2025 Southern California Economic Update

DECEMBER 2025

About the Economic Roundtable

Since 2009, SCAG has convened a team of independent economists representing the region's counties and key specialty areas to collaborate with SCAG expert staff to assess the economic landscape of the Southern California region. In 2022, the renamed "Economic Roundtable" began meeting quarterly to discuss trends, data and current events impacting the region's economy. Quarterly reports can be found on the SCAG website.

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Table of Contents

List of Exhibits....... iii

Executive Summary 1

The SCAG Region Economy 5

Economic Brief: Imperial County....... 36

Economic Brief: Los Angeles County....... 37

Economic Brief: Orange County 40

Economic Brief: Riverside County 44

Economic Brief: San Bernardino County....... 46

Economic Brief: Ventura County 48

LA28 Economic Impact Analysis....... 53

List of Exhibits

Exhibit 1 Percent Change in Real Gross Domestic Product....2
Exhibit 2 Annual Change in Payroll Jobs in the SCAG Region 2
Exhibit 3 LA28 Games GDP Impact by County, 2024-29 4
Exhibit 4 Percent Change in Real Gross Domestic Product....5
Exhibit 5 Annual Change in Nonfarm Payroll Jobs in the SCAG Region....6
Exhibit 6 Unemployment Rate in the SCAG Region (Seasonally Adjusted) 7
Exhibit 7 California Unemployment Claims 7
Exhibit 8 Chapman Manufacturing Composite Index, Orange County 8
Exhibit 9 Advanced Manufacturing Employment, Los Angeles and Orange Counties....9
Exhibit 10 High-Tech Services Employment, SCAG Region.... 10
Exhibit 11 Employment in Manufacturing and Financial Activities, SCAG Region.... 11
Exhibit 12 Employment in Motion Picture and Sound Recording in Los Angeles County 12
Exhibit 13 Employment in Healthcare and Social Assistance, SCAG Region.... 13
Exhibit 14 Employment in Healthcare-Related Occupations.... 15
Exhibit 15 San Pedro Bay Ports Total Container Volume 16
Exhibit 16 Airline Passengers Arriving in California from Canada 17
Exhibit 17 LAX Passengers, Domestic and International 17
Exhibit 18 Total Passengers at Largest SCAG Region Airports 18
Exhibit 19 Disneyland Park Attendance 18
Exhibit 20 Expected Crowds in Disneyland Park, November 2025.... 19
Exhibit 21 Universal Studios Attendance.... 19
Exhibit 22 Orange County Hotel Occupancy Rate (Seasonally Adjusted) 20
Exhibit 23 Real Regional Gross Output Divided by Number of Workers, SCAG Region 20
Exhibit 24 Average Annual Wages in SCAG Region.... 21
Exhibit 25 Comparison of Productivity and Well-Being Measures, SCAG Region 22
Exhibit 26 SCAG Region Real Median Household Income 22
Exhibit 27 SCAG Region Real Taxable Sales 23
Exhibit 28 SCAG Region Retail Trade Employment 24
Exhibit 29 SCAG Region New Units by Type and County, Jan 2020 – Jan 2025 25
Exhibit 30 Annual New Units Permitted in SCAG Region.... 26
Exhibit 31 SCAG Region Existing Home Inventory.... 27
Exhibit 32 30-year Fixed Rate Mortgage in the United States (Weekly Average) 27
Exhibit 33 Real Median Sales Price of Single-Family Homes in the SCAG Region.... 28

Exhibit 34 Office Vacancy Rate, Los Angeles County ... 30
Exhibit 35 Industrial Real Estate Market, Size and Vacancy Rates, Q3 2025 ... 30
Exhibit 36 Office Real Estate Market, Size and Vacancy Rates, Q3 2025 ... 31
Exhibit 37 Total Population Change ... 31
Exhibit 38 Components of Population Change, SCAG Region, Year-Ending July 1 ... 32
Exhibit 39 Immigration and Domestic Migration, SCAG Region ... 32
Exhibit 40 Forecast for SCAG Region Job Growth ... 34
Exhibit 41 Los Angeles County's Share of Annual Average Wage & Salary Employment in the SCAG Region by Sector ... 38
Exhibit 42 Orange County Socioeconomic and Housing Indicators ... 40
Exhibit 43 Orange County Innovative Industry Employment and Average Annual Wage, 2024 ... 41
Exhibit 44 Venture Capital Investments by Verticals ... 42
Exhibit 45 Orange County and Peer Region New Patent Assignments, 2023 ... 43
Exhibit 46 Unemployment Rate, Riverside County ... 44
Exhibit 47 Quarterly Taxable Sales, Riverside County ... 45
Exhibit 48 Unemployment Rate, San Bernardino County ... 46
Exhibit 49 Population Change in Ventura County ... 48
Exhibit 50 Ventura County Real Gross County Product ... 49
Exhibit 51 New Jobs Created, Ventura County ... 49
Exhibit 52 Ventura County Job Growth by Sector ... 50
Exhibit 53 Ventura County Annual New Housing Units Permitted ... 50
Exhibit 54 Total Import and Export Goods Value, Port of Hueneme ... 51
Exhibit 55 LA28 Games GDP Impact by County, 2024-29 ... 59
Exhibit 56 LA28 Games GDP Impact by Year, SCAG region ... 60
Exhibit 57 Economic Indicators of Games' Impacts, Low and High Scenarios ... 60
Exhibit 58 Top Industries for Job Creation ... 60
Exhibit 59 Comparative Analysis of Recent Summer Olympics (Inflation-Adjusted to 2028 USD) ... 63

Executive Summary

SCAG's Economic Update

Since 2009, SCAG has provided up-to-date analyses and insights to a range of stakeholders on the economic state of the SCAG region and its six counties via its annual Economic Update. This Economic Update briefing book is prepared by SCAG and its Economic Roundtable, a select group of economists from across the region who meet quarterly to discuss trends, data, and current events impacting the region's economy. This group brings a diversity of perspectives on the issues, coalescing into a consensus-based understanding of regional economic data, trends, and themes affecting regional planning. This work takes place year-round, with the group's Quarterly Reports published on the Economic and Demographic section of SCAG's website, and all accompanying economic data for the region can be visualized on and exported from the SCAG Econ Trends Tool.

SCAG's primary role as a Metropolitan Planning Organization is to develop a plan for a healthy, prosperous, connected, and equitable Southern California over the next three decades—and support its implementation. The annual Economic Update contributes to this work by providing economic analysis and insight that can assist local policymakers in planning for the next thirty years. With development of the region forecasts for SCAG's next regional plan, Connect SoCal 2050, taking place concurrent with this year's Economic Update, SCAG staff and Roundtable economists have provided additional detail for the 2026 and 2027 outlooks.

This document includes a complete report for the SCAG region as a whole, along with a summary brief for each of the region's six counties. Full individual reports for the region's counties will be published separately to complement these summary briefs. This report also includes an economic impact analysis of the upcoming 2028 Summer Olympic and Paralympic Games in Los Angeles, which estimates the economic output and job creation potential of Games-related spending and investment on each of the counties in the SCAG region.

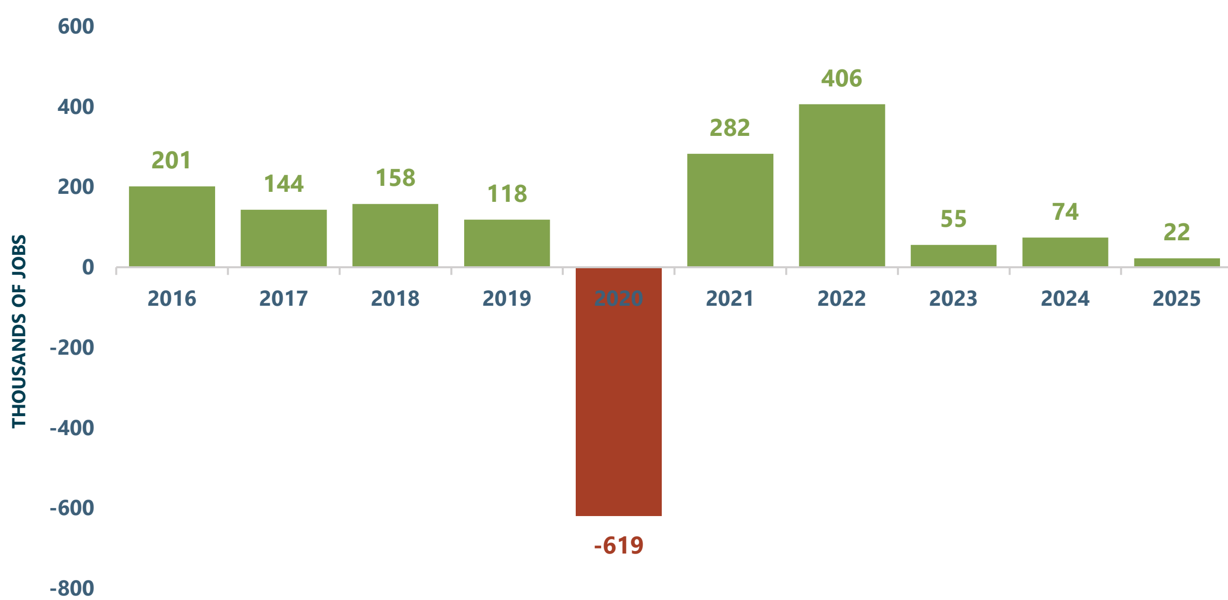
State of the Regional Economy

In 2025, economic progress has been mixed. A number of sectors have reported growth: healthcare job demand continues to rise; cargo inflows and outflows are buoyed by stable consumer demand despite tariffs; and the growth in the technology sector is largely attributed to the widespread adoption of Artificial Intelligence (AI) systems in business operations. However, the region added only 22,000 new jobs in 2025—outside of the pandemic, this is the lowest job growth since the Great Recession. Combined with the return of modest population growth (regional population was in decline from 2019-2024), unemployment has begun to creep upward. While the recent government shutdown means that 1-2 months of economic data is unavailable, the Roundtable has not observed any factors that could cause major changes to this economic assessment for the remainder of the year.

Exhibit 1 Percent Change in Real Gross Domestic Product

Source: U.S. BEA via Federal Reserve Bank of St. Louis and author calculation

Exhibit 2 Annual Change in Payroll Jobs in the SCAG Region



Source: California Employment Development Department. Data for 2025 is annualized based on year-to-date performance relative to the same period in 2024.

AI has been the biggest disruptor, infiltrating industries like high-tech services, TV, film, and sound recording, high-tech manufacturing, and even financial services. This may explain much of the weak job growth, especially among younger job seekers because AI appears to more often replace entry-level work. Nonetheless, AI technologies are generating high valuations and economic output and have shown the possibility of being labor augmenting in certain sectors like healthcare. Data indicates that AI will create more high-demand positions, such as AI agent engineers, ethicists, and product managers over the next two years. These new positions should offset job losses, similar to previous technological changes. Nonetheless, currently pathways into stable, well-paying white-collar careers appear increasingly at risk; there is also a worrisome dynamic whereby incidentally middle and senior-level staff can use, and develop, technologies that limit these pathways.

Moderate declines in air travel, amusement park attendance, and hotel usage suggest that increased domestic tourism has partially, but not fully, offset the bigger drop in international tourists in 2025.

New housing construction, remarkably stable since the mid-2010s, continued its slowing that began in 2024. For-sale inventory in 2025 is more abundant than the previous year. Lower interest rate policy—which began in September and is expected to continue into 2026—should help increase housing inventory and refill the pipeline of new home projects. Unpredictable tariff policies and a lack of job growth hampered new industrial and office development in 2025; however, the region still has a large volume of transportation infrastructure, healthcare, and mixed-use projects in various phases of completion.

The Outlook for 2026 and Beyond for the SCAG Region

Economic growth in the SCAG region is expected to rise modestly in 2026. The Roundtable predicts a 0.5 percent job growth rate in 2025, a 0.8 percent growth rate in 2026, and the possibility of returning to higher, long-term levels of growth in 2027. Tech industries in California show very strong growth potential due to AI, though the forecast for tech employment is uncertain. The broader spectrum of industries is likely incorporating the latest AI technology and will need new workers to design, implement, and maintain these systems, though so far AI has not been associated directly with hiring.

While population decline reversed in 2024-25, growth is expected to be very slow in coming years due to federal immigration policy. While the size of the labor force may increase somewhat, very slow job growth will likely keep unemployment near or above its current level of about six percent. A slight increase in job growth in 2027 would push this down.

As the long-term tariff policy begins to look more clear, demand for warehouse and logistics space should increase. Housing market conditions should gradually improve with more inventory and new construction in response to less strict financing for homebuyers and developers; however, relief from high housing costs is not likely in the near term.

Economic Impacts of LA28

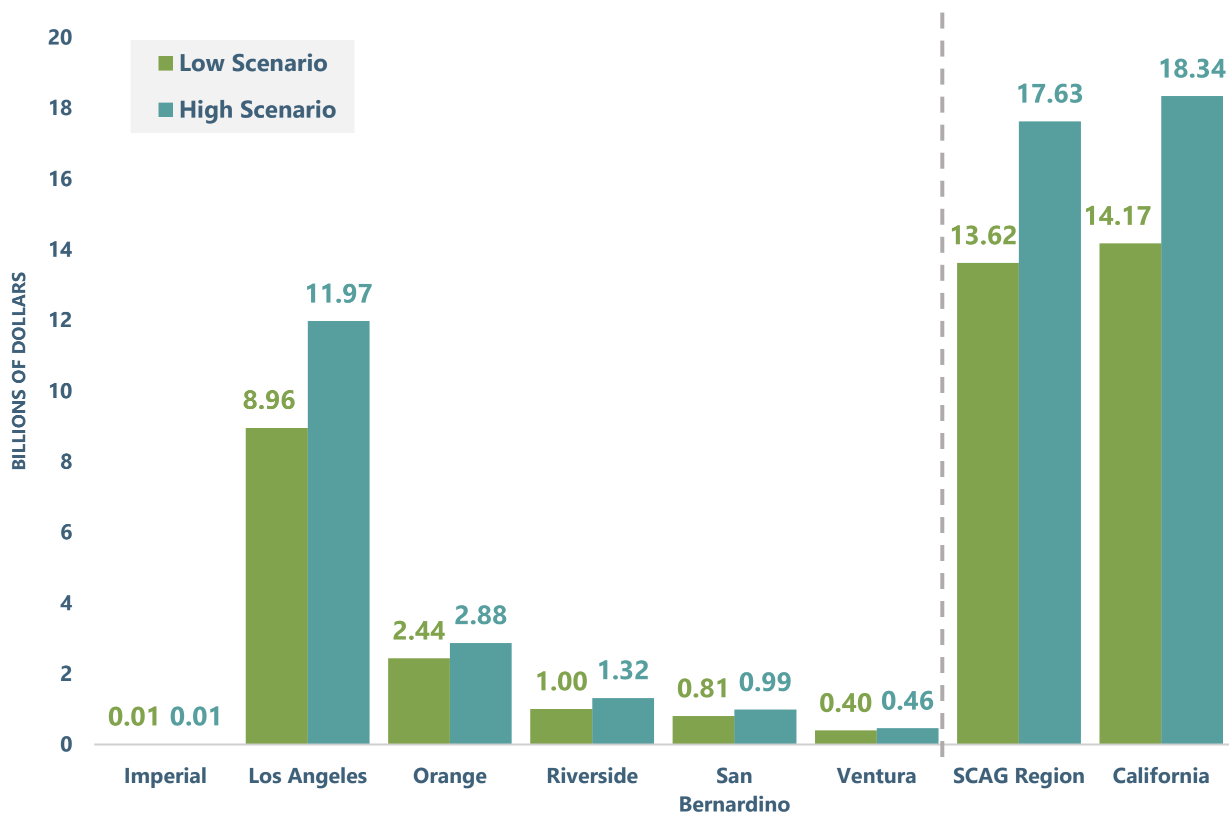
This year SCAG staff and Roundtable members collaborated on an economic impact analysis of the upcoming 2028 Summer Olympic and Paralympic Games, which estimates the economic output and job creation potential of Games-related spending and investment on each of the six counties of the SCAG region. Investment modeled includes the LA28 Committee's $7.15 billion budget, an estimate for visitor spending, and a portion of Games-related transportation infrastructure investments to illustrate that the prioritization, fast tracking, and upscaling of such projects can have measurable, near-term economic benefits.

The analysis, conducted using REMI TranSight 5.3, is intended to capture these outputs over the 2024-29 period, meaning that longer term "legacy effects" are generally not reflected. As with any such assessment, it is conducted with available data and methods and relies on numerous assumptions described in the report. Over 2024-29, it is estimated that the LA28 Games will generate between $13.6 and $17.6 billion in additional gross domestic product (GDP) for the six-county SCAG region.

There are several key insights from this analysis. The relatively low share of construction costs in the LA28 budget reduces the risk of stranded assets for taxpayers. The region's high concentration of professional, administrative, and sports/recreation services means that a high share of materials and labor can be sourced locally. While 37 of 41 competition venues are in Los Angeles County, 33 percent of the economic impact will be in the region's other five counties due to both visitor spending and work provided by firms elsewhere in the SCAG region.

The LA28 Committee has dedicated $160 million of its budget for youth sports development in the City of Los Angeles. Additionally, the 2028 deadline has focused public attention on completing a wide range of transportation infrastructure projects that can support the games but will benefit the region for decades into the future. While future economic outcomes are difficult to predict, much of the LA28 Games planning is structured to replicate the financial successes of the 1984 Los Angeles Olympics.

Exhibit 3 LA28 Games GDP Impact by County, 2024-29



The SCAG Region Economy

Economic activity in the overall SCAG region has lagged California in growth over the last two decades. However, the regional gross domestic product (GDP) has generally moved in tandem with California. In 2023-24, a divergence in growth rates is apparent, with the SCAG region declining in growth while state gross domestic product has increased. While GDP data is still unavailable below the state level for 2025, the year-to-date estimate shows growth rates appearing to converge again.

Exhibit 4 Percent Change in Real Gross Domestic Product

Source: U.S. BEA via Federal Reserve Bank of St. Louis and author calculation

Compared to 2024, 2025 has seen mixed evidence of progress. A number of sectors reported growth, driven by cargo inflows and outflows; healthcare job expansion; much higher valuations and product orders from technology firms due largely to wider adoption of AI. However, as 2025 concludes, the lack of job growth in the labor market represents the largest concern for the region's economy in 2026.

During the final months of 2025, it is improbable that any particular sector in the SCAG region economy will change course from momentum that shaped markets over the first eight-to-nine months of the year.

Though interest rate policy may continue to be eased by the Federal Reserve in December and U.S. trade policy may change again (with a possible change to the tariff rate imposed by the U.S. on China), there is likely little that can change the course of economic growth for the SCAG region in the remainder of 2025.

A BRIEF NOTE ON DATA AVAILABILITY

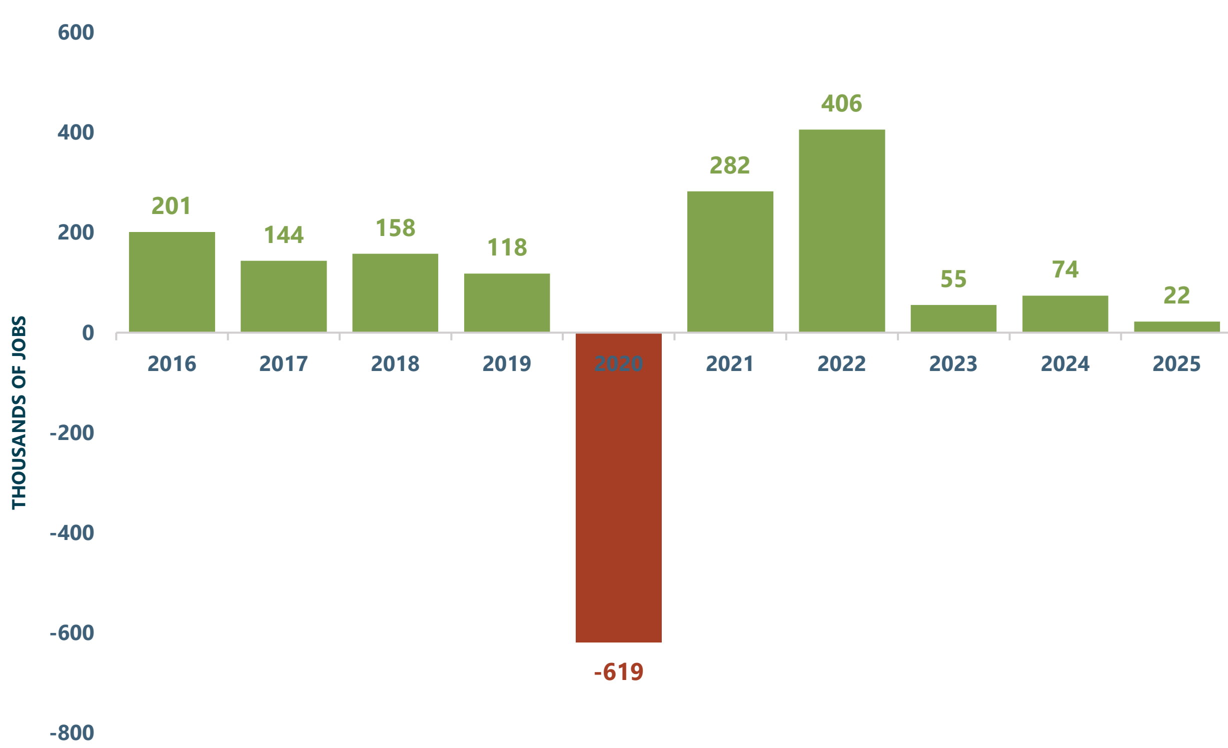
Economists rely on the U.S. Bureau of Labor Statistics (BLS) monthly data releases and the California Economic Development Department (EDD) which have been unavailable in recent months due to the federal government shutdown. These omissions come during an uncertain time and may impact ongoing evaluation of aggregate U.S. indicators, such as GDP growth, personal consumption expenditures, and job creation.

Nonetheless, most trends for 2025 are solid, but the missing one or two months of regional data could provide some clarification once they become available, such as whether recent employment patterns reflect cyclical forces or underlying demographic shifts. However, it is important to keep in mind that the most recent months of data releases are usually based on partial survey results or estimates. The annual benchmark revision next year, based on more complete data for the current year, will provide a more accurate assessment. Missing from this analysis are the status of employment in September, new housing in August, and cargo flows for August and September at the Ports. Over the last two months, the Roundtable has observed nothing alarming in the news that would lead to belief that any of the delayed formal data updates would revise the analysis and evaluation for the SCAG region to date.

The Labor Market Conundrum

The lack of substantial job increases during 2025 is worrisome. With eight months of actual data now recorded for the calendar year, an estimated 22,000 new jobs will be created in the SCAG region in 2025, representing the lowest annual number for new jobs in a non-recession year in more than a decade. Moreover, the three-year total of new wages and salary job opportunities is also very weak.

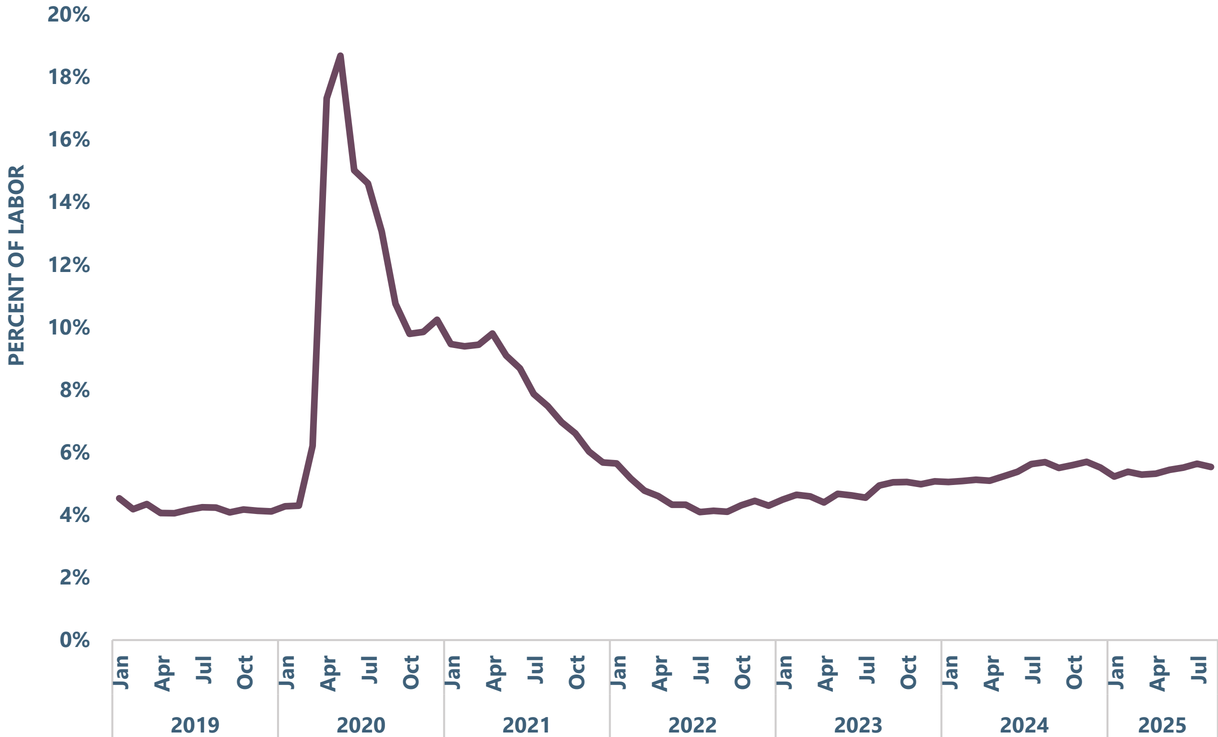
Exhibit 5 Annual Change in Nonfarm Payroll Jobs in the SCAG Region



Source: California Employment Development Department. Data for 2025 is annualized based on year-to-date performance relative to the same period in 2024.

The rate of unemployment in the region has risen over the last two years, though gradually. The rate as of August 2025 is six percent (5.5 percent seasonally adjusted), representing a 0.5 percent increase over the rate for all of California.

Exhibit 6 Unemployment Rate in the SCAG Region (Seasonally Adjusted)



Source: California Employment Development Department (EDD)

With unemployment at the highest level in ten years (since September 2015), there is very little noticeable trauma in the labor market, either for California or the SCAG region. "Trauma" refers to large-scale job losses, which usually accompany a recession or a structural reorganization in the economy (e.g. a structural shift from manufacturing to services). A principal data point indicating trauma is the rate of unemployment insurance claims applications filed by Californians who have lost their jobs.

Exhibit 7 California Unemployment Claims

Source: U.S. Employment and Training Administration, retrived from Federal Reserve Bank of St. Louis

Unemployment claims for all Californians have not meaningfully increased over the past four years. Because the unemployment rate trend for California and the SCAG region are similar, the Roundtable can infer that labor market trauma is relatively absent in the region as well. In other periods and other countries, weak job growth can cause economic trauma, especially if population growth is higher, or if a large age cohort is entering their working years compared to available jobs; currently, this is not the case.

By age groups, the unemployment rate is less than five percent for workers aged 25 and older. For ages 16 to 19 and 20- to 24-year-olds, the unemployment rate is 21.3 and 9.9 percent, respectively. Therefore, whatever trauma exists appears to be within the ranks of the new entry-level workforce. The principal reason is companies' and industries' rapidly rising use of AI systems. With AI, organizations are now able to execute entry level tasks with dramatically less human labor.

