2026 ECONOMIC FORECAST

FROM DISRUPTION TO DIRECTION:

LA'S ECONOMY AFTER A TURBULENT 2025

LAEDC INSTITUTE FOR APPLIED ECONOMICS

2026 ECONOMIC FORECAST

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LAEDC LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION
Coalition of One – Economy for All

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Foreword

As Los Angeles County's principal economic development leadership organization, the Los Angeles County Economic Development Corporation (LAEDC) Institute for Applied Economics produces an annual forecast to assess and predict key national, state, regional and local economic indicators. The forecast also deepens beneath those "headline" indicators to understand the key issues, pressing economic concerns, and longer-term trends that drive them. The forecast provides insights to inform policymakers' decisions and business and community leaders across the Los Angeles region and California.

The year 2025 tested Los Angeles County in ways few could have anticipated. Three major disruptions defined the regional economy: the devastating January wildfires that tore through entire neighborhoods, leaving thousands displaced and billions in economic damage in their wake; intensified federal immigration enforcement that destabilized communities and the businesses across the County that they support; and sweeping federal tariff policies that upended international trade and supply chains on which the County depends.

What is perhaps most remarkable is that, through all of this, the Los Angeles County economy continued to grow, a testament to both the scale and diversity of the regional economy and to the resilience of the residents, workers, and business owners who sustain it. Yet substantial work remains to recover from these challenges and redouble our efforts to address our region's ongoing, structural issues.

The 2026 LAEDC Annual Economic Forecast, From Disruption to Direction, is offered as both an honest reckoning with these challenges and a call to action. Los Angeles County has demonstrated that it can innovate when it chooses to. The task now is to ensure that the energy spent recovering from disruption is matched by an equal commitment to building a more resilient, affordable, and opportunity-rich region for the years ahead.

Sincerely,
LAEDC Institute for Applied Economics

1. Setting The Stage

A Turbulent 2025

As Los Angeles County enters 2026, the regional economy continues to grapple with the lasting effects of three major disasters and disruptions that defined 2025: the devastating January wildfires, aggressive federal immigration enforcement operations, and trade policies that significantly impacted the region's ports and supply chains.

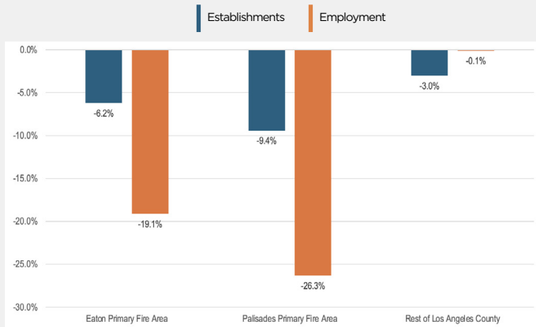
January 2025 Wildfires
The January 2025 wildfires remain the most visible disaster facing the region. Over the course of that month, Los Angeles County experienced nine wildfires that burned more than 50,000 acres.[1] The Eaton Fire and Palisades Fire, which became the second and third most destructive wildfires in California history, respectively, destroyed more than 16,000 structures and claimed 31 lives.

Recovery continues at a measured pace. At least 2,600 permits to repair or rebuild fire-damaged or destroyed parcels have been submitted for review, representing approximately 20 percent of the total.
However, we estimate that one year after the fires, the number of establishments in the Eaton primary fire area is down 6.2 percent, and employment is down 19.1 percent (Exhibit 1.1). Employment losses are concentrated in a handful of industries, namely Administrative and Support and Waste Management Services (-55.0 percent); Other Services (-54.3 percent); Accommodation and Food Services (-40.1 percent); Wholesale Trade (-25.0 percent); Health Care and Social Assistance (-24.1 percent); and Retail Trade (-22.5 percent).[2] These compare to modest declines of 3.0 percent and 0.1 percent for establishments and employment in the rest of the County.

In the Palisades primary fire area, the impacts are even larger. The number of establishments and employment levels are down 9.4 percent and 26.3 percent, respectively. Here, the largest employment losses are found in Accommodation and Food Services (-59.4 percent); Retail Trade (-59.3 percent); Other Services (-28.0 percent); Arts, Entertainment and Recreation (-23.5 percent); and Real Estate and Rental and Leasing (-14.1 percent).

Altogether, we estimate that across 2025 to 2029, the economic impacts of business interruptions in the Eaton and Palisades burn areas could total $4.6 billion to $8.9 billion in lost economic output and 25,000 to 49,000 job-years of employment lost.

Exhibit 1.1 **Year-over-Year Changes in Establishments and Employment, 2025**

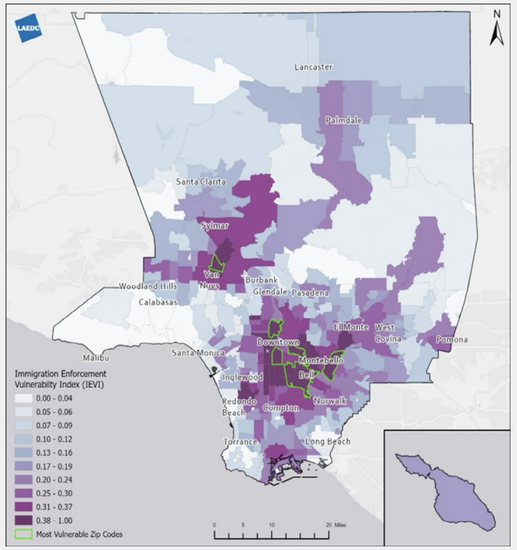


Sources: CA EDD, QCEW, LAEDC

Federal Immigration Enforcement
The second calamity involved intensified federal immigration enforcement, particularly in the second half of 2025. Beginning in June, Los Angeles became the focal point of widespread immigration operations that included street-level enforcement, workplace raids, and the deployment of thousands of National Guard troops and active-duty Marines to the region. The enforcement actions created a climate of fear in many communities across the County, with many immigrant households staying home from work and avoiding public spaces like shopping centers and restaurants. The enforcement actions also sparked civil unrest that resulted in, among other things, the imposition of a nightly curfew in downtown Los Angeles by Mayor Karen Bass from June 10 to June 16.

The impacts of aggressive immigration enforcement are not spread evenly across the County. Through a statistical analysis, we found that enforcement reports from the Los Angeles Rapid Response Network (LARRN) correlated highly with areas that have high concentrations of foreign-born residents from Latin America, renter-occupied households, industries reliant on non-citizen workers, and Spanish speakers. Accordingly, we developed the LAEDC Immigration Enforcement Vulnerability Index (IEVI) based on these risk factors to identify zip codes in Los Angeles County that are likely subject to heightened enforcement operations. Areas of particular concern include the Mission Hills-Panorama City-North Hills area in the San Fernando Valley; Bell; Pico Rivera; Southeast Los Angeles; and the Silver Lake-Echo Park-Elysian Valley area (Exhibit 1.2).

Exhibit 1.2 **LAEDC Immigration Enforcement Vulnerability Index (IEVI) in Los Angeles County**



Source: LAEDC

Beyond the immediate social impacts of aggressive immigration enforcement operations are the economic impacts. Los Angeles County's approximately 3.5 million immigrants, representing 35 percent of the total population, contribute fundamentally to the regional economy. Among them, an estimated 948,700 undocumented immigrants work in important sectors to the region, including construction, manufacturing, retail trade, accommodation and food services, and other services. We estimate that undocumented workers generate approximately $253.9 billion in total economic output, representing about 17 percent of the County's overall economic activity, while supporting over 1.1 million jobs both directly and through multiplier effects.[3]

Additionally, the economic impacts are not limited to those industries with high concentrations of undocumented workers. The federal government's hostility towards immigrants has also made foreign travelers to the United States feel unwelcome, adversely affecting tourism and related industries. Visit California reported that the number of overseas visitors was expected to decline by 4 percent in 2025, and the number of Canadian visitors was expected to drop by 18 percent. While visitors from Mexico were expected to increase marginally (4 percent), this increase is much smaller than in previous years.[4]

Photo Credit: U.S. Northern Command

[1] These include the Bert, Eaton. Hughes, Hurst, Kenneth, Lidia, Palisades, Sunset, and Sunswept fires.
[2] Other Services includes activities such as personal care services, automotive repair and maintenance, drycleaning and laundry services, pet care services, and grantmaking and giving services

[3] Sedgwick, S. M., Adams, J., Wei, D., Chomas, M., & Skyberg, M. (2026, January). Economic impacts of federal immigration enforcement in Los Angeles County. Los Angeles County Economic Development Corporation, Institute for Applied Economics.
[4] Tourism Economics. (2025, October). California visits and spending forecast. Visit California. https://industry.visitcalifornia.com/research/reports/travel-forecast

