



BEACONECONOMICS

A BRIEF OVERVIEW OF THE CITY OF PASADENA'S ECONOMY

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A Brief Overview of The City of Pasadena's Economy

Key Findings

- Business establishments in the City of Pasadena employ 112,212 workers.
- Nearly sixty-percent of these jobs are found in five sectors of the economy: Finance and Insurance, Professional, Scientific, and Technical Services, Educational Services, Accommodation and Food services and Health Care sectors.
- The city's private construction employers account for around 1,500 of the jobs found in the city, or around 1.3% of the total.
- The City of Pasadena is a classic bedroom community. While there are 112,212 private jobs in the City, only 62,648 residents in the Pasadena hold a job.
- Furthermore, 73% of the city's resident jobs holders commute out of the city for work.
- This means that around 100,000 of the jobs that have been created by the city's private employers are filled by workers from outside of the city.
- In 2017, just 1,444 *city residents* worked in the Construction industry, around 1.3% of the city's workforce. By contrast, 4.9% of the state's workers work in the construction sector.
- As is the case throughout the region, the city is home to a tight labor market with little excess capacity. In 2019, the unemployment rate in the City of Pasadena was only 3.9%, just below the 4.4% rate in Los Angeles County overall.
- In 2019, the unemployment rate for construction workers in the City of Pasadena was only 1.3%, just below the 3.6% rate in Los Angeles County overall.
- Furthermore, the demand for construction workers in the region has been especially pronounced in recent years, as evidenced by the value of projects under construction in the region.
- The City of Pasadena does not have a large base of construction business establishments.
- There are 409 construction establishments in the City of Pasadena, and the majority of these establishments are small operations. Of these establishments, 293 employ fewer than 5 workers and at least another 64 establishments employ just 5 to 9 workers.
- The lack of large construction firms in the City of Pasadena would make it difficult for local construction firms to take on large scale construction projects that rely on a significant number of laborers
- Taken together, a sufficiently large project such as 10 West Walnut, will find it impossible to meet 20 percent local hire requirements by employing only city residents and companies.

The City of Pasadena has a vibrant and diverse economy. The city is home to some of the most iconic employers in Los Angeles County, including the Jet Propulsion Laboratory, the California

Institute of Technology, the Huntington Memorial Hospital, Kaiser Permanente, and Pasadena City College. In 2020, this city's population stood at nearly 145,000, making it the 9th largest city in Los Angeles County. The city is home to a highly educated workforce, with 51.2% of residents holding a bachelor's degree, compared to 33.8% in Los Angeles County.

The labor market in the City of Pasadena and Los Angeles County has been extremely tight in recent years. In 2019, the unemployment rate in the City of Pasadena was only 3.9%, just below the 4.4% rate in Los Angeles County overall. There has also been minimal expansion in the labor force in the region. The City of Pasadena's labor force expanded by just 3.1% from 2015 to 2019, just outpacing the 2.8% growth in Los Angeles County over the same period. The tight labor market is also evident in the construction industry. In 2019, the unemployment rate for construction workers in the City of Pasadena was only 1.3%, just below the 3.6% rate in Los Angeles County overall.

Despite tight labor market conditions, construction activity in Los Angeles County, and the broader Southern California, has steadily grown in recent years. Indeed, non-residential construction activity went from \$2.7 billion in 2010 to \$4.8 billion in 2018 and \$6.0 billion in 2019. This trend can also be seen in multi-family residential construction activity, which went from 5,029 units in 2010 to 16,633 units in 2018 and 15,804 units in 2019. A tight labor market coupled with strong construction activity indicates that local construction firms have likely been constrained by the availability of workers in the local economy. This is especially true with lower-skilled construction workers, where the high cost-of-living in Southern California has forced many of these workers to move to other states or lower cost-of-living areas of California.

The following brief provides a brief overview of the City of Pasadena's economy. The economy of any city can be broken into two primary parts. First are the businesses located in a city, that produce and provide a range of goods and services, employing local residents and workers from adjacent communities. Second are a city's residents, many of whom work locally, while others commute to other communities for work. The first part of this brief describes the city's business landscape, while the second part describes the city's workforce.

Pasadena's Economy

Business establishments in the City of Pasadena employ 112,212 workers. The largest concentration of the city's *business employment* is found in Finance and Insurance, Professional, Scientific, and Technical Services, Educational Services, and Health Care sectors of the economy. By contrast, business establishments in other industries employ disproportionately fewer workers. For example, the Agriculture, Forestry, Fishing and Hunting; Mining, Quarrying, and Oil and Gas Extraction; and Manufacturing industries account for a small share of the city's business employment. This is not surprising, some of these industries rely on natural resources and open space, which are not prevalent in Pasadena. Other sectors, like manufacturing, require significant land to operate, a resource that is not cheaply available in the city.

