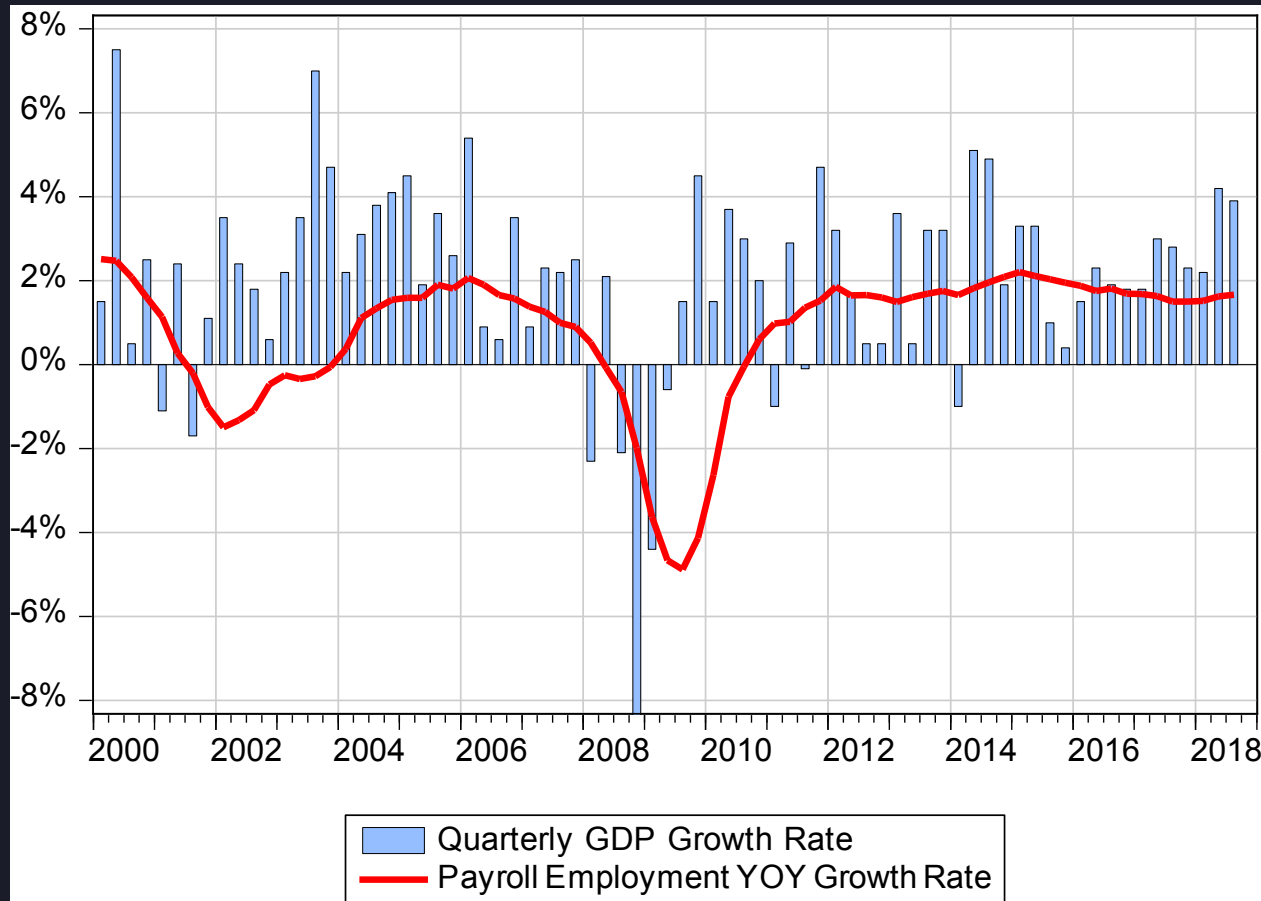


2018-19 South Bay Economic Forecast



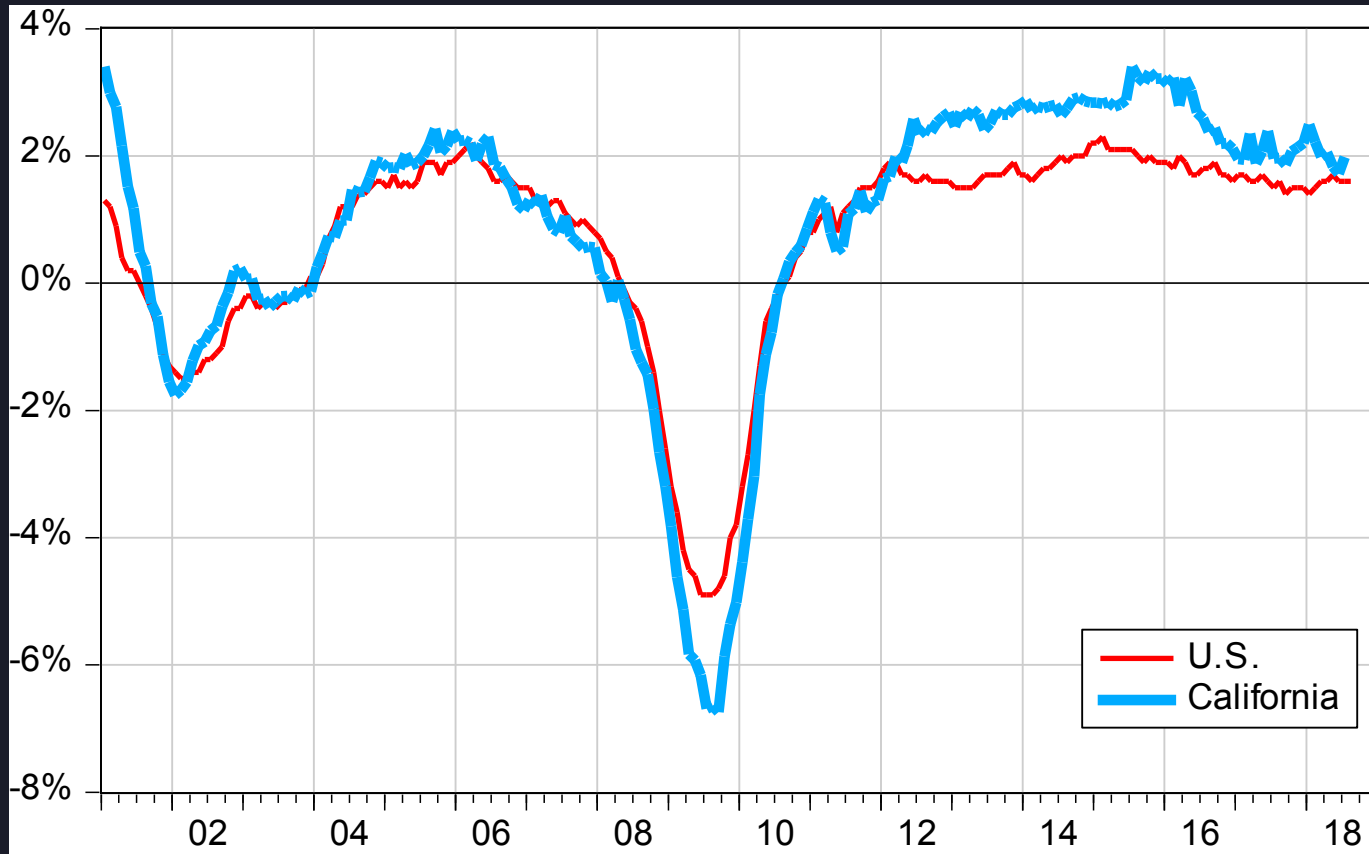
William Yu
Economist
UCLA Anderson Forecast