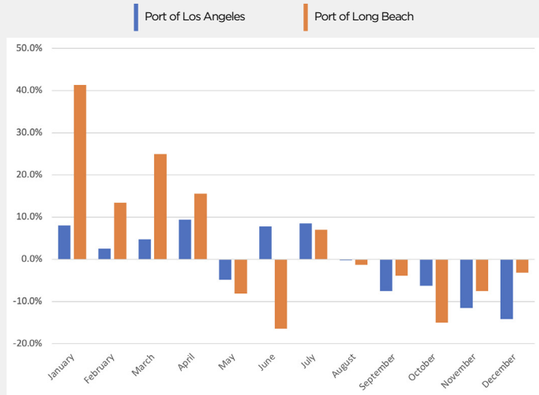
U.S. Tariff Policies

The third, somewhat less visible disruption, had to do with U.S. tariffs on international trade. Shortly after taking office in 2025, President Donald Trump carried through on his campaign promises to actively use tariffs to rebalance the United States' trade relations with other countries and to increase domestic manufacturing. He has imposed "reciprocal tariffs" under the International Emergency Economic Powers Act (IEEPA) on imports from most countries, and product-specific tariffs under Section 232 of the Trade Expansion Act of 1962 on imports of steel, aluminum, copper, automobiles, auto parts, medium/heavy trucks and buses, and lumber/wood products. These tariffs range from 10 percent to 50 percent across countries and goods, such that today the average effective tariff rate is 16.9 percent, the highest rate seen since the 1930s.[5]

One concern for Los Angeles County is that the Ports of Los Angeles and Long Beach, the nation's busiest port complex, handle approximately 31 percent of all containerized international waterborne trade in the United States.[6] Additionally, the region's broader trade and logistics industry cluster directly employs more than 900,000 workers, contributes about 13 percent of the regional GDP, and sustains nearly 2 million total jobs across the greater Los Angeles region.[7] Given that China is the largest trading partner of the Ports and, per the Budget Lab at Yale, carries an average effective tariff rate of 24 percent, Los Angeles County can expect significant dislocations from reduced trade and modified supply chains.

In 2025, major job losses tied to President Trump's tariffs did not materialize in the County, due to record-breaking activity in the first half of the year as importers rushed to bring in goods ahead of tariff deadlines. In fact, the Port of Los Angeles reported that its cargo volume in 2025 topped 10.2 million container units, the third-best year ever, while the Port of Long Beach reported 9.9 million

Exhibit 1.3 **Year-over-year Percentage Change in Number of Containers Handled, 2025**



Sources: Ports of Long Beach and Los Angeles

container units. That said, container traffic in the second half of 2025 provided ominous signs for what to expect in the year to come. Both ports saw consistent year-over-year declines in traffic beginning in August (Exhibit 1.3). From October to December, the declines at the Port of Los Angeles ranged from 6.3 percent to 14.1 percent, while declines at the Port of Long Beach ranged from 3.1 percent to 14.9 percent.

Moreover, while the Ports may have held their own during 2025, Los Angeles County consumers did not. Research by the Federal Reserve Bank of New York finds that 94 percent of tariff incidence—how the costs of a tariff are split between foreign exporters and domestic importers—are being borne by importers, meaning these costs can then get passed along to consumers.[8] The Budget Lab at Yale estimates that the current level of tariffs costs the average household $1,681 in lost real income over the course of a year. In a region where the cost of living is already high, tariffs brought an added expense to struggling households.

Ongoing Challenges

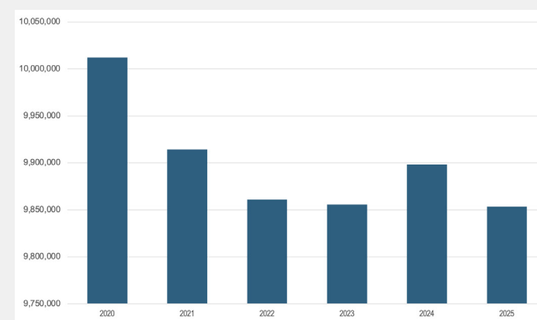
In the face of devastating wildfires, aggressive federal immigration enforcement, and trade barriers, the Los Angeles County economy has continued to demonstrate remarkable resilience. As shown elsewhere in this report, the regional economy grew at a solid 2.4 percent and saw unemployment improve slightly over 2024 levels. This resilience is even more remarkable when considering the slew of disasters and disruptions that Los Angeles faced since 2020, from the COVID-19 pandemic to runaway inflation to the dual Hollywood strikes. It is a testament to both the size and diversity of the Los Angeles County economy, as well as the people who make it function day in and day out: the employees, business owners, nonprofit workers, entrepreneurs, and everyone who supports them.

At the same time, however, these disasters and disruptions dominated the region's time and attention throughout 2025. In doing so, they prevented regional stakeholders from making meaningful progress on solving Los Angeles County's pre-existing and pressing challenges, and in some ways, they made them worse. Some of these challenges we have highlighted in previous Economic Forecasts—regional population decline, housing affordability, and the cost of doing business—given their centrality to the region's economy.

Regional Population Decline

We remain concerned about population decline in Los Angeles County because a shrinking population could potentially trap the region in a vicious cycle: Fewer residents mean a smaller workforce, which constrains economic output and reduces consumer demand. Lower demand leads to business closures and reduced tax revenues. Declining revenues make it more difficult to maintain infrastructure and government services, which in turn makes the region less attractive to both businesses and residents. In response, governments may raise taxes on those who remain, particularly businesses and high-income owners, further accelerating the

Exhibit 1.4 **Estimated Population in Los Angeles County**



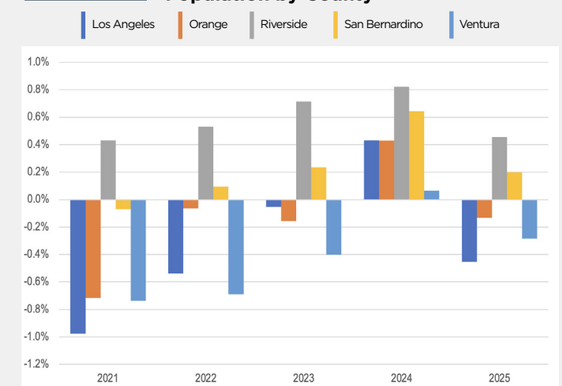
Source: CA Department of Finance

exodus.

Last year, we were heartened to report good news, specifically that Los Angeles County experienced population growth in 2024, which broke the downward trend of the previous five years. According to the California Department of Finance (DoF), the County added more than 42,600 residents from July 1, 2023, to July 1, 2024, an increase of 0.43 percent.[9] This growth was driven primarily by an influx of foreign immigrants into the County that more than offset the exodus of current residents.

That growth was short-lived, however. Los Angeles County lost nearly 45,000 people (-0.45 percent) from July 1, 2024, to July 1, 2025, and its population now stands at 9.85 million (Exhibit 1.4). DoF attributes the loss to two of the region's calamities: "The decrease is driven by higher domestic migration due to impacts of wildfires, especially the Palisades and Eaton fires, and a significant decrease in net international migration."[10] Additionally, it should be noted that this mid-year population estimate does not capture all of the fallout from the federal government's ramped-up immigration enforcement, which gained prominence in Los Angeles in June. DoF instead points to the termination of many humanitarian migration programs as the main cause for the decline. This means that net international migration likely put even more pressure on the County's population

Exhibit 1.5 **Annual Percentage Change in Population by County**



Source: CA Department of Finance

in the second half of 2025.

The wildfires and immigration enforcement only exacerbated Los Angeles County's struggles with maintaining its population. The primary drivers remain the cost of living, particularly housing costs, and the cost of doing business (discussed below). This is evident from the headlines, like PODS Enterprises announcing in its fifth annual Moving Trends report that the City of Los Angeles was the city with the highest number of move-outs in 2024 and 2025. It is also evident when viewing the population growth rates of the surrounding counties. Between 2021 and 2025, relatively higher cost areas like Los Angeles, Orange, and Ventura Counties experienced population decline in four of the five years (Exhibit

[5] The Budget Lab at Yale. (2026, January 19). State of tariffs: January 19, 2026. Yale University. https://budgetlab.yale.edu/research/state-us-tariffs-january-19-2026

[6] Port of Los Angeles. (n.d.). Facts and figures. Retrieved February 1, 2026, from https://portoflosangeles.org/business/statistics/facts-and-figures

[7] Sedgwick, S. M., Adams, J., Wei, D., & Skyberg, M. (2025, March). Goods on the move: Trade and logistics in Southern California. Los Angeles County Economic Development Corporation, Institute for Applied Economics.

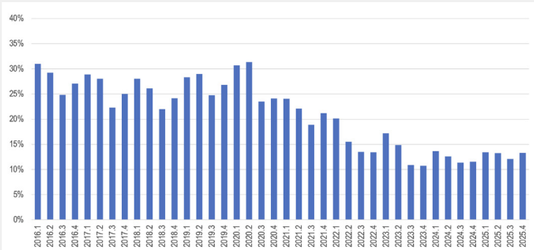
[8] Amiti, M., Flanagan, C., Heise, S., & Weinstein, D. E. (2026, February 12). Who is paying for the 2025 U.S. tariffs? Liberty Street Economics, Federal Reserve Bank of New York. https://doi.org/10.59576/lse.20260212

1.5). Over the same period, relatively lower-cost areas fared much better. San Bernardino County saw negative growth in only one year (2021), while Riverside County saw consistent growth throughout.

