



LOS ANGELES COUNTY
ECONOMIC DEVELOPMENT CORPORATION
Collaboratively Advancing Growth and Prosperity for All

Quarterly Economic Briefing

- **Stephen Cheung**
President & CEO, LAEDC
- **Shannon M. Sedgwick**
Senior Director, LAEDC Institute for Applied Economics

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www.laedc.org





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LAEDC 2025 Economic Briefing



Stephen Cheung

President & CEO, LAEDC

President, WTCLA



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Economic Briefing**



Shannon M. Sedgwick

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**LAEDC 2025
Economic Briefing**

Presentation Outline

- **United States Economic Conditions**
- **Los Angeles County Local Area
Employment Situation**
- **Industry Clusters in Los Angeles County**



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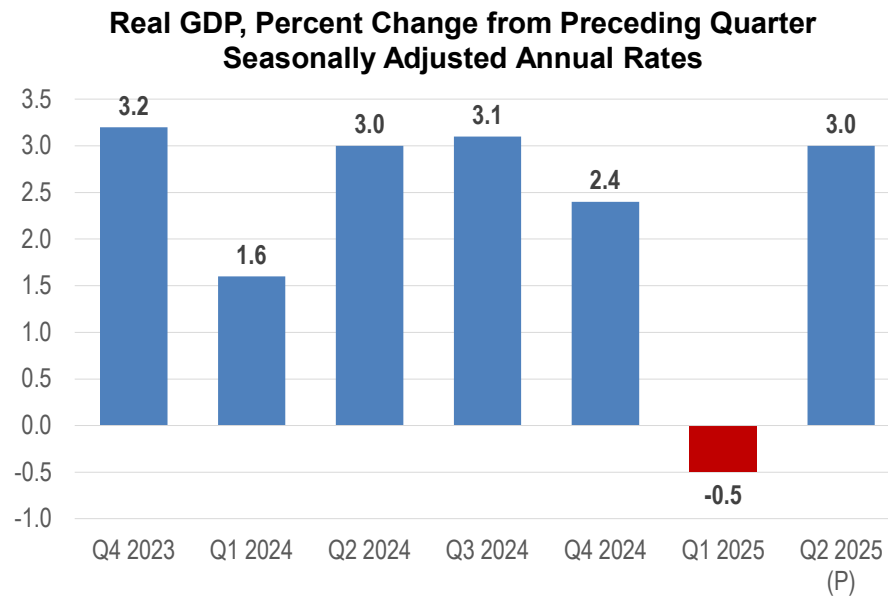
Economic Conditions August 2025:

United States



Current U.S. Economic Growth

- Real gross domestic product (GDP) grew at a robust annual rate of 3.0 percent in Q2 2025
- This represents a significant snapback from the 0.5 percent contraction from Q1 2025



Source: U.S. Bureau of Economic Analysis

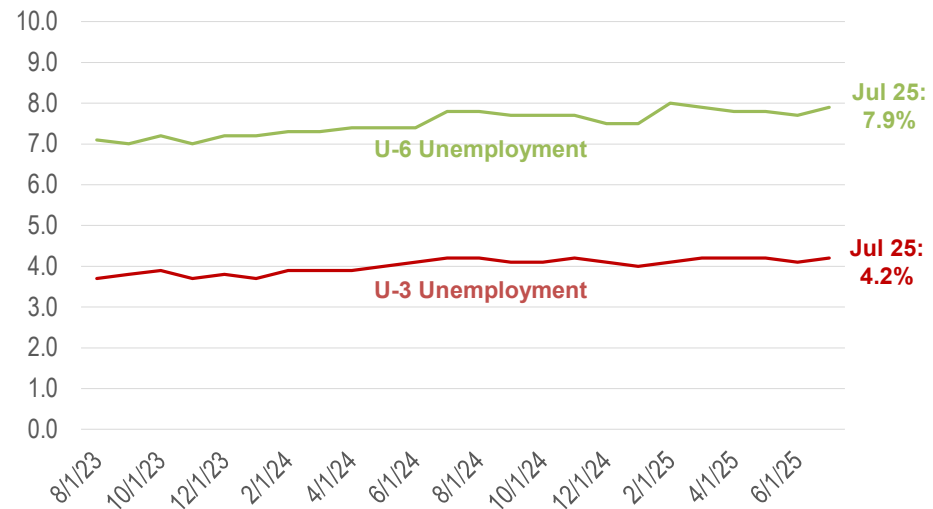
Note: Q1 2025 real GDP growth was initially thought to be only -0.3 percent



Current U.S. Unemployment

- The official unemployment rate (U-3) has been relatively steady and is currently at 4.2%
- An alternative measure of unemployment (U-6) ticked up to 7.9% from 7.7% last month, but it also remains relatively steady

U.S. Unemployment Rate
Aug 2023 – Jul 2025

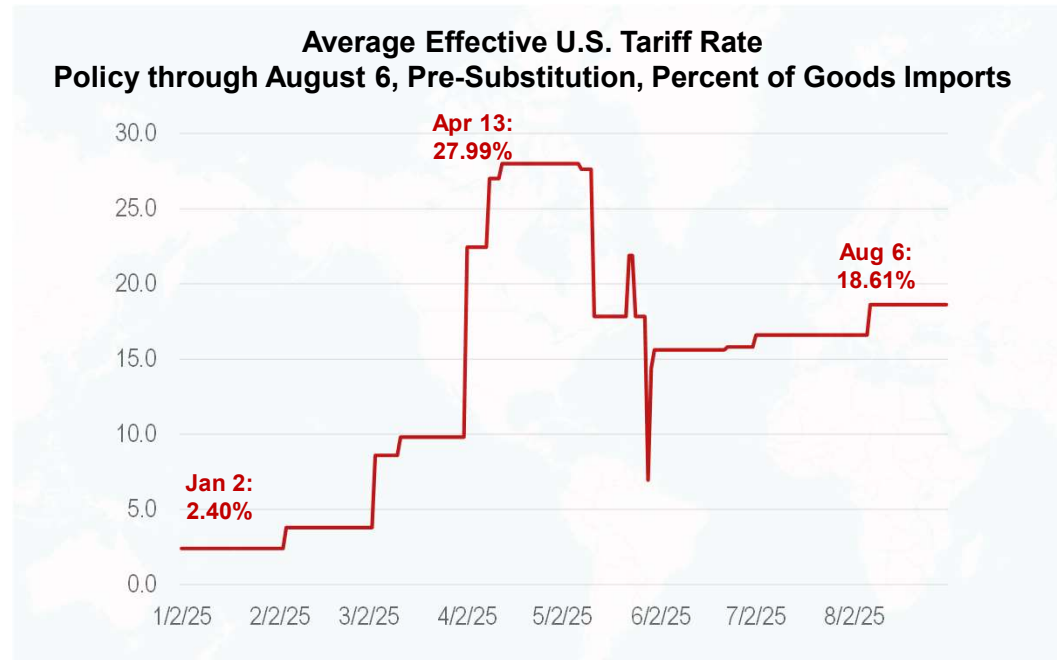


Source: U.S. Bureau of Labor Statistics



U.S. Tariffs

- While the effective tariff rate jumped significantly from January to April, it fell significantly after Capitulation Day (May 12)
- Relatively lower rates on Chinese imports after May 12 shielded U.S. consumers from price hikes

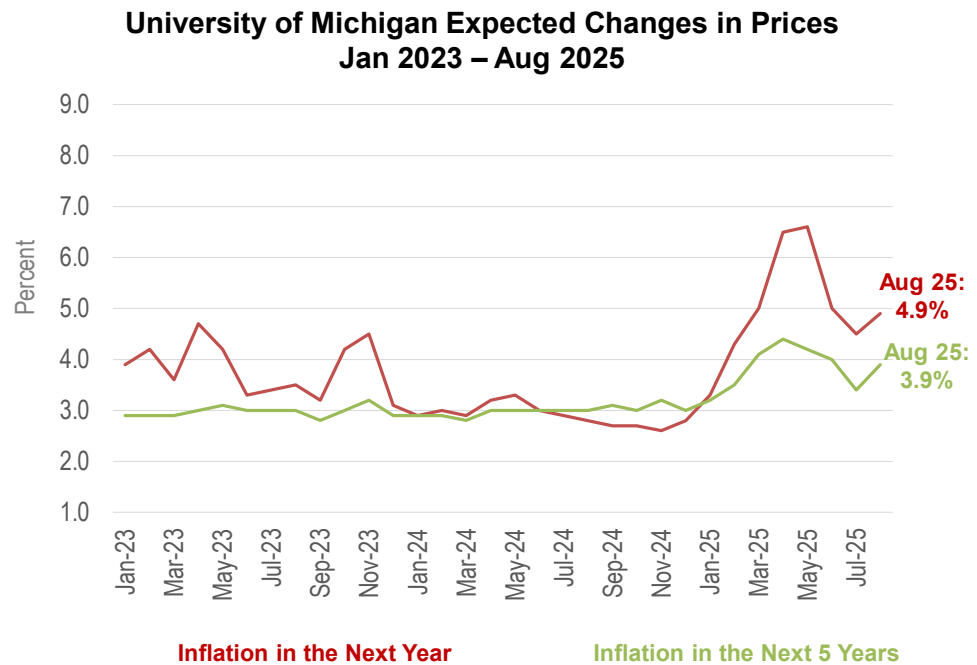


Source: Yale Budget Lab



Consumer Expectations

- Consumers' expectations of inflation in the following 12 months have inched back up to 4.9% today
- Consumers' expectations of inflation in the next 5 years are also increasing, and now stand at 3.9%

