



San Gabriel Valley Economic Forecast

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Last Year's Predictions

- ✓ **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



Today's Talk

- 1. National Divisions**
 - Is It a K-Shaped Economy?
- 2. SGV Leading Economic Index**
- 3. SGV Labor Force**
- 4. SGV Real Estate**
- 5. Long-Term Considerations**

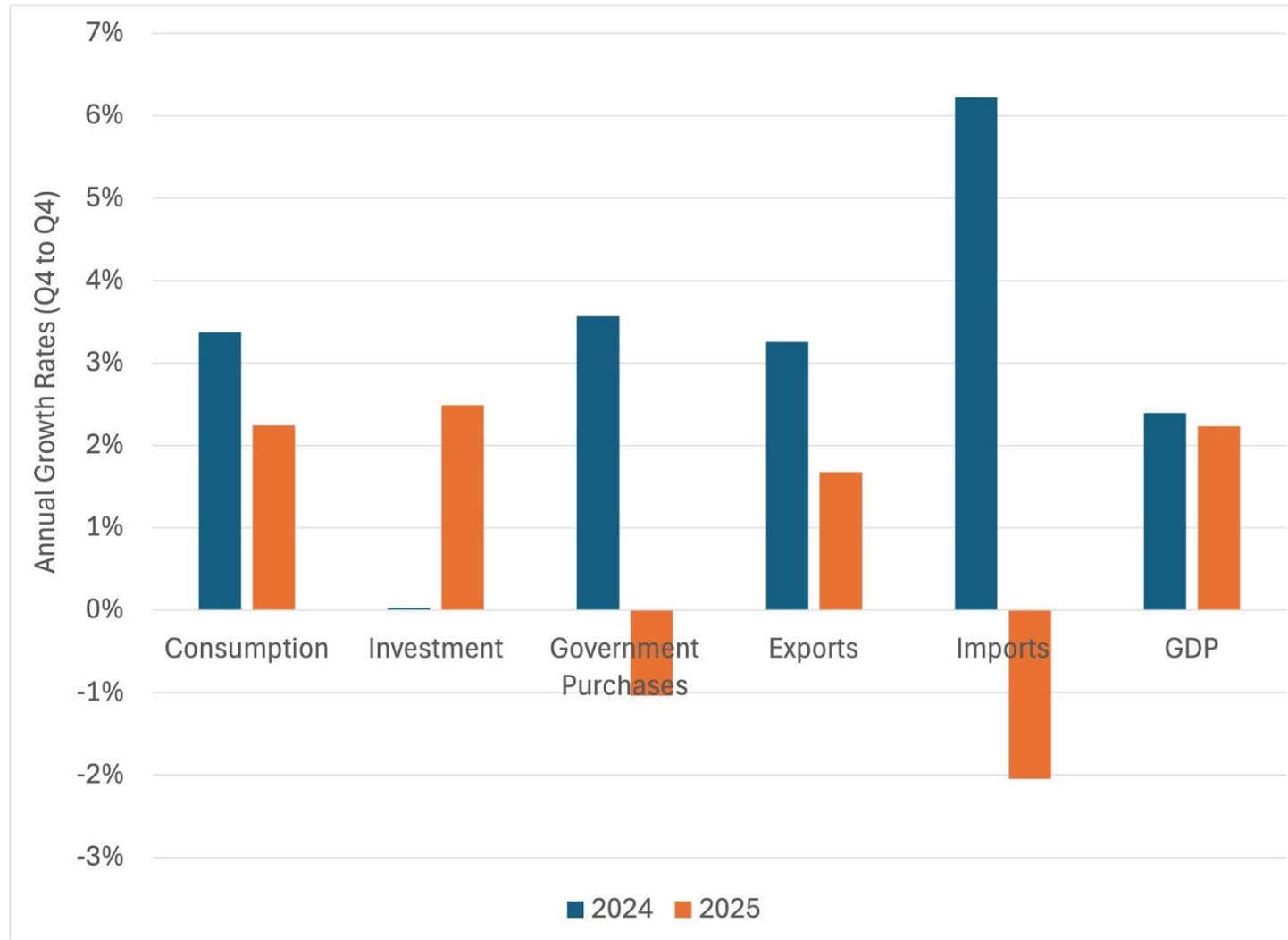




1. National Divisions: Is It a K-Shaped Economy?

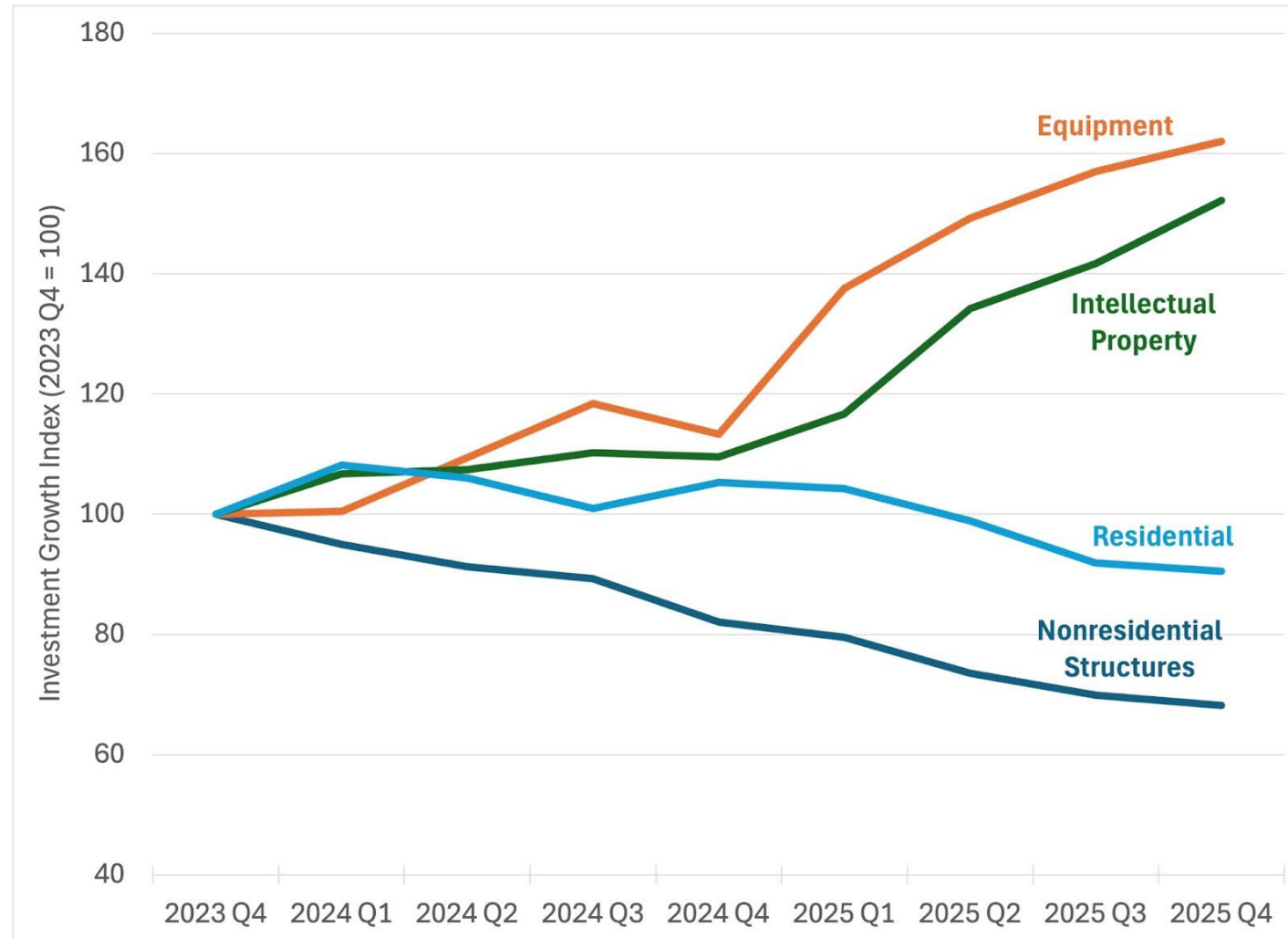


The Changing *Drivers* of Economic Growth



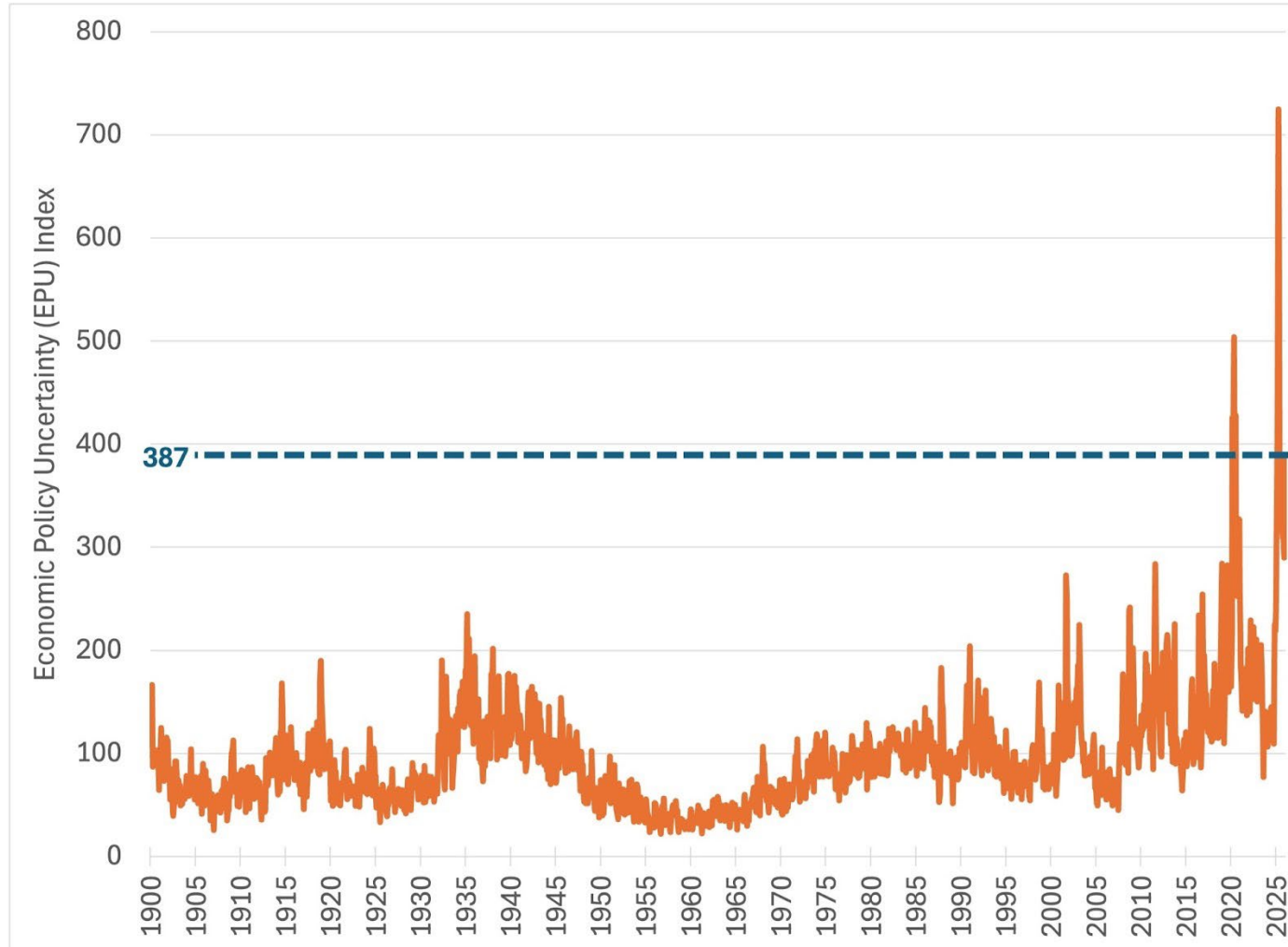


Where Investment Is Growing vs. Declining



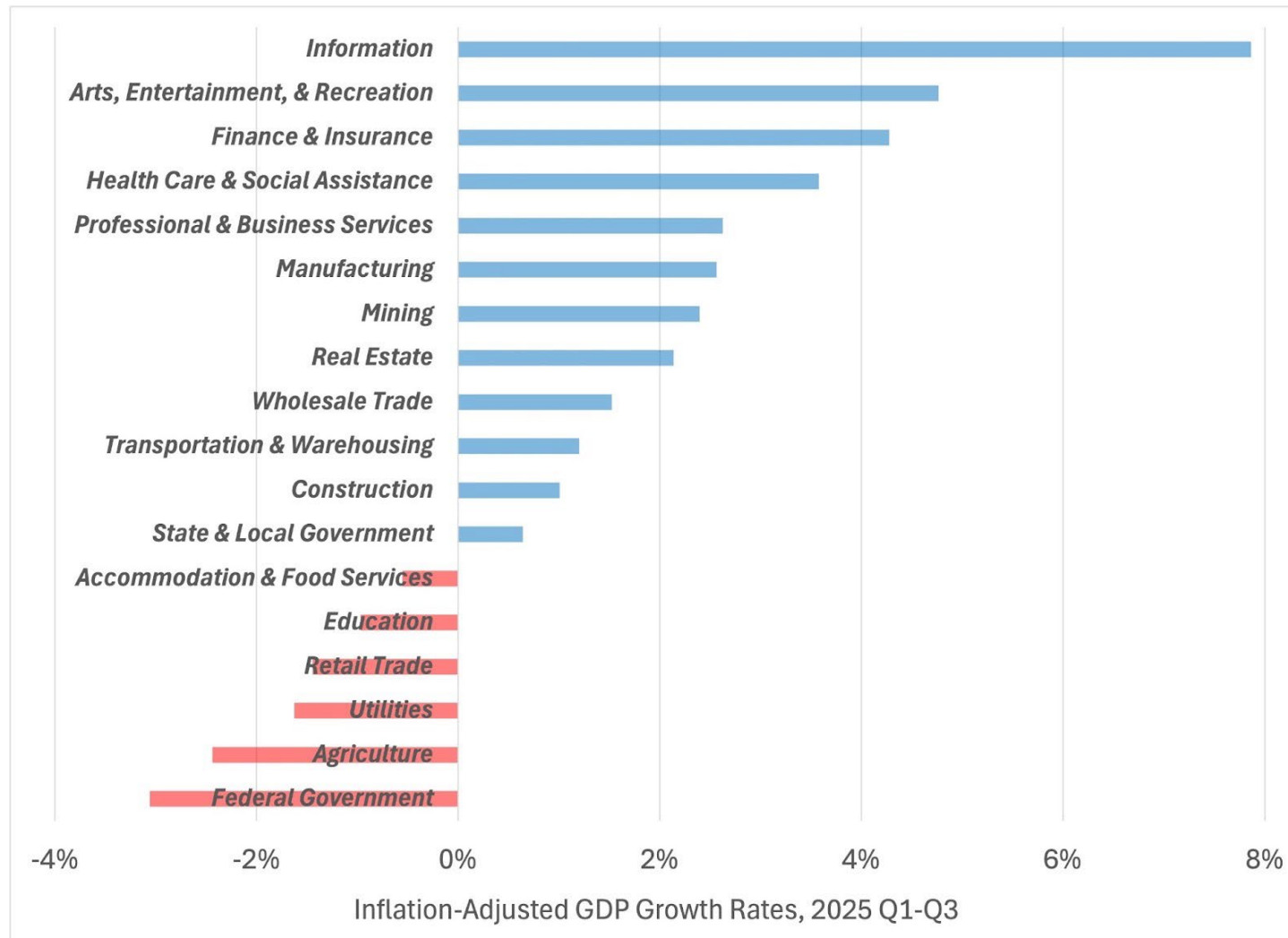


Economic Policy Uncertainty at *Unprecedented* Levels



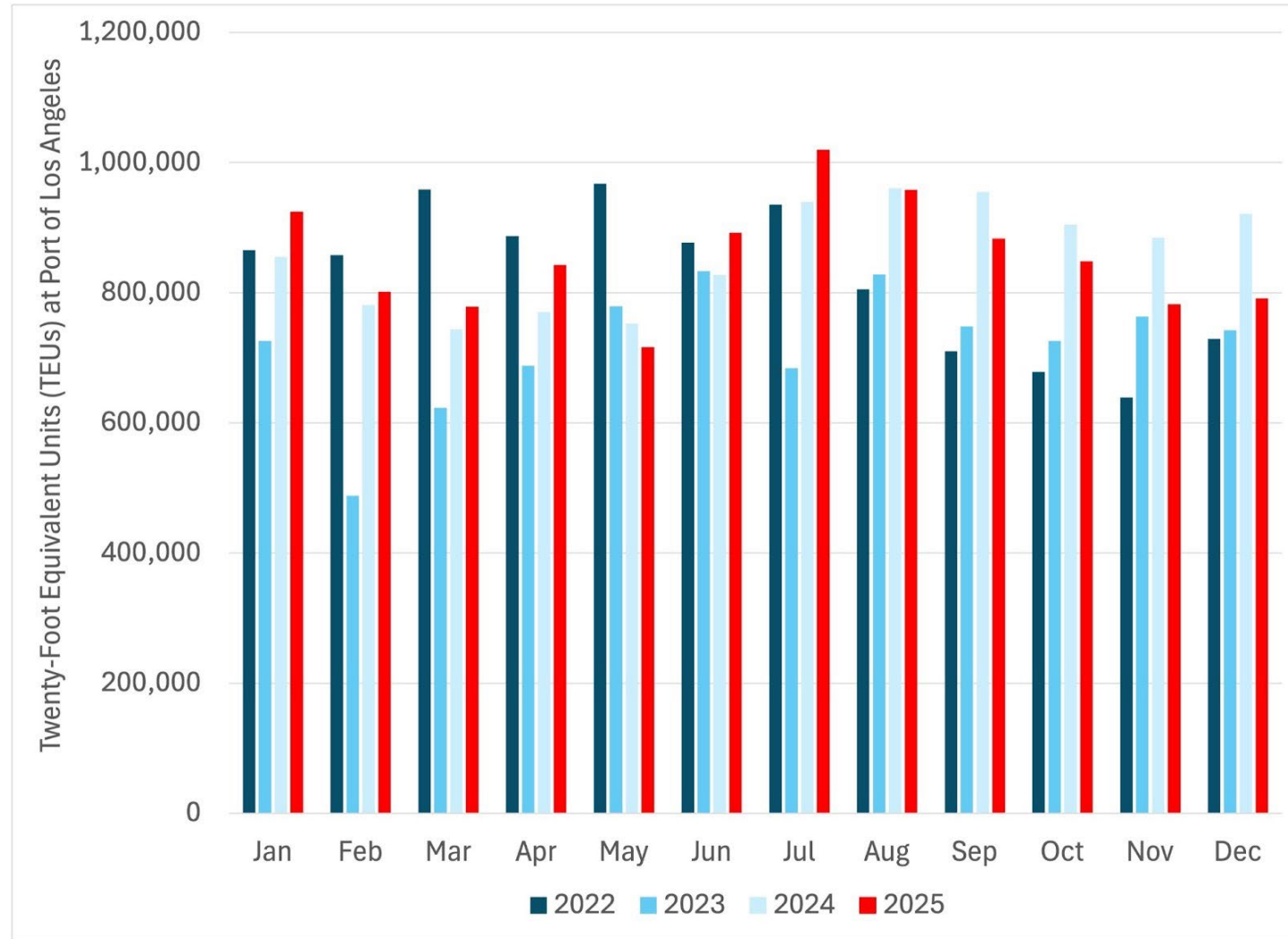


Who's in Recession, Who's Not?



