

# CHOOSING TO CHANGE



**e!evate**

2023 GREATER PALM SPRINGS ECONOMIC REPORT





## CONTENTS

LEADERSHIP AND INVESTORS	2
ABOUT US	3
A MESSAGE FROM THE CEO	4
OUR PROGRAMS AND SERVICES	7
2023 ECONOMIC REPORT	12

## THANK YOU TO OUR SPONSORS

PRESENTING SPONSOR



PLATINUM SPONSOR



HUNTER | JOHNSEN  
SUCCESSFUL MARKETING BY DESIGN

MEDIA SPONSORS



Desert Sun.  
PART OF THE USA TODAY NETWORK

LOCALiQ

PALMSPRINGS LIFE

The Public Record

**SILVER** AGUA CALIENTE BAND OF CAHUILLA INDIANS • RIVERSIDE COUNTY OFFICE OF ECONOMIC DEVELOPMENT  
SOUTHERN CALIFORNIA EDISON • COLLEGE OF THE DESERT • SOUTHERN CALIFORNIA GAS COMPANY **BRONZE**  
BEST BEST & KRIEGER • EISENHOWER HEALTH • UNIVERSITY OF CALIFORNIA RIVERSIDE - PALM DESERT CENTER  
**PARTNER** CSUSB RESEARCH INSTITUTE FOR PUBLIC MANAGEMENT AND GOVERNANCE • OSBORNE RINCON CPAS  
WINSLOW DRAKE INVESTMENT MANAGEMENT **CITIES** CITY OF CATHEDRAL CITY • CITY OF COACHELLA • CITY  
OF INDIAN WELLS • CITY OF INDIO • CITY OF PALM SPRINGS **PRINTER** ACE PRINTING

## LEADERSHIP AND INVESTORS



2023 – 2024

### EXECUTIVE COMMITTEE

Chair: Deborah McGarrey	Southern California Gas Company
Vice-Chair: Todd Hooks	Agua Caliente Band of Cahuilla Indians
Treasurer: Moises "Ivan" Aguirre	Wells Fargo Bank
Secretary: Tracy Tremblay	Pacific Western Bank

---

### CVEP BOARD MEMBERS

Dan Ballister	LifeStream Blood Bank	Shane Massoud	Southern California Edison
Alan Brimmer	U.S. Bank	Tom Niva	The Desert Sun   LOCALiQ
Mark Carnevale	City of Cathedral City	Richard Oliphant	Oliphant Enterprises
Sandra Cuellar	Charter Communications	Lee Osborne	Osborne Rincon
Waymond Fermon	City of Indio	Agam Patel	UCR Palm Desert Center
Rodrigo Garcia	College of the Desert	Greg Sanders	City of Indian Wells
Grace Garner/Ron deHarte	City of Palm Springs	Phil Smith	Sunrise Company
Christine Hunter	Hunter   Johnsen	Joaquin Tijerina	Riverside County Office of Economic Development
Paulina Larson	Palm Springs Life	Jerry Upham	Gulf California Broadcast Company - KESQ
Amy Lawrence	City of Palm Desert	Ken Wheat	Eisenhower Health
Meg Marker/Steve Downs	City of Rancho Mirage		
Brandon Marley	Greater Coachella Valley Chamber of Commerce		

### HONORARY BOARD MEMBER

Edna Martinez	CSUSB Palm Desert Campus
---------------	--------------------------

---

### CVEP INVESTORS

#### BUSINESS DEVELOPMENT

Greater Coachella Valley Chamber of Commerce  
Riverside County Office of Economic Development

#### EDUCATION

College of the Desert  
CSUSB Palm Desert Campus  
UCR Palm Desert Center

#### FINANCIAL AND CAPITAL SERVICES

Pacific Western Bank  
PNC Bank  
Truist Foundation  
U.S. Bank  
Wells Fargo Bank

#### GOVERNMENT: CITIES

City of Cathedral City  
City of Indian Wells  
City of Indio  
City of Palm Desert  
City of Palm Springs  
City of Rancho Mirage

#### GOVERNMENT: TRIBAL

Agua Caliente Band of Cahuilla Indians

#### HEALTH SERVICES/HOSPITALS

Eisenhower Health  
LifeStream Blood Bank

#### MANAGEMENT SERVICES

Oliphant Enterprises

#### MARKETING, ADVERTISING, DESIGN AND PUBLIC OUTREACH

Hunter | Johnsen

#### MEDIA

Gulf California Broadcast Company  
Palm Springs Life  
The Desert Sun | LOCALiQ

#### PROFESSIONAL SERVICES

Osborne Rincon

#### REAL ESTATE DEVELOPMENT

Sunrise Company

#### TECHNOLOGY AND COMMUNICATIONS

Charter Communications

#### UTILITIES

Southern California Edison  
Southern California Gas Company



## ABOUT THE COACHELLA VALLEY ECONOMIC PARTNERSHIP (CVEP)

The mission of the Coachella Valley Economic Partnership is to incite vision-driven economic transformation in the Greater Palm Springs region. Established in 1994, the nonprofit organization has emerged as a vital innovator of regional business development initiatives by fostering entrepreneurship and diversifying industry. As the only regional entity with the capacity to execute technology-led economic development, the partnership promotes a diversified, year-round economy by facilitating programs that stimulate job creation in key industries. Visit [cvep.com](http://cvep.com) or call 760.340.1575.

### CVEP TEAM

Joe Wallace

Lesa Bodnar

Laura James

David Robinson

Rebecca Martinez

Ian Vos

Chief Executive Officer

Chief of Staff

Vice President of Innovation

Director of Analytic Services

Accounting

Operations Associate

## Message from the CEO Joe J. Wallace

The theme CVEP has chosen for the 2023 Economic Report is **"Choosing to Change."** With the daily disruptions of the pandemic behind us, this year will present the Coachella Valley with an opportunity to make deliberate choices that make this a more resilient region in which to work and live. Most economic metrics for the Coachella Valley peaked just before the days of the first lockdowns. Our region was growing and prospering as never before in late 2019 and early 2020. While it is instinctive to strive to get back to those days or to hunker down and hold on to what we have, that approach is not going to generate opportunities for all. Nor will it craft an inclusive and resilient economy of the future.

**"Becoming Essential"** was the theme for CVEP's 2020 Economic Summit. As I hope you all recall, it was our main industry – hospitality and tourism – that was most deemed to be non-essential. The Coachella Valley's largest employment sector shut down overnight. Examining the

percentages of the workforce in the non-essential sectors of food, lodging, retail, entertainment and other services, dependence on this primary sector has now increased slightly to 48.8%. If our former economist Dr. John Husing were presenting, he would likely give the region an A grade for recovery but a D or lower for moving toward an essential job base.

In 2021, during the first year of recovery, CVEP chose **"Pursuit"** for the Economic Summit theme. We chose this to primarily raise awareness of the need to relentlessly pursue a resilient and inclusive economy. Perhaps it was naïve to expect anyone to focus on rebuilding the structure of the local economy when businesses and families were still rebuilding, on an individual level, from the pandemic. Dr. Husing would most likely grade us an "incomplete" with encouragement to retake the class.

In 2022, the theme was **"Emergence,"** a reflection of the continual cautions that still dominated our lives. The bolder moves that have been made in the Coachella Valley such as Priority One Coachella Valley securing \$79 million for expanding the CSUSB Palm Desert Campus, and the opening of Acrisure Arena, represent steps that shook us out of our safe places. They encouraged us to begin living our pre-pandemic lives to the fullest. Dr. Husing may look at 2022 as a year that separated the bold from the timid, with some getting an A for zestful living and others needing a do-over.

2023 and 2024 are truly opportunities to **Choose to Change** if we are indeed bold, confident, and committed as a region to craft a prosperous future and have the perseverance to stay the course.

The population of the Coachella Valley peaked in late 2019 at 463,381 after a decade of slower than projected growth. Today the population of the valley is at 452,819: down 2.2% from the peak but 1.2% higher than our low point of 447,584 in 2022.

Our workforce, like our population, decreased to 176,784 from 187,217 in 2019. Losses were driven by non-essential workers leaving the region to survive and prosper. This decline has been offset a little in the last year by people returning to work, telecommuters filing their tax returns from here, and people taking on second jobs to deal with the challenges of

inflation. The Coachella Valley has experienced an expansion in part-time opportunities and many people are taking advantage of it.

Forty-two months after the pandemic turned our lives upside down, our challenges remain the same. We have parts of the region that are without internet bandwidth. We still need a 4-year comprehensive university that offers degrees that lead to thriving wages. We still need a vibrant investment community. And we still need to work together to craft and realize a future befitting a region that

could be the 41st largest city in the United States...if our internal borders were removed.

CVEP is pleased to have welcomed Nikolas Badminton as 2023's keynote speaker. Nik is a world-renowned futurist who wrote his international bestseller *Facing Our Futures* at the Palm Desert iHub. He is an expert on long-term planning and vision. We hope he will inspire the kind of efforts that are needed if we are to ever create a diversified and prosperous economy that benefits everyone.





As our name suggests, CVEP is the region's trusted partner in economic development.

**CVEP** offers a unique mix of programs and services that serve the diverse needs of the Coachella Valley small business community and other local stakeholders. Whether it is a tech entrepreneur who needs help validating her financial projections, a small business owner who wants to better understand his target market, a local government that seeks to understand commuting patterns, a nonprofit that needs granular data to support a grant application, or a remote worker in search of a local peer group, CVEP is dedicated to smart business growth and sustainable prosperity in the Coachella Valley.

On the following pages you'll find a snapshot of some of the services provided over the past year.

# Events

## NEW EVENT SERIES:

### Morning Insights

- Over **200 attendees** since February launch
  - **20%** of attendees are new to the Coachella Valley
  - **25%** of attendees are considering starting a business
- **7 guest speakers** covering a wide range of topics:
  - Vacation rentals
  - Population change
  - Local news
  - Running a business
  - Affordable housing
  - Cannabis industry
  - Entrepreneurship



### Small Business Workshops in partnership with Chase:

- **Lunch & Learn** – The Power of Capital
- **Money Matters** – Cash Flow
- **Digital Marketing**

### April 2023: Riverside County Innovation Month

- **Meet the Entrepreneurs** events in Palm Desert and Palm Springs
- **Coachella Valley Fast Pitch Competition** – Four local startups competed for prizes
- **Coachella Valley Student Pitch Competition** – Four CSUSB entrepreneurship students competed
- **Riverside County Fast Pitch Finale** – Palm Springs iHub's Moducan Corporation captured third place



## iHub Business Incubators

### Palm Springs iHub: 16 portfolio companies

- Energy: Renewables, management, and conservation
- Healthcare and medical innovation
- Software
- Hardware
- Services
- Manufacturing
- Film & television production

### Palm Desert iHub: 6 portfolio companies

- Technology:
  - Healthcare
  - Education
  - Imaging
  - Lifestyle
  - Sensors
  - AI-enabled consumer tech

### Inclusion:

**19 of 22** iHub portfolio companies are minority-owned, veteran-owned, woman-owned, or LGBTQ-owned businesses

## Outreach and Messaging

### Traditional Media

Over **1,000,000** impressions

### Digital Media

#### ADS

Google Ad Impressions: **888,582**

Google Ad Clicks: **1,840**

Meta (Facebook & Instagram)

Ad Impressions: **33,522**

Meta Ad Clicks: **687**

DesertSun.com: **100,000** impressions

### WEBSITE

Users: **19,064**

Sessions: **24,255**

Pageviews: **37,937**

### SOCIAL MEDIA

(Instagram, LinkedIn, Facebook, Twitter, and YouTube)

**86,000** post impressions

**110,000** page and profile impressions

Facebook followers: **2,549** with **22,284** people reached

### OPT-IN SUBSCRIBERS

Email/E-Newsletter: **4,773**



## Public Relations and News

**60 interviews**, quotes, and other mentions in digital, television, and print media, including KESQ News Channel 3, NBC Palm Springs, Palm Springs Life, The Desert Sun, CV Independent, City-County Observer, Coachella Valley Times, MarraIntel, The Public Record, Uken Report, and more.



## Commitment to the Coachella Valley Community

### Personal Dedication

CVEP employees dedicate their time to numerous local community, educational, and charitable causes, including: California State University San Bernardino – Palm Desert Campus Advancement, LifeStream Blood Bank, Desert Regional Medical Center, Greater Coachella Valley Chamber of Commerce Executive Committee, The Desert Sun Editorial Board, Coachella Valley Journalism Foundation, College of the Desert Architecture Committee (Palm Springs Campus), College of the Desert's Business Advisory Committee, College of the Desert's Computer Information Systems Advisory Committee, Gents Alliance, Southern California Edison Community Advisory Council, Desert Sands Unified School District's Portrait of a Graduate Committee, and many more.

### Distributed 213,350 sandbags in advance of Tropical Storm Hilary

#### BREAKDOWN

• Cathedral City	33,500
• Desert Hot Springs	9,000
• Indio	39,500
• La Quinta	55,700
• Palm Desert	36,750
• Palm Springs	37,500
• Rancho Mirage	1,400



## Business Services

Provided over **800 hours** of consulting to local small businesses, aspiring entrepreneurs, and startups



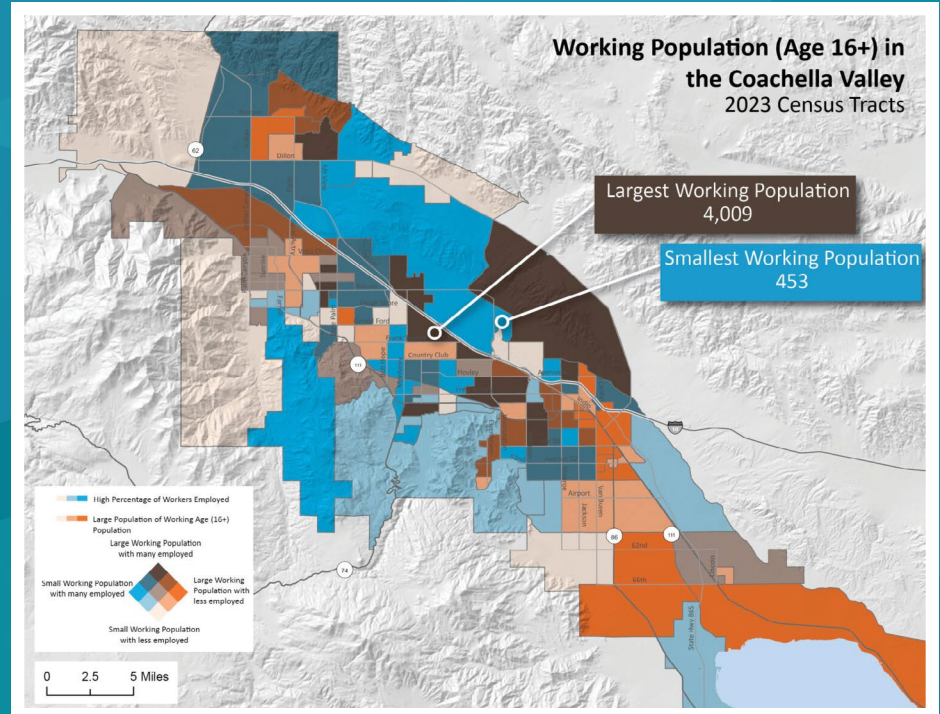


# Geographic Information System (GIS) Projects

- For the City of Palm Desert
  - regional population data, traffic counts, and drivetime analyses
  - updates to top employers in Palm Desert based on number of employees
- For the City of Indio
  - labor force data, commuting patterns, jobs, and developing a housing/job ratio for the city
  - provided custom maps of average family size and households with 7+ people
- For the City of Desert Hot Springs
  - age demographics to support need for housing for younger families and residents, not just “Over 55” developments
- For the City of Rancho Mirage
  - data on top employers for the city, and updates to annual demographic reports
- Provided extensive demographic reports to help quantify the reach of poverty in the Coachella Valley for Eduardo Garcia’s District 36 Poverty and Inequality Project

## Fulfilled data requests to support local businesses, including:

- Custom mapping
- Coachella Valley demographic profiles
- Quantified the quantity and quality of potential local customer base
- Employment distribution and the hospitality industry
- Food industry analysis
- Time and distance of average commutes



## Analysis to support nonprofit and other organizations, including:

- Analyzed the largest employers in each city, organized by industry type, number of employees, sales, and occupations.
- Custom mapping and analysis of vacation rentals
- Population growth and seasonal fluctuation data analysis
- Compiled historical employment and payroll data from 1990-present

- Mapping of poverty rates by census tract
- Produced 180 custom demographics reports
- Over 400 hours of data mining and analysis to fulfill requests
- Published 26 new Data Digests for the public

# COVID-19 ECONOMIC EXPANSION FINISHING WITH HARD OR SOFT LANDING IN 2024

---

by Manfred W. Keil\*

We understand that it is hard to focus on the “bigger picture” while you must deal with the consequences of Tropical Storm Hilary, whether these are mud flows in front of your house, or even just wiping the dust off your car in the morning. But once those battles have been fought and won, you will have the luxury to look further ahead and consider what 2024 will bring for you and how you should prepare yourself for it.

**T**his is where we come in to provide you with relevant information through this economic report. First, we will look at the big picture we currently observe at the national level. This is followed by a brief analysis of California labor statistics, and finally by a regional analysis of the Inland Empire (San Bernardino County, Riverside County). The information at the national, state, and regional level is not meant to be comprehensive but will give you the relevant information as it pertains to the Coachella Valley. The latest national information available to us is as of September 2023 for GDP and unemployment, and August 2023 for inflation.

Following this relatively short report, we will present you with a series of figures and bullet points describing the current state of the Coachella Valley economy using the most recently available data. We hope that you will use some of these figures when discussing the economic situation of the Coachella Valley with decision makers in your professional environment.

## NATION

A year ago, in our report we stated: **“Bottom line, we currently do not foresee a recession starting within the next 12 months.”**

We were correct. You might say that this is not surprising given that over the last 70 years we only had 12 recessions - and therefore forecasting “no recession”

gives you a better than 50-50 chance of being right. However, this time last year most national forecasters called for an imminent recession. Let me stress that we were also concerned since we observed negative economic growth for two consecutive quarters (2022 Quarter 1, 2022 Quarter 2). By some definition used in the popular financial press, two negative quarters of negative real GDP growth define a recession. However, employment continued to increase throughout the first six months. We therefore felt that the only way for the real GDP data to make sense (negative output growth coinciding with positive employment growth) was a shift of output from high productivity sectors (e.g., Finance, Professional and Business Services) to low productivity sectors (Logistics, Leisure and Hospitality). Since we did not observe that, we interpreted the numbers to contain some measurement error, and we were proven right subsequently.

Real GDP is an abstract concept that many find hard to grasp. It is not like unemployment, inflation, or the exchange rate, which make intuitive sense, and which affect us daily in a direct manner. In simple words, here is what real GDP is: add up all the goods and services produced in a certain area (the nation or the Coachella Valley) and throw them on an imaginary heap. That is it! Here is a problem: how can you describe that heap with one number (after you have figured out how to throw “services” on to the heap)? Solution: you attach a price tag to all the goods and services. For example, how many

dollars do you have to pay to stay in a hotel in Rancho Mirage? What does the endodontist in Cathedral City charge you for the root canal? How much does the ticket cost to get you into the Indian Wells tennis tournament? And so on. Now you can add up the value of that heap, and that is what GDP is. More importantly, since a given sale of a good or service ends up as someone’s receipt and hence income, it also equals the total income generated in the area. Clearly, we all would be “happier” if the value of that heap would grow since it means that we have higher income (note that income is more than just wages and salaries: it includes profits, interest income, and rent; and please don’t say “money can’t buy you happiness”). Except, we would not be happier if the heap only grows because we attach higher price tags to it; instead, we want to see the heap grow because the quantities grow. This is called “real GDP.” Remove the current price tags from the goods and services and attach those from a “base period” to keep prices artificially constant. So, higher inflation does not make us happier, but more spending power does.

Real GDP can be measured in three different ways and only the expenditure side showed negative growth during the first two quarters of 2022, not the production or the income side. “Statistical Discrepancy” is the magic word used by national income accountants to explain the difference. Phew! Enough of Econ 101. Please don’t roll your eyes!

U.S. recession dates are not determined by some simple rule such as two quarters of negative growth or an increase in unemployment rates above some previously established average. Instead, they are set up by a dating committee at the National Bureau of

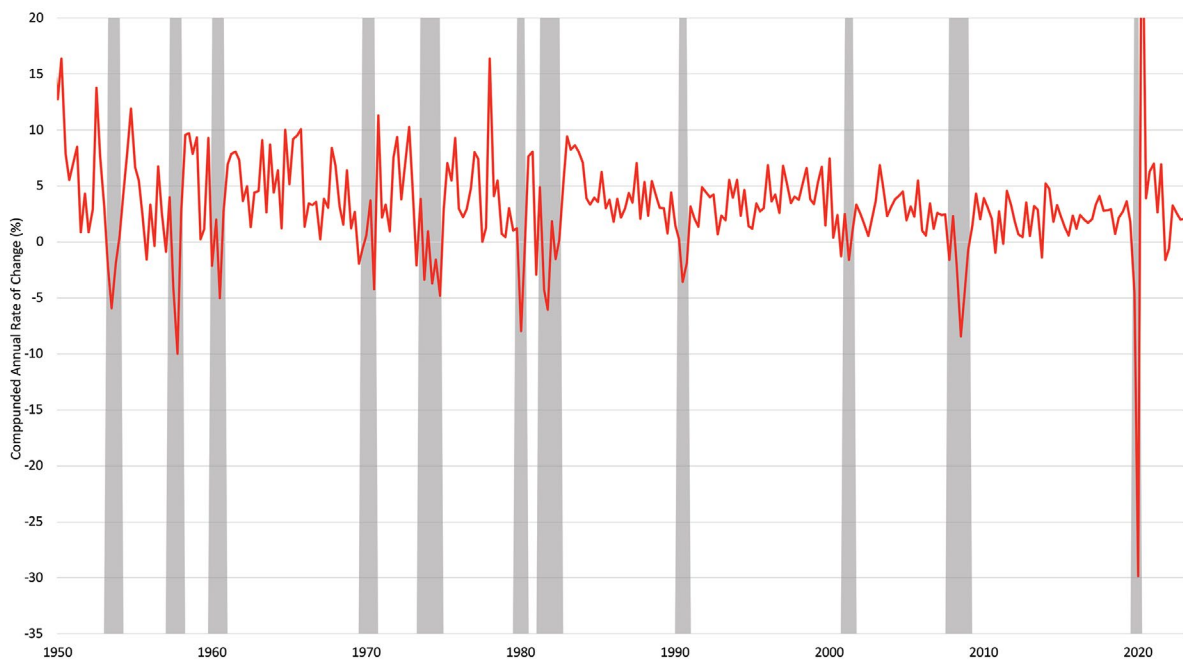
Economic Research (NBER), a powerful and prestigious think tank in Cambridge, MA (situated between Harvard University and MIT on Cambridge Ave). The NBER sets peaks and troughs by month, and there were many episodes in the past where the NBER declared a recession despite some positive

quarterly GDP growth (e.g., first two quarters of 2008).

Figure 1 shows annualized real GDP growth.

Of course, the question remains, where is the U.S. economy heading?