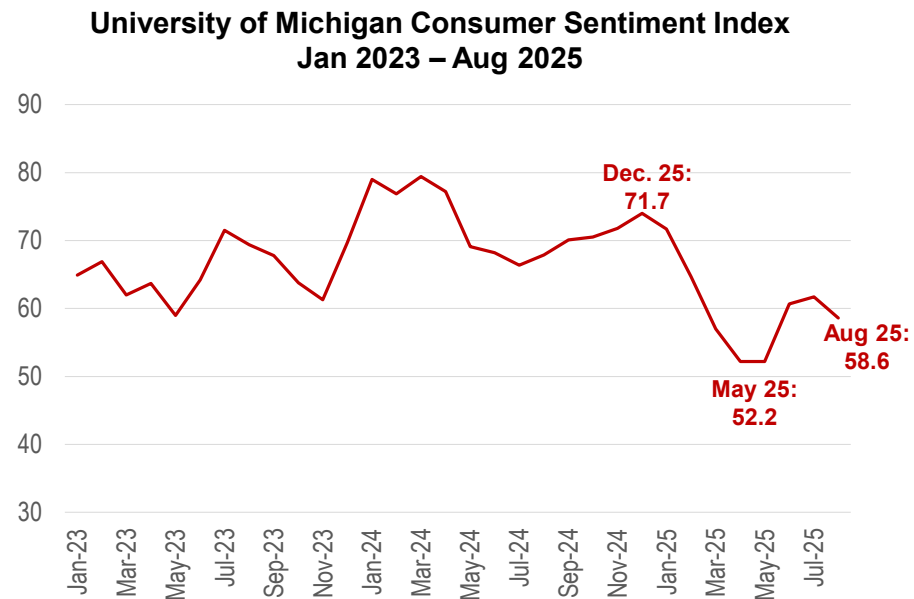


Source: University of Michigan



Consumer Sentiment

- Consumer sentiment rebounded after plunging from December 2025 levels
- However, the August 2025 reading of 58.6 remains significantly below the levels seen at the beginning of the year



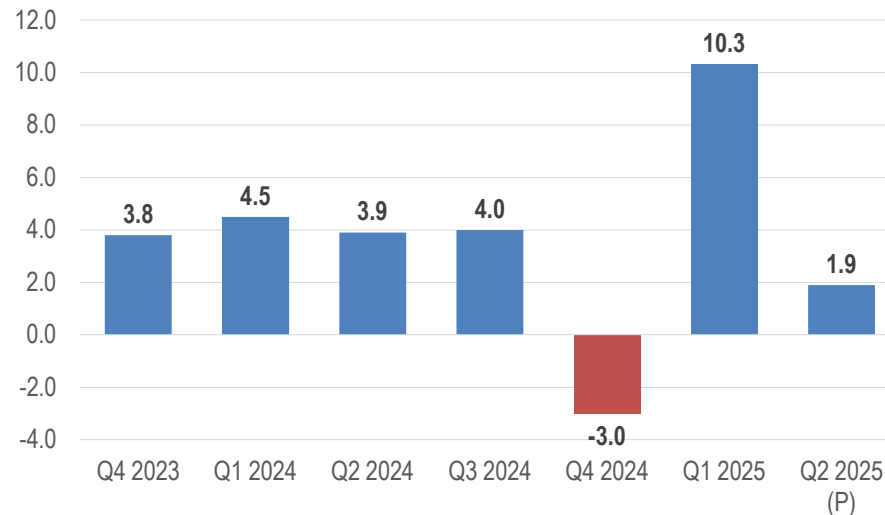
Source: University of Michigan



U.S. Business Investment

- Nonresidential fixed investment focuses on business capital spending, including on structures, equipment, and intellectual property
- Business investment grew in Q2 2025, but at a slower rate than previous quarters

**Nonresidential Fixed Investment, Percent Change from Preceding Quarter
Seasonally Adjusted Annual Rates**



Source: U.S. Bureau of Economic Analysis

Note: Q4 2024 included the U.S. Presidential election



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Economic Conditions On the Horizon:

Impacts of Stabilized (?) Tariffs & One Big Beautiful Bill Spending Cuts



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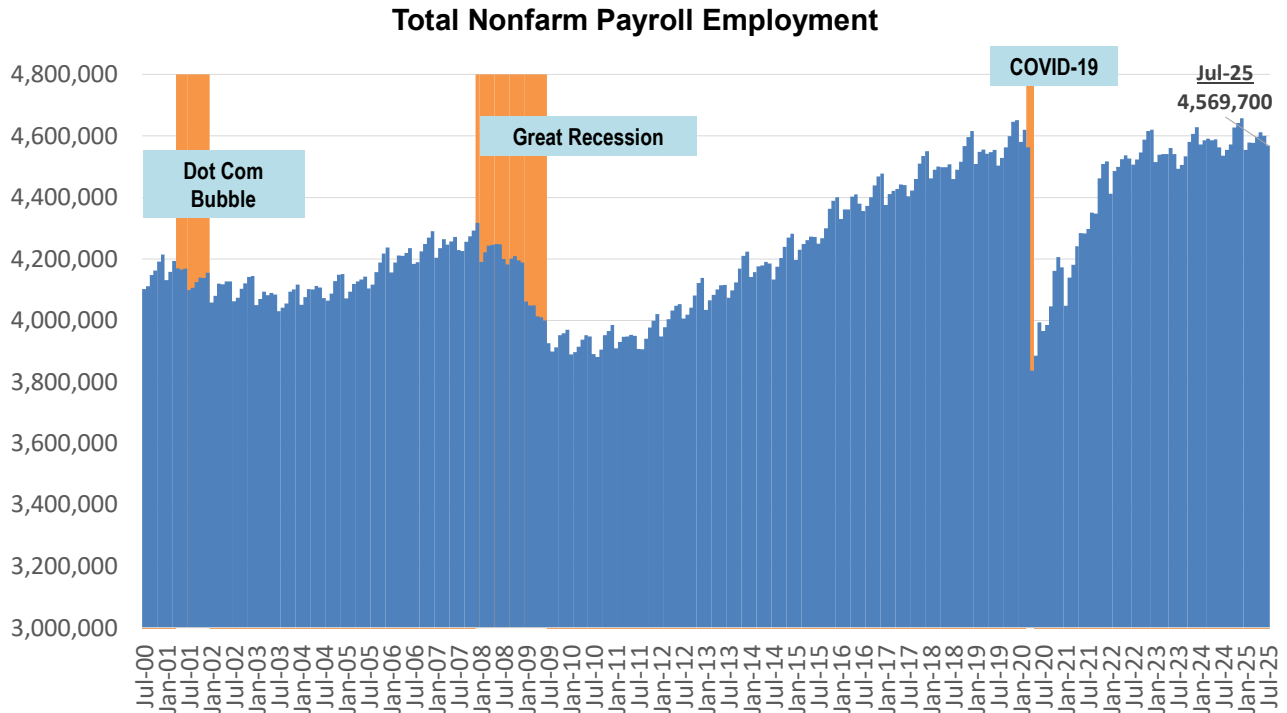
Local Area Employment Situation July 2025:

Los Angeles County



Nonfarm Employment in LA County

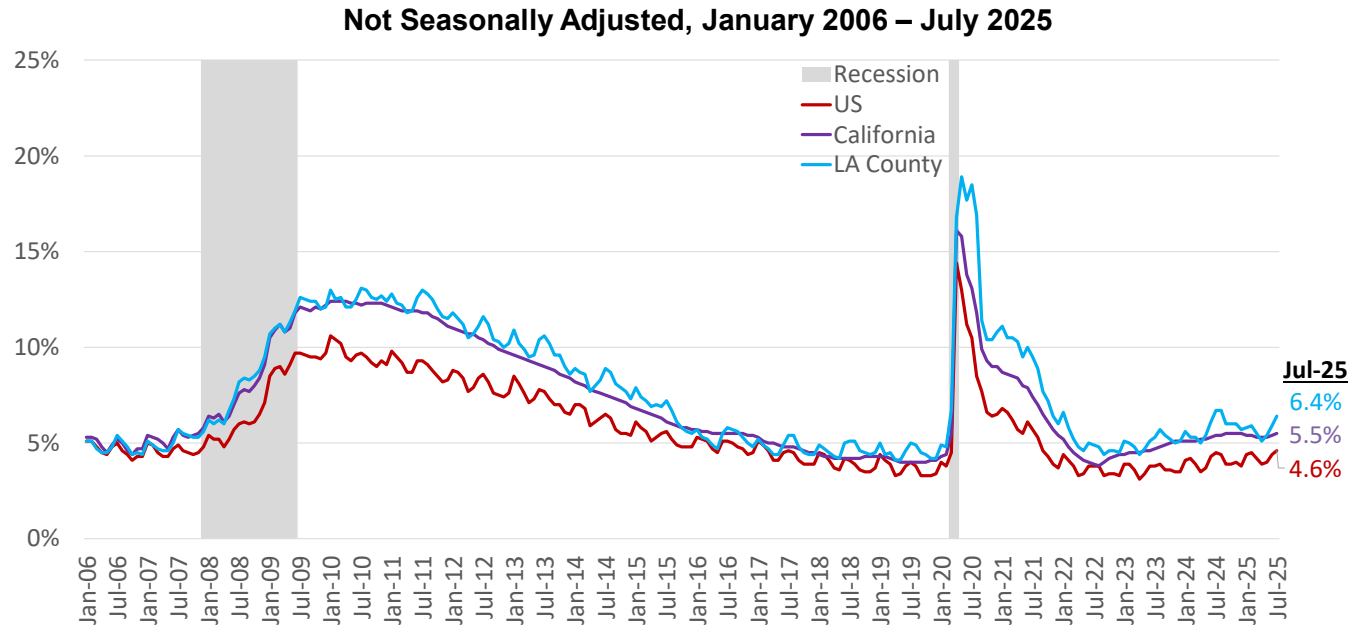
- Total nonfarm employment in LA County stood at 4.57 million in July 2025.
- Month over month, employment fell by 30,700 jobs (-0.67%) from June to July.
- However, compared with July 2024, total nonfarm employment is up by 33,500 jobs (+0.74%).
- Despite the decline in July, overall nonfarm employment in the County still surpassed the pre-pandemic April 2019 level by 27,200 jobs.





Unemployment Rate in LA County

- The unemployment rate in LA County rose from 5.9% in June 2025 to 6.4% in July 2025, reaching the highest level this year, largely driven by seasonal employment patterns.
- The CA unemployment rate increased slightly, moving from 5.3% in April and May to 5.5% by July, remaining within its recent 5.2%–5.5% range.
- The U.S. unemployment rate dipped to 3.9% in April but rose back to 4.6% by July.

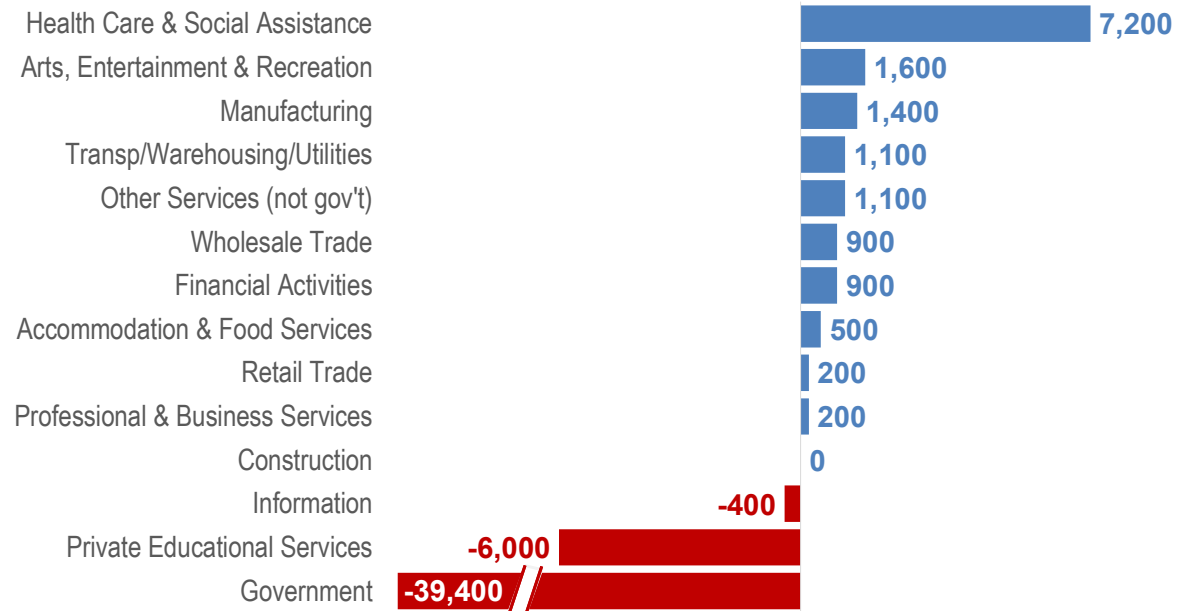




LA County Employment by Industry

- Over the past month, total nonfarm employment in LA County declined by 30,700 jobs, dropping to 4,569,700 jobs.
- Health Care & Social Assistance had the largest increase (+7,200); notable increases were also seen in Arts, Entertainment & Recreation (+1,600), and Manufacturing (+1,400).
- Declines were concentrated in Government and Private Educational Services, which primarily caused by the seasonal cycle for some education-related jobs.

Monthly Change in Jobs by Industry, July 2025 (NSA)

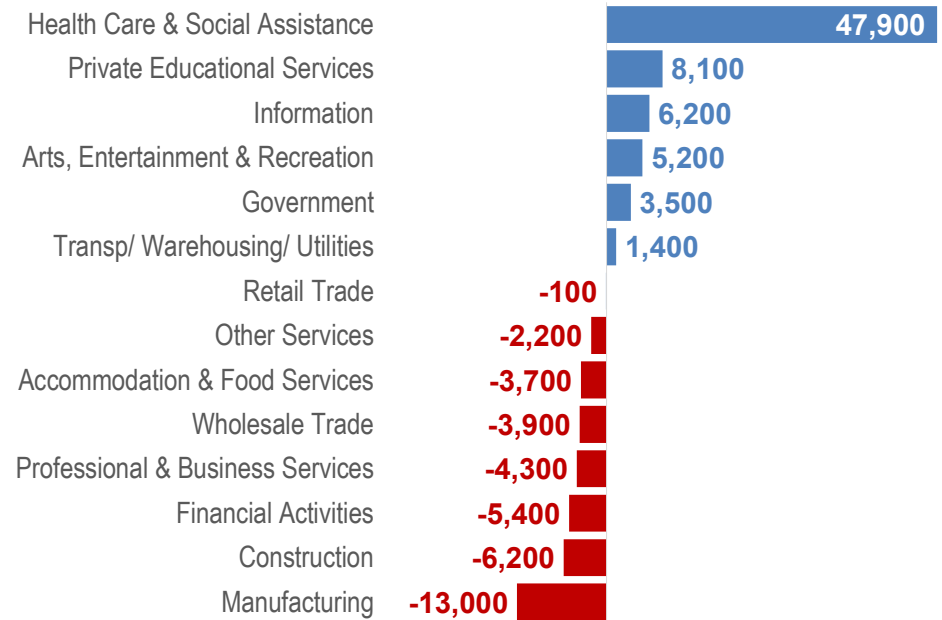




LA County Employment by Industry

- Between July 2024 and July 2025, total nonfarm employment in LA County increased by 33,500 payroll jobs (0.74%).
- Health Care & Social Assistance led growth, adding 47,900 jobs due to rising demand for services.
- Government, Private Educational Services, and Information also gained jobs over the year despite recent monthly declines.
- Manufacturing recorded the largest year-over-year decline, losing 13,000 jobs, driven by declines in durable goods (-7,900) and followed by non-durable goods (-5,100).

