



Lake Elsinore

Economic forecast mostly sunny in Lake Elsinore



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The Press-Enterprise

A population boom, strong retail sales and other factors have Lake Elsinore's economy sitting relatively pretty, renowned Inland-area economist John Husing said.

Husing will deliver the mostly sunny economic forecast at the Lake Elsinore Valley Chamber of Commerce and Economic Workforce Development luncheon Thursday at The Diamond Club.

The one dark cloud is the city's slumping housing market.

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"There is a great deal of strength in the community. ... The one real fly in the ointment," Husing said, "is the housing market, which is a national issue that tends to hurt towns that were experiencing strong growth in home sales."

Husing said he arrived at his conclusions by analyzing the most recent population, income, demographic, home-market, sales-tax, crime and education data for the city.

The economist spoke glowingly about Lake Elsinore's retail sales, which climbed by 18 percent in 2006.

With per capita sales of \$14,248, the city ranks 22nd among the 48 Inland-area cities -- higher than Rancho Cucamonga, Husing said.

"Lake Elsinore does very well, but they have the potential to do much better," Husing said. "The retail hasn't caught up with the population growth."

The city's population exploded 15.4 percent, to 47,634, from 2006 to 2007, the state's third-fastest growth rate and second in the county to Beaumont.

With the housing market slowdown, Husing said he expects the population swell to subside, giving the city's burgeoning economy an opportunity to catch pace with growth.

Husing said he expects the local new-home markets to rebound in two years, with existing-home markets to follow a year later.

"I think Lake Elsinore is in a position to escape this period of adjustment relatively unscathed," Husing said.

One recent development, Husing said, that would go a long way to boosting the city's economy is the ongoing discussion between city officials and Toyota Motor Co.

"Obviously Toyota is a company you want if you can get them," Husing said. "It will not only increase sales-tax revenues, but it also is a good defensive tactic.

"Toyota put down a very heavy bet on cars that got good gas mileage and were green, and it turned out Toyota was right and Detroit was completely wrong," he continued. "Cities without some of the Japanese dealerships will have problems."

In the long term, Husing said the economic portrait, combined with county habitat-conservation efforts and an influx of educated residents, will give the city an opportunity to reinvent itself into an upscale community.

For the first time in recent history, the share of Lake Elsinore residents with a college degree matches that of the county's share, and the percentage of city residents who have a high-school diploma is higher than the county, Husing said.

Conservation plans, he said, will help the city retain its naturally beautiful setting, making it an attractive destination. The city has to do its part by creating the amenities synonymous with upscale living, Husing said.

He pointed to The Links at Summerly, the first golf course in the city, which is scheduled to open in November, as an example.

"Historically, the town was what it was," Husing said. "The town that is building now is in a totally different place."

City officials tended to agree with Husing's assessments.

"Our downturn has not been as steep as others because of the (Riverside County) habitat plan, it differentiates Lake Elsinore from other cities," Councilman Thomas Buckley said. "I think there is going to be a dip, but not a trough, and it's specifically because of what the city has to offer. When the market picks up, we're going to be in a good position."

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