

Quarterly Market Trend Analysis for Economic Development in Cerritos

# City of Cerritos Economic Profile Fall 2016

*A City With Vision*



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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 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.



George Ray  
Mayor



Naresh Solanki  
Mayor Pro Tem



Carol Chen  
Councilmember



Jim Edwards  
Councilmember



Mark Pulido  
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:

Richard Alegria  
Chair

Carmelita Lampino  
Vice Chair

Robert Buell  
Commissioner

Rosalinda Law  
Commissioner

Dan Padelford  
Commissioner

# Executive Summary

## Cerritos Economic Profile for Fall 2016

For Fall of 2016, the City of Cerritos is showing improved economic indicators including sales tax, housing, commercial real estate, and employment. Sales tax increased from the previous year, the unemployment rate continued to decrease, commercial real estate had a low vacancy for the quarter, and housing prices continued to increase from the previous year. Below is a brief summary of each of the economic indicators for the City of Cerritos, which are explained in further detail throughout this Economic Profile.

### Major Revenues

Sales tax revenue for the 2016-Q2 totaled \$6,733,998 which is a 8.6% increase from the second quarter in 2015, amounting to approximately \$531,664. Additionally, in a second quarter analysis of the past several years, sales tax revenue increased significantly from \$6.2 million (2015-Q2) to \$6.7 million (2016-Q2).

The Cerritos Auto Square generated the greatest amount of sales tax for the City in 2016-Q2, totaling \$3.4 million, which was an 12.6% increase from last year, amounting to an increase of \$389,846. The Los Cerritos Center generated the second highest sales tax at \$1 million, which was consistent with previous years. The third highest sales tax generator was the Cerritos Industrial Park at \$602,341, which equated to a 14.5% increase from the previous year.

In the third quarter of 2016, the Cerritos Auto Square sold a total of 15,560 cars, which was an decrease of 78 cars from last year for the same quarter. Additionally, for the third quarter, an average of 3,112 cars sold per month. Third quarter new business licenses and renewals decreased by 3% from a year ago. A total of 1,014 new and renewal of business licenses were processed during the third quarter of 2016 (decrease of 33) and generated \$280,753.

### Unemployment/Employment

The unemployment rate among Cerritos residents is approximately 3.9% (August 2016 estimate), 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. Additionally, the Cerritos labor force for August 2016 was 25,019 and was constituted by 24,044 employed and 975 unemployed residents.

### Commercial Real Estate

Cerritos currently has 437,758 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 (240,478 sq. ft.), 16% is office space (103,798 sq. ft.), and 11% is retail space (93,482 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 2016-Q3, the single family median home sale price in Cerritos was approximately \$686,500. In a regional comparison of the third quarter, homes in Cerritos have maintained their values and were higher than most cities of comparable size and demographics. Condominiums has an average median sales price of \$489,700 which was higher than the previous year.

# 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 August 2016

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% in September 2016

Current unemployment rate for the United States.

### Payroll Employment:

+156,000(p) in September 2016

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

### Average Hourly Earnings:

+\$0.06(p) in September 2016

Increase in average hourly earnings.

### Producer Price Index - Final Demand:

0.0%(p) in August 2016

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

### Employment Cost Index (ECI):

+0.6% in 2nd Quarter of 2016

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:

-0.2% in August 2016

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

### U.S. Export Price Index:

+0.8% in August 2016

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 (LAEDC) develops an annual economic forecast and industry outlook for the Southern California region. Below are the Los Angeles County economic indicators and forecasts from the 2016-2017 Economic Forecast and Industry Outlook, as provided by the Keyser Center for Economic Research from the LAEDC.

### Brief Overview of Los Angeles County

Year	Population on July 1 (Thousands)	Nonfarm Employment (Ave. thousands)	Unemployment Rate (Avg.,%)	Total Personal Income (\$Billions)	Total Taxable Sales (\$Billions)
2014	10,123.7	4,226.4	8.3	499.2	147.1
2015	10,192.4	4,321.1	6.9	521.9	151.4
2016*	10,253.5	4,394.5	6.2	545.1	159.8
2017*	10,294.5	4,438.5	5.9	574.0	170.6

Year	Value of Two-Way Trade (\$Billions)	Total Overnight & Day Visitors (Millions)	Housing Unit Permits Issued	Nonresidential Building Permits (\$Millions)	Change in CPI (%)
2014	416.6	44.2	18,707	6,658	1.3
2015	393.4	45.5	22,831	5,464	0.9
2016*	393.7	46.6	26,000	5,967	1.1
2017*	431.7	47.8	29,600	6,431	2.2

### Los Angeles County Nonfarm Employment

Year	Total Nonfarm Employment (Annual Averages in Thousands)	Manufacturing	Retail Trade	Health Care & Social Asst.	Government
2014	4,226.4	364.9	414.5	625.3	556.7
2015	4,321.1	361.6	422.4	647.1	566.7
2016*	4,394.5	358.5	430.4	667.9	569.0
2017*	4,438.5	360.5	432.6	675.9	572.4

\* Indicates a 2016-2017 forecast by the economists at the Keyser Center for Economic Research.



# Major Revenues



# Major Revenues

## Sales Tax

For 2016-Q2, businesses in the City generated \$6.7 million in sales tax revenue, which is an 8.6% increase (\$531,664 increase) from 2015-Q2. Over the past four quarters (2015-Q3 to 2016-Q2), sales tax for the City has averaged \$6.6 million with no decrease in revenue in quarter-per-quarter comparison from the previous year. 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 2012 to 2013, annual sales tax revenue increased from \$22,424,662 to \$22,994,391, resulting in a 3% increase (\$569,729). Sales tax revenue increased again from \$22,994,391 in 2013 to 23,238,546 in 2014 (1% increase or \$244,155). In 2015, sales tax again exceeded the previous year, increasing from \$23,238,546 in 2014 to \$25,704,791 in 2015 (11% increase or \$2,466,245).

The City has experienced an increase in sales tax revenue over the past three years. This may be attributed to the growing local economy, a declining unemployment rate, a low vacancy rate at the Industrial Park and regional commercial centers, and an increase in auto sales at the Cerritos Auto Square.

### Sales Tax Revenue from the Past Four Calendar Years

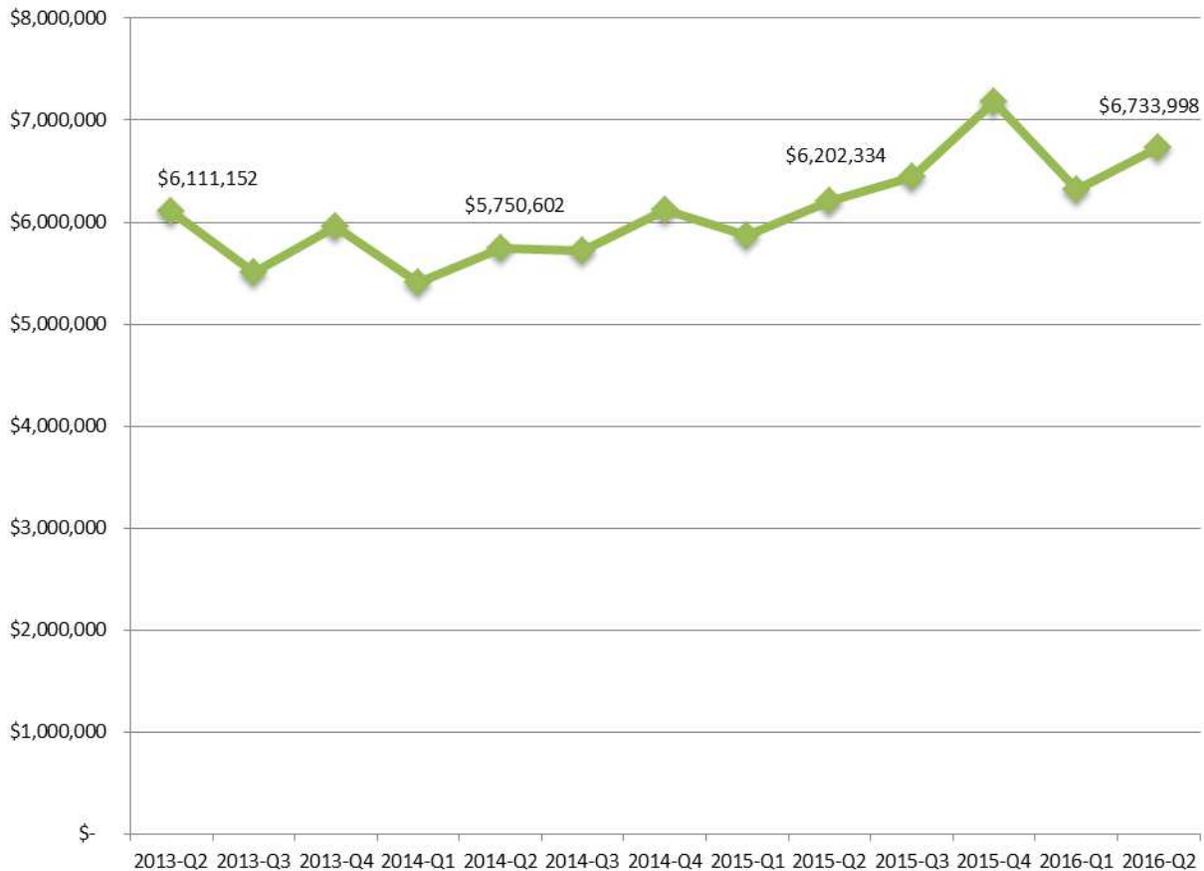
2012	2013	2014	2015
\$22,424,662	\$22,994,391 ↑	23,238,546 ↑	\$25,704,791 ↑

# Major Revenues

## Sales Tax – Second Quarter Analysis

Based on a trend analysis, quarterly sales tax was at \$6.1 million in 2013-Q2, decreased slightly in 2014-Q2 to \$5.7 million and then increased for two straight years to its current level of \$6.7 million in 2016-Q2. The trend line indicates an increase in sales tax revenue in a second quarter-per-quarter comparison starting from 2014-Q2 to 2016-Q2 (reaching a new four year second quarter high with \$6.7 million in 2016-Q2). The continued growth in sales tax revenue can be attributed to renovations and increased shopping activity at the Cerritos Auto Square, the Los Cerritos Center, Plaza 183, and other shopping centers throughout the City. For 2016-Q2, the United States Department of Commerce reported that the United States economy grew by 1.4% (growth domestic product) and Cerritos sales tax growth exceeded this amount in a one year comparison (8% in sales tax growth).

### Second Quarter Trend Analysis



### Second Quarter Analysis

2013-Q2	2014-Q2	2015-Q2	2016-Q2
\$6,111,152	\$5,750,602	\$6,202,334	\$6,733,998

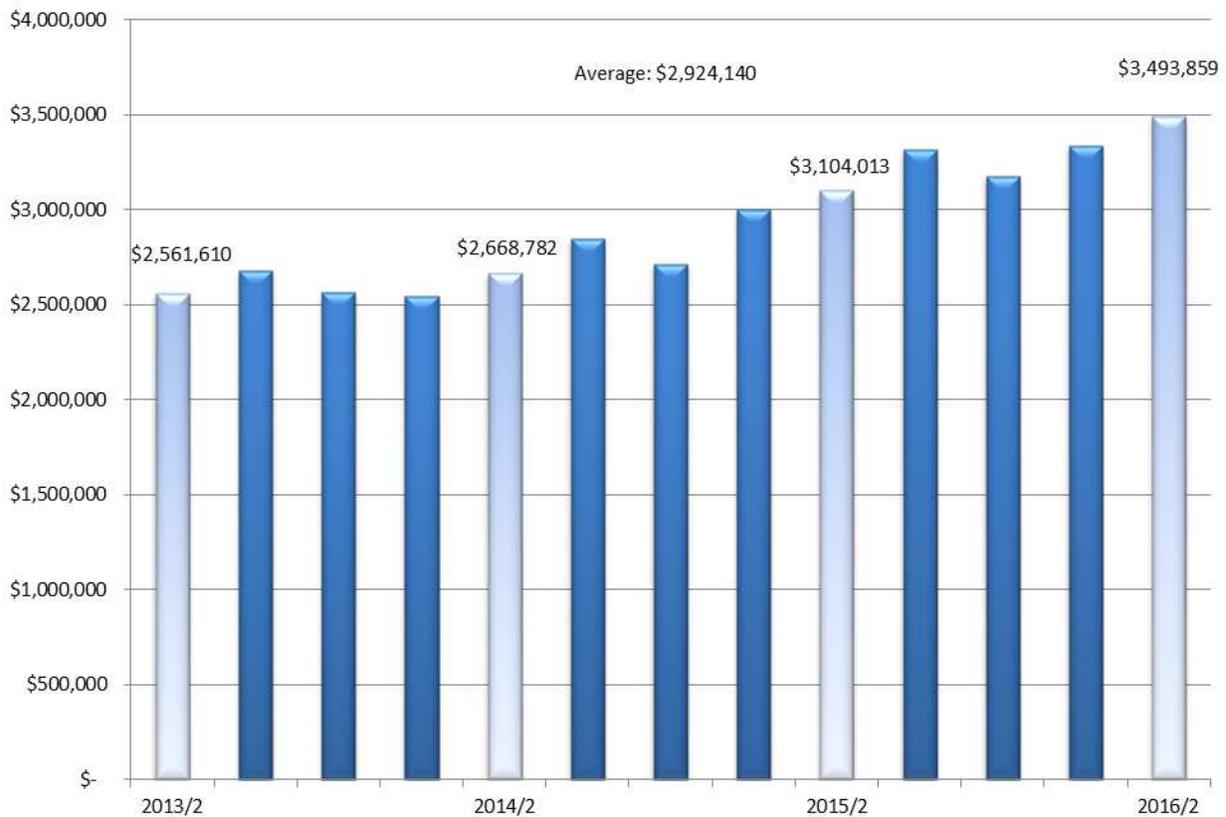
2016-Q2 United States Gross Domestic Product (GDP): 1.4% increase from the previous year  
 2016-Q2 Cerritos Sales Tax: 8% increase from the previous year

# 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 during 2016-Q2 (\$3.4 million). In a quarter-to-quarter comparison, 2016-Q2 (\$3.4 million) increased from 2015-Q2 (\$3.1 million) or an increase of \$389,846 which equates to 12.6%. Additionally, 2016-Q2 was higher than 2014-Q2 (\$2.6 million) and 2013-Q2 (\$2.5 million). This trend analysis indicates an increase in auto sales and a robust local economy. According to the Business Insider website, several automotive manufacturers reported growth from a year ago. For April 2016, Honda reported a 14.4% growth, Nissan report a 12.8% growth, Fiat Chrysler reported a 5.6% growth, Toyota reported a 3.8% growth, and Ford reported a 3.6% growth in automobile sales. The overall national growth in sales (vehicle sales, parts, and servicing of vehicles) during 2016-Q2 may account for the increased sales at the Cerritos Auto Square.

