

# 2019 ECONOMIC REPORT

**A DATA AND MARKET ANALYSIS FOR THE  
CITIES OF SOUTH ORANGE COUNTY**

**TUESDAY, APRIL 23, 2019**  
**LAGUNA HILLS COMMUNITY CENTER**

REPORT PROVIDED BY  
Anthony Y. Teng, MBA CPA CITP CGMA  
Dean of Advanced Technology and Applied Science, Saddleback College



## WELCOME | FROM THE SADDLEBACK PRESIDENT

On behalf of the nearly 1400 employees of Saddleback College I support, we are proud to be part of South Orange County and to be contributors to the economic growth of our regional economy and to the spirit of its community.

We consider South Orange County our partner, not just our home. Saddleback College benefits from the largesse of our industry partners and community; and, as a partner, we recognize a reciprocal duty to support the local economy and enrich our community through lifelong education and training as well as athletic and cultural events. As the economy and community of South Orange County grows, so will Saddleback—to better support it.

Saddleback College is pleased to present the fifth edition of the South Orange County Economic Report. The report provides economic information specifically for the South Orange County area, including the cities of Aliso Viejo, Dana Point, Laguna Beach, Laguna Hills, Laguna Niguel, Laguna Woods, Lake Forest, Mission Viejo, Rancho Santa Margarita, San Clemente, and San Juan Capistrano. The report should be read in conjunction with other economic data provided by other institutions for the region, county, state, and nation.

This report highlights many influences on our regional economy and addresses some key questions regarding the future direction of our region.

Availability of education and state-of-the-art training are among the most important predictors of regional economic strength. Saddleback College is and always will be a driver of regional economic growth as it enriches the lives of 27,000 students it educates each semester. We provide educational pathways that begin with our K-12 partners and help thousands transfer to the nation's top four-year colleges and universities each year. In addition, we strengthen the workforce by providing training and career pathways to future, incumbent and encore workers in the region. We support the growth of our industry partners in South Orange County, and they support our programs and students.

The South Orange County Economic Report is one of the many ways that Saddleback College strives to support South Orange County. We value our community and all the partners that make our region a wonderful place in which to live and work. We want to be your first choice for lifelong education and training and your partner in strengthening our regional economy.

Thank you!

Elliot Stern  
President  
Saddleback College

## WELCOME | FROM THE SOCEC CHAIR

On behalf of the Board of Directors of the South Orange County Economic Coalition, it is my pleasure to welcome you to the 5th Annual South Orange County Economic Report Luncheon.

We thank Saddleback College for once again partnering with us to bring you a market and data analysis of south Orange County. We appreciate your interest in the report, recognizing the important role this information plays in helping our regional business leaders and policy makers plan strategically for the future.

Founded in 1969, south Orange County businesses have relied on the Economic Coalition (formerly known as the South Orange County Regional Chambers of Commerce) for fifty years as a vital resource committed to helping them grow and prosper. With today's economic climate requiring versatility and the most innovative tools to succeed, we are enhancing our strategic focus and resources to keep businesses competitive and successful. As the leading business advocate for south Orange County, the Economic Coalition remains at the forefront of energizing the economic climate in the region. We continue to influence and affect a pro-business agenda and reduce restrictive regulations through our efforts.

Our collaboration with Saddleback College, combined with our steadfast dedication to our mission to promote a sound south Orange County economy, will ensure that the region's businesses continue to grow and prosper for years to come.

Sincerely,

Kristen Camuglia  
Chair  
South Orange County Economic Coalition



# THANK YOU TO OUR SPONSORS

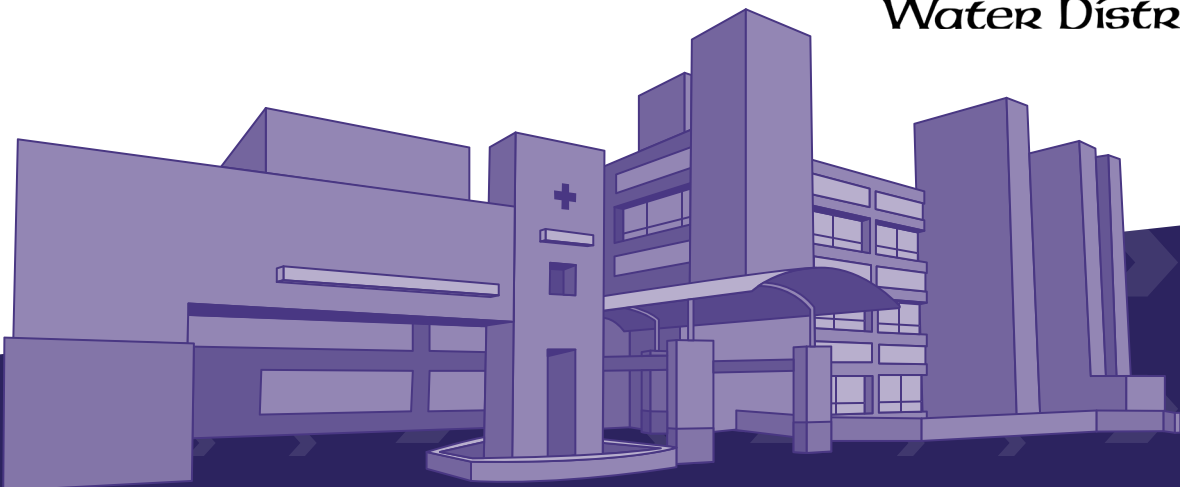
## CORPORATE SPONSORS



## PROMOTIONAL SPONSOR



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# PROGRAM

## WELCOME

**Duane Cave,**  
Programs Committee Chair, South Orange County  
Economic Coalition

## FLAG SALUTE

**Hon. Janine Heft**  
Mayor Pro Tem, City of Laguna Hills

## STATE OF SOCEC

**Kristen Camuglia,**  
Chair, South Orange County Economic Coalition

## PROGRAM INTRODUCTION

**Dr. Elliot Stern,**  
President, Saddleback College

## ECONOMIC REPORT

**Anthony Y. Teng,**  
MBA CPA CITP CGMA  
Dean of Advanced Technology and Applied  
Science, Saddleback College

## PANEL DISCUSSION

**Paul Simonds,**  
Past Chair, South Orange County Economic Coalition  
**Barry Arbuckle,**  
MemorialCare Health Systems  
**Derrick Calderon,**  
Smart Cities Cox2M  
**Joe Ray,**  
Klein Education Systems

