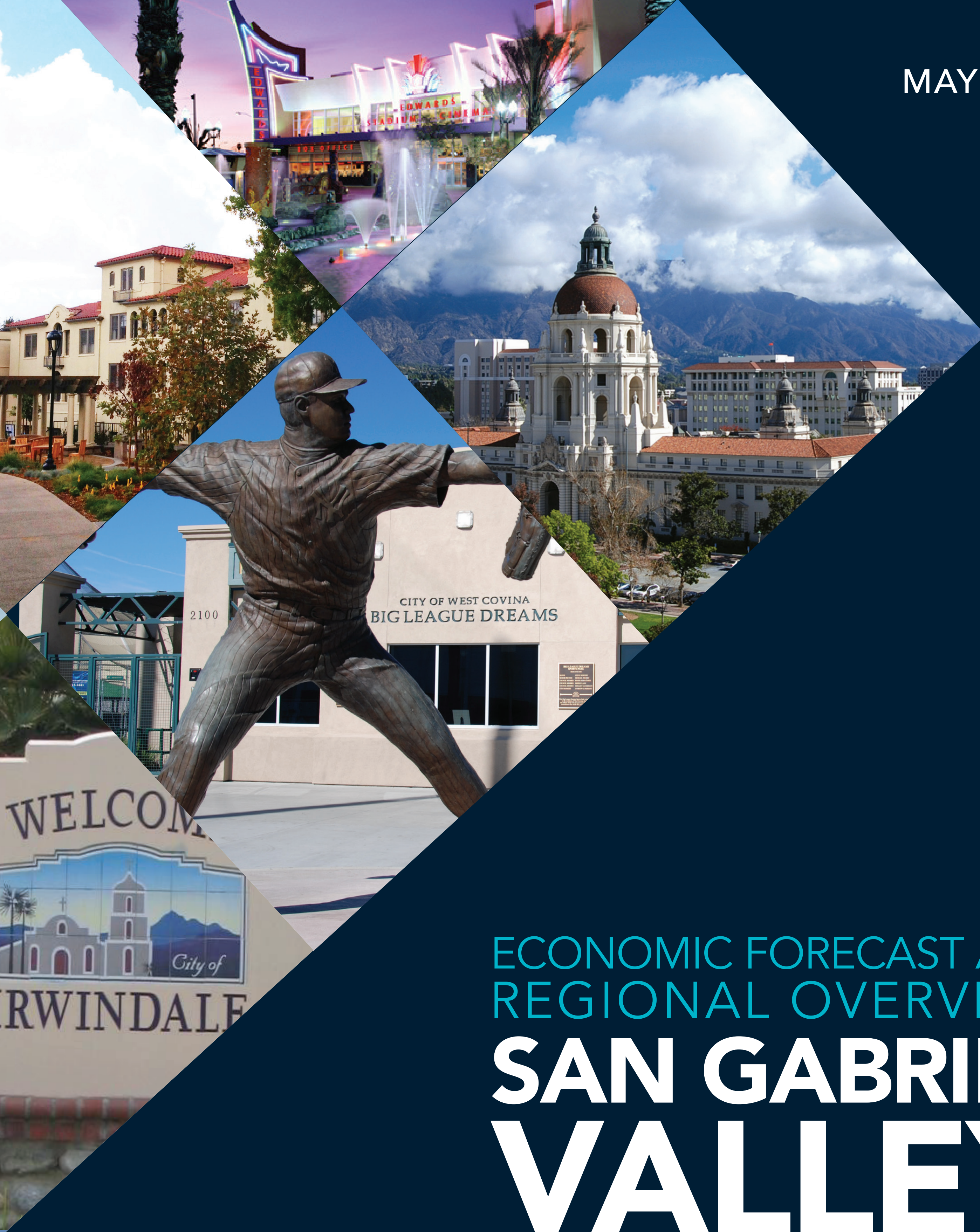

MAY 2016

ECONOMIC FORECAST AND REGIONAL OVERVIEW

SAN GABRIEL VALLEY

2016

LAEDC
LOS ANGELES COUNTY
ECONOMIC DEVELOPMENT CORPORATION

SAN GABRIEL VALLEY:

2016 ECONOMIC FORECAST AND REGIONAL OVERVIEW

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This report was commissioned by the San Gabriel Valley Economic Partnership.

The LAEDC Kyser Center for Economic Research is highly-regarded for its accurate and unbiased assessment of the Southern California regional economy. Its mission is to provide information, insights and perspectives to help business leaders, government officials and the general public understand and take advantage of emerging trends.

EXECUTIVE SUMMARY

The San Gabriel Valley is named for the river that flows southward through its center, which itself was named for the Spanish mission San Gabriel Archangel. Covering 385 square miles, the San Gabriel Valley is defined by its namesake mountains to the north, the cities of Pasadena, South Pasadena and Monterey Park to the west, the crest of the foothills that parallel the Pomona (SR-60) freeway to the south, and the Los Angeles/San Bernardino county line to the east. Its 31 incorporated cities represent more than a third of the municipalities in Los Angeles County and its population and industries are as diverse as any geographic area in California.

This report offers a snapshot of the region's resources, tracks its recent economic performance, and summarizes the economic outlook over the forecast period of 2016 and 2017. The findings contained in this report serve as a valuable tool for business people, government officials and households as they make spending and investment decisions for the forecast period and beyond.

Over the course of 2015, as the national and local economies continued to expand, the San Gabriel Valley economy also made notable progress as measured across a number of indicators. Although a few weak spots remain, the valley's growing economy reflects many of the improvements taking place across Los Angeles County.

The ethnic composition of the San Gabriel Valley's population has undergone significant changes over the past two decades but it has been quite stable in terms of total numbers. Since 2000, the valley's population has grown by about 3.0%. Population growth rates of 0.5% and 0.4% are forecast for this year and next.

Stronger population growth last year was accompanied by gains in wage and salary employment and payrolls. In 2015, employment in the San Gabriel Valley increased by an estimated 1.9% to 670,910 payroll jobs. That number was just shy of the pre-recession peak reached in 2008. With additional improvements anticipated this year and next, job counts are expected to reach 682,315 in 2016, finally surpassing the previous peak.

Likewise, wage and salary payrolls in 2015 totaled an estimated $31.7 billion, up by 4.4% from 2014. Most of this growth was the result of higher job counts as opposed to wage increases which, with the exception of some high-demand occupations, have been relatively flat. Total nonfarm payroll is projected to increase by 4.2% to $33.1 billion in 2016 and climb to $33.6 billion in 2017.

Taxable sales in the valley have almost regained the ground lost during the recession. In 2015, it is estimated that taxable sales in the San Gabriel Valley increased by 2.8% compared with 2014, reaching $22.1 billion. By the end of 2016, taxable sales in the valley are expected to climb to $23.2 billion, exceeding of the pre-recession peak (2007) of $22.2 billion.

The San Gabriel Valley housing market has improved but obstacles remain. Median prices for existing homes continue to rise in response to limited supply and increased demand, but after four years of price increases and little wage growth, affordability has become an issue for many would-be home buyers. At the same time, although mortgage interest rates are extremely low, lending standards remain restrictive. New home construction has been even slower to recover, but rising median prices and a lack of inventory are finally providing builders with the incentive to initiate new development projects. Residential building permits in 2016 are expected to increase by 10.4% over 2015 to 2,470 units.

The San Gabriel Valley economy should benefit from a moderate but steady pace of growth in 2016 and 2017. The trajectory of the valley's economy will depend largely on the performance of the wider regional economy.

Despite the challenges that remain, the San Gabriel Valley has the assets to move beyond forward: a diverse pool of human capital; world-class institutions of higher learning and research facilities; respected arts and cultural organizations; and a well-developed trade network. Forward momentum will come primarily from the private sector, but after years of budget shortfalls and job cuts, the public sector is on a more stable footing and is once again adding jobs.

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1 THE ECONOMIC ENVIRONMENT

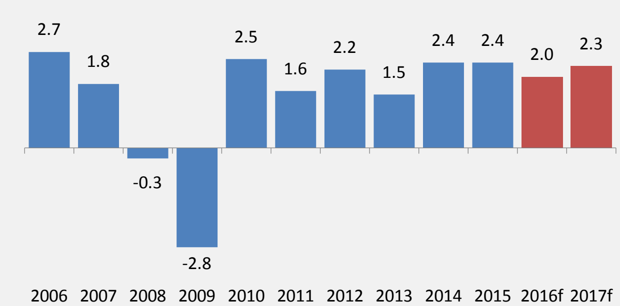
The economy of the San Gabriel Valley responds to the ebbs and flows of the overall economy, not just locally and statewide, but nationally as well. This section briefly summarizes the national, state and Los Angeles County economies in order to provide a framework within which to view current and anticipated economic conditions in the San Gabriel Valley.

The U.S. Economy

In recent years, the first quarter has been marked by unusually harsh winter weather, questionable government policy (sequestration budget cuts) and sovereign debt crises. This year was no different. The first quarter saw plunging oil prices, central bank uncertainty and volatility in China.

In the midst of this, the U.S. economy continues to expand at a moderate but stable pace, with a GDP growth rate of 2.4% last year that matched the 2014 rate. Two percent growth is not stellar, but it has been steady, and the tightening labor market should prompt long-awaited wage increases for many workers. Modest growth of 2.0% is expected this year, accelerating slightly to 2.3% in 2017 partly because of momentum in consumer spending, and also because of further improvements in the housing sector. Additionally, it helps that the U.S. economy is relatively insulated from the rest of the world.

Exhibit 1-1
U.S. Economic Growth
Annual % Change

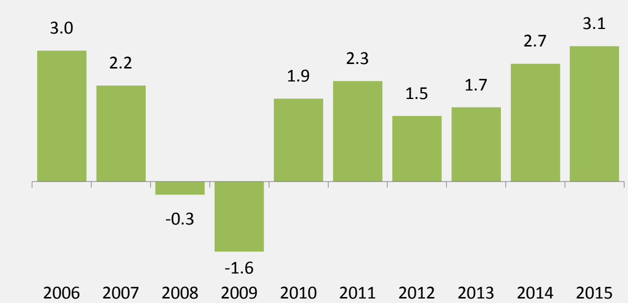


Source: Bureau of Economic Analysis; forecasts by LAEDC

Consumer Sector

The consumer sector represents nearly seventy percent of GDP. Accounting for 2.1% of the economy's 2.4% growth rate last year, increases in consumer spending were responsible for nearly all of the economic growth in the U.S. in 2015. Advancing by 3.1%, consumer spending grew at its fastest pace in ten years. Consumer spending was led by increases in purchases of both durable and nondurable goods, as well as services.

Exhibit 1-2
U.S. Personal Consumption
Annual % Change



Source: Bureau of Economic Analysis

With growing confidence in their financial situation, households have been more willing to use credit. Credit card balances rose by 5.1% in the fourth quarter of 2015 compared with the same period a year earlier, but were still nearly 8.7% below their peak prior to the recession (2Q08). Record-tying vehicle sales triggered an 11.4% year-to-year increase in auto loans, while student loan balances rose by 6.5% year-to-year.[1] Overall, total household debt is still 4.4% lower than the peak of the third quarter of 2008. This may be due to greater caution on the part of households with respect to using credit, but it is also related to lower rates of homeownership.

Growing household wealth also supported higher levels of spending. Household net worth surpassed the prerecession peak three years ago in response to higher returns in the

[1] "*Quarterly Report on Household Debt and Credit*", Federal Reserve Bank of New York, (February 2016)

financial markets and improving property values. Homeowners' equity increased by 10.2% year-to-year in the fourth quarter of 2015, continuing a string of double-digit gains that began in mid-2012. Homeowner's equity was still 4.2% below the peak reached in 2005, but the gap has narrowed steadily. If anticipated gains in the housing market are realized this year and next, the gap will ultimately be closed.

Steady job growth and rising incomes are expected to sustain somewhat higher levels of consumer spending this year and next. Moreover, consumer spending on appliances and furnishings as well as other items for the home should be pulled forward by an increase in housing market activity.

Investment Spending

Investment spending accounts for one-sixth of GDP and has made regular contributions to the current economic expansion, rising by 5.0% in 2015 despite weakness in the energy sector. *Nonresidential fixed investment* spending increased by 2.8% last year. Increased spending on *equipment and intellectual property* more than offset a decline in spending on structures that was the result of a pull back in energy-related investment.

Other components of investment spending include residential construction and changes in inventories. *Residential investment* spending (new home construction) advanced at a rate of 8.9% last year. Residential construction has been on the rise in recent years, but remains somewhat tentative. As for *changes in inventory*, weakness in final demand last year caused an increase in inventories of many of the economy's key industries. Elevated inventories will likely be drawn down during the first half of 2016, which will take the edge off of growth rates during the first two quarters of the year.

Should the overall economy continue on its current trajectory over the next two years, investment spending is expected to grow more slowly (just less than four percent) than this year, primarily because of inventory corrections and continued weakness in the energy sector. However, investment spending should accelerate to a growth rate between six and seven percent in 2017.

Government Purchases

After four consecutive years of decline, **government purchases** rebounded slightly (by 0.8%) in 2015. Increased spending at the state and local level more than offset another decrease in federal spending (-0.3%). State and local finances have generally improved in recent years, resulting in a 1.4% increase in expenditures last year. Even so, these were 7.0% lower in inflation-adjusted terms when compared with the 2009 peak. State and local spending will slow somewhat this year, growing by 1.1%, with a 1.0% gain expected next year. The outlook for federal spending is more uncertain. Overall, total government expenditures are expected to increase by 3.5% this year, downshifting to a 0.5% decrease in 2017.

International Trade

International trade headlines during the last several months may have been dominated by China, but in the U.S., the rising value of the dollar and the weakness of our trading partners were the main story. With a stronger economy and anticipated increases in interest rates, the U.S. dollar appreciated nearly 13% against a basket of foreign currencies last year. When coupled with the fact that many of our trading partners are facing weak conditions at home, it is be no surprise that U.S. exports of goods (adjusted for inflation) fell last year. However, the decline in *goods* exports was only 0.2%, and the increase in exports of *services* was strong enough to push total exports higher by 1.1%. Meanwhile, imports rose by 4.9% in response to strength of the U.S. economy and robust domestic demand.

The value of the U.S. dollar is projected to peak mid-2016, and over the next two years, exports are expected to increase modestly (just over two percent), while imports should stay on track with last year's growth rate. With imports exceeding exports by about thirty percent, net trade will make a negative contribution to growth in the U.S. economy.

Other Economic Indicators

The **labor market** hit key milestones in 2015. First, the headline unemployment rate fell to 5.1% in August, which is thought to be the economy's long-run natural rate as gauged by the Congressional Budget office. Second, nonfarm jobs are on track to increase at a rate of 1.9% this year, a healthy rate given the experience over the past 15 years.

Despite the Federal Reserve Bank's hopes for **inflation** approaching two percent, prices showed little movement in 2015, with the consumer price index rising by a scant 0.1%. The biggest sources of inflation in recent years have been increases in consumer and commodities prices, but weak global demand has kept a lid on those prices. Although the price of oil has moved slightly higher in recent months, there has been little upward pressure on inflation. However, tightening labor markets should trigger wage increases over this year and next, resulting in inflation hitting 1.0% this year and 2.2% in 2017.

U.S. Forecast and Risks

The U.S. should see moderate growth over the next two years, fueled primarily by consumer spending and stronger housing and construction activity. Gross domestic product is expected to grow by 2.0% this year and by 2.3% in 2017. Broad-based job growth will continue across most sectors of the economy. Although the rate of employment growth is expected to slow, it should remain strong enough to put downward pressure on the unemployment rate and upward pressure on wages, drawing more people into the labor force.

Risks to the forecast come mainly from outside the United States. Tepid global growth and the strong dollar have hurts exports but increased imports. Although the dollar is expected to peak in the second quarter of this year, foreign trade will continue to be a drag on U.S. economic growth. Political and security concerns in the Middle East and elsewhere in the world have raised both political and economic uncertainty, and the outcome of the November presidential election may have an impact on the outlook and confidence of both investors and consumers.

The California Economy

California has enjoyed healthy economic growth in recent years. Having fallen faster during the Great Recession, California's economy is now gaining lost ground at a faster rate than that of the nation (3.9% vs. 2.4% in 2015) and accounts for over 13% of U.S. GDP, by far the largest of any state. California's gross product is expected to expand by 3.1% this year, outpacing the 2.0% pace anticipated for U.S. GDP.

In 2015, California's unemployment rate averaged 6.2%, the lowest since the Great Recession. Nonfarm employment was up over the year by 468,900 wage and salary jobs, an increase of 3.0%. Over the course of last year, nearly every major industry sector in the state added jobs. The largest gains occurred in professional, scientific and technical services (74,100 jobs); leisure and hospitality (70,700); healthcare and social assistance (63,600); administrative, support and waste services (48,700); and construction (46,700). These five industries accounted for 65% of total job gains for the year.

The only two industries to post declines in 2015 were nondurable goods manufacturing (down by 1.2%, or 5,700 jobs) and natural resources (down by 6.2% or 2,000 jobs). The decline in natural resources was due primarily to a pullback in energy sector investment resulting from low oil prices.

Aerospace and Technology

California's technology sector consists of a combination of manufacturing and service industries in aerospace, information technology and biomedical technology. The aerospace and technology industries are concentrated in Los Angeles and Orange counties, San Diego County and the San Francisco/Silicon Valley region. Together, these regions make up the core of the state's information, technology and innovation economy. They also receive the majority of the venture capital dollars that flow into California.