U.S. economy remains robust in 2018, to slow down a bit in 2019



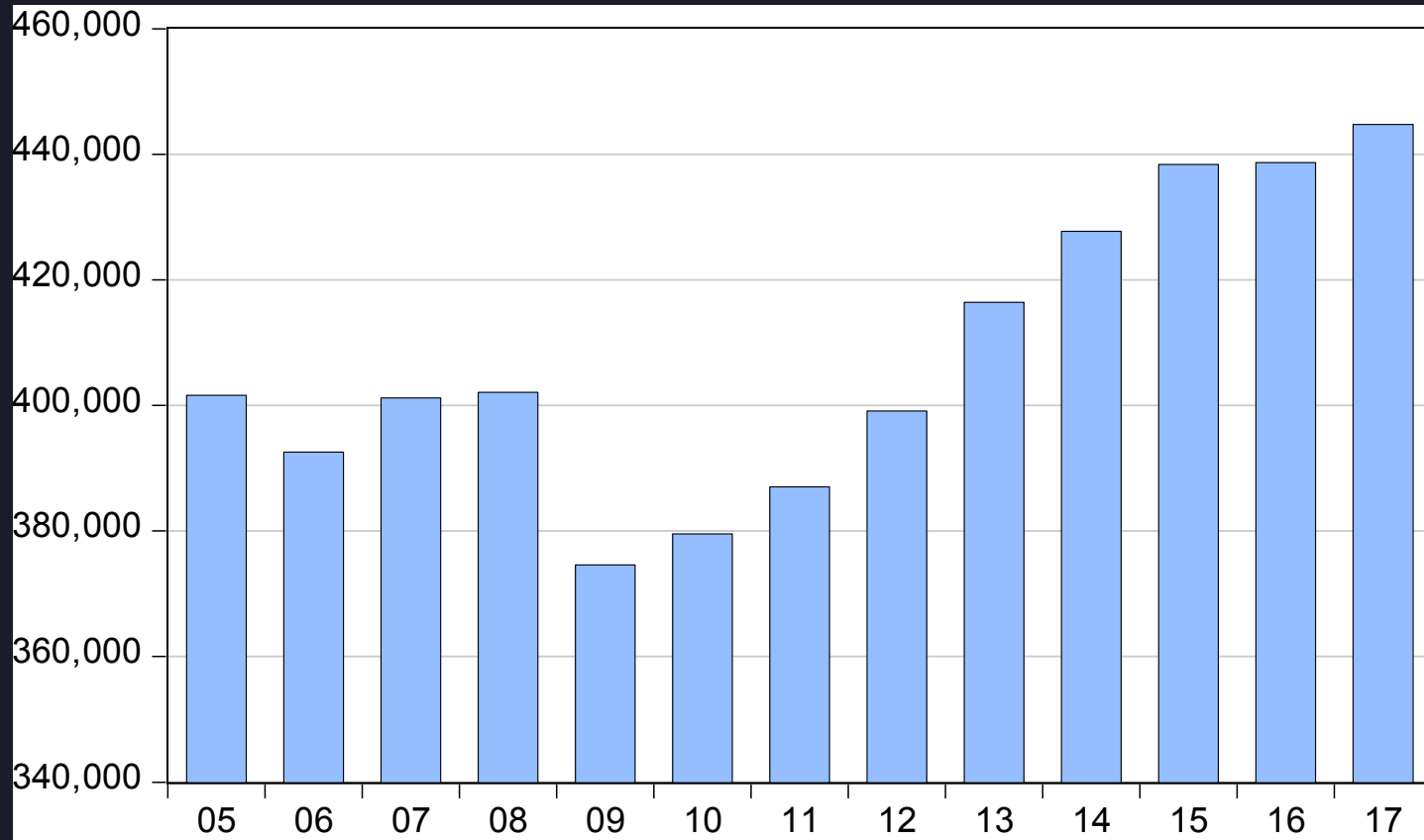
**GDP
growth:
'18: 3%
'19: 2%**

California economy has been growing faster than the U.S. Its growth converges to the U.S. since 2016



