

Quarterly Market Trend Analysis for Economic Development in Cerritos

City of Cerritos Economic Profile Spring 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



Mark Pulido
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:

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):

+0.1% in March 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:

5.0% in March 2016

Current unemployment rate for the United States.

Payroll Employment:

+215,000(p) in March 2016

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

Average Hourly Earnings:

+0.07(p) in March 2016

Increase or decrease in average hourly earnings.

Producer Price Index - Final Demand:

-0.1%(p) in March 2016

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

Employment Cost Index (ECI):

+0.6% in 4th Quarter 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:

+0.02% in March 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:

-6.2% in March 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 the 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

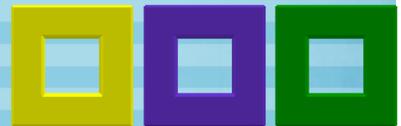
Los Angeles County Nonfarm Employment

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

Over the past four quarters comprising of each quarter during calendar year 2015, sales tax for the City has averaged \$6.4 million with no decrease in revenue in quarter-per-quarter comparison. Additionally, sales tax data increased from \$6.1 million in 2014-Q4 to \$7.1 million in 2015-Q4, amounting to a 17% increase (\$1,055,146) over a one year period. 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 increased again exceeded the previous year, 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

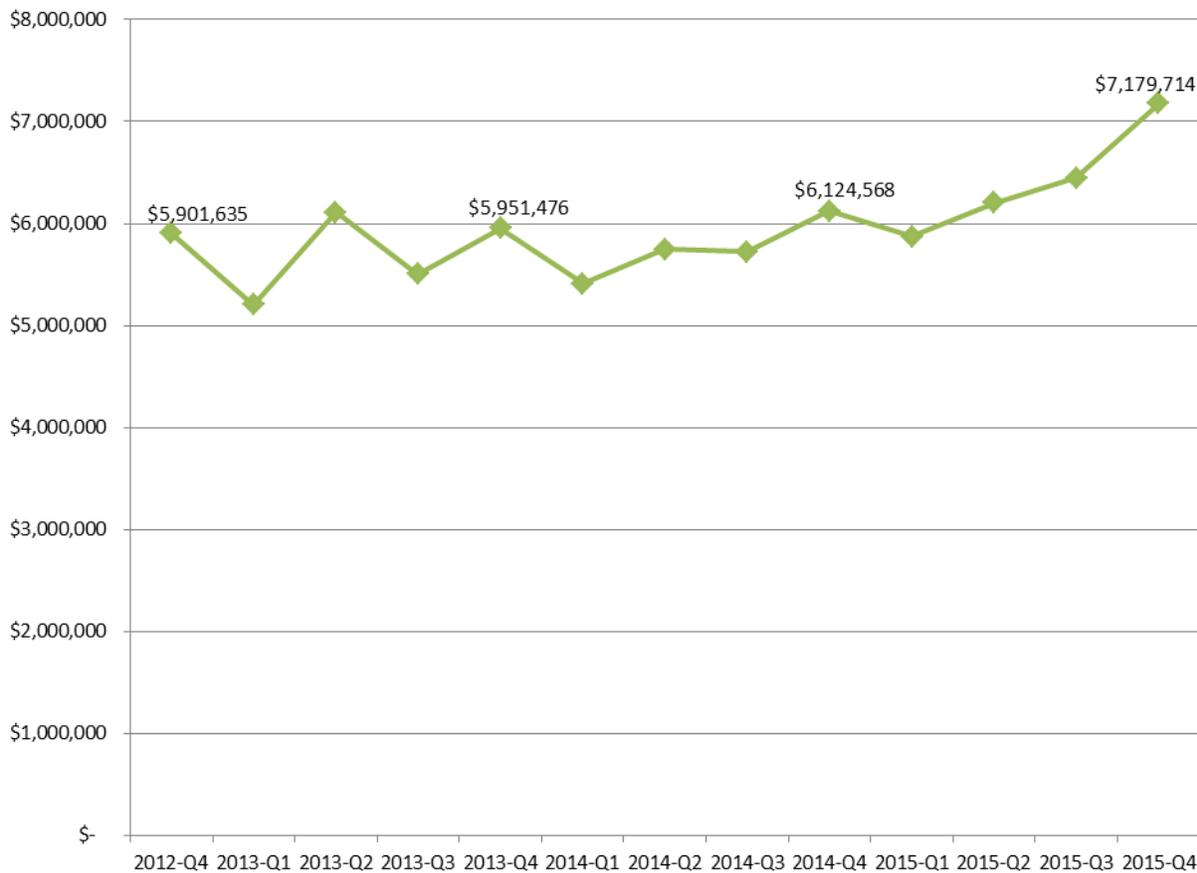
2012	2013	2014	2015
\$22,424,662	\$22,994,391 ↑	23,238,546 ↑	\$25,704,791 ↑

Major Revenues

Sales Tax – Fourth Quarter Analysis

For 2015-Q4, businesses in the City generated \$7,179,714 in sales tax revenue, which is a 17% increase (\$1,055,146) over the same quarter in 2014. Based on a trend analysis, quarterly sales tax has gradually increased from \$5.9 million in 2012-Q4 to its current level of \$7.1 million in 2015-Q4. The trend line indicates an increase in sales tax revenue in a quarter-per-quarter comparison starting from 2012-Q4 to 2015-Q4 (reaching a new four year high with \$7.1 million in 2015-Q4). 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.

Fourth Quarter Trend Analysis



Fourth Quarter Analysis

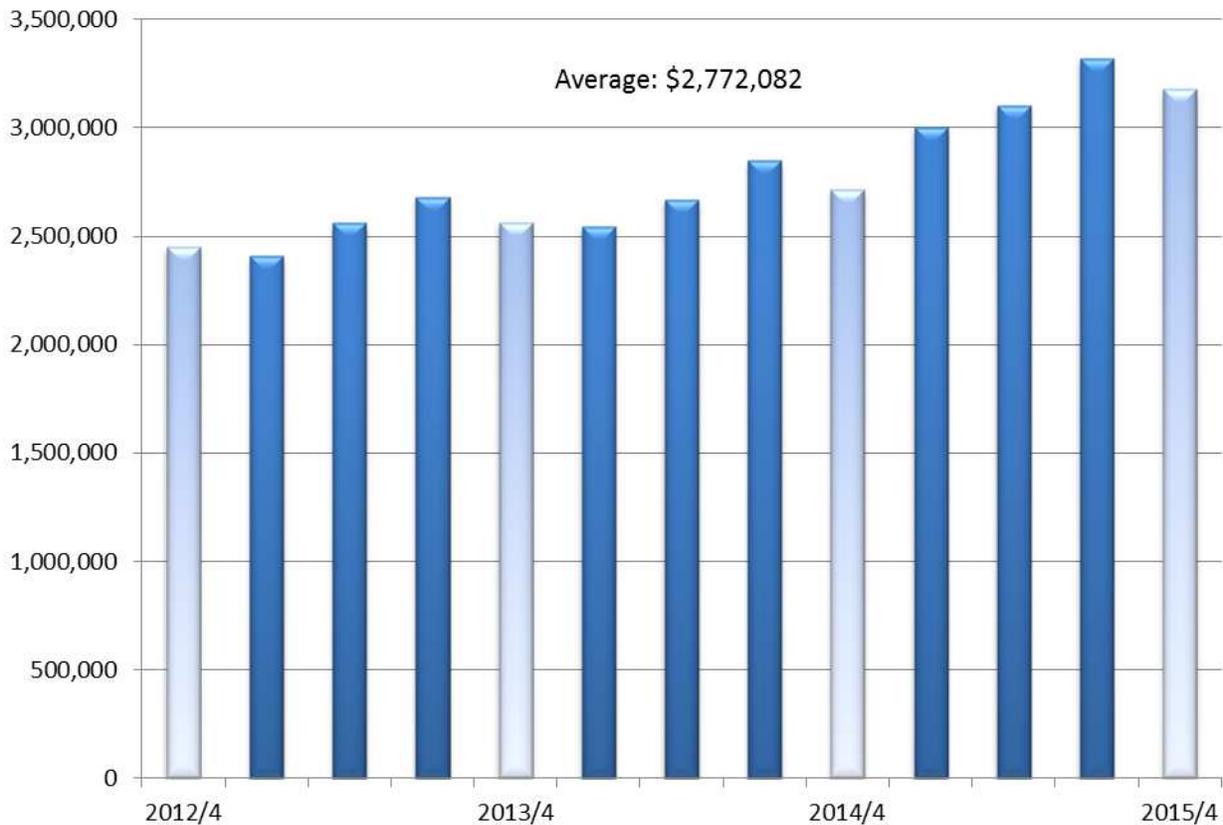
2012-Q4	2013-Q4	2014-Q4	2015-Q4
\$5,901,635	\$5,951,476	\$6,124,568	\$7,179,714

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 2015-Q4 (\$3.1 million). In a quarter-to-quarter comparison, 2015-Q4 (\$3.1 million) increased from 2014-Q3 (\$2.7 million) or an increase of \$461,098 which equates to 17%. Additionally, 2015-Q4 was higher than 2013-Q4 and 2012-Q4. 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-Q4 to 2015-Q4

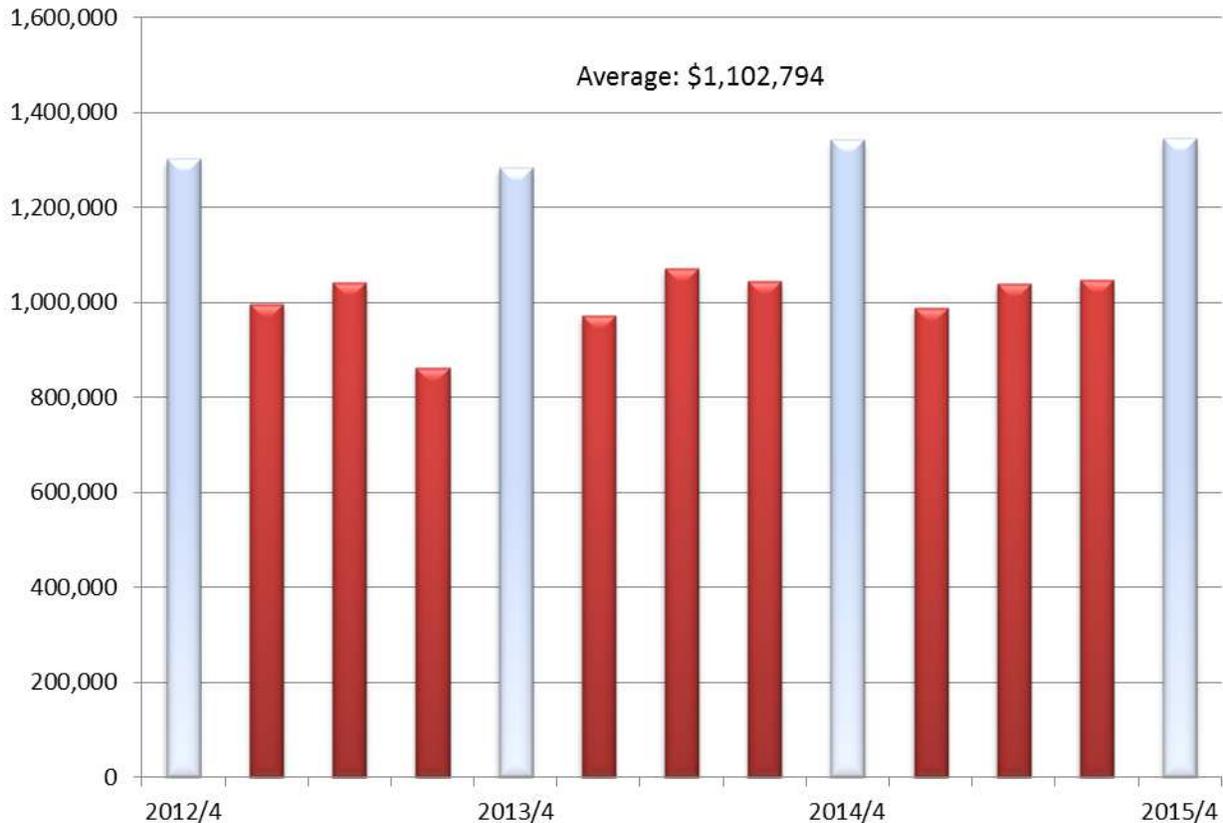
2012-Q4	2013-Q4	2014-Q4	2015-Q4
\$2,448,236	\$2,563,883	\$2,715,451	\$3,176,549

Major Revenues

Sales Tax – Los Cerritos Center

In 2015-Q4, the Los Cerritos Center generated the second highest amount of sales tax revenue for the City’s General Fund at \$1,345,051. Based on the trend analysis, sales tax revenue increased slightly by 0.2% from 2014-Q3 (\$3,306 increase). Overall, sales tax revenue at the Los Cerritos Center has averaged approximately \$1.1 million dollars per quarter from 2012-Q4 to 2015-Q4. Due the holiday shopping season, which begins in November and ends in December, sales tax generated tends to be higher during the fourth quarter of each year.

