



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

# Quarterly Economic Briefing

- **Stephen Cheung**  
President & CEO, LAEDC
- **Institute for Applied Economics**
- Shannon M. Sedgwick, VP of Research, LAEDC
- Justin L. Adams, Ph.D., Senior Economist
- Max Chomas, Ph.D., Associate Economist
- Matthew Skyberg, Senior GIS Research Analyst
- Ricky Michel, Research Administrator

Tuesday, June 23, 2026

[www.laedc.org](http://www.laedc.org)





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**Economic Briefing**



**Stephen Cheung**

**President & CEO, LAEDC**

**President, WTCLA**



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## LAEDC 2026 Economic Briefing



**Shannon M. Sedgwick**  
VP of Research, LAEDC



**Justin Adams, Ph.D.**  
Senior Economist



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Senior GIS Research Analyst

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**LAEDC 2026**  
**Economic Briefing**

# Presentation Outline

- **The United States Economy in 2026**
- **Geopolitics, The Newist Risk**
- **Los Angeles County Local Area Employment Situation**
- **Foreign Direct Investment in CA**
- **Opportunity Zones – The 2.0 Program**



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# **The U.S. Economy in 2026:** **Why Things Feel So Complicated**

# How Did We Get Here?



# Why Doesn't The Economy Feel Better?

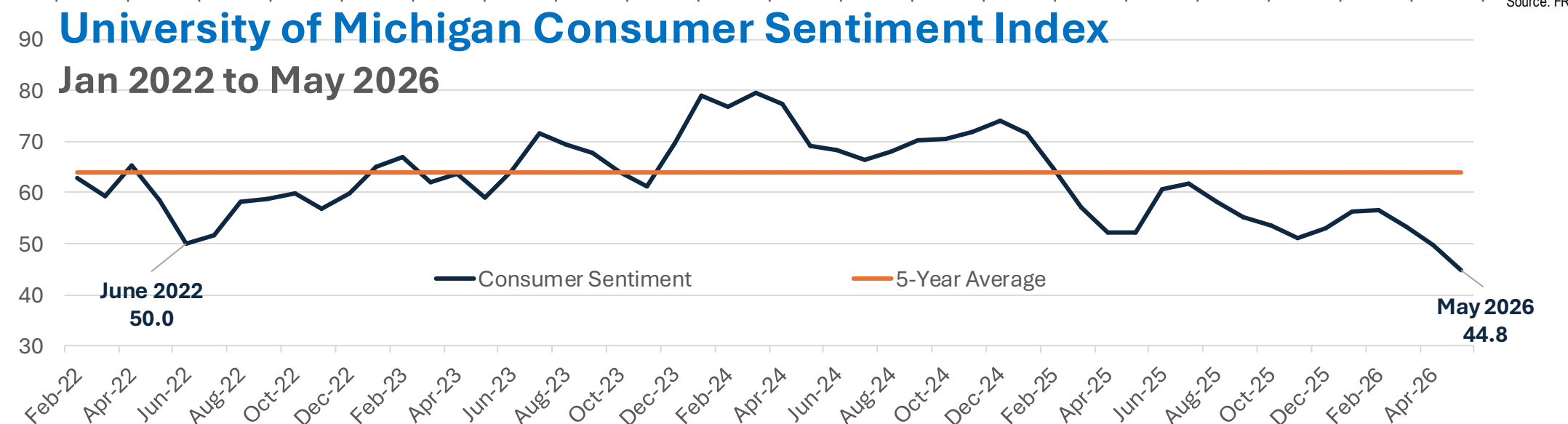
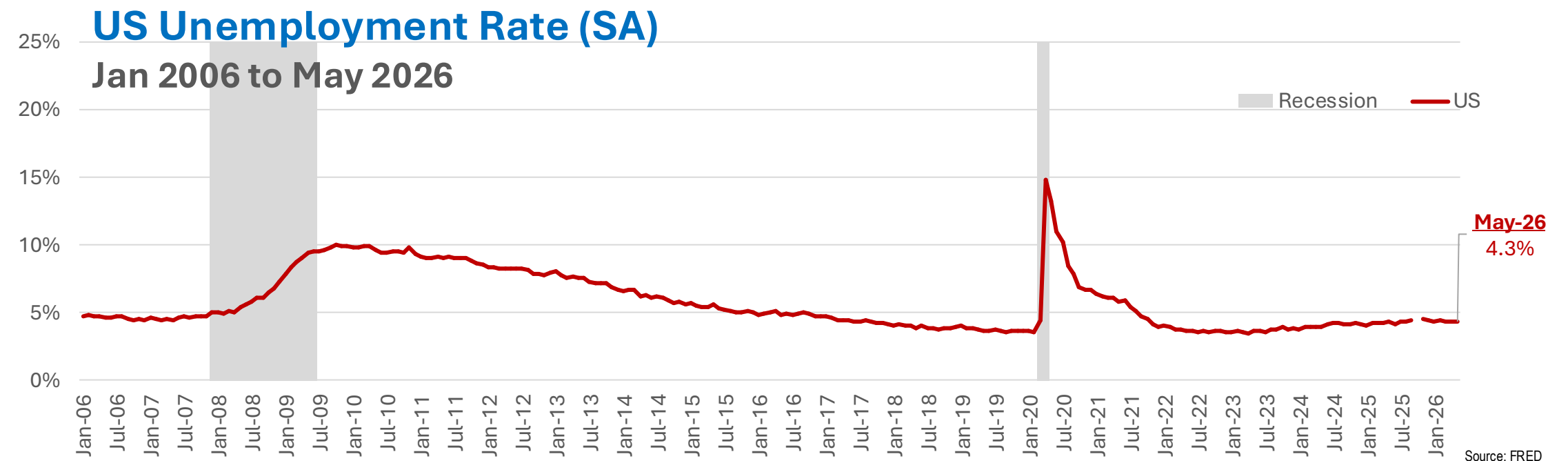
## *Strong Data, Weak Sentiment.*

### By the Numbers...

- ✓ Unemployment remains relatively low
- ✓ Inflation has eased significantly
  - compared to 2022 post-COVID rates
- ✓ GDP continues to expand
- ✓ Equity markets remain elevated

### Household Experience...

- Housing affordability remains strained
- Insurance costs continue rising
- Prices remain elevated
- Consumers remain uncertain



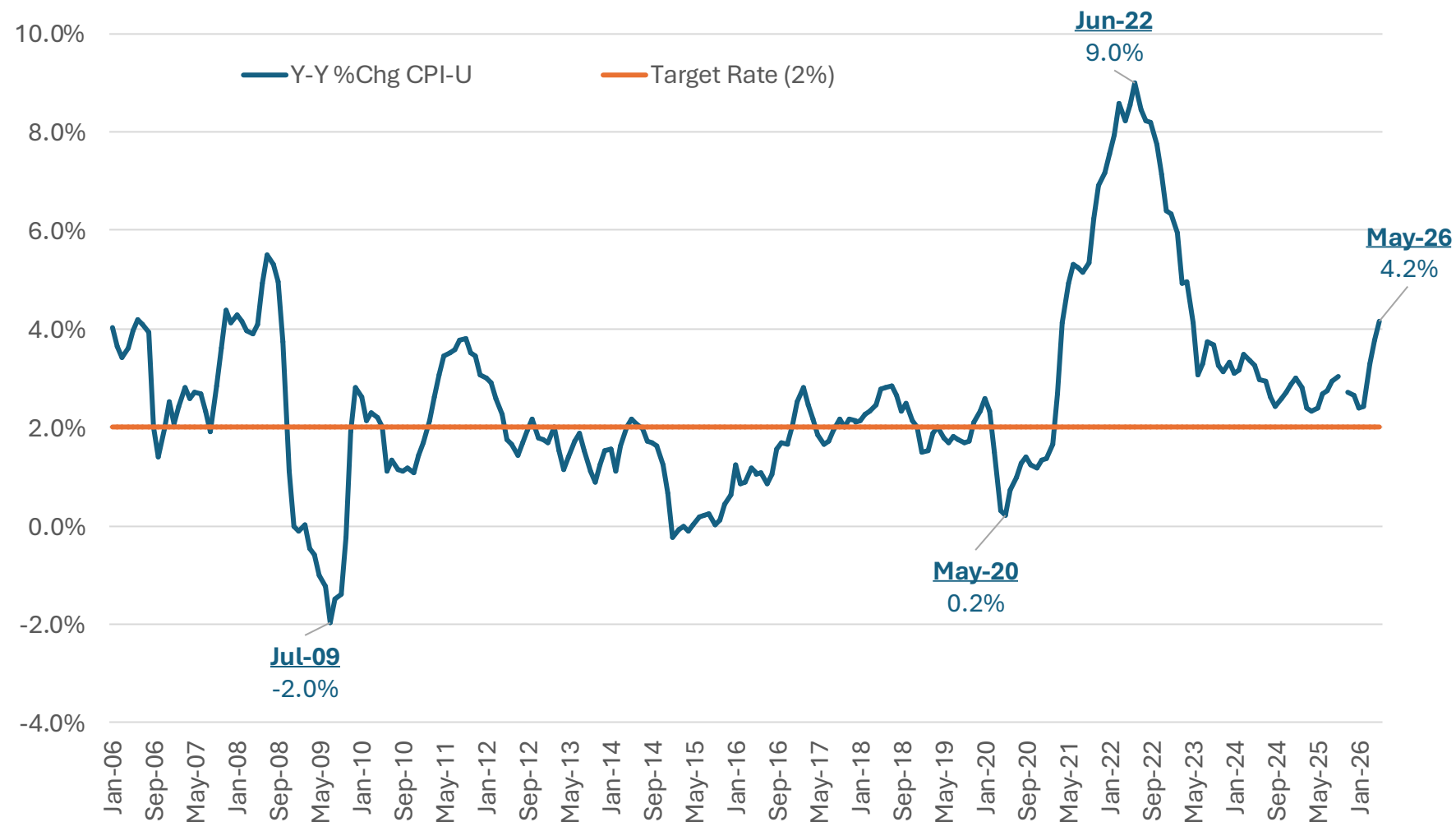
**Economic performance and economic confidence are not always the same thing.**

# Inflation Has Slowed - Prices Have Not

## Inflation

The rate of price growth has slowed considerably.

Year-over Year Percent Change in CPI-U, Jan 06-May 26

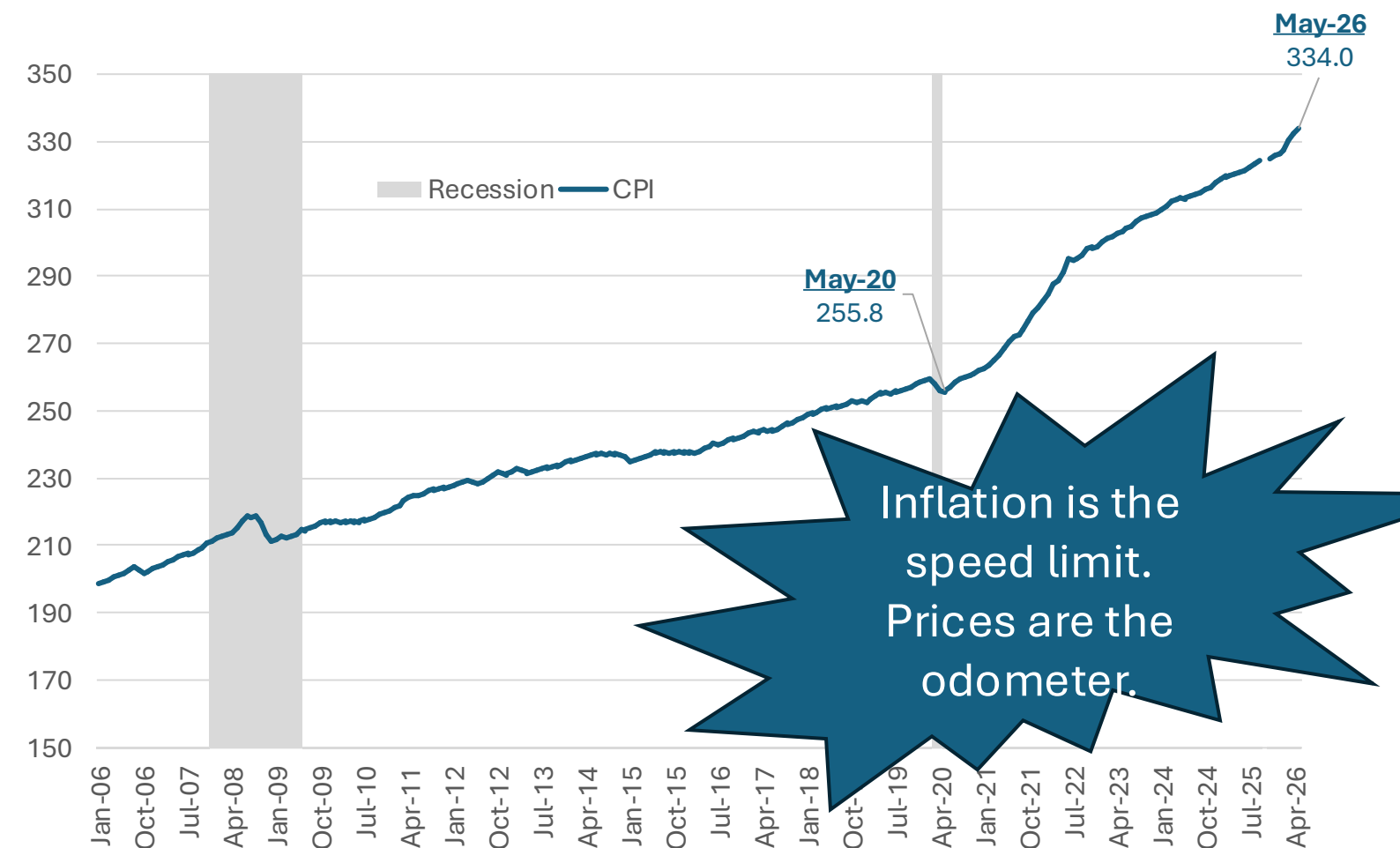


Source: FRED

## Prices

Price levels remain far above 2020 levels.

