cars were sold (12% increase) than in May 2010 and a total of 1,105 more cars were sold (48% increase) than in May 2009. This increase in automobile sales over the past several years is a positive sign for the Cerritos Auto Square.

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



Year	Jan	Feb	Mar	Apr	May	June*	July	Aug	Sept	Oct	Nov	Dec	Total
2008	3,150	3,292	3,728	3,291	3,780	3,471	3,279	3,686	2,812	2,306	2,219	2,263	37,277
2009	2,087	1,860	2,927	1,893	2,279	2,019	2,509	3,642	1,911	1,791	2,022	2,268	27,208
2010	2,074	2,080	2,695	2,491	3,021	2,322	2,838	2,878	2,862	2,785	2,563	3,137	31,747
2011	3,106	2,991	2,974	3,357	3,384								

*June 2011 automobile sales were not available at the time this report was published.

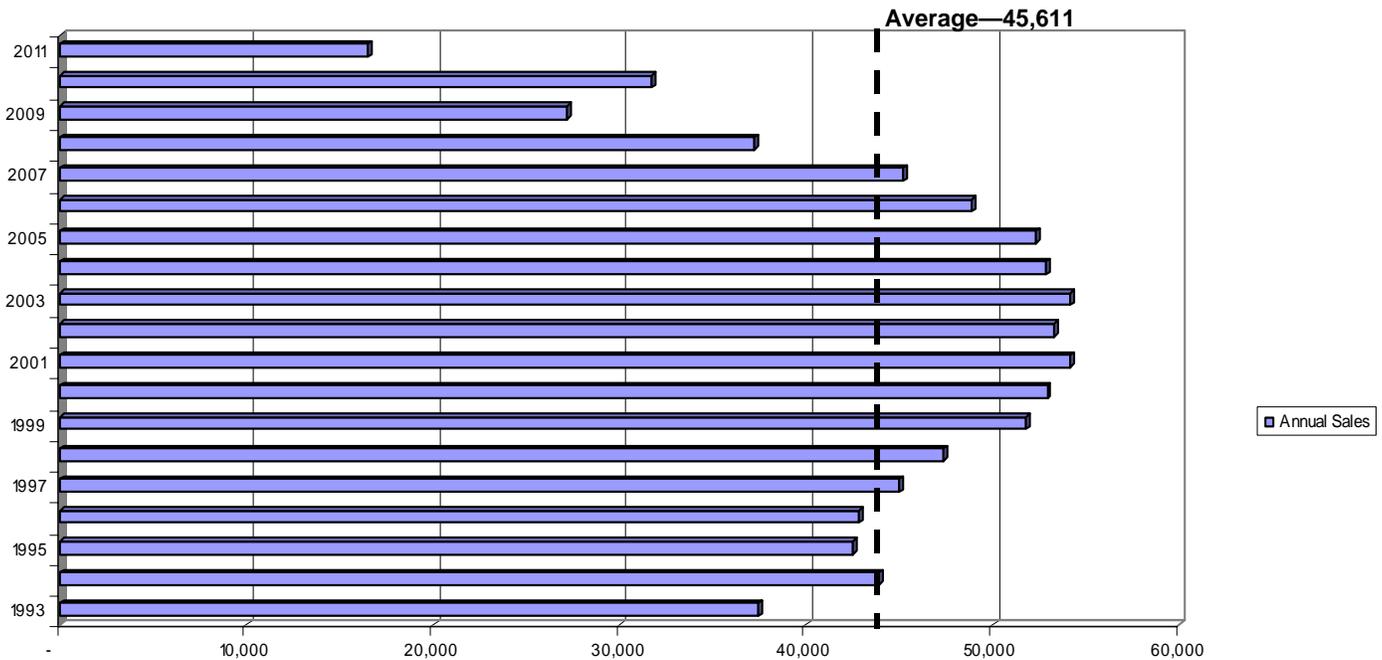
Source: Cerritos Auto Dealers Association

Auto Sales

The Cerritos Auto Dealers Association has been compiling data since 1993 in order to conduct annual sales comparisons. From 1993 to 2010, a total of 821,001 cars have been sold, equating to an annual average of 45,611 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 2010. In fact, there was a 17% increase in auto sales from 2009 to 2010 (a total of 4,539 more cars were sold). This is the first time since 2003 that annual sales exceeded sales totals of the previous year. Weekly averages have also increased for 2011-Q2 from 2010-Q2 and 2009-Q2.

Number of Vehicles Sold in Cerritos Auto Square Since 1993



Weekly Averages

Weekly Average 2011-Q2: April 2011 (839 cars sold) and in May 2011 (846 cars sold)

Weekly Average 2010-Q2: April 2010 (623 cars sold) and in May 2010 (755 cars sold)

Weekly Average 2009-Q2: April 2009 (473 cars sold) and in May 2009 (570 cars sold)

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	2011*							
48,836	45,240	37,277	27,208	31,747	16,473							

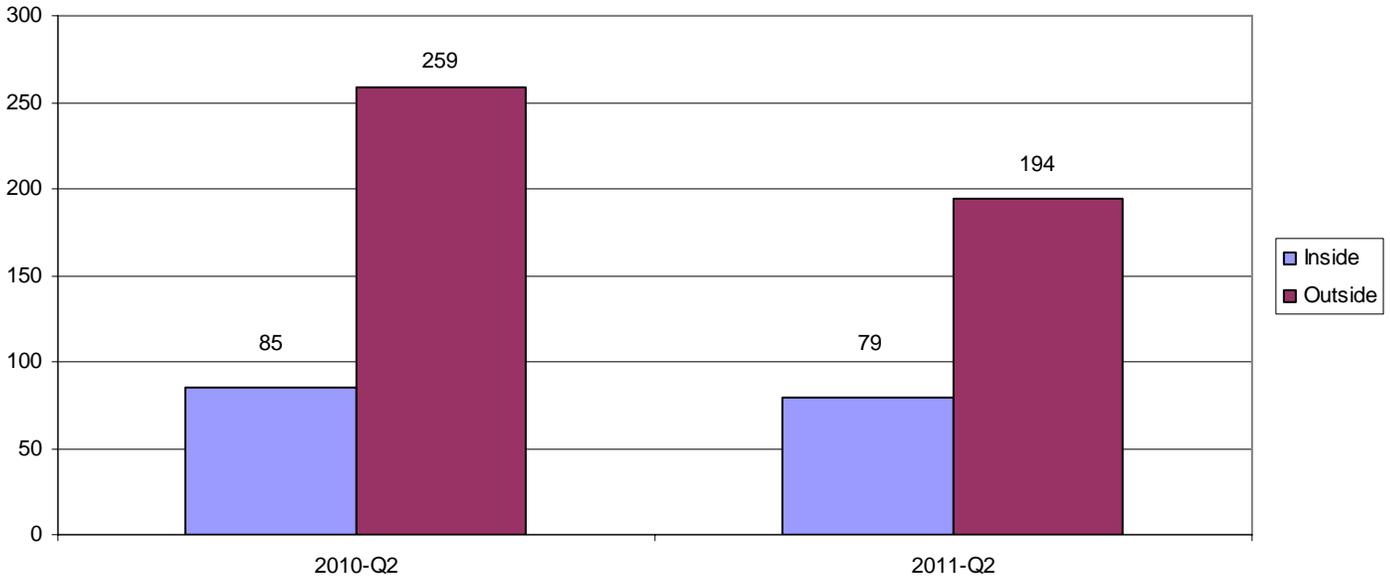
*Most recent data. Represent a portion of year not reflective of a 12 month period (year to date).