Note: Year-over-year payroll employment growth rate

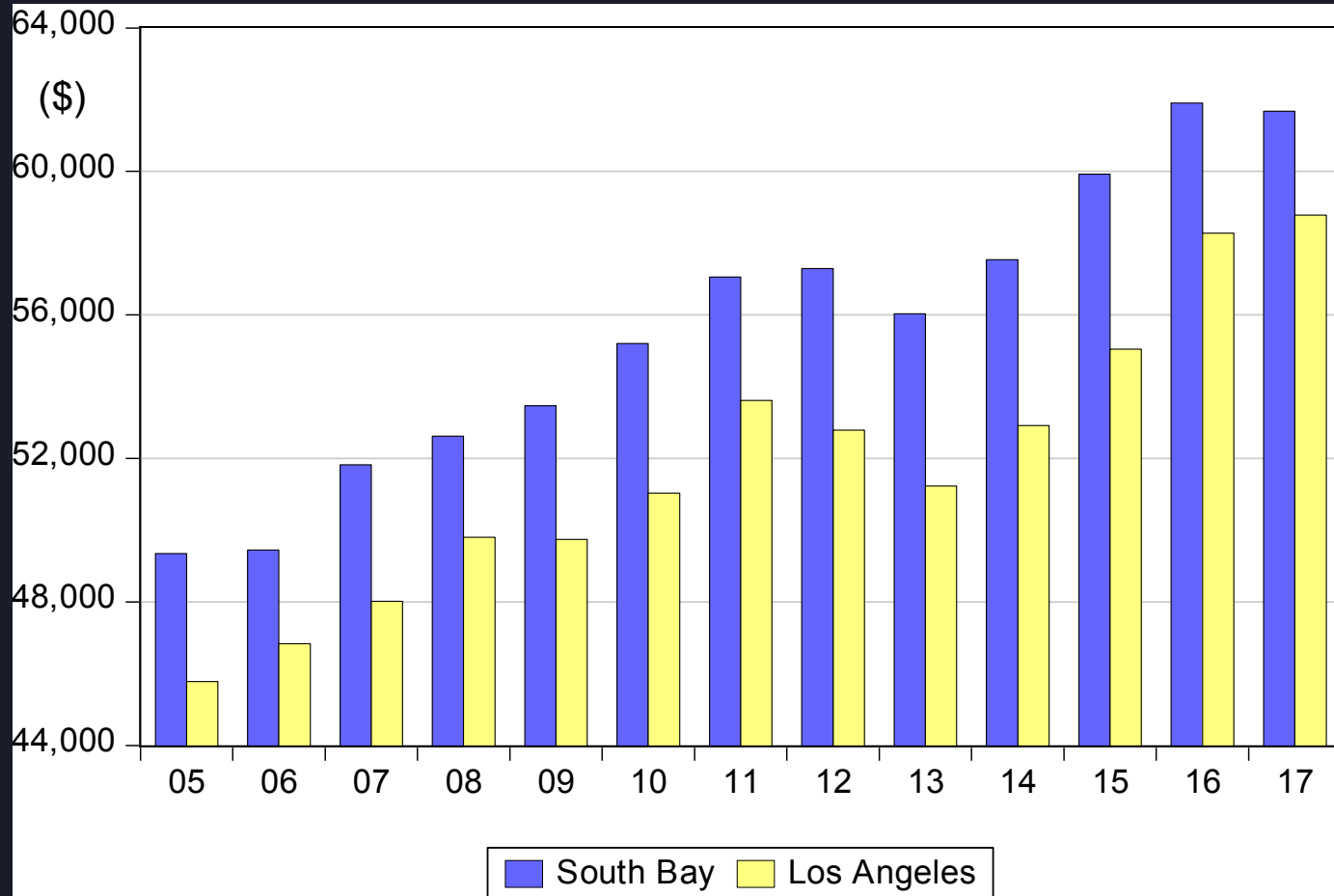
Private-sector Jobs in South Bay grew steadily



2017:
1.4%.
445,000

Note: Private sector jobs in South Bay based on zip code data from QCEW of California EDD

