



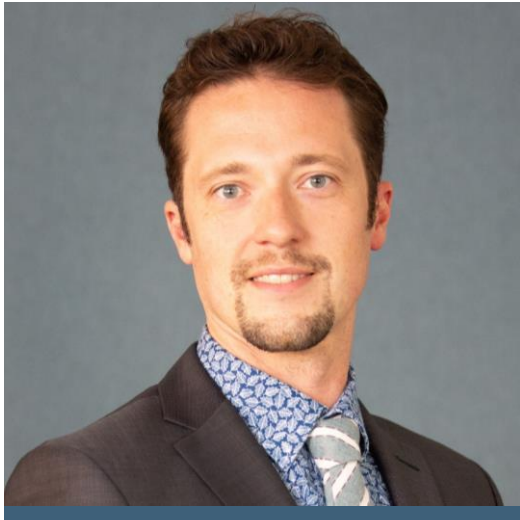
2024 Southern California Economic Update

Dec. 5, 2024

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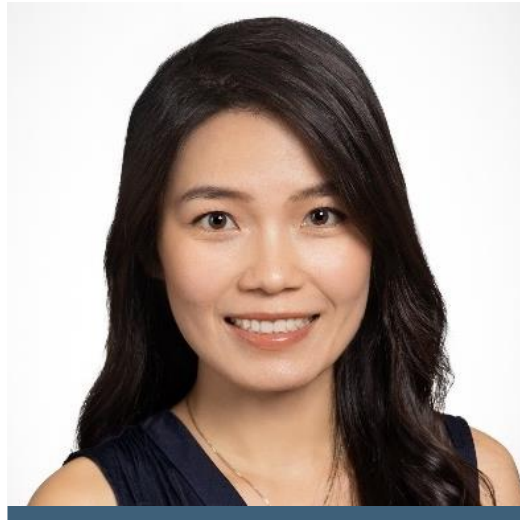
SCAG's In-House Economic Analysis Team

Demographics and Growth Vision Business Unit



Kevin Kane, Ph.D.

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Manager of Sustainable and Resilient Development



Moderator

Kate Gordon
Chief Executive Officer
California Forward

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2024 Southern California Economic Update Report



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Today's Presenters from SCAG's Economic Roundtable



OVERVIEW AND VENTURA
Mark Schniepp, Ph.D.

Director, California Economic Forecast



IMPERIAL COUNTY
Michael Bracken

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



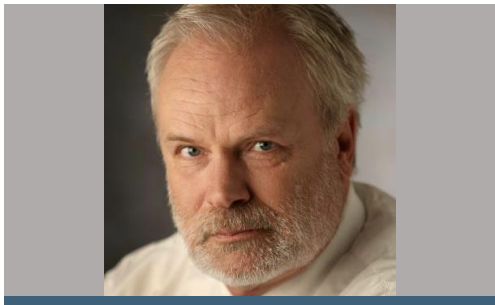
LOS ANGELES COUNTY
Shannon Sedgwick

Director of the Institute for Applied
Economics, Los Angeles County Economic
Development Corporation



ORANGE COUNTY
Wallace Walrod, Ph.D.

Chief Economic Advisor, Orange County
Business Council



RIVERSIDE & SAN BERNARDINO COUNTIES
Manfred Keil, Ph.D.

Chief Economist, Inland Empire Economic
Partnership and Claremont McKenna College



SUSTAINABILITY
David Roland-Holst, Ph.D.

Managing Director, Berkeley Economic
Advising & Research



EQUITY
Beth Tamayose, Ph.D.

Research Director, University of California,
Riverside School of Public Policy



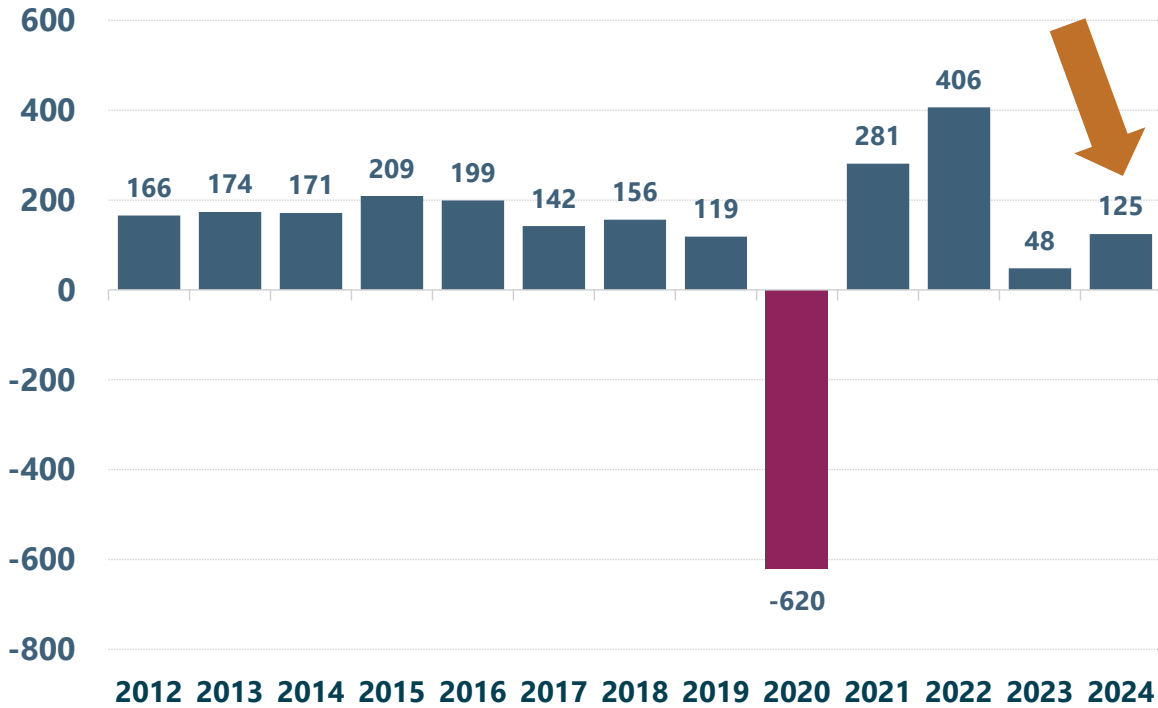
SCAG Region

Mark Schniepp, Ph.D.
Director, California Economic Forecast

SCAG region job creation in 2024 on track to double 2023, but job growth narrowly concentrates in a few industries.

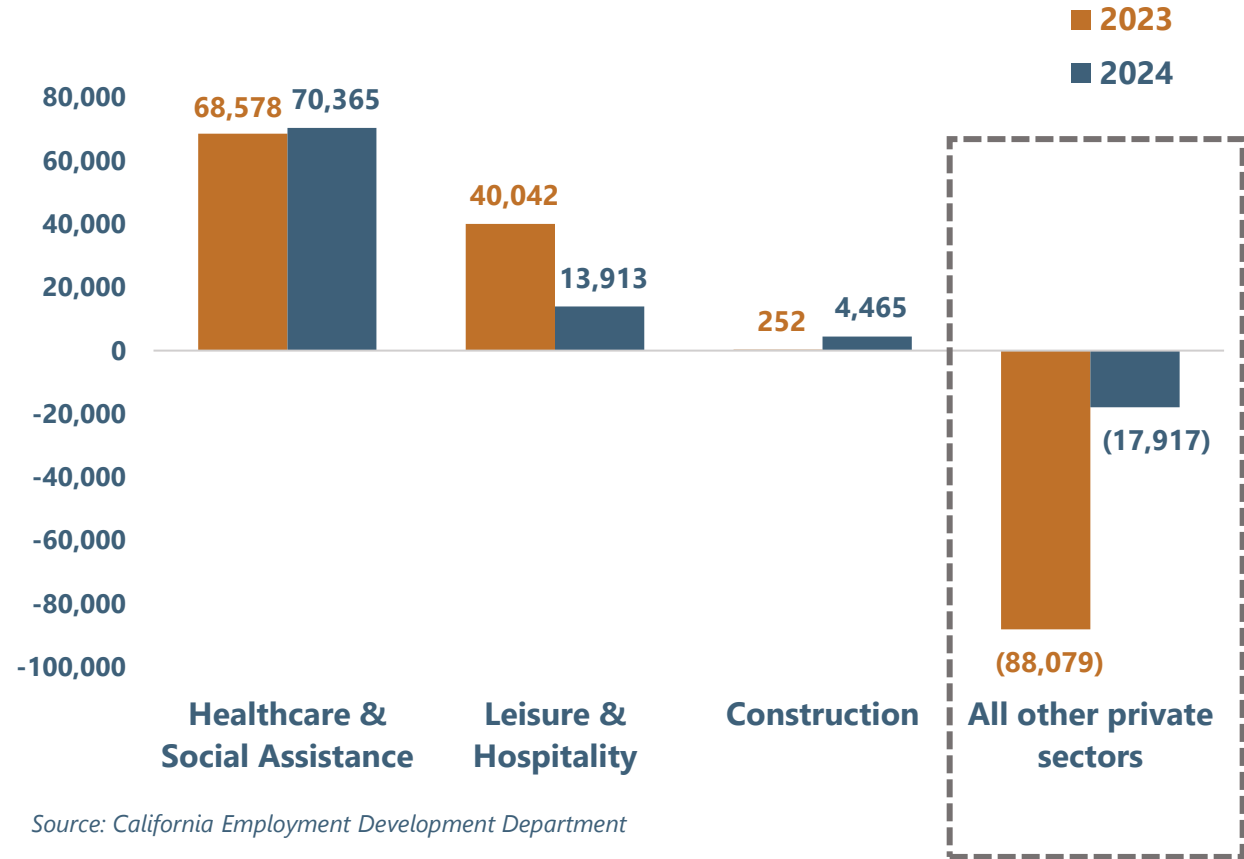
Annual Change in Payroll Jobs in the SCAG Region

Thousands of Jobs



Source: California Employment Development Department. Data for 2024 is annualized based on the pace of job creation during 2010-2019.

