

# 2018 ECONOMIC OUTLOOK

Santa Clarita Valley Economic Development Corporation & College of the Canyons

Presented by



# AWE and then SOME



Valencia has the kind of outdoor space to live out your dreams and the style of new homes that spark your story. And it's all surrounded by more community than you know what to do with.

## PALOMA *by* TRI POINTE HOMES



### TOWNHOMES

1,434 – 1,806 Sq. Ft. | 3 – 4 Bedrooms

2.5 Bathrooms | 2-Car Garage

Now Open | From the \$400,000s

**Future Neighborhoods Coming Soon**

**DISCOVER YOUR PLACE IN VALENCIA**

**VALENCIA.COM**

TOP-RATED SCHOOLS | 24 COMMUNITY PARKS | OVER 30 MILES OF PATHWAYS AND TRAILS

**FIVEPOINT®**

Prices, terms and availability are subject to change without notice. Model does not reflect racial preference. Homes shown may not reflect actual homesites. Square footages are approximate. Tri Pointe Homes CalBRE license #02025660. 



*Henry Mayo Newhall  
Hospital is a proud  
sponsor of the 2018  
SVEDC Economic Outlook  
Conference. We wish all  
attendees a prosperous  
and healthy 2018.*



Henry Mayo  
Newhall Hospital

661.200.2000 | [henrymayo.com](http://henrymayo.com)



# MISSION VALLEY BANK

YOUR SUCCESS IS OUR MISSION

## Bank with a trusted source.

FULL-SERVICE BUSINESS BANKING



*"At Mission Valley Bank, your success is our mission.  
We're proud of our reputation as a Trusted Advisor and  
welcome the opportunity to earn your business."*

—Tamara Gurney, President/CEO

**MISSIONVALLEYBANK.COM**



Each depositor insured to at least \$250,000

**FDIC**

Federal Deposit Insurance Corporation - www.fdic.gov

Branches located in:

**SAN FERNANDO VALLEY  
CORPORATE HEADQUARTERS**

9116 Sunland Blvd., Sun Valley  
818.394.2300

**SANTA CLARITA VALLEY  
CENTRE POINTE BUSINESS BANKING CENTER**

26415 Carl Boyer Drive, Santa Clarita  
661.753.5693





SERVING SOUTHERN CALIFORNIA SINCE 1953



LOCATED IN THE SANTA CLARITA VALLEY



*"What distinguishes KKAJ from other firms is our 5-Star Client Service"*  
—KKAJ Partners

No matter where you are in life, you need an accountant that goes beyond debits, credits and tax returns. In today's complex business world, you need someone who can provide the tools you need to attain your goals.

At KKAJ, we strive to be a valuable resource to our clients. Beyond compliance, transactional accounting and tax services, we build relationships based on trust to become an integral partner in your success.

While trust may be our most important underlying principle, we know that people are our greatest asset. KKAJ delivers exceptional service to clients through our commitment to Five Star Client Service.

All in all, we stand by you and we deliver.

**KKAJ, LLP**

27200 Tourney Road, Suite 475

Valencia, California 91355

phone: 818.848.5585 | 661.705.4222

toll free: 888.837.9321

fax: 661.705.4260

kkajcpa.com

info@kkajcpa.com



Enterprise Worldwide.

An International Association of Accountants and Advisors



MORTGAGES ■ VEHICLE LOANS ■ MOBILE BANKING ■ SAVINGS ■ INSURANCE

LOGIX FEDERAL CREDIT UNION  
IS PROUD TO SUPPORT  
2018 ECONOMIC  
**OUTLOOK**

Santa Clarita Valley Economic Development Corporation & College of the Canyons



Voted **Best Credit Union** in Santa Clarita  
twelve years in a row!



FOUR SANTA CLARITA VALLEY BRANCHES TO SERVE YOU

Golden Valley  
(866) 786.5328

Stevenson Ranch  
(855) 564.4918

Valencia/Bouquet Canyon  
(855) 564.4919

Valencia Promenade  
(866) 748.5328

**Logix** smarter  
banking®



# When It Comes to Representing You, We Mean Business.



## WE'RE PROUD TO BE THE LAW FIRM FOR YOUR BUSINESS.

- Employment Counseling & Litigation
- Business Formation & Transactions
- Business Litigation
- Business Disputes & Advice
- Arbitration & Mediation
- Securities
- Compliance & Registration
- Mergers & Acquisitions
- Estate Planning
- Probate
- Trust Administration
- Governmental Affairs
- Land Use & Development
- Real Estate Law & Litigation
- Cyber Security & Data Breach
- Trademarks/Copyrights/Trade Secrets

## POOLE ■ SHAFFERY

ATTORNEYS AT LAW

*The Law Firm for Your Business®*

### ***Santa Clarita***

25350 Magic Mountain Parkway, Second Floor  
Santa Clarita, CA 91355

**(661) 290-2991 | [www.pooleshaffery.com](http://www.pooleshaffery.com)**

*Producing results for our clients throughout California*



# Momentum

Every move begins with a decision

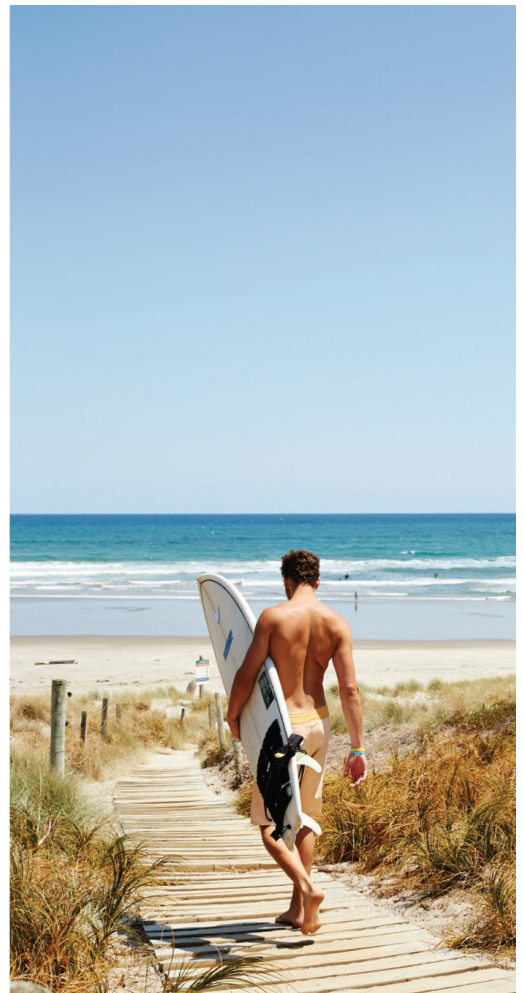
Complexity can breed indecision, but it doesn't have to. Deloitte Private offers a broad range of services to help inform confident decision-making. So you can move fast and smart. Start at [deloitte.com/us/private](https://deloitte.com/us/private).

Copyright © 2018 Deloitte Development LLC. All rights reserved.

**Deloitte.**  
Private



Princess Cruises®  
is proud to call  
Santa Clarita  
home to its world  
headquarters



  
**PRINCESS CRUISES**  
come back new®

Contact your travel agent  
1.800.PRINCESS (774.6237)  
[princess.com](http://princess.com)

©2018, Princess Cruise Lines, Ltd. Ships of Bermudan and British registry.



**GET BEHIND THE WHEEL  
OF YOUR INTERNET  
MARKETING WITH  
SCORPION.**

866.622.5648 | [www.Scorpion.co](http://www.Scorpion.co)





# SANTA CLARITA VALLEY

From special events to everyday experiences that make for the perfect work-life balance, the Santa Clarita Valley – 3rd largest city in Los Angeles County, CA and home to nearly 300 thousand residents – boasts top-tier education, beautiful new home developments, a dynamic business community and a positive, lively culture for people of all ages to enjoy!

**SANTA CLARITA VALLEY**  
ECONOMIC DEVELOPMENT CORPORATION



Best City to Live

Healthiest City

Safest City

Most Business-Friendly City

Los Angeles County's  
**FASTEST**  
growing community

4

William S. Hart Union School District high schools made U.S. News and World Report's list of 2017 Best High Schools.



**West Ranch**  
High School



**Hart**  
High School



**Golden Valley High School**  
Diversity is our Strength. Unity is our Goal.



**Academy**  
Of The Canyons



The National Council for Home Security and Safety ranks SCV as the 3rd safest city in the U.S. with a population of 200,000+.



Henry Mayo Newhall Hospital named the Most Wired Hospital for the 5th consecutive year by the American Hospital Association (AHA).

**80 MILES**



of hiking/biking trails

**30 MILES**



of pedestrian paseos

**4,000 ACRES**



of protected open space

**280 DAYS**



of sunshine with avg. daily temperatures in the 70s and 80s



30 miles from  
Downtown Los Angeles



Short drive to LAX,  
Burbank Airport, and the ports



Located along I-5 and close  
to I-405, I-210, and I-10



Over 50 institutions of  
higher learning within 30 miles

Contact us today at [scvedc.org](http://scvedc.org) to learn more!





**IT'S ALL ABOUT RESULTS!** – [www.RealtyExecutives-SCV.com](http://www.RealtyExecutives-SCV.com)



**SANTA CLARITA VALLEY  
Chamber of Commerce**



**Strengthening the voice of  
business and advocating for  
our business community**

**Santa Clarita Valley Chamber of Commerce**

[www.scvchamber.com](http://www.scvchamber.com)

661-702-6977





PERFORMANCE

PRIDE

PRECISION

**Manufacturer of Engineered  
Fluid Control Devices for the  
Aerospace, Defense and Industrial Markets.**

28909 Avenue Williams Valencia, CA 91355 (661)367-3300 [www.crissair.com](http://www.crissair.com)



FOR LEASE

**IAC** commerce  
center

VALENCIA, CALIFORNIA

YOUR WORKPLACE. ELEVATED.

STATE-OF-THE-ART  
INDUSTRIAL BUILDINGS  
FOR LEASE

A NINE BUILDING - 1.3  
MILLION SQUARE FOOT  
DEVELOPMENT

[www.iaccommercecenter.com](http://www.iaccommercecenter.com)

**CBRE** | **IAC**  
PROPERTIES

**FRESH. BUILT.**  
PHASE 1 BUILDINGS  
NOW COMPLETE!



***Lasting Relationships Built On Honest Foundations***



**KEANE**  
CONSTRUCTORS, INC.

License No. 532966    [www.keaneconstructors.com](http://www.keaneconstructors.com)    **661-465-4455**

Mercedes-Benz of **Valencia**

**NEW OWNERSHIP,  
DIFFERENT EXPERIENCE.**

(877)280-5869

[www.mbzvalencia.com](http://www.mbzvalencia.com)

 @mbzofvalencia

 Mercedes-Benz of Valencia

 @mbzofvalencia





# READY with RE/MAX®

Are you ready to stop dreaming - and start living the lifestyle you and your family deserve? Are you ready to partner with the best - a team that is as committed to community as they are to business? Are you ready to say "Yes" to a higher price for your home and a faster sale?

**WHEN YOU'RE READY, SO IS RE/MAX®.**

We're Proud to be Named  
**"OUTSTANDING BROKERAGE  
OF THE YEAR"**  
for Large Markets by  
RE/MAX California & Hawaii!



remaxsantaclarita  
remaxofsantaclarita



27720 Dickason Drive, Valencia • 702-4500



25101 The Old Road, Santa Clarita • 255-2650

## Remax-Valencia-CA.com

CalBRE #01013938



Helping protect what you  
work so hard to build

**Business Insurance**

**Workers' Compensation**

**Employee Benefits**

**Life, Disability, Long  
Term Care**

**Financial Planning**

**401(k)**

**High Net Worth  
Personal Insurance**



**Insurance | Financial Services**

**661 702-6000**

CA Insurance License #0785905 Securities offered through Securities America, Inc., Member FINRA/SIPC. Advisory services offered through CUE Financial Group, Inc. LBW, CUE Financial Group, and Securities America are separate entities.

**www.lbwinsurance.com**  
**28055 Smyth Dr., Valencia CA 91355**



## WE'RE PROUD TO SUPPORT THE SANTA CLARITA VALLEY 2018 ECONOMIC OUTLOOK CONFERENCE

The Private Banking and Investment Group at Merrill Lynch is committed to supporting individuals and organizations in our community that contribute to enhancing the neighborhoods where we live. Life's better when we're connected®

### **Bruce Munster**

Managing Director  
Private Wealth Advisor  
310.407.4960

### **Merrill Lynch Private Banking and Investment Group**

2049 Century Park East  
Suite 1100  
Los Angeles, CA 90067



**Merrill Lynch**  
Bank of America Corporation

PRIVATE BANKING &  
INVESTMENT GROUP

Merrill Lynch makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated ("MLPF&S"), a registered broker-dealer, registered investment adviser, and Member SIPC, and other subsidiaries of Bank of America Corporation. The Private Banking and Investment Group is a division of MLPF&S that offers a broad array of personalized wealth management products and services.

© 2018 Bank of America Corporation. All rights reserved. | AR6NGN9C | AD-02-18-0271 | 444621PM-0317

# SPECTRUM

— COMMERCIAL REAL ESTATE, INC.

## DELIVERING REAL ESTATE SOLUTIONS

Valencia  
Encino  
Century City

**661.306.9600**  
[www.spectrumcre.com](http://www.spectrumcre.com)





## PERFORMANCE ADVANTAGE.

CBRE delivers outcomes that drive business and bottom-line performance. With more than 100 sales and lease transactions in 2017 alone, our team has helped our valued North Los Angeles clients unleash the potential of their real estate portfolios. How can we help you transform your real estate into real advantage?

For more information contact or visit:  
Craig Peters  
+1 818 907 4616  
cbre.us/lanorth

**CBRE** *Build on  
Advantage*



## SANTA CLARITA VALLEY

### OFFICE & INDUSTRIAL BROKERAGE SERVICES

#### KEVIN FENENBOCK

*Executive Vice President*  
Lic#01165115  
661.253.2504  
kevin.fenenbock@colliers.com

#### JOHN ERICKSON

*Senior Vice President*  
Lic#00977578  
661.253.2502  
john.erickson@colliers.com

#### COLLIERS INTERNATIONAL

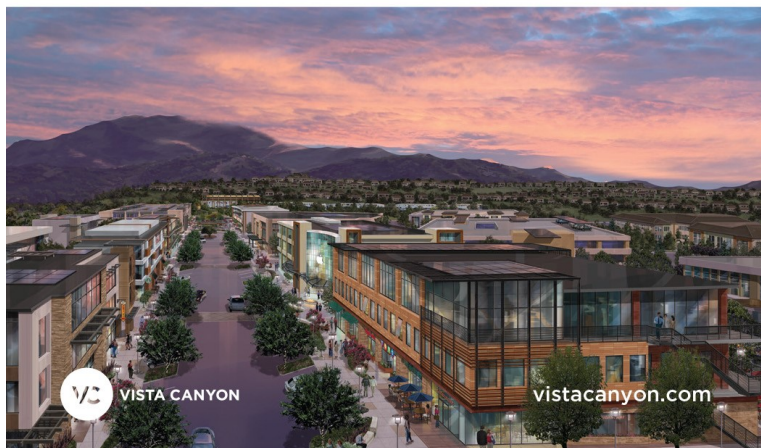
27200 TOURNEY ROAD, SUITE 300 VALENCIA, CA 91355

## A COMMUNITY REIMAGINED FROM THE GROUND UP



#### COMING SOON

Office and retail space  
available for occupancy  
December 2018.



#### A BETTER WAY TO TAKE CARE OF BUSINESS

### Keep employees focused with healthier meetings

American workers attend more than 60 meetings a month on average.\* Help your workforce get their energy back. Visit us online to download our healthy meetings guide, and help your employees stay more focused throughout the day.

#### Choose better. Choose Kaiser Permanente.

\* "Meetings in America," Verizon white paper, 2013.



[kp.org/workforcehealth](http://kp.org/workforcehealth)

 KAISER PERMANENTE.



## We Are Local Market Experts With One Goal in Mind...**Yours!**

NAI Capital offers a full range of commercial real estate brokerage services to meet the needs of real estate owners, tenants, investors and developers throughout Southern California.



**NAI Capital**  
27451 Tourney Road  
Suite 200  
Valencia, CA 91355  
CA BRE #01990696

Contact us today.

**661.705.3550**

Transaction | Valuation | Consulting | Investment | Property Management

## MORE THAN A DEALERSHIP, IT'S A FRIENDSHIP.

Family-owned and operated since 1997, Valencia Acura has been recognized as a prestigious Acura Precision Team Dealer of Distinction for 12 years, awarded Acura's Council of Excellence for 14 years, and voted Santa Clarita's Best New Car Dealership for 15 years. Visit Valencia Acura and experience the Friendship difference.



**Valencia Acura**  
**Friendship™**

23955 Creekside Road,  
Valencia



**ValenciaAcura.com | 661.255.3000**

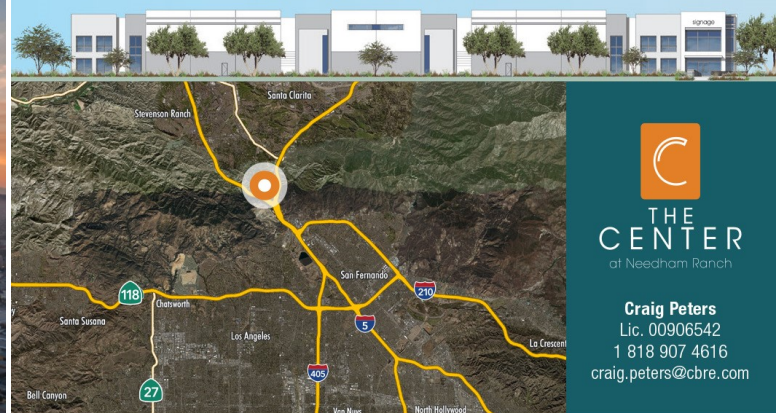
**AIRCRE**  
we are more

**Proud sponsors of the  
2018 Santa Clarita Valley  
Economic Outlook Forecast**

[www.aircre.com](http://www.aircre.com)

## CONSTRUCTION IN PROGRESS

**4Q 2018 OCCUPANCY**



28'-36'+ minimum  
clear height possible



ESFR Sprinklers



Exceptional  
architectural design



Large truck courts featuring  
both dock high and ground  
level loading



Available building sizes range  
from 40,000 SF to 216,320 SF



Office area can be "build to  
suit" (up to 400,000 SF)



Located minutes from the San  
Fernando Valley in the award-  
winning City of Santa Clarita

Trammell Crow Company

CLARION PARTNERS

**CBRE**

[www.thecenteratneedhamranch.com](http://www.thecenteratneedhamranch.com)

CBRE, Inc. | Broker Lic. 00409987



# SANTA CLARITA VALLEY Business Journal

Santa Clarita Valley's Only Business News Source.

The Santa Clarita Valley Business Journal is direct-mailed each month to 4,000 business owners, CEOs, CFOs, executives, and other influential local decision-makers.

By marketing with the Santa Clarita Valley Business Journal, you'll put your company's print and online advertising in front of the perfect audience to increase your sales.

Be in the know. Stay ahead of the competition. Partner today with the Santa Clarita Valley Business Journal.

## EDITORIAL FEATURES:

- Cover story, business profiles, professional roundtables, exclusive Q&A's on business leaders & top industry lists each month
- Dedicated website at SCVBj.com
- Special content & event sponsorship opportunities

Go to SCVBj.com for more information on advertising and marketing your business or give us a call at **661-287-5564**



## REDISCOVER THE CLUB IN YOUR COMMUNITY

### NEW OWNERSHIP

*Arcis Golf, offering outstanding member experiences with a proven track record*

### TRANSFORMING CLUB LIFE

*Capital improvements coming soon and new membership opportunities*

### SCHEDULE YOUR PERSONAL TOUR TODAY!

661.288.1995 | [www.tpcvalencia.com](http://www.tpcvalencia.com)



ARCIS GOLF

The Club, formerly known as TPC Valencia, was acquired by Arcis Golf on January 29, 2018. The Club is no longer affiliated or part of the TPC network. The new club ownership and membership are currently working together to identify a new name for the club that properly recognizes the outstanding golf and club experience members will enjoy.



[HOMETOWNSTATION.COM](http://HOMETOWNSTATION.COM)



**Proud Partner of the  
Santa Clarita Valley  
Economic Development  
Corporation**

[chiquitacanyon.com](http://chiquitacanyon.com)







Your New Beginning In IT Support

## Security Management

- > Internal and External Audits
- > Monthly and Annual Reporting
- > PCI, HIPAA, and SOX Compliance
- > Security Assessments for Insurance
- > Security Posture Rating

661.349.4114 | [www.resurgenceit.com](http://www.resurgenceit.com)

Best wishes to the  
SCV Economic Development Corporation  
for the 2018 Economic Outlook Conference.  
I am committed to working with the community  
to strengthen our economy and support local businesses.



**Kathryn BARGER**  
5th District Supervisor • County of Los Angeles

 @SupervisorBarger  
 @KathrynBarger  
 @Supervisor KathrynBarger

**CMTC**<sup>®</sup>  
California's Manufacturing Network  
[www.cmtc.com](http://www.cmtc.com)  
(310) 263-3060

**CMTC and Our Network of Partners Delivers**

■ Customized Training	■ Energy Efficiency
■ Innovation & Growth	■ Workforce Development
■ Information Technology	■ Supply Chain
■ Lean	■ Sales & Marketing
■ Quality	■ Exporting
■ Recruitment	



We thank the Santa Clarita Economic Development Corporation for their leadership role in making life and work awesome for our employees, customers and family.

# Business Life

**SE Sheridan Ebbert**  
*Real Estate Development*

**COMMUNITY BANK**  
**Santa Clarita Branch**  
Cal Naulls  
SVP/Business Center Manager  
661.295.2850 | [CNaulls@cbank.com](mailto:CNaulls@cbank.com)  
[cbank.com](http://cbank.com)  
SBA Preferred Lender | Member FDIC | Equal Housing Lender



Protecting your Asset  
Maximizing your Investment

An experienced commercial real estate services firm with specialized expertise in the development and management of retail, industrial, and office properties.

Services included but not limited to: Strategic planning, budgeting & financial reporting, forecasting, expense reconciliation, CAM audit & analysis, lease administration, building operations & maintenance, tenant & vendor management, lease abstracts, IRR analysis, site selection, development services, entitlements, due diligence review, CC&R assistance, property inspections...

28338 Constellation Rd. #900, Valencia, 91355  
(661) 702-2222 / [info@intertexcompanies.com](mailto:info@intertexcompanies.com)

**GOTHIC LANDSCAPE**  
THE FAMILY YOU TRUST  
Headquartered and serving  
the Santa Clarita Valley since 1995

wake up on the bright side<sup>®</sup>

**LAQUINTA**  
INNS & SUITES

Bronze Sponsor of the 2018 Economic Outlook Conference  
25201 The Old Road | Stevenson Ranch | 661.286.1111  
[www.LaQuintaSantaClaritaStevensonRanch.com](http://www.LaQuintaSantaClaritaStevensonRanch.com)





Certified Public Accountants

*Helping Middle Market Business Owners  
Increase the Value of Their Business*

[www.hedmanpartners.com](http://www.hedmanpartners.com)

Schedule a little **U** time

See UCLA doctors in your neighborhood

**UCLA** Health

it begins with U

1-800-UCLA-MD1 (1-800-825-2631) [uclahealth.org/santaclarita](http://uclahealth.org/santaclarita)



INCENTIVE SERVICES, INC.®

*Maximizing Performance Through People*

**EXACTSTAFF**®  
precision in personnel



GLEN OAKS ESCROW  
YOUR PREMIER ESCROW  
SERVICE PROVIDER

661.362.0400 phone  
25152 Springfield Court, Suite 295  
Valencia, CA 91355  
[www.glenoakesescrow.com](http://www.glenoakesescrow.com)

# SANTA CLARITA VALLEY

Located just 30 miles from downtown Los Angeles, the Santa Clarita Valley boasts beautiful scenery, an active lifestyle, excellent schools, and a vibrant business community.

Visit us at [www.LiveWorkSCV.com](http://www.LiveWorkSCV.com) to learn more!

LIVE

WORK

PLAY

SANTA CLARITA VALLEY  
ECONOMIC DEVELOPMENT CORPORATION

**ITC**  
DILIGENCE, INC.

- Foreign Trade Zone Consulting
- Duty Deferral / Elimination
- Weekly Entry Program
- Expedited Logistical Benefits
- Ease of Paperwork

David R. Harlow  
President

Phone: (626) 333-3822  
Email: [drharlow@ftzconsultants.com](mailto:drharlow@ftzconsultants.com)  
P.O. Box 93157, City of Industry, CA 91715



PHARMAVITE

# The 2018 Santa Clarita Valley Economic Outlook

Volume 18 • Number 1

March 2018

This publication was prepared by:



## The California Economic Forecast

Mark Schniepp, *Director*

5385 Hollister Avenue, Box 207

Santa Barbara, California 93111

(805) 692-2498

[mark@californiaforecast.com](mailto:mark@californiaforecast.com)

Visit our website at: [www.californiaforecast.com](http://www.californiaforecast.com)

Copyright ©2018 by the California Economic Forecast

Reproduction of this document or any portion therein is prohibited without the expressed written permission of the California Economic Forecast. All queries regarding this publication should be directed to the California Economic Forecast.





The Santa Clarita Valley is located in North Los Angeles County. It is adjacent to the San Fernando Valley, and falls within 30 miles of Downtown Los Angeles and parts of Kern and Ventura Counties.

## Table of Contents

<b>Executive Summary</b>	<b>24</b>
<b>The Forecast</b>	<b>32</b>
<b>Demographics</b>	<b>42</b>
<b>Employment</b>	<b>52</b>
<b>Residential Real Estate</b>	<b>68</b>
<b>Commercial Real Estate</b>	<b>78</b>
<b>New Development</b>	<b>86</b>
<b>Quality of Life</b>	<b>104</b>
<b>Acknowledgements</b>	<b>114</b>



**EXECUTIVE SUMMARY**

The U.S. Economy



California



The Santa Clarita Valley



The Forecast



# Executive Summary

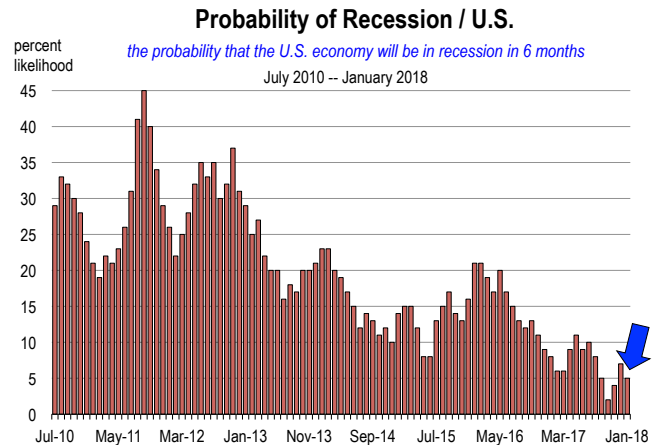
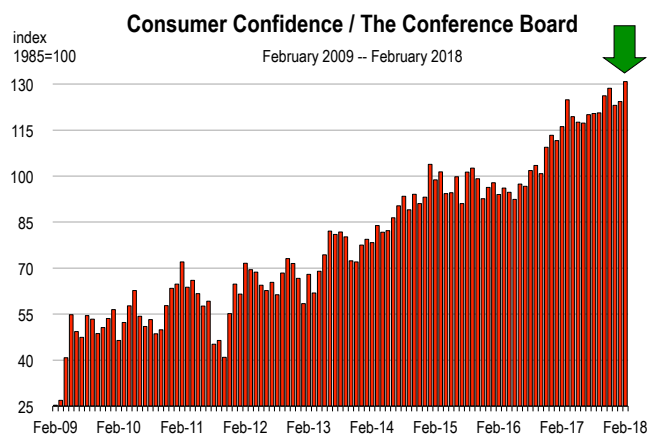
## *This Long Expansion is still running strong*

by Mark Schniepp  
March 2, 2018

## The U.S. Economy

The economy is strong and growing. It's a Golden Age when the American economy is sailing along with everyone working, incomes rising, most of the more important indicators at record levels and with interest rates and inflation rates in check. Furthermore, with big deficit-financed tax cuts and government spending increases kicking in, growth will accelerate over the coming year. Unemployment appears to be headed into the low 3s, close to the lowest jobless rate the nation has ever experienced.

There are few if any warning signs that the economy is overheating or already slowing down. In fact, consumer confidence jumped in February, improving substantially over January with its strongest one-month gain in almost a year.



American consumers rate both current and expected conditions in the economy as the most favorable since mid-2000. Moreover, the expansion shows no sign of coming to an end soon. Recessions occur when imbalances develop in the economy, and no glaring potential macroeconomic imbalances are forming. The probability that the U.S. economy will fall into recession in six months fell to 5% in January.

There is concern however, because the current expansion will celebrate its 9th birthday in July of this year. We are currently in month 104, closing in on becoming the 2nd longest expansion in the last 100 years. Is the current economic cycle overdue for a correction? Are we likely to run out of gas later this year or next?

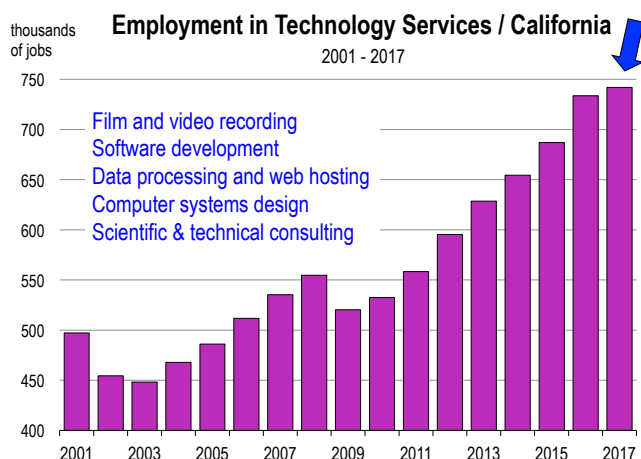
Expansions don't die of old age. But the longer they last, the higher the probability that a policy misstep, a calamity or shock, or the bursting of some asset bubble will be the catalyst for the next recession. If history is any guide, it is in the best of times, when sentiment is at its strongest, as it is today, that economic mistakes are made.



What we do know now is that the current situation is unsustainable. The economy is likely to overheat, with wage and price pressures intensifying and interest rates rising. There will be heightened volatility in financial markets as investors are forced to adjust to the higher rates. Once the fiscal stimulus fades early in the next decade, the odds of a sharp slowing in growth are high. But until then, enjoy the view from the top.

## California

The engine in the state is certainly slowing down, but for the right reasons. Everyone is employed that wants to be. Technology remains the vibrant sector of focus in the state and its long run of success during this economic cycle



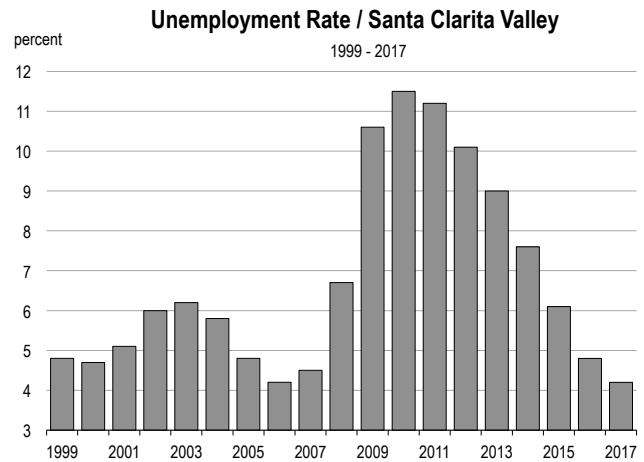
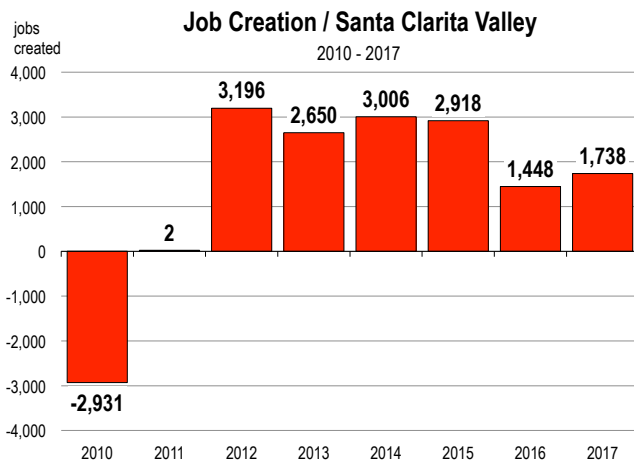
has created wealth that's driving job gains in so many other sectors.

Another 300,000 jobs were created in the state last year and the unemployment rate fell to the lowest level in 50 years!

New development in the state is now peaking. New commercial building reached an all time record high in value last year, while new industrial investment hit its highest level in 11 years. Together with the surge in apartment building in the state, construction employment has now increased to its highest level since 2007.

Between October and January, eight fires raged in Northern California, the Thomas fire wrecked major havoc in Ventura County, and the mudslides produced further damage in the small community of Montecito in Santa Barbara County. There are 9,000 structures---mostly homes---that need rebuilding in Northern California, over 1,000 structures in Ventura County, and 420 in Montecito.

The unemployment rate is full and construction workers are now scarce. Where are we going to go for more construction help?



## Santa Clarita Valley

### Current Conditions

Total employment increased 1.9 percent in 2017, resulting in more than 1,700 new jobs in the region. The leading sector of growth was construction as new development surged.

The labor market is heavily concentrated in manufacturing, retail trade, leisure and recreation services, and professional services. These sectors, when combined, account for 55 percent of all jobs in the region.

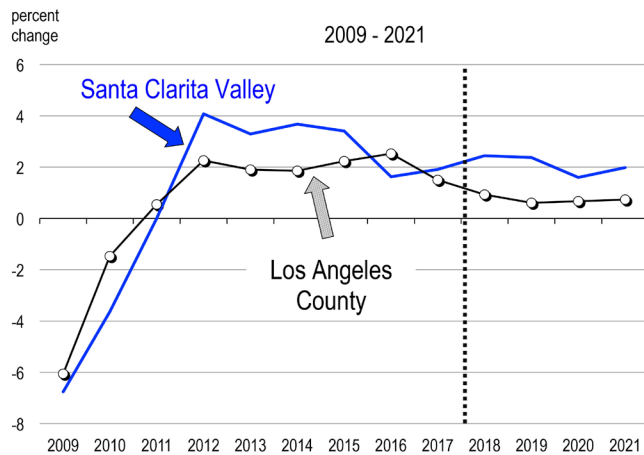
Like elsewhere, the Santa Clarita Valley labor market has tightened up. During 2017, the unemployment rate averaged 4.2 percent, and

by December had fallen to 3.8 percent. This is presenting challenges to local employers, making it difficult to recruit qualified workers.

The local labor market has reached a “full employment” scenario, meaning that everyone who wants a job already has a job. Under such conditions, companies can only expand by hiring new college or high school graduates, attracting workers from other firms or other cities or regions, or turning to technology. Full employment prevents the creation of new jobs from returning to the levels observed in the early stages of the current economic cycle, but will also lead to higher wage gains as firms try to outbid each other for the scarcer skilled employees.

