

2023 Metro Latino GDP Report Silicon Valley



generously funded by
the Bank of America Charitable Foundation

California
Lutheran
University

UCLA Health

Center for the Study of
Latino Health and Culture

Dr. David Hayes-Bautista, PhD

Dr. Hayes-Bautista is a Distinguished Professor of Medicine and the Director of the Center for the Study of Latino Health and Culture at the David Geffen School of Medicine at UCLA. He has spent over 40 years working to improve public understanding of Latinos and their health, history, culture, and contributions to California and the nation



Dr. Matthew Fienup, PhD

Dr. Fienup is Associate Professor of Economics and Executive Director of the Center for Economic Research & Forecasting (CERF) at California Lutheran University. CERF is a nationally-recognized forecasting center and a member of the Wall Street Journal Economic Forecasting Survey. He is an applied economist who specializes in econometrics and policy analysis.



Latino Gross Domestic Product (GDP)

Why GDP?

- Broad measure of economic activity...**a nearly universal *summary statistic***
 - Increasing GDP, or economic growth, results in rising wages, higher standards of living and greater economic mobility

What does GDP reveal about the economic contribution of Latinos living in the United States?

- Total economic output of U.S. Latinos is **VERY LARGE** - \$2.6 Trillion in 2018
- It is also **RAPIDLY GROWING** – 74% faster than Non-Latino GDP (2010-18)
- *Latinos are drivers of economic growth and an important source of economic strength and resiliency for the nation*

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

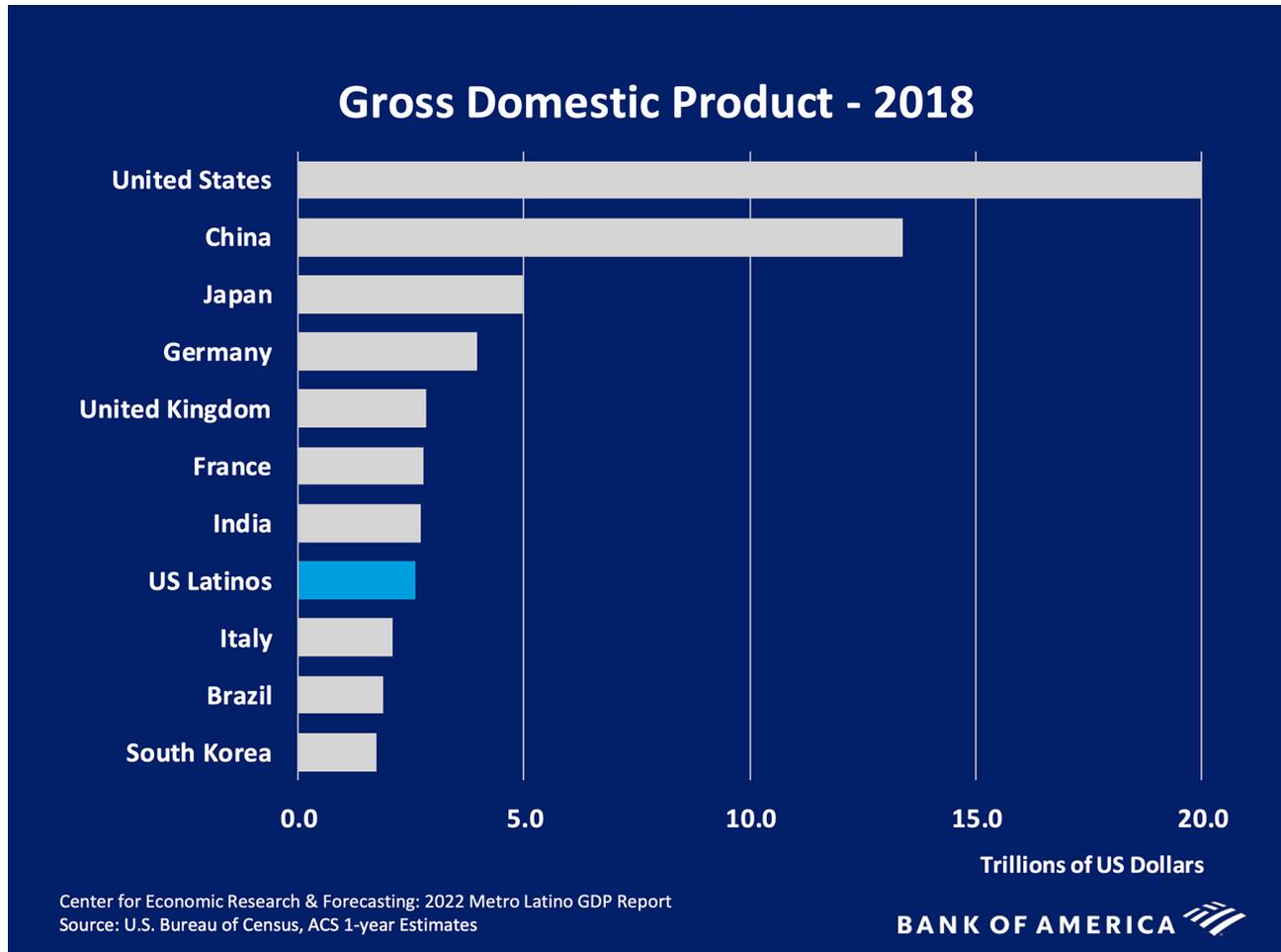
Bureau of Economic Analysis (BEA) provides detailed input-output (I-O) tables

- 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

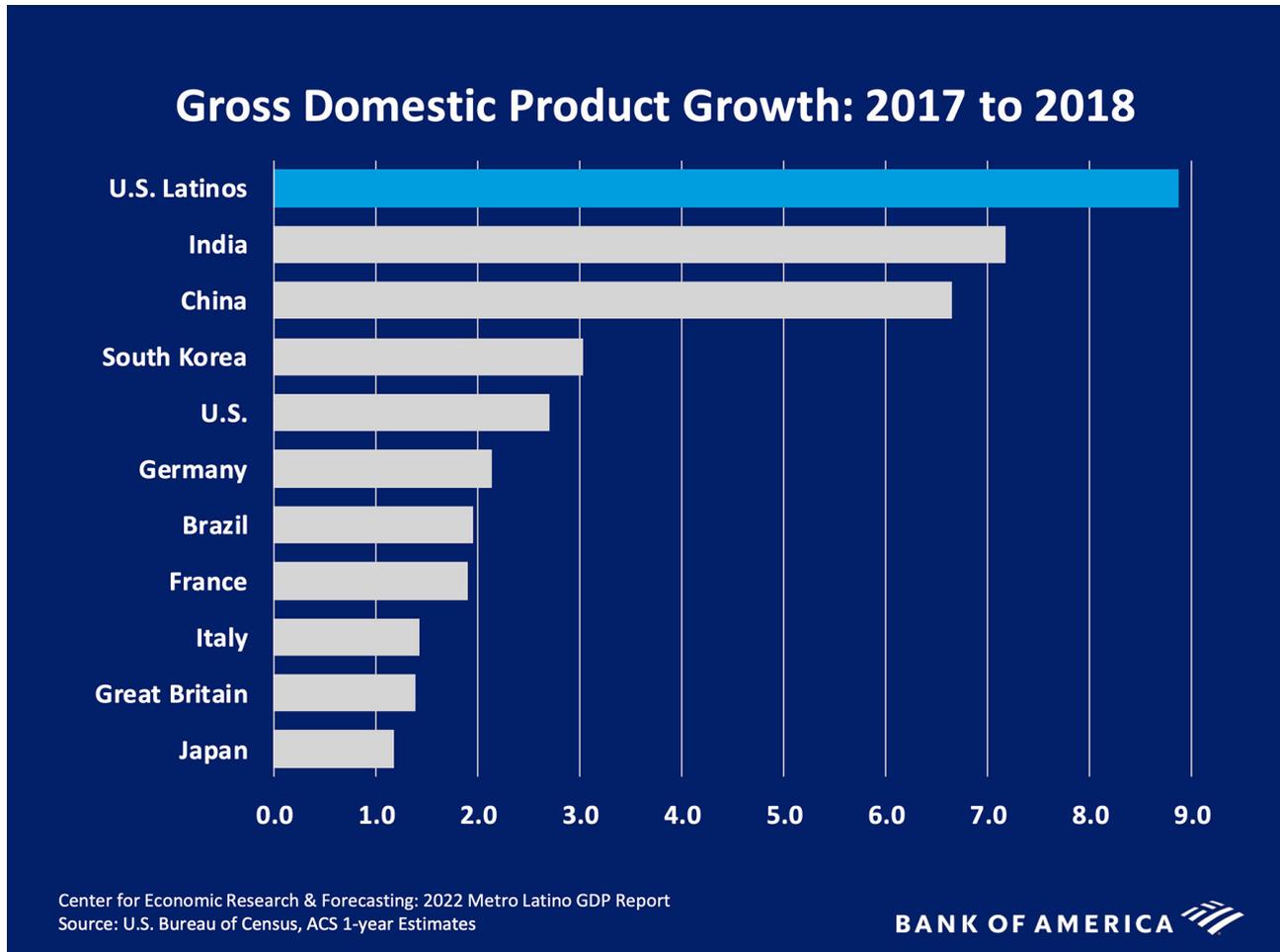
- BOC and BLS provide breakouts of differences in income, spending, home ownership, educational attainment, labor market patterns and demographics

U.S. Latino Gross Domestic Product (GDP)



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

U.S. Latino Gross Domestic Product (GDP)



