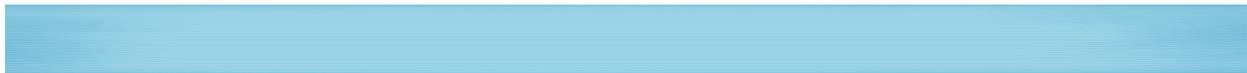




Quarterly Market Trend Analysis for Economic Development in Cerritos

# City of Cerritos Economic Profile Winter 2017

*A City With Vision*



## Table of Contents

Section	Page
Introduction	i
Economic Development Commission	ii
Executive Summary	iii
Major Economic Indicators—Nationwide	iv
Major Economic Indicators—Los Angeles County	v
Los Angeles County Economic Update—2016	vi
Major Revenues	
Sales Tax	2
Sales Tax—Third Quarter Analysis	3
Sales Tax—Cerritos Auto Square	4
Sales Tax—Los Cerritos Center	5
Sales Tax—Cerritos Industrial Park	6
Sales Tax—Plaza 183	7
Other Sectors	8
Top Five Retail Trade—NAICS Code	9
Auto Sales	10
Auto Sales—Annual Totals	11
Auto Sales—Weekly Averages	12
Business License	13
Transient Occupancy Tax (TOT)	14
Assessed Valuation	15
Unemployment	
Current Rate	17
Surrounding Cities, Comparable Cities and Counties	18
Annual Unemployment Rate	19
Labor Force	20
Employment in Cerritos	21
Unemployment in Cerritos	22
Commercial Real Estate	
Certificate of Occupancy	24
Tenant Improvement	25
Total Vacancy in Cerritos	26
Office Vacancy Rates	27
Retail Vacancy Rates	28
Industrial Vacancy Rates	29
Vacancy Breakdown by Use	30
Housing	
Single-Family Residential	32
Single-Family Residential—One Year Trend Line	33
Single-Family Residential—Regional Comparison	34
Multi-Family Residential—Condominiums	35
Data Sources	36

# 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 Winter 2017

For Winter of 2017, the City of Cerritos is showing improved economic indicators for all four sectors, which include sales tax, housing, commercial real estate, and employment. Sales tax increased from the previous year, the unemployment rate continued to decrease, commercial (office, industrial, and retail) real estate had a low vacancy for the quarter, and housing prices (single-family and multi-family) 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-Q3 totaled \$6,972,425 which is a 8% increase from the third quarter in 2015, amounting to approximately \$524,235. Additionally, in a third quarter analysis of the past several years, sales tax revenue increased significantly from \$5.5 million (2013-Q3) to \$6.9 million (2016-Q3).

The Cerritos Auto Square generated the greatest amount of sales tax for the City in 2016-Q3, totaling \$3.6 million, which was an 10.2% increase from last year, amounting to an increase of \$336,818. The Los Cerritos Center generated the second highest sales tax at \$1.1 million, which was consistent with previous years. The third highest sales tax generator was the Cerritos Industrial Park at \$640,500, which equated to a 26.8% increase from the previous year.

In the fourth quarter of 2016, the Cerritos Auto Square sold a total of 15,002 cars, which was an increase of 206 cars from last year for the same quarter. For calendar year 2016, the Cerritos Auto Square sold a total of 61,938, which was an 1.8% increase from calendar year 2015. Fourth quarter new business licenses and renewals decreased by 13% from a year ago. A total of 1,303 new and renewal of business licenses were processed during the fourth quarter of 2016 (decrease of 199 from 2015-Q4) but generated \$347,908 in General Fund monies. For 2016-Q4, the City' received \$264,997 in Transient Occupancy Tax Revenue and for Fiscal Year 2015-2016, the City received a total of \$1,129,526 from said tax.

### Unemployment/Employment

The unemployment rate among Cerritos residents is approximately 3.5% (November 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 November 2016 was 25,033 and was constituted by 24,145 employed and 888 unemployed residents.

### Commercial Real Estate

Cerritos currently has 297,991 square feet of vacant space, which is approximately 1% of the total available real estate space in Cerritos (21,196,480 sq. ft.). Of the total 1% vacant space in Cerritos, 73% is industrial space (204,634 sq. ft.), 16% is office space (56,954 sq. ft.), and 11% is retail space (36,403 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-Q4, the single-family median home sale price in Cerritos was approximately \$700,967. In a regional comparison of the fourth 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 \$499,100 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):

+0.3% in December 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:

4.7% in December 2016

Current unemployment rate for the United States.

### Payroll Employment:

+156,000(p) in December 2016

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

### Average Hourly Earnings:

+\$0.10(p) in December 2016

Increase in average hourly earnings.

### Producer Price Index - Final Demand:

+0.3%(p) in December 2016

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

### Employment Cost Index (ECI):

+0.6% in 3rd 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:

+0.4% in December 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:

+0.3% in December 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.

# Los Angeles County Economic Update—2016

In December 2016, the Los Angeles County Economic Development Corporation (LAEDC) published an Economic Update for Los Angeles County (County), which included updates on growing industries and occupations. It also provided an objective look at the jobs created since the Great Recession. The report identifies the importance of fostering job growth in our region's export-oriented industries where the County has regional competitive advantage, such as aerospace, entertainment and digital media, bioscience, and advanced transportation. The report also notes the County's current trajectory, which includes a high percentage of job growth in low-paying occupations, which is a stark reminder of the importance of focused economic development to create better paying jobs that are critical to raising standards of living for the County.

The report is part of a group of reports published by Southern California Association of Governments (SCAG), and SCAG commissioned the report as part of its Seventh Annual Southern California Economic Summit, which took place on December 1, 2016. The full report is available on the LAEDC's website at [www.laedc.org](http://www.laedc.org). A brief Synopsis of the leading industries and emerging industries is provided below.

## Leading Industries

According to the report, most industries will add jobs over the next five years; however, the strongest job growth in terms of number of new jobs will be in service providing industries:

### ◆ Healthcare and Social Assistance

A strong pace of growth (2.7 percent annually) is expected for the education and health service industry with the addition of 106,400 jobs between 2015 and 2020, approximately one-third of which will be in ambulatory health care and another third in social assistance.

### ◆ Professional and Business Services

Professional and business services is a large and diverse industry that includes professional, scientific and technical services, management of companies, and administrative support services and waste remediation. Employment in this sector overall is forecasted to grow at an average annual rate of 2.4 percent, adding 75,300 new jobs between 2015 and 2020.

### ◆ Leisure and Hospitality

The leisure and hospitality sector will show better-than-average growth over the forecasted period. The sector is projected to add 46,800 new jobs from 2015 to 2020, growing by 1.8 percent annually on average. Most of the new jobs added will continue to be in the food services industry.

### ◆ Retail Trade

Retail trade activity in Los Angeles has been improving since bottoming out in 2010, and will continue to add jobs through 2020. However, the industry is also undergoing transition as more transactions are conducted online and fewer customers are visiting retail outlets. Growth will be relatively moderate at 1.1 percent per year, and the sector is forecasted to add 24,400 new jobs between 2015 and 2020.

### ◆ Financial Activities

Many of the services in the financial activities sector are related to the housing and construction markets which suffered significant declines during the recession and have faltered during the recovery. This sector is expected to add 20,200 new jobs between 2015 and 2020, growing at an annual average rate of 1.8 percent.

### ◆ Information

The information sector, which includes motion picture production, broadcasting, publishing and new media industries, is projected to grow at an annual average of 1.9 percent per year, adding 19,800 new jobs in the next five years.

# Los Angeles County Economic Update—2016

## Leading Industries—Continuation

### ◆ Construction

Construction industry employment experienced severe declines through 2011, losing more than 52,000 jobs. The job loss finally stopped in 2012, but job growth has been slow, as the housing market and financial systems recover. The average annual growth rate between 2015 and 2020 is projected to be 2.6 percent, adding 17,200 jobs, more than half of which will be specialty trade contractors.

## Emerging Industries

The industry profile in Los Angeles County is evolving as new and emerging industries are established or old industries evolve into providing innovative products and services. These services include:

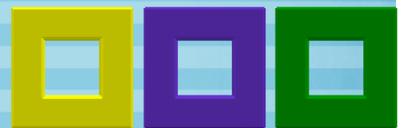
### ◆ Advance Transportation and Fuels

Long identified as the car capital of the nation, Los Angeles is a recognized leader of automotive design and transportation innovation. From electric and autonomous vehicles, to biofuels, battery storage and energy solutions, Los Angeles is emerging as a leader in this sector. Policies focused on reducing greenhouse gas emissions are motivating significant investment and research in areas that cross traditional industry boundaries to propel innovation in transportation delivery. This momentum suggest that there is a high job growth potential in this sector for Los Angeles.

### ◆ Biosciences

Los Angeles County is home to some of the leading medical and bioscience research institutions in the nation. The bioscience industry encompasses medical devices, pharmaceuticals, laboratories and clinics, and related research and development. Motivated in part by partnership among private, non-profit and public agencies, Los Angeles has the potential to become a major hub for the biosciences industry. With the concerted effort of industry and local government leaders, this promising industry sector is already attracting significant research and investment dollars, and providing jobs across a variety of skills and income levels.

# Major Revenues



# Major Revenues

## Sales Tax

For 2016-Q3, businesses in the City generated \$6.9 million in sales tax revenue, which is an 8% increase (\$524,235 increase) from 2015-Q3. Over the past four quarters (2015-Q4 to 2016-Q3), sales tax for the City has averaged \$6.8 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**

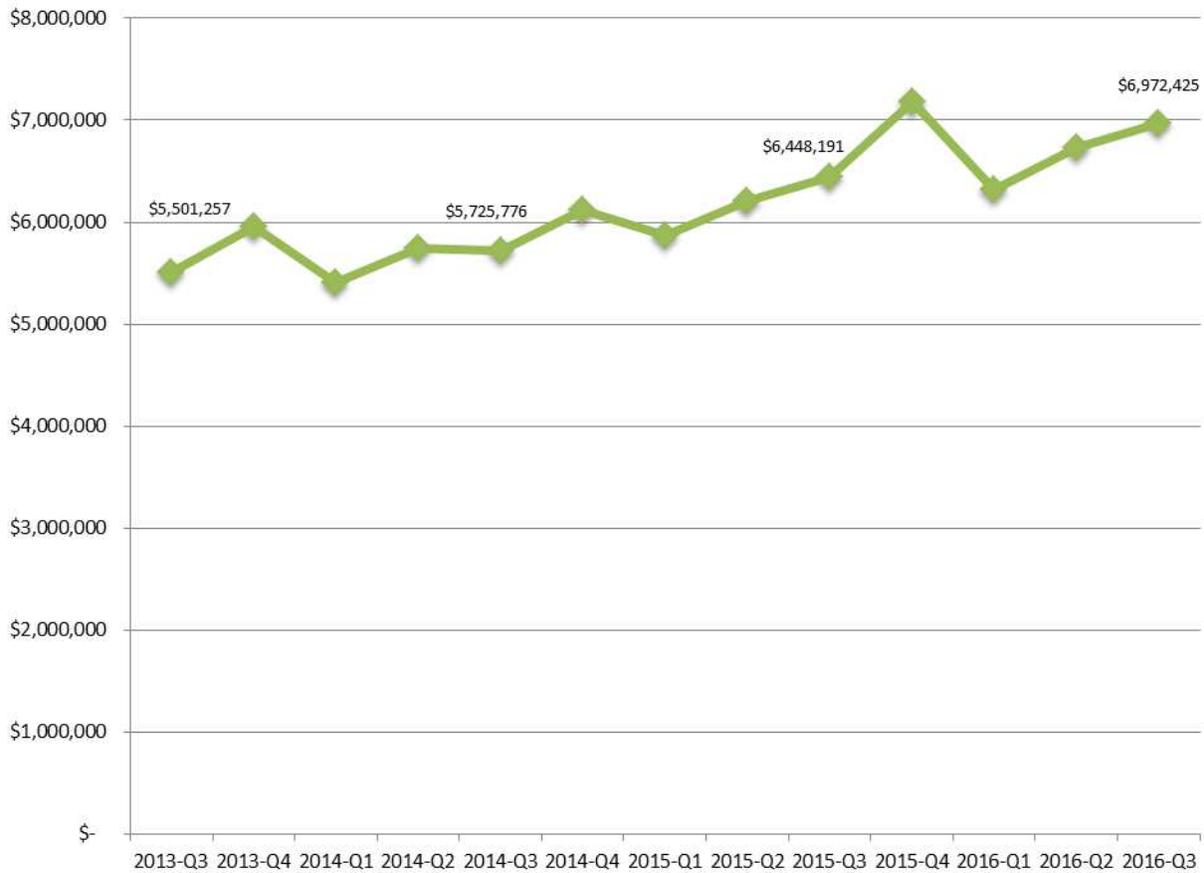
2012	2013	2014	2015
\$22,424,662	\$22,994,391 ↑	\$23,238,546 ↑	\$25,704,791 ↑

# Major Revenues

## Sales Tax – Third Quarter Analysis

Based on a trend analysis, quarterly sales tax was at \$5.5 million in 2013-Q3, increased slightly in 2014-Q3 to \$5.7 million, increased again in 2015-Q3 to \$6.4 million and increased once again to its current level of \$6.9 million in 2016-Q3, which was the highest reporting period over four years. The trend line indicates an increase in sales tax revenue in a third quarter-per-quarter analysis. 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-Q3, the United States Department of Commerce reported that the United States economy grew by 3.5% (gross domestic product) and Cerritos sales tax growth exceeded this amount in a one year comparison (8% in sales tax growth).