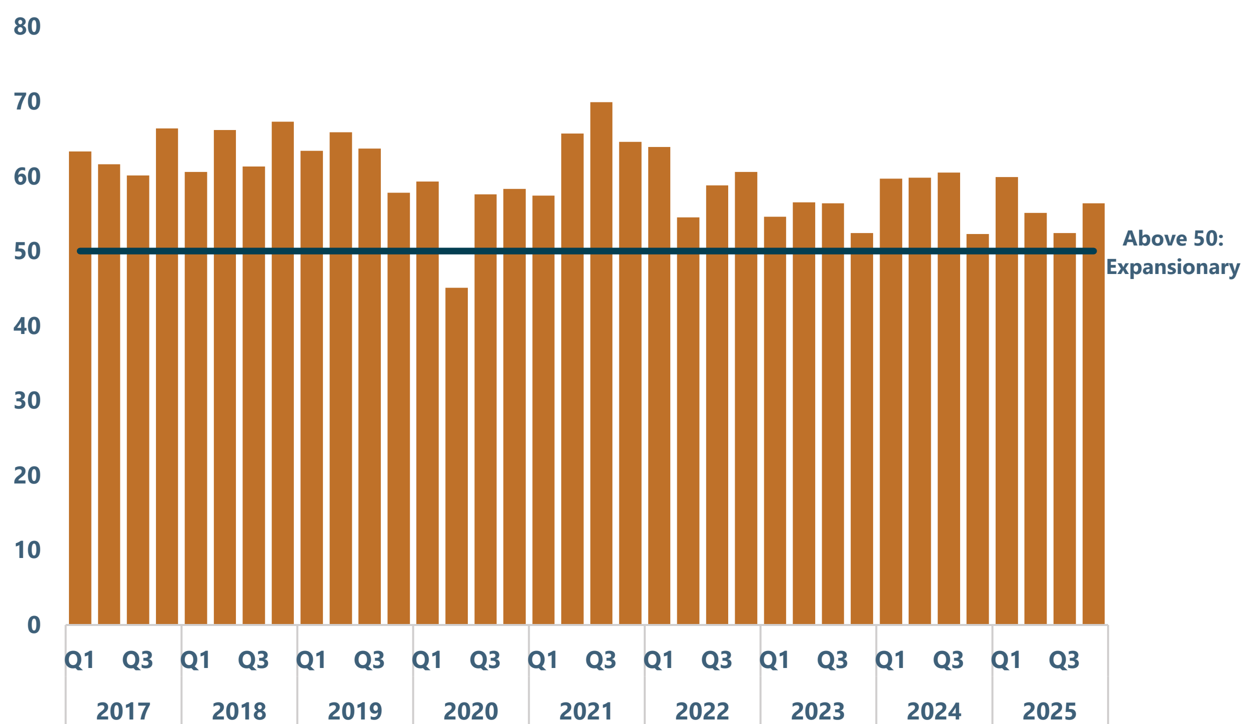
The AI Disruption

TWO SIDES TO THE HIGH-TECH SECTOR

Broadly, "high-tech" refers to technology at the most advanced or cutting-edge level, involving scientific methods and complex devices, especially in electronics. It is generally characterized by a longer research and development period and rapid innovation. Higher tech processes are typically dependent on specialized workforce talent.

The high-tech sector can be partitioned into manufacturing and service industries that produce or provide advanced technology products or services. Manufacturing in the SCAG region that would qualify as "high-tech" or "advanced" includes computer components, devices, and parts manufacturing, medical devices, and aerospace component manufacturing. Services include software development, web design and hosting, data processing, computer systems design, and scientific and technical consulting.

Exhibit 8 Chapman Manufacturing Composite Index, Orange County

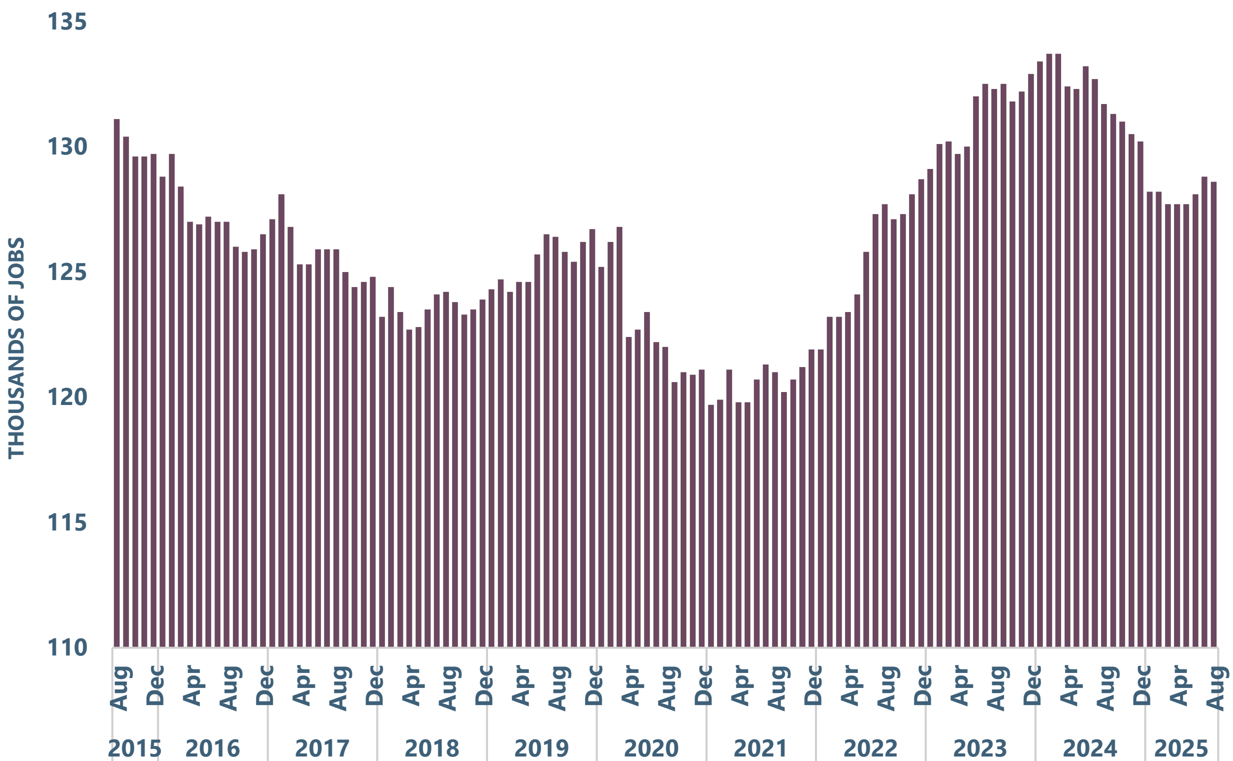


Source: Chapman University Purchasing Managers Survey

According to the Chapman University Purchasing Managers' Survey, the Orange County manufacturing sector's Composite Index increased from 52.4 in the third quarter to 56.4 in the fourth quarter, indicating the county's manufacturing economy is expected to grow at a higher rate in the fourth quarter. The Chapman manufacturing index for high-tech industries was 60.9 in Q3 and has recently reported a 59.9 in Q4. Any value above 50 is expansionary. The index implies high-tech manufacturing will expand faster than OC's manufacturing industry in general.

The index for the durable goods industries other than high-tech remained under 50, indicating these industries are expected to contract in the fourth quarter. The Chapman manufacturing index can serve as a proxy for manufacturing in the SCAG greater region, especially in the tech-rich areas of Orange, Los Angeles, and Ventura Counties.

Exhibit 9 Advanced Manufacturing Employment, Los Angeles and Orange Counties

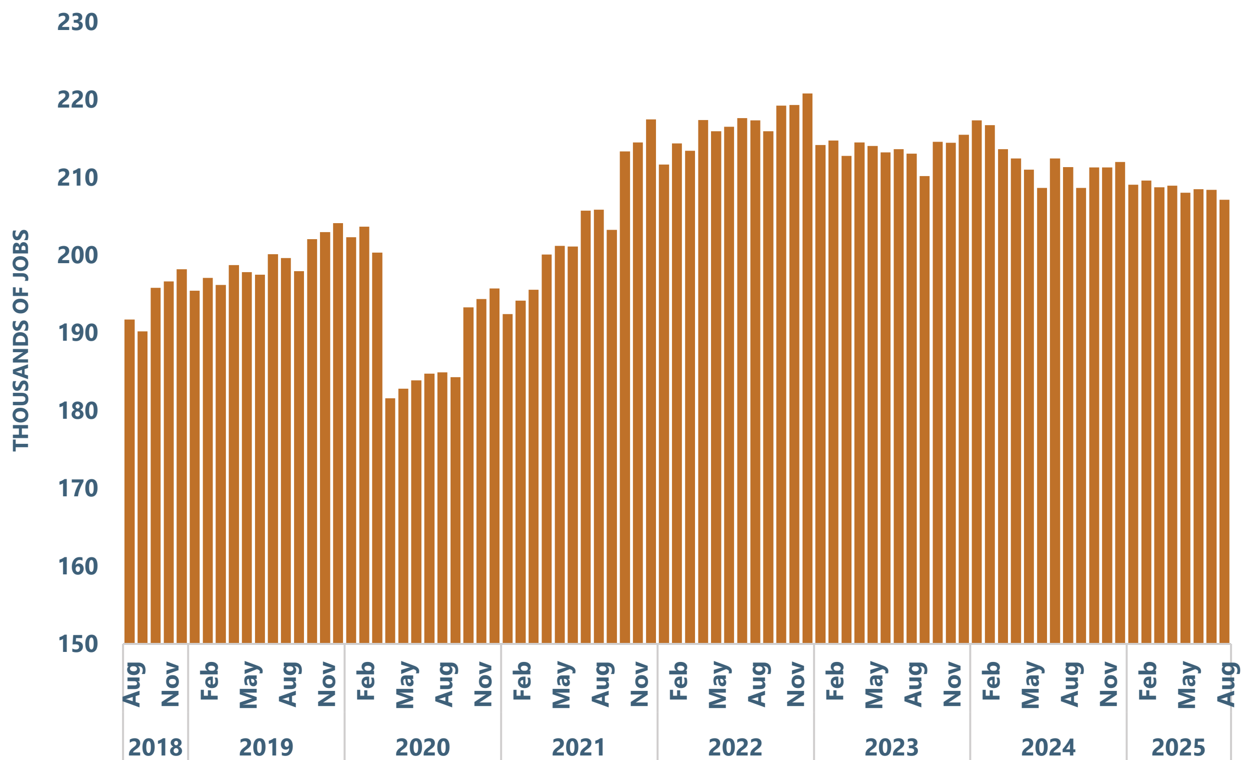


Source: California Employment Development Department

Much of the region's high-tech manufacturing includes medical devices; aerospace components and parts; and computer hardware devices, such as boards, graphics, and semiconductors. While this sector—long seen as a key cluster offering good-paying jobs in the region—has been slowing since mid-2024, it rebounded in the last three months showing promise that it might have stabilized.

However, over time, with the onset of more agile and versatile industrial apparatuses in most production factories—for advanced or more traditional products—the role of humans will be largely limited to innovating, installing, monitoring, and upgrading production processes. AI analyzes sensor data to anticipate potential hardware failures, enabling proactive repairs and minimizing costly downtime. Human roles will shift from performing manual tasks, operating machinery, and maintaining equipment to overseeing, training, and validating AI systems, which will handle those tasks. Industrial robots now normally handle production, assembly and quality control of the manufacturing process in many overseas factories, particularly in China.

Exhibit 10 High-Tech Services Employment, SCAG Region



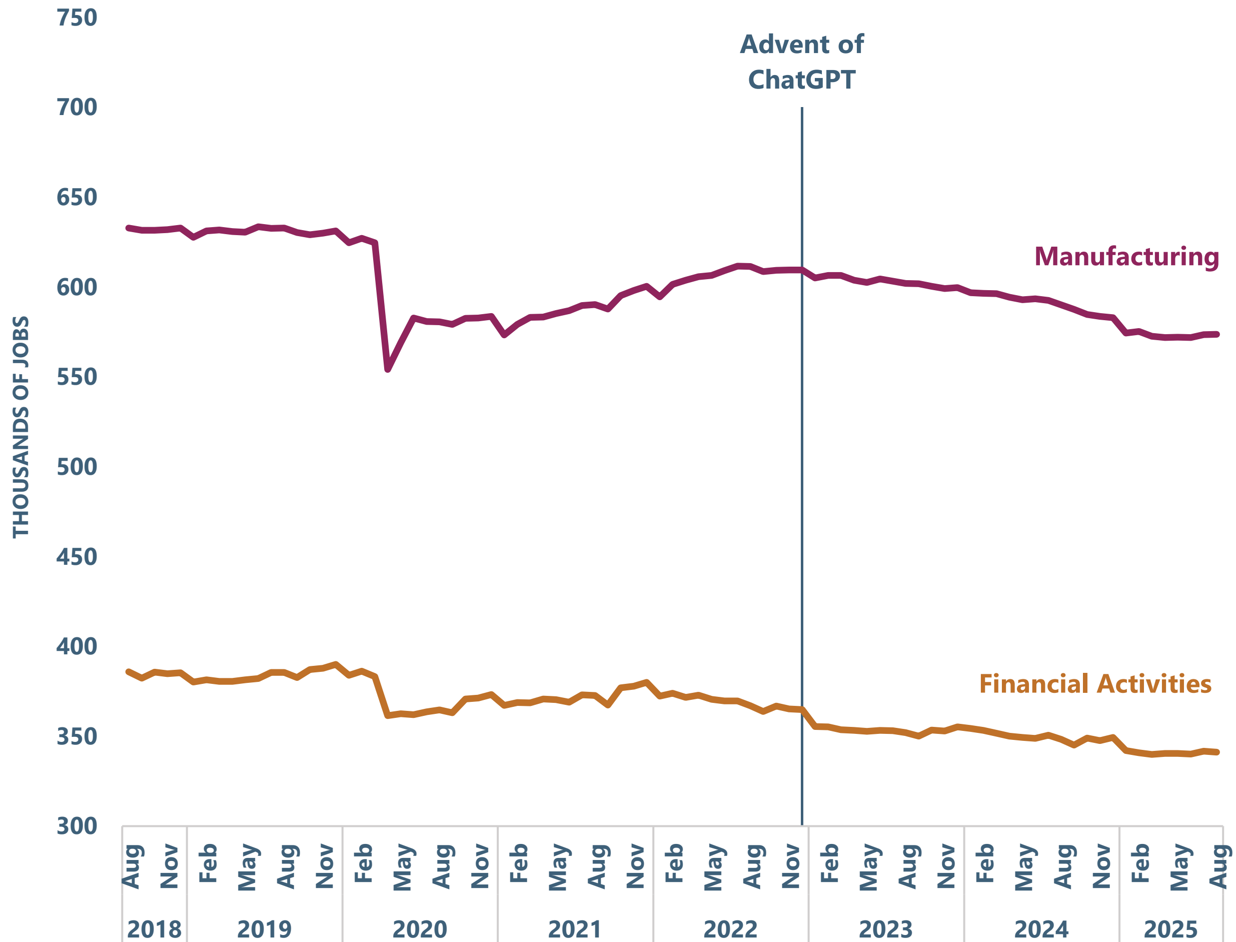
Source: California Employment Development Department

Employment within high-tech services sectors peaked in late 2022 and has been in a general decline since. Tech services contributed to a substantial share of high-paying careers in the region. Much of the recent decline occurred in the software development sector, which uses AI more than any other industry, according to research by the Gartner Poll and Stanford HAI Institute[1]. For software development, AI assistants help development teams write, debug, and test code, which dramatically increases productivity and speeds up development. AI also reduces the need for programmers.

The erosion of high-tech employment statewide and in each SCAG region county coincided with the advent of ChatGPT in December 2022. This has been generally true for the tech industries and professional sectors, manufacturing, finance, and film/TV/sound production. As shown in the following exhibits, jobs peaked between late 2022 and mid-2023 and have since been declining.

[1] See Gartner Data & Analytics https://www.gartner.com/en/data-analytics and Stanford University Human-Centered Artificial Intelligence https://hai.stanford.edu

Exhibit 11 Employment in Manufacturing and Financial Activities, SCAG Region



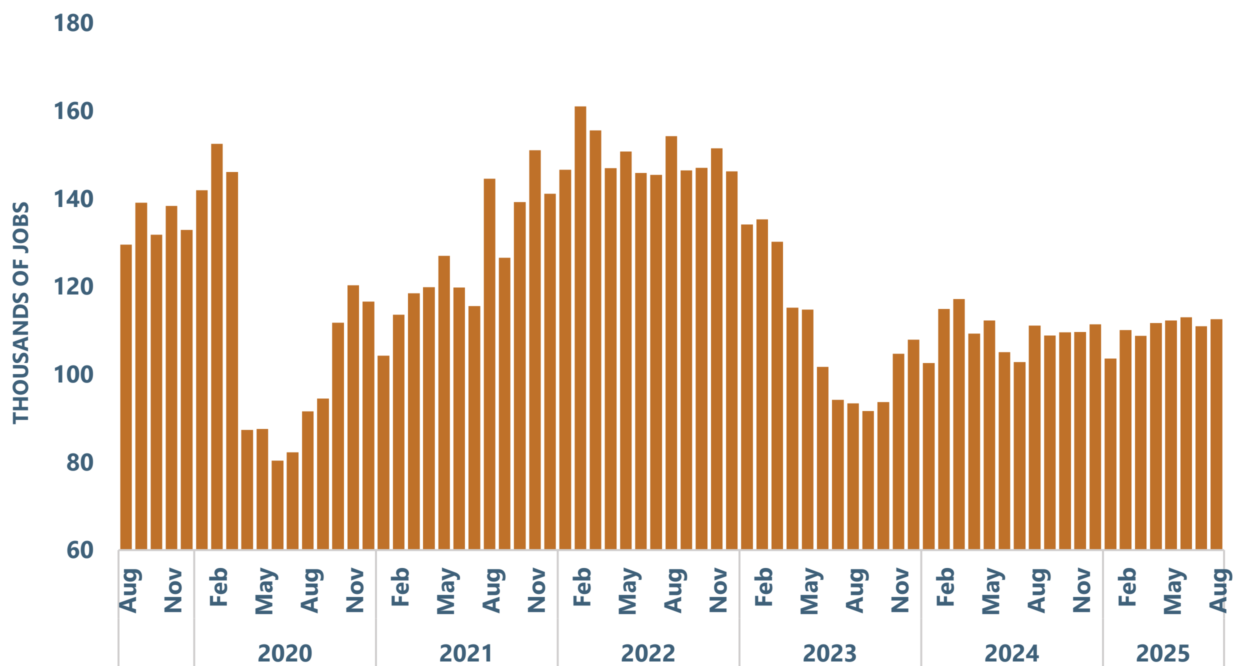
Source: California Employment Development Department

AI and technology now play a key role in Financial Activities and Real Estate. AI spots fraud and anomalies before they manifest into consequences and can evaluate creditworthiness on loan applications. Drone technology is used extensively in Real Estate, reducing costs, and maximizing opportunities. Employment in Financial Activities and Real Estate recovered in part from the pandemic but its decline has accelerated since late 2022. It is now at the lowest level ever recorded since the NAICS industrial classifications have been used, which began in 1990.

Drop in Hollywood jobs—and production, too.

The region's economists colloquially refer to the TV, film, and sound recording industry as "Hollywood." The writers and actors' strike in 2023 interrupted production activity in Hollywood with reported wage and salary jobs plummeting by 55,000 workers between January and September of 2023. A slight rebound occurred during the next five months but stalled in early 2024 and has not budged since. Approximately 33,000 employees have never returned to the Los Angeles County workforce. Furthermore, this data only covers Wage and Salary employment and excludes what is known to be a high share of gig, freelance, or self-employment in this industry—these losses would be in addition to the figure shown here.

Exhibit 12 Employment in Motion Picture and Sound Recording in Los Angeles County



Source: California Employment Development Department

Today, Hollywood produces much less content compared to the pre-strike period. According to FilmLA, the number of television shoot days declined 58 percent in 2024 compared to 2021. During the first quarter of 2025, on-location production in Los Angeles County was 22 percent lower than the same period in 2024. This led to a significant downturn in sound stage utilization in Hollywood from over 90 percent between 2016-2022 to 63 percent in 2024[2].

An absence of momentum in the industry suggests a restoration of jobs is unlikely. AI is used to create content with the help of scriptwriter assistance software. Video editing is automated to AI-generated music, sound effects, and voice cloning. Once labor-intensive post-production can now be conducted by AI. This includes color in filmmaking for aesthetic and mood effects, noise reduction, mixing, synthetic voices, and background scores.

AI has created new, high-demand positions, including machine learning engineers, AI agent engineers, AI ethicists, and AI product managers. The extent of these positions is limited and to date, has not fully offset human roles substituted by AI. While we might expect new employment opportunities to exceed jobs eliminated by AI technology, which has largely been the case with previous technological advancements, there is little proof of this happening yet with AI. Consequently, labor market forecasts for 2026 and beyond have a higher-than-normal forecast error, and economic forecasts are more conservatively restrained as a result.

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[2] FilmLA, "Los Angles On-location filming falls in First Quarter," April 14, 2025, https://filmla.com/la-on-location-filming-falls-in-first-quarter/

[2] The Hollywood Reporter, Los Angeles Film and TV Soundstage Vacancies Reach Historically High Levels, April 3, 2025, https://www.hollywoodreporter.com/business/business-news/los-angeles-film-tv-soundstage-vacancy-historically-high-1236180832/#:~:text=Seventeen%20studios%20that%20operate%20the,occupied%20from%202016%20to%202022.

FilmLA, "Sound Stage Occupancy / Stage shoot numbers slip in New FilmLA report, April 3, 2025:

https://www.bizjournals.com/losangeles/news/2025/04/04/film-tv-sound-stage-occupancy-los-angeles-2024.html

Updates in Key Industries

HEALTHCARE

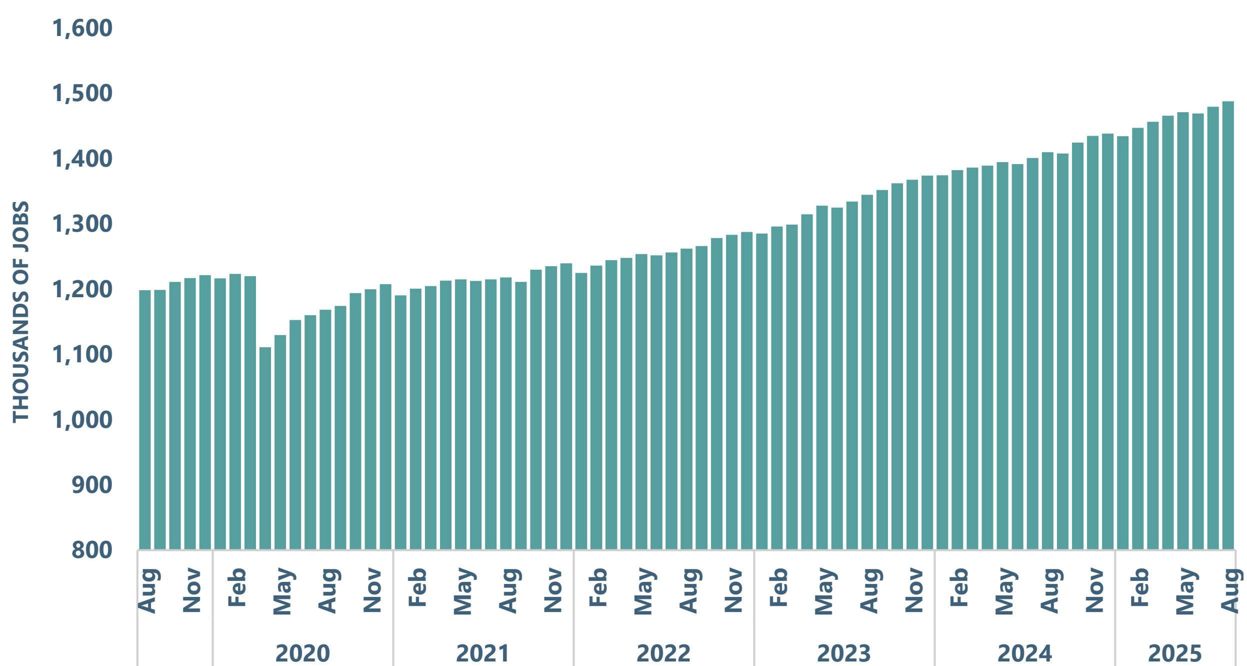
The "only" source of new jobs?

One of the oft repeated issues in the region's economy is that substantial job increases are only taking place in limited sectors. The one sector in which this is overwhelmingly true is NAICS 62: Healthcare and social assistance. Healthcare-related occupations, from pediatricians to nurses to home health aides, represent nearly nine percent of the SCAG region's total employment growth. The industry has led all other sectors in job growth over the last 20 months and is one of only three industries in California that contributed meaningfully to new job formation during this time.

The healthcare industry in the SCAG region added 261,000 jobs, or 21 percent, to total healthcare sector employment since 2021. The surge in job formation eclipsed all other industries in the region and the state. In 2025 alone, it is on pace to rise by 74,000 jobs. The demand for healthcare jobs is largely driven by three factors:

- The aging population,
- Technological advances, such as electronic health records, new diagnostic machines, and biotechnological breakthroughs in medicines, and
- The expansion of hospital and clinical facilities that require healthcare staffing.

Exhibit 13 Employment in Healthcare and Social Assistance, SCAG Region



Source: California Employment Development Department

Major New Construction in the Region

Throughout Southern California, some of the largest new developments underway are medical centers and hospitals. Completed last September, the world-class 350,000 square foot UC Irvine Medical Campus includes a 144-bed facility, an ambulatory care center, and a cancer center.

California Hospital Medical Center in downtown Los Angeles opened its new state-of-the-art Grand Tower in January 2025. The tower includes an emergency department, a new trauma unit, a family birth center, and advanced neonatal intensive care.

Cedars Sinai is constructing a state-of-the-art community hospital in Marina del Rey, designed to enhance surgery and patient care, with construction expected to be completed in 2026. At UC Riverside, a new 280-bed teaching hospital for the School of Medicine was recently approved by the UC Regents; it will include a hospital, outpatient center, and medical office building with a tentative construction start date in 2027.

Healthcare and AI

The adoption of AI systems is further facilitating demand for workers in healthcare. The focus on AI in healthcare is to assist and enhance human capabilities in diagnostics and decision making. In contrast to other industries like tech and Hollywood, it generally does not subtract humans from the process. While AI is now pervasively used to automate repetitive, data-intensive, and administrative tasks, including billing, scheduling, and documentation, clinicians can focus on patient-centered care, critical thinking, and complex cases. AI does not replace healthcare workers because human connection and empathy are not yet genuine traits of present-day artificial systems, including robotics. AI cannot replicate human elements of compassion, trust, and intuition -- at least, not yet.

