

Quarterly Market Trend Analysis for Economic Development  
in Cerritos

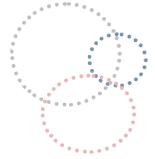
City of Cerritos  
**ECONOMIC  
PROFILE**

**Summer 2019**



*A City with Vision*

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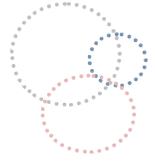


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# INTRODUCTION



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 program 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 program 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 industries with potential growth opportunities, as well as declining industries in need of assistance.

The Economic Profile is comprised of several sections, which includes Major Revenues, Employment, Real Estate, and Housing. The statistical data is compiled from a wide variety of sources, such as the California Employment Development Department, the City of Cerritos' tax consultant, and several real estate publications. A summary of data sources and information related to the data contained herein is provided on page 39 of this Economic Profile.

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. The quarterly report provides a wealth of information and will be used by City staff to monitor the economic trends of the City in order to develop precise strategies to improve the business climate in Cerritos. 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.



Naresh Solanki  
Mayor



Frank A. Yokoyama  
Mayor Pro Tem



Jim Edwards  
Councilmember



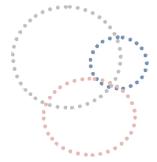
Grace Hu  
Councilmember



Mark E. Pulido  
Councilmember



# ECONOMIC DEVELOPMENT COMMISSION



The Cerritos 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 expert advice/guidance on a variety of issues facing the City of Cerritos, including revenues, housing, employment, and real estate for consideration by City staff. 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:

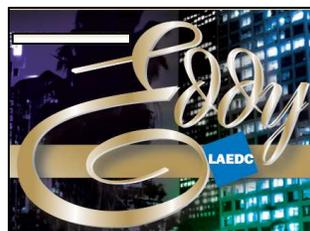
Brian Hews  
Chair

Riaz Surti  
Vice Chair

Richard Alegria  
Commissioner

Robert Buell  
Commissioner

Carmelita Lampino  
Commissioner

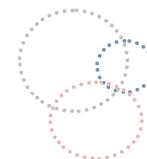


2010 Winner

Most Business-Friendly City Award



# EXECUTIVE SUMMARY



For Summer 2019, the City of Cerritos is showing economic growth for some business sectors, which include a low retail vacancy rate (2%), the City's office vacancy rate was lower than Los Angeles County and Orange County, and an increase in the average sales price for condominiums. In addition, the unemployment rate remained relatively low at 3.9% and was lower than surrounding cities. 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 2019-Q1 totaled approximately \$7.9 million, which is a slight increase from the first quarter in 2018, amounting to an increase of \$909 in sales tax revenue generated over the one year period. In a first quarter analysis over the past three years, sales tax revenue increased from \$7,863,964 in 2017-Q1 to \$7,996,034 in 2018-Q1, and then increased slightly to the current \$7,996,943 in 2019-Q1.

The Cerritos Auto Square generated \$2.5 million in sales tax for the City during 2019-Q1, which was a 2.3% or \$58,786 decrease from last year. The Los Cerritos Center generated the second highest sales tax at \$942,770, which was a decrease of \$59,404 from 2018-Q1, likely due to the closure of the Sears Department Store. Other sectors generating sales tax revenue include uses within the Regional Commercial (CR) zone (\$1.6 million) and the Industrial (M) zone (\$665,903).

In the second quarter of 2019, the Cerritos Auto Square sold a total of 14,042 cars, which was a decrease of 146 cars from last year for the same quarter. For 2019-Q2, the City processed a total of 1,027 new and renewed business licenses (7% decrease), which resulted in \$340,796 in total business license revenue for the quarter. The City also received a total of \$181,359 in Transient Occupancy Tax (TOT) revenue during March 2019 and April 2019. It should be noted that the hotel located at the Cerritos Towne Center was under renovation during these months, and TOT revenue is anticipated to increase as a result of the renovation project now being completed.

## Unemployment/Employment

The unemployment rate among Cerritos residents is approximately 3.9% (June 2019), which is one of the lowest amongst surrounding cities and cities with similar size and/or demographics in the region. Additionally, the Cerritos labor force for May 2019 was 25,397 and was constituted by 24,584 employed and 813 unemployed residents.

## Real Estate

During 2019-Q2, Cerritos had a total of 858,931 square feet of vacant space City-wide, which is approximately 4% of the total available space in Cerritos (21,196,480 sq. ft.). Included in this available vacant space is 593,880 square feet of vacant industrial space, which amounts to 4% of the total industrial space in the City (15,088,117 sq. ft.); 157,970 square feet of vacant office space, which amounts to 11% of the total office space in the City (1,422,575 sq. ft.); and, 107,081 square feet of vacant retail space, which amounts to 2% of this total retail space in the City (4,685,788 sq. ft.).

## Housing

For 2019-Q2, the single-family median home sale price in Cerritos was approximately \$736,767. In a regional comparison of the second quarter, homes in Cerritos have maintained their values and were higher than most cities of comparable size and demographics. Condominiums have an average median sales price of \$526,467, which was higher than the previous year.



# MAJOR ECONOMIC INDICATORS



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 gauge the economy and assist 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 of Cerritos and the United States.

## Brief Overview of the United States Economy

### Consumer Price Index (CPI):

+0.1% in June 2019

As a widely used measure of inflation, the Consumer Price Index (CPI) 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:

3.7% in June 2019

Current unemployment rate for the United States.

### Payroll Employment:

+220,000(p) in June 2019

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

### Average Hourly Earnings:

+\$0.06(p) in June 2019

Increase in average hourly earnings.

### Producer Price Index - Final Demand:

+0.1%(p) in June 2019

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

### Employment Cost Index (ECI):

+0.7% in 1st Quarter of 2019

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:

-0.9% in June 2019

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

### U.S. Export Price Index:

-0.7% in June 2019

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

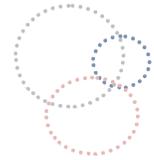


Summer 2019  
Economic Profile:  
**REVENUES**



# ECONOMIC PROFILE SALES TAX DATA

## Summer 2019



In an effort to provide accurate and comprehensive revenue data for the quarterly Economic Profile report, the Administrative Services Department, in consultation with the City's sales tax consultant, Hinderliter, de Llamas & Associates ("sales tax consultant"), provide quarterly sales tax reports to Advance Planning staff, utilizing an adjusted data approach, which accounts for Use Tax revenue. A Use Tax, as defined by the California State Franchise Tax Board, refers to purchases made from out-of-state or internet/website entities. In California, a Use Tax is derived from transactions made by consumers to purchase out-of-state items by telephone, internet, mail, or in person. In order to capture these revenues, the State of California created a pooling system to distribute the local share of Use Taxes generated by California residents. It is also used to distribute any sales tax that cannot be easily tied to a specific point of sale.

Under the pooling concept, a Use Tax is first coded to the county of use, and then distributed to each jurisdiction in that county on a pro rata share of taxable sales each quarter. For example, if a local jurisdiction generates 8% of the county's total taxable sales, that jurisdiction will receive 8% of the county's Use Tax pool. If the county of origin cannot be identified, the Use Tax allocation goes to the State of California pool for pro rata distribution on a statewide basis. Examples of Use Tax revenues contributing to state and county pools, which are distributed to local jurisdictions, include the following:

- Online purchases from out-of-state sellers;
- Private-party sales of vehicles, mobile homes, vessels and aircraft;
- Contractors who are considered consumers of materials used in the improvement of real property when a sales tax has not been paid, and whose jobsite is regarded as the place of business;
- Merchandise shipped directly to consumers by common carrier from inventory located outside the state with title passing out of state;
- Long term leases of equipment and other tangible personal property;
- Use tax on purchases or inventory consumed at facilities not registered as sales locations; and,
- Catering trucks, itinerant vendors, vending machine operators, and other permit holders who are unable to readily tie transactions to specific jurisdictions.

When an adjusted data approach is utilized, the sales tax consultant reviews and analyzes the returns of major taxpayers with special reporting periods and late payments, as well as holes, dips, or spikes in an individual business' reported tax stream. Each quarter, the sales tax consultant utilizes this approach to provide the City of Cerritos with adjusted data reports that are accurate and comprehensive, and that account for the City's share of the state and county Use Tax allocation derived from internet sales. Sales tax data in the Economic Profile is reported based on the adjusted data approach that includes Use Tax revenue derived from internet sales for the purpose of providing accurate revenue projections.

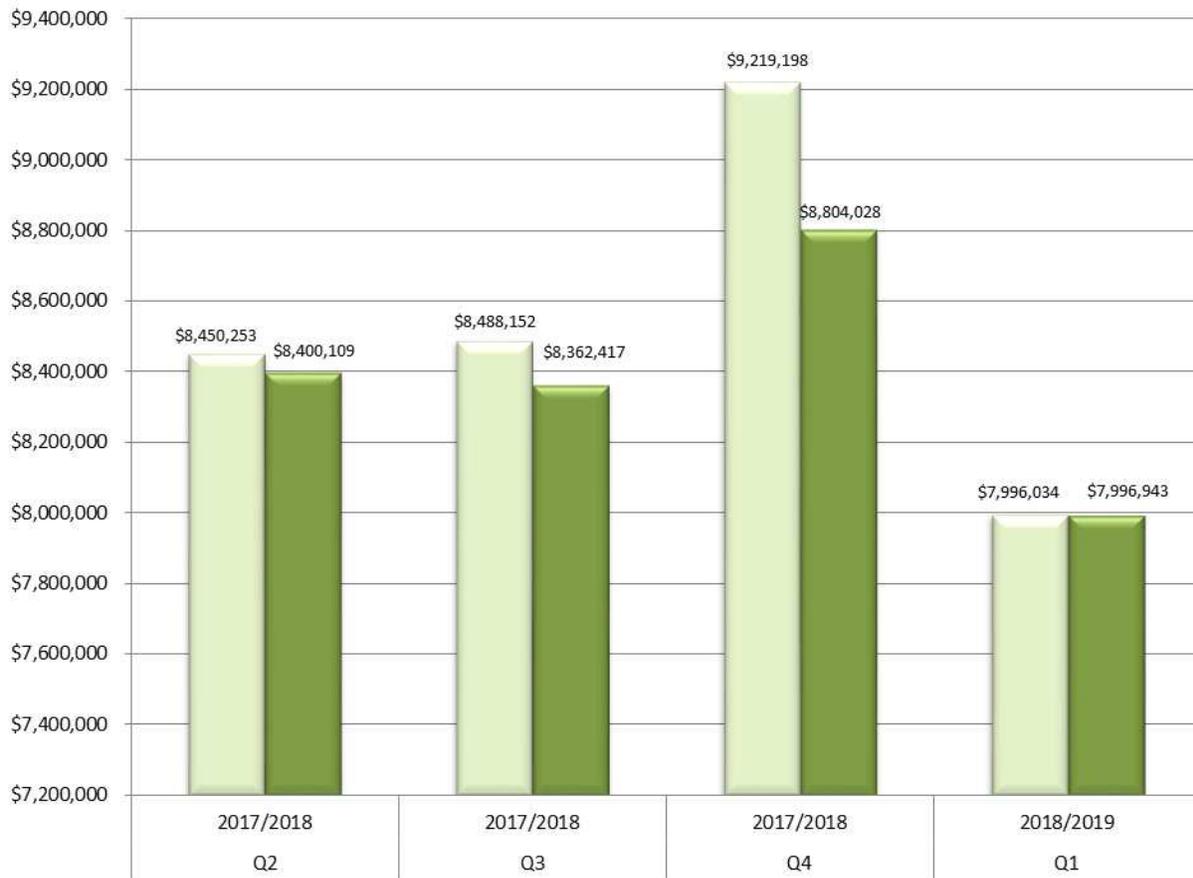




### Revenues - Sales Tax

For 2019-Q1, businesses in the City generated \$7.9 million in sales tax revenue, which was a slight increase from 2018-Q1 (\$909 increase). Over the past four quarters (2018-Q2 to 2019-Q1), sales tax for the City has averaged approximately \$8.4 million. In a quarter to quarter comparison, 2019-Q1 reported a slight increase over 2018-Q1, while the other quarters experienced very minimal decreases. In evaluating the past four quarters, 2018-Q4 generated the highest sales tax (\$8.8 million), as fourth quarter sales tax generation is typically higher than all other comparable quarters due to holiday consumer spending. Subsequently, sales tax in the first quarter tends to decrease with the end of holiday consumer spending. 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



Q2	Q3	Q4	Q1
<b>2017:</b> \$8,450,253	<b>2017:</b> \$8,488,152	<b>2017:</b> \$9,219,198	<b>2018:</b> \$7,996,034
<b>2018:</b> \$8,400,109	<b>2018:</b> \$8,362,417	<b>2018:</b> \$8,804,028	<b>2019:</b> \$7,996,943

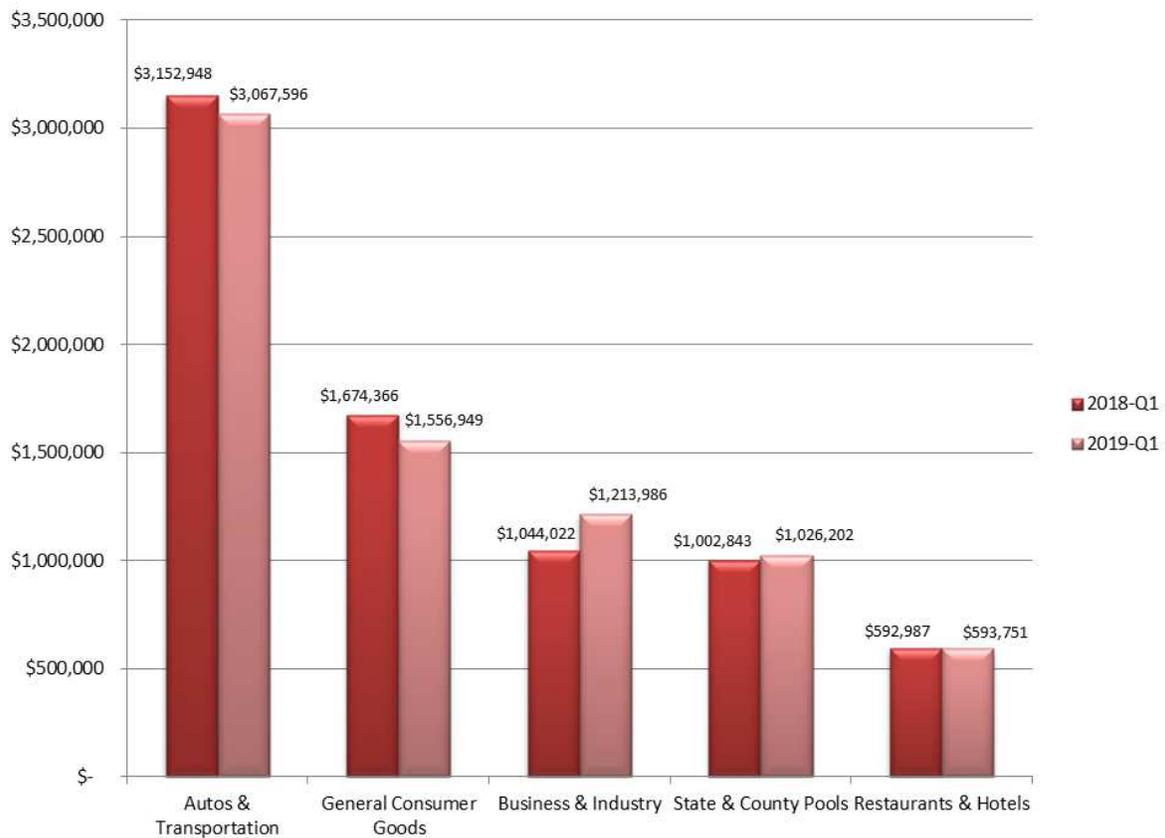


### Revenues - First Quarter Sales Tax Analysis (One Year Comparison)

During 2019-Q1, the City generated \$7.9 million in sales tax revenue, which includes several major industry groups. The Autos & Transportation industry group generated the greatest amount of sales tax at \$3 million. This industry group includes auto sales and sales of auto parts at the Cerritos Auto Square, as well as other transportation related sales outside of the Cerritos Auto Square. The second highest sales tax generating industry group in Cerritos during 2019-Q1 is General Consumer Goods, which includes retail sales at the Los Cerritos Center and Cerritos Towne Center. During 2019-Q1, the General Consumer Goods industry group generated \$1.5 million in sales tax revenue.

The Business and Industry group was the third highest at \$1.2 million and the fourth highest sales tax generator was State and County Pools with \$1 million, which includes use tax revenue derived from internet sales.