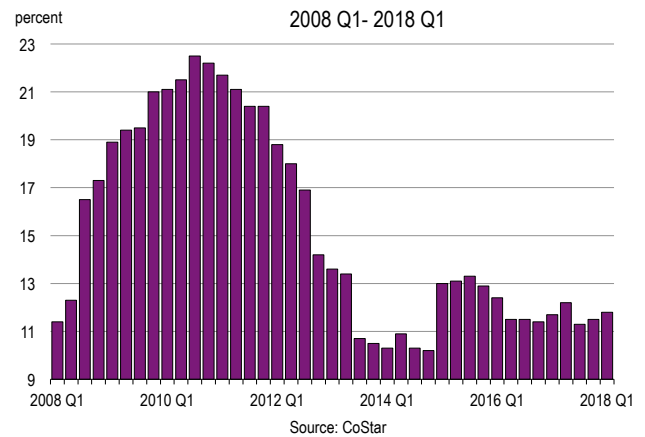


## Economic Activity in the Santa Clarita Valley



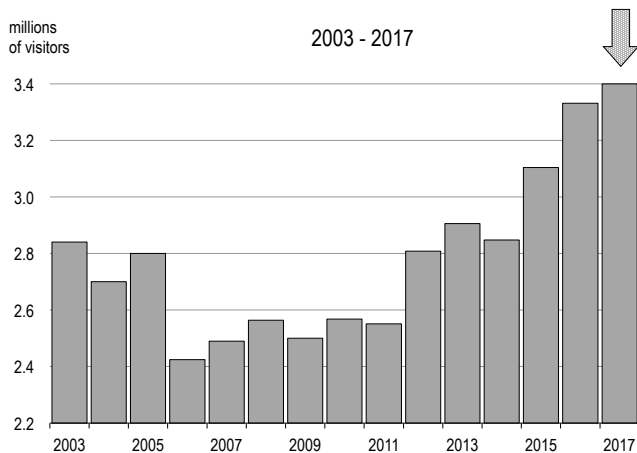
### Job Growth

The growth of employment in the Valley eclipsed the greater Los Angeles County labor market last year and the expectation for the next several years is for this to continue. The region will continue to augment its changing status from bedroom community to jobs center as Newhall Ranch and substantial new commercial and industrial development gets underway.



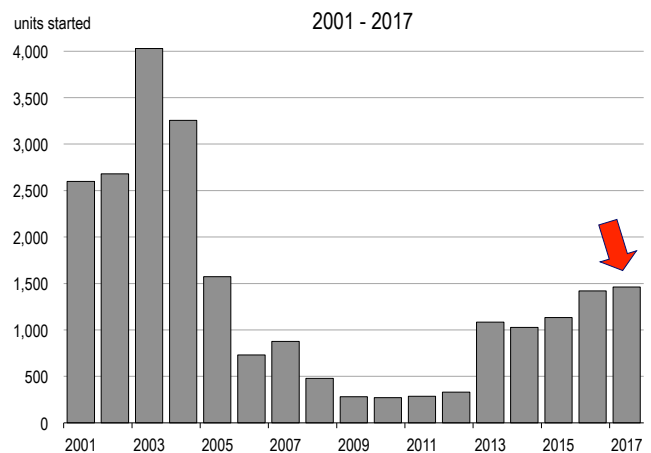
### Office Vacancy

Office market vacancy remains tight in the Greater Santa Clarita Valley, and average lease rates are now at their highest levels since 2009. The Scorpion relocation pushed vacancy slightly higher in 2017. However, office using employment growth continues to increase the local demand for office space.



### Magic Mountain Visitors

An estimated 3.4 million visitors attended Magic Mountain in 2017, the most since records have been kept. The park's numbers are a general measure of the visitor industry in the Valley's economy. Currently, transient lodging occupancy is at an all time record high and the leisure and hospitality sector is reporting a record number of jobs.



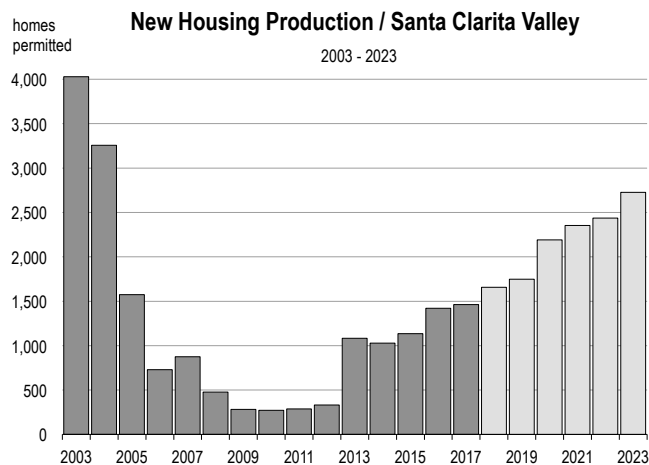
### New Housing Production

An estimated 1,463 total housing units were started in the Santa Clarita Valley during 2017. This rate of homebuilding is not keeping up with population growth and the attendant need for housing. There are a number of large projects in the entitlement pipeline and more housing starts are expected in 2018 but nothing significant until Newhall Ranch commences with new homes in 2020.

## New Development

### New Housing

Housing remains tight, a condition that is likely to prevail even after the first villages of Newhall Ranch break ground. That project is now moving ahead, and sitework should commence



this year with vertical construction anticipated in 2020.

Consequently, beginning late this year or by early 2019, the project should begin creating the first of thousands of jobs, millions of dollars in worker incomes and taxable sales, and desperately needed housing for a growing Los Angeles County and California population.

Currently, a number of housing projects are under construction representing a total buildout of nearly 5,000 new units. Single family housing is underway at West Creek, Vista Canyon and Skyline Ranch, and a mix of residential units are under construction at Five Knolls, Aliento, Canyon Heights, and RiverVillage.

### Principal Residential Projects / Santa Clarita Valley

March 2018

Project Name	Units	Status
Newhall Ranch	21,242	First 2 villages approved
Northlake	3,150	Draft EIR Underway
Whittaker Bermite	2,911	Approval, expired
Skyline Ranch	1,220	Under construction
Vista Canyon	1,100	Under construction
Princessa Crossroads	925	In planning review
Tesoro Highlands (Phase II)	840	EIR under review
West Creek/ West Hills	700	Under construction
Sand Canyon Plaza	580	Approved
Five Knolls	499	Under construction
Los Valles	497	Approved
Tapia Ranch	405	Draft EIR underway
Aliento (Golden Valley Ranch)	400	Under construction
Ravello / Placerita Ranch	322	In planning review
RiverVillage Area D	184	Under construction
Park Vista	182	In planning review
<b>Total</b>	<b>35,157</b>	

Source: The California Economic Forecast

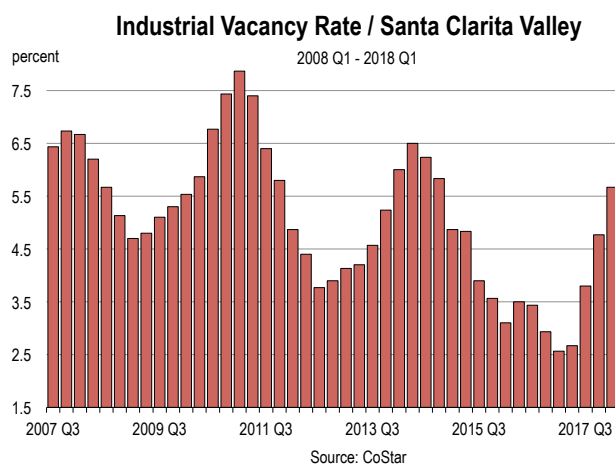
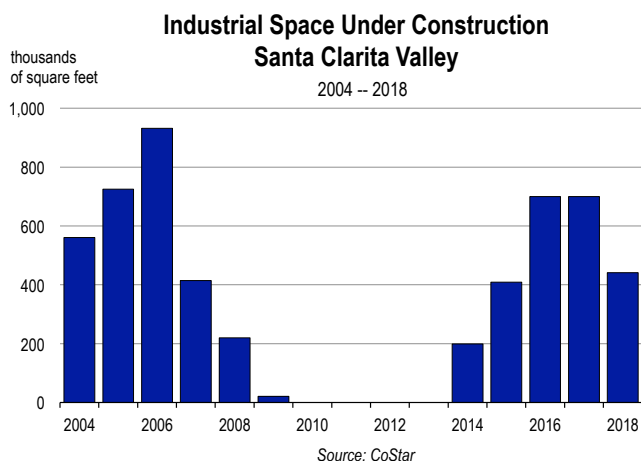


### *New Office and Industrial*

Just over 700,000 square feet of new industrial space in 7 buildings was completed in late 2017. This included the first phase of the IAC Commerce Center, and Gateway V.

Approximately 230,000 square feet of office space in two projects and 441,000 square feet of industrial space at Needham Ranch is currently under construction.

There is an additional 900,000 square feet that can be built at the IAC Commerce Center. Buildings 3 and 4 are planned to begin construction sometime in 2018.



The Southern California Innovation Park includes 17 buildings totaling 612,075 square feet. Another 888,000 square feet of new development can be accommodated there. There are currently plans for additional development to occur later this year or in 2019.

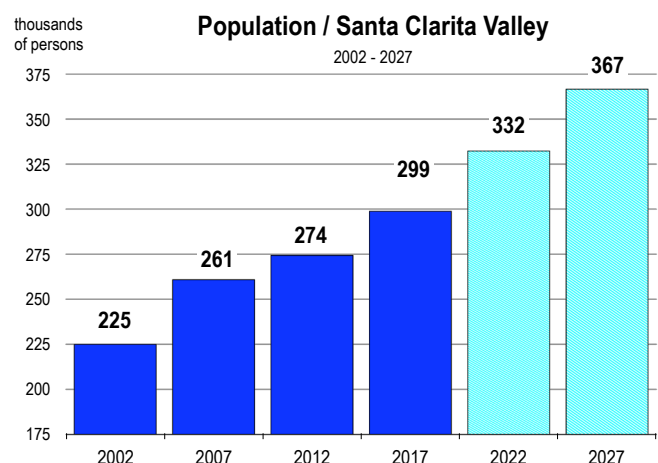
### **The Forecast**

Despite a fully employed regional economy, job creation in the Santa Clarita Valley is forecast to outpace growth across California, due largely to the region's higher rate of population growth, and the fact that a substantial slate of new office and industrial facilities will be constructed over the next few years, enabling new businesses to form in the region.

- Total employment in the Santa Clarita Valley is expected to increase by 2.5 percent in 2018 and 2.4 percent in 2019.
- Average salaries are expected to rise substantially over the forecast period, growing by more than 3 percent in 2018 and by more than 4 percent in 2019.
- The lack of existing home inventory for sale has pushed home values higher over the last 3 years. Nevertheless, with a fully employed workforce and rising wages and household incomes, expect more home sales this year and next
- Also expect price appreciation to continue, along with rising average rents. The median home price is expected to rise another five percent in 2018.
- More new housing will be built in the Santa Clarita Valley over the forecast horizon. Most new product will be single family homes, but a mix of residential units including apartments have been entitled and those projects are underway.
- Population growth will increase because job creation will remain stronger than elsewhere

in Los Angeles County this year and through 2020.

- Interest rates are rising and inflation has also moved higher recently. Expect higher mortgage rates in 2018 and 2019, but inflation rates that remain contained in the 2.4 to 3.0 percent range.





## THE FORECAST

The California Economy

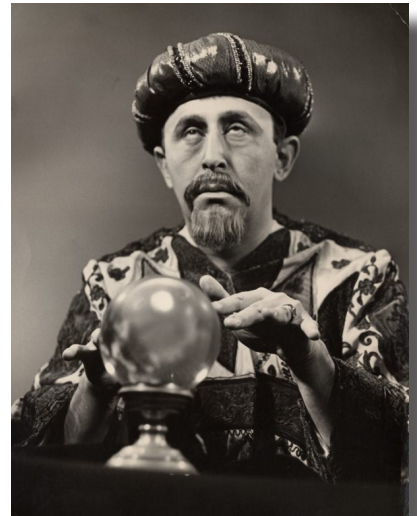
---

Los Angeles County

---

The Santa Clarita Valley Economy

---



## The 2018 Forecast

### *California, Los Angeles and the Santa Clarita Valley*

#### The California Economy

California is slowing down. The engine of growth driving a significant part of the U.S. recovery seems to have run out of its full head of steam. The business, scientific and technical services sector and the information sector—home for much of the tech boom—have ground to a growth halt in much of the State. But what sounds bad on the surface is just a symptom of good labor markets and tight, very tight, housing markets.<sup>1</sup>

#### Labor Markets

In last year's forecast chapter in this publication we wrote:

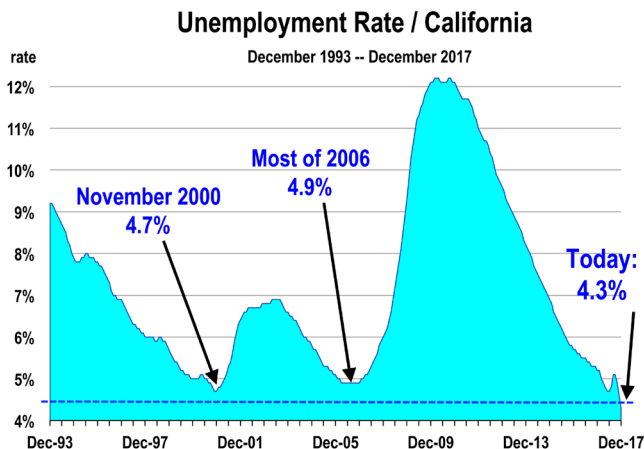
The forecast for employment growth in California during 2017 calls for a substantial slowdown

from the 2016 pace. The state created 418,000 jobs in 2016. However, job creation is forecast to moderate to 260,000 jobs next year, a 1.6 percent growth rate.<sup>2</sup>

With 2017 now in the books, we see that the state actually created 296,000 jobs representing a 1.76 percent rate of growth. The state's economy is now at full employment, recruiting is much more difficult, especially for skilled workers, and that means wages and salaries are moving higher.

The state has not experienced this tight of a labor market in generations. The 4.3 percent rate of unemployment recorded in December 2017 is the lowest since modern records have been kept. And remarkably, there are actually 29 states with unemployment rates lower than California.

With higher wages and salaries, firms will be looking towards technology rather than people to accommodate expected business growth.



#### California Forecast Summary

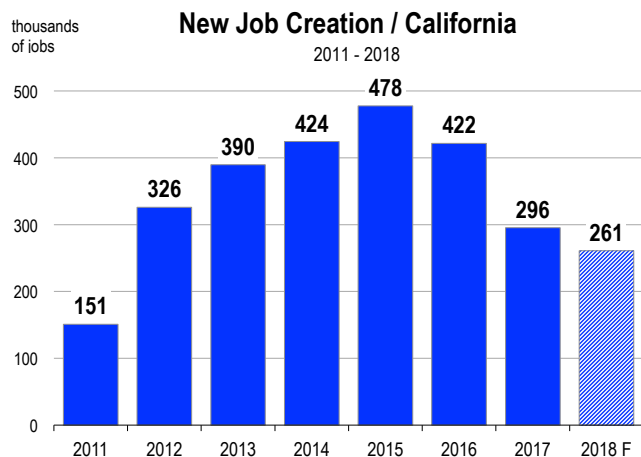
	2016A	2017E	2018F
Employment Growth	2.6%	1.8%	1.5%
Unemployment	5.4%	4.8%	4.5%
Personal Income Growth	3.7%	3.9%	5.3%
Population Growth	0.8%	0.7%	0.6%
Inflation (%)	2.3%	2.8%	2.5%
New Housing (units)	101.4k	110.2k	119.0k

A = actual, E = estimated, F = forecast

<sup>1</sup> UCLA Anderson Forecast for the Nation and California, December 2017 Report, page 47.

<sup>2</sup> 2017 Santa Clarita Valley Economic Outlook, volume 17, March 2017, page 31.

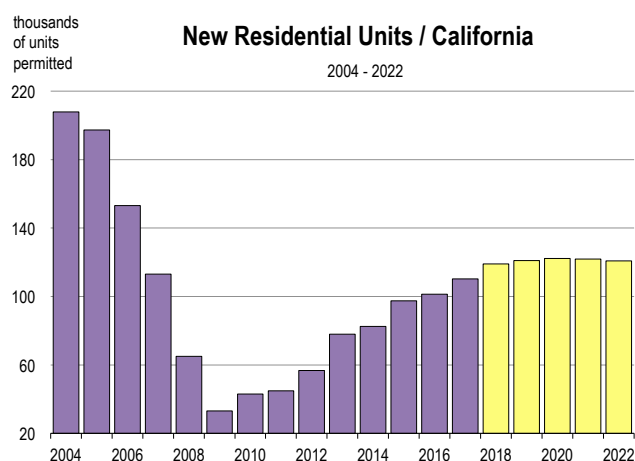




Southern California is likely to lead the state in new job formation in 2018, simply because the Bay Area's labor force is fully employed and not growing as fast through in-migration, principally due to the extraordinary high cost of housing.

## The Housing Market

Home building continues to increase in the forecast for California, but the pace is still very modest. Limited housing production will constrain population growth in the state and result in higher prices for housing that is either purchased for home ownership or rented. The development pipeline for apartment projects

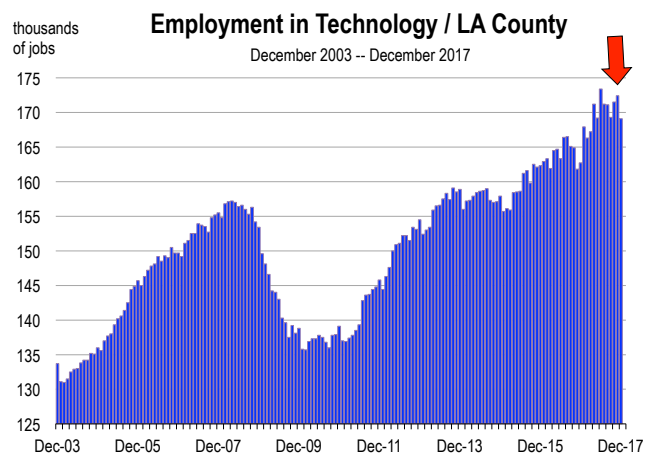


has broadened over the last 5 years and most of the new housing that will be started in 2018 and 2019 are apartments in the principal cities of Los Angeles, San Francisco, Oakland, Sacramento, San Jose, and San Diego.

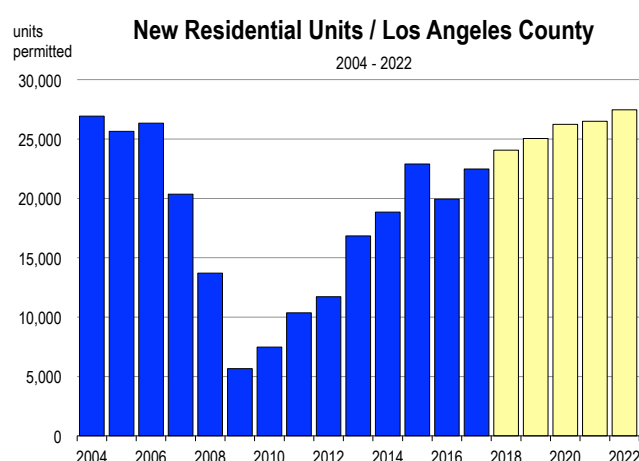
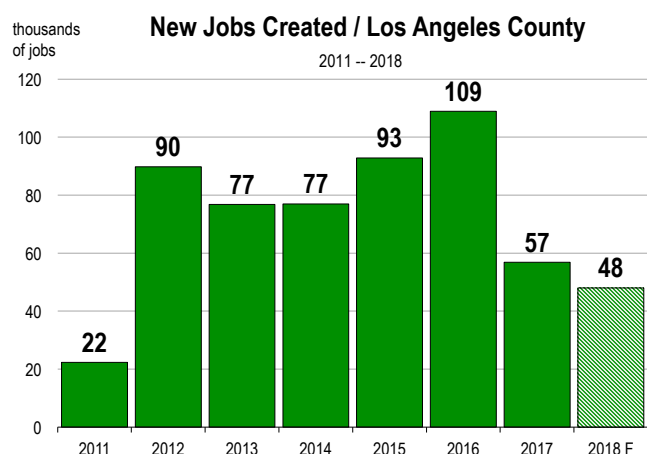
## Los Angeles County

Los Angeles County labor markets are tight, and like the broader statewide experience, job growth is trailing off. However, unlike the rest of the state, the creation of new jobs in the technology sectors remains strong.

The largest sectors of job creation were healthcare, professional and business services, and leisure and hospitality. There is a relatively broad based contribution of jobs from all areas of the local economy, except for manufacturing and mining where total employment is contracting.



Technology here is defined as jobs in the fields of computer and component manufacturing, data processing and hosting, software publishing, computer systems design, management and scientific and technical services, and architectural and engineering services. This composite sector comprises the principal STEM disciplines of workers.



The Los Angeles County forecast for 2018 is consistent with the projected statewide slowdown in employment, though another year of economic growth is called for. Household incomes, average salaries, and personal income are forecast to further rise in 2018. Interest rates will continue to move higher, along with inflation.

There are particular regions of Los Angeles County that have largely contributed to a vibrant regional economy within Los Angeles County. In particular, the West and Central regions of LA, the San Fernando Valley, and the Santa Clarita Valley have produced higher rates of job growth

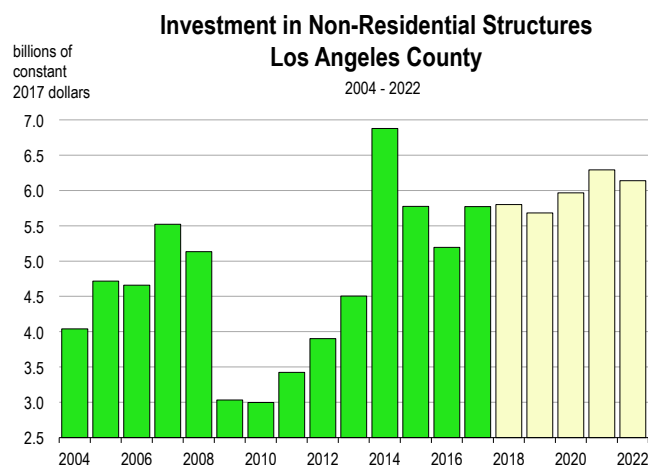
which have resulted in much greater utilization of office and industrial space in these communities.

The office vacancy rate in greater Los Angeles County sank to 10.9 percent by mid February 2018. Industrial vacancy is currently at 2.3 percent, representing the tightest market in the nation. More industrial product is currently underway in the county along with some office and thousands of apartment units, especially in the downtown area.

### Los Angeles County Forecast Summary

	2016A	2017E	2018F
Employment Growth	2.5%	1.3%	1.2%
Unemployment	5.2%	4.6%	4.2%
Personal Income Growth	4.5%	4.7%	4.8%
Population Growth	0.4%	0.6%	0.6%
Inflation (%)	1.9%	2.7%	2.4%
New Housing (units)	19,936	22,481	24,065

A = actual, E = estimated, F = forecast



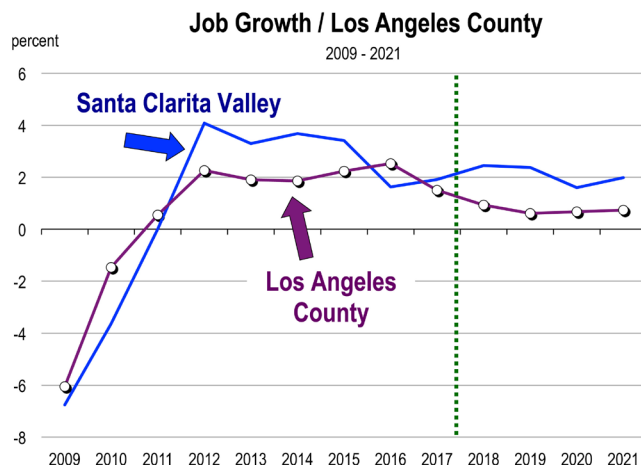


## The Santa Clarita Valley Economy

### Labor Markets

While a noticeable slowdown in job creation is expected across California in 2018, the opposite is expected in the Santa Clarita Valley. For the regional economy, more jobs than last year are forecast, leading to growth rates that outpace greater Los Angeles County or California. Why? Because of more relocations to the Valley especially as under construction office and industrial projects are completed.

The labor market is now at full employment, and going forward, employers will have to compete for the best workers, inducing them to offer higher salaries and better benefits. Job gains will be impressive in several high-wage sectors, including healthcare and professional business services. When combined, these two trends will lead to much larger increases in personal income this year and next.



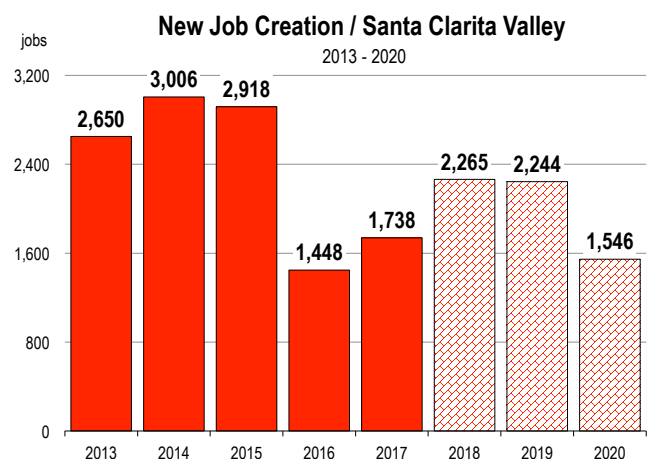
### Santa Clarita Valley Forecast Summary

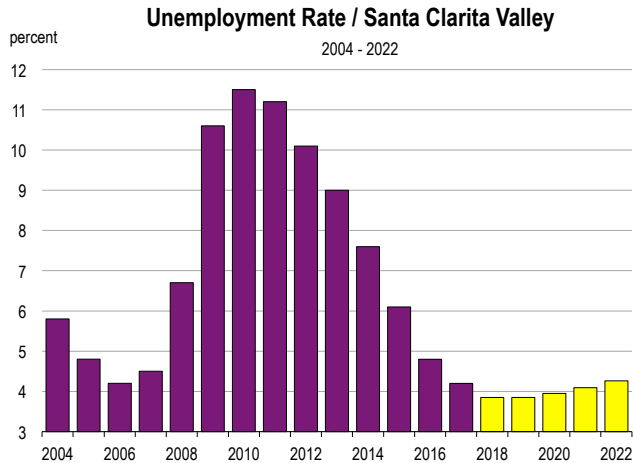
	2016A	2017E	2018F
Employment growth	1.6%	1.9%	2.5%
Unemployment rate	4.8%	4.2%	3.9%
Personal income growth	4.6%	4.7%	6.6%
Population growth	1.8%	2.0%	2.0%
Inflation (%)	1.8%	2.7%	2.4%
New housing (units)	1,421	1,463	1,657

A = actual, E = estimated, F = forecast

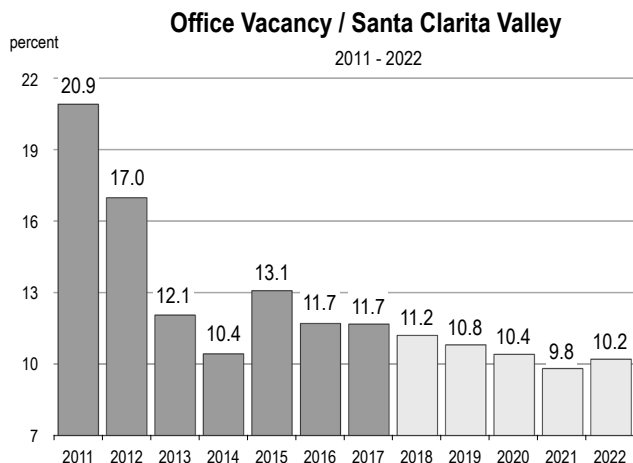
With the labor market at full employment, the unemployment rate cannot go much lower. Because almost everyone who wants a job already has a job, companies will only be able to expand if they recruit workers from other regions, hire local graduates, or if they adopt new technologies.

The forecast calls for the unemployment rate to continue to contract slightly, hitting a level that is likely to be the lowest rate on record for the Santa Clarita Valley. The growth in average salary per worker has been 3 percent per year since 2016. A bump is expected in 2018 and again in 2019 as the labor market rations out scarce skilled workers.





Utilization in the office market has been steadily improving since 2015. Furthermore, lease costs have been rising and are now at the highest average rates since 2009. With very little new product coming online, and more job creation expected over the forecast, the office market should continue to tighten. We expect vacancy rates to fall below 10 percent in 3 to 4 years. However, when the Newhall Ranch project commences, it will bring nearly 10 million square feet of new commercial and industrial space to the Valley between 2022 and 2035.

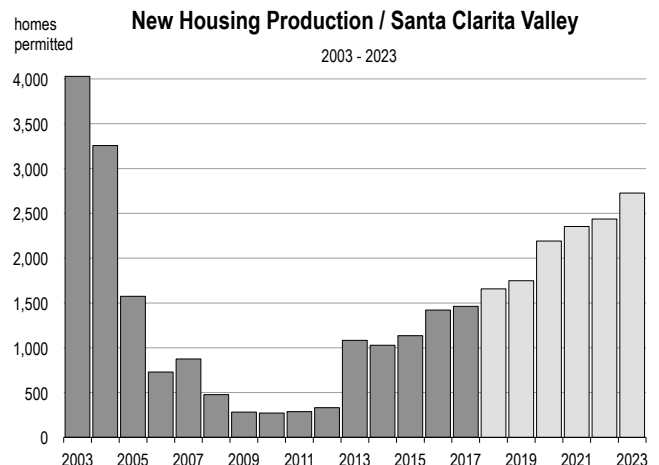


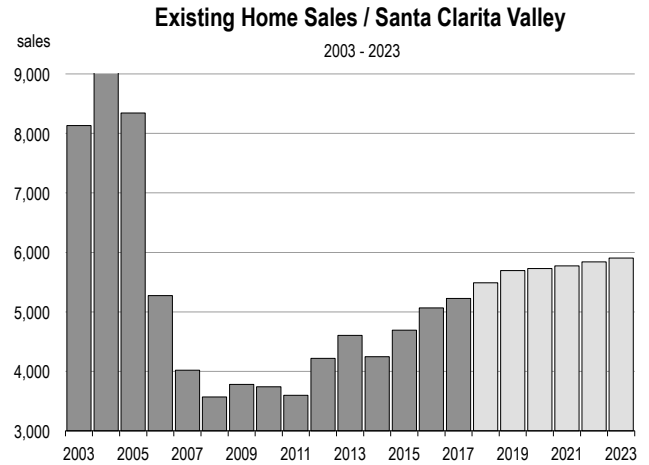
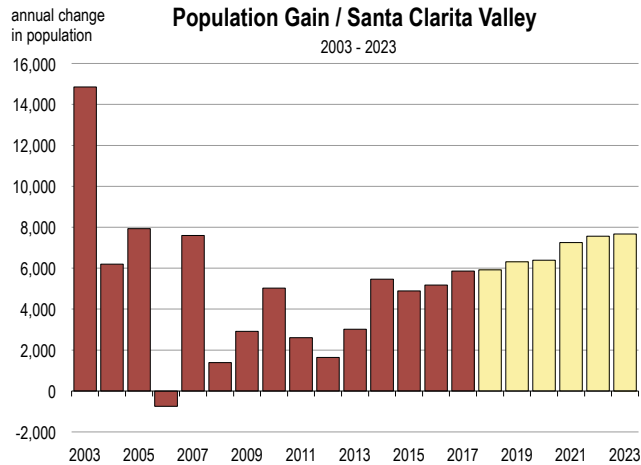
## New Housing

The Santa Clarita Valley population is already growing more quickly than Los Angeles County, and this discrepancy will only increase over the forecast horizon. While there is a production surge of apartments in downtown LA, there is less housing being planned elsewhere, except for the northern region of the county.

The Santa Clarita Valley is likely to become one of the fastest growing regions in the state. The largest development project is Newhall Ranch, which will contribute more than 21,000 homes to the region's housing stock and accommodate 60,000 new residents.

We expect infrastructure improvements to be soon, land sales to builders in late 2019, and home sales beginning in late 2020 or early 2021. Consequently, construction crews will start to mobilize sometime this year and certainly in 2019.





## Home Sales and Values

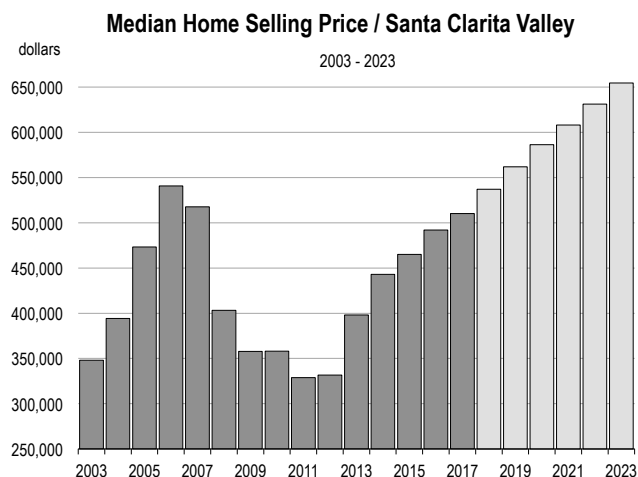
Compared to past economic cycles, there are very fewer homes for sale. The lack of inventory has pushed prices higher over the last 3 years. And consequently, rising housing values are nearly back to the peak 2006 levels.

With rising values, expect more inventory. With a fully employed workforce and rising wages and household incomes, expect more home sales this year and next. The median home price is expected to rise 5.3 percent this year.

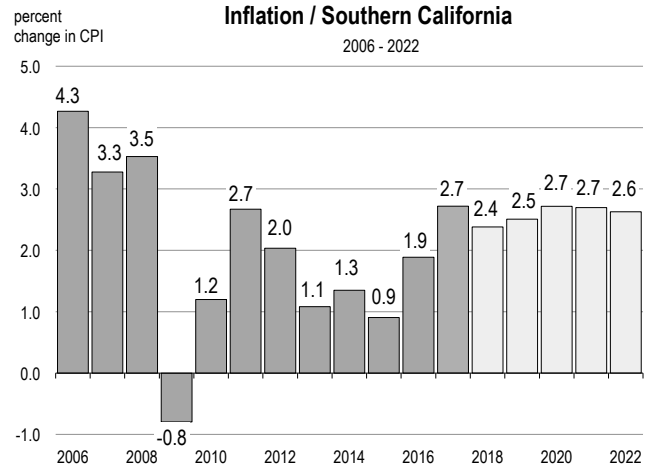
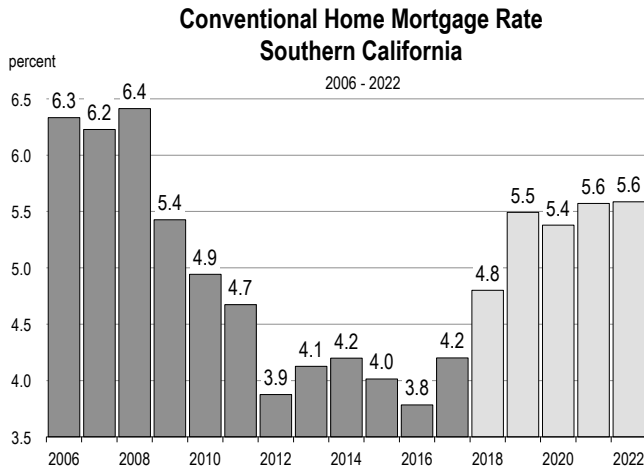
## Inflation and Mortgage Rates

When inflation rises, it's usually because wages are increasing, homes and apartments have become more expensive, and energy prices are moving higher. In 2017, gas prices rose, housing costs kept moving up, and average salaries continued to rise contributing to higher rates of inflation.

