



Quarterly Market Trend Analysis for Economic Development in Cerritos

# City of Cerritos Economic Profile Winter 2015-2016

*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.



Carol Chen  
Mayor



George Ray  
Mayor Pro Tem



Jim Edwards  
Councilmember



Mark Pulido  
Councilmember



Naresh Solanki  
Councilmember

## Economic Development Commission

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

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

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

The Commission members include:

Rosalinda Law  
Chair

Richard Alegria  
Vice Chair

Robert Buell  
Commissioner

Carmelita Lampino  
Commissioner

Dan Padelford  
Commissioner

# Major Economic Indicators—Nationwide

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

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

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

## Brief Overview of the United States Economy

### Consumer Price Index (CPI):

-0.1% in December 2015

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

### Unemployment Rate:

5.0% in December 2015

Current unemployment rate for the United States.

### Payroll Employment:

+292,000(p) in December 2015

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

### Average Hourly Earnings:

-\$0.01(p) in December 2015

Increase or decrease in average hourly earnings.

### Producer Price Index - Final Demand:

-0.2%(p) in December 2015

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

### Employment Cost Index (ECI):

+0.6% in 3rd Qtr. of 2015

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

### U.S. Import Price Index:

-1.2% in December 2015

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

### U.S. Export Price Index:

-1.1% in December 2015

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

## Major Economic Indicators—Los Angeles County

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

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

### Brief Overview of the Los Angeles County

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

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

### Los Angeles County Nonfarm Employment

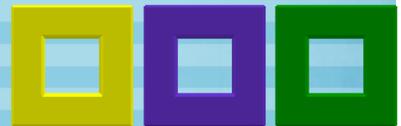
Year	Total Nonfarm Employment (Annual Averages in Thousands)	Manufacturing	Retail Trade	Health Care & Social Asst.	Government
2013	4,129.8	368.2	406.0	599.8	551.2
2014	4,226.4	364.9	414.5	625.3	556.7
2015*	4,319.4	362.0	423.1	644.5	564.8
2016**	4,397.1	362.4	430.2	658.1	564.6

\*Indicates a 2015 estimate by the economists at the Keyser Center for Economic Research

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



# Major Revenues



# Major Revenues

## Sales Tax

Over the past four quarters, sales tax for the City has averaged \$6.1 million with no decrease in revenue in quarter-per-quarter comparison. Additionally, sales tax data increased from \$5.7 million in 2014-Q3 to \$6.4 million in 2015-Q3, amounting to a 13% increase 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 2011 through 2014, annual sales tax revenue increased from \$18,833,756 to \$22,238,546, resulting in a 23% increase. Additionally, sales tax revenue increased in 2014 after remaining at the \$22 million level for 2012 and 2013. Based on the current sales tax data for the past three quarters in 2015 (averaging \$6.1 per quarter), it is projected that annual sales tax will be at approximately \$24,700,000, which would exceed annual sales tax for 2014 (\$23,238,546).

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

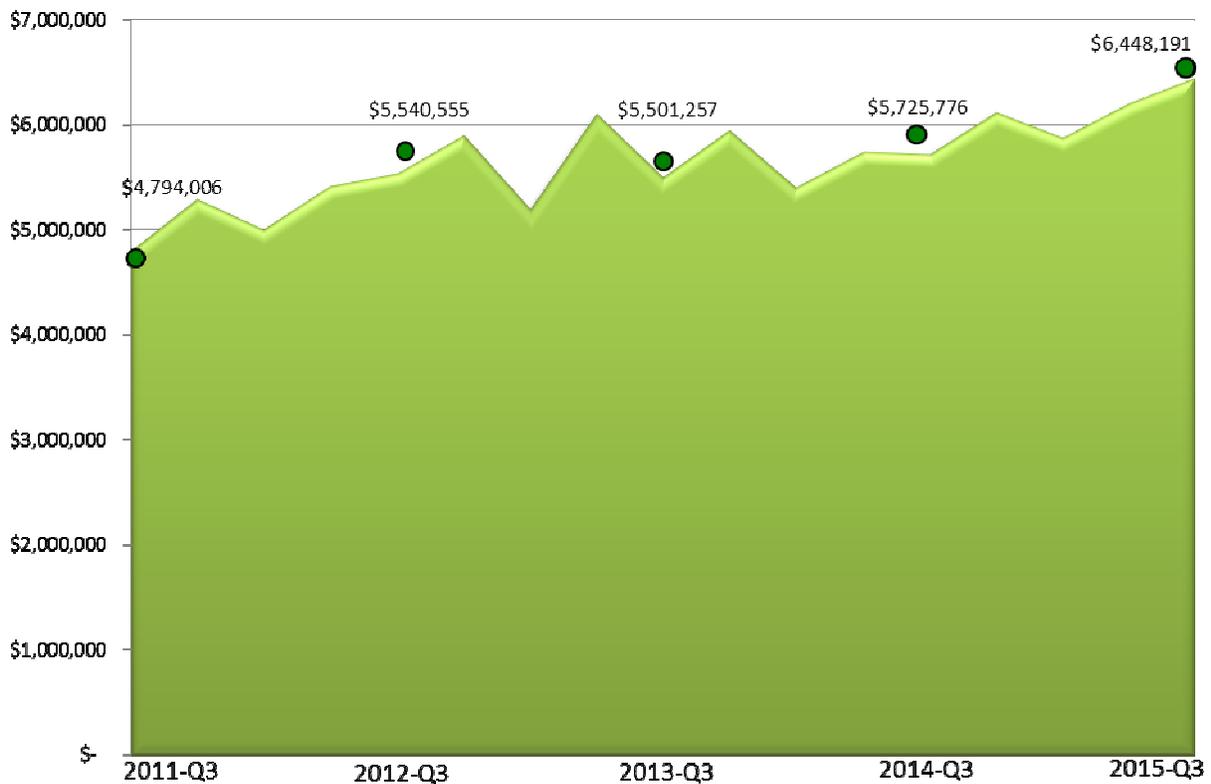
2011	2012	2013	2014
\$18,833,756	\$22,424,662 ↑	\$22,994,391 ↑	23,238,546 ↑

# Major Revenues

## Sales Tax – Third Quarter Analysis

For 2015-Q3, businesses in the City generated \$6,448,191 in sales tax revenue, which is a 13% increase (\$722,415) over the same quarter in 2014. Based on a trend analysis, quarterly sales tax has gradually increased from a low of \$4.7 million in 2011-Q3 to its current level of \$6.4 million in 2015-Q3. The trend line indicates an increase in sales tax revenue in a quarter-per-quarter comparison starting from 2011-Q3 to 2013-Q3 (with a slight decrease of \$39,298 in 2013-Q3), and reaching a new four year high with \$6.4 million in 2015-Q3. 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.

**Third Quarter Trend Analysis**



**Third Quarter Analysis**

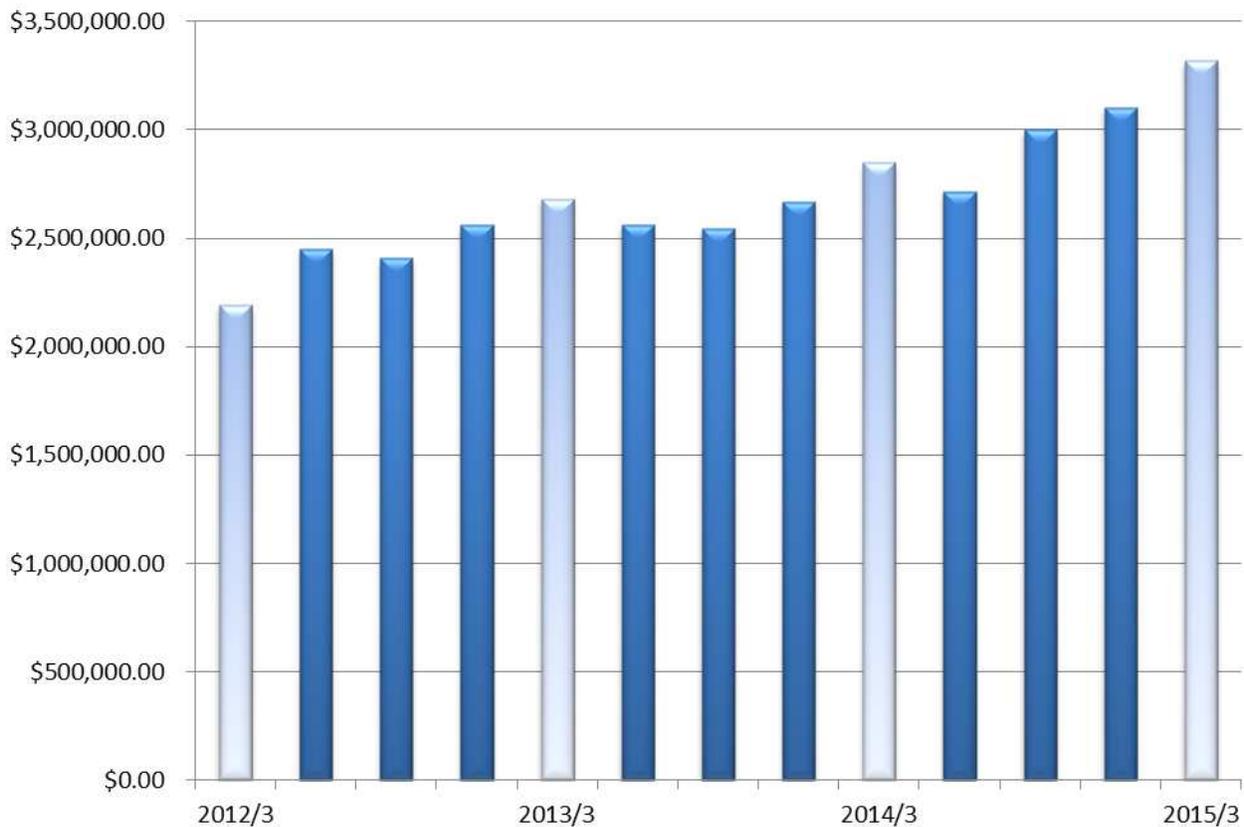
2011-Q3	2012-Q3	2013-Q3	2014-Q3	2015-Q3
\$4,794,006	\$5,540,555	\$5,501,257	\$5,725,776	\$6,448,191

# Major Revenues

## Sales Tax – Cerritos Auto Square

The Cerritos Auto Square generated the greatest amount of sales tax of any business sector in the City in 2015-Q3 (\$3.3 million). In a quarter-to-quarter comparison, 2015-Q3 (\$3.3 million) increased from 2014-Q3 (\$2.8 million) or an increase of \$467,671 which equates to 16%. Additionally, 2015-Q3 was higher than 2013-Q3 and 2012-Q3. 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-Q3 to 2015-Q3

Average: \$2,696,264

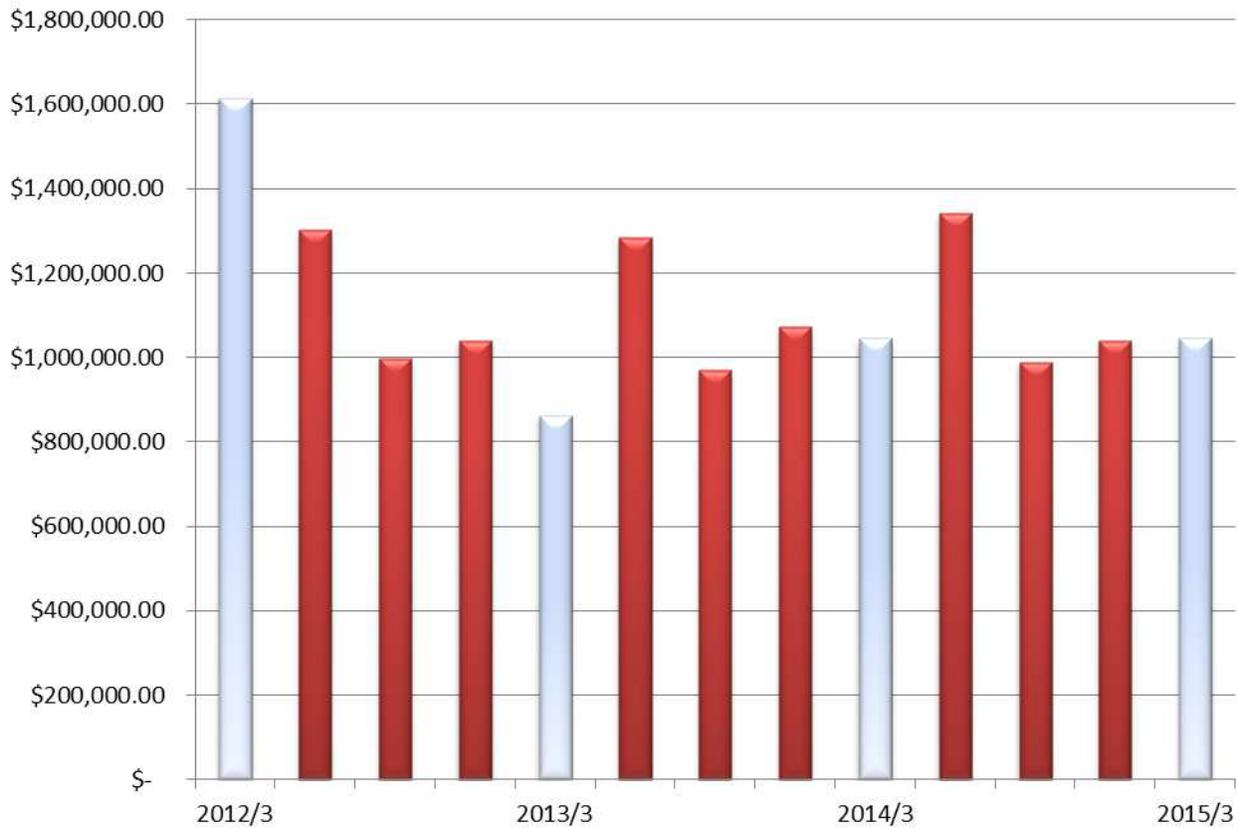
2012-Q3	2013-Q3	2014-Q3	2015-Q3
\$2,190,914	\$2,679,481	\$2,849,255	\$3,316,926

# Major Revenues

## Sales Tax – Los Cerritos Center

In 2015-Q3, the Los Cerritos Center generated the second highest amount of sales tax revenue for the City’s General Fund at \$1,046,588. Based on the trend analysis, sales tax revenue increased slightly by 0.2% from 2014-Q3 (\$2,212 increase). Overall, sales tax revenue at the Los Cerritos Center has averaged approximately \$1.1 million dollars per quarter from 2012-Q3 to 2015-Q3. Additionally, sales tax has increase for two straight years, during the third quarter.