US CPI-U, Jan 06-May 26 (SA)  
(1982-1884=100)

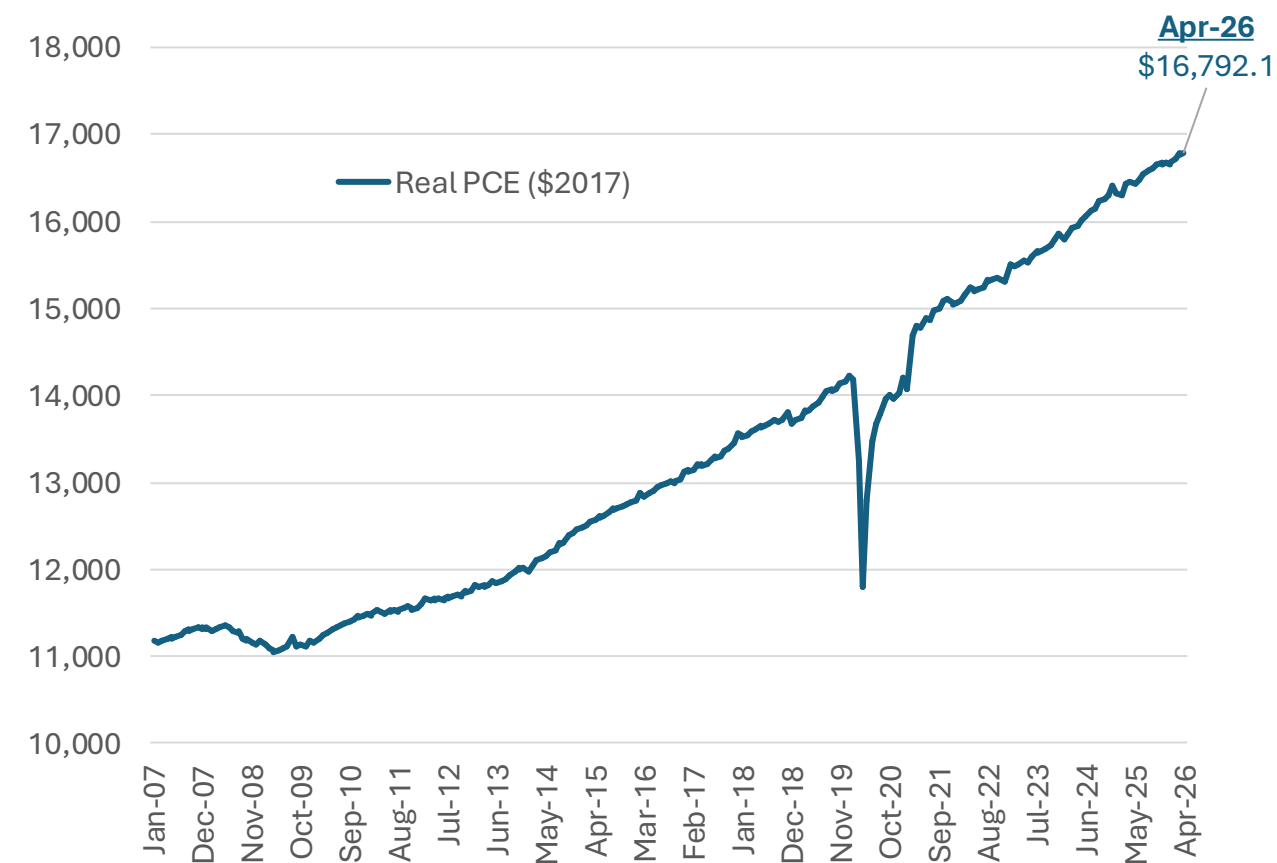


Source: FRED

**Consumers experience price levels—not inflation rates.**

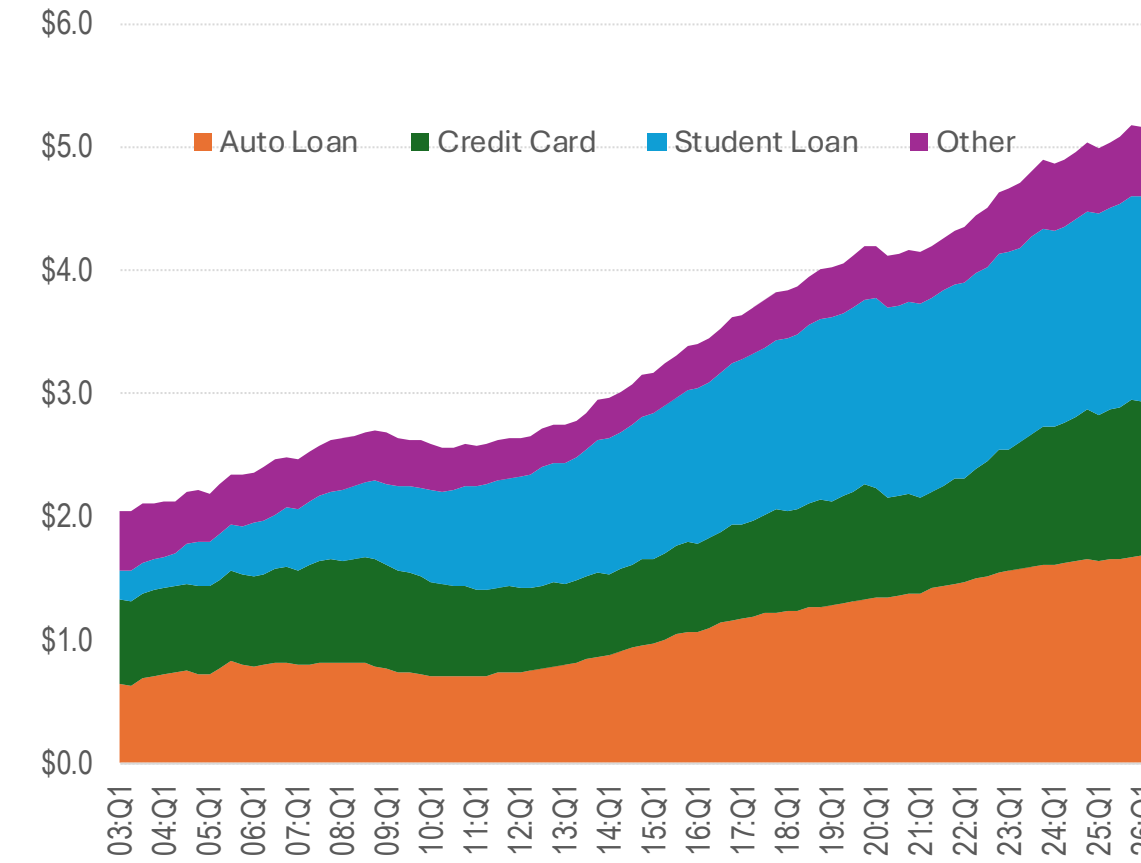
# Consumers Continue to Power the Economy

*Real Personal Consumption Expenditures (SA Annual Rate)*  
\$Billions Chained 2017 Dollars, Jan 07-April 26



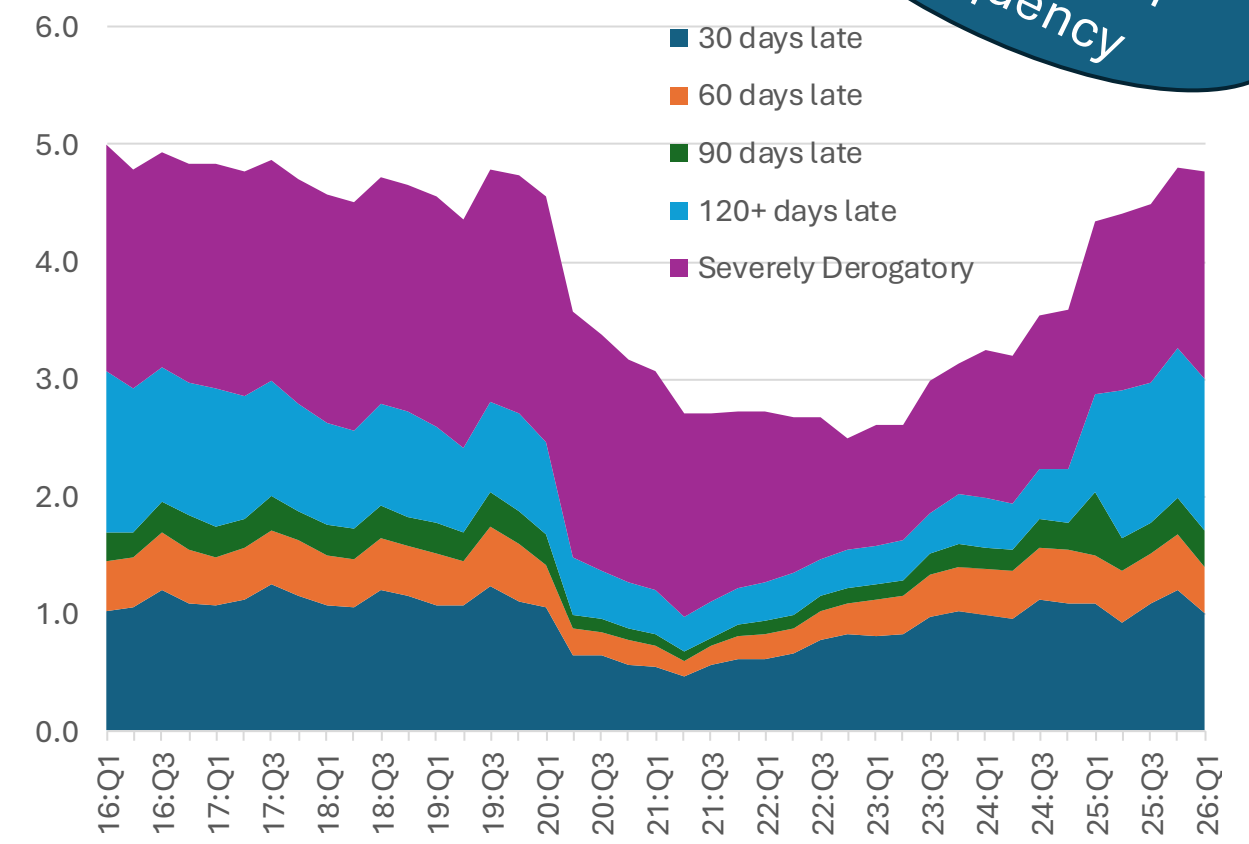
Source: FRED

*Total Non-Housing Debt (in \$trillions)*  
2003 Q1 to 2026 Q1



Source: Federal Reserve Bank of New York

*Total Debt Balance by Delinquency Status*  
2003 Q1 to 2026 Q1



Source: New York Fed Consumer Credit Panel/Equifax

## Positive Forces

- Strong Labor Market
- Continued Spending

## Headwinds

- Higher debt burdens
- Rising delinquencies

**Consumers remain the engine of growth, but signs of fatigue are beginning to emerge.**

# The Labor Market Is Cooling—Not Cracking

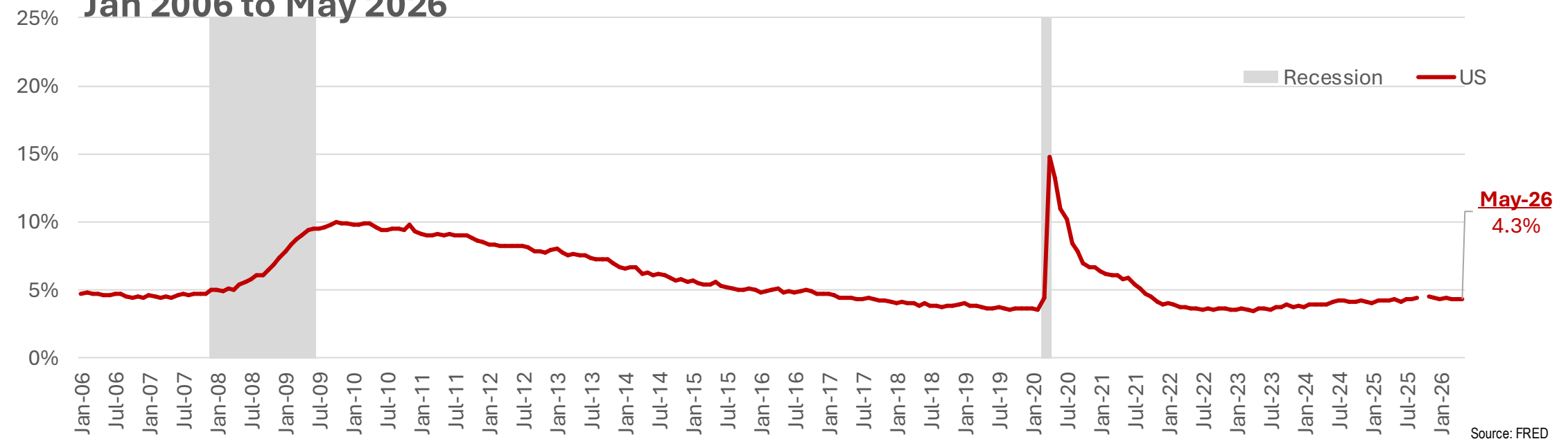


## Changes

- Hiring has slowed.
- Job openings have declined.
- Wage growth has moderated.

