



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

Los Angeles Wildfires: An Economic Update

LAEDC Institute for Applied Economics



Webinar #1
Monday, September 15, 2025





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ECONOMIC DEVELOPMENT CORPORATION

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**Los Angeles Wildfires:
An Economic Update**

September 2025

Economic Impact Analysis & Quarterly Briefings

- **Research Objectives & Approach:** Assess wildfire impacts on businesses, workers, industry sectors, and demographics with a focus on equity, industry, and geographic disparities in recovery
- **Research Timeline & Milestones:**
 - Q2 2025: Preliminary analysis and 1st Quarterly briefing
 - Q3 2025: 2nd Quarterly briefing and stakeholder engagement for feedback
 - Q1 2026: 3rd Quarterly briefing and comprehensive final report development
 - Q2 2026: Final quarterly briefing and Economic Impact Analysis report submission
- **Key Deliverables:**
 - Four free public quarterly economic recovery briefings
 - Comprehensive Economic Impact Analysis final report
 - Policy recommendations for sustained economic resilience
 - Ongoing support for disaster mitigation planning effort



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Presentation Outline

- **Socioeconomics of Eaton and Palisades Burn Areas and Secondary Fire Areas**
- **Business Disruptions Capturing Additional Impacts (September 2025)**
- **Expanded Economic Impact Estimates (September 2025)**
- **Wildfire Recovery Indicators (September 2025)**



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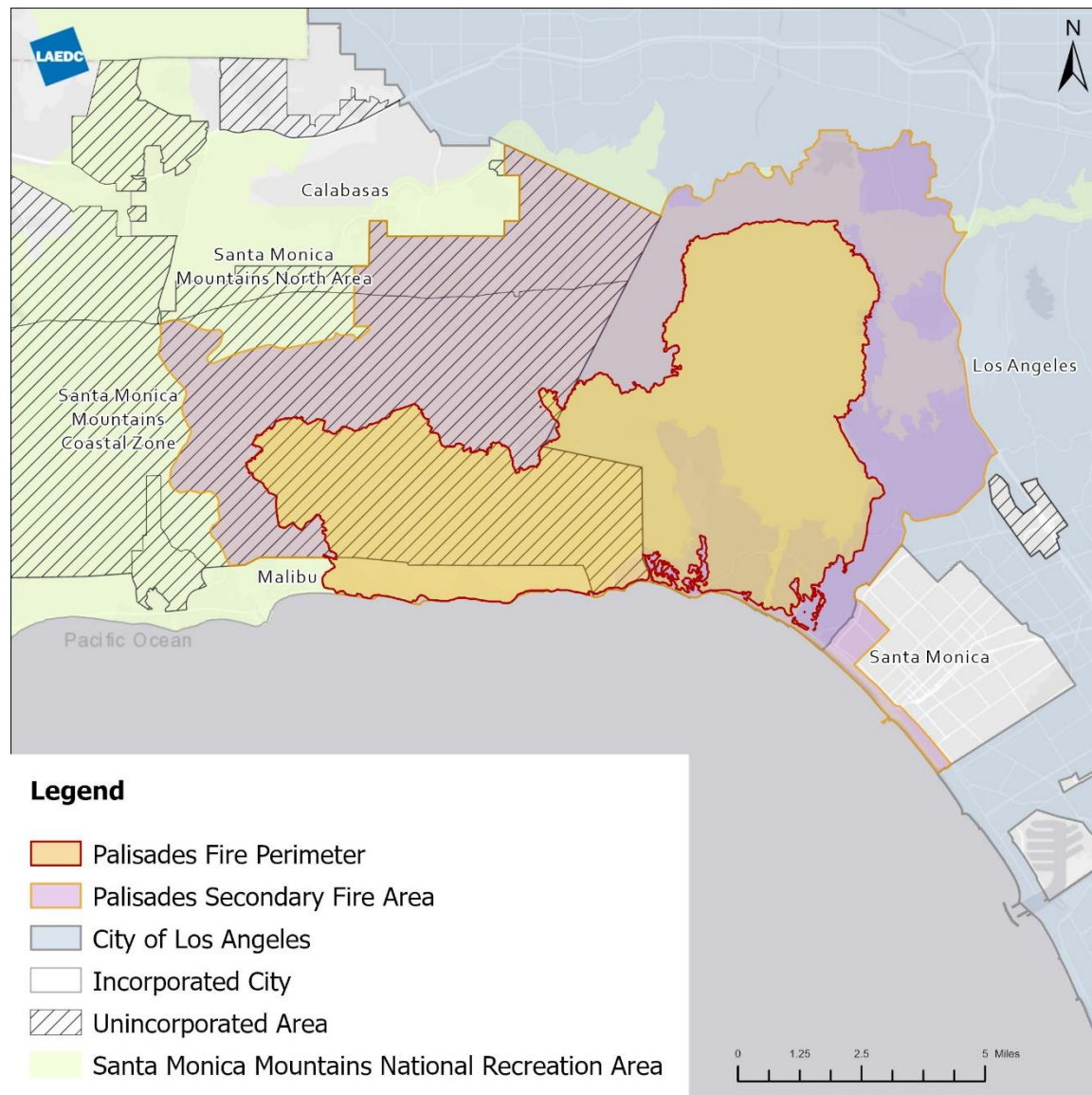
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Socioeconomics of Eaton and Palisades Burn Areas and Secondary Fire Areas



Eaton and Palisades Burn Areas and Secondary Fire Areas



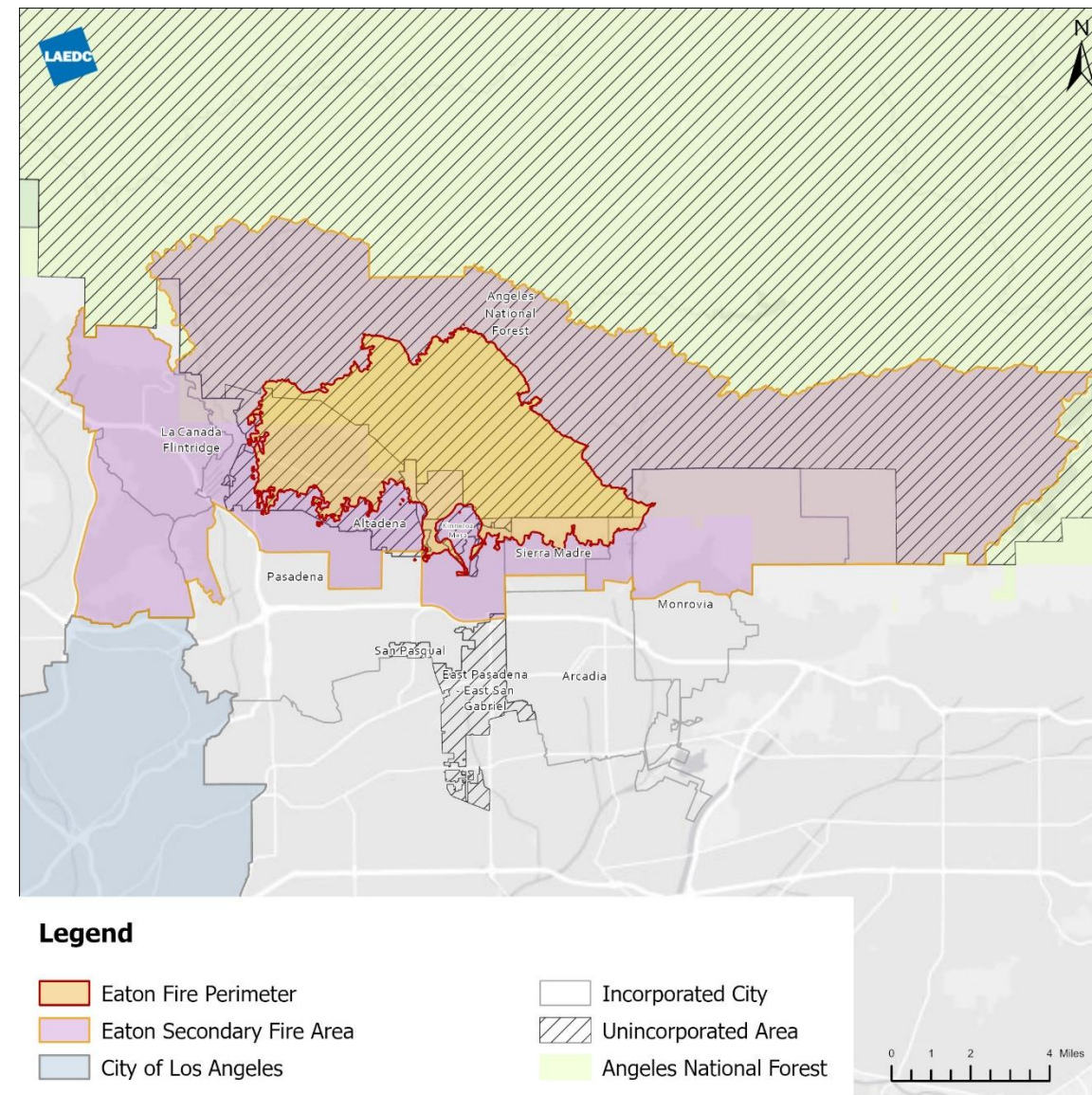
Palisades:

Fire Perimeter:

- 21.9 SQMI
- 21,373 Residents
- 8,916 Households

Secondary Fire Area:

- 42.6 SQMI
- 35,764 Residents
- 15,301 Households



Eaton:

Fire Perimeter:

- 37.5 SQMI
- 22,977 Residents
- 8,769 Households

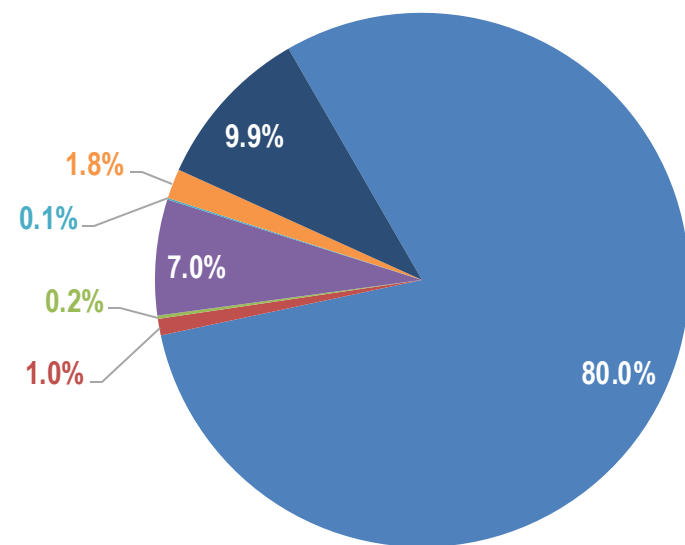
Secondary Fire Area:

- 88.1 SQMI
- 95,939 Residents
- 35,464 Households



Socioeconomics of Eaton and Palisades Burn Areas

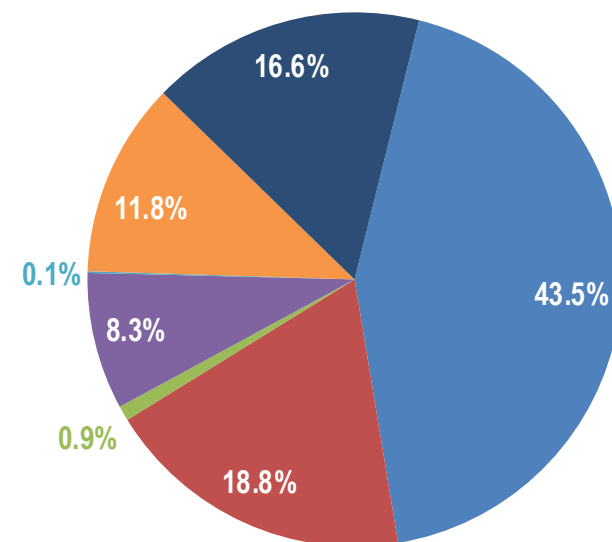
Racial Profile
Palisades Fire Perimeter



- White Alone
- Black Alone
- American Indian Alone
- Asian Alone
- Pacific Islander Alone
- Some Other Race Alone
- Two or More Races

