

2020 LAEDC
ECONOMIC FORECAST

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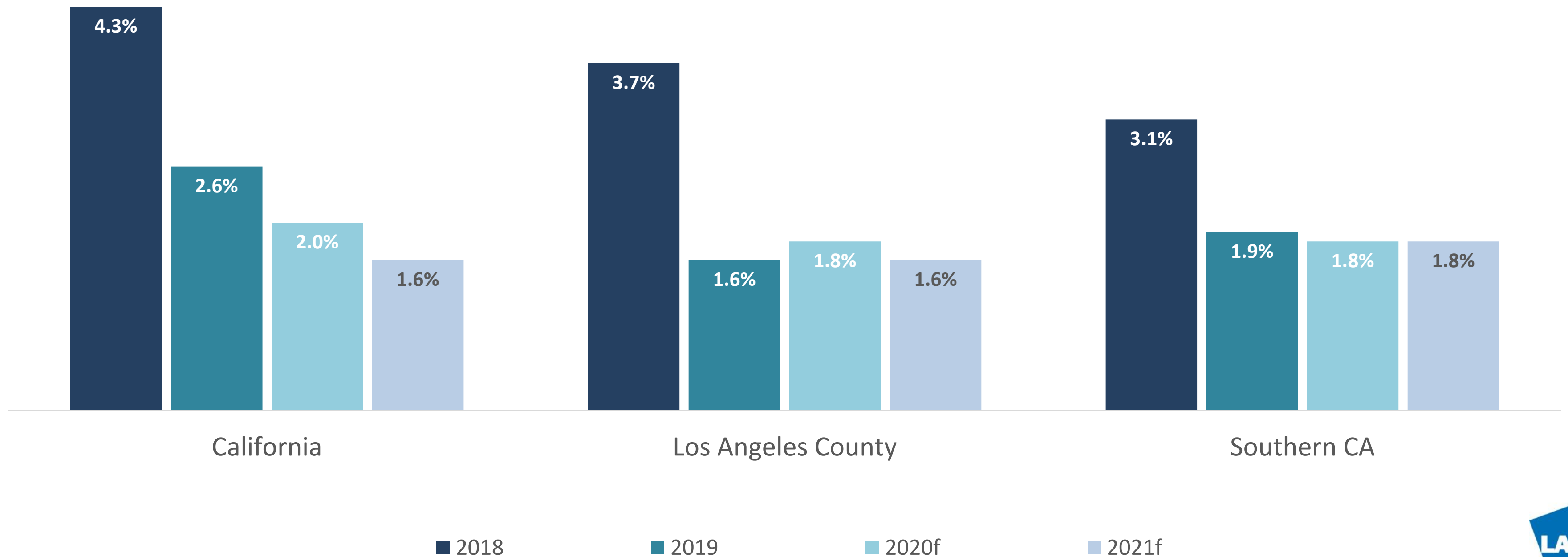
Shannon Sedgwick