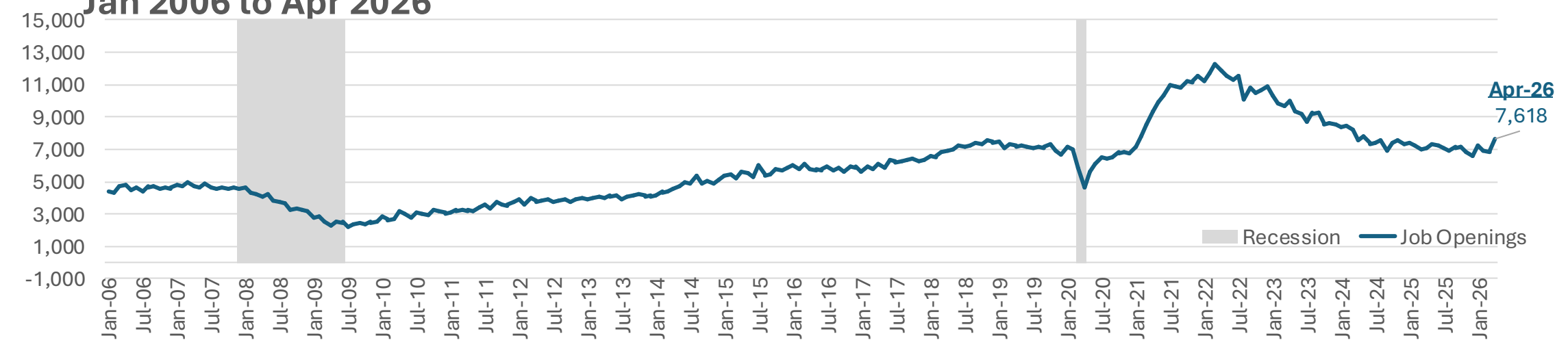
**US Unemployment Rate (SA)**

Jan 2006 to May 2026



**Job Openings: Total Nonfarm (000s) (SA)**

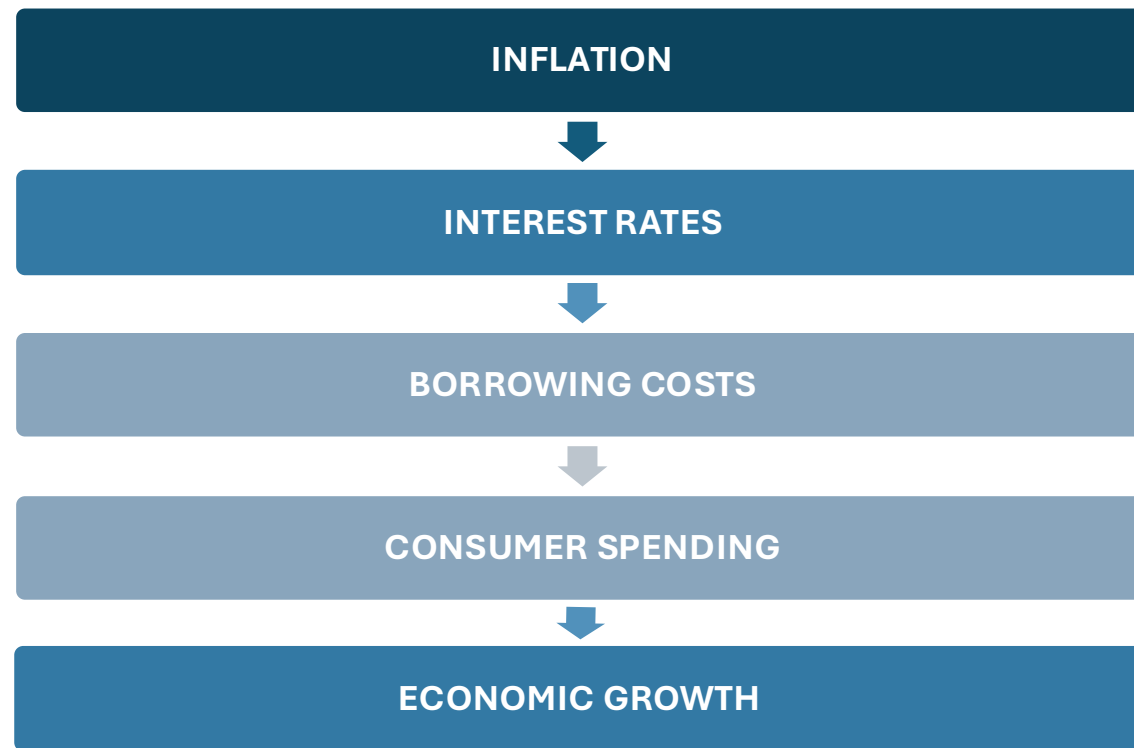
Jan 2006 to Apr 2026



**Normalization does not necessarily mean recession.**

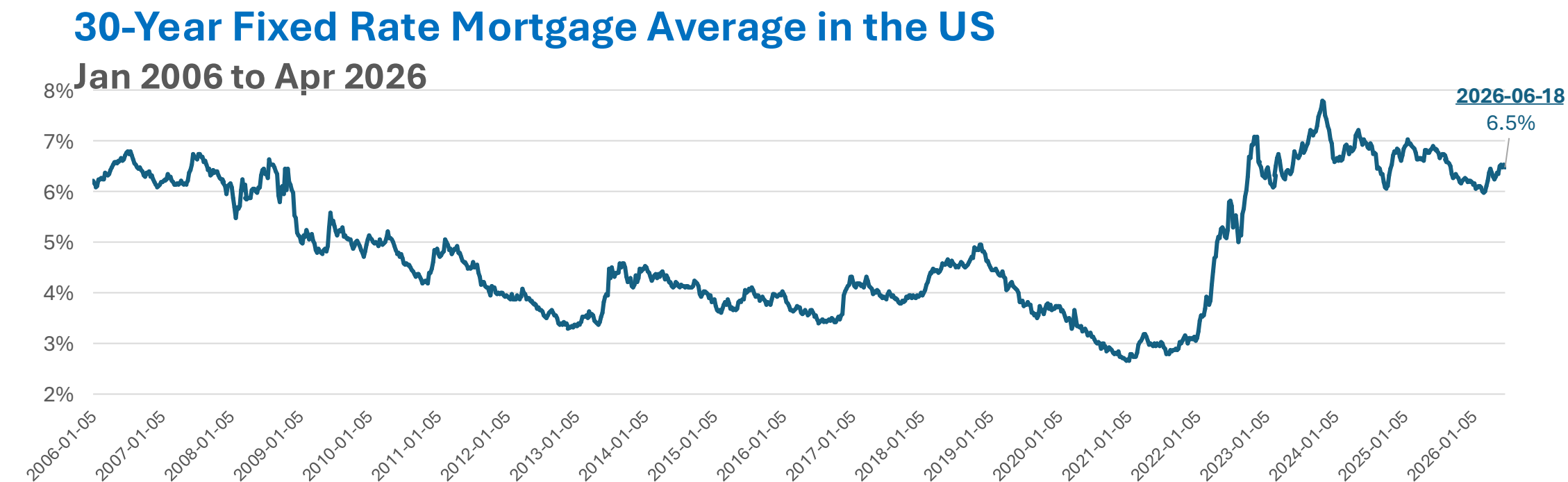
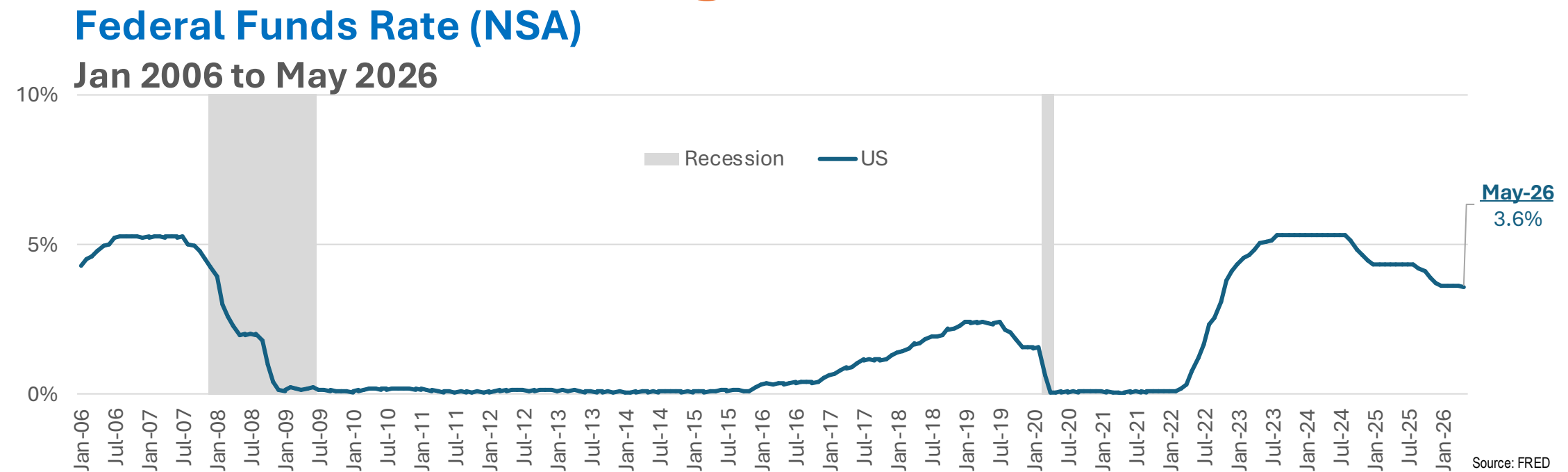
# Why Are Interest Rates Still High?