Source: ESRI Business Analyst Online

Racial Profile
Eaton Fire Perimeter



- White
- Black
- American Indian
- Asian
- Pacific Islander
- Some Other Race
- Two or More Races

Source: ESRI Business Analyst Online

Palisades Fire Area:

- Race/Ethnicity: Hispanic (7%), White (80%), Asian (7%)
- 81% of residents over age 18, with 43% aged 45+
- 78% of residents hold a Bachelor's degree or higher
- Median household income: \$200K; Avg. home value: \$1.96M
- High homeownership; commuter-heavy, white-collar jobs dominate

Eaton Fire Area:

- Highly diverse: Hispanic (28%), Black (19%), White (44%), and mixed income community
- Diversity Index: 83.7
- 58% of residents hold a Bachelor's degree or higher
- Median household income: \$143K; Avg. home value: \$1.23M
- Balanced age distribution; reliance on external job centers



Palisades Secondary Fire Area:

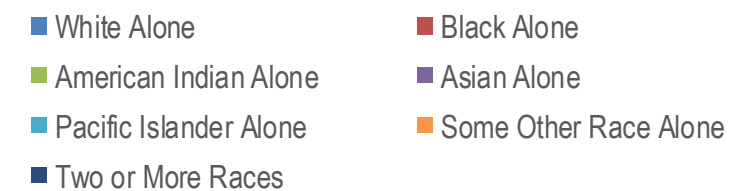
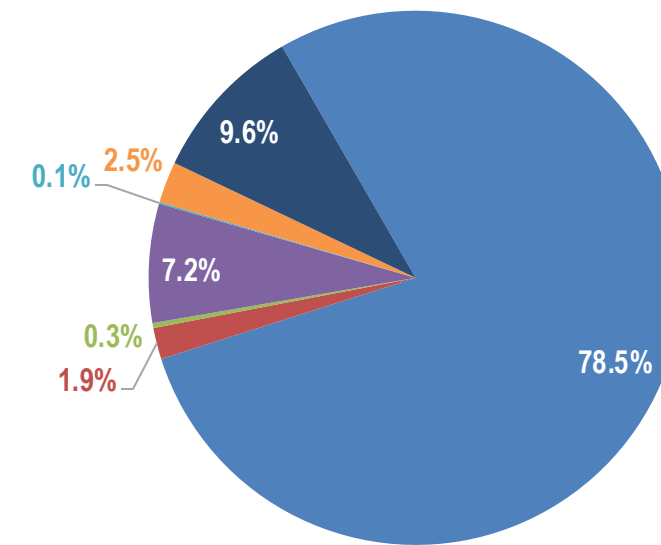
- Race/Ethnicity: Hispanic (8%), White (78.5%), Asian (7%); slightly more diverse, Diversity Index 46.2
- 83% of residents over age 18, with a large share aged 45+
- 75%+ hold a Bachelor’s degree or higher
- Median household income: \$179K
- Avg. home value: \$1.88M
- Still older, white-collar, and commuter heavy

Eaton Secondary Fire Area:

- Highly diverse: White (49%), Hispanic (25%), Asian (19%), Black (6%); Diversity Index: 80.7
- 62% of residents hold a Bachelor’s degree or higher
- Median household income: \$156K
- Avg. home value: \$1.42M
- More mixed industries; still heavy commuting

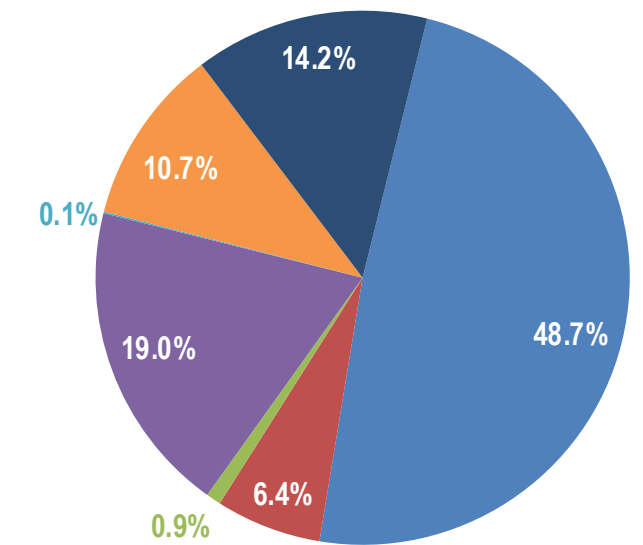
Socioeconomics of Eaton and Palisades Secondary Fire Areas

Racial Profile
Palisades Secondary Fire Area



Source: ESRI Business Analyst Online

Racial Profile
Eaton Secondary Fire Area

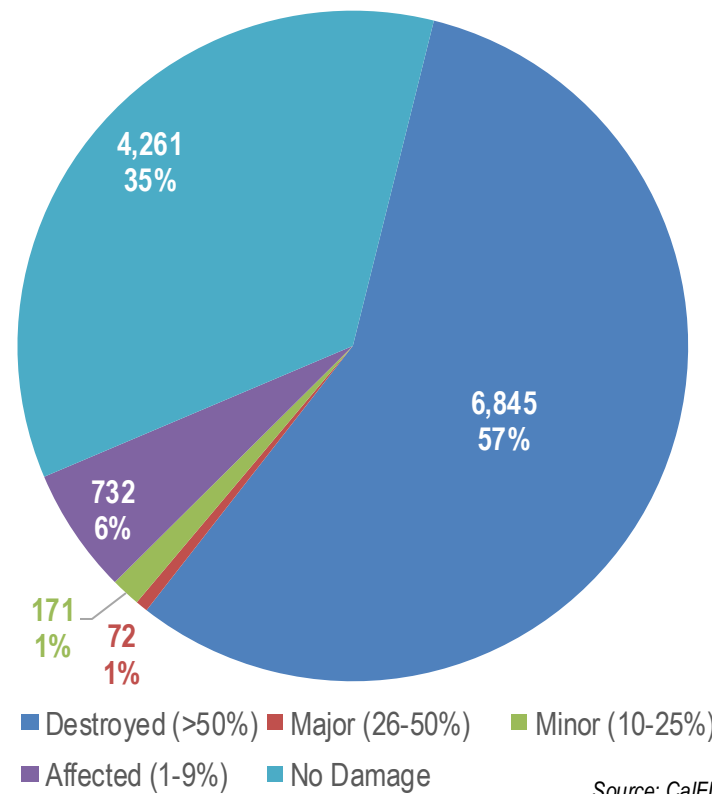


Source: ESRI Business Analyst Online

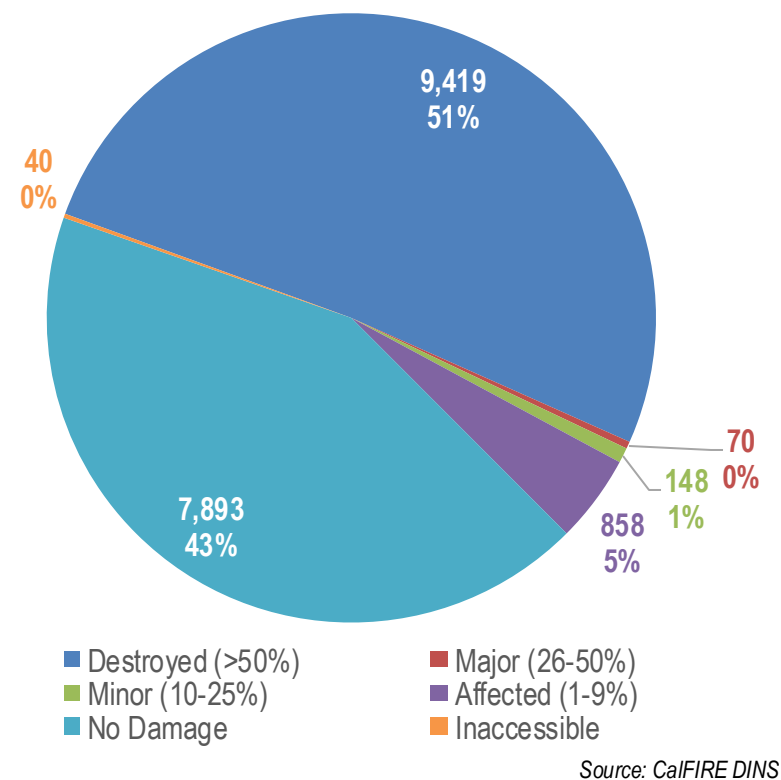


Property Damage

Assessed Structures by Extent of Damage
Palisades Fire



Assessed Structures by Extent of Damage
Eaton Fire



Palisades Fire Area (12,081 structures assessed):

- 6,845 structures (56.7%) destroyed
- 72 structures (0.6%) major damage
- 171 structures (1.4%) minor damage
- 732 structures (6.1%) affected
- 4,261 structures (35.3%) sustained no damage

Eaton Fire Area (18,428 structures assessed):

- 9,419 structures (51.1%) destroyed
- 70 structures (0.4%) major damage
- 148 structures (0.8%) minor damage
- 858 structures (4.7%) affected
- 7,893 structures (42.8%) sustained no damage



Property Damage

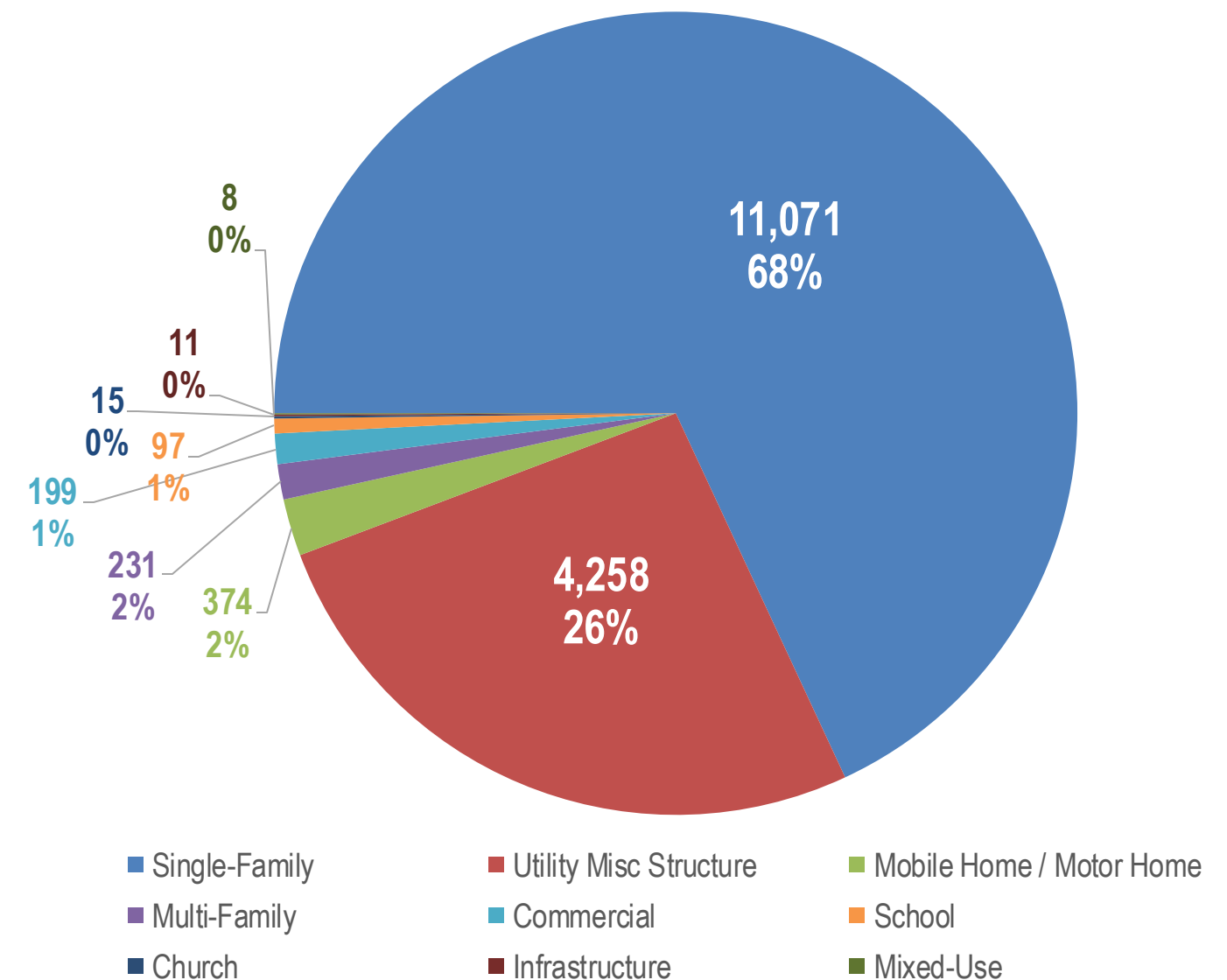
Residential Structures: Heavy destruction to single-family and multi-family housing, with mobile homes also being particularly impacted

