The Inland Empire has developed into a logistics hub, and it continues to be a key market for growth.
THE TECH BOOM IS ON IN THE INLAND EMPIRE and nowhere is this more evident than in the 1 million square feet of Amazon facilities, with their three thousand full-time employees in the recently established city of Eastvale. Prior to 2010, Eastvale languished as an unincorporated stretch of underutilized Riverside County real estate, particularly hard hit by the Great Recession of 2008, burdened by greater than 14 percent unemployment.

Since then, the Inland Empire has seen not just recovery but unprecedented growth, with more than 186,000 jobs added and unemployment that stands at record-breaking levels of just over 4 percent. Driven by anchor institutions such as UCR and local economic development agencies, the Inland Empire is at the forefront of advances in the rapidly expanding fields of agricultural and clean technology. Indeed, the region has seen an influx of investment and a steady increase in tech establishments over the last few years. And from most accounts, that tech scene is just getting started.

“The workforce, infrastructure, venture capital, and other resources that are required for successful launches of tech enterprises are only beginning to coalesce in the Inland Empire,” says economist Dr. Robert Kleinhenz, executive director of research at UCR’s School of Business Center for Economic Forecasting and Development. “The region already has the attention of venture capital, receiving $10.6 million in 2017.” While Kleinhenz cautions against seeing the Inland Empire as the next Silicon Valley, or even Silicon Beach, he sees no reason why it can’t successfully compete as a smaller tech hub with areas like San Diego, Austin, or Denver. “You cannot expect that the Inland Empire is going to be

Trade and logistics in Southern California generate $224.6 billion in economic output annually.

\textit{ONTARIO INTERNATIONAL AIRPORT (ONT)}

\textit{RAIL TRANSPORTATION}

\textit{GROUND TRANSPORTATION}

\textit{PORTS OF LONG BEACH LOS ANGELES}

\textit{INLAND EMPIRE}
ExCITE Accelerator, designed to create high technology jobs in the county of Riverside, agrees. “I see Riverside as the Boulder of California,” says Elridge. “There are many similarities between Riverside and Boulder. Both have a small-town feel with strong technology development taking place. In terms of technology, Riverside County has three key areas: clean tech, ag tech, and digital health. I think logistics tech is also going to be big. This region has an opportunity to really impact the area with technology.”

“As a job generator, you have to hope that some of the startups that come out of these incubators see success, that they see commercial success at some point, that they see growth in jobs and they choose to stay in the Inland Empire; and if that all happens, then the region will build off its critical mass within the tech sector,” Kleinhenz says. Driving the economic expansion and record low unemployment are what Kleinhenz refers to as the “downstream parts of the tech space”: e-commerce, agents, brokers, and design services. “Overall, the analysis indicates that, as strong as local economic performance has been over the past decade, economic gains have derived mainly from the region’s signature industries, with the logistics sector leading the way,” he notes.

Served by Ontario International Airport and closely connected to two of the world’s busiest seaports in Los Angeles and Long Beach by major freeways, the Inland Empire, with its available tracts of land and competitive labor force, is perfectly situated to act as a main distribution hub for the exploding e-commerce sector. According to commercial real estate giant CBRE Group, headquartered in Los Angeles, thirteen “mega warehouses” of 1 million square feet or more, including a 1.25 million-square-foot fulfillment center in Moreno Valley, were built in the Inland Empire between 2010 and 2016, and that is really only the beginning.

“The Inland Empire combines some of the key requirements of today’s e-commerce and logistics providers,” says CBRE Vice Chairman Barbara Perrier. “It sits close to Southern California’s massive population base, as well as in proximity to the ports. It is home to some of the newest, most advanced state-of-the-art facilities required by most e-commerce tenants, and it’s in a location that is ideal for companies that have a coastal strategy, meaning they want to have a presence on both US coasts. The Inland Empire has what much of LA doesn’t: space. This area encompasses 500 million square feet. That means there’s a lot of potential for new, state-of-the-art warehouses—with all the bells and whistles.”
Currently, more than one-third of all cargo imported into the US by ship enters through the Los Angeles and Long Beach ports, making them the most active load centers in the world.

Last year, according to CBRE, twenty of the top one hundred commercial real estate leases were signed in the Inland Empire by e-commerce companies and logistics firms, deals totaling nearly 20 million square feet. “These figures illustrate that there still is a lot of momentum behind e-commerce uses in US warehouse leasing, despite concerns that the sector’s expansion may be reaching its later stages,” said David Egan, CBRE’s Global Head of Industrial & Logistics Research. “We expect this type of leasing momentum to continue in 2019.”

The connection between the ports and the Inland Empire logistics industry is so strong, UCR Extension is partnering with the Center for International Trade and Transportation at Cal State Long Beach, in administering the Southern California Regional Workforce Development Needs Assessment for Transportation and Supply Chain Industries. “There is a vital logistical connection between the Ports of Long Beach and Los Angeles and the Inland Empire—the port-to-warehouse corridor—that is rapidly growing and changing,” says Eric Latham, UCR Extension’s director of program development.

