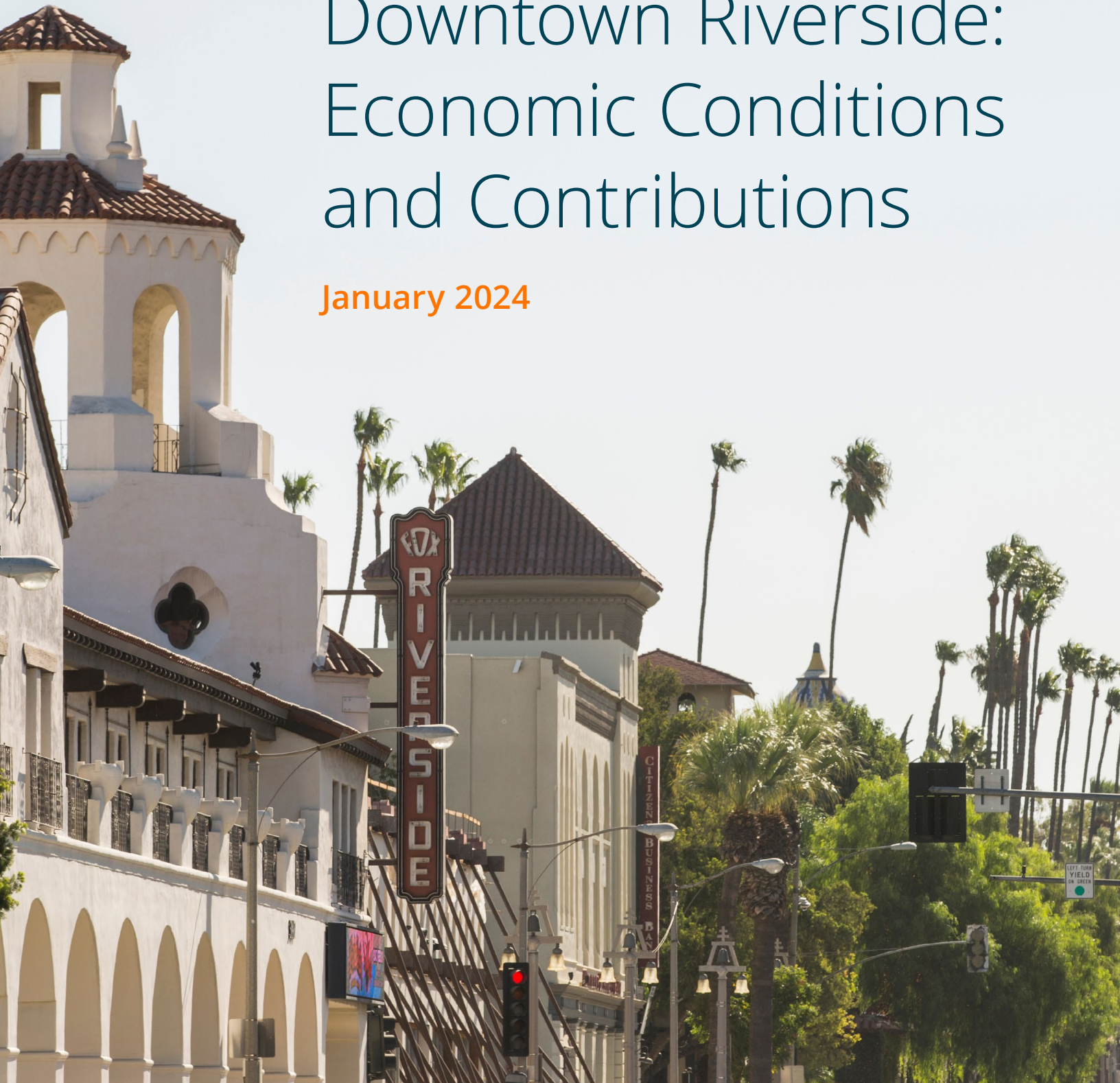
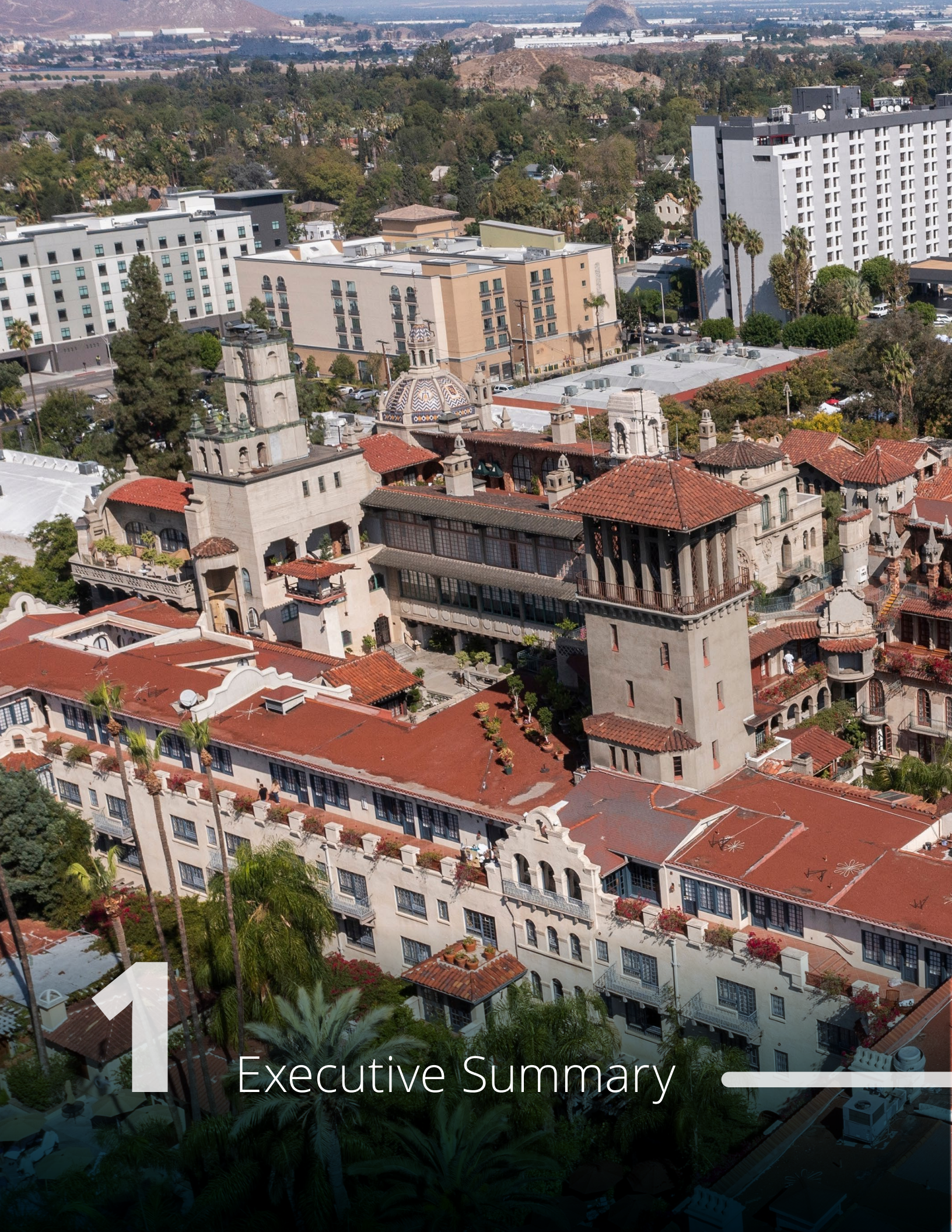


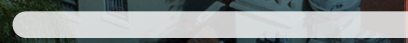
Downtown Riverside: Economic Conditions and Contributions

January 2024





Executive Summary



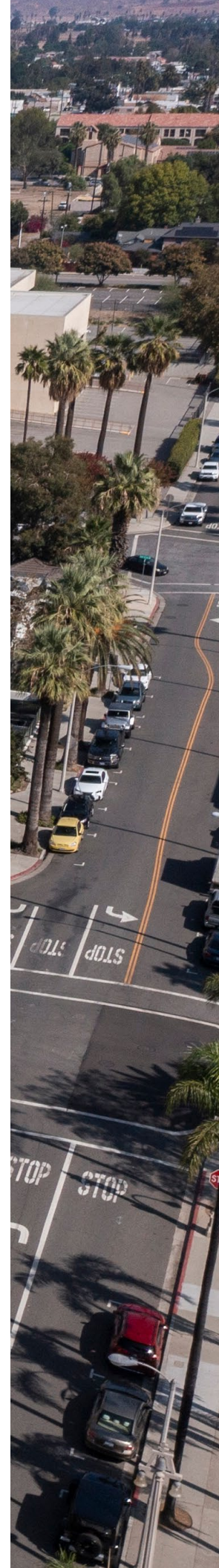
Located in the heart of the Inland Empire, Downtown Riverside, as a county seat, is known for its governmental, economic, arts, cultural, and residential uses. Downtown Riverside is home to more than a dozen historical sites listed on the National Register of Historic Places and more than 30 city-designated landmarks. To facilitate a deeper investigation into the Downtown Riverside economy and its broader contributions to the city, Riverside Downtown Partnership commissioned Beacon Economics to develop a report about economic conditions within downtown. As was the case for downtown areas across the country, Downtown Riverside was hit especially hard during the pandemic, but has come a long way since the depths of the pandemic. While the Riverside Downtown Partnership (RDP) was the lead, a number of other stakeholders contributed towards the study.ⁱ

Key Findings

- Downtown Riverside is home to more than 11,000 private-sector jobs,ⁱⁱ which accounts for roughly 7.5% of total employment in the City of Riverside. In addition, Downtown Riverside employs more than 13,000 public-sector workers, roughly 34% of total government employment in Riverside.
- Together, Education (private), Health Care, and Leisure and Hospitality account for nearly 60% of private employment in downtown.

i See end of report for the complete list of stakeholders

ii This report focuses on private-sector employment as opposed to public (or Government). Public sector employment includes state, local, and federal agencies such as the USPS, DMV, Department of Corrections, and so on. Government employment is often centrally reported, which can overstate job counts at a subregional level. As such, we focus primarily on private-sector employment.



- The coronavirus had a unique impact on downtown economies. They are home to a large share of jobs in industries (such as Leisure and Hospitality) that were the most affected by employment losses related to the virus, as well as sectors of the economy where a large share of workers have been able to work from home. Like many downtown areas, Downtown Riverside has underperformed the wider regional economy since the start of the COVID-19 pandemic, with employment in downtown being -2.5% lower than it was in the first quarter of 2020.
- Despite the short-term underperformance, the longer-term picture shows that Downtown Riverside has added jobs at a faster rate (25.3%) compared to the state (23.6%) and national (16.4%) economies, yet a slower rate than the rest of the city (42.2%).
- Since the second quarter of 2012, private employment in Downtown Riverside has grown 25.3% compared to 42.2% citywide
- Nonetheless, Downtown Riverside is home to a greater number of higher-paying private-sector jobs than the rest of the city. The average downtown worker earns a wage nearly 30% higher than the citywide average.
- This is because the downtown area is home to a disproportionately high share of the city's highest-paying jobs, such as Professional, Scientific and Management Services, as well as Information. Downtown also has a lower share of lower-paying jobs citywide, such as Transportation and Warehousing.