Commercial Structures: Significant losses to office buildings and mixed-use developments

Community & Public Structures: Schools, churches, and hospitals affected

Infrastructure, Utilities, & Misc. Structures: Primarily miscellaneous structures destroyed

Destroyed Structures by Type
Eaton and Palisades Fires





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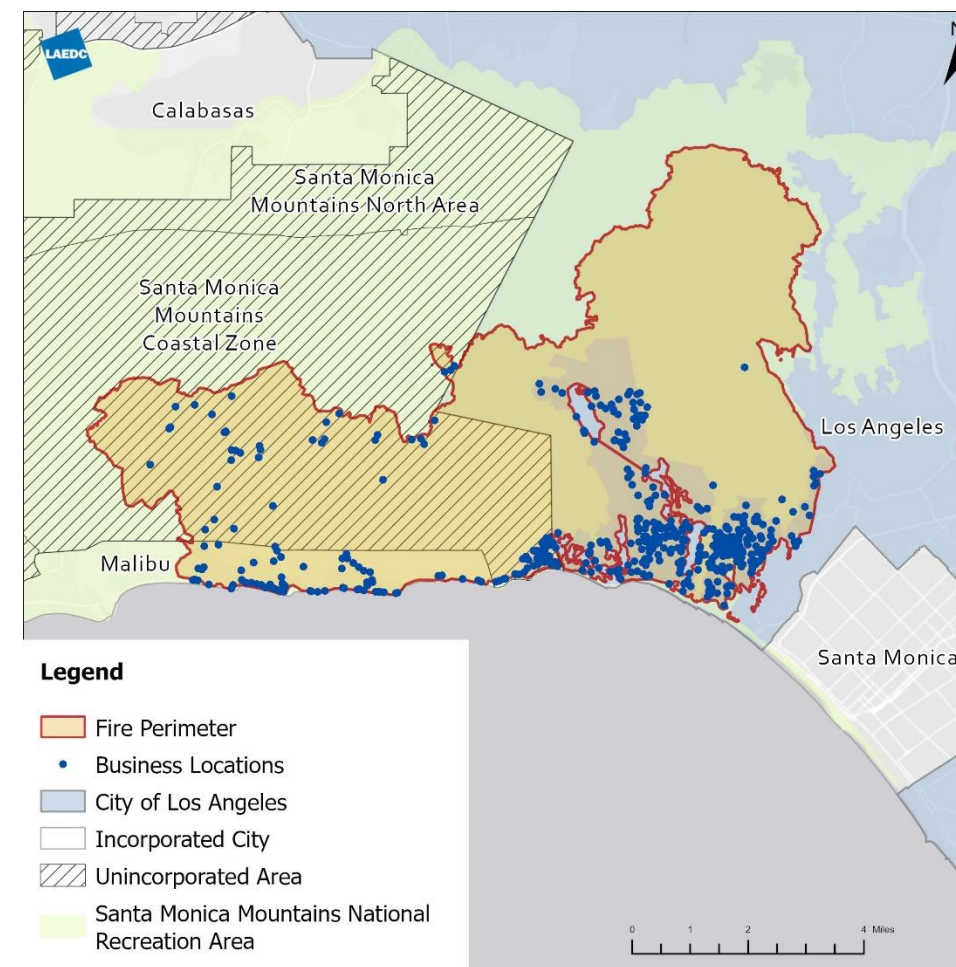
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Business Disruptions Capturing Additional Impacts (September 2025)



Impacted Businesses in Burn Areas

- **1,863** individual businesses were in the Palisades and Eaton burn areas
- Employed an estimated **9,610** people
- Altogether, these businesses realize an estimated **\$1.4 billion** in sales a year

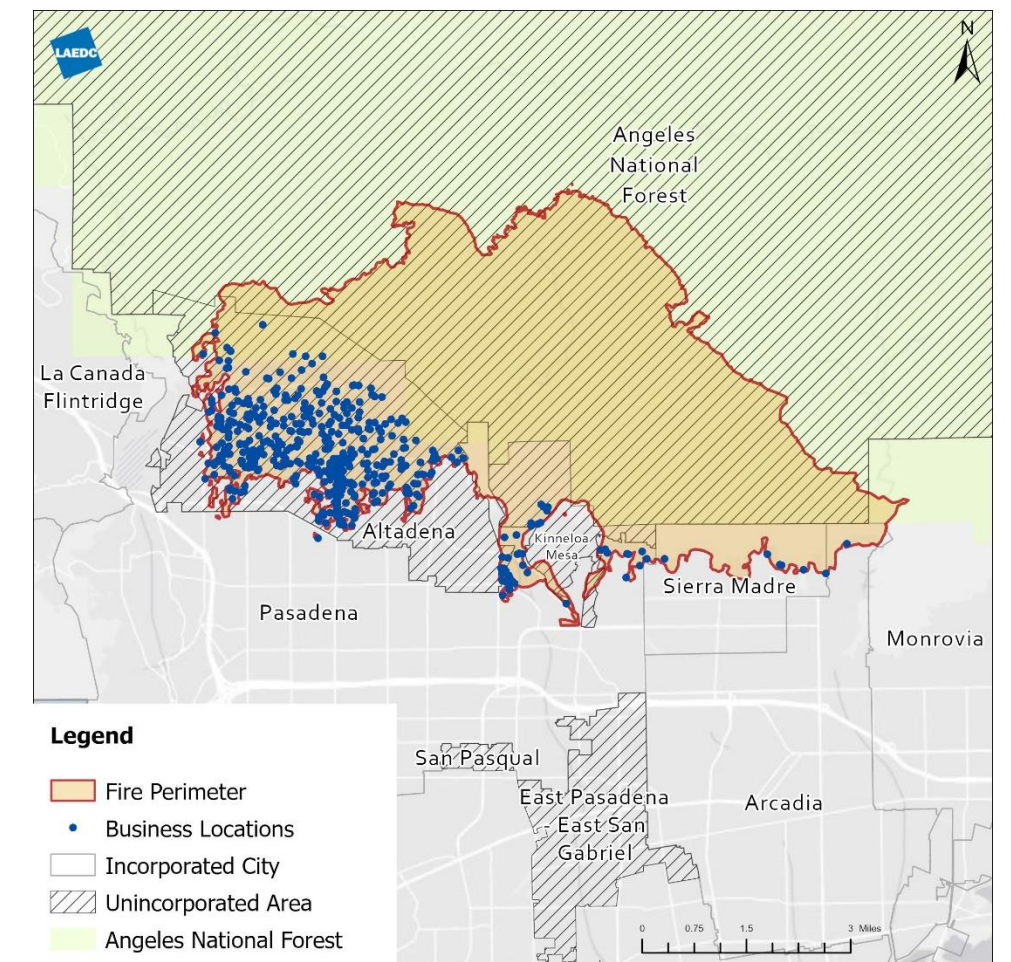


Palisades Fire Burn Area

- *60% of businesses*
- *62% of employees*
- *71% of revenue*

Eaton Fire Burn Area

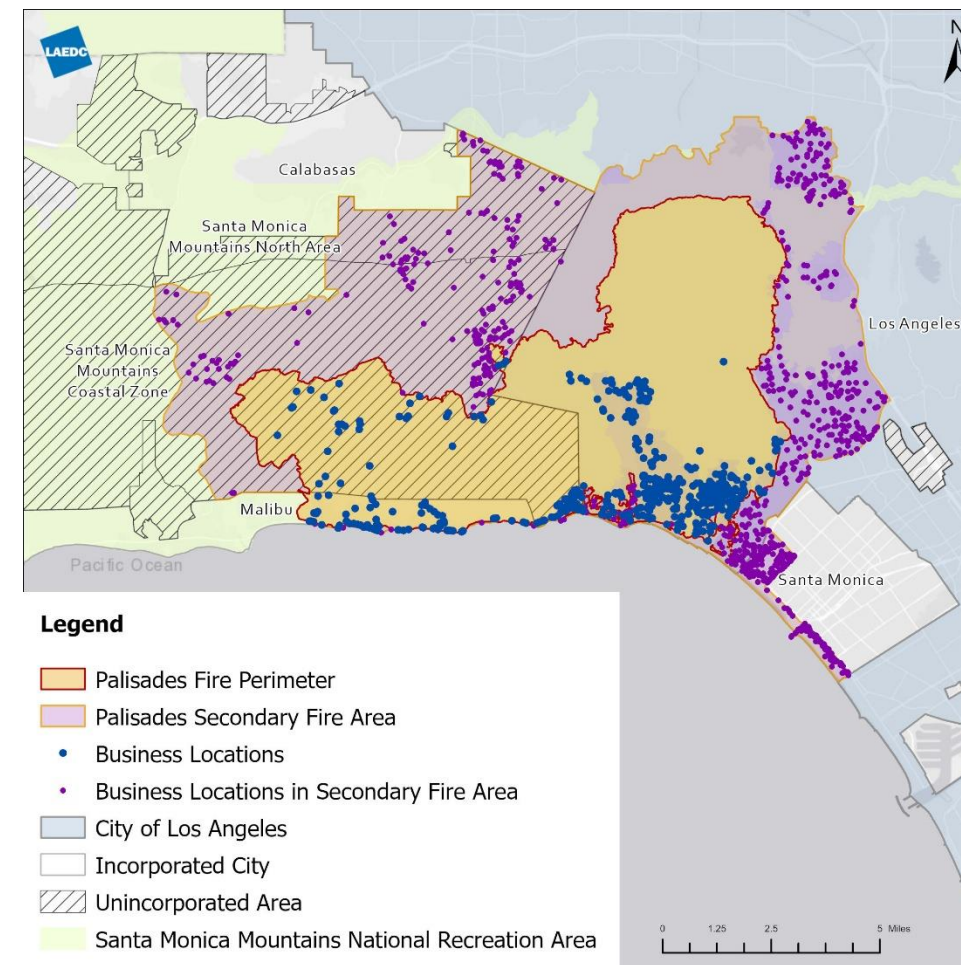
- *40% of businesses*
- *38% of employees*
- *29% of revenue*





Impacted Businesses in Secondary Fire Areas

- **5,028** individual businesses were located in the Palisades and Eaton secondary fire areas
- Employed an estimated **37,410** people
- Altogether, these businesses realize an estimated **\$6.8 billion** in sales a year

