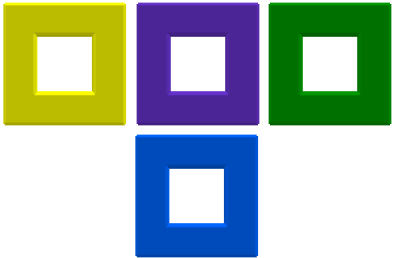




Quarterly Market Trend Analysis for Economic Development in Cerritos

City of Cerritos
Economic Profile
2011-Q4



A City With Vision



ECONOMIC PROFILE



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2010 Winner
Most Business-Friendly City Award

Table of Contents

<u>Section</u>	<u>Page</u>
Introduction	i
Major Revenues	
Redevelopment Tax Increment	2
Sales Tax	4
Sales Tax by Geographic Sector	5
Sales Tax-Top Five Generators	10
Retail Trade—Top Generators	11
Auto Sales	12
Business License	15
Los Cerritos Center—Monthly Visitors	18
Unemployment	
Unemployment	20
Commercial Real Estate	
Certificate of Occupancy	22
Tenant Improvements	23
Regional and Office Vacancy Rates	24
Total Vacancy in Cerritos	25
Vacancy Breakdown by Use	26
Housing	
Single-Family Homes	28
Condominiums	29
Statistical Summary	31
Data Sources	34

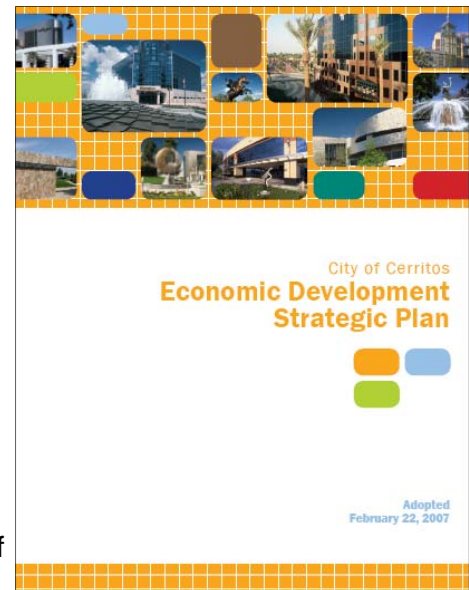
Introduction

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

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

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

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



Mission Statement

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

Select Strategic Plan Goals

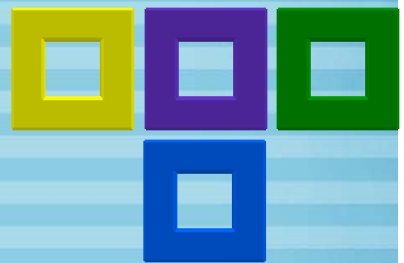
BAR-1: Identify the "best customers" among existing Cerritos businesses and initiate an outreach program.

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

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

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

Major Revenues



Major Revenues

Redevelopment Tax Increment

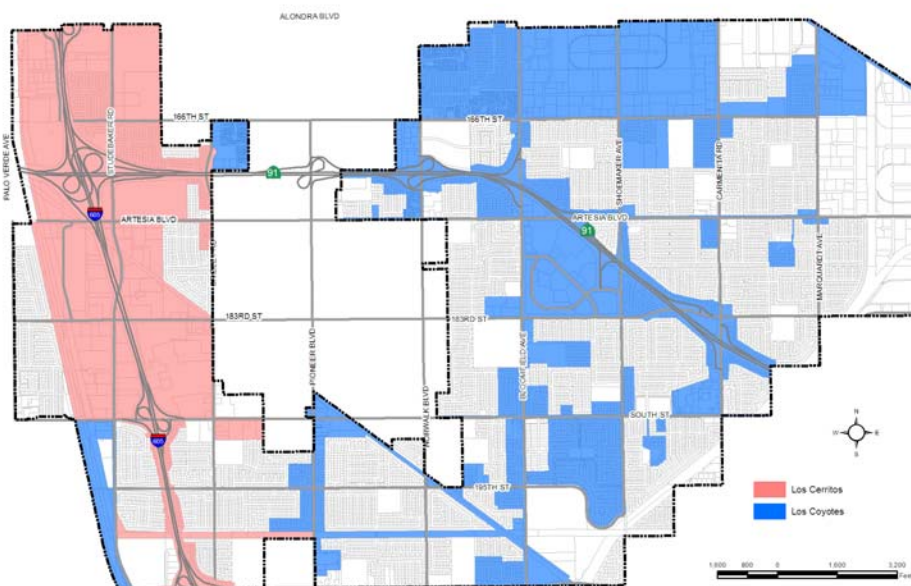
The Cerritos Redevelopment Agency (RDA) has historically provided the City with a significant source of funding for a variety of public improvements and other projects that have enhanced the economic capacity of the community. Redevelopment agencies have certain powers and a dedicated revenue source – 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.

On December 29, 2011, the California Supreme Court issued its opinion in *CRA v. Matosantos* and upheld the validity of AB1x26, the bill that dissolves all the redevelopment agencies in the State, and invalidated AB1x27, the bill that would have allowed redevelopment agencies to remain in operation by making a payment to assist the state budget. On January 12, 2012, the City Council formally determined that it will serve as the “Successor Agency” and “Successor Housing Authority” to the RDA with the responsibility of winding down its affairs, preparing various payment schedules, and taking on the other administrative tasks required.

As a result of the Court’s ruling, the dissolution of redevelopment agencies became effective February 1, 2012. The RDA will no longer receive any tax increment after January 2012, losing approximately \$32 million annually.

Former Redevelopment Project Areas

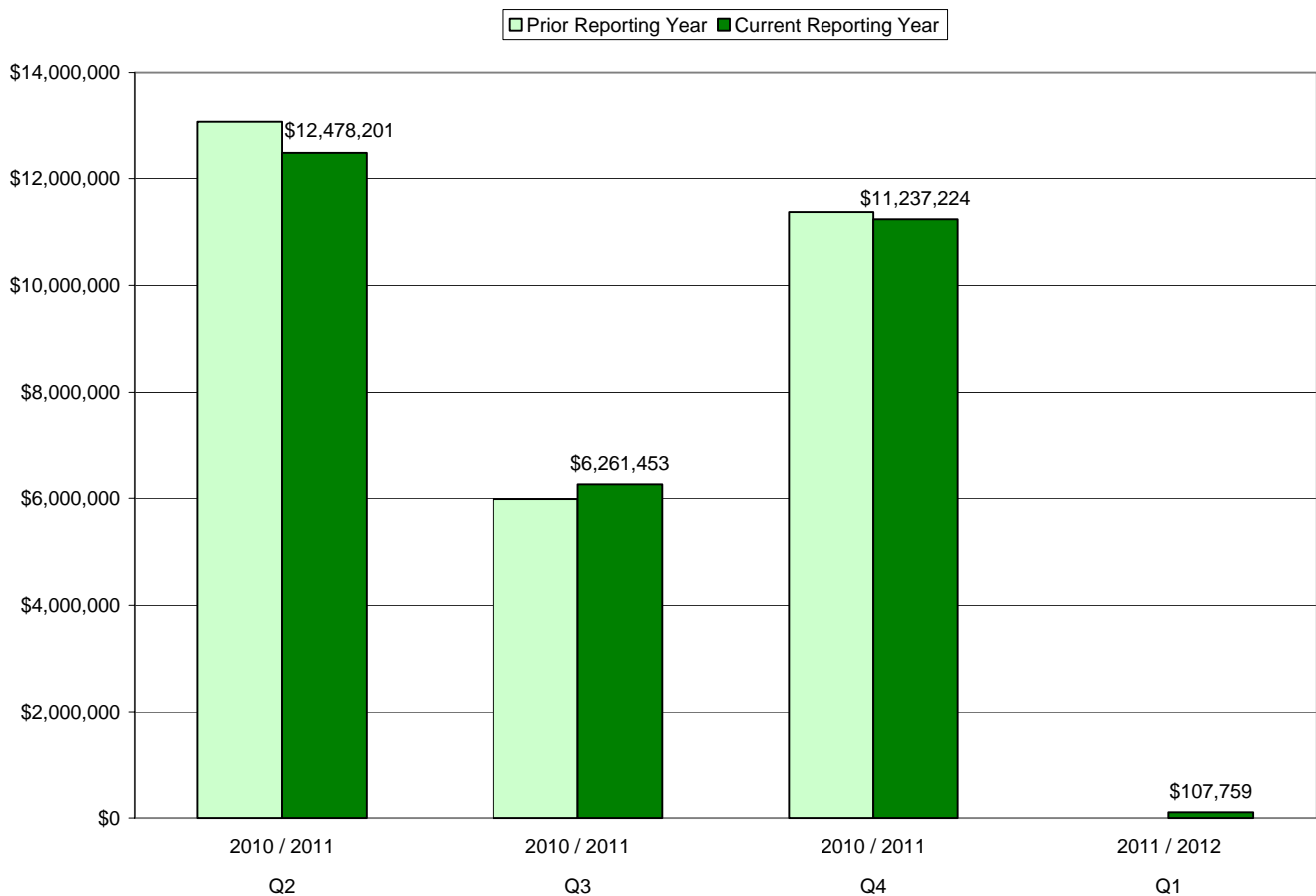


Major Revenues

Redevelopment Tax Increment*

As mentioned, the City had 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 2012-Q1 (fiscal year), the Cerritos Redevelopment Agency received \$107,759 in tax increment revenue for 2012-Q1. (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.)

Redevelopment Tax Increment – Fiscal Year



2011-Q3 to 2012-Q1

2011-Q2	2011-Q3	2011-Q4	2012-Q1
\$12,478,201	\$6,261,453	\$11,237,224	\$107,759

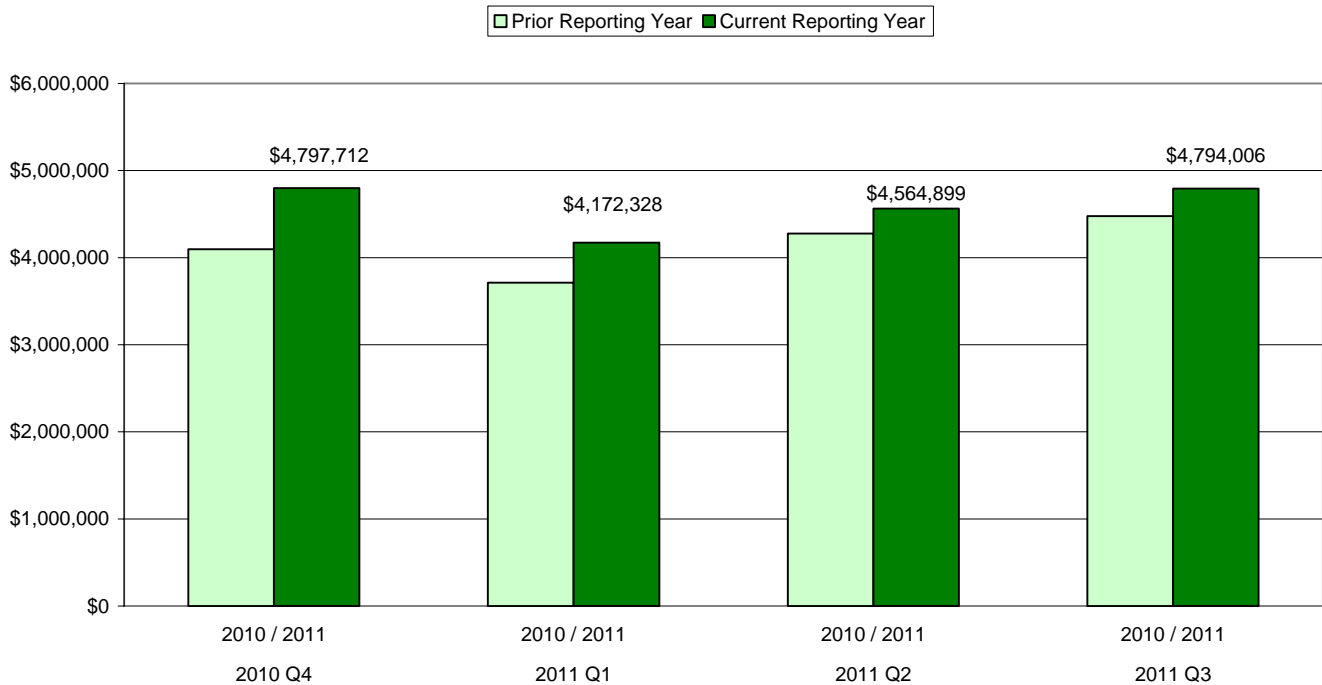
*As of February 1, 2012, the Cerritos Redevelopment Agency was dissolved and will no longer collect tax increment. The last month of tax increment collected by the former Cerritos Redevelopment Agency was January 2012.

Major Revenues

Sales Tax

For 2011-Q3, businesses in the City generated \$4,794,006 in sales tax revenue, which is a 12% increase (\$315,110) over the same quarter in 2010. In a quarter by quarter comparison, sales tax revenue increased each quarter from 2011-Q1 to 2011-Q3. This continued increase in sales tax revenue may indicate that the economy is beginning to show signs of recovery. Sales tax revenue from the past eight quarters (2010-Q1 to 2011-Q2) has remained constant with an average of \$4.3 million dollars per quarter.

