

THE 2020 LAEDC ECONOMIC FORECAST

LOS ANGELES COUNTY



**THE 2020
LAEDC
ECONOMIC
FORECAST**

AN ECONOMIC OUTLOOK
FOR SOUTHERN CALIFORNIA

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KEY FINDINGS BULLETIN

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U.S.

The **United States** economy is expected to grow through 2020 at 1.9% real GDP and even into 2021 at 1.7% with continued real wage gains and muted inflation.

The thawing of relations between the U.S. and China at the beginning of 2020 and the ratification of the USMCA gives the potential for higher growth in the latter half of the year.

Consumer sentiment remains high and the stock markets buoyant despite a slowing in business investment and contractionary activity among manufacturers.

CA

Unlike the recent past when **California** exceeded national growth, we expect California to see GDP growth roughly in line with the national average at 2.0% in 2020 and slower in 2021 at 1.6%.

Normalization of trade relations with China, but especially Mexico and Canada, California's largest export markets, will be net benefits for the world's fifth-largest economy.

Chronic housing affordability problems and net outmigration will be longer-term drags on the state's prospects for growth without significant policy action.

Construction, logistics, health, education and tourism will be the primary job creators in the new year.

KEY FINDINGS

SOCAL

In aggregate, the 10-county **Southern California** region is expected to be slightly behind the state and nation in GDP growth through 2021 at an annual rate of roughly 1.8%.

As with other California regions, affordability and net migration inland present ongoing challenges to growth in the efficient movement of people and goods.

Regional per capita income growth is expected to continue to outpace the nation and the state, likely motivated by strong employment in the construction, logistics, professional services and health industries.

Long term regional investments in transportation such as the Southern California Optimized Rail Expansion will offer opportunities to improve regional growth through greater labor market connectivity.

L.A. COUNTY

As the largest county in Southern California, **Los Angeles County**'s growth is reflective of the rest of the 10-county region. That is positive, but slightly behind the state and nation at 1.8% in 2020 and a slower 1.6% in 2021.

Employment and real per capita income growth are forecast to continue through 2021. However, housing costs and population loss, which started in 2018, must be addressed to ensure future economic vitality.

Stronger productivity gains in manufacturing compared to services implies technology and automation as potential motivators for growth.

Strong county-level emphasis on workforce preparedness will serve to mitigate labor force displacement.

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