

Strong growth is forecast for Inland Empire



Amazon.com opened its second major fulfillment center in Moreno Valley earlier this year. The company is planning to build another facility in Redlands. (Irfan Khan / Los Angeles Times)

By CHRIS KIRKHAM

The Inland Empire accounted for two-thirds of the new businesses created statewide from 2012 to 2013. Average annual wages in the Inland Empire, at \$41,314, are lower than the state average of \$57,121. The Inland Empire had an unemployment rate of 8.2% as of September, higher than the state's rate of 7.3%.

It was among the nation's hardest-hit local economies during the Great Recession, beset by staggering numbers of foreclosures and one of the highest jobless rates in California.

But the Inland Empire is now the fastest-growing region in Southern California — a trend predicted to continue over the next five years, according to an economic forecast released Thursday.

We haven't just had all of our eggs in one basket. Almost every major industry in the Inland Empire has added jobs since the region hit bottom. - Jordan Levine, director of economic research at Beacon Economics

The availability of land for development, combined with proximity to ports and major transportation corridors, has given Riverside and San Bernardino counties a growth advantage over more built-out coastal areas over the last two years. Unlike the housing bubble of the mid-2000s — when much of the Inland Empire's job growth was tied to construction and real estate — the economic recovery has been spread across a wider range of industries, such as professional services and goods distribution.

"What's encouraging is just how broad-based the recovery is," said Jordan Levine, director of economic research at Beacon Economics, which published the forecast. "We haven't just had all of our eggs in one basket. Almost every major industry in the Inland Empire has added jobs since the region hit bottom."

Overall, the Inland Empire accounted for two-thirds of the new businesses created statewide from 2012 to 2013 — despite housing only 7.4% of the total businesses in California.



Over the last year, Inland Empire jobs have increased 2.7%, a faster rate than any part of California except the Bay Area. That's more than double the rate of Los Angeles County and nearly triple the pace of Orange County.

Thursday's report predicts the Inland Empire will add jobs at an even faster clip — about 3.4% annually — over the next five years.

Driving that growth are major gains at both ends of the income scale: the lower-paying leisure and hospitality sector was one of the fastest-growing industries, but there was even more rapid growth in the high-end professional services sector, which includes consultants, lawyers and accountants.



The foreclosure crisis is rapidly becoming a thing of the past. (Andrew Khouri)

Average annual wages in the Inland Empire, at \$41,314, are significantly lower than the state average of \$57,121, but the forecast found that some of the biggest growth sectors in the region (professional services, trade and transportation) are also among the highest paying. More than 55% of the Inland Empire jobs added over the last year were in industries with average annual pay above \$40,000.

The Inland Empire still had an unemployment rate of 8.2% as of September, higher than the state's rate of 7.3%. One of the biggest bright spots going forward, according to the report, is the Inland Empire's status as a major shipping and distribution point for Southern California and the nation.

Amazon.com, for instance, opened its second major fulfillment center in Moreno Valley this year. The facility serves as a hub for delivery of merchandise throughout the region. The company is planning to build another facility in Redlands.

The region also serves as a distribution hub for goods delivered to and from the ports of Los Angeles and Long Beach, which have both seen a surge in volume over the last year. Overall volume at the Port of Los Angeles has risen 7.8% in the first nine months of 2014 compared with the same period last year. And the Port of Long Beach saw an increase of 1.7% over the same period.



Los Angeles County will finally regain the number of jobs it lost during the Great Recession next year, with Orange County and the Inland Empire expected to follow soon after, a new study projects. After facing a more severe downturn than many other parts of the nation, Southern California... (Chris Kirkham)

"This is the area where goods are going to be handled, whether they're coming in through the ports or going into facilities to answer demands from e-commerce," said John Husing, an economist who specializes in the Inland Empire. "We have all of the dirt left in Southern California, if you're going to build an industrial facility or a logistics facility."

That growth is evident from measurements of economic output in the wholesale trade and warehousing sector, which grew nearly four times as fast in the Inland Empire as the state overall.

The sector also had the fastest growth in business formation from 2012 to 2013, according to the report.

One thing noticeably different about the Inland Empire's recent growth, compared with the boom years of the mid-2000s, is the performance of the construction sector.

The industry shed more than 75,000 jobs in the Inland Empire and is still years away from regaining them, the report suggests. But the report projects construction to be "one of the largest contributors to economic growth moving forward," driven by an increase in demand for housing in a region that is significantly more affordable than the rest of Southern California.

Husing compared median housing prices of \$277,000 in the Inland Empire with prices of more than \$450,000 in Los Angeles and nearly \$600,000 in Orange County.

"Those are powerful numbers, and they will force growth into this area," Husing said. "And as families move, they bring their education, their skills, their income and their spending."

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