Housing Affordability

While population decline could be considered the greatest challenge for the region as a whole, housing affordability is perhaps the greatest challenge for its individual households. That is because the American Dream of homeownership is beyond the reach of nearly 90 percent of its residents. The California Association of Realtors (CAR) reports that as of the fourth quarter of 2025, only 13 percent of Los Angeles County households earn enough to afford the median-priced single-family home of $939,690.[12] By contrast, 18 percent of California households and 39 percent of U.S. households can afford the median-priced home.

Exhibit 1.6 **Traditional Housing Affordability Index for Los Angeles County, Q1 2016 to Q4 2025**



Source: California Association of Realtors

Los Angeles County's level of affordability in Q4 2025 represents a marginal improvement from 12 percent a year earlier, but a dramatic decline from the 31 percent affordability rate recorded just a decade ago (Exhibit 1.6).[13] CAR indicates that the median-priced single-family home in Los Angeles County would require a monthly payment (including taxes and insurance) of $5,760 with a minimum qualifying income of $230,400.

Housing affordability also varies by ethnicity, meaning that some communities find homeownership more difficult to achieve. In 2024, CAR notes that White, Non-Hispanic and Asian households in the County had relatively higher affordability rates at 21 percent and 18 percent, respectively. For Hispanic/Latino and Black households, affordability rates were only 8 percent and 7 percent, respectively.

Renters in Los Angeles County also face hardships with respect to housing affordability. Data from the U.S. Census Bureau show that nearly 60 percent of Los Angeles County renters (57.5 percent) are rent-burdened, spending more than 30 percent of household income on rent.[14] By contrast, 51.7 percent of households nationally are rent burdened, and 55.8 percent of households in California are rent burdened. Paying so much in rent every month hampers many working families' ability to save for emergencies, retirement, or their children's education.

Of course, the January 2025 wildfires compounded an already difficult housing situation. The destruction of more than 11,000 single-family homes instantly squeezed the housing supply in an already tight market. Neighborhoods adjacent to the Palisades fire zone experienced sustained rent increases as displaced residents competed for limited housing stock, while areas near the Eaton fire saw similar but shorter-lived spikes.

The primary cause of unaffordability, though, is that the Los Angeles region routinely produces less housing than it needs. As an illustration, the Southern California Association of Governments (SCAG) reports that Los Angeles County needs to build 812,060 units between October 2021 and October 2029 as part of its 6th Cycle Regional Housing Needs Allocation (RHNA).[15] This translates to roughly 100,500 housing units a year. By contrast, between 2015 and 2024 Los Angeles County has approved an average of less than 22,400 building permits for new private housing structures a year[16]

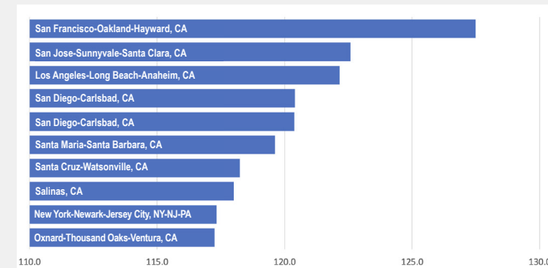
Cost of Doing Business

For Los Angeles County to thrive economically, it needs a business environment that welcomes businesses of all sizes today and that supports entrepreneurs who turn ideas and innovations into the businesses of tomorrow. These are the sources of economic activity and employment in the region.

Unfortunately, however, Los Angeles is one of the most expensive places to do business. In 2025, S&P Global Market Intelligence's Metro Business Cost Index ranked the Los Angeles-Long Beach-Anaheim metro area as the third most expensive place to operate a business among 381 metropolitan areas nationwide (Exhibit 1.7). With an index of 122.2, the region's business costs run more than 22 percent above the national average, exceeded only by the San Francisco-Oakland-Hayward metro area (127.5) and the San Jose-Sunnyvale-Santa Clara metro area (122.6).

The Business Cost Index aggregates four key components: labor, energy, real estate, and taxes. Labor costs in Los Angeles run about 14 percent above the national average, while real estate costs and taxes run 55 percent and 37 percent higher, respectively. Those are significant on their own, but energy costs are the real standout. They currently stand at a staggering 130 percent above the national average.

Exhibit 1.7 **Ten Most Expensive Metros for Business**



Source: S&P Global Market IntelligenceNote: BCI (100 = national average)

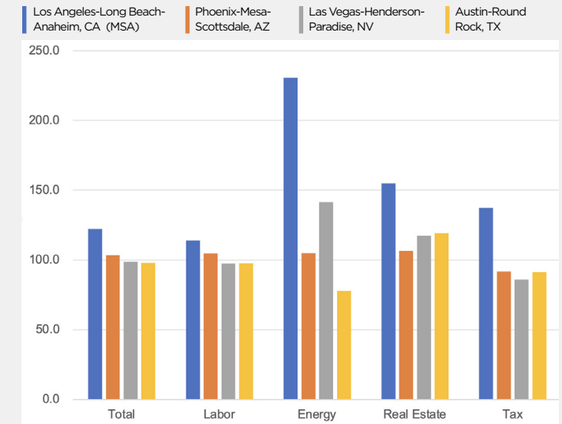
To put this in perspective, competing metros like Austin (98.0), Las Vegas (98.8), and Phoenix (103.5) operate at roughly the national average (Exhibit 1.8). These metros are at or below national averages for labor and taxes. They have higher real estate costs than the national average, but no region exceeds 20 percent. Not surprisingly, only Las Vegas stands out with respect to energy, but it is still significantly less than Los Angeles.

For businesses choosing where to locate or expand, this cost differential translates directly into a competitive disadvantage for Los Angeles County. Every dollar spent on higher operating costs in Los Angeles is a dollar unavailable for employee compensation, capital investment, or research and development. Employee compensation is critical when trying to attract and retain employees, given the region's high housing costs. For example, being able to access a "depth of talent" was one reason Public Storage gave when it recently announced it would relocate its headquarters from Glendale, where it had operated since 1972, to the Dallas region.[17]

Issues on the Horizon

Los Angeles County needs the space to address its ongoing challenges, and hopefully, 2026 can be the year that begins in earnest. Policymakers need to take bold action to reduce living costs, streamline regulatory processes, and enhance the quality of life in the region to make Los Angeles an attractive place for families and businesses. The County has demonstrated the capacity for innovation and reform, as witnessed by its great success over the past few years with expedited permitting for accessory dwelling units (ADUs). It only needs to apply this ingenuity to other areas that would increase housing production, encourage capital formation, and reward entrepreneurship.

Exhibit 1.8 **Business Cost Index for Selected Regions**



Source: S&P Global Market Intelligence

However, looming issues on the horizon could create distractions or new economic dislocations of their own for Los Angeles County:

Geopolitical Volatility

Beyond the U.S. trade policies, strained diplomatic relations, and restrictive visa and immigration policies that emerged in 2025, recent actions by the United States have further unsettled some of America's traditional allies. These actions include the large-scale military strikes on Venezuela's capital, in which Delta Force troops and CIA operatives captured President Nicolás Maduro and flew him to New York to be arraigned on narco-terrorism charges. They also include President Trump's push to annex Greenland, with an initial refusal to rule out the use of military force and a threatened 25 percent import tax on EU goods unless Denmark agreed to hand over the territory. And they include potential military action against Iran to support civilian protesters who are pushing for regime change. Flashpoints such as these could severely impact Los Angeles County's economy through reduced tourism, reduced trade, and higher oil prices.

Election Year Dynamics

Election-year dynamics in 2026 will inevitably place competing demands on the attention and energy of Los Angeles-area politicians, making it more challenging to

[9] California Department of Finance. (2025, December 19). State population increases by 19,200 in fiscal year 2024-2025 [Press release]. https://dof.ca.gov

[10] Ibid

[11] See https://www.pods.com/resource-center/news/pods-fifth-annual-moving-trends-report-reveals-american-cities-with-the-most-move-ins-and-move-outs

[12] See https://www.car.org/marketdata/data/haitraditional

[13] Housing affordability touched 31 percent in the first half of 2020, however this occurred because of the initial outbreak of and reactions to the COVID-19 pandemic.