**Major Industry Groups**



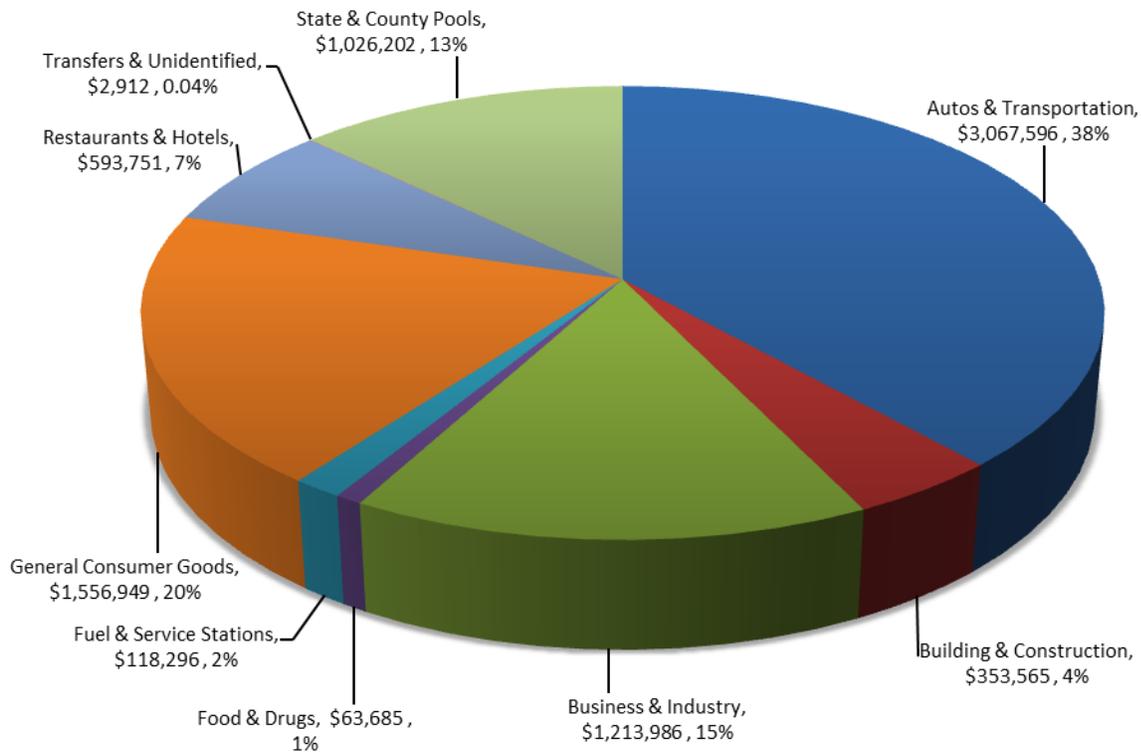
Industry Group	2018-Q1	2019-Q1
Autos & Transportation	\$3,152,948	\$3,067,596
General Consumer Goods	\$1,674,366	\$1,556,949
Business & Industry	\$1,044,022	\$1,213,986
State and County Pools (Use tax derived from internet sales)	\$1,002,843	\$1,026,202
Restaurants & Hotels	\$592,987	\$593,751
Building & Construction	\$353,710	\$353,565
Fuel & Service Stations	\$122,604	\$118,296
Food & Drugs	\$60,776	\$63,685
Transfers & Unidentified	(\$8,223)	\$2,912
<b>Total</b>	<b>\$7,996,034</b>	<b>\$7,996,943</b>
		<b>\$910 ↑</b>



### Revenues – Sales Tax Based on Major Industry Groups

In Cerritos, during 2019-Q1, \$3,067,596 (38%) of the total sales tax revenue (\$7,996,943) was generated by the Autos and Transportation industry group. Other contributing industry groups include General Consumer Goods at 20%, Business and Industry at 15%, and the State and County Pools at 13%.

**Major Industry Groups - Percentage**



Industry Group	Sales Tax Generated	Percentage
Autos & Transportation	\$3,067,596	38%
General Consumer Goods	\$1,556,949	20%
Business & Industry	\$1,213,986	15%
State and County Pools (Including Internet Sales)	\$1,026,202	13%
Restaurants & Hotels	\$593,751	7%
Building & Construction	\$353,565	4%
Fuel & Service Stations	\$118,296	2%
Food & Drugs	\$63,685	1%
Transfers & Unidentified	\$2,912	0.04%
<b>Total</b>	<b>\$7,996,943</b>	<b>100%</b>



### Revenues - First Quarter Sales Tax Analysis (Multi-Year Comparison)

Based on a trend analysis, quarterly sales tax revenue was at \$7,863,964 in 2017-Q1, increased in 2018-Q1 to \$7,996,034, and then increased by \$909 to \$7,996,943 during 2019-Q1. The trend line indicates a stable generation of sales tax revenue during the first quarter of each year, over the past three years at approximately \$7.9 million.

**First Quarter Trend Analysis**



2017-Q1	2018-Q1	2019-Q1
\$7,863,964	\$7,996,034	\$7,996,943

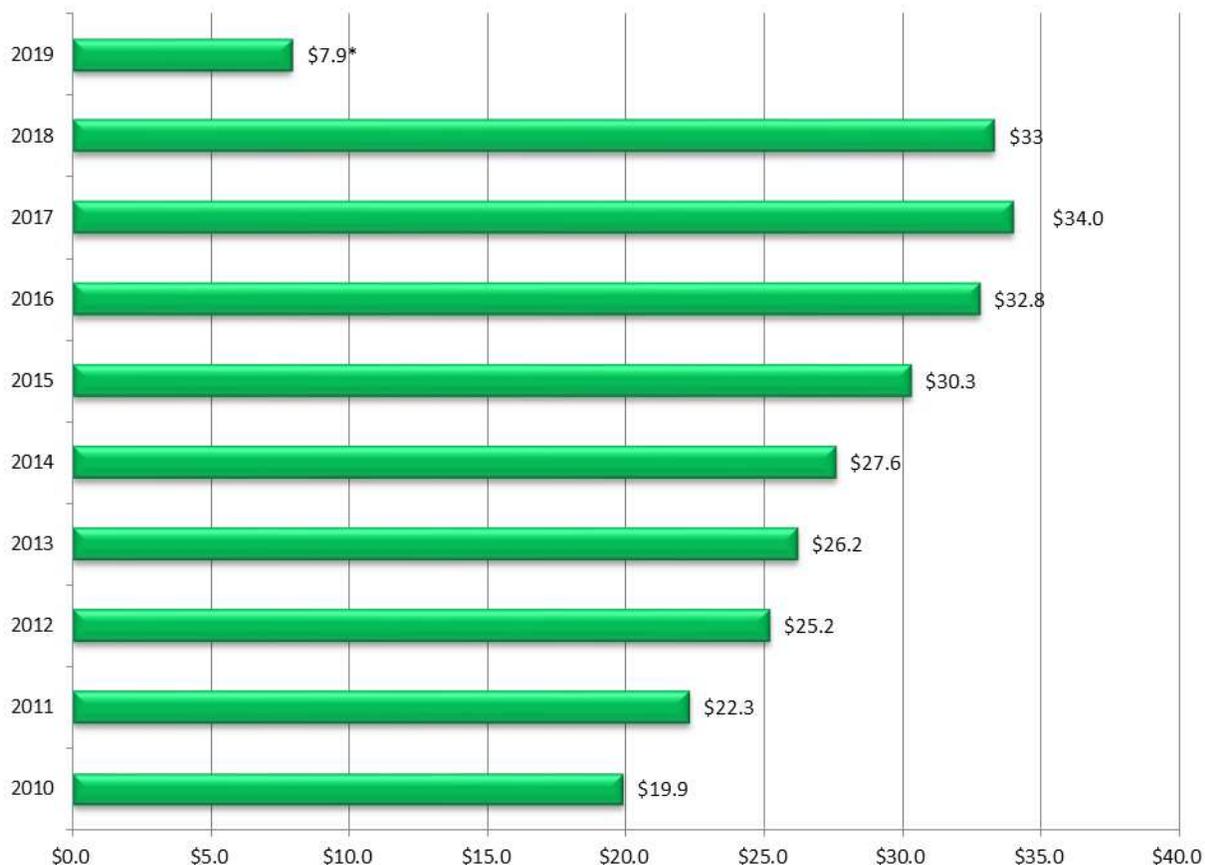


### Revenues – Annual Trend Analysis and Projection

Based on a trend analysis of sales tax data from 2009 to 2018, annual sales tax has increased incrementally each year beginning in 2009. This annual incremental increase is a positive sign for the local economy in Cerritos. From 2008 to 2017, sales tax revenue generated in the City of Cerritos increased significantly by \$11,267,346, amounting to a 49.6% increase over a nine year period.

For calendar year 2018, the City generated \$33,490,789 in sales tax revenue, which was a slight decrease of 1.5% or \$513,849 from 2017. In calendar year 2018, auto sales at the Cerritos Auto Square were lower than calendar year 2017, which helps to account for the 1.5% decrease in sales tax revenue. Sales at the Cerritos Auto Square decreased 8.3% in calendar year 2018.

**Sales Tax Revenue from 2008 to 2018 (in Millions)**



\*Sales tax revenue through 2019-Q1.

2010	2011	2012	2013	2014
\$19,915,124	\$22,391,274	\$25,266,302	\$26,276,697	\$27,639,561

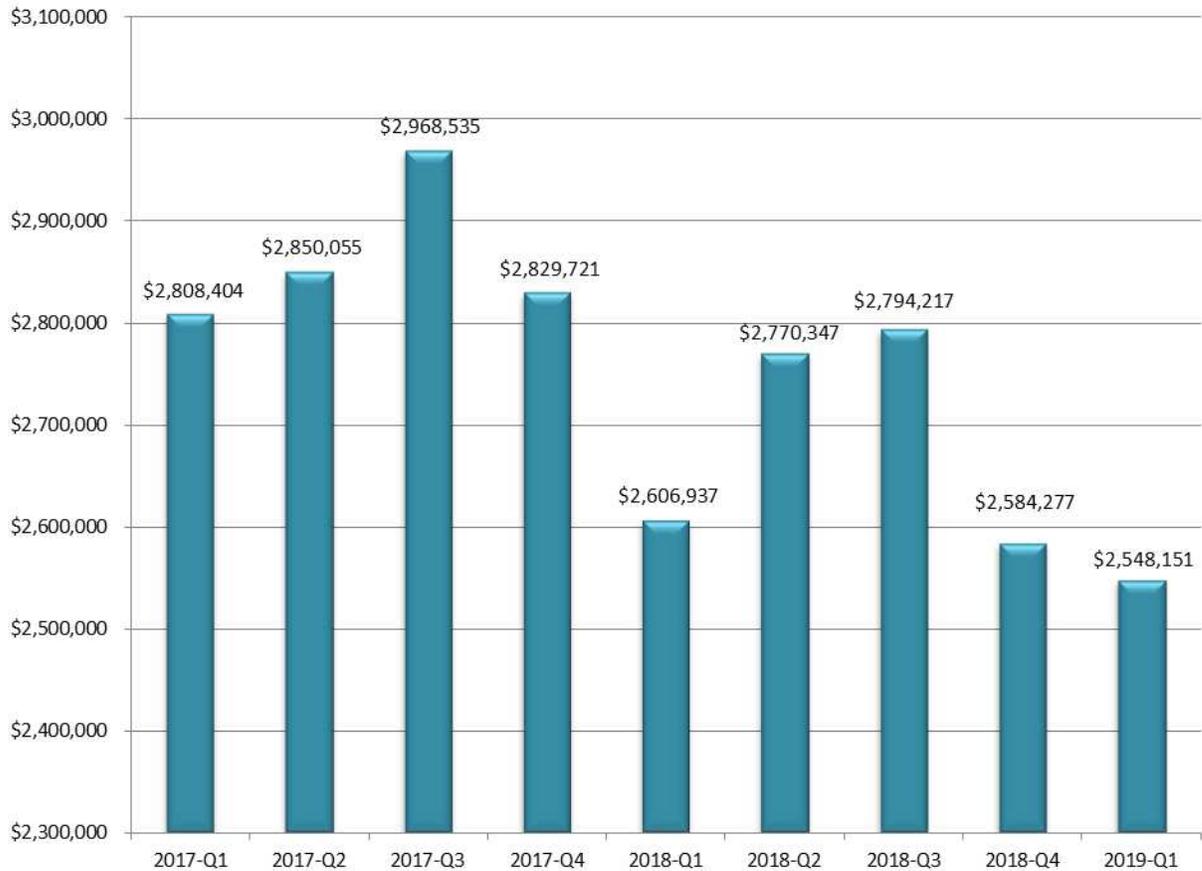
2015	2016	2017	2018	2019*
\$30,330,057	\$32,886,379	\$34,004,638	\$33,490,789	\$7,996,943



### Revenues – Sales Tax Generated from the Cerritos Auto Square

The Cerritos Auto Square generated the greatest amount of sales tax during 2019-Q1, when compared to all other business sectors in the City. During 2019-Q1, the Cerritos Auto Square generated a total of \$2,548,151 in sales tax revenue. In a quarter-to-quarter comparison, sales tax generated from the Cerritos Auto Square during 2018-Q1 was \$2.6 million, which decreased by \$58,786 or 2.3% in 2019-Q1. Sales tax from the Cerritos Auto Square also includes sales of auto parts, accessories, and servicing of vehicles, which are all offered by the Cerritos Auto Square dealers.

**Cerritos Auto Square**  
Overall Average: \$2,751,183



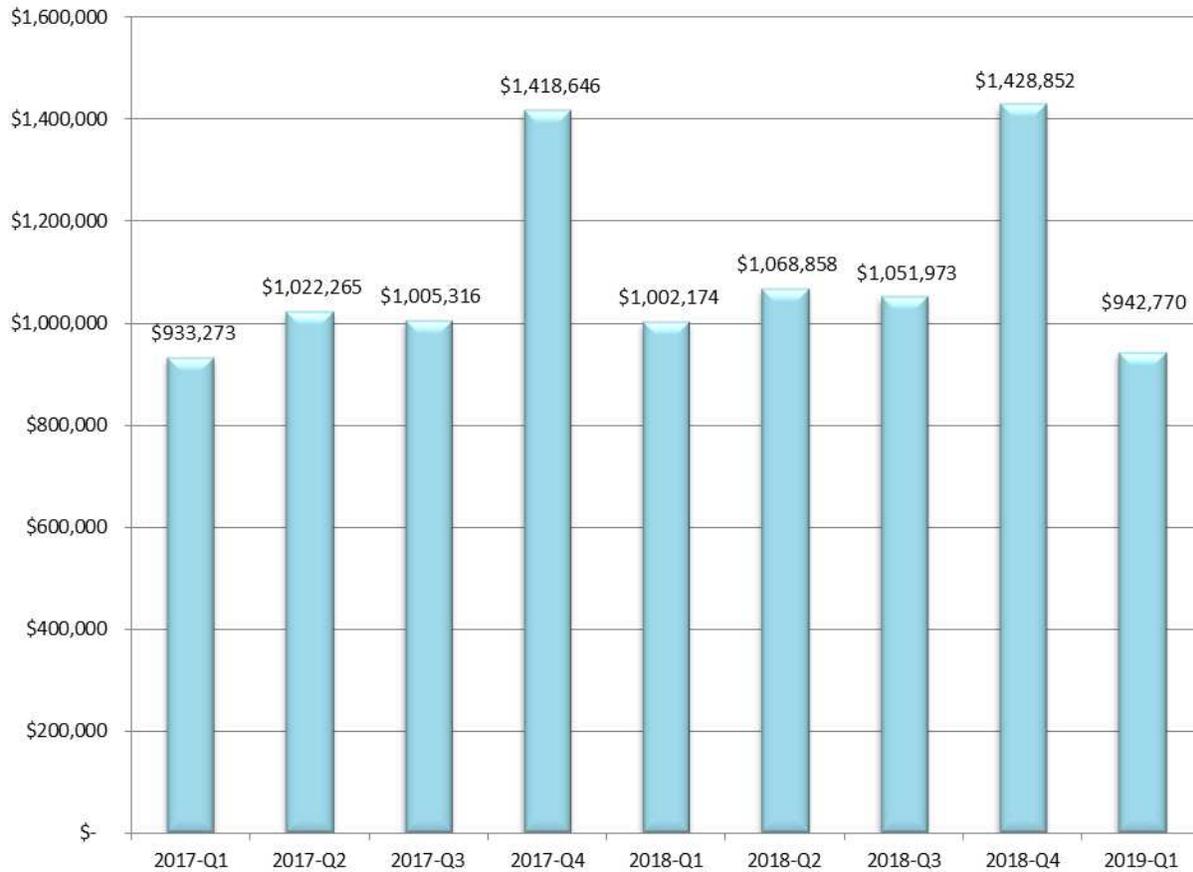
2018-Q1	2019-Q1	Difference
\$2,606,937	\$2,548,151	\$58,786 (2.3%) ↓



### Revenues – Sales Tax Generated from the Los Cerritos Center

In 2019-Q1, the Los Cerritos Center generated the second highest amount of sales tax revenue, generating \$942,770. Based on the trend analysis, the average sales tax revenue from 2017-Q1 to 2019-Q1 was approximately \$1.1 million. In a quarter-to-quarter comparison, 2019-Q1 (\$942,770) sales tax generated from the Los Cerritos Center decreased by 5.9% or \$59,404 from to 2018-Q1 (\$1,002,174), likely due to the closure of the Sears Department Store.

