California’s Creative Economy: 21st Century Dynamo

February 1, 2019

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Overview

- Two “worlds” intermingle…Business/Economic and Creative/Artistic

- Design is everywhere in the world…CA and LA as Global Creative Centers

- Purpose of study:
  - Define the industry, track industry activity (metrics)
  - Improve understanding of all its moving parts
  - Make better informed policy and business decisions
Most of the time, my talks look like this…

**Gross Domestic Product**

**YTY % Change**

<table>
<thead>
<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018 YTD**</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
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<td>2010</td>
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<td>2017</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
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</tr>
</tbody>
</table>

**Contributions to Change in GDP**

<table>
<thead>
<tr>
<th>Sector</th>
<th>2016</th>
<th>2017</th>
<th>2018 YTD**</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer</td>
<td>1.9</td>
<td>1.7</td>
<td>1.8</td>
</tr>
<tr>
<td>Investment</td>
<td>-0.2</td>
<td>0.8</td>
<td>1.0</td>
</tr>
<tr>
<td>Net exports</td>
<td>-0.3</td>
<td>-0.3</td>
<td>-0.3</td>
</tr>
<tr>
<td>Government</td>
<td>0.2</td>
<td>-0.01</td>
<td>0.2</td>
</tr>
<tr>
<td>Total GDP % Chg.</td>
<td>1.6</td>
<td>2.2</td>
<td>2.8*</td>
</tr>
</tbody>
</table>
What is the Creative Economy?

<table>
<thead>
<tr>
<th>Entertainment and Digital Media</th>
<th>Creative Goods and Products</th>
<th>Fashion</th>
<th>Fine Arts and Performing Arts</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Other Information Services</td>
<td>Graphic Design</td>
<td>Libraries and Archives</td>
<td>Marketing Research and Public Opinion Polling</td>
</tr>
<tr>
<td>All Other Publishers</td>
<td>Greeting Card Publishers</td>
<td>Motion Picture Distribution</td>
<td>Newspaper Publishers</td>
</tr>
<tr>
<td>Artists and Managers of Artists</td>
<td>Independent Artists, Writers, etc.</td>
<td>Motion Picture/Video Production</td>
<td>Postproduction Services</td>
</tr>
<tr>
<td>Book Publishers</td>
<td>Internet Publishing and Broadcasting</td>
<td>News Syndicates</td>
<td>Printing and Support Activities</td>
</tr>
<tr>
<td>Other Miscellaneous Nonmetallic Mineral Product Manufacturing</td>
<td>Toy Manufacturing</td>
<td>Architectural Services</td>
<td>Drafting Services</td>
</tr>
<tr>
<td>Apparel Manufacturing</td>
<td>Apparel Wholesaling</td>
<td>Art Galleries</td>
<td>Dance Companies</td>
</tr>
<tr>
<td>Footwear Manufacturing</td>
<td>Footwear Wholesaling</td>
<td>Fine Arts Schools</td>
<td>Other Performing Arts Companies</td>
</tr>
<tr>
<td>Pottery, Ceramics, and Plumbing Fixture Manufacturing</td>
<td>Footwear Manufacturing</td>
<td>Fine Arts Schools</td>
<td>Other Performing Arts Companies</td>
</tr>
<tr>
<td>All Other Leather Good and Allied Product Manufacturing</td>
<td>Apparel Wholesaling</td>
<td>Art Galleries</td>
<td>Dance Companies</td>
</tr>
<tr>
<td>Cosmetics Manufacturing</td>
<td>Footwear Manufacturing</td>
<td>Fine Arts Schools</td>
<td>Other Performing Arts Companies</td>
</tr>
</tbody>
</table>
It’s Also About the People!

Creative Industry

Yes

Industry Creative and Occupation Creative: Graphic designer in a graphic design firm

Not Industry Creative but Occupation Creative: Graphic designer in an accounting firm

Creative Occupations

Yes

Industry Creative but not Occupation Creative: Accountant in a graphic design firm

Not Industry Creative and not Occupation Creative: Accountant in an accounting firm

No

Creative Industry

Creative Occupation

Creative Economy

Source: Beacon Economics
Creative Industries \( \cap \) Creative Occupations

- Architecture and Related Services: 13,273
- Creative Goods and Products: 37,665
- Entertainment and Digital Media: 268,702
- Fashion: 78,625
- Fine Arts and Performing Arts: 16,680
- Occupations Creative: 311,145
- Occupations Non-Creative: 103,800
- Industry Creative: 414,945
Creative Economy Stretches Across CA!