[14] U.S. Census Bureau. (2024). American Community Survey 1-year estimates. https://www.census.gov/programs-surveys/acs

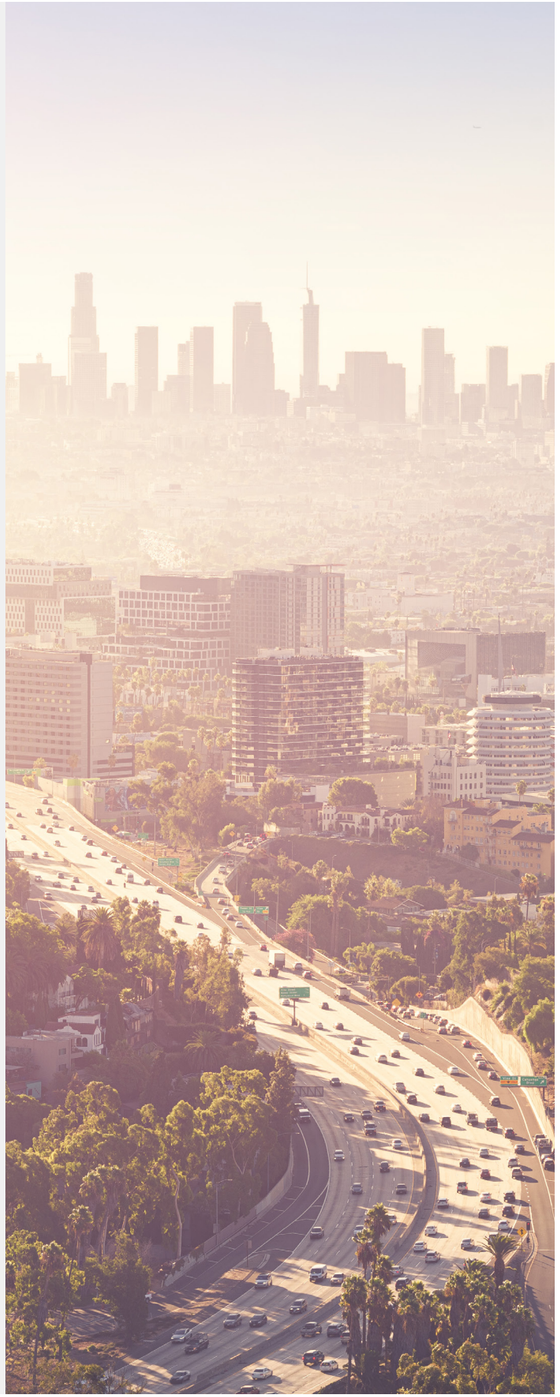
[15] See https://scag.ca.gov/rhna

[16] U.S. Census Bureau. (n.d.). New private housing structures authorized by building permits for Los Angeles County, CA [Data set]. Federal Reserve Bank of St. Louis. Retrieved February 15, 2026, from https://fred.stlouisfed.org/series/BPPRIV006037

sustain focus on the region's most complex long-term issues. With competitive Congressional seats, California gubernatorial and legislative races, and local offices all on the ballot, elected officials naturally find themselves balancing the responsibilities of governance with the very real obligations of campaigning, constituent outreach, and coalition engagement. In this environment, issues that require years of sustained, collaborative effort, such as homelessness, housing affordability, and wildfire recovery, can be harder to advance. Note that none of this reflects poorly on any individual officeholder; it is simply the structural reality of governing in an election year.

H.R. 1 and Health Care
Discussed in more detail elsewhere in this report, H.R. 1 (the "One Big Beautiful Bill Act"), signed into law last year, includes sweeping changes to Medicaid that will have significant consequences for the region. The law cuts federal health care spending by approximately $1.15 trillion over the next decade, with millions of Americans expected to lose health coverage. The law also mandates that Medicaid enrollees aged 19–64 must now engage in at least 80 hours per month of employment, education, job training, or community service to maintain eligibility. For Los Angeles County, with one of the largest Medicaid (Medi-Cal) populations in the nation, the impacts are likely to be severe not only to residents but also to the County's hospitals and health centers, which are already operating under significant financial pressure. Over the past few years, Los Angeles County's health care industry has been a bright spot with consistent job growth; 2026 and 2027 could be the years where this trend reverses.

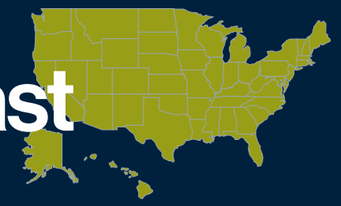
Los Angeles County's resilience will be tested again; while we do not know when or to what extent, this we know for certain. If the region can maintain its focus and take directed action to strengthen its communities and industries, we will be better positioned to handle whatever new challenges might arise in 2026 and beyond.



[17] https://investors.publicstorage.com/news-events/press-releases/news-details/2026/Public-Storage-Announces-PS4-0--A-New-Era-of-Leadership-Growth-and-Value-Creation/default.aspx

[18] https://www.sca.isr.umich.edu/

2. United States Forecast



Major Economic Indicators

Gross Domestic Product (GDP)

In the United States, real Gross Domestic Product (GDP) grew at an estimated 1.8 percent in 2025, substantially slower than the 2.8 percent growth rate in 2024. This slower growth likely resulted from a combination of factors, including the substantial increase in tariffs, workforce disruptions due to immigration enforcement, and a weak job market, all of which led to lower consumer spending. We expect economic growth to bounce back somewhat in 2026 and 2027, registering 2.3 percent and 1.9 percent growth, respectively, given the continued strength shown by business overall.

Employment

The United States added only 1.4 million nonfarm payroll employees in 2025, which averages to just over 119,000 jobs a month. This lackluster 0.9 percent employment growth represents a significant decline from 2024's 1.3 percent growth (average monthly increase of 174,000 jobs) and 2023's 2.2 percent growth (average monthly increase of 279,000 jobs). We expect a continued slowdown in hiring into 2026 with only 509,000 jobs added during the year, reflecting 0.3 percent growth (average monthly increase of 42,000) before rebounding the following year to 2025-levels of hiring.

Personal Income

In 2025, real personal income grew at 2.0 percent, smaller than the 2.6 percent and 2.9 percent growth rates from 2023 and 2024, respectively. While the smaller growth rate reflects to some extent less wage pressure emanating from a weaker job market, a surging stock market helped buoy personal income. As inflation continues to ebb and the Federal Reserve considers additional rate cuts to help boost hiring, we expect real personal income growth in 2026 and 2027 to return to last year's levels, 2.8 percent and 3.1 percent, respectively.

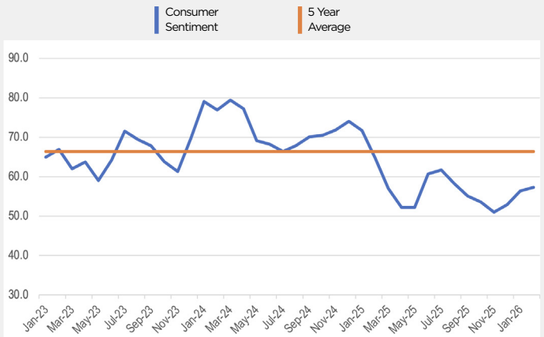
Unemployment Rate

The unemployment rate rose to 4.3 percent in 2025 as the job market weakened, up from 3.6 percent in 2023 and 4.0 percent last year. This trend is expected to continue over the next two years, reaching 4.6 percent in 2027. Until hiring picks up significantly, we can expect the unemployment rate to remain elevated.

Consumers are Struggling

Household consumption is responsible for roughly 70 percent of the nation's GDP. However, despite the strong GDP figure reported for 2025, consumers in the United States are struggling. The University of Michigan's Consumer Sentiment Index, which measures consumers' overall attitude towards the economy and their personal financial situation, registered a 57.3 reading in February 2026 (Exhibit 2.1). This is up from the 51.0 reading from last November, but substantially below the 66.4 average seen over the past five years. The University of Michigan noted the reasons behind this lackluster level of confidence, namely that "concerns about the erosion of personal finances from high prices and elevated risk of job loss continue to be widespread."[18]

Exhibit 2.1 University of Michigan Consumer Sentiment Index, Jan 2023 to Feb 2026



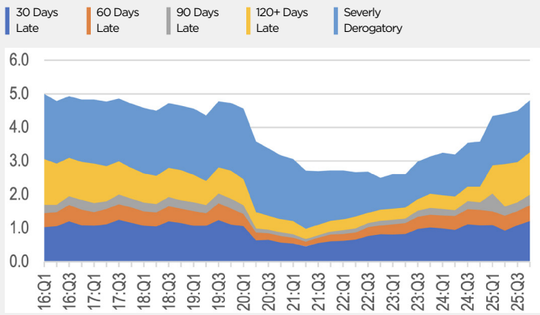
Source: University of Michigan

[19] https://www.bls.gov/cpi/

While inflation has improved of late, prices do remain high. The Consumer Price Index (CPI) for all items increased by 2.7 percent from December 2024 to December 2025, more than the 2.0 percent inflation level sought by the Federal Reserve (Fed).[19] Additionally, these price increases fall on top of the sizeable jumps that came out of the COVID-19 pandemic, when the CPI hit 9.0 percent annually in the summer of 2022. When considering price increases since December 2020, the CPI for all items is up a cumulative 24.4 percent, while the CPI for energy, food, and housing are up 38.3 percent, 27.3 percent, and 28.3 percent, respectively.

The national job picture, as described above, shows weakness. The United States added a monthly average of only 119,000 jobs in 2025, down from 279,000 and 174,000 in 2023 and 2024, respectively. Additionally, the unemployment rate bumped up from 4.0 percent in 2024 to 4.3 percent in 2025.

