



**A data and market analysis for South Orange County**

# **2018 Economic Report Preview**

**Friday, February 23rd, 2018**

**Outlets at San Clemente**

**Report Preview Provided by**

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



**South Orange County  
Economic Coalition**  
Advocate • Educator • Representative • Promoter



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# PROGRAM

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Orange County Board of Supervisors

## **INTRODUCTIONS**

**Paul Simonds**

Chairman  
South Orange County Economic Coalition

## **TITLE SPONSOR PRESENTATION**

**Cox Communications**

## **PROGRAM INTRODUCTION**

**Dr. Gregory Anderson**

President  
Saddleback College

## **ECONOMIC REPORT PREVIEW**

**Anthony Y. Teng, MBA CPA CITP CGMA**

Dean of Advanced Technology  
and Applied Science  
Saddleback College

## **PANEL DISCUSSION**

**Steve Craig**

President and CEO  
Craig Realty Group

**Ian Pullan**

VP and General Manager  
Monarch Beach Resort

**Steven Thomas**

Founder  
Reports on Housing

## **CLOSING REMARKS**

**Paul Simonds**

Chairman  
South Orange County Economic Coalition

# SMART CITIES *take a* SMART NETWORK

Applications combine people, connected devices, data and processes to **improve city operations and the citizen experience.**



## Smart Governance/Education +

- e-Government
- e-Education
- Disaster management solutions

## + Smart Infrastructure

- Digital water/waste management
- Ubiquitous connectivity
- Smart trash

## Smart Energy +

- Smart grids
- Smart meters

## Smart Buildings +

- Automation
- HVAC
- Lighting

## Smart Transport +

- Traffic management
- Parking
- Public transit tracking

## + Smart Healthcare

- Telemedicine
- eRecords
- Connected devices
- Stay-at-home care

## + Smart Security

- Surveillance
- Simulation modeling
- and crime prediction



## How is Cox making cities *smarter*? COX'S SMART CITY APPLICATIONS

### Telework

Cox was the first company to bring residential gigabit speeds to Orange County, and continues to roll out the fastest speeds, making it easier for customers to work from home, which eases traffic congestion and environmental impact in metro areas.

### Cox WiFi

Cox provides its customers access to more than 500,000 WiFi hotspots across the country - the majority in metro areas. This allows citizens high-speed connectivity on-the-go.

### Smart Payments

More and more civic (or municipal) departments in California are relying on Cox internet to allow citizens to make payments online, easing the burden on local offices.

### Network Investment

Cox is investing \$10B in its infrastructure over the next five years.

Learn more at:  
[www.Cox.com](http://www.Cox.com)





# THANK YOU

to our Chairman's Circle Investors who make our work possible

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**Saddleback Memorial Medical Center**

## **PLATINUM LEVEL**

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San Diego Gas & Electric**

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Saddleback College  
Transportation Corridor Agencies**

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Orange County Association of REALTORS  
Santa Margarita Water District  
Southern California Edison  
The Gas Company**

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**Apartment Association of Orange County  
Adventures in Advertising | The Stanley Group  
Building Industry Association – Orange County  
California Apartment Association  
Capistrano Unified School District  
CR&R Environmental Services  
Irvine Ranch Water District  
Lindholm Management  
Poseidon Water  
Rancho Mission Viejo  
University of California, Irvine**



**Transportation Corridor Agencies™**

The Toll Roads of Orange County are the largest network of toll roads in California and comprise 20 percent of Orange County's freeway system. They are operated by the Transportation Corridor Agencies, the creators of FasTrak®.



**51 miles** of roadway



**1.2 Million** open accounts



**2,200** acres of habitat and open space protected



Ridership increased **19%** during the last three years



**300,000** daily transactions



California's first **P3** highway project

**The Toll Roads®**  
of Orange County



# SCHEDULE

9:00-11:15am .... Registration

11:45am ..... Putt/Chip Contests

12:00pm ..... Shotgun Start

5:00pm ..... Cocktail Reception

5:30pm ..... Legislative  
Reception

Proper golf attire required.  
No metal spikes.