## The Federal Reserve's Balancing Act



### Impacts...

- Housing
- Commercial Real Estate
- Autos
- Business Investment



**The Fed is attempting to slow inflation without unnecessarily slowing growth.**

# Policy Has Become an Economic Variable

## Trade Policy

- Tariffs
- Supply chains
- Prices

## Immigration Policy

- Labor force
- Workforce availability
- Demographics

## Fiscal Policy

- Deficits
- Government spending
- Debt

## Geopolitics

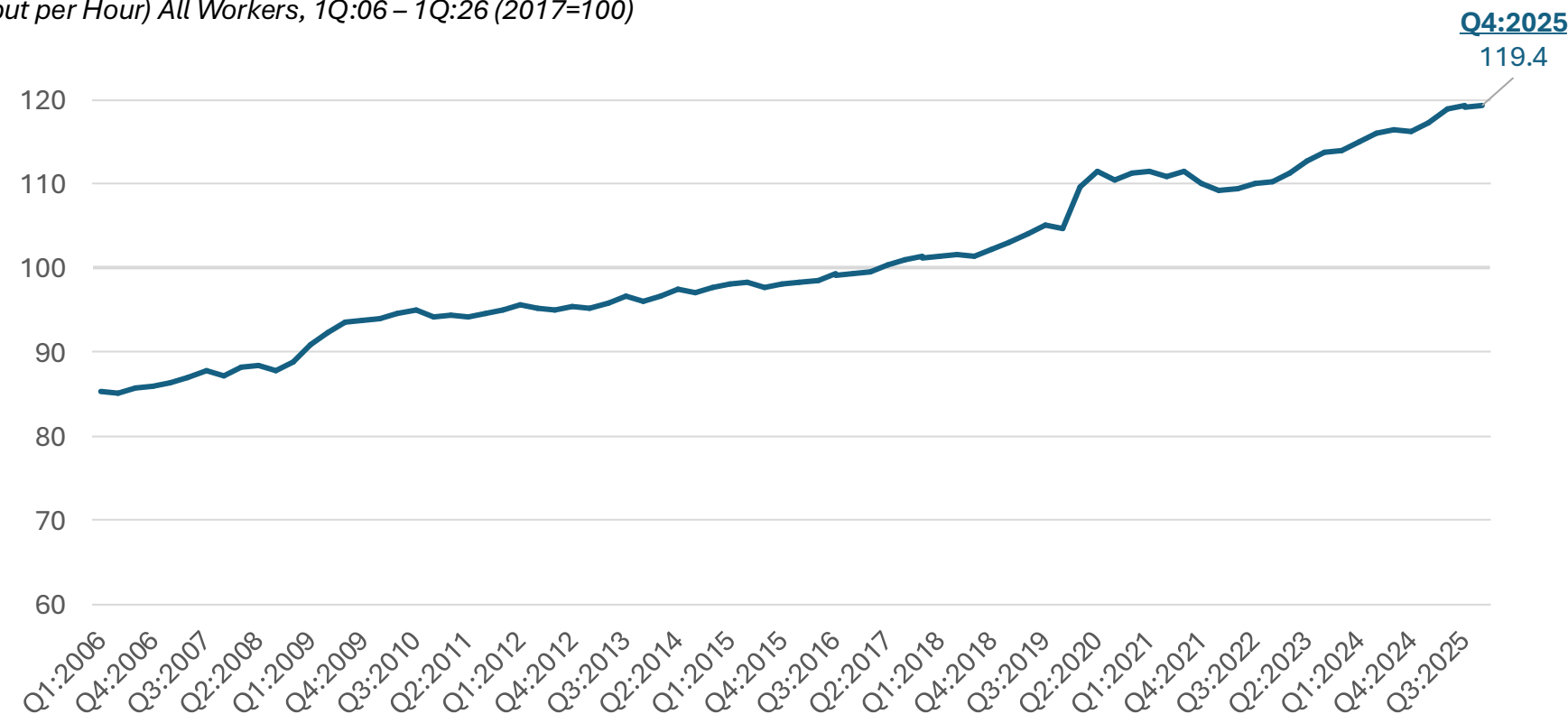
- Energy
- Shipping
- Uncertainty

**Economic outcomes are increasingly shaped by policy decisions.**

# Technology May Be the Wild Card

## Labor Productivity

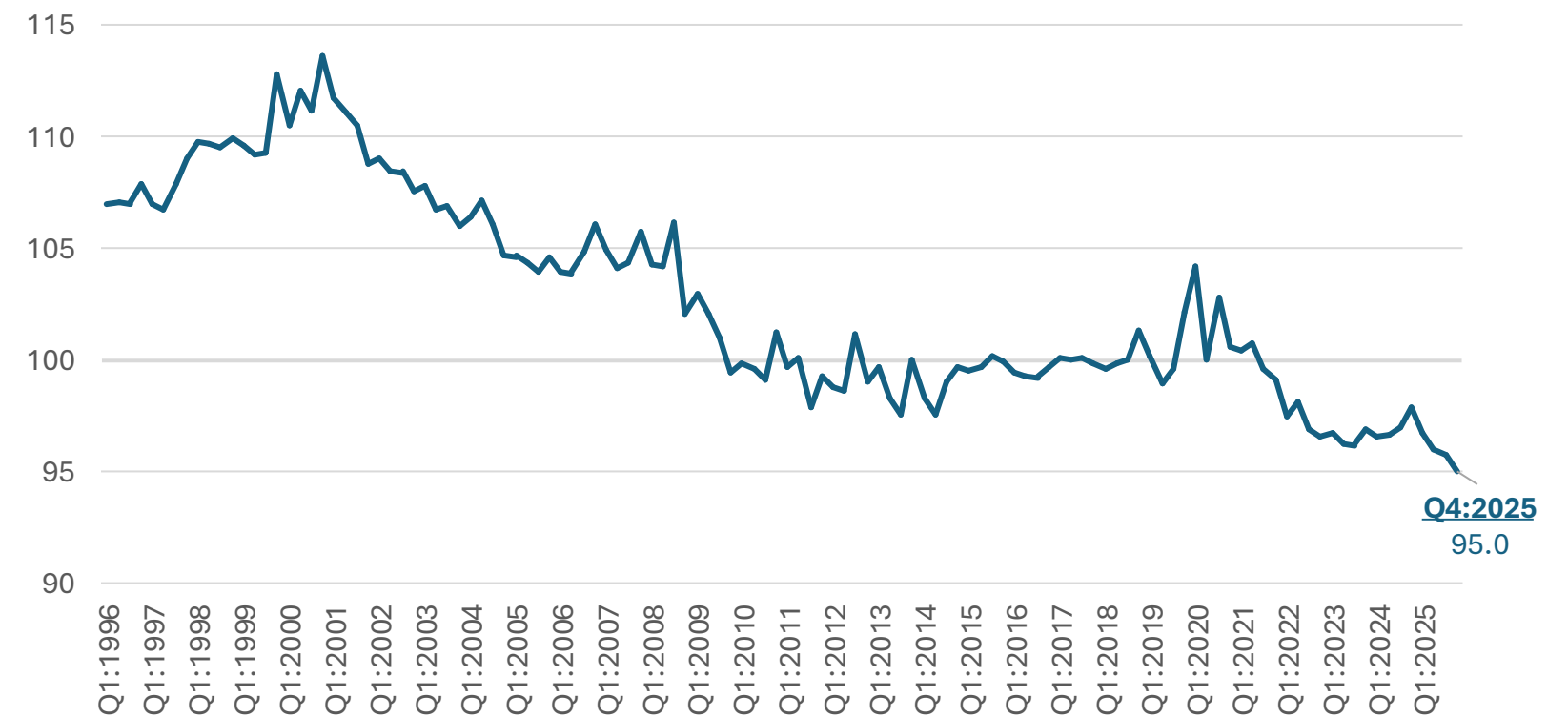
*Nonfarm Business Sector: Labor Productivity (SA)*  
(Output per Hour) All Workers, 1Q:06 – 1Q:26 (2017=100)



Source: FRED

## Nonfarm Business Unit Labor Costs

*Nonfarm Business Sector: Labor Share (SA)*  
All Workers, January 1996 – May 2026 (2017=100)



Source: FRED

## Near-term Implications

- Disruption
- Adjustment
- Changing skills

## Long-term Implications

- Productivity
- Innovation
- Efficiency

**Productivity growth ultimately determines living standards.**

# Is the Economy Returning to Normal?

## The 2010s Gave Us

- Near-zero interest rates
- Historically low inflation
- Cheap capital
- Stable globalization
- Abundant labor

## The 2020s Have Given Us

- Higher rates**
- Higher inflation**
- Labor shortages**
- Geopolitical risks**
- Greater uncertainty**

**Perhaps today's economy isn't unusual...Perhaps the 2010s were.**

# What Economists Are Watching

- Will inflation remain under control?
- Can consumers continue spending?
- Will productivity accelerate?
- Will policy uncertainty intensify?
- Will higher interest rates persist?





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# United States / Iran Conflict



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# The Newest Geopolitical Risk

**Ukraine**

**China/  
Taiwan**

**Tariffs and  
trade**

**U.S./ Iran  
conflict**

**Increased interdependence means that geopolitical events increasingly influence national, state and local economies**



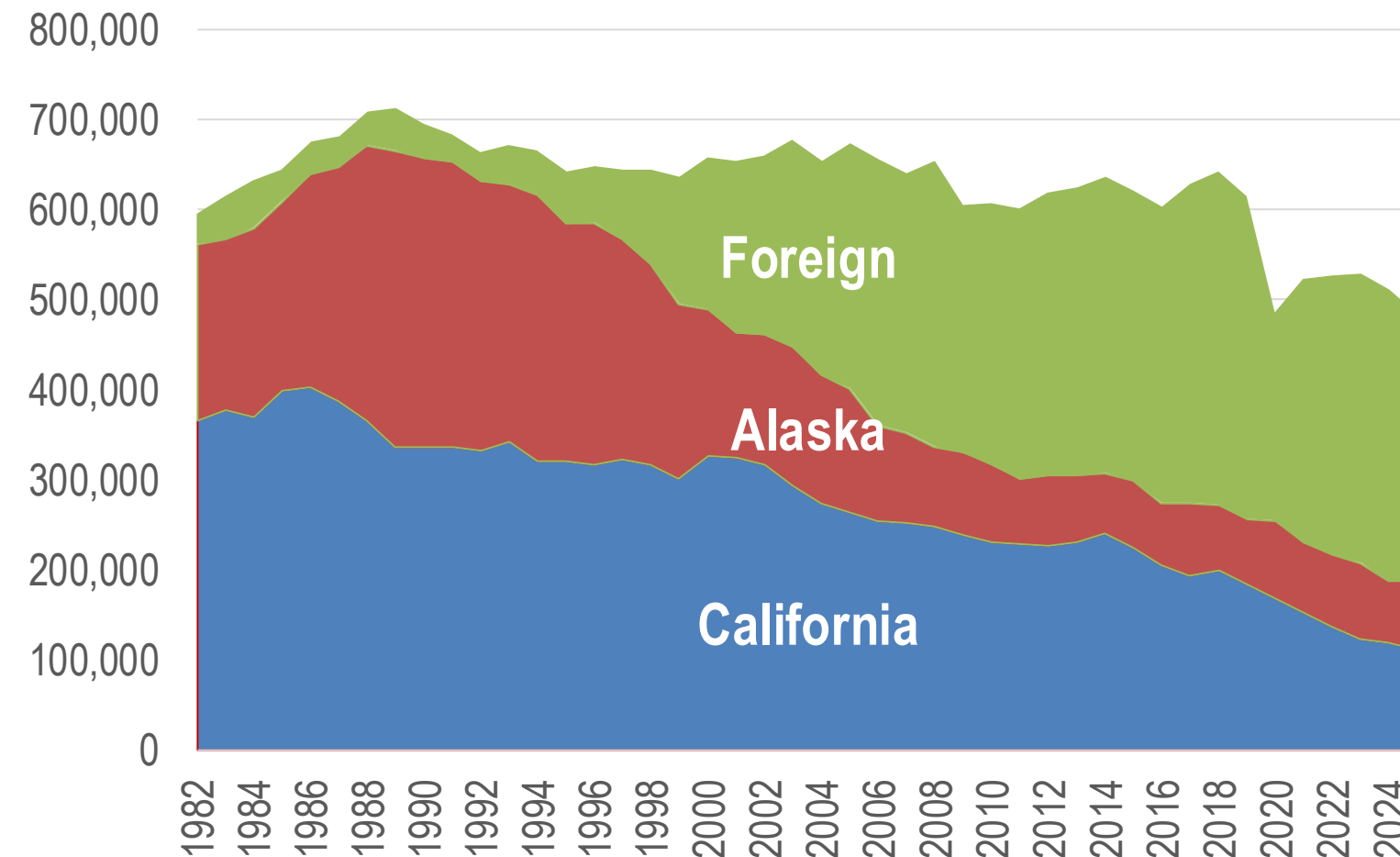
# California is Vulnerable to Foreign Oil Shocks

**The Persian Gulf and the Strait of Hormuz**



**About 20% of global oil supplies pass through the Strait of Hormuz**

**Crude Oil Supplies to California Refineries, 1982 to 2025**  
(Thousands of barrels)



**California obtains 61.1% of its crude oil from foreign sources including Iraq, Saudi Arabia, and the United Arab Emirates**



# High Crude Oil Prices Are Spiking Gas Prices

**Europe Brent Crude Oil Spot Price**  
(Dollars per barrel)



**Weekly Los Angeles Retail Gasoline Prices**  
All Grades, All Formulations (Dollars per Gallon)



**Prices began to recede somewhat as the likelihood of a deal to end hostilities increased**



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# Extended Conflict Would Drive Further Price Hikes