**Third Quarter Trend Analysis**



**Third Quarter Analysis**

2013-Q3	2014-Q3	2015-Q3	2016-Q3
\$5,501,257	\$5,725,776	\$6,448,191	\$6,972,425

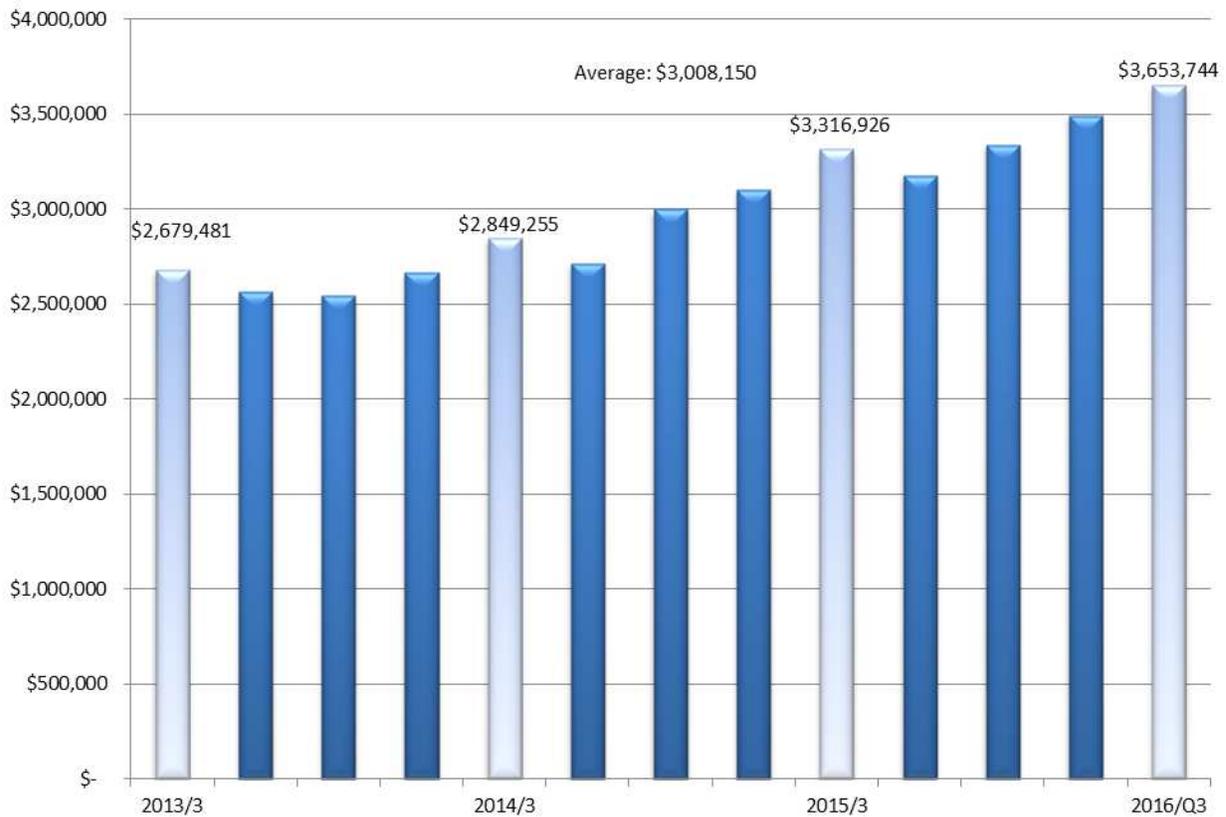
2016-Q3 United States Gross Domestic Product (GDP): 3.5% increase from the previous year  
 2016-Q3 Cerritos Sales Tax: 8% increase from the previous year

# 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-Q3 (\$3.6 million). In a quarter-to-quarter comparison, 2016-Q3 (\$3.6 million) increased from 2015-Q3 (\$3.3 million) or an increase of \$336,818 which equates to 10%. Additionally, 2016-Q3 was higher than 2014-Q3 (\$2.8 million) and 2013-Q3 (\$2.6 million). This trend analysis indicates an increase in auto sales and a robust local economy. According to the Business Insider website, the automotive industry reported higher than expected automotive sales for September 2016 because of a record amount of incentives offered by automotive manufacturers. The incentives offered to consumers during 2016-Q3 may account for the increased sales at the Cerritos Auto Square.

### Cerritos Auto Square



### 2013-Q2 to 2016-Q2

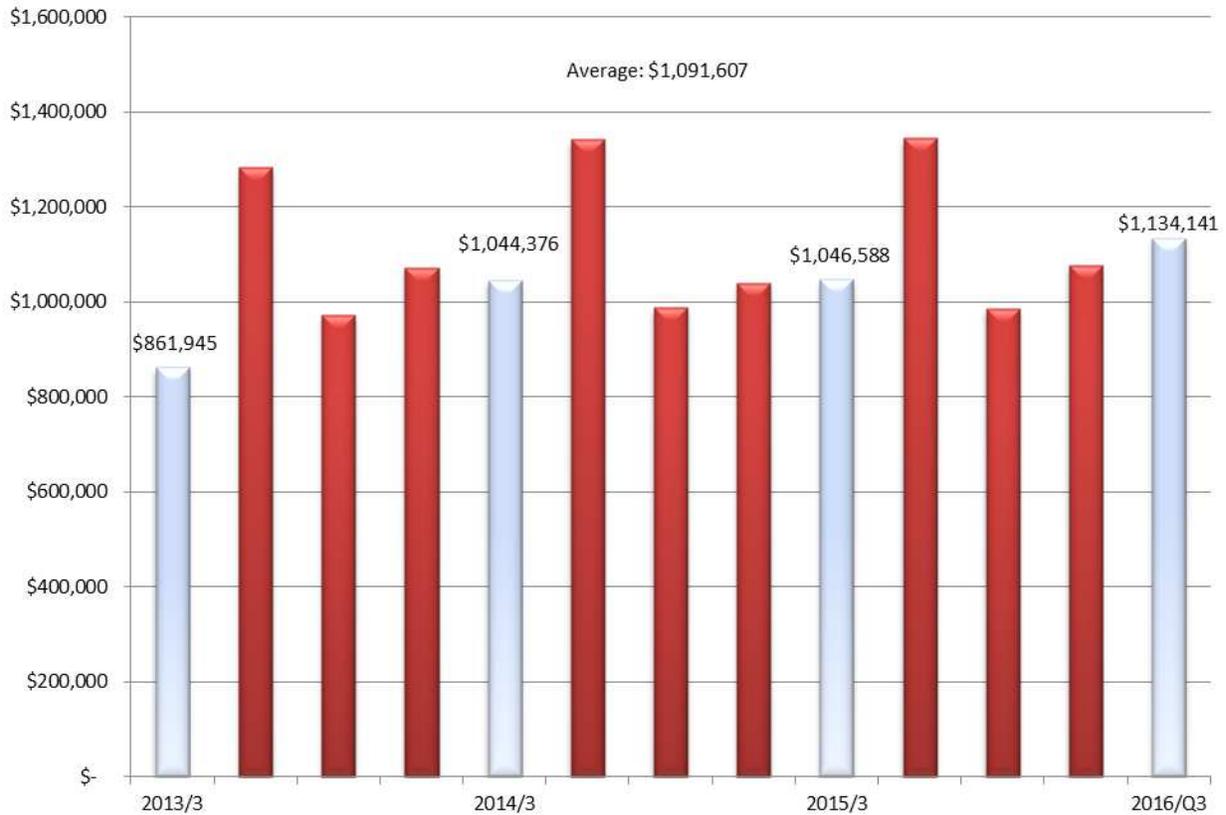
2013-Q3	2014-Q3	2015-Q3	2016-Q3
\$2,679,481	\$2,849,255	\$3,316,926	\$3,653,744

# Major Revenues

## Sales Tax – Los Cerritos Center

In 2016-Q3, the Los Cerritos Center (Center) generated the second highest amount of sales tax revenue for the City’s General Fund at \$1,134,141. 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 Center has averaged approximately \$1 million dollars per quarter from 2013-Q3 to 2016-Q3 with its highest third quarter during 2016. According to the United States Census Bureau (Census), retail sales increased slightly nationwide by 2.2% for 2016-Q3. This nationwide trend in marginal retail sales tax revenue during 2016-Q3 may account for the constant sales tax figures at the Center. Additionally, according to the United States Census, E-commerce sales increased by 15.7% in the third quarter and may also account for the constant sales tax revenue at the Los Cerritos Center.

**Los Cerritos Center**



2013-Q3 to 2016-Q3

2013-Q3	2014-Q3	2015-Q3	2016-Q3
\$861,945	\$1,044,376	\$1,046,588	\$1,134,141

# 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 \$640,500 in 2016-Q3, which is a 26.8% increase from 2015-Q3 (\$505,207). Based on the trend analysis, sales tax revenue at the Cerritos Industrial Park has progressively increased each third quarter from 2013-Q3 to 2016-Q3. Additionally, 2016-Q3, 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 0.3% for 2016-Q3 and the wholesale trade industry increased 0.4%. The Cerritos Industrial Park is exceeding national averages in terms of productivity and sales for the third quarter of 2016.

**Cerritos Industrial Park**



2013-Q3 to 2016-Q3

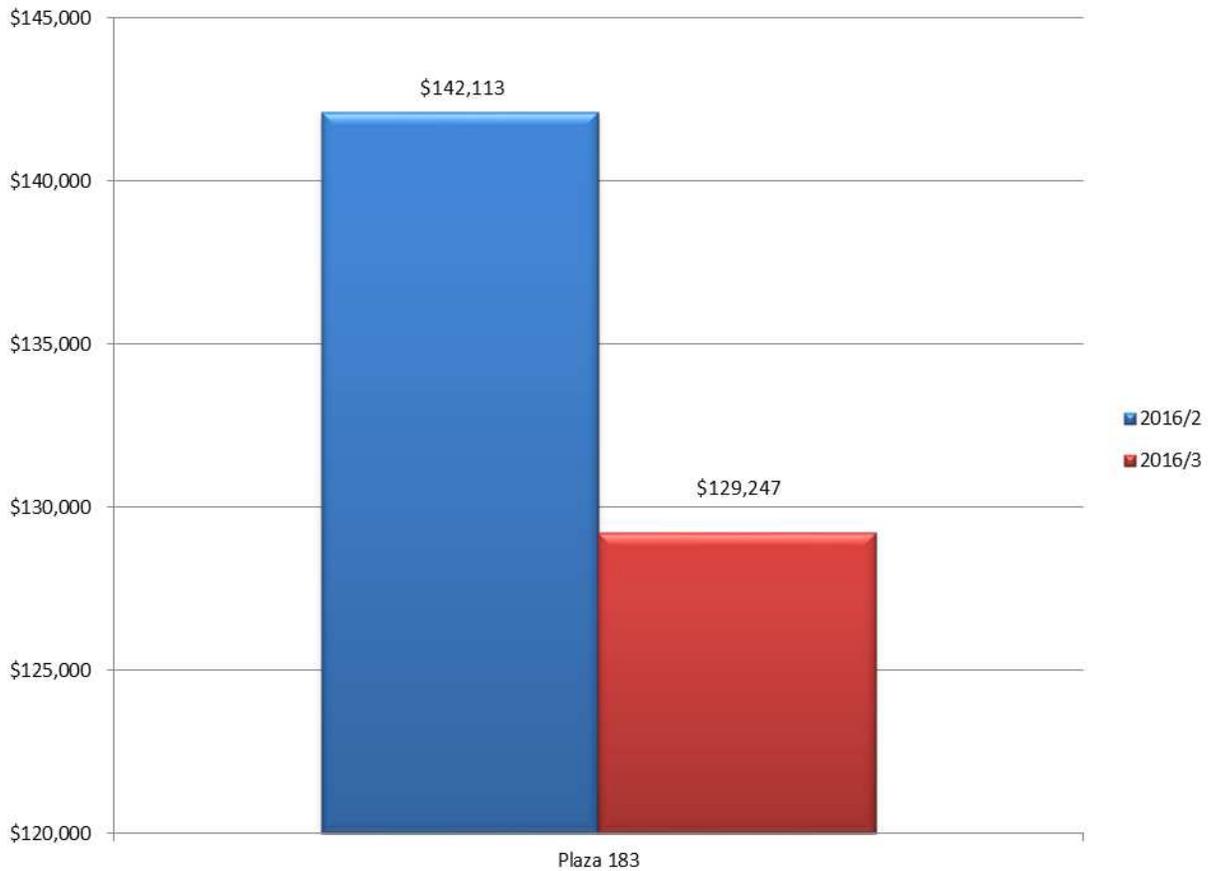
2013-Q3	2014-Q3	2015-Q3	2016-Q3
\$402,295	\$411,940	\$505,207	\$640,500

# Major Revenues

## Plaza 183 – Sales Tax

Plaza 183, which is located east of the 605 Freeway, just north of the Los Cerritos Center, along 183<sup>rd</sup> Street, recently completed extensive façade improvements and landscape improvements. Additionally, a variety of new tenants opened for business at Plaza 183, which includes restaurants and retail stores. New retail stores that opened include Nordstrom Rack, Saks Fifth Avenue Off Fifth, T.J. Maxx, and Old Navy. With direction given by the Economic Development Commission, City staff started to track sales tax data specifically for Plaza 183 to monitor its revenue growth and the impact of new development on sales tax generation. For 2016-Q3, the City received a total of \$129,247 in sales tax revenue from Plaza 183, which was a decrease of \$12,866, or (-9%) from 2016-Q2. This marginal decrease in revenue in 2016-Q3 may be a result of the grand opening sales and promotions that occurred during 2016-Q2.

**Plaza 183\***



\* With the completion of the new improvements, City staff began tracking Plaza 183 sales tax data in 2016-Q2 and 2016-Q3, and no additional data is available at this time.

2016-Q2	2016-Q3	2016-Q4	2017-Q1
\$142,113	\$129,247		

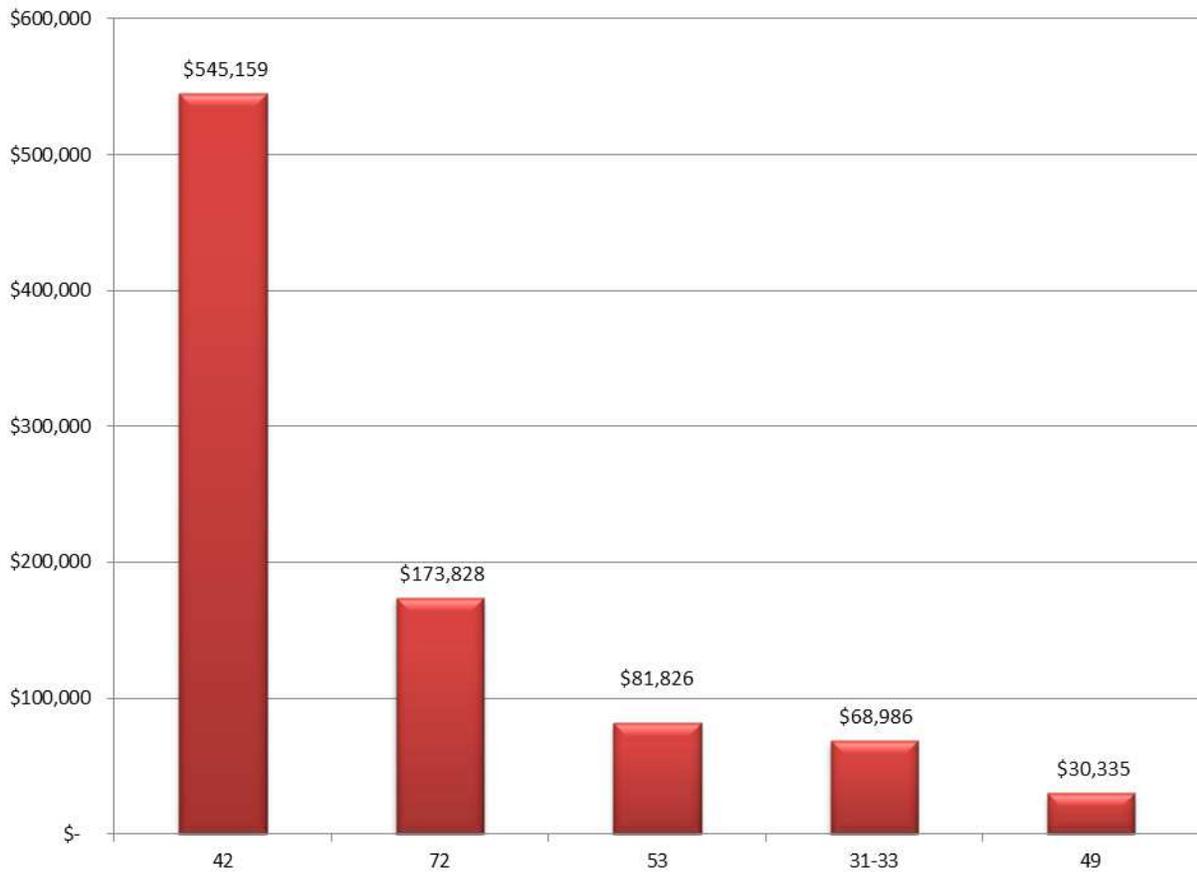


# Major Revenues

## Top Five Sectors By NAICS Code

In Cerritos, the Retail Trade NAICS sector generated \$4.6 million in sales tax revenue for 2016-Q3 or 67% 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 \$545,159. Additionally, Code 72 (Accommodation and Food Services) generated \$173,828, Code 53 (Real Estate Rental and Leasing) generated \$81,826, Code 31-33 (Manufacturing) generated \$68,986, and Code 49 (Transportation and Warehousing) generated \$30,335.

