

IIEP & PUBLIC HEALTH



by
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Organizations need to have a clear purpose. The Inland Empire Economic Partnership exists to create greater prosperity and a better quality of life for the residents of Riverside and San Bernardino Counties. Attaining our goals is no easy task and requires us first and foremost to come to grips with the facts about the region we call home. This is particularly true in the Inland Empire where three issues have dominated discussions about the health of our region.

One is the status of the local economy. For the past five years, the area has faced a host of difficult problems ranging from very high unemployment (10.2%), to stagnant median income levels (-8% since 1989) and growing poverty levels (18.0%). The good news has been that job growth has started to return, essentially due to expansions in logistics (28%), health care (17%), and with work on construction projects resuming as well as the professions (17%).

However, the importance of logistics to the region's growth has raised the second issue. It is the appropriate role of air quality regulation for the area. While the air is substantially cleaner than it once was, there remains the drive to make it ever cleaner. The focus of regulation for this purpose is now shifting to slowing the growth of logistics despite its prominence in job growth.

Together, these two issues raise the third. This is the Inland Empire's public health ranking. In 2013, the two counties bracketed Los Angeles County as the worst among the California's major population centers. Importantly, IIEP's discussions with public health professionals indicate that it is the consensus in their field that socio-economic characteristics are by far the major determinants of public health. Prominent among

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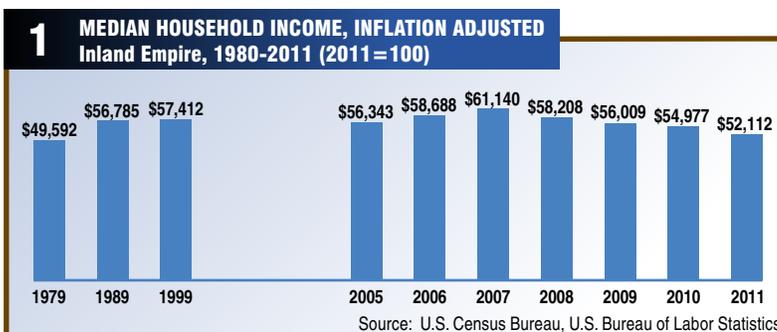
**PUBLIC HEALTH CHOICES & THE
INLAND EMPIRE'S PROSPERITY**

John E. Husing, Ph.D.

In 2013, the prestigious University of Wisconsin-Robert Wood's Foundation found that Riverside (36th) and San Bernardino (46th) counties ranked in the lower half of California's 58 counties on their public health determinants. Research underlying this report (*Different Perspectives For Assigning Weights To Determinates Of Health, 2010*) found that socio-economic conditions like education and income are by-far the most important causes of an area's public health. They were followed by health behaviors and medical care access. Ranked fourth were environmental factors. Local public health experts endorse the predominance of socio-economic factors.

STAGNANT PURCHASING POWER

Given the debate about the impact of California's regulatory environment on job creation, the implications of these views for the Inland Empire are profound. Here, a key difficulty is the stagnation in local purchasing power since 1989 (*Exhibit 1*). Using Southern California price changes, the 1989 median household income was the equivalent of \$56,785 (*dotted line*). Incomes in 1999, 2005 and 2009 were almost exactly at that level. The only major shifts were in the 2006-2008 housing boom when income reached \$61,140 (7.7% higher) and 2009-2011 Great Recession when it fell to \$52,112 (-8.2% lower).



POVERTY LEVEL

Importantly, while household purchasing power has stagnated, the number and share of inland residents in poverty has soared (*Exhibit 2*). In 1990, it was 306,417 or 11.8% of the population. By 2000, the number was 477,496 or 14.7% of residents. In 2011, it

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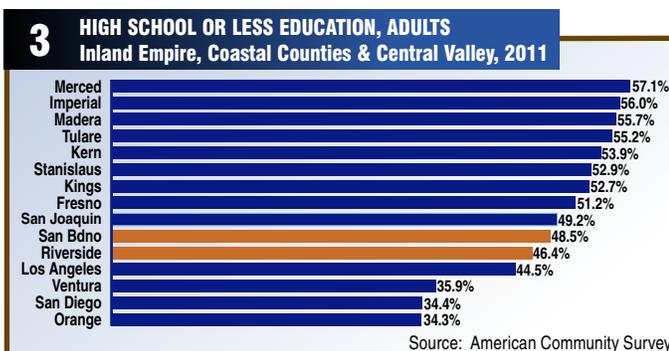
2 SHARE & NUMBER OF INLAND RESIDENTS BELOW POVERTY LEVEL			
Census Bureau Year	People In Poverty	Share of Population in Poverty	Population
1990	306,417	11.8%	2,588,793
2000	477,496	14.7%	3,255,526
2011	774,874	18.0%	4,293,892
Changes	+152.9%	+6.2%	+65.9%

Source: U.S. Census Bureau, 1990 & 2000 Census, 2011 American Community Survey

reached 774,874 or 18.0%. While population grew 65.9% from 1990-2011, those in poverty increased 152.9%. Not surprisingly by 2013, 23% of residents had no health insurance.

