



Quarterly Market Trend Analysis for Economic Development in Cerritos

City of Cerritos Economic Profile Fall 2015

A City With Vision



Table of Contents

Section	Page
Introduction	i
Economic Development Commission	ii
Major Economic Indicators—Nationwide	iii
Major Economic Indicators—Los Angeles County	iv
Major Revenues	
Sales Tax	2
Sales Tax—Second Quarter Analysis	3
Sales Tax—Cerritos Auto Square	4
Sales Tax—Los Cerritos Center	5
Sales Tax—Cerritos Industrial Park	6
Auto Sales	7
Auto Sales—Annual Totals	8
Auto Sales—Weekly Averages	9
Business License	10
Unemployment	
Current Rate	12
Surrounding Cities, Comparable Cities and Counties	13
Annual Unemployment Rate	14
Labor Force	15
Employment in Cerritos	16
Unemployment in Cerritos	17
Commercial Real Estate	
Certificate of Occupancy	19
Tenant Improvement	20
Total Vacancy in Cerritos	21
Office Vacancy Rates	21
Retail Vacancy Rates	22
Industrial Vacancy Rates	23
Vacancy Breakdown by Use	24
Housing	
Single-Family Residential	26
Single-Family Residential—One Year Trend Line	27
Single-Family Residential—Regional Comparison	28
Multi-Family Residential—Condominiums	29
Statistical Summary	30

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 the operating conditions of existing businesses. It also provides the mechanism 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 in expanding 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, Housing, 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."

The publication of the *Economic Profile* is a business attraction and retention effort by the Cerritos' City Council and it illustrates the City's commitment to economic development in order to continue to provide high-quality services to the public. With this in mind, the City is proud to present this quarterly report for the residents of Cerritos, businesses, developers, and other outside business professionals in order to attract new businesses and to grow the local economy.



Carol Chen
Mayor



George Ray
Mayor Pro Tem



Jim Edwards
Councilmember



Mark Pulido
Councilmember



Naresh Solanki
Councilmember

Economic Development Commission

The Economic Development Commission acts in an advisory capacity to the City Council on the needs of existing businesses and the availability of economic development opportunities and resources. The Commission is responsible for providing input on business retention, business expansion, business marketing issues and technology related issues.

Additionally, the Commission reviews the *Economic Profile* on a quarterly basis and provides guidance on a variety of issues including revenues, housing, employment, and commercial real estate. The Commissioners, which are appointed by the City Council, have a diverse business background and provide a unique perspective on economic development issues facing the City.

Regular meetings of the Economic Development Commission are held at 7:00 p.m. on the second Tuesday of the month, in February, May, August and November at the City Hall Council Chambers.

The Commission members include:

Rosalinda Law
Chair

Richard Alegria
Vice Chair

Robert Buell
Commissioner

Carmelita Lampino
Commissioner

Dan Padelford
Commissioner

Major Economic Indicators—Nationwide

The Bureau of Labor Statistics (BLS) is a unit of the United States Department of Labor and serves as the principal fact-finding agency for the United States Government in the broad field of labor and statistics. The BLS is a governmental statistical agency that collects, processes, analyzes, and disseminates essential statistical data to the American public, the United States Congress, other Federal agencies, State and local governments, business, and labor representatives.

On a monthly basis, the BLS produces a brief economic “snapshot” of the United States economy on their website, which includes economic indicators from a variety of sectors. These economic indicators help business professionals to gauge the economy and assists in creating policies and strategies to stimulate economic growth. Below is the most recent economic “snapshot” from the BLS.

Although this *Economic Profile* serves as a “snapshot” for the City of Cerritos’ local economy, economic indicators, as provided below, provide an overview and comparison between the City and the United States.

Brief Overview of the United States Economy

Consumer Price Index (CPI):

-0.2% in September 2015

As a widely used measure of inflation, the Consumer Price Index measures price movements of major groups of goods and services. The CPI presents price changes on food, energy, housing, apparel, transportation, medical care, recreation, and education.

Unemployment Rate:

5.1% in September 2015

Current unemployment rate for the United States.

Payroll Employment:

+142,000(p) in September 2015

The number of new persons added to the payroll at the Federal level.

Average Hourly Earnings:

-\$0.01(p) in September 2015

Increase or decrease in average hourly earnings.

Producer Price Index - Final Demand:

-0.5%(p) in September 2015

A measurement of the average changes in prices received by domestic producers for their output.

Employment Cost Index (ECI):

+0.2% in 2nd Qtr. of 2015

A quarterly report from the U.S. Department of Labor that measures the growth of employee compensation (wages and benefits). The index is based on a survey of employer payrolls in the final month of each quarter. The ECI tracks movement in the cost of labor, including wages, fringe benefits and bonuses for employees at all levels of a company.

U.S. Import Price Index:

-0.1% in September 2015

A measurement of the average changes in prices of goods and services that are imported to the United States.

U.S. Export Price Index:

-0.7% in September 2015

A measurement of the average changes in prices of goods and services that are exported from the United States.

Major Economic Indicators—Los Angeles County

With a population of over 10 million, Los Angeles County has more residents than 42 states. The county covers 4,084 square miles and is comprised of 88 cities, including the City of Cerritos. In addition to its signature industries (entertainment, international trade, and tourism), Los Angeles County is also an important center of manufacturing and innovation.

The Los Angeles Economic Development Corporation develops an annual economic forecast and industry outlook for the Southern California region. Below are the Los Angeles County economic indicators and forecasts for the remainder of 2015 and calendar year 2016, as provided by the Keyser Center for Economic Research.

Brief Overview of the Los Angeles County

Year	Population on July 1 (Thousands)	Nonfarm Employment (Ave. thousands)	Unemployment Rate (Avg.,%)	Total Personal Income (\$)	Total Taxable Sales (\$Billions)
2013	10,013.3	4,129.8	9.8	466.1	46,530
2014	10,069.0	4,226.4	8.3	485.9	48,300
2015*	10,123.8	4,319.4	7.3	506.4	50,000
2016*	10,169.1	4,397.1	6.3	527.7	51,900

Year	Value of Two-Way Trade (\$Billions)	Total Overnight & Day Visitors (Millions)	Housing Unit Permits Issued	Nonresidential Building Permits (\$Millions)	Change in CPI (%)
2013	414.5	42.2	16,200	3,585	1.1
2014	416.6	44.2	18,707	6,241	1.4
2015*	399.6	45.1	24,300	5,725	0.3
2016*	415.7	46.0	29,700	6,700	1.8

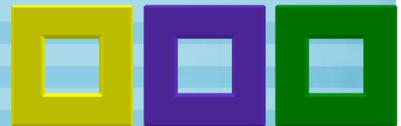
Los Angeles County Nonfarm Employment

Year	Total Nonfarm Employment (Annual Averages in Thousands)	Manufacturing	Retail Trade	Health Care & Social Asst.	Government
2013	4,129.8	368.2	406.0	599.8	551.2
2014	4,226.4	364.9	414.5	625.3	556.7
2015*	4,319.4	362.0	423.1	644.5	564.8
2016*	4,397.1	362.4	430.2	658.1	564.6

*Indicates a forecast by the economists at the Keyser Center for Economic Research.



Major Revenues



Major Revenues

Sales Tax

Over the past four quarters, sales tax for the City has averaged \$5.9 million with no decrease in revenue in quarter-per-quarter comparison. Additionally, sales tax data increased from \$5.7 million in 2014-Q2 to \$6.2 million in 2015-Q2, amounting to a 9% increase. Please note that sales tax reporting is one quarter behind and the data presented herein is the most current data available.

Sales Tax Revenue – Calendar Year



From 2011 through 2014, annual sales tax revenue increased from \$18,833,756 to \$22,238,546, resulting in a 23% increase. Additionally, sales tax revenue increased in 2014 after remaining at the \$22 million level for 2012 and 2013.

Sales Tax Revenue from the Past Four Calendar Years

2011	2012	2013	2014
\$18,833,756	\$22,424,662 ↑	\$22,994,391 ↑	23,238,546 ↑

Major Revenues

Sales Tax – Second Quarter Analysis

For 2015-Q2, businesses in the City generated \$6,202,334 in sales tax revenue, which is a 9% increase (\$451,732) over the same quarter in 2014. Based on a trend analysis, quarterly sales tax has gradually increased from a low of \$4.5 million in 2011-Q2 to its current level of \$6.2 million in 2015-Q2. The trend line indicates an increase in sales tax revenue in a quarter-per-quarter comparison starting from 2011-Q2 to 2013-Q2, and reaching a new four year high with \$6.2 million in 2015-Q2. The continued growth in sales tax revenue can be attributed to renovations and increased construction activity at the Cerritos Auto Square, the Los Cerritos Center, Plaza 183, and other shopping centers throughout the City.

Second Quarter Trend Analysis



Second Quarter Analysis

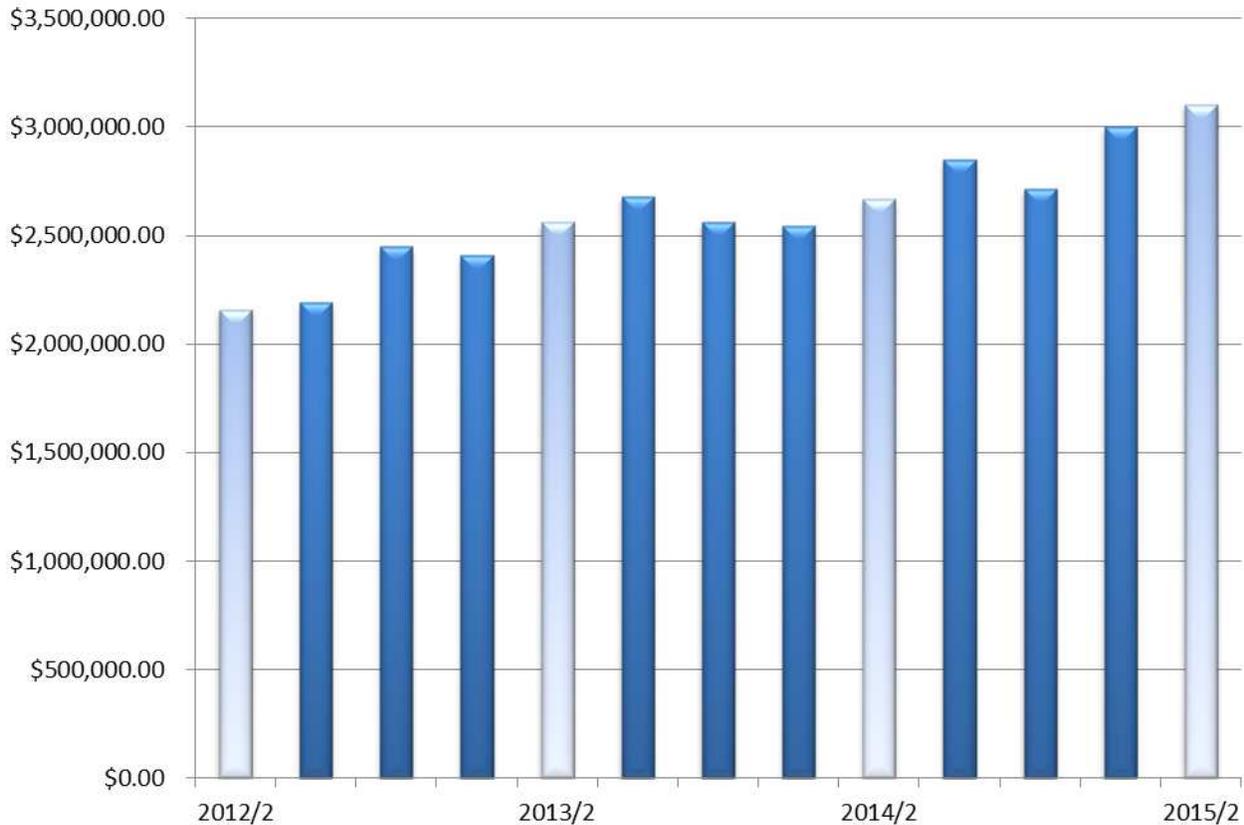
2011-Q2	2012-Q2	2013-Q2	2014-Q2	2015-Q2
\$4,564,899	\$5,421,505	\$6,111,152	\$5,750,602	\$6,202,334

Major Revenues

Sales Tax – Cerritos Auto Square

The Cerritos Auto Square generated the greatest amount of sales tax of any business sector in the City in 2015-Q2 (\$3.1 million). In a quarter-to-quarter comparison, 2015-Q2 (\$3.1 million) increased from 2014-Q2 (\$2.6 million) or an increase of \$435,231 which equates to 16%. Additionally, 2015-Q2 was higher than 2013-Q2 and 2012-Q2. This trend analysis indicates an increase in auto sales and a recovering local economy. Ongoing renovations and upgrades to dealerships located at the Cerritos Auto Square, an effective marketing campaign by the Auto Dealers Association, and an increase in consumer confidence may be contributing factors in the increase of auto sales.