Year-Over-Year Change in Jobs by Industry, July 2025 (NSA)

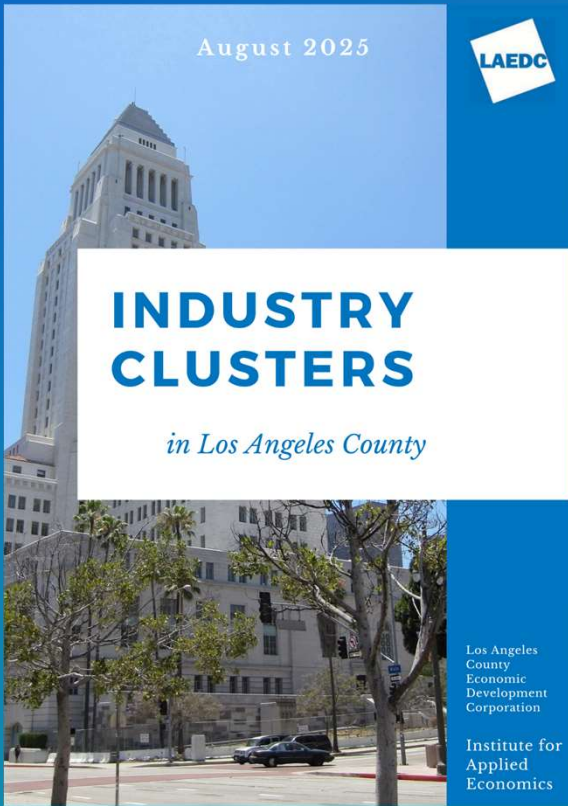




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INDUSTRY CLUSTERS

In Los Angeles County



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L.A. County by the Numbers

Los Angeles County Overview

- **Population:** 9.8 million in 2024
- **GDP:** \$886 billion
 - 20th largest economy in the world
- **Employment:** 4.5 million jobs in 2024
 - Over 1.3 million small businesses
 - Highest proportion of Woman- and BIPOC-owned small businesses among U.S. counties





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Industry Cluster Background

- Clusters are concentrations of related industries in a region.
- Proximity boosts specialized infrastructure, talent, and innovation.
- More concentration means greater regional competitiveness.
- U.S. Cluster Mapping Project formalized cluster definitions and enables comparisons.

Our Methodology

- **Goal:** benchmark L.A. County and inform strategy.
- **Mapping:** Cluster Mapping definitions; cross-walked older NAICS to 2022 codes.
- **Data:** BLS, California EDD, IMPLAN; private sector only.
- **Focus:** largest traded and local clusters.
- **Analysis:** employment trends 2007–2022, wage levels vs county average, and LQ, with LQ > 1.1 flagged as concentrated.



Clusters Overview

- Report covers selected **Traded** and **Local** clusters by employment scale and regional concentration
- **Traded, largest by jobs:**
 - Business Services
 - Distribution & Electronic Commerce
 - Education and Knowledge Creation
 - Video Production and Distribution
 - Transportation and Logistics
 - Hospitality and Tourism
- **Local, largest by jobs:**
 - Local Health Services
 - Local Hospitality Establishments
 - Local Community and Civic Organizations
 - Local Commercial Services

LAEDC 2025 Economic Briefing

L.A. COUNTY CLUSTERS

	EMPLOYMENT	AVERAGE WAGE	LQ
TRADED			
Business Services	230,765	\$ 138,896	0.7
Distribution and Electronic Commerce	185,205	\$ 88,169	0.9
Education and Knowledge Creation	103,965	\$ 96,508	1.2
Video Production and Distribution	99,893	\$ 151,492	13.8
Hospitality and Tourism	82,880	\$ 79,273	0.9
Transportation and Logistics	82,572	\$ 101,353	1.5
Marketing, Design, and Publishing	69,500	\$ 153,561	1.5
Aerospace Vehicles and Defense	58,731	\$ 141,110	2.9
Performing Arts	44,736	\$ 199,705	3.7
Financial Services	41,823	\$ 263,540	0.7
Information Technology and Analytical Instruments	33,298	\$ 177,262	0.7
Food Processing and Manufacturing	31,488	\$ 73,346	0.8
Apparel	19,821	\$ 62,129	6.3
Water Transportation	16,948	\$ 145,726	1.8
Communications Equipment and Services	11,497	\$ 182,624	1.4
Biopharmaceuticals	8,006	\$ 93,694	0.8
Medical Devices	7,548	\$ 104,804	0.8
Textile Manufacturing	5,325	\$ 63,051	1.1
LOCAL			
Local Health Services	507,518	\$ 75,502	0.9
Local Hospitality Establishments	423,008	\$ 34,195	1.0
Local Community and Civic Organizations	348,003	\$ 33,650	2.4
Local Commercial Services	314,329	\$ 79,142	1.2
AGGREGATIONS			
Trade	284,725	\$ 95,419	1.0
Entertainment	149,148	\$ 165,798	7.4
Fashion	28,668	\$ 62,222	2.9
Biomedical	15,554	\$ 99,085	0.8



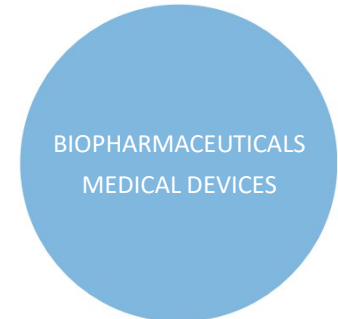
Cluster Aggregations

- Aggregations group related traded clusters that share linkages and synergies
- **Trade:** 284,725 jobs, includes Distribution and Electronic Commerce, Transportation and Logistics, Water Transportation
- **Entertainment:** 149,148 jobs, includes Video Production and Distribution, Performing Arts, Music and Sound Recording
- **Fashion:** 28,668 jobs, includes Apparel and Textile Manufacturing
- **Biomedical:** 15,554 jobs, includes Biopharmaceuticals and Medical Devices

TRADE



BIOMEDICAL



ENTERTAINMENT



FASHION

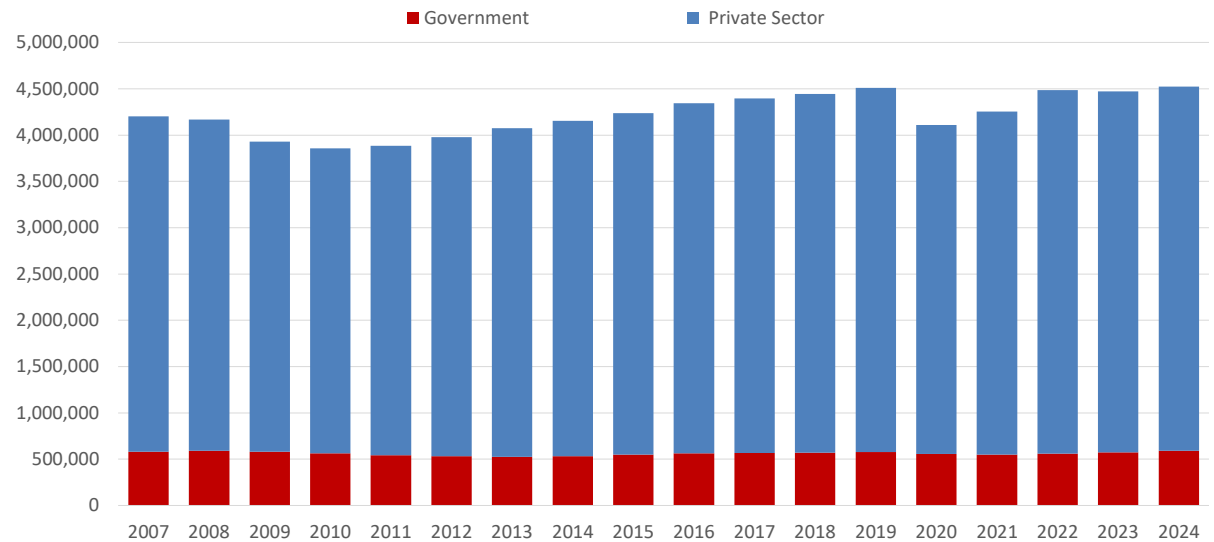




Recovery Since 2019

- County nearly regained 2019 private employment in 2022
- Dipped in 2023
- Surpassed 2019 in 2024
- Recovery pattern is uneven across clusters