**California State Assembly**

**Standing Committee  
on Utilities and Energy**

**May 5, 2026 Hearing**

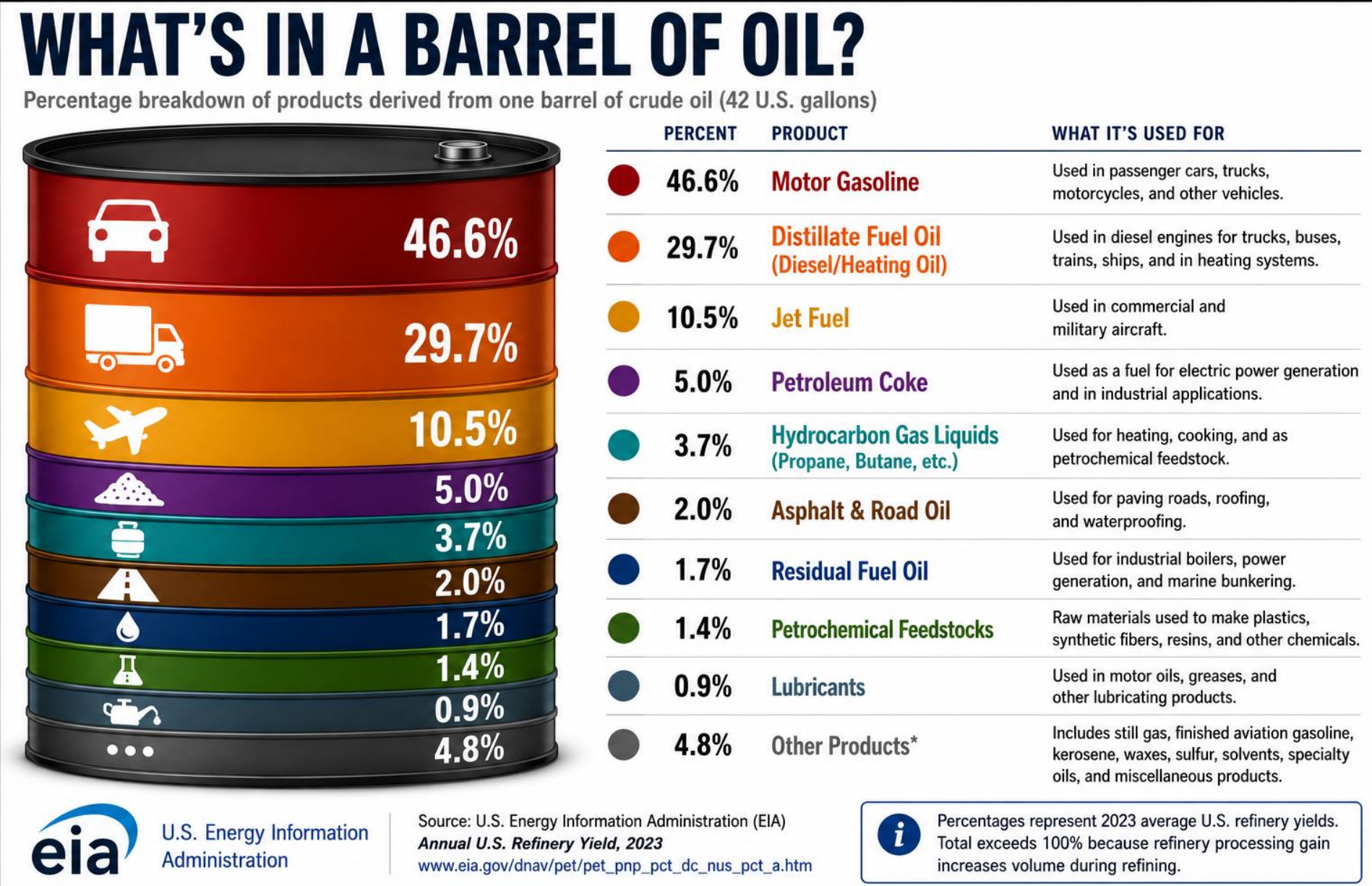
**Question: What should California consumers be expecting in terms of price if this conflict continues for three months, six months?**

- **“We would expect... the prices to stabilize under \$7.00, more like \$6.50.” – Siva Gunda, Vice Chair, California Energy Commission**
- **“I could certainly see the price of crude oil going up another \$40 or \$80 a barrel.... [T]hey translate to another dollar or two per gallon.... Unfortunately, I think that would be a crisis....”  
– Severin Borenstein, Professor, Haas School of Business, U.C. Berkeley**

**The California Energy Commission expected that additional price increases for gasoline could have begun as early as mid-June**



# High Prices Will Not Be Confined to the Gas Pump



- Much more is produced from a barrel of oil than just gasoline and diesel for cars and truck
- Gases, petrochemical feedstocks, lubricants, and other products are used in industrial processes and to manufacture everyday goods
- More expensive inputs and supply chains will result in higher priced goods and services for consumers



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# Local Area Employment Situation

## Los Angeles County

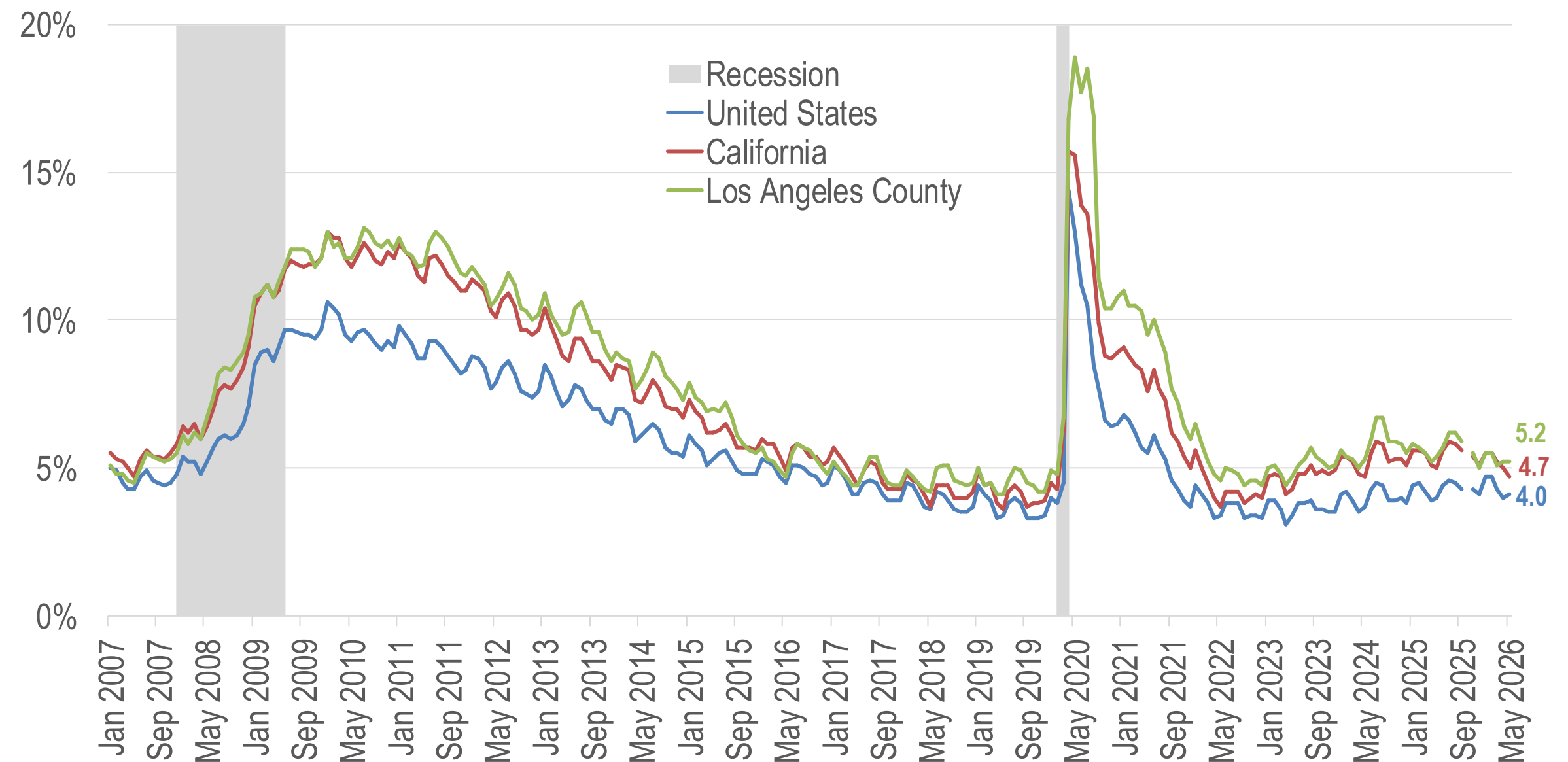
*May 2026*



# Unemployment Rate in LA County

- The unemployment rate in LA County stayed flat at 5.2% between April 2026 and May 2026. This is lower than May 2025's unemployment rate of 5.4%.
- The CA unemployment rate fell from 5.0% in April 2026 to 4.7% in May 2026, which is lower than May 2025's value of 5.0%.
- Both LA County and California's unemployment rates have been trending downwards since July 2025. Also, both above pre-COVID19 pandemic values.

Not Seasonally Adjusted (NSA), January 2007 – May 2026



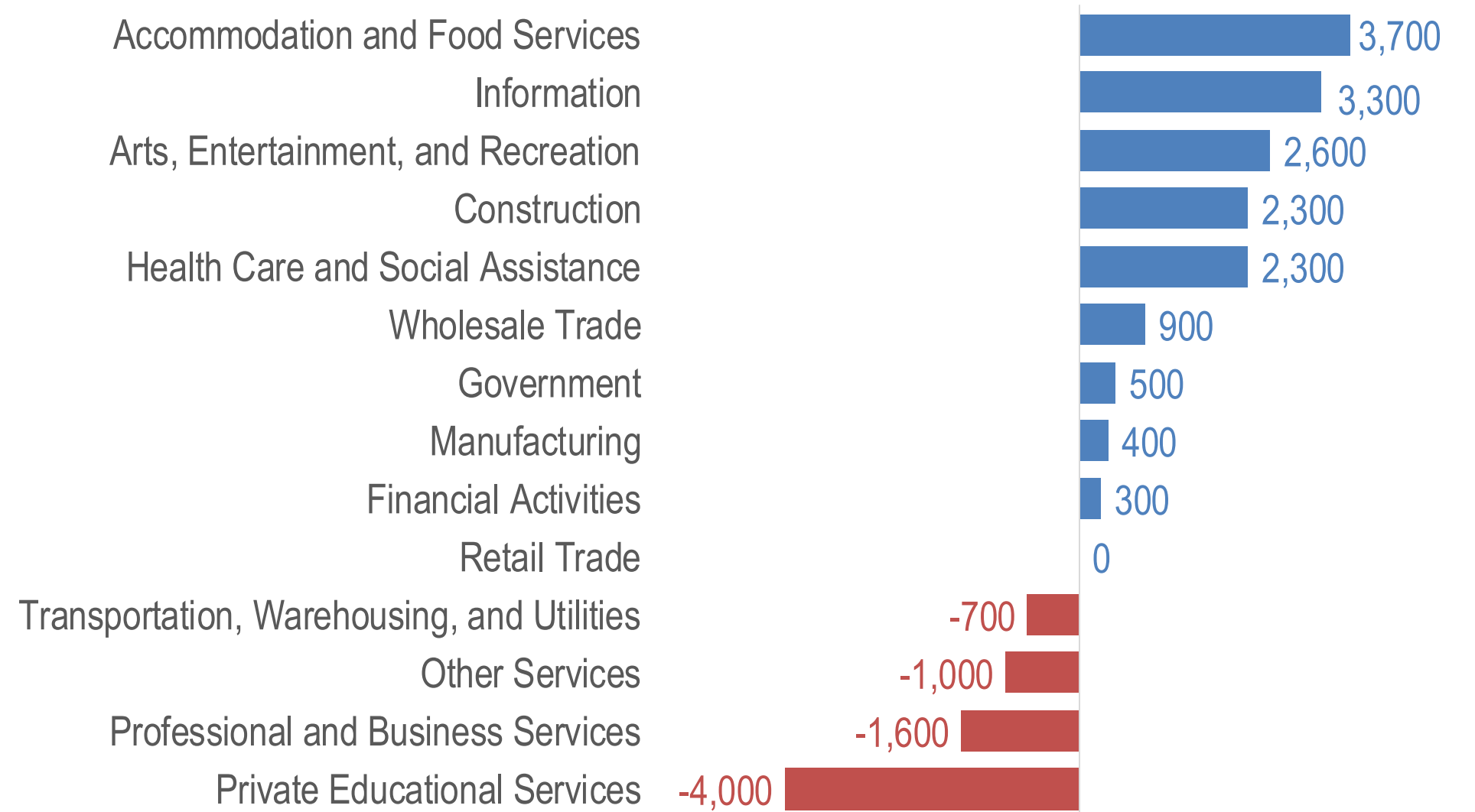
Source: Cal EDD, BLS



# LA County Employment by Industry

- From April 2026 to May 2026, total nonfarm employment rose by 9,000 to 4,618,400 jobs.
  - 1,533 lower than 3-year average
- Construction 1,933 above 3-year average, Wholesale Trade 1,433 above.
- Private Edu. Serv. 2,433 under 3-year average. Driven by private colleges/unis.
- Health Care and Social Assist. 1,300 under 3-year average (mostly Social Assist.), Government 1,500 under.
  - Tightened local and state government hiring.