Technology employment exceeded 1.12 million workers in 2015, advancing past the previous peak of 1.06 million reached in 2014 by 5.0%. While overall employment is up, job growth is concentrated in the service sector. As of 2015, employment in technology services had grown to over 66% of total sector employment.

Agriculture

California is the nation's leading producer of fruits, vegetables, nuts and dairy products. Agricultural and related products are also one of California's largest exports to the rest of the world. The number of farm workers totaled 417,000 in 2015, which was 0.1% lower than recorded in 2014. Agricultural output in California increased by an estimated 2.9% in 2015 accounting for about 1.1% of the state's gross product and 2.6% of civilian employment.

According to the USDA, as of March 2015, over 97% of California's $43 billion agricultural sector was experiencing severe, extreme or exceptional drought. California's agricultural sector has proven exceptionally resilient, but if this year's winter El Niño storms are followed by more dry years, employment will suffer steeper declines along with a drop in production as more land is left fallow.

Health Care

The health care and social assistance industry is California's largest private sector employer and one of the fastest growing. With over 2.1 million workers, this sector accounts for slightly more than 13% of the state's 16.1 million wage and salary jobs. Over the course of 2015, health care added 63,600 jobs, an annual growth rate of 3.1%. By the close of 2016, health care employment is expected to post an even stronger annual increase of 3.3%, such that total health care and social assistance jobs will reach almost 2.2 million across a range of skill and income levels.

It should be noted that a large segment of this sector is employed in social assistance, which comprises in-home services for the elderly and disabled, which has experienced fairly low wage levels.

The health care industry continues to adjust to rising costs, rapidly evolving technologies and new regulations legislated by the Affordable Care Act. Over the past two years, a wave of consolidations has rippled through the industry as health care providers, insurers and large corporate customers formed partnerships and alliances in order to survive the shift to value-based (as opposed to volume-based) health care. Over the longer term, the health care industry in California must respond to the state's growing population, a larger share of older residents and increased longevity.

International Trade

The international trade sector is a significant part of California's economy and a vital link in the nation's trade network. California is the second-largest goods exporting state in the country (just behind Texas, which is heavily dependent on energy-related exports). California's largest export categories by value are computer products, transportation equipment (mainly aerospace-related), machinery, agricultural products, and chemicals (pharmaceuticals). Measured by value, imports outweigh exports by two to one.

California is also a major exporter of services to the rest of the world. Film and music industry royalties are an important source of export revenues as are financial services, management and consulting services, entertainment services and information technology services.

Last year, statewide two-way trade declined by 4.5% to $581 billion after reaching a record setting $608 billion in 2014. With expectations for subdued global growth in 2016, two-way trade in California is forecast to decline again this year (by 0.4%) before rebounding in 2017 to $632 billion (a gain of 9.2%) and achieving a new record high. Expectations for a recovery in global trade volumes over the next two years are based on U.S. and Eurozone growth, which are expected to spur trade of both capital and consumer goods.

Tourism

The multibillion dollar travel and tourism industry holds a prominent position in California's economy. In 2014 (latest figures available), the gross product generated by California's travel industry was $57.6 billion,[2] or approximately 2.5% of total state gross product.

Total visitor counts were up by an estimated 2.1% on an annual basis in 2015, slowing from a stronger growth rate of 3.5% in 2014. The growth of international visitors slowed considerably in 2015, to 2.2% (estimated) from 9.9% the previous year. The forecast for 2016 is an increase of 2.3% in total visits, with domestic travel forecast to increase by 2.1% and international travel by 4.2%.[3] The slower pace of visitor growth last year is primarily attributable to the stronger dollar and slow domestic wage growth.

[2] "*California Travel Impacts*", Dean Runyan Associates, VisitCalifornia.com (April 2015)
[3] Tourism Economics (July 2015), VisitCalifornia.com

Expenditures by business and leisure travelers to the state totaled $120.7 billion in 2015, an increase of 2.7% compared with 2014. Domestic travelers accounted for $96.6 billion, while international visitors spent $24.1 billion. On average, hotel occupancy rates closed in on 75% in 2015, while increased demand, lack of new hotel construction and high occupancy rates drove an increase in revenue per room from $102 in 2014 to $112.[4]

Leisure and hospitality jobs account for about 11% of all wage and salary jobs in California. Employment in this sector grew by 4.1% in 2015 to 1.8 million jobs, with an additional expected gain of 2.6% in 2016. Payrolls continue to grow the fastest at restaurants and bars, which account for more than 70% of all leisure and hospitality employment.

Construction

Construction activity and employment in 2015 posted another welcome increase after struggling in the years during and immediately following the Great Recession. New office construction continues to lag because of elevated vacancy rates in many regions of the state, but industrial construction is gaining momentum, especially in the goods movement and distribution and technology sectors. Nonresidential construction permits in 2015 rose by 4.3% to $24.7 billion and are expected to increase by 9.3% this year. New home permits, which showed a moderate gain in 2015 (12.4%), are expected to accelerate slightly this year, rising to 110,000 permitted units, an increase of 14.0%.

Construction employment saw substantial growth in 2015, growing by 6.9% to 722,100 jobs. Employment gains in recent years have finally started to offset the 373,900 construction jobs lost during the recession. Construction employment is expected to grow by an additional 4.7% this year with a 5.5% gain projected for 2017, bringing California construction employment to within 14% of the pre-downturn peak.

Looking Ahead

On many levels, California's economy is doing very well. Following a 3.0% increase in 2015, nonfarm jobs are expected to grow by 2.2% in 2016, slowing to 1.6% in 2017. The unemployment rate averaged 6.2% last year and is expected to decline further in 2016 – as of March, the state's unemployment rate fell to 5.4%. With further improvements anticipated for the labor market, personal income and total taxable sales should increase by 3.5% and 4.5% respectively this year, with additional gains expected in 2017.

In addition to a relatively strong employment outlook, California has made significant headway in setting its fiscal house in order. The state's finances have stabilized, and after years of deficits, the General Fund is expected to end the current fiscal year with a cash surplus for the third consecutive year. In January, Governor Brown proposed a budget for the fiscal year 2016-17 that would bring the state's cash reserves up to $10.2 billion by the end of the next fiscal year while increasing spending on infrastructure and education. Although passing a budget is in the hands of the Legislature, the Governor has communicated his position that planning for the next downturn is necessary to protect the remarkable economic progress California has achieved in recent years.

At the same time, a number of persistent problems continue. The unfunded liability of state retiree health care costs (currently at $74.1 billion) remains a concern. It is not yet certain how much the Legislature will budget to fund critical and long deferred infrastructure projects and maintenance. There is also a severe shortage of housing, particularly in the metro areas that are experiencing the fastest rates of job growth. At the same time, many of California's inland and rural regions have not shared in the economic growth enjoyed by the state's larger coastal metro areas.

Still, most regions in the state have regained all of the jobs lost during the recession or are very close to doing so. Expanding the benefits of the state's economic growth to a larger share of the population is the next big step.

[4] 2016 STR, Inc, VisitCalifornia.com

The Los Angeles County Economy

With more than 10 million residents in 88 cities spread across 4,100 square miles, Los Angeles County's population exceeds that of 43 states. If it were a country, it would be the twentieth largest economy in the world. In addition to its signature industries of entertainment, aerospace, tourism and fashion, other major industries include health care, international trade, education and business services.

Los Angeles County added 94,700 jobs in 2015, equivalent to a 2.2% annual increase. Growth continued at a similar rate during the first quarter of this year (up 2.3% compared with the first quarter of 2015). A majority of the county's major industries added jobs last year as broad-based growth pushed wage and salary jobs to a record high. Los Angeles County should continue to add jobs through 2016, but at a somewhat slower rate (1.4% annual rate), followed by a 1.0% annual rate in 2017. Along with job growth, the unemployment rate fell to 6.9%, the lowest rate of the post-recession period; as of March 2016, the unemployment rate stood at 5.4%.

In addition to employment growth, other indicators also suggest the county economy is continuing to improve:

- The San Pedro Bay ports rebounded after the labor negotiations early in the year to post their third-best year in 2015, with throughput of 15.4 million containers. Despite this, low inflationary pressure combined with a strong dollar brought the value of two-way trade through the Los Angeles Customs District down to $393.4 billion from the record-setting volume of $416.6 billion in 2014. Given the strength of the U.S. economy relative to other countries, imports have the potential to increase in 2016, but total container activity and two-way trade should be relatively flat. Longer-term, the prospects for international trade are more promising.

- On-location filming in Los Angeles rose 1.3% over the year in 2015 to 37,289 shoot days, mainly due to scripted television production. Projects that qualified for the California Film and Television Tax Credit generated 7.2% (1,130 shoot days) of local on-location television production in 2015. According to FilmLa, during the first quarter of this year, local production achieved a record high. On-location filming jumped by 11.4% compared with the same period a year ago, with feature film production increasing by 23.7%.

- In 2015, Los Angeles County hosted a record 45.5 million visitors (day and overnight), an increase of 2.8% over the previous year and the fifth consecutive year in which Los Angeles County achieved record breaking visitor volume. Visitors to Los Angeles spent $19.6 billion in 2014 (latest available data), up 6.8% from 2013, also a new record.

Los Angeles County has seen steady improvement over the past four years, both in terms of job gains and declining unemployment rates. Further improvement is expected to continue in 2016 and 2017, although at a slower pace. With the economy back at what are thought to be full employment levels, wage gains are expected over the next year across many occupations. Households could experience significant gains in purchasing power this year if expected wage gains spread out more broadly than they have in recent years.

2 SAN GABRIEL VALLEY ECONOMIC INDICATORS

The San Gabriel Valley is an area somewhat distinct from greater Los Angeles County, in terms of demographic composition, industry employment, wages and income and industry concentration of business establishments. These indicators are explored here.

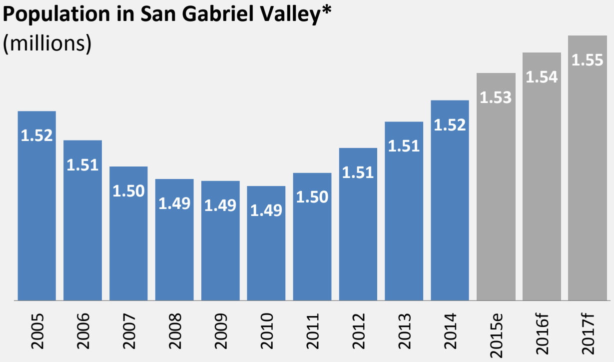
Demographics

Demographics of the resident populations provide context into the strengths and challenges of the region.

Population

There were 1.53 million people residing within the 31 incorporated cities of the San Gabriel Valley in 2015. There were also approximately 257,000 additional persons living in the unincorporated regions of the valley.

Exhibit 2-1
Population in San Gabriel Valley*
(millions)



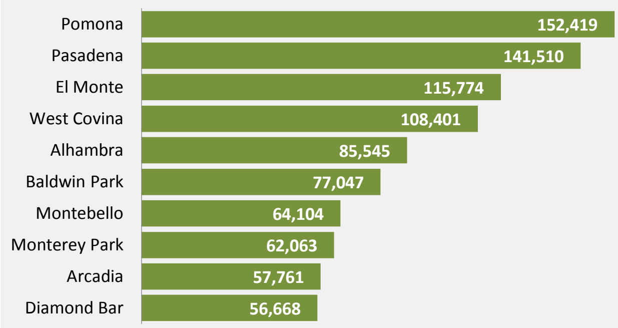
* Incorporated cities only
Source: California Department of Finance

Overall, population in the San Gabriel Valley has changed little over the last 15 years. Since 2000, the population has increased by 3.0% in the incorporated cities, compared with 6.8% in Los Angeles County and 14.9% in California.

From 2005 to 2010, population in the valley declined on a year-to-year basis. In the years following the recession, population growth resumed, slowly at first but eventually reaching an annual growth rate of 0.7% in 2015, on par with the growth rate for Los Angeles County.

In 2015, the most populous cities in the San Gabriel Valley were Pomona (152,419 residents), Pasadena (141,510), El Monte (115,774) and West Covina (108,401).

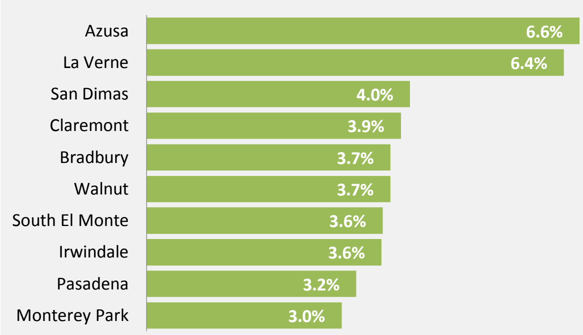
Exhibit 2-2
Ten Largest Cities in San Gabriel Valley
Population 2015



Source: California Department of Finance, Demographic Research Unit

The fastest growing cities in the valley over the past five years were Azusa (6.6%), La Verne (6.4%), San Dimas (4.0%), Claremont (3.9%), Bradbury (3.7%), Walnut (3.7%), South El Monte (3.6%) and Irwindale (3.6%). Much larger Pasadena also experienced relatively strong population growth, increasing by 3.2%. Only one city posted a decline in population over the five-year period, the City of Industry (-2.4%). The remaining cities experienced moderate growth ranging from 1.7% to 3.0%. More details can be found in Exhibit A-2 in the Appendix.

Exhibit 2-3
Five-Year Population Change
Ten Fastest Growing Cities in SGV



Source: California Department of Finance

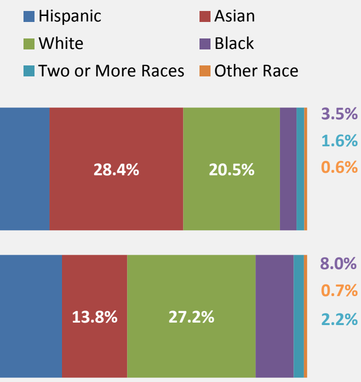
Race and Ethnicity

The San Gabriel Valley's population is diverse in race and ethnicity.

Hispanics/Latinos make up the largest ethnic group with a total population of 701,600. There are eleven cities (out of 31) where Hispanics constitute the majority of the population, and while they are most heavily concentrated in Irwindale, South El Monte, La Puente, Baldwin Park and Montebello, Hispanics and Latinos are well represented in most communities throughout the region.

Exhibit 2-4

Race and Ethnicity in SGV



NOTE: Other Race includes American Indian and Alaskan Native, Native Hawaiian or Pacific Islander and Some Other Race
Source: U.S. Census Bureau, 2014 ACS 5-year estimates

Asians are the next largest ethnic group in the San Gabriel Valley with a total population of nearly 421,900. There is a large ethnic Chinese population that began with an influx of Taiwanese in the 1970s and more recently, mainland Chinese. There are nine cities in the San Gabriel Valley where Asians are a majority, including Monterey Park, Walnut, San Gabriel and Rosemead.

Whites made up the third largest group in the valley with a population of 324,000, followed by African Americans (51,900). The balance of population (33,700) includes Native Americans, Hawaiians/Pacific Islanders, and persons who identified as "other" or of two or more races. More details can be found in Exhibit A-3 in the Appendix.

Education Attainment

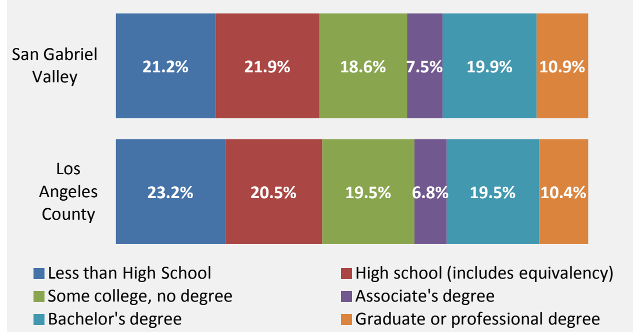
The San Gabriel Valley is home to many highly-educated workers. Excellent higher education is provided by numerous institutions including Caltech, the Claremont Colleges, Cal Poly Pomona, California State University Los Angeles and the region's community colleges. However, there are a number of communities within the valley where educational attainment is more challenged.

The overall level of educational attainment in the San Gabriel Valley is slightly higher than that of Los Angeles County. For the valley as a whole, 78.2% of the population (25 years and older) has a high school diploma (or equivalent) and 30.4% has earned a Bachelor's degree or higher.

Exhibit 2-5

Educational Attainment in SGV

Population 25 years and over



Source: U.S. Census Bureau, 2014 ACS 5-year estimates

The cities with the largest percentage of adults holding a Bachelor's degree or higher are La Cañada Flintridge (75.2%), San Marino (69.9%), Sierra Madre (61.5%), South Pasadena (60.4%), and Claremont (56.1%).