Figure 1: Real Growth Domestic Product, U.S. 1947-2023, Quarterly Growth Rates



Source: U.S. Bureau of Economic Analysis

- Real GDP growth rate basically at 2% for the first two quarters of 2023. This is below the long-term trend rate of 3%.
- Negative growth rates for the first two quarters in 2022 proved to be due to measurement errors in national income accounting. Growth accelerated in the third quarter to above 4%.
- Growth Rates for quarter III will become available October 26. Our forecast is for a relatively high growth rate north of 4%.
- Forecast for quarter IV: expect real GDP to grow at negative rates for quarter IV, and early in 2024.

**S**ince the end of the second quarter in 2022, we have seen growth rates at the national level. The decline in real GDP will happen after that during the last quarter of 2023 and early next year. Will there be a recession at the end of this year/early in 2024, or can the Federal Reserve Bank of the U.S. engineer a soft landing, as in a rocket landing on the moon (a reduction in inflation without causing a recession)? An increasing number of forecasters seems to think so - many of those are the same forecasters who predicted a recession earlier in 2023, which did not materialize. Some went as far as calling this the "Godot Recession," a term borrowed from a Samuel Beckett play where the two main characters are repeatedly told that Mr. Godot will come the next day, only to be disappointed again later - with a boy messenger (forecaster?) telling them that Mr. Godot for sure will arrive the next day. But then again, these are also probably the same forecasters who, on the eve of the last recessions in 1990, 2001, and 2007 predicted a soft landing: this is not new!

We stick with our recession forecast based on a variety of "sensors" that have been ringing an alarm bell to signal that we are in the last 12 months of an economic expansion. These are relatively low housing starts, low consumer confidence, a declining average work week in manufacturing, and, above all, the inverted yield curve (interest rate spread between a long-term government bond rate and a short-term treasury

bill). You can add to that the threats that come from the auto workers strike (or strikes in general), the distinct possibility of oil prices moving towards \$100, the fact that student loan payments are resuming, and the possibility of a November government shutdown.

The U.S. central bank has been stepping on the brakes by raising the Federal Funds Rate repeatedly and relatively quickly to get inflation under control. Mind you, when we say "raising quickly and repeatedly" we mean from a 0% level; real (inflation adjusted) interest rates were never extraordinarily high. Specifically, since the first quarter of 2022, the Federal Reserve raised the Federal Funds Rate 11 times to a 22-year high, and quite rapidly at times (by 0.75 percentage points four times). While the inflation rate has come down from over 9% to the current value of roughly 4% (the number differs depending on whether you include food and energy prices), we still have not reached the target inflation rate of 2%. At its latest meeting in September, the Federal Reserve left interest rates unchanged, and will keep it at the current level without raising it further. Perhaps more importantly, do not expect the central bank to lower the interest rates by much, if at all, in 2024, unless there is a severe recession, which no one predicts.

For those of you who have cried about high interest rates, note that it is the "real" interest rate, not the nominal interest rate, that affects real economic

activity. The real interest rate is the nominal interest rate minus the expected (future) inflation rate. Example: the interest rate is 7% and you expect the inflation rate to be 5% over the next year; then the "real" interest rate is 2%. Real interest rates were never that high during the recent 11 increases by the Fed. Want to know what high is? Paul Volcker, the chairman of the Federal Reserve during the Reagan era, raised the Federal Funds Rate to 22% when the inflation rate was 15%. The real interest rate then was 7%! Now that is something biting. Translate that into today's scenario: it would be the equivalent of the Fed having set the Federal Funds rate roughly 11%. That would be a tough monetary policy, putting a meaning behind "the Fed is taking away the punch bowl just as the party gets going."

The Coachella Valley depends on tourism, big time. International tourism for the U.S. still has not returned to levels we saw prior to the COVID-19 downturn. The Los Angeles Tourism and Convention Board, for example, reports that for the Greater Los Angeles area, international tourism is only at two thirds of the levels seen in 2019, the last pre-COVID-19 year. One of the problems in recovering the remaining 33 percent is that foreign tourists are deterred from flying into Southern California due to the application process for foreign visas, which takes more than a year in some cases, and the high prices of airline tickets from China. Fortunately for the Coachella Valley, its tourism



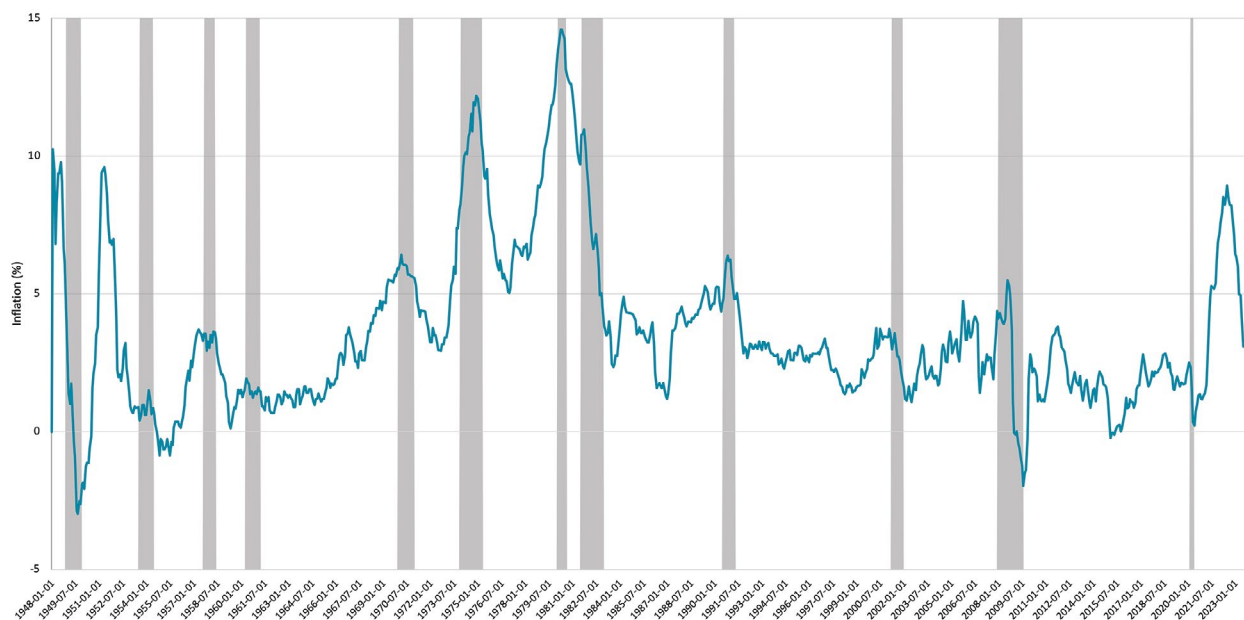
industry depends less on visitors from Asia, although that is, potentially, a very lucrative market. Travel restrictions for Canadians are less significant.

Moreover, what made the Coronavirus impact somewhat milder for the Coachella Valley, despite, for example, the cancellation/postponements of the Coachella Art and Music Festival for two

years in a row, was that tourists from Southern California chose to make the Coachella Valley a destination much more so than in the past. That was the result of local tourism being driven by “I will go on holiday wherever it will take me on one full gas tank.” Southern California residents, who considered the Coachella Valley to be too hot for much of the year, switched their preferences

at least temporarily: being unable to fly abroad or even to Hawaii (high car-rental prices played a role there), these people decided to enjoy themselves locally. Hence the Coachella Valley was saved from the worst-case scenario during the post COVID-19 recovery. Still, the damage was significant given the relative size of the Leisure and Hospitality and Retail Sales industry in the Coachella Valley.

**Figure 2: Annual Inflation Rate, U.S. 1947-2023, Consumer Price Index including All Items**



Source: U.S. Bureau of Economic Analysis

- Inflation Rate at elevated levels since April 2023
- Most recent observation is 3.7% for August 2023, following an increase of 0.6 percentage points over the last three months. Primarily driven by food and energy prices.
- The Federal Reserve target is 2%. It will keep tight monetary policy until the target is reached.
- Forecast: expect inflation rate to continue to decline towards 2% over the next year.

**W**hy should you in the Coachella Valley care about the inflation rate? The area has a larger fraction of families who are in the lower end of the income distribution when compared to the state and the nation, and even the region. Price increases typically are driven by higher rents and workers will become more militant (see the United Auto Workers or Kaiser employees) if their inflation adjusted wages ("real wages") fall. This will be the case if nominal wages grow by less than the inflation rate, and that certainly happened during the Coronavirus year 2020 and for much of 2021. In addition, the higher inflation rate was driven by higher gasoline prices, which act like a tax on consumer incomes. Now that gasoline prices at the pump have gone above \$6.30 a gallon, workers don't really care if they pay these higher "taxes" to Putin or the sheiks, or to Washington D.C. or Sacramento. Either way, it cuts into their spending power.

The latest numbers for August 2023 show a slight increase in the inflation rate if you look at month-to-month figures. However, a closer look at the data, eliminating the more volatile food and energy components and calculating year-to-year changes, show that inflation is inching downwards towards its target 2%. The uptick last month was basically driven by higher prices at the pump. Squeezing out the remaining two percentage points will require another

increase in the Federal Funds Rate before the end of the year, before leaving them at an elevated level in much of 2024 (no decrease in the Federal Funds Rate).

Higher interest rates are supposed to slow down the economy, affecting residential investment (housing) first. Looking at the history of U.S. economic data, there has not been an episode of inflation rates being above 4% and unemployment rates being below 5% where we did not experience a subsequent economic recession ("hard landing") in trying to bring down the inflation rate. Will this time be different? That is the central question for the economic forecast for 2024. Note that whether we venture into an economic downturn nationally has significant consequences for the Coachella Valley, as we saw during the Great Recession of 2008/2009 and the Coronavirus downturn of 2020. Leisure and Hospitality, Other Services, and Retail Trade will be particularly heavily impacted in the Coachella Valley if the national economy turns south. Also, if we hit a recession, tax receipts from sales will decline significantly. There will be fewer snowbirds flocking into Palm Springs International Airport, fewer international tourists including Canadians, depending on the effect this would have on their respective economies.

**Figure 3** shows the unemployment rate for the U.S.

Unemployment rates are a coincident economic indicator, meaning movements in this labor market statistic will not forecast a recession, but will increase as the economy is in a recession. We talked about mechanical rules to indicate whether or not we are in a recession above, e.g., the two quarters of negative growth rule. A more reliable indicator is the so-called Sahm measure using the unemployment rate. Named after a former Council of Economic Advisors economist, Claudia Sahm, the rule says: if the 3-month moving average of the unemployment rate (the average of the current unemployment rate and the unemployment rate over the last two months) is higher than the lowest 3-month moving average over the last year by half a percentage point, then we are in a recession. Given the latest numbers, the Sahm measure is at 0.2. If the unemployment rate increases in September and October by 0.1 percentage points each (reaching 4%) and stays at that level until December, then by the last month of 2023 we will have reached that breaking point.

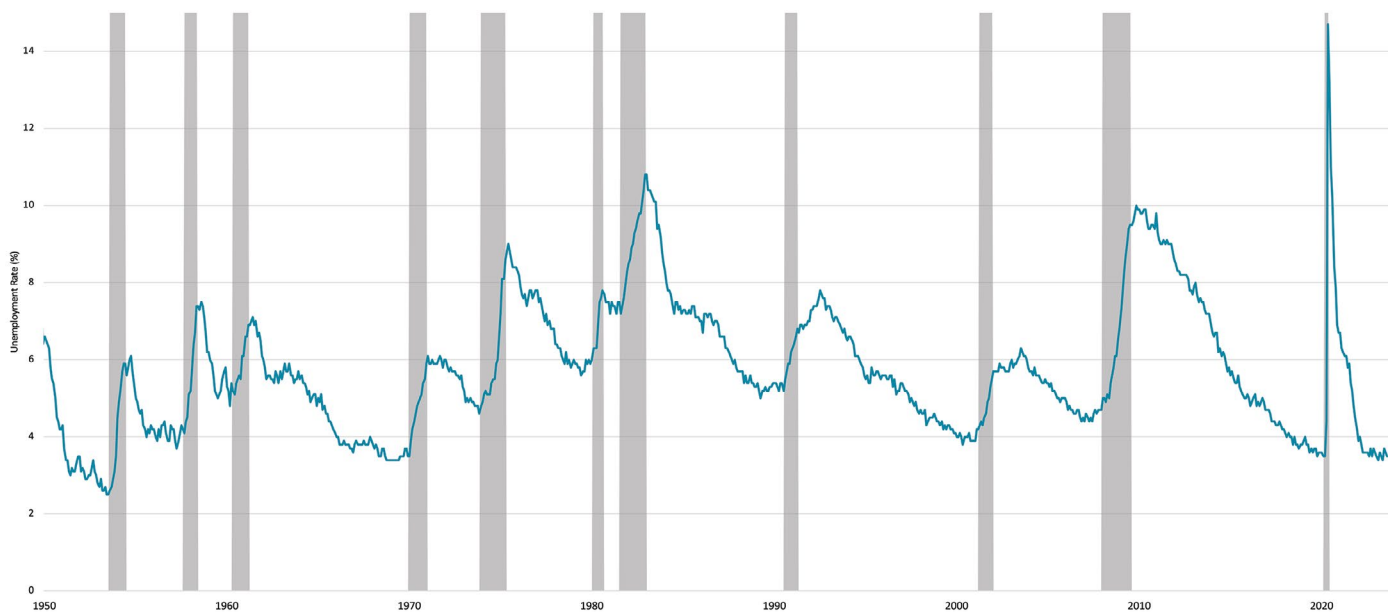


Although the Federal Reserve did not increase interest rates at its end of September meeting, real interest rates (nominal interest rates adjusted for inflationary expectations) are now sufficiently high to cause pain in the real

economy, affecting the real estate sector first (housing starts) and automobile sales next. There are other sensors that are ringing an alarm, such as elevated oil prices and the fear of another financial

crisis possibly caused by commercial real estate collapsing. Whether or not these will materialize, we shall see.

**Figure 3: Unemployment Rate, U.S., 1947-2023, Seasonally Adjusted**



Source: U.S. Bureau of Economic Analysis

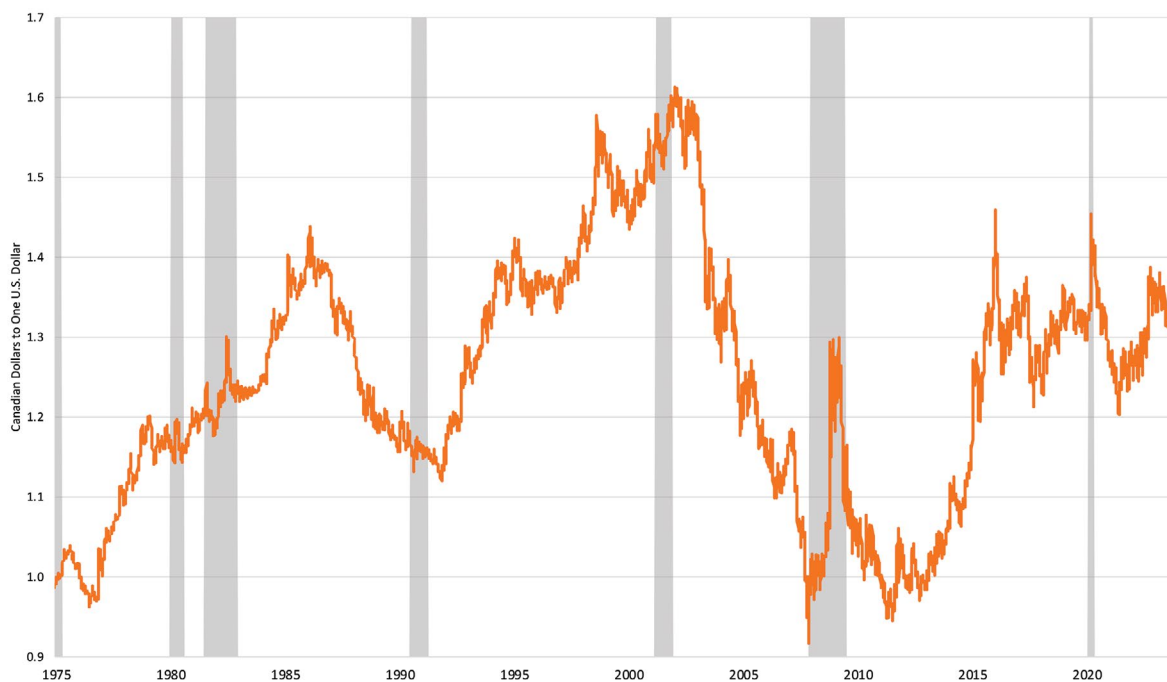
- Most recent value: 3.8% in August 2023 after 3.5% in July 2023
- Unemployment rate has been at or around 3.5% since March 2022, which represents a 50-year low
- If the unemployment rate increases by 0.1% by October 2023 and stays there till December 2023, then according to the Sahm recession indicator, the U.S. economy will be in a recession.
- Forecast: expect the unemployment rate to reach 4% soon, and to continue to increase but not further than 4.5% by the middle of next year.

There is another indicator of economic well-being relevant for the Coachella Valley, and more so than for the rest of the U.S., California, or the Inland Empire: the Canadian/U.S. dollar exchange rate. **Figure 4** shows the exchange rate since 1971. The recent history is a 12.5% appreciation for the U.S. dollar from a year ago, but a much larger appreciation from a decade ago. The

U.S. dollar appreciation is the same as a Canadian dollar depreciation. For a given holiday budget, Canadians can now spend less money - meaning their vacation becomes more expensive and, at the margin, results in fewer Canadians coming. Consider a family coming to the Coachella Valley for a two-week vacation, who plans to spend \$5,000 or roughly \$400 a day (including accommodations). That family now must find almost C\$650 more for the

same experience as they did a year ago. Compared to a decade earlier, they would have to find an additional C\$1,800. Perhaps you consider that small change. But it becomes a more significant problem for homeowners. A Canadian citizen who has a vacation home in the Coachella Valley worth \$500,000, say, will now be able to sell the house and take C\$680,000. Hence, she will have no problem underbidding the market by \$50,000 to force a quick sale, and still make a handy profit.

**Figure 4: \$ Canadian/\$ U.S. Exchange Rate, 1971 - 2023**



Source: U.S. Bureau of Economic Analysis

- Canadian/U.S. dollar exchange rate at C\$ 1.35/U.S. \$1 most recently, 12.5% appreciation for U.S. dollar from a year ago
- Basically, unchanged since 2016
- Compared to 2011, 35% appreciation for U.S. dollar
- U.S. dollar appreciation results in fewer Canadian tourists, and Canadian property owners being able to sell houses under market value

## CALIFORNIA

Our state is not doing as well as we would hope. The net outmigration has resulted in the first Congressional seat loss in 170 years - while Texas has gained two seats and Florida one. The labor market is also not as rosy as you would hope. The latest unemployment rate for August 2023 is 4.6% and increasing from 3.8% a year ago. While historically it is relatively low, when compared to the nation, the California unemployment rate is almost a full percentage point higher. Worse yet, out of 50 U.S. states, only Nevada has a higher unemployment rate than California. Currently, both its labor force and employment are shrinking, which is not the sign of a healthy economy: ideally you have employment growth outpace the labor force growth, which results in a lower unemployment rate. Compared to the pre-pandemic month February 2019, the household survey indicates that our state has lost almost 30,000 workers, while its labor force grew by almost 38,000. Looking at the establishment survey, Leisure and Hospitality has finally fully recovered and added an additional 36,000 jobs. Sectors that are still below their pre-pandemic levels are both Retail and Wholesale Trade, and Government.

On the brighter side, California still has the fourth highest per capita GDP (a conventional measure on how

well the average person is doing in a geographic area), just behind New York, Massachusetts, and Washington State. Despite the common perception, California's per capita GDP rank is miles ahead of Texas (rank: 19) and Florida (rank 27).

Compared to the first quarter of 2019, California has seen the largest growth in per capita GDP, and that includes outmigration. Compared to U.S. states with at least 5.5 million people, it has the highest growth at slightly over 10%, outpacing Arizona, Tennessee, Colorado, and Washington State.

## INLAND EMPIRE

**The Economist** magazine has labeled the Inland Empire (San Bernardino County, Riverside County) as the warehouse capital of the world. It should therefore not surprise the reader that we will focus on the Logistics industry and its recent development when talking about the region. The Logistics industry is made up of the sectors Transportation and Warehousing plus Wholesale Trade. Its rise since 2010 is phenomenal in terms of employment and warehouse space occupied. The industry saw its employment grow by almost 160,000 over the last 13 years, catapulting it to the second largest industry in the Inland Empire. Only Private Education and Health has more jobs, and then only roughly 12,000. The 160,000 increase represents a growth of almost 125%.

Roughly one third of all jobs created in the area over that time came from the Logistics sector.

There have been some environmental and health concerns with a group of environmental agencies, under the leadership of the Robert Redford Conservancy at Pitzer College sending an 80-page report to Governor Newsom asking for a 2-year moratorium for further expansion of the industry. There were also two Assembly Bills considered in Sacramento, which would have resulted in severe restrictions on diesel trucks and warehouses, but both were defeated despite some strong support from influential politicians. If the resistance against further expansion of the sector continues, then there could be potential benefits for the Coachella Valley. Some of the new Logistics jobs could be created in the Coachella Valley, adding more diversity to the employment opportunities, although these would not be the higher paying jobs that many in the Coachella Valley envision to see in the future.

The share of the Logistics industry in the Inland Empire is over twice the size it occupies for our state and the nation. To put matters into perspective, California created 294,000 jobs in Logistics since 2010 - the Inland Empire added 108,000, more than a third of the rest of California. The COVID-19 recession and subsequent recovery have contributed significantly to this growth, and the industry has become the poster child of the regional

economic recovery: from the end of the Coronavirus recession until December 2021, Logistics added a quarter of all new jobs in the area. This made the Inland Empire the top job creator of the 10 most populous Metropolitan Statistical areas in the state, outpacing both the Greater Los Angeles area and Silicon Valley.

But it was in December 2021 where this boom for the Logistics industry ended. The industry shed 20,000 or 7.1% of the jobs since then, while neither the Greater Los Angeles area nor the nation saw anything like that. The crucial question is why, and that also impacts the Coachella Valley. For example, the Inland Empire has the attribute of “First In - Last Out” when it comes to national recessions (due to the sheer number of commuters it has into the coastal areas and who tend to get laid off first in a downturn; unemployment is measured by residency, and they show up on the statistics of the Inland Empire first). The crucial question therefore is, are these job losses a sign of a cyclical downturn nationally or are they just due to structural adjustments and/or automation.

The answer is, we don’t know yet. Imports into the Ports of Los Angeles and Long Beach have been significantly down recently by 10%. But it is not clear whether that is the result of the nation importing less (an early warning sign of a recession; after all, 40% of all U.S. imports enter through those two harbors), or whether imports have just shifted to other parts of the United States as

importers were worried about strikes at the ports and the railways. Savannah, Georgia and Houston, Texas are alternatives but require ships to move through the Panama Canal, which still does not have the ability to transport the biggest container ships and, in addition, has problems with water levels in its center due to a drought which has lake levels at a low.

Another possibility is that U.S. consumers are shifting their behavior away from durable goods consumption towards services. With a higher share of online retail sales, this would have an impact on the transportation of goods. However, Logistics jobs in the Greater Los Angeles area should also have been affected but they were not.