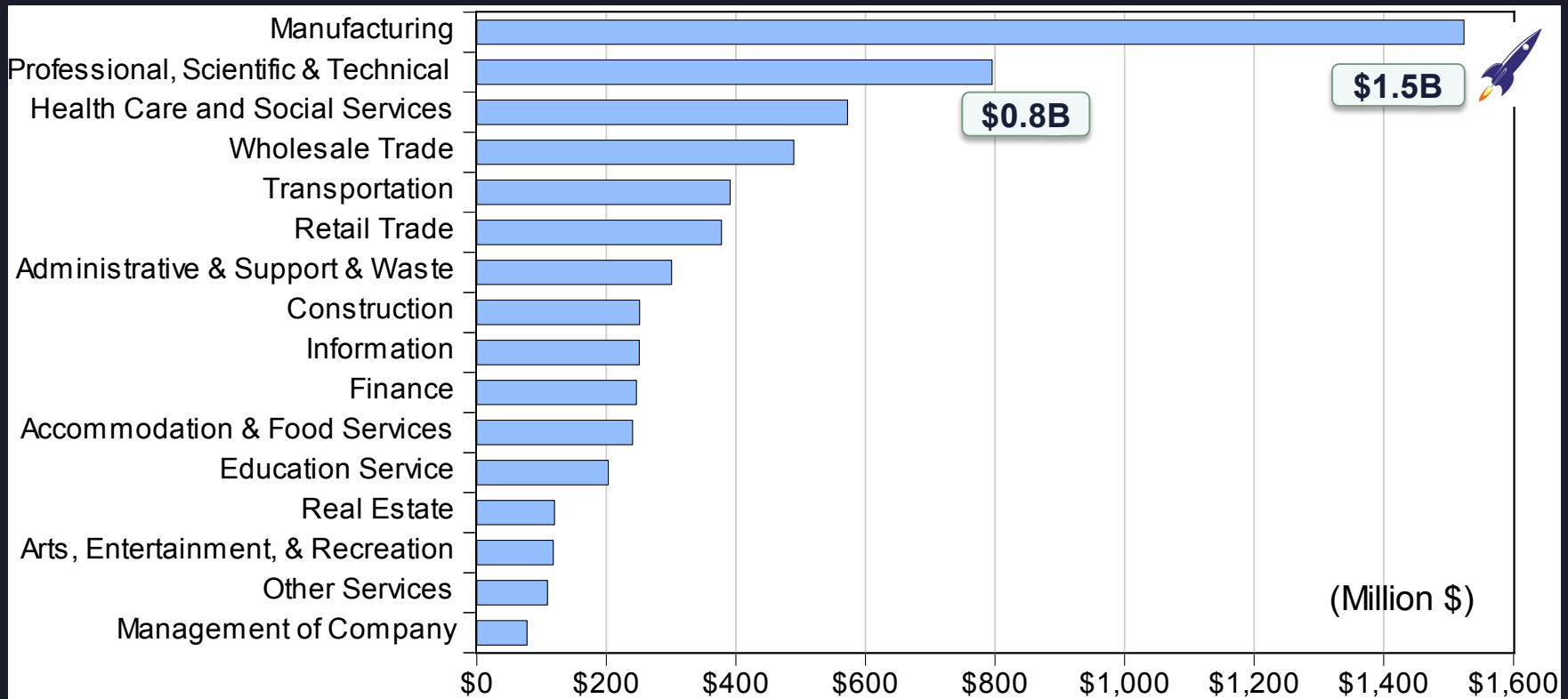
Private-sector average annual wage in South Bay is on a rising trend and is higher than L.A.



