

2021 State Latino GDP Report California



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California
Lutheran
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UCLA Health

Center for the Study of
Latino Health and Culture

Latino Gross Domestic Product (GDP)

Why GDP?

- Broad Measure of Economic Activity
- Nearly-universal *summary statistic* for the performance of an economy

As a summary statistic for the performance of Latinos in the U.S., the Latino GDP is impressive

- Total economic output of U.S. Latinos is very large - \$2.6 Trillion in 2018
- U.S. Latino GDP is growing rapidly – 74% faster than Non-Latino GDP (2010-18)
- Single biggest driver of Latino GDP growth is rising consumption
2010-2018: Latino real consumption grew 135% faster than Non-Latino

Estimating the Latino GDP - Methodology

We conduct a detailed, bottom-up construction of Latino economic activity leveraging publicly available data from major U.S. agencies

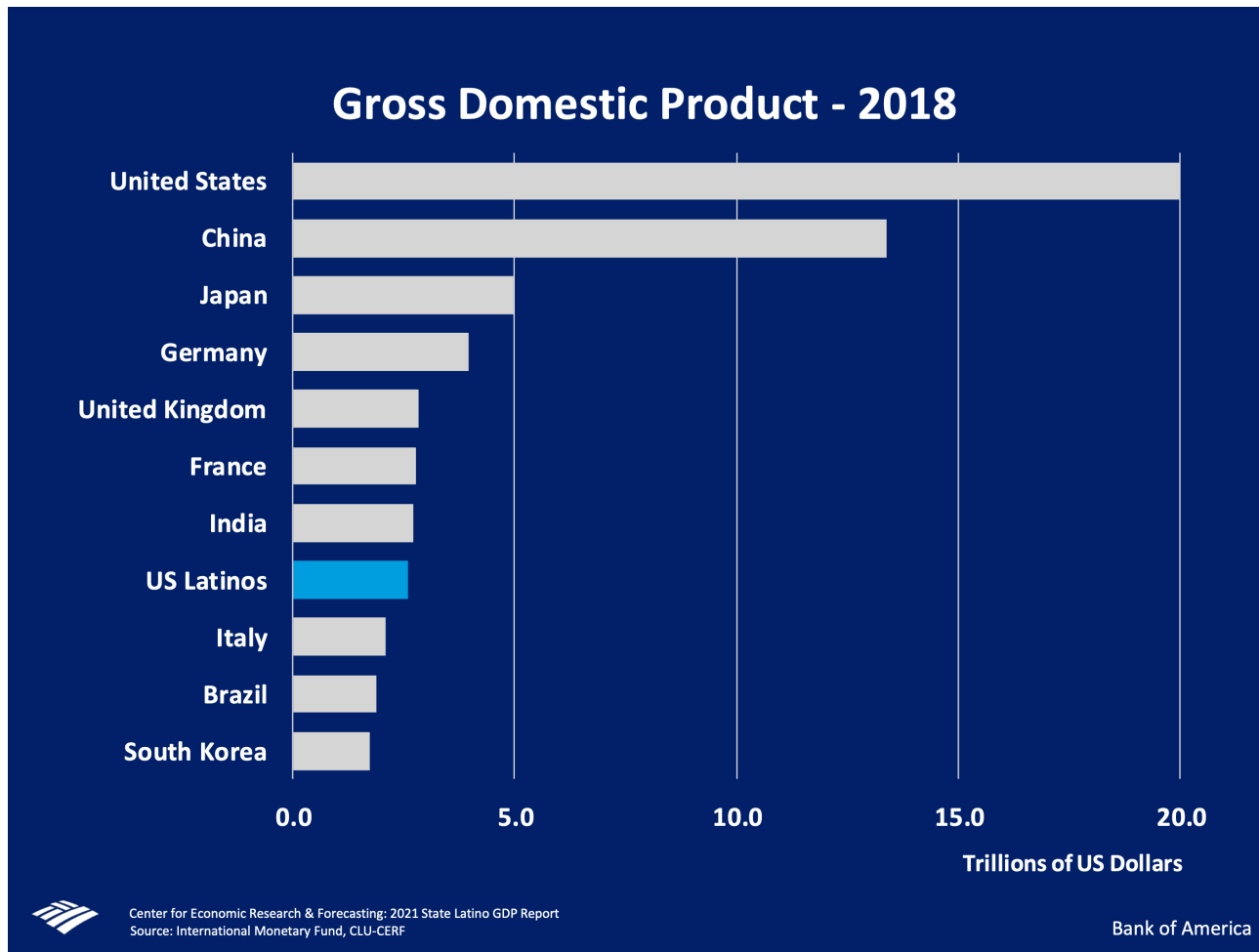
Bureau of Economic Analysis (BEA) provides detailed input-output (I-O) tables

- Broad and deep measure of economic activity across 71 industrial sectors
- The most recent year for which this core building block is available is 2018

We combine the BEA I-O tables with data from the Census Bureau (BOC) & Bureau of Labor Statistics (BLS) to produce Latino I-O tables, which yield Latino-specific calculations of the major GDP components

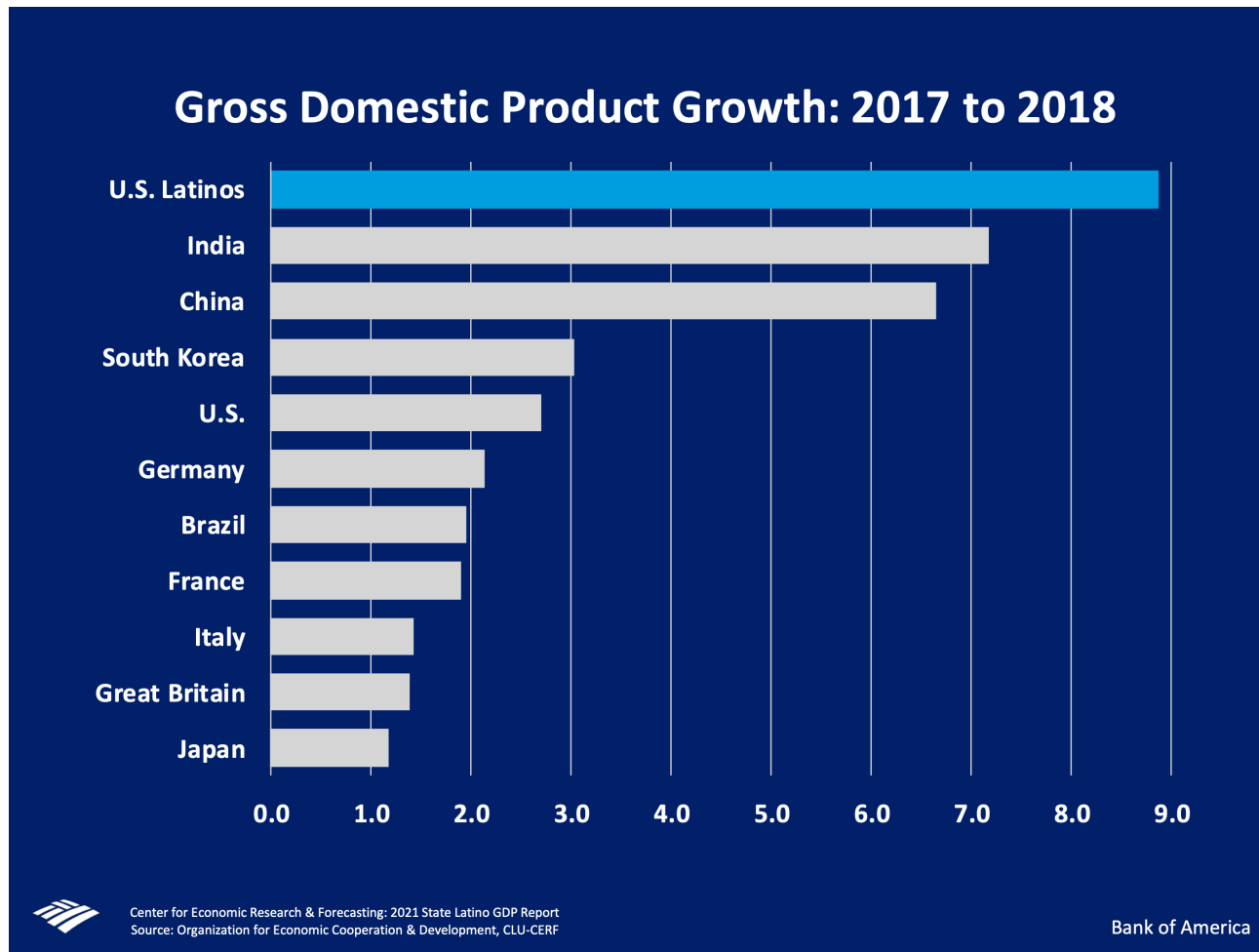
- BOC and BLS provide breakouts of differences in income, spending, home ownership, educational attainment, labor market patterns and demographics

Latino Gross Domestic Product (GDP)



If it were an independent country, Latino GDP would be 8th largest in the world

Latino Gross Domestic Product (GDP)