Healthcare vs. Healthcare-Adjacent: Why NAICS 62 isn't the Full Picture

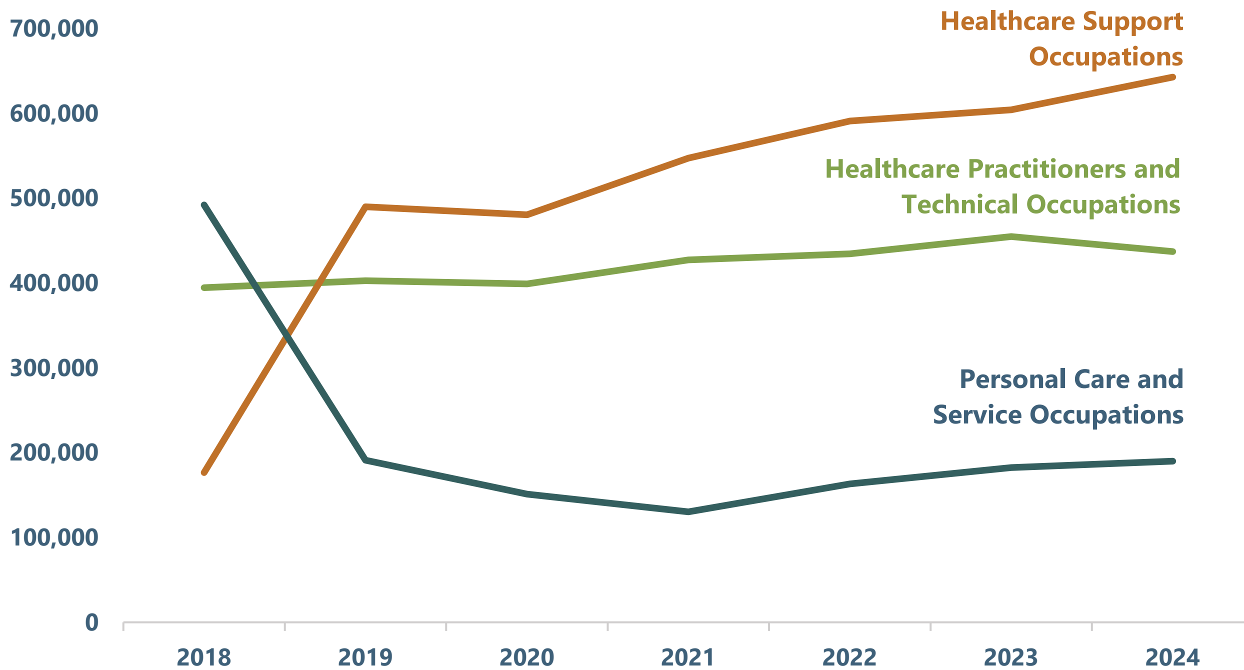
During the pandemic, "doctors and nurses" who worked long hours through difficult situations to protect the population were revered. However, "jobs in healthcare" extends beyond doctors and nurses, and comprises three top-level occupational categories that vary widely in terms of job quality, security, and wages:

- Healthcare Practitioners and Technical Occupations
- Healthcare Support Occupations
- Personal Care and Service Occupations

In 2024, the number of jobs in the "Healthcare Practitioners and Technical Occupations" category in the SCAG region increased by about 11 percent since 2018 (compared to 22 percent employment growth in Healthcare and Social Assistance). There is intra-regional variation, too; for example, Imperial County has lost 240 healthcare practitioners since 2018. Specialties under this top-level code include physicians, registered nurses, physical therapists, physician assistants, and pharmacists.

On the other hand, the less-heralded category of "Healthcare Support Occupations" that includes home health and personal care aides (e.g., individuals who help take care of the elderly), orderlies, and nursing assistants. In comparison to "Healthcare Practitioners and Technical Occupations," the number of jobs in "Healthcare Support Occupations" in the SCAG region is now more than 3.5 times its 2018 levels, with growth in all six counties.

Exhibit 14 Employment in Healthcare-Related Occupations



Source: Bureau of Labor Statistics Occupational Employment and Wage Statistics

Notwithstanding the benefits to job growth, there is a gulf in the wages between these occupational categories. 2024 BLS data for the combined Los Angeles and Orange County Metropolitan Area indicate a median wage of $50.84/hour for "Healthcare Practitioners and Technical Occupations," but only $16.76 for "Healthcare Support Occupations." While job growth in NAICS 62 healthcare may indicate economic strength, this alone does not indicate that the good jobs in healthcare are growing.

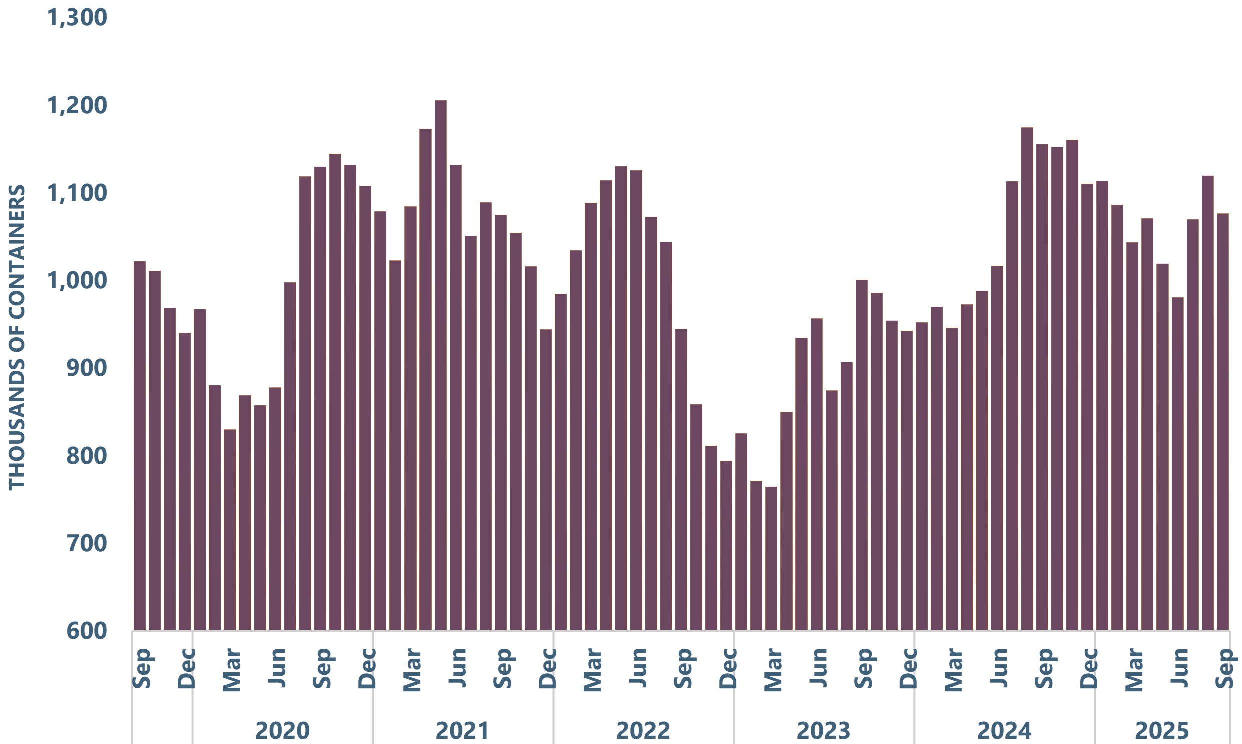
One can argue that jobs in the healthcare-adjacent field can lead to a better paying job. Furthermore, obtaining a career in a healthcare-adjacent field is significantly more accessible—in terms of the low cost and minimal time required to train for these positions—especially when contrasted with the high costs and years of training required to become a physician. If healthcare support occupations offer potential for upward mobility within the industry, such jobs can be promising. Nonetheless, an economic development perspective merits consideration of how policymakers can leverage the tremendous growth in healthcare-adjacent fields with training, reskilling, and upskilling opportunities. Additional information on job quality measures, including these occupations, can be found in SCAG's Job Quality Index tool at https://scag.ca.gov/economic-insights-data-resources.

PORTS AND CARGO

Cargo volume rose 18 percent in 2024 and is on pace to increase another 3.1 percent in 2025, despite unpredictable tariff policies responsible for much of the volatility in equity markets and trade policy this year. Meanwhile, the U.S. Supreme Court is set to weigh in on the legality of the sweeping trade tariffs, which could reshape future tariff implementation.

The resulting hysteria has largely subsided as the administration's trade negotiations with most countries concluded. The trade deal between the U.S. and China reached in November has calmed the financial markets and eased trade tensions between the two countries. The U.S. lowered the reciprocal or "fentanyl" tariff to 10 percent and China agreed to suspend its rare earth export control measures and buy more soybeans.

Exhibit 15 San Pedro Bay Ports Total Container Volume



Source: Port of Los Angeles Container Staistics and Port of Long Beach Container Statistics. Data reflects two-month smoothed average.

Despite the new tariffs shaping the U.S. international trading landscape, import volumes coming into the Ports of Los Angeles and Long Beach have not been materially impacted. Goods coming into Port Hueneme have declined 17 percent this year, although export volumes have increased 37 percent.

TOURISM

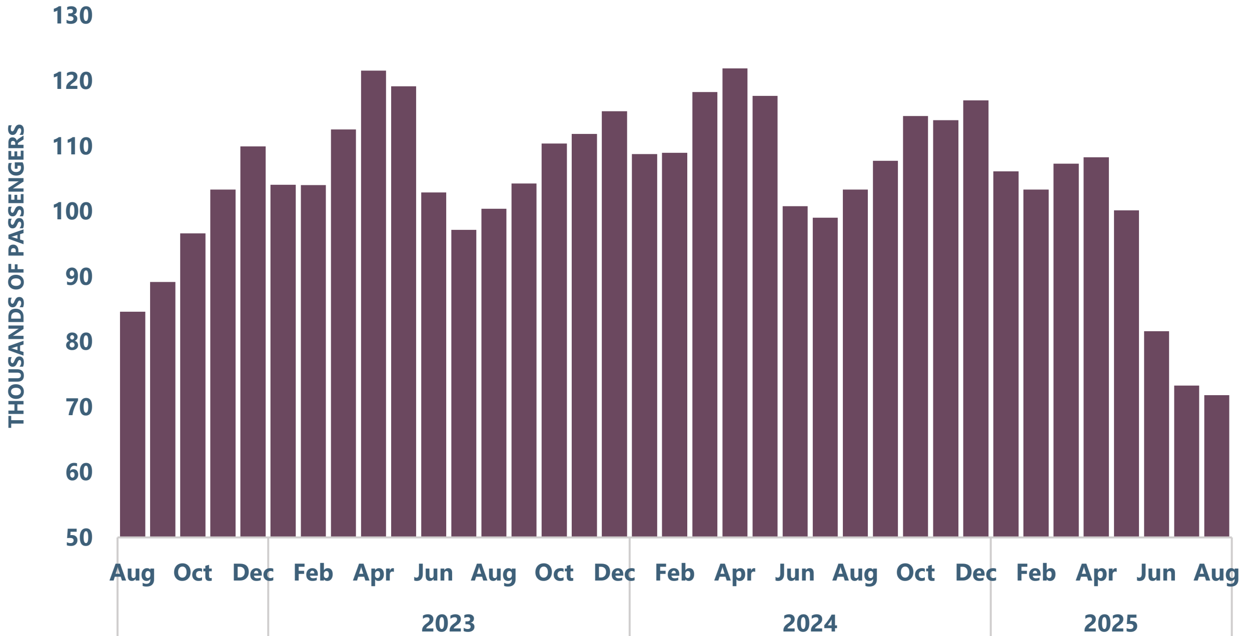
According to VisitCalifornia, tourism contributes to more than $150 billion in spending by 268 million visitors annually and employs 1.2 million people. Southern California accounted for 54 percent of the state's total visitor spending in 2024. Metrics used to monitor tourism include regional hotel-motel utilization, airport passengers at regional airports, and amusement park attendance.

Air Travel

The volume of international visitors to California airports has declined this year. While international passengers remain at record levels at San Francisco International Airport (SFO), they have declined modestly at Los Angeles International Airport (LAX), in part due to a sharp reduction of Canadian visitors.

European travelers into California airports are down 5.6 percent through August, compared to the same period in 2024.

Exhibit 16 Airline Passengers Arriving in California from Canada

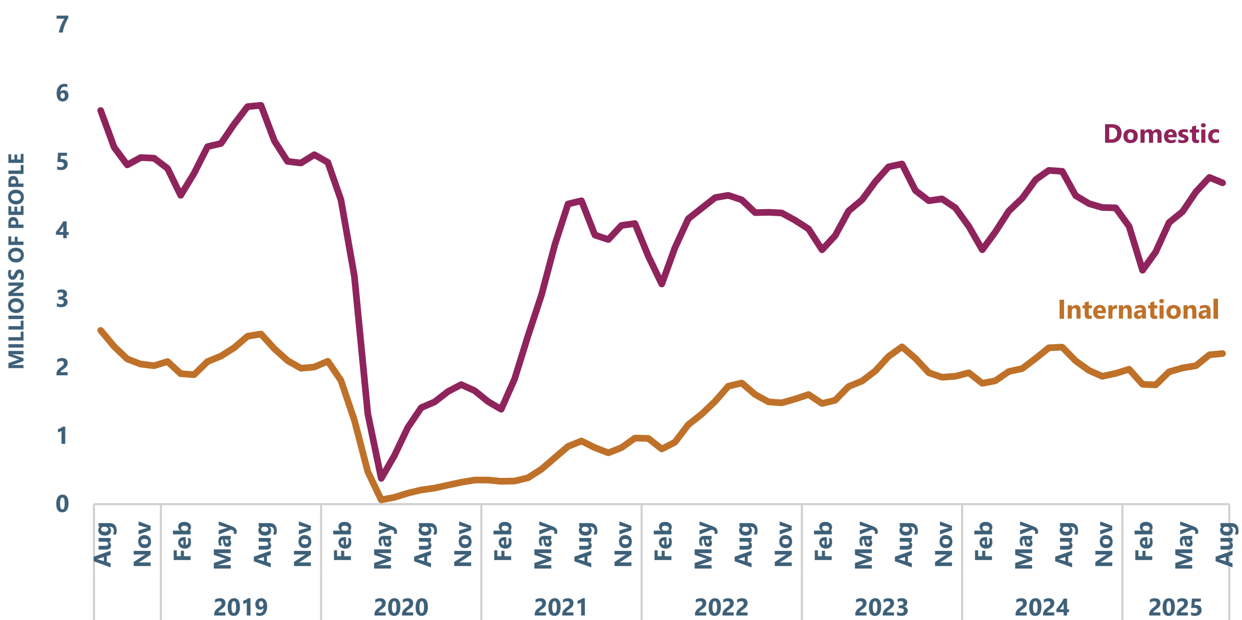


Source: Visit California. Data reflects three-month smooth average.

Total international visitors arriving in California by air dropped 4.8 percent during the first eight months of 2025 compared to the same time period a year ago. Canada leads all countries with a 16.6 percent decline. European arrivals are down 6.2 percent.

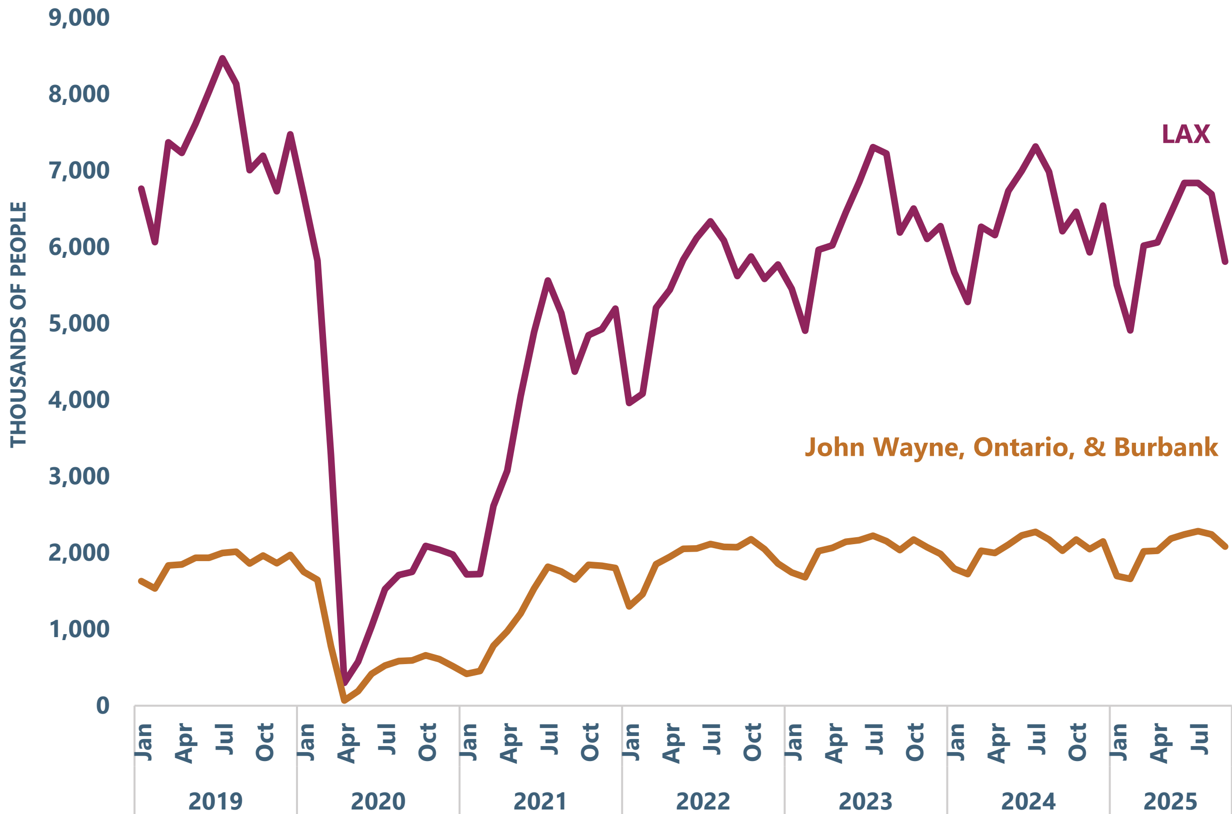
Domestic passenger enplanements and deplanements are 4.0 percent lower this year at Los Angeles International Airport, 1.8 percent lower at Hollywood-Burbank Airport, but are 0.6 percent higher at Ontario International.

Exhibit 17 LAX Passengers, Domestic and International



Source: Los Angeles World Airports

Exhibit 18 Total Passengers at Largest SCAG Region Airports

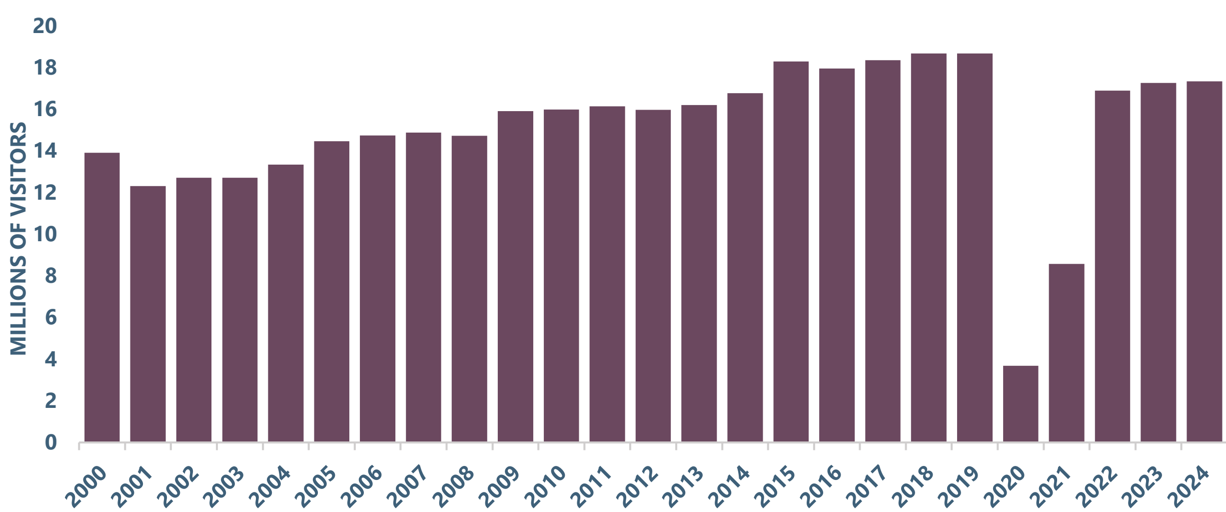


Source: LAX; Ontario International Airport; John Wayne Airport; Hollywood Burbank

Amusement parks

Disneyland is the second most visited theme park in the world, second in annual visitors only to its twin sister Magic Kingdom in Orlando, Florida.

Exhibit 19 Disneyland Park Attendance



Source: Themed Entertainment Association / AECOM Theme Index Museum Index

Exhibit 20 Expected Crowds in Disneyland Park, November 2025

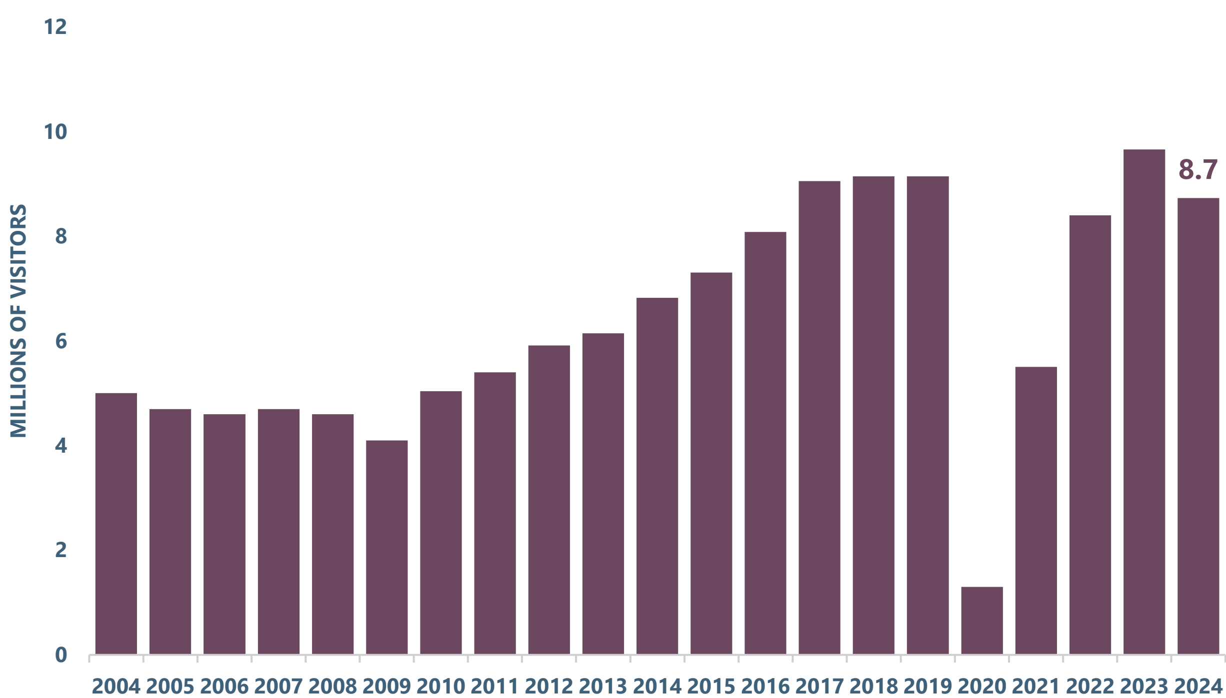
Expected Crowds	Number of Days
Light Crowds	0
Below Avg. Crowds	16
Average Crowds	9
Above Avg. Crowds	5
Heavy Crowds	0

Source: Thrill Data, retrieved in October 2025

Disneyland estimated attendance was just above 17.3 million visitors in 2024, the highest number since the pandemic. Attendance and monthly crowd counts slipped in 2025. In October, only six of 31 days recorded higher than average attendance, 12 days recorded below average attendance, and 13 days recorded average crowd levels.

Demand-based pricing, used at Disneyland and elsewhere, provides an accidental yet effective data source. As of this writing, Disneyland's reservation system currently projects 16 days will have below-average attendance, nine days will have average attendance, and only five days will have above-average attendance in November 2025.

Exhibit 21 Universal Studios Attendance



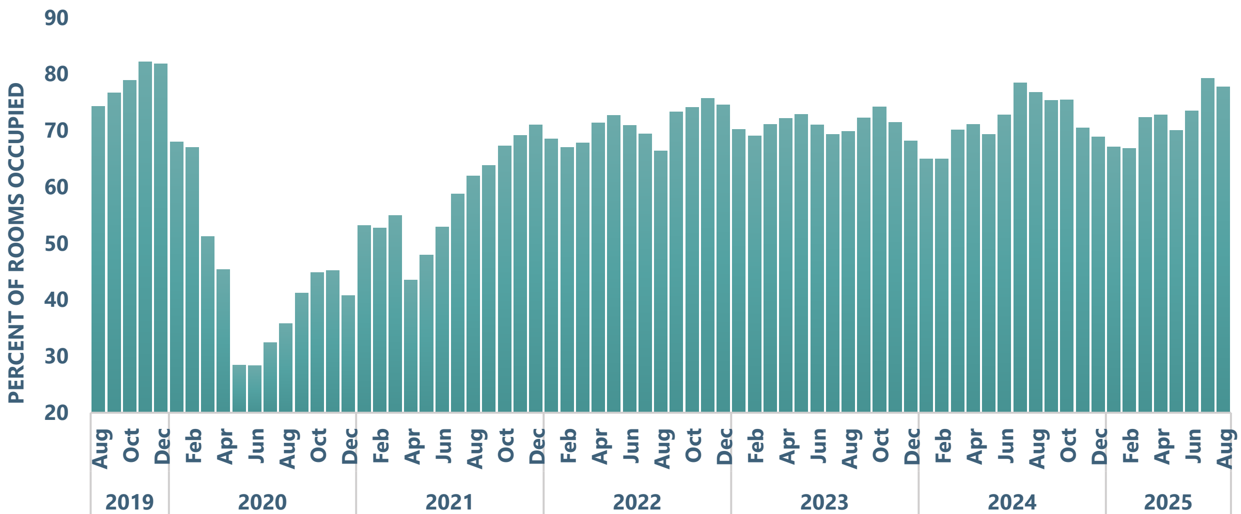
Source: Themed Entertainment Association / AECOM Theme Index Museum Index

Estimated attendance at Universal Studios Hollywood dropped 10 percent in 2024 with 8.7 million visitors. The general consensus from crowd calendars also indicates that 2025 attendance will be lower than 2024. Thrill data reports that for the 365-day period of calendar 2025, only 50 days had or will have (according to the reservation system) above average attendance, but 58 days with below average attendance.

Accommodations

Occupancy rates for hotels in Los Angeles County have dropped slightly in 2025. According to Visit California and lodging data through September, hotel occupancy will average 69.5 percent in 2025 compared to 71.4 percent in 2024. In Orange County, the lodging industry also reported a modest decline: 71.6 to 71.1. While new hotel rooms added to the overall transient room stock in the region, utilization has remained relatively the same despite the clear reduction in international visitors. The lack of any significant change in lodging utilization rates implies that domestic tourism has largely offset the absence of tourists from abroad.

Exhibit 22 Orange County Hotel Occupancy Rate (Seasonally Adjusted)

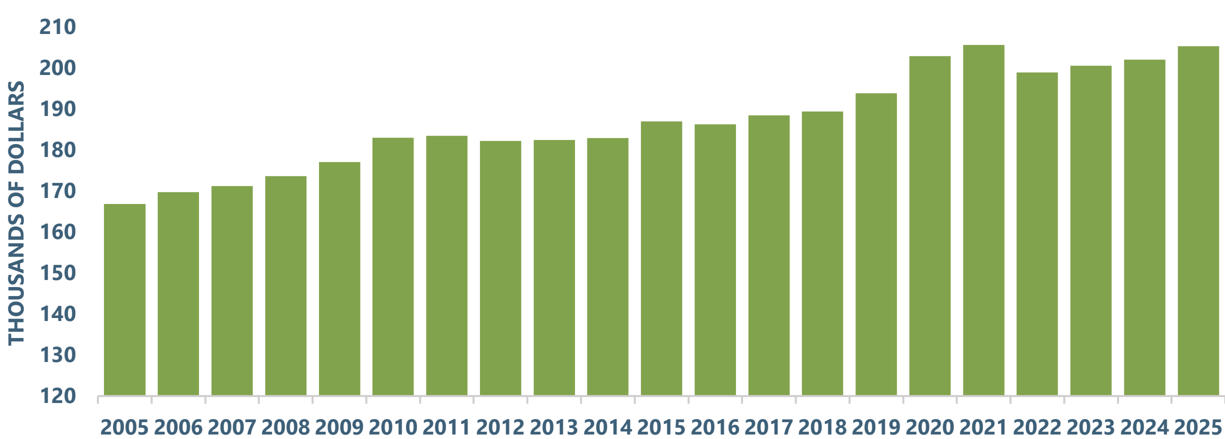


Source: Visit California

Wages, Income, and Spending

The absence of job creation has not slowed overall economic productivity in the region. Real regional gross domestic product is estimated to have increased 1.9 percent in 2025. Higher production amid a relatively stagnant workforce in 2025 implies stronger productivity gain in the economy. In 2024 and 2025 YTD, the ratio of the region's output to its employment increased (see Exhibit).