Inflation is now poised to return to rates that more closely resemble the pre-recession era. In California, inflation is accelerating the most in the Bay Area, where salaries are rising for tech and non-tech workers alike, and the housing market has eclipsed

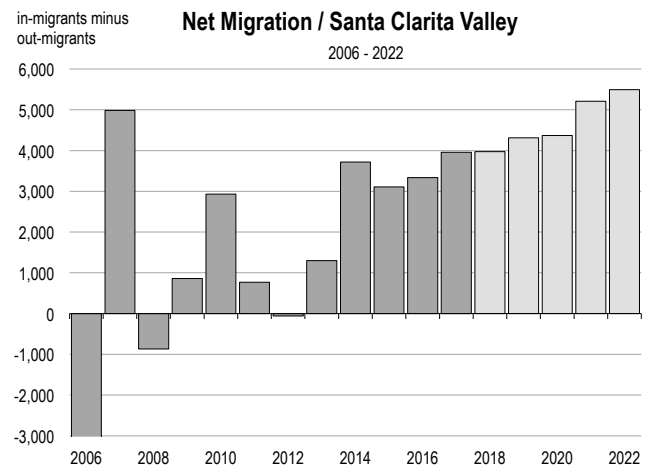






bubble era price levels. But even in Southern California, the cost of living will rise by 2 to 3 percent annually over the next 3 years.

As U.S. economic growth intensifies this year and the Federal Reserve attempts to prevent higher rates of inflation with measured increases in the federal funds rate, benchmark interest rates will rise. Mortgage rates will eclipse the current 4.6 percent rate that is prevailing now (March 2018), approaching the 5.0 percent level later in the year. Higher rates will influence the decision to purchase homes, but higher incomes are likely to dominate those decisions, especially as new jobs in the Santa Clarita Valley attract more in-migrants this year and over the next few years.



Santa Clarita Valley Economic Forecast Summary					2010-2017 History, 2018-2023 Forecast		
Year	Population (millions)	Population Growth Rate (percent change)	Net Migration (thousands)	HouseHolds (thousands)	New Homes Permitted (thousands)	Retail Sales (billions)	Personal Income (billions)
2010	270,190	1.9	2,933	91.2	272	\$2.0	\$15.6
2011	272,795	1.0	767	92.0	287	\$2.2	\$16.7
2012	274,432	0.6	-60	92.5	330	\$2.3	\$17.9
2013	277,451	1.1	1,298	92.8	1,084	\$2.4	\$18.3
2014	282,909	2.0	3,718	93.1	1,028	\$2.5	\$19.0
2015	287,803	1.7	3,107	93.3	1,134	\$2.5	\$19.8
2016	292,983	1.8	3,335	93.6	1,421	\$2.5	\$20.7
2017	298,843	2.0	3,955	94.1	1,463	\$2.6	\$21.7
2018	304,762	2.0	3,973	95.6	1,657	\$2.7	\$23.1
2019	311,074	2.1	4,312	97.2	1,748	\$2.8	\$24.5
2020	317,464	2.1	4,369	99.0	2,191	\$3.0	\$26.0
2021	324,716	2.3	5,209	101.2	2,354	\$3.1	\$27.6
2022	332,279	2.3	5,494	103.6	2,437	\$3.2	\$29.3
2023	339,949	2.3	5,597	106.1	2,727	\$3.3	\$31.0

Non-farm Job – employment (thousands of jobs) –							
Year	Non-farm Wage & Salary	Non-farm Job Growth Rate (% change)	Construc- tion	Manufac- turing	Transportation, Utilities	Wholesale & Retail Trade	Financial Activities
2010	77.2	-3.6	4.8	9.3	1.1	14.2	3.7
2011	77.2	0.0	4.7	9.5	1.1	14.5	3.6
2012	80.4	4.1	4.9	10.1	1.2	15.0	3.6
2013	83.0	3.3	5.5	10.4	1.2	15.4	3.7
2014	86.1	3.7	5.7	10.7	1.2	15.5	3.7
2015	89.0	3.4	6.1	11.2	1.4	16.1	3.7
2016	90.5	1.6	6.2	11.2	1.5	16.5	3.8
2017	92.2	1.9	6.7	11.0	1.5	16.7	3.9
2018	94.5	2.4	7.0	11.1	1.6	16.8	4.0
2019	96.7	2.4	7.2	11.3	1.6	17.0	4.0
2020	98.2	1.6	7.4	11.4	1.7	17.2	4.1
2021	100.2	2.0	7.6	11.5	1.7	17.3	4.2
2022	102.1	1.9	7.9	11.5	1.7	17.4	4.3
2023	103.8	1.6	8.0	11.5	1.7	17.5	4.3

Source: California Economic Forecast, March 2018

Santa Clarita Valley Economic Forecast Summary				2010-2017 History, 2018-2023 Forecast	
Year	Real per Capita Income (dollars)	Median Home Selling Price (dollars)	Existing Home Sales	Inflation Rate (percent change in local CPI)	Unemploy- ment Rate (percent)
2010	\$65,428	\$357,969	3,742	1.2	11.5
2011	\$67,683	\$328,725	3,595	2.7	11.2
2012	\$70,436	\$331,549	4,220	2.0	10.1
2013	\$70,678	\$398,187	4,604	1.1	9.0
2014	\$71,016	\$442,907	4,247	1.3	7.6
2015	\$72,007	\$465,018	4,693	0.9	6.1
2016	\$72,585	\$491,989	5,068	1.9	4.8
2017	\$72,554	\$510,192	5,226	2.7	4.2
2018	\$74,046	\$537,017	5,488	2.4	3.9
2019	\$75,134	\$561,799	5,694	2.5	3.9
2020	\$75,939	\$586,263	5,728	2.7	4.0
2021	\$76,884	\$608,002	5,773	2.7	4.1
2022	\$77,658	\$631,124	5,840	2.6	4.3
2023	\$78,284	\$654,458	5,905	2.6	4.5

– employment (thousands of jobs) –

Year	Professional Services	Information	Health & Education	Leisure	Government
2010	11.7	1.2	8.4	11.2	9.5
2011	11.2	1.2	8.6	11.4	9.2
2012	11.6	1.2	9.0	12.0	9.4
2013	12.1	1.1	9.1	12.4	9.5
2014	12.6	1.2	9.7	13.3	9.7
2015	12.3	1.4	10.2	13.6	10.1
2016	12.4	1.4	10.9	14.0	9.8
2017	12.7	1.5	11.3	14.4	9.6
2018	13.0	1.5	11.8	14.7	9.9
2019	13.4	1.5	12.1	15.0	10.3
2020	13.6	1.5	12.4	15.2	10.6
2021	14.1	1.5	12.6	15.5	10.9
2022	14.6	1.5	12.8	15.8	11.3
2023	15.0	1.5	13.0	16.1	11.6

Source: California Economic Forecast, March 2018



## DEMOGRAPHICS

Population Update

---

Household Income

---

Education

---

Race and Ethnicity

---

Population Age Structure

---

Demographic Outlook

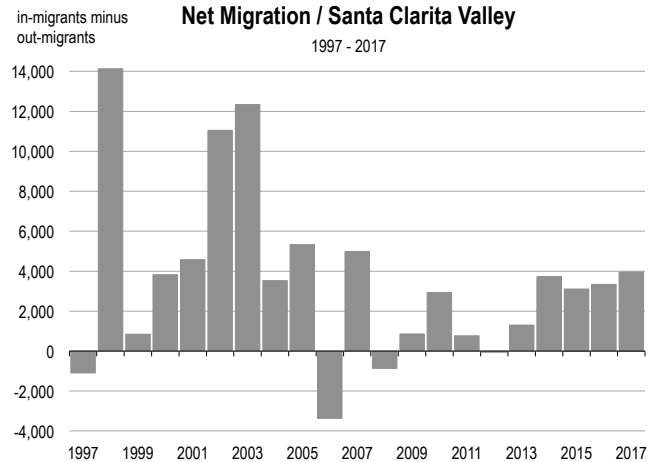
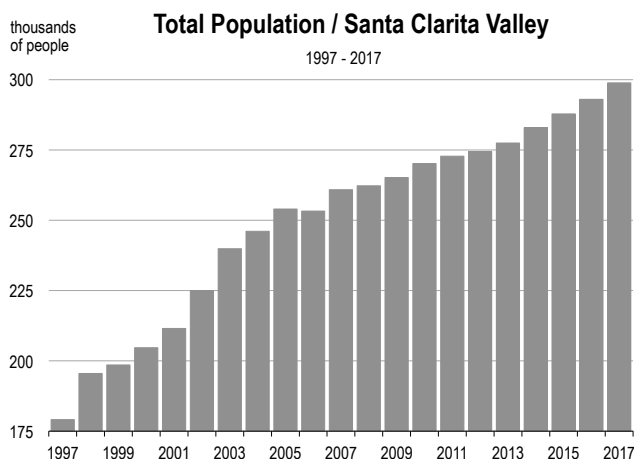
---



## Demographics

### Population Update

- The Santa Clarita Valley—which occupies part of Northern Los Angeles County—is home to an estimated 298,0843 residents.
- According to the California Department of Finance, 216,350 of these individuals live within the City of Santa Clarita. The remaining residents reside in the surrounding unincorporated areas.
- By comparison, the San Fernando Valley has just under 1.9 million residents.
- From 2016 to 2017, the population of the Santa Clarita Valley increased by 2.0 percent – significantly faster than the statewide average of 0.9 percent.

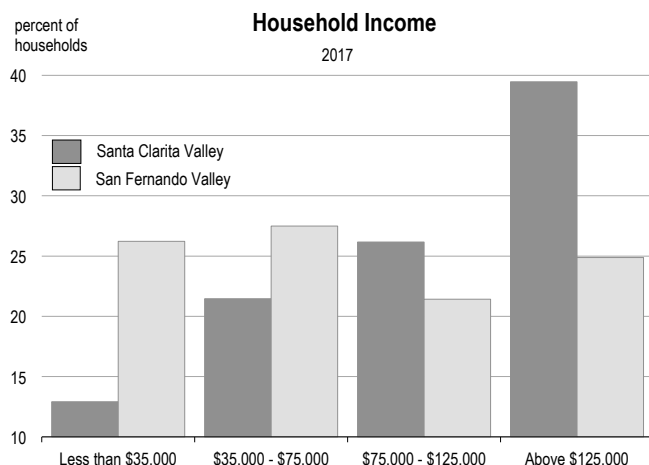


- The Valley gained approximately 5,900 residents in 2017, mostly the result of net migration (people moving into the Valley, less those moving out).
- Since 2010, the population of the Santa Clarita Valley has grown by 10.6 percent. Over the same period, the San Fernando Valley has grown by only 4.8 percent, while California has grown by only 6.1 percent.

### Household Income

- Household income in the Santa Clarita Valley is substantially higher than in the San Fernando Valley.

- In 2017, the median household income in the Santa Clarita Valley was estimated at \$103,726 – one of the highest levels in the state.
- In the San Fernando Valley, the median household income was \$68,458, which is slightly below the statewide average.
- In the Santa Clarita Valley, almost 40 percent of all households earn more than \$125,000, and more than 65 percent garner at least \$75,000. These are the markings of a very prosperous region.
- The high incomes in the Valley are the result of the occupational distribution of its population. A large proportion of its residents work in high-paying fields, such as engineering, manufacturing, and management.
- The San Fernando region, conversely, has a higher share of individuals in occupations that pay more modest wages, such as maintenance, construction, and administrative support.

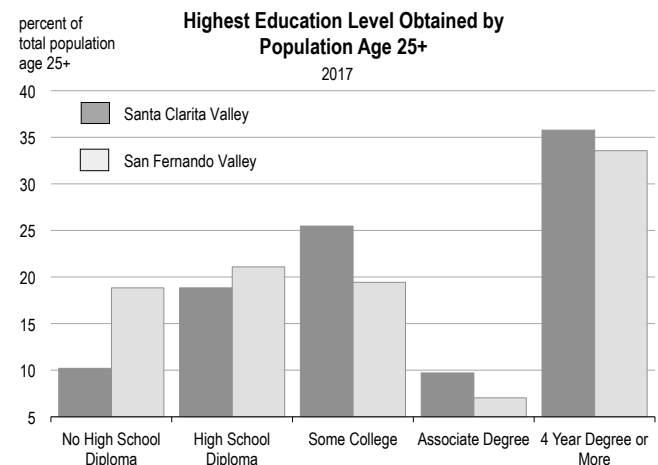


## Education

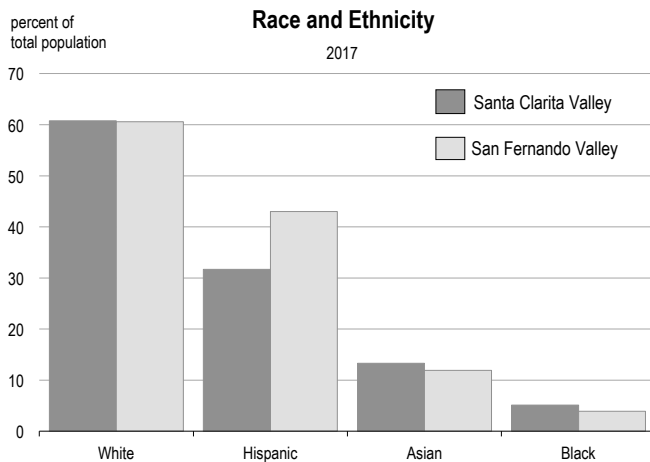
- The Santa Clarita Valley has a more highly educated population than the San Fernando Valley.
- Both regions have a substantial number of individuals with at least a 4-year degree. However, in the Santa Clarita Valley, many more individuals have attained at least some form of post-secondary training, including vocational and associate degrees.
- The San Fernando Valley has a much higher share of individuals who did not complete high school. The percentage of the population over age 25 without a diploma is almost 20 percent in the San Fernando Valley, but only 10 percent in the Santa Clarita Valley.

## Race and Ethnicity

- In terms of race and ethnicity, the Santa Clarita Valley and San Fernando Valley are relatively similar.





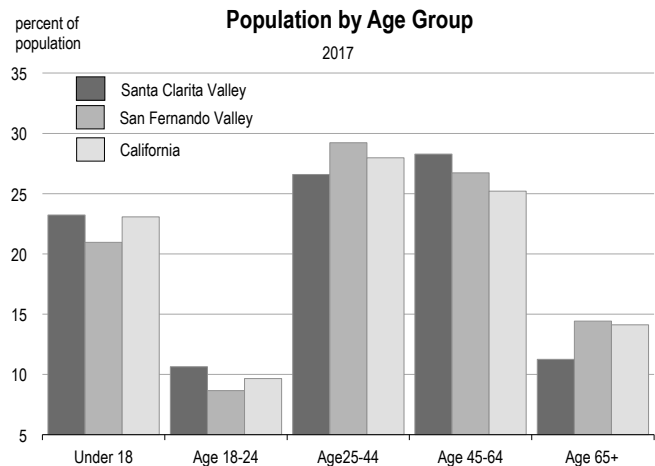


- Approximately 61 percent of the population in the Santa Clarita Valley is White, 32 percent is Hispanic, 13 percent is Asian, and 5 percent is Black (these figures sum to more than 100 percent because many Hispanic individuals are also classified as White, Asian, Black, or another racial category).
- The population of the San Fernando Valley is 61 percent White, 43 percent Hispanic, 12 percent Asian, and 4 percent Black.

## Population Age Structure

Across the Santa Clarita Valley, the age structure of the population is similar to that of the San Fernando Valley and the broader state, with some noteworthy differences. The local region has also experienced marked shifts in the age composition of its population, which are generally consistent with statewide trends.

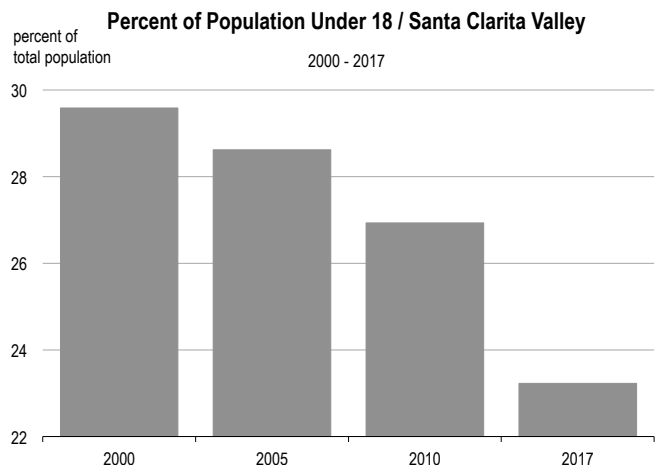
Compared to other areas, the Santa Clarita Valley tends to have a higher percentage of people under the age of 25, as well as people between 45 and 64. These groups represent

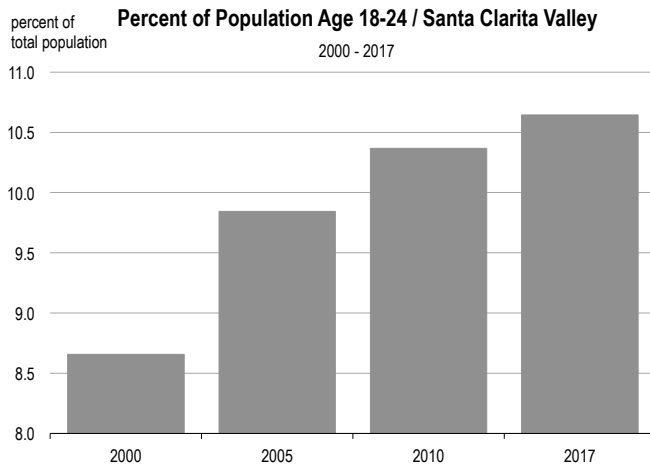


school age children, college age and entry level workers, and late career individuals.

Such disparities are indicative of the Valley's academic prowess, as well as its concentration of high-skilled jobs. Families move to the region because the local schools are highly regarded, and mid-career professionals move to the region for its high wage positions.

Currently, the proportion of residents under the age of 18 is lower than any point in the last 16 years. The 18-24 cohort, by contrast, accounts

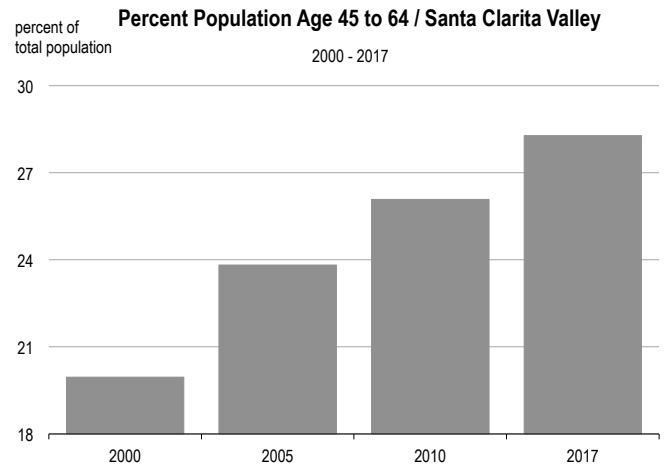




for a larger share of the population than in recent years.

The 25 to 44 group – the young professional bracket – has seen its share of the population decline briskly, while the 45 to 64 group has expanded.

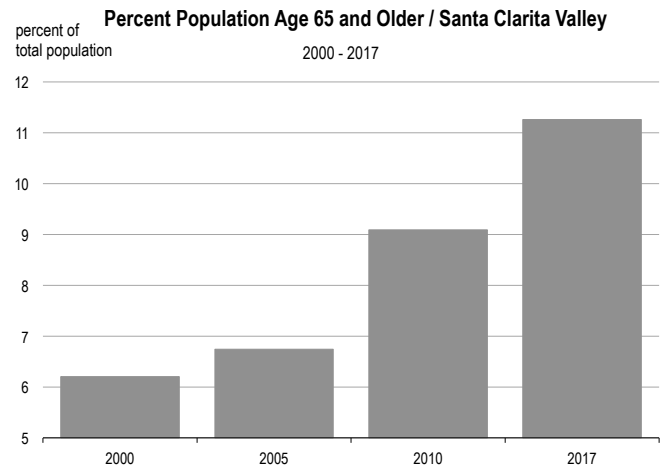
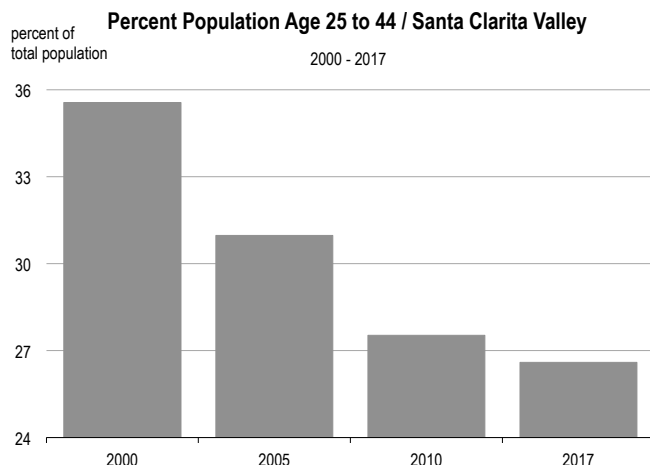
Over the last few years, the Baby Boomer generation began to enter the 65-and-over bracket, and will continue to do so until the year 2029. As a result, this group should continue to grow as a share of the local population.

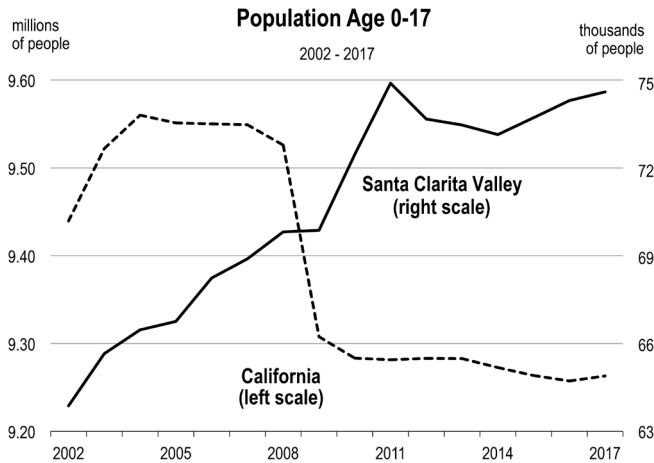


### Declining in Share but Growing in Numbers

Although some age cohorts are accounting for a smaller share of the Santa Clarita Valley population, they are still growing in absolute numbers. This is an important distinction that separates the Valley from the rest of California.

Compared to 15 years ago, California now has 176,000 fewer residents under age 18, and 314,000 fewer residents between ages 25 and 44. But the Santa Clarita Valley has gained



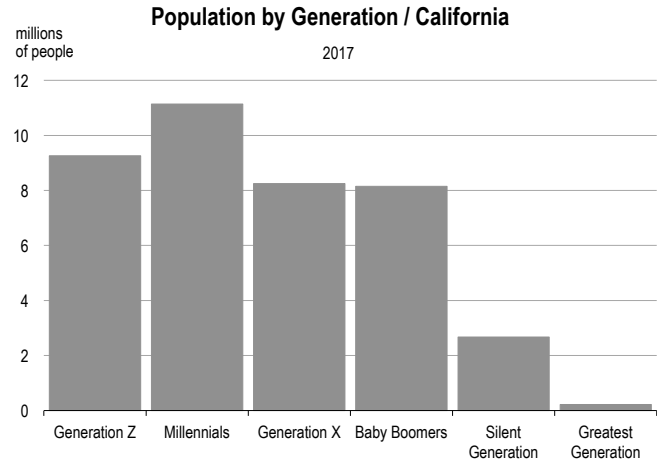


approximately 11,000 residents under age 18, and 8,000 residents between ages 25 and 44.

This has been possible because the Santa Clarita Valley population has grown so rapidly. In general, the region now has more people in all age brackets, even though some have grown faster than others.

### Millennials in the Santa Clarita Valley

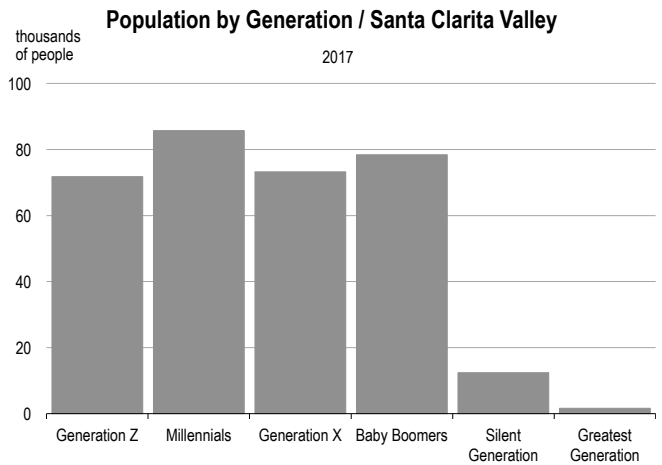
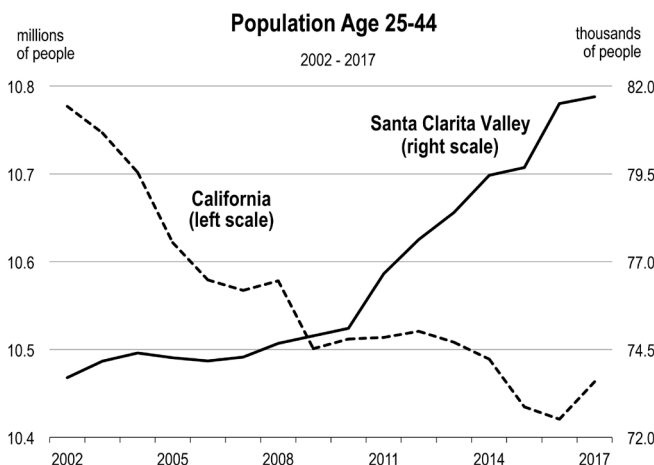
It's a little-known fact, but Millennials make up the largest generation in the U.S. and California. In 2017 there were 11.1 million Millennials in the



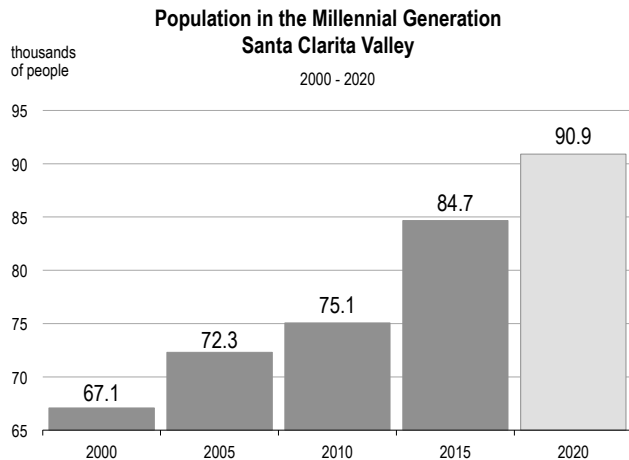
state, and fewer than 9.5 million people in any other generation.

The Millennials are also the largest generation in the Santa Clarita Valley, but just barely. In 2017 there were approximately 86,000 Millennials in the local region, which is just slightly ahead of the 78,000 Baby Boomers.

Because of the region's rapid population growth, the number of Millennials is growing sharply. By 2020, the Santa Clarita Valley is expected to have almost 91,000 people in this cohort – an increase of almost 36 percent over a two-





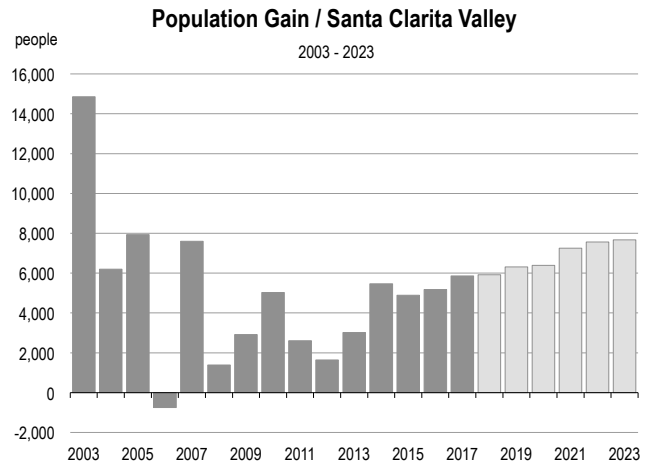


decade span. California's Millennial population has grown more slowly, and by 2020 will have recorded a 20-year increase of just 8 percent.

## The Demographic Outlook

Population growth in the Santa Clarita Valley is expected to average 2.2 percent per year through 2023. This represents an exceptionally rapid rate of increase, and will result in an additional 41,100 residents.

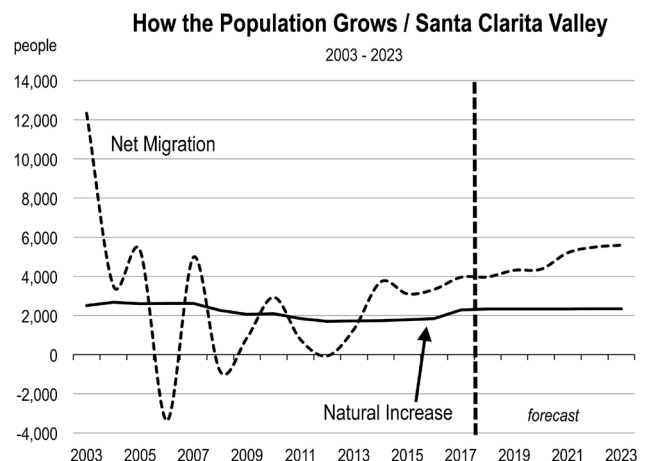
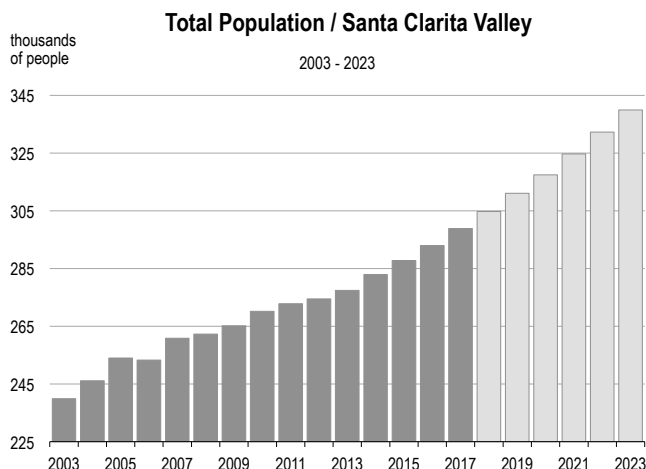
In the first few years of the forecast period, population growth will be closer to 2.0 percent. But growth will accelerate when the Newhall

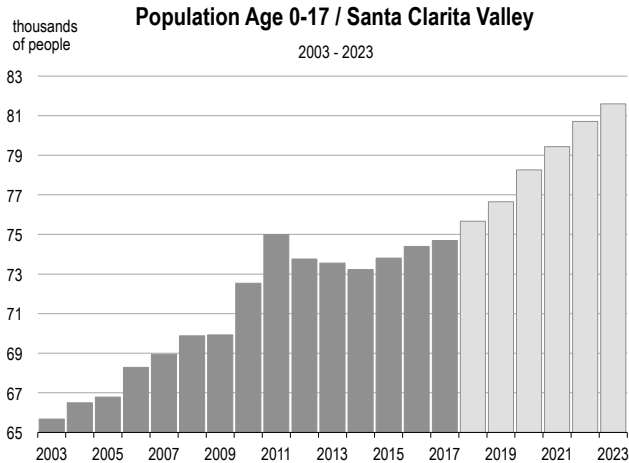


Ranch Project breaks ground. The Newhall Ranch project will add more than 20,000 new homes to the Santa Clarita Valley, and families are expected to move into the first homes in 2021.

Net migration will be the primary driver of population growth. On average, the region is expected to attract an average of 4,800 net migrants per year through 2023, with more than 5,200 each year once Newhall Ranch is underway.

Such a high level of net migration is unusual. In most regions of California, the majority of all

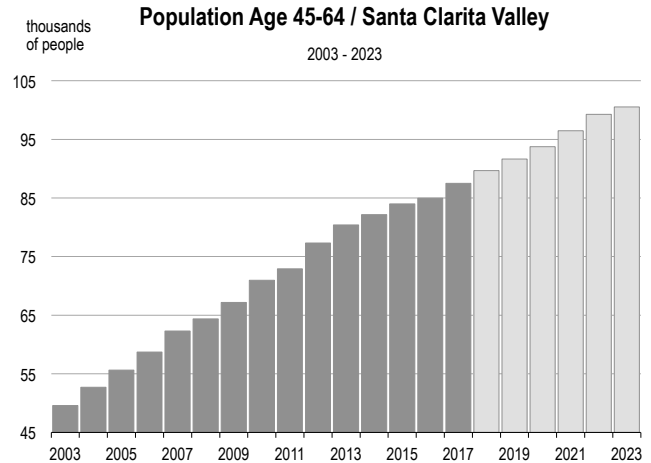




population growth occurs through the natural increase (new births). The high level of net migration in the Santa Clarita Valley is the result of its unique combination of (1) good jobs, (2) highly-respected public schools, and (3) affordable homes.

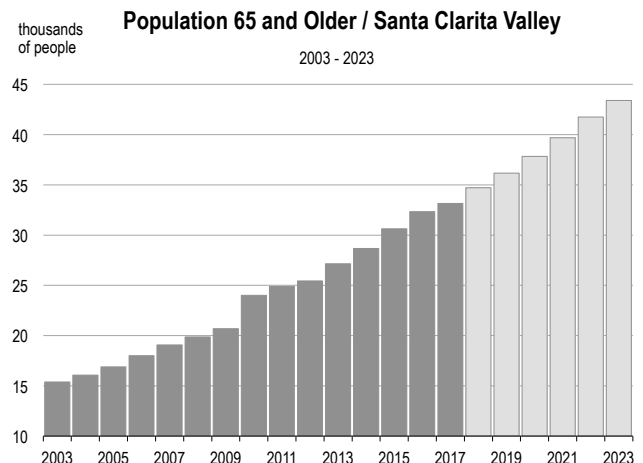
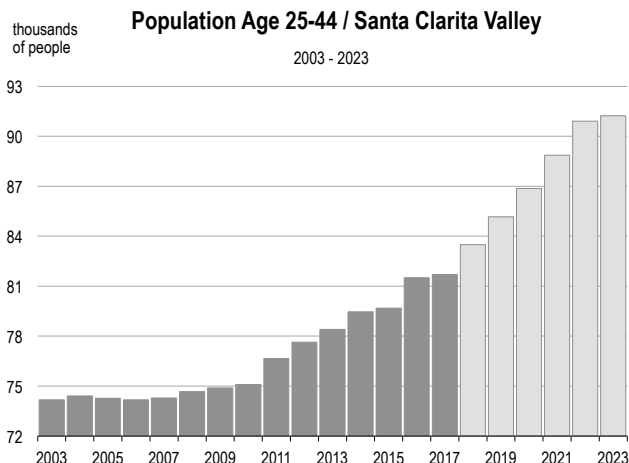
The fastest growth will be observed among residents over the age of 65. Through 2023, this group will increase by 4.6 percent per year, leading to 9,600 more residents in this cohort than in 2017.

By 2023, the Santa Clarita Valley will have an additional 6,900 residents under the age of 18,



and an additional 2,700 between the ages of 18 and 24, leading to larger enrollments at local schools and colleges.

The 25-44 cohort will increase by 1.9 percent per year, representing 9,500 new residents, while the 45-64 bracket will increase by approximately 2.3 percent per year for a total of 13,000 new residents. This will lead substantial new demand for housing, because people aged 25-44 account for the majority of new household formation. In addition, it will lead to higher median incomes, as people reach their peak earning years between the ages of 45 and 60.