Jobs Creation in Top Three Private Sectors, SCAG Region

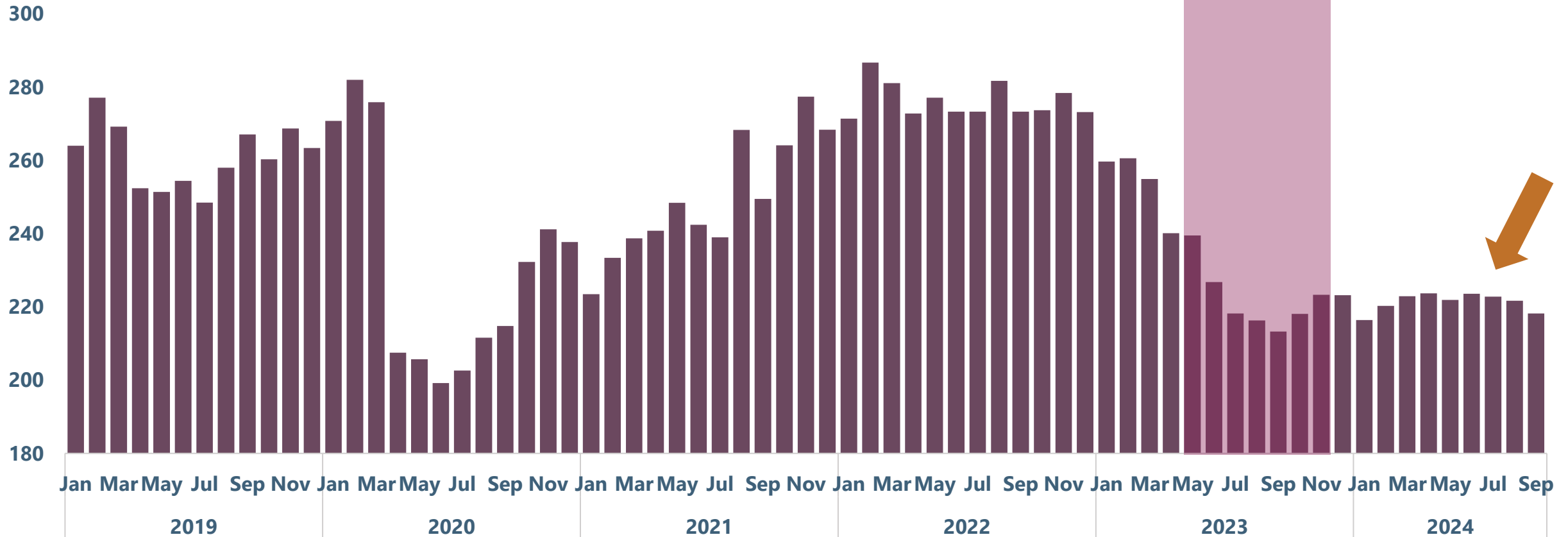


Source: California Employment Development Department

Hollywood Jobs Not Rebounding from the 2023 Labor Dispute

Employment in Information, SCAG Region

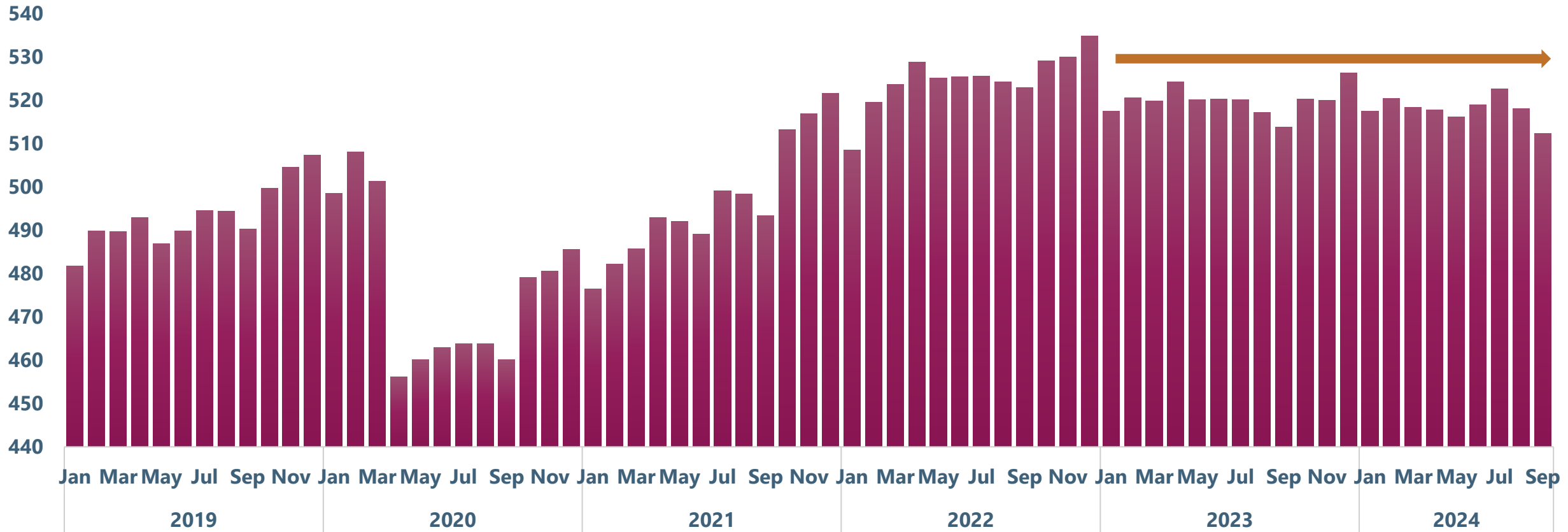
Thousands of Jobs



Following the Disruption in 2022, the Technology Sector Remaining Flat

Employment in Professional, Scientific, and Technical Services, SCAG Region

Thousands of Jobs

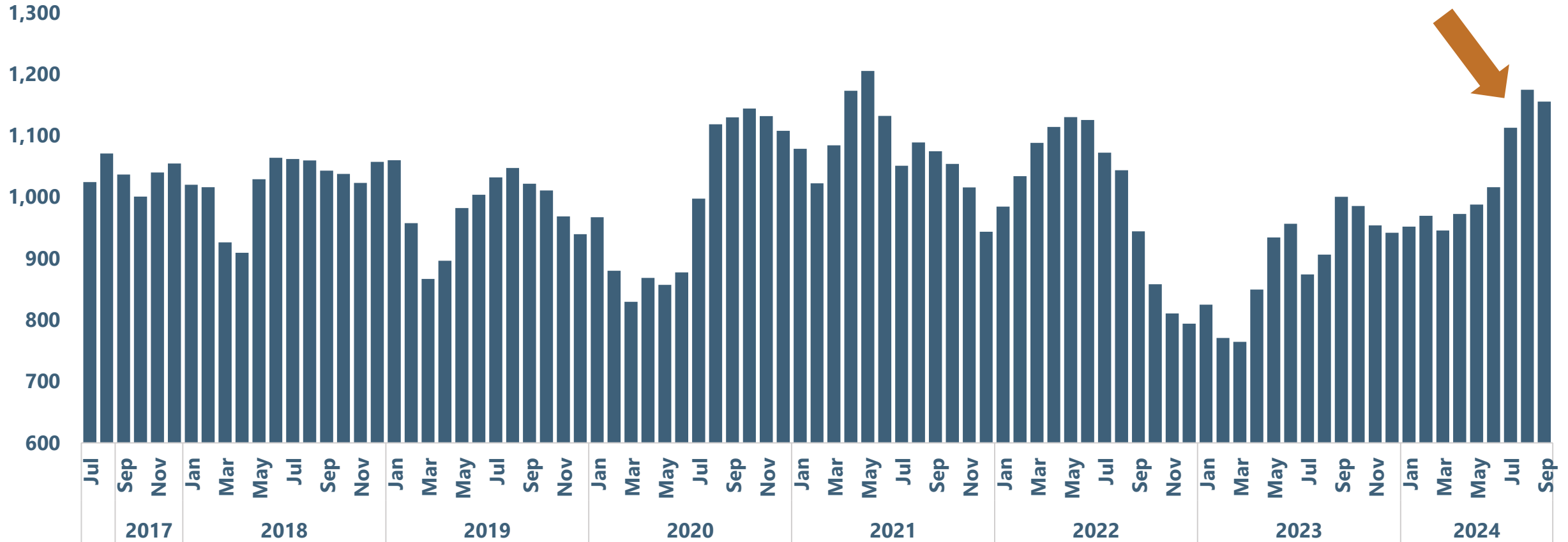


Source: California Employment Development Department

Foreign Trade Volume into the SCAG Region Rebounding

Container Volume at Ports of Los Angeles and Long Beach

Thousands of Containers

