
News Release

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Southern California continues to outperform the nation in employment growth, but housing crisis, income gap present significant threats to 6-county region

Los Angeles – Southern California’s top economists on Thursday offered a largely promising outlook for the region, forecasting continued strong growth across key industry sectors into 2020 and the foreseeable future.

“If I could summarize in three words: Things are good,” Wallace Walrod, chief economic advisor for the Orange County Business Council, told the 10th Annual Southern California Economic Summit. “I don’t have a crystal ball to predict when the next recession will occur, but nothing in the numbers would suggest that happening soon.”

Sponsored by the Southern California Association of Governments (SCAG) and the Southern California Leadership Council, the summit brought together leaders and influencers from across the six-county region to hear updates on the economy, the housing crisis and Connect SoCal, SCAG’s 2020-2045 Regional Transportation Plan/Sustainable Communities Strategy.

Among the highlights of the economists’ panel were statistics showing that employment and income growth in the SCAG region have exceeded national averages since 2012. Among the key industry sectors that continue to outperform the nation as a whole: Construction, trade and goods movement, arts and entertainment, and hospitality.

The news wasn’t all good, however. High housing costs, long commutes and the threat of automation are widening the gap between rich and poor. This is exacerbated by a proliferation of low-skill jobs in many communities. In Los Angeles County, for example, roughly one-quarter of projected new jobs over the next five years will require workers without a high school diploma. The income difference between those jobs and those requiring a graduate or professional degree is \$57,000 per year on average.

A significant consequence of all of this is negative net migration – more people moving out of the region than are moving in – a phenomenon that is already occurring in some communities. During a panel on the housing crisis, Daryl Fairweather, chief economist for Redfin, said Southern California remains “a very desirable place to live with its strong job market and sunny weather. But increasingly, I’ve seen heavy movement out of this market due to undesirable conditions ranging from lack of quality inventory to wildfire damage. California’s future can still be decided through strong economic policies that support construction, transportation, education, manufacturing and the environment.”

One competitive advantage for the region is its investment in transportation infrastructure. Connect SoCal, recently released in draft form, identifies \$638 billion in mobility, land-use and air-quality

improvements in the six-county region over the next 25 years. Connect SoCal was developed by SCAG's staff as part of an extensive planning and visioning process that included the active engagement of residents and stakeholders across the region. It is built around a core vision that centers on maintaining and better managing the transportation network we have for moving people and goods, while expanding mobility choices through land-use decisions and increasing investment in transit and complete streets.

Among the projected economic benefits of the plan.

- 167,100 new jobs supported by transportation investments.
- 195,500 new jobs supported by improved competitiveness.
- \$350 million saved per year in health-care spending.
- \$138 million saved per year on air pollution-related health incidences
- An overall return of \$1.54 for every \$1 spent.

“A key to building an effective regional transportation strategy is understanding local growth patterns, which allows us to focus attention on those areas experiencing significant change and increases in transportation needs,” said Kome Ajise, SCAG Executive Director. “More broadly, being able to recognize the relationship between land use and transportation management – such as supporting more mixed-use and transit-oriented development, helping to reduce commute distances and costs, and improve air quality.”

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About SCAG

SCAG is the nation's largest metropolitan planning organization, representing six counties, 191 cities and more than 18 million residents. SCAG undertakes a variety of planning and policy initiatives to plan for a livable and sustainable Southern California now and in the future. For more information about SCAG's regional efforts, please visit www.scag.ca.gov.