**Los Cerritos Center**  
Overall Average: \$1,097,125



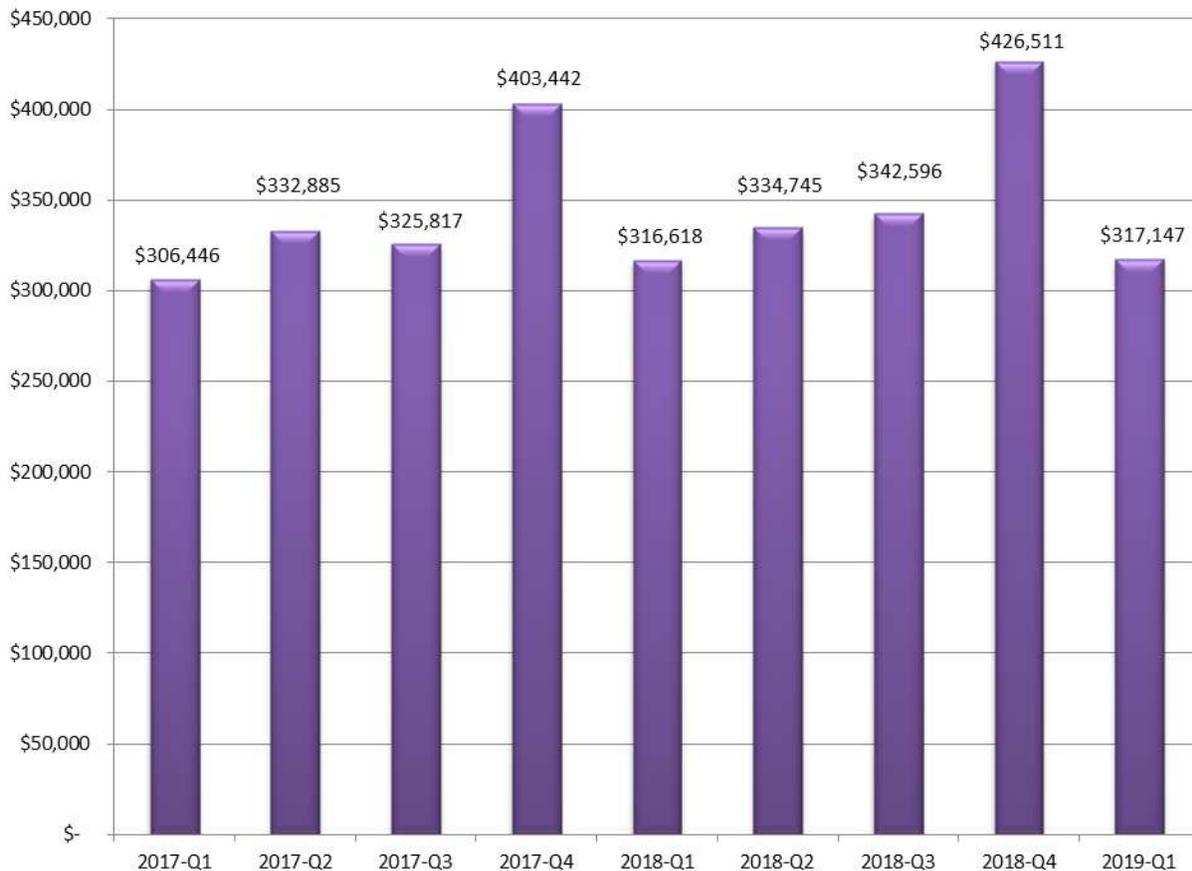
2018-Q1	2019-Q1	Difference
\$1,002,174	\$942,770	\$59,404 (5.9%) ↓



### Revenues – Sales Tax Generated from the Cerritos Towne Center

During 2019-Q1, the Cerritos Towne Center was the third highest sales tax generator in the City. During this quarter, the Cerritos Towne Center generated \$317,147 in sales tax revenue, which is a 0.2% or \$529 increase from 2018-Q1 (\$316,618). Based on the trend analysis, sales tax revenue generated from the Cerritos Towne Center has an overall average of \$346,435, and has remained consistent each quarter, with the exception of minor increases during fourth quarters as a result of the holiday shopping season. This sales tax data represents sales generated by the Cerritos Towne Center retail component, which is located north of Towne Center Drive, while information related to the hotel and office uses located in the Towne Center can be found on page 11 of this report.

**Cerritos Towne Center**  
Overall Average: \$345,134



2018-Q1	2019-Q1	Difference
\$316,618	\$317,147	\$529 (0.2%) ↑

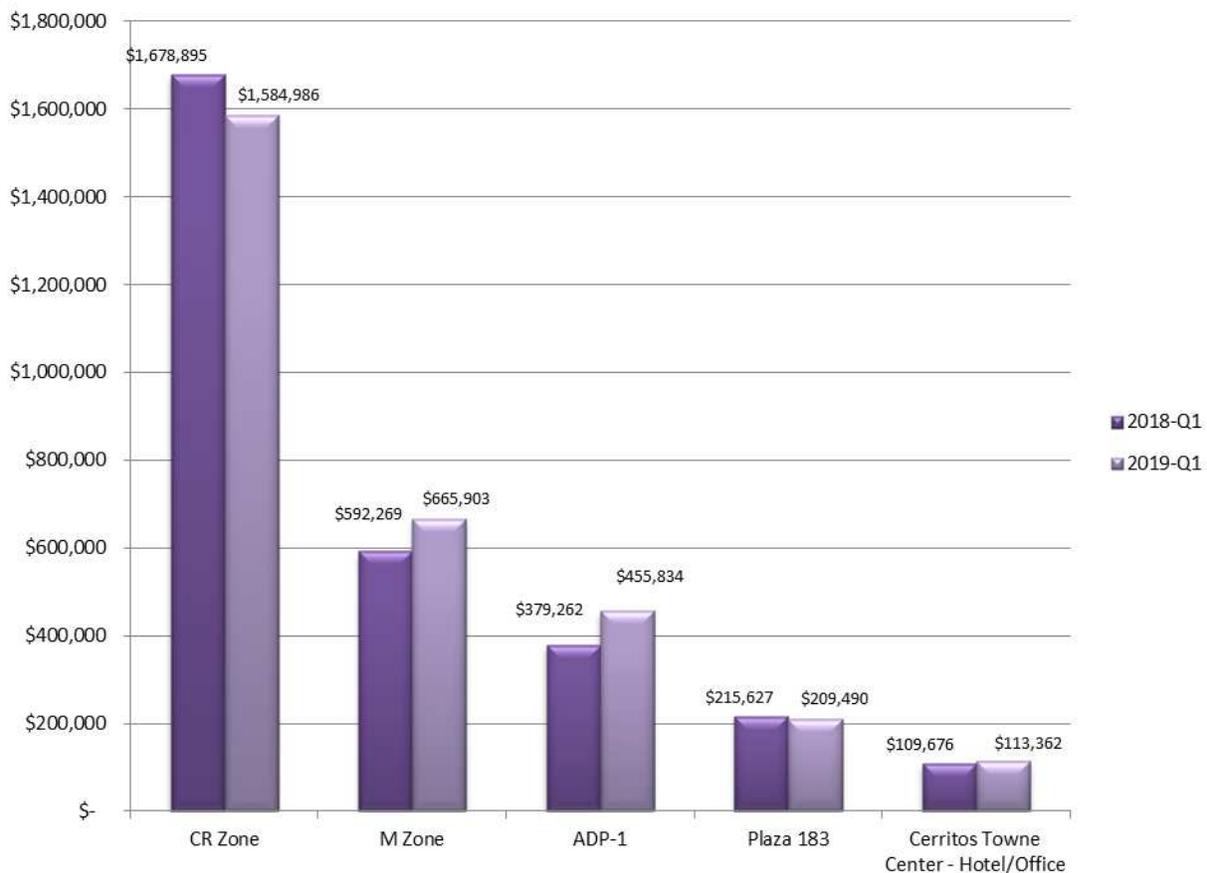


### Revenues – Sales Tax Generated By Other Sectors

In addition to the previously discussed major sales tax generating uses, there are other sectors or geographic areas in the City of Cerritos that generate significant sales tax for the City. These sectors include businesses operating within the Regional Commercial (CR) zone, the Industrial (M) zone, Area Development Plan One (ADP-1) zone, which is comprised of the Cerritos Industrial Park, the Plaza 183 shopping center, and the Cerritos Towne Center – Hotel/Office Sector.

In 2019-Q1, uses within the CR zone generated the greatest sales tax revenue of these five (5) other sectors, generating approximately \$1.6 million for the City. Uses within the M zone generated \$665,903, uses within the Cerritos Industrial Park generated \$455,834, uses within the Plaza 183 shopping center generated \$209,490, and the Cerritos Towne Center – Hotel/Office component generated \$113,362 in sales tax revenue during 2019-Q1.

**Other Sectors (Zoning)**



Quarter	CR Zone	M Zone	ADP-1	Plaza 183	Towne Center - Hotel/Office
<b>2018-Q1</b>	\$1,678,895	\$592,269	\$379,262	\$215,627	\$109,676
<b>2019-Q1</b>	\$1,584,986	\$665,903	\$455,834	\$209,490	\$113,362
<b>Difference</b>	(-\$93,909) (-5.6% ↓)	\$73,634 12.4% ↑	\$76,572 20.2% ↑	(-\$6,137) (-2.8% ↓)	\$3,686 3.4% ↑



**Revenues – Top 25 Sales Tax Generators**

For 2019-Q1, the following businesses were the top 25 sales tax generators for the City of Cerritos. The top 25 businesses are listed in alphabetical order, and have not been listed based on the total amount of sales tax generated by each respective business during 2019-Q1. During 2019-Q1, these top 25 businesses generated approximately 58.4% of revenue for the City of Cerritos.

**City of Cerritos - Top 25 Sales Tax Generators**

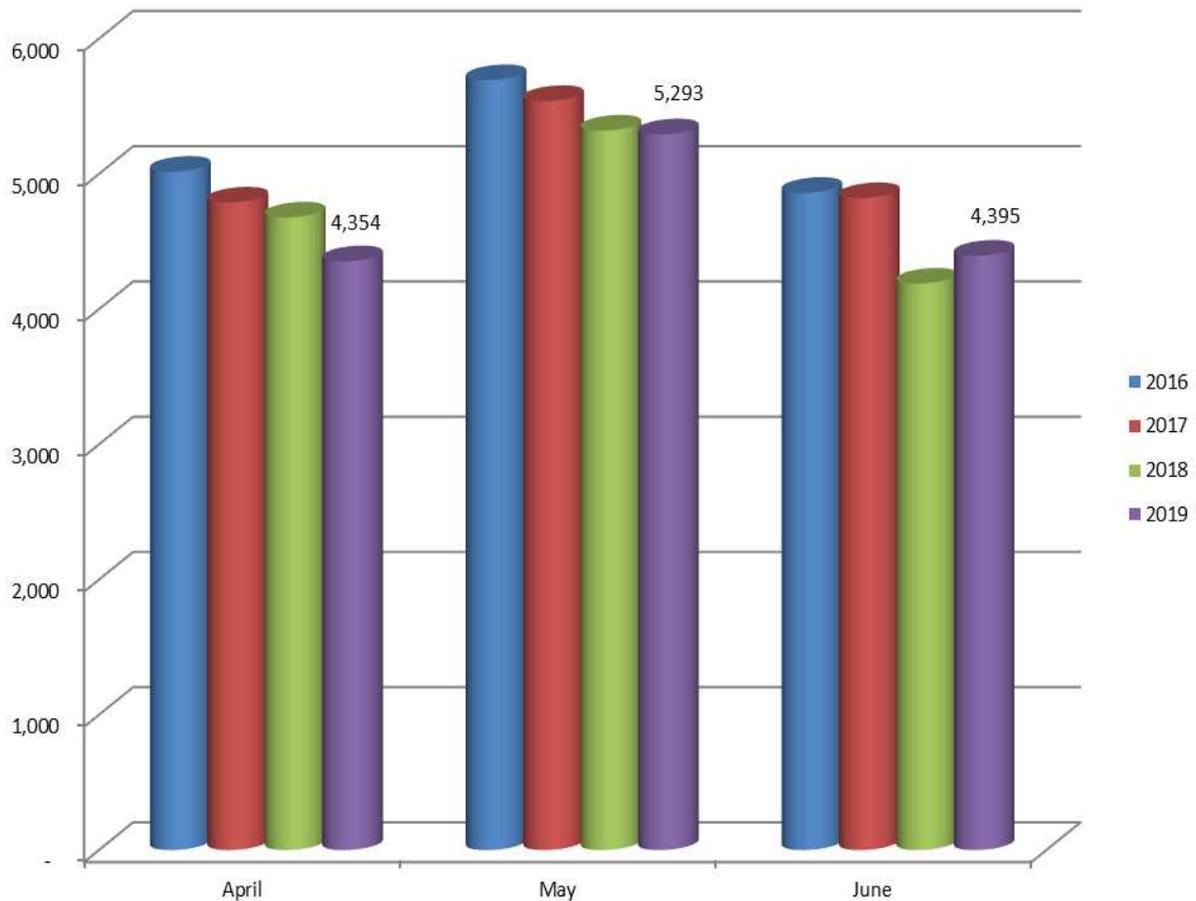
<b>Business</b>	<b>Business Category</b>
Apple	Electronic/Appliance Stores
Autonation Toyota Cerritos	New Motor Vehicle Dealers
Best Buy	Electronics/Appliance Stores
Browning Mazda	New Motor Vehicle Dealers
CCC Information Services	Business Services
Cerritos Dodge	New Motor Vehicle Dealers
Cerritos Nissan	New Motor Vehicle Dealers
Golden Star Technology	Office Equipment
Home Depot	Building Material
Honda Lease Trust	Auto Lease
Hyundai Lease Titling Trust	Auto Lease
Kia of Cerritos	New Motor Vehicle Dealers
Lexus of Cerritos	New Motor Vehicle Dealers
Macy's	Department Stores
Nordstrom	Department Stores
Norm Reeves Ford & Lincoln Superstore	New Motor Vehicle Dealers
Norm Reeves Honda Superstore	New Motor Vehicle Dealers
Penske Buick GMC	New Motor Vehicle Dealers
Penske Chevrolet of Cerritos	New Motor Vehicle Dealers
Revolve Clothing	Fulfillment Centers
Royal Plywood Company	Building Materials
Target	Discount Department Stores
Toyota Lease Trust	Auto Lease
Walmart Supercenter	Discount Department Stores
Wesco Distribution	Electrical Equipment



### Revenues – Quarterly Vehicle Sales at the Cerritos Auto Square

During 2019-Q2, a total of 14,042 vehicles were sold at the Cerritos Auto Square. In a quarter-to-quarter comparison, 2019-Q2 total vehicle sales were slightly lower than 2018-Q2 vehicle sales, with a decrease of 146 cars from the previous year (14,188 vehicles sold in 2018-Q2).

**Second Quarter - Number of Vehicles Sold at the Cerritos Auto Square**



**Cars Sold During 2019-Q2**

Quarter	April	May	June	Q2 Total
2016-Q2	5,016	5,694	4,860	15,570
2017-Q2	4,789	5,539	4,821	15,150
2018-Q2	4,678	5,321	4,189	14,188
2019-Q2	4,354	5,293	4,395	14,042

2019-Q2 Total: 14,042

2018-Q2 Total: 14,188

Difference: (-146) or 1.0% ↓

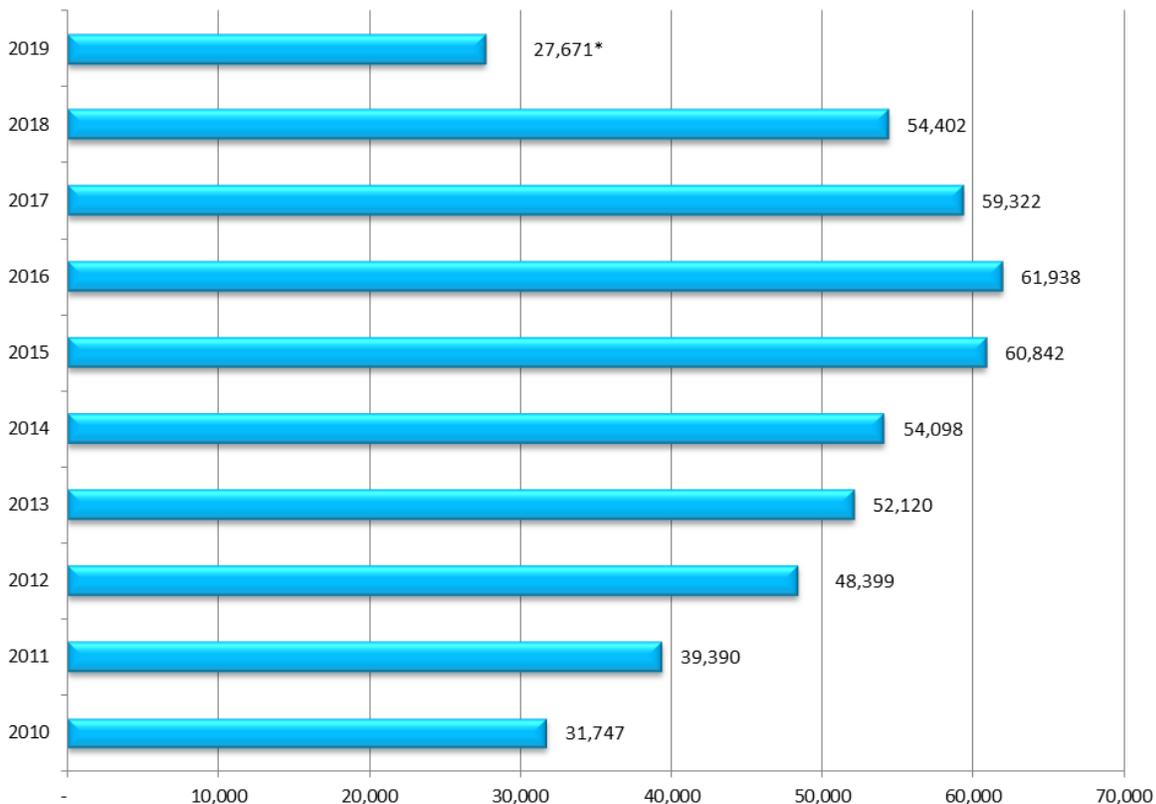


### Revenues – Annual Vehicle Sales at the Cerritos Auto Square

Despite ranking fourth in all-time sales during the 2018 calendar year, a total of 54,402 vehicles were sold at the Cerritos Auto Square, which is a reduction of 8.3% from calendar year 2017 (59,322). While 2018 marked a reduction in vehicle sales, total Cerritos Auto Square vehicle sales during 2018 were similar to previous record breaking years including 2014, which was one of the City’s highest selling years after the Great Recession. From 2010 to 2018, a total of 462,328 cars have been sold at the Cerritos Auto Square, equating to an average of 51,370 vehicles per year.

Based on the total sales of vehicles during 2019-Q1 and 2019-Q2, the Cerritos Auto Square is projected to sell approximately 55,342 vehicles, which would exceed the 54,402 total vehicle sales in 2018.

#### Trend Analysis – 2010 to 2018



\*Vehicle sales at the Cerritos Auto Square through 2019-Q2.