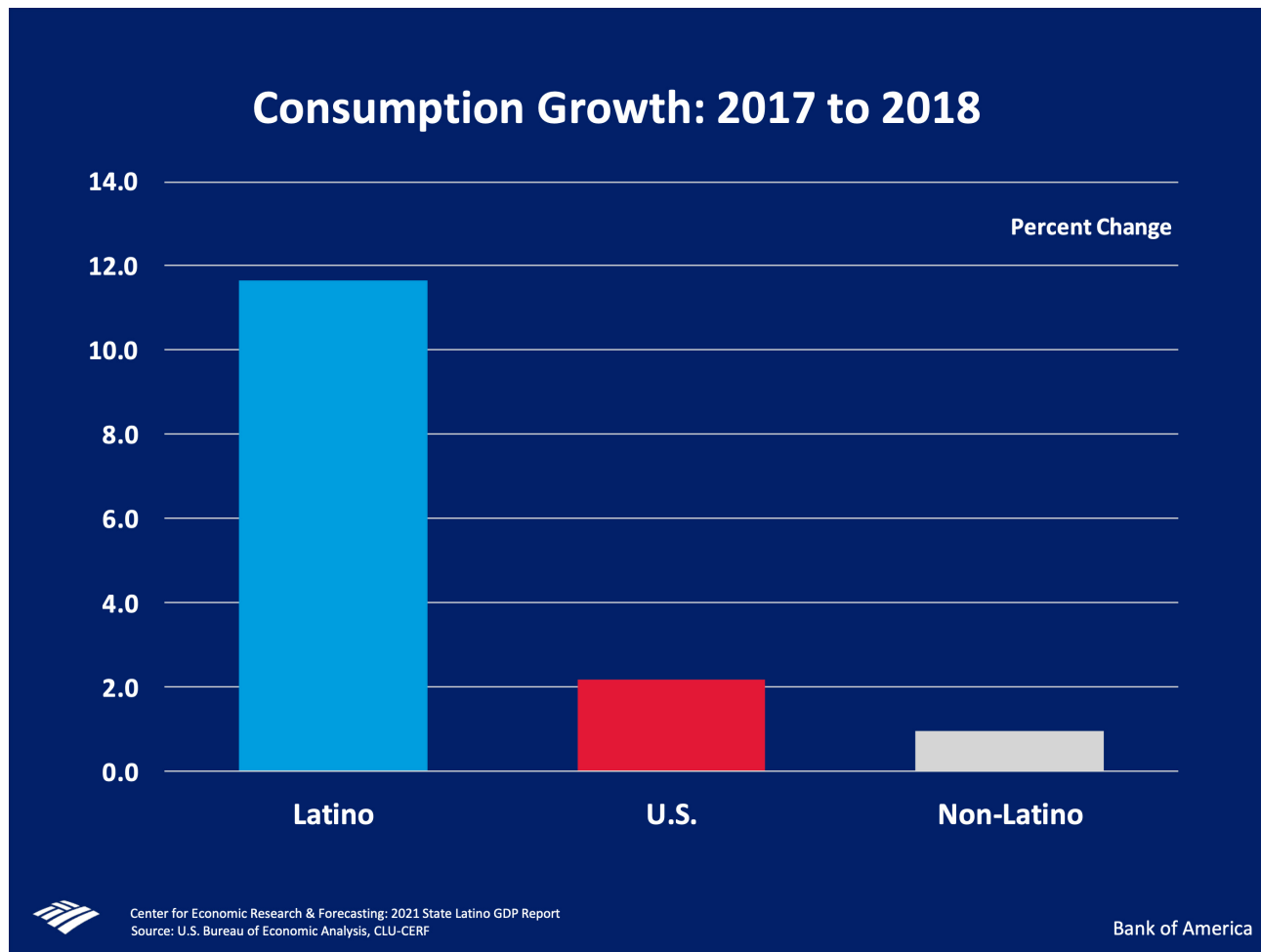
Among the ten largest GDPs, Latino GDP is *single* fastest growing

Latino Gross Domestic Product (GDP)

The single largest driver of rapid Latino GDP growth is personal Consumption growth

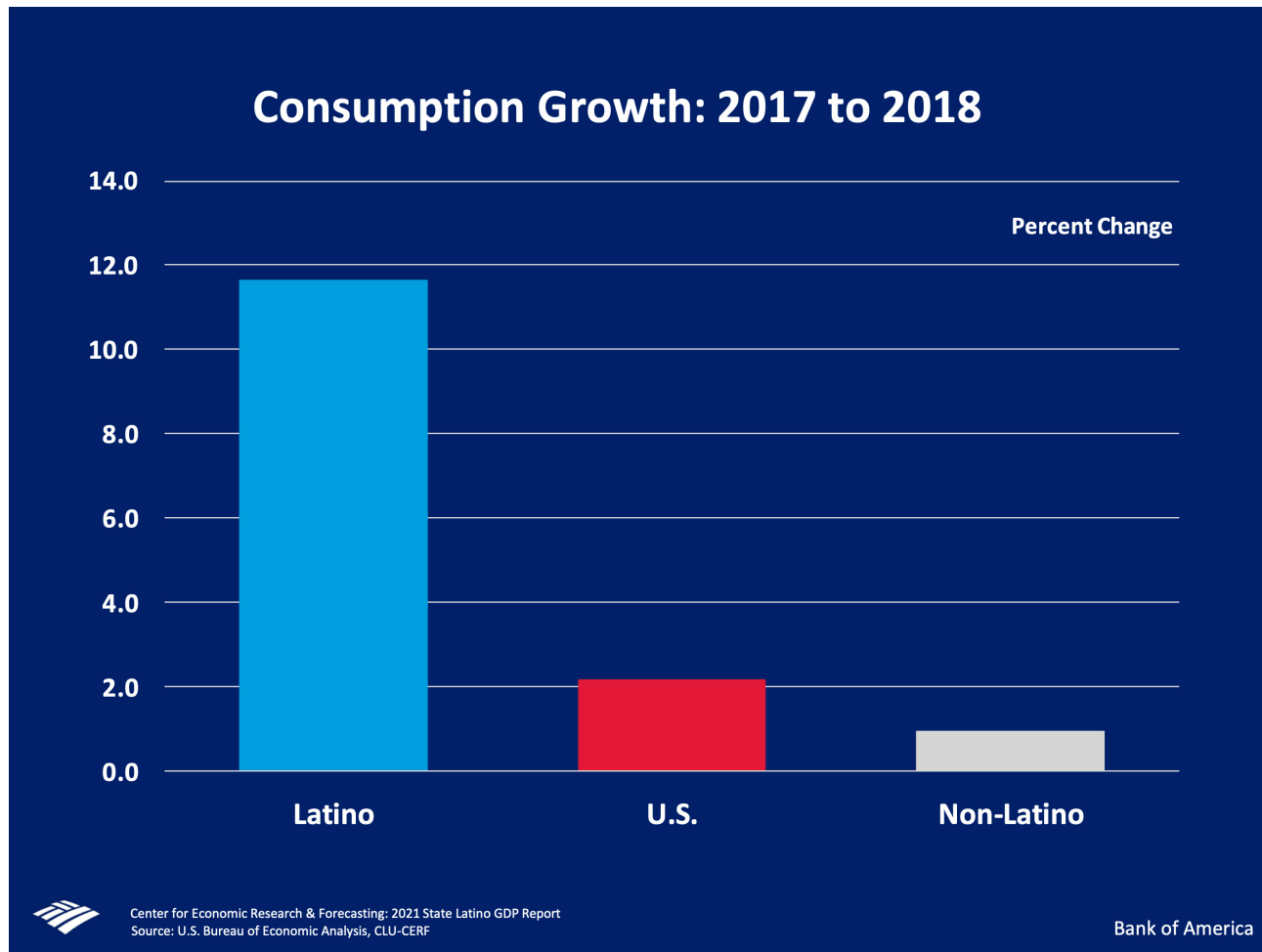
- From 2010-2018, Latino real consumption grew 135% faster than Non-Latino
- This dramatic increase is driven by large gains in personal income, which naturally flow from Latinos' rapid gains in educational attainment and strong labor force participation.

Drivers of the Latino GDP



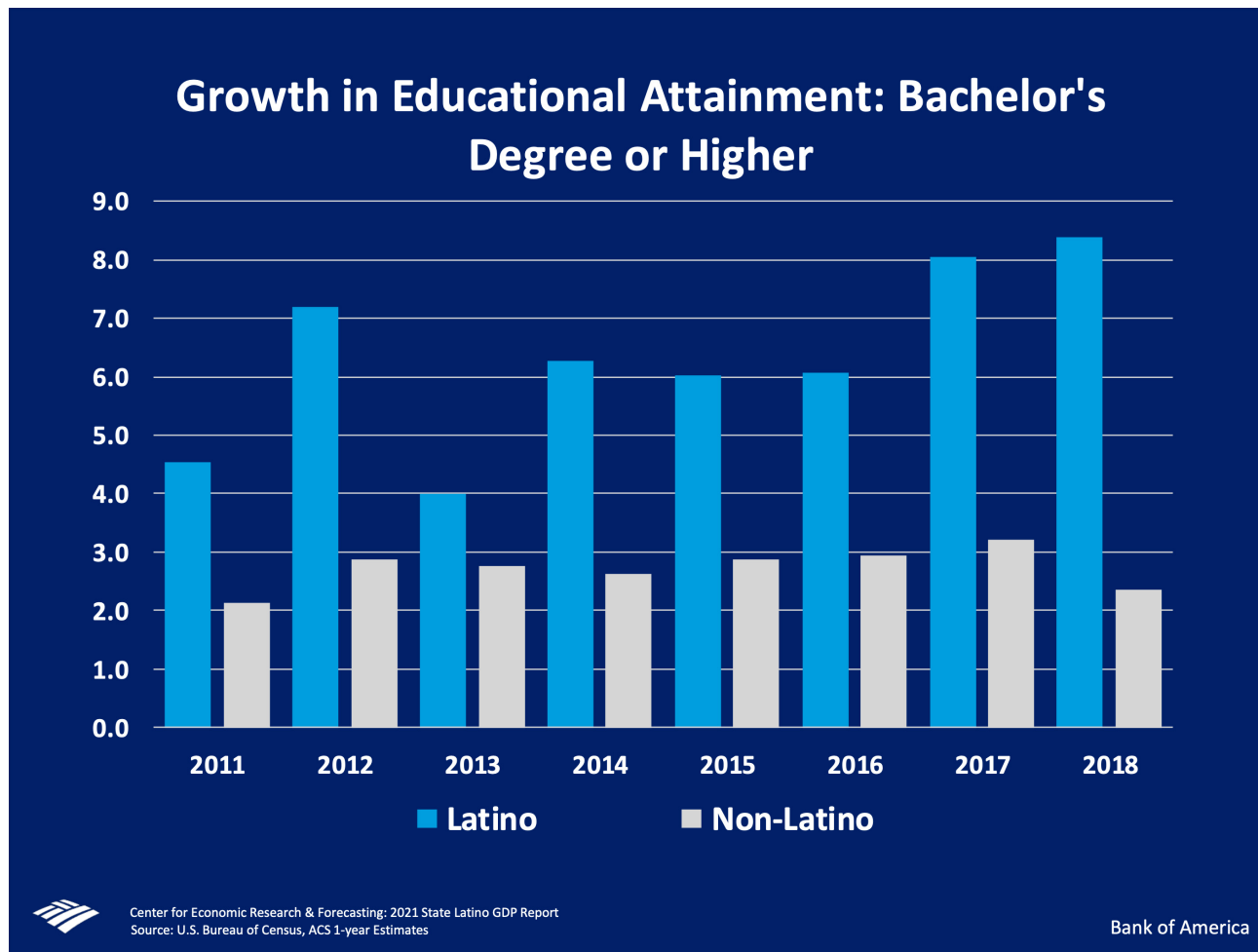
2017-18 Latino real consumption grew 12.2 times faster than Non-Latino

