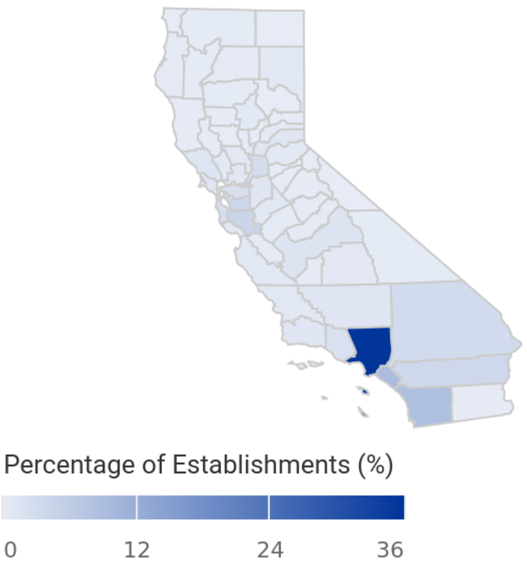
US INDUSTRY STATE ECONOMIC REPORT CA

California

May 2026

State Economic Overview

California Performance Rankings



State Economic Profile, California
Source: IBISWorld

		Growth Rate 2021-26	State Growth Rank
GROSS STATE PRODUCT	$3.4tr	1.7%	32/50
ESTABLISHMENTS	5.2m	3.5%	13/50
POPULATION	39.7m	0.3%	40/50
UNEMPLOYMENT RATE	6.0%	-3.1%	36/50
JOB GROWTH	0.8%	1.6%	29/50

		Rate 0-26	State Rank
CORPORATE TAX RATE	5.8%	42.4%	14/46

California is home to the fourth-largest economy in the world, outpacing the rest of the United States. The industries that contribute the most to California's Gross State Product are the Entertainment, Real Estate, Rental and Leasing sectors. Increasing water scarcity will threaten the Agricultural industry over the next five years. The high taxes and increasingly expensive property values have motivated many Silicon Valley workers to work remotely in cheaper states. Despite these challenges, California is expected to enjoy growth in its Gross State Product through the end of 2031.

Factors Impacting California's Economy

Housing Affordability High Negative Impact

California’s housing market is one of the most expensive in the country. The typical home price in California is more than double the national average. According to the Zillow Home Value Index, the typical home value in the United States is $366,019 as of May 2026. In contrast, California’s typical home price in 2026 is $774,582. These housing costs have pushed many residents to move to nearby states with lower living costs, including Nevada and Utah.

Domestic Migration Low Negative Impact

California has more outbound than inbound migration because of high costs, particularly for housing and taxes. Residents also seek relief from traffic congestion and the high cost of living. Strict business regulations and tax burdens drive some to states with more flexible economic climates. Despite its natural beauty, appealing lifestyle and unique work opportunities, these challenges lead many to relocate for more affordable and comfortable living conditions.

Business Climate Tax Index Moderate Negative Impact

California ranks moderately on the Business Tax Climate Index, indicating a challenging business environment. The state has high corporate, personal income and sales taxes, adding to the heavy tax burden. Recently, California became the only state without Net Operating Losses (NOLs), increasing the tax burden on startups and cyclical industries. Combined with stringent regulations, these factors deter investment and expansion, making California less attractive for businesses than other states.

Fiscal Stability High Negative Impact

California's fiscal stability is marked by a robust economy and significant revenue streams from sectors ranging from technology and entertainment to agriculture. Despite high public spending, pension liabilities and reliance on volatile taxes, the state maintains a budget deficit, boosting reserves and infrastructure investments. Prudent fiscal management and economic diversification are crucial to maintaining stability amid economic fluctuations and unforeseen challenges.

New Job Growth State Specific High Positive Impact

With around 18.2 million jobs, California is the largest employer in the United States. Most of these jobs are in healthcare and social assistance, followed by retail trade. From 2025 to 2026, employment in California grew by 0.8%, fueled by gains in the healthcare, education and technology sectors despite broader national economic uncertainty.

Educational Attainment State Specific Moderate Positive Impact

Across all states, California ranks 15th in college completion rates among adults aged 25 and older. Overall, 37.1% of California adults have a college degree, increasing from 26.6% two decades ago. Meanwhile, California's high school completion rate remains at an estimated 86.4%, slightly below the US average.

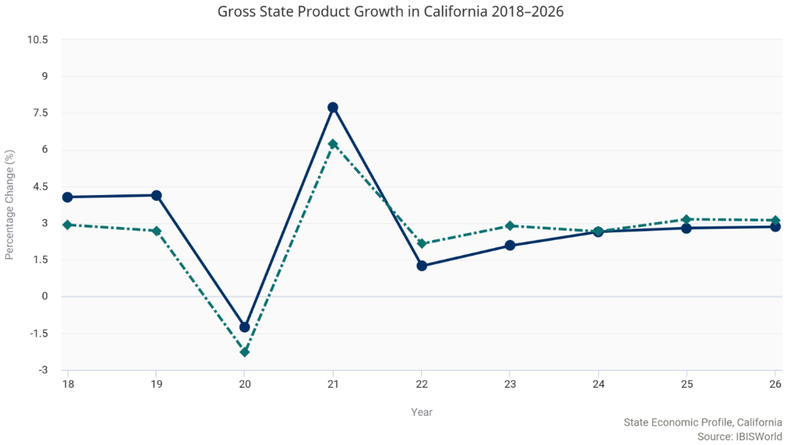
Gross State Product in California

GROSS STATE PRODUCT

$3.4tr

Growth Rate 2021-26	State Growth Rank
1.7%	32/50

California, is the largest economy in the nation, exhibiting a gross domestic product of 3.4 trillion, which has increased an annualized 1.7% over the five years to 2026. GSP is a measurement of a state's output, or the sum of value added from all industries in the state. It is a common indicator used to track the health of an economy.