Cerritos Auto Square



2012-Q2 to 2015-Q2

Average: \$2,607,184

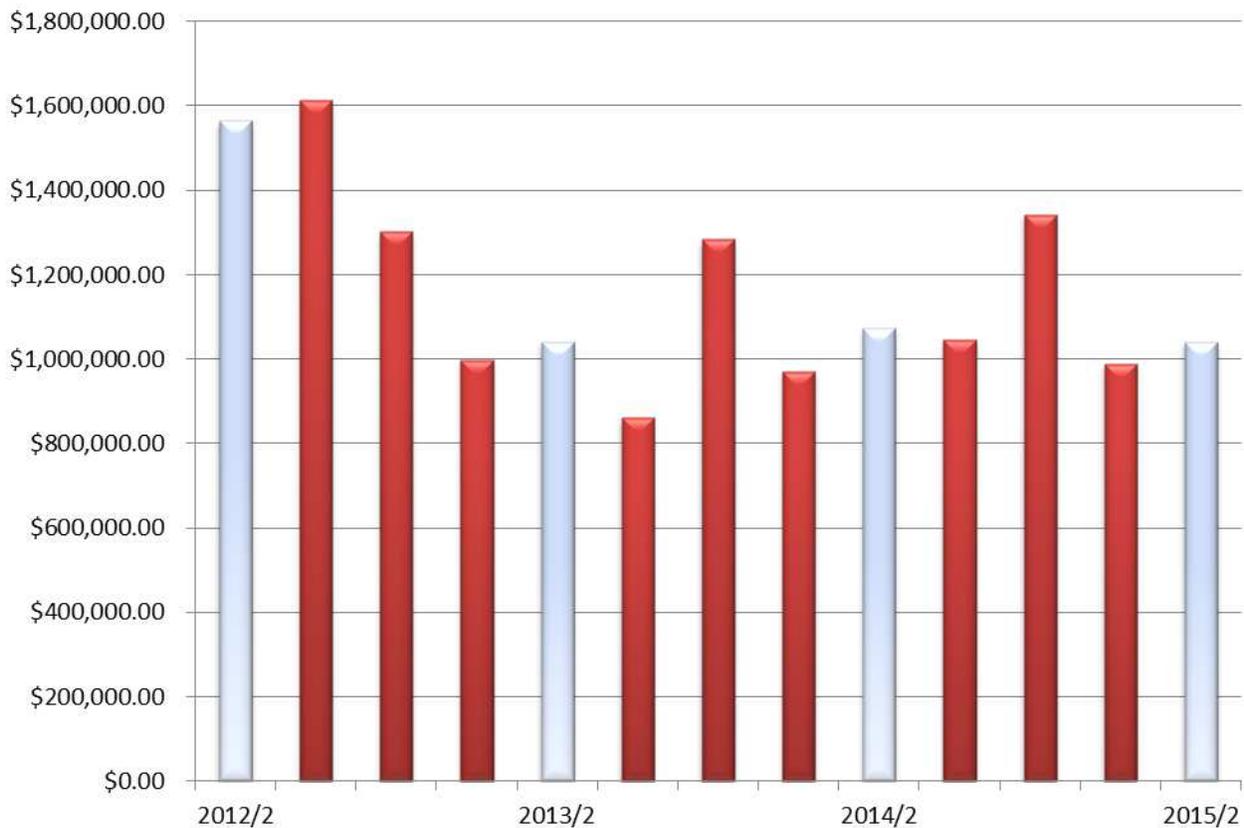
2012-Q2	2013-Q2	2014-Q2	2015-Q2
\$2,158,883	\$2,561,610	\$2,668,781	\$3,104,013

Major Revenues

Sales Tax – Los Cerritos Center

In 2015-Q2, the Los Cerritos Center generated the second highest amount of sales tax revenue for the City’s General Fund at \$1,040,442. Based on the trend analysis, sales tax revenue decreased slightly by 3% from 2014-Q2 (\$32,523 decrease). Overall, sales tax revenue at the Los Cerritos Center has averaged approximately \$1.1 million dollars per quarter from 2012-Q2 to 2015-Q2. Sales tax might be slightly lower in 2015-Q2 from last year (only \$32,523 decrease); however, sales tax for the current second quarter was comparable to 2013-Q2. For the past three years for the second quarter, sales tax has averaged \$1 million with no significant decrease.

Los Cerritos Center



2012-Q2 to 2015-Q2

Average: \$1,163,364

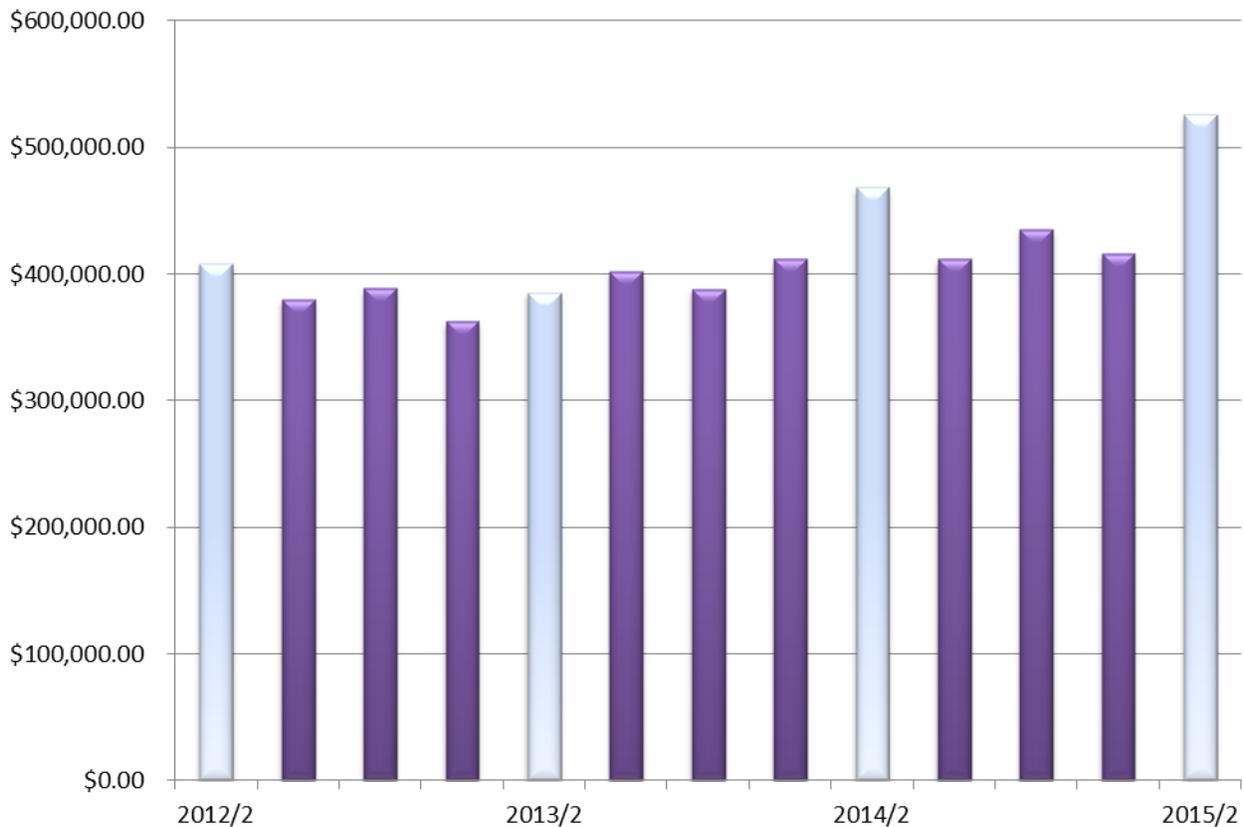
2012-Q2	2013-Q2	2014-Q2	2015-Q2
\$1,564,309	\$1,041,086	\$1,072,965	\$1,040,442

Major Revenues

Sales Tax – Cerritos Industrial Park

The Cerritos Industrial Park is the third highest sales tax generator in Cerritos. The Cerritos Industrial Park generated \$525,934 in 2015-Q2, which is a 12% increase from 2014-Q2 (\$468,241). Based on the trend analysis, sales tax revenue at the Cerritos Industrial Park has remained relatively constant through 2012-Q2 to 2014-Q1. However, sales tax data increased for two straight years, from 2014-Q2 to 2015-Q2. Additionally, 2015-Q2 had the highest sales tax revenue at the Cerritos Industrial Park during the second quarter over the past three years.

Cerritos Industrial Park



2012-Q2 to 2015-Q2

Average: \$414,134

2012-Q2	2013-Q2	2014-Q2	2015-Q2
\$407,846	\$385,001	\$468,241	\$525,934

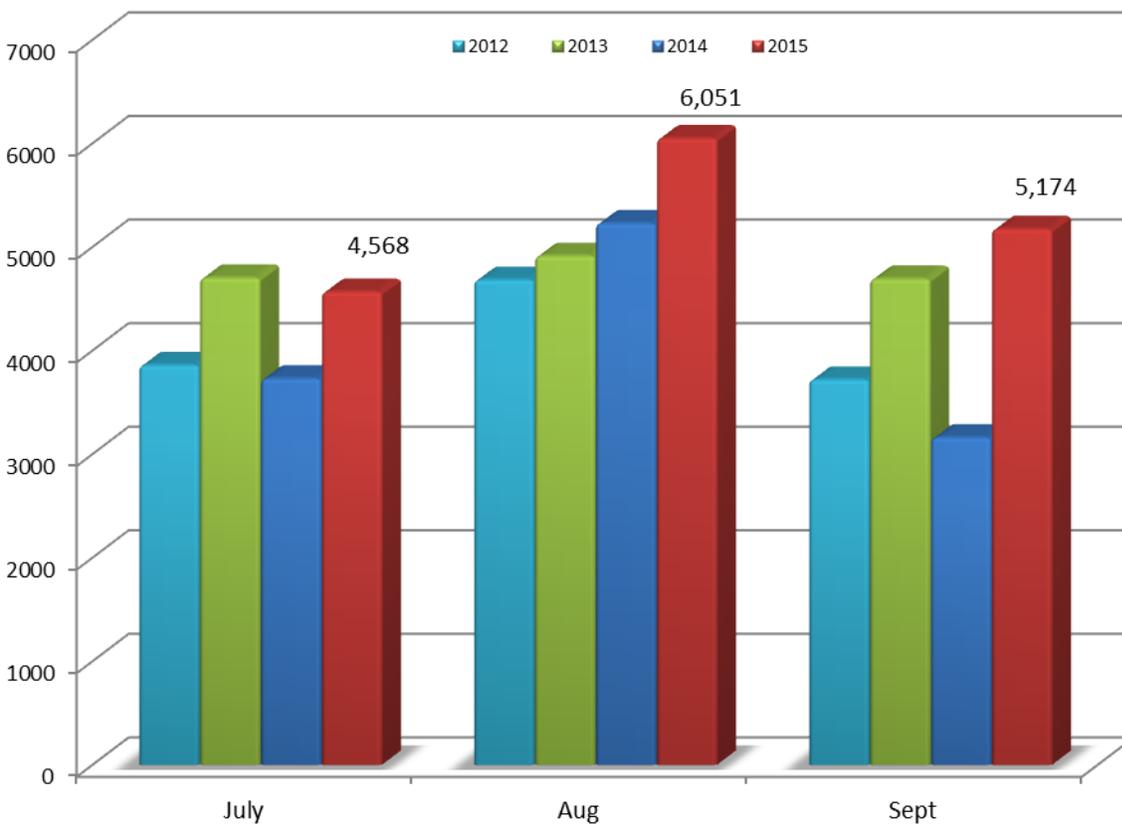
Major Revenues

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 former Cerritos Redevelopment Agency, the Cerritos Auto Square generates approximately half of the City's sales tax revenue each year.

For 2015-Q3, sales increased in July, August, and September from the previous year. Additionally, auto sales averaged approximately 5,264 vehicles sold per month during the third quarter. To date, as of October 2015, the Auto Square has sold a total of 49,274 cars for calendar year 2015 and is on schedule to exceed last year's total of 54,098 cars sold in calendar year 2014.