**Cerritos Auto Square**



2013-Q2 to 2016-Q2

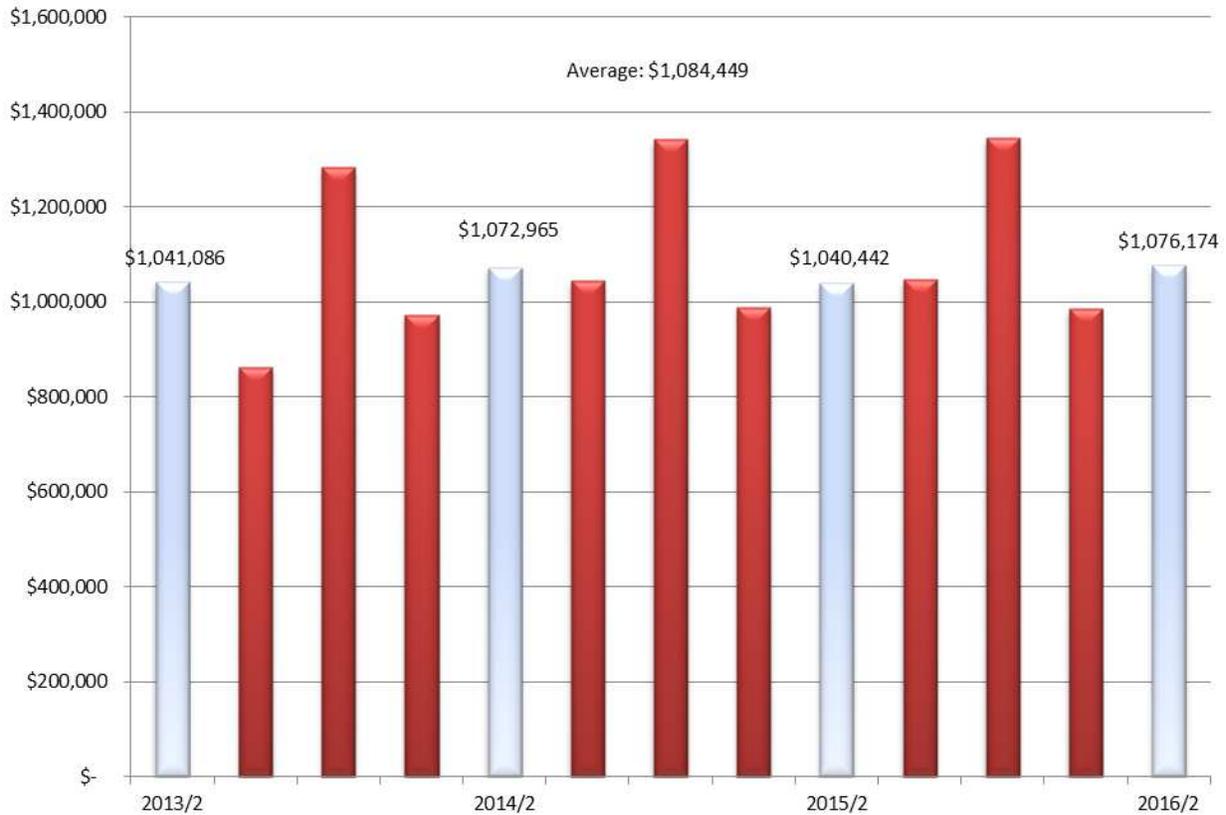
2013-Q2	2014-Q2	2015-Q2	2016-Q2
\$2,561,610	\$2,668,782	\$3,104,013	\$3,493,859

# Major Revenues

## Sales Tax – Los Cerritos Center

In 2016-Q2, the Los Cerritos Center (Center) generated the second highest amount of sales tax revenue for the City’s General Fund at \$1,076,174. Based on the trend analysis, sales tax revenue remained constant at approximately \$1 million over a four year period. Overall, sales tax revenue at the Los Cerritos Center has averaged approximately \$1 million dollars per quarter from 2013-Q2 to 2016-Q2. According to the United States Census Bureau (Census), retail and food services sales increased slightly nationwide by 0.9% in April 2016, 0.3% in May 2016, and 0.8% in June 2016. This nationwide trend in marginal retail sales tax revenue during 2016-Q2 may account for the constant sales tax figures at the Los Cerritos Center. Additionally, according to the Census, E-commerce sales increased by 15.8% in the second quarter and may also account for the constant sales tax revenue at the Center.

**Los Cerritos Center**



2013-Q2 to 2016-Q2

2013-Q2	2014-Q2	2015-Q2	2016-Q2
\$1,041,086	\$1,072,965	\$1,040,442	\$1,076,174

# 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 \$602,341 in 2016-Q2, which is a 14.5% increase from 2015-Q2 (\$525,934). Based on the trend analysis, sales tax revenue at the Cerritos Industrial Park has progressively increased each second quarter from 2013-Q2 to 2016-Q2. Additionally, 2016-Q2, reported the highest amount of sales tax over the past four years, starting in 2013. According to the United States Census Bureau, the manufacturing sector increased nationwide by 0.8% in April 2016, 0.3% in May 2016, and 1.0% in June 2016, which may account for the increased sales tax figures for the Cerritos Industrial Park. The Cerritos Industrial Park is exceeding national averages in terms of productivity and sales for the second quarter of 2016.

**Cerritos Industrial Park**



2013-Q2 to 2016-Q2

2013-Q2	2014-Q2	2015-Q2	2016-Q2
\$385,001	\$468,242	\$525,934	\$602,341

# Major Revenues

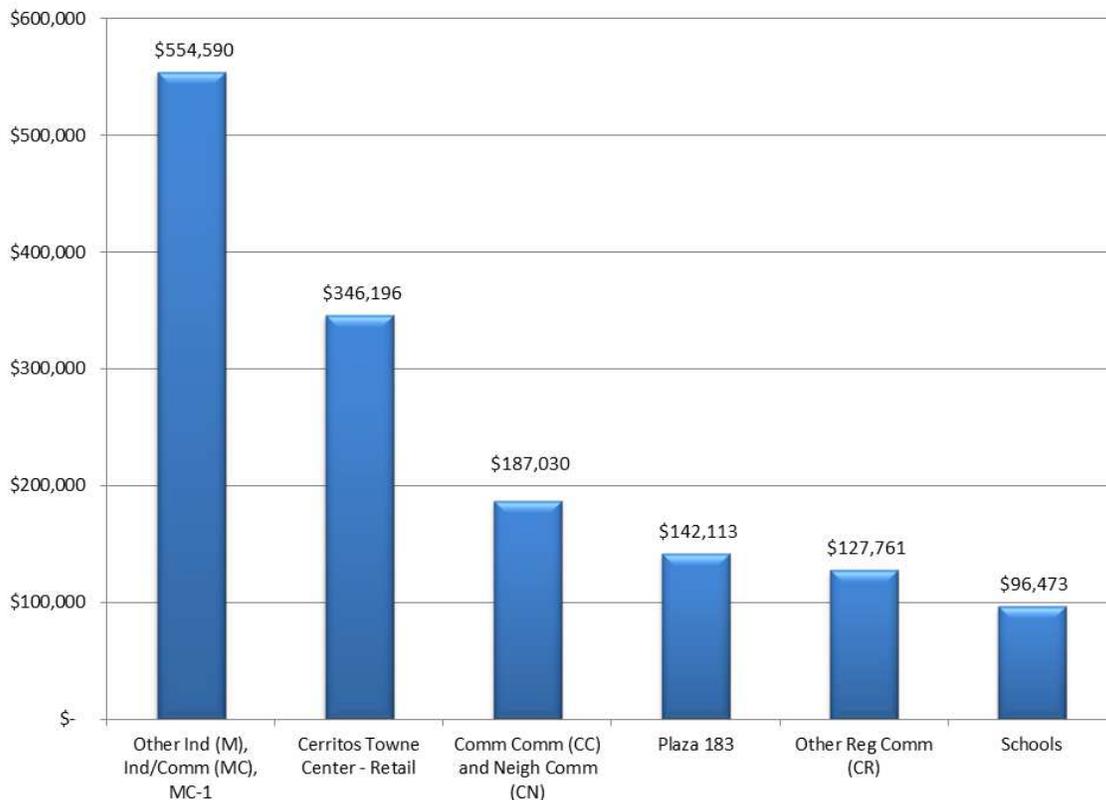
## Other Sectors

As mentioned previously, the majority of Cerritos sales tax is generated by the Cerritos Auto Square, Los Cerritos Center, and the Cerritos Industrial Park. Additionally, there are six other sectors that also contribute towards generating sales tax for the City for 2016-Q2, as shown in the graph provided below.

Of the six sectors, the Other Industrial (M)/Industrial Commercial (MC)/Industrial Commercial One (MC-1) sector generated the greatest amount of sales tax at \$554,590. These sectors include businesses operating in these zones which are not part of the Cerritos Industrial Park. Business in the Industrial Commercial zone may include retail sales, machine shops, wholesaling and warehousing. These businesses are located in the industrial zone along Alondra Boulevard and Carmenita Road (north east section of the City) and businesses located along Valley View Boulevard (eastern section of the City bordering the City of Buena Park and the City of La Mirada).

Plaza 183, the commercial center north of the Los Cerritos Center, also reported an increase in sales tax revenue. Since the completion of the rehabilitation of Plaza 183, sales tax revenue increased from \$130,193 in 2016-Q1 to \$142,113 in 2016-Q2, which equates to a 9% increase.

**Other Sectors**



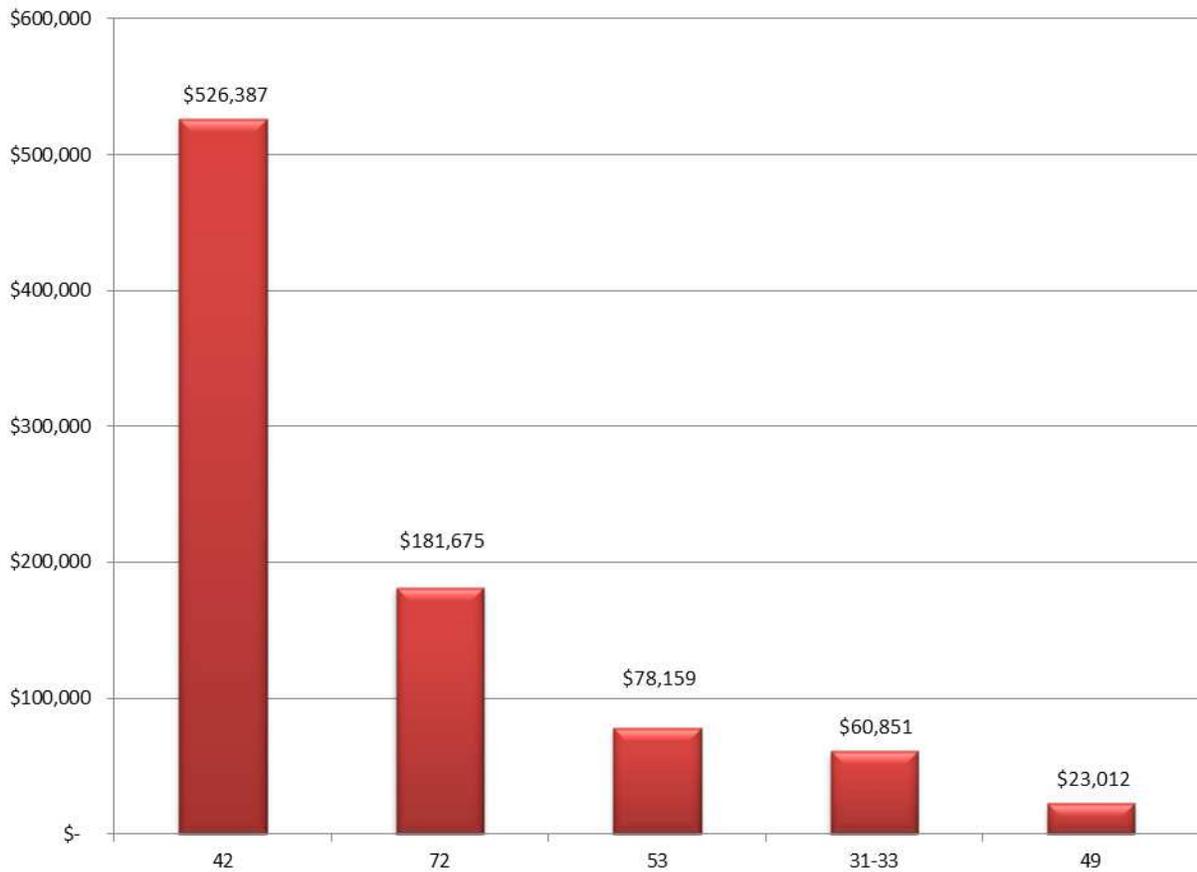
Other Industrial Commercial	Towne Center Retail	Community Commercial and Neighborhood Commercial	Plaza 183	Other Regional Commercial	Schools
\$554,590	\$346,196	\$187,030	\$142,113	\$127,761	\$96,473

# Major Revenues

## Top Five Sectors By NAICS Code

In Cerritos, the Retail Trade NAICS sector generated \$4.4 million in sales tax revenue for 2016-Q2 or 66% of total revenues generated. However, there are other sectors identified by the North American Industry Classification System (NAICS) that generate sales tax for the City. Code 42 (Wholesale Trade) generated the highest sales tax \$526,387. Additionally, Code 72 (Accommodation and Food Services) generated \$181,675, Code 53 (Real Estate Rental and Leasing) generated \$78,159, Code 31-33 (Manufacturing) generated \$60,851, and Code 49 (Transportation and Warehousing) generated \$23,012.