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

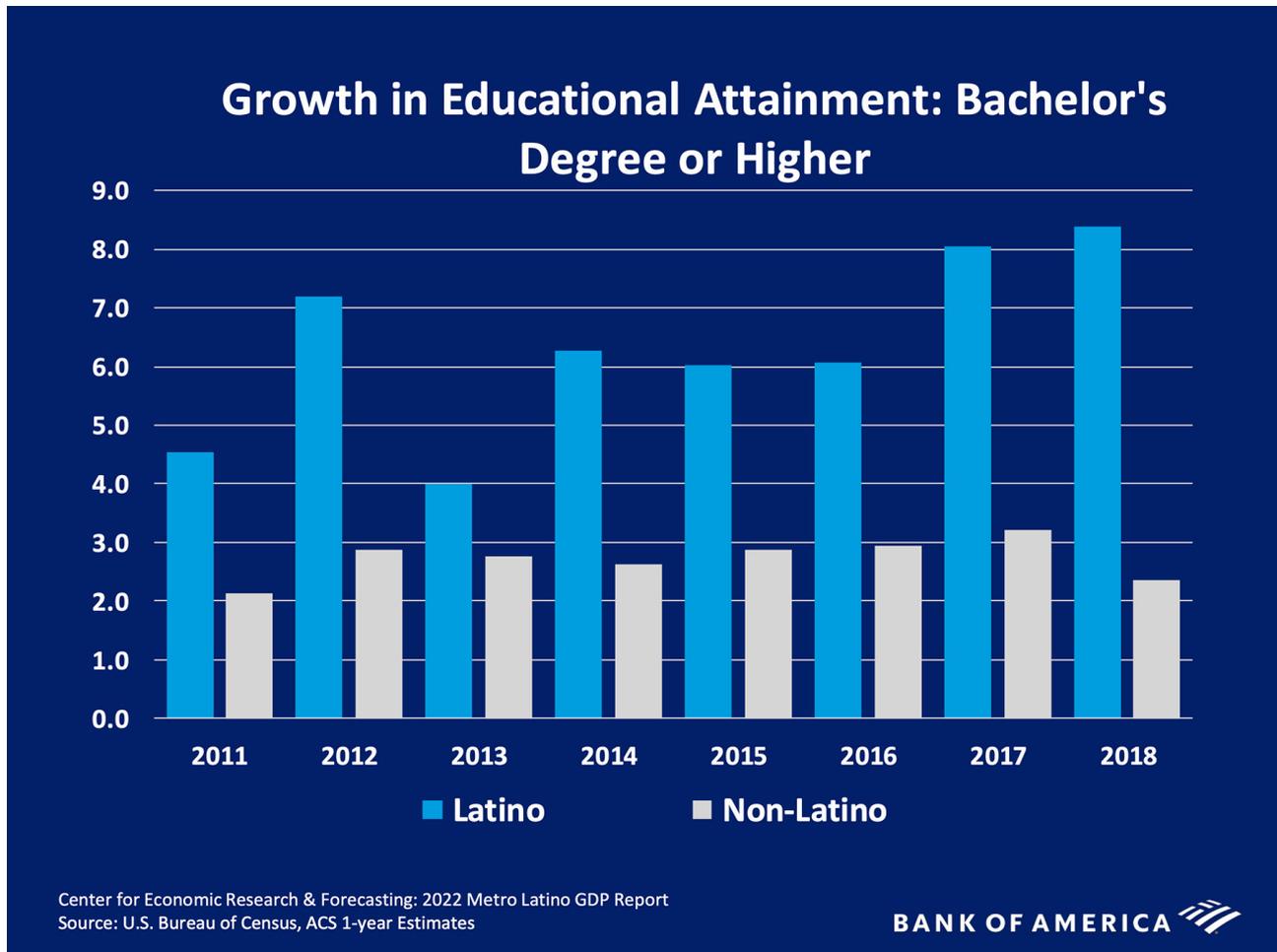
U.S. Latino Gross Domestic Product (GDP)

The single largest component 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**.

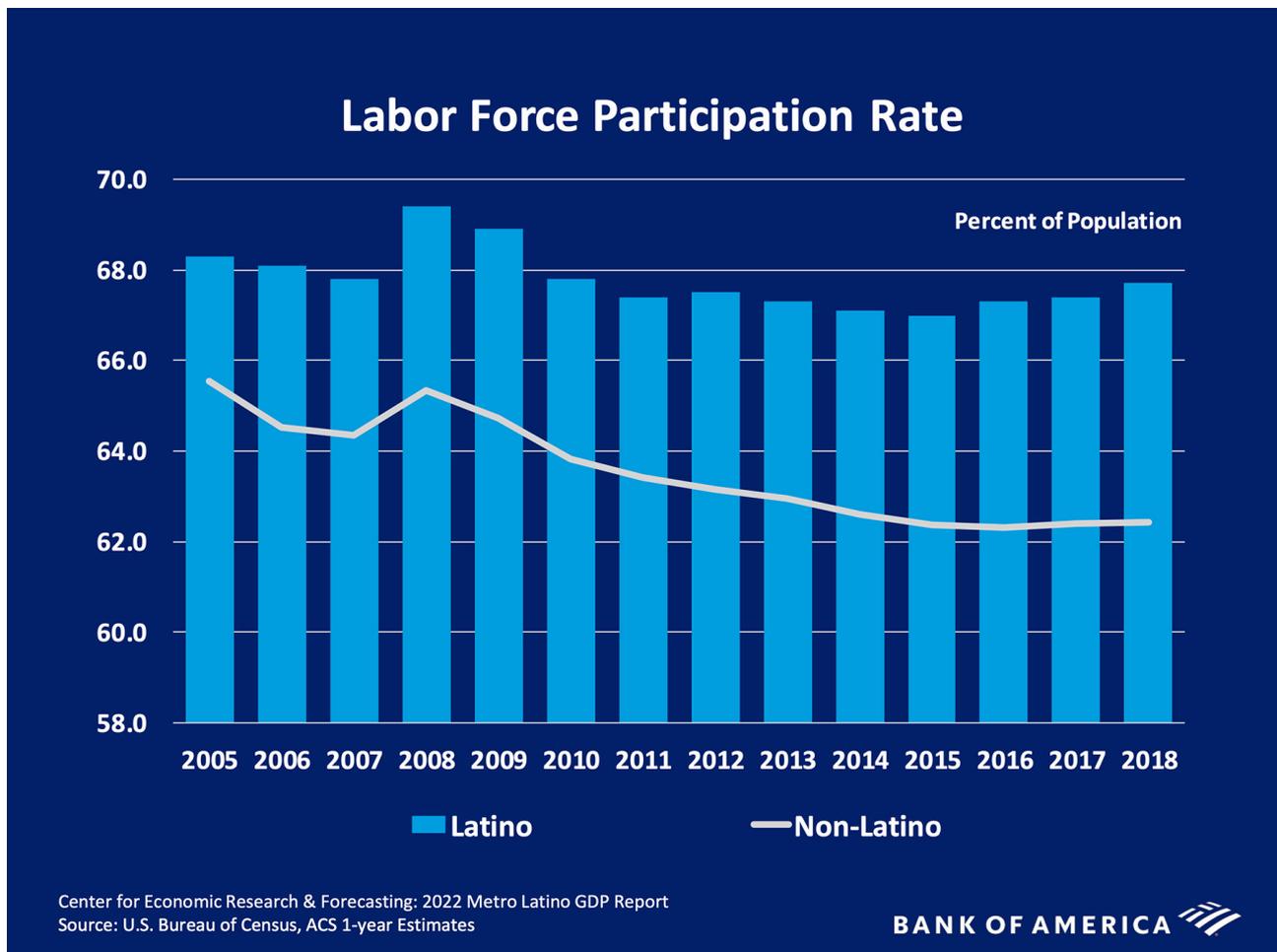
Growth of the Latino GDP is the result of rapid *human capital* accumulation

Drivers of the Latino GDP



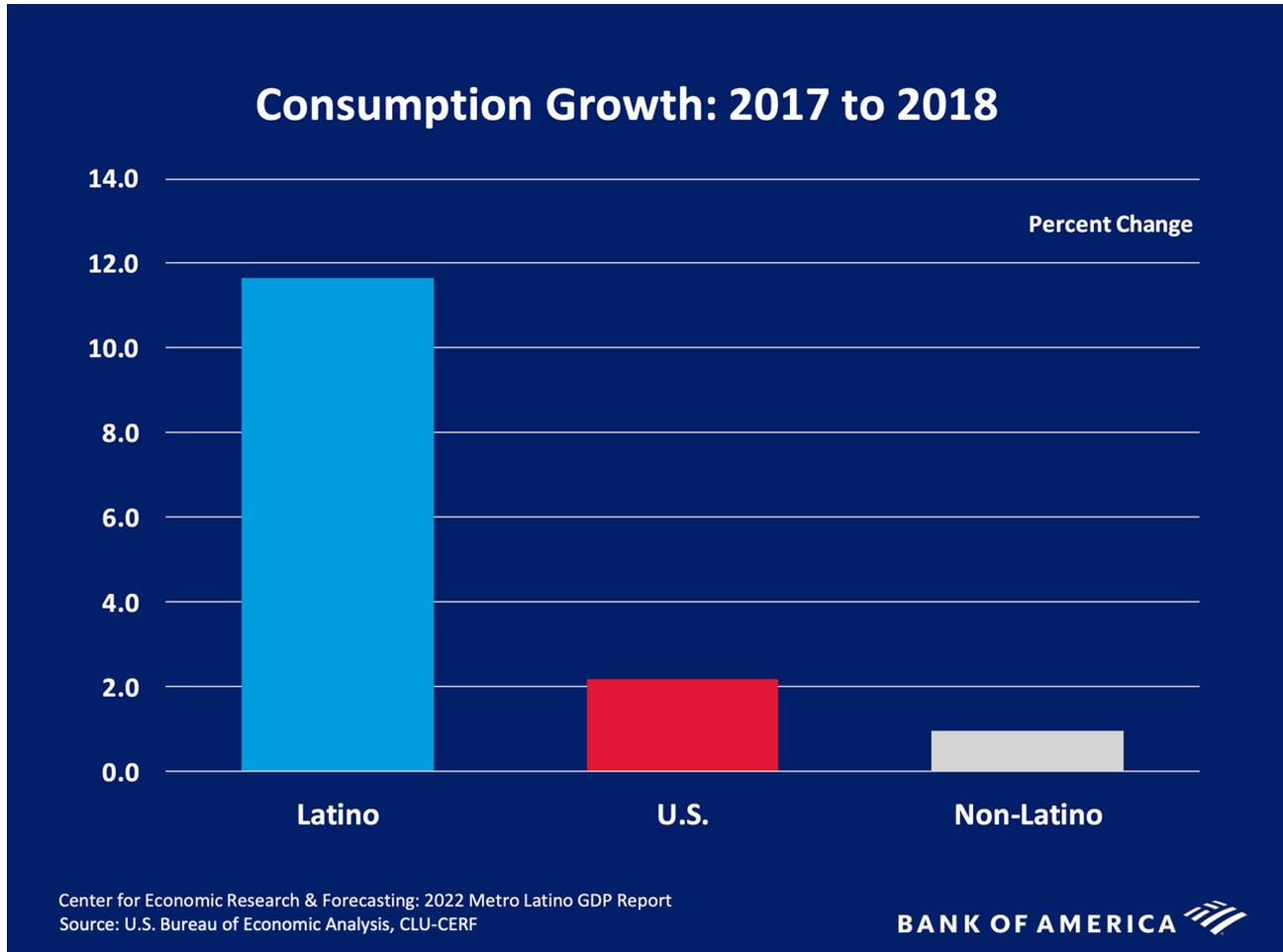
Educational attainment growth is 2.6x faster among Latinos than non-Latinos

