

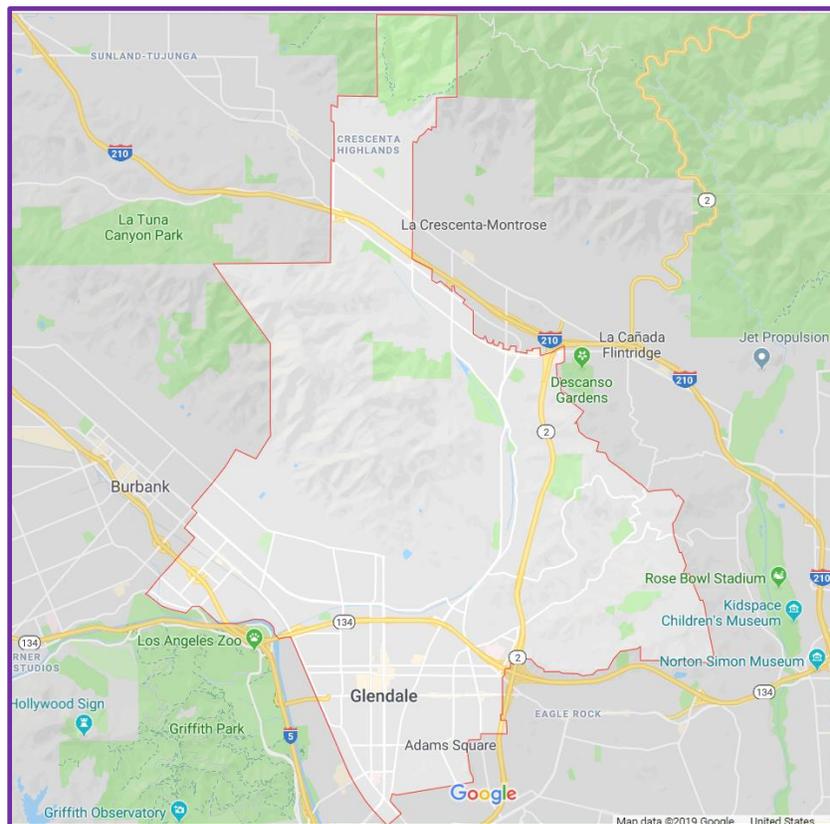
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## Introduction

For this, our third San Fernando Valley economic forecast publication, we have expanded our geographic coverage to include Burbank and Glendale. Burbank and Glendale are integral to the Valley as well as to Southern California and the nation. We are very pleased to now include them in our analysis, forecast, publication, and presentation. This essay discusses the economies of Burbank and Glendale and present's CERF's first-ever forecasts for these areas. A section at the end of this essay covers what we call the *Greater San Fernando Valley economy*, which combines these cities with our previously covered San Fernando Valley area into a larger economic area.

Gross domestic product, jobs, and other hard economic data are not generally available for individual city areas unless they are part of a metropolitan statistical area, MSA, or a county. Our analysis and forecast are based on an in-depth analysis of the zip codes that form Glendale and Burbank. Using those zip codes, we built custom datasets for each of these cities that include data on establishments, jobs, payroll, and average salary.

Figure 1: Glendale



The datasets that we built based on these geographies are detailed with respect to industrial structure demographic characteristics like age, ethnicity, and income. The indicators afforded by this dataset include jobs and other data by sector and provide us with information that we use to estimate GDP. This publication adds these new data sets to those created for our previous San Fernando Valley *Economic Forecast* publications.

The analysis shows that the industrial structure of Burbank, which includes various large entertainment and media companies, yields an economy that has a high jobs to population ratio and provides rapid economic growth. However, it is a very volatile economy, with growth rates changing rapidly from year to year. Burbank’s economy is not particularly synchronized with the national business cycle, given the influence that the entertainment and media industries have. Burbank is more driven by specific company fortunes and project dynamics than by expansions or contractions in the United States economy.

Glendale’s economy has a solid outlook and is more traditional than Burbank’s economy in industrial structure. Glendale does not have an over-weighted Information Technology sector compared to the United States, as is the case for Burbank and the other areas in San Fernando Valley. It has a large service economy relative to its neighbors and to the nation. Glendale’s economic growth is much less volatile than Burbank’s, in fact, is remarkably steady for a city economy of its size. Glendale’s economic growth is very much in sync with the national business cycle.

