

Taxable Sales Forecast of the Orange County Economy

PROJECT AGREEMENT NO. C-4-2527

FOR THE ORANGE COUNTY TRANSPORTATION AUTHORITY

By The

UCLA ANDERSON FORECAST

Principal Investigator

William Yu, PhD

Economist

C-506 UCLA Anderson School, 110 Westwood Plaza

Los Angeles, CA 90095

Phone: 310-825-7805, Email: William.yu@anderson.ucla.edu

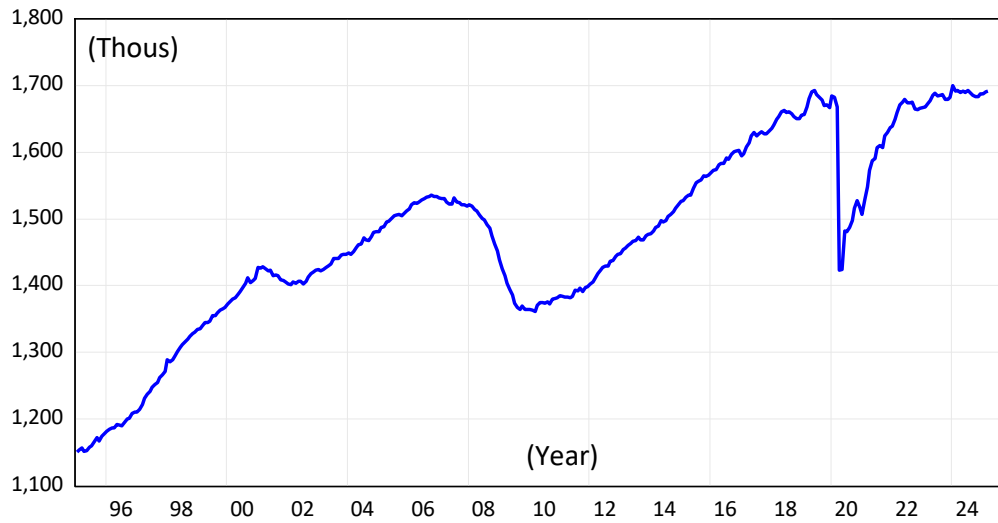
May 2025

Pursuant to Agreement No. C-4-2527, the UCLA Anderson Forecast has prepared an update to the forecast for key Orange County economic variables for the Orange County Transportation Authority provided in May 2008. These Variables are Real Taxable Sales, Nominal Taxable Sales, Total Non-Farm Employment, Population and Cost of Living Index. The forecasts are prepared on a calendar year and on a fiscal year basis. These economic indicators are modeled from the proprietary UCLA Anderson Forecast of the United States, California, and Orange County Economies, specifically tailored to the needs of the Orange County Transportation Authority.

All economic variables are forecast through 2050. The Taxable Sales series contain actual data through the fourth quarter of calendar year 2024. The 2025 calendar year represent the beginning of the forecast. For the other two series, actual data through the first quarter of calendar year 2025 is included. Highlights of the forecast are as follows:

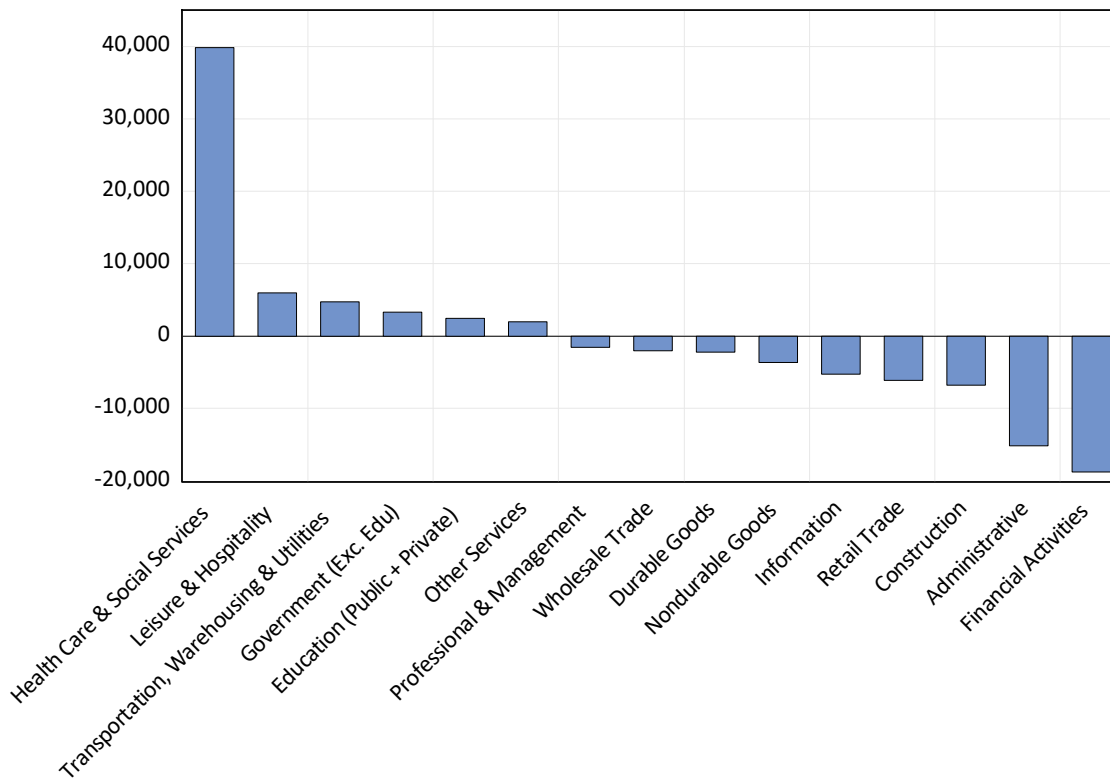
- The Anderson Forecast predicts slow U.S. economic growth in 2025, driven by two key risks: trade policy uncertainty and high interest rates. Broad tariffs—up to 50% on Chinese goods, 10% globally, and 25% on autos, steel, and aluminum—along with threats of future increases, have fueled economic uncertainty. While the tariffs may generate \$300 billion in revenue, the burden largely falls on U.S. importers and consumers, raising prices by over 1% and dampening spending. Corporate margins are expected to tighten, and supply chains are adjusting rapidly. Elevated prices make the Federal Reserve more hesitant to cut interest rates, further constraining the real estate market. Greater clarity on trade policy could support a rebound in 2026. U.S. GDP is projected to grow 1.9% in 2026.
- In 2024, payroll employment in Orange County was essentially flat, following modest growth of 0.8% in 2023. As of March 2025, payroll jobs have dipped slightly below the pre-pandemic peak, totaling 1.69 million (Figure 1). Job growth is projected at 0.7% in 2025, with a stronger rebound to 1.6% expected in 2026. As shown in Figure 2, over the past five years, sectors such as health care, leisure and hospitality, professional and management services, and transportation and warehousing have led in job creation. In contrast, financial activities and administrative services have experienced the largest job losses since early 2020.
- Nominal taxable sales in Orange County declined by 1.3% in 2024, falling from \$86.6 billion to \$85.5 billion in 2025, largely due to sluggish job and population growth. Looking ahead, taxable sales are forecast to rise to \$88.3 billion in 2025 (up 3.3%) and to \$91.9 billion in 2026 (up 4.1%).

