

Economic Performance and Industry Clusters in the Inland Empire

RIVERSIDE AND SAN BERNARDINO COUNTIES

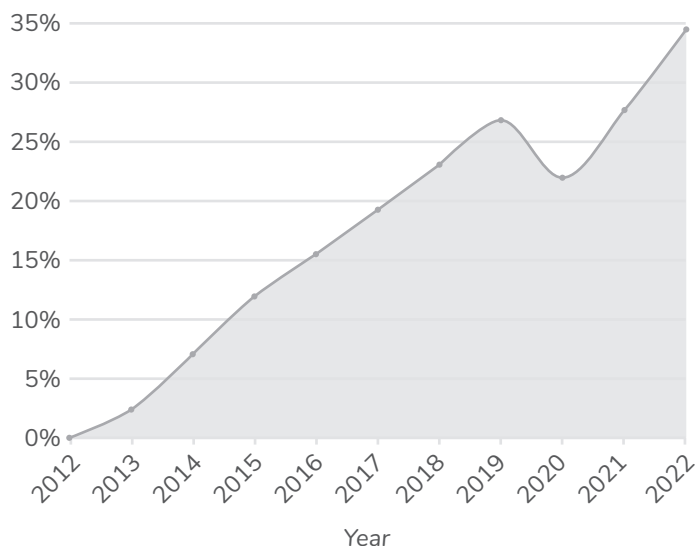


Thrive Inland SoCal is a comprehensive, collaborative, and inclusive regional economic development effort working to boost quality job creation and expand access to quality jobs and wealth-building for all Inland Empire residents, especially those that have been historically disinvested and underrepresented.

The Inland Empire's economy presents a paradox — successful by many conventional metrics while falling short in generating inclusive outcomes for residents.

Job Growth in the Inland Empire (2012–2022)

Change Since 2012



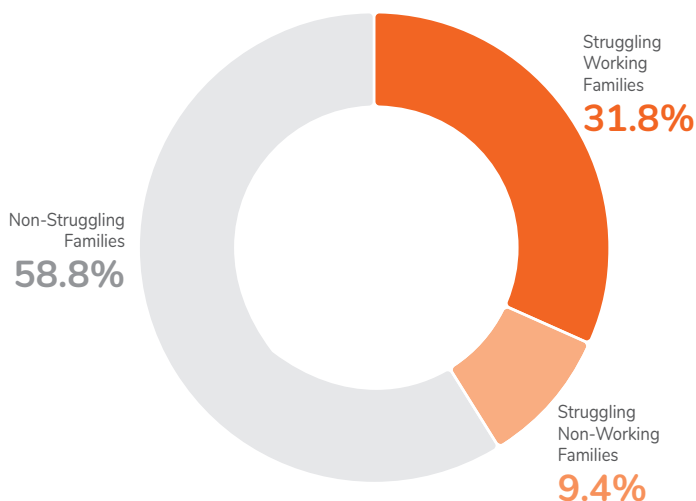
Source: Brookings and Cities GPS analysis of Lightcast estimates.

Driven by growth in logistics/warehousing and local-serving industries (such as healthcare and construction), the past decade has brought exceptional increases in growth metrics like employment, total earnings, and value-added outputs, exceeding state and national trends.

Job creation, for instance, reached the blockbuster rate of 35% in 2022, rebounding from 22% in 2020 and exceeding the 2019 pre-pandemic rate of 27%.

However, that growth has not translated into enough access to high-quality jobs, particularly for the one-third of residents (and half of children) who belong to families with a working adult that still struggle to make ends meet.¹

Share of Population in Families that Struggle to Make Ends Meet in the Inland Empire (2021)



Source: Brookings and Cities GPS analysis of University of Washington Sufficiency Standard and American Community Survey 1-year public-use microdata sample, 2019–2021.

While the region continues to experience rapid growth, its economy lags in measures of productivity that would enable its industries to move into higher-value activity. Overreliance on the logistics sector and the lower-wage jobs it provides underscores the need for economic diversification and upskilling of the regional workforce.

¹ County-based budgets customized from the University of Washington Self-Sufficiency Standard are matched to data from the American Community Survey to determine the number of struggling workers, residents and families.

Despite these challenges, the Inland Empire has real opportunities. The California Jobs First process is enabling the region to consider these possibilities for creating a more inclusive and prosperous Inland Empire.

Wide-ranging analysis of industry performance and clusters, job quality, talent base, education and workforce systems, innovation assets, growth capital, and more revealed a number of potential areas where the Inland Empire could grow quality and promising jobs accessible to residents, including those without a bachelor's degree.² **These areas will be tested and explored further by THRIVE Inland SoCal over Spring/Summer 2024 via additional engagement with diverse perspectives** — employers, entrepreneurs, and investors; education and workforce providers; government; environmental, civic and community organizations; and others.

Sustainable supply chain/distribution – While acknowledging many parts of the industry do not offer a significant proportion of quality jobs and raise community concerns about environmental impacts, potential remains for the region to become a national locus of supply chain modernization that grows firms with products and services addressing market changes in sustainability, efficiency, and resilience; and reinvents the local business model for quality jobs and community impacts.

Advanced manufacturing – Opportunities for examination center on (1) higher-margin products competitive to make in California, like complex industrial and commercial equipment, machine parts, microelectronics, and instrumentation; (2) goods where the region has an established foothold that could be maintained, such as transportation equipment components, and structural metals; and (3) products serving large proximate markets, like chemicals, building components and construction materials.

Advanced business/professional services – Possibilities span activities connected to other traded sectors (e.g. freight arrangement or engineering drafting and design), potential to offer cost-effective services to adjacent areas of southern and central California, and emerging areas including cybersecurity, computer systems design, software, environmental engineering, and design.

Cleantech – This area would seek to leverage increasing investment in innovation hubs and activities related to products or services that improve environmental performance and outcomes, although data does not reflect significant scale or competitiveness in associated commercial activity. Assets include UC Riverside's OASIS innovation park and Center for Environmental Research and Technology (CE-CERT), the California Air Resource Board's research and vehicle emissions testing headquarters, and Lithium Valley connections, including UC Riverside co-lead role for the federally-designated "Tech Hub" strategy development consortium.

To achieve ambitions for increasing inclusive economic outcomes within the region, the data also shows that strategies to boost availability of quality jobs must extend beyond job creation in prioritized traded sectors, especially for residents in demographic groups or disinvested communities that lag in access to opportunity. These interventions include efforts to both improve job quality within existing major employment sectors, and to better link residents with local-serving sectors that concentrate opportunity jobs.

² See "Opportunity Jobs in the Inland Empire" overview for more information on how "quality" and "promising" jobs are defined.

Thrive Inland SoCal is building partnerships and growing the capacity needed to make a more prosperous future a reality. JOIN US in exploring the challenges and opportunities by attending an upcoming meeting.

For more details, meeting dates and contact info, visit

ThriveInlandSoCal.org

This factsheet covers one of seven key topics shaping our region's economic growth. While each topic has its own factsheet for clarity, sometimes we discuss multiple topics together to highlight how economic development is complex and connected in different ways.