MARGINAL EDUCATIONAL LEVELS

Another difficult socio-economic fact impacting public health is the huge share of the two counties adults with high school or less education: San Bernardino (48.5%) and (46.4%) (*Exhibit 3*). An important social justice consideration is that over 2/3rds of Hispanics were in this category.



These facts argue strongly for an emphasis on economic and education policies designed to make areas like the Inland Empire healthier places to live. Yet in California, the overwhelming emphasis is on environmental regulation, despite its lower importance in determining public health and a much cleaner environment. By contrast, almost no priority has been given to job creation or educational advancement for our most vulnerable families.

JOB GROWTH & MEDIAN PAY

Southern California is developing a long term underclass of poor families facing major public health issues. This will continue unless policies are found that provide jobs with skill ladders allowing the marginally educated to approach middle class incomes. With one such worker in a household and a lower paid secondary wage earner, a family can get there. Using CA Employment Development Department (EDD) data on the share of occupations in each sector, the Inland Empire's median pay levels for those occupations and levels of job growth, the data show what sectors can allow upward mobility to occur (*Exhibit 4*).

Health care offers a wide array of jobs and a 2013 median income of \$57,443. The highest paying positions require advanced degrees, but many jobs only require short course technical training. It is one of the inland region's strongest sectors, adding 59,900 jobs from 1990-2012, or 2,723 per year.

Logistics provides the best combination of 2013 median pay (\$43,583) and 1990-2012 job growth (71,900; 3,268 per year). In the first half to 2013, 5,067 new jobs were added, 27.6% of all inland jobs created. Here, short course computer training is important to advancing in the sector.

Construction and mining has an abnormally high 2013 median income (\$51,649) due to the few jobs at building sites. More realistic was the \$44,946 of 2007. Unfortunately, this group is unusually cyclical, adding 68,400 jobs from 1990-2006, but losing -66,300 from 2006-2012. The sector will soon expand as the housing crisis starts ending. Few qualifications are needed to enter the field, but on-the-job or skill training is needed to advance. Here, union apprenticeship training is helpful.

Manufacturing has strong 2013 median pay (\$49,515) but had little 1990-2012 job growth (8,200; 373 per year). In reaction to the high cost of regulation, firms have become very efficient and have expanded without hiring. With baby-boomer workers retiring, jobs are opening for those with technical training.

Finance, insurance and real estate firms provide jobs with a 2013 median pay of \$48,010. However, the sector's 1990-2013 job growth has been minimal (5,700; 259 per year). Real estate jobs require certification. However, workers can often enter finance, title, escrow and insurance without pre-qualifications and benefit from company training.

From 1990-2013, Inland Empire's fastest growing sectors (431,700 jobs; 8,509 per year) were **low paying** (\$28,385 median) with few entry level requirements. Jobs are plentiful in retailing, consumer services, administrative support, dining, hospitality and agriculture and have few entry level requirements. However, pay only allows a secondary wage earner to help a family reach the middle class if there is a primary wage earner in the other sectors.



Together, the highest paying sectors do not offer much prospect for helping marginally educated workers. **Professionals, managerial and utility** firms had high 2013 median pay (\$64,754), but require advanced degrees or training. From 1990-2012, their job growth was low (15,400; 700 per year). **Government and higher education** had high 2013 median pay (\$57,917) but most positions require advanced degrees. 1990-2012 job growth was somewhat strong (37,400, 1,700 per year). Median pay in **K-12 education** was modestly high (\$41,557) and 1990-2012 growth was strong (44,100; 2,005 per year). However, most positions require college degrees. Entry level positions in these three sectors are available but are likely to be lower paying.

ECONOMIC POLICY

The importance of socio-economic factors to public health indicates that job creation in sectors offering marginally educated workers a path toward the middle class should be the Inland Empire's top near term priority. The data show that blue collar and health care sectors offer the route for doing so:

Manufacturing. California's manufacturers have faced intensive regulation for decades. The result is that from Jan-2010 to Jun-2013, U.S. manufacturers added 509,000 jobs (4.4%); California added just 7,800 (0.6%) (*Exhibit 5*). From June 2010-2013, Inland Empire producers lost -1,000 jobs. For this sector, costs are a crucial concern. Yet, state regulations have pushed industrial electrical costs to 50.3% to 167.8% above what competitors pay in the 11 nearby western states (*Exhibit 6*). Meanwhile, constantly changing regulations have often forced firms to buy ever cleaner technologies before loans are repaid for previously required equipment.

