



LAEDC Los Angeles Wildfires: Economic Update #1

Monday, September 15, 2025

Overview

The Los Angeles County Economic Development Corporation (LAEDC), in partnership with the Department of Economic Opportunity, held the first in a series of four quarterly briefings to assess the impact of the January 2025 Eaton and Palisades wildfires on our residents, businesses and our overall economy. Together, we are advancing a coordinated, data-driven approach to support recovery and long-term resilience for the communities, workers, and businesses affected by these recent wildfires.

The goal is to provide policymakers and stakeholders with timely, data-driven insights to guide recovery efforts and inform long-term resilience planning. The quarterly approach allows us to track how recovery is evolving over time, identify where resources may still be needed, and adjust strategies as conditions change.

This first briefing builds upon the analysis that the LAEDC Institute for Applied Economics released earlier this year, and presents socioeconomic profiles of affected communities, our initial economic impact estimates of disrupted businesses in the burn areas and our newly expanded impacts for businesses in secondary fire areas that experienced disruption due to evacuation orders, and a selection of current key recovery indicators.

Socioeconomic Impacts

Affected Areas

- **Burn Areas:** Direct footprints of the Eaton (38 sq. mi.; ~23,000 residents) and Palisades (22 sq. mi.; ~21,000 residents) fires.
- **Secondary Fire Areas (SFAs):** Mandatory evacuation zones — 88 sq. mi. for Eaton (~96,000 residents) and 43 sq. mi. for Palisades (~36,000 residents).

Community Profiles

- **Palisades Burn Area:** About 80% White, with Hispanic and Asian residents making up around 7%. High educational attainment, with 78% holding a bachelor's degree or higher. Median household income ~\$200K, average home values ~\$2M. Strong homeownership and professional commuting patterns.
- **Eaton Burn Area:** More diverse (Hispanic 28%, Black 19%, White 44%), Diversity Index 83.7. Median household income ~\$143K, home values ~\$1.2M. Balanced age distribution, mixed industries, and commuting reliance.

Structural Damage

- Over 16,000 structures destroyed across both fires:
 - 11,600+ homes (mostly single-family).
 - Nearly 100 school structures, 15 church structures, ~200 commercial structures.
 - 4,200+ utility/miscellaneous structures.
- **Eaton:** Losses concentrated in large single-family neighborhoods and schools.
- **Palisades:** Broader mix, including schools, churches, and community assets.

Economic Impacts

Businesses Directly in Burn Areas

- 1,863 businesses, employing ~9,600 people, generating \$1.4B annually.
- Palisades accounted for 60% of businesses, 62% of employees, and 71% of revenue.
- These businesses face long recovery timelines due to physical destruction.

Secondary Fire Areas (SFAs)

- 5,028 businesses, ~37,400 employees, \$6.8B annual revenue.
- Eaton SFA bore the majority (76% of businesses, 75% of jobs, 74% of revenue).
- Disruptions stemmed from evacuations, smoke, and closures rather than direct fire damage.

Recovery Scenarios and economic impacts for Burn Areas (2025–2029)

- **Immediate direct losses (2025):** \$1.26B revenue, 8,200 jobs.
- **Total 5-year losses (including ripple effects):** \$4.6B–\$8.9B in output, 25K–49K job-years, \$1.9B–\$3.7B labor income, \$0.73B–\$1.41B tax revenue.
- **Recovery timelines vary across scenarios:** full recovery possible by 2028 (best case) or delayed until 2034 (worst case).

Recovery Scenarios and economic impacts for SFAs (2025)

- **Short disruption scenario:** \$625M output losses, 3,250 job-years, \$250M labor income, \$119M tax losses.
- **Long disruption scenario:** \$1.2B output losses, 6,140 job-years, \$473M labor income, \$234M tax losses.

Combined Economic Impacts in burn areas and SFAs

- \$5.2B–\$10.1B in economic output lost.
- 28K–55K job-years affected.
- \$2.2B–\$4.2B labor income lost.
- \$0.9B–\$1.6B in tax revenue losses.

Recovery Indicators

- **Insurance Claims:** Approximately 42,000 claims filed; 93% partially paid, totaling \$20.4B (65% from Palisades).
- **Debris Removal:** 95% of destroyed/damaged parcels cleared within 7 months — faster than many past wildfire recoveries.
- **Building Permits:** 798 permits issued (rebuilding permits for 3% of the residential buildings destroyed). Average processing time: 52 business days.
- **Rental Market:** Short-term rent spikes near fire zones; county-wide and ZIP codes further away from the wildfire perimeter rents were below 2024 trend levels within 6 months of the fire. ZIP codes closer to the wildfire perimeter returned to the 2024 trend within 6 months.
- **Housing Listings & Sales:** No evidence of mass resident flight. Listings and sales trends in burn areas mirror county patterns, though 2025 sales dipped slightly below recent years' sales.

Next Steps

Looking ahead, we will continue tracking economic recovery indicators, including business impacts, workforce displacement, future workforce needs for the recovery process, and housing and infrastructure restoration.

Future quarterly briefings will track:

- Ongoing business and workforce disruptions.
- Rebuilding costs and progress.
- Workforce needs in recovery industries.
- Housing market dynamics.
- Policy recommendations for long-term resilience and disaster mitigation.