## Economic Characteristics of Burbank and Glendale

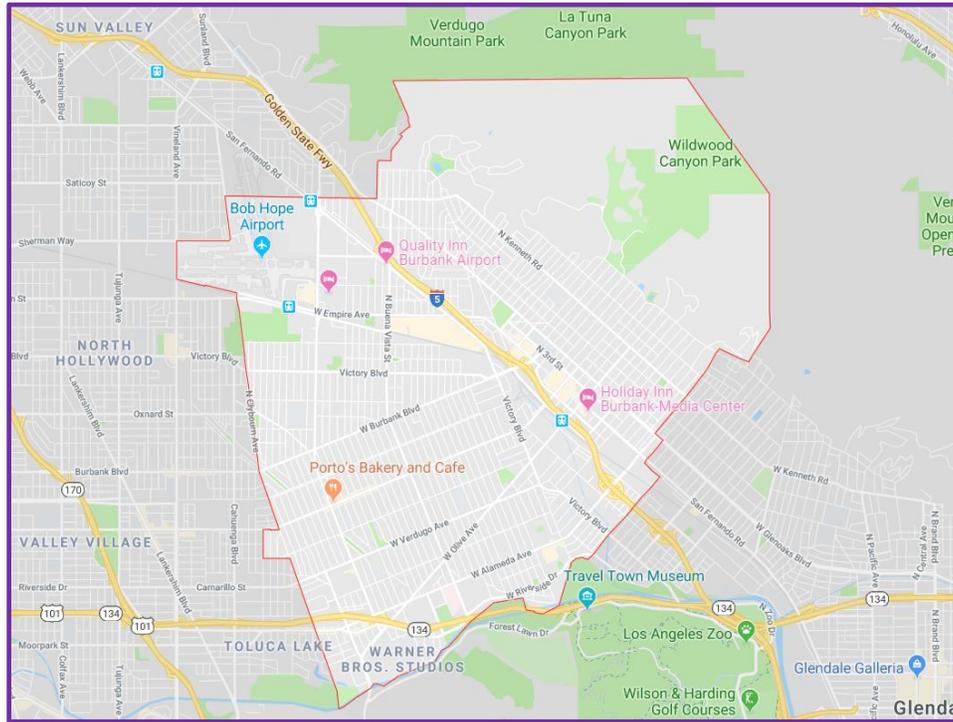
Our review is based on detailed analysis of almost three decades of hard economic data that includes a depth of industrial sector detail. We also used demographic data from the U.S. Bureau of Census and the California Department of Finance. Each of these cities appears to be a vibrant economy. They exhibit some characteristics that are similar to the rest of the San Fernando Valley, as well as some unique characteristics as discussed above and provided in Table 1 just below.

Table 1: Economic Characteristics

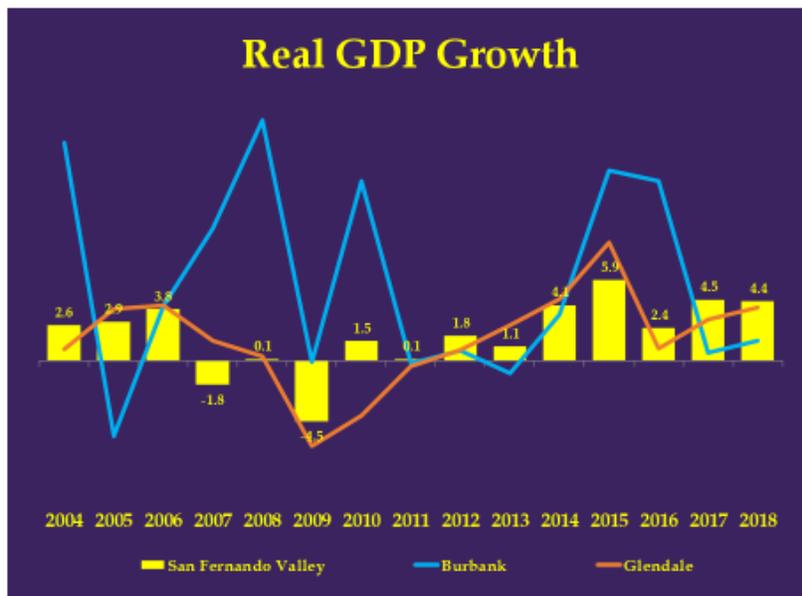
Economic Characteristics - 2018			
	United States	Burbank	Glendale
Population	326,533,070	107,149	205,536
Jobs	149,893,000	170,925	108,923
Jobs to Thousands of Pop Ratio	459	1,595	530
Information Technology Job Share	1.8	49.2	1.2
Services <sup>‡</sup> Job Share	50.7	36.1	67.3