Top-line 2020 Forecast
California, Southern CA & LA County

Economic Growth in California

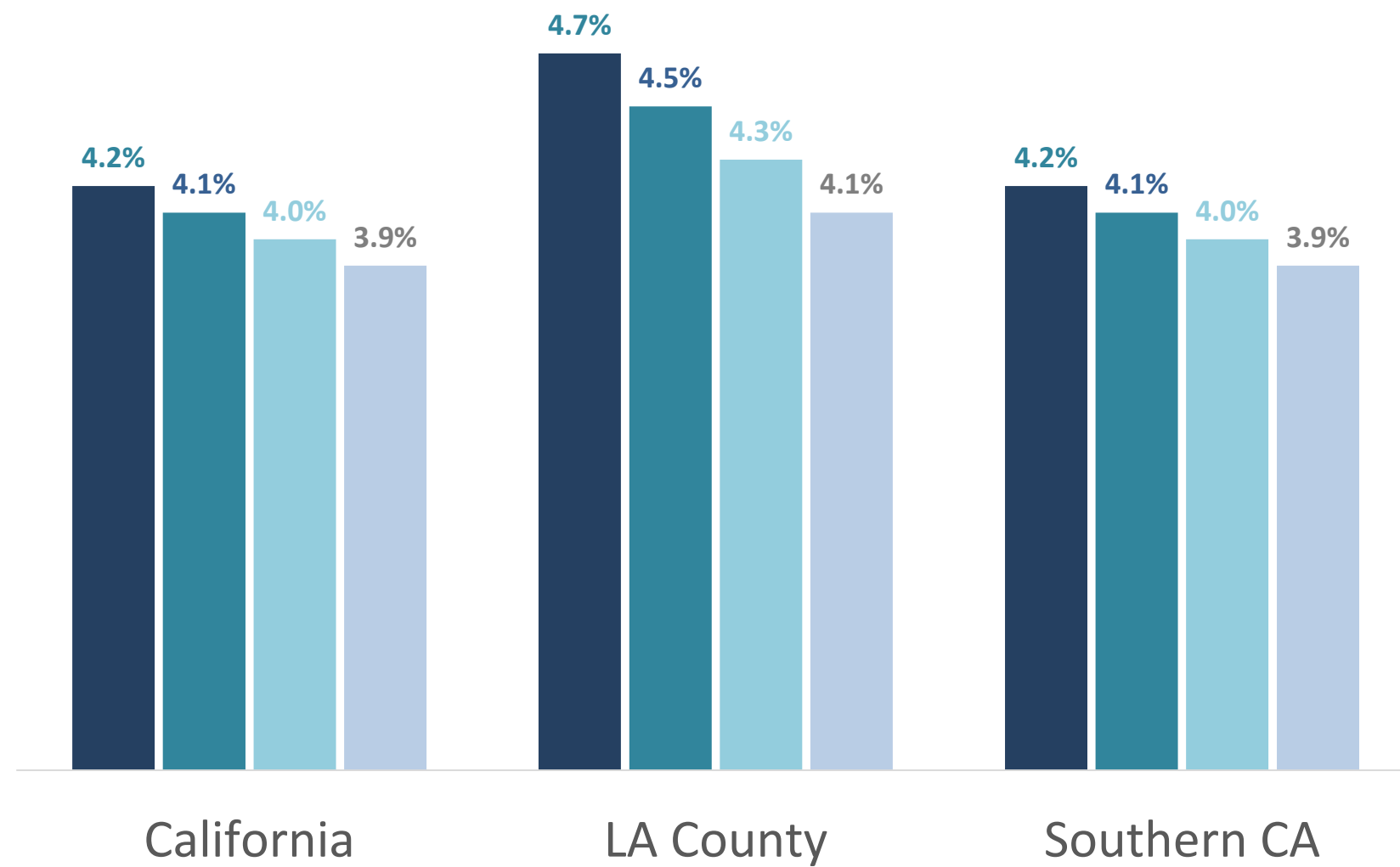
Slower, yet Continued Growth

Real GDP Growth Forecast

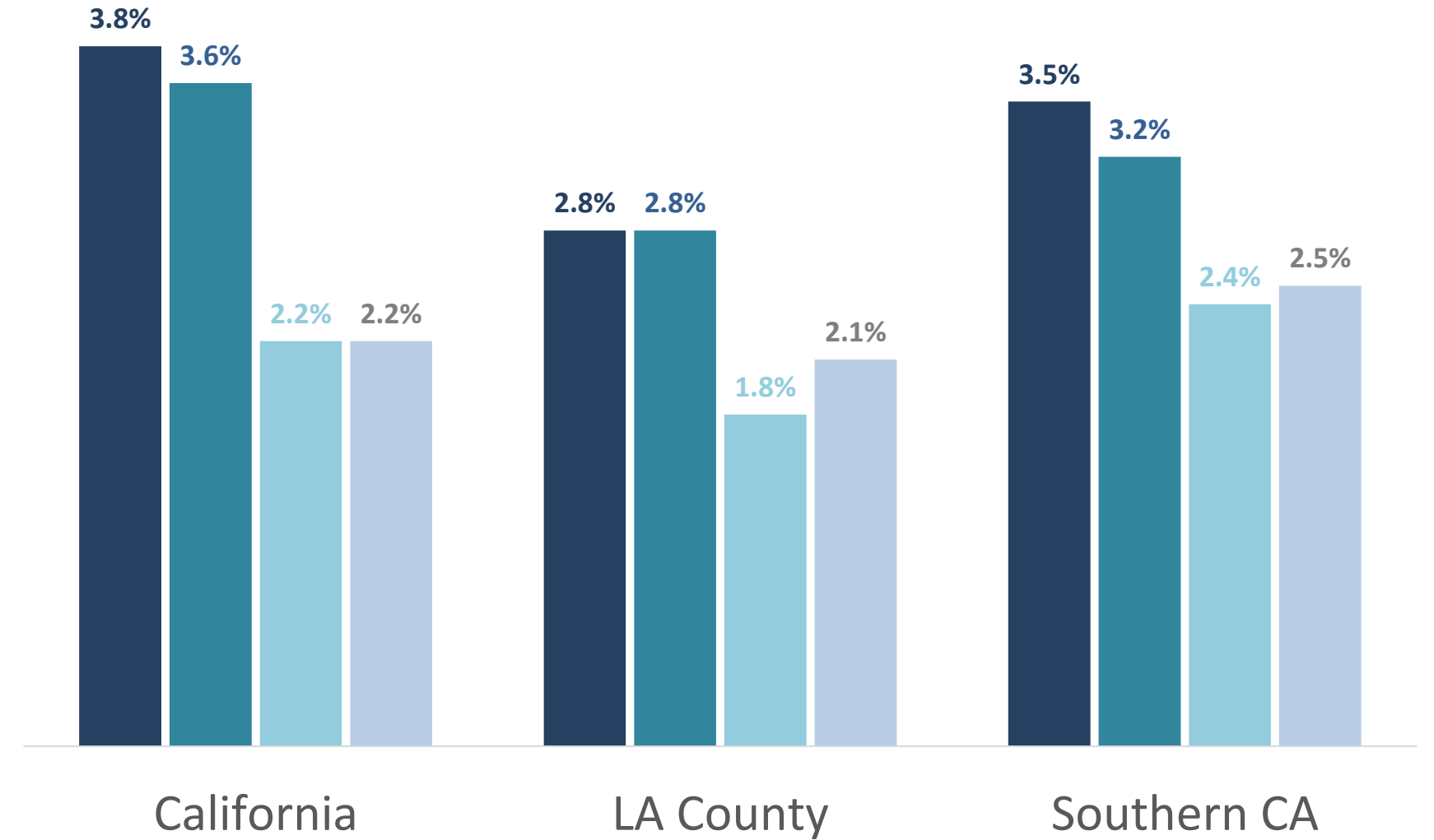


The Labor Market will be Eliminating the Last of its Slack

Unemployment Rate



Real Personal Income Growth



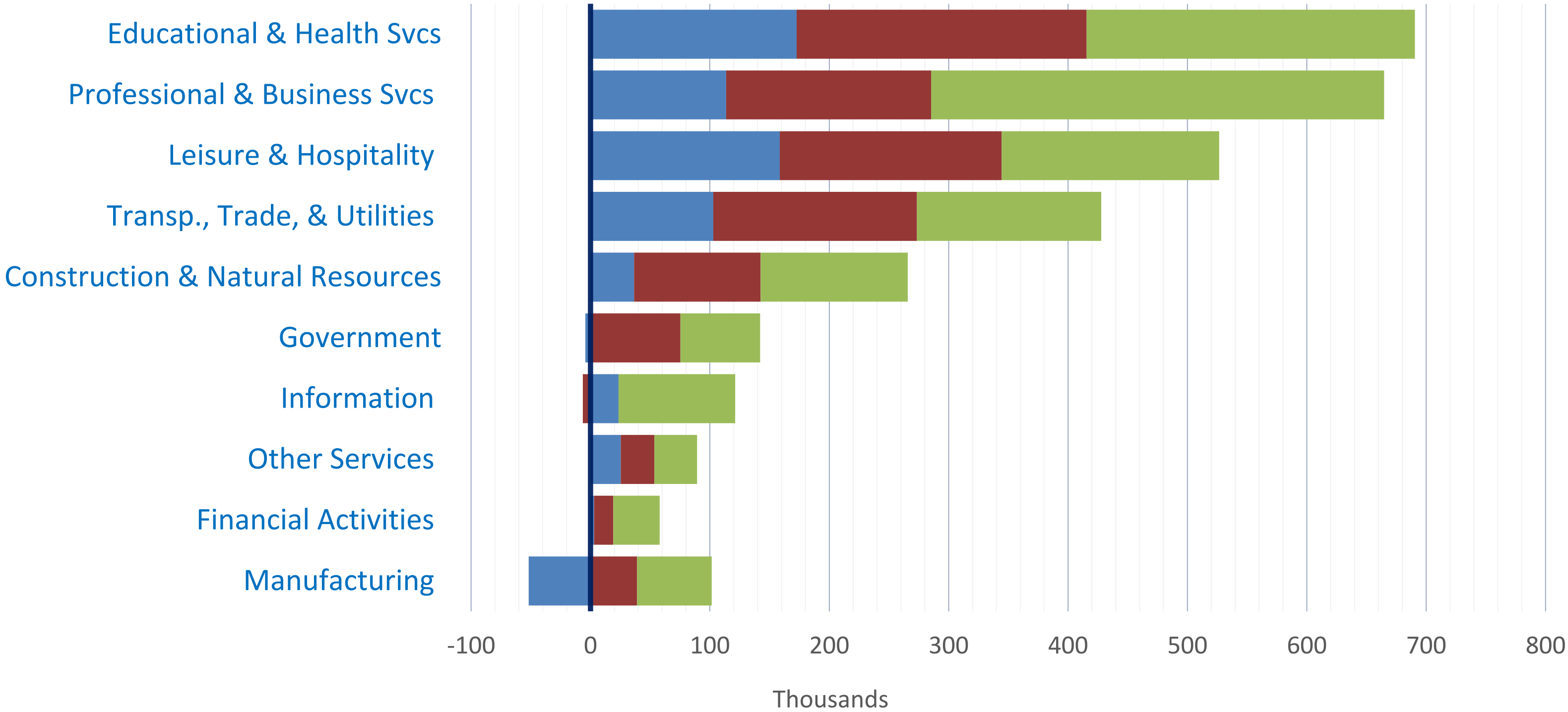
■ 2018 ■ 2019 ■ 2020f ■ 2021f

■ 2018 ■ 2019 ■ 2020f ■ 2021f



California Historical Employment Growth

10 Year Employment Change