Source: Cerritos Auto Dealers Association

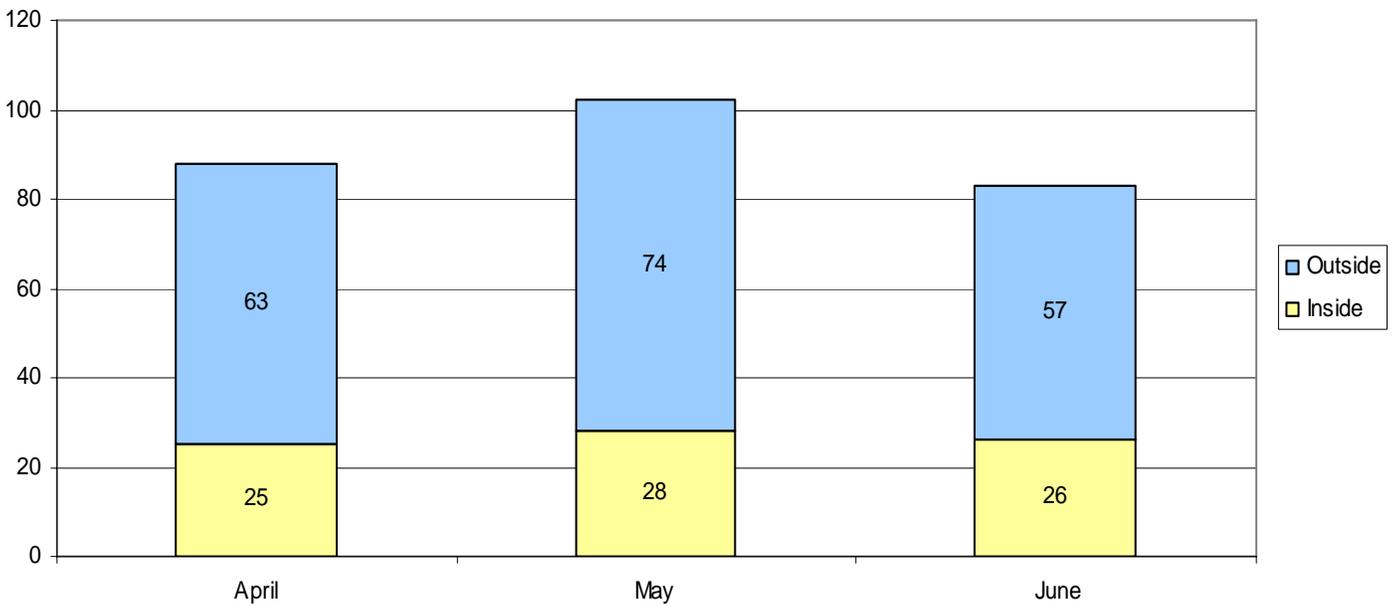
Business License

The tracking of new business licenses is one method of forecasting business growth in the City. For 2011-Q2, a total of 273 new business licenses were processed by the City's Finance Division. In Cerritos, there is a higher proportion of businesses that have a City business license that are located outside the City boundaries. These businesses may include contractors, which are required to have a business license; however, their business offices are not located within the City's jurisdictional boundaries.

2011-Q2 New Business Licenses—Located in Cerritos and Located Outside Cerritos



2011-Q2 New Business Licenses—Located in Cerritos and Located Outside Cerritos

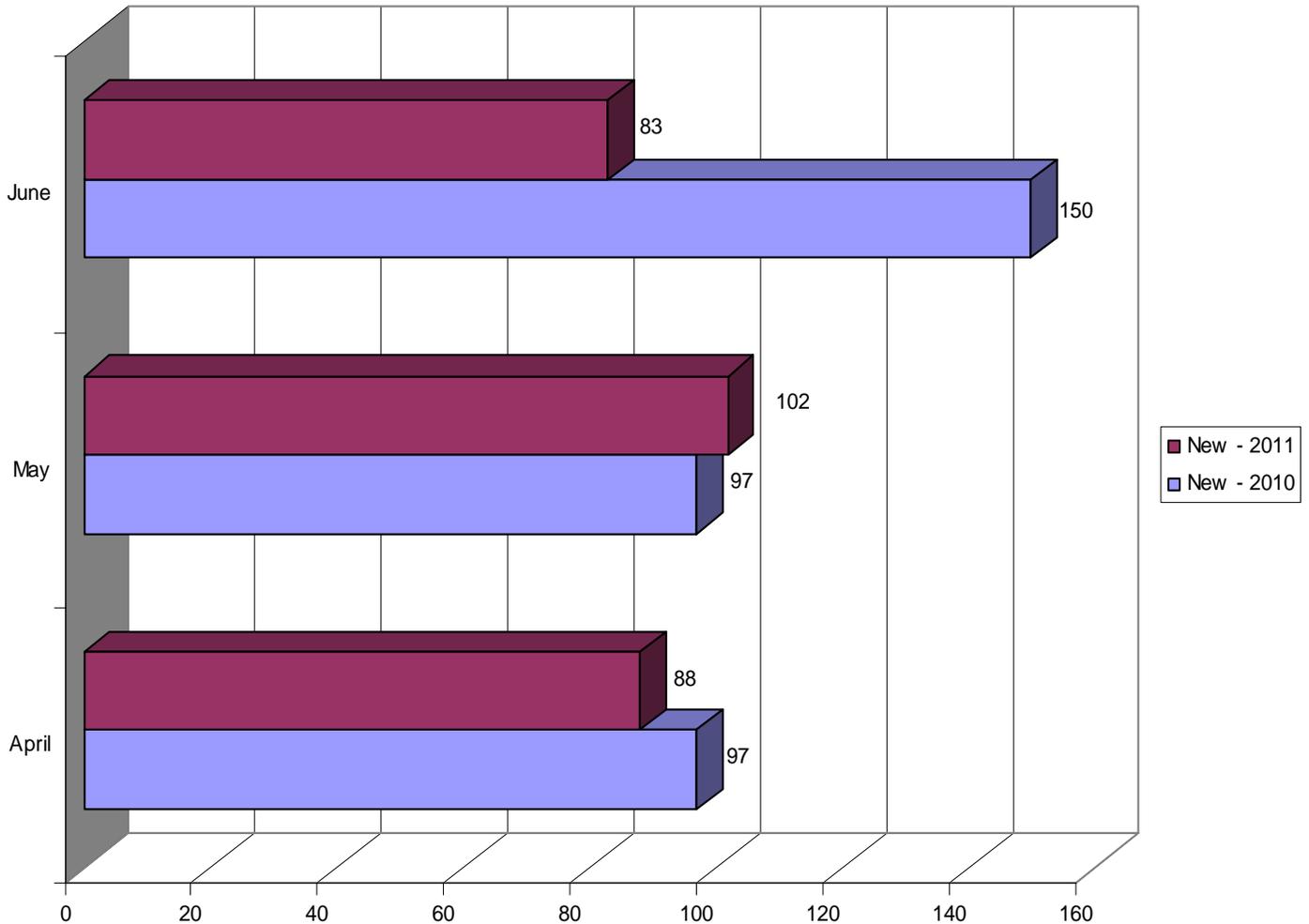


Source: City of Cerritos Finance Division

Business License

Based on data from the City's Finance Division, the City processed 273 new business licenses in 2011-Q2, which equated to a 21% decrease from the previous year of 344 new business licenses. However, the City experienced a five percent increase in May 2011 from the previous year.