Finally, there is the dreaded automation and robotics possibility: Logistics jobs are a prime candidate for automation. ChatGPT should not have any effect on the industry; it more likely has an influence on commuters since they are working in industries more conducive to innovations from this AI source. And again, this should also show up in the adjacent counties, which it has not.

The only answer we can come up with at this stage is that there has been some labor hoarding in the Logistics sector until December 2021, and that managers in the industry have realized by now

that they overestimated the demand for workers at the time. As a result, they have downsized over the last 20 months or so until they get a clearer picture of where the economy is heading. As new data will become available, hopefully we will get a clearer signal.

\*Keil: Chief Economist, Inland Empire Economic Partnership, Associate Director, Lowe Institute of Political Economy, Robert Day School of Economics and Finance, Claremont McKenna College. Keil received valuable assistance from research analysts at the Lowe Institute but especially from the following senior research analysts: Jinghan Hu and Sasha Rothstein (Student Managers), Ivan Kolesnikov (Junior Student Manager). In addition, David Robinson of the Coachella Valley Economic Partnership contributed significantly to the article.

# Helping Businesses Grow and Prosper

CVEP offers one-on-one consulting, access to capital, education programs, and support services to help your business thrive. Our free monthly speaker series features experts who can give you new insight into managing and marketing a profitable enterprise.

Contact us for details.

DRIVING INNOVATION AND ENTERPRISE  
IN GREATER PALM SPRINGS

CVEP.COM | 760.340.1575



**e!evate**



## DEMOGRAPHICS

<b>Figure 5:</b> Population Growth Rates (%) Coachella Valley and Comparative Geographies, 2000-2010	26
<b>Figure 6:</b> Population Growth Rates (%) Coachella Valley and Comparative Geographies, 2010-2023	26
<b>Figure 7:</b> Population Coachella Valley, 2000-2023	27
<b>Figure 8:</b> Population growth (#), Coachella Valley Cities, 2010-2023	27
<b>Figure 9:</b> Population by City (%), Coachella Valley Cities, 2010-2023	28
<b>Figure 10:</b> Age Distribution (#) Coachella Valley 2023	28
<b>Figure 11:</b> Age Distribution (%), Coachella Valley and Comparative Geographies, 2023	29
<b>Figure 12:</b> Age Distribution (%), Coachella Valley Cities, 2023	29
<b>Figure 13:</b> The Generations (%), Coachella Valley and Comparative Geographies, 2022	30
<b>Figure 14:</b> The Generations (%), Coachella Valley Cities, 2023	30
<b>Figure 15:</b> Diversity Index, Coachella Valley Cities, 2023	31
<b>Figure 16:</b> Race Distribution, Coachella Valley Cities, 2023	32
<b>Figure 17:</b> Race Distribution, Coachella Valley and Comparative Geographies, 2023	32
<b>Figure 18:</b> Hispanic Population (#), Coachella Valley Cities, 2022	33
<b>Figure 19:</b> Hispanic Population (%), Coachella Valley Cities, 2022	33

## INCOME

<b>Figure 20:</b> Household Income, Coachella Valley Cities and Comparable Geographies, 2023	34
<b>Figure 21:</b> Disposable Income, Coachella Valley Cities and Comparable Geographies, 2023	34
<b>Figure 22:</b> Per Capita Income, Coachella Valley Cities and Comparable Geographies, 2023	35
<b>Figure 23:</b> Household Net Worth, Coachella Valley Cities and Comparable Geographies, 2023	35

## EMPLOYMENT

<b>Figure 24:</b> Annual Average Monthly Total Employment Coachella Valley, January 2012 - March 2023	36
<b>Figure 25:</b> Employment Gain by Sector Coachella Valley, January 2012 - March 2023	36
<b>Figure 26:</b> Employment Growth Rates (%), Coachella Valley, 2013-2023	37
<b>Figure 27:</b> Employment Distribution by Sector, # and %, Coachella Valley, 2022	37
<b>Figure 28:</b> Payroll, Coachella Valley, 2013-2022	38
<b>Figure 29:</b> Payroll Gain by Sector by Wages, millions \$, Coachella Valley, 2013-2022	39
<b>Figure 30:</b> Average Wage & Salary Payroll per Job, Coachella Valley, 2013-2022	39
<b>Figure 31:</b> Average Pay per Worker by Sector (\$), Coachella Valley, 2022	40
<b>Figure 32:</b> Unemployment Rates and Human Capital Index, Coachella Valley Cities, 2022	41

## EMPLOYMENT (CONTINUED)

Figure 33: Number of Business Establishments, Coachella Valley Cities, 2020	41
Figure 34: Change in Number of Business Establishments, Coachella Valley Cities, 2013-2020	42
Figure 35: Average Business Establishment Employment, Coachella Valley Cities, 2013 and 2020	42
Figure 36: Top-10 Businesses by Number of Employees, Coachella Valley, 2010	43
Figure 37: Top-10 Businesses by Number of Employees, Coachella Valley, 2020	43
Figure 38: Change in Employment (number of workers) by Industry Sector: Coachella Valley, Peak to Trough, February 2020 - March 2023	44
Figure 39: Change in Employment (%) by Industry Sector: Coachella Valley, Peak to Trough, February 2020 - March 2023	44
Figure 40: Change in Employment (%): Coachella Valley Cities, Peak to Trough, February 2020 - March 2023	45

## TAXABLE SALES

Figure 41: Taxable Sales Growth Coachella Valley & Inland Empire, 2013-2022	46
Figure 42: Taxable Retail Sales (billions \$), Coachella Valley, 2013-2022	46
Figure 43: Retail Sales (\$ millions), Coachella Valley Cities, 2022	47
Figure 44: Retail sales per capita, CV vs other major cities, 2022	47
Figure 45: Retail Sales Growth (%), Coachella Valley Cities, 2013-2022 and 2021-2022	48
Figure 46: Retail Sales per capita, Coachella and the Inland Empire, 2013-2022	48

## EDUCATION

Figure 47: Educational Attainment, Coachella Valley Cities, 2023	49
Figure 48: Educational Attainment, Coachella Valley and Comparative Geographies, 2023	49
Figure 49: Median Earnings Based on Educational Attainment, 2021	50

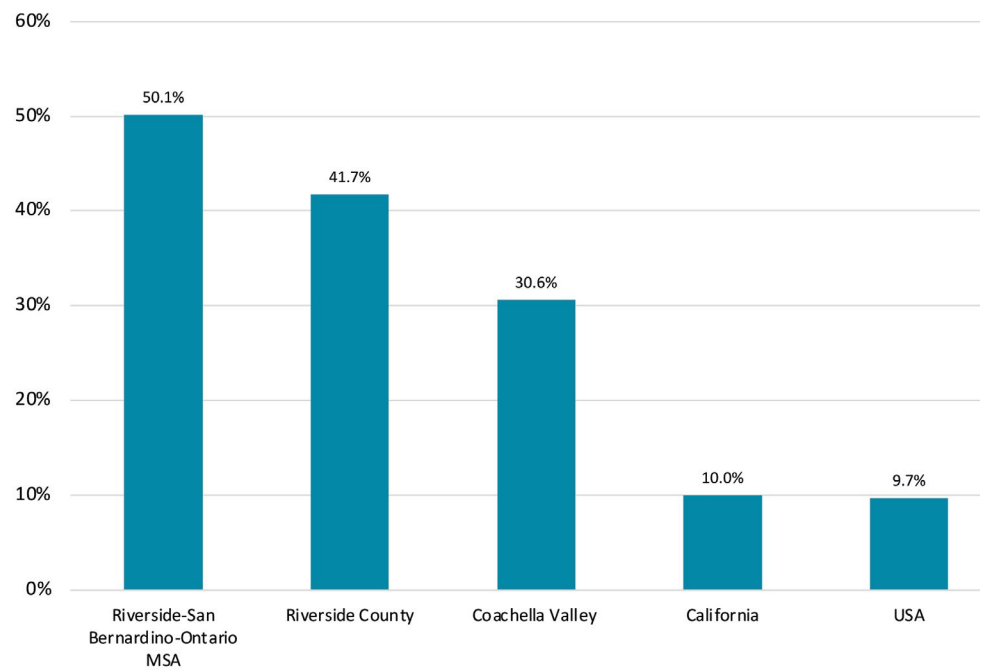
## TRANSPORTATION

Figure 50: Passenger Traffic, Palm Springs International Airport (PSP) 2002-2022	51
Figure 51: Passenger Traffic, Los Angeles International Airport (LAX), 2002-2022	51

## CRIME RATES

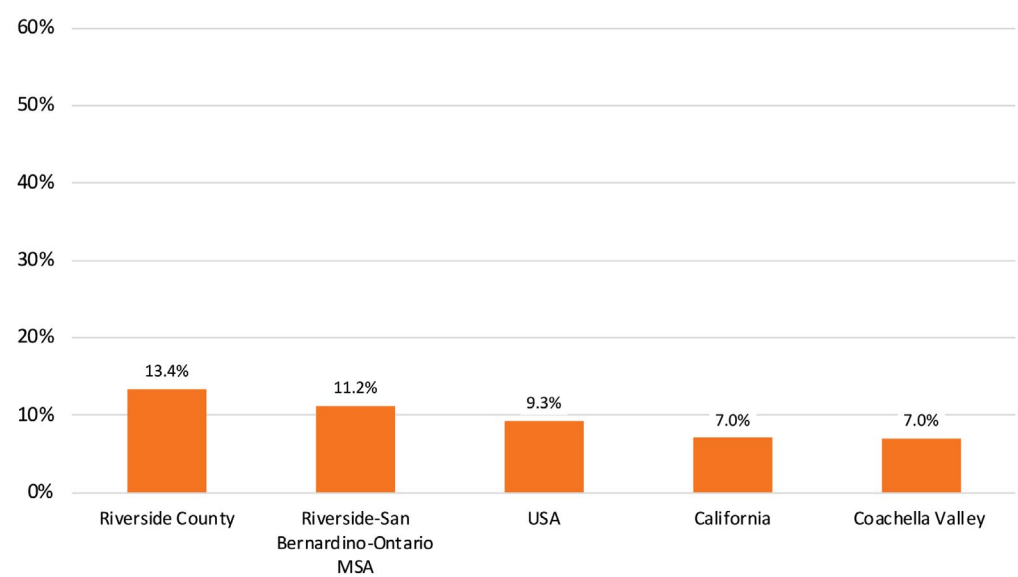
Figure 52: Types of Crimes Reported, Coachella Valley, 2022 & 2001	52
Figure 53: Property Crime Reported per 1,000 Residents, Coachella Valley Cities, 2022 & 2001	52
Figure 54: Violent Crime Reported per 1,000 Residents, Coachella Valley Cities, 2022 & 2001	53
Figure 55: Total Crime Reported per 1,000 Residents, Coachella Valley Cities, 2022 & 2001	53

Figure 5: Population Growth Rates (%), Coachella Valley and Comparative Geographies, 2000-2010



Source: Esri Business Analyst, US Census

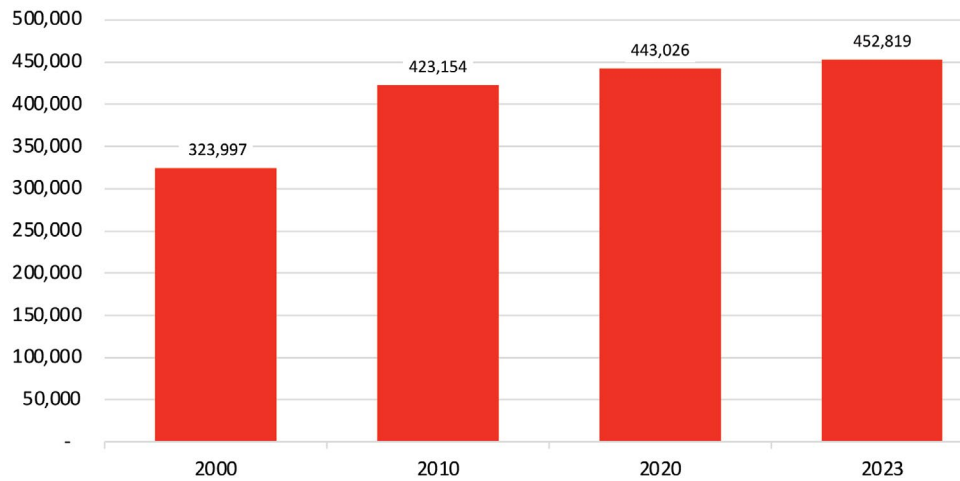
Figure 6: Population Growth Rates (%), Coachella Valley and Comparative Geographies, 2010-2023



Source: Esri Business Analyst, US Census

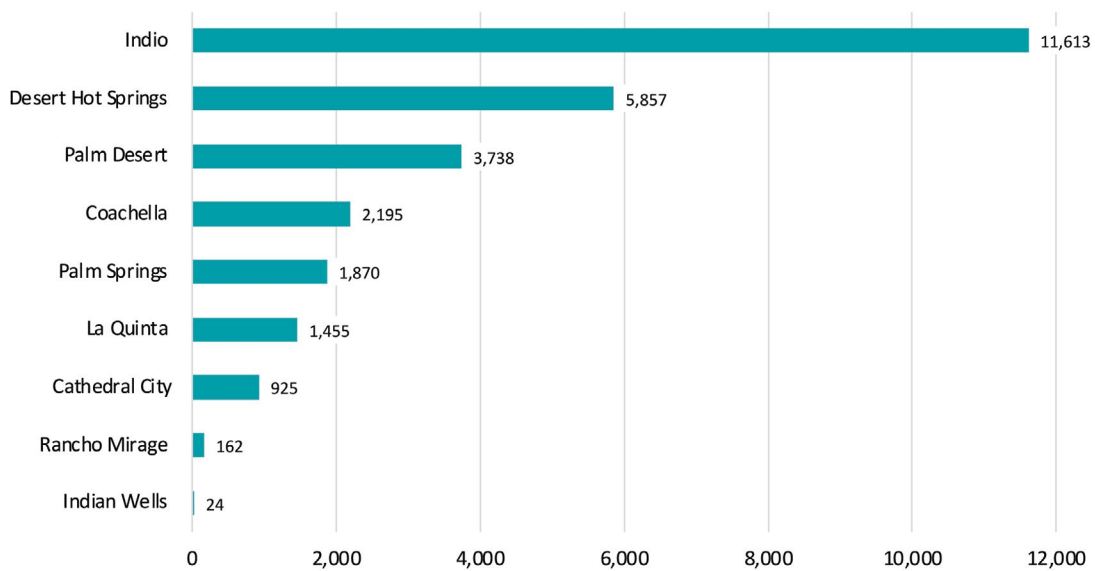


**Figure 7: Population, Coachella Valley, 2000-2023**



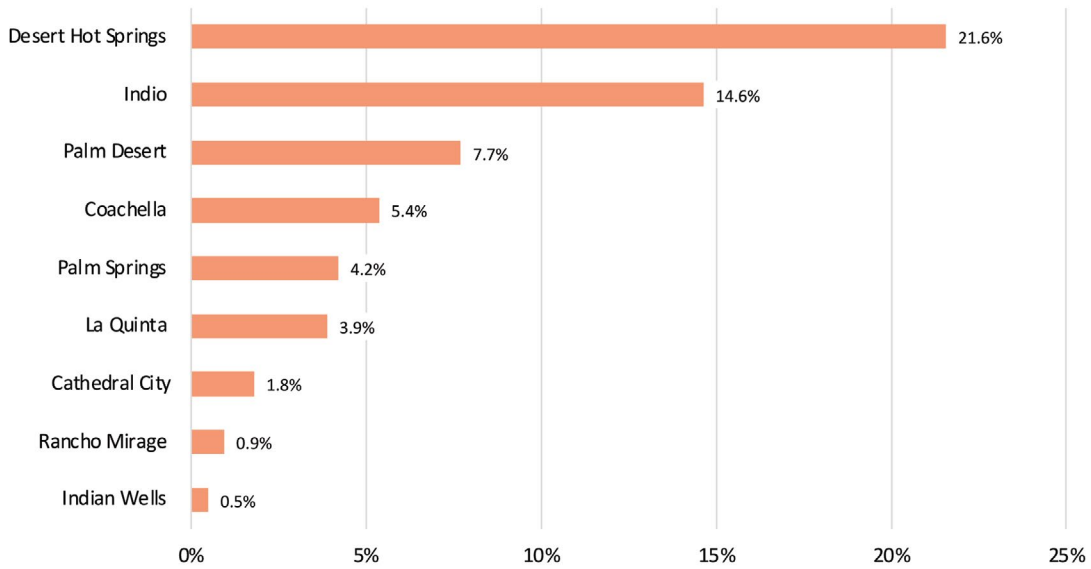
Source: Esri Business Analyst, US Census

**Figure 8: Population growth (#), Coachella Valley Cities, 2010-2023**



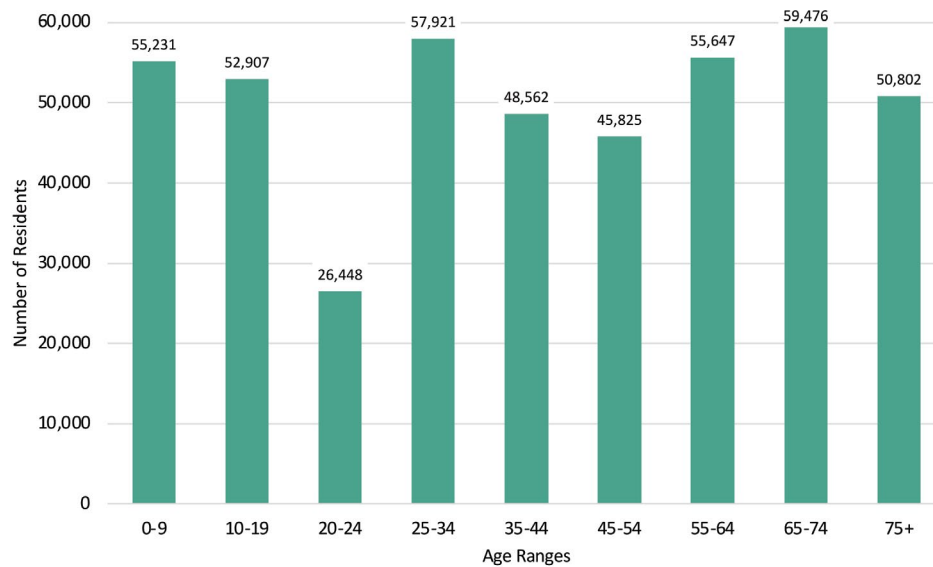
Source: Esri Business Analyst, US Census

**Figure 9: Population Growth (%), Coachella Valley Cities, 2010-2023**



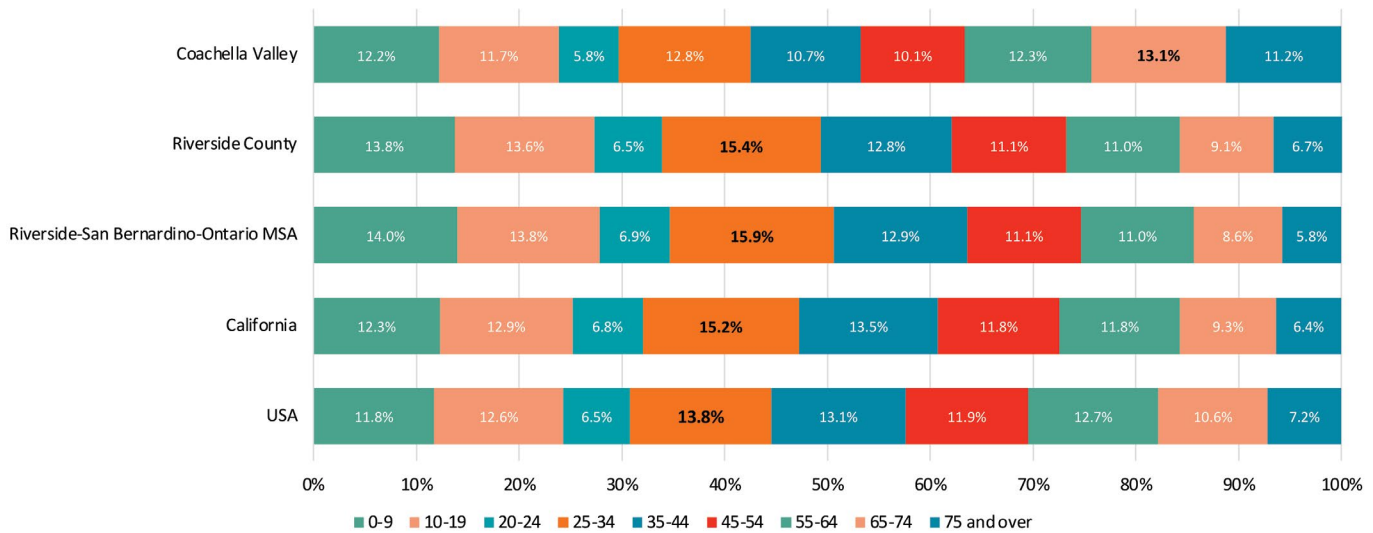
Source: Esri Business Analyst, US Census

**Figure 10: Age Distribution (#), Coachella Valley, 2023**



Source: Esri Business Analyst, US Census

**Figure 11: Age Distribution (%), Coachella Valley and Comparative Geographies, 2023**



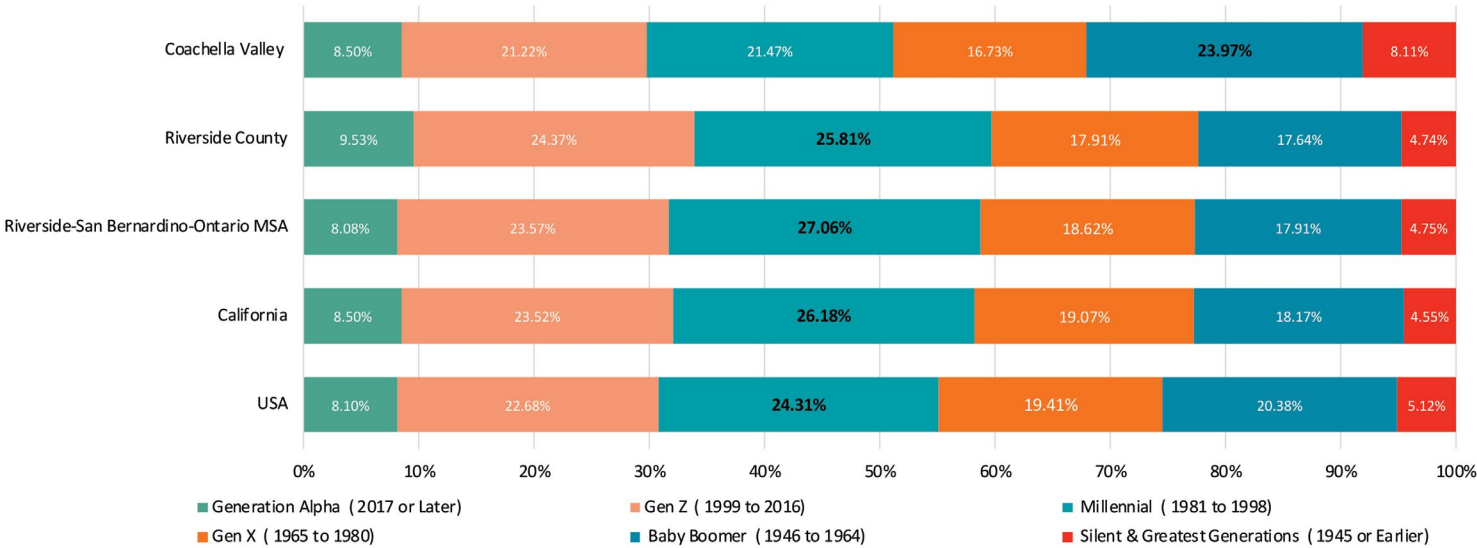
Source: Esri Business Analyst, US Census

