



**SAN GABRIEL VALLEY**  
ECONOMIC  
PARTNERSHIP



**Cal Poly Pomona**

# 2025 **SAN GABRIEL VALLEY** **ECONOMIC FORECAST**

Presented by



**2025 SGV  
ECONOMIC  
FORECAST**

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# Luis Portillo

**President & CEO, San  
Gabriel Valley Economic  
Partnership**





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# **Dr. Salvatrice Cummo**

**Board Chair, San Gabriel  
Valley Economic  
Partnership**

**Vice President for Economic  
& Workforce Development,  
Pasadena City College**



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**Cory Moss**

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# 2025 SGV ECONOMIC FORECAST

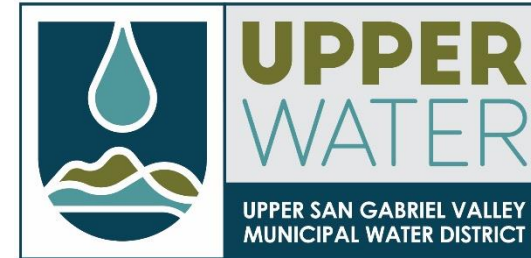
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# Hector Zatarain

**Senior Vice President,  
U.S. Bank**



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# Economic Forecast:

**Dr. Anthony W.  
Orlando**  
Cal Poly Pomona



**Dr. Gerd Welke**  
Cal Poly Pomona





# San Gabriel Valley Economic Forecast

Prof. Anthony W. Orlando

Prof. Gerd Welke

March 20, 2025



## Today's Talk

- 1. Setting the Stage**
  - Macro Headwinds & Tailwinds
- 2. SGV Leading Economic Index**
- 3. SGV Wildfire Impacts**
- 4. SGV Labor Force**
- 5. SGV Real Estate**