Drivers of the Latino GDP



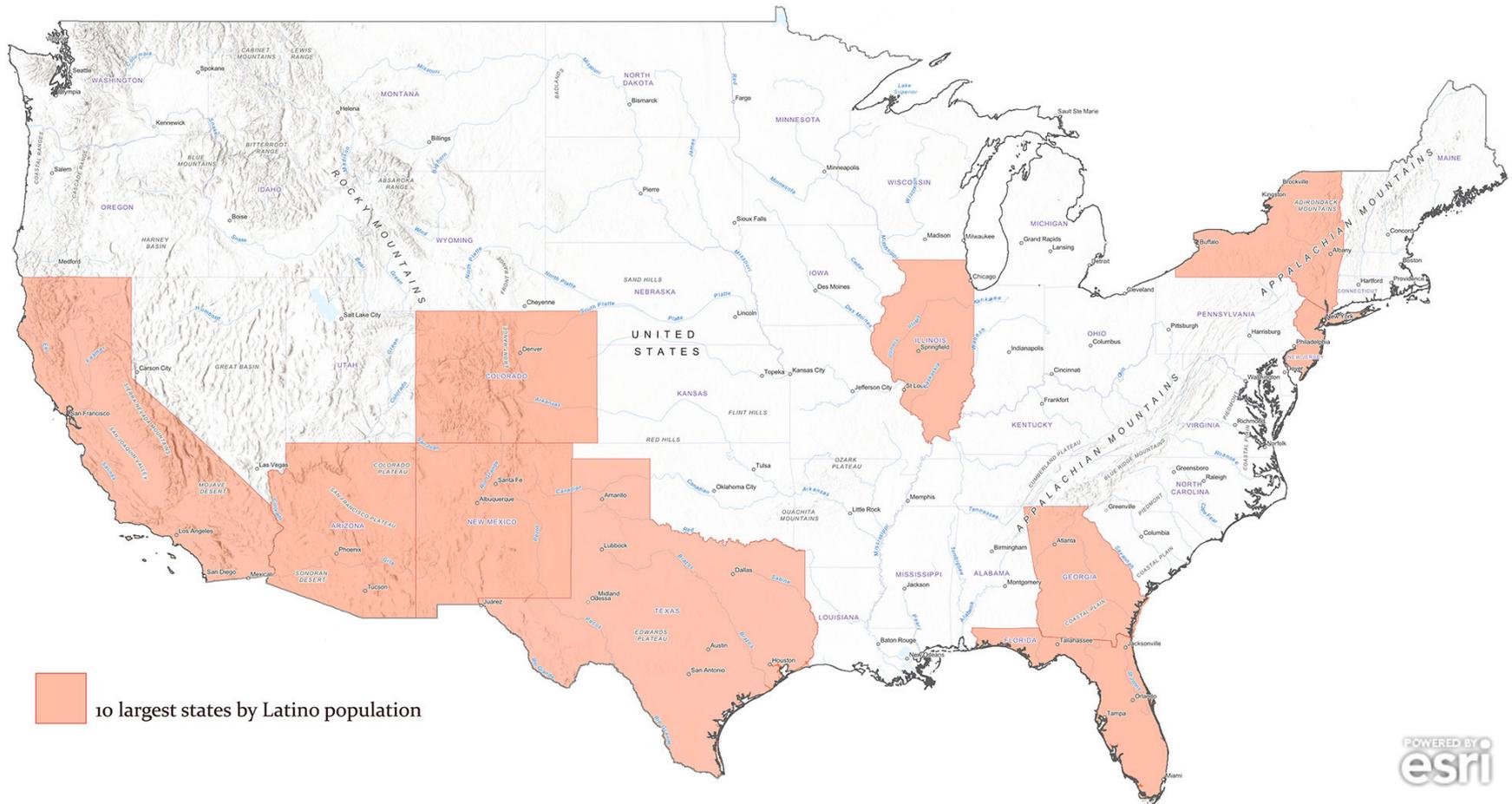
Latinos are significantly more likely than Non-Latinos to be actively working

Drivers of the Latino GDP



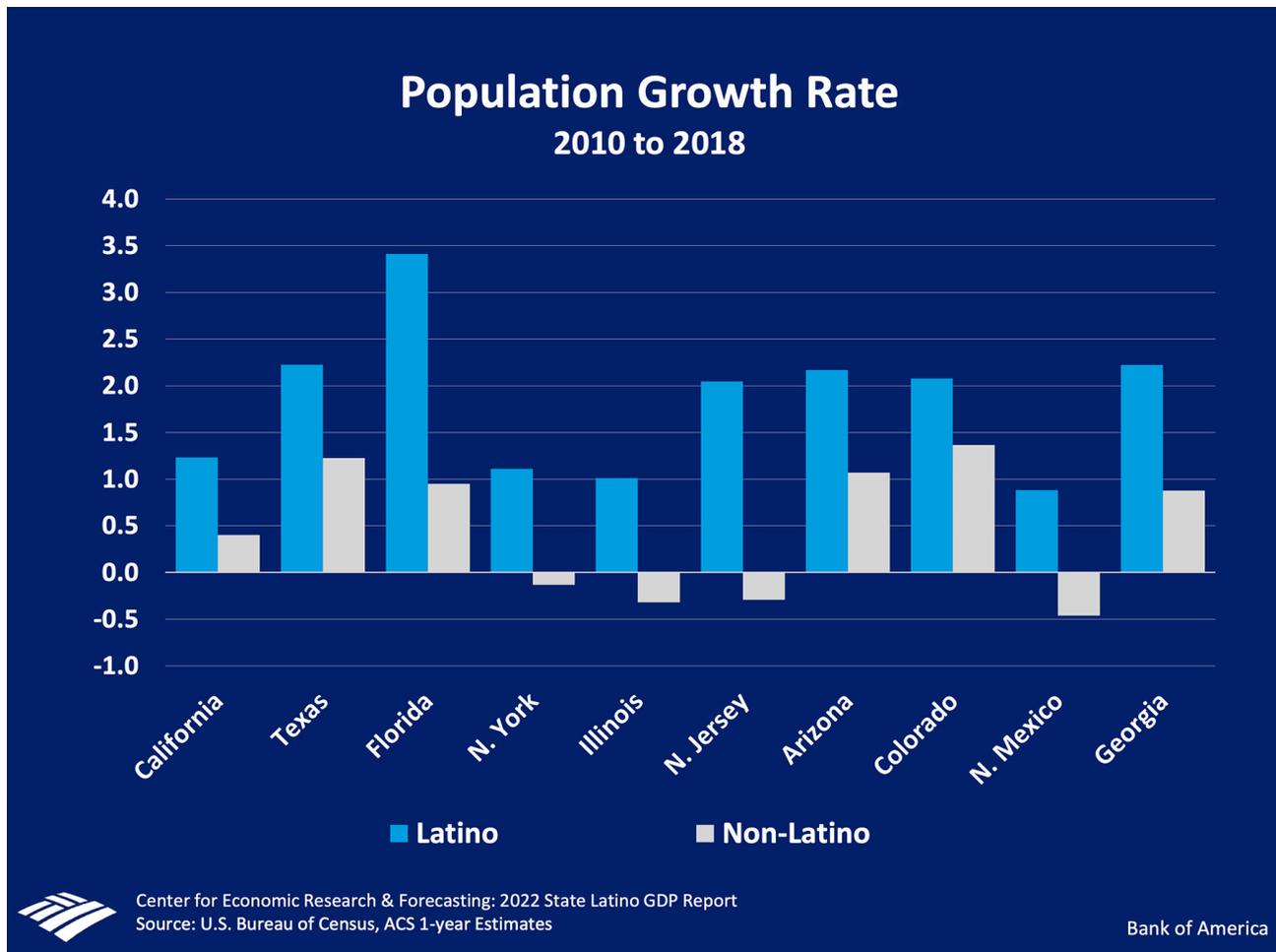
2017-18 Latino real consumption grew 12.2 times faster than Non-Latino

Latino Gross Domestic Product (GDP) by State



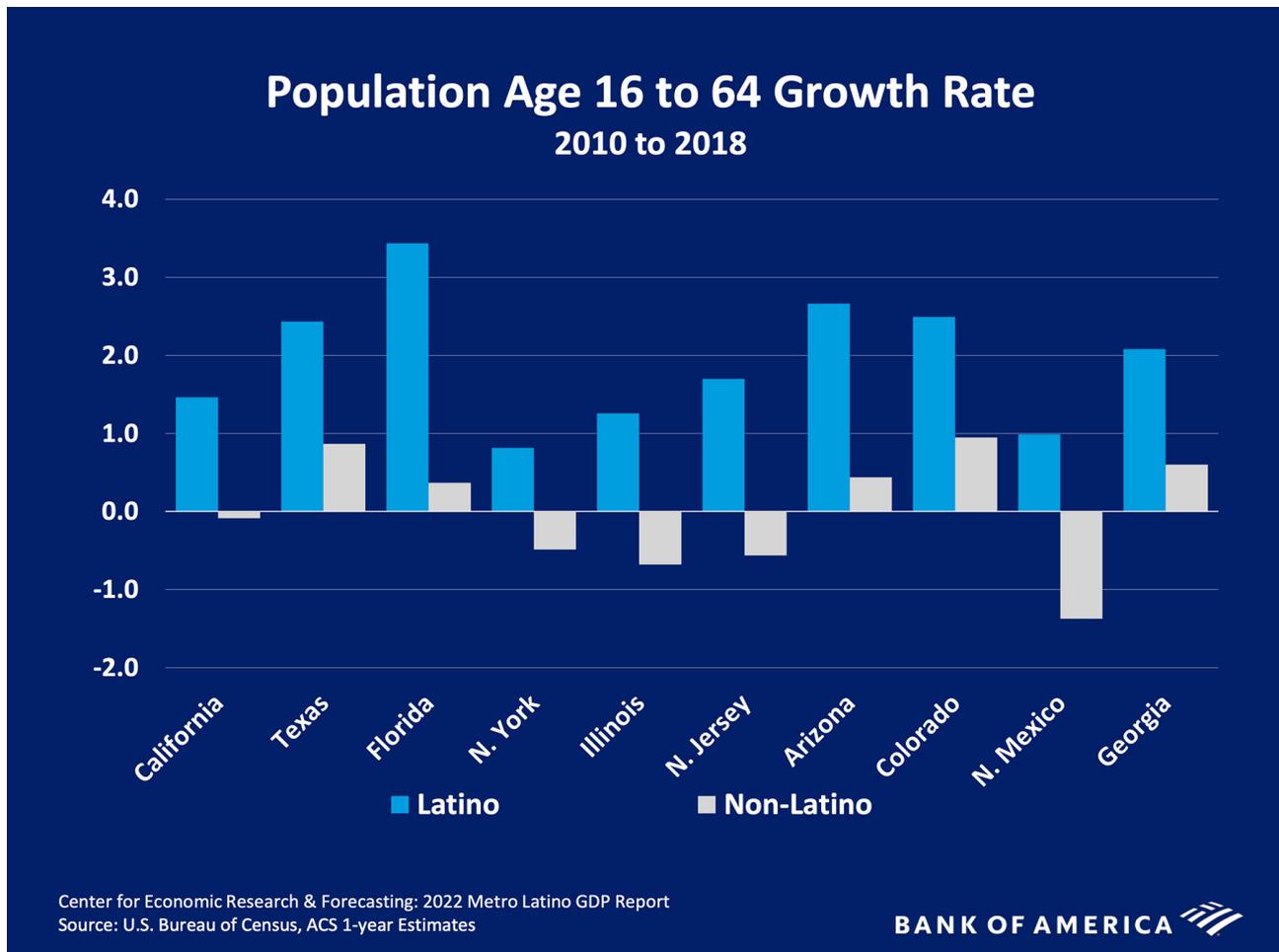
Latinos in 10 U.S. states account for more than $\frac{3}{4}$ of the U.S. Latino GDP. These 10 states have a combined Latino GDP of \$2.1 trillion.