Demographic Forecast	Santa Clarita Valley			History: 2012 - 2017		
	2012	2013	2014	2015	2016	2017
			—people—			
Population	274,432	277,451	282,909	287,803	292,983	298,843
% change	0.6	1.1	2.0	1.7	1.8	2.0
			-- people --			
Births	2,937	2,966	3,011	3,071	3,142	3,214
Deaths	1,240	1,246	1,271	1,284	1,296	1,309
Natural Increase	1,697	1,720	1,740	1,787	1,846	1,905
Net Migration	-60	1,298	3,718	3,107	3,335	3,955
Age 0-17	73,758	73,552	73,222	73,808	74,398	74,696
Age 18-24	29,927	31,625	32,829	33,094	32,702	33,447
Age 25-44	77,635	78,402	79,457	79,682	81,500	81,695
Age 45-64	77,308	80,405	82,161	83,982	84,969	87,488
Age 65 and Over	25,434	27,154	28,671	30,629	32,339	33,155
Other Santa Clarita Valley Indicators						
Total Vehicle Registrations	204,576	210,678	216,443	222,258	231,639	241,300
Automobile Registrations	162,752	168,305	173,773	178,445	186,481	194,768
Total Housing Stock	96,023	96,286	96,624	96,885	97,439	97,940
Number of Households	92,524	92,755	93,051	93,327	93,575	94,053
Persons per household	2.97	2.99	3.04	3.08	3.13	3.18

Source: California Economic Forecast, March 2018



Demographic Forecast	Santa Clarita Valley				Forecast: 2018 - 2023	
	2018	2019	2020	2021	2022	2023
	-- people --					
Population	304,762	311,074	317,464	324,716	332,279	339,949
% change	2.0	2.1	2.1	2.3	2.3	2.3
	-- people --					
Births	3,273	3,341	3,379	3,415	3,463	3,489
Deaths	1,327	1,341	1,358	1,372	1,394	1,416
Natural Increase	1,946	2,001	2,021	2,043	2,069	2,073
Net Migration	3,973	4,312	4,369	5,209	5,494	5,597
Age 0-17	75,667	76,651	78,260	79,434	80,705	81,594
Age 18-24	34,082	34,559	34,870	35,115	35,606	36,124
Age 25-44	83,492	85,162	86,865	88,863	90,907	91,229
Age 45-64	89,675	91,648	93,755	96,474	99,272	100,536
Age 65 and Over	34,713	36,171	37,836	39,690	41,754	43,402
Other Santa Clarita Valley Indicators						
Total Vehicle Registrations	247,256	253,790	257,804	262,275	267,614	271,242
Automobile Registrations	196,290	200,801	203,641	206,813	210,592	213,108
Total Housing Stock	99,403	101,060	102,808	104,999	107,353	109,790
Number of Households	95,554	97,236	99,011	101,235	103,625	106,099
Persons per household	3.19	3.20	3.21	3.21	3.21	3.20

Source: California Economic Forecast, March 2018

Data sources for the charts in this chapter include: Population, ethnicity, age of population, housing stock, number of households, and household income information is from the Department of Finance, Demographic Research Unit, the Claritas database, and the California Economic Forecast; Births and deaths are from the California Department of Public Health; Automobile registrations are from the Department of Motor Vehicles.

# EMPLOYMENT AND INCOME

Employment

---

Largest Employers

---

Average Salaries

---

Employment Outlook

---



## Labor Markets

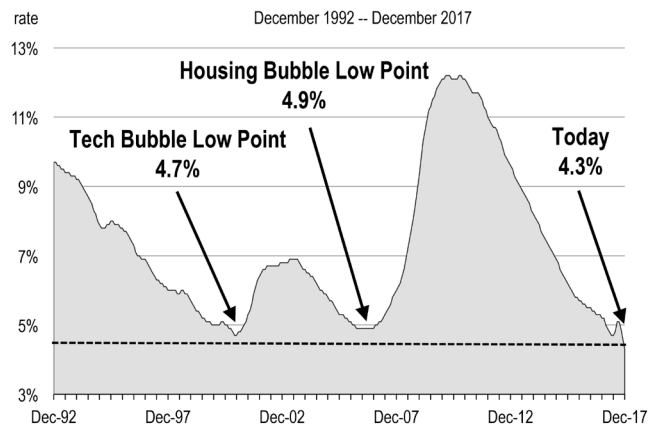
### Employment

#### California

The California labor market is getting tight. The unemployment rate has fallen to 4.3 percent, and the state has now reached “full employment” conditions, meaning that almost everyone who wants a job already has a job.

In certain regions, the unemployment rate is even lower. Under a full employment scenario, it becomes difficult for firms to recruit new workers, and in order to expand and grow, firms typically must (1) hire recent graduates, (2) recruit workers from other companies or other cities, or (3) turn to technology.

#### Unemployment Rate / California



#### 2017 Unemployment Rate (%) in Select Coastal Counties

San Mateo	2.7
San Francisco	2.9
Santa Clara	3.3
Orange	3.5
San Luis Obispo	3.6
Alameda	3.7
Contra Costa	3.8
San Diego	4.0
Ventura	4.5
Santa Barbara	4.5
Los Angeles	4.6

The Washington Post

### 2018's challenge: Too many jobs, not enough workers

By Danielle Paquette December 28, 2017

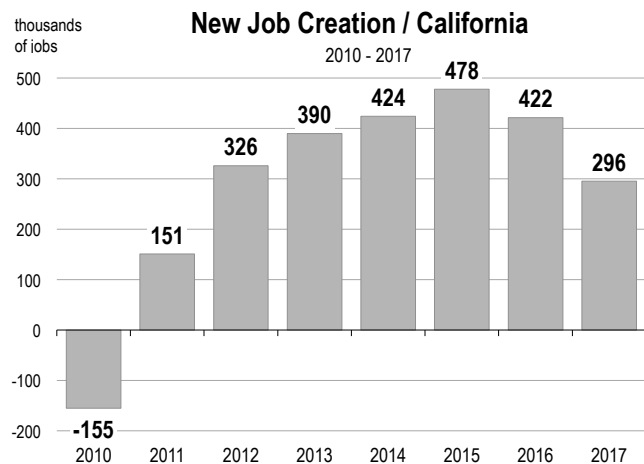
Employers nationwide are grappling with a problem that threatens to stall economic growth: vacancies — and lots of them.

In Maine, where flurries can fall as late as April, the state transportation department is struggling to [find snowplow drivers](#), thanks to the [increasingly tight labor market](#). Ski resorts in the state, meanwhile, are still looking for employees to run the slopes.

Texas, too, is dealing with a labor shortage. As the price of oil climbs, drillers are ramping up production, but they need [more truckers to haul it](#). Energy companies fear a dearth of such workers could eventually force them to limit production.

Washington Post, December 28, 2017, online





Because the job market is near capacity and there are fewer people to hire, economy-wide job creation has begun to slow. In 2017, California generated 296,000 new jobs, a meaningful decrease from the 400,000 that were typical during the middle stages of the current economic cycle.

Across the state, approximately 165,000 jobs were created in high-paying sectors, accounting

for half of total job growth. This includes industries like government, professional and business services, and construction.

The sectors with the largest increases, however, tend to have low average wages. The leisure industry and the health and education sector generated almost 125,000 new jobs, primarily in restaurants, hospitals and doctor's offices, and community service organizations.

Job growth across California is also converging with the rest of the U.S. Shortly after the 2007-2009 recession, the California job market began to expand much more quickly than the national average, exceeding growth rates of 3 percent. But because California and the U.S. now face similar headwinds to job creation, and because the technology sector in California is hiring fewer workers, California's job growth looks much more average than in years past.



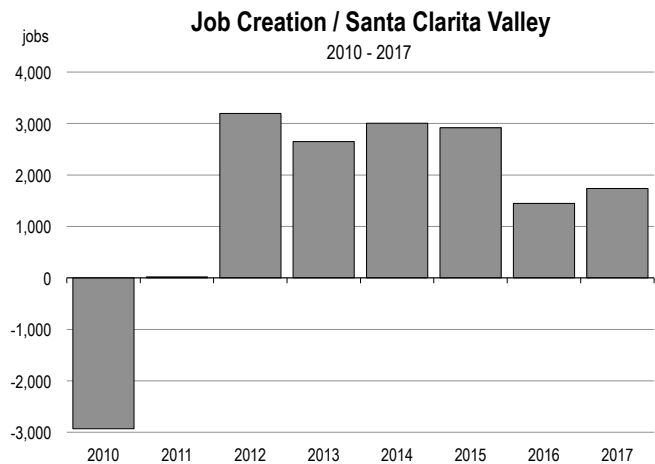
## Santa Clarita Valley

In the Santa Clarita Valley, the labor market is heavily concentrated in manufacturing, retail trade, leisure services, and professional services. These sectors each account for more than 10,000 local jobs, and when combined, represent 55 percent of all jobs in the region.

Total non-farm employment increased by 1.9 percent in 2017, resulting in more than 1,700 new jobs.

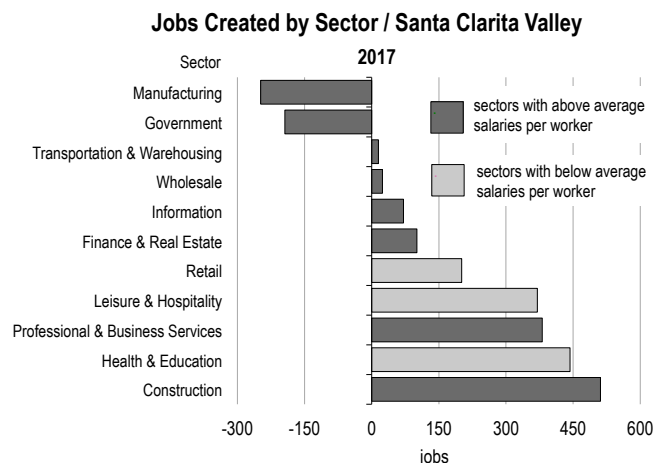
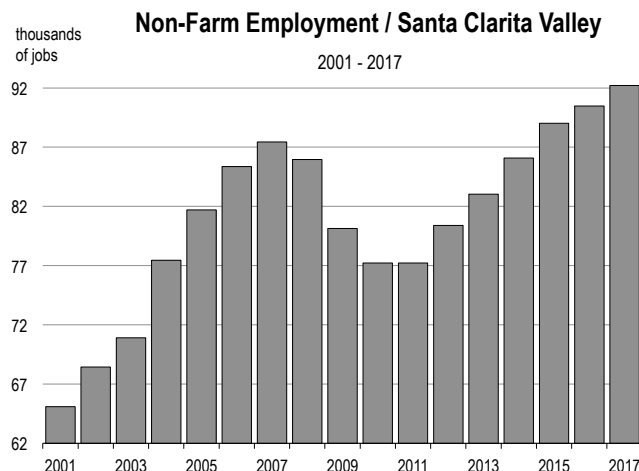
The largest gains were in the construction industry, which generated more than 500 new jobs. Construction activity has accelerated in the Santa Clarita Valley, as a number of projects have broken ground.

Big increases were also observed in professional and business services. In particular, gains were strongest in scientific research, marketing, consulting, and related

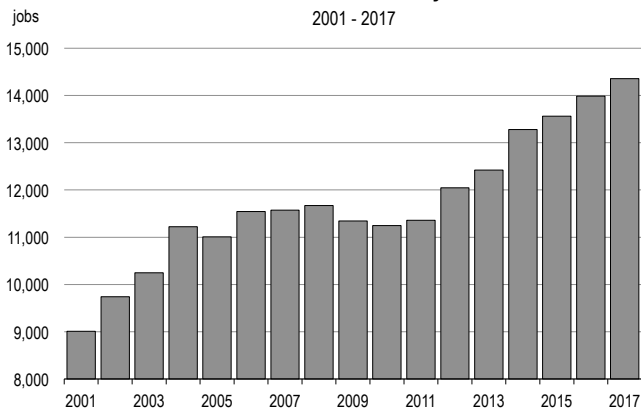


services. This subsector was led by Boston Scientific, Q2 Solutions, and Scorpion Marketing, which each added more than 75 workers to their payrolls.

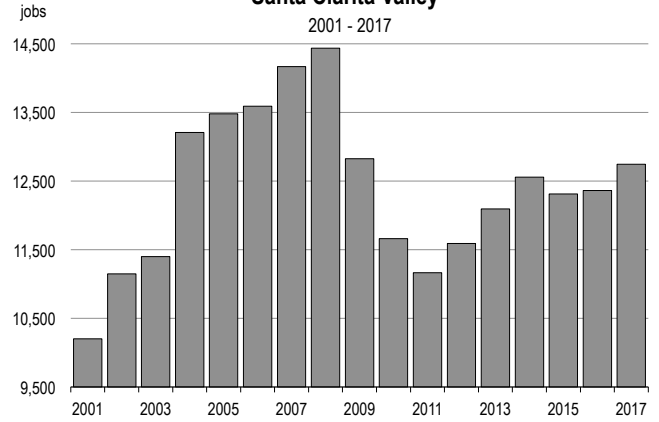
Some of the largest gains were also in health and education, leisure and hospitality, and retail. These are big industries that employ a lot of workers, and have generated many new jobs during the current business cycle.



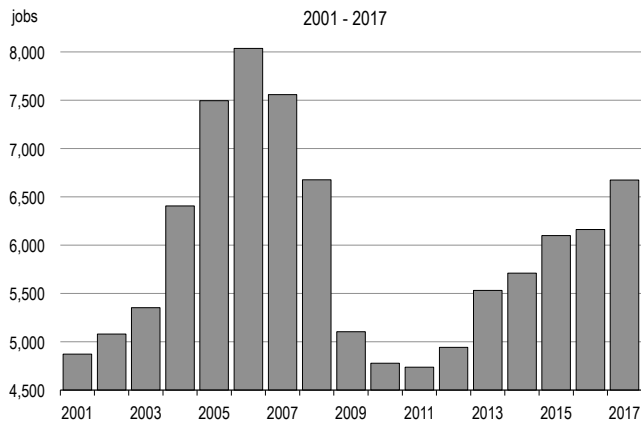
**Employment in Leisure Services  
Santa Clarita Valley**



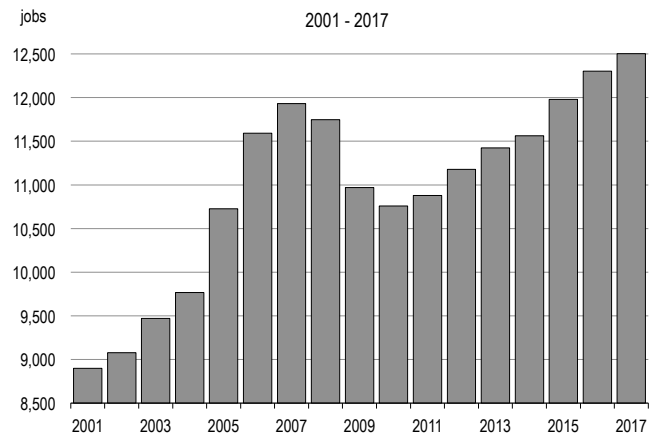
**Employment in Professional and Business Services  
Santa Clarita Valley**



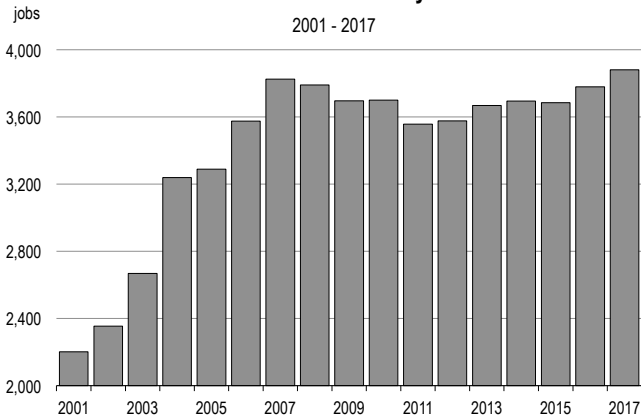
**Employment in Construction / Santa Clarita Valley**



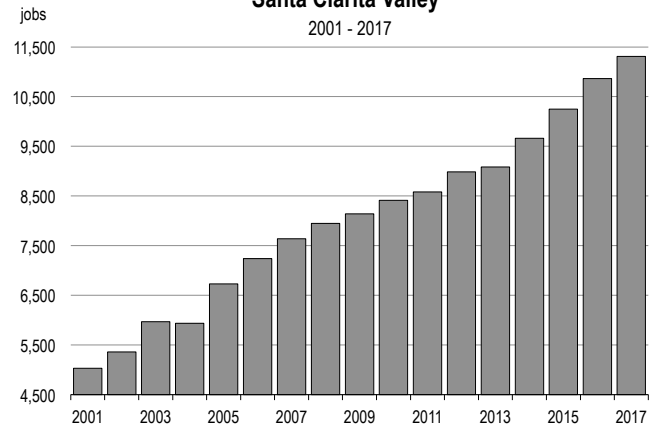
**Employment in Retail / Santa Clarita Valley**



**Employment in Finance and Real Estate  
Santa Clarita Valley**



**Employment in Healthcare and Education  
Santa Clarita Valley**





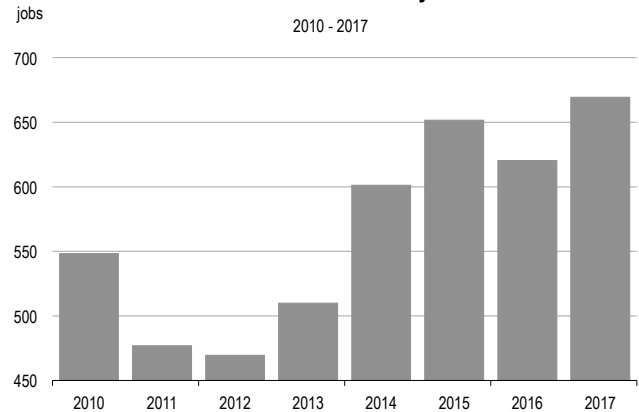
Like the rest of California, the Santa Clarita Valley labor market is getting very tight. During 2017, the unemployment rate averaged 4.2 percent, and by December it had fallen to 3.8 percent. This is presenting challenges to local employers, making it difficult to recruit qualified workers.

But unlike the broader statewide labor market, the Santa Clarita Valley has an advantage – the unique combination of good jobs, affordable homes, and highly respected schools.

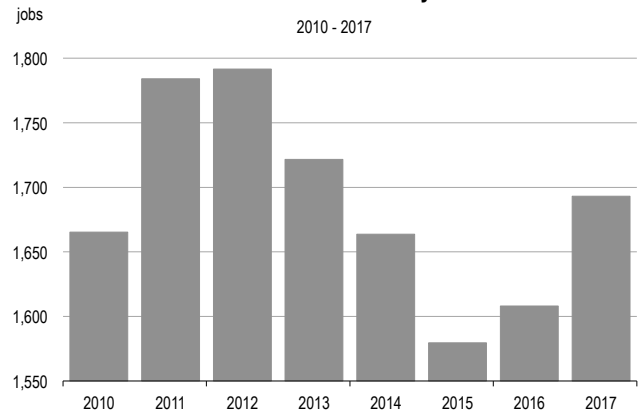
When recruiting becomes a challenge, companies have to focus on hiring recent graduates, getting employees from other firms, attracting people from other cities, or turning to technology. But because the Santa Clarita Valley can provide a mix of amenities not found in other places, local firms are often successful when recruiting workers from other regions.

The Santa Clarita Valley has several prominent composite industries that cater to the region's unique advantages. Most of these industries are creating jobs at an impressive pace, and typically offer high wages.

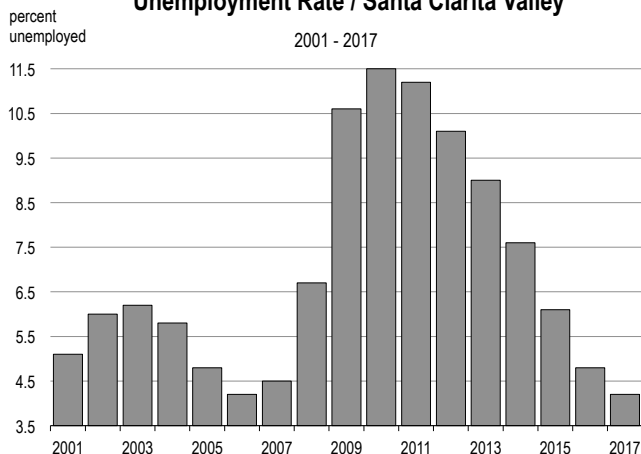
**Employment in Digital Media Entertainment  
Santa Clarita Valley**



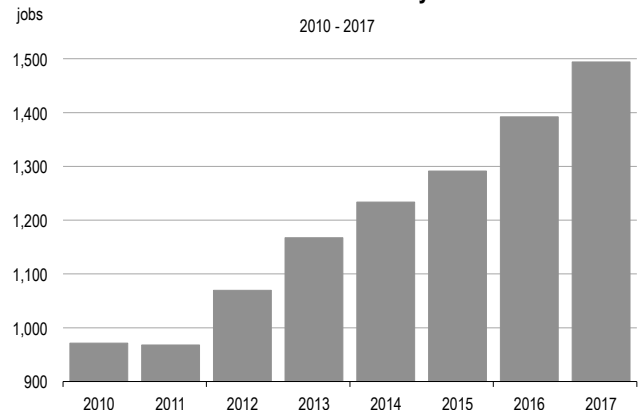
**Employment in Information Technology  
Santa Clarita Valley**



**Unemployment Rate / Santa Clarita Valley**



**Employment in Medical Devices  
Santa Clarita Valley**

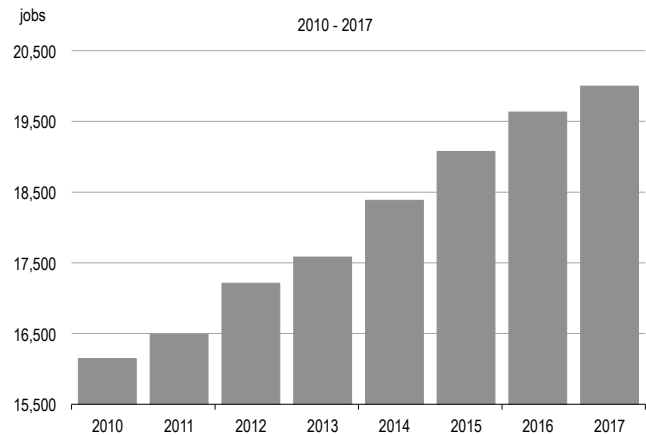


Several of these industries, are creating jobs at rates that exceed 5 percent per year. In particular, companies that focus on digital media entertainment, medical devices, and information technology are expanding quickly within the Santa Clarita Valley. Combined, these composite sectors generated more than 230 jobs in 2017.

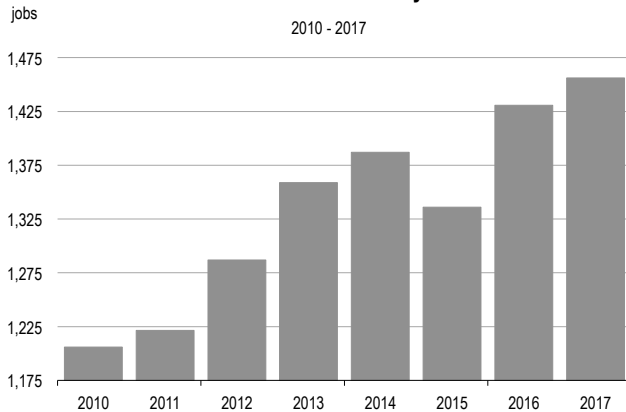
Aerospace and defense, as well as tourism, are adding jobs at slower rates, but still generated almost 400 new jobs between them last year.

The advanced manufacturing sector has largely maintained a steady level of jobs for the last few years, which is impressive, given that the overall manufacturing industry has been contracting in the Santa Clarita Valley.

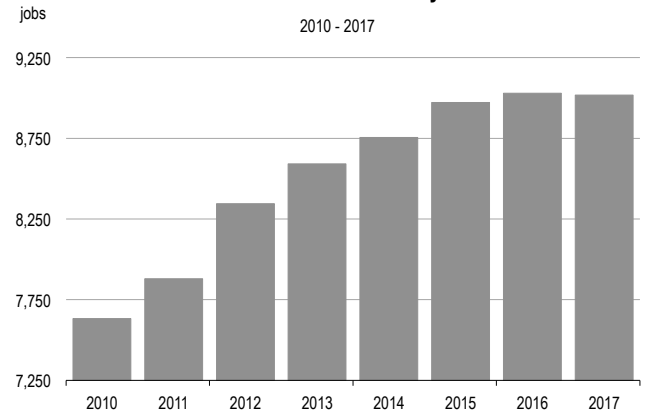
**Employment in Tourism / Santa Clarita Valley**



**Employment in Aerospace and Defense  
Santa Clarita Valley**



**Employment in Advanced Manufacturing  
Santa Clarita Valley**



**Employment / Santa Clarita Valley**

**2016 - 2017**

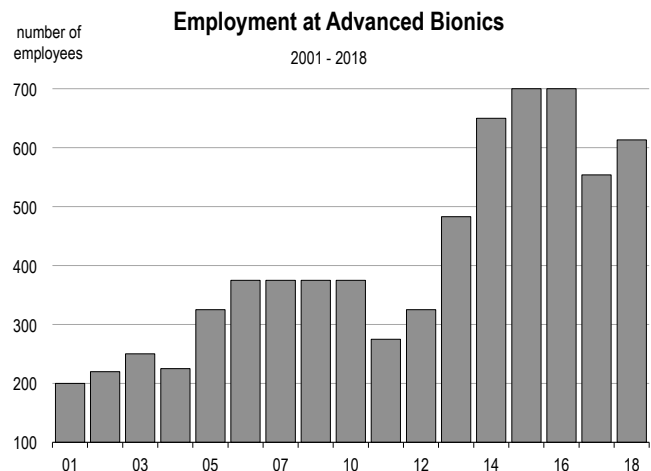
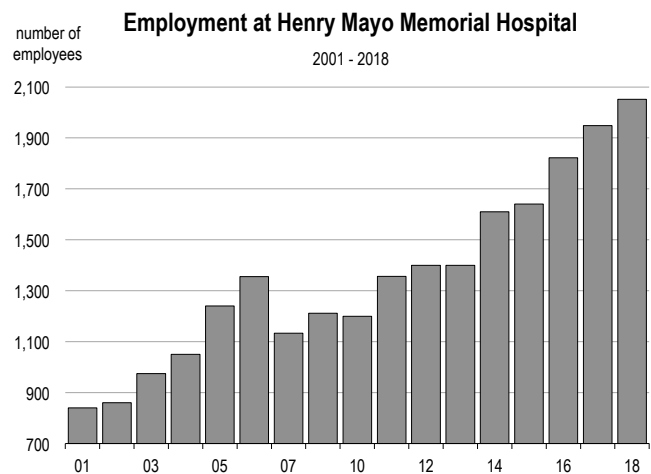
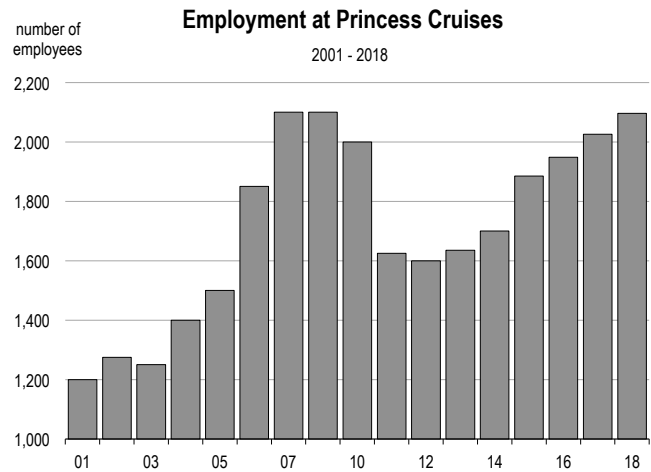
Industry	Employment 2016	Employment 2017	Change	Percent Change	Number of Companies 2017	Workers Per Company 2017
<i>jobs</i>						
Advanced Manufacturing	9,029	9,018	-11	-0.1	235	38
Aerospace and Defense	1,431	1,456	25	1.8	19	78
Digital Media Entertainment	620	669	49	7.9	169	4
Information Technology	1,608	1,693	85	5.3	151	11
Medical Devices	1,392	1,494	102	7.3	24	61
Tourism	19,633	19,998	365	1.9	986	20

Source: Labor Market Information Division and the California Economic Forecast

## Largest Employers

Every year, we conduct a survey of the largest employers in the Santa Clarita Valley. The information is carefully limited to the number of workers physically employed at locations within the region.

- Among the 50 largest employers for which complete information is available, they employed 30,838 workers in the Santa Clarita Valley.
- The Santa Clarita Valley's largest employers added a substantial number of jobs last year.
- Large public organizations added 255 workers to their payrolls, while large private companies added 861 workers.
- Among public institutions, the biggest gains were at College of the Canyons, which now employs 273 more workers than last year.
- More than half of the largest private sector companies added new jobs over the last year. Only 9 had declining headcounts, while another 9 had no change in their headcount.
- The biggest private sector gains were at Wal-Mart, Henry Mayo Newhall Memorial Hospital, Boston Scientific, and McDonalds. Each created at least 100 new jobs.
- One of the fastest growing companies has been Scorpion Internet Marketing and Design.
- Scorpion was founded in 2001, and already has 425 employees in the Santa Clarita Valley. The firm opened a new headquarters in mid-2017, and recently acquired a competing firm.

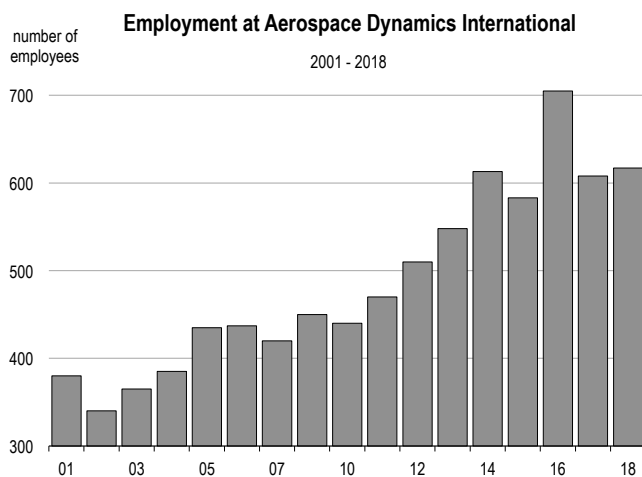
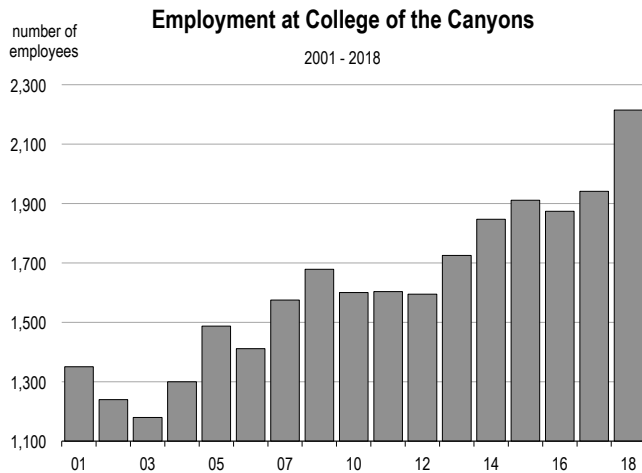


Top Employers		Santa Clarita Valley			March 2018	
Rank	Company or Organization	Location	2017	2018	Change 2017 to 2018	Percent Change
<b>Public</b>			– headcount of employees –			
2	College of the Canyons	Valencia	1,941	2,214	273	14.1
5	William S. Hart Union School District	Santa Clarita Valley	1,932	1,879	-53	-2.7
6	Saugus Union School District	Santa Clarita	1,692	1,711	19	1.1
7	U.S. Postal Service	Santa Clarita	1,010	1,010	0	0.0
9	Newhall School District	Valencia	785	781	-4	-0.5
12	City of Santa Clarita	Santa Clarita	700	720	20	2.9
36	Castaic Union School District	Valencia	259	259	0	0.0
<b>Public Totals</b>			<b>8,319</b>	<b>8,574</b>	<b>255</b>	<b>3.1</b>
<b>Private</b>			– headcount of employees –			
1	Six Flags Magic Mountain	Valencia	3,200	3,200	0	0.0
3	Princess Cruises	Valencia	2,026	2,096	70	3.5
4	Henry Mayo Newhall Memorial Hospital	Santa Clarita	1,948	2,052	104	5.3
8	Boston Scientific	Valencia	900	1,000	100	11.1
10	The Master's College	Santa Clarita	760	760	0	0.0
11	Wal-Mart	Santa Clarita	624	730	106	17.0
13	California Institute of the Arts	Santa Clarita	700	700	0	0.0
14	Woodward HRT	Valencia	650	680	30	4.6
15	Quest Diagnostics	Valencia	594	648	54	9.1
16	Aerospace Dynamics International	Valencia	608	617	9	1.5
17	Advanced Bionics	Valencia	554	613	59	10.6
18	Wesco Aircraft	Valencia	443	500	57	12.9
19	ITT Aerospace Controls	Valencia	420	475	55	13.1
20	US Healthworks	Valley Wide	443	451	8	1.8
21	Contractors Wardrobe	Valencia	450	450	0	0.0
22	Scorpion Internet Marketing and Design	Valencia	350	425	75	21.4
23	Bocchi Laboratories	Santa Clarita	360	400	40	11.1
24	Q2 Solutions	Valencia	320	400	80	25.0
25	Pharmavite	Valencia	404	378	-26	-6.4
26	McDonald's	Santa Clarita Valley	260	360	100	38.5
27	AMS Fulfillment	Valencia	344	350	6	1.7
28	Landscape Development Inc.	Valencia	279	328	49	17.6
29	Stay Green Inc.	Santa Clarita	367	324	-43	-11.7
30	Arvato Digital Services	Valencia	300	300	0	0.0
31	The Home Depot	Countywide	276	276	0	0.0
32	Costco Wholesale	Canyon Country	270	275	5	1.9
33	B & B Manufacturing Co.	Santa Clarita	261	273	12	4.6
34	Shield Healthcare	Valencia	268	272	4	1.5
35	Remo, Inc.	Valencia	261	261	0	0.0
37	TA Manufacturing	Valencia	242	250	8	3.3
38	Forrest Machining	Santa Clarita	212	220	8	3.8
39	Stratasys Direct Manufacturing	Valencia	220	200	-20	-9.1
40	Regent Aerospace Corporation	Valencia	200	200	0	0.0
41	CrissAir	Valencia	245	193	-52	-21.2
42	Frontier Toyota	Valencia	192	193	1	0.5
43	Bioness	Valencia	200	190	-10	-5.0
44	Andy Gump Temporary Site Services	Santa Clarita	191	188	-3	-1.6
45	Novacap	Valencia	181	185	4	2.2
46	Vision Media Management	Valencia	179	181	2	1.1
47	ASC Process Systems	Valencia	189	180	-9	-4.8
48	Precision Dynamics Corporation	Valencia	182	165	-17	-9.3
49	Honda Performance	Valencia	170	165	-5	-2.9
50	Triumph Actuation Systems	Valencia	160	160	0	0.0
<b>Private Totals</b>			<b>21,403</b>	<b>22,264</b>	<b>861</b>	<b>4.0</b>
<b>Grand Total*</b>			<b>29,722</b>	<b>30,838</b>	<b>1,116</b>	<b>3.8</b>

\*For companies with complete information in both 2017 and 2018

Source: California Economic Forecast and the Santa Clarita Valley Economic Development Corporation





## Average Salaries

- During 2017, the average salary increased by 4.8 percent in the Santa Clarita Valley. Adjusted for inflation, the average salary increased by approximately 1.9 percent.
- The highest paying sectors in the region are utilities, finance and insurance, management, and professional and technical services. In these industries, the average worker earns more than \$73,000 per year.
- In 2017, the largest increases were observed in management, transportation and warehousing, administrative support, wholesale trade, and manufacturing. In these sectors, average salaries rose by at least 8 percent.
- Within the region's primary composite sectors, salaries tend to be much higher than average. Other than the tourism sector, workers in these composite industries earn between \$19,000 and \$42,000 more than the average for all workers.