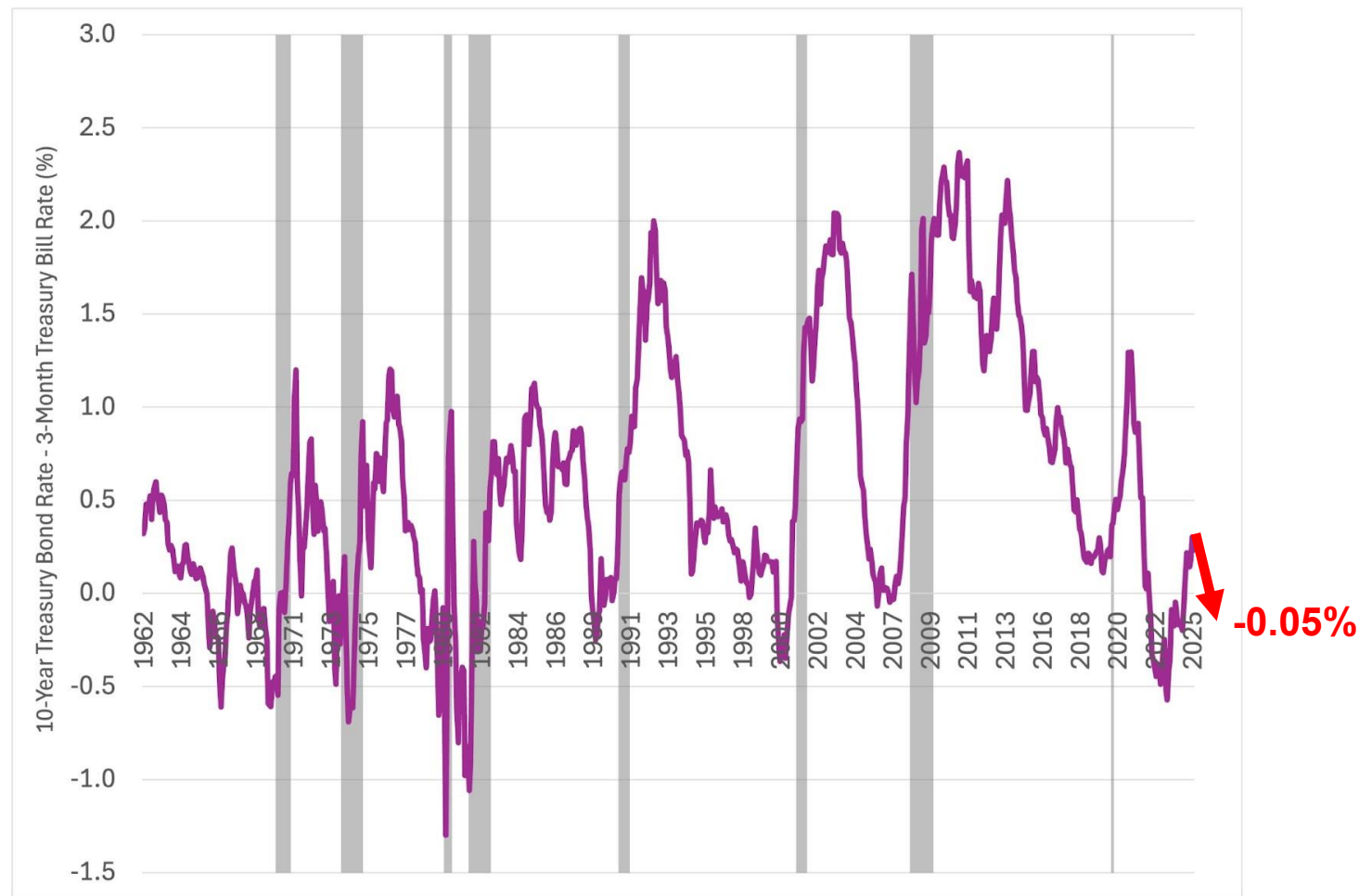




# 1. Setting the Stage: Macro Headwinds & Tailwinds

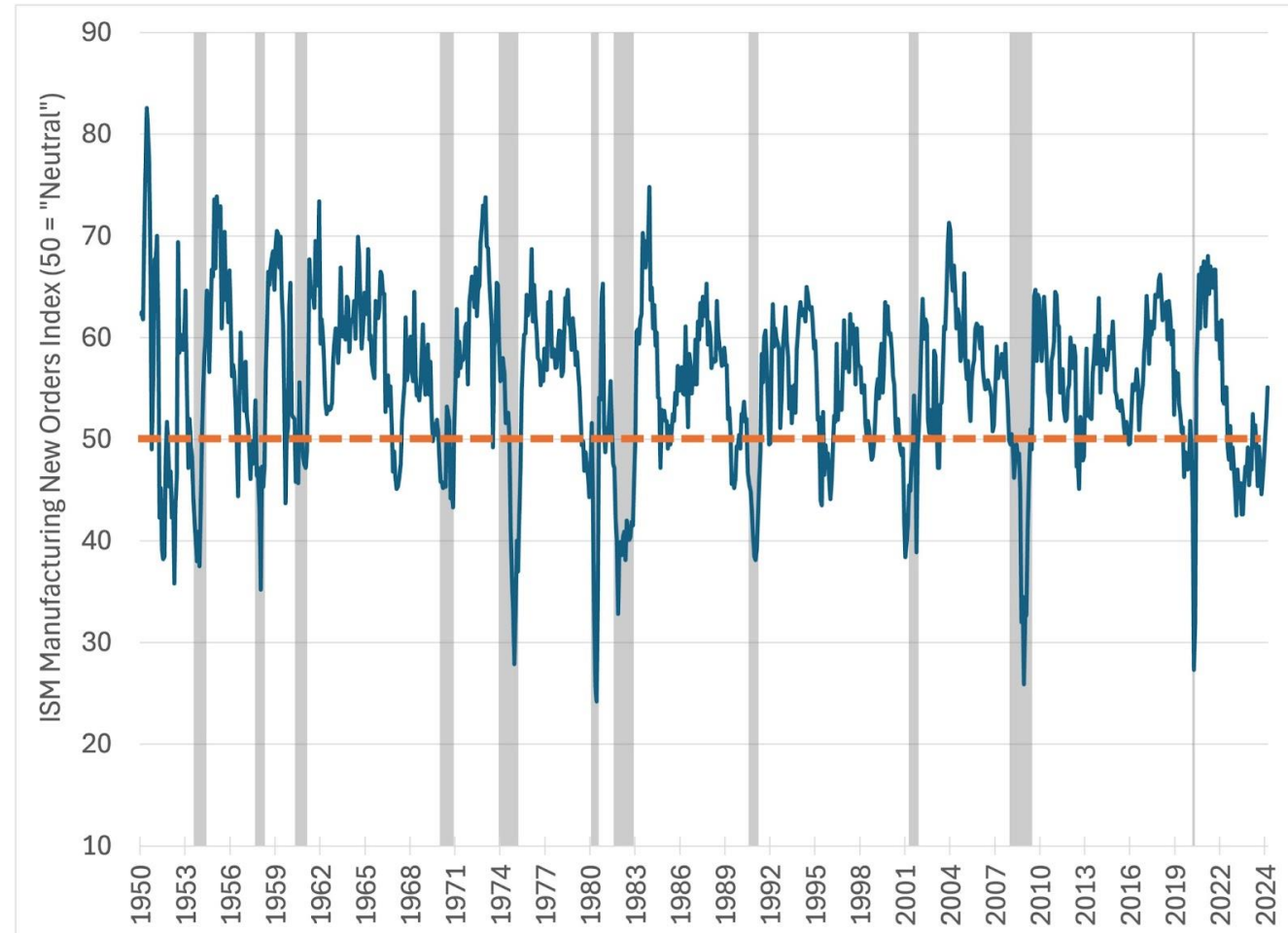


# Bad News: *The Dreaded “Inverted Yield Curve”*



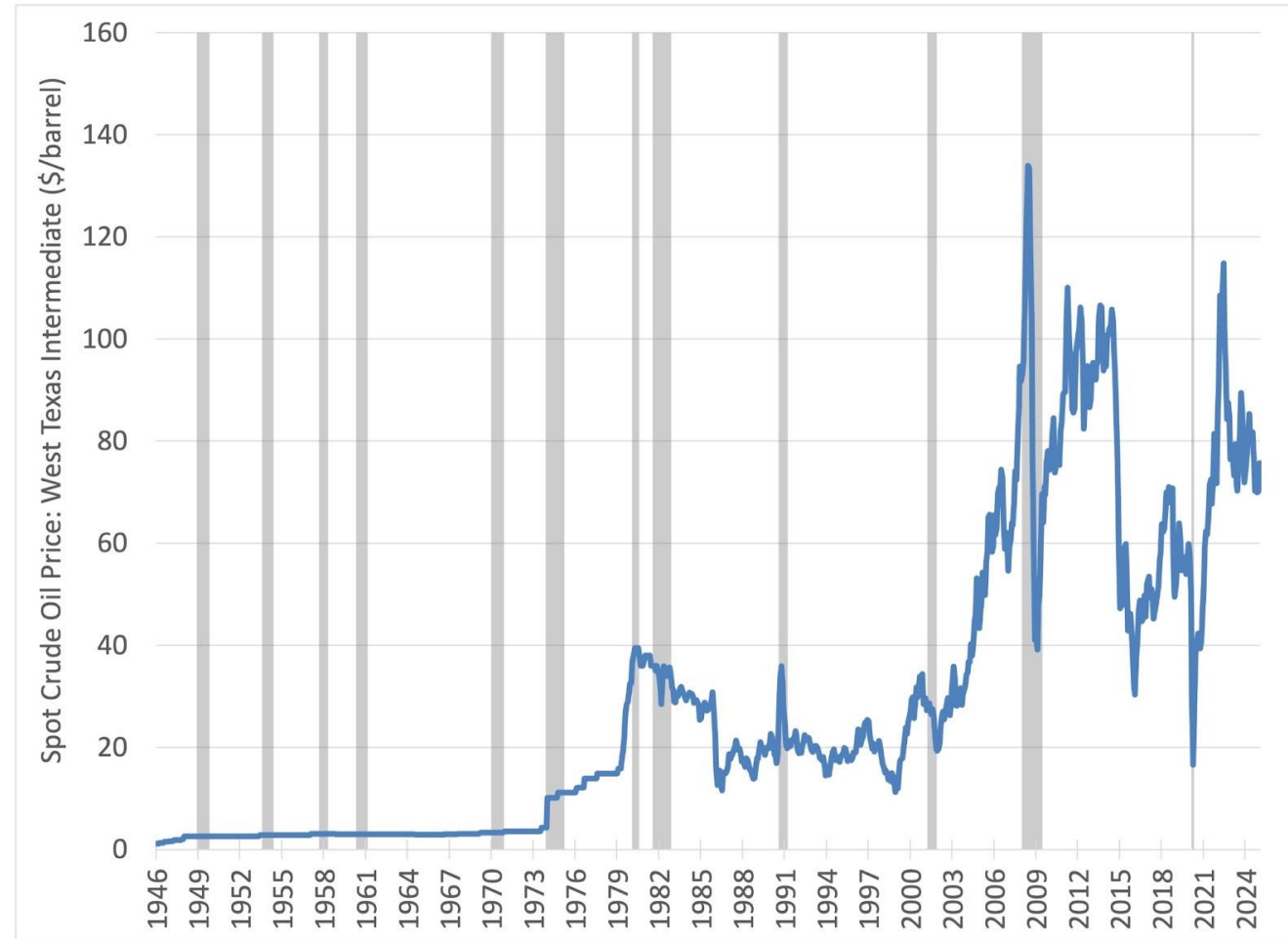


# Good News: *Manufacturing Still Going Strong*



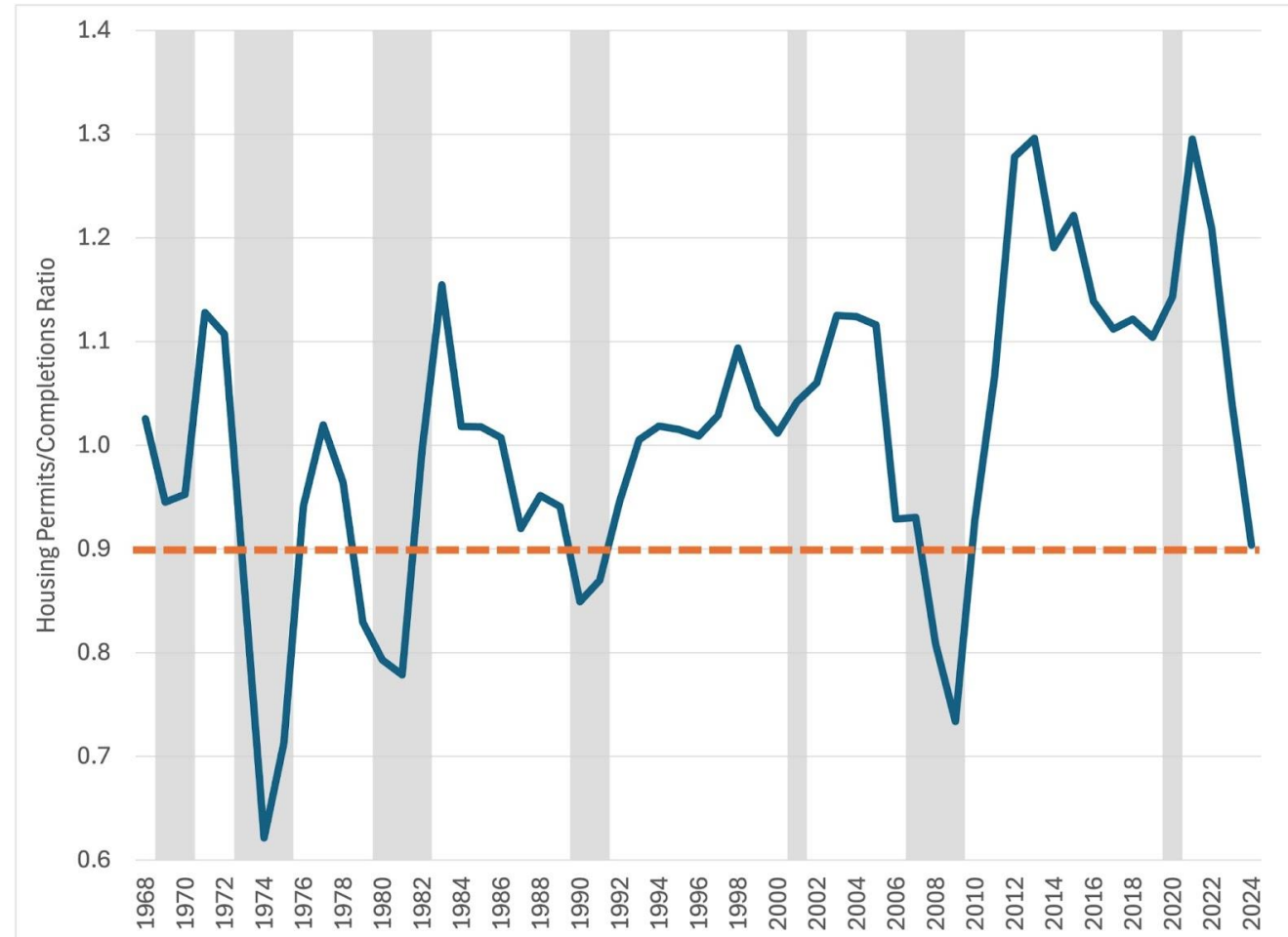


# Good News: *Energy Prices Are Comfortingly Stable*





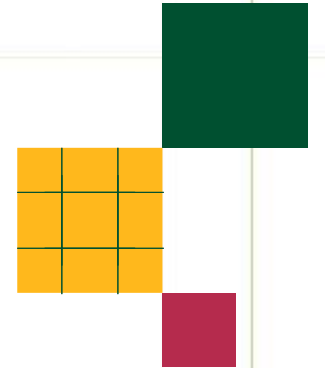
# Bad News: *Housing Construction Is Slowing Significantly*







## 2. San Gabriel Valley Leading Economic Index



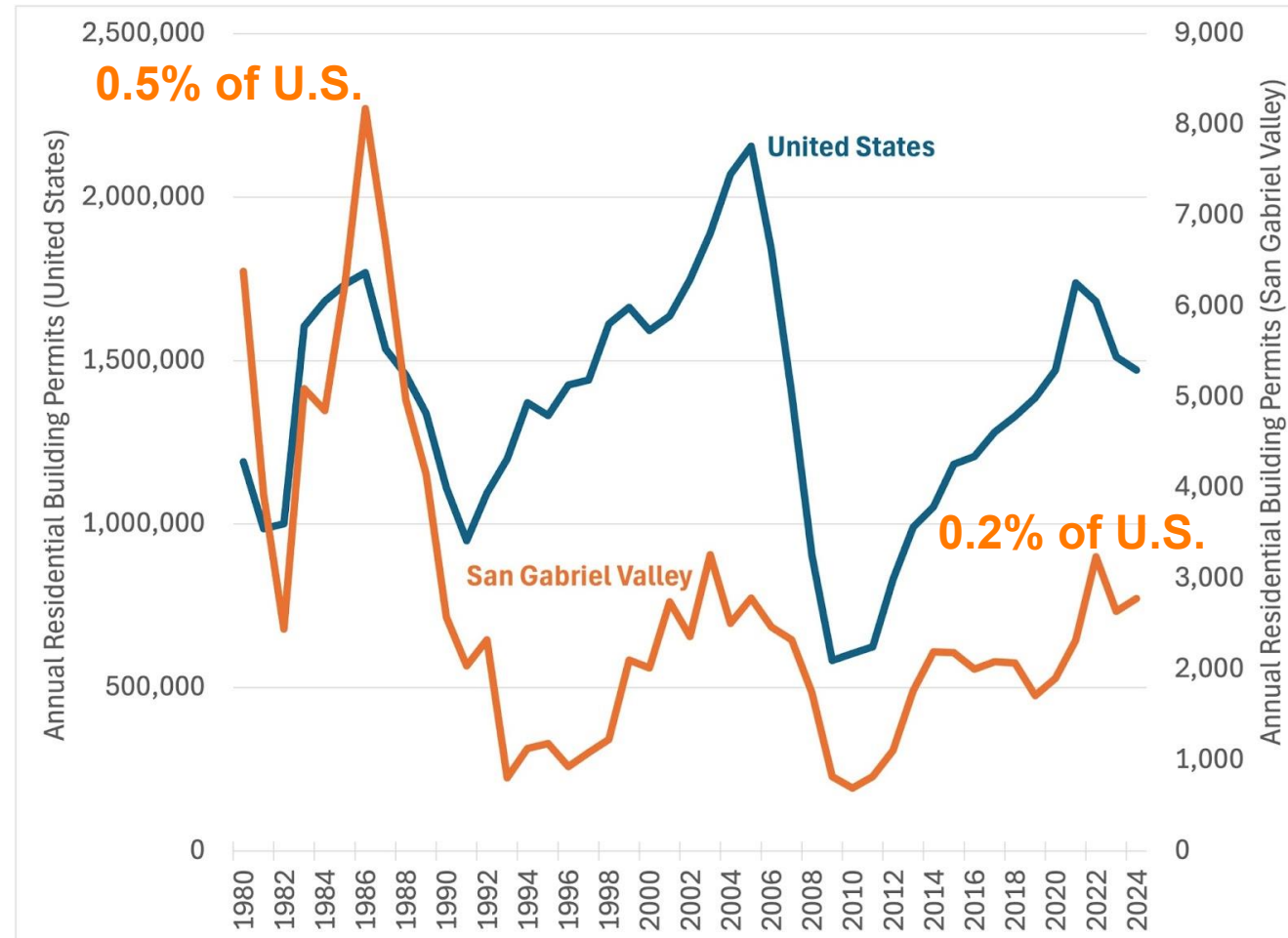


## How We Construct the Index

- Two national leading indicators:
  - Treasury term spread
  - ISM Manufacturing New Orders Index
- One state leading indicator:
  - Initial unemployment insurance claims
- One regional leading indicator:
  - Housing permits
- “Factor analysis” of annualized variables to extract common movements