New Business Licenses—Total



Business Licenses—Increases/Decreases from 2010 to 2011

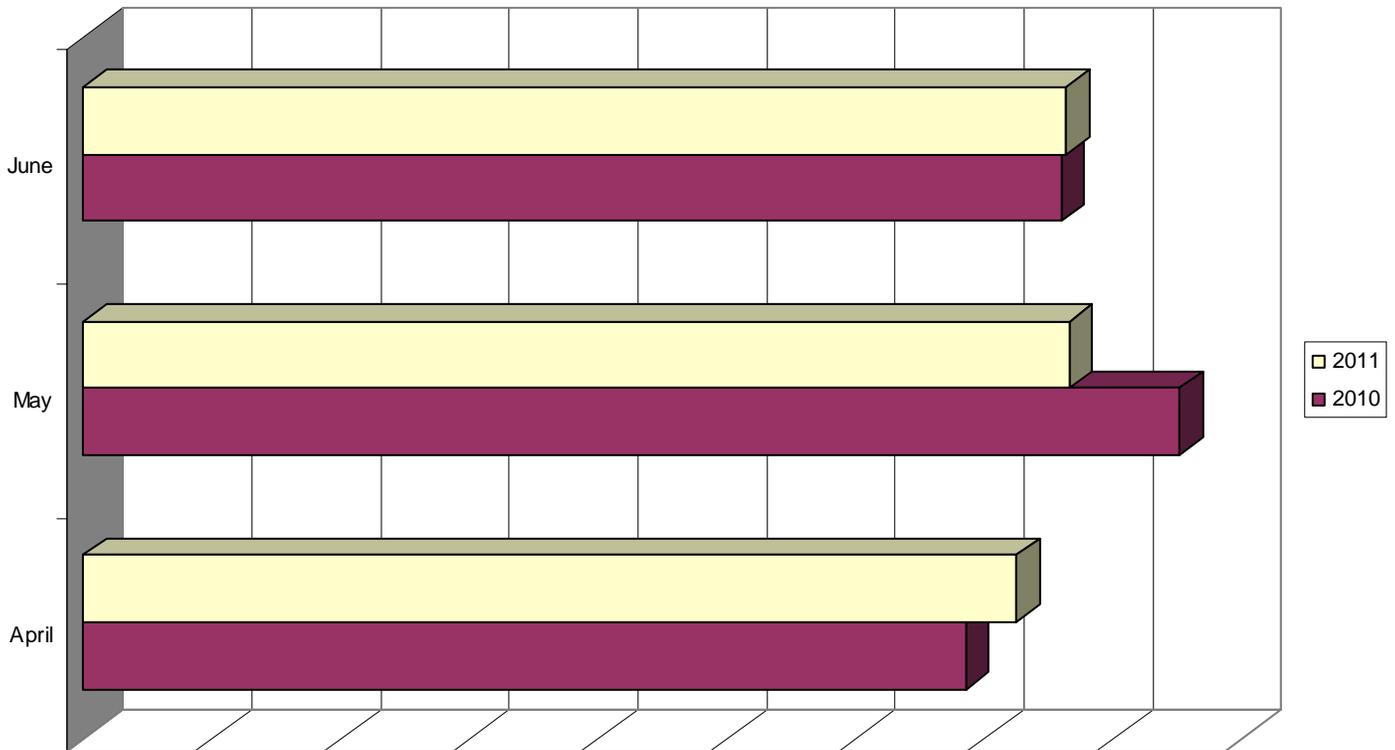
January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
14% ↑	6% ↓	16% ↓	9% ↓	5% ↑	45% ↓

Source: City of Cerritos Finance Division

Los Cerritos Center—Monthly Visitors

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, which was the second largest sales tax generator in the City for 2011-Q2, experienced a 2% decrease in visitors from the previous year. However, 2011-Q2 experienced an increase in monthly visitors in April 2011 and in June 2011 from the previous year. This increase in number of visitors to the Los Cerritos Center indicates greater consumer confidence, which may translate to higher sales tax generation in the future.

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 2010 to 2011.

Monthly Traffic—Percentage Gain from 2010 to 2011

January 2011	February 2011	March 2011	April 2011	May 2011	June 2011
13% ↑	25% ↑	13% ↑	6% ↑	10% ↓	1% ↑

Source: Los Cerritos Center

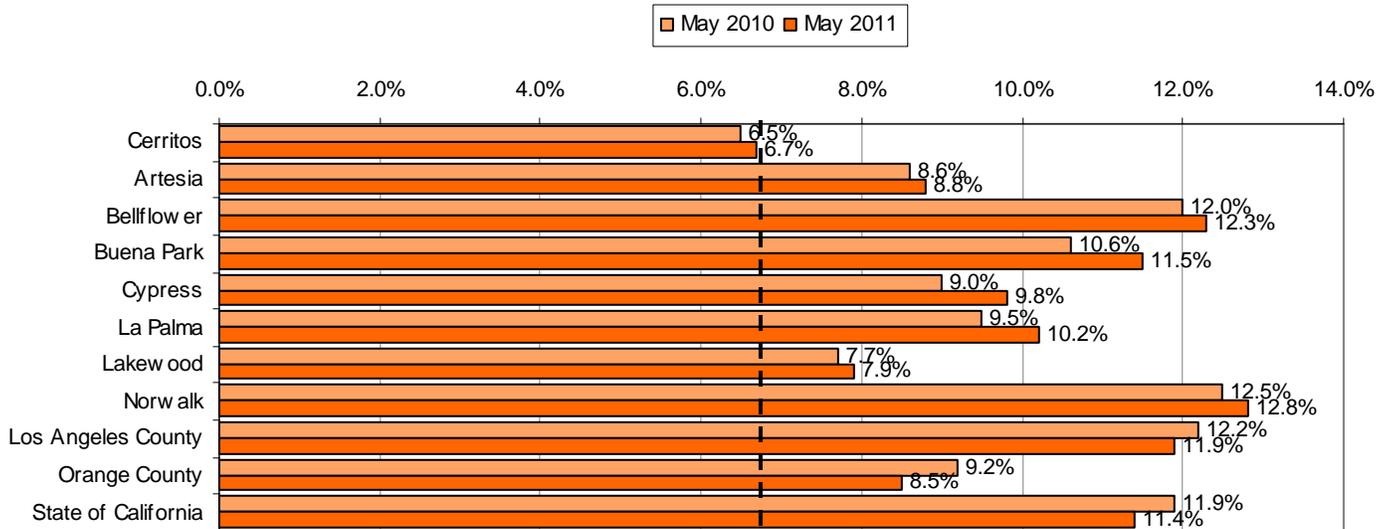
Unemployment



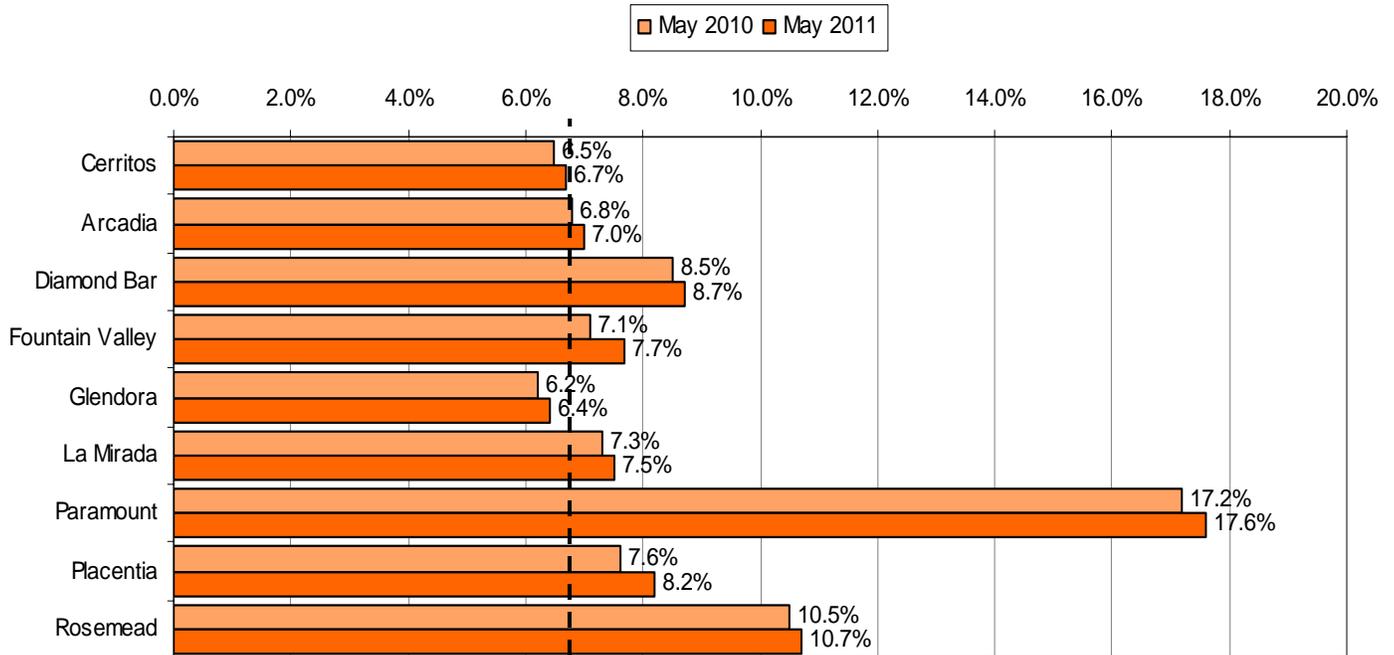
Unemployment

According to the California Employment Development Department, the unemployment rate among Cerritos residents in May 2011 was approximately 6.7%, which is the lowest unemployment rate among surrounding cities. Lakewood has the second lowest unemployment rate at 7.9%. In addition, the Cerritos unemployment rate is lower than Los Angeles County (11.9%), Orange County (8.5%) and the State of California (11.4%). 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%. In a regional comparison, Glendora has the lowest unemployment rate at 6.4% and Paramount has the highest unemployment rate at 17.6%.