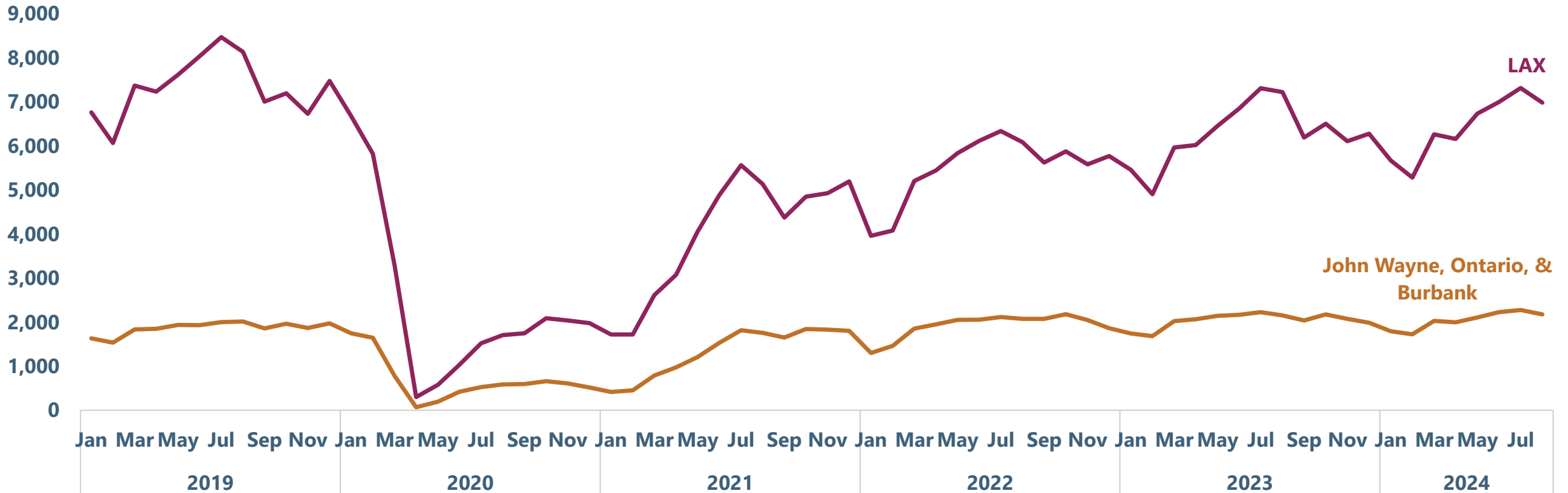


Source: Port of Los Angeles Container Statistics and Port of Long Beach Container Statistics. Data reflects two-month smoothed average.

Tourism Also Rebounded Post-Pandemic: Visitor Counts, Hotel Occupancy, and Amusement Park Attendance All Rising

Passengers at SCAG Region's Largest Airports

Thousands of People



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

Selected New Non-Residential Developments in the SCAG Region

- SCAG Counties
- City Boundaries
- Freeway

Infrastructure Projects

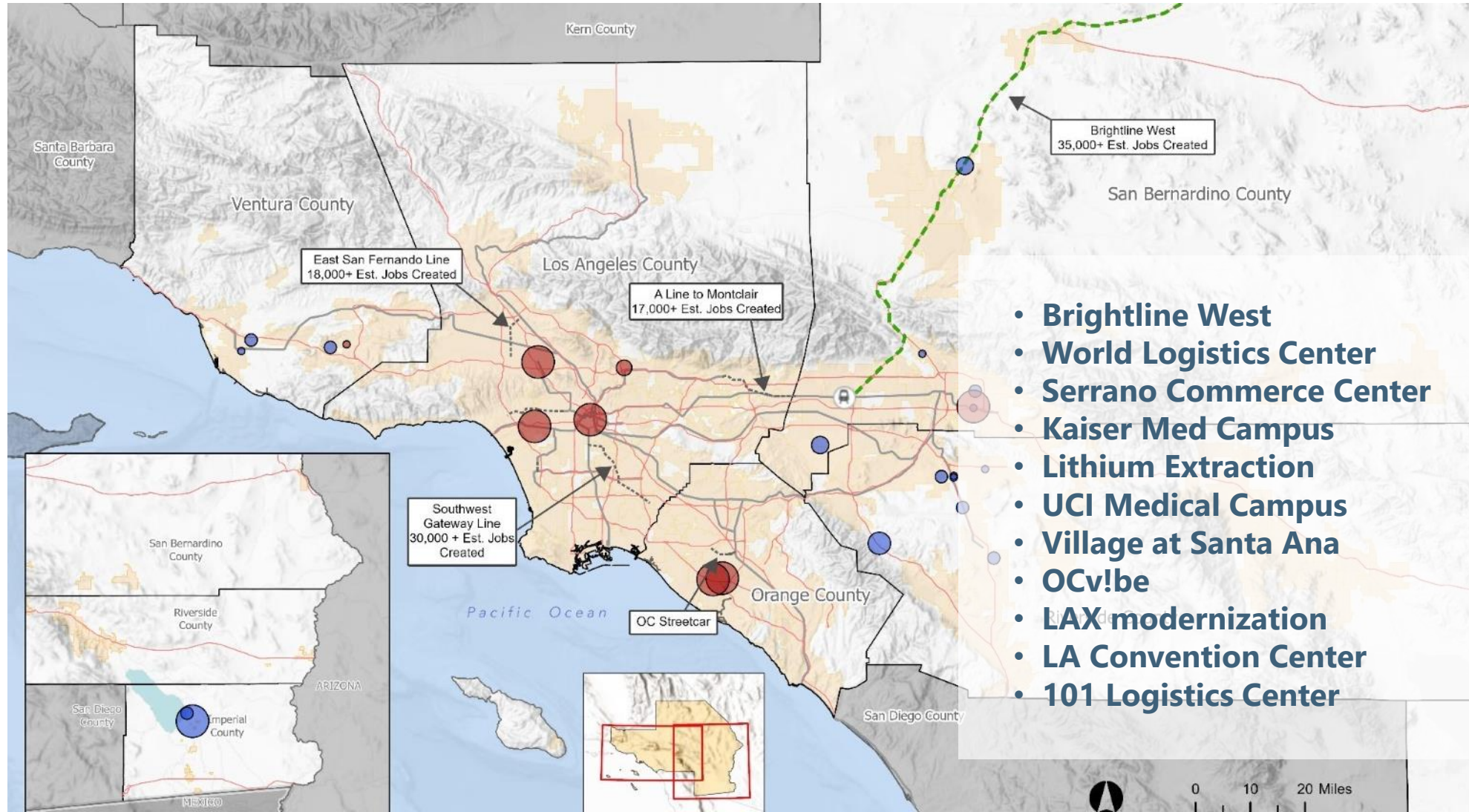
- Brightline West - (Under Construction)
- Urban Passenger Rail
- Urban Passenger Rail (Under Construction)

