

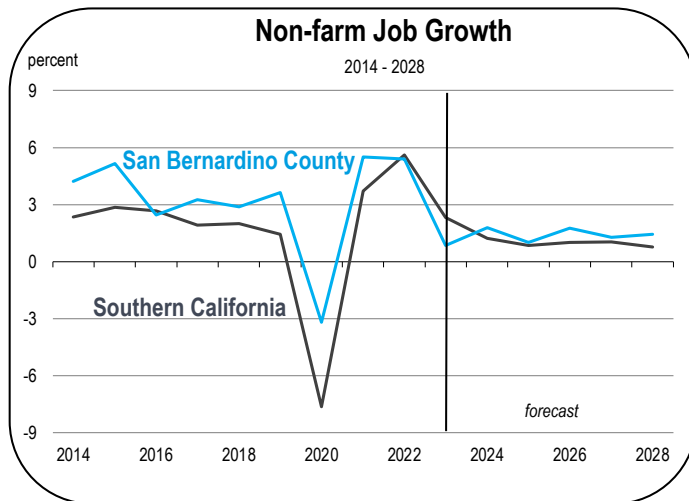
# San Bernardino County Economic Forecast

## Forecast Summary

- Employment in San Bernardino County rose by 44,000 jobs in 2022, a 5.4 percent increase.
- In 2023, an estimated 7,400 jobs will be created.
- Employment gains in 2023 will be largest in healthcare, and state and local government. Employment gains in the long term will be largest in healthcare, and transportation and warehousing.
- The unemployment rate averaged 4.1 percent in 2022. It is expected to average 4.7 percent in 2023.
- The San Bernardino County population is expanding faster than the population of broader Southern California, and this trend will continue. Because of new job opportunities, affordable home prices, and new home building, net migration into the county will be positive from 2024-2028.
- More housing units will be built over the 2023-2028 period than were built during the 2017-2022 period.
- Home prices rose sharply in 2022, increasing by 11.3 percent. The median selling value is forecast to decrease 4.2 percent in 2023.

## Job Growth

- Total employment in San Bernardino County expanded by 5.4 percent in 2022 and is projected to increase by 0.9 percent in 2023.
- Over the entire forecast period, job growth in San Bernardino County will increase at an average annual rate of 1.4 percent with the addition of 64,500 jobs.

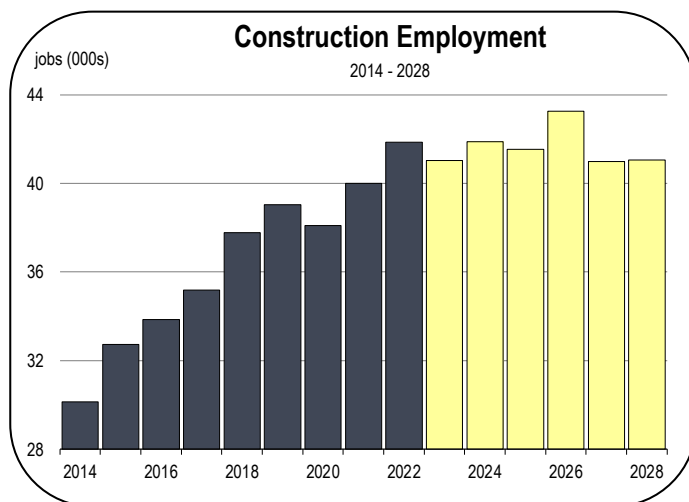
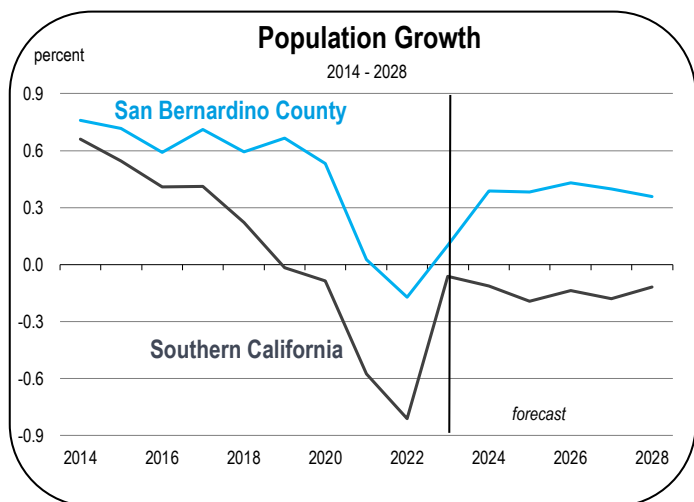


