Riverside County Economic Forecast

Forecast Summary

- 12,600 non-farm jobs will be created in Riverside County during 2019. Over the following five years, an average of 6,400 new jobs per year are expected.

- Employment growth will be led by professional services, leisure services, education and healthcare, and government. These sectors will account for 75 percent of net job creation through 2024.

- The unemployment rate averaged 4.4 percent in 2018, and will remain steady during 2019. In 2020, the unemployment rate may begin to rise.

- The population in Riverside County is expanding much faster than broader Southern California, and will continue to do so. Affordable housing and plentiful job opportunities are drawing people to the county.

- Housing production has accelerated, but is not keeping pace with population growth. Single-family units remain the primary form of new construction.

Job Growth

- Job growth was very strong in 2018. It will slow considerably over the next few years, and could turn negative if the economy falls into recession.

- 2018 job gains were dominated by the construction, leisure, government, transportation and warehousing, and education and healthcare industries.

- Between 2012 and 2018, non-farm job growth averaged 4.3 percent per year.

Construction Employment

- Construction employment has surged in recent years but will level off as statewide economic growth slows.

- In 2018, construction workers were deployed most heavily to single-family housing projects, along with a number of large commercial and industrial projects.
As of mid 2019, large projects under construction included:

- Healthcare facilities
  - Cold Springs Healthcare Campus (Riverside)
  - Corona Medical Office Park (Corona)
  - Jurupa Valley Medical Center (Jurupa Valley)
- Industrial buildings
  - Amazon fulfillment center (Riverside)
  - Brodiae Industrial Park (Moreno Valley)
- Retail buildings
  - TownGate Crossing (Moreno Valley)
  - Legend Shopping Center (Jurupa Valley)
- Hotels
  - JW Marriot – 884 rooms (Palm Desert)
  - Silver Rock Resort & Pendry Hotel – 340 rooms (La Quinta)
  - Hotel Indigo – 250 rooms (Coachella)
  - 7 additional hotels with 801 total rooms

### Manufacturing Employment

- Most of these jobs were in makers of industrial machinery and building materials.
- Wineries, which are included in the beverage manufacturing sector, added 150 jobs. Riverside County has over 40 wineries that employ 1,500 people.
- The layoffs finally ended in pharmaceutical and medical device manufacturing. These sectors had been declining for years, shedding more than 4,000 jobs over a decade. But in 2018 they actually added a small number of jobs.

### Transportation and Warehousing Employment

- The transportation and warehousing sector is still expanding sharply. This industry accounts for 6 percent of the employment base in Riverside County, but has been responsible for 15 percent of all job growth over the past five years.
- Logistics firms have been relocating to Riverside County, which has affordable real estate and is close to the ports of Los Angeles and Long Beach, but most growth has come from expansions at existing firms.
- Due to heavy development of logistics space, the Inland Empire is now a leading region for “megawarehouses,” facilities of 1 million square feet or more. Examples include the Sketchers and Amazon buildings in Moreno Valley.
- Growth in this sector will slow down in 2019. The risk of recession will increase in 2020 and 2021, and the transportation/warehousing industry is highly susceptible to changes in the business cycle.

### Retail Trade Employment

- Retail employment was stagnant in 2018.
- The retail industry is being divided into two groups: stores that face heavy online competition, and stores that don’t.
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- Jobs were lost in sectors facing online competition:
  - Clothing stores
  - Sporting goods stores
  - Consumer electronics stores
  - Department stores (i.e. Macy’s)

- Jobs were gained in sectors not facing heavy online competition:
  - Car dealerships
  - Drug stores and healthcare stores
  - Grocery stores
  - Building materials stores
  - Gas stations

- Growth will continue to be slow, and could turn negative in 2020 or 2021 if the economy falls into recession.

**Financial Activities Employment**

- The financial activities industry has been losing jobs for the past two years.

- Banks and lending institutions reduced their headcounts because the banking sector is moving online and transitioning away from in-person services, and because fewer people are applying for real estate loans.

- Job losses were also observed at health insurance and real estate insurance firms.

- While finance is a population-serving industry, there will continue to be consolidations among firms, and online competition that will moderate future growth in this sector.

**Professional and Business Services Employment**

- This sector is still growing, but at a reduced pace from recent years.

- This industry is mostly comprised of business and technical consulting firms, and business support companies.