Business Employment Levels

Industry	California		Pasadena	
	Count	Share	Count	Share
Total	16,732,672		112,212	
Health Care and Social Assistance	2,406,560	14.4%	22,210	19.8%
Professional, Scientific, and Technical Services	1,254,798	7.5%	15,374	13.7%
Educational Services	1,470,914	8.8%	15,103	13.5%
Accommodation and Food Services	1,648,129	9.8%	11,957	10.7%
Finance and Insurance	546,866	3.3%	11,084	9.9%
Retail Trade	1,623,444	9.7%	9,853	8.8%
Administration Support	1,076,342	6.4%	4,762	4.2%
Other Services	548,315	3.3%	4,050	3.6%
Information	626,316	3.7%	3,503	3.1%
Transportation and Warehousing	587,893	3.5%	2,462	2.2%
Management of Companies and Enterprises	249,900	1.5%	1,907	1.7%
Arts, Entertainment, and Recreation	362,009	2.2%	1,792	1.6%
Public Administration	682,885	4.1%	1,751	1.6%
Wholesale Trade	721,569	4.3%	1,552	1.4%
Real Estate and Rental and Leasing	287,372	1.7%	1,509	1.3%
Construction	820,076	4.9%	1,488	1.3%
Manufacturing	1,300,144	7.8%	1,354	1.2%
Utilities	108,779	0.7%	458	0.4%
Agriculture, Forestry, Fishing and Hunting	392,386	2.3%	41	0.0%
Mining, Quarrying, and Oil and Gas Extraction	17,975	0.1%	2	0.0%

Source: U.S. Census Bureau, LEHD

In addition to these industries, the construction sector employs the fifth lowest number of workers in the City of Pasadena. In 2017, construction businesses in Pasadena employed only 1,488 construction workers. This accounts for just 1.3% of the overall jobs in the City of Pasadena, well below the share of construction jobs in the state overall, where the sector accounts for 4.9% of the total employment. In Los Angeles County, the construction sector accounts for 3.1% of all jobs.

Pasadena's Workforce

In many respects, the City of Pasadena is a classic bedroom community. While business establishments employ 122,000 workers, only 62,648 residents in the Pasadena hold a job. Furthermore, the majority of the city's residents who hold a job, leave the city for work (73%). To put this slightly differently, just 22.7% of city's residents who hold a job work in the City of Pasadena. As

a result, the city's private employers draw the majority of its workforce from outside of the city, with city residents accounting for just 12.7% of business employment within the city. In other words, around 100,000 of the private employment positions in the City of Pasadena are filled by workers from outside of the city.

Pasadena is home to a highly educated workforce, with 51.2% of residents holding a bachelor's degree, compared to 33.8% in Los Angeles County. The median age of residents in Pasadena was 38.5 in 2019, slightly higher than the 37.0 median in Los Angeles County overall. The labor force participation rate in the city was 66.9%, slightly above the 65.3% rate in the county overall.

The following table identifies the industries in which the city's *residents* work. Compared to the State of California, a disproportionate share of the city's residents work in the Information, Finance and Insurance, Professional, Scientific, and Technical Services, Educational Services, and Health Care. Thirty-eight percent of the city's residents work in one of three sectors: Health Care, Educational Services and Professional, Scientific, and Technical Services industries.

In 2017, just 1,444 *city residents* work in the Construction industry. These *local residents* account for just 2.3% of the *local resident* employment in the City of Pasadena. By contrast, 4.9% of the state's workers work in the construction sector. This means there is not an abundance of construction workers living in the City of Pasadena relative to other parts of the state. As is the case for the city's economy generally, any expansion of construction sector activity in the city would need to be filled by workers from outside of the city.

Resident Employment Levels

Industry	California		Pasadena	
	Count	Share	Count	Share
Total	16,716,617		62,648	
Health Care and Social Assistance	2,405,499	14.4%	10,605	16.9%
Educational Services	1,470,711	8.8%	7,392	11.8%
Professional, Scientific, and Technical Services	1,252,007	7.5%	6,075	9.7%
Accommodation and Food Services	1,653,789	9.9%	5,674	9.1%
Retail Trade	1,625,786	9.7%	4,826	7.7%
Information	621,580	3.7%	4,513	7.2%
Administration Support	1,075,997	6.4%	3,794	6.1%
Finance and Insurance	547,178	3.3%	3,260	5.2%
Manufacturing	1,297,408	7.8%	2,758	4.4%
Other Services	548,046	3.3%	2,191	3.5%
Wholesale Trade	720,616	4.3%	2,159	3.4%
Public Administration	681,773	4.1%	2,134	3.4%
Arts, Entertainment, and Recreation	361,526	2.2%	1,541	2.5%
Construction	820,879	4.9%	1,444	2.3%
Transportation and Warehousing	587,843	3.5%	1,308	2.1%
Real Estate and Rental and Leasing	287,045	1.7%	1,127	1.8%
Management of Companies and Enterprises	249,769	1.5%	978	1.6%
Utilities	108,281	0.6%	470	0.8%
Agriculture, Forestry, Fishing and Hunting	382,302	2.3%	379	0.6%
Mining, Quarrying, and Oil and Gas Extraction	18,582	0.1%	20	0.0%

