

California's GDP is

5<sup>th</sup>

largest in the world

ROBUST ECONOMY

\$2.7 trillion

yearly reported in Q2 2018



ECONOMIC GROWTH

2.9%

5-year GDP annual growth rate



FOREIGN DIRECT INVESTMENT (FDI)

#3

in foreign investments for commercial real estate

reasons to

invest in  
Southern California

OPPORTUNITY

23<sup>rd</sup>

Opportunity Index ranks California

commercial  
real estate



TOURISM

#1

Most visited state in the United States



California, the nation's most populous state and the most widely traveled, boasts incredible geographic features (The Sierra Nevada mountain range, Yosemite National Park and Half Dome, to name a few) and an abundant Pacific coastline sprayed with sunny beaches and massive metropolises including Los Angeles, San Diego and San Francisco. The aptly named Golden State symbolized opportunity during the gold rush in the mid-1800s, and today it continues to be a beacon of economic prosperity in the modern era.

California's iconic status is well known around the globe thanks in big part to Hollywood's perpetual factory of entertainment and the latest technological innovations coming out of Silicon Valley, Silicon Beach (Santa Monica and West Los Angeles) and emerging tech hot springs in the South Central Coast including Goleta and Santa Barbara. While these are the cultural elements that are consistently broadcast, California

enjoys many other accolades including thriving business sectors. The agriculture, aerospace and biotech industries in the state compete on a global level, for example.

California possesses favorable conditions for investors and economic opportunists looking to invest in the region, particularly in commercial real estate.

## California possesses favorable conditions for investors and economic opportunists.

We've highlighted some of the key factors that make California, and more specifically Southern California and the South Central Coast, a desirable commercial real estate market to expand and bolster economic portfolios, including: economic statistics, foreign investments, tourism and population growth.

[View 5 Reasons](#) →



## Reasons to Invest in Southern California

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### ROBUST ECONOMY

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### FOREIGN DIRECT INVESTMENT (FDI)

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### OPPORTUNITY

**23rd**

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### TOURISM

**#1**

Most visited state in the United States



### POPULATION & POPULATION GROWTH

**over 12%**

Of residents nationwide



## 1 | GDP with Economic Growth

### California's Robust Economy

It is widely known that California not only sits at the top when it comes to GDP nationwide, but also worldwide. California's GDP is the 5th largest in the world (compared to sovereign nations) with [\\$2.7 trillion yearly reported in Q2 2018<sup>1</sup>](#), surpassing the United Kingdom, with only the United States, China, Japan and Germany ranked higher.

Fueled by two of the USA's largest metropolitan areas, Los Angeles-Long Beach and San Francisco-Oakland, California is a global economic powerhouse. To put this into perspective, the Los Angeles and San Francisco metropolitan areas account for about half of the total GDP created in the state. Furthermore, Los Angeles metro, with over \$1 trillion produced in 2017, consistently generates 2x more than San Francisco.

### Economic Growth in California

While California's GDP consistently ranks in the upper echelons of the world, it also has one of the most stable, growing economies in the United States. From 2012 - 2017, the tracked [5-year GDP annual growth rate is 2.9%<sup>2</sup>](#), which is the 2nd highest nationwide.

As an investor, it is important to find regions that are economically stable; however, in order to get greater returns, signs of prolonged fiscal growth are imperative.



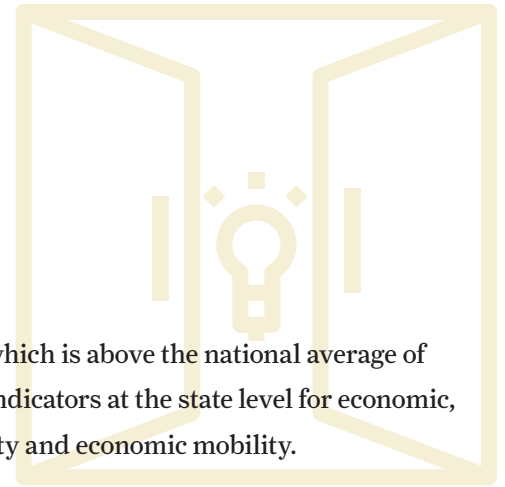


## 2 | Foreign Direct Investment (FDI)

California attracts robust investments from foreign businesses due in large part to its thriving technological industry, financial resources, massive consumer markets, workforce, ports and location. The primary countries contributing to the overall investments in the state are China, Japan, the UK and the Netherlands.

Thanks to the aforementioned factors, California ranks #1 in total FDI nationwide with over \$41.5 billion according to the US Bureau of Economic Analysis.

More specifically, it is [#3 in foreign investments for commercial real estate](#)<sup>3</sup> directly behind Florida and Texas. The leading contributions of foreign investments for CRE were from China and California's neighbor, Mexico. Bisnow.com cites that a majority of the international CRE investments were for commercial rental properties and business investments.