Surrounding Cities—Unemployment Rates



Regional Cities—Unemployment Rates



Source: California Employment Development Department

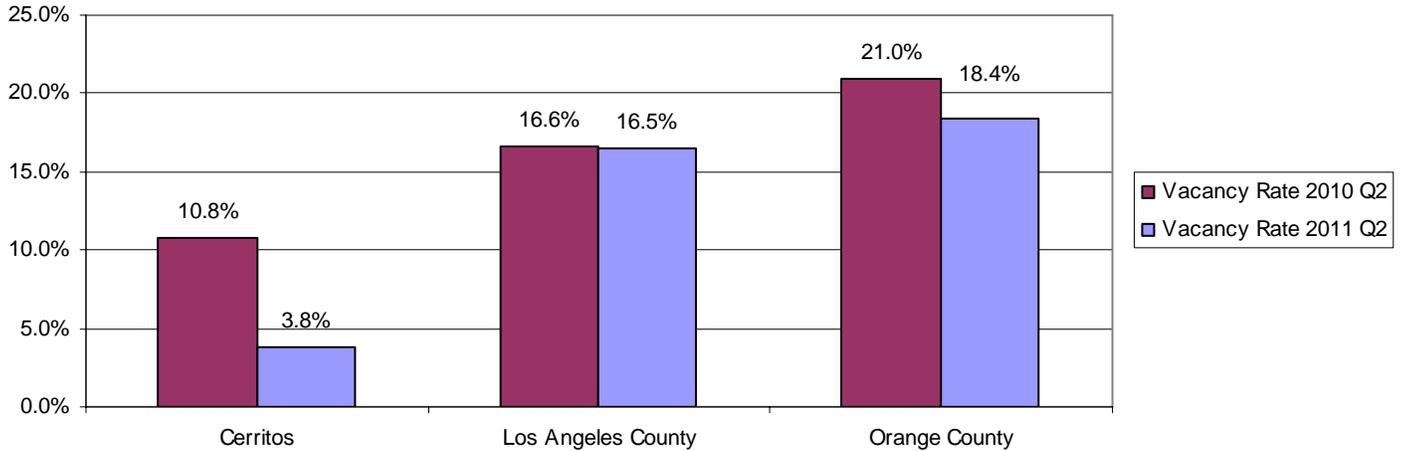
Commercial Real Estate



Vacancy Rate and Asking Rental Rate

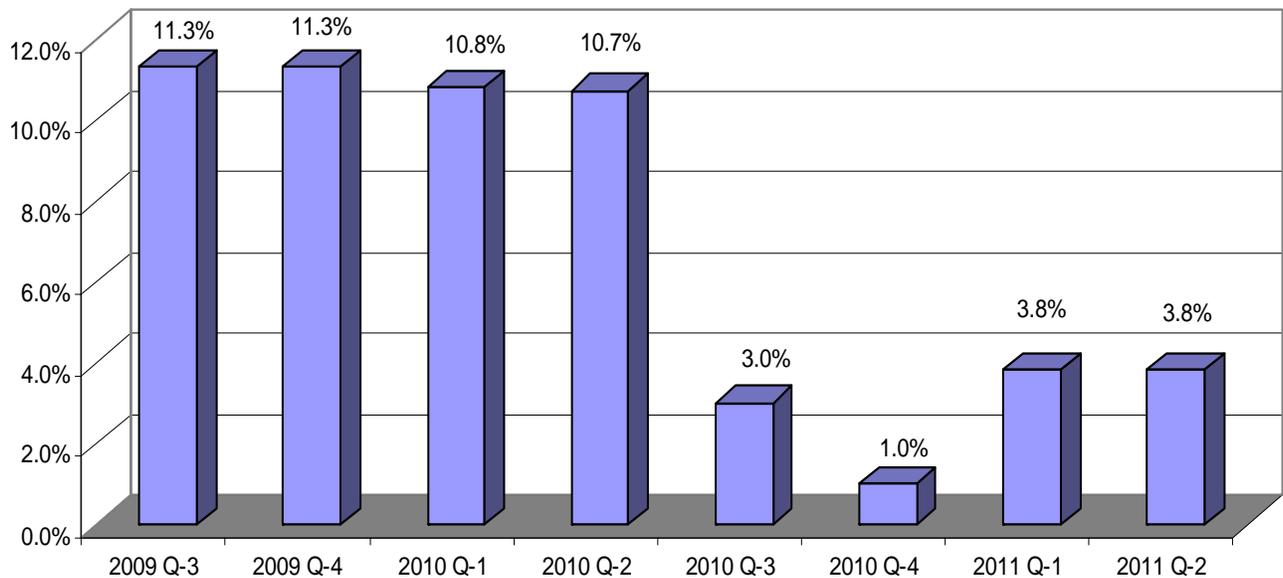
Cerritos' office market vacancy and rental rates are lower than those in Orange County and Los Angeles County. In 2011-Q2, the office market vacancy rate in Cerritos was 3.8%, which is lower than Los Angeles County (16.5%) and Orange County (18.4%). Cerritos has a low office market rental rate of \$2.18 per square foot, which is lower than Los Angeles County (\$2.92) and equivalent to Orange County (\$2.16).

Regional Office Vacancy Rate—2011 Q2



Based on available data, Cerritos has a retail vacancy rate of 0.4%. 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, contributes 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. The low vacancy rate of 0.4% has remained constant since 2010-Q3.

Retail Vacancy Rate—2011 Q2



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

Sources: Grubb-Ellis and Rofo.com

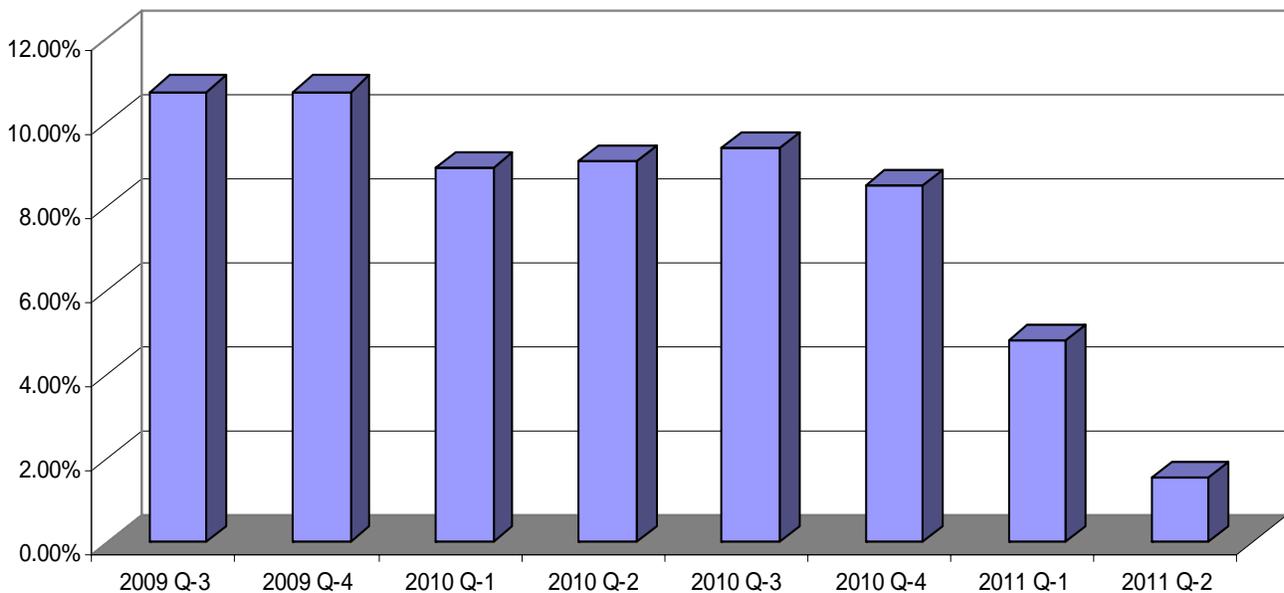
Total Vacancy in Cerritos

The City of Cerritos currently has a low vacancy rate when compared to the overall total available space for industrial, office, and retail uses. Currently, there is approximately 220,357 square feet of vacant industrial space, which equates to 1.5% of the total available commercial space in the City. In addition, the City has approximately 54,506 square feet of vacant office space (3.8% of the total office space in Cerritos) and approximately 16,514 square feet of available retail space (0.4% 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	15,185,149	220,357	1.5%
Office	1,422,575	54,506	3.8%
Retail	4,685,788	16,514	0.4%
Total	20,449,552	291,377	1.4%