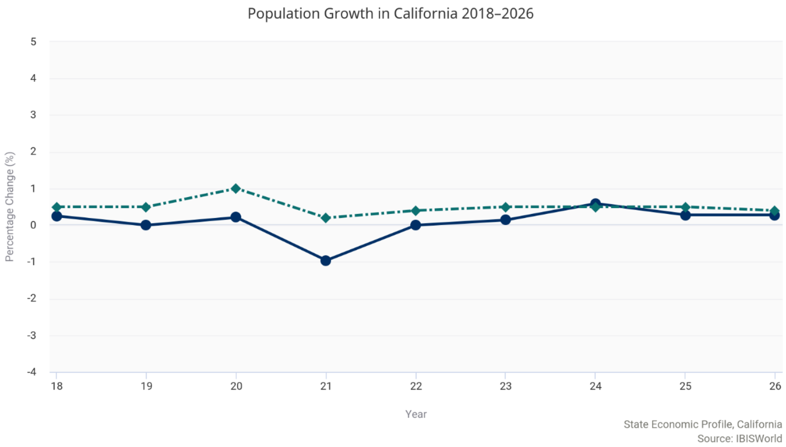
Population Growth in California

POPULATION

39.7m

Growth Rate 2021-26	State Growth Rank
0.3%	40/50

Over the five years to 2026, California has exhibited an annualized population growth of 0.3% to reach a total population of 39.7 million.



Industry & Sector Statistics

Sector Statistics

California's economy is a powerhouse, accounting for 14.1% of the nation's GDP, driven by diverse sectors. The state is a global innovation hub, with tech giants like NVIDIA, Apple, Alphabet and Meta headquartered there, cementing its leadership in the information sector. Real estate and professional services enhance California's dynamic business landscape. Hollywood fuels the entertainment industry, though film and TV production locations have shifted in recent years. The state's fertile land supports thriving agriculture, which exports produce like almonds and grapes worldwide. Finance, renewable energy and biotechnology also bolster economic growth and resilience. California's infrastructure supports a vast industrial base spanning 163,696 square miles with 39.3 million residents. This strategic blend of traditional and cutting-edge industries positions the state as a leader in economic development and global influence.)

GSP By Sector

Sector	CA GSP ($000s)	CA Growth 2026 (%)	CA Annualized Growth 2021-26 (%)	US Growth 2026 (%)	US Annualized Growth 2021-26 (%)
Accommodation & Food Services in the US	91,909,148	2.4%	1.7%	4.4%	4.2%
Administration, Business Support and Waste Management Services	108,518,185	2.0%	2.2%	3.3%	3.5%
Agriculture, Forestry, Fishing & Hunting in the US	34,868,246	-0.2%	-0.8%	2.6%	1.9%
Arts, Entertainment & Recreation in the US	57,563,400	8.1%	10.1%	8.4%	9.7%
Construction in the US	88,283,349	-4.5%	-5.2%	-2.1%	-2.8%
Educational Services in the US	35,906,261	2.4%	3.3%	2.5%	3.2%
Finance & Insurance in the US	128,744,481	-2.1%	-4.0%	-0.2%	-0.8%
Healthcare & Social Assistance in the US	252,845,504	4.4%	4.4%	4.3%	4.5%
Information in the US	587,108,366	9.0%	8.6%	8.3%	8.0%
Management of Companies and Enterprises in the US	61,181,200	1.7%	1.2%	5.5%	5.7%
Manufacturing in the US	360,696,874	0.8%	0.0%	1.2%	0.9%
Mining in the US	8,926,423	3.7%	1.3%	1.3%	0.6%
Other Services (except Public Administration) in the US	49,028,158	-1.4%	-0.6%	-1.5%	-1.1%
Professional, Scientific & Technical Services in the US	407,064,423	4.0%	3.5%	6.1%	6.1%
Real Estate & Rental & Leasing in the US	469,788,941	2.1%	2.2%	3.8%	4.0%
Retail Trade in the US	198,740,277	4.5%	4.3%	4.5%	4.0%
Transportation & Warehousing in the US	103,461,755	2.3%	1.5%	2.5%	2.1%
Utilities in the US	41,835,952	1.2%	1.4%	3.4%	3.3%
Wholesale Trade in the US	133,962,467	-2.8%	-3.1%	-0.7%	-0.8%

Employment By Sector

Sector	CA Jobs (000s)	CA Growth 2026 (%)	CA Annualized Growth 2021-26 (%)	US Growth 2026 (%)	US Annualized Growth 2021-26 (%)
Accommodation & Food Services in the US	1,852	1.1%	4.5%	0.9%	4.2%
Administration, Business Support and Waste Management Services	1,889	1.6%	1.7%	1.7%	1.5%
Agriculture, Forestry, Fishing & Hunting in the US	61	1.5%	-0.9%	0.7%	-0.7%
Arts, Entertainment & Recreation in the US	941	2.0%	4.0%	1.6%	4.5%
Construction in the US	1,298	2.1%	2.2%	2.0%	2.3%
Educational Services in the US	1,535	0.5%	1.8%	0.3%	1.5%
Finance & Insurance in the US	935	1.1%	1.7%	1.1%	1.7%
Healthcare & Social Assistance in the US	2,679	2.3%	3.0%	2.1%	2.6%
Information in the US	1,447	4.0%	6.1%	3.4%	5.0%
Manufacturing in the US	1,275	1.0%	1.9%	0.7%	1.6%
Mining in the US	20	-1.3%	1.4%	-1.5%	1.7%
Other Services (except Public Administration) in the US	811	1.2%	3.2%	1.3%	3.0%
Professional, Scientific & Technical Services in the US	2,155	2.3%	2.9%	2.2%	2.7%
Real Estate & Rental & Leasing in the US	841	1.5%	1.9%	1.3%	1.7%
Retail Trade in the US	2,466	1.5%	2.5%	1.5%	2.3%
Transportation & Warehousing in the US	1,723	5.1%	5.5%	4.3%	4.7%
Utilities in the US	101	2.2%	1.4%	1.3%	0.9%
Wholesale Trade in the US	860	0.9%	1.4%	0.8%	1.4%