Sales Tax Revenue – Calendar Year



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, equaling a 33% decrease. However, in 2010, sales tax revenue increased by \$570,889 equaling 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 from the Past Six Calendar Years

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

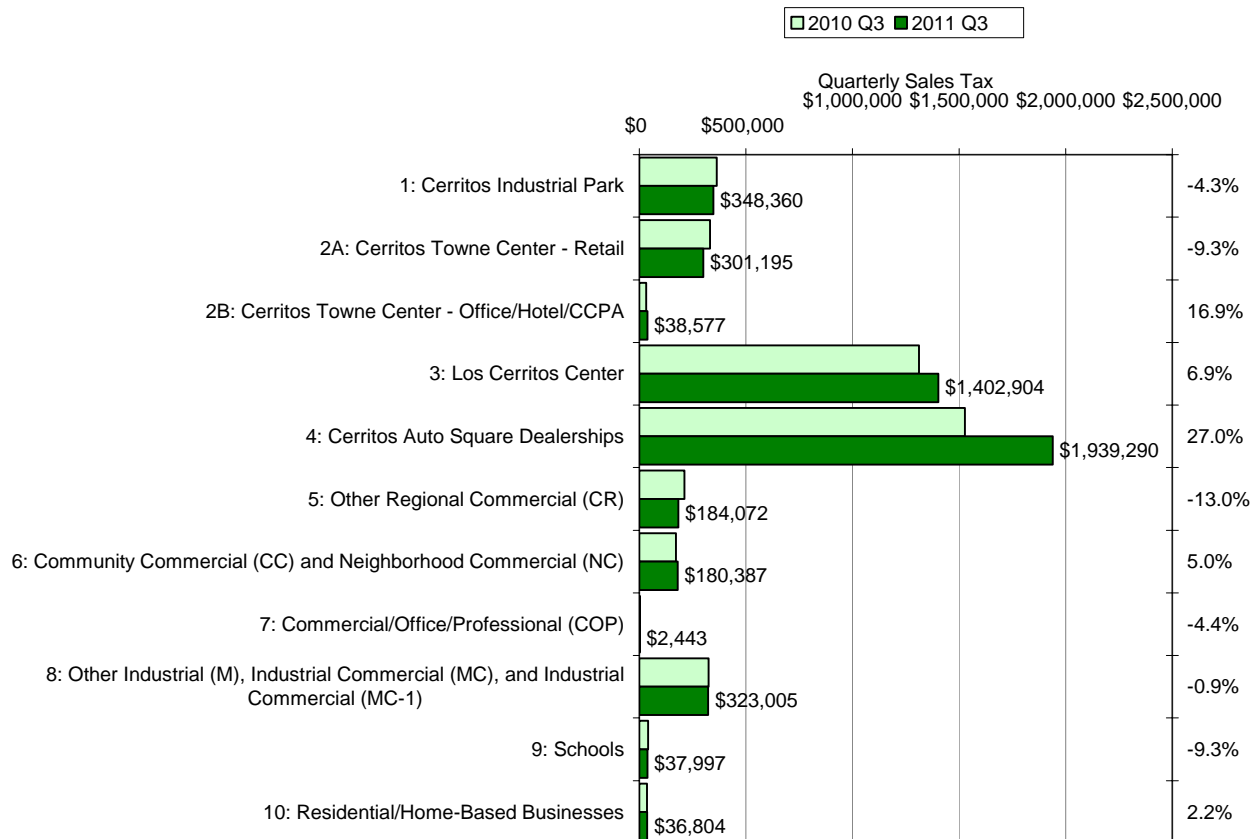
TREND ANALYSIS: ↑ Increase

Major Revenues

Sales Tax

The City of Cerritos is home to four major areas of business activity: Cerritos Industrial Park, Cerritos Towne Center, Los Cerritos Center and Cerritos Auto Square. Businesses are also found in other commercial and industrial zones throughout the City. For 2011-Q3, the Cerritos Auto Square generated the most sales tax at approximately \$1,939,290, which is a 27% increase from the same quarter last year. The Los Cerritos Center generated the second highest sales tax at approximately \$1,402,904, which is a 6.9% increase over FY 2010-Q3. The Cerritos Industrial Park generated \$348,360. The Cerritos Towne Center, which includes a retail and office component, generated the fourth highest sales tax revenue at \$339,772. During this quarter, the Cerritos Auto Square (27%) and the Los Cerritos Center (6.9%) were the only business sectors that experienced a significant increase in sales tax revenue from the previous year.

Geographic Sectors

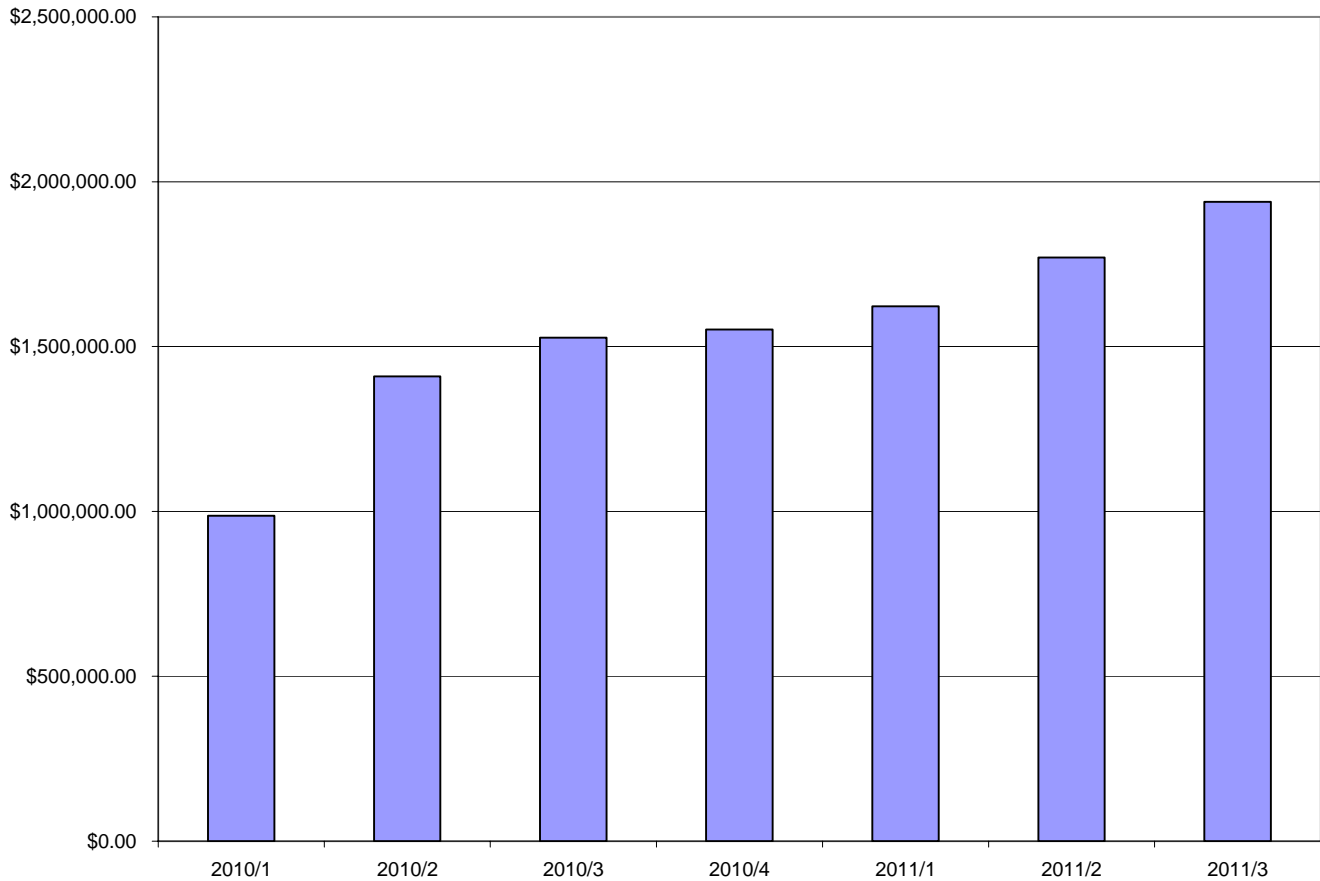


Major Revenues

Sales Tax

The Cerritos Auto Square generated the greatest amount of sales tax in the City in 2011-Q3 and experienced an increase from the previous quarter. In addition, sales tax revenue has steadily increased since 2010-Q1 (97% increase). The trend analysis indicates an increase in auto sales and a recovering local economy. The addition of two dealerships that opened in 2010 and an increase in consumer confidence may have contributed to the increased auto sales.

Cerritos Auto Square



2010-Q1 to 2011-Q3

Average: \$1,543,828

Trend Analysis: 97% increase

Sales tax has consistently increased with no decrease since 2010-Q1. This increasing slope on the bar chart for more than one year illustrates a positive sign for the Cerritos Auto Square.

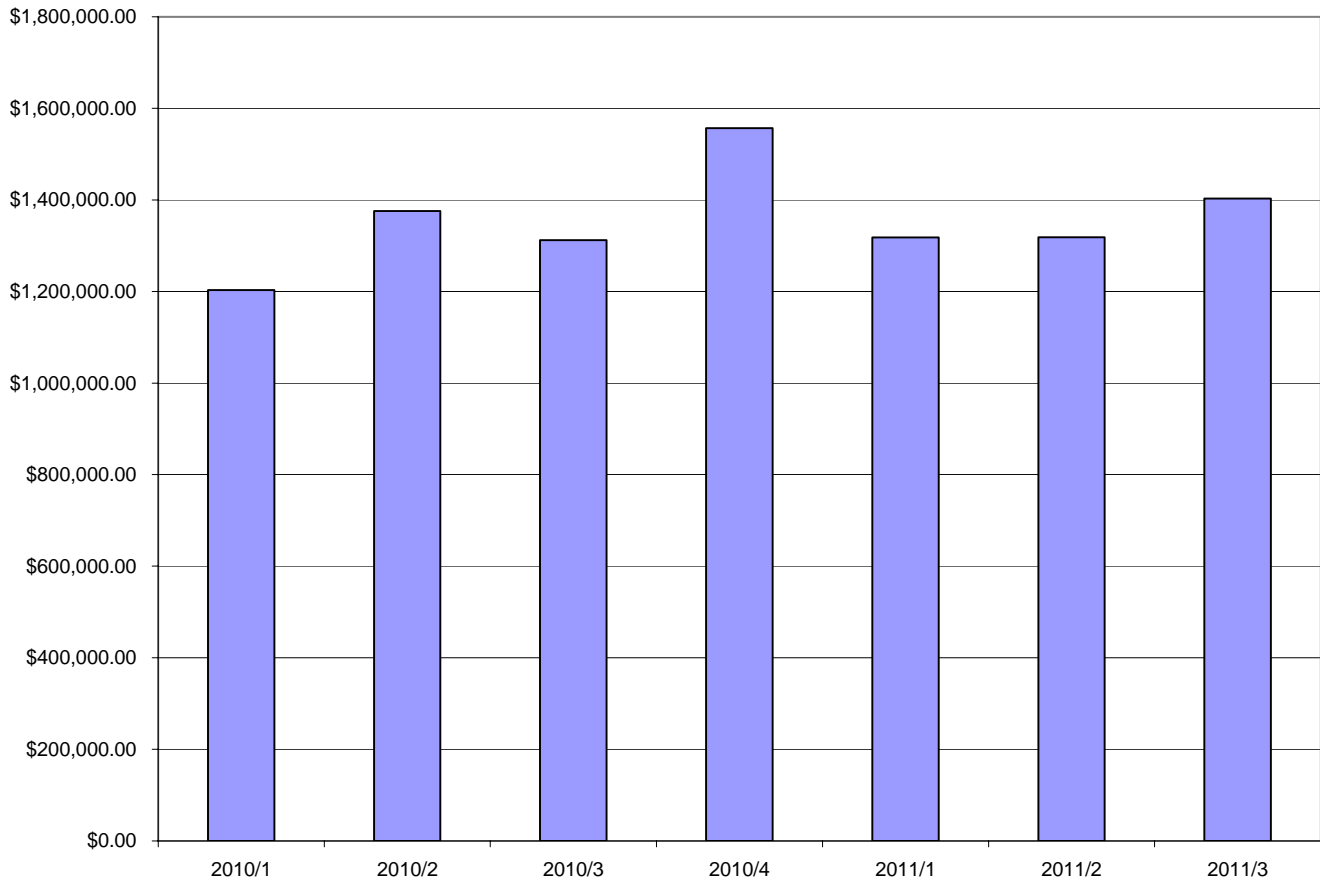
TREND ANALYSIS: ↑ Increase

Major Revenues

Sales Tax

The Los Cerritos Center generated the second greatest amount of sales tax revenue for the City's General Fund at \$1.4 million dollars in 2011-Q3. Based on the trend analysis, sales tax revenue remained constant from the previous quarters. Since 2010 Q-1, sales tax revenue at the Los Cerritos Center has remained relatively constant at approximately \$1.3 million dollars per quarter (average).

Los Cerritos Center



2010-Q1 to 2011-Q3

Average: \$1,355,300

Trend Analysis: 17% increase

Sales tax at the Los Cerritos Center has increased since 2010-Q1; however, sales tax has remained constant from 2011-Q1 to 2011-Q3. Additionally, sales tax did not go below \$1.2 million (2010-Q1), which was the lowest level in seven quarters.