Figure1. Nonfarm Payroll Jobs in Orange County



Source: California EDD

Figure 2. Change of Orange County Sector Jobs from 2/2020 to 3/2025



Source: California EDD

UCLAAnderson FORECAST

UCLA ANDERSON FORECAST -- ORANGE COUNTY, CA								
May, 2025								
Forecast For Orange County Transportation Authority								
Year	Consumer Price Index		Real Taxable Sales (2017 thousands \$)		Nominal Taxable Sales (thousands \$)		Total Non-Farm Employment (thousand)	
	Calendar	Fiscal	Calendar	Fiscal	Calendar	Fiscal	Calendar	Fiscal
1992	146.542		\$46,359,170		\$26,524,266		1,138	
1993	150.250	148.709	\$45,751,772	\$45,693,420	\$26,837,111	\$26,516,842	1,127	1,130
1994	152.308	151.325	\$47,556,905	\$46,382,843	\$28,276,259	\$27,394,349	1,136	1,129
1995	154.642	153.675	\$49,611,571	\$48,706,511	\$29,946,531	\$29,213,707	1,161	1,147
1996	157.475	155.733	\$52,914,847	\$51,189,298	\$32,533,206	\$31,116,091	1,194	1,176
1997	159.967	158.792	\$55,916,897	\$54,172,820	\$34,921,357	\$33,575,387	1,243	1,216
1998	162.267	161.042	\$58,574,408	\$57,399,220	\$37,108,350	\$36,081,307	1,308	1,276
1999	166.075	164.117	\$62,248,291	\$60,002,185	\$40,366,090	\$38,437,228	1,351	1,331
2000	171.550	168.458	\$66,372,300	\$64,715,307	\$44,462,460	\$42,553,609	1,394	1,373
2001	177.317	174.734	\$64,424,913	\$66,082,124	\$44,595,314	\$45,057,850	1,418	1,409
2002	182.233	179.650	\$63,057,709	\$63,060,596	\$44,869,156	\$44,207,950	1,409	1,414
2003	186.958	185.017	\$65,109,915	\$63,585,012	\$47,517,066	\$45,908,071	1,435	1,420
2004	193.200	189.358	\$68,498,671	\$67,324,654	\$51,682,059	\$49,756,671	1,464	1,449
2005	201.833	197.058	\$69,843,783	\$69,035,864	\$55,063,246	\$53,100,976	1,499	1,482
2006	210.442	206.892	\$69,618,706	\$69,852,762	\$57,202,747	\$56,395,573	1,528	1,516
2007	217.338	213.905	\$67,525,241	\$69,372,702	\$57,293,471	\$57,900,056	1,526	1,531
2008	225.008	221.397	\$61,025,536	\$65,105,676	\$53,606,830	\$56,233,641	1,495	1,517
2009	223.219	223.790	\$52,456,383	\$55,487,929	\$45,712,783	\$48,509,429	1,389	1,441
2010	225.894	224.993	\$54,054,144	\$52,863,475	\$47,667,180	\$46,424,421	1,373	1,373
2011	231.928	228.952	\$57,133,550	\$55,607,569	\$51,731,138	\$49,691,585	1,389	1,377
2012	236.648	234.029	\$59,780,292	\$58,574,164	\$55,230,611	\$53,502,932	1,426	1,406
2013	239.207	238.359	\$61,683,015	\$60,626,544	\$57,591,216	\$56,402,035	1,465	1,446
2014	242.434	240.654	\$63,505,840	\$62,702,844	\$60,097,128	\$58,894,487	1,499	1,481
2015	244.632	243.029	\$64,824,426	\$64,092,838	\$61,916,220	\$60,801,028	1,547	1,523
2016	249.246	247.130	\$64,804,471	\$64,787,851	\$63,058,761	\$62,485,860	1,588	1,568
2017	256.210	252.311	\$65,122,896	\$65,116,007	\$65,148,058	\$64,116,419	1,620	1,604
2018	265.962	261.088	\$64,967,703	\$64,873,672	\$67,468,616	\$66,092,524	1,653	1,638