Industry Leaders & Laggards

Establishments Growth

Top 5 Industries

1. Solar Power in California +31.8%
2. Specialty Food Stores in California +25.8%
3. Greeting Cards & Other Publishing in California +20.0%
4. Stock & Commodity Exchanges in California +18.9%
5. Design, Editing & Rendering Software Publishing in California +15.8%

Bottom 5 Industries

1. Packaging & Labeling Services in California -34.8%
2. DVD, Game & Video Rental in California -14.6%
3. Wind Turbine Manufacturing in California -14.5%
4. Organic Chemical Pipeline Transportation in California -12.9%
5. Real Estate Loans & Collateralized Debt in California -11.4%

** 2021-2026 Annual Growth Rate Average

Job Growth

Top 5 Industries

1. Solar Power in California +32.2%
2. Stock & Commodity Exchanges in California +18.9%
3. Movie Theaters in California +16.8%
4. Business Analytics & Enterprise Software Publishing in California +14.7%
5. Movie & Video Production in California +14.2%

Bottom 5 Industries

1. Wind Turbine Manufacturing in California -20.7%
2. DVD, Game & Video Rental in California -12.4%
3. Copier & Office Equipment Wholesaling in California -7.5%
4. Paper Wholesaling in California -7.4%
5. Computer Peripheral Manufacturing in California -6.9%

** 2021-2026 Annual Growth Rate Average

Revenue Growth

Top 5 Industries

1. Battery Manufacturing in California +36.0%
2. Solar Power in California +26.6%
3. Tour Operators in California +21.7%
4. Ocean & Coastal Transportation in California +20.3%
5. Scheduled and Charter Bus Services in California +16.3%

Bottom 5 Industries

1. Wind Turbine Manufacturing in California -24.9%
2. Loan Brokers in California -16.8%
3. Semiconductor Machinery Manufacturing in California -10.7%
4. Ceramics Manufacturing in California -9.9%
5. Paper Wholesaling in California -9.5%

** 2021-2026 Annual Growth Rate Average

Industry Data for California (2026)

Industry/NAICS	Revenue	Revenue Growth Rate (2021-2026)	Estab.	Establishments Growth Rate (2021-2026)	Employment	Employment Growth Rate (2021-2026)	Wages	Wages Growth Rate (2021-2026)
Search Engines in California	$210bn	6.1%	1,185	3.9%	122k	7.3%	$65bn	6.6%
Electronic Part & Equipment Wholesaling in California	$203bn	4.4%	2,041	-1.8%	74,781	1.8%	$19bn	0.4%
Drug, Cosmetic & Toiletry Wholesaling in California	$197bn	1.0%	2,135	-2.1%	43,188	0.6%	$9bn	0.7%
Hospitals in California	$196bn	1.6%	496	0.7%	620k	2.5%	$79bn	3.3%
Automobile Wholesaling in California	$193bn	3.8%	1,300	1.5%	15,900	1.7%	$2bn	2.2%
Health & Medical Insurance in California	$178bn	3.4%	595	4.5%	63,670	2.6%	$9bn	2.2%
Software Publishing in California	$163bn	3.4%	4,418	5.6%	283k	6.4%	$76bn	3.8%
New Car Dealers in California	$146bn	0.2%	2,061	0.7%	117k	0.9%	$13bn	1.2%
Public Schools in California	$145bn	1.2%	12,050	0.1%	871k	1.2%	$111bn	1.3%
Commercial Banking in California	$143bn	11.3%	5,918	-0.9%	176k	0.5%	$32bn	0.5%

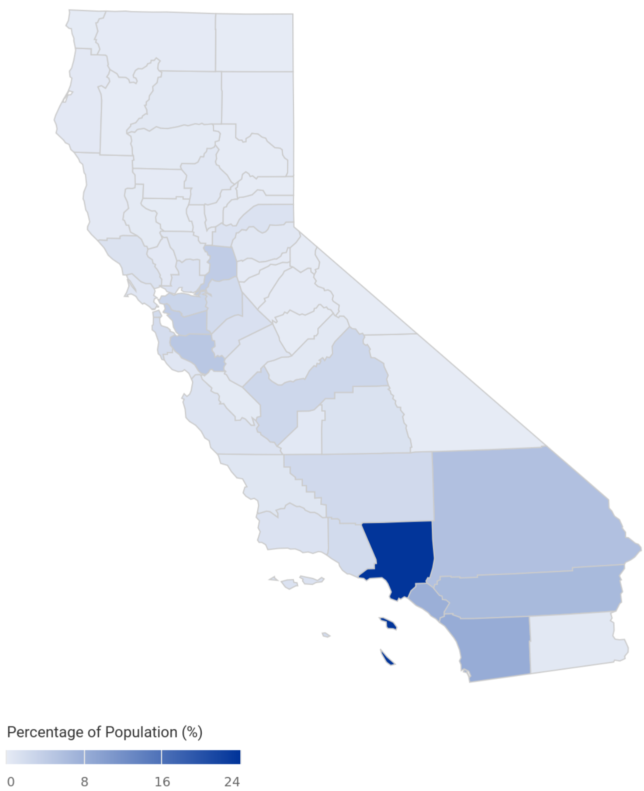
The top 10 industries by highest revenue are displayed in the PDF version of this report. You can view insights for all industries associated with this state on my.ibisworld.com.