**Month-over-Month in Jobs by Industry, May 2026 (NSA)**

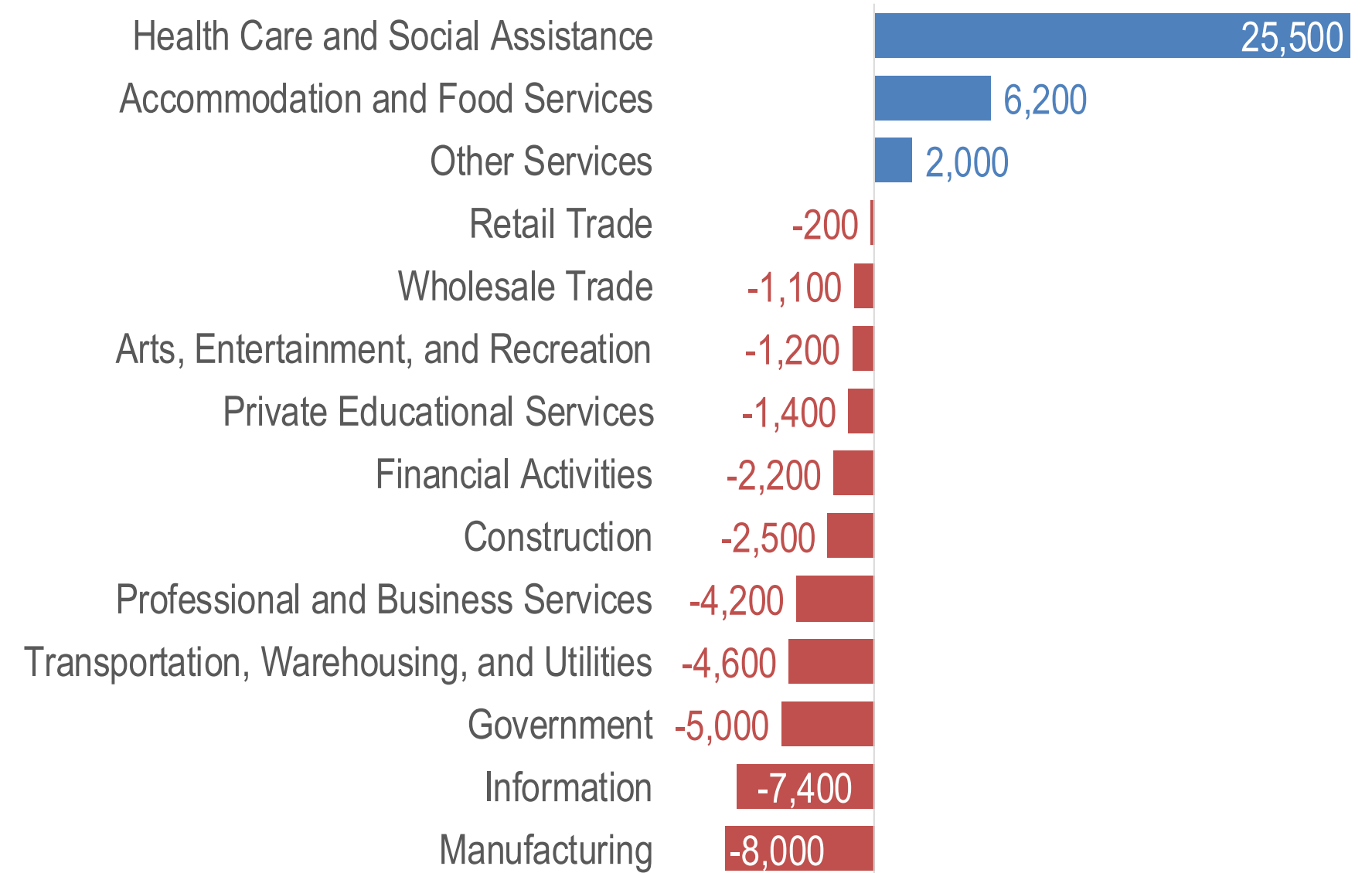




# LA County Employment by Industry

- **Between May 2025 and May 2026, total nonfarm employment in LA County declined by 3,900 payroll jobs (-0.1%).**
- **Accom. & Food Services continues YOY gain streak after declines in 2025.**
- **Health Care & Social Assist. led, however slowing YOY growth, particularly Ambulatory. Government registered continuing YOY decline.**
- **Since Jan 2025, Motion Pict. & Sound Rec. and Broadcast. & Content (Info. sub-industries) consistent YOY declines. Same for Trans., Ware., & Uti.**
- **Manu. continued its 39-month YOY decline.**

**Year-Over-Year (YOY) Change in Jobs by Industry, April 2026 (NSA)**

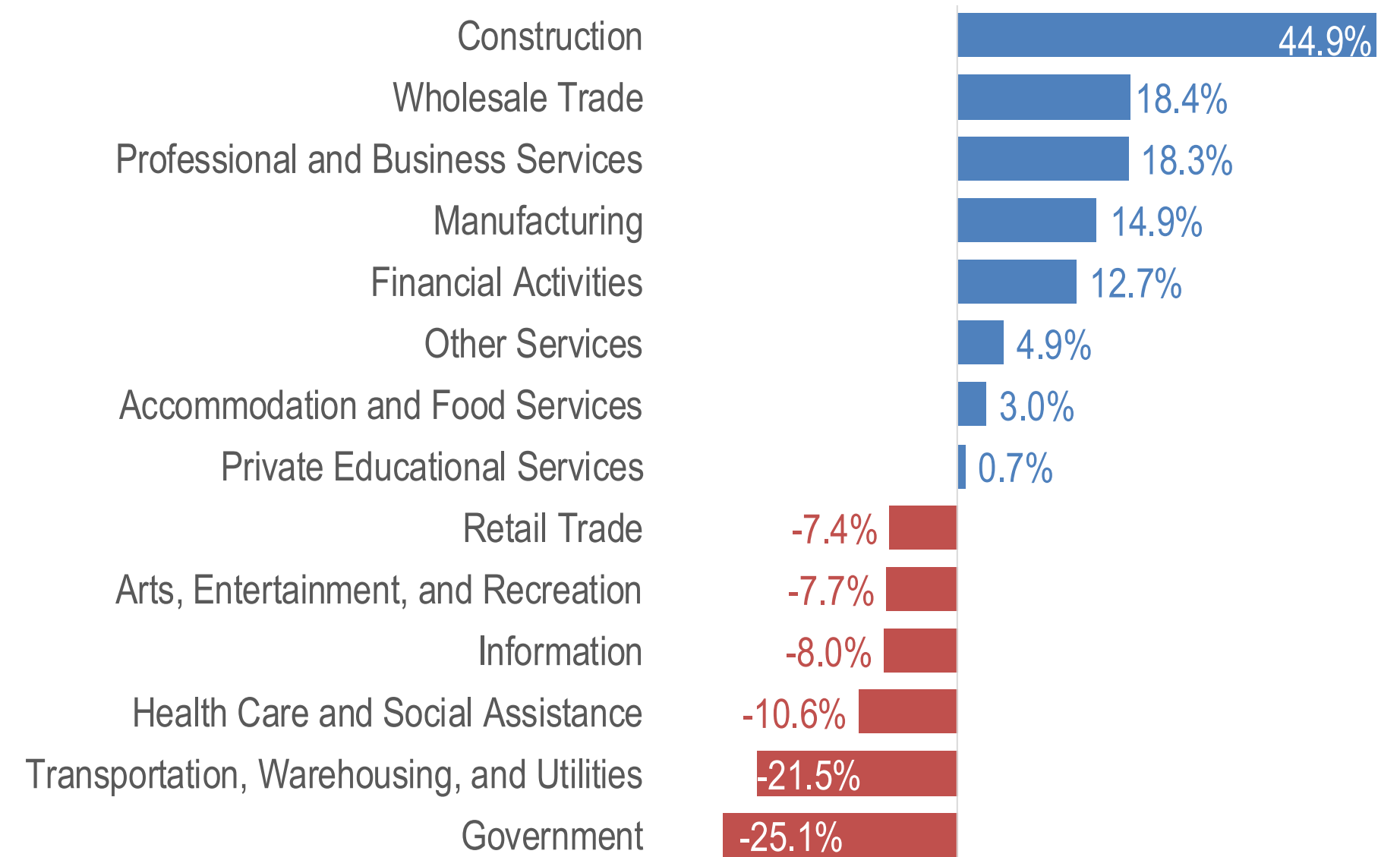




# Job Posting Growth in LA County by Industry

- **Between May 2025 and May 2026, total job postings increased by 1,134 (2.4%)**
  - **Over the past 3 years, May 2026 is 1 of 5 months of YOY posting growth.**
- **Construction led. Manufacturing has been on a YOY gain streak. Private Edu. Serv. 2 month YOY gain streak after 13 months of YOY losses. Manu. 7 month YOY gain streak.**
- **Large declines Gov. posting and employment suggests local/state gov. contraction. Health Care and Soc. Assist. another sign of slowing. Both Info. and Retail Trade continuous monthly YOY loses throughout 2026. Trans., Ware., & Uti. drop may suggest further YOY emp declines.**

**Year-Over-Year (YOY) % Change in New, Unique Job Postings, May 2026**

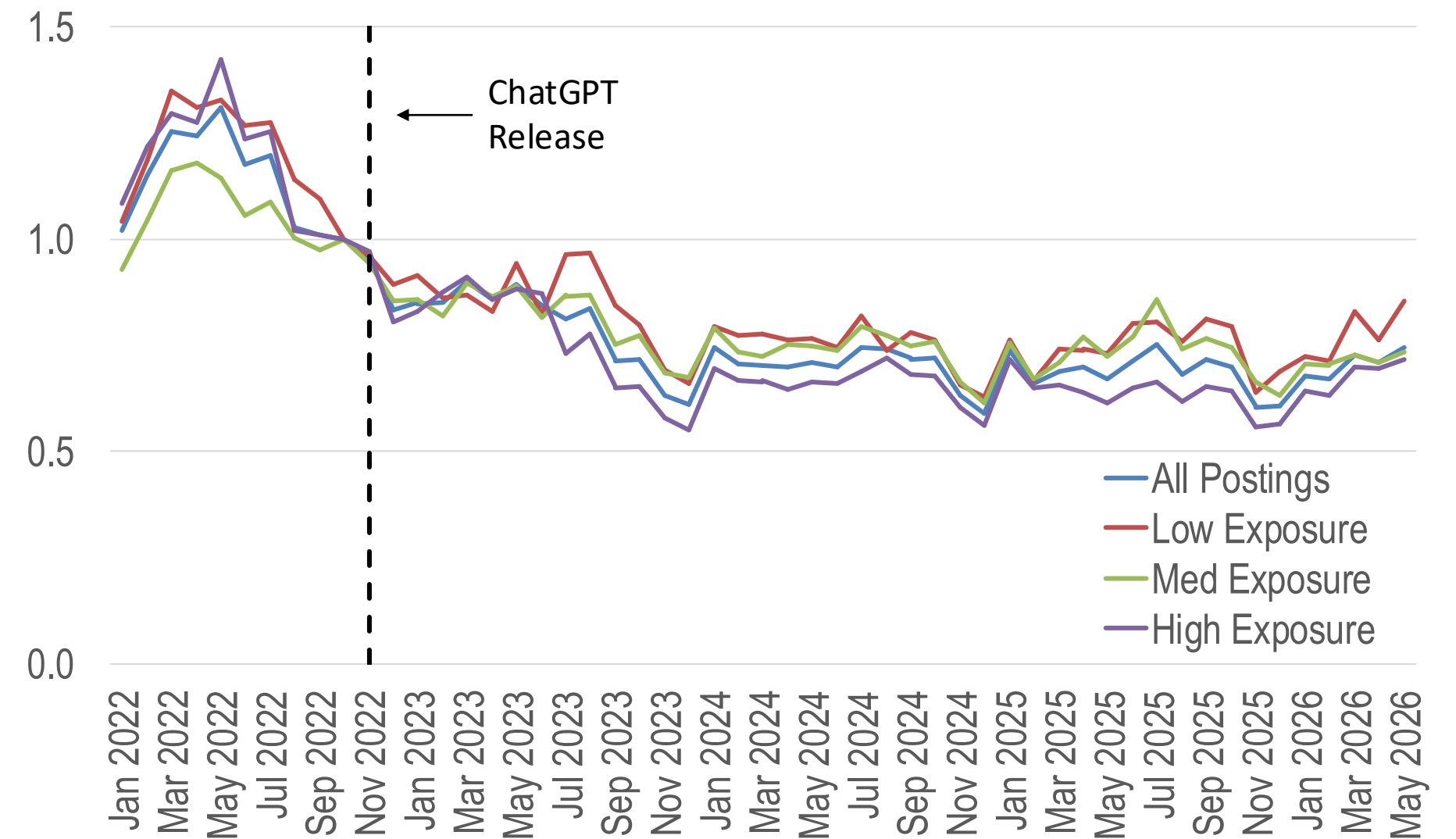




# Job Postings by AI Exposure in LA County

- Indexed job postings to Oct 2022 (Index=1), month before ChatGPT public release. AI exposure was assigned by occupation.
- AI-exposed postings have lagged since Jul 2023.
  - Businesses may be replacing work with AI or waiting to see if AI can replace workers.
  - It may be work from home (WFH). Many WFH are also exposed to AI, but WFH robustly predicts lower junior hiring, AI does not (Lambert and Schindler 2026).
  - AI-exposed jobs may have over-hired after COVID19, and businesses have been “correcting” since with lower postings.