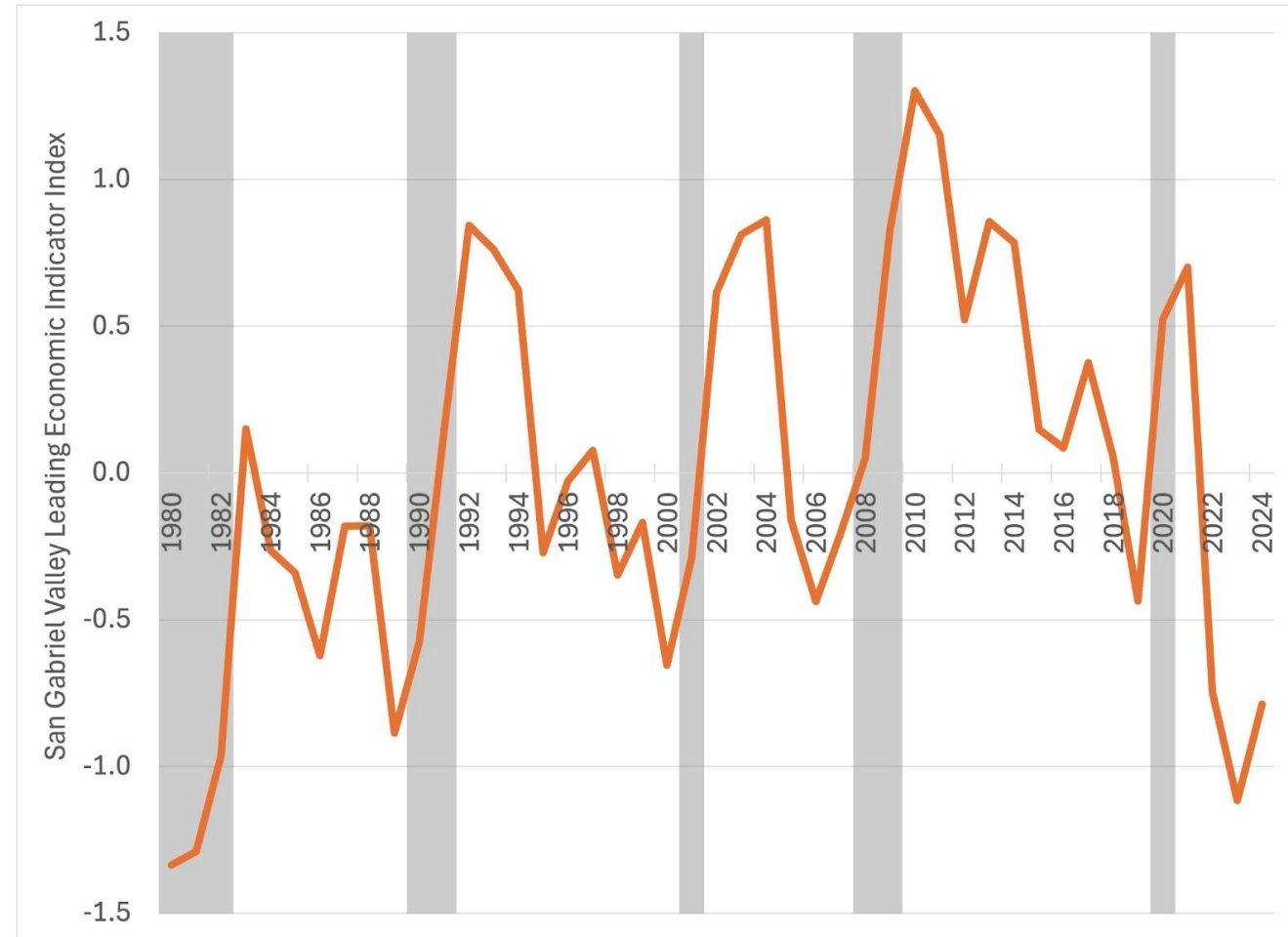


# In the SGV, We Don't Build Like We Used To





# The CPP San Gabriel Valley Leading Economic Index





### 3. San Gabriel Valley Wildfire Impacts



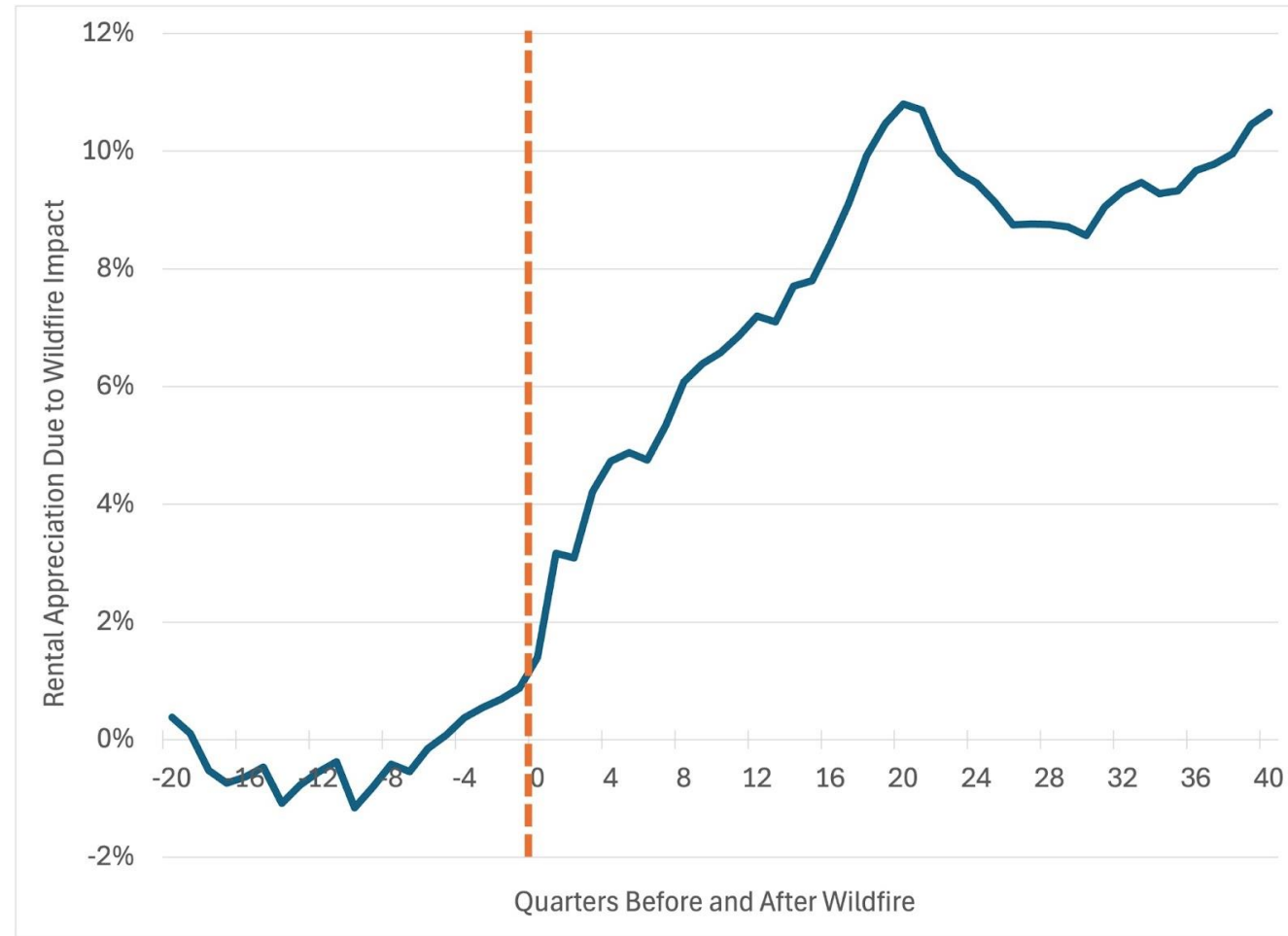


## How Wildfires Impact Regional Economies

- Permanent reduction in retail sales
  - Fewer new businesses
  - Less job growth
- Permanent out-migration of residents
- Permanent decline in homeownership rate
- No significant decline in employment or wages for surrounding communities
- Increase in mortgage default only for damaged properties
- Reduction in housing prices by 10-20%
  - Slower growth in surrounding areas too