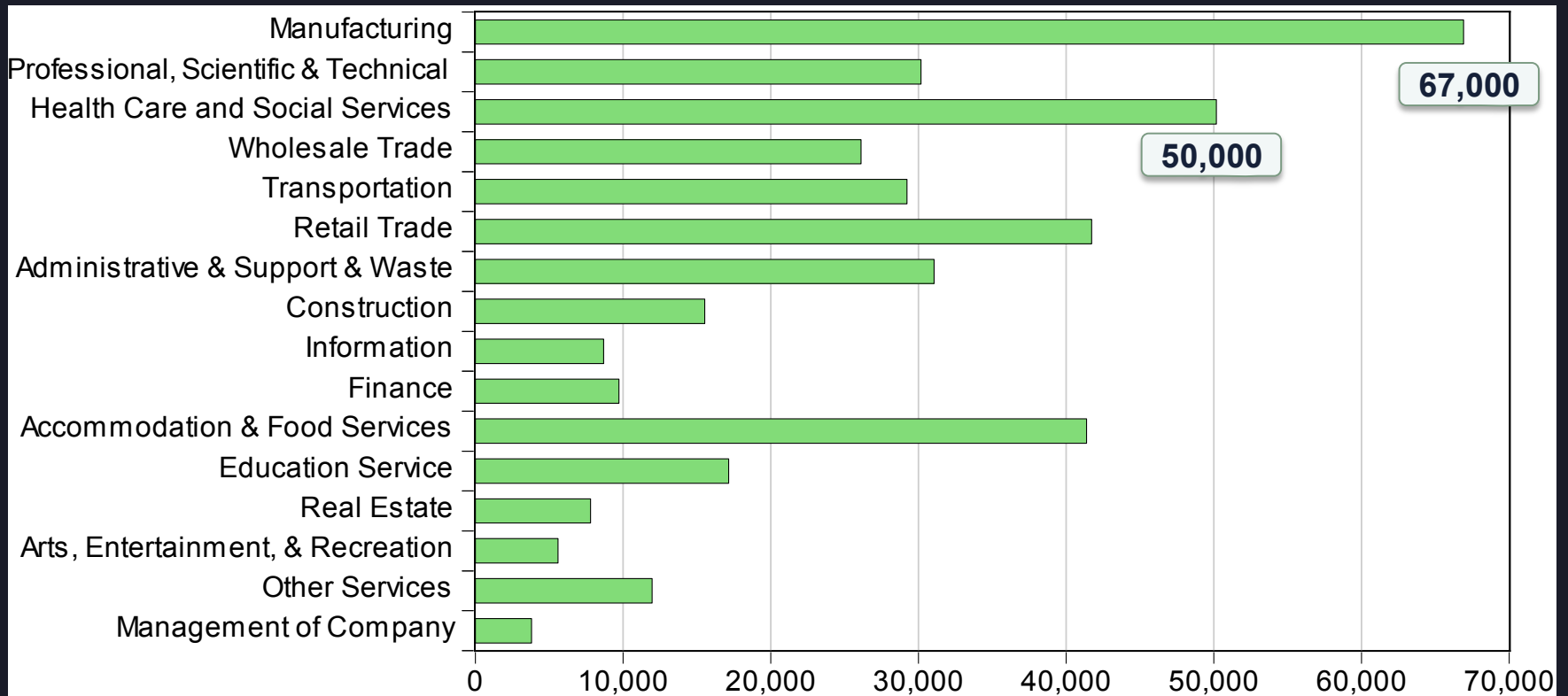
2017:
\$61,700

Manufacturing sector is the most important sector

Total wages by sector in South Bay, 2017Q3



The largest job creator is the manufacturing sector

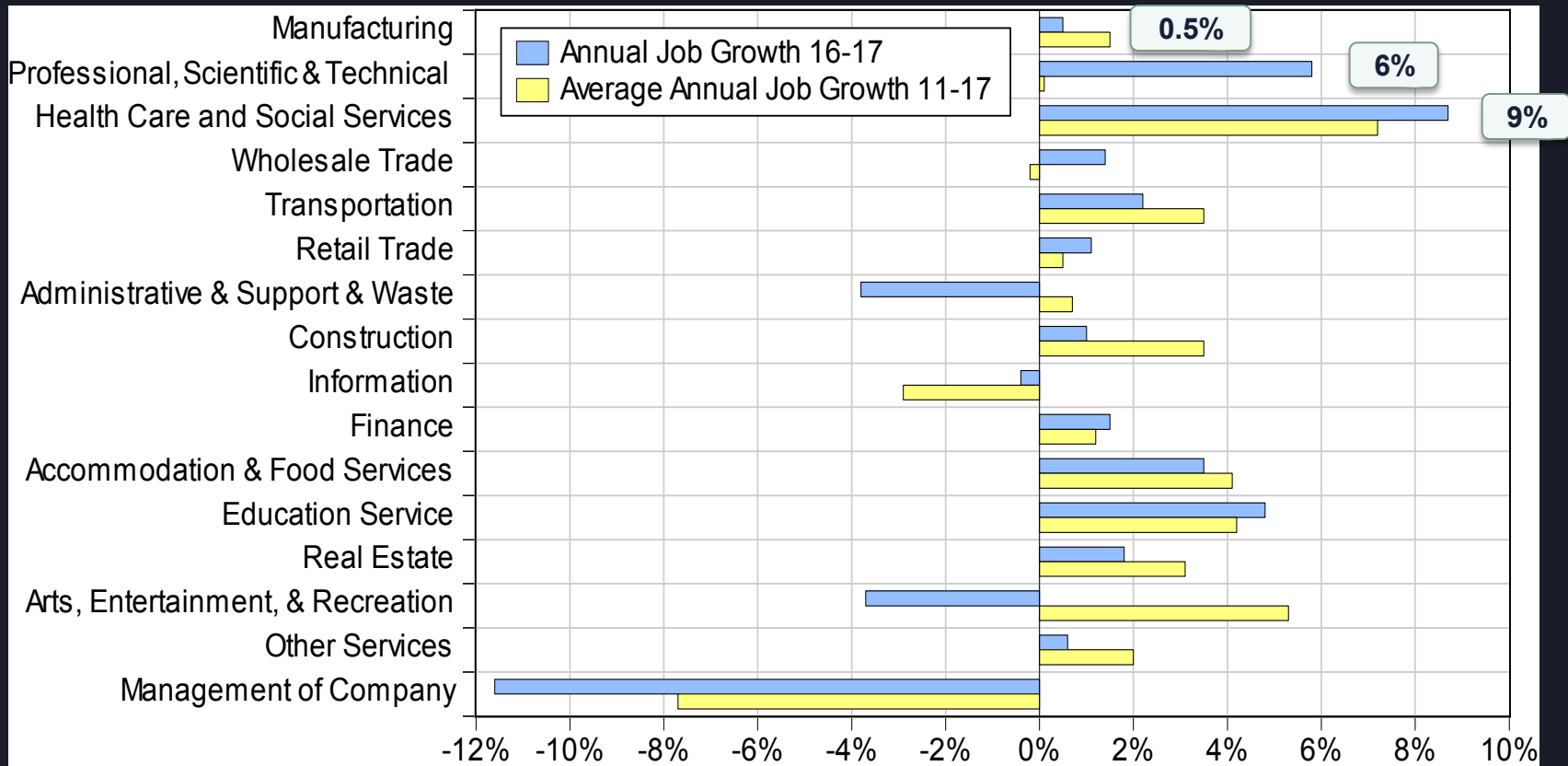


Note: Sector payroll jobs in South Bay in 2017Q3

Expanding federal defense spending boosts the aerospace sector in South Bay

LA County Jobs Aug 2017 to Aug 2018--

Aerospace: 5.2% from 36,400 to 38,300; Transportation: 2.6%; Computer: 2.6%



High paying industries in South Bay are those who are high skill, and high human capital based