**South Orange County  
Economic Coalition**

Advocacy • Education • Representation • Progress

A DAY OF FUN WITH  
MAYORS, COUNCIL MEMBERS  
& OTHER LOCAL ELECTED OFFICIALS

**SOUTH  
ORANGE COUNTY**



**GOLF  
MAYORS**

WITH  
THE

**MONDAY 23** 2018  
APRIL

**Aliso Viejo Country Club**



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27758 Santa Margarita Parkway #378  
Mission Viejo, CA 92691  
Phone: 949.600.5470  
[www.economiccoalition.com](http://www.economiccoalition.com)



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Ask about our subsidized training opportunities. For more information, please contact:  
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# **2018 ECONOMIC REPORT PREVIEW**

**PROVIDED BY**

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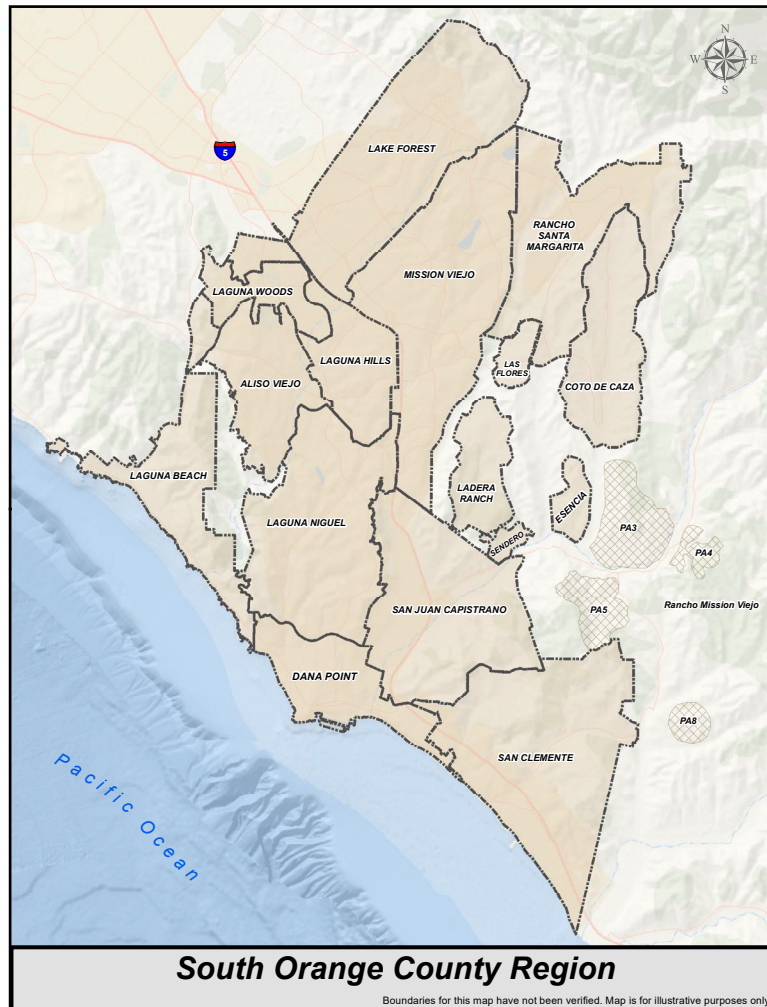
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when the full report will be available.**



# South Orange County



## Regional Overview

|                                     | South Orange County | Orange County     | Percent |
|-------------------------------------|---------------------|-------------------|---------|
| Population (2017)                   | 599,983             | 3,197,762         | 18.8%   |
| Jobs (2017)                         | 333,041             | 2,169,061         | 15.4%   |
| Average Earnings (2017)             | \$59,478            | \$61,941          | N/A     |
| Unemployed (12/2017)                | 6,900               | 45,700            | 15.1%   |
| Higher Education Completions (2016) | 4,447               | 70,150            | 6.3%    |
| Gross Regional Product (2016)       | \$31,120,564,174    | \$223,883,809,648 | 13.9%   |
| Exports (2016)                      | \$34,416,384,151    | \$148,278,358,578 | 23.2%   |
| Imports (2016)                      | \$40,472,576,466    | \$141,093,151,146 | 28.7%   |