Los Cerritos Center



2012-Q4 to 2015-Q4

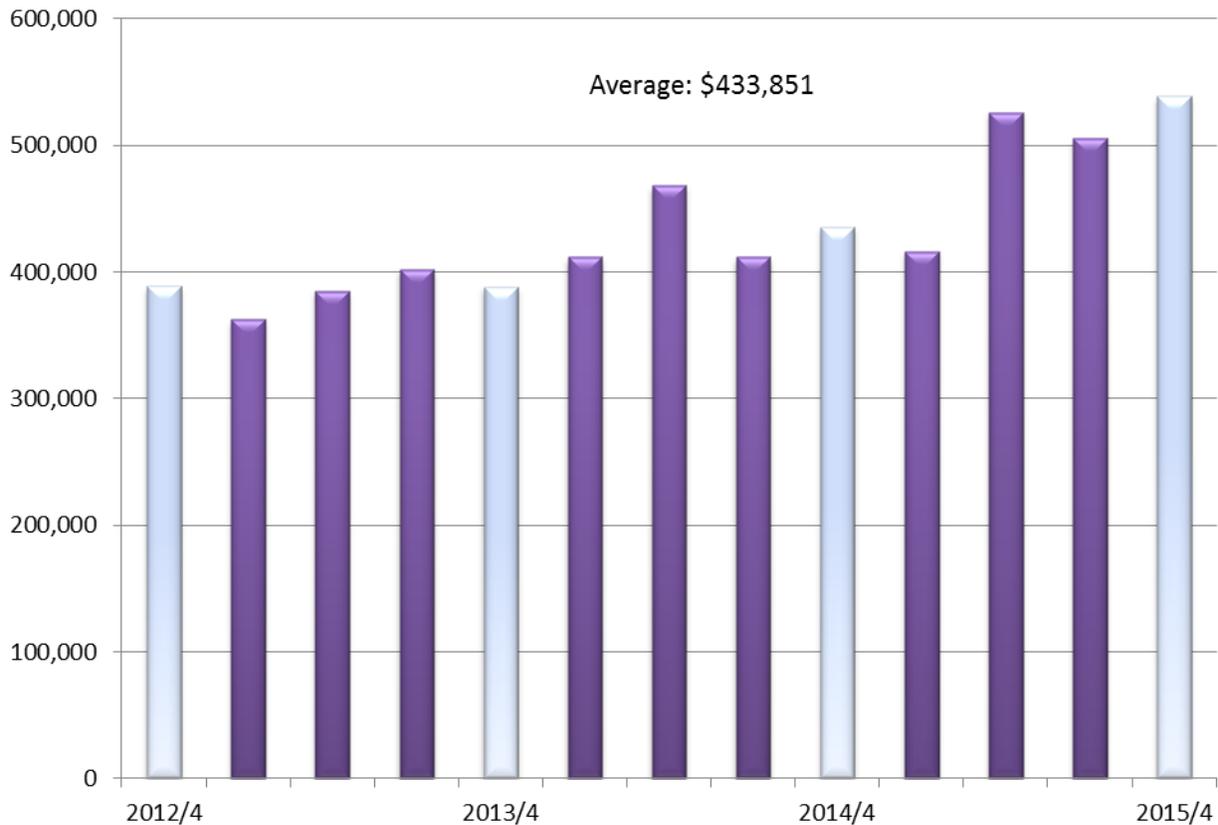
2012-Q4	2013-Q4	2014-Q4	2015-Q4
\$1,301,525	\$1,283,060	\$1,341,745	\$1,345,051

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 \$538,420 in 2015-Q4, which is a 24% increase from 2014-Q4 (\$435,502). Based on the trend analysis, sales tax revenue at the Cerritos Industrial Park remained relatively constant from 2012-Q4 to 2013-Q4. However, sales tax continued to increase beginning 2014-Q4 through 2015-Q4. In addition, the Cerritos Industrial Park reported the highest sales tax revenue for the fourth quarter over the past four years during 2015.

Cerritos Industrial Park



2012-Q4 to 2015-Q4

2012-Q4	2013-Q4	2014-Q4	2015-Q4
\$388,810	\$388,170	\$435,502	\$538,420

Major Revenues

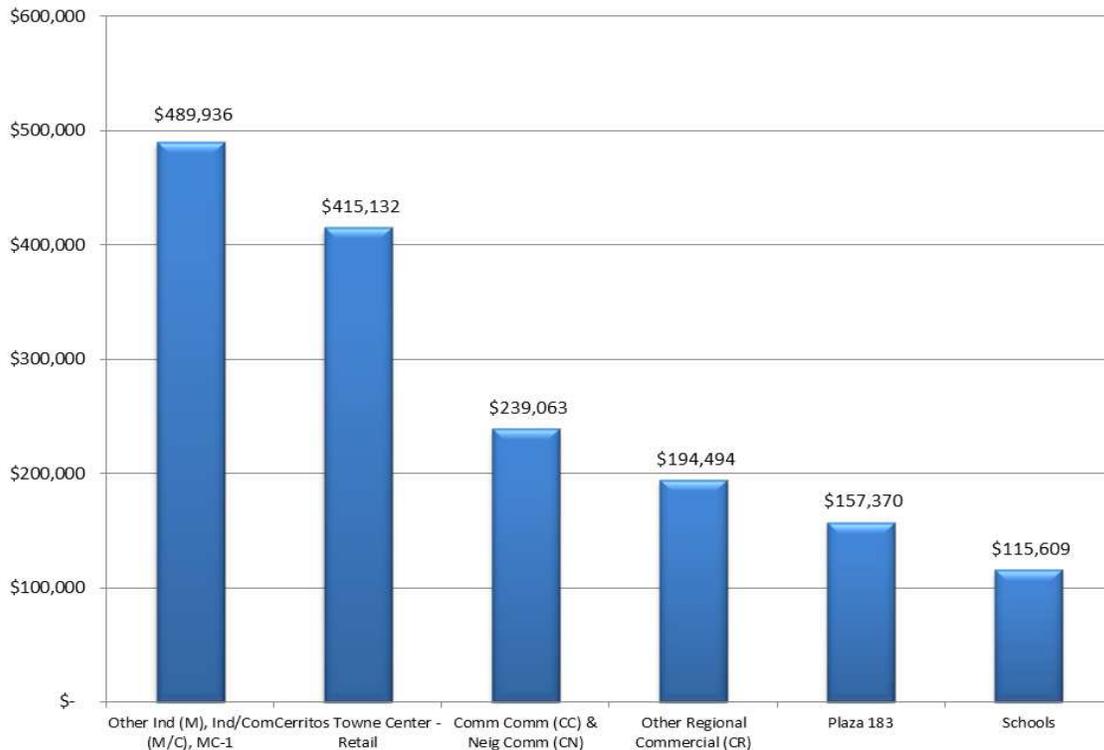
Other Sectors

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. These sectors include:

- Industrial (M), Industrial Commercial (MC), Industrial Commercial (MC-1);
- Cerritos Towne Center Retail;
- Community Commercial (CC) and Neighborhood Commercial (NC);
- Other Regional Commercial (CR);
- Plaza 183, and
- Schools.

Other Industrial and Industrial Commercial sectors generated the greatest amount of sales tax of the six sectors, at \$489,936. 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).

Other Sectors



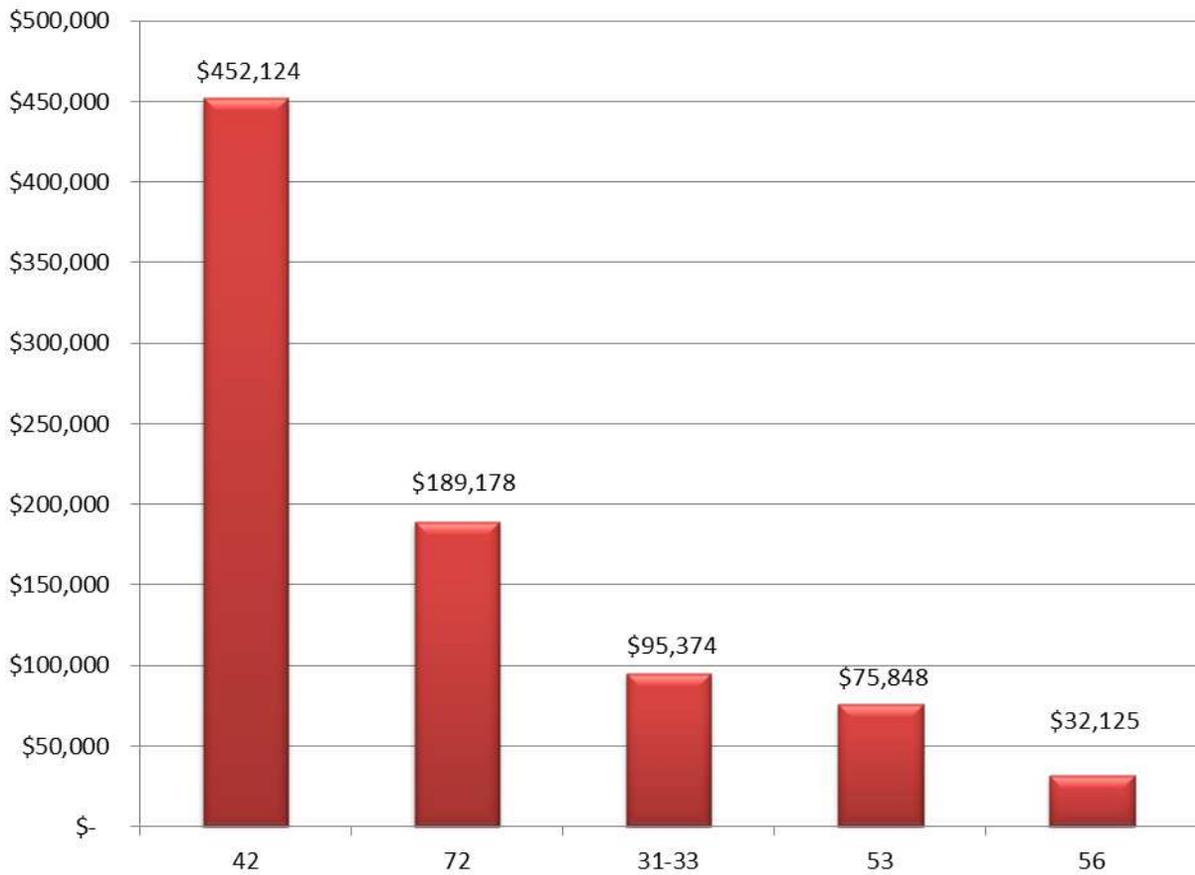
Other Industrial Commercial	Towne Center Retail	Community Commercial and Neighborhood Commercial	Other Regional Commercial	Plaza 183	Schools
\$489,936	\$415,132	\$239,063	\$194,494	\$157,370	\$115,609

Major Revenues

Top Five Sectors By NAICS Code

In Cerritos, the Retail Trade sector generated \$4.4 million in sales tax revenue for 2015-Q4 or 62% 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 \$452,124. Code 72 (Accommodation and Food Services) generated \$189,178, Code 31-33 (Manufacturing) generated \$95,374, Code 53 (Real Estate Rental and Leasing) generated \$75,848, and Code 56 (Administrative and Support and Waste Management and Remediation Services) generated \$32,125.