- Bay Area: 35%
- Capital Region: 2%
- Central Coast: 2%
- Central Valley: 1%
- Inland Empire: 3%
- San Diego-Imperial County: 5%
- Southern California: 51%
- Upstate California: <1%
California-Job Changes Across Sectors

- Architecture and Related Services
- Creative Goods and Products
- Entertainment and Digital Media
- Fashion
- Fine Arts and Performing Arts
Bay Area-Jobs by Sector and 2010-17 Change

- Architecture and Related Services: 71%
- Creative Goods and Products: 9%
- Fashion: 4%
- Fine Arts and Performing Arts: 5%
- Entertainment and Digital Media: 11%
Capital Region-Jobs by Sector and 2010-17 Change

- Architecture and Related Services: 73%
- Creative Goods and Products: 11%
- Fashion: 10%
- Fine Arts and Performing Arts: 5%
- Entertainment and Digital Media: 1%

Source: QCEW, Beacon Economics
SD/Imperial County-Jobs by Sector and 2010-17 Change

- Architecture and Related Services: 66%
- Creative Goods and Products: 12%
- Fashion: 8%
- Entertainment and Digital Media: 7%
- Fine Arts and Performing Arts: 7%

Source: QCEW, Beacon Economics
Inland Empire-Jobs by Sector and 2010-17 Change

Source: QCEW, Beacon Economics
Average Annual Wage by Sector, 2017
Creative Ecosystem

- Commercial/Business
- Non-profit Arts Organizations
- Educational Institutions
- Government Policymakers
- Philanthropic Community
## Non-Profits in Art, Culture and Humanities

<table>
<thead>
<tr>
<th>Location</th>
<th>Establishments</th>
<th>Assets ($B)</th>
<th>Receipts ($B)</th>
</tr>
</thead>
<tbody>
<tr>
<td>California</td>
<td>11,036</td>
<td>$18.2</td>
<td>$4.9</td>
</tr>
<tr>
<td>Los Angeles County</td>
<td>3,128</td>
<td>$7.9</td>
<td>$1.8</td>
</tr>
</tbody>
</table>
California Arts Education

Indexed: 2000-01 = 100
Los Angeles County
LA Creative Sectors-% of Employment

- Entertainment and Digital Media: 65%
- Fine and Performing Arts: 9%
- Creative Goods and Products: 4%
- Architecture and Related Services: 3%
- Fashion: 19%
LA County-Job Changes Across Sectors
…Evolving Quickly! Job Changes 2010-17

- Sound
- Publishers
- Professional Services
- Film
- Emerging Digital Media
- Broadcasting
Digital Disruption - Will my child always be this way?
Architecture Employment

- Architectural Services: 8,397
- Landscape Architectural Services: 2,407
- Drafting Services: 1,302
- Interior Design Services: 229
- Ornamental and Architectural Metal Work Manufacturing: 938

Source: QCEW, Beacon Economics
Job Changes 2010-17 Follow Construction

- Ornamental and Architectural Metal Work Manufacturing
- Interior Design Services
- Drafting Services
- Landscape Architectural Services
- Architectural Services
Fashion and Related Employment

- Textile mills
- Apparel Manufacturing (4,899)
- Footwear Manufacturing (4,481)
- Apparel, Piece Goods, and Notions Merchant Wholesalers (4,365)
- Toilet Preparation Manufacturing (2,727)
- Jewelry and Silverware Manufacturing (1,811)
- Jewelry, Watch, Precious Stone, and Precious Metal Merchant Wholesalers (1,731)
- Footwear Merchant Wholesalers (1,366)
- Other Specialized Design Services (119)
- Women’s Handbag and Purse Manufacturing
- All Other Leather Good and Allied Product Manufacturing
Fashion Employment - LA vs. NYC

- Los Angeles County
- New York City
- California
Creative Goods Employment

Source: QCEW, Beacon Economics
Job Growth 2010-17 Follows Construction

Source: QCEW, Beacon Economics
Fine and Performing Arts Employment

- Art Dealers: 4,418
- Dance Companies: 1,021
- Other Performing Arts Companies: 152
- Fine Arts Schools: 2,523
- Theater Companies and Dinner Theaters: 3,599
- Musical Groups and Artists: 4,923
- Museums: 44

Source: QCEW, Beacon Economics
Employment Growth – Fine and Performing Arts

- Fine Arts Schools: 1,123
- Museums: 1,289
- Other Performing Arts Companies: -79
- Musical Groups and Artists: 864
- Dance Companies: 68
- Theater Companies and Dinner Theaters: 564
- Art Dealers: 305
Employment Density Varies by Sector

Architecture and Related Services

Creative Goods and Products
Recent Job Gains Reverse Recession Losses - Los Angeles County Occupations

## Performance of Creative Economy

2010 to 2017

<table>
<thead>
<tr>
<th></th>
<th>Creative</th>
<th>Non-Creative</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job Growth</td>
<td>+9.5%</td>
<td>+14.4%</td>
</tr>
<tr>
<td>Establishments Growth</td>
<td>+16.5%</td>
<td>+13.8%</td>
</tr>
<tr>
<td>Wage Growth</td>
<td>+26.0%</td>
<td>+17.2%</td>
</tr>
<tr>
<td>Average Annual Wages (2017)</td>
<td>$109,000</td>
<td>$61,800</td>
</tr>
</tbody>
</table>