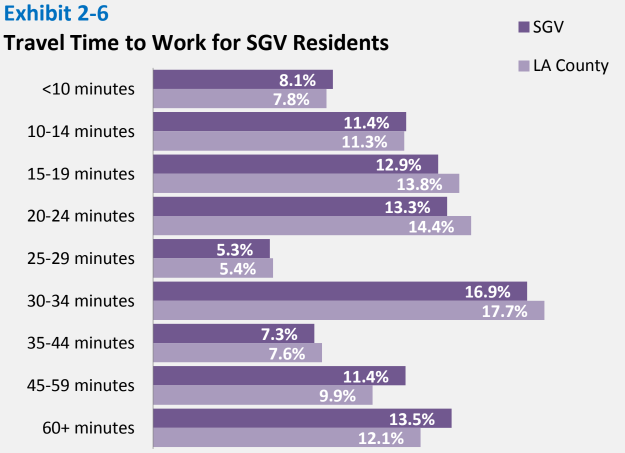
At the other end of the spectrum, there are ten cities where the percentage of the adult population with a high school diploma is less than average for the valley as a whole. In La Puente, El Monte and South El Monte, less than 60% of the adult population has a high school diploma. More details can be found in Exhibit A-4 in the Appendix.

Commuting Patterns

Worker commuting patterns show that the majority of residents of the San Gabriel Valley (aged 16 and older) worked somewhere in Los Angeles County – 88% versus 12% who commuted to work outside the county.

Travel times to work for San Gabriel Valley residents are very similar to the distribution of commute times found in Los Angeles County as a whole.

Exhibit 2-6
Travel Time to Work for SGV Residents



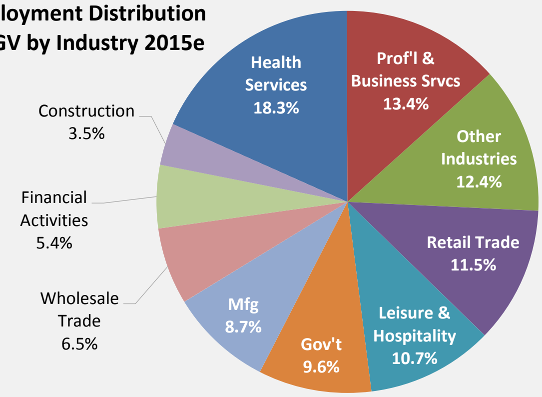
Source: U.S. Census Bureau, 2014 ACS 5-year estimates

The average one-way commute to work for people living in the San Gabriel Valley was 30.0 minutes, while the average commute time nationally was 25.7 minutes. Similarly, 13.4% of residents in San Gabriel Valley spent at least one hour commuting to work, while countywide 12.1% did; the national share was lower at 8.3%.

Employment and Unemployment

The distribution of jobs by industry in San Gabriel Valley is similar to the county as a whole. The largest share of employment is in health care services, accounting for 18.3% of wage and salary jobs, followed by professional and business services, which hold a 13.4% share. Other large industry sectors are retail trade, leisure and hospitality and the public sector. Most of these industries will be discussed in the following section.

Exhibit 2-7
Employment Distribution in SGV by Industry 2015e



Source: California EDD; forecasts by LAEDC

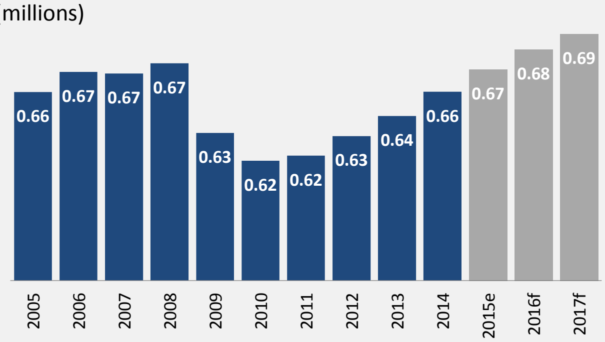
In 2015, wage and salary employment in the San Gabriel Valley increased to an estimated 670,910 jobs, up by 1.9% from 2014. Based on LAEDC estimates, 11 of the 14 major industry sectors in the San Gabriel Valley added jobs in 2015. Employment is closing in on its 2008 prerecession peak, but is still shy of that figure by 3,500 jobs (or -0.5%).

Employment in health services posted the largest gain over the year in 2015, adding nearly 3,200 jobs (an annual increase of 2.7%). A distant second was leisure and hospitality, with the addition of 1,900 jobs (also up by 2.7%) followed by professional and business services with an increase of over 1,500 jobs (up by 1.7%). Retail and wholesale trade, construction and public administration also posted significant increases.

Exhibit 2-8

Payroll Employment in San Gabriel Valley

(millions)



Source: California EDD; forecasts by LAEDC

Total employment in the San Gabriel Valley is expected to reach to 682,300 jobs this year, equivalent to a 1.7% annual gain, and with an additional gain of 1.3% in 2017 bringing total wage and salary employment up to 691,200 jobs.

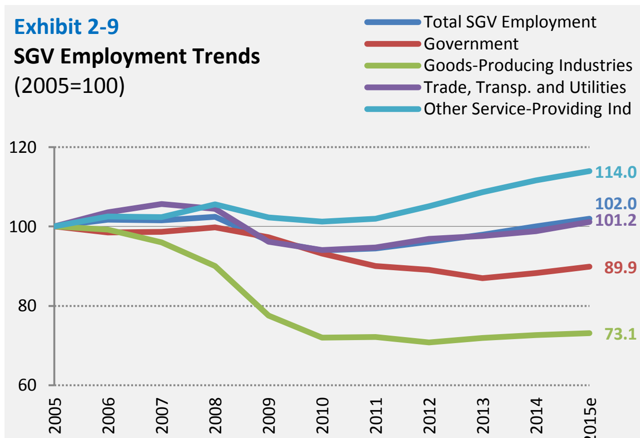
There were three sectors that recorded relatively small declines in employment over the year: manufacturing (644 jobs); natural resources and mining (69 jobs); and information (19 jobs). The contraction in the manufacturing sector reflects county-wide trends, while the pull-back in natural resources and mining employment is related the slowdown in energy sector investment that accompanied last year's sharp decline in oil prices.

More details can be found in Exhibit A-5 in the Appendix.

Exhibit 2-9

SGV Employment Trends

(2005=100)



Source: California EDD; forecasts by LAEDC

Unemployment rates in the San Gabriel Valley, as across the county and state, have been falling. The current rate of unemployment in the San Gabriel Valley is 6.0%, compared to 6.7% for Los Angeles County.

San Gabriel Valley cities enjoying the lowest unemployment rates are Industry (1.8%), San Marino (2.6%), South El Monte (3.6%), Arcadia (3.9%) and San Gabriel (4.1%).

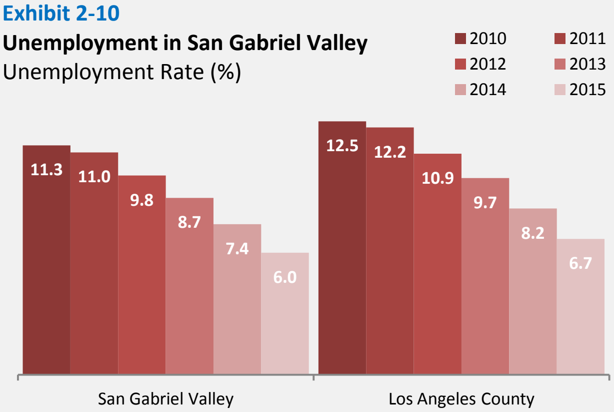
Cities with the highest unemployment rates are Baldwin Park (8.9%), Irwindale (8.8%), El Monte (8.3%), West Covina (8.2%) and Covina (8.0%).

More details can be found in Exhibit A-6 in the Appendix.

Exhibit 2-10

Unemployment in San Gabriel Valley

Unemployment Rate (%)



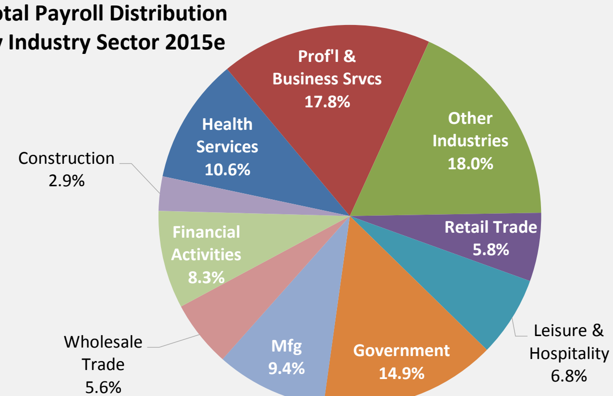
Source: California EDD; forecasts by LAEDC

Income and Wages

The distribution of total payroll by industry in San Gabriel Valley is shown below. Professional and business services account for the largest share of payroll, equaling 17.8% of all payrolls paid in San Gabriel Valley. Although the health care sector has the largest share of overall jobs (18.3%), its share of overall payroll is only 10.6%, indicating a large share of lower paid workers. These are social assistance workers.

Exhibit 2-11

Total Payroll Distribution by Industry Sector 2015e



Sources: CA EDD

The total value of wage and salary payrolls in the San Gabriel Valley reached an estimated $31.7 billion in 2015, up by 4.4%, or $1.3 billion compared with 2014. Given the slow rate of wage growth in the United States since the end of the recession, it is likely that a large part of the payroll growth experienced in the San Gabriel Valley is coming from higher job counts as opposed to rising wages. Total payrolls are projected to increase by 4.2% to $33.1 billion in 2016, a combination of both rising wages (as the labor markets tighten) and higher levels of employment.

Exhibit 2-12

Total Payroll in San Gabriel Valley

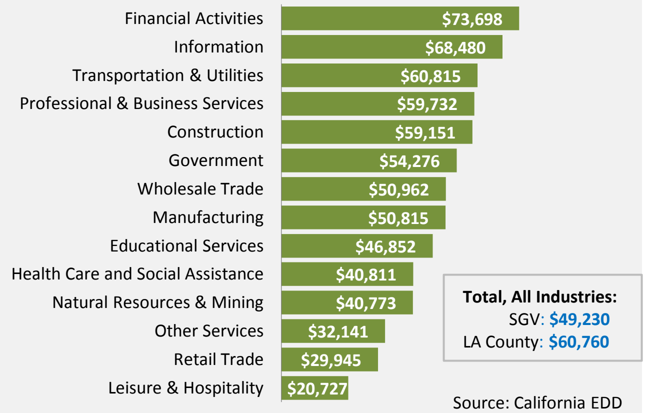
(billions)

Source: California EDD; forecasts by LAEDC

The average annual wage in 2014 (the latest for which actual annual data are available) in the San Gabriel Valley was $48,172.

Exhibit 2-13

Average Annual Wages in SGV 2014

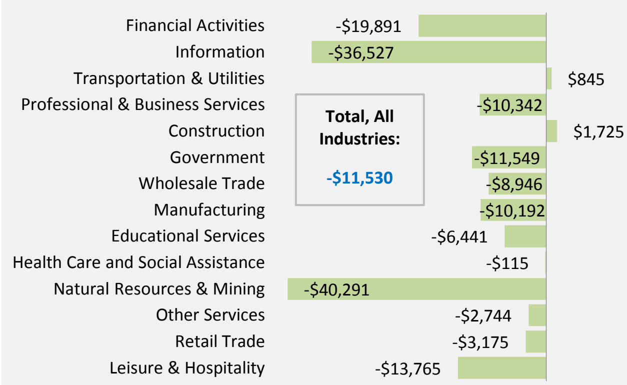


Source: California EDD

Average wages in the San Gabriel Valley remain lower than Los Angeles County as a whole in nearly all industries. The only exceptions were construction and transportation and utilities.

Exhibit 2-14

Wage Differential in SGV versus LA County 2014



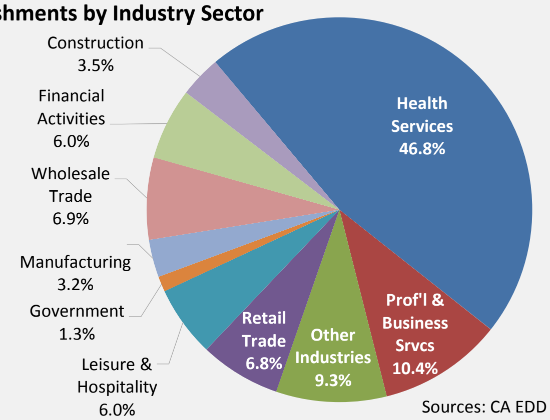
Source: California EDD

The average annual wage in the transportation, warehousing and utilities sector was 1.4% higher in the San Gabriel Valley than the county average, while construction wages were 2.9% higher. There was a wide divergence in leisure and hospitality, information financial activities, public administration and manufacturing. More details can be found in Exhibit A-7 in the Appendix.

Business Establishments

There were 74,376 business establishments in the San Gabriel Valley in 2014, equivalent to 16.9% of the county's 439,100 establishments. Health services ranked first in terms of establishments by industry, with 33,729 establishments. In addition to hospitals and clinics, there are numerous physicians' and dental offices, nursing and residential care facilities, and social assistance/child welfare facilities in the San Gabriel Valley. The next largest, a distant second was professional and business services with 7,490 establishments. The sector includes accountants, architects, engineers, lawyers, consultants, temporary employment services and janitorial services.

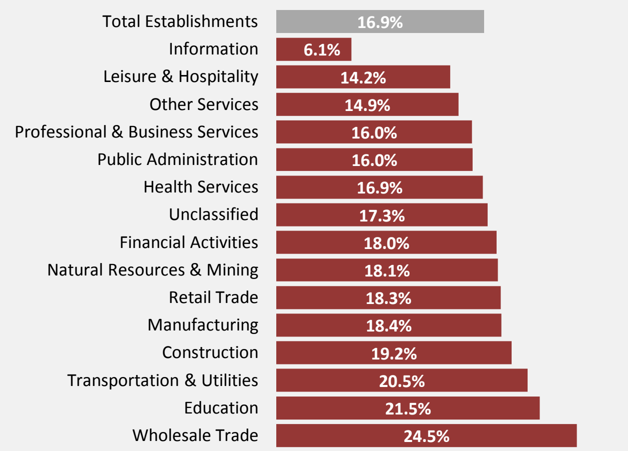
Exhibit 2-15
Establishments by Industry Sector



Sources: CA EDD

Several San Gabriel industries account for a sizeable percentage of all establishments in Los Angeles County. The San Gabriel Valley was home to 4,965 wholesale trade establishments in 2014, or 24.5% of the Los Angeles County total. San Gabriel Valley manufacturing and retail trade establishments represent 18.4% and 18.3%, respectively, of the total establishments in those industries in Los Angeles County. The construction industry in the San Gabriel Valley has 19.2% of the county's total construction industry business establishments. More details can be found in Exhibit A-8 in the Appendix.

Exhibit 2-16
SGV Share of LA County Establishments



Sources: CA EDD

Business Sales and Revenues

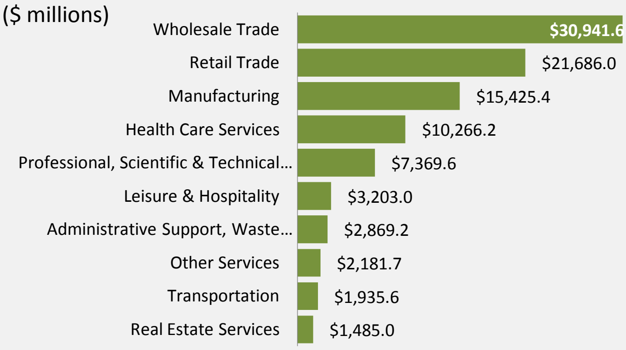
The LAEDC used the most recent (2012) Economic Census to identify the key industry sectors, measured by dollar value of sales or shipments, and their role in the cities of the San Gabriel Valley. Concentrating only on employment as a measure of the health of an industry can be misleading. Gains in productivity, whether through technological progress or by employing more highly skilled workers, can result in fewer employees, but more output and higher revenues.

The 2012 Economic Census provided information on the following sectors:

- Administrative support and waste management services
- Health care and social assistance services
- Leisure and hospitality
- Manufacturing
- Other services
- Professional, scientific and technical services
- Real estate services
- Retail trade
- Transportation
- Wholesale trade

Based on these ten sectors, total business revenues for the San Gabriel Valley in 2012 were $98.6 billion. The highest revenue figures were found in wholesale and retail trade, and manufacturing, which represented 69% of the total for the San Gabriel Valley. The next most prominent sectors were health care, professional scientific and technical services, and leisure and hospitality.

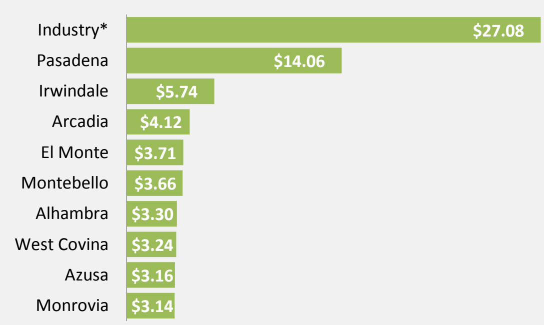
Exhibit 2-17
Business Revenues in SGV
Ten Largest Industries by Revenue 2012
($ millions)



Source: U.S. Census Bureau, 2012 Economic Census

The City of Industry had the highest business revenues ($27.1 billion) of all the cities in the San Gabriel Valley in 2012. Not surprisingly, wholesale trade and manufacturing were the two leading sectors in the City of Industry. Pasadena was a distant second with total business revenues of $14.1 billion, coming mainly from professional, scientific and technical services, followed by retail and wholesale trade. Together, these two cities (with about 9.0% of the total population) represented 42% of total business revenues in the San Gabriel Valley. Irwindale, Arcadia, El Monte, Montebello, Alhambra, West Covina and Azusa led amongst the remaining cities in the valley. More details can be found in Exhibit A-9 in the Appendix.