Exhibit 2.2 **Total Balance by Delinquency Status**

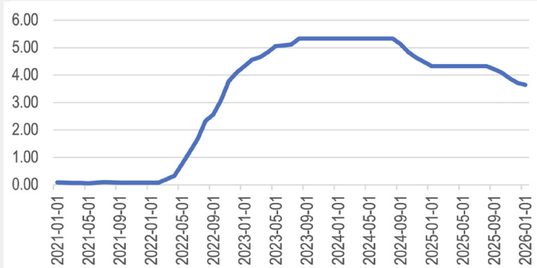


Source: New York Fed Consumer Credit Panel/Equifax

The resulting strains on consumers are evident. According to the Federal Reserve Bank of New York, Americans in the 4th quarter of 2025 held $18.8 trillion in debt, including mortgages, home equity lines of credit, credit cards, auto loans, and student loans. These debt balances have increased by $4.6 trillion—a 32 percent increase—since the end of 2019, just before the pandemic recession. Moreover, approximately 4.8 percent of outstanding consumer debt in the 4th quarter of 2025 was in some stage of delinquency, a level not seen since the 3rd quarter of 2019 (Exhibit 2.2). About 2.8 percent of the total balance, or 58.3 percent of delinquent balances, was considered 120+ days late or severely derogatory.

Consumers are getting some help from the Federal Reserve, though, which has a dual mandate to achieve maximum employment and at the same time maintain price stability. These Fed goals are often conflicting

Exhibit 2.3 **Monthly Federal Funds Effective Rate (Percent), Not Seasonally Adjusted, Jan 2021 to Jan 2026**



Source: S&P Global Market IntelligenceNote: BCI (100 = national average)

since raising interest rates to control inflation, for example, can slow the economy and impede job growth. However, even though inflation has not yet come down to the Fed's 2.0 percent target, the Fed implemented a series of three 25 basis point rate cuts beginning last September in recognition of the weak labor market. In January 2026 the effective federal funds rate stood at 3.64 percent, a level unseen since late 2022 when the Fed was in the midst of rapidly raising rates to keep inflation in check. The recent rate cuts should help reduce borrowing costs for businesses and provide an incentive to expand and hire, bolstering consumers' pocketbooks.

Business Performance is Mixed

While consumers are struggling, large companies appear to be doing much better. The S&P 500, which tracks the performance of 500 of the largest publicly traded companies listed on U.S. stock exchanges, provides a good indication of the health of the overall U.S. economy. Moreover, because the S&P 500 is weighted by market capitalization, such that larger companies like Amazon, Apple, and Microsoft have a proportionally greater influence on the index than relatively smaller companies, it also provides insight into the performance of larger corporations.

The S&P 500 reached all-time highs in January 2026, touching nearly 7,000 (Exhibit 2.4). The index started 2025 just below 5,900 and grew until February, when President Trump announced tariffs on Canada, China, and Mexico and described his plans for reciprocal tariffs to be imposed on countries across the world. The index dropped precipitously until May's "capitulation day" when major tariffs on China were rolled back. Since that point, the S&P 500 grew strongly for the remainder of 2025.

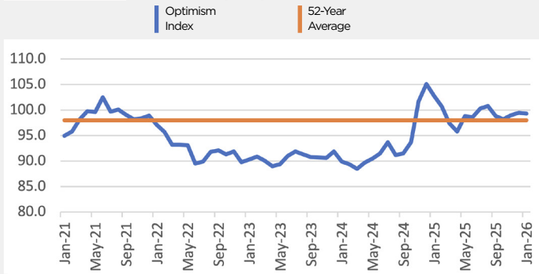
Exhibit 2.4 **S&P 500 Index, Jan 2021 to Jan 2026**

Source: S&P Dow Jones Indices LLC via FRED

The data on private nonresidential fixed investment also suggest that businesses generally are optimistic about future demand and growth. Private nonresidential fixed investment refers to spending by private businesses on long-lived physical assets that are used to produce goods and services but are not intended for resale. It encompasses three main categories: structures (such as office buildings, factories, warehouses, and utility facilities), equipment (such as machinery, computers, vehicles, and industrial tools), and intellectual property products (such as software, research and development, and artistic originals). Data from the third quarter of 2025, the most recent data available, show that private nonresidential fixed investment grew at a seasonally adjusted, annualized rate of 3.2 percent. This is down from the first and second quarter growth rates of 9.5 percent and 7.3 percent, respectively, but it still represents solid growth.[20]

The growth outlook for small businesses is murkier, however. The National Federation of Independent Business (NFIB) points out that Small Business Optimism Index fell 0.2 points in January to 99.3 (Exhibit 2.5). While the index remains above its 52-year average of 98, it has been hovering near that level since September 2025. This suggests small businesses are doing okay but not great.

Exhibit 2.5 **NFIB Small Business Optimism Index, Seasonally Adjusted, Jan 2021 to Jan 2026**



Source: NFIB

One finding from the NFIB's January report is the uncertainty that small businesses have with respect to the current economic environment. Uncertainty affects the ability of small businesses to anticipate the outcomes of important future events, which are critical to planning and forecasting. NFIB tracks the responses to six questions from its monthly Small Business Economic Trends survey, measuring the frequency of "don't know" and "uncertain" responses, and from this creates an Uncertainty Index. NFIB notes a rising level of discomfort among small businesses, with the Uncertainty Index rising 7 points from December 2025 to 91 in January 2026. A rise in owners reporting uncertainty about whether it is a good time to expand their business was the primary driver of the rise in the Uncertainty Index.

Federal Cuts to Scientific Research

The Trump administration has focused on reducing federal funding for scientific research and practice during its second term. A comprehensive report by Nature[21] describes the state of science funding a year after Trump's inauguration. Over the course of 2025, 7,800 grants from the National Institute of Health (NIH) and National Science Foundation (NSF) were cancelled or suspended, and 2,600 were never reinstated, amounting to a $1.4 billion loss in research funds. It is currently unclear how much money researchers who had their grants reinstated/unfrozen were refunded. The administration targeted grant topics such as vaccine hesitancy, infectious diseases, and research on people from underrepresented backgrounds. The number of new grants awarded has also dropped substantially in 2025, with a 25 percent decline in NSF grants and a 24 percent decline in NIH grants relative to a 10-year average.

The administration's actions have also led to a decrease in science training and employment in scientific government agencies. Slashing science-based federal grants will reduce universities' capacity to train the next generation of scientists, as some graduate student enrollment relies on grant funding. The National Student Clearinghouse has reported that graduate enrollment in Biological and Biomedical Sciences increased by only 1.5 percent in Fall 2025, well below the average 3.9 percent growth rate between 2021 and 2024.[22] In the physical sciences, a survey of 115 physics and astronomy departments by the American Institute of Physics estimates a 13 percent decline in first-year graduate students, the most severe decline in over a decade.[23] Several prominent academic institutions have also announced substantial cuts in graduate student admissions, including a 35 percent reduction at the

[20] U.S. Bureau of Economic Analysis. (2026, January 22). Gross domestic product, 3rd quarter 2025 (updated estimate), GDP by industry, and corporate profits (revised) (BEA 26–04). U.S. Department of Commerce. https://www.bea.gov

[21] https://www.nature.com/immersive/d41586-026-00088-9/index.html

[22] https://nscresearchcenter.org/final-fall-enrollment-trends/

[23] https://physicstoday.aip.org/news/physics-astronomy-graduate-admissions-in-the-us-expected-to-shrink-amid-funding-uncertainty?utm_source=chatgpt.com

University of Pennsylvania School of Medicine and a 50 percent reduction across Harvard's science departments. The number of Graduate Fellowship awards from the NSF also appears to have been halved relative to a typical year, dropping from a typical 2,000 between 2014-2024, to 1,000.[24]

The Trump administration has additionally reduced employment at government agencies conducting scientific research, such as the Food and Drug Administration (FDA), NIH, NSF, and National Aeronautics and Space Administration (NASA). Nature estimates that government scientific agencies lost over 25,000 employees between 2024 and 2025, with some agencies, such as the FDA, losing over 20 percent of their staff. While the Trump administration has called for drastic cuts to the NIH of 40 percent, NSF of 57 percent, and NASA Science Mission Directorate of 47 percent in fiscal year 2026, current legislation is breaking with these proposals. The American Association for the Advancement of Science (AAAS) reports an expected slight increase in NIH funding of 0.9 percent.[25] However, AAAS is also reporting expected funding decreases of 3.4 percent for NSF and 1.1 percent for NASA Science Mission Directorate.

United States Headline Economic Statistics and Forecast

	2021	2022	2023	2024	2025e	2026F	2027F
Real GDP Growth	6.2%	2.5%	2.9%	2.8%	1.8%	2.3%	1.9%
Real Personal Income Growth	5.2%	-3.3%	2.6%	2.9%	2.0%	2.8%	3.1%
Nonfarm Employment (000s)	146,284	152,523	155,869	157,959	159,391	159,900	161,163.9
Unemployment Rate	5.3%	3.6%	3.6%	4.0%	4.3%	4.5%	4.6%
CPI Change	4.7%	8.0%	4.1%	3.0%	2.6%	2.7%	2.7%

Source: U.S. Census Bureau

[24] https://cen.acs.org/policy/research-funding/NSF-halves-graduate-fellowship-awards/103/web/2025/04

3. California Forecast

Major Economic Indicators

Gross State Product (GSP)

After strong growth in California's real GSP of 3.2 percent in 2024, growth is estimated to moderate to 2.1 percent in 2025. Over the following two years, GSP growth is projected to rise slightly to 2.4 percent in 2026 before easing back to 2.0 percent in 2027. California's economic growth is expected to generally track the U.S. trend, remaining slightly above the national growth rate throughout the forecast period.