Exhibit 23 Real Regional Gross Output Divided by Number of Workers, SCAG Region



Source: Bureau of Economic Analysis and author calculation

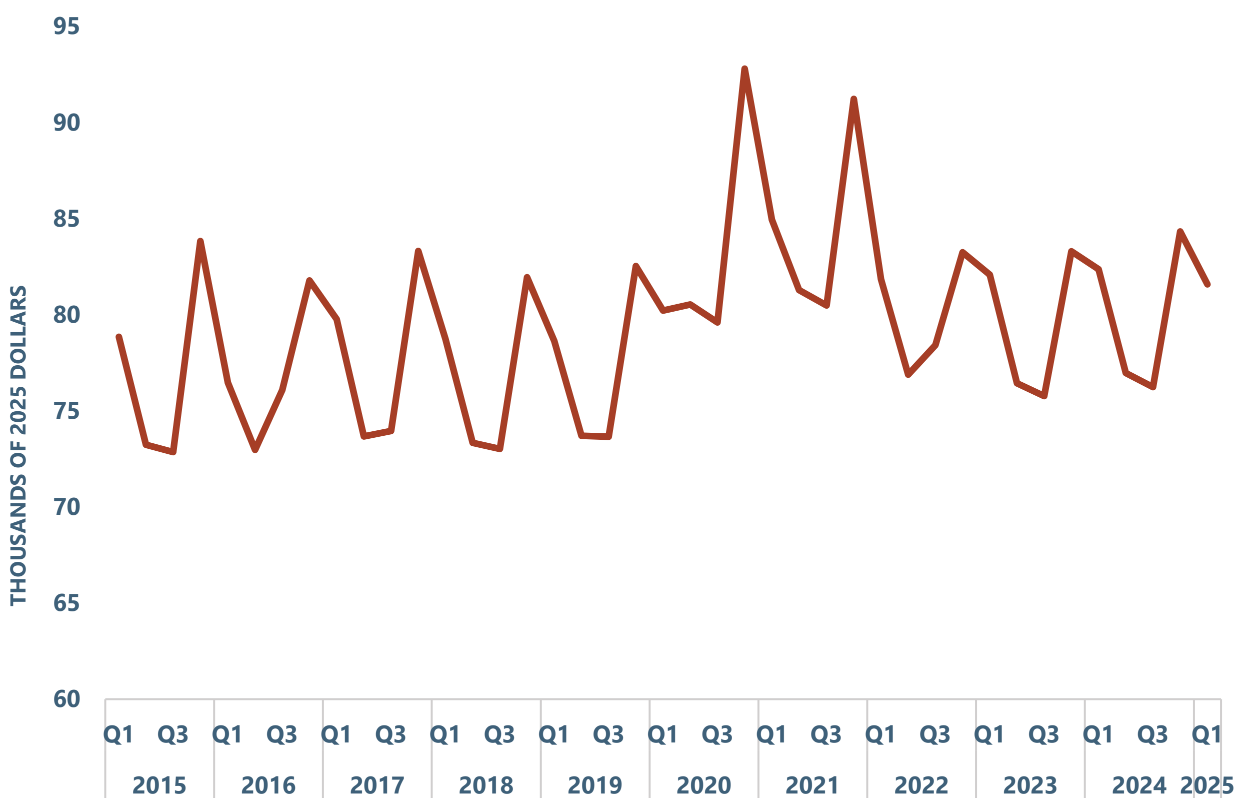
This suggests the average worker is becoming more productive. As the average worker increases productivity, business revenue and income rise. These two forces suggest a corresponding increase in wages, especially when labor force growth in the region is minimal. Adjusted for inflation, average wages in the SCAG region have been rising modestly since early 2023, which coincides with the point at which regional employment growth began to slow—and AI emerged.

One possibility is that the ongoing adoption of productivity-enhancing AI systems in the workplace is leading to an extended period of real wage growth. However, the longer historical view may be less optimistic. In the SCAG region since 2006, regional GDP per member of the labor force (i.e. per potential worker) has grown by 20.8 percent, while average annual wages have grown by 12.6 percent, and median household incomes have grown by 8.8 percent.

This is in part due to a drastic drop in income during the Great Recession. Real income has continued to grow in the region from a low in 2012. Over the last decade, the region has seen a 17.3 percent growth in real household income, exceeding the national growth of 11 percent, and slightly below the statewide increase of 18 percent. Household incomes include wage and salary payments to all members in the household, plus asset income, both private and public transfer payments, and self-employed income.

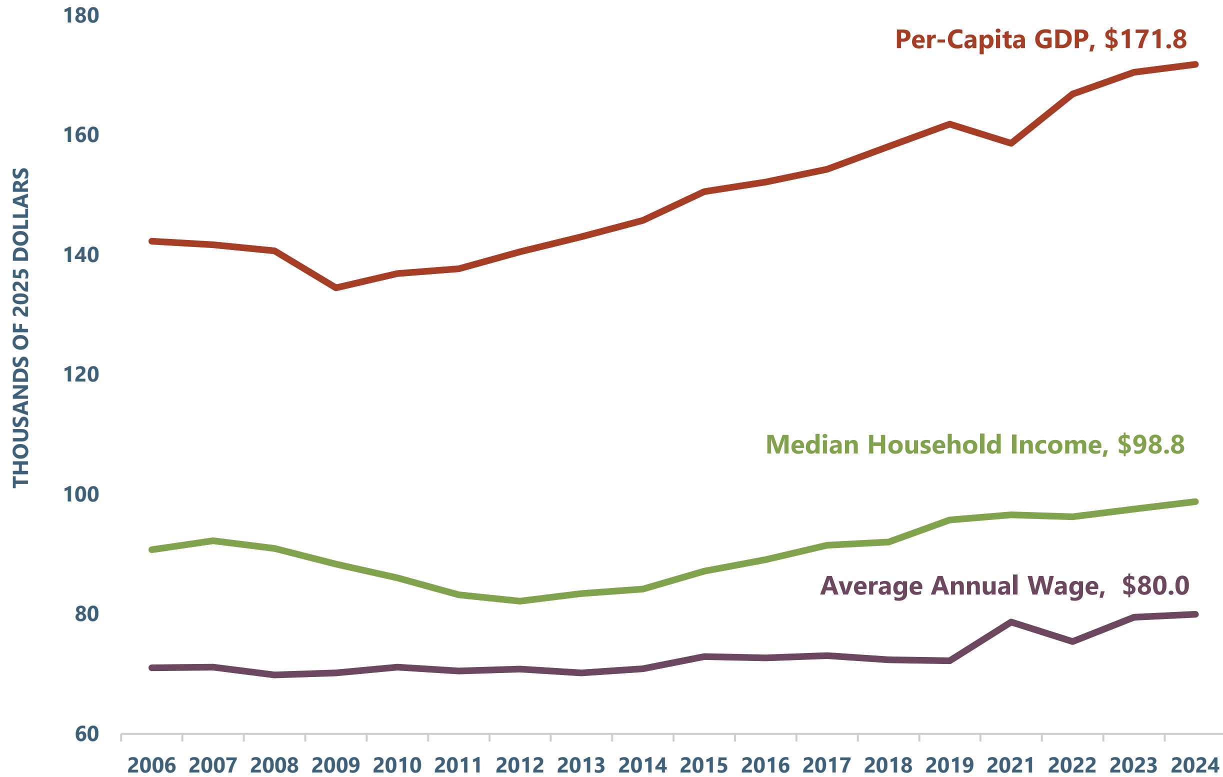
However, even when excluding dynamics of the Great Recession , GDP per worker has increased 22.3 percent in the SCAG region, while median household income increased by 20.2 percent, and average annual wage increased by only 12.9 percent (2012-2024). This suggests that non-labor income (e.g. investments, returns to capital) may be buoying incomes, but wage gains have not necessarily kept pace with productivity increases.

Exhibit 24 Average Annual Wages in SCAG Region



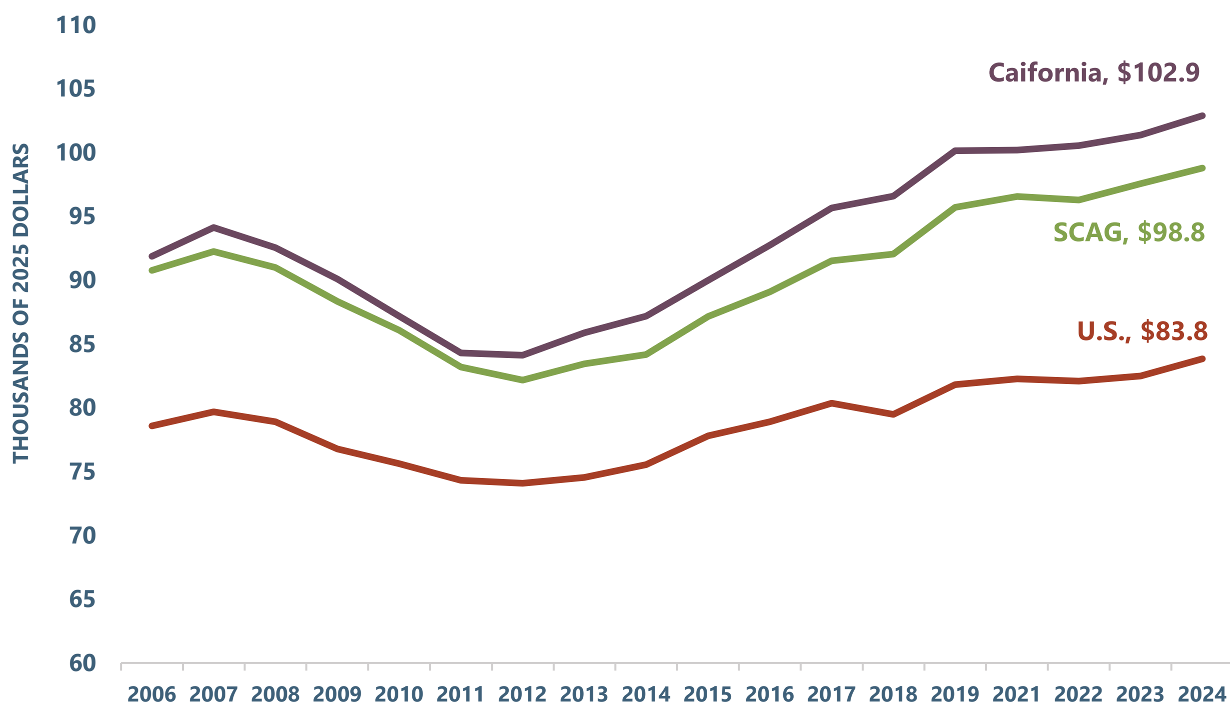
Source: Bureau of Labor Statistics

Exhibit 25 Comparison of Productivity and Well-Being Measures, SCAG Region



Source: American Community Survey 1-year estimates; Bureau of Labor Statistics; REMI TranSight

Exhibit 26 SCAG Region Real Median Household Income



Source: American Community Survey 1-year estimates

CONSUMER SPENDING IN THE REGION

Change over time of taxable goods and services sales volume, particularly at retail stores and restaurants, is an excellent proxy to evaluate the growth of regional spending. Taxable sales by category of goods are monitored by the state for the purpose of collecting sales taxes. Quarterly reports and data through the second quarter of 2025 were available at the time of this report.

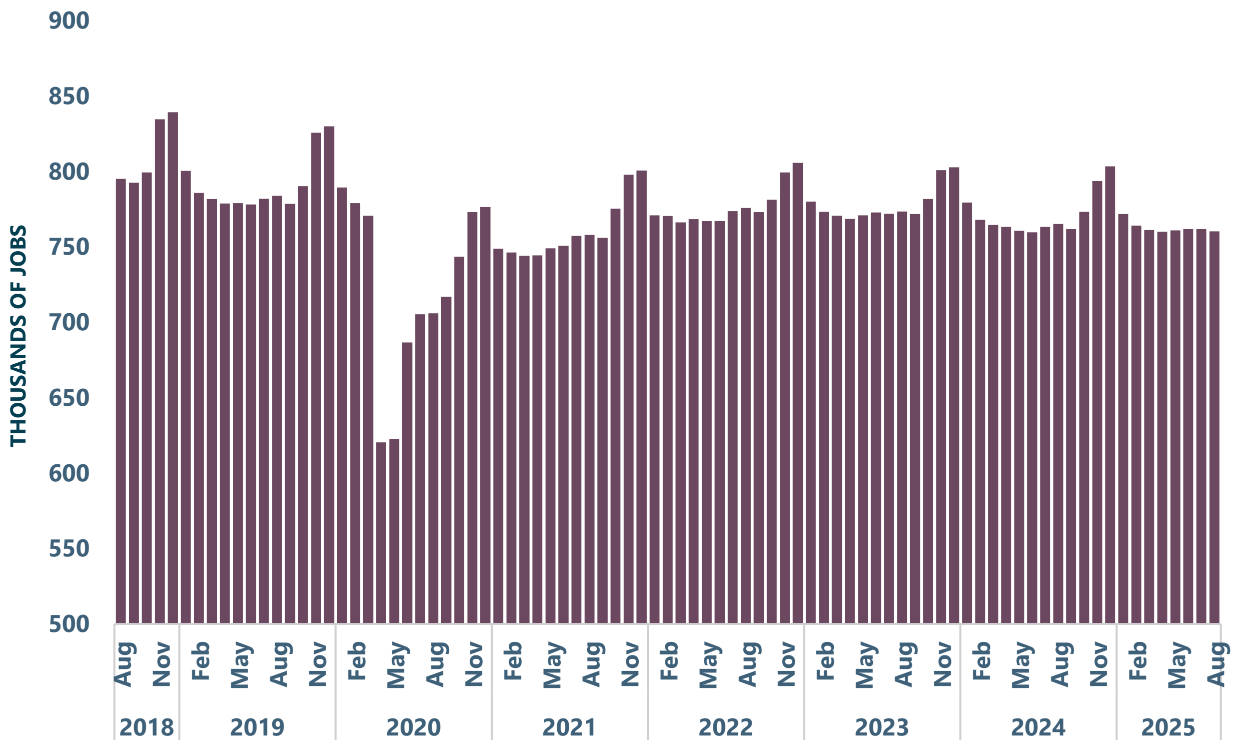
Total taxable sales at establishments located in the SCAG region, adjusted for inflation, remain in decline after peaking in late 2022. Currently, nominal sales are 4.6 percent lower than three years prior (the second quarter of 2022); however, adjusted for inflation, the decline is 13.4 percent.

Exhibit 27 SCAG Region Real Taxable Sales

Source: California Department of Tax and Fee Administration

Sales at retail stores and restaurants declined slightly less over the same period. Fewer goods sold combined with the adoption of labor-saving technologies resulted in a general, though modest, decline of employment growth in the retail trade sector. With the exception of the direct post-pandemic recovery, retail trade employment has not meaningfully grown since its peak in 2018.

Exhibit 28 SCAG Region Retail Trade Employment



Source: California Employment Development Department

Consumers in the U.S. in general have reduced on-site purchases of goods, moving to more online shopping because of greater choice. But the decline in local spending at retail outlets goes beyond the transition to more spending on services, including vacations, entertainment, and recreation. Borrowing costs have risen over the same time period. Using credit to buy household goods is far more expensive today than in 2022. Combined with slower job growth, gradually rising unemployment, relatively sluggish wage growth, and rising housing costs, household budgets have been significantly impacted in recent years.

Nonetheless, the decrease in real spending has not been serious enough to generate a rising sense of financial trauma or economic anxiety in California or the SCAG region. For the most part, consumers continue to spend, work, and earn incomes that generally sustain their households. As the Federal Reserve continues its gradual reduction of interest rates in 2026 and as wages gradually rise, it appears likely that retail spending will rebound next year. The UCLA Anderson Forecast for California has total retail sales in California reversing with positive rates of growth in 2026 and 2027.

Development and Building

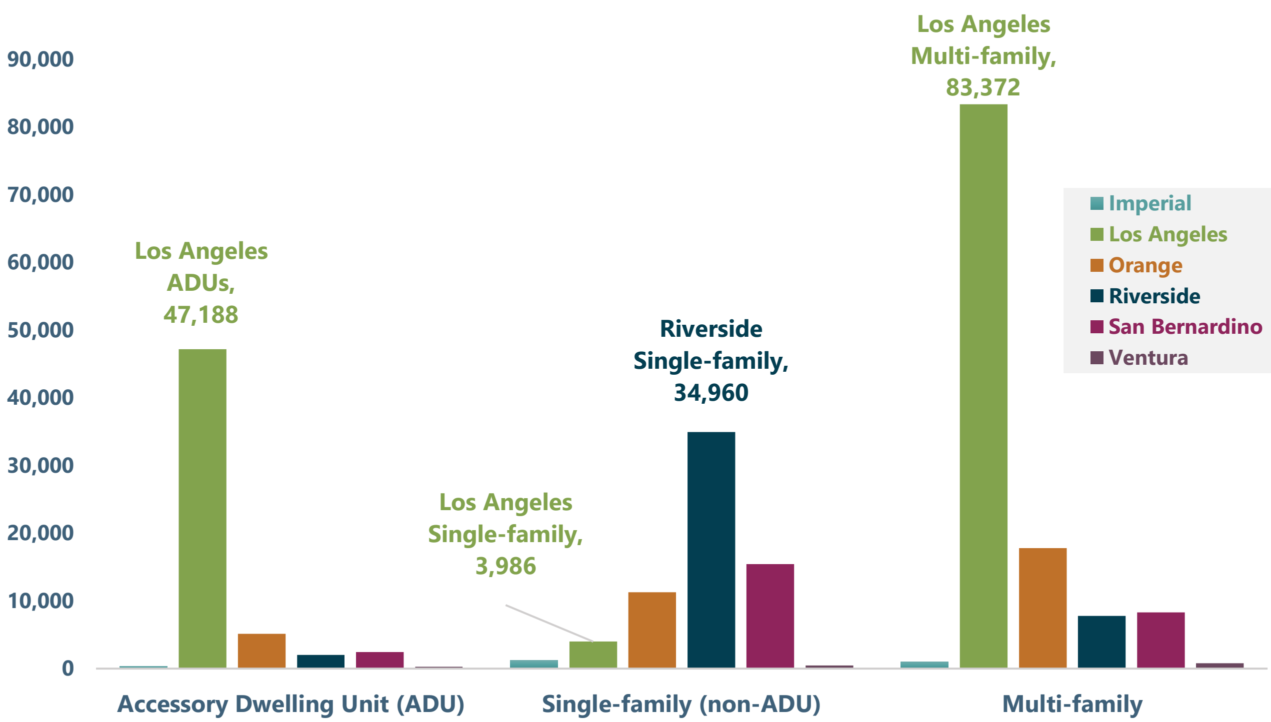
HOUSING DEVELOPMENT

After several decades of boom-and-bust cycles, the number of new housing units every year in Southern California, as measured by local permit data, has remained between roughly 45,000 and 50,000 for more than a decade. However, production in 2024 and 2025 has been several thousand units lower. This contrasts with slow and, at times, negative population growth, showing modest promise for alleviating previous decades of undersupply and improving balance between the region’s population and housing supply.

Los Angeles County consistently leads all SCAG region counties in housing production, with over 45 percent of all new housing permitted over the past decade. Riverside County is second with about 20 percent of the SCAG market since 2018.

Department of Finance data also provides visibility into recent housing unit production by county, and more recently, by detailed type, including accessory dwelling units (ADU). Detached ADUs are traditionally counted by the Department of Finance and Census Bureau as single-family units. New units since 2020 have been fairly asymmetric; in fact, 68 percent of new units in the past five years have been multifamily in Los Angeles County, ADUs in Los Angeles County, or single-family units in Riverside County. Orange County features the most even balance between ADU, single-family, and multifamily housing production.

Exhibit 29 SCAG Region New Units by Type and County, Jan 2020 – Jan 2025

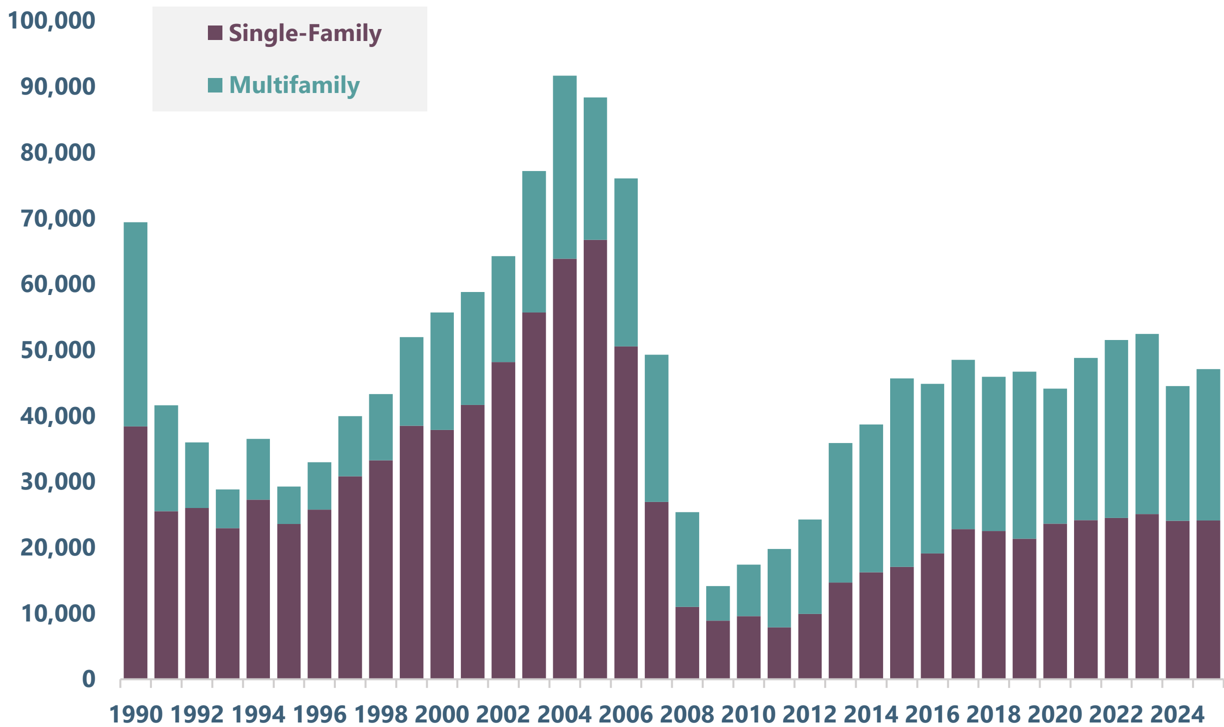


Source: California Department of Finance

The largest individual new housing development is the Valencia project in the Santa Clarita Valley. The Confluence Village—one of nine villages and the only one currently underway—will encompass 4,256 units. About half of the units have been built or are under construction to date. The entire project totals just over 21,000 homes and ten million square feet of commercial space over a 20-year development horizon.

Silverwood in Hesperia is the second largest residential project in the region, with over 15,000 homes approved for the 9,000-acre site. Phase 1 is underway with nearly 2,100 homes. Earlier this year, eighteen model homes opened for tours with the first occupants ready to move in as early as fall 2025.

Exhibit 30 Annual New Units Permitted in SCAG Region



Source: Census Building Permits Survey. Data for 2025 is actual through 2025 and annualized over the remaining months based on the pace of permitting during 2010-2019.

The Related Bristol development in Santa Ana is a $2.9 billion mixed-use project scheduled to break ground in early 2026. The project includes 3,750 apartments, 200 senior housing units, a 250-room hotel, and 350,000 square feet of retail and commercial space.

RESIDENTIAL REAL ESTATE MARKET

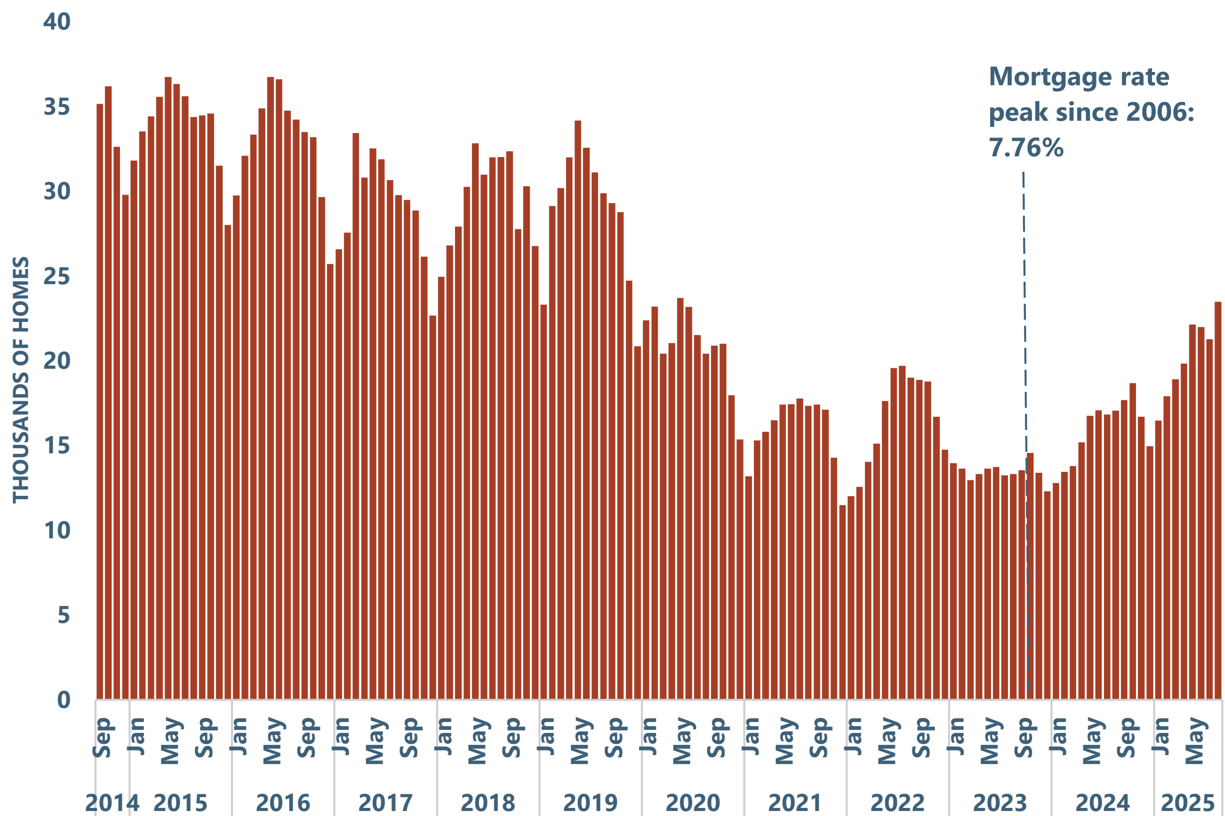
Over the last year, little change has been observed in the residential market throughout California. The exception is the volume of for-sale inventory, which has dramatically expanded. In 2024, the volume of existing home sales jumped 18 percent in the SCAG region.

For the first nine months of 2025, inventory soared another 29 percent, providing buyers with significantly more home buying choices.

Despite the Eaton and Palisades fires in January 2025 destroying 13,000 homes in Los Angeles County, the overall number of homes offered for sale region-wide has increased. Although this has led to displacement and local price pressures, the overall economic impacts on the county and region have been minimal.

This is the largest increase since 2015 for the sector and is in large part due to the expectation of declining mortgage rates, which directly improve affordability and salability. In addition to increased inventory, mortgage rates dropped 72 basis points since mid-May and, as of Nov. 20, are under 6.3 percent, just slightly above the lowest rates seen over the last year.