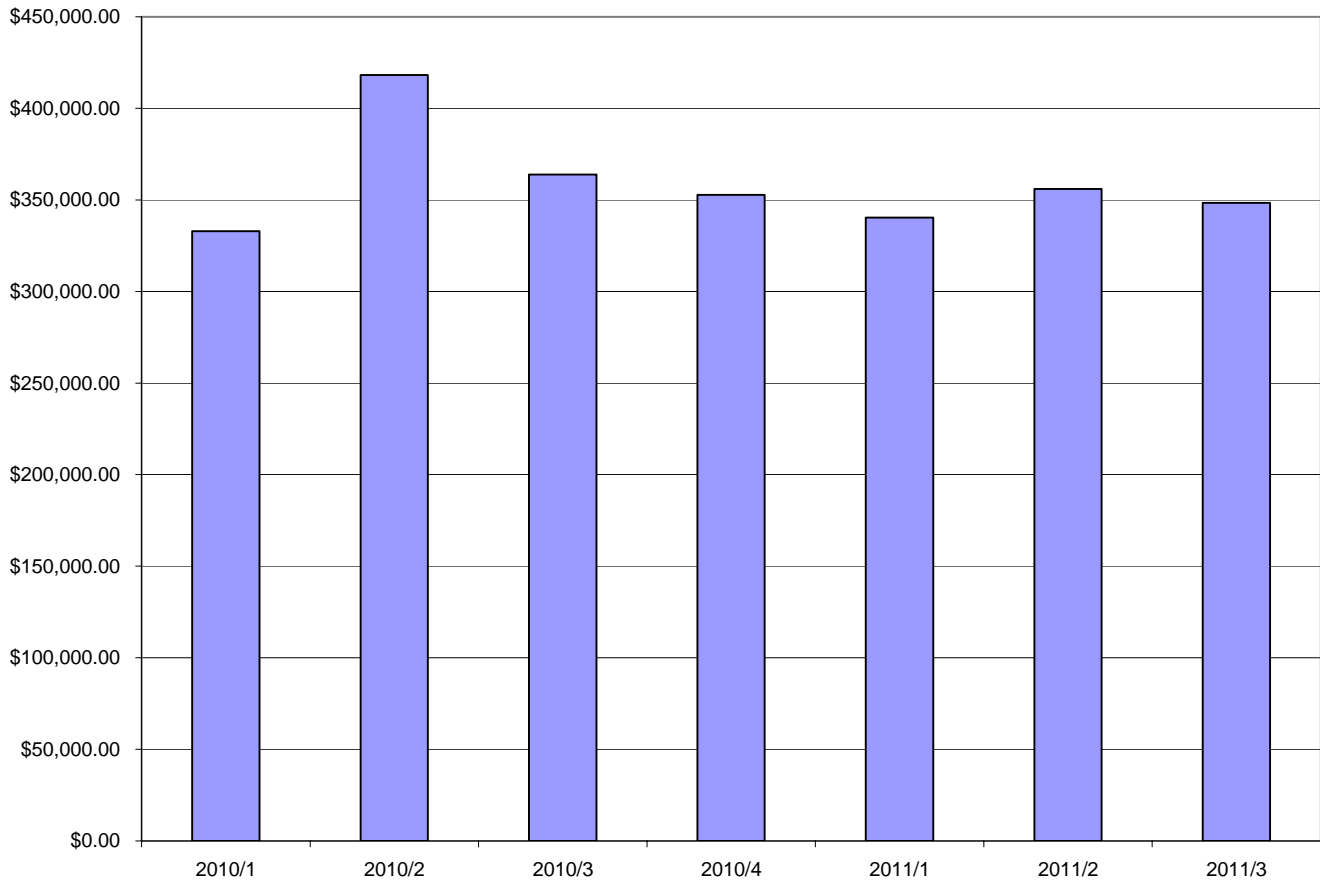
TREND ANALYSIS: → Constant

Major Revenues

Sales Tax

The Cerritos Industrial Park is the third highest sales tax generator in Cerritos. The Cerritos Industrial Park generated \$348,360 in 2011-Q3, which is a 2% decrease from 2011-Q2 and a 4% decrease from 2010-Q-3. Based on the trend analysis, sales tax revenue decreased from a high in 2010-Q2; however, sales tax revenues have remained constant from 2010-Q3 to 2011-Q3.

Cerritos Industrial Park



2010-Q1 to 2011-Q3

Average: \$358,929

Sales tax has increased since 2010-Q1; however, sales tax has remained constant from 2010-Q2 to 2011-Q3. Additionally, sales tax did not go below \$332,902 (2010-Q1), which was the lowest level in seven quarters.

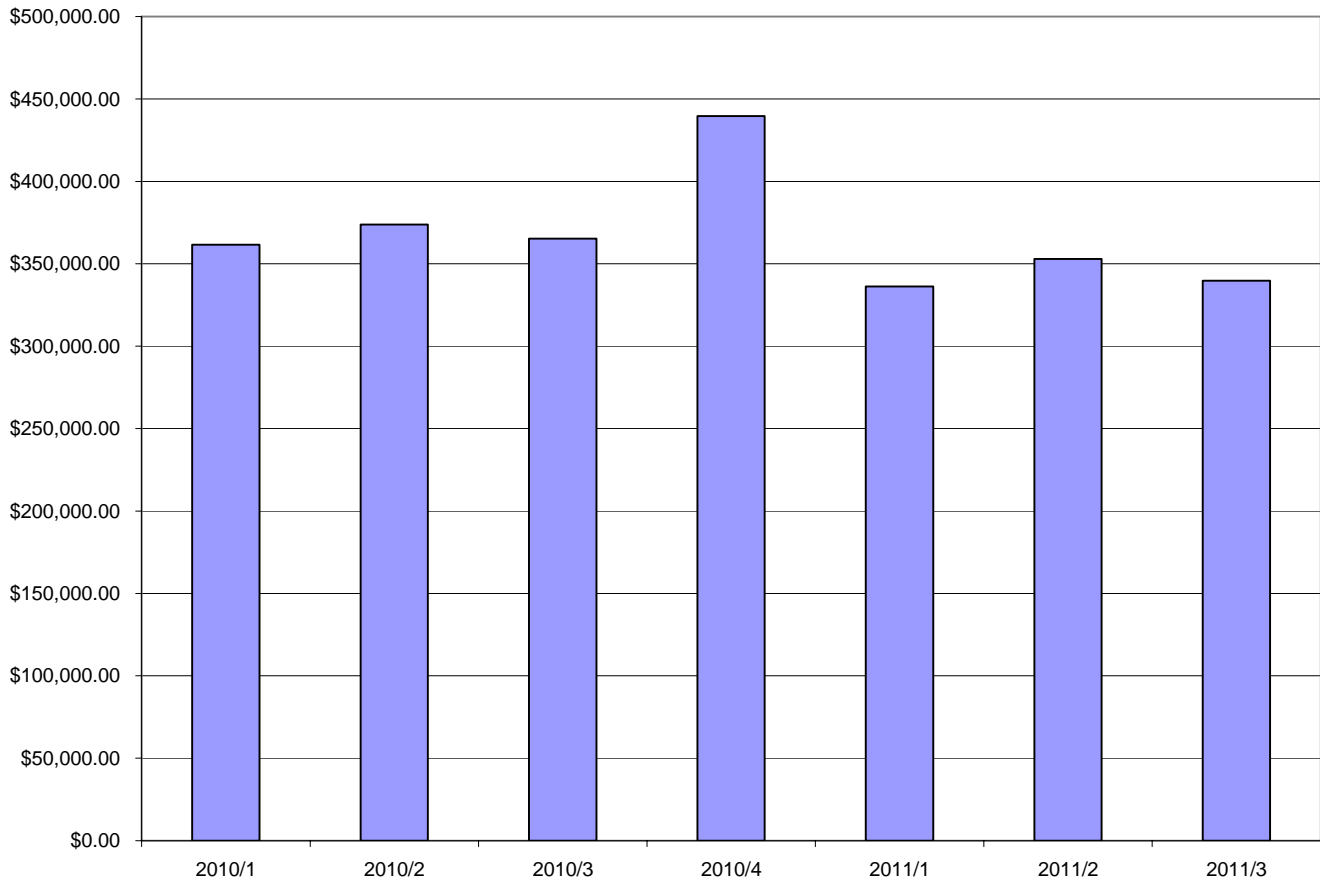
TREND ANALYSIS: → Constant

Major Revenues

Sales Tax

Sales tax revenue at the Cerritos Towne Center was \$339,772 for 2011-Q3, which is a decrease of 4% from 2011-Q2 (previous quarter) and a decrease of 7% from 2010-Q3 (last year). However, based on a trend analysis, sales tax revenues have remained constant from 2010-Q1 to 2011-Q3 (with the exception of an increase in 2010-Q4 that corresponds with fourth quarter holiday sales).

Cerritos Towne Center



2010-Q1 to 2011-Q3

Average: \$367,004

Sales tax has remained fairly constant since 2010-Q1 with an average of \$367,004 per quarter. The Cerritos Towne Center has not experienced a significant decrease in revenues over several quarters.

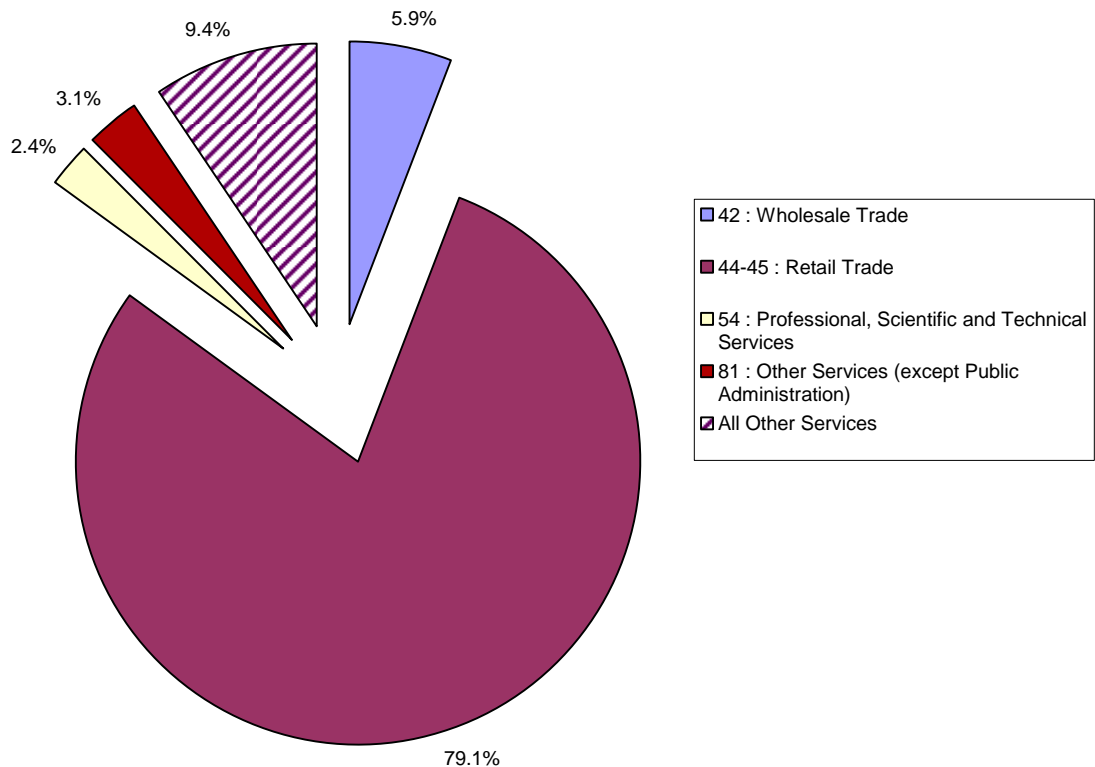
TREND ANALYSIS: → Constant

Major Revenues

Sales Tax – Top Five Generators

Staff has identified the top five (5) sales tax generating business sectors or industries based on the NAICS* classification. The City's top sales tax generator in 2011-Q3 is the Retail Trade industry, which generates 79.1% of Cerritos' total sales tax. Retail Trade includes major businesses in the Cerritos Auto Square, the Los Cerritos Center and the Towne Center. The second highest sales tax generator is All Other Industries (9.4%) followed by Wholesale Trade (5.9%). Other Services (except Public Administration) is fourth (3.1%) and Professional and Technical Services is fifth (2.4%).

Top Five Sales Tax Generating Industries – 2011-Q3



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	\$3,309,995	\$349,922	\$258,643	\$141,819	\$109,339
2011-Q2	\$3,470,171	\$546,097	\$277,822	\$153,128	\$117,679
2011-Q3	\$3,712,602	\$442,163	\$277,845	\$146,353	\$114,690
Total	\$10,492,768	\$1,338,182	\$814,310	\$441,300	\$341,708

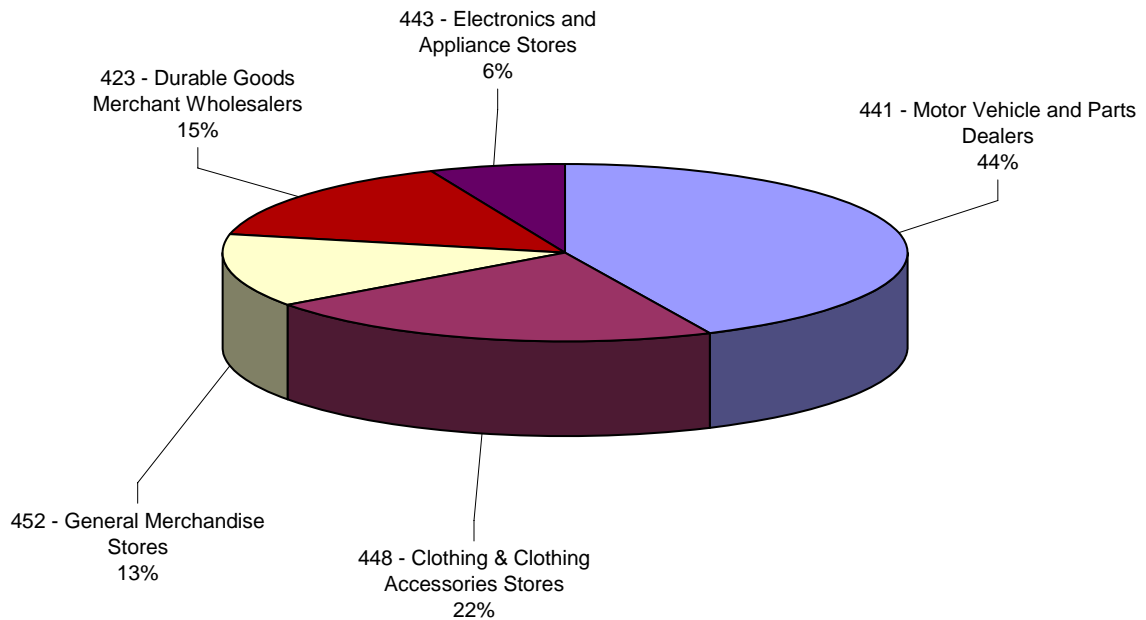
*North American Industry Classification System

Major Revenues

Sales Tax – Top Five Generators

As mentioned in the previous page of this report, Retail Trade generates 79.1% of the City's sales tax. Staff has identified the top five (5) sales tax retail subsectors or industries within the Retail Trade sector based on the NAICS* classification. Retail Trade may include a wide variety of industries, such as auto sales, clothing, and general merchandise sales. In Cerritos, Motor Vehicles and Parts Dealers make up 44% of retail sales and is the top sales tax generator. Clothing and Clothing Accessories Stores make up 22%, Durable Goods Merchant Wholesalers make up 15%, while General Merchandise Stores makes up 13% of retail sales. Finally, Electronics and Appliance Stores make up 6% of retail sales.