Exhibit 2-18
Business Revenues in SGV
Ten Largest Cities in SGV 2012
($ billions)



Source: U.S. Census Bureau, 2012 Economic Census

The reader is cautioned that while this is the most recent data available on shipments by industry, changes in industry composition of each city may have had significant impacts on these relative positions since 2012.

3 INDUSTRIES OF THE SAN GABRIEL VALLEY

The San Gabriel Valley has a number of significant economic drivers including: health care, higher education, international trade, manufacturing, professional and business services, retail trade and tourism. These industries are the foundation of the San Gabriel Valley's economic growth, drawing in dollars from outside the region, fostering innovation and creating wealth.

Housing and commercial real estate are also important components of the region's economy. Additionally, the San Gabriel Valley has a considerable number of people employed in public administration jobs.

Health Care

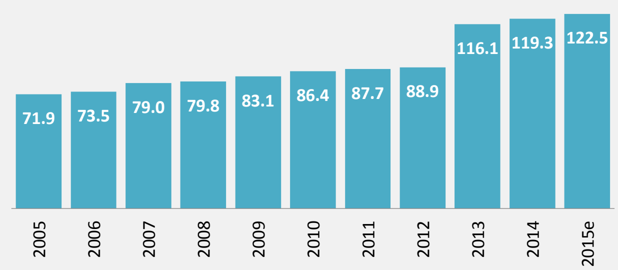
Health care is a large industry in the U.S. In 2014, national health care expenditures increased by 5.3% to $9,523 per person ($3.0 trillion in total) and accounted for 17.5% of GDP. Between 2014 and 2024, health care expenditures are projected to grow at an average rate of 5.8% per year. [5] Efforts to contain costs are colliding with increased demand for health care services and more transparent pricing. Fiscal pressures, sweeping regulatory changes under the Affordable Care Act and more empowered consumers are creating a new health care economy.

In Los Angeles County, the health care industry employed over 647,000 workers in 2015. Over the last several years, health care employment has expanded at a rapid pace, increasing by 3.5% last year. Job counts have increased at hospitals, physicians' offices, and nursing and residential care facilities.

In the San Gabriel Valley, there were 122,500 individuals employed in the health care sector (nearly 20% of the county total) in 2015, making health care by far the largest employment sector in the valley. The average annual wage in the health care sector is about on par with the rest of Los Angeles County - $40,810 compared to $40,925.

Employment is expected to increase this year and again in 2017. This trend is being driven by demographics (population growth, an aging population, retiring baby boomers and increased life expectancy), employment growth (health care is a consumer good) and healthcare reform, which has expanded the number of individuals with access to health insurance coverage.

Exhibit 3-1
Employment in San Gabriel Valley Health Care and Social Assistance
(000s)



Source: California EDD; forecasts by LAEDC

While the many medical professionals in the region serve the local population, facilities such as the City of Hope and Huntington Memorial also attract patients from outside the area (i.e. medical tourism). In addition to providing treatment, other important related sources of economic activity are medical research and the production of medical instruments/devices.

[5] National Health Expenditure Data (Historical and Projected), Centers for Medicare and Medicaid Services, CMS.gov

Higher Education

The San Gabriel Valley's universities and community colleges are among the region's most valuable assets and figure prominently in the valley's nonprofit sector. The San Gabriel Valley is home to a number of educational institutions (public and private) that play a central role in creating the next generation of skilled workers, professionals and entrepreneurs. This sector also includes a number of highly regarded community colleges that provide a stepping stone to four-year universities or vocational training. In this age of rapidly evolving technology, where ideas play a key role in growing the economy, education and skills acquisition are essential to bringing new ideas to life and transforming them into commercial applications.

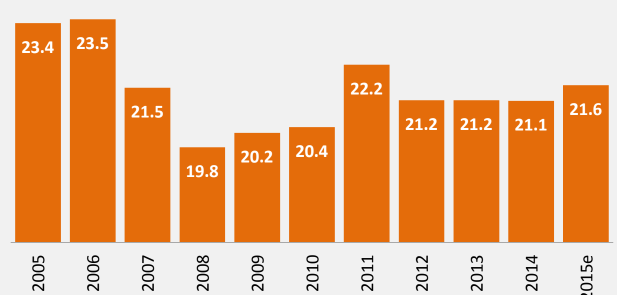
Four-year postsecondary institutions include the California Institute of Technology (Caltech), Harvey Mudd College, University of La Verne, Azusa Pacific University, California State Polytechnic University Pomona, California State University Los Angeles and the Claremont Colleges. The Art Center College of Design in Pasadena has an international reputation for automotive design and is strong in other creative disciplines as well. There are three community colleges in the valley (Citrus College, Mt. San Antonio College and Pasadena City College) offering academic and vocational training programs.

The presence of major centers of learning and research in the valley creates opportunities for business start-ups, many of which stay in the area. Research and development activities support aerospace, technology, medical device and biomed firms. Spin-offs, particularly from Caltech and Cal Poly Pomona, have made important contributions to the "green" economy in areas of technology that include batteries, electric car charging stations, solar panels and nanotechnology.

Dartmouth Entrance at Harvey Mudd College
Source: Imagine at English Wikipedia - Transferred from en.wikipedia to Commons, CC BY 2.5, https://commons.wikimedia.org/w/index.php?curid=32799717

In 2015, employment at private educational institutions increased by 2.1% after a flat performance during the previous two years. Payrolls are expected to increase marginally in 2015 and 2016. The outlook for the region's publicly-funded and nonprofit schools is also improving. California's financial footing is much stronger and more funds for higher education have been allocated in the current state budget, easing (but not eliminating) the financial strain on CSU Los Angeles and the region's community colleges.

Exhibit 3-2
Employment in San Gabriel Valley Private Educational Services
(000s)



Source: California EDD; forecasts by LAEDC

International Trade and Goods Movement

Similar to both Los Angeles County as a whole, and the neighboring Inland Empire, the San Gabriel Valley economy depends in large part on domestic and international trade flows. Trade-related employment includes occupations in the wholesale trade, transportation, logistics and distribution services.

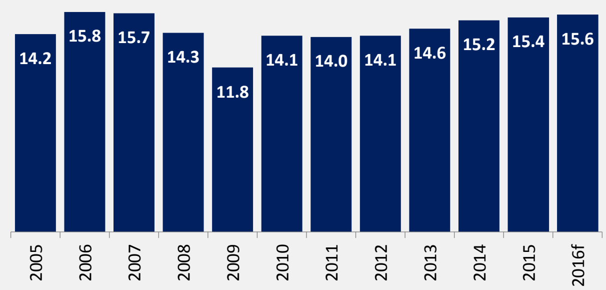
In 2015, the wholesale trade industry in the San Gabriel Valley employed an estimated 22,400 workers and an additional 43,600 workers in transportation, warehousing and utilities.[6] Additionally, the San Gabriel Valley has a higher concentration of workers employed in wholesale trade than Los Angeles County overall county – 6.4% versus 5.3%.

About forty percent of the nation's imported containers enter the United States through the San Pedro Bay ports. Los Angeles and Long Beach rank number one and two, respectively, in total container throughput of any port in the in the Western Hemisphere. In 2015, the Ports of Los Angeles and Long Beach handled 15.4 million containers, an increase of 1.3% compared with 2014. On an individual port basis, while total loaded cargo volume at the Port of Los Angeles was down by 2.2% last year, the 5.4% increase in total loaded volume at the Port of Long Beach more than offset the decline.

The Los Angeles Customs District (LACD) maintained its top position in the U.S. in 2015, despite a decline of 5.6% in the value of two-way trade over the year to $393.4 billion. In addition to the two ports, the LACD also includes international airport cargo passing through both LAX and Ontario International Airport. Air cargo generally consists of small, lightweight, high-value products that require quick delivery. Freight tonnage transiting through LAX increased by 6.0% last year, while at Ontario, freight tonnage increased by 5.1% over the same period.

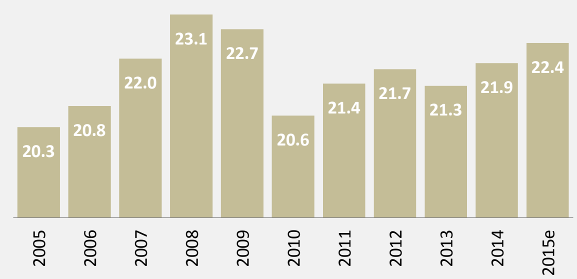
Given the weakness in global economic growth and the strength of the dollar, U.S. export growth will be weak or contract slightly in 2016 due to depressed foreign demand. Meanwhile, U.S. import growth should continue on the back of strong domestic demand. For the LACD, import growth is expected to outweigh the weakness in exports, resulting in an overall increase in two-way trade and trade-related employment.

Exhibit 3-3
TEU Throughput - San Pedro Bay Ports
Millions of TEUs



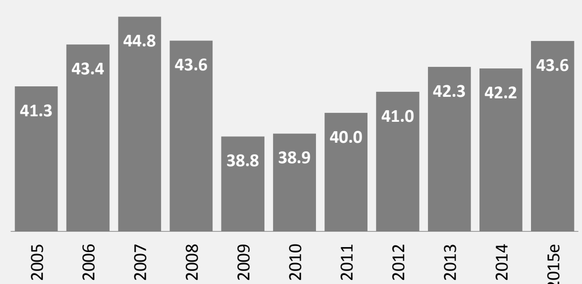
Sources: Ports of Los Angeles and Long Beach; forecast by LAEDC

Exhibit 3-4
Employment in San Gabriel Valley Wholesale Trade (000s)



Source: California EDD; forecasts by LAEDC

Exhibit 3-5
Employment in San Gabriel Valley Transportation and Utilities (000s)



Source: California EDD; forecasts by LAEDC

[6] Transportation and warehousing accounted for an estimated 93% of total employment in this sector with utilities accounting for the remaining 7%.

Manufacturing

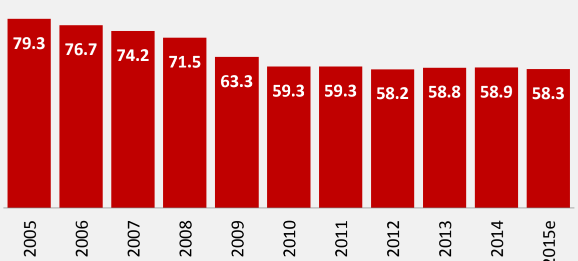
The San Gabriel Valley is home to a diverse set of manufacturing sectors including computer and electronic products, plastics and rubber products, transportation equipment, chemicals, and furniture. In addition, the valley has a large contingent of fabricated metal products manufacturing firms. These are primarily small machine shops employing on average 20 people doing contract work for aerospace, medical device and defense industries.

Since 2002, total manufacturing employment in the San Gabriel Valley has been steadily trending down. In 2015, an estimated 58,300 workers were employed by the valley's manufacturing firms, a decline of 1.1% compared with 2014. Manufacturing employment throughout Los Angeles County has seen similar declines. The average annual wage in the valley's manufacturing sector was $50,815 in 2014 (latest available for which annual data are available) versus the countywide average of $65,825.

Although companies moving production overseas or to other states accounts for some of the employment decline, capital is increasingly replacing labor, while labor itself has become more productive. The result is that even as manufacturing employment levels have fallen throughout the county, the value of manufacturing output has increased.

There are a number of advantages for manufacturing firms in the San Gabriel Valley. One is the sheer size and diversity of the local market. In addition, high quality educational facilities and workforce development programs are a resource for businesses looking for skilled workers. Finally, served by the region's freeways, rail and air links, the San Gabriel Valley functions as a major gateway to the local ports and the broader Southern California region.

Exhibit 3-6
Employment in San Gabriel Valley Manufacturing (000s)



Source: California EDD; forecasts by LAEDC

Professional and Business Services

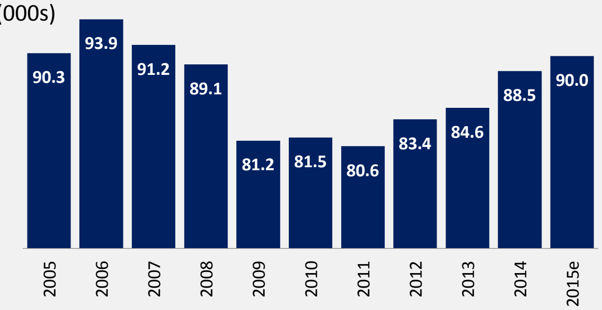
The professional and business services sector includes a diverse set of industries including professional, scientific and technical services; management of companies and enterprises (corporate headquarters) and administrative, support and waste services.

In the San Gabriel Valley, this industry employed the second largest number of workers in 2015 (behind health services) with an estimated 90,000 payroll jobs, an increase of 1.7% compared with 2014.

Although wage and salary employment in business and professional services has been trending up since 2011, the industry has not regained all of the jobs lost during the recession and is still about 4.1% below the peak employment level reached in 2006.

The average annual salary in 2014 (the latest for which actual annual data is available) in professional and business services was $59,732. This was about 17.3% less than the county-wide average of $70,074.

Exhibit 3-7
Employment in San Gabriel Valley Professional and Business Services
(000s)



Source: California EDD; forecasts by LAEDC

Residential Real Estate

In 2015, Southern California's housing markets made notable progress and are poised for stronger gains in 2016. Contributing to the improvements expected this year are job and income growth, new home construction, an increase in the number of homeowners with positive equity, and low mortgage interest rates.

Obstacles remain, however. Mortgage availability and housing affordability have kept progress in check. Although mortgage lending standards have shown a slight easing, they remain tighter than historical norms. Another hurdle for many potential buyers is the sharp appreciation of home prices, in part the result of persistently low inventories. Median home prices in California have outpaced wage inflation, especially in California's large metro areas where job growth is concentrated. After four years of steadily rising prices, affordability is rapidly declining and many traditional and first-time buyers (already at historically low shares) have been priced out of the market.

Median Home Prices

Median home prices have risen significantly throughout the San Gabriel Valley, boosted by strong demand and lean inventories. An influx of wealthy foreign investors has also exerted upward pressure on prices. The double digit percentage gains (many over 20%) recorded in many San Gabriel Valley cities in 2013 have largely given way to more moderate price increases, but some areas (La Canada Flintridge, Hacienda Heights, South El Monte, San Marino, and Altadena) posted double-digit year-over-year gains in 2015. Last year, nine of the valley's 31 cities reached new peak prices. Others continue to lag. The median price in several cities throughout the valley is still more than 10% below prerecession peak prices including Pomona, La Puente and Baldwin Park.

New Construction

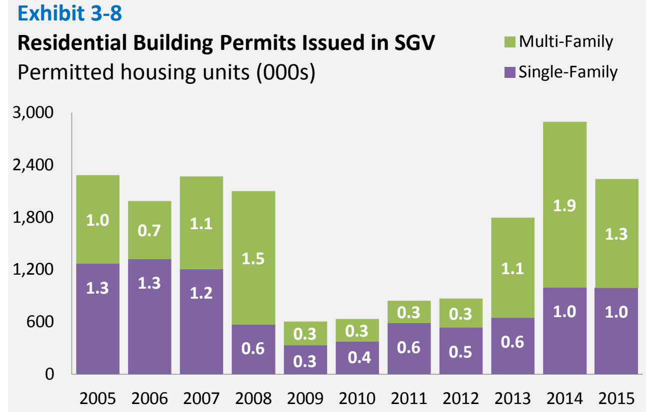
New home construction is still at very low levels but the next two years should bring a moderate acceleration of building activity. Beginning in 2013 and continuing through 2015, new home construction in the San Gabriel Valley began to tilt towards multi-family homes, primarily apartments. Last year, 56% of the new home construction permits issued in the San Gabriel Valley were for multi-family units compared with 44% for single-family residences. The reversal of the long-run trend can be attributed to the diminishing supply of land available for new home construction and changing consumer preferences for centralized urban environments.

Last year, the total number of permits issued for new residential construction in the San Gabriel Valley declined by 22.6% to 2,237 units permitted. This was due to an unexpected surge in new multi-family construction in 2014 that pushed permit numbers far above trend that year.

Exhibit 3-8

Residential Building Permits Issued in SGV

Permitted housing units (000s)



Sources: CIRB, California Homebuilding Foundation

The LAEDC forecasts that homebuilders will pull permits for 2,470 new single- and multi-family units in the San Gabriel Valley this year, an increase of 10.4% compared with 2015, while in increase of 13.8% (to 2,812 units) is anticipated for 2017.

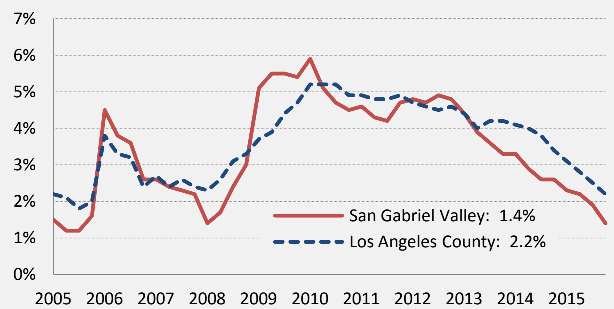
The San Gabriel Valley's housing market is steadily working its way back to normal. With home prices continuing to rise and improving consumer fundamentals, the pace of new home building is expected to pick up momentum over the next several years. Further improvement this year and next will depend in large part on progress in the rest of the economy, including the housing credit market. As price increases continue to moderate, the San Gabriel Valley's housing market will rely more on job and income growth to support housing demand and price.