Top Five Sectors – NAICS Code



42	72	31-33	53	56
\$452,124	\$189,178	\$95,374	\$75,848	\$32,125

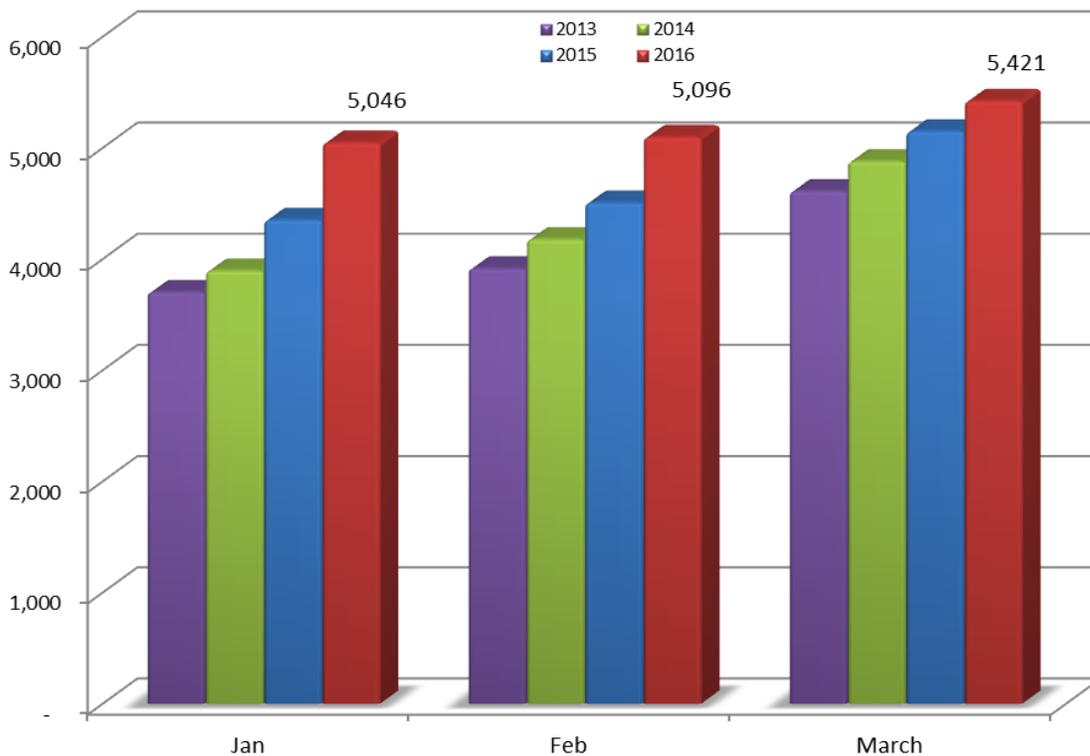
Major Revenues

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-Q1, sales increased in January 2016, February 2016 and March 2016 from the previous year. In January 2016, sales increased 16% (695 more automobiles sold from the previous year). In February 2016, sales increased by 13% (590 more automobiles sold from the previous year) and in March 2016, sales increased by 5% (273 more automobiles sold from the previous year). Additionally, automobile sales averaged approximately 5,188 vehicles sold per month during the first quarter of 2016.

First Quarter - Number of Vehicles Sold in Cerritos Auto Square, Three Year Period



Cars Sold in 2016-Q1

	January	February	March	Q1 Total
2013-Q1	3,702	3,915	4,659	12,276
2014-Q1	3,895	4,177	4,879	12,951
2015-Q1	4,351	4,506	5,148	14,005
2016-Q1	5,046	5,096	5,421	15,563

2016-Q1 Total: 15,563
 2015-Q1 Total: 14,005
 Difference: 1,558

Major Revenues

Auto Sales – Annual Totals

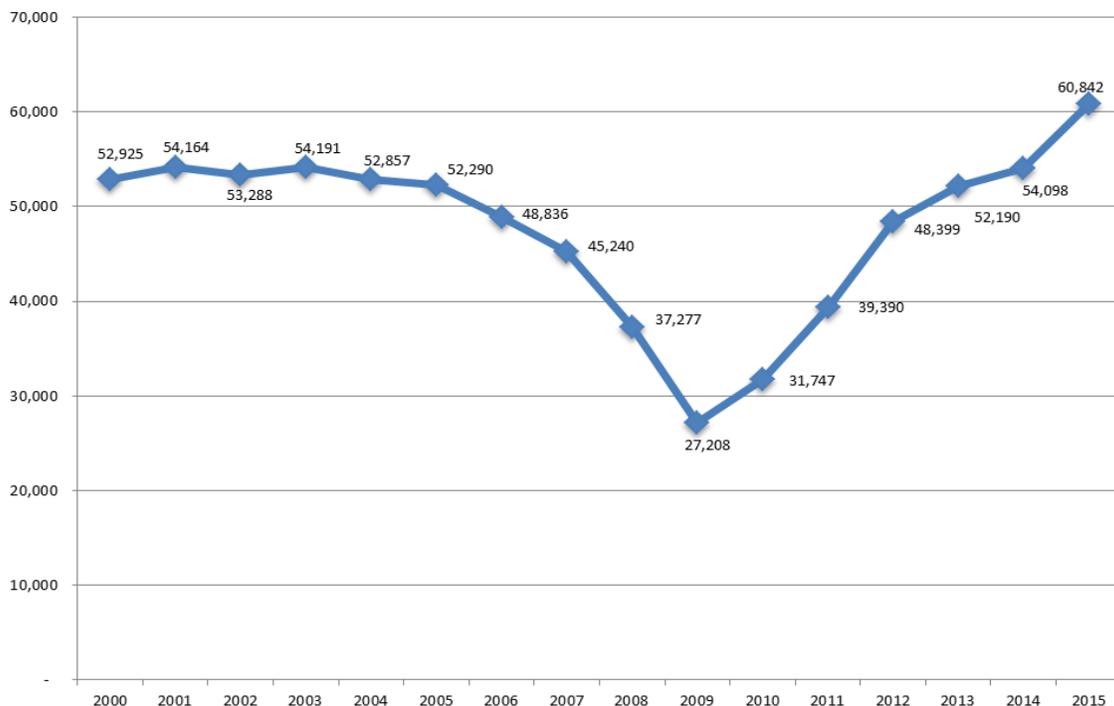
The Cerritos Auto Square experienced another significant increase in sales in 2015 (60,842) over sales in 2014 (54,098). In fact, there was a 13% increase in auto sales from 2014 to 2015 with a total of 6,744 more cars sold. The 2015 calendar year marks a total of six years in a row that total annual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

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

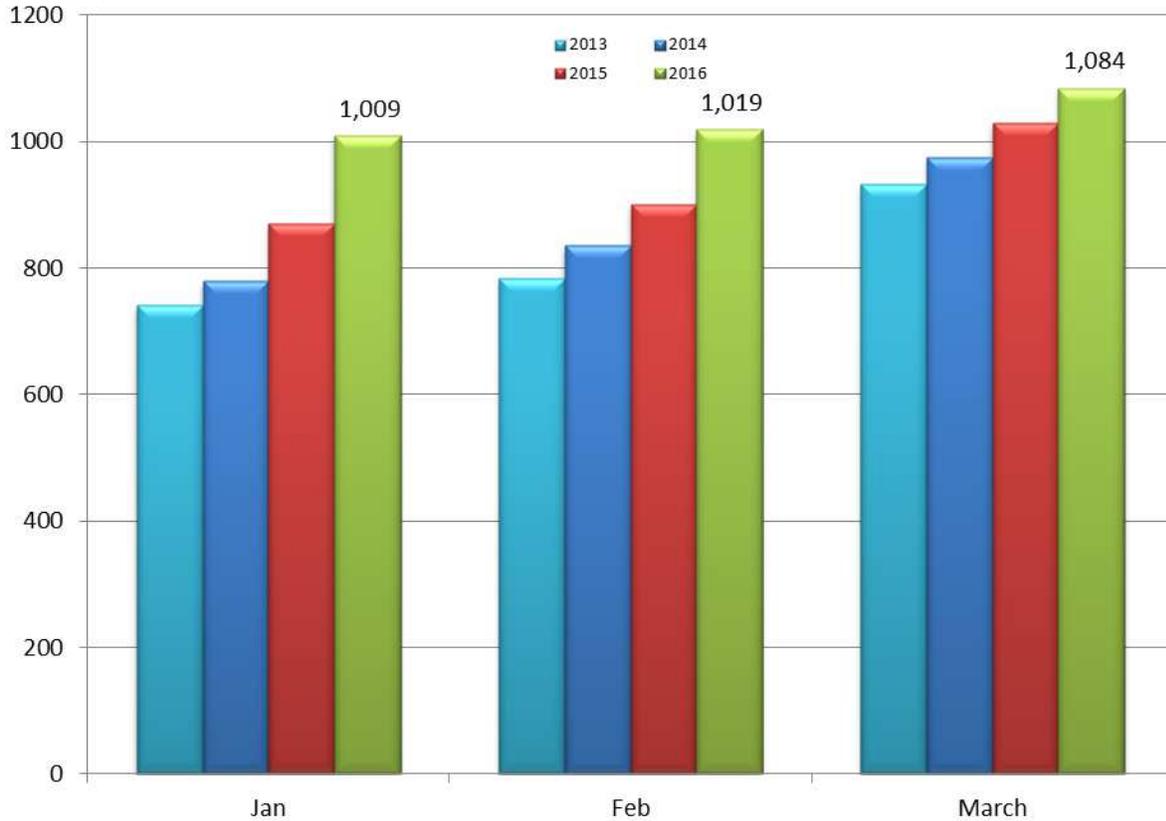


Major Revenues

Auto Sales – Weekly Averages

Based on a trend analysis, weekly sale averages for January 2016, February 2016, and March 2016 exceeded weekly averages for the same month for 2013, 2014, and 2015. March 2016 experienced the highest weekly sales averaging 1,084 cars sold per week. Additionally, the weekly average total for 2016-Q1 was 3,112, which was higher than the past three years (2013 through 2015).

Weekly Averages: 2013-Q1 to 2016-Q1



Weekly Averages: 2013-Q1 to 2016-Q1

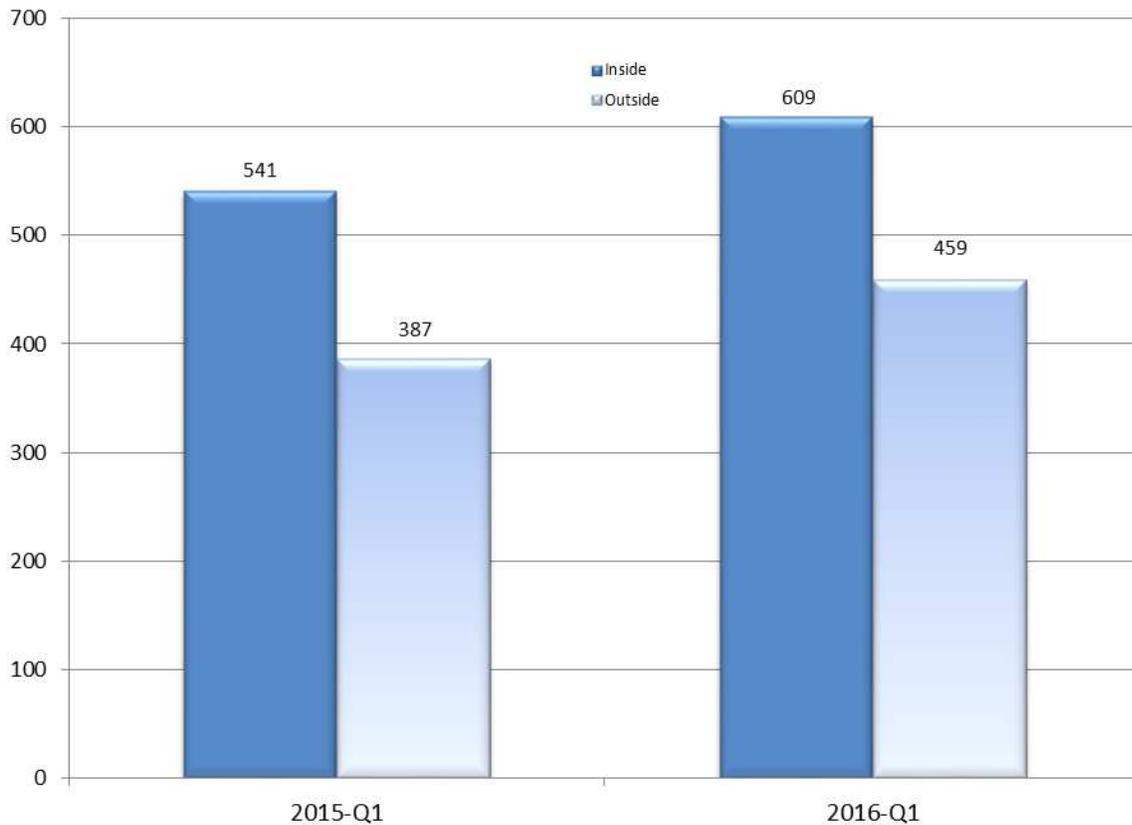
	January	February	March	Q1 Total
2013-Q1	740	783	932	2,455
2014-Q1	779	835	976	2,590
2015-Q1	870	901	1,030	2,801
2016-Q1	1,009	1,019	1,084	3,112

Major Revenues

Business License

The tracking of new and renewed business licenses is one method of forecasting business growth in the City. For 2016-Q1, a total of 1,068 new and renewal business licenses were processed by the City, which is an increase of 15% from 2015-Q1 (an increase of 140 new and renewal of business licenses processed). Additionally, the City generated \$256,423 in business license fees for the General Fund during 2016-Q1.