## Construction Employment

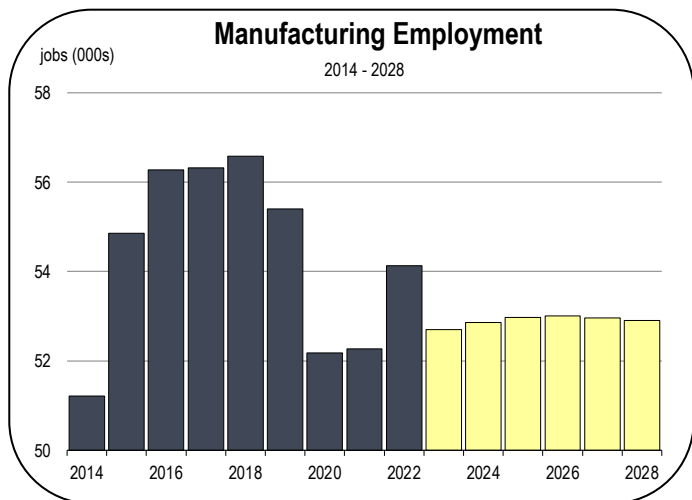
- Construction employment rose 4.6 percent in 2022 (1,850 new jobs) and is on pace to fall 1.9 percent (800 lost jobs) in 2023.
- The construction sector is expected to undergo some volatility over the forecast period as the workforce ends up with zero net job growth.
- Nevertheless, due to the busy development pipeline of industrial structures and housing, the construction workforce will remain at historically high levels over the forecast.

## Manufacturing Employment

- Manufacturing employs 54,000 workers in the county. The leading sectors are fabricated metal, food processing, plastics and rubber, and transportation equipment.
- The county added 1,900 manufacturing jobs in 2022.



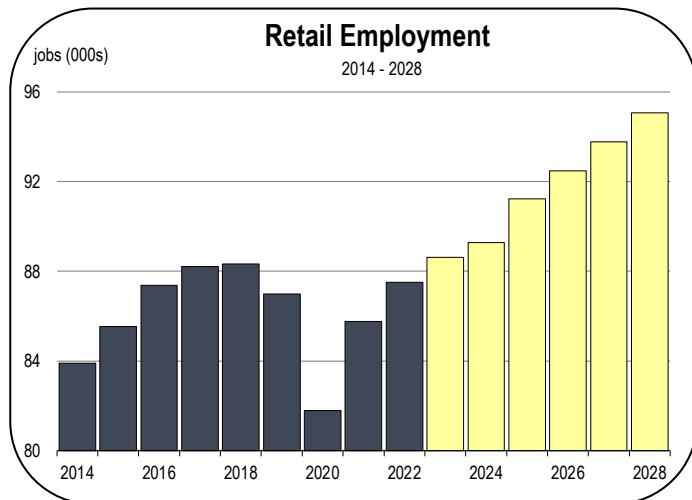
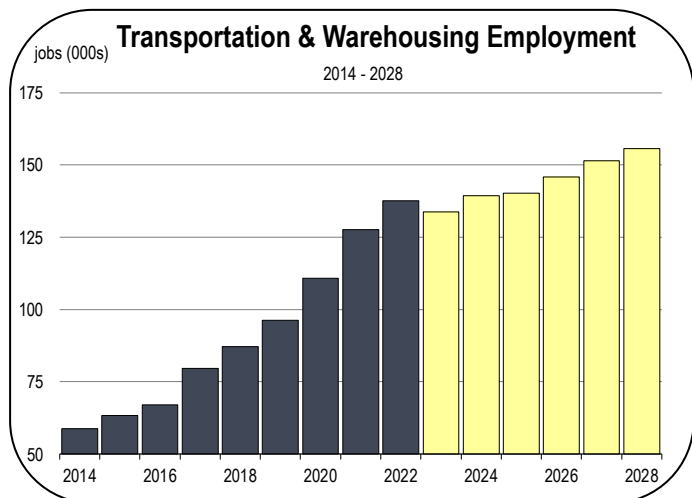
# San Bernardino County Economic Forecast



- The sector is consolidating in 2023 with an expected contraction of 1,400 jobs.
- Manufacturing will remain important to the economy especially as it transitions to advanced manufacturing processes, but a meaningful expansion of the labor market is unlikely over the forecast.