Manufacturing, Logistics, and Industrial

- 58,341 - 366,000 SF
- 366,001 - 1,300,000 SF
- 1,300,001 - 2,980,000 SF
- 2,980,001 - 6,500,000 SF
- > 6,500,000 SF

Office

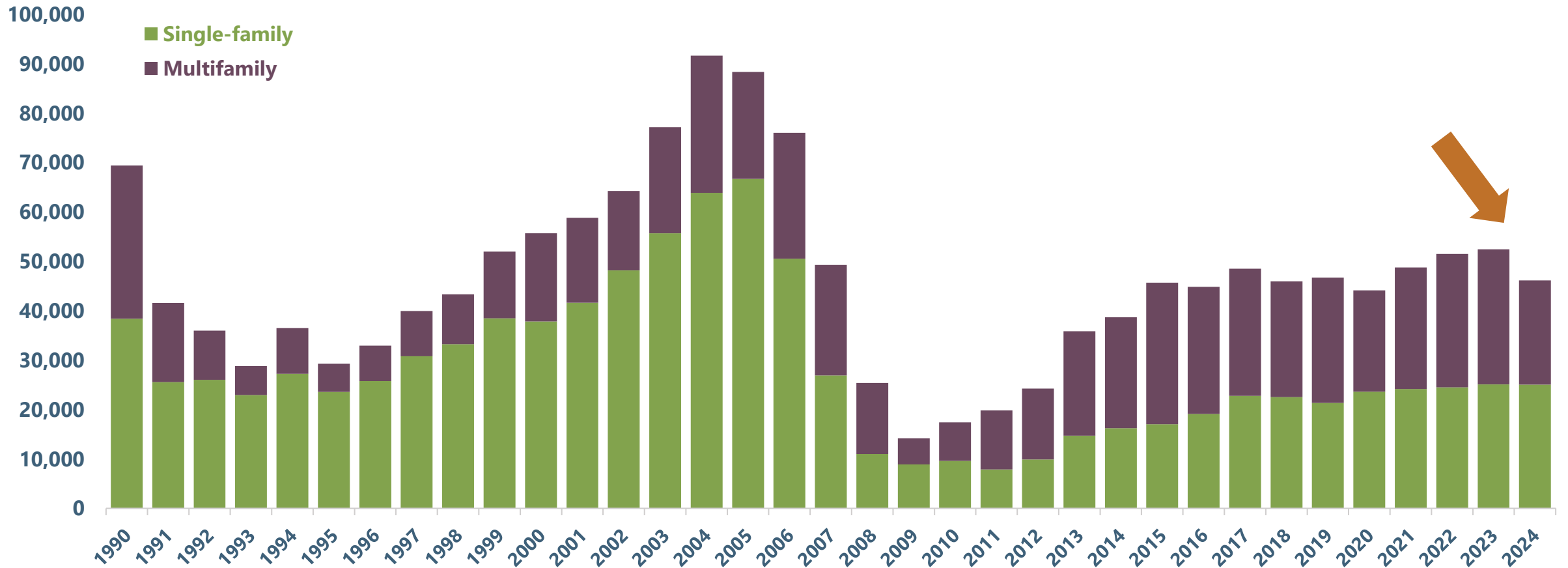
- < 58,400 SF
- 58,401 - 100,000 SF
- >100,000 SF



- **Brightline West**
- **World Logistics Center**
- **Serrano Commerce Center**
- **Kaiser Med Campus**
- **Lithium Extraction**
- **UCI Medical Campus**
- **Village at Santa Ana**
- **OCv!be**
- **LAX modernization**
- **LA Convention Center**
- **101 Logistics Center**

New Residential Permitting for 2024 Fell Below Last Year's Pace

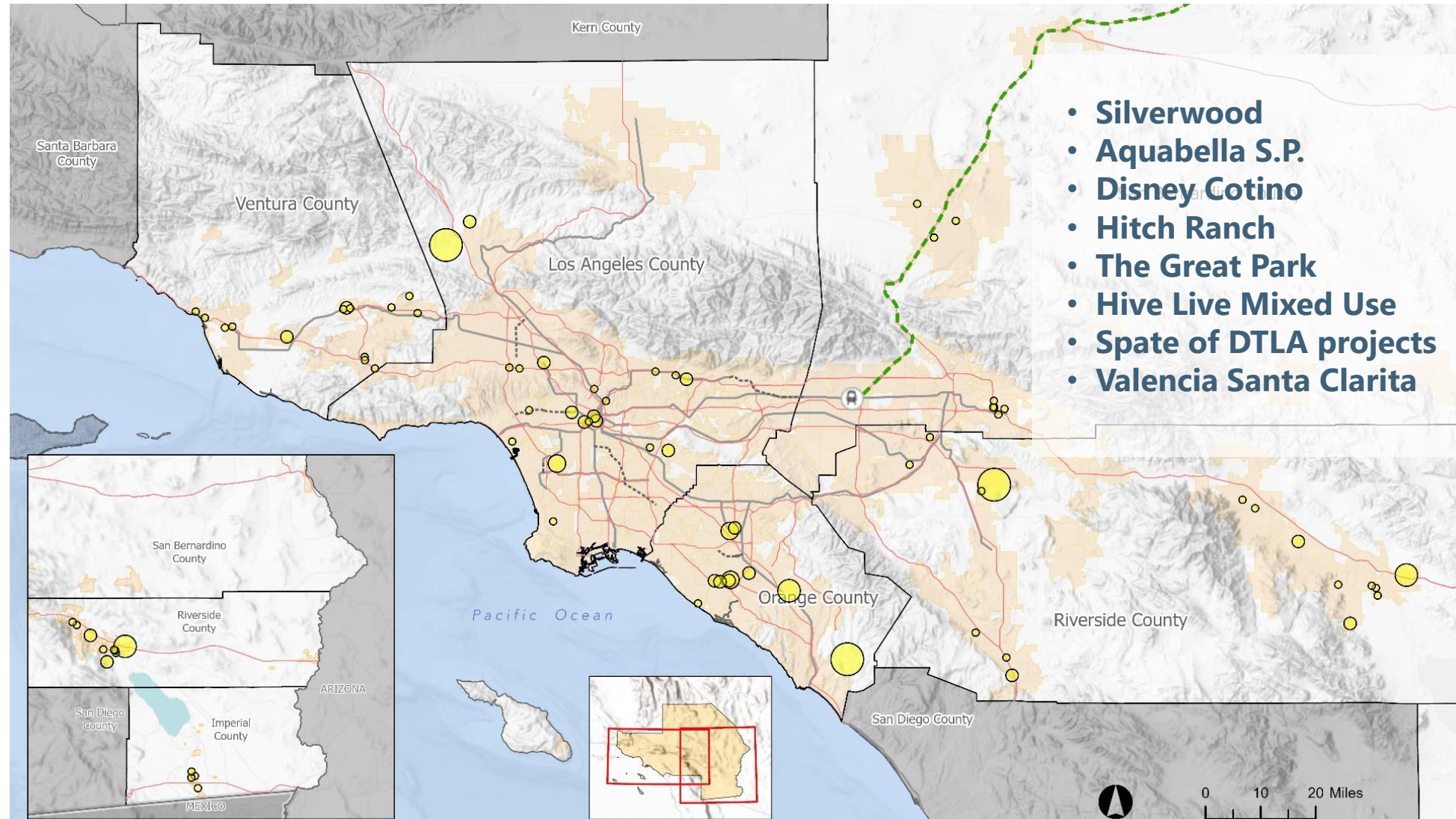
Annual New Units Permitted in the SCAG Region



Source: Census Building Permits Survey. Data for 2024 is annualized based on the pace of permitting during 2010-2019.

Major New Housing Developments in the SCAG Region

- SCAG Counties
 - City Boundaries
 - Freeway
- Infrastructure Projects
- Brightline West - (Under Construction)
 - Urban Passanger Rail
 - Urban Passanger Rail (Under Construction)
- Housing
- < 700 Units
 - 701 - 1,900 Units
 - 1,901 - 5,954 Units
 - 5,955 - 10,600 Units
 - >10,600 Units



- Silverwood
- Aquabella S.P.
- Disney Cotino
- Hitch Ranch
- The Great Park
- Hive Live Mixed Use
- Spate of DTLA projects
- Valencia Santa Clarita

Nonetheless, the housing production pipeline remains strong.

The Outlook for 2025

- No national recession, no regional downturn expected.
- Overhang from the pandemic is fading, which will accelerate economic growth in 2025.
- Growth in logistics, development of large-scale transportation, healthcare, and energy projects, and increases in tourism will carry into 2025.
- Housing construction and sales will rebound as the cycle of interest rates turns lower.
- Immigration responsible for continued job growth, but also highlights the region's housing need.



Imperial County

Michael Bracken

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

Imperial County 2024 Highlights

- Estimated Gross Domestic Product (2023): **\$8.6 billion** (\$46,916 per capita)
- Median Household Income: **\$61,900**
- Unemployment Rate: **19.3%**
- Agriculture Production: **\$2.7 billion**
- Renewable Energy Production: **9,425 GWh** (3rd in California)
- Geothermal/Lithium Extraction
 - **13** known projects in pipeline
 - **\$16.8 billion** economic investment (potential)
 - **7,000** 1-Year FTE Construction Jobs/
1,050 Operational Jobs