## CLOSING REMARKS

**Steve LaMotte,**  
Vice Chair, South Orange County Economic Coalition





## Bringing us closer

We're busy bringing the network of the future to  
South Orange County.

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# THANK YOU

## TO OUR CHAIRMAN'S CIRCLE INVESTORS

### PLATINUM LEVEL

- Cox Communications
- MemorialCARE Saddleback Medical Center
- San Clemente Outlets
- San Diego Gas & Electric
- Transportation Corridor Agencies

### GOLD LEVEL

- Communications LAB
- Saddleback College

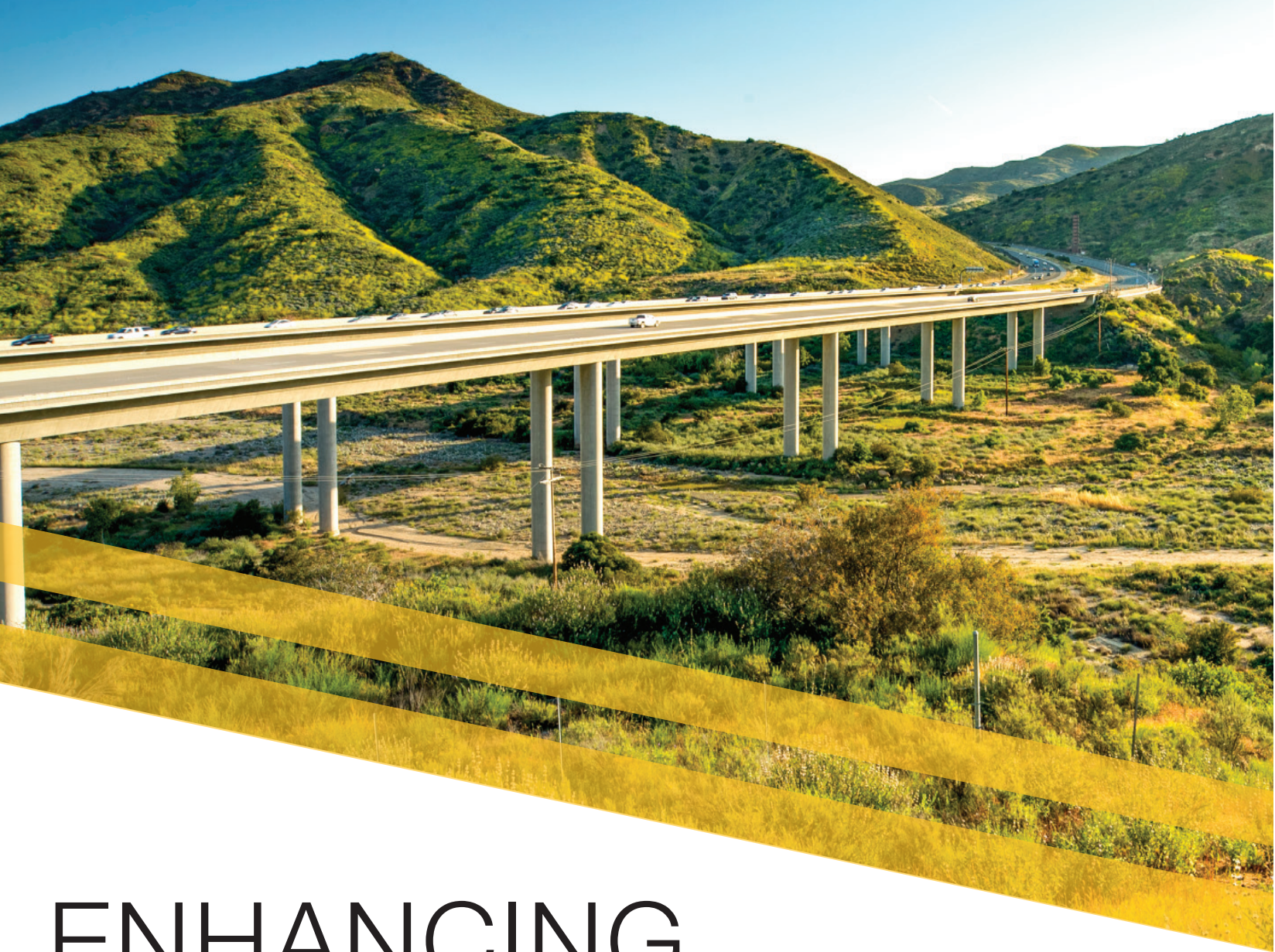
### SILVER LEVEL

- Southern California Gas Company
- Southern California Edison
- Santa Margarita Water District
- Moulton Niguel Water District
- City of Hope
- Cadiz, Inc.

