



NEW WHITE PAPER DOCUMENTS INDUSTRIAL REAL ESTATE'S VITAL ECONOMIC CONTRIBUTIONS TO SOUTHERN CALIFORNIA

Pepperdine and Beacon Economics Report Finds the Industrial Sector Supports ~1.5 Million Jobs and ~11% of Region's GDP; Highlights Importance of Land Use Decisions

LOS ANGELES – 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 report, titled *"The Industrial Ecosystem's Economic Contributions to Southern California,"* found that businesses operating in warehouses, distribution centers, manufacturing centers, and industrial flex properties in Los Angeles, Orange, Riverside, and San Bernardino counties support approximately 1.5 million jobs and generate roughly one out of every nine dollars of Southern California's gross domestic product.

The business activity and employment at these industrial sites provide essential services, directly support trade, and drive economic growth. These firms – which include goods movement and distribution, manufacturing, and construction – provide middle-class wages and benefits, with average annual wages exceeding \$75,000 in Los Angeles, \$82,000 in Orange County, and \$64,000 in the Inland Empire.

"The importance of the industrial ecosystem to our regional economy cannot be overstated," said Pepperdine School of Public Policy Dean Pete Peterson. "By highlighting industrial real estate's vital contributions to Southern California's economy, this report helps policymakers and stakeholders better understand how restrictive land-use policies can undermine job creation, economic competitiveness, and long-term regional growth. This is just one factor in the out-migration of middle-class jobs from California to other states, but it's important."

The white paper notes that industrial properties in Los Angeles, Orange, Riverside, and San Bernardino counties function as part of an interconnected regional system that links

ports, transportation networks, manufacturing, distribution centers, retailers, and consumer markets. Because the economic benefits of industrial land derive from where the land is located, decisions to replace or reduce industrial uses can cause great harm to regional economies, jobs, and the supply chain as a whole.

"The overall cost of converting industrial land rarely shows up in any single transaction or its taxes," said Christopher Thornberg, Beacon Economics founding partner. "It accrues to the regional economy as a whole, impacting supplier networks and labor pools that can't be reassembled once they're gone. The economy-wide value of industrial real estate goes far beyond what any parcel-level valuation ever captures."

The white paper documents how Southern California's industrial ecosystem relies on deeply established supplier networks, specialized labor pools, and access to ports and transportation infrastructure that cannot easily be replicated if relocated or expanded elsewhere.

"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," said Tim Jemal, chief executive officer of the Supply Chain Federation and NAIOP SoCal. "Southern California's industrial base is the physical infrastructure of the nation's largest containerized trade gateway, moving goods that reach businesses and households across the country. Decisions that erode it carry costs far beyond the region."

The white paper also states that many of the jobs supported by the industrial ecosystem are available to workers without a four-year college degree, and the employers are located close to where those workers live.

"Industrial construction projects are the backbone of Southern California's middle class," said Jon P. Preciado, Business Manager of the LiUNA Southern California District Council of Laborers. "Most of these projects are union projects that provide family-supporting wages and strong benefits, including a secure pension, as well as the opportunity to build better lives while strengthening the communities in which we live and work."

The white paper also acknowledges the importance of the San Pedro Bay port complex, comprising the Ports of Long Beach and Los Angeles, which handles close to one-third of all U.S. containerized waterborne trade.

"The Port of Long Beach moves nearly one-fifth of the nation's cargo, and the industrial ecosystem described in this report is critical to making that possible," said Dr. Noel

Hacegaba, Port of Long Beach CEO. "Constrain that ecosystem, and you constrict the entire supply chain – not just for Southern California, but for the entire nation."

"Every four cargo containers that move through the Port of Los Angeles support one job, and nearly a quarter of our cargo is destined for the manufacturing supply chain," said Port of Los Angeles Executive Director Gene Seroka. "Southern California's industrial sector is a critical partner to the Port and helps sustain one in nine jobs across the region. This report makes clear that a world-class port is only as strong as the goods movement ecosystem that surrounds it."

This white paper is the first of three white papers examining why industrial real estate should be treated as critical infrastructure for Southern California's economy. It was made possible through support from the [Supply Chain Federation](#), [NAIOP SoCal](#), the County of San Bernardino, and [NAIOP Inland Empire](#).

To read the full white paper and executive summary, [click here](#).

About Pepperdine School of Public Policy

The [School of Public Policy \(SPP\)](#) is built on a distinctive philosophy of nurturing public leaders to use tools of analysis and policy design to effect real change. Grounded in understanding policy's moral and distinctly American elements, SPP prepares graduates for careers as leaders by offering a [master's degree in public policy and three joint-degree programs](#). The school's [Davenport Institute for Public Engagement and Civic Leadership](#) promotes citizen participation in governance through major conferences, trainings, seminars, and published research. Follow SPP on [Facebook](#), [X](#), [Instagram](#), [LinkedIn](#), and [YouTube](#).

About Beacon Economics, LLC

Beacon Economics, LLC is a non-partisan, independent research and consulting firm dedicated to delivering accurate, insightful, and objectively-based economic analysis that enables its clients to make informed decisions about investment, growth, revenue, and policy. The company is based in Los Angeles and is certified as a Small Business Enterprise (SBE) within the state of California. Learn more at www.BeaconEcon.com.

About Supply Chain Federation

The Supply Chain Federation is a leading national trade association working to secure and strengthen America's supply chain, uniting business and labor to protect jobs, invest in domestic infrastructure, and safeguard the supply chain – all to ensure access to the goods and services Americans depend on. Learn more at <https://supplychainfederation.com/>.

About NAIOP SoCal

NAIOP SoCal is the leading organization for developers, owners, and investors of office, industrial, retail, and mixed-use real estate. With over 1,200 members, NAIOP SoCal provides the best-in-class networking, education, and public policy advocacy, making it the premier commercial real estate trade association in Southern California. Learn more at <https://www.naiopsocal.org/>.

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