■ Los Angeles

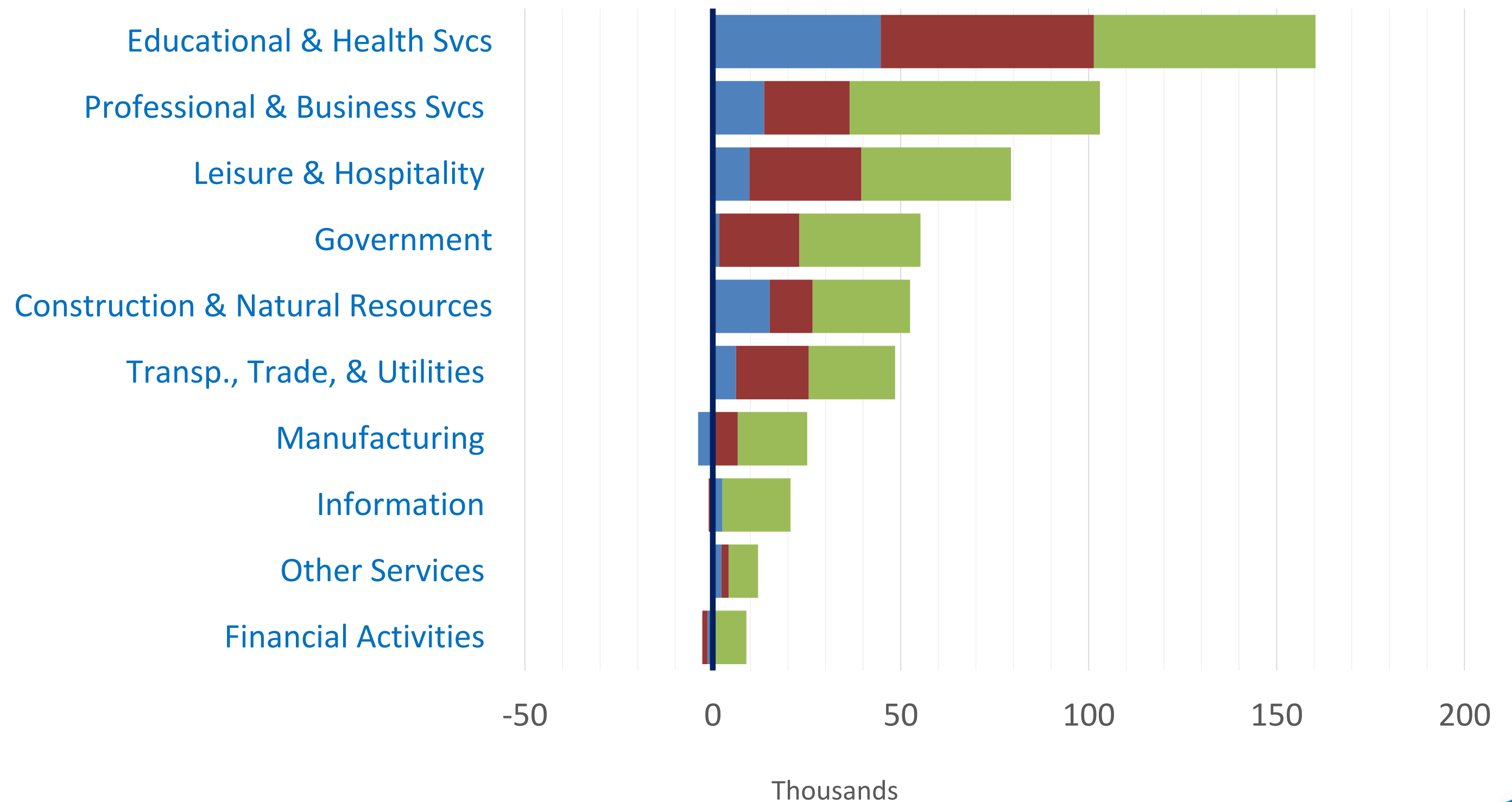
■ Other Southern CA

■ Rest of California



California Employment Forecast

2 Year Employment Forecast



■ Los Angeles

■ Other Southern CA

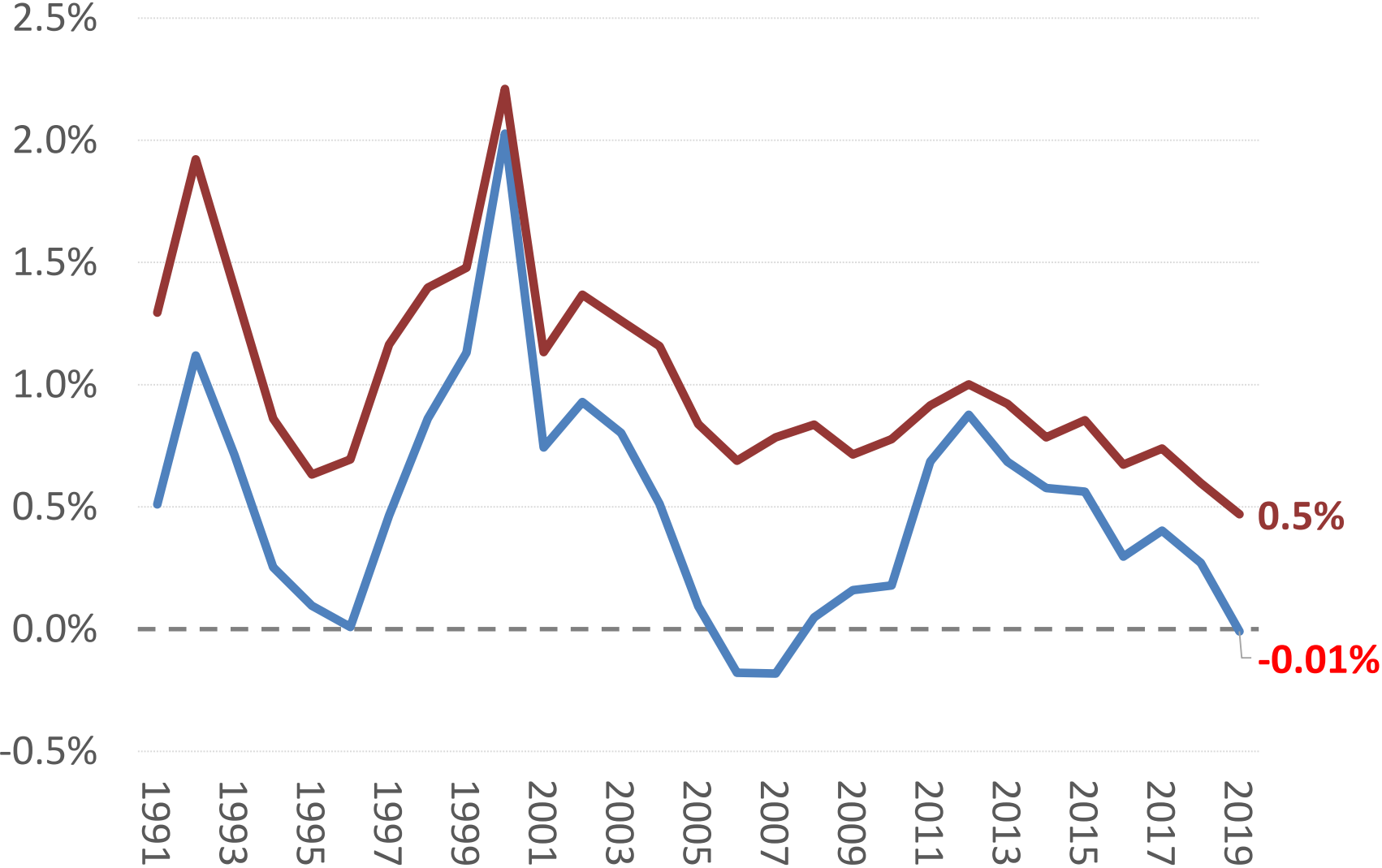
■ Rest of CA



Barrier to Growth: Demographic Headwinds

Population Trends

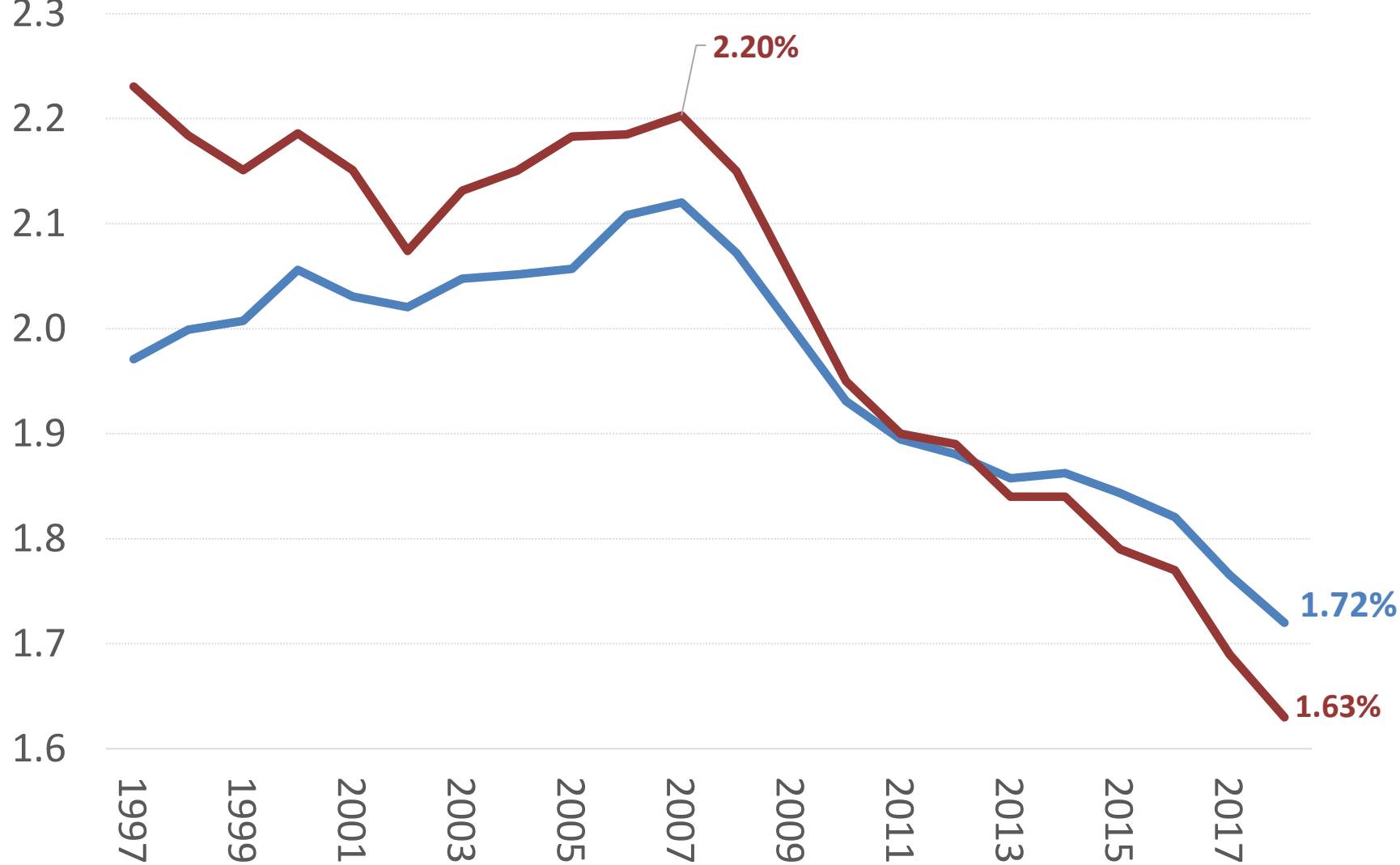
Year-over-Year % Change In Population



— Los Angeles — California

Low Fertility

Total Fertility Rate



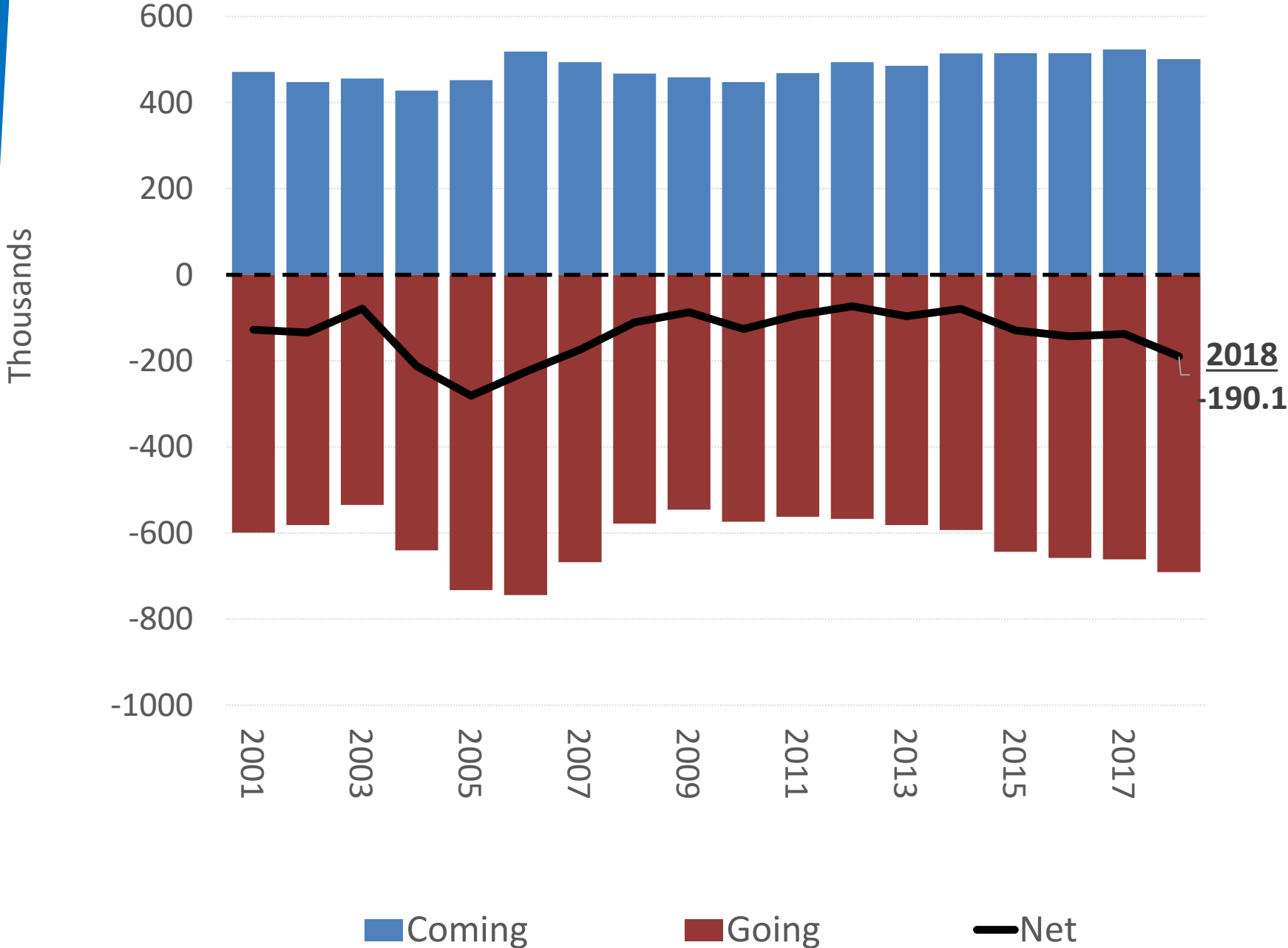
— United States — California