2010	2011	2012	2013	2014	2015	2016	2017	2018
31,747	39,390	48,399	52,190	54,098	60,842	61,938	59,322	54,402
	24.1% ↑	22.9% ↑	7.8% ↑	3.7% ↑	12.5% ↑	1.8% ↑	4.2% ↓	8.3% ↓

#### Annual Comparison

Year	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2019	13,629	14,042			27,671
2018	13,407	14,188			27,595

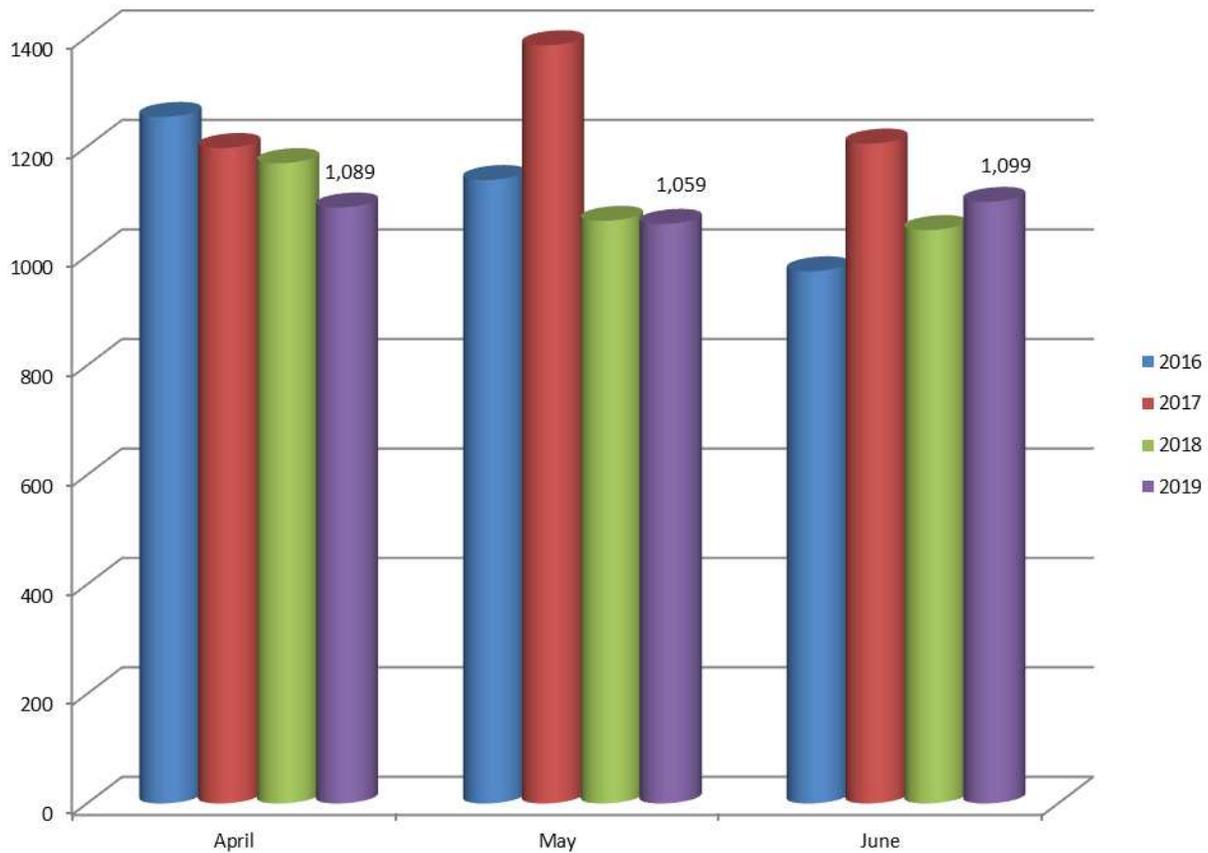
2019 Totals (January to June): 27,671  
 2018 Totals (January to June): 27,595  
 Difference: 76 or 0.3% ↑



### Revenues – Weekly Sales Averages at the Cerritos Auto Square

Based on a trend analysis, the average number of vehicles sold per week was highest in the month of June 2019 (1,099). Additionally, June 2019 average weekly sales were higher than June 2016 and June 2018.

**Weekly Averages: 2016-Q2 to 2019-Q2**



**Average Number of Vehicles Sold Per Week – Second Quarter**

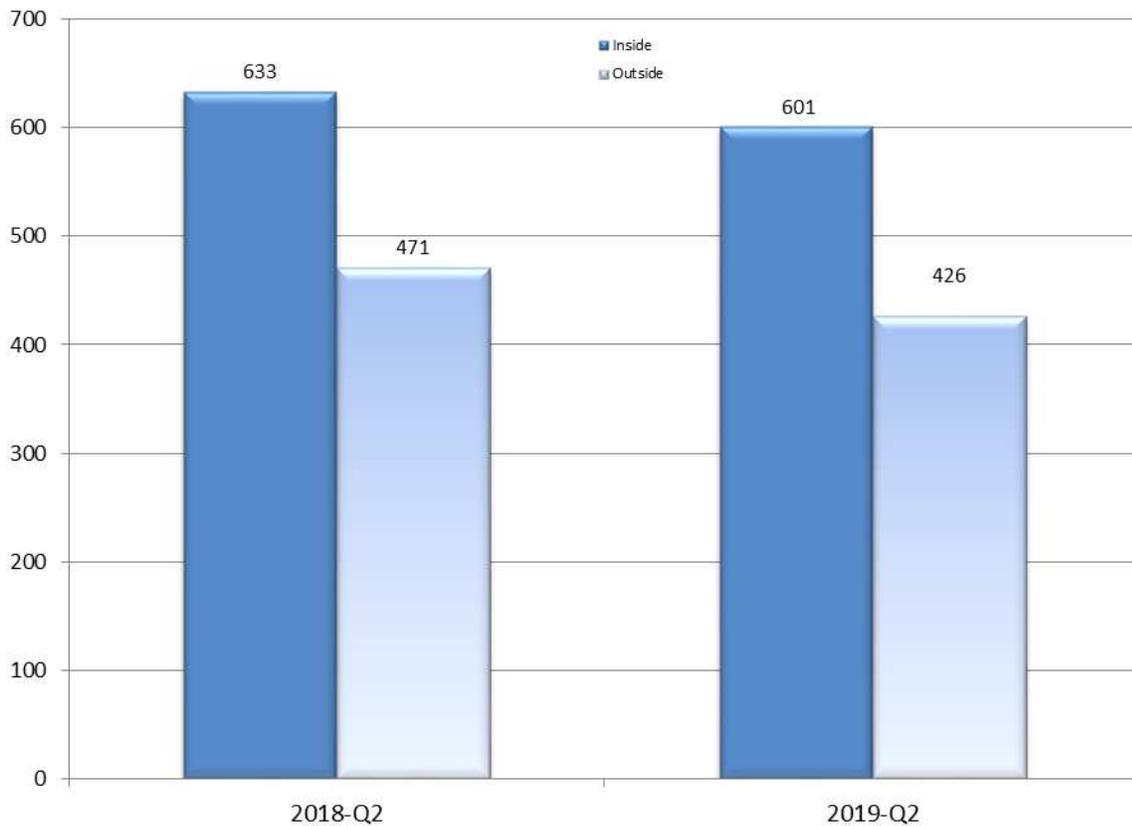
Quarter	April	May	June
2016-Q2	1,254	1,139	972
2017-Q2	1,197	1,385	1,205
2018-Q2	1,170	1,064	1,047
2019-Q2	1,089	1,059	1,099



### Revenues – Business License

The tracking of new and renewed business licenses is one method of forecasting business growth in the City. For 2019-Q2, a total of 1,027 new and renewal business licenses were processed by the City, which is a slight decrease of 7% from 2018-Q2 (a decrease of 77 new and renewal of business licenses processed). With the issuance of 1,027 new and renewed business licenses in 2019-Q2, the City generated \$340,796 in business license fees for the General Fund during this quarter.

**2019-Q2 New and Renewed Business Licenses – Located in and Outside of Cerritos**



### 2019-Q2 New and Renewal of Business Licenses

2019-Q2 Total New and Renewed Business Licenses: 1,027  
 2018-Q2 Total New and Renewed Business Licenses: 1,104  
 Difference: (-77)

	In City	Out of City	Total
<b>New Licenses Issued</b>	75	171	246
<b>Licenses Renewed</b>	526	255	781
<b>Total Business Licenses:</b>			<b>1,027</b>

2019-Q2 Total Revenue: \$340,796

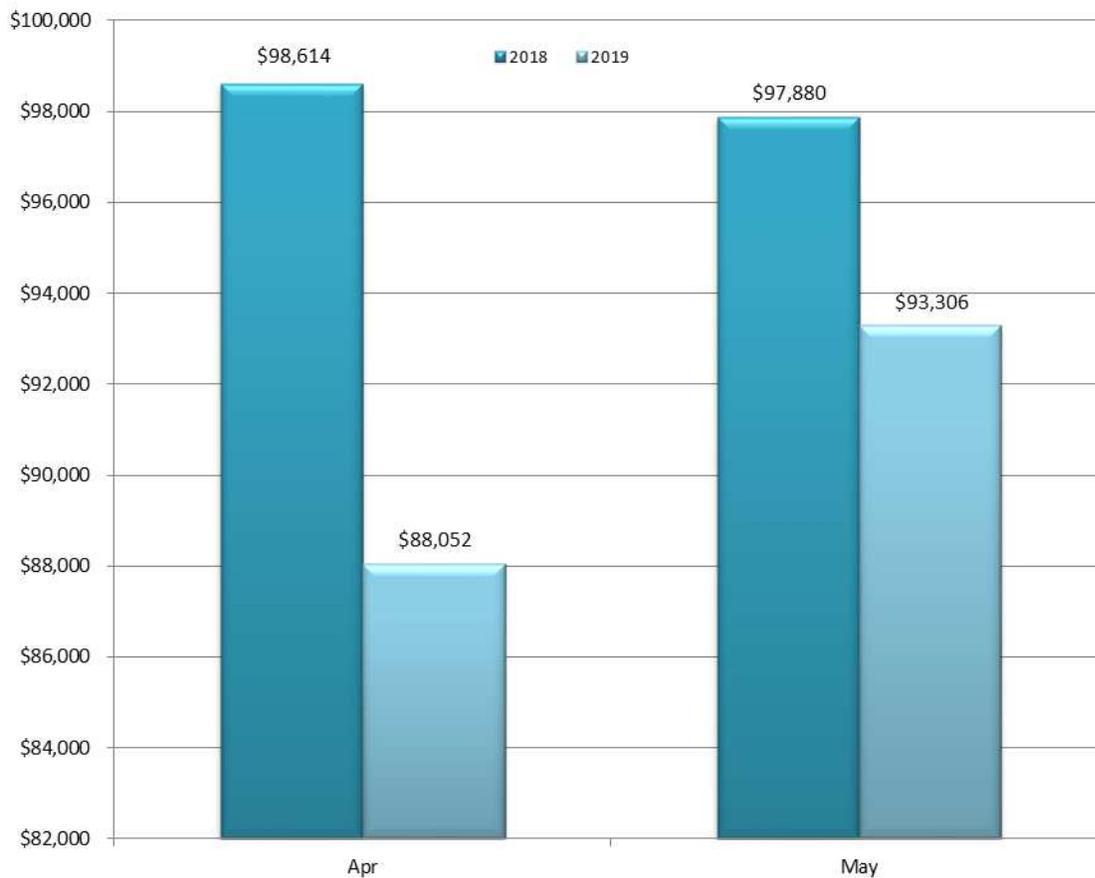


### Revenues – Transient Occupancy Tax (TOT)

Occupancy by individuals at hotels located in the City is subject to a Transient Occupancy Tax (TOT) in the amount of twelve percent (12%) of the room rate charged by the hotel operator. This tax is commonly referred to as a TOT. During April 2019 and May 2019, the City received a total of \$181,358 in TOT revenue, which is a decrease of \$15,136 in TOT revenue collected by the City in comparison to the same months in 2018 (\$196,494). May 2019 was the highest generating month of the two months with \$93,306 in TOT revenue for the City.

During this reporting period, the hotel located at the Cerritos Towne Center was under renovation, which included extensive interior improvements, which may have contributed to the decrease in the TOT generated during these months. For the third quarter, the City expects the TOT revenue to be slightly higher, as these improvements have now been completed.

**Transient Occupancy Tax – April 2019 to May 2019\***



2019-Q2 Revenue: \$181,358  
2018-Q2 Revenue: \$196,494  
Difference: (-\$15,136 or 7.7% ↓)

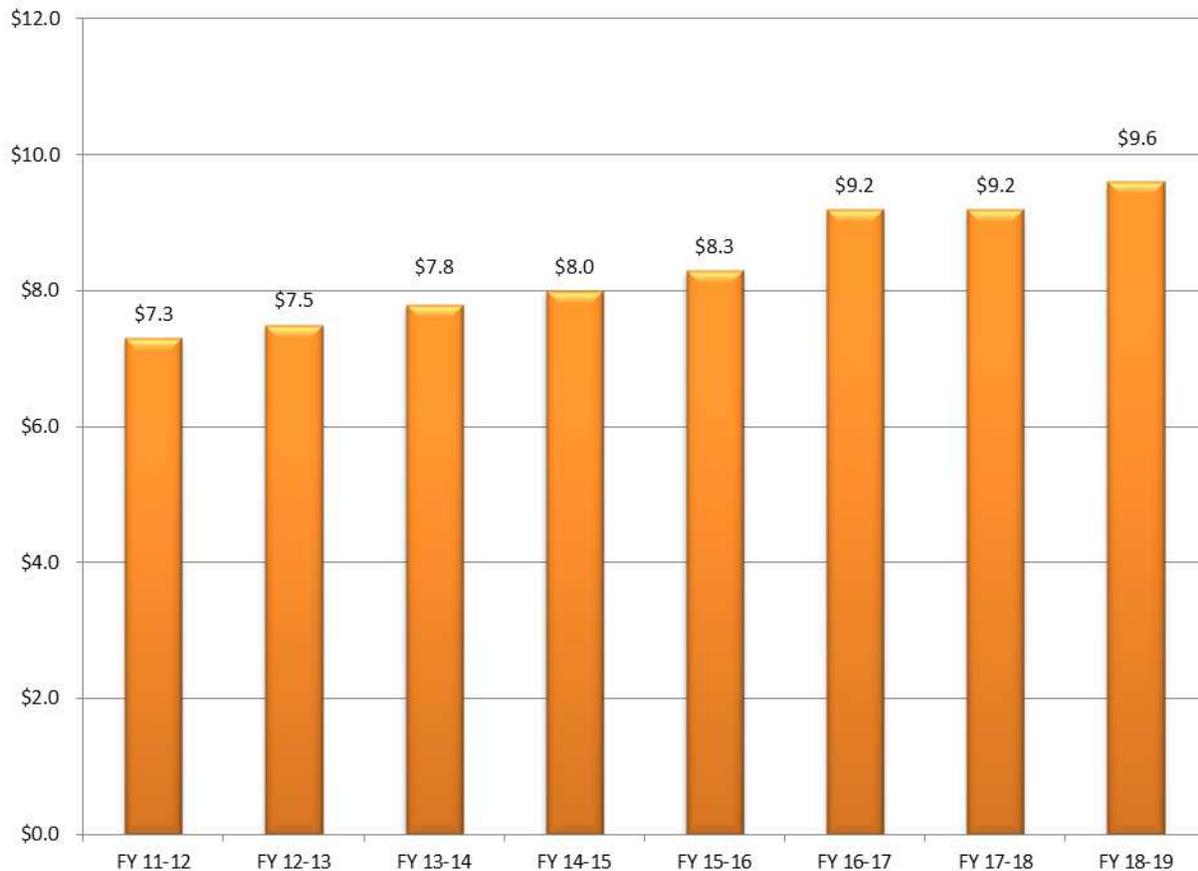
\*June 2019 data was not available at the time of the preparation of this report.



### Revenues – City Assessed Valuation

An assessed valuation is a value assigned to property by the Los Angeles County Tax Assessors Office for the purpose of assessing property tax. Based on a report developed by the City’s financial consultant, the City’s assessed valuation for all properties located within the City of Cerritos is at \$9,637,201,915 (FY 2018-2019). Based on a trend analysis, the City’s assessed valuation has increased each year from Fiscal Year 2011-2012 through Fiscal Year 2018-2019. From FY 2016-2017 to FY 2017-2018, the City’s assessed valuation increased slightly by 0.01% or \$1,090,020. For FY 2018-2019, the City was assessed at \$9,637,201,915, which was an increase of \$399,424,190 or 4.3% from FY 2017-2018.