Average Salary Per Worker / Composite Sectors	Santa Clarita Valley		2016-2017
Labor Market Sector	2016	2017	% change
– dollars per worker –			
Advanced Manufacturing	66,267	67,750	2.2
Aerospace and Defense	73,202	71,101	-2.9
Digital Media Entertainment	67,768	77,187	13.9
Information Technology	76,693	83,296	8.6
Medical Devices	90,105	89,720	-0.4
Tourism	21,032	21,607	2.7

Source: Labor Market Information Division, State of California, and California Economic Forecast

Average Salary Per Worker / Primary Sectors	Santa Clarita Valley		2016-2017
Labor Market Sector	2016	2017	% change
	<i>– dollars per worker –</i>		
Utilities	109,391	111,951	2.3
Construction	57,697	60,700	5.2
Manufacturing	62,697	67,877	8.3
Wholesale Trade	63,496	68,824	8.4
Retail Trade	30,672	31,732	3.5
Transportation & Warehousing	58,609	64,471	10.0
Information	53,368	52,217	-2.2
Finance & Insurance	82,522	80,153	-2.9
Real Estate & Rental Leasing	48,332	49,835	3.1
Professional, Scientific & Technical	72,029	73,664	2.3
Mgmt of Companies & Enterprises	71,939	79,784	10.9
Admin & Support & Waste Mgmt	32,170	35,074	9.0
Private Educational Services	32,467	33,225	2.3
Health Care & Social Services	51,920	52,565	1.2
Arts, Entertainment & Recreation	22,862	23,601	3.2
Accommodation & Food Services	18,882	19,884	5.3
Other Services	30,234	30,580	1.1
Federal Government	54,866	54,866	0.0
State & Local Government	50,212	50,746	1.1
<b>Total, Non-Farm</b>	<b>46,328</b>	<b>48,546</b>	<b>4.8</b>

Source: Labor Market Information Division, State of California, and California Economic Forecast

## Employment Outlook

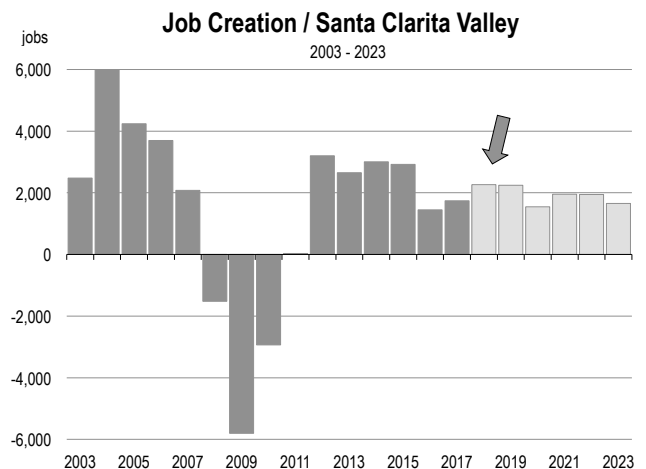
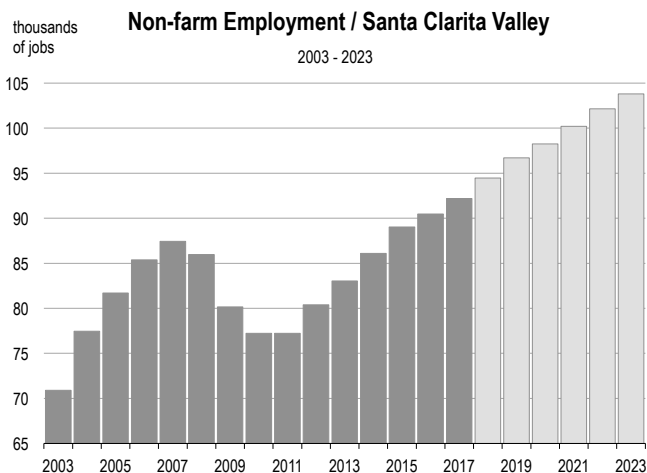
Santa Clarita Valley job growth will accelerate slightly in 2018. The region is expected to generate more than 2,200 new jobs, primarily in leisure services, healthcare, professional business services, and construction.

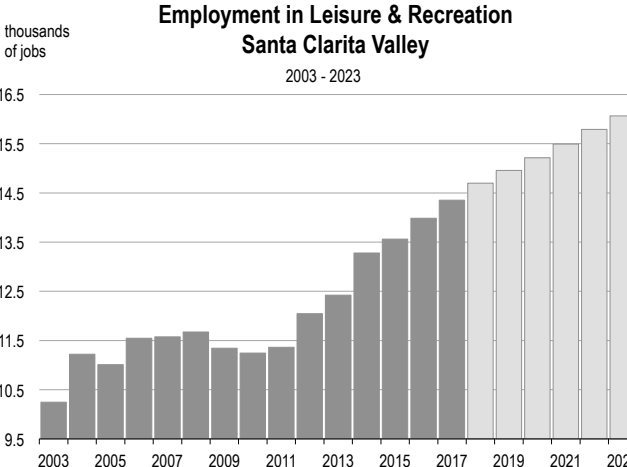
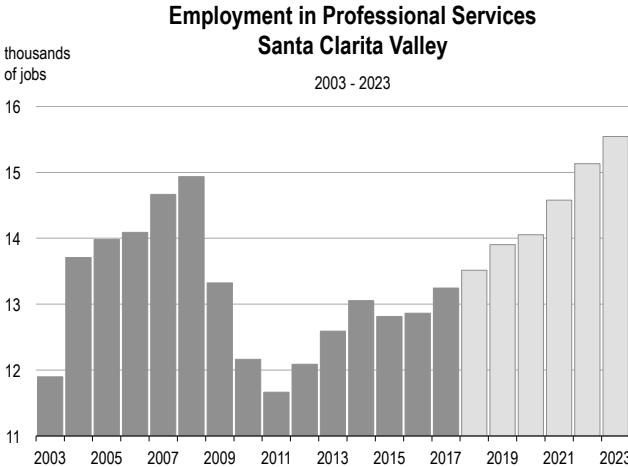
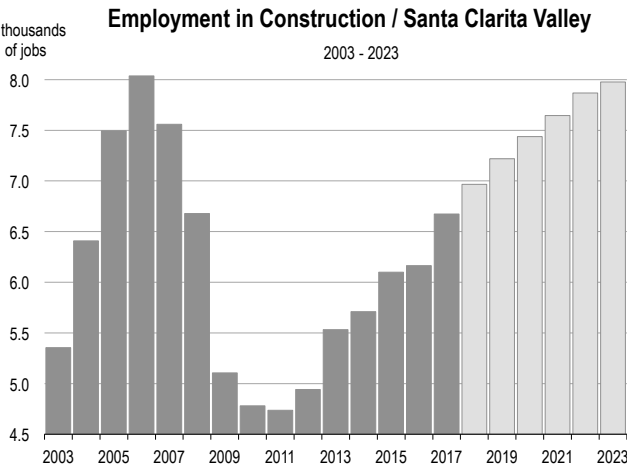
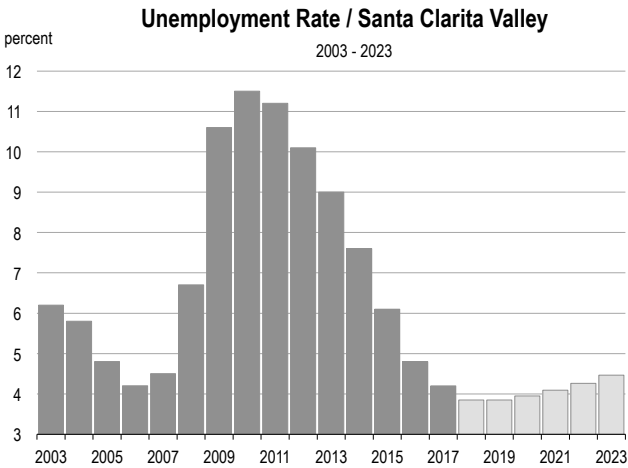
The local labor market has reached a “full employment” scenario, meaning that virtually

everyone who wants a job already has a job. Under such conditions, companies can only expand by hiring new graduates, attracting workers from other firms or other cities regions, or turning to technology. This will prevent employment growth from returning to the levels observed in the early stages of the current economic cycle, but will also lead to higher wage gains as firms try to outbid each other for the best employees.

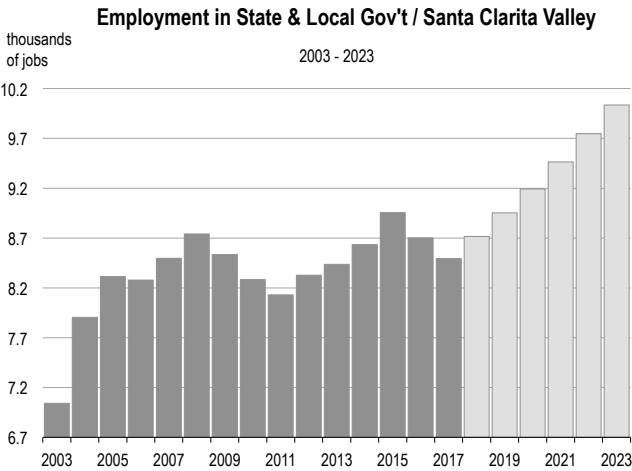
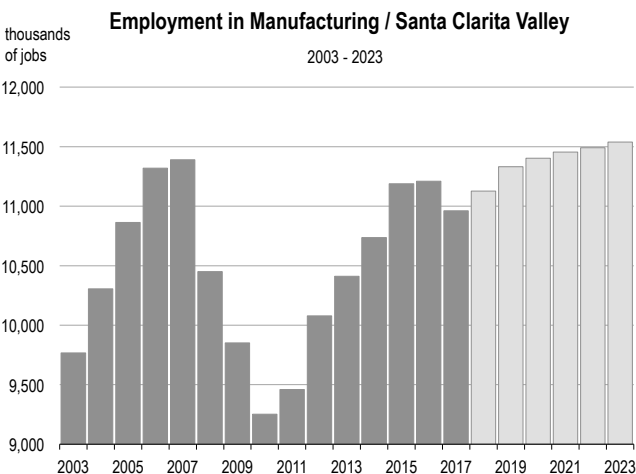
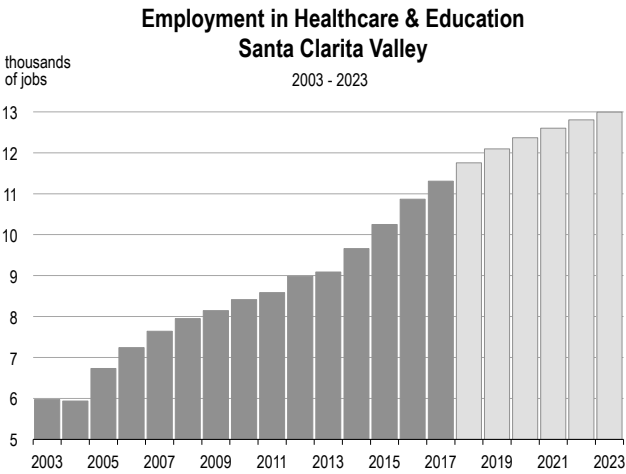
Nevertheless, job creation in the Santa Clarita Valley will outpace growth across California, due largely to the region's high rate of population growth, and to the fact that a substantial slate of new office, retail, and industrial facilities will be constructed on the next few years, allowing new business to form in the region.

- Total employment in the Santa Clarita Valley is expected to increase by 2.5 percent in 2018 and 2.4 percent in 2019.
- Professional services, leisure and hospitality, education and healthcare, and construction will drive much of the employment growth over the next two years.
- In 2018, the unemployment rate will be at its lowest sustainable level. Almost everyone who wants a job already has a job, leaving little room for improvement.
- Earnings per worker are expected to rise substantially over the forecast period, growing by more than 3 percent in 2018 and by more than 4 percent in 2019.









Labor Market and Income Forecast		Santa Clarita Valley			History: 2012 - 2017	
	2012	2013	2014	2015	2016	2017
Employment						
Sector	– jobs –					
Farm	84	87	39	20	18	29
Mining	4	4	4	4	4	4
Construction	4,942	5,531	5,710	6,100	6,163	6,674
Manufacturing	10,078	10,412	10,737	11,188	11,210	10,962
Transportation & Utilities	1,159	1,174	1,161	1,370	1,524	1,539
Wholesale/Retail Trade	15,037	15,376	15,537	16,147	16,465	16,690
Retail	11,177	11,425	11,562	11,979	12,302	12,503
Wholesale	3,860	3,951	3,975	4,168	4,163	4,187
Financial Activities	3,576	3,668	3,694	3,684	3,779	3,880
Professional Services	11,589	12,092	12,555	12,313	12,363	12,744
Information	1,185	1,109	1,248	1,366	1,396	1,467
Healthcare & Education	8,984	9,085	9,660	10,247	10,866	11,309
Leisure & Recreation	12,045	12,422	13,278	13,563	13,983	14,353
Other Services	2,404	2,706	2,840	2,982	2,908	2,960
Government	9,381	9,452	9,661	10,058	9,811	9,617
Federal	1,053	1,016	1,028	1,103	1,109	1,123
State & Local	8,328	8,436	8,633	8,955	8,702	8,494
Total Wage & Salary	80,468	83,118	86,124	89,042	90,490	92,228
percent change	4.1	3.3	3.6	3.4	1.6	1.9
Total Non-farm Jobs Created	3,154	2,647	3,054	2,937	1,450	1,727
Unemployment Rate (percent)	10.1	9.0	7.6	6.1	4.8	4.2
Income		– dollars per worker or person –				
Average earnings per worker						
current dollars	54,807	54,643	55,061	56,363	58,077	59,820
constant 2017 dollars	59,295	58,485	58,148	58,988	59,656	59,820
Average per capita income						
current dollars	65,105	66,035	67,247	68,803	70,664	72,554
constant 2017 dollars	70,436	70,678	71,016	72,007	72,585	72,554
– billions of dollars –						
Total Personal Income	17.87	18.32	19.02	19.80	20.70	21.68
percent change	6.82	2.54	3.84	4.08	4.55	4.73
Income from Wages and Salaries	4.28	4.49	4.66	4.88	5.10	5.34
Income from Property and Assets	3.78	3.66	3.86	3.92	4.09	4.27
Income earned from outside the County	4.73	4.85	5.00	5.19	5.43	5.69
Income from Public and Private Transfers	2.85	3.06	3.20	3.41	3.57	3.75
Proprietor Income	2.23	2.25	2.31	2.41	2.52	2.64

Source: California Economic Forecast, March 2018

Labor Market and Income Forecast		Santa Clarita Valley			Forecast: 2018 - 2023		
		2018	2019	2020	2021	2022	2023
Employment							
Sector				– jobs –			
Farm		35	38	40	40	40	40
Mining		3	2	2	2	2	2
Construction		6,966	7,219	7,437	7,645	7,868	7,977
Manufacturing		11,127	11,332	11,403	11,455	11,491	11,539
Transportation & Utilities		1,585	1,644	1,667	1,681	1,692	1,706
Wholesale/Retail Trade		16,824	17,043	17,174	17,305	17,418	17,546
Retail		12,580	12,738	12,832	12,926	13,007	13,099
Wholesale		4,244	4,305	4,342	4,379	4,411	4,447
Financial Activities		3,951	4,016	4,079	4,190	4,276	4,339
Professional Services		13,015	13,403	13,553	14,079	14,631	15,044
Information		1,480	1,491	1,498	1,504	1,510	1,515
Healthcare & Education		11,755	12,095	12,367	12,600	12,804	12,992
Leisure & Recreation		14,698	14,957	15,214	15,492	15,791	16,065
Other Services		3,125	3,236	3,282	3,340	3,406	3,470
Government		9,928	10,261	10,567	10,903	11,251	11,599
Federal		1,212	1,308	1,375	1,439	1,503	1,564
State & Local		8,716	8,953	9,192	9,464	9,748	10,035
Total Wage & Salary		94,493	96,737	98,282	100,236	102,180	103,834
percent change		2.5	2.4	1.6	2.0	1.9	1.6
Total Non-farm Jobs Created		2,259	2,241	1,544	1,953	1,944	1,654
Unemployment Rate (percent)		3.9	3.9	4.0	4.1	4.3	4.5
Income							
– dollars per worker or person –							
Average earnings per worker							
current dollars		61,881	64,445	66,945	69,865	72,851	75,801
constant 2017 dollars		60,442	61,406	62,100	63,107	64,120	65,053
Average per capita income							
current dollars		75,809	78,853	81,863	85,117	88,233	91,217
constant 2017 dollars		74,046	75,134	75,939	76,884	77,658	78,284
– billions of dollars –							
Total Personal Income		23.10	24.53	25.99	27.64	29.32	31.01
percent change		6.56	6.17	5.95	6.35	6.08	5.77
Income from Wages and Salaries		5.85	6.23	6.58	7.00	7.44	7.87
Income from Property and Assets		4.49	4.75	5.10	5.46	5.79	6.14
Income earned from outside the County		6.08	6.51	6.89	7.35	7.81	8.25
Income from Public and Private Transfers		3.92	4.12	4.33	4.59	4.92	5.29
Proprietor Income		2.76	2.92	3.09	3.24	3.35	3.46

Source: California Economic Forecast, March 2018

Data sources for this chapter principally include the California Employment Development Department, Labor Market Information Division. They provide us the monthly information on employment and payrolls by category. Largest Employers is a survey conducted by the California Economic Forecast with support from the Santa Clarita Valley Economic Development Corporation. The U.S. Department of Commerce is the source of the personal income data.

## RESIDENTIAL REAL ESTATE

The Existing Home Market

---

The Forecast

---





# RESIDENTIAL REAL ESTATE

## The Existing Home Market

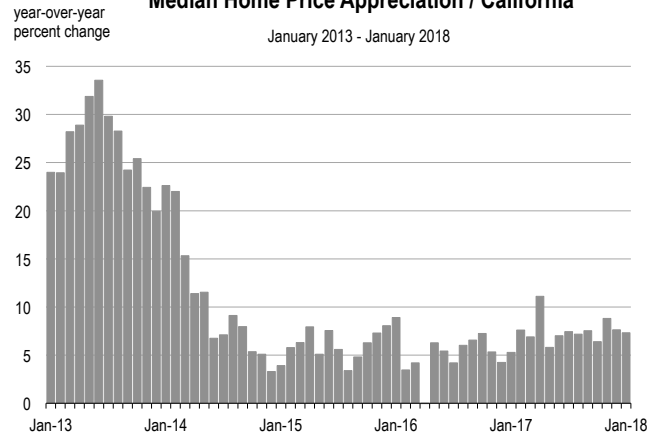
### The Greater California Market

In California, housing prices are rising at a remarkably consistent rate. Since early 2015, values have appreciated by 5 to 7 percent annually, with only a few exceptions. In January 2018, the median priced home sold for \$527,800.

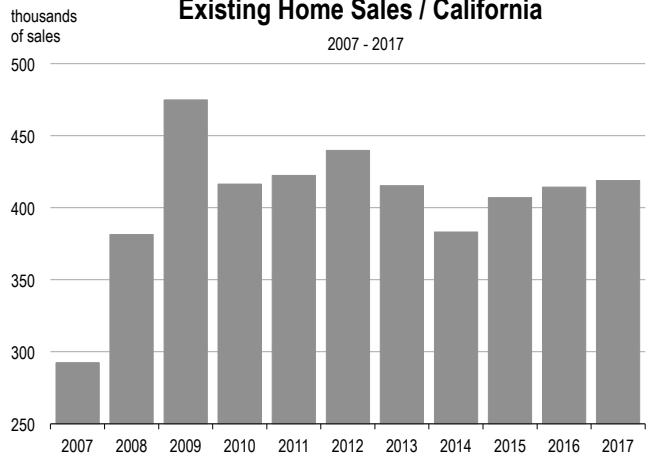
The selling environment has also been stable, with slight increases in the number of homes sold each year. In 2017, approximately 419,000 homes were sold across the state.

But although sales and prices are increasing, the supply of homes on the market continues to decline. On average, there were 108,600 homes for sale each month last year, which is a very low level. Housing inventory has been subdued for almost the entirety of the current economic cycle, and this has prevented stronger gains in sales, leading to strong price appreciation.

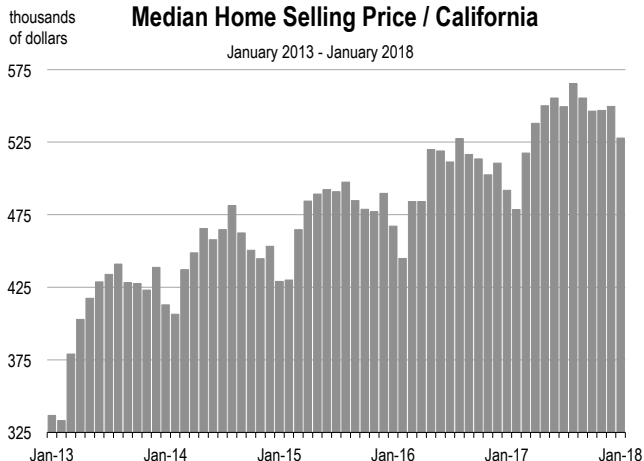
### Median Home Price Appreciation / California



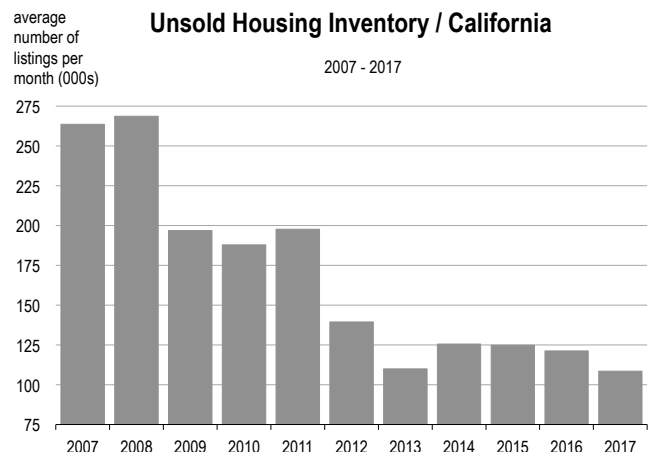
### Existing Home Sales / California

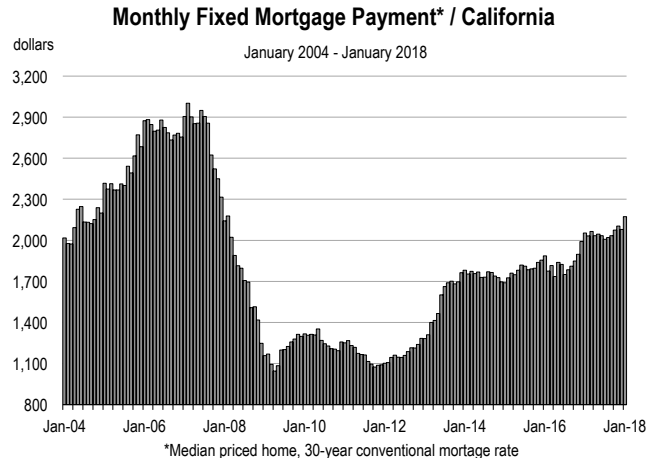
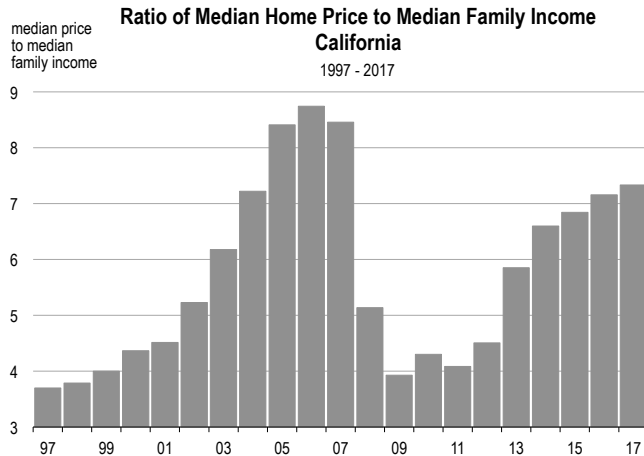


### Median Home Selling Price / California



### Unsold Housing Inventory / California





As home prices have risen, housing affordability has continued to erode. The statewide median price is now 7.3 times higher than the median family income – an incredibly high level – suggesting that many families cannot afford a typical home.

In some ways, high price-income ratios are warranted. Because interest rates are still very

low, the mortgage payment on a typical home represents just 33 percent of the median family income, which is well within most affordability guidelines.

But interest rates are now rising. After increasing sharply following the 2016 presidential election, they have risen again and are now approaching

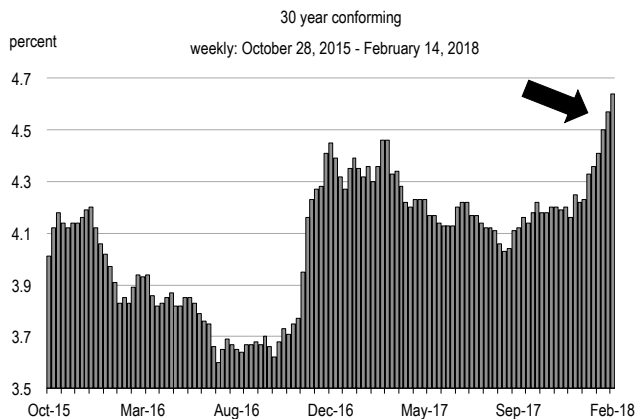
#### Median Single-Family Home Selling Price Selected California Counties

2017 - 2018

	January 2017 Sales	January 2018 Sales	% Change	January 2017 Median Price	January 2018 Median Price	% Change	% Change from Peak	% Change from Trough
<b>Southern California</b>								
– dollars –								
Inland Empire	2,588	2,588	0.0	\$312,500	\$345,570	10.6	-11.3	129.1
Los Angeles County	2,690	2,508	-6.8	\$509,130	\$564,100	10.8	-18.6	126.7
Orange County	1,059	989	-6.6	\$740,000	\$780,000	5.4	0.6	76.4
San Diego County	1,385	1,352	-2.4	\$550,000	\$590,000	7.3	-5.2	80.5
San Fernando Valley	875	915	4.7	\$523,700	\$564,500	7.8	1.5	86.5
Santa Clarita Valley	169	181	7.1	\$564,500	\$609,700	8.0	-6.8	84.9
Ventura County	322	334	3.7	\$587,250	\$660,720	12.5	-7.1	83.7
<b>Northern California</b>								
Alameda County	464	493	6.3	\$840,000	\$755,000	-10.1	18.4	165.5
Sacramento County	1,102	1,065	-3.4	\$350,000	\$305,000	-12.9	-11.3	117.3
San Francisco County	93	102	9.7	\$1,330,000	\$1,250,000	-6.0	36.8	110.1
Santa Clara County	466	488	4.7	\$1,170,000	\$927,500	-20.7	35.3	162.9
<b>California</b>	<b>31,826</b>	<b>30,890</b>	<b>-2.9</b>	<b>\$491,840</b>	<b>\$527,800</b>	<b>7.3</b>	<b>-11.2</b>	<b>115.2</b>

\*seasonally adjusted

Source: California Association of Realtors, Corelogic,  
and the California Economic Forecast

**Fixed Mortgage Rate / Southern California**

4.7 percent. The typical mortgage payment on California's median priced home is now \$2,172 per month, which is \$400 higher than it was in the summer of 2016. If interest rates rise further, housing affordability will continue to deteriorate.

This combination of low inventory, rising prices, and eroding affordability is reaching crisis levels. It is largely the result of underbuilding, as real estate developers have not been able to keep pace with population growth and job creation. Without a meaningful increase in the supply of homes, or a serious reduction in housing demand, the California housing crisis will only worsen.

### California's housing crisis — it's even worse than you think



While it's always been more expensive to be a homeowner in California, the gap between us and the rest of the country has grown into a chasm. Photo courtesy CALmatters

By **DAILY NEWS** | I

PUBLISHED: August 28, 2017 at 12:16 am | UPDATED: August 28, 2017 at 5:27 am

Half the state's households struggle to afford the roof over their heads. Homeownership—once a staple of the California dream — is at its lowest rate since World War II. Nearly 70 percent of poor Californians see the majority of their paychecks go immediately to escalating rents.

This month, state lawmakers are debating a long-delayed housing package. Here's what you need to know about the scope of one of California's most vexing issues:

#### **Just how hard is it to buy a home in California?**

Hard. Really hard. Both compared to how hard it is in other states, and how hard it was for previous generations of Californians to buy homes.

While it's always been more expensive to be a homeowner in California, the gap between us and the rest of the country has grown into a chasm. The median California home is now priced 2.5 times

*Los Angeles Daily News, August 28, 2017, online*

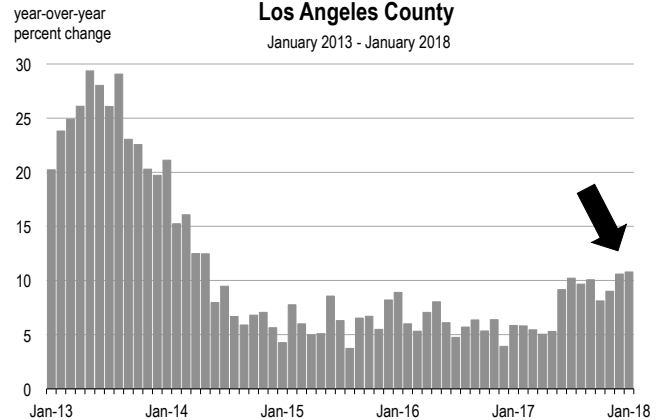
## Los Angeles County

- In Los Angeles County, sales have followed the same pattern as the broader state.
- In 2017 there were 42,100 homes sales, which is only slightly more than during the previous year.
- As of January 2018, the median price for an existing single family home was \$564,100.
- In L.A. County, price appreciation was stable from early 2015 to mid 2017, but has now shifted to a higher gear.
- Since last summer, values have risen by 8 to 11 percent on a year-over-year basis.
- The housing crisis is most acute in California's coastal regions, including Los Angeles County.
- Affordability issues have begun to push L.A. County residents to cheaper locations, including inland California and other parts of the country.

### Median Home Price Appreciation

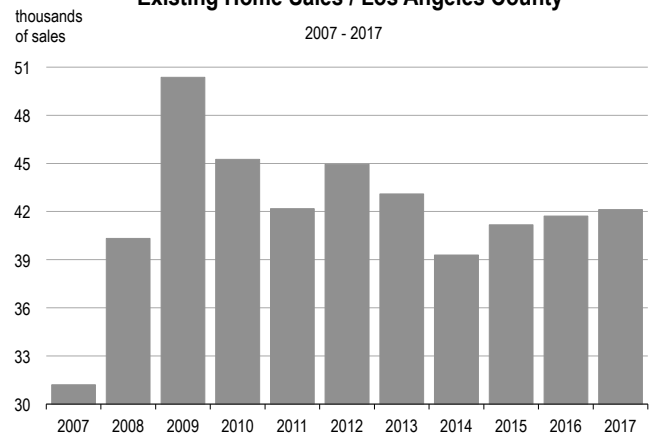
#### Los Angeles County

January 2013 - January 2018



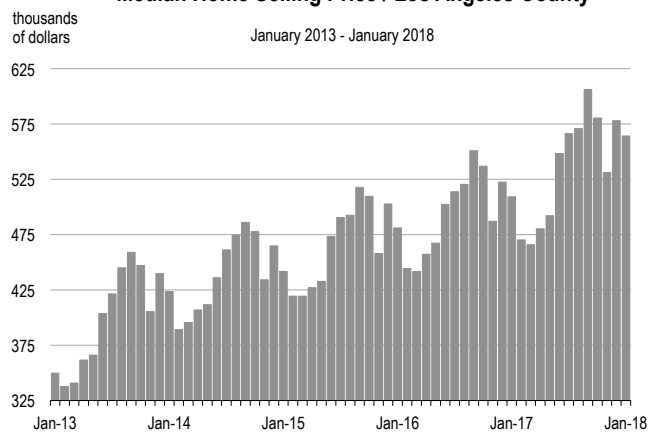
### Existing Home Sales / Los Angeles County

2007 - 2017



### Median Home Selling Price / Los Angeles County

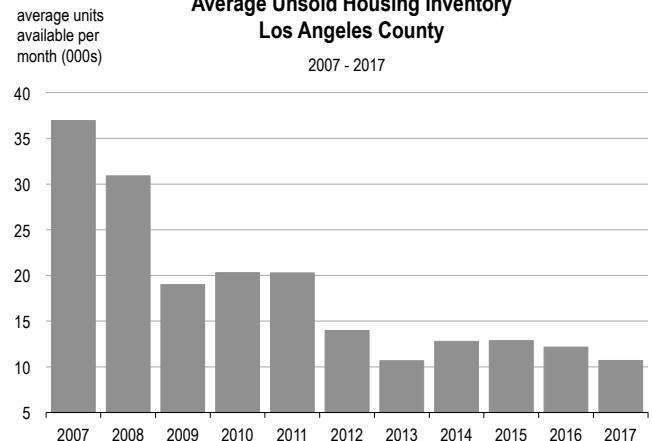
January 2013 - January 2018



### Average Unsold Housing Inventory

#### Los Angeles County

2007 - 2017



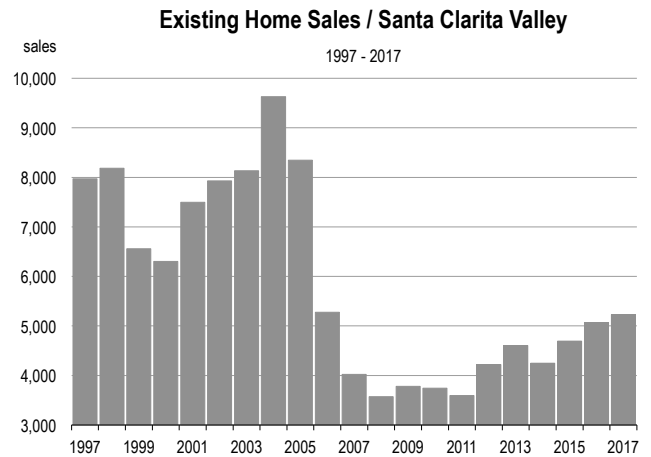
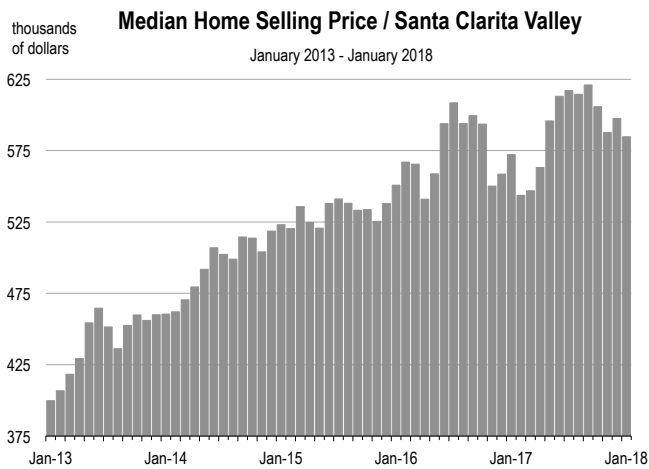




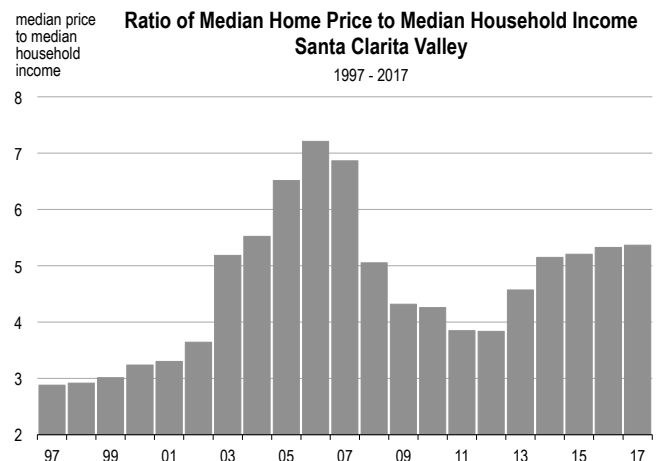
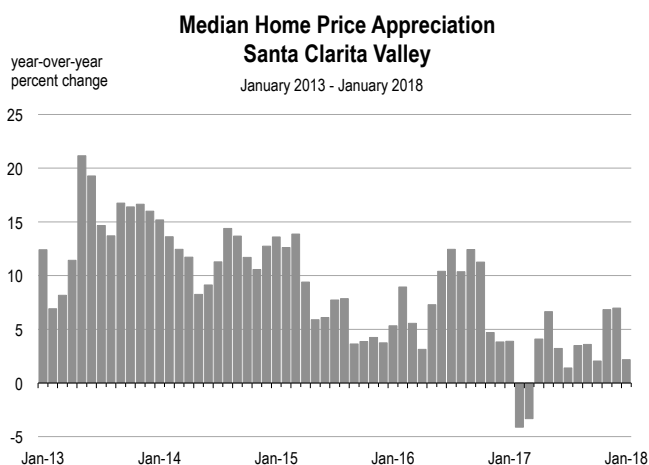
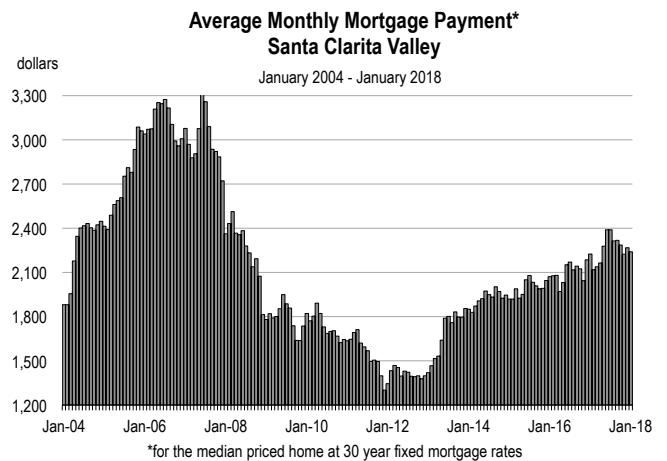
SCVNews.com, February 20, 2018, online

## The Santa Clarita Valley

- Sales of existing homes rose slightly in 2017, and total transactions are now at their highest point for the current real estate cycle.
- As of January 2018, the median home price in the Santa Clarita Valley was \$584,700.
- Price appreciation has been more volatile than the broader California market, with large increases in mid 2016 followed by short-term declines in early 2017. But such results are common for small markets like the SCV, where a few transactions can skew the overall trends.
- For the final three quarters of 2017, price appreciation returned to a range of 2 to 7 percent.
- Compared to the California average, the Santa Clarita Valley has much more affordable homes for its local resident population.
- As of 2017, the value of the typical home represented only 5.2 years of the typical household income. Across the state, homes are generally 7.3 times higher than household incomes – a very large difference.