Commercial Real Estate—Cerritos Industrial Vacancy Rates



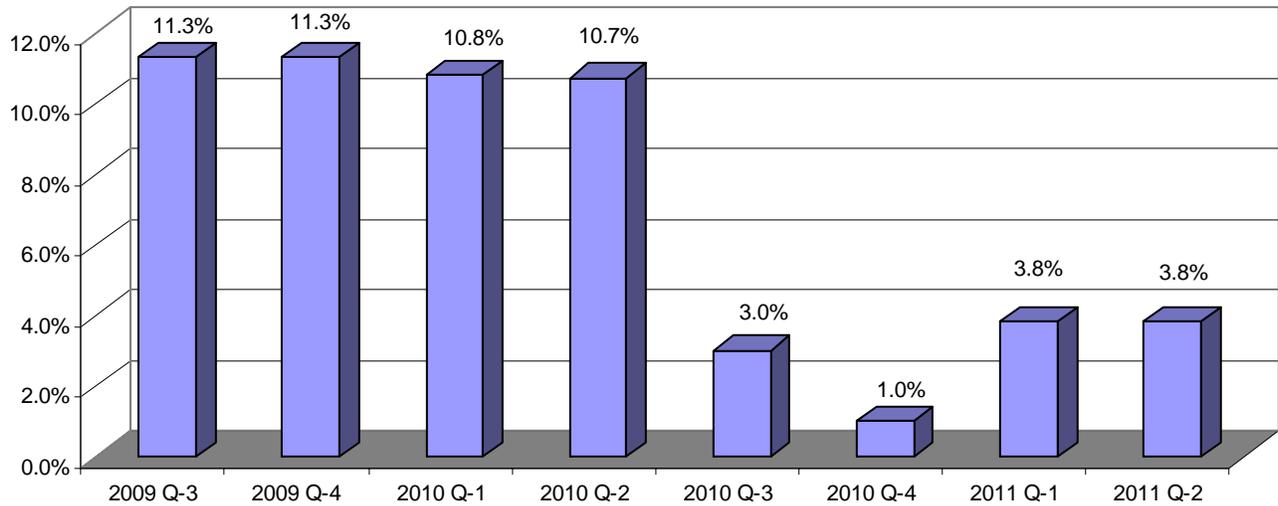
Based on data from 2009-Q3 to 2011-Q2, industrial vacancy rates in Cerritos have decreased by approximately 86%, which may be an indicator that industrial businesses are locating to the City. In 2009-Q3, the industrial vacancy rate was at 10.7% and in 2011-Q2, the industrial vacancy rate was at 1.5%. (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.)

Sources: Grubb-Ellis and Rofo.com

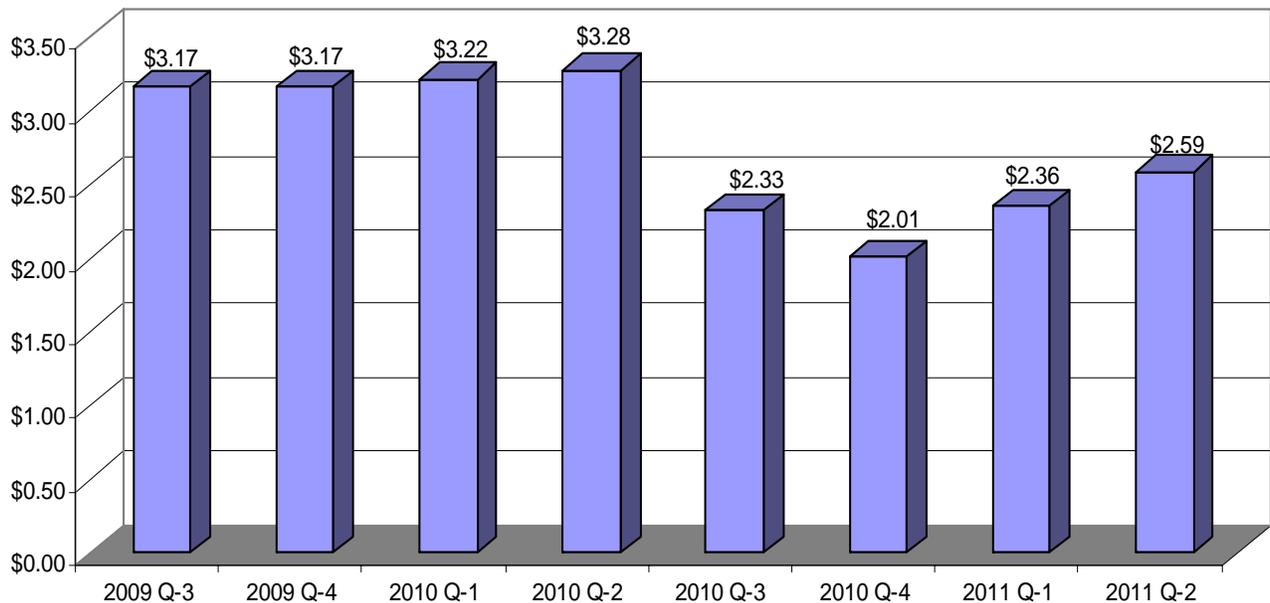
Office Vacancy and Retail Rental Rates

Based on the trend analysis, the Cerritos office vacancy rate has decreased since 2009-Q3 with the most significant decrease in 2010-Q3 (66% decrease), which is a positive sign for the office sector. However, in 2011-Q1, the office vacancy rate increased from 1% to 3.8%. For 2011-Q2, the office vacancy rate remained steady at 3.8%.

Commercial Real Estate—Cerritos Office Vacancy Rate



Commercial Real Estate—Cerritos Retail Rental Rate



Based on trend analysis, the retail rental rate has decreased from 2009-Q3 to 2011-Q1 by approximately 26%, which is a positive incentive for businesses to consider and relocate to Cerritos. However, the rental rate increased in 2011-Q1 and 2011-Q2. The current rate for 2011-Q2 is \$2.59.