Top Retail Trade Industries by NAICS Code - 2011-Q2



441 Motor Vehicles and Parts Dealers	448 Clothing & Clothing Accessories Stores	423 Durable Goods Merchant Wholesalers	452 General Merchandise Stores	443 Electronics and Appliance Stores
\$745,647	\$374,568	\$261,509	\$232,734	\$112,213

*North American Industry Classification System

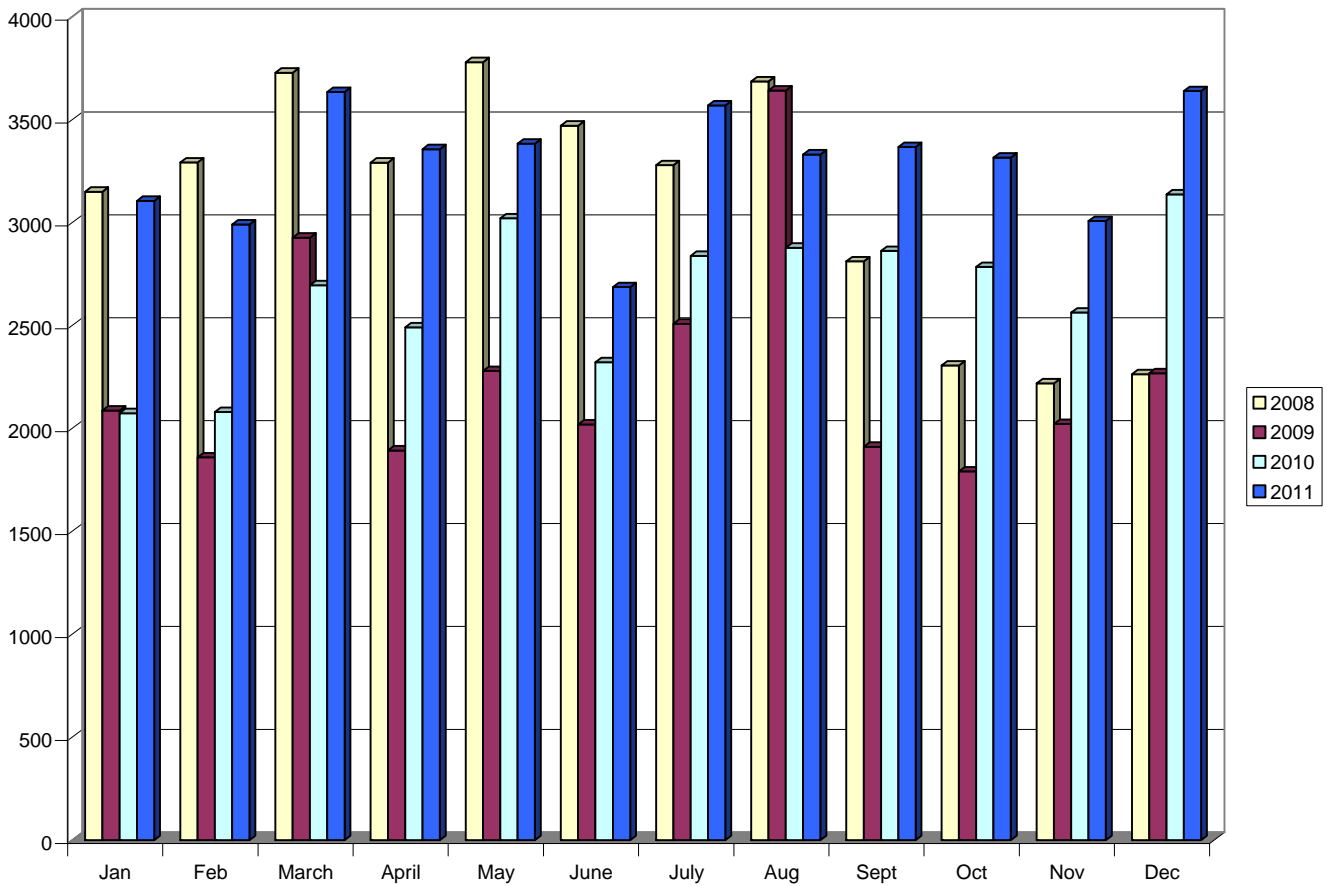
Major Revenues

Auto Sales

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

For 2011-Q4, sales increased in October 2011, November 2011 and December 2011 from the previous year. In fact, sales were higher than in 2008, 2009 and 2010. In October 2011, a total of 3,316 cars were sold, which is a 19% increase over October 2010. In addition, a total of 3,008 cars were sold in November 2011 (17% increase) and 3,639 cars were sold in December 2011 (16% increase).

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



Cars Sold in 2011

October	November	December
3,316	3,008	3,639

TREND ANALYSIS: ↑ Increase

Major Revenues

Auto Sales

The Cerritos Auto Dealers Association has been compiling data since 1993 in order to conduct annual sales comparisons. From 1993 to 2011, a total of 860,391 cars have been sold, equating to an annual average of 45,284 cars. Sales have fluctuated over the years from a low of 27,208 cars sold in 2009 to a high of 54,191 cars sold in 2003.

The Cerritos Auto Square experienced a significant increase in auto sales in 2011. In fact, there was a 24% increase in auto sales from 2010 to 2011 (a total of 7,643 more cars were sold). This is two years in a row that total annual sales exceeded sales totals from the previous year (2010 and 2011). Weekly averages have also increased for 2011-Q4 from 2010-Q4, 2009-Q4 and 2008-Q4.

1993	1994	1995	1996	1997
37,431	43,920	42,556	42,879	45,026

1998	1999	2000	2001	2002
47,341	51,825	52,925	54,164	53,288

2003	2004	2005	2006	2007
54,191	52,857	52,290	48,836	45,240

2008	2009	2010	2011
37,277	27,208	31,747	39,390

Weekly Averages

Weekly Average 2011-Q4

- October 2011 (829 cars sold)
- November 2011 (752 cars sold)
- December 2011 (910 cars sold)

Weekly Average 2010-Q4

- October 2010 (696 cars sold)
- November 2010 (641 cars sold)
- December 2010 (784 cars sold)

Weekly Average 2009-Q4

- October 2009 (448 cars sold)
- November 2009 (506 cars sold)
- December 2009 (567 cars sold)

Weekly Average 2008-Q4

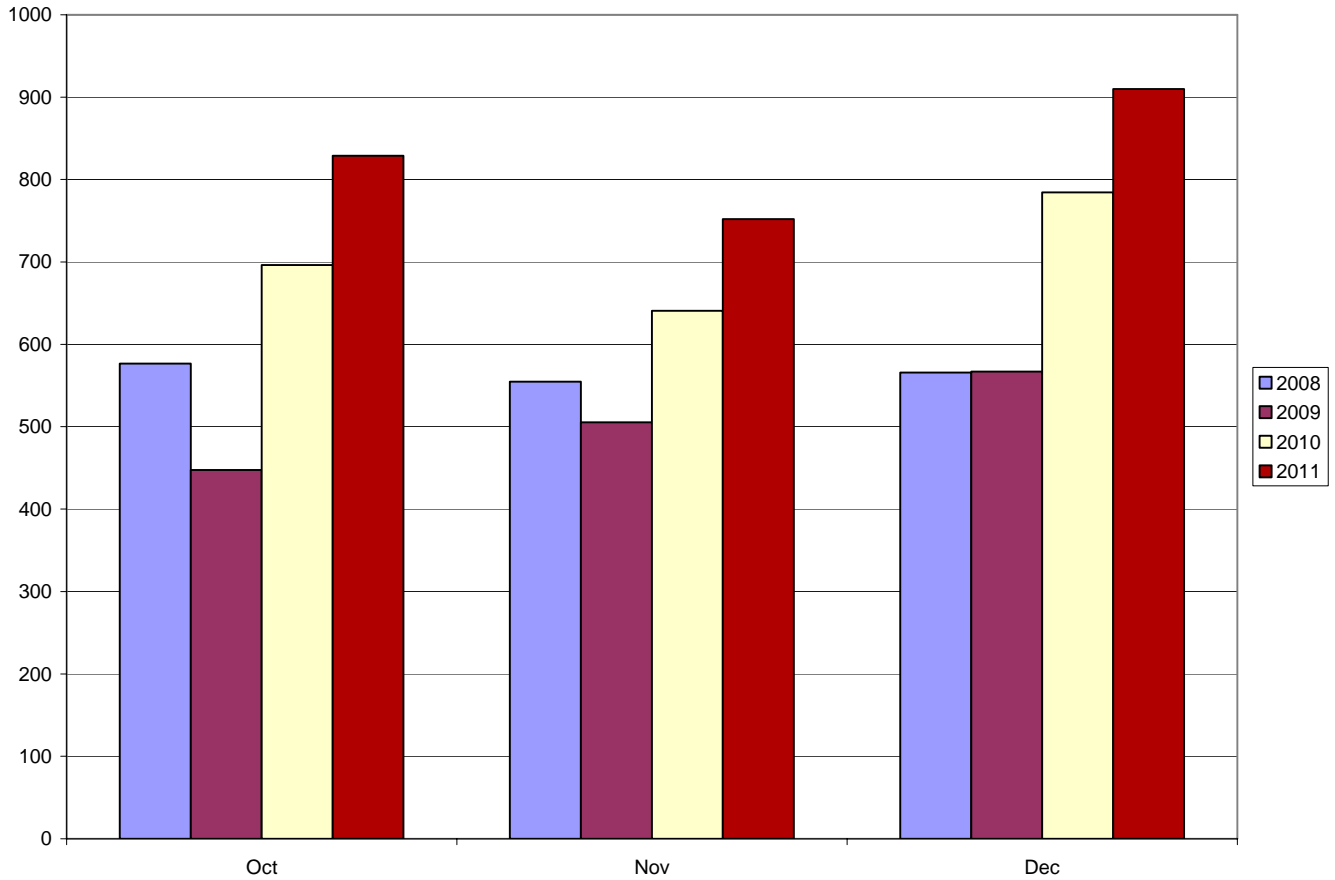
- October 2008 (577 cars sold)
- November 2008 (555 cars sold)
- December 2008 (566 sold)

Major Revenues

Auto Sales

Based on the trend analysis for 2011-Q4, the Cerritos Auto Square exceeded weekly averages for 2010, 2009 and 2008. December 2011 experienced the highest number of weekly average sales in comparison from the previous three years. This increase in weekly sales averages is a positive sign for the Cerritos Auto Square.

Weekly Averages – 2011-Q4



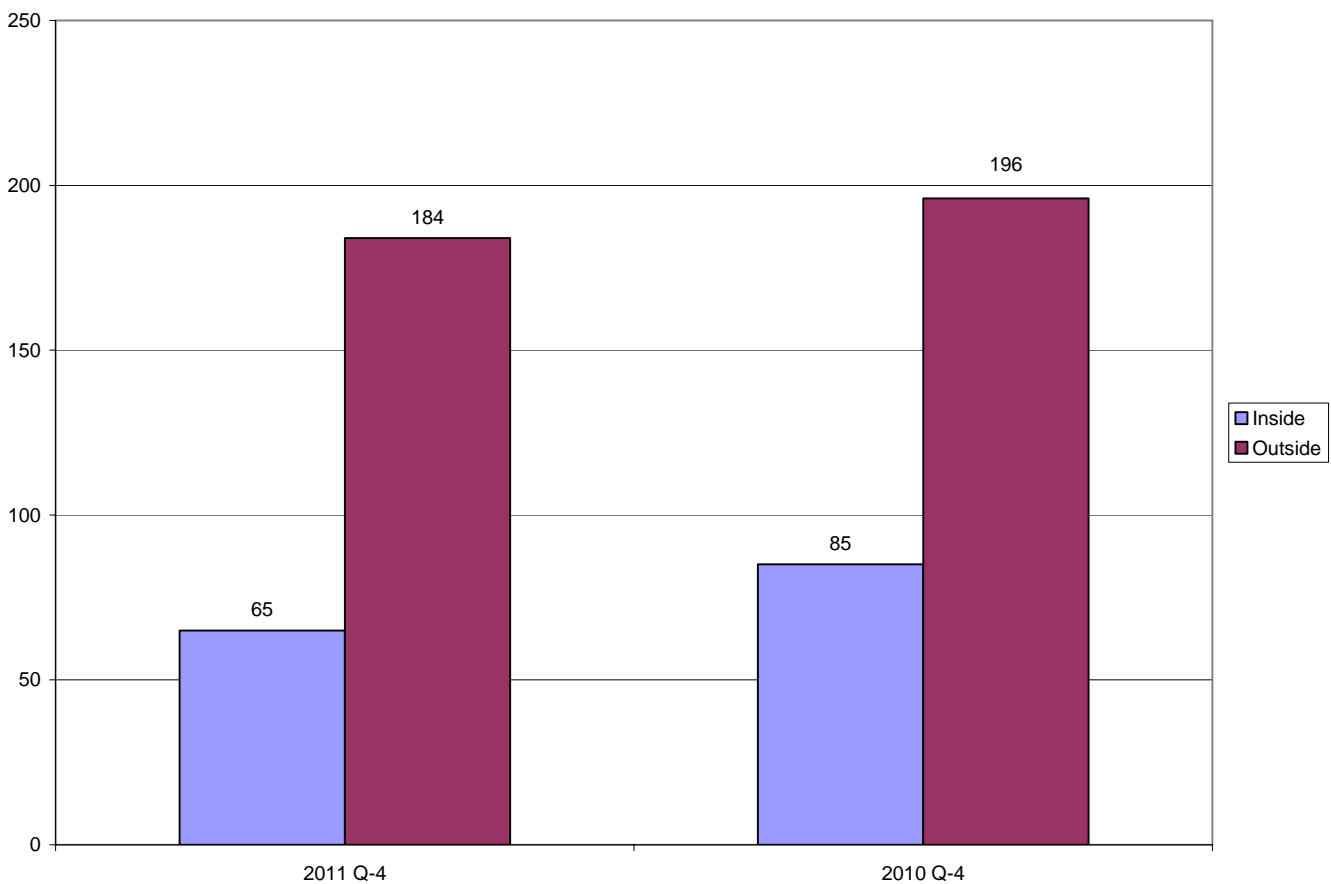
TREND ANALYSIS: ↑ Increase

Major Revenues

Business License

The tracking of new business licenses is one method of forecasting business growth in the City. For 2011-Q4, a total of 249 new business licenses were processed by the City’s Business License Division. In Cerritos, there are a higher proportion of businesses that have a City business license that are located outside the City boundaries. These businesses are largely made up of contractors, which are required to have a City issued business license; however, their business offices are not located within the City’s jurisdictional boundaries. In 2011-Q4, the City experienced an 11% decrease in the issuance of new businesses.