Barrier to Growth: Demographic Headwinds

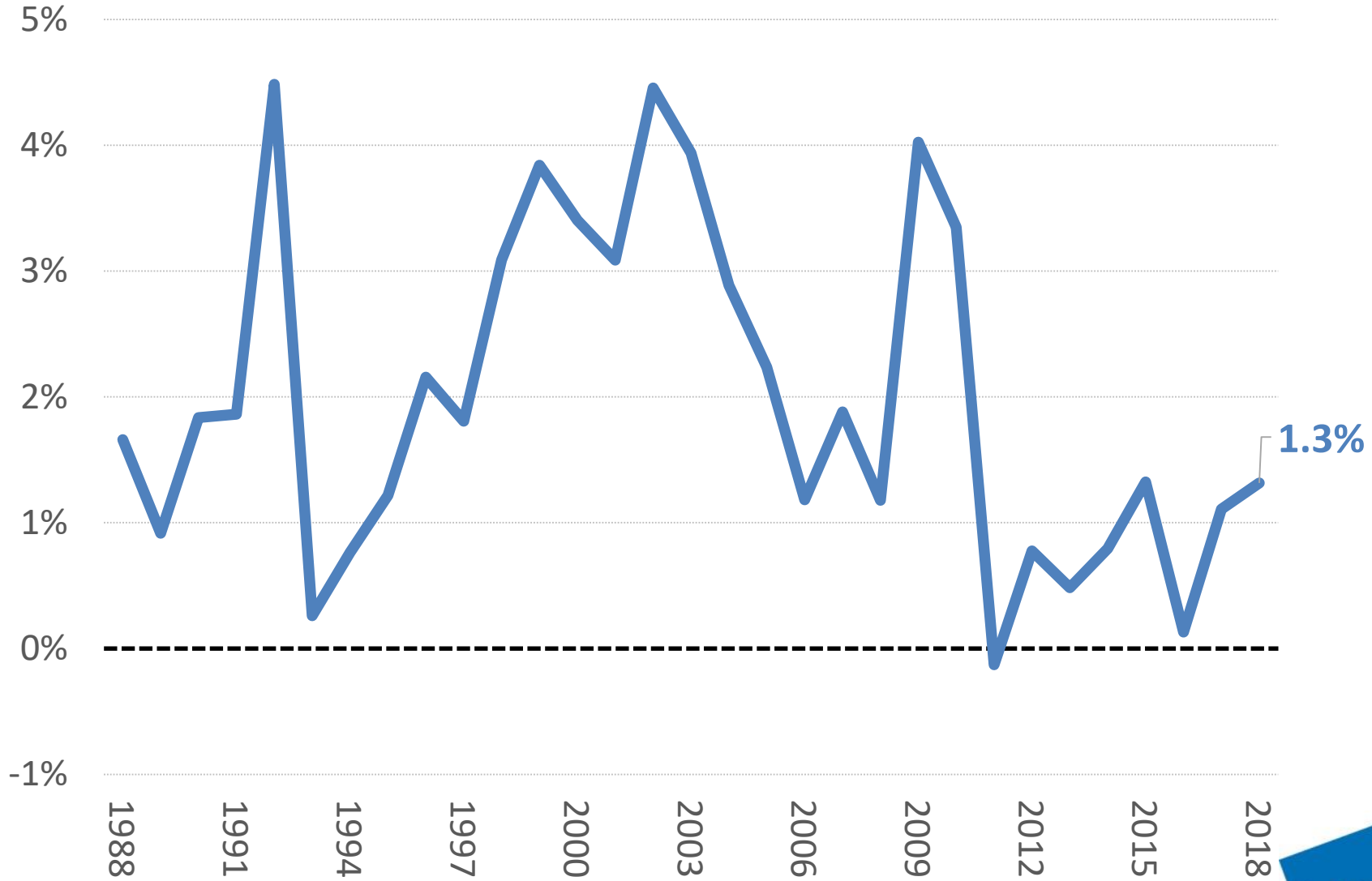
Outmigration

California Domestic Migration



Low Labor Force Productivity

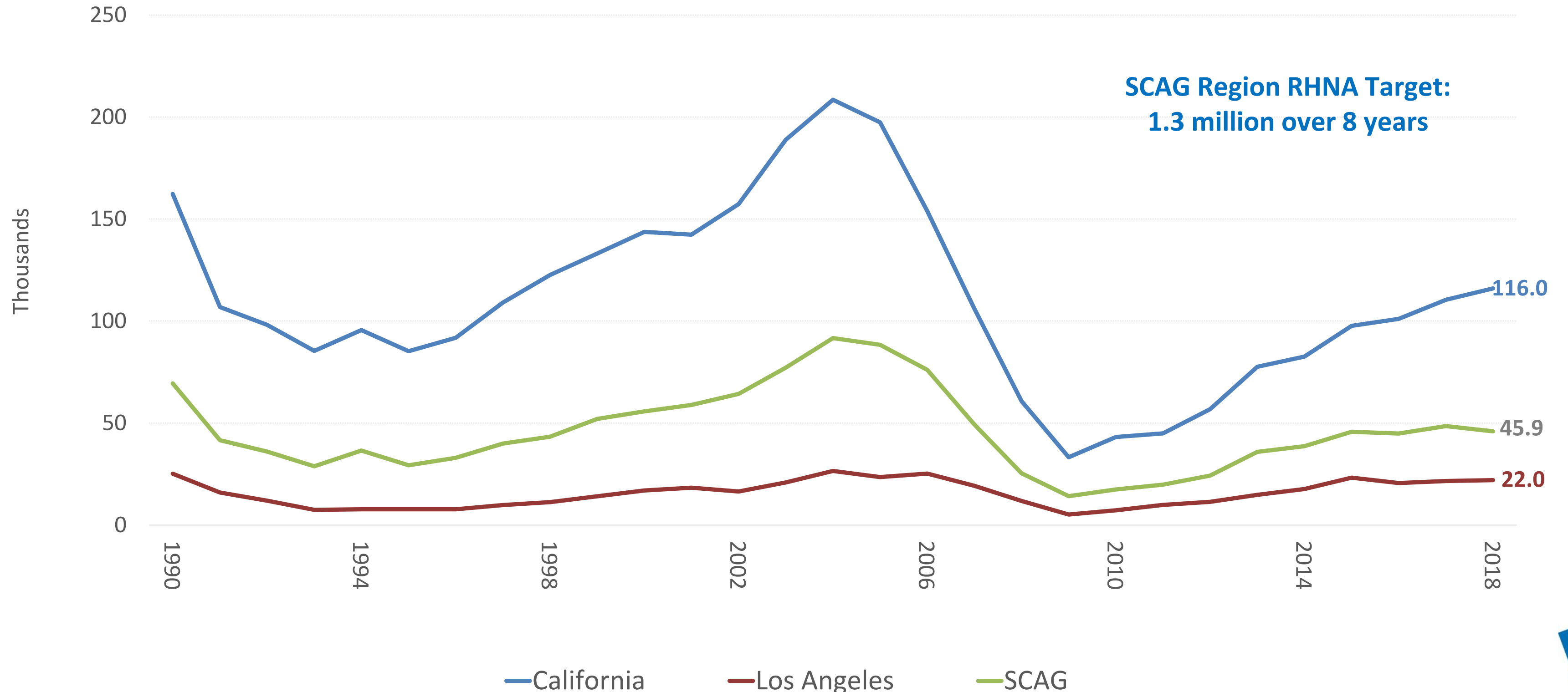
U.S. Labor Force Productivity % Growth (Year-Over-Year)



Barrier to Growth: The Housing Crisis

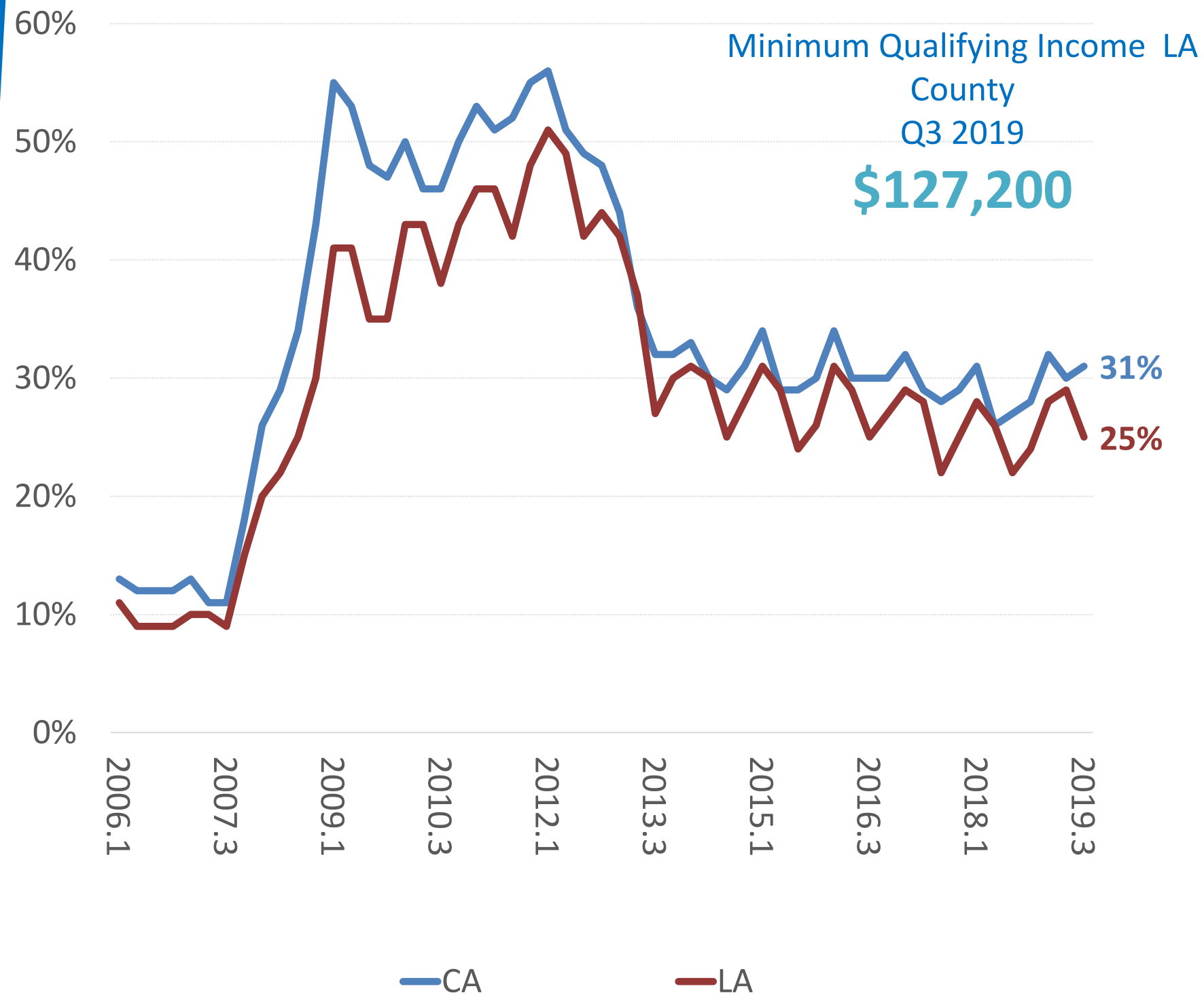
Housing Undersupply

Total Housing Permits Issued

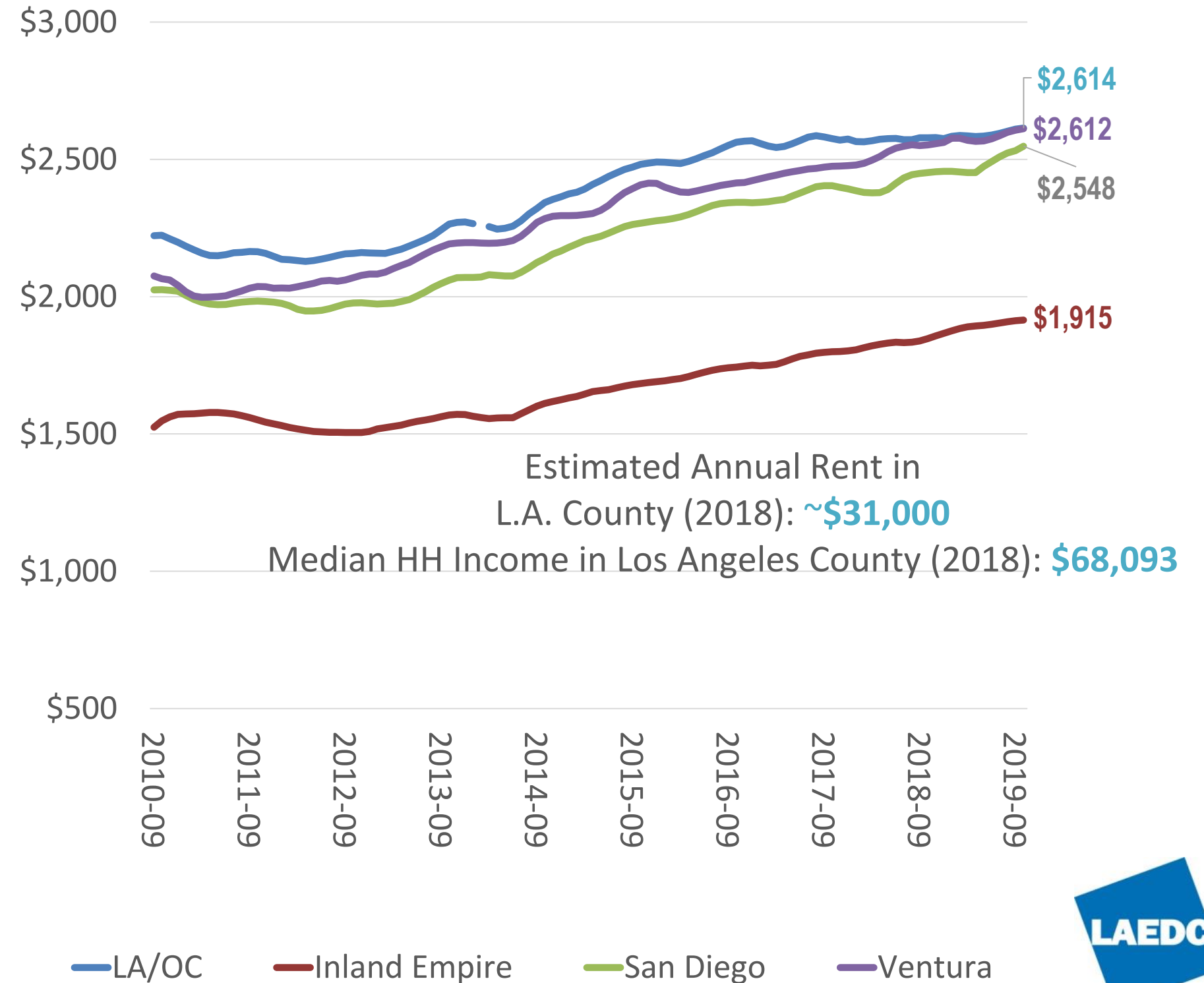


Barrier to Growth: The Housing Crisis

Housing Affordability, Traditional (HAI)