Source: U.S. Census Bureau, LEHD

Construction Business Establishments in Pasadena

The City of Pasadena does not have a large base of construction business establishments. There are 409 construction establishments in the City of Pasadena, and the majority of these establishments are small operations. Of the 409 construction establishments in the city, 293 of them employ fewer than 5 workers and at least another 64 establishments employ just 5 to 9 workers. The lack of large construction firms in the City of Pasadena would make it difficult for local construction firms to take on large scale construction projects that rely on a significant number of laborers. In addition, many of the construction establishments in the City of Pasadena are focused on single-family residential construction. As a result, not only are the firms that are in the City of Pasadena too small to meet the needs of large-scale construction projects, the number of firms that could meet such demand is limited.

City of Pasadena Construction Establishments by Subsector

Industry Group	Number of Establishments
Residential Building Construction: NAICS 2361	147
Nonresidential Building Construction: NAICS 2362	46
Land Subdivision: NAICS 2372	3
Foundation, Structure, and Building Exterior Contractors: NAICS 2381	31
Building Equipment Contractors: NAICS 2382	92
Building Finishing Contractors: NAICS 2383	56
Other Specialty Trade Contractors: NAICS 2389	18
Other Construction Sectors	16

Source: U.S. Census Bureau, County Business Patterns

Note: The City of Pasadena is approximated using zip codes 90042, 91001, 91011, 91101, 91103, 91104, 91105, 91106, 91107, and 91108

City of Pasadena Construction Establishments by Size

Zip Code	Total Number of Establishments	Establishments Employing Less than 5 Workers	Establishments Employing 5 to 10 Workers	Establishments Employing 10 to 19 Workers	Establishments Employing 20 to 49 Workers	Establishments Employing 50 or more Workers
90042	50	34	10	3	3	N
91001	50	38	7	N	N	N
91011	55	41	10	N	3	N
91101	42	22	10	4	4	N
91103	26	18	5	N	N	N
91104	57	43	11	N	N	N
91105	21	14	4	N	N	N
91106	19	14	N	N	N	N
91107	71	53	7	N	7	N
91108	18	16	N	N	N	N

Source: U.S. Census Bureau, County Business Patterns

Note: The City of Pasadena is approximated using zip codes 90042, 91001, 91011, 91101, 91103, 91104, 91105, 91106, 91107, and 91108

Note: N denotes data suppression for confidentiality reasons. Data suppression typically occurs when there are 0-3 business establishments in a given zip code.

Data Sources

Longitudinal Employer-Household Dynamics (LEHD)

The Longitudinal Employer-Household Dynamics (LEHD) program is part of the Center for Economic Studies at the U.S. Census Bureau. The LEHD program produces new, cost effective, public-use information combining federal, state and Census Bureau data on employers and employees under the Local Employment Dynamics (LED) Partnership. State and local authorities increasingly need detailed local information about their economies to make informed decisions. The LED Partnership works to fill critical data gaps and provide indicators needed by state and local authorities.

Under the LED Partnership, states agree to share Unemployment Insurance earnings data and the Quarterly Census of Employment and Wages (QCEW) data with the Census Bureau. The LEHD program combines these administrative data, additional administrative data and data from censuses and surveys. From these data, the program creates statistics on employment, earnings, and job flows at detailed levels of geography and industry and for different demographic groups. In addition, the LEHD program uses these data to create partially synthetic data on workers' residential patterns.

County Business Patterns (CBP)

County Business Patterns (CBP) is an annual series that provides subnational economic data by industry. This series includes the number of establishments, employment during the week of March 12, first quarter payroll, and annual payroll. This data is useful for studying the economic activity of small areas; analyzing economic changes over time; and as a benchmark for other statistical series, surveys, and databases between economic censuses. Businesses use the data for analyzing market potential, measuring the effectiveness of sales and advertising programs, setting sales quotas, and developing budgets. Government agencies use the data for administration and planning.

CBP basic data items are extracted from the Business Register (BR), a database of all known single and multi-establishment employer companies maintained and updated by the U.S. Census Bureau. The BR contains the most complete, current, and consistent data for business establishments. The annual Company Organization Survey provides individual establishment data for multi-establishment companies. Data for single-establishment companies are obtained from various Census Bureau programs, such as the Economic Census, Annual Survey of Manufactures and Current Business Surveys, as well as from administrative record sources.