Source: QCEW, Beacon Economics
Creative Workforce Increasingly Educated

Not in Creative Industries (2017)
- 15.0%
- 21.1%
- 31.0%
- 21.0%
- 11.9%

In Creative Industries (2017)
- 11.9%
- 12.8%
- 24.2%
- 38.6%
- 12.6%

In Creative Industries (2007)
- 17.2%
- 16.8%
- 23.6%
- 32.2%
- 10.2%
Gender Wage Inequality

Women earn **77 cents for every one dollar** their male counterpart earn.
More Diverse Workforce, 2007 to 2017

Source: QCEW, Beacon Economics
Economic Impact
Measuring Economic Impact

- Measured in terms of
  - Jobs
  - Wages/Income
  - Output

- Ripple Effect – from creative industries throughout the economy
  - Direct – initial activity of jobs and spending
  - Indirect – secondary and subsequent spending by suppliers
  - Induced – spending out of wages
  - TOTAL = SUM OF THE 3
<table>
<thead>
<tr>
<th>Category</th>
<th>Direct</th>
<th>Indirect</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment</td>
<td>414,945</td>
<td>159,434</td>
<td>864,958</td>
</tr>
<tr>
<td>Labor Income</td>
<td>59.9B</td>
<td>10.0B</td>
<td>140.7B</td>
</tr>
<tr>
<td>Value Added</td>
<td>97.8B</td>
<td>15.9B</td>
<td>140.7</td>
</tr>
<tr>
<td>Output</td>
<td>139.7B</td>
<td>25.0B</td>
<td>207.8B</td>
</tr>
<tr>
<td>EMPLOYMENT</td>
<td>LABOR INCOME ($BILLIONS)</td>
<td>VALUE ADDED ($BILLIONS)</td>
<td>OUTPUT ($BILLIONs)</td>
</tr>
<tr>
<td>---------------------</td>
<td>--------------------------</td>
<td>-------------------------</td>
<td>--------------------</td>
</tr>
<tr>
<td>DIRECT</td>
<td>$136.4B</td>
<td>$218.4B</td>
<td>$354.6B</td>
</tr>
<tr>
<td>INDIRECT</td>
<td>$39.0B</td>
<td>$60.3B</td>
<td>$94.5B</td>
</tr>
<tr>
<td>INDUCED</td>
<td>$52.3B</td>
<td>$94.8B</td>
<td>$155.7B</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$227.8B</td>
<td>$373.5B</td>
<td>$504.9B</td>
</tr>
</tbody>
</table>
Conclusion
Creative Economy …

- Mix of traditional and leading edge industries
- Communities
  - Large (LACMA)
  - Small (Bear Valley Music Festival)
- Design is everywhere
- Both dynamic and a dynamic force
- In the very fabric of our broader economy and society
What can Beacon do for you?

**Connect with us.**
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**Our 6 Practice Areas**
- Housing, Land Use, & Real Estate Advisory
- Sustainable Growth and Development
- Economic & Revenue Forecasting
- Economic, Fiscal and Social Impact Analysis
- Regional and Sub-Regional Analysis
- Litigation and Testimony

**Continue the conversation.**
Contact Dr. Chris Thornberg directly at chris@beaconecon.com or 310.571.3399

**Let’s discuss your goals and needs.**
Beacon has 6 Practice Areas covering a range of services and products.

For more information, see Slide 2.
Portfolio Spotlight

**Regional and Sub-Regional Analysis**
Beacon conducts analysis at an international, national, state, county, and city level -- and even down to the zip code, pending data availability. We analyze data on **Employment, Industry, Real Estate, and Consumption**.

*Past Clients:*
- City and County of Los Angeles
- City and County of Riverside
- East Bay Economic Dev. Agency

**Impact (Economic, Fiscal, Social) & EB5 Analysis**
Beacon has evaluated the impact of entities like universities, music festivals, infrastructure projects, and real estate development projects. Beacon has also conducted impact analyses that combine more than one of the above like that of L.A’s Olympic bid.

*Past Clients:*
- University of Southern California
- Metropolitan Water District
- LA 2024 Olympic Bid Committee

**Sustainable Growth & Development**
Beacon conducts industry and policy analysis on topics like **green innovation**, **tech and workforce development**, and **industry sector strategies**. Beacon has strong in-house expertise around **housing policy** and **economic development** support.

*Past Clients:*
- California Apartment Association
- Long Beach Downtown Dev. Corp.
- Santa Cruz Workforce Dev. Board

**Housing, Land Use, & Real Estate Advisory**

**Economic & revenue forecasting**

**Litigation and testimony**
Thank You

Chris@BeaconEcon.com | www.BeaconEcon.com