Please see Exhibits A-10 through A-13 for more detailed information related to the San Gabriel Valley housing market.

Nonresidential Real Estate

The fundamentals of commercial (offices, retail and hotel) and industrial real estate are strong, supported by employment growth and stronger economic activity. Delinquency rates on commercial and industrial loans, and default rates on CMBS are near all-time lows. Nationally, investment in nonresidential structures took a step back in 2015, declining by an estimated 1.2% over the year after increasing by 8.1% in 2014, but is expected to rise by 2.0% or more this year and next. Meanwhile, the value of nonresidential structures put in place increased by 11.4% in 2015 and is projected to rise by 8.8% in 2016.

Exhibit 3-9
Industrial Vacancy Rates
Vacancy, quarterly averages (4Q15)



Source: Cushman & Wakefield

Industrial Space

As a major gateway market for consumer and business goods, Southern California's industrial real estate markets have seen several years of steady improvement. The region is a hub for manufacturing, international trade and logistics, and entertainment, all of which use industrial space. Right now, the primary concern for the region's industrial market is not demand, but supply.

By the end of 2015, the San Gabriel Valley's industrial real estate market completed its sixth year of growth. Activity in the valley remained fairly consistent and balanced throughout 2015. The San Gabriel Valley's industrial vacancy rate dropped steadily over the course of last year, ending 2015 at 1.4%, making it the tightest submarket in Los Angeles County. This was the lowest vacancy rate since the second quarter of 2008 when it was also 1.4%. The county-wide industrial vacancy rate was 2.2% in the final quarter of 2015.

Overall class A asking rents experienced modest growth over the year, rising to $0.70 per square foot from $0.62 per square foot during the same period last year. Rental rates should rise through 2016 as demand continues to outpace supply.

Leasing activity in 2015 in San Gabriel Valley totaled 7.5 million square feet, slightly more than the 7.3 million square feet recorded in 2014. By the end of 2015, there were over 878,000 square feet of new product in the pipeline, accounting for 30% of new industrial construction activity in Los Angeles County. Over the course of the year, 166,000 square feet of new product was delivered to the market.

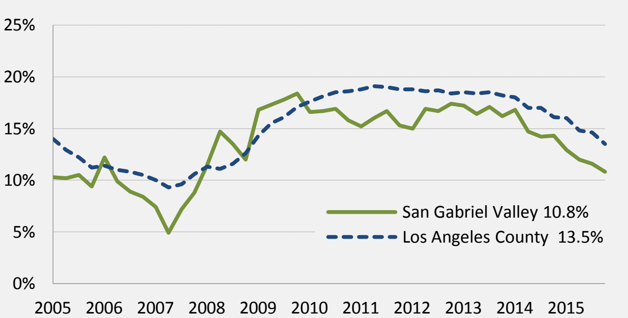
Although demand is high, the Los Angeles industrial market is constrained by record-low availability levels. Robust demand has kept up pressure on developers to deliver new product to the market. Over the next two years, new supply should even out the supply versus demand balance, but rents are expected to continue on their upward trend through this year at least.

Office Space

Office employment growth across the Southern California region is healthy and in some submarkets, vacancy rates are approaching or have crossed their long-run average, an indication that new office construction may start to ramp up in the near future. In the fourth quarter of 2015, the overall vacancy rate in Southern California declined by 1.7 percentage points (pps.) over the year to 13.7%. Leasing activity in 2015 totaled 22.9 million square feet, little changed from 2014. Net absorption (occupancy gains) was 5.5 million square feet, also on par with 2014. Across the region, the average direct class A asking rent increased by 6.0% compared with the final quarter of 2014 to $3.04 per square foot.

Office market fundamentals in the San Gabriel Valley, already stronger than the county as a whole, also improved in the final quarter of 2015. Since peaking at 18.4% in 2009, the office vacancy rate has been trending lower. During the fourth quarter of 2015, the vacancy rate was 10.8%, down from 14.3% during the fourth quarter of 2014 and was the lowest since the final quarter of 2007 when it was 8.8%. The county-wide office vacancy rate at the end of 2015 was 13.5%. Class A asking rents in the San Gabriel Valley increased from $2.18 per square foot in the final quarter of 2014 to $2.44 per square foot during the fourth quarter of 2015, an increase of 11.8%.

Exhibit 3-10
OfficeVacancy Rates
Vacancy, quarterly averages (4Q15)



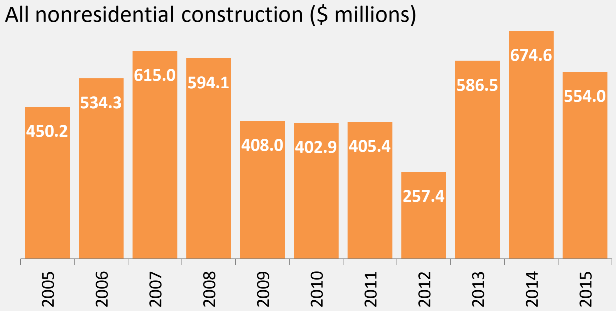
Source: Cushman & Wakefield

With low inventories limiting the number of options in the market, leasing activity declined to 623,023 square feet in 2015, 30.7% lower than the 897,818 square feet leased in 2014. Although leasing activity was down, fewer move-outs meant 437,743 square feet of office space was absorbed last year, considerably higher than the 103,620 square feet absorbed in 2014. Government and education tenants continue to take large blocks of space in the San Gabriel Valley with Mt. Sierra College signing the largest new lease last year, taking 27,000 square feet in Monrovia. A robust job market and no speculative office development in the San Gabriel Valley will keep vacancy rates low for the foreseeable future, driving up asking rents and increasing the likelihood of speculative development breaking ground in the coming years.

New Construction

Nonresidential construction experienced a relatively strong year of growth. However, the value of total nonresidential construction permits in the San Gabriel Valley fell to $554.0 million in 2015 after an exceptionally strong performance in 2014 when $674.6 million in new permits were issued.

Exhibit 3-11
Value of Nonresidential Permits Issued in San Gabriel Valley Cities
All nonresidential construction ($ millions)



Note: Montebello permits begin 2007
Sources: CIRB, California Homebuilding Foundation

Prior to the recession (1990 to 2007) the annual average was $400.2 million. Most of the new construction permits appear to be for alterations to existing structures, but strong demand for state-of-the-art warehouse and distribution facilities is prompting new development. Stronger employment growth and the lack of new construction over the last several years will help drive the region's eventual office market recovery. The outlook for industrial space is more positive, but ongoing improvements will depend on expanding trade, e-commerce and manufacturing activity.

Please see Exhibits A-14 through A-15 for more detailed information related to nonresidential real estate in the San Gabriel Valley.

Retail Trade

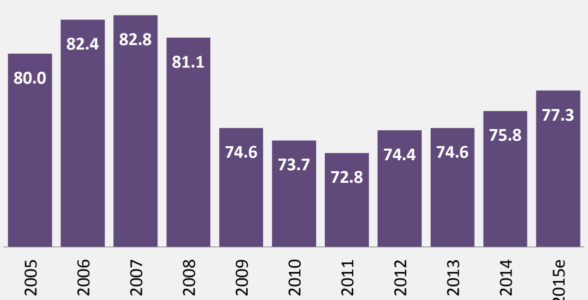
The retail sector occupies a prominent place in the economy at both the national and local levels. Because such a large portion of U.S. economic activity depends on consumer spending, sales of retail goods and services is an important economic indicator. Retailers also generate a large number of jobs that provide employment for individuals across a wide range of skill and income levels. Additionally, retail sales and use taxes are an important source of local government revenues.

Source: visitarcadiacalifornia.com

Retailers have reason to be feeling more optimistic. Right now, the American consumer is doing most of the heavy lifting when it comes to economic growth. In 2015, total U.S. retail sales were up by 2.1% compared with 2014. The best performing sectors were restaurants and bars, automobiles, nonstore retailers (such as e-commerce) and home furnishings. Total personal consumption expenditures increased by 3.4% over 2014 and expectations are for additional gains in 2016 and 2017 with Southern California tracking the national trend.

Measured by job counts, the retail sector was the San Gabriel Valley's third largest industry in 2015, employing over 77,300 workers. The San Gabriel Valley has a marginally higher concentration of retail workers than the county as a whole – about 11.5% of wage and salary jobs versus 9.9% for all of Los Angeles County. At the same time, the average annual wage of retail trade workers in the San Gabriel Valley was $29,945 in 2014 (the latest for which actual annual data are available), which was 10.6% lower than the county average of $33,120.

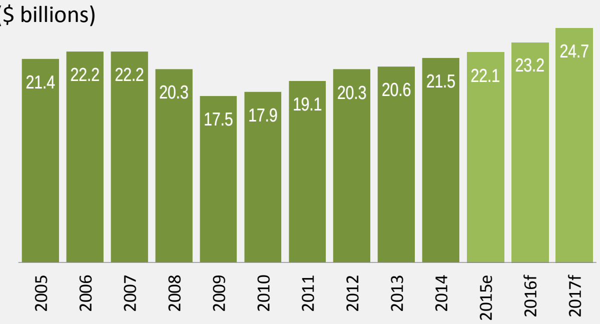
Exhibit 3-12
Employment in San Gabriel Valley
Retail Trade (000s)



Source: California EDD; forecasts by LAEDC

The retail sector in the San Gabriel Valley has improved steadily since 2009 when taxable sales fell to their lowest point in the current economic cycle. While a handful of cities in the valley surpassed their prerecession taxable sales peak in 2013 (most current annual data available), It is estimated that about half of the San Gabriel Valley's incorporated cities reached new peak levels in 2015. Overall, 2015 estimates of total taxable sales, at $22.2 billion, are within 0.4% of reaching the previous peak set in 2007. In 2016, taxable sales in the San Gabriel Valley are forecast to reach $23.2 billion, and $24.6 billion in 2017.

Exhibit 3-13
Taxable Sales in San Gabriel Valley
($ billions)



Source: California BOE; forecasts by LAEDC

The share of taxable sales in the valley relative to the county as a whole has been on a trend decline. In 2002 (when the LAEDC began tracking this data), the share was 17.5%. In 2013 (latest for which actual annual data is available), the region accounted for 14.7% of total taxable sales in Los Angeles County. At the same time the share of population has declined more moderately, from 15.5% to 15.2% over the same period. In 2014 and 2015 the LAEDC estimates that the valley's share of taxable sales relative to Los Angeles County was 14.6%. More details can be found in Exhibit A-16 in the Appendix.

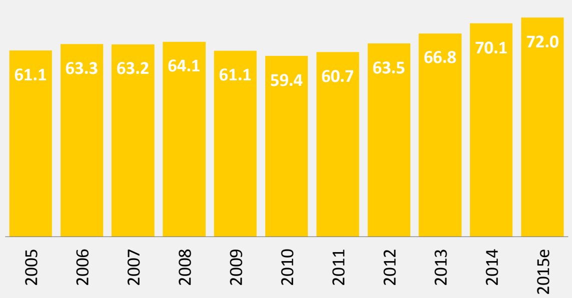
Tourism and Hospitality

Tourism and hospitality is one of Southern California's largest, most visible and valuable industry sectors, employing thousands of people and generating billions of dollars in economic activity. While a significant part of leisure and hospitality activity is associated with tourism, many of these jobs serve the local population more so than the region's tourists and business travelers. Jobs in this industry include lodging, food services, the performing arts, museums, amusement parks and gambling establishments.

Employment in leisure and hospitality industries is expected to reach 72,000 in 2015, making it the fourth largest industry supersector in the San Gabriel Valley. There are a large number of low wage occupations in these industries, such as food preparation and servers, which pulls the average annual wage in the supersector below the San Gabriel Valley average. The average annual wage for leisure and hospitality industries in San Gabriel Valley in 2015e is $21,020, less than half the average annual wage in San Gabriel Valley across all industries ($46,220). It is helpful to note that many of these jobs are also part time, and annual earnings are based on less than full time work.

The San Gabriel Valley has a marginally lower concentration of leisure and hospitality workers than the county as a whole – about 10.7% of wage and salary jobs versus 11.2% for all of Los Angeles County.

Exhibit 3-14
Employment in San Gabriel Valley Leisure and Hospitality (000s)



Source: California EDD; forecasts by LAEDC

Tourism

Driving domestic demand for travel-related goods and services last year were gains in the U.S. labor markets and

The Langham Huntington in Pasadena
Source: www.saveur.com

stronger personal income growth, both of which point to increased in consumer spending. In spite of a weak global economy, international visitation is expected to remain strong in 2016.

In 2015, Los Angeles County hosted a record 45.5 million visitors (day and overnight), an increase of 2.8% over the previous year and the fifth consecutive year in which Los Angeles County achieved record breaking visitor volume. In 2016, visitation is expected to come in at just over 46.5 million.[7]

International visitation is especially strong in Los Angeles County. In 2015, 5.7 million international visitors arrived in Los Angeles, nearly 15% of total visitation, and a 3.4% uptick over 2014. To put this in context, for California overall, international visitors comprise only 6.5% of total state visitation. While Mexico sent the largest number of international visitors, China (excluding Hong Kong) was Los Angeles County's number one overseas market, surpassing Canada in overall visitation to become the second largest international market in 2015. China is also the region's fastest-growing market, with 13.6% more visitors in 2015 than in 2014. Rounding out the top five international visitor markets for Los Angeles County were Australia and the United Kingdom.

The Los Angeles Tourism and Convention Board reports that business and leisure travelers spent $19.6 billion in

[7] *Los Angeles Tourism by Numbers, 2015 Quick Facts*" Los Angeles Tourism and Convention Board

2014 (latest available data) while visiting Los Angeles, up 6.8% from 2013 and a new record. Of this, U.S. origin visitors spent $13.2 billion or 67% of the total, while international visitors spent $6.4 billion. This was more than double the corresponding 15% international share of visitor volume, showing the importance of international visitors to the market.

The San Gabriel Valley attracts a large number of these visitors. Chinese tourists in particular are drawn to the region due to the large ethnic Chinese population that has settled in the valley since the 1970s. The average Chinese visitor to California spends on average $2,377 per trip.[8] This benefits every corner of the San Gabriel Valley's tourism industry.

Accommodation

The lodging market in the valley is supported by strong fundamentals. The region is home to world-renowned cultural attractions, a wide range of entertainment options and a number of large and influential corporations. Transient-occupancy taxes are also a significant revenue source for local governments.

The metrics used to measure the health of the lodging market indicate a healthy and expanding industry, continuing to achieve record high levels in occupancy rates and daily room rates. The average hotel occupancy rate for the San Gabriel Valley in 2015 was an estimated 78.9%, which was up from 77.9% in 2014. The average daily room rate increased to $149.20 from $142.97 in 2014, surpassing the prerecession (2008) peak of $136.18. The most critical measure to hoteliers is revenue per available room (RevPAR). In 2015, this was an estimated $117.72, which was up by 5.7% compared with 2014, also reaching a record high level. More details can be found in Exhibit A-17 in the Appendix.

Looking ahead, the San Gabriel Valley lodging sector will continue to benefit from stronger corporate spending, personal income growth and international visitation. Rising demand, together a lack of new hotel construction, have helped improve lodging fundamentals to the point where a number new hotel properties are finally in development throughout the Los Angeles region. Transient occupancy taxes, an important revenue source for local government, will also increase.