Without the cost burden imposed by such regulation, the Inland Empire's manufacturing sector would be much stronger given the region's huge space cost advantage. Los Angeles County's facilities cost an average of 84.2% more; it is 107% more in Orange County. However, the costs and

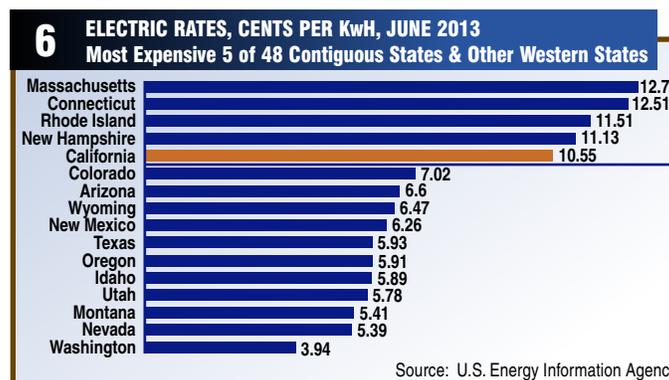
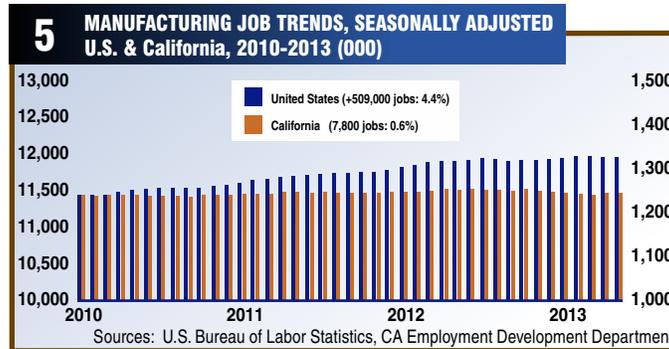
delays from regulators have made it difficult for local firms to compete nationally. Lightening the regulatory burden should thus be a major public health goal for inland leaders.

Logistics. In January-June 2013, logistics firms created over 1 of 4 (27.6%) Inland Empire jobs. This is important to the area's workforce since entry into the sector requires little education and it has skill ladders up which workers can move by on-the-job learning and short course classes. The sector's rapid growth is because modern supply chain companies need large undeveloped spaces for their facilities

and the area has most of Southern California's remaining industrial space. Currently, there are no vacant industrial buildings over 500,000 square feet. In January 2013, Jones LaSalle found 13 of the 17 firms seeking new space wanted facilities of 600,000 to 1,400,000 square feet. Of these firms, 10 were conventional logistics operations and 7 were fulfillment centers like Amazon.com which represent the newest trend in retailing.

Now, the South Coast Air Quality Management District (*AQMD*) has stated its intent to blunt the sector's rapid growth by preventing the construction of these high cube warehouses. Yet, that is what the technology of the supply chain industry now requires. If it succeeds, a harsh blow will be delivered to the region's fragile recovery and numerous workers will lose access to skill ladders to the middle class. Oddly, this is occurring when CA Air Resource Board data show dramatic declines in PM 2.5 emissions at every inland testing station due to cleaner truck and rail equipment (*Exhibit 7*). These facts starkly underscore the need for local leaders to understand that it is socio-economics, not environmental factors, that should be driving the Inland Empire's public health agenda.

Construction. Given its depressed nature, the construction sector offers perhaps the best opportunity for long term growth of upwardly mobile jobs. Two issues are impacting it. One is the lingering difficulties from the mortgage crisis. The other is CA Environmental Quality Act (*CEQA*) lawsuits used as a tactic to stop projects or



delay them and raise their costs. Increasingly, these are from NIMBYs or others wanting to simply prevent growth, attorneys using lawsuits as a cash cow, firms trying to stop projects aiding competitors or unions trying to force developers to hire members. Locally, a NIMBY lawsuit had recently killed the Perris Line extension of Metrolink until an expensive cash settlement was negotiated. There is a serious effort underway to change the CEQA process

public educators are not organized to successfully react to such needs. Private trainers have largely been absent from discussions.

This impacts logistics workers as short course computer training is vital to some hiring and most advancement. It affects manufacturing because baby boomer retirements are creating needs for people with skills like machining and welding. If the anticipated explosion in patients occurs, the health care sector will need training programs to qualify workers for entry level positions like laboratory, x-ray, ultrasound and MRI technicians, inhalation therapists and some categories of nursing. Professional, financial and technical firms could be a source of upwardly mobile jobs given their general need for support staff with some levels of training.

In California, short course technical training has generally not been seriously funded or a local priority. Those efforts underway aim at getting public institutions to react faster through existing networks set up by community colleges, workforce

investment boards and the two county educational superintendents. A heftier approach would be to ask the legislature to allocate education funds directly to workforce investment boards since they do not have conflicting educational missions. They could expand their identification of demand occupations and use their bidding processes to allow public and private entities to compete for the training. The ideal would be for California to create a system of trade techs but that is simply a dream.