**Figure 12: Age Distribution (%), Coachella Valley Cities, 2023**



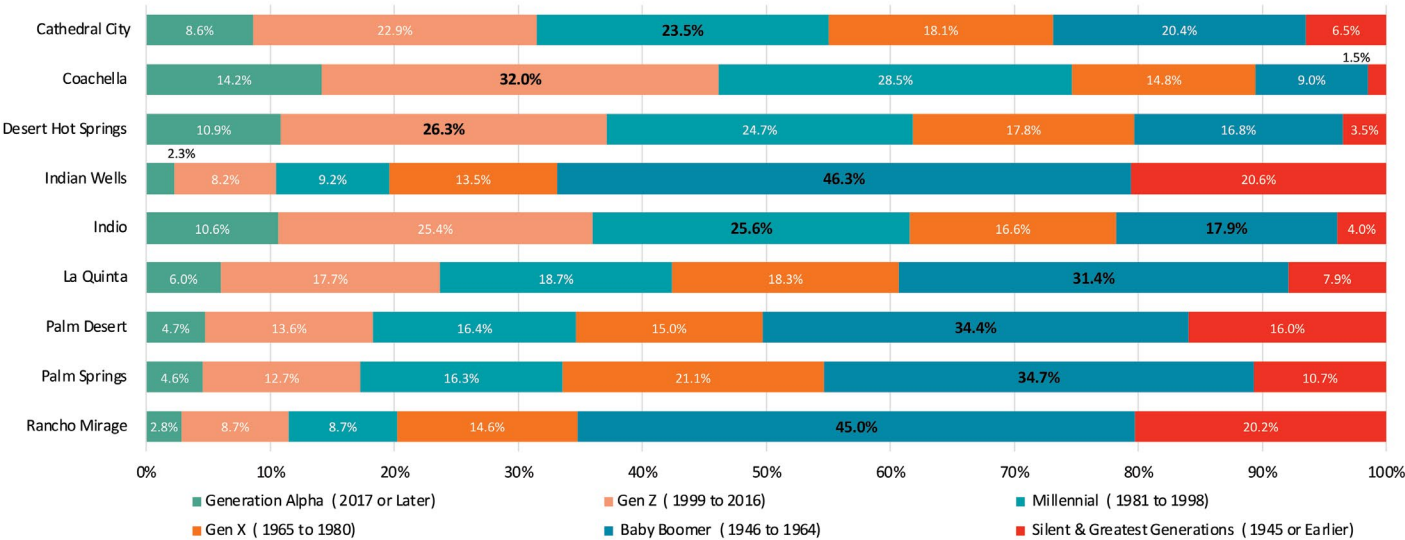
Source: Esri Business Analyst, US Census

**Figure 13: The Generations (%), Coachella Valley and Comparative Geographies, 2023**



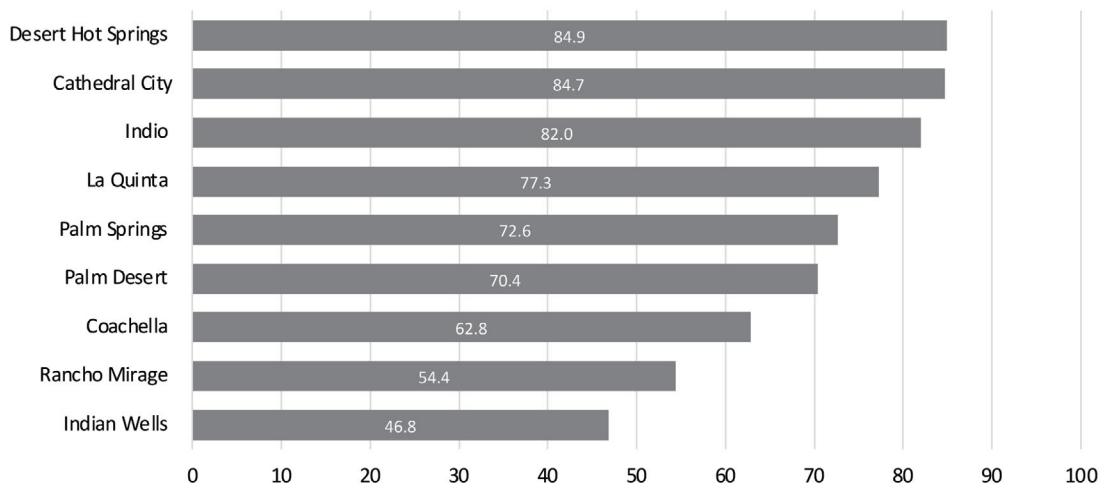
Source: Esri Business Analyst, US Census

**Figure 14: The Generations (%), Coachella Valley Cities, 2023**



Source: Esri Business Analyst, US Census

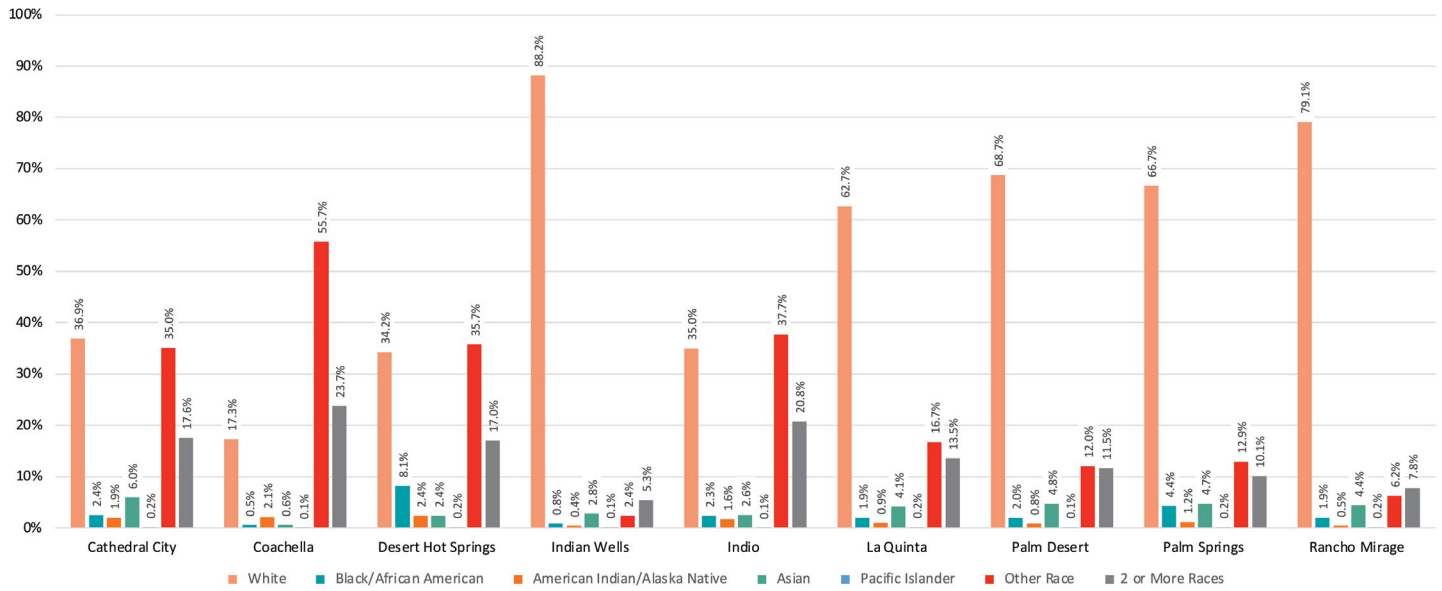
**Figure 15: Diversity Index, Coachella Valley Cities, 2023**



Source: Esri Business Analyst, US Census

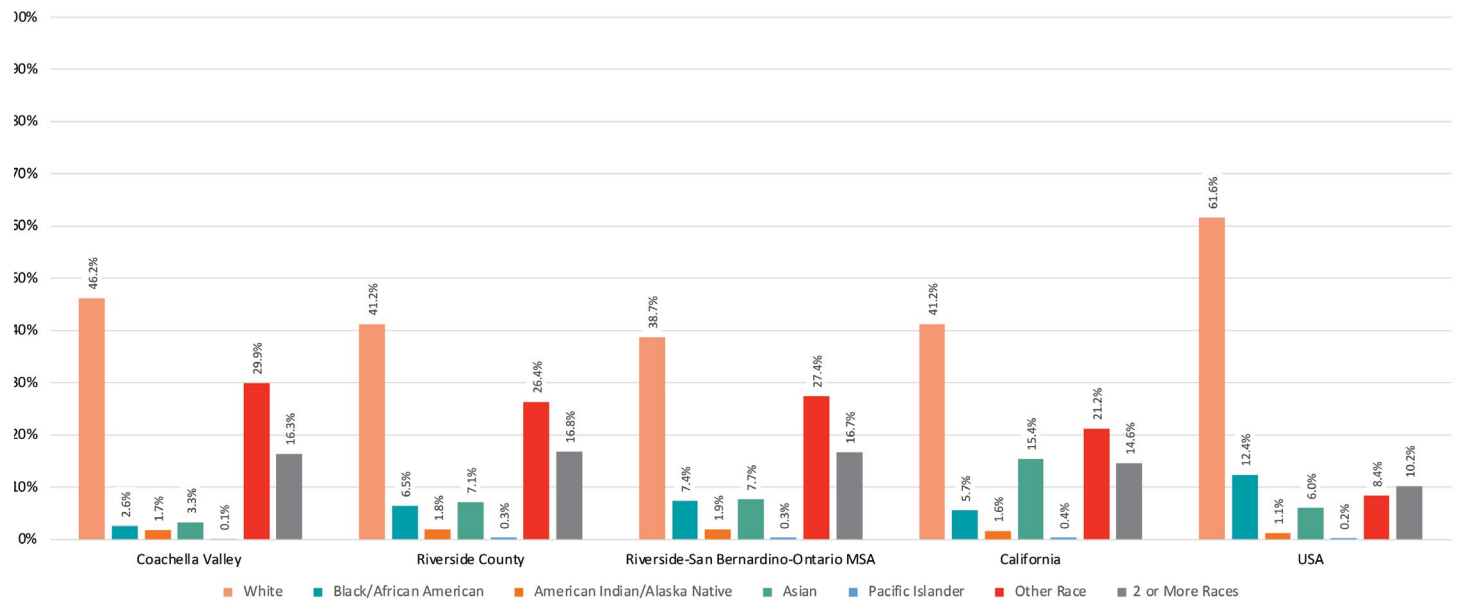
- The Diversity Index from Esri represents the likelihood that two persons, chosen at random from the same area, belong to different races or ethnic groups

Figure 16: Race Distribution, Coachella Valley Cities, 2020



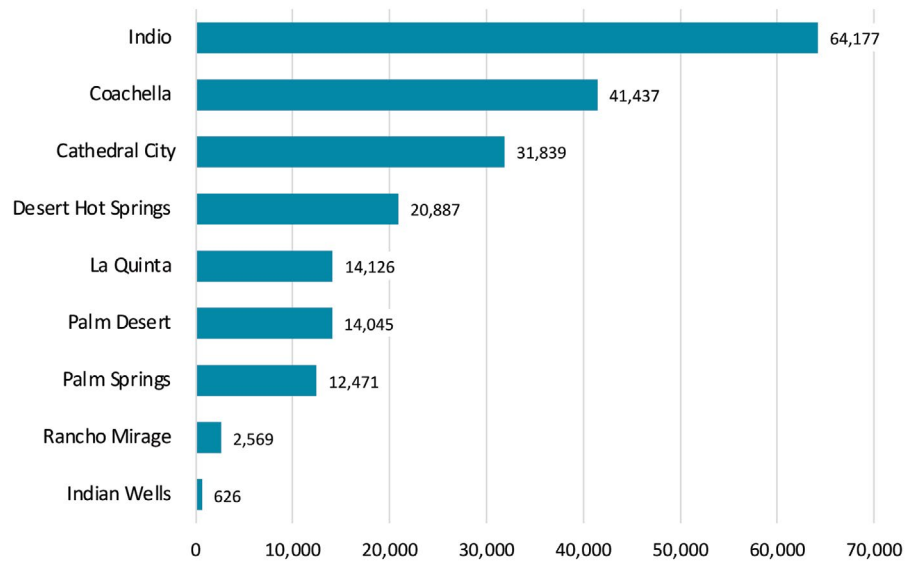
Source: US Census

Figure 17: Race Distribution, Coachella Valley and Comparative Geographies, 2020



US Census

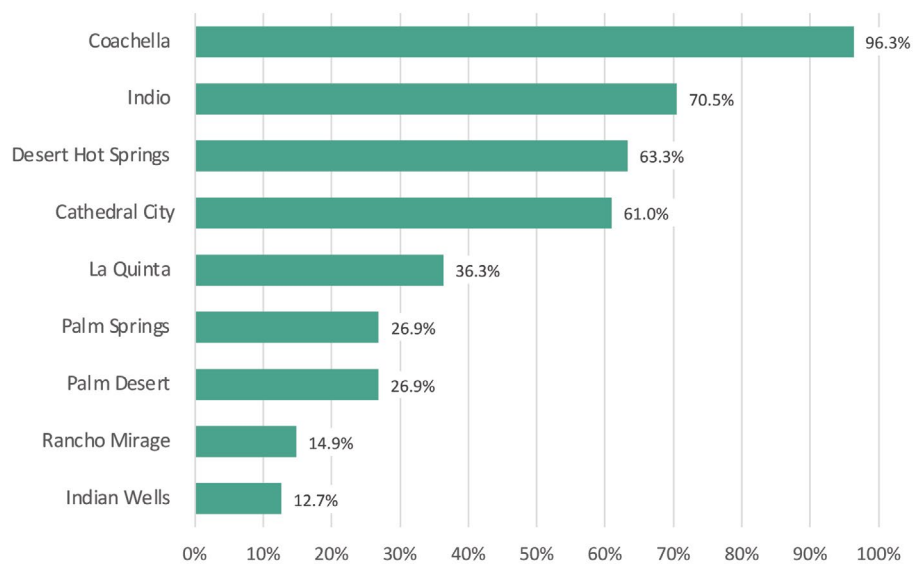
**Figure 18: Hispanic Population (#), Coachella Valley Cities, 2023**



Source: Esri Business Analyst, US Census

- Hispanic is an ethnicity and not a race. Hispanic or Latino origin includes people of Mexican, Puerto Rican, Cuban, Central and South American, Dominican, and other or unknown Latin American or Spanish origin. People of Hispanic origin may be of any race.
- As such, the Hispanic population is counted separately from the Census counts of race. Hispanics have played a major role in the U.S. population growth over the past decade.

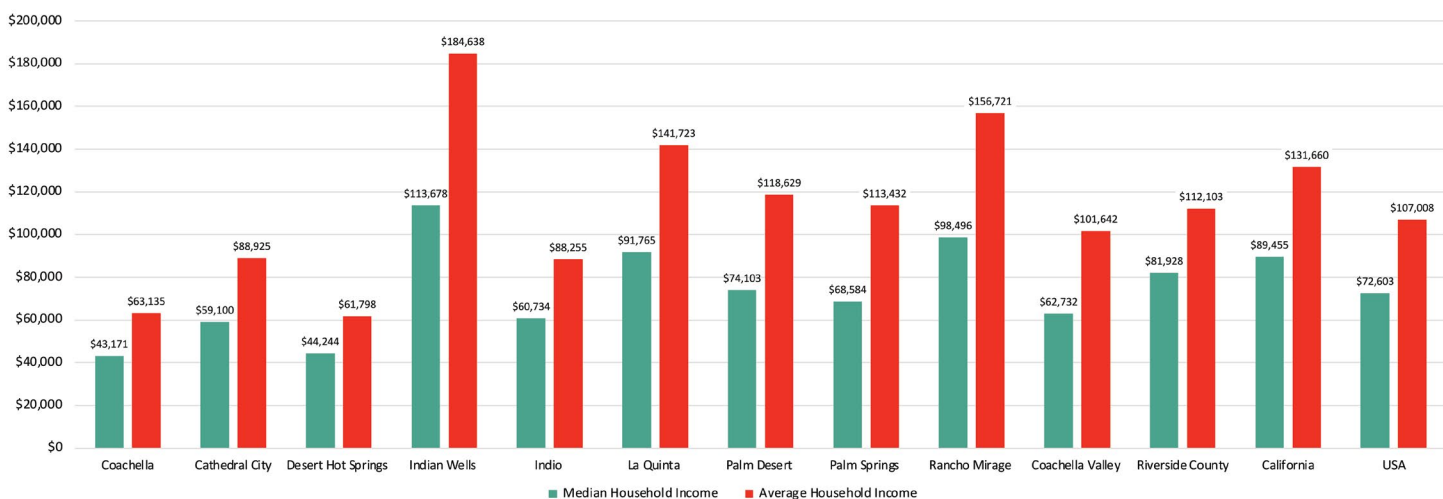
**Figure 19: Hispanic Population (%), Coachella Valley Cities, 2023**



Source: Esri Business Analyst, US Census

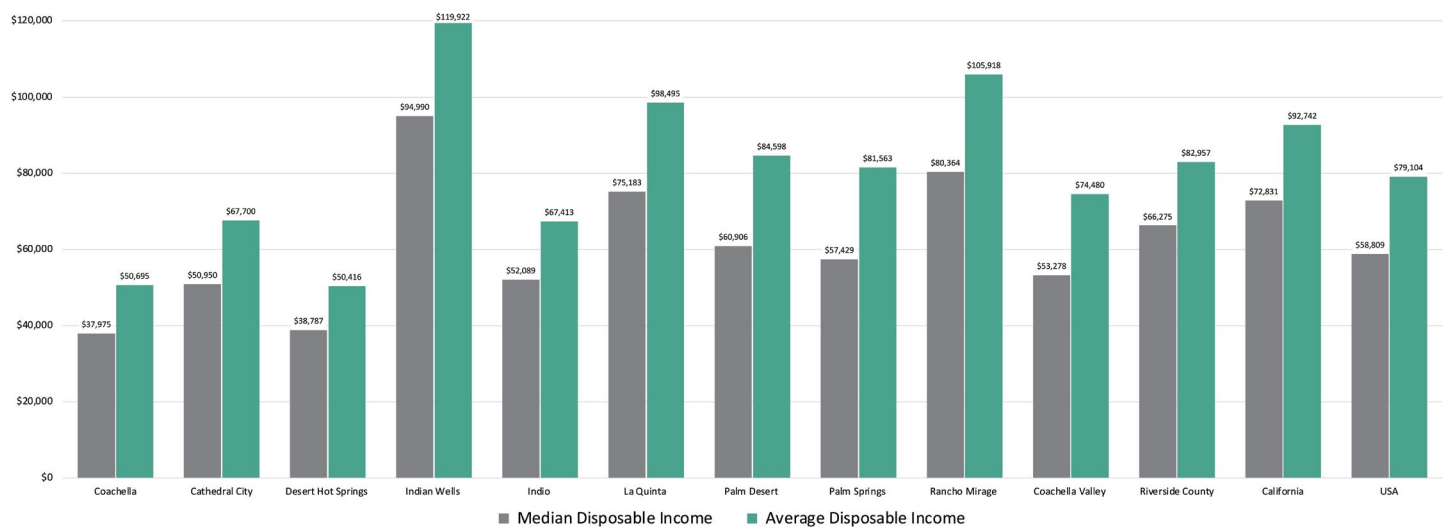
# Income

**Figure 20: Household Income, Coachella Valley Cities and Comparable Geographies, 2023**



Source: Esri Business Analyst, US Census

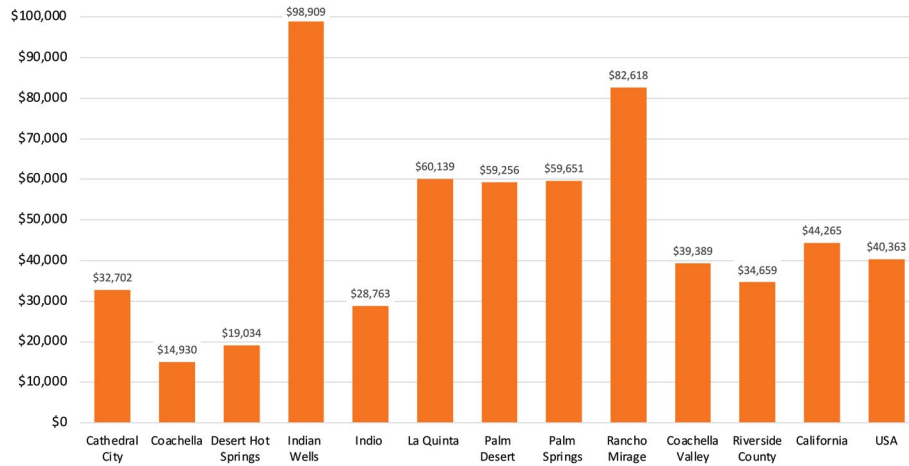
**Figure 21: Disposable Income, Coachella Valley Cities and Comparable Geographies, 2023**



Source: Esri Business Analyst, US Census

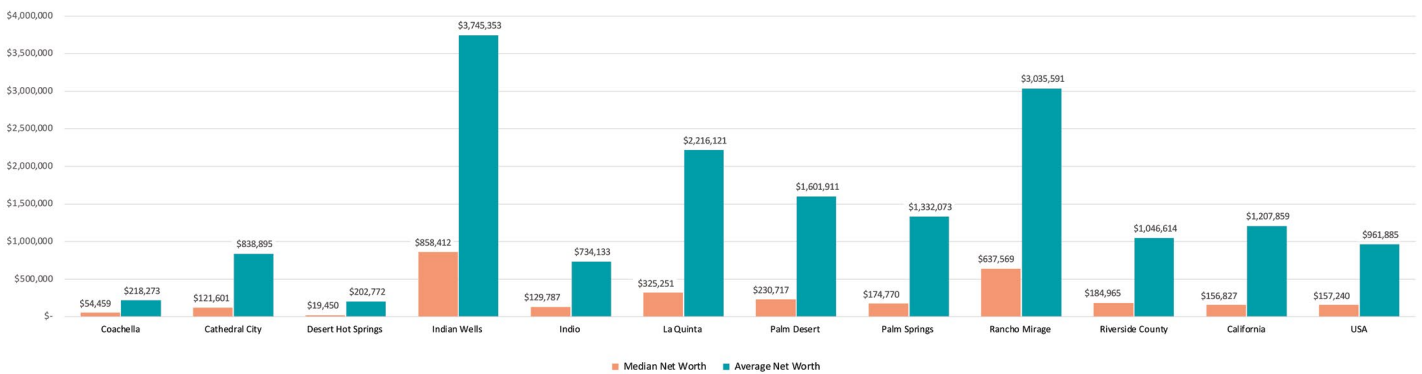


**Figure 22: Per Capita Income, Coachella Valley Cities and Comparable Geographies, 2023**



Source: Esri Business Analyst, US Census

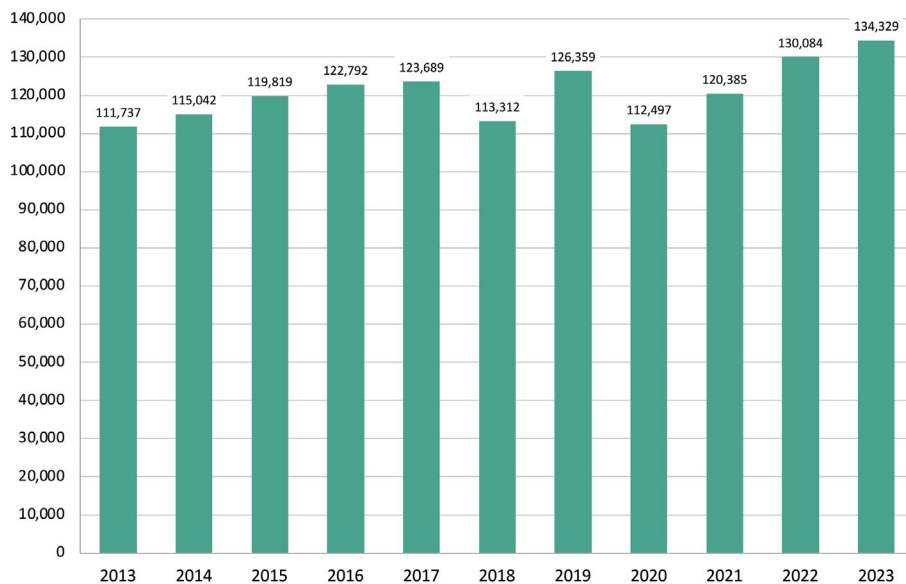
**Figure 23: Household Net Worth, Coachella Valley Cities and Comparable Geographies, 2023**