“To increase the efficiency and optimize the movement of passengers and freight through this corridor requires a workforce that is equally adept in technology, in addition to their traditional skill base. Employers in the Inland Empire are finding it increasingly difficult to secure workers that have the unique blend of skills required for the jobs of today and the future,” Latham notes. “This project is a crucial step in the creation of mid-to-high skill level apprenticeship programs that will allow workers to quickly step into jobs, and earn while they learn.”

Given these trends, analysts like Kleinhenz see the best bet for tech in the Inland Empire as growing alongside, and contributing to the growth in the logistics sector. “A possible scenario would be that you’ve got these startups that see synergies with these existing industries’ strengths, and they try to take advantage of those synergies, and then if all were to go well, you’d have this ecosystem both of the mainline industry like logistics and the corresponding technology sector that is married to the logistics,” says Kleinhenz.

Kleinhenz is quick to point out the opportunities emerging in the Inland Empire in a variety of tech fields, logistics in particular, as well as the role of education in helping corporations take advantage of those opportunities. “You’re going to need people who are knowledgeable and able to play a role in those industries as they emerge. I think that’s something that, if
one reads between the lines of how areas become tech centers of any magnitude, education is almost inevitably a part of the picture. To have people who are able to do the basic research that gives rise to these technological invention innovations, requires people who have the kinds of backgrounds that are either covered by the professional certificates or other kinds of training that UCR Extension offers.”

Emsley Lee Lopez, who teaches several courses at UCR Extension, including two of the required courses for the Professional Certificate in Logistics, sees a renewed interest at the corporate level in training current employees and hiring new ones who have advanced training in the field. “It’s gotten back to where the economy’s in full swing. There’s that available funding now for corporations to invest in their students, in their employees, and that’s significant, particularly in a competitive and lean environment,” says Lopez, a former US Navy logistics officer who teaches Logistics in Supply Chain Management: Domestic and Global and Transportation and Traffic Management, and in UCR Extension’s custom programs in supervision and management.

“The Inland Empire is a veritable goldmine for people who are trying to gain academic prowess in logistics, supply chain management and purchasing. Many of the corporations have a universal attitude that they want to develop talented people, and why don’t we hire within the Inland Empire? They’re right here. We don’t have to relocate costs from Cincinnati or wherever, and fly people all over the place. It’s right here. Everything’s right here. And many people are presently employed in all these areas,” explains Lopez.

Another UCR Extension instructor and former military officer, Rickey Slaughter, who served for twenty-eight years in the US Air Force in logistics and management systems, sees earning a professional certificate as valuable for those currently working in the industry, or those interested in entering a burgeoning field that is both increasingly technical and valued by corporations—all the way up to the C-Suite.

“Because of the role that logistics, supply chain management, and purchasing can play in the overall operational success of a business, UCR Extension has become a key player in terms of the training and education and experience needed,” says Slaughter, who teaches the required Fundamentals of Supply Chain Management and Distribution Management courses for the Professional Certificate in Logistics. “Supply chain management and logistics are among the highest growth areas. The demand has exceeded the supply. That’s why programs like this one have sprung up. It’s why corporations have added a Chief Logistics Officer, and it’s why more schools are popping up that offer a master’s and a bachelor’s degree in supply chain management.”

With the increased emphasis on technical skills and education, Slaughter sees big changes over the last twenty years in how companies in the logistics industry hire and promote. “It used to be, when the field was not so large, where you didn’t have so much growth, you could start out in the warehouse stacking boxes, say, with a company like FedEx or UPS, or you could go to a company like Exel, or work in somebody’s distribution center. And you could work your way up. But within probably the last ten to twelve years, the

Dr. Robert Kleinhenz, executive director of research, UCR School of Business, Center for Economic Forecasting & Development, and one of California’s leading economists, experienced in analyzing the economics of California’s diverse regions.

SPECIAL ACKNOWLEDGEMENT AND THANKS

Of the millions of ocean freight containers arriving at the ports of LOS ANGELES & LONG BEACH

70% are transported through the Inland Empire clusters of warehouses and rail yards before being distributed to the rest of the country.
The Inland Empire has experienced impressive growth over the course of the current economic expansion, and has enjoyed a faster pace of growth than the state as a whole.

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field of logistics has become more recognized as a critical component to overall business operations. They value experience, don’t get me wrong; but at the same time, they want to see credentials. They want to see that you have some formalized training, some formalized education, some formalized certification. It shows that you’ve really prepared yourself to meet the growing demand of this job sector.”

This need could not come at a more crucial time for the Inland Empire, its growing economy, and its nascent tech scene, according to Lopez. “It’s being driven by this booming e-commerce, this fulfillment, like the Amazons, in that they can’t keep up, so they’re continuing to build distribution centers and fulfillment centers,” he says. “That’s driving, literally driving, the Inland Empire in terms of economic development.”

To explore your future in the logistics industry and learn how earning a UCR Extension Professional Certificate will give you the edge in this emerging job market, visit www.extension.ucr.edu/scm, email prodev@ucx.ucr.edu, or call 951.827.4105 to make a plan.

IE OUTPACES CA IN JOB GAINS 7 YEARS IN A ROW

USAF veteran, logistics expert, and instructor Rickey Slaughter sees UCR Extension as a key player in training and education.