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



Cars Sold in 2015-Q3

July	August	September
4,568	6,051	5,174

2015-Q3 Total: 15,793
 2014-Q3 Total: 12,171
 Difference: (3,622)

Major Revenues

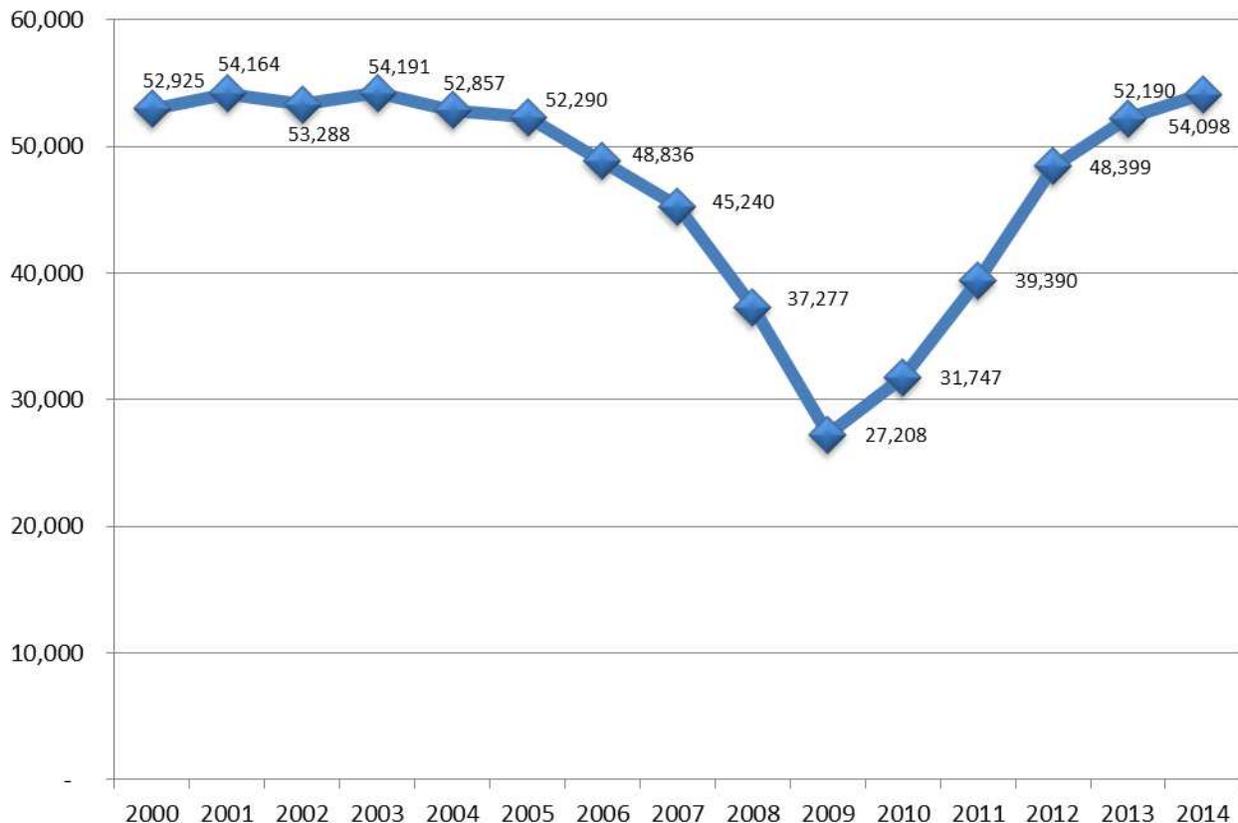
Auto Sales – Annual Totals

The Cerritos Auto Square experienced another significant increase in sales in 2014 (54,098) over sales in 2013 (52,190). In fact, there was a 4% increase in auto sales from 2013 to 2014 with a total of 1,908 more cars sold. The 2014 calendar year marks a total of five years in a row that total annual sales exceeded sales totals from the previous year (2010, 2011, 2012, 2013 and 2014).

The Cerritos Auto Dealers Association has been compiling data since 1993 in order to conduct annual sales comparisons. From 1993 to 2014, a total of 1,015,078 cars have been sold, equating to an annual average of 46,140 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, and another high in 2014 with 54,098 cars sold.

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	2012	2013	2014
37,277	27,208	31,747	39,390	48,399	52,190	54,098

Trend Analysis – 1993 to 2014

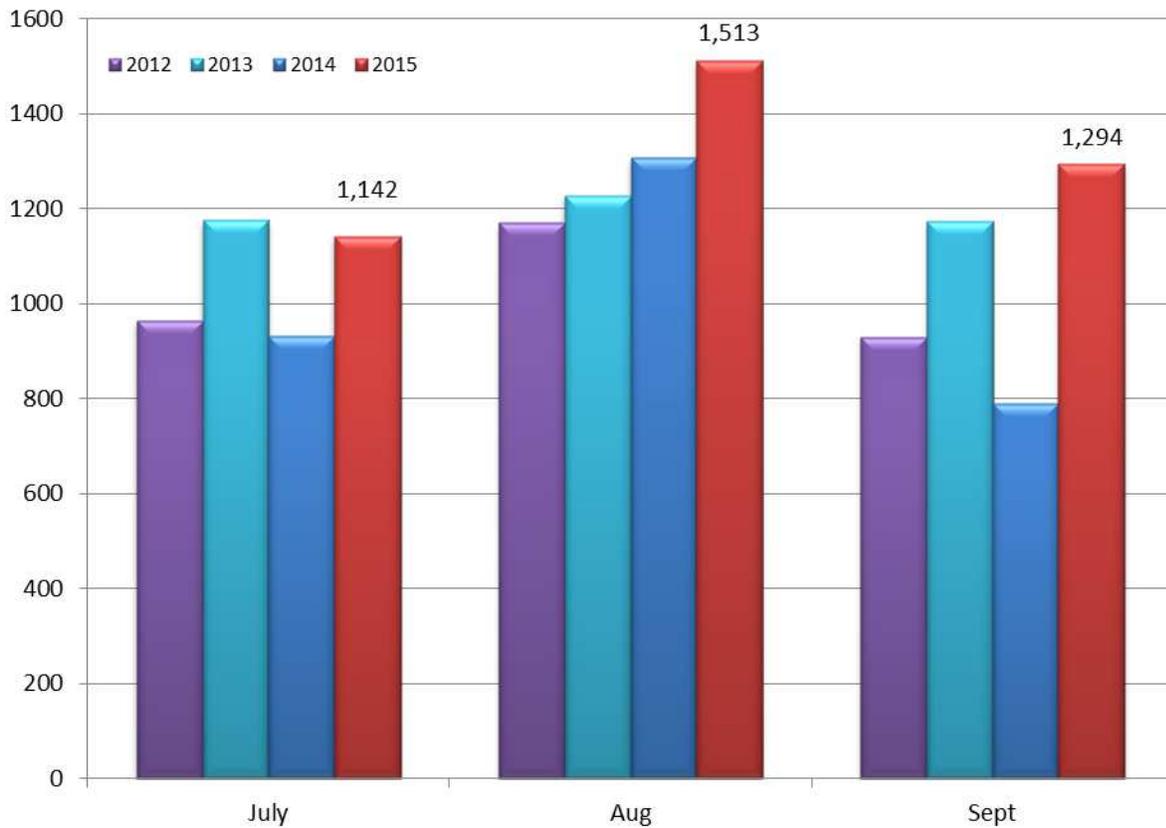


Major Revenues

Auto Sales – Weekly Averages

Based on a trend analysis, weekly sale averages for July 2015, August 2015, and September 2015 exceeded weekly averages for the same month for 2012, 2013 and 2014. August 2015 experienced the highest weekly sales averaging 1,513 cars sold per week. The Auto Square is experiencing robust weekly sales averages for the third quarter and is indicating that consumers are willing to purchase more durable goods, such as automobiles.

Weekly Averages: 2012-Q3 to 2015-Q3



Weekly Averages: 2012-Q3 to 2015-Q3

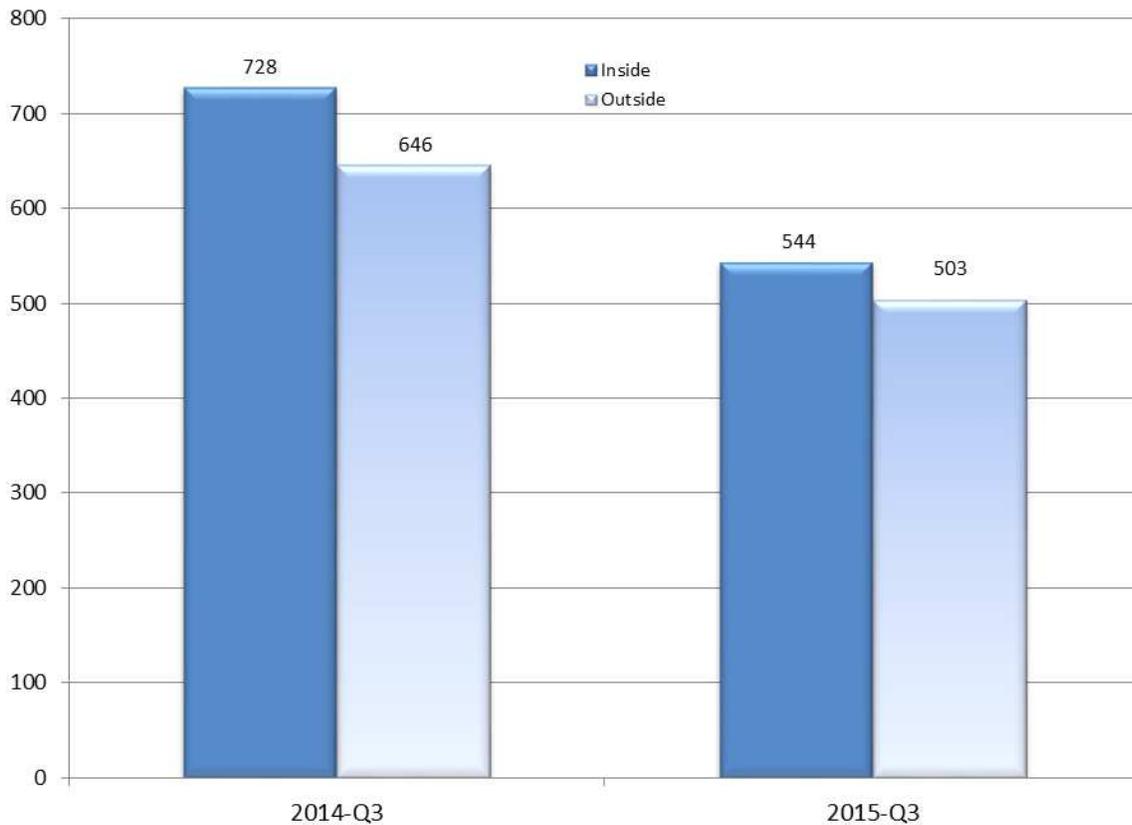
	July	August	September	Q3 Total
2012-Q3	965	1,171	930	3,066
2013-Q3	1,176	1,229	1,173	3,578
2014-Q3	933	1,307	790	3,030
2015-Q3	1,142	1,513	1,294	3,948

Major Revenues

Business License

The tracking of new and renewed business licenses is one method of forecasting business growth in the City. For 2015-Q3, a total of 1,047 new and renewal business licenses were processed by the City, which is a decrease of 24% from 2014-Q3 (a decrease of 327 new and renewal of business licensed processed). Additionally, the City generated \$305,983 in businesses license fees for the General Fund during 2015-Q3.