Drivers of the Latino GDP



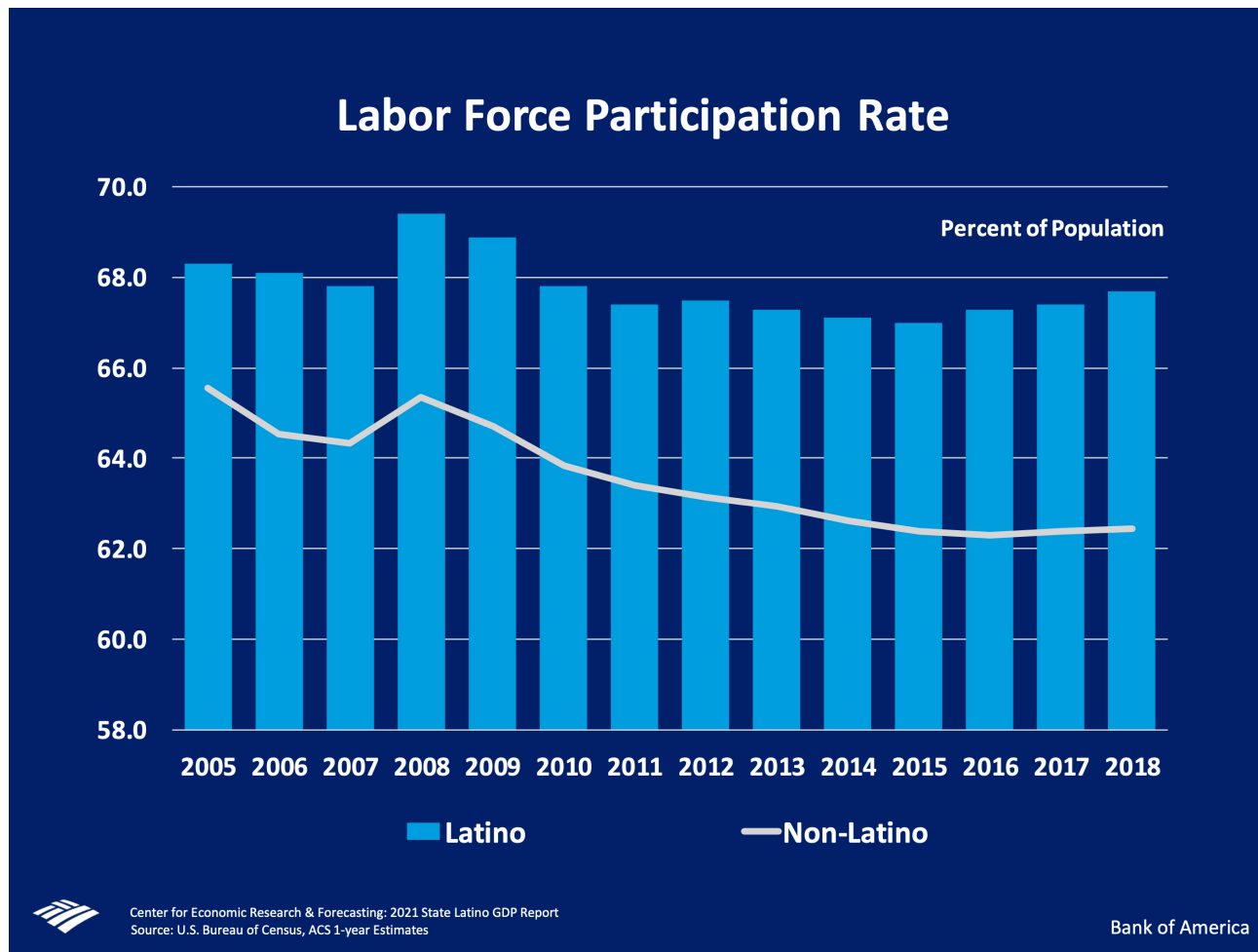
Over the past 5 years, Latino income grew nearly 70% faster than Non-Latino

Drivers of the Latino GDP



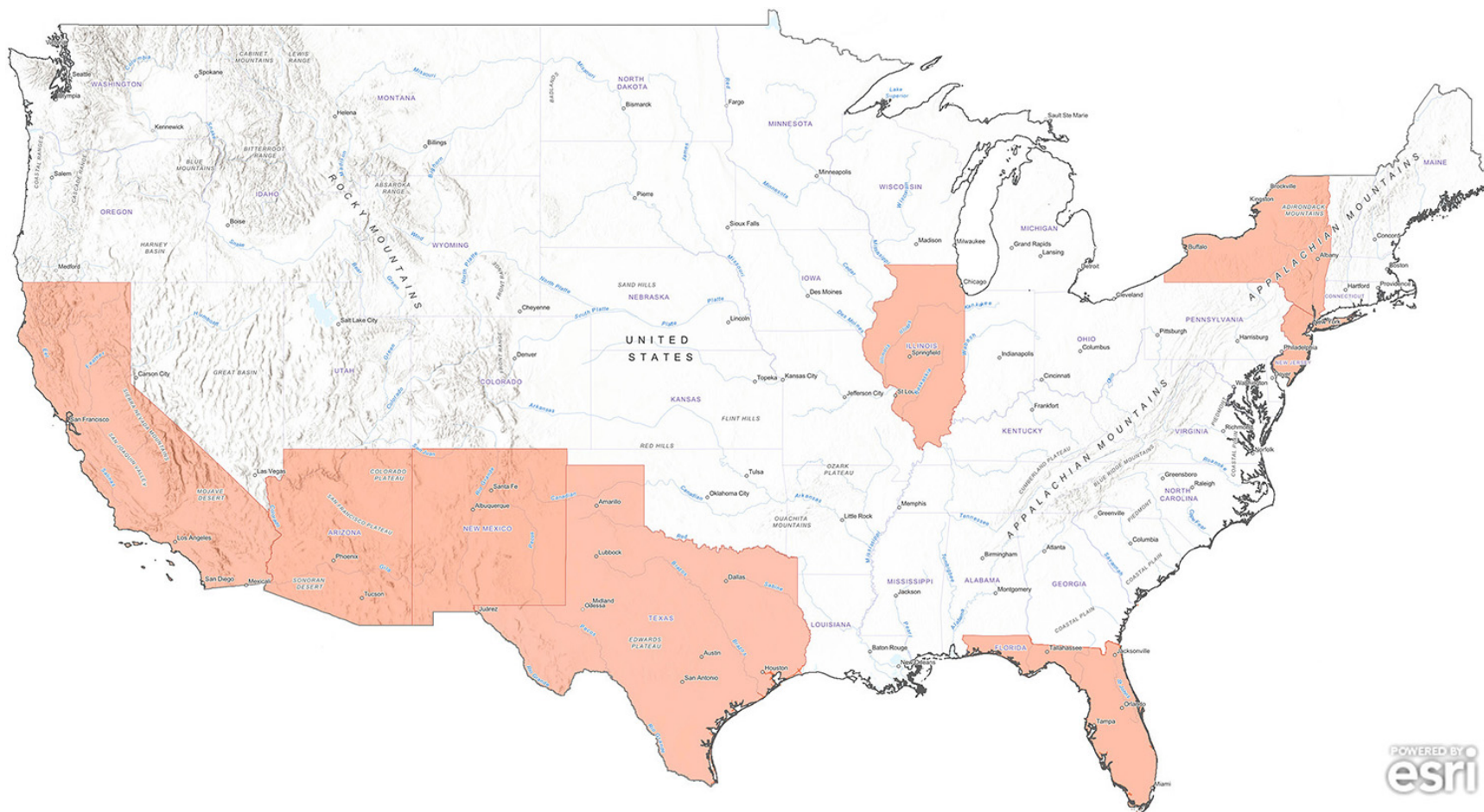
Educational attainment growth is 2.6x faster among Latinos than non-Latinos

Drivers of the Latino GDP



Latinos are significantly more likely than Non-Latinos to be actively working

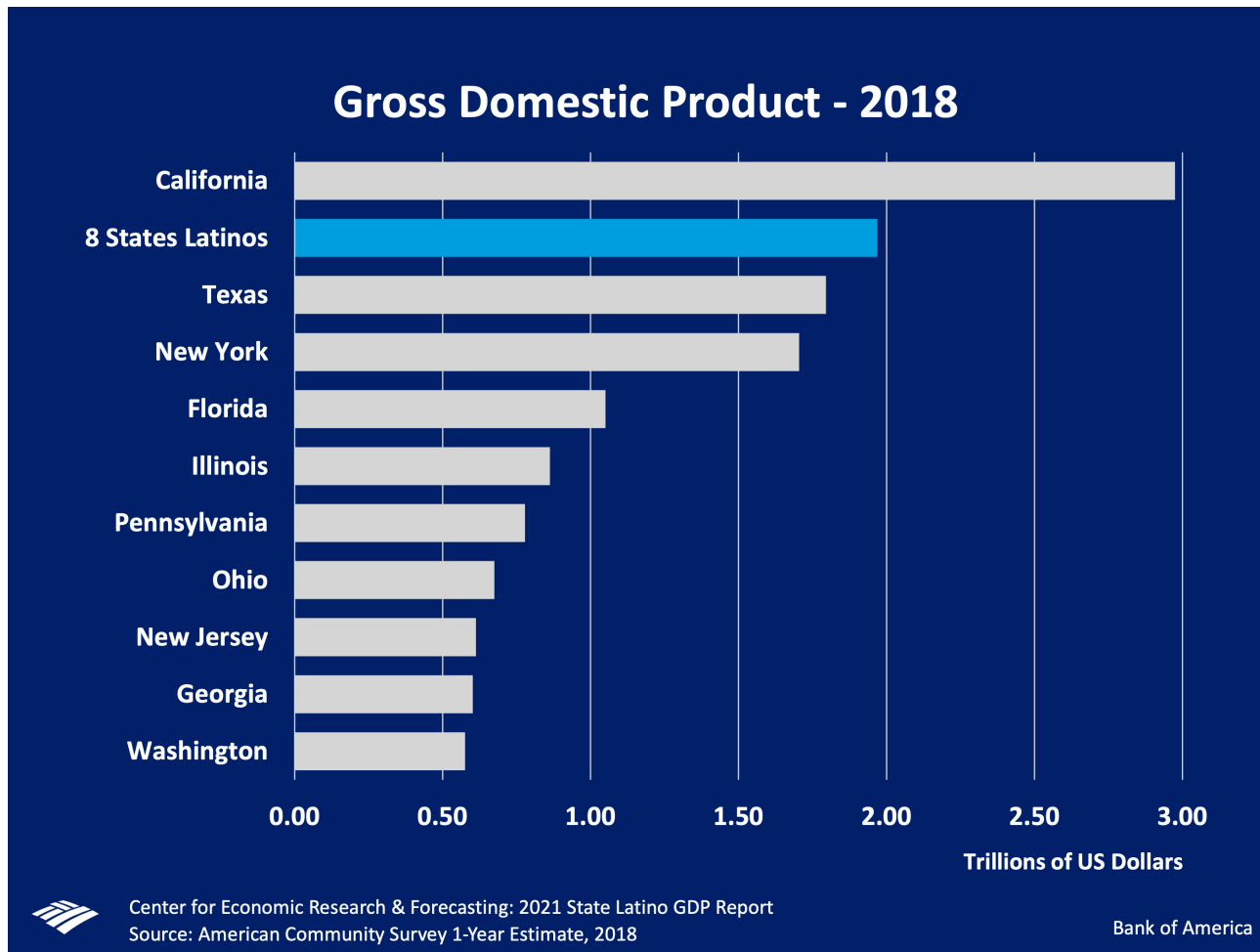
Latino Gross Domestic Product (GDP) by State