### BRONZE LEVEL

- Apartment Association of Orange County
- Building Industry Association – Orange County
- Brandman University
- California Apartment Association
- Capistrano Unified School District
- AIA | The Stanley Group
- Irvine Ranch Water District
- Lindholm Management
- Orange County REALTORS
- Poseidon Water
- Rancho Mission Viejo
- University of California, Irvine





# ENHANCING MOBILITY

## IN ORANGE COUNTY AND SOUTHERN CALIFORNIA

- ◇ 101 million tolls collected annually
- ◇ All investment grade ratings
- ◇ 1.45 million accounts
- ◇ New tolling technology coming soon



# SOCEC MEMBERSHIP BENEFITS

AFFILIATE \$1,500
- Name listed on website
- General e-mail distribution
- Eligible for seat on a SOCEC committee

BRONZE \$2,500
- Name recognition on e-mail communications
- Eligible for a seat on SOCEC Board of Directors
+ Previous Benefits

SILVER \$5,000
- Placement of logo on SOCEC website
- Announcement and event placement in e-newsletter
- Recognition at SOCEC signature events
- Assistance with advocacy efforts* <ul style="list-style-type: none"><li>• Author letters of support and opposition</li><li>• One (1) Action Alert Email</li><li>• Attend and advocate at a city council / regional meeting</li></ul>
+ Previous Benefits

\*Issues must fall under advocacy guidelines.  
Advocacy efforts are pending board approval.

GOLD \$10,000
- Prominent placement of logo on SOCEC website homepage
- Prominent recognition at SOCEC signature events
- Half table at Signature Event
- Event venue spotlight
- Special access to VIP receptions
- Recognition as sponsor for one (1) general membership meeting
- Assistance with advocacy efforts* <ul style="list-style-type: none"><li>• Two (2) Action Alert Emails</li></ul>
- Assistance with strategic planning on member issues*
+ Previous Benefits

PLATINUM \$20,000
- Premium placement of logo on SOCEC website homepage
- Premium recognition at SOCEC signature events
- Full table at Signature Event
- Recognition as sponsor for two (2) general membership meetings
- Tailored assistance with advocacy efforts* <ul style="list-style-type: none"><li>• Mediation and issue facilitation</li></ul>
- Exclusive assistance with strategic planning on member issues*
+ Previous Benefits





# 2019 ECONOMIC REPORT

## PROVIDED BY

**ANTHONY Y. TENG, MBA CPA CITP CGMA**

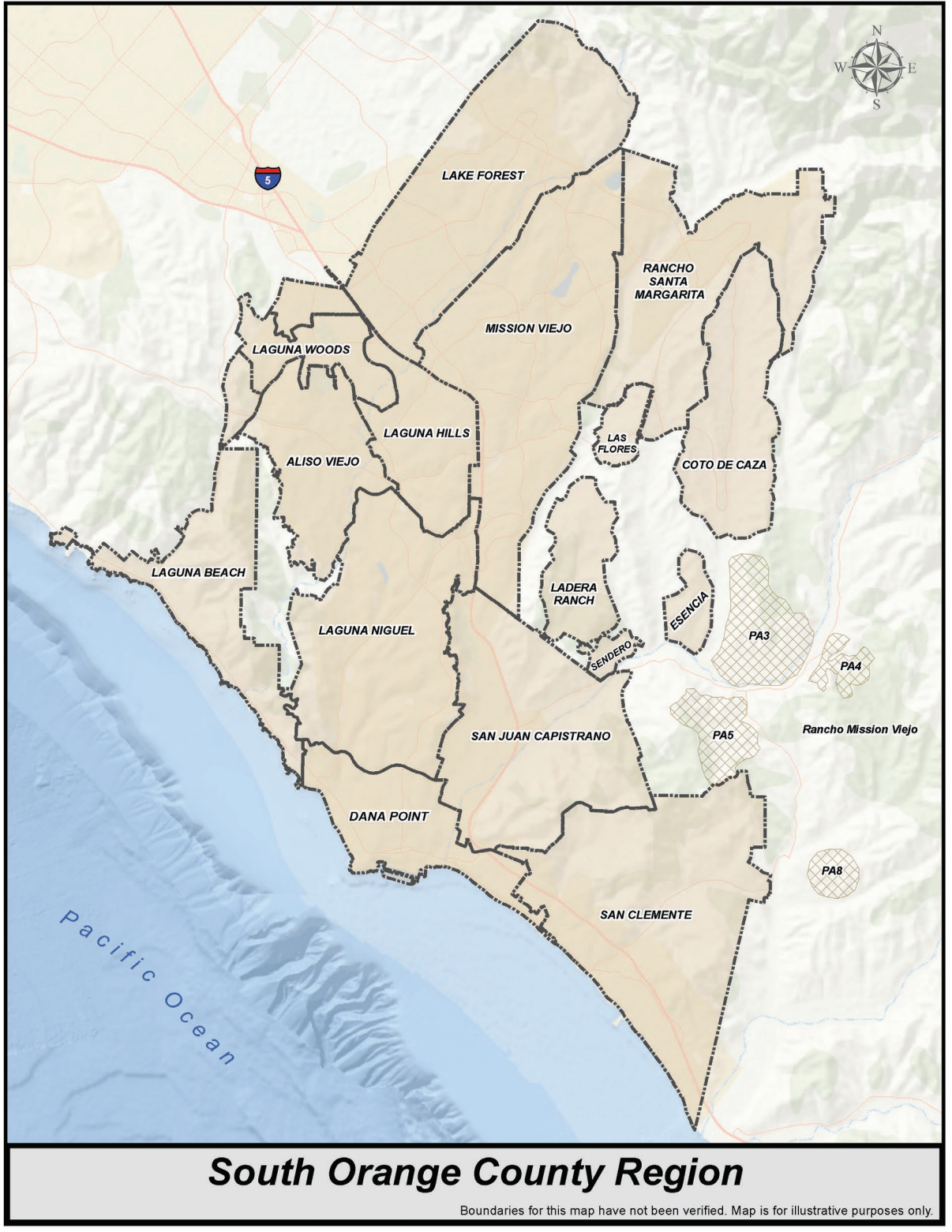
Dean of Advanced Technology and Applied Science, Saddleback College