2016-Q1 New and Renewal of Business Licenses – Located in Cerritos and Located Outside Cerritos

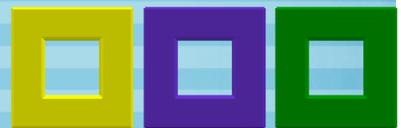


2016-Q1 New and Renewal of Business Licenses

2015-Q1 Total New and Renewal of Business Licenses: 928
2016-Q1 Total New and Renewal of Business Licenses: 1,068
Difference: 140
2016-Q1 Total Revenue: \$256,423



Unemployment



Unemployment

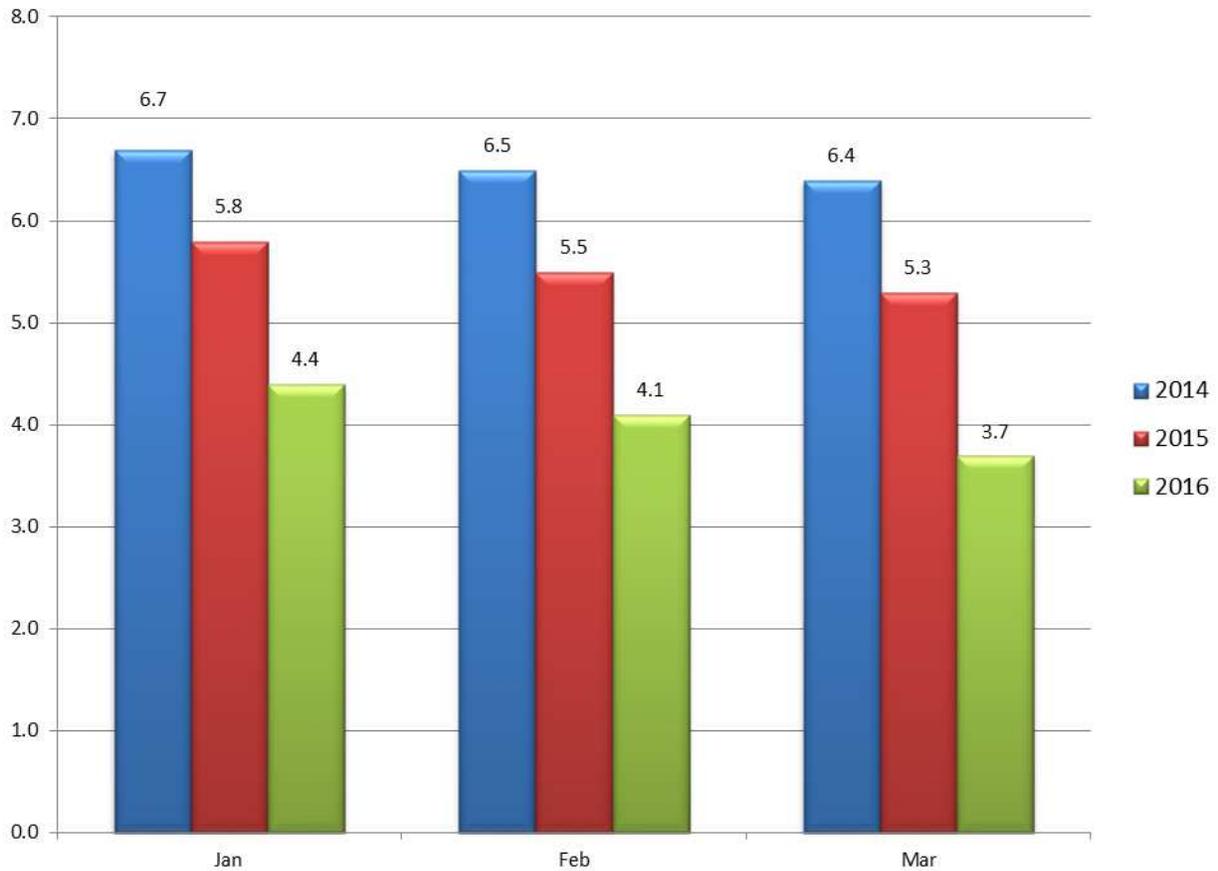
Current Rate

According to the Federal Bureau of Labor and Statistics, the unemployment rate among Cerritos residents in March 2016 was at approximately 3.7%, which was lower than the previous two years. The unemployment rate for March 2015 was 5.3% and March 2014 was at 6.4%, which are both higher than March 2016 (3.7%). Additionally, each month 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. Construction activity 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 of 3.7% was in March 2008 (3.3%).

Quarterly Unemployment Rate

June 2015	August 2015	November 2015	March 2016
5.4%	5.2%	4.2%	3.7%

**Unemployment Rate – Quarterly Comparison
2014 to 2016**

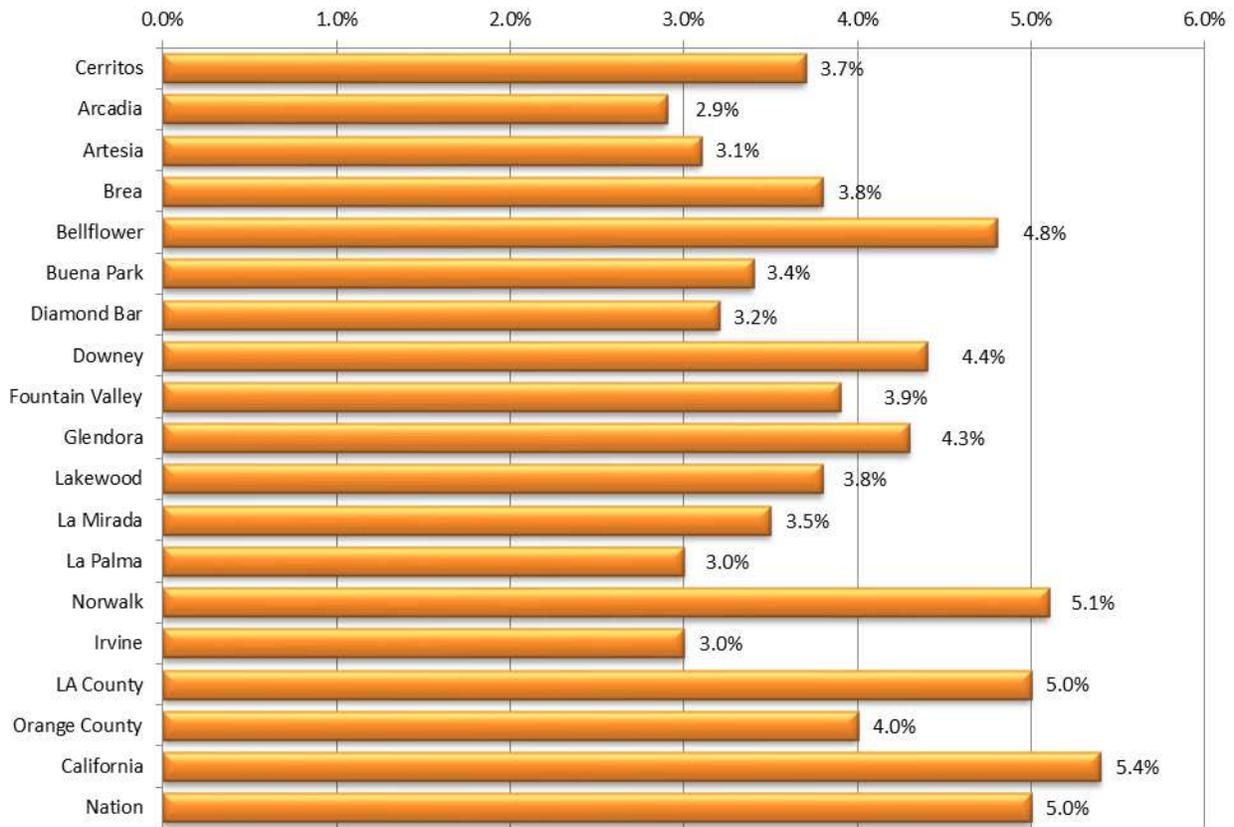


Unemployment

Surrounding Cities, Comparable Cities, and Counties

According to the California Employment Development Department, the unemployment rate among Cerritos residents in March 2016 was approximately 3.7%, which is lower than adjacent cities, such as Lakewood (3.8%), Bellflower (4.8%), Downey (4.4%), and Norwalk (5.1%). Additionally, the Cerritos unemployment rate was lower than Los Angeles County (5.0%), Orange County (4.0%), and the State of California (5.4%). Cerritos low unemployment rate of 3.7% is lower than the national average of 5%.

**Unemployment Rate – Surrounding Cities and Comparable Cities
March 2016***



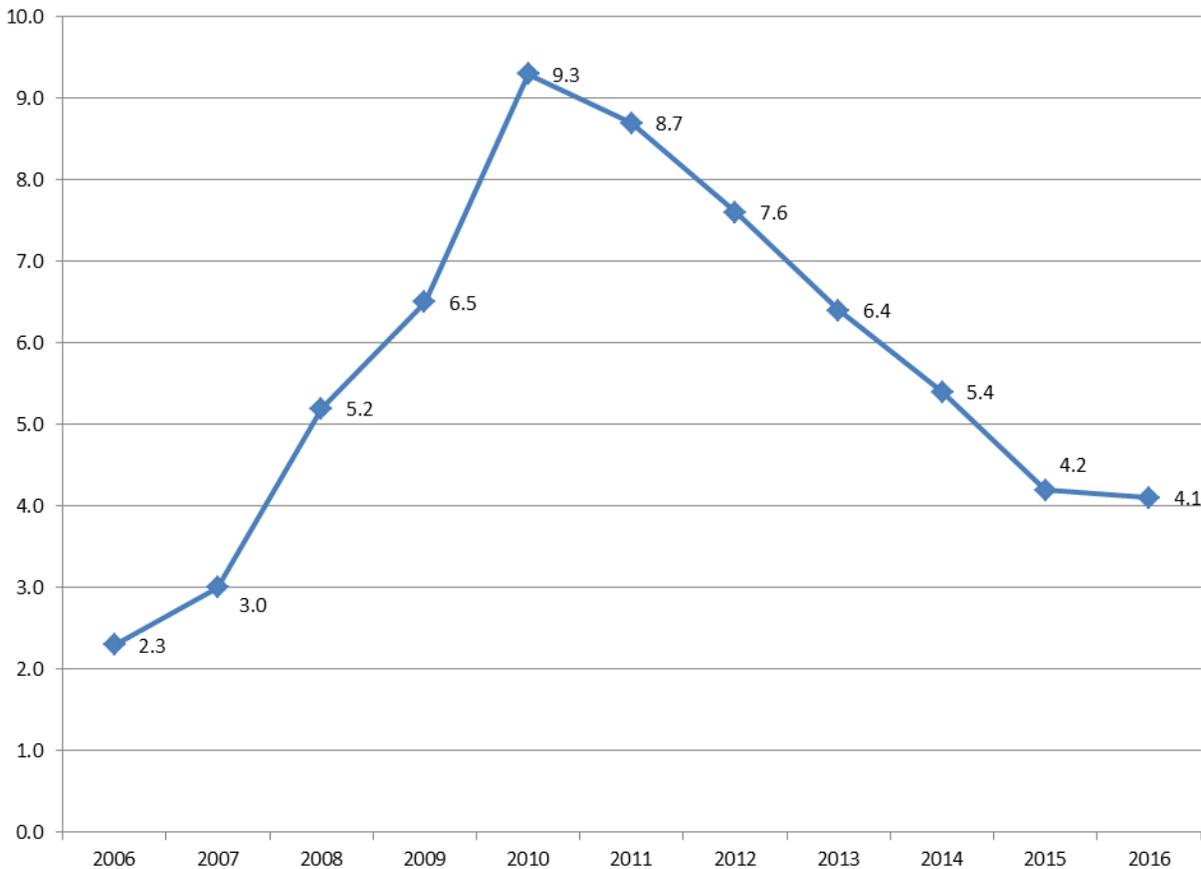
*Please note that March 2016 numbers are preliminary, based on the State of California Employment Development Department.