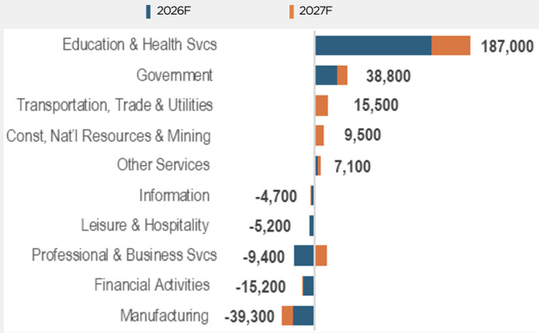
Employment

Nonfarm employment growth in California is projected to remain modest as the labor market continues to cool. After increasing 0.7 percent in 2024, job growth is estimated at 0.2 percent in 2025 (adding 32,900 nonfarm payroll jobs). Nonfarm employment is projected to rise by 0.4 percent in 2026, followed by 0.5 percent in 2027. This translates to an increase of 94,400 jobs in 2026 and 89,700 jobs in 2027.

Sectoral trends in Exhibit 3.1 show that job growth in the next two years will be highly concentrated. Education & Health remains the dominant source of employment gains, adding 140,000 jobs in 2026 and a further 47,000 jobs in 2027, for a total gain of 187,000 jobs over the two-year period. Government employment is projected to increase by 26,900 jobs in 2026 and 11,900 in 2027. Transportation, Trade and Utilities is expected to post modest gains of 700 jobs in 2026 and 14,800 in 2027, while Construction, Natural Resources, and Mining is projected to decline slightly by 1,500 jobs in 2026 before recovering with an 11,000-job increase in 2027.

By contrast, several sectors are expected to contract over the forecast horizon. Manufacturing is projected to lose 26,600 jobs in 2026 and an additional 12,700 jobs in 2027. Financial Activities is expected to shed 14,200 jobs in 2026 and another 1,000 in 2027. Professional & Business Services is projected to fall by 24,300 jobs in 2026 but recover 14,900 in 2027. Leisure & Hospitality is expected to decline by 6,100 jobs in 2026, followed by a modest gain of 900 jobs in 2027.

Exhibit 3.1 **2025 TO 2027 CA Employment Growth by Industry**



Source: LAEDC

Personal Income

California's real personal income growth is estimated to rise modestly to 1.9 percent in 2025, up from 1.3 percent in 2024. Growth rate is expected to decline slightly to 1.6 percent in 2026 before accelerating to 2.8 percent in 2027. Over this period, California's income growth is anticipated to remain slightly below the U.S. average.

Unemployment Rate

California's unemployment rate has risen gradually as job growth slows. After falling to 4.3 percent in 2022 and 4.7 percent in 2023, the unemployment rate increased to 5.3 percent in 2024 and 5.5 percent in 2025. The unemployment rate is projected to remain at the 5.6 to 5.7 percent level in the next two years, consistently higher than the projected 4.5 percent nationwide unemployment level.

[25] https://www.aaas.org/sites/default/files/2026-02/Final%20Report%202026_0.pdf

California's Budget Crisis is Exacerbated by Federal Cuts

California has been in a multi-year state budget crisis as spending increases, and revenue streams remain uncertain. In past years, the State has deployed temporary fixes to solve its deficit. The state now has fewer tools to deploy during a future economic downturn, with budget reserves and budgetary borrowing methods depleted after years of use. OBBBA applies additional strain to state coffers as the Federal government withdraws significant support from the social safety net, clean energy programs, and disaster assistance.

Federal funding to California will decrease by tens of millions every year, mostly attributed to a decline in enrollment to Medi-Cal and CalFresh. The non-partisan California Legislative Analyst's Office (LAO) projects that California will spend an additional $1.3 billion annually on Medi-Cal and CalFresh due to an increase in the state's share of costs and new restrictions on provider taxes.[26] As healthcare coverage decreases, providers will face financial difficulties. The California Hospital Association estimates that payments to California's hospitals will be reduced by at least 14 percent, at a time when half of California hospitals are already operating at a loss.[27] The UC Berkeley Labor Center estimates that cuts to Medicaid will lead to the elimination of 109,000-217,000 jobs in California.[28]

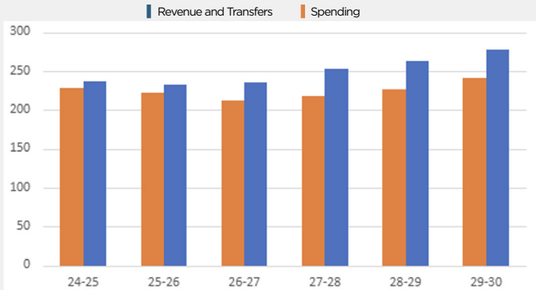
The Governor's 2026-27 State Budget Proposal depends on optimistic revenue projections, assuming a strong stock market despite concerns of an AI bubble burst and the renewal of an expiring health insurance tax. Revenue from personal income tax, corporation tax, and sales tax will increase by approximately 1 percent in FY25-26, but this trend is not projected to continue. As capital gains from the stock market remain unstable and high borrowing costs persist, the LAO projects that total revenue will decrease by 1.4 percent in FY26-27.[29]

Though there are proposals for new revenue sources, none are incorporated into the Governor's January budget proposal. Solutions may include closing the corporate "water's edge" loophole, removing the tax exemption on the sale of custom computer programs, and a pending ballot proposition for a one-time tax on billionaires' wealth.

While FY25-26 will see increases in revenue, state spending will outpace revenue growth due to formula-based constitutional requirements. Proposition 98 (1988) requires that 60 percent of state revenue improvement goes to schools and community colleges, limiting the growth from filling gaps left by the federal budget. Proposition 2 (2014) mandates 1.5 percent of General Fund revenues and part of excess capital gains to be deposited into a rainy-day fund called the Budget Stabilization Act and for paying down specific debts. LAO estimates that based on this, the state will need to spend $7 billion more on Proposition 98 requirements and $3.4 billion more in Proposition 2 requirements. Additional cost increases arise from higher statewide expenditures and increasing state costs of Medi-Cal and CalFresh.[30]

The LAO projects an $18 billion budget deficit in fiscal year 2026-27, revised up from the $13 billion estimate in June 2025. Structural deficits are projected to increase to $35 billion in FY27-28. Exhibit 3.2 shows projections of state spending compared to revenue and transfers from 2024 through 2030.

Exhibit 3.2 **California State Budget Projections (Millions)**



Source: LAO, 2025

California Headline Economic Statistics and Forecast

	2021	2022	2023	2024	2025e	2026F	2027F
Real GSP Growth	7.5%	-0.1%	1.8%	3.2%	2.1%	2.4%	2.0%
Real Personal Income Growth	4.4%	-7.0%	1.5%	1.3%	1.9%	1.6%	2.8%
Nonfarm Employment (000s)	16,752.5	17,670.9	17,825.3	17,948.7	17,981.6	18,075.9	18,165.7
Unemployment Rate	7.3%	4.3%	4.7%	5.3%	5.5%	5.7%	5.6%
CPI Change	4.2%	7.3%	3.9%	3.1%	3.0%	2.9%	3%

Source: U.S. Census Bureau

[26] Legislative Analyst's Office (LAO). (2025, November 19). The 2026-27 Budget: California's Fiscal Outlook.
[27] Johnson, B. (2025, July 17). CHA Comments for July 2025 OHCA Board Meeting. California Hospital Association.
[28] Lucia, L. (2025, April 24). California Could Lose Up to 217,000 Jobs if Congress Cuts Medicaid. UC Berkeley Labor Center.

4. Los Angeles County Forecast

Major Economic Indicators

Gross County Product (GCP)

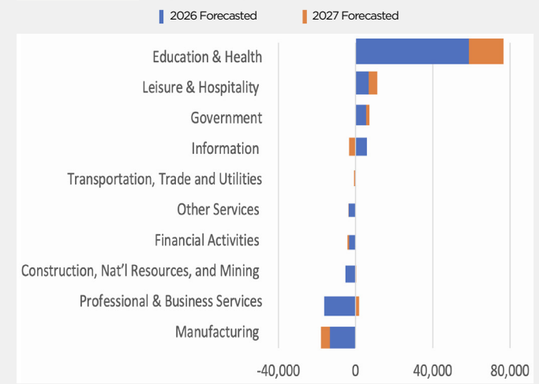
Real GCP in Los Angeles County grew by 2.4 percent in 2025, a significant jump from the 1.1 percent growth rate seen in 2024 and the 1.0 percent growth rate in 2023. Los Angeles County's real GCP growth was slightly larger than California's (2.1 percent) for the year. That said, the County will experience more restrained economic growth over the next two years, like the California forecast, with a projected real GCP growth rate of 2.2 percent in 2026 and 1.8 percent in 2027.