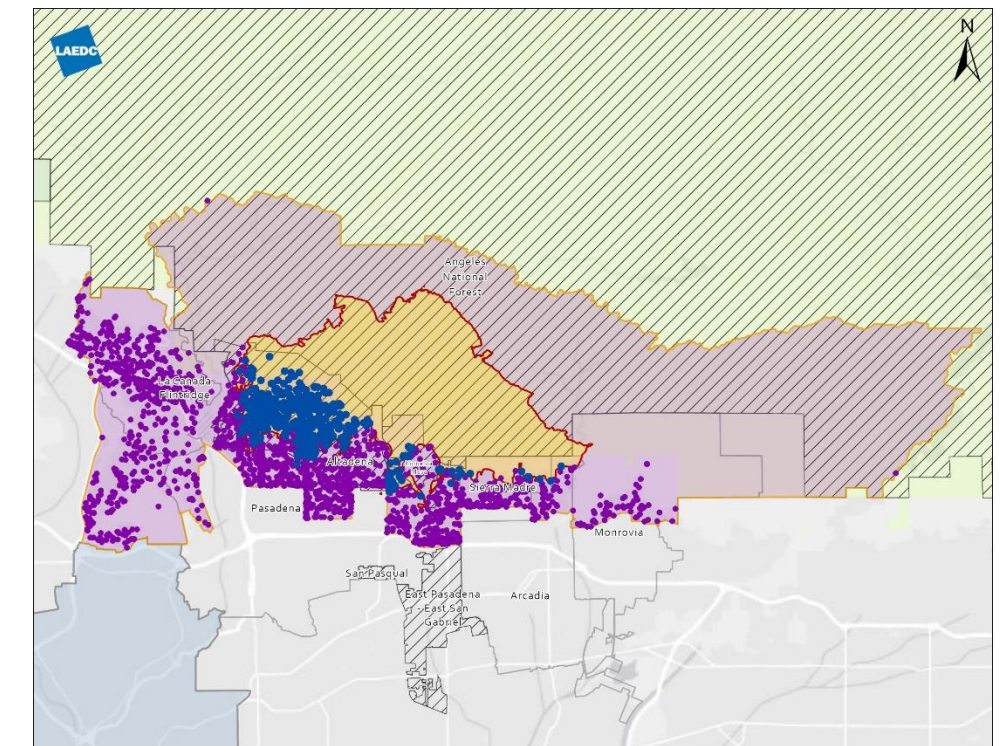


Palisades Secondary Fire Area

- 24% of businesses
- 25% of employees
- 26% of revenue

Eaton Secondary Fire Area

- 76% of businesses
- 75% of employees
- 74% of revenue



Legend

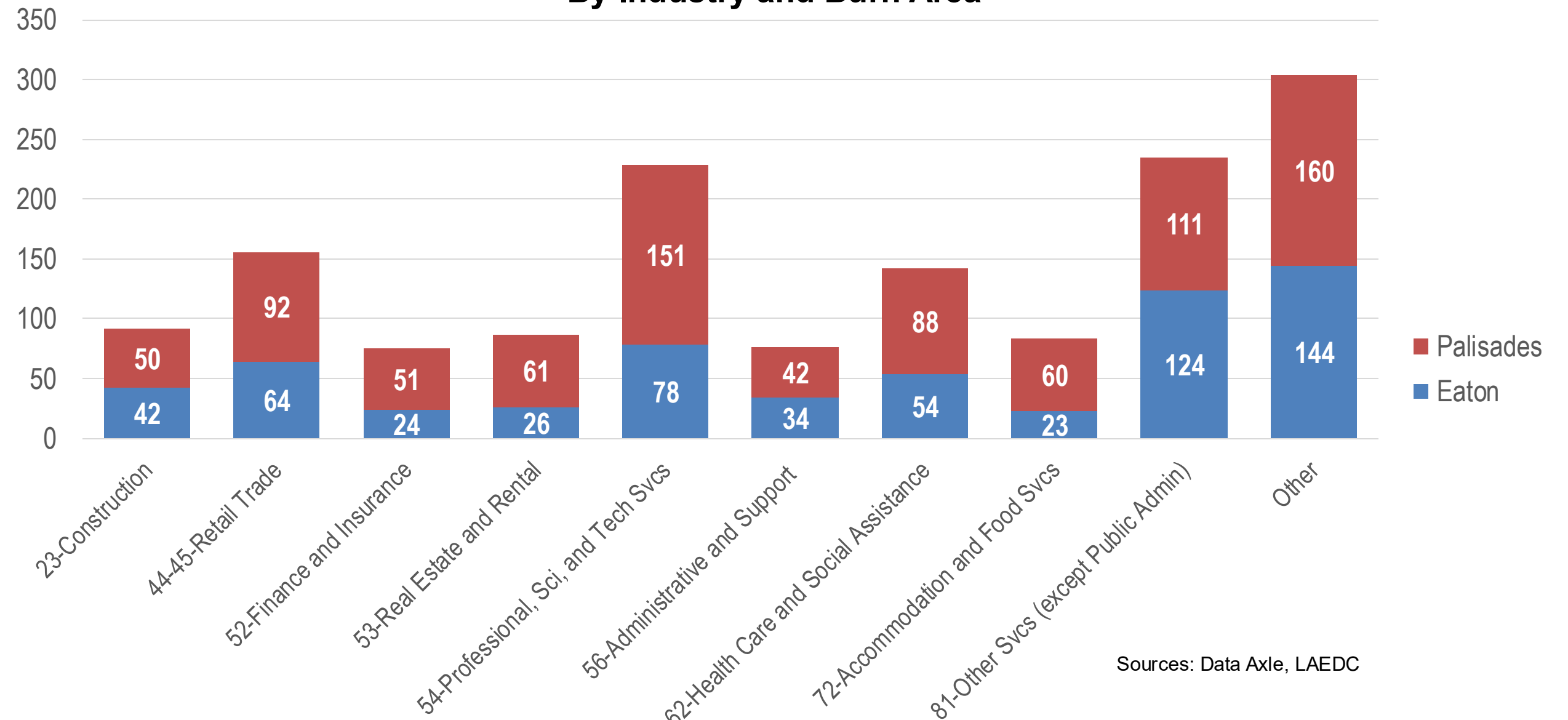
- Eaton Fire Perimeter
- Eaton Secondary Fire Area
- Business Locations
- Business Locations in Secondary Fire Area
- City of Los Angeles
- Incorporated City
- Unincorporated Area
- Angeles National Forest



Impacted Businesses in Burn Areas

- Of the companies listed in Data Axle, **1,479** reported their NAICS industry code and their number of employees
- Many of these companies are oriented towards serving their local communities

**Number of Businesses Reporting NAICS Code and Employees
By Industry and Burn Area**



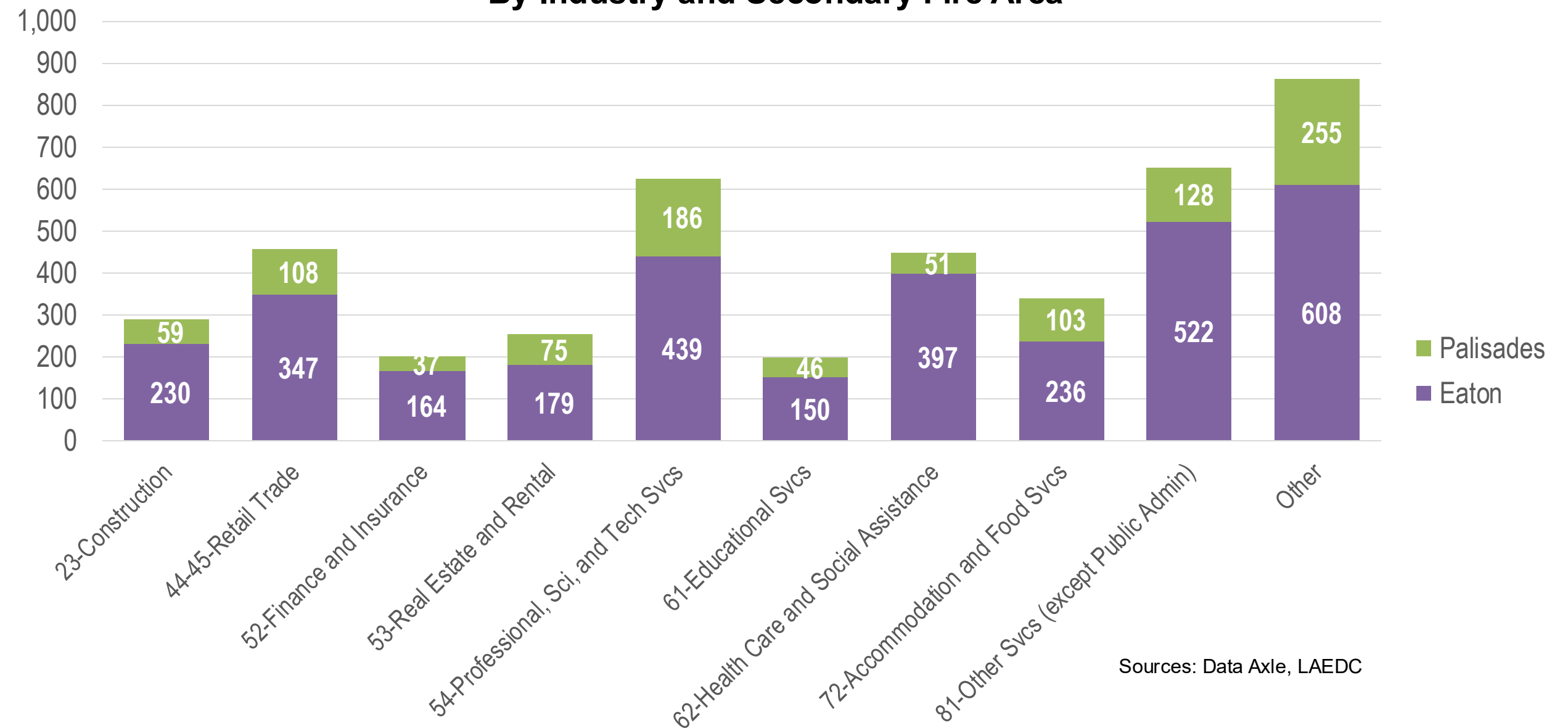
Sources: Data Axle, LAEDC



Impacted Businesses in Secondary Fire Areas

- Of the companies listed in Data Axle, **4,320** reported their NAICS industry code and their number of employees
- The distribution of total companies across industries **mostly** resembles that for the burn areas

**Number of Businesses Reporting NAICS Code and Employees
By Industry and Secondary Fire Area**



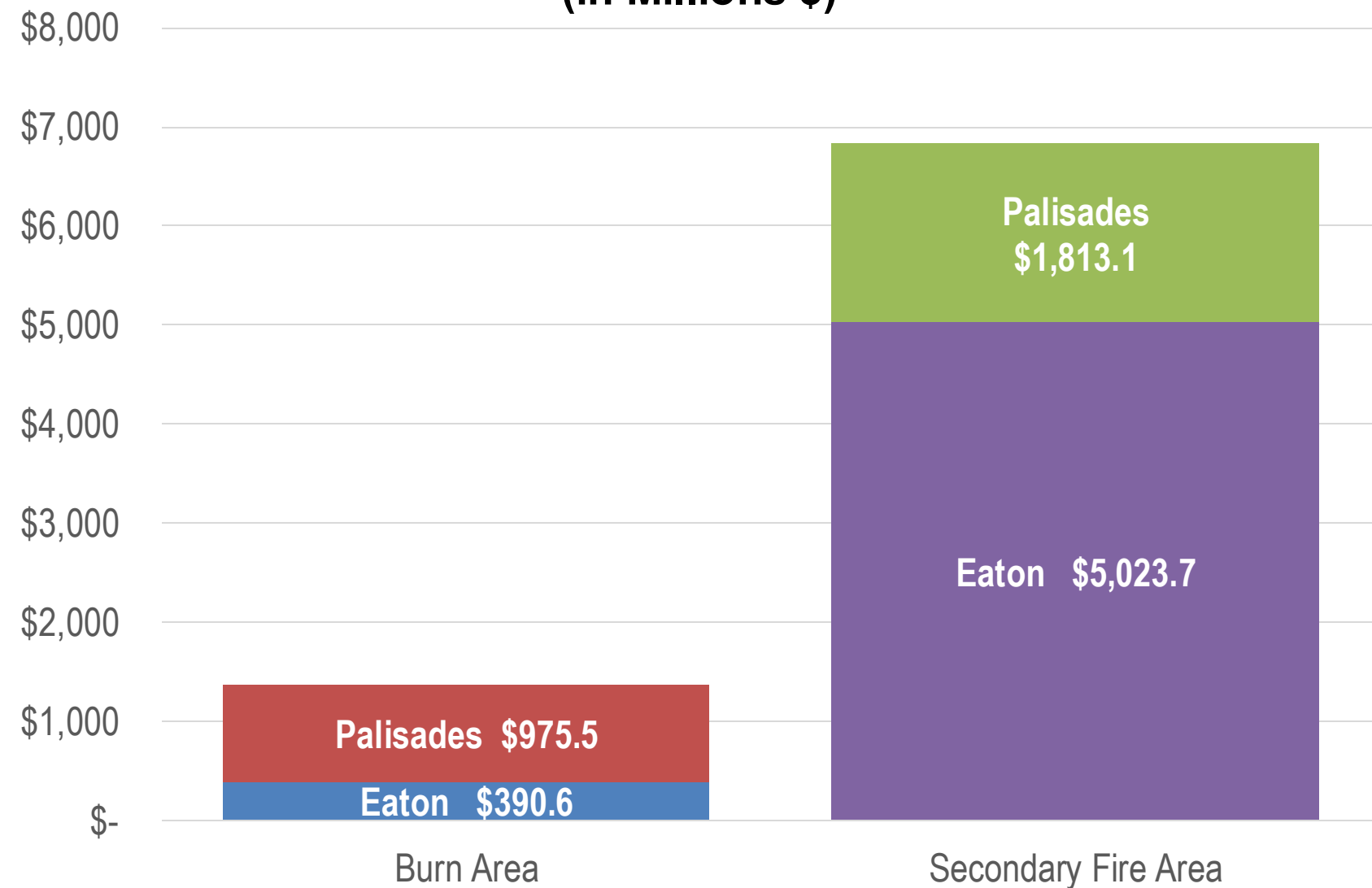
Sources: Data Axle, LAEDC



Potential Disrupted Economic Activity

- The enduring economic impact of the wildfires comes primarily from the businesses in the **burn area**, despite their smaller total revenue
- Burn area businesses experienced significant damage that could disrupt operations for months or years
- Companies in the secondary fire area saw less damage (e.g., smoke) and could reopen in just days/weeks