2011-Q4 New Business Licenses - Located in Cerritos and Located Outside Cerritos



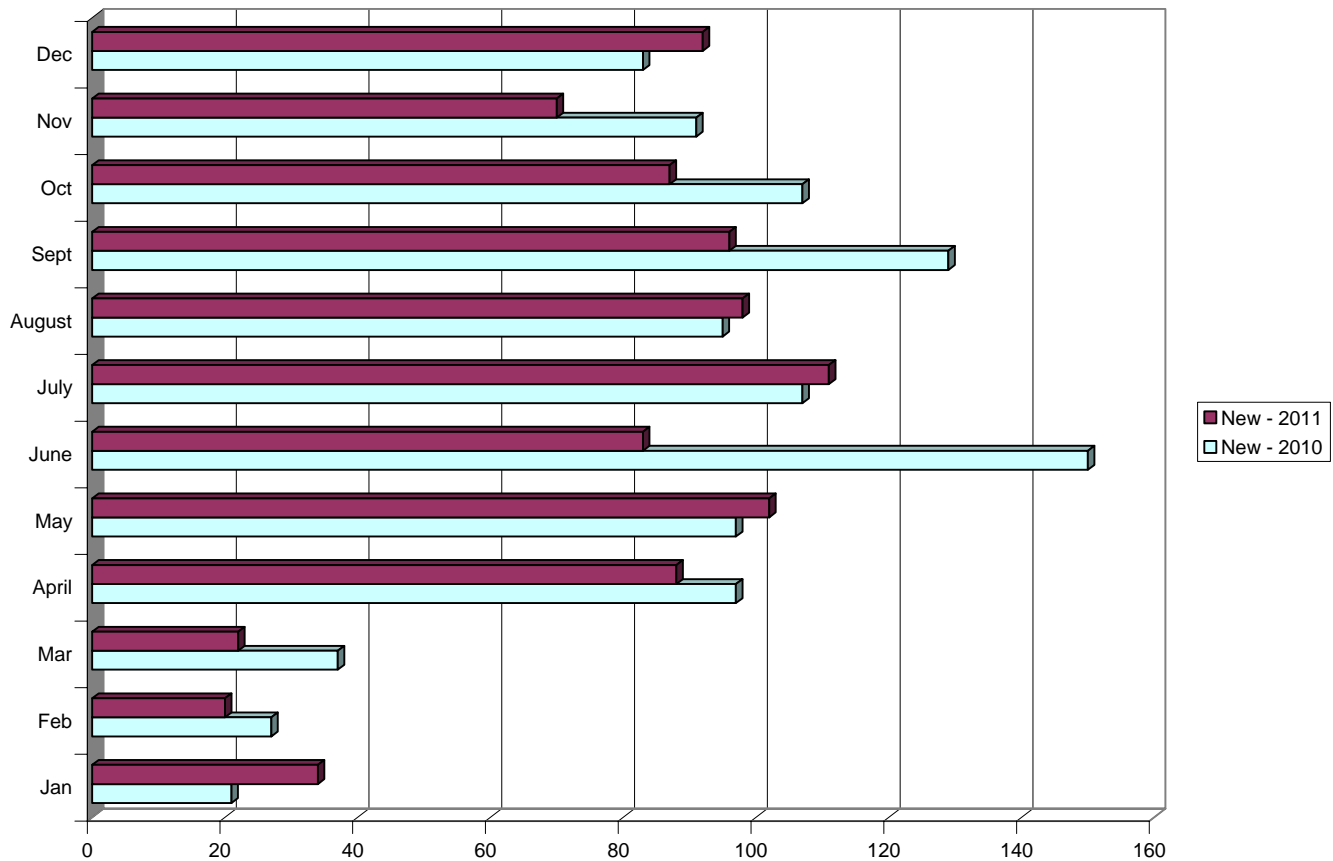
2011-Q4 New Business Licenses - Located in Cerritos and Located Outside Cerritos

Location	October	November	December
Inside Cerritos	26	18	21
Outside Cerritos	61	52	71
Total	87	70	92

Major Revenues

Business License

Based on data from the City's Business License Division, the City processed 3,744 new business licenses and business license renewals for calendar year 2011, which is a 5% decrease from calendar year 2010 (3,960 were processed in 2010).



New Business License Decrease/Increase from 2010 to 2011

Jan	Feb	Mar	Apr	May	June
61% ↑	26% ↓	41% ↓	9% ↓	5% ↑	45% ↓
July	Aug	Sept	Oct	Nov	Dec
4% ↑	3% ↑	26% ↓	19% ↓	23% ↓	11% ↑

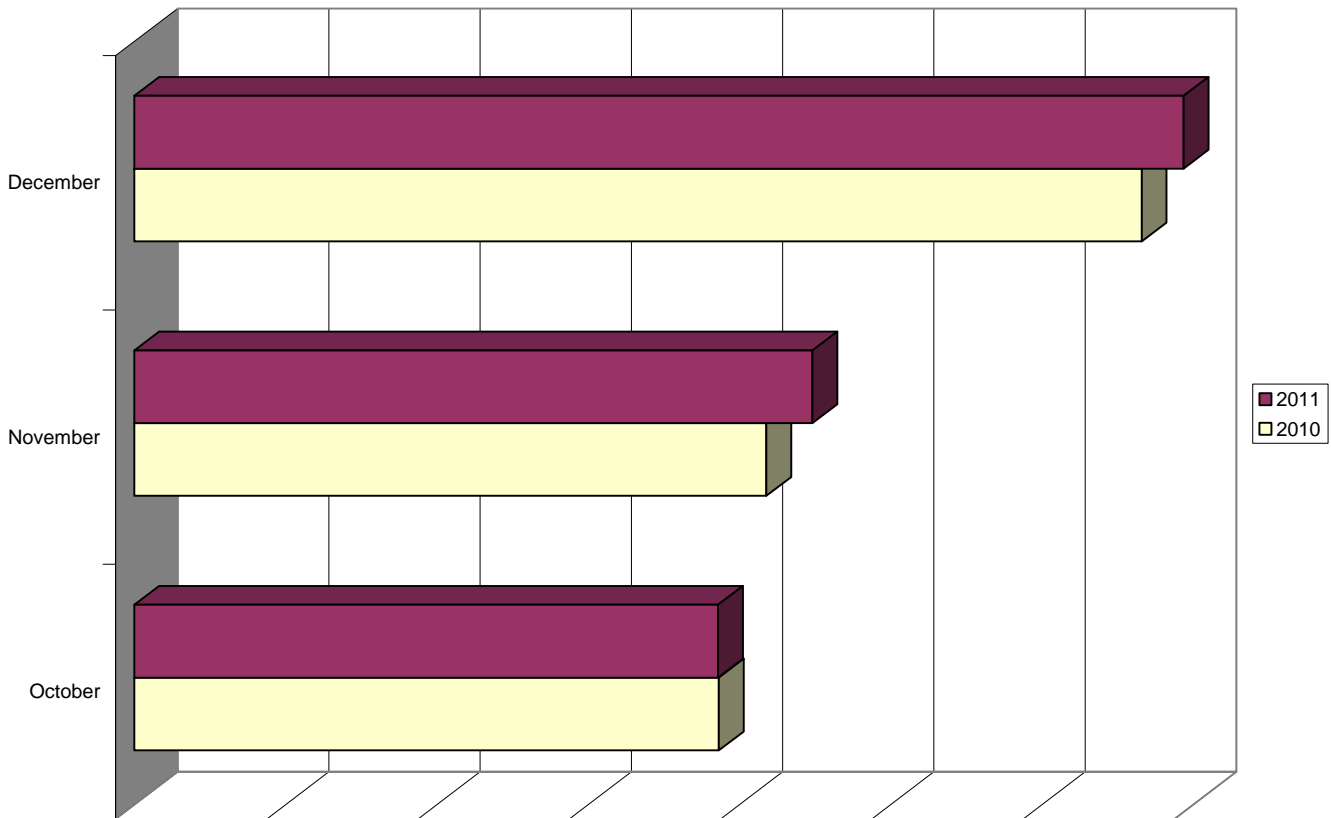
TREND ANALYSIS: ↓ Decrease

Major Revenues

Los Cerritos Center

The tracking of visitors at the Los Cerritos Center is another method of forecasting business growth and consumer confidence in retail sales. The Los Cerritos Center, which was the second largest sales tax generator in the City for 2011-Q4, experienced a 4% increase in visitors from the previous year. In 2011-Q4, the Los Cerritos Center experienced an increase in November and December from the previous year.

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/Loss from 2010 to 2011

October	November	December
0% →	7% ↑	4% ↑

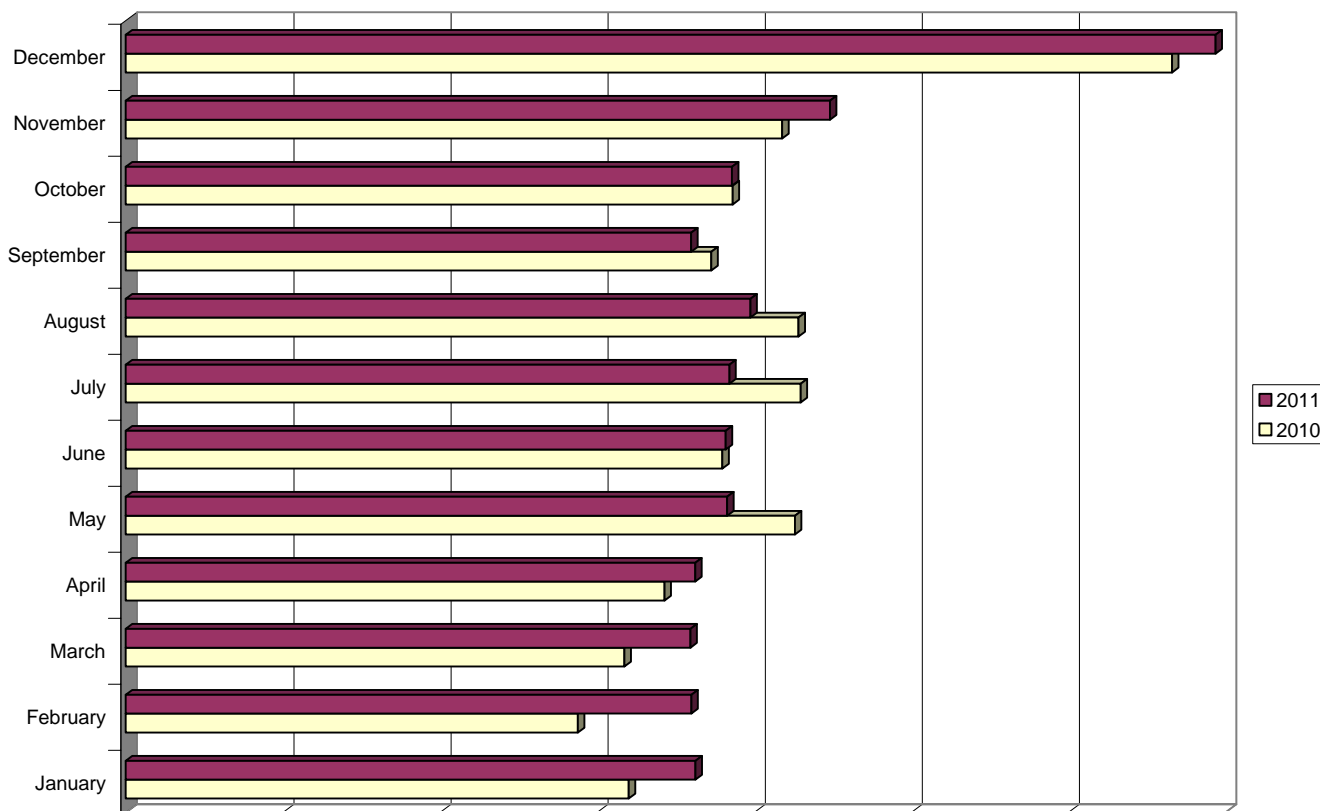
TREND ANALYSIS: ↑ Increase

Major Revenues

Los Cerritos Center

In a year to year comparison, the Los Cerritos Center experienced a 2% increase in total visitors from the 2010 to 2011 calendar year. In fact, the Los Cerritos Center experienced an increase in visitors for the months of January 2011, February 2011, March 2011, April 2011, June 2011, November 2011 and December 2011. In total, seven months experienced an increase in visitor traffic, which may translate to higher sales tax revenues.