Source: EMSI Q4 2017

# POPULATION GROWTH BY CITY & REGIONAL POPULATION CHANGES

|                        | 2015      | 2020      | 2025      | 2030      | 2035      | 2040      | Est 5yr<br>Chg | Est 10yr<br>Chg |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|----------------|-----------------|
| Orange County          | 3,152,376 | 3,271,008 | 3,350,900 | 3,397,663 | 3,431,390 | 3,461,453 | 3.8%           | 6.3%            |
| South Orange County    | 546,588   | 566,639   | 568,372   | 572,137   | 573,536   | 528,146   | 3.7%           | 4.0%            |
| Aliso Viejo            | 50,279    | 50,975    | 50,977    | 51,074    | 51,050    | 5,100     | 1.4%           | 1.4%            |
| Dana Point             | 33,509    | 35,213    | 35,373    | 35,595    | 35,861    | 35,827    | 5.1%           | 5.6%            |
| Laguna Beach           | 23,453    | 23,105    | 23,113    | 23,128    | 23,127    | 23,125    | -1.5%          | -1.4%           |
| Laguna Hills           | 30,698    | 31,174    | 31,175    | 31,574    | 31,580    | 31,549    | 1.6%           | 1.6%            |
| Laguna Niguel          | 65,551    | 67,496    | 68,733    | 69,932    | 70,964    | 71,955    | 3.0%           | 4.9%            |
| Laguna Woods           | 16,309    | 17,053    | 17,054    | 17,120    | 17,152    | 17,134    | 4.6%           | 4.6%            |
| Lake Forest            | 80,723    | 90,653    | 90,656    | 90,824    | 90,782    | 90,693    | 12.3%          | 12.3%           |
| Mission Viejo          | 95,939    | 96,381    | 96,551    | 96,735    | 96,687    | 96,590    | 0.5%           | 0.6%            |
| Rancho Santa Margarita | 48,575    | 48,659    | 48,659    | 48,751    | 48,727    | 48,678    | 0.2%           | 0.2%            |
| San Clemente           | 65,754    | 66,495    | 66,611    | 67,842    | 68,034    | 67,964    | 1.1%           | 1.3%            |
| San Juan Capistrano    | 35,798    | 39,435    | 39,470    | 39,562    | 39,572    | 39,531    | 10.2%          | 10.3%           |

Source: CSU Fullerton, Center for Demographic Research

## Regional Population

| Age Cohort        | 2012 Population | 2017    | Change  | % Change |
|-------------------|-----------------|---------|---------|----------|
| Under 5 years     | 33,468          | 34,297  | 829     | 2%       |
| 5 to 9 years      | 38,172          | 34,879  | (3,293) | (9%)     |
| 10 to 14 years    | 38,218          | 38,370  | 152     | 0%       |
| 15 to 19 years    | 37,166          | 36,646  | (520)   | (1%)     |
| 20 to 24 years    | 31,309          | 29,963  | (1,346) | (4%)     |
| 25 to 29 years    | 30,977          | 32,450  | 1,473   | 5%       |
| 30 to 34 years    | 33,303          | 35,069  | 1,766   | 5%       |
| 35 to 39 years    | 37,222          | 38,462  | 1,240   | 3%       |
| 40 to 44 years    | 44,404          | 38,012  | (6,392) | (14%)    |
| 45 to 49 years    | 47,300          | 45,363  | (1,937) | (4%)     |
| 50 to 54 years    | 48,998          | 48,265  | (733)   | (1%)     |
| 55 to 59 years    | 42,227          | 47,521  | 5,294   | 13%      |
| 60 to 64 years    | 34,909          | 40,628  | 5,719   | 16%      |
| 65 to 69 years    | 26,098          | 32,574  | 6,476   | 25%      |
| 70 to 74 years    | 18,523          | 24,513  | 5,990   | 32%      |
| 75 to 79 years    | 13,970          | 16,578  | 2,608   | 19%      |
| 80 to 84 years    | 11,208          | 11,815  | 607     | 5%       |
| 85 years and over | 12,842          | 14,189  | 1,347   | 10%      |
| Total             | 580,315         | 599,597 | 19,282  | 3%       |