Annual Revenue of Impacted Businesses by Area
(in Millions \$)





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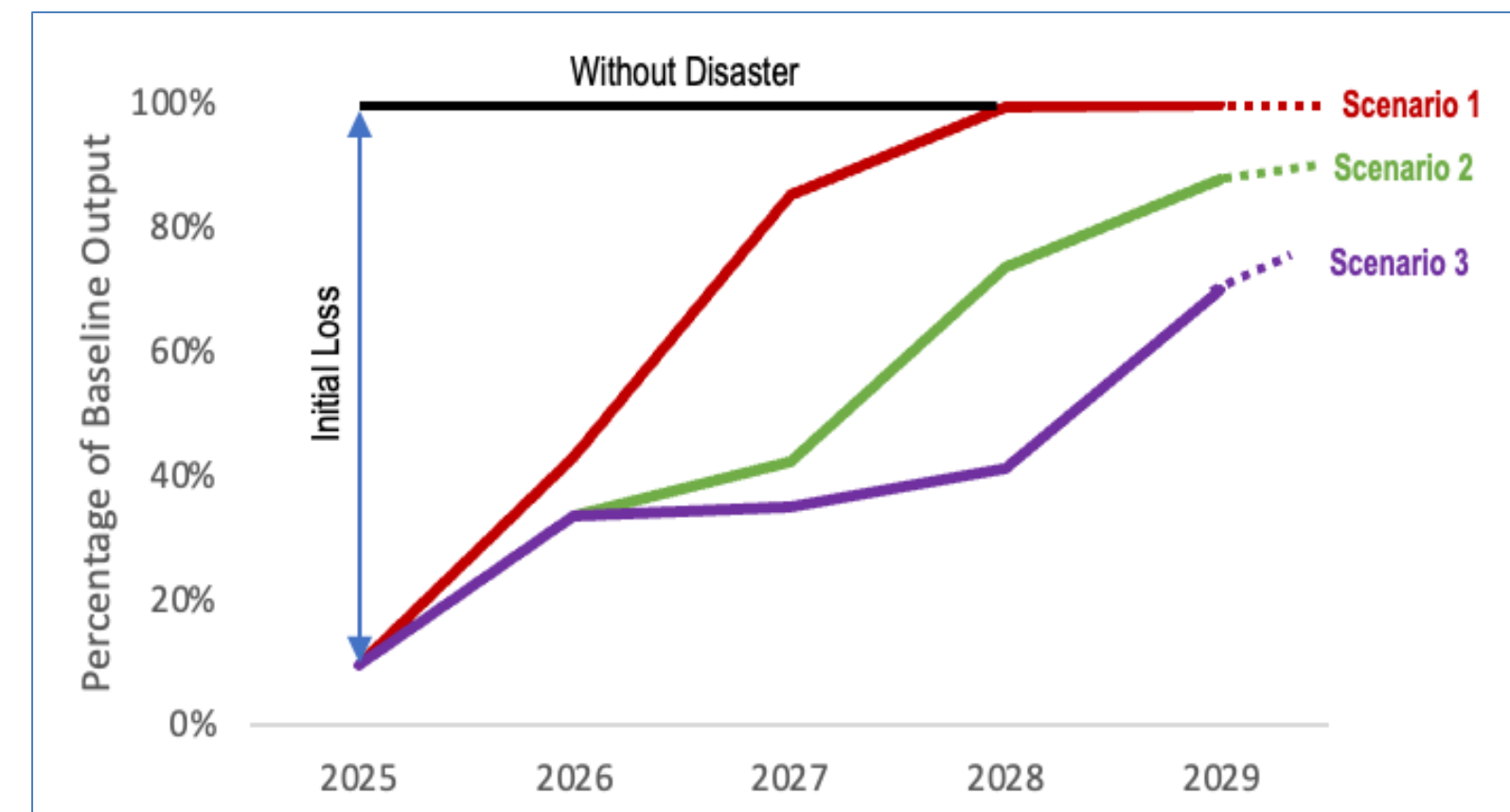
Expanded Economic Impact Estimates (September 2025)



Estimation of Economic Impact from Business Interruptions in Burn Areas

- Conducted an initial economic impact analysis on business interruptions in burn areas, spanning from 2025 to 2029
- “Recovery” timeline is uncertain -- created three scenarios with alternative assumptions on recovery timelines
- Estimated initial direct economic loss in 2025
 - \$1.26 billion of sales revenue (or 90% of baseline)
 - 8,200 jobs (or 85% of baseline)
- Estimated return to baseline economic activity
 - Scenario 1 (FEMA rebuilding timeline): in 2028
 - Scenario 2 (doubling FEMA timeline): in 2032
 - Scenario 3 (tripling FEMA timeline): in 2034

Recovery Trajectory of Economic Output
Three Alternative Scenarios



Sources: Data Axle, IMPLAN, FEMA, LAEDC



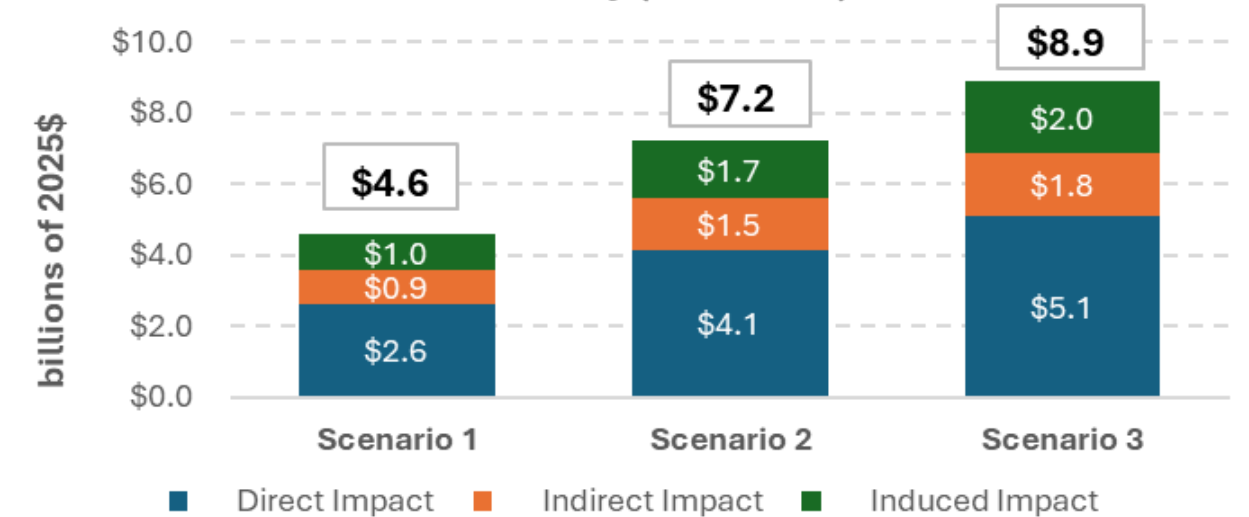
Total Economic Impacts of Business Interruptions in Burn Areas

Economic Impacts of Business Interruptions in Burn Areas over a 5-year Study Period (2025-2029)

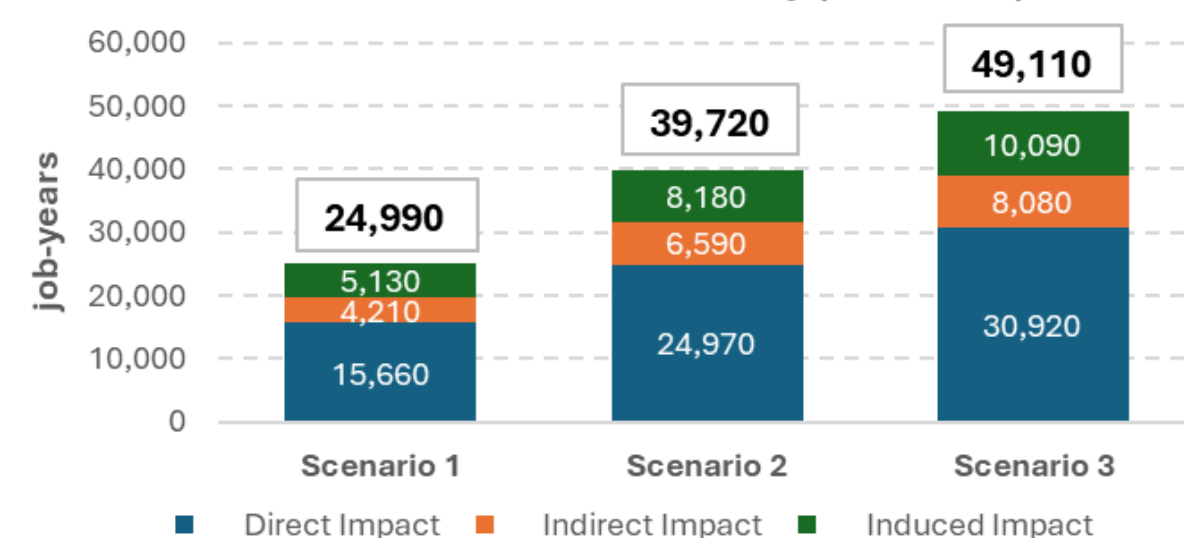
Total Economic Impacts on *Los Angeles County*:

- Total economic output impacts: **\$4.6 billion** in Scenario 1 to **\$8.9 billion** in Scenario 3
- Total employment impacts: **24,990 job-years** in Scenario 1 to **49,110 job-years** in Scenario 3
- Total labor income losses: **\$1.9 billion** in Scenario 1 to **\$3.7 billion** in Scenario 3
- Loss of federal, state, and local taxes: **\$0.73 billion** to **\$1.41 billion**

Output Impacts of Business Interruptions from Palisades and Eaton Fires in LA County (2025-2029)



Employment Impacts of Business Interruptions from Palisades and Eaton Fires in LA County (2025-2029)