**City of Cerritos Assessed Valuation (In Billions)  
Seven Year Time Line**



FY 17-18	FY 18-19	Difference
\$9,237,777,725	\$9,637,201,915	\$399,424,190 (4.3%) ↑

Summer 2019

**Economic Profile:**

**EMPLOYMENT**





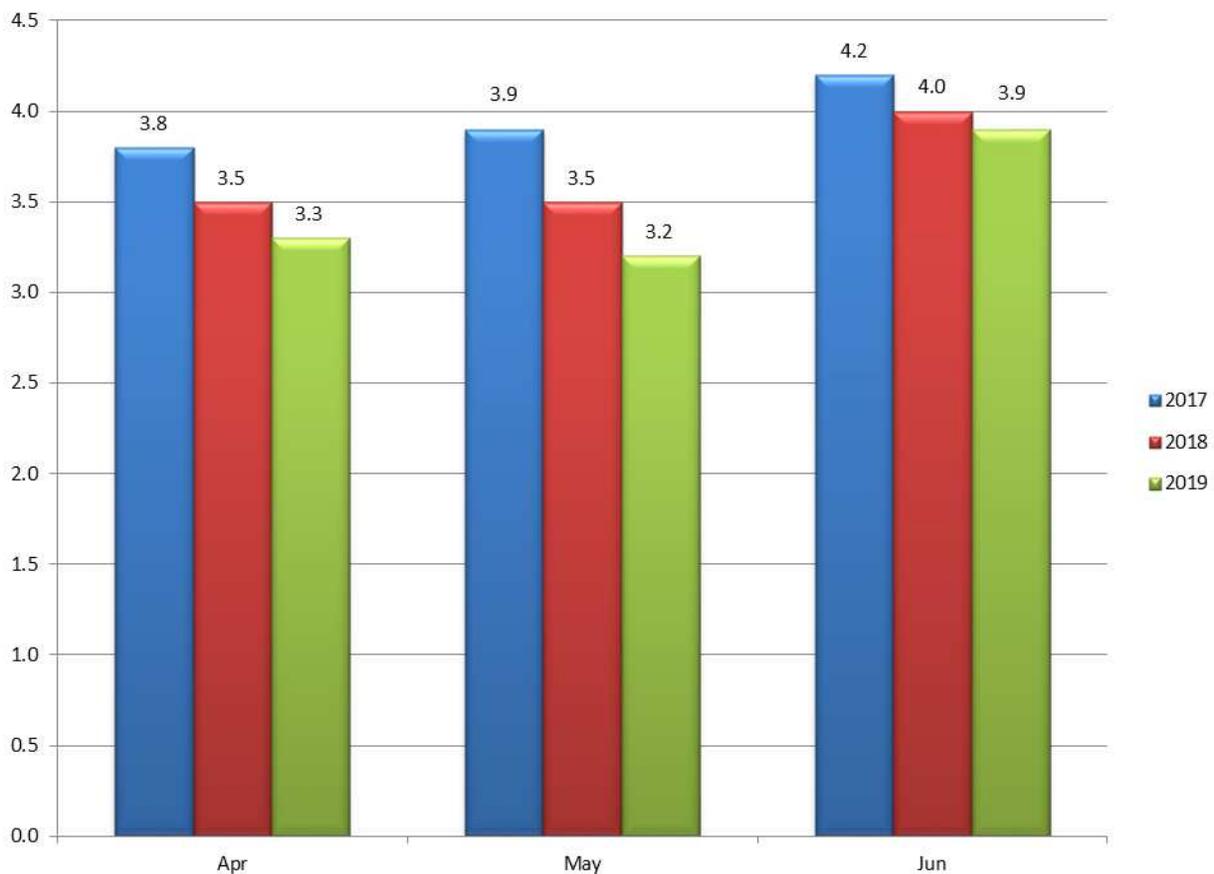
### Employment – Current Unemployment Rate in Cerritos

According to the State of California Employment Development Department, the unemployment rate among Cerritos residents in June 2019 was approximately 3.9%. In monthly comparisons, April 2019, May 2019, and June 2019 unemployment rates continue to decrease over the unemployment rate of the same months during the previous two years. In addition, the average unemployment rate during these three months was a low of 3.4%.

**City of Cerritos Quarterly Unemployment Rate**

June 2018	December 2018	March 2019	June 2019*
4.0%	3.9%	3.8%	3.9%

**Unemployment Rate – Quarterly Comparison  
2017 to 2019**



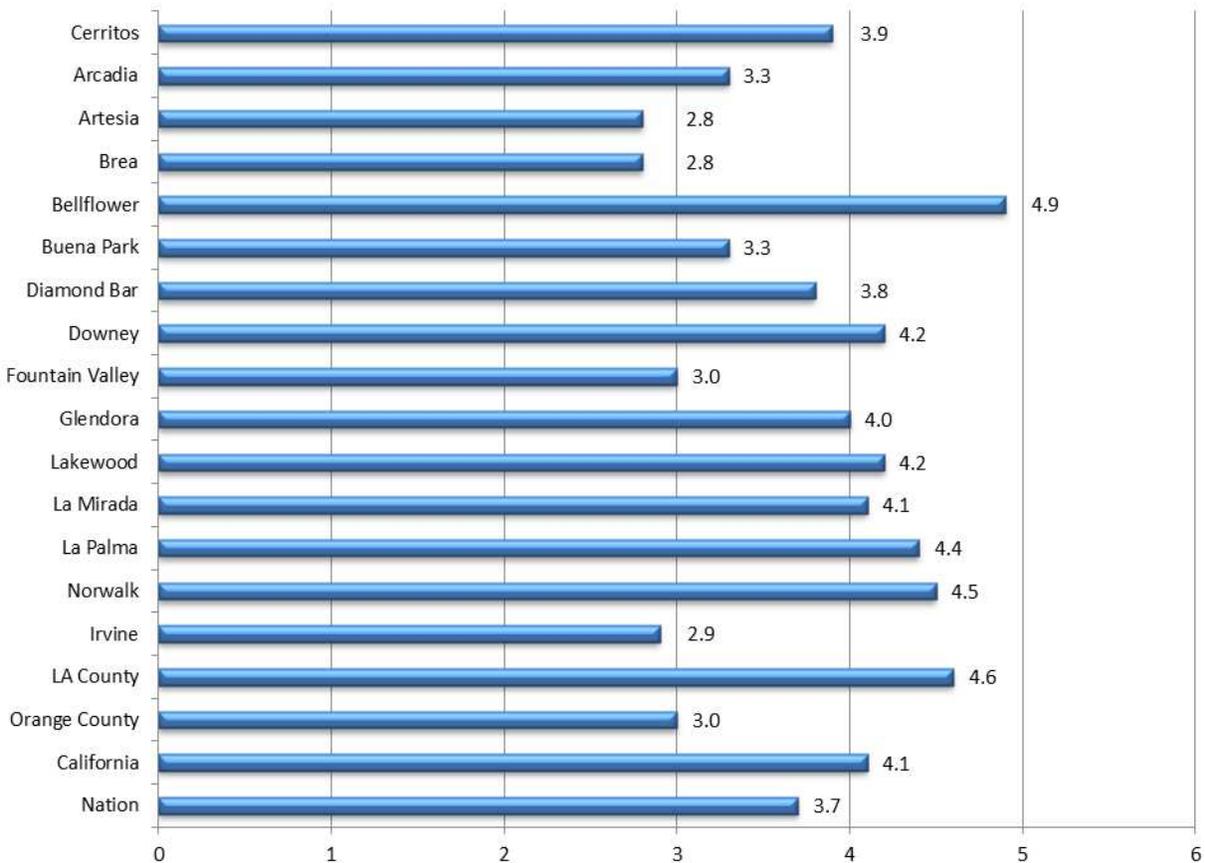
\*Please note that June 2019 numbers are preliminary, based on the State of California Employment Development Department.



**Employment – Surrounding Cities, Comparable Cities, and Counties**

According to the California Employment Development Department, the unemployment rate among Cerritos residents in June 2019 was approximately 3.9%, which is lower than nearby cities, such as Bellflower (4.9%), Downey (4.2%), Lakewood (4.2%), and Norwalk (4.5%). Additionally, the Cerritos unemployment rate of 3.9% was lower than Los Angeles County’s June 2019 unemployment rate of 4.6% and the State of California, which was at 4.1%.

**Unemployment Rate – Surrounding Cities and Comparable Cities**  
June 2019\*



**Comparable Cities Unemployment Rate – June 2019**

City	2018	2019	Difference
Cerritos	4.0%	3.9%	0.1% ↓
Brea	3.2%	2.8%	0.4% ↓
Diamond Bar	4.0%	3.8%	0.2% ↓
Fountain Valley	3.3%	3.0%	0.3% ↓
Glendora	4.2%	4.0%	0.2% ↓
Irvine	3.1%	2.9%	0.2% ↓

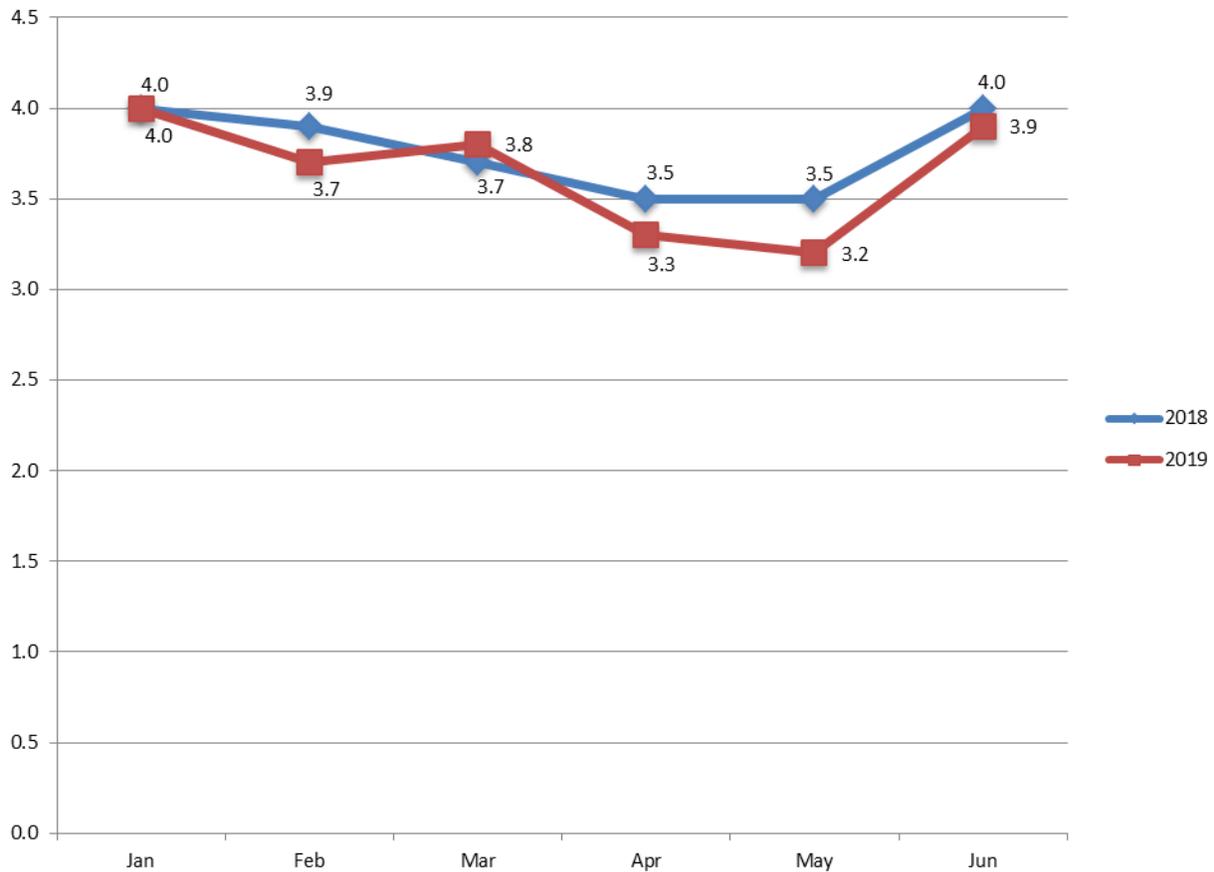
\*Please note that June 2019 numbers are preliminary, based on the State of California Employment Development Department.



### Employment – Annual Unemployment Rate in Cerritos

Currently, the average unemployment rate during 2019-Q2 is 3.5% (April 2019 to June 2019), which is lower than the average of 3.7% during 2018-Q2. Based on a trend analysis, the City’s unemployment rate of 3.9% in June 2019 was equal to the average annual unemployment rate of 2018, which was 3.9%. Additionally, the City’s unemployment rate was lower than Los Angeles County’s unemployment rate, which was 4.6%.

**Average Annual Unemployment Rate**



**Average Annual Unemployment Rate**

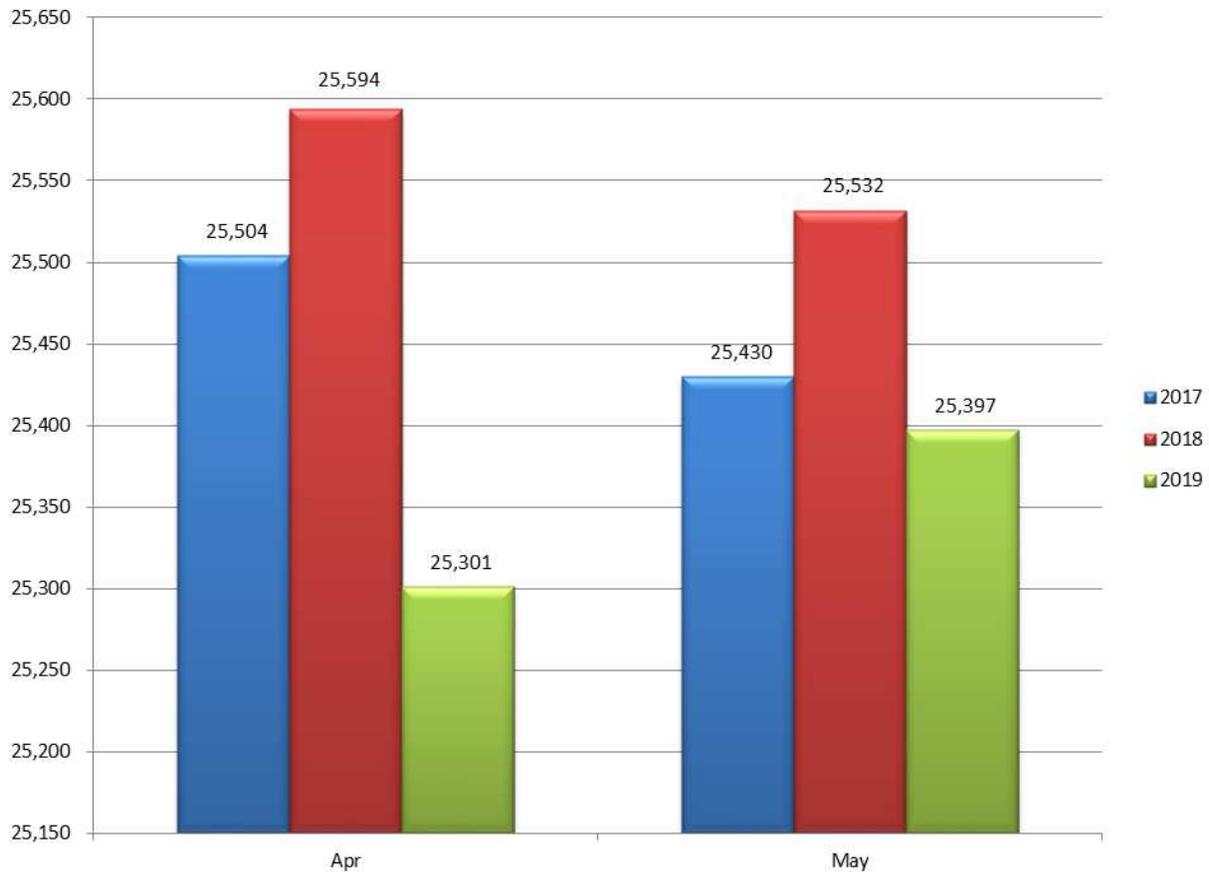
2013	2014	2015	2016	2017	2018
7.3%	6.2%	4.9%	4.6%	4.1%	3.9%



### Employment – Labor Force in Cerritos

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 25,397 persons in the local workforce during May 2019, a decrease of 135 persons from May 2018 (25,532) and a decrease of 33 persons from May 2017. Additionally, the April 2019 labor force decreased from April 2018 (25,594) and April 2017 (25,504).

**Labor Force – Cerritos\***



**Annual Average Cerritos Labor Force**

2014	2015	2016	2017	2018
24,502	24,441	24,551	25,521	25,649

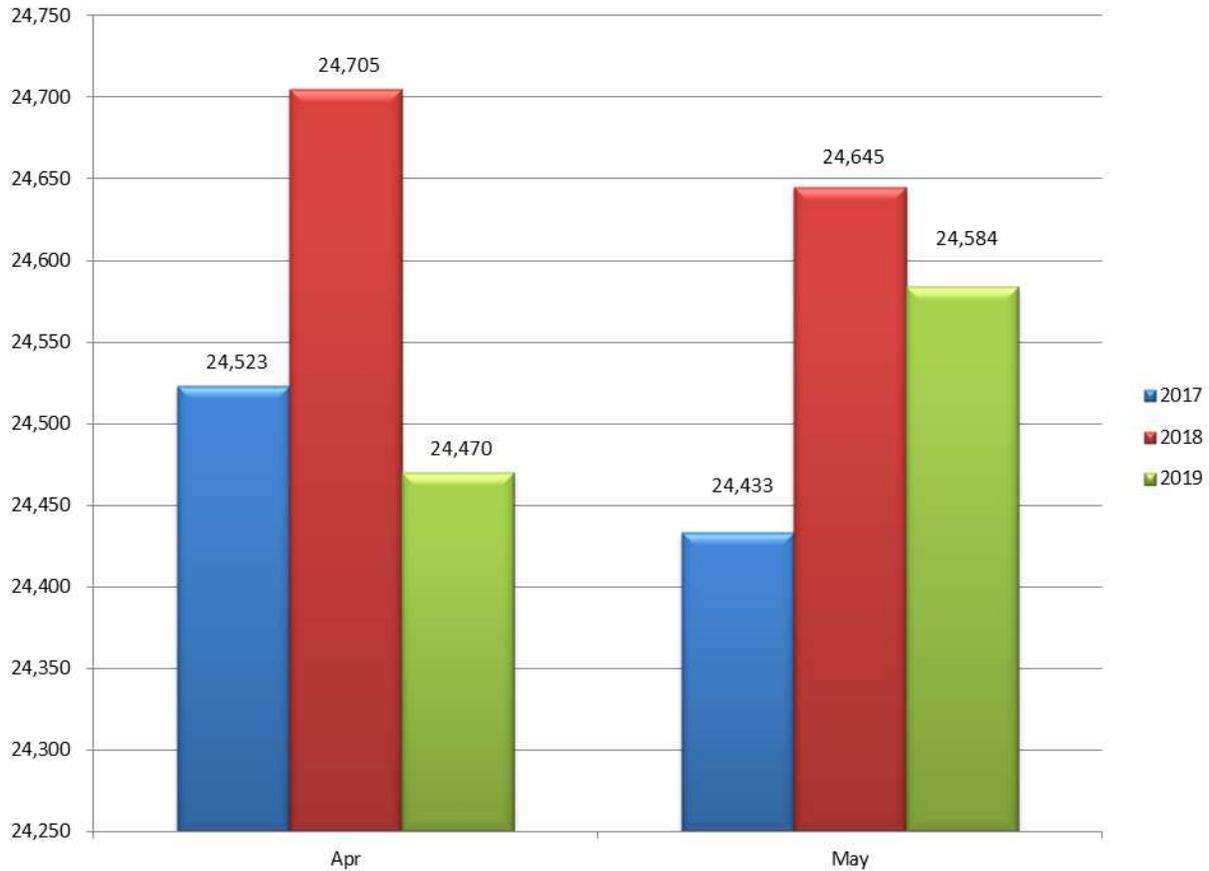
\*June 2019 data was not available at the time of the preparation of this report.