Exhibit 31 SCAG Region Existing Home Inventory

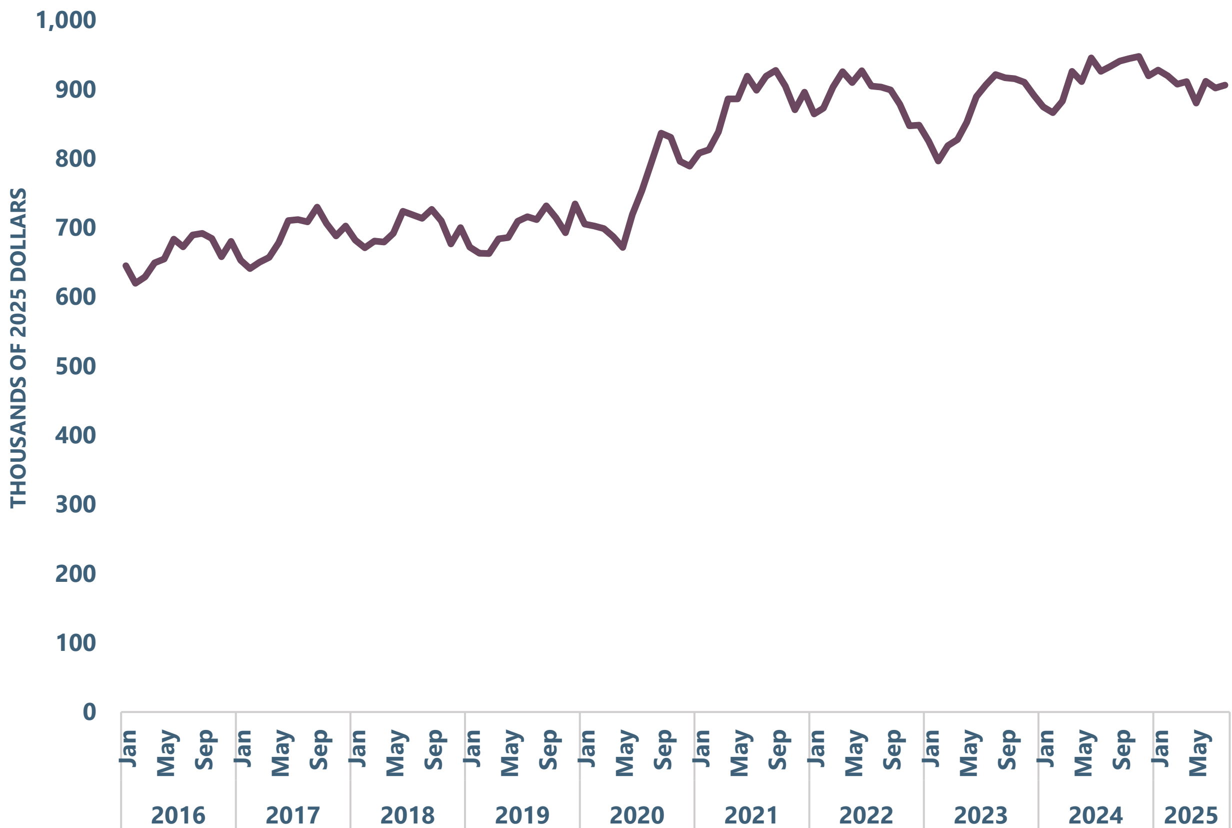


Source: California Association of Realtors

Exhibit 32 30-year Fixed Rate Mortgage in the United States (Weekly Average)

Source: Freddie Mac, retrieved from Federal Reserve Bank of St. Louis

Exhibit 33 Real Median Sales Price of Single-Family Homes in the SCAG Region



Source: California Association of Realtors and author calculation

After dipping slightly in 2023, the region's median home values (adjusted for inflation) were up again in the last year, rising from $789,000 to $808,000. In the past 10 years, the region saw a 35.1 percent growth in home values. However, in this same period, national growth in home value has been even greater at more than 45.2 percent. Adjusted for inflation, median sales price of single-family homes have largely stabilized since late 2024, reflecting how the rise in inventory moved the market further towards advantaging buyers. The average time to sell increased along with listing price concessions from sellers. Selling price to listing price ratios are no longer near 1.0 or higher. However, year-to-date sales remain nearly as low as they were a year ago. Buyers are waiting for more inventory and price concessions and holding out for further mortgage rate reductions.

NONRESIDENTIAL DEVELOPMENT

The largest project in the region is the World Logistics Center in Moreno Valley. The 40 million square foot warehouse project is in its second year of the seven years planned for construction. The project has mobilized hundreds of construction workers, providing a large economic stimulus to the area.

The LAX Modernization Program is a $30 billion upgrade and improvement project to increase efficiency and dependability for travelers. Many key components of the larger program are still underway, including the long-awaited Automated People Mover. The project started in 2019, scheduled for completion in 2024. Delays have pushed the projected opening to summer 2026 in time for the World Cup in June 2026. The project is currently 95 percent complete. A new concourse is also being built to expand capacity, and a Consolidated Rent-a-Car facility is also nearing completion.

The Brightline West High Speed Rail, costing $12 billion, is underway to connect Southern California with Las Vegas. The project is scheduled for completion in 2028.

The Fourth & Central Project in downtown Los Angeles was approved by the Los Angeles City Planning Commission on Oct. 10, 2025. The proposed $2 billion project will significantly alter the skyline of downtown LA with construction of buildings covering eight acres. Plans call for 10 different high-rise and mid-rise structures, creating approximately 2.3 million square feet of floor area. The total project would include:

- 1,589 residential units (including 250 units of affordable housing)
- 411,113 square feet of offices
- 145,748 square feet of retail and restaurant space
- Two acres of publicly accessible open space
- Parking for 2,426 vehicles

The West Harbor Project at the LA Waterfront has been underway since 2022. The 42-acre project will upgrade the waterfront with restaurants, shopping, fresh markets, office space, and a waterfront promenade. The $54 million project is scheduled for completion in summer 2026.

A new concert hall and office buildings are now underway as part of the massive OC Vibe project in Anaheim. The $4 billion development is also mixed use with 1,500 homes, 1.1 million square feet of office space, two hotels, retail space, and live entertainment venues. It is the largest project in Orange County, located in the Platinum Triangle around the Honda Center. Phase 1 is scheduled to be completed by early 2027.

COMMERCIAL REAL ESTATE MARKETS

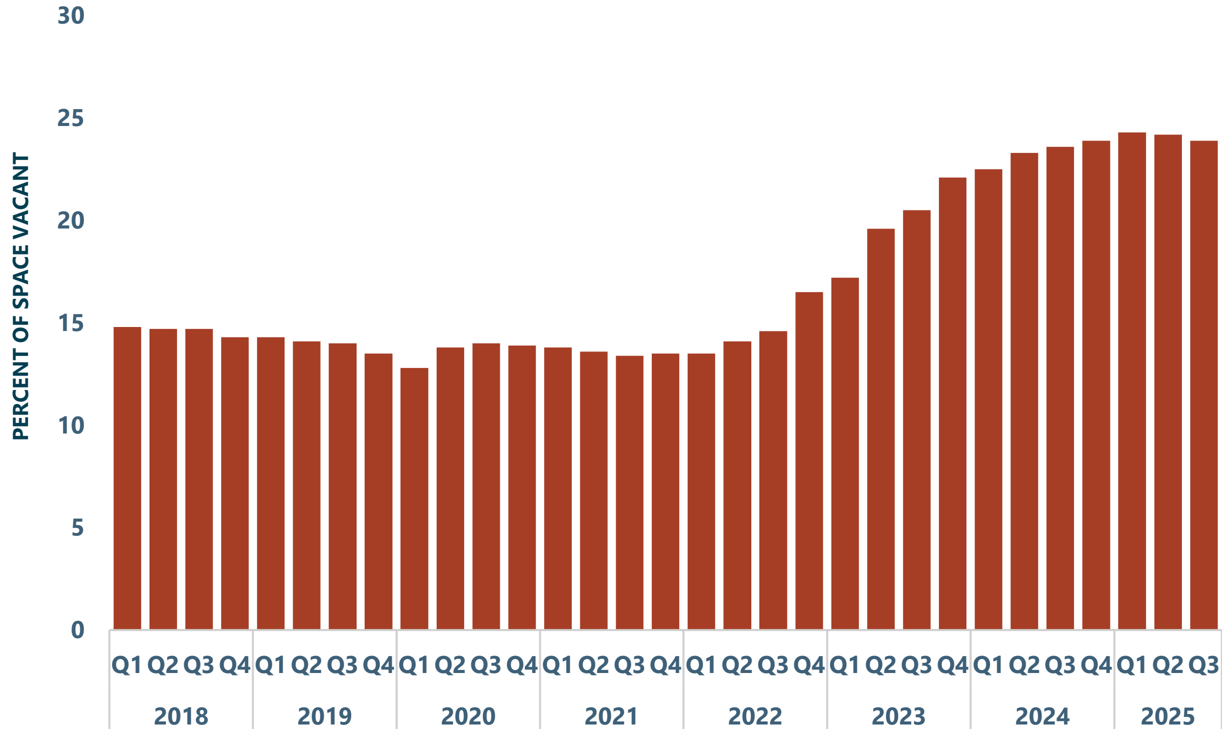
Population growth in the SCAG region is not expected to be large – but is anticipated to be higher in the Inland Empire than in the coastal counties. Rising populations will require more services from businesses that need retail, professional, and office space. Industrial development is already a principal driver of commercial real estate growth in Riverside and San Bernardino counties. As of the third quarter of 2025, an estimated 10 million square feet of new industrial building is underway in the Inland Empire.

The Office Market

The office market remains weak, with vacancy rates roughly equal to one year ago. Hybrid work remains in place in most large California regions, though it has moderated as more large companies insist workers return to the office three or four days per week. This has increased demand for high-quality, flexible office space. However, this effect has been moderated by lack of new jobs in sectors that use offices—and most sectors, for that matter.

The office market will strengthen when employment grows, but this change will be gradual as jobs are not presently growing. Progress toward fuller office space utilization is further complicated by continued weakness in the labor market projected for 2026. A return to pre-pandemic levels of office market utilization is not likely until at least 2029.

Exhibit 34 Office Vacancy Rate, Los Angeles County



Source: CBRE

The Industrial Market

Vacancy rates are rising in most Southern California markets for industrial space. This is due largely to an increase in new supply, combined with a slowdown in demand. The industrial market is still healthy with many lease and purchase deals in the region and many more still under construction.

The Inland Empire office market is the most active, and relatively stable despite the delivery of 8.7 million square feet of space during the first nine months of 2025. Vacancies rose slightly, from 4.9 percent to 5.5 percent in the third quarter of 2025. This affirms a need for additional industrial projects, notably warehouse and fulfillment center projects, which are prolific across the Inland Empire.

In California, companies' plans for adding new space were interrupted in 2025, at least temporarily, due to confusion over tariff policy and fear of weak consumer demand. Since both these conditions are expected to change, along with an expected decline in interest rates, the outlook for the industrial market should be better going into 2026.

Exhibit 35 Industrial Real Estate Market, Size and Vacancy Rates, Q3 2025

County/Region	Size (Millions of Square Feet)	Vacancy (Percent)
Los Angeles	398	23.9
Downtown Los Angeles	40	32.7
Inland Empire	66	5.5
Orange	157	19.0
Ventura	29	13.0

Source: Colliers, CBRE, Cushman & Wakefiled, Lee & Associates

Exhibit 36 Office Real Estate Market, Size and Vacancy Rates, Q3 2025

County/Region	Size (Millions of Square Feet)	Vacancy (Percent)
Los Angeles	905	4.8
Inland Empire	743	7.8
Orange	223	5.5
Ventura	51	5.4

Source: Colliers, CBRE, Cushman & Wakefiled, Lee & Associates

Demographics

Considering the SCAG region's history, the rate of population growth since the 1990s is far lower than at any time during the twentieth century. For several decades— formative years for many of today's decisionmakers—the SCAG region and state grew faster than the nation as a whole. However, that has not been the case since at least 2000 and for the first time in history, the 2020 Census revealed the U.S. growth rate slightly outpaced Southern California's growth, rate, resulting in the loss of a seat in the U.S. House of Representatives in 2020.

Across the SCAG region's six counties, the last six to eight years stand out. The region's population declined for five straight years: a modest decrease in 2018 and 2019 amidst a booming economy and higher living costs, a larger pandemic-impacted loss in 2020 and 2021 (with population decline exceeding 100,000 in 2021), and a small decline again in 2022. In 2023 and 2024, the region gained 72,000 and 48,000 residents, respectively.

Exhibit 37 Total Population Change

	Past Year Jan 1, 2024 to Jan 1, 2025	Average of the Past 10 years Jan 1, 2015 to Jan 1, 2025
Imperial County	1,505	673
Los Angeles County	28,168	-19,608
Orange County	5,357	2,694
Riverside County	4,603	19,364
San Bernardino County	7,073	9,324
Ventura County	822	-2,095
SCAG Region	**47,528**	**10,353**
State of California	108,438	66,357

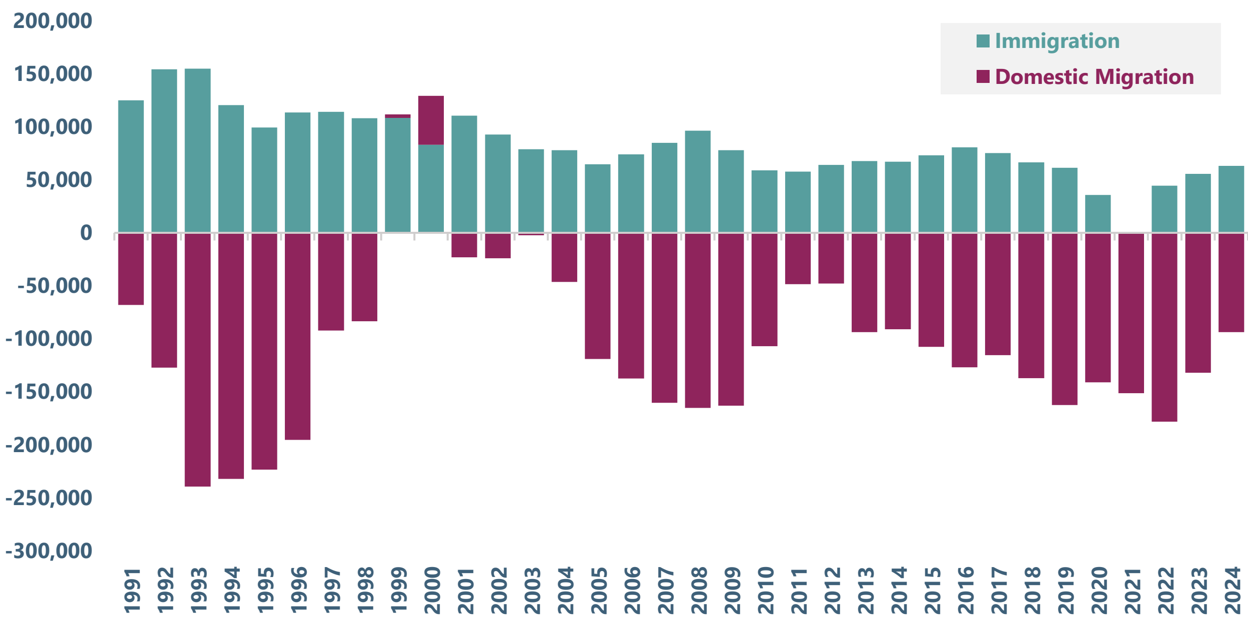
Source: DOF E-5

Exhibit 38 Components of Population Change, SCAG Region, Year-Ending July 1

	Net Foreign Immigration	Net Domestic Migration	Deaths	Births
2024	63,120	-93,595	-133,826	183,256
2023	55,517	-131,874	-140,399	187,538
2022	44,570	-178,091	-147,280	193,512
2021	607	-151,173	-170,467	188,377
2020	35,560	-141,103	-131,309	203,913
2010-2019 Average	*67,209*	*-103,751*	*-114,784*	*236,634*

Source: California Department of Finance E-2

Exhibit 39 Immigration and Domestic Migration, SCAG Region



Source: California Department of Finance E-6

The causes of these changes are straightforward. Due to pandemic-related border closures, foreign immigration—which was a source of about 67,000 new residents annually during the 2010s—reached approximately zero in 2021. Meanwhile, net domestic migration—the difference between those entering and leaving the region—hit its most negative point in 2022 as home prices soared further and remote work became an option for many, leading to a greater outflow. In recent years, both trends have subsided—in fact, the net outflow from Los Angeles County in 2024 was its lowest since 2012, showing how domestic migration exists in a near equilibrium between U.S. regions and states.

Projecting immigration, the largest source of the region's population growth in 2023 and 2024, becomes increasingly difficult going forward due to a combination of federal policy changes and data uncertainty. The 2024 Congressional Budget Office's immigration estimate began to diverge from Census measures when it began using a less common Department of Homeland Security dataset on Southwest border encounters resulting in release or parole. This appears to explain some of the increase in the region's employment in 2024, which perplexed economists because the population was thought to have been dropping. Subsequently, the number of California border encounters resulting in release or parole dropped precipitously beginning in mid-2024. And, according to the Deportation Data Project, from May through July 2025, the rate of U.S. Immigration and Customs Enforcement (ICE) arrests in Los Angeles County was roughly five times higher than the prior year.

The California Department of Finance's latest projection series, released in September 2025, estimates that advent of current federal immigration policy will change the state's population growth outlook substantially—essentially, a drop in net foreign immigration in the hundreds of thousands over a four year period, compared to the prior series, only released in April 2025 (see https://scag.ca.gov/sites/default/files/2025-10/2025_Demographic_Check-up_Panel.pdf).

These changes could have knock-on effects for industries highly dependent on immigrant labor. The most recently available American Community Survey data (processed by USC's California Immigrant Data Portal, https://immigrantdataca.org/indicators/immigration-status) indicate that undocumented immigrants account for 34 percent of Los Angeles County's construction workers and 28 percent across the SCAG region. Undocumented immigrants account for an estimated 23 percent of food preparation workers in Los Angeles County and 19 percent regionally.

Nonetheless, economic theory suggests that resulting labor shortages will be resolved by markets and reach a new equilibrium. This could involve more factory-based steps in the home construction process, more automation in food services, and newer workers moving from AI-displaced industries into industries where labor demand continues to be strong.

Outlook for 2026

Owing to the development of the Connect SoCal 2050 forecast, currently underway, this year SCAG can present a more detailed employment forecast for the region for 2026 and into 2027. This work is supported by a broader panel of experts, and more details will be presented to the Joint Policy Committee at its next meeting in spring 2026.

CALIFORNIA

The SCAG region's economic outlook closely follows the California outlook. UCLA Anderson's forecast for the state projects slower growth in 2026, but a return to the higher long-term average rate of growth in 2027. Trade tensions are expected to ease in 2026, but mid-term elections may elevate uncertainty. By 2027, businesses should be more accustomed to trade policy, new tariff shifting or avoidance strategies, and customer substitution. The International Monetary Fund (IMF)'s global growth projections also show an upward revision and are now suggesting a stronger economic position overall in 2026 and 2027. Employment growth is nearly flat in 2026 in the California forecast, but a meaningful restoration of job growth can be expected in 2027.

The demand for AI software, chip design and production, web development, IT applications, services and systems, and data analysis will only strengthen in California, nationally, and globally. The AI boom and demand for data, data centers, software, and energy to support data centers should remain a principal engine of growth for the California economy. Despite some worrying signs about AI impacting the job market discussed above, ultimately job creation is expected to offset job replacement by AI over the next two years, though a new environment of much slower job growth should probably be expected going forward.

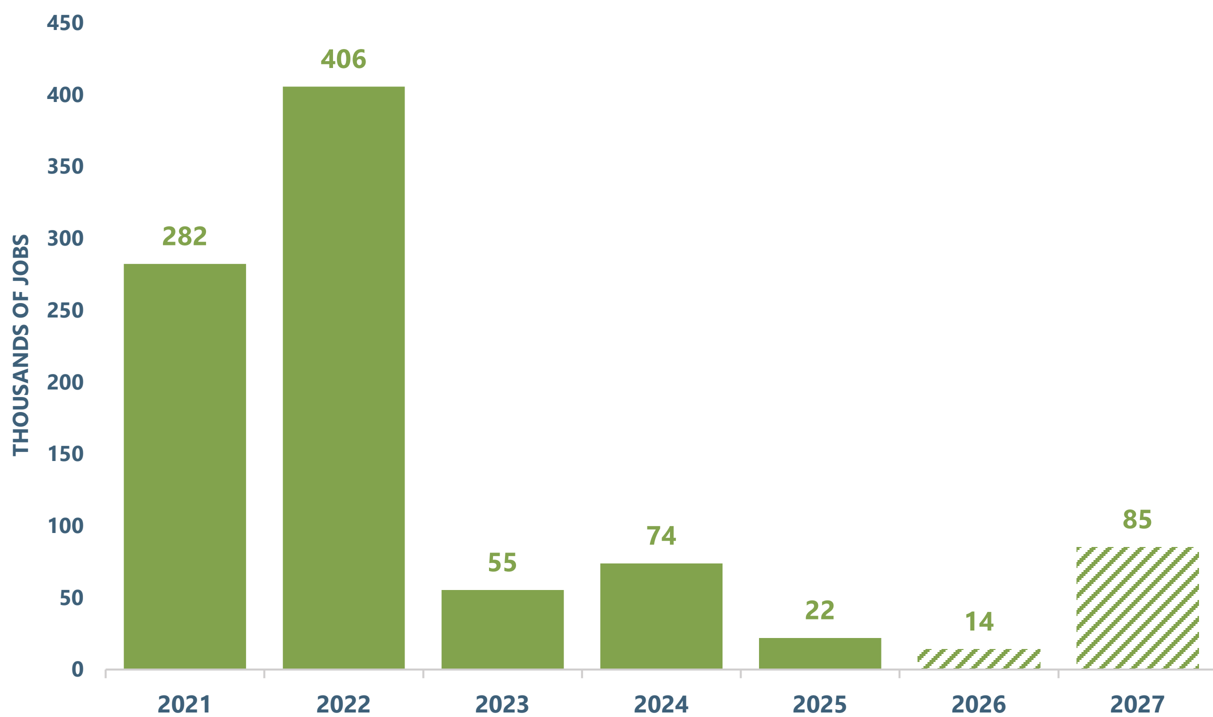
SCAG REGION

Mirroring the statewide economy, economic growth in the SCAG region is expected to rise modestly in 2026 as uncertainty regarding government downsizing and trade policy diminish. The beginning of expansive consumer credit policy has begun with the Federal Reserve cutting interest rates in September and October, with more cuts expected in December and into 2026.

And like California, the SCAG region's labor market is only expected to generate a modest number of new jobs in 2026. This limited but positive job creation will be seen across many sectors, but the ongoing transition into AI systems by more firms in more industries will remain a disruptor.

Manufacturing and logistics will create some new job opportunities, especially as onshoring of production evolves and cargo import volumes keep pace with consumer demand—which, to date, has shown little evidence of being materially impacted by tariffs.

Exhibit 40 Forecast for SCAG Region Job Growth



Source: UCLA Anderson Forecast and California Economic Forecast

Tech industries exhibit strong growth potential, even though the current forecast for tech employment is highly uncertain. There is a general non-hiring sentiment among California tech companies as the adoption of AI systems in software development, computer board and component design, web development, and data analytics continues to evolve.

It is likely, however, that with more firms adopting AI systems for business functions, more jobs will be generated to innovate, adapt, implement, maintain, and improve technology across the broader spectrum of industries using it. Currently, this is dominated by firms in software development, electronics manufacturing, IT, medical diagnostics, film, sound, gaming production and editing, and in the professional, scientific, and technical consulting sectors. Net positive job creation from AI has not been the case so far; however, as AI seeps into other industries it is certainly possible for job creation to eclipse job disruption, which supports a forecast of modest growth for the remainder of the 2020s.

Job growth is expected to rise from 0.5 percent in 2025 to 0.8 percent in 2026. Healthcare leads, followed by construction, manufacturing, and professional business services, the latter which adds jobs at a 0.6 percent rate. The labor force is expected to increase by 1.1 percent next year—the glacial pace of new job opportunities will increase the unemployment rate to above six percent. A modest increase in job creation in 2027 should provide more employment opportunities and reduce unemployment.

COMMERCIAL REAL ESTATE

The California commercial real estate outlook for 2026 reflects a mixed but promising landscape. The industrial sector continues to thrive, primarily driven by e-commerce and California's strategic trade hubs. The demand for warehouse and logistics spaces is expected to grow strongly, though growth will be limited in parts of the state due to environmental concerns (e.g. AB 98 in the Inland Empire).

The office market is expected to marginally improve, principally due to employers mandating more employee time in the office, together with no increases in new office space. The issue within the office market is the lack of new job growth in sectors that utilize office space. Until the disrupted labor market from AI adoption has settled into a more predictable pattern, the labor market forecast is largely uncertain until proof of job formation resumes, especially in sectors that utilize offices.

Retail spaces are evolving with a focus on experiential shopping, grocery-anchored centers, and high-end retail, maintaining steady leasing growth. Retail spaces will accompany the larger housing projects now underway in the SCAG region, including Silverwood in San Bernardino County, Valencia in the Santa Clarita Valley, and many new developments in the Coachella Valley.

RESIDENTIAL REAL ESTATE

In the realm of residential real estate in the SCAG region, existing inventory should expand as interest rates decline. At least a 10 percent increase in residential real estate inventory is reasonable to expect. There will also be an increase in new development that will offer more home inventory options for buyers.

Mortgage rates have been in decline this year and are expected to further decline in view of current and impending interest rate cuts by the Federal Reserve and the decline of treasury bill and bond yields in the U.S. bond market. The latter directly affects mortgage rates. Consequently, sales of homes are expected to rise modestly.

The next home buying season, which typically begins in March, should be more active than the 2024 and 2025 seasons. But even in early 2026, the housing market will continue to face relatively high financing rates and lower than average levels of inventory. Both conditions should improve over time.

The current pace of price concessions occurring this year is expected to extend into 2026. Selling value appreciation is not anticipated to eclipse the rate of inflation by more than one or two percentage points. The California Association of Realtors forecasts home values to rise 3.6 percent in 2026, along with a modest increase in home sales. The 30-year fixed rate mortgage rate is forecast at 6.0 percent in 2026.

Economic Brief: Imperial County

AUTHOR

Michael Bracken

Managing Partner & Chief Economist, Development Management Group, Inc.

The Imperial County economy is beginning to wane compared to last year. The year 2024 marked the start of the Imperial Irrigation District Deficit Irrigation Program (DIP), which resulted in a loss of about 172,000-acre feet of water impacting the production of field crops (alfalfa, Bermuda grass, and Klein grass). Additionally, vegetable and seed/nursery crop saw production acres decrease by 22.6 percent and 20.53 percent from 2023. This resulted in unemployment climbing by 3.1 percentage points, from 18.4 percent in 2024 to an (August 2025 unemployment rate of 21.5 percent. The unemployment rate is expected to increase further in 2026, as the recent loss of more than 700 direct/indirect jobs tied to sugar beet production and processing is absorbed due to the recent closure of the Spreckels Sugar Plant.

Population increased by 0.8 percent year over year from 184,994 to 186,499, continuing to reverse the trend seen during the pandemic when population in the county declined. The overall labor force has increased by about 1,600 workers year over year from 74,800 to 76,400.

Gross Domestic Product for the county continues to grow with estimated GDP for 2023 reaching an astonishing $10.47 billion, a 23 percent year over increase between 2022 and 2023. This is largely based on an increase in renewable energy spending in preparation for production.

Agricultural production in 2024 totaled $2.489 billion, a decrease of 7.57 percent from 2023. The pullback was based on implementation of the DIP and decreases in total acres in production of both vegetables and seed/nursery products. Overall, vegetables/melons accounted for $1.03 billion, while livestock (mostly cattle) totaled $705.76 million, and field crops totaled $519.73 million. Total acres in production fell by 8.93 percent to 526,967.