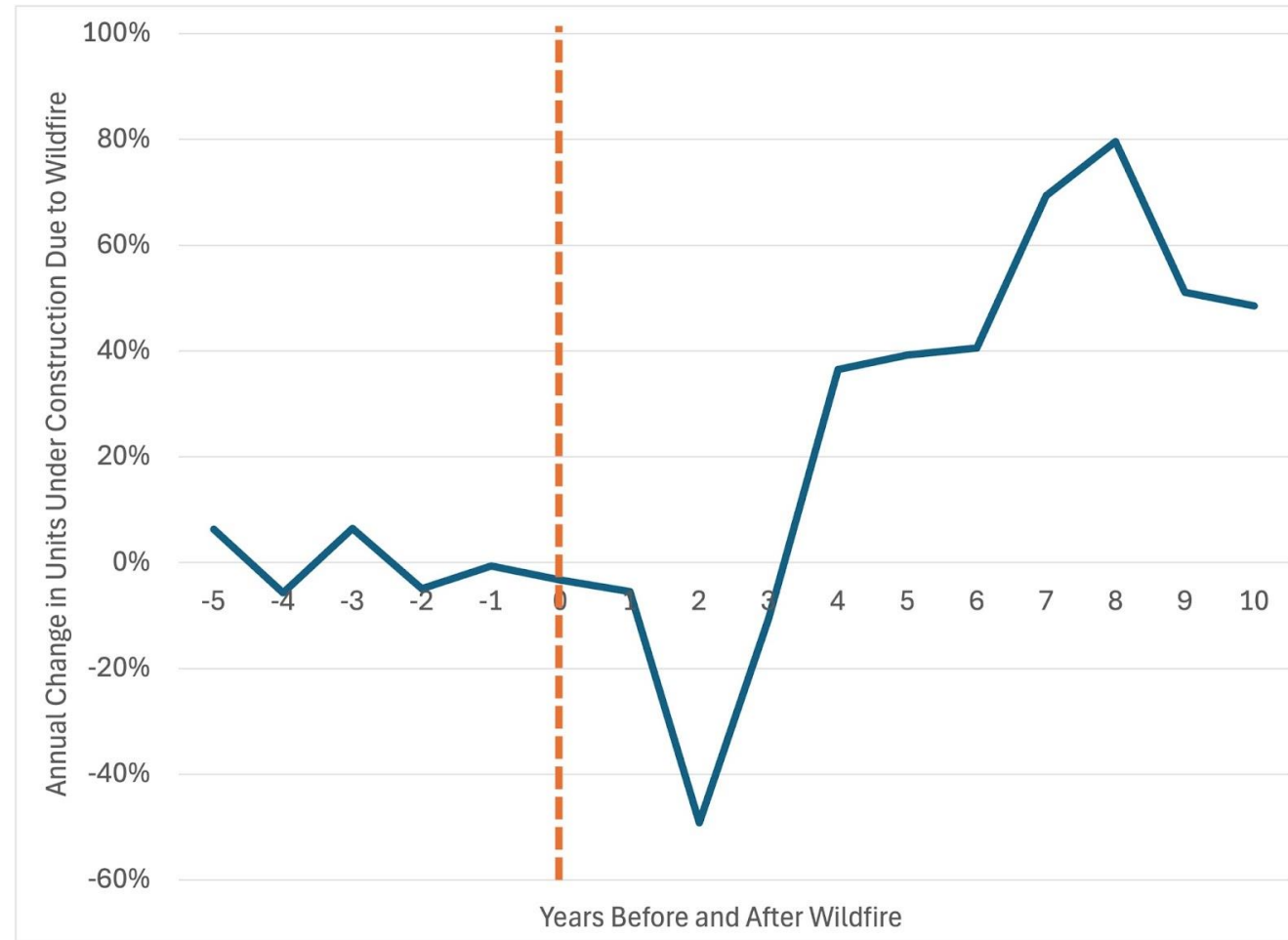


# California Wildfires Tend To Increase Multifamily Rents





# Multifamily Construction Takes *Years* to Bounce Back

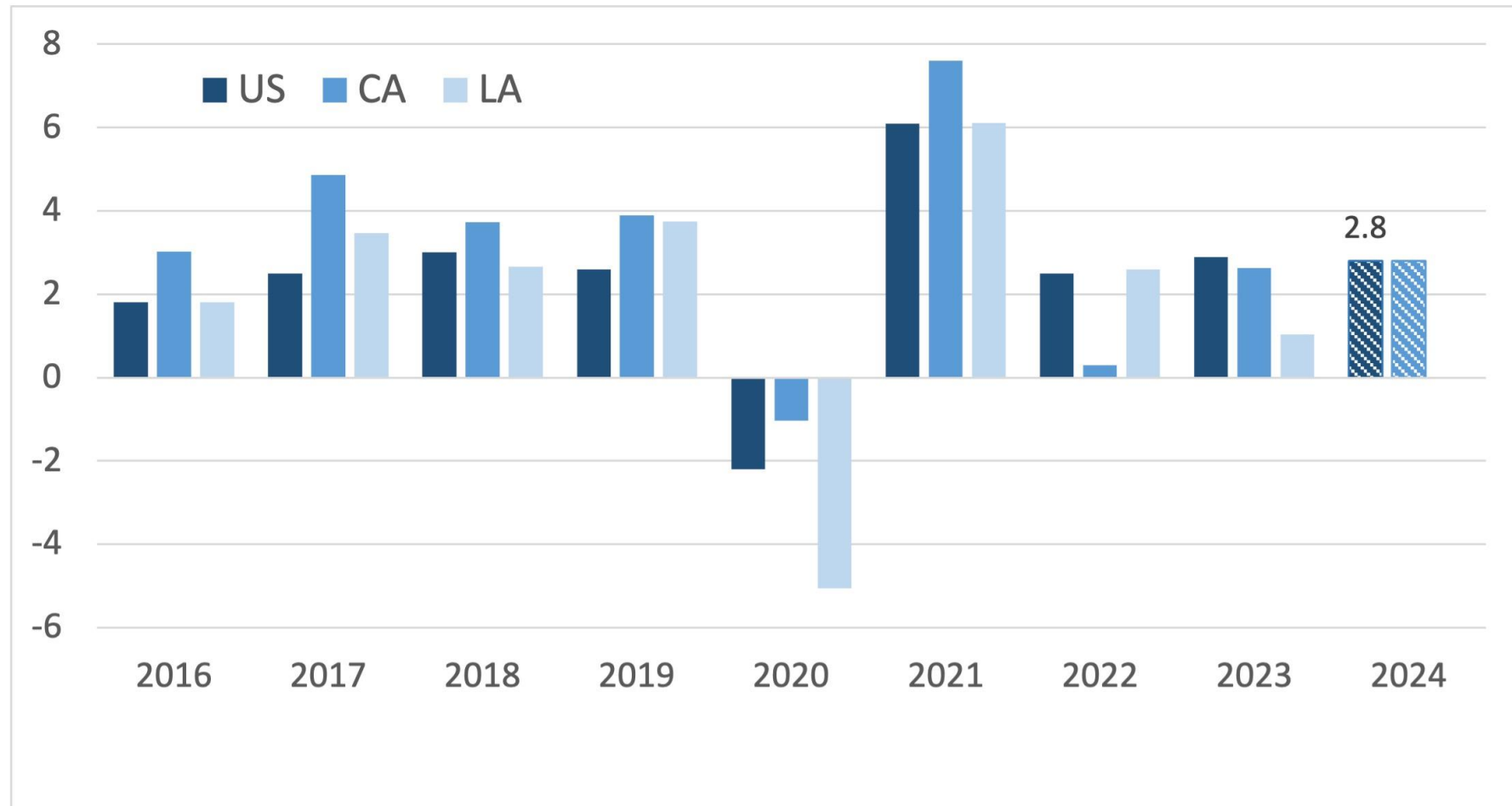




## 4. San Gabriel Valley Labor Force



# Real GDP/GSP Growth (YoY Percentage Change)

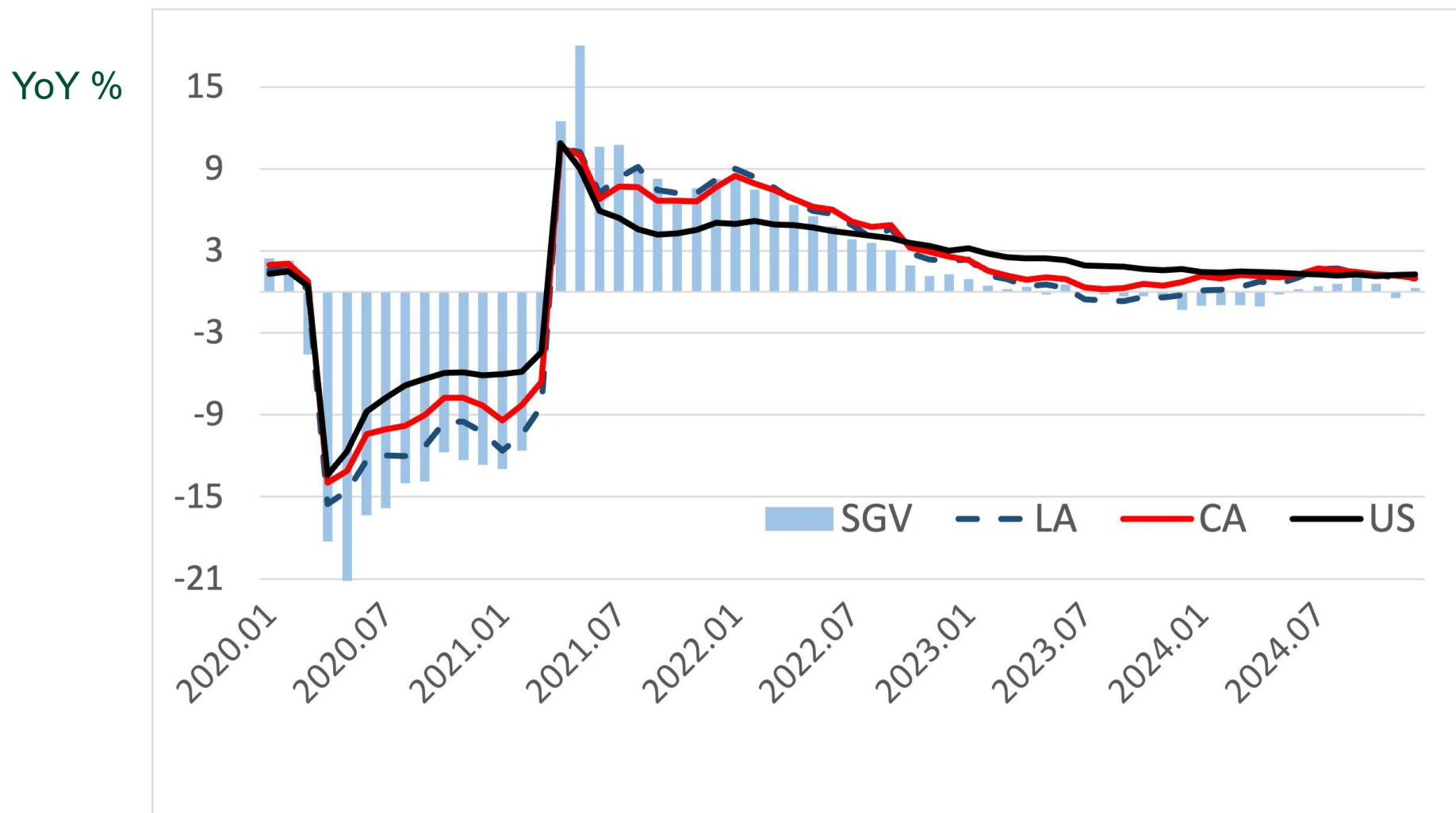


Source: BEA





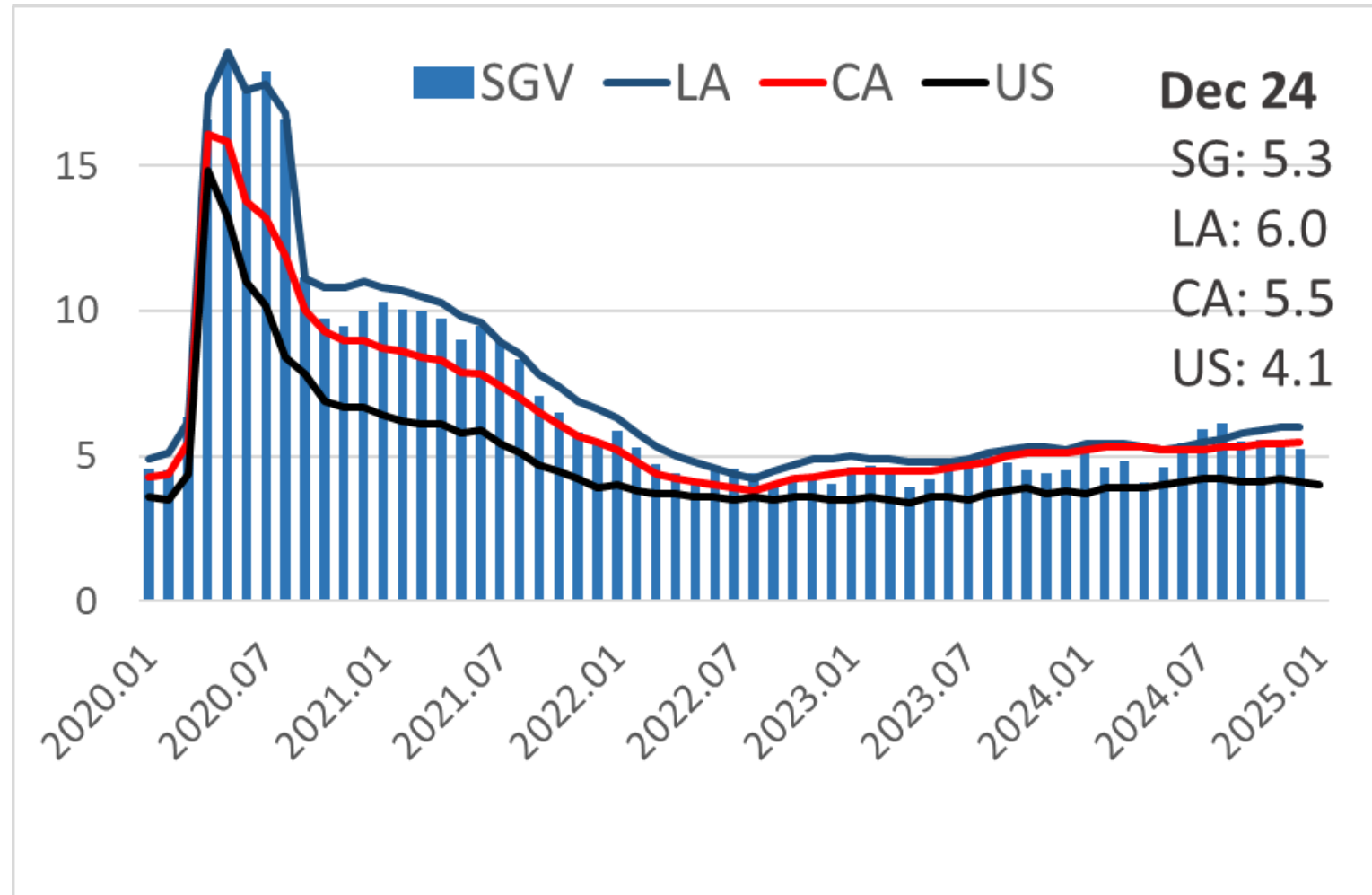
# Nonfarm Payroll Growth



Source: BLS. SGV: Cities with Population > 25,000 only



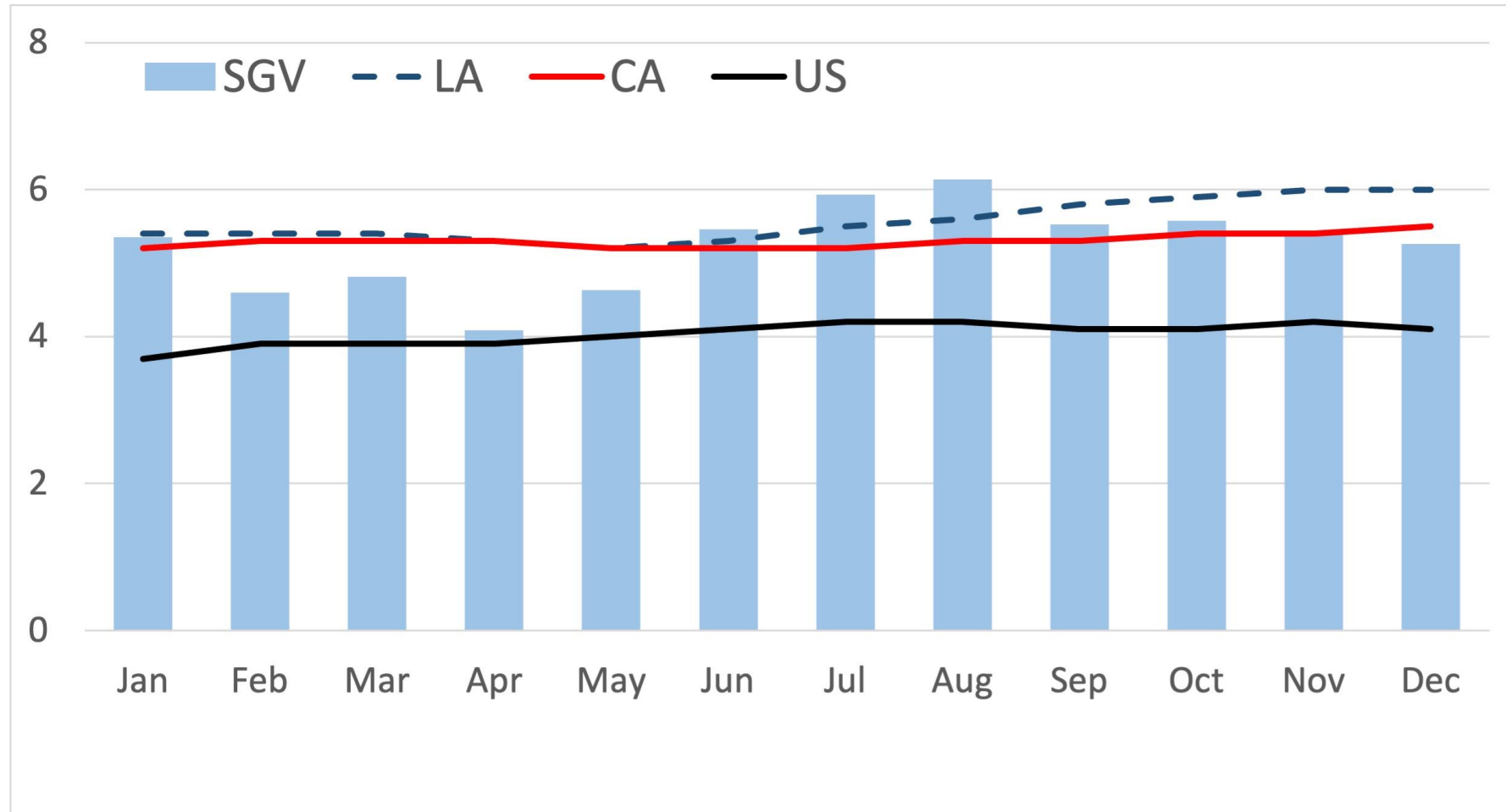
# Unemployment Rate [%]



Source: BLS. SGV: Cities with Population > 25,000 only



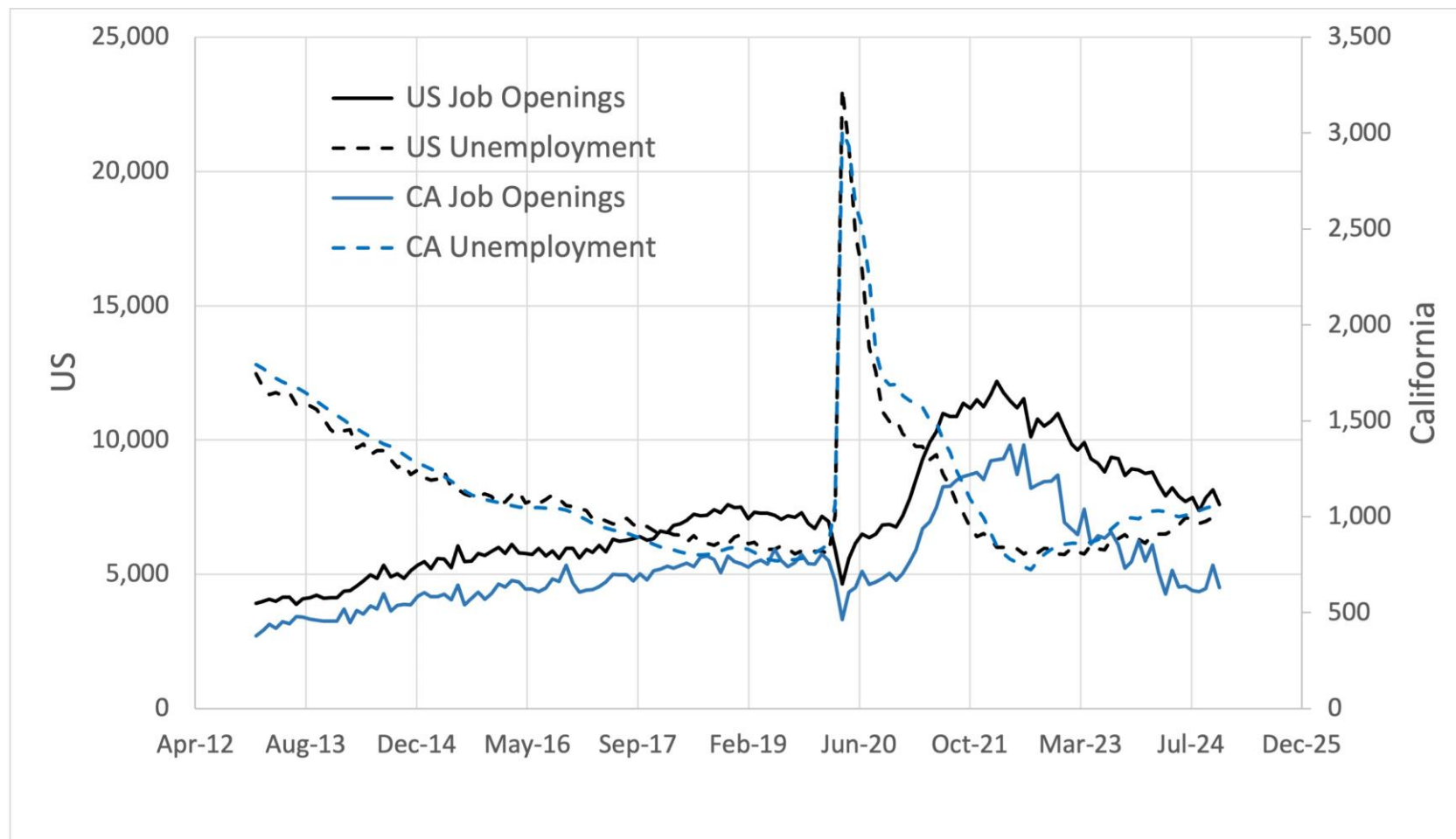
# Unemployment Rate in the San Gabriel Valley (2024)