Latinos in just 8 U.S. states account for 76% of the U.S. Latino GDP

- Together, these 8 states have a combined Latino GDP of \$2.0 trillion

State Latino GDP

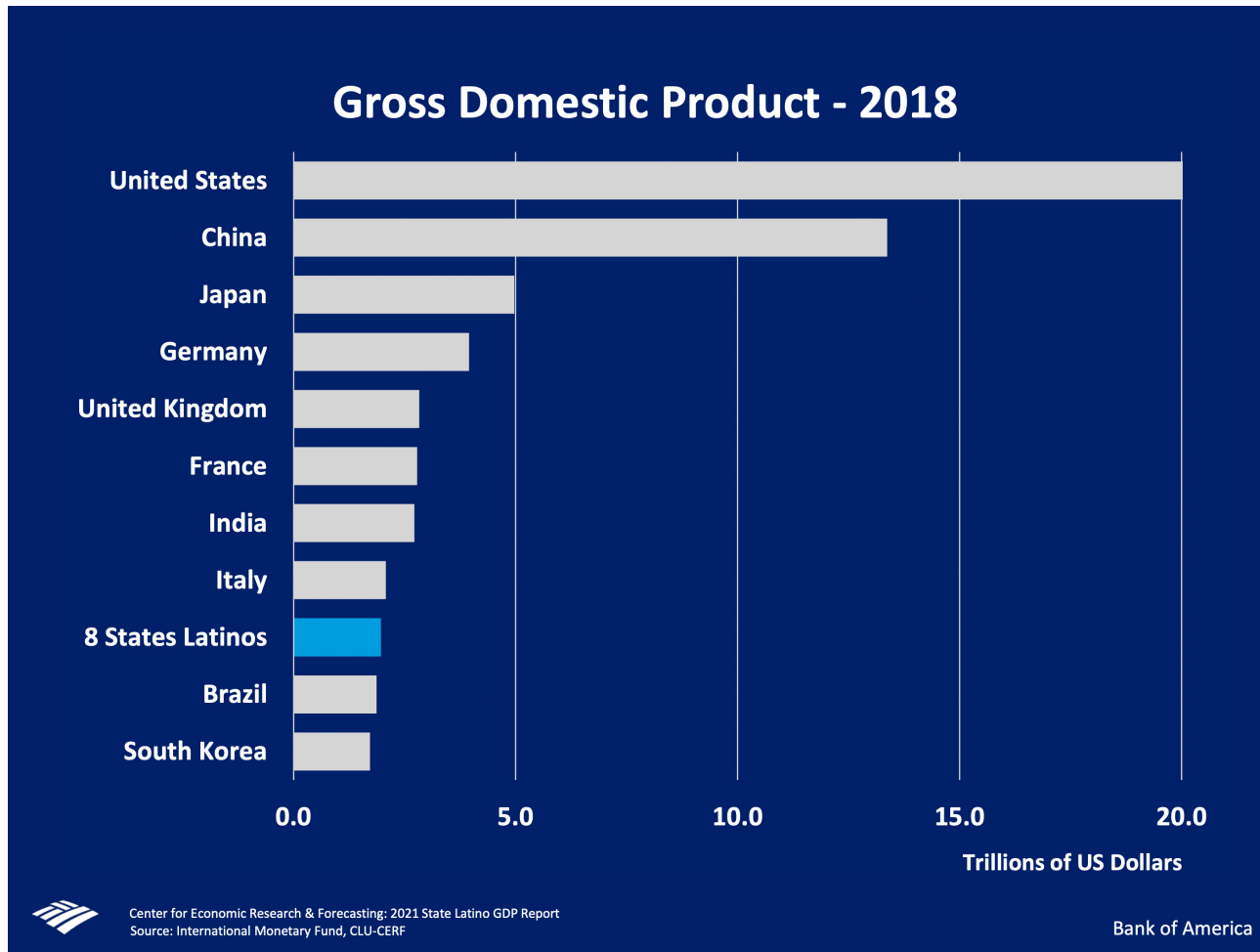


Treated as a unit, Latinos in these 8 states represent the 2nd largest State GDP

The 8 Latino GDPs are large even on the world stage

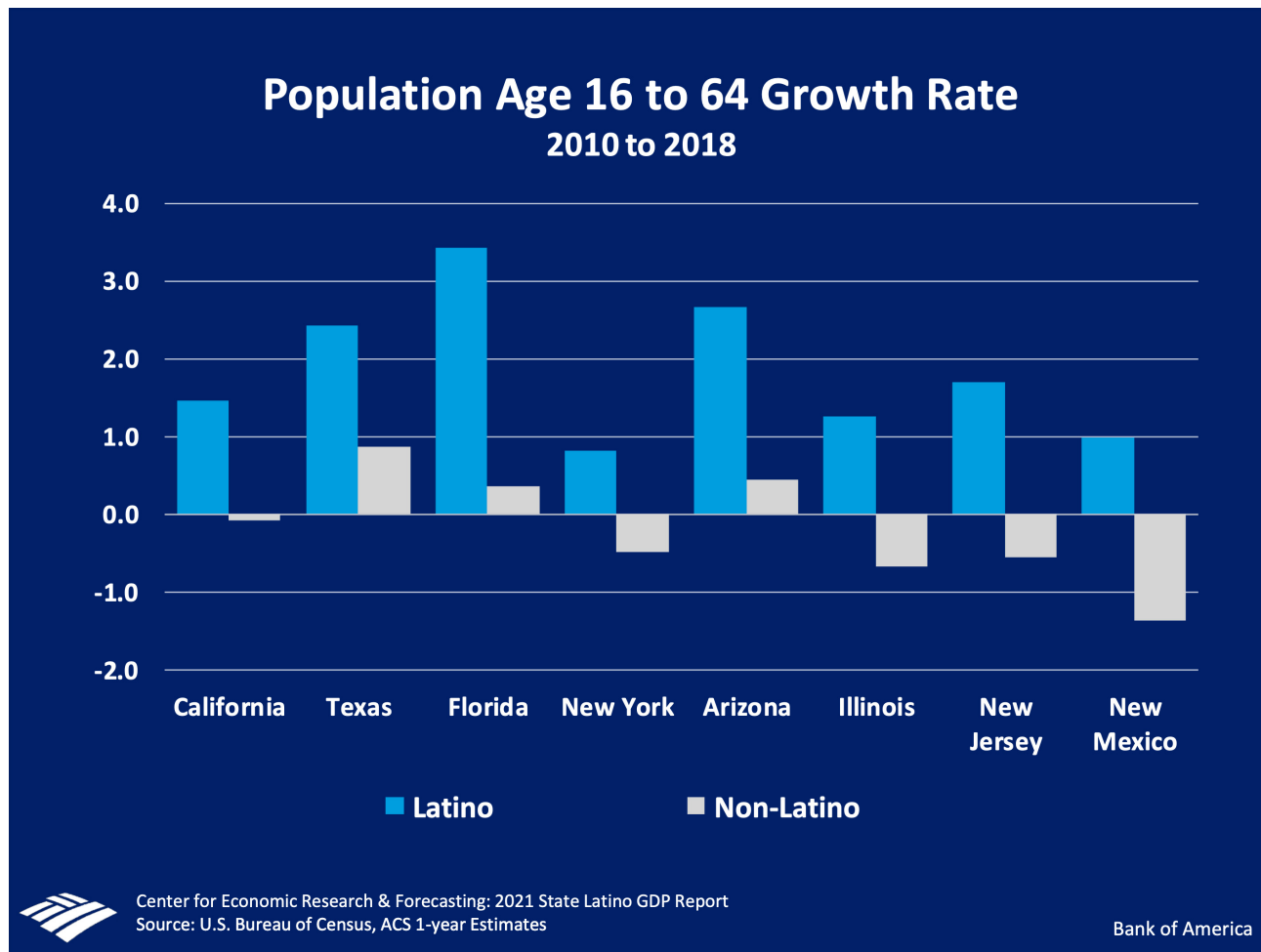
- Treated as a single economy, Latinos in these 8 states produce greater economic activity than the entire country of South Korea (\$1.72 trillion) and Brazil (\$1.87 trillion)

State Latino GDP



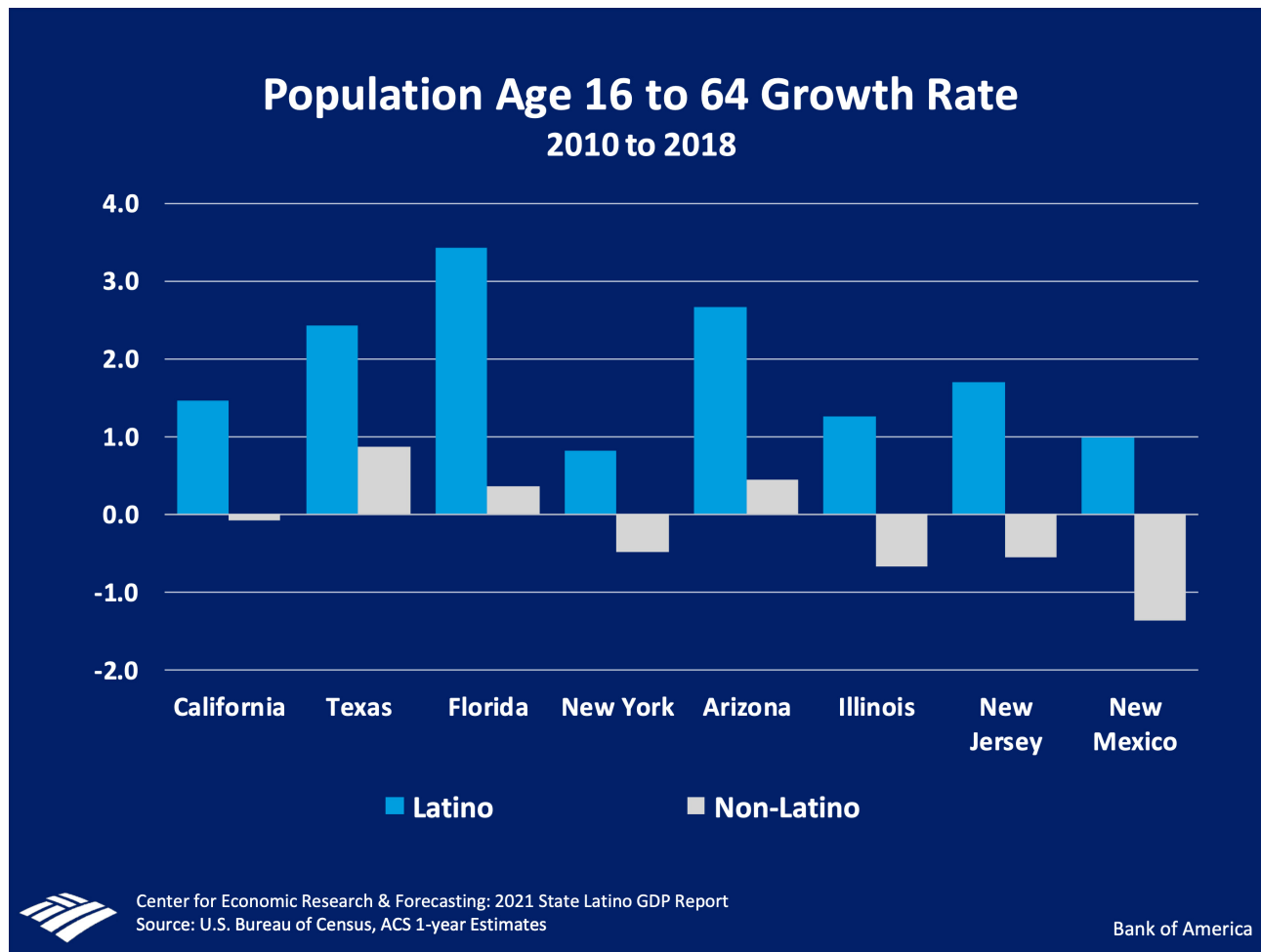
Together, the 8 state Latinos GDPs represent the world's 9th largest economy