CONCLUSION

Unless today's leaders of the Inland Empire are willing to have a permanent and growing underclass with the public health and social justice issues that this creates, they must undertake a concerted effort to address the socio-economic issues emerging in the region. This will not be easy given the current overwhelming emphasis on environmental regulation, despite its lower importance in determining public health, and the fact that most discussion of employment growth revolves primarily around creating jobs for the well educated. ■

For further information on the economic analysis in the QER, visit Dr. John Husing's website at:

www.johnhusing.com

You'll also find pages on Dr. Husing's background, speaking engagements, downloadable presentations, adventures, and other items of interest.



7 DECLINE IN DAYS PM 2.5 EMISSIONS OVER THE NATIONAL STANDARD

Monitoring Sites	Mira Loma Van Buren	Riverside Magnolia	Riverside Rubidoux	Fontana Arrow Highway	Ontario 1408 Francis Street	San Bernardino 4th Street
2001			120.2	58.2	79.5	80.8
2002		88.4	92.6	73.7	67.4	88.9
2003		69.7	78.1	54.3	62.2	55.2
2004	*	47.8	57.3	*	*	*
2005	*	*	39.7	22.9	25.3	9.3
2006	46.2	31.3	*	27.2	*	*
2007	43.4	*	*	*	*	*
2008	*	12.4	15.0	19.3	19.4	9.5
2009	19.0	6.0	15.1	6.2	9.0	6.2
2010	8.0	6.3	4.0	6.6	3.2	5.9
2011	13.0	7.1	5.0	7.1	6.8	*
2012	7.0	*	7.0	10.6	0.0	0.0
Percent Decline	-84.8%	-92.0%	-94.2%	-85.6%	-100.0%	-100.0%

Source: CA Air Resources Board, <http://www.arb.ca.gov/adam/index.html>

back to a focus on environmental quality. To date, it has been frustrated by the array of opponents. For leaders of marginally educated areas like the Inland Empire, such difficulties must be overcome.

Health Care. For the health care sector to accelerate its growth of entry-level jobs, the 23% of residents without lacking medical insurance must be reduced. Here, the start of the Affordable Healthcare Act is cited by providers as a potential solution. If area leaders succeed in encouraging the uninsured to sign up for health insurance, there would be a surge in demand for service and thus entry level workers. A second issue is the fact that San Bernardino County ranks 40th of the 58 California counties with an abnormally high 1,868 people per physician. Riverside County ranks 47th with 2,514 people per doctor. The restrained number of physicians means fewer local workers finding positions as support personnel in upwardly mobile health care occupations. Hopefully, the funding of the UCR Medical School will help address this problem.

EDUCATION POLICY

Of the socio-economic difficulties impacting the Inland Empire's public health, the low level of adult education is perhaps the most stubborn. As shown, the economy must produce jobs without educational barriers that allow workers to climb skill ladders to the middle class. However once workers enter a sector or even beforehand, their ability to advance often requires short course technical training to give them required skills. Employers generally feel that

INLAND EMPIRE EMPLOYMENT ... JOB RECOVERY SLOWS IN JUNE 2013

From June 2012 to 2013, the Inland Empire added just 7,300 jobs or 0.6% (*Exhibit 8*). This was the weakest gain since December 2011. That said, for the first six months of 2013, the private sector has gained 20,000 jobs while the governmental sector has lost -1,667 (*Exhibit 9*). The June 2013 unemployment rate of 10.3% was down from 12.7% in June 2012. The rate fell with 13,800 fewer people trying to find work while 32,300 residents found jobs.

CLEAN WORK, GOOD PAY: +0.3%

From June 2012 to 2013, the Inland Empire's highest paying sectors gained 500 jobs (0.3%). Management and professions gained 2,400 (5.3%) as higher-end firms saw their business increase. Higher education added 500 (3.0%) as budgets grew and people sought improvements in their educations and skills. Utilities and mining remained flat. Federal and state governments lost 1,100 jobs (-2.9%) and local governments lost 1,300 (-1.8%) due to budget cuts.

CLEAN WORK, MODERATE PAY: 1.5%

Sectors primarily paying moderate incomes to white collar workers gained 4,800 jobs (1.5%) from June 2012-2013. Health care added 2,100 (1.8%) as ambulatory care gives in particular continued growing to meet population needs. K-12 education saw budgets loosen and increased by 1,600 jobs (1.4%). Financial groups grew by 400 jobs as banking, insurance and real estate companies began moving beyond the financial and housing crises (1.0%). Information firms lost -200 jobs (-1.7%) as the newspaper and printing industry continued losing to the internet.

