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# News Release

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## ***Southern Calif. will continue to see an uneven recovery through 2022***

*SCAG Economic Summit offers a promising, but cautious forecast as labor shortages and supply chain disruptions continue to impact the regional economy*

**Los Angeles** – Southern California has reclaimed 70% of the jobs lost during the COVID-19 pandemic, but the recovery ahead will be an uneven one as labor shortages, supply chain disruptions, equity gaps and inflation continue to impact the region’s economy, a new forecast shows.

The report will be released Thursday, December 2, during the 12<sup>th</sup> Annual Southern California Summit, “From Inclusive Recovery to Inclusive Growth.” More than 400 leaders in business, public policy, housing and education are expected to participate in the virtual summit, sponsored by the Southern California Association of Governments (SCAG).

The forecast was prepared by some of the region’s top economists, and notes that the strength, resilience and diversity of Southern California’s economy helped avoid what could have been a far more serious downturn. Even so, the impact of the pandemic has been significant, with the region still more than a half million (507,000) jobs below its February 2020 total, even after having added 1.21 million over the past 19 months.

As a result, the region’s unemployment rate in September – 7.2% – has remained above both the state and national averages – 6.4% and 4.8%, respectively.

“We are starting to see what the post-COVID economy will look like, and it’s clear that we have significant challenges and opportunities ahead,” said Clint Lorimore, President of SCAG and an Eastvale City Councilmember. “On the plus side, Southern California’s role as a supply chain leader has never been more important. We’re also seeing remarkable advances in technology and innovation across multiple industry sectors. At the same time, our tourism industry was essentially shut down for months, while staffing shortages have hurt many of our retailers, restaurants, manufacturers, trucking operations and small businesses.”

A major part of the study focuses on the impact of the COVID downturn, and the prospects ahead, for low- to middle-income individuals and families, who have felt a disproportionate impact from job losses, continued rising home prices and a recent surge in consumer prices caused by supply chain disruptions. The economists note that many employees who lost their jobs during the early weeks and months of the pandemic are “strategically timing their re-entry into the workforce to secure higher pay consistent with cost-of-living increases that continue to erode affordability.” It’s imperative that strategies and policies

be developed to better support these residents, particularly in the area of educational attainment and skills training.

“Workforce talent pipelines in general will be key to the regional recovery, especially in the wake of significant disruptions to the educational system,” said Wallace Walrod, Vice President of Economic Development and Research for the Orange County Business Council and SCAG’s Chief Economic Advisor.

Other factors that will determine the pace and strength of the recovery include potential new COVID-19 variants, continued supply chain interruptions and the persistence of inflation. Most of the economists who participated in the SCAG study expect that the region will continue to grow in 2022, and regain all pre-pandemic employment losses by mid-2023.

The specific outlook varies among specific counties and subregions with the SCAG footprint:

- In **Imperial County**, billions of dollars of investment in solar energy production and battery storage should create significant long-term opportunities. The region is being actively explored for the mining of lithium, an essential element of batteries and mobile phones. In the meantime, the county’s agricultural industry remains under pressure due to labor costs and availability.
- In **Los Angeles County**, employment is projected to grow by about 91,000 jobs annually from 2020-2025. The highest number of new jobs will be in occupations that require a high school diploma or less, which are often lower-paying and lower-skilled. At the same time, as is the case throughout the SCAG region, housing is becoming more and more expensive, with the average price for a new detached home rising to nearly \$1.2 million.
- Housing affordability is a growing concern in **Orange County**, as well, with only 17% of residents able to afford a median-priced home. However, the county’s competitive advantages – an educated workforce and diverse industry base – have helped fuel its recovery faster than its neighboring counties.
- In the **Inland Empire** (San Bernardino and Riverside counties), the strength of the logistics, healthcare and construction industries will continue to drive the recovery in 2022. If current trends hold true, 2021 will see a gain of 69,000 jobs – more than offsetting the 65,692 jobs lost in 2020. The IE’s population and economy continue to grow in large part due to migration from the more expensive counties to the west.
- In **Ventura County**, the recovery is expected to lag behind that of neighboring counties, with the pandemic having wiped out 70% of the post-Great Recession job gains in the leisure and hospitality sector and 7% of job gains in education and healthcare. Those two industry clusters had been the fastest growing in Ventura County over the previous decade. Net domestic migration has declined for 10 consecutive years, and the labor force has contracted for eight straight years.

“Across our region, COVID-19 has provided clarity on the strengths and weaknesses within our economic structure. While we are optimistic about 2022 and beyond, we also have our work cut out for us to ensure that we grow the right way, with a resilient and inclusive recovery,” said Kome Ajise, SCAG Executive Director.

For a copy of the SCAG economic outlook, please [click here](#).

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***About SCAG***

SCAG is the nation's largest metropolitan planning organization, representing six counties, 191 cities and more than 19 million residents. SCAG undertakes a variety of planning and policy initiatives to plan for a livable and sustainable Southern California now and in the future. For more information about SCAG, please visit: [www.scag.ca.gov](http://www.scag.ca.gov).