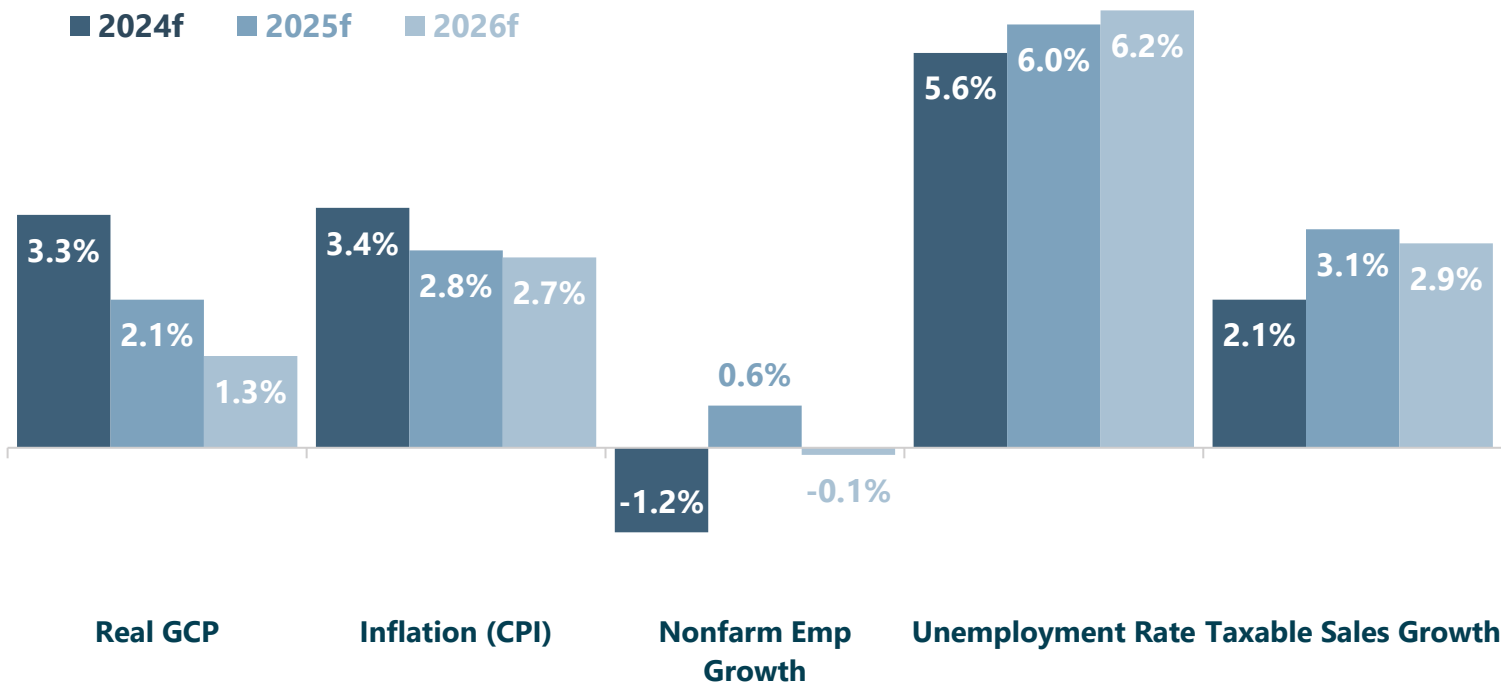


Los Angeles County

Shannon Sedgwick
Director of the Institute for Applied Economics
Los Angeles County Economic Development

Los Angeles County Continues its Recovery from Pandemic-Related Disruptions

LAEDC Economic Outlook: Los Angeles County



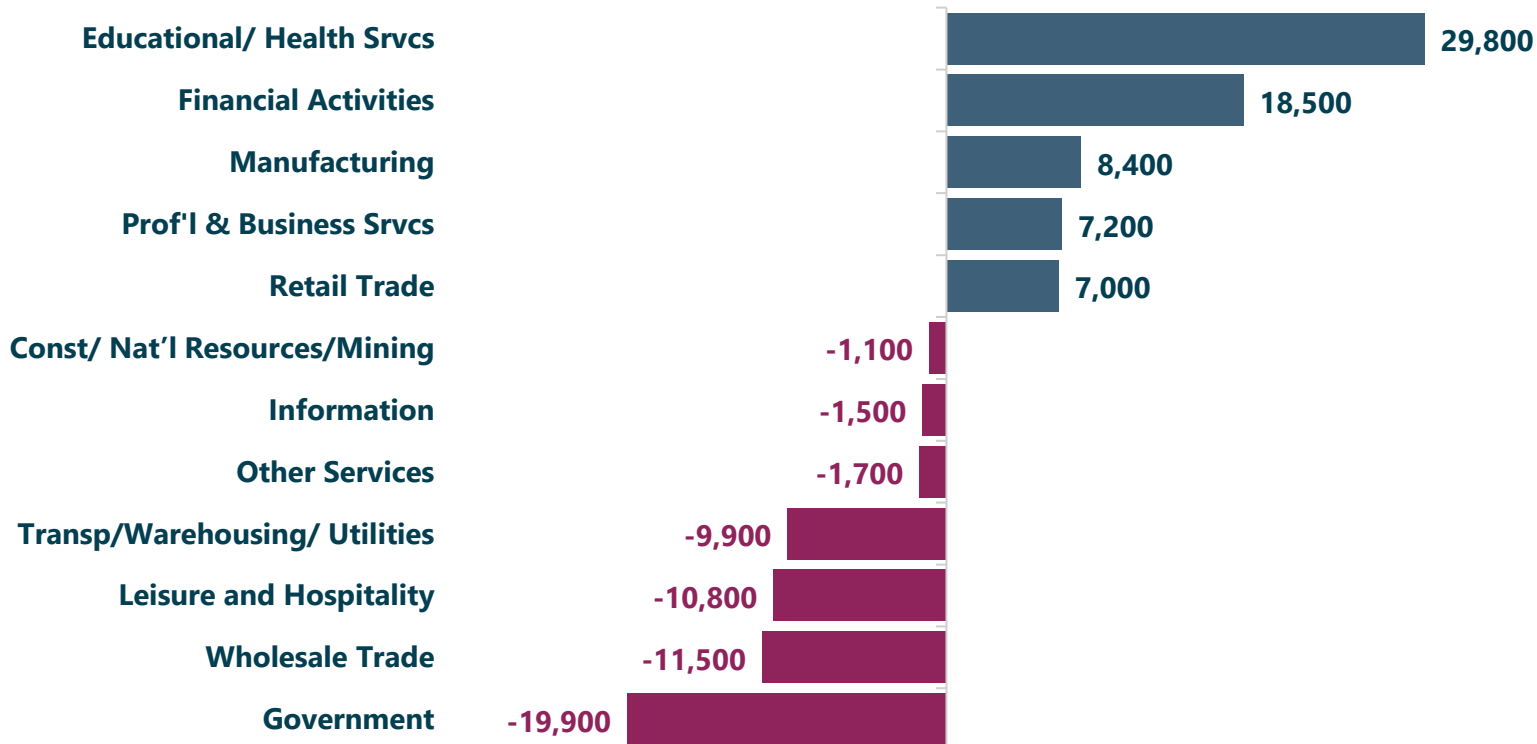
Source: Los Angeles County Economic Development Corporation (LAEDC) Economic Outlook

- Largest county economy in the U.S., Los Angeles County remains a critical economic hub for the SCAG region and the rest of CA.
- Outlook mixed but encouraging with inflation easing. Economic resilience will depend on addressing the county’s structural challenges while leveraging its unique assets.
- Job growth concentrated in a few sectors, including healthcare, tourism related industries, education, and trade and logistics.
- Unemployment slightly above pre-pandemic lows.

Los Angeles County Continues its Recovery from Pandemic-Related Disruptions

LAEDC Employment Forecast: Los Angeles County

Change in Payroll Jobs from 2023 to 2026



Source: Los Angeles County Economic Development Corporation (LAEDC) Employment Forecast

- The individual poverty rate of 13.7% remains the second highest in the SCAG region, underscoring persistent economic inequality.
- Housing affordability remains challenging. CAR's conventional housing affordability index reveals only 14 percent of households in LA County could afford a median-priced home in 2023.
- Continued remote and hybrid work schedules are to blame for continuing office market struggles. Q3 office vacancies reaching 24%, nearly double the pre-pandemic rate, but leasing activity starting to increase.