- Since 2020, inflation-adjusted earnings in Downtown Riverside have grown 5.5% compared to 1.3% citywide and 1.8% across California.
- While wages in Riverside County lag those paid nationally, the average private-sector worker in Downtown Riverside earns the same average wage as private-sector workers nationally.
- As such, each job created in Downtown Riverside has a bigger impact on the city's economy than jobs created elsewhere in the city because of the greater spending power.
- Downtown Riverside is an important source of public revenues for the city.
- Downtown accounts for 58% of the city's Transient Occupancy Tax (TOT) or "hotel tax," up from 50% in 2014.
- In addition, while Downtown Riverside accounts for only 3.4% of the city's resident population, it accounts for 5.5% of the city's business tax revenues, 4.3% of its sales tax receipts, and 5.3% of its property tax receipts.



Downtown Riverside plays a crucial role in the city's economy, producing a higher number of jobs and public revenue than its population proportion would indicate. However, the downtown economy has been hit hard by the COVID-19 pandemic as many workers shifted to working remotely from home. This has led to a decline in foot traffic and spending at local businesses.

Despite these challenges, there is a growing nationwide movement to revitalize city downtowns, including Riverside. This movement is driven by factors such as the increasing importance of walkability and sustainability, the desire to create more vibrant and attractive urban spaces, and the need to attract young professionals. With additional attention and investment, Downtown Riverside can continue to become a vibrant and economically prosperous area that is attractive to people and businesses. Such a process is far more complicated than 'build it and they will come'. It can only take place if there is active government intervention: to invest in necessary infrastructure, to coordinate with private sector interests, and to alter local rules that discourage this kind of change and growth. The first step in overcoming these challenges is to inform the citizens, workers, businesses, and government leaders about the important and beneficial economic effects of investment in downtown.

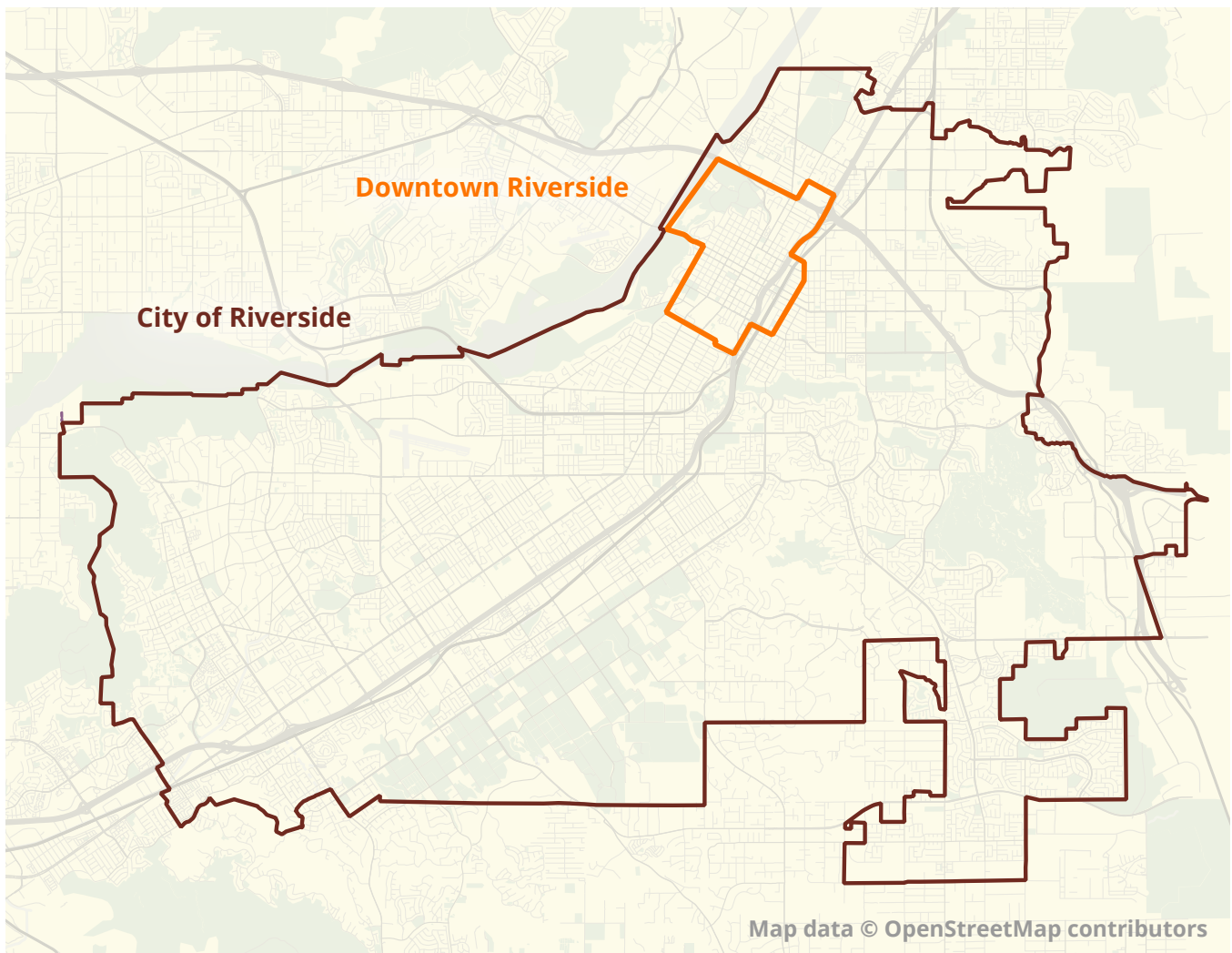




RIVERSIDE DOWNTOWN

2

Introduction



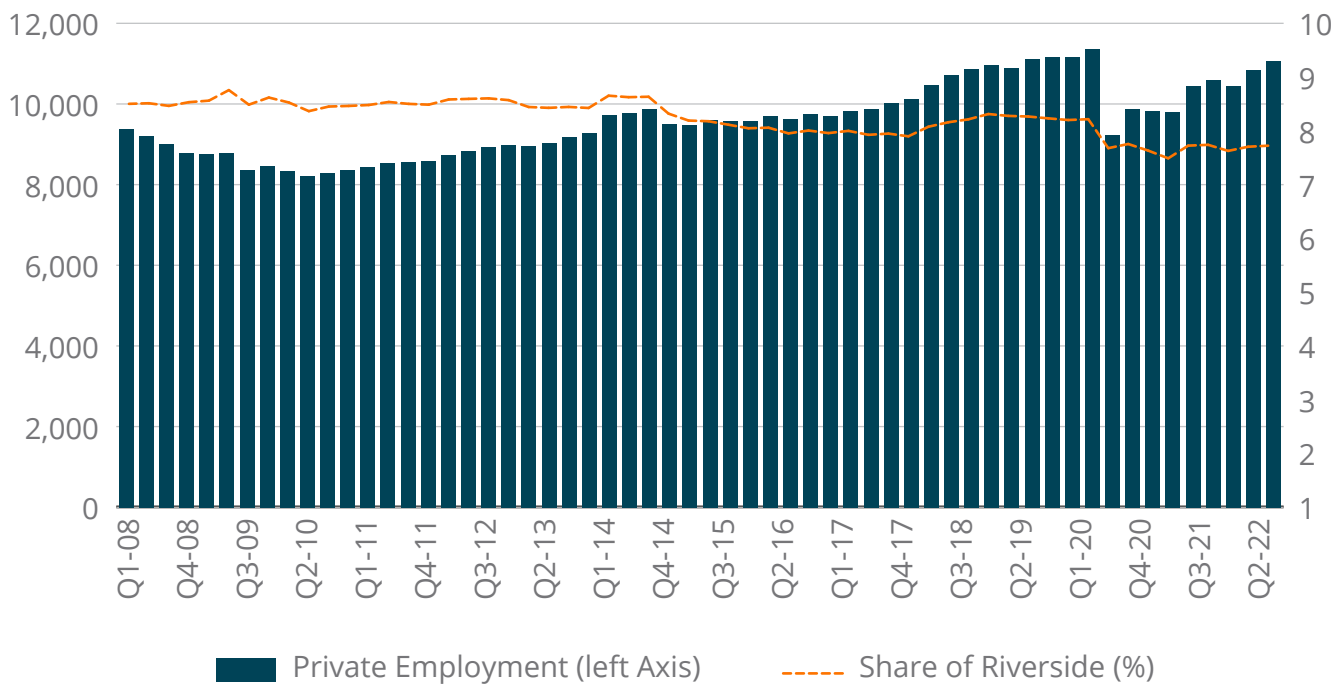
Located in the heart of the Inland Empire, Downtown Riverside is well known for its economic, arts, cultural, and residential uses. Downtown Riverside is home to more than a dozen historical sites listed on the National Register of Historic Places and more than 30 city-designated landmarks.

In addition, downtown is also home to City Hall, Riverside Main Library, Riverside Fox Theater and Municipal Auditorium, Riverside Convention Center, Riverside City College and RCC Center for Social Justice and Civil liberties, Civil Rights Institute of Inland Southern California, Cheech Marin Center for Chicano Art and Culture and the Riverside Art Museum, Mission Inn Museum, Museum of Riverside, UCR Arts, Mission Hotel & Spa, as well as the County Administrative Center, and county, state, and federal courts. These cultural landmarks not only enrich the fabric of Downtown Riverside but also significantly contribute to its economic vitality, attracting diverse audiences, fostering tourism, and creating a thriving ecosystem that supports local businesses and the broader community.

Much of the data used throughout this report is not easily accessible for a small geographic area such as Downtown Riverside. For example, employment figures are generally reported at the county level. The data presented here are drawn from the U.S. Bureau of Labor Statistics' Quarterly Census of Employment and Wages. Beacon Economics has special access to a database that contains the number of employers and employees, as well as the payroll for every establishment in the city, for every month of the year. The data were provided by the California Employment Development Department's (EDD) Labor Market Information Division, with the definition of "Downtown Riverside" provided by Riverside Downtown Partnership.

Note that the wage and salary employment data used does not include several categories of workers, including self-employed, freelance, independent contract, and other workers. Other workers in Downtown Riverside are not captured by this number because their actual employer is located elsewhere.ⁱⁱⁱ

Employment Environment in Downtown Riverside (Q1 2008 – Q2 2022)

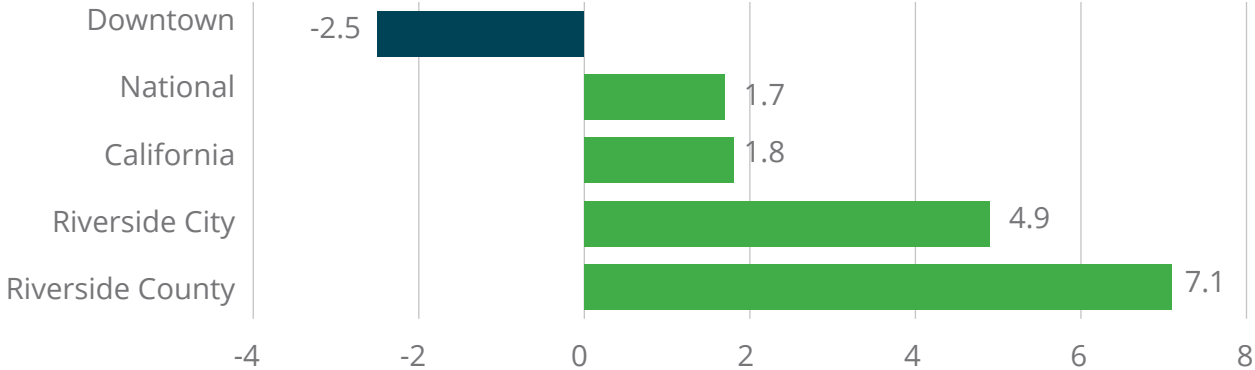


Source: California Employment Development Department; Analysis by Beacon Economics

iii Employment figures in this report reflect workers covered by State unemployment insurance (UI). These figures exclude proprietors, self-employed, unpaid family members, and certain farm and domestic workers. The employment count also excludes workers who earned no wages during the entire applicable pay period because of work stoppages, temporary layoffs, illness, or unpaid vacations.