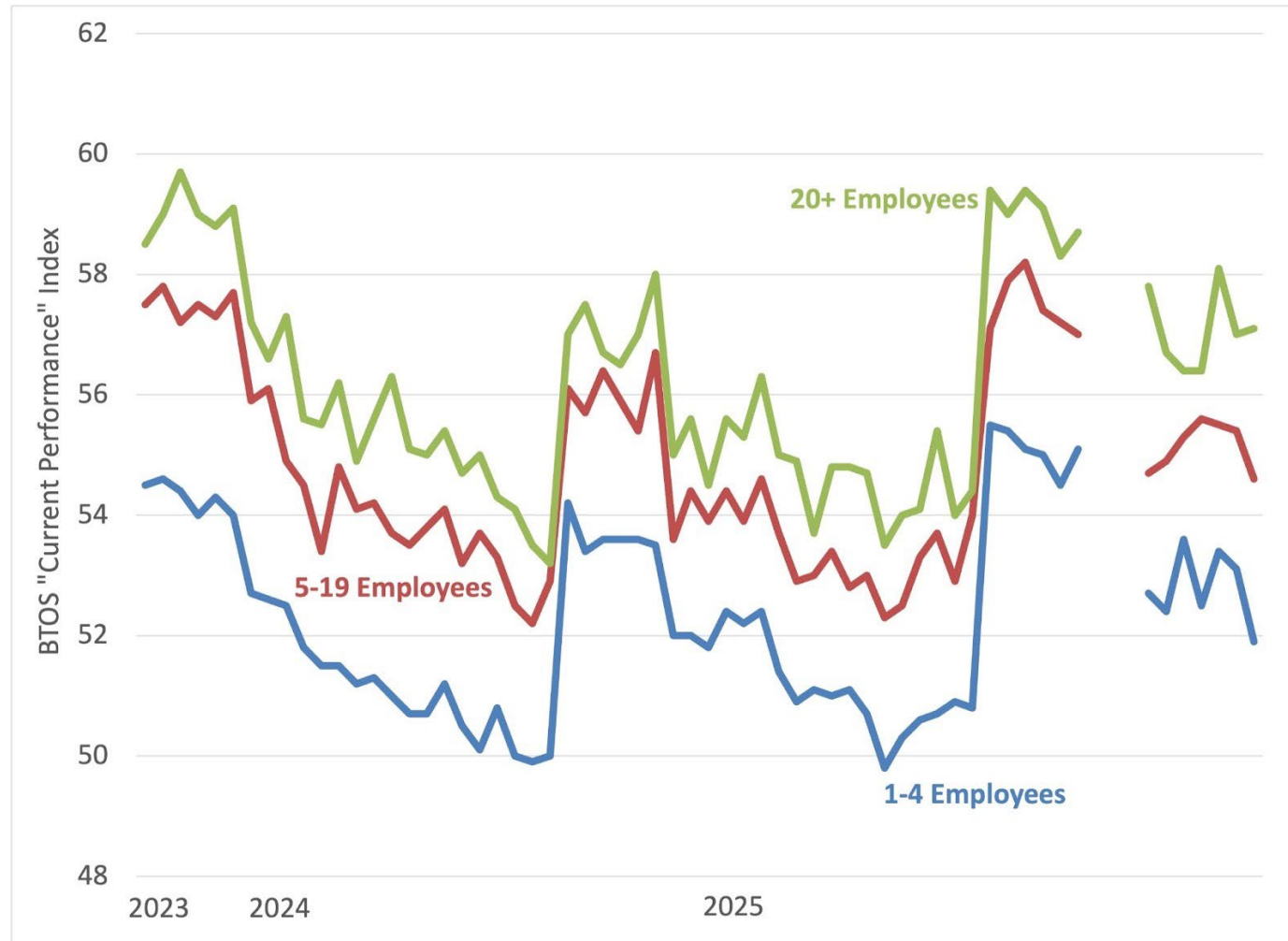


Trade Flows Are Holding Up at the Port of LA



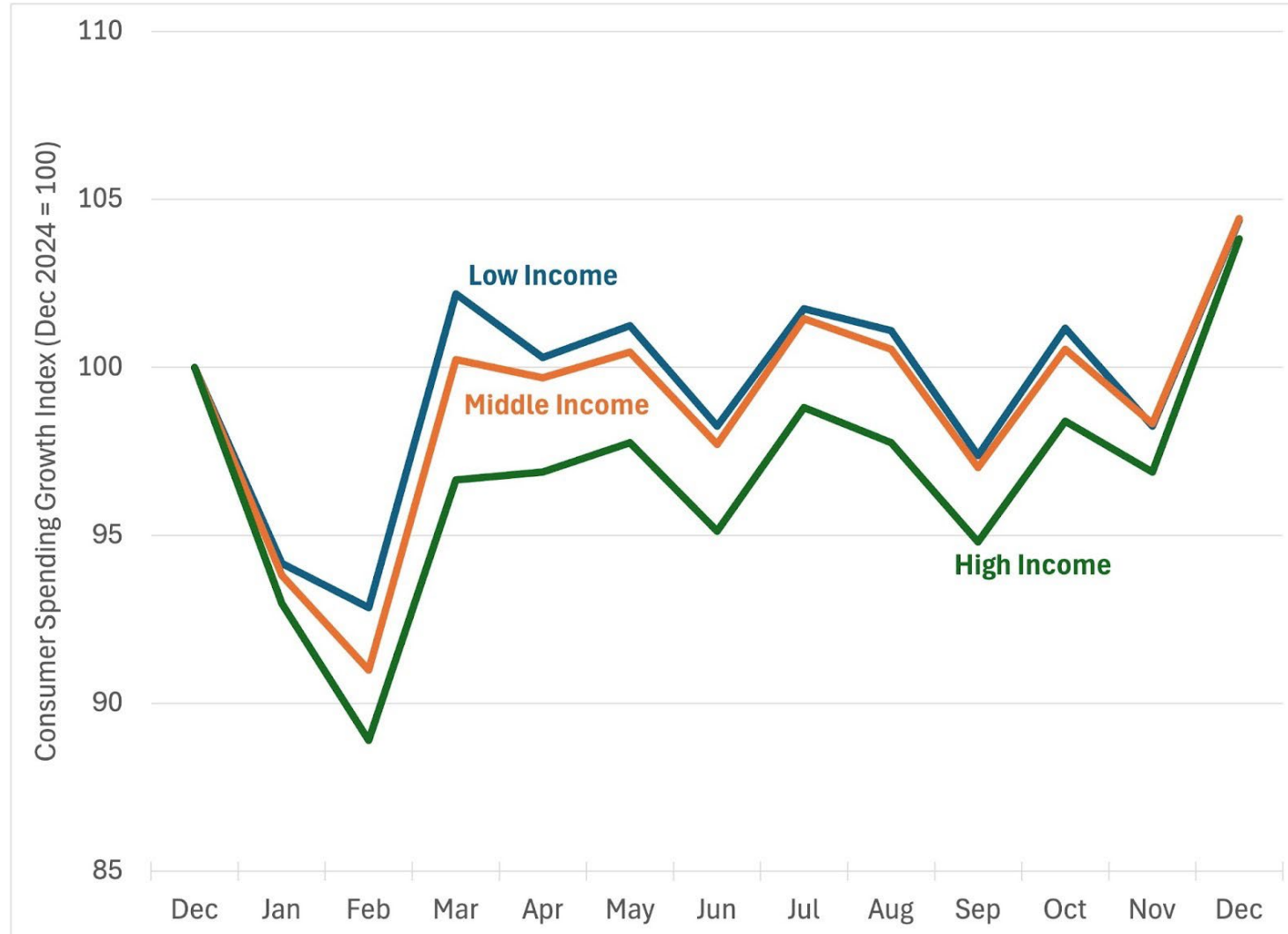


Small Businesses Are Bearing a Weightier Burden



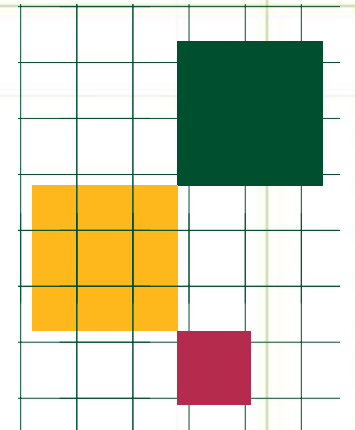


All Income Groups Are on a Similar Spending Trajectory



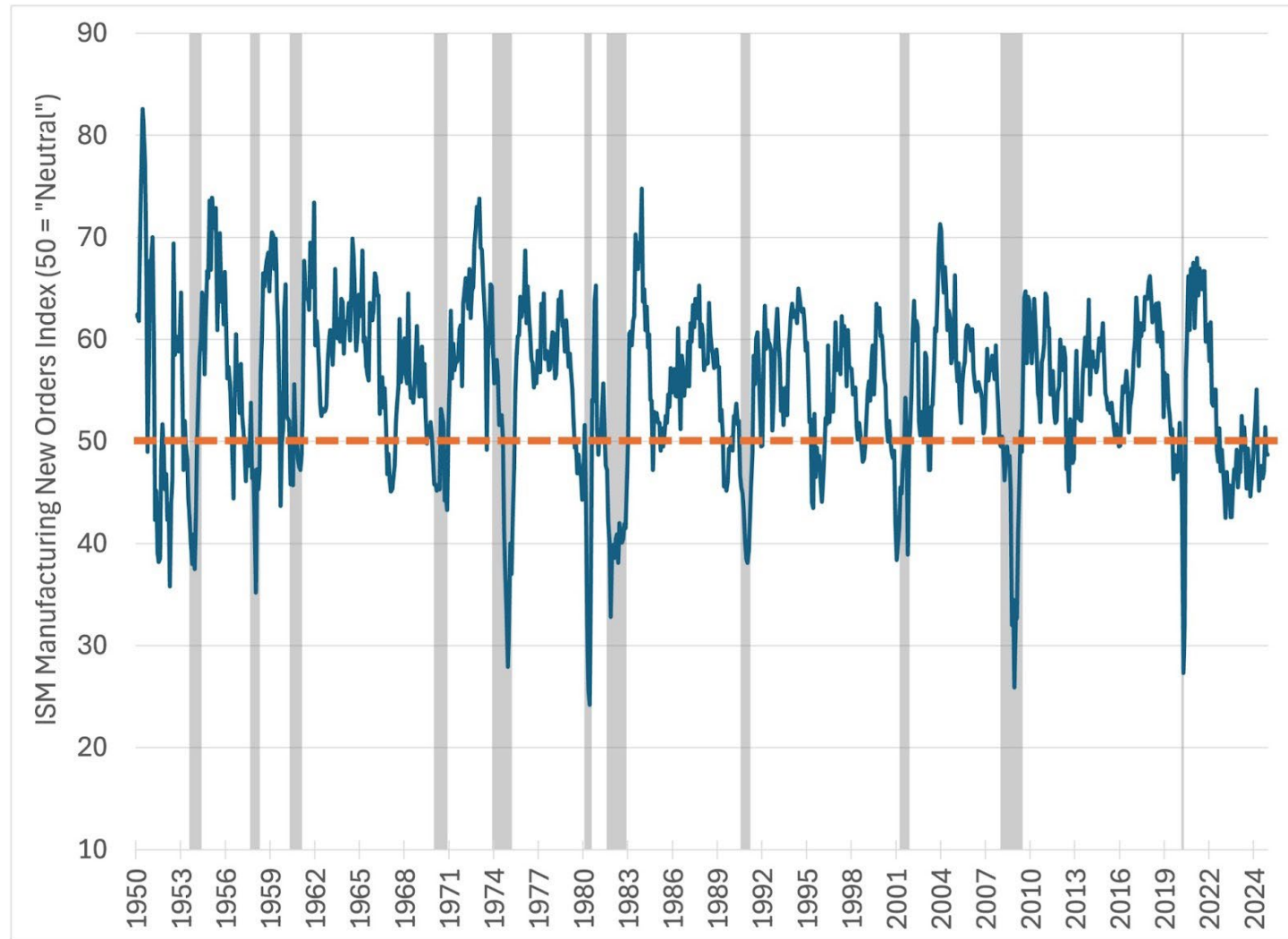


2. San Gabriel Valley Leading Economic Index



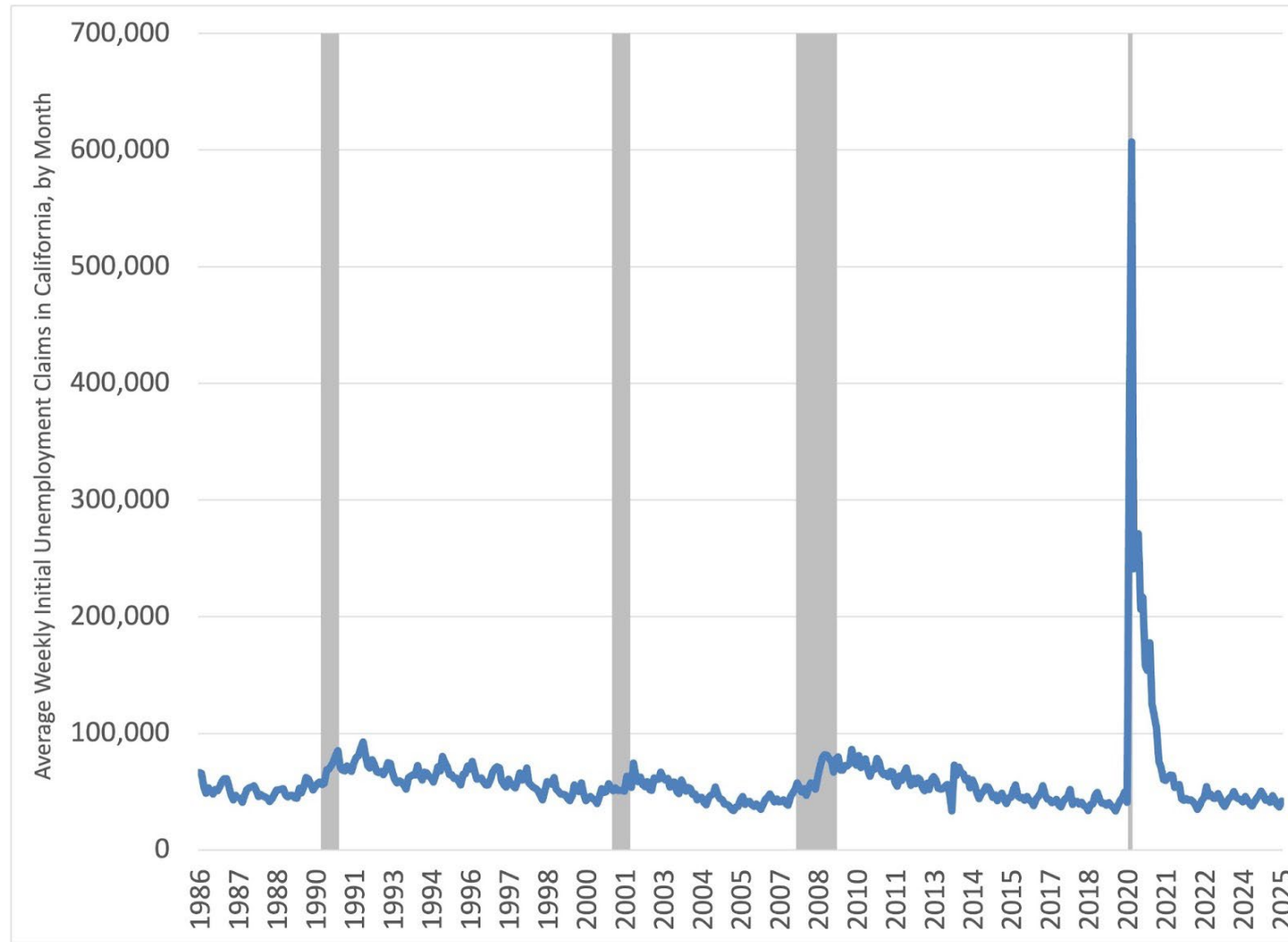


National Leading Indicator: *Manufacturing New Orders*



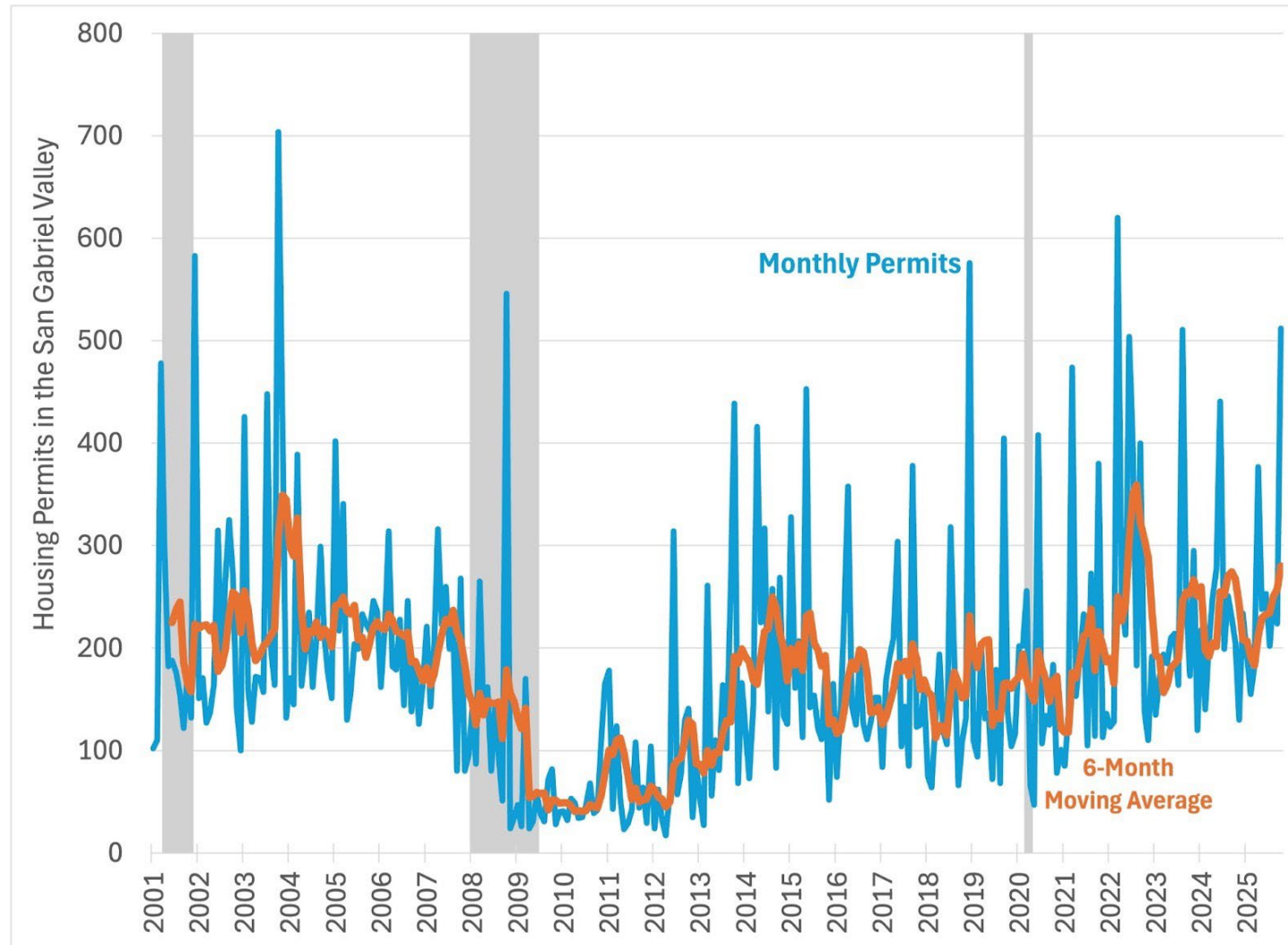


State Leading Indicator: *CA Unemployment Claims*



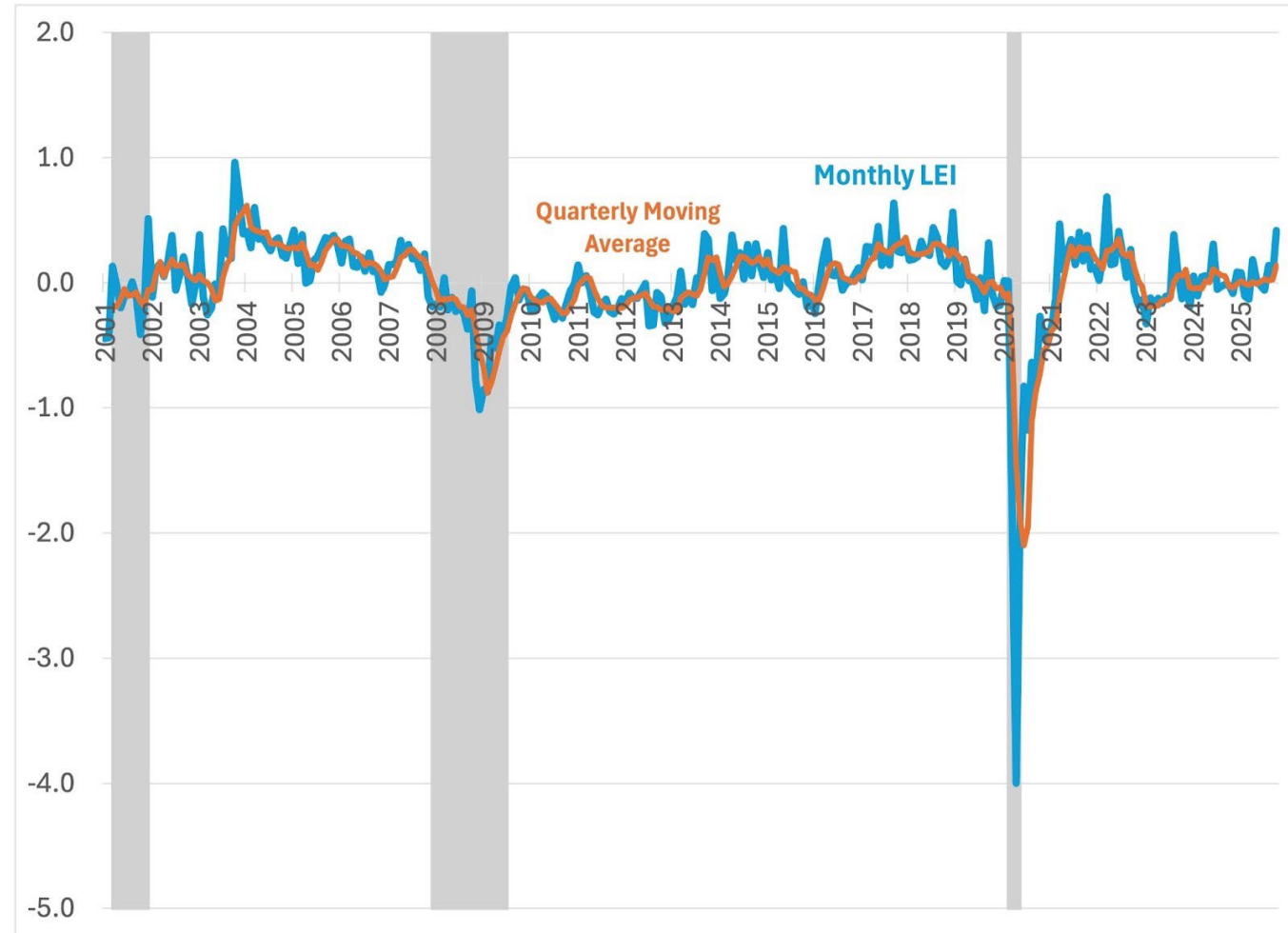


Regional Leading Indicator: *SGV Housing Permits*





The *Monthly* Cal Poly Pomona SGV Leading Economic Index

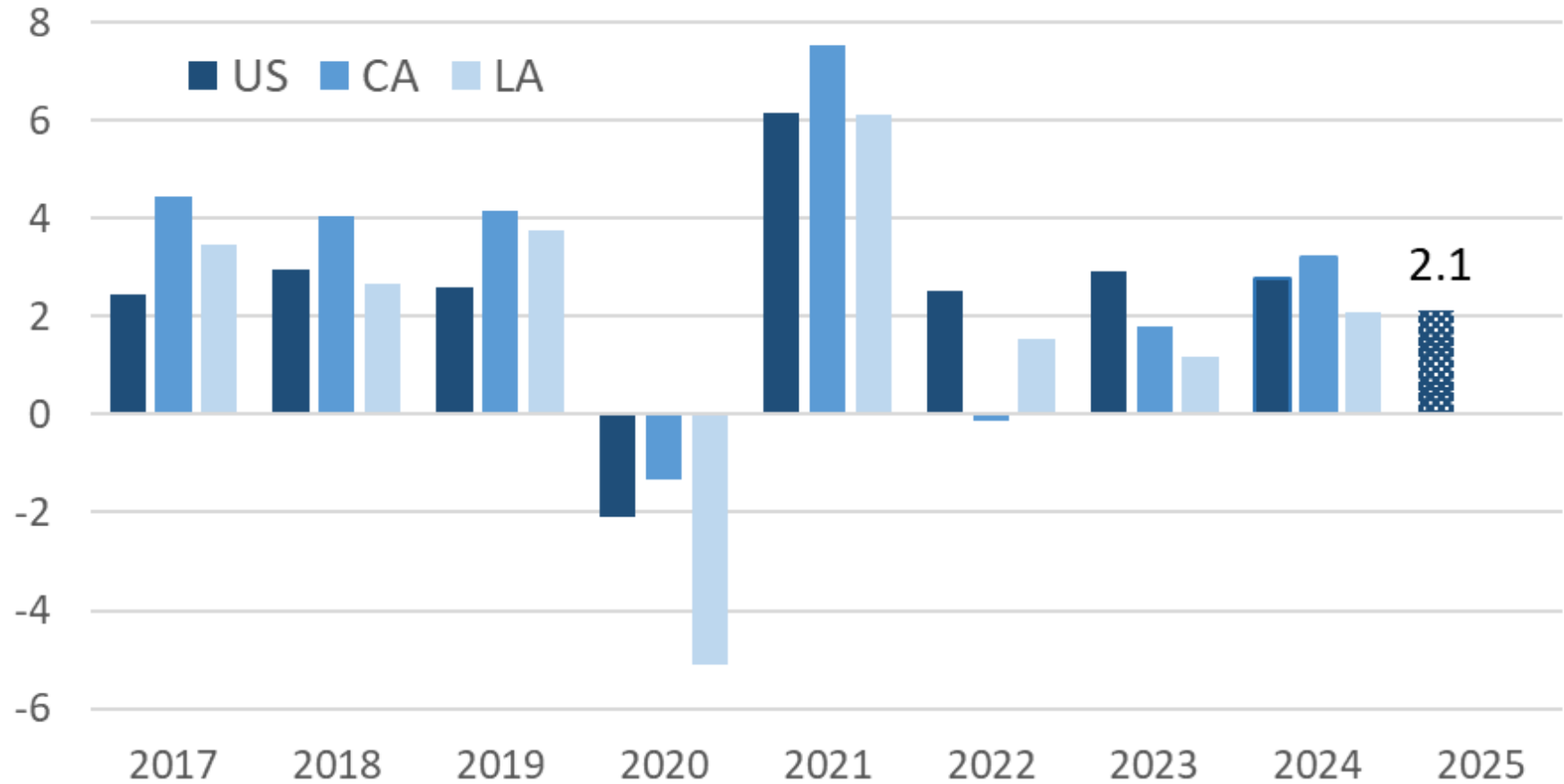




3. San Gabriel Valley Labor Force