L.A. County Employment by Year and Sector





Momentum Leaders 2022 to 2024

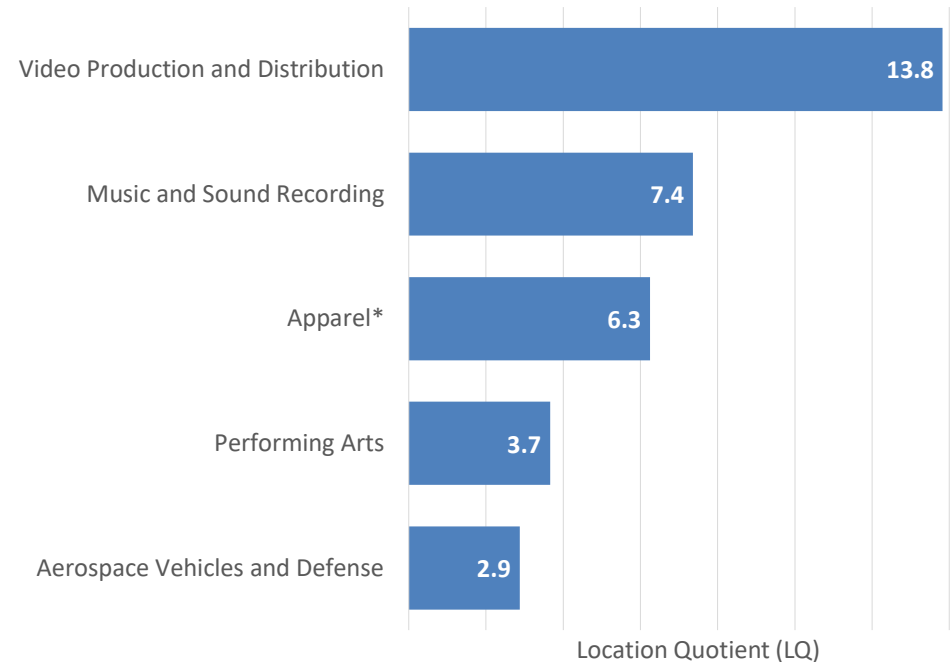
- **Biggest percent gains:** Hospitality and Tourism, Education and Knowledge Creation, Local Community and Civic, Local Health Services, Performing Arts
- **Additional gainers:** Local Hospitality, Transportation and Logistics, Aerospace, Communications Equipment and Services, Music and Sound Recording, Food Processing and Manufacturing

CLUSTER	EMPLOYMENT PERCENTAGE CHANGE BY CLUSTER		
	From 2022 through 2023	From 2023 through 2024	From 2022 through 2024 (Post COVID recovery)
Hospitality and Tourism	9.8%	2.8%	12.9%
Education and Knowledge Creation	6.0%	4.4%	10.6%
Local Community and Civic Organizations	-0.3%	8.6%	8.3%
Local Health Services	3.5%	3.9%	7.5%
Performing Arts	0.3%	6.0%	6.3%
Local Hospitality Establishments	3.5%	-0.1%	3.4%
Transportation and Logistics	2.2%	1.2%	3.4%
Aerospace Vehicles and Defense	5.8%	-2.8%	2.9%
Communications Equipment and Services	1.1%	1.7%	2.8%
Music and Sound Recording	2.0%	0.6%	2.6%
Food Processing and Manufacturing	1.3%	-0.8%	0.4%
Local Commercial Services	-2.2%	0.8%	-1.3%
Business Services	-1.6%	-0.8%	-2.4%
Medical Devices	-1.9%	-0.7%	-2.7%
Water Transportation	-12.9%	10.8%	-3.6%
Financial Services	-4.6%	-0.1%	-4.7%
Marketing, Design, and Publishing	-3.7%	-1.5%	-5.1%
Information Technology and Analytical Instruments	-2.8%	-2.7%	-5.4%
Biopharmaceuticals	-3.3%	-2.4%	-5.5%
Distribution and Electronic Commerce	-3.1%	-2.6%	-5.7%
Apparel	-9.1%	-3.7%	-12.4%
Textile Manufacturing	-11.9%	-8.4%	-19.3%
Video Production and Distribution	-29.4%	0.2%	-29.3%



Where L.A. is Most Competitive (LQ)

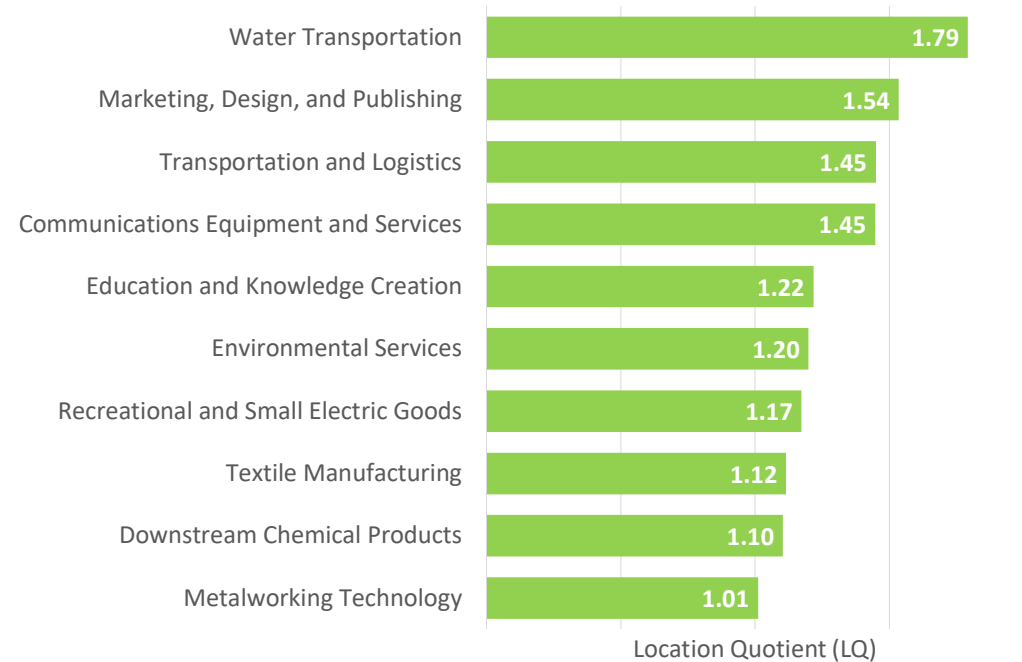
- An industry's **Location Quotient (LQ)** compares its local job share to its U.S. share.
- **LQ > 1.0** means more concentrated than the U.S. average. Higher LQ suggests stronger regional advantage.
- **Most competitive traded clusters in L.A. (LQ ≥ 3.0):**
 - Video Production and Distribution
 - Music and Sound Recording
 - Apparel*
 - Performing Arts
 - Aerospace Vehicles and Defense





Where L.A. is Most Competitive (LQ)

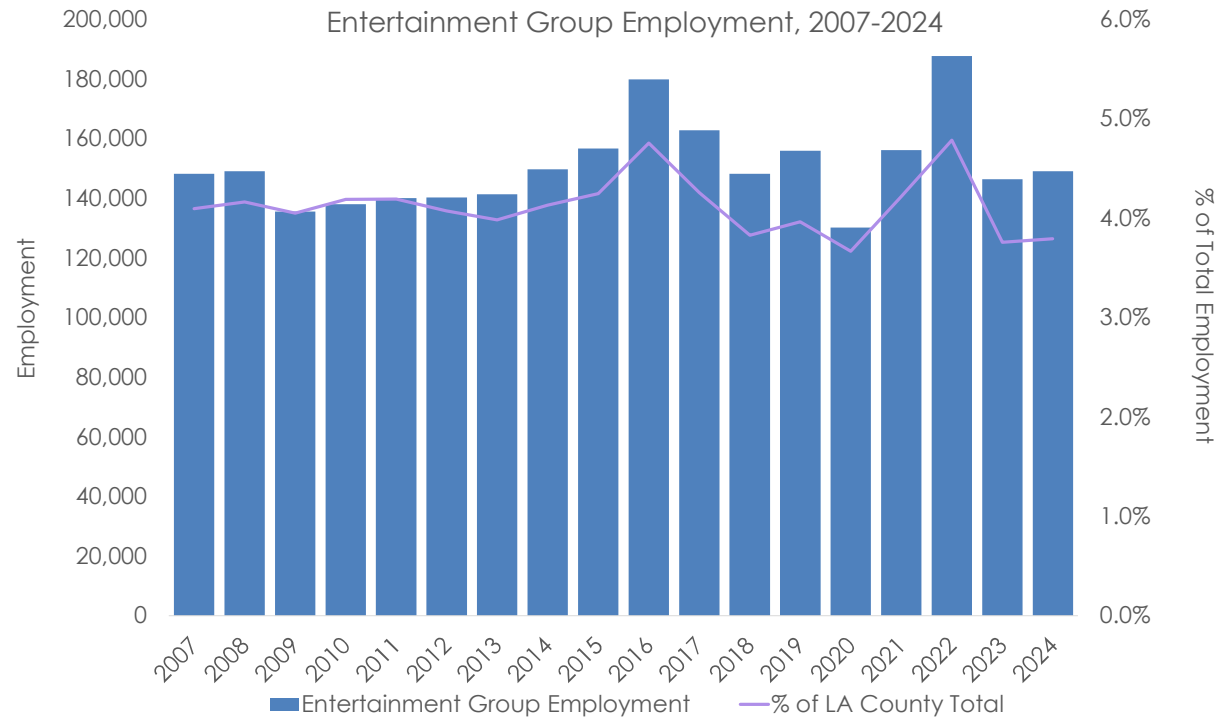
- **Strong mid-range concentrations:**
 - Water Transportation
 - Marketing, Design, and Publishing
 - Transportation and Logistics
 - Communications Equipment and Services
 - Education and Knowledge Creation
 - Environmental Services
 - Recreational and Small Electric Goods
 - Textile Manufacturing
- **Takeaway:** broad competitive base across trade, creative, and industrial niches, with upside to move more clusters into the top tier.