**Top Five Sectors – NAICS Code**



42	72	53	31-33	49
\$545,159	\$173,828	\$81,826	\$68,986	\$30,335

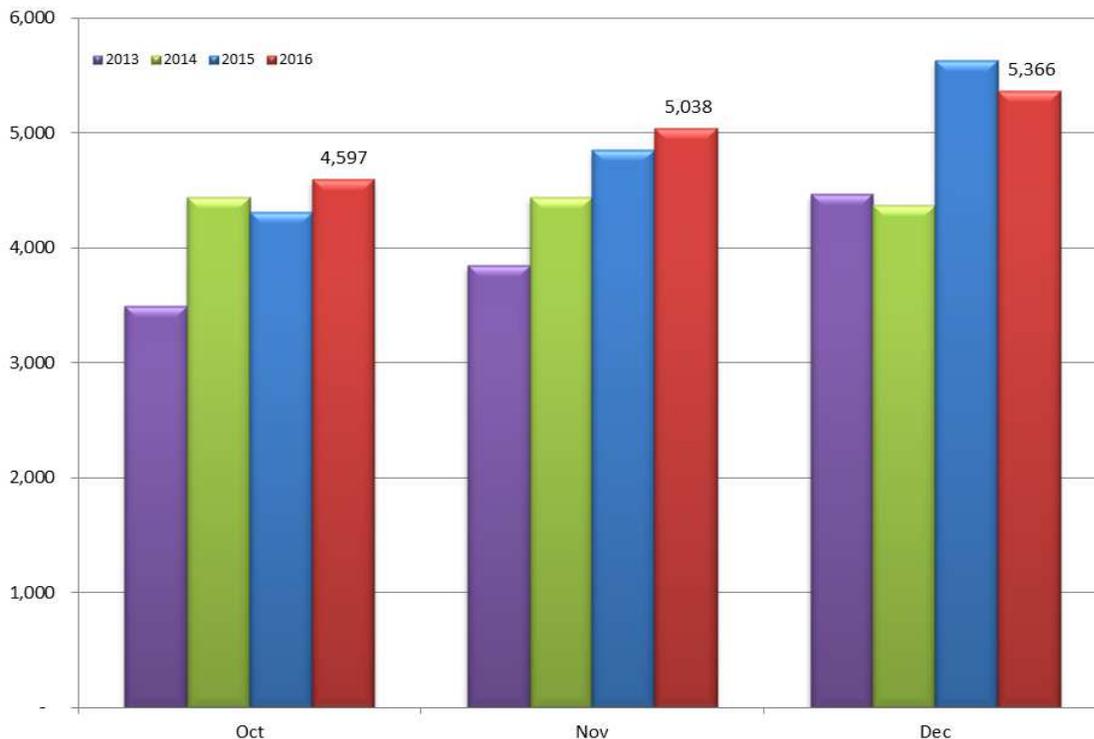
# Major Revenues

## 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-Q4, vehicle sales increased in October 2016 and November 2016 from the previous year. In October 2016, sales increased 6.6% (283 more automobiles sold from the previous year) and November 2016 sales increased by 3.8% (184 more automobiles soled from the previous year). The Wall Street Journal reported that General Motors sales increased by 9.9%, Toyota sales increased by 2%, Honda sales increased by 6.4%, Nissan sales increased by 9.7%, and Volkswagen sales increased by 20%. This increase in sales may indicate the increased sales from 2015-Q4 to 2016-Q4.

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



**Cars Sold in 2016-Q4**

	October	November	December	Q4 Total
2013-Q4	3,492	3,848	4,470	11,810
2014-Q4	4,443	4,439	4,371	13,253
2015-Q4	4,314	4,854	5,628	14,796
2016-Q4	4,597	5,038	5,366	15,001

2016-Q4 Total: 15,001  
 2015-Q4 Total: 14,796  
 Difference: (+1% or 205 more cars)

# Major Revenues

## Auto Sales – Annual Totals

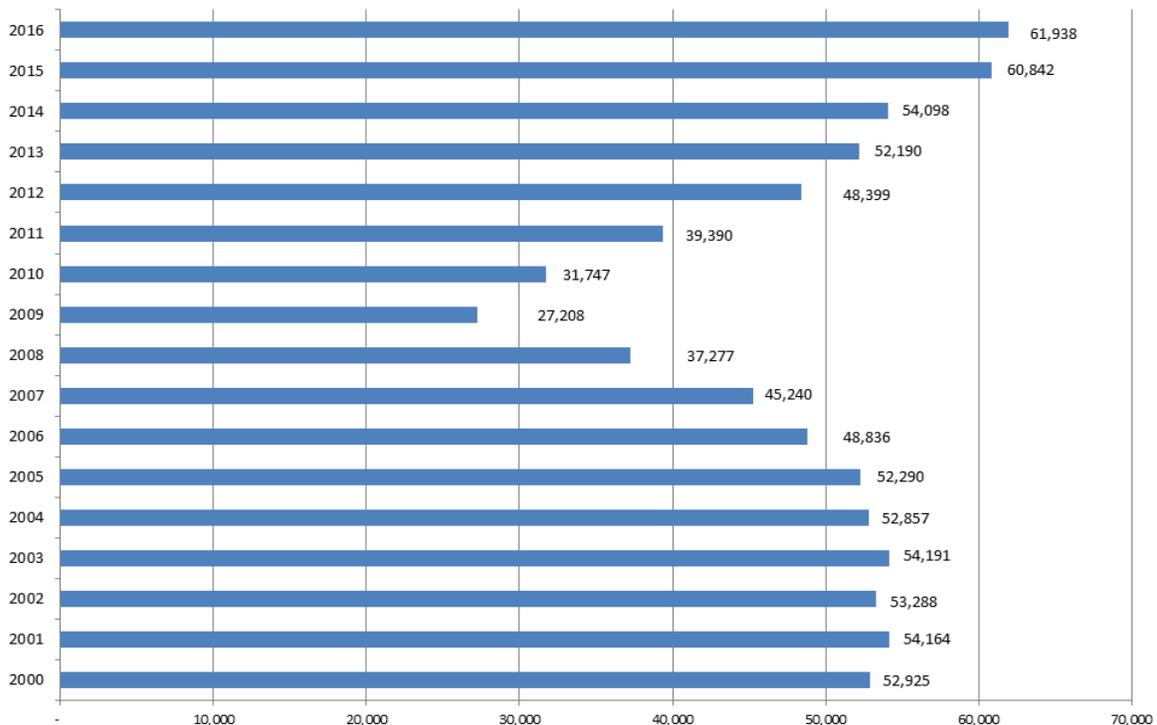
The Cerritos Auto Square experienced another significant increase in vehicle sales in 2016 (61,938) over sales in 2015 (60,842). In fact, there was a 1.8% increase in auto sales from 2015 to 2016 with a total of 1,096 more cars sold. The 2016 calendar year marks a total of seven years in a row that total annual sales exceeded sales totals from the previous year (2010, 2011, 2012, 2013, 2014, 2015, and 2016).

The Cerritos Auto Dealers Association has been compiling data since 1993 in order to conduct annual sales comparisons. From 1993 to 2016, a total of 1,137,858 cars have been sold, equating to an annual average of 47,411 cars. Sales have fluctuated over the years from a low of 27,208 cars sold in 2009 to a high in 2016 with 61,938 cars sold. All sales data is provided to the City from the Cerritos Auto Dealers Association.

At the national level, auto sales also increased from the previous year. Nissan reported a 5.4% increase, Ford reported a 0.1% increase, General Motors reported a 2% increase, and Toyota reported a 4.4% 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	2016	
48,399	52,190	54,098	60,842	61,938	

Trend Analysis – 2000 to 2016

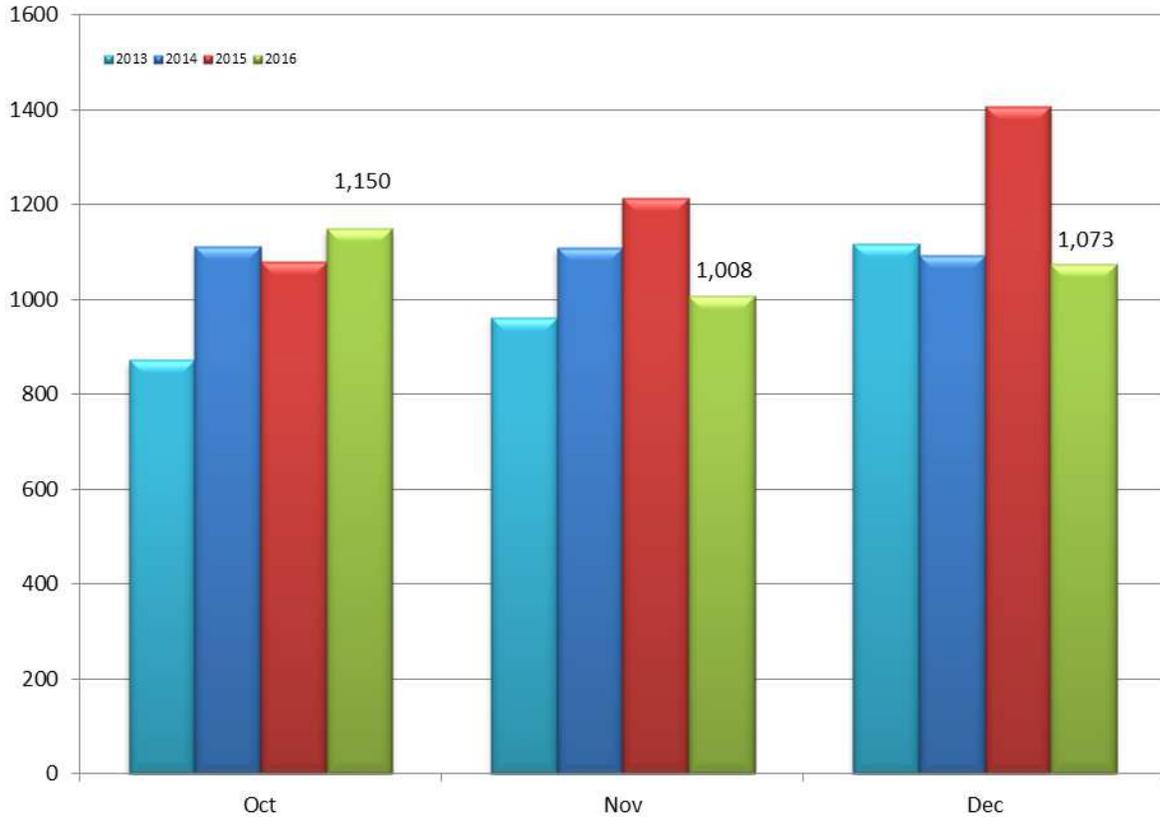


# Major Revenues

## Auto Sales – Weekly Averages

Based on a trend analysis, weekly sales averages for October 2016 exceeded averages for the same months from a year ago. The weekly average total for 2016-Q4 was 3,230, which was lower than 2016-Q4, which was at 3,699. Please note that in November 2016 and in December 2016, there were five weeks of automotive sales, which potentially lowered the average for 2016-Q4.

**Weekly Averages: 2013-Q4 to 2016-Q4**



**Weekly Averages: 2013-Q4 to 2016-Q4**

	October	November	December	Q4 Total
2013-Q4	873	962	1,118	<b>2,953</b>
2014-Q4	1,111	1110	1093	<b>3,313</b>
2015-Q4	1,079	1,214	1,407	<b>3,699</b>
2016-Q4	1,150	1,008	1,073	<b>3,230</b>

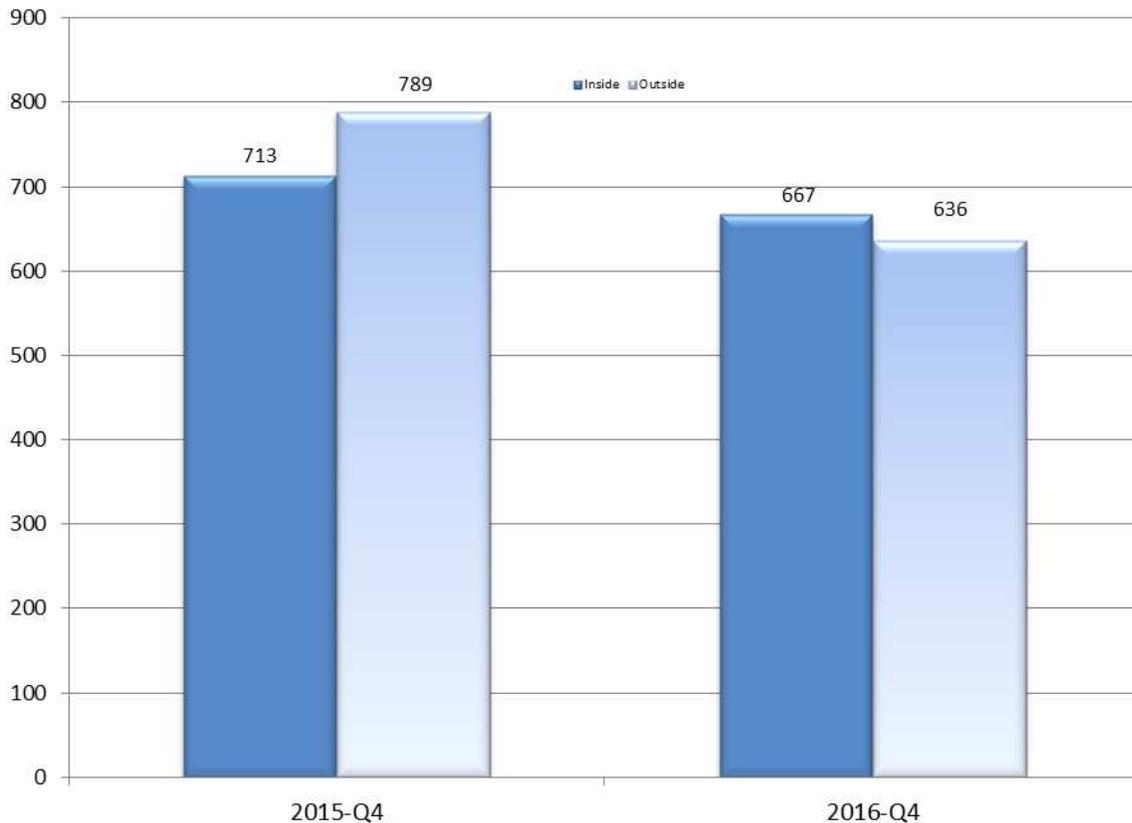
2016-Q4 Total: 3,230  
 2015-Q4 Total: 3,699  
 Difference: (-469)

# Major Revenues

## Business License

The tracking of new and renewed business licenses is one method of forecasting business growth in the City. For 2016-Q4, a total of 1,303 new and renewal business licenses were processed by the City, which is a decrease of 13% from 2015-Q4 (a decrease of 199 new and renewal of business licenses processed). This decrease may be attributed to outside contractors that work in in the City for short periods of time. Outside business licenses decreased from 789 in 2015-Q4 to 636 in 2016-Q4, which is a decrease of 153 licenses. In contrast, there was only a reduction of 46 new and renewal business license located inside the City. With the issuance of 1,303 new and renewal business licenses issued in 2016-Q4, the City generated \$347,908 in business license fees for the General Fund during this quarter.