Annual Total Monthly Visitors – Los Cerritos Center

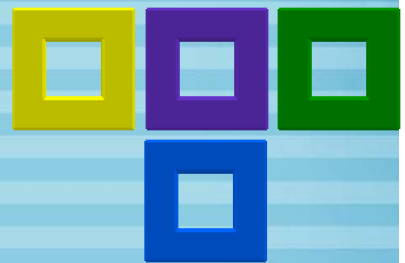


Monthly Traffic—Percentage Gain/Loss 2010 to 2011

Jan	Feb	Mar	Apr	May	June
13% ↑	25% ↑	13% ↑	6% ↑	10% ↓	1% ↑
July	Aug	Sept	Oct	Nov	Dec
11% ↓	7% ↓	3% ↓	0.1% ↓	7% ↑	4% ↑

TREND ANALYSIS: ↑ Increase

Unemployment

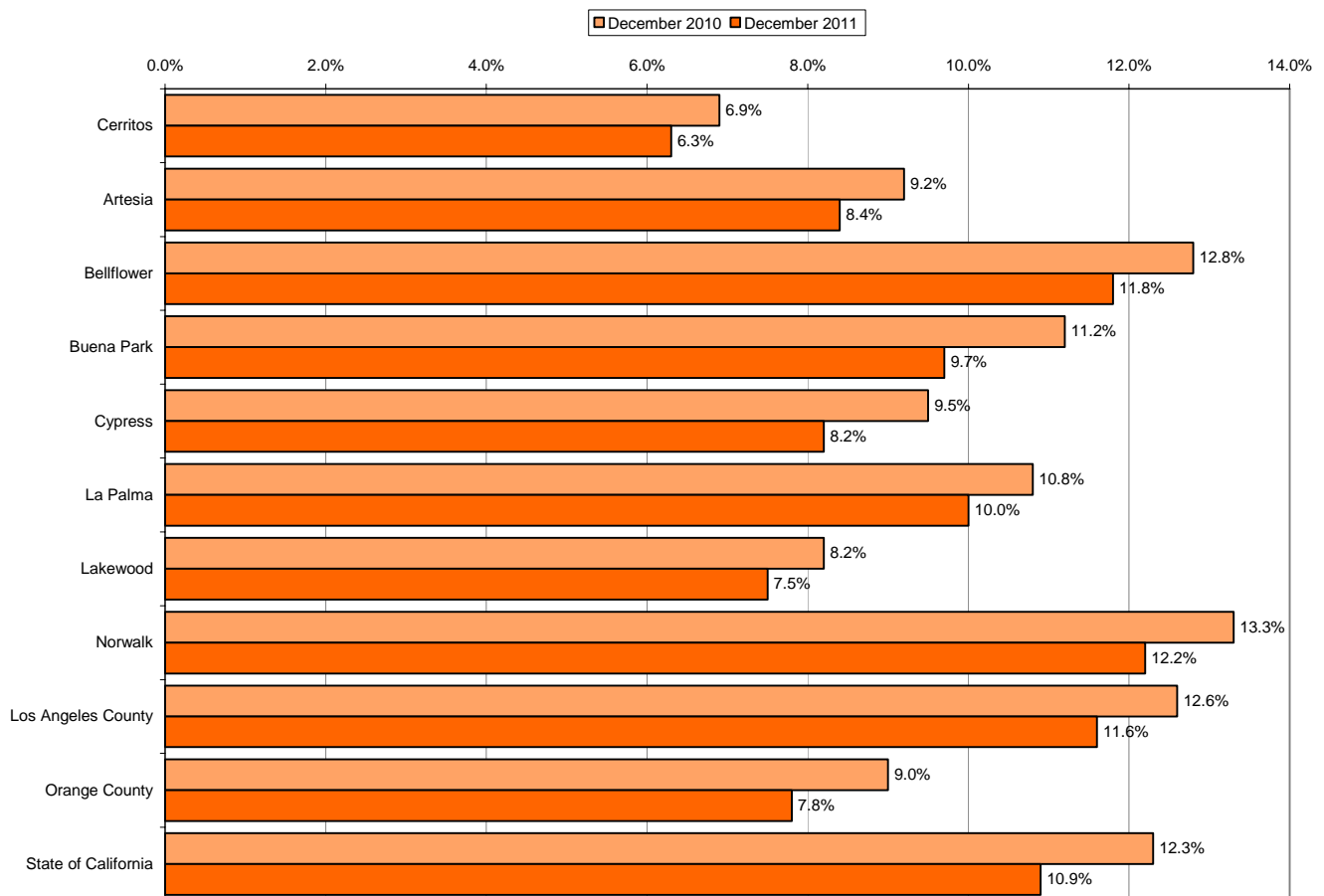


Unemployment

Surrounding Cities

According to the California Employment Development Department, the unemployment rate among Cerritos residents in December 2011 was approximately 6.3%, which is the lowest unemployment rate among surrounding cities. Cerritos unemployment rate has remained constant for several quarters. Lakewood has the second lowest unemployment rate at 7.5%. In addition, the Cerritos unemployment rate is lower than Los Angeles County (11.6%), Orange County (7.8%) and the State of California (10.9%). All surrounding cities have remained constant or have experienced a slight decline in their unemployment rate.

Unemployment Rate – Surrounding Cities

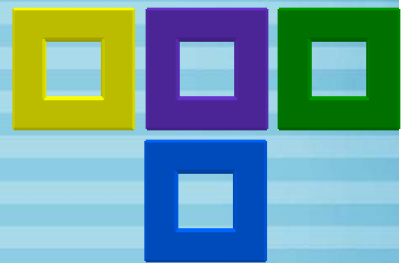


Annual Unemployment Rate - Cerritos

2011-Q1 March 2011	2011-Q2 May 2011	2011-Q3 August 2011	2011-Q4 December 2011
6.7%	6.7%	7.0%	6.3%

TREND ANALYSIS: → Constant

Commercial Real Estate

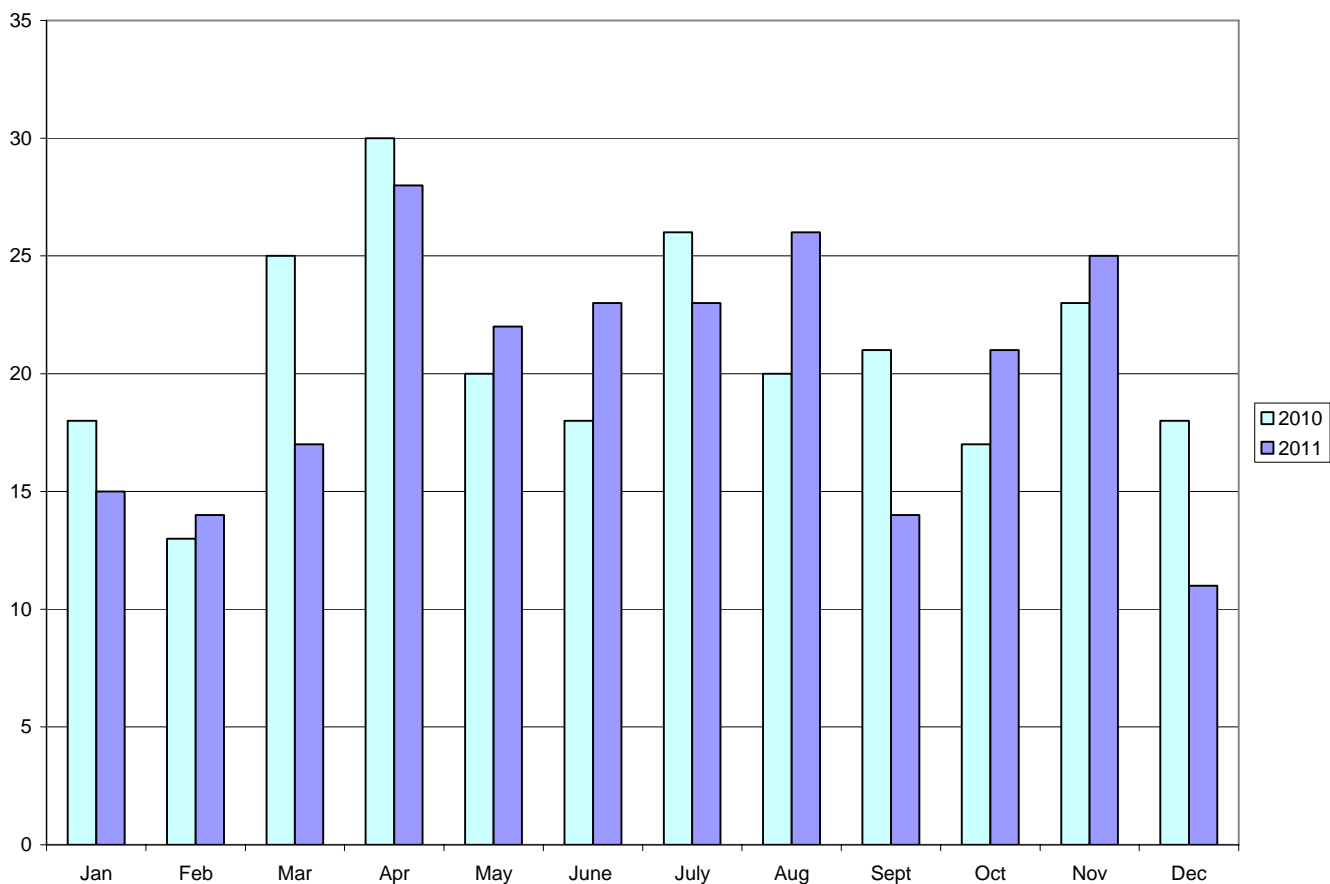


Commercial Real Estate

Certificate of Occupancy

The tracking of tenant improvements, new buildings, and the issuance of a Certificate of Occupancy (CO) is one method to determine the activity of commercial real estate in Cerritos. A CO is a required document issued by the City after the completion of construction and the final building department inspection for the purposes of authorizing occupancy. A high number of CO, new buildings, and tenant improvements are indications that the local economy is growing. For 2011-Q4, CO's increased in October and November from a year ago. A total of 57 CO's were processed in 2011-Q4, a decrease from 2010-Q4 (58 CO's were processed). In total, the City processed 243 CO's, which is lower than the 249 that were processed in 2010.

Certificates of Occupancy for 2011



Certificate of Occupancy – 2011

Jan	Feb	Mar	Apr	May	June
15	14	17	28	22	23
July	Aug	Sept	Oct	Nov	Dec
23	26	14	21	25	11

2010 Total: 249
2011 Total: 243

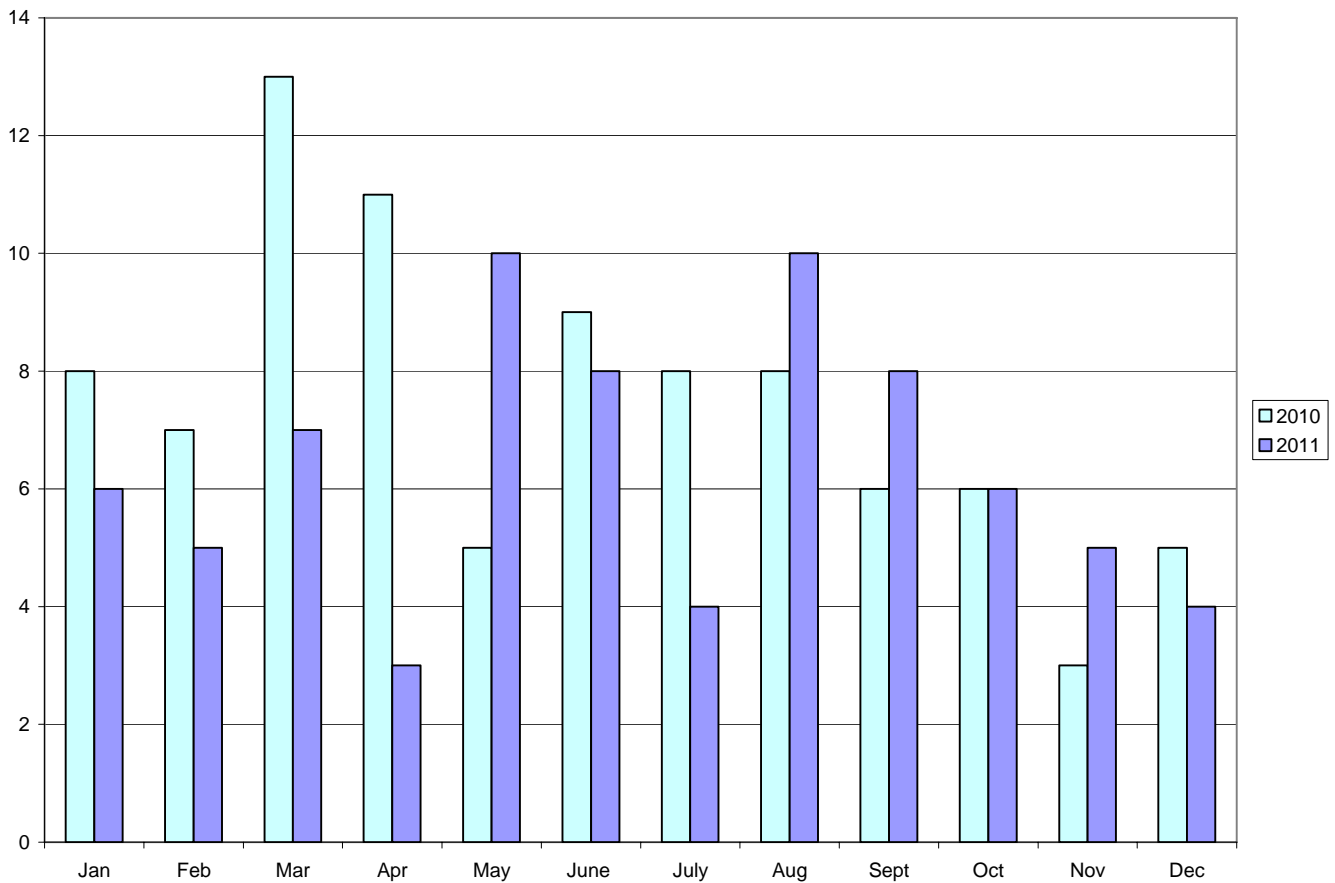
TREND ANALYSIS: ↓ Decrease

Commercial Real Estate

Tenant Improvement

A Tenant Improvement (TI) refers to changes made to the interior of a commercial or industrial property by its owner to accommodate the needs of a tenant 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-Q4, tenant improvements increased in November from the previous year. A total of 15 TI's were processed in 2011-Q4, an increase from 2010-Q4 (14 TI's were processed). In total, the City processed 76 TI's, which is lower than the 89 processed in 2010.