### Employment – Total Employment in Cerritos

In May 2019, there were 24,584 jobs within the City that employ both Cerritos residents and individuals that reside outside of Cerritos. Based on a trend analysis, employment decreased from May 2018 (24,645 persons) to May 2019 (24,584 persons) by a total of 61 persons, and an increase of 151 persons when compared to May 2017.

**Employment – Cerritos\***



**Annual Average Employment in Cerritos**

2014	2015	2016	2017	2018
22,996	23,224	25,568	24,477	24,656

\*June 2019 data was not available at the time of the preparation of this report.

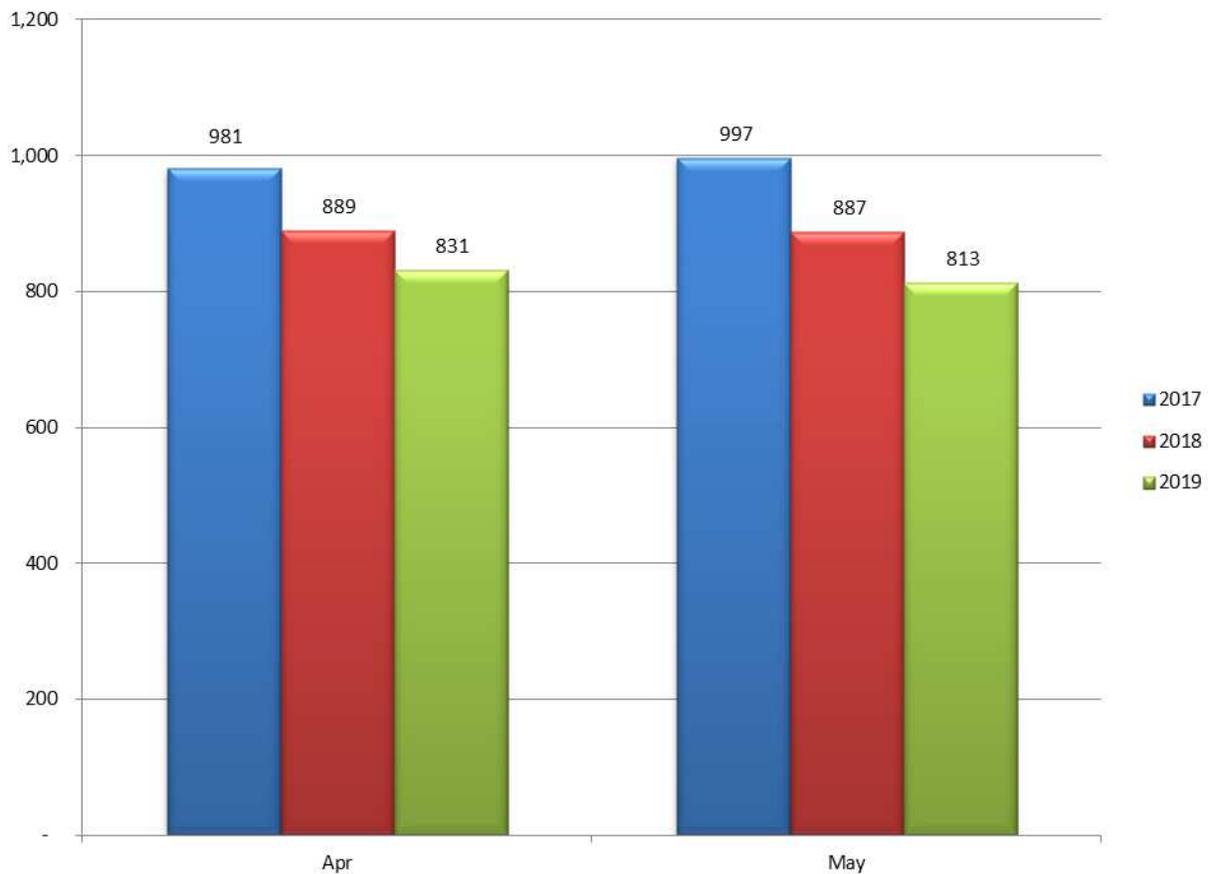


### Employment – Total Unemployment in Cerritos

According to the United States Bureau of Labor and Statistics, the number of individuals unemployed is calculated with the following formula: unemployment = labor force – employment. In May 2019, there were 813 individuals unemployed in Cerritos, which is a decrease of 74 persons when compared to May 2018 (887 unemployed) and a decrease of 184 persons when compared to May 2017 (997 unemployed).

From 2014 through 2016, the average annual number of persons unemployed in the City of Cerritos decreased. While a minor increase in unemployment was reported in 2017, the total average of unemployed persons remained low during 2017 at 1,044 persons, which is a positive indicator that the local economy is growing when compared to surrounding and comparable cities. The average unemployment rate for 2018 was 993 persons, which was a decrease of 51 persons from 2017.

**Unemployment – Cerritos\***



**Annual Average Unemployed in Cerritos**

2014	2015	2016	2017	2018
1,506	1,217	950	1,044	993

\*June 2019 data was not available at the time of the preparation of this report.

Summer 2019  
Economic Profile:  
**REAL ESTATE**

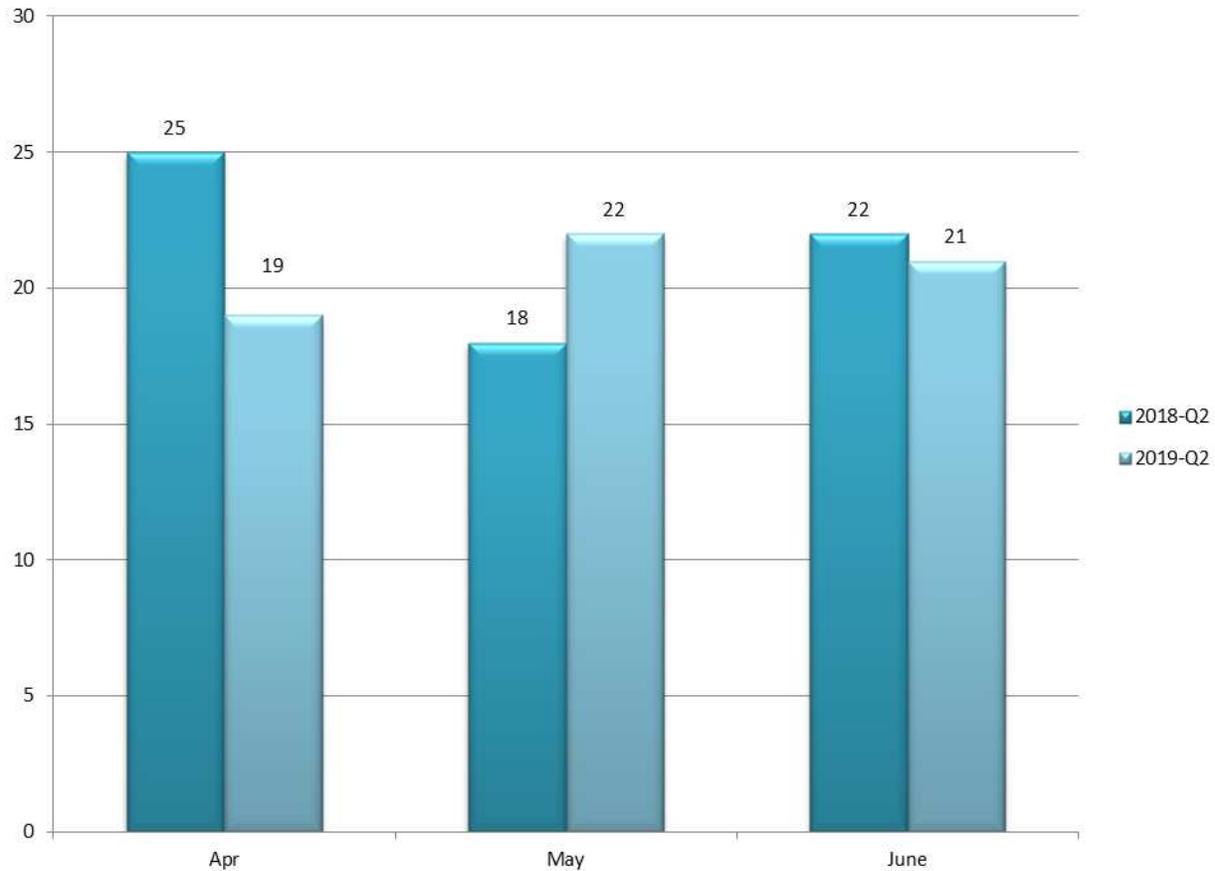




### Real Estate – Certificates of Occupancy

The tracking of new buildings and the issuance of a Certificate of Occupancy (C of O) is one method to determine the activity of commercial real estate in Cerritos. A C of O 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 C of Os, new buildings, and tenant improvements are indications that the local economy is growing. For 2019-Q2, a total of 62 C of Os were processed, which is a decrease of 3 C of Os from the same quarter during the previous year. May 2019 experienced a high of 22 C of Os during a one month period.

**Certificates of Occupancy for 2019-Q2**



**Certificate of Occupancy – 2019**

Jan	Feb	Mar	Apr	May	June
17	15	30	19	22	21

July	Aug	Sept	Oct	Nov	Dec

**Second Quarter Annual Comparisons**

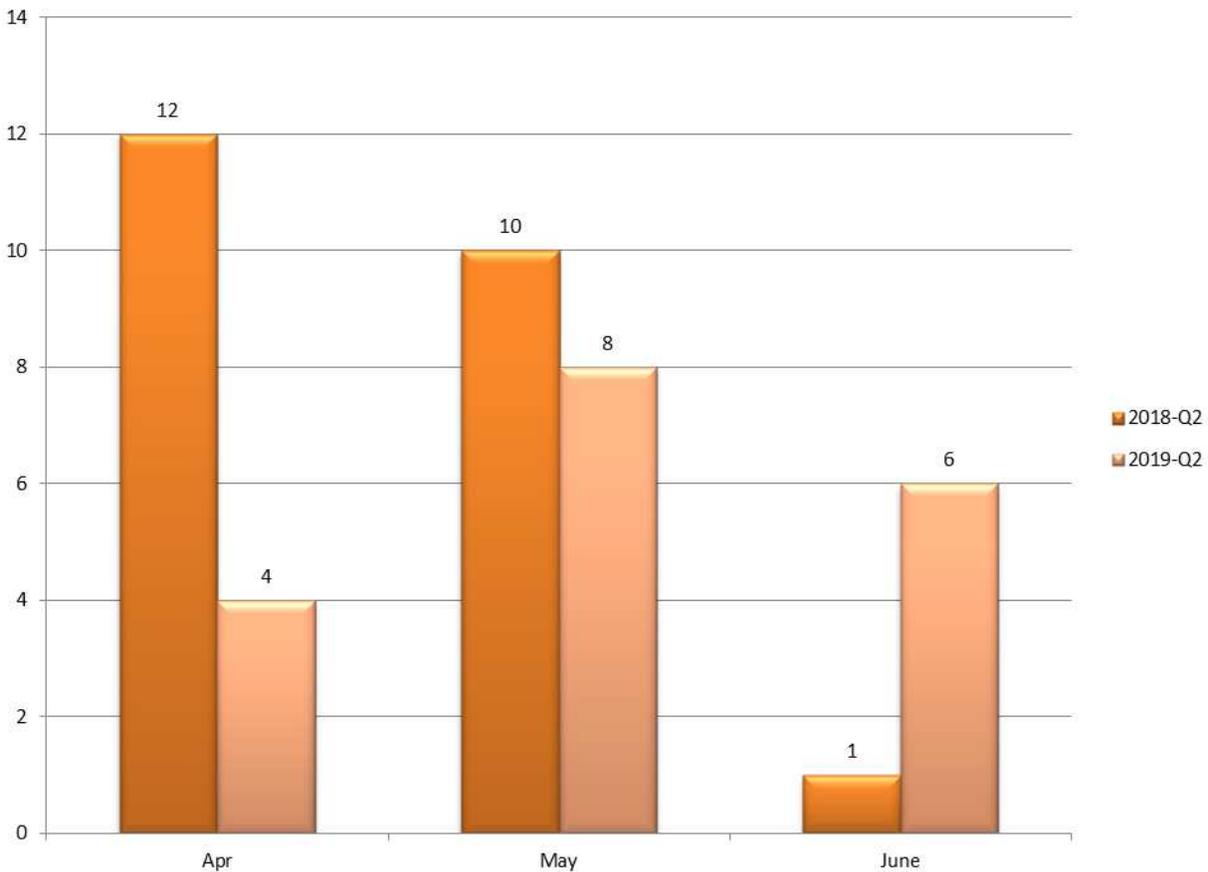
2018	2019
65	62 (-3)



### Real Estate – Tenant Improvements

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 18 TIs were processed in 2019-Q2, which is a decrease of 5 TIs from 2018-Q2, in which 23 TIs were processed. May 2019 experienced a high of 8 TI permits, making May 2019 the highest month during 2019-Q2.

**Tenant Improvements for 2019-Q2**



**Tenant Improvement Permits – 2019**

Jan	Feb	Mar	Apr	May	June
5	3	1	4	8	6

July	Aug	Sept	Oct	Nov	Dec

**Second Quarter Annual Comparisons**

2018	2019
23	18 (-5)



### 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 593,880 square feet of vacant industrial space, which equates to 4% of the total available citywide industrial space (15,088,117 square feet). Additionally, the City has approximately 157,970 square feet of vacant office space (11% of the total office space in Cerritos) and approximately 107,081 square feet of available retail space (2% of the total retail space in Cerritos). This equates to a total of 858,931 square feet of available space in the City, which is equal to 4% of the total amount of square footage within the City (21,196,480).

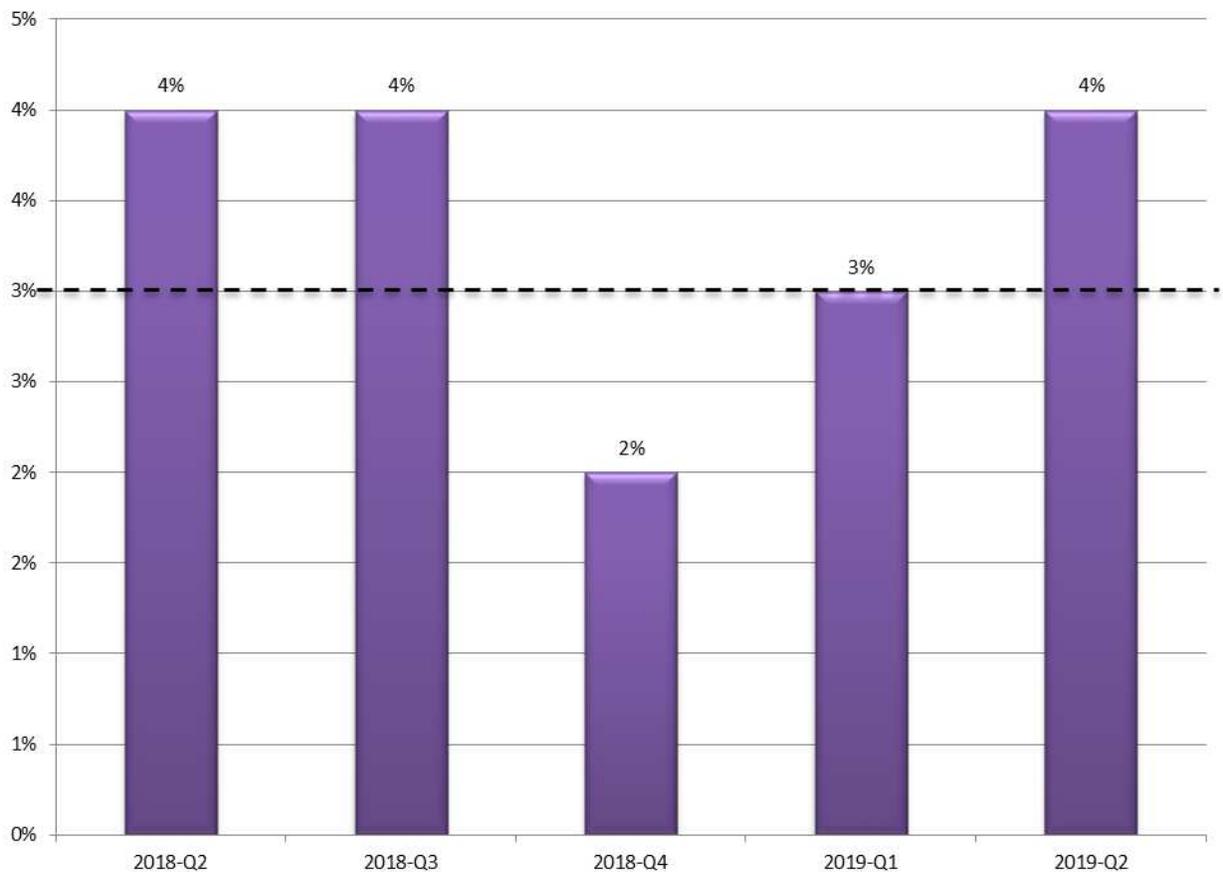
**Total Available and Vacant Space in Cerritos**

Use	Total Space (Sq. Ft.)	Total Vacant Space (Sq. Ft.)	Percent (%) of Vacancy in Cerritos
Industrial	15,088,117	593,880	4%
Office	1,422,575	157,970	11%
Retail	4,685,788	107,081	2%
<b>Total</b>	<b>21,196,480</b>	<b>858,931</b>	<b>4%</b>

In a quarter-by-quarter comparison, the City's total available and vacant space in Cerritos has remained relatively low. In 2018-Q2 and 2018-Q3, the total vacancy rate was 4%, and in 2018-Q4, the vacancy rate decreased to 2%. In 2019-Q1, the vacancy rate increased from 2% to 3% and then to the current rate of 4% in 2019-Q2, which is equivalent to the previous year. The average vacancy rate for five quarters was 3% and the City has not experienced any significant increase over 4%.