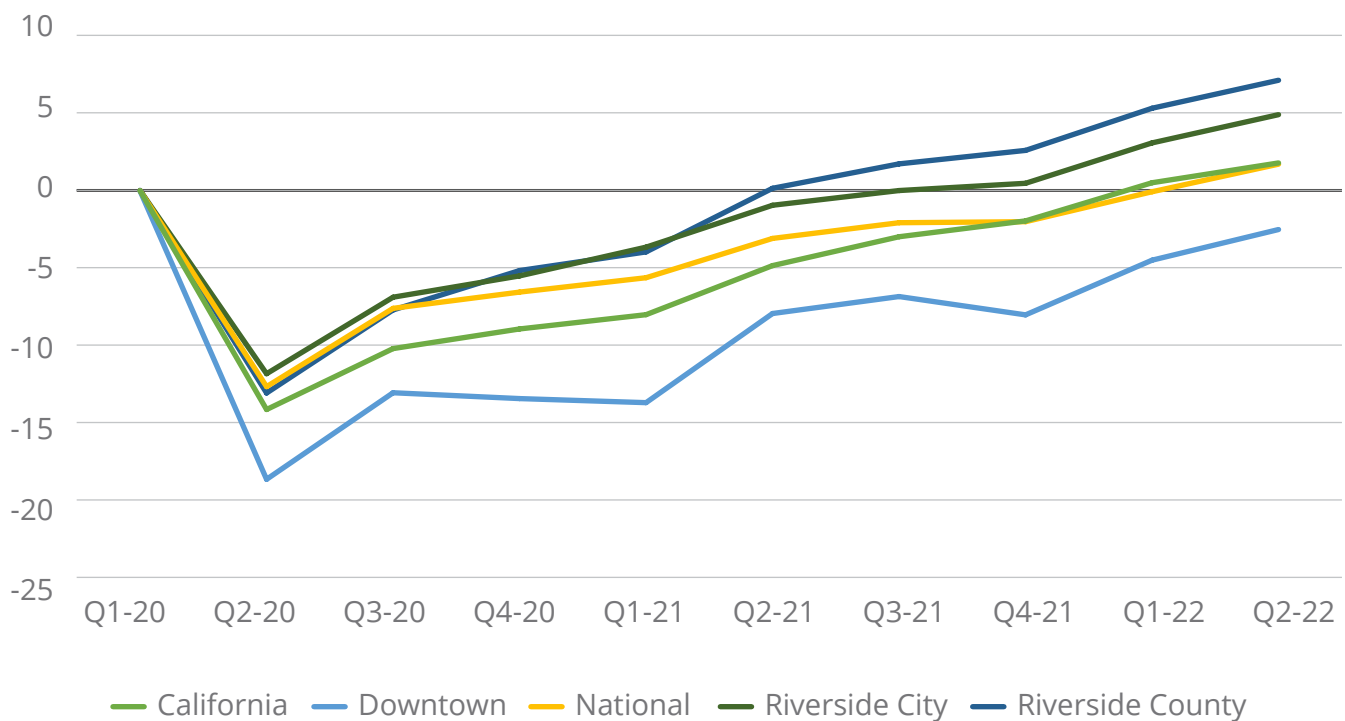
Downtown Riverside is home to more than 11,000 private-sector jobs, comprising roughly 7.5% of employment in the City of Riverside. The economic engine of downtown had been booming over the longer term, but the pandemic had an outsized impact on its economy. From first-quarter 2020 to second-quarter 2022 (the latest data available), private employment in Downtown Riverside declined -2.5%. This was at odds with local and national figures, which all experienced an increase during the same period. In fact, Riverside County has outperformed both the national and state-level trends, with employment up 7.1%. This report focuses primarily on private employment since Government employment tends to be centrally reported. However, it is worth noting that Downtown Riverside also has a large public-sector employment base and employs 13,000 public-sector workers, which is roughly 34% of government employment citywide.

Percent Change in Private Employment, Q1 2020 to Q2 2022



Source: California Employment Development Department; Analysis by Beacon Economics

Percent Change in Private Employment from Q1 2020



Source: California Employment Development Department; Analysis by Beacon Economics

The discrepancy in post-pandemic employment growth is largely due to differences in industrial composition. Job recoveries have varied across different sectors of the economy, with Downtown Riverside having a relatively small share of industries such as Transportation and Warehousing (also known as logistics) that have been among the top-performing sectors in the post-pandemic economy. Driven by an increase in online consumption, employment has surged in the logistics sector of the economy. Since the beginning of the pandemic, online consumption has increased from around 15% of all purchases to 18%. Downtown Riverside also employs a higher proportion of workers in Leisure and Hospitality, which was one of the most acutely affected industries during the pandemic. This also explains why employment in Downtown Riverside declined nearly -19% in the second quarter of 2020, while less pronounced drops were observed at the city, county, state, and national levels.

The table below shows location quotients by major industry. A key dimension of any economy is the extent to which it specializes in particular industries relative to other locations. Location quotients are a common measure to gauge industrial strength relative to other communities in the national economy. For each industry, a location quotient indicates whether a city is more specialized (greater than 1.2) or less specialized (less than 0.8) in a given sector compared to the communities in the rest of the nation. The industry with the lowest level of specialization in Downtown Riverside is logistics. In stark contrast, logistics is the most specialized sector in both Riverside and Riverside County. Downtown Riverside also has a pronounced specialization in locally-servicing industries, including Education, Health Care, and Leisure and Hospitality. Collectively, these sectors account for nearly 60% of private employment in downtown.

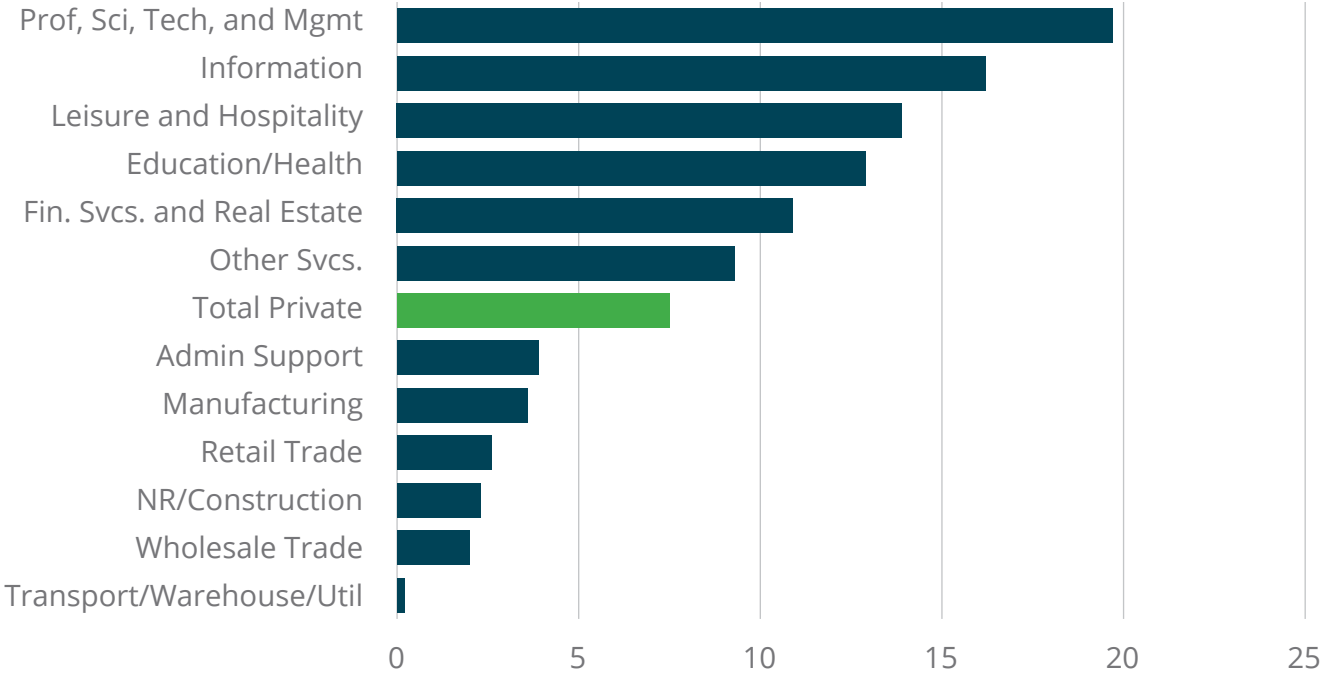
Location Quotients* by Major Industry

	Downtown Riverside	Riverside City	Riverside County	California
Education/Health	2.12	1.23	0.97	1.02
Leisure and Hospitality	1.64	0.88	1.22	1.02
Prof, Sci, Tech, and Mgmt	1.19	0.45	0.37	1.08
Other Svcs.	1.04	0.83	0.87	0.94
Information	1.00	0.46	0.34	1.68
Fin. Svcs. and Real Estate	0.82	0.56	0.50	0.82
Admin Support	0.75	1.42	1.07	1.03
NR/Construction	0.56	1.82	1.71	1.19
Manufacturing	0.33	0.70	0.67	0.87
Retail Trade	0.30	0.87	1.13	0.87
Wholesale Trade	0.28	1.03	0.86	0.94
Transport/Warehouse/Util	0.04	1.55	2.13	1.00

*Concentration of an industry within a specific area to the concentration of that industry nationwide.

Source: California Employment Development Department; Analysis by Beacon Economics

Downtown Riverside's Industry Share of Private Employment in the City of Riverside



Source: California Employment Development Department; Analysis by Beacon Economics

While some sectors have clearly performed better than others, there is even significant variation when compared to other geographies. The sector with the weakest recovery in downtown is Retail Trade, which declined -26.2%. The surge in work-from-home activity shifted consumption from places of work to places of residence, and as a result workers spent less money where they work and more money where they live. This put significant pressure on retailers and recreational businesses, particularly those operating in downtown areas. At the national level, the Retail Trade industry was up 1.3% while Riverside County experienced a 3.5% increase. The best-performing sector was Manufacturing, although it's important to keep in mind that Manufacturing is one of the smaller industries, so the double-digit increase comes from a small base. In other words, job gains/losses can appear accentuated if the industry is relatively small. The key takeaway is that across industries, Downtown Riverside has underperformed in terms of its employment recovery since the onset of the pandemic.