County Economic Data

County Overview

The top 10 counties are displayed in the PDF version of this report. You can view insights for all counties associated with this state on my.ibisworld.com.

Population



State Economic Profile, California
Source: IBISWorld

California county data

% = 26 - 27 Annual Growth

County	Population	Annual Growth Rate
Los Angeles County	9m	-0.8%
San Diego County	3m	-0.2%
Orange County	3m	-0.4%
Riverside County	3m	0.8%
San Bernardino County	2m	0.1%
Santa Clara County	2m	-0.5%
Alameda County	2m	-0.7%
Sacramento County	2m	0.0%
Contra Costa County	1m	-0.2%
Fresno County	1m	0.2%

Key Insights

Highest Unemployment

- Imperial County
- Colusa County
- Tulare County

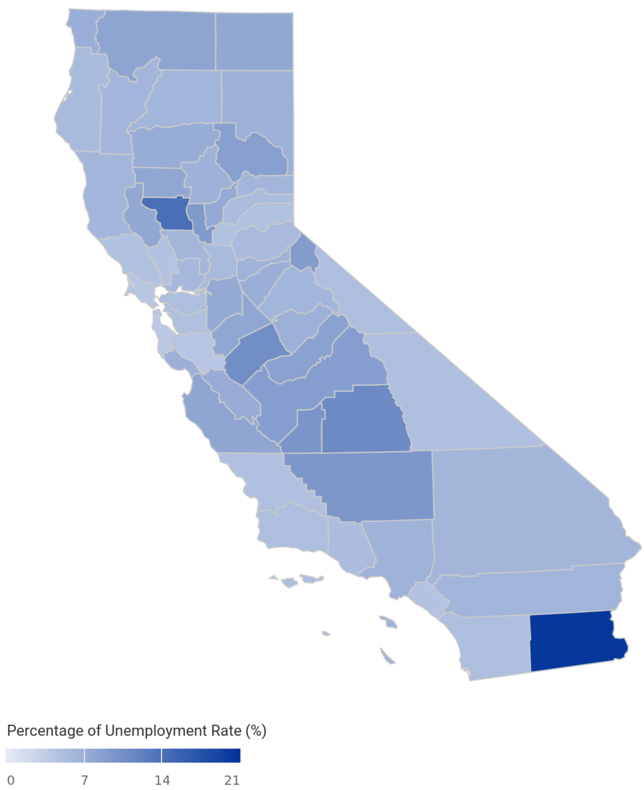
Highest GSP Contributors

- Los Angeles County
- Santa Clara County
- Orange County

Fastest Job Growth

- Alpine County
- Mariposa County
- Plumas County

Unemployment



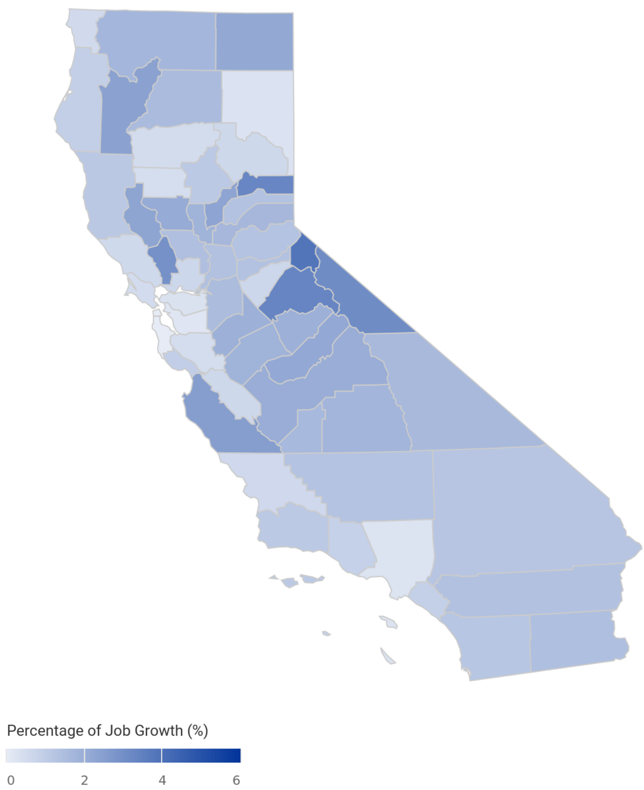
State Economic Profile, California
Source: IBISWorld

California county data

% = 26 - 27 Annual Growth

County	Unemployment	Annual Growth Rate
Imperial County	20.5%	9.5%
Colusa County	14.2%	5.0%
Tulare County	11.1%	3.5%
Merced County	10.6%	3.5%
Kings County	9.8%	3.3%
Kern County	9.6%	5.9%
Sutter County	9.3%	5.6%
Alpine County	9.1%	9.5%
Fresno County	8.8%	4.3%
Plumas County	8.6%	12.6%

Job Growth



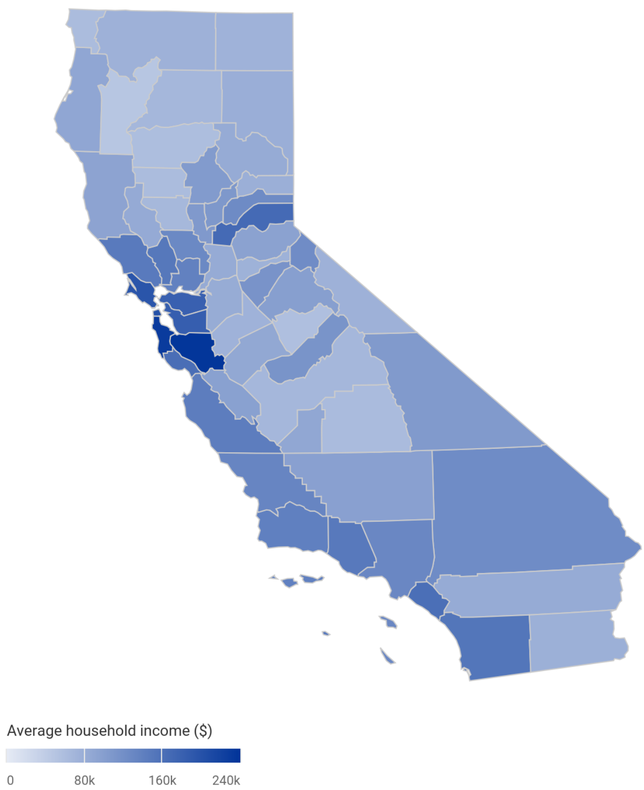
State Economic Profile, California
Source: IBISWorld