Source: Esri Business Analyst, US Census

# Employment

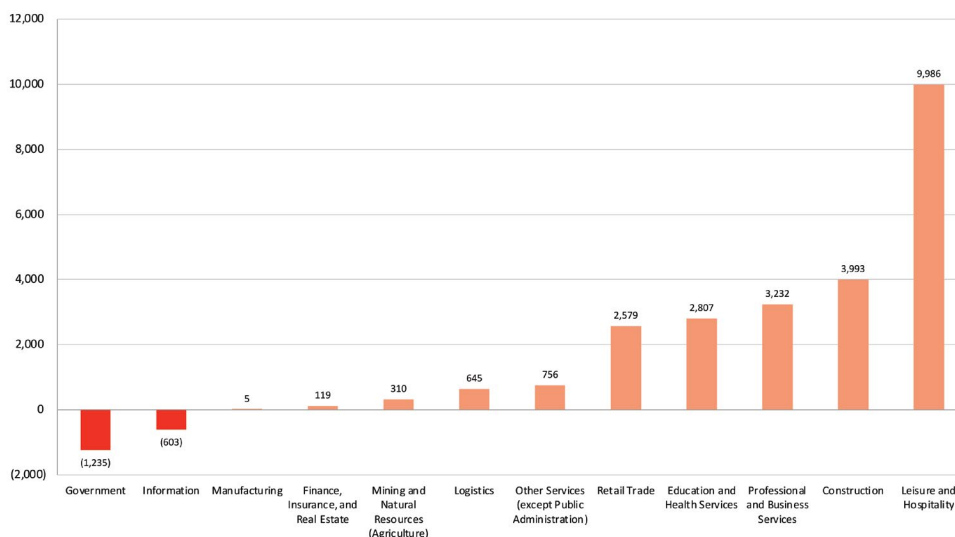
**Figure 24: Annual Average Monthly Total Employment, Coachella Valley, January 2012 - March 2023**



Source: Employment Development Department

- From 2013 to 2022, the Coachella Valley's employment increased from 111,737 to 134,329, a gain of 22,592 or 20.2%.
- Since the pandemic, average total monthly employment has only continued to grow.
- The economy has rebounded significantly with current employment surpassing the previous 10-year peak.

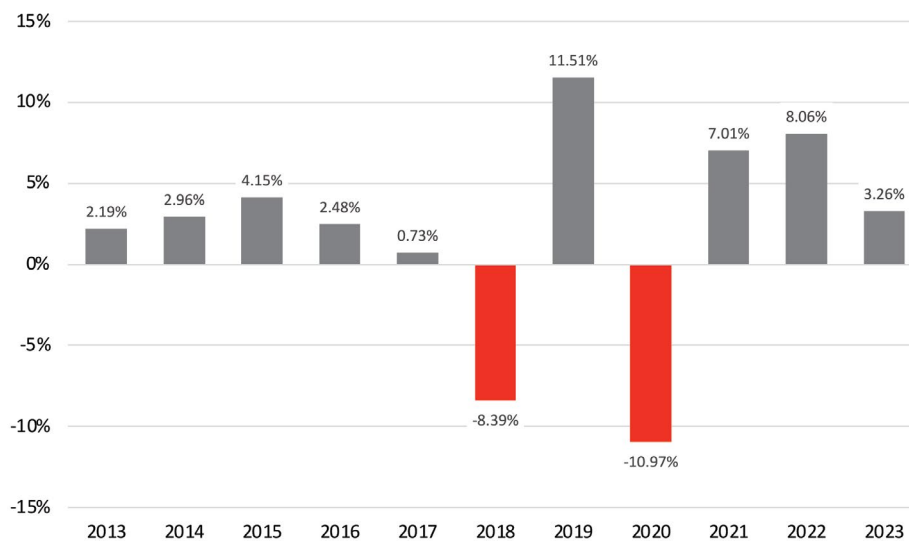
**Figure 25: Employment Gain by Sector, Coachella Valley, January 2013 - March 2023**



Source: Employment Development Department

- The Leisure and Hospitality sector accounted for 9,986 (44%) of the region's 22,592 new jobs from 2013 to 2023. This is primarily due to the tourism and entertainment industries significantly growing during this period. Construction added 3,993 new jobs in this period comprising 18% of this period's job growth. Professional and Business Services added 3,232 jobs or 14% of the job growth.
- Both the Government and Information sectors saw a decrease in employment in the last 10 years.
- 10 of the 12 sectors experienced growth in employment during this period.

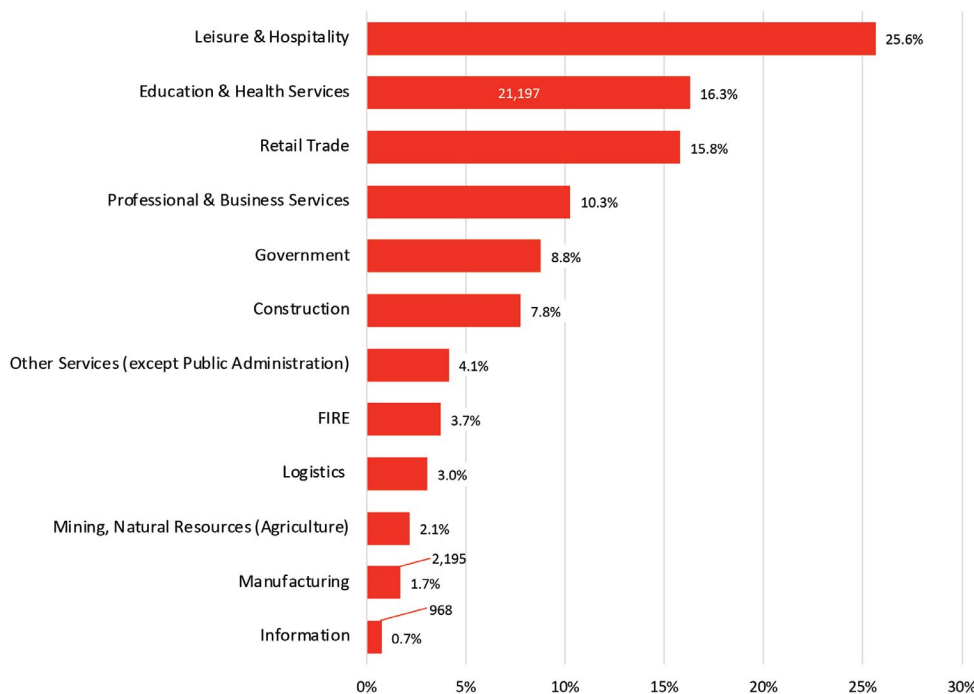
**Figure 26: Employment Growth Rates (%), Coachella Valley, 2013-2023**



Source: Employment Development Department

- 2023 continues to see a growth in employment at 3.26%, though much slower than in 2021 and 2022.
- Slowing employment growth may be a sign that the workforce is reaching full recovery from the pandemic and the -10.97% decline rate in 2020.
- The growth rate in 2023 is comparable to growth seen prior to major shocks in employment felt between 2018-2020.

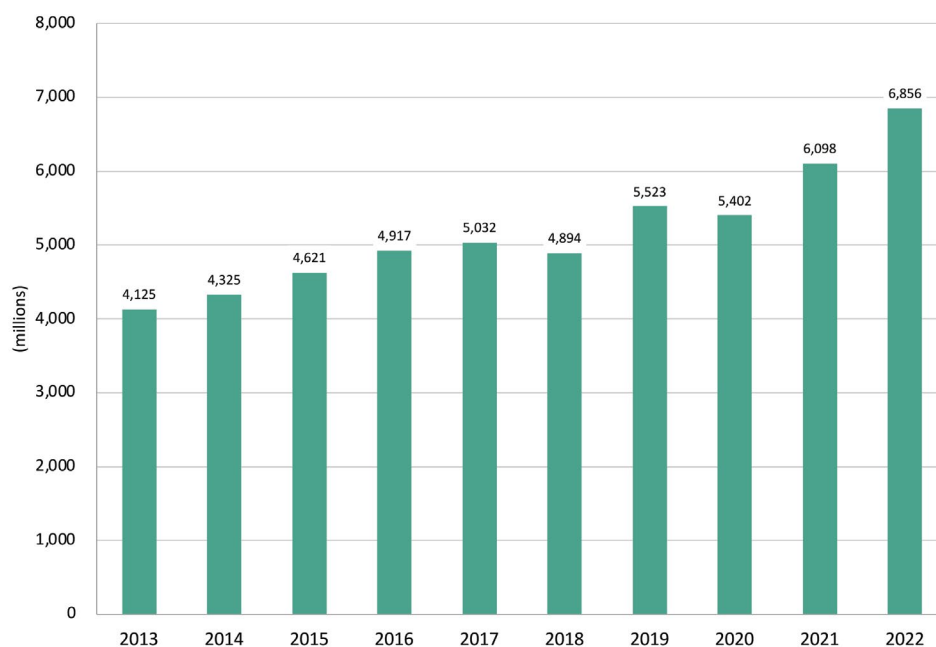
**Figure 27: Employment Distribution by Sector, # and %, Coachella Valley, 2022**



Source: Employment Development Department

- Employment is unequally distributed throughout the Coachella Valley. The largest three sectors represent 57.7% of total employment.
- The largest two sectors are Leisure & Hospitality (33,353, 25.6%) and Education & Health Services (21,197, 16.3%).
- The smallest two sectors are Manufacturing (2,195, 1.7%) and Information (968, 0.7%).
- Between 2021 and 2022, Leisure & Hospitality increased 2.6 percentage points, while Education & Health Services and Retail Trade decreased 0.8 percentage points and 1.2 percentage points respectively.

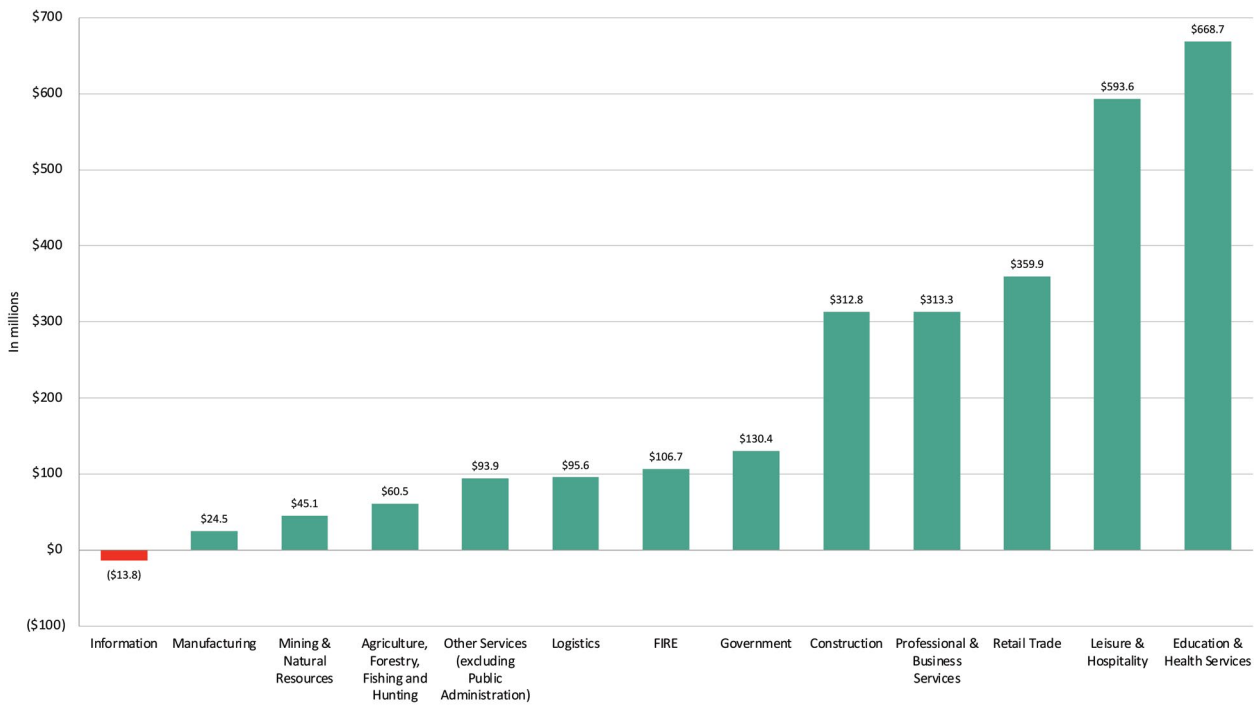
Figure 28: Payroll, Coachella Valley, 2013-2022



Source: Employment Development Department

- Total payroll in the Coachella Valley has only decreased twice in the last two years: in 2018 from 5,032 to 4,894, as well as in 2020 from 5,523 to 5,402.
- Total payroll increased less over the first five years (2013 to 2017), a 22.0% increase, than it did in the following five years (2018 to 2022), a 40.1% increase.
- The three greatest years of growth were 2019 (+12.8%), 2021 (+12.9%), and 2022 (+12.4%).

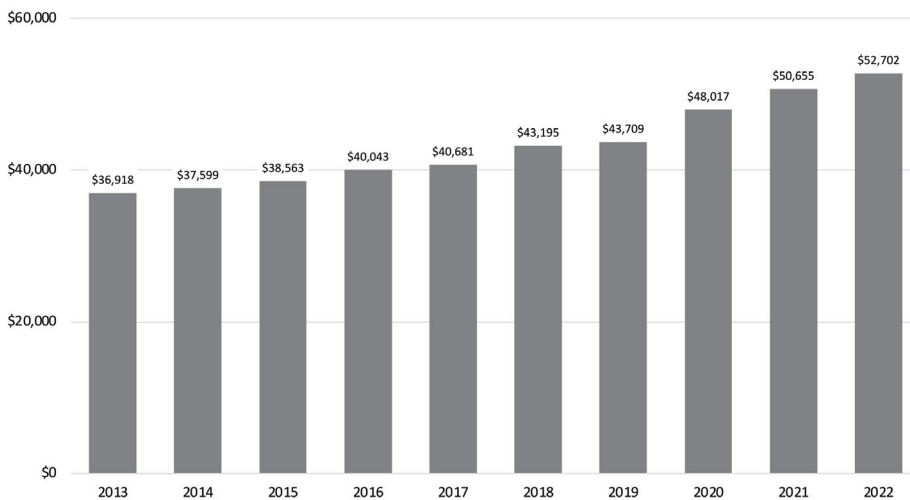
Figure 29: Payroll Gain by Sector by Wages, Coachella Valley, 2013-2022



Source: Employment Development Department

- The Education and Health Services sectors had the largest payroll gain between 2013 and 2022 at \$668.7 million, representing 24% of the Coachella Valley's total \$2.7 billion gain.
- Leisure and Hospitality had the second largest gain of \$593.6 million, 21.7% of the Coachella Valley's total payroll gain.
- All but one sector experienced growth over the period. The Information sector was the one exception with a decrease of \$13.8 million.

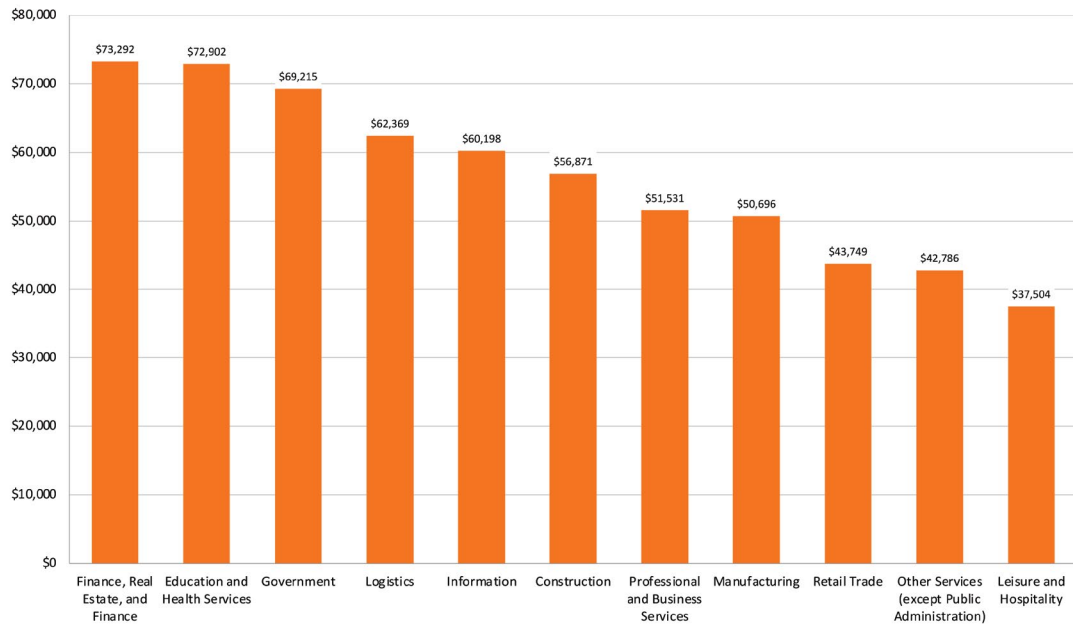
Figure 30: Average Wage & Salary Payroll per Job, Coachella Valley, 2013-2022



- Average wages have grown 42.8% since 2013, reaching \$52,702 in 2023.
- Year-over-year wage growth from 2021 and 2022 was the 4th highest in this period, increasing 4.04%.
- Since the COVID-19 pandemic, wages have grown 9.76%. Part of this wage growth could be simply caused by higher demand for labor during this period of very low unemployment.

Source: Employment Development Department

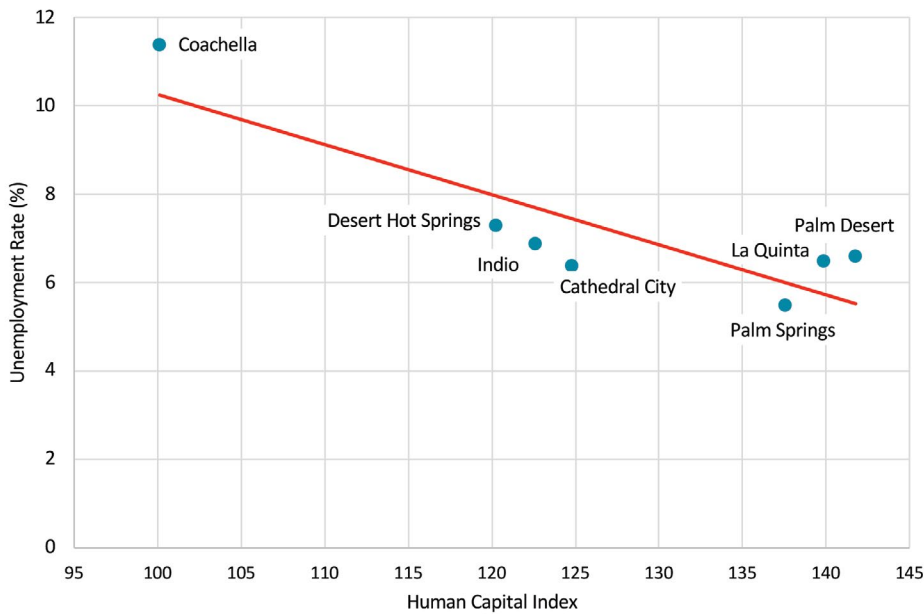
**Figure 31: Average Pay per Worker by Sector, Coachella Valley, 2022**



Source: Employment Development Department

- The Leisure and Hospitality sector had the lowest average annual wage per worker at around \$37,504 in 2022.
- Other sectors with the lowest average annual wage per worker included Other Services (except Public Administration) and Retail Trade. The three lowest-earning sectors are consistent with those during the previous year of 2021.
- Finance, Insurance, and Real Estate (FIRE) had the highest average annual wage per worker at around \$73,292. The sector with the second highest average annual wage per worker was Education and Health Services at around \$72,902.
- Comparing average pay between 2021 and 2022
  - Growth was weak across most sectors. But the average for all sectors showed an actual decline of 0.8%. Significant differences in growth occurred across sectors, indicating the labor market's recovery post-pandemic is highly dependent on specific sector conditions.
  - Professional and business services experienced the highest relative decline in average pay at -25%, indicating businesses may have been looking to cut excess consulting/third-party expenses as a hedge against expected macroeconomic conditions.
  - Differences in wage growth also mirror broader economic circumstances. The Logistics sector was helped by supply chain normalization. Construction was helped by federal government infrastructure spending. And Leisure and Hospitality was helped by continued travel recovery. Notably, Government sector pay, despite the broader stimulus, experienced no changes between 2021 and 2022.