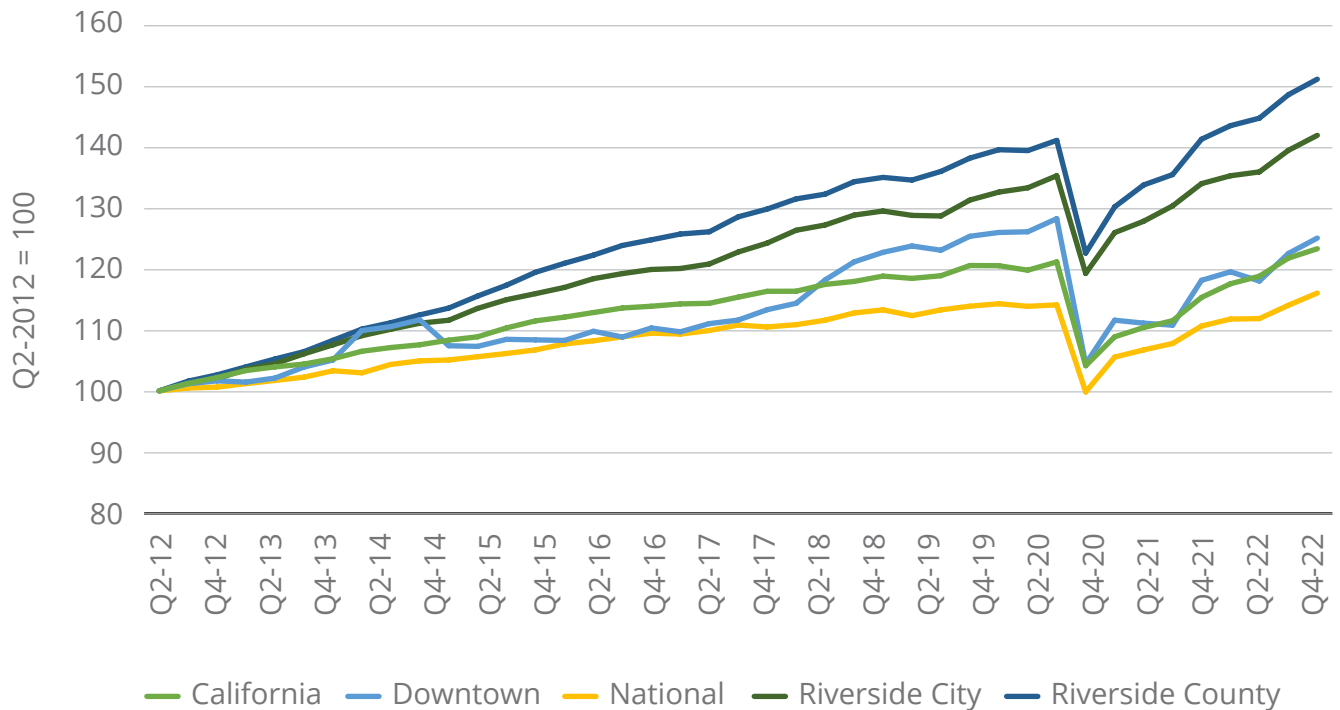
Percent Change in Employment by Major Industry (Q1 2020 - Q2 2022)

	Downtown Riverside	Riverside City	Riverside County	California	National
Admin Support	-10.5	7.7	8.5	5.4	5.0
Education/Health	-0.4	2.9	2.7	2.2	-0.8
Fin. Svcs. and Real Estate	-0.8	-9.7	2.6	0.2	2.5
Information	-2.2	-8.0	-12.0	8.0	5.2
Leisure and Hospitality	0.0	5.5	4.6	-3.9	-3.3
Manufacturing	23.6	-6.5	0.6	1.1	0.6
NR/Construction	-20.5	7.4	4.3	1.3	0.7
Other Svcs.	-10.0	-4.1	3.0	-3.2	2.9
Prof, Sci, Tech, and Mgmt	4.6	7.9	5.5	4.8	7.4
Retail Trade	-26.2	-2.2	3.5	-0.1	1.3
Transport/Warehouse/Util	-8.0	40.4	40.3	18.7	13.9
Wholesale Trade	0.0	9.8	8.3	-2.0	1.4
Total Private	-2.5	4.9	7.1	1.8	1.7

Source: California Employment Development Department; Analysis by Beacon Economics

While the short-term period shows that Downtown Riverside has experienced a slower recovery from the pandemic, the longer-term picture reveals that downtown has grown its employment base at a faster rate compared to the state and nation overall. Since the second quarter of 2012, private employment in Downtown Riverside has increased 25.3% compared to 42.2% citywide. The composition of jobs added over the course of the last decade in Downtown Riverside differs from the city. In Riverside, Education, Health Care, Construction, and Logistics have accounted for nearly 63% of net jobs added in the last decade, while Education, Health Care, and Leisure and Hospitality have accounted for nearly 86% of net jobs added in Downtown Riverside. Education and Health Care alone accounted for half of the jobs added in Downtown Riverside. Beyond its importance to total citywide job growth, Downtown Riverside has been a contributor to the employment growth of several industries within the city. Notably, downtown has accounted for nearly 20% of the city's employment growth in Leisure and Hospitality in the last decade (2Q 2012 - 2Q 2022).

Indexed Private Employment by Select Area



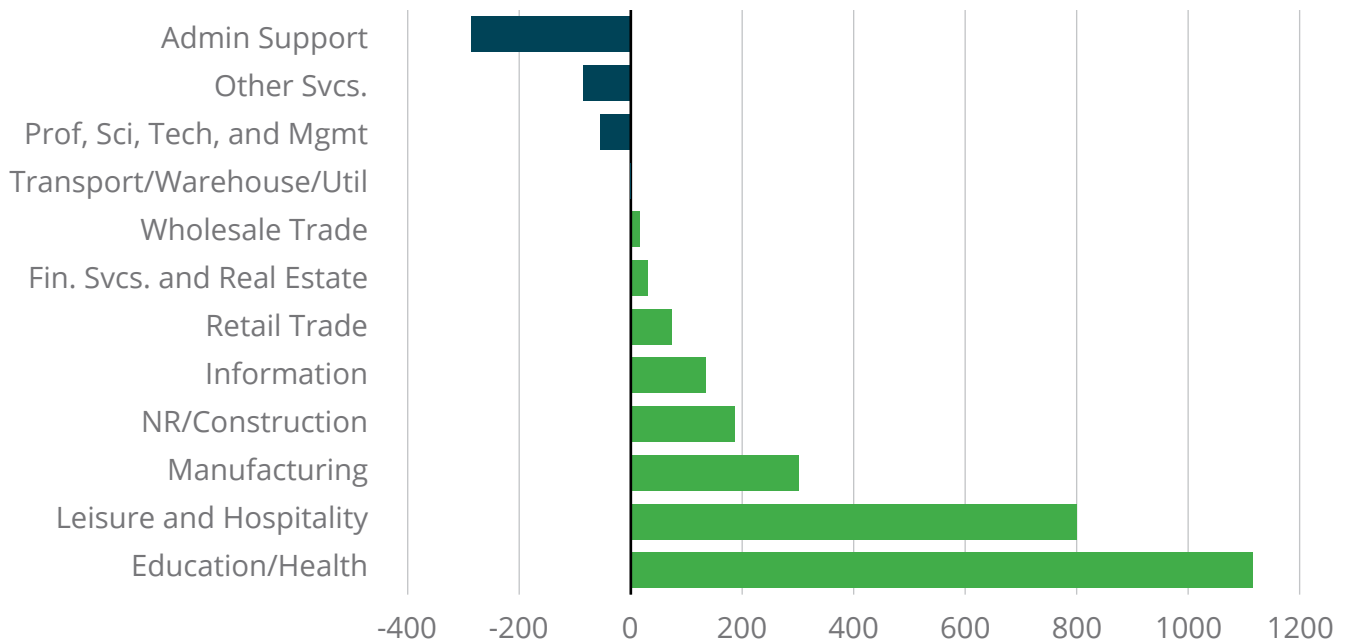
Source: California Employment Development Department; Analysis by Beacon Economics

Employment Growth in Downtown Riverside

Industry	Employment 1Q-22	Downtown Riverside		Riverside City	
		1-Yr.%	10-Yr.%	1-Yr.%	10-Yr.%
Manufacturing	366	28.4	463.1	0.7	38.4
Leisure and Hospitality	2,230	22.3	56.1	12.8	36.5
Admin Support	620	9.9	-31.6	3.8	45.8
Prof, Sci, Tech, and Mgmt	1,325	9.5	-4.0	6.1	19.0
Other Svcs.	430	4.4	-16.5	6.4	14.7
Trade, Transportation, Utilities	166	3.1	11.4	10.4	83.1
Education/Health	4,207	2.7	36.1	5.3	45.6
Information	261	0.4	107.1	7.0	-14.0
Retail Trade	403	-8.6	22.9	4.2	0.7
Fin. Svcs. and Real Estate	608	-9.7	5.6	4.7	11.1
NR/Construction	454	-13.5	70.7	3.7	116.5
Total Private	11,070	5.9%	25.3%	5.9%	42.1%

Source: California Employment Development Department; Analysis by Beacon Economics

Jobs Added/Lost from Q2 2012 to Q2 2022 in Downtown Riverside



Source: California Employment Development Department; Analysis by Beacon Economics



3

Economic Conditions and Contributions

Establishment Dynamics

Long-term employment growth reflects an influx of new business establishments into the city, as well as expanding payrolls at existing companies. Since 2010, 184 more establishments have opened in Downtown Riverside than have gone out of business as measured during their first year of operation (births minus deaths, or openings less closings). Gains appear to have tapered off a bit in 2022 in terms of new establishments (births), largely due to consolidation.

Business Establishments in Downtown Riverside*

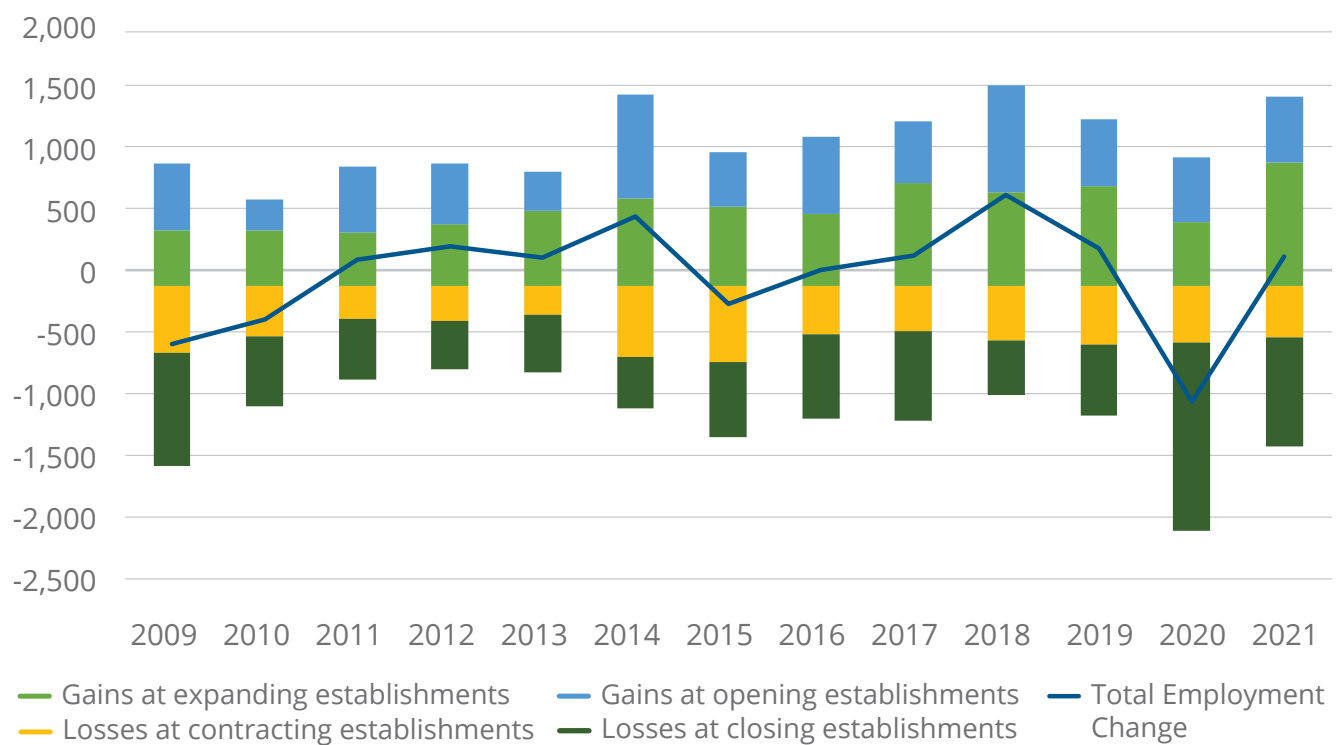
	City of Riverside			Downtown Riverside		
	Openings	Closings	Net	Openings	Closings	Net
2009	2,238	3,061	-823	28	43	-15
2010	2,114	1,668	446	22	10	12
2011	2,054	1,420	634	25	15	10
2012	2,199	1,567	632	34	24	10
2013	1,911	961	950	20	13	7
2014	2,130	1,079	1,051	30	14	16
2015	2,311	1,149	1,162	38	13	25
2016	2,490	983	1,507	36	17	19
2017	2,212	1,142	1,070	30	18	12
2018	2,244	1,245	999	47	24	23
2019	2,312	1,139	1,173	30	22	8
2020	1,939	1,102	837	41	13	28
2021	2,065	1,230	835	39	21	18
2022 YTD	645	558	87	6	10	-4