Drivers of the Latino GDP



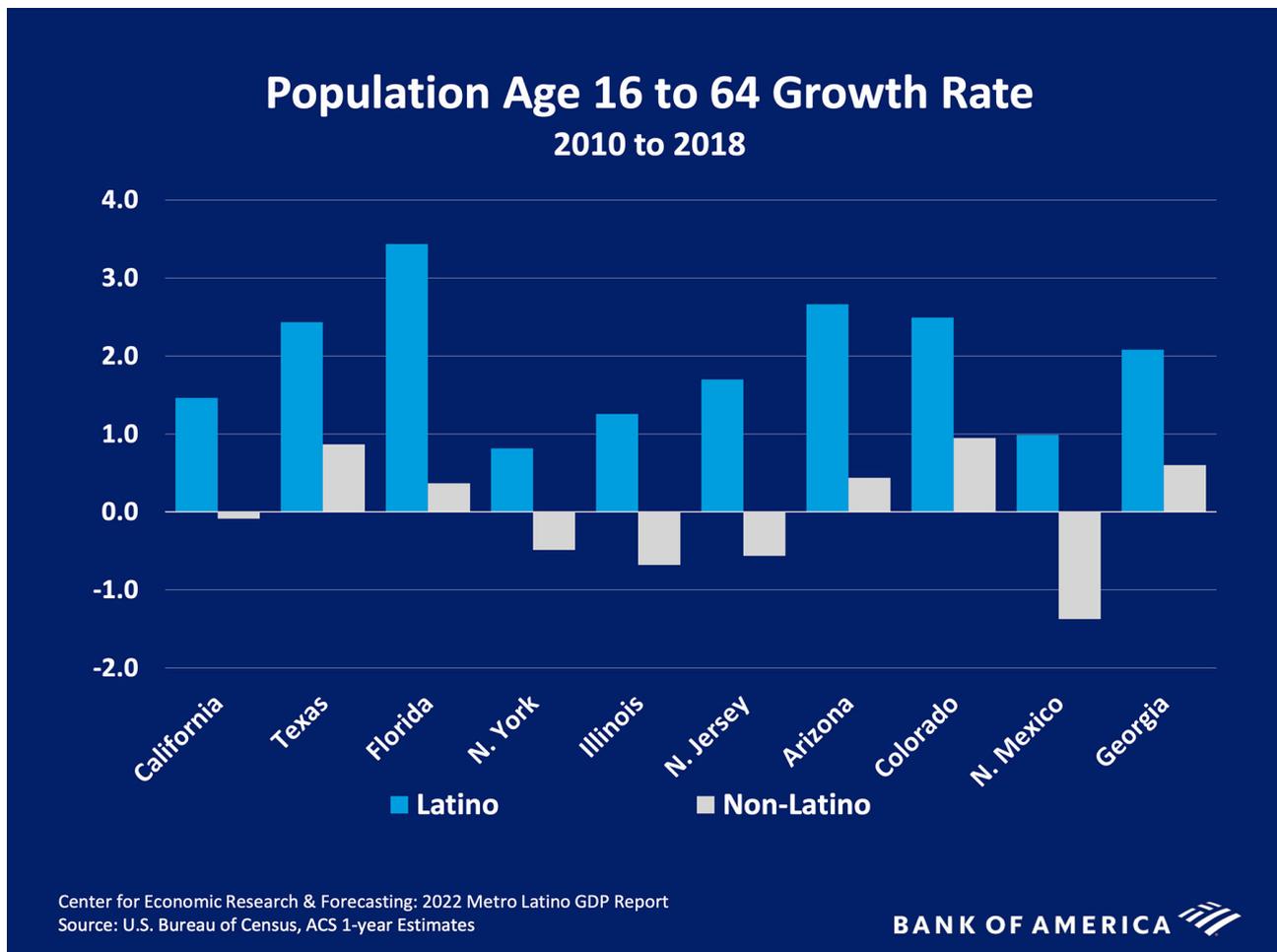
Across all 10 states, Latino population growth is 3.8 times that of Non-Latinos

Drivers of the Latino GDP



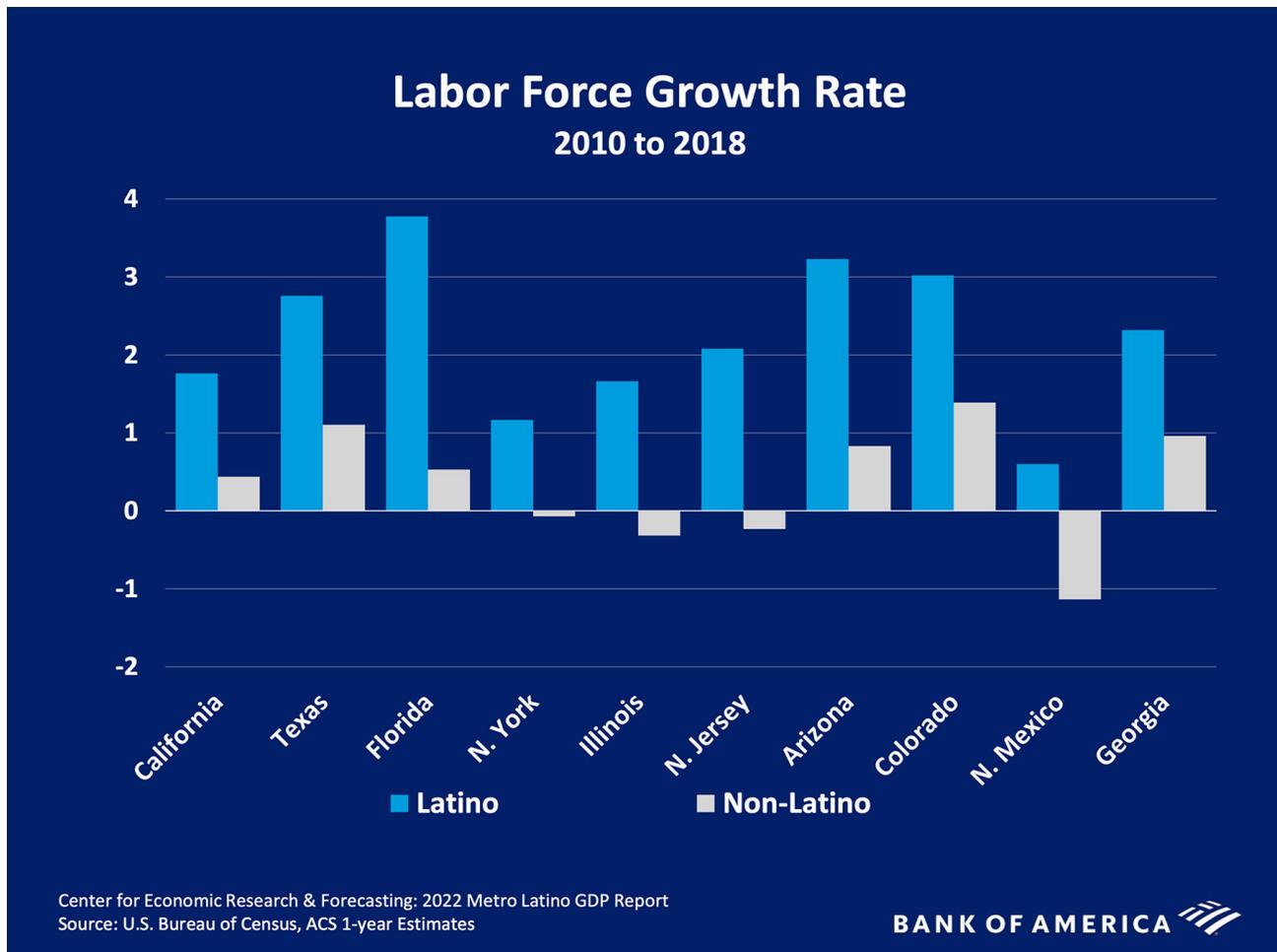
Median age of U.S. Latinos is 29.5, compared to 40.6 for Non-Latinos

Drivers of the Latino GDP



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

Drivers of the Latino GDP



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

Latino GDP: Silicon Valley



Silicon Valley (2018)

- Silicon Valley Metro Area is defined as San Mateo and Santa Clara Counties
- 2.7 million people of all ethnicities
 - Nation's 22nd largest Metro Area
 - California's 5th largest
- Latino population: 678,000
 - 19th largest Metro by Latino population
 - Latinos are 25% of total metro area population

Latino GDP: Silicon Valley



Silicon Valley Economy (2018)

- Information & Technology
 - Avg. salary \$350,000
 - 24.1% of Metro GDP
- Manufacturing (Durable & Non-Durable)
 - Avg. salary \$200,000
 - 21.4% of Metro GDP
- Professional & Business Services
 - Avg. salary \$150,000
 - 17.2 percent of Metro GDP
- Financial Activities
 - Avg. salary \$170,000
 - 12.6 percent of Metro GDP

Latino GDP: Silicon Valley



Silicon Valley Economy (2018)

- Median Single Family Home Price
 - Santa Clara County: \$1.32 million
 - San Mateo County: \$1.58 million
- Percent who can afford median price home
 - U.S. – 54%
 - California – 28%
 - Silicon Valley – 16%

Latino GDP: Silicon Valley



Silicon Valley Latino GDP (2018)

- **\$56.2 billion of economic activity**
 - Larger than the entire economy of the state of Arkansas or South Dakota
 - Largest component is personal consumption, which equals \$44.3 billion (larger than the GDP of Wyoming)

Latino GDP: Silicon Valley

Silicon Valley: Gross Domestic Product		
	Valley Latino GDP by Industry <i>billions of dollars</i>	Valleywide GDP by Industry <i>billions of dollars</i>
Agricultural/Natural Resources	0.3	0.4
Mining/Quarrying	0.0	0.2
Construction	4.4	11.1
Durables Manufacturing	6.4	69.9
Non-Durables Manufacturing	5.5	25.5
Wholesale Trade	2.3	13.8
Retail Trade	1.9	15.2
Transportation/Warehousing/Utilities	3.2	11.9
Information/Technology	7.3	107.5
Finance/Insurance/Real Estate	3.4	56.3
Professional/Business Services	7.7	76.8
Education/Healthcare/Social Assistance	4.1	24.7
Leisure/Hospitality	4.0	10.4
Personal/Repair/Maintenance Svcs	1.5	4.5
Government Services	4.2	17.5
Total All Industries	56.2	445.7

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

Silicon Valley's top 4 Latino GDP sectors are Professional & Business Services, Information & Technology, Durables Manufacturing and Non-Durables Manufacturing

Latino GDP: Silicon Valley

Silicon Valley: Gross Domestic Product		
	Valley Latino GDP Industry Share	Valleywide GDP Industry Share
	<i>percent</i>	<i>percent</i>
Agricultural/Natural Resources	0.5	0.1
Mining/Quarrying	0.0	0.0
Construction	7.8	2.5
Durables Manufacturing	11.3	15.7
Non-Durables Manufacturing	9.8	5.7
Wholesale Trade	4.0	3.1
Retail Trade	3.3	3.4
Transportation/Warehousing/Utilities	5.7	2.7
Information/Technology	13.1	24.1
Finance/Insurance/Real Estate	6.1	12.6
Professional/Business Services	13.8	17.2
Education/Healthcare/Social Assistance	7.3	5.6
Leisure/Hospitality	7.2	2.3
Personal/Repair/Maintenance Svcs	2.6	1.0
Government Services	7.4	3.9
Total All Industries	100	100

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

Silicon Valley's Latino economy is less concentrated and more diverse than the broader regional economy.