[8] *Characteristics of Visitors from China to California 2013*, Industry.visitcalifornia.com

APPENDIX

Exhibit A-1

San Gabriel Valley Economic Indicators

Levels and Percent Change from Previous Year

Year	Population*	Total Employment	Payroll of Workers ($millions)	Housing Permits (Units)*	Total Taxable Sales ($millions)*
2005	1,518,465	658,016	26,123	2,282	21,401
2006	1,507,869	669,563	27,681	1,985	22,179
2007	1,498,382	668,519	28,629	2,265	22,187
2008	1,493,891	674,367	28,805	2,100	20,330
2009	1,493,187	634,602	27,172	603	17,499
2010	1,491,404	618,581	27,065	632	17,936
2011	1,496,172	621,475	27,880	844	19,076
2012	1,505,125	632,723	28,673	867	20,316
2013	1,514,654	644,233	29,219	1,794	20,592
2014	1,522,325	658,079	30,387	2,892	21,512
2015e	1,532,248	670,910	31,718	2,237	22,104
2016f	1,539,563	682,315	33,063	2,470	23,171
2017f	1,545,719	691,185	33,558	2,812	24,652

*Incorporated Cities Only

2004	0.1%	0.9%	5.9%	-31.2%	7.7%
2005	-0.2%	1.3%	4.9%	6.2%	5.0%
2006	-0.7%	1.8%	6.0%	-13.0%	3.6%
2007	-0.6%	-0.2%	3.4%	14.1%	0.0%
2008	-0.3%	0.9%	0.6%	-7.3%	-8.4%
2009	0.0%	-5.9%	-5.7%	-71.3%	-13.9%
2010	-0.1%	-2.5%	-0.4%	4.8%	2.5%
2011	0.3%	0.5%	3.0%	33.5%	6.4%
2012	0.6%	1.8%	2.8%	2.7%	6.5%
2013	0.6%	1.8%	1.9%	106.9%	1.4%
2014	0.5%	2.1%	4.0%	61.2%	4.5%
2015e	0.7%	1.9%	4.4%	-22.6%	2.8%
2016f	0.5%	1.7%	4.2%	10.4%	4.8%
2017f	0.4%	1.3%	1.5%	13.8%	6.4%

Sources: California Dept. of Finance, Demographic Research Unit
California EDD, Labor Market Information Division, ES202 data;
Construction Industry Research Board; California Homebuilding Foundation
California Board of Equalization; forecasts by LAEDC

Exhibit A-2

Population of Incorporated Cities and Unincorporated Areas of San Gabriel Valley

City	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Alhambra	86,541	84,944	84,096	83,551	83,221	83,089	83,362	83,841	84,390	84,736	85,545
Arcadia	55,521	55,473	55,607	55,707	55,975	56,364	56,484	56,668	56,968	57,526	57,761
Azusa	46,642	46,279	46,133	46,117	46,227	46,361	46,348	46,713	47,667	48,405	49,425
Baldwin Park	77,383	76,765	76,264	76,066	75,666	75,390	75,578	75,994	76,452	76,749	77,047
Bradbury	974	978	977	999	1,017	1,048	1,058	1,067	1,075	1,082	1,087
Claremont	34,981	34,856	34,903	34,850	35,259	34,926	35,019	35,364	35,802	35,932	36,282
Covina	48,147	47,924	47,871	47,701	47,726	47,796	47,878	48,142	48,445	48,640	48,876
Diamond Bar	56,703	56,110	55,789	55,610	55,379	55,544	55,703	55,941	56,200	56,426	56,668
Duarte	21,726	21,775	21,617	21,356	21,409	21,321	21,357	21,456	21,592	21,677	21,839
El Monte	118,295	116,901	115,996	114,920	114,434	113,475	113,657	114,158	114,641	115,118	115,774
Glendora	50,490	50,195	50,055	49,775	49,840	50,073	50,205	50,470	50,757	51,313	51,463
Industry	626	589	553	541	481	451	439	437	438	439	440
Irwindale	1,345	1,377	1,437	1,480	1,461	1,422	1,424	1,419	1,457	1,467	1,473
La Cañada Flintridge	20,892	20,562	20,412	20,313	20,249	20,246	20,278	20,379	20,476	20,544	20,592
La Puente	41,199	40,784	40,419	40,139	39,990	39,816	39,884	40,075	40,294	40,496	40,690
La Verne	31,702	31,333	31,035	31,449	31,234	31,063	31,120	31,527	32,096	32,241	33,042
Monrovia	37,114	36,754	36,548	36,369	36,407	36,590	36,645	36,807	37,010	37,179	37,406
Montebello	63,359	62,972	62,621	62,505	62,463	62,500	62,720	62,993	63,296	63,555	64,104
Monterey Park	61,647	61,140	60,622	60,304	60,441	60,269	60,366	61,286	61,555	61,805	62,063
Pasadena	137,501	136,411	135,424	135,305	136,502	137,122	138,762	139,520	140,271	140,949	141,510
Pomona	152,106	152,166	150,513	150,865	149,935	149,058	149,447	150,270	151,211	151,785	152,419
Rosemead	54,677	54,405	54,045	53,849	53,877	53,764	53,975	54,289	54,561	54,786	55,017
San Dimas	34,906	34,516	34,153	33,789	33,596	33,371	33,431	33,571	33,745	34,086	34,713
San Gabriel	40,365	40,109	39,974	39,870	39,798	39,718	39,795	40,013	40,227	40,332	40,517
San Marino	13,397	13,220	13,163	13,136	13,107	13,147	13,169	13,224	13,270	13,347	13,414
Sierra Madre	10,939	10,820	10,785	10,881	10,881	10,917	10,936	10,988	11,043	11,098	11,133
South El Monte	20,982	20,690	20,497	20,257	20,326	20,116	20,151	20,235	20,350	20,435	20,841
South Pasadena	25,376	25,312	25,324	25,358	25,486	25,619	25,663	25,781	25,905	26,022	26,174
Temple City	35,087	34,979	35,024	35,098	35,284	35,558	35,634	35,828	36,018	36,152	36,275
Walnut	29,887	29,879	29,540	29,305	29,285	29,172	29,405	29,725	30,000	30,124	30,257
West Covina	107,955	107,651	106,985	106,426	106,231	106,098	106,279	106,944	107,442	107,879	108,401
Total	**1,518,465**	**1,507,869**	**1,498,382**	**1,493,891**	**1,493,187**	**1,491,404**	**1,496,172**	**1,505,125**	**1,514,654**	**1,522,325**	**1,532,248**

Source: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State — January 1, 2011- 2015

Exhibit A-3
Ethnicity and Race in the San Gabriel Valley

City	Hispanic or Latino	White	Black or African American	Native American and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Other	Two or more races
Alhambra	35.9%	10.1%	1.3%	0.2%	51.5%	0.1%	0.2%	1.3%
Arcadia	12.7%	25.0%	1.0%	0.2%	58.4%	0.1%	0.4%	2.2%
Azusa	65.2%	19.8%	2.8%	0.2%	9.8%	0.1%	0.3%	1.8%
Baldwin Park	77.9%	3.5%	1.2%	0.6%	16.3%	0.2%	0.0%	0.3%
Bradbury	15.3%	47.5%	2.8%	0.4%	31.7%	0.0%	0.0%	2.4%
Claremont	21.2%	56.2%	4.4%	0.2%	15.3%	0.0%	0.2%	2.5%
Covina	57.0%	25.5%	3.6%	0.1%	11.6%	0.0%	0.1%	2.1%
Diamond Bar	20.5%	21.6%	3.3%	0.3%	51.4%	1.0%	0.2%	1.9%
Duarte	43.9%	29.3%	6.9%	0.3%	16.6%	0.0%	0.2%	2.8%
El Monte	66.0%	4.5%	0.5%	0.1%	28.0%	0.3%	0.1%	0.5%
Glendora	29.9%	57.7%	2.3%	0.3%	7.0%	0.0%	0.3%	2.4%
Industry	57.6%	29.2%	5.2%	0.0%	7.6%	0.0%	0.0%	0.0%
Irwindale	94.4%	3.6%	1.5%	0.0%	0.5%	0.0%	0.0%	0.0%
La Cañada Flintridge	6.7%	63.8%	0.2%	0.1%	27.3%	0.0%	0.1%	1.8%
La Puente	85.6%	3.6%	1.4%	0.0%	8.9%	0.1%	0.0%	0.4%
La Verne	32.5%	51.4%	3.7%	0.4%	8.8%	0.0%	0.2%	3.0%
Monrovia	38.8%	39.3%	6.2%	0.2%	12.7%	0.0%	0.3%	2.5%
Montebello	76.1%	9.3%	1.0%	0.2%	12.6%	0.1%	0.1%	0.6%
Monterey Park	30.7%	3.9%	0.4%	0.1%	62.4%	0.3%	0.2%	1.8%
Pasadena	33.6%	37.9%	10.5%	0.1%	14.7%	0.1%	0.5%	2.7%
Pomona	69.4%	12.6%	7.1%	0.2%	9.1%	0.2%	0.2%	1.1%
Rosemead	32.2%	4.8%	0.2%	0.2%	61.5%	0.2%	0.1%	0.8%
San Dimas	30.0%	48.3%	3.8%	0.4%	13.0%	0.1%	0.3%	4.1%
San Gabriel	26.4%	11.7%	0.6%	0.1%	59.7%	0.2%	0.1%	1.2%
San Marino	9.8%	37.3%	0.1%	0.0%	50.1%	0.3%	0.9%	1.5%
Sierra Madre	14.3%	69.9%	1.5%	0.1%	10.5%	0.4%	0.4%	2.9%
South El Monte	86.9%	2.4%	0.0%	0.3%	9.9%	0.2%	0.2%	0.0%
South Pasadena	21.4%	40.8%	2.1%	0.2%	30.8%	0.2%	0.3%	4.2%
Temple City	21.2%	19.7%	0.5%	0.0%	56.5%	0.0%	0.2%	1.8%
Walnut	19.5%	11.8%	2.6%	0.1%	63.2%	0.0%	0.2%	2.6%
West Covina	54.7%	13.5%	4.8%	0.1%	25.6%	0.0%	0.1%	1.2%

Source: U.S. Census Bureau, 2010-2014, 5-year Estimates, American Community Survey

Exhibit A-4
Educational Attainment
Population 25 years or older

City	<9th Grade	Grade 9-12, No Diploma	HS Graduate	Some College, No Degree	AA Degree	BA Degree	Graduate or Professional Degree	% of Population w/BA or Higher
Alhambra	11.8%	8.1%	21.2%	18.6%	8.0%	21.9%	10.4%	32.3%
Arcadia	5.2%	3.6%	15.2%	15.0%	8.6%	32.4%	20.0%	52.4%
Azusa	15.1%	9.1%	29.5%	19.8%	7.5%	13.5%	5.5%	19.0%
Baldwin Park	23.6%	16.2%	29.9%	14.5%	4.5%	9.1%	2.2%	11.3%
Bradbury	2.9%	5.4%	9.9%	19.1%	7.4%	29.9%	25.3%	55.2%
Claremont	3.5%	3.5%	9.8%	20.7%	6.5%	25.6%	30.5%	56.1%
Covina	6.0%	6.9%	24.0%	27.7%	10.2%	17.7%	7.5%	25.2%
Diamond Bar	4.3%	4.2%	16.4%	18.4%	8.8%	31.5%	16.4%	47.9%
Duarte	10.6%	7.1%	23.6%	18.8%	8.5%	19.9%	11.5%	31.4%
El Monte	26.3%	16.8%	27.0%	13.7%	4.9%	9.2%	2.0%	11.2%
Glendora	3.5%	6.3%	20.5%	27.4%	11.0%	19.7%	11.5%	31.2%
Industry	5.6%	1.7%	11.2%	45.1%	4.7%	25.8%	6.0%	31.8%
Irwindale	17.2%	12.0%	33.3%	22.4%	6.4.%	7.2%	1.4%	8.6%
La Cañada Flintridge	1.2%	0.8%	6.0%	12.4%	4.4%	39.7%	35.5%	75.2%
La Puente	24.0%	16.7%	29.6%	15.6%	5.2%	6.6%	2.4%	9.0%
La Verne	3.0%	4.5%	18.9%	27.9%	9.4%	23.0%	13.3%	36.3%
Monrovia	6.0%	5.0%	20.8%	21.7%	10.1%	24.0%	12.4%	36.4%
Montebello	17.2%	13.4%	27.6%	18.0%	6.3%	12.7%	4.9%	17.6%
Monterey Park	13.6%	8.2%	25.1%	16.9%	7.3%	20.2%	8.8%	29.0%
Pasadena	8.3%	5.6%	13.9%	16.5%	6.7%	26.2%	22.9%	49.1%
Pomona	19.5%	13.2%	25.4%	19.1%	6.3%	11.7%	4.8%	16.5%
Rosemead	24.3%	10.9%	26.8%	15.8%	6.3%	11.9%	3.9%	15.8%
San Dimas	2.9%	4.4%	19.6%	25.7%	11.6%	22.3%	13.4%	35.7%
San Gabriel	12.9%	9.0%	25.5%	15.5%	6.8%	21.9%	8.4%	30.3%
San Marino	2.9%	2.7%	7.0%	13.2%	4.3%	33.2%	36.7%	69.9%
Sierra Madre	1.4%	1.1%	9.4%	17.7%	8.9%	33.7%	27.8%	61.5%
South El Monte	34.9%	15.9%	26.4%	11.5%	3.6%	5.6%	2.1%	7.7%
South Pasadena	2.3%	1.8%	10.2%	16.9%	8.5%	32.4%	28.0%	60.4%
Temple City	8.0%	5.9%	21.9%	17.4%	9.2%	25.7%	12.0%	37.7%
Walnut	4.6%	3.0%	13.0%	16.6%	11.3%	36.2%	15.3%	51.5%
West Covina	8.1%	9.2%	24.3%	23.3%	8.5%	19.8%	6.7%	26.5%

Source: U.S. Census Bureau, 2010-2014, 5-year Estimates, American Community Survey

Exhibit A-5

Employment by Major Industry Sector in San Gabriel Valley

Industry Sector	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015e
Natural Resources & Mining	2,936	2,814	2,758	2,226	1,713	1,558	1,510	1,530	1,613	1,629	1,560
Construction	32,198	34,113	32,944	29,338	23,747	21,558	21,839	21,330	21,862	22,539	23,800
Manufacturing	79,337	76,697	74,156	71,467	63,322	59,271	59,259	58,176	58,796	58,944	58,300
Wholesale Trade	41,325	43,434	44,826	43,629	38,785	38,940	39,986	41,044	42,300	42,226	43,600
Retail Trade	79,988	82,443	82,767	81,138	74,603	73,695	72,781	74,434	74,598	75,828	77,300
Transportation & Utilities	20,280	20,809	22,004	23,117	22,746	20,568	21,379	21,741	21,318	21,889	22,400
Information	15,308	15,275	13,894	12,050	10,675	9,877	9,891	9,952	10,379	10,469	10,450
Financial Activities	45,224	46,572	46,399	43,071	39,159	36,671	35,930	36,825	36,592	35,791	35,900
Professional & Business Services	90,330	93,850	91,167	89,145	81,219	81,546	80,635	83,432	84,638	88,464	90,000
Education	23,426	23,533	21,526	19,784	20,208	20,372	22,208	21,161	21,166	21,149	21,600
Health Services [1]	71,884	73,491	78,979	79,840	83,076	86,387	87,730	88,850	116,064	119,308	122,500
Leisure & Hospitality	61,147	63,305	63,223	64,058	61,070	59,375	60,665	63,471	66,810	70,090	72,000
Other Services [1]	22,933	22,697	22,844	40,763	42,353	40,069	39,791	43,560	23,152	23,374	23,900
Public Administration	71,551	70,489	70,586	71,407	69,619	66,679	64,424	63,760	62,231	63,165	64,300
Unclassified	149	41	446	3,334	2,307	2,015	3,447	3,457	2,714	3,214	3,300
San Gabriel Valley Total	**658,016**	**669,563**	**668,519**	**674,367**	**634,602**	**618,581**	**621,475**	**632,723**	**644,233**	**658,079**	**670,910**
% Share of LA County	*16.1%*	*16.1%*	*15.9%*	*16.2%*	*16.1%*	*16.0%*	*16.0%*	*15.9%*	*15.8%*	*15.8%*	*15.9%*

% Change From Prior Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015e
Natural Resources & Mining	-12.7%	-4.2%	-2.0%	-19.3%	-23.0%	-9.0%	-3.1%	1.3%	5.4%	1.0%	-4.2%
Construction	15.0%	5.9%	-3.4%	-10.9%	-19.1%	-9.2%	1.3%	-2.3%	2.5%	3.1%	5.6%
Manufacturing	-12.4%	-3.3%	-3.3%	-3.6%	-11.4%	-6.4%	0.0%	-1.8%	1.1%	0.3%	-1.1%
Wholesale Trade	5.3%	5.1%	3.2%	-2.7%	-11.1%	0.4%	2.7%	2.6%	3.1%	-0.2%	3.3%
Retail Trade	10.1%	3.1%	0.4%	-2.0%	-8.1%	-1.2%	-1.2%	2.3%	0.2%	1.6%	1.9%
Transportation & Utilities	-4.7%	2.6%	5.7%	5.1%	-1.6%	-9.6%	3.9%	1.7%	-1.9%	2.7%	2.3%
Information	-12.2%	-0.2%	-9.0%	-13.3%	-11.4%	-7.5%	0.1%	0.6%	4.3%	0.9%	-0.2%
Financial Activities	25.3%	3.0%	-0.4%	-7.2%	-9.1%	-6.4%	-2.0%	2.5%	-0.6%	-2.2%	0.3%
Professional & Business Services	1.8%	3.9%	-2.9%	-2.2%	-8.9%	0.4%	-1.1%	3.5%	1.4%	4.5%	1.7%
Education	3.3%	0.5%	-8.5%	-8.1%	2.1%	0.8%	9.0%	-4.7%	0.0%	-0.1%	2.1%
Health Services	3.9%	2.2%	7.5%	1.1%	4.1%	4.0%	1.6%	1.3%	30.6%	2.8%	2.7%
Leisure & Hospitality	11.2%	3.5%	-0.1%	1.3%	-4.7%	-2.8%	2.2%	4.6%	5.3%	4.9%	2.7%
Other Services*	4.3%	-1.0%	0.6%	78.4%	3.9%	n/a	-0.7%	9.5%	-46.9%	1.0%	2.3%
Public Administration	-1.3%	-1.5%	0.1%	1.2%	-2.5%	-4.2%	-3.4%	-1.0%	-2.4%	1.5%	1.8%
San Gabriel Valley	**3.0%**	**1.8%**	**-0.2%**	**0.9%**	**-5.9%**	**-2.5%**	**0.5%**	**1.8%**	**1.8%**	**2.1%**	**1.9%**
Los Angeles County	1.4%	1.9%	0.9%	-0.8%	-5.7%	-1.9%	0.7%	2.4%	2.4%	2.0%	1.7%

[1] Figures for 2008 forward are not directly comparable with earlier years due to industry coding changes. Beginning with the first quarter of 2013, the Bureau of Labor Statistics reclassified many NAICS code 814 Private Households (that engage in employing in-home health care workers) into NAICS code 624120 Services for the Elderly and Persons with Disabilities. This resulted in an increase in Health Services and a decrease in Other Services.