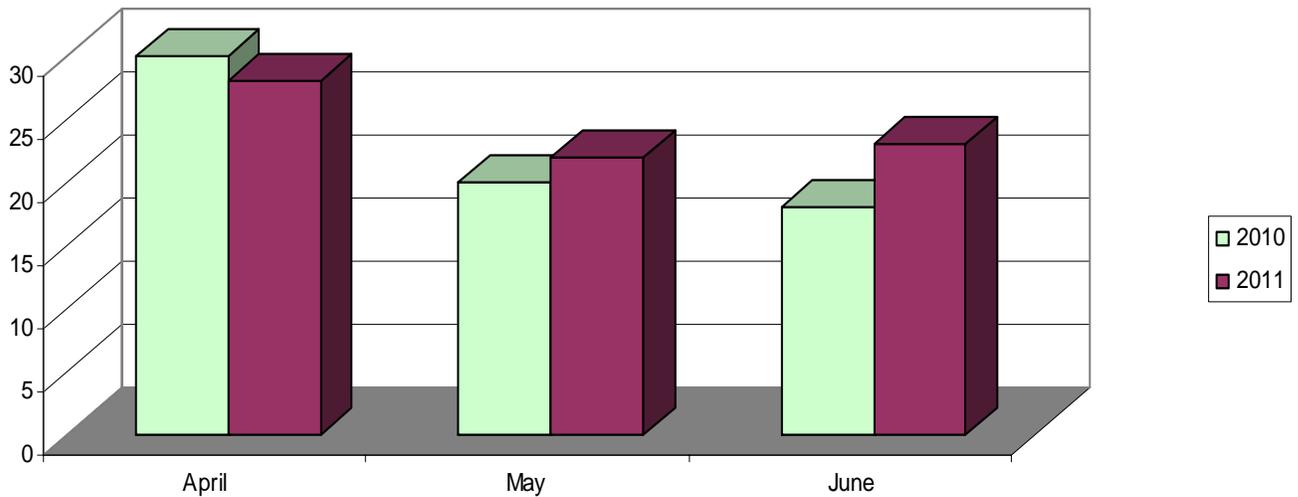
Sources: Grubb-Ellis and Rofo.com

Certificate of Occupancy

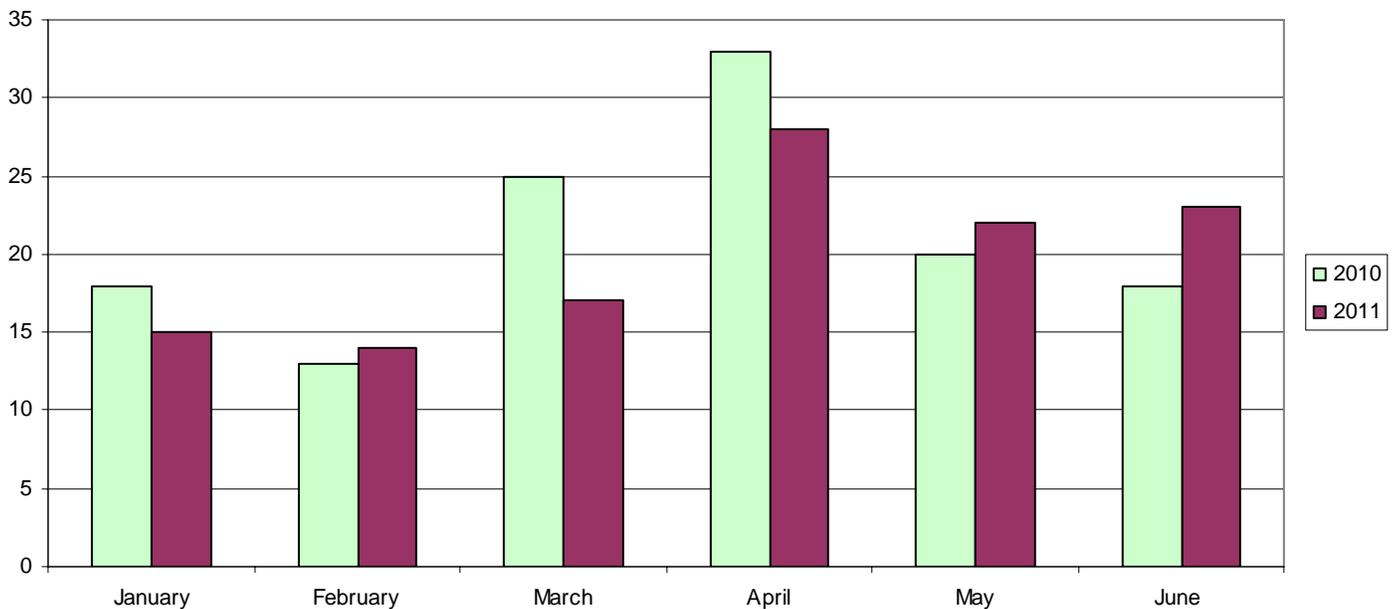
Commercial Real Estate—Construction Activity and Occupancy (Calendar Year)

The tracking of tenant improvements, new buildings, and the issuance of a Certificate of Occupancy (CO) is one method to determine the activity of commercial real estate in Cerritos. A CO is a required document issued by the City after the completion of construction and the final building department inspection for the purposes of authorizing occupancy. A high number of CO, new buildings, and tenant improvements is an indication that the local economy is growing. For 2011-Q2, CO's increased in May and in June in comparison from a year ago. In comparison, the mid year total from 2011 (119) is slightly lower than 2010 (127).

Certificate of Occupancy—2011-Q2



Certificate of Occupancy— 2010 and 2011 Mid Year Totals



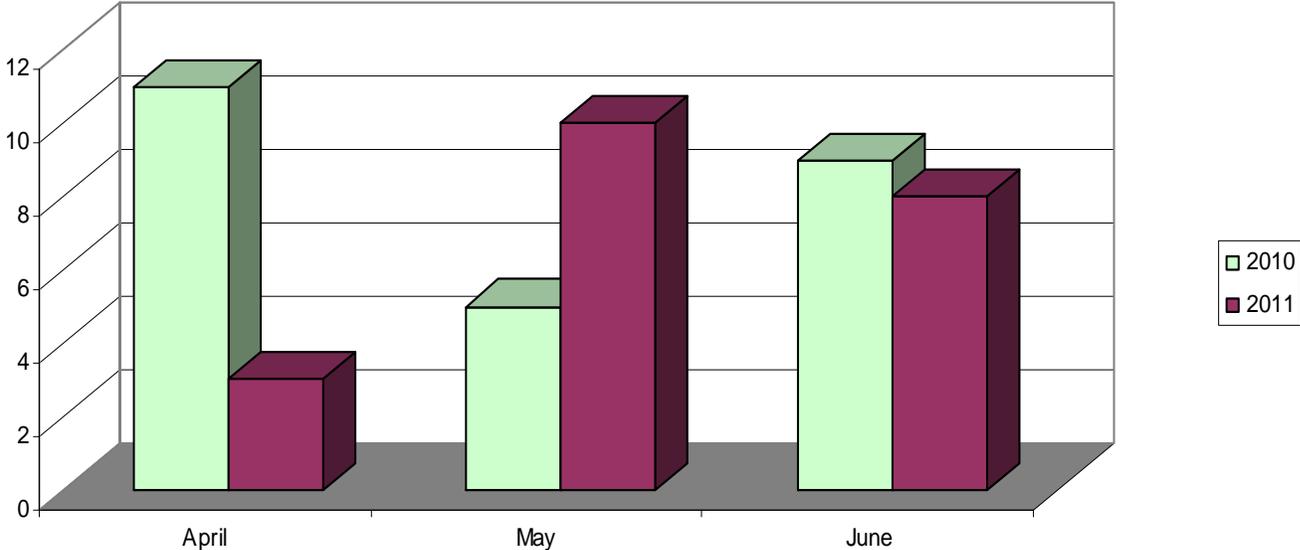
Sources: GIS Division, City of Cerritos

Tenant Improvements

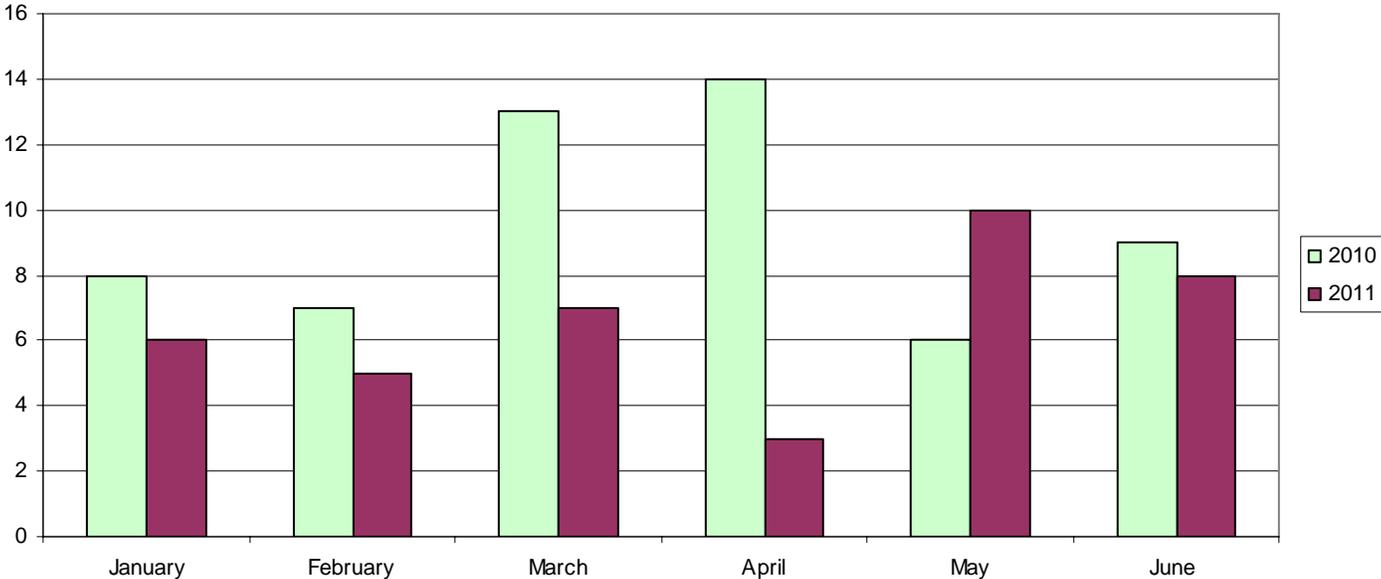
Commercial Real Estate—Construction Activity and Occupancy (Calendar Year)