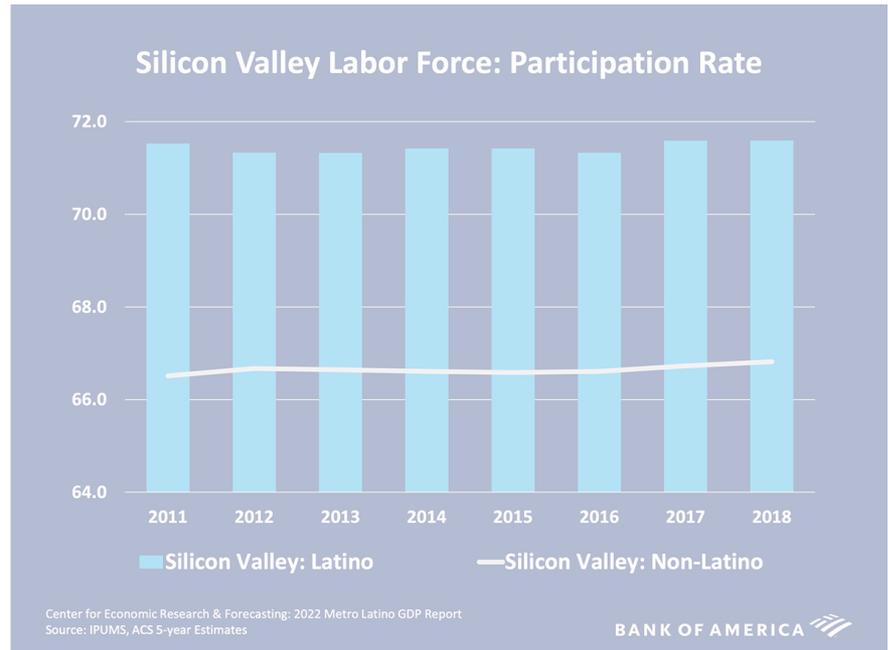
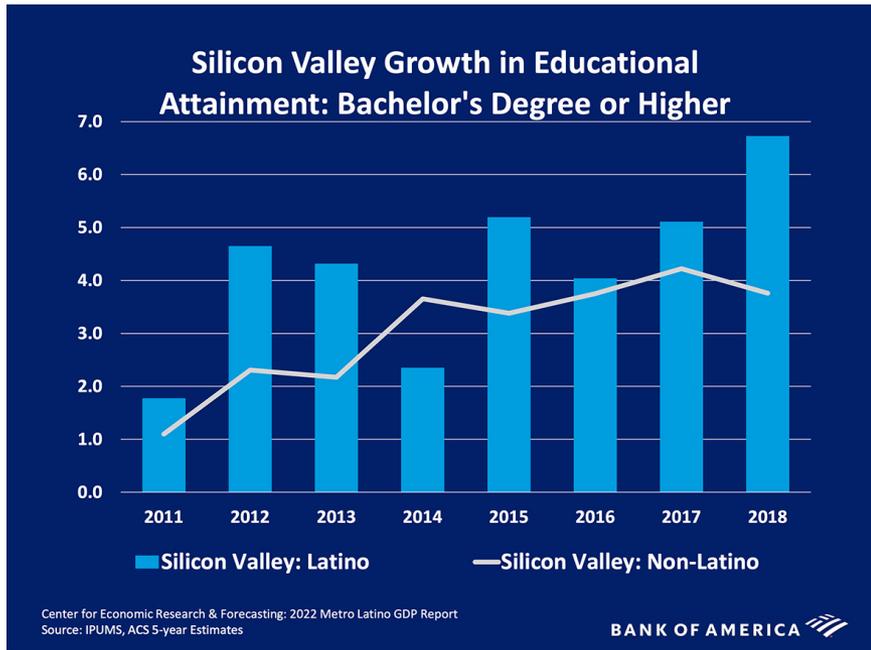
Latino GDP: Silicon Valley

Silicon Valley: Gross Domestic Product		
	Valley Latino GDP Industry Share	Valleywide GDP Industry Share
	<i>percent</i>	<i>percent</i>
Agricultural/Natural Resources	0.5	0.1
Mining/Quarrying	0.0	0.0
Construction	7.8	2.5
Durables Manufacturing	11.3	15.7
Non-Durables Manufacturing	9.8	5.7
Wholesale Trade	4.0	3.1
Retail Trade	3.3	3.4
Transportation/Warehousing/Utilities	5.7	2.7
Information/Technology	13.1	24.1
Finance/Insurance/Real Estate	6.1	12.6
Professional/Business Services	13.8	17.2
Education/Healthcare/Social Assistance	7.3	5.6
Leisure/Hospitality	7.2	2.3
Personal/Repair/Maintenance Svcs	2.6	1.0
Government Services	7.4	3.9
Total All Industries	100	100

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

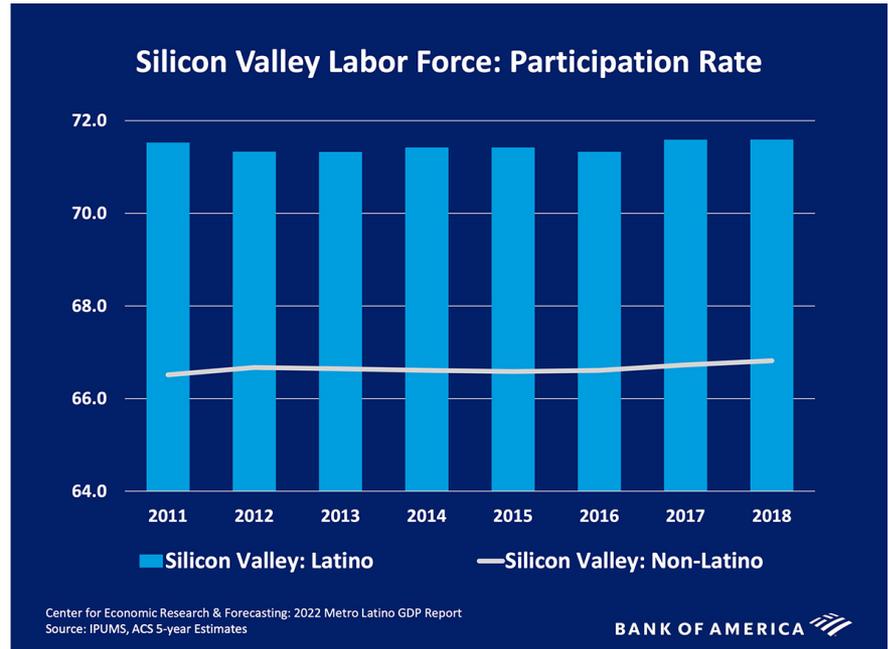
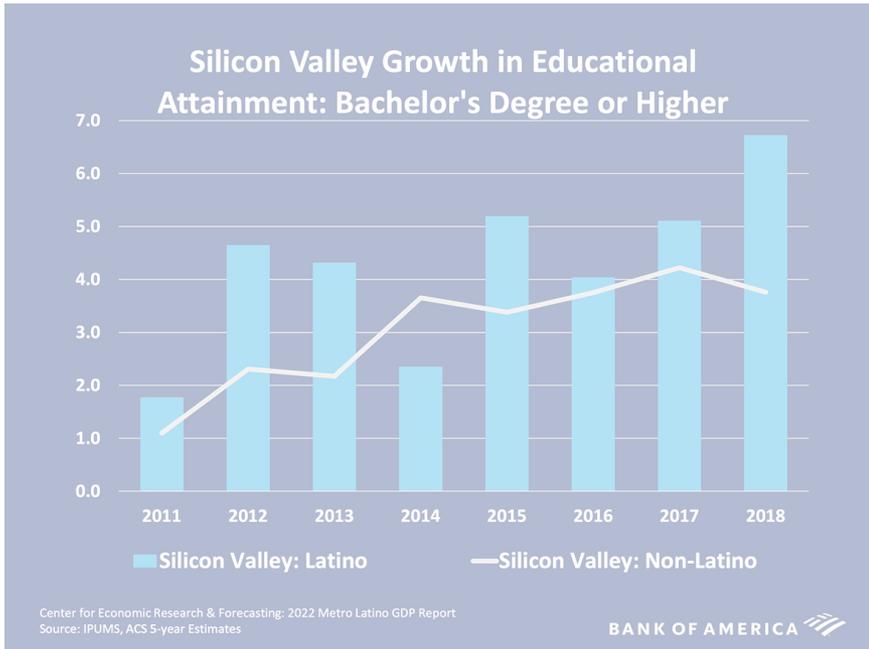
Silicon Valley's Latino economy is highly diversified. Eight different sectors account for out-sized shares of the Silicon Valley Latino GDP.

Silicon Valley Latino GDP - Education & LFP



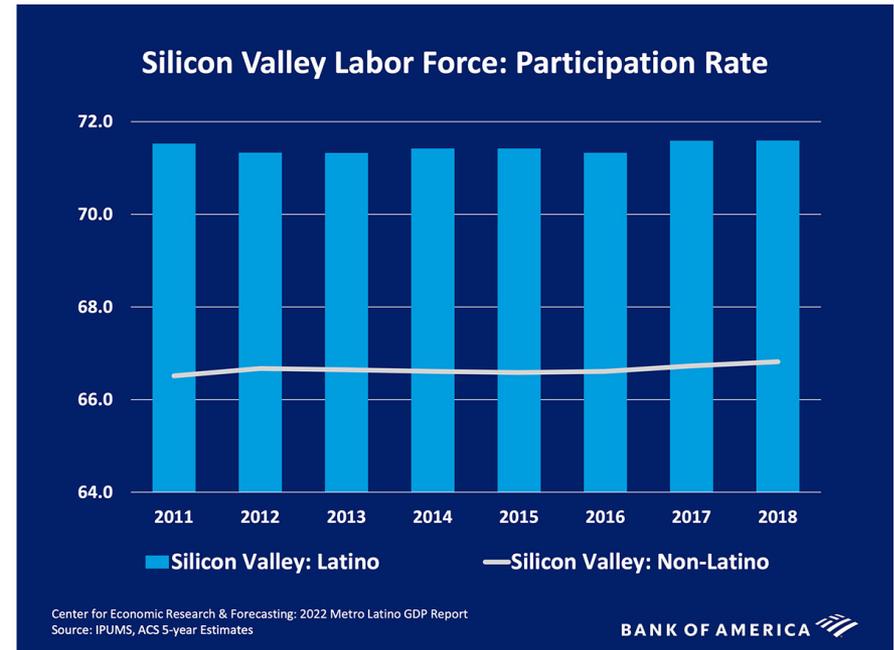
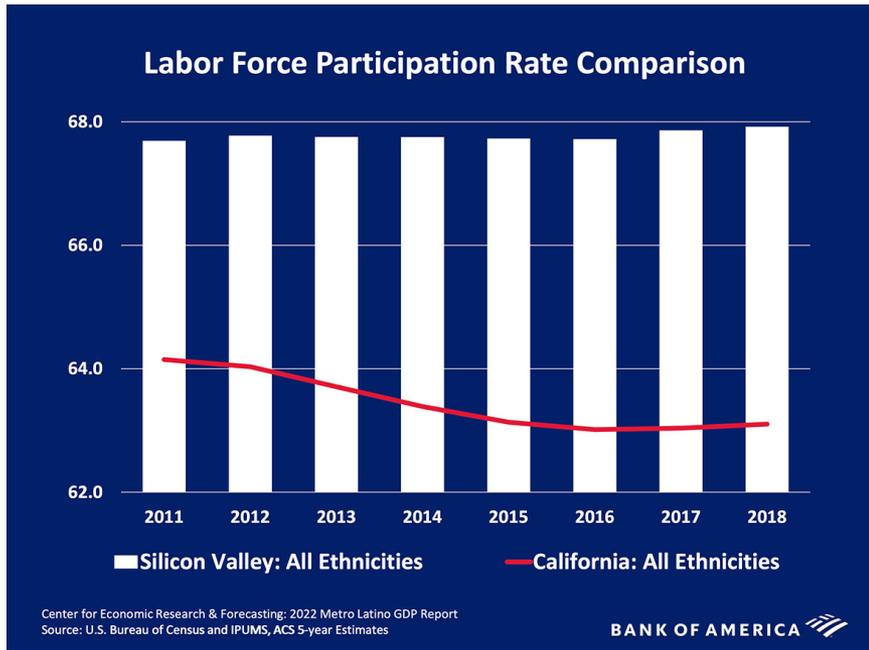
Educational attainment of Silicon Valley Latinos is growing *1.5 times faster* than that of Non-Latinos