Source: EMSI Q4 2017





# SOUTH OC

## REGIONAL HOME PRICES

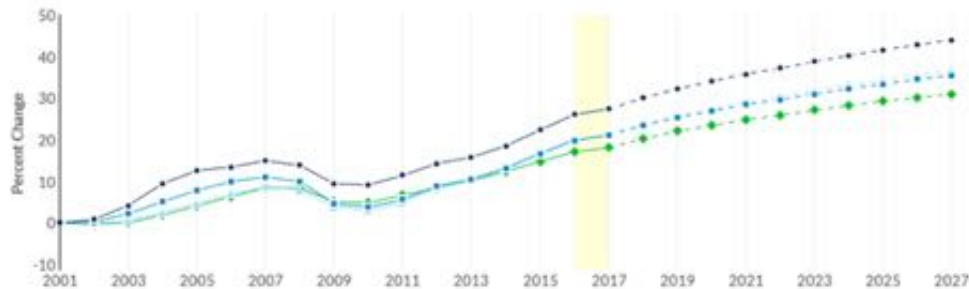
| City                          | Average Sales Price 2017 | Average List Price 2017 | Market Time (in days) 2017 | Market Time (in days) 2016 |
|-------------------------------|--------------------------|-------------------------|----------------------------|----------------------------|
| <i>Orange County</i>          | <b>\$862,650</b>         | <b>\$1,800,000</b>      | <b>67</b>                  | <b>79</b>                  |
| South Orange County           | \$794,457                | \$2,426,842             | 84                         | 90                         |
| <i>Aliso Viejo</i>            | <b>\$540,035</b>         | <b>\$544,287</b>        | <b>21</b>                  | <b>86</b>                  |
| Dana Point                    | \$1,208,611              | \$1,382,440             | 166                        | 94                         |
| <i>Laguna Beach</i>           | <b>\$2,326,850</b>       | <b>\$2,428,296</b>      | <b>193</b>                 | <b>102</b>                 |
| Laguna Hills                  | \$809,099                | \$824,323               | 42                         | 101                        |
| <i>Laguna Niguel</i>          | <b>\$932,485</b>         | <b>\$957,015</b>        | <b>80</b>                  | <b>85</b>                  |
| Laguna Woods                  | \$352,747                | \$358,963               | 72                         | 85                         |
| <i>Lake Forest</i>            | <b>\$546,001</b>         | <b>\$549,235</b>        | <b>32</b>                  | <b>82</b>                  |
| Mission Viejo                 | \$721,617                | \$733,866               | 31                         | 76                         |
| <i>Rancho Santa Margarita</i> | <b>\$530,906</b>         | <b>\$536,898</b>        | <b>60</b>                  | <b>101</b>                 |
| San Clemente                  | \$999,190                | \$1,023,657             | 94                         | 89                         |
| <i>San Juan Capistrano</i>    | <b>\$946,236</b>         | <b>\$970,662</b>        | <b>136</b>                 | <b>128</b>                 |

Source: Orange County Housing Report December 2017

# FACTORS AFFECTING HOME PRICES

|                              | Very Unfavorable | Unfavorable | Neutral | Favorable | Very Favorable |
|------------------------------|------------------|-------------|---------|-----------|----------------|
| <b>DEMAND:</b>               |                  |             |         |           |                |
| <i>Jobs/Unemployment</i>     |                  |             |         | ✓         |                |
| <i>Housing Affordability</i> | ✓                |             |         |           |                |
| <b>SUPPLY:</b>               |                  |             |         |           |                |
| <i>Permits/Construction</i>  |                  | ✓           |         |           |                |
| <i>Unsold Inventory</i>      |                  | ✓           |         |           |                |