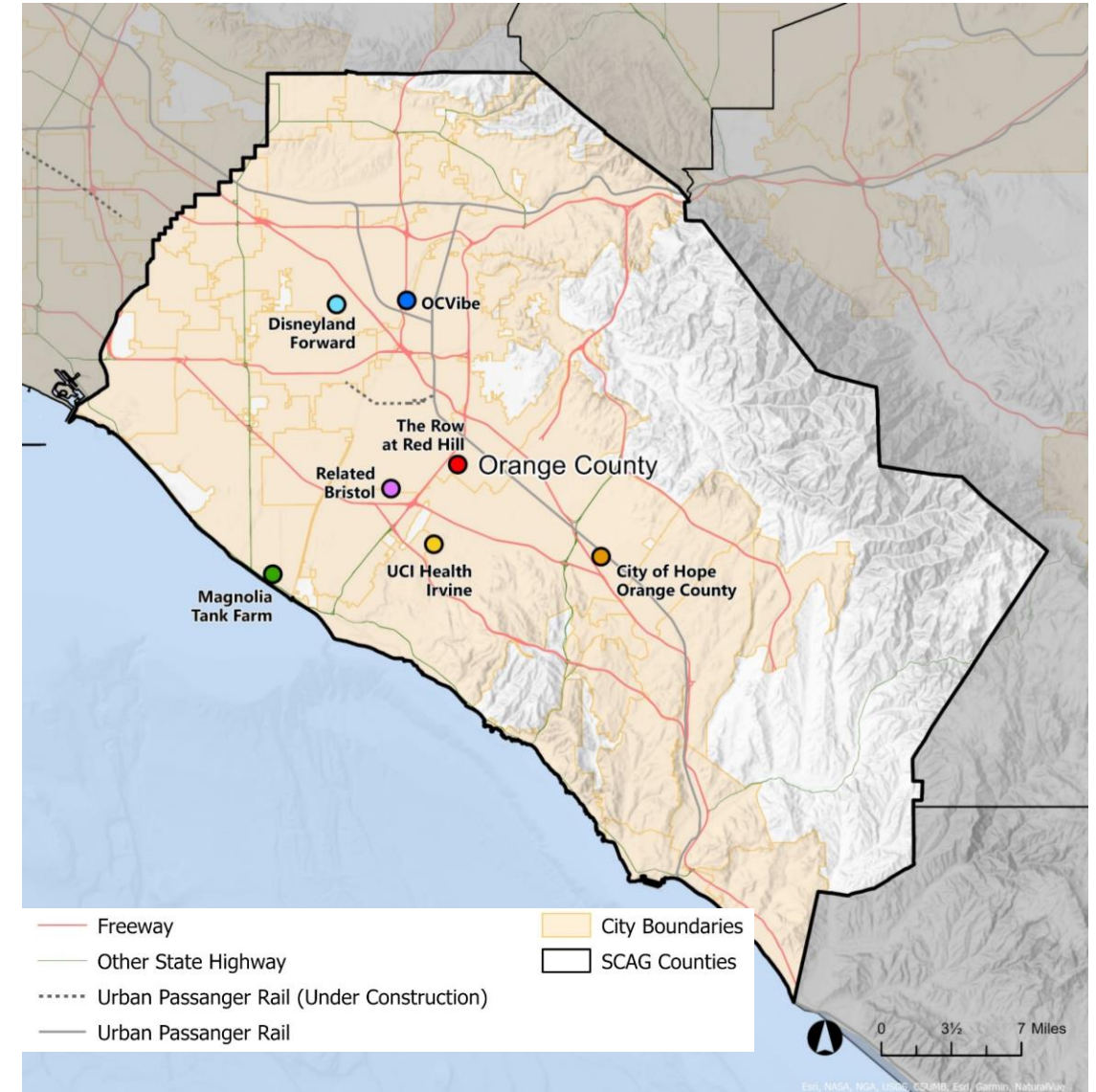
Orange County

Wallace Walrod, Ph.D.

Chief Economic Advisor, Orange County Business Council

Orange County Remains an Economic Heavyweight in Southern California, but Continues to Face Challenges

- Orange County has the region's lowest seasonally adjusted unemployment rate, highest median household income, lowest poverty rate, and highest educational attainment.
- Orange County continues to face challenges such as workforce housing supply, affordability, and demographic shifts.
- Major new development projects will drive continued economic prosperity and job growth.





Riverside and San Bernardino Counties

Manfred Keil, Ph.D.

**Chief Economist, Inland Empire Economic Partnership
Professor, Claremont McKenna College**

Robert Kleinhenz, Ph.D.

**Senior Fellow, Inland Empire Economic Partnership
Principal Economist, Kleinhenz Economics**

Labor Market Fundamentals, September 2024*

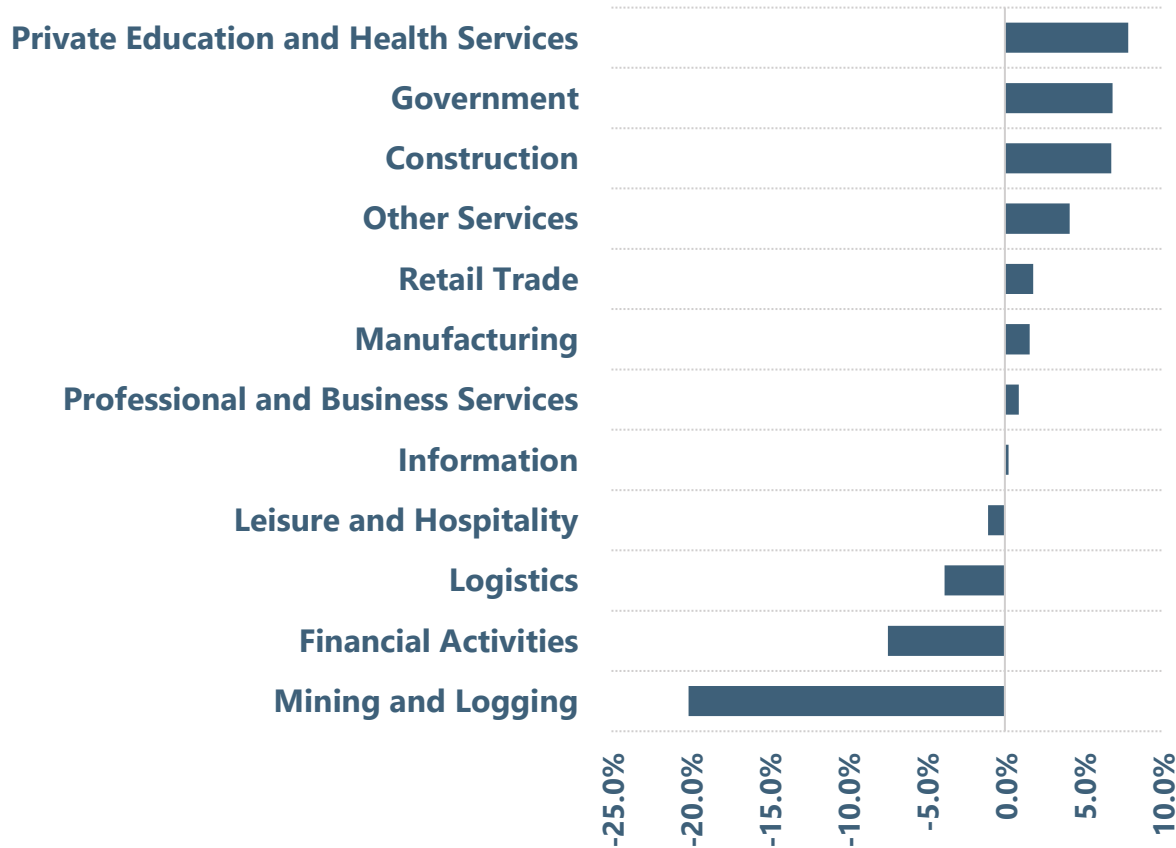
	Regions					
	Riverside County	San Bernardino County	Inland Empire	SCAG	CA	US
Unemployment Rate	5.6%	5.2%	5.3%	5.5%	5.5%	4.0%
YTY % Change in Household Employment	0.1%	0.2%	0.2%	0.6%	0.0%	0.2%
YTY % Change in Labor Force	0.6%	0.5%	0.5%	1.1%	0.5%	0.5%

Source: California Employment Development Department Labor Market Information Division

* Data seasonally adjusted, except for Riverside County and San Bernardino County which are not seasonally adjusted

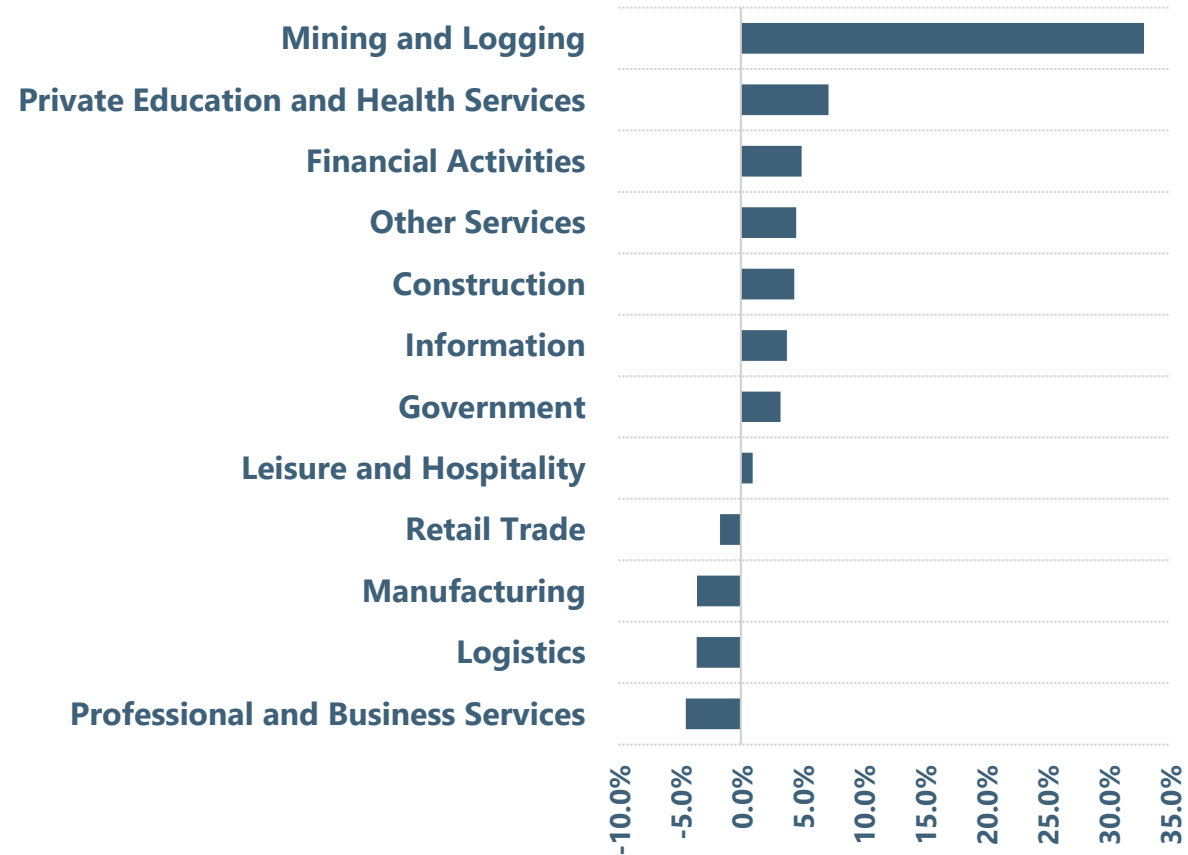
Year-to-Year % Change in Industry Jobs by County, December 2022-23