**Los Cerritos Center**



2012-Q3 to 2015-Q3

Average: \$1,123,539

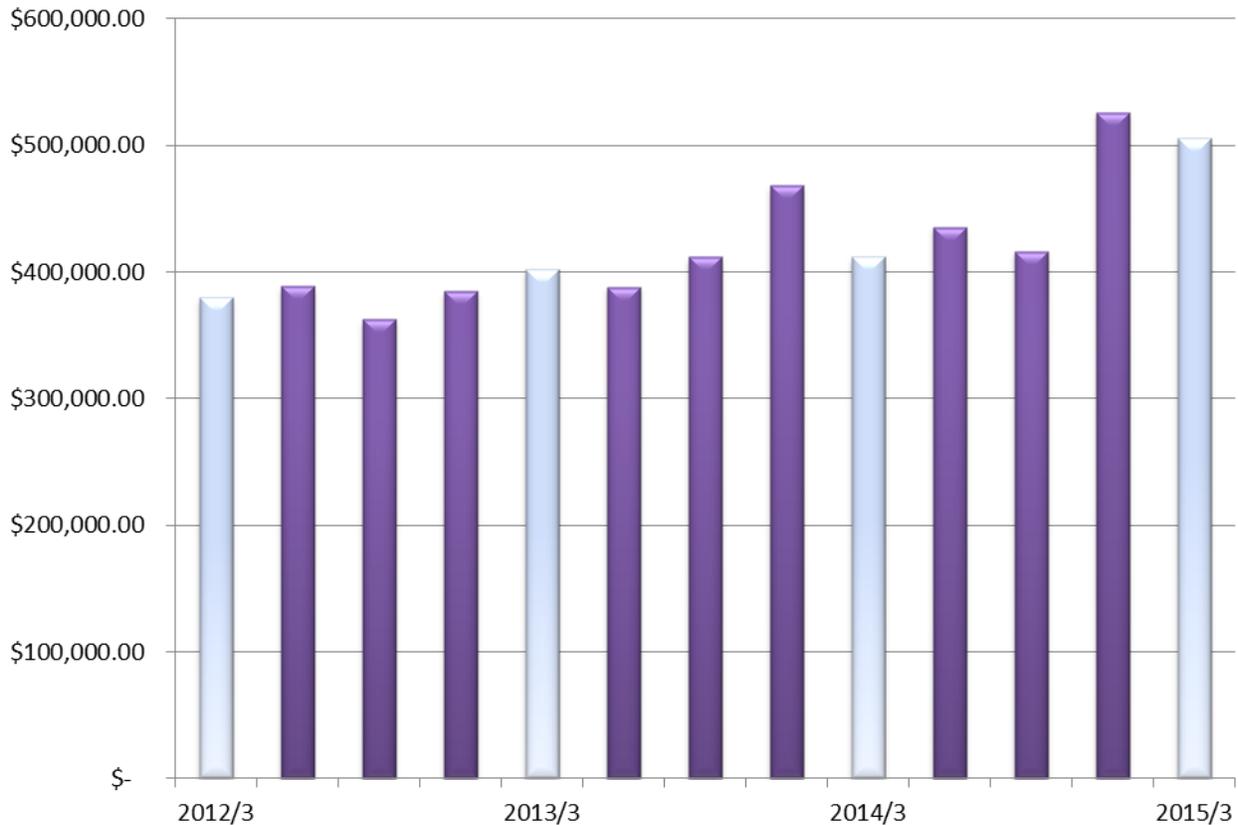
2012-Q3	2013-Q3	2014-Q3	2015-Q3
\$1,614,747	\$861,945	\$1,044,376	\$1,046,588

# 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 \$505,207 in 2015-Q3, which is a 23% increase from 2014-Q3 (\$411,940), or a \$93,267 increase. Based on the trend analysis, sales tax revenue at the Cerritos Industrial Park has remained relatively constant through 2012-Q3 to 2014-Q3. However, sales tax data increased in 2015-Q3 and the Cerritos Industrial Park reported the highest sales tax revenue for the third quarter over the past three years.

**Cerritos Industrial Park**



2012-Q3 to 2015-Q3

Average: \$421,624

2012-Q3	2013-Q3	2014-Q3	2015-Q3
\$379,470	\$402,295	\$411,940	\$505,207

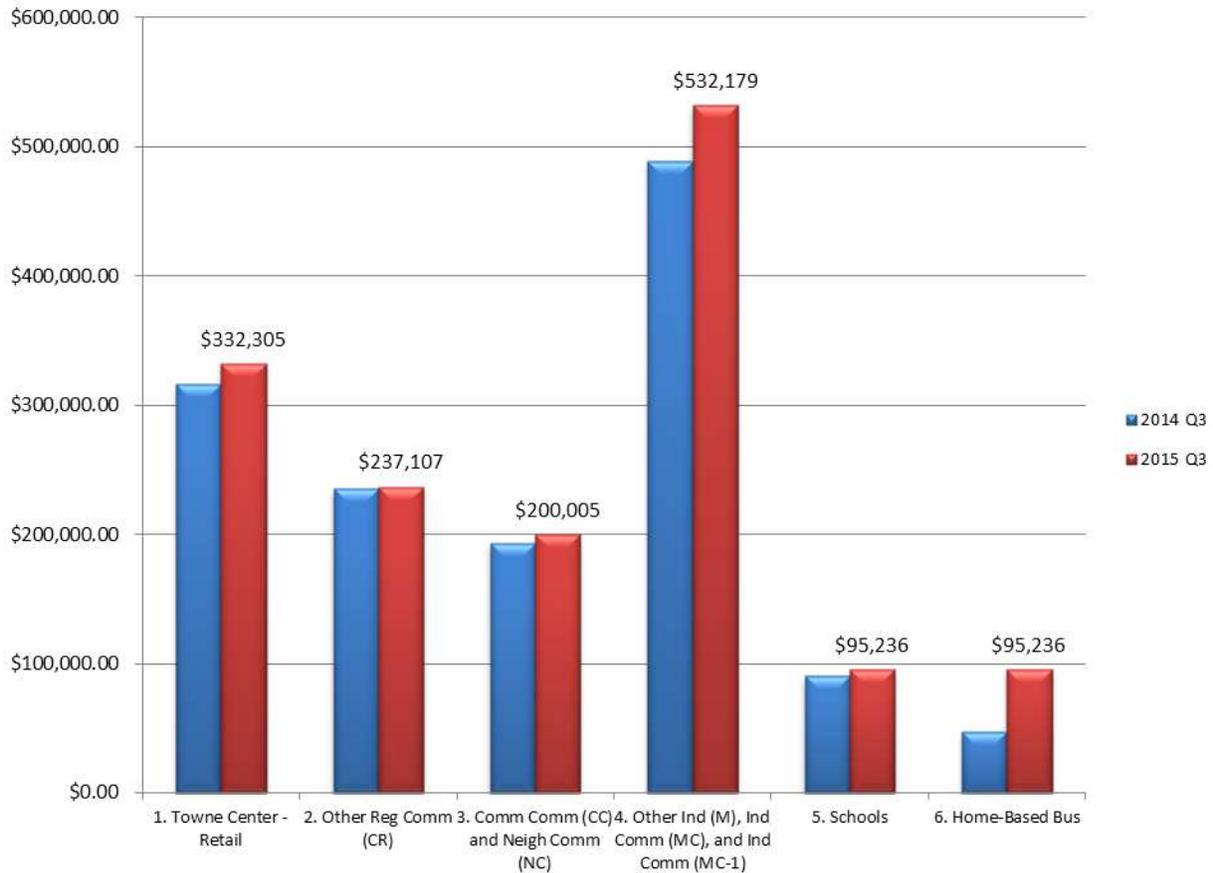
# Major Revenues

## Other Sectors

As mentioned previously, the majority of Cerritos sales tax is generated by the Cerritos Auto Square, Los Cerritos Center, and Cerritos Industrial Park. Additionally, there are six sectors that also contribute towards generating sales tax for the City. These sectors include: the Cerritos Towne Center Retail, Other Regional Commercial (CR), Community Commercial (CC) and Neighborhood Commercial (NC), Other Industrial (M), Industrial Commercial (MC), Industrial Commercial (MC-1), Schools, and Residential/Home Based Businesses.

Other Industrial and Industrial Commercial sectors generated the greatest amount of sales tax at \$531,179. These sectors include businesses operating in these zones and are not part of the Cerritos Industrial Park. Business in the Industrial Commercial zone may include retail sales, machine shops, wholesaling and warehousing. Each sector experienced an increase from last year, with the exception of Other Regional Commercial that reported no net gain in sales tax.

Other Sectors



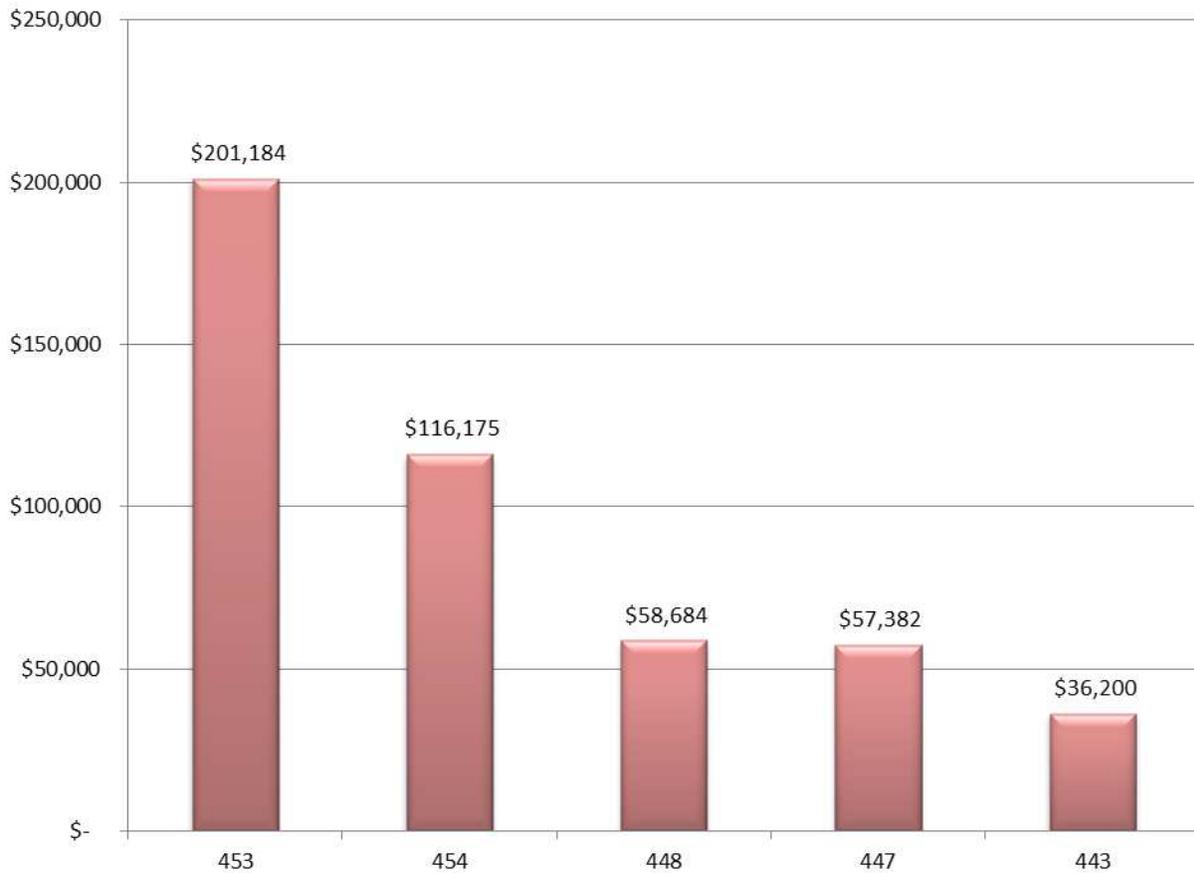
Towne Center Retail	Other Regional Commercial	Comm Comm Neig Comm	Other Ind Comm	Schools	Home-Based Business
\$332,305	\$237,107	\$200,005	\$532,179	\$95,236	\$95,236

# Major Revenues

## Top Five Retail Trade – NAICS Code

In Cerritos, the Retail Trade sector generated \$4.2 million in sales tax revenue for 2015-Q3 or 65% of total revenues generated. Within the Retail Trade sector, there are six codes as identified by the North American Industry Classification System (NAICS) that generate sales tax for the City. Code 441 (automobile sales and automotive parts) generated the highest sales tax at \$2.7 million. However, there are five other codes that contributed towards sales tax. These include: Code 453 (florist, office supplies, gift and souvenir stores, pet and pet supplies, tobacco dealers and all other miscellaneous store retailers), Code 454 (electronic shopping, mail order houses, vending machine operators, fuel dealers, and other direct selling establishments), Code 448 (clothing stores, shoe stores, jewelry stores, and luggage stores), Code 447 (gasoline stations and convenience stores), and Code 443 (electronic stores).