2015-Q3 New and Renewal of Business Licenses – Located in Cerritos and Located Outside Cerritos



2015-Q3 New and Renewal of Business Licenses

2014-Q3 Total New and Renewal of Business Licenses: 1,374

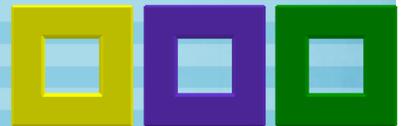
2015-Q3 Total New and Renewal of Business Licenses: 1,047

Difference: (-327)

2015-Q3 Total Revenue: \$305,983



Unemployment



Unemployment

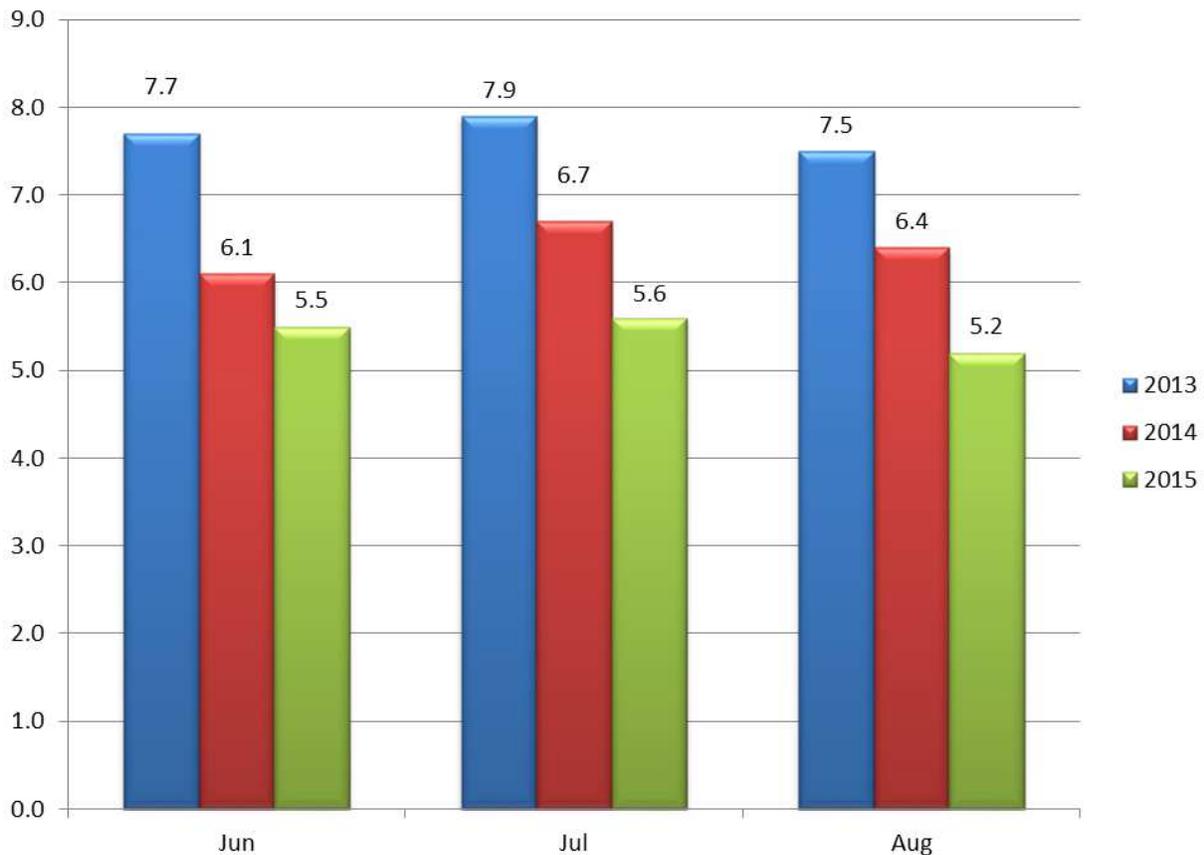
Current Rate

According to the Federal Bureau of Labor and Statistics, the unemployment rate among Cerritos residents in August 2015 was at approximately 5.2%, which was lower than the previous two years. The unemployment rate for August 2014 was 6.4% and August 2013 was at 7.5%, which are both higher than August 2015 (5.2%). Additionally, no month experienced a significant increase in the unemployment rate over a three year period. This reduction in the unemployment rate is a positive sign for the local economy and an indicator of potential increased consumer confidence and businesses are hiring more persons. The construction activity at the Los Cerritos Center and Plaza 183 may have contributed to the hiring of local persons and helped with the decrease in the unemployment rate. Finally, the third quarter was the lowest in comparison from the past three years.

Quarterly Unemployment Rate

November 2014	February 2015	June 2015	August 2015
4.3%	5.7%	5.4%	5.2%

**Unemployment Rate – Quarterly Comparison
2013 to 2015**

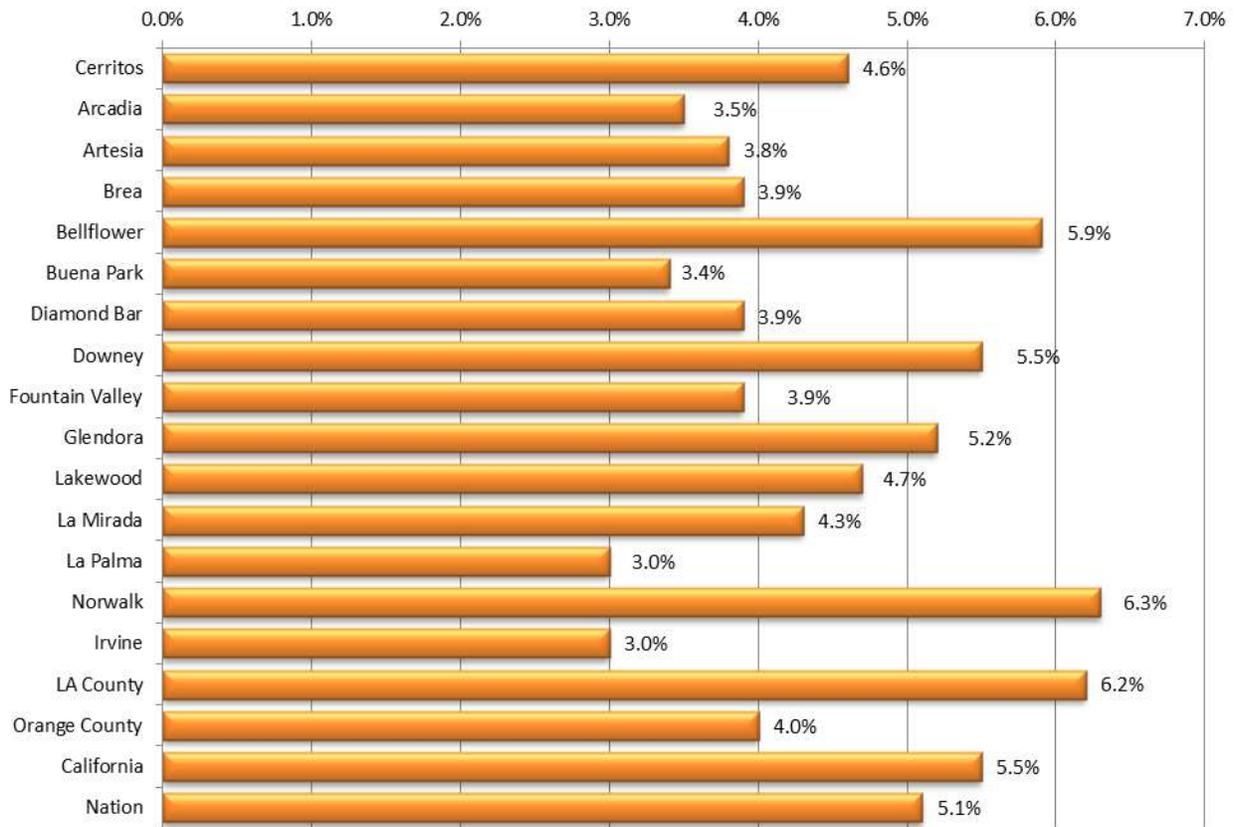


Unemployment

Surrounding Cities, Comparable Cities, and Counties

According to the California Employment Development Department, the unemployment rate among Cerritos residents in September 2015 was approximately 4.6%, which is lower than adjacent cities, such as Lakewood (4.7%), Bellflower (5.9%), and Norwalk (6.3%). Additionally, the Cerritos unemployment rate was lower than Los Angeles County (6.2%) and the State of California (5.5%). Cerritos low unemployment rate of 4.6% is lower than the national average of 5.1%.

**Unemployment Rate – Surrounding Cities and Comparable Cities
September 2015***



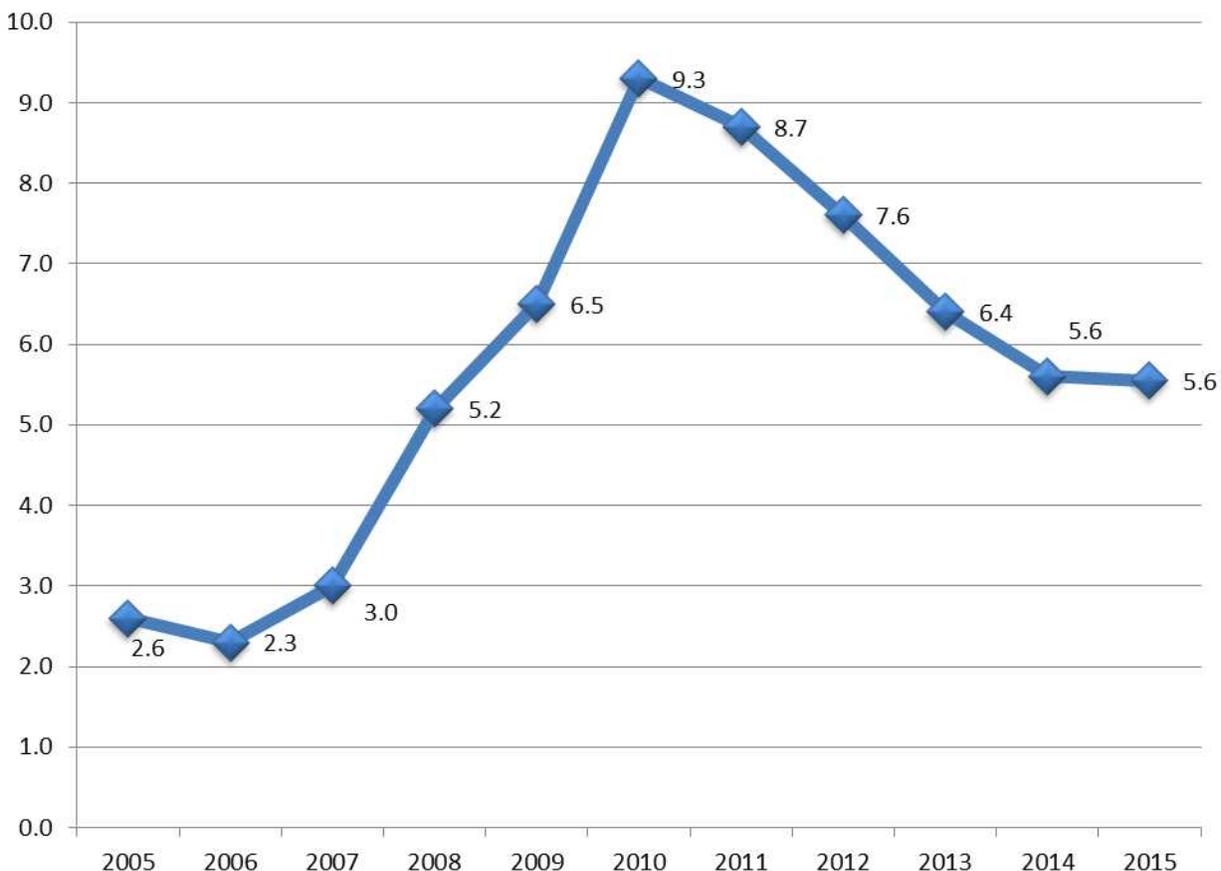
*Please note that September 2015 numbers are preliminary, based on the State of California Employment Development Department.

Employment

Annual Unemployment Rate

In 2010, the City's average unemployment rate reached a high of 9.3% during the Great Recession and has decreased five straight years. Although the unemployment rate in Cerritos in 2014 was 5.6%, currently the unemployment rate is at 4.6% (September 2015) and the average unemployment rate from January 2015 to August 2015 is 5.6%, which is lower than the average unemployment rate for 2014 (5.6%). This decrease may be attributed to the increased construction activity at the Los Cerritos Center and remodeling efforts at Plaza 183 (former Best Plaza Shopping Center).