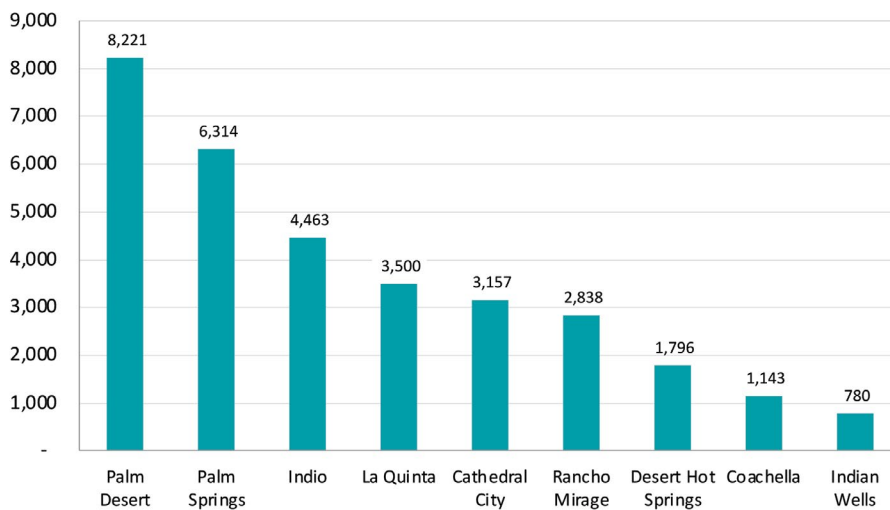
**Figure 32: Unemployment Rates and Human Capital Index, Coachella Valley Cities, 2022**



Source: Bureau of Labor Statistics and U.S. Census Bureau

- The Human Capital Index is a measure of the economic and professional potential of citizens. Health and education are primary attributes of this measure.
- Cities with a higher Human Capital Index tend to have lower unemployment rates. This graph shows that a 20-point increase in the Human Capital Index correlates to an approximate 2% decline in the unemployment rate.
- Coachella is an outlier in the Coachella Valley with the lowest Human Capital Index and the highest unemployment rate.
- La Quinta and Palm Desert have higher unemployment rates than would be predicted by their Human Capital Index (dots above the red trend line).
- Desert Hot Springs, Indio, Cathedral City, and Palm Springs have lower unemployment rates than would be predicted by their Human Capital Indices (dots below the red trend line).

**Figure 33: Number of Business Establishments, Coachella Valley Cities, 2020**

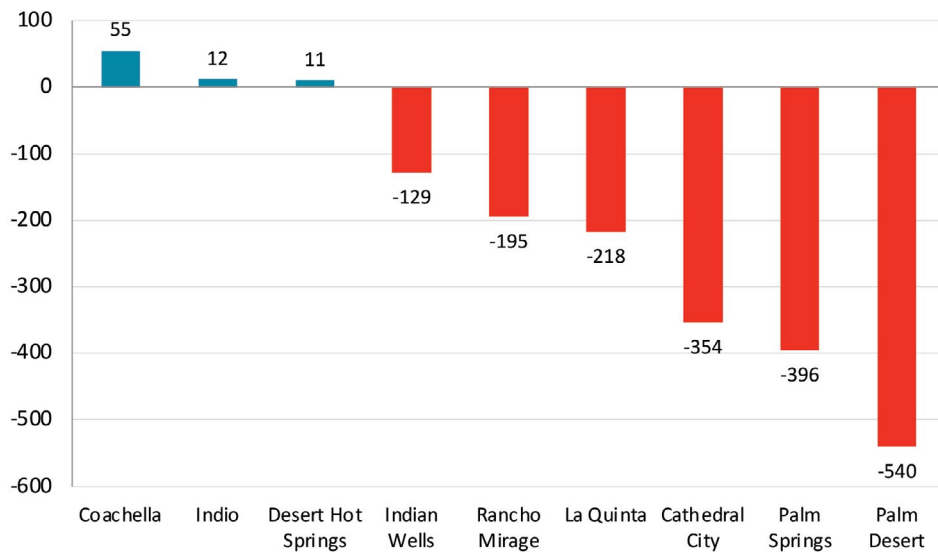


Source: National Establishment Time-Series (NETS) Database

- The number of business establishments in Coachella Valley cities is closely tied to the city's population. Indian Wells has the smallest population and the least number of firms. However, Palm Desert and Palm Springs have significantly more establishments than Indio despite Indio having a population that is 53,000 higher than Palm Desert and 91,000 higher than Palm Springs.
- In 2020, the number of establishments per capita was the highest in Palm Desert, Rancho Mirage, and Indian Wells (0.15, or 6.5 people per establishment) and the lowest in Coachella (0.02, or 50 people per establishment).



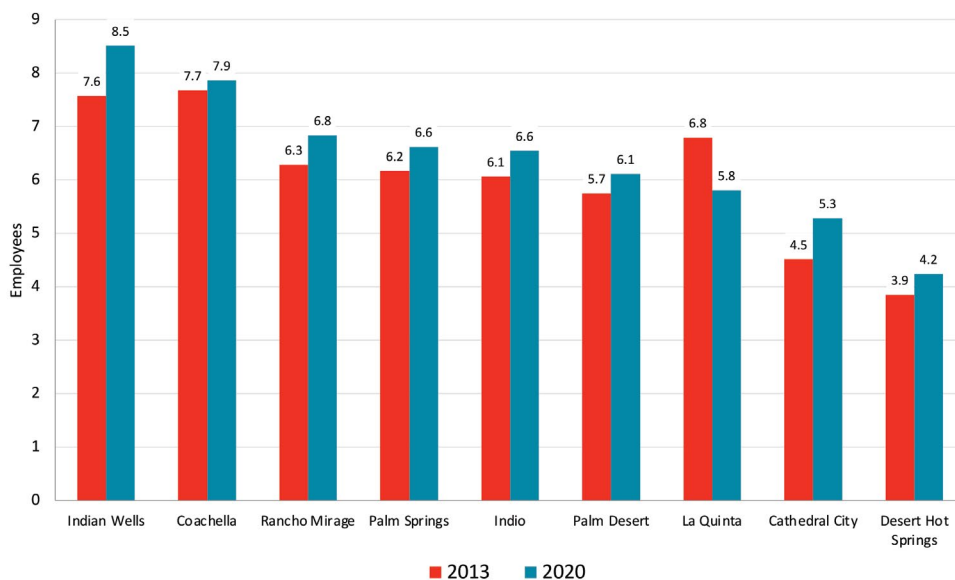
**Figure 34: Change in Number of Business Establishments, Coachella Valley Cities, 2013-2020**



Source: NETS Database

- From 2013 to 2020, the Coachella Valley saw a significant decline in the number of business establishments. During this period, 1,754 firms either closed or left the valley. This was in stark contrast to the period 2010 to 2013. Then the number of establishments in the region rose by 3,611 and none of the cities saw a decrease.
- The only cities that did not see a decrease in the number of firms from 2013 to 2020 were Coachella, Indio, and Desert Hot Springs. However, their contribution of 78 businesses was not enough to outweigh the losses in other cities.

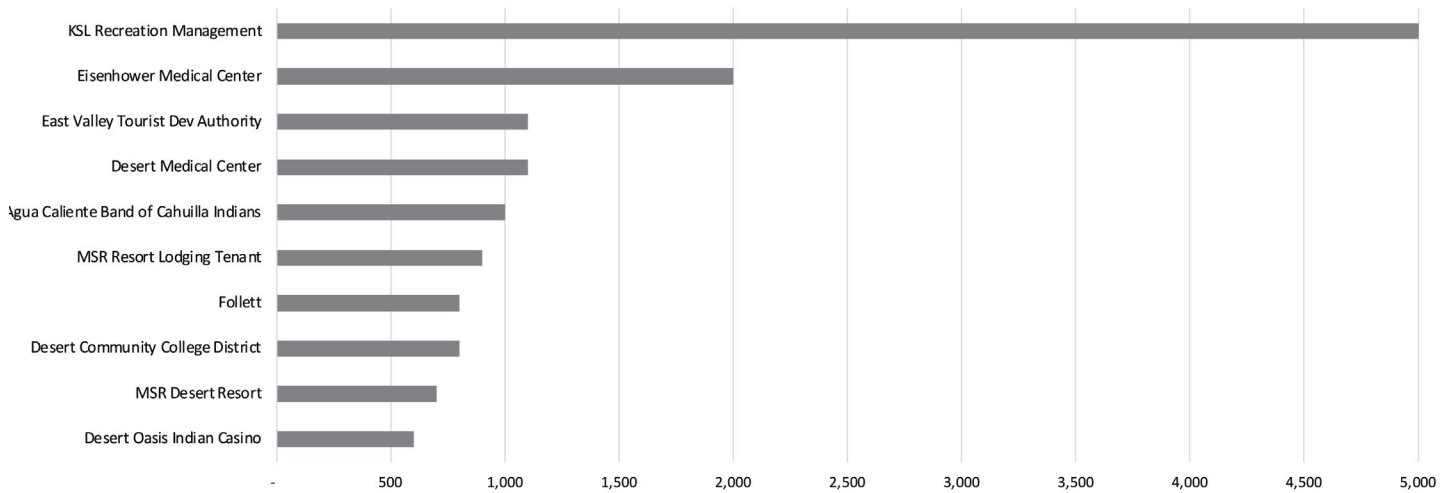
**Figure 35: Average Business Establishment Employment, Coachella Valley Cities, 2013 and 2020**



Source: NETS Database

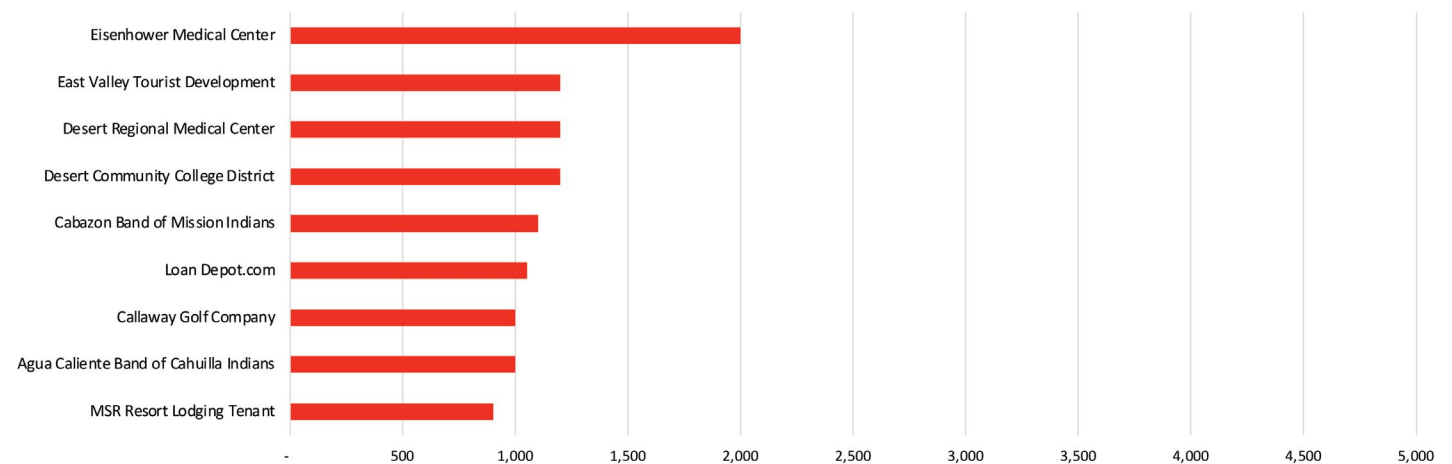
- For eight out of nine valley cities, the average number of employees per business establishment rose between 2013 and 2020. Perhaps this is a consequence of the loss of establishments (Figure 34) in the region during this period.
- Indian Wells had twice as many employees per establishment as Desert Hot Springs (8.5 vs. 4.2). The average number across the region is 6.2 employees.
- The number of employees per business increased on average by only 4%.

**Figure 36: Top-10 Businesses by Number of Employees, Coachella Valley, 2010**



Source: NETS Database

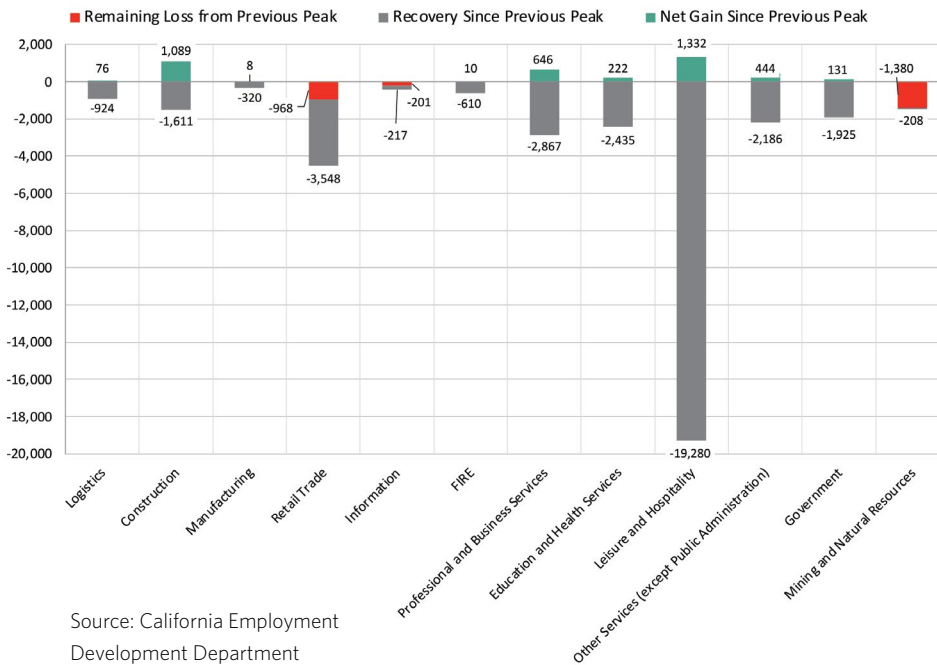
**Figure 37: Top-9 Businesses by Number of Employees, Coachella Valley, 2020**



Source: NETS Database

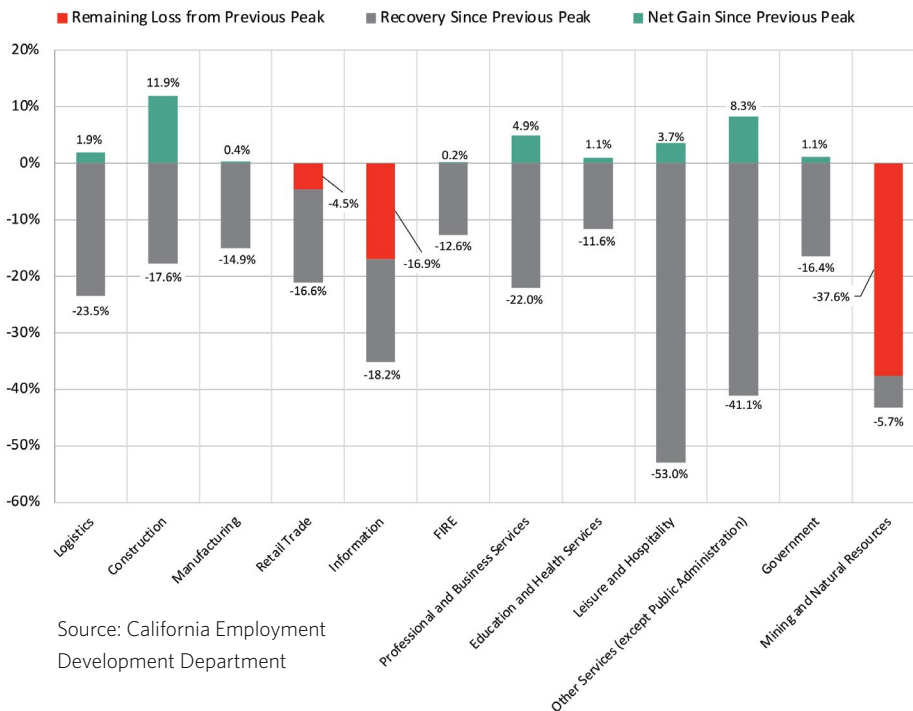
- The largest employer in 2010, KSL Management, had 5,000 employees. But by 2020 the largest employer, Eisenhower Medical Center, had significantly fewer workers - 2,000.
- In 2010, six out of 10 of the biggest employers were in the Recreation and Accommodation sectors. The other four were split evenly between Healthcare and Educational Services. In 2020, only four top employers were in the Recreation and Accommodation sector. Of the remaining employers, two were in Healthcare, and the rest were in Educational Services, Public Administration, Finance and Insurance, and Manufacturing.
- Six out of ten companies appeared in both the 2010 and the 2020 lists of top employers.

**Figure 38: Change in Employment (number of workers) by Industry Sector, Coachella Valley, Peak to Trough, February 2020 - March 2023**



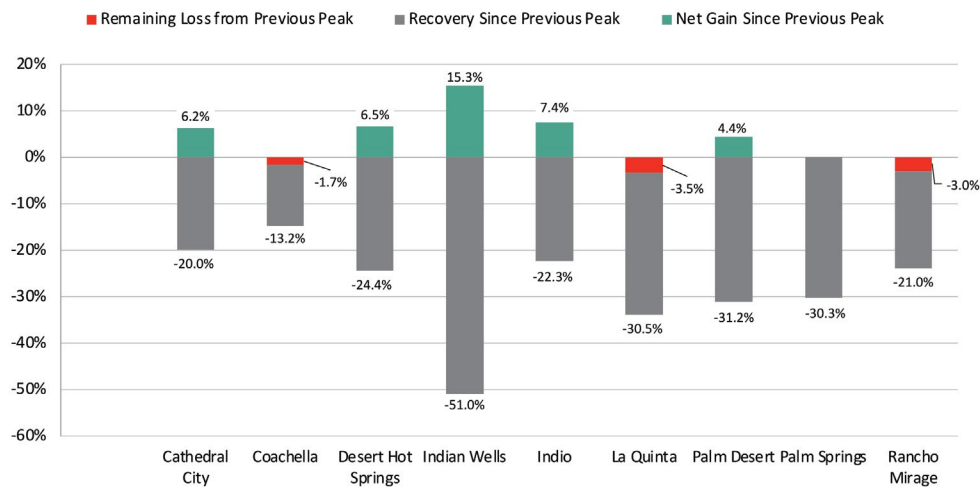
- Most industry sectors have exceeded their pre-pandemic peak employment levels, with Leisure and Hospitality showing the largest gain relative to its pre-pandemic level employment.
- The pandemic affected the Leisure and Hospitality sector most severely, losing almost 20,000 employees. But since then, employment has fully recovered, showing the largest growth in employment compared to any other sector.
- The Retail Trade, Information, and Mining and Natural Resources sectors continue to lag behind their pre-pandemic peak and employment has not fully recovered.

**Figure 39: Change in Employment (%) by Industry Sector, Coachella Valley, Peak to Trough, February 2020 - March 2023**



- Employment in the Mining and Natural Resources sector (which includes Agriculture) remains over 37% below its pre-pandemic peak.
- In addition, the Information and Retail Trade sectors remain below their pre-pandemic levels, with Information over 16% below the previous peak.
- Construction has seen the greatest net gain since the previous peak, with a 12% increase.

**Figure 40: Change in Employment (%), Coachella Valley Cities,  
Peak to Trough, February 2020 - March 2023**

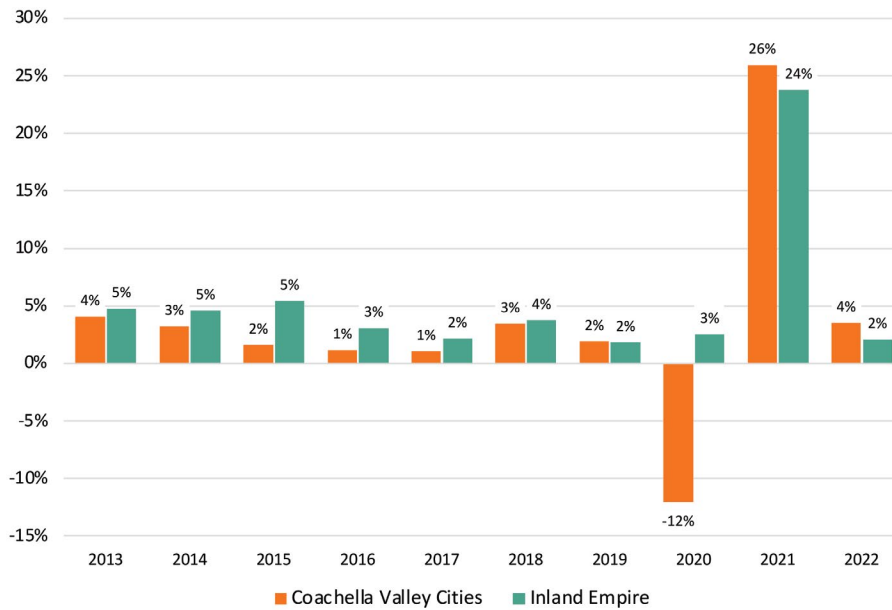


Source: California Employment Development Department

- Coachella, La Quinta, and Rancho Mirage all remain below February 2020 employment levels.
- Despite Indian Wells seeing the highest pandemic loss of employment, it has now seen the biggest post-pandemic recovery, with the biggest net employment gain among the nine cities.
- As of March 2023, Cathedral City, Desert Hot Springs, Indian Wells, Indio, and Palm Desert, and Palm Springs have all recovered their pandemic employment losses.

# Taxable Sales

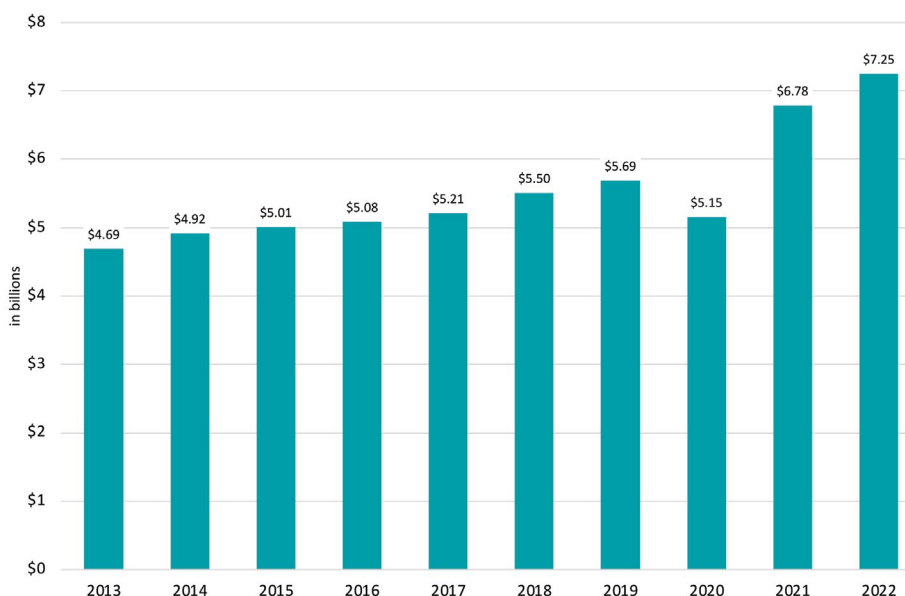
**Figure 41: Taxable Sales Growth, Coachella Valley & Inland Empire, 2013-2022**



Source: California Department of Tax and Fee Administration

- From 2013 to 2020 the Inland Empire had consistently higher growth in taxable sales than the Coachella Valley. But this trend reversed in 2021.
- Taxable sales growth in 2021 was a major anomaly for both the Coachella Valley and the Inland Empire. But 2022 growth returned to pre-pandemic rates.
- While taxable sales in Coachella Valley dropped immensely in 2020 (likely due to the drop in tourism), taxable sale growth in the Inland Empire overall remained unaffected.