**Retail Sector – NAICS Code**



453	454	448	447	443
\$201,184	\$116,175	\$58,684	\$57,382	\$36,200

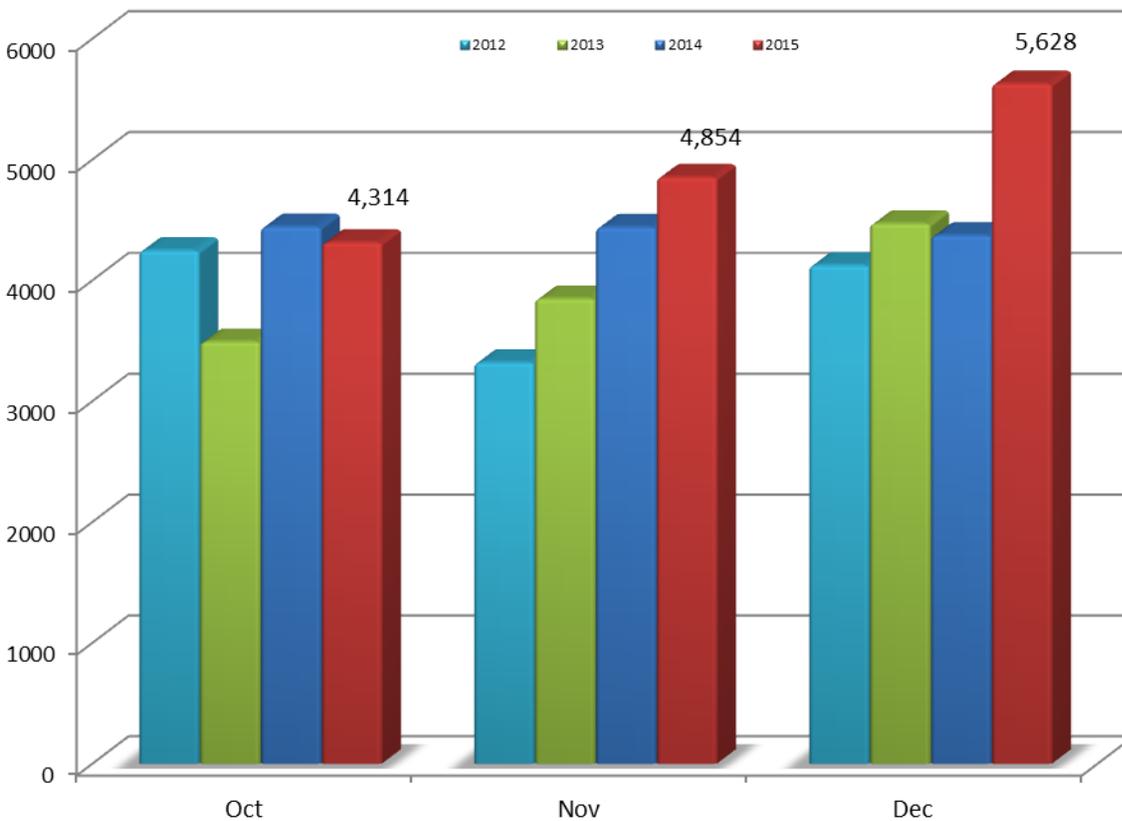
# Major Revenues

## Auto Sales

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

For 2015-Q4, sales increased in October, November, and December from the previous year. Additionally, automobile sales averaged approximately 4,932 vehicles sold per month during the fourth quarter. The Auto Square sold a total of 60,842 automobiles for calendar year 2015 and it has exceeded all previous annual sales since 1993. This is the first time that annual sales have reached above 60,000 automobiles sold per year.

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



**Cars Sold in 2015-Q4**

October	November	December
4,314	4,854	5,628

2015-Q4 Total: 14,796  
 2014-Q4 Total: 13,253  
 Difference: (1,543)

# Major Revenues

## Auto Sales – Annual Totals

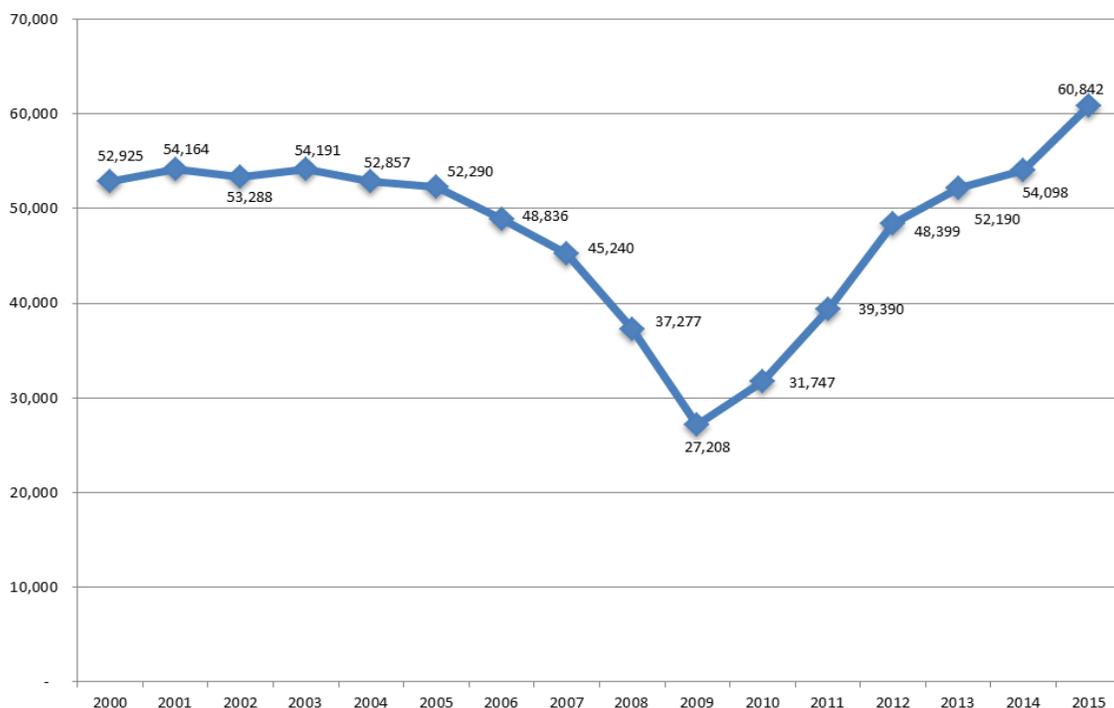
The Cerritos Auto Square experienced another significant increase in sales in 2015 (60,842) over sales in 2014 (54,098). In fact, there was a 13% increase in auto sales from 2014 to 2015 with a total of 6,744 more cars sold. The 2015 calendar year marks a total of six years in a row that total annual 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, 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	
48,836	45,240	37,277	27,208	31,747	
2011	2012	2013	2014	2015	
39,390	48,399	52,190	54,098	60,842	

**Trend Analysis – 2000 to 2015**

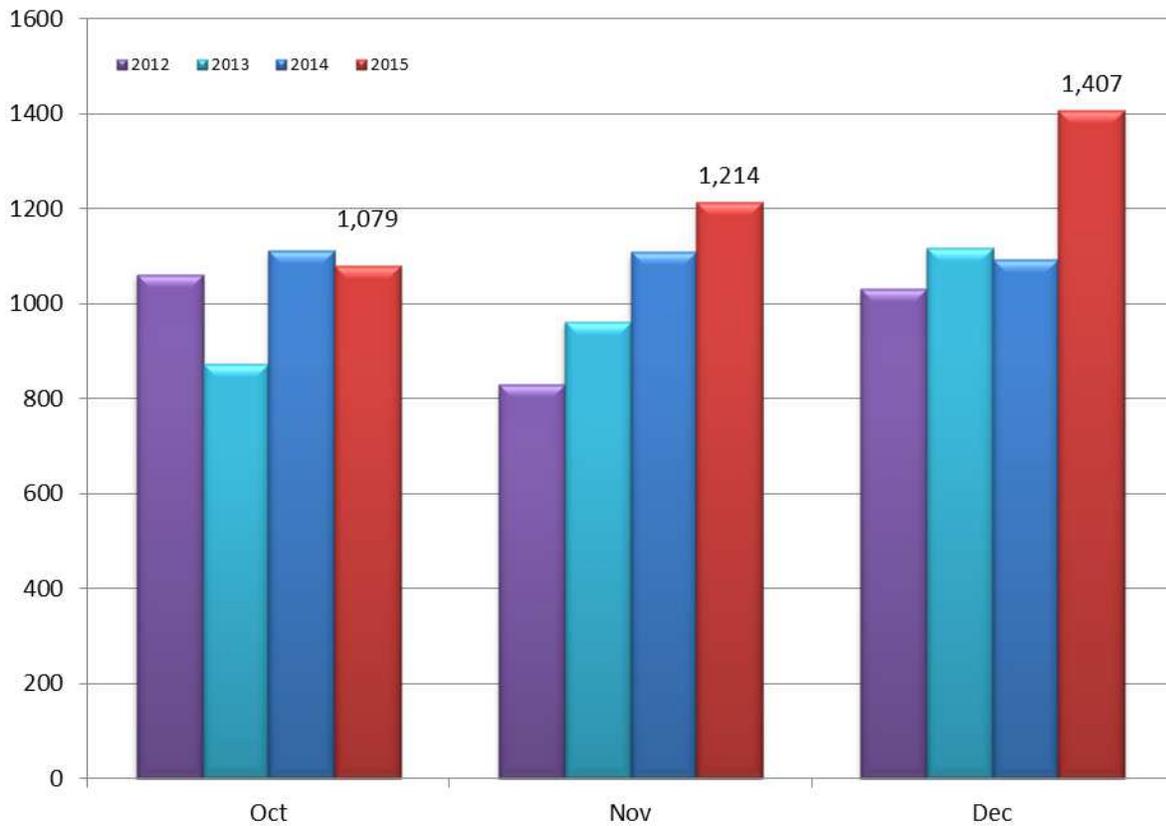


# Major Revenues

## Auto Sales – Weekly Averages

Based on a trend analysis, weekly sale averages for November 2015 and December 2015 exceeded weekly averages for the same month for 2012, 2013 and 2014. December 2015 experienced the highest weekly sales averaging 1,407 cars sold per week. October 2015 experienced a slight decline of 32 cars from October 2014. The Auto Square is experiencing robust weekly sales averages for the fourth quarter and is indicating that consumers are willing to purchase more durable goods, such as automobiles.