Riverside County (+2.6%)



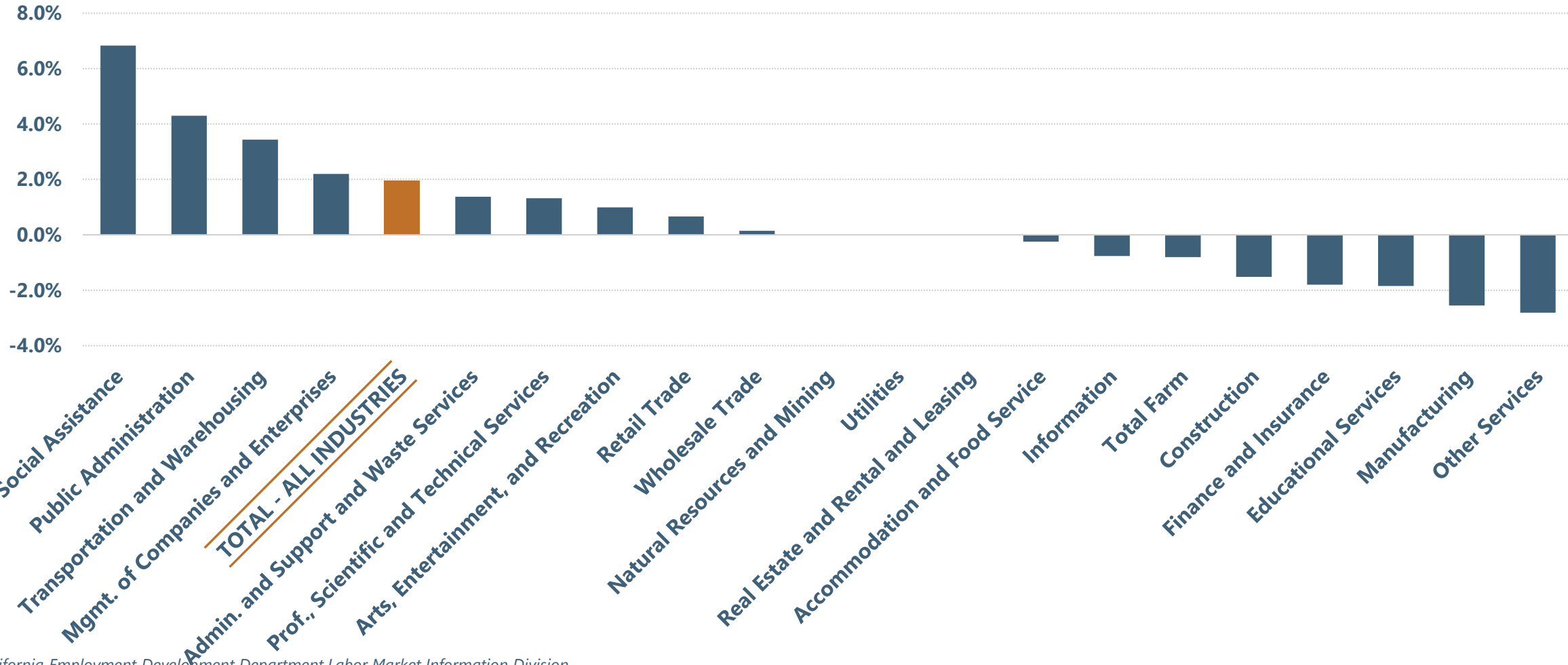
Source: California Employment Development Department Labor Market Information Division

San Bernardino County (+0.9%)



Source: California Employment Development Department Labor Market Information Division

Year-to-Year % Change in Industry Jobs, Inland Empire, September 2022-24



Source: California Employment Development Department Labor Market Information Division



Ventura County

Mark Schniepp, Ph.D.
Director, California Economic Forecast

Ventura County 2024 Highlights

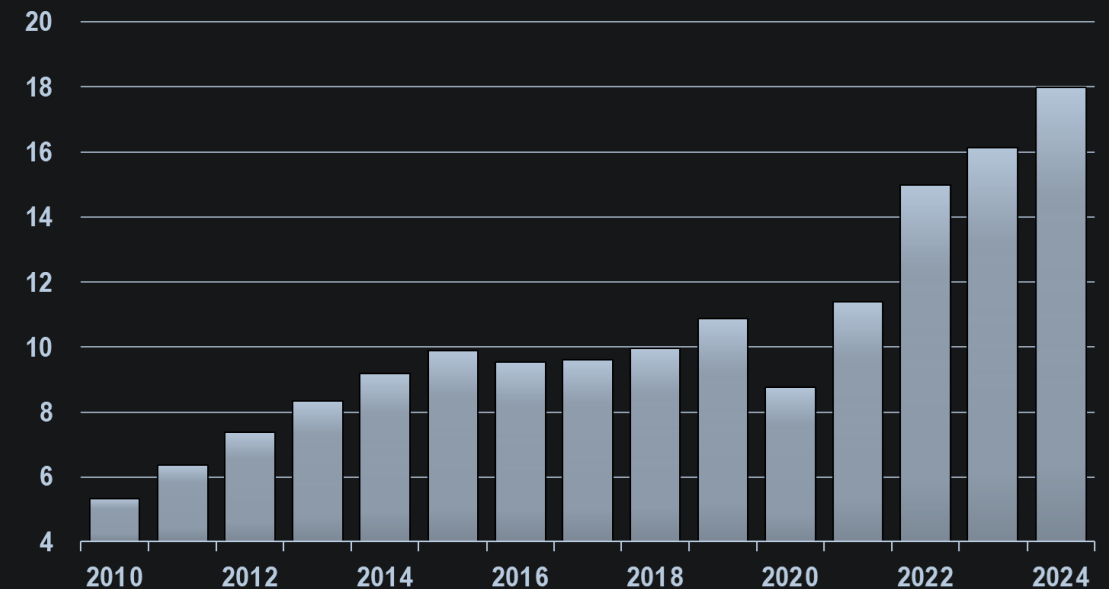
- Job growth on pace to rise 1.2% for the year.
- Unemployment rate still low at 4.8%.
- Cargo value through the Port of Hueneme at record levels.
- Agriculture is a \$2.2 billion industry with strawberries accounting for 33% of total value.
- Population continues to recede. Ventura County has contracted by 26,000 residents since 2017.
- New housing development has recently accelerated.



Total Import / Export Goods Value Port of Hueneme

2010 -- 2024

billions of
dollars



Source: The Port of Hueneme

Ventura County 2025 Outlook

- The lack of new business growth will limit the extent of job creation in 2025.
- The lack of diverse job opportunities will remain an issue.
- High housing costs, coupled with limited job opportunities, are primary factors driving population out-migration.
- Trade and new development will remain the principal engines of growth.