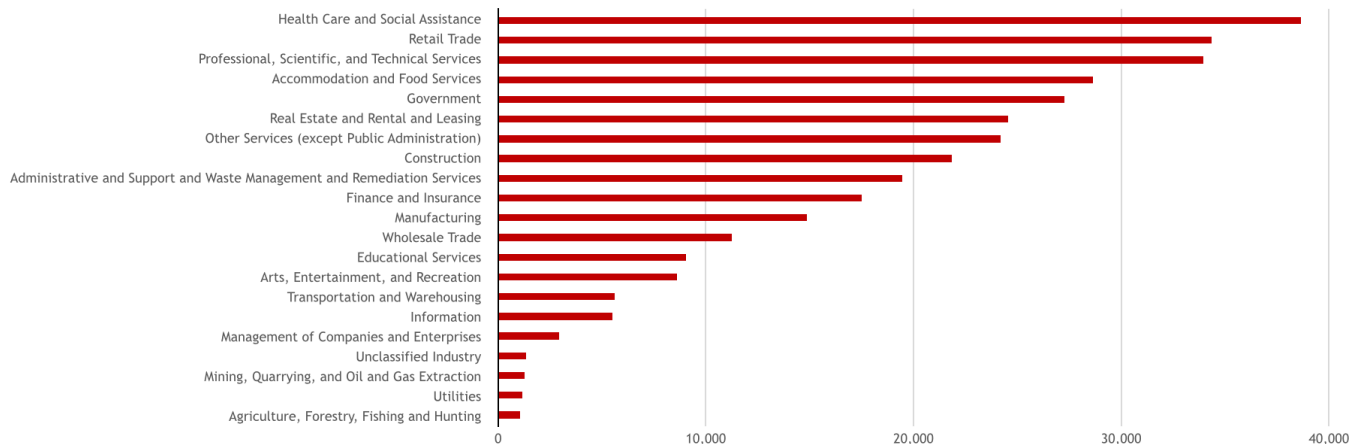
# EXPECTED JOB GROWTH & REGIONAL JOBS BY INDUSTRY



| Region                | 2016 Jobs   | 2017 Jobs   | Change    | % Change |
|-----------------------|-------------|-------------|-----------|----------|
| Region                | 329,501     | 333,041     | 3,540     | 1.1%     |
| OC (4yr Zip excluded) | 1,728,577   | 1,746,570   | 17,993    | 1.0%     |
| California            | 23,117,111  | 23,340,820  | 223,709   | 1.0%     |
| United States         | 193,000,170 | 194,655,134 | 1,654,964 | 0.9%     |

Source: EMSI Q4 2017

2017 Regional Jobs by Industry



Source: EMSI Q4 2017



# SOUTH OC HIGHLIGHTED INDUSTRIES & TOP 25 JOBS BY INDUSTRY

| Industry                                 | # Firms | Employed | Management/<br>Administration | Workforce |
|--|---------|----------|-------------------------------|-----------|
| Health Care                              | 1,924   | 23,403   | 2,624                         | 20,779    |
| Hospitality<br>(Restaurants and Lodging) | 991     | 22,028   | 1,057                         | 20,971    |
| Retail                                   | 3,196   | 41,351   | 3,240                         | 38,111    |
| Manufacturing                            | 698     | 20,296   | 1,090                         | 19,206    |
| Real Estate                              | 372     | 5,784    | 774                           | 5,010     |