**2016-Q4 New and Renewal of Business Licenses – Located in Cerritos and Located Outside Cerritos**



### 2016-Q4 New and Renewal of Business Licenses

2016-Q4 Total New and Renewal of Business Licenses: 1,303  
2015-Q4 Total New and Renewal of Business Licenses: 1,502  
Difference: (-199)  
2016-Q4 Total Revenue: \$347,908

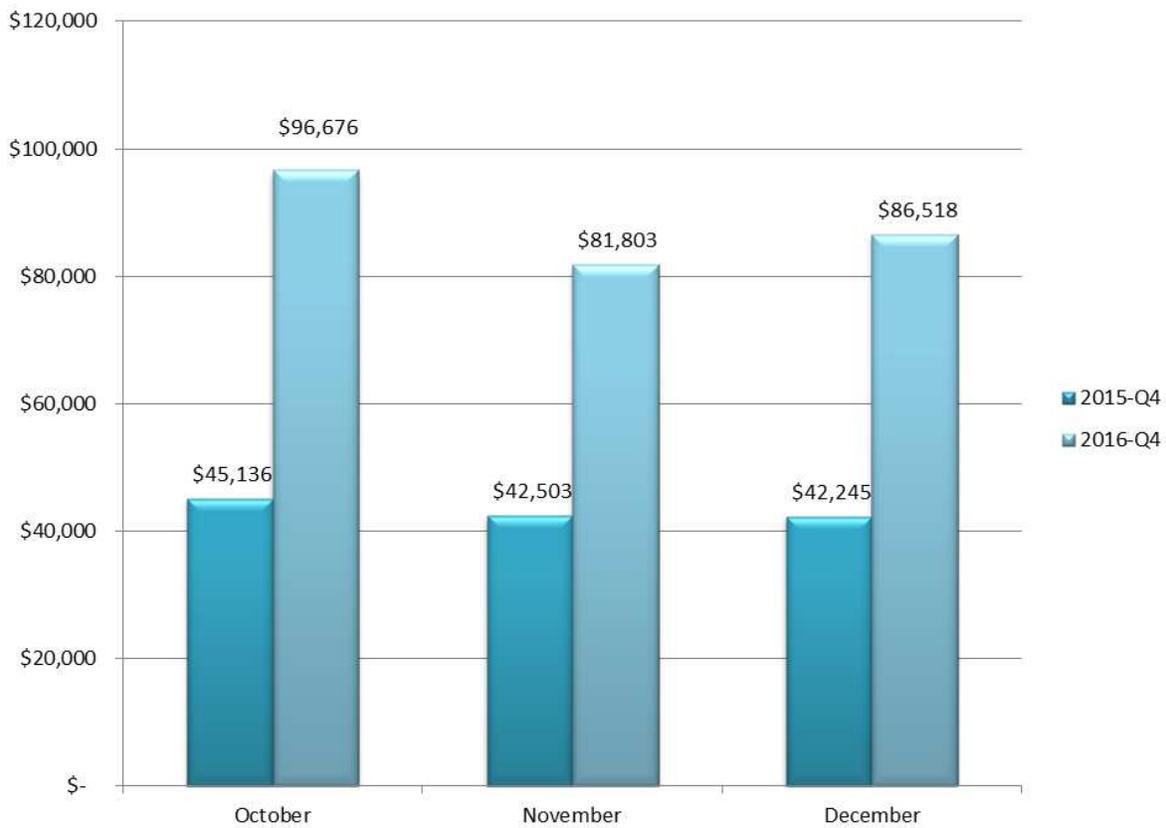
# Major Revenues

## Transient Occupancy Tax (TOT)

Occupancy by individuals at any hotel located in the City is subject to a Transient Occupancy Tax in the amount of twelve percent (12%) of the room rate charged by the hotel operator. This tax is commonly referred as a TOT. In 2016-Q4, the City received a total of \$264,997, which is a 104% increase from the previous year. Each month in the fourth quarter, the City experienced an increase from the previous year. Please note that the City's Transient Occupancy Tax rate was increased in March 2015 from 10% to 12%, which may account for the 104% increase.

In Fiscal Year 2015-2016, the City received a total of \$1,129,526 in Transient Occupancy Tax revenue, which was a 62% increase from Fiscal Year 2014-2015, in which the City received \$697,834 (\$431,692 increase).

### 2016-Q4 Transient Occupancy Tax



### 2016-Q4 and Total Annual Revenues

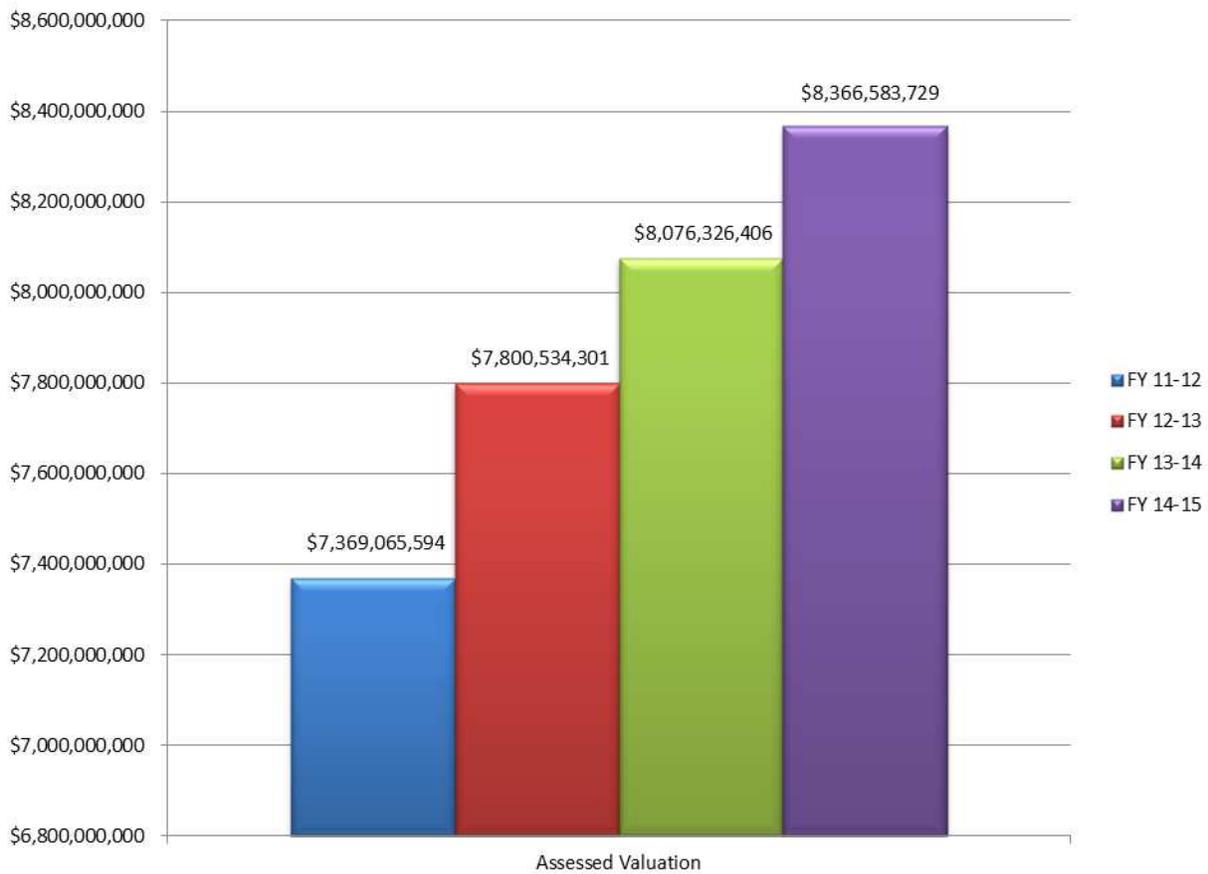
2016-Q4 Total Revenue: \$264,997  
2015-Q4 Total Revenue: \$129,884  
Quarter Difference: \$135,113, Percentage Difference: 104%  
Fiscal Year 2015-2016 Total: \$1,129,526  
Fiscal Year 2014-2015 Total: \$697,834  
Annual Difference: \$431,692, Percentage Difference: 62%

# Major Revenues

## Assessed Valuation

An assessed valuation is a value assigned to property by a municipality for the purpose of tax assessment. Based on a report developed by the City's financial consultant in April 2016, the City's assessed valuation for all properties located within the City of Cerritos is at \$8,366,583,729. Based on a trend analysis, the City's assessed valuation has increased each year from Fiscal Year 2011-2012 through Fiscal Year 2014-2015. In a year-to-year comparison, the City's valuation increased from FY 2013-2014 to FY 2014-2015 by 3.6% or \$290,257,323. Please note that at the time of the preparation of this report, the City has not received an assessed valuation for FY 2015-2016.

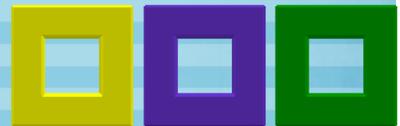
**City of Cerritos Assessed Valuation**



FY 2011-2012	FY 2012-2013	FY 2013-2014	FY 2014-2015
\$7.3 billion	\$7.8 billion	\$8 billion	\$8.3 billion



# Unemployment



# Unemployment

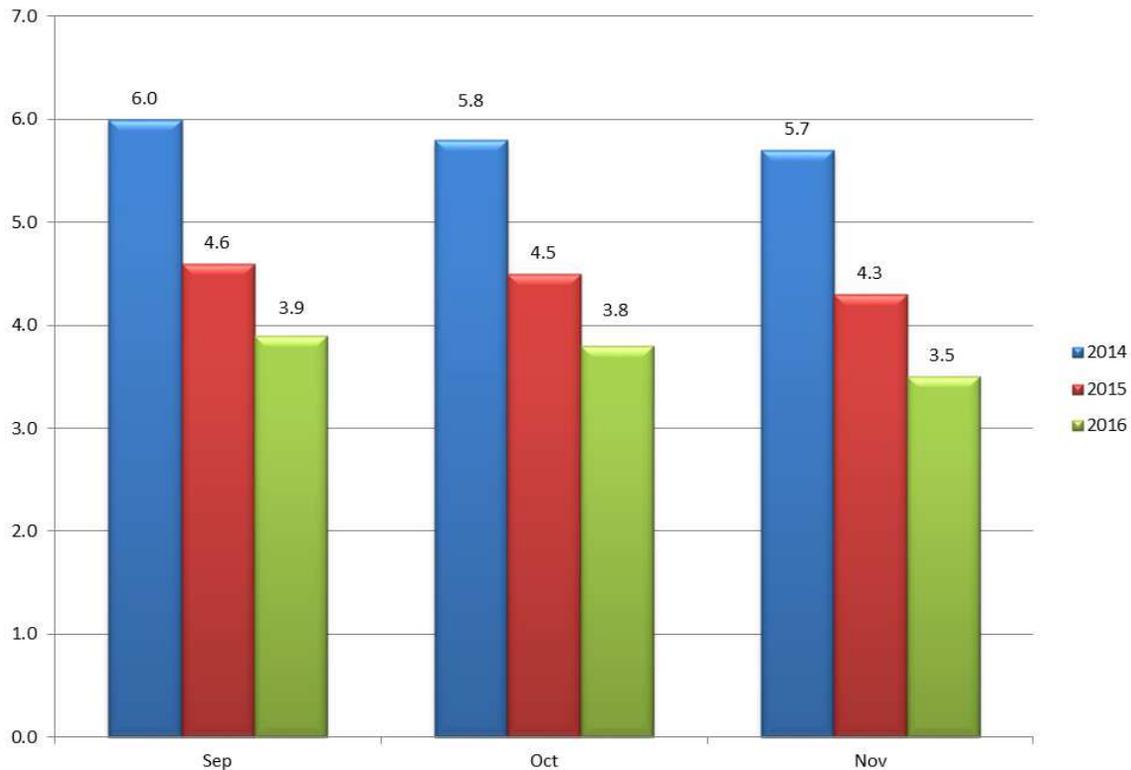
## Current Rate

According to the Federal Bureau of Labor and Statistics, the unemployment rate among Cerritos residents in November 2016 was at approximately 3.5%, which was lower than the previous two years during the same month. The unemployment rate for November 2015 was 4.3% and November 2014 was at 5.7%, which are both significantly higher than November 2016 (3.5%). Additionally, each month during 2016-Q4 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. The industrial vacancy for 2016-Q4 was at a low of 1% and the retail vacancy rate was also at 1%, which illustrates why the current unemployment rate is at a low of 3.5%. The last time the unemployment rate reached a low comparable to 3.5% was in November 2007 (2.8%).