## Transportation and Warehousing Employment

- The overall transportation and warehousing industry generated almost 10,000 new jobs in 2022 with all major subsectors expanding rapidly.
- Logistics - the collection and distribution of goods to consumers - dominates this sector in the broader Inland Empire. The principal occupations are warehouse, trucking and local delivery jobs.
- In 2023, observations of the market indicate that the sector will undergo a net job loss for the first time since 2009 with the expected loss of 3,800 jobs.
- This sector will resume expansion throughout the forecast period at an average annual growth rate of 3.1 percent culminating



in 22,000 new jobs. Currently, new warehouse facilities and continued expansion of space is subject to a temporary building moratorium in Redlands, Chino, Colton, and Fontana.

- Amazon is the top employer in the County with over 10,000 workers, principally at the Redland and San Bernardino Fulfillment Centers.

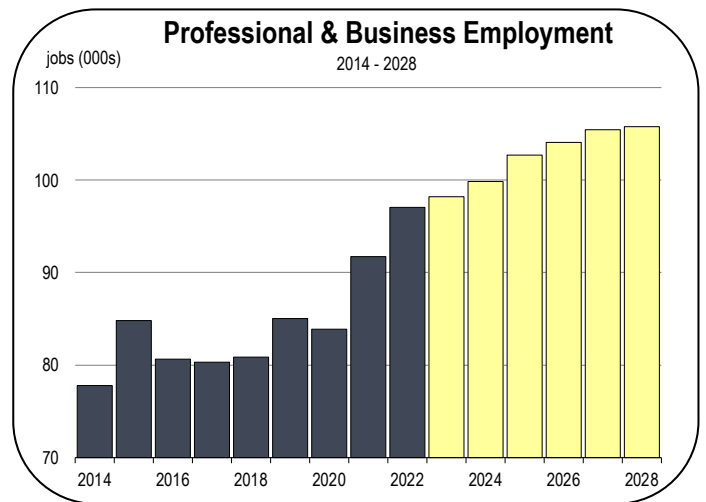
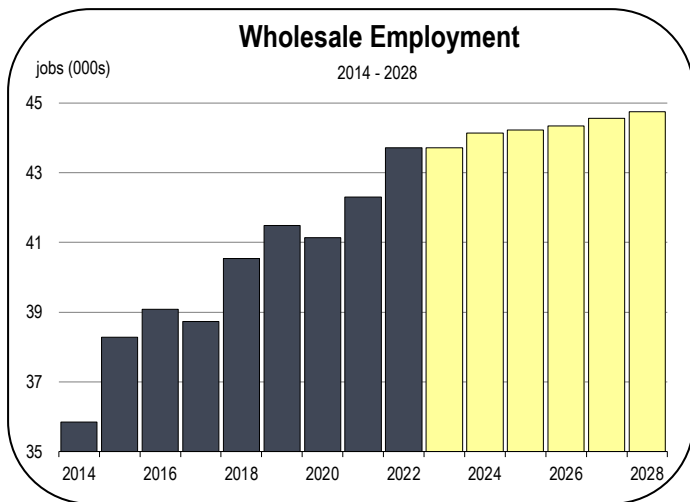
## Retail Trade Employment

- Retail employment increased by 2.0 percent in 2022, an addition of over 1,700 jobs.
- Employment in this sector has continued to expand in 2023, with an estimated addition of 1,100 jobs.
- The 2nd and 3rd largest employers in the County are Stater Brothers and Wal Mart.
- Automation within the retail sector and the transition to online shopping will render many local retail jobs vulnerable to contraction over time. Nevertheless, with a growing population, retail employment is expected to post an average annual growth rate of 1.4 percent with the addition of almost 6,500 new jobs during the forecast period.

## Wholesale Trade Employment

- In 2022, wholesale trade employment had its largest job gain since 2018 with 1,400 new jobs.
- Growth of jobs in the wholesale sector has been challenging due in large part to labor-saving automation that has reduced salesperson numbers and warehouse workers. As such, employment is expected to remain level in 2023.
- Some job growth in wholesale trade is expected in the greater Inland Empire over the forecast period at an average annual rate of 0.5 percent.

# San Bernardino County Economic Forecast



## Financial Activities Employment

- The financial activities industry gained 900 jobs during 2022. Employment is largely in the banking, lending, and insurance subsector.
- Employment is forecast to decrease by 175 jobs in 2023 but rebound over the forecast period with an average annual growth rate of 0.5 percent and the addition of 600 jobs.
- This job growth is forecast to be at real estate brokerages and leasing offices, with some offsetting job consolidation in banking and insurance.