Real GDP Growth

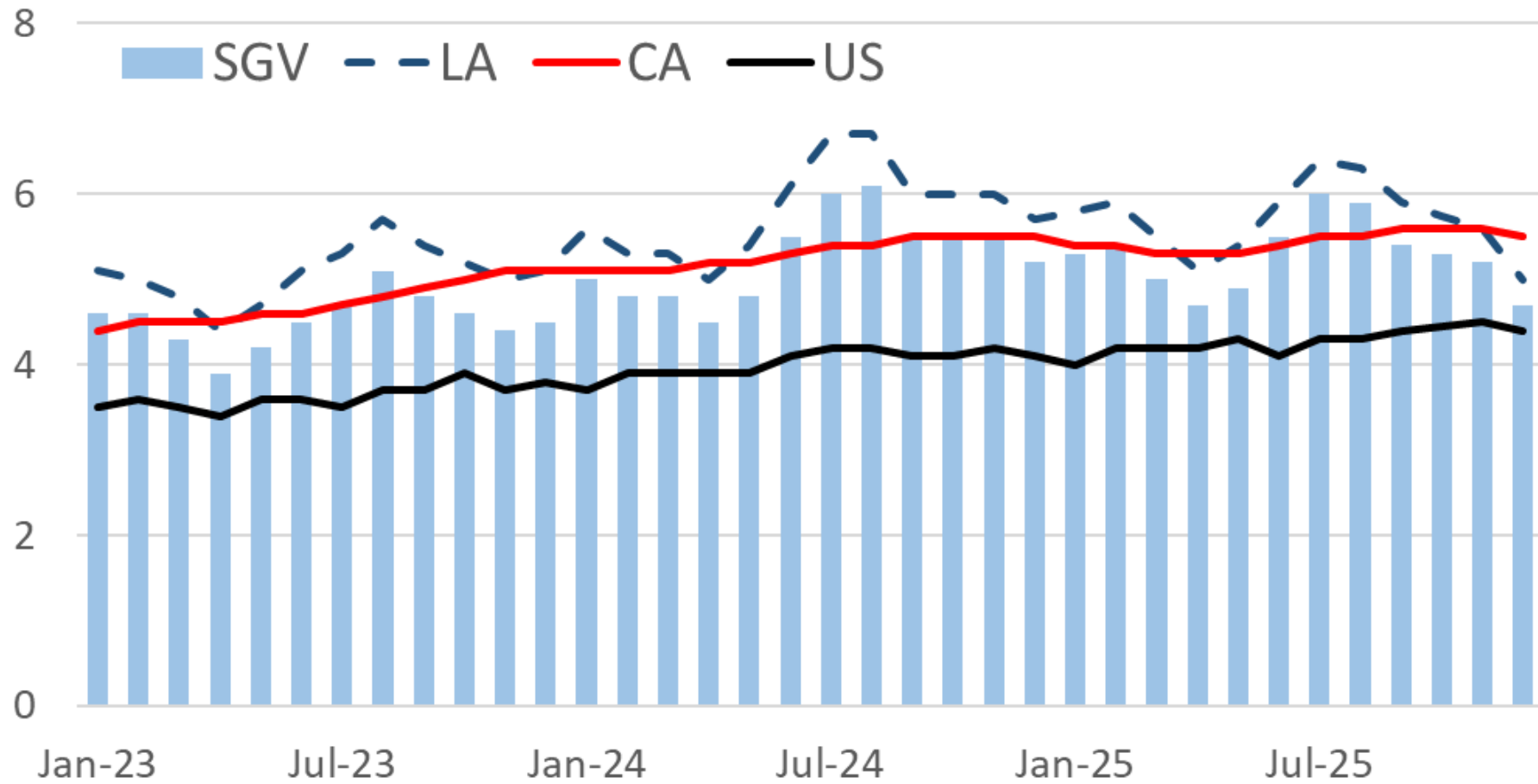


Source: BEA





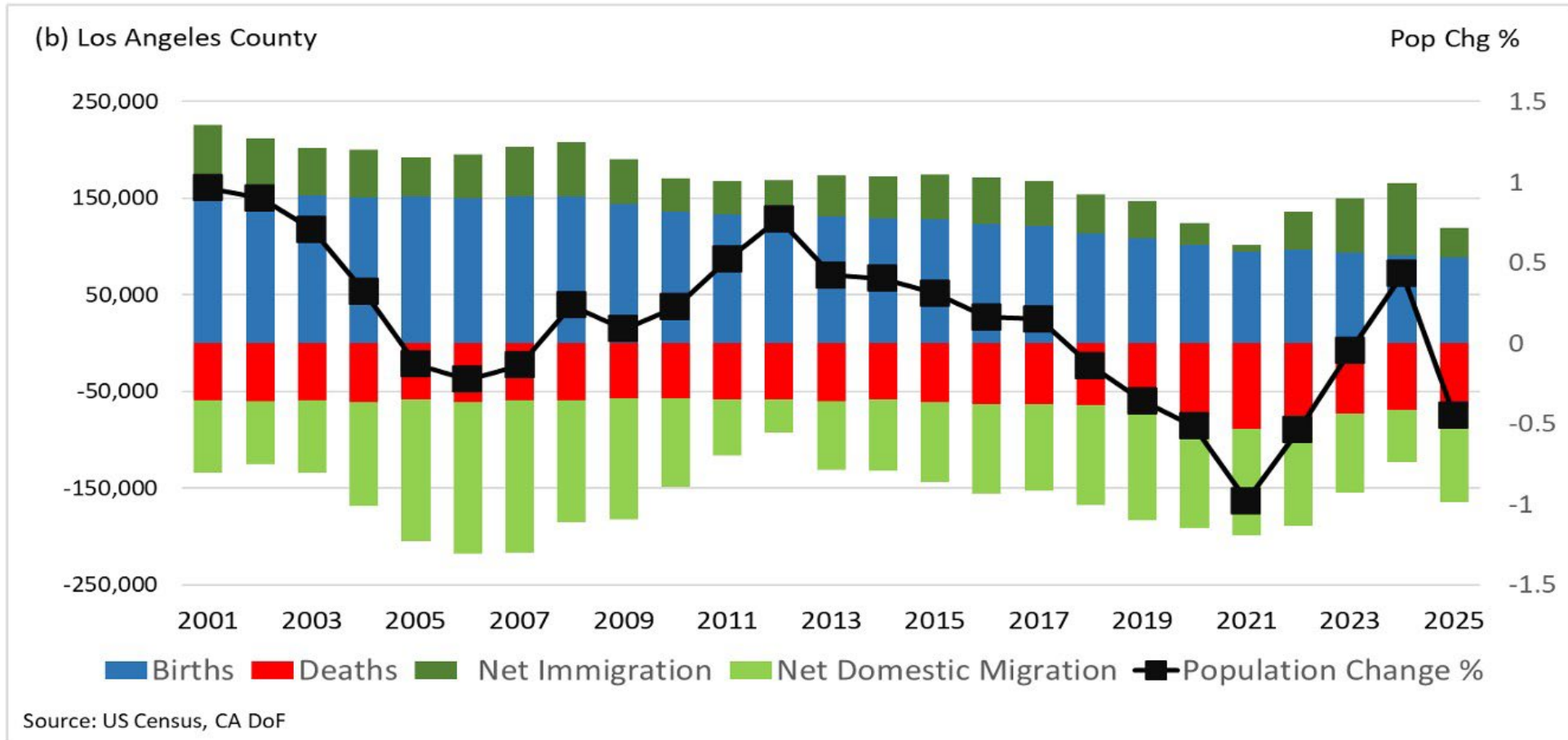
Unemployment Rising



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

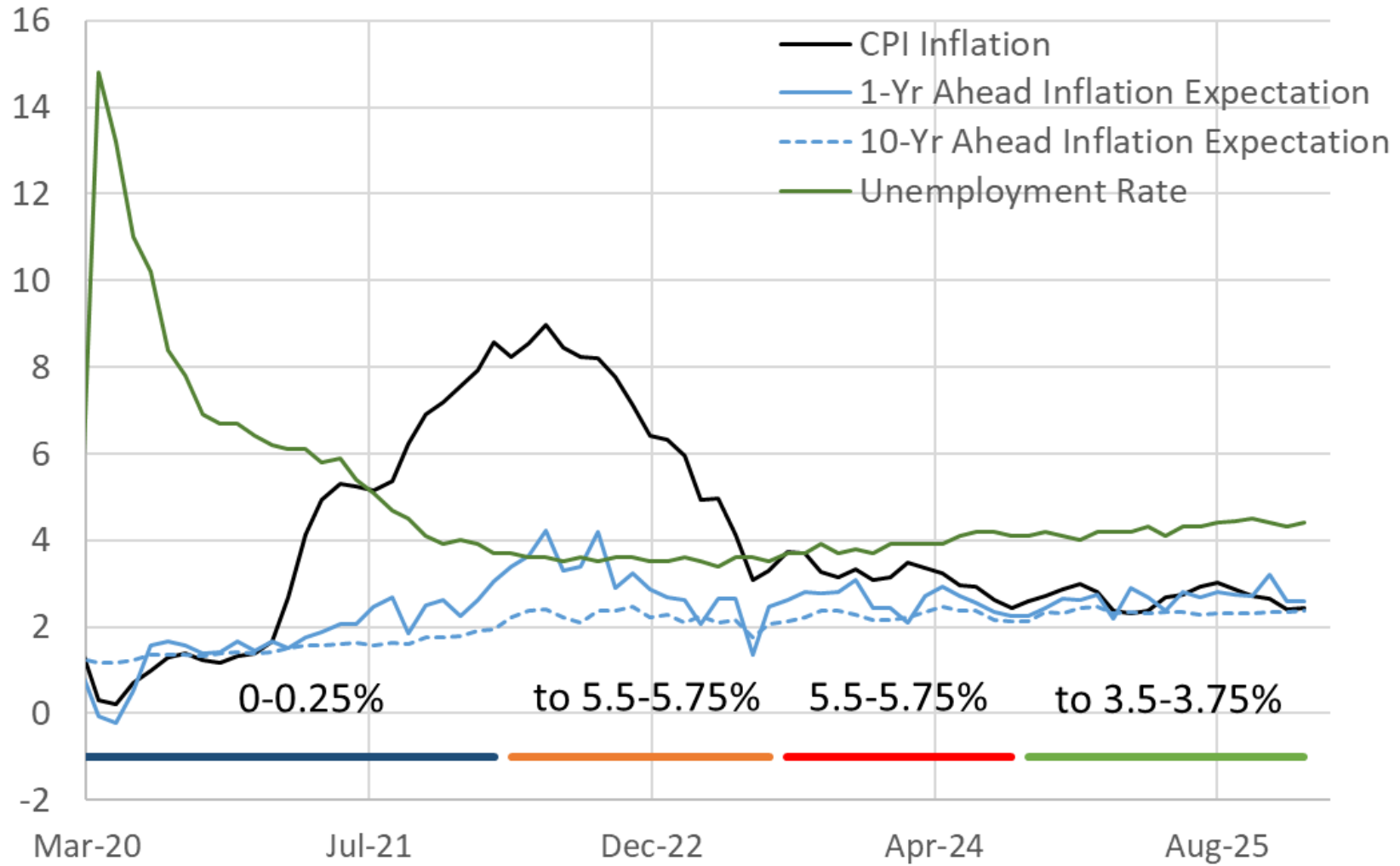


Components of Population Change, 2001-2025





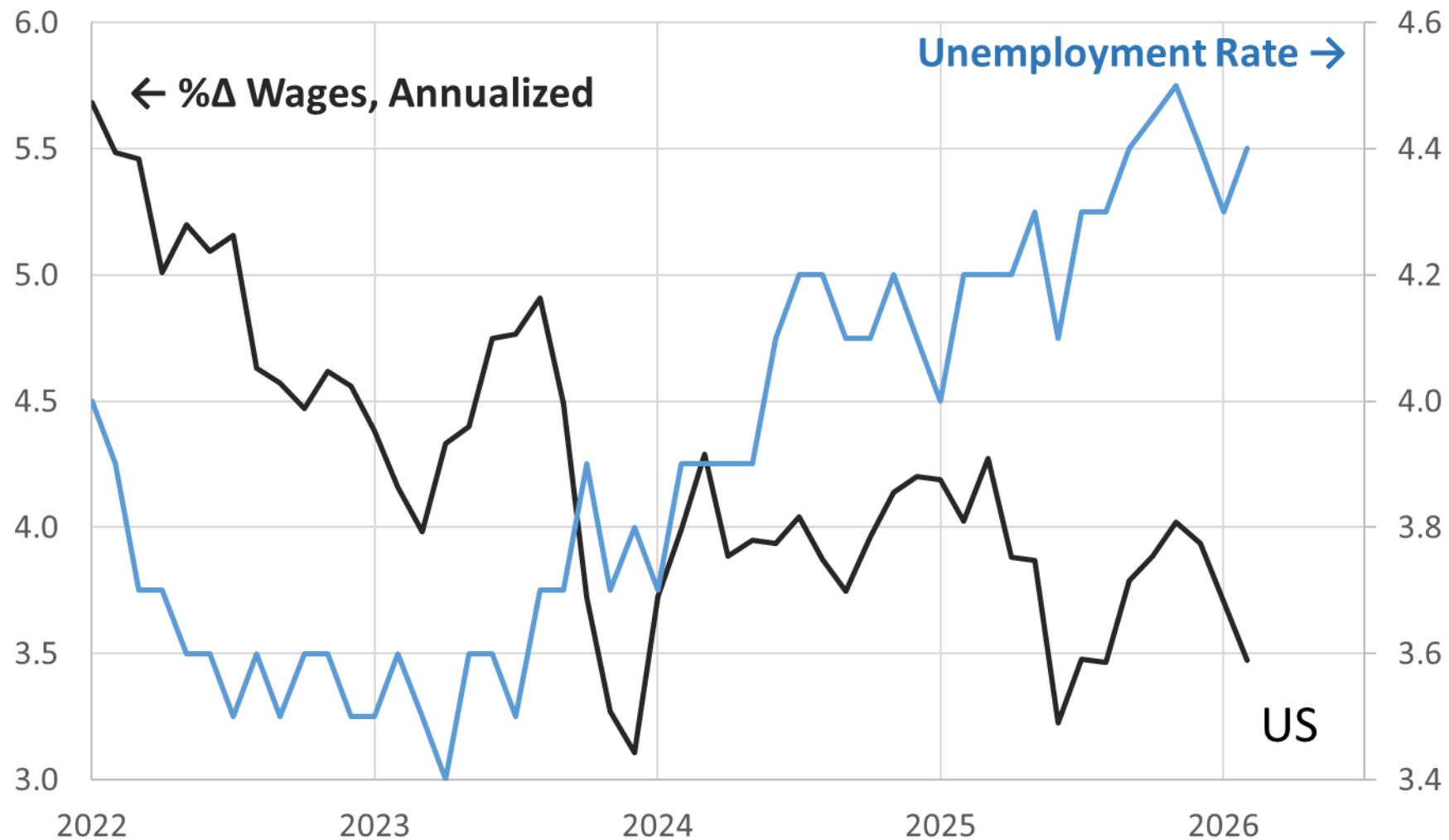
Inflation and the Fed



Source: BLS, Cleveland Fed



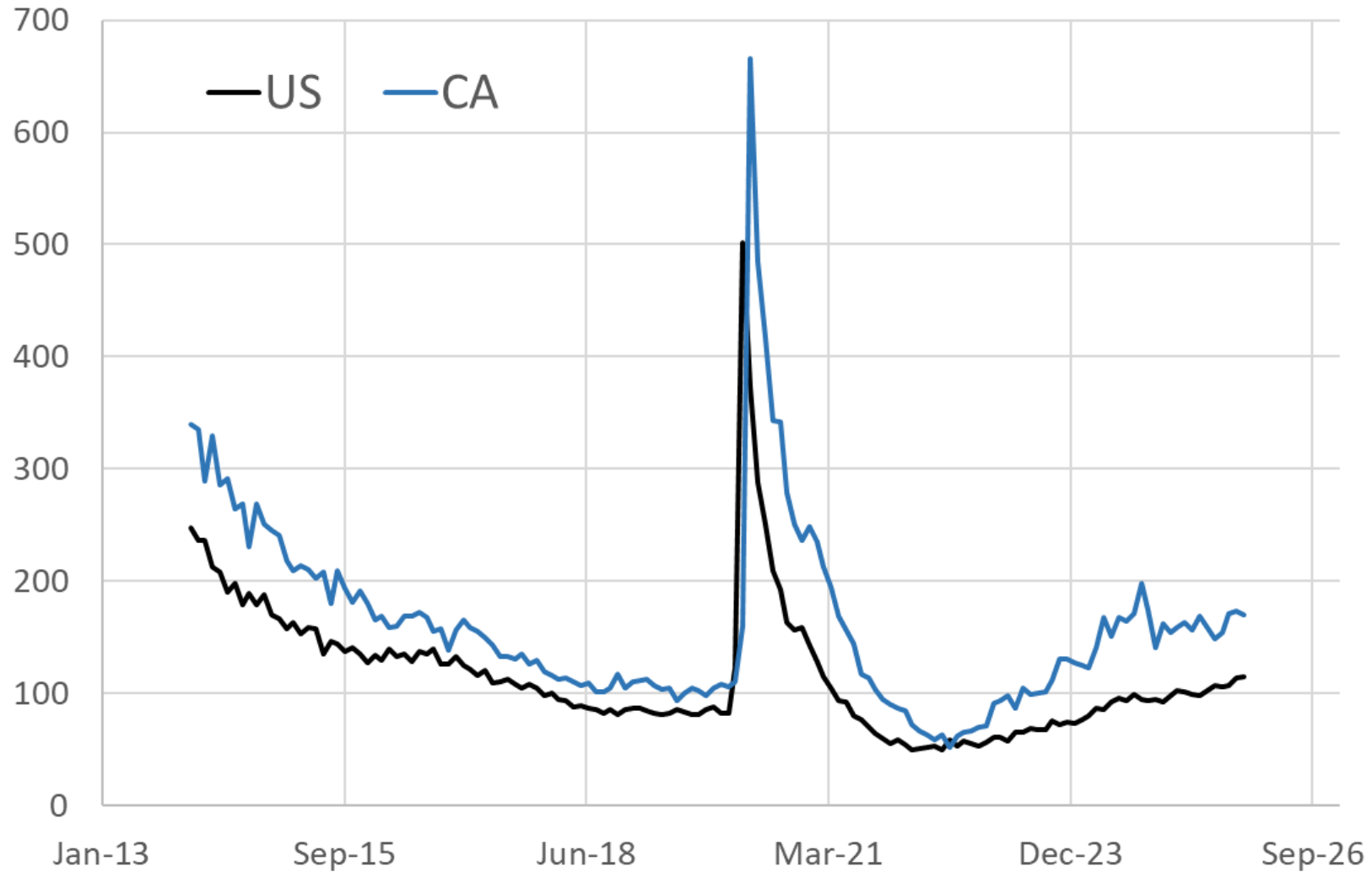
Labor Demand Weakening



Source: BLS



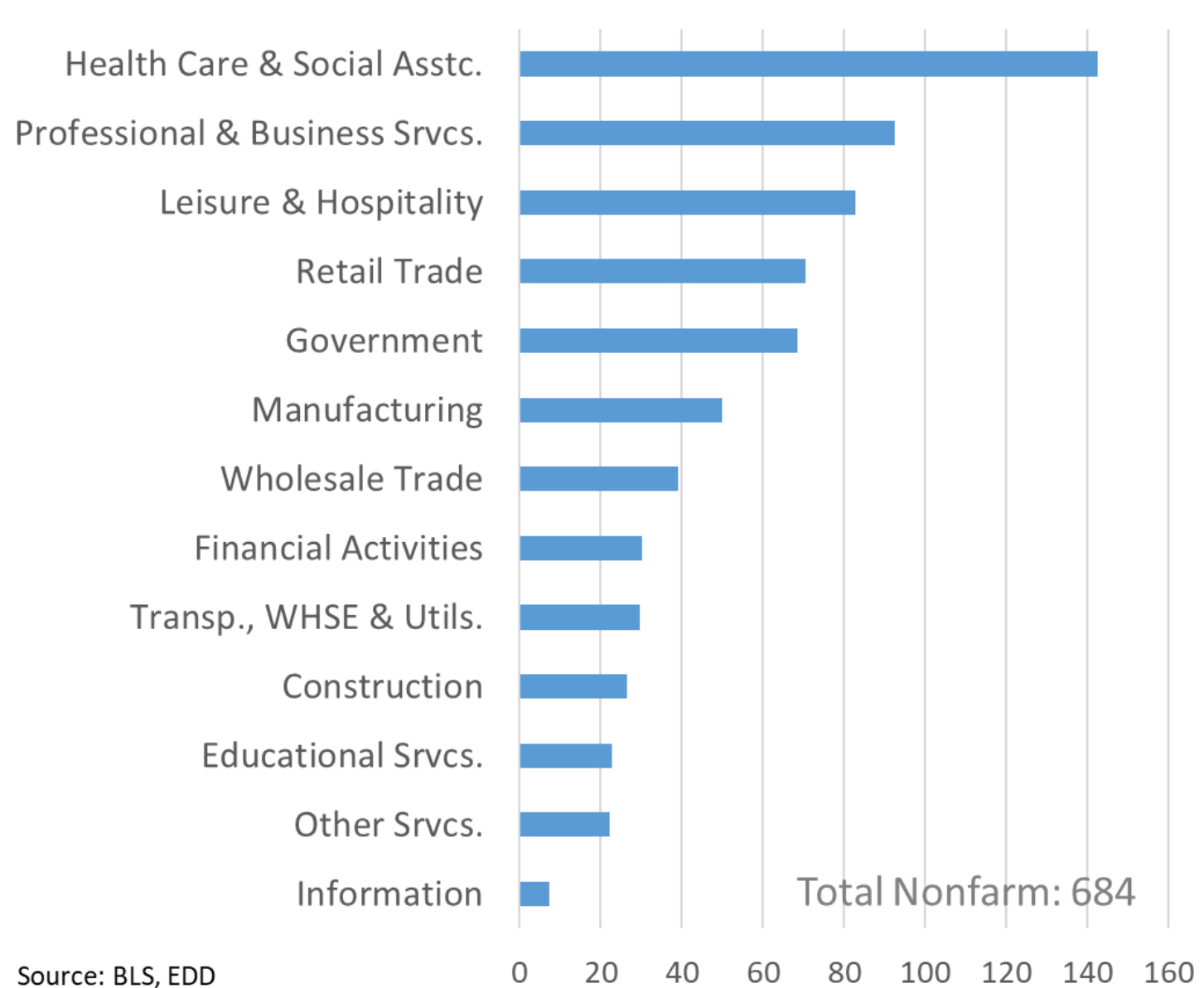
Unemployment per Job Opening



Source: BLS

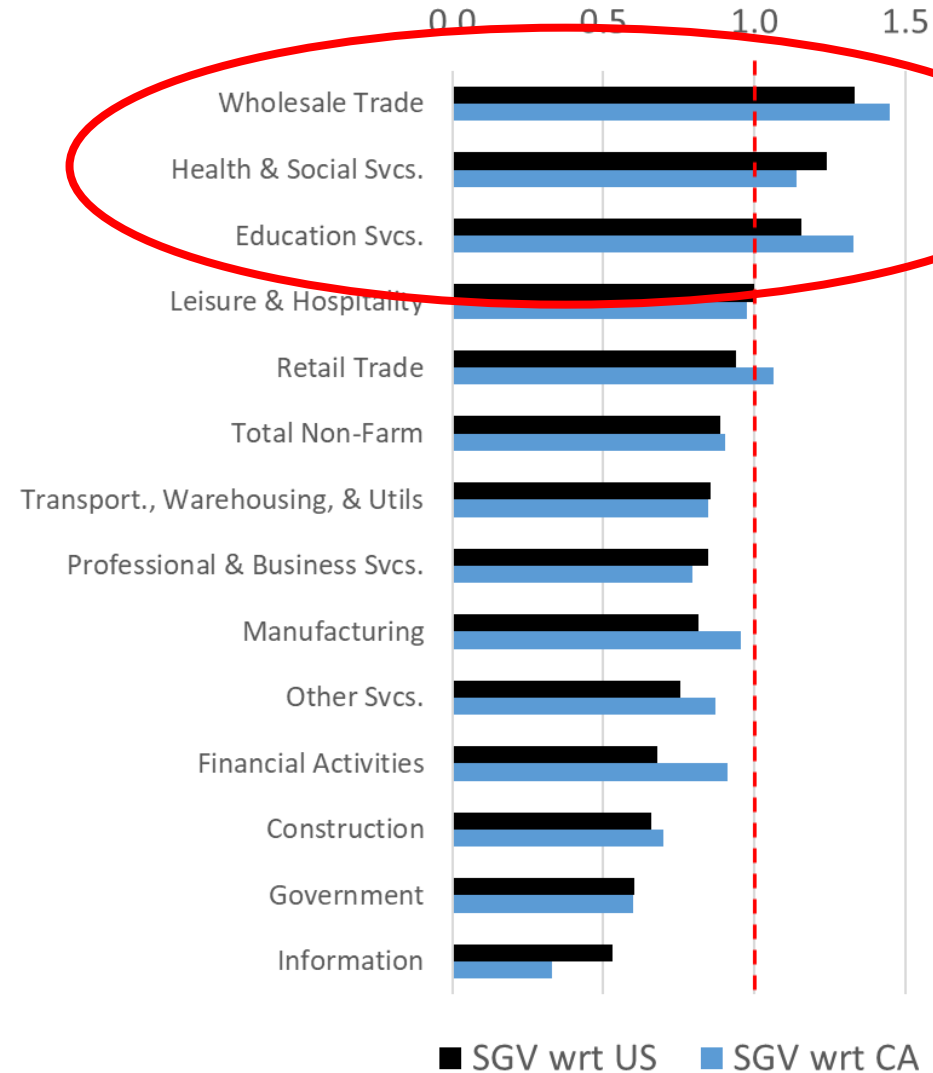


Baseline SGV Employment (2025 Est)





Location Quotients for the San Gabriel Valley, 2025

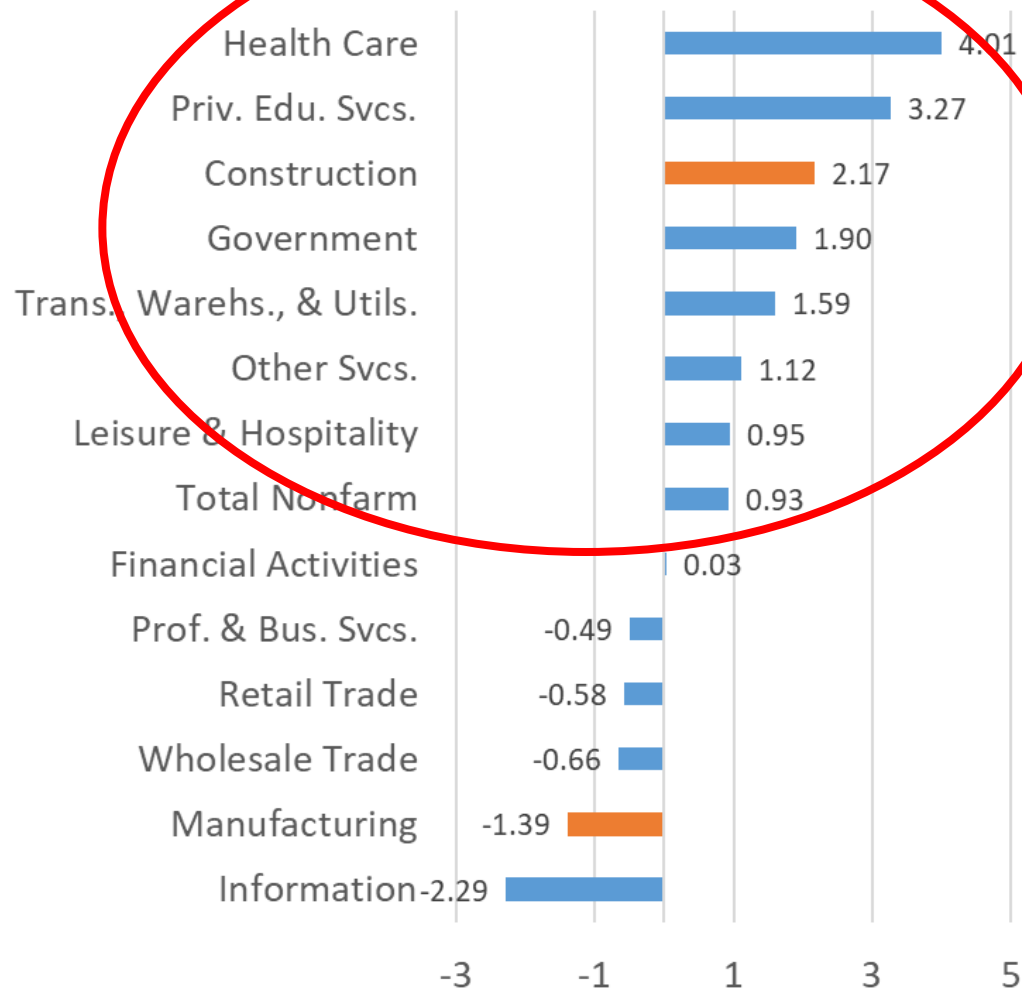


Source: BLS, CA EDD

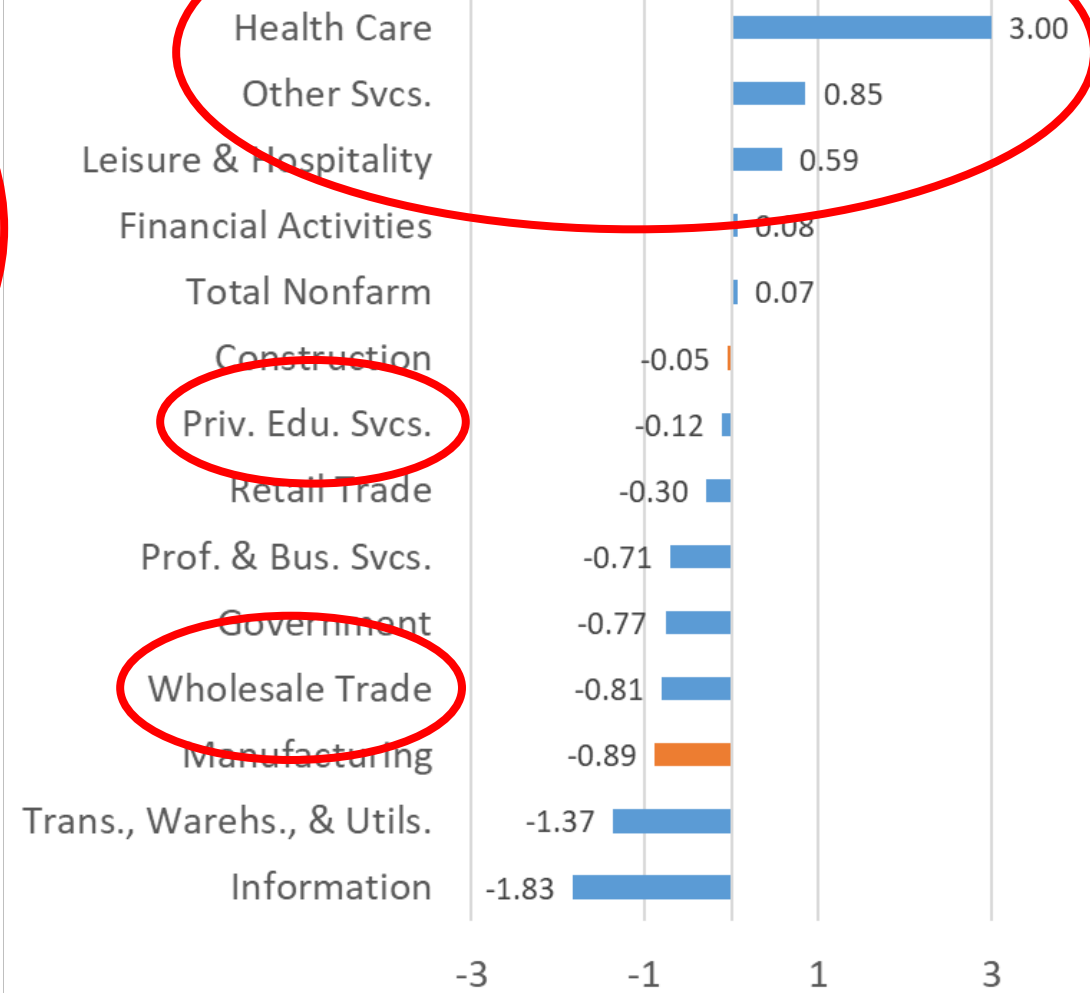


Deteriorating Job Growth....