### Quarterly Unemployment Rate

March 2016	June 2016	August 2016	November 2016*
3.7%	3.8%	3.9%	3.5%

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



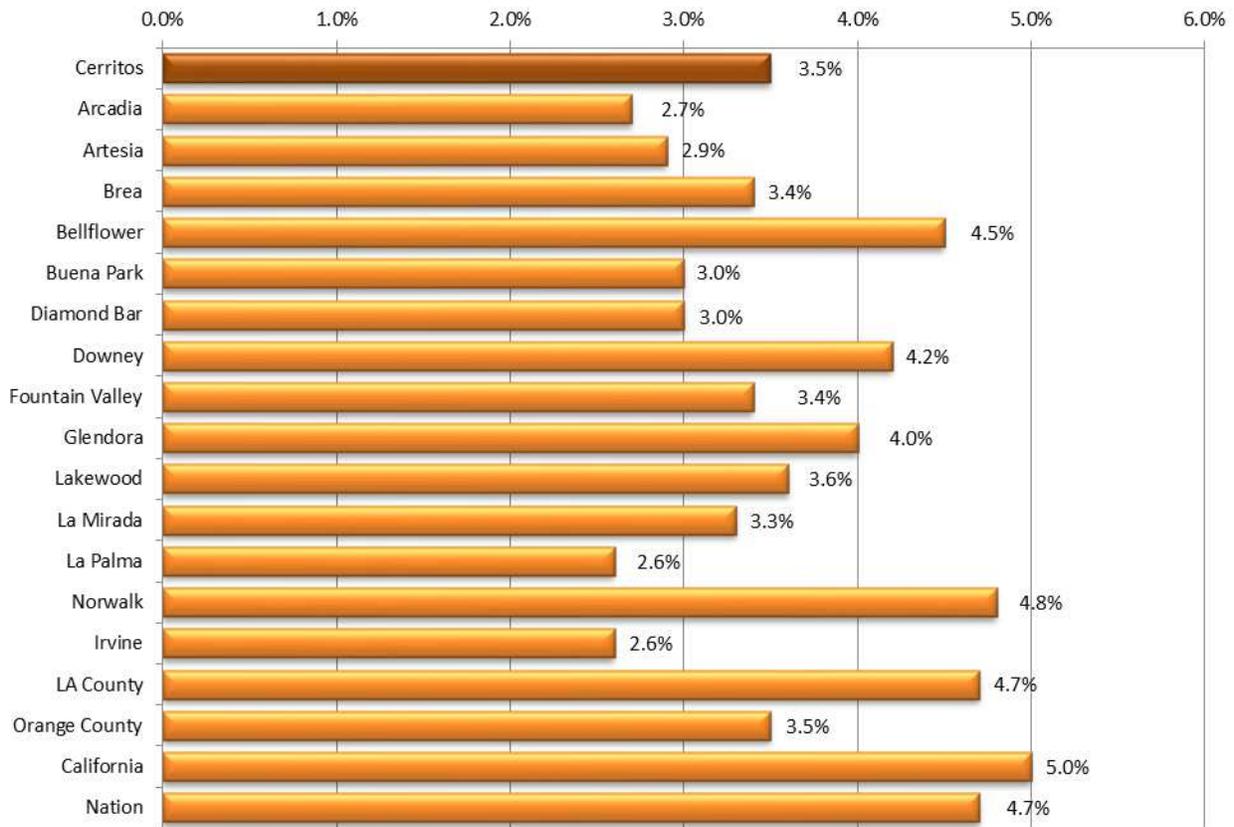
\*Please note that November 2016 numbers are preliminary, based on the State of California Employment Development Department.

# Unemployment

## Surrounding Cities, Comparable Cities, and Counties

According to the California Employment Development Department, the unemployment rate among Cerritos residents in December 2016 was approximately 3.5%, which is lower than nearby cities, such as Lakewood (3.6%), Downey (4.2%), Bellflower (4.5%), and Norwalk (4.8%). Additionally, the Cerritos unemployment rate was lower than Los Angeles County (4.7%) and the State of California (5%). Cerritos' low unemployment rate of 3.5% is also lower than the national average of 4.7%.

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



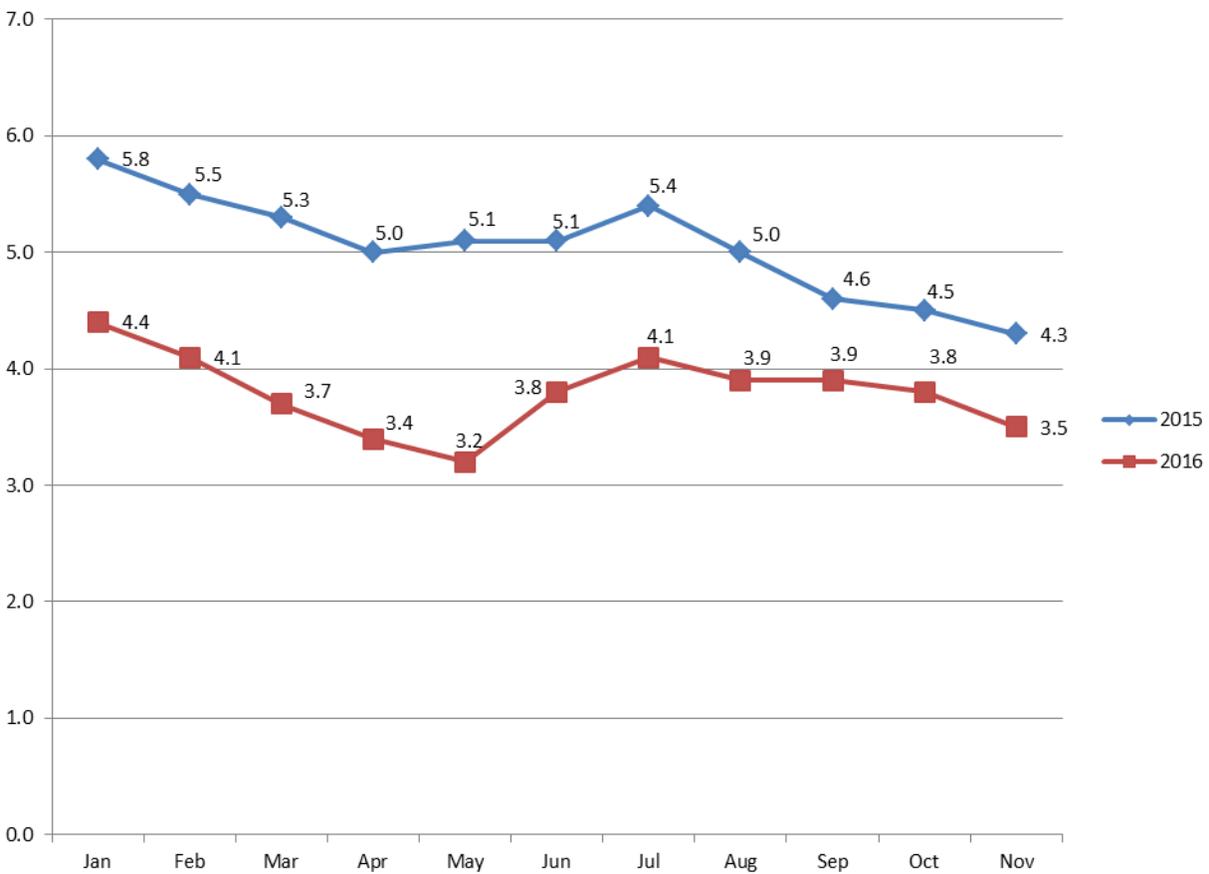
\*Please note that December 2016 numbers are preliminary, based on the State of California Employment Development Department.

# 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 3.5% (January 2016 to November 2016), which is lower than 2015, which was at 5.1%. The low unemployment rate is the lowest in six reporting years (2011 to 2016). This decrease may be attributed to the increased business activity at the City's retail commercial centers and industrial areas, which had a low vacancy rate (1% for 2016-Q4). The low vacancy rate indicates more persons are employed in Cerritos, which reduced the unemployment rate. Additionally, the overall vacancy rate for 2016-Q4, was at a low rate of 1%, 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%	3.5%*

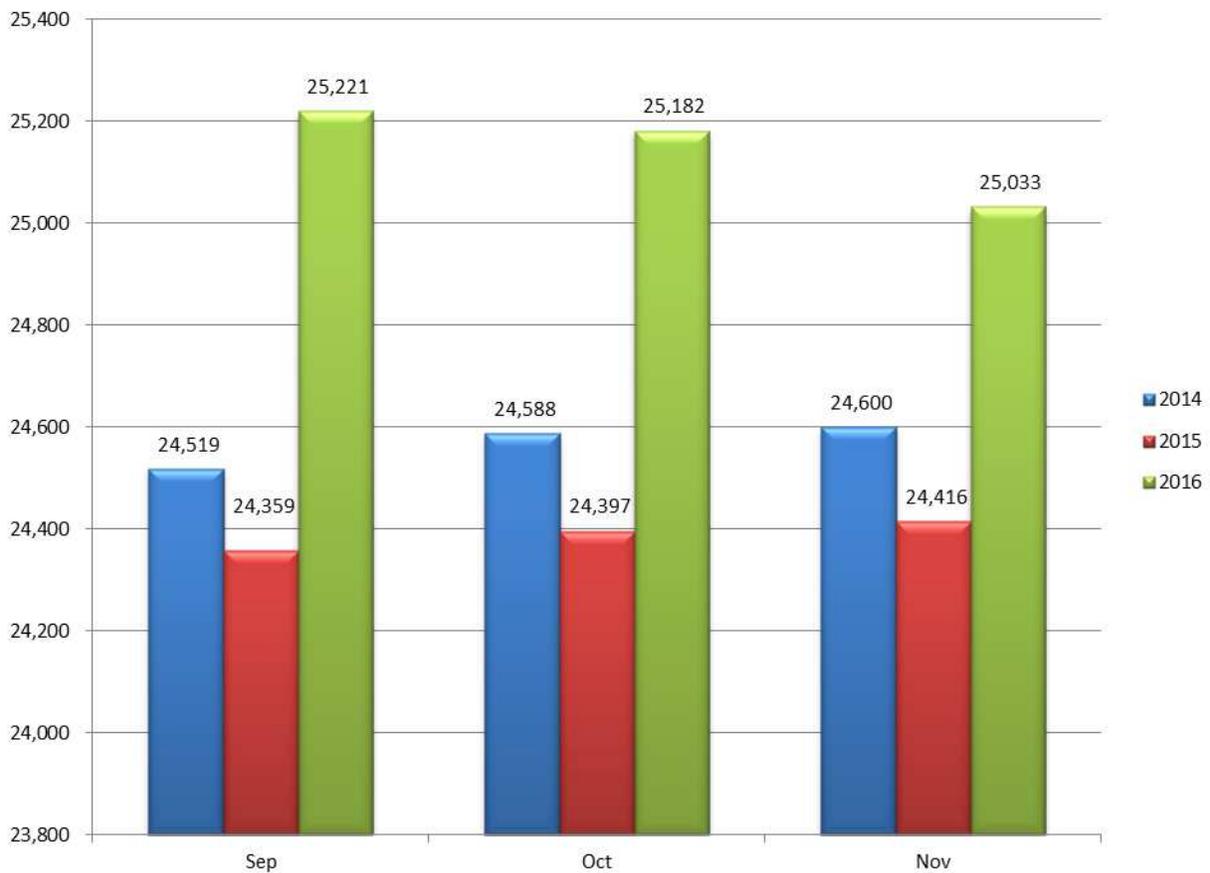
\*The 3.5% unemployment rate is an average from January 2016 to November 2016.

# 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 25,033 persons in the local workforce during November 2016, an increase of 617 persons from November 2015 (24,416). Based on a trend analysis of 2016-Q4, the labor force in the City has remained consistent at approximately 25,000 persons, which is an increase from the previous two years. 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**

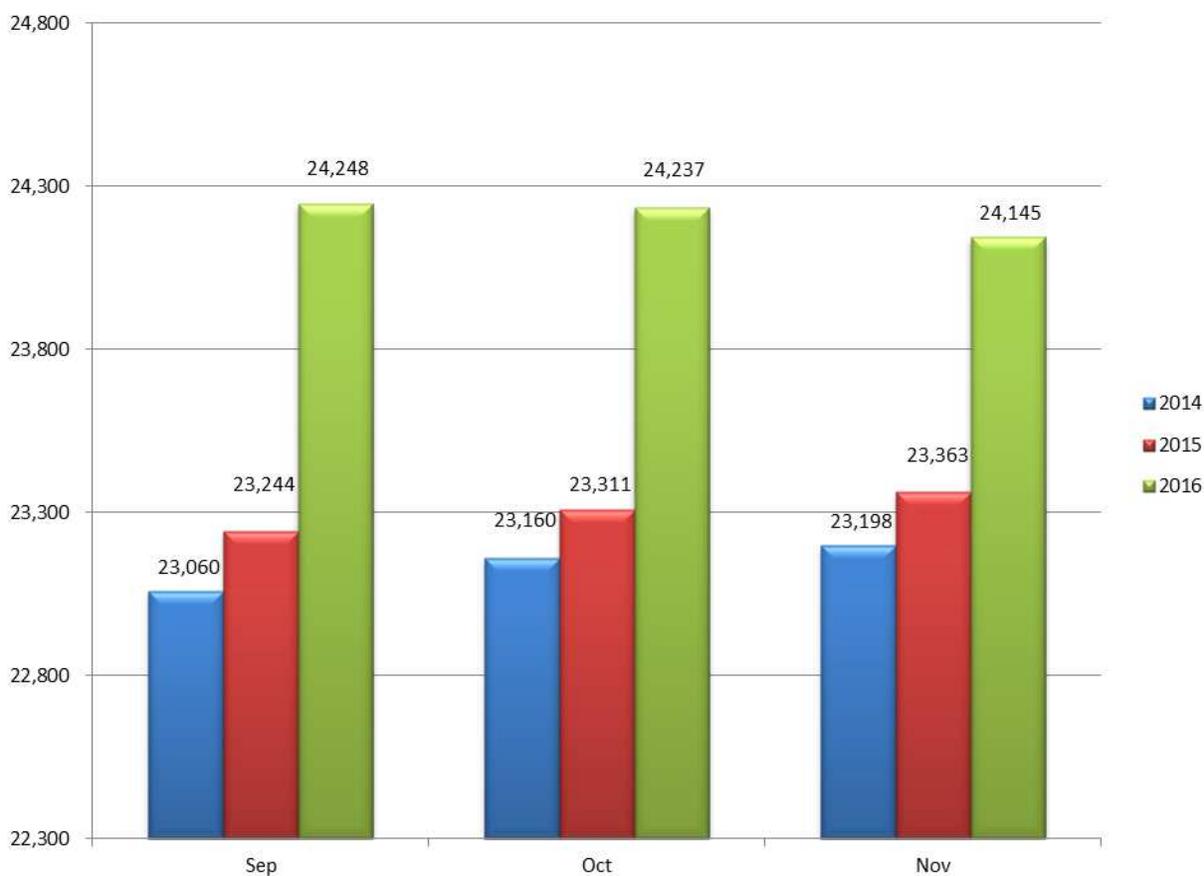
2011	2012	2013	2014	2015
23,885	23,845	24,187	24,502	24,441

# Employment

## Employment in Cerritos

In November 2016, there were 24,145 jobs within the City that employ both Cerritos residents and individuals that reside outside of Cerritos. Based on a one year trend analysis, employment increased from November 2015 (23,363 persons) to November 2016 (24,145 persons) by a total of 782 persons or 3.3%. Based on a three year trend analysis, employment from November 2014 to November 2016 increased by 947 persons, which amounts to a 4% increase over a three-year period. Based on data for the fourth quarter, employment numbers for 2016 may exceed the 2015 average of 23,224. Data from January 2016 through November 2016 shows an average of 23,850 persons employed in the City, which exceeds the 2015 average for persons employed by 641 more persons.