**New, Unique Job Postings by AI Exposure, Jan 2022 to May 2026**





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# FOREIGN DIRECT INVESTMENT

IN CALIFORNIA 2026



IN PARTNERSHIP WITH



# Foreign Direct Investment in California

## 2026 Report



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# Report Overview

- Produced by WTCLA and LAEDC's Institute for Applied Economics
- Developed in partnership with GO-Biz, LMU, and the Port of Long Beach
- Released at the 2026 Select LA Investment Summit
- Expanded geography supports regional and local decision-making





# Statewide Foreign Owned Enterprise (FOE) Footprint

- Nearly 850,000 jobs statewide
- Nearly 20,000 establishments
- About \$96 billion in estimated wages
- More than 33,000 jobs added year over year



**847,245**

Jobs



**19,717**

Establishments



**\$96.2B**

Estimated Wages



**+33,143**

Jobs Added

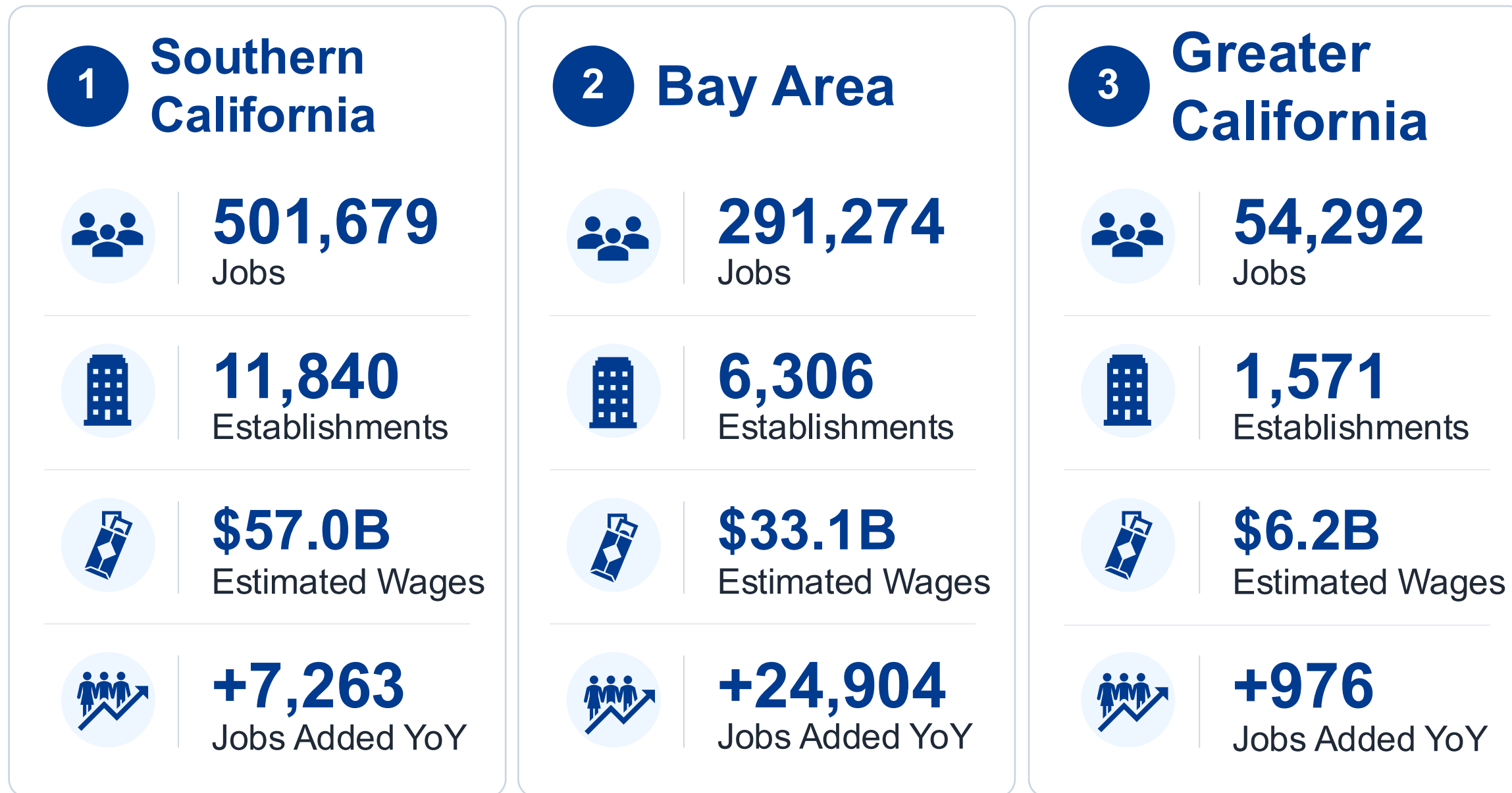
*Year Over Year Change from 2025 to 2026*

Foreign-owned enterprises support a large and growing employment base in California.



# FDI Destination Regions

Regional Distribution of Foreign-Owned Enterprise Activity, 2026





# Los Angeles County Footprint

- About 230,000 FOE jobs
- About 5,350 establishments
- Nearly \$29 billion in estimated wages
- Almost half of Southern California FOE employment



**229,878**

Jobs



**5,350**

Establishments



**\$28.8B**

Estimated Wages



**45.8%**

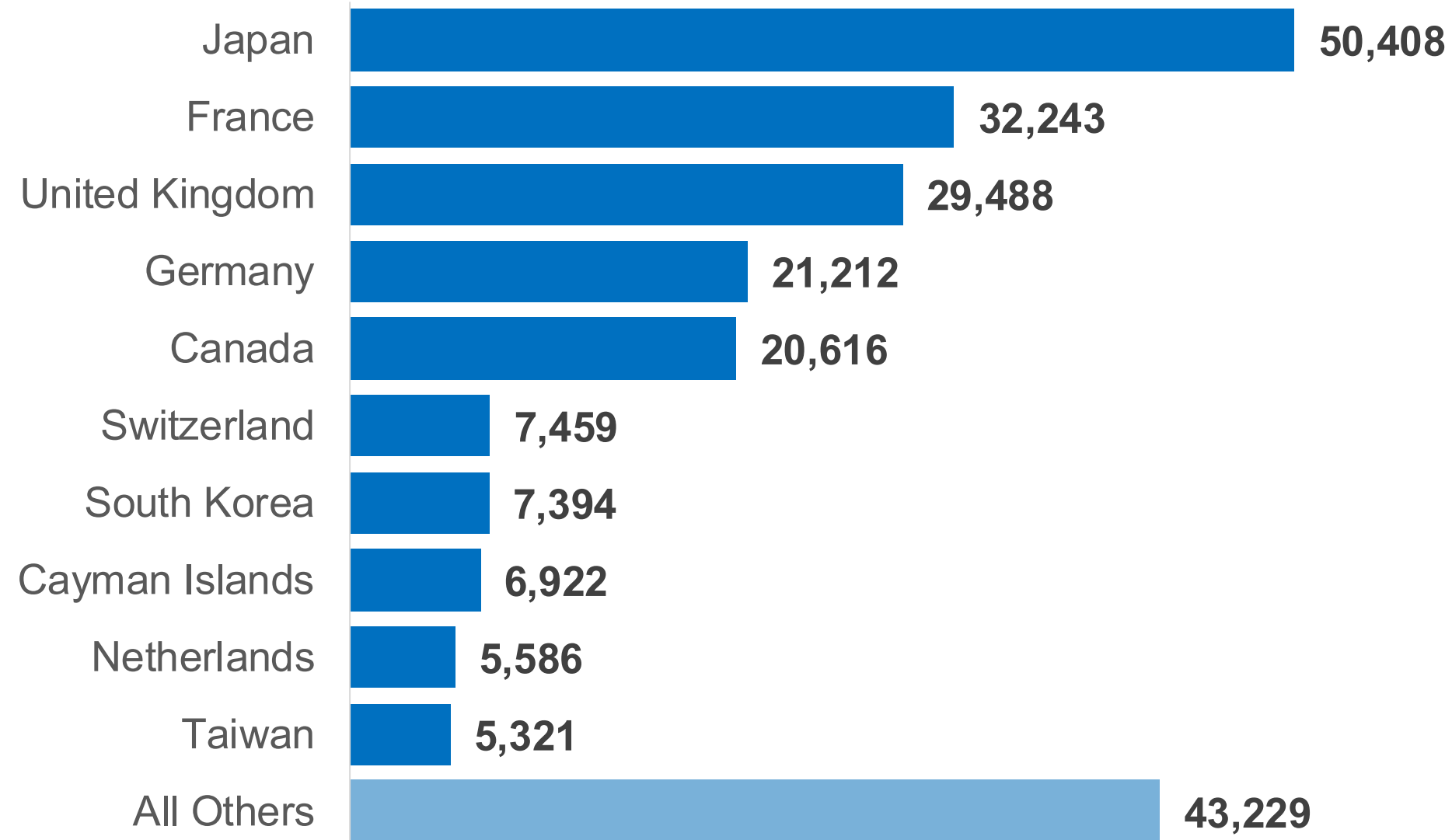
Share of Southern California FOE Jobs

Los Angeles County anchors a major share of Southern California FOE footprint.



# Los Angeles County Source Countries

**Top Source Countries by Number of FOE Jobs**



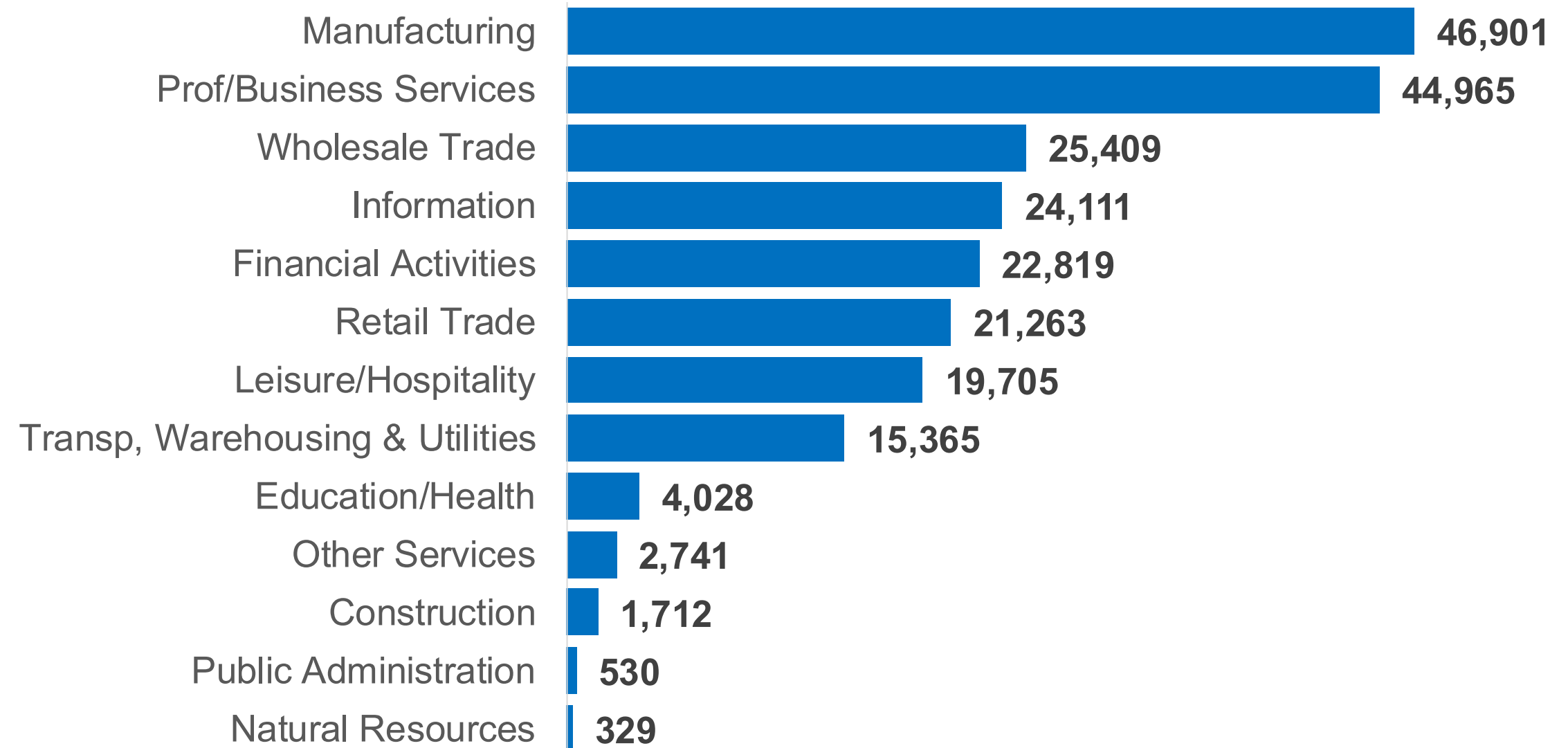
- **Japan is the largest source country in Los Angeles County**
- **France and the United Kingdom round out the top three**
- **Germany and Canada are also major sources**
- **Local FOE employment is spread across multiple global partners**