Average Annual Unemployment Rate



Average Annual Unemployment Rate

2010	2011	2012	2013	2014	2015*
9.4%	9.2%	8.2%	7.3%	6.2%	5.6%

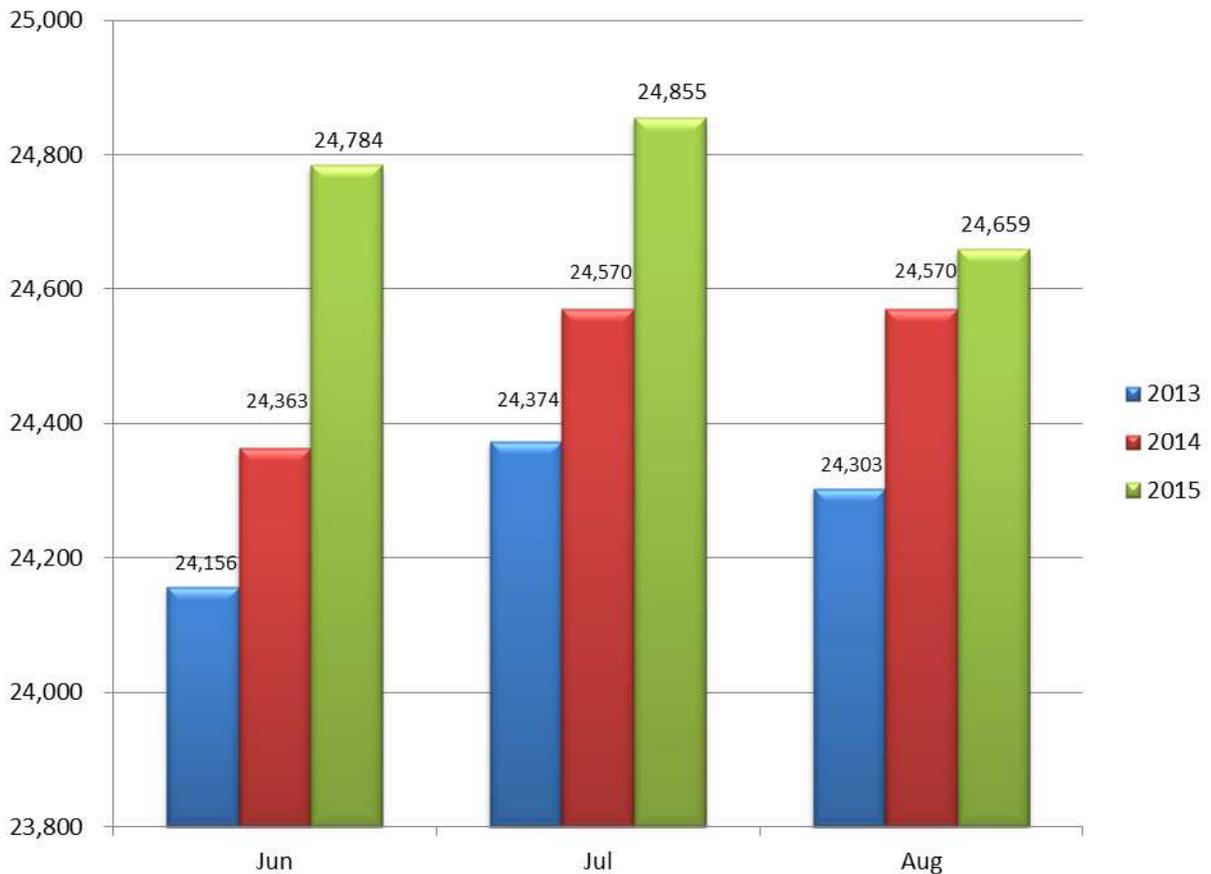
*The 5.6% unemployment rate is an average from January 2015 to August 2015.

Employment

Labor Force

According to the United States Bureau of Labor and Statistics, labor force refers to the sum of all employed and unemployed individuals in the economy. In Cerritos, there were 24,659 persons as of August 2015 in the local workforce, an increase of 89 persons from August 2014 (24,570). Based on a trend analysis, the labor force in the City has remained consistent at approximately 24,000 persons from 2013 to 2015.

Labor Force – Cerritos



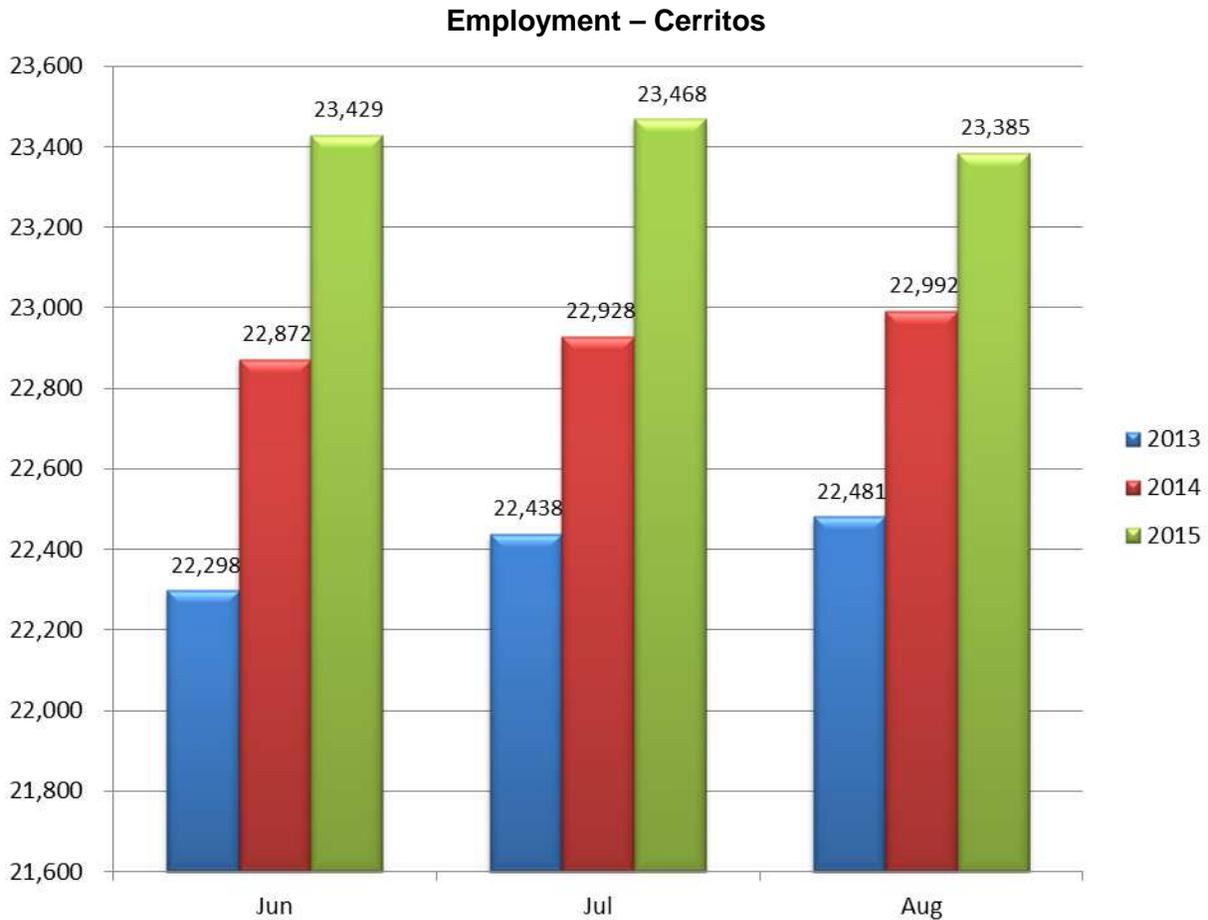
Annual Average Cerritos Labor Force

2010	2011	2012	2013	2014
23,841	23,885	23,845	24,187	24,502

Employment

Employment in Cerritos

In August 2015, there were 23,385 jobs within the City that employ both Cerritos residents and persons that reside outside of Cerritos. Based on a third quarter trend analysis, employment remained constant from June 2015 (23,429 persons) through August 2015 (23,385 persons). Based on a three year trend analysis, employment from August 2013 through August 2015 increased by 904 persons, which amounts to a 4% increase over a three year period. June and July also experienced an increase for the same three year time period. Additionally, employment continues to increase over the past four years, with 21,595 jobs in 2010 and 22,996 jobs in 2014.



Annual Average Employment in Cerritos

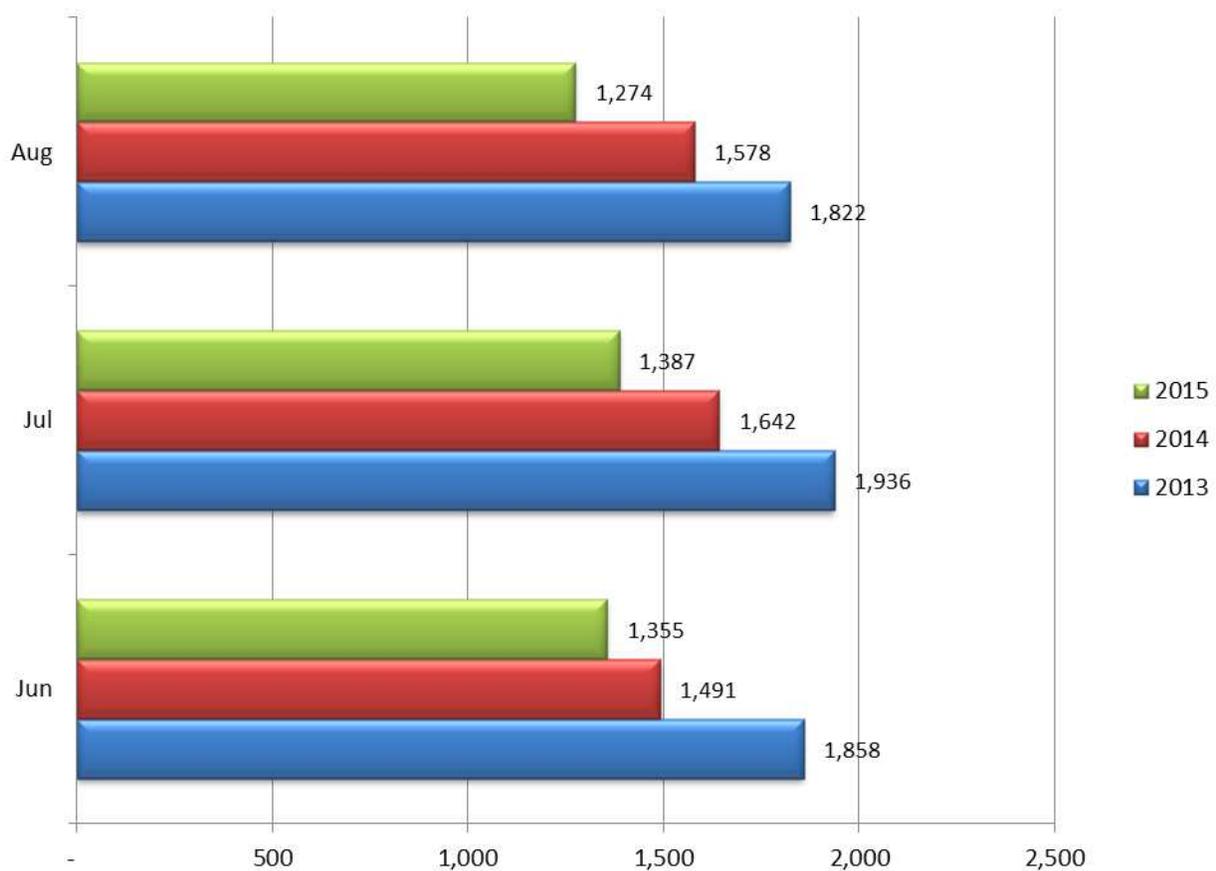
2010	2011	2012	2013	2014
21,595	21,684	21,896	22,422	22,996

Unemployment

Unemployment in Cerritos

According to the United States Bureau of Labor and Statistics, the number of individuals unemployed is calculated with the following formula: $\text{unemployment} = \text{labor force} - \text{employment}$. Based on the data from August 2015, there are currently 1,274 (5.2%) individuals unemployed in Cerritos, which is a decrease of 244 persons from August 2014 and 548 persons from August 2013. Additionally, July experienced a decrease of 28% from 2013 to 2015 and June experienced a 37% decrease from the same time period. This continued decrease in the number of unemployed persons in Cerritos is a positive indicator that the local economy is growing.