Employment

Annual Unemployment Rate

In 2010, the City's average unemployment rate reached a high of 9.3% during the Great Recession and has decreased six straight years. Currently, the average unemployment rate for 2016 is 4.1%, which is lower than 2015, which was at 4.2%. This decrease may be attributed to the increased construction activity at the Los Cerritos Center, remodeling efforts at Plaza 183 (former Best Plaza Shopping Center), and a low vacancy rate for the Industrial Park.

Average Annual Unemployment Rate



Average Annual Unemployment Rate

2011	2012	2013	2014	2015	2016
9.2%	8.2%	7.3%	5.6%	4.2%	4.1%*

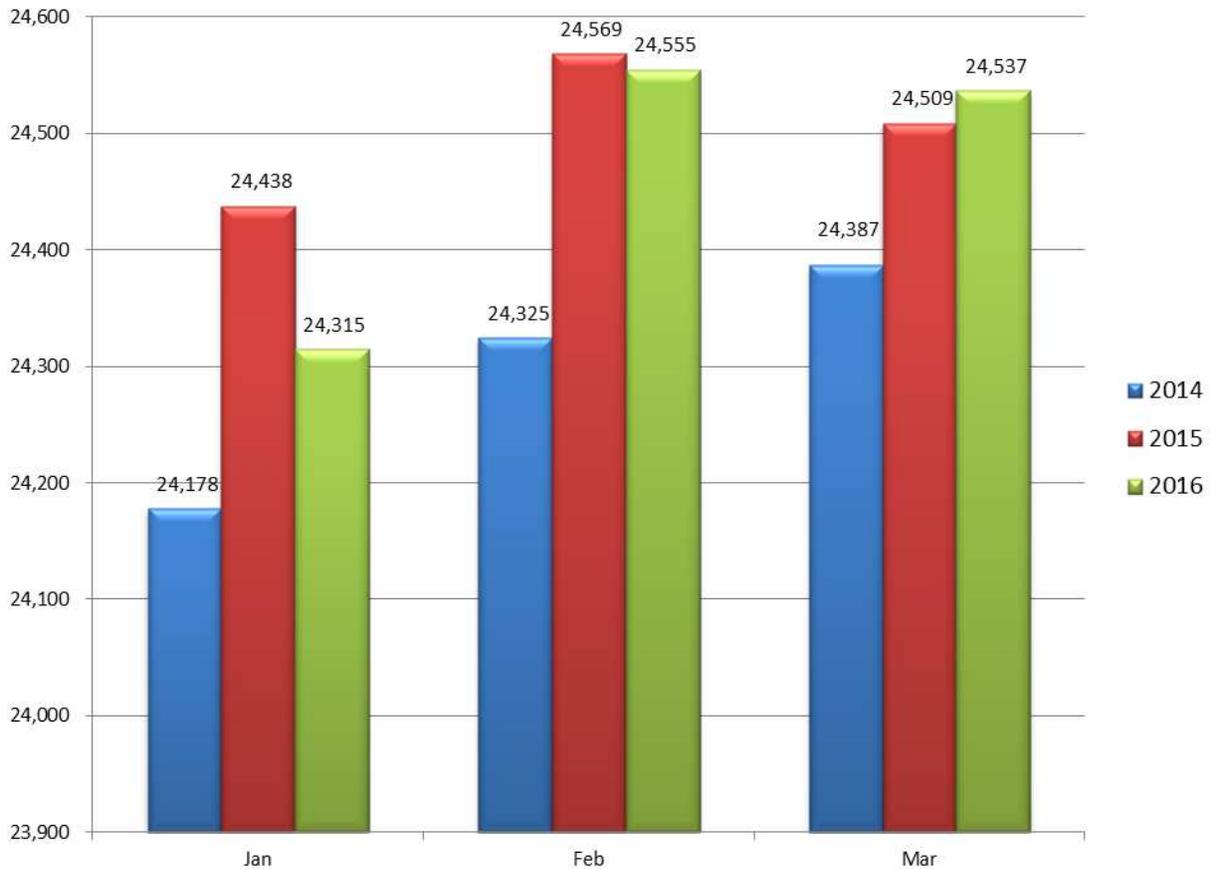
*The % unemployment rate is an average from January 2016 to March 2016.

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 24,537 persons as of March 2016 in the local workforce, an increase of 28 persons from March 2015 (24,509). 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

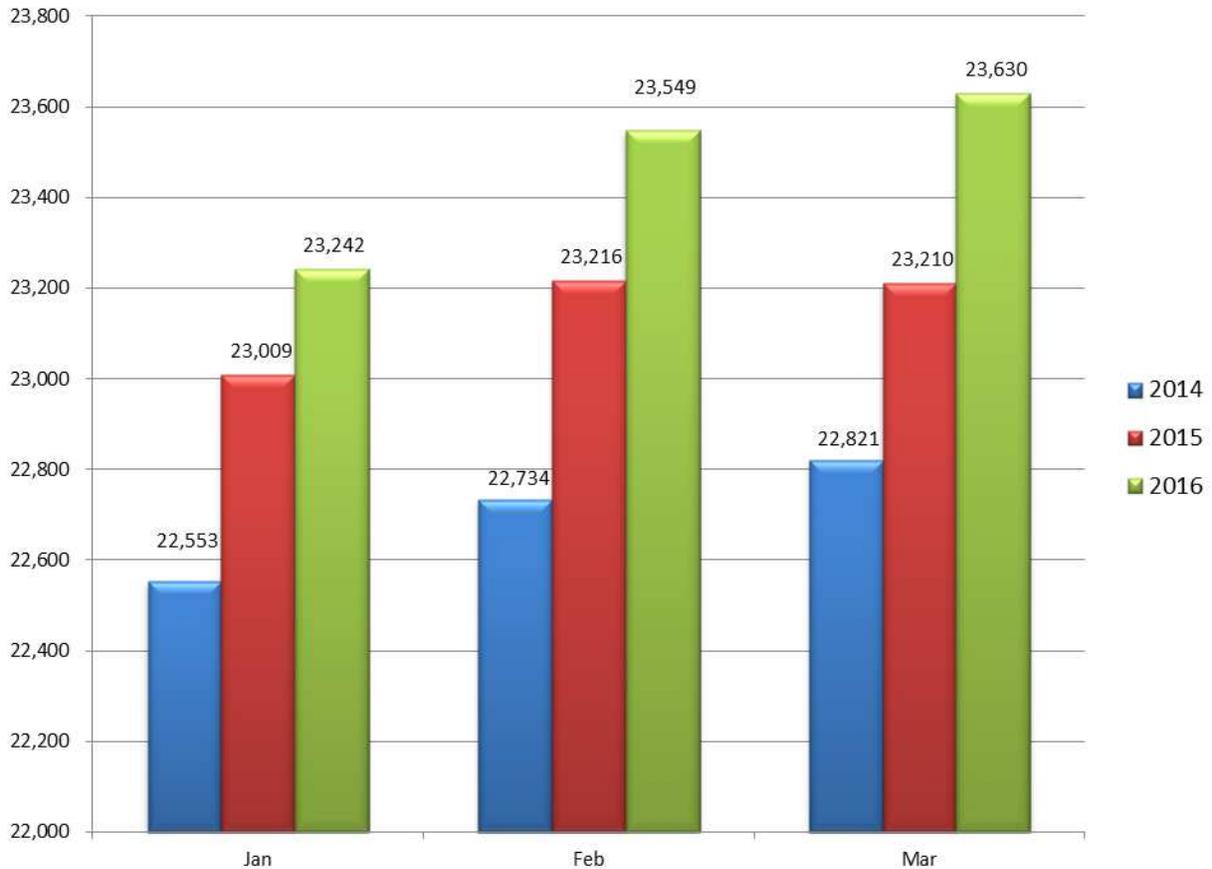
2011	2012	2013	2014	2015
23,885	23,845	24,187	24,502	24,441

Employment

Employment in Cerritos

In March 2016, there were 23,630 jobs within the City that employ both Cerritos residents and individuals that reside outside of Cerritos. Based on a first quarter trend analysis, employment increased from January 2016 (23,242 persons) through March 2016 (23,630 persons). Based on a three year trend analysis, employment from March 2014 through March 2016, increased by 809 persons, which amounts to a 4% increase over a two year period.

Employment – Cerritos



Annual Average Employment in Cerritos

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

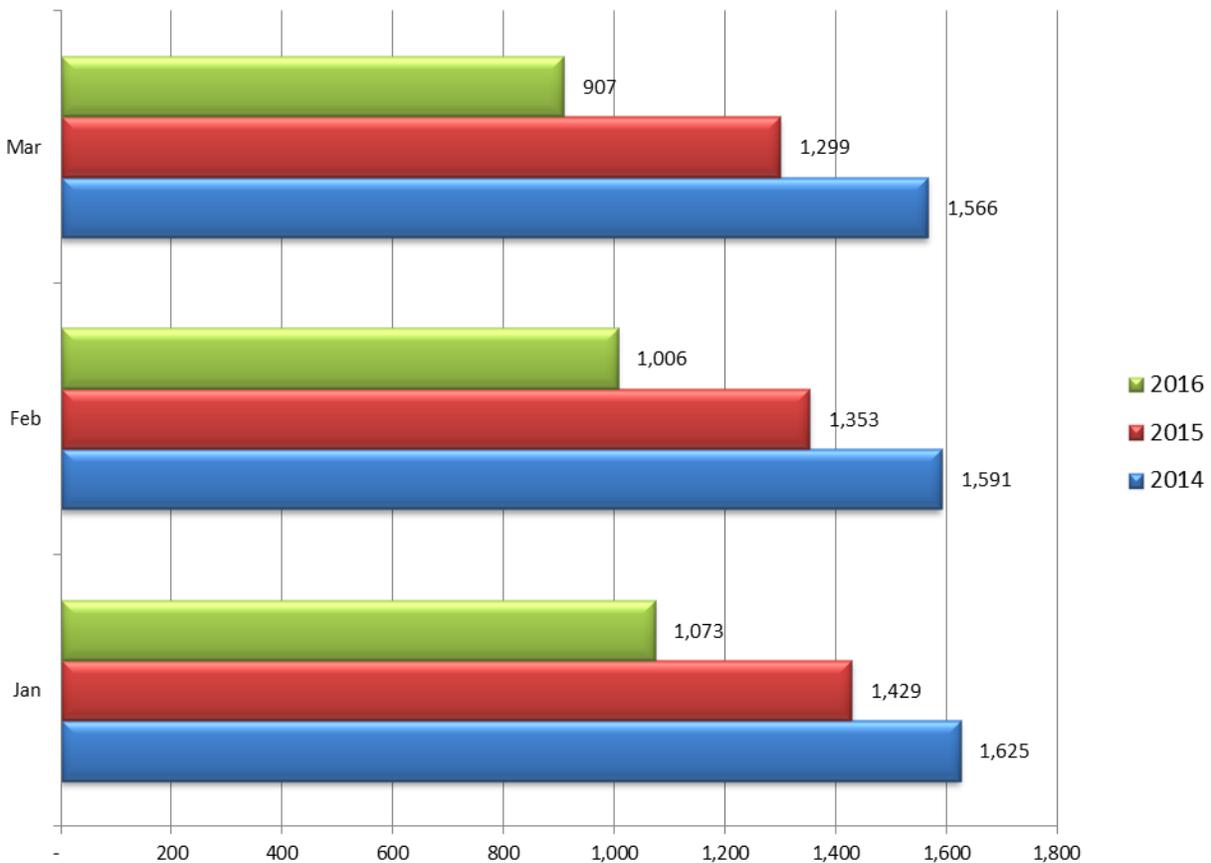
Unemployment

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 March 2016, there are currently 907 (3.7%) individuals unemployed in Cerritos, which is a decrease of 392 persons from March 2015 and 659 persons from March 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 2015 (1,217 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 first quarter, the unemployment rate is on track to be lower than the unemployment rate for each year beginning 2011 through 2015.