California county data

% = 26 - 27 Annual Growth

County	Job Growth	Annual Growth Rate
Alpine County	3.9%	5.1%
Tuolumne County	3.3%	-1.2%
Sierra County	3.3%	-1.1%
Mono County	3.1%	-2.4%
Napa County	2.9%	-1.0%
Monterey County	2.5%	-1.2%
Trinity County	2.4%	-1.0%
Yuba County	2.3%	0.1%
Lake County	2.3%	-0.4%
Madera County	2.2%	0.0%

Median Household Income



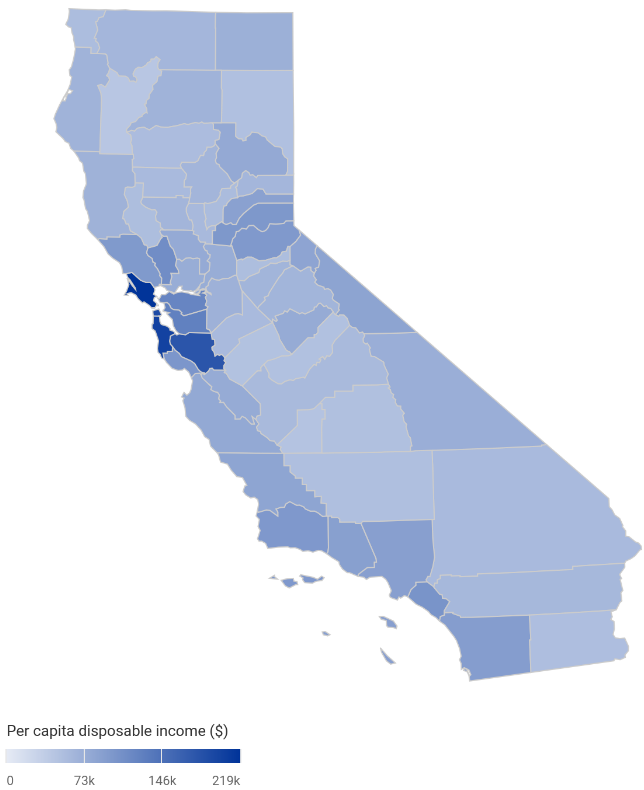
State Economic Profile, California
Source: IBISWorld

California county data

% = 26 - 27 Annual Growth

County	Median Household Income	Annual Growth Rate
Santa Clara County	$236k	13.9%
San Mateo County	$229k	13.7%
San Francisco County	$202k	12.6%
Marin County	$196k	11.1%
Alameda County	$183k	13.2%
Contra Costa County	$181k	12.9%
Placer County	$168k	13.6%
Santa Cruz County	$163k	14.3%
Orange County	$162k	12.5%
San Diego County	$153k	14.4%

Per Capita Personal Income



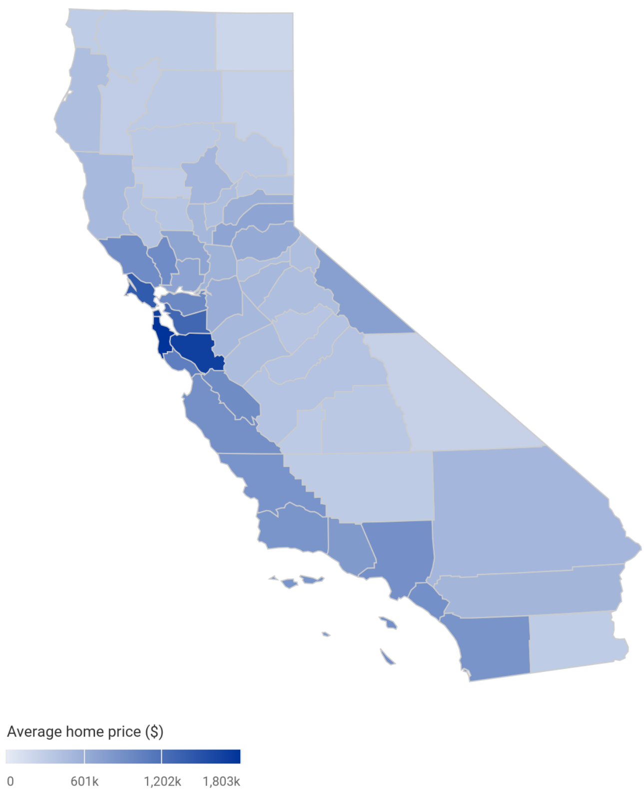
State Economic Profile, California
Source: IBISWorld

California county data

% = 26 - 27 Annual Growth

County	Per Capita Personal Income	Annual Growth Rate
Marin County	$218k	6.4%
San Mateo County	$201k	5.1%
San Francisco County	$191k	5.0%
Santa Clara County	$178k	5.7%
Alameda County	$127k	5.8%
Contra Costa County	$121k	5.5%
Napa County	$111k	5.4%
Orange County	$104k	5.4%
Santa Cruz County	$101k	4.4%
Placer County	$99,225	5.2%