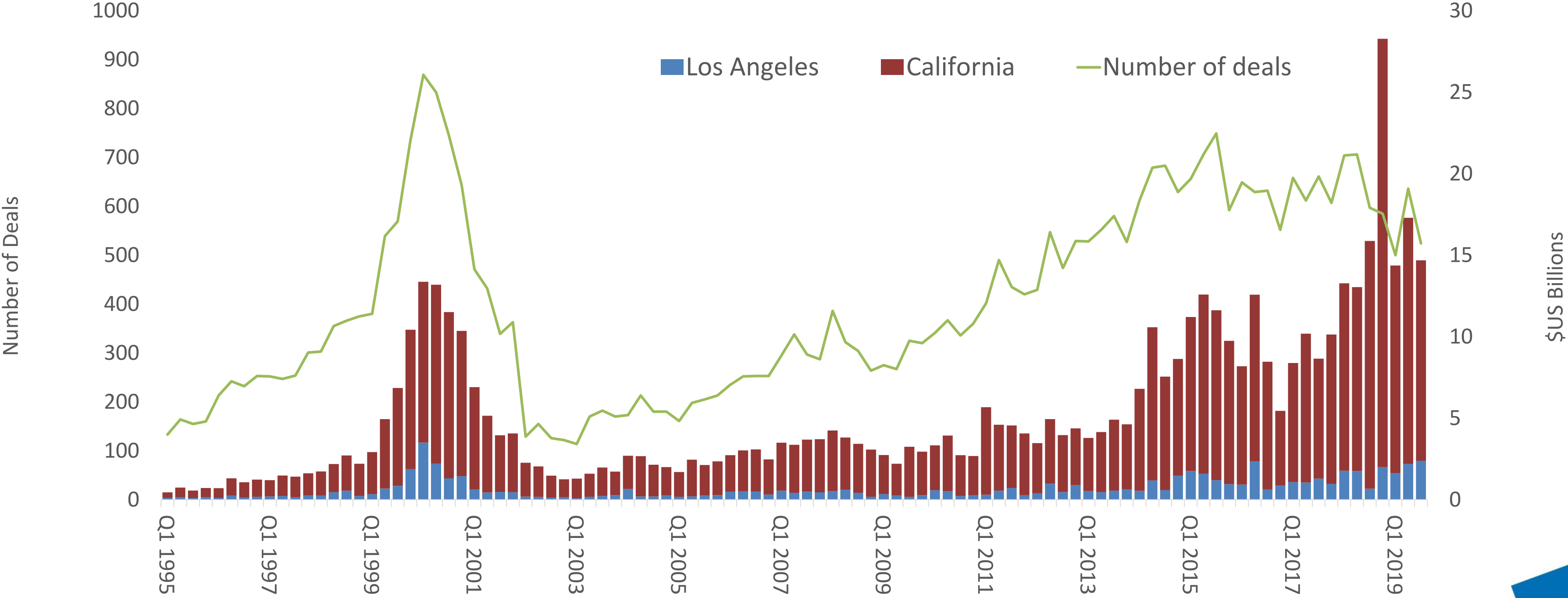
SoCal Apartment Rents



Upside Economic Potential

California Venture Capital Investment

Venture Capital Investment

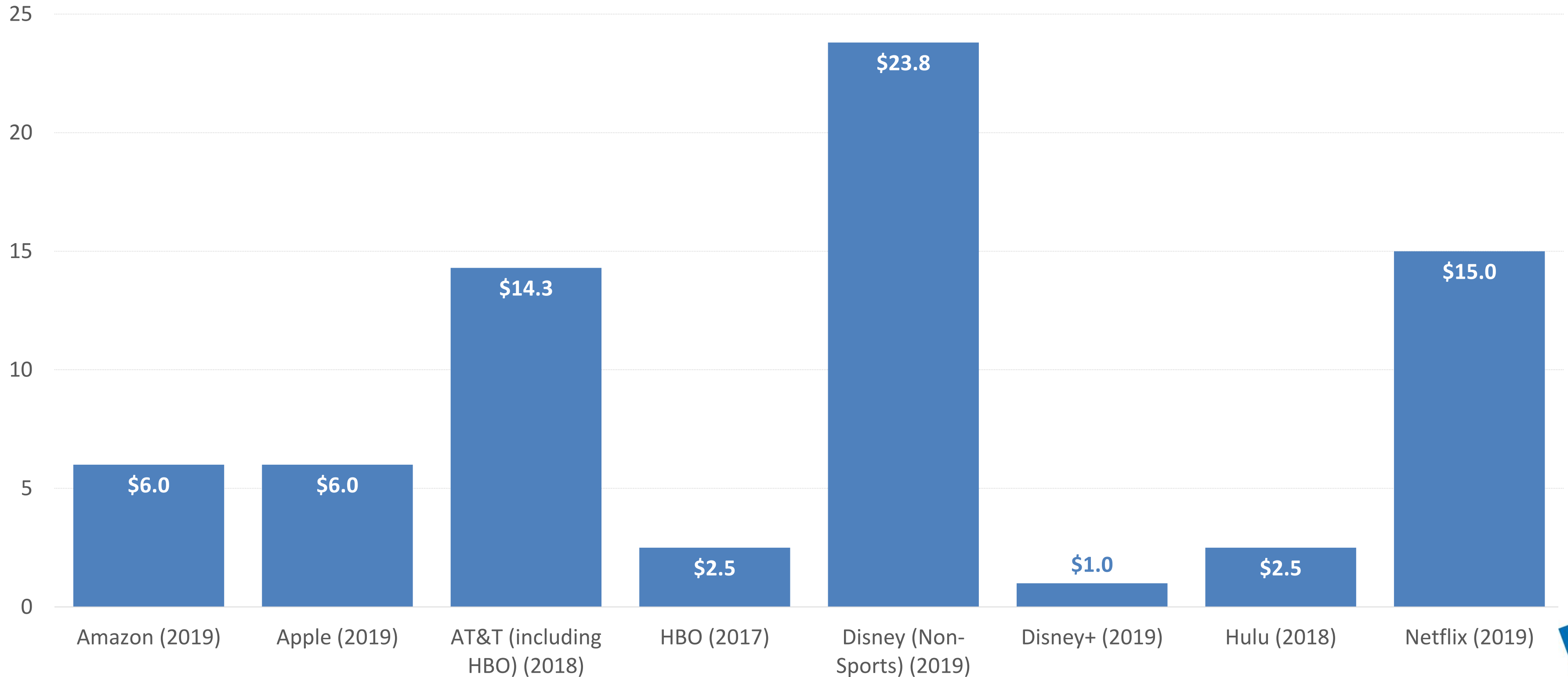


Source: PwC



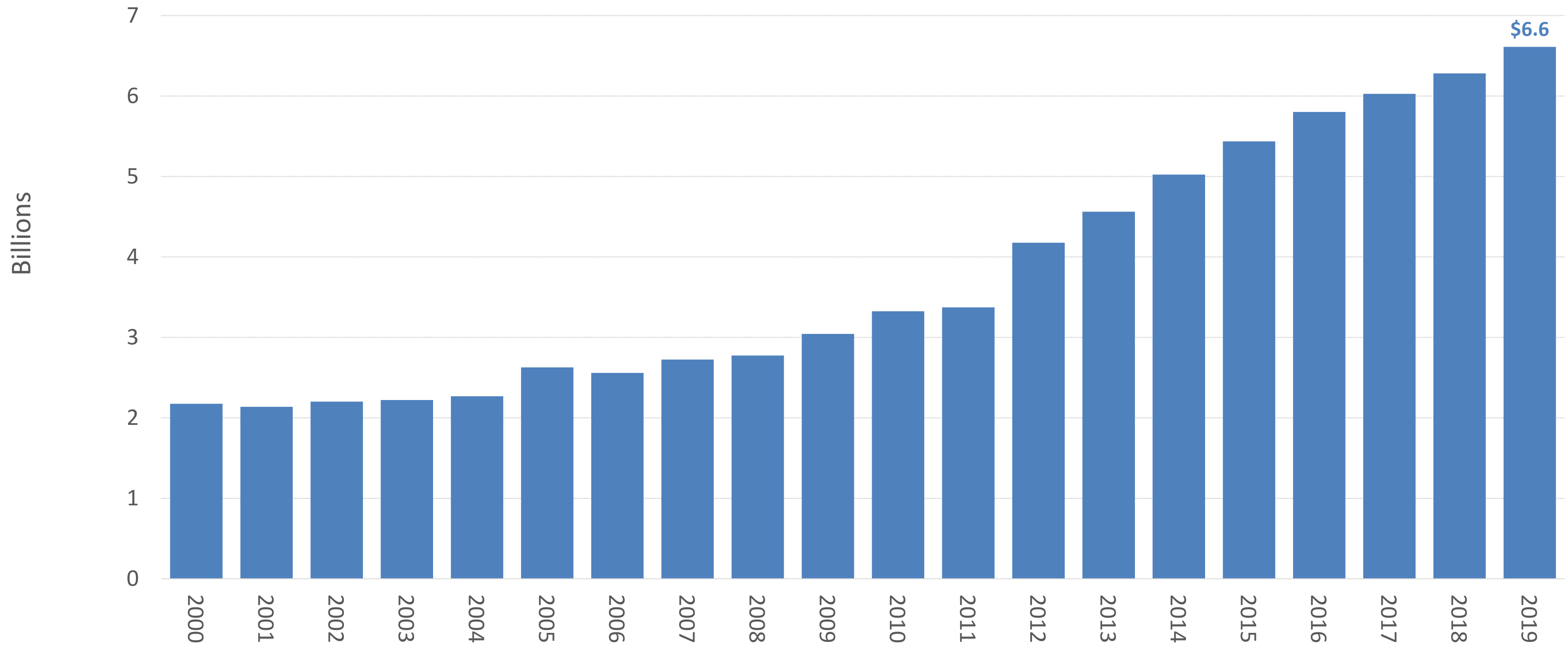
Upside Economic Potential Streaming Content Investment

Content Investment (\$billions)



Upside Economic Potential Regional Transit Expansion

LA Metro Budget



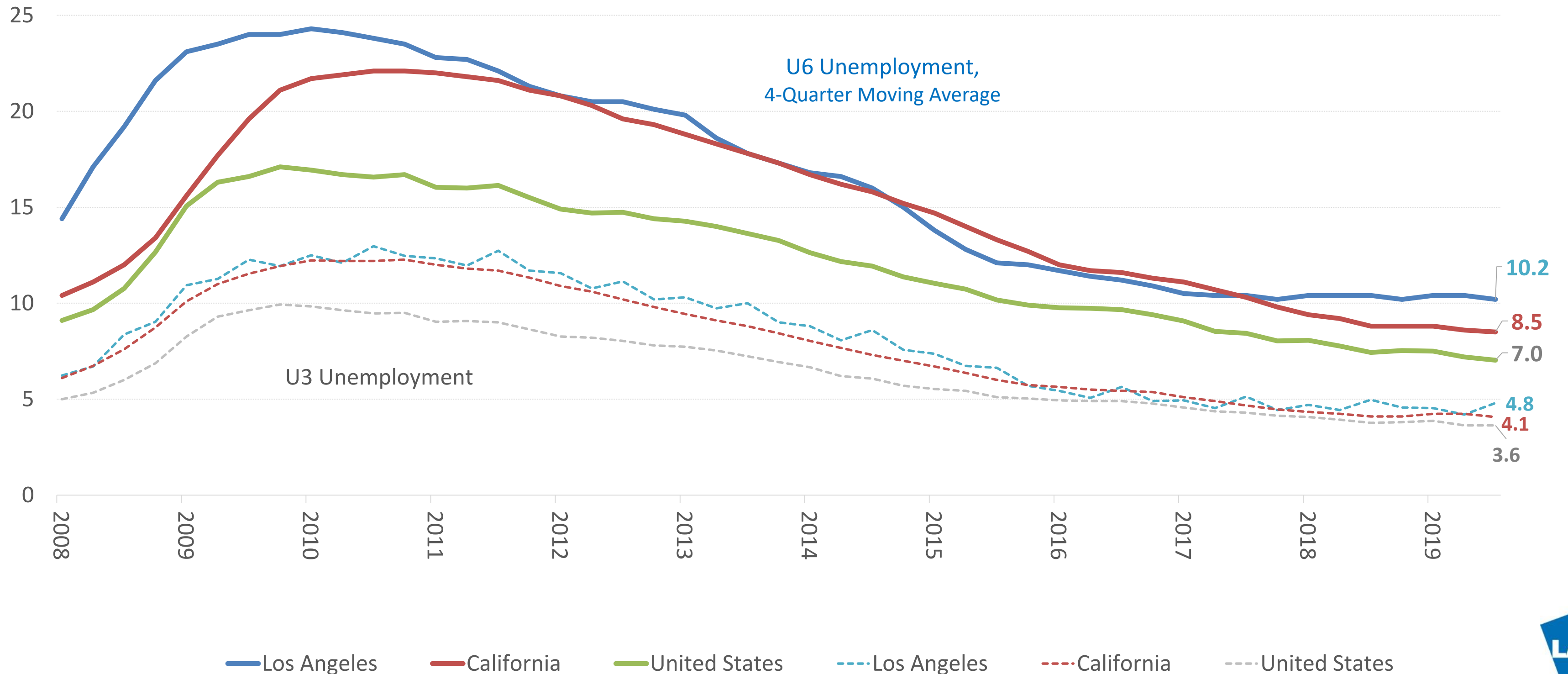
Conclusions from the 2020 LAEDC Forecast