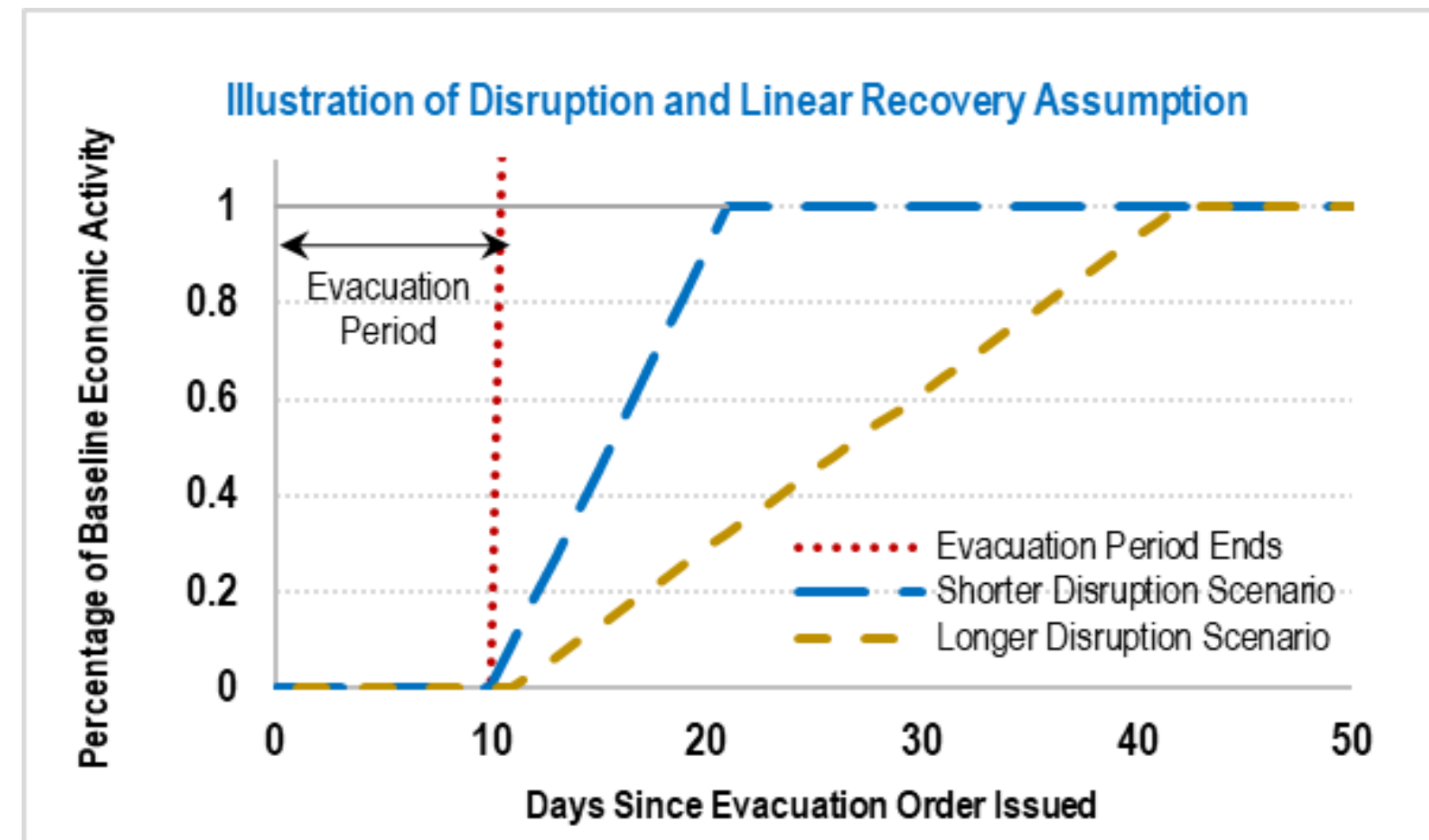
Estimation of Economic Impact from Business Interruptions in Secondary Fire Areas

- **Baseline economic contribution of business operations in Secondary Fire Areas (SFAs)**
 - Generate nearly \$11.8 billion in annual output and support about 60,910 jobs, creating over \$4.8 billion in labor income in Los Angeles County (including both direct and ripple effects)
 - Contribute \$7.6 billion in value-added to LA County's gross product and more than \$2.0 billion in tax revenues across federal, state, and local levels
- **Determine Evacuation Durations**
 - Eaton SFAs: evacuation orders lasted 3-17 days across neighborhoods, with an assumed average of 10 days of evacuation
 - Palisades SFAs: evacuation orders lasted 3-30 days, with an assumed average of 15 days of evacuation



Estimating Economic Impact of Business Interruptions in Secondary Fire Areas

- **Estimate Extended Disruption Period**
 - Business impacts extend beyond evacuations due to cleanup, safety checks, staffing shortages, and delayed demand
 - Recovery timelines vary by industry based on production type, remote work capability, and reliance on customer foot traffic
 - Shorter and longer disruption scenarios developed to capture a plausible range of recovery timelines
- **Disruption Level and Recovery Path**
 - Assume all businesses completely disrupted during evacuation period
 - After evacuation, economic activity assumed to recover linearly based on sector-specific recovery periods



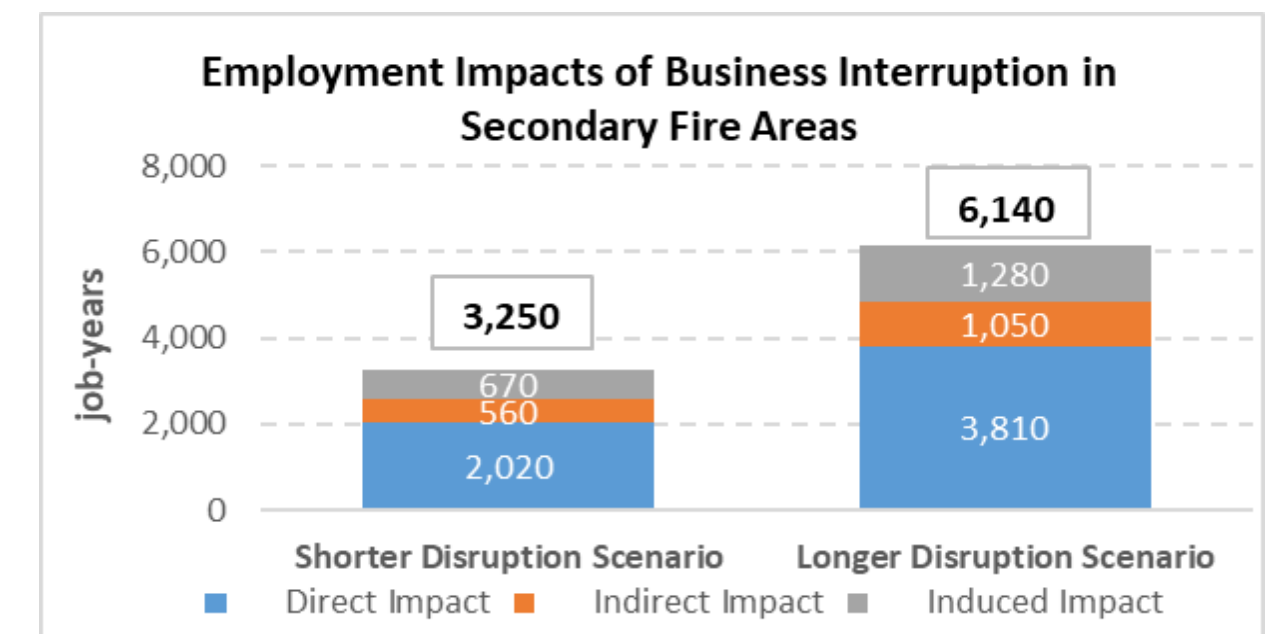
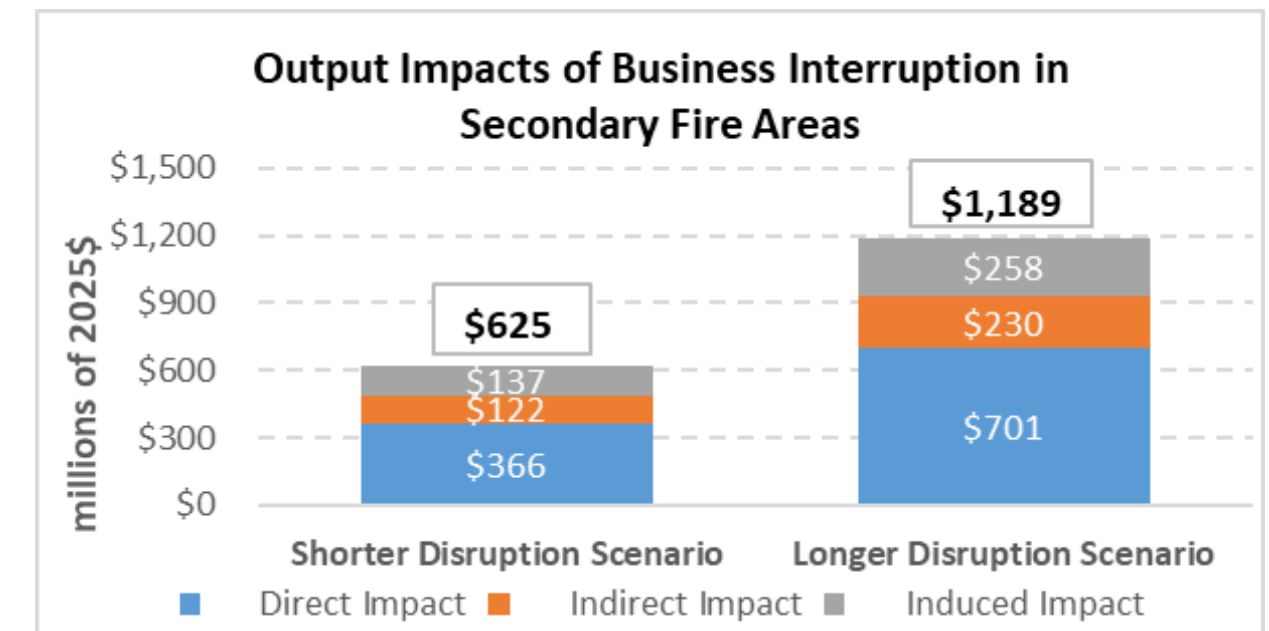


Total Economic Impacts of Business Interruptions in Secondary Fire Areas

Economic Impacts of Business Interruptions in Secondary Fire Areas in 2025

Total Economic Impacts on *Los Angeles County*:

- Total economic output impacts: **\$625 million** in Shorter Disruption Scenario to **\$1.2 billion** in Longer Disruption Scenario
- Total employment impacts: **3,250 job-years** in Shorter Disruption Scenario to **6,140 job-years** in Longer Disruption Scenario
- Total labor income losses: **\$250 million** to **\$473 million**
- Loss of federal, state, and local taxes: **\$119 million** to **\$234 million**





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Total Economic Impacts of Business Interruptions

- **Estimating combined economic impacts in the burn areas and secondary zones**
 - Burn Areas: experienced major property damages and significant economic disruptions; facing a multi-year rebuilding and recovery process
 - Secondary Fire Areas: had no direct property damage, but experienced temporary business interruptions in 2025 due to evacuations and gradual recovery
 - Combined total impacts vary depending on the recovery timeline in burn areas and the disruption duration in secondary fire areas
- **Range of Total Economic Impacts from Business Interruptions in LA County**
 - Total economic output impacts: \$5.2 billion to \$10.1 billion
 - Total employment impacts: 28,240 job-years to 55,250 job-years
 - Total labor income losses: \$2.2 billion to \$4.2 billion
 - Loss of federal, state, and local taxes: \$0.85 billion to \$1.64 billion