Sources: California Employment Development Department, ES202 data, 2015 estimates by LAEDC

Exhibit A-6

Unemployment Rate of Incorporated Cities of the San Gabriel Valley

City	2010	2011	2012	2013	2014	2015	Percentage Point Change '14 - '15
Alhambra	8.3%	8.1%	7.2%	6.4%	5.4%	4.4%	-1.0%
Arcadia	7.4%	7.2%	6.4%	5.7%	4.8%	3.9%	-0.9%
Azusa	9.6%	9.3%	8.3%	7.4%	6.2%	5.1%	-1.1%
Baldwin Park	16.2%	15.8%	14.2%	12.8%	10.9%	8.9%	-2.0%
Bradbury	9.2%	8.8%	7.9%	7.0%	6.1%	4.9%	-1.2%
Claremont	11.9%	11.6%	10.4%	9.3%	7.8%	6.4%	-1.4%
Covina	14.7%	14.3%	12.9%	11.5%	9.8%	8.0%	-1.8%
Diamond Bar	8.2%	7.9%	7.1%	6.3%	5.3%	4.3%	-1.0%
Duarte	11.3%	11.0%	9.9%	8.8%	7.4%	6.1%	-1.3%
El Monte	15.2%	14.9%	13.3%	11.9%	10.2%	8.3%	-1.9%
Glendora	10.7%	10.5%	9.3%	8.3%	7.0%	5.7%	-1.3%
Industry	3.6%	3.7%	3.7%	3.6%	1.8%	1.8%	0.0%
Irwindale	16.2%	15.8%	14.1%	12.7%	10.8%	8.8%	-2.0%
La Puente	11.1%	10.8%	9.7%	8.6%	7.3%	5.9%	-1.4%
La Verne	9.7%	9.4%	8.4%	7.5%	6.3%	5.1%	-1.2%
Monrovia	9.7%	9.5%	8.4%	7.5%	6.3%	5.2%	-1.1%
Montebello	10.8%	10.5%	9.4%	8.4%	7.1%	5.7%	-1.4%
Monterey Park	11.2%	10.9%	9.7%	8.7%	7.3%	6.0%	-1.3%
Pasadena	11.2%	10.9%	9.7%	8.7%	7.3%	6.0%	-1.3%
Pomona	13.9%	13.5%	12.1%	10.8%	9.2%	7.5%	-1.7%
Rosemead	14.3%	13.9%	12.5%	11.2%	9.5%	7.7%	-1.8%
San Dimas	10.0%	9.7%	8.7%	7.7%	6.5%	5.3%	-1.2%
San Gabriel	7.8%	7.6%	6.8%	6.0%	5.1%	4.1%	-1.0%
San Marino	5.0%	4.8%	4.3%	3.8%	3.2%	2.6%	-0.6%
Sierra Madre	8.5%	8.3%	7.4%	6.5%	5.5%	4.5%	-1.0%
South El Monte	6.8%	6.7%	5.9%	5.2%	4.4%	3.6%	-0.8%
South Pasadena	9.0%	8.7%	7.8%	6.9%	5.8%	4.7%	-1.1%
Temple City	8.3%	8.1%	7.2%	6.4%	5.4%	4.4%	-1.0%
Walnut	9.1%	8.9%	7.9%	7.0%	5.9%	4.8%	-1.1%
West Covina	15.1%	14.7%	13.2%	11.8%	10.0%	8.2%	-1.8%
San Gabriel Valley	**11.3%**	**11.0%**	**9.8%**	**8.7%**	**7.4%**	**6.0%**	**-1.4%**

Source: California Employment Development Department

Exhibit A-7

Average Wages by Major Industry Sector, 2014

Industry Group	SGV	LA County	% Difference SGV to LAC
Natural Resources & Mining	$40,772.7	$81,063.6	98.8%
Leisure & Hospitality	20,726.6	34,492.0	66.4%
Information	68,480.1	105,006.6	53.3%
Unclassified	33,403.4	48,577.4	45.4%
Financial Activities	73,698.1	93,588.9	27.0%
Public Administration	54,275.6	65,824.7	21.3%
Manufacturing	50,815.2	61,007.1	20.1%
Wholesale Trade	50,962.1	59,908.3	17.6%
Professional & Business Services	59,731.9	70,073.7	17.3%
Education	46,851.6	53,292.6	13.7%
Retail Trade	29,944.7	33,119.8	10.6%
Other Services	32,140.7	34,885.0	8.5%
Health Services	40,810.5	40,925.4	0.3%
Transportation & Utilities	60,814.8	59,969.8	-1.4%
Construction	59,150.7	57,425.8	-2.9%
Total	**$48,171.9**	**$59,944.1**	**24.4%**

Source: California Employment Development Department, ES202 data

Exhibit A-8

Establishments by Major Industry Sector, 2014

Industry Group	SGV	LA County	SGV % of LAC
Natural Resources & Mining	87	481	18.1%
Construction	2,516	13,097	19.2%
Manufacturing	2,282	12,421	18.4%
Wholesale Trade	4,965	20,235	24.5%
Retail Trade	4,888	26,686	18.3%
Transportation & Utilities	1,260	6,142	20.5%
Information	579	9,430	6.1%
Financial Activities	4,339	24,113	18.0%
Professional & Business Services	7,490	46,850	16.0%
Education	696	3,234	21.5%
Health Services	33,729	199,941	16.9%
Leisure & Hospitality	4,296	30,278	14.2%
Other Services	4,055	27,273	14.9%
Public Administration	922	5,756	16.0%
Total	**74,376**	**439,100**	**16.9%**

Source: California Employment Development Department, ES202 data

Exhibit A-9

Business Sales Revenues in the San Gabriel Valley in 2012

($ millions)

City	Manufacturing	Wholesale Trade	Retail Trade	Transportation	Real Estate Services	Prof & Technical Services	Admin Support, Waste Mgmt	Health Care Services	Leisure & Hospitality	Other Services	Total by City/Area
Industry [1]	6,765	15,486	3,195	655	172	172	201	93	193	78	27,080
Pasadena	172	2,272	2,701	139	320	3,928	485	2,643	617	464	14,056
Irwindale	2,458	1,745	202	118	26	45	139	981	23	D	5,744
Arcadia	194	527	860	43	98	444	66	582	220	869	4,120
El Monte	515	809	1,677	120	52	86	83	215	91	51	3,710
Montebello	754	1,167	818	145	77	41	137	365	101	44	3,659
Alhambra	307	477	1,637	52	66	92	86	329	170	46	3,298
West Covina	104	204	1,476	58	55	125	153	796	184	31	3,237
Azusa	1,505	883	471	10	14	64	104	32	48	25	3,155
Monrovia	720	545	779	18	32	595	78	159	109	96	3,143
Monterey Park	89	879	400	81	53	150	278	535	149	40	2,704
Baldwin Park	286	374	535	74	18	12	136	873	74	D	2,382
Diamond Bar	D	1,360	312	84	D	210	78	119	75	50	2,304
Covina	344	143	671	15	64	131	148	359	99	16	2,001
Glendora	363	163	688	21	47	77	38	331	75	65	1,958
San Dimas	D	304	538	31	67	353	62	180	72	77	1,713
San Gabriel	56	220	473	50	45	49	64	352	106	42	1,469
La Verne	205	527	356	31	21	38	28	73	65	D	1,363
Claremont	115	48	380	6	25	231	11	214	91	15	1,158
Rosemead	D	246	461	33	15	35	45	166	112	23	1,151
South El Monte	D	159	196	3	D	99	16	80	46	17	676
All Other	473	2,405	2,859	149	219	392	431	788	483	133	8,503
San Gabriel Valley	**15,425**	**30,942**	**21,686**	**1,936**	**1,485**	**7,370**	**2,869**	**10,266**	**3,203**	**2,182**	**98,584**

D: Withheld to avoid disclosing data for individual companies

[1] The retail trade sector includes 70 "nonstore" retail establishments with revenues of about $1.7 billion. These are primarily electronic shopping and mail-order houses

Source: U.S. Census Bureau, 2012 Economic Census

Exhibit A-10

Housing Stock in the San Gabriel Valley 2015

City	Total Housing Units	Single Detached	Single Attached	Two to Four	Five or More	Mobile Homes	Total Occupied	Vacancy Rate	Persons per HH
Alhambra	31,245	13,772	3,854	3,712	9,877	30	29,530	5.5%	2.88
Arcadia	20,813	12,697	2,124	1,171	4,821	0	19,713	5.3%	2.89
Azusa	14,062	6,528	1,979	1,409	3,592	554	13,359	5.0%	3.49
Baldwin Park	17,792	12,718	1,226	597	2,936	315	17,243	3.1%	4.45
Bradbury	407	389	7	0	11	0	361	11.3%	3.01
Claremont	12,345	8,183	1,244	1,007	1,888	23	11,788	4.5%	2.62
Covina	16,640	9,653	1,528	822	4,091	546	15,917	4.3%	3.04
Diamond Bar	18,480	13,312	1,699	1,055	2,046	368	17,904	3.1%	3.16
Duarte	7,296	4,693	937	235	1,269	162	7,054	3.3%	3.04
El Monte	29,113	16,317	3,732	1,467	6,097	1,500	27,858	4.3%	4.12
Glendora	17,940	13,208	1,412	662	1,931	727	17,297	3.6%	2.93
Industry	68	58	0	6	0	4	64	5.9%	3.17
Irwindale	397	356	10	4	21	6	381	4.0%	3.74
La Cañada Flintridge	7,077	6,501	186	96	250	44	6,837	3.4%	3.01
La Puente	9,791	6,777	483	403	2,098	30	9,481	3.2%	4.29
La Verne	12,057	7,704	931	660	893	1,869	11,619	3.6%	2.75
Monrovia	14,523	8,382	1,736	1,101	3,146	158	13,810	4.9%	2.70
Montebello	19,903	9,823	1,542	2,466	5,806	266	19,143	3.8%	3.33
Monterey Park	21,075	12,055	1,993	2,119	4,844	64	20,178	4.3%	3.06
Pasadena	60,361	26,403	4,155	5,235	24,438	130	56,029	7.2%	2.46
Pomona	40,895	24,784	2,995	3,506	7,632	1,978	38,679	5.4%	3.84
Rosemead	14,872	11,186	1,436	855	1,229	166	14,312	3.8%	3.82
San Dimas	12,776	7,339	1,673	312	2,001	1,451	12,290	3.8%	2.78
San Gabriel	13,256	7,439	1,425	775	3,609	8	12,561	5.2%	3.19
San Marino	4,484	4,429	15	0	40	0	4,337	3.3%	3.07
Sierra Madre	5,118	3,552	325	337	904	0	4,842	5.4%	2.30
South El Monte	4,791	3,506	173	241	421	450	4,647	3.0%	4.47
South Pasadena	11,150	4,970	662	1,397	4,121	0	10,498	5.8%	2.48
Temple City	12,135	9,784	890	345	1,009	107	11,623	4.2%	3.09
Walnut	8,911	8,513	57	35	303	3	8,688	2.5%	3.48
West Covina	32,799	21,191	3,116	1,235	6,912	345	31,689	3.4%	3.40
Total of Incorp. Cities	492,572	296,222	43,545	33,265	108,236	11,304	469,732	4.50%	3.23
County Total	3,463,382	1,719,724	229,155	283,959	1,172,254	58,290	3,258,265	5.9%	3.00
SGV % of Los Angeles County	14.2%	17.2%	19.0%	11.7%	9.2%	19.4%	14.4%	-	-

Source: State of California, Department of Finance, E-5 Housing Estimates for Cities, Counties and the State — January 1, 2011- 2015. Sacramento, California, May 2015

Exhibit A-11

Residential Construction Permits

Number of Building Permits Issued for New Housing Units

City	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Alhambra	211	30	119	92	67	57	92	6	158	13	275
Arcadia	153	102	84	133	55	63	140	146	192	248	154
Azusa	4	53	170	4	3	35	129	110	193	303	111
Baldwin Park	31	79	28	11	24	10	62	23	5	18	56
Bradbury	0	6	6	5	1	3	2	3	1	2	0
Claremont	35	93	273	5	39	78	3	2	24	111	23
Covina	87	29	10	0	0	0	32	45	56	39	1
Diamond Bar	26	123	56	5	3	1	4	4	7	48	127
Duarte	21	1	4	32	1	0	37	13	57	0	0
El Monte	199	141	136	33	26	9	89	53	35	184	38
Glendora	84	24	44	346	161	22	3	103	1	284	98
Industry	1	0	0	3	2	4	0	0	0	0	0
Irwindale	33	9	1	0	1	0	0	0	1	1	3
La Cañada Flintridge	21	18	22	17	15	11	17	10	8	8	20
La Puente	25	20	23	15	11	9	0	7	11	8	0
La Verne	5	43	3	102	6	2	2	1	219	78	6
Monrovia	104	57	124	181	4	8	0	9	2	11	4
Montebello	---	---	11	16	4	59	4	0	1	54	48
Monterey Park	159	68	56	227	3	19	7	7	11	30	57
Pasadena	520	548	412	549	24	56	25	155	101	537	578
Pomona	194	162	351	112	5	1	47	44	255	44	159
Rosemead	50	87	74	30	37	18	12	22	8	11	29
San Dimas	9	9	5	27	3	1	1	5	199	2	8
San Gabriel	102	54	44	10	11	11	1	7	54	50	100
San Marino	6	5	2	7	2	3	4	8	10	16	19
Sierra Madre	2	6	19	0	0	1	0	1	0	1	0
South El Monte	18	52	5	3	1	3	1	6	2	61	59
South Pasadena	67	26	25	5	2	1	7	7	6	3	5
Temple City	68	87	68	51	37	38	35	25	143	209	141
Walnut	4	13	52	35	34	44	84	44	21	18	16
West Covina	43	40	38	44	21	65	4	1	13	500	102
Total Incorporated Cities	**2,282**	**1,985**	**2,265**	**2,100**	**603**	**632**	**844**	**867**	**1,794**	**2,892**	**2,237**

Source: CIRB, California Homebuilding Foundation

Exhibit A-12

Median Price of Homes Sold by Community

($ 000)

City	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Alhambra	453	505	512	438	402	418	388	399	440	480	508
Altadena	620	705	644	540	440	465	434	439	550	595	658
Arcadia	770	665	700	627	663	715	750	759	890	970	971
Azusa	393	410	425	305	257	275	250	279	335	360	371
Baldwin Park	380	440	399	280	230	233	236	235	280	320	349
Claremont	612	603	602	550	465	480	426	428	500	550	575
Covina	439	502.	49	360	310	340	300	300	360	395	420
Diamond Bar	533	568	560	470	454	450	412	420	505	545	569
Duarte	461	505	435	378	284	310	280	300	350	408	420
El Monte	415	467	432	352	275	301	281	300	340	380	407
Glendora	525	551	560	453	405	350	370	361	435	460	504
Hacienda Heights	497	550	605	340	323	430	342	380	469	464	525
La Cañada Flintridge	1,250	---	1,400	---	---	1,170	1,050	1,083	1,200	1,297	1,500
La Puente	405	460	461	295	222	279	240	250	308	348	365
La Verne	509	542	570	457	440	419	382	400	460	535	575
Monrovia	506	599	542	490	465	435	403	405	485	553	555
Montebello	---	---	---	---	---	---	---	310	354	385	415
Monterey Park	478	543	558	479	405	497	410	410	473	490	510
Pasadena	603	633	667	534	510	499	500	510	560	625	650
Pomona	378	415	395	257	175	200	195	215	268	309	325
Rosemead	453	489	459	400	380	385	355	350	405	440	475
Rowland Heights	500	590	523	519	375	410	388	403	497	530	550
San Dimas	515	535	485	422	410	380	372	350	406	475	466
San Gabriel	526	629	662	563	478	515	500	500	549	629	650
San Marino	---	---	---	---	---	1,511	1,420	1,625	1,850	2,010	2,244
Sierra Madre	---	---	---	---	---	768	639	612	735	786	804
South El Monte	---	---	---	---	---	250	280	286	337	390	437
South Pasadena	---	---	850	750	626	622	657	690	789	915	925
Temple City	600	588	599	545	545	563	510	690	615	655	670
Walnut	600	575	622	523	567	650	560	562	625	670	692
West Covina	468	530	485	385	350	350	320	317	378	430	455

Note: Many factors influence the prices of homes sold in a given period. For areas with small sample size, fluctuations in prices may reflect more of the difference in quality of the units sold rather than changes in market conditions.