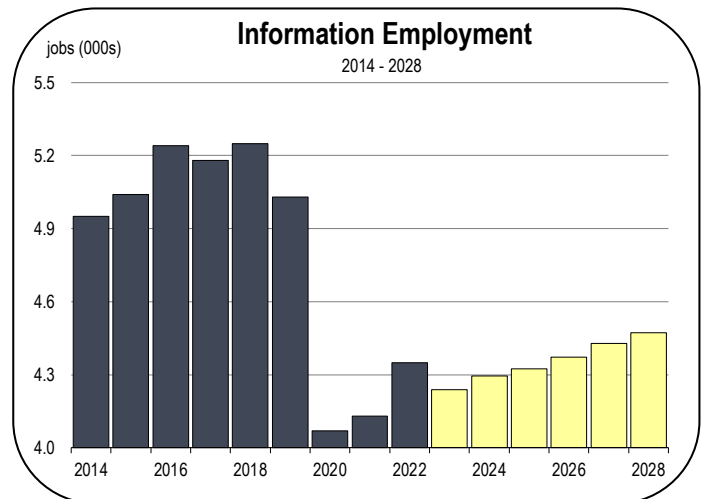
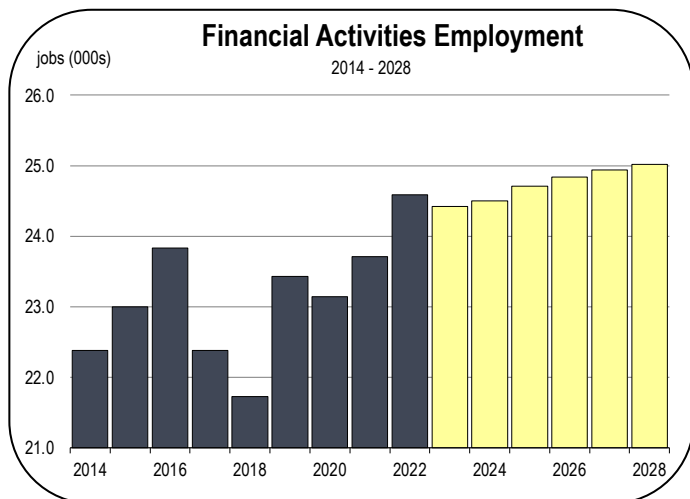
## Professional and Business Services Employment

- Profession and business services employment expanded at a rate of 5.8 percent in 2022 with the addition of 5,300 new jobs.
- The three principal subsectors are professional, scientific and technical consulting, management, and administrative support together with the maintenance of buildings.

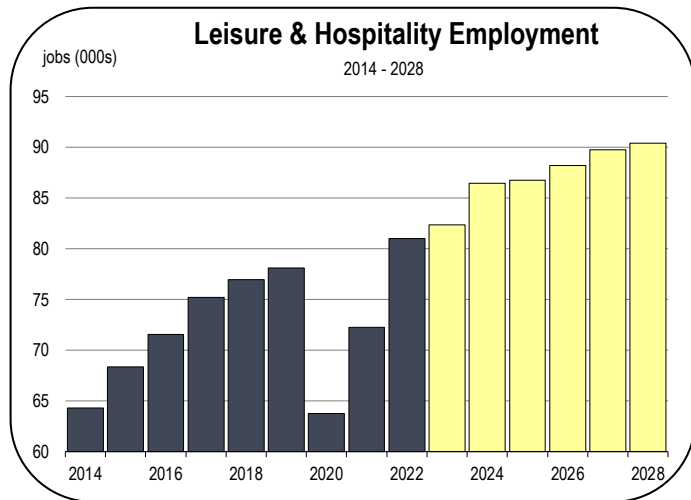
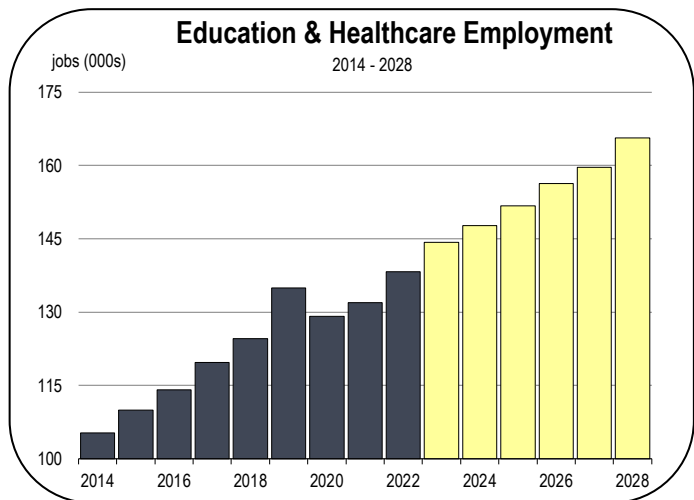
- The largest sector is administrative support which accounts for 67 percent of all jobs. This sector is expected to grow in support of all industries comprising the regional economy.
- The pace of job formation in 2023 will result in another 1,200 new jobs in the professional business services sector.
- The long-term forecast is for average annual growth of 1.5 percent and the addition of over 7,500 jobs between 2024-2028.