Average Home Price



State Economic Profile, California
Source: IBISWorld

California county data

% = 26 - 27 Annual Growth

County	Average Home Price	Annual Growth Rate
San Mateo County	$2m	7.4%
Santa Clara County	$2m	7.8%
San Francisco County	$2m	6.3%
Marin County	$1m	4.9%
Alameda County	$1m	7.6%
Santa Cruz County	$1m	5.0%
Contra Costa County	$956k	6.3%
San Benito County	$932k	7.8%
Sonoma County	$930k	6.3%
Napa County	$927k	5.5%

Operating Environment

Tax Environment

CORPORATE TAX RATE*
5.85%
Below National Average

INCOME TAX RATE*
3.94%
Below National Average

AVERAGE PROPERTY TAX RATE
1.02%
Below National Average

Type	Value	US Average Value	Rank
Corporate	5.8 %	24.3 %	14
Income	3.9 %	4.3 %	6
Average Property	1.0 %	1.8 %	46

*Represents effective corporate rate and effective individual income rate (total taxes paid divided by total value of income)

Labor Market

EMPLOYMENT
22.9
State Rank: 1/50

UNEMPLOYMENT RATE
6.0%
Above National Average

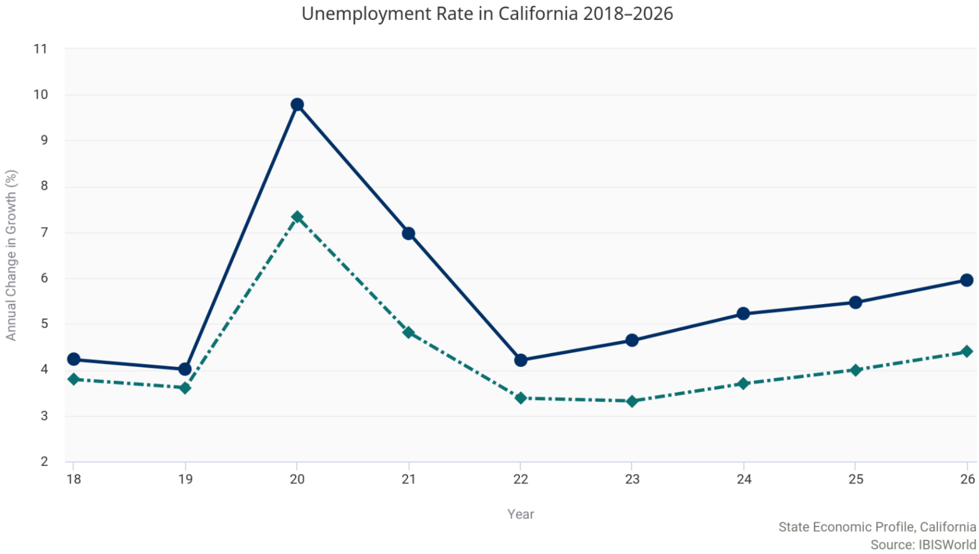
LABOR FORCE PARTICIPATION
62.7%
Below National Average

JOB GROWTH
0.8%
Below National Average

AVERAGE WAGES
$97,693.3
Above National Average

Type	Value	US Average Value	Rank
Unemployment Rate	6.0%	4.3% ▲	2
Labor Force Participation	62.7%	62.8% ▼	28
Job Growth	0.8%	1.2% ▼	43
Average Wages	$97,693.3	$76,071.4 ▲	4

The state of California employs 23m people, which increased an annualized 3% over the past five years. The unemployment rate has fallen to 6% while the average wage is $97,693, which is the fourth highest in the country. Major employing sectors in California include Healthcare & Social Assistance in the US, Retail Trade in the US, and Professional, Scientific & Technical Services in the US, which collectively account for 32% of total state employment.



Largest Employers in California (2026)

Employer	Sector	Number of Employees in California	Share of State
1. University of California	Educational Services	227,000	0.99%
2. Amazon.Com	Retail Trade	170,000	0.74%
3. Home Depot, inc.	Retail Trade	53,790	0.24%
4. Kroger	Retail Trade	47,221	0.21%
5. Walt Disney Co	Arts, Entertainment & Recreation	35,000	0.15%
6. Naval Base San Diego	Public Administration	35,000	0.15%
7. United States Postal Service	Transportation & Warehousing	28,170	0.12%
8. Los Angeles County Sheriff's Department	Public Administration	18,000	0.08%
9. California Department of Transportation	Public Administration	15,000	0.07%
10. Alphabet	Information	10,000	0.04%

Building & Construction Trends

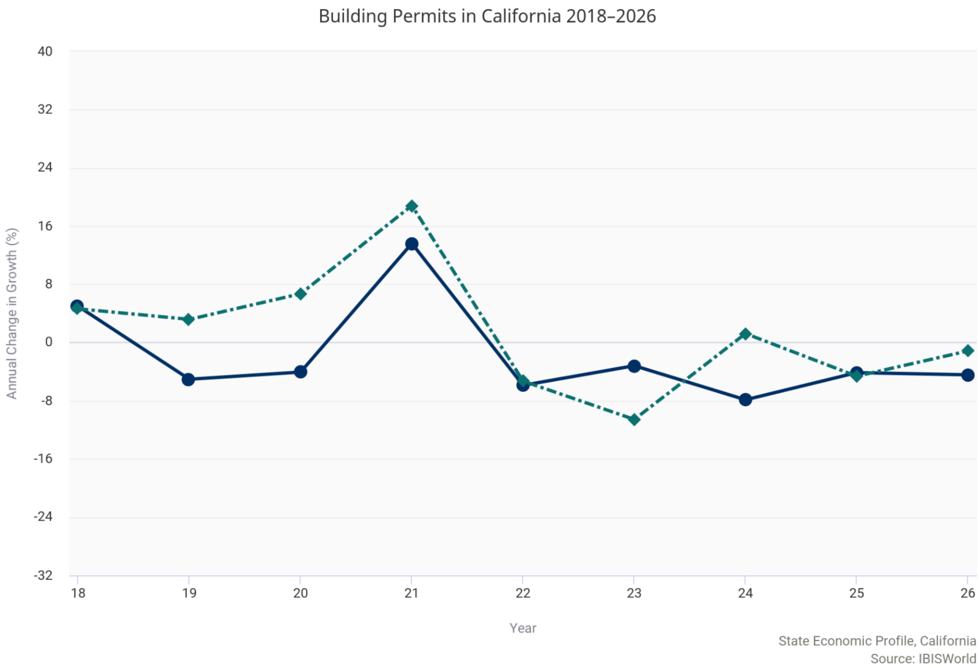
NONRESIDENTIAL CONSTRUCTION
$30.9bn
State Rank: 13/50