Dec 2023 - Dec 2024



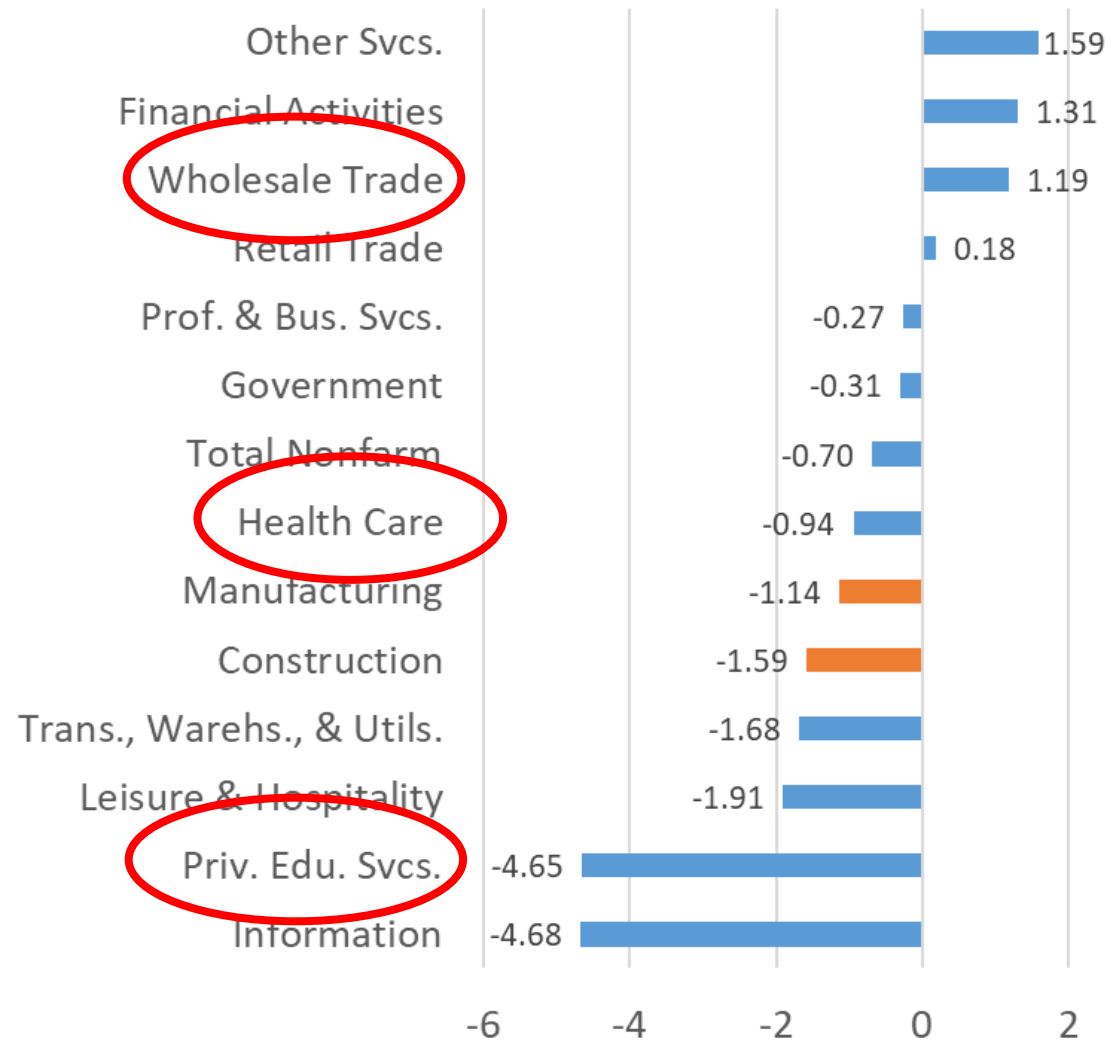
Dec 2024 - Dec 2025





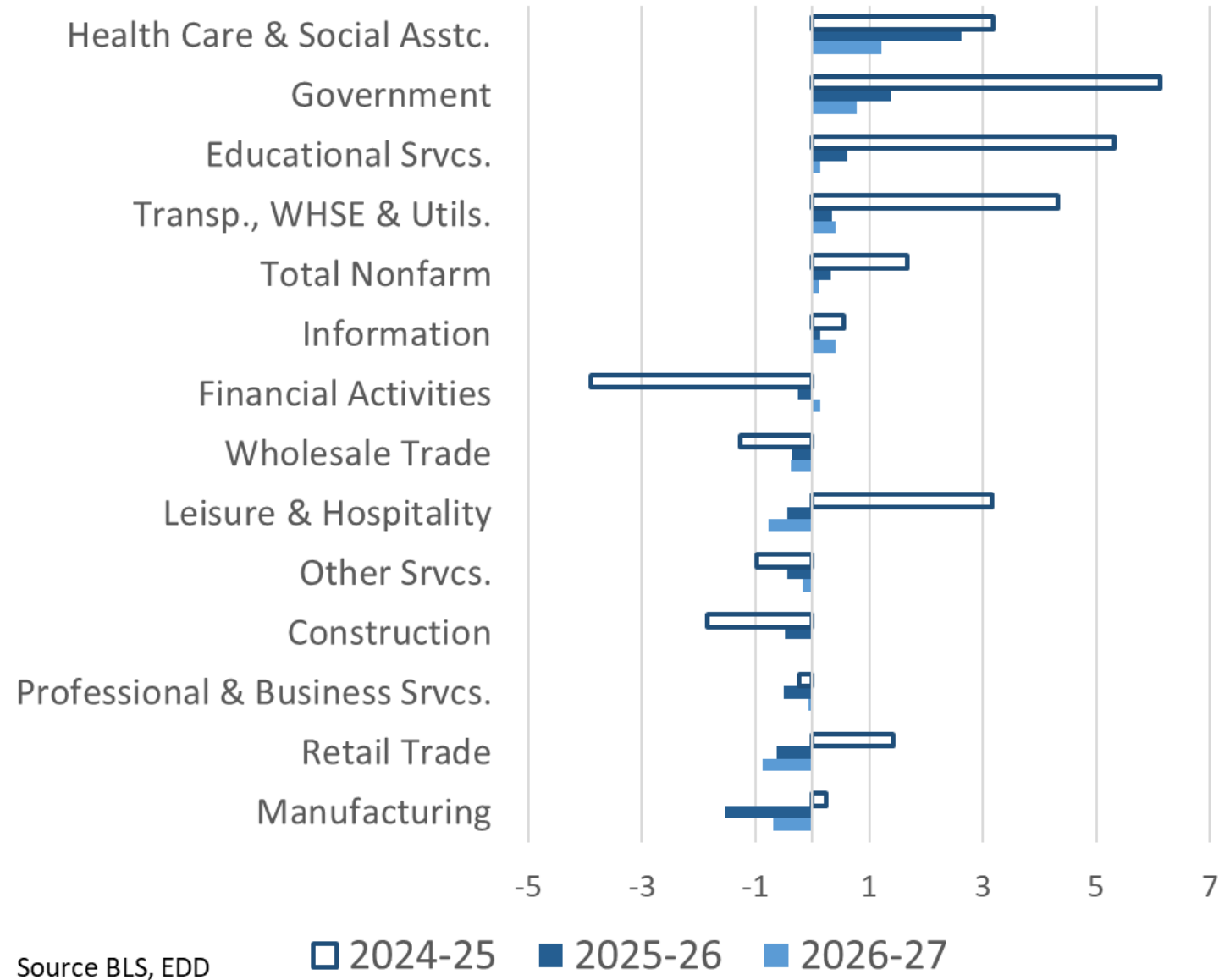
Continuation into 2026?

Jan - Feb 2026, Annualized



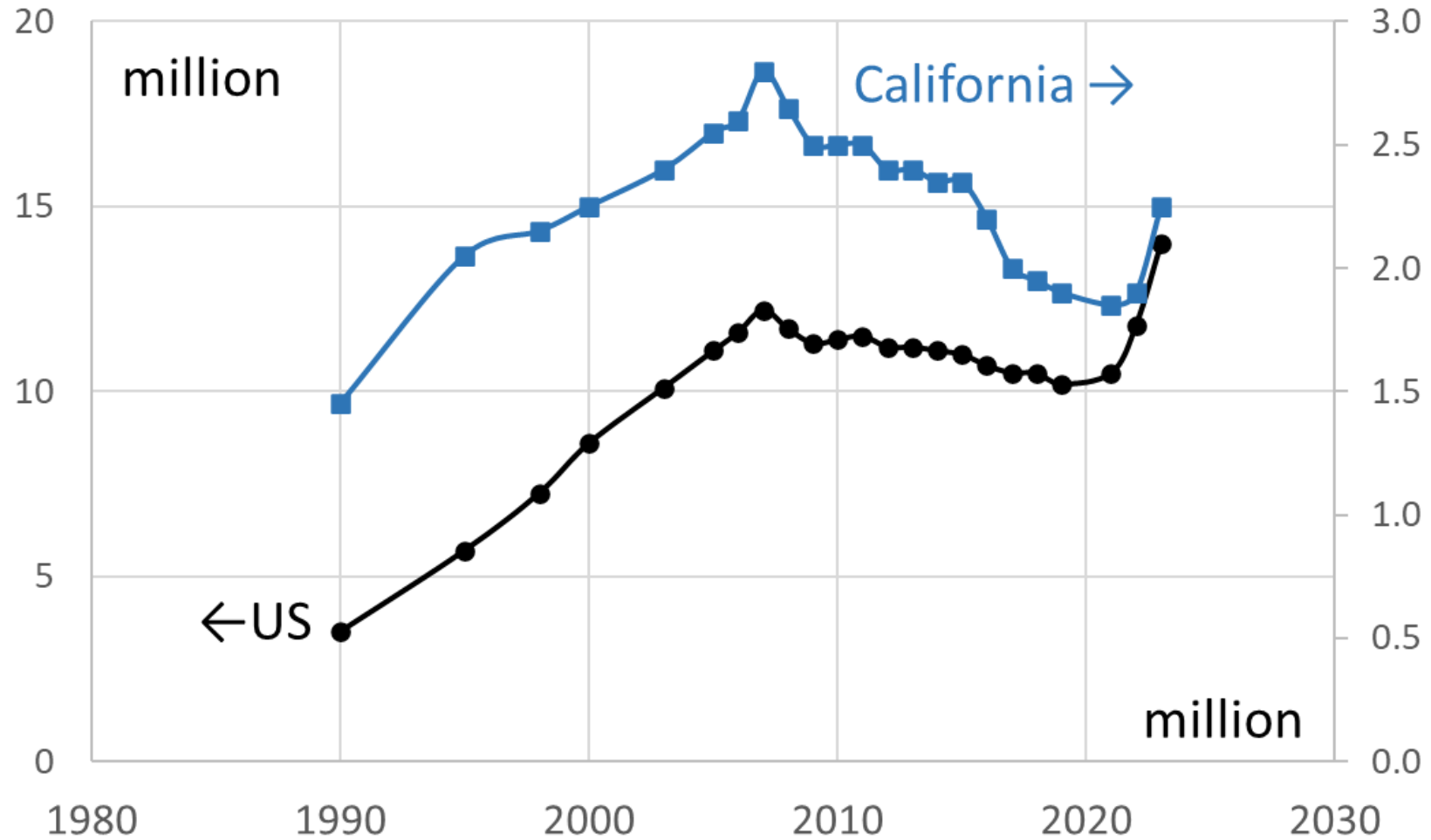


Baseline SGV Employment Growth





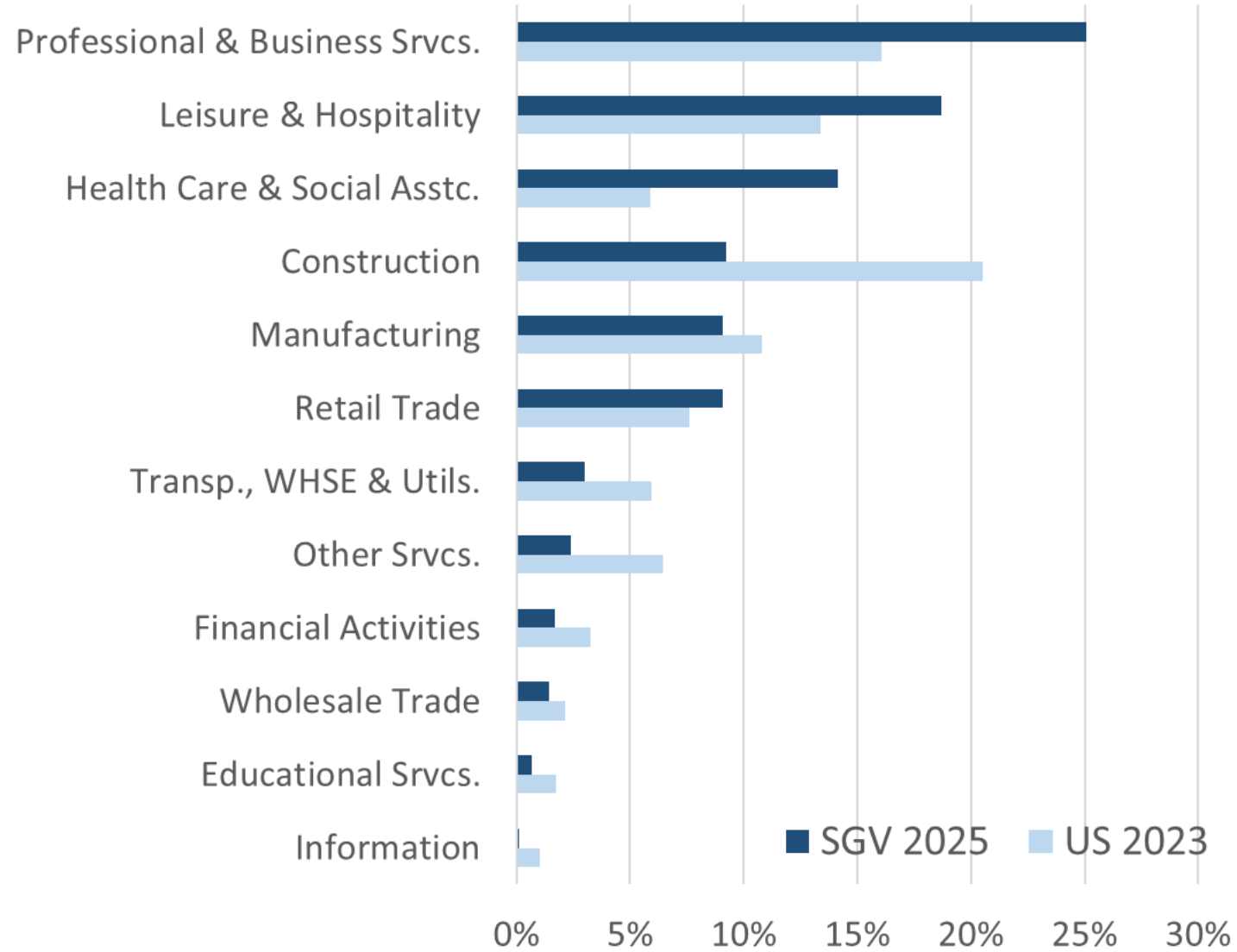
Unauthorized Immigrant Population (millions)



Source: Pew Research Center



Sector Distribution of Unauthorized Workers





Unauthorized Worker Concentration

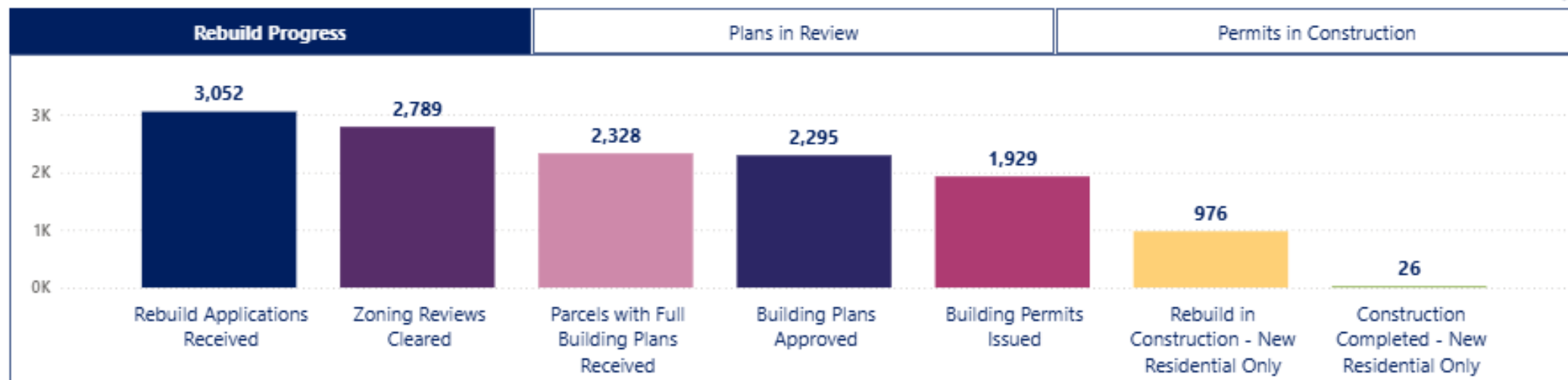




Eaton Wildfire

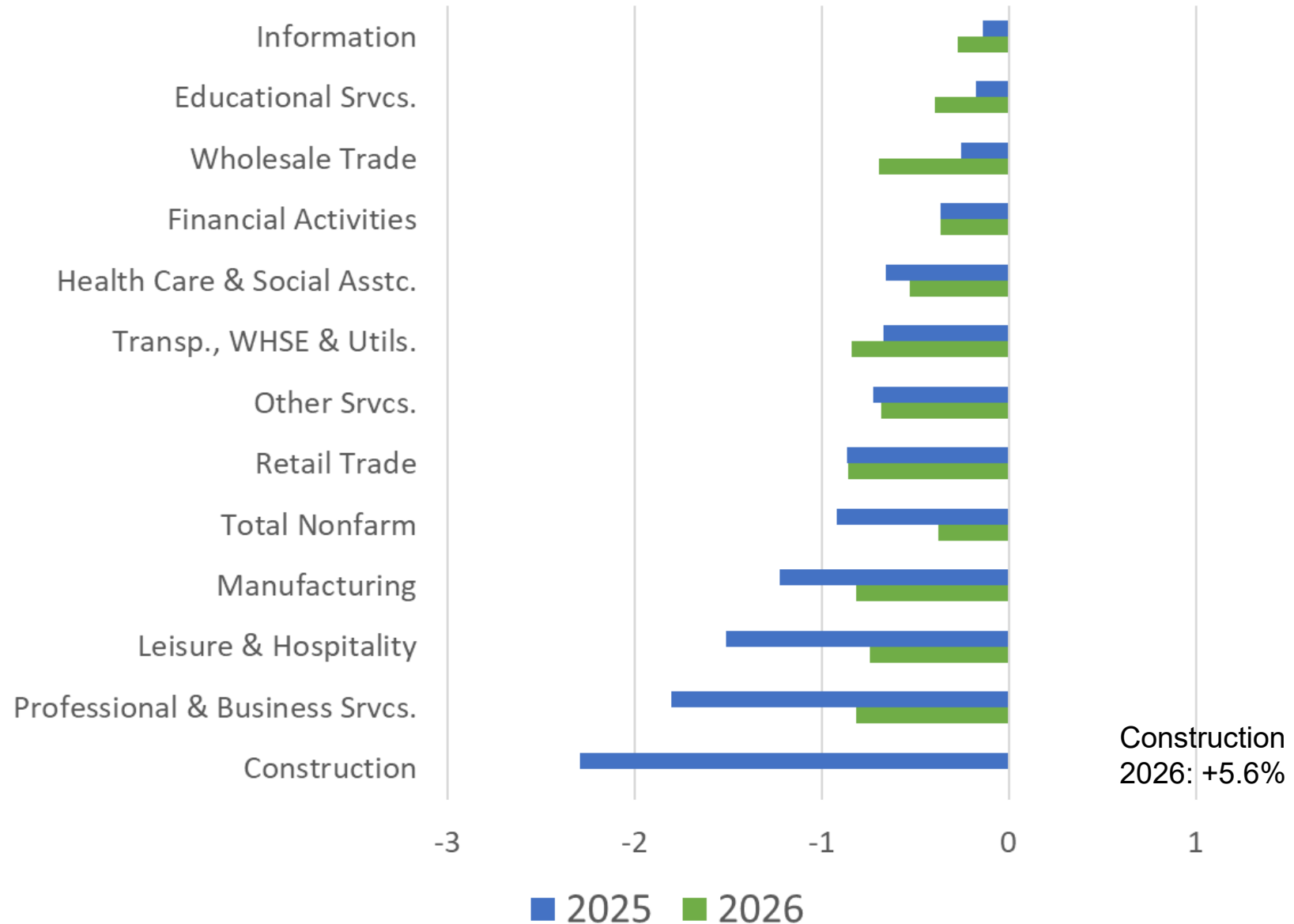
LA County Unincorporated Area - Permitting Progress Dashboard