A tenant improvement (TI) refers to changes made to the interior of a commercial or industrial property by its owner to accommodate the needs of a tenant such as the installation or relocation of interior walls or partitions, carpeting or other floor covering. A TI is an indicator of a new business starting in the City or an existing business expanding to meet their needs. For 2011-Q2, tenant improvements decreased in April and June from the previous year. May experienced an increase from the previous year. In comparison, the mid year totals for 2011 (39) are lower than 2010 (57).

Tenant Improvements—2011-Q2



Tenant Improvements—2010 and 2011 Mid Year Totals



Sources: GIS Division, City of Cerritos

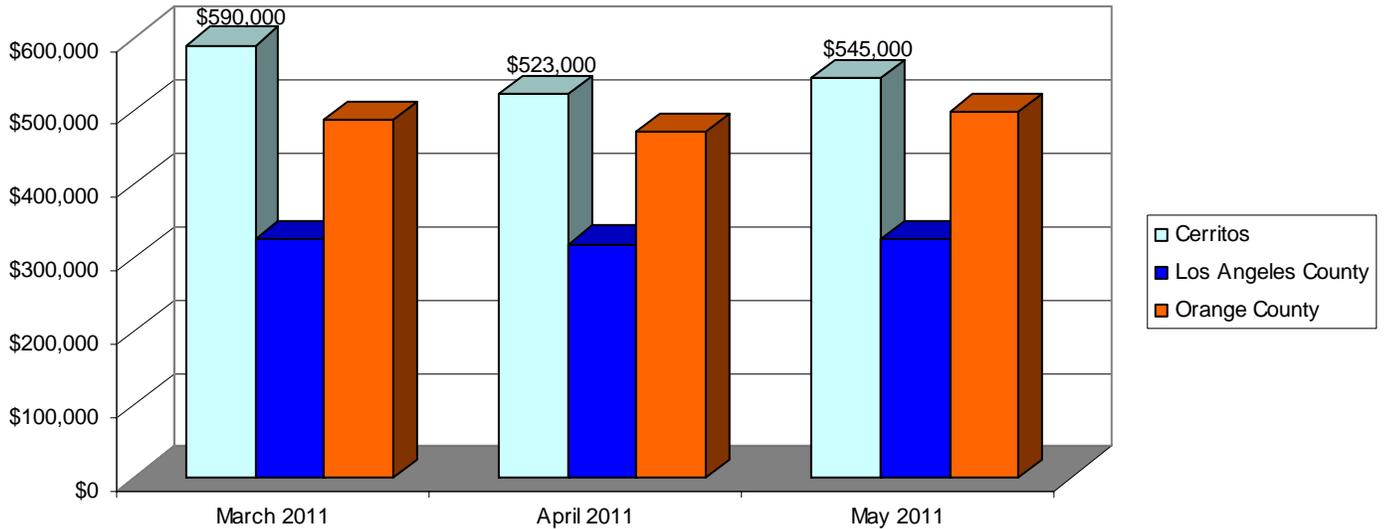
Housing



Single-Family Homes

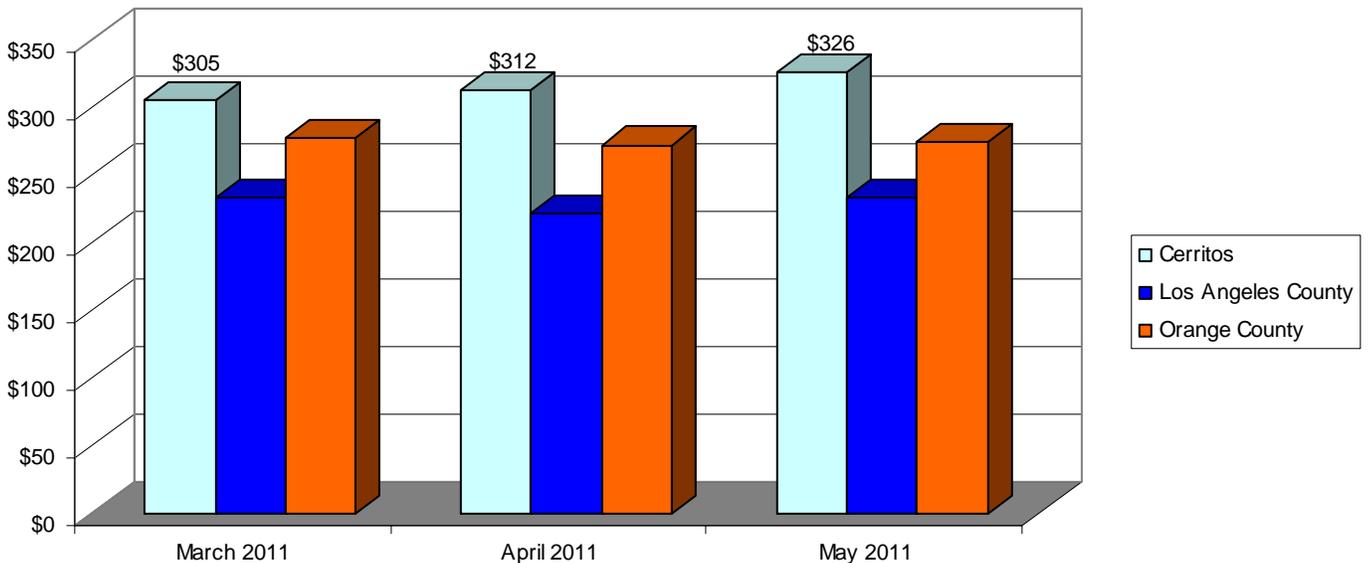
Median Home Sales Price—Single Family Residential

In Cerritos, the average home price for 2011 Q-2 was \$552,000. Housing prices in Cerritos have decreased from \$590,000 in March 2011 to \$523,000 in April 2011 and then increased in May 2011 to \$545,000. In comparison, Cerritos has a higher median home price than Orange County and Los Angeles County. Housing prices have remained fairly constant for Los Angeles County and Orange County.



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 sales price per square foot for a single-family home is \$326 as of May 2011. This is higher than both Orange County (\$274) and Los Angeles County (\$233), and is an indicator that homes in Cerritos are maintaining their value.