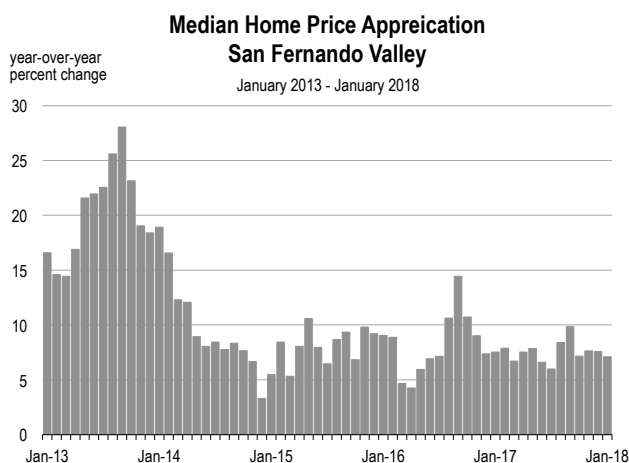
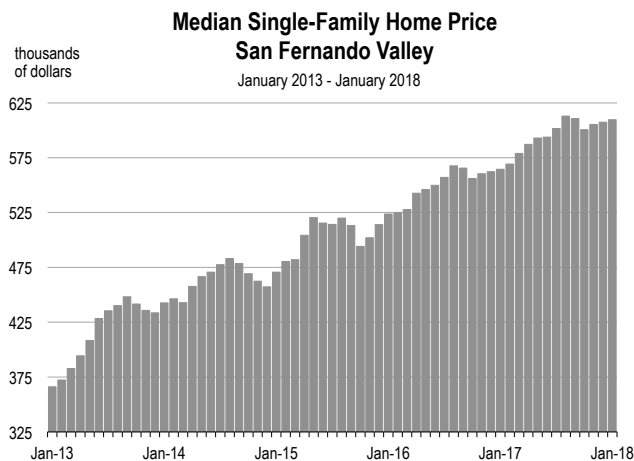


- By early 2018, the standard mortgage payment on the median priced home was \$2,268, which represents only 26 percent of median household income.
- Because the Santa Clarita Valley has high household incomes and moderately priced homes, many families can afford to live comfortably.



## The San Fernando Valley

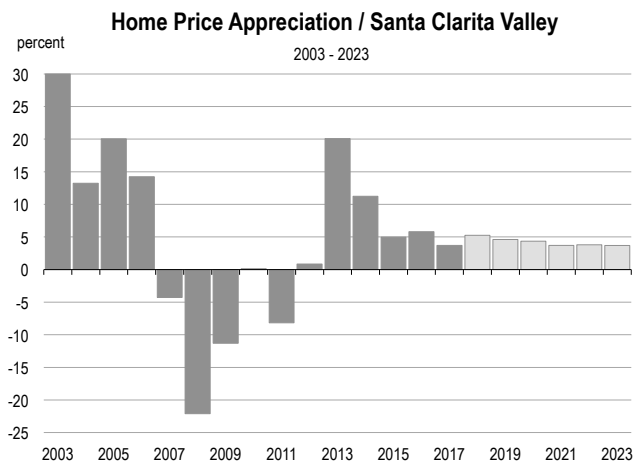
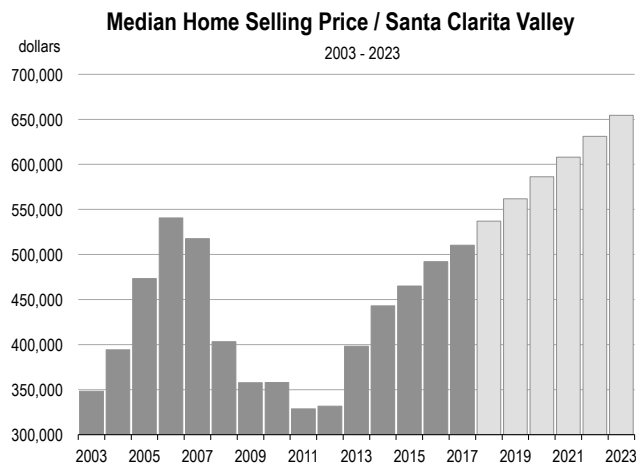
- As of January 2018, the median home in the San Fernando Valley sold for \$609,700.
- Prices have been appreciating rapidly in the San Fernando Valley. Throughout the year, gains ranged from a low of 6 percent to a high of 10 percent, and homes in the San Fernando Valley are now more expensive than in the Santa Clarita Valley.



## The Forecast

Home prices are forecast to rise between 5 and 6 percent in the Santa Clarita Valley. Prices across California will appreciate by more than 6 percent. At the same time, mortgage rates will rise, leading to significantly higher housing costs in the Santa Clarita Valley and across California in 2018.

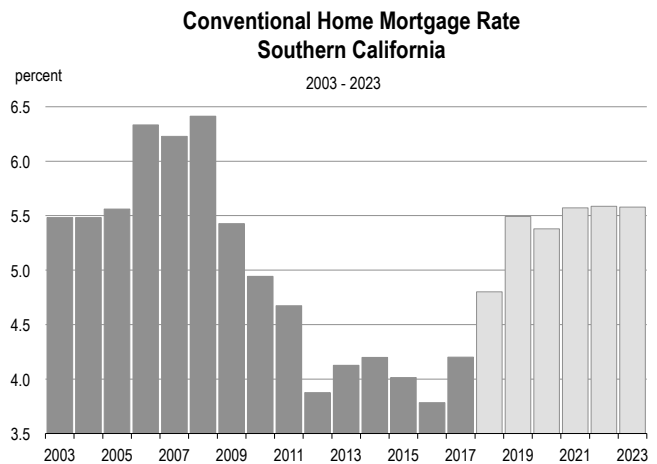
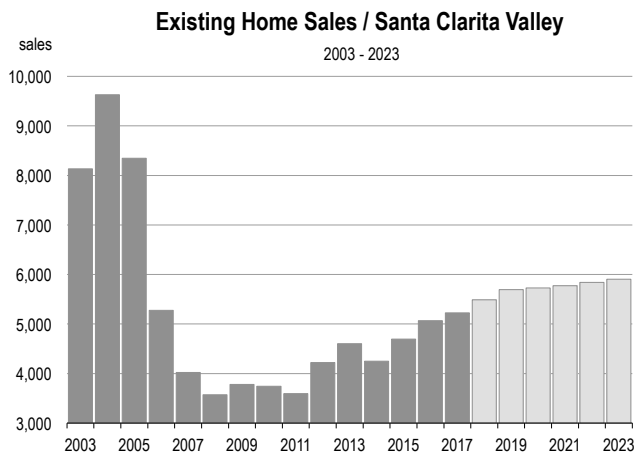
- Price appreciation will be driven by continued population growth, as households move to the Santa Clarita Valley to escape the affordability issues that plague other parts of L.A. County.
- Home sales will increase modestly. Despite a growing population and greater demand for housing, a lack of market inventory will prevent selling activity from expanding more quickly.
- Housing affordability will deteriorate. The typical mortgage payment will increase by 14 percent in 2018, while incomes rise by a smaller amount.
- However, homes in the Santa Clarita Valley will remain much more affordable than other parts of California, with Santa Clarita Valley households spending considerably less than the average family statewide.
- However, homes in the Santa Clarita Valley will remain more affordable than the San Fernando Valley or Coastal Los Angeles County.



Home Sales and Prices	Santa Clarita Valley					History 2012-2017
	2012	2013	2014	2015	2016	2017
<b>Median Home Selling Price</b>						
Santa Clarita Valley	-- dollars ---					
current dollars	331,549	398,187	442,907	465,018	491,989	510,192
percent change	0.9	20.1	11.2	5.0	5.8	3.7
constant 2017 dollars	358,697	426,182	467,736	486,674	505,369	510,192
percent change	-1.2	18.8	9.8	4.0	3.8	1.0
California						
current dollars	321,758	407,212	449,398	477,004	500,857	537,323
percent change	11.9	26.6	10.4	6.1	5.0	7.3
United States						
current dollars	172,179	191,911	202,878	216,811	228,846	240,860
percent change	6.6	11.5	5.7	6.9	5.6	5.3
<b>Existing Home Sales</b>						
Santa Clarita Valley	4,220	4,604	4,247	4,693	5,068	5,226
percent change	17.4	9.1	-7.8	10.5	8.0	3.1
<b>Effective Mortgage Rates</b>						
	-- percent ---					
Southern California	3.9	4.1	4.2	4.0	3.8	4.2
Nation	3.7	4.0	4.2	3.9	3.7	4.0
<b>Inflation</b>						
	-- percent change in the consumer price index ---					
Southern California	2.0	1.1	1.3	0.9	1.9	2.7
California	2.2	1.5	1.8	1.4	2.3	2.8
Nation	2.1	1.5	1.6	0.1	1.3	2.1

Source: California Economic Forecast, March 2018





Home Sales and Prices		Santa Clarita Valley				Forecast 2018-2023	
		2018	2019	2020	2021	2022	2023
<b>Median Home Selling Price</b>							
Santa Clarita Valley		-- dollars --					
current dollars		537,017	561,799	586,263	608,002	631,124	654,458
percent change		5.3	4.6	4.4	3.7	3.8	3.7
constant 2017 dollars		524,526	535,307	543,837	549,195	555,481	561,665
percent change		2.8	2.1	1.6	1.0	1.1	1.1
California							
current dollars		573,039	606,719	634,944	661,552	688,900	716,419
percent change		6.6	5.9	4.7	4.2	4.1	4.0
United States							
current dollars		249,784	258,817	267,096	275,646	284,458	293,564
percent change		3.7	3.6	3.2	3.2	3.2	3.2
<b>Existing Home Sales</b>							
Santa Clarita Valley		5,488	5,694	5,728	5,773	5,840	5,905
percent change		5.0	3.7	0.6	0.8	1.2	1.1
<b>Effective Mortgage Rates</b>							
		-- percent --					
Southern California		4.8	5.5	5.4	5.6	5.6	5.6
Nation		4.7	5.5	5.4	5.6	5.6	5.6
<b>Inflation</b>							
		-- percent change in the consumer price index --					
Southern California		2.4	2.5	2.7	2.7	2.6	2.6
California		2.5	2.6	2.8	2.8	2.7	2.6
Nation		2.3	2.5	2.8	2.7	2.6	2.6

Source: California Economic Forecast, March 2018

Data sources for this chapter include the California Association of Realtors for housing prices, sales, and inventory for California and Los Angeles County; the Mortgage Bankers Association for mortgage rates; Corelogic for housing prices and sales for the Santa Clarita Valley and the San Fernando Valley; and the Bureau of Labor Statistics for inflation statistics.

## COMMERCIAL REAL ESTATE

Southern California

---

Santa Clarita Valley

---

San Fernando Valley

---



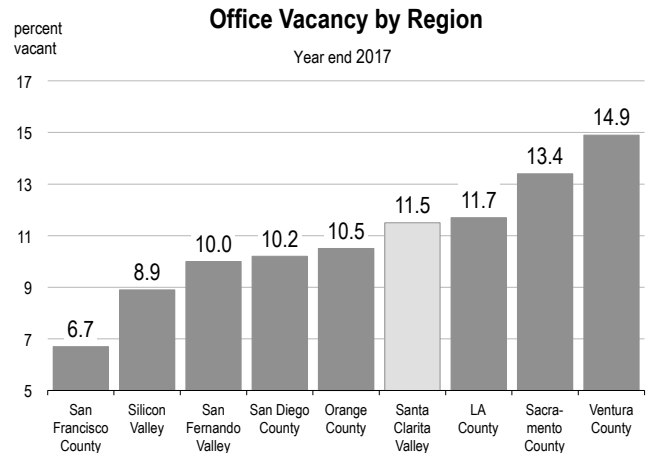
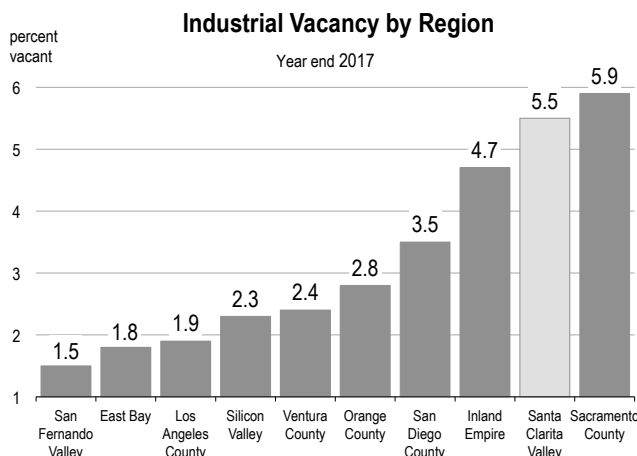
# COMMERCIAL REAL ESTATE

## Southern California

During 2017, conditions were tight in most Southern California industrial real estate markets. Industrial vacancy rates were almost unanimously below 5 percent, with some regions below 2 percent. Office vacancy is still elevated in a few select markets – like Ventura County – but most locations are now at cycle lows in vacancy.

Little new industrial product has been added to the LA County market, but demand continues to grow, largely for warehousing and distribution space.

In addition to traditional logistics purposes, firms are now using industrial space for rapid delivery of retail goods. Retailers like Amazon are establishing small outlets in major consumer markets, allowing them to guarantee same-day delivery to consumers' homes and businesses, and putting stress on an already competitive real estate environment.



Southern California's office markets have not reached the same hyper competitive state as its industrial markets, but conditions have tightened in most regions.

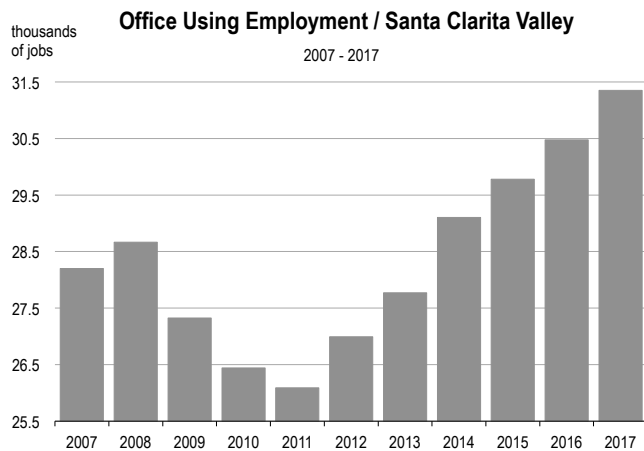
During the current economic cycle, office vacancy rates have been slow to contract, as firms have transitioned to "open office" floor plans, allowing them to squeeze workers into smaller and smaller spaces.

But conditions are retuning to normal in some places, with a number of Southern California markets exhibiting vacancy rates between 10 percent and 12 percent.

## Santa Clarita Valley

### Employment

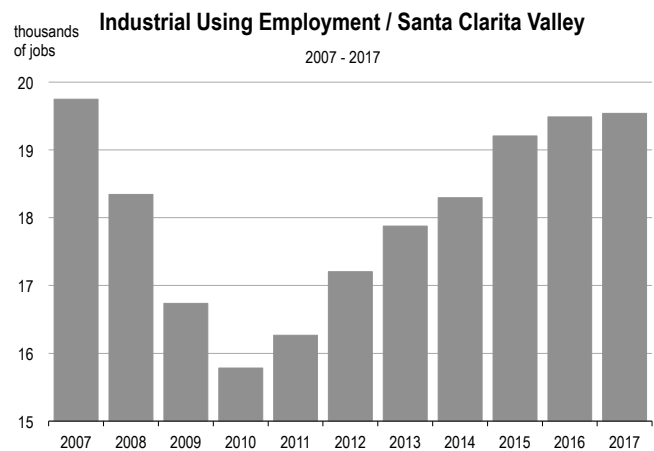
In 2017, job growth in the Santa Clarita Valley was heavily concentrated in office-using industries. During the year, almost 900 new office-using jobs were created, and across the Valley there are now more than 31,000 positions that are set in an office environment.



In 2017, gains in office-using employment were most prominent in professional and technical companies, including scientific research, tech, and marketing firms. A prime example was Scorpion Marketing and Design, which added dozens of new employees and expanded into a newly built office building last year.

The industrial-using sectors generated only 50 new jobs in 2017. A moderate number of jobs were gained in several industrial-using sectors, but these were almost entirely offset by losses in the manufacturing industry.

Downsizings at CrissAir, Stratasys Direct Manufacturing, and Precision Dynamics



weighed heavily on the region's industrial-using headcount.

The link between job growth and facility utilization is not as strong as it used to be. As logistics, research, and other industrial functions become increasingly automated, firms are occupying more space with fewer workers – the opposite of the phenomenon that is occurring in the office market. This is especially true of the Santa Clarita Valley, where much of the industrial landscape is comprised of high-end research, development, and manufacturing functions.

For this reason, demand for new industrial space has remained very strong, with several firms expanding into new facilities in 2017.



## **The Office Market**

*Richard Ramirez*

*Senior Associate*

*CBRE – Advisory and Transaction Services*

### ***2017 In Review***

2017 in the Santa Clarita Valley Office Market can best be described as stable and strengthening. After a strong 2016 saw vacancy fall below 9 percent for the first time in a decade, 2017 ended on a stable note with vacancy hovering around 8.8 percent in the Valencia Gateway.

Though free rent, moving and improvement allowances are available, market wide tenants are seeing less concessions than years past with asking rates climbing for prime product.

With higher pressure on pricing, one major trend we've seen is office occupiers doing more with less by employing space saving concepts like hoteling and unassigned workstations, going paperless, cloud server and file storage, and open floor plans.

To attract today's savvy office user, we're seeing renovation dollars go into common

area upgrades and on-site project amenities as few new projects have come to market since the 2008 building cycle.

### ***Current State of the Market***

Approaching the end of the first quarter of 2018, the overall state of the market looks healthy. Generally speaking, there is not a significant amount of leverage for either Landlords or Tenants as functional inventory is limited, especially above 5,000 square feet.

Companies considering relocation are now finding fewer available alternatives than years past. An exception has been the 1,000 – 5,000 square foot range, which constitutes the bulk of market inventory. Also, with market activity up locally and regionally, planning, permitting and construction timelines are increasing, making it imperative to initiate any search early.

One prominent development was completed this past year by Scorpion at Entrada at the entrance to Magic Mountain Parkway and visible from I-5. Scorpion's relocation has created the largest contiguous available block of space in Valencia, totaling just over

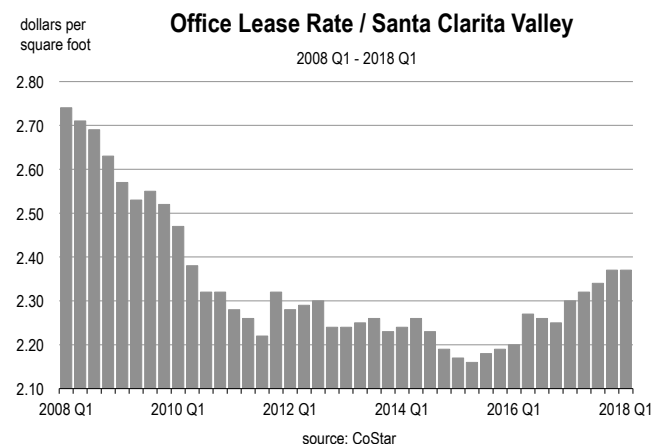
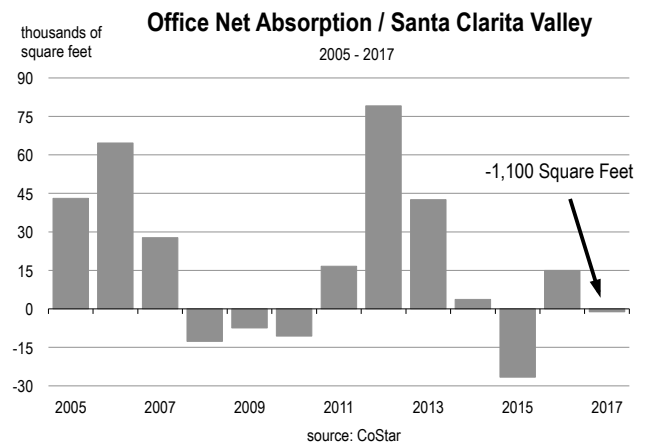
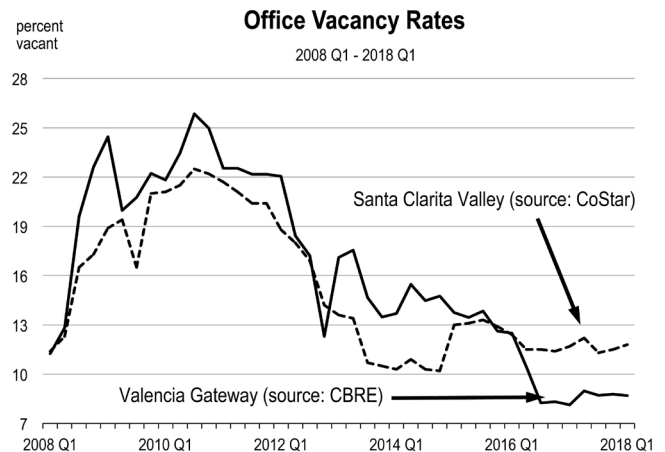
51,000 square feet at Valencia Corporate Plaza, which is now marketing the building for lease or sale.

Two new developments are in the pipeline for 2018 completion – Logic Credit Union’s 170,000 square foot project within Valencia Commerce Center and Vista Canyon’s first office building, a 60,000 square foot Gensler designed cornerstone of Vista Canyon Town Center East.

### 2018 Forecast

Looking ahead, lack of available product will continue to incentivize creative and efficient solutions for work space. Look for renovated projects standing today and future developments to offer a new class of amenities.

Concurrently with the introduction of those amenities and state-of-the-art features, expect asking rates to exceed previous market highs both in existing and new product. As the regional economy continues to strengthen, anticipate further absorption, downward pressure on vacancy and additional speculative development in future years.



## The Industrial Market

*Craig Peters*

*Executive Vice President*

*CBRE – Advisory and Transaction Services*

### *2017 In Review*

In 2017, the Santa Clarita Valley continued to set the pace as one of the strongest industrial markets in Southern California with over 1.8 million square feet of transactions completed. Over the past 8 years, the area has shown strong positive absorption with nearly 14.6 million square feet of lease and sale transactions consummated.

Historically, the biggest constraint was the lack of available supply in the primary submarket, Valencia. 2017 brought several new developments on line to add much needed supply including Valencia Gateway V and IAC Commerce Center.

Significant transactions in 2017 included several large investment sales and leases including:

- Sale of the three building 333,559 square foot Lincoln Industrial Center II to a subsidiary of LBA Realty
- Sale of the 146,000 square foot former Mannkind Development Center to Rexford Industrial Trust
- Lease of 229,450 square feet in Valencia Commerce Center to Pharmavite
- Lease of 173,540 square feet in Valencia Commerce Center to CDSR Solar
- Sale of 46,778 square foot building in Valencia Commerce Center to Lief Organics

## *Current State of the Market*

The recent completion of Valencia Gateway V and IAC Commerce Center, coupled with several second-generation buildings, has increased the vacancy rate slightly to 3.68 percent.

Companies continue to look for space in the area, with many companies looking for purchase and lease alternatives in the Santa Clarita Valley.

Major development updates in the SCV include:

- Valencia Gateway V completed construction on three buildings of 60,923 square feet, 88,752 square feet and 105,047 square feet
  - o The 60,923 square foot building was leased at completion to Vision Media
  - o The two other buildings are available for lease and sale
- IAC Commerce Center completed construction on its first phase, with current status of:
  - o Building 1 – 187,540 square feet
  - o Building 2 – 93,735 square feet
  - o Building 9 – 116,795 square feet which was leased at completion

IAC is planning to start its second phase later this year which includes Building 3 (216,320 square feet) and Building 4 (134,400 square feet).

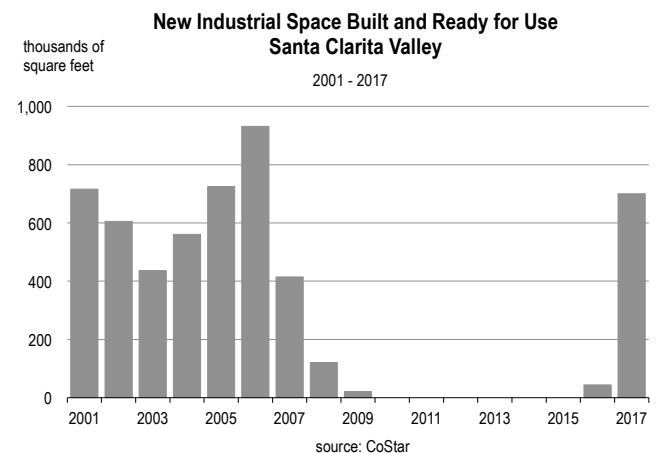
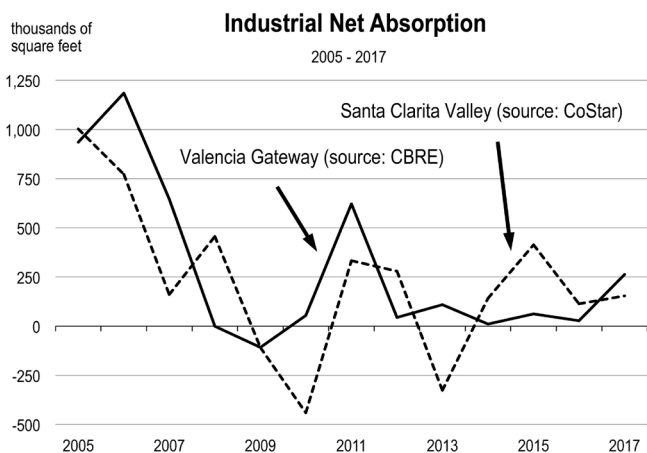
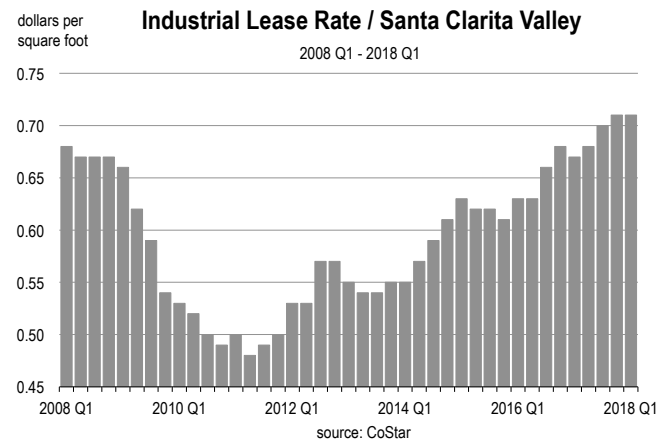
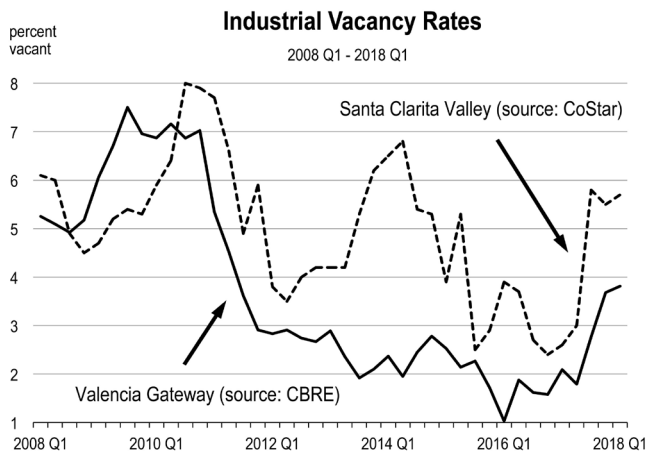
### 2018 Forecast

Several new projects are either under construction or in planning.

Trammell Crow Company and Clarion Partners have broken ground on the first phase of The Center at Needham Ranch. They are scheduled to deliver the first phase of buildings by year end, totaling over 440,000 square feet. Phase 2 will include four buildings ranging from 34,270 square feet to 186,580 square feet.

Southern California Innovation Park is in planning on several industrial and office developments which will be announced later this year. The project is entitled for up to 900,000 square feet of additional buildings.

Still, these new projects will accommodate only a portion of the current demand. Supply shortages, particularly for buildings offered for sale and for smaller spaces (less than 40,000 square feet), will continue in 2018. We anticipate a high level of competition for these types of facilities which will put upward pressure on pricing.





## San Fernando Valley

Office vacancy rates in the San Fernando Valley are returning to normal levels, but a meaningful deterioration was observed in late 2017 and early 2018.

During the first three quarters of 2017, the vacancy rate fell by a full percentage point, but by early 2018 the vacancy rate had returned to its late 2016 starting point.

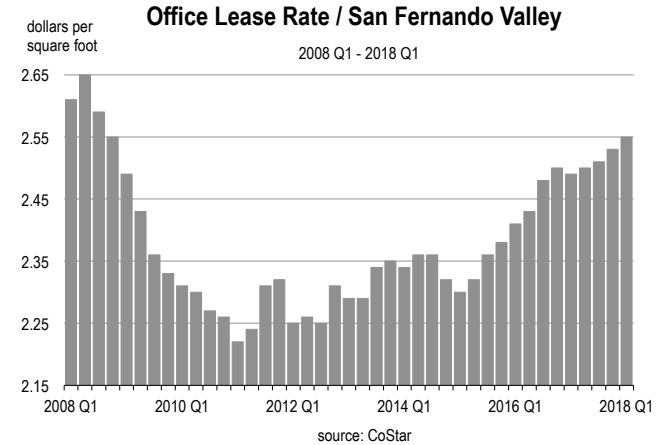
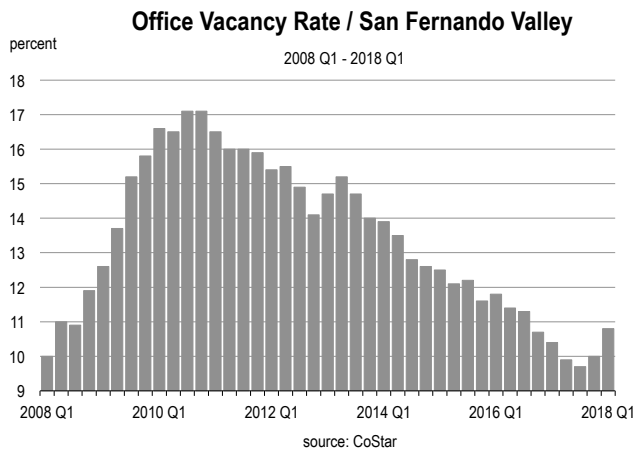
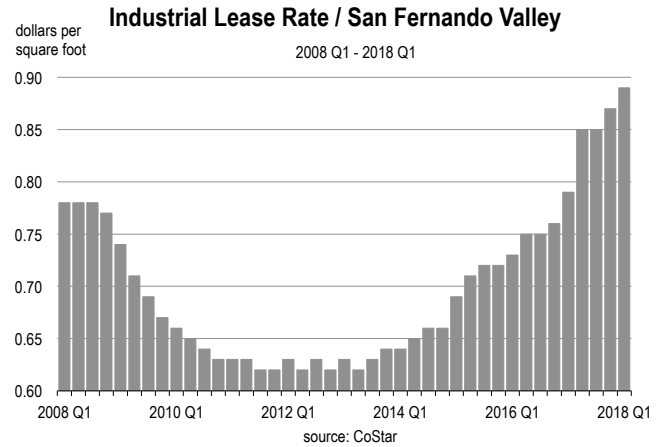
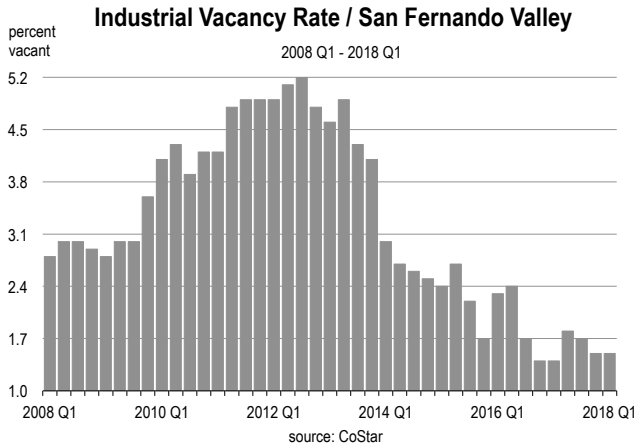
This was not the result of a new wave of finished construction. During the last few quarters, only 20,600 square feet of space has been added to the market, while almost 600,000 square feet of net space was vacated.