RESIDENTIAL CONSTRUCTION
$26.0bn
State Rank: 13/50

BUILDING PERMITS
92,242
State Rank: 17/50

Factor	Value	GrowthRate	US Average Value	State Growth Rank
Nonresidential Construction	$30.9bn	4.8%	-3.74% ▲	13
Residential Construction	$26.0bn	-1.8%	-0.03% ▼	13
Building Permits	92,242	-5.1%	2.01% ▼	17

In California, the value of residential construction decreased an annualized -1.8%, reaching $26bn. The state's residential construction grew at the thirteenth highest rank in the country. In California, the value of non-residential construction increased an annualized 4.8%, reaching $31bn. Building permit issuance has fallen -5.1% to 92,242 in 2026.



Housing Market

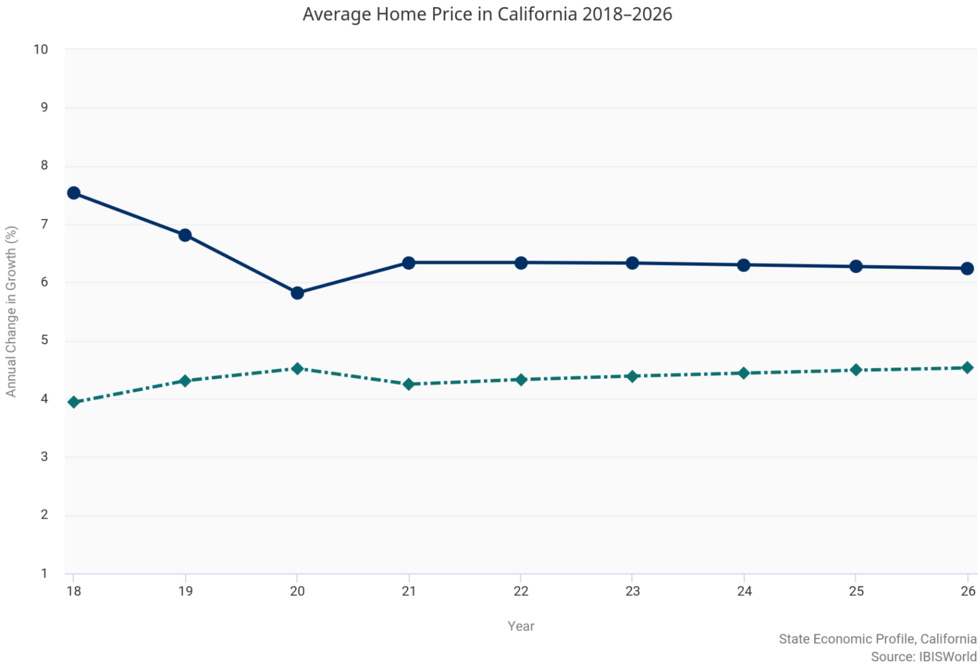
AVERAGE HOME PRICE
$782,133

PER CAPITA DISPOSABLE INCOME
$217,913