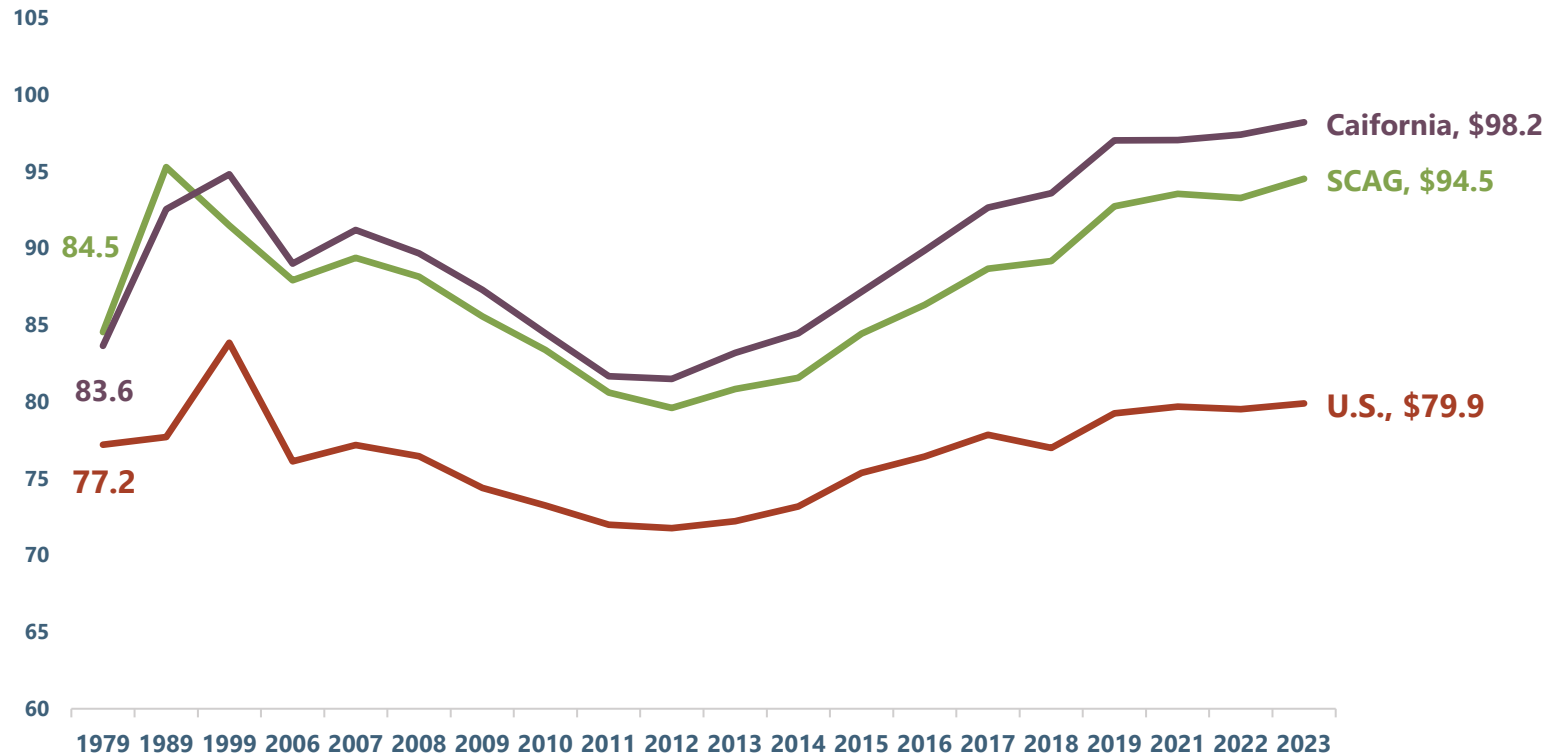
Sustainability: Sleepless Nights for California Dreamers?

David Roland-Holst, Ph.D.
Research Professor, University of California, Berkeley, and
Managing Director, Berkeley Economic Advising and Research

Five Salient Economic Issues in California

Real Median Household Income Since 1979: SCAG, CA, US

Thousands of 2024 dollars



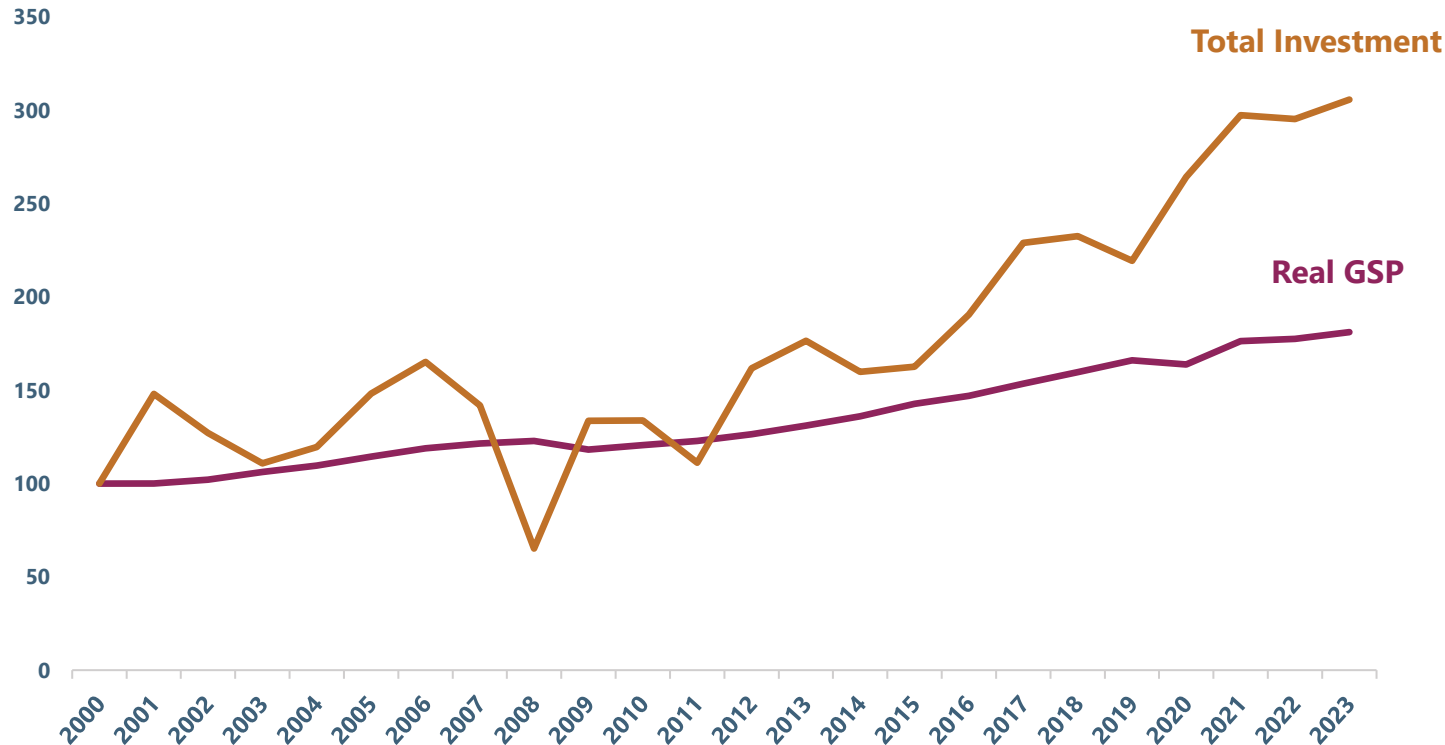
Source: Decennial Census through Social Explorer; American Community Survey 1-year estimates

1. The U.S. economy is proving resilient right now, but has California kept up?
2. Sure, California is a dynamic economy, but who is really benefiting from this growth?

Five Salient Economic Issues in California

Real Gross State Product (GSP) and Total Investment in California

Indexed to 100 in 2000



Sources: California Department of Finance; US Bureau of Economic Analysis

3. There has been a lot of media attention on companies relocating from California. Are we no longer competitive?
4. Our population growth has slowed and there is a lot of talk about people leaving. Will this reverse our economic progress?
5. Will California be affordable for me and my children?



Equity in Regional Resilience: California's Wildfires

Beth Tamayose, Ph.D.

Research Director, University of California, Riverside School of Public Policy

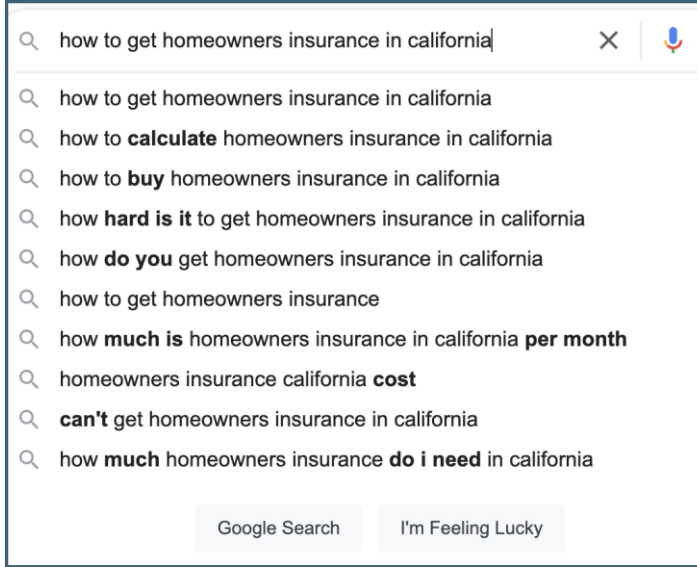
What Can Wildfires Tell Us About Regional Equity?

WHERE



WHERE are we building housing?

WHY



WHY can't we get insurance to prepare for the unexpected?

WHOM



WHOM are we building for?



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