- Still more slack in the labor market, particularly in Los Angeles County
- Low to moderate but sustained economic growth in the near term
- Employment expansion, particularly in health care
- Barriers To Growth:
 - Demographic Headwinds
 - Housing Crisis
- Potential for Greater Growth:
 - Business investment, particularly in the digital and traditional media ecosystem
 - Transit expansion, both direct fiscal stimulus and helping to connect labor market

The Other Los Angeles

The Labor Market Isn't as Tight as You Think

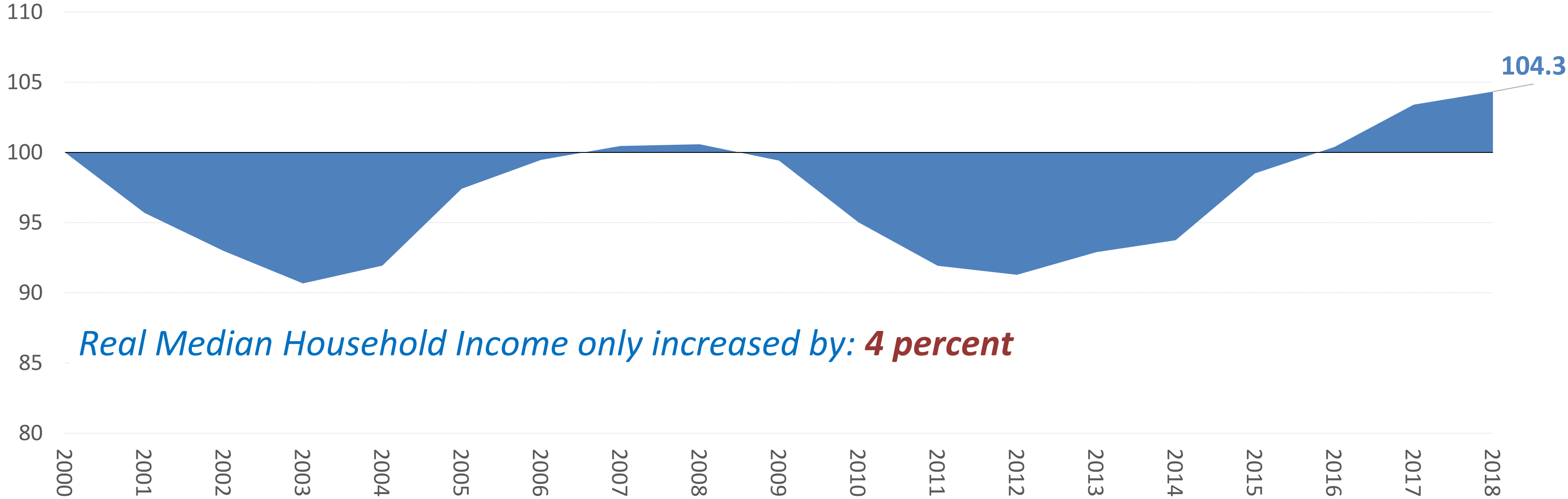
Unemployment Rates: Including Underemployed and Detached Workers



Household Income Has Seen Little Growth

Indexed Growth from 2000 to 2018

Los Angeles County (2000=100)



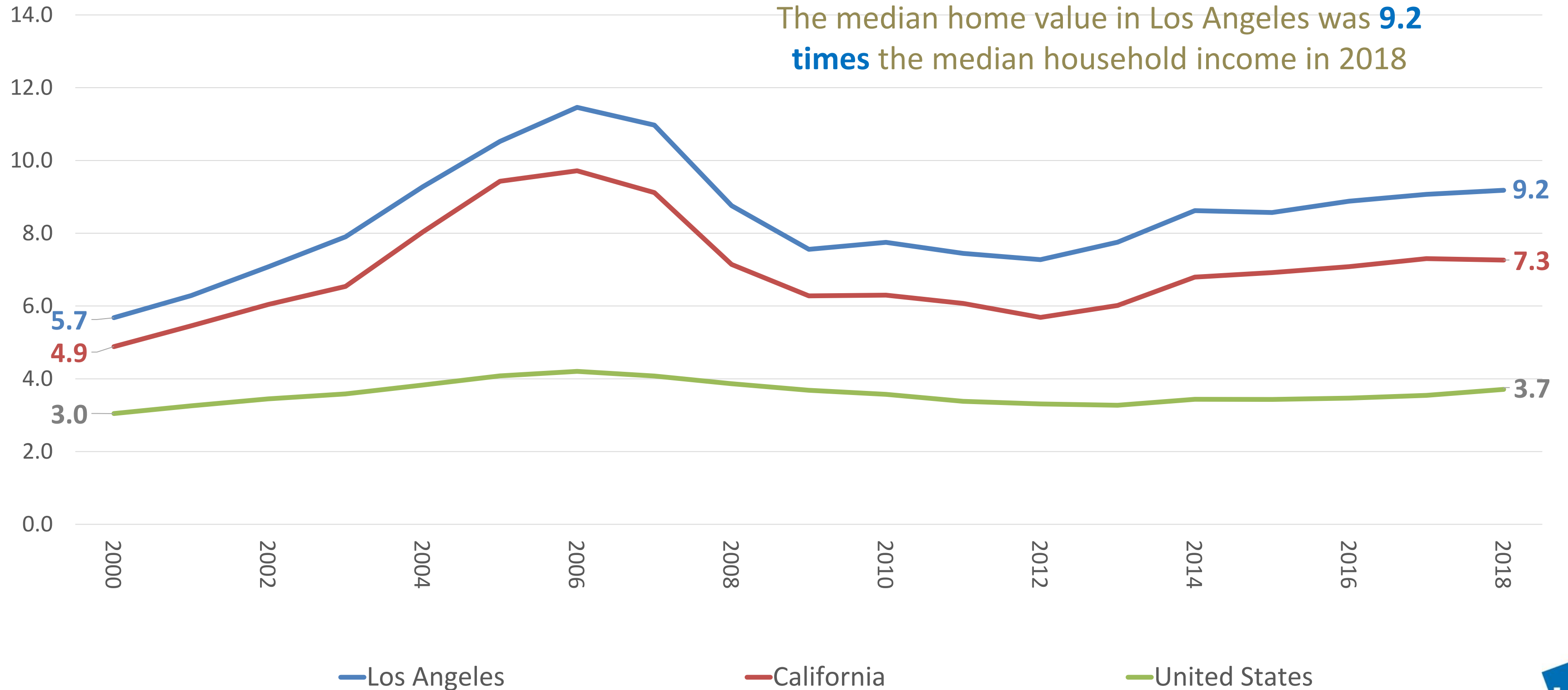
*Real Median Household Income only increased by: **4 percent***

■ Median Household Income (\$2000)



Home Prices Far Exceed Household Incomes

Median Home Price to Median Household Income Ratio

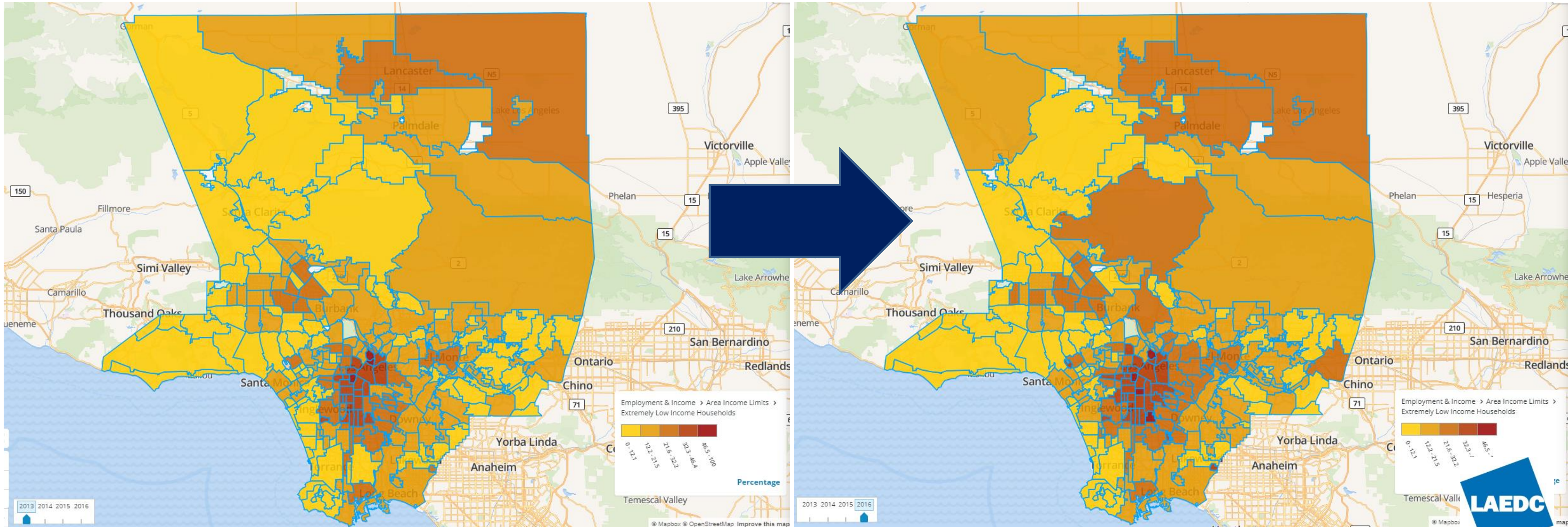


Extremely Low Income Households Increasing

Percent of households whose incomes do not exceed 30% of the median family income