## Information Employment

- In San Bernardino County, the information sector is dominated by telecommunications firms and movie theaters.
- Across all subsectors, about 220 jobs were added in 2022. There is some consolidation occurring currently, and the sector is on pace to lose about 100 jobs in 2023.
- The information industry is expected to resume positive moderate average annual job growth of 1.1 percent because of the need for website design and networks over the forecast period.



# San Bernardino County Economic Forecast



## Private Education and Healthcare Employment

- Healthcare companies are among the largest 25 companies in the county in terms of headcount. The largest healthcare provider is Kaiser Permanente operating medical centers in Ontario and Fontana and 15 offices. Other large facilities include Arrowhead Regional Medical Center in Colton, Dignity Health Community Hospital in San Bernardino, Loma Linda University Medical Center, Redlands Community Hospital, San Antonio Regional Hospital in Upland, and San Bernardino Medical Center.
- The psychiatric state hospital located in Patton operates 1,527 beds and employs 2,380 workers. Felony and misdemeanor defendants found incompetent by a court are placed in Patton State Hospital.
- Largest Healthcare Facilities:

Facility	Jobs
Kaiser Permanente SBC Medical Center	9,000
Loma Linda University Med Center	7,500
Patton State Hospital	2,380
Arrowhead Regional Med Center	2,211
San Antonio Regional Hospital	2,200
Redlands Community Hospital	1,800
St Bernadine Medical Center	1,893
Providence St Mary's Medical Center	1,751
Community Hospital San Bernardino	1,556

- The largest private universities in the county are Claremont McKenna College (1,400 students), Concorde Career College (744 students), Loma Linda University (4,325 students), and University of Redlands (the largest with 4,769 students and 1,222 employees). The 9 four-year private schools in the county enroll approximately 21,000 undergraduate students.

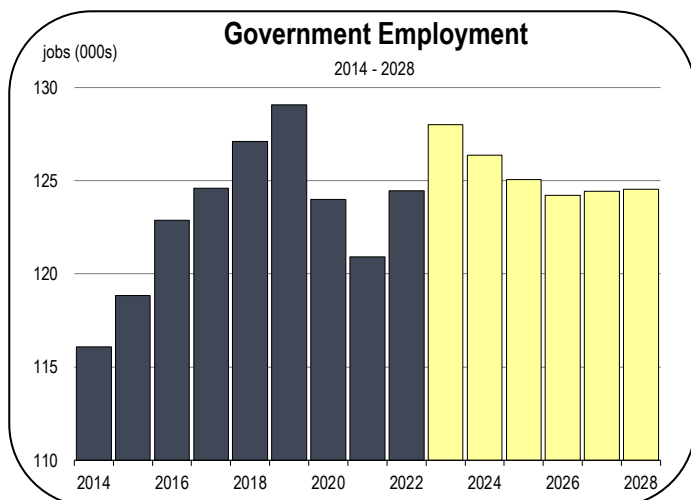
- Overall, the healthcare and education industry grew 4.8 percent with the creation of 6,300 jobs in 2022. The sector is on pace to grow 4.4 percent in generating another 6,100 jobs in 2023. Another 21,000 jobs will be created over the forecast period representing an average annual growth rate of 2.8 percent.