**Top Five Sectors – NAICS Code**



42	72	53	31-33	49
\$526,387	\$181,675	\$78,159	\$60,851	\$23,012

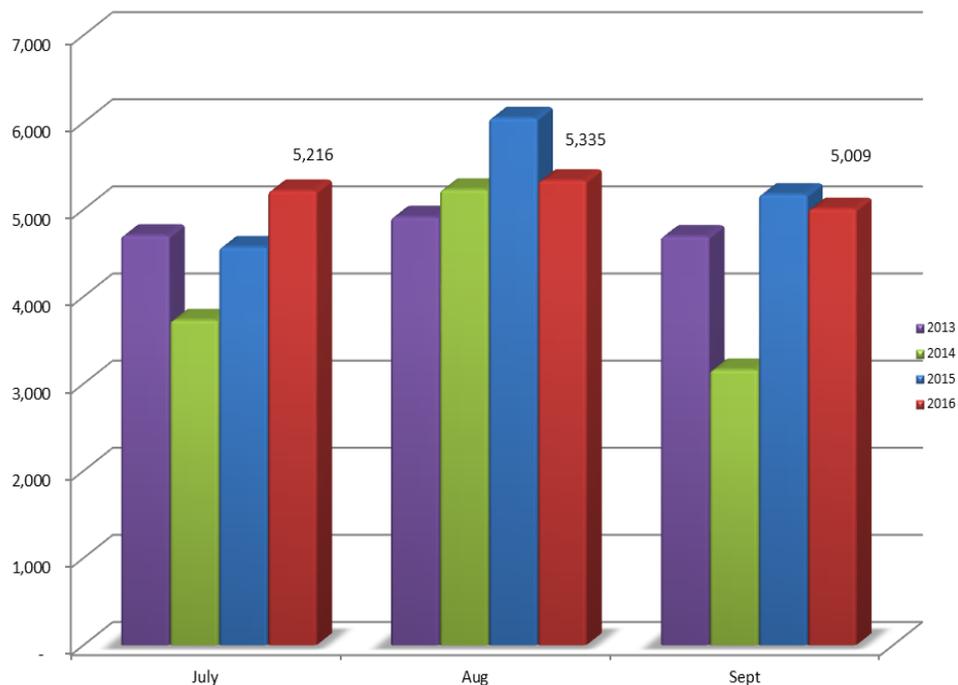
# Major Revenues

## 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 2016-Q3, vehicle sales increased in July 2016 from the previous year. In July 2016, sales increased 14% (648 more automobiles sold from the previous year). Additionally, automobile sales averaged approximately 5,187 vehicles sold per month during the third quarter of 2016, which is a small decrease of only 78 cars from the third quarter of 2015. Nationwide, the automotive industry experienced a decline in sales for September 2016. The Wall Street Journal reported that General Motors sales decreased by 0.6%, Ford Motor Company sales decreased by 8.1%, and Volkswagen sales decreased by 7.8%. Additionally, other automotive manufacturers experienced marginal gains, such as Toyota (1.5% increase), Chrysler (0.2% increase), and Nissan (4.9% increase).

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



**Cars Sold in 2016-Q3**

	July	August	September	Q3 Total
2013-Q3	4,703	4,914	4,693	14,310
2014-Q3	3,731	5,229	3,161	12,121
2015-Q3	4,568	6,051	5,174	15,793
2016-Q3	5,216	5,335	5,009	15,560

2016-Q3 Total: 15,560  
 2015-Q3 Total: 15,793  
 Difference: (-233)

# Major Revenues

## Auto Sales – Annual Totals

The Cerritos Auto Square experienced another significant increase in vehicle sales in 2015 (60,842) over sales in 2014 (54,098). In fact, there was a 13% increase in auto sales from 2014 to 2015 with a total of 6,744 more cars sold. The 2015 calendar year marks a total of six years in a row that total annual sales exceeded sales totals from the previous year (2010, 2011, 2012, 2013, 2014, and 2015).

The Cerritos Auto Dealers Association has been compiling data since 1993 in order to conduct annual sales comparisons. From 1993 to 2015, a total of 1,075,920 cars have been sold, equating to an annual average of 46,779 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 2015 with 60,842 cars sold. All sales data is provided to the City from the Cerritos Auto Dealers Association. Based on 2016 auto sales data thus far, the Cerritos Auto Square is now on track to reach or exceed annual sales from 2015, which reached a high of 60,842 automobiles sold.

At the national level, according to the Detroit Free Press in 2015, General Motors, Toyota, and Ford reported a 5% increase in autos sales from the previous year, which may have contributed to the high number of automobiles sold at the Cerritos Auto Square. Additionally, Honda reported a 3% increase and Nissan reported a 7% increase.

2000	2001	2002	2003	2004	2005
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	39,390
2012	2013	2014	2015		
48,399	52,190	54,098	60,842		

**Trend Analysis – 2000 to 2015**

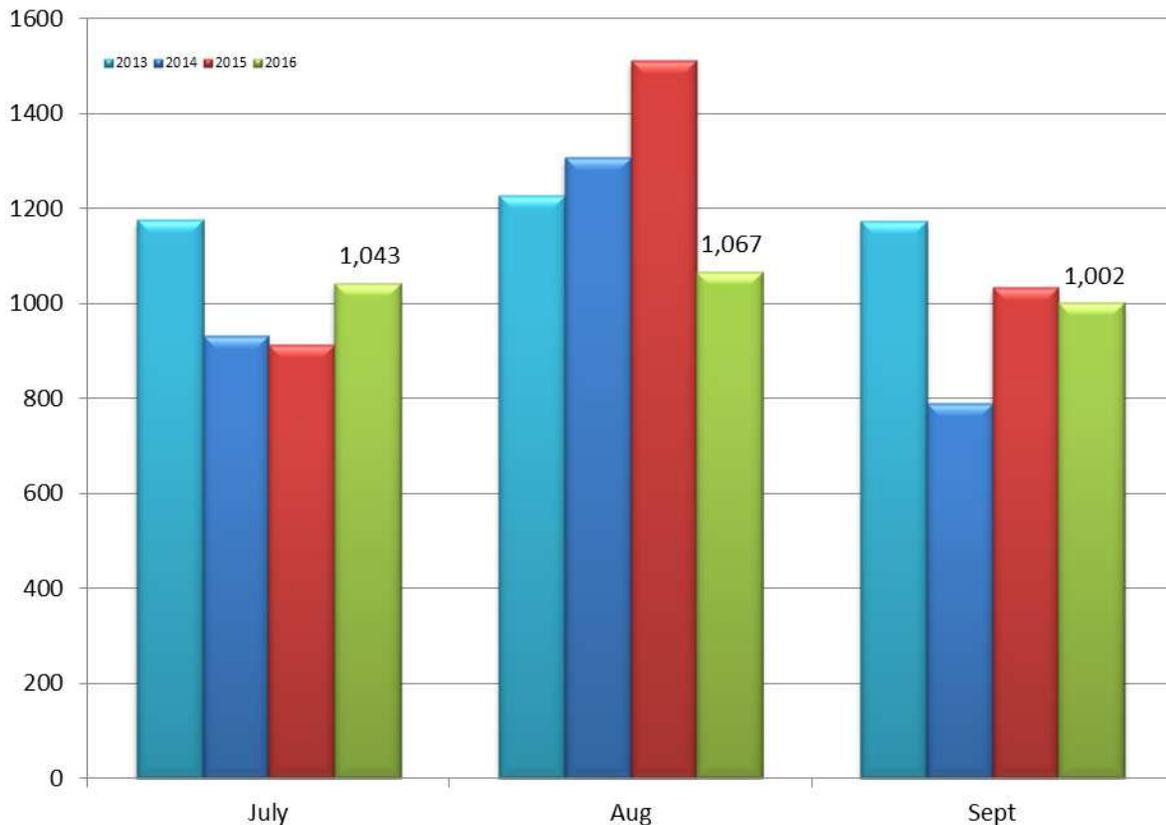


# Major Revenues

## Auto Sales – Weekly Averages

Based on a trend analysis, weekly sales averages for July 2016 exceeded averages for the same months from a year ago. Additionally, weekly averages for July 2016 were higher than weekly averages for July 2015 and July 2014. The weekly average total for 2016-Q3 was 3,112, which was lower than 2016-Q2, however, higher than in 2014-Q3. Please note that in August 2015, there were four weeks of automotive sales and in August 2016, there were five weeks of automotive sales, which potentially lowered the average for August 2016.

**Weekly Averages: 2013-Q3 to 2016-Q3**



**Weekly Averages: 2013-Q3 to 2016-Q3**

	July	August	September	Q3 Total
2013-Q3	1,176	1,229	1,173	<b>3,578</b>
2014-Q3	933	1,307	790	<b>3,030</b>
2015-Q3	914	1,513	1,035	<b>3,461</b>
2016-Q3	1,043	1,067	1,002	<b>3,112</b>

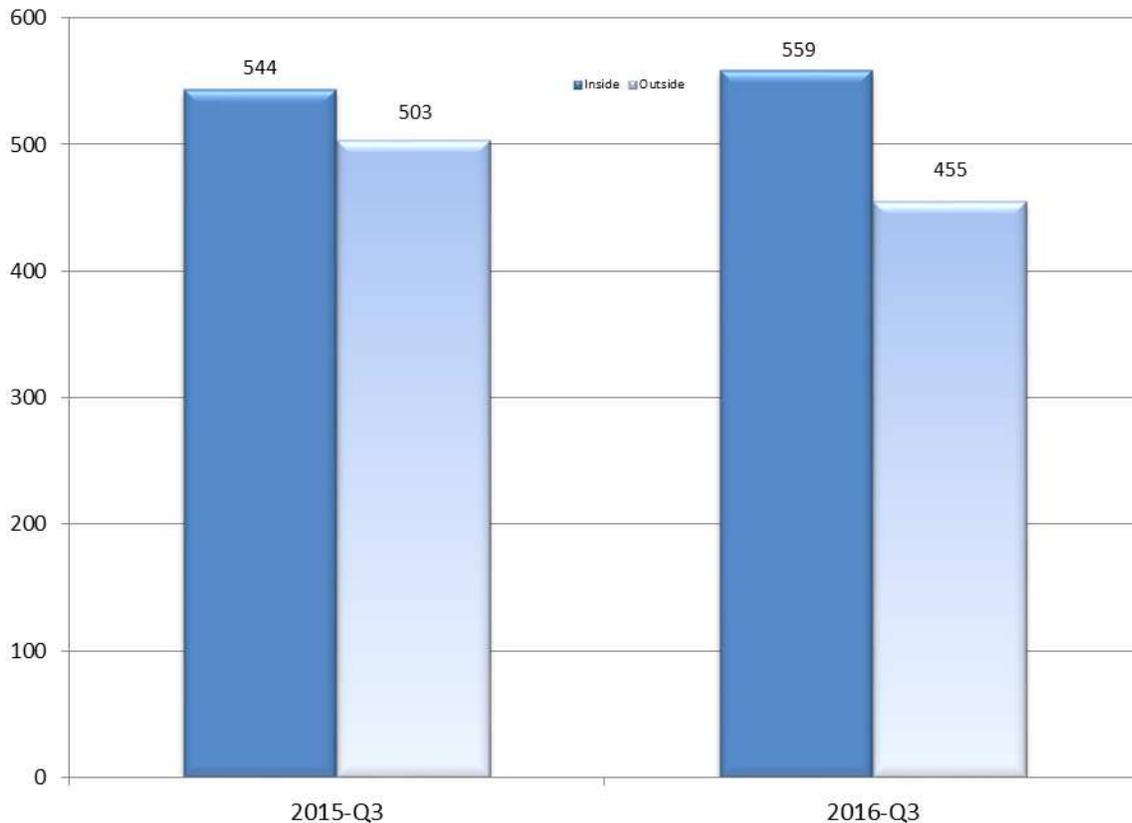
2016-Q3 Total: 3,113  
 2015-Q3 Total: 3,461  
 Difference: (-349)

# Major Revenues

## Business License

The tracking of new and renewed business licenses is one method of forecasting business growth in the City. For 2016-Q3, a total of 1,014 new and renewal business licenses were processed by the City, which is a decrease of 3% from 2015-Q3 (a decrease of 33 new and renewal of business licenses processed). With the issuance of 1,014 new and renewal business licenses issued in 2016-Q3, the City generated \$280,753 in business license fees for the General Fund during this quarter. This decrease may be attributed to outside contractors that work in in the City for short periods of time. Outside business licenses decreased from 503 in 2015-Q3 to 455 in 2016-Q3, which is a decrease of 48 licenses. However, licenses processed inside the City actually increased by a total of 15.