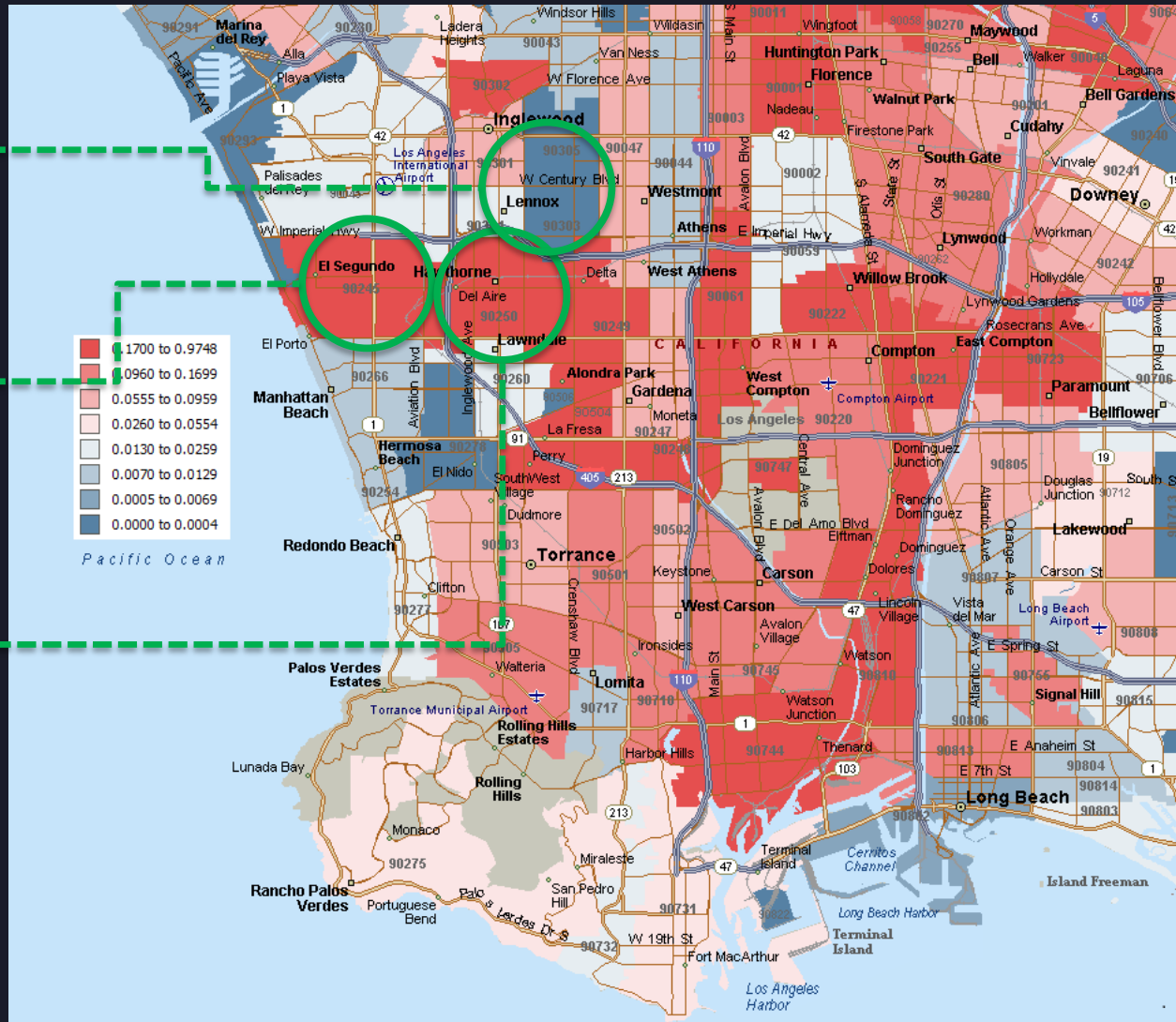


Density of the manufacturing jobs over the total jobs by zip code, 2017Q3

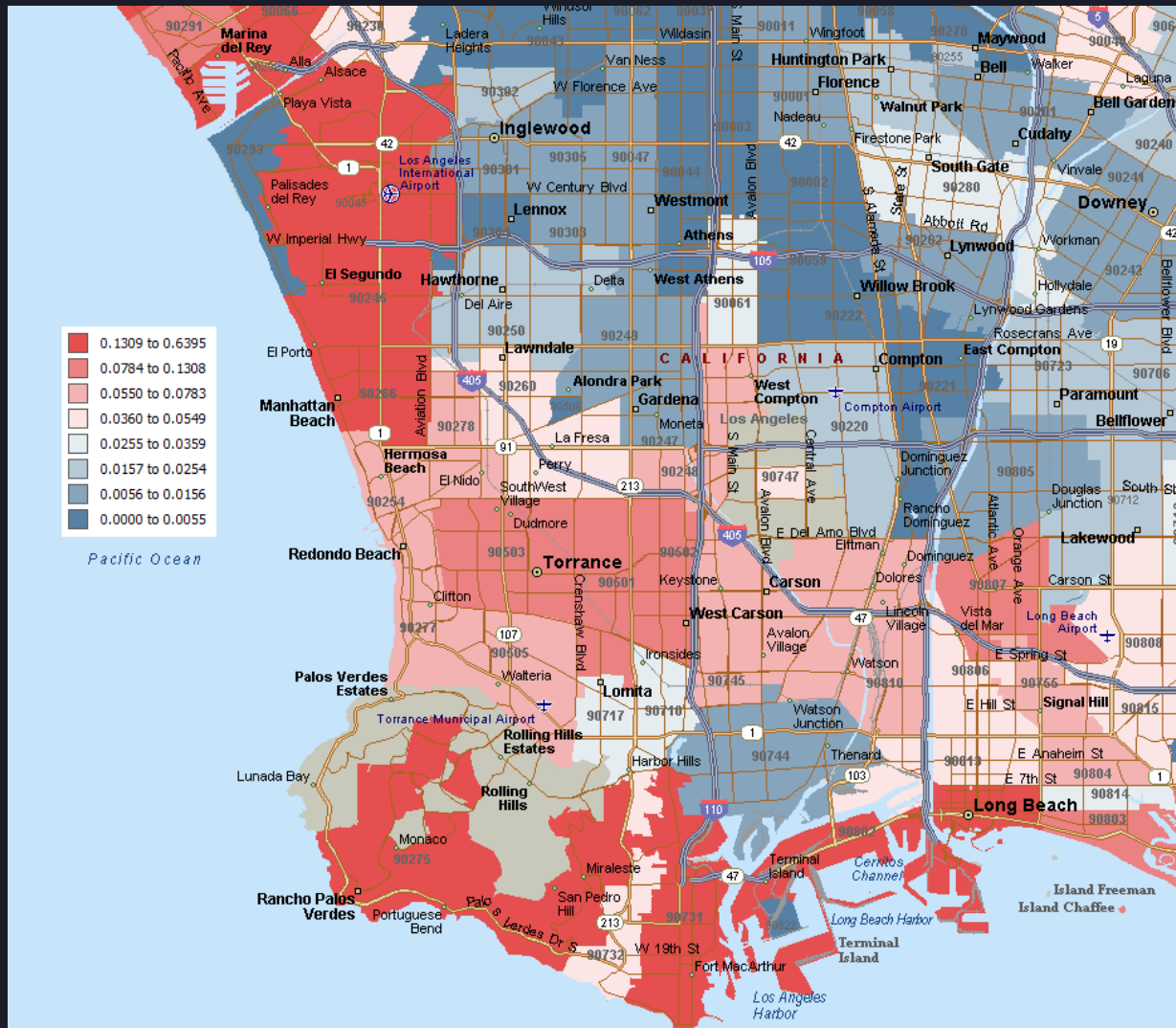
16-17
9.6%
11-17
5%

16-17
2.3%
Total jobs
64,000

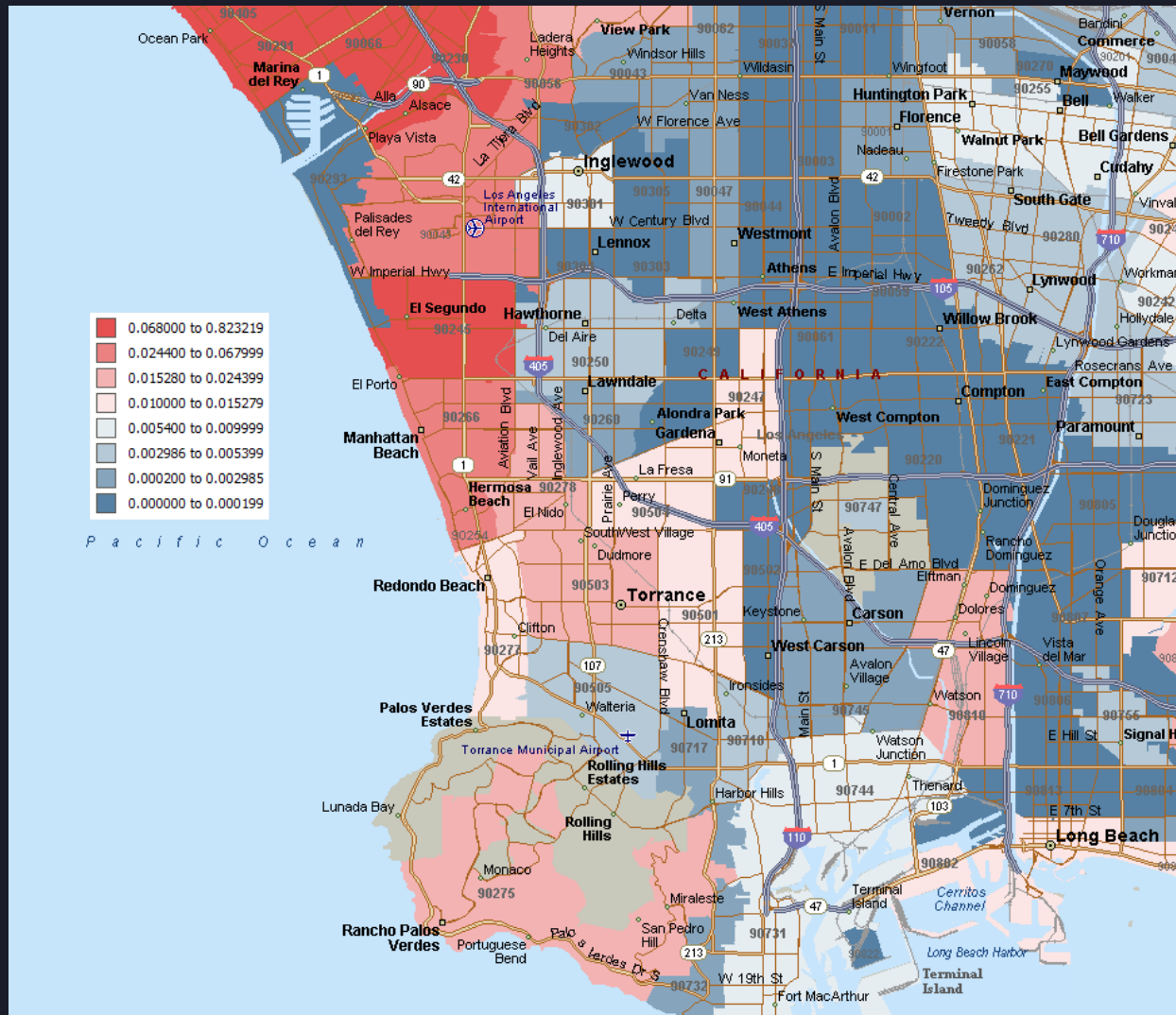
16-17
3.4%
11-17
5%