**Total Cerritos Vacancy Rates**

Average: 3%





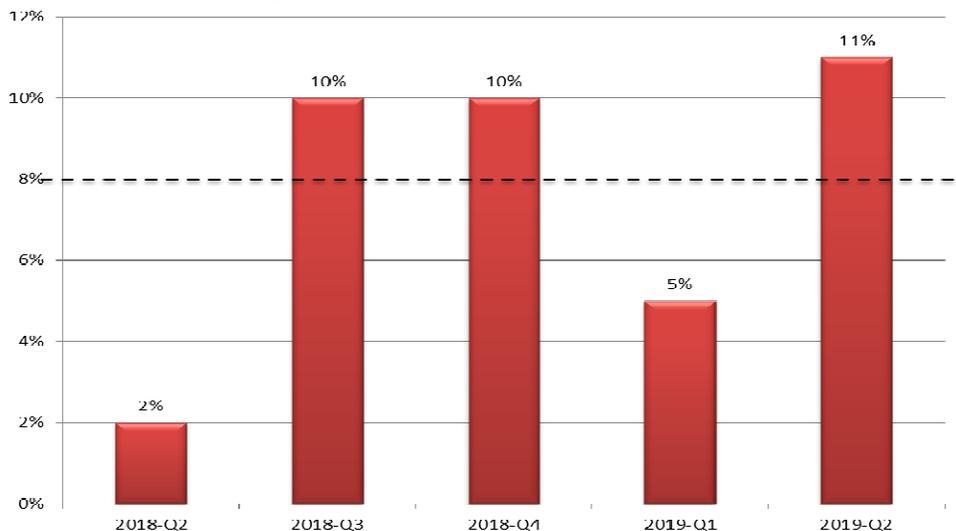
### Real Estate – Office Vacancy Rate

In 2019-Q2, the Cerritos office vacancy rate was at 11%, which is an increase of 9% from 2018-Q2. Based on available data, Loop.net reported 16 office spaces available in 2019-Q2 (157,970 square feet), which was an increase from 2018-Q2, which had 11 small office spaces available, equating to only 33,254 square feet. Two large office spaces were available during 2019-Q2, including a 33,000 square foot space and a 42,320 square foot office space. The current rate of 11% is comparable to 2018-Q3 and 2018-Q4, which were at 10%.

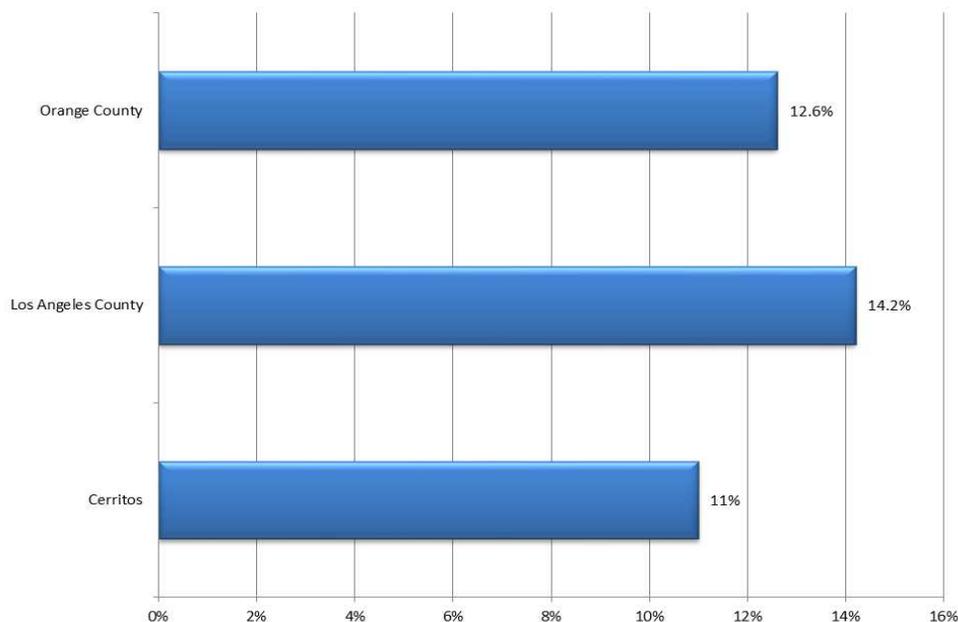
#### Cerritos Office Vacancy Rates

Average: 8%

Average Rental Rate: \$25.64 per square foot



#### 2019-Q2 Office Vacancy Rate – County Wide Comparison



In comparison, according to real estate firm Newmark, Knight, and Frank, Los Angeles County's office vacancy rate is 14.2% and Orange County's office vacancy rate is 12.6% for 2019-Q2, which is higher than Cerritos' overall office vacancy rate of 11%.



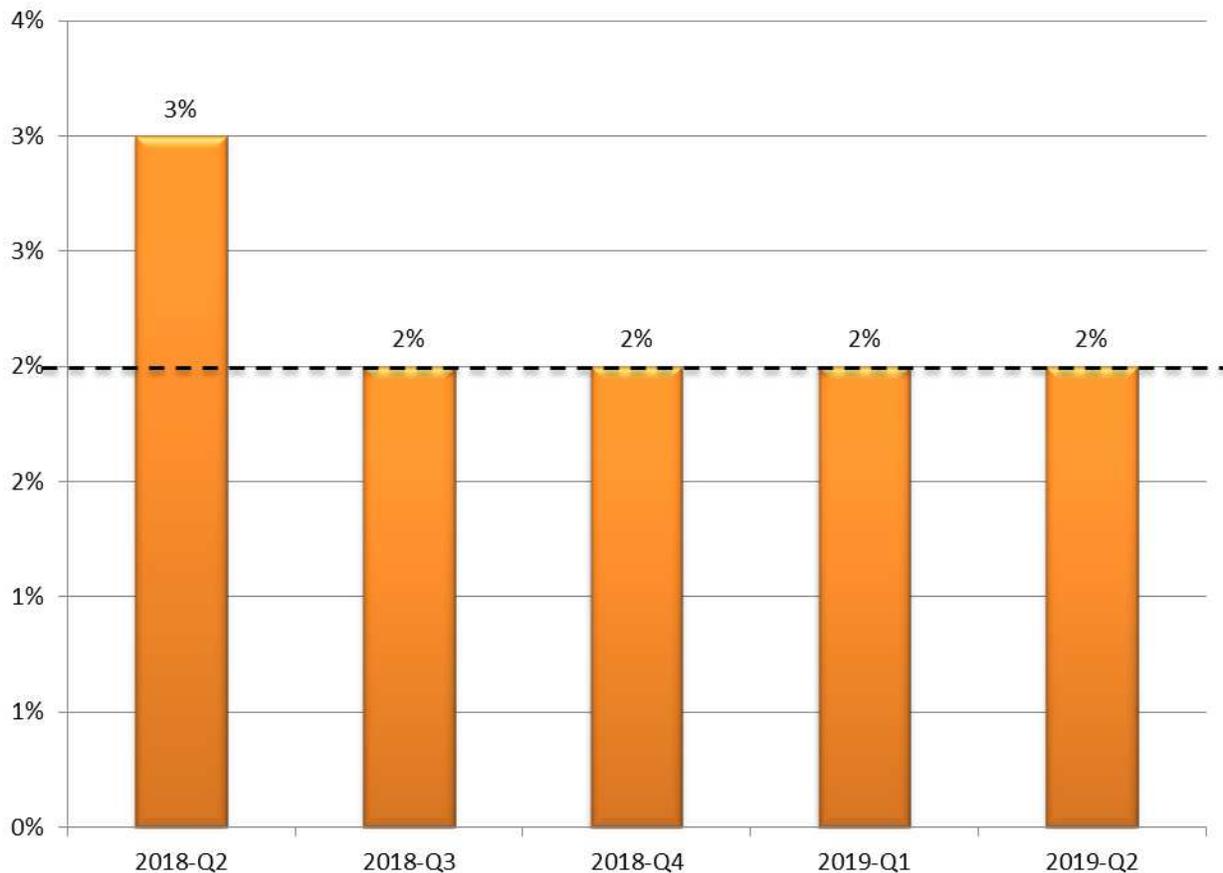
### Real Estate – Retail Vacancy Rate

Cerritos currently has approximately 4,685,788 square feet of total retail space, which includes the Los Cerritos Center, Plaza 183, and the Cerritos Towne Center. Based on available data, Cerritos had a retail vacancy rate of 2% (107,081 square feet) during 2019-Q2, which is similar to 2018-Q3, 2018-Q4, and 2019-Q1.

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 is expected to remain between 1% and 3% 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**  
Average: 2%  
Average Rental Rate: \$25.61 per square foot

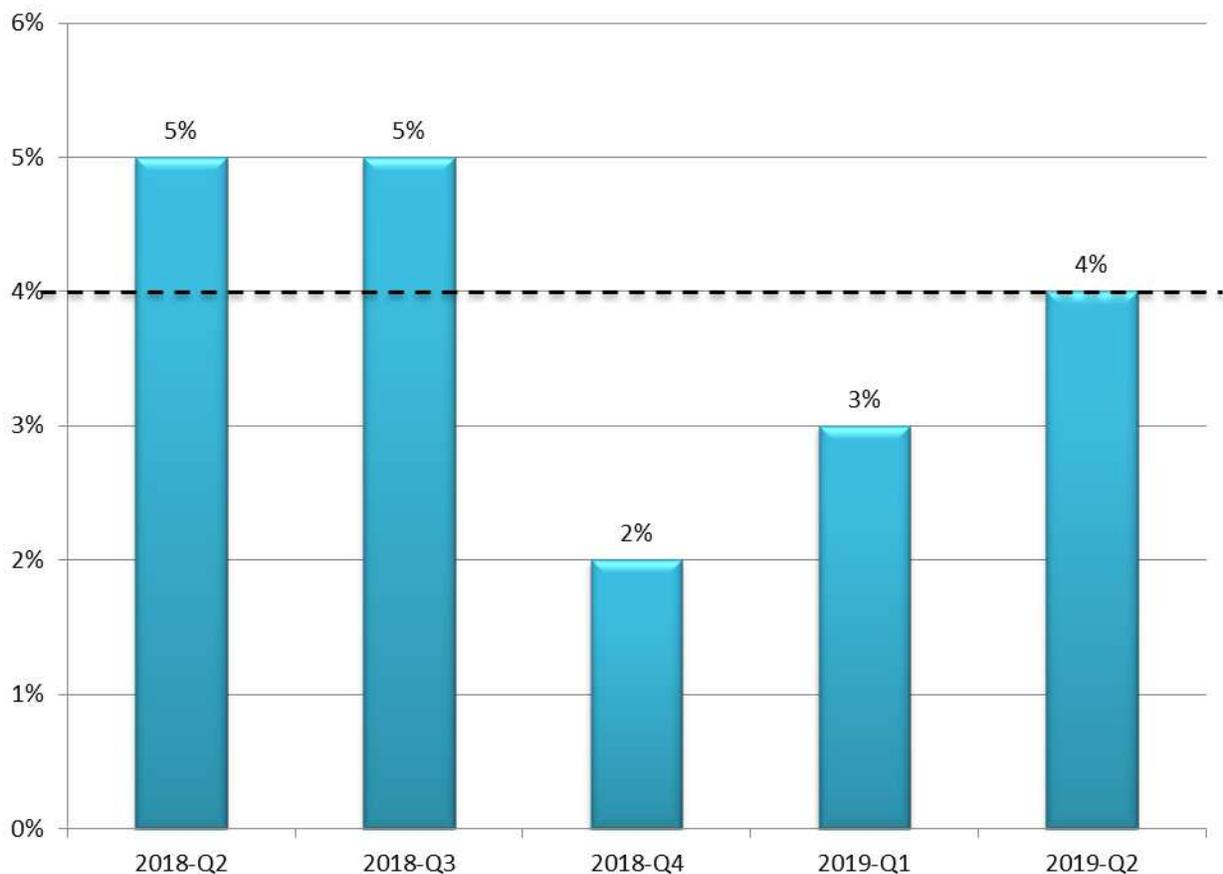




### Real Estate – Industrial Vacancy Rate

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 4% during 2019-Q2, which is a decrease from 2018-Q2 (5%). Based on a trend analysis, the industrial vacancy rate was 5% during 2018-Q2 then remained the same in 2018-Q3. In 2018-Q4, the vacancy rate decreased to 2%, and then increased to 3% in 2019-Q1, and increased again in 2019-Q2. However, the current 4% rate is still lower than a year ago (5%). The relatively low industrial rate of 4% is a positive sign for the City's commercial real estate market.

**Cerritos Industrial Vacancy Rates**  
Average: 4%  
Average Rental Rate: \$11.55 per square foot



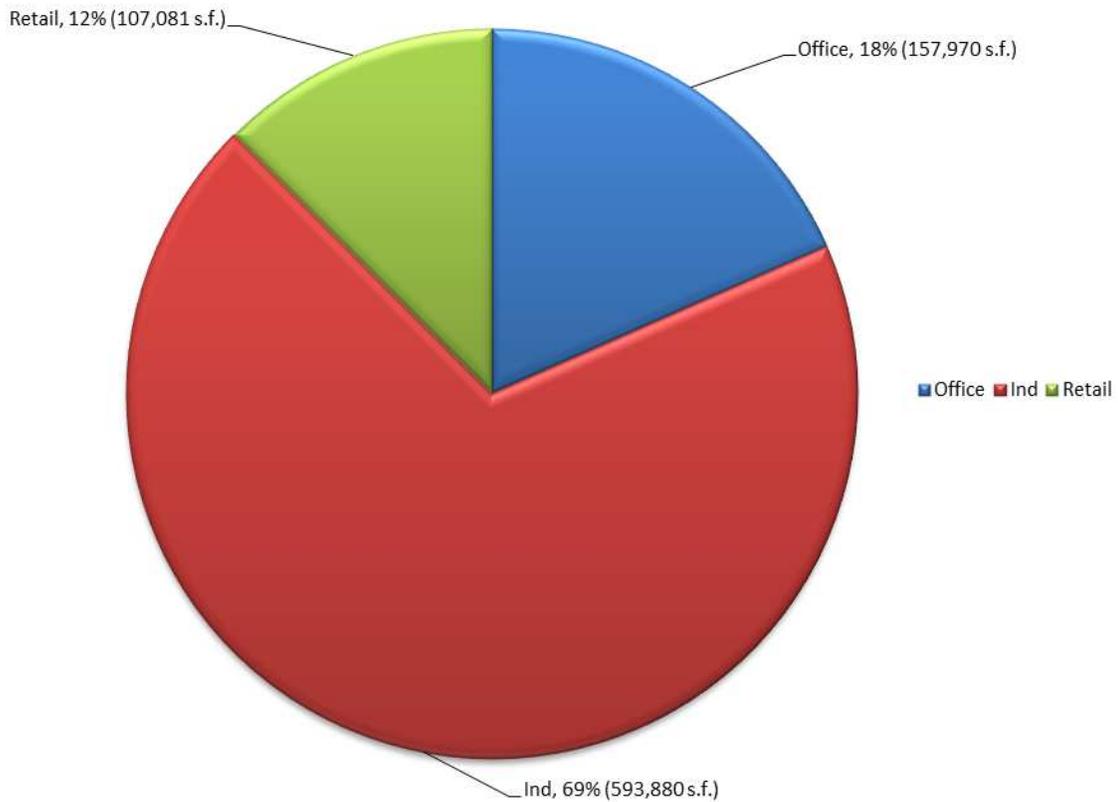
*(Note: Industrial vacant space in Cerritos includes a greater proportion of warehousing and distribution businesses, which require large facilities. Therefore, a single vacancy may contribute a large amount of square footage to the overall vacancy rate. Industrial vacancy rates are calculated using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



### Real Estate – Vacancy Breakdown by Use

During 2019-Q2, there was approximately 858,931 square feet of total vacant space, which amounts to 4% of the total available space in the City. Of the total available space, 69% (593,880 square feet) was available for industrial use, 18% (157,970 square feet) was available for office use, and 12% (107,081 square feet) was available for retail.