*Source: CERF; US Bureau of Census; US Bureau of Labor Statistics; CA Employment Development Department; CA Department of Finance*  
<sup>‡</sup> Services defined as: Professional & Business, Financial Industries, Education & Health, Leisure & Hospitality, and Personal/Repair/Maintenance

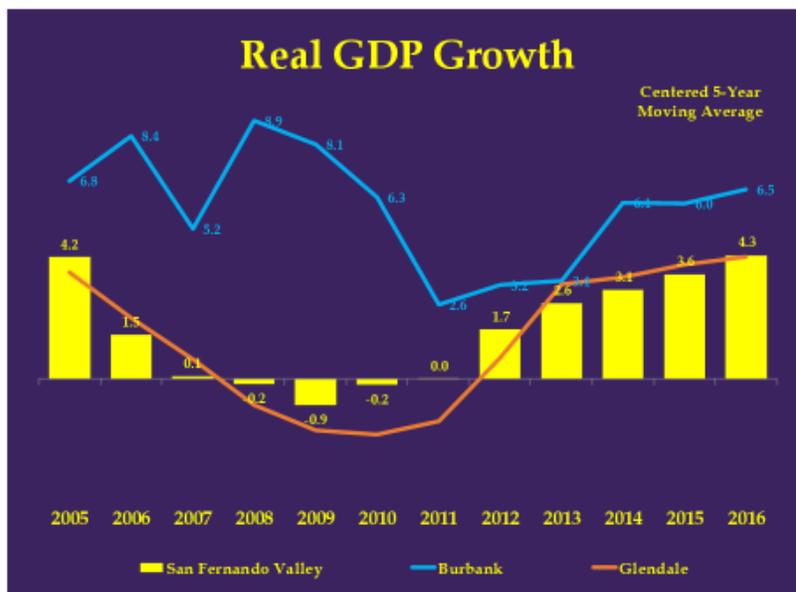
Figure 2: Burbank



Our GDP estimates show a large differences in characteristics between these neighboring cities. Burbank’s economy is very volatile, but certainly with episodes of very rapid growth. Glendale’s economy is very smooth, especially compared to most cities of this size. Glendale’s economic growth also follows the business cycle very closely, where Burbank’s cycle is much less connected to national trends. Note that the San Fernando Valley GDP growth in the chart just below, presented as yellow bars, is the Valley without Burbank and Glendale.

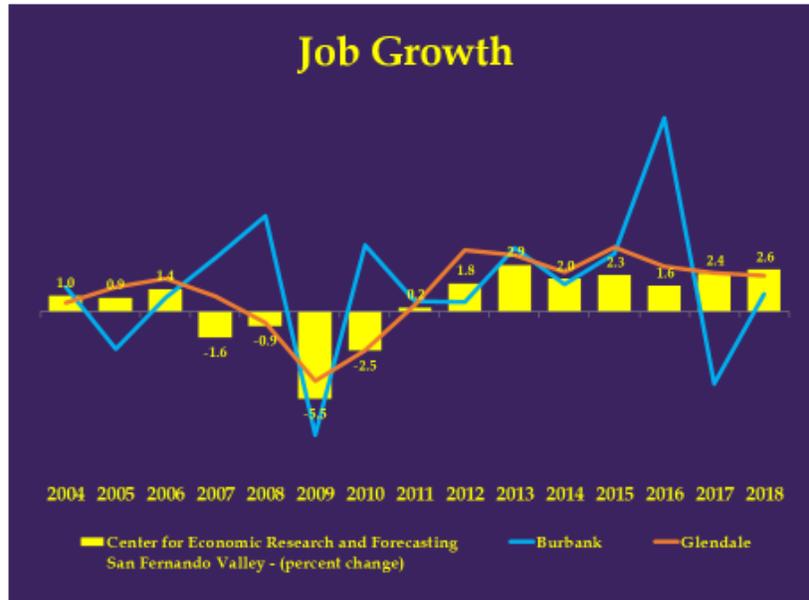


Given the volatility in Burbank’s economy we computed five year moving averages of economic growth for each of the three areas shown in the chart above. First, each of these communities, Burbank, Glendale, and the rest of the San Fernando Valley, have experienced rapid economic growth since 2014, growth that outpaces that of the nation. In 2015 and 2016, these economies even expanded more rapidly than the state of California, which is driven by the high flying growth of Silicon Valley. The moving average chart also reveals that in the medium term, Burbank’s economy has been growing very rapidly indeed, with average five year growth rates typically greater than five percent.