Cluster Snapshot: Entertainment Group

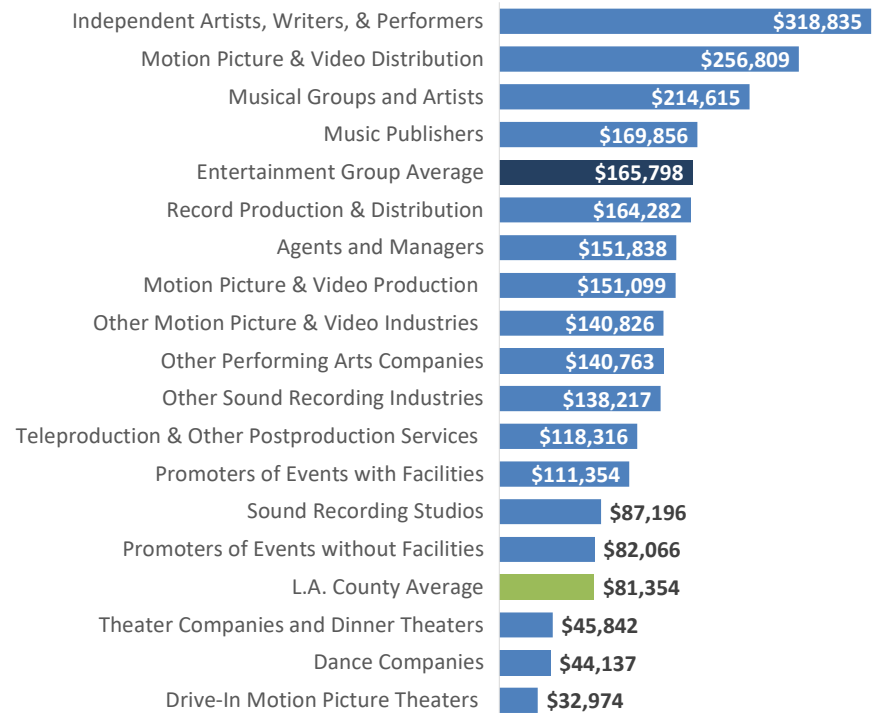
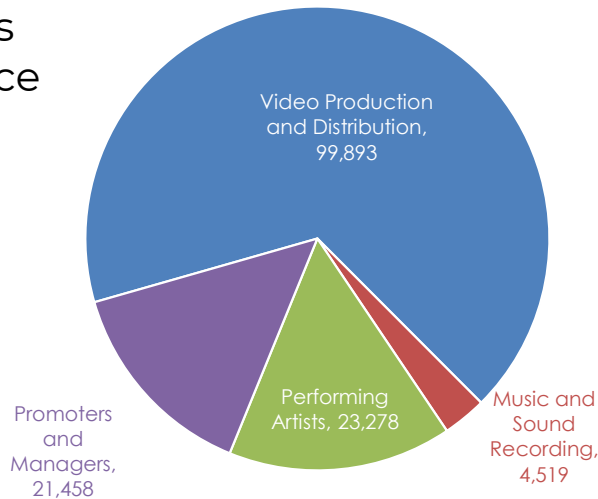
- **2022:** rebound to a post-pandemic high as production surged.
- **2023:** notable pullback from the peak.
- **2024:** stabilization near ~150k jobs; share of county employment about 3.8–4.0%. Takeaway: still a signature traded cluster, but momentum cooled after the 2022 spike.
- **Takeaway:** still a signature traded cluster, but momentum cooled after the 2022 spike.





Cluster Snapshot: Entertainment Group

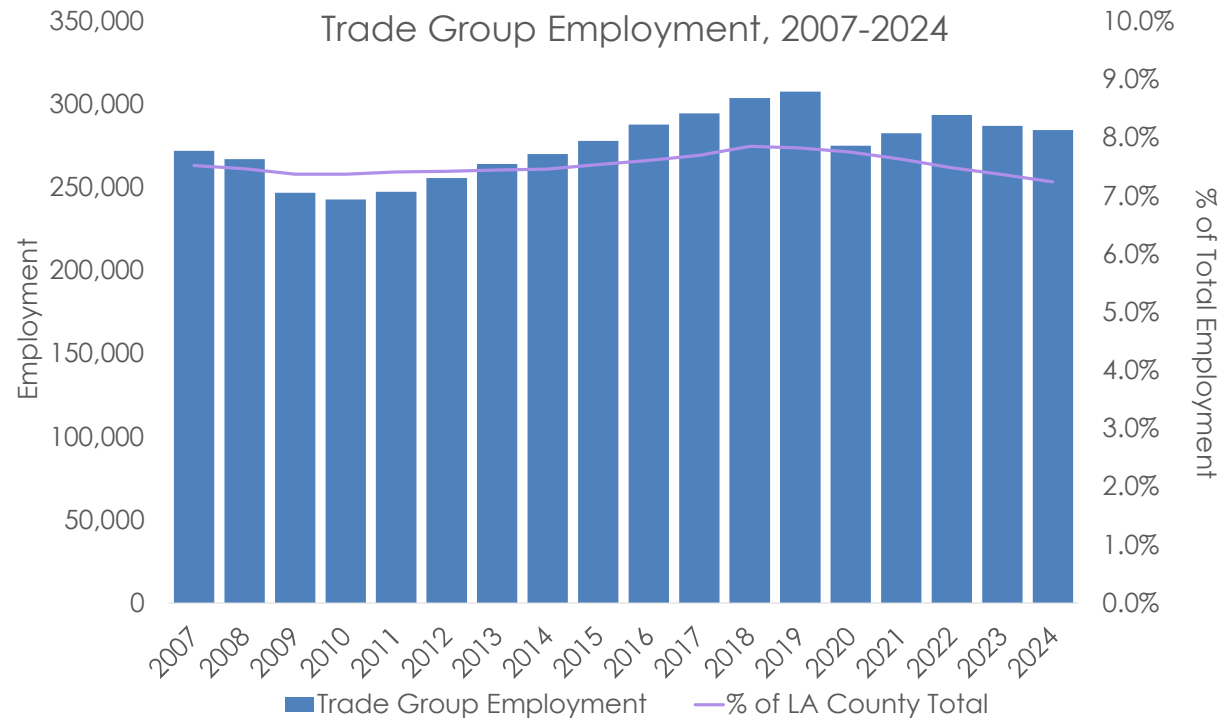
- About 149,000 jobs; very high concentration; strong average earnings
- Video Production and Distribution is the engine; Performing Arts and Music remain highly concentrated
- Employment has been volatile since 2022, yet the group remains globally competitive