**2016-Q3 New and Renewal of Business Licenses – Located in Cerritos and Located Outside Cerritos**



### 2016-Q3 New and Renewal of Business Licenses

2016-Q3 Total New and Renewal of Business Licenses: 1,014  
2015-Q3 Total New and Renewal of Business Licenses: 1,047  
Difference: (-33)  
2016-Q3 Total Revenue: \$280,753



# Unemployment



# Unemployment

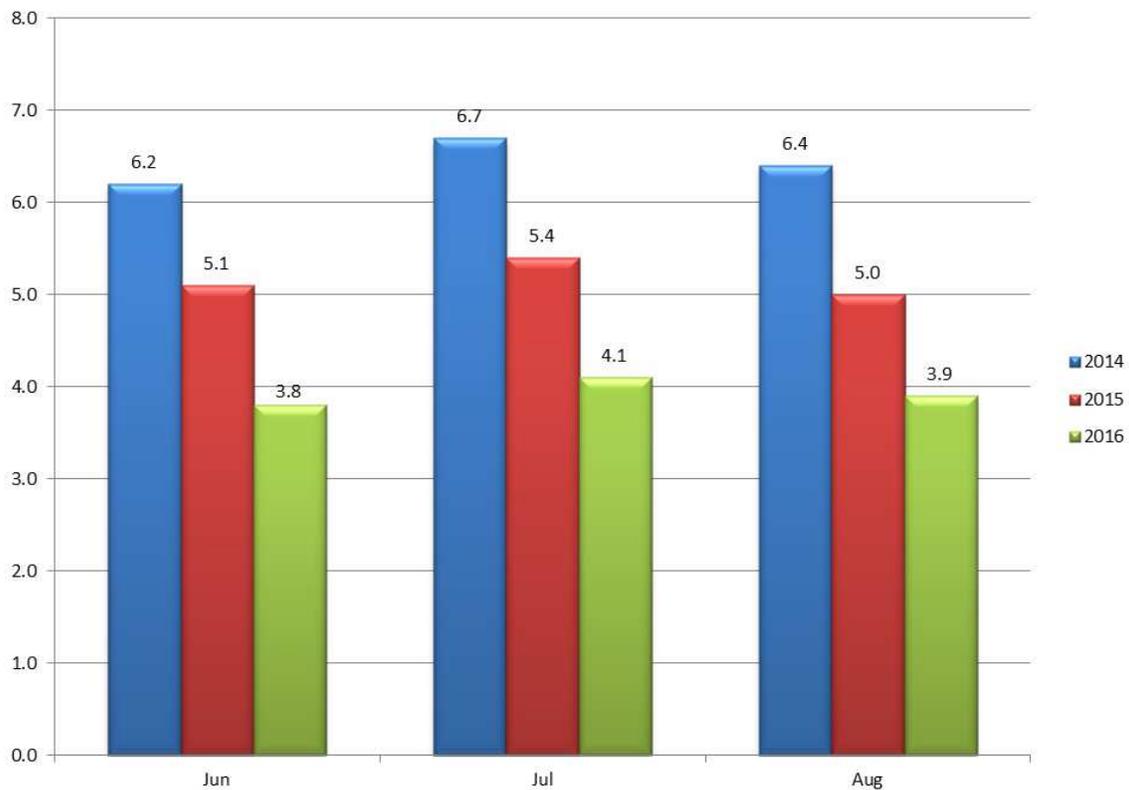
## Current Rate

According to the Federal Bureau of Labor and Statistics, the unemployment rate among Cerritos residents in August 2016 was at approximately 3.9%, which was lower than the previous two years. The unemployment rate for August 2015 was 5% and August 2014 was at 6.4%, which are both significantly higher than August 2016 (3.9%). Additionally, each month during 2016-Q3 experienced a significant decrease 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. New businesses at the Los Cerritos Center and Plaza 183 may have contributed to the hiring of Cerritos residents and helped with the decrease in the unemployment rate. The last time the unemployment rate reached a low comparable to 3.9% was in August 2007 (2.8%). In a 2016 month by month comparison, the unemployment rate was at 3.7% in March 2016, increased marginally in June 2016 (3.8%), and then increased marginally to the current rate of 3.9% in August 2016. However, the unemployment rate remained constant with an average of 3.9% with no significant increase from November 2015 to August 2016.

### Quarterly Unemployment Rate

November 2015	March 2016	June 2016	August 2016*
4.2%	3.7%	3.8%	3.9%

Unemployment Rate – Quarterly Comparison  
2014 to 2016



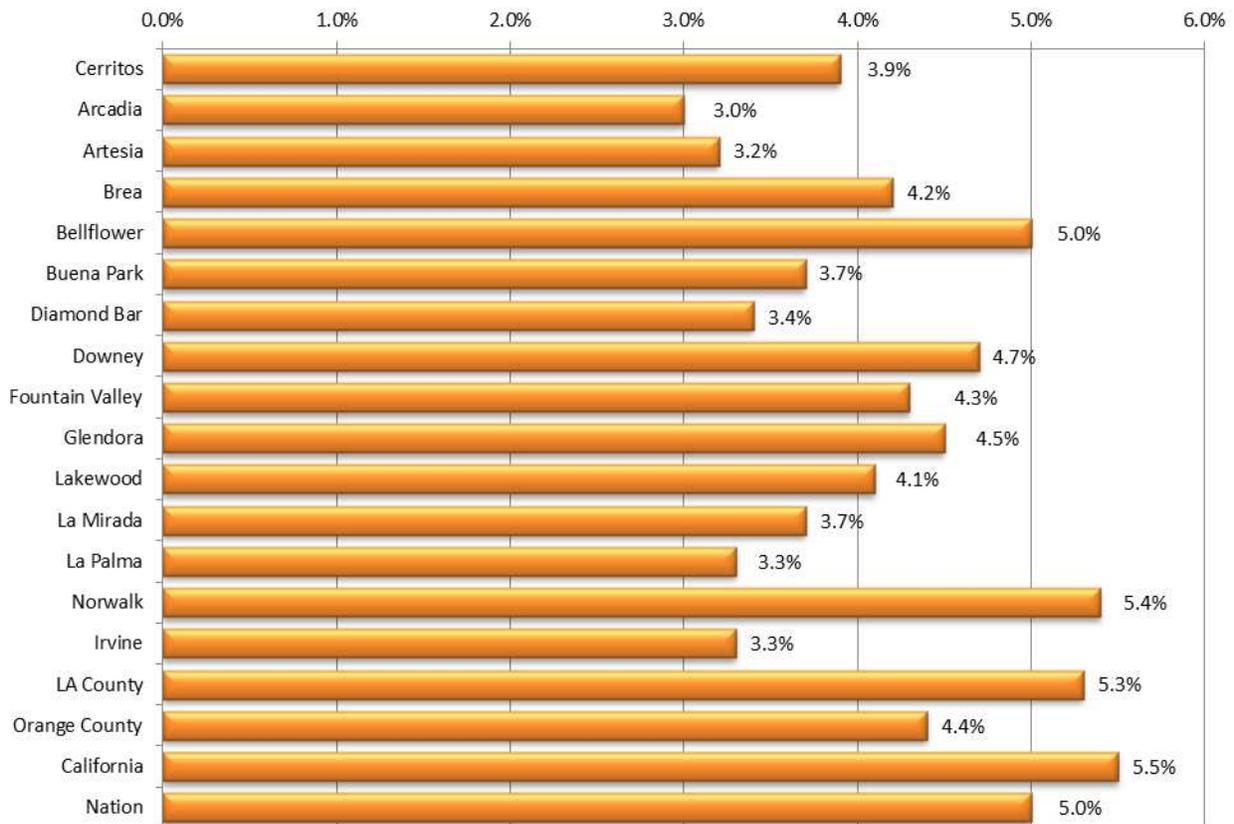
\*Please note that August 2016 numbers are preliminary, based on the State of California Employment Development Department.

# Unemployment

## Surrounding Cities, Comparable Cities, and Counties

According to the California Employment Development Department, the unemployment rate among Cerritos residents in August 2016 was approximately 3.9%, which is lower than adjacent cities, such as Lakewood (4.1%), Downey (4.7%), Bellflower (5.0%), and Norwalk (5.4%). Additionally, the Cerritos unemployment rate was lower than Los Angeles County (5.3%), Orange County (4.4%), and the State of California (5.5%). Cerritos' low unemployment rate of 3.9% is also lower than the national average of 5.0%.

**Unemployment Rate – Surrounding Cities and Comparable Cities  
August 2016\***



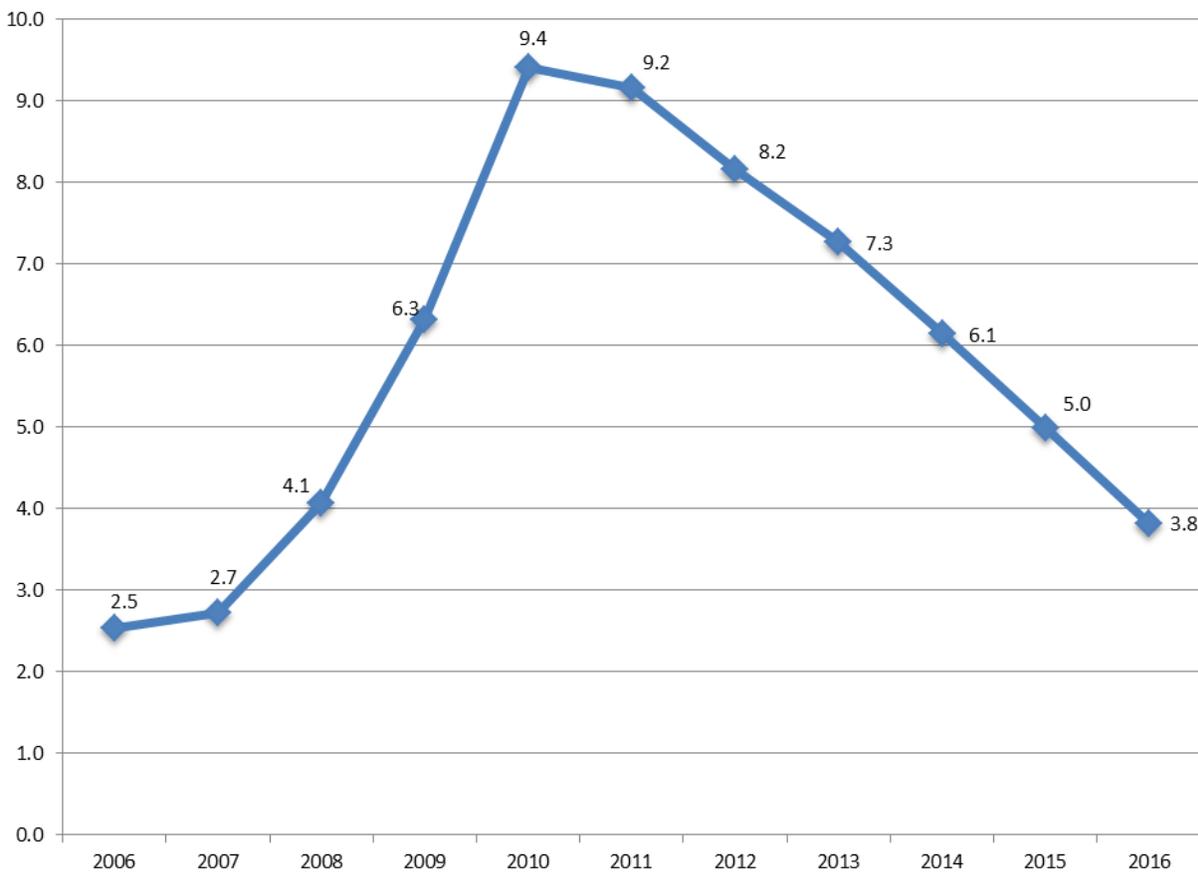
\*Please note that August 2016 numbers are preliminary, based on the State of California Employment Development Department.

# Employment

## Annual Unemployment Rate

In 2010, the City's average unemployment rate reached a high of 9.4% during the Great Recession and has continued to decrease six straight years. Currently, the average unemployment rate for 2016 is 3.8% (January 2016 to August 2016), which is lower than 2015, which was at 5.0%. This decrease may be attributed to the increased business activity at the Los Cerritos Center and Plaza 183, which had a low retail vacancy rate (2% for 2016-Q3). The low vacancy rate indicates more persons are employed in Cerritos, which reduced the unemployment rate. Additionally, the overall vacancy rate for 2016-Q3, was at a low rate of 2%, which may also contribute to the low unemployment rate.