Office lease rates continue to rise, reaching \$2.55 per square foot in early 2018.

Industrial building utilization is very tight in the San Fernando Valley. Only 1.5 percent of all space is vacant, and with few firms planning to leave their current facilities, only 2.4 percent of all space is available to lease.

These tight conditions are occurring despite new additions to the market. In 2017, more than 300,000 square feet of space were completed and ready for use, but high demand caused most of it to be absorbed quickly.

Industrial lease rates are now very high in the San Fernando Valley, and are more than 25 percent above similar spaces in the Santa Clarita Valley.



**NEW DEVELOPMENT**

Residential Development



Residential Project Entitlements



Commercial and Industrial Development



Commercial and Industrial Entitlements



The Forecast



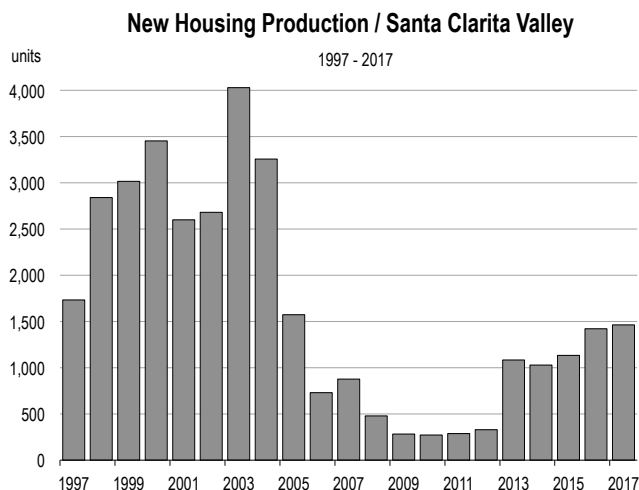
## NEW DEVELOPMENT

### Residential Development

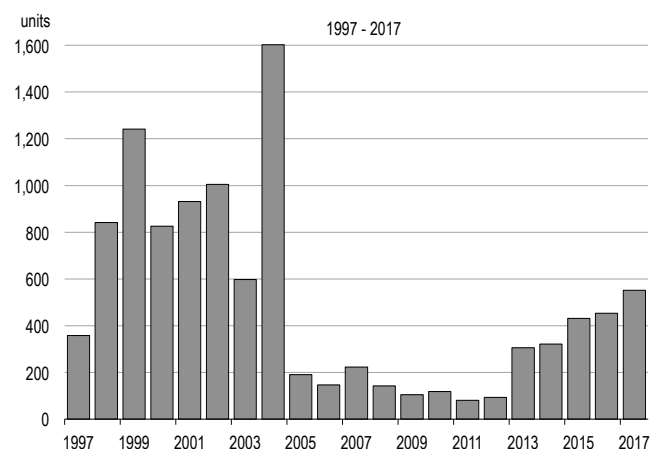
#### Santa Clarita Valley

During 2017, an estimated 1,463 residential units were authorized through the permitting process in the Santa Clarita Valley. This represents a small increase over 2016, when 1,421 units were authorized. The peak of home building occurred in 2003 when 4,029 units were permitted, and the trough occurred in 2010 with 272 units.

Housing production increased more robustly within the city limits of Santa Clarita, with total production up by 22 percent. A total of 413 single-family homes were started in 2017, along with 139 multifamily units.



#### New Housing Production / City of Santa Clarita



#### The San Fernando Valley

In the 2017 calendar year, 4,705 total residential permits were issued in the San Fernando Valley, an increase of 4 percent from the previous year. There were slightly more single family permits issued, but slightly fewer multifamily permits.

Almost all of the growth was within the Los Angeles City limits. Within the portion of L.A. City that lies in the San Fernando Valley, housing production increased by 350 units. This increase was split almost evenly between single family and multifamily units.

**New Residential Units Permitted****Santa Clarita and San Fernando Valleys****2008 - 2017**

<b>City</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
---- units permitted ----										
<b>City of Santa Clarita</b>										
Single-Family Units	111	75	98	81	93	306	290	320	401	413
Multifamily Units	31	30	20	0	0	0	31	111	52	139
<b>Total Units</b>	<b>142</b>	<b>105</b>	<b>118</b>	<b>81</b>	<b>93</b>	<b>306</b>	<b>321</b>	<b>431</b>	<b>453</b>	<b>552</b>
<b>Unincorporated Santa Clarita Valley</b>										
<b>Total Units</b>	<b>336</b>	<b>176</b>	<b>154</b>	<b>206</b>	<b>237</b>	<b>778</b>	<b>707</b>	<b>703</b>	<b>968</b>	<b>911</b>
<b>Santa Clarita Valley</b>										
<b>Total Units</b>	<b>478</b>	<b>281</b>	<b>272</b>	<b>287</b>	<b>330</b>	<b>1,084</b>	<b>1,028</b>	<b>1,134</b>	<b>1,421</b>	<b>1,463</b>
<b>City of Burbank</b>										
Single-Family Units	47	9	15	8	6	7	22	5	15	16
Multifamily Units	272	6	3	15	20	0	5	20	251	6
<b>Total Units</b>	<b>319</b>	<b>15</b>	<b>18</b>	<b>23</b>	<b>26</b>	<b>7</b>	<b>27</b>	<b>25</b>	<b>266</b>	<b>22</b>
<b>City of Calabasas</b>										
Single-Family Units	2	2	0	2	1	3	3	3	7	10
Multifamily Units	0	0	75	0	60	0	12	20	18	0
<b>Total Units</b>	<b>2</b>	<b>2</b>	<b>75</b>	<b>2</b>	<b>61</b>	<b>3</b>	<b>15</b>	<b>23</b>	<b>25</b>	<b>10</b>
<b>City of Glendale</b>										
Single-Family Units	26	12	7	11	10	11	19	9	12	2
Multifamily Units	230	125	92	227	82	214	81	105	220	43
<b>Total Units</b>	<b>256</b>	<b>137</b>	<b>99</b>	<b>238</b>	<b>92</b>	<b>225</b>	<b>100</b>	<b>114</b>	<b>232</b>	<b>44</b>
<b>City of Hidden Hills</b>										
Single-Family Units	3	1	3	2	4	3	7	7	2	5
Multifamily Units	0	0	0	0	0	0	0	0	0	0
<b>Total Units</b>	<b>3</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>3</b>	<b>7</b>	<b>7</b>	<b>2</b>	<b>5</b>
<b>City of San Fernando</b>										
Single-Family Units	4	5	3	2	1	0	0	0	6	21
Multifamily Units	0	0	0	0	20	10	6	0	8	2
<b>Total Units</b>	<b>4</b>	<b>5</b>	<b>3</b>	<b>2</b>	<b>21</b>	<b>10</b>	<b>6</b>	<b>0</b>	<b>14</b>	<b>23</b>
<b>City of Los Angeles (Portion within San Fernando Valley)</b>										
Single-Family Units	246	157	204	159	280	340	513	588	594	792
Multifamily Units	2,008	788	1,073	1,792	1,856	3,017	3,222	4,418	3,670	3,831
<b>Total Units</b>	<b>2,254</b>	<b>945</b>	<b>1,277</b>	<b>1,952</b>	<b>2,136</b>	<b>3,356</b>	<b>3,734</b>	<b>5,006</b>	<b>4,264</b>	<b>4,623</b>
<b>San Fernando Valley</b>										
<b>Single-Family Units</b>	<b>328</b>	<b>186</b>	<b>232</b>	<b>184</b>	<b>296</b>	<b>357</b>	<b>542</b>	<b>607</b>	<b>621</b>	<b>830</b>
<b>Multifamily Units</b>	<b>2,510</b>	<b>919</b>	<b>1,243</b>	<b>2,034</b>	<b>2,018</b>	<b>3,241</b>	<b>3,321</b>	<b>4,543</b>	<b>3,916</b>	<b>3,875</b>
<b>Total Units</b>	<b>2,838</b>	<b>1,105</b>	<b>1,475</b>	<b>2,219</b>	<b>2,314</b>	<b>3,597</b>	<b>3,862</b>	<b>5,150</b>	<b>4,537</b>	<b>4,705</b>

Source: CIRB, The Siracusa Company, and the California Economic Forecast

Other parts of the San Fernando Valley had large slowdowns in housing production. There were almost no permits issued in the City of Burbank, and very few in the portion of the city of Glendale that lies within the Valley.

## The Status of New Residential Project Entitlements

### Santa Clarita Valley

Among the principal projects in the Santa Clarita Valley, there are 36,593 residential units in some phase of the planning process. Many of these units have now been approved, including some within the Newhall Ranch project.

There are 4,769 units in projects that are under construction, and 22,631 units in projects that are seeking approval but have not yet been entitled. The majority of these units are in the Newhall Ranch project.

There are also almost 9,200 units in projects that have been approved but have not yet broken ground.

### Newhall Ranch

One of the largest residential projects in California is Newhall Ranch. FivePoint (formerly Newhall Land) is developing the project, which includes 21,242 homes and approximately 11.5 million square feet of office, retail, industrial, recreational and public space.

Newhall Ranch will be comprised of five distinct villages within the Specific Plan: Landmark, Mission, Homestead South, Homestead North and Potrero. The project also includes four additional villages, Entrada South, Entrada North, Legacy and the remainder of the Valencia Commerce Center. The project will have an array of detached and attached homes, commercial and business centers, schools, parks, public services and major open space.

The California Supreme Court invalidated the EIR in 2015. In July 2017, county officials certified the revised environmental document

New Development Summary Santa Clarita Valley		Total Residential Units in Principal Projects		March 2018
	Total Units	Units Approved in Projects not Under Construction	Units in Projects Currently Under Construction	Units in Planning but not yet Entitled
<u>Santa Clarita Valley</u>				
Santa Clarita	8,694	3,694	3,309	1,691
Unincorp. LA County	27,899	5,499	1,460	20,940
<b>Total</b>	<b>36,593</b>	<b>9,193</b>	<b>4,769</b>	<b>22,631</b>

Sources: *The City of Santa Clarita* and *The California Economic Forecast*



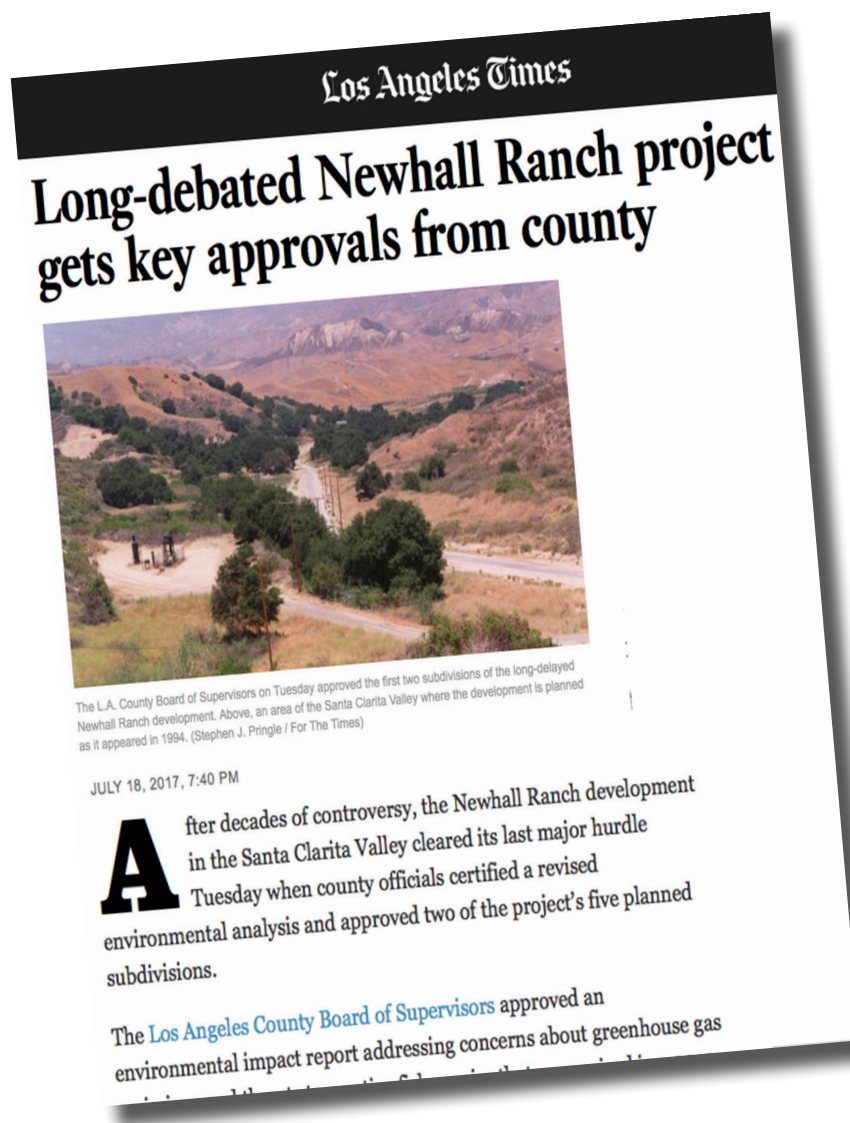
and re-approved the first two villages - Mission Village and Landmark Village.

FivePoint commenced preliminary development activities in October 2017.

Mission Village will contain up to 4,055 residential units and approximately 1.5 million square feet of mixed-use commercial space,

along with an elementary school, fire station and public library. Landmark Village is approved for 1,444 residential units, approximately one million square feet of mixed-use commercial space and an elementary school and park.

Land sales to builders could occur by late 2019, and home sales could begin in late 2020.



Source: Los Angeles Times, July 18, 2017, online

***RiverVillage***

RiverVillage (approximately 1,100 homes) is located east of Bouquet Canyon Road and north of the Santa Clara River in the City of Santa Clarita. Additional areas of River Village are still yet to be developed and are currently planned for attached product on the north side of Newhall Ranch Road.

As of early 2017, the project is well under construction. The project is composed of 4 land areas: A, B, C, D. Areas A, B, and C are complete and the 184-unit Area D is underway.

***Aliento (Golden Valley Ranch)***

The Golden Valley project is now being developed by TRIPointe Homes, and the site is on Golden Valley Road, south of the Antelope Valley Freeway. The project is separated into five single-family detached neighborhoods and a senior restricted neighborhood, totaling 499 units.

Of the 499 units, 95 will be detached single family, condo and senior units, while the remaining 404 will be traditional single-family homes. Model homes are in place and the first phase of residences were sold out on opening weekend. Construction is underway.

***West Creek/West Hills***

West Creek and West Hills, a 2,444 home community, is located on the west side of San Francisquito Creek and north of Decoro Drive. In November 2016, the City of Santa Clarita moved ahead with the annexation of the West Creek and West Hills communities.

There are currently 157,000 square feet of commercial space and 700 residential units remaining to be built. Completion of the residential component is still several years out.

***Five Knolls***

Five Knolls is a 499-unit project located at the intersection of Newhall Ranch Road and Golden Valley Road. Its primary developer is Brookfield Homes, while additional builders include Christopher Homes, TRI Pointe Homes, Meritage Homes, and KB Homes. The subdivisions Haywood (KB Homes), Evert (Meritage Homes), Grayson (TRI Pointe), Monterra (Christopher Homes), Brighton (Brookfield Homes), and Highglen (Brookfield Homes) are all under construction.

An age-qualified community composed of 146 units by CalAtlantic was approved in June 2016 and is currently under construction.

***Vista Canyon***

The 185-acre approved project is located west of the intersection of Sand Canyon Road and State Route 14 in the City of Santa Clarita. The land use plan includes four primary components: a town center, a corporate office campus, a transit station, and surrounding residential neighborhoods. The “town center oriented project” will be comprised of retail shops, restaurants, entertainment, parks, trails, and residential neighborhoods. Plans call for 1,100 residential units and 950,000 square feet of commercial space.



## Luxury apartments set for Vista Canyon

December 22, 2017, 2:00 pm 0 Comments Signal Staff

JPI, a national developer of multifamily homes, will be building luxury apartments at Vista Canyon, a project by JSB Development under construction in Santa Clarita.

The 13.08-acre, 480-home resort-style development is the first multifamily complex in Vista Canyon's centralized town square and will feature floor plans in studio, one, two and three-bedroom designs.

Source: *The Signal*, December 22, 2017, online

Phase 1 is currently under construction and is being contracted to JPI Construction.

### ***Whittaker Bernite***

In May 1995, the Santa Clarita City Council approved the Porta Bella Specific Plan, and approved a tentative tract map and development agreement, which vested land use entitlements. While the Development Agreement will expire in 2016, the Specific Plan for the property will

remain in place indefinitely until it is amended or replaced by another entitlement granted by the City Council in the future. Development of the site will require additional public infrastructure investment (roads, parks, schools, etc.).

The site is currently being remediated in coordination with the Whittaker Corporation and the Department of Toxic Substances Control. It is estimated that all soil remediation for the entire property will be completed by 2018 or

2019. Cleanup of the contaminated groundwater beneath the site will be an ongoing, long-term pump and treat process which will potentially require 20-40 years to fully complete. There is no timeline for development post clean up.

## Castaic

### *Los Valles*

Los Valles is located on a 430-acre parcel just north of Hasley Canyon Road, east of its intersection with Del Valle Road. Los Valles is planned to be an upscale residential community consisting of 497 single family homes with approximately five miles of pedestrian trails, over 200 acres of open space, and a large park that will be open to the public.

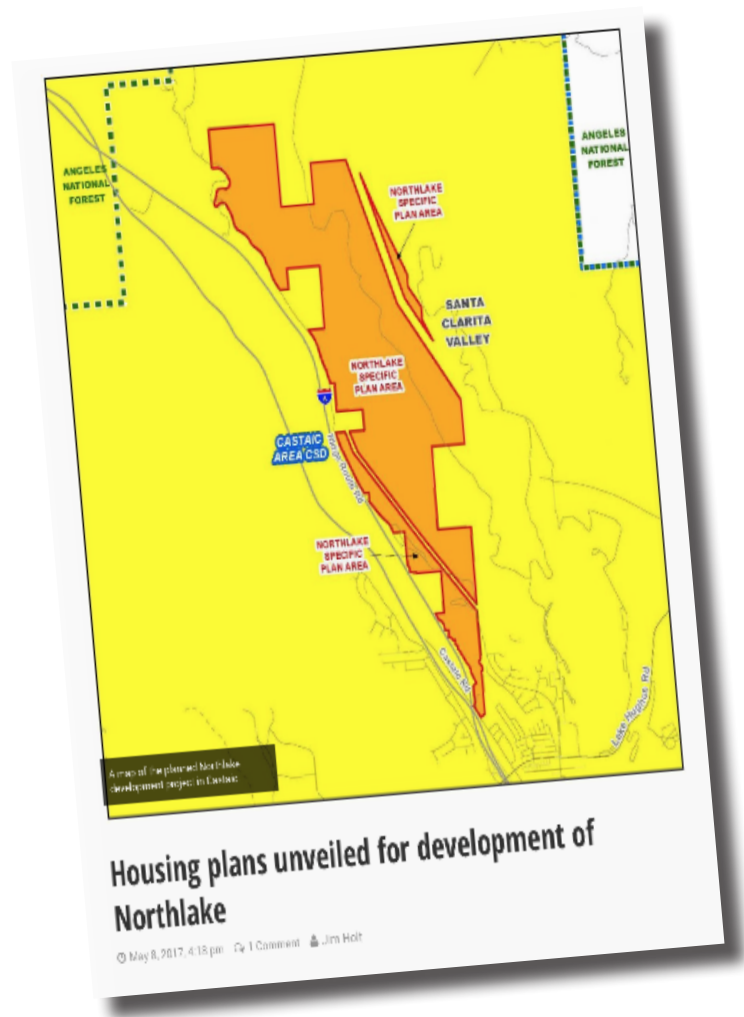
A large portion of the property was graded between 2006 and 2008 pursuant to the existing approvals for a golf course development, and it remains in this partially developed condition today.

The Los Angeles County Regional Planning Commission approved the Los Valles project in February 2017. The project's developer is New York-based iStar Incorporated.

### *Northlake*

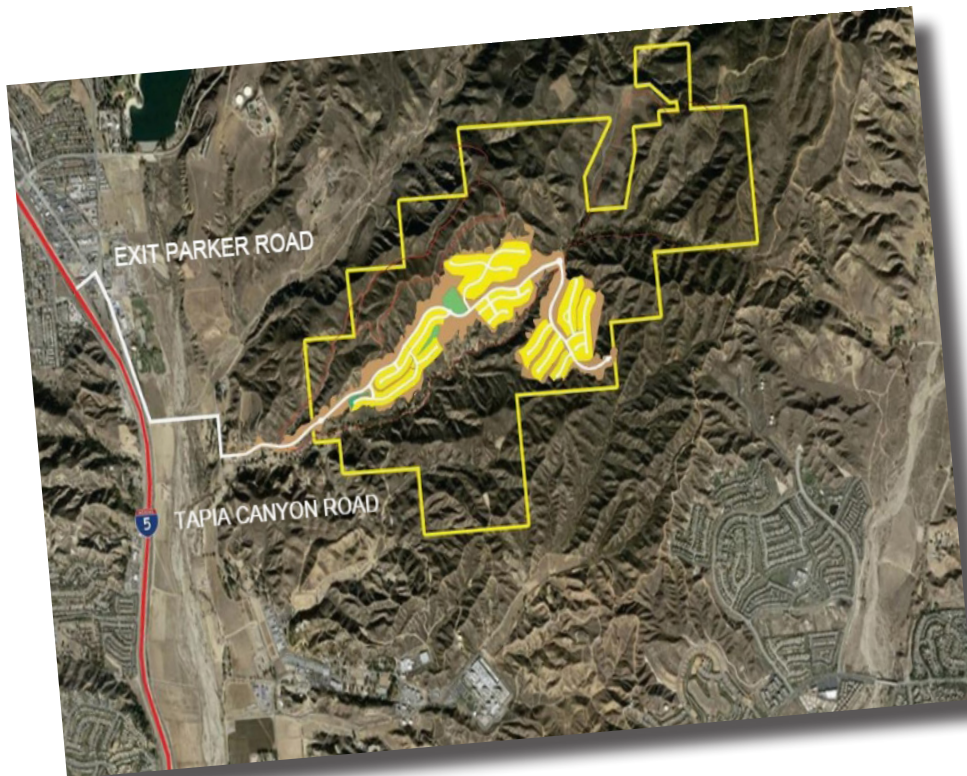
The Northlake project, which is being developed by Northlake Associates, LLC, is located just north of Valencia in the unincorporated Castaic region. It is situated on approximately 1,330 acres and is approved for up to 3,150 homes, 9.2 acres of commercial development, and 13.9 acres of industrial development.

The Castaic Area Town Council and the LA County Board of Supervisors approved Northlake in 1992. In May 2017, the draft environmental documents for Northlake were completed. Plans call for development in two phases. Phase one will consist of 1,974 units (588 single family homes and 1,386 multi-family units), 9.2 acres of commercial development, and 13.9 acres of industrial development. Phase 2 will have 1,176 single-family units and an elementary school.



Source: *The Signal*, May 8, 2017, online





Source: [tapiaranch.com](http://tapiaranch.com)

### ***Tapia Ranch***

Tapia Ranch, owned by DACA Castaic LLC and represented by JMP Development LLC, is located just east of Interstate-5 in Tapia Canyon on 1,167 acres. This project is planned to consist of 405 units with an average lot size of 8,665 SF. The community will also contain many miles of trails and outdoor public space.

Tapia Ranch is currently pending water supply and access verification, among other considerations. The project has been mostly dormant but is starting again with a Draft EIR. If the project makes it smoothly through the planning process, occupancy will begin by late 2020.

### **Saugus**

#### ***Skyline Ranch***

Skyline Ranch is located on a 450-acre site between Sierra Highway and Whites Canyon Road, and south of Vasquez Canyon Road. The project is composed of 1,220 single family lots, an elementary school and public park lands. Of the 1,220 homes, 290 will be dedicated to a 55+ community.

Skyline Ranch is developed by Pardee Homes and grading is underway. Grading began in April 2017 with an 18-month timeframe and once completed the development could see five to six years of construction, dependent on market conditions.



**Principal Residential Projects in the Santa Clarita Valley by City and/or Town****March 2018**

<b>Project Name</b>	<b>Units to be built</b>	<b>Description</b>	<b>Project Status</b>
<u>Santa Clarita</u>			
Whittaker Bermite	2,911	1,244 SFU and 1667 MFU	Previously approved (re-approval required)
Vista Canyon	1,100	Single Family Homes	Under Construction
Princessa Crossroads	925	General Multi-family	In planning review
West Creek/ West Hills	700	Mixed Residential	Under Construction
Tesoro Highlands (Phase II)	840	365 Senior Units, 475 other residential units	EIR Under Review
Sand Canyon Plaza	580	Apartments / Townhomes / Condos	Approved
Five Knolls	499	Mixed Residential	Under Construction
Aliento (Golden Valley Ranch)	400	Mixed Residential	Under Construction
Ravello / Placerita Ranch	322	Single family units	In planning review
RiverVillage Area D	184	General Multi-family	Under Construction
Park Vista	182	Single family units / Condos	In planning review
Galloway Senior at Five Knolls	146	Senior units	Under Construction
Mancara	109	Single family estates	Pending, EIR process. On hold
Dockweiler 21	96	Condos	In planning review
Dentec	95	Residential Units	Approved, no action
Aliento Senior (Golden Valley Ranch)	95	Senior Units	Under Construction
Habitat for Heroes	78	Residential Units	Under Construction
VTC Square	60	Residential Units	Under Construction
Newhall Crossings	47	Multi-family Residences	Under Construction
TMC Residential	42	Single family residential	Approved by CC. No action
Ted Robinson	40	SFH	Pending, dependent on Mancara project approval
Canyon Brook	35	Residential Units	Approved, no action
Sand Canyon Estates	22	Single Family Homes	Approved, no action
8th Street Subdivision	17	Single family units	In planning review
Veluzat GVR Condos	9	Condos	Approved, no action

Unincorporated Northern LA County

Newhall Ranch	21,242	Master Planned Community	Approved
Northlake	3,150	Single-Family / General Multi-Family	Draft EIR Underway
Skyline Ranch	1,220	Single Family Homes	Under Construction
Los Valles	497	Single Family Homes	Approved
Tapia Ranch	405	Single-Family Estates	Draft EIR Underway
Plum Canyon Ranch	203	Single Family Homes	Approved in August 2015
Canyon Heights	157	Single Family Homes	Under Construction
Aidlin Hills	102	Single Family Homes	Approved
Canyon Crest	83	Single Family Homes	Under Construction

Sources: City of Santa Clarita and The California Economic Forecast

SFH: Single Family Homes, MFU: Multifamily Units, TH: Townhomes

## Commercial and Industrial Development

### Santa Clarita Valley

In 2017, a total of \$65.8 million was invested in new commercial and industrial structures, more than double the \$28.1 million invested in 2016.

There was an increase in investment in several prominent categories, including office structures, retail structures, and parking structures.

A total of \$34 million was invested in the renovation of existing structures in 2017. When investment in new structures is combined with renovations of existing structures, total nonresidential permit valuations surpassed \$100 million during calendar 2017 – an 18 percent jump from the previous year.

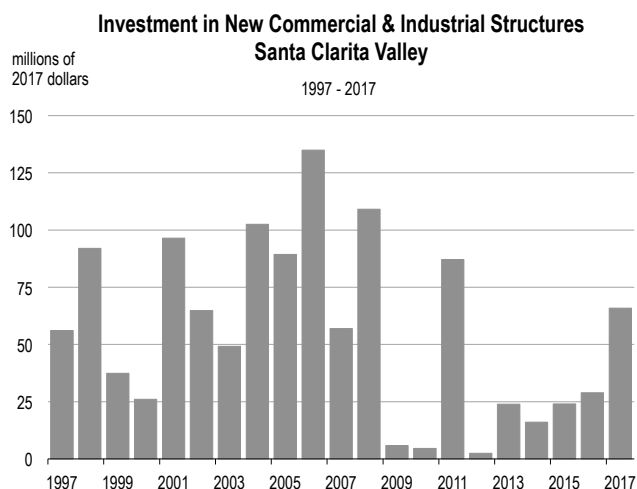
## Commercial and Industrial Entitlements

### Santa Clarita Valley

The Santa Clarita Valley now has 25.3 million square feet of space in its commercial and industrial development pipeline. Approximately 17.7 million square feet are in commercial projects, while the remaining 7.6 million square feet are in industrial projects.

As of March 2018, 7.0 million square feet of space within projects under construction, including the 4.2 million square feet in Needham Ranch, one of Southern California's largest industrial projects.

There were 7.6 million square feet of space in projects that were approved but not yet under construction, and 10.7 million square feet of space in projects that are still seeking approval, with Newhall Ranch accounting for the bulk of this space.



### New Commercial and Industrial Development Summary

March 2018

#### Industrial & Commercial Square Feet in Principal Projects

	— square feet —		
	Pending	Approved	Total
Commercial	7,430,000	10,245,701	17,675,701
Industrial	3,291,438	4,347,150	7,638,588
Total	10,721,438	14,592,851	25,314,289

#### Summary Status of Commercial & Industrial Development

	— square feet —
Under construction*	7,025,218
Approved/not under construction	7,567,633
In planning (not yet approved)	10,721,438

\* Total planned square feet in all projects that have started construction

Source: California Economic Forecast

### ***Henry Mayo Newhall Memorial Hospital Expansion***

Henry Mayo Newhall Hospital is adding a new patient tower with a helipad, as well as an underground parking structure to its Valencia campus location. The \$151 million, 6-story patient tower broke ground in October 2016 and will increase bed capacity by up to 142, adding about 160,000 square feet. The project is set to open in 2019.

A revision has been submitted to update the Henry Mayo Newhall Hospital Specific Plan to allow for a new inpatient/diagnostic building that would add an additional 200,000 square feet of building space to the campus.

The expansion is all a part of the hospital's 15-year master plan that was approved by the City of Santa Clarita.

### ***Southern California Innovation Park***

The existing campus, located off of Rye Canyon loop in Valencia, CA, contains 612,075 square feet of current medical offices and buildings. There is an extra 600,000 to 800,000 square feet of potential development space remaining in the lots for build-to-suit tenants. Conceptual plans that summarize the build-out of this space have been developed, but no anticipated schedule for new building construction has been formalized.

In June 2016, SetPoint Medical signed a 10-year lease for 14,292 square feet at the park. Also, Boston Scientific recently renewed their lease at the park for another 15 years.

In mid 2016, there was a partial reclassification of the development space in the park. The reclassification reallocated 314,873 square feet of industrial space into office space, making the office component 495,000 square feet out of the total 612,075 square feet.

### ***Gateway V***

Gateway V is an industrial, technology and office business center located near the Valencia Commerce Center. This project contains close to 650,000 square feet of potential development. As part of the Valencia Gateway master plan, this project is part of the largest industrial center in Los Angeles County. In September 2017, construction finished for three Class-A buildings sized at 105,047 square feet, 88,752 square feet, and 60,923 square feet.

### ***IAC Commerce Center***

IAC Commerce Center, formerly Sterling Park Gateway, is a planned 75-acre business with current plans calling for up to 1.3 million square feet of new industrial space. The overall project will have buildings ranging in size from 93,600 square feet to 216,320 square feet, and build-to-suits are available for as large as 550,000 square feet.

The business park is located at the terminus of Witherspoon Parkway. The project is situated one mile west of Interstate 5 at Hasley Canyon Exit and 1.5 miles north of Highway 126 at Commerce Center Drive Exit.

Phase 1 was completed in October 2017, and made up of 3 buildings totaling 398,220 square feet. Subsequent phases will therefore divide up the remaining 900,000 approved square feet.

### ***Logix Headquarters***

Logix Federal Credit Union is planning on moving from its current offices in Burbank to Valencia. This move will bring 379 workers from Burbank to the Santa Clarita Valley once the operation is completed. The project will be located off the 5 Freeway at Commerce Center Drive and Franklin Parkway. The headquarters will be made up of 170,000 square feet of office space, accommodating over 500 employees. The company will start out with a 170,000 square foot building and will have the capability of adding another 85,000 square feet over time for a total of more than 255,000 square feet.

Ground broke on the project in October 2016 with construction beginning in 2017. Officials are optimistic that the building will be completed by Q4 2018 or Q1 2019.

### ***Disney | ABC Studios at the Ranch***

Disney | ABC Studios at the Ranch will be constructed on a 56-acre portion of the 890-acre Golden Oak Ranch property. The project would provide development of state-of-the-art studio uses and associated film and television production facilities on the westernmost portion of the Ranch.

Developers plan to construct 6 pairs of sound stages. However, dependent on market conditions, this may be reduced to 4 pairs of sound stages and 100,000 fewer square feet of studio office space than originally planned.

The draft EIR was released in May 2013, and the County Board of Supervisors granted tentative approval for the two different versions of the project in August 2013. An approval by the Los Angeles County Board of Supervisors in January of 2014 granted permission for the construction of either plan. Further action is still dependent on market conditions. In October 2017, the Los Angeles County Department of Regional Planning approved a one-year time extension for the project. This extension will expire on January 7, 2019.

### ***Needham Ranch***

Needham Ranch is a subdivision of a 508-acre project site in the Santa Clarita Valley. It is currently the most significant industrial project in Los Angeles County. The site contains sixty-eight lots for industrial and business park use. The project's industrial plots would accommodate up to 4.2 million square feet of space. The project is under a 15-year development agreement that was approved on July 15, 2009.





*Needham Ranch Rendering*

*Source: The Signal, August 17, 2017, online*

Needham Ranch is fully entitled and all permits have been approved. Trammell Crow Company and Clarion Partners broke ground on the first phase of The Center at Needham Ranch in August 2017. They are scheduled to complete

the first phase by year end, which includes three buildings: 62,186 SF, 169,098 SF, and 209,559 SF. Phase 2 will include four buildings ranging from 34,270 SF to 186,580 SF.