* Business establishments with at least three employees.

Source: California Employment Development Department; Analysis by Beacon Economics

When examining job changes, there are four distinct ways to break them down, each shedding light on different aspects of business establishment changes. The first is gains at existing establishments, which refers to the number of jobs created within operating businesses. This measurement highlights expansion and growth within established companies, reflecting a positive trend in employment. On the flip side, losses at existing establishments focus on the number of jobs that have been lost within active businesses, indicating a decline in employment opportunities. The third category (losses at closing establishments) captures job losses resulting from the closure of businesses. This metric is significant as it reflects economic downturns or shifts in industry demands. Lastly, losses at contracting establishments highlight the reduction of the workforce within operating companies.

Decomposing the Annual Change in Private Employment in Downtown Riverside



Source: California Employment Development Department; Analysis by Beacon Economics

In Downtown Riverside, many businesses faced challenges and had to downsize their workforce due to reduced demand or operational restrictions. However, the implementation of government programs like the Paycheck Protection Program (PPP) played a crucial role in providing financial support to businesses, helping them stay afloat and preventing widespread closures. As a result, the losses at closing establishments were relatively minimal compared to losses experienced at contracting establishments during the pandemic. The recovery is evident by looking at expanding establishments, which increased by nearly 1,100 in 2021, the largest amount dating back over a decade.

Industry Clusters in Downtown

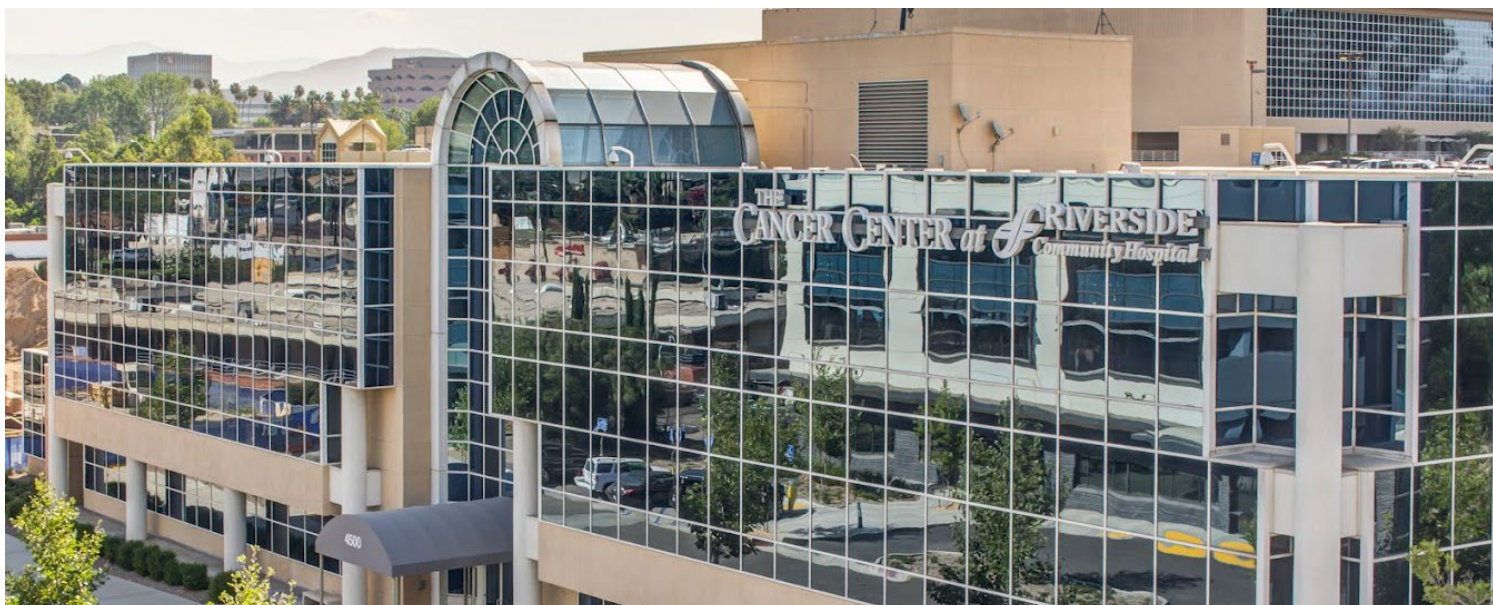
Where are sources of longer-term growth for the Downtown Riverside economy? An answer to this question requires differentiating between the industries that largely serve the local resident population and those that sell goods or services to customers outside the local economy. In simple terms, spending that takes place in local industries is generally due to locally earned income that recirculates within the local economy. By comparison, traded industries are a source of new income; hence, new local spending. For example, a factory that sells its manufactured products to a customer outside of Riverside will generate new income for the factory and its employees.



Individual industries within each sector are grouped according to whether they are “traded” or “local.” Traded industries generate new income and grow the local economy while local industries recirculate income once it has been earned.

In Downtown Riverside, the Healthcare industry has been vital in providing a stable supply of jobs in the local economy, as the variety of jobs associated with this industry employs a myriad of skill levels. Local Health Services is by far the largest industry cluster in downtown, accounting for one-third of private jobs (3,750) as of second-quarter 2022. The local-serving health clusters largely focus on providing direct care to local residents either at hospitals or smaller provider offices.

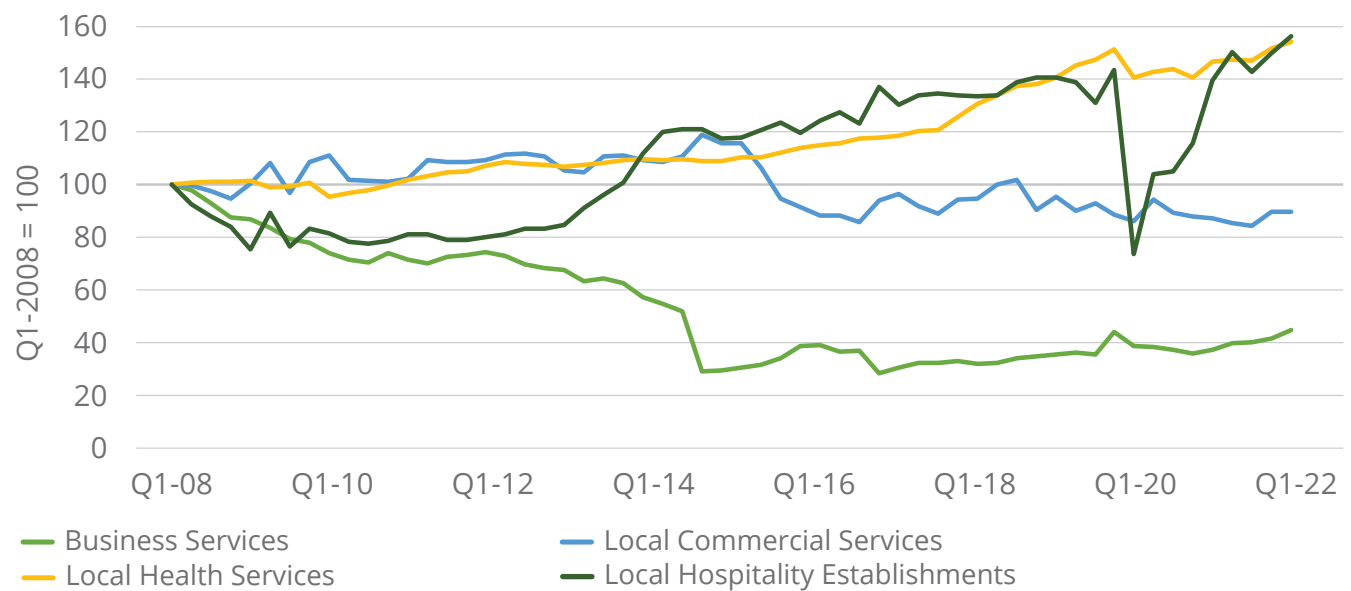
The senior population is expected to continue growing significantly and with the last of the baby boomers retiring, the working-age to retiree population is expected to decline. Over the long term, this shift in demographics could have a number of implications for the regional Healthcare industry. With a large number of baby boomers entering retirement – the youngest turning 65 by 2029 – an aging population will mean an increase in demand for healthcare and supportive services. Caring for an aging population will also likely require a shift in resources, given the inordinate costs associated with senior healthcare needs. Employment in the Healthcare industry is expected to grow, as the shift in demographics and political pressures to increase the number of individuals with access to affordable healthcare continues on its current trajectory, which bodes well for Downtown Riverside as a hub for healthcare and healthcare services.



Given the prominence of the Riverside Convention Center in the downtown area and the fact that the facility hosts numerous events, one would expect the traded cluster of Hospitality and Tourism would be particularly significant in the broader sector of Leisure and Hospitality. However, most business establishments in Leisure and Hospitality are hospitality establishments, otherwise known as eating and drinking places. While hospitality establishments serve both visitors and residents, most activity comes from local residents. However, Downtown Riverside has experienced an increase in the number of hotels in operation, most notably the Hyatt Place and Hampton Inn Hotels. The Hospitality and Tourism employment cluster has grown at roughly the same rate as the local Health Services employment cluster since 2008.

Clearly, there has been a significant bifurcation in industry cluster performance. Locally serving clusters have generally fared well while traded sectors have struggled. Regardless of broader economic conditions, the Business Services cluster has experienced a gradual longer-term decline since 2008, with employment declining by more than half (-632 jobs). Traded clusters may be important sources of growth for the broader economy, but that should not diminish the contributions local clusters make to Riverside’s economy. For one, they are major sources of employment, as reflected in the fact that the downtown’s largest single employment cluster is Health Care.

