

SAN BERNARDINO COUNTY ECONOMIC UPDATE

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"Jobless Recovery?" -- Jobless? Definitely. Recovery? Not so certain...

Basic Economic Indicators for San Bernardino County

Economic Indicator	Data as of	Latest data	Year-ago data	Year/year change	Year/year % change	Most recent trend *
=== Labor Market ===						
County labor force	5/10	863,000	864,200	-1,200	-0.1%	Down
County unemployment rate	5/10	13.8%	12.6%	+1.2%	n/a	Down
Unemployed County residents	5/10	118,700	109,000	+9,700	+8.9%	Down
Traffic to Employment Resource Centers	6/10	4,106	4,853	-747	-15.4%	Down
Non-assistance Food Stamps caseload	6/10	79,818	57,699	+22,119	+38.3%	Up
Total employment (two-county data)	5/10	1,109,800	1,145,000	-35,200	-3.1%	Up
-- Construction	5/10	58,100	69,800	-11,700	-16.8%	Down
-- Manufacturing	5/10	85,000	89,500	-4,500	-5.0%	Unchanged
-- Transportation & warehousing	5/10	59,100	60,800	-1,700	-2.8%	Unchanged
-- Retail trade	5/10	149,900	154,300	-4,400	-2.9%	Unchanged
-- Financial activities	5/10	42,300	43,500	-1,200	-2.8%	Unchanged
=== Manufacturing ===						
I.E. Purchasing Managers' Index	6/10	50.2	60.9	<-- 5/10		Down
=== Logistics ===						
LA/Ontario passenger traffic	5/10	420,854	417,884	+2,970	+0.7%	Up
Ports of LA/LB container #s (TEUs)	5/10	1,214,136	994,383	+219,753	+22.1%	Up
=== Construction & Real Estate ===						
Notices of default (NOD) filed -- DQ	2010Q1	6,736	13,276	-6,540	-49.3%	Down
Trustees deeds (foreclosure) filed -- DQ	2010Q1	4,440	4,814	-374	-7.8%	Down
Single-family residence sales volume	5/10	2,835	3,134	-299	-9.5%	Up
Median SFR sale price (\$)	5/10	160,000	137,000	+23,000	+16.8%	Up
Residential bldg. permits issued (units)	5/10	86	183	-97	-53.0%	Down
Office bldg. permits issued (\$millions)	5/10	1.9	3.8	-1.9	-50.6%	Up
Industrial bldg. permits issued (\$mil.)	5/10	0.0	30.5	-30.5	-100.0%	No activity
Retail bldg. permits issued (\$mil.)	5/10	0.9	0.0	0.9	n/a	Up
Office vacancy rate (2-county avg.)	2010Q1	24.0%	23.3%	+0.7%	n/a	Up
Industrial vacancy rate (2-county avg.)	2010Q1	11.9%	11.8%	+0.1%	n/a	Down
Apartment vacancy rate	2010Q1	6.4%	8.2%	-1.8%	-22.0%	Down
Average apartment rent	2010Q1	1,063	1,126	-63	-5.6%	Down

* **Note: "Most recent trend" generally refers to comparison with the previous month or quarter.**

Additional Notes

- The County's **unemployment rate** (not adjusted for seasonality) dropped from 14.1% in April to 13.8% in May. The labor force declined by 6,400 in May, following an unusually strong growth of 9,700 in April. The number of employed residents rose by 1,500 in May, after another 600 gain in April. The number of unemployed residents declined by 3,300 in May, after a drop of 7,700 in April. The drop in labor force (1,900) accounted for over half of the drop in the number of unemployed residents (3,300). The movements of the unemployment rate are not the best indicator of the real labor market conditions during these turbulent times. In fact, once the employment outlook improves, we may see even higher unemployment rates as people return to active job-seeking.

- **The total wage and salary employment** in the Inland Empire metro area increased by 6,000 in May, after a 400 increase in April. May's employment figure was 3.0% below the 5/09 level, the lowest year-over-year decline in about 25 months. Compared to the recent peak (12/06), employment is down by 172,600 or 13.3%. The seasonal **farming** employment was up by 2,200, or about 37% of the total job gain. The **construction sector** gained 500 jobs in May. Compared to its peak in 6/06, this sector has lost 56.2% of its job base. The **manufacturing sector** added 300 jobs in May. Manufacturing employment was lower by 32% from its peak in 6/06. The employment level in the **logistics sector** was unchanged in May. **Retail** employment was lower by 100. **Federal government** employment rose by 2,800 in May due to temporary census hiring. In fact, these temporary government jobs accounted for about 3/4 of all the gains in nonfarm employment.
- The **Inland Empire Purchasing Managers' Index (PMI)** provided some alarming signals. The June index of 50.2 was a 10.7 point drop from May (60.9). This was the largest drop since the early summer of 2006 (when manufacturing employment peaked). (Note: PMI shows the direction of change, not the level of output. An index above 50.0 indicates growth. So the decline from 60.9 in May to 50.2 in June basically indicates significantly slower growth than before.) Inflationary pressures continued to plague many industries, but businesses find it very difficult to raise the prices of their products. Without such pricing power, profits are under pressure and businesses will be hesitant to invest, expand production, and hire permanent workers.
- The number of **distinct visitors to the County's Employment Resource Centers** was 4,106 in June, down from 4,342 in May. This summer is especially tough for youth because of the increased competition from adults and the continued weakness in the industries that tend to hire them -- hospitality and retail. The number of **households receiving temporary ("non-assistance") Food Stamps/SNAP** was 79,818 in June -- the 45th month of continuous increase in caseload.
- **Total passenger traffic at LA/Ontario Airport (ONT)** rose in May to 420,854 passengers, or 0.7% higher than the year-ago level. This is the first year-over-year growth since March of 2008. In May, **container volume at the ports of L.A. and Long Beach** was 1,214,136 TEUs. The volume was 22.1% above the 5/09 level. The number of loaded import containers increased by 18.3% compared to a year ago, while the number of loaded export containers increased by just 9.4%.
- According to DataQuick, the County's **median home sale price** slipped back to \$160,000 in May. For the first four months of 2010, the median sale price has fluctuated between \$150,000 and \$152,000, and so the median price in May was a small breakthrough. The rush to qualify for the \$8,000 homebuying credit caused **sales** to soar to 2,955; 2,744; and 2,835 in March, April, and May, respectively. With the end of the homebuying incentive program, sales volume may decline soon.
- In May, permits for 86 **residential housing units** were issued, compared to 138 issued in March and 102 in April. All 86 units were single-family residences (SFRs). This is the third consecutive month of year-over-year declines and no permits for multi-family units being issued. Activities were found in 8 cities: Victorville (30), Montclair (12), Highland and Twentynine Palms (5 each), Chino Hills (3), Ontario (2), Apple Valley and San Bernardino (1 each), plus the unincorporated areas (27).
- There were no industrial **building permits** issued in May. Commercial office permit(s) valued at \$1,865,000 was issued in Fontana. Retail permit(s) valued at \$896,300 was issued in Yucca Valley.
- **Vacancy rate of large apartment complexes** declined from 7.6% in '09Q4 to 6.4% in '10Q1, while the **average rent** declined slightly from \$1,065 in '09Q4 to \$1,063 in '10Q1. Landlords have dropped the rents to help keep the units occupied. Compared to '08Q3 (right before the financial meltdown), the average monthly rents have dropped between \$104 (Riv. Co.) and \$126 (LA Co.) in the Southland. San Bernardino County had the largest percentage decline at 9.5% (or \$112/month).

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