Tenant Improvements for 2011



Tenant Improvements – 2011

Jan	Feb	Mar	Apr	May	June
6	5	7	3	10	8
July	Aug	Sept	Oct	Nov	Dec
4	10	8	6	5	4

2010 Total: 89
2011 Total: 76

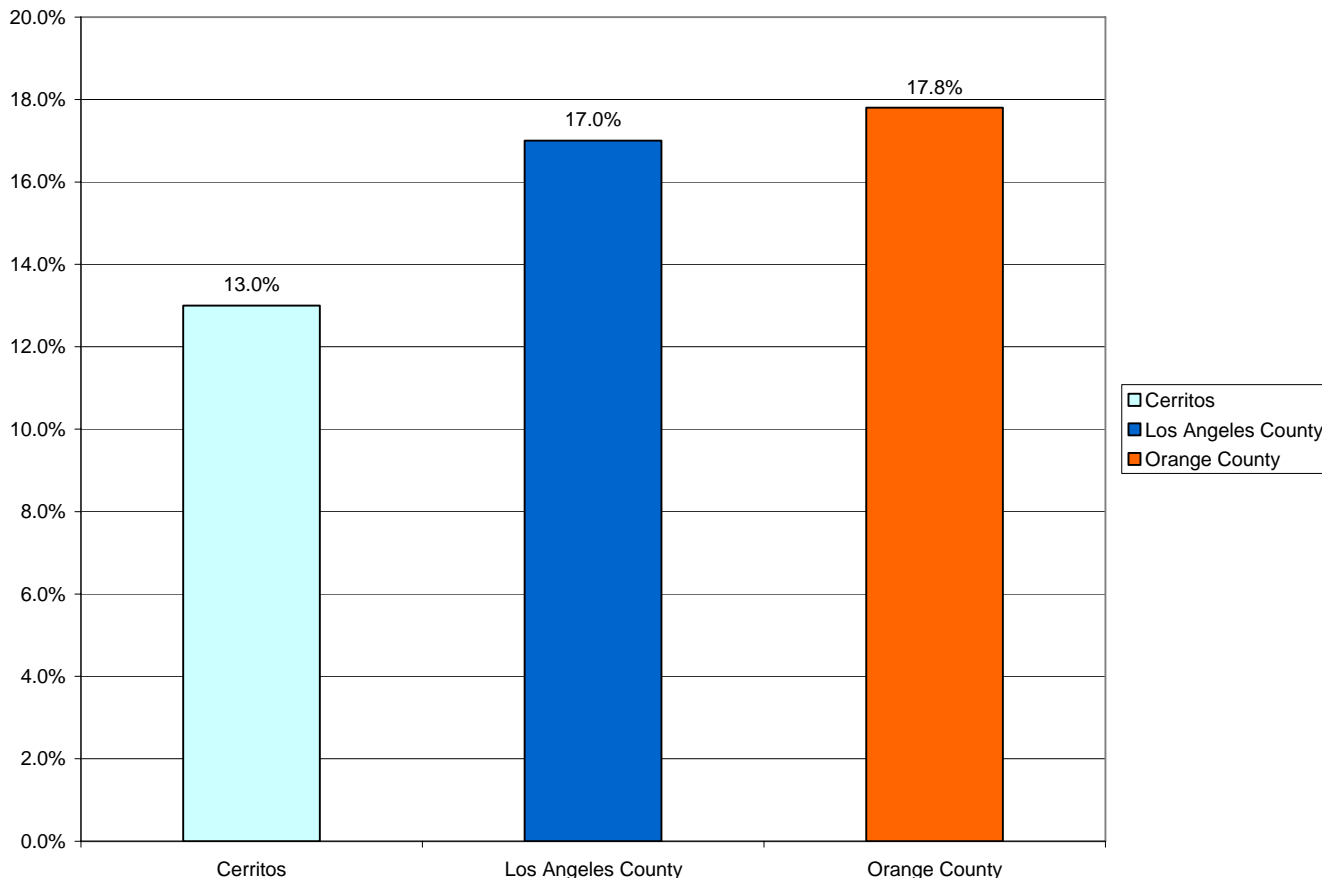
TREND ANALYSIS: ↓ Decrease

Commercial Real Estate

Regional Office Vacancy Rates

Cerritos' office market vacancy rate is lower than those in Orange County and Los Angeles County. In 2011-Q4, the office market vacancy rate in Cerritos was 13%, which is lower than Los Angeles County (17%) and Orange County (17.8%). Cerritos office vacancy rate has increased from a low of 3% in 2010-Q4 to 13% in 2011-Q-4.

Office Vacancy Rate



Cerritos Retail Vacancy Rate

Based on available data, Cerritos has a retail vacancy rate of 0.3%. 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 0.3% has remained constant since 2010 Q-2.

2010 Q-4	2011 Q-1	2011 Q-2	2011 Q-3	2011 Q-4
0.4%	0.3%	0.4%	0.4%	0.3%

TREND ANALYSIS: → Constant

Commercial Real Estate

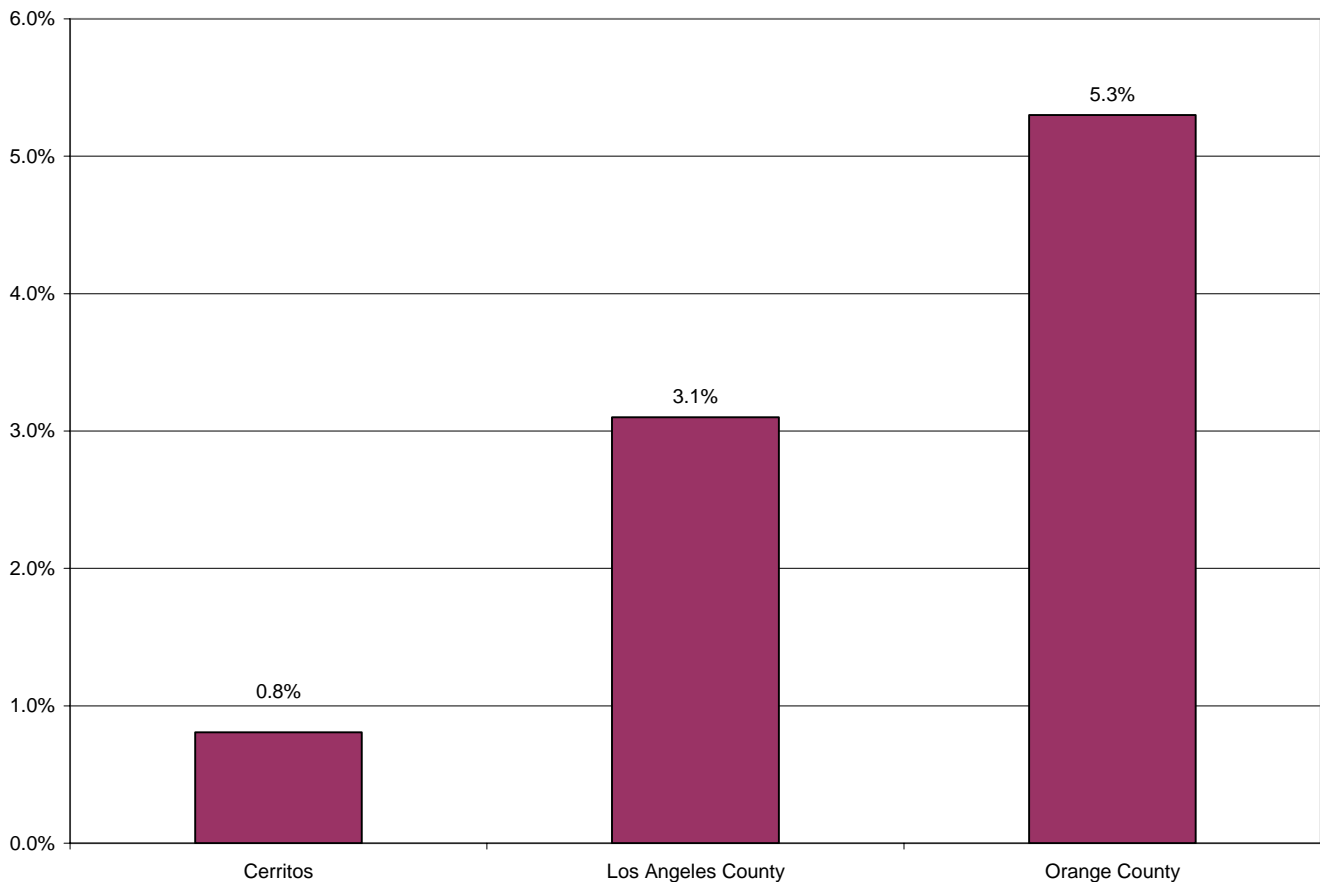
Cerritos Vacancy Rates

The City of Cerritos currently has a low vacancy rate when compared to the overall total available space for industrial, office, and retail uses. Currently, there is approximately 180,173 square feet of vacant industrial space, which equates to 0.8% of the total available citywide industrial space. In addition, the City has approximately 44,573 square feet of vacant office space (3.1% of the total office space in Cerritos) and approximately 13,769 square feet of available retail space (0.3% 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	121,831	0.8%
Office	1,422,575	44,573	3.1%
Retail	4,685,788	13,769	0.3%
Total	20,449,552	180,173	0.8%

Commercial Real Estate—Industrial Vacancy Rates

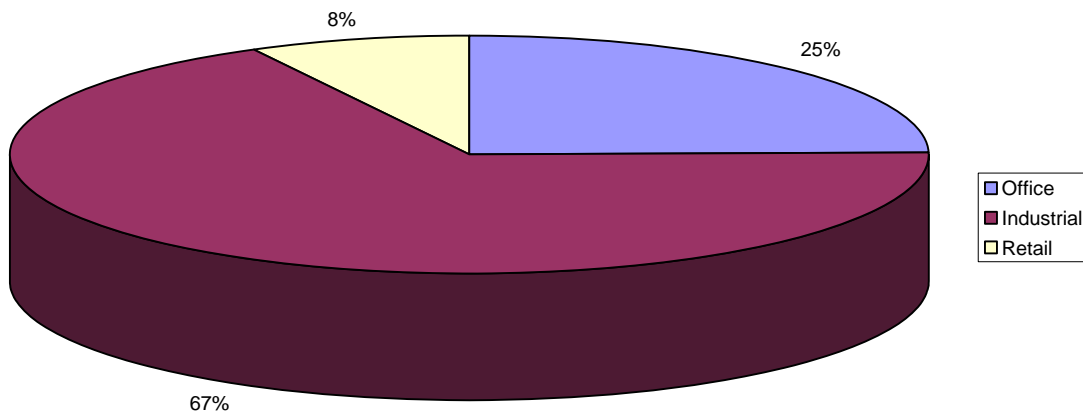


Commercial Real Estate

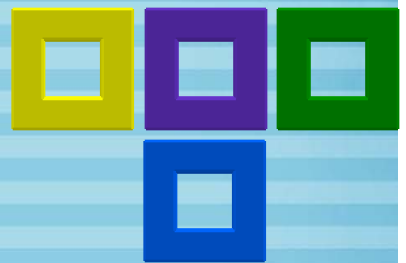
Based on data from 2009-Q3 to 2011-Q4, industrial vacancy rates in Cerritos have decreased by approximately 91%, which may be an indicator that new industrial businesses are locating to the City. In 2009-Q3, the industrial vacancy rate was at 10.7% and in 2011-Q4 the industrial vacancy rate was at 0.8%. (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.)

Vacancy Breakdown by Use

In Cerritos, there is approximately 180,173 square feet of total vacant space (0.8%) for 2011 Q-4. Within the total available space, 67% (121,831 square feet) is available for industrial use, 25% (44,573 square feet) is available for office use and 8% (13,769 square feet) is available for retail use.



Housing

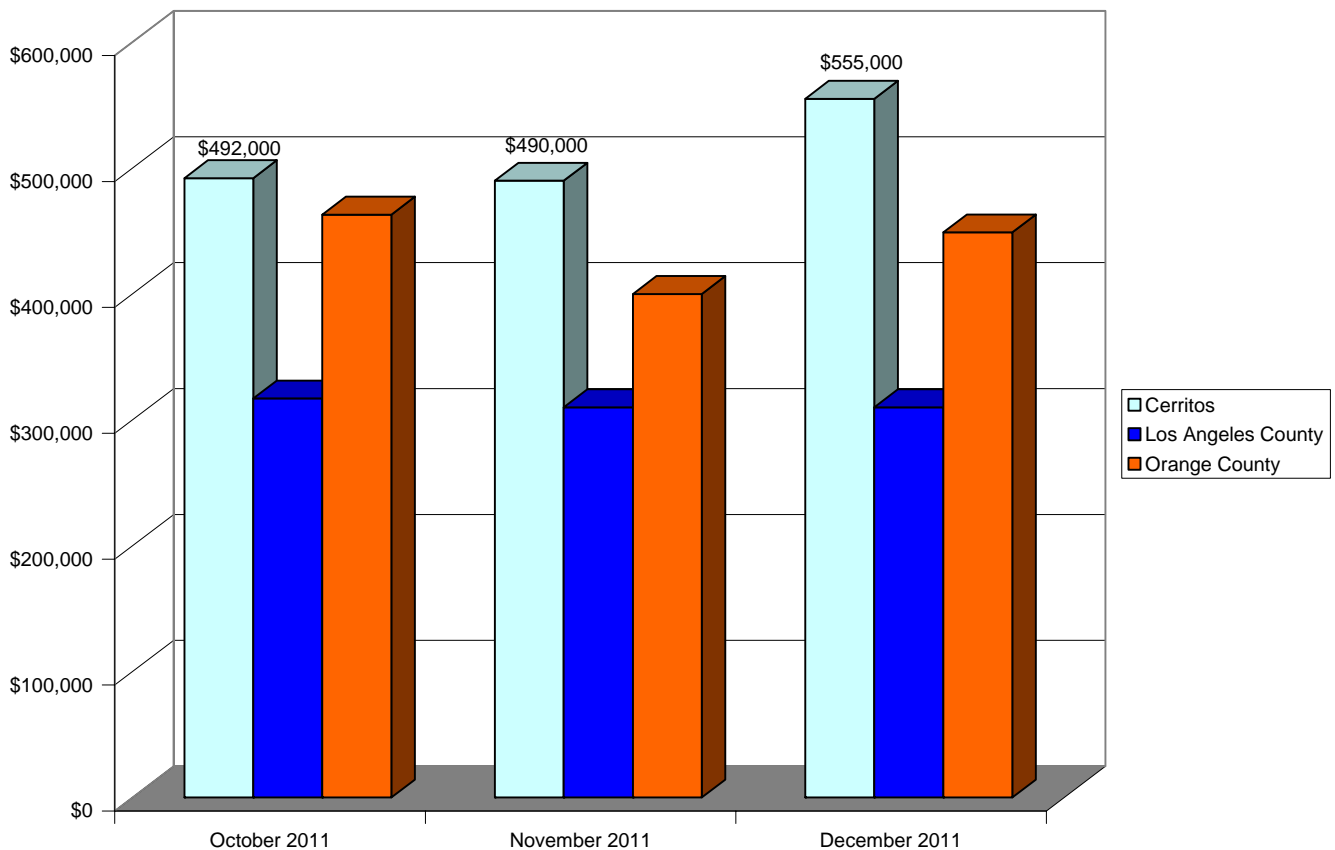


Housing

Single-Family Residential

For 2011-Q4, the average median home sales price in Cerritos was \$512,333. Housing prices in Cerritos have increased for 2011-Q4 from \$492,000 in October 2011 to a high of \$555,000 in December 2011. In comparison, Cerritos has a higher median home price than Orange County (\$437,333) and Los Angeles County (\$312,333). Housing prices have remained fairly constant for Los Angeles County and Orange County.