Source: CoreLogic

Exhibit A-13

Annual % Change of median Price of Homes Sold by Community

(Percent change from prior year)

City	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Alhambra	13.3%	11.5%	1.4%	-14.5%	-8.2%	3.9%	-7.1%	2.8%	10.3%	9.1%	5.9%
Altadena	38.7%	13.7%	-8.7%	-16.1%	-18.5%	5.6%	-6.7%	1.2%	25.3%	8.2%	10.6%
Arcadia	33.9%	-13.6%	5.3%	-10.5%	5.8%	7.8%	4.9%	1.1%	17.3%	9.0%	0.2%
Azusa	21.5%	4.3%	3.7%	-28.2%	-15.7%	7.0%	-9.1%	11.7%	20.0%	7.5%	3.1%
Baldwin Park	23.6%	15.8%	-9.4%	-29.7%	-17.9%	1.1%	1.3%	-0.2%	19.1%	14.3%	9.1%
Claremont	17.6%	-1.6%	-0.1%	-8.7%	-15.4%	3.2%	-11.3%	0.4%	17.0%	10.0%	4.5%
Covina	13.5%	14.5%	-0.6%	-27.9%	-13.9%	9.7%	-11.8%	0.0%	20.0%	9.7%	6.3%
Diamond Bar	14.5%	6.7%	-1.4%	-16.1%	-3.5%	-0.9%	-8.3%	1.9%	20.3%	7.9%	4.4%
Duarte	39.5%	9.7%	-13.9%	-13.1%	-25.0%	9.2%	-9.5%	7.1%	16.7%	16.6%	2.9%
El Monte	19.1%	12.5%	-7.6%	-18.3%	-22.0%	9.3%	-6.5%	6.8%	13.3%	11.8%	7.2%
Glendora	26.5%	5.0%	1.6%	-19.2%	-10.5%	-13.6%	5.7%	-2.5%	20.6%	5.7%	9.6%
Hacienda Heights	-1.1%	10.8%	10.0%	-43.8%	-5.1%	33.3%	-20.5%	11.1%	23.4%	-1.1%	13.1%
La Cañada Flintridge	16.3%	----	----	----	----	----	-10.3%	3.1%	10.9%	8.1%	15.7%
La Puente	24.6%	13.6%	0.2%	-36.0%	-24.7%	25.7%	-14.0%	4.2%	23.2%	12.8%	5.0%
La Verne	17.1%	6.5%	5.2%	-19.8%	-3.7%	-4.8%	-8.8%	4.7%	15.0%	16.3%	7.5%
Monrovia	16.3%	18.4%	----	-9.6%	-5.1%	-6.5%	-7.5%	0.6%	19.8%	14.0%	0.4%
Montebello	---	---	---	---	---	---	---	---	14.0%	8.9%	7.8%
Monterey Park	13.3%	13.6%	2.7%	-14.2%	-15.4%	22.7%	-17.5%	0.0%	15.4%	3.6%	4.1%
Pasadena	15.9%	4.9%	5.4%	-19.9%	-4.5%	-2.2%	0.2%	2.1%	9.8%	11.6%	4.0%
Pomona	25.9%	9.9%	-4.8%	-34.9%	-31.9%	14.3%	-2.4%	10.1%	24.7%	15.3%	5.2%
Rosemead	23.0%	8.1%	-6.2%	-12.8%	-5.0%	----	-7.8%	-1.4%	15.7%	8.6%	8.0%
Rowland Heights	2.0%	18.0%	-11.4%	-0.7%	-27.7%	9.3%	-5.5%	4.0%	23.2%	6.7%	3.8%
San Dimas	20.2%	4.0%	-9.3%	-12.9%	-2.9%	-7.3%	-2.2%	-5.8%	15.9%	17.1%	-1.9%
San Gabriel	5.7%	19.5%	5.3%	-15.0%	-15.0%	7.7%	-2.9%	0.0%	9.8%	14.6%	3.3%
San Marino	----	----	----	----	----	----	-6.0%	14.4%	13.8%	8.6%	11.6%
Sierra Madre	----	----	----	----	----	----	-16.8%	-4.3%	20.1%	6.9%	2.2%
South El Monte	----	----	----	----	----	----	12.0%	2.1%	17.8%	15.7%	12.1%
South Pasadena	----	----	----	----	----	-0.6%	5.6%	5.0%	14.3%	16.0%	1.1%
Temple City	29.0%	-2.0%	1.9%	-9.0%	0.0%	3.2%	-9.3%	35.3%	-10.9%	6.5%	2.3%
Walnut	9.9%	-4.2%	8.2%	-16.0%	8.5%	14.6%	-13.8%	0.4%	11.2%	7.2%	3.3%
West Covina	20.3%	13.2%	-8.5%	-20.6%	-9.1%	0.0%	-8.6%	-0.9%	19.2%	13.8%	5.8%

Source: CoreLogic

Exhibit A-14
Nonresidential Vacancy Rates

		OFFICE VACANCY RATES (%)		INDUSTRIAL VACANCY RATES (%)	
Year	Qtr	San Gabriel Valley	Los Angeles County	San Gabriel Valley	Los Angeles County
2005	Q1	10.3	14.0	1.5	2.2
	Q2	10.2	12.9	1.2	2.1
	Q3	10.5	12.2	1.2	1.8
	Q4	9.4	11.2	1.6	2.0
2006	Q1	12.2	11.4	4.5	3.8
	Q2	9.9	11.0	3.8	3.3
	Q3	8.9	10.8	3.6	3.2
	Q4	8.4	10.5	2.6	2.4
2007	Q1	7.4	10.0	2.6	2.7
	Q2	4.9	9.3	2.4	2.4
	Q3	7.2	9.6	2.3	2.6
	Q4	8.8	10.6	2.2	2.4
2008	Q1	11.5	11.3	1.4	2.3
	Q2	14.7	11.1	1.7	2.6
	Q3	13.5	11.6	2.4	3.1
	Q4	12.0	12.6	3.0	3.3
2009	Q1	16.8	14.3	5.1	3.7
	Q2	17.3	15.5	5.5	3.9
	Q3	17.8	16.1	5.5	4.4
	Q4	18.4	17.1	5.4	4.7
2010	1Q	16.6	17.6	5.9	5.2
	2Q	16.7	18.1	5.1	5.2
	3Q	16.9	18.5	4.7	5.2
	4Q	15.8	18.6	4.5	4.9
2011	1Q	15.2	18.8	4.6	4.9
	2Q	16.0	19.1	4.3	4.8
	3Q	16.7	19.0	4.2	4.8
	4Q	15.3	18.8	4.7	4.9
2012	1Q	15.0	18.8	4.8	4.7
	2Q	16.9	18.6	4.7	4.6
	3Q	16.7	18.7	4.9	4.5
	4Q	17.4	18.4	4.8	4.6
2013	1Q	17.2	18.5	4.4	4.4
	2Q	16.4	18.4	3.9	4.0
	3Q	17.1	18.5	3.6	4.2
	4Q	16.2	18.2	3.3	4.2
2014	1Q	16.8	18.0	3.3	4.1
	2Q	14.7	17.0	2.9	4.0
	3Q	14.2	17.0	2.6	3.8
	4Q	14.3	16.1	2.6	3.4
2015	1Q	12.9	16.0	2.3	3.1
	2Q	12.0	14.8	2.2	2.8
	3Q	11.6	14.6	1.9	2.5
	4Q	10.8	13.5	1.4	2.2

Source: Cushman and Wakefield

Exhibit A-15

Nonresidential Construction Permits

(All nonresidential construction ($millions)

City	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Alhambra	$21.5	$10.2	$31.0	$21.4	$8.3	$6.4	$39.9	$16.5	$24.2	$33.0	$15.2
Arcadia	12.0	32.0	19.1	42.3	28.1	9.0	22.3	24.5	26.7	45.8	$17.7
Azusa	1.1	0.4	0.5	6.9	1.2	3.1	1.6	2.2	26.8	5.0	$34.5
Baldwin Park	5.1	4.8	2.1	5.2	1.6	0.9	0.6	0.2	4.7	19.7	$10.5
Bradbury	0.4	0.5	0.3	0.8	0.5	0.1	0.1	0.0	0.5	1.0	$0.4
Claremont	16.5	27.5	11.8	20.3	42.7	36.3	31.0	5.2	49.8	41.5	$16.8
Covina	4.9	6.0	20.2	11.3	6.9	20.4	7.1	8.1	6.4	5.7	$3.4
Diamond Bar	19.6	10.3	13.1	5.0	6.0	6.9	7.8	1.1	7.8	8.9	$4.7
Duarte	4.0	3.2	10.3	31.1	36.9	6.3	7.2	2.6	4.2	6.2	$2.9
El Monte	9.3	14.9	28.9	28.8	14.6	21.9	10.0	3.7	14.3	8.5	$66.7
Glendora	11.4	22.4	36.0	28.2	11.2	7.6	8.6	4.2	6.5	15.1	$8.3
Industry	81.8	110.5	61.1	101.1	40.4	56.1	51.4	39.6	33.6	90.9	$37.7
Irwindale	23.5	26.6	9.7	18.7	9.9	36.8	15.4	6.3	16.1	16.7	$12.0
La Cañada Flintridge	11.9	7.4	16.8	10.5	6.8	7.2	9.3	6.0	6.6	6.4	$7.4
La Puente	2.2	0.9	1.5	7.1	3.2	0.5	0.4	0.1	5.5	10.8	$5.4
La Verne	7.2	18.4	10.7	13.8	3.5	6.7	22.2	4.0	15.3	19.0	$80.4
Monrovia	8.6	7.2	12.1	17.6	5.7	3.7	2.6	0.1	0.3	1.1	$23.7
Montebello	---	---	9.9	9.9	11.8	8.8	6.1	10.6	18.3	11.4	$9.5
Monterey Park	13.3	6.3	7.8	6.6	11.5	9.2	6.9	5.5	4.7	4.4	$7.3
Pasadena	100.0	88.8	140.6	67.8	53.7	67.7	83.0	64.8	96.7	103.7	$106.4
Pomona	33.5	28.9	36.2	47.2	10.2	8.4	14.2	3.9	71.0	46.1	$13.8
Rosemead	8.8	20.5	9.8	10.6	7.6	28.3	12.1	15.9	13.0	12.9	$10.8
San Dimas	22.3	15.1	21.3	6.2	4.9	7.2	4.2	0.5	11.3	11.5	$9.3
San Gabriel	5.6	6.9	7.5	3.6	5.1	2.4	1.5	0.1	24.4	3.8	$6.1
San Marino	0.6	0.6	0.3	3.7	1.9	2.5	6.6	0.5	44.4	3.1	$15.0
Sierra Madre	0.5	0.4	0.3	0.8	0.4	0.2	0.2	0.0	0.1	0.5	$0.1
South El Monte	5.2	4.3	12.3	12.9	16.5	6.0	5.2	3.7	6.2	7.1	$4.0
South Pasadena	2.8	3.9	9.6	4.6	3.0	1.9	2.0	2.1	2.7	13.6	$3.5
Temple City	2.3	2.7	3.6	1.6	4.9	2.5	1.5	3.9	17.2	3.6	$4.4
Walnut	0.9	1.0	2.7	1.0	5.3	0.6	0.4	0.2	3.2	3.2	$1.5
West Covina	13.4	51.6	67.8	47.4	43.7	27.4	24.0	21.0	24.1	114.6	$14.8
Total Incorporated Cities	**$450.2**	**$534.3**	**$615.0**	**$594.1**	**$408.0**	**$402.9**	**$405.4**	**$257.4**	**$586.5**	**$674.6**	**$554.0**

Source: CIRB, California Homebuilding Foundation

Exhibit A-16

Total Taxable Sales in San Gabriel Valley

(Annual averages, $ millions)

City	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014e	2015e
Pasadena	3,022	3,084	3,154	2,973	2,625	2,647	2,724	2,818	2,858	2,913	2,993
Industry	2,810	2,989	3,067	2,759	2,363	2,434	2,663	2,999	2,725	2,818	2,895
West Covina	1,344	1,361	1,353	1,252	1,081	1,089	1,156	1,260	1,335	1,440	1,480
El Monte	1,752	1,783	1,700	1,336	1,075	1,050	1,126	1,258	1,301	1,414	1,453
Pomona	1,345	1,437	1,434	1,243	980	1,055	1,101	1,192	1,239	1,353	1,390
Alhambra	1,172	1,184	1,185	1,129	1,025	1,046	1,091	1,206	1,284	1,320	1,356
Montebello	1,062	1,132	1,088	1,005	828	902	956	971	1,026	1,068	1,097
Arcadia	826	845	857	824	753	762	813	842	891	943	969
Monrovia	797	813	782	726	628	662	740	760	769	808	831
Covina	805	809	791	701	582	581	628	694	676	728	748
Glendora	652	654	660	629	568	568	615	658	690	714	734
San Dimas	520	561	564	551	500	511	533	501	489	504	518
Baldwin Park	531	558	567	529	463	481	525	538	513	498	512
Azusa	416	444	443	429	348	370	417	444	462	483	497
Monterey Park	436	449	432	397	354	359	395	411	445	474	487
Duarte	444	458	418	365	357	386	393	422	445	460	472
Rosemead	303	298	351	365	339	341	357	368	389	395	406
South El Monte	367	395	420	427	354	334	353	378	388	395	406
Irwindale	415	478	458	433	347	355	325	328	337	359	369
San Gabriel	342	353	347	325	280	294	324	348	353	358	368
La Verne	329	339	372	366	299	315	337	344	342	349	359
Claremont	447	442	402	306	238	233	267	302	308	329	338
Diamond Bar	337	347	352	311	272	286	306	311	315	315	323
La Cañada-Flintridge	181	183	193	192	176	183	201	212	234	239	246
La Puente	222	231	220	201	179	200	209	209	215	237	244
South Pasadena	160	168	167	164	146	148	156	166	176	193	198
Walnut	160	172	186	169	142	147	159	168	168	174	179
Temple City	139	145	156	153	136	141	149	151	154	162	167
San Marino	41	40	42	43	37	33	34	34	38	40	41
Sierra Madre	24	26	26	26	23	22	24	23	25	27	28
Bradbury*	n/d	0	0	0	0	0	0	0	0	0	0
Total Incorporated Cities	**$21,401**	**$22,179**	**$22,187**	**$20,330**	**$17,499**	**$17,936**	**$19,076**	**$20,316**	**$20,592**	**$21,512**	**$22,104**

*Note: For years marked “n/d”, Bradbury had too few firms to allow reporting without revealing confidential information.

Source: California State Board of Equalization; estimates by LAEDC

Exhibit A-17
Hotel Occupancy Data for San Gabriel Valley

San Gabriel Valley (excluding Pasadena, Arcadia, and Monrovia):

Year	Annual Room Supply	Annual Occupied Rooms	Occupancy Rate	Average Daily Rate	Annual % Change	RevPAR	Annual % Change
2009	898,265	499,315	55.6%	100.53	-8.5%	55.88	-17.7%
2010	898,265	542,505	60.4%	97.29	-3.2%	58.76	5.2%
2011	921,625	596,307	64.7%	99.07	1.8%	64.10	9.1%
2012	938,780	654,145	69.7%	102.35	3.3%	71.32	11.3%
2013	888,045	625,839	70.5%	109.59	7.1%	77.24	8.3%
2014	905,565	644,862	71.2%	116.13	6.0%	82.70	7.1%
2015e	924,910	675,131	73.0%	122.12	5.2%	89.14	7.8%

Pasadena:

Year	Annual Room Supply	Annual Occupied Rooms	Occupancy Rate	Average Daily Rate	Annual % Change	RevPAR	Annual % Change
2009	602,615	391,667	65.0%	152.94	-9.6%	99.40	-20.4%
2010	602,615	423,556	70.3%	150.14	-1.8%	105.53	6.2%
2011	602,615	461,742	76.6%	149.62	-0.3%	114.65	8.6%
2012	602,615	505,862	83.9%	155.85	4.2%	130.83	14.1%
2013	602,615	509,699	84.6%	162.44	4.2%	137.39	5.0%
2014	612,470	513,391	83.8%	179.93	10.8%	150.83	9.8%
2015e	650,430	545,719	83.9%	185.75	3.2%	155.85	3.3%

Arcadia/Monrovia:

Year	Annual Room Supply	Annual Occupied Rooms	Occupancy Rate	Average Daily Rate	Annual % Change	RevPAR	Annual % Change
2009	355,875	241,362	67.8%	118.87	-12.1%	80.62	-15.2%
2010	355,875	267,441	75.2%	111.60	-6.1%	83.87	4.0%
2011	355,875	277,661	78.0%	115.71	3.7%	90.28	7.6%
2012	355,875	288,585	81.1%	122.47	5.8%	99.31	10.0%
2013	355,875	292,117	82.1%	128.18	4.7%	105.21	5.9%
2014	355,875	301,466	84.7%	137.44	7.2%	116.43	10.7%
2015e	355,875	302,983	85.1%	143.69	4.5%	122.33	5.1%

Total San Gabriel Valley:

Year	Annual Room Supply	Annual Occupied Rooms	Occupancy Rate	Average Daily Rate	Annual % Change	RevPAR	Annual % Change
2009	1,856,755	1,132,344	61.0%	122.57	-10.0%	74.75	-18.5%
2010	1,856,755	1,233,502	66.4%	118.54	-3.3%	78.75	5.4%
2011	1,880,115	1,335,710	71.0%	120.00	1.2%	85.26	8.3%
2012	1,897,270	1,448,592	76.4%	125.04	4.2%	95.47	12.0%
2013	1,846,535	1,427,655	77.3%	132.26	5.8%	102.26	7.1%
2014	1,873,910	1,459,719	77.9%	142.97	8.1%	111.37	8.9%
2015e	1,931,215	1,523,833	78.9%	149.20	4.4%	117.72	5.7%

Source: PKF Consulting

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