**Vacancies By Use**



Summer 2019  
Economic Profile:  
**HOUSING**





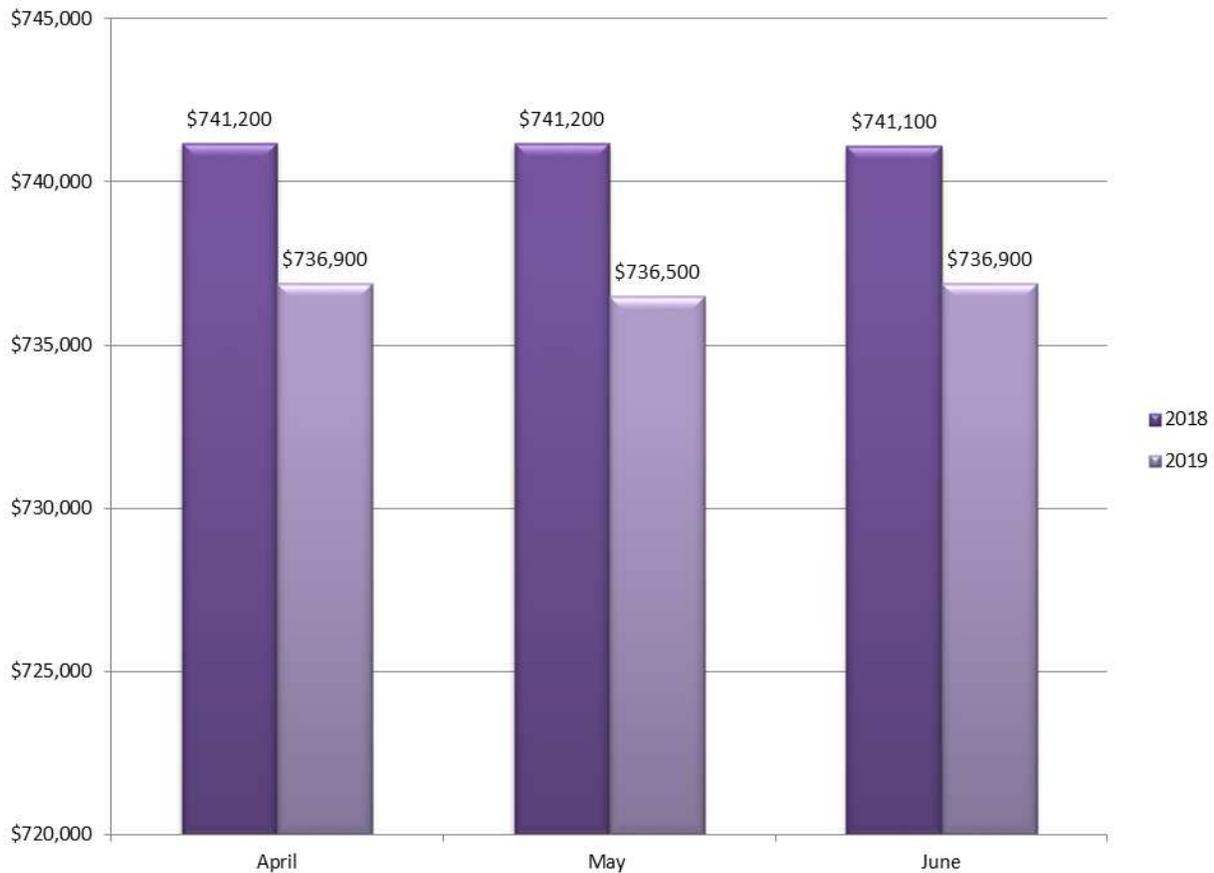
### Housing – Single-Family Residential

For 2019-Q2, the average median home sales price in Cerritos was \$736,767. Housing prices in Cerritos decreased each month during 2019-Q2, when compared to 2018-Q2 sales prices. For example, housing prices decreased in April 2019 by 0.6% (\$4,300 decrease), May 2019 decreased by 0.6% (\$4,700 decrease), and June 2019 decreased by 0.6% (\$4,200) from a year ago. In a quarterly comparison, 2019-Q2 average sales prices decreased by \$4,400 from 2018-Q2. However, during 2019-Q2, sales prices of single-family homes remained constant with no significant decreases from April 2019 to June 2019.

#### Single-Family Residential Home Sales Price in Cerritos - 2019-Q2

2019-Q2 Average: \$736,767 (↓ \$4,400)

2018-Q2 Average: \$741,167



#### Single-Family Home Sale Prices – County Comparison for June 2019

Cerritos	Los Angeles County	Orange County
\$736,900	\$638,000	\$766,000

In June 2019, Cerritos had an average single-family home sales price of \$736,900 which was higher than Los Angeles County (\$638,000); however, just lower than Orange County (\$766,000). This higher sales price in Cerritos indicates that housing is in great demand in the City.

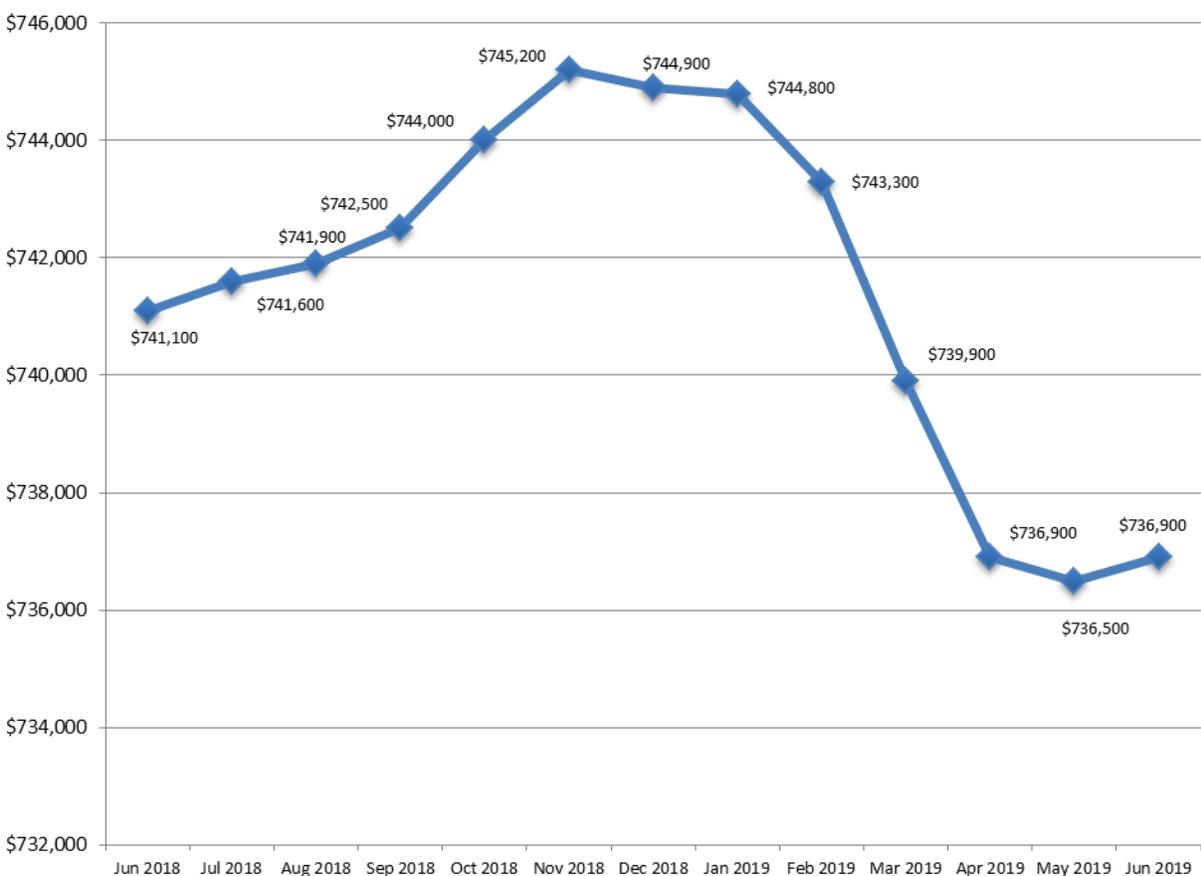


### Housing – Single-Family Residential: One Year Trend Line

Based on a one year trend line analysis from June 2018 to June 2019, the average sales price for a single-family residential home in Cerritos over the one year period was \$741,500. According to data provided by Zillow.com, housing prices increased from June 2018 through November 2018, then decreased slightly in December 2018 through May 2019, and then increased slightly in June 2019. During June 2019, a three-bedroom house in the City of Cerritos had a median sales price of \$678,200 and a four bedroom house had a median sales price of \$776,100.

According to Zillow.com, the Los Angeles County housing market is currently a buyer’s market and housing prices increased by only 1.8% from a year ago. In addition, Zillow.com is forecasting a 0.3% increase (one-year forecast) from June 2019 to June 2020. The decrease during the second quarter in Cerritos may be attributed to an overall slowing housing market within Los Angeles County.

**One Year Housing Sale Price Trend Line – June 2018 to June 2019**  
One Year Average: \$741,500



**Average Single-Family Home Sale Prices for June 2019**

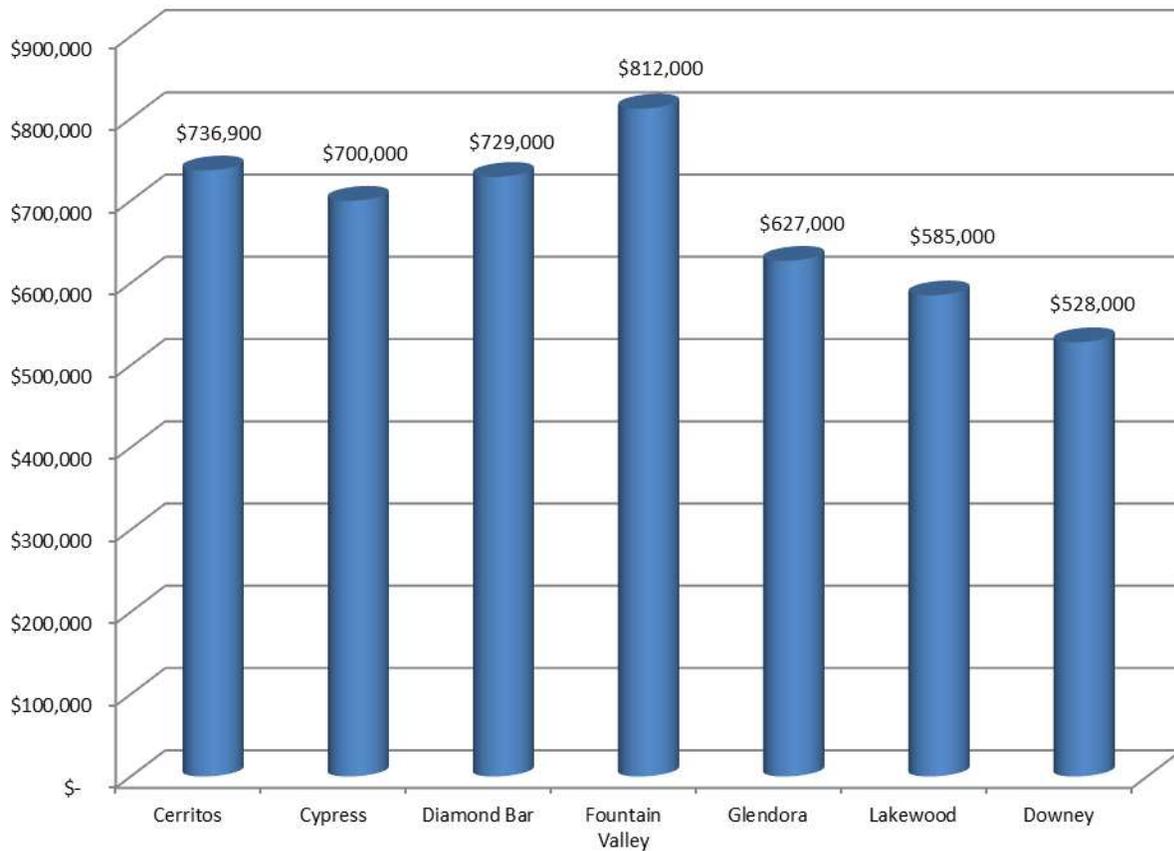
Cerritos – Average	Cerritos – Three Bedrooms	Cerritos – Four Bedrooms
\$736,900	\$678,200	\$776,100



### Housing – Single-Family Residential: Regional Comparison

In a regional comparison, Cerritos' property values have maintained their value and are higher than a majority of surrounding cities and regionally comparable cities. In a sample of June 2019 home sales prices throughout the region, Cerritos' average home sales price was \$736,900, which was higher than five other comparable cities, including Cypress (\$700,000), Diamond Bar (\$729,000), Glendora (\$627,000), Lakewood (\$585,000), and Downey (\$528,000).

**Regional Comparison – June 2019**





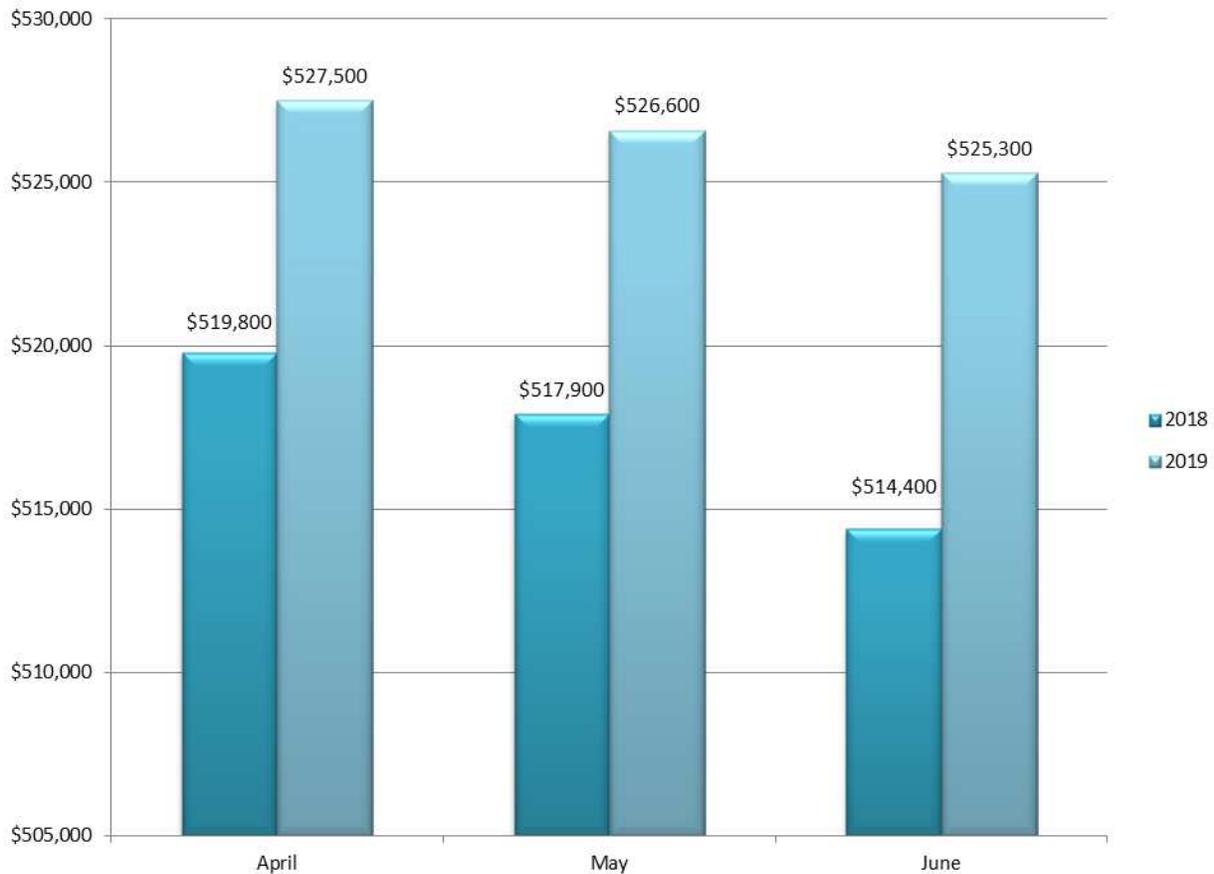
### Housing – Multi-Family Residential: Condominiums

Condominiums have a niche in housing between renting and owning single-family homes. For 2019-Q2, the average median condominium home sales price in Cerritos was \$526,467. Condominium sale prices in Cerritos increased in April 2019 by 1.5% (\$7,700 increase), May increased by 1.7% (\$8,700 increase), and June 2019 increased by 2.1% (\$10,900) from the previous year. In a regional comparison for June 2019, Cerritos median condominium home sales price (\$525,300) was lower than Los Angeles County (\$534,000); however, higher than Orange County (\$504,000).

#### Condominium Home Sales Price in Cerritos - 2019-Q2

2019-Q2 Average: \$526,467 (↑ \$9,100)

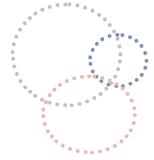
2018-Q2 Average: \$517,367



#### Condominium Home Sale Prices – County Comparison for June 2019

Cerritos	Los Angeles County	Orange County
\$525,300	\$534,000	\$504,000

# DATA SUMMARY



The City of Cerritos prepares this quarterly Economic Profile (Profile) to assist in tracking market trends and in establishing economic development strategies for the development of a strong local economy. The Profile also serves to assist the Cerritos Economic Development Commission and City staff, in meeting the goals and objectives of the Cerritos General Plan and Cerritos Economic Development Strategic Plan (EDSP). In preparing the data contained herein, the City of Cerritos utilized the expertise of the City's sales tax consultant, as well as a variety of federal, state, and local resources as described below:

## Revenues

For the Revenues Section of the Economic Profile, which contains information related to sales tax and use tax revenue and the City's assessed valuation, the City obtains information from the Department of Administrative Services, by way of the City's sales tax consultant. Cerritos Auto Square sales data is provided, by way of the Cerritos Auto Square Dealers Association, while Business License and Transient Occupancy Tax data is provided by the City of Cerritos' Finance Division.

## Employment/Unemployment

In regards to employment and unemployment data, the City obtains data from the State of California's Employment Development Department and the United States Bureau of Labor and Statistics, which is produced on a monthly basis and reported on their respective websites, which are provided below:

[www.edd.ca.gov](http://www.edd.ca.gov) (State of California's Employment Development Department)

[www.labormarketinfo.edd.ca.gov/data/labor-force-and-unemployment-for-cities-and-census-areas.html](http://www.labormarketinfo.edd.ca.gov/data/labor-force-and-unemployment-for-cities-and-census-areas.html) (State of California's Employment Development Department)

[www.bls.gov](http://www.bls.gov) (United States Bureau of Labor Statistics)

## Real Estate

Real estate data is compiled from the online real estate service LoopNet, which is a real estate marketplace that provides extensive real estate listings nationwide.

[www.loopnet.com](http://www.loopnet.com)

## Housing

For the housing section of the Economic Profile, the City obtains housing data from the online residential commercial real estate service Zillow. Zillow provides monthly data on single-family residential and multi-family residential units and provides a market overview with a one year forecast.

[www.zillow.com](http://www.zillow.com)