Single-Family Residential – 2011-Q4



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

Month	Cerritos	Los Angeles County	Orange County
October 2011	\$263	\$230	\$273
November 2011	\$270	\$229	\$281
December 2011	\$281	\$223	\$261

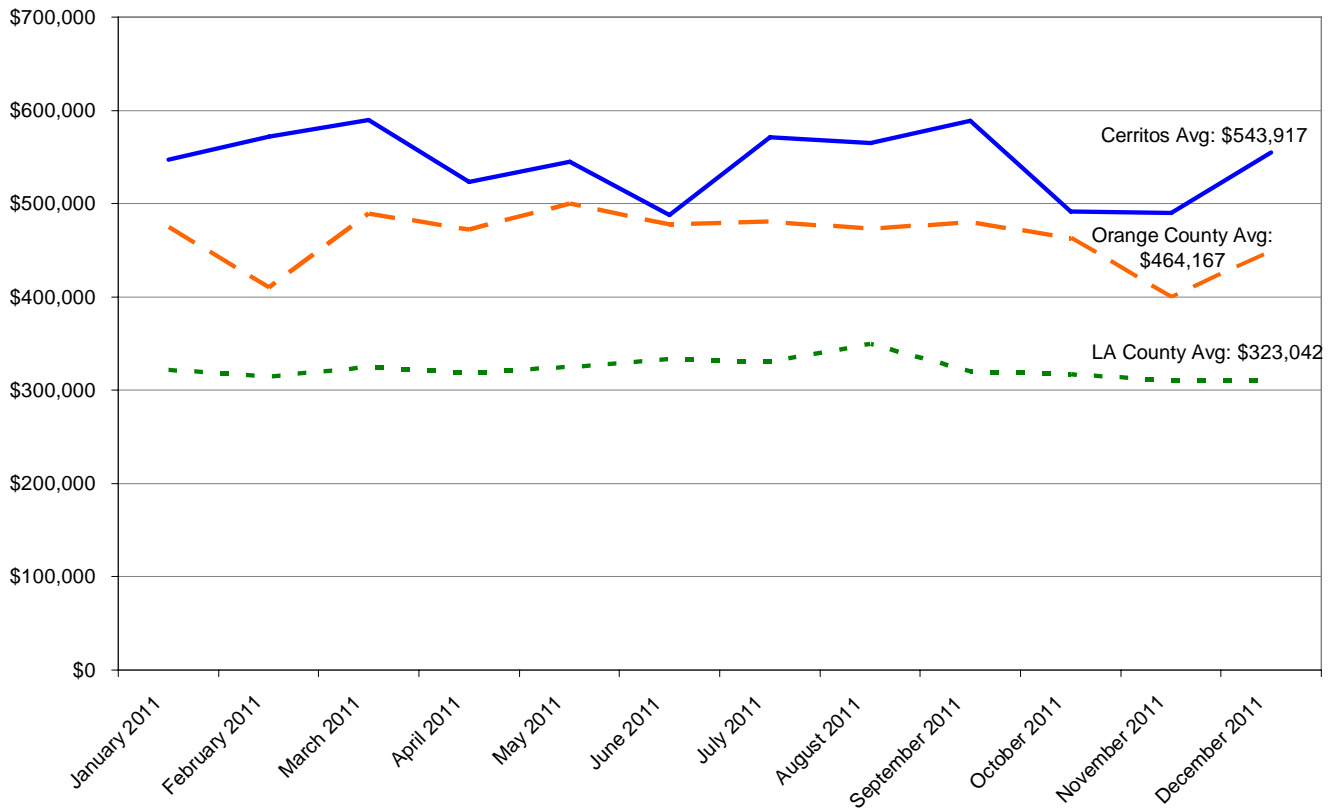
TREND ANALYSIS: ↑ Increase

Housing

Single-Family Residential

Based on an annual trend analysis for calendar year 2011, the sales price for a single-family home in Cerritos has remained constant throughout the year, with the exception of some minor decreases in June 2011 and October 2011. However, the average sale price for a home in Cerritos was \$543,917, which is higher than Orange County (\$464,167) and Los Angeles County (\$323,042).

Total – Calendar Year 2011



Total Number of Units Sold

Month	October 2011	November 2011	December 2011	Total
Single Family	24	20	15	59

Single-Family – Total Number of Units Sold Calendar Year 2011: **273**

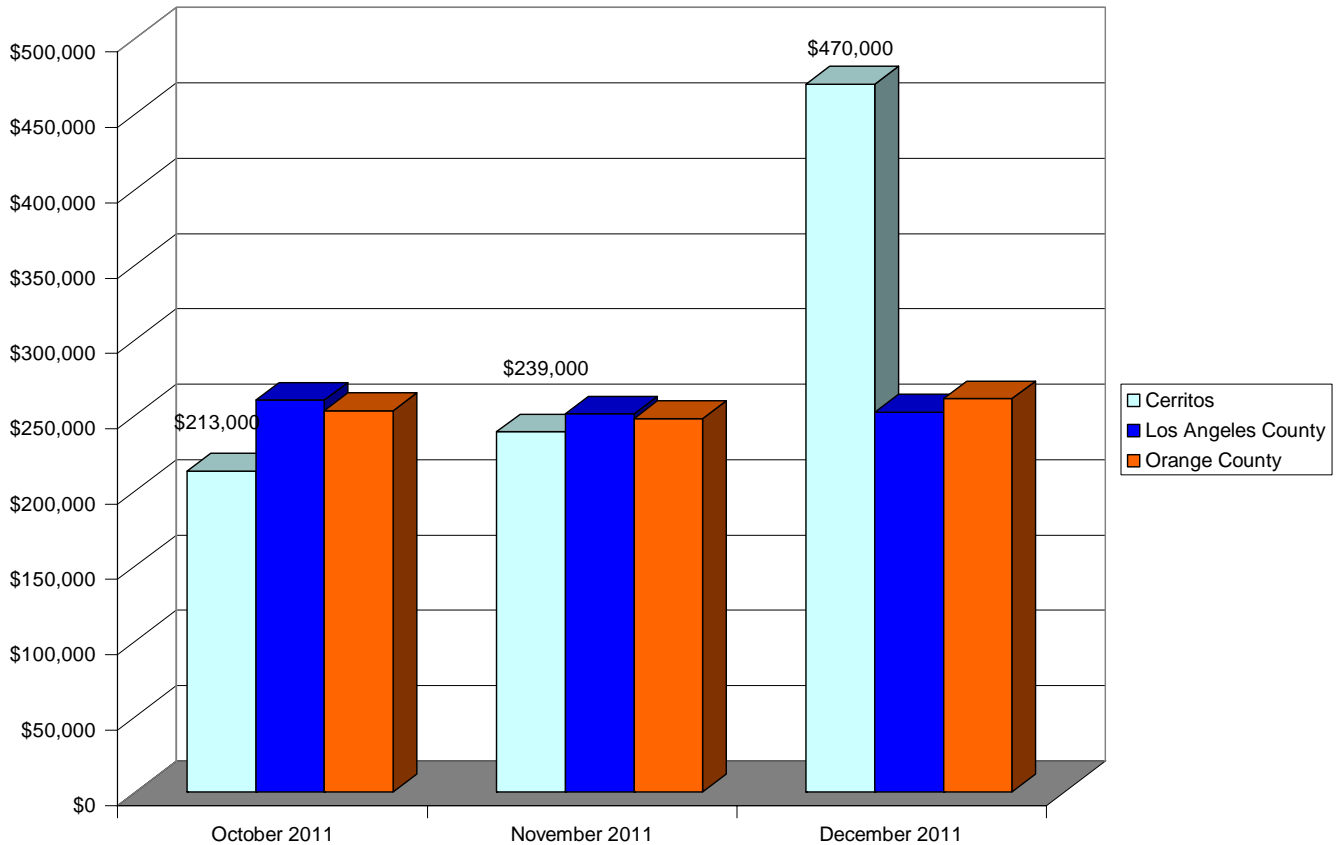
TREND ANALYSIS: → Constant

Housing

Condominiums

Condominiums have a niche in housing between renting and owning single-family homes. The median condominium sale price in Cerritos for 2011-Q4 was \$307,333, which is higher than Orange County (\$254,000) and Los Angeles County (\$254,333). Condominiums prices have increased in Cerritos for 2011-Q4. In Cerritos, a total of 23 condominiums were sold in 2011-Q4.

Condominiums – 2011-Q4



Month	October 2011	November 2011	December 2011	Total
Condominium	7	8	8	23

Condominium – Total Number of Units Sold Calendar Year 2011: **113**

TREND ANALYSIS: ↑ Increase

Statistical Summary

Economic Profile 2011 Q-4

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 2011 Q-4.

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. The Cerritos Redevelopment Agency received \$107,759 tax increment revenue for 2012-Q1. As noted earlier, all Redevelopment Agencies throughout California have been abolished as of February 1, 2012. Accordingly, the Cerritos Redevelopment Agency will no longer receive tax increment revenue after said date. Sales tax revenue for the 2011 Q-3 (calendar year) totaled \$4,794,006 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 \$1,939,290. The Los Cerritos Center generated the second highest sales tax at \$1,402,904.

Based on a review of businesses by NAICS code, Retail Trade generates the greatest amount of revenue for the City of Cerritos. In fact, 79.1% of the City's sales tax comes from the retail sector, which includes the Cerritos Towne Center, the Los Cerritos Center and Cerritos Auto Square. Within the Retail Trade sector, the Motor Vehicles and Parts Dealers subsectors generate the greatest percentage of sales tax for the City at 44%, Clothing and Clothing Accessories Stores generated 22%, Durable Goods and Merchant Wholesalers generated 15%, General Merchandise Stores generated 13%, and Electronics and Appliance Stores generated 6%.

The Cerritos Auto Square experienced another increase in auto sales for the fourth quarter of 2011. In fact, October 2011 (19%), November 2011 (17%) and December 2011 (16%) experienced increased auto sales from the previous year. In addition, weekly sales averages have increased from 2010-Q4 to 2011 Q-4. In the fourth quarter 2011, new business licenses and renewals decreased 11% from a year ago.

The Los Cerritos Center experienced an increase in monthly visitors for 2011-Q4. In fact, attendance increased in November 2011 (7%) and December 2011 (4%). This increase in number of visitors to the Los Cerritos Center may be attributed to a healthier economy and the holiday shopping conducted in November and December.

Unemployment

The unemployment rate among Cerritos residents is approximately 6.3%, 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 (11.6%), Orange County (7.8%) and the State of California (10.9%).

Commercial Real Estate

Cerritos office vacancy rate of 13% is lower than Orange County (17.8%) and Los Angeles County (17%). Cerritos currently has a total vacancy of 180,173 square feet, which is approximately 0.8% of the total available real estate space in Cerritos (20,449,552 sq. ft.). Of the total vacant space in Cerritos, 67% is industrial space (121,831 sq. ft.), 25% is office space (44,573 sq. ft.), and 8% is retail space (13,769 sq. ft.). Industrial vacant space in Cerritos includes a greater proportion of warehousing and

distribution businesses, which require large facilities. Due to the large amount of space required for industrial warehousing, a single vacancy may have a significant impact on available industrial space.

Statistical Summary

Economic Profile 2011 Q-4

Housing

For 2011-Q4, the single family median home sale price in Cerritos was approximately \$512,333. The home sale price for a condominium is approximately \$307,333 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
- Redevelopment Tax Increment
- Auto sales at the Cerritos Auto Square for 2011-Q4
- Annual auto sales at the Cerritos Auto Square
- Visitors at the Los Cerritos Center for 2011-Q4
- Annual visitors at the Los Cerritos Center
- Single-family home sales for 2011-Q4

→ Constant

- Median sale price for a single-family home for calendar year 2011
- Unemployment
- Retail vacancy rate
- Office vacancy rate
- Sales tax at the Los Cerritos Center, Cerritos Town Center and Cerritos Industrial Park

↓ Decrease

- Business licenses
- Tenant Improvements/New Buildings
- Certificate of Occupancy

Data Sources

Major Revenues

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

Auto Sales

Cerritos Auto Dealers Association

Employment/Unemployment

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

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>