**Employment – Cerritos**



**Annual Average Employment in Cerritos**

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

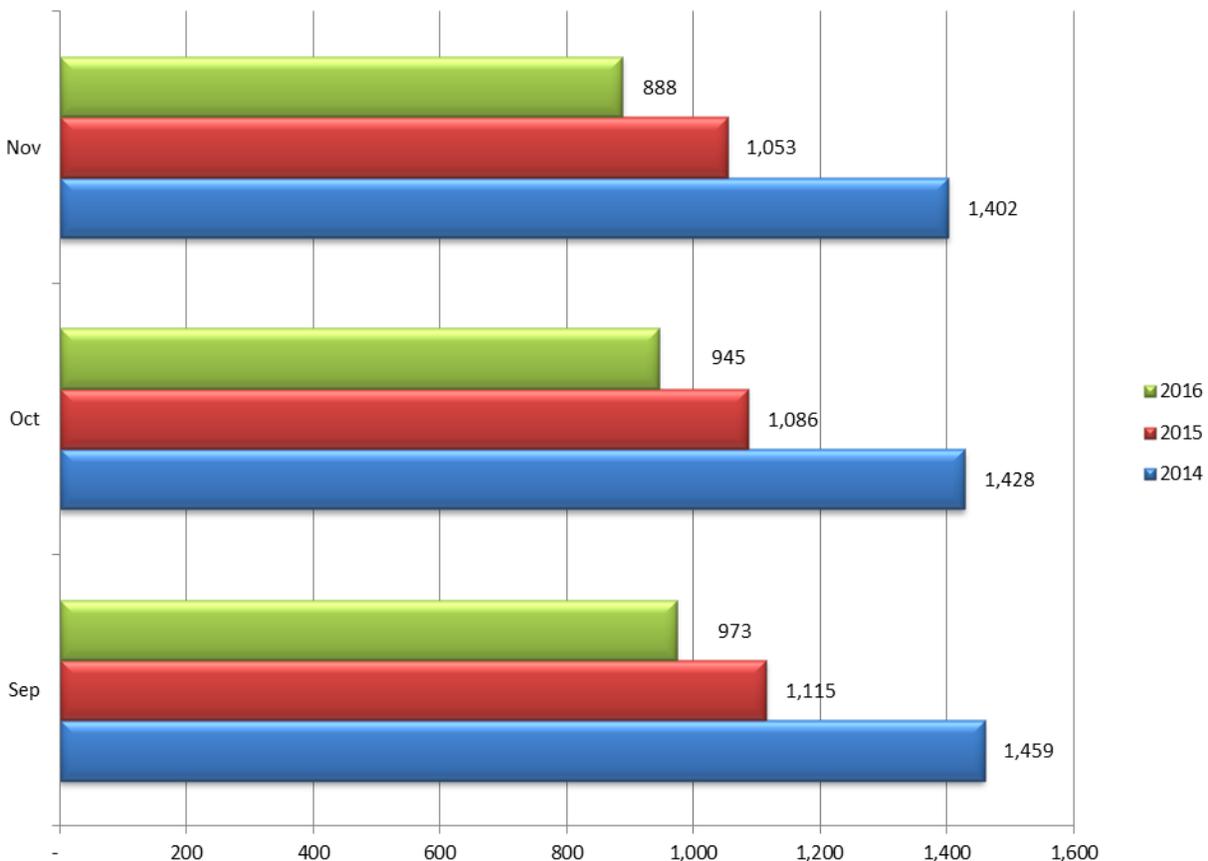
# Unemployment

## 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 November 2016, there are currently 888 (3.5%) individuals unemployed in Cerritos, which is a decrease from 165 persons from November 2015 (1,053 unemployed) and a decrease of 514 persons from November 2014 (1,402 unemployed). This trend indicates a decrease in unemployed persons over a three-year period for the third quarter, which is a positive sign for the City.

From 2011 through 2015, the average annual number of persons unemployed in the City of Cerritos has continued to decrease, to its low in November 2016 (888 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 fourth quarter, the unemployment rate is on track to be lower than the unemployment rate for each year beginning 2011 through 2015.

**Unemployment – Cerritos**

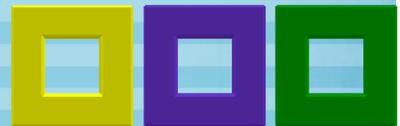


**Annual Average Unemployed in Cerritos**

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



# Commercial Real Estate

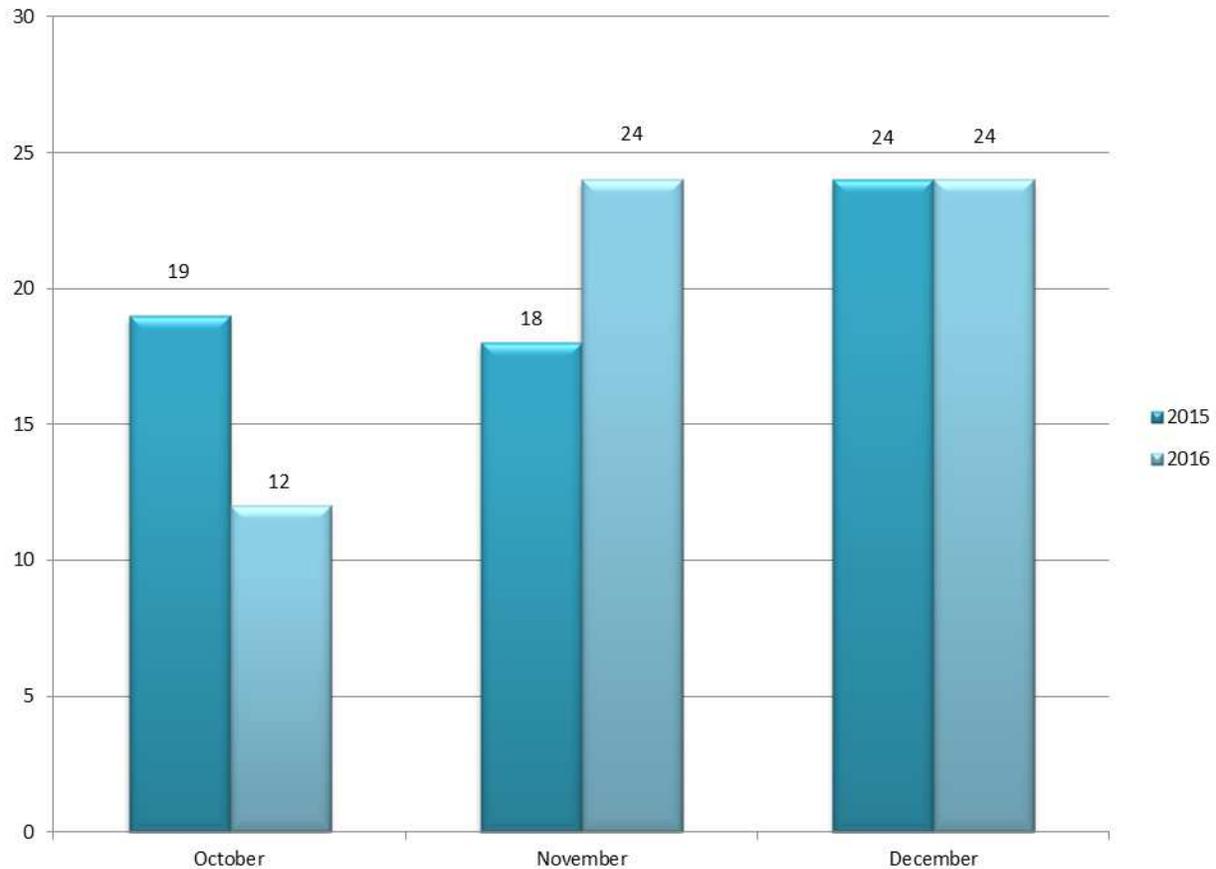


# Commercial Real Estate

## 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-Q4, a total of 60 CO's were processed, which is a decrease of one CO from the previous year. November 2016 and December 2016 experienced a high of 24 CO's during a one month period.

**Certificates of Occupancy for 2016-Q4**



**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	12	24	24

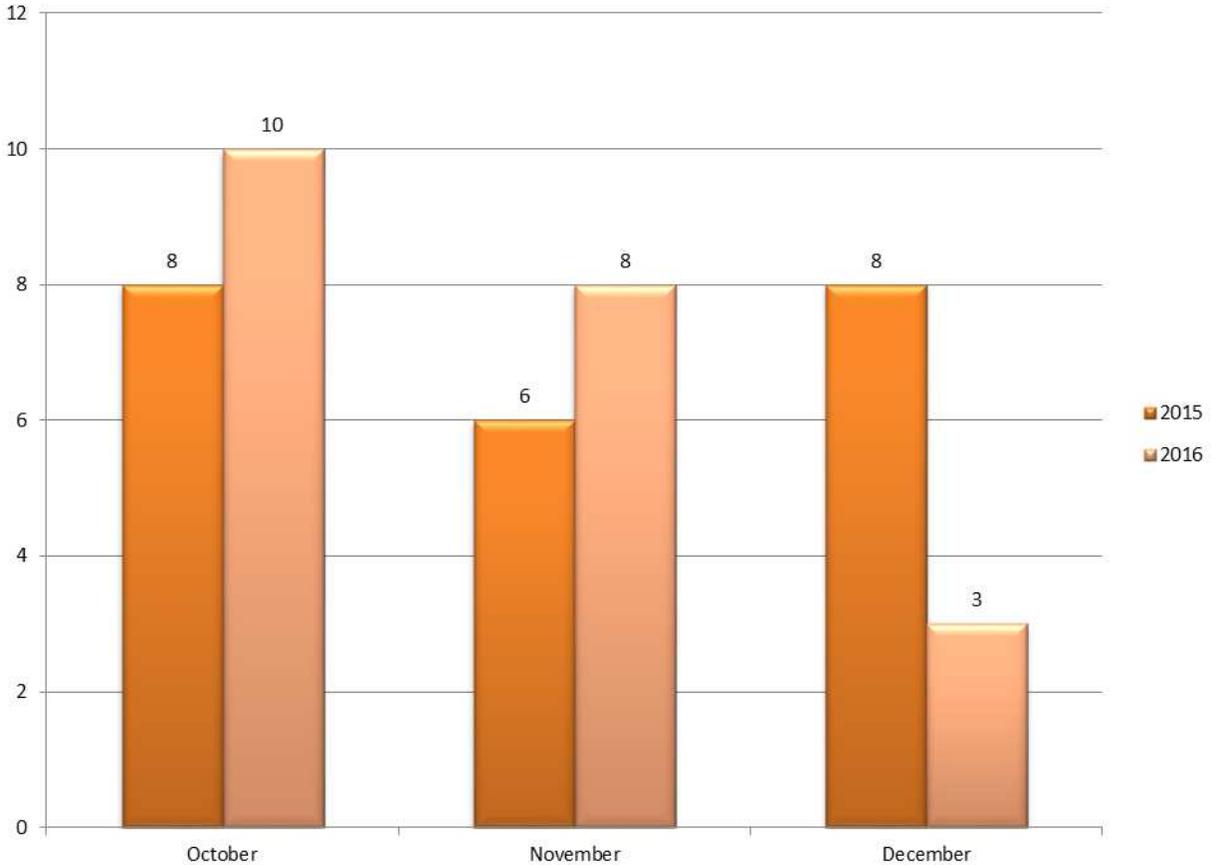
2016-Q4: 60  
 2015-Q4: 61  
 Difference: (-1)

# 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 21 TI's were processed in 2016-Q4, which is a decrease of one TI permit from 2015-Q4. October 2016 experienced a high of 10 TI's from the previous year during a one month period.

**Tenant Improvements for 2016-Q4**



**Tenant Improvements – 2016**

Jan	Feb	Mar	Apr	May	June
9	7	12	4	10	2
July	Aug	Sept	Oct	Nov	Dec
6	18	8	10	8	3

2016-Q4: 21  
 2015-Q4: 22  
 Difference: (-1)

# Commercial Real Estate

## Total Vacancy in Cerritos

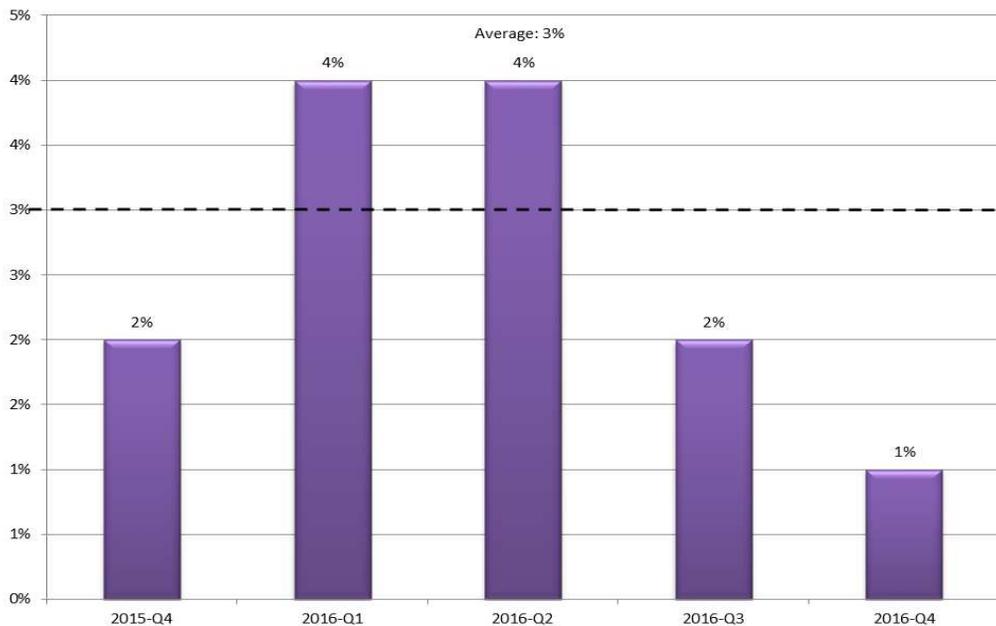
The City of Cerritos currently has a low vacancy rate when compared to the overall total available space for industrial, office, and retail uses. Currently, there is approximately 204,634 square feet of vacant industrial space, which equates to 1% of the total available citywide industrial space (15,088,117 square feet). Additionally, the City has approximately 56,954 square feet of vacant office space (4% of the total office space in Cerritos) and approximately 36,403 square feet of available retail space (1% of the total retail space in Cerritos). This equates to a total of 297,991 square feet of available space in the City, which is equal to 1% 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	204,634	1%
Office	1,422,575	56,954	4%
Retail	4,685,788	36,403	1%
<b>Total</b>	<b>21,196,480</b>	<b>297,991</b>	<b>1%</b>

In a quarter-by-quarter comparison, the City's total available and vacant space in Cerritos has remained relatively low. In 2015-Q4, the total vacancy rate was at 2%, which increased to 4% in 2016-Q1 and 2016-Q2, and then declined to 2% in 2016-Q3, and then declined once again in 2016-Q4 to 1%. The current low vacancy rate of 1% is a positive indicator for the local economy.