**Weekly Averages: 2012-Q4 to 2015-Q4**



**Weekly Averages: 2012-Q4 to 2015-Q4**

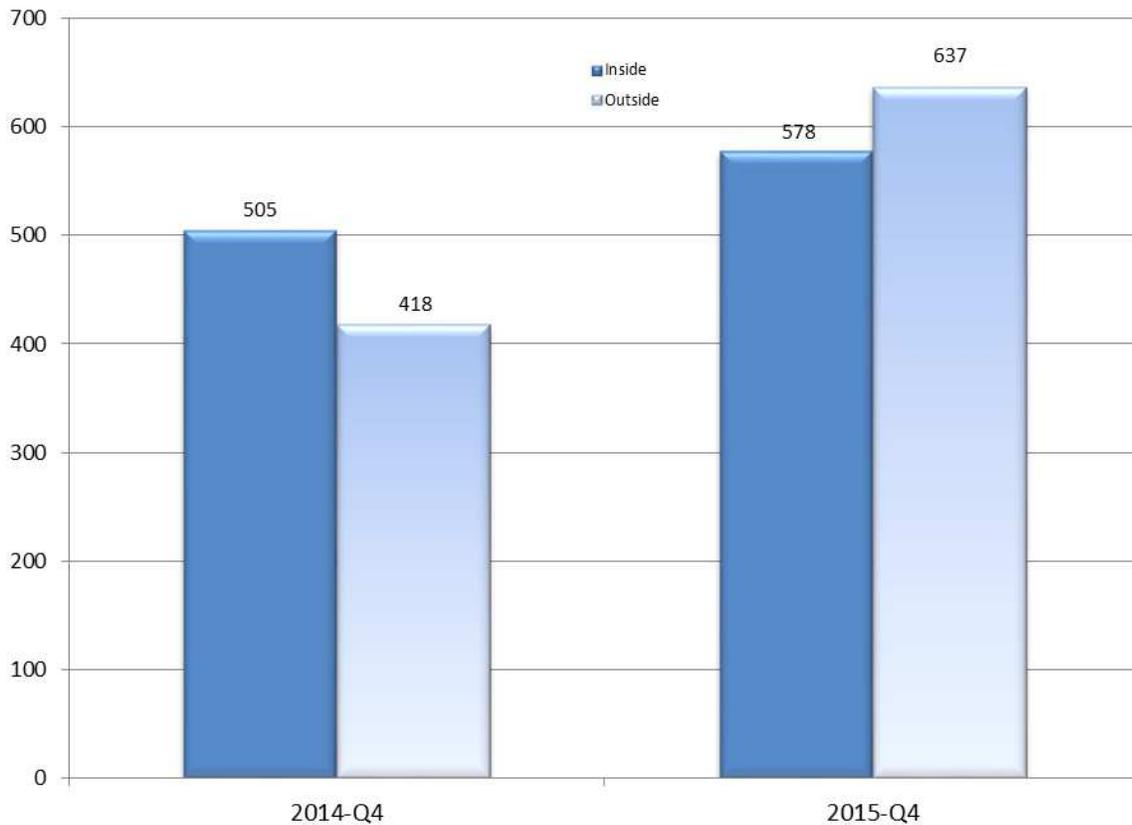
	October	November	December	Q4 Total
2012-Q4	1,062	830	1,031	<b>2,923</b>
2013-Q4	873	962	1,118	<b>2,953</b>
2014-Q4	1,111	1,110	1,093	<b>3,313</b>
2015-Q4	1,079	1,214	1,407	<b>3,699</b>

# Major Revenues

## Business License

The tracking of new and renewed business licenses is one method of forecasting business growth in the City. For 2015-Q4, a total of 1,215 new and renewal business licenses were processed by the City, which is an increase of 32% from 2014-Q4 (an increase of 292 new and renewal of business licenses processed). Additionally, the City generated \$255,307 in business license fees for the General Fund during 2015-Q4.

**2015-Q4 New and Renewal of Business Licenses – Located in Cerritos and Located Outside Cerritos**

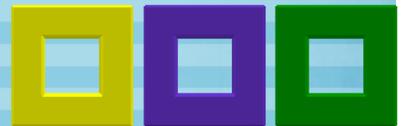


### 2015-Q4 New and Renewal of Business Licenses

2014-Q4 Total New and Renewal of Business Licenses: 923  
2015-Q4 Total New and Renewal of Business Licenses: 1,215  
Difference: (292)  
2015-Q4 Total Revenue: \$255,307



# Unemployment



# Unemployment

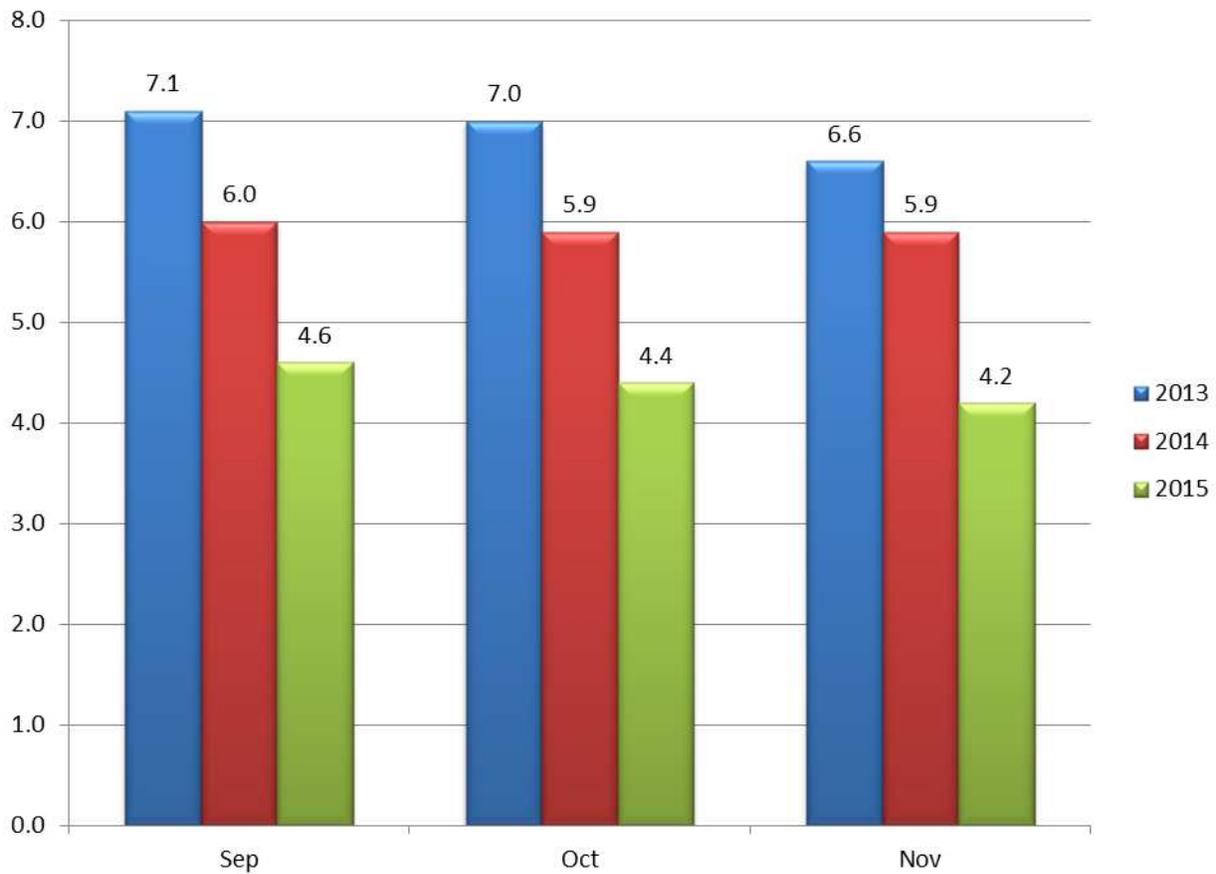
## Current Rate

According to the Federal Bureau of Labor and Statistics, the unemployment rate among Cerritos residents in November 2015 was at approximately 4.2%, which was lower than the previous two years. The unemployment rate for November 2014 was 5.9% and November 2013 was at 6.6%, which are both higher than November 2015 (4.2%). Additionally, no month experienced a significant increase in the unemployment rate over a three year period. This reduction in the unemployment rate is a positive sign for the local economy and an indicator of potential increased consumer confidence and businesses are hiring more persons. The construction activity at the Los Cerritos Center and Plaza 183 may have contributed to the hiring of local persons and helped with the decrease in the unemployment rate. The last time the unemployment rate reached a low of 4% was in 2008 (4.8%).

### Quarterly Unemployment Rate

February 2015	June 2015	August 2015	November 2015
5.7%	5.4%	5.2%	4.2%

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

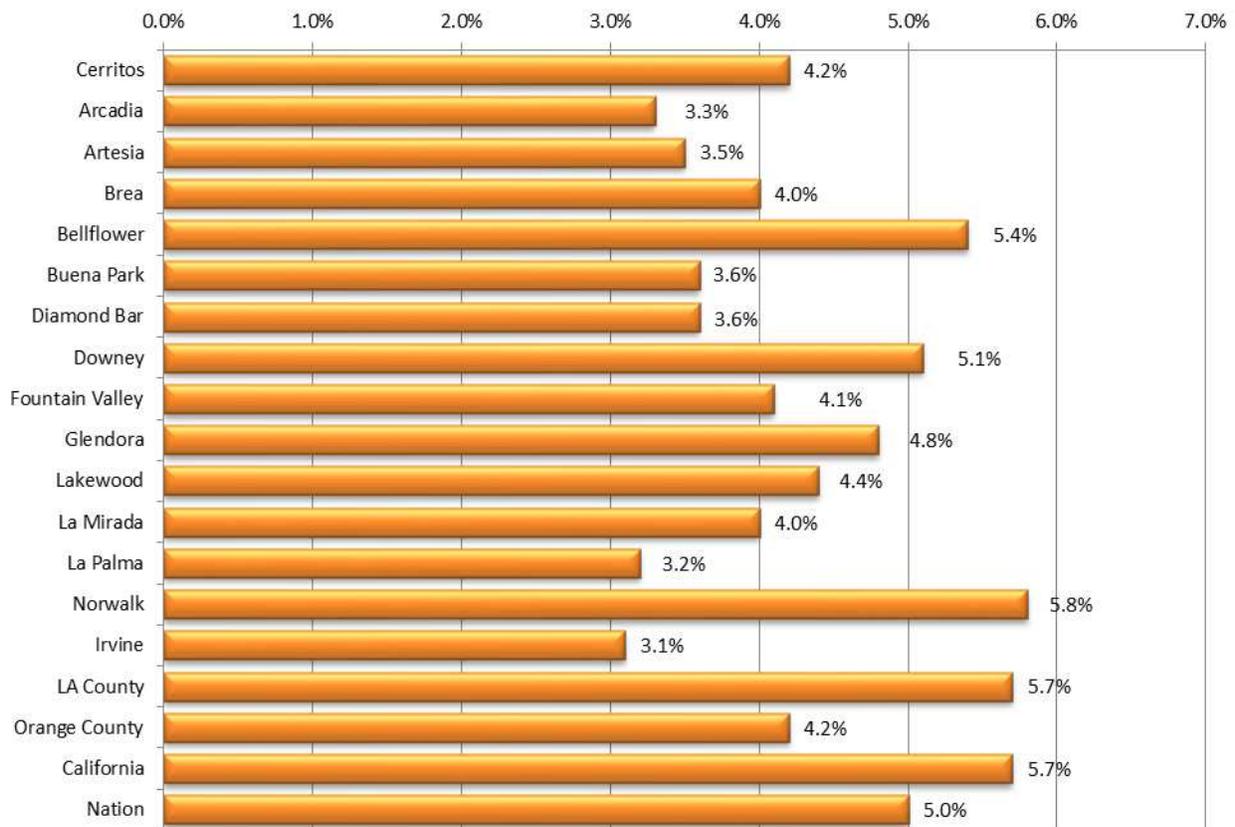


# Unemployment

## Surrounding Cities, Comparable Cities, and Counties

According to the California Employment Development Department, the unemployment rate among Cerritos residents in November 2015 was approximately 4.2%, which is lower than adjacent cities, such as Lakewood (4.4%), Bellflower (5.4%), and Norwalk (5.8%). Additionally, the Cerritos unemployment rate was lower than Los Angeles County (5.7%) and the State of California (5.7%). Cerritos low unemployment rate of 4.2% is lower than the national average of 5%.