## A DATA AND MARKET ANALYSIS FOR THE CITIES OF

- |               |                                 |
|---------------|---------------------------------|
| Aliso Viejo   | Lake Forest                     |
| Dana Point    | Mission Viejo                   |
| Laguna Beach  | Rancho Santa Margarita          |
| Laguna Hills  | San Clemente                    |
| Laguna Niguel | San Juan Capistrano             |
| Laguna Woods  | & South OC Unincorporated Areas |

Visit our website at  
**[www.EconomicCoalition.com](http://www.EconomicCoalition.com)**  
to find the full report presentation

# 11 CITIES ... 126 SQUARE MILES





# DEMOGRAPHICS

## REGIONAL OVERVIEW

	South Orange County	Orange County	Percent
Population (2019)	608,048	3,213,347	18.9%
Jobs (2019)	350,031	2,273,876	15.4%
Average Earnings (2018)	\$62,559	\$64,313	N/A
Unemployed (1/2019)	6,900	45,700	15.1%
Gross Regional Product (2018)	\$37,702,133,966	\$251,149,891,638	15.0%
Exports (2018)	\$39,194,407,984	\$162,911,172,036	24.1%
Imports (2018)	\$43,125,797,035	\$150,299,299,685	28.7%

Source: EMSI Q1 2019, CA EDD January 2019

## POPULATION GROWTH BY CITY

	2017	2018	2019	Est 2020	Est 2021	Est 2022	Est 2023	Est 5yr Chg
Orange County	3,190,418	3,213,493	3,231,347	3,247,714	3,262,683	3,276,333	3,288,737	1.8%
South Orange County	606,418	608,048	608,864	609,612	610,298	610,986	611,615	0.5%
Aliso Viejo	52,765	52,765	52,810	52,848	52,878	52,901	52,904	0.2%
Dana Point	28,460	28,506	28,508	28,506	28,504	28,504	28,504	0.0%
Laguna Beach	24,854	24,891	24,892	24,889	24,883	24,882	24,895	0.0%
Laguna Hills	25,995	26,162	26,294	26,420	26,540	26,657	26,751	1.7%
Laguna Niguel	68,505	68,727	68,857	68,980	69,091	69,190	69,262	0.1%
Laguna Woods	19,228	19,584	19,930	20,287	20,651	21,020	21,380	7.3%
Lake Forest	63,337	63,644	63,842	64,008	64,147	64,269	64,382	1.0%
Mission Viejo	100,881	101,176	101,328	101,463	101,584	101,699	101,818	0.5%
Rancho Santa Margarita	40,870	40,906	40,890	40,869	40,843	40,822	40,783	0.3%
San Clemente	63,837	63,859	63,795	63,731	63,669	63,613	63,571	0.4%
San Juan Capistrano	32,663	32,762	32,809	32,848	32,885	32,923	32,968	0.5%

Source: EMSI Q1 2019

## IMPORTANT POPULATION CHARACTERISTICS

	Millennials	Millennials US Area Avg	Retiring Soon	Retiring Soon US Area Avg	Racial Diversity	Racial Diversity US Area Avg
Orange County	676,627	660,783	856,796	909,508	1,898,180	1,252,937
South Orange County	101,552	125,598	191,182	172,874	219,967	238,152
Aliso Viejo	10,678	10,905	10,836	15,010	22,524	20,677
Dana Point	4,669	5,894	10,754	8,113	7,303	11,177
Laguna Beach	2,830	5,148	10,162	7,085	5,804	9,761
Laguna Hills	4,171	5,384	9,661	7,411	10,540	10,209
Laguna Niguel	11,305	14,188	23,681	19,529	24,193	26,903
Laguna Woods	1,399	3,982	14,274	5,481	6,459	7,551
Lake Forest	13,935	13,118	17,382	18,056	31,575	24,873
Mission Viejo	16,856	20,894	33,497	28,759	36,537	39,618
Rancho Santa Margarita	8,275	8,465	8,854	11,651	16,187	16,050
San Clemente	10,304	13,222	21,808	18,198	17,258	25,070
San Juan Capistrano	5,123	6,765	10,676	9,311	13,953	12,827