## Leisure and Hospitality Employment

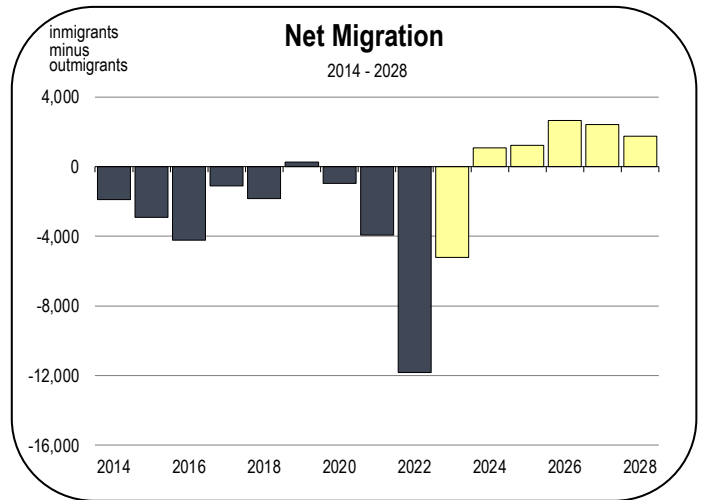
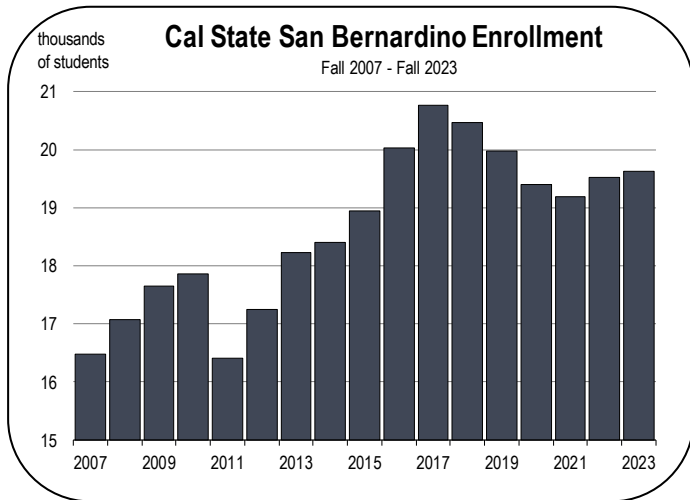
- In 2022, this sector surged 12.1 percent with the generation of 8,760 new jobs. Moderate growth, 1.7 percent, is continuing in 2023 with an additional 1,300 jobs expected.
- An average annual growth rate of 1.9 percent is expected over the forecast period resulting in over 8,000 new jobs.

## Government Employment

- State and local government agencies added 3,750 jobs in 2022, offsetting the loss of 180 federal jobs.
- Total government employment is on pace to expand in 2023 at a growth rate of 2.8 percent as over 3,500 new jobs are expected.



# San Bernardino County Economic Forecast



- Job consolidation in the public sector is forecast at an annual average negative growth rate of 0.5 percent resulting in 3,500 jobs lost between 2024-2028.
- The County of San Bernardino is the largest employer with 16,000 workers.
- CSU San Bernardino employs 2,100 staff, faculty, and administrators and has a Fall 2023 enrollment of 19,621 students.

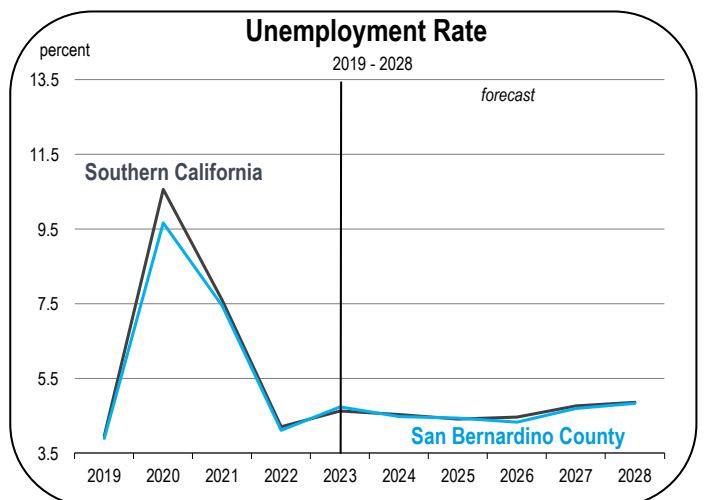
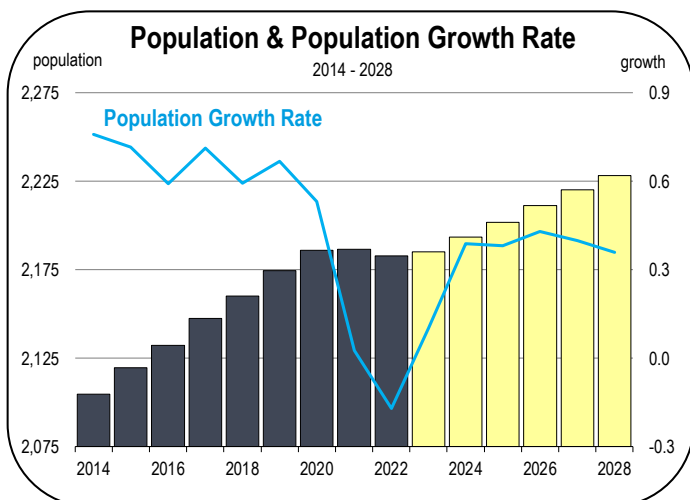
- The fastest growing city in the County is Ontario, followed by Chino, Adelanto, and Victorville.
- Expanding job opportunities and affordable housing will lead to a wave of in-migration over the forecast period. An average of 1,800 net migrants are expected each year between 2024 and 2028. The county will approach 2.23 million residents by 2028.