**Unemployment Rate – Surrounding Cities and Comparable Cities  
November 2015\***



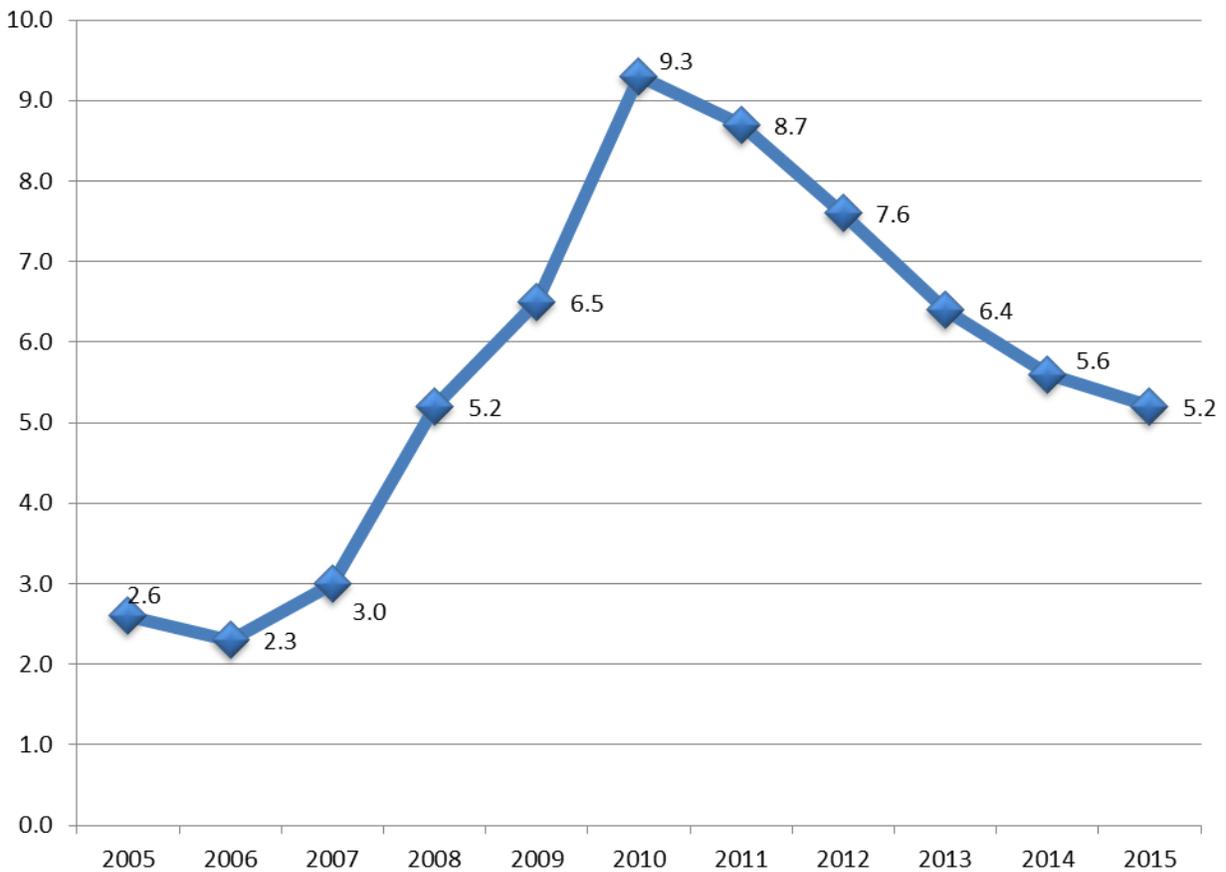
\*Please note that November 2015 numbers are preliminary, based on the State of California Employment Development Department.

# Employment

## Annual Unemployment Rate

In 2010, the City's average unemployment rate reached a high of 9.3% during the Great Recession and has decreased five straight years. Although the unemployment rate in Cerritos in 2014 was 5.6%, currently the unemployment rate averaged 5.2% from January 2015 to November 2015, which is lower than the average unemployment rate for 2014 (5.6%). This decrease may be attributed to the increased construction activity at the Los Cerritos Center and remodeling efforts at Plaza 183 (former Best Plaza Shopping Center).

**Average Annual Unemployment Rate**



**Average Annual Unemployment Rate**

2010	2011	2012	2013	2014	2015*
9.4%	9.2%	8.2%	7.3%	5.6%	5.2%

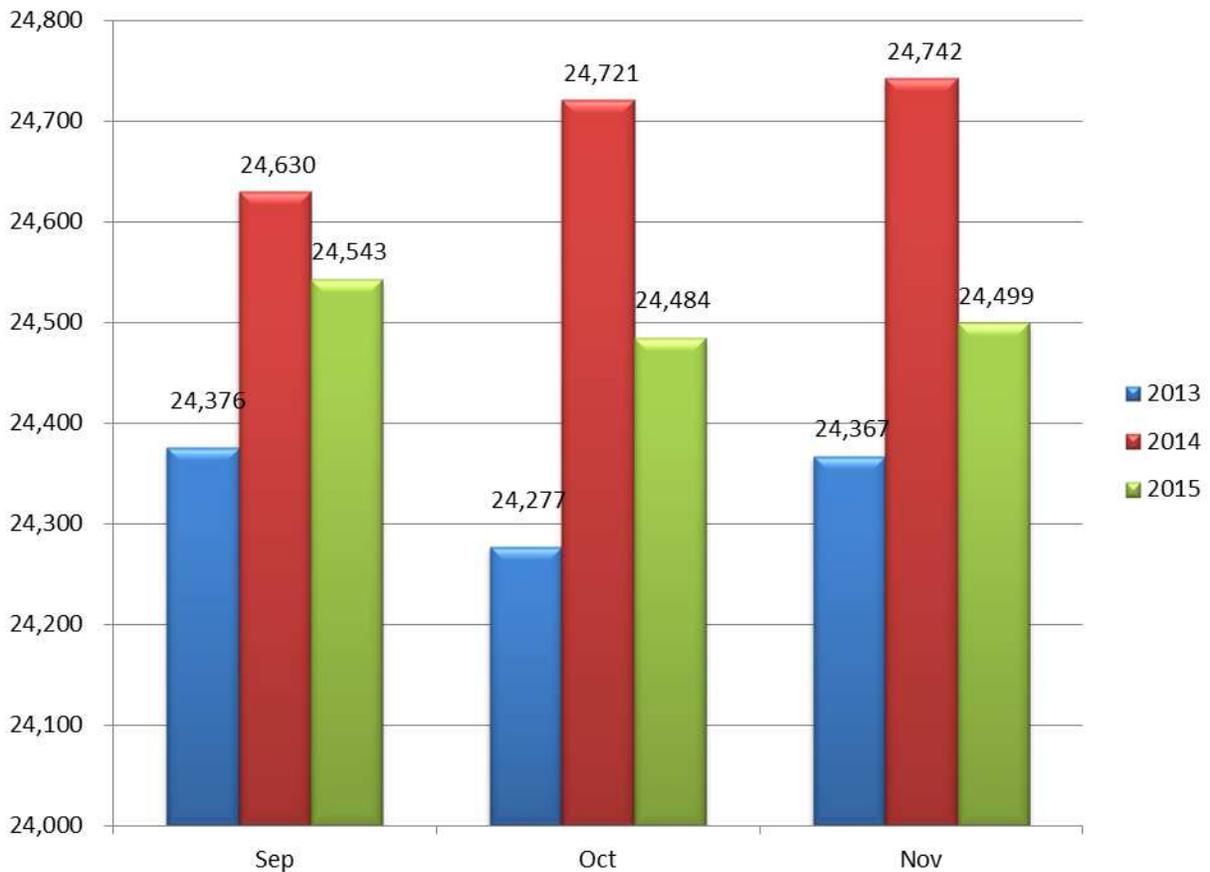
\*The 5.6% unemployment rate is an average from January 2015 to November 2015.

# Employment

## Labor Force

According to the United States Bureau of Labor and Statistics, labor force refers to the sum of all employed and unemployed individuals in the economy. In Cerritos, there were 24,499 persons as of November 2015 in the local workforce, a decrease of 243 persons from November 2014 (24,742). Based on a trend analysis, the labor force in the City has remained consistent at approximately 24,000 persons from 2013 to 2015.

**Labor Force – Cerritos**



**Annual Average Cerritos Labor Force**

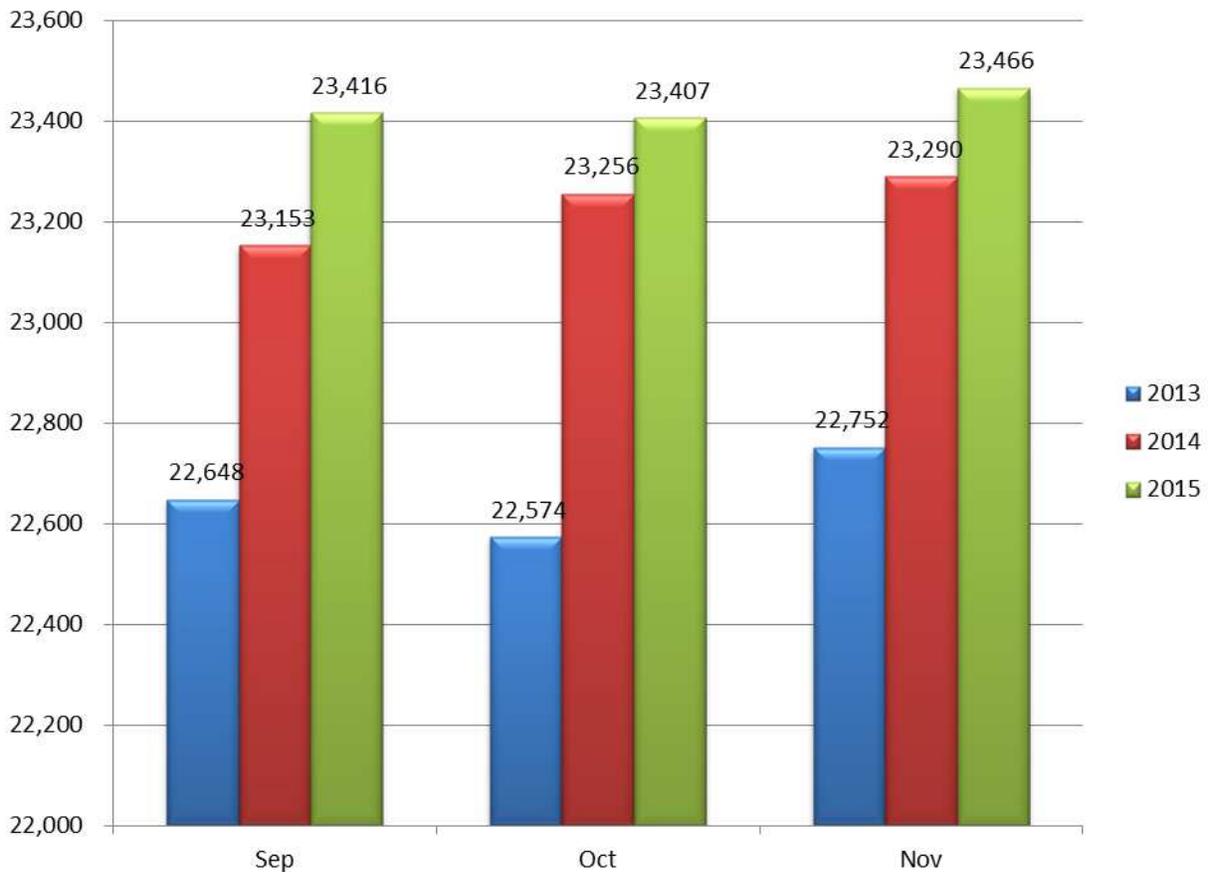
2010	2011	2012	2013	2014
23,841	23,885	23,845	24,187	24,502

# Employment

## Employment in Cerritos

In November 2015, there were 23,466 jobs within the City that employ both Cerritos residents and persons that reside outside of Cerritos. Based on a third quarter trend analysis, employment remained constant from September 2015 (23,416 persons) through November 2015 (23,466 persons). Based on a three year trend analysis, employment from September 2013 through November 2015 increased by 818 persons, which amounts to a 4% increase over a three year period. Additionally, employment continues to increase over the past four years, with 21,595 jobs in 2010 and 22,996 jobs in 2014.

**Employment – Cerritos**



**Annual Average Employment in Cerritos**

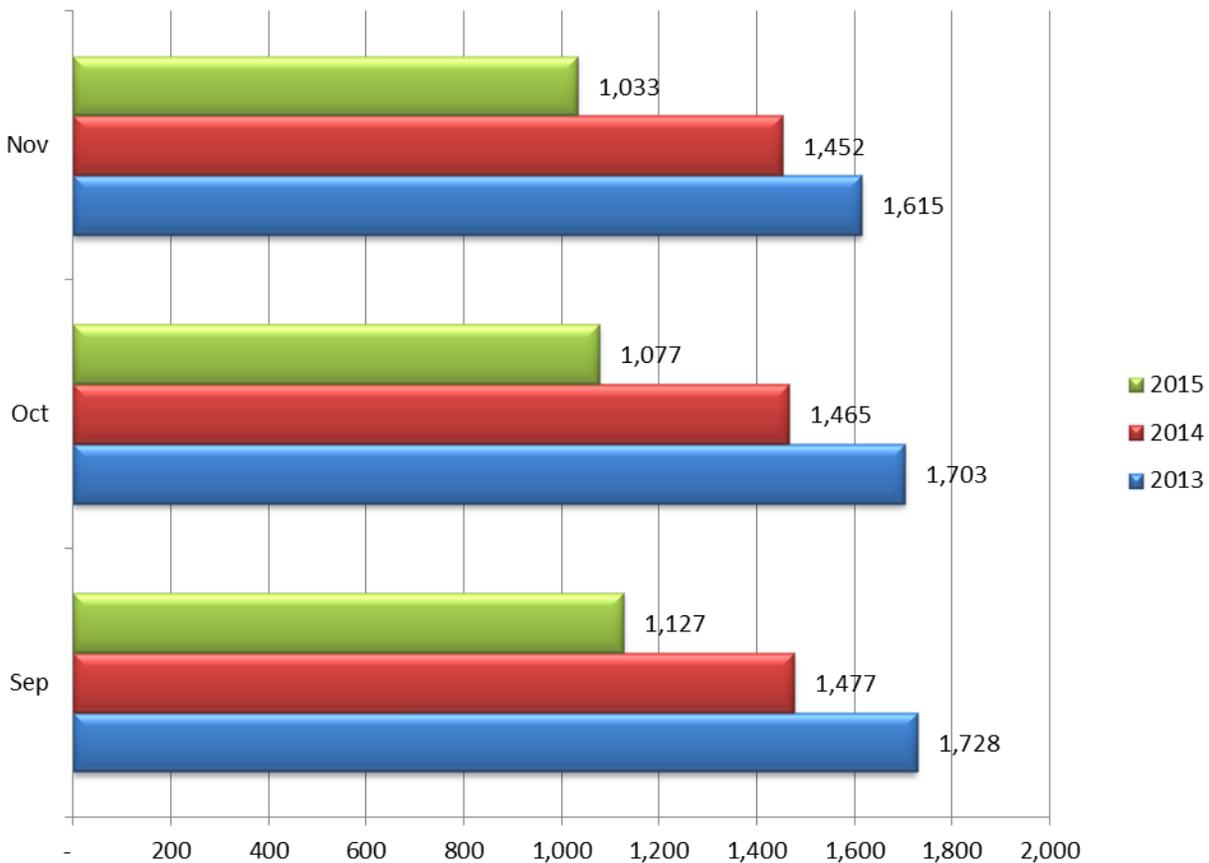
2010	2011	2012	2013	2014
21,595	21,684	21,896	22,422	22,996