In 2013: **18.3%**

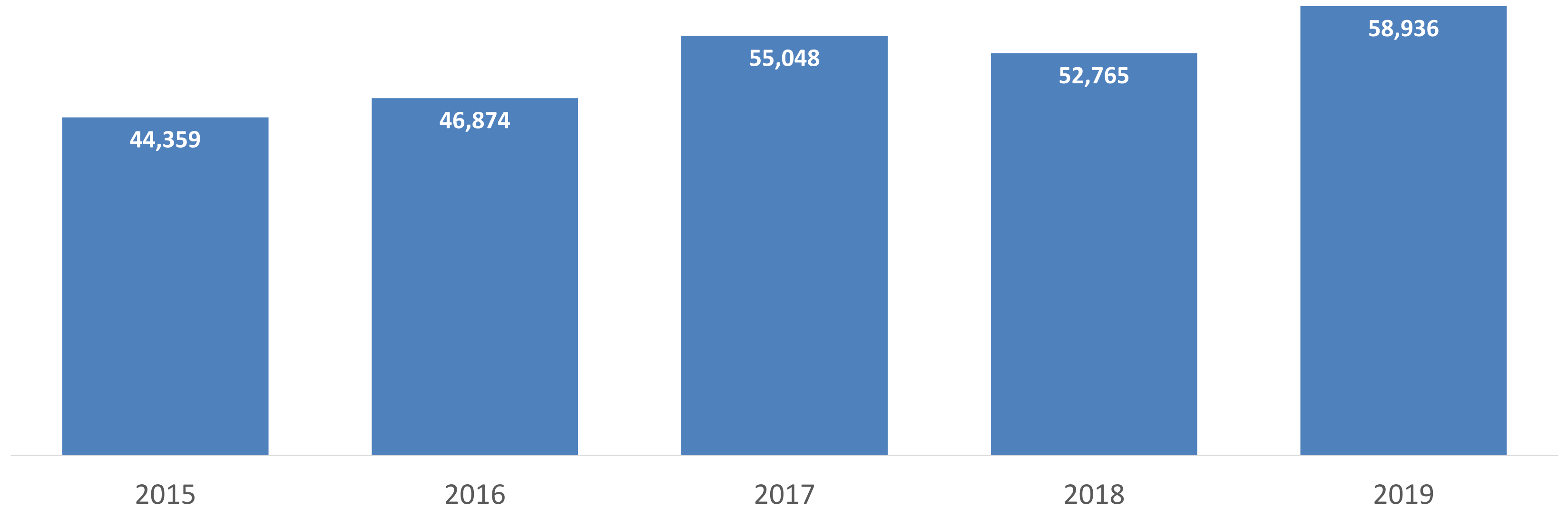
In 2016: **20.6%**



The Number of Homeless are Increasing

In Los Angeles County

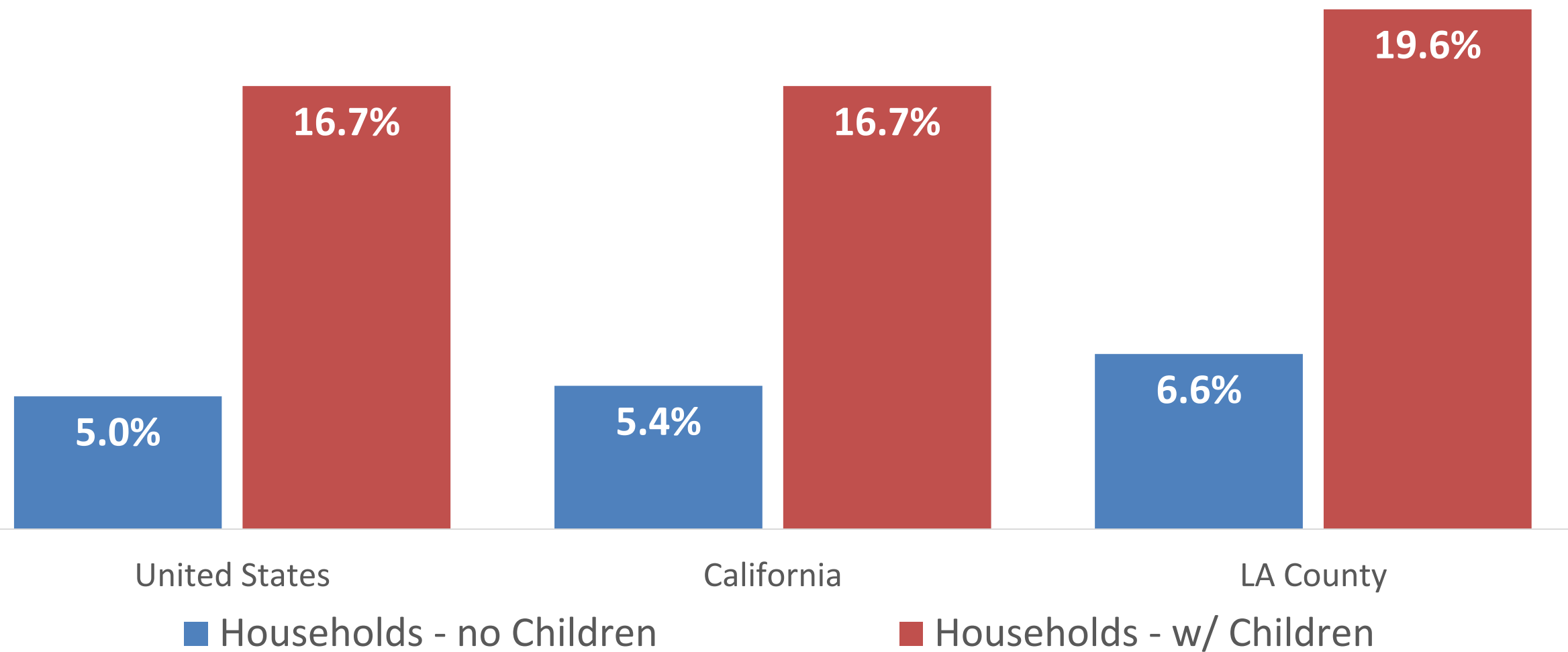
Homeless Count



Raising Children in LA County is Harder

Households with Children Have Higher Poverty Rates

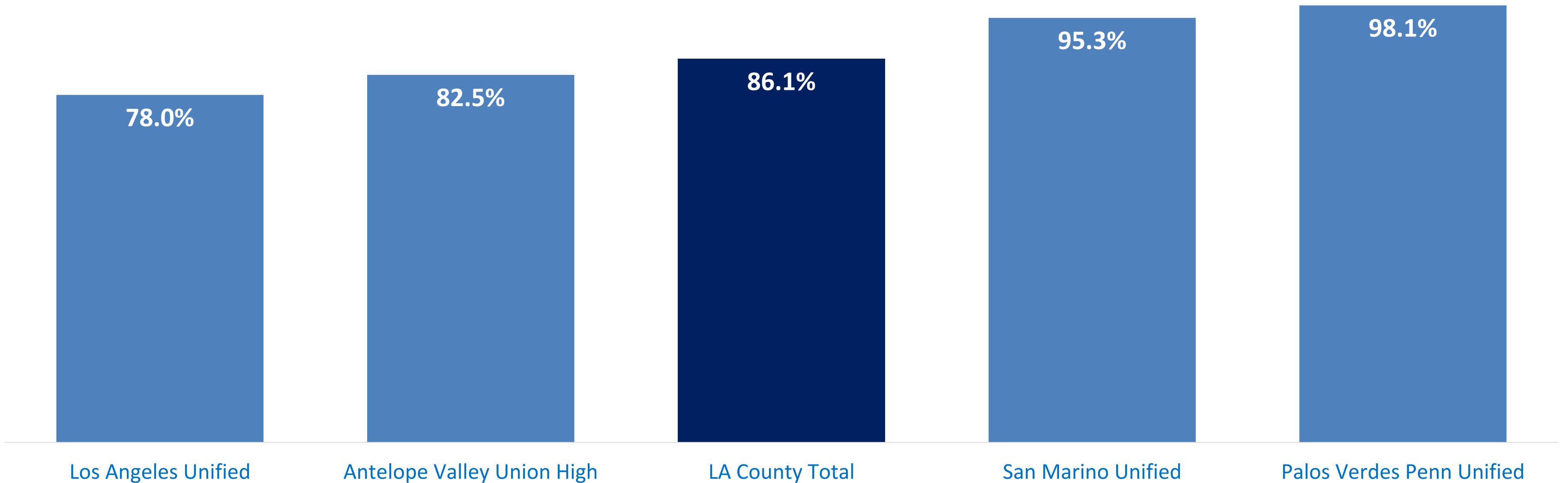
Poverty Rate: Households



- **25%** of HH with children receiving public assistance
- **456,430** children living below poverty level
- **5,214** children in homeless families