Silicon Valley Latino GDP - Education & LFP



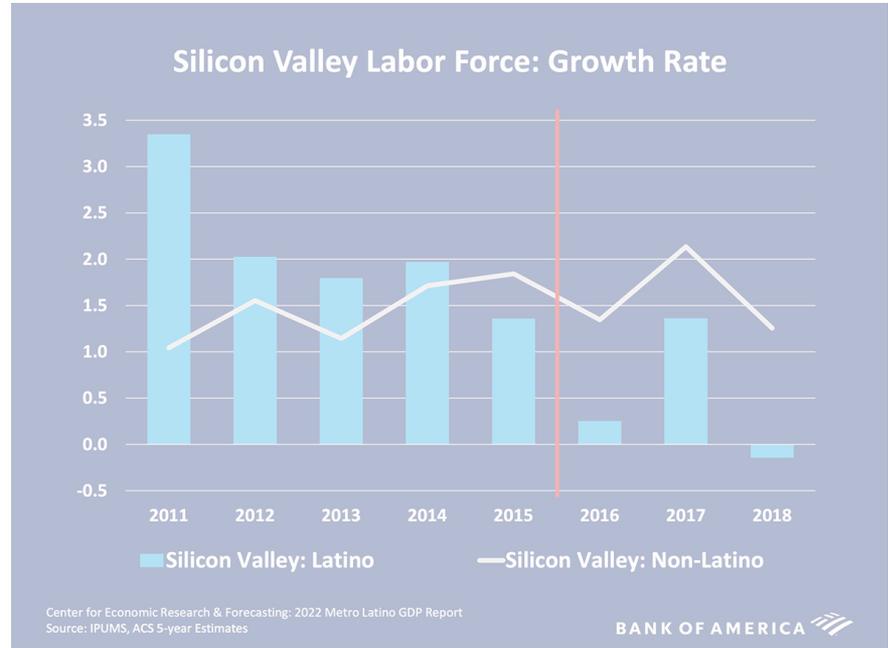
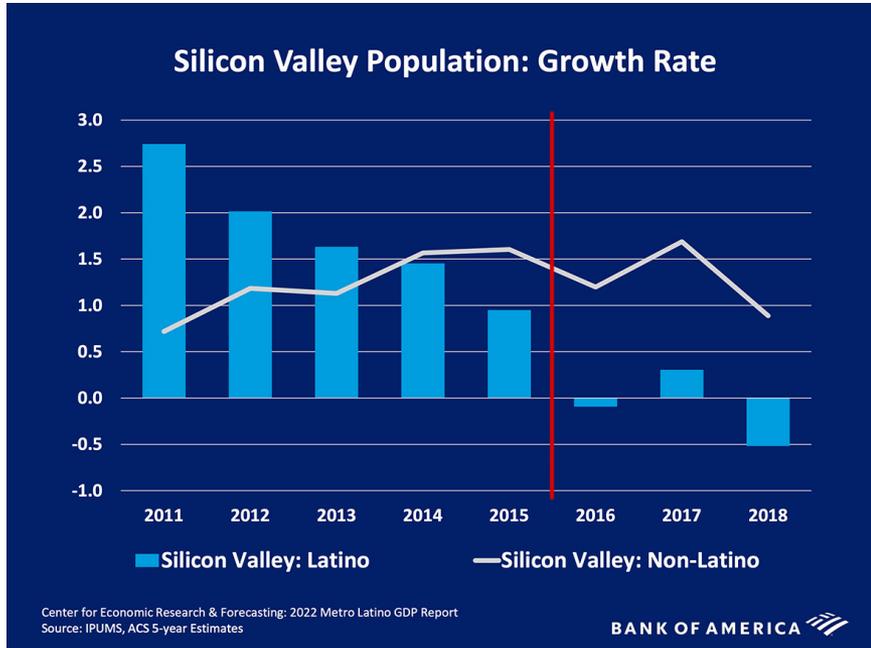
From 2010-2018, Latino's labor force participation rate was an average of 4.8 percentage points higher than Non-Latino (ranging from 4.7 to 5.0)

Silicon Valley Latino GDP - Education & LFP



Silicon Valley Latinos' labor force participation premium is especially noteworthy – in 2018, Silicon Valley's all-ethnicities participation rate was 67.9 percent, compared to 63.1 for the broader state of California

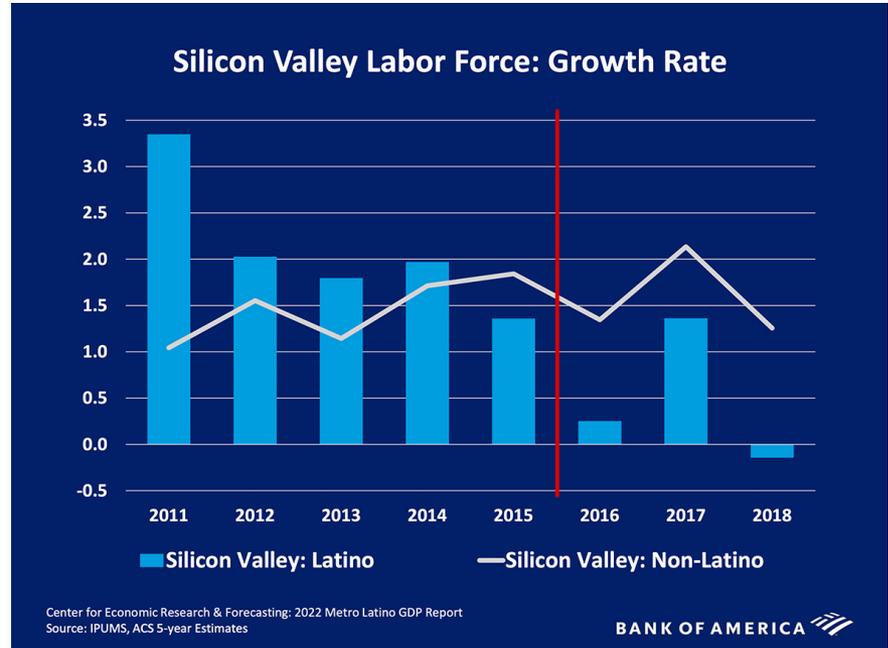
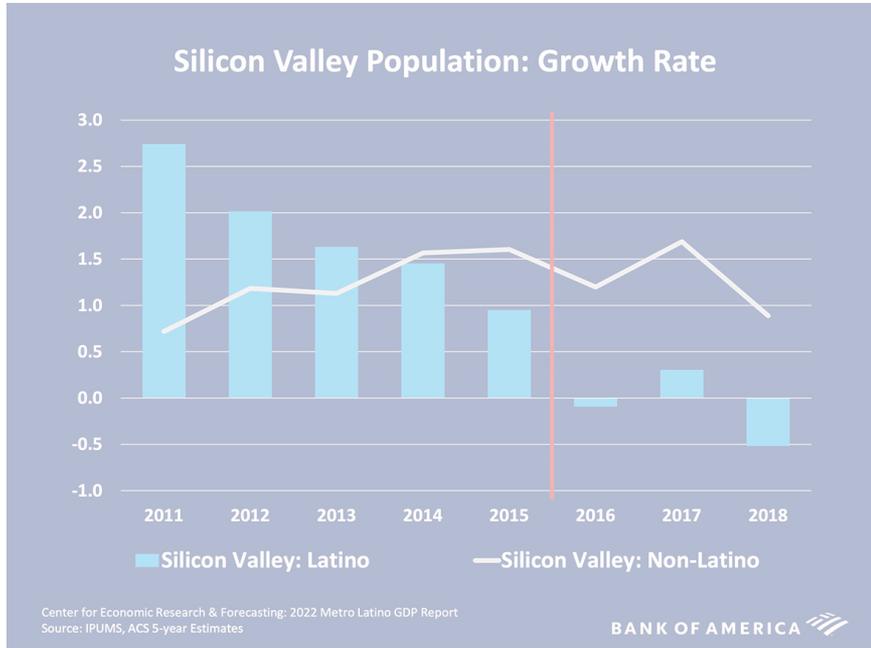
Silicon Valley Latino GDP - Population & Labor Force



Latinos have made strong and consistent contributions to Silicon Valley's population and labor force

- From 2010 to 2015, Silicon Valley's **Latino population grew 43 percent faster** than Non-Latino population

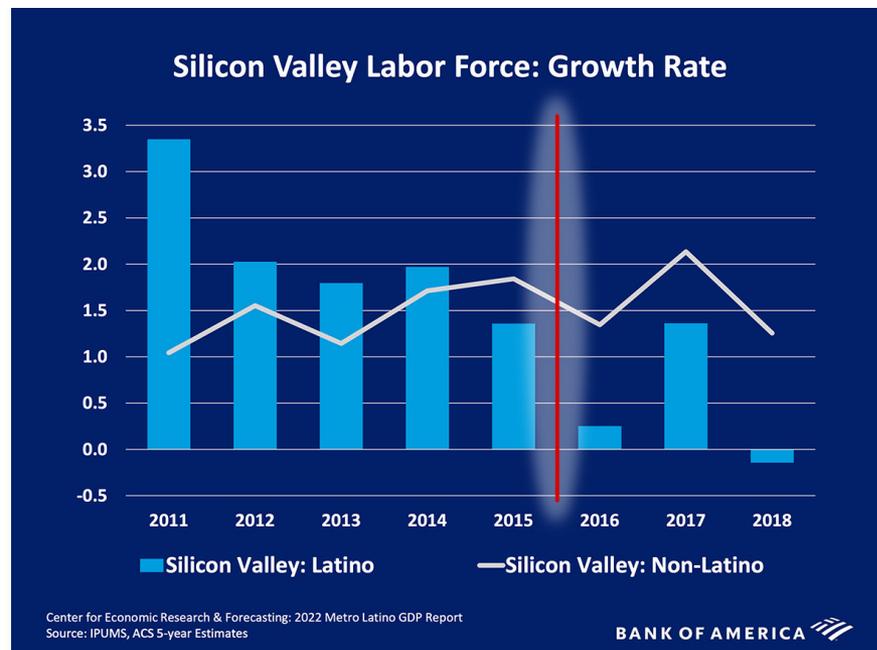
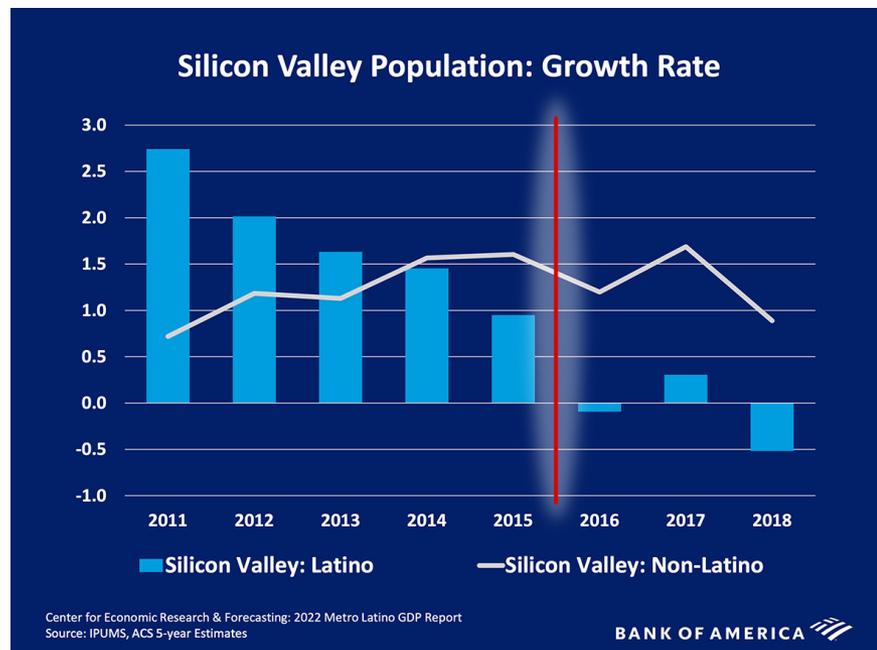
Silicon Valley Latino GDP - Population & Labor Force