Source: BLS. SGV: Cities with Population > 25,000 only



# U.S. & California Unemployment & Job Openings

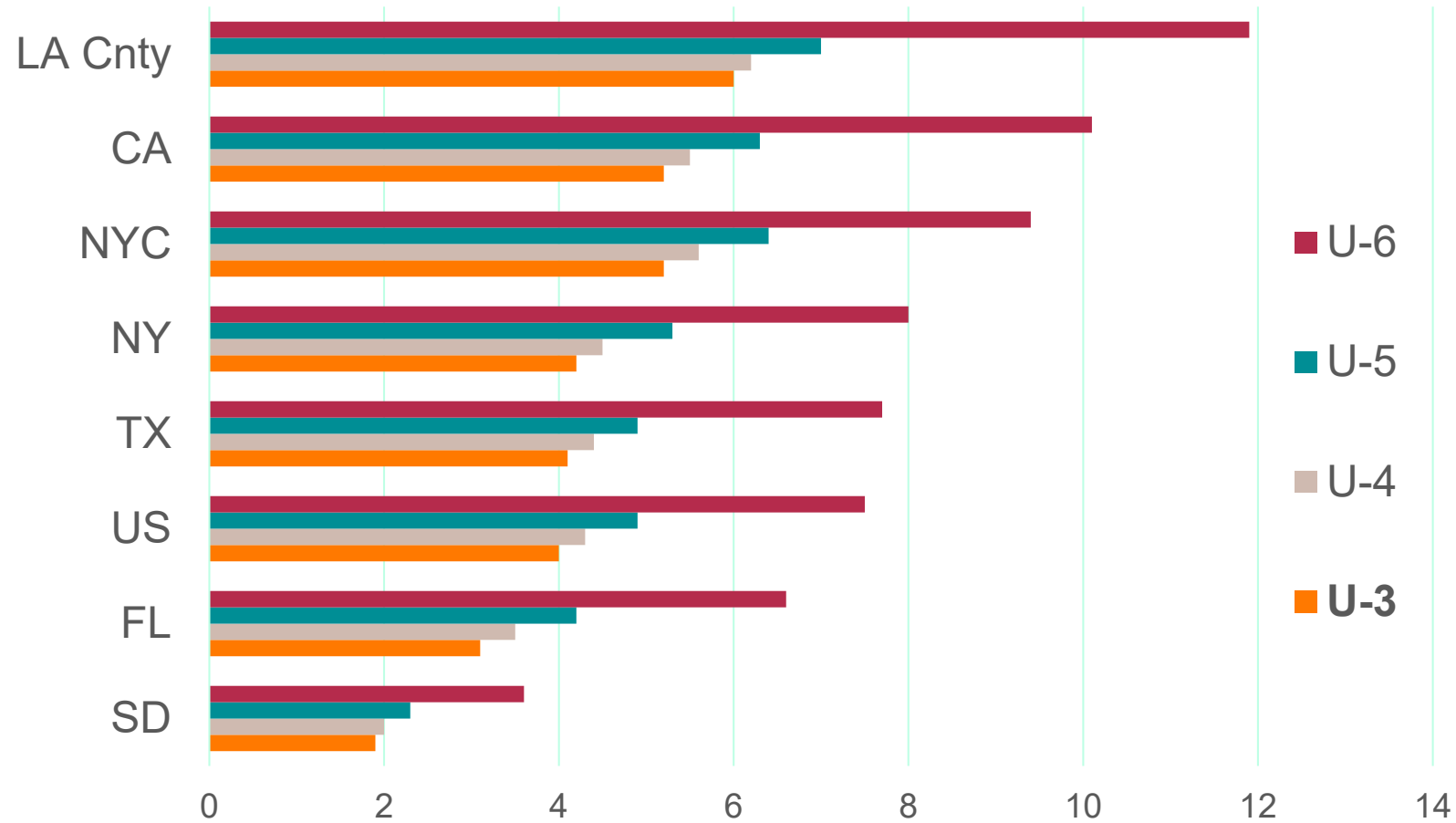


In Thousands

Source: BLS, Atlanta Fed



# Alternative Measures of Unemployment

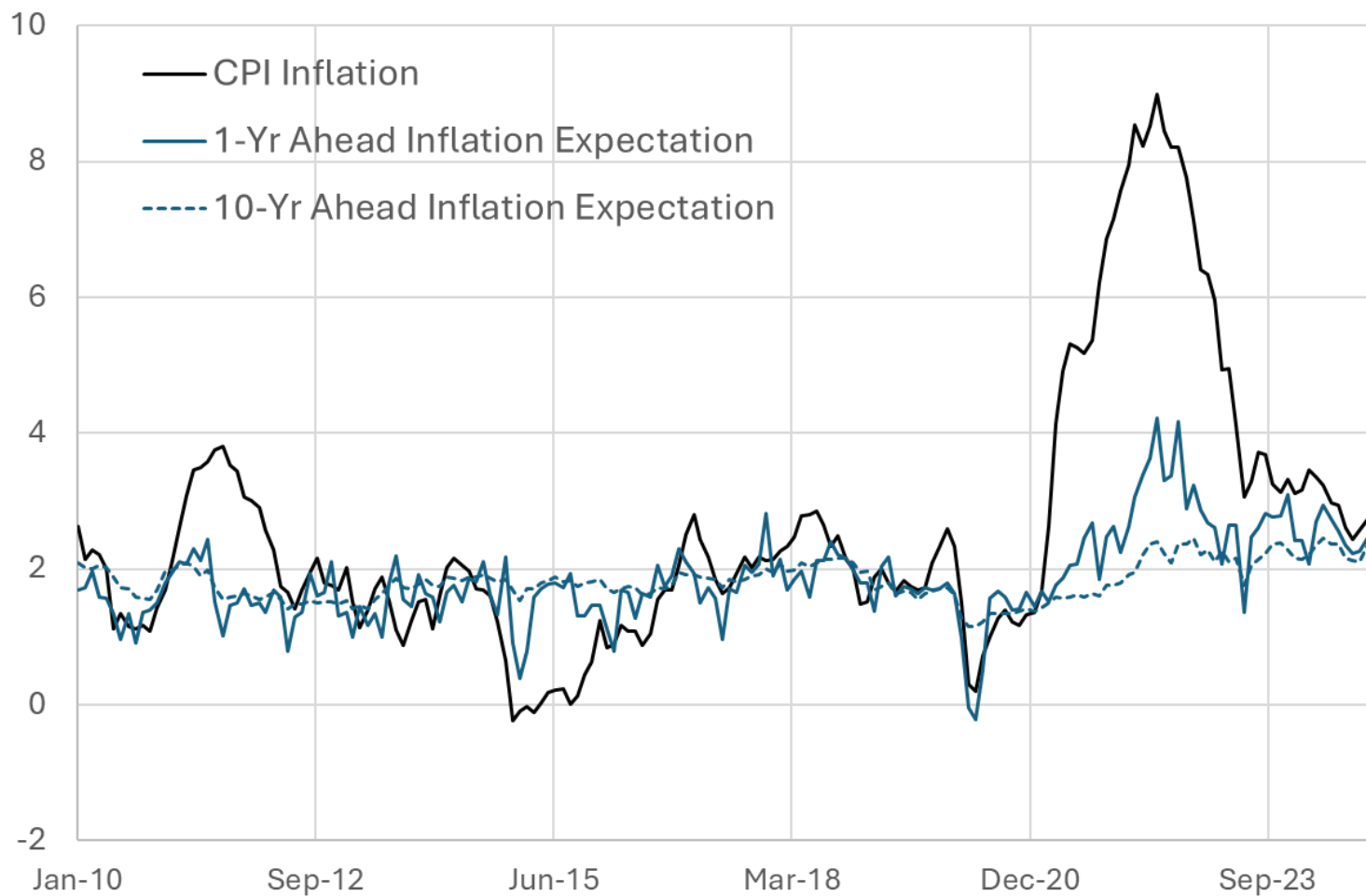


Source: BLS. December 2024.





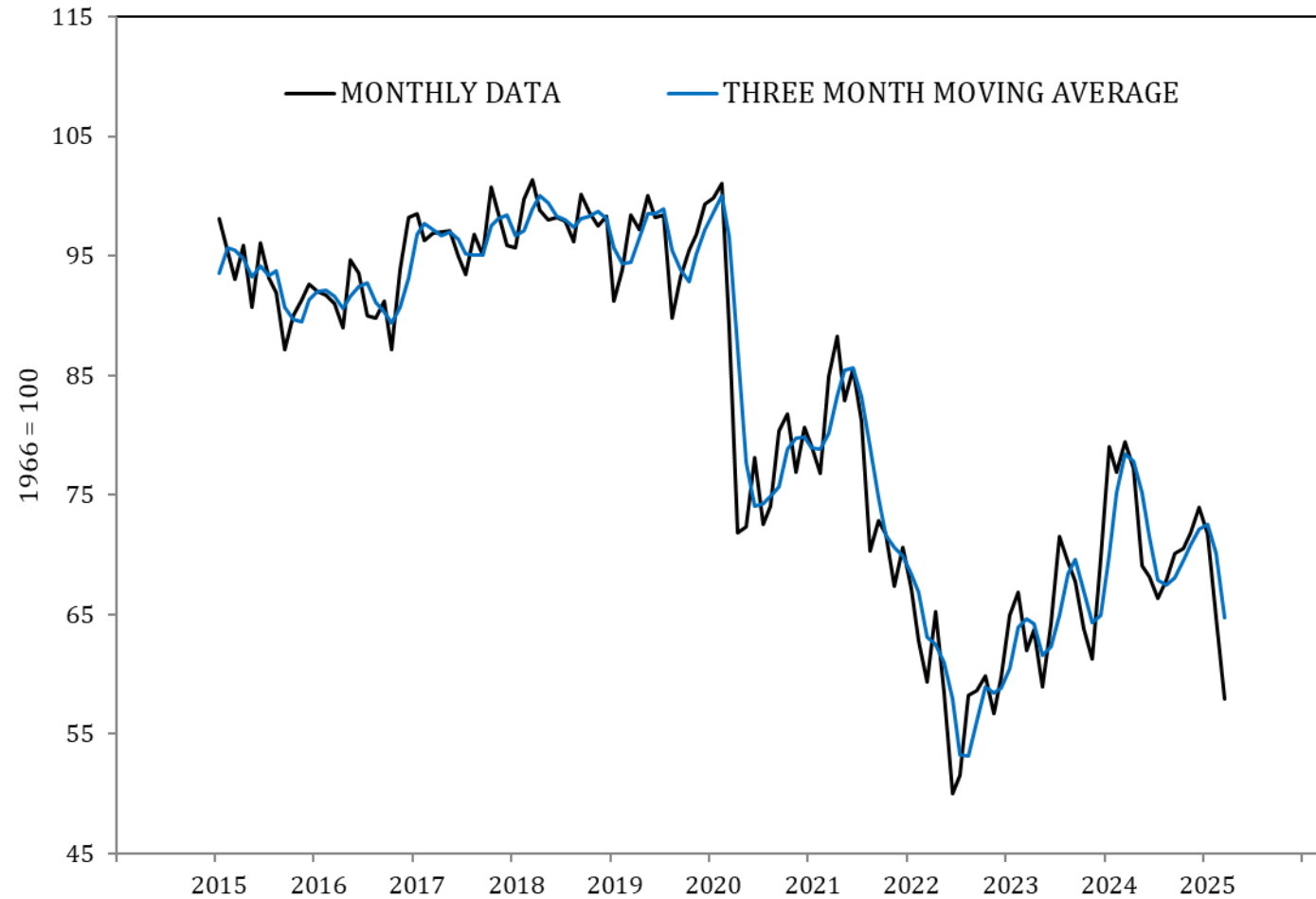
# Seasonally Adjusted CPI-U Inflation and Expectations



Source: BLS, Cleveland Fed



# US Consumer Sentiment Index



Source: University of Michigan Consumer Sentiment Index



# Tariffs

- What can they do well?
- Fix trade deficits/rebuild manufacturing?
- Who pays?
  - HH vs importers vs domestic producers
  - High vs low income HH?
  - States
- Significant government revenue source?



# Tariff Snapshot

Country/ Sector	Effective Date Current Status	Import/Export [\$ bn]	Tariff Rate [%]
Can & Mex	30-day exemption granted Mar 5	253 (Can) 236 (Mex)	25% 10% Can energy
China	Feb 4, incr. Mar 4	430	now 20%
EU	Announced Feb 24	598	25%
China Ret.	Feb 10 & Mar 10	14 and 20 (Agriculture)	Vary 10-15%
Can Ret.	Mar 4, 23	21 and 87	25%
Steel & Al	Mar 12	About 185	25%
Can Ret.	Mar 13	21	25%
Autos	April 2	224 (vehicles) + 83 (parts)	25%
Agricultural	April 2	?	?
EU Ret.	April 1, 15	28 (targeted products)	?
Various	Reports due Apr - Nov	?	?



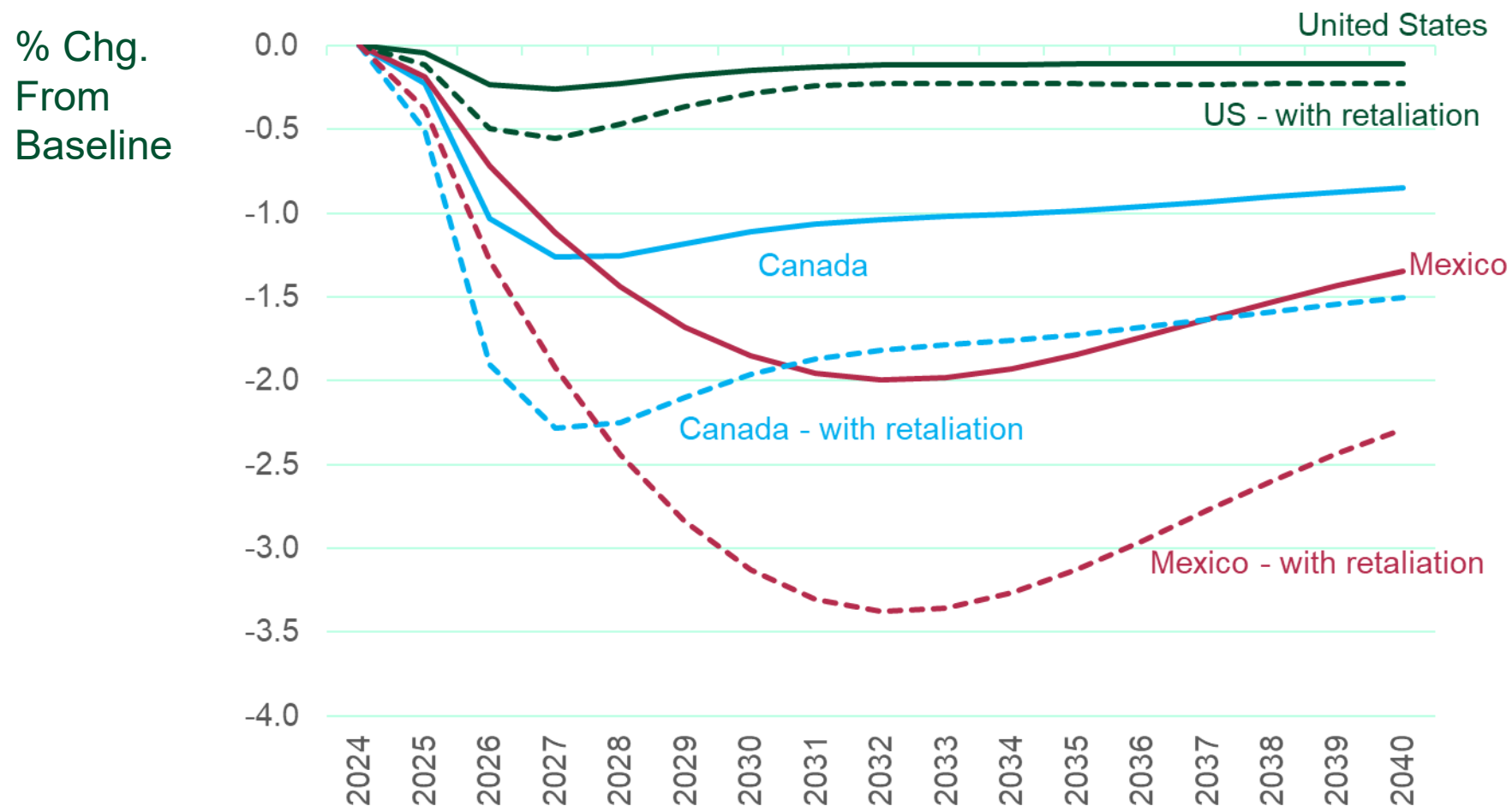
# Estimated National Impacts without Retaliation