**Average Annual Unemployment Rate**



**Average Annual Unemployment Rate**

2011	2012	2013	2014	2015	2016
9.2%	8.2%	7.3%	6.1%	5.0%	3.8%*

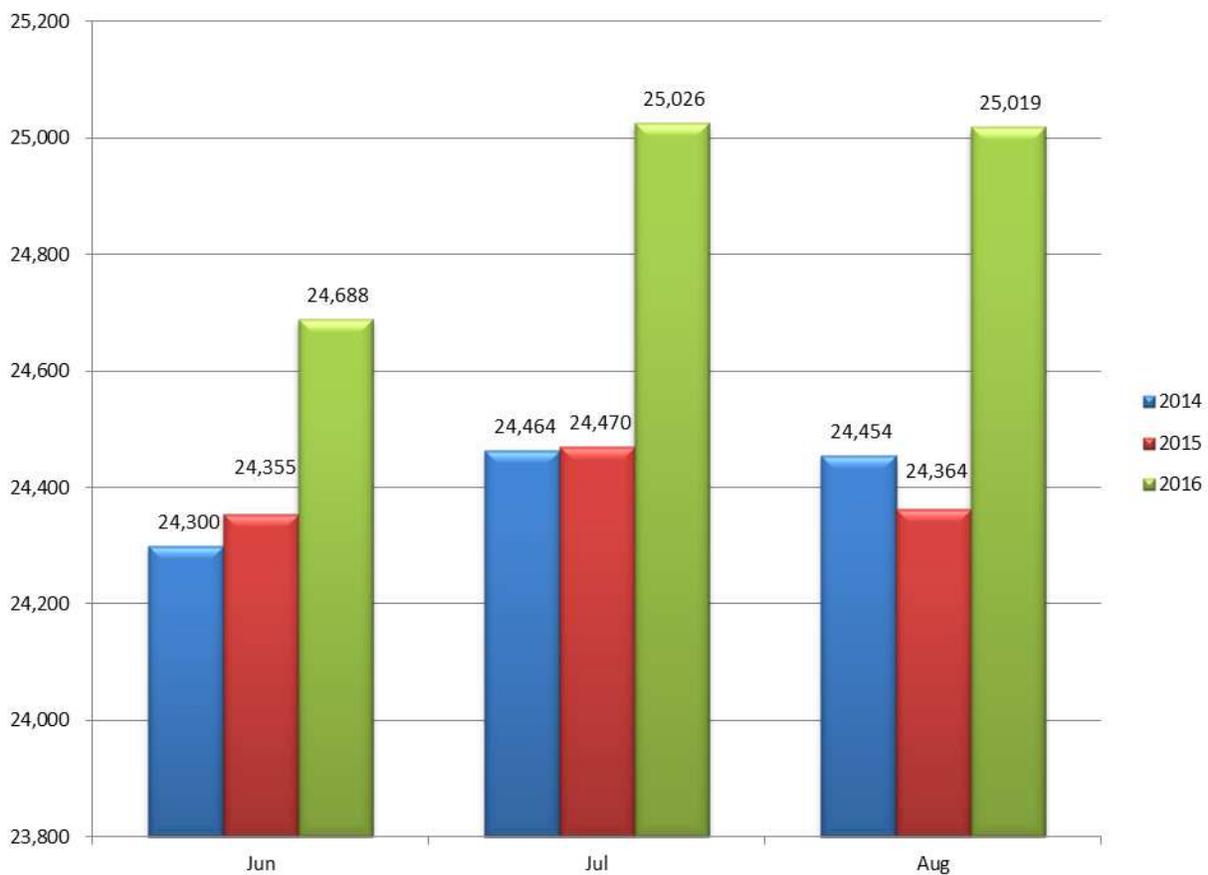
\*The 3.8% unemployment rate is an average from January 2016 to August 2016.

# 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 25,019 persons in the local workforce during August 2016, an increase of 655 persons from August 2015 (24,364). Based on a trend analysis, the labor force in the City has remained consistent at approximately 24,000 persons from 2014 to 2015, and then increased to 25,026 in July 2016 and 25,019 in August 2016. The increase of more persons in the labor force may be attributed to more persons employed in Cerritos with new developments completed and the low overall vacancy rate.

**Labor Force – Cerritos**



**Annual Average Cerritos Labor Force**

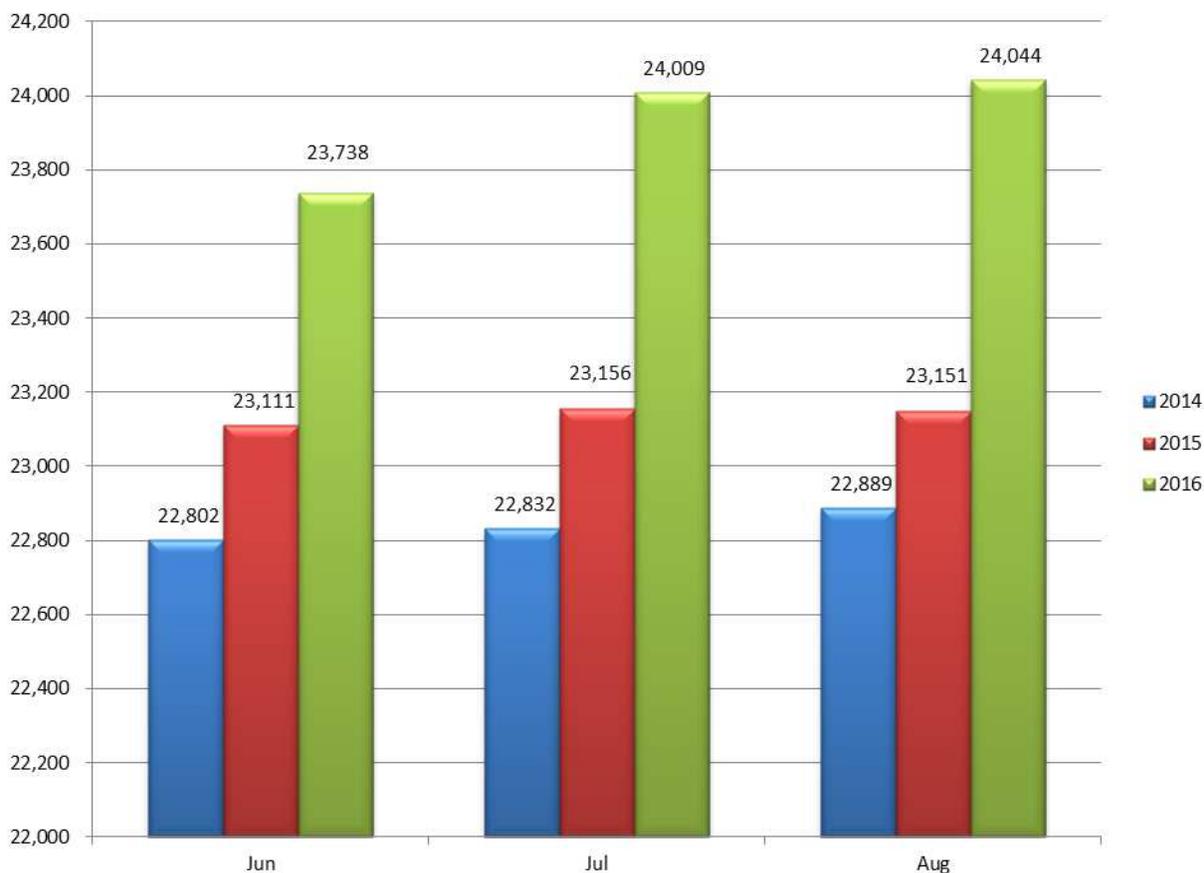
2011	2012	2013	2014	2015
23,885	23,845	24,187	24,502	24,441

# Employment

## Employment in Cerritos

In August 2016, there were 24,044 jobs within the City that employ both Cerritos residents and individuals that reside outside of Cerritos. Based on a third quarter trend analysis, employment increased from June 2016 (23,738 persons) through August 2016 (24,044 persons). Based on a three year trend analysis, employment from August 2014 to August 2016, increased by 1,155 persons, which amounts to a 5% increase over a three-year period. Based on the data for the third quarter, employment for July 2016 (24,009) and August (24,044) exceeded annual averages for 2015, which was reported at 23,224. Based on this data, employment numbers for 2016 may exceed the 2015 average of 23,224 employed persons and 2014, in which 22,996 persons were employed.

**Employment – Cerritos**



**Annual Average Employment in Cerritos**

2011	2012	2013	2014	2015
21,684	21,896	22,422	22,996	23,224

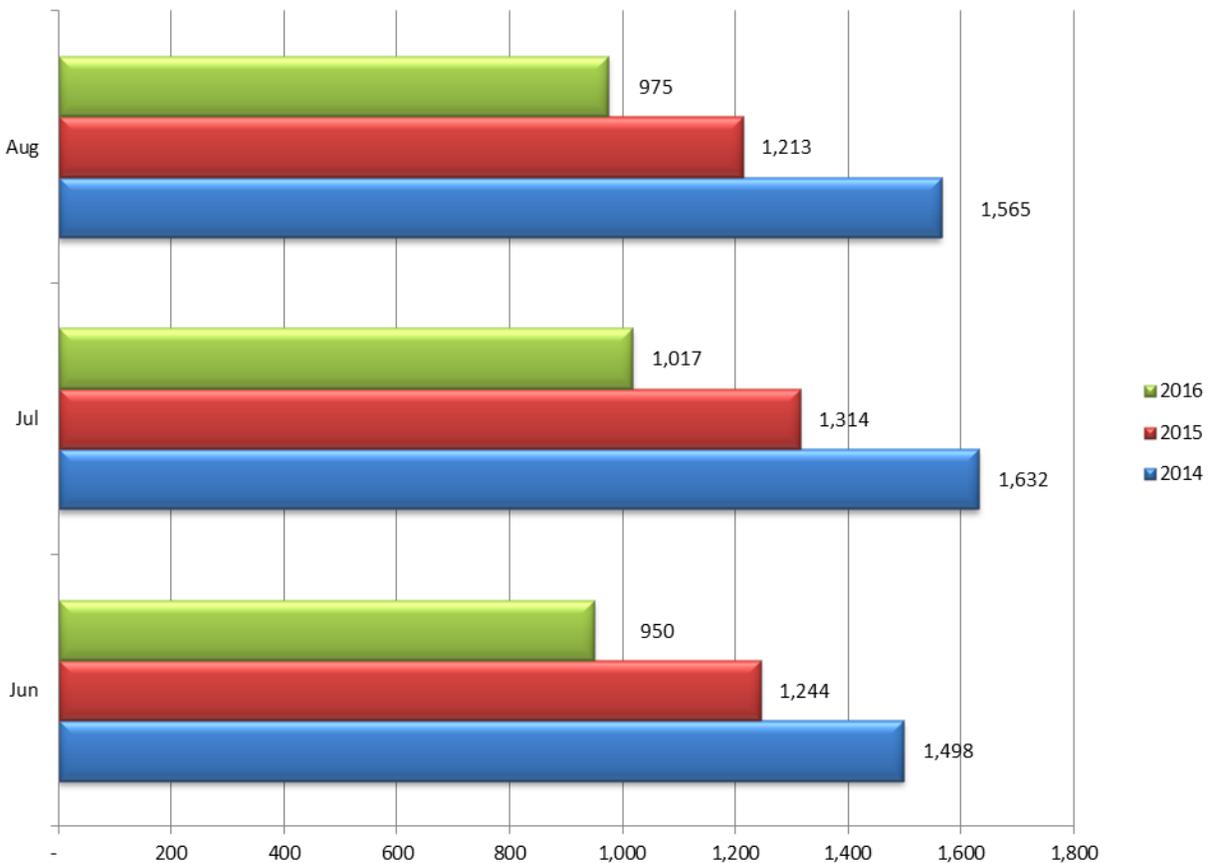
# Unemployment

## 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 2016, there are currently 975 (3.9%) individuals unemployed in Cerritos, which is a decrease from 1,213 persons from August 2015 and a decrease of 1,565 persons from August 2014.

From 2011 through 2015, the average annual number of persons unemployed in the City of Cerritos has continued to decrease, to its low in 2016 (975 unemployed persons). This continued decrease in the number of unemployed persons in Cerritos is a positive indicator that the local economy is growing. Based on the available data for the third quarter, the unemployment rate is on track to be lower than the unemployment rate for each year beginning 2011 through 2015.