Cluster Snapshot: Trade Group

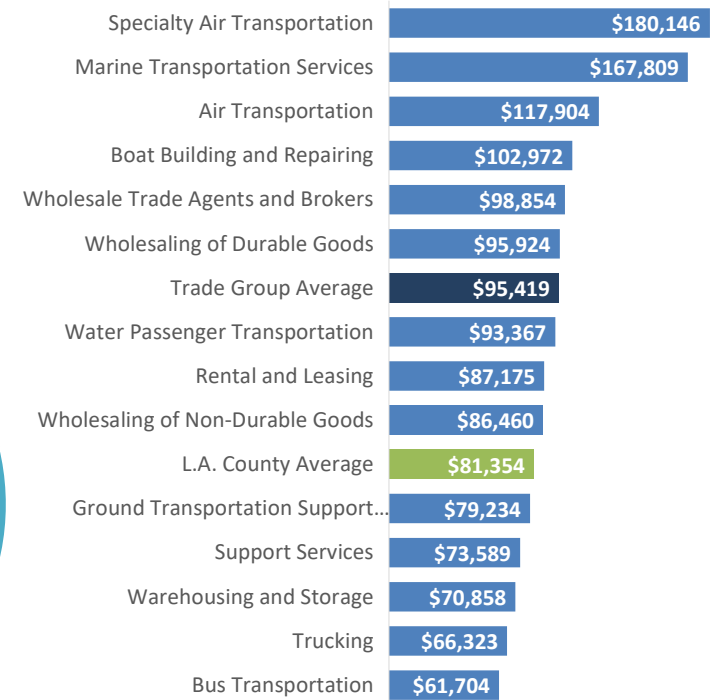
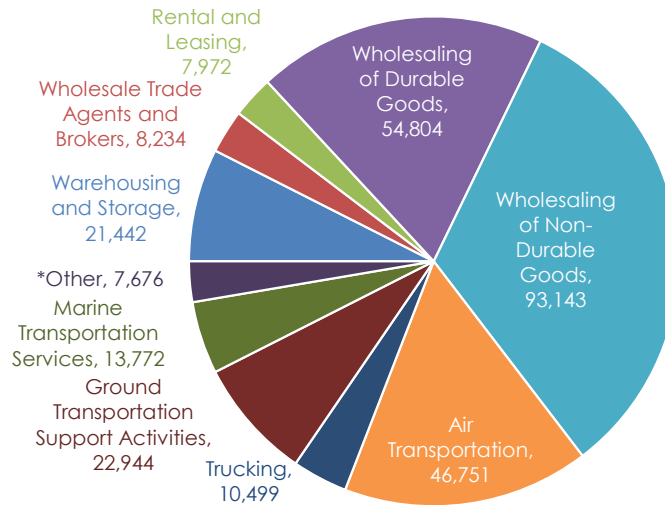
- **2022:** strong rebound to a post-pandemic high.
- **2023:** modest pullback from the peak.
- **2024:** stabilization near pre-pandemic range; still a large anchor.
- **Share of county jobs:** edging down since 2022 as other sectors grow faster.





Cluster Snapshot: Trade Group

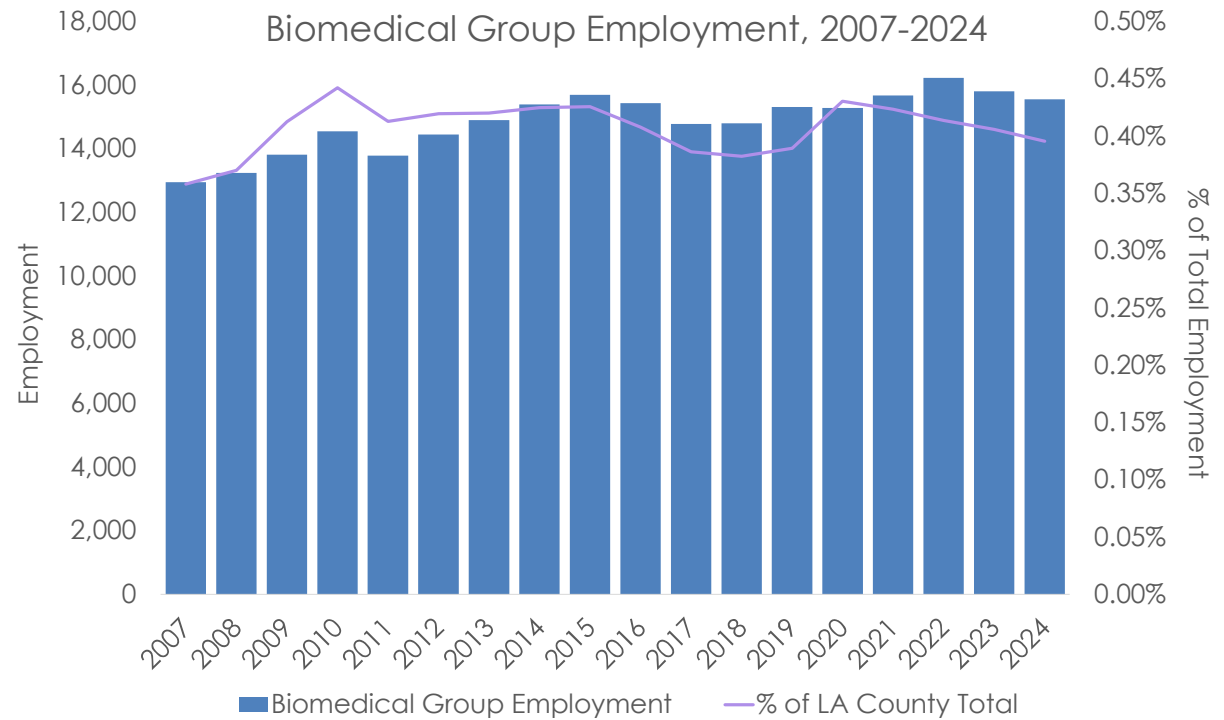
- About 285,000 jobs; critical to ports and goods movement
- **Water Transportation** is top paying within Trade; **Marine Cargo Handling** shows very high concentration
- Distribution and Electronic Commerce and Transportation and Logistics provide scale and link to broader supply chains





Cluster Snapshot: Biomedical Group

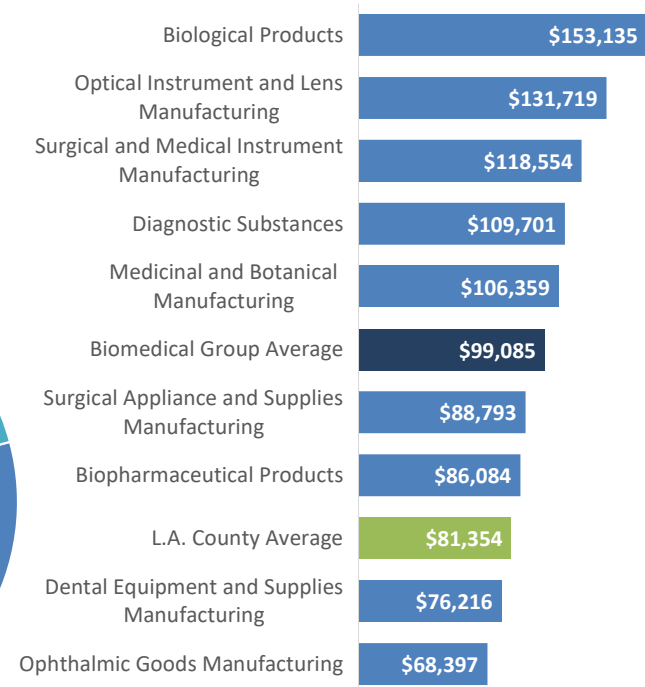
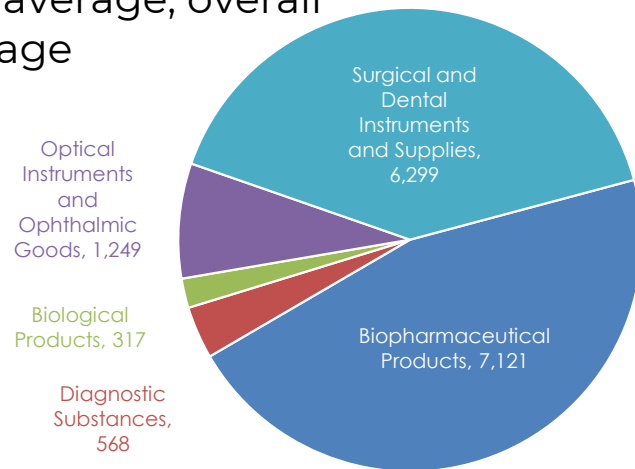
- **2022:** recent high in employment.
- **2023:** slight pullback.
- **2024:** edged lower again, still above 2018–2019 levels.
- **Share of county jobs:** eased from roughly 0.45% (2022) to about 0.41% (2024).





