

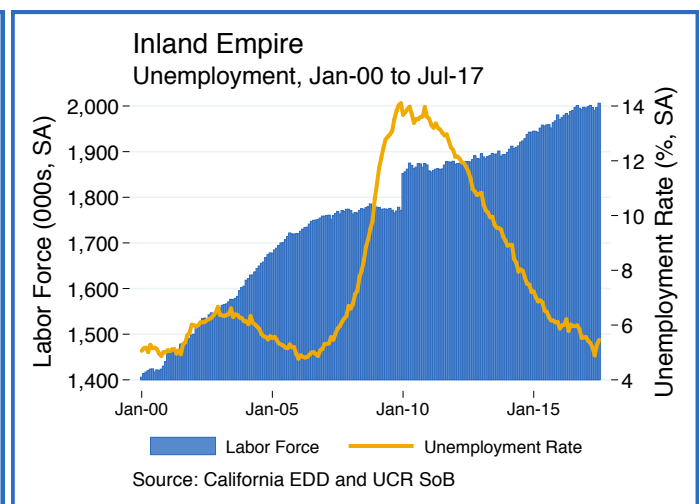
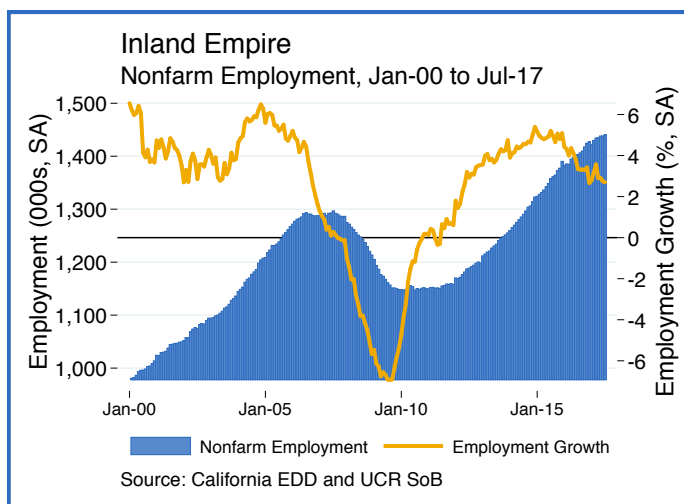
Inland Empire Employment Report

AUGUST 2017

The latest release from the California Employment Department (EDD) shows the Inland Empire added 2,200 jobs in July. With the recent gains, year-over-year growth in the Inland Empire stands at 2.7%, well above the 1.7% growth in the state overall. The region remains near the top of regional contributions to annual statewide gains. From July 2016 to July 2017 the Inland Empire was responsible for the second largest number of jobs added in California, just behind its much larger neighbor, Los Angeles (MD).

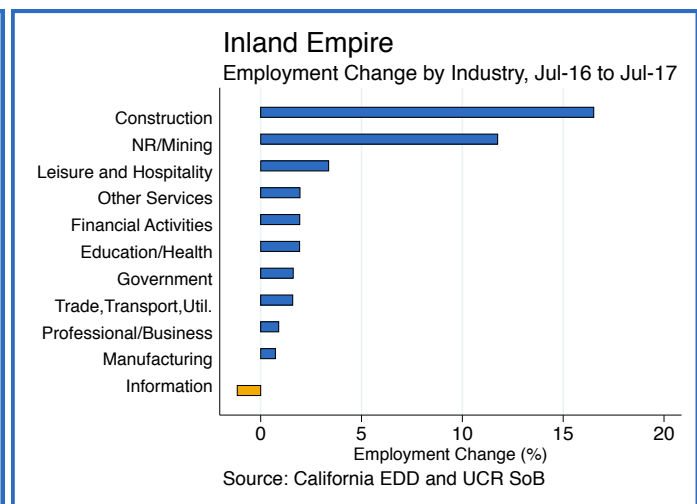
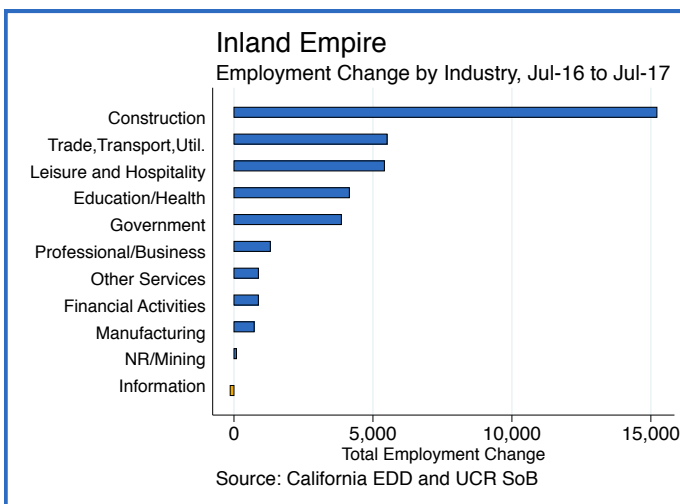
“Despite the uptick in the unemployment rate, the IE labor market is very tight even with recent increases in the labor force,” said Robert Kleinhenz, Executive Director of Research at the Center for Economic Forecasting and Development. “In terms of industry performance, it’s very good to see this month’s gains in manufacturing and other sectors. Despite a decrease in job counts this month, the much watched Transportation/Warehousing sector experienced an impressive gain of 4.8% in yearly terms.”