Prominent Employment Clusters in Downtown Riverside (Q1 2008 - Q2 2022)



Source: California Employment Development Department; Analysis by Beacon Economics

Industry Wages

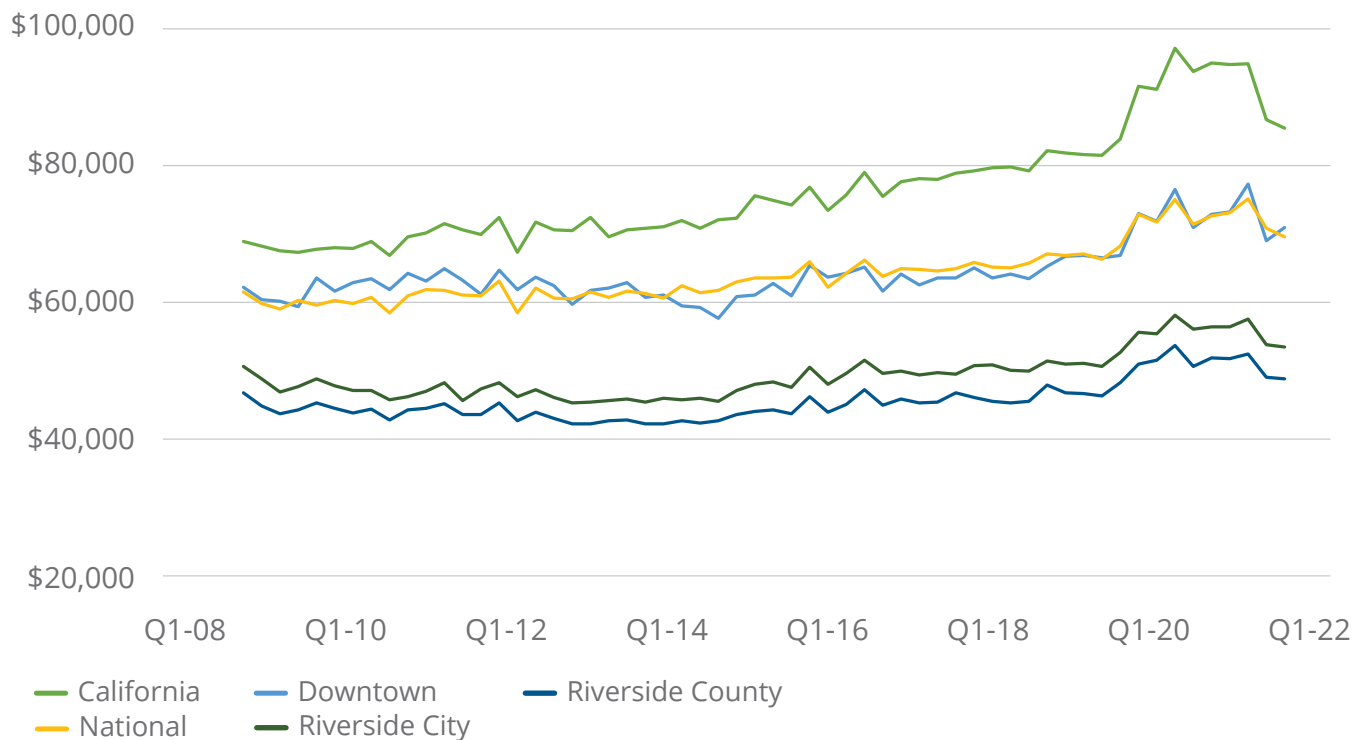
Industrial specialization is a significant factor in determining the wealth of any city or state. Cities specializing in high-paying sectors will have higher income levels. For example, the communities of Silicon Valley specialize in high-paying, high-tech jobs, which drives up income levels in the region. Downtown Riverside is specialized in both high and low-paying sectors. Compared to the entire city, Downtown Riverside employs a large share of Professional and Technical Services positions, which is the second highest-paying industry in downtown. The average private-sector worker in downtown earns the same average wage as private-sector workers nationally. However, compared to the city overall, the average worker in downtown earns a wage that's nearly 30% higher than the citywide average. All but two sectors in Downtown Riverside pay a higher wage than the citywide average. The largest differential exists in Financial Activities (Finance and Insurance and Real Estate), where workers earn nearly 65% more than the citywide average.

Industry	Average Wage (\$000s)	Downtown		Riverside		Rel Wage (%)
		1-Yr.%	10-Yr.%	1-Yr.%	10-Yr.%	
Manufacturing	56.5	22.4	49.9	6.5	41.1	-14.5
Retail Trade	52.8	19.7	97.0	3.0	50.4	19.7
Information	76.5	18.3	-18.3	-0.7	49.6	8.1
Wholesale Trade	84.5	15.5	41.9	10.5	69.1	9.4
Education/Health	83.4	11.9	36.1	4.5	26.2	45.0
Transport/Warehouse/Util	55.5	10.5	47.2	0.2	31.3	-9.7
Leisure and Hospitality	34.4	6.6	48.7	5.3	54.2	31.2
Admin Support	48.1	6.2	54.8	7.6	59.8	35.6
NR/Construction	80.8	5.7	26.4	4.1	47.8	23.1
Prof, Sci, Tech, and Mgmt	93.4	2.6	65.9	-2.5	54.7	2.7
Other Svcs.	57.2	2.2	59.2	7.3	60.9	14.6
Fin. Svcs. and Real Estate	117.7	-0.3	50.8	-3.5	34.8	64.5
Total Private	\$71,300	5.9%	43%	3.4%	45%	29%

Source: California Employment Development Department; Analysis by Beacon Economics

Across the board, wages have risen at a solid clip. In Downtown Riverside, the average wage for all private-sector workers increased by 5.9% year over year compared to 3.4% at the city level. Higher wages should draw workers back into the labor force, and there is already some evidence of this. However, real wages in the state barely rose during the year due to consumer price inflation. Inflation has undoubtedly taken a large bite out of worker earnings; however, since 2020, inflation-adjusted earnings in Downtown Riverside have grown 5.5% compared to 1.3% citywide and 1.8% statewide.

Inflation-Adjusted Private Average Annual Wages (Q1 2008 - Q2 2022)



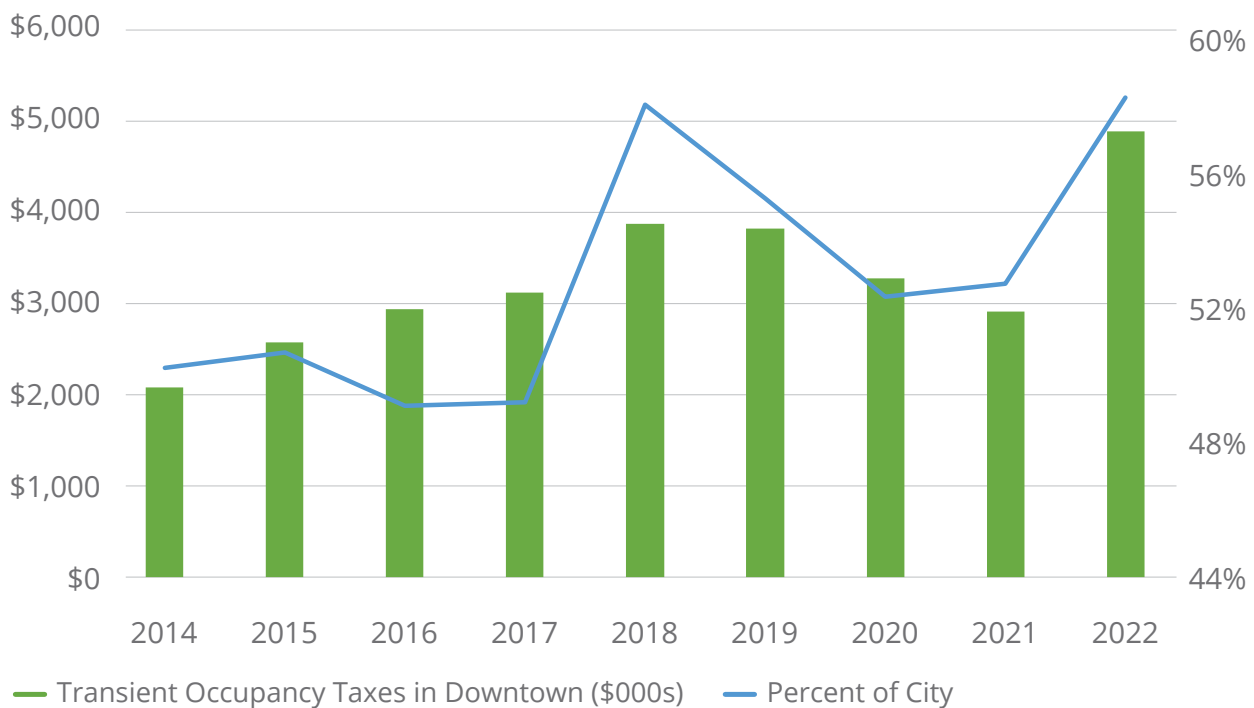
Source: California Employment Development Department; Analysis by Beacon Economics

Revenue Generation

Over the past 10 years, Downtown Riverside has become a more important source of revenue for the city. This change can be seen in relation to downtown’s growing contribution to four key revenue sources: business taxes, Transit Occupancy Taxes (TOT) (“hotel” taxes), assessed property values (which generate property taxes) and sales taxes.

- Downtown Riverside’s share of TOT has increased greatly since 2014, growing from 50% to 58% of the city’s total. This growth can be attributed to the Riverside Convention Center and notable hotels such as the Hyatt Place and Hampton Inn Hotels.
- In fact, 2022 was a record-setting year for TOT revenues in the city, amounting to nearly \$5 million. Downtown Riverside has also experienced an increase in the number of rooms available, most notably the six-story Hampton Inn Hotel.