2019	274.114	269.964	\$64,927,961	\$65,097,161	\$69,499,158	\$68,590,243	1,675	1,675
2020	278.567	276.667	\$58,683,341	\$60,354,244	\$63,833,515	\$65,165,370	1,533	1,602
2021	289.244	282.151	\$69,205,661	\$64,257,038	\$78,253,936	\$70,801,097	1,588	1,546
2022	310.782	300.599	\$72,532,041	\$72,358,642	\$88,027,071	\$84,900,011	1,666	1,630
2023	321.583	316.917	\$69,532,757	\$70,978,286	\$86,595,505	\$87,779,899	1,680	1,677
2024	332.194	327.145	\$65,913,054	\$67,612,724	\$85,464,194	\$86,295,888	1,690	1,685
2025	342.244	336.903	\$66,073,906	\$65,835,260	\$88,264,578	\$86,558,234	1,702	1,695
2026	350.971	346.709	\$67,051,634	\$66,566,016	\$91,854,726	\$90,065,969	1,729	1,715
2027	359.394	355.211	\$68,003,382	\$67,520,692	\$95,394,339	\$93,614,312	1,753	1,742
2028	367.660	363.539	\$69,090,172	\$68,553,178	\$99,148,009	\$97,275,709	1,774	1,764
2029	375.896	371.768	\$69,939,507	\$69,536,948	\$102,615,067	\$100,903,755	1,794	1,784
2030	384.316	380.083	\$70,672,558	\$70,318,980	\$106,013,267	\$104,320,884	1,811	1,803
2031	392.925	388.597	\$71,314,737	\$71,001,452	\$109,372,851	\$107,692,724	1,827	1,819
2032	401.726	397.301	\$71,922,897	\$71,625,177	\$112,776,409	\$111,072,569	1,842	1,835
2033	410.725	406.219	\$72,463,317	\$72,200,484	\$116,168,970	\$114,477,683	1,857	1,850
2034	419.638	415.167	\$72,953,450	\$72,713,175	\$119,492,640	\$117,830,017	1,870	1,864
2035	428.870	424.221	\$73,417,218	\$73,186,815	\$122,897,809	\$121,184,096	1,884	1,877
2036	438.305	433.562	\$73,883,650	\$73,650,082	\$126,399,529	\$124,636,399	1,897	1,890
2037	447.948	443.101	\$74,353,045	\$74,117,977	\$130,001,024	\$128,187,626	1,909	1,903
2038	457.802	452.848	\$74,825,423	\$74,588,860	\$133,705,136	\$131,840,070	1,922	1,916
2039	467.874	462.811	\$75,300,802	\$75,062,736	\$137,514,788	\$135,596,581	1,933	1,928
2040	478.167	472.993	\$75,779,201	\$75,539,623	\$141,432,989	\$139,460,127	1,945	1,939
2041	488.687	483.399	\$76,260,639	\$76,019,538	\$145,462,831	\$143,433,756	1,956	1,950
2042	499.438	494.033	\$76,745,136	\$76,502,504	\$149,607,495	\$147,520,605	1,967	1,962
2043	510.426	504.902	\$77,232,711	\$76,988,538	\$153,870,253	\$151,723,901	1,978	1,973
2044	521.655	516.010	\$77,723,384	\$77,477,659	\$158,254,470	\$156,046,963	1,989	1,984
2045	533.131	527.362	\$78,217,174	\$77,969,888	\$162,763,605	\$160,493,200	2,000	1,995
2046	544.860	539.000	\$78,714,102	\$78,465,245	\$167,401,219	\$165,077,362	2,011	2,006
2047	556.266	550.575	\$79,214,186	\$78,963,748	\$171,991,150	\$169,693,410	2,021	2,016
2048	567.801	562.017	\$79,717,447	\$79,465,418	\$176,673,163	\$174,320,543	2,030	2,026
2049	579.468	573.618	\$80,223,906	\$79,970,275	\$181,448,892	\$179,049,210	2,040	2,035
2050	591.268	585.352	\$80,733,582	\$80,478,342	\$186,319,995	\$183,872,521	2,049	2,044