	<b>GDP</b>	<b>Capital Stock</b>	<b>Pre-Tax Wages</b>	<b>Full-Time Equivalent Jobs</b>
<b>Total Imposed</b>	<b>-0.4%</b>	<b>-0.3%</b>	<b>0.0%</b>	<b>-309,000</b>
China	-0.1%	-0.1%	0.0%	-82,000
Mexico	-0.1%	-0.1%	0.0%	-116,000
Canada	-0.1%	-0.1%	0.0%	-86,000
Section 232	< -0.05%	< -0.05%	0.0%	-25,000
<b>Total Threatened</b>	<b>-0.3%</b>	<b>-0.2%</b>	<b>0.0%</b>	<b>-236,000</b>
EU	-0.2%	-0.1%	0.0%	-155,000
Vehicles & Parts	-0.1%	-0.1%	0.0%	-81,000

Source: Tax Foundation

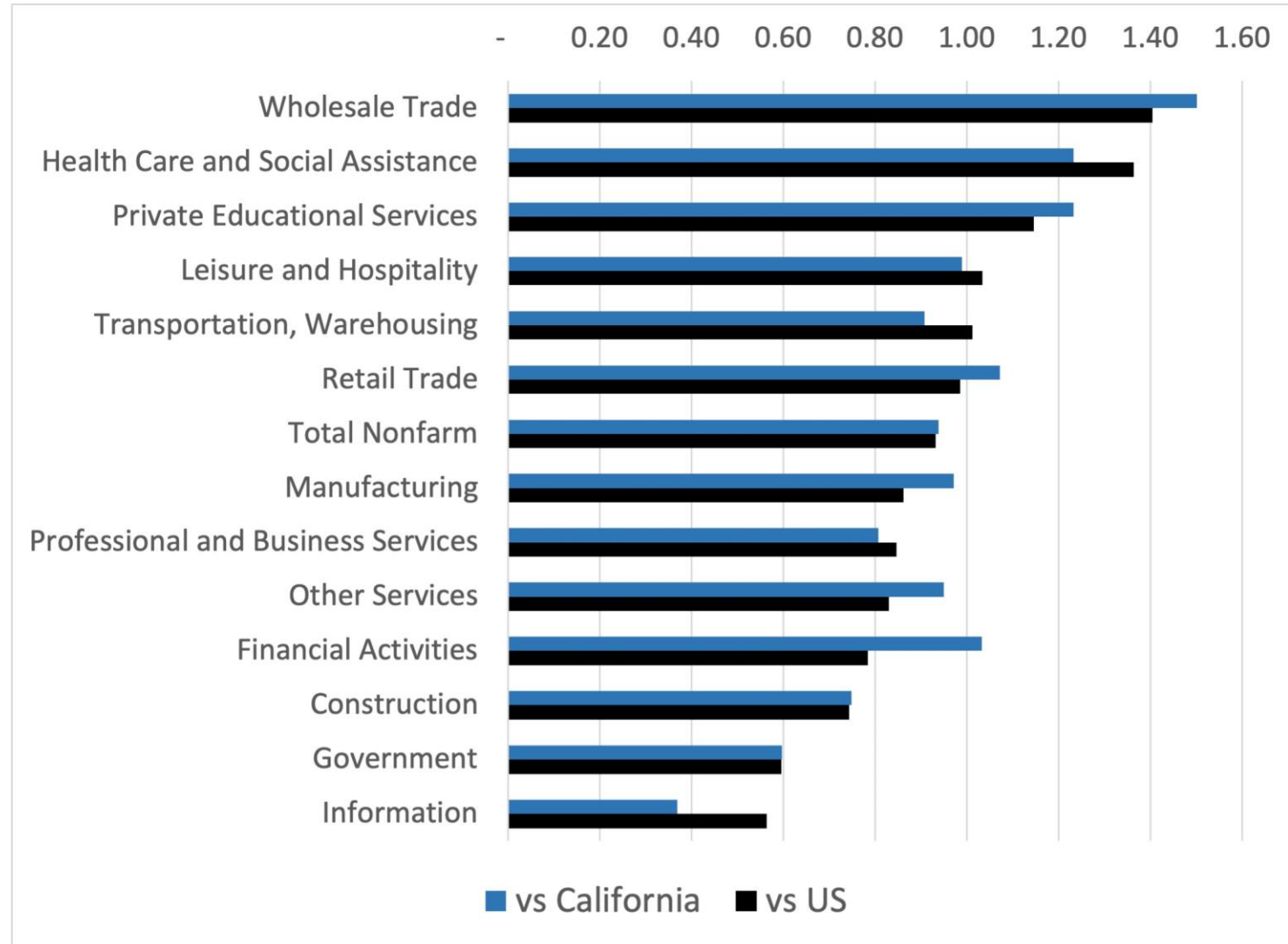


# Estimated Effect on GDP: Canada & Mexico Only





# Location Quotient SGV Relative to CA and the U.S.



Source: Census, BLS. 2023





# Baseline San Gabriel Valley Employment Projections

Industry	2023	2024E	2025P	2026F	2027F	YOY 24-25
Total Nonfarm	688,640	693,700	696,200	698,700	701,200	0.4%
Natural Resources & Mining	790	800	800	800	800	0.0%
Construction	28,190	27,800	27,600	27,700	27,900	-0.7%
Manufacturing	52,570	50,700	50,100	50,000	49,900	-1.2%
Wholesale Trade	40,660	40,500	40,300	40,300	40,300	-0.5%
Retail Trade	72,600	72,600	72,400	72,100	71,700	-0.3%
Transportation, Warehousing, & Utilities	31,610	32,200	32,400	32,600	32,700	0.6%
Information	8,040	7,900	7,900	8,000	8,100	0.0%
Financial Activities	34,100	34,000	34,000	34,100	34,200	0.0%
Professional & Business Services	91,320	91,400	91,500	92,100	92,800	0.1%
Educational Services	20,900	21,400	21,400	21,500	21,600	0.0%
Health Care & Social Assistance	139,310	144,500	147,000	148,100	149,300	1.7%
Leisure & Hospitality	81,180	81,500	81,600	81,900	82,200	0.1%
Other Services	22,980	23,000	23,100	23,300	23,400	0.4%
Government	64,390	65,400	66,100	66,200	66,300	1.1%



# SGV Employment Projections: Adding Fires, Federal Policy

Industry	2023	2024E	2025P	2026F	2027F	YOY 24-25
Total Nonfarm	688,640	693,700	689,700	690,000	694,500	-0.6%
Natural Resources & Mining	790	800	800	800	800	-0.3%
Construction	28,190	27,800	27,200	29,100	30,500	-2.1%
Manufacturing	52,570	50,700	47,200	46,200	46,000	-6.9%
Wholesale Trade	40,660	40,500	40,100	39,600	39,800	-0.9%
Retail Trade	72,600	72,600	72,000	71,600	71,400	-0.7%
Transportation, Warehousing, & Utilities	31,610	32,200	32,000	32,100	32,300	-0.4%
Information	8,040	7,900	7,800	7,900	8,100	0.0%
Financial Activities	34,100	34,000	33,900	34,000	34,100	-0.4%
Professional & Business Services	91,320	91,400	91,100	91,500	92,300	-0.3%
Educational Services	20,900	21,400	21,400	21,300	21,500	-0.1%
Health Care & Social Assistance	139,310	144,500	146,600	147,100	148,800	1.4%
Leisure & Hospitality	81,180	81,500	81,300	81,300	81,800	-0.3%
Other Services	22,980	23,000	23,000	23,100	23,300	0.0%
Government	64,390	65,400	65,200	64,400	63,700	-0.2%

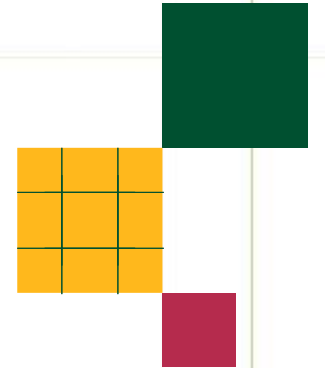


# Change Relative to Baseline from Fires, Federal Policy

Industry	2025P	2026F	2027F
Total Nonfarm	-0.9%	-1.2%	-1.0%
Natural Resources & Mining	-2.5%	-2.8%	-3.0%
Construction	-1.5%	5.1%	9.4%
Manufacturing	-5.8%	-7.6%	-7.8%
Wholesale Trade	-0.5%	-1.7%	-1.2%
Retail Trade	-0.5%	-0.7%	-0.4%
Transportation, Warehousing, & Utilities	-1.1%	-1.5%	-1.2%
Information	-0.7%	-0.8%	-0.4%
Financial Activities	-0.2%	-0.4%	-0.2%
Professional & Business Services	-0.4%	-0.7%	-0.5%
Educational Services	-0.2%	-0.7%	-0.4%
Health Care & Social Assistance	-0.3%	-0.7%	-0.3%
Leisure & Hospitality	-0.5%	-0.7%	-0.5%
Other Services	-0.5%	-0.9%	-0.3%
Government	-1.3%	-2.7%	-3.9%



## 5. San Gabriel Valley Real Estate





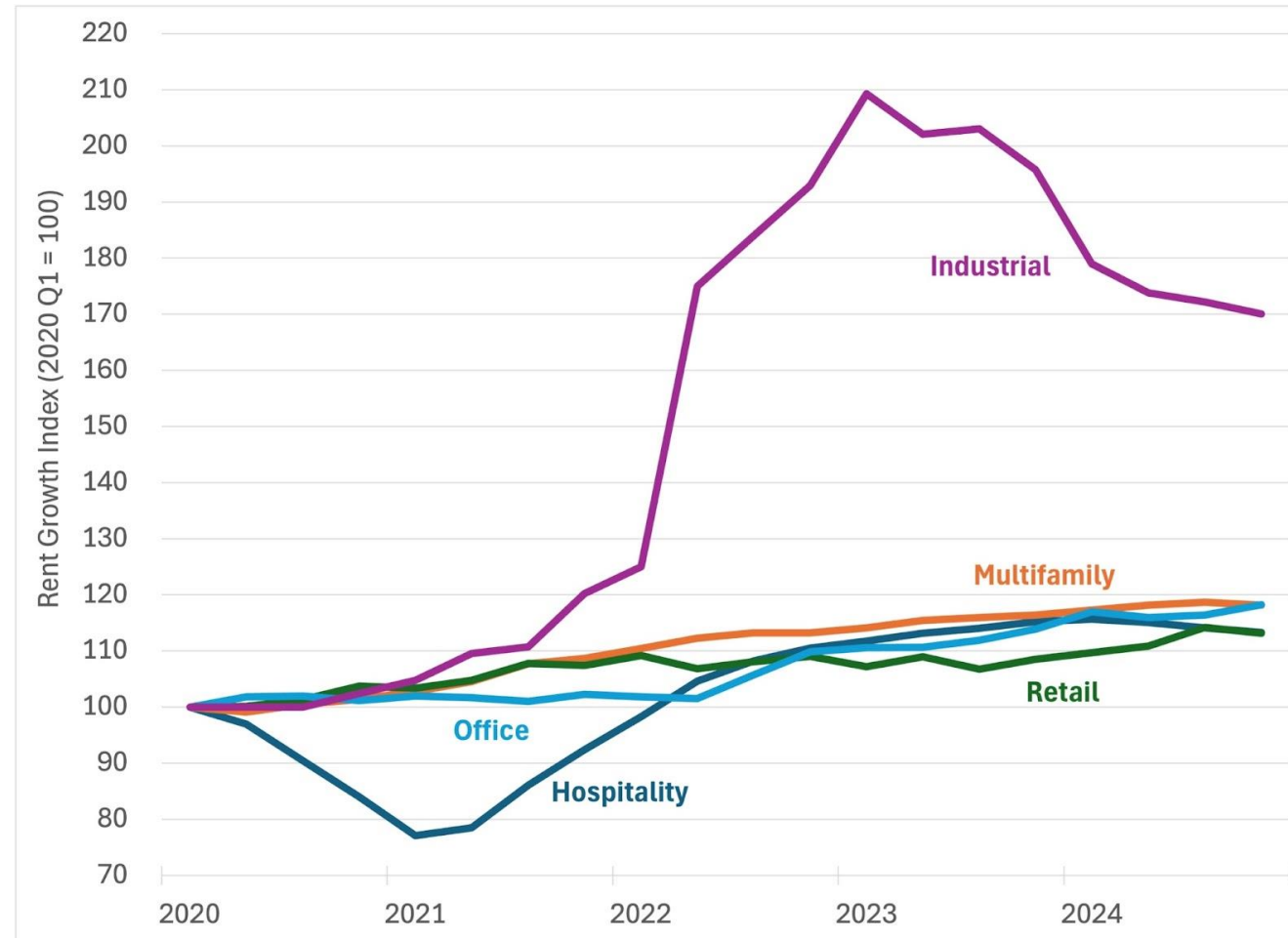
# Housing Prices Are Growing Slightly Faster Than Inflation