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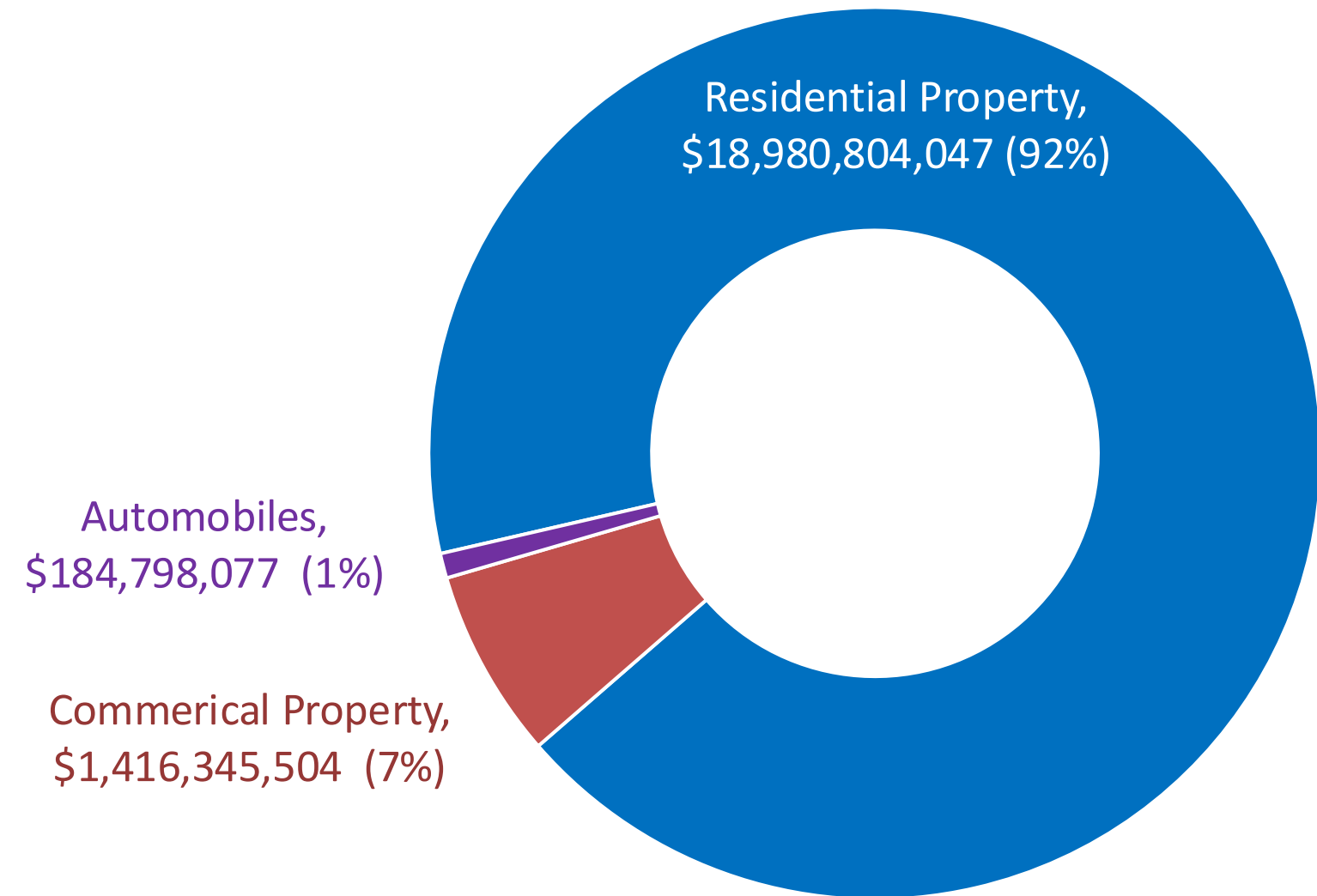
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Wildfire Recovery Indicators (September 2025)



Insurance Claims Data

- As of July 31st, 2025, 93% of filed insurance claims had been partially paid, totaling \$20.4 billion.
- Vast majority of claims are for residential properties.
- 65% of the payout for properties in the Palisades Fire area.

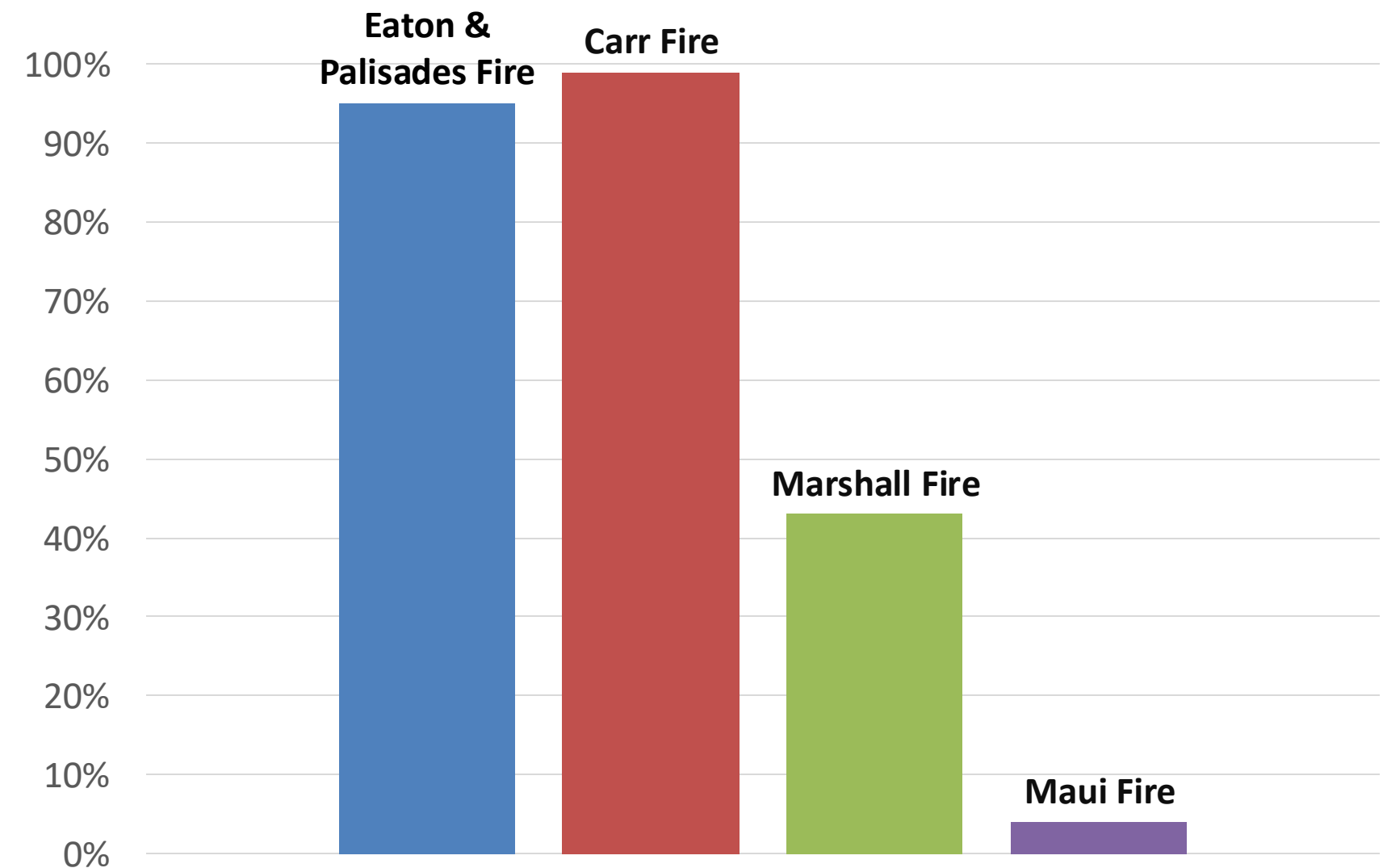




Rebuilding Process: Debris Removal

- Parcels could choose federal or private debris removal or could file for exemption.
- At 7 months, 95% of debris from destroyed/majorly damaged parcels had been removed.
- Debris is cleared for nearly all (99.98% as of September 9th) parcels that signed up for federal removal.

Debris Removal Progress Comparison: 7 Months from Fire





Rebuilding Process: Building Permits Issued

- Issuance of building permit → rebuilding can begin on a parcel.
- As of September 9th: 798 building permits had been issued, and the average time from application to issuance was 52 business days.
- Fire comparison: # residential building permits for rebuild issued per destroyed residential building.

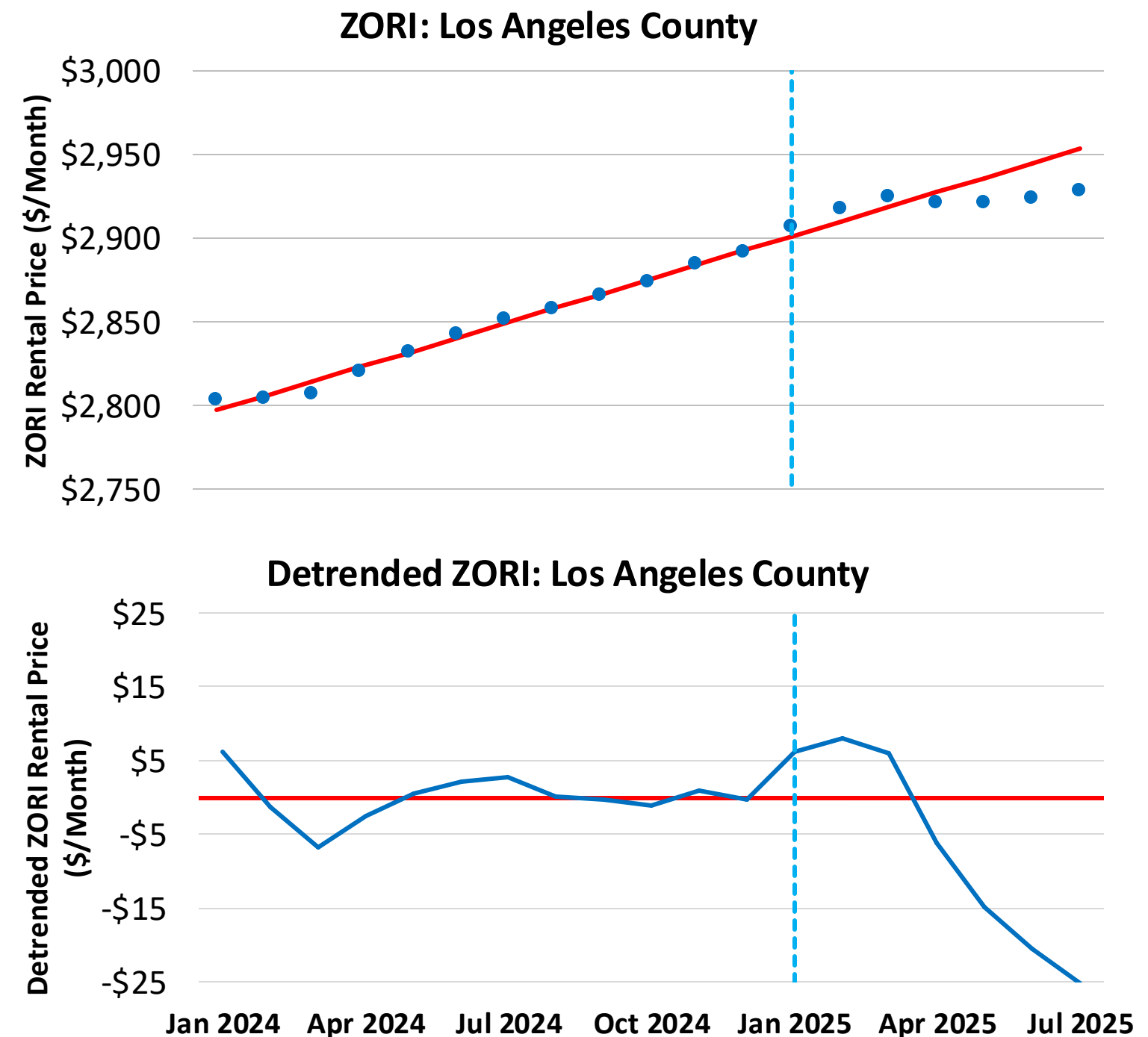
% Destroyed Residential Building with Rebuild Permit			
Fire Name(s)	Months from Fire's End		
	7	18	36
Eaton and Palisades	3%	-	-
Carr	4%	22%	36%
Camp	0%	7%	17%
Marshall	5%	54%	74%
Maui	0%	14%	-
Tubbs	11%	52%	71%

Notes: Percentages are rounded to the nearest integer.



Rental Price Changes Due to Wildfires

- Housing demand ↑ due to fire refugees → rental price ↑.
 - Zillow Observed Rental Index (ZORI) (blue dots in upper graph), middle rental price, with constant housing quality.
- Use 2024 trend (red line in upper graph) to see if upward trend in 2024 rents change in response to fire in 2025.
- Small, short-term rent ↑ then drop below trend by 6 months post-fire.