**Unemployment – Cerritos**

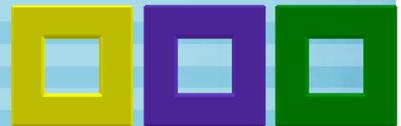


**Annual Average Unemployed in Cerritos**

2011	2012	2013	2014	2015
2,200	1,949	1,766	1,506	1,217



# Commercial Real Estate

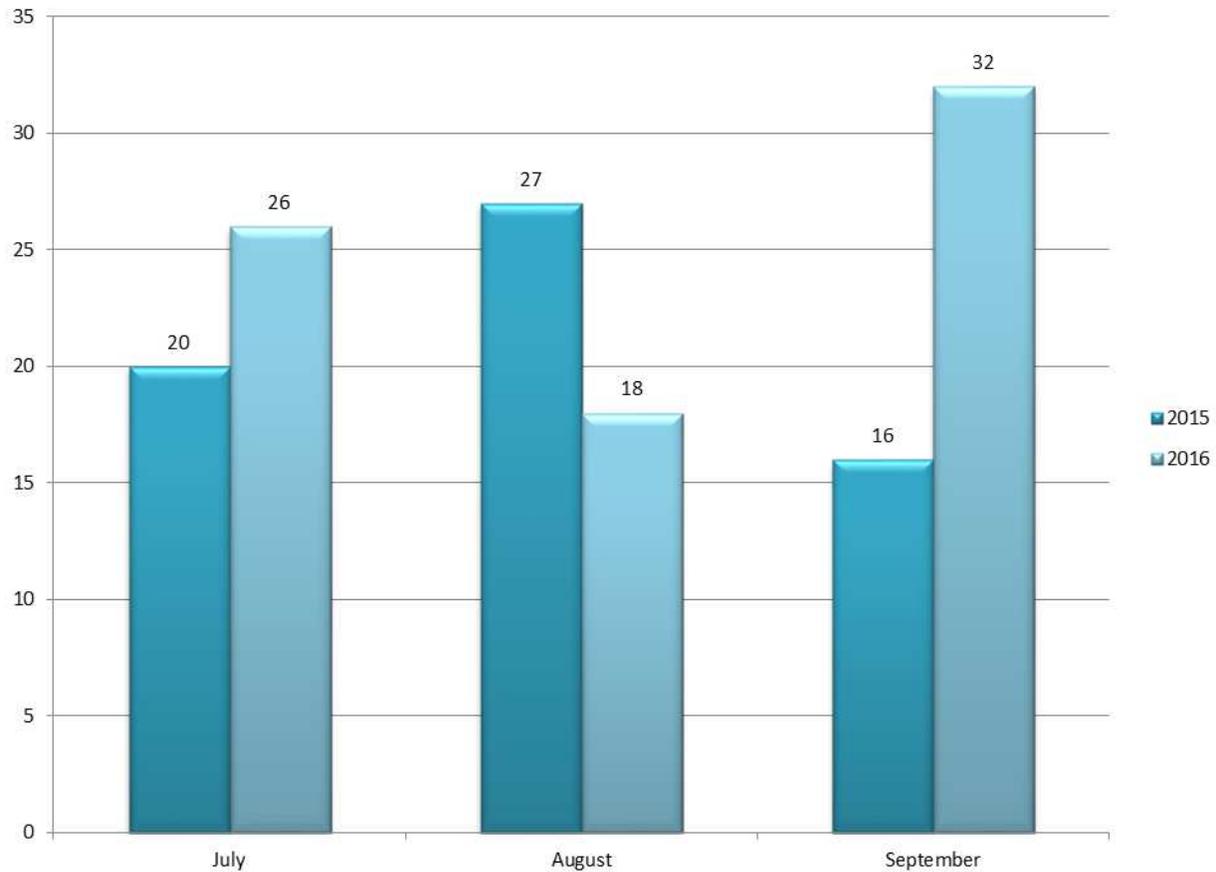


# Commercial Real Estate

## 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 2016-Q3, a total of 76 CO's were processed, which is an increase of 13 CO's from the previous year. September 2016 experienced a high of 32 CO's during a one month period.

**Certificates of Occupancy for 2016-Q3**



**Certificate of Occupancy – 2016**

Jan	Feb	Mar	Apr	May	June
15	16	35	26	11	17
July	Aug	Sept	Oct	Nov	Dec
26	18	32			

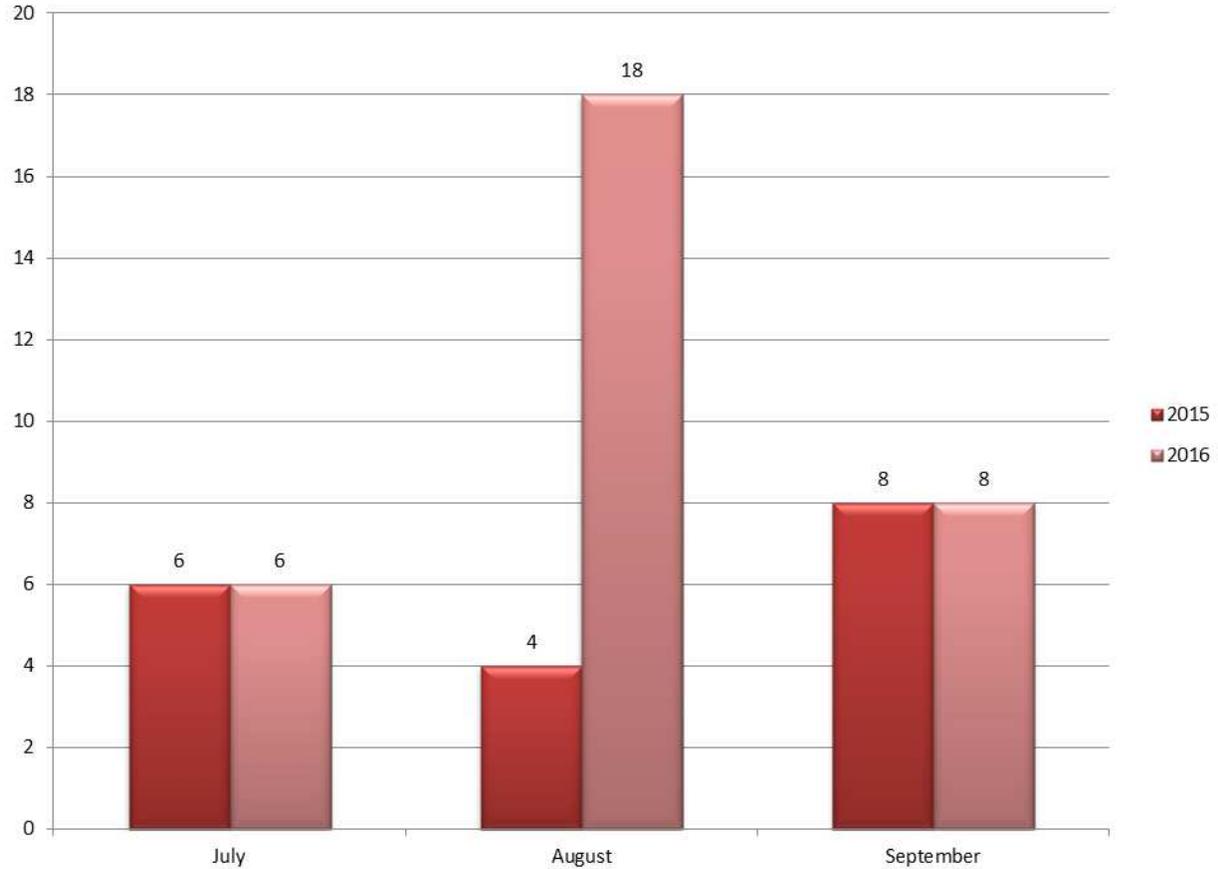
2016-Q3: 76  
 2015-Q3: 63  
 Difference: 13

# 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 or renovating to meet their needs. A total of 32 TI's were processed in 2016-Q3, which is an increase of 14 TI permits from 2015-Q3. August 2016 experienced the most amount of fluctuation from the previous year with a high of 18 TI's issued.

**Tenant Improvements for 2016-Q3**



**Tenant Improvements – 2016**

Jan	Feb	Mar	Apr	May	June
9	7	12	4	10	2
July	Aug	Sept	Oct	Nov	Dec
6	18	8			

2016-Q3: 32  
 2015-Q3: 18  
 Difference: 14

# Commercial Real Estate

## Total Vacancy in Cerritos

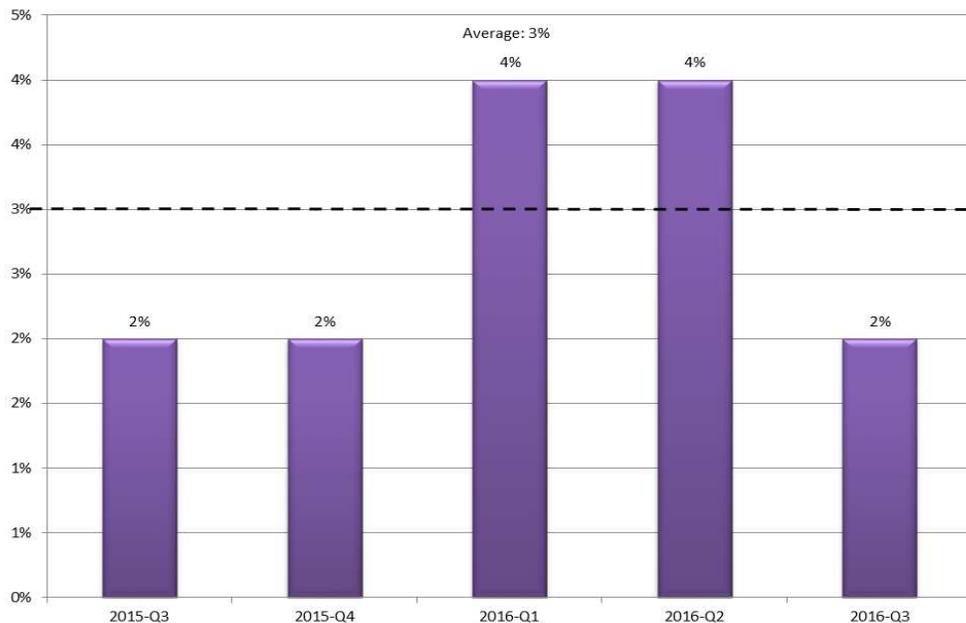
The City of Cerritos currently has a low vacancy rate when compared to the overall total available space for industrial, office, and retail uses. Currently, there is approximately 240,478 square feet of vacant industrial space, which equates to 2% of the total available citywide industrial space (15,088,117 square feet). Additionally, the City has approximately 103,798 square feet of vacant office space (7% of the total office space in Cerritos) and approximately 93,482 square feet of available retail space (2% of the total retail space in Cerritos). This equates to a total of 437,758 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	240,478	2%
Office	1,422,575	103,798	7%
Retail	4,685,788	93,482	2%
<b>Total</b>	<b>21,196,480</b>	<b>437,758</b>	<b>2%</b>

In a quarter-by-quarter comparison, the City's total available and vacant space in Cerritos has remained relatively low. In 2015-Q3, the total vacancy rate was at 2%, which increased to 4% in 2016-Q1 and 2016-Q2, and then declined to the current rate of 2%. Over a five quarter trend analysis, the average vacancy rate for the City was at 3%. The current low vacancy rate is a positive indicator for the local economy.

### Total Cerritos Vacancy Rates



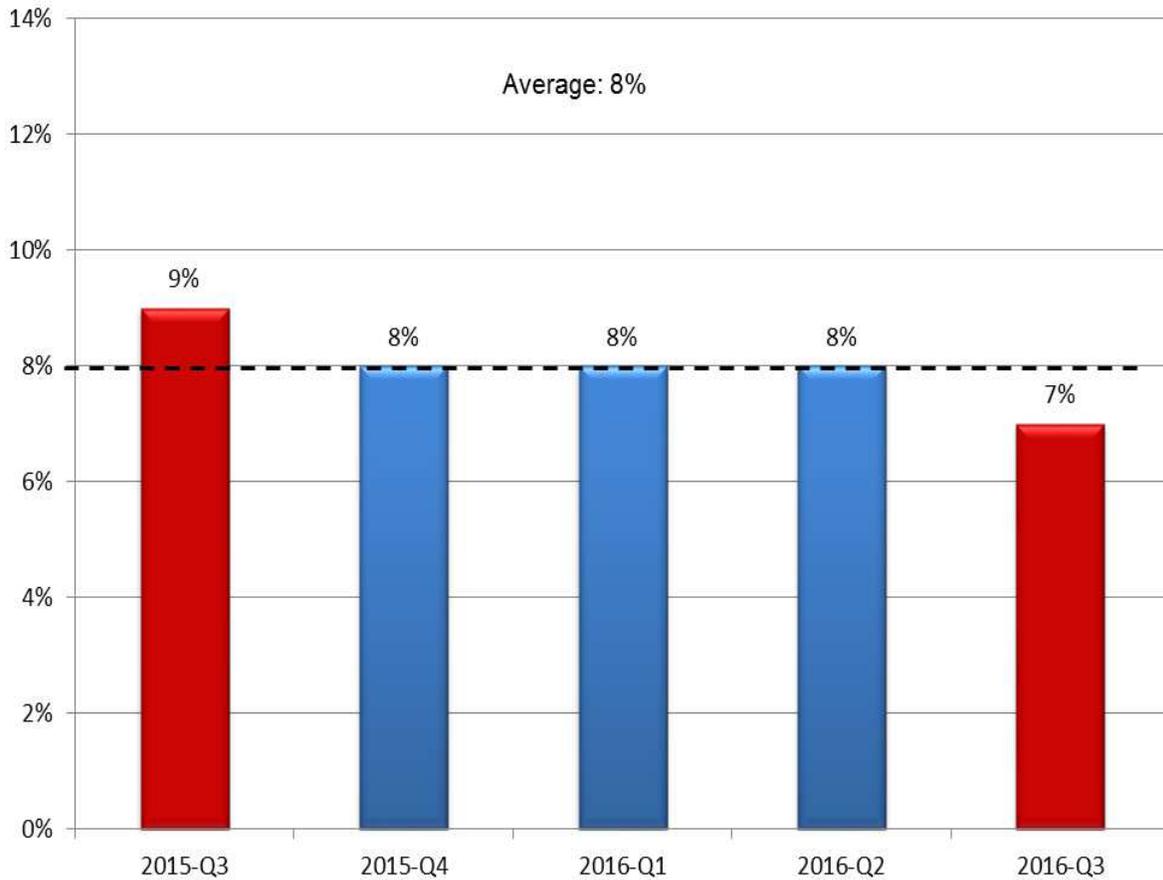
2015-Q3	2015-Q4	2016-Q1	2016-Q2	2016-Q3
2%	2%	4%	4%	2%

# Commercial Real Estate

## Office Vacancy Rates

In 2016-Q3, the Cerritos office market vacancy rate was at 7%, which is a decrease of 9% from 2015-Q3. The decrease in the office vacancy from 2015-Q3 to 2016-Q3 may be attributed to a decrease in the number of available office spaces for lease in the City. Based on available data, Loop.net reported 40 office spaces available in 2016-Q3 (103,798 square feet), compared to 62 spaces available in 2015-Q3 (132,831 square feet), which accounts for the 2% decrease. Over the past five quarters, the City's office vacancy rate averaged approximately 8%.