Unemployment – Cerritos

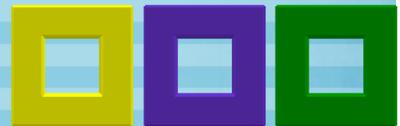


Annual Average Unemployed in Cerritos

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



Commercial Real Estate

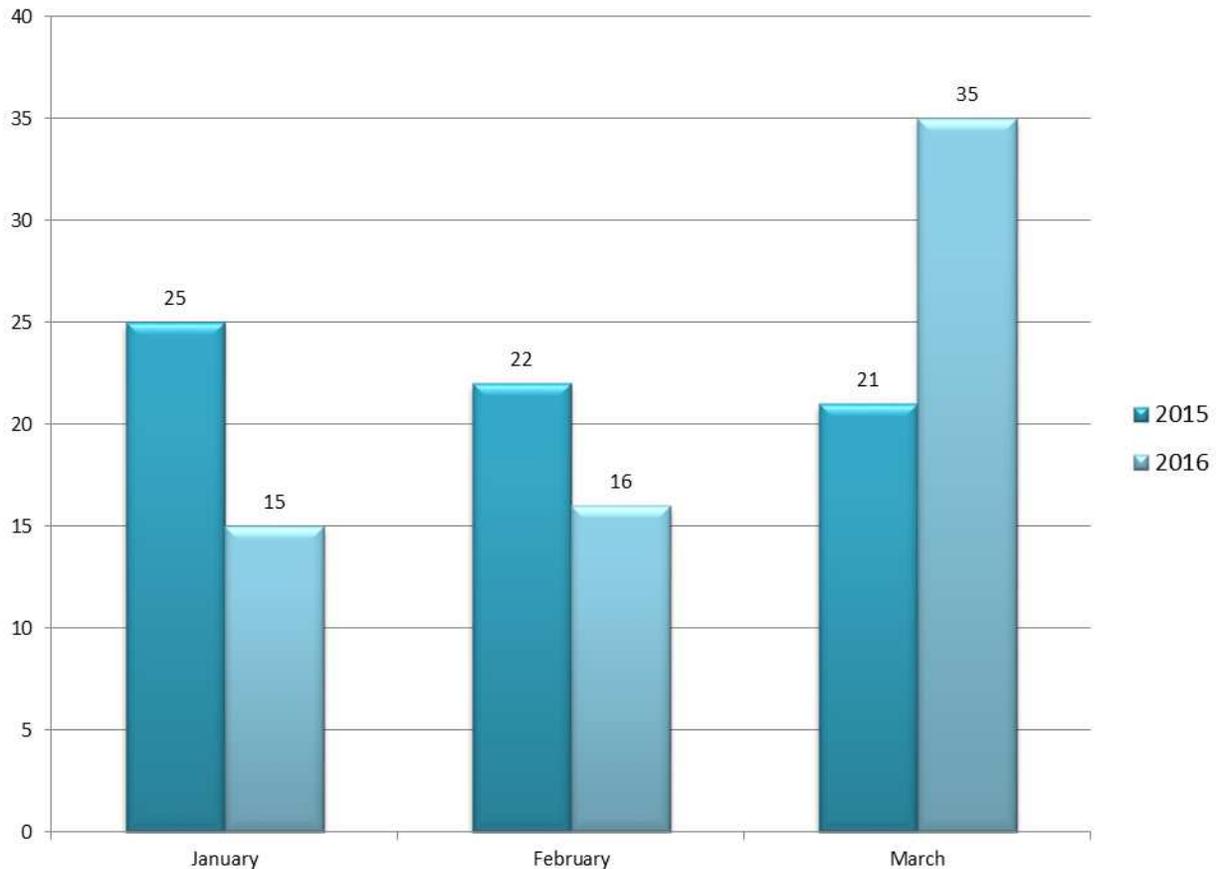


Commercial Real Estate

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-Q1, a total of 66 CO's were processed, which is a minor decrease from the previous year. While January and February experienced a decrease in CO's from the previous year, March 2016 experienced a significant increase with 35 permits.

Certificates of Occupancy for 2016-Q1



Certificate of Occupancy – 2016

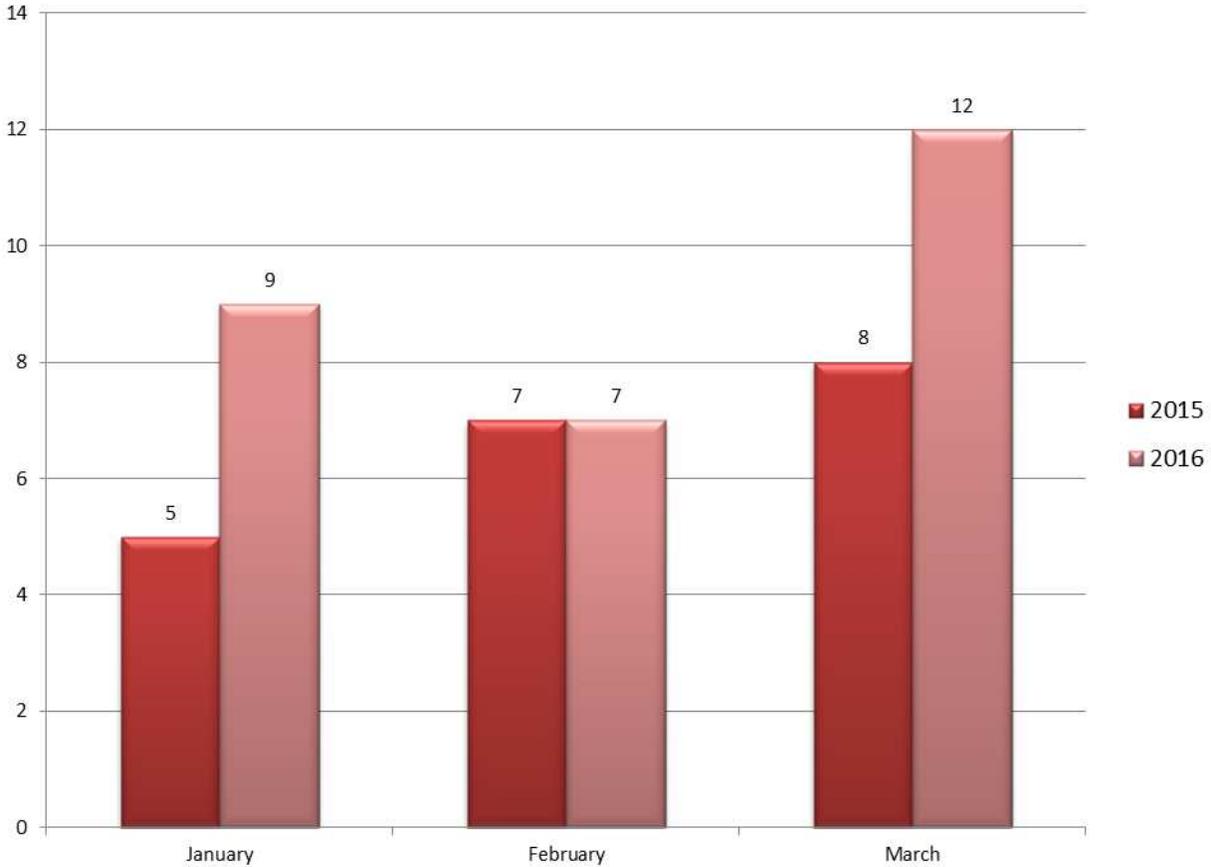
Jan	Feb	Mar	Apr	May	June
15	16	35			
July	Aug	Sept	Oct	Nov	Dec

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 28 TI's were processed in 2016-Q1, a increase of eight TI's from 2015-Q1, in which 20 TI's were processed. March 2016 experienced a high of 12 TI permits during a one month period.

Tenant Improvements for 2016-Q1



Tenant Improvements – 2016

Jan	Feb	Mar	Apr	May	June
9	7	12			
July	Aug	Sept	Oct	Nov	Dec

Commercial Real Estate

Total Vacancy in Cerritos

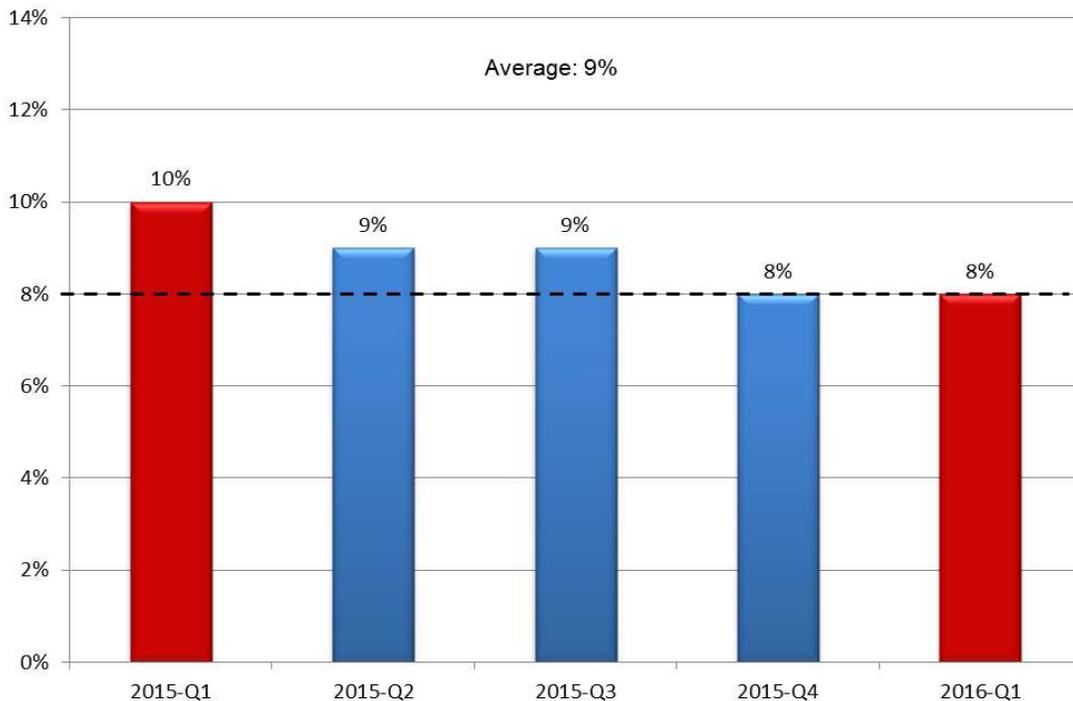
The City of Cerritos currently has a low vacancy rate when compared to the overall total available space for industrial, office, and retail uses. Currently, there is approximately 520,478 square feet of vacant industrial space, which equates to 3% of the total available citywide industrial space (15,088,117). Additionally, the City has approximately 114,392 square feet of vacant office space (8% of the total office space in Cerritos) and approximately 111,886 square feet of available retail space (2% of the total retail space in Cerritos). This equates to a total of 746,756 square feet of available space in the City, which is equal to 4% 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	520,478	3%
Office	1,422,575	114,392	8%
Retail	4,685,788	111,886	2%
Total	21,196,480	746,756	4%

Cerritos Office Vacancy Rates

In 2016-Q1, the Cerritos office market vacancy rate was at 8%, which is a decrease of 2% from 2015-Q1. Over the past five quarters, the City office vacancy rate averaged approximately 8%. The decrease in the office vacancy from 2015-Q1 to 2016-Q1 may be attributed to a decrease in the number of available spaces for lease in the City. Based on available data, Loop.net reported 38 spaces available in 2016-Q1, compared to 62 spaces available in 2015-Q1.