Principal Commercial & Industrial Projects in the Santa Clarita Valley			March 2018
Project Name/Developer	Square Feet	Type	Project Status
<u>Industrial</u>			
Needham Ranch	4,200,000	Industrial Park	Under Construction
Cherokee	973,370	Industrial	Approved, clean up in progress
IAC Commerce Center	901,780	Business Park	Approved
Southern California Innovation Park	888,000	Industrial	Approved
Northlake (Phase 1)	305,000	Industrial Space	EIR Underway
Oak Ridge Industrial	300,000	Comm/Ind Business Park	Approved by PC/Inactive
Rent a Bin	60,000	Recycling Facility	Under Construction
Diamond Place	10,438	Industrial	In Planning Review, Inactive
<u>Commercial</u>			
Newhall Ranch	11,500,000	Comm/Ind Space	Approved
Whittaker Bermite	1,508,980	Retail / Office	Previously approved (re-approval required)
Vista Canyon	950,000	Theater, Hotel, Retail (Commercial Center)	Under Construction
Princessa Crossroads	680,000	Retail / Office / Industrial	EIR Underway
DisneyABC Studios Ranch	510,000	Commercial Film Studios	Approved, inactive
Sand Canyon Resort	403,000	Hotel	EIR Underway
Henry Mayo Newhall Memorial	360,000	Hospital Master Plan	Under Construction
Master's College Expansion	240,000	Campus Extension	Approved by PC, inactive
Logix Headquarters	170,000	Office Space	Under Construction
UCLA Phase 3	143,151	Commercial Space	Approved by PC, inactive
Homewood Suites/Hampton Inn	122,425	Hotel	Approved by PC, inactive
Sand Canyon Plaza	114,400	Retail	Approved by CC
Oliver Hotels	105,000	Hotel	Under Construction
Soledad Office	100,000	Office	Under Construction
Springhill / Holiday Inn	97,027	Hotel	Approved by PC, inactive
Cinqueterra	91,000	Retail / Office	Under Construction
Galloway Senior at Five Knolls	69,000	Commercial Space	Under Construction
Northlake (Phase 1)	67,000	Commercial Space	EIR Underway
Canyon Country Commerce Park	60,000	Retail / Office	Under Construction
Tourney Place	46,000	Medical Office building	Under Construction
Oak Ridge Commercial	30,000	Commercial Space	Approved by PC, inactive
Laemmle Theatre	28,129	Commercial Space	Under Construction
Newhall Hotel	26,708	Hotel	Under Construction
Newhall Crossings	21,381	Retail and Restaurant Space	Under Construction
Williams Homes Office	14,000	Office	In Planning Review
VTC Square	10,000	Office	Under Construction
Reyes Winery	8,500	Winery	Approved

Source: City of Santa Clarita Planning Department, California Economic Forecast

## The Forecast

While the forecast presents a year-by-year distribution of new housing units (permits), it is not practical to forecast housing units by year with any accuracy. There are too many non-market influences that produce great variability in the distribution of housing units at the regional level.

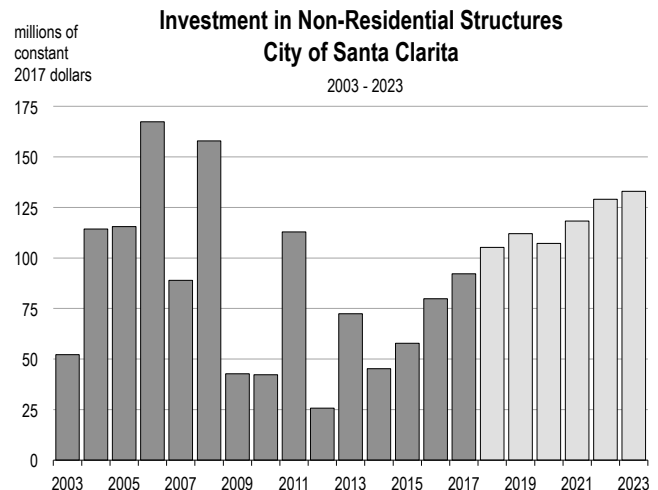
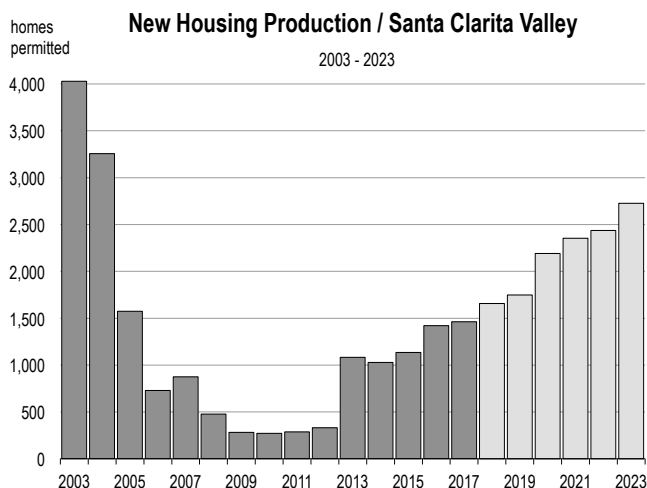
These influences include the uncertain entitlement process that requires an environmental impact report, public review and comment, mitigation methods of environmental impacts, architecture review, and final tract map reviews by local decision makers – who exercise significant discretion into the process. The sum of housing units over the next 5 years is more important than the year-by-year allocation of units.

Over the past few years, new housing development has materially improved. There have been more detached homes started, and more multifamily permits have been issued than any point in the last decade. Because of

the low levels of production during the housing bust, new units will need to be developed at a rather rapid pace to accommodate expected population growth.

Our forecast calls for approximately 13,100 new housing starts in the Santa Clarita Valley between 2018 and 2023. This includes more than 3,700 units within the City of Santa Clarita, with the remaining units in the unincorporated areas outside the City limits. Investment in non-residential structures will be in the range of \$100 to \$125 million annually, totaling more than \$700 million for the entire 6-year span.

The Newhall Ranch project began preliminary construction in October 2017. Land sales to builders could occur by late 2019, and home sales could begin in late 2020. Consequently, our forecast has a material increase in activity during 2020, with housing production rising through, and probably beyond, the 2023 forecast horizon.



New Development Forecast	Santa Clarita Valley				History 2012-2017	
	2012	2013	2014	2015	2016	2017
<u>New Residential Development</u>						
<u>City of Santa Clarita</u>						
	--number of units permitted--					
Single Family Units	93	306	290	320	401	413
Multiple Family Units	0	0	31	111	52	139
Total Units	93	306	321	431	453	552
<u>Santa Clarita Valley</u>						
Total units	330	1,084	1,028	1,134	1,421	1,463
<u>Commercial and Industrial Investment</u>						
	--millions of constant 2017 dollars--					
City of Santa Clarita	25.7	72.4	45.3	57.8	79.8	92.2

Source: California Economic Forecast, March 2018

New Development Forecast	Santa Clarita Valley				Forecast 2018-2023	
	2018	2019	2020	2021	2022	2023
<u>New Residential Development</u>						
<u>City of Santa Clarita</u>	--number of units permitted--					
Single Family Units	453	458	461	464	482	489
Multiple Family Units	147	150	151	154	164	169
Total Units	600	608	612	618	646	658
<u>Santa Clarita Valley</u>						
Total units	1,657	1,748	2,191	2,354	2,437	2,727
<u>Commercial and Industrial Investment</u>	--millions of constant 2017 dollars--					
City of Santa Clarita	105.2	112.0	107.2	118.3	129.0	133.0

Source: California Economic Forecast, March 2018

QUALITY OF LIFE INDICATORS

Crime



Traffic



Quality of Education



Children Living in Poverty





## Quality of Life Indicators

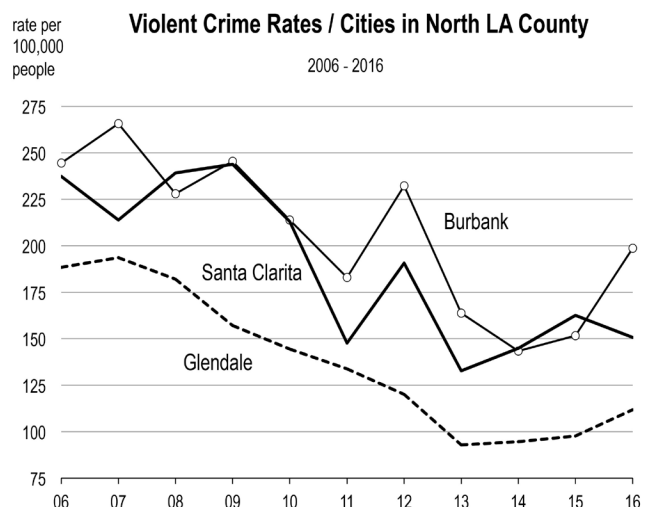
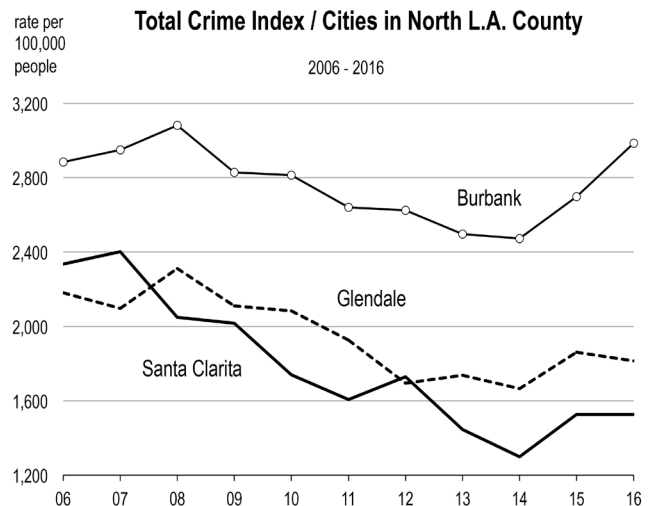
The social environment of the Santa Clarita Valley directly affects local business performance, and influences the desirability of real estate assets in the region. Public safety, traffic, and the enrichment of youth potential are important features of this environment. In this chapter, these indicators are examined by referencing published information on local crime, traffic, public education, and youth poverty.

### Crime

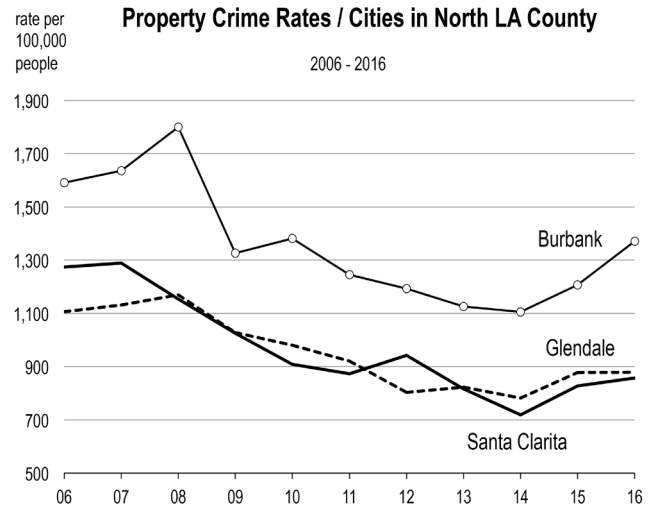
Areas of California can be compared to one another on the basis of the Total Crime Index. The Total Crime Index is the sum of the following crime categories: willful homicide, forcible rape, robbery, aggravated assault, burglary, motor vehicle theft, larceny, and arson. The most recent information describes crime levels in 2016.

- In 2016, crime rates were largely unchanged in the City of Santa Clarita. Crime rates remain much lower than they have been for most of the last decade.
- Santa Clarita typically has lower crime rates than the San Fernando Valley, which includes the cities of Glendale and Burbank.
- In 2016, Santa Clarita had crime rates that were 16 percent lower than Glendale and 49 percent lower than Burbank.
- Santa Clarita is one of the safest cities in LA County, with violent crime rates that are consistently lower than other regions.

- The violent crime rate fell slightly in the City of Santa Clarita in 2016, largely due to a meaningful drop in aggravated assaults. There were also fewer homicides and fewer robberies.
- In 2016, the City of Santa Clarita had a lower violent crime rate than Burbank, but a higher rate than Glendale.



- The property crime rate largely held steady in the City of Santa Clarita. In 2016 there were slightly more motor vehicle thefts, but fewer cases of burglary and larceny.
- Santa Clarita has a similar rate of property crime to Glendale, and a lower rate than Burbank.



Crime Reports	North Los Angeles County							2009-2016
	2009	2010	2011	2012	2013	2014	2015	2016
– actual reports, not adjusted for population –								
<b>City of Santa Clarita</b>								
Willful homicide	5	1	5	1	2	1	7	2
Forcible rape	20	21	18	30	19	15	34	45
Robbery	129	123	76	96	97	92	124	122
Aggravated assault	273	230	163	215	158	199	186	162
Burglary	705	574	567	616	704	613	656	650
Motor vehicle theft	327	243	235	304	249	243	298	413
Larceny	2,035	1,853	1,766	1,822	1,760	1,581	1,971	1,942
<b>City of Burbank</b>								
Willful homicide	1	0	1	2	0	1	1	0
Forcible rape	22	13	17	24	13	14	10	24
Robbery	93	98	68	111	51	55	50	50
Aggravated assault	137	110	105	106	107	80	98	136
Burglary	499	478	395	383	285	296	297	392
Motor vehicle theft	335	276	234	199	219	182	223	266
Larceny	1,829	1,933	1,926	1,911	1,926	1,948	2,136	2,269
<b>City of Glendale</b>								
Willful homicide	3	0	0	0	1	0	5	1
Forcible rape	15	17	14	6	8	9	17	38
Robbery	126	119	108	108	75	67	75	84
Aggravated assault	158	141	136	119	97	110	98	104
Burglary	635	642	623	516	563	511	530	596
Motor vehicle theft	397	328	323	309	251	268	353	363
Larceny	2,723	2,747	2,506	2,218	2,384	2,294	2,630	2,491

Source: Federal Bureau of Investigation

## Traffic

Traffic counts can reveal information about economic and demographic trends. In general, traffic counts decline during periods of economic weakness and grow during periods of strength. This occurs for several reasons, including the increased transportation of goods, a larger number of individuals commuting to work, and higher disposable incomes that can be spent on transportation.

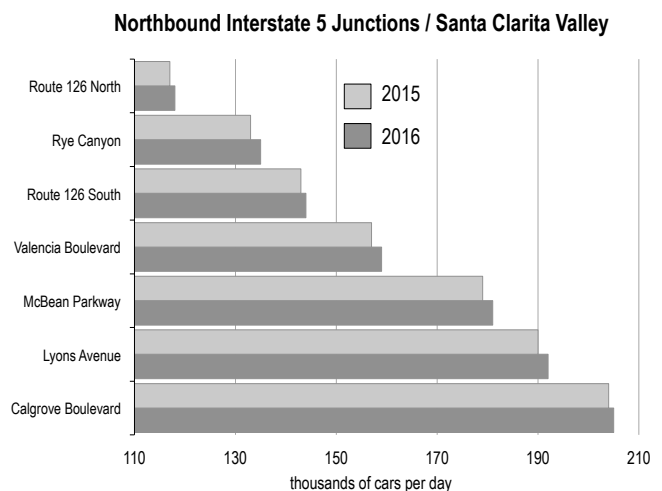
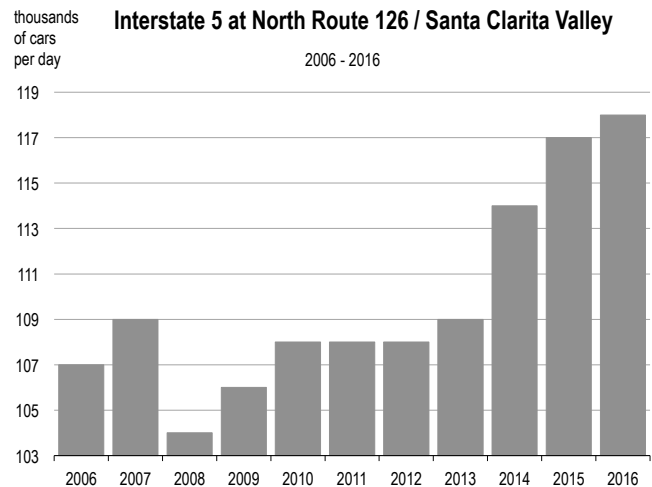
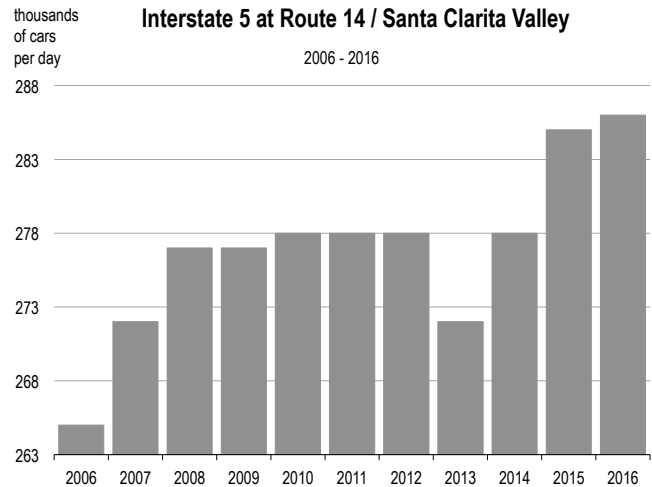
- In 2016, the most recent year for which information is available, traffic increased at every major junction along the I-5 corridor.
- At the high volume points, such as Calgrove Boulevard, Lyons Avenue, and McBean Parkway, traffic increased by 1,000 to 2,000 cars per day.
- In the Santa Clarita Valley, residents commute for an average of 38 minutes each way.
- The average San Fernando Valley resident spends 34 minutes commuting in each direction, while the average person across California spends 31 minutes.

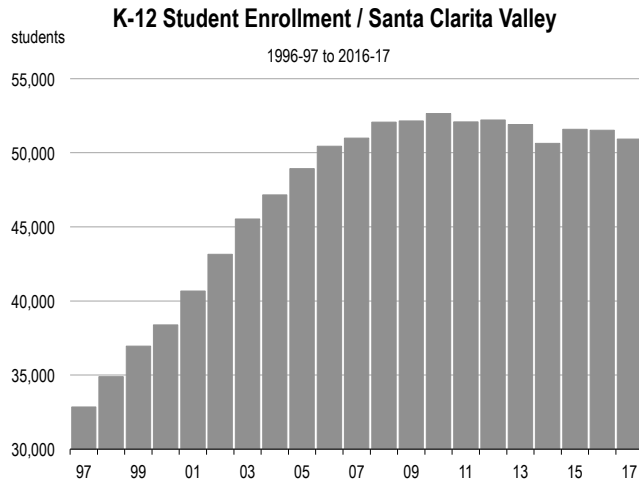
## Quality of Education

### Enrollments

During the 2016-2017 school year, enrollment in Santa Clarita Valley public schools declined by almost 600 students from the previous year.

Enrollment at the elementary grade levels has been falling for more than a decade, and is now





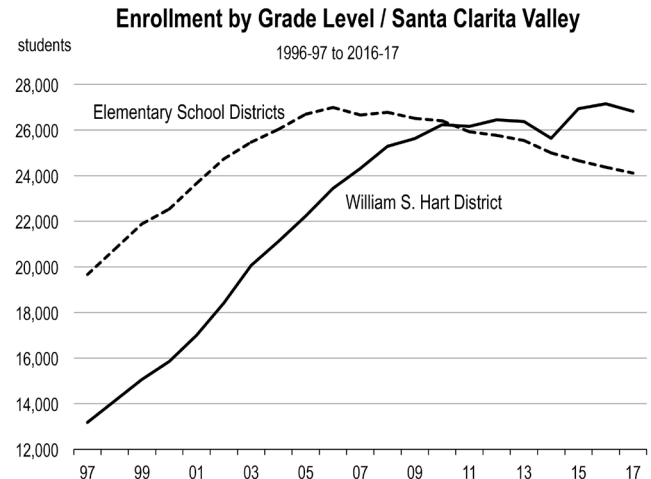
almost 3,000 students below the 2005-2006 peak.

Enrollment at the William S. Hart district has largely held steady for the past few years, although this district lost more than 300 students in the most recent school year.

## Dropout Rate

The rate at which students choose to dropout of school is an important indicator of how well schools are keeping students interested and preparing them for the workplace.

Teens who drop out of high school are unlikely to have the minimum skills and credentials

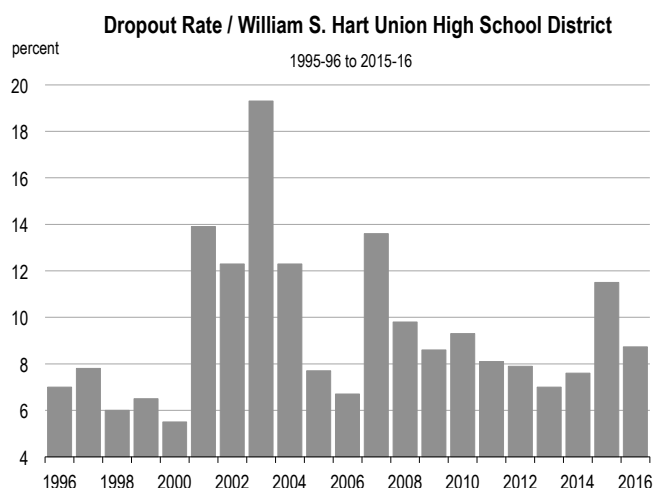


necessary to function in today's increasingly technological workplace. The completion of high school is required for accessing post-secondary education and is a minimum qualification for most jobs.

- At the William S. Hart Union High School District, the dropout rate improved substantially in the 2015-2016 school year (the most recent year with available data).
- In the 2015-2016 school year, 8.7 percent of students dropped out.
- The William S. Hard District compares favorably to broader Los Angeles County,

Public School Enrollment	Santa Clarita Valley							
	2009-2010 to 2016-2017							
	-school year-							
	09-10	10-11	11-12	12-13	13-14	14-15	15-16	16-17
Castaic Union Elementary	3,211	2,982	2,939	2,864	2,651	2,568	2,354	2,234
Newhall Elementary	7,055	6,961	6,941	6,947	6,831	6,739	6,650	6,607
Saugus Union Elementary	10,362	10,387	10,295	10,178	10,012	9,911	9,984	9,900
Sulphur Springs Union Elementary	5,783	5,601	5,589	5,553	5,501	5,437	5,383	5,370
<b>Total Elementary</b>	<b>26,411</b>	<b>25,931</b>	<b>25,764</b>	<b>25,542</b>	<b>24,995</b>	<b>24,655</b>	<b>24,371</b>	<b>24,111</b>
William S. Hart Union High	26,237	26,160	26,449	26,373	25,640	26,938	27,155	26,822
<b>Santa Clarita Valley Total</b>	<b>52,648</b>	<b>52,091</b>	<b>52,213</b>	<b>51,915</b>	<b>50,635</b>	<b>51,593</b>	<b>51,526</b>	<b>50,933</b>

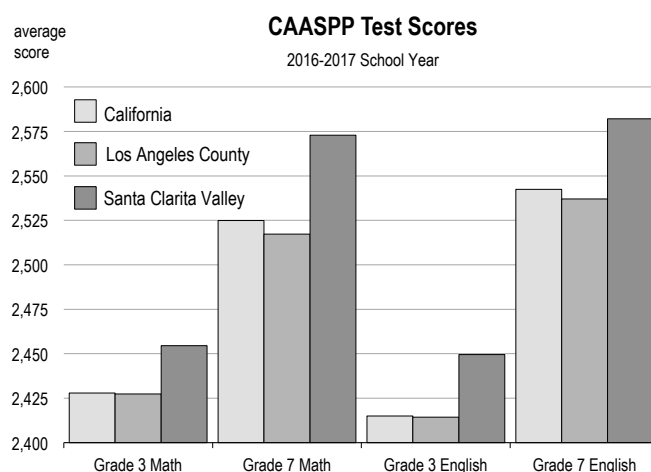
Source: California Department of Education



where 12.5 percent of students dropped out in the 2015-2016 school year.

## Academic Performance

Standardized testing has become an important measure of a school's academic performance. Standardized testing starts at the elementary school level where all students now take the California Assessment of Student Performance and Progress (CAASPP). It continues through high school where college bound students take the SAT.



## Elementary School Testing

During the 2014-2015 school year, the state began to administer the CAASPP exams – a replacement system for the old California Standard Test (CST). In this system, students are awarded a score between 2,000 and 3,000 for each exam. This analysis (arbitrarily) presents scores for grades three and seven as representative of elementary and junior high students.

- In the Santa Clarita Valley, students have significantly outperformed their peers

CAASPP Test Scores by District			2016-2017 School Year	
	--average scores--			
District / Region	Math Grade 3	Math Grade 7	English Grade 3	English Grade 7
Castaic Union	2,437	2,582	2,430	2,535
Newhall Elementary	2,477	-	2,458	-
Saugus Union	2,444	-	2,445	-
Sulphur Springs Union	2,451	-	2,453	-
William S Hart Union	-	2,572	-	2,586
<b>Santa Clarita Valley</b>	<b>2,455</b>	<b>2,573</b>	<b>2,450</b>	<b>2,582</b>
<b>Los Angeles County</b>	<b>2,427</b>	<b>2,517</b>	<b>2,414</b>	<b>2,537</b>
<b>California</b>	<b>2,428</b>	<b>2,525</b>	<b>2,415</b>	<b>2,542</b>

Source: California Department of Education

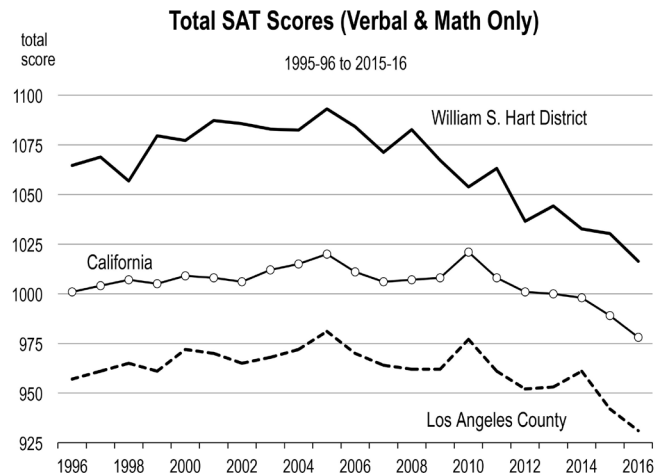


across Los Angeles County and the State of California. This outperformance occurred at both the third and seventh grade levels, in both Math and English, at every district in the Valley.

- At the third grade level, the highest performing district in the 2016-2017 school year was Newhall Elementary. Newhall outscored the Valley average on both exam subjects.
- At the seventh grade level, students at the William S. Hart district outscored Castaic Union in Math, but Castaic Union scored higher in English.

### College Entrance Exam Performance

The SAT is a standardized test taken by juniors and seniors in high school. It is typically a requirement for admission to 4-year colleges and universities. Over the past few years, the scoring system has changed, and the highest attainable score is now 2400. The new test has three sections – critical reading, math, and writing – that are each worth 800 points.



The previous SAT, which did not incorporate a writing section, was graded on a scale of 1600 points.

- High school students in the Santa Clarita Valley typically score very well on the SAT.
- Other than Canyon High School, every school in the Santa Clarita Valley outscored the countywide and statewide averages in the 2015-2016 school year.

SAT Results					2015-2016 School Year
--Average Scores--					
High School / Aggregate	Verbal	Math	Writing	Total	Total (w/o writing)
Academy of the Canyons	597	597	579	1773	1194
West Ranch High	542	564	545	1651	1106
Valencia High	532	541	532	1605	1073
Hart (William S.) Senior High	531	536	525	1592	1067
Saugus High	528	528	509	1565	1056
Golden Valley High	504	507	486	1497	1011
Canyon High	483	484	479	1446	967
<b>William S. Hart Union HS District</b>	<b>527</b>	<b>503</b>	<b>519</b>	<b>1549</b>	<b>1030</b>
<b>Los Angeles County</b>	<b>466</b>	<b>476</b>	<b>464</b>	<b>1406</b>	<b>942</b>
<b>State of California</b>	<b>489</b>	<b>500</b>	<b>484</b>	<b>1473</b>	<b>989</b>

Source: California Department of Education

- In 2015-2016, average scores fell across the Santa Clarita Valley. Similar declines were also observed across LA County, California, and the nation as a whole.
- SAT scores are declining for a number of reasons. One primary factor is that more people are now going to college. More students are now taking the SAT, including many with below average grades, which has dragged down the average SAT score nationwide.
- Academy of the Canyons was the best performing school in the Valley in 2015-2016. Other top performers were West Ranch, Valencia, and Hart.

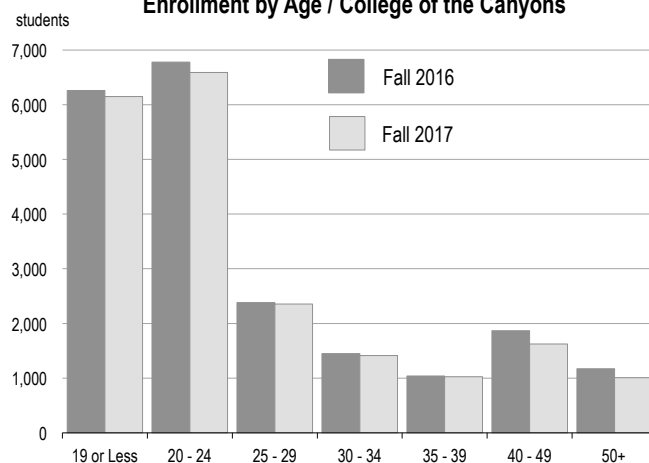
## College of the Canyons

- In the Fall of 2017, Enrollment at College of the Canyons decreased slightly. Enrollments have been relatively stable for the past five years, but are down significantly from the late 2000s.
- Between 2016 and 2017, enrollment declines were observed across all age groups. The largest declines were among students in their

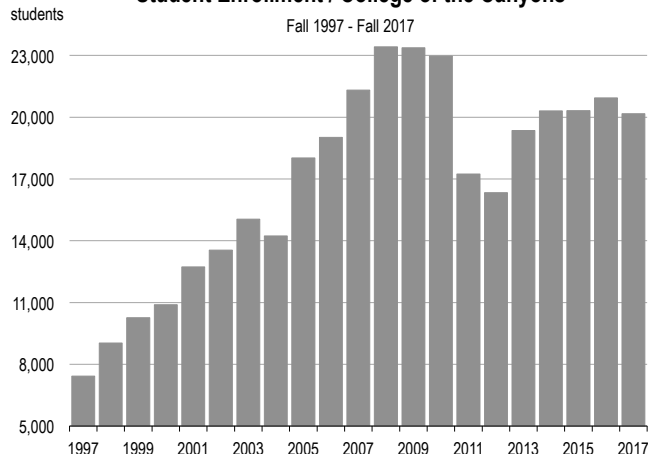
40s, followed by those between 20 and 24 and those over 50.

- A small increase was observed in full time students, but there was a substantial decrease (more than 800 students) among part time enrollees.
- In Fall 2017, full time students accounted for 32 percent of the college's total headcount, while part time students represented the remaining 68 percent.
- In the 2000s, the gender structure of the College of the Canyons was skewed towards

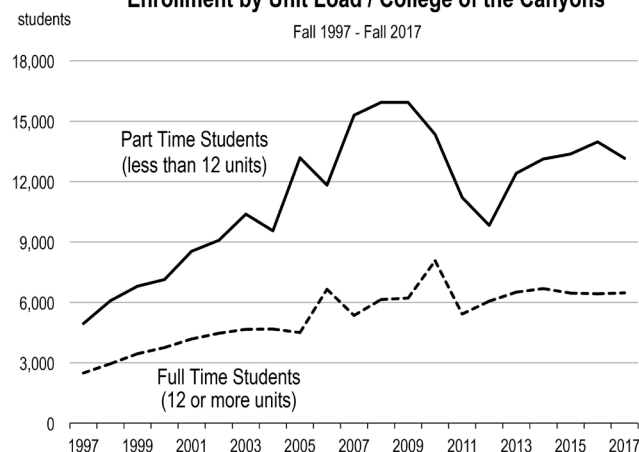
Enrollment by Age / College of the Canyons



Student Enrollment / College of the Canyons

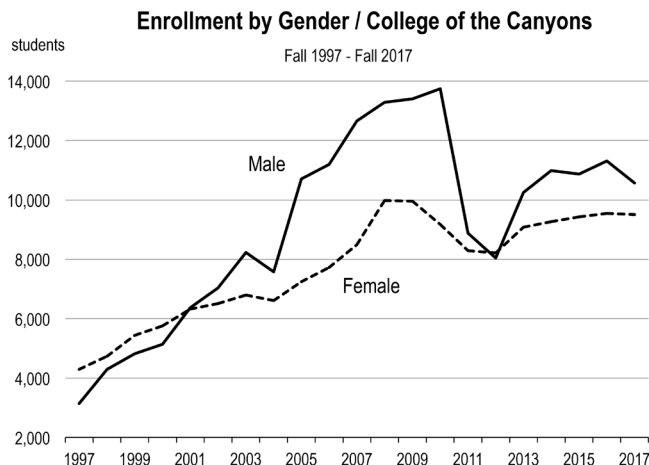


Enrollment by Unit Load / College of the Canyons



males. After a brief period in which male enrollment declined sharply, male students have again begun to outnumber their female counterparts.

- In the Fall of 2017, there were almost 10,600 male students and approximately 9,500 female students.

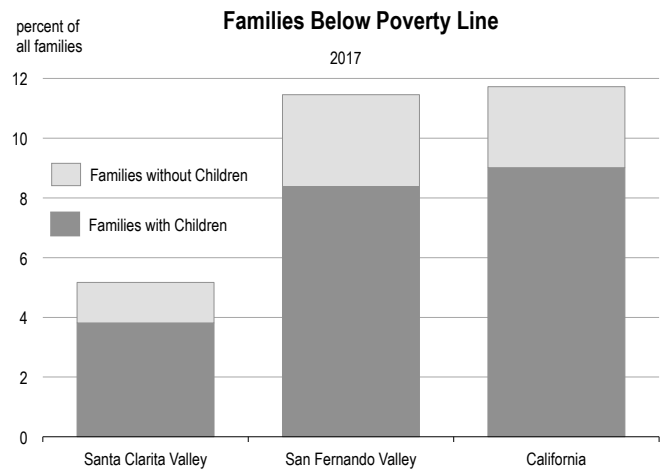


- Enrollment declined slightly among female students last year, but declined significantly among male students. In 2017, female enrollment fell approximately 50 students, while male enrollment declined by almost 750 students.

## Children Living in Poverty

Children under 18 are much more likely than adults to be poor. For a family of four with two children, the 2017 federal poverty level was \$24,600. Being raised in poverty places children at higher risk for a wide range of problems. Research indicates that poor children are disproportionately exposed to risk factors that may impair the development process and contribute to poor academic achievement.

- In 2017, 5 percent of families in the Santa Clarita Valley were under the poverty level. A total of 4 percent of families in poverty had children.
- The Santa Clarita Valley has significantly lower levels of poverty than the San Fernando Valley or California.
- Across California, 12 percent of families were below the poverty level, and 9 percent had children. In the San Fernando Valley, more than 11 percent of families were living in poverty, while 8 percent had children.



Data for this chapter is from the California Department of Justice; the Federal Bureau of Investigation; the California Department of Transportation; the California Department of Education for charts on K-12 enrollment and performance; the California Community Colleges Chancellor's Office for charts on the College of the Canyons; and Claritas for charts on children in poverty.

# Acknowledgements

This publication was distributed at the 2018 Santa Clarita Valley Economic Outlook Conference, held on March 8, 2018 at the Tournament Players Club in Valencia, California.

**California Economic Forecast**

**Research Staff**

- Ben Wright, M.A.  
Economist, Author
- James Emrani  
New Development, Database
- Dillon Quinn  
Largest Employers, Database
- Mark Schniepp, Ph.D.  
Principal Author & Editor

**Publication Design & Layout**

- James Emrani
- Dillon Quinn

**Databank Contributors**

- CBRE
- Craig Peters
- California Association of REALTORS®
- CIRB
- Planning Department of Santa Clarita
- UCLA Anderson Forecast
- Santa Clarita Valley Economic Development Corporation

**Guest Authors**

- Craig Peters, CBRE
- Richard Ramirez, CBRE



# 2018 ECONOMIC OUTLOOK

Santa Clarita Valley Economic Development Corporation & College of the Canyons

## Platinum Sponsors



POOLE & SHAFFERY

FIVE POINT



**Deloitte.**

## Presenting Sponsor

**WELLS  
FARGO**

## Gold Sponsors



## Silver Sponsors



## Bronze Sponsors



**SANTA CLARITA VALLEY**  
ECONOMIC DEVELOPMENT CORPORATION

SCVEDC.ORG • CANYONS.EDU