Unemployment – Cerritos



Annual Average Unemployed in Cerritos

2010	2011	2012	2013	2014
2,246	2,200	1,949	1,766	1,506



Commercial Real Estate

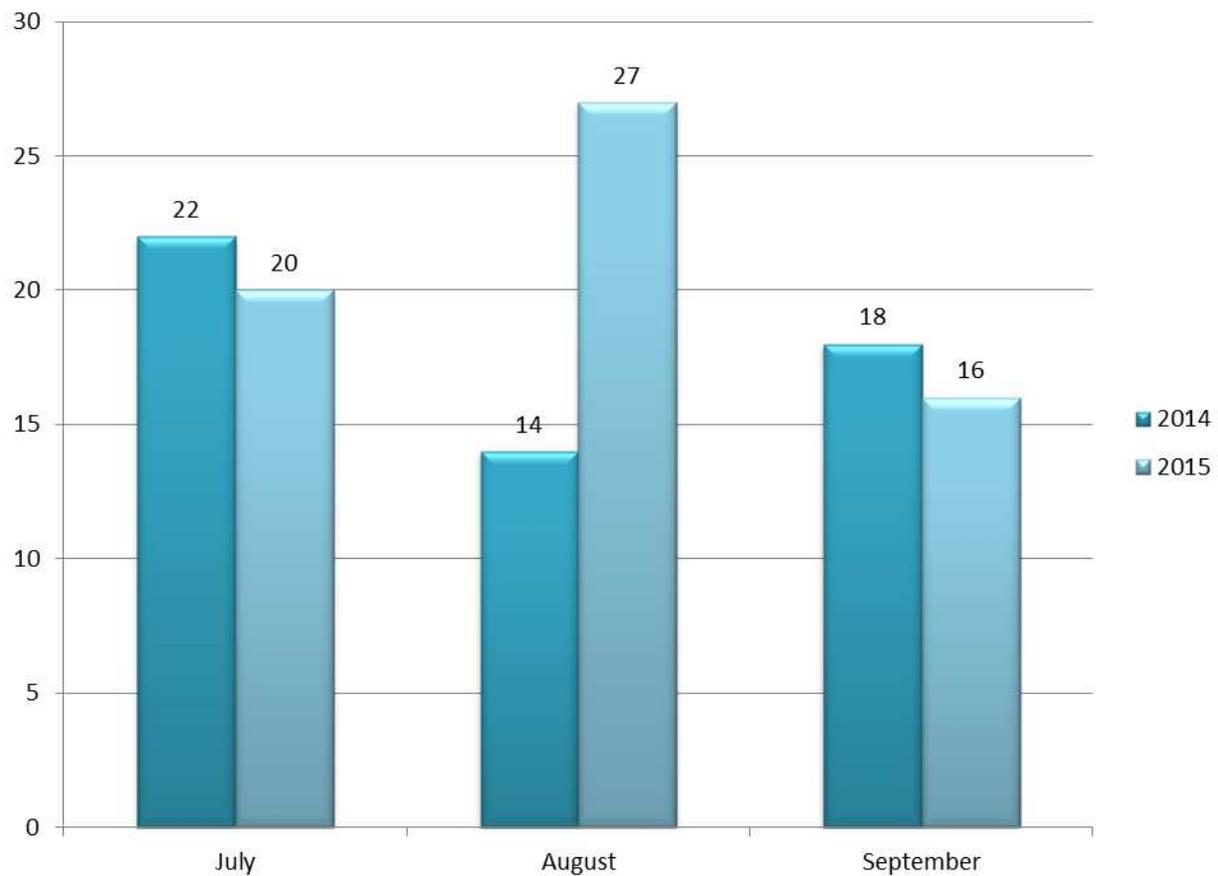


Commercial Real Estate

Certificate of Occupancy

The tracking of 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 2015-Q3, CO's increased from a year ago by nine permits. A total of 63 CO's were processed in 2015-Q3 and in 2014-Q3, a total of 54 CO's were processed. This increase of nine permits is a positive sign for the local economy. The month of August also had the highest number of CO's processed for this year (27 CO's were processed).

Certificates of Occupancy for 2015-Q3



Certificate of Occupancy – 2015

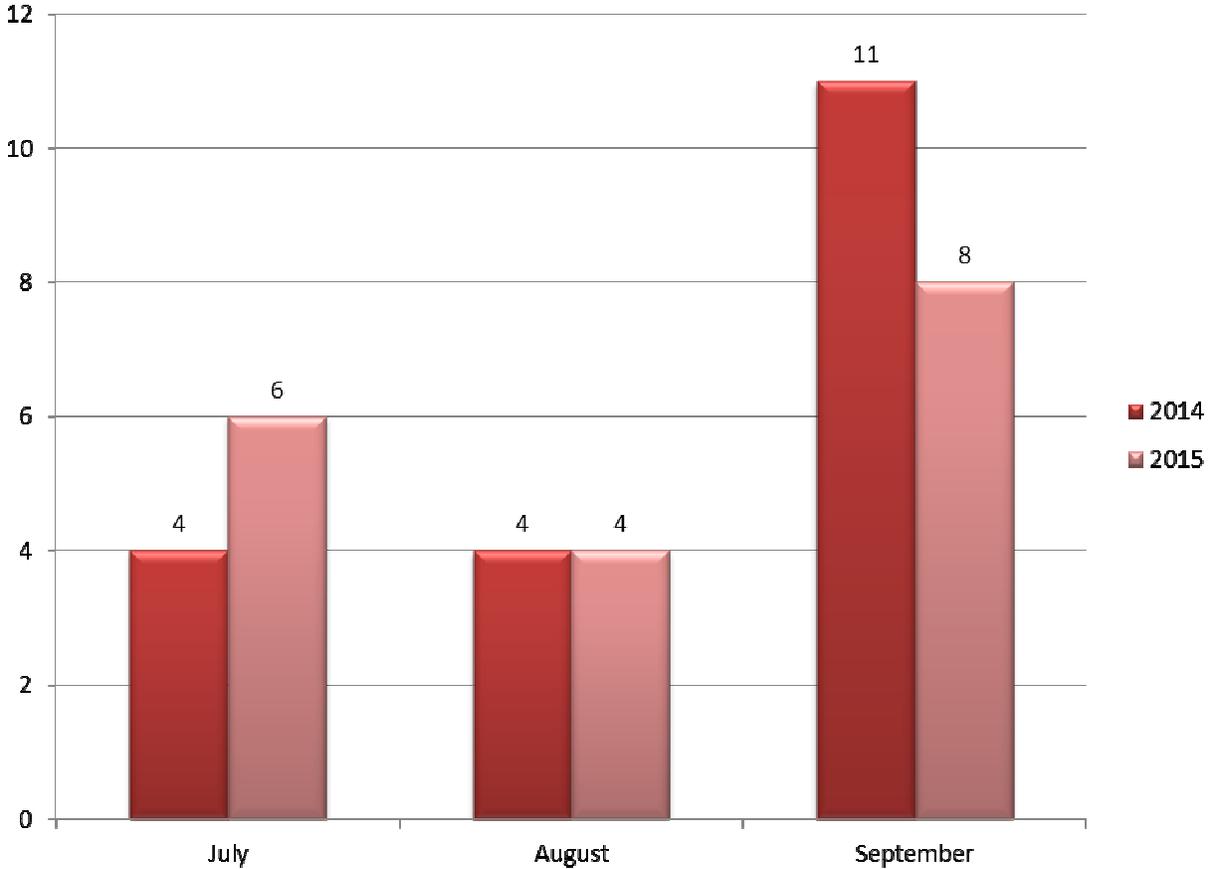
Jan	Feb	Mar	Apr	May	June
25	22	21	18	22	22
July	Aug	Sept	Oct	Nov	Dec
20	27	16			

Commercial Real Estate

Tenant Improvement

A Tenant Improvement (TI) refers to changes made to the interior of a commercial or industrial property by its owner to accommodate the needs of a tenant. A TI is an indicator of a new business opening in the City or an existing business expanding to meet their needs. For 2015-Q3, tenant improvements decreased slightly from the previous year. A total of 18 TI's were processed in 2015-Q3, a decrease of one TI from 2014-Q3, in which 19 TI's were processed.

Tenant Improvements for 2015-Q2



Tenant Improvements – 2015

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

Commercial Real Estate

Total Vacancy in Cerritos

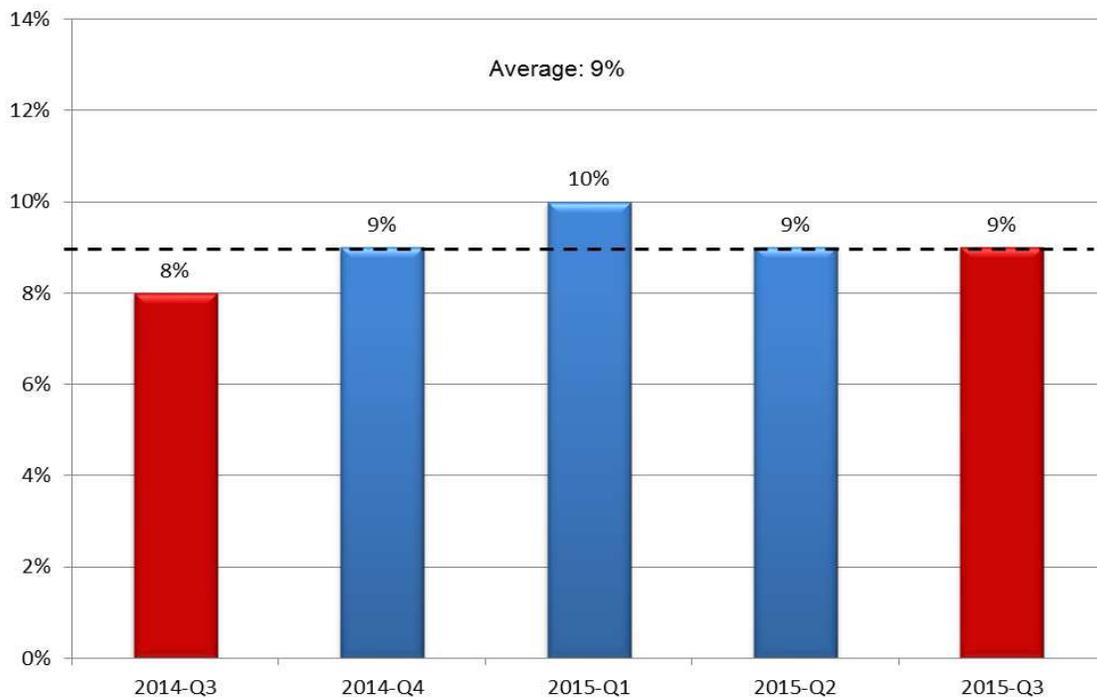
The City of Cerritos currently has a low vacancy rate when compared to the overall total available space for industrial, office, and retail uses. Currently, there is approximately 154,107 square feet of vacant industrial space, which equates to 1% of the total available citywide industrial space (15,088,117). Additionally, the City has approximately 132,831 square feet of vacant office space (9% of the total office space in Cerritos) and approximately 88,247 square feet of available retail space (2% of the total retail space in Cerritos). This equates to a total of 375,185 square feet of available space in the City, which is equal to 2% of the total amount of square footage within the City (21,196,480).

Total Available and Vacant Space in Cerritos

Use	Total Space (Sq. Ft.)	Total Vacant Space (Sq. Ft.)	Percent (%) of Vacancy in Cerritos
Industrial	15,088,117	154,107	1%
Office	1,422,575	132,831	9%
Retail	4,685,788	88,247	2%
Total	21,196,480	375,185	2%

Cerritos Office Vacancy Rates

As previously mentioned, in 2015-Q3, the Cerritos office market vacancy rate was at 9%, which is a slight increase of 1% from 2014-Q3. Over the past five quarters, the City office vacancy rate averaged approximately 9%. The slight increase in the office vacancy from 2014-Q3 to 2015-Q3 may be attributed to an increase in the number of available spaces for lease at the Avanti Business Center and Cerritos Towne Center. Additionally, office leases tend to have a greater turnaround rate (office leases tend to be one to three years) in comparison to retail and industrial leases, which tend to have longer lease agreements.