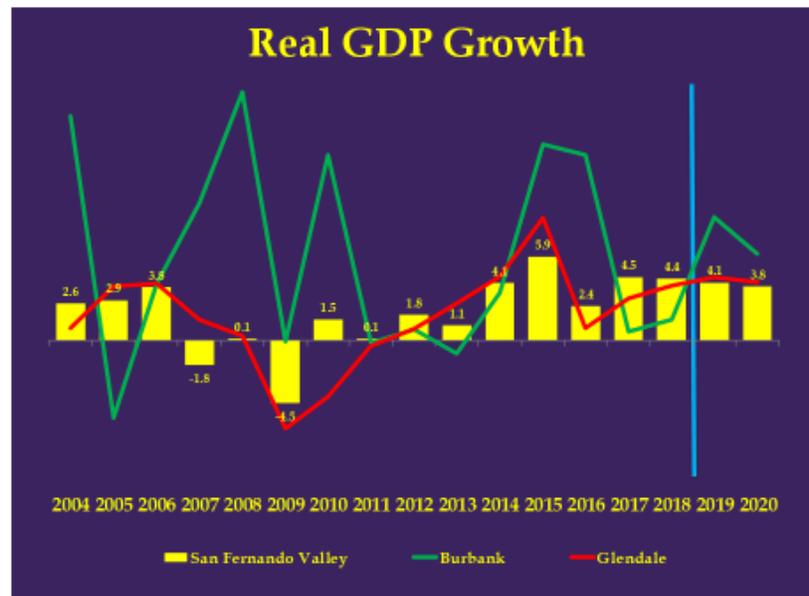
While Burbank has more jobs than Glendale, it has less than half as many establishments as Glendale. This means that Burbank has some very large employers. Many readers are already familiar with the Hollywood-Burbank airport, Warner Brothers Studios, Walt Disney Studios, The Burbank Studios, Nickelodeon Animation, the Cartoon Network, and the list goes on. This means that many workers are coming into Burbank each day to work. And, it means that the Burbank economy is characterized by the fortunes and dynamics of these large companies, to a far greater extent than many communities.

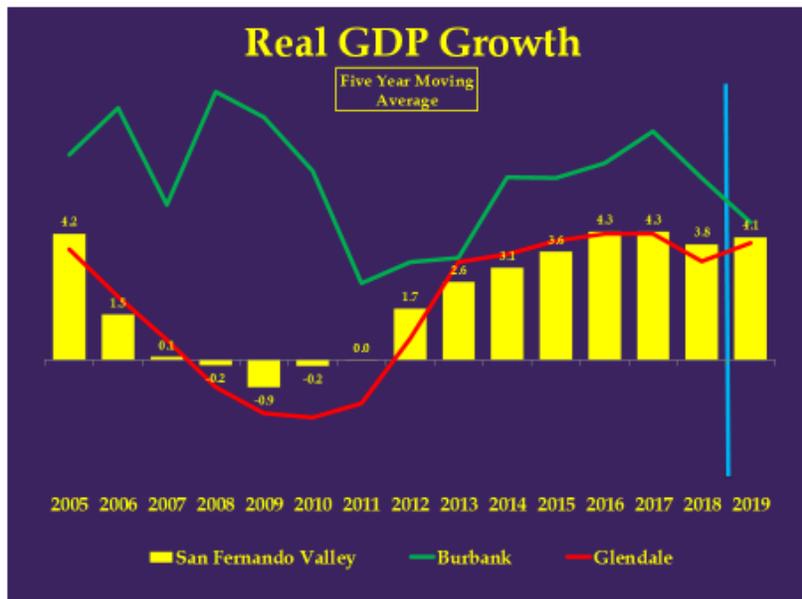
Job creation has been healthy in the San Fernando Valley for the past four years. Job growth in the portion of the valley excluding Burbank and Glendale has been strong since 2013, and has been accelerating in the last two years. Burbank job growth has been very volatile, but with some extremely strong years, such that the overall change in the past five years has been impressive. Glendale’s job creation has been impressive as well, but much smoother than the year to year changes for Burbank. Both cities experienced average annual job growth of 2.8 percent in the last five years, and the remainder of the San Fernando Valley was a respectable 2.2 percent. These numbers compare to 1.8 percent for the nation.