Commercial Real Estate

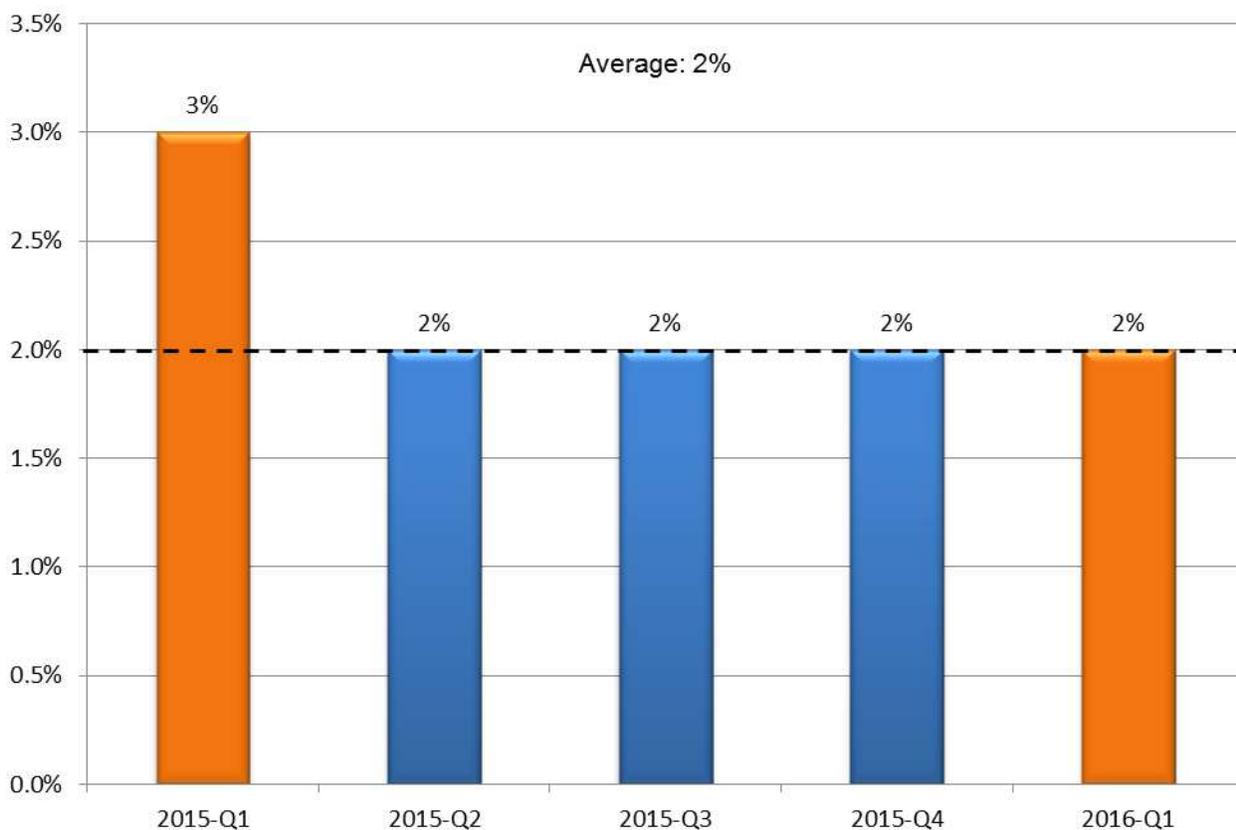
Retail Vacancy Rates

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% (111,886 square feet) for 2016-Q1, which is a 1% decrease from 2015-Q1 (131,718 square feet or 3%). 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 is 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

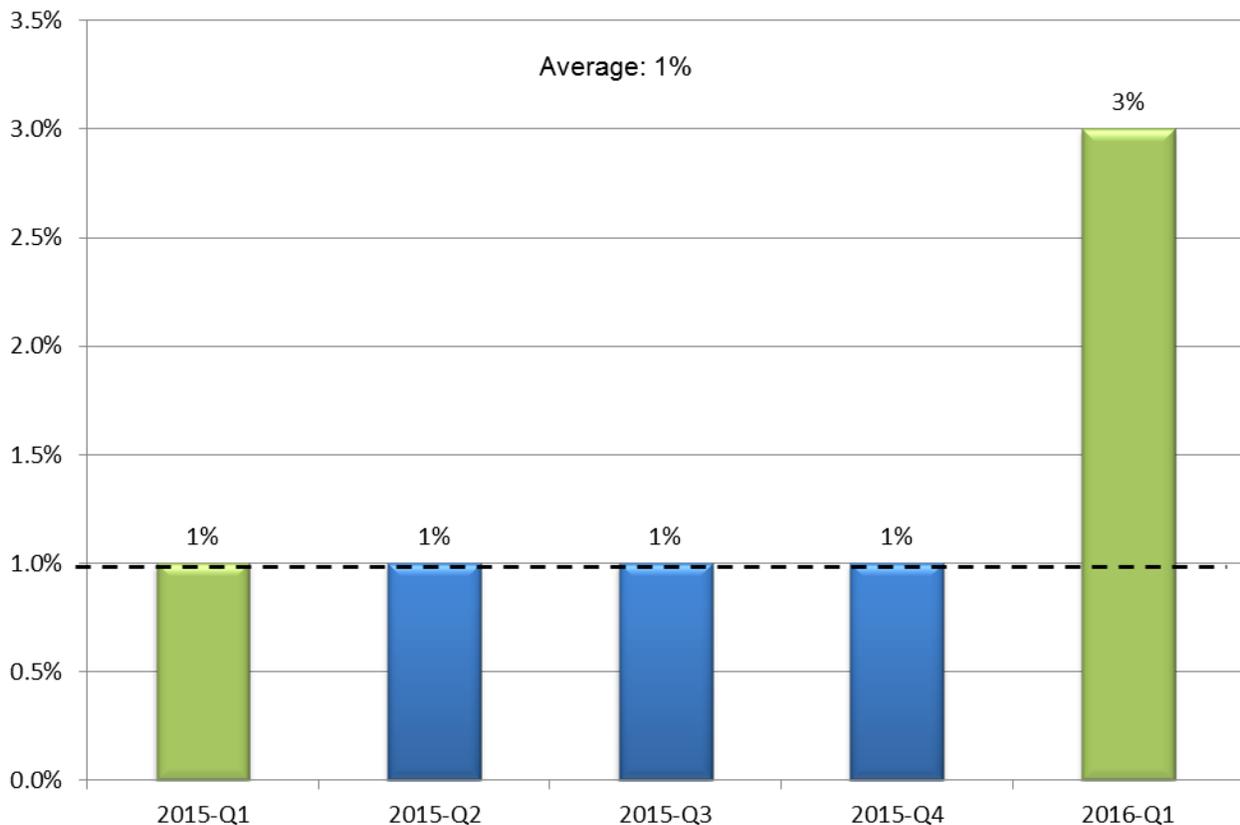


Commercial Real Estate

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 3% for 2016-Q1, which is an increase from 2015-Q1 (1%). Based on a trend analysis, the industrial vacancy rate has remained constant at 1% from 2015-Q1 to 2015-Q4 and then increased in 2016-Q1 to 3%. Loop.net is reporting two large buildings that recently became available for lease (220,000 sq. ft. and 103,200 sq. ft.), which increased the vacancy rate for 2016-Q1.

Cerritos Industrial Vacancy Rates



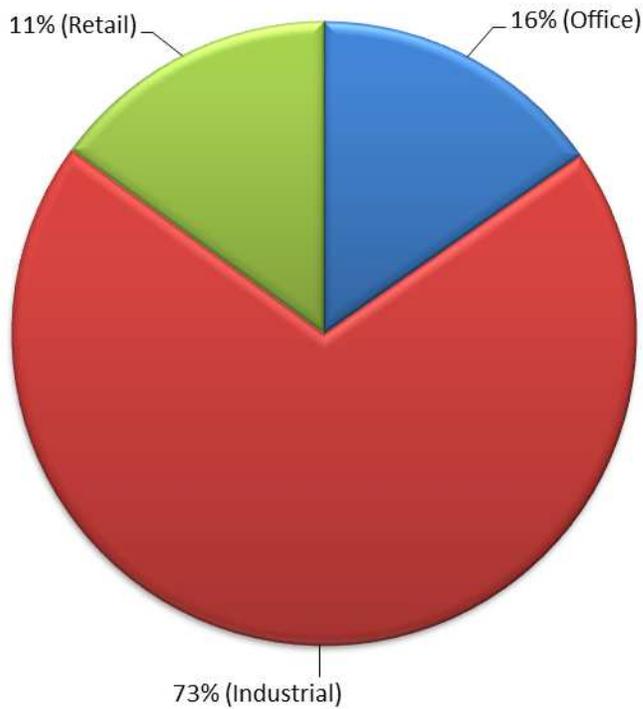
(Note: Industrial vacant space in Cerritos includes a greater proportion of warehousing and distribution businesses, which require large facilities. Therefore, a single vacancy may contribute a large amount of square footage to the overall vacancy rate. Industrial vacancy rates are calculated using available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

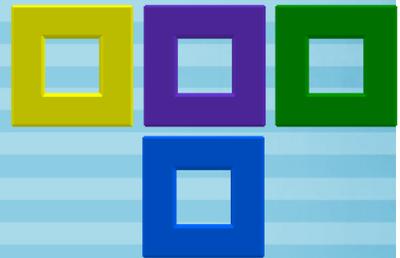
In Cerritos, there is approximately 746,756 square feet of total vacant commercial space (4%) of the total available space for 2016-Q1. Within the total available space, 73% (520,478 square feet) is available for industrial use, 16% (114,392 square feet) is available for office use, and 11% (111,886 square feet) is available for retail use.

Vacancies By Use





Housing

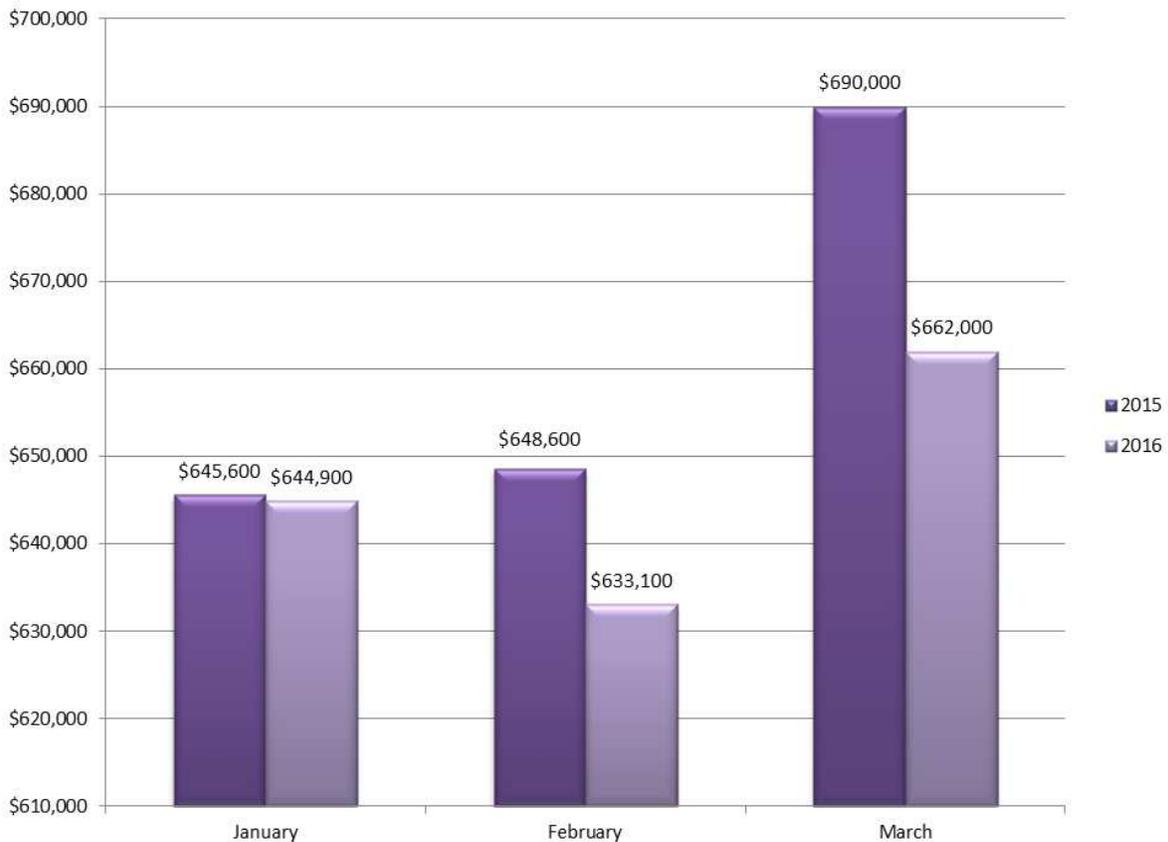


Housing

Single-Family Residential

For 2016-Q1, the average median home sales price in Cerritos was \$646,667. Housing prices in Cerritos decreased each month during 2016-Q1, when compared to 2015-Q1 sales prices. However, the decrease was minimal in January (0.1% decrease) and February (2.4% decrease). According to Zillow.com, properties in Cerritos are in a buyer's market and are projected to increase by 1.7% within a one year time frame.