Commercial Real Estate

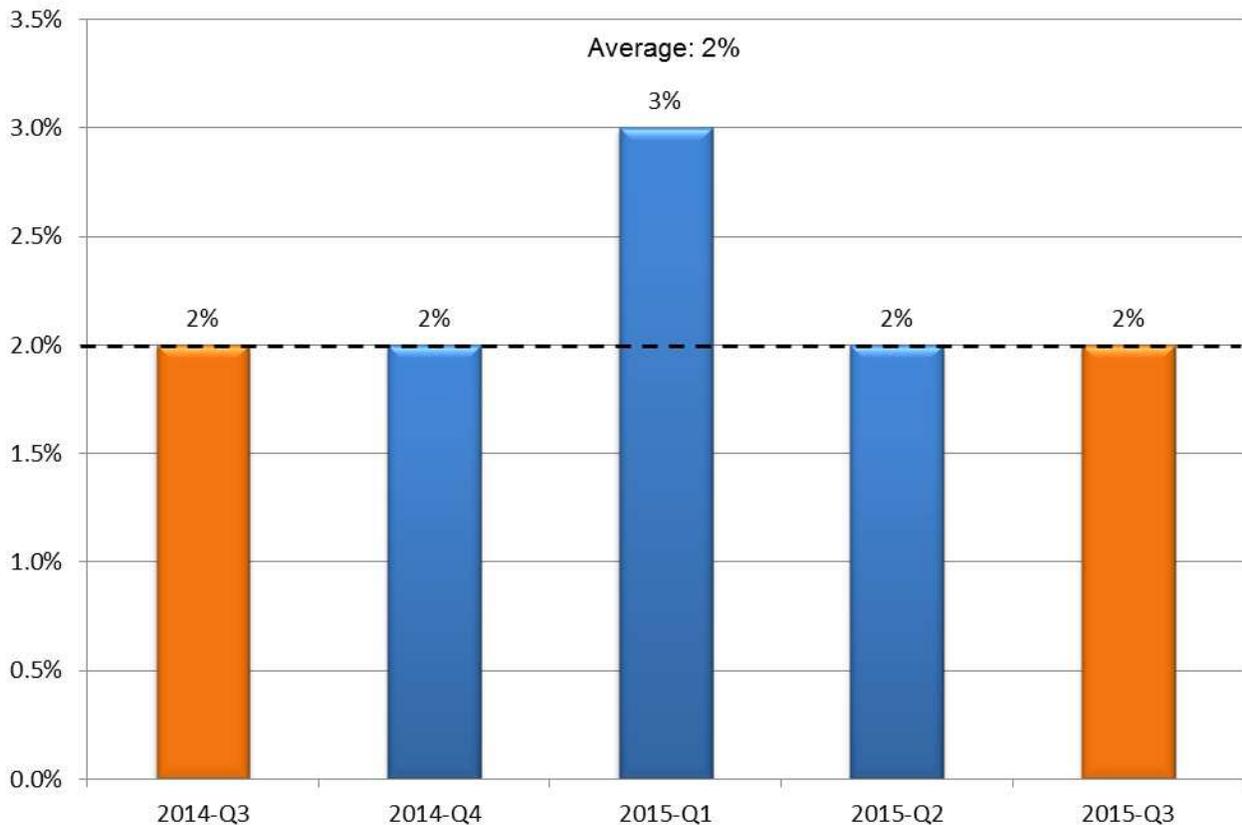
Retail Vacancy Rates

Cerritos currently has approximately 4,685,788 square feet of total retail space, which includes the Los Cerritos Center and the Cerritos Towne Center. Based on available data, Cerritos has a retail vacancy rate of 2% (88,247 square feet) for 2015-Q3, which is the same as 2014-Q3 (96,332 square feet or 2%). Based on a trend analysis, the retail vacancy rate has remained at an average of 2% over the past five quarters.

The retail vacancy rate has remained low due to the improvements at the Los Cerritos Center, the Cerritos Plaza Shopping Center, and at Plaza 183 (former Best Plaza) located along 18rd Street, just north of the Los Cerritos Center. The Los Cerritos Center and Plaza 183 are currently under construction, which will result in additional retail establishments in Cerritos and a possible lower retail vacancy rate.

This low overall retail vacancy rate indicates that retail space is in great demand in Cerritos. In addition, Cerritos' strategic location along the 91 and 605 Freeways contribute toward a greater demand for retail space. The Cerritos Towne Center and Los Cerritos Center are located along these freeways providing consumers with easy access to these centers for their retail shopping needs.

Cerritos Retail Vacancy Rates

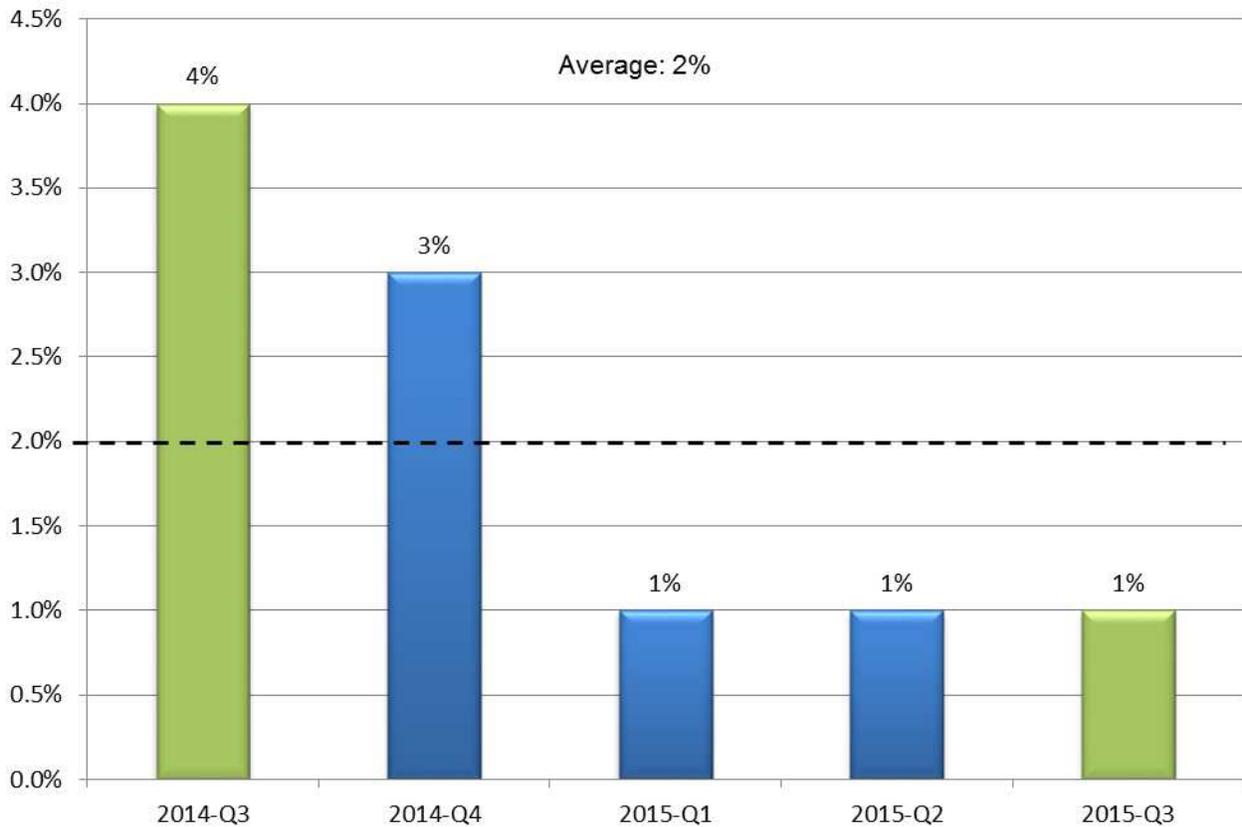


Commercial Real Estate

Industrial Vacancy Rates

Cerritos currently has approximately 15,088,117 square feet of total industrial space, which includes the Cerritos Industrial Park. Based on available data, Cerritos had an industrial vacancy rate of 1% for 2015-Q3, which is a decrease from 2014-Q3. Based on a trend analysis, the industrial vacancy rate has decreased from high level of 4% in 2014-Q2 and then decreased in 2015-Q1 to 1% and then remained constant at 1% through 2015-Q3. The low industrial vacancy rate is a positive sign for the Cerritos Industrial Park. In 2014-Q3, several large buildings were available for lease and purchase, which included a 290,000 square feet building and therefore attributed to the 4% vacancy rate.

Cerritos Industrial Vacancy Rates



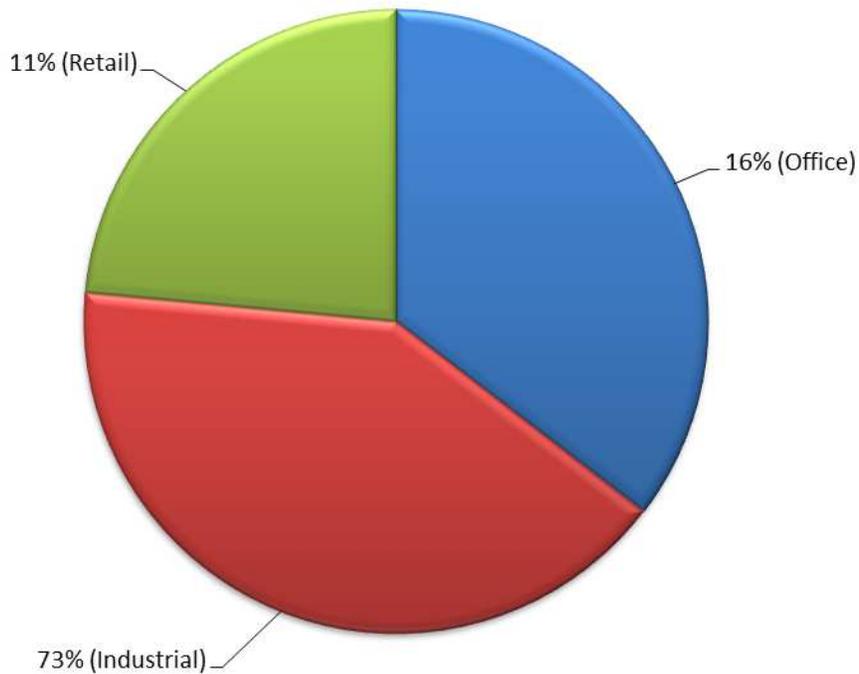
(Note: Industrial vacant space in Cerritos includes a greater proportion of warehousing and distribution businesses, which require large facilities. Therefore, a single vacancy may contribute a large amount of square footage to the overall vacancy rate. Industrial vacancy rates are calculated using available data from Loop.net for properties that are available for lease. Further, there is a possibility of additional vacant industrial properties; however, these properties may not be available for lease or reported on Loop.net at the time of the preparation of this report.)

Commercial Real Estate

Vacancy Breakdown by Use

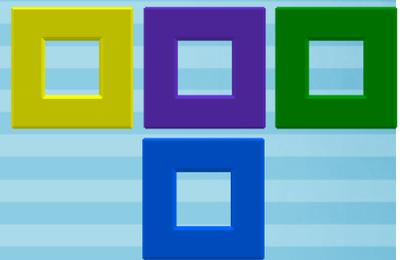
In Cerritos, there is approximately 375,185 square feet of total vacant commercial space (2% of the total available space for 2015-Q3). Within the total available space, 73% (154,107 square feet) is available for industrial use, 16% (132,831 square feet) is available for office use, and 11% (88,247 square feet) is available for retail use.

Vacancies By Use





Housing

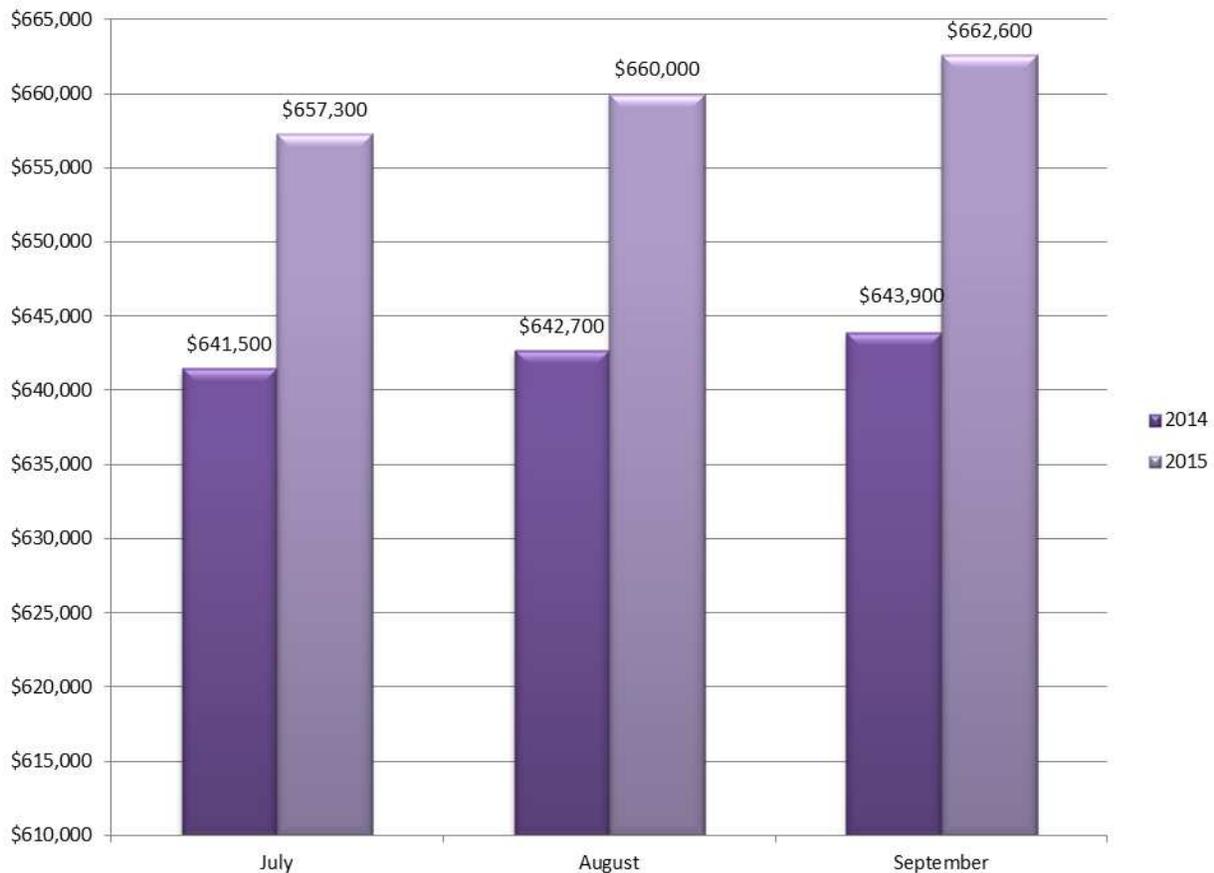


Housing

Single-Family Residential

For 2015-Q3, the average median home sales price in Cerritos was \$659,967. Housing prices in Cerritos increased 2015-Q3; in fact, July 2015 increased by 2.5%, August 2015 increased by 3%, and September 2015 increased by 3%. The trend analysis for this quarter indicates that the sales price of single-family residential homes has increased and it is a positive indicator for the housing sector. Based on Zillow.com, properties in Cerritos are expected to increase an additional 0.6% from September 2015 to September 2016.