DIRTY WORK, MODERATE PAY: -1.7%

Blue collar sectors were -4,600 jobs below June 2012 (-1.7%). The only growth was among distribution and transportation firms which added 3,500 jobs (3.0%) as port import activity and ful-

8 INLAND EMPIRE EMPLOYMENT INFORMATION						
June 2012-2013						
Sector	Apr-2013	May-2013	Jun-2013	Jun-2012	Change	Percent
Mgmt & Professions	49,400	47,100	47,800	45,400	2,400	5.3%
Higher Education	18,800	17,800	17,300	16,800	500	3.0%
Utilities	5,800	5,800	5,800	5,800	0	0.0%
Mining	1,200	1,200	1,200	1,200	0	0.0%
Federal & State	37,000	37,000	37,100	38,200	(1,100)	-2.9%
Local Government	72,700	72,900	72,900	74,200	(1,300)	-1.8%
Clean Work, Good Pay	184,900	181,800	182,100	181,600	500	0.3%
Health Care	116,000	116,600	116,100	114,000	2,100	1.8%
K-12 Education	116,400	116,600	113,700	112,100	1,600	1.4%
Financial Activities	42,000	42,000	41,000	40,600	400	1.0%
Publish, telecomm, Other	11,600	11,400	11,400	11,600	(200)	-1.7%
Clean Work, Moderate Pay	331,500	332,400	328,200	323,400	4,800	1.5%
Distribution & Transportation	119,500	120,000	119,900	116,400	3,500	3.0%
Manufacturing	84,800	85,000	84,500	87,100	(2,600)	-3.0%
Construction	57,800	57,900	57,500	63,000	(5,500)	-8.7%
Dirty Work, Moderate Pay	262,100	262,900	261,900	266,500	(4,600)	-1.7%
Eating & Drinking	104,400	104,500	104,200	99,700	4,500	4.5%
Retail Trade	160,500	161,400	161,700	159,000	2,700	1.7%
Amusement	17,800	17,200	15,800	14,800	1,000	6.8%
Admin. Support	45,500	45,800	46,000	45,100	900	2.0%
Other Services	42,300	42,200	41,400	41,100	300	0.7%
Social Assistance	14,300	14,400	14,900	14,700	200	1.4%
Accommodation	14,300	14,300	14,200	14,300	(100)	-0.7%
Agriculture	15,400	16,600	20,000	20,400	(400)	-2.0%
Employment Agcy	33,100	33,500	33,500	35,100	(1,600)	-4.6%
Lower Paying Jobs	402,100	404,100	405,700	399,100	6,600	1.7%
Total, All Industries	1,180,600	1,181,200	1,177,900	1,170,600	7,300	0.6%
Civilian Labor Force	1,801,600	1,790,300	1,790,200	1,804,000	(13,800)	-0.8%
Employment	1,628,300	1,624,500	1,606,700	1,574,400	32,300	2.1%
Unemployment	173,300	165,800	183,500	229,700	(46,200)	-20.1%
Unemployment Rate	9.6%	9.3%	10.3%	12.7%	-2.5%	

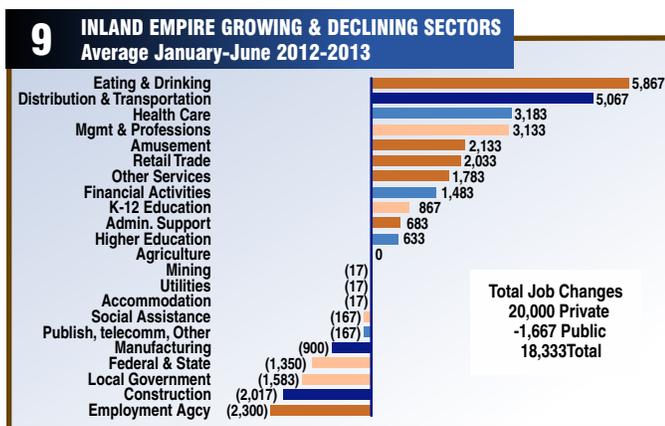
Note: Columns may not add due to rounding Source: CA Employment Development Department

fillment center hiring in firms like Amazon.com strengthened. Manufacturing dropped -2,600 workers (-3.0%) despite increased demand. Construction was the region's weakest sector losing -5,500 jobs (-8.7%). Given the increases in activity among builders, that appears to be a sampling error.