Single-Family Residential Home Sales Price in Cerritos - 2016-Q1
First Quarter Average: \$646,667



Single-Family Home Sale Prices – County Comparison for March 2016

Cerritos	Los Angeles County	Orange County
\$662,000	\$543,000	\$693,000

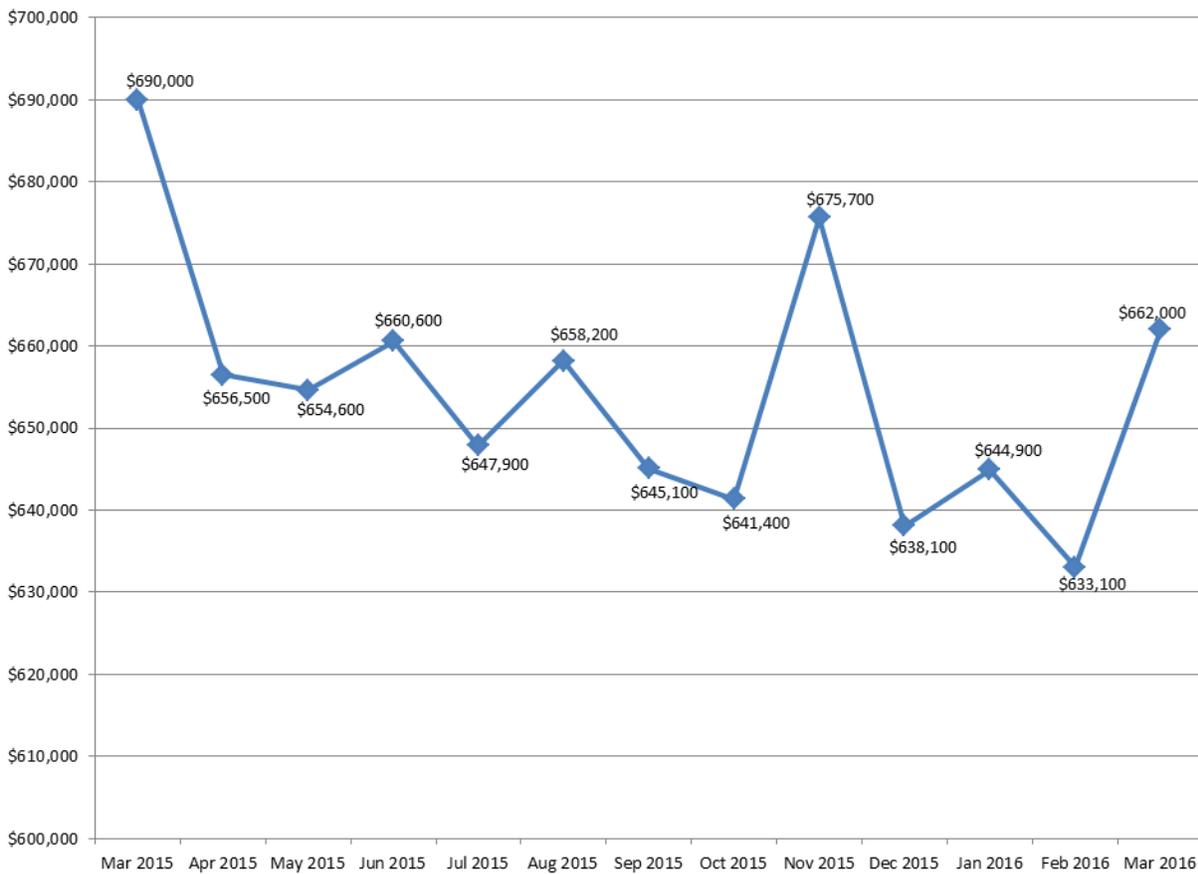
For March 2016, Cerritos had a single-family sale price at \$662,000, which was higher than Los Angeles County (\$543,000); however, just slightly lower than Orange County (\$693,000). This higher sales price in Cerritos indicates that housing is in great demand in the City; however, in 2016-Q1, the demand for single-family homes were greater in Orange County.

Housing

Single-Family Residential – One Year Trend Line

Based on a one year trend line analysis from March 2015 to March 2016, the average sales price for a single-family residential home in Cerritos was \$654,469 (one year period). According to the data provided by Zillow.com, housing prices peaked in March 2015 (\$690,000) and have gradually fluxuated to the current housing sales price of \$662,000 in March 2016. Even though prices have increased and decreased during the one year time period, median sales prices have remained above the \$633,100 range, which is higher than Los Angeles County and slightly lower than Orange County.

One Year Housing Sale Price Trend Line – March 2015 to March 2016

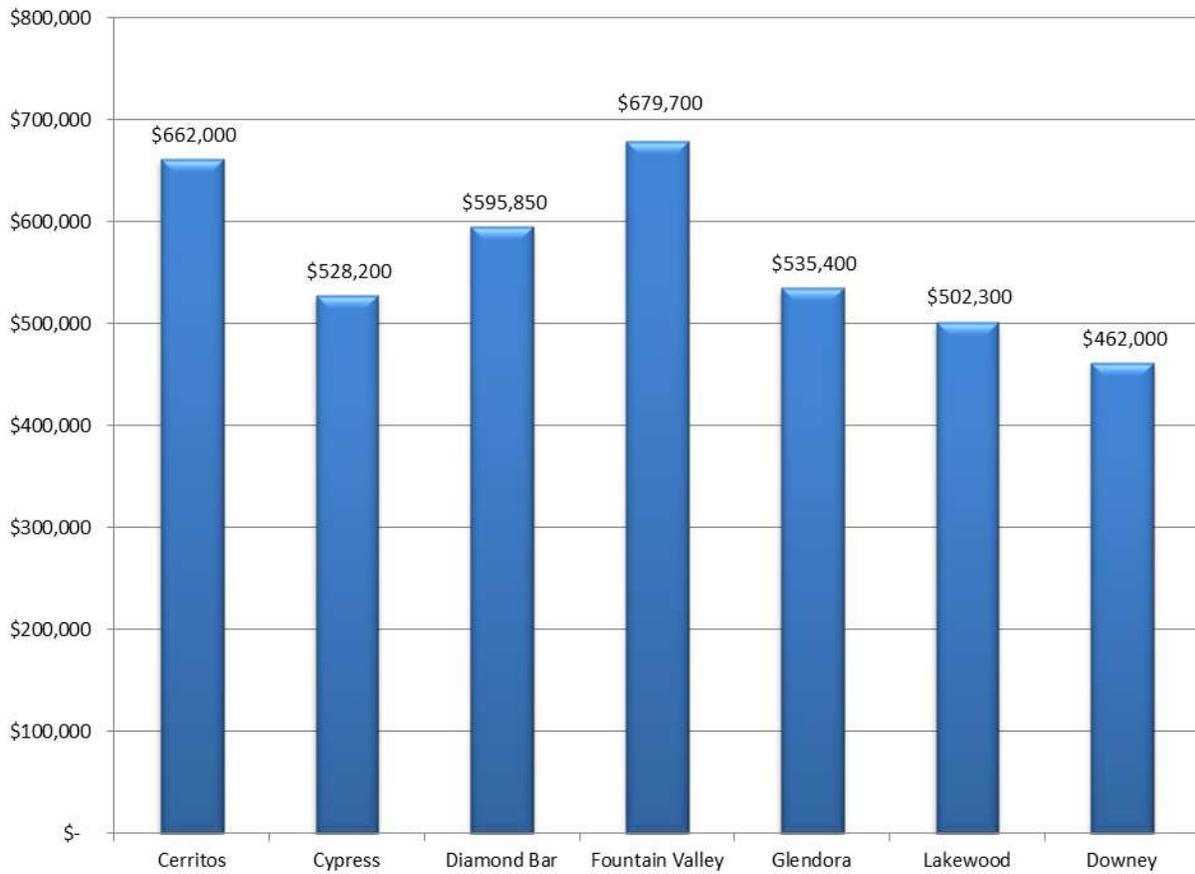


Housing

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 March 2016 home sales price, Cerritos' average home sales price was \$662,000, which was higher than five comparable cities (Cypress, Diamond Bar, Glendora, Lakewood, and Downey).

Regional Comparison – March 2016



Housing

Multi-Family Residential - Condominiums

Condominiums have a niche in housing between renting and owning single-family homes. For 2015-Q4, the average median condominium home sales price in Cerritos was \$477,667. Condominium sale prices in Cerritos increased in October 2015 by 8%, in November 2015 by 6%, and in December 2015 by 5% from the previous year. In a regional comparison, Cerritos (\$477,200) average median condominium home sales price was higher in comparison to Los Angeles County (\$446,000) and Orange County (\$439,000).

Condominium Home Sales Price in Cerritos - 2015-Q4
First Quarter Average: \$477,667*



Condominium Home Sale Prices – County Comparison for December 2015

Cerritos	Los Angeles County	Orange County
\$477,200	\$446,000	\$439,000

* Please note that at the time of the preparation of this report, the 2016-Q1 sales for condominiums in Cerritos were not available on Zillow.com. Therefore, 2015-Q4 data is being provided.

Statistical Summary

Economic Profile – Spring 2016

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 Spring 2016.

Major Revenues

Sales tax revenue for the 2015-Q4 totaled \$7,179,714 which is a 17% increase from the fourth quarter in 2014, amounting to approximately \$1,055,146. Additionally, in a fourth quarter analysis of the past several years, sales tax revenue increased significantly from \$5.4 million (2014-Q1) to \$7.1 million (2015-Q4).

The Cerritos Auto Square generated the greatest amount of sales tax for the City in 2015-Q4, totaling \$3.1 million, which was a 17% increase from last year, amounting to an increase of \$461,099. The Los Cerritos Center generated the second highest sales tax at \$1.3 million, which was a 0.2% increase from last year. The third highest sales tax generator was the Cerritos Industrial Park at \$538,420, which equated to a 24% increase from the previous year.

In the first quarter of 2016, the Cerritos Auto Square sold a total of 15,563 cars, which was an increase of 1,558 cars from last year for the same quarter. Additionally, for the first quarter, an average of 5,188 cars sold per month. First quarter new business licenses and renewals increased by 15% from a year ago. A total of 1,068 new and renewal of business licenses were processed during the first quarter of 2016 (increase of 140).

Unemployment/Employment

The unemployment rate among Cerritos residents is approximately 3.7% (March 2016 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 March 2016 was 24,537 and was constituted by 23,630 employed and 907 unemployed residents.

Commercial Real Estate

Cerritos currently has 746,756 square feet of vacant space, which is approximately 4% of the total available real estate space in Cerritos (21,196,480 sq. ft.). Of the total 4% vacant space in Cerritos, 73% is industrial space (520,478 sq. ft.), 16% is office space (114,392 sq. ft.), and 11% is retail space (111,886 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-Q1, the single family median home sale price in Cerritos was approximately \$646,667. In a regional comparison, homes in Cerritos have maintained their values and were higher than most cities of comparable size and demographics.

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