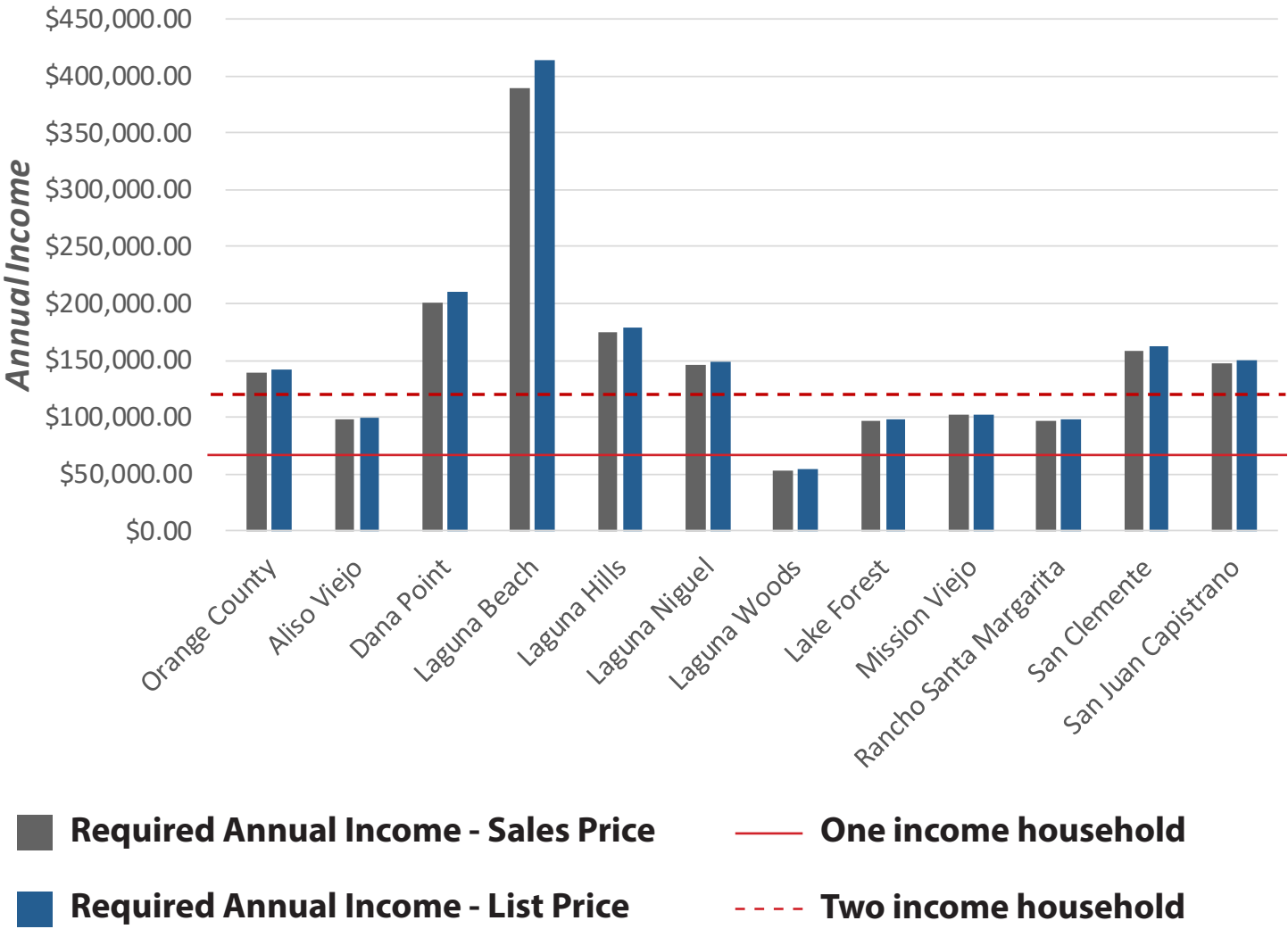
Source: EMSI Q1 2019

## REGIONAL POPULATION CHANGES

Age Cohort	2014 Population	2019 Population	Change	% Change
Under 5 years	34,576	35,625	1,049	3%
5 to 9 years	36,273	34,017	(2,256)	(6%)
10 to 14 years	38,594	37,272	(1,322)	(3%)
15 to 19 years	37,615	35,507	(2,108)	(6%)
20 to 24 years	31,639	30,496	(1,143)	(4%)
25 to 29 years	31,280	34,937	3,657	12%
30 to 34 years	34,697	36,473	1,776	5%
35 to 39 years	37,501	38,357	856	2%
40 to 44 years	42,194	36,493	(5,701)	(14%)
45 to 49 years	46,514	43,938	(2,576)	(6%)
50 to 54 years	50,197	47,352	(2,845)	(6%)
55 to 59 years	45,218	47,246	2,028	4%
60 to 64 years	37,239	43,056	5,817	16%
65 to 69 years	29,083	33,987	4,904	17%
70 to 74 years	21,233	27,692	6,459	30%
75 to 79 years	14,527	19,156	4,629	32%
80 to 84 years	11,033	12,893	1,860	17%
85 years and over	13,764	14,364	600	4%
Total	593,177	608,864	15,687	3%