As of 3/22/2026*



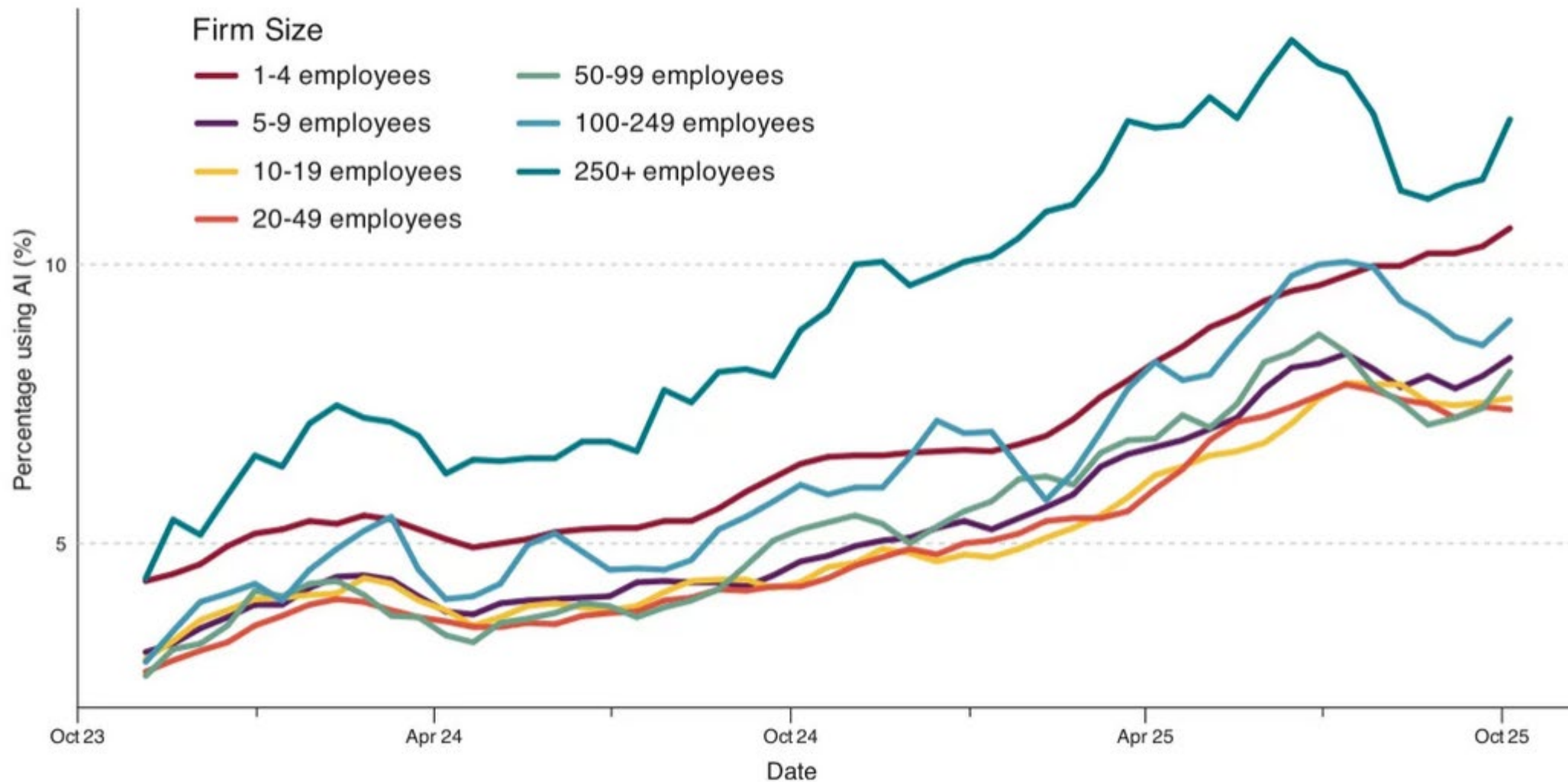


SGV Local Effects Relative to Baseline





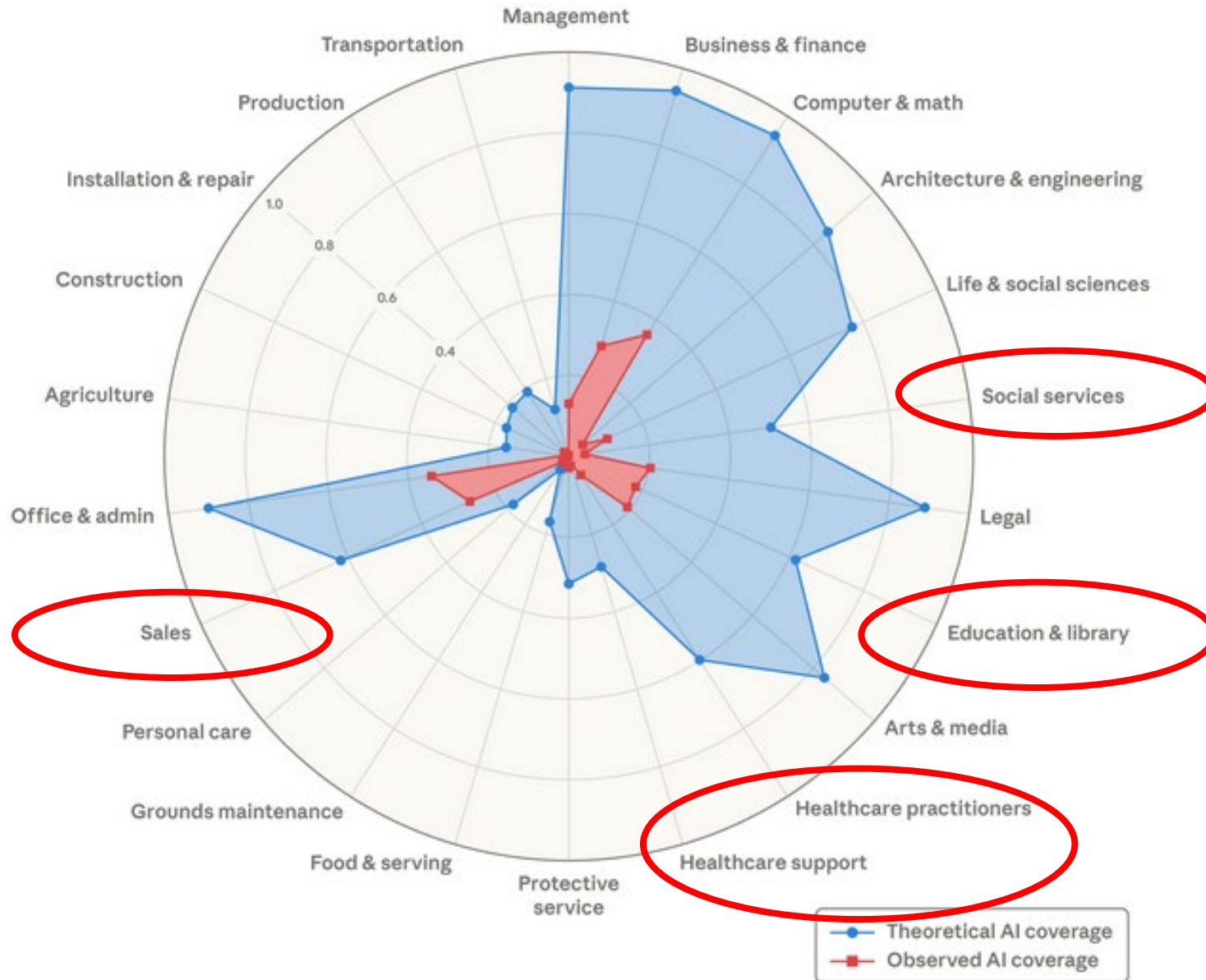
AI Adoption by Firm Size



Source: Census, Stanford Institute for Economic Policy Research

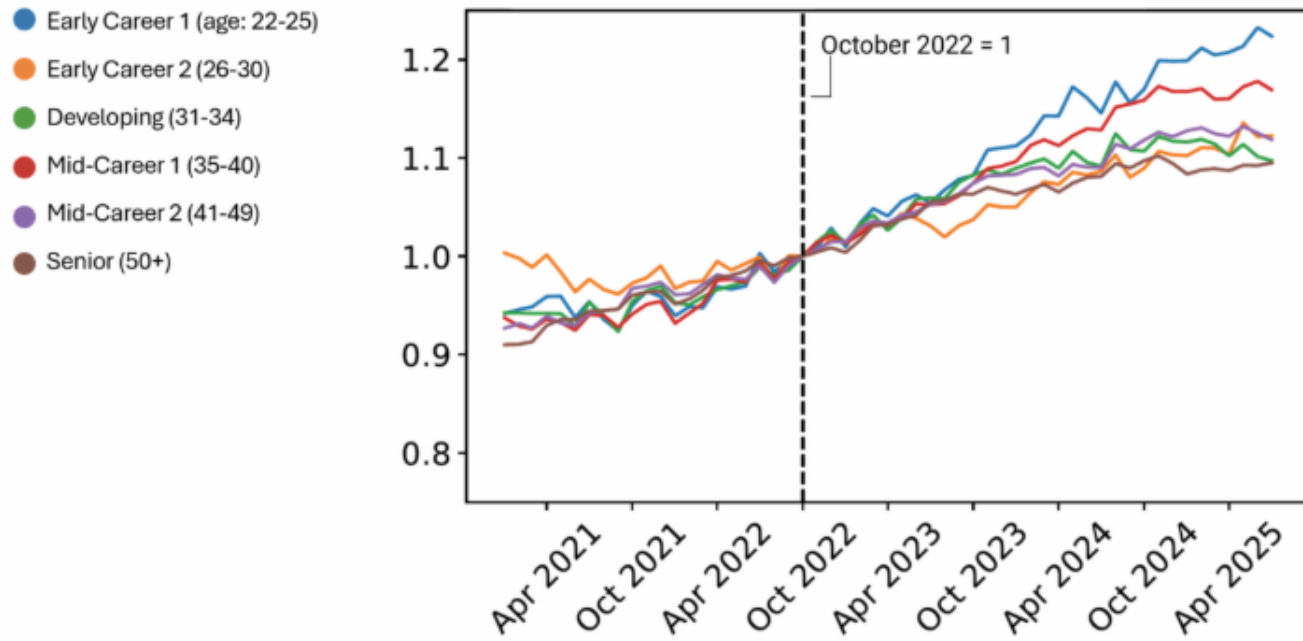


Theoretical capability and observed usage by occupational category

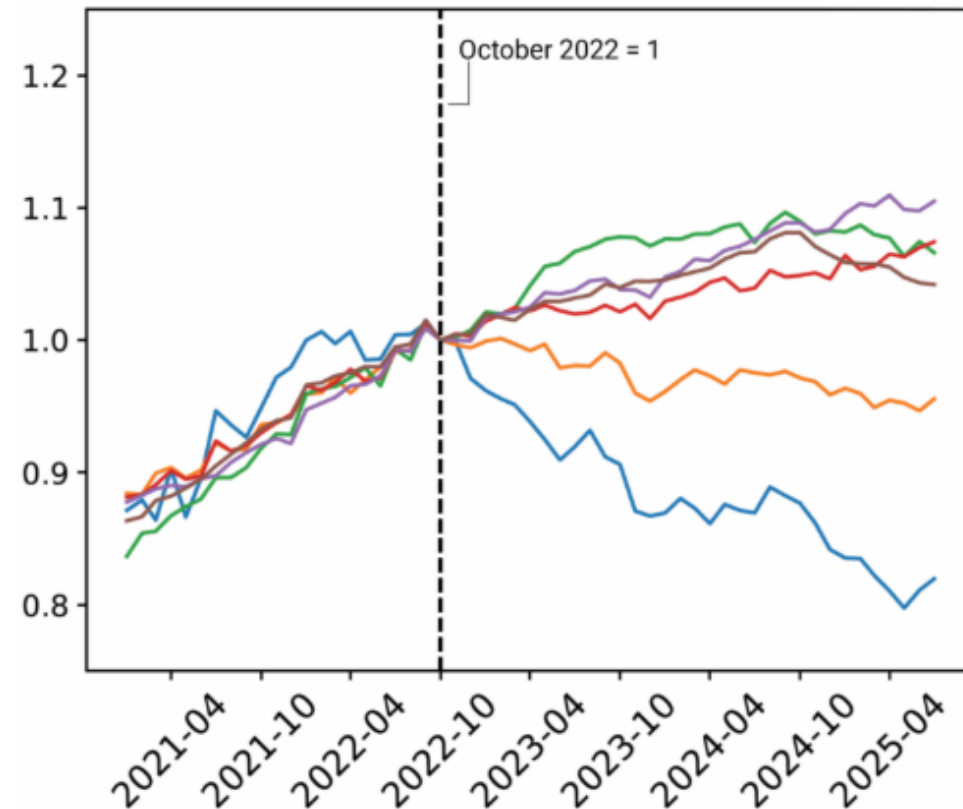




US Employment by Career Stage



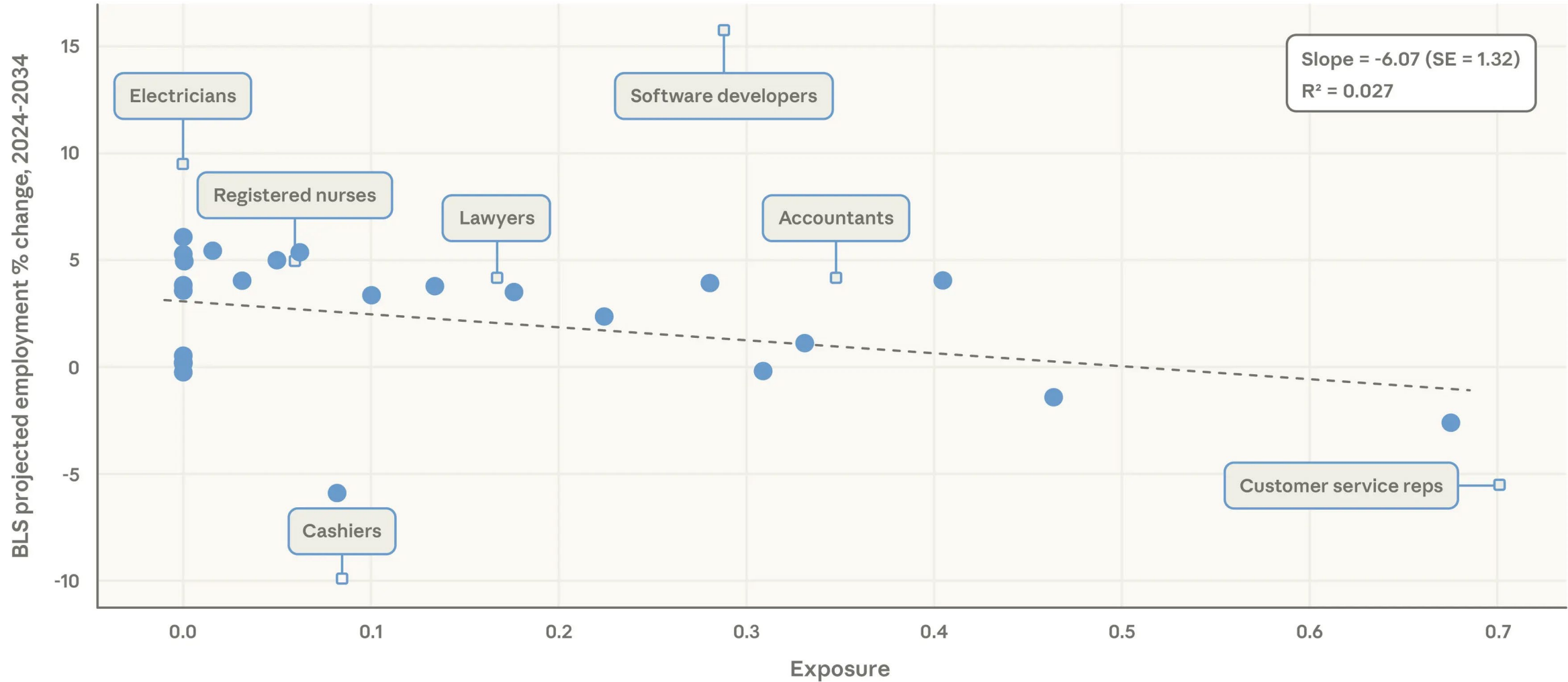
Health Aides: Low AI Exposure



Software Developers: High AI Exposure



BLS projected employment growth from 2024-2034 vs. AI exposure

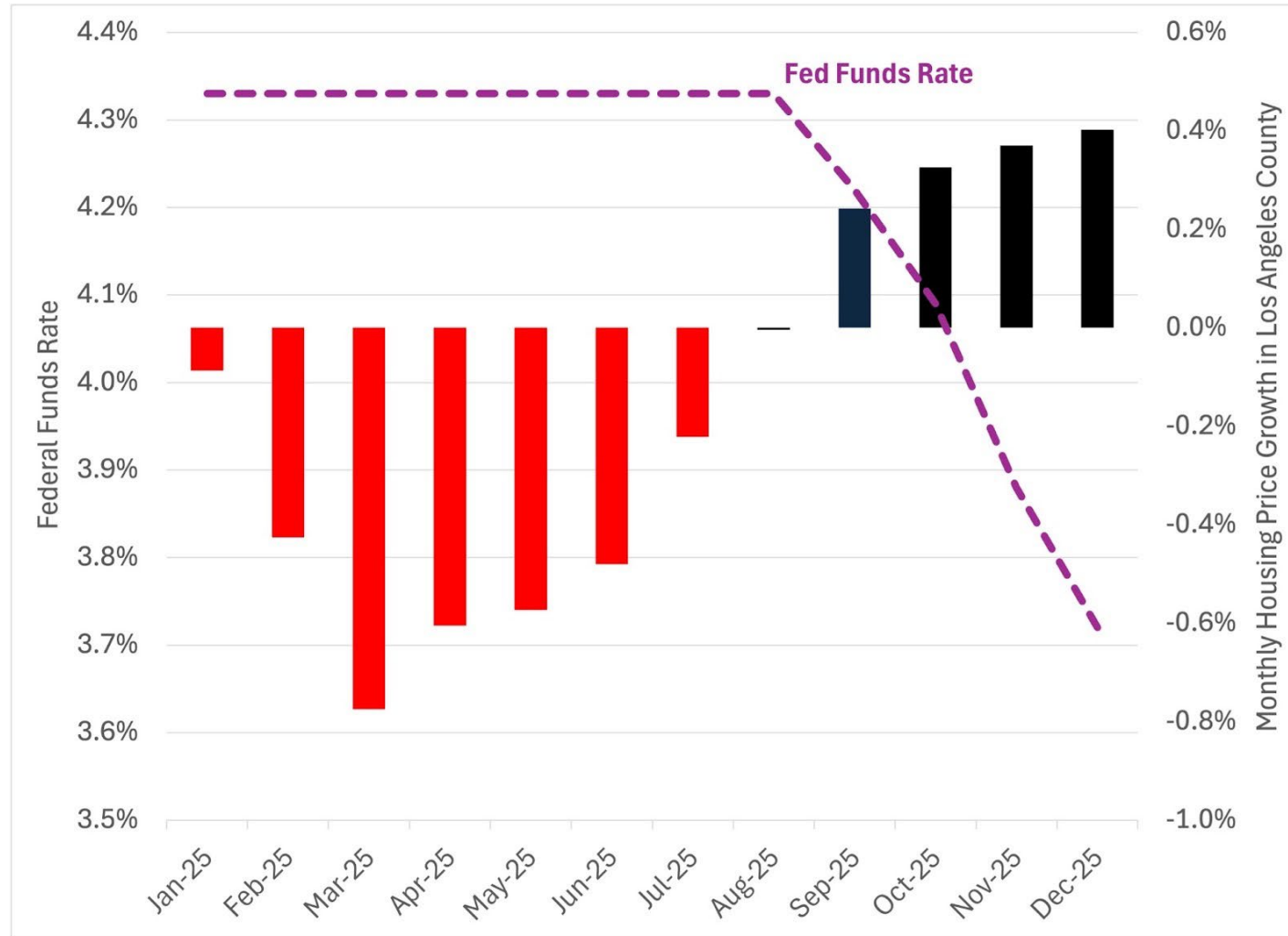




4. San Gabriel Valley Real Estate



The Housing Market Was Waiting for Fed Action





A Housing Market “Stuck in Neutral” Across the SGV

	2020	2021	2022	2023	2024	2025
Alhambra	7.3%	9.3%	8.8%	4.2%	3.1%	0.1%
Arcadia	6.0%	9.4%	5.9%	5.6%	3.5%	2.3%
Azusa	8.9%	14.2%	7.4%	4.6%	4.6%	-1.5%
Baldwin Park	9.5%	12.6%	9.9%	3.1%	4.8%	-1.3%
Bradbury	6.3%	10.8%	-0.7%	1.5%	0.5%	0.7%
Claremont	8.5%	13.0%	6.9%	4.6%	4.5%	0.4%
Covina	10.0%	14.4%	6.2%	4.0%	4.3%	-0.6%
Diamond Bar	7.5%	14.3%	7.9%	4.8%	5.9%	-0.9%
Duarte	8.8%	13.3%	6.4%	3.5%	3.7%	-0.7%
El Monte	8.0%	12.7%	7.4%	4.0%	3.1%	-0.2%
Glendora	9.0%	13.9%	5.6%	4.2%	3.0%	-0.4%
Irwindale	10.5%	13.8%	8.1%	-0.1%	5.5%	-1.9%
La Cañada Flintridge	8.8%	13.5%	3.6%	10.5%	4.8%	-0.3%
La Puente	9.6%	13.2%	8.9%	3.7%	4.9%	-2.1%
La Verne	9.9%	13.6%	6.7%	4.8%	4.8%	-0.2%
Monrovia	8.6%	11.8%	6.4%	3.2%	1.3%	-0.1%