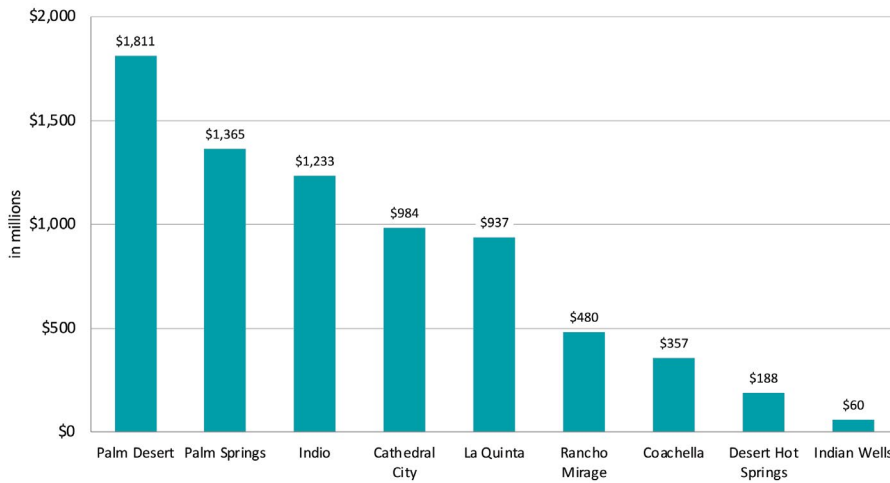
**Figure 42: Taxable Retail Sales (\$ billions), Coachella Valley, 2013-2022**



Source: California Department of Tax and Fee Administration

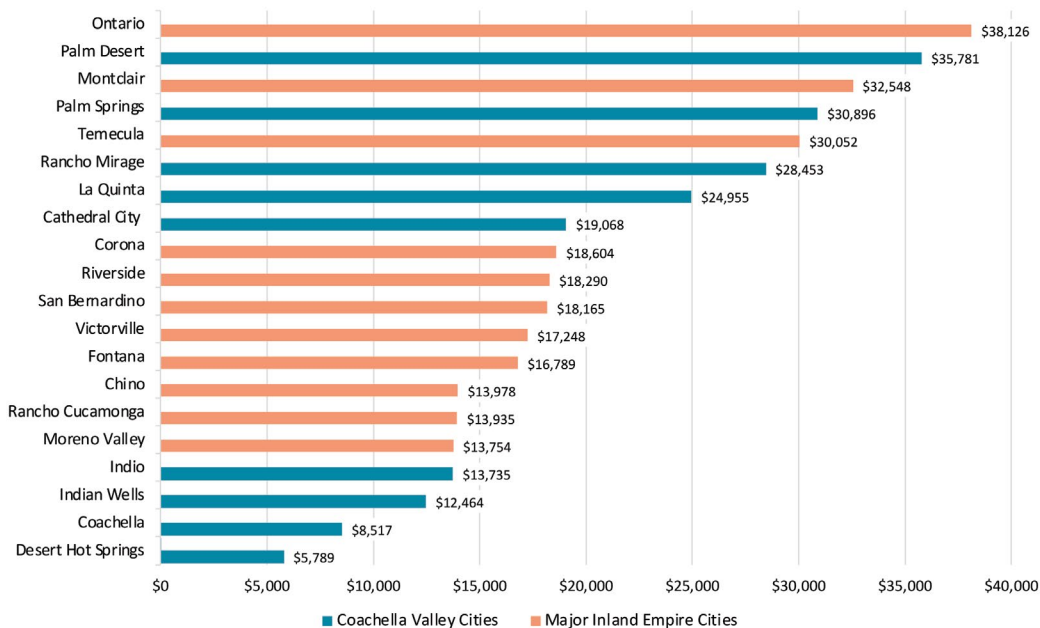
- In 2022, the nine cities of the Coachella Valley reached a record of \$7.25 billion in taxable retail sales.
- In the last 10 years, the Coachella Valley has seen consistent year-over-year growth in taxable retail sales, with the sole exception of 2020, a substantial decline caused by the Covid-19 pandemic.
- The post-pandemic pace of growth in taxable sales is higher than pre-pandemic levels.

**Figure 43: Retail Sales (\$ millions), Coachella Valley Cities, 2022**



- Palm Desert had the highest retail sales in 2021 at \$1.8 billion.
- Indian Wells had the lowest retail sales of \$60 million, a result of having the fewest retail establishments.
- From 2021 to 2022, retail sales across all cities grew significantly, at 13.8%.
  - Palm Desert, Cathedral City, La Quinta, and Desert Hot Springs saw mid-to-high single digit growth.
  - All the other cities, except for Indian Wells, saw low to mid double-digit growth.
- Indian Wells' retail sales grew at 51.9%, far outpacing all other Coachella Valley cities.

**Figure 44: Retail sales per capita, Coachella Valley vs other major cities, 2022**

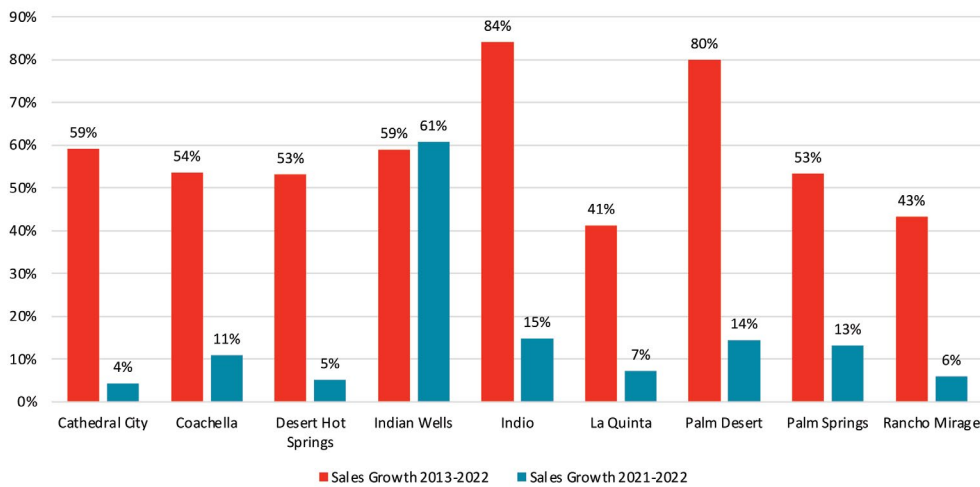


Source: California Department of Tax and Fee Administration

- Among all the cities in this figure, Palm Desert has the second highest retail sales per capita (\$35,781) and Palm Springs has the 4th highest (\$30,896), with both cities showing growth in retail sales per capita from 2021 to 2022.
- Indio (\$13,735), Indian Wells (\$12,464), Coachella (\$8,517), and Desert Hot Springs (\$5,789) are all below the rest of the city's retail sales per capita averages.
- Observe that for the Coachella Valley, a stark contrast exists between the top 5 cities with highest retail sales per capita and the bottom 4 cities. This is because there are significantly more retail businesses in the top 5 cities compared to the bottom 4 cities.



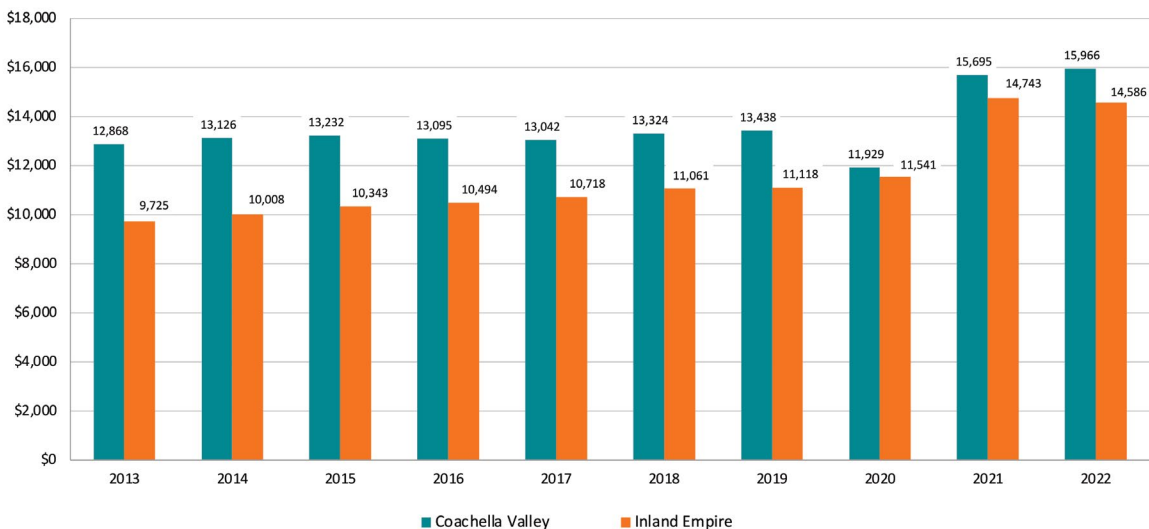
**Figure 45: Retail Sales Growth (%), Coachella Valley Cities, 2013-2022 and 2021-2022**



- From 2021 to 2022, Indian Wells was the only Coachella Valley city that experienced a significant year-over-year increase in retail sales growth - 61%
- Indio and Palm Desert saw impressive growth between 2013 and 2022 with 84% and 80% growth, respectively. They also saw the second and third highest growth from 2021 to 2022, with marginal increases of 15% and 14%, respectively.
- Although Cathedral City gained significant growth between 2013 and 2022 (3rd highest), they saw the slowest growth from 2021 to 2022.

Source: California Department of Tax and Fee Administration

**Figure 46: Retail Sales per capita, Coachella Valley and the Inland Empire, 2013-2022**

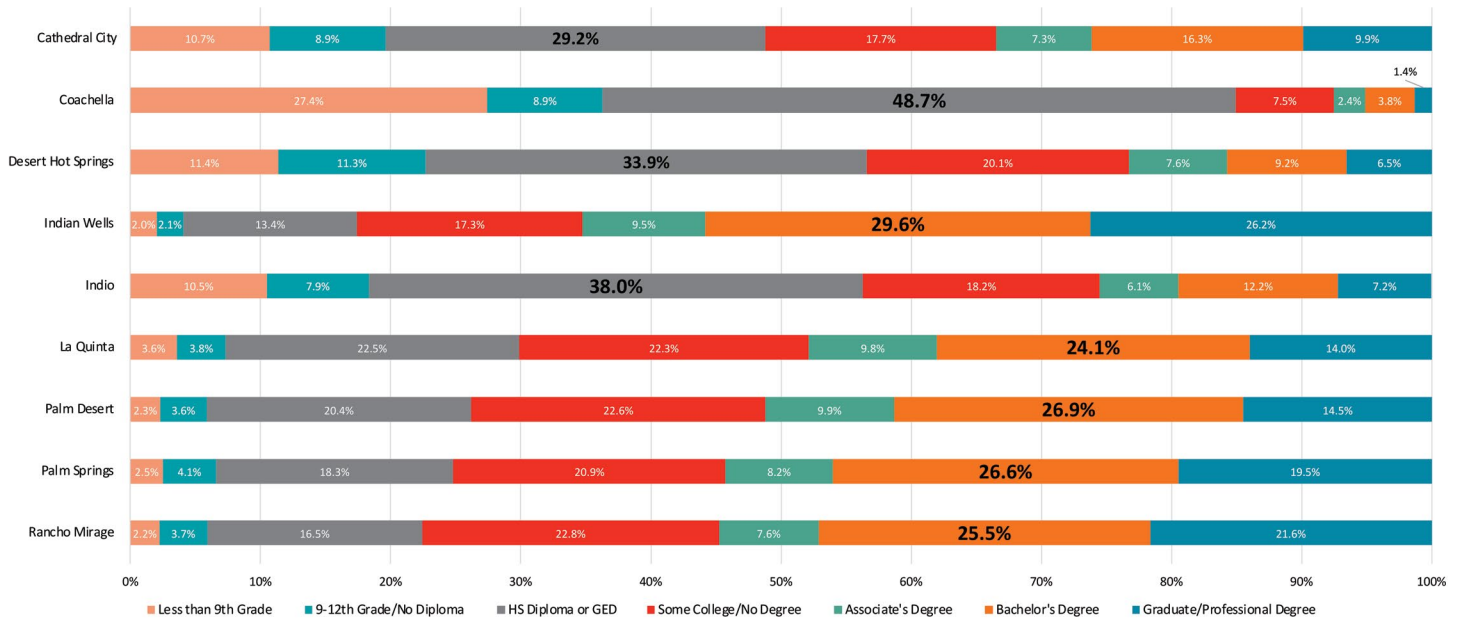


Source: California Department of Tax and Fee Administration & FRED

- The Inland Empire experienced steady growth in retail sales per capita between 2013 and 2020, despite having lower sales per capita than the Coachella Valley
- Following the pandemic lockdowns of 2020, both the Coachella Valley and Inland Empire's retail sales per capita expanded massively in 2021 by 31.6% and 27.7%, respectively.
- Overall, the Coachella Valley and Inland Empire's retail sales per capita is gradually converging, a reflection of the continued population growth of the Inland Empire.

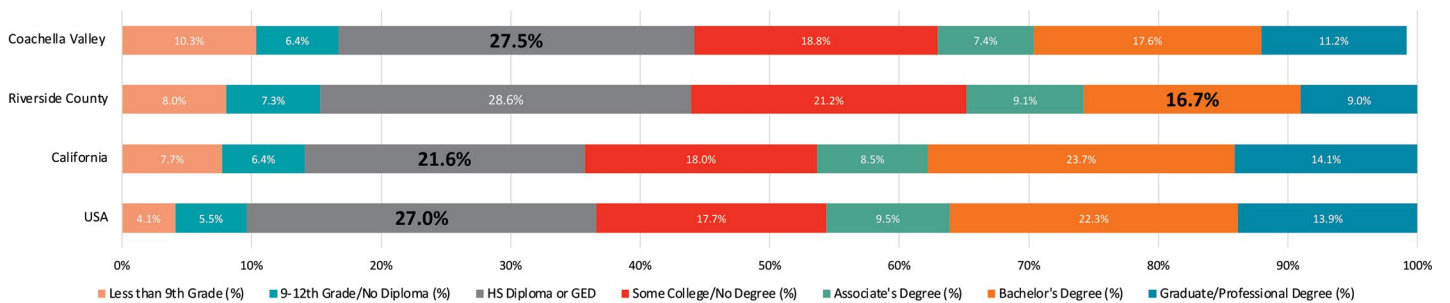
# Education

Figure 47: Educational Attainment, Coachella Valley Cities, 2023



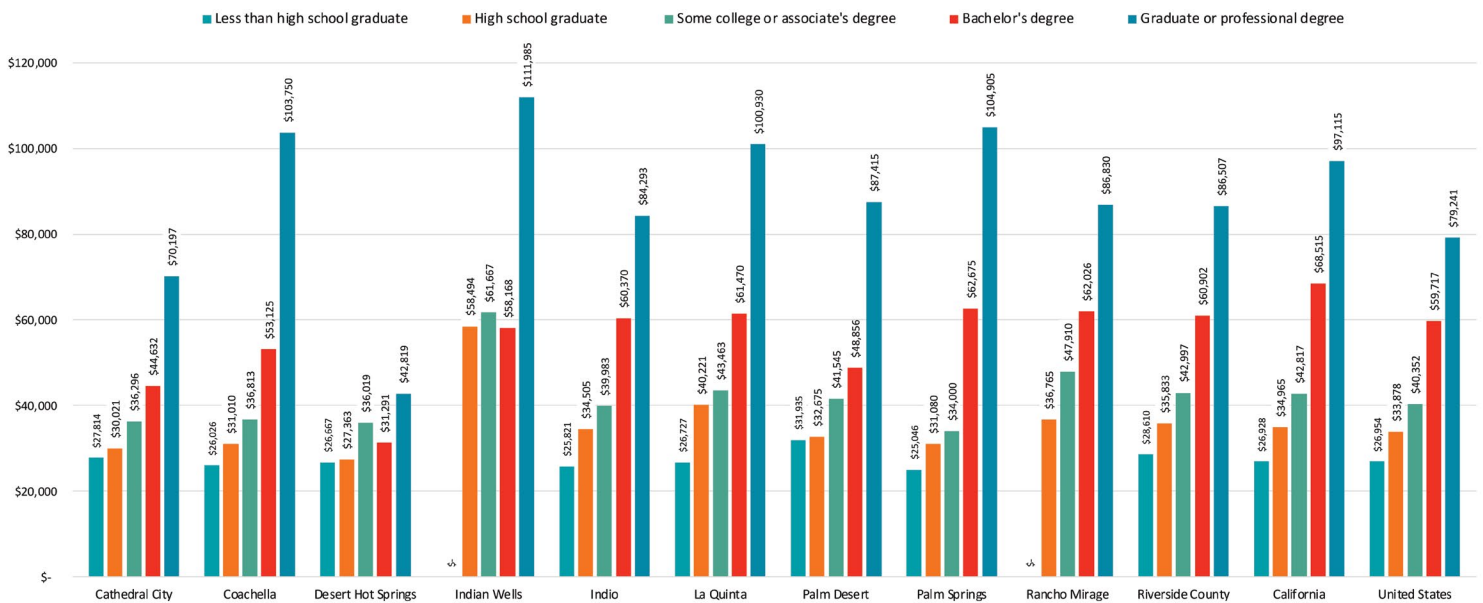
Source: Esri Business Analyst, US Census

Figure 48: Educational Attainment, Coachella Valley and Comparative Geographies, 2023



Source: Esri Business Analyst, US Census

Figure 49: Median Earnings Based on Educational Attainment, 2021

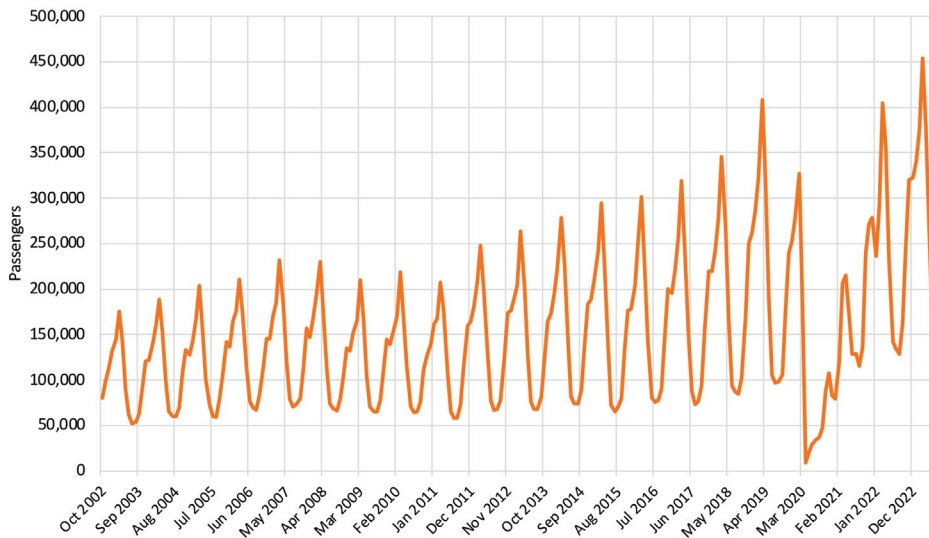


Source: U.S. Census

- Among the 9 cities in the Coachella Valley, Indian Wells has the highest earnings for a Graduate or professional degree (\$121,250). Coachella has the highest earnings for working residents with a bachelor's degree (\$73,606). Indian Wells has the highest earnings for working residents with an associate degree (\$77,545) and working residents with a high school degree (\$56,537). La Quinta has the highest earnings for working residents without a high school degree (\$26,823).
- Unlike other Coachella Valley cities and national trends, those with an associate degree (\$77,545) and high school degree (\$56,537) have higher earnings than those with a bachelor's degree (\$55,380) in Indian Wells.
- Coachella Valley has lower earnings for those with less than a graduate degree compared to California and the U.S. average. However, working residents with a graduate or professional degree have higher earnings than the California and U.S. average.

# Transportation

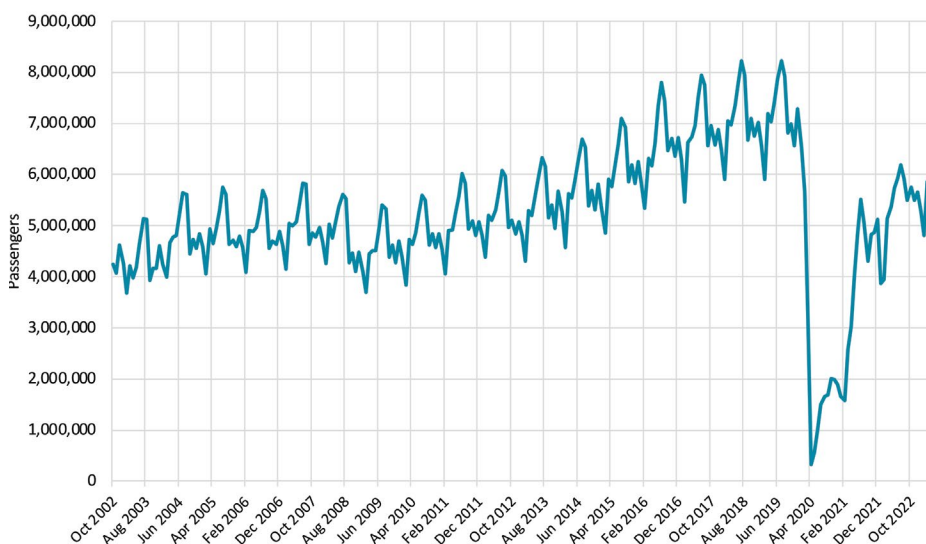
**Figure 50: Passenger Traffic, Palm Springs International Airport (PSP), 2002-2022**



Source: Bureau of Transportation Statistics

- Between 2002 and 2022, Palm Springs International Airport passenger traffic reached a low in early 2020 due to the pandemic curtailing travel.
- Passenger traffic recovered to pre-pandemic levels in early 2022. PSP saw record traffic by December 2022, with 45,966 more passengers compared to its pre-pandemic peak.
- From January 2002 to January 2022 there was constant year-over-year traffic growth at PSP. Despite the Covid interruptions, the trend of continual traffic growth continues.

**Figure 51: Passenger Traffic, Los Angeles International Airport (LAX), 2002-2022**

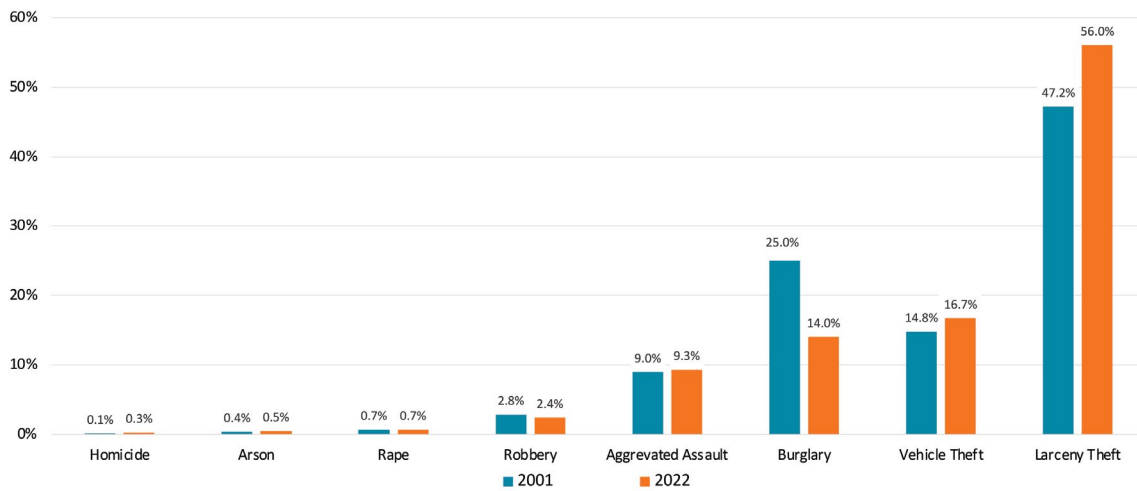


Source: Bureau of Transportation Statistics

- From 2002 until 2019, LAX saw continual year-to-year growth in passenger traffic. Then the Covid pandemic occurred, and passenger traffic plummeted.
- As of 2022, passenger traffic has recovered and seasonal patterns have returned. But traffic has returned to pre-Covid levels.