Employment

Los Angeles County added just 9,800 nonfarm payroll jobs in 2025, an increase of 0.0 percent. This brings the number of payroll employees in the County to just under 4.6 million. This is significantly lower than the 46,400 jobs added in 2024 and is closer to the 10,300 jobs added in 2023. The major industry sectors experiencing the most growth in 2025 were Education & Health Services (21,100 jobs), Government (3,800 jobs), and Professional & Business Services (1,400 jobs). The industry sectors experiencing the greatest losses were Information (9,400 jobs), Transportation, Trade and Utilities (6,800 jobs), and Manufacturing (5,000 jobs).

Over the next two years, job creation in Los Angeles County should pick up, with projected annual growth rates of 0.5 percent in 2026 and 0.4 percent in 2027. This translates to an additional 24,100 jobs in 2026 and 16,700 jobs in 2027. Between 2025 and 2027, Education & Health Services and Leisure & Hospitality are expected to gain the most jobs, 76,700 and 11,200, respectively. By contrast, Manufacturing and Professional & Business Services are expected to lose the most, 18,000 and 14,400, respectively.

Exhibit 4.1 **2025 to 2027 LA County Employment Growth by Industry**



Source: LAEDC

Personal Income

After a strong 4.1 percent growth rate in 2024, the real personal income growth rate in the County cooled to 2.7 percent in 2025. This exceeded the national growth rate (2.0 percent) and California's (1.9 percent). We expect real personal income growth to slow in 2026 and to increase slightly in 2027. Growth rates should reach 2.0 percent and 2.8 percent, respectively.

Unemployment Rate

The unemployment rate in Los Angeles County is a concern. It reached 5.7 percent in 2025, above the 2022-2024 average of 5.3 percent. The County's unemployment rate was higher than California's (5.5 percent) and substantially higher than the United States' (4.3 percent) in 2025. As hiring accelerates over the next two years, we expect the unemployment rate to remain steady. We anticipate that the County's unemployment rate will reach 5.9 percent in 2026 and 2027.

[29] Legislative Analyst's Office (LAO). (2025, November 19). The 2026-27 Budget: California's Fiscal Outlook.
[30] Legislative Analyst's Office (LAO). (2025, November 19). The 2026-27 Budget: California's Fiscal Outlook

County Faces Budgetary Pressure

Los Angeles County faces ongoing challenges with its budget, due to diminished revenue from continued economic uncertainty, increased costs from wildfires and payouts from legal settlements, and the sunsetting of one-time Pandemic-related State and Federal funding opportunities. While property tax revenue has steadily increased, sales tax revenue decreased in FY24-25 and is expected to decrease in FY25-26, as the economy slows and consumers spend less. While the County managed to balance their FY25-26 budget by cutting programs and jobs, decreasing services, and negotiating with labor unions, fundamental budget problems remain.

OBBBA exacerbates the challenges that the County already faces. Los Angeles County operates four hospitals and 23 health centers. In 2021, the County's hospitals received 81.1 percent of net patient revenue from Medi-Cal and 11.1 percent from Medicare, accounting for $2.6 billion in annual revenue for the County.[31] Limiting access to insurance coverage poses an existential financial threat to the county. The County is projected to lose $714 million over the next three years due to OBBBA's cuts to Medicaid. According to LA County CEO Fesia Davenport, this will result in 5,000 county layoffs and could lead to a closure of a county public hospital.[32]

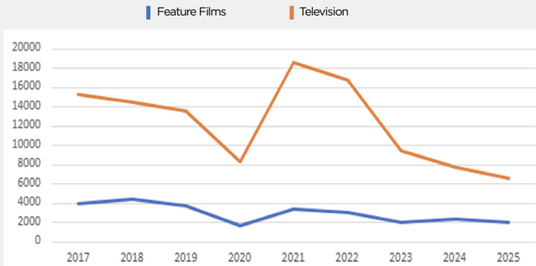
As budget deficits threaten to impact staffing and funding levels, Los Angeles will be heavily impacted. Key employment sectors for the region rely on government funding. Health care and social assistance, education, and government sectors make up more than one-third of employment in the County. The health care and social assistance sector is the largest sector for private employment in Los Angeles County, employing over 800,000 annually. If local government were a private industry sector, it would be the second-largest employer in the county with over 450,000 annual employees.[33]

Hollywood After Film Tax Credit Expansion

California reformed its Film Tax Credit program in 2025, more than doubling the annual allocation to $750 million, expanding the program's eligibility, streamlining its stacked bonuses, and increasing project caps and base credit percentages. While the new program launched in July, productions have 180 days from credit award to begin filming. The full effect of increased incentives will not be apparent until well into 2026. However, there are early signs of optimism: FilmLA reported that incentivized projects accounted for 13% of all film and TV shoot days in Q4 of 2025.[34]

Overall, shoot days continue to decline; in 2025, shoot days reached Pandemic lows. Exhibit 4.2 shows the decline in on-location shoot days among feature film and television productions between 2017 and 2025.

Exhibit 4.2 **Greater Los Angeles Annual On-Location Shoot Days, 2017-2025**



Source: FilmLA

Sound stage occupancy shows a similar story. While Los Angeles sound stage occupancy remained above 93 percent between 2016 and 2021, occupancy in 2024 was 63 percent.[35] Los Angeles continues to invest in sound stages, increasing sound stage square footage by 53 percent between 2020 and 2025. As production shoot days drop, there are early signs of financial uncertainty for the Los Angeles sound stage business. Hackman Capital purchased the iconic Radford Studio Center for $1.85 billion in 2021, with grand plans to redevelop the space and modernize production. Amid production decline, Hackman defaulted on the loan in January 2026, ceding the property to Goldman Sachs.[36] Around the same time, a new soundstage facility – East End Studios – opened in LA's Arts District. The 255,000 square foot facility is empty, with no productions currently slated to use the state-of-the-art facilities.

Los Angeles County is also exploring the creation of a purpose-built research sound stage on public land.[37]

FilmLA, a nonprofit public benefit organization, holds contracts with the County and City of Los Angeles, along with other cities in the region, to handle film permits and act as the government's official film office. Under a unique model, the organization does not charge cities for its services, instead drawing permit fees to fund permit administration. When FilmLA's contracts with the City and County of Los Angeles came up for renewal this year, the process raised considerations around whether the film office permit pricing was adding to the recent decline in regional production. The County and City both extended FilmLA's contracts, with both now expiring on June 30, 2030. Aligning contract dates allows the two to coordinate during the next contract negotiation.

Consolidation within the industry will also impact the Los Angeles regional economy. In August, Skydance acquired Paramount for $8 billion. Now, Netflix and Paramount Skydance are competing to purchase Warner Brothers. In the near-term, this acquisition could result in back-office layoffs at Warner Brothers, whose headquarters are in Burbank, due to 'duplicative' administrative roles. In the long-run, however, mergers and acquisitions in the entertainment industry pose a risk to the regional economy. Netflix's main headquarters are in Los Gatos, in Northern California, with major production hubs and sound stages in New Jersey and New Mexico. Industry consolidation threatens to move intellectual property, jobs, productions, and tax revenue out of Los Angeles.

Signs of Economic Progress

While Los Angeles County faced hardships in 2025, there were still signs of economic progress. For instance, several transportation and infrastructure initiatives were advanced throughout the County in preparation for the 2026 FIFA World Cup and the 2028 Olympic and Paralympic Games. LA Metro completed the LAX/Metro Transit Center, making it easier to travel to and from Los Angeles International Airport (LAX) by public transportation, along with the Metro A Line extension to Pomona. These and other projects are part of LA Metro's Twenty-Eight by '28 Initiative, which looks to prepare the County for the 2028 Games by completing 28 transit-related projects. The City of Long Beach continued construction on infrastructure projects associated with its Elevate '28 program, which includes proposals for more than $1 billion in investment in the city by the end of fiscal year 2027. For airport modernization, the Los Angeles City Council approved Los Angeles World Airports' (LAWA) Multiple Award Task Order Contract for up to $5 billion in airport improvements as a part of LAWA's Capital Improvement Program. The City Council also approved a $2.6 billion expansion and modernization program for the L.A. Convention Center. The City of Inglewood approved a $34 million contract for its Inglewood Transit Connector Program, which is being refocused on near-term mobility improvements, including serving spectators traveling to SoFi Stadium and the Intuit Dome for the 2028 Games.

LA Metro is also involved in two other transportation infrastructure projects that will likely be completed after the 2028 Games, but will be a boon to the region once finished. The first project is the Sepulveda Transit Corridor, an underground heavy-rail line that will connect the San Fernando Valley and the Westside. The project was nearing the end of environmental review at the end of 2025 and aims to complete construction by 2035. It's currently estimated to cost between $20 billion and $25 billion. Another project is the Southeast Gateway Line, which began preconstruction in 2025 and brings 14.5 miles of rail service to the Southeast part of Los Angeles County. This project is intended to be completed by 2035 and is projected to cost between $7.1 billion and $9 billion to build.

[31] California Department of Health Care Access and Information (HCAI). (2021). Net Patient Revenue, Discharges, and Outpatient Visits by Payer and Facility.

[32] Davenport, F. (2025, August 5). Budgetary Pressures and Impacts: Weekly Budget Briefing. Los Angeles County Office of the Chief Executive.

[33] U.S. Bureau of Labor Statistics. Quarterly Census of Employment and Wages, 2024 Los Angeles County.