**Cerritos Office Vacancy Rates**



# Commercial Real Estate

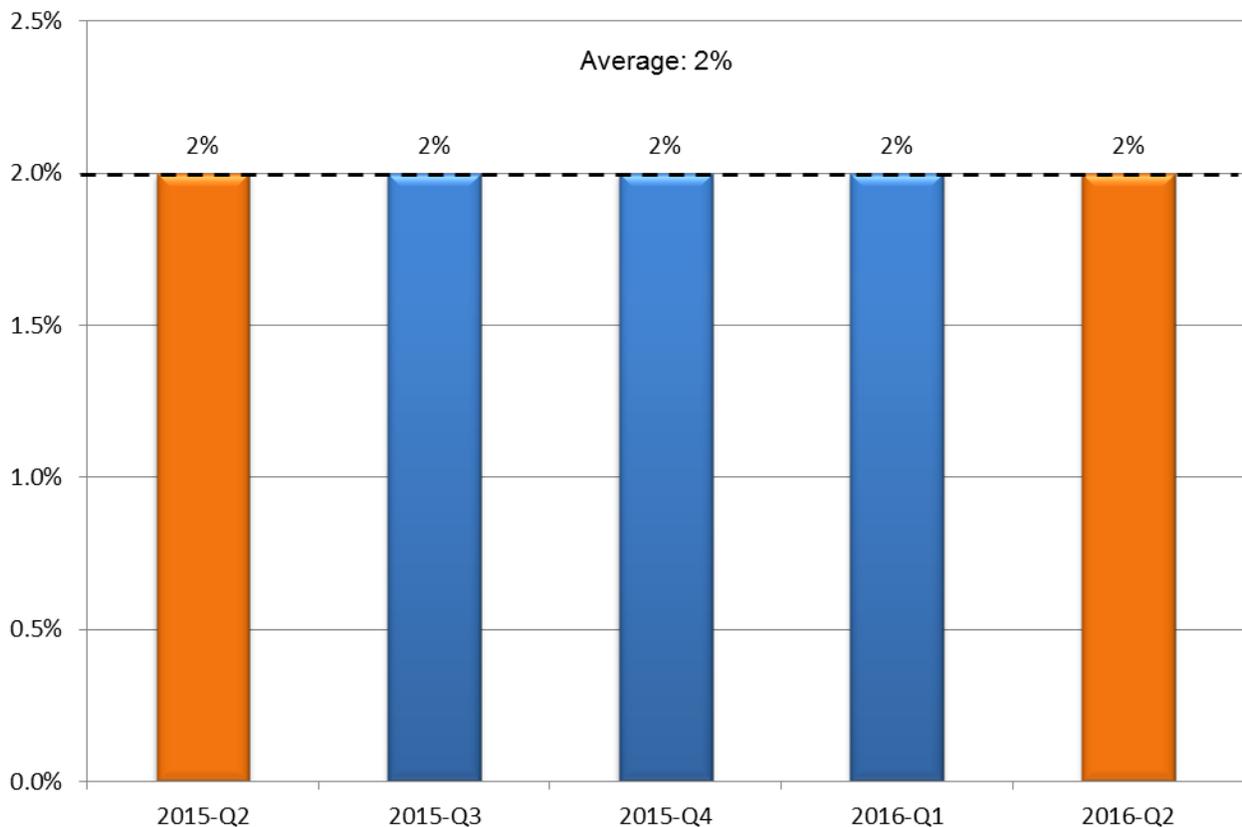
## Retail Vacancy Rates

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% (93,482 square feet) for 2016-Q3, which is the same as 2015-Q3. 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 located along 18rd Street, just north of the Los Cerritos Center. With the City's shopping centers almost at full vacancy, the Cerritos retail vacancy rate should remain at 2% for the next several quarters.

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**

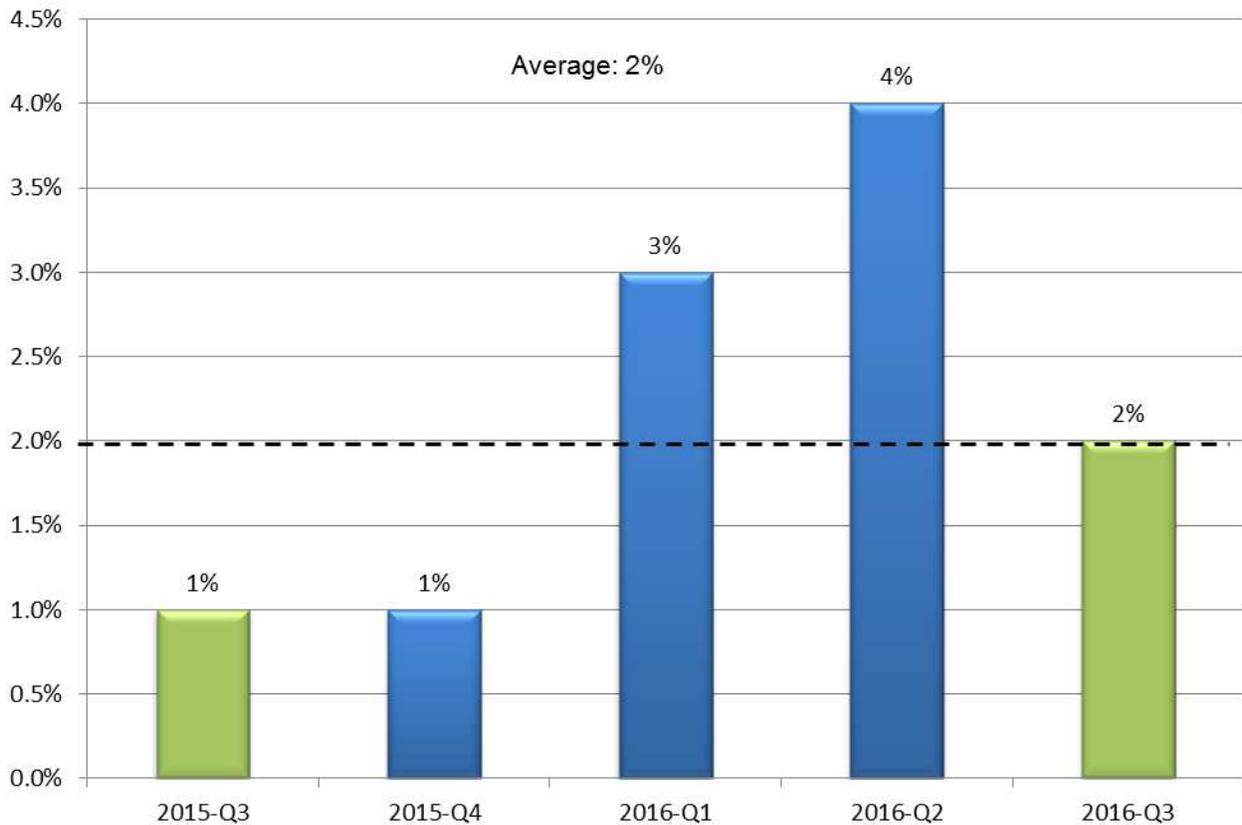


# Commercial Real Estate

## 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 2% for 2016-Q3, which is an increase of 1% from 2015-Q3 (1%). Based on a trend analysis, the industrial vacancy rate has remained constant at 1% from 2015-Q3 to 2015-Q4, increased in 2016-Q1 to 3%, and then increased again in 2016-Q2 to 4%. However, the City vacancy rate decreased from 4% in 2016-Q2 to 2% in 2016-Q3. Loop.net is reporting that in 2016-Q3, 17 buildings (240,478 square feet) were listed for lease or sale and in 2015-Q3, 9 buildings (154,107 square feet), were listed for lease or sale.

**Cerritos Industrial Vacancy Rates**



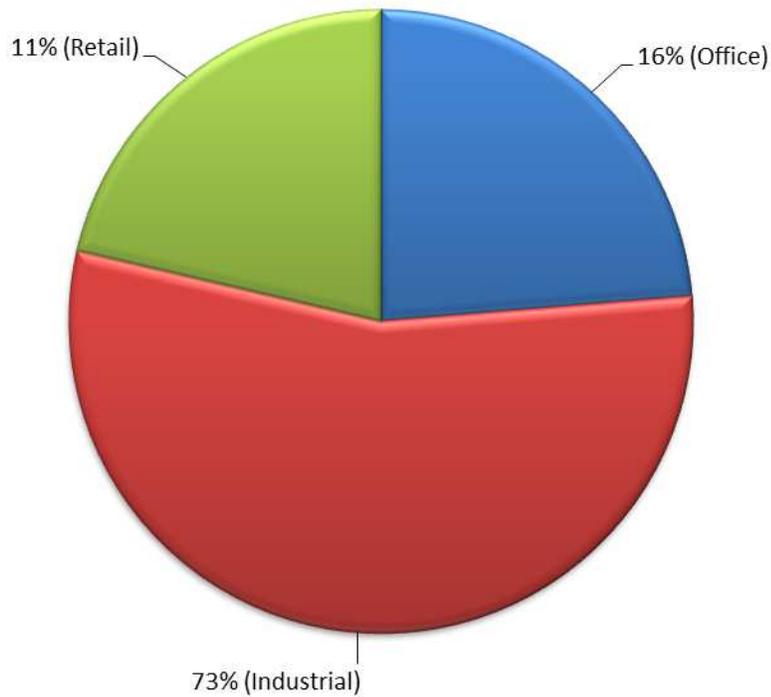
*(Note: Industrial vacant space in Cerritos includes a greater proportion of warehousing and distribution businesses, which require large facilities. Therefore, a single vacancy may contribute a large amount of square footage to the overall vacancy rate. Industrial vacancy rates are calculated using 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

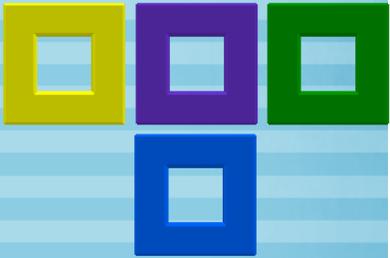
In Cerritos during 2016-Q3, there is approximately 437,758 square feet of total vacant space, which amounts to 2% of the total available space in the City. Of the total available space, 73% (240,478 square feet) is available for industrial use, 16% (103,798 square feet) is available for office use, and 11% (93,482 square feet) is available for retail use.

**Vacancies By Use**





# Housing

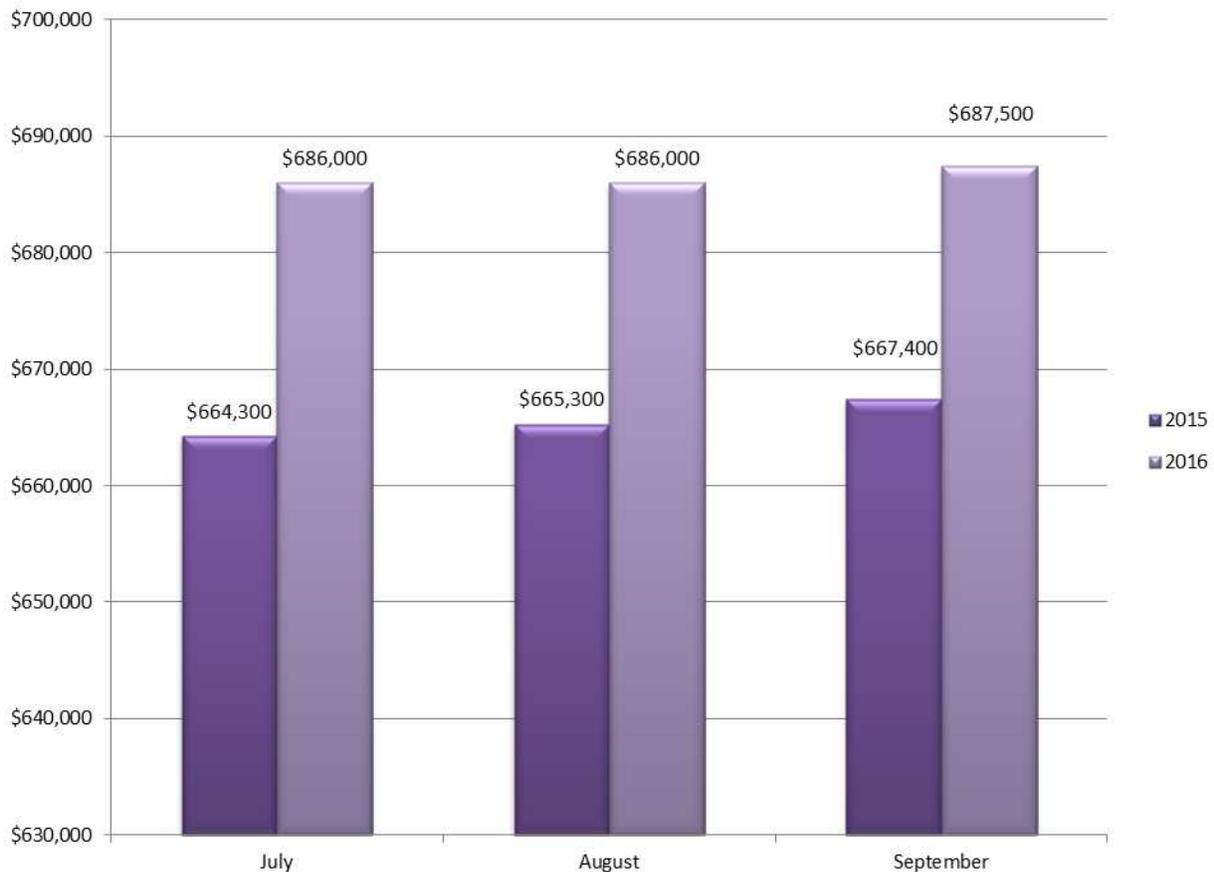


# Housing

## Single-Family Residential

For 2016-Q3, the average median home sales price in Cerritos was \$686,500. Housing prices in Cerritos increased significantly each month during 2016-Q3, when compared to 2015-Q3 sales prices. For example, housing prices increased in July 2016 by 3.3%, August 2016 increased by 3.1%, and September 2016 increased by 3% from a year ago. This three month increase in single-family home sales prices in Cerritos is a positive sign of the local economy.