# Los Angeles County Industry Mix

- **Manufacturing: just under 47,000 jobs**
- **Professional and Business Services: about 45,000 jobs**
- **Wholesale Trade and Information are also major sectors**
- **FOEs align with LA County's production, services, trade, and information strengths**

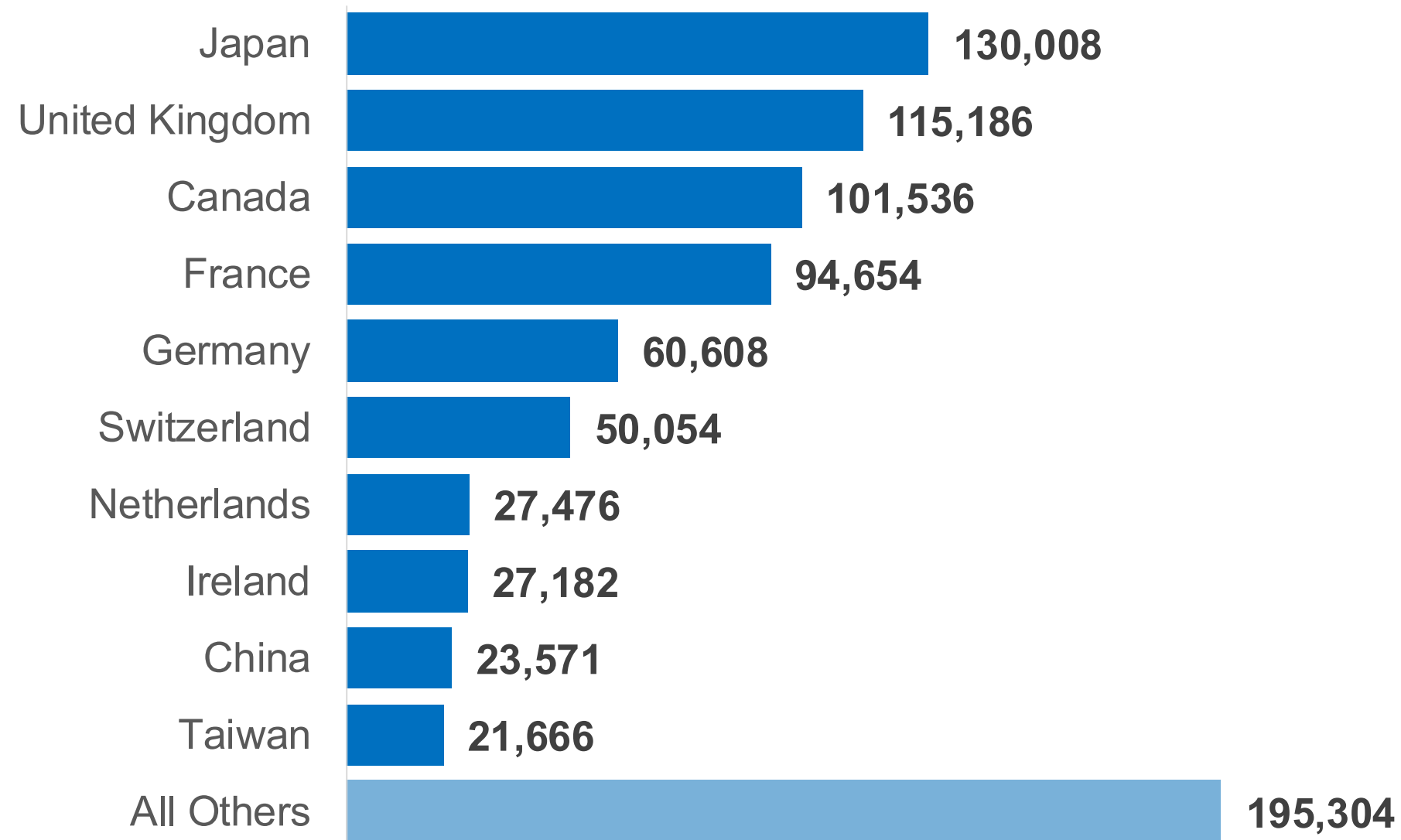
**Number of FOE Jobs by Industry Sector**





# Statewide Source Countries

**Top Source Countries by Number of FOE Jobs**



- **Japan ranks No. 1 statewide with about 130,000 jobs**
- **United Kingdom ranks No. 2 with about 115,000 jobs**
- **Canada ranks No. 3 with about 102,000 jobs**
- **Top source countries show California's broad global investment base**



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# Released at Select LA Investment Summit



- **2026 Select LA Investment Summit centered on the message:**



- **Convened global investors, diplomats, business leaders, and public-sector partners**
- **FDI report provided the data foundation for the day's investment conversations**



# Main Takeaways

Foreign-owned enterprises support a large and locally concentrated employment footprint across California.

1

## Statewide Employment Expanded

**Nearly 850,000 Jobs**

+33,143 jobs added year over year

2

## Southern California Leads

**Nearly 502,000 Jobs**

About six in ten FOE jobs statewide

3

## Los Angeles County Anchors The Region

**About 230,000 Jobs**

Nearly half of Southern California FOE employment

4

## Industry Mix Reflects Regional Strengths

**Production, Services, Trade**

Manufacturing, professional services, wholesale trade, and information are major local sectors



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# Opportunity Zones

## OZ 2.0 Designation Window

# What Is an Opportunity Zone?

*A federal program that connects private investment with communities in need of economic opportunity.*

## THE CONCEPT



**Place-based:** Designated census tracts with low income and high poverty.



**Investment tool:** Encourages private investment in these communities.



**How it works:** Investors put capital gains into a Qualified Opportunity Fund (QOF).



**The benefit:** Investors can defer or eliminate capital gains tax if they invest in an Opportunity Zone for at least 10 years.

## HOW THE INVESTMENT FLOWS



**INVESTOR**  
Realizes a capital gain



**QUALIFIED OPPORTUNITY FUND (QOF)**  
Investor puts gain into a QOF



**INVESTMENT IN OZ**  
Fund invests in real estate, operating businesses, or qualifying interests within an Opportunity Zone



**COMMUNITY IMPACT**  
New development, business growth, jobs, and stronger neighborhoods



## WHY IT MATTERS

Opportunity Zones are designed to channel private capital to places that need it most—fueling investment, creating jobs, and supporting long-term community growth.



**New Opportunity Zone designations in 2026 will shape investment opportunities through 2036.**



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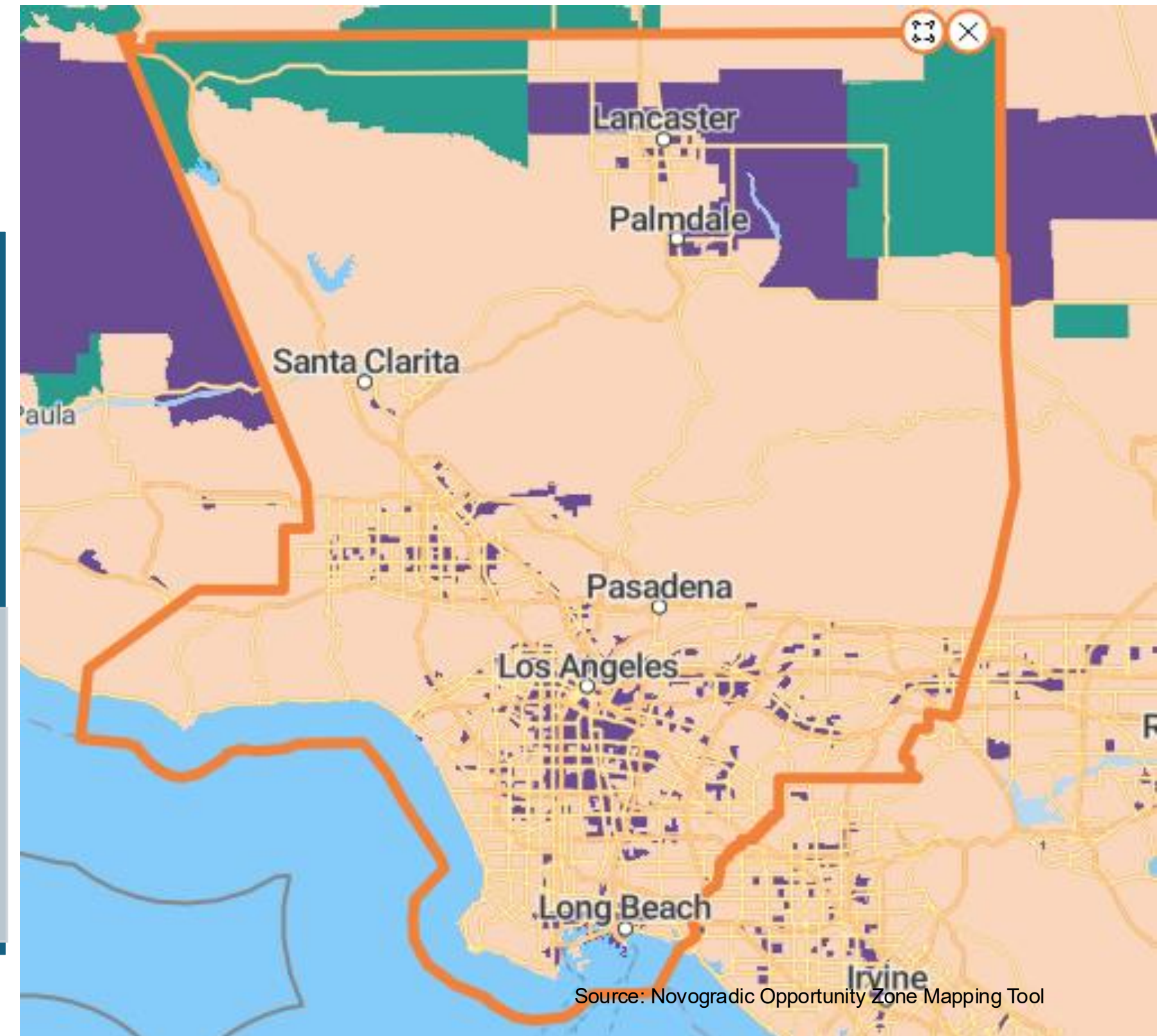
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# Opportunity Zone 2.0 Designation

**Opportunity zone program is an investment tool to incentivize private investment into low-income and high-poverty communities.**

**Current designations will expire in 2028. Cities can nominate their census tracts for opportunity zone designation under the 2.0 program this summer.**

**The Institute for Applied Economics can help cities identify the best census tracts for nomination and provide key data points to support the City's application.**



Source: Novogradic Opportunity Zone Mapping Tool

\* Contact Madeleine Waddoups, [madeleine.waddoups@laedc.org](mailto:madeleine.waddoups@laedc.org) for support

# Opportunity Zone 2.0: Strategic Alignment Will Matter

Opportunity Zones should not simply reflect where poverty exists—they should reflect where communities have a vision for growth.

**Missing this window means waiting another decade.**



LA attracted nearly **\$1.8B** in planned Opportunity Fund investment under the OZ 1.0 program

\* Contact Madeleine Waddoups, [madeleine.waddoups@laedc.org](mailto:madeleine.waddoups@laedc.org) for support



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**Questions?**

**Thank you!**

## Upcoming LAEDC Events

### **Beyond the Mission:**

**The Economic Power of Los Angeles County's Nonprofits**

July 22<sup>nd</sup> @ 10:00 am – 11:00 am

Public Webinar (no cost)

Registration:

[https://us02web.zoom.us/webinar/register/WN\\_Vi7IYMvdS4qhmmlGnmbotQ](https://us02web.zoom.us/webinar/register/WN_Vi7IYMvdS4qhmmlGnmbotQ)

### **SAVE THE DATE:**

### **88 Cities**

October 14<sup>th</sup> @ 9:00 am – 2:00 pm

Location: TBD

Registration: TBD

[www.laedc.org/events](http://www.laedc.org/events)



[info@laedc.org](mailto:info@laedc.org)