SoCal faces a slow, prolonged post-pandemic recovery, with lower-income segments of the population bearing the brunt

SCAG Summit highlights need for an inclusive economic development strategy

Los Angeles – An inclusive economic development strategy is critical to Southern California’s long-term economic prospects as the region begins a slow and prolonged post-pandemic recovery, experts said Tuesday.

More than 400 leaders in business, public policy, housing and education participated in the 11th annual Southern California Economic Summit, held virtually this year by the Southern California Association of Governments (SCAG). The summit featured forecasts from the region’s top economists and a focus on “Charting an Inclusive Regional Recovery,” which SCAG has prioritized as one of its key initiatives this year.

“We face challenges on multiple fronts – a pandemic unlike anything we’ve experienced in our lifetimes, a resulting economic downturn worse than anything we’ve seen since the Great Depression and an equity gap that has reached historic levels. As we build our recovery strategy, creating an environment where everyone has the opportunity to succeed is essential to building a strong, resilient, sustainable economy,” said SCAG President Rex Richardson, a Long Beach City Councilmember.

That theme was echoed in the economic forecasts presented Tuesday, which showed that lower-income segments of the population have experienced dramatically more negative impacts, including deeper job losses and a projected longer recovery. Those challenges are exacerbated by Southern California’s higher cost of living, particularly in the area of housing.

Overall, the six-county SCAG region saw employment drop by more than 1.78 million jobs – or 19.7% – between February 2020 and April 2020. The hardest-hit industries were leisure and hospitality (down 45.4%), other services (down 27.3%), information (down 22.7%) and nondurable goods (down 17.4%).

Despite that, housing costs have continued to increase, with home prices alone jumping 2.6% from August 2020 to September 2020.

The disproportionate loss of low-wage and entry-level jobs “places additional pressure on affordability concerns which were impacting the region long before the pandemic took hold,” said Wallace Walrod, Chief Economic Advisor for SCAG.
Every county in the region faces a slow, prolonged recovery, the economists said.

In Los Angeles County, the tourism sector “will likely take years before it reaches post-pandemic highs as global travel recovers and people feel more comfortable,” according to Shannon Sedgwick, Director of the Institute for Applied Economics and Tyler Laferriere, Associate Economist for the Los Angeles County Economic Development Corporation.

Similarly, in the Inland Empire, tourism-related sectors were the hardest hit and “will still be lagging pre-pandemic highs well after 2021,” said John Husing, of Economics & Politics Inc.

In Orange County, the hardest hit sector was Leisure and Hospitality, which saw considerable losses as restaurants, hotels, and of important note – Disneyland – shut their doors for the first extended period since opening in 1955. Despite these losses, Orange County’s diversified industry base has already made progress in rebuilding its labor market and business and consumer sentiment in the region is already improving.

Ventura County, which had experienced sluggish growth leading up to the pandemic, “is likely to see a slow and prolonged recovery period with growth rates likely to lag those at the state level over the next few years,” according to Matthew Fienup and Dan Hamilton, from the Center for Economic Research & Forecasting at California Lutheran University.

In Imperial County, as with the region as a whole, a lack of additional federal stimulus along with rising COVID case counts “will likely result in a much more prolonged recovery, if not additional job losses,” said Michael Bracken, of the Development Management Group.

All of that said, the economists believe Southern California has some fundamental advantages over many other parts of the country.

“While the recovery may take time, Southern California’s strong economy, robust healthcare infrastructure, and strong education system will all serve as valuable drivers in the process of recovery and resilience,” Walrod said. “The region also faced significant hurdles recovering from the Great Recession, but stepped up and helped fuel the state’s economic recovery. To build resilience in the long run, leaders in government and across sectors are using this opportunity to not just recover but to reimagine the future.”

“The opportunity before our region is that COVID-19 has provided clarity on the weaknesses and inequities in our economic structure, and we must now embark on the changes needed to assure a resilient and inclusive recovery,” said Kome Ajise, SCAG Executive Director.

###

**About SCAG**
SCAG is the nation’s largest metropolitan planning organization, representing six counties, 191 cities and nearly 19 million residents. SCAG undertakes a variety of planning and policy initiatives to plan for a livable and sustainable Southern California now and in the future. For more information about SCAG, please visit: [www.scag.ca.gov](http://www.scag.ca.gov).