	2020	2021	2022	2023	2024	2025
Montebello	9.9%	9.4%	7.0%	4.1%	4.1%	-0.2%
Monterey Park	7.6%	10.2%	7.8%	4.9%	4.0%	-0.3%
Pasadena	8.1%	12.6%	6.3%	4.9%	4.1%	-1.5%
Pomona	9.7%	16.1%	7.0%	4.3%	4.7%	-1.9%
Rosemead	8.4%	10.8%	7.0%	4.5%	4.7%	0.5%
San Dimas	8.6%	14.9%	7.2%	4.5%	3.8%	0.7%
San Gabriel	7.8%	10.3%	7.2%	4.7%	3.6%	2.5%
San Marino	4.3%	5.1%	0.3%	5.5%	1.5%	5.4%
Sierra Madre	8.8%	13.9%	7.7%	4.1%	4.1%	-3.2%
South El Monte	9.1%	12.6%	10.5%	7.1%	3.6%	-1.4%
South Pasadena	7.7%	12.9%	4.8%	9.2%	3.0%	2.8%
Temple City	7.6%	10.3%	6.0%	3.8%	3.3%	1.1%
Walnut	6.0%	12.6%	8.9%	5.7%	5.1%	-0.3%
West Covina	9.3%	14.4%	6.8%	4.9%	4.5%	-0.8%
29-City Average	8.3%	12.3%	6.7%	4.6%	3.9%	-0.1%
Los Angeles County	9.3%	13.1%	5.4%	4.1%	2.8%	-1.8%