Single-Family Residential Home Sales Price in Cerritos - 2015-Q3
Third Quarter Average: \$659,967



Single Family Home Sale Prices – County Comparison for September 2015

Cerritos	Los Angeles County	Orange County
\$662,600	\$502,000	\$614,000

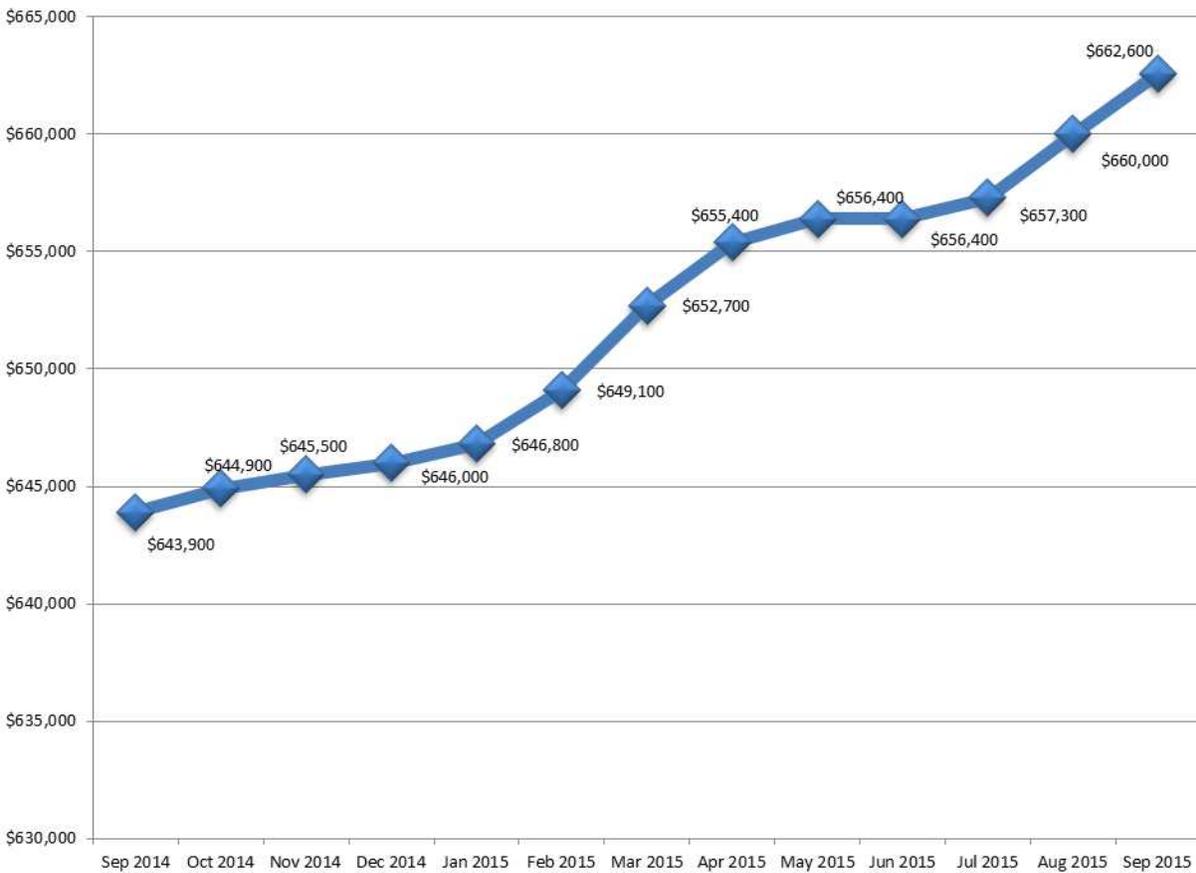
For September 2015, Cerritos had a single-family sale price at \$662,600, which was higher than Los Angeles County (\$502,000) and Orange County (\$614,000). This higher sales price in Cerritos indicates that housing is in great demand in the City.

Housing

Single-Family Residential – One Year Trend Line

Based on a one year trend line analysis, the average sales price for a single-family residential home in Cerritos was \$643,900 in September 2014, and peaked to its high of \$662,600 one year later, in September 2015. Housing prices have gradually increased each month and have remained above the \$643,000 range. This significant increase over a one year period is a positive sign for the housing market in Cerritos.

One Year Housing Sale Price Trend Line – September 2014 to September 2015

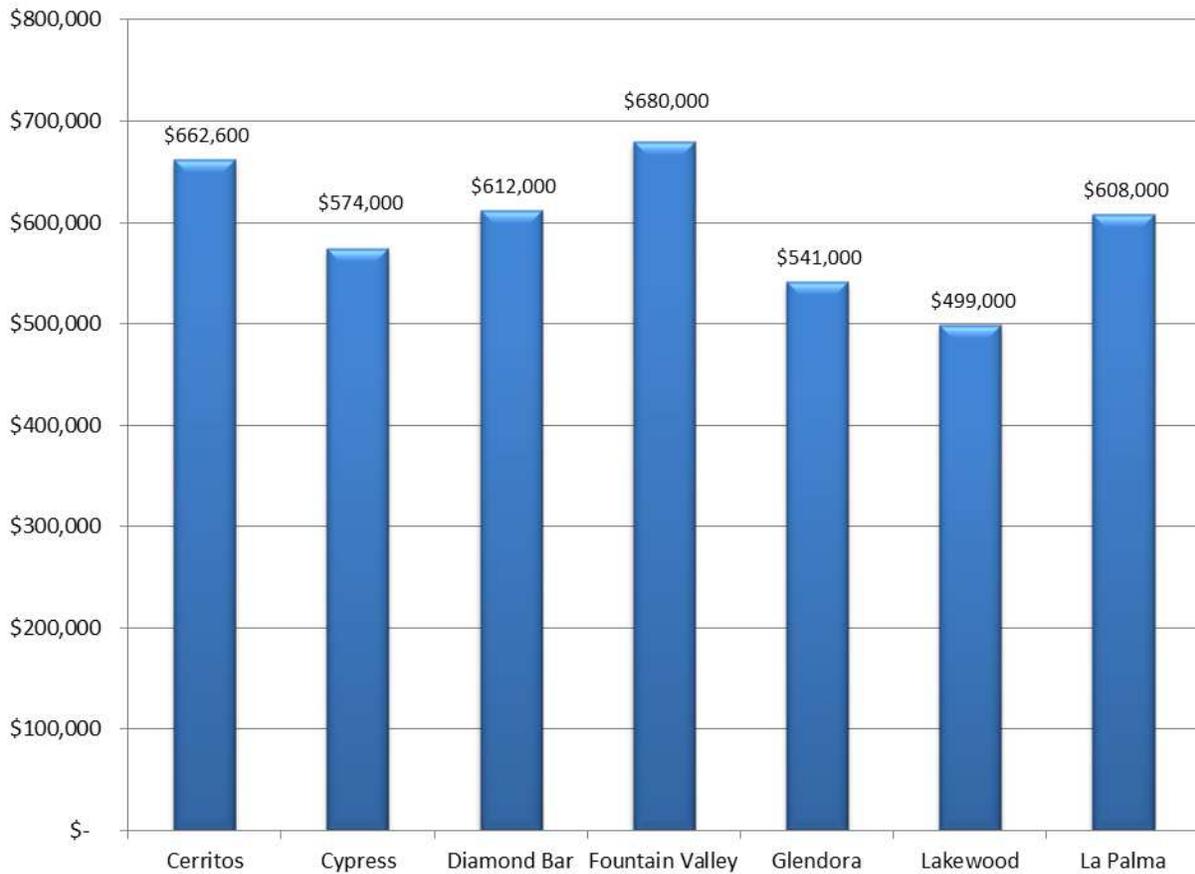


Housing

Single-Family Residential – Regional Comparison

In a regional comparison, Cerritos' property values have maintained their value and are higher than most surrounding cities and regionally comparable cities. In a sample of September 2015 home sales price, Cerritos' average home sales price was \$662,600, which was higher than five comparable cities (Cypress, Glendora, Lakewood, Diamond Bar, and La Palma). Of the sample cities, only the City of Fountain Valley (\$680,000) had a higher home sales price than Cerritos for the month of September 2015.

Regional Comparison – September 2015



Housing

Multi-Family Residential - Condominiums

Condominiums have a niche in housing between renting and owning single-family homes. For 2015-Q3, the average median condominium home sales price in Cerritos was \$481,533. Condominium sale prices in Cerritos increased in July 2015 by 7%, in August 2015 by 6%, and in September 2015 by 6% from the previous year. In a regional comparison, Cerritos (\$482,300) was significantly higher on average in comparison to Los Angeles County (\$439,800) and Orange County (\$433,000).

Condominium Home Sales Price in Cerritos - 2015-Q3



Condominium Home Sale Prices – County Comparison for September 2015

Cerritos	Los Angeles County	Orange County
\$482,300	\$439,800	\$433,000

Statistical Summary

Economic Profile – Fall 2015

Based on the data analysis from a wide variety of sources, Cerritos maintains a relatively healthy economic base as compared to the region, despite the slow nationwide economic recovery. Below is a summary of the major findings of the Cerritos *Economic Profile* for Fall 2015.

Major Revenues

Sales tax revenue for the 2015-Q2 totaled \$6,202,334 which is a 9% increase from the same quarter in 2014, amounting to approximately \$451,732. Additionally, in a second quarter analysis of the past several years, sales tax revenue increased significantly from \$4.5 million (2011-Q2) to \$6.2 million (2015-Q2).

The Cerritos Auto Square generated the greatest amount of sales tax for the City in 2015-Q2, totaling \$3.1 million, which was a 16% increase from last year. The Los Cerritos Center generated the second highest sales tax at \$1 million, which was a 3% decrease from last year. The third highest sales tax generator was the Cerritos Industrial Park at \$525,934.

In the third quarter of 2015, the Cerritos Auto Square sold a total of 15,793 cars, which was an increase of 3,622 cars from last year for the same quarter. Additionally, for the third quarter, an average of 5,264 cars sold per month. Second quarter new business licenses and renewals decreased by 24% from a year ago. A total of 1,047 new and renewal of business licenses were processed during the third quarter (decrease of 327).

Unemployment/Employment

The unemployment rate among Cerritos residents is approximately 4.6% (September 2015 estimate), which is one of the lowest among its surrounding cities and one of the lowest in comparison to cities with similar size and/or demographics in the region. Additionally, the Cerritos labor force for August 2015 was 24,659 and was constituted by 23,385 employed and 1,274 unemployed residents.

Commercial Real Estate

Cerritos currently has 375,185 square feet of vacant space, which is approximately 2% of the total available real estate space in Cerritos (21,196,480 sq. ft.). Of the total 2% vacant space in Cerritos, 73% is industrial space (154,107 sq. ft.), 16% is office space (132,831 sq. ft.), and 11% is retail space (88,247 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.

Housing

For 2015-Q3, the single family median home sale price in Cerritos was approximately \$659,967. In a regional comparison, homes in Cerritos have maintained their values and were higher than most cities of comparable size and demographics. Condominium sale prices remained constant at an average of \$481,533.

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
United States Bureau of Labor and Statistics

Real Estate

Loop.net

Housing

Zillow.com