THE INDUSTRIAL ECOSYSTEM'S ECONOMIC CONTRIBUTIONS TO SOUTHERN CALIFORNIA

A new white paper from the Pepperdine School of Public Policy and Beacon Economics finds that industrial real estate is the cornerstone of Southern California's economy and warns that policies reducing industrial land capacity threaten long-term growth in Los Angeles, Orange, Riverside, and San Bernardino counties.

THE SCALE

1.45M
Total jobs supported (direct, indirect, induced)

$196B
Total contribution to regional value added (GDP)

~11%
Share of 4-county GDP anchored in industrial space

2.5B
Square feet across 66,000+ properties

PROVIDING GOOD SALARIES: CLOSE TO HOME AND WITHOUT REQUIRING A 4-YEAR DEGREE

Industrial activity supports a full spectrum of employment across SoCal, from accessible entry points in logistics and fulfillment to middle-skill trades and advanced manufacturing careers that don't require a 4-year degree.

Manufacturing, among the largest sectors in industrial space, pays **above the countywide average wage in all three markets.**

	Los Angeles	Orange County	Inland Empire
Avg. annual compensation	$75,074	$82,102	$64,987
Top sector by share	Goods movement (25.7%)	Manufacturing (24.7%)	Goods movement (41.8%)
Job growth, 2014-2024	+5%	+23%	+51%
Total jobs supported	674,817	190,786	586,064
GDP contribution	$97.6B (~9% of county GDP)*	$28.5B (~8% of county GDP)*	$69.7B (~23% of county GDP)*

Source: Tables 3, 5,7, 8, 9; Figure 3, "The Industrial Ecosystem's Economic Contributions to Southern California."
**Share of county GDP reflects direct impacts only*

AN INTERCONNECTED SYSTEM – NOT 3 SEPARATE MARKETS

Industrial activity supports **~23% of GDP in the Inland Empire and ~8-9% in the L.A.–O.C. coastal area.**

L.A. and O.C. concentrate Southern California's **manufacturing and high-value production**, alongside **last-mile delivery networks**. The I.E. provides the **large-format warehousing capacity** that makes regional freight movement possible.

These functions are interdependent and complementary; none easily substitutes for one another. Together, they support the nation's largest containerized trade gateway: the Ports of Los Angeles and Long Beach, which together handle **close to one-third of all U.S. containerized waterborne trade.**

Constraining any part of this ecosystem risks disrupting supply chains that extend not only to Southern California, but also to the entire nation.

THE CLOCK IS TICKING IN LOS ANGELES & ORANGE COUNTY

More than 80% of L.A. County's industrial stock was built or renovated before 1990 — roughly half before 1970. O.C.'s industrial base is also majority (76.5%) pre-1990. In built-out coastal markets, sustaining capacity means reinvesting in aging sites through redevelopment. **Little developable land remains.**

BEACON ECONOMICS

PEPPERDINE
School of Public Policy

THE POLICY CHOICE

This is not a trade-off between housing and industry. It is a question of whether land-use decisions are made site by site — or as stewardship of a regional system.

> "The evidence points to a single organizing principle: land-use decisions should optimize the efficiency of the regional system, not the value of individual sites in isolation."
>
> —TIM JEMAL, CHIEF EXECUTIVE OFFICER OF THE SUPPLY CHAIN FEDERATION AND NAIOP SOCAL

Piecemeal conversion of well-located industrial land imposes costs that accrue to the entire regional economy: jobs that leave the region entirely rather than relocating within it, supply chains that weaken, and environmental concerns, including emissions, that rise as goods are transported longer distances to reach their destination.

Once this capacity is gone, it cannot easily be rebuilt. The supplier networks, labor pools, and economic relationships supported by industrial land take generations to assemble — and moments to lose.

The land-use decisions made today will shape Southern California's economic capacity for decades.

Total economic contribution by subregion, 2024

County and subregion	Total jobs	GDP ($B)	Output ($B)	Labor income ($B)
Los Angeles County	**674,817**	**$97.6**	**$210.3**	**$51.2**
City of Los Angeles	229,910	$28.0	$51.6	$15.2
Gateway Cities	204,450	$30.6	$70.9	$15.1
San Gabriel Valley	88,994	$12.5	$25.7	$7.1
Other L.A. County	77,463	$12.3	$24.1	$6.9
South Bay	73,999	$14.1	$38.2	$6.8
Inland Empire	**586,064**	**$69.7**	**$137.5**	**$42.1**
Western Inland Empire	527,855	$63.6	$125.1	$38.7
Eastern Inland Empire	58,208	$6.2	$12.3	$3.4
Orange County	**190,786**	**$28.5**	**$53.4**	**$17.1**
North Orange County	181,934	$27.1	$50.8	$16.2
South Orange County	8,852	$1.4	$2.6	$0.9
Region total	**1,451,667**	**$195.8**	**$401.2**	**$110.4**

Source: Table 8, "The Industrial Ecosystem's Economic Contributions to Southern California."

This is the first of 3 white papers examining the role of industrial real estate in Southern California's economy. It was made possible through support from NAIOP SoCal, the Supply Chain Federation, the County of San Bernardino, and NAIOP Inland Empire.

See the full report **here.**