The region continues to see investment in solar production and battery storage. For 2024, Imperial County was the third-largest generator of renewable power (by county) in California, producing 9.395 million MWh, behind only Kern County at 20.199 million MWh and Riverside County at 10.106 million MWh. Imperial County is currently processing another 20 renewable energy projects that, if built, will utilize another 22,175 acres of land and produce 2,972 MW of solar energy and 3,612 MW of battery storage.

There are 13 total geothermal/lithium extraction projects currently being permitted within Imperial County, which will account for an additional 870 MW of renewable energy generation and 355,000 metric tons per year of lithium extraction. These projects equate to more than $16.8 billion of new economic investment. Project construction is predicted to start in early 2026.

The median home price in Imperial County is currently about $457,000. Based on the median household income of $62,400, it costs 7.32 times the median household income to purchase the median home, a price-to-income ratio higher than in the SCAG region's other two inland counties: Riverside and San Bernardino. The average two bedroom apartment currently costs about $1,600 per month.

Continued pressure on Imperial County water rights by coastal communities, coupled with notorious drought conditions, likely mean demand for agriculture land will reduce over time. This increases the need for the region to diversify itself into other industries that are land and natural resource dependent, including solar energy production, battery storage, and development of additional geothermal energy generation facilities coupled with lithium and other rare-mineral extraction and ancillary industries.

Economic Brief: Los Angeles County

AUTHOR:
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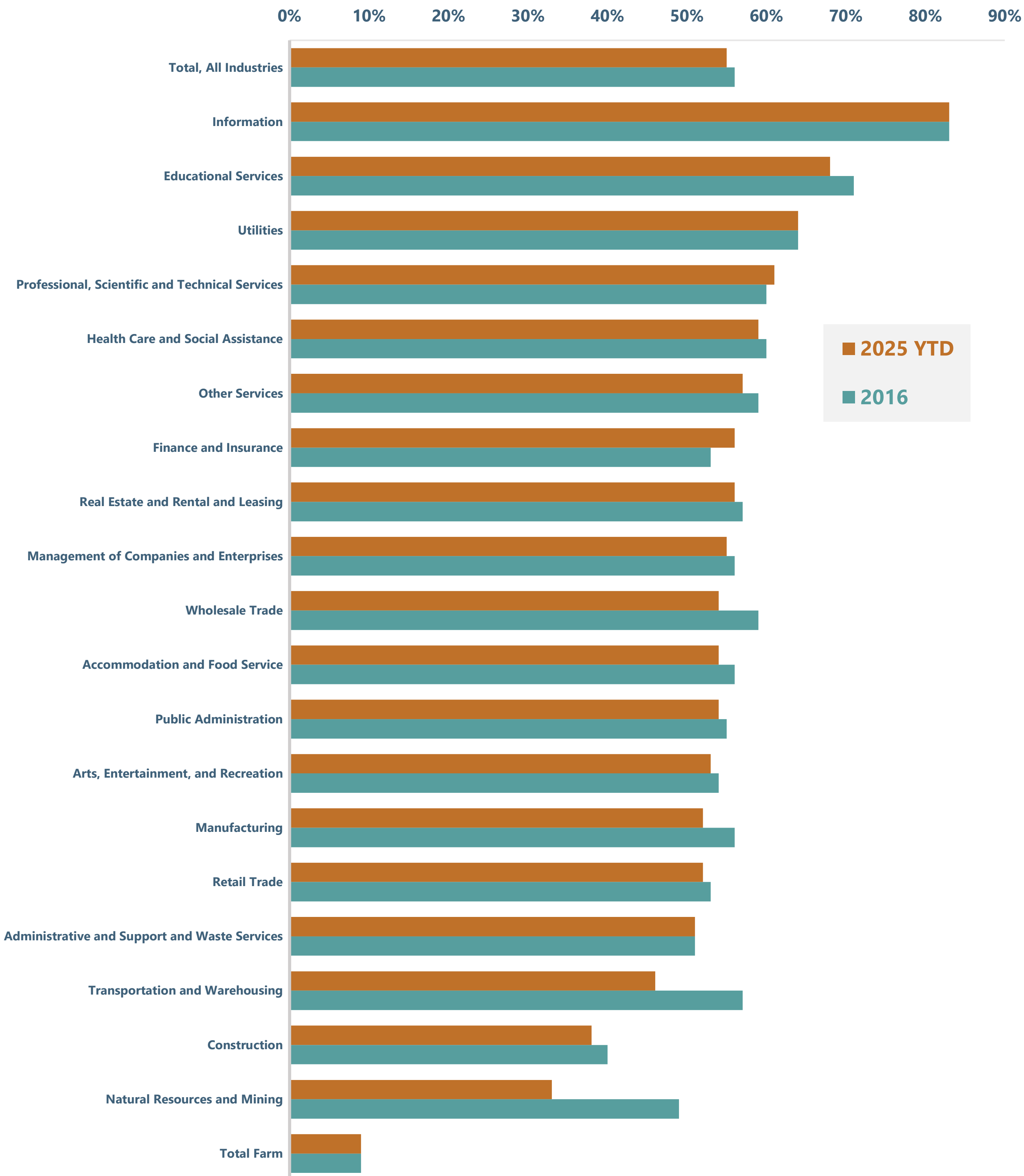
Los Angeles County's $1 trillion economy—the largest in the United States—puts the County squarely at the center of any discussion on the economic performance of the greater SCAG region and California. And despite facing a series of severe challenges in 2025—from the devastating Palisades and Eaton wildfires to tariff levels unseen since the Great Depression to aggressive federal immigration enforcement—Los Angeles County's economy has demonstrated impressive resilience.

After adding 40,942 jobs in 2024, an increase of 0.9 percent, payroll employment in Los Angeles County has increased by over 22,500 jobs to date in 2025,an increase of 0.3 percent. This follows a period of month-over-month employment contractions early in the year resulting from the wildfires and immigration enforcement. Healthcare and Social Assistance, Public Administration, and Transportation and Warehousing sectors primarily drove these gains.

As a result, the county's current seasonally-adjusted unemployment rate of 5.9 percent is an improvement over the 6.2 percent unemployment rate seen in 2024. Moreover, the county's current labor force participation rate of 66.4 percent is the highest seen since before the start of the COVID-19 pandemic.

Los Angeles County's economic resilience is due to its large and diverse industrial base, allowing for growth in some sectors to compensate when conditions are challenging in others. The county's 4.6 million jobs in 2025 accounted for 55 percent of all employment in the SCAG region, a share that has held steady over the past 10 years. The county is responsible for most of the employment in Information (83 percent), reflecting Los Angeles's strengths in motion picture and music industries as well as its vibrant tech sector. Home to more than 50 colleges and universities and 21 community colleges, the county generates more than two-thirds of regional employment in Educational Services (68 percent). The County also boasts substantial concentrations in Utilities (64 percent); Professional, Scientific and Technical Services (61 percent); and Healthcare and Social Assistance (59 percent).

Exhibit 41 Los Angeles County's Share of Annual Average Wage & Salary Employment in the SCAG Region by Sector



Source: California Employment Development Department

Households in Los Angeles County have faced financial headwinds since the bout of high inflation following the COVID-19 pandemic, and these headwinds impacted their spending habits. Taxable sales in the County dropped by $2.7 billion in 2024 compared to 2023, representing a 1.3 percent decrease. Much of this drop came through retail and food services outlets ($2.3 billion, or -1.6 percent), as higher grocery prices made consumers more selective in purchases and dining choices.

That said, the cost of living moderated in other ways that have benefited Los Angeles County households. The most recent reading of real median housing prices (September 2025) shows that the County experienced a modest decline of -0.7 percent year-over-year, making homebuying slightly more affordable without adversely impacting existing owners' equity. Additionally, the average rent in Los Angeles County ($2,851) currently shows only a 2.7 percent increase year-over-year, roughly in line with the average increase across the United States (2.6 percent) and below that of Orange County (2.8 percent) and San Francisco (5.8 percent).

Approaching 2026, new headwinds loom for Los Angeles County, particularly around healthcare. The passage in July of HR1, the One Big Beautiful Bill Act, imposed work requirements on Medicaid recipients, which potentially threatens the coverage of the more than four million County residents enrolled in the program. The loss of coverage for these individuals—representing 41 percent of Los Angeles County's population—could shift how they access healthcare services, which has implications for the financial stability of the healthcare industry in Los Angeles.

Additionally, in the aftermath of the shutdown of the federal government, uncertainty exists over whether Congress will extend the Affordable Care Act (ACA) subsidies set to expire at the end of December 2025. Approximately 430,000 residents in Los Angeles County currently receive ACA subsidies, and their inability to afford healthcare coverage would place additional burdens on these households and the industry.

Los Angeles County remains fundamentally strong and positioned to fully rebound from the challenges of 2025. However, new headwinds could further test the county's resilience.

Economic Brief: Orange County

AUTHOR:
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Despite mounting economic, social, and political uncertainty, Orange County continues to demonstrate its regional strength and resilience. Boasting the SCAG region's lowest seasonally adjusted unemployment rate and second highest increase in building permits, Orange County has maintained a healthy labor market while making strides to accelerate growth of new housing supply. The County also has Southern California's highest median home prices and median gross rent, reflecting continued strong demand for both living and working in Orange County—along with the challenge of doing so.

Exhibit 42 Orange County Socioeconomic and Housing Indicators

Region	Unemp. Rate (Aug. 2025)*	Change in Residential Permits (2023-2024)**	Annual Growth in Taxable Sales (Q2 2024 – Q2 2025)	Single-Family Median Home Price (Sept. 2025)	Median Gross Rent (Sept. 2025)
Orange	**4.10%**	**7.60%**	**-0.30%**	**$1,401,250**	**$3,214**
Los Angeles	5.90%	-18.40%	-2.10%	$983,230	$2,851
Imperial	18.70%	-3.80%	-13.40%	$457,000	$1,711
Ventura	4.80%	41.70%	1.00%	$900,000	$3,034
Inland Empire	5.50%	-21.90%	0.80%	$562,015	$2,540
SCAG Region	5.50%	-15.20%	-0.90%	$810,918	$2,648
California	5.50%	-9.10%	-0.04%	$883,640	$2,340
United States	4.30%	-2.20%	-	-	$1,979

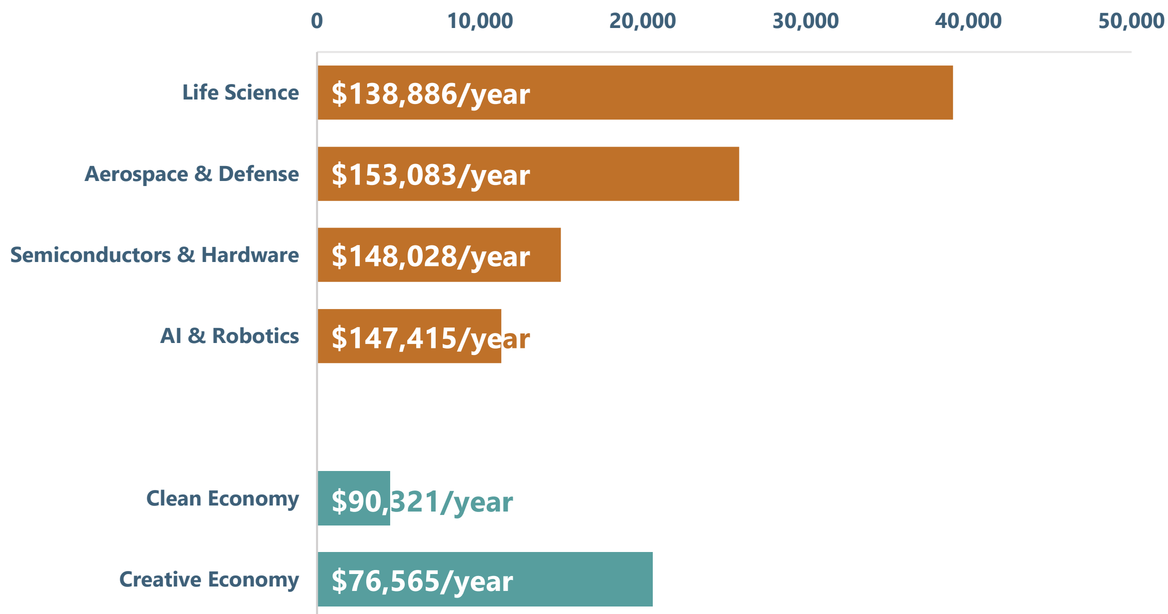
*Note: *Seasonally adjusted; **Includes both single-family and multi-family units. Sources: California Employment Development Department (EDD), California Association of Realtors (CAR), Zillow Observed Rent Index, US Census Bureau Building Permits Survey, and California Department of Tax and Fee Administration.*

https://scag.sharepoint.com/:x:/r/sites/MediaandPublicAffairs/Shared Documents/Signature Events/Economic Update/2025 Economic Update/26-426-ES-0357 Regional Economic Analysis 2025 Publication %26 Presentation/Charts%26Graphs/=Countysummary_exhibits_2025.xlsx?d=w5c83c118594145abb064c8c326499ac0&csf=1&web=1&e=qtd5Zg&nav=MTVfezI1MUNBN0QyLTRGNTQtNDY3MS1CRkE2LTJFMTJEMTg5ODlCNn0

INNOVATION IS THRIVING IN ORANGE COUNTY

Throughout 2025, Orange County continues to contain a strong talent pool of knowledgeable, qualified candidates for employers; this talent pool helps attract and retain businesses of all kinds. In addition to a diverse, well-rounded economy, Orange County is also home to a number of highly specialized and concentrated industry clusters, such as Life Science, Semiconductors, and Defense/Aerospace. These industry clusters, which form through the 'clustering' of complementary and supplementary businesses and industries, fuel competition, collaboration, and innovation, boosting overall job creation and economic activity. Looking at average annual wages, Defense/Aerospace led the pack at $153,083, followed by AI & Robotics at $148,028, and Semiconductors & Hardware at $147,415.

Exhibit 43 Orange County Innovative Industry Employment and Average Annual Wage, 2024



Source: Tech Coast Consulting Group Analysis of Lightcast Data

Location quotients highlight an industry's concentration in a specific geographic region by comparing its employment against the national average; a location quotient of 2.0, for instance, indicates that an industry is twice as concentrated in that geographic region as in the nation as a whole. According to OCBC analysis of Lightcast Data, Orange County's long-standing Life Sciences sector had the highest location quotient (3.27) among the county's innovative industries, followed by semiconductors & hardware (2.46) and aerospace/defense (2.05). While AI & robotics (0.94) and clean economy (0.80) currently have lower location quotients, these sectors are growing most rapidly in terms of venture capital investments since 2023.

Exhibit 44 Venture Capital Investments by Verticals

Top Verticals in 2023	Investments (Millions of $)	Top Verticals in 2024	Investments (Millions of $)	Top Verticals YTD 2025	Investments (Millions of $)
Artificial Intelligence & Machine Learning	$2,320	Artificial Intelligence & Machine Learning	$1,910	Artificial Intelligence & Machine Learning	$2,620
Robotics and Drones	$2,200	Augmented Reality	$1,530	Robotics and Drones	$2,600
Augmented Reality	$2,010	Robotics and Drones	$1,500	Augmented Reality	$2,500
HealthTech	$422	HealthTech	$278	HealthTech	$234
Life Sciences	$393	SaaS	$241	SaaS	$149
CleanTech	$347	Life Sciences	$172	CleanTech	$107
Climate Tech	$276	FinTech	$161	Mobility Tech	$103
LOHAS & Wellness	$175	Gaming	$157	Autonomous Cars	$100
Manufacturing	$150	CleanTech	$131	Climate Tech	$100
Oncology	$113	Manufacturing	$121	Manufacturing	$83
Gaming	$111	Climate Tech	$102	Life Sciences	$81
SaaS	$89	Mobile	$101	Legal Tech	$76
Big Data	$56	Mobility Tech	$98	Space Technology	$64
FinTech	$53	Autonomous Cars	$96	LOHAS & Wellness	$39
All Other Verticals	$380	All Other Verticals	$434	All Other Verticals	$106

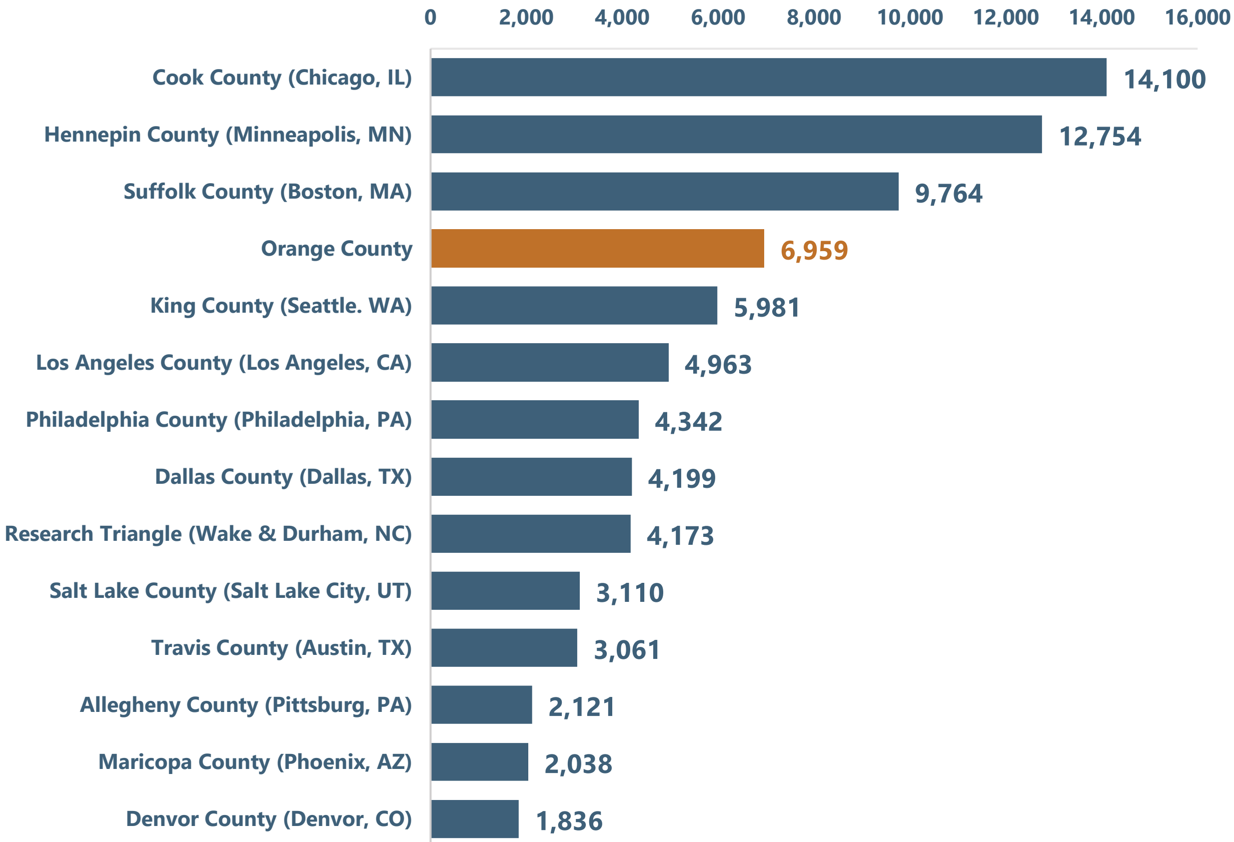
Source: Pitchbook; YTD 2025 measured from 01/01/2025 to 07/31/2025

Major recent venture capital investments in Orange County include:

- **Anduril Industries:** Located in Costa Mesa. Developer of defense technologies that leverage virtual reality, augmented reality, computer vision, sensor fusion, optics, and automation for use in a variety of systems, including unmanned and autonomous drone systems. Received $2.5 billion in financing in early June 2025.
- **Mach Industries:** Located in Huntington Beach. Developer of robotics and drones, which received $100 million in June 2025.
- **Rivian:** Located in Irvine. Developer of electric vehicles as well as software and services with verticals including autonomous cars, climate tech, clean tech, and mobility tech. Formerly a VC-backed company that received $1 billion in Private Investment in Public Equity (PIPE) financing in June 2025.

While the top 15 verticals—groups of companies that focus on a shared niche or specialized maker spanning multiple industries—for venture capital investment in Orange County shifted over the past several years, the top three have remained fairly consistent, highlighting investors' recent focus on AI and machine learning, robotics and drones, and augmented reality.

Exhibit 45 Orange County and Peer Region New Patent Assignments, 2023



Source: Federal Reserve Bank of St. Louis; U.S. Patent and Trademark Office

ONGOING CHALLENGE: WORKFORCE HOUSING

Despite numerous competitive advantages, Orange County continues to face a number of significant headwinds, including low workforce housing supply, prohibitive housing prices, high costs of living, and shifting demographic trends. While year-over-year building permit growth remained positive, low housing supply has kept both home prices and rents high, putting residents—especially lower-income Orange County families—under financial pressure. Alongside housing prices, childcare, groceries, insurance, and nearly all other products and services have seen price inflation in recent years, further adding to pressure felt by residents and consumers. These concerns are not singular to Orange County, with rising financial pressure felt across the nation.

Despite these concerning trends, Orange County's unique competitive advantages and strong, yet diversified, industry base keeps it well positioned to take on major headwinds or disruptions.

Economic Brief: Riverside County

AUTHOR:

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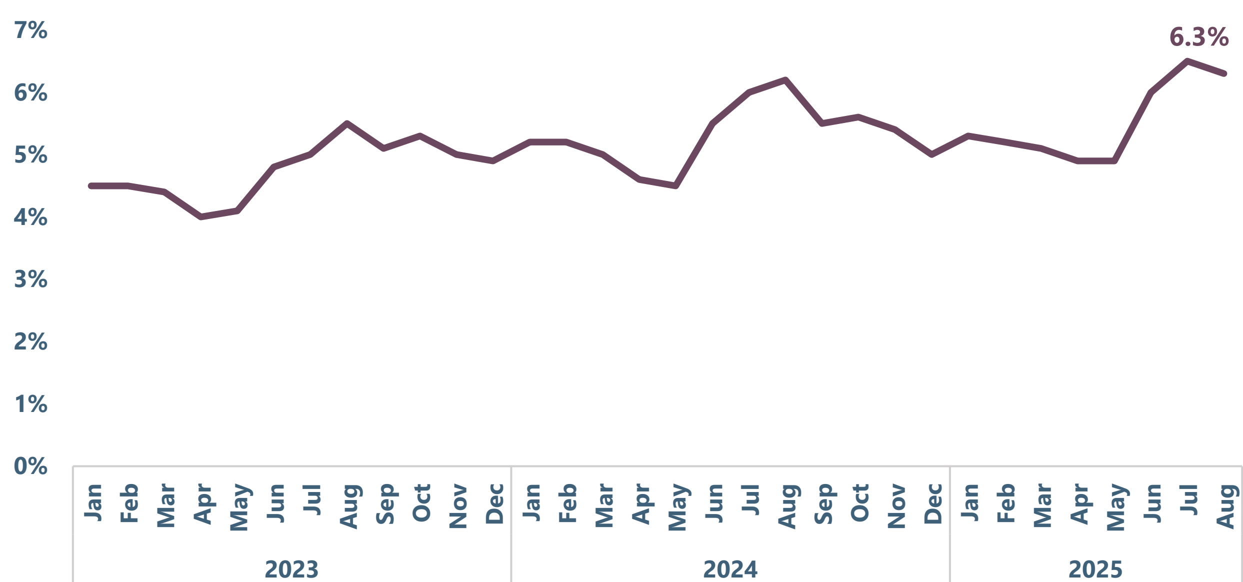
Robert Kleinhenz, Ph.D.

Principal Economist, Kleinhenz Economics

The Riverside County economy has advanced at a sluggish pace over the past year, with more of the same expected for 2026. Based on data for the Inland Empire region as a whole (Riverside and San Bernardino counties), nonfarm job growth slowed compared to the last two years. Most job creation occurred in a handful of industries, while job counts in most industries were flat or down. Inflation in the Inland Empire has generally fallen over the past year, although a recent uptick may be a sign of things to come. The county's housing market improved over the year, with prices edging up, sales responding somewhat to lower mortgage rates, and both inventory and new home production ticking up. Still, the rental market is tight with low vacancies and rising rents. Vacancy rates in commercial markets are stable.

The unemployment rate in Riverside County increased slightly from 6.2 percent in August 2024 to 6.3 percent in August 2025, similar to the SCAG region as a whole. The labor force in the Inland Empire region is now eight percent above pre-pandemic level, more than California (1.1 percent above) and the U.S. (3.3 percent above), while nonfarm jobs are seven percent above their pre-pandemic level. The Inland Empire added 6,400 nonfarm jobs month to month in August and 14,600 jobs year to year (monthly data for Riverside County are not available). The largest yearly gains occurred in Healthcare, Government, Leisure and Hospitality, and Professional, Scientific and Technical services. However, as of August, employment was flat or down in nine of 17 industries. Jobs in Agriculture fell by 1,000 or 8.3 percent compared to one year ago.

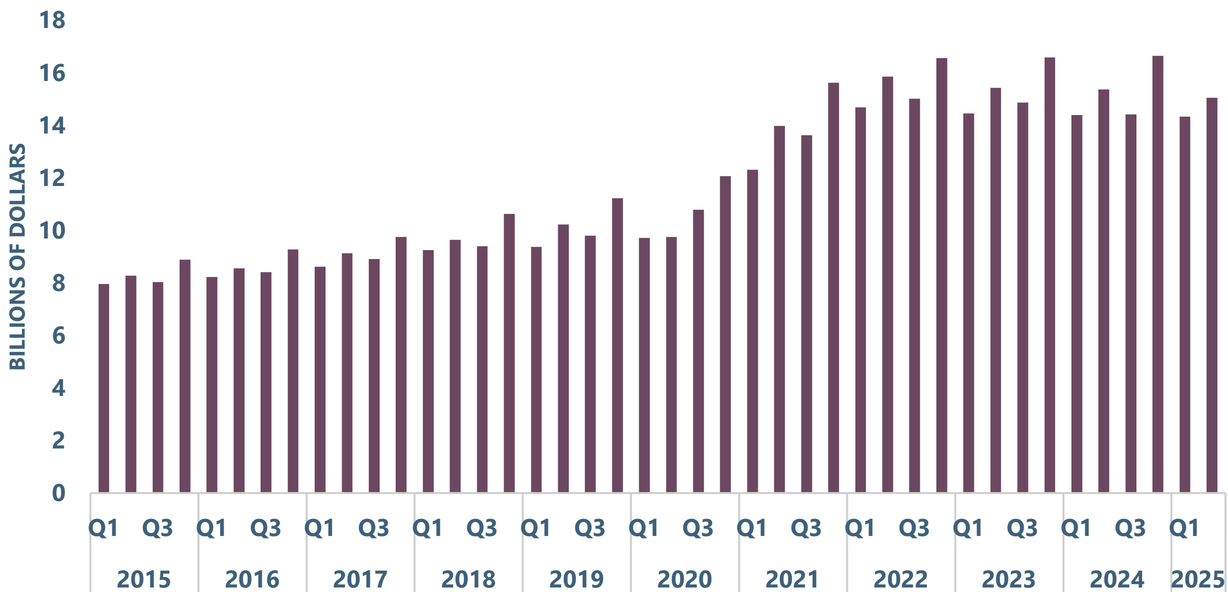
Exhibit 46 Unemployment Rate, Riverside County



Source: CA EDD, data not seasonally adjusted

Weekly wages in the county's private sector rose 3.3 percent in the first quarter of 2025 from a year earlier. This was slightly ahead of inflation which rose by 2.7 percent. The county's median household income slipped in inflation-adjusted terms from $96,100 in 2023 to $95,700 in 2024. Through the first half of the year, taxable sales fell by 3.6 percent.

Exhibit 47 Quarterly Taxable Sales, Riverside County



Source: California Department of Tax and Fee Administration

In September, the Riverside County median home price increased 3.1 percent over a year ago in terms of current dollars but was flat after adjusting for inflation. Existing home sales rose 11.2 percent over the same period, caused, in part, by the recent decline in mortgage rates. New home permits in Riverside County were 13.2 percent lower through the first eight months of 2025 compared to a year earlier. Rents in the county rose two percent year-to-year after inflation and remain high, while vacancy rates are low across the Inland Empire.