	2023	2024
Alhambra	4.2%	3.1%
Arcadia	5.6%	3.5%
Azusa	4.6%	4.6%
Baldwin Park	3.1%	4.8%
Bradbury	1.5%	0.5%
Claremont	4.6%	4.5%
Covina	4.0%	4.3%
Diamond Bar	4.8%	5.9%
Duarte	3.5%	3.7%
El Monte	4.0%	3.1%
Glendora	4.2%	3.0%
Irwindale	-0.1%	5.5%
La Canada Flintridge	10.5%	4.8%
La Puente	3.7%	4.9%
La Verne	4.8%	4.8%
Monrovia	3.2%	1.3%

	2023	2024
Montebello	4.1%	4.1%
Monterey Park	4.9%	4.0%
Pasadena	4.9%	4.1%
Pomona	4.3%	4.7%
Rosemead	4.5%	4.7%
San Dimas	4.5%	3.8%
San Gabriel	4.7%	3.6%
San Marino	5.5%	1.5%
Sierra Madre	4.1%	4.1%
South El Monte	7.1%	3.6%
South Pasadena	9.2%	3.0%
Temple City	3.8%	3.3%
Walnut	5.7%	5.1%
West Covina	4.9%	4.5%
30-City Average	4.6%	3.9%

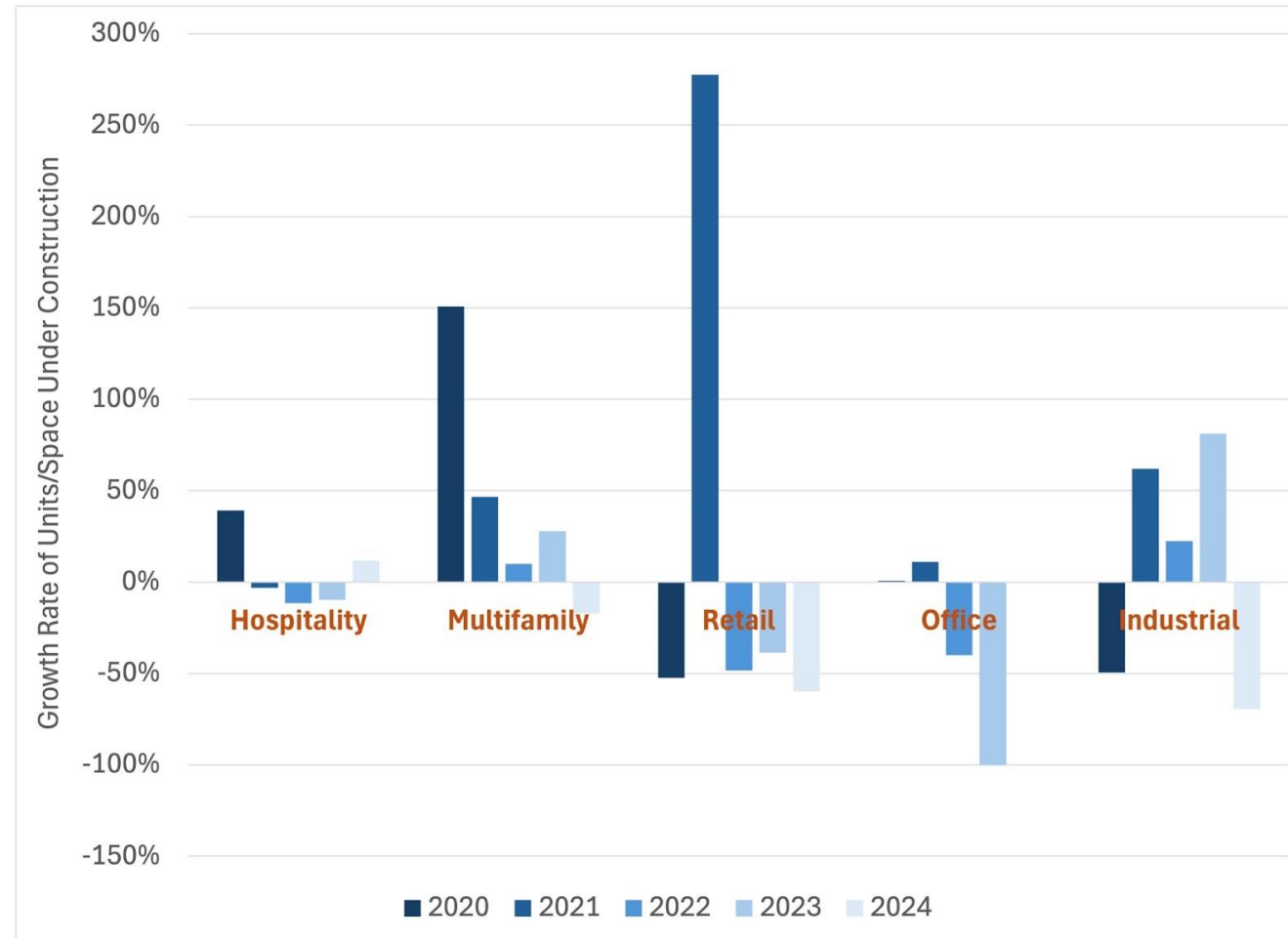


# Rent Growth Has Cooled Across Sectors





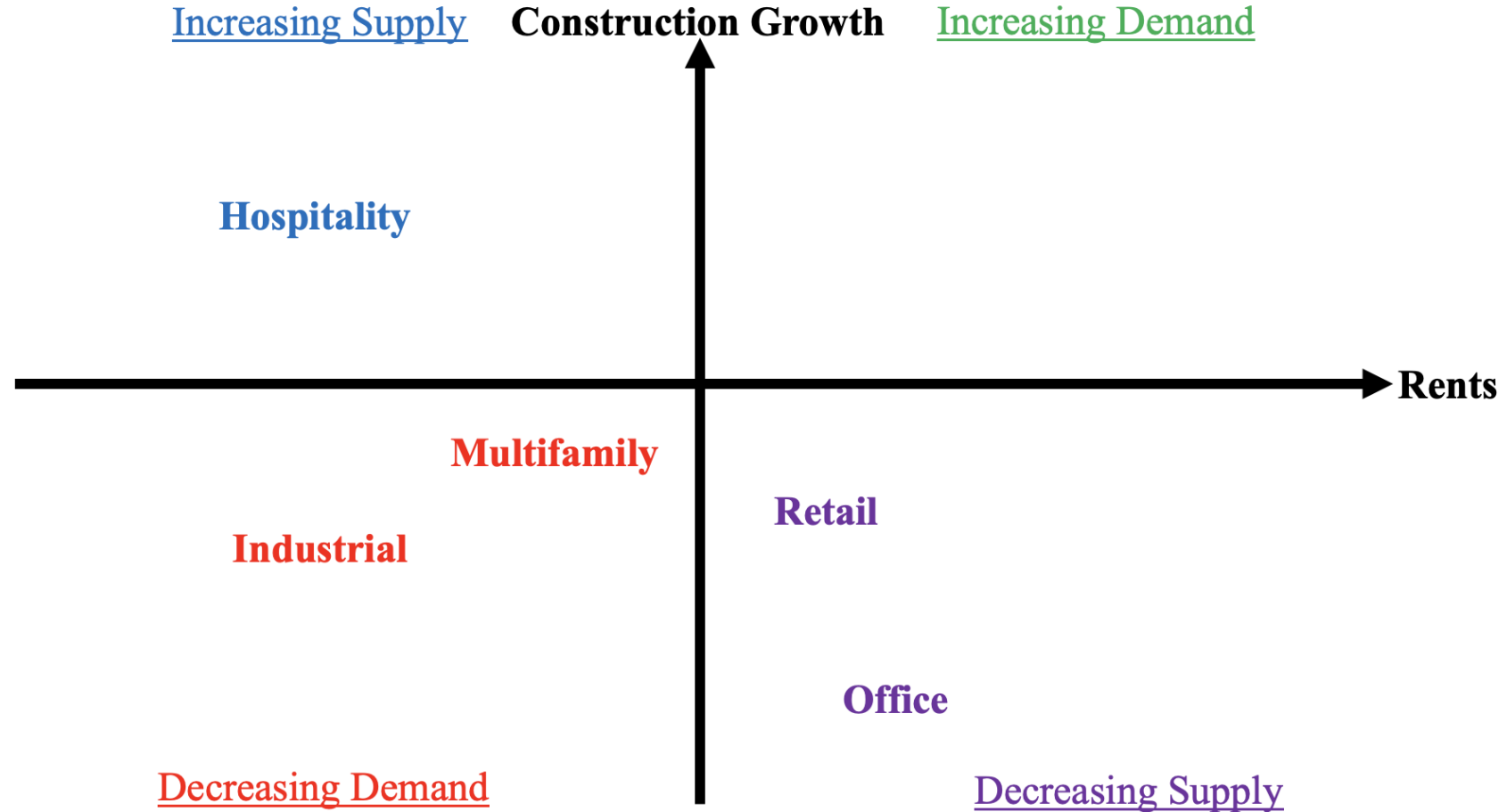
# Construction Has Slowed in Most Sectors