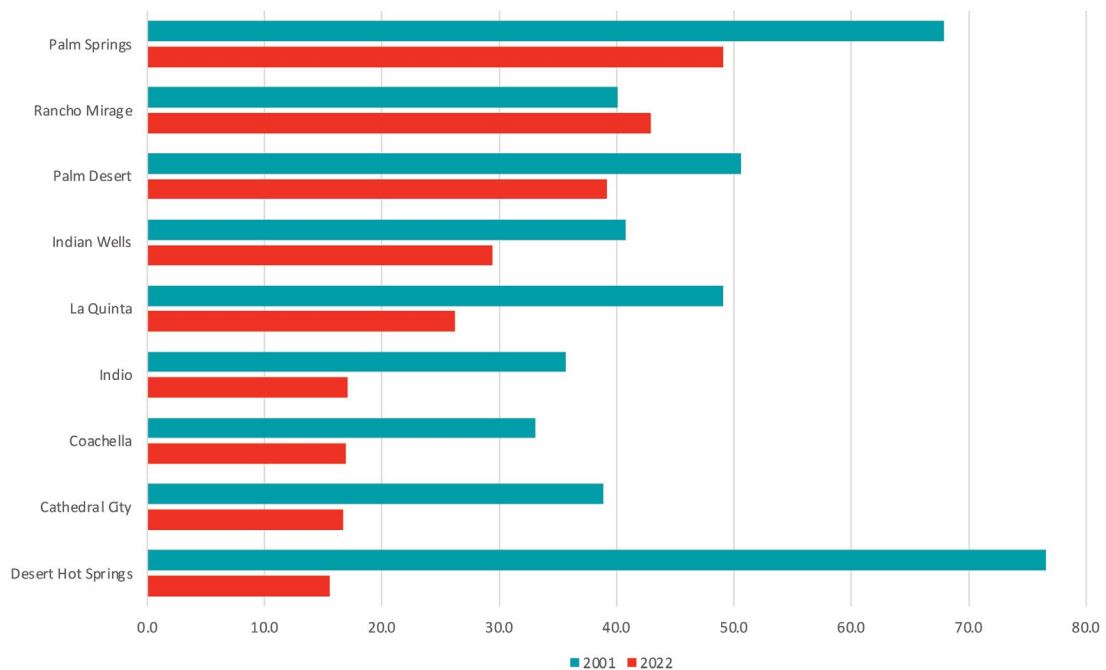
# Crime Rates

**Figure 52: Types of Crimes Reported, Coachella Valley, 2001 & 2022**



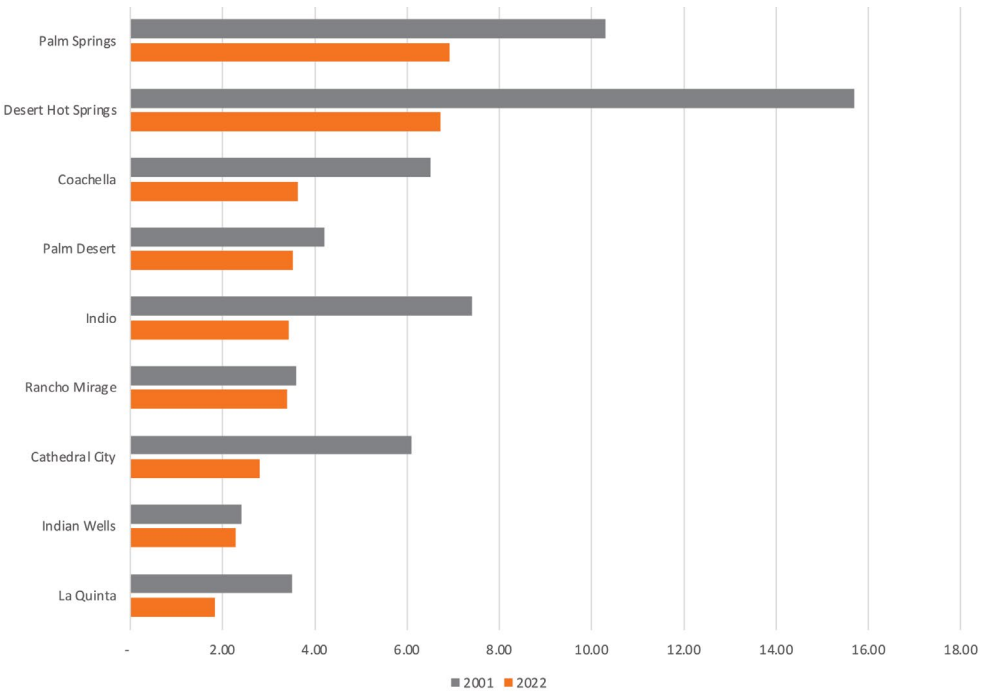
Source: The Department of Justice (DOJ) Criminal Justice Statistics Center (CJSC)

**Figure 53: Property Crime Reported per 1,000 Residents, Coachella Valley Cities, 2001 & 2022**



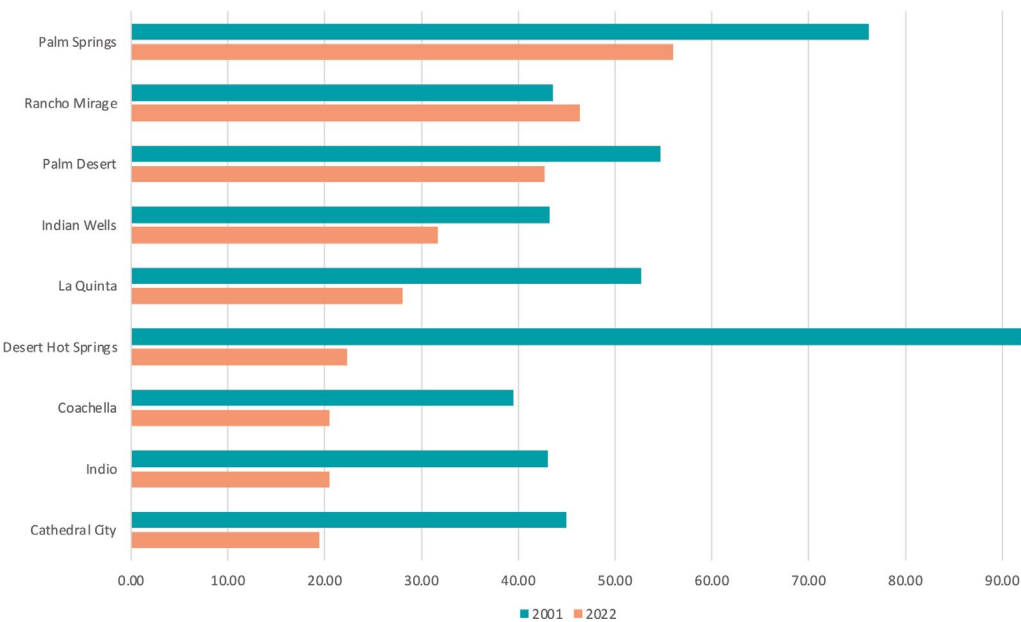
Source: The Department of Justice (DOJ) Criminal Justice Statistics Center (CJSC)

**Figure 54: Violent Crime Reported per 1,000 Residents, Coachella Valley Cities, 2001 & 2022**



Source: The Department of Justice (DOJ) Criminal Justice Statistics Center (CJSC)

**Figure 55: Total Crime Reported per 1,000 Residents, Coachella Valley Cities, 2001 & 2022**



Source: The Department of Justice (DOJ) Criminal Justice Statistics Center (CJSC)

# Identify and Target Your Best Customers

Using the latest technology, we can help you to capture, analyze and manage data in order to profile and segment your customers, as well as help you to acquire and retain new ones.

Contact us to learn how we can provide solutions to help your business grow.

DRIVING INNOVATION AND ENTERPRISE  
IN GREATER PALM SPRINGS

CVEP.COM | 760.340.1575







opening mindsets



**HUNTER | JOHNSEN**  
SUCCESSFUL MARKETING BY DESIGN

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



# Where Opportunity Meets Quality of Life

## VISION

GREATER PALM SPRINGS

2023-2024

### A Valley of Possibilities

For more than century,  
dreamers and innovators  
have come to Greater Palm  
Springs to realize their  
brightest ideas.  
Find out why inside!



Lay of the Land  
Inspiring Progress  
Focus on the Future

[palmspringslife.ca/vision](https://palmspringslife.ca/vision)

## PALM SPRINGS LIFE

Photography by Brandon Harman



# Nurturing the Innovative Spirit

The Innovation Hubs (iHubs) are business incubators for entrepreneurs. Funded by the cities in which they are located, and Wells Fargo, and managed by CVEP, they focus on early-stage businesses in the fields of renewable energy, health and medicine, and digital technology. They are a unique environment where entrepreneurs, investors, academics and government come together to collaborate, create, and grow.

Launch your company at one of the Coachella Valley's iHubs.

DRIVING INNOVATION AND ENTERPRISE  
IN GREATER PALM SPRINGS

CVEP.COM | 760.340.1575





# Plan Your Visit!



AGUA CALIENTE  
CULTURAL MUSEUM

140 N. Indian Canyon Drive • Palm Springs, CA 92262

[accmuseum.org](http://accmuseum.org)

 Smithsonian  
Affiliate



# FEEL THE VIBRANCY IN THE HEART OF OUR CITY

Step into the heart of Folklorio's spirit— love, honor, and vibrant community. Our dance, food, and art all reflect this essence. Join us in celebrating life's tapestry woven with passion.

City of  
**COACHELLA**  
EST. 1946

COACHELLA.ORG

*Pura Pasión*

Celebrating  
All  
The  
Colors  
In  
Our  
Rainbow

KGAYPalmSprings.com

GayDesertGuide.LGBT

## WE ARE PROUD TO SUPPORT THE CVEP ECONOMIC SUMMIT

Our thanks to the Coachella Valley Economic Partnership for elevating economic growth and opportunity in the Coachella Valley

### STRENGTH

UC Riverside is committed to strengthening the economic sustainability of the Coachella Valley.

### ADVANCEMENT

Our academic programs, professional development, scientific research, community partnerships, and state-of-the-art healthcare help advance the public good.

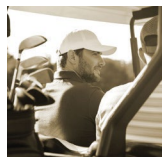
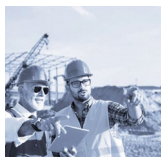
### BRILLIANCE

Like CVEP, we are dedicated to innovation, discovery, and growth. We are proud to lead the way with bold hearts, brilliant minds.

Contact Agam Patel at [agam.patel@ucr.edu](mailto:agam.patel@ucr.edu) to find out how UCR Palm Desert can support your goals



# OUR CLIENTS TRUST US TO KEEP THEM INFORMED IN THIS EVER-CHANGING TAX WORLD.



79-245 Corporate Ctr. Dr.  
La Quinta, CA 92253  
[www.OsborneRincon.com](http://www.OsborneRincon.com)  
760.777.9805

***The most  
experienced  
CPA firm in the  
Coachella Valley.***



INDIAN WELLS  
GOLF RESORT

***Come for a Round,  
Stay for the VUE***

Enjoy warm hospitality, delicious food and a wide selection of excellent spirits and wines by the glass at VUE Grille & Bar at Indian Wells Golf Resort.

Visit [IndianWellsGolfResort.com](http://IndianWellsGolfResort.com) for more information and to make reservations.

VUE  
GRILLE & BAR



(760) 834-3800 | [IndianWellsGolfResort.com](http://IndianWellsGolfResort.com)



PATRICK  
EVANS

ANGELA  
CHEN

JEFF  
STAHL

KAREN  
DEVINE

JOHN  
WHITE

HALEY  
CLAWSON

PETER  
DAUT

JENNIFER  
FRANCO



**THE DESERT'S NEWS LEADER**

5 - 7:00 a.m.

Noon, 4, 5, 6, 6:30, 10, 11:00 p.m.

**LIVE AT 4:00 p.m.**



**SCAN TO  
DOWNLOAD  
OUR APP**

**EL ÚNICO NOTICIERO  
LOCAL EN VIVO  
EN ESPAÑOL PRODUCIDO  
EN EL VALLE**

**DE LUNES A VIERNES  
6 y 11 p.m.**



MAYRA  
PÉREZ

HERNÁN  
QUINTAS

MARCO  
REVUELTA

**ONLY LOCALLY PRODUCED  
SPANISH LANGUAGE NEWSCASTS  
WATCH AT 6 & 11 p.m.**





# Where Art & Entrepreneurship Lives



## From Startups to Scale-ups

Our city is powered by the entrepreneurial spirit; it is a place where small businesses thrive. As the 2nd largest city in the Valley and one of the top three cities with the youngest population, Cathedral City has the educated workforce businesses need to grow.



## Visual & Performing Arts Mecca

Cathedral City is a leader in visual and performing arts. From the Coachella Valley Repertory Theater, to the professional-grade Community Amphitheater, to the Perez Road Art Galleries, Cathedral City has an abundance of performing, cinematic, and visual arts experiences.



## Arts & Entertainment District

Cathedral City Downtown Arts and Entertainment District is home to numerous enticing attractions including the new Agua Caliente Casino. Dining, nightlife, and frequent festivals make the Downtown Arts and Entertainment District fun to discover and explore!



## Growing Commercial and Residential Base

Cathedral City is experiencing unprecedented expansion. The new supply of residential housing will allow even greater economic growth by providing attainably priced housing.



## Equitable Education Opportunities

College of the Desert is building the Roadrunner Motors Automotive Technology Training Center within the heart of Cathedral City. This learning laboratory will teach students the cutting-edge technical skills needed to navigate hybrid, electric, and alternative fuel vehicles. Cathedral City is on the rise with innovation and results.

**CONTACT DR. STONE JAMES**  
**[SJAMES@CATHEDRALCITY.GOV](mailto:SJAMES@CATHEDRALCITY.GOV)**  
**760.770.0336**



**[WWW.CCEDD.ORG](http://WWW.CCEDD.ORG)**



**Economic Development**  
**Cathedral City**

If we want higher paying jobs for the residents of the Coachella Valley, our city councils and legislative representatives must take the challenge seriously and fund efforts like those at CVEP.

Thank you to the entire CVEP team: Joe Wallace, Lesa Bodnar, Laura James, David Robinson, Rebecca Martinez, and Ian Vos. Coachella Valley is better because of the work you do.

Winslow Drake is a locally based Independent Registered Investment Advisory (RIA) firm that performs to the Fiduciary Standard of Care. This means that we act in your best interests with everything that we do. Brokers cannot say this. See the difference with a free, confidential review of your investment portfolio and financial plan.

WINSLOW  
**DRAKE**

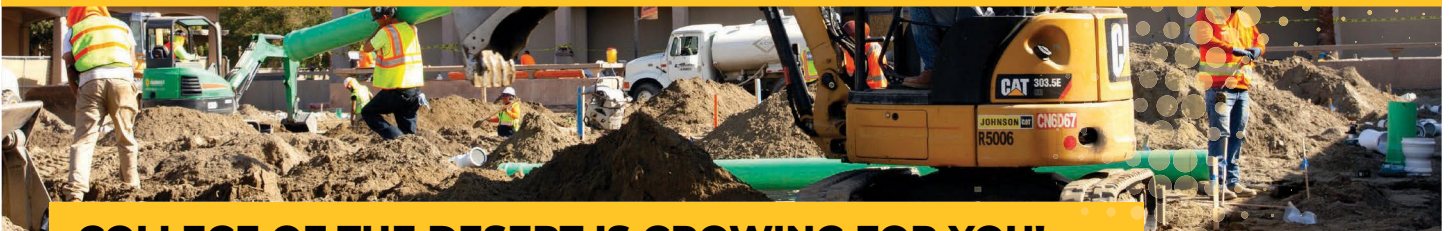
INVESTMENT MANAGEMENT

**Haddon B Libby**

Founder & Chief Investment Officer

Winslow Drake Investment Management

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



## COLLEGE OF THE DESERT IS GROWING FOR YOU!

Capital projects at our campuses across the Coachella Valley will elevate our programs and services to better serve the region.

Watch for these exciting developments:



**Roadrunner Motors,** a new home for the Automotive Technology Program, in Cathedral City



**Palm Springs Development Project,** a new permanent campus in Palm Springs



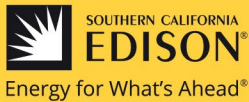
**Indio Campus expansion** and new **Child Development Center**

Spread your wings at College of the Desert ————— [COLLEGEOFTHEDESERT.EDU](http://COLLEGEOFTHEDESERT.EDU)



# TOGETHER, WE HAVE THE POWER TO KEEP THE FUTURE BRIGHT

We are proud to sponsor  
the Coachella Valley  
Economic Partnership  
**19th Annual Greater  
Palm Springs Summit**



## INDIO'S NEXT ACT IS A **BOX OFFICE HIT!**



**Business opportunities take the spotlight in Indio. New businesses are answering the casting call across the city as they set the stage for a promising future.**

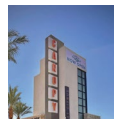
*Here are a few of the projects taking their place in the spotlight:*



The booming North Indio neighborhood welcomes new businesses and restaurants with **Ono Hawaiian BBQ** and **Texas Roadhouse** adding to the menu of options.



**Little Street Music Hall** brings a new tune to Downtown Indio providing a soundtrack for the area's revival. The all-ages venue complements the monthly Second Saturday celebrations, drawing folks for food, fun and music to the outdoor living room.



**Canopy** joins the list of coming attractions. The new venue will feature a first-of-its-kind eating, drinking and dining experience in the Coachella Valley, welcoming trendy shops and restaurants, including **Sumo Dog**, **Luna's Pizza Bar & Grill**, **Coral Sushi & Sake Bar**, **Keedy's Fountain & Grill** and more.



**The Jackalope Ranch** readies for a triumphant return once again offering a lively dining, entertainment and event space on the city's western edge.

Make your business the next big star in Indio! To learn more, sign up for the Indio Impact newsletter at [indioimpact.com](http://indioimpact.com)







**ALPHAMEDIA**  
LIVE, LOCAL, PALM SPRINGS



CALL US TODAY FOR A NO OBLIGATION CONSULTATION.  
**(760)416-8435**







# Local Trust. National Scale.

And the tech to put it to work for you  
Marketing technology,  
performance insights  
and digital solutions  
to help local business win.

**Desert Sun.**

**LOCALiQ**

PART OF THE USA TODAY NETWORK

PALM SPRINGS | Denise Fleig | 760-770-880-5871



The place that **OPPORTUNITY**  
calls home.

The City of Palm Springs  
proudly supports the  
Coachella Valley  
Economic Partnership.

PALM SPRINGS



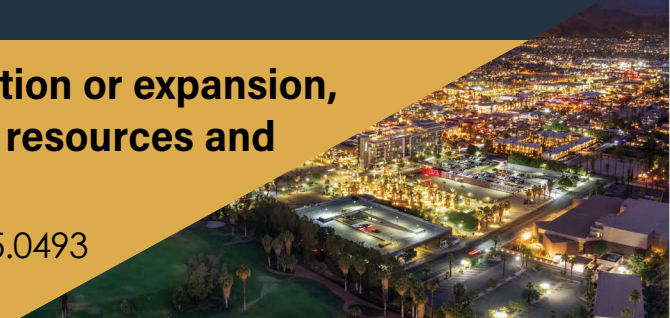
City of Palm Springs Community & Economic Development | 760-323-8259 | [ecodev@palmspringsca.gov](mailto:ecodev@palmspringsca.gov)



## PROUD SPONSOR OF THE 19TH ANNUAL CVEP ECONOMIC REPORT

Let us help you navigate through relocation or expansion,  
and offer guidance with many business resources and  
programs available.

[www.rivcoed.org](http://www.rivcoed.org) | [bizinfo@rivco.org](mailto:bizinfo@rivco.org) | 951.955.0493  
3403 10th Street, Suite 400, Riverside, CA 92501

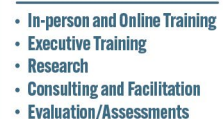




Learn more at [cvep.com](http://cvep.com)



© 2023 Southern California Gas Company. All copyright and trademark rights reserved. N21J205A 1015







## COACHELLA VALLEY'S PRINTING PARTNER FOR 45 YEARS

ACE PRINTING & MAILING | 948 VELLA, PALM SPRINGS | (760) 969-5500 | [aceprintingps.com](http://aceprintingps.com)

We are proud to  
support CVEP and  
the desert business  
community.

THE DESERT'S BUSINESS & PUBLIC AFFAIRS WEEKLY

# The Public Record

# Desert Care Network is committed to giving back to our community.



We provide over \$1.2 million in charitable donations and sponsorships annually to community organizations such as DAP Health, FIND Food Bank, Volunteers in Medicine, LGBTQ+ organizations, and nonprofits serving youth, seniors, and residents facing socio-economic challenges.



## \$5.2 M

Over \$5 million pledged to DAP Health for the Get Tested Coachella Valley initiative and for support of the underserved in our desert communities.



## \$30 M

Annually, we provide more than \$30 million in charity care to those in need throughout the Coachella Valley and Hi-Desert communities.



## \$1.2 M

Provided \$1.2 million since 2010 for Coachella Valley Volunteers in Medicine to serve the healthcare needs of the uninsured.

Learn more at: [DesertCareNetwork.com/dedicated](https://DesertCareNetwork.com/dedicated)



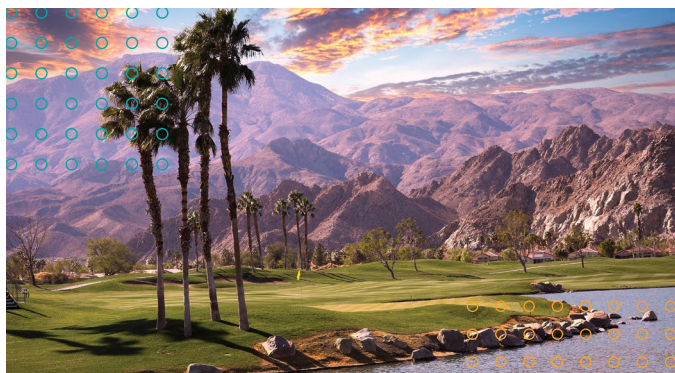
Desert Regional Medical Center in Palm Springs



JFK Memorial Hospital in Indio



Hi-Desert Medical Center in Joshua Tree



## Innovative Solutions

BBK is pleased to support CVEP in its pursuit to elevate the Coachella Valley economy. As a long-time member of Coachella Valley's business community, BBK provides local business innovators and entrepreneurs with timely solutions to complex legal issues.



[bbklaw.com](https://bbklaw.com)

## We're committed to looking out for your health care needs.



## And that means looking ahead.

Learn more at [EisenhowerHealth.org/Growth](https://EisenhowerHealth.org/Growth)



EISENHOWER HEALTH

[EisenhowerHealth.org](https://EisenhowerHealth.org) ★  