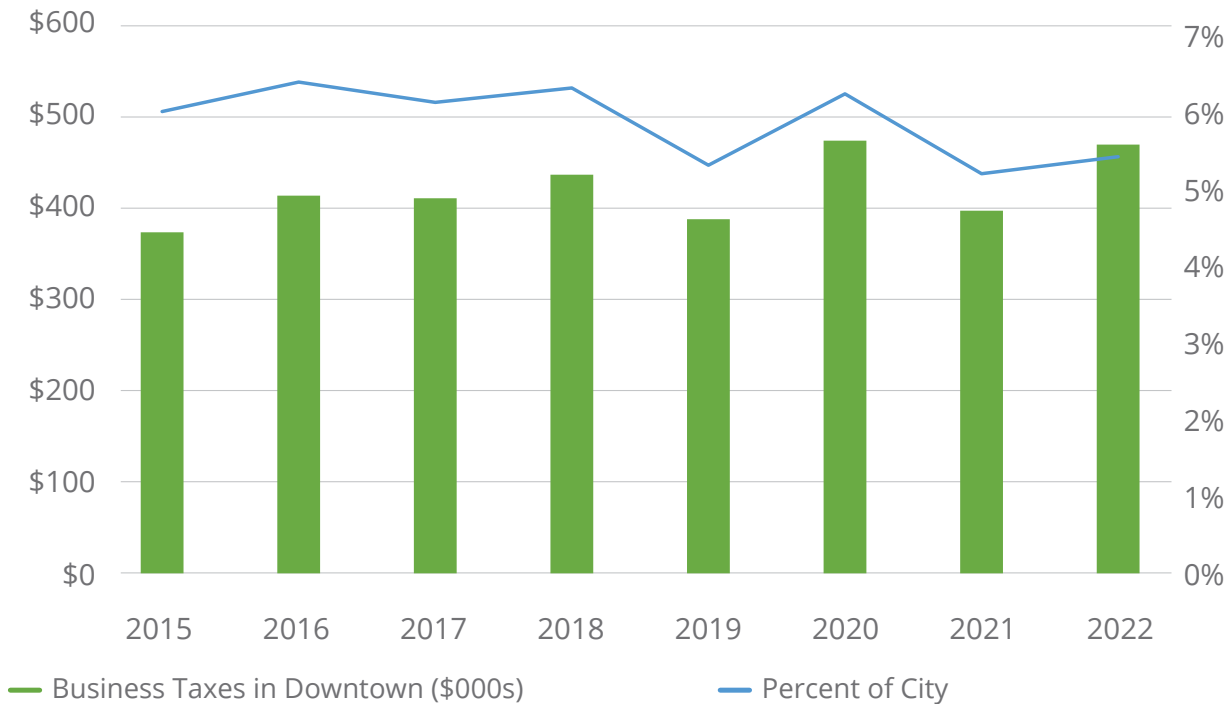
Transient Occupancy Taxes in Downtown Riverside



Source: City of Riverside; Analysis by Beacon Economics

- Each year, every person who engages in business within Riverside is required to obtain a tax registration certificate, pay the associated business tax, or obtain an exemption. Riverside processes roughly 3,000 new business tax certificate requests each year, either when businesses open or when they change ownership. Business taxes in Downtown Riverside have accounted for roughly 5% of business taxes citywide.

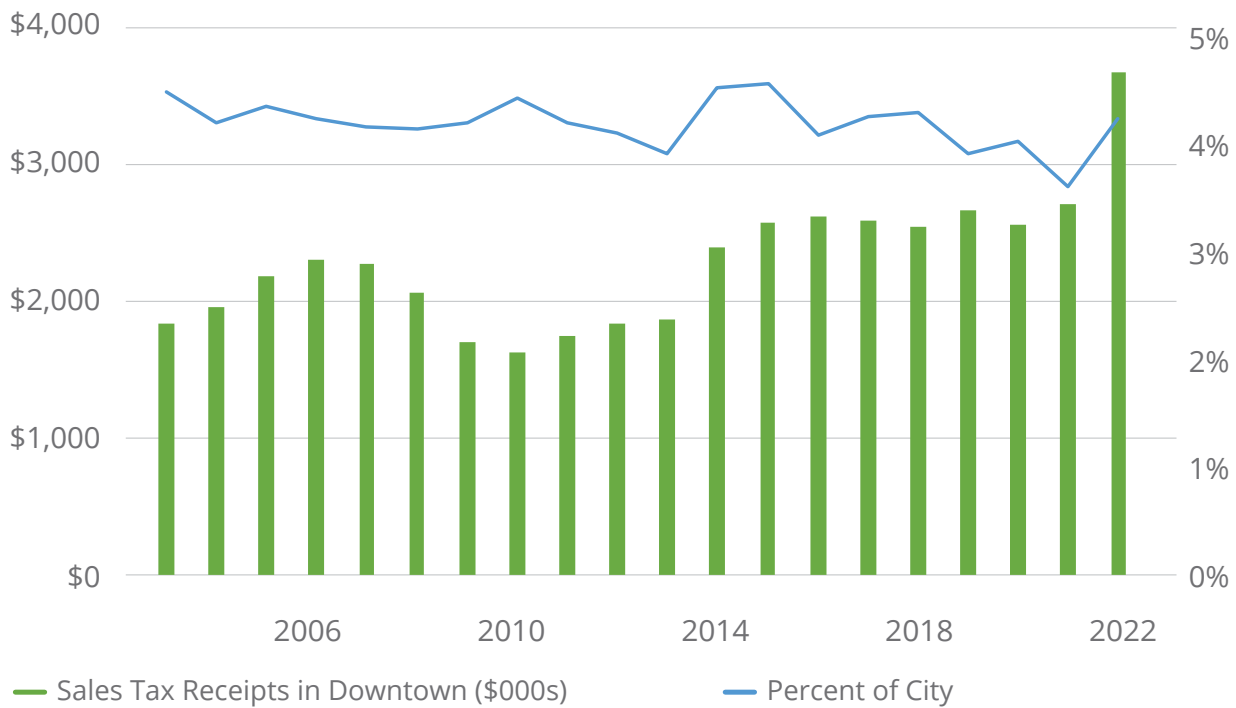
Business Taxes in Downtown Riverside



Source: City of Riverside; Analysis by Beacon Economics

- Sales taxes are administered by the state and local governments. Retailers collect sales tax at the point of sale on their goods and then send their collections to the government. Downtown Riverside accounts for more than 4% of sales tax receipts collected citywide. Downtown’s contributions to the city’s sales tax receipts have remained steady over time as the population has grown disproportionately in other parts of the city.

Sales Tax Receipts in Downtown Riverside

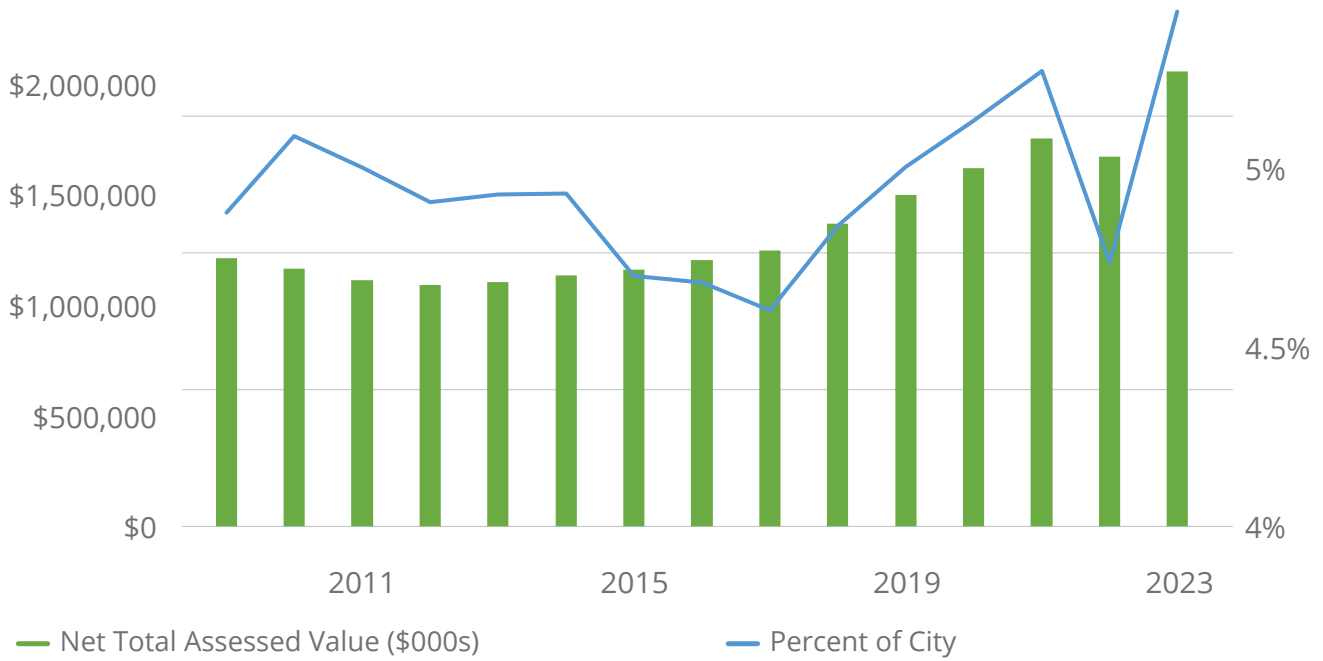


Source: City of Riverside; Analysis by Beacon Economics



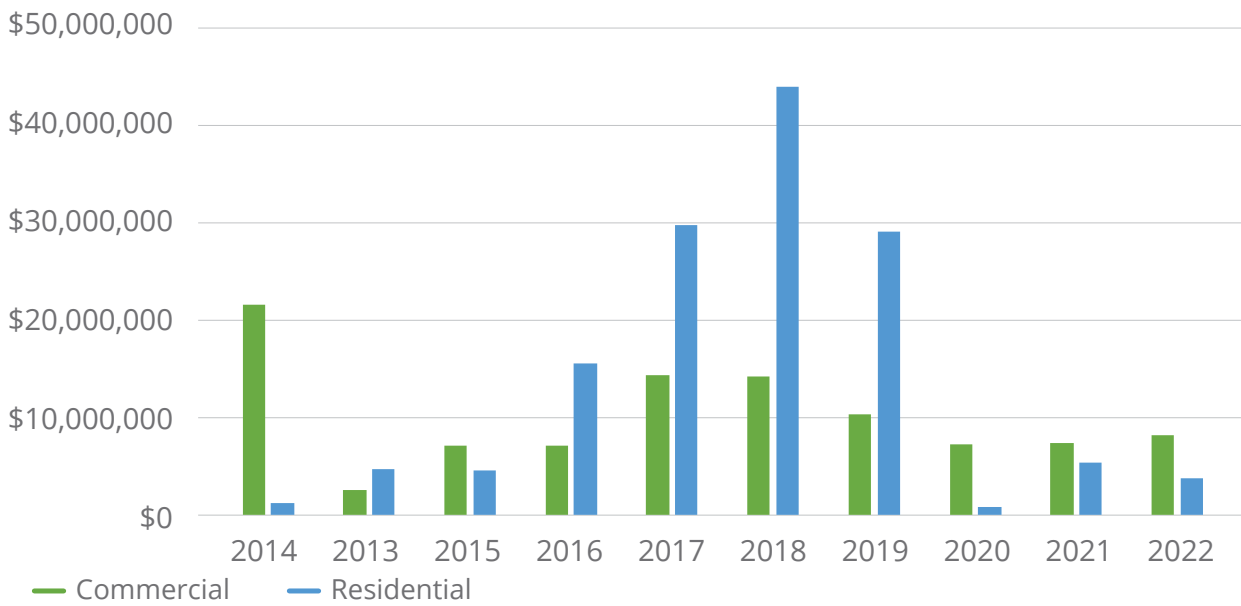
- Property owners are required to pay a tax based on the assessed value of their properties. These taxes are collected by the city and county. Property taxes account for a large share of Riverside’s general fund revenue. Downtown Riverside has accounted for a greater share of the city’s assessed property value over time, growing from 4.8% to 5.2% of the total since fiscal year 2009.
- Construction activity in Downtown Riverside will continue to help increase downtown’s contribution to citywide assessed value. In terms of overall value, construction has been concentrated in the residential segment of the market, but commercial activity is beginning to make a comeback with the total value of commercial permits totaling \$8.1 million in 2022, a 10.4% increase compared to 2021.