Looking ahead to 2026, the unemployment rate will continue to edge up, while job growth will remain weak. The logistics sector will face a slowdown if tariffs give rise to weaker trade coming through the ports. Moreover, industries such as Agriculture, Manufacturing, Logistics, and Construction, which rely heavily on the immigrant workforce, may face labor shortages in the year ahead.

Economic Brief: San Bernardino County

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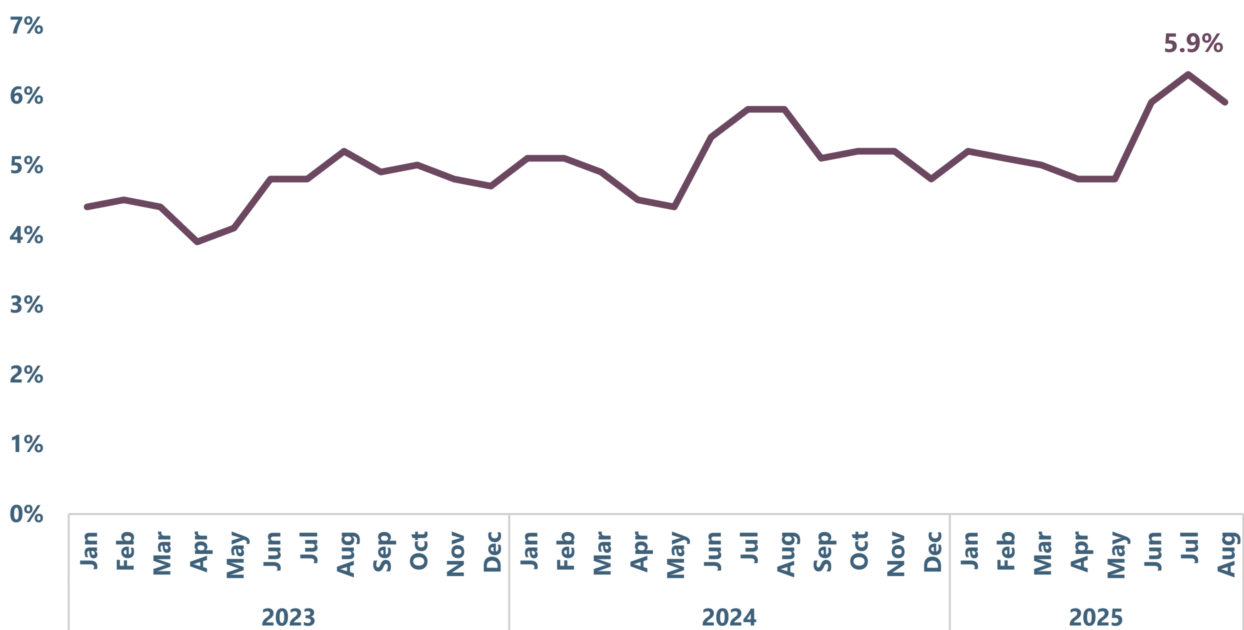
Principal Economist, Kleinhenz Economics

The San Bernardino County economy has advanced at a weak pace over the past year, with more of the same expected for 2026. Based on data for the Inland Empire region as a whole, nonfarm job growth has slowed compared to the last two years, with most job creation occurring in a handful of industries, with job counts in most industries flat or down. Inflation in the Inland Empire has generally fallen over the past year, although a recent pickup in activity may indicate what is coming. The housing market improved over the year, with prices edging up, sales responding favorably to lower mortgage rates, and both inventory and new home production increasing. Still, the home rental market is tight with low vacancies and rising rents, while vacancy rates in commercial markets are stable.

Exhibit 48 Unemployment Rate, San Bernardino County



Source: CA EDD, data not seasonally adjusted

The unemployment rate in San Bernardino County increased marginally from 5.8 percent in August 2024 to 5.9 percent in August 2025, similar to the SCAG region as a whole. The labor force in the Inland Empire is now eight percent above pre-pandemic levels, more than California (1.1 percent above) and the U.S. (3.3 percent above), while nonfarm jobs are seven percent above their pre-pandemic level. The Inland Empire added 6,400 nonfarm jobs month to month through August and 14,600 jobs year to year (monthly data for San Bernardino County are not available). The largest yearly gains occurred in Health care, Government, Leisure and hospitality, and Professional scientific and technical services. However, as of August, employment was flat or down in nine of 17 industries. Farm jobs fell by 1,000 or 8.3 percent compared to a year ago.

Weekly wages in the county's private sector rose 2.9 percent in the first quarter of 2025 from a year earlier. This was marginally better than the rate of inflation during that period, which rose by 2.7 percent. The county's median household income increased slightly in inflation-adjusted terms from $90,300 in 2023 to $90,700 in 2024. Taxable sales rose 2.2 percent through the first half of the year.

In September, the San Bernardino County median home price increased 3.1 percent over a year ago but was flat after accounting for inflation. Existing home sales rose 4.5 percent over the same period, caused in part by the recent decline in mortgage rates. New home permits in San Bernardino County were 14.4 percent higher in year-to-date terms through the first eight months of the year, compared to a year earlier. Average rent in the county rose 2.7 percent year-to-year after inflation and remains high, while vacancy rates are low across the Inland Empire.

Looking ahead to 2026, the unemployment rate will continue to increase, and job growth will be weak. The logistics sector will face a slowdown if tariffs impact trade activity at the SCAG region's ports. Moreover, industries such as agriculture, manufacturing, logistics, and construction, which rely heavily on the immigrant workforce, may face labor shortages in the year ahead.

Economic Brief: Ventura County

AUTHOR:
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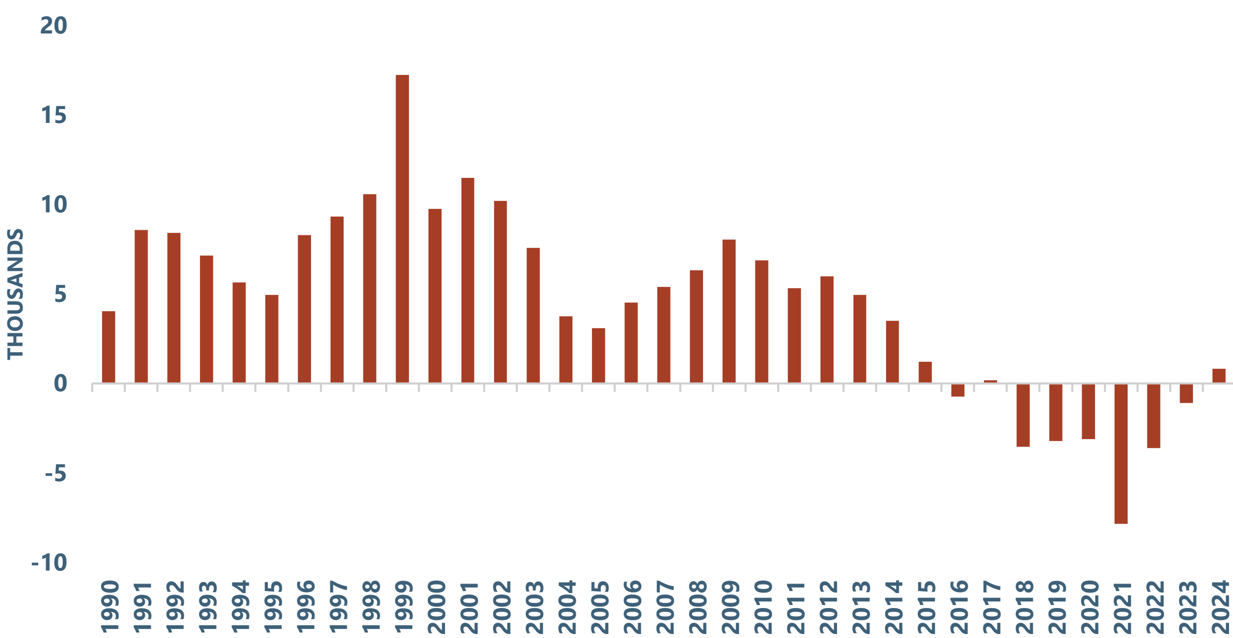
Director, California Economic Forecast

The Ventura County economy can be characterized by modest growth in the aftermath of the pandemic. The county's economy is creating jobs but has struggled to generate net positive economic growth for more than three years. There is very little evidence of accelerating momentum in any particular sector. Even import trade volumes through the Port of Hueneme have declined this year due to international trade policy.

Job growth has been positive in Ventura County since the pandemic, but a lack of broad-based participation by the labor market is concerning. Only three sectors have created jobs. Employment growth does remain positive, but at rates of less than 0.5 percent per year.

The Ventura County population is now at 829,000, but up until this year, population has been contracting since 2016 due entirely to out-migration, which has exceeded in-migration 12 out of the last 15 years.

Exhibit 49 Population Change in Ventura County

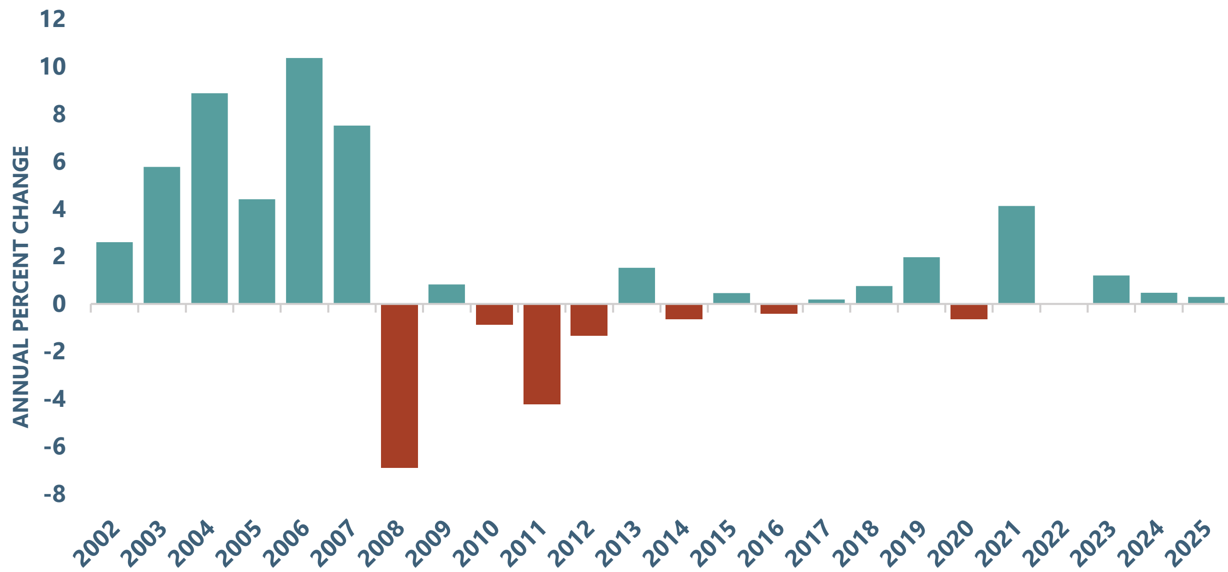


Source: California Department of Finance E-5

Ventura County's population decline is the result of two principal issues: available and affordable housing, and the absence of organic growth of local companies. The housing issue is not unique to Ventura County—and is true of coastal California and many inland areas. Low levels of company formation and expansion can be attributed at least in some part to local policy priorities, which include SOAR, the Save Open-Space and Agricultural Resources initiative. SOAR mandates the maintenance of open space, preserves farmland, and restricts development to within urban boundaries, limiting annexations, development options, and the volume of development. Restrictions like these can limit company expansions and housing choices for employees.

The broadest measure of the Ventura County economy—represented by Gross County Product—has struggled to record positive annual growth over the last 17 years. With the overlay of SOAR, new business formation and employment growth have seen added challenges. Following pandemic recovery when real gross county product jumped four percent in 2021, stagnation set in again, compounded by the population decline and only modest workforce growth.

Exhibit 50 Ventura County Real Gross County Product

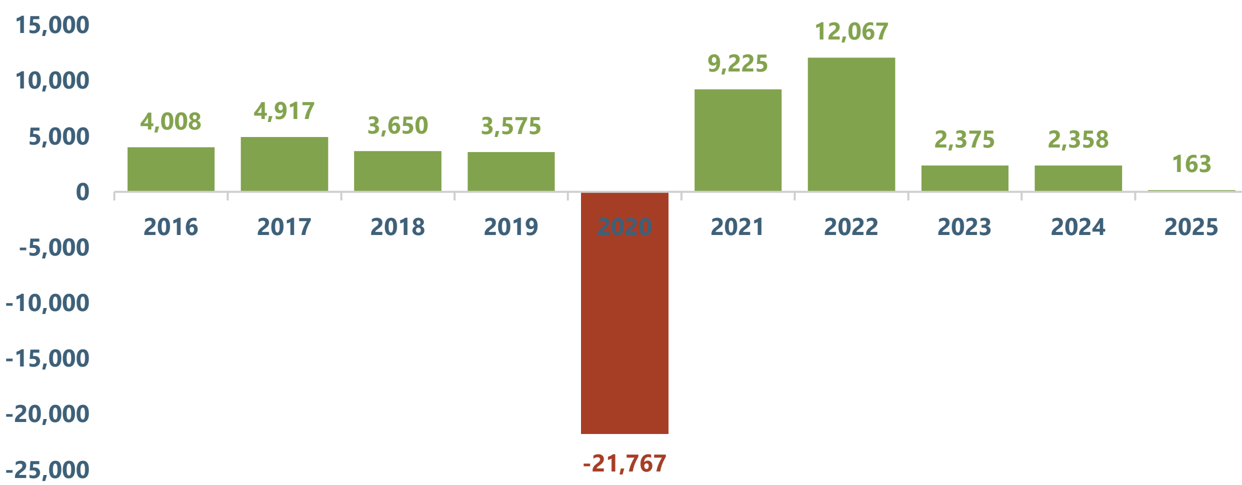


Source: Bureau of Economic Analysis

LABOR MARKETS

New job formation has largely been absent from California, the SCAG region, and Ventura County in 2025. The current pace of job creation is projected to add only 163 jobs to total employment for the upcoming calendar year.

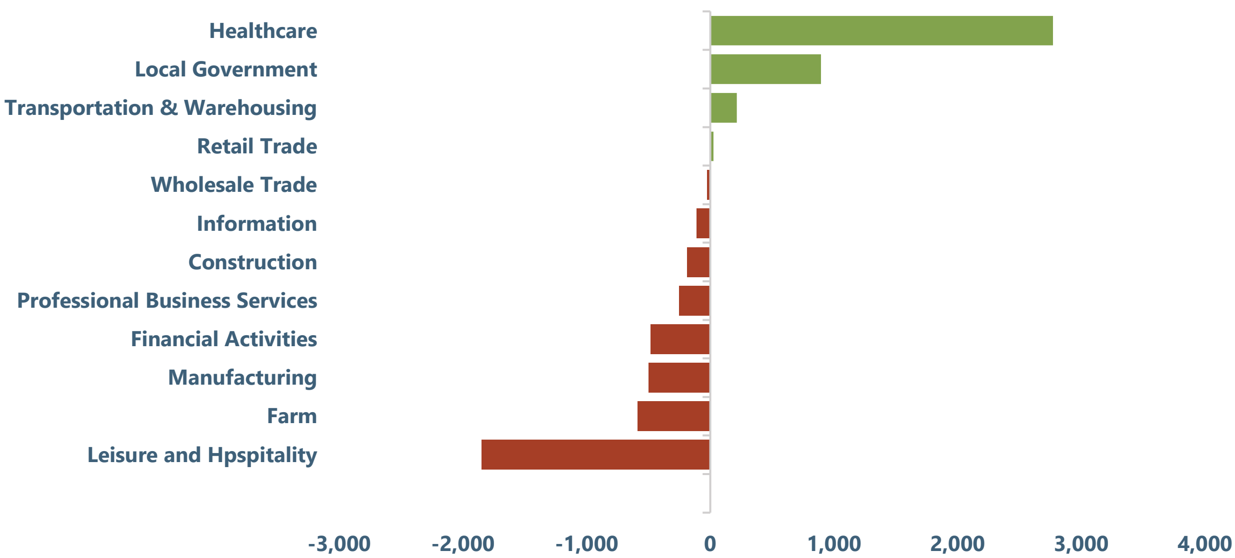
Exhibit 51 New Jobs Created, Ventura County



Source: California Employment Development Department. Data for 2025 is annualized based on year-to-date performance relative to the same period in 2024.

Healthcare and local government are the only sectors that created meaningful jobs this year. For all other industries, except transportation and warehousing, there has been a decline in job creation.

Exhibit 52 Ventura County Job Growth by Sector

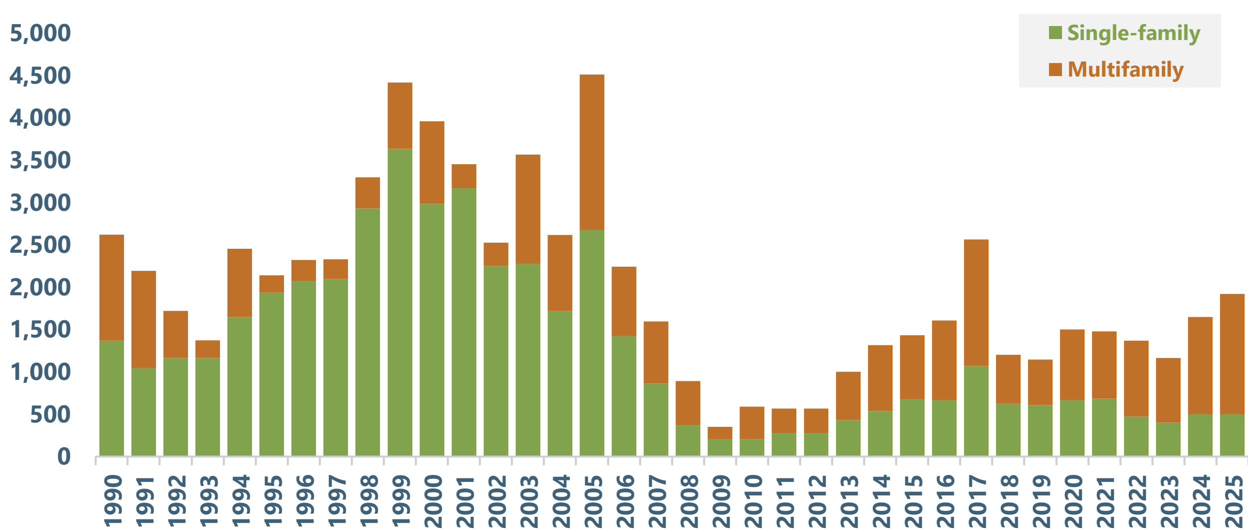


Source: California Employment Development Department. Data for 2025 is annualized based on year-to-date performance relative to the same period in 2024.

NEW DEVELOPMENT

The pace of new residential building accelerated since 2022. New residential development in 2025 is occurring at the fastest pace since 2017, principally on the surge of new apartment projects permitted—which is a reflection of both state and regional housing policies, such as the Regional Housing Needs Allocation and the infill-oriented growth response to SOAR.

Exhibit 53 Ventura County Annual New Housing Units Permitted



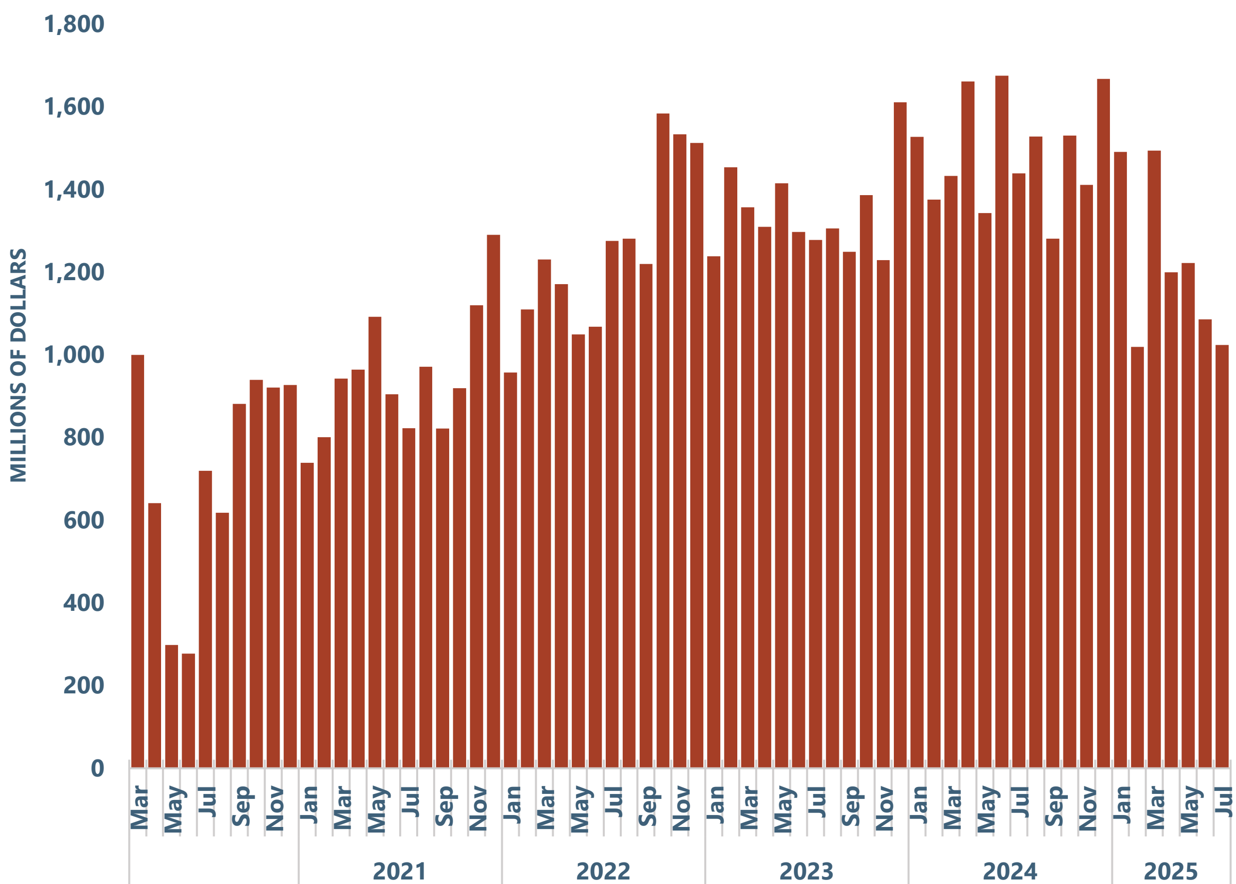
Source: Census Building Permits Survey. Data for 2025 is actual through August 2025 and annualized over the remaining months based on the pace of permitting during 2010-2019.

Many of the projects that have broken ground or were approved since 2022 have been legacy projects lingering in the building entitlement process for years. Ventura County cities have become more proactive about building more housing since 2023.

PORT HUENEME

Following five consecutive years of annual record-setting cargo values, imports have slipped in 2025. Tariff rates on automobiles are principally responsible for the decline in imports, which make up 90 percent of all cargo volume. For the first eight months of 2025, the total volume of imports has declined 21 percent, compared to the same period in 2024.

Exhibit 54 Total Import and Export Goods Value, Port of Hueneme



Source: Port of Hueneme

Export values increased sharply in 2025, rising 37 percent over 2024 through August. The Port's principal import products-—automobiles, electric batteries, and bananas—-will likely rebound in 2026 when trade policy is expected to stabilize.

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LA28 Economic Impact Analysis

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The 2028 Summer Olympic and Paralympic Games in Los Angeles represent a modern, sustainable approach for hosting a global event. As the City of Los Angeles prepares to host the Games for a third time, the city, along with the region, are poised for a significant economic event. Following the successful model of the 1984 Olympics, the LA28 Games are being developed with fiscal responsibility in mind, leveraging the region's existing world-class sports venues, housing, and transportation infrastructure.

As a "no-build" Games, LA28 requires no new permanent venue construction and is privately funded. This contrasts to the high-cost model of some past Olympiads, which left taxpayers with substantial liabilities, or possibly stranded assets, after the relatively brief event concludes. While new construction is typically associated with economic and fiscal benefits, these benefits only exist if there is lasting, recurrent activity at those facilities. The LA28 Games' construction expenditures reflect a low share of the total event budget; however, the LA28 Games are also helping to prioritize and accelerate a range of transportation infrastructure investment in the region by cities, counties, and transportation agencies. Combined with the low-liability approach, the legacy effect of these and other Games-related investments is generating substantial progress in the region.

This analysis, conducted by the SCAG, is an estimate based on available data and methods at the time of this writing. As with any assessment of economic impacts, numerous assumptions must be made, and a model cannot perfectly capture every possible impact in the regional and national economy. This analysis is intended to capture the economic output and job creation of LA28 Games-related spending over the 2024-29 period in the SCAG region counties of Imperial, Los Angeles, Orange, Riverside, San Bernardino, and Ventura. This time period means that "legacy effects" are generally not reflected here. Nonetheless, over this period, we estimate that the LA28 Games will generate between **$13.6 and $17.6 billion in** additional gross domestic product (GDP) for the six-county SCAG region.

Key Takeaways

- **Comparatively low construction costs and risk to taxpayers.** Of the LA28 Committee's privately funded $7.149 billion total budget, only $1.428 billion is allocated to venue construction. Existing sports facilities and infrastructure will be upgraded but obviate the need for new venue construction that can result in stranded assets.
- **Significant regional economic activity.** The region's already high concentration of firms that contribute professional, administrative, and sports/recreation services means that a high share of labor and materials can be sourced locally. While job impacts reflect the location of these firms' employees during the workday (not necessarily place of residence), it does indicate that funds are expected to cycle through the Southern California economy.

- **Economic benefits spread across Southern California.** This analysis shows that the LA28 Games' local spend requirement appears poised to keep much of the economic impact within the region. While 37 of 41 venues are in Los Angeles County, 33 percent of the expected impact is in the region's other five counties. The economic impact outside the SCAG region is comparatively small.
- **Legacy impacts for years after the Games.** The LA28 Committee has dedicated $160 million of its budget for youth sports development in the City of Los Angeles. Additionally, the 2028 deadline has focused public attention on completing a wide range of transportation infrastructure projects that can support the games but will benefit the region for decades into the future. While future economic outcomes are difficult to predict, much of the LA28 Games planning is structured to replicate the financial successes of the 1984 Los Angeles Olympics.

LA28 Committee Budget Overview

The financial framework of the LA28 Games is built on a foundation of fiscal prudence and a commitment to a privately funded model. The organizing committee, LA28, set a balanced budget of approximately $7 billion, intended to be covered entirely by revenue generated from the LA28 Games themselves. This revenue will be derived from a diverse portfolio of sources, including:

- Domestic sponsorships
- Ticket sales
- Hospitality
- Licensing
- A significant contribution from the International Olympic Committee (IOC) from its broadcast and international sponsorship agreements.

This self-sustaining financial model is designed to insulate taxpayers in the City of Los Angeles, Southern California, and the State of California from the costs of hosting the LA28 Games. To further safeguard public funds, Los Angeles and California have agreed to act as financial guarantors.

A key element of this fiscally responsible strategy is the "no new permanent venues" approach. By utilizing the plethora of existing, world-class sporting arenas, stadiums, and facilities across the Los Angeles metropolitan area, LA28 avoids the single largest expense that has historically plagued host cities. This dramatically reduces upfront capital investment required and mitigates the risk of creating "white elephants"—expensive facilities that fall into disuse after the games. The LA28 Games will be held in "sports parks" spread across the metropolitan area. Key venue commitments include:

- Olympic and Paralympic Village: The existing, modern residence halls at the University of California, Los Angeles (UCLA).
- Main Press Center & Media Village: The existing campuses and residences at the University of Southern California (USC).
- Opening/Closing Ceremonies: SoFi Stadium in Inglewood and the Los Angeles Memorial Coliseum.
- Downtown Sports Park: Crypto.com Arena, Los Angeles Convention Center, and Exposition Park.
- South Bay Sports Park: Dignity Health Sports Park in Carson.
- Valley Sports Park: Sepulveda Basin.