Inequity Persists in Education

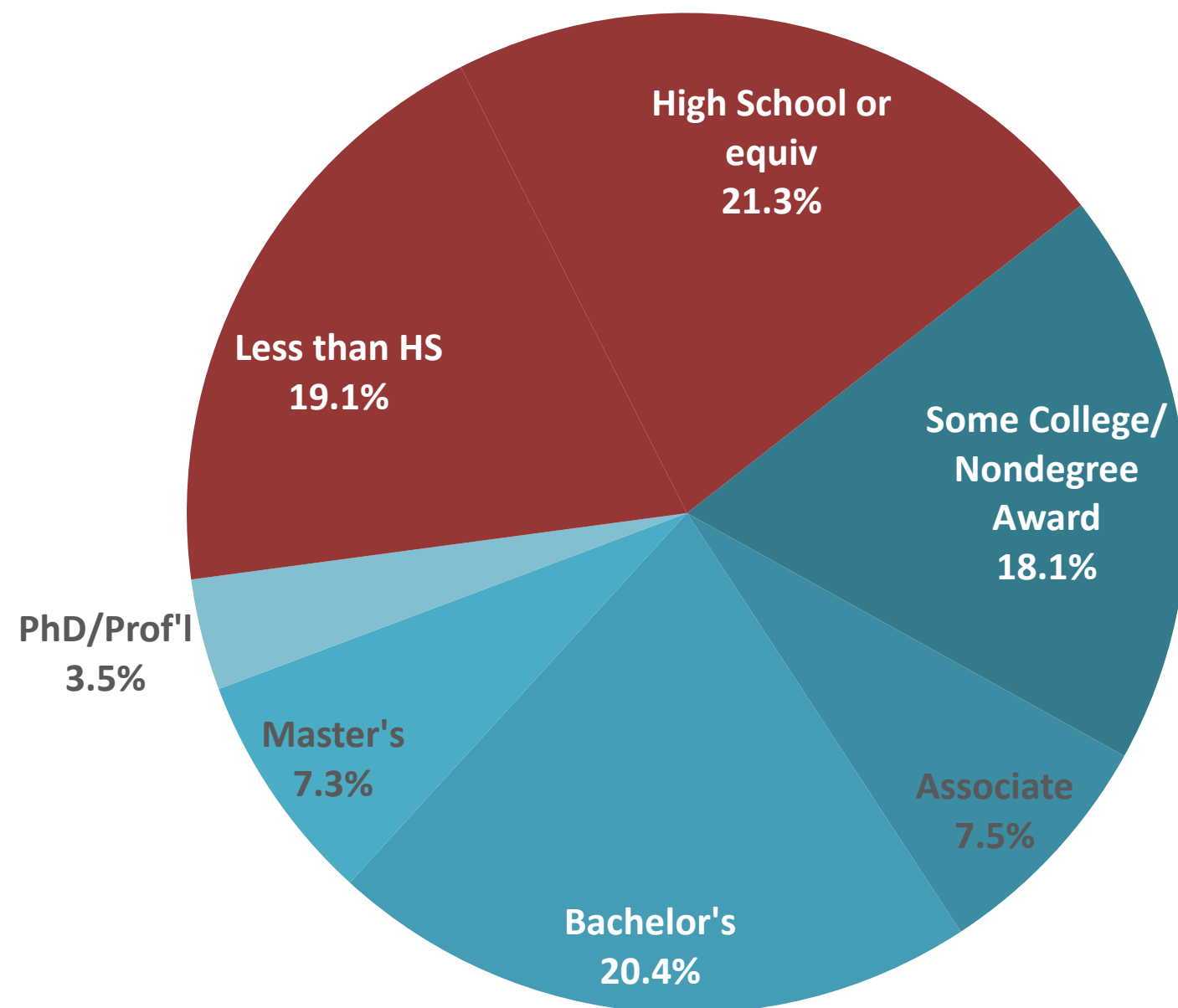
2018-2019 Graduation Rates



Job Growth Strongest for Those with More Education

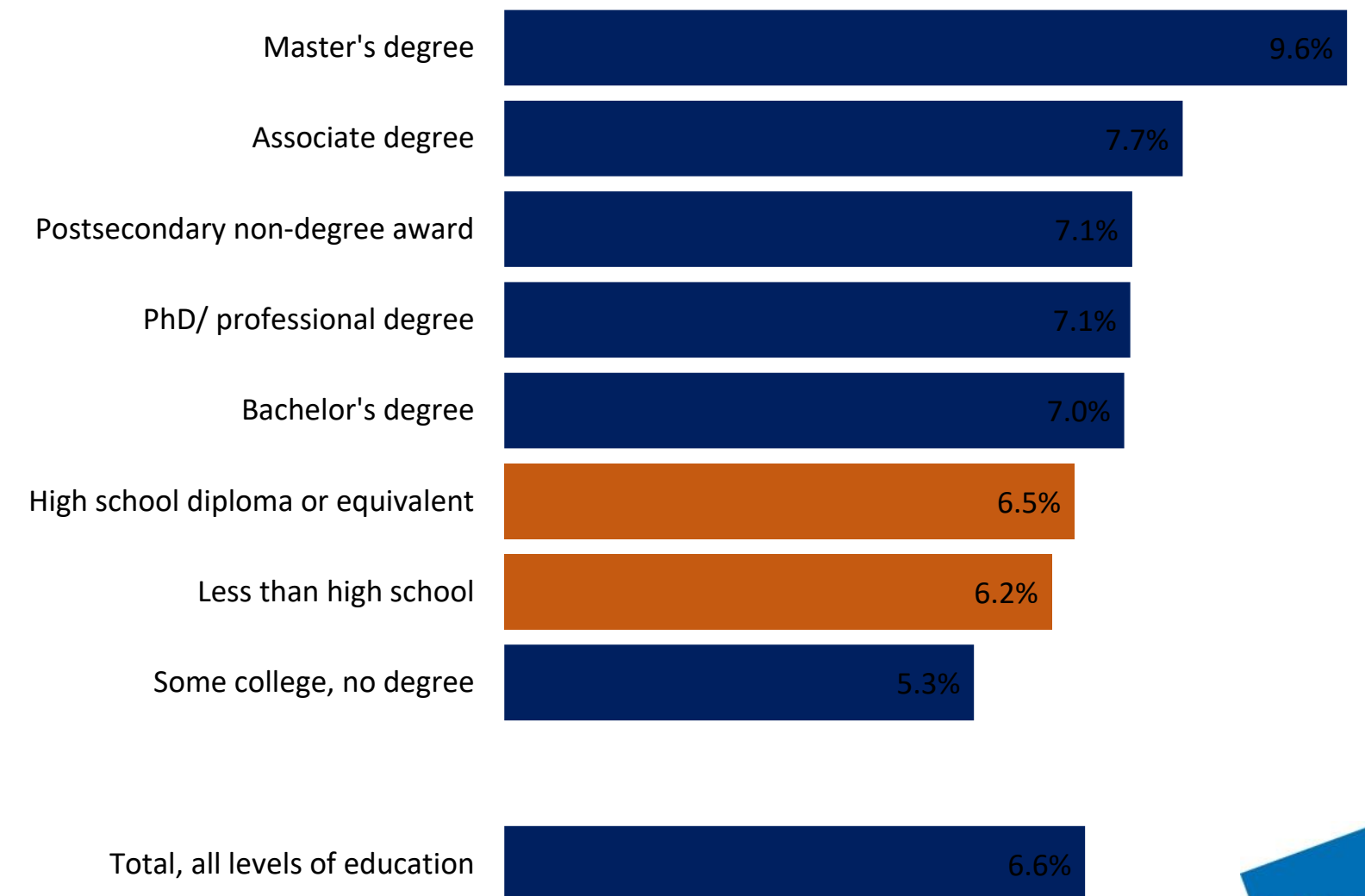
Educational Attainment of SoCal Residents

Population 25 years and over in 2017



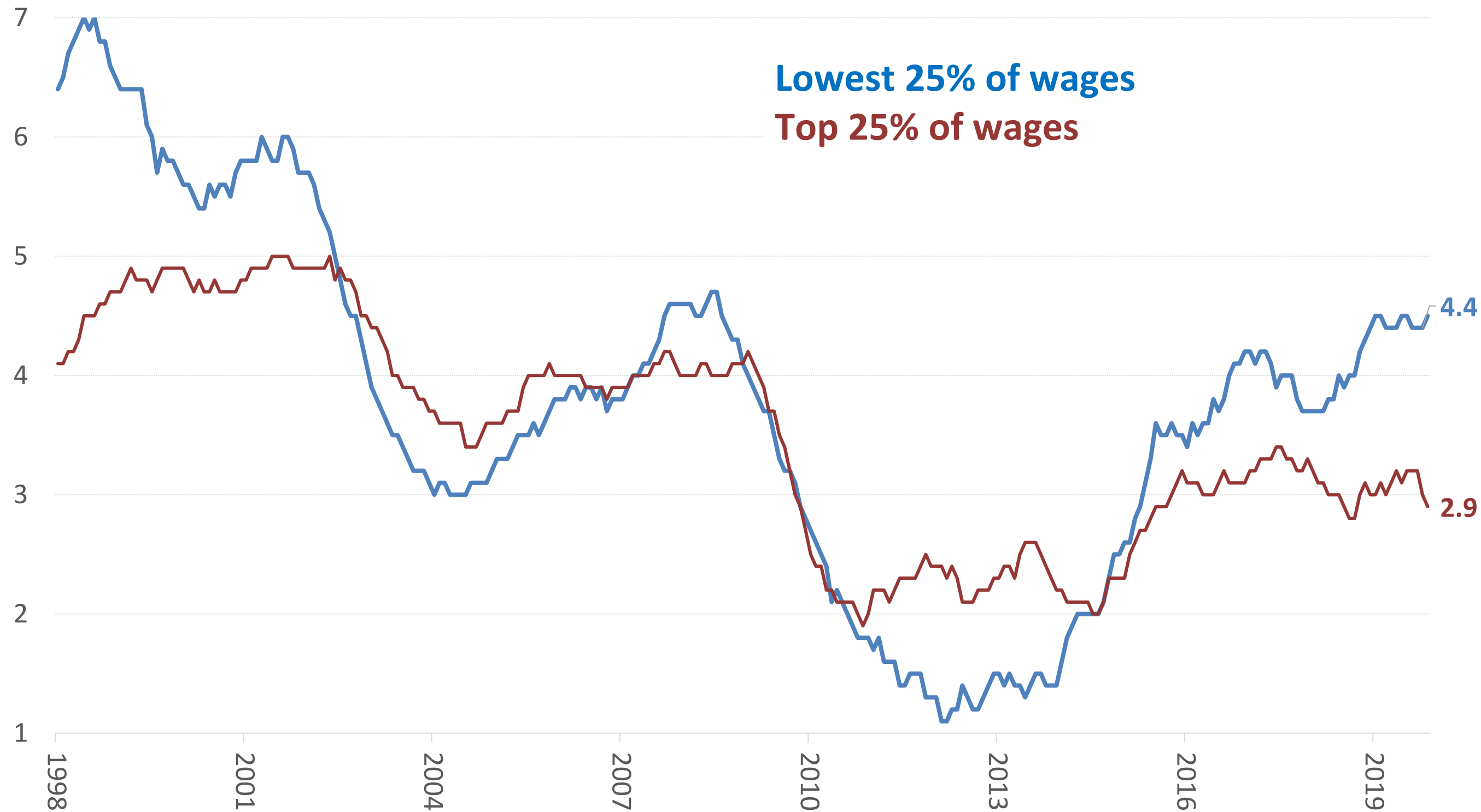
Projected Job Growth by Entry-Level Education in SoCal

Percentage change from 2018 to 2023



Wage Growth Rebounding for Those with The Lowest Wages

US Wage Growth by Wage Quartile



The lowest quartile is growing:

- took longer to rebound post-recession
- Min Wage increases are causing growth
- Inequity remains and they are still far behind

Growing Jobs Reflect the Bifurcation of Our Workforce

Occupations with the most jobs added 2009 to 2018

1. Combined Food Preparation and Serving Workers, Including Fast Food
– **54,530 jobs added**
2. Administrative Assistants, Except Legal, Medical, and Executive
– **51,220 jobs added**
3. Laborers and Freight, Stock, and Material Movers, Hand
– **42,980 jobs added**
4. Software Developers, Applications
– **29,890 jobs added**
5. Cooks, Restaurant
– **25,200 jobs added**

Growing Jobs Reflect the Bifurcation of Our Workforce

Occupations with the most jobs added 2009 to 2018

6. Computer User Support Specialists
– **23,640 jobs added**
7. Software Developers, Systems Software
– **23,300 jobs added**
8. Cashiers
– **20,240 jobs added**
9. Computer Systems Analysts
– **19,080 jobs added**
10. Waiters and Waitresses
– **17,580 jobs added**

LA County's Working Poor

Individuals Below the Poverty Level:

Working Full-time, Year-Round:

32,100

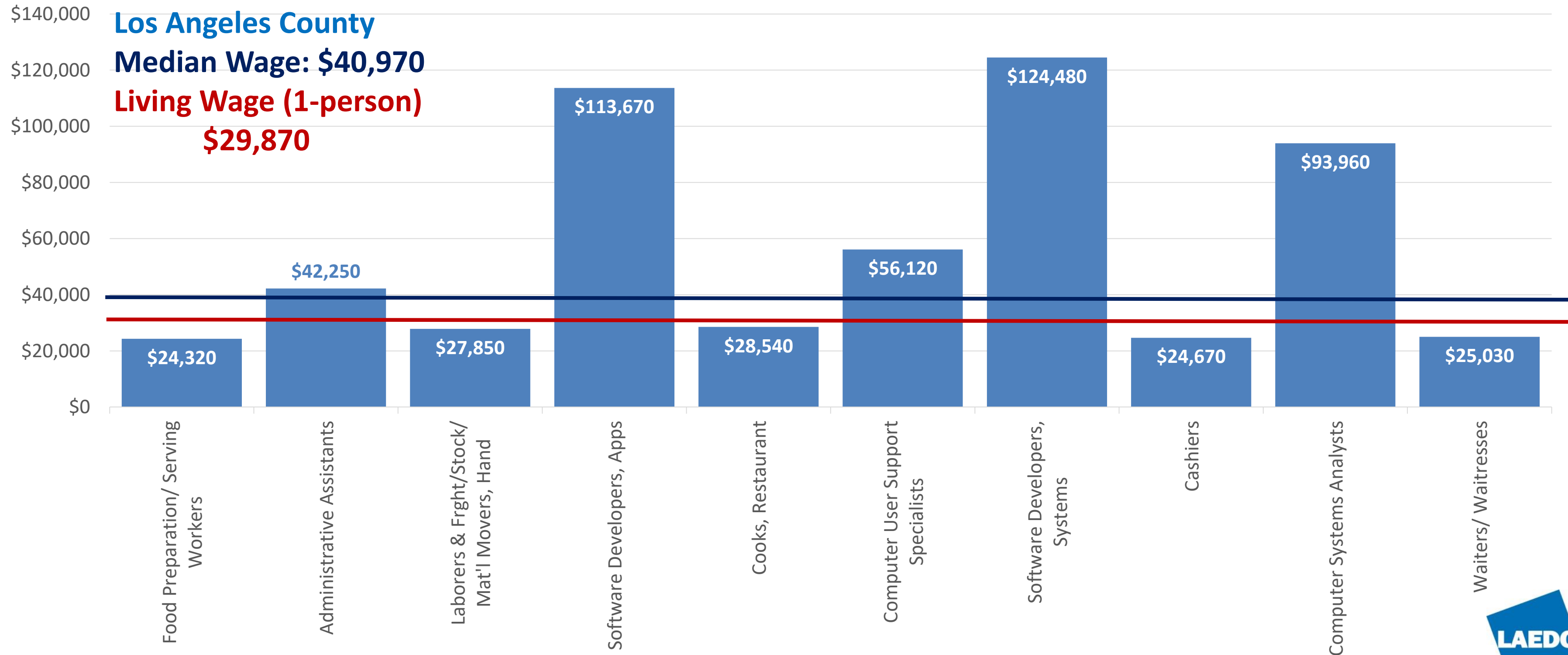
Working Part-Time, Year-Round:

150,130

Job Growth Reflect the Bifurcation of Our Workforce

Occupations with the most jobs added 2009 to 2018

Median Wages of Occupations Adding the Most Jobs, 2009 to 2018



Despite All of These Challenges

LA County Will See

- Slow, but continued positive GDP growth
- Official unemployment rate will continue to decline
- Small gains made in personal income
- Employment gains in
 - Education and health care,
 - Professional services,
 - Tourism-related industries and
 - Construction

Imagine What We Could Do...

Up Next...

EIG

What's next for Opportunity Zones and how developers can profitably drive startup activity in underserved communities

Zillow

Problems with the housing market and related policies that will help us build faster and deliver real solutions, with latest updates on the market

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