INLAND EMPIRE
BUSINESS ACTIVITY INDEX

Quarter 1 - 2017

The Inland Empire Business Activity Index tracks performance of the Inland Empire regional economy on a quarterly basis and is adjusted for seasonal variations. The composite indicator is estimated using a wide range of economic data including employment, economic output, income, real estate, and other indicators at the national, state, and metropolitan level.
In the first quarter of 2017 business activity in the Inland Empire increased by 1.7% over the fourth quarter of 2016, according to the Inland Empire Business Activity Index produced by the UC Riverside School of Business Center for Economic Forecasting and Development.

In contrast, U.S. gross domestic product (GDP) grew by just 0.7%, based on data from the U.S. Bureau of Economic Analysis.

Annually, business activity has also been on the rise in the Inland Empire with the Index standing at 119.4 in the first quarter of 2017, a 3.7% increase over the first quarter of 2016. The base period for the Index is the first quarter of 2009. Since that time, which spans the economic recovery from the ‘Great Recession’, business activity has increased 20% in the Inland Empire.

Business Activity in the Inland Empire has expanded consistently since the first quarter of 2012, marking 21 consecutive quarters of growth and an increase of 18.1% since that time. This stretch of growth coincides with steady gains in the national economy, which is currently the third longest economic expansion on record.

The latest increase in business activity was driven by strong growth in the region’s Professional and Business Services industry. Employment has been robust in this sector with a 7.3% annualized pace of job growth in the first quarter of 2017. The Construction sector has also been a source of growth, buoyed by strong building permit activity in 2016. The total number of Inland Empire residential units permitted last year totaled 10,239, an 8% increase over 2015 levels.

Looking ahead, the Center for Forecasting anticipates business activity in the Inland Empire to increase by 3.1% in the second quarter of 2017. The national economy is also expected to grow at a steady pace, as is California’s. The Center is currently forecasting 2.3% U.S. GDP growth in the second quarter, up from 0.7% in the first quarter.