Net Total Assessed Value in Downtown Riverside



Source: City of Riverside; Analysis by Beacon Economics

Construction Permit Values in Downtown Riverside



Source: City of Riverside; Analysis by Beacon Economics

Demographic Profile

Population Characteristics in 2021: Downtown Riverside

Metric	2021 (in 000s or %)			Change from 2019 (%)		
	Downtown Riverside	Riverside City	Riverside County	Downtown Riverside	Riverside City	Riverside County
Population (000s %)	11.0	317.3	2,458.4	-3.7	-4.3	-0.5
Median Age (Years %)	33.5	32.9	36.6	-5.2	5.8	1.1
Population Under 18 Years of Age (% p.p.)	19.5	22.1	24.6	18.6	-8.9	-1.1
Population (25+) with a High School Diploma (% p.p.)	82.8	84.0	83.3	0.6	3.0	0.2
Population (25+) with a Bachelor's Degree (% p.p.)	24.0	23.4	24.0	-1.0	1.3	0.5

Source: U.S. Census Bureau's American Community Survey; Analysis by Beacon Economics

- In 2021, Downtown Riverside had a population of around 11,000 residents, with a median age of 33.5 years, which was slightly higher than Riverside's median age.
- Roughly 83% of downtown's residents hold at least a high school diploma, fewer than the citywide average of 84%. However, 24% of downtown's residents are college graduates, which is higher than the citywide average of 23.4%.

Income Characteristics in 2021: Downtown Riverside vs. Nearby Areas

Metric	2021 (in 000s or %)			Change from 2019 (%)		
	Downtown Riverside	Riverside City	Riverside County	Downtown Riverside	Riverside City	Riverside County
Median Household Income (\$000s %)	68.9	76.6	79.0	15.6	6.4	7.9
Household Income: Less than \$25,000 (% p.p)	21.2	12.7	13.9	-3.5	-1.0	-1.9
Household Income: \$25,000 to \$50,000 (% p.p)	19.6	17.6	17.6	-3.3	-0.5	-0.3
Household Income: \$50,000 to \$100,000 (% p.p)	27.6	31.4	29.6	-1.5	-2.6	-1.2
Household Income: Above \$100,000 (% p.p)	31.6	38.3	38.9	8.3	4.0	3.5
Households in Suppl. Nutrition Assist. Program (% p.p)	7.4	4.1	5.6	0.1	-0.5	0.6
Share of Households with Public Assistance (% p.p)	1.9	3.3	4.3	-2.1	-0.0	1.4

Source: U.S Census Bureau's American Community Survey; Analysis by Beacon Economics

- Around 21.2% of Downtown Riverside's households have an income of less than \$25,000 per year compared to 12.7% at the city level. By contrast, 38.3% of households in the city have a household income greater than \$100,000 compared to 31.6% in downtown.

Housing Characteristics in 2021: Downtown Riverside vs. Nearby Areas

Metric	2021 (in 000s or %)			Change from 2019 (%)		
	Downtown Riverside	Riverside City	Riverside County	Downtown Riverside	Riverside City	Riverside County
Housing Units (000s %)	4.5	94.2	858.7	0.9	3.2	1.5
Owner-Occupied Housing (% p.p)	32.5	56.2	68.2	-0.4	3.0	1.1
Housing Vacancy (% p.p)	4.4	3.3	10.8	2.3	-0.9	-3.5
Housing Structure Built Before 2000 (% p.p)	88.6	83.0	65.7	-6.4	-2.5	-3.1
Households that Moved in Before 2000 (% p.p)	11.5	17.0	13.0	-3.5	-3.2	-2.9

Source: U.S. Census Bureau's American Community Survey; Analysis by Beacon Economics

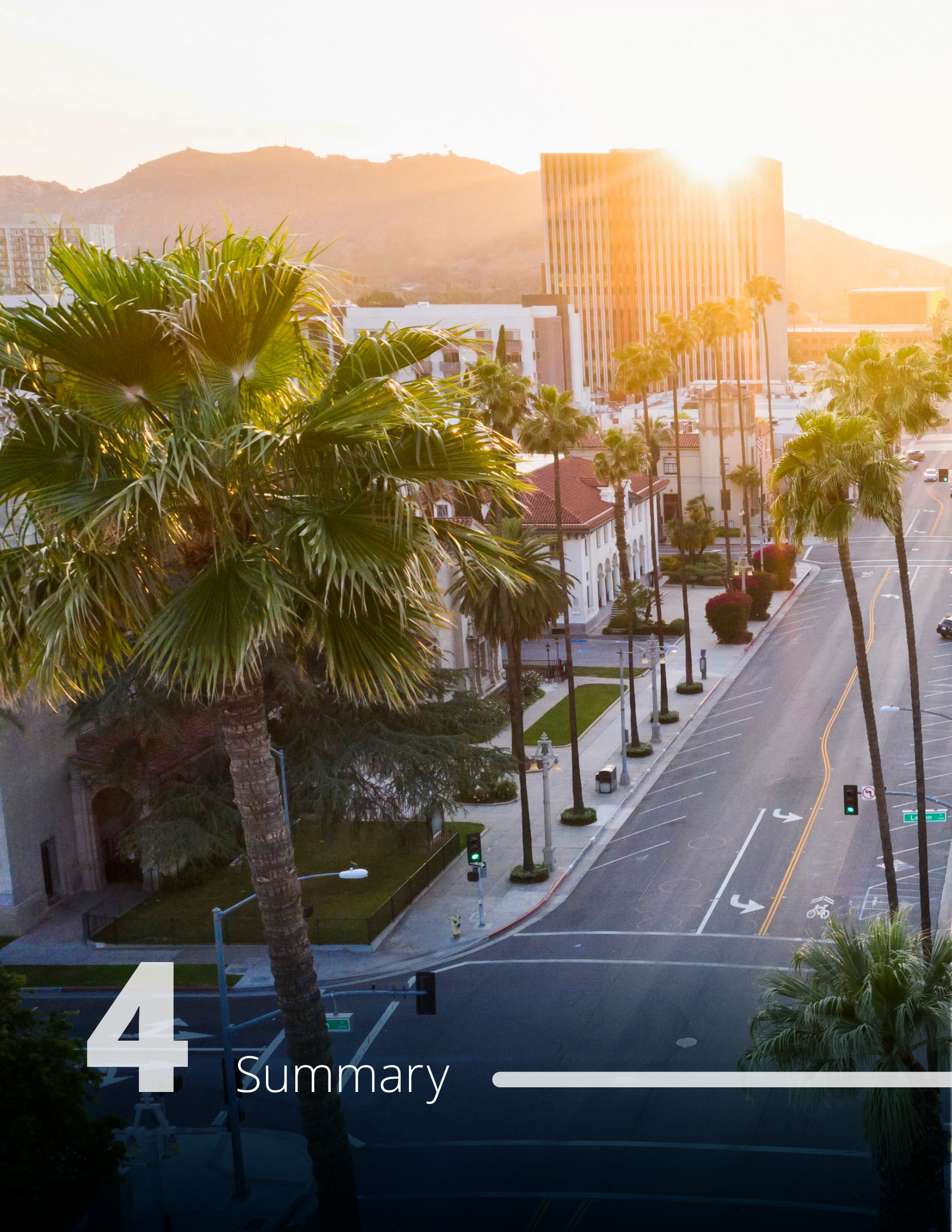
- Nearly one-third of housing units in Downtown Riverside are owner-occupied compared to 56.2% citywide.
- At 4.4%, Downtown Riverside has a higher housing vacancy rate compared to the city, but it is considerably lower than the countywide rate of 10.8%.
- Less than 12% of residents in Downtown Riverside moved in before 2000 compared to 17% citywide.

Resident Employment Characteristics in 2021: Downtown Riverside vs. Nearby Areas

Metric	2021 (in 000s or %)			Change from 2019 (%)		
	Downtown Riverside	Riverside City	Riverside County	Downtown Riverside	Riverside City	Riverside County
Employed Workers (000s %)	5.8	155.0	1,060.2	1.2	-2.3	-1.4
Unemployment Rate (% p.p)	9.8	8.8	8.7	-1.3	4.1	2.9
Average Commute Time (Min. %)	27.8	29.7	32.1	1.4	-12.4	-10.1
Public Transit Commuters (% p.p)	1.9	0.9	0.7	0.4	-1.6	-0.5
Top Occupations						
Mgmt, Bsn, Sci, and Arts (% p.p)	34.3	30.8	32.2	-0.4	1.6	0.4
Service (% p.p)	16.3	16.2	19.1	-4.8	-3.9	-1.3
Sales (% p.p)	24.1	22.5	22.0	2.3	0.5	-0.1
Natural Resources (% p.p)	8.0	12.2	11.1	2.0	2.0	0.2
Prod, Transp, and Moving (% p.p)	17.3	18.3	15.7	0.9	-0.3	1.0

Source: U.S. Census Bureau's American Community Survey; Analysis by Beacon Economics

- In Downtown Riverside, 1.9% of commuters use public transportation, more than the city (0.9%) or county (0.7%).
- Although the unemployment rate among Downtown Riverside's residents declined to 9.8 percent in 2021, it was still higher than the citywide rate of 8.8%.



4 Summary

Overall, Downtown Riverside has a disproportionately high impact on Riverside's economy. Downtown is home to a higher proportion of jobs and public revenues relative to its share of the city's population. Jobs in Downtown Riverside pay a wage 30% higher than the citywide average. At the same time, downtown's economy has been hit a little harder by the initial economic impact surrounding the pandemic. Downtown is home to a higher proportion of office-related activities – such as professional services and information – than the rest of the city and county.

With a greater share of employees working from home, some consumption has shifted from places of work to places of residence. This impacts not only the retail sector of the economy but also Leisure and Hospitality in the downtown area. This short-term impact, however, should not detract from downtown's core strengths and its continued importance to the city's economy.

In recent years, Downtown Riverside has faced its fair share of challenges. The nationwide rise of work-from-home opportunities has had an outsized impact on downtown economies in particular. With fewer people commuting to work, there has been a decline in foot traffic and spending at local businesses.

However, there is a growing movement to revitalize downtowns driven by certain factors, including the increasing importance of walkability and sustainability, the desire to create more vibrant and attractive urban spaces, and the need to attract young professionals. With additional attention and investment, Downtown Riverside can continue to become a vibrant and economically prosperous area that is attractive to people and businesses. Investment in public transportation, construction that favors mixed-use development, tax breaks, and other incentives for new and existing businesses — as well as support for arts and cultural institutions — can help revitalize Downtown Riverside into a place where people want to live, work, and visit.

Downtowns are still the biggest job centers in most regions. Generally, downtowns provide firms with better access to workers, business services, infrastructure, and networking opportunities. The pandemic hasn't changed this. Firms will still want a presence in downtown areas.

Efforts to invest in a safe and clean downtown can generate a substantial amount of tax revenue for government agencies throughout the city. These funds pay for the necessities of society: roads, bridges, social programs, police and firefighters, parks, and schools. Investing in Downtown is far more nuanced than 'build it and they will come'. It can only take place if there is active government intervention: to invest in necessary infrastructure, to coordinate with private sector interests, and to alter local rules that discourage this kind of change and growth. The first step in overcoming these challenges is to inform the citizens, workers, businesses, and government leaders about the important and beneficial economic effects of investment in downtown



Acknowledgments

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About Beacon Economics

Founded in 2007, Beacon Economics, an LLC and certified Small Business Enterprise with the state of California, is an independent research and consulting firm dedicated to delivering accurate, insightful, and objectively based economic analysis. Employing unique proprietary models, vast databases, and sophisticated data processing, the company's specialized practice areas include sustainable growth and development, real estate market analysis, economic forecasting, industry analysis, economic policy analysis, and economic impact studies. Beacon Economics equips its clients with the data and analysis they need to understand the significance of on-the-ground realities and to make informed business and policy decisions.

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Downtown Riverside: Economic Conditions and Contributions

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