## Population Growth

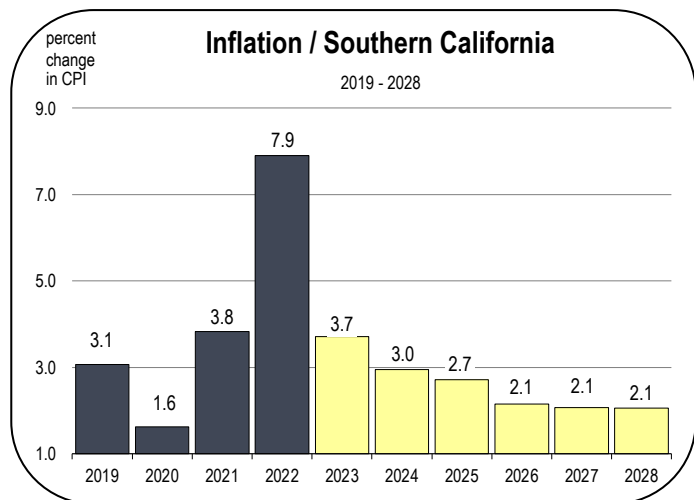
- Population growth decreased slightly in 2022, falling just 0.2 percent but rebounded in 2023 with 0.1 percent growth. Out-migration in 2022 was the highest since 2009.
- In 2023, out-migration will be half of what it was in 2022, and will be offset by the positive natural increase in population. Thus, the county population will increase slightly by 2,200 residents.
- During the forecast period population is expected to increase at an average annual rate of 0.4 percent led by both positive in-migration and the natural increase in population.

## Unemployment and Inflation Rates

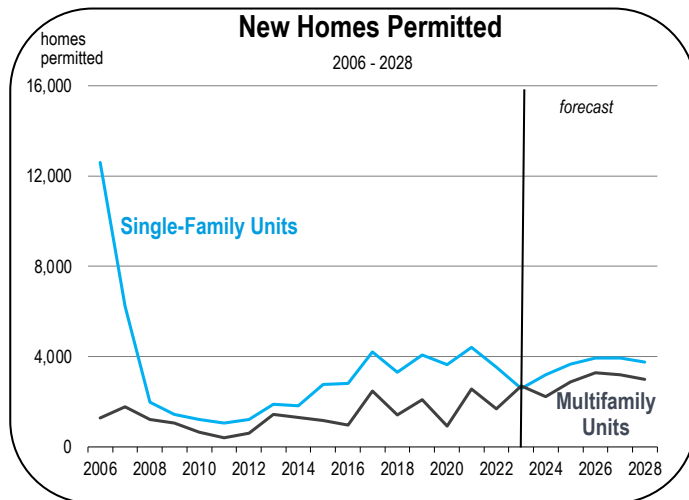
- The unemployment rate in San Bernardino County averaged 4.1 percent in 2022 which was 0.1 percent less than the composite rate for Southern California.
- The unemployment rate is not expected to rise much over the short-term forecast. Labor markets are expected to loosen some in 2023 and 2024 as the growth of the labor force expands, but unemployment rates will remain historically low.
- The unemployment rate is expected to average 4.7 percent in 2023 and 4.6 percent over the forecast period.



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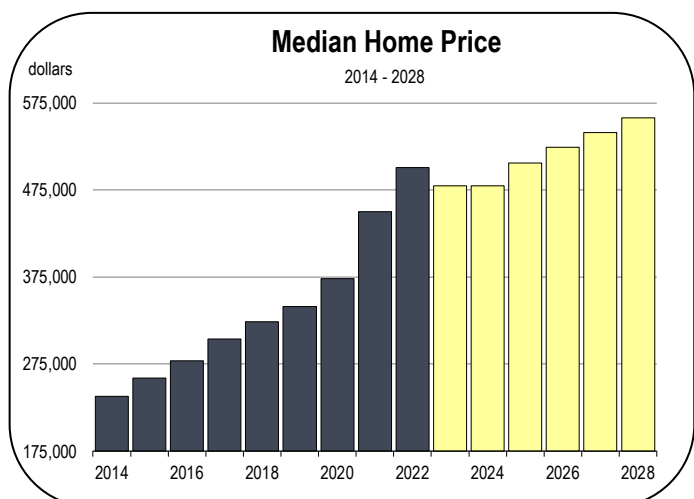