Latinos have made strong and consistent contributions to Silicon Valley's population and labor force

- From 2010 to 2015, Silicon Valley's **Latino labor force grew 46 percent faster** than Non-Latino labor force

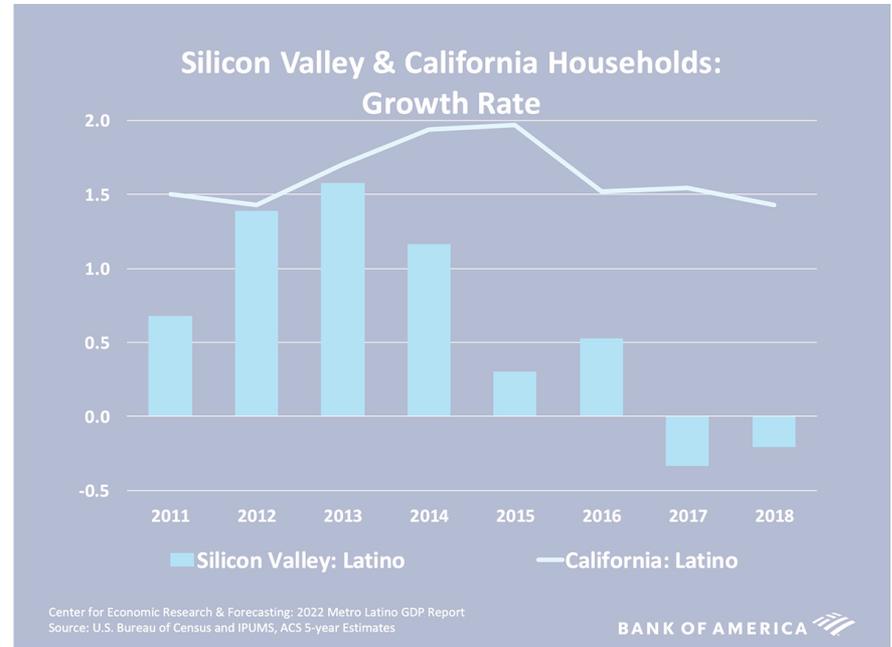
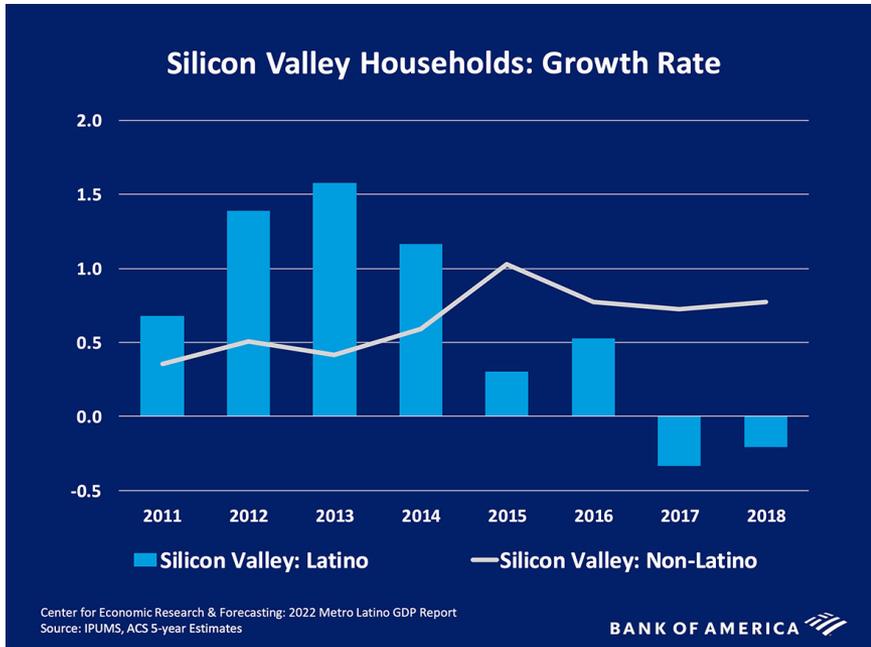
Silicon Valley Latino GDP - Population & Labor Force



Silicon Valley population and labor force data reveal a structural break in 2015

- From 2015 to 2018, Silicon Valley's Latino population was essentially flat, while the Non-Latino population increased 3.8 percent
- From 2015 to 2018, the Latino labor force grew only 1.5 percent, while the Non-Latino labor force grew 4.8 percent

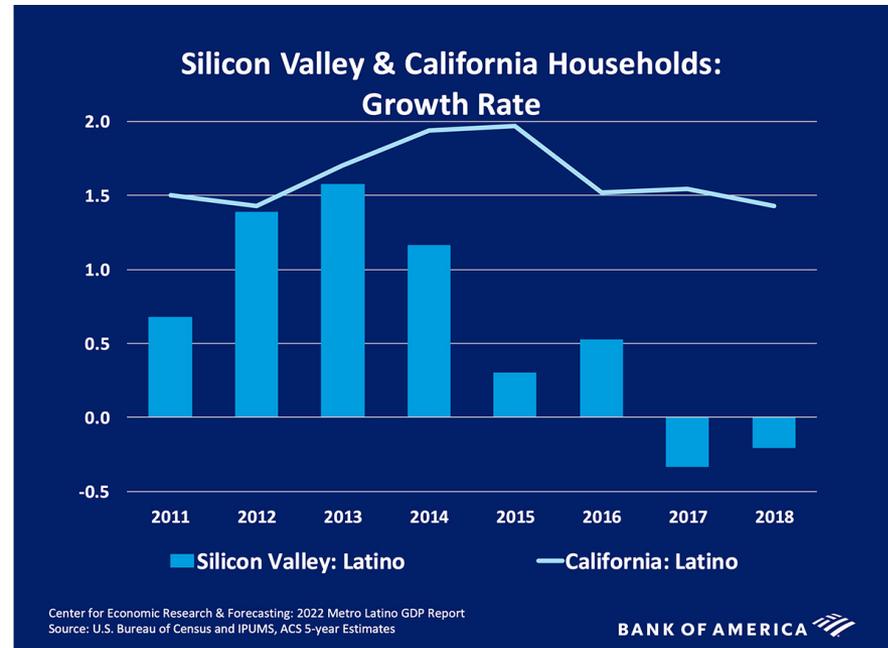
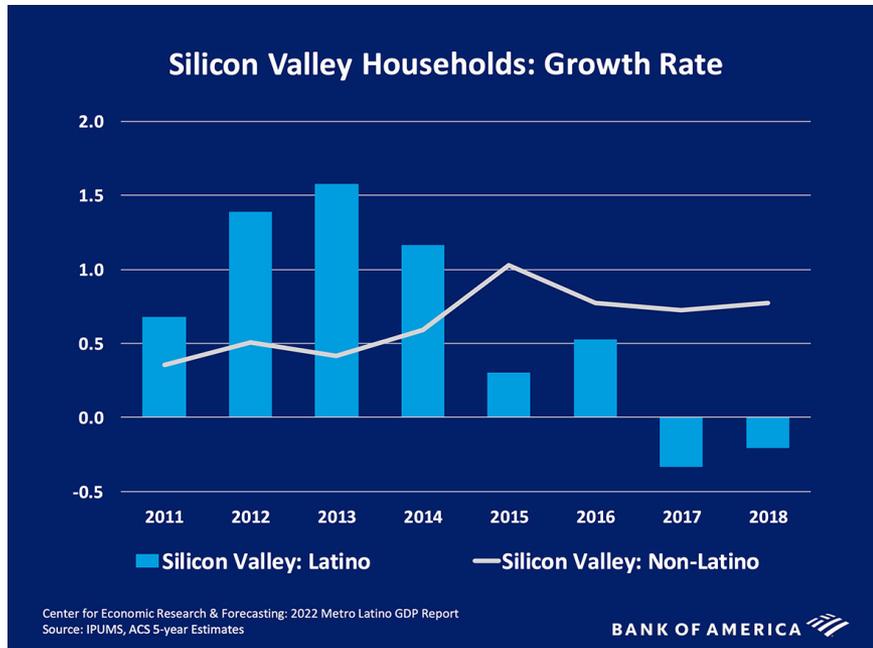
Silicon Valley Latino GDP – Household Formation



Latinos provide a very large and positive demographic punch through the formation of households

- 2010 - 2015, the number of Silicon Valley's **Latino households grew 78 percent faster** than Non-Latino households
- Silicon Valley Latino household formation slowed significantly in 2015.