Drivers of the State Latino GDPs



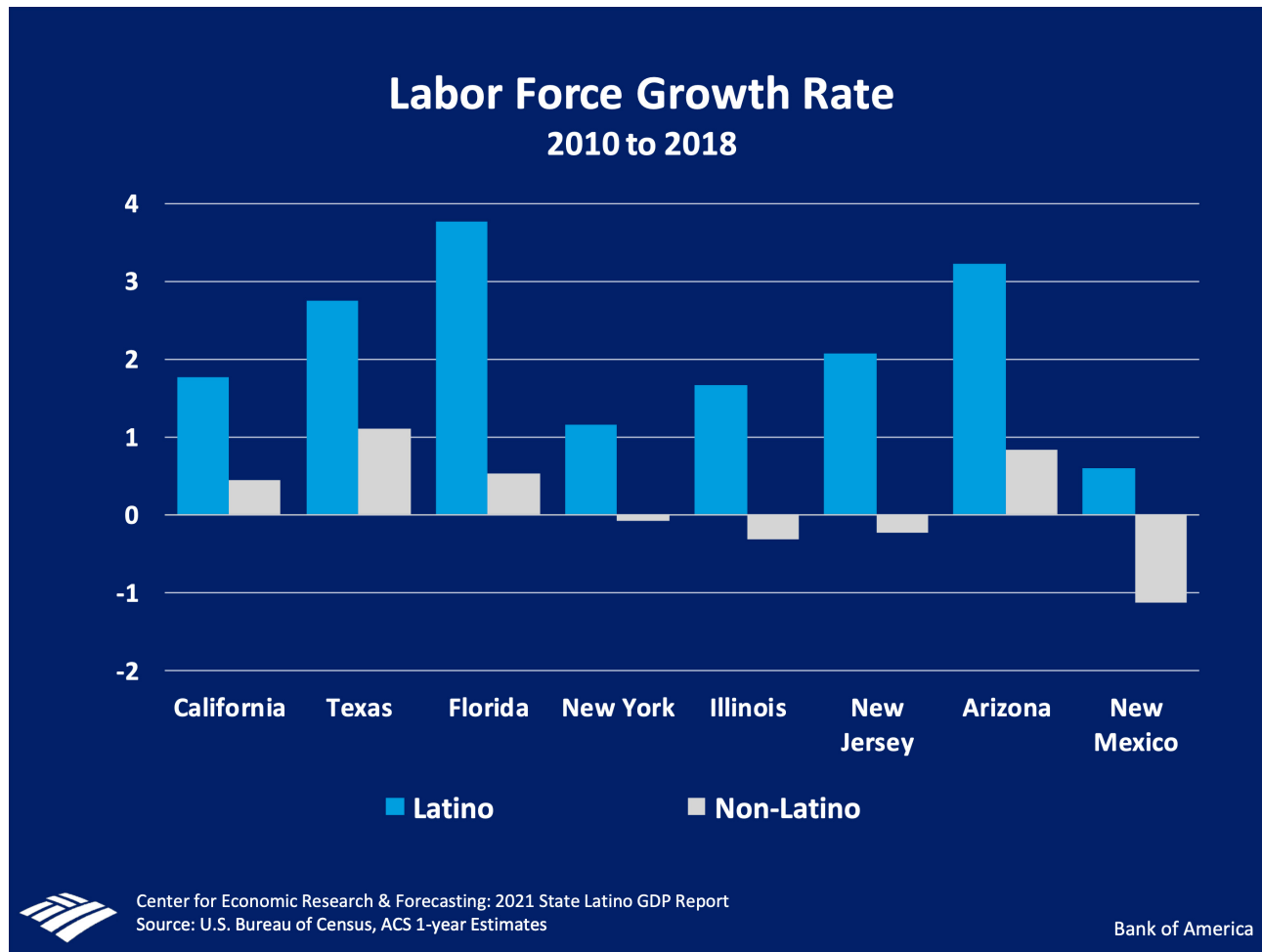
Median age of U.S. Latinos is 29.5, compared to 40.6 for Non-Latinos

Drivers of the State Latino GDPs



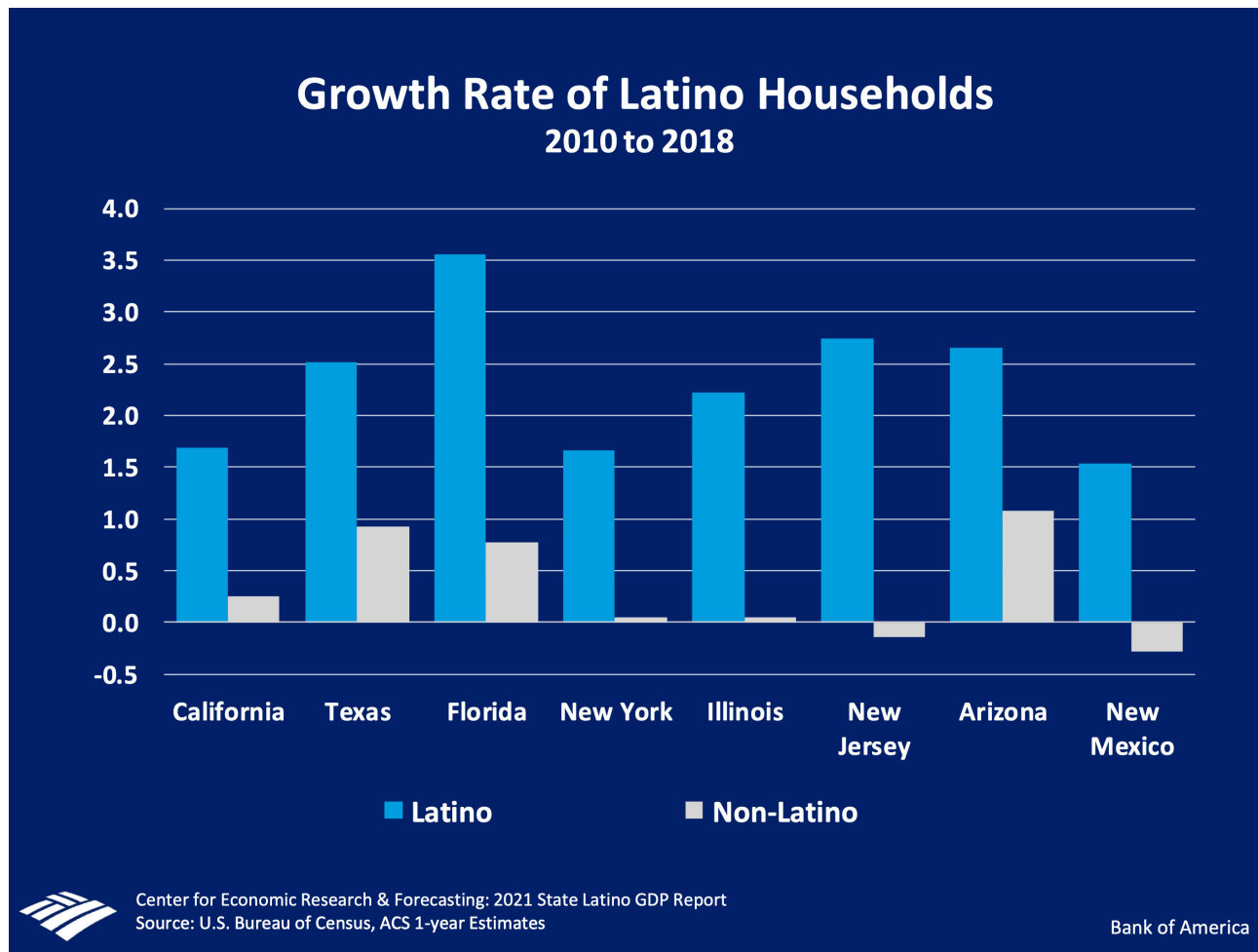
2060: Latinos projected to contribute 30 million additional working age adults