Source: EMSI Q1 2019

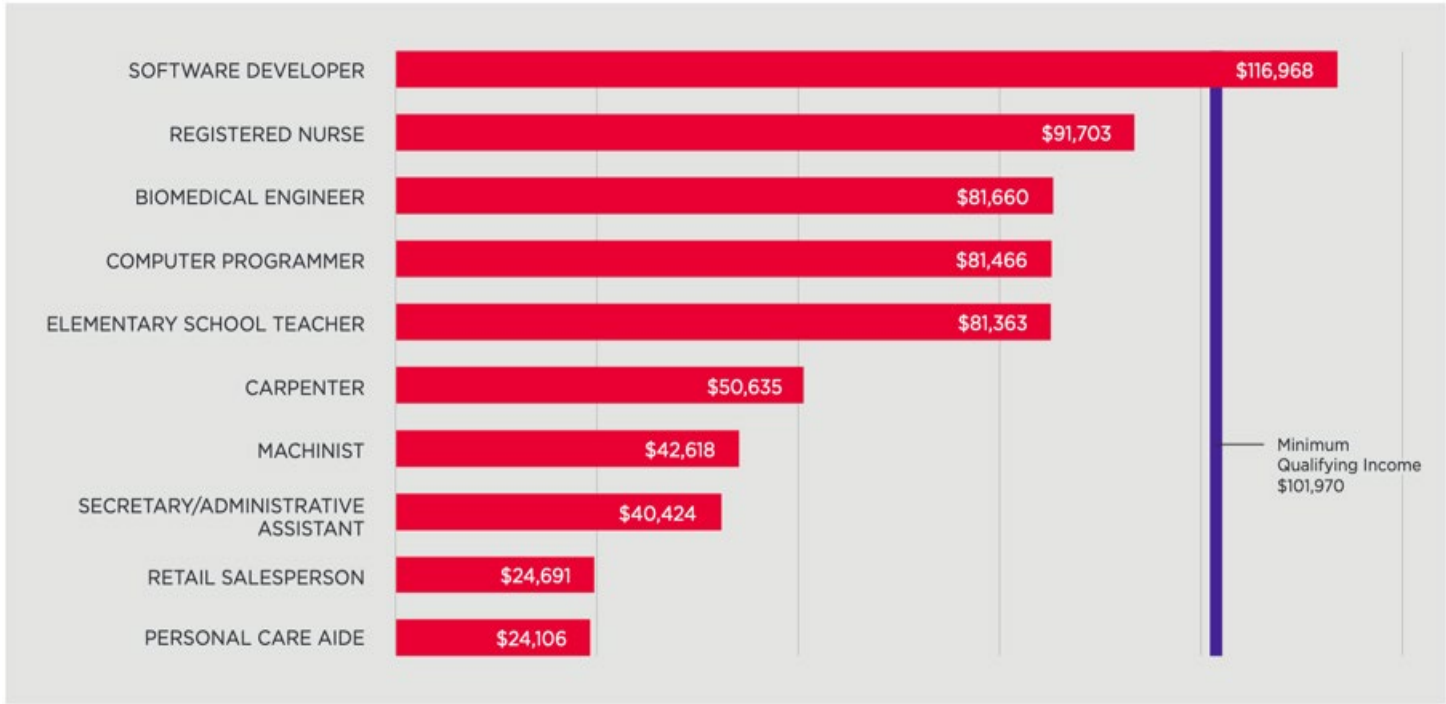
# SOUTH ORANGE COUNTY HOME AFFORDABILITY GAP



Sources: EMSI Q1 2019; CA EDD

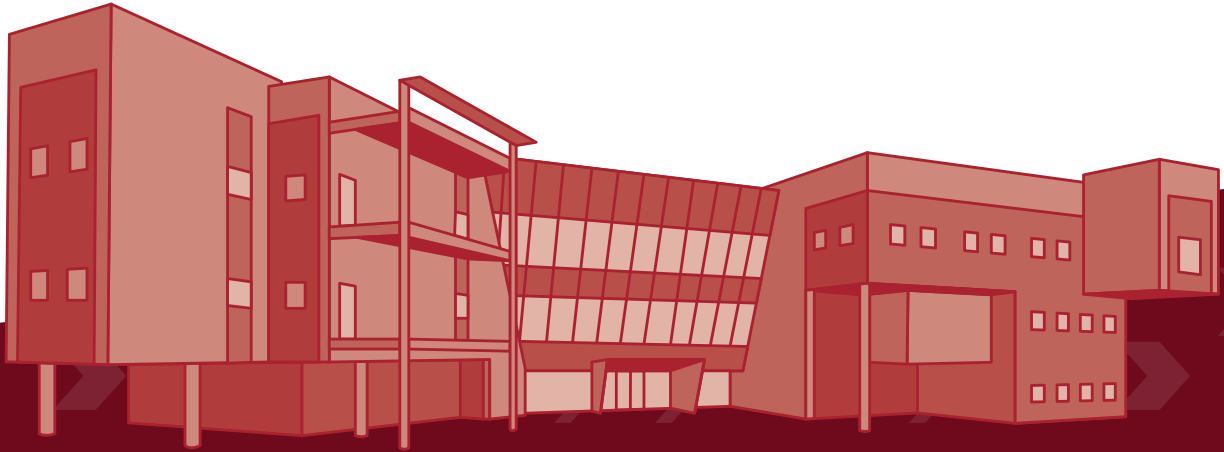
## MEDIAN SALARIES CAN'T KEEP UP WITH RISING MINIMUM QUALIFYING INCOME

Minimum Income Needed To Afford an Entry-Level Home Compared to Median Salaries in Selected Occupations in Orange County, Third Quarter 2017



Sources: California Association of Realtors; California EDD

SOUTH OC AVERAGE ANNUAL EARNINGS = \$62,559





# SOUTH ORANGE COUNTY RESIDENTIAL HOUSING

## SOUTH OC AFFORDABLE HOUSING DASHBOARD

Population (2019)	608,048
Jobs (2019)	350,031
Average Earnings	\$62,559
Unemployment	6,900
2019 Annualized Inflation Rate	2.9%
2019 Annualized Inflation Rate (housing excluded)	0.8%
2018-19 Regional CPI Rent Increase	5.5%
Monthly earnings allocable to housing per person	\$1,564
Average monthly mortgage payment	\$3,466
Average monthly rental rate (2BR unit)	\$2,309

Sources: EMSI Q1 2019; CA EDD; US Dept of Labor; CA Assn. of Realtors

## POPULATION GROWTH BY CITY

City	Average Sales Price Feb 2019	Average List Price Feb 2019	Market Time (in days) 2019	Market Time (in days) 2018
Orange County	\$830,651	\$852,736	83	54
Aliso Viejo	\$584,569	\$597,780	61	28
Dana Point	\$1,202,368	\$1,262,170	177	83
Laguna Beach	\$2,332,727	\$2,479,494	242	206
Laguna Hills	\$1,042,899	\$1,072,021	96	42
Laguna Niguel	\$871,024	\$887,233	73	55
Laguna Woods	\$319,098	\$326,333	116	77
Lake Forest	\$579,651	\$587,285	54	36
Mission Viejo	\$609,767	\$616,139	63	40
Rancho Santa Margarita	\$580,363	\$587,549	55	22
San Clemente	\$946,851	\$971,885	120	87
San Juan Capistrano	\$881,389	\$902,758	71	69