## 3 | Opportunity

The [Opportunity Index ranks California 23rd](#)<sup>4</sup> with a score of 55, which is above the national average of 52.4. The Opportunity Index is an annual measurement of 16 key indicators at the state level for economic, educational and civic metrics that contribute to / hinder opportunity and economic mobility.

It is true that California is one of the more expensive states to live in, but there are also better public services for its residents, such as healthcare. For example, The Golden State is #1 in public healthcare nationwide according to US News & World Report.

US News & World Report also ranked California 9th in Household Income nationwide, with a median income of \$71.8K nationwide. That is \$11,400 (16%) more than the national average. This provides more expendable income for the average consumer to fuel the retail economy, which is one of the primary contributors to the state's GDP, \$330 billion reported in 2017.

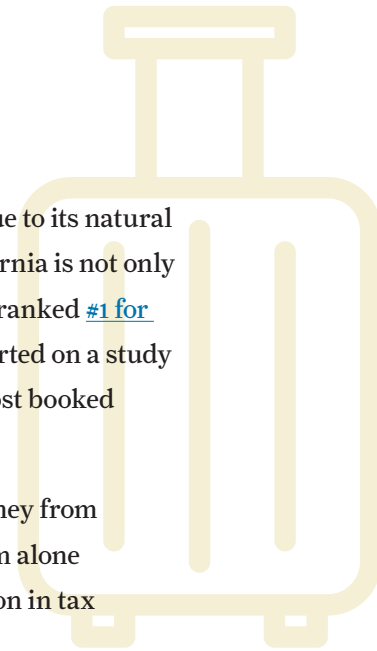


## 4 | Tourism in the Golden State

[California is the most visited state in the United States<sup>5</sup>](#) due to its natural wonders, incredible cities and impeccable beaches. California is not only a go-to destination for international visitors, but it is also ranked [#1 for interstate tourism<sup>6</sup>](#) according to Business Insider. BI reported on a study by HotelsCombined.com that looked at the states with most booked hotel rooms from within the United States.

Tourism is paramount for an economy, as it brings in money from external sources. According to PRNewswire.com, tourism alone contributed \$132 million to the state's economy, \$10.9 billion in tax revenue, and funds 1.1 million jobs.

These facts and figures make California, particularly Southern California, desirable for potential commercial real estate investments, especially in the retail sector.



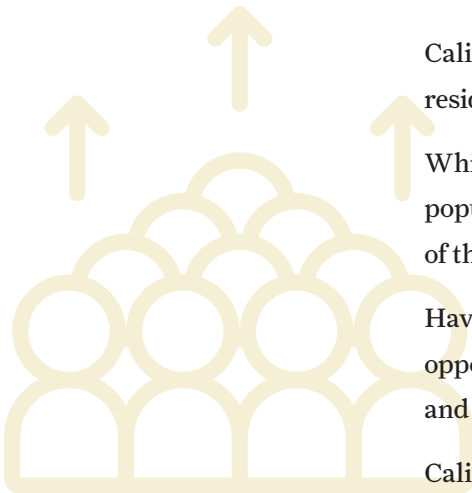
## 5 | Population & Population Growth

California is also the most populated state in the United States, with 39.8 million residents registered in 2018, which accounts for [over 12% of residents nationwide<sup>7</sup>](#).

While California already has the most residents, it also ranked 20th in terms of population growth in 2018, with an increase of .6% year-over-year. Additionally, of the total population in California, nearly 60% is in Southern California.

Having a steady, growing population is paramount for economic stability and opportunity. It's a foundation for commercial real estate professionals to expand and provide new spaces with varied services.

California has the foundation of a thriving economy already in place, and the aforementioned reasons provide more characteristics and statistics to consider for commercial real estate professionals looking to generate more opportunities via capital investments.



# For More Information

To learn more about commercial brokerage solutions or to speak to a qualified representative today, please contact Radius Commercial Real Estate at:

**805.965.5500**

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<sup>1</sup> fortune.com | <http://fortune.com/2018/05/05/california-fifth-biggest-economy-passes-united-kingdom/>

<sup>2</sup> usatoday.com | <https://www.usatoday.com/story/money/economy/2018/08/27/states-best-and-worst-economies/37490453/>

<sup>3</sup> bisnow.com | <https://www.bisnow.com/national/news/capital-markets/china-mexico-top-foreign-investors-in-us-commercial-real-estate-90197>

<sup>4</sup> opportunityindex.org | <https://opportunityindex.org/opportunity-index-rankings/?indicator=score>

<sup>5</sup> worldatlas.com | <https://www.worldatlas.com/articles/the-most-visited-states-in-the-us.html>

<sup>6</sup> businessinsider.com | <https://www.businessinsider.com/the-most-popular-us-states-for-tourism-2014-10?IR=T>

<sup>7</sup> worldpopulationreview.com | <http://worldpopulationreview.com/states/>