LOWER PAYING JOBS: +1.7%

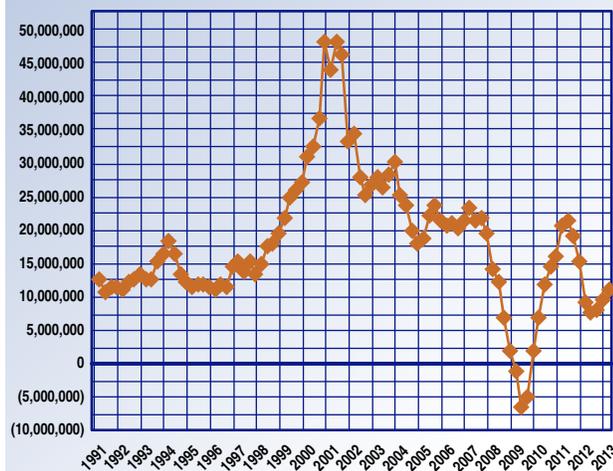
The Inland Empire's lower paying sectors gained 6,600 jobs from June 2012-2013 (1.7%). The decline in unemployment and reduction in underwater homes appeared to boost consumer confidence with increased spending leading to eating & drinking adding 4,500 jobs (4.5%), retail trade expanding by 2,700 (1.7%), amusement gaining 1,000 jobs (6.8%) and other services up 300 positions (0.7%). Companies added outside support with administrative support firms gaining 900 jobs (2.0%). Social assistance was up 200 (1.4%) with some increase in contributions. Accommodation slowed a little, off -100 workers (-0.7%). Agriculture fell by -400 jobs (-2.0%) with weather issues. Employment agencies lost -1,600 jobs (-4.6%).

COMMENT. In the January-June 2013 (*Exhibit 9*), the Inland Empire's total job growth averaged 18,333 over that period of 2012. If that continues, the year will be well under the QER's forecast of 28,300 new jobs. As happened last year, the economy appears to have slowed dramatically in the second quarter. However, the data do not seem to represent what appears to be happening in several sectors, particularly construction, employment agency and manufacturing. If that is the case, the activity could be significantly higher when the data are finally revised next February. ■



Source: CA Employment Development Department

10 INDUSTRIAL SPACE NET ABSORPTION Inland Empire, 1991-Present (moving 4-quarter total)



Source: Grubb & Ellis to 2011, CB Richard Ellis 2012-2013

Industrial Space Net Absorption. For the four quarters ended in June 2013, net industrial space absorption in the Inland Empire was 11,291,365 square feet. The market continues to recover though it is being restrained by the lack of available sites for the high-cube buildings desired by logistics firms and fulfillment centers. Prior to the Great Recession, absorption averaged roughly 20 million square feet a year. It declined below zero in the downturn but has been positive since.

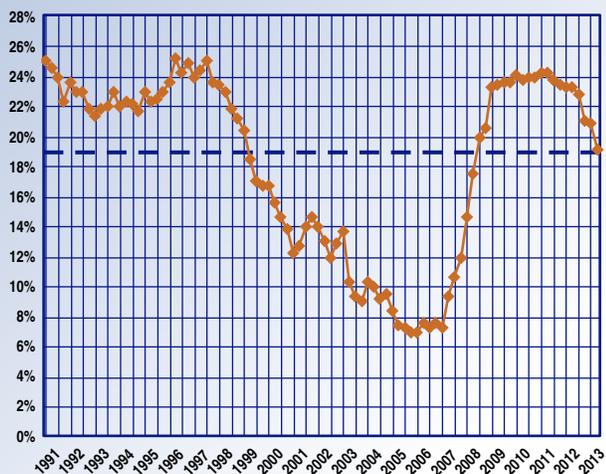
11 INDUSTRIAL SPACE VACANCY RATE Inland Empire, 1991-Present



Source: Grubb & Ellis to 2011, CB Richard Ellis 2012

Industrial Vacancy Rate. In second quarter 2013, the industrial vacancy rate fell to 5.4%. That is the lowest level since prior to the Great Recession. At that level, companies are having trouble finding space to occupy. This is particularly true for companies needing large spaces. In January 2013, James LaSalle found that 13 of 17 firms seeking new space desire facilities of 600,000 to 1,400,000 square feet. Of the 17, there were 10 conventional logistics operations seeking new sites and 7 were fulfillment centers like Amazon.com.

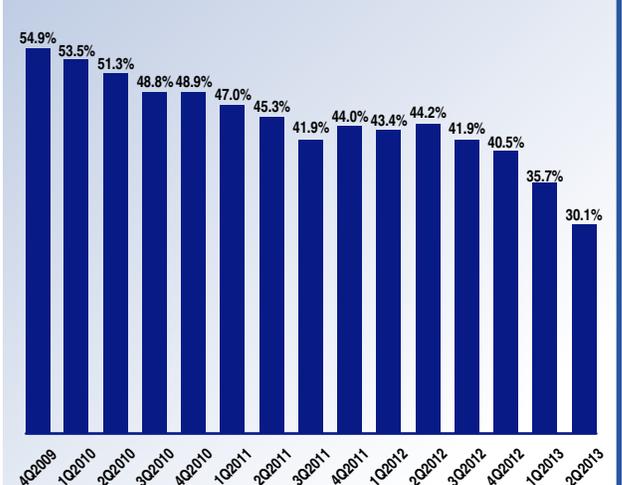
12 OFFICE VACANCY RATE Inland Empire, 1991-Present



Source: Grubb & Ellis to 2011, CB Richard Ellis 2012

Office Vacancy Rate. The office sector was severely impacted by the Great Recession. Where vacancy rates beforehand were as low as 7.0%, they soared to a peak of 24.2% in 2011. This occurred as numerous new facilities were built but demand died with the downturn. Now, net absorption of office space is slowly rising and some of the vacant facilities are being occupied. In second quarter 2013, the vacancy rate was down though still quite high at 19.2%.