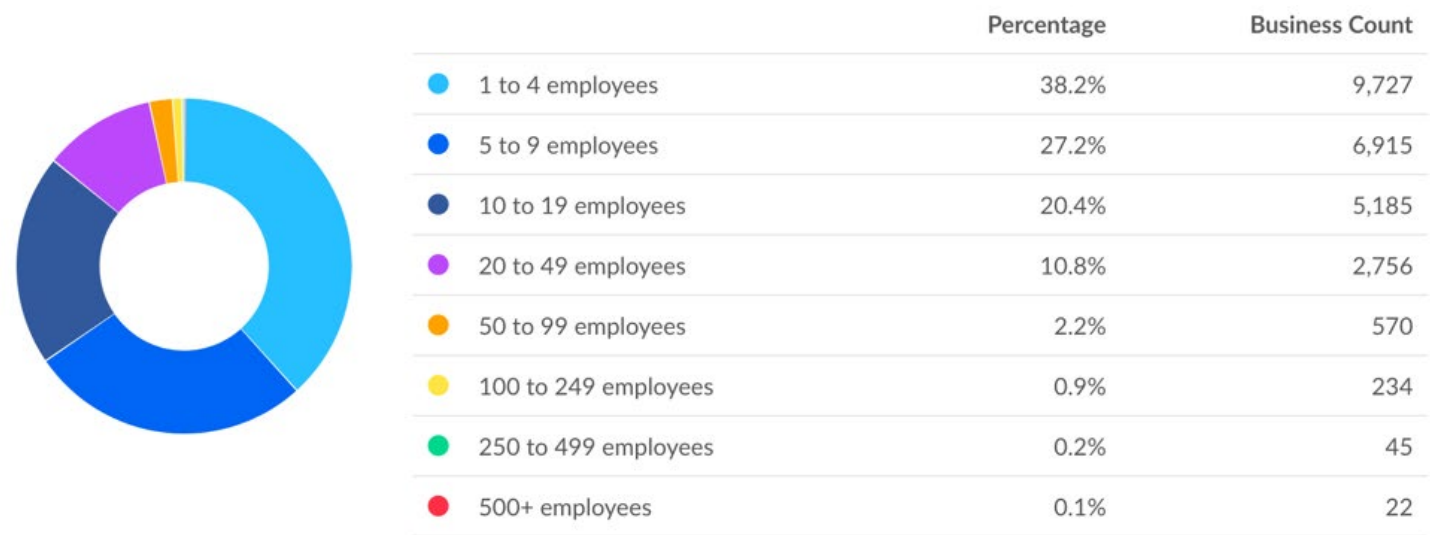
Source: Orange County Housing Report March 2019

## OVERALL CONCLUSIONS

- Median home prices will increase 2.0% – 3.5%
- Sales volume will decline due to increased affordability requirements
- Average days on market will increase (lower the price... faster the sale)
- Sales price/List price ratio will continue around 97.8% - 97.6%
- 30 yr. Fixed Conventional Mortgage interest rates should stabilize in 2019 staying below 4.5%

# JOBS AND UNEMPLOYMENT

## SOUTH ORANGE COUNTY BUSINESS SIZE



Source: DatabaseUSA.com 2018

## JOB GROWTH BY CITY

	2017	2018	2019	Est 2020	Est 2021	Est 2022	Est 2023	Est 5yr Chg
Orange County	1,783,331	1,804,433	1,833,817	1,857,751	1,877,863	1,894,799	1,904,880	3.9%
South Orange County	269,572	272,739	277,814	281,998	285,557	288,589	290,512	4.6%
Aliso Viejo	27,013	27,371	27,896	28,332	28,705	29,025	29,233	4.8%
Dana Point	10,524	10,524	10,891	11,091	11,260	11,406	11,498	5.6%
Laguna Beach	12,856	12,946	13,119	13,261	13,380	13,478	13,540	3.2%
Laguna Hills	25,342	25,754	26,381	26,900	27,343	27,720	27,966	6.0%
Laguna Niguel	20,215	20,426	20,851	21,203	21,504	21,762	21,929	5.2%
Laguna Woods	3,113	3,137	3,203	3,259	3,308	3,353	3,384	5.7%
Lake Forest	30,961	31,008	31,618	32,119	32,544	32,905	33,129	4.8%
Mission Viejo	39,854	40,326	40,958	41,482	41,931	42,312	42,565	3.9%
Rancho Santa Margarita	21,928	22,518	23,075	23,530	23,912	24,233	24,426	5.9%
San Clemente	30,437	31,013	31,592	32,061	32,454	32,788	32,977	4.4%
San Juan Capistrano	23,121	23,307	23,691	24,014	24,295	24,543	24,709	4.3%

Source: EMSI Q1 2019

## TOP JOBS BY INDUSTRY

Industry	Jobs	5 Year % Change	Average Earnings
Health Care and Social Assistance	43,287	19%	\$59,101
Retail Trade	34,400	3%	\$40,016
Professional, Scientific, and Technical Services	34,922	9%	\$78,924
Accommodation and Food Services	30,104	16%	\$27,033
Government	26,712	6%	\$95,911
Other Services (except Public Administration)	26,192	15%	\$27,257
Real Estate and Rental and Leasing	24,666	11%	\$52,241
Finance and Insurance	23,745	26%	\$88,200
Waste and Remediation Services	19,792	9%	\$48,950
Manufacturing	16,664	(1%)	\$103,240
Construction	21,455	31%	\$74,802
Wholesale Trade	9,690	(10%)	\$95,802
Education Services	9,156	18%	\$35,733
Arts, Entertainment, and Recreation	8,355	14%	\$28,183
Information	6,176	16%	\$112,400
Transportation and Warehousing	6,802	86%	\$33,472
Management	3,695	34%	\$115,612

Source: EMSI Q1 2019

## LABOR AND UNEMPLOYMENT

	Labor Force	Employment	Unemployment	
United States				4.1%
California	19,286,500	18,481,900	804,600	4.2%
Orange County	1,610,600	1,564,900	45,700	2.8%
South Orange County	293,300	286,400	6,900	2.4%
Aliso Viejo	29,400	28,800	600	2.0%
Dana Point	19,000	18,500	500	2.6%
Laguna Beach	12,700	12,500	200	1.6%
Laguna Hills	17,400	17,000	400	2.3%
Laguna Niguel	35,300	34,400	900	2.5%
Laguna Woods	4,000	3,800	200	5.0%
Lake Forest	47,100	46,200	900	1.9%
Mission Viejo	50,600	49,300	1,300	2.6%
Rancho Santa Margarita	28,100	27,600	500	1.8%
San Clemente	32,100	31,300	800	2.5%
San Juan Capistrano	17,600	17,000	600	3.4%