Drivers of the State Latino GDPs



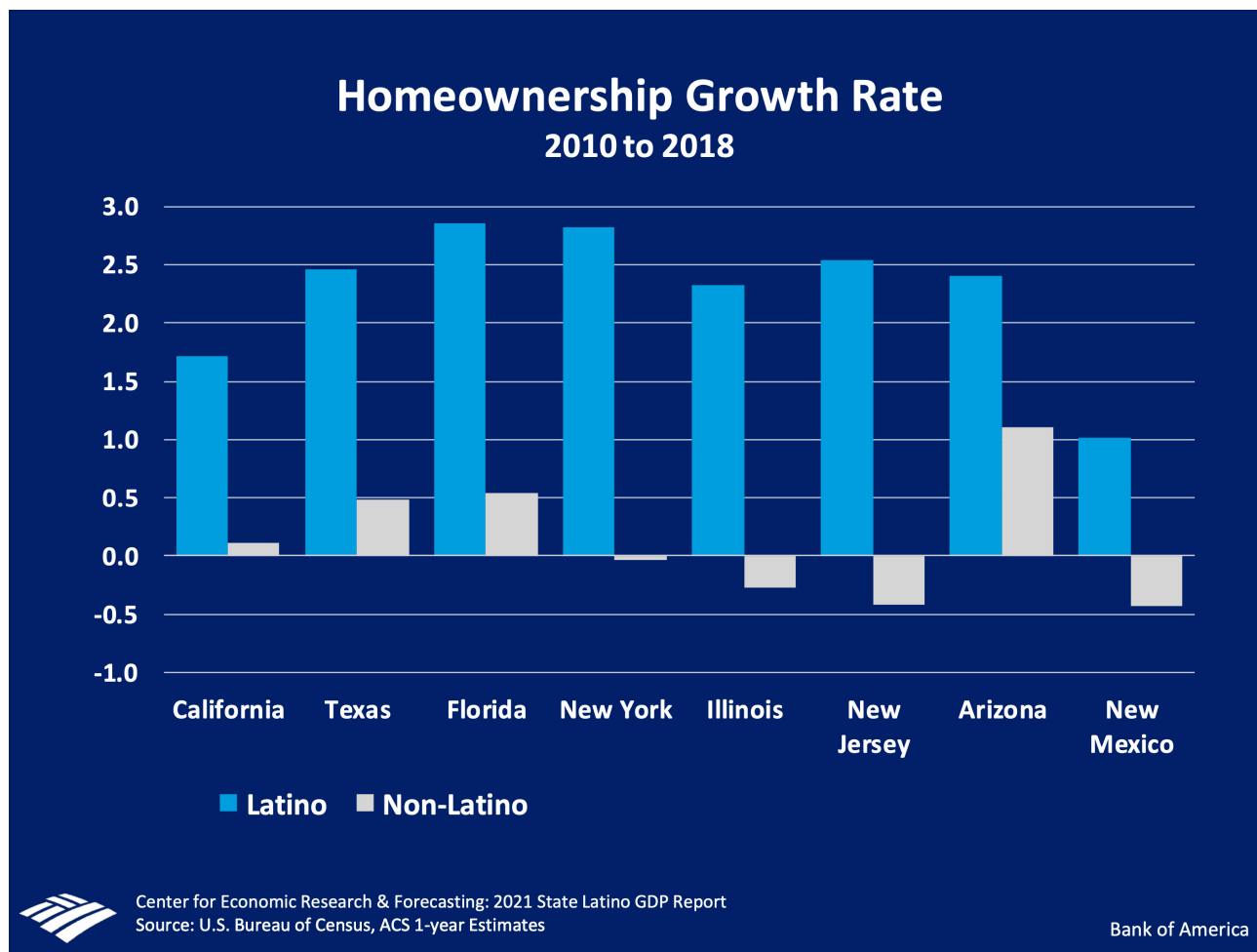
Latinos are responsible for 78% of U.S. labor force growth since Great Recession

Drivers of the State Latino GDPs



8-State Latino household formation rate is 4x that of Non-Latinos

Drivers of the State Latino GDPs



Growth of 8-State Latino Homeownership is 13x that of Non-Latinos

State Latino GDP: California



2018 California Latino GDP

- **\$707 billion of economic activity**
 - Larger than the entire economy of the state of Ohio
 - Largest component is consumption which totals nearly \$489 billion

State Latino GDP: California

California: Gross Domestic Product

	Latino GDP Industry Share <i>percent</i>	Statewide GDP Industry Share <i>percent</i>
Agricultural/Natural Resources	3.2	1.3
Mining/Quarrying	0.4	0.4
Construction	7.0	3.8
Durables Manufacturing	6.0	6.6
Non-Durables Manufacturing	5.7	4.1
Wholesale Trade	5.9	5.3
Retail Trade	6.4	4.9
Transportation/Warehousing/Utilities	6.2	4.0
Information/Technology	5.0	9.4
Finance/Insurance/Real Estate	7.9	22.2
Professional/Business Services	12.6	13.3
Education/Healthcare/Social Assistance	16.0	7.3
Leisure/Hospitality	6.8	4.4
Personal/Repair/Maintenance Svcs	2.7	1.9
Government Services	8.2	11.2
Total All Industries	100	100

Sources: U.S. Bureau of Economic Analysis, Cal Lutheran University-CERF

The state's top 3 Latino GDP sectors are Education & Healthcare, Professional & Business Services, and Government

State Latino GDP: California

California: Gross Domestic Product

Agricultural/Natural Resources

Mining/Quarrying

Construction

Durables Manufacturing

Non-Durables Manufacturing

Wholesale Trade

Retail Trade

Transportation/Warehousing/Utilities

Information/Technology

Finance/Insurance/Real Estate

Professional/Business Services

Education/Healthcare/Social Assistance

Leisure/Hospitality

Personal/Repair/Maintenance Svcs

Government Services

Total All Industries

Latino GDP Industry Share

percent

3.2

0.4

7.0

6.0

5.7

5.9

6.4

6.2

5.0

7.9

12.6

16.0

6.8

2.7

8.2

100

Statewide GDP Industry Share

percent

1.3

0.4

3.8

6.6

4.1

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4.9

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22.2

13.3

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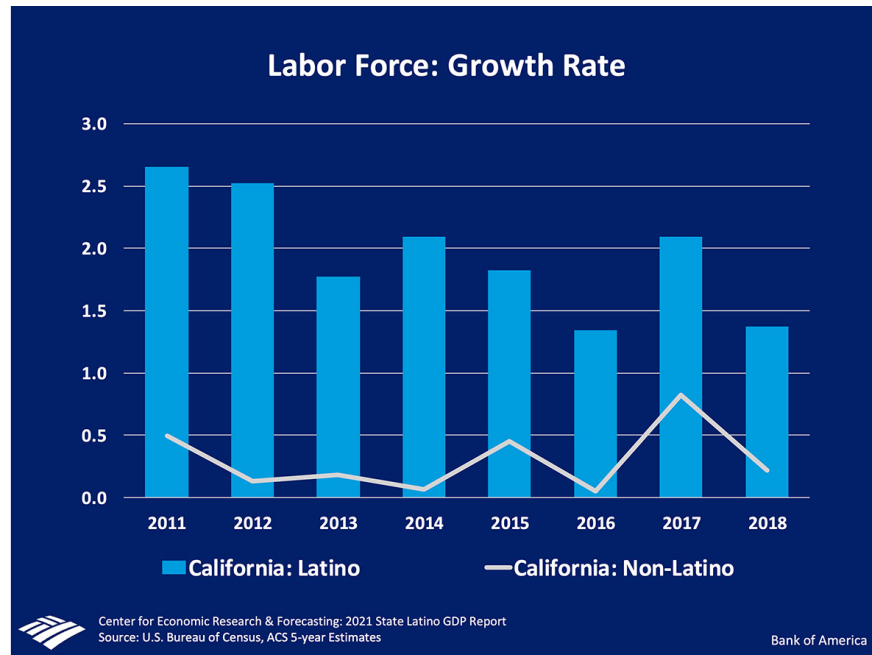
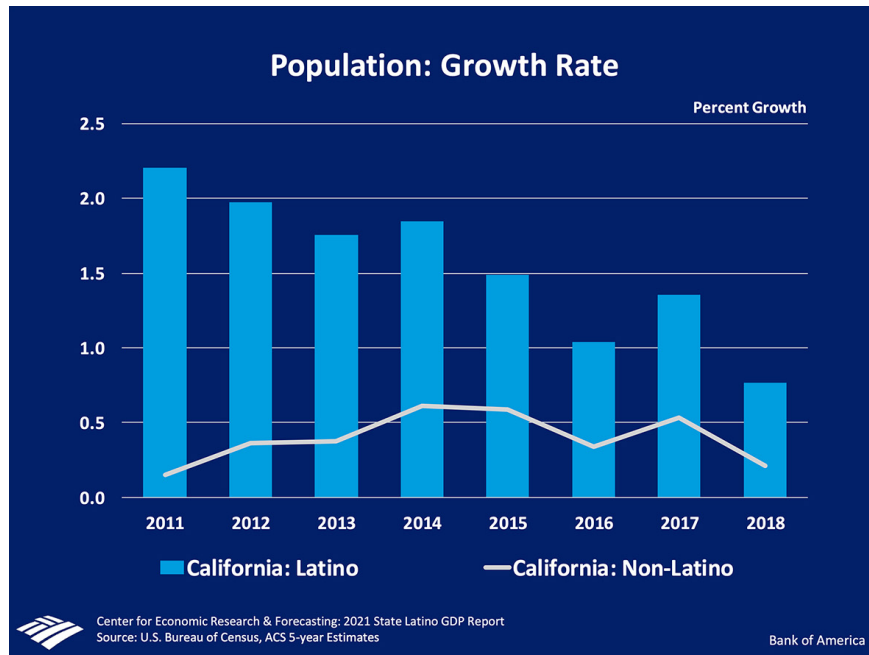
11.2

100

Sources: U.S. Bureau of Economic Analysis, Cal Lutheran University-CERF

Latinos outperform the broader state economy in 7 specific sectors

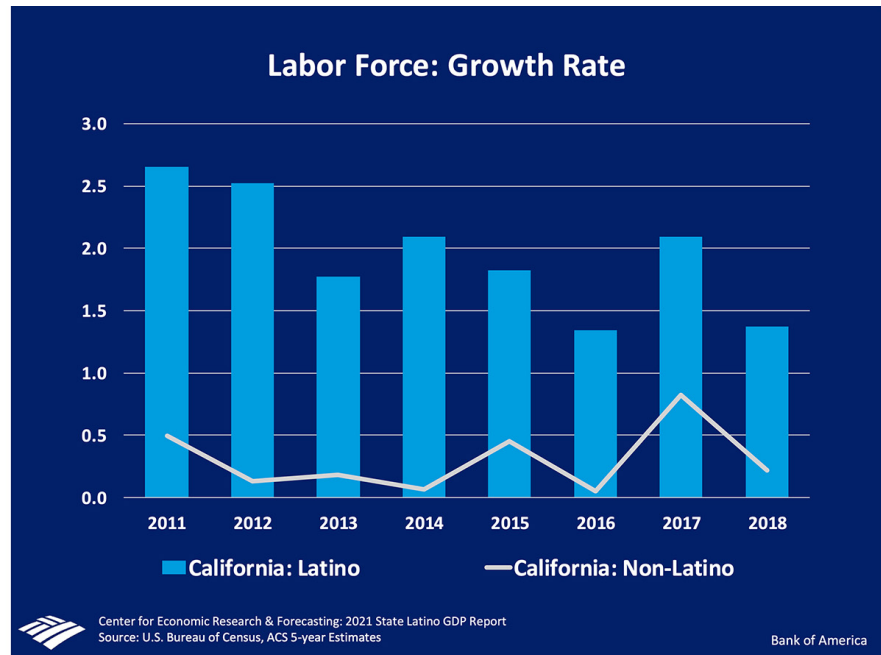
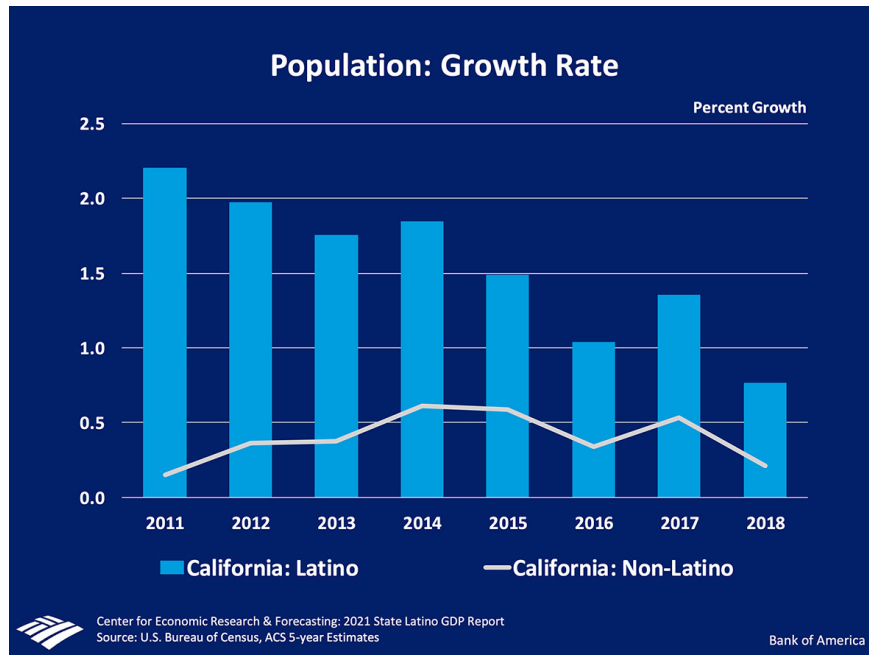
State Latino GDP: California



Latinos are making strong and consistent contributions to California's population and labor force.