- Inflation soared to 7.9 percent in 2022, its highest rate in 40 years. However, it will decelerate in 2023 to 3.7 percent due largely to declining energy costs and the restoration of supply chains.
- Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2023.
- The rate will continuously decelerate over the forecast period as the labor force is gradually restored and interest rates subside. The wildcard risk to the forecast is whether Congressional spending will subside. During 2021 and 2022, this was a principal contributor to the spate of inflation in the United States.
- Inflation is decelerating in 2023, largely because the economy has slowed and wage increases are also subsiding. The economic slowdown is moderating the demand for labor, and this has led to a subsiding of wage inflation. Average general inflation rates eventually decline to 3 percent again by 2024.



## Home Prices and New Housing Production

- The median home price was \$501,000 in 2022, an increase of 11.3 percent from the previous year.
- Home selling prices will decrease in 2023 at a projected rate of 4.2 percent.
- Home price appreciation is expected to resume over the forecast period at an average annual rate of 3.1 percent.
- Between 2017 and 2022, over 34,000 residential units were built. 68 percent of the units were single-family homes rather than apartments.
- Between 2023 and 2028, production is expected to be over 38,000 units. 55 percent will be single family homes.



## New Development

- Demand for industrial space has now slowed in the county. The vacancy rate in the second quarter of 2022 was a scant 0.6 percent. It has now increased to 2.8 percent in mid-2023. The change is the result of softening demand for warehouse and distribution space, due to the year-long strikes at the Ports of LA and Long Beach resulting in steep drops in volumes of cargo shipments.
- Voit Real Estate Services estimates the industrial vacancy rate at 3.2 percent for the entire Inland Empire.
- There is currently 31.4 million square feet of industrial product under construction in the Inland Empire market. During quarter 2 of 2023, the highest rate of negative absorption in a decade was recorded, totaling 3.6 million square feet.

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- The office market in mid-2023 had a vacancy was 9.0 percent for the entire Inland Empire. Only small office projects are under development.
- Tapestry, the largest housing project in the Inland Empire broke ground in 2021 in Hesperia with site work. Vertical construction finally started in July of 2022. The master planned community will accommodate 15,663 homes, and 700,000 square feet of retail and commercial space. This is a 20-year project, and it will increase the city's population by an estimated 40,000 residents. The first homes are now for sale.
- Calimesa has 3,052 approved home sites which were purchased in 2021 by two builders for development. The Summerwind master-planned community first phase is under construction with 600 homes. The Summerwind Park opened in August of 2023.
- Housing projects in Ontario Ranch now comprise an approved total of 10,455 single family homes and 10,659 multiple-family residences. This master planned community is one of the fastest growing in the U.S.

## Hesperia Commerce Center II

The county has two of the largest solar power generating systems in the United States, the Ivanpah Solar Facility and Stateline Solar, located nearby. Ivanpah Solar has a gross capacity of 392 megawatts. When it opened in 2014, it was the world's largest solar thermal power station. It is now generating its planned potential in power.

Stateline Solar is a 300 MW solar photovoltaic power station, employing approximately 3.2 million panels. The facility came online in 2015. It is now operated by Southern California Edison.

## Warmington Residential and Medical Center

Nearly 230 new houses are bound for two gated communities in separate parts of San Bernardino. Orange County-based Warmington Homes, which two years received the green light to build a similar community in the city's 3rd Ward, will raise one new neighborhood on Palm Avenue in the 4th Ward and another on Medical Center Drive in the 6th.

Selling values for the homes are estimated at \$500,000.

The Palm Avenue development will consist of 133 single-family residences on 14.7 vacant acres along the Highland Avenue corridor.

Warmington's Medical Center Drive project consists of 95 single-family residences on about 10 vacant acres on the south side of Highland Avenue.

## Solar Glow 1

Electrify America broke ground on the site of "Solar Glow 1," in San Bernardino in February 2023. The company operates one of the largest fast charging networks in the country consisting of 800 charging stations. At peak solar capacity the project is expected to generate 75 MWh or annual production of 225,000 MWh and provide more renewable energy to electric vehicles on an annual basis. The facility is expected to be operating by late summer 2023.



Hesperia Commerce Center II





# San Bernardino County Economic Forecast

## Socioeconomic Indicators