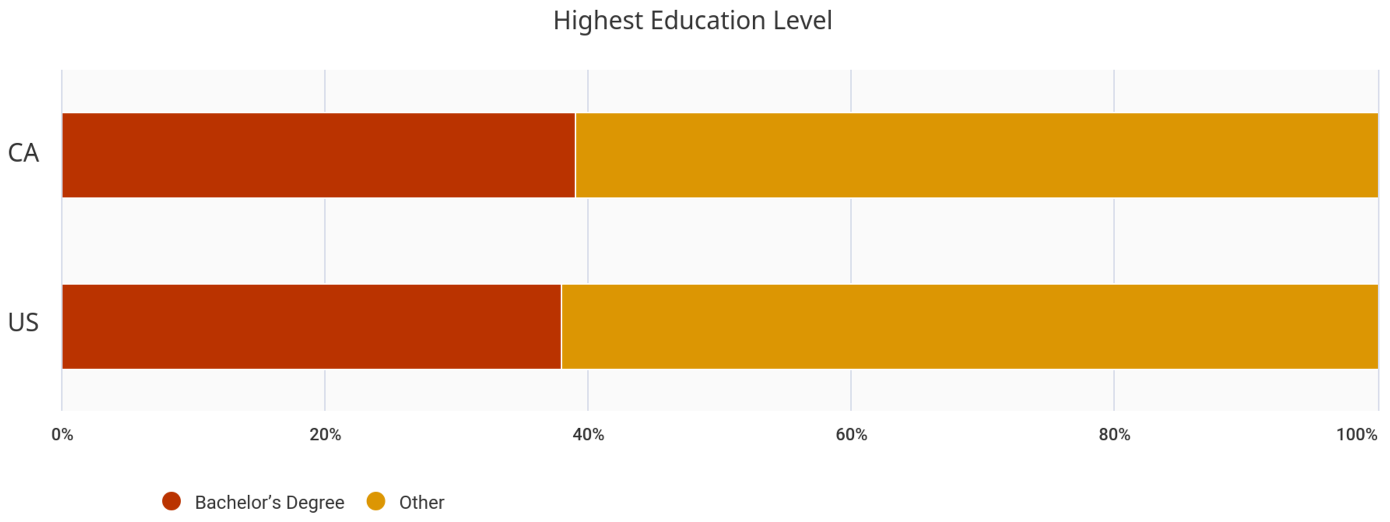
PER CAPITA PERSONAL CONSUMPTION EXPENDITURE
$76,218

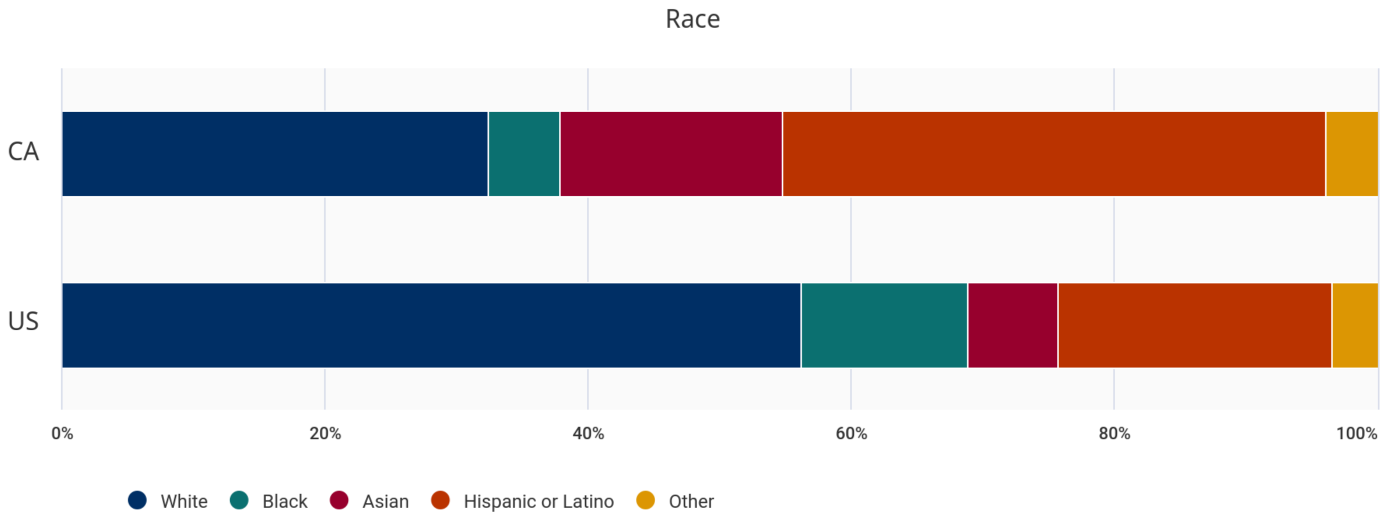
Factor	Value	GrowthRate	US Average Value	State Growth Rank
Average Home Price	$782,133	6.3%	4.9% ▲	41
Per Capita Disposable Income	$217,913	6.4%	8.9% ▼	25
Per Capita Personal Consumption Expenditure	$76,218	6.2%	5.5% ▲	49

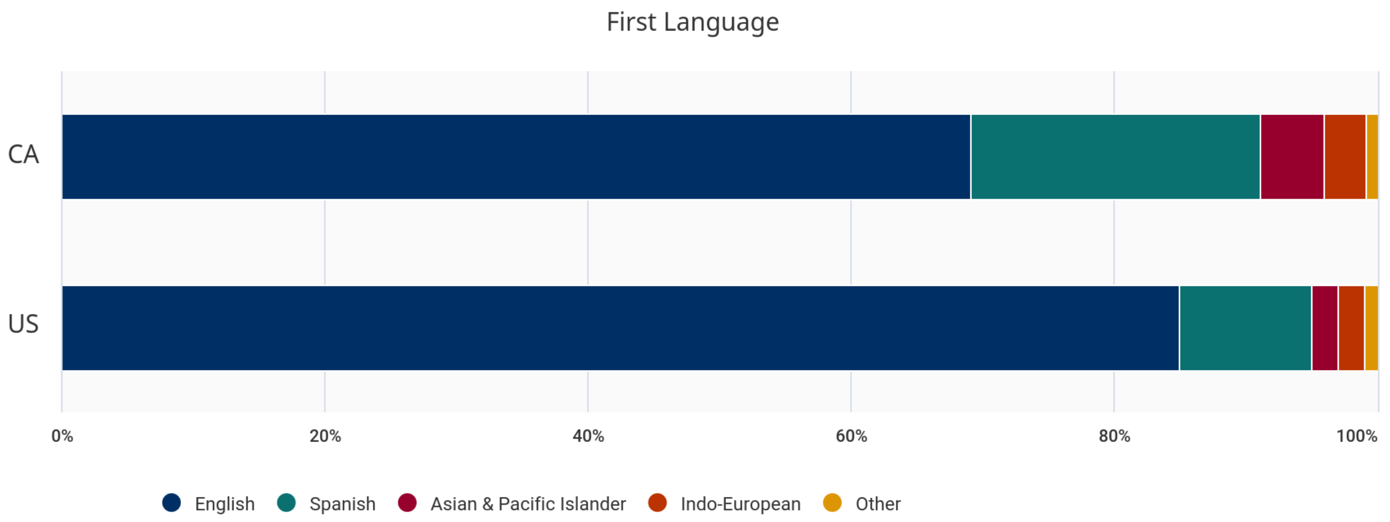
The average home price in California is $782.1 thousand, which is above the national average. This value has risen 6.4% in 2026. Per capita disposable income in California has risen 4.7% to $217,913 in 2026. The state's per capita disposable income is above the national average of $156 thousand



State Demographics







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