# Unemployment

## Unemployment in Cerritos

According to the United States Bureau of Labor and Statistics, the number of individuals unemployed is calculated with the following formula:  $\text{unemployment} = \text{labor force} - \text{employment}$ . Based on the data from November 2015, there are currently 1,033 (4.2%) individuals unemployed in Cerritos, which is a decrease of 163 persons from November 2014 and 582 persons from November 2013. Additionally, October 2015 experienced a decrease of 27% from 2014, and September experienced a 24% decrease from the same time period. From 2010 through 2014, the average annual number of persons unemployed in the City of Cerritos has continued to decrease, to its low in 2014 at 1,506. This continued decrease in the number of unemployed persons in Cerritos is a positive indicator that the local economy is growing.

**Unemployment – Cerritos**

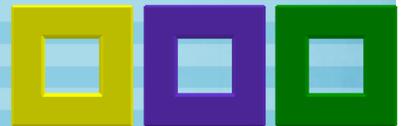


**Annual Average Unemployed in Cerritos**

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



# Commercial Real Estate

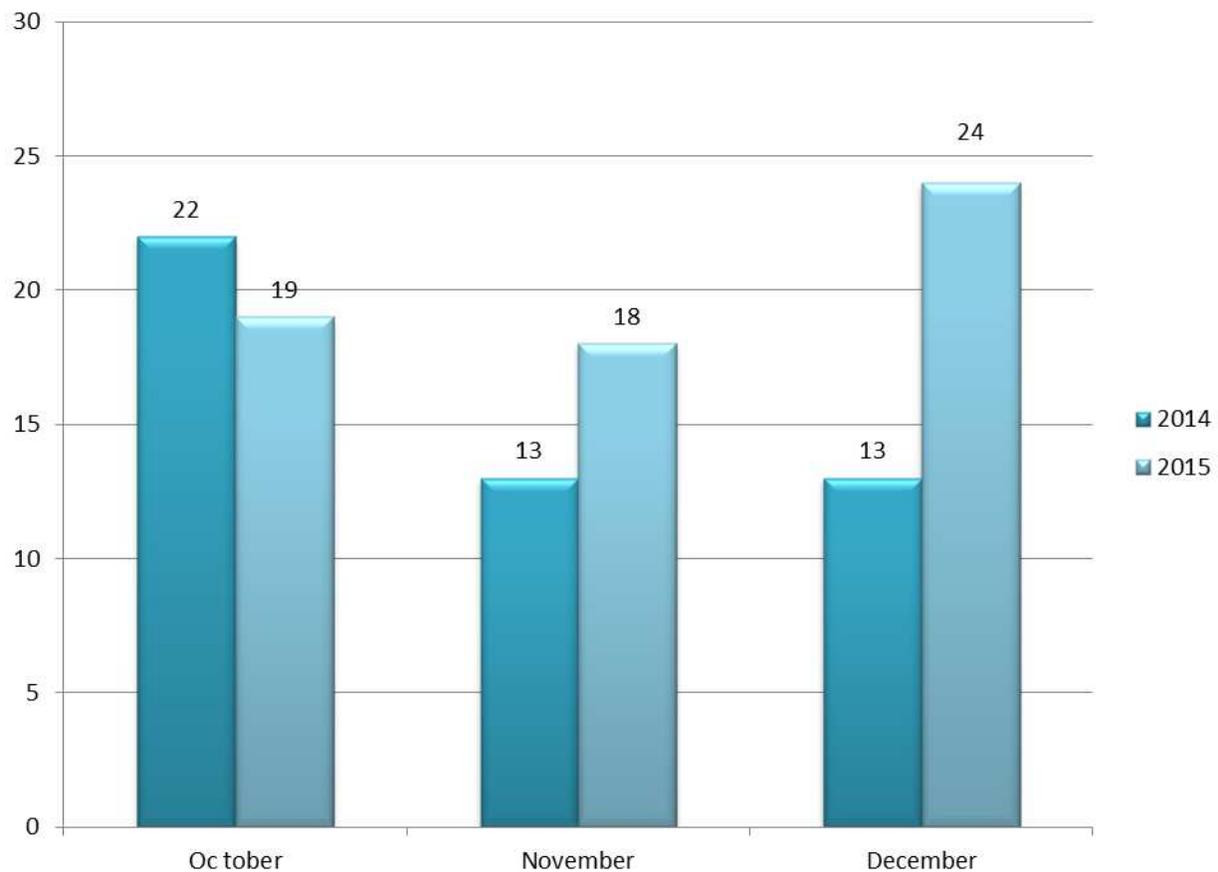


# Commercial Real Estate

## Certificate of Occupancy

The tracking of new buildings and the issuance of a Certificate of Occupancy (CO) is one method to determine the activity of commercial real estate in Cerritos. A CO is a required document issued by the City after the completion of construction and the final building department inspection for the purposes of authorizing occupancy. A high number of CO, new buildings, and tenant improvements are indications that the local economy is growing. For 2015-Q4, CO's increased from a year ago by 13 permits. A total of 61 CO's were processed in 2015-Q4 and in 2014-Q4, a total of 48 CO's were processed. This increase of nine permits is a positive sign for the local economy. The month of December also had the highest number of CO's processed for this quarter (24 CO's were processed).

**Certificates of Occupancy for 2015-Q4**



**Certificate of Occupancy – 2015**

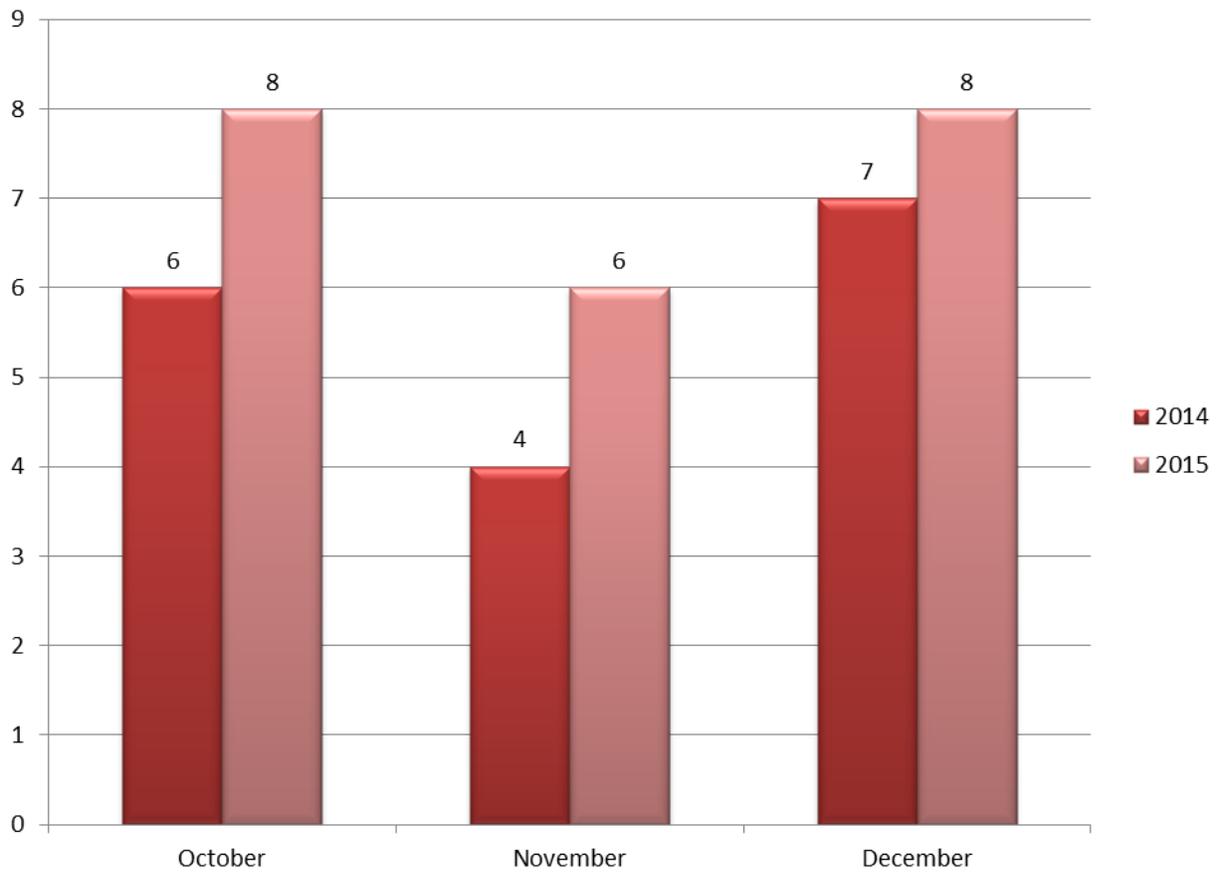
Jan	Feb	Mar	Apr	May	June
25	22	21	18	22	22
July	Aug	Sept	Oct	Nov	Dec
20	27	16	19	18	24

# 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. For 2015-Q4, tenant improvements increased from the previous year. A total of 22 TI's were processed in 2015-Q4, an increase of 5 TI's from 2014-Q4, in which 17 TI's were processed.

**Tenant Improvements for 2015-Q4**



**Tenant Improvements – 2015**

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

# Commercial Real Estate

## Total Vacancy in Cerritos

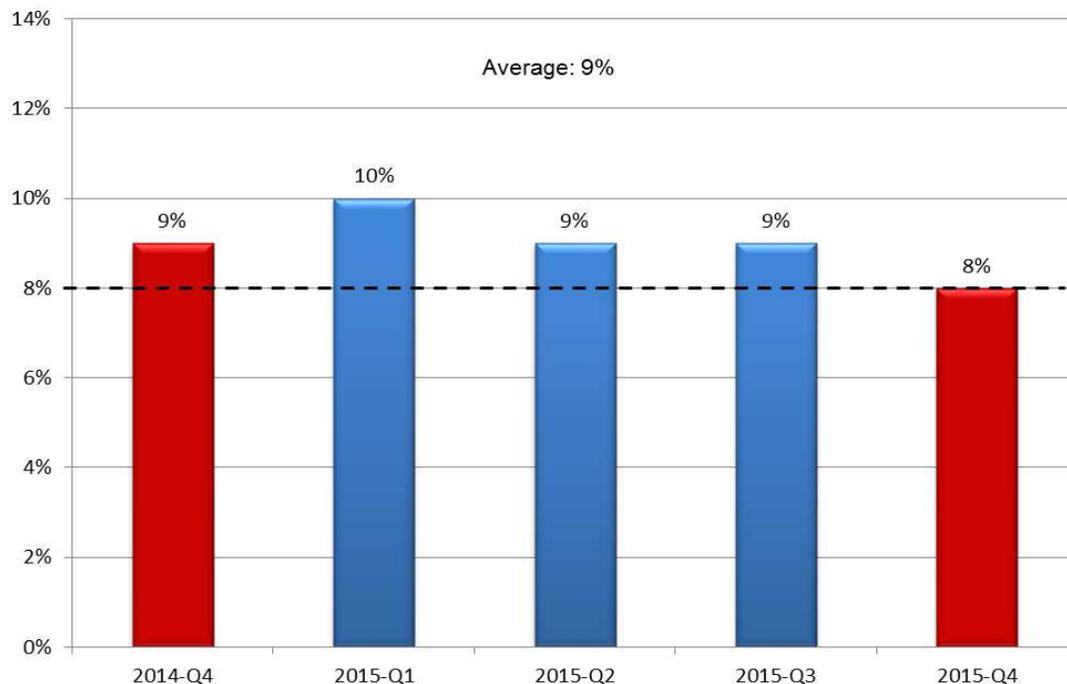
The City of Cerritos currently has a low vacancy rate when compared to the overall total available space for industrial, office, and retail uses. Currently, there is approximately 136,654 square feet of vacant industrial space, which equates to 1% of the total available citywide industrial space (15,088,117). Additionally, the City has approximately 111,833 square feet of vacant office space (9% of the total office space in Cerritos) and approximately 105,339 square feet of available retail space (2% of the total retail space in Cerritos). This equates to a total of 353,817 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	136,654	1%
Office	1,422,575	111,833	9%
Retail	4,685,788	105,339	2%
<b>Total</b>	<b>21,196,480</b>	<b>353,817</b>	<b>2%</b>

### Cerritos Office Vacancy Rates

As previously mentioned, in 2015-Q4, the Cerritos office market vacancy rate was at 9%, which is a slight increase of 1% from 2014-Q4. Over the past five quarters, the City office vacancy rate averaged approximately 9%. The slight increase in the office vacancy from 2014-Q4 to 2015-Q4 may be attributed to an increase in the number of available spaces for lease at the Avanti Business Center (21,709 sq. ft.) and the Cerritos Towne Center (23,587 sq. ft.). Additionally, office leases tend to have a greater turnaround rate (office leases tend to be one to three years) in comparison to retail and industrial leases, which tend to have longer lease agreements.