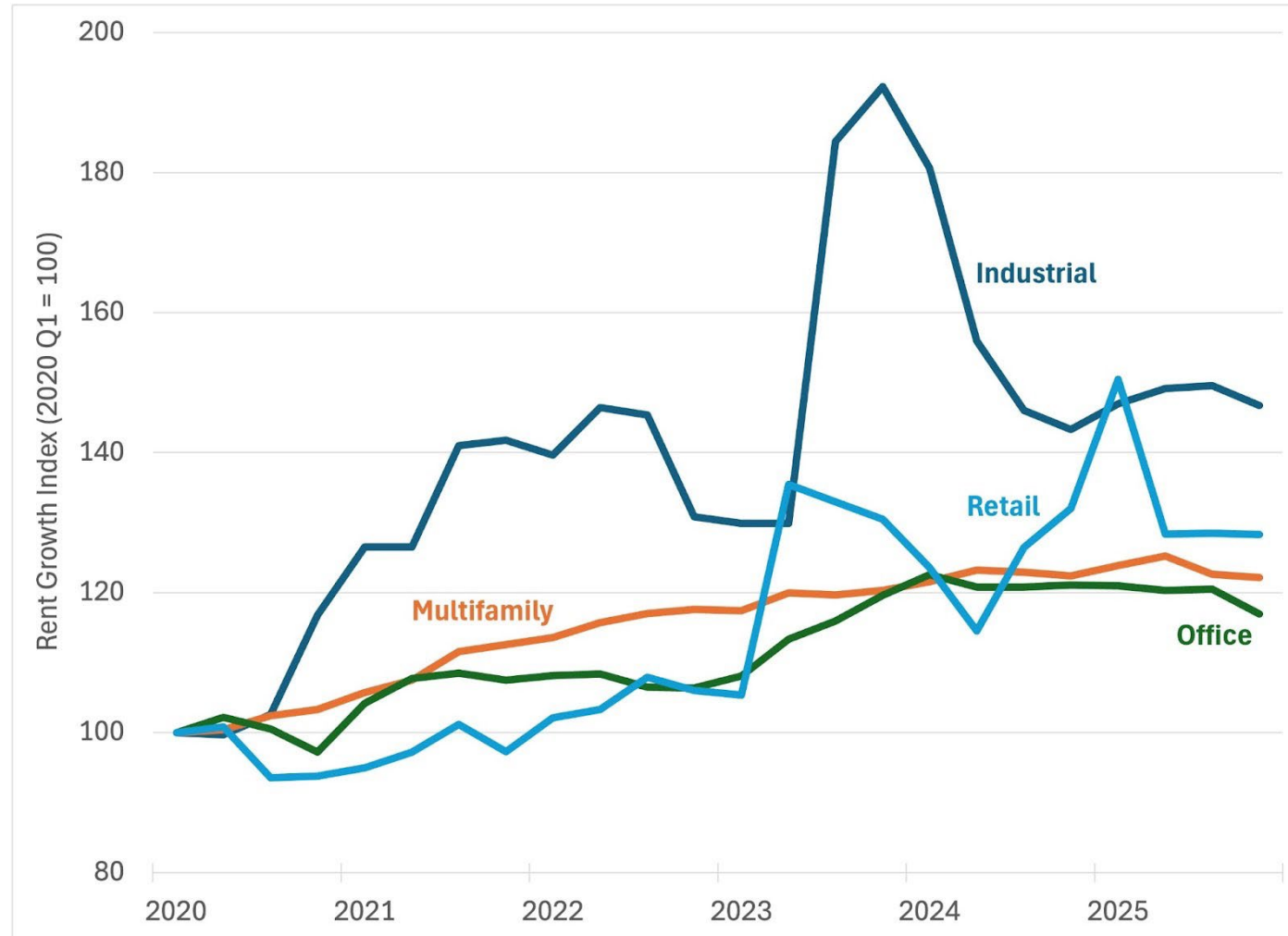


The East San Gabriel Valley Market



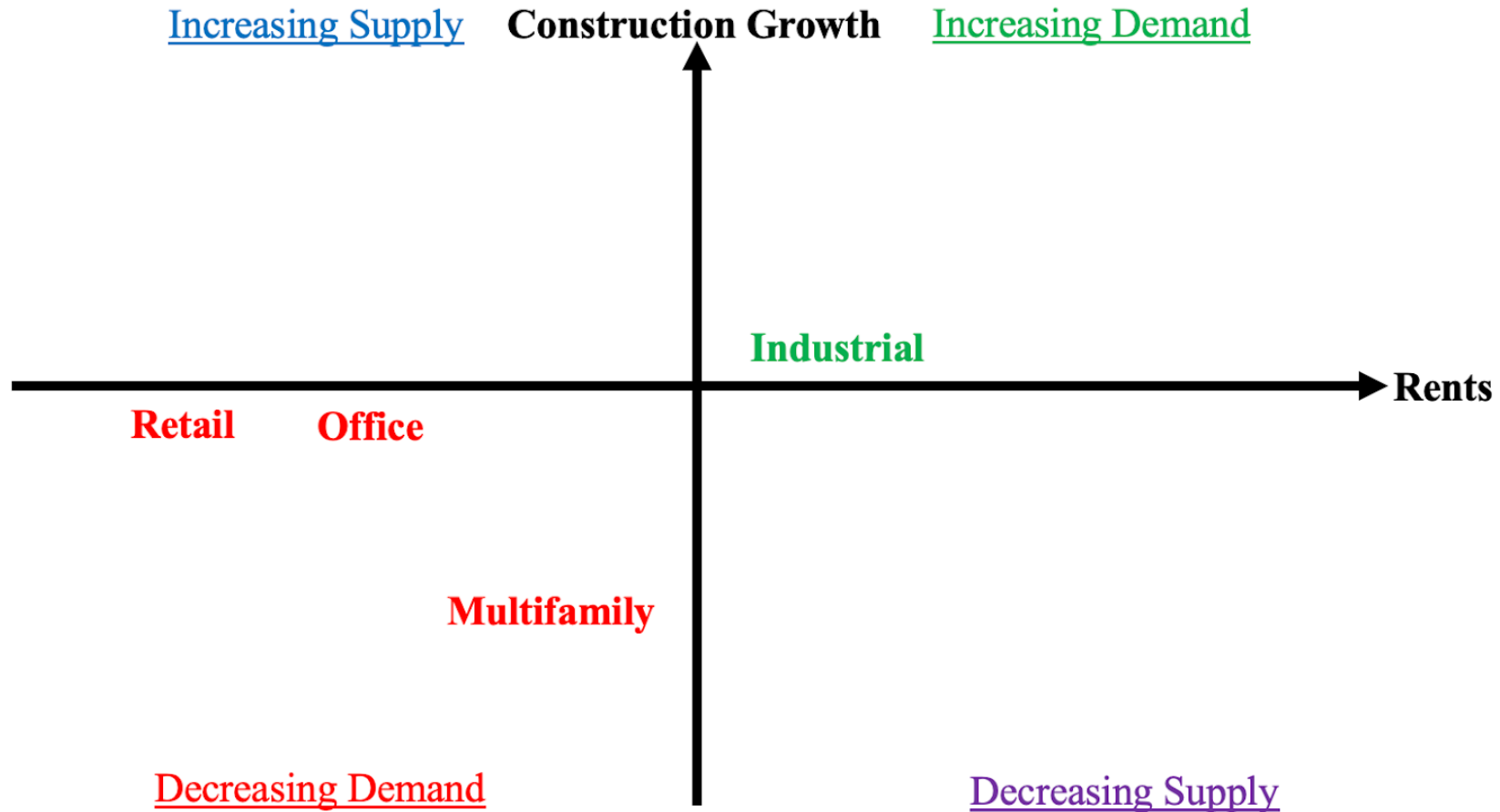


Rents “Stuck in Neutral” Across the East SGV



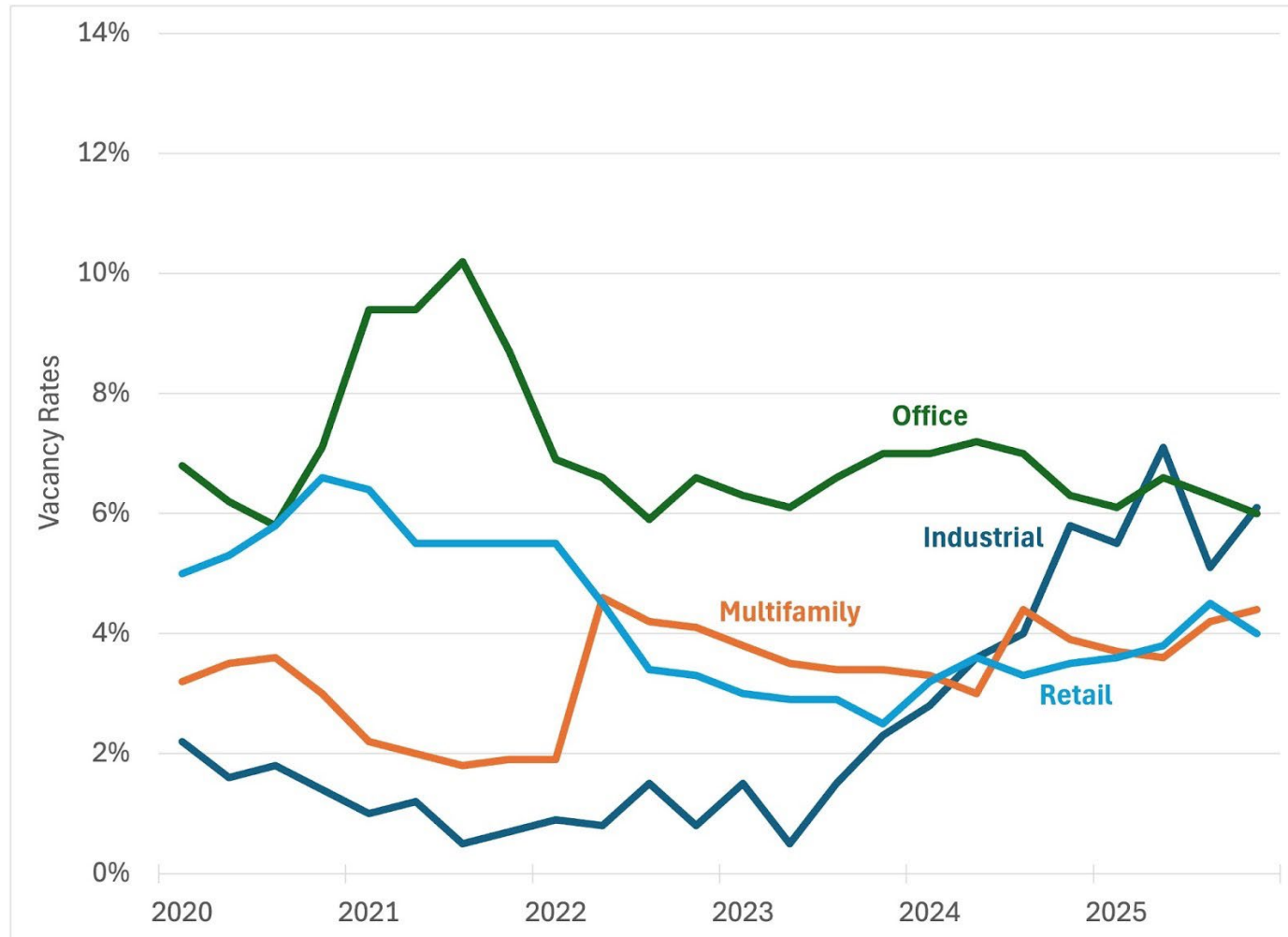


Supply and Demand Trends in the East SGV





Vacancy Rates “Stuck in Neutral” Across the East SGV



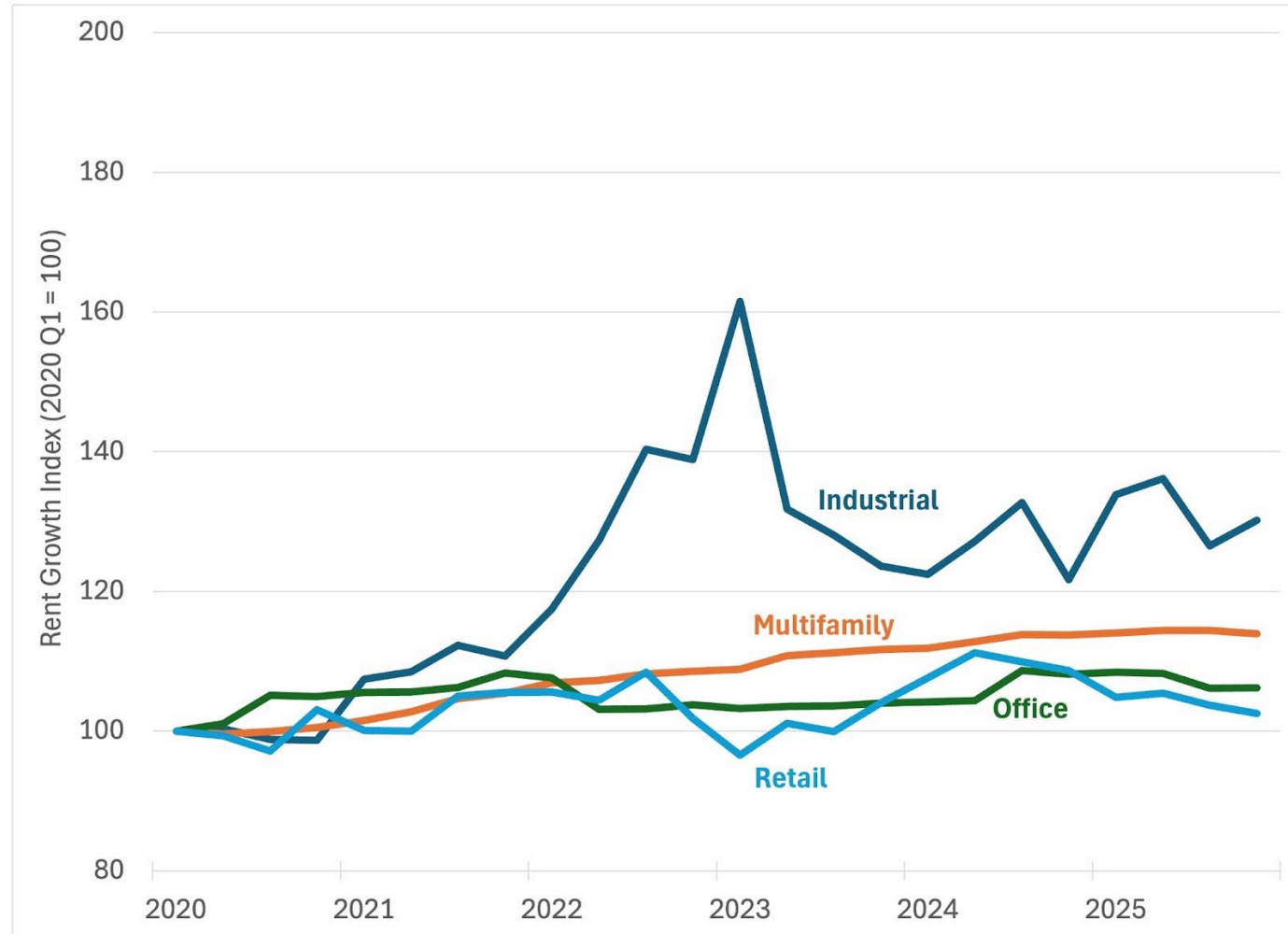


The Lower San Gabriel Valley Market



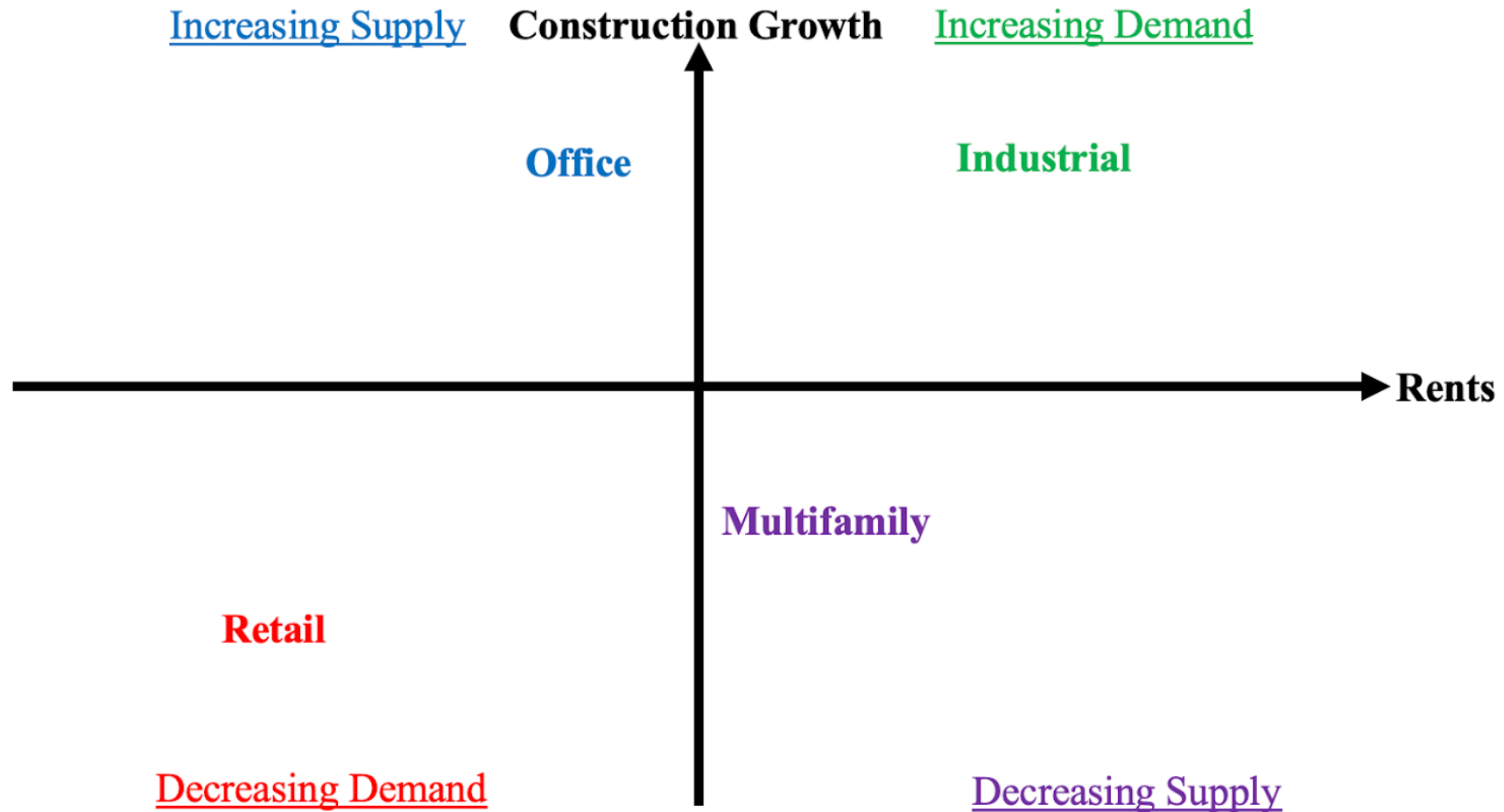


Rent Growth “Stuck in Neutral” Across the Lower SGV



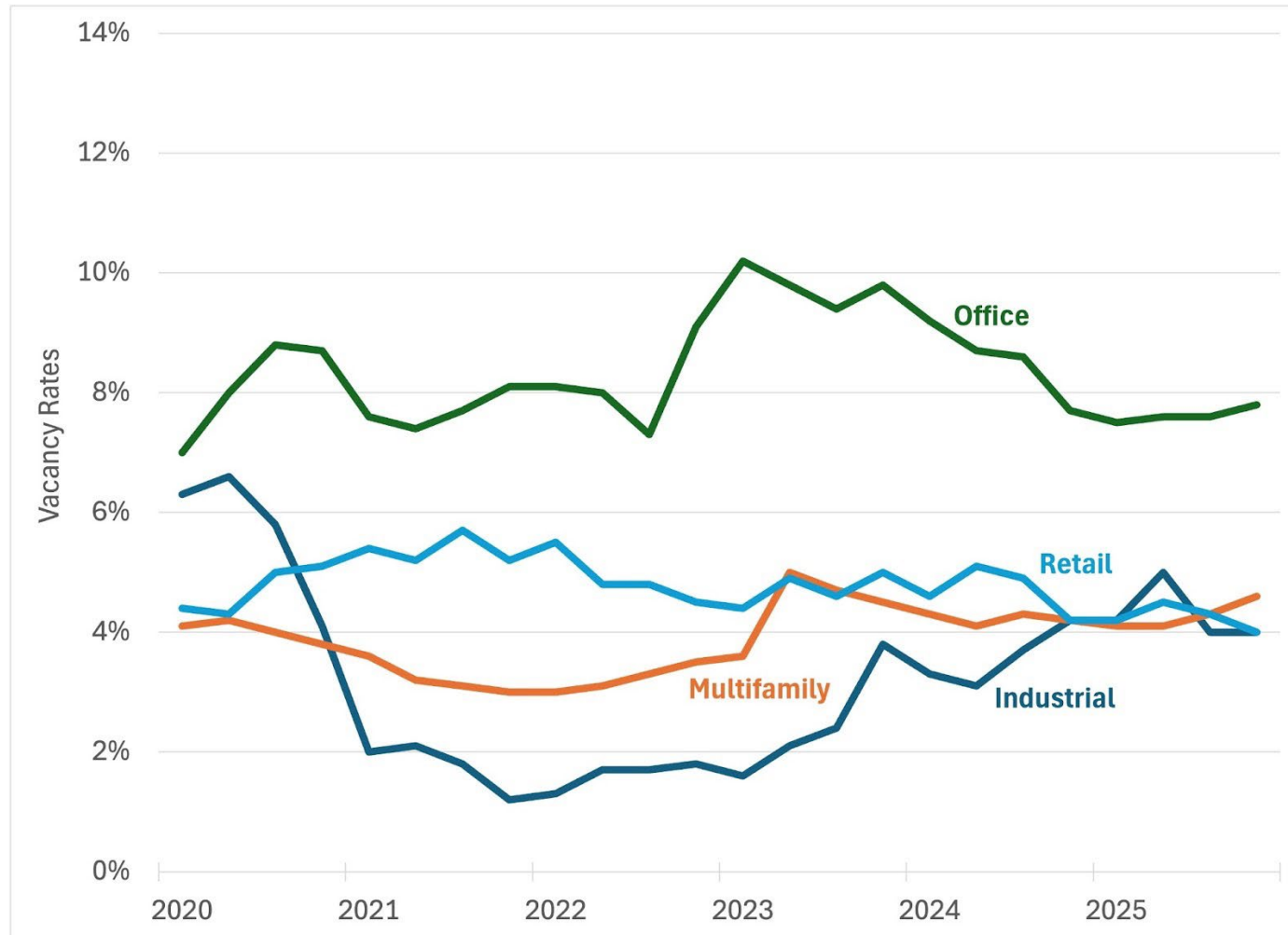


Supply and Demand Trends in the Lower SGV





Vacancy Rates “Stuck in Neutral” Across the Lower SGV



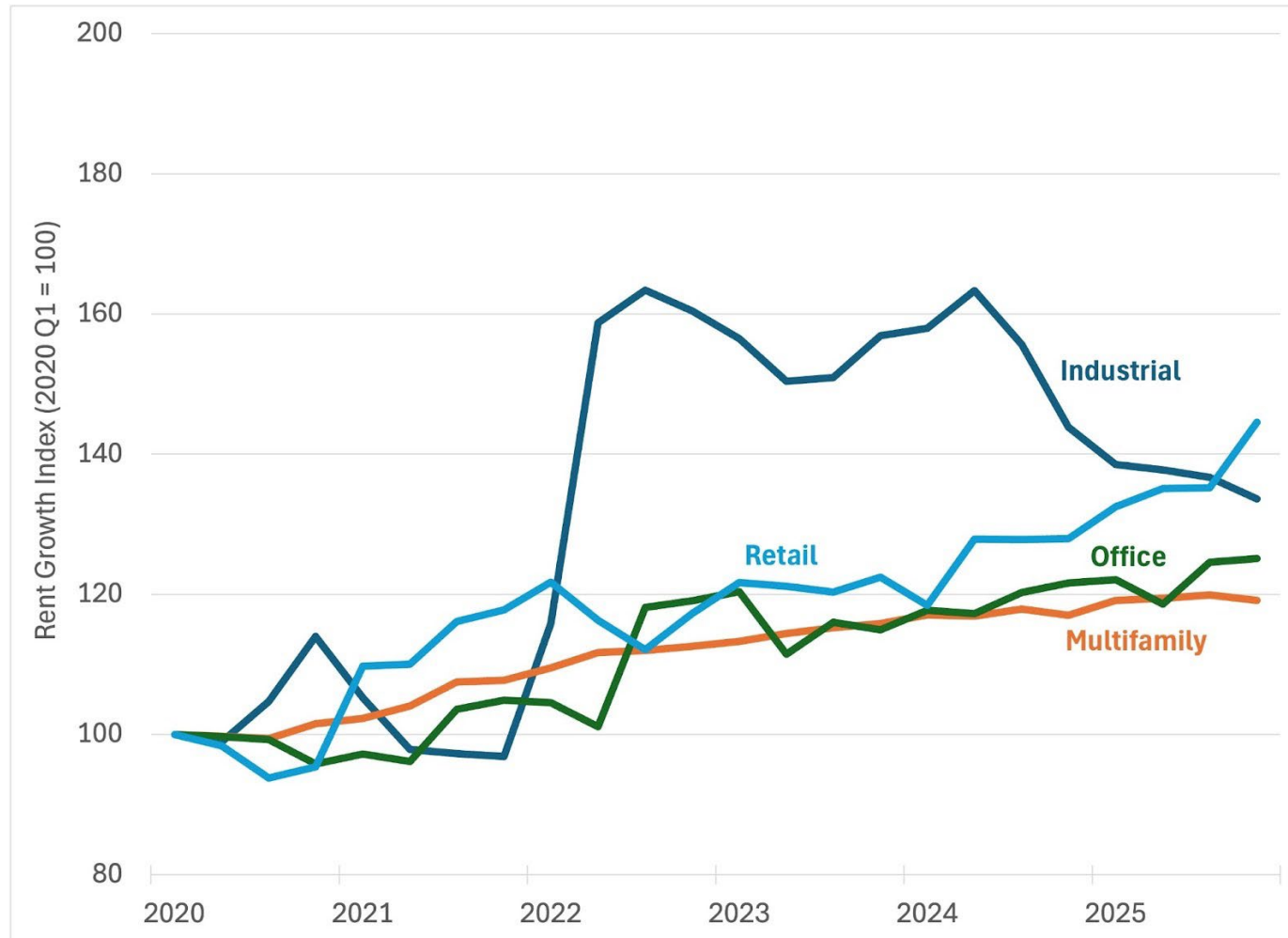


The Upper San Gabriel Valley Market



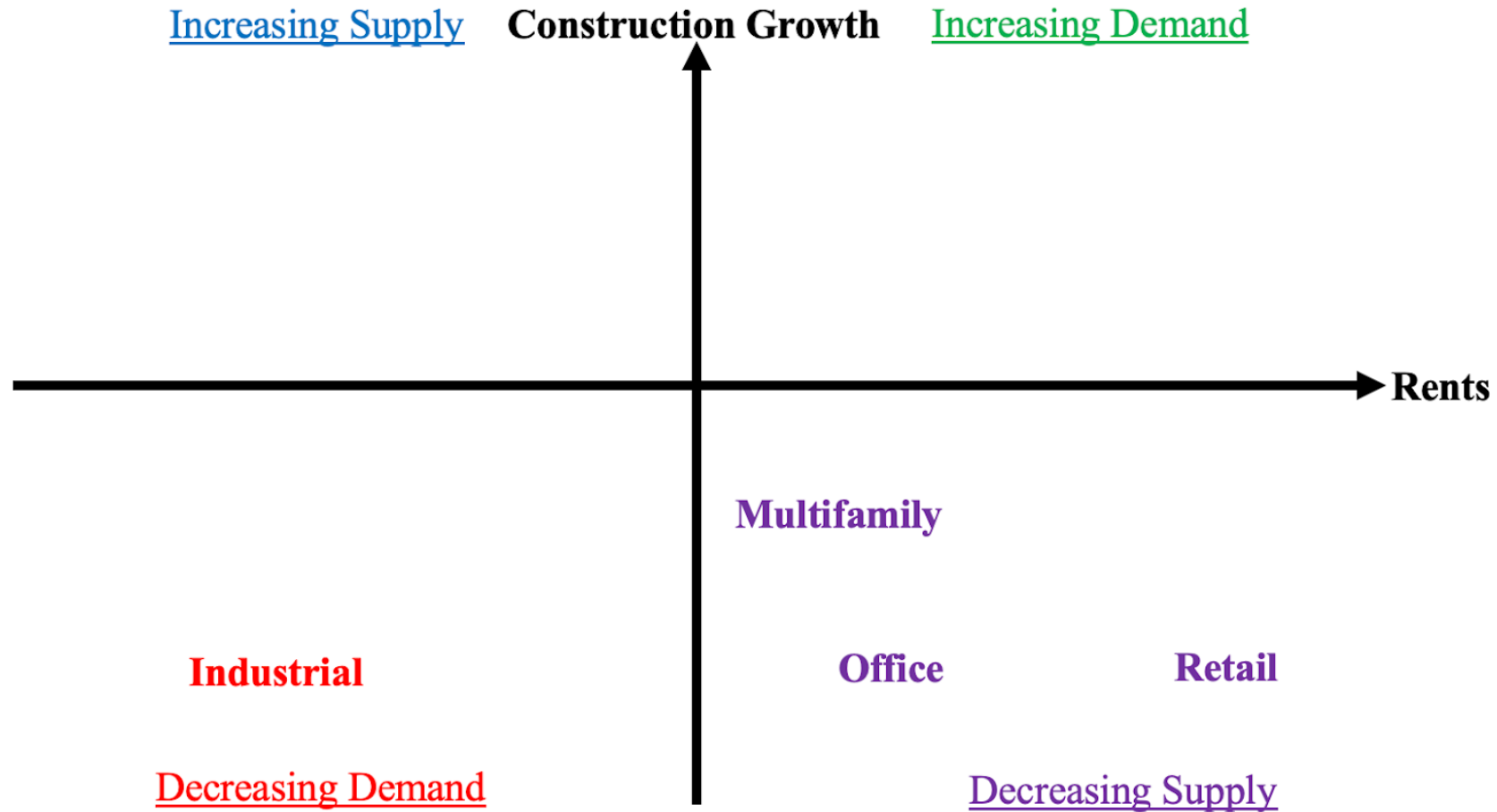


Upper SGV Rents: Falling Industrial, Rising Retail



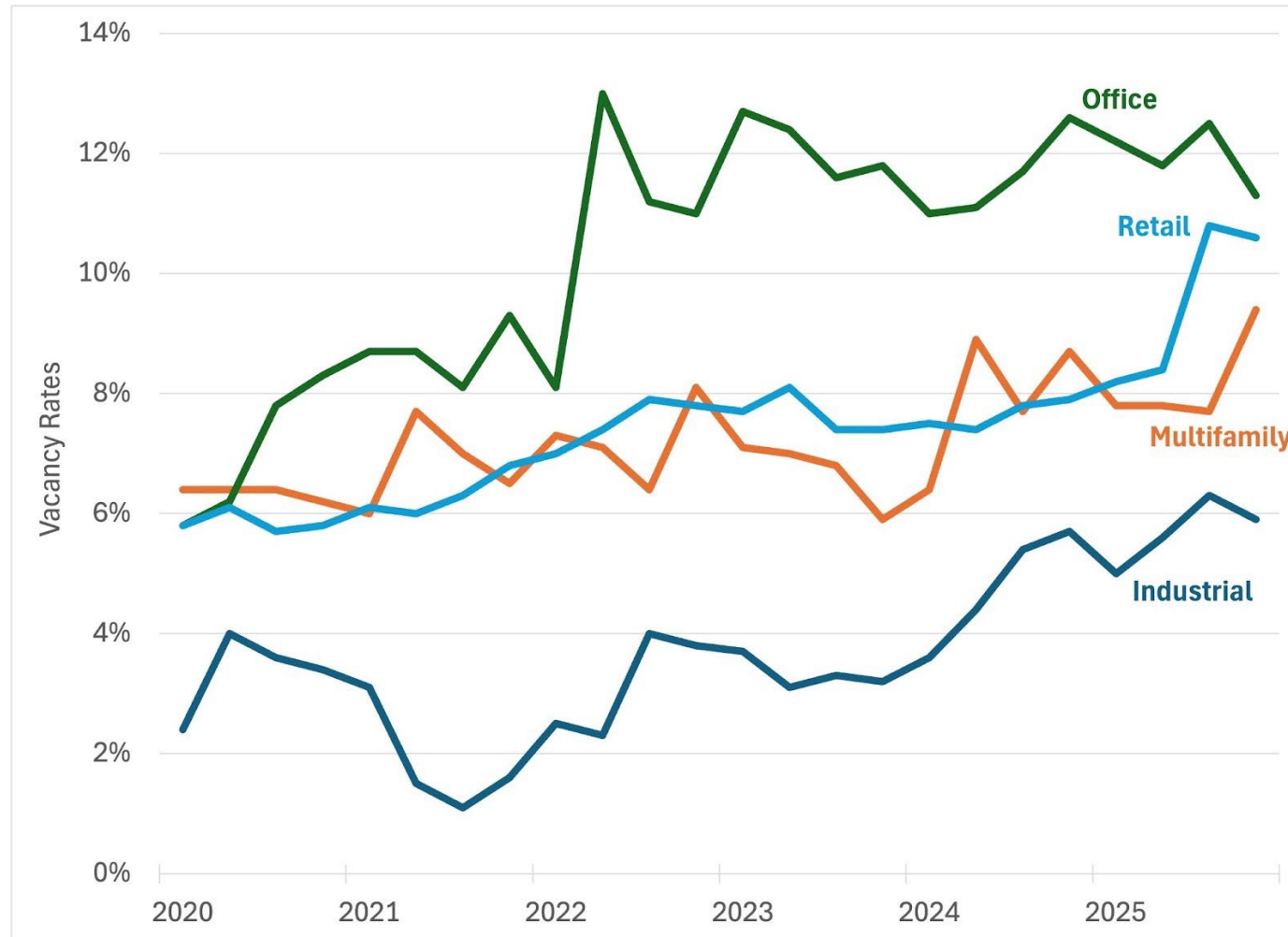


Supply and Demand Trends in the Upper SGV



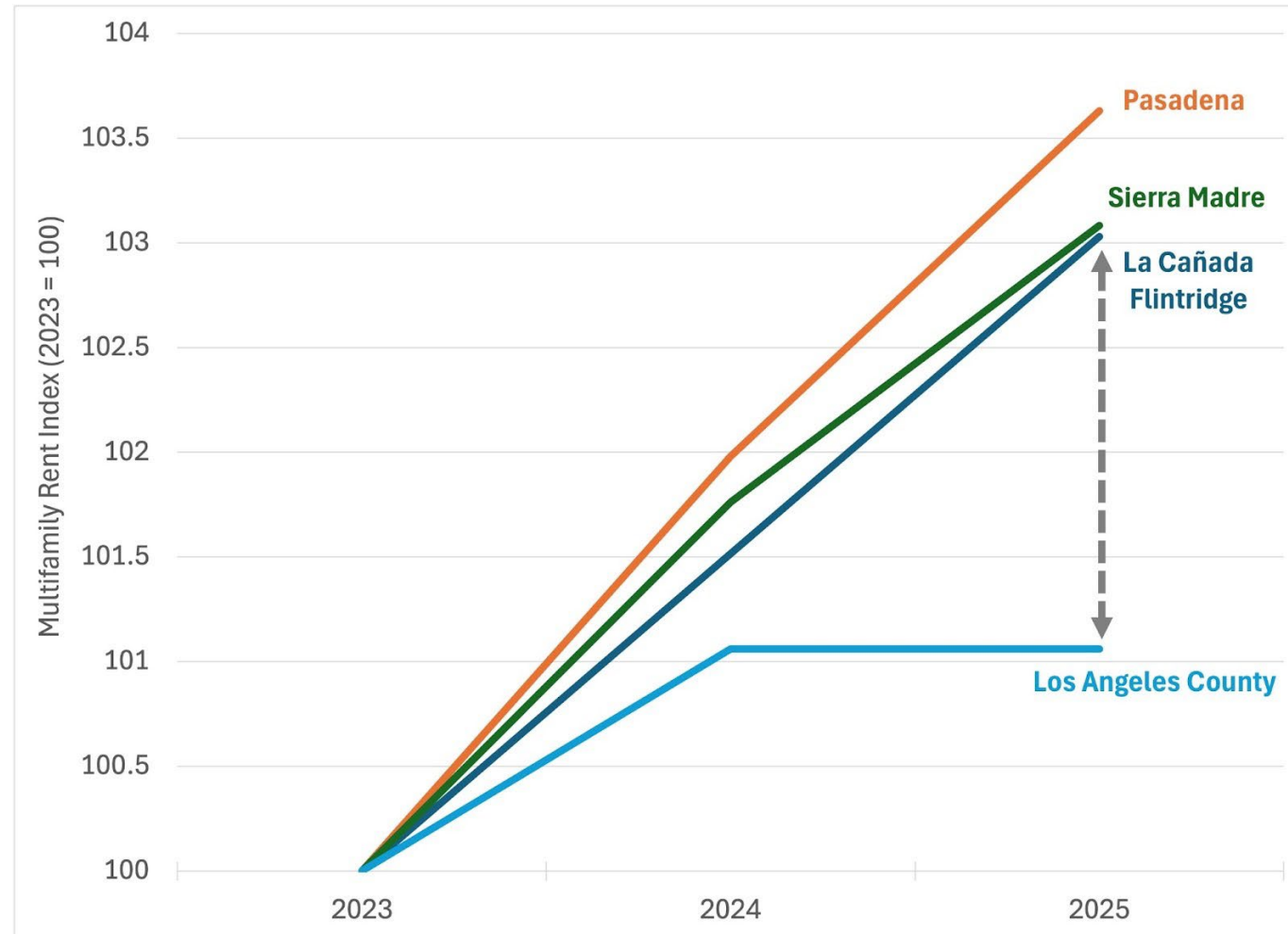