The only capital expenditures are temporary "overlays"—such as temporary seating and event-specific infrastructure— funded entirely by the LA28 Committee's private operating budget and removed post-Games. This sustainable model is a cornerstone of the LA28 Games bid and is being watched as a potential blueprint for future Olympic Games. Nonetheless, it should also be recognized that a successful Games requires planning and investment beyond the competition and non-competition venues (e.g.

athletes' villages). As such, our economic impacts analysis approach, described below, also models the Games-supportive transportation improvements and visitor spending also expected to cycle through the region's economy.

Economic Impacts Methodology

SCAG used REMI TranSight 5.3, a dynamic input-output model of an eight-region economy: the six SCAG region counties, the rest of California, and the rest of the U.S. This is the same model that SCAG uses to estimate the economic impacts of the Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) and Federal Transportation Improvement Program (FTIP). REMI models the flow of goods, services, and money across sectors of the economy given a particular intervention—in this case, expenditures related to the LA28 Games. Unlike other economic impact analysis tools, REMI also incorporates econometric models of consumer and firm migration, capturing broader socioeconomic responses.

Effects of expenditures by type, year, and place are simulated; the resulting demand for goods and labor flow through the economy and are estimated. Workers and products can be provided by people and firms within the region, outside the region, or even through migration or the emergence of new businesses to support the demand.

The direct spending generates economic impact in two additional ways, therefore the total economic impact is the sum of three distinct effects:

1. **Direct Effects**: New spending injected into the region's economy. This includes the $7.15 billion privately funded operating budget of the LA28 Committee, between $1.89 billion and $2.37 billion in estimate spending by visitors, media, and sponsors, and between $1.25 billion and $4.63 billion in transportation infrastructure investment attributable to the LA28 Games, to develop a low and high scenario.
2. **Indirect Effects**: The "business-to-business," or supply chain activity. As businesses in hospitality, event services, construction, logistics, and others receive direct spending, they, in turn, purchase goods and services from other local suppliers, creating a ripple effect.
3. **Induced Effects**: The household spending that results from new labor income. The wages and salaries paid to employees hired for both direct and indirect activities are spent on local housing, food, and services, generating further economic activity.

EXPENDITURE INPUTS

We considered three sources of input to the economy, which result in the LA28 Games' overall economic impact:

- LA28 Committee's budget
- Visitor spending estimates
- Transportation infrastructure investments

LA28 Committee Budget

The LA28 Committee submits budgets made publicly available through quarterly reports to the host city, Los Angeles.[3] We followed the August 2025 LA28 budget report closely, which estimated a complete, balanced budget of $7.149 billion through 2029. While SCAG's model begins in 2024, in order to fully

[3] The most recent (August 2025) report is available at https://cityclerk.lacity.org/onlinedocs/2015/15-0989-s55_rpt_cao_8-25-25.pdf

capture the impacts of all investments, we include pre-2024 expenditures. The budget assumes 59 percent of total expenditures will be incurred in calendar year 2028.

We mapped expenditures to REMI's industry categories based on the descriptions provided, evenly distributing "other" and "contingency" expenses to categories. Given that no new venues will be built, Construction is a comparatively small share of total expenditure modeled (24.7 percent). Slightly greater is the contribution from performing arts, spectator sports, and related industries (27.4 percent), followed by Administration and support services (24.7 percent), and Professional and scientific services (20.5 percent). LA28's $160 million investment in PlayLA youth sports programs is included in the Religious, grantmaking, civic, professional, and similar organization sector.

We split expenditures evenly based on the location of the 41 venues listed on LA28's most updated venue map, which are 37 in Los Angeles County, one in Orange County, one in San Diego County, and two in Oklahoma[4].

Additionally, we assume that the LA28 Games meet the 75 percent local spend requirement outlined in the committee's July, 2025 impact and sustainability plan[5]. This targets 75 percent of addressable spend in the Greater Los Angeles area, which LA28 defines as the counties of Los Angeles, Orange, Riverside, San Bernardino, and Ventura. In the model, the remaining 25 percent of labor and materials can be sourced from anywhere in the economy (including out-of-state and internationally) where they are most cost-effectively provided.

Visitor Spending

A mega-event such as the LA28 Games has potential to draw in significant amounts of economic activity from visitors that would not otherwise occur in the SCAG region. Athletes, national committees and training centers, fan villages, community hubs, hospitality houses, and other sites will be established, in some cases weeks or months in advance.

Traditionally, nonresidents generate more economic impact since their visits are longer, they require lodging and food service, and they spend money in retail locations and on local transportation services. In contrast to a European Olympic Games like Paris 2024, which are accessible to a large population by high-speed rail, out-of-region or international visitors to Southern California are likely flying in and thus are likely to stay for a longer period of time, leading to higher levels of expenditures per visitor.

The REMI model splits tourism spending into resident and nonresident categories. These categories combine all types of actual spending, including lodging, food and beverage, retail, personal services, non-Games related attractions, and local transportation. We model gross visitor spending resulting from the LA28 Games, assuming decreases in normal spending by residents, or non-Games related tourism would happen at another time in 2028.

We adopted visitor expenditure methodology used in Beacon's (2017) analysis of the LA 2024 Olympics bid, updating values to 2025 dollars.[6] Beacon assumes that 35 percent of total visitor spending will be by residents, and 65 percent will be by nonresidents, and develops a low and high scenario to reflect the uncertainty inherent in the estimate. Due to their longer stays, nonresidents will spend more before and after the Games; however, for modeling purposes, all visitor expenditures are simply considered as taking

[4] See https://la28.org/en/games-plan/venues.html

[5] See https://la28.org/content/dam/latwentyeight/impact-and-sustainability-plan/LA28ImpactAndSustainabilityPlan2025.pdf

place during 2028. Our low estimate of visitor spend is $1.894 billion, and our high estimate is $2.365 billion in 2025 dollars.

We assumed visitor expenditures will be distributed more equitably across the region than the distribution of Games venues, which are heavily concentrated in Los Angeles County. For example, venues in Long Beach, Pomona, and the San Fernando Valley are near borders with Orange, San Bernardino, and Ventura counties, respectively—many of which have accommodations and attractions for nonlocal visitors, as well as international teams that require training facilities and lodging. As such, we used VisitCalifornia's 2025 hotel room revenue estimates broken down to the six SCAG region counties to distribute visitor expenses that take place in the region: Imperial (0.2%), Los Angeles (55.4%), Orange (32.6%), Riverside (5.6%), San Bernardino (3.2%), and Ventura (3.1%).[7]

Transportation Infrastructure

The LA 28 Games are also helping to prioritize and accelerate a range of transportation infrastructure investment in the region by cities, counties, and transportation commissions. While most legacy effects—specifically, economic impacts beyond 2029—are outside the scope of this analysis, because of SCAG's expertise and history in assessing economic benefits of transportation investment, we included a portion of transportation infrastructure investment as an attribute to the LA28 Games. While prior analyses of Olympic Games impact have generally excluded these costs (e.g. Beacon 2017, Utah 2034, HR&A), this is included to illustrate that the prioritization, fast tracking, and upscaling of transportation projects catalyzed by the LA28 Games can have measurable, near-term economic benefits, in addition to broader long-term legacy effects outside the scope of this analysis.

The Games Mobility Executives (GMEs) handle transportation coordination with LA28 and consist of representatives from the City of Los Angeles Mayor's Office, the Los Angeles Department of Transportation (LADOT), LA Metro, Caltrans, SCAG, and Metrolink. In their budget report, LA28 asserted that the GMEs:

> *"Advanced planning and advocacy efforts to support a consolidated list of project priorities to support both Games transportation and legacy improvements to regional mobility. Planning efforts focused on the advancement of a supplemental bus system, mobility hubs and Games Route Network, as well as associated grant funding applications."*

Both SCAG's Regional Transportation Plan/Sustainable Communities Strategy (RTP/SCS) and Federal Transportation Improvement Program (FTIP) include economic impact assessments of transportation investments using the same REMI approach[8]. In addition, as a member of the GME, SCAG has been working to track transportation and legacy investments related to the LA28 Games.

Many efforts such as the Games Route Network and supplemental bus systems are intended to support mobility during the relatively short time period of the LA28 Games themselves. Perhaps the highest-profile example of acceleration or augmentation of transportation infrastructure investment is LA Metro's 28 by 28 initiative, which focuses principally on transit and connectivity projects (as opposed to roadway

[7] See https://industry.visitcalifornia.com/research/reports/economic-impact?selectedCounty=Ventura&selectedRegion=&selectedScope=counties

[8] See https://scag.ca.gov/sites/default/files/2024-05/23-2987-tr-economic-impact-analysis-final-040424.pdf and https://scag.ca.gov/sites/default/files/2024-09/23-3082-final-2025-ftip-executive-summary.pdf#page=8, respectively.

capacity)[9]. For this analysis, we illustrate this likely economic impact by including a selection of transportation infrastructure expenditures from LA Metro and other cities and agencies that were available at the time of this writing. This includes expenditures in SCAG's 2025 FTIP that match LA Metro 28 by 28 project descriptions, have an expected completion date in 2028 or earlier, and can be categorized as either "Transit Improvement" or "Intelligent Transportation Systems (ITS), Travel Demand Management (TDM), and Non-motorized."

Additionally, SCAG is compiling a preliminary list of permanent mobility projects funded by local jurisdictions and regional partners that have a nexus to the 2028 Summer Olympic and Paralympic Games in Los Angeles. This includes projects that support enhanced mobility during the LA28 Games and those expected to provide lasting benefits to the region beyond 2028. As part of the development of Connect SoCal 2050, SCAG staff will solicit more detailed information from cities and counties on their contributions to lasting LA 28 Games-related transportation infrastructure.

Allocating the degree to which these transportation investments are attributable to the LA28 Games is inherently inexact. For example, slightly over half the programmed transportation expenditures noted above are for LA Metro's D (Purple) Line Extension. While this long-sought connection in the region's transit network gained new importance due to the planned athlete's village near its terminus, it is beyond the scope of this analysis to opine on whether it would have been completed in a counterfactual (i.e. no-LA28Games) economic scenario.

As such, we generate two assumptions that result in a significant share of the differential in this study's low and high estimates. The high scenario assumes that the complete value of 2025-27 programmed transportation expenditures with descriptions matching 28 by 28 is a LA28 Games-related expenditure ($4.25 billion), plus the complete value of local mobility projects ($380 million). The low scenario considers 25 percent of programmed transportation expenditures ($1.06 billion) and 50 percent of local mobility projects ($190 million) as L28 Games-related expenditure.

Economic Impact Findings

The economic activity associated with the LA28 Games is not confined to the year 2028, nor to Los Angeles County where the majority of the spending is expected to take place. Significant spending on transportation investments, operations, and temporary construction begins in 2025 and ramps up prior to the Opening Ceremony. The exhibits below illustrate the projected annual distribution of these impacts across the SCAG region.

Notable findings/scenarios from the REMI output include:

- Southern California reaps most of the benefit, with the REMI model indicating this is due in large part to the LA28 Committee's 75 percent local spend requirement.
- Economic benefits spread across the region, despite Los Angeles-centric venues and Los Angeles-centric transportation investment. This is because of:
    - Accommodation and tourism venues exist throughout region in reasonable proximity to various LA28 Games venues, which means some visitors, athletes, and national committees will choose to stay in surrounding counties and travel into Los Angeles County to attend the competitions.
    - Broader impacts of transportation infrastructure investment accrues to neighboring and non-core parts of the region.

[9] See https://www.metro.net/28x28/

  - Impact accrues to firms and employees located in the region. For example, an engineer may work in-person or remotely for a firm based in Los Angeles. Similarly, revenues for work performed by an event coordinator or construction worker would also go largely to SCAG region firms; however, most employees likely live in or near the SCAG region.
- New businesses could be created to fulfill new demand—for in-person work, this could even mean in-migration to the region. For example, an economic benefit to a Los Angeles firm may be fulfilled by an in-person worker who lives in Riverside County.
- A portion of the difference between this study's low and high scenarios reflects a range in visitor spending assumptions, as these could vary based on subsequent conditions in the intervening two and a half years until the LA28 Games commence.
- A majority of the difference between scenarios is due to different estimates regarding how directly transportation infrastructure spending is attributable to the LA28 Games.

IMPACTS ON ECONOMIC OUTPUT (GROSS DOMESTIC PRODUCT)

Exhibit 55 LA28 Games GDP Impact by County, 2024-29

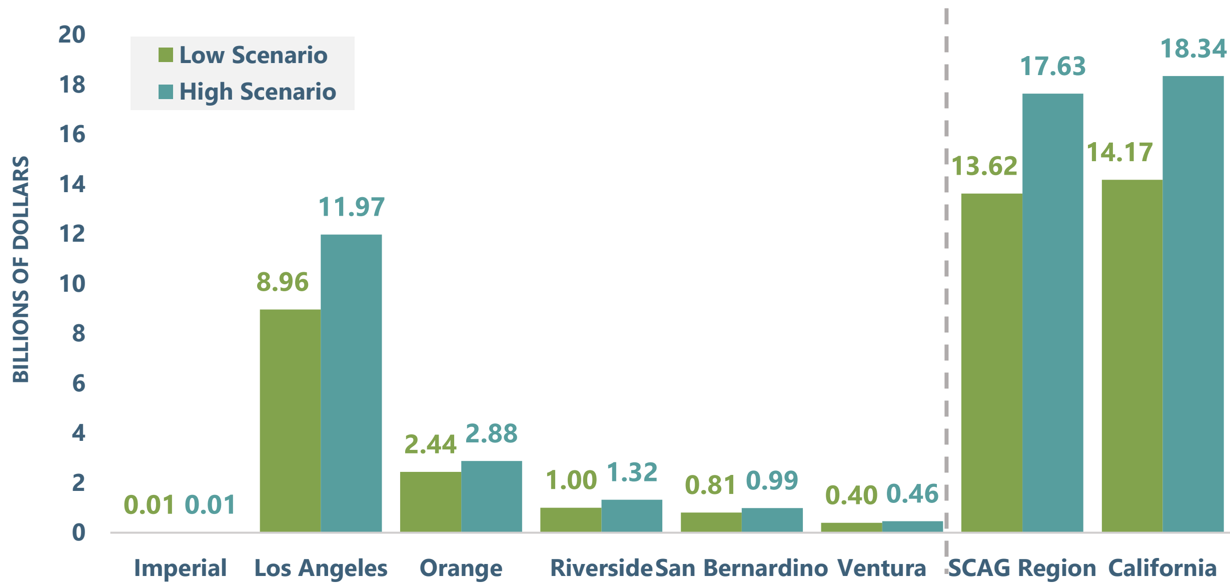

Exhibit 56 LA28 Games GDP Impact by Year, SCAG region

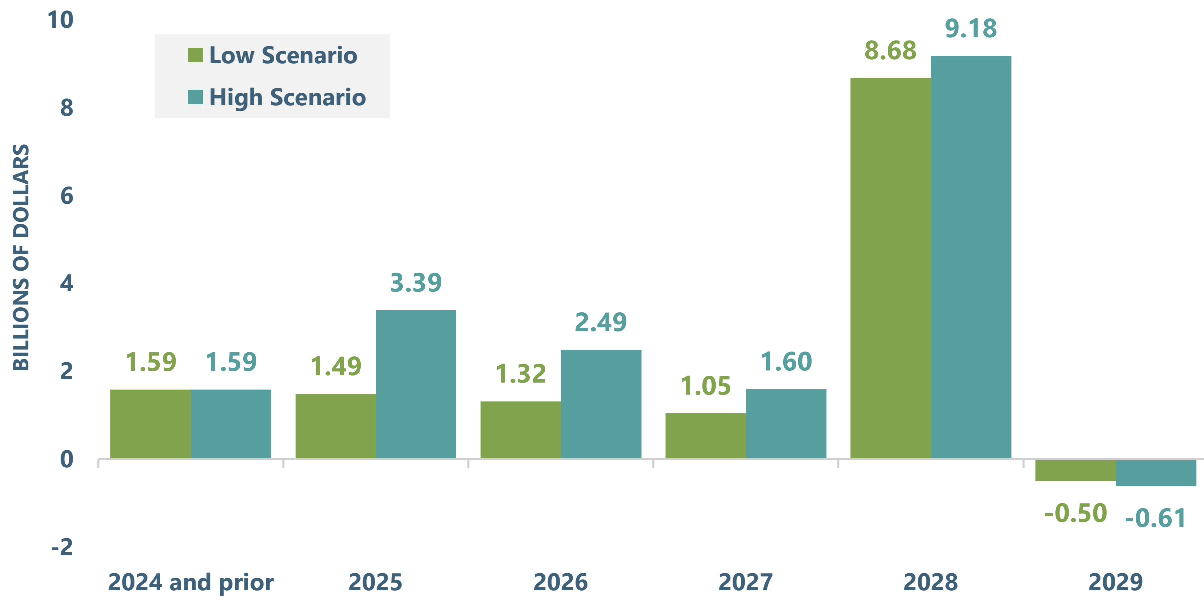

Exhibit 57 Economic Indicators of Games' Impacts, Low and High Scenarios

SCAG Region Impact	Low Scenario 2024-2029	Low Scenario 2028 Only	High Scenario 2024-2029	High Scenario 2028 Only
Employment (Job-Years)	116,454	73,775	148,782	77,972
Real Disposable Personal Income/Capita	-	$150	-	$156
Gross Domestic Product (GDP, $B)	$13.62	$8.68	$17.63	$9.18
Economic Output (i.e. final sales, $B)	$23.20	$14.55	$30.18	$15.35

Exhibit 58 Top Industries for Job Creation

Job creation, top industries, SCAG Region, 2024-2029	Low	High
Administrative and support services	21,022	22,240
Construction	20,947	36,304
Performing arts, spectator sports, and related industries	13,421	13,615
Professional, scientific, and technical services	11,987	13,406
Food services and drinking places	6,702	8,410
State and Local Government	5,989	7,859

JOB CREATION AND SECTORAL GROWTH

The influx of investment and operational spending will ripple through the SCAG region's economy, creating a wide range of employment opportunities across various sectors.

Administrative and Support Services (Event Management, Logistics, and Security)

Beyond tourism, the LA28 Games will create a substantial number of jobs in event management, logistics, and security. The LA28 organizing committee will become a major employer and contract with a vast network of local businesses to provide the goods and services necessary to stage the LA28 Games.

The LA28 organizing committee will hire employees for roles in human resources, finance, procurement, legal services, and project management. Additionally, a significant number of jobs will be created to manage the LA28 Games' complex event logistics, including roles in event planning, transportation coordination, and accommodation services for athletes, media, and officials. There will also be high demand for translation and interpretation language services, data entry, customer service representatives, and general office administration. Finally, a large workforce will be needed for on-site security, crowd management, and janitorial services at all LA28 Games venues and facilities.

Construction Sector

The construction sector will also see a targeted boost. While there will be no new permanent venues, LA28 has allocated $1.428 billion for the upgrades, temporary builds, and renovation and overlay of existing facilities. This will create jobs for construction workers, engineers, and architects to prepare the region's venues for the world stage.

- **Venue Renovation**: Many existing venues will require upgrades and renovations to meet modern standards. This will create jobs for construction managers, contractors, and skilled trades (electricians, plumbers, etc.).
- **Temporary Structures**: The largest area for construction-related work will be in "temporary overlay." This involves building temporary venues, seating, operational compounds, and broadcast centers. This requires structural engineers, project managers, and construction crews.
- **Transportation Infrastructure:** A large share of the transportation investment from LA Metro and local agencies is spent on construction.

Performing Arts, Spectator Sports, and Related Industries

This sector includes jobs to support staging events and spectatorship of the LA28 Games, both in-person at venues and broadcast across the globe:

- **Event Operations**: Thousands of temporary jobs for venue managers, ticketing staff, ushers, concessions workers, and hospitality staff (for hotels, food, and beverage).
- **Sports Management**: The LA28 committee is hiring experts to manage each specific sport, including sport managers and broadcast operation managers, who coordinate everything from competition scheduling to media coverage.
- **Performing Arts**: The high-profile Opening and Closing Ceremonies will require a large number of professionals from the performing arts, including producers, directors, choreographers, performers, lighting technicians, and sound engineers.
- **Media and Broadcasting**: A massive international media presence will require thousands of broadcast technicians, camera operators, journalists, and support staff to deliver the LA28 Games to a global audience.

Professional, Scientific, and Technical Services

This sector provides the high-tech backbone needed to run a modern Olympic Games and design much of the transportation and mobility infrastructure.

- **Technology**: The LA28 committee is hiring for many technical roles, such as IT project managers, cybersecurity experts, network engineers, and telecommunications managers to build and protect the LA28 Games' digital infrastructure.
- **Consulting**: Professional services firms, including, e.g., Deloitte, selected in 2021 as LA28's Official Professional Services Provider are hired to provide strategic consulting, helping the organizing committee with planning, operations, and legacy impact analysis.
- **Engineering**: Beyond construction, specialized engineers are needed for broadcast technology, energy systems, and sustainability planning to ensure the LA28 Games meet their operational and environmental goals.
- **Scientific Services**: This includes critical roles like medical operations directors to plan athlete services and anti-doping specialists to ensure fair competition.

Hospitality and Tourism Sectors

Probably the most immediate and visible job creation will be in hospitality and tourism. As millions of visitors—including athletes, officials, media, and spectators—arrive in the SCAG region, there will be a surge in demand for accommodation, food and beverage services, transportation, and entertainment. This will translate into a significant increase in employment for hotel workers, restaurant staff, rideshare drivers, and employees at local tourist attractions.

VISITOR SPENDING

A critical component of the direct economic impact comes from visitor spending. Los Angeles is already a mature, high-cost tourism market, regularly welcoming over 50 million visitors annually prior to the pandemic. The economic data from past Olympic Games provides a clear picture of how the Games can alter visitor spending habits, shifting the market toward a high-yield model.

For example, data from the London 2012 Games showed the average Olympic visitor spent £1,290, a figure nearly double the £650 spent by typical tourists in London during the same period. This underscores that Olympic tourism is not merely an increase in volume but a fundamental favorable shift in the spending behavior of visitors.

The exhibit below synthesizes economic data from past Olympic Games as case studies: London 2012, Rio 2016, and Paris 2024. The London 2012 Games are a strong benchmark for a mature economy, while Rio 2016 highlights the dynamics of an Olympic Games in the Western Hemisphere. Paris 2024 provides the most recent data, confirming the price inflation dynamics of a modern Olympic Games. All financial data has been systematically adjusted to a 2028 U.S. dollar baseline to ensure accurate comparability.

The data from recent Olympic Games highlights key variables, including the mix of international and domestic visitors and the impact of price premiums on spending. The Paris Olympic Games, for instance, saw average hotel prices more than double, confirming that a substantial price surge in the hospitality sector is a predictable and positive revenue feature.

Exhibit 59 Comparative Analysis of Recent Summer Olympics (Inflation-Adjusted to 2028 USD)

Metric	London 2012	Rio 2016	Paris 2024
Total Olympic Tourists	590,000	1,170,000	3,100,000
International Visitors (%)	33%	35%	55%
Domestic Visitors (%)	67%	65%	45%
Original Per Capita Spend	£1,290 ($2,038)	$1,213	€839 ($906)
Inflation-Adjusted Per Capita Spend (2028 USD)	$3,122	$1,777	$1,016

Sources: London & Partners, GOV.UK; International Olympic Committee (IOC); Paris Tourism Office, French Center for Sports Law and Economics (CDES)

Legacy Benefits and Lasting Effects

While it is beyond the scope of this analysis to explicitly model economic impacts beyond 2029, the firm 2028 deadline has galvanized political will and focused public attention on the urgent need to improve the region’s transportation network. Thus, while the games are not directly funding major transportation projects, they will have served as a powerful catalyst.

TRANSPORTATION LEGACY

At the heart of the region's infrastructure improvement effort is LA Metro's 28 by 28 initiative. This is an ambitious plan to complete 28 key transit projects before the start of the LA28 Games.

These projects, funded through local sales tax measures (Measure R and Measure M), state funds, and federal grants, are designed to create a more connected, efficient, and equitable transportation system for Los Angeles County and the SCAG region. Key projects include LA Metro’s D (Purple) Line Extension, Foothill A (Gold) Line Extension, and the Airport Metro Connector, which connects the airport’s new Automated People-Mover to the rail transit network.

These projects will be essential for moving millions of visitors during the LA28 Games. Importantly, they will also provide a lasting legacy of improved mobility for the residents of Los Angeles and surrounding counties, helping to reduce traffic congestion, improve air quality, and create a more sustainable region for generations to come.

As SCAG continues to compile a list of permanent mobility projects funded by local jurisdictions and regional partners that have a nexus to the LA28 Games as part of the development of Connect SoCal 2050, we anticipate even more local-scale transportation-supportive investments from cities and counties that will have a lasting impact.

COMMUNITY BENEFITS AND ENDURING LEGACY

Beyond the direct economic and fiscal numbers, the LA28 Games are structured to deliver a lasting, positive community legacy for all of Southern California. The organizing committee is working to ensure benefits are shared broadly and that the event is a catalyst for positive community and regional change.

The most significant legacy component is the $160 million investment in youth sports across Los Angeles. This landmark initiative is funded by the LA28 organizing committee and designed to increase access to quality sports programming for children, with a particular focus on underserved communities.

This "PlayLA" program, administered by the City of Los Angeles Department of Recreation and Parks, began in 2018, a decade before the LA28 Games begin. It is already providing subsidized access to sports like swimming, soccer, and basketball. This represents a new model for Olympic legacy, one that invests in human and community development long before the Opening Ceremony.

THE ENDURING LEGACY OF THE 1984 OLYMPICS

To understand the potential of LA28, analyzing the impact of the 1984 Los Angeles Olympic Games is essential. Widely regarded as the most financially successful Olympic Games of the 20th century, the 1984 Olympic Games provided the precedent for the privately funded model LA28 has adopted.

Organized by the Los Angeles Olympic Organizing Committee (LAOOC), the 1984 Games secured unprecedented corporate sponsorships and utilized existing venues to generate a final surplus of $232.5 million (over $690 million in 2024 dollars). This success was achieved with minimal public investment, proving that an Olympic Games could be a source of profit, not debt. The 1984 Olympic Games also had a profound, lasting impact on the region's travel and tourism industry, repositioning Los Angeles as a vibrant, desirable global destination.

The most tangible legacy is the LA84 Foundation. Endowed with the $232.5 million surplus, the foundation has operated for more than 40 years as a non-profit dedicated to supporting youth sports in Southern California. It has invested over $250 million in more than 2,000 community programs, serving over three million children.

The LA84 Foundation is living proof that an Olympic Games, when managed with fiscal discipline, can provide a perpetual gift to its host community. The LA28 Games, with its $160 million pre-Games investment, is building directly on this successful legacy.

Final Thoughts: A New Blueprint for the Olympic Games

By prioritizing fiscal responsibility, leveraging existing infrastructure, and making a strong commitment to community benefit, LA28 is creating a model that is financially, environmentally, and socially sustainable.

The economic impacts of the LA28 Games are expected to be significant, with the potential for between $13.6 and $17.6 billion in economic output. The accelerated investment in public transportation infrastructure will leave a lasting legacy of improved mobility for the region, and the $160 million investment in youth sports will provide a tangible, immediate, and lasting benefit for the city's children as they grow.

The "no-build" plan makes the LA28 Games the most sustainable in the modern era, eliminating the carbon footprint and material waste of major construction, while reducing the fiscal liability on the region’s taxpayers. If LA28 can deliver on its promises, it will create a blueprint for a more sustainable, responsible, and socially conscious approach to hosting the world's premier sporting event.

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