- From 2010-18, Latino population growth was nearly 4 times that of Non-Latinos (13 percent for Latinos compared to only 3 percent for Non-Latinos)

State Latino GDP: California



Latinos are making strong and consistent contributions to California's population and labor force.

- From 2010-18, Latino population growth was nearly 4 times that of Non-Latinos (13 percent for Latinos compared to only 3 percent for Non-Latinos)
- From 2010-18, Latino labor force growth was nearly 13 times that of Non-Latinos (16.8 percent compared to only 2.4 percent)

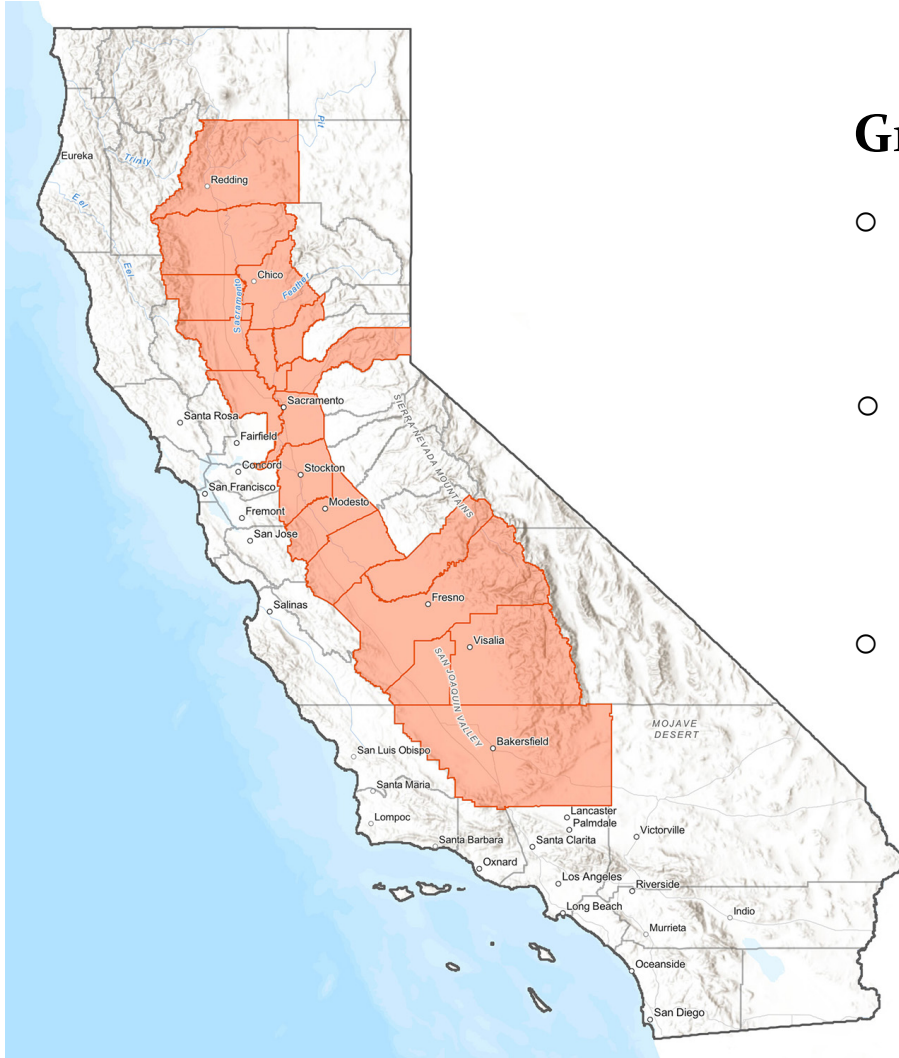
California – Largest MSA by Latino Population



Los Angeles / Anaheim Metro

- 2018 Latino population: 6.0 million
 - Single largest MSA in the U.S. by Latino population
 - Latinos are 45% of total metro area population
- Latino population growth is 2.2 times that of Non-Latinos from 2010-18
 - Latino population grew 4.9% compared to only 2.3% for Non-Latinos

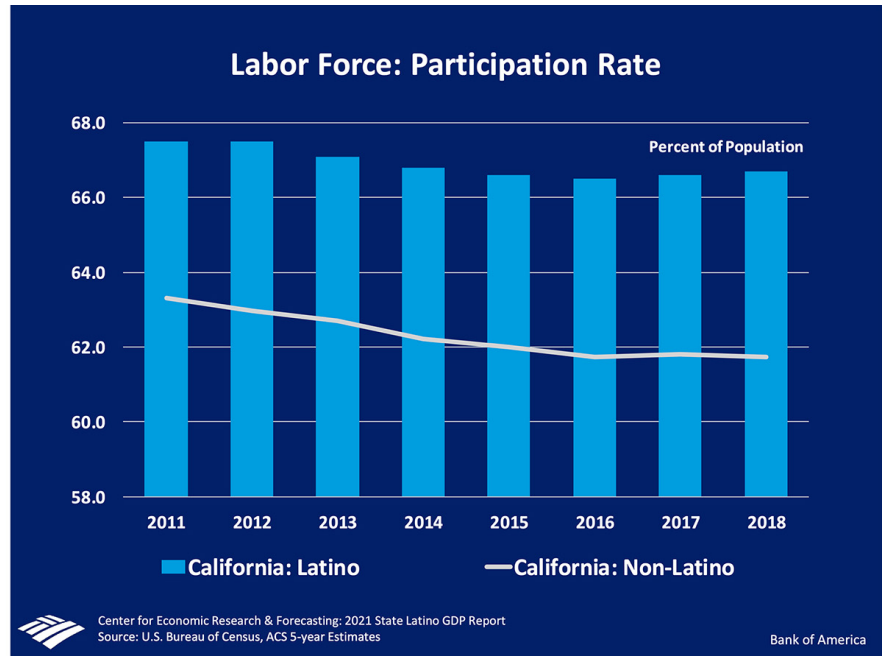
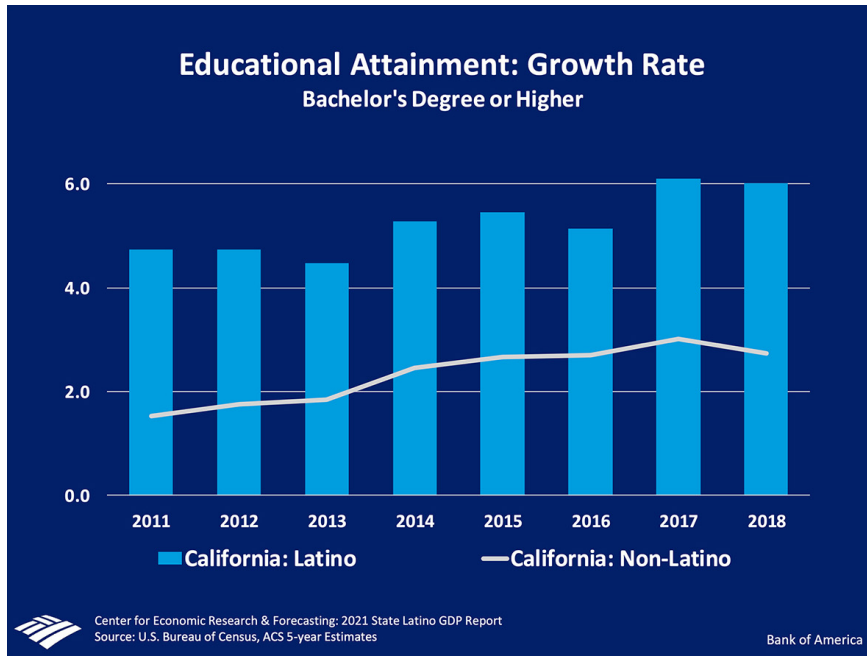
California – Sacramento & San Joaquin Valleys