**Single-Family Residential Home Sales Price in Cerritos - 2016-Q3**  
**Third Quarter Average: \$686,500**



**Single-Family Home Sale Prices – County Comparison for September 2016**

Cerritos	Los Angeles County	Orange County
\$687,500	\$555,000	\$705,000

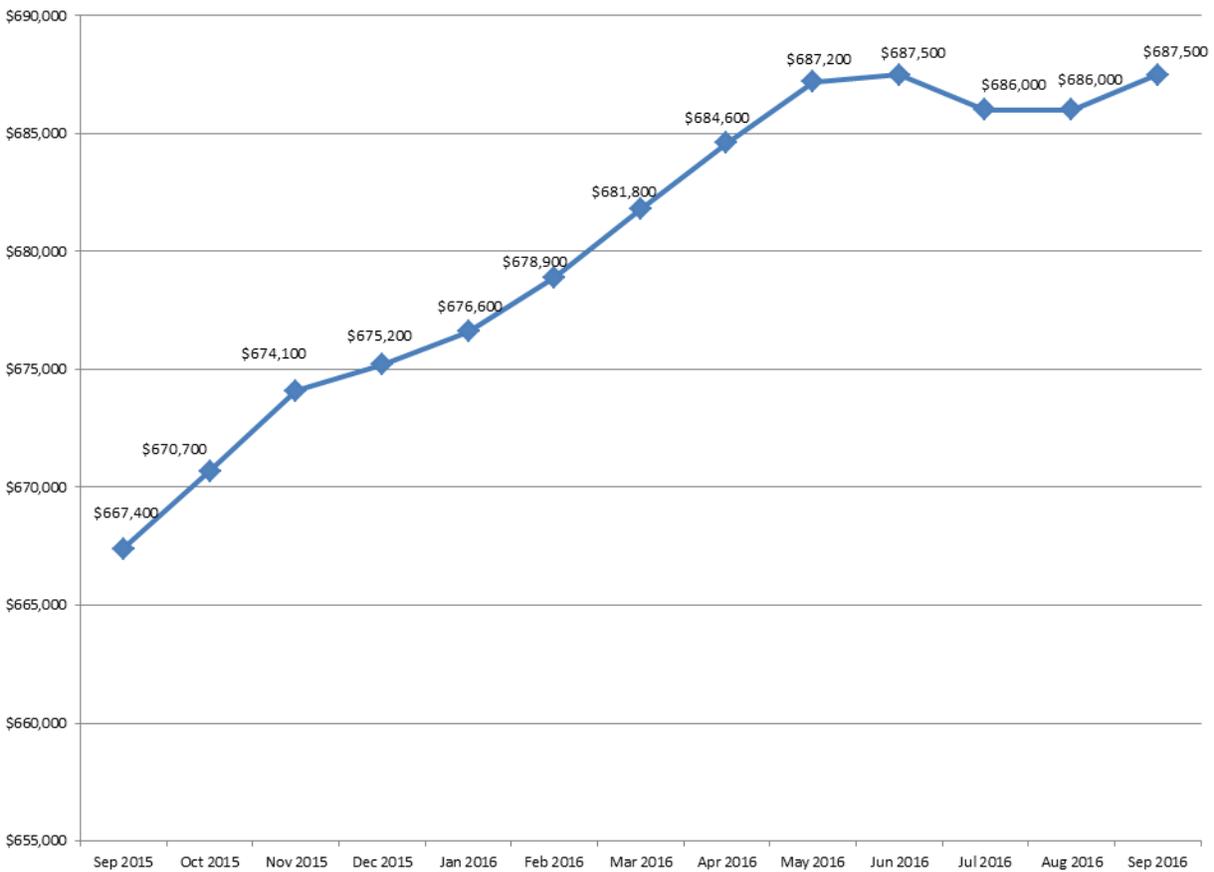
For September 2016, Cerritos had an average single-family sales price of \$687,500, which was higher than Los Angeles County (\$555,000); however, just slightly lower than Orange County (\$705,000). This higher sales price in Cerritos indicates that housing is in great demand in the City.

# Housing

## Single-Family Residential – One Year Trend Line

Based on a one year trend line analysis from September 2015 to September 2016, the average sales price for a single-family residential home in Cerritos was \$680,269 (one year period). According to the data provided by Zillow.com, housing prices increased each month from September 2015 through June 2016, remained constant in July 2016 and August 2016, and then increased once again in September 2016. Additionally, for September 2016, a three bedroom house had a median sale price of \$644,600 and a four bedroom house had a median sale price of \$712,700.

**One Year Housing Sale Price Trend Line – September 2015 to September 2016**



**Average Single-Family Home Sale Prices – Three Bedrooms and Four Bedrooms for September 2016**

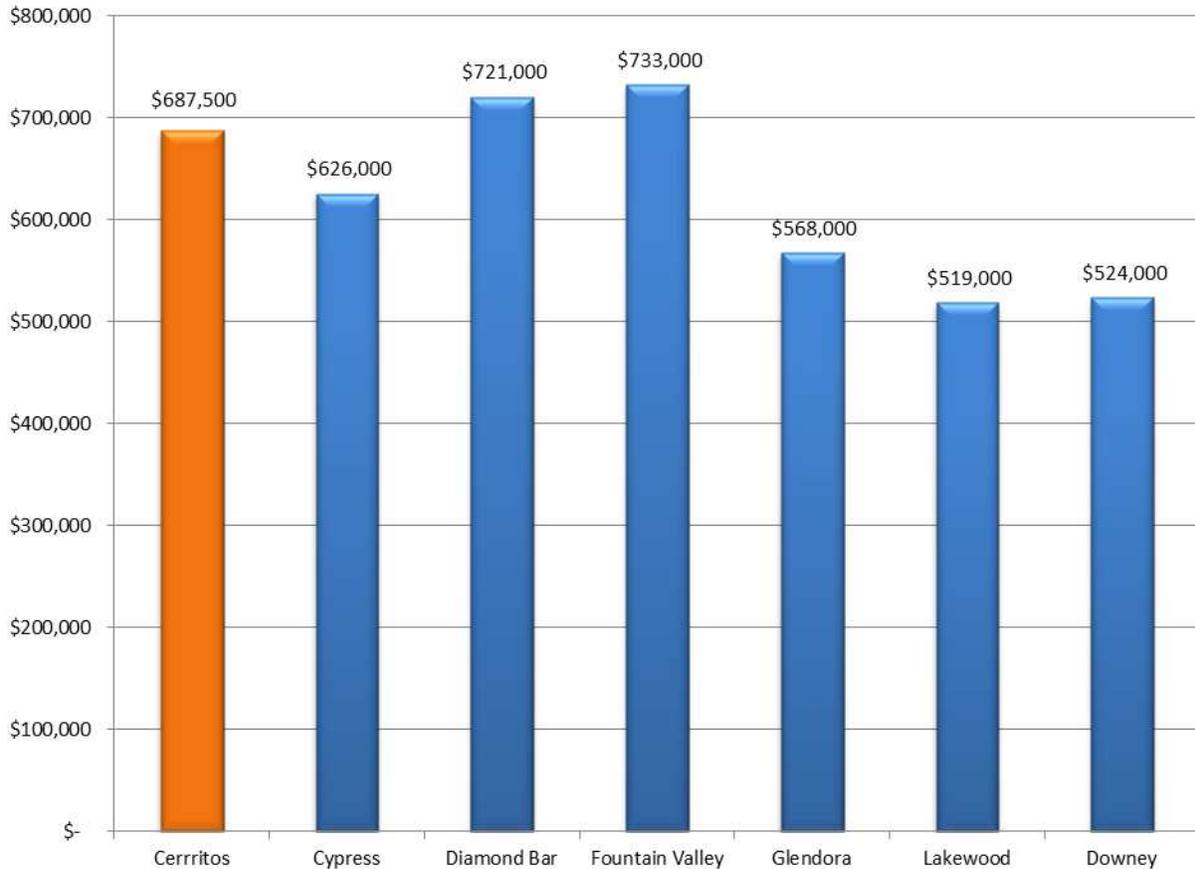
Cerritos - Total	Cerritos - Three Bedrooms	Cerritos - Four Bedrooms
\$687,500	\$644,600	\$712,700

# Housing

## Single-Family Residential – Regional Comparison

In a regional comparison, Cerritos' property values have maintained their value and are higher than all surrounding cities and regionally comparable cities. In a sample of September 2016 home sales prices, Cerritos' average home sales price was \$687,500, which was higher than each of the four other comparable cities, including Cypress, Glendora, Lakewood, and Downey.

**Regional Comparison – September 2016**

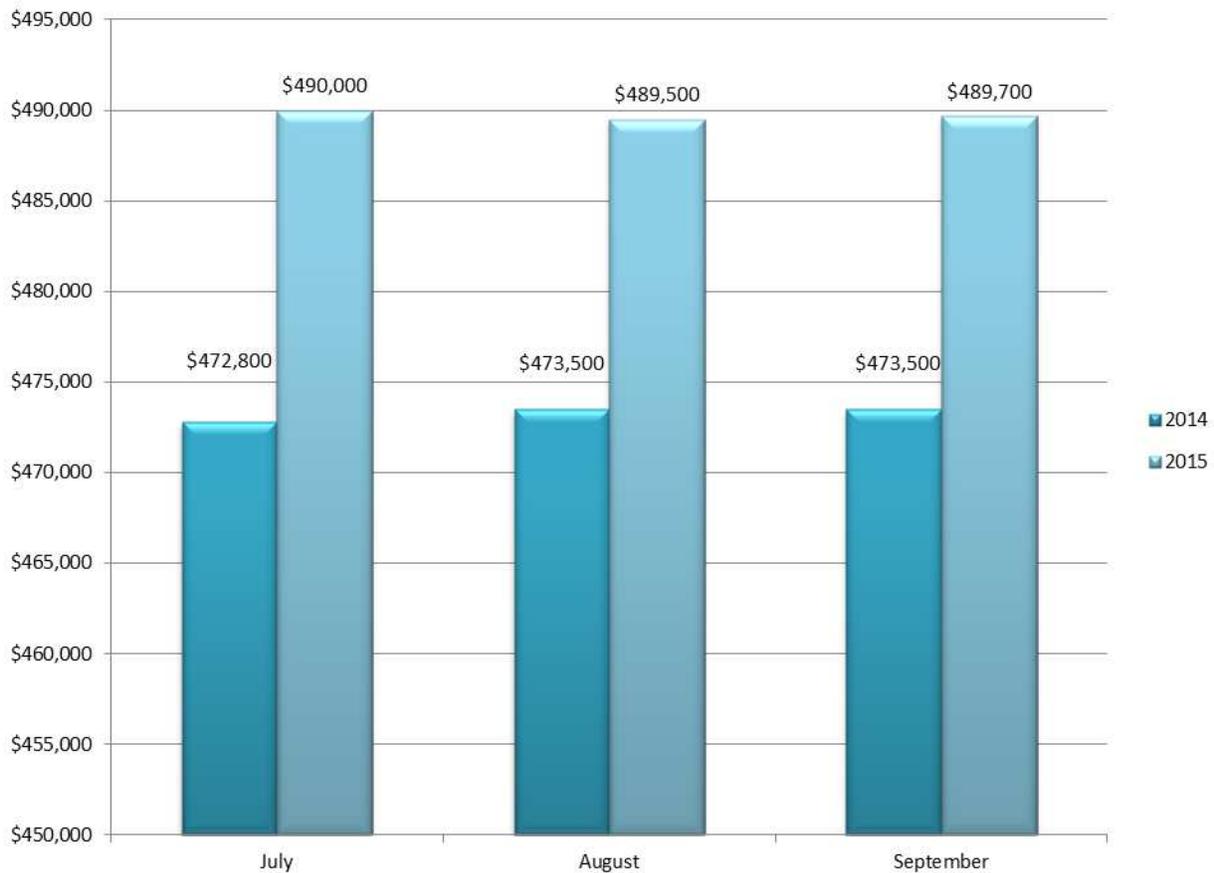


# Housing

## Multi-Family Residential - Condominiums

Condominiums have a niche in housing between renting and owning single-family homes. For 2016-Q3, the average median condominium home sales price in Cerritos was \$489,733. Condominium sale prices in Cerritos increased in July 2016 by 3.6%, in August 2016 by 3.4%, and in September 2016 by 3.4% from the previous year. In a regional comparison for September 2016, Cerritos (\$489,700) average median condominium home sales price was higher in comparison to Los Angeles County (\$461,000) and Orange County (\$454,000).

**Condominium Home Sales Price in Cerritos - 2016-Q3**  
**Third Quarter Average: \$489,733**



**Condominium Home Sale Prices – County Comparison for September 2016**

Cerritos	Los Angeles County	Orange County
\$489,700	\$461,000	\$454,000

# Data Sources

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## **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