### Total Cerritos Vacancy Rates



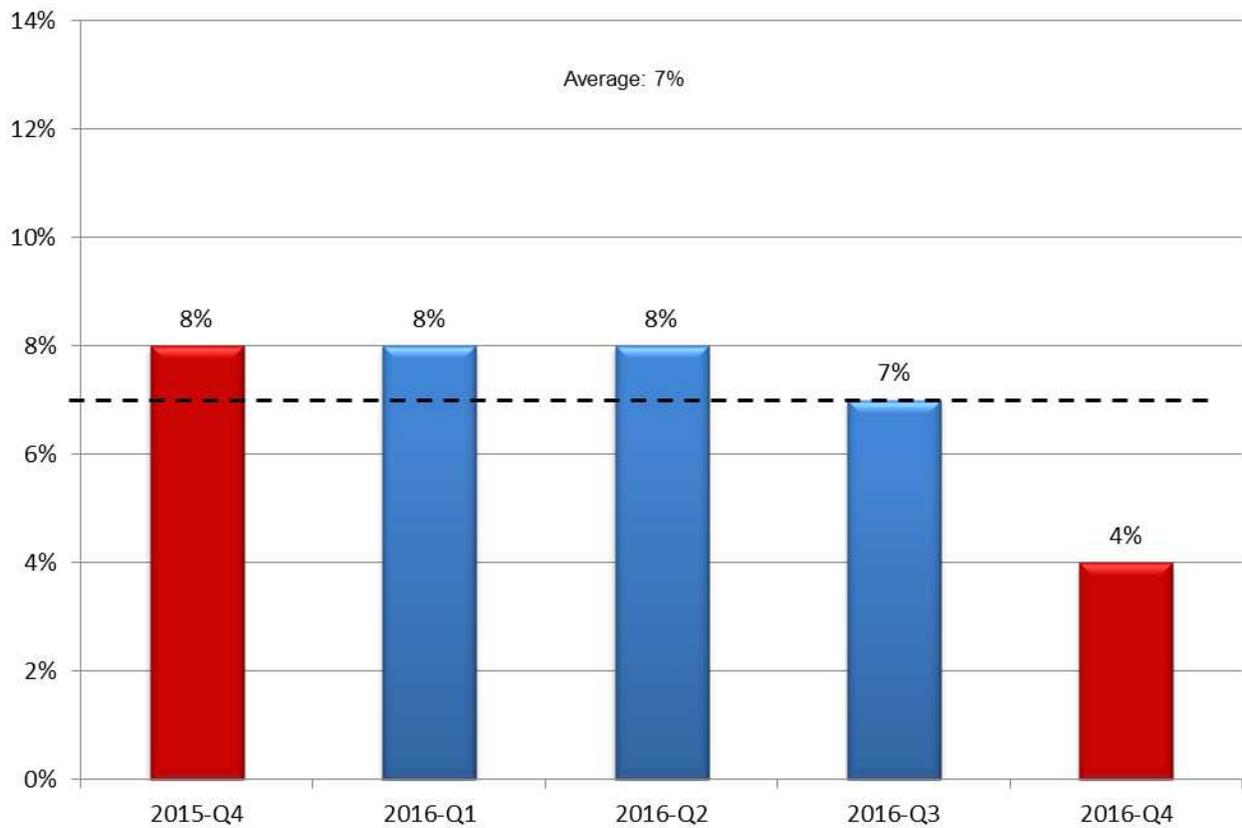
2015-Q4	2016-Q1	2016-Q2	2016-Q3	2016-Q4
2%	4%	4%	2%	1%

# Commercial Real Estate

## Office Vacancy Rates

In 2016-Q4, the Cerritos office market vacancy rate was at 4%, which is a decrease of 8% from 2015-Q4. The decrease in the office vacancy from 2015-Q4 to 2016-Q4 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 22 office spaces available in 2016-Q4 (56,954 square feet), compared to 62 spaces available in 2015-Q4 (111,833 square feet), which accounts for the 4% decrease.

**Cerritos Office Vacancy Rates**



# Commercial Real Estate

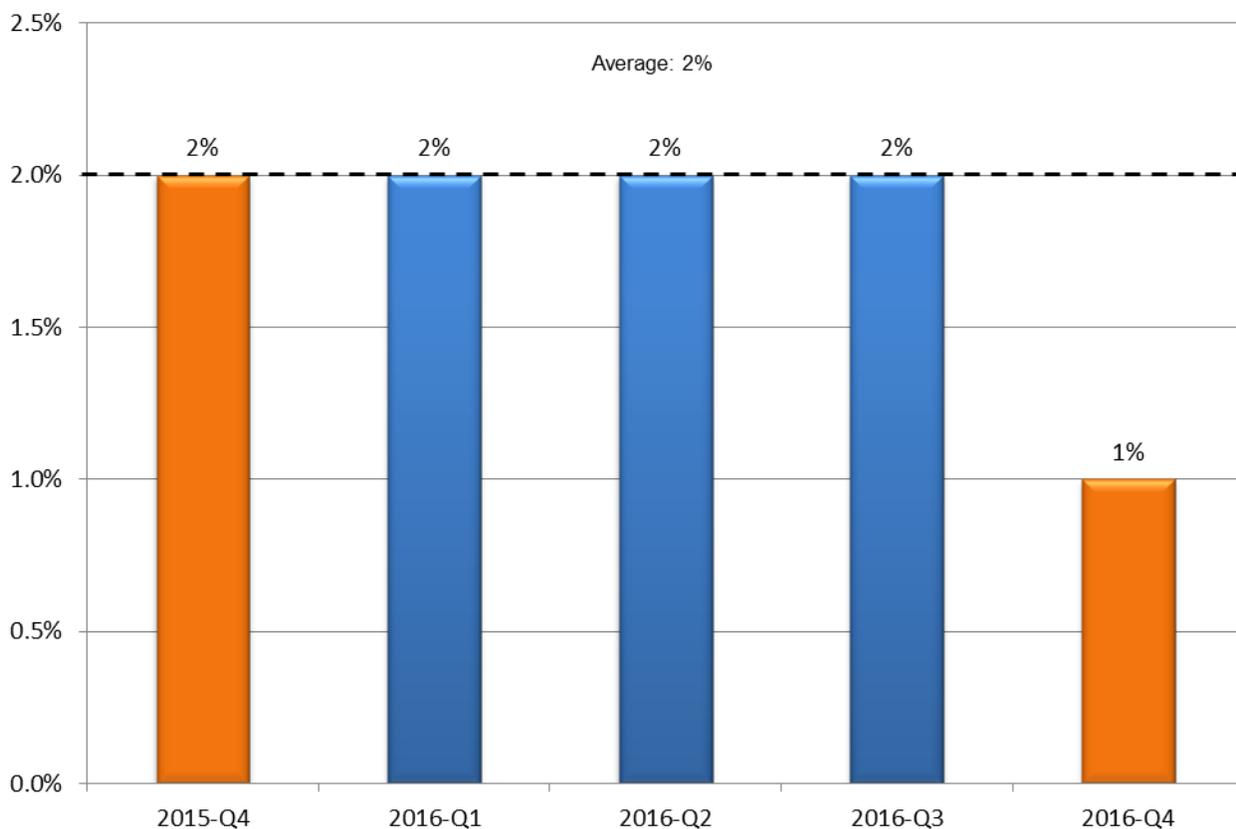
## Retail Vacancy Rates

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 1% (36,403 square feet) for 2016-Q4, which is a decrease from 2015-Q4 (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 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**

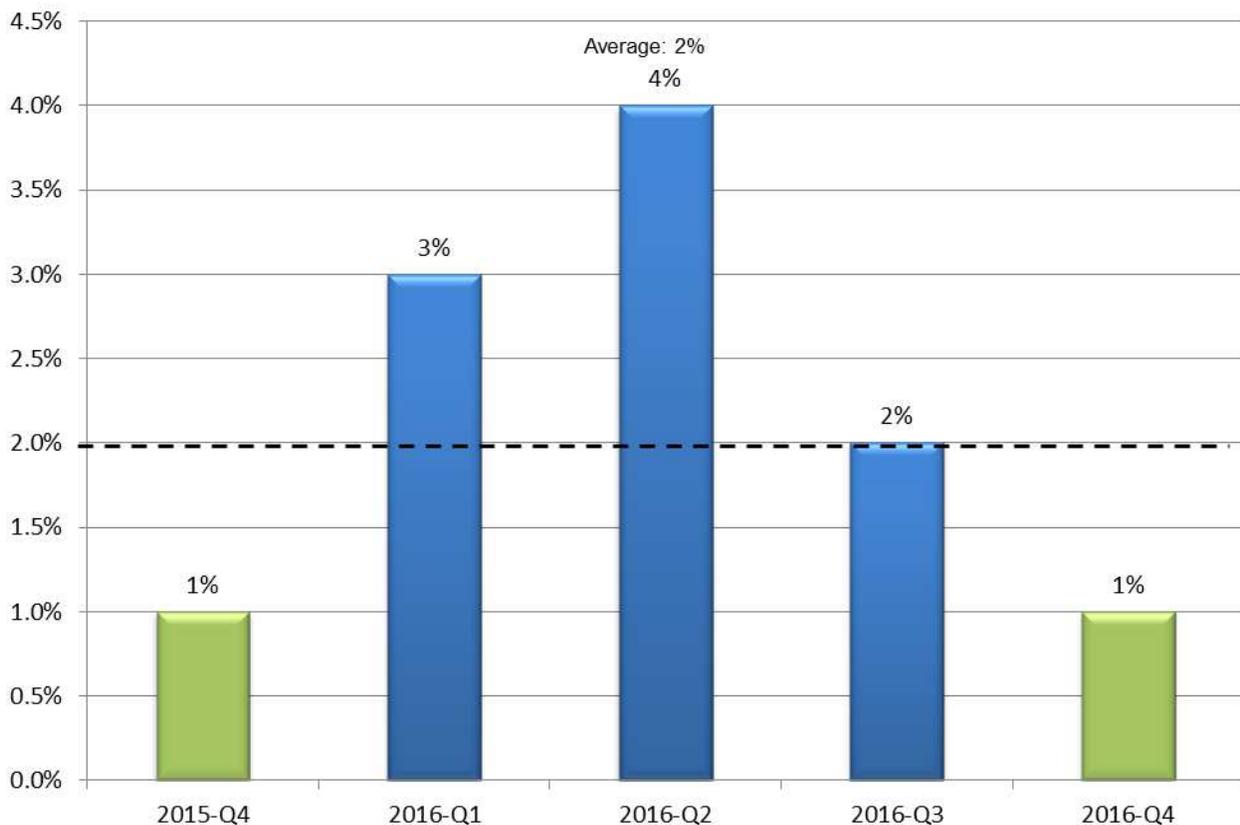


# Commercial Real Estate

## 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 1% for 2016-Q4, which is equivalent to 2015-Q4 (1%). Based on a trend analysis, the industrial vacancy rate was at 1% during 2015-Q4, increased in 2016-Q1 (3%) and in 2016-Q2 (4%), and then decreased in 2016-Q3 (2%), and then decreased again in 2016-Q4 (1%). Loop.net is reporting that in 2016-Q4, 10 buildings (204,634 square feet) were listed for lease or sale and in 2015-Q4, 9 buildings (136,645 square feet), were listed for lease or sale.

**Cerritos Industrial Vacancy Rates**



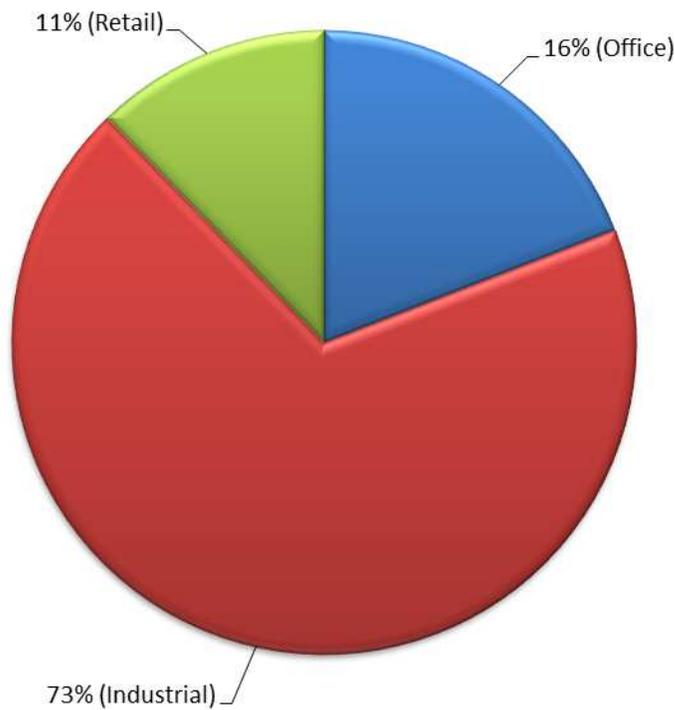
*(Note: Industrial vacant space in Cerritos includes a greater proportion of warehousing and distribution businesses, which require large facilities. Therefore, a single vacancy may contribute a large amount of square footage to the overall vacancy rate. Industrial vacancy rates are calculated using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

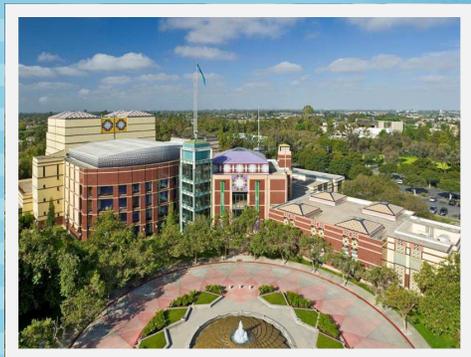
# Commercial Real Estate

## Vacancy Breakdown by Use

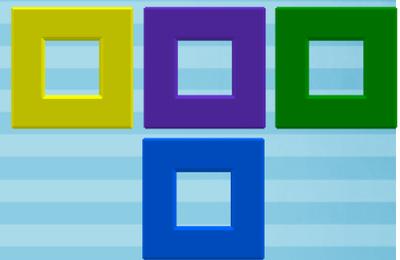
In Cerritos during 2016-Q4, there is approximately 297,991 square feet of total vacant space, which amounts to 1% of the total available space in the City. Of the total available space, 73% (204,634 square feet) is available for industrial use, 16% (56,954 square feet) is available for office use, and 11% (36,403 square feet) is available for retail use.