[33] FilmLA. (2025, January 15). Rising California Film & TV Tax Credit Productions Signal Growing Industry Momentum Amid 2025 Production Losses.

[34] FilmLA. (2025, April 3). Sound Stage Occupancy/Stage Shoot Numbers Slip in New FilmLA Report.

[36] Vincent, R. & Masunaga, S. (2026, January 27). Independent studios scramble to stay afloar as film and TV production lags. Los Angeles Times.

Other substantial investments were secured within Los Angeles County in 2025 and are expected to bring economic growth. Anduril Industries announced it will open a campus in Long Beach and Lakewood, supporting 5,500 jobs upon opening in mid-2027. The Kroenke Organization announced its plans for the 52-acre "Rams Village" at Warner Center, which will become the new headquarters and training facilities for the Los Angeles Rams. Also announced were the plans for Hollywood Park Studios, a multi-structure production space spanning 12 acres. The first tenant for Hollywood Park Studios will set up an international broadcast center for the 2028 Olympic and Paralympic Games.

The County received $23.9 million in California Jobs First funds to support its Life Sciences Industry Strategy and Action Plan, which aims to create 10,000 high-quality jobs in the County by 2030. The County also secured a $32 million investment to launch two workforce initiatives: the Fire Recovery and Resilience Workforce Program, which supports 1,000 workers, and the High Road Training Partnership Fund, which supports 1,300 workers. Over $2.5 billion in relief funds from the California state government were granted to the County to help with recovery from the Eaton and Palisades wildfires that occurred in January 2025.

Los Angeles County Headline Economic Statistics and Forecast

	2021	2022	2023	2024	2025e	2026F	2027F
Real GCP Growth	6.1%	2.6%	1.0%	1.1%	2.4%	2.2%	1.8%
Real Personal Income Growth	1.8%	-5.7%	0.8%	4.1%	2.7%	2.0%	2.8%
Nonfarm Employment (000s)	4,305.1	4,533.2	4,543.5	4,589.9	4,599.7	4,623.8	4,640.5
Unemployment Rate	9.0%	5.0%	5.1%	5.8%	5.7%	5.9%	5.9%
CPI Change	3.8%	7.4%	3.5%	3.3%	3.2%	2.7%	2.9%

Source: U.S. Census Bureau

[37] Los Angeles County Film Office. (2025, June). Advancing the Resilience of the Film and Television Industry in Los Angeles.

5. Quick Facts

Quick Facts	
Population*	340.1 million
% Prime Age (25-54)*	39.1%
Gross Domestic Product*	$29.3 trillion
Median Household Income*	$81,600
Median Home Price to Household Income Ratio*	4.4
Poverty Rate*	12.1%
Unemployment Rate	4.3%

*2024 Estimate Sources: US Census ACS, BEA, CA EDD

	2021	2022	2023	2024	2025e	2026F	2027F
Real GDP Growth	6.2%	2.5%	2.9%	2.8%	1.8%	2.3%	1.9%
Real Personal Income Growth	5.2%	-3.3%	2.6%	2.9%	2.0%	2.8%	3.1%
Nonfarm Employment Growth	2.9%	4.3%	2.2%	1.3%	0.9%	0.9%	0.8%
Unemployment Rate	5.3%	3.6%	3.6%	4.0%	4.3%	4.5%	4.6%
CPI Change	4.7%	8.0%	4.1%	3.0%	2.6%	2.7%	2.7%
Employment Growth By Sector							
Construction, Nat'l Resources, & Mining	7,996,000	8,368,000	8,646,000	8,838,000	8,916,000	8,947,100	9,022,200
Manufacturing	12,311,000	12,767,000	12,873,000	12,817,000	12,731,000	12,677,600	12,689,100
Transportation, Trade, & Utilities	27,653,000	28,633,000	28,820,000	28,923,000	29,061,000	28,914,500	29,080,800
Information	2,856,000	3,063,000	3,007,000	2,943,000	2,930,000	2,870,400	2,873,900
Financial Activities	8,806,000	9,062,000	9,174,000	9,169,000	9,237,000	9,298,800	9,377,600
Professional & Business Services	21,429,000	22,582,000	22,769,000	22,620,000	22,559,000	22,472,400	22,672,100
Education & Health	23,652,000	24,336,000	25,387,000	26,490,000	27,341,000	27,974,300	28,374,800
Leisure & Hospitality	14,151,000	15,827,000	16,557,000	16,818,000	17,048,000	17,144,400	17,336,100
Other Services	5,457,000	5,694,000	5,842,000	5,966,000	6,040,000	6,034,400	6,068,400
Government	21,973,000	22,191,000	22,794,000	23,375,000	23,528,000	23,566,000	23,668,900
Housing Permits	1,737,000	1,680,400	1,511,100	1,478,000	1,436,600		
Media Home Listing Price	$367,000	$417,500	$426,500	$424,400	$423,600		

California

Quick Facts	
Population*	39.4 million
% Prime Age (25-54)*	41%
Gross State Product*	$4 trillion
Median Household Income*	$100,100
Median Home Price to Household Income Ratio*	7.6
Poverty Rate*	11.8%
Unemployment Rate	5.5%

*2024 Estimate Sources: US Census ACS, BEA, CA EDD

	2021	2022	2023	2024	2025e	2026F	2027F
Real GSP Growth	7.5%	-0.1%	1.8%	3.2%	2.1%	2.4%	2.0%
Real Personal Income Growth	4.4%	-7.0%	1.5%	1.3%	1.9%	1.6%	2.8%
Nonfarm Employment Growth	3.5%	5.5%	0.9%	0.7%	0.2%	0.4%	0.5%
Unemployment Rate	7.3%	4.3%	4.7%	5.3%	5.5%	5.7%	5.6%
CPI Change	4.2%	7.3%	3.9%	3.1%	3.0%	2.9%	3.0%
Employment Growth By Sector							
Construction, Nat'l Resources, & Mining	903,000	932,500	933,100	931,000	917,900	916,400	927,400
Manufacturing	1,283,100	1,338,300	1,334,200	1,249,100	1,233,300	1,206,700	1,194,000
Transportation, Trade, & Utilities	3,022,600	3,128,500	3,107,100	3,082,300	3,068,800	3,069,500	3,084,300
Information	568,700	617,600	559,000	538,100	529,100	525,400	524,400
Financial Activities	827,300	838,700	814,300	802,500	796,600	782,400	781,400
Professional & Business Services	2,712,300	2,853,200	2,775,400	2,786,800	2,767,600	2,743,300	2,758,200
Education & Health	2,818,000	2,932,600	3,100,000	3,285,500	3,370,000	3,510,000	3,557,000
Leisure & Hospitality	1,641,400	1,931,200	2,010,600	2,015,800	2,013,600	2,007,500	2,008,400
Other Services	506,600	564,800	587,900	594,700	598,500	601,700	605,600
Government	2,469,500	2,533,500	2,603,700	2,662,900	2,686,200	2,713,100	2,725,000
Housing Permits	119,400	120,800	111,800	101,500	103,600		
Media Home Listing Price	$722,500	$732,700	$745,400	$756,100	$742,300		

Los Angeles County

Quick Facts	
Population*	9.8 million
% Prime Age (25-54)*	42.6%
Gross County Product*	$1,003 billion
Median Household Income*	$90,800
Median Home Price to Household Income Ratio*	9.5
Poverty Rate*	13.3%
Unemployment Rate	5.7%

*2024 Estimate Sources: US Census ACS, BEA, CA EDD

	2021	2022	2023	2024	2025e	2026F	2027F
Real GCP Growth	6.1%	2.6%	1.0%	1.1%	2.4%	2.2%	1.8%
Real Personal Income Growth	1.8%	-5.7%	0.8%	4.1%	2.7%	2.0%	2.8%
Nonfarm Employment Growth	3.3%	5.3%	0.2%	1.0%	0.0%	0.5%	0.4%
Unemployment Rate	9.0%	5.0%	5.1%	5.8%	5.7%	5.9%	5.9%
CPI Change	3.8%	7.4%	3.5%	3.3%	3.2%	2.7%	2.9%
Employment Growth By Sector							
Construction, Nat'l Resources, & Mining	150,700	153,000	152,700	152,500	150,300	145,000	145,400
Manufacturing	313,100	321,700	319,200	310,800	305,800	292,500	287,800
Transportation, Trade, & Utilities	814,000	834,500	826,400	814,000	807,200	807,000	806,300
Information	208,800	234,900	193,000	189,800	180,400	186,200	182,800
Financial Activities	213,200	215,700	211,000	208,700	205,600	202,200	201,400
Professional & Business Services	630,800	666,900	652,500	657,800	659,200	643,000	644,800
Education & Health	844,400	871,100	914,500	969,400	990,500	1,049,200	1,067,200
Leisure & Hospitality	434,200	512,400	534,100	537,400	536,000	542,800	547,200
Other Services	135,700	153,000	157,800	158,400	159,100	155,500	155,400
Government	560,200	570,000	582,300	591,100	594,900	600,300	602,100
Housing Permits	23,300	26,900	24,300	19,800	20,900		
Media Home Listing Price	$937,700	$913,000	$1,044,300	$1,070,800	$1,023,600		

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