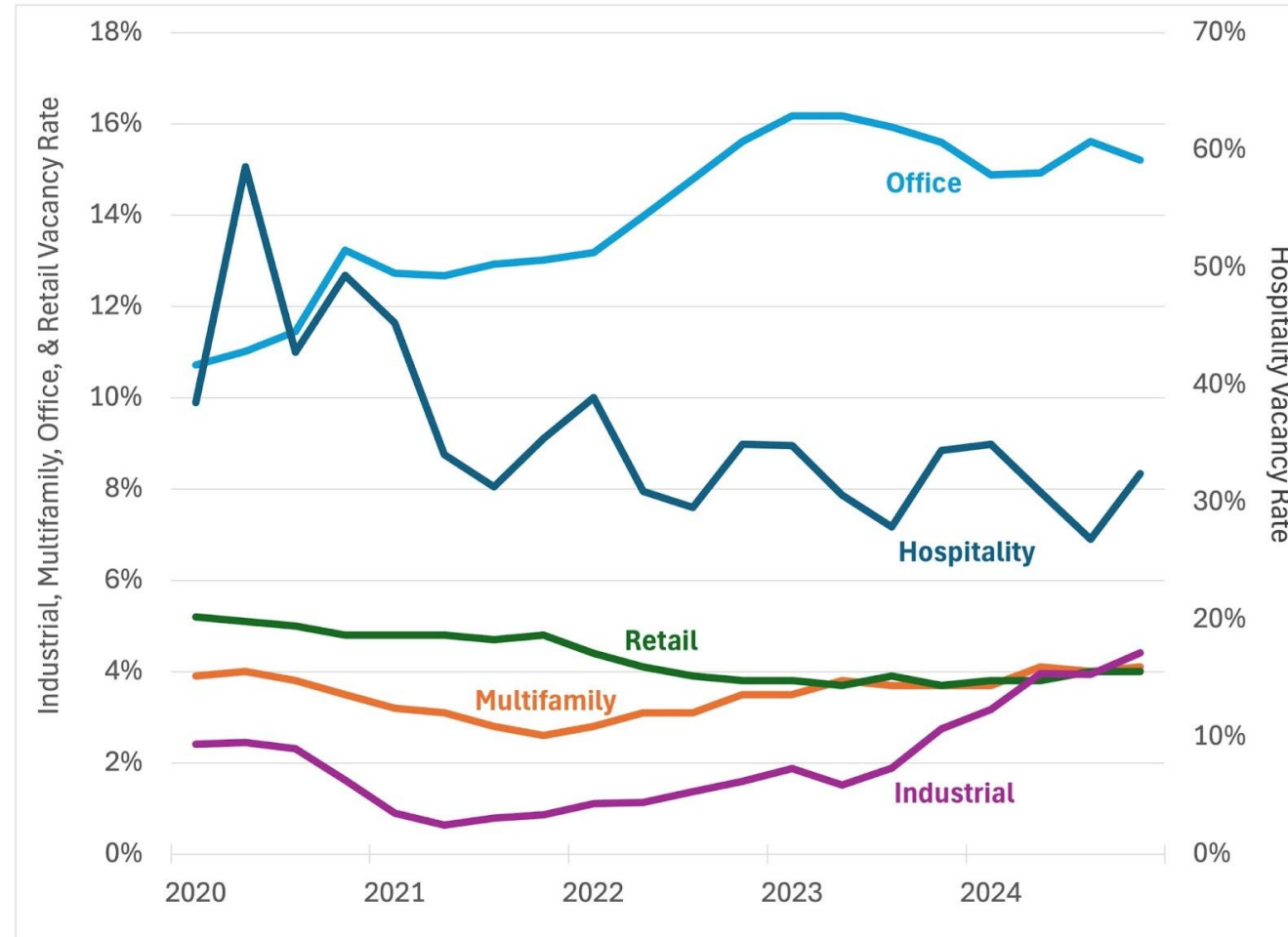


# Supply and Demand Trends in the San Gabriel Valley



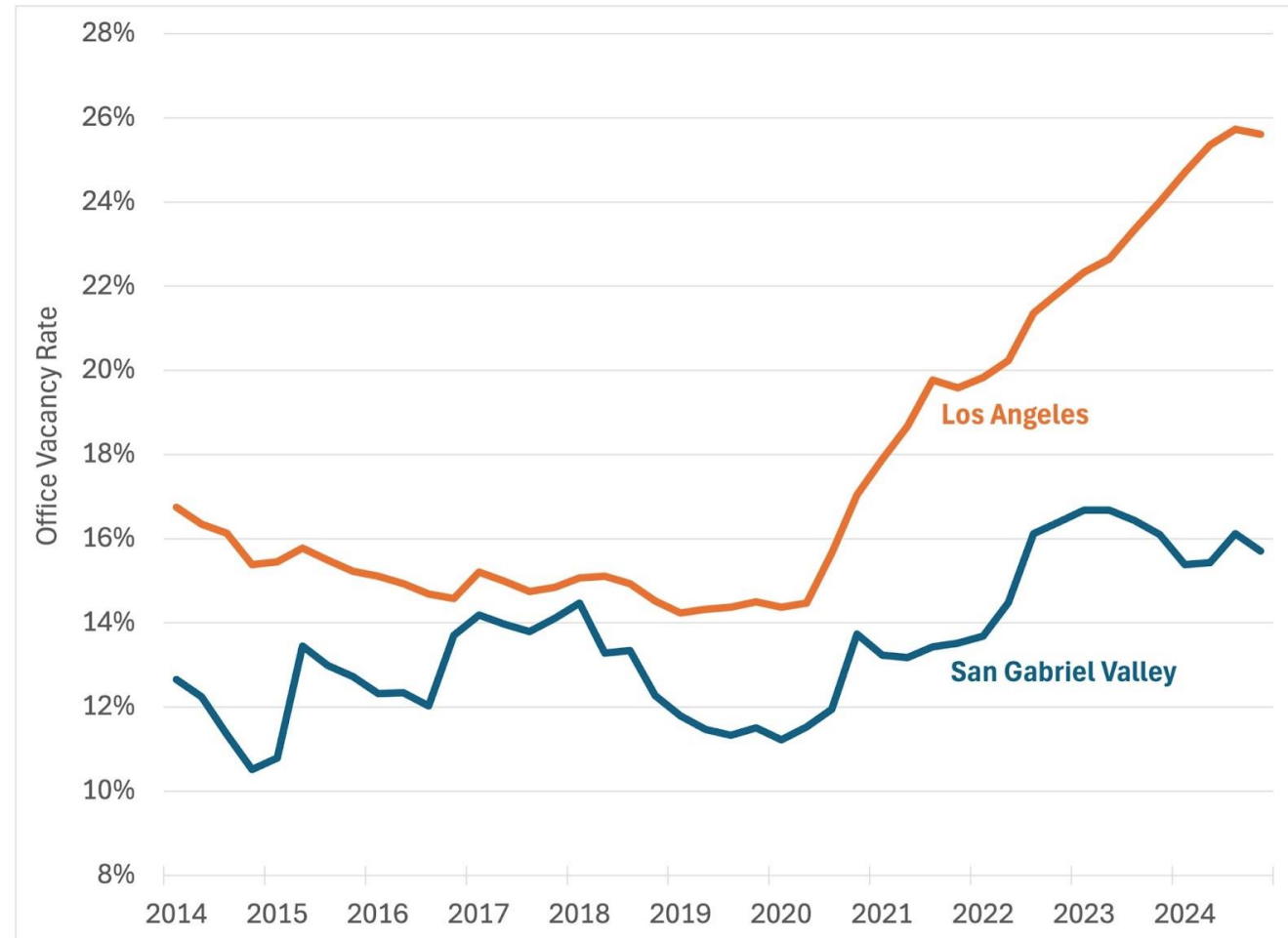


# Vacancy Rates Have Stabilized in Most Sectors





# SGV Office Market Continues to Outperform the Rest of LA





## What to Expect in 2025

1. **Economic growth will slow significantly**
  - ❖ Contraction is likely in several industries
2. **On net, tariffs are bad for the SGV**
  - ❖ Negative for both employment and profits
3. **Wildfire recovery will take several years**
  - ❖ Most rebuilding will *not* happen in 2025
  - ❖ Multifamily rents will remain elevated
4. **Capital is flowing back into real estate**
  - ❖ Interest rates are likely to come down further
  - ❖ Acquisitions are back; construction is not

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# Lei Wang

**Executive Vice President  
of Strategic Management  
& Operations, Gemdale  
U.S.A.**



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# Stephen Cheung

## President, LAEDC





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## Todd R. Moore

Of Counsel, Hahn & Hahn  
LLP





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## Jennifer Ferrara

Global Client Solutions  
Lead, Avanade



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## Keynote: Ricardo Lara

California Insurance  
Commissioner







# **2025 San Gabriel Valley Economic Forecast**

**Insurance Commissioner Ricardo Lara**

**March 20, 2025**



## **LA County Fires Claims Paid to Date**

- Nearly 28,000 claims have already been partially paid – almost \$12 billion has already gone out to survivors.
- By the numbers, that is nearly \$420,000 dollars on average to help people pay for rent and replacing the things they lost.







## Commissioner's Emergency Actions to Assist Consumers

- Declare One-Year Nonrenewal Moratorium for residential policies within or adjacent to wildfire perimeters (January 9<sup>th</sup> and January 14<sup>th</sup> [Bulletin 2025-1](#))
- Request to all insurers to forego any pending residential policy nonrenewals/cancellations received by homeowners *before* fires started (January 9<sup>th</sup> [Notice 2025-01](#))
- Request to all insurers to *exceed* Current 60-Day Grace Period Law for affected policyholders to pay their home insurance premiums (January 9<sup>th</sup> [Notice 2025-01](#))







# Sustainable Insurance Strategy

- **Improve Department's rate application approval process** with faster rate filing approval times to create more certainty in insurance market
- **Introduce new climate risk management tools in ratemaking** – Catastrophe Modeling and Reinsurance Costs
- **Modernize FAIR Plan** to ensure it remains financially solvent and sustainable while providing more – yet temporary – comprehensive commercial coverage for HOAs, affordable housing developers, and larger businesses
- **Enact intervenor reform** to ensure transparency and accountability for groups that intervene in insurer rate filings at Department.
- **Create first-in-the-Nation insurer commitments to write more policies** in wildfire distressed areas and reduce FAIR Plan policies to achieve greater insurance availability for consumers





# Protecting the Economy: Preventing Fraud

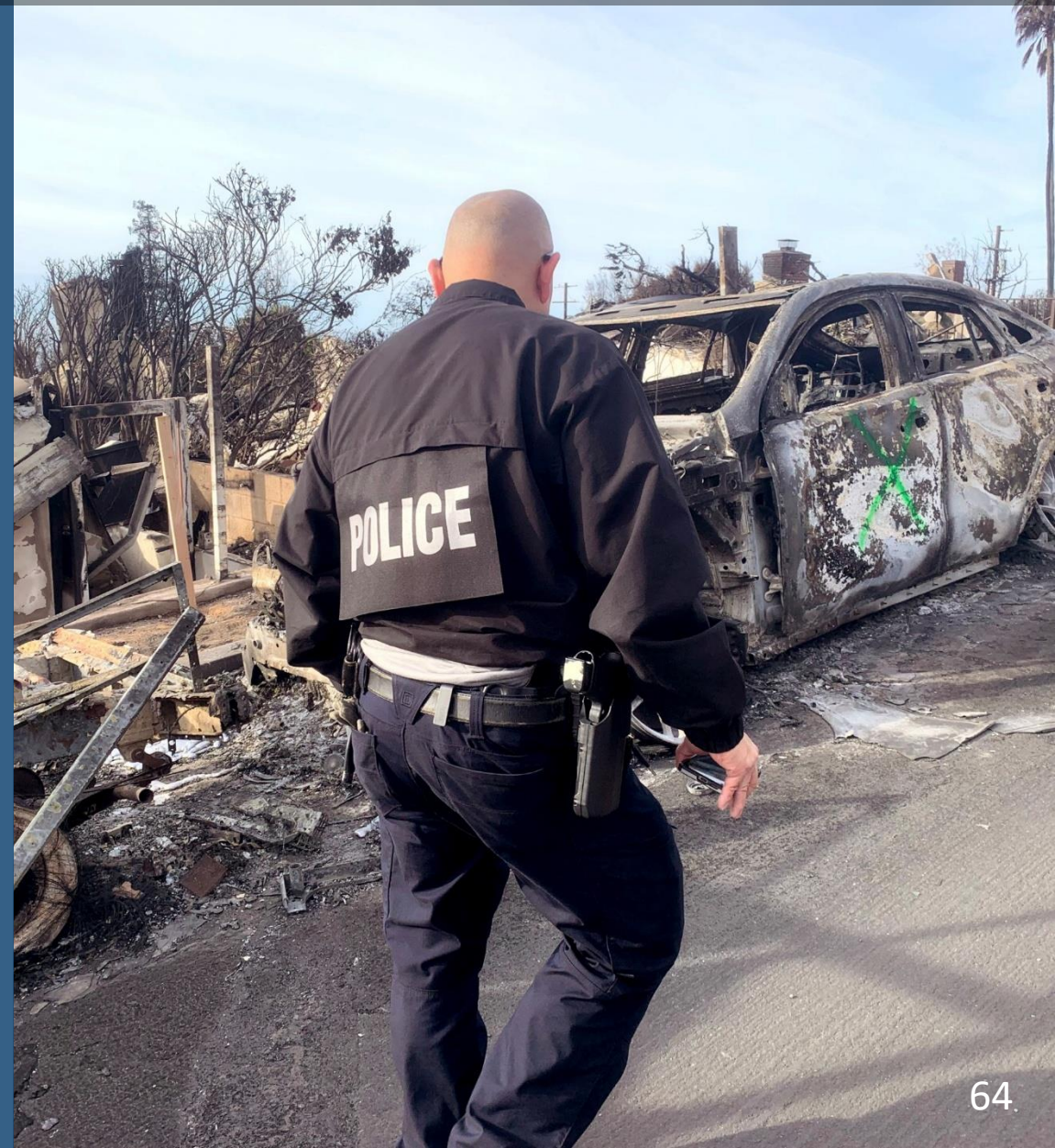
## Disaster Assistance Response Team (DART) Deployed

California Department of Insurance's Disaster Assistance Response Team (DART) was deployed to wildfire-affected areas to educate survivors about their rights, checks contractor and vendor licenses, and ensures compliance with state regulations.

## Statewide Efforts to Prevent Fraud

Since 2019, the Department has provided over \$550 million in funding to District Attorney offices statewide, including \$116 million to Los Angeles County, to support local investigations and prosecutions of insurance fraud.

Fraud drives up costs for businesses that follow the rules. The Department also is aggressively prosecuting workers' compensation fraud to protect honest businesses and workers.





## Strengthening Business & Economic Stability

The Sustainable Insurance Strategy is already delivering results:

- Insurance companies have agreed to write policies in high-risk areas instead of retreating.
- Farmers Insurance reopened several commercial insurance lines for businesses, condos, and HOAs.
- Allstate is preparing to re-enter the market statewide once our reforms are in place.



# Supporting Real Estate & Development

We must integrate insurance into the planning process for new housing and commercial development—just like we plan for roads, utilities, and schools.

I'm ensuring that:

- New developments are built with insurability in mind.
- Wildfire-prone and high-risk areas have better access to insurance.
- FAIR Plan improvements help businesses and larger properties that need interim coverage.





# Protecting Small Businesses & Commercial Insurance

My Department has taken direct action to help businesses:

- Expanded FAIR Plan commercial coverage to include policies up to \$20 million per building.
- Created incentives for insurance companies to increase their market share in high-risk areas.
- Cracked down on insurance fraud to protect businesses from unfair cost increases.





# Climate Resilience & Risk Reduction

Climate change directly impacts insurance costs—and therefore affects every business, homeowner, and consumer in SGV.

My Safer from Wildfires framework provides clear guidance and financial incentives for home and business owners to reduce wildfire risk.

The National Association of Insurance Commissioners National Climate Resilience Strategy is creating state-led risk mitigation programs to lower costs for consumers.







# Partnership with SGV Leaders & Economic Groups

SGV's economic future depends on stable insurance markets—and that means collaboration between my office, local business leaders, and policymakers.

Unprecedented outreach all 58 counties

Expanded collaboration with all insurance consumers:

- ✓ Agriculture Industry
- ✓ Wine growers
- ✓ Homeowners Associations (HOAs)
- ✓ Businesses (Chambers of Commerce)
- ✓ Builders and Realtors
- ✓ Legislative Leaders
- ✓ Homeowners
- ✓ Industry Trade Groups
- ✓ Fire Chiefs
- ✓ Locally Elected Officials





# Wildfire Response Legislative Priorities

- **AB 888 - The California Safe Homes Act** (Asm. Lisa Calderon): Tax-free home hardening grants for safer communities.
- **SB 547 - The Business Insurance Protection Act** (Sens. Sasha Renée Pérez & Susan Rubio): Expands insurance moratoriums to businesses, HOAs, and non-profits.
- **AB 597 - The Fair and Transparent Insurance Fees Act** (Asm. John Harabedian): Caps public adjuster fees to protect wildfire survivors.
- **SB 495 - Eliminate "The List" Act** (Sen. Ben Allen): Ensures full contents coverage without detailed inventory lists.
- **SB 616 - The California Community Fire Hardening Commission Act** (Sens. Susan Rubio, Dave Cortese & Henry Stern): Creates statewide wildfire safety commission and inspection system.
- **AB 637 - The Deceptive Disaster Relief Advertising Act** (Asm. Heath Flora): Requires transparency in post-disaster advertising to prevent scams.
- **SB 429 - The California Wildfire Public Model Act** (Sen. Dave Cortese): Establishes first public wildfire risk model for transparency.
- **AB 1 - The Insurance and Wildfire Safety Act** (Asm. Damon Connolly): Mandates regular updates to wildfire safety regulations.
- **AB 226 - The FAIR Plan Stability Act** (Asms. Lisa Calderon & David Alvarez): Strengthens FAIR Plan with catastrophic bond access.
- **AB 232 - The Savings Accounts for Mitigation and Catastrophes Act** (Asms. Lisa Calderon & Mike Gipson): Creates tax-free savings for home hardening and disaster costs.





# Moving Forward Together

Climate change directly impacts insurance costs—and therefore affects every business, homeowner, and consumer in SGV.

My Safer from Wildfires framework provides clear guidance and financial incentives for home and business owners to reduce wildfire risk.

The National Association of Insurance Commissioners National Climate Resilience Strategy is creating state-led risk mitigation programs to lower costs for consumers.







# Thank You





**2025 SGV  
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# Thank you for joining us!



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