The Inland Empire’s unemployment rate increased to 5.5% in July, up 0.2 percentage points from June. The driving force behind this increase was a jump in the local labor force (+9,500). Additionally, year-over-year gains in payrolls (+2.7%) are continuing to outpace growth in the labor force (0.8%) indicating that there is a growing lack of supply of workers in the area, not a lack of demand from local businesses. High-housing costs in Southern California are making it increasingly difficult for employers to fill lower-wage positions and the supply of skilled workers without jobs is tightening.



KEY POINTS

- Industry gains in the Inland Empire were a mixed bag in July, with some sectors posting sizeable gains while others posted losses.
- The Manufacturing sector led payrolls gains in July, adding 1,200 positions. The lower cost of real estate and access to skilled workers has helped increase Manufacturing sector jobs by 0.7% year-over-year in the Inland Empire, despite the sector posting declines across the state.
- The Wholesale Trade sector, Leisure and Hospitality sector, and Administrative Support sector all increased payrolls by sizeable margins, with all three adding 1,000 positions in July. These solid monthly gains helped push year-over-year growth to 2.9% for Wholesale Trade, 3.4% for Leisure and Hospitality, and 0.2% for Administrative Support.
- After months of robust gains, the Construction sector posted the largest decline during the month, shedding 2,600 positions. Despite the one-month dip, payrolls are up a substantial 16.5% for the year, outshining the healthy 6.6% annual growth in the state overall. Other sectors posting noteworthy declines include Professional, Scientific, and Technical Services (-500 jobs) and Government (-300) jobs. Still, year-over-year growth for both these sectors is positive, with Professional, Scientific, and Technical Services expanding by 2.8% and Government growing by 1.6%.
- In percentage terms, the two fastest growing sectors in July in the Inland Empire were Real Estate (+2.8%) and Educational Services (+1.8%). The two sectors posting the largest percentage declines were Natural Resources and Mining (-2.8%) and Construction (-2.4%).



Inland Empire Seasonally Adjusted Employment Changes

Industry	Jul-17	Jun-17	MoM (000s)	MoM (%)	Jul-16	YoY (000s)	YoY (%)
Farm	13.9	13.9	-0.0	-0.2	14.6	-0.7	-4.6
Total Nonfarm	1,440.6	1,438.4	2.2	0.2	1,402.7	37.9	2.7
Total Private	1,197.6	1,195.1	2.5	0.2	1,163.6	34.0	2.9
Construction	107.4	110.0	-2.6	-2.4	92.1	15.2	16.5
NR/Mining	0.9	0.9	-0.0	-2.8	0.8	0.1	11.8
Manufacturing	100.3	99.0	1.2	1.2	99.5	0.7	0.7
Durable Goods	64.6	63.9	0.7	1.1	65.3	-0.7	-1.1
Non-Durable Goods	35.7	35.2	0.5	1.6	34.3	1.4	4.1
Trade,Transport,Util.	352.3	351.4	0.9	0.3	346.8	5.5	1.6
Wholesale Trade	64.7	63.6	1.0	1.6	62.8	1.8	2.9
Retail Trade	178.7	178.7	-0.0	-0.0	179.7	-0.9	-0.5
Transport,Warehouse,Util.	108.9	109.1	-0.1	-0.1	104.3	4.6	4.4
Information	11.6	11.4	0.2	1.6	11.7	-0.1	-1.2
Financial Activities	46.2	45.8	0.4	0.8	45.3	0.9	1.9
Finance and Insurance	27.0	27.2	-0.1	-0.5	27.3	-0.3	-1.0
Real Estate	19.1	18.6	0.5	2.8	18.0	1.1	6.4
Professional/Business	147.7	147.1	0.5	0.4	146.4	1.3	0.9
Prof Sci and Tech	40.3	40.8	-0.5	-1.2	39.2	1.1	2.8
Management	9.0	9.0	0.0	0.5	8.9	0.1	0.8
Admin Support	98.3	97.4	1.0	1.0	98.2	0.2	0.2
Education/Health	219.3	218.3	0.9	0.4	215.1	4.2	1.9
Educational Services	19.0	18.7	0.3	1.8	18.5	0.5	2.7
Health Care	200.2	199.6	0.6	0.3	196.6	3.6	1.9
Leisure and Hospitality	166.1	165.1	1.0	0.6	160.7	5.4	3.4
Arts and Entertainment	20.4	20.4	-0.0	-0.2	19.4	1.0	5.1
Accommodation and Food	145.7	144.7	1.0	0.7	141.3	4.4	3.1
Other Services	46.0	46.0	-0.0	-0.0	45.1	0.9	1.9
Government	243.0	243.3	-0.3	-0.1	239.1	3.9	1.6
Federal Government	20.6	20.6	-0.0	-0.0	20.4	0.2	1.2
State Government	30.4	30.2	0.2	0.7	29.8	0.5	1.8
Local Government	192.0	192.5	-0.5	-0.3	188.9	3.1	1.6
Labor Force	2,006.1	1,996.5	9.5	0.5	1,990.3	15.8	0.8
Employment	1,896.6	1,891.1	5.5	0.3	1,871.5	25.1	1.3
Unemployment	109.4	105.4	4.0	3.8	118.8	-9.3	-7.9
Unemployment Rate	5.5	5.3	0.2	.	6.0	-0.5	.

Source: California's Employment Development Department and UCR SoB