Source: CA EDD January 2019





# INDUSTRY EMPLOYMENT BY CITY

## MANUFACTURING

	# of Firms	Employment
Aliso Viejo	24	2,212
Dana Point	5	91
Laguna Beach	1	6
Laguna Hills	25	262
Laguna Niguel	5	58
Laguna Woods	-	-
Lake Forest	50	4,906
Mission Viejo	10	91
Rancho Santa Margarita	17	3,241
San Clemente	35	1,185
San Juan Capistrano	19	116
TOTAL	191	12,168

Source: Inside Prospects

## RETAIL

	# of Firms	Employment
Aliso Viejo	143	2,035
Dana Point	176	2,404
Laguna Beach	311	2,677
Laguna Hills	248	2,609
Laguna Niguel	252	4,065
Laguna Woods	25	596
Lake Forest	343	4,062
Mission Viejo	463	7,142
Rancho Santa Margarita	138	3,346
San Clemente	365	3,964
San Juan Capistrano	201	2,807
TOTAL	2,665	35,707

Source: Inside Prospects

## REAL ESTATE

	# of Firms	Employment
Aliso Viejo	36	479
Dana Point	56	360
Laguna Beach	59	521
Laguna Hills	48	445
Laguna Niguel	75	802
Laguna Woods	10	69
Lake Forest	51	324
Mission Viejo	89	847
Rancho Santa Margarita	30	171
San Clemente	83	595
San Juan Capistrano	41	259
TOTAL	578	4,872

Source: Inside Prospects

## HEALTH CARE

	# of Firms	Employment
Aliso Viejo	138	1,653
Dana Point	90	577
Laguna Beach	40	220
Laguna Hills	101	1,657
Laguna Niguel	341	4,624
Laguna Woods	36	356
Lake Forest	172	1,562
Mission Viejo	375	6,443
Rancho Santa Margarita	97	652
San Clemente	203	1,258
San Juan Capistrano	144	2,268
TOTAL	1,914	22,217

Source: Inside Prospects

## HOSPITALITY

	# of Firms	Employment
Aliso Viejo	84	1,788
Dana Point	94	3,676
Laguna Beach	140	3,193
Laguna Hills	90	1,423
Laguna Niguel	117	1,782
Laguna Woods	11	229
Lake Forest	187	2,741
Mission Viejo	188	2,918
Rancho Santa Margarita	93	2,293
San Clemente	190	2,291
San Juan Capistrano	98	1,679
TOTAL	1,292	24,013

Source: Inside Prospects



# SOUTH ORANGE COUNTY REGIONAL SUMMARY/OUTLOOK

## STRENGTHS:

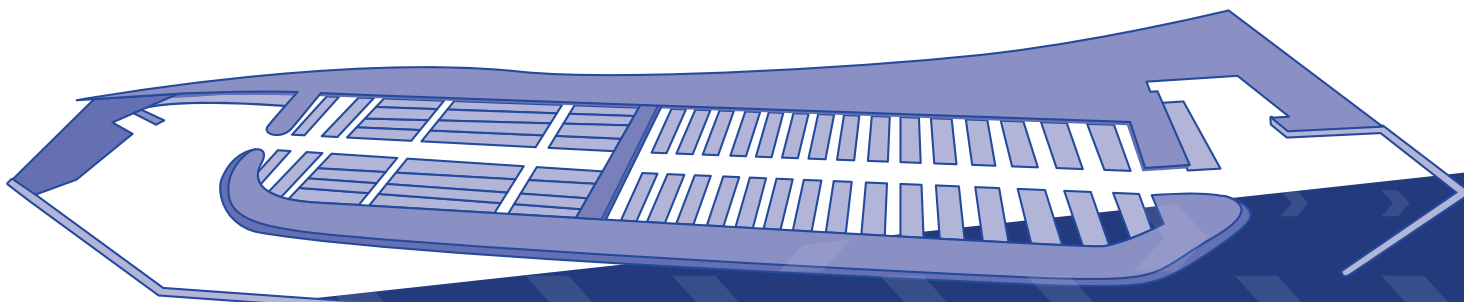
- **Consistent Gross Regional Product** growth for the last eight years
- Regional **jobs continue to increase**; especially higher wage jobs
- **Wages continue to increase** for new and existing jobs
- **New construction** of affordable housing has started even though there are not enough units
- **Technology and R&D focused business** establishing footprint in region
- **Consumer spending continues** to increase

## WEAKNESSES:

- **Shortage of affordable housing**
- **Aging population** could create a smaller workforce
- **Regional identity concern** – do cities identify as an economic catalyst or housing provider
- **Shortage of larger businesses** located in the region that can provide opportunities for growth
- **Transportation infrastructure** cannot support significant economic growth
- Effect of **international economic and trade fluctuations** on the region

## THE BOTTOM LINE

- **Economic growth** should range from 1.75 to 2.25 percent
- **Real estate** prices will rise slowly but inventory will be down and market time will increase
- **No real estate bubble YET** (but be careful)
- **Interest rates** will stabilize below 4.5%
- **Orange County CPI Increase** (inflation) driven up by cost of housing
- **Transportation infrastructure** needs to support economic growth
- **Population** is getting older which will affect workforce and consumer service/product needs
- Younger adults **cannot afford** to live in South Orange County
- Tomorrow's **workforce needs training** to meet middle and high end jobs







**Inside  
Prospects, Inc.**