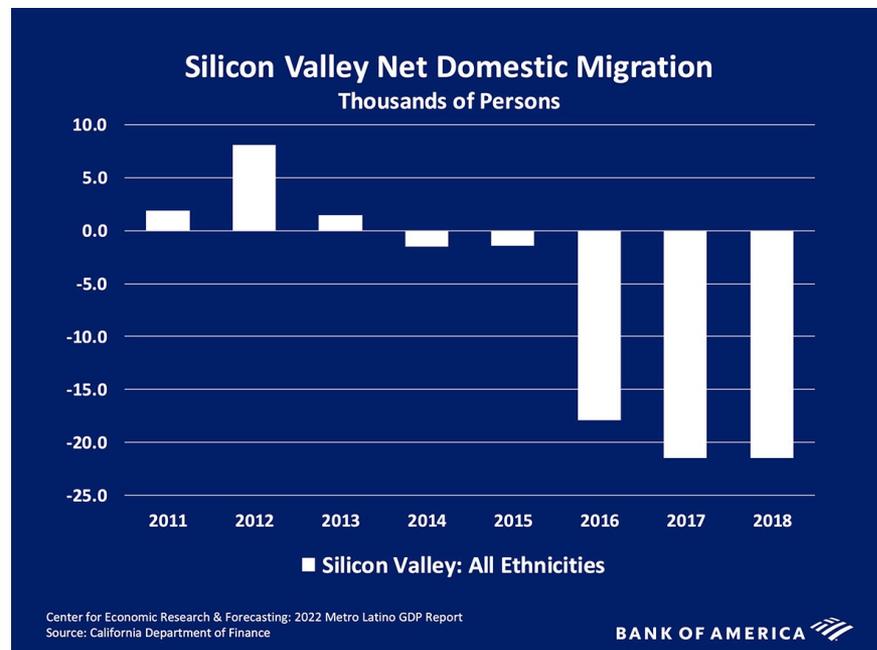
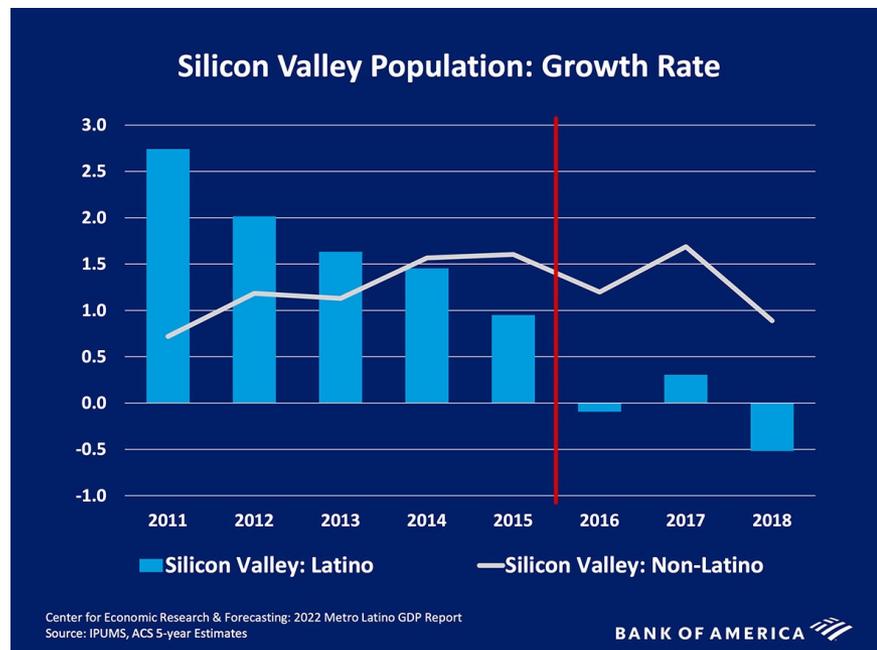
Silicon Valley Latino GDP – Household Formation



Latinos provide a very large and positive demographic punch through the formation of households

- 2010 - 2015, the number of Silicon Valley's Latino households grew 78 percent faster than Non-Latino households
- Silicon Valley Latino household formation slowed significantly in 2015. This pattern is not evident in other Metro Areas or in the state of California at large

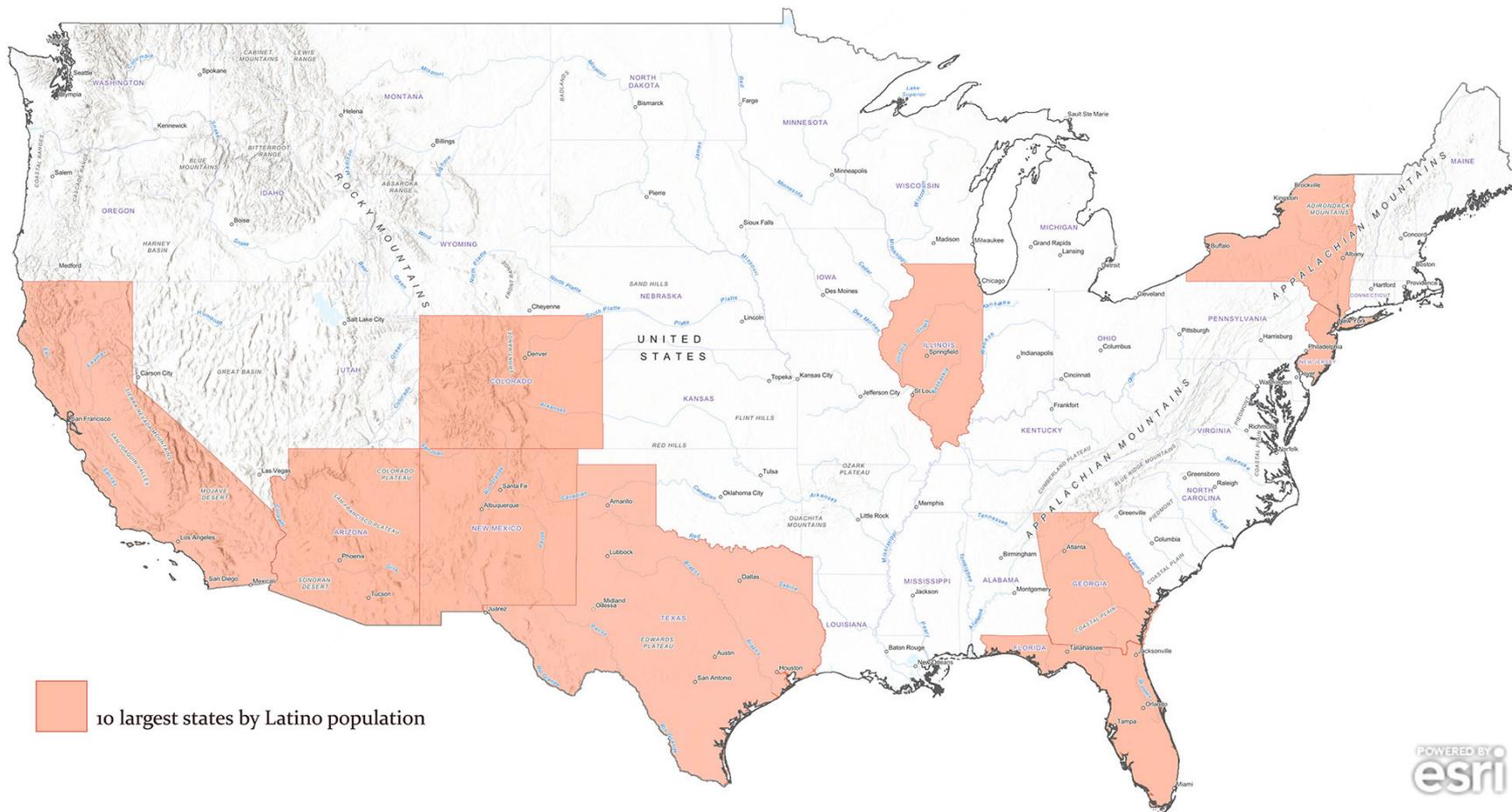
Silicon Valley Latino GDP – Net Domestic Migration



Silicon Valley net migration data may explain the structural break

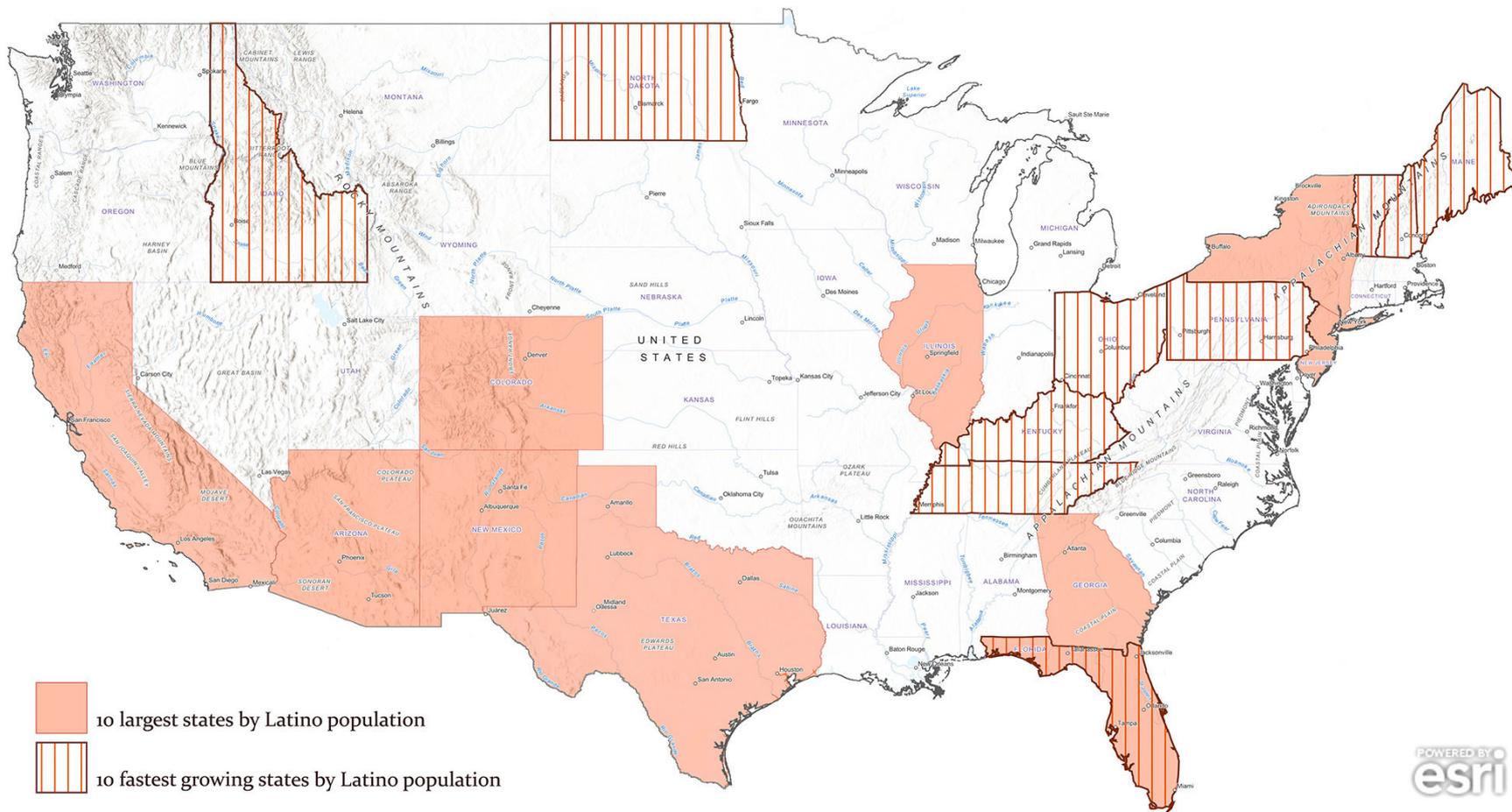
- In each year from 2016 to 2018, an average of 20,000 more people left Silicon Valley for somewhere else in the U.S. than came to Silicon Valley from somewhere else
- Silicon Valley is foregoing the even greater economic contribution that Latinos are making in comparable geographies

Latino Gross Domestic Product (GDP)



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

Latino Gross Domestic Product (GDP)



This is a story that touches every corner of the nation

2023
Metro Latino GDP Report
Silicon Valley