13 SHARE OF MORTGAGE UNDERWATER Inland Empire, 4Q 2009 - 1Q 2013



Source: CoreLogic Market Pulse

Underwater Homes. A full recovery of the Inland Empire's economy requires the housing market to again be "normal." This cannot happen as long as large numbers of homeowners owe more than their houses are worth. This situation has improved dramatically with the recent rapid price increases. Where 54.9% of homes with mortgages were underwater in fourth quarter 2009, that was down to 30.1% in second quarter 2013. This is one reason that foreclosureradar.com found that the number of Notices of Trustee Sale (*informing owners their homes were about to be taken*) fell to 1,221 in June 2013, the lowest level since before 2007.

14 SINGLE FAMILY HOME PRICES 2nd Quarter, 2012-2013

County	2nd Qtr-12	2nd Qtr-13	% Chg.
NEW HOMES			
Riverside	\$291,500	\$331,000	13.6%
San Bernardino	291,500	355,000	21.8%
Los Angeles	367,000	437,250	19.1%
Orange	616,000	688,750	11.8%
San Diego	430,000	490,000	14.0%
Ventura	362,750	414,000	14.1%
So. California	\$395,000	\$455,000	15.2%
EXISTING HOMES			
Riverside	\$200,000	\$255,000	27.5%
San Bernardino	155,000	195,000	25.8%
Los Angeles	330,000	427,000	29.4%
Orange	500,000	600,000	20.0%
San Diego	365,000	450,000	23.3%
Ventura	405,000	475,000	17.3%
So. California	\$311,100	\$393,500	26.5%

Source: Dataquick

15 HOME DEED RECORDINGS Inland Empire, 2nd Quarter, 2012-2013

NEW HOMES				EXISTING HOMES			
Area	2nd 12	2nd 13	% Chg.	Area	2nd 12	2nd 13	% Chg.
SB Mountains	1	11	1000.0%	SB Mountains	622	705	13.3%
Chino, CHill, Mtcl, Ont, RC, Upl	115	223	93.9%	SB Desert	493	558	13.2%
Fontana, Rialto, Colton, GT	56	98	75.0%	Chino, CHill, Mtcl, Ont, RC, Upl	1,390	1,482	6.6%
San Bernardino, Highland	45	74	64.4%	Redlands, Loma Linda, Yucaipa	470	479	1.9%
Victor Valley	83	126	51.8%	Victor Valley	1,439	1,351	-6.1%
SB Desert	13	14	7.7%	San Bernardino, Highland	834	776	-7.0%
Redlands, Loma Linda, Yucaipa	18	5	-72.2%	Fontana, Rialto, Colton, GT	1,283	1,036	-19.3%
SAN BDNO COUNTY	331	551	66.5%	SAN BDNO COUNTY	6,531	6,387	-2.2%
Beaumont, Banning, Calimesa	53	83	56.6%	Coachella Valley	1,659	1,698	2.4%
Riverside, Jurupa Valley	50	76	52.0%	Murrieta, Temecula, L. Elsinore, Wildomar	1,758	1,785	1.5%
Murrieta, Temecula, L. Elsinore, Wildomar	300	412	37.3%	Perris, Hemet, S. Jacinto, Menifee	1,861	1,843	-1.0%
Corona, Norco, Eastvale	147	192	30.6%	Riverside, Jurupa Valley	1,186	1,159	-2.3%
Coachella Valley	58	74	27.6%	Riverside Rural	701	653	-6.8%
Moreno Valley	14	16	14.3%	Beaumont, Banning, Calimesa	418	389	-6.9%
Perris, Hemet, S. Jacinto, Menifee	148	169	14.2%	Corona, Norco, Eastvale	1,042	969	-7.0%
Riverside Rural	73	43	-41.1%	Moreno Valley	657	527	-19.8%
RIVERSIDE COUNTY	843	1,065	26.3%	RIVERSIDE COUNTY	9,282	9,023	-2.8%
INLAND EMPIRE	1,174	1,616	37.6%	INLAND EMPIRE	15,813	15,410	-2.5%

Source: Dataquick

NEW & EXISTING HOMES ... PRICES UP, VOLUME RELATIVELY FLAT

In second quarter 2013, the Inland Empire recorded 15,834 *seasonally adjusted* detached home sales (*Exhibit 16*). This was down from the peak of 29,692 in fourth quarter 2005 but up from the 11,365 low in first quarter 2008. In recent quarters, volume has been essentially flat because a lack of foreclosure-related supply has inhibited sales. The raw data show existing home sales of 15,410 units (-2.5% from 2nd quarter 2012). Quarterly new home volume reached 1,616 units (37.6% from 2nd quarter 2012) as the market began to recover (*Exhibit 15*).