- Most of the 2018 gains were in engineering firms, professional staffing companies, and organizations that provide building security services.

- This industry will continue to expand and will generate almost 2,000 jobs over the next two years.

**Information Employment**

- The information sector has been stagnant for several years, and no meaningful improvement is expected.
In Riverside County, the information industry is primarily comprised of telecommunications companies, newspaper publishers, radio and TV producers, and data services firms (such as web hosting and cloud storage).

Positive trends in data services have been offset by losses at newspapers and telecommunications companies, which are in long-term patterns of decline. The same dynamics will be evident over the next few years.

Private Education and Healthcare Employment

Healthcare gains have been widespread, with strength in doctors’ offices, home health services, outpatient care centers, and facilities that serve the elderly and disabled.

Growth has been minimal in private colleges and universities (public schools are included in the government industry).

The future of the U.S. health insurance landscape is unknown, and legislative changes could influence job growth in this sector.

Leisure and Hospitality Employment

Increased consumer demand has led to higher spending at restaurants, generating 1,500 new restaurant jobs in 2018. Most of these new jobs were in the takeout and “fast casual” market segment, with more than 75 new restaurants opening in this category last year.

200 new jobs were also generated at hotels in 2018.

Growth will be strong in 2019, but gains could become more elusive in 2020 and 2021.

Government Employment

The government sector created 3,200 jobs last year.

Almost 200 jobs were created at UC Riverside and the local community colleges.

Almost 2,000 jobs were generated at public elementary, junior high, and high schools.

Another 1,000 jobs were gained at government and municipal agencies.

Future gains will depend on population growth and the condition of state and local government budgets, but expansion is expected to be slower than in recent years.
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Population Growth

- Riverside County continues to add new residents at a faster rate than most of Southern California.
- Because of affordable housing and expanding job prospects, people are relocating to the region.
- More than 14,000 net migrants entered the county last year — more than any other county in California.
- Net migration will remain high because high housing costs in coastal counties will force more migration inland, along with jobs.
- Population growth will average 1.3 percent per year, and the county will eclipse 2.6 million people by 2024.

Unemployment and Inflation Rates

- The unemployment rate in Riverside County averaged 4.4 percent in 2018, which is similar to the composite rate for Southern California. Unemployment will remain at 4.4 percent in 2019.
- After 2019, the unemployment rate may deteriorate, but with an unemployment rate of just 4.5 percent, the job market will still be very tight.
- Inflation accelerated in 2018 as home prices and energy costs increased across Southern California.
- In 2019 and 2020, inflation is expected to be within a range of 2.5 percent and 3 percent.
New Housing Production

- From 2013 to 2018, an average of 6,800 new homes were started per year.

- Housing production is forecast to average 10,300 homes per year from 2019 to 2024.

- The development pipeline includes 18,000 homes in Coachella, 8,100 in Lake Elsinore, 4,200 in Brawley, 4,100 in Jurupa Valley, and another 13,000 in other locations.

- Most new homes will be single-family units. The region has large amounts of buildable land, enabling more sub-division development than high-density building.

Income per Capita

- Income per capita in 2018 was $41,200, which is below the Southern California average of $57,200.

Registered Vehicles

- Over the last six years, inflation-adjusted incomes have risen at an average rate of 1.8 percent per year, which is similar to the rest of Southern California.

- Over the next six years, inflation-adjusted incomes are expected to rise by approximately 0.7 percent per year.

Public School Enrollment

- In Riverside County, approximately 428,100 students were enrolled in K-12 public schools during the 2017-2018 school year.

- By 2024, there are expected to be 432,200 K-12 students in the county.
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Socioeconomic Indicators

**Violent Crime Rate**
- 2017:
  - Riverside County: 301
  - Southern California: 426
  - California: 449

**Poverty Rate**
- 2018:
  - Riverside County: 12.2
  - Southern California: 11.7
  - California: 11.1

**Median Household Income**
- 2018:
  - Riverside County: 55,400
  - Southern California: 71,700
  - California: 74,600

**Median Home Selling Price**
- 2018:
  - Riverside County: 380,000
  - Southern California: 534,300
  - California: 571,200

**Average Travel Time to Work**
- 2018:
  - Riverside County: 30
  - Southern California: 32
  - California: 32

**Percent of Population Age 25+ With at Least a 4-Year College Degree**
- 2018:
  - Riverside County: 21.5
  - Southern California: 31.2
  - California: 32.6