Vacancy Rates Rising in Industrial, Multifamily, Retail



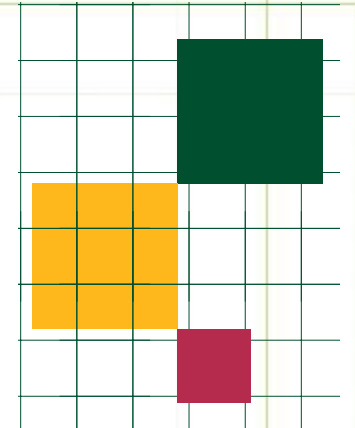


Multifamily Rent Growth Adjacent to the Eaton Fire Zone





5. Long-Term Considerations





Long-Term Considerations

- **Winners and losers in a wartime economy**
- **New land uses**
 - Data centers
 - Battery energy storage systems (BESS)
- **Beware of investors & policymakers “blowing bubbles”**



What to Expect in 2026

- 1. Growth will continue to be sluggish**
 - ❖ Uncertainty will remain at elevated levels
 - ❖ Small businesses will face greater hardship
- 2. Government spending will grow again**
 - ❖ Shift to wartime economy: more military spending
 - ❖ Budget deficit progress will not continue
- 3. Real estate development will rebound**
 - ❖ Significant rebuilding in Altadena
 - ❖ Construction jobs will be a source of labor growth
- 4. Lending will increase to keep economy afloat**
 - ❖ Financial regulations will ease
 - ❖ Credit risks will mount