# Commercial Real Estate

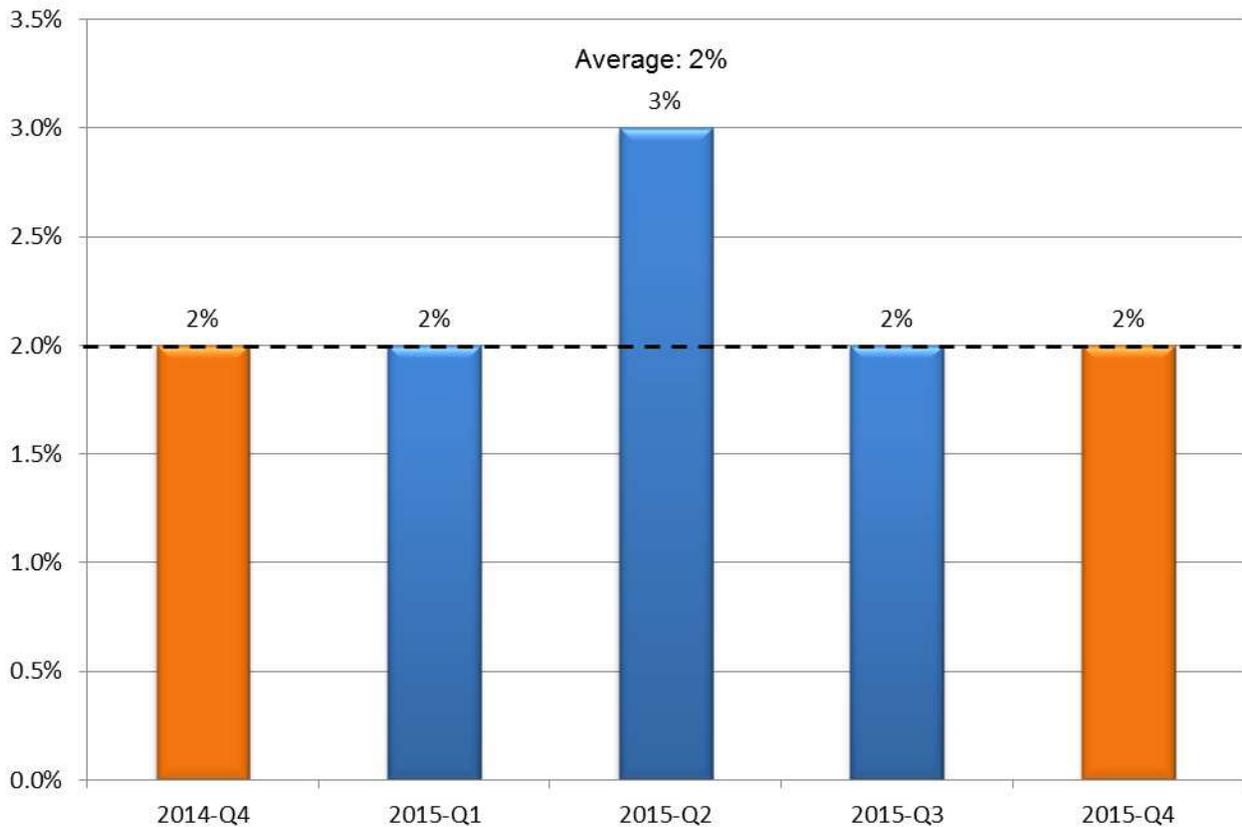
## Retail Vacancy Rates

Cerritos currently has approximately 4,685,788 square feet of total retail space, which includes the Los Cerritos Center and the Cerritos Towne Center. Based on available data, Cerritos has a retail vacancy rate of 2% (105,339 square feet) for 2015-Q4, which is the same percentage as 2014-Q4 (75,307 square feet or 2%). Based on a trend analysis, the retail vacancy rate has remained at an average of 2% over the past five quarters.

The retail vacancy rate has remained low due to the improvements at the Los Cerritos Center, the Cerritos Plaza Shopping Center, and at Plaza 183 (former Best Plaza) located along 18rd Street, just north of the Los Cerritos Center. The Los Cerritos Center 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**

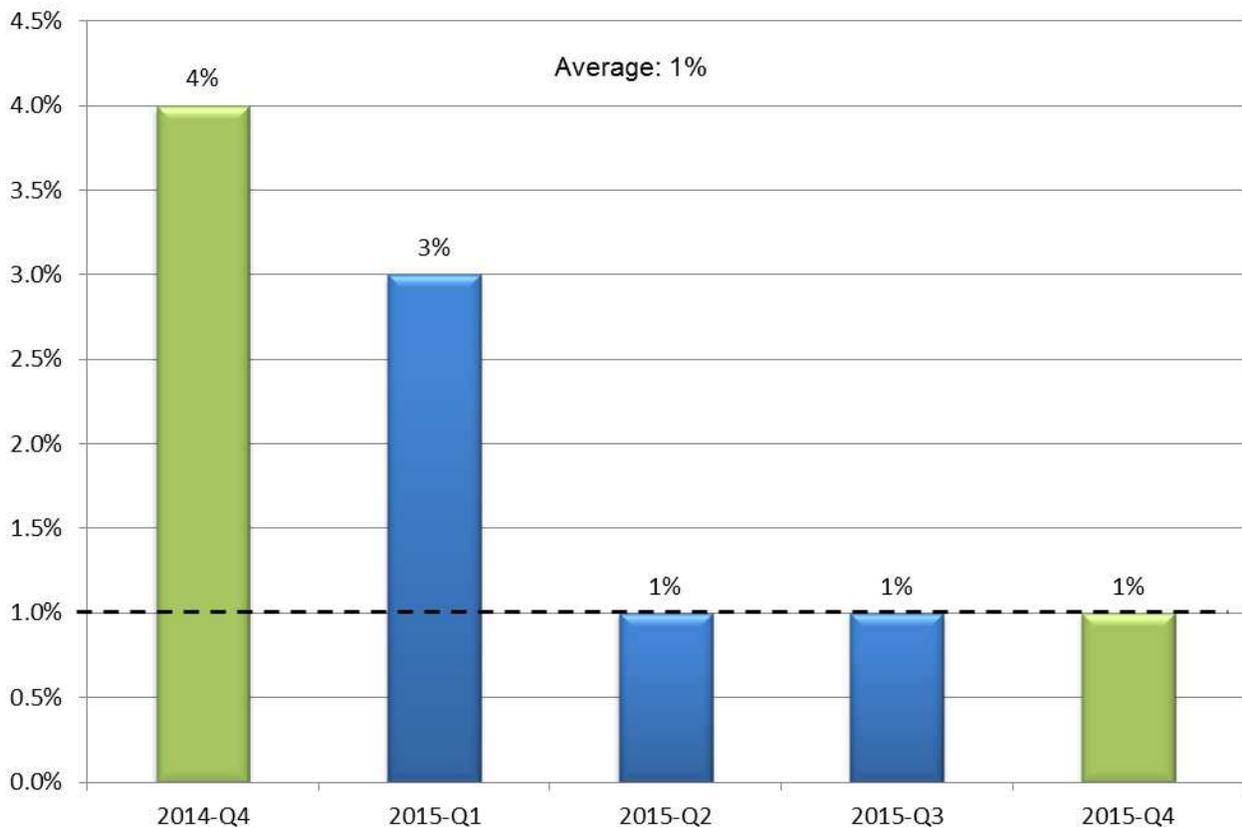


# Commercial Real Estate

## 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 1% for 2015-Q4, which is a decrease from 2014-Q4 (4%). Based on a trend analysis, the industrial vacancy rate has decreased from high level of 4% in 2014-Q4 and then decreased in 2015-Q2 to 1% and then remained constant at 1% through 2015-Q4. The low industrial vacancy rate is a positive sign for the Cerritos Industrial Park. In 2014-Q4, several large buildings were available for lease and purchase, which included a 290,000 square feet building and therefore attributed to the 4% vacancy rate.

**Cerritos Industrial Vacancy Rates**



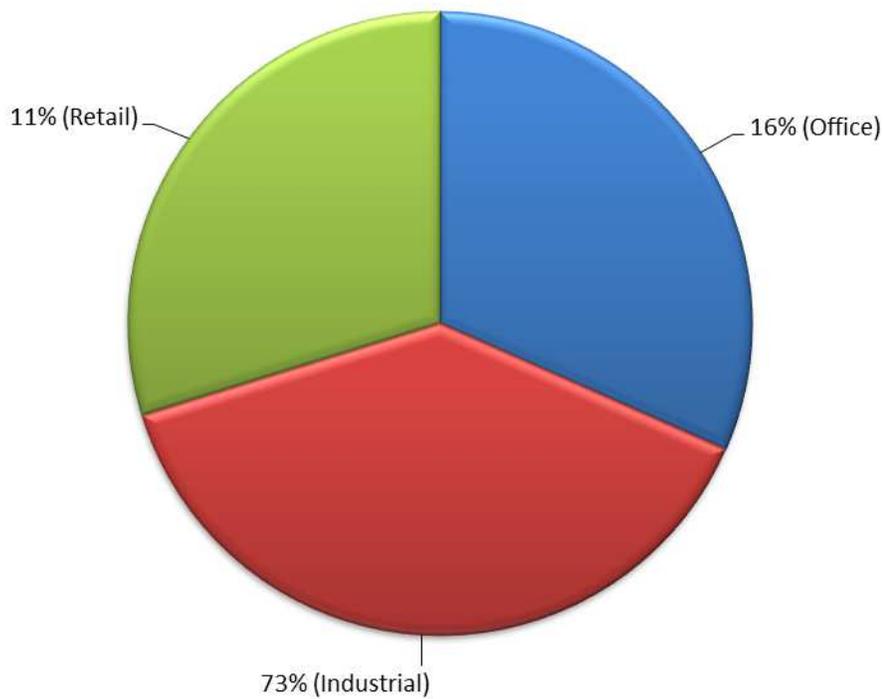
*(Note: Industrial vacant space in Cerritos includes a greater proportion of warehousing and distribution businesses, which require large facilities. Therefore, a single vacancy may contribute a large amount of square footage to the overall vacancy rate. Industrial vacancy rates are calculated using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

# Commercial Real Estate

## Vacancy Breakdown by Use

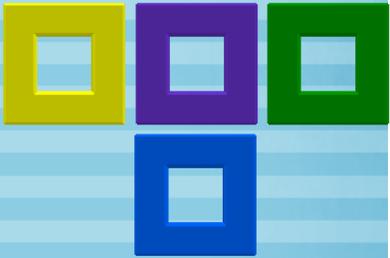
In Cerritos, there is approximately 353,817 square feet of total vacant commercial space (2% of the total available space for 2015-Q4). Within the total available space, 73% (136,654 square feet) is available for industrial use, 16% (111,833 square feet) is available for office use, and 11% (105,339 square feet) is available for retail use.