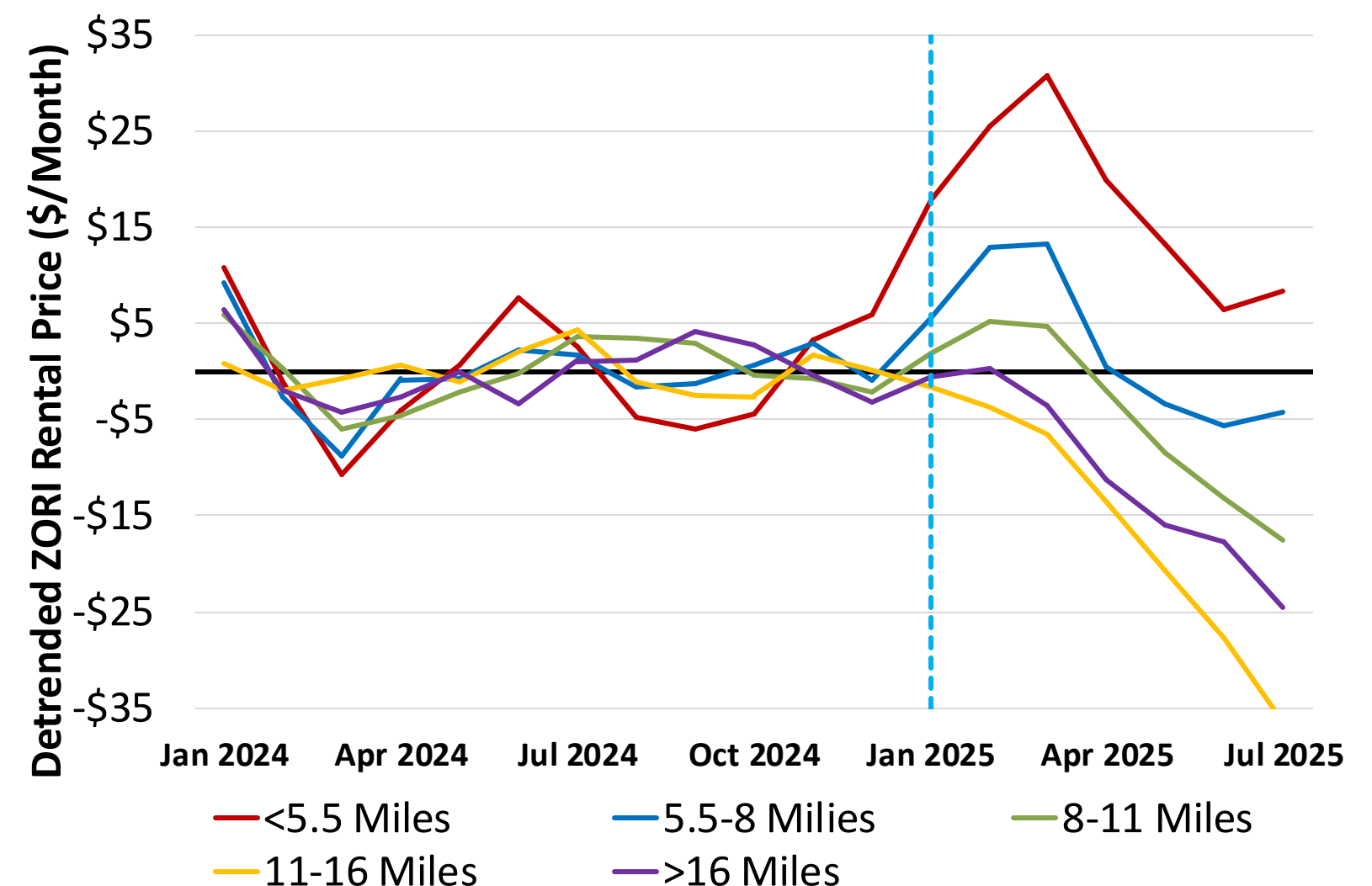




Rental Price Changes Due to Wildfires

- Usual rental prices ↑ in short-term for closest ZIPs.
 - Initial ↑ in fire refugee demand for nearby rental properties.
- 6 months post-fire trend for rents is mixed.
 - Closest ZIPs return to 2024 trend for rents. Rents below 2024 trend for other ZIPs.
- Explore which ZIPs drove rent increase and what characteristics are common among them.

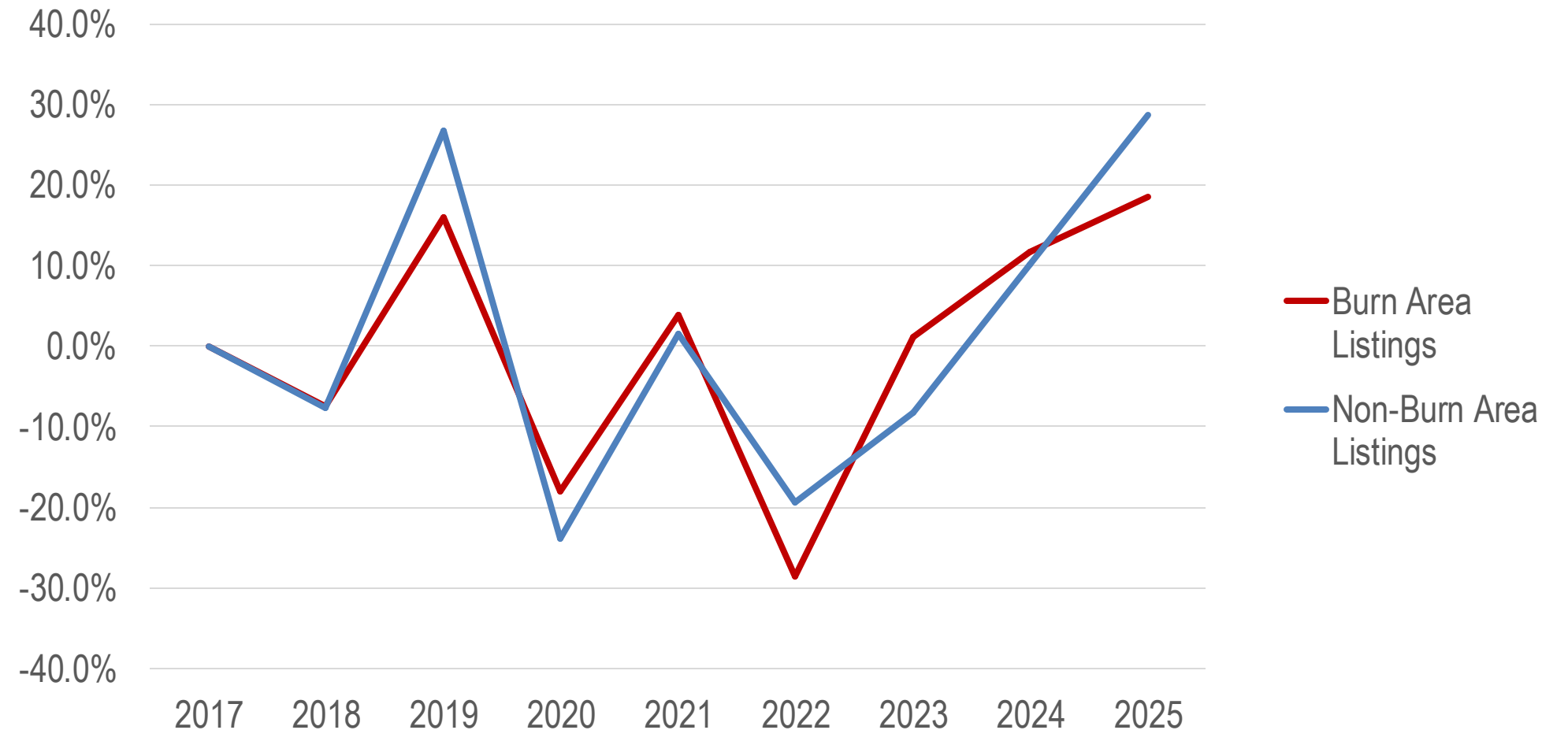
**Detrended ZORI by Distance From Fire
Perimeter: Los Angeles County**





Los Angeles County Housing Listings

**Year-to-Year Percentage Change in Housing Listings
January to June Period, 2017 to 2025**



Source: Realtor.com, LAEDC

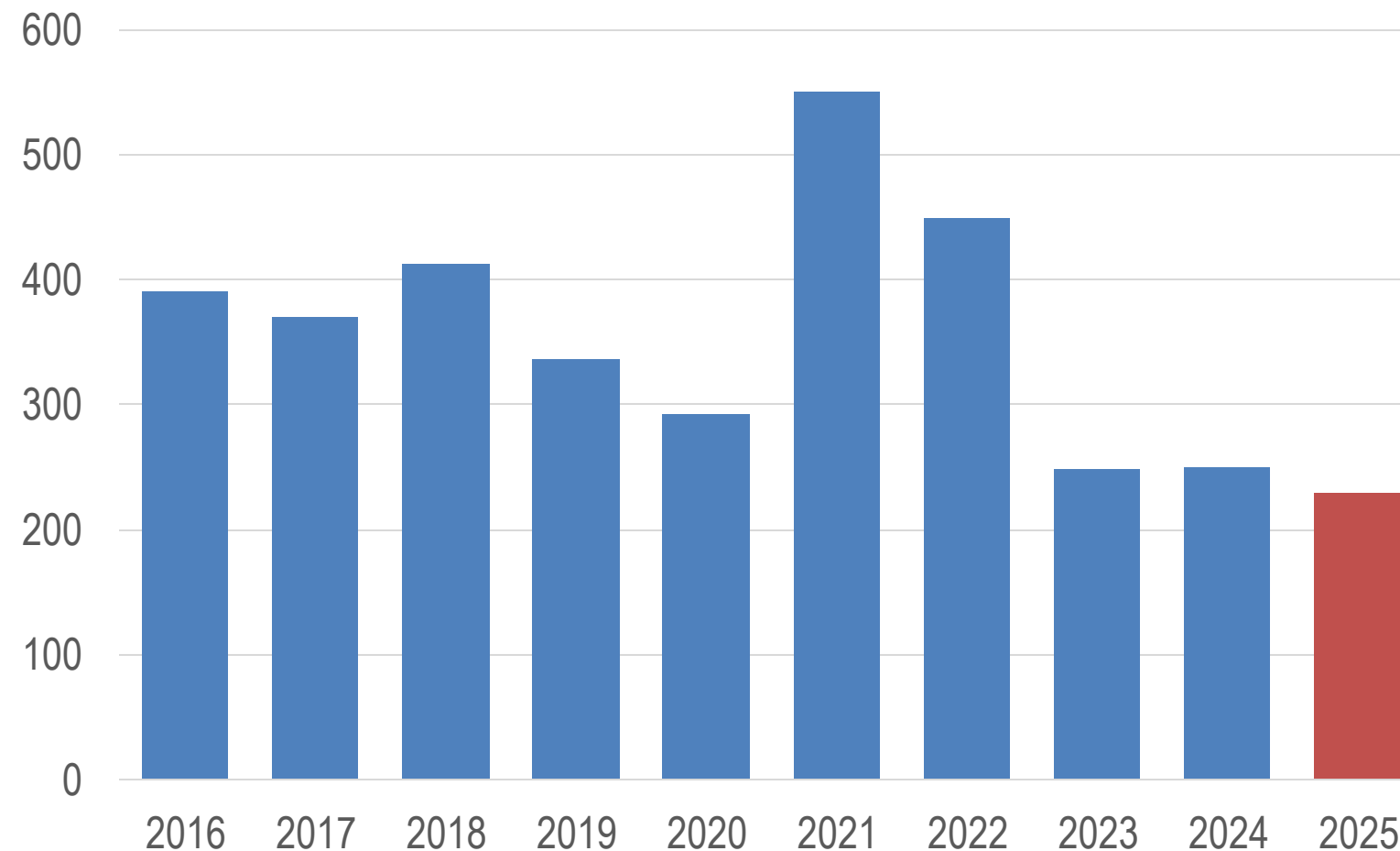
- **Data on housing listings do not suggest that there currently is a long-term flight of existing residents from the burn areas**
- **Housing listings in the first six months of the year in zip codes representing burn areas have tracked listings in non-burn areas**

Housing listings in the burn areas represented 8.7% of all County listings in the first six months of 2025, in line with historical trends



Los Angeles County Housing Sales

**Historical Housing Sales in Eaton and Palisades Burn Areas
January to May Period, 2016 to 2025**



Source: Los Angeles County Assessor's Office, LAEDC

- **Current data on housing sales also do not suggest that there is a long-term flight of existing residents from the burn areas**
- **For the January-through-May period, housing sales in the burn areas ranged from 249 to 550 between 2017 and 2024. In 2025, housing sales totaled 230**

Housing sales in the burn areas in the first five months of 2025 were 8.0% lower than in 2024 and 7.6% lower than in 2023



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Questions?



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