Cluster Snapshot: Biomedical Group

- About 15,554 jobs; average annual earnings about 99,085
- Components: **Biopharmaceuticals** and **Medical Devices**
- Medical Devices lead local employment and pay above the county average; overall LQ sits below the U.S. average
- Why it matters: higher-wage jobs with strong middle-skill pathways, anchored by LA's R&D and manufacturing base





Cluster Snapshot: Fashion Group

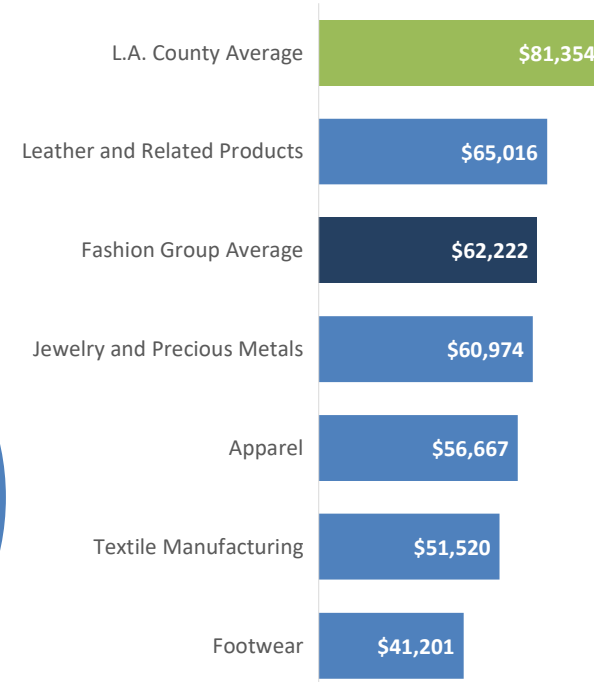
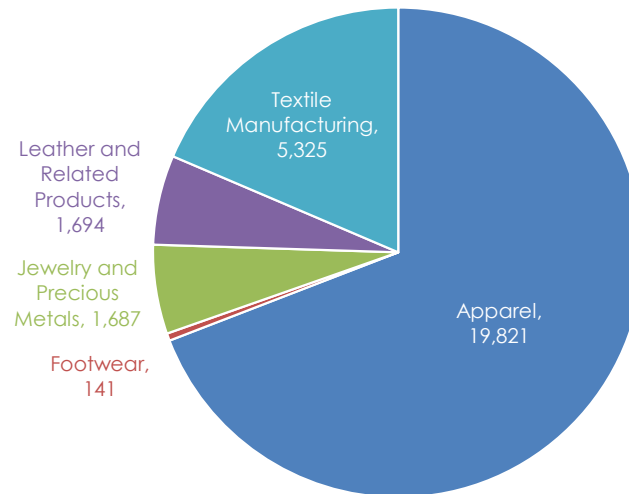
- **2022:** recent high in employment.
- **2023-2024:** resumed its long-run decline.
- **Share of county jobs:** continued to fall, now well below 1%.





Cluster Snapshot: Fashion Group

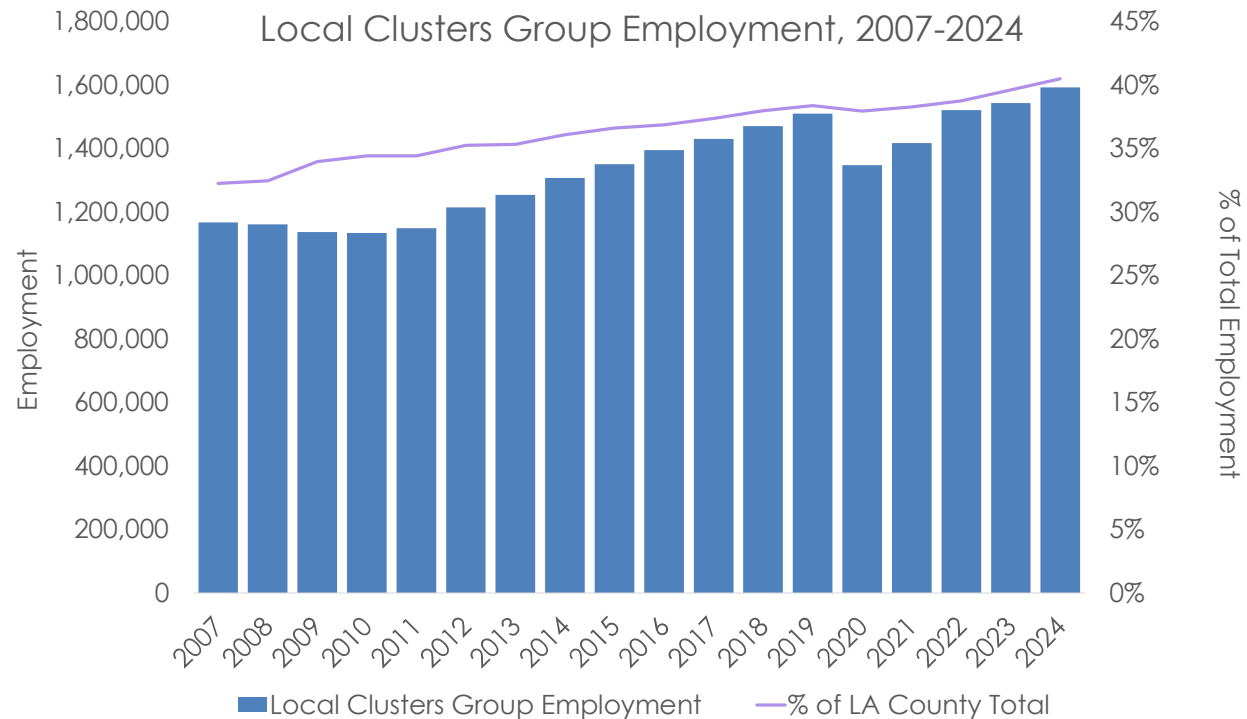
- About 28,668 jobs; average annual earnings about 62,222
- Components: **Apparel** and **Textile Manufacturing**; Apparel is roughly two-thirds of group jobs
- Trend: long-run decline since 2007, brief rebound in 2021–2022, down again since 2022; still concentrated in LA but smaller than the mid-2000s





Local Clusters Group

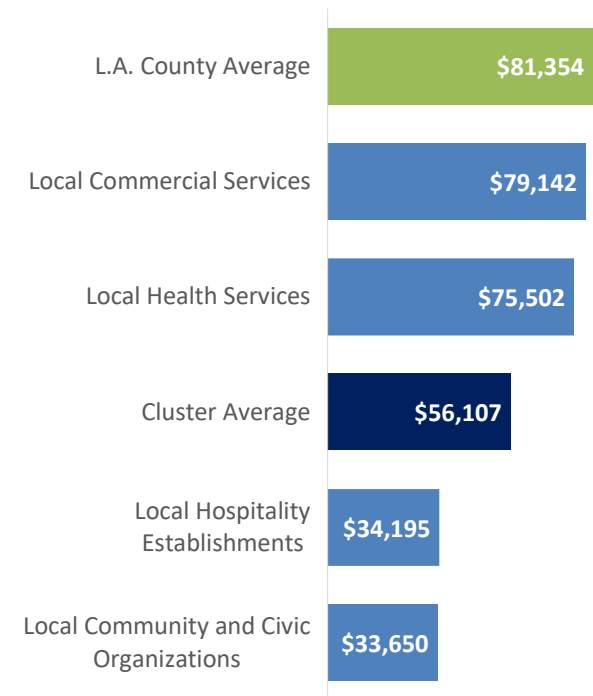
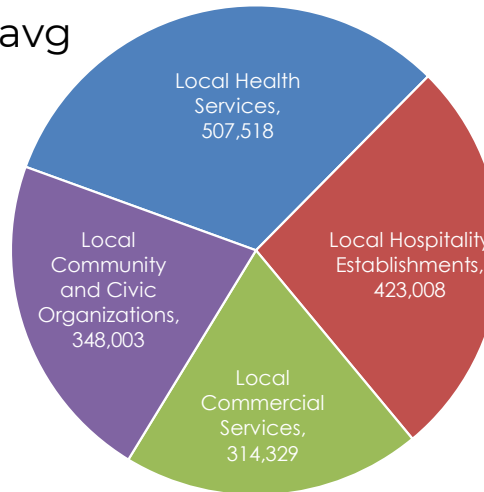
- **2022:** strong rebound, surpassing the pre-pandemic level.
- **2023:** continued gains as services reopened and demand normalized.
- **2024:** new high in employment; share of county jobs ~41%, up from 2021.
- **Takeaway:** local clusters have led the jobs recovery and now make up a larger share of LA's employment base.





Local Clusters Group

- **Employment:** Health 507,518; Hospitality 423,008; Community & Civic 348,003; Commercial 314,329.
- **Average wages:** Commercial \$79,142; Health \$75,502; Hospitality \$34,195; Community & Civic \$33,650 (cluster avg \$56,107).
- **Bottom line:** Local clusters are the jobs base. Higher-wage paths in Health and Commercial; Hospitality and Community & Civic are large but lower-wage.





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Questions?

Thank you!

Upcoming LAEDC Events

88 Cities Fall Summit

October 15th @ 8:00 am - 2:00 pm
Port of Long Beach
725 Harbor Plaza, Long Beach, CA 90802

30th Annual EDDY Awards

November 5th @ 5:30 pm – 9:30 pm
Pasadena Rose Bowl
1001 Rose Bowl Dr., Pasadena, CA 91103

www.laedc.org/events

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