**Vacancies By Use**





# Housing

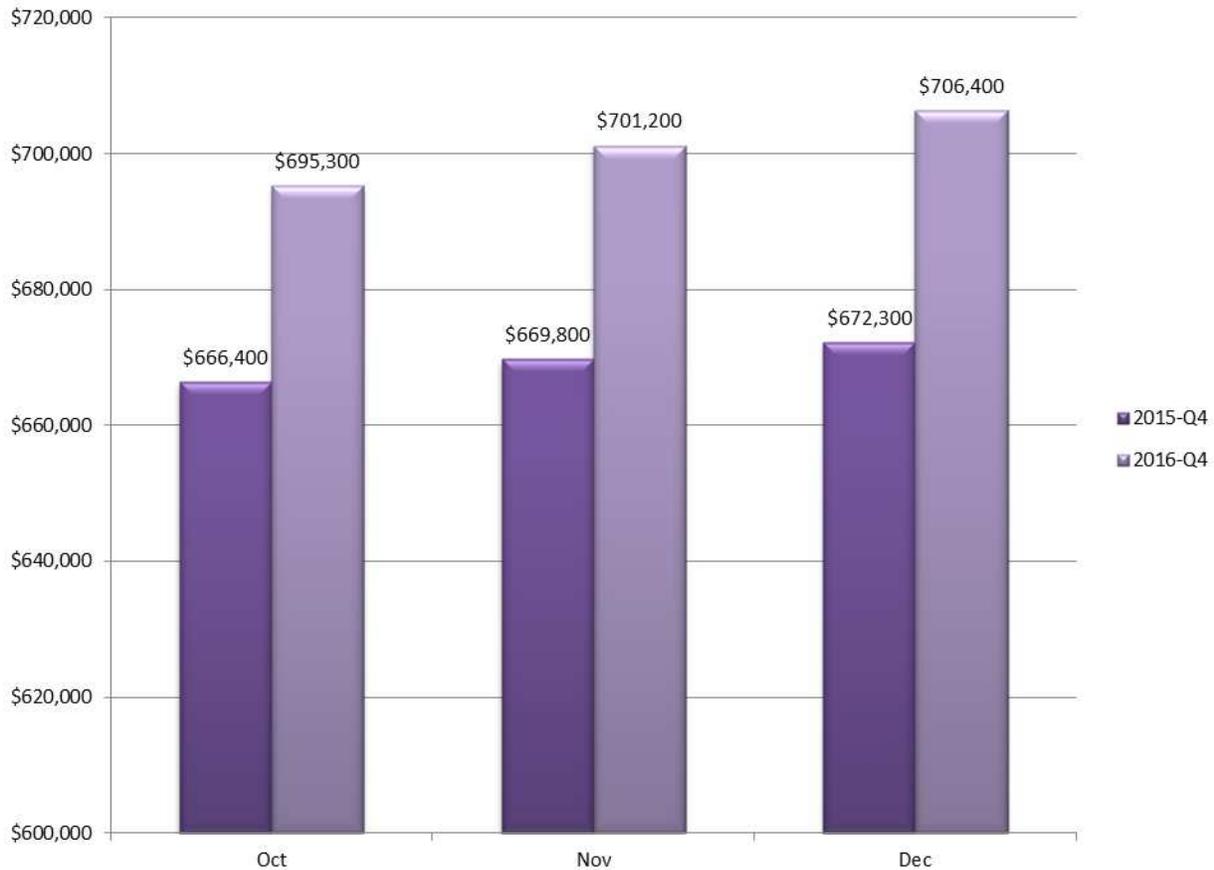


# Housing

## Single-Family Residential

For 2016-Q4, the average median home sales price in Cerritos was \$700,967. Housing prices in Cerritos increased significantly each month during 2016-Q4, when compared to 2015-Q4 sales prices. For example, housing prices increased in October 2016 by 4.3%, November 2016 increased by 4.7%, and December 2016 increased by 5.1% 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-Q4**  
**Fourth Quarter Average: \$700,967**



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

Cerritos	Los Angeles County	Orange County
\$706,400	\$572,000	\$718,000

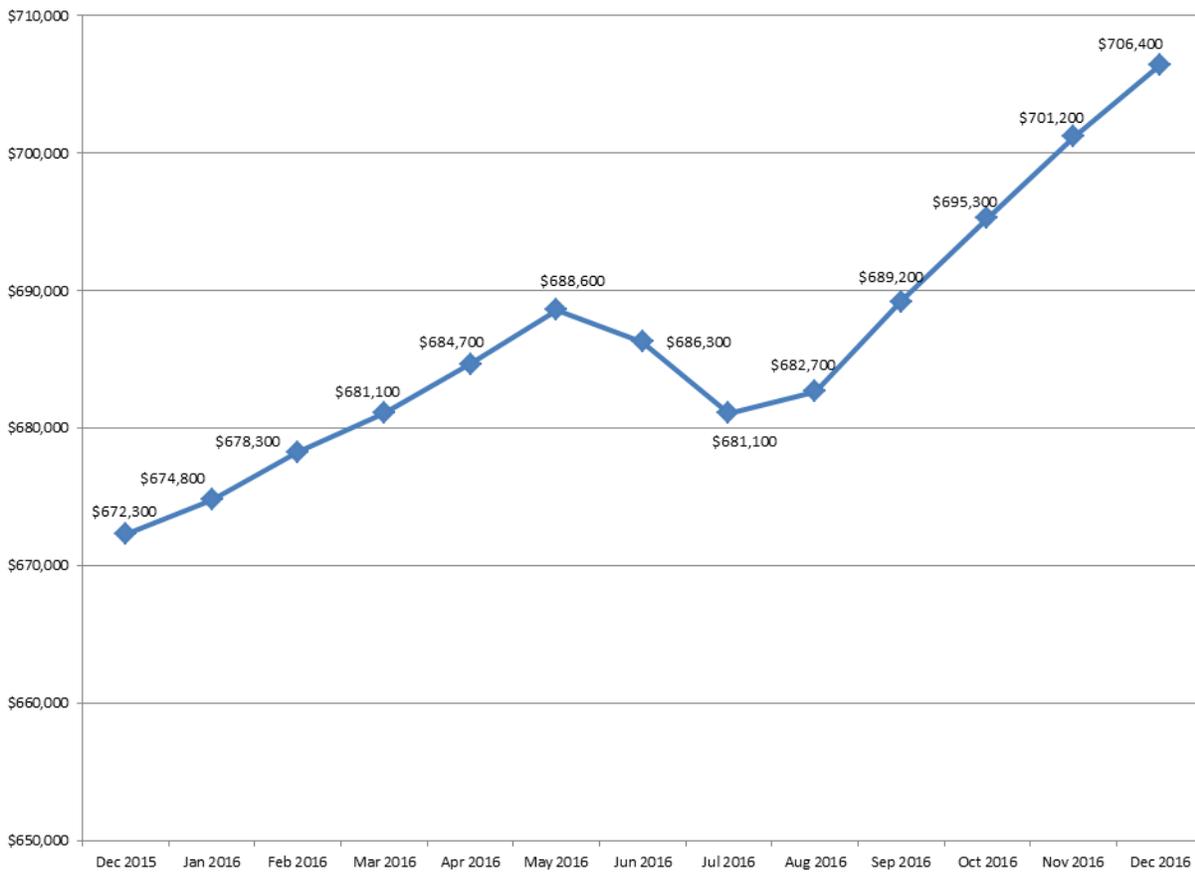
For December 2016, Cerritos had an average single-family sales price of \$706,400, which was higher than Los Angeles County (\$572,000); however, just slightly lower than Orange County (\$718,000). This higher sales price in Cerritos indicates that housing is in great demand in the City.

# Housing

## Single-Family Residential – One Year Trend Line

Based on a one year trend line analysis from December 2015 to December 2016, the average sales price for a single-family residential home in Cerritos was \$686,308 (one year period). According to the data provided by Zillow.com, housing prices increased each month from December 2015 through May 2016, decreased in June 2016 and July 2016, and then increased in August 2016 through December 2016. Additionally, for December 2016, a three-bedroom house had a median sale price of \$655,000 and a four bedroom house had a median sale price of \$737,300.

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



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

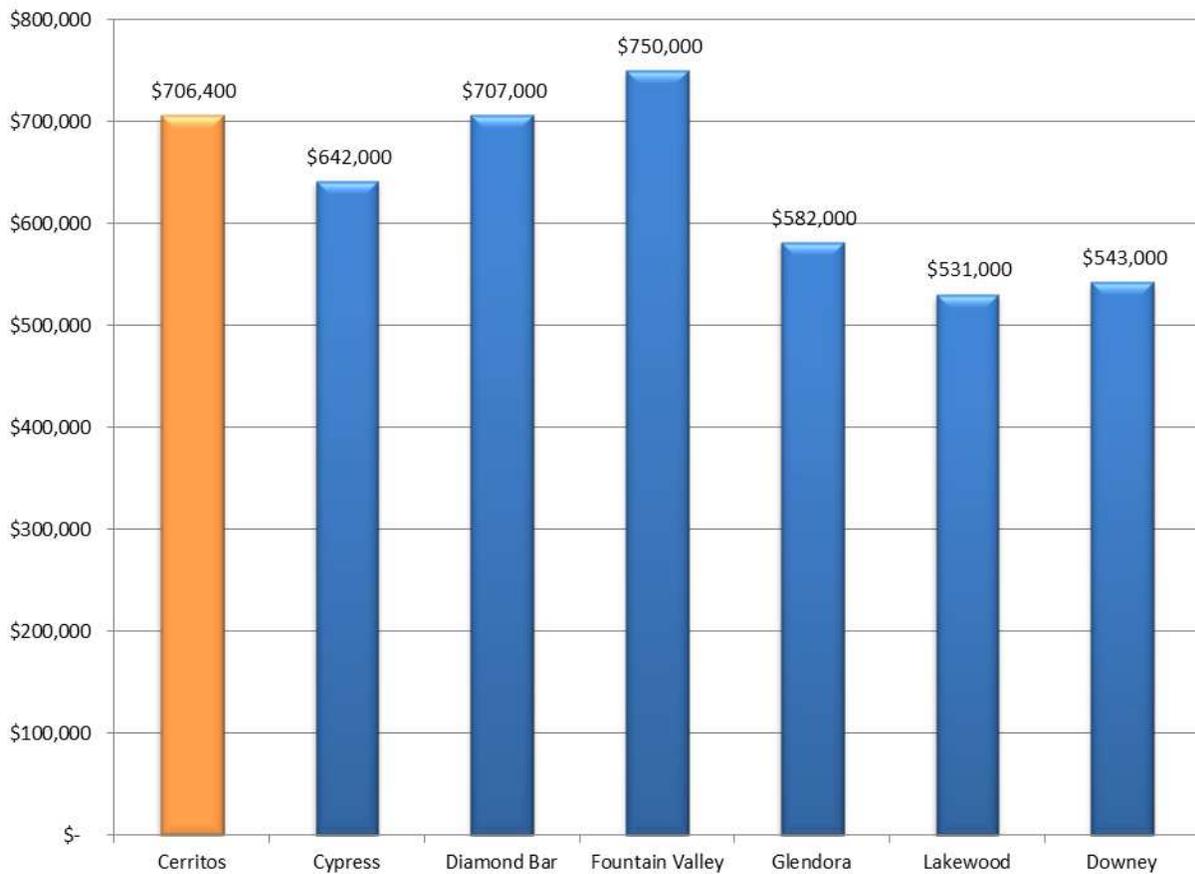
Cerritos - Total	Cerritos - Three Bedrooms	Cerritos - Four Bedrooms
\$706,400	\$655,000	\$737,300

# 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 December 2016 home sales prices throughout the region, Cerritos' average home sales price was \$706,400, which was higher than each of the four other comparable cities, including Cypress (\$642,000), Glendora (\$582,000), Lakewood (\$531,000), and Downey (\$543,000).

**Regional Comparison – December 2016**

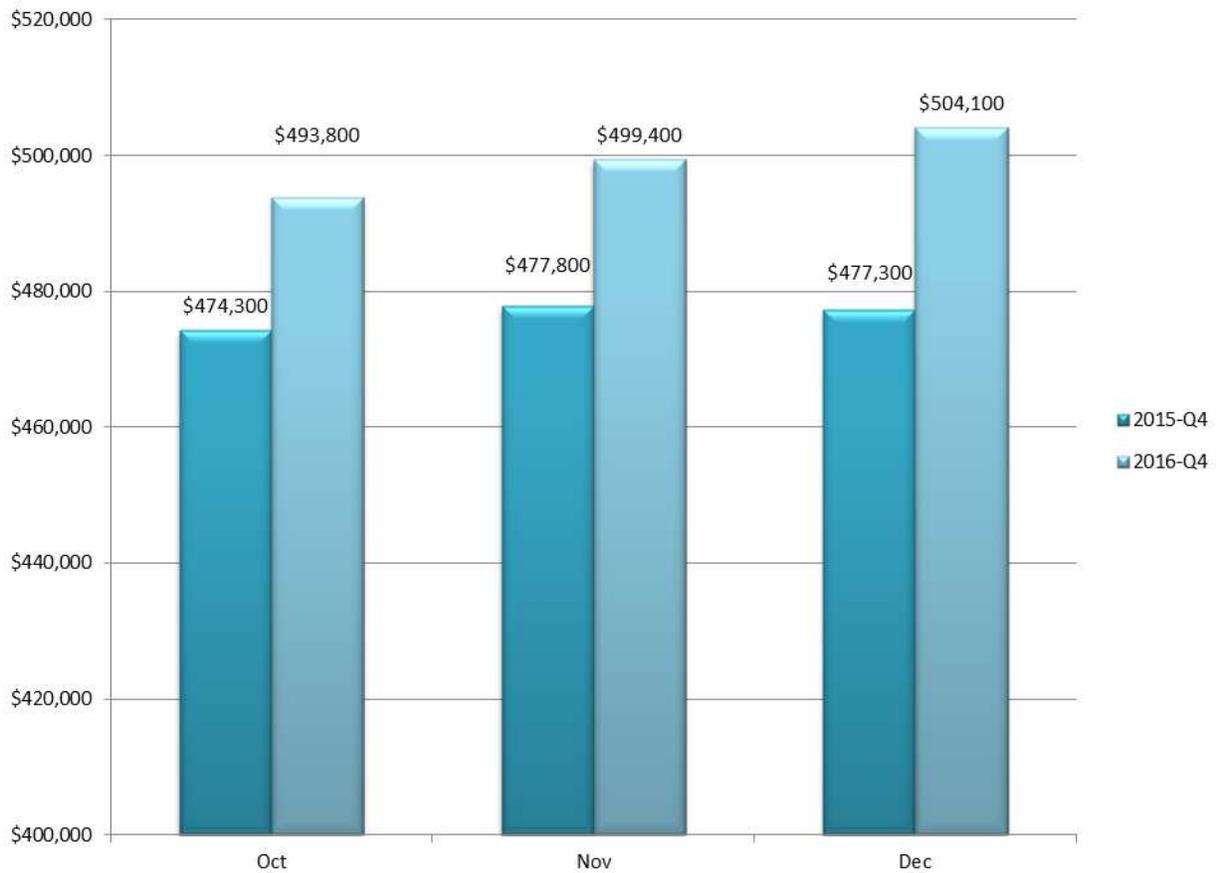


# Housing

## Multi-Family Residential - Condominiums

Condominiums have a niche in housing between renting and owning single-family homes. For 2016-Q4, the average median condominium home sales price in Cerritos was \$499,100. Condominium sale prices in Cerritos increased in October 2016 by 4.1%, in November 2016 by 4.5%, and in December 2016 by 5.6% from the previous year. In a regional comparison for December 2016, Cerritos (\$504,100) median condominium home sales price was higher in comparison to Los Angeles County (\$482,000) and Orange County (\$466,000).

**Condominium Home Sales Price in Cerritos - 2016-Q4**  
**Fourth Quarter Average: \$499,100**



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

Cerritos	Los Angeles County	Orange County
\$504,100	\$482,000	\$466,000

# 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