In second quarter 2013, Riverside County's median new home price was up 13.6% from a year ago while its existing home price was up 27.5% (*Exhibit 14*). San Bernardino County's median new home price was up 21.8%; its existing home price rose 25.8%. The inland area's combined existing & new homes median price (\$239,000) remained a bargain, \$189,000 below Los Angeles County (\$428,000) and \$371,000 under Orange County (\$610,000) (*not shown*).

SALES

Riverside County recorded 1,065 new home sales during second quarter 2013, up 26.3% from 843 in 2012. As recordings come at the end of escrow, this included many sales from the first quarter. The county's percentage leader was the Beaumont, Banning, Calimesa area (83 sales; 56.6%). Its volume leader was the

Murrieta, Temecula, Lake Elsinore, Wildomar area (412 sales; 37.3%). Riverside County's existing home volume fell -2.8% from second quarter 2012 to 9,023 sales. The Coachella Valley had the greatest percentage increase (2.4%; 1,698 sales). The volume leader was the Perris, Hemet, San Jacinto, Menifee area (1,843; -1.0%).

San Bernardino County's second quarter 2013 new home sales rose 66.5% to 551 units from 331 last year. The mountain area market was the percentage leader (1,000%; 11 sales). The volume leader was the area west of the I-15 freeway (223 sales; 93.9%). Existing home sales in San Bernardino County fell -2.2% to 6,387 from 6,531 in 2012. Again, the mountains were the percentage leader (13.3%; 705 sales). The area west of the I-15 was the volume leader (6.6%; 1,482 sales).

PRICES

Riverside County's second quarter 2012 median new home price of \$331,000 was up 13.6% from last year's \$291,500 and above the prior quarter's \$311,500. Its median existing home price was \$255,000, up from \$200,000 the prior year (27.5%) and up from the prior quarter's \$230,250. San Bernardino County's median new home price was also \$355,000, up 21.8% from last year's \$291,500. It was above the prior quarter's \$343,500. Its existing median home price of \$195,000 was up 25.8% from \$155,000 a year ago, and up from last quarter's \$175,000. For new and existing home prices in both counties combined, the low was in second quarter 2009. Prices have now risen 44.5% since then. That said, combined prices remain -40.8% below their high in third quarter 2006.

THE FUTURE

The Inland Empire's housing markets are showing definite signs of life. Second quarter 2013 price levels were up powerfully in both counties for both new and existing homes. Volume has been growing in the new home market though it remains at a relatively low level. It has been flat in the existing home market as the foreclosure volume is down significantly due to investors entering heavily into the market. CoreLogic put the share of underwater homes at 30.1% in May 2013 down from a high of over 50% in the 2009s. ■

16 ALL HOME SALES, INLAND EMPIRE Seasonally Adjusted, by quarter, 1988-2013



Source: Dataquick

INLAND EMPIRE ECONOMIC PARTNERSHIP

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those factors are measures of unemployment, the percentage in poverty, the share without medical insurance (23%) and the levels of adult education and student performance.

Since the prosperity and quality of life of a community is best measured in terms of its public health, the IEEP must come down on the side of professionals in the field when asking our region's leaders to set priorities. Therefore, for the long term good of our region, employment and access to quality jobs that allow for upward mobility must be seen as having equal standing to air quality when it comes to any discussion about the public health of the Inland Empire

In this light, it is important to note that we no longer live in the era of third stage smog alerts when raising the costs and shutting down old Kaiser Steel with its 8,800 high paying union jobs could be justified. Yet, in a very real sense, that is what we find the South Coast Air Quality Management District's new focus involves. The agency has indicated that for the sake of their view of public health they want to dramatically slow the growth of the logistics sector. But, their view is not that of public health professionals who see socio-economics as overwhelmingly the most important factor for community health. Blunting the sector responsible for 28% of our job growth this year and 71,900 jobs since 1990 would be a blow to our community that is unacceptable. IEEP will vigorously

oppose such an outcome. This is particularly the case since the sector is one that provides skill ladders up which our poorly educated adults who stick with it can migrate toward middle class incomes.

For IEEP, the community agenda should start with finding ways to increase the competitiveness of our economy, not reducing it. Along with this, we strongly endorse the need to raise the level of educational resources aimed at providing workers with the educational tools they needed to qualify or grow in jobs that can bring them to middle class incomes. In that light, we are particularly interested in seeing additional funding for our workforce investment boards.

IEEP also endorses the work being done to ensure that the children of adults who themselves are poorly educated, receive the focus they need to move up the education ladder. Here, we are heartened by efforts by some executives and entrepreneurs in showing teachers and students how classroom work relates to the job market. We will thus be encouraging our members to make classroom presentations as well as allowing classes to visit their worksites, letting students shadow workers and providing internships to older students and even teachers.

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