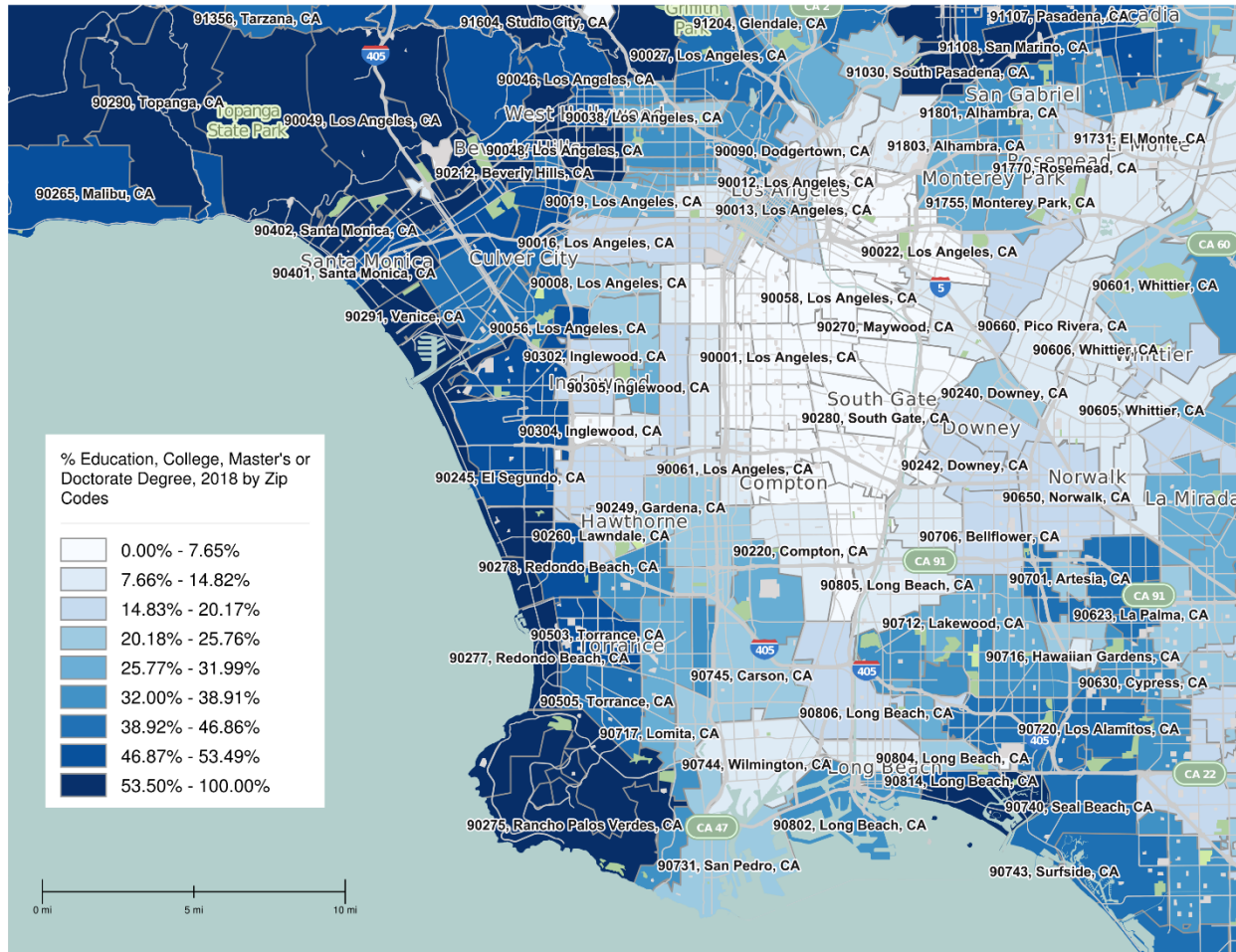
Density of the professional, scientific and technical jobs, 2017Q3



Density of the information jobs, 2017Q3



Density of residents with high human capital



Forecast and conclusions

- South Bay economy will continue to grow in 2018 and 2019. Aerospace industry is a resilient driver to the local economy.
- Manufacturing, professional, scientific, technical, and information sectors provide high-paying jobs located in regions with high human capital.
- Hawthorne and Inglewood are growing and transforming due to SpaceX and the building of the NFL stadium.