Great Central Valley

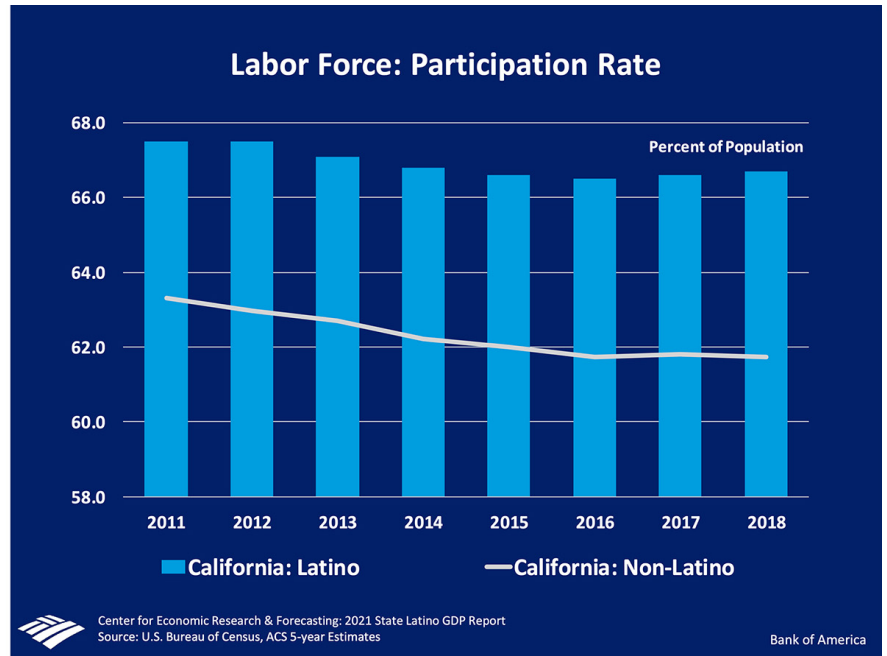
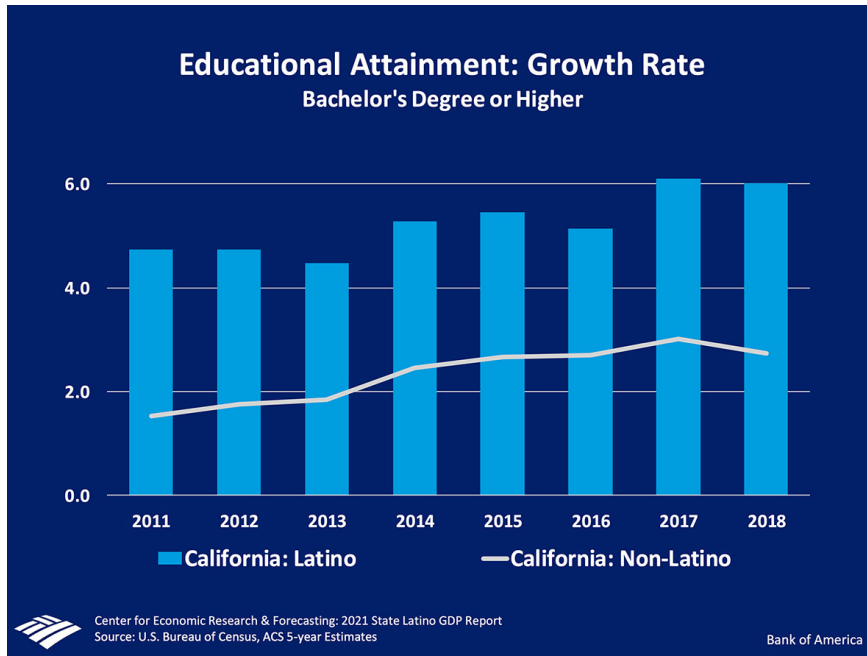
- 2018 Latino population: 2.8 million
 - Latinos are 40% of total Central Valley population
- Latino population growth is *12.9 times* that of Non-Latinos from 2010-18
 - Latino population grew 17.9% compared to only 1.4% for Non-Latinos
- Were it not for Latinos the labor force would have *contracted* from 2010-18
 - Non-Latino LF contracted by 1.8%, while Latino LF grew by 19.6%

California Latino GDP - Education & LFP



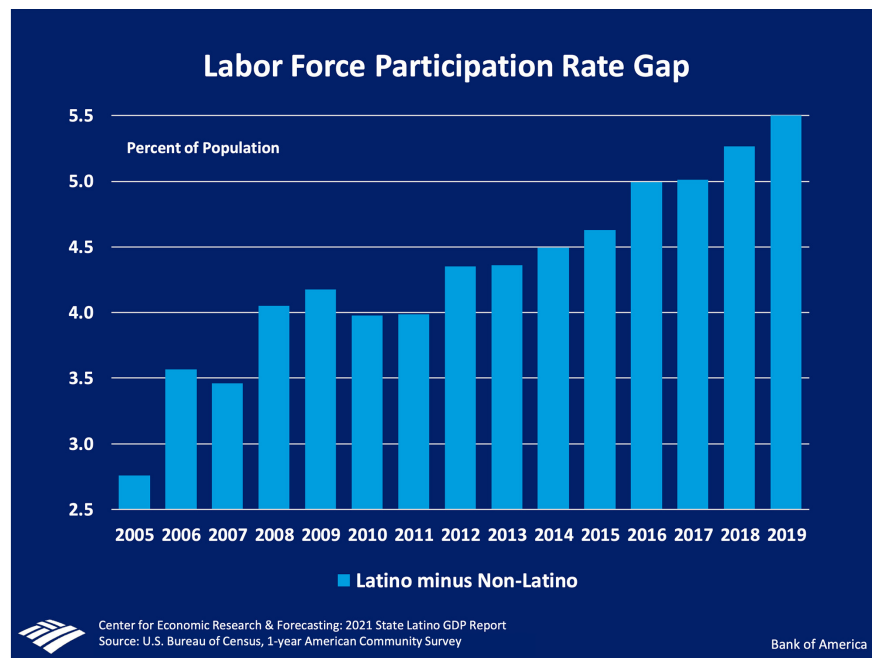
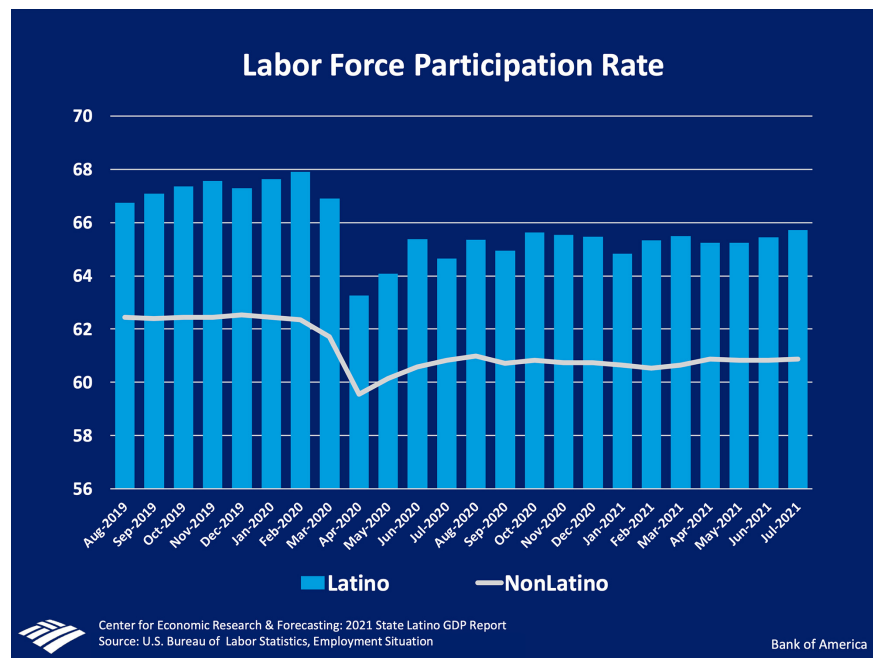
Educational attainment of California Latinos is growing *2.5 times* faster than that of Non-Latinos

California Latino GDP - Education & LFP



From 2010-2018, Latino's labor force participation rate was an average of 4.6 percentage points higher than Non-Latino. In 2018, it was 6.0 percentage points higher!

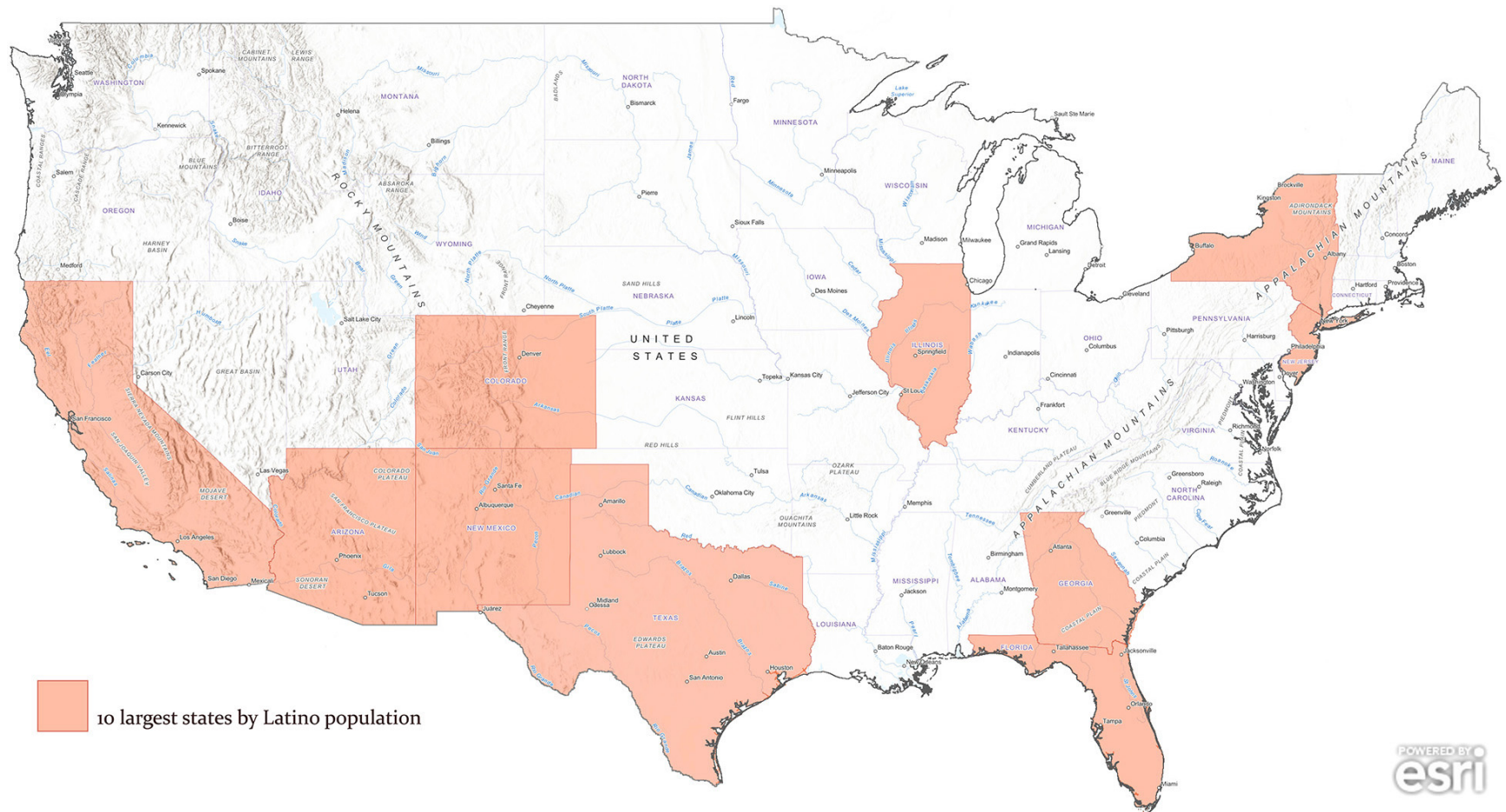
State Latino GDP: Looking Ahead



Using the Great Recession as a reference point and seeing the early evidence offered by labor market data, it is already clear...

Latinos will be a major driver of the nation's post-pandemic economic recovery.

Latino Gross Domestic Product (GDP)



The story of the extraordinary economic contribution of Latinos is not unique to a handful of states...

California Lutheran University

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