**Vacancies By Use**





# Housing

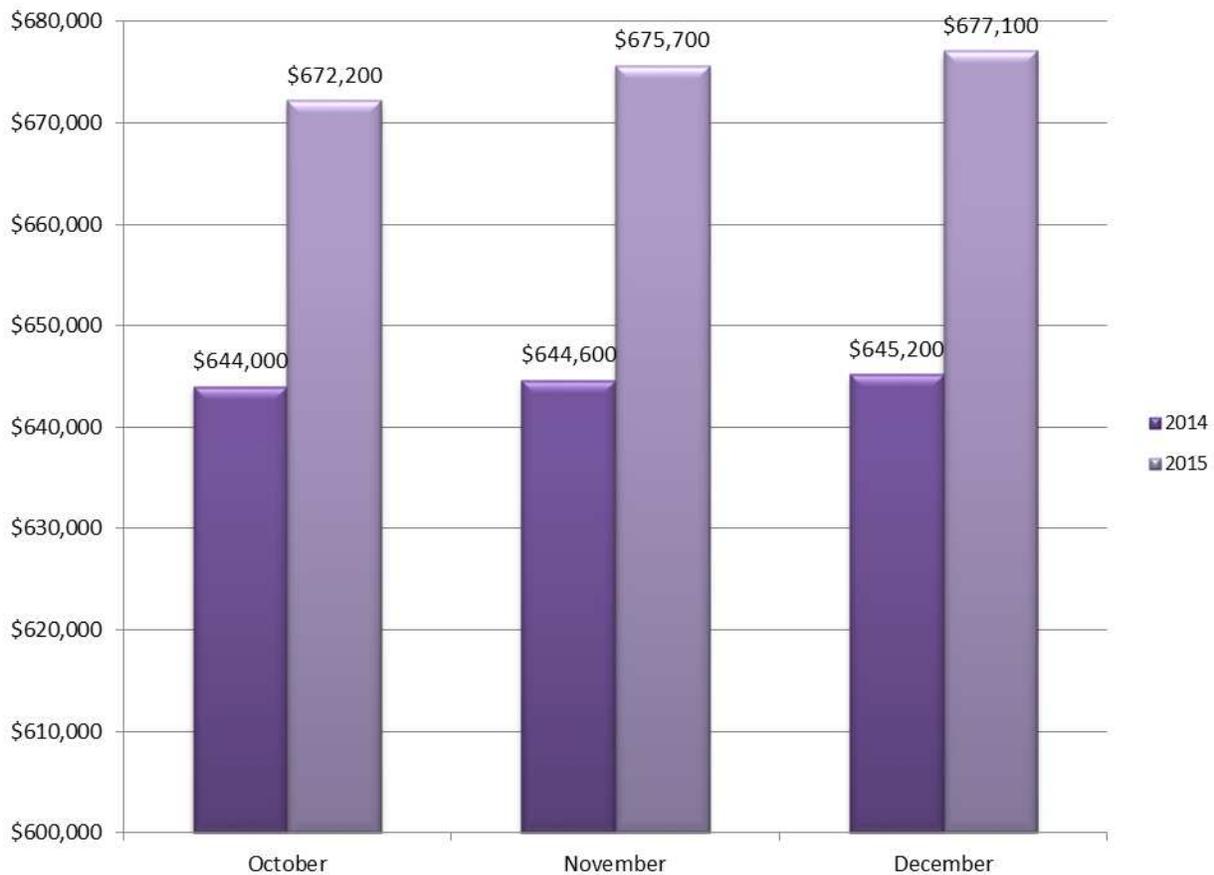


# Housing

## Single-Family Residential

For 2015-Q4, the average median home sales price in Cerritos was \$675,000. Housing prices in Cerritos increased 2015-Q4; in fact, October 2015 increased by 4%, November 2015 increased by 5%, and December 2015 increased by 5%. The trend analysis for this quarter indicates that the sales price of single-family residential homes has increased and it is a positive indicator for the housing sector. Based on Zillow.com, properties in Cerritos are expected to increase an additional 1.5% from December 2015 to December 2016.

**Single-Family Residential Home Sales Price in Cerritos - 2015-Q4**  
**Fourth Quarter Average: \$675,000**



**Single Family Home Sale Prices – County Comparison for December 2015**

Cerritos	Los Angeles County	Orange County
\$677,100	\$534,000	\$687,000

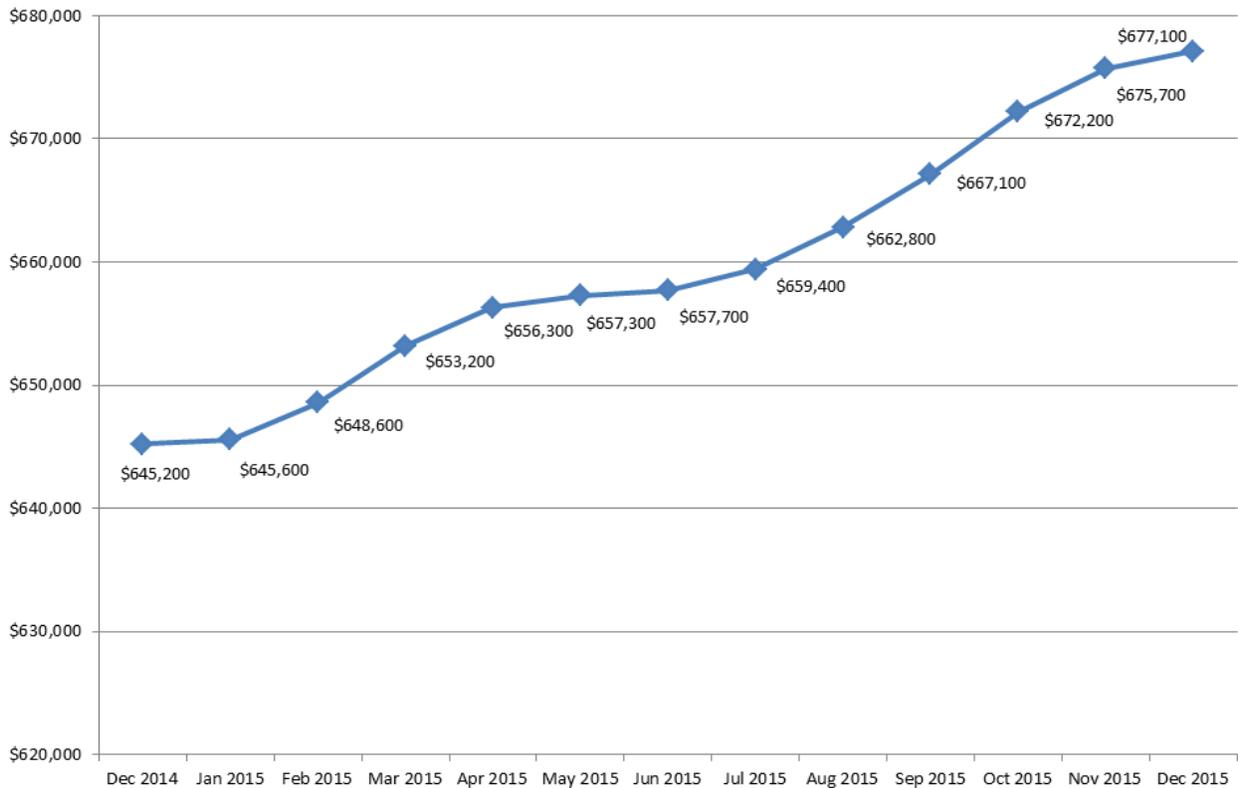
For December 2015, Cerritos had a single-family sale price at \$677,100, which was higher than Los Angeles County (\$534,000); however, just slightly lower than Orange County (\$687,000). This higher sales price in Cerritos indicates that housing is in great demand in the City.

# Housing

## Single-Family Residential – One Year Trend Line

Based on a one year trend line analysis from December 2014 to December 2015, the average sales price for a single-family residential home in Cerritos was \$645,200 in December 2014, and peaked to its high of \$677,100 one year later, in December 2015. Housing prices have gradually increased each month have remained above the \$645,000 range. This significant increase over a one year period is a positive sign for the housing market in Cerritos.

**One Year Housing Sale Price Trend Line – December 2014 to December 2015**

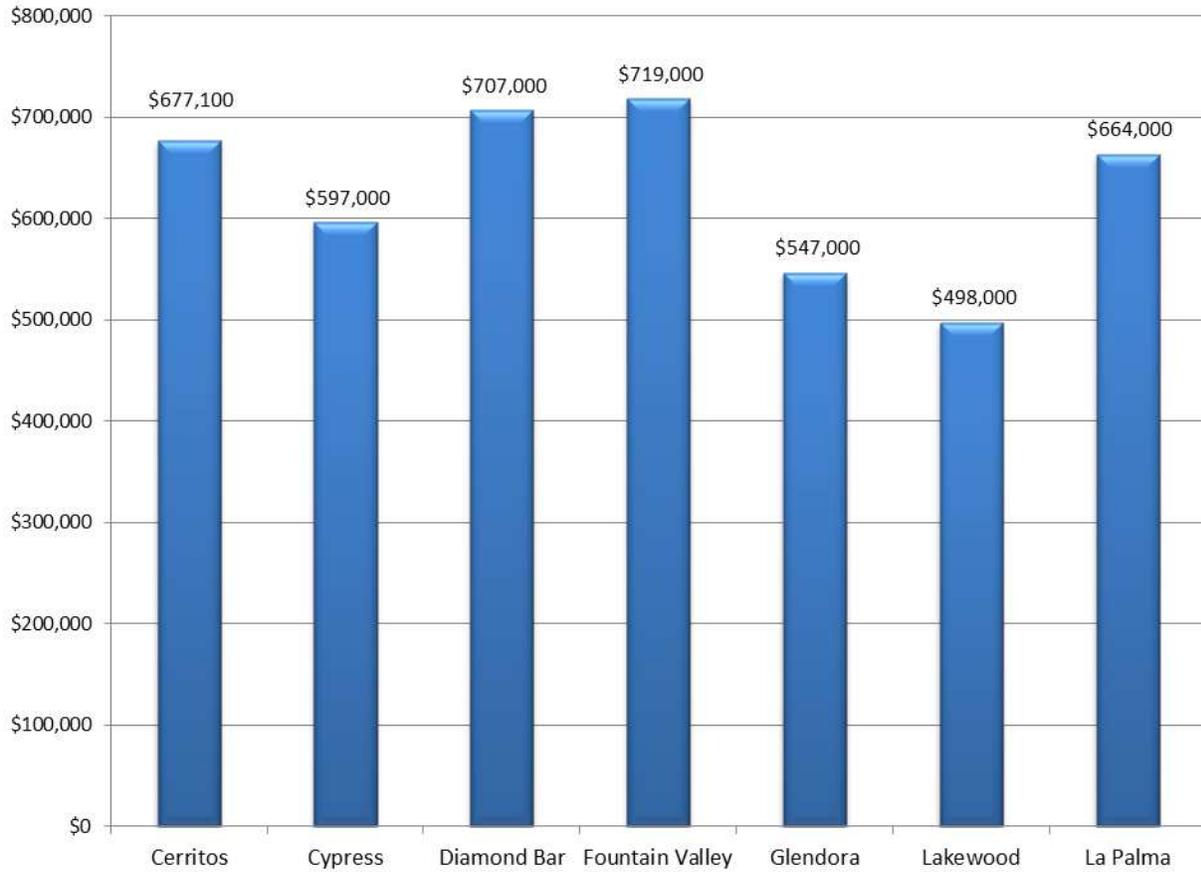


# Housing

## Single-Family Residential – Regional Comparison

In a regional comparison, Cerritos' property values have maintained their value and are higher than most surrounding cities and regionally comparable cities. In a sample of December 2015 home sales price, Cerritos' average home sales price was \$677,100, which was higher than four comparable cities (Cypress, Glendora, Lakewood, and La Palma).

**Regional Comparison – December 2015**



# 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**  
**Fourth 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

# Statistical Summary

## Economic Profile – Winter 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 Winter 2016.

### Major Revenues

Sales tax revenue for the 2015-Q3 totaled \$6,448,191 which is a 13% increase from the same quarter in 2014, amounting to approximately \$722,415. Additionally, in a third quarter analysis of the past several years, sales tax revenue increased significantly from \$4.7 million (2011-Q3) to \$6.4 million (2015-Q3).

The Cerritos Auto Square generated the greatest amount of sales tax for the City in 2015-Q3, totaling \$3.3 million, which was a 16% increase from last year, amount to an increase of \$467,671. The Los Cerritos Center generated the second highest sales tax at \$1 million, which was a 0.2% increase from last year. The third highest sales tax generator was the Cerritos Industrial Park at \$505,207.

In the fourth quarter of 2015, the Cerritos Auto Square sold a total of 14,796 cars, which was an increase of 1,543 cars from last year for the same quarter. Additionally, for the fourth quarter, an average of 4,932 cars sold per month. Fourth quarter new business licenses and renewals increased by 32% from a year ago. A total of 1,215 new and renewal of business licenses were processed during the fourth quarter (increase of 292).

### Unemployment/Employment

The unemployment rate among Cerritos residents is approximately 4.2% (November 2015 estimate), which is one of the lowest among its surrounding cities and one of the lowest in comparison to cities with similar size and/or demographics in the region. Additionally, the Cerritos labor force for November 2015 was 24,499 and was constituted by 23,466 employed and 1,033 unemployed residents.

### Commercial Real Estate

Cerritos currently has 353,817 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 (136,654 sq. ft.), 16% is office space (111,833 sq. ft.), and 11% is retail space (105,339 sq. ft.). Industrial vacant space in Cerritos includes a greater proportion of warehousing and distribution businesses, which require large facilities. Due to the large amount of space required for industrial warehousing, a single vacancy may have a significant impact on available industrial space.

### Housing

For 2015-Q4, the single family median home sale price in Cerritos was approximately \$675,000. In a regional comparison, homes in Cerritos have maintained their values and were higher than most cities of comparable size and demographics. Condominium sale prices remained constant at an average of \$477,667.

# 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