Source: Inside Prospects

| Industry   | Jobs   | Average<br>Earnings |
|--|--------|---------------------|
| Full-Service Restaurants   | 11,264 | \$25,135            |
| Offices of Real Estate Agents and Brokers                                    | 9,983  | \$40,684            |
| Limited-Service Restaurants  | 9,711  | \$19,021            |
| Elementary and Secondary Schools (Local Government)                          | 9,067  | \$81,192            |
| Local Government, Excluding Education and Hospitals                          | 8,822  | \$98,057            |
| Custom Computer Programming Services   | 5,496  | \$94,287            |
| Supermarkets and Other Grocery (except Convenience)<br>Stores                | 5,421  | \$34,854            |
| Landscaping Services   | 5,098  | \$32,330            |
| Residential Property Managers  | 5,028  | \$47,719            |
| All Other Personal Services  | 4,544  | \$22,288            |
| Temporary Help Services  | 4,318  | \$37,991            |
| Offices of Physicians (except Mental Health Specialists)                     | 3,998  | \$95,894            |
| Hotels (except Casino Hotels) and Motels                                     | 3,941  | \$36,031            |
| Services for the Elderly and Persons with Disabilities                       | 3,916  | \$16,056            |
| General Medical and Surgical Hospitals                                       | 3,833  | \$74,281            |
| Administrative Management and General Management<br>Consulting Services      | 3,758  | \$80,052            |
| Office Administrative Services   | 3,557  | \$64,254            |
| Offices of Physical, Occupational and Speech Therapists, and<br>Audiologists | 3,504  | \$48,031            |
| Insurance Agencies and Brokerages  | 3,411  | \$72,761            |
| Surgical and Medical Instrument Manufacturing                                | 3,352  | \$105,686           |

Source: EMSI Q4 2017

# LABOR & UNEMPLOYMENT

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

Source: CA EDD January 2018



# COUNTY TO COUNTY COMMUTING ESTIMATES

## (Into and out of Orange County)



Source: CA EDD January 2018



Total Workers That Live And Work in Orange: 1,181,354

Source: CA EDD January 2018

# **SOUTH OC REGIONAL SUMMARY STRENGTHS & WEAKNESSES**

## **Strengths**

- Consistent Gross Regional Product growth for the last seven years**
- Regional jobs continue to increase; especially higher wage jobs**
- Wages are starting 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 has increased**

## **Weaknesses:**

- Inflation is starting to heat up**
- Shortage of affordable housing**
- Aging population could create a smaller workforce**
- Historical wage increases over the last seven years are too low to stimulate the recovery**
- 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**

# **ECONOMIC OPPORTUNITY GAPS**

## **Infrastructure**

**Transportation limitations**

## **Housing**

**Residential – High prices, low inventory**

**Commercial – High prices, low inventory, and no new construction**

## **Workforce**

**Middle-skill worker development**

**Mid-career skills enhancement**

**Building career pathways**



# SOUTH OC KEY FINDINGS

| Regional Indicator            | 2017                     | 2016                     | Change   | Impact  |
|-------------------------------|--------------------------|--------------------------|----------|---------|
| Gross Regional Product        | \$31.1B<br>(13.9% of OC) | \$28.5B<br>(18.6% of OC) | \$2.6B   | ↑       |
| Population                    | 599,983                  | 587,237                  | 12,746   | ↑       |
| Employment                    | 333,041                  | 327,657                  | 6,326    | ↑       |
| Unemployment                  | 2.46%<br>(7,300)         | 2.9%<br>(8,600)          | (0.44%)  | ↑       |
| Average Earnings              | \$59,478                 | \$58,076                 | \$1,402  | ↑       |
| Residential Median Home Price | \$794,457                | \$751,032                | \$43,425 | Neutral |
| Residential Days on Market    | 67                       | 68                       | (1)      | Neutral |

| Regional Indicator                        | 2017       | 2016       | Change     | Impact  |
|---|------------|------------|------------|---------|
| Commercial Office - Average Rent Rate     | \$3.08 NNN | \$2.58 NNN | \$0.5 NNN  | ↓       |
| Commercial Office - Vacancy               | 8.7%       | 6.6%       | 2.1%       | ↓       |
| Commercial Industrial - Average Rent Rate | \$1.08 NNN | \$0.96 NNN | \$0.12 NNN | ↓       |
| Commercial Industrial - Vacancy           | 2.2%       | 3.4%       | (1.2%)     | Neutral |
| Retail - Average Rent Rate                | \$2.55 NNN | \$2.47 NNN | \$0.08     | ↓       |
| Retail - Vacancy                          | 3.6%       |            |            |         |

# BOTTOM LINE

**Economic growth** should range from 1.75 to 2.25 percent

**Real estate** prices will continue to rise but inventory will be down

**Interest rates** will increase 0.50 – 0.75 percent

**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

Younger adults cannot **afford** to live in South Orange County

**Tomorrow's workforce needs training** to meet middle and high end jobs