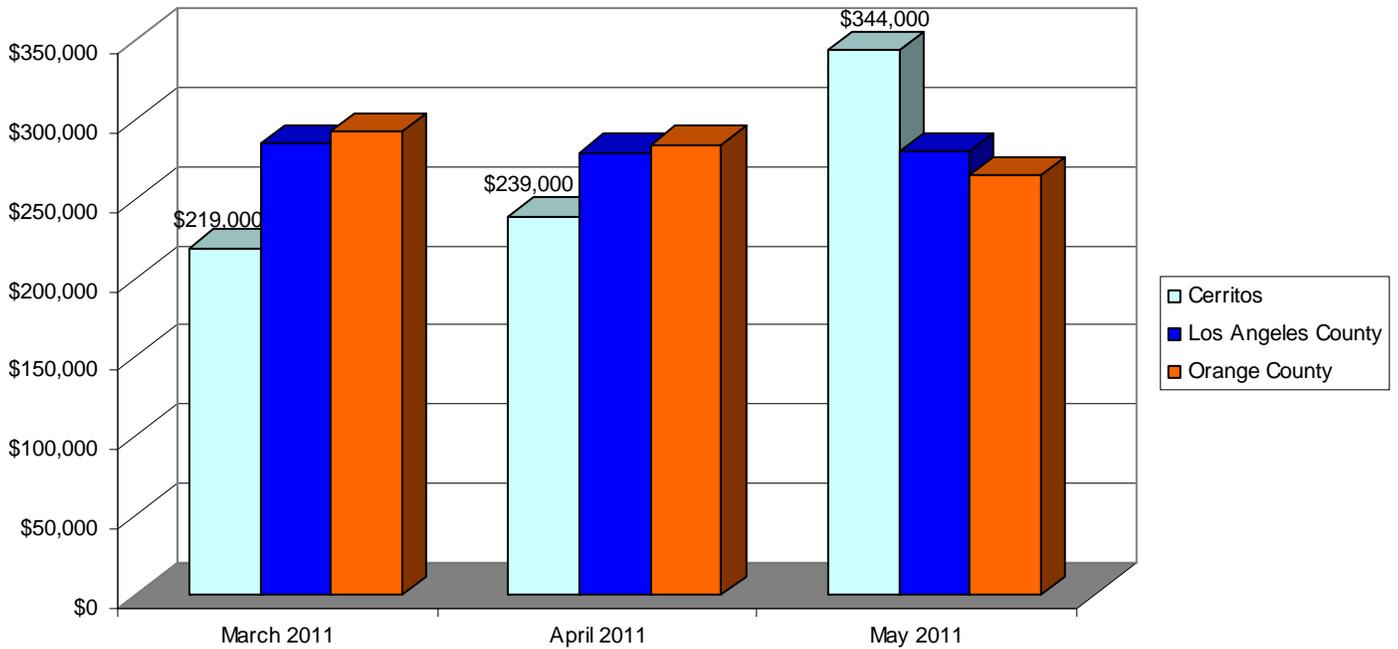


Source: DataQuick

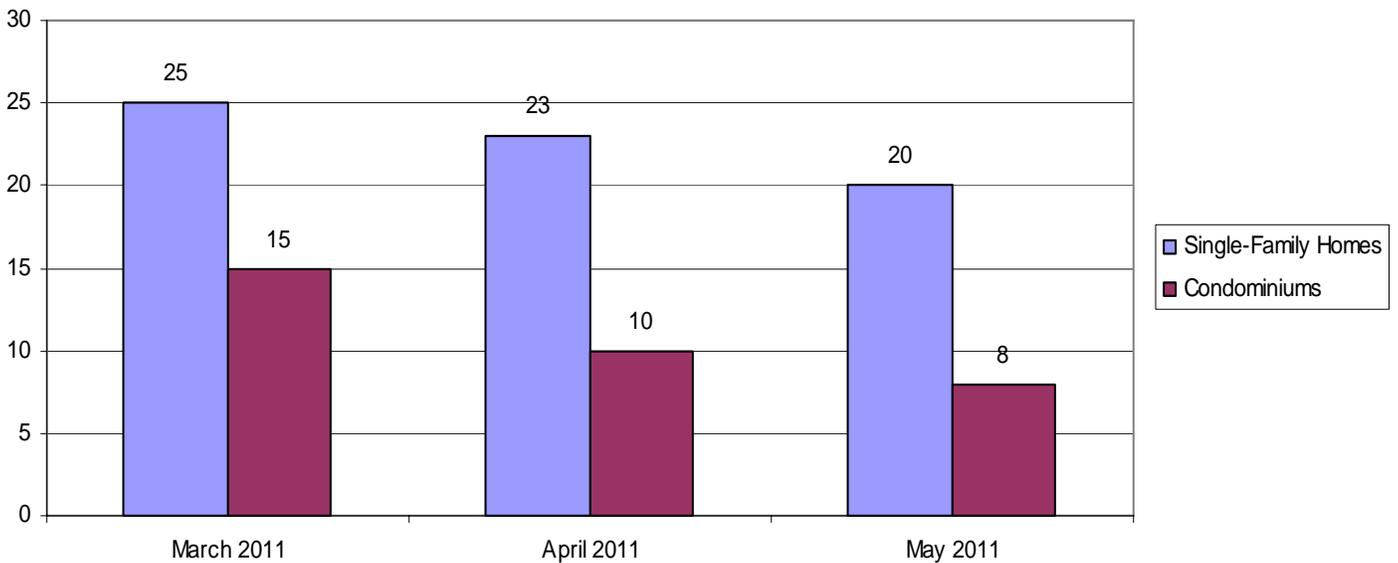
Condominiums

Median Home Sales Price—Condominiums

Condominiums have a niche in housing between renting and owning single-family homes. The median condominium sale price in Cerritos for May 2011 was \$344,000, which is higher than Orange County (\$265,000) and Los Angeles County (\$265,000). Condominiums prices have increased in Cerritos for 2011-Q2. In Cerritos, a total of 33 condominiums were sold and a total of 68 single family residential homes were sold in in 2011-Q2.



Total Number of Units Sold



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 2011.

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 2009-2010 to fourth quarter FY 2010-2011. Tax increment revenue for the fourth quarter FY 2010-2011 was \$11,237,224, which is a \$136,358 decrease from the fourth quarter FY 2009-2010. Sales tax revenue for the fourth quarter of 2010 (calendar year) totaled \$4,172,328 which is a 12% increase from the same quarter in 2010.

Cerritos has four major areas of business activity: Cerritos Industrial Park, Cerritos Towne Center, Los Cerritos Center and the Cerritos Auto Square. The Cerritos Auto Square generated the most sales tax at \$1,621,838. The Los Cerritos Center generated the second highest sales tax at \$1,318,018. Sales at these two major areas of business activity have experienced an increase for quarter 2011-Q1.

Based on a review of businesses by NAICS code, Retail Trade generates the greatest amount of revenue for the City of Cerritos. In fact, the City's 79.4% 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 40%, Clothing and Clothing Accessories Stores generated 22%, Durable Goods and Merchant Wholesalers generated 16%, General Merchandise Stores generated 15%, and Electronics and Appliance Stores generated 7%.

The Cerritos Auto Square experienced another increase in auto sales for the second quarter of 2011. In fact, April 2011 (35%) and May 2011 (12%) experienced increased auto sales from the previous year. In addition, weekly sales averages have increased from 2009-Q2. In the second quarter 2011, new business licenses decreased 21% from a year ago.

The Cerritos Center continued to have increased monthly visitors. In fact, for 2011-Q2, attendance increased in April 2011 (6% increase) and June 2011 (1% increase). This increase in monthly visitors may translate to higher sales tax data in future quarters.

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 (11.9%), Orange County (8.5%) and the State of California (11.4%).

Commercial Real Estate

Cerritos office vacancy rate of 3.8% is lower than Orange County (18.4%) and Los Angeles County (16.5%). Cerritos currently has a total vacancy of 291,377 square feet, which is approximately 1.4% of the total available real estate space in Cerritos (20,449,552 sq. ft.). Of the total vacant space in Cerritos, 1.5% is industrial space (220,357 sq. ft.), 3.8% is office space (54,506 sq. ft.), and 0.4% is retail space (16,514 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 Trend Analysis

Housing

The single family home sale price in Cerritos was approximately \$545,000 in May 2011. The home sale price for a condominium is approximately \$344,000 for the same time period. Housing in Cerritos has maintained its values as compared to Los Angeles County and Orange County and housing prices have remained constant.

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
- Sales tax at the Los Cerritos Center
- Sales tax at the Cerritos Auto Square
- Auto sales at the Cerritos Auto Square
- Visitors at the Los Cerritos Center

→ Constant

- Housing in Cerritos
- Unemployment
- Retail vacancy rate

↓ Decrease

- Business licenses
- Sales tax at the Cerritos Towne Center (retail component)
- Redevelopment tax increment
- Industrial vacancy rate
- Tenant Improvements/New Buildings
- Certificate 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>