### Burbank and Glendale Forecast

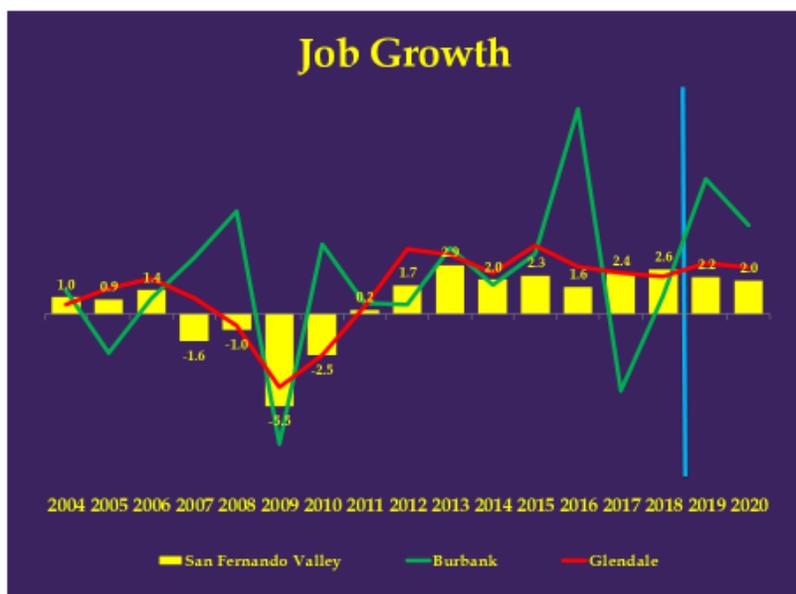
CERF’s very first forecast of Burbank and Glendale is a forecast that is optimistic relative to the nation and many geographies. These two cities, as well as the rest of the San Fernando Valley, have had strong job, payroll, GDP, and establishment growth in recent years. Burbank has in the past claimed fame as the “Media Capital of the World” and even if that is debatable, still has key companies that appear to be staying for the time being. These companies are premier content producers on the world stage and should still have some ability to compete in that arena during the next two years.





The forecast predicts that Burbank will experience growth that is a little bit stronger than the rest of the region, and that Glendale’s economic growth will be very similar to the rest of the San Fernando Valley.

The two main risks to these economies slowing down are a national cyclical contraction, and a local contraction due to the loss of important companies located in these areas. The prospect of key companies leaving was discussed just above, and the airport is safely presumed to continue operations for the near term. The probability of a U.S. growth slowdown has risen steadily in the past 4 months, due to trade gyrations and to a global growth slowdown. We currently expect the slowdown to take hold in 2021, just outside the range of the forecasts presented here.



## Greater San Fernando Valley Forecast

Our inaugural forecast for the San Fernando Valley was presented November 16<sup>th</sup>, 2017, and at that time we had the detailed data for a concept of the Valley that excluded Burbank and Glendale. That forecast revealed that the San Fernando Valley had recent economic growth greater than that of its neighbors. Not only this, but the San Fernando Valley has larger shares of its population in moderate income ranges and in household forming age ranges, especially compared to its western neighbor, Ventura County.

From the beginning, we have always wanted to do more in this economically important and distinct area. For this forecast publication, we have added detailed analysis of Burbank and Glendale. We presented data and forecasts for each city just above in this essay. Here, in this section, we integrate these new data with our previously released San Fernando Valley estimates to present what we are calling a Greater San Fernando Valley region.

Figure 1: The Greater San Fernando Valley



The next page presents two year forecasts of the Greater San Fernando Valley's economy. In short, economic and income growth have been very rapid indeed for seven years. Job growth has been strong for 7 of the most recent eight years. The Greater Valley's economic growth is forecasted to exceed that of the state and the Los Angeles Metro area. Job creation in the Greater Valley is also forecasted to exceed that of the greater Los Angeles area and the state during 2019 and 2020. This is saying something noteworthy. California's economy is growing noticeably faster than the United States economy. And, the San Fernando Valley is growing faster yet.

## Greater SFV Forecast Charts

