

WORKFORCE REVIEW

A monthly review of labor market information for Silicon Valley

The 7 Biggest Industries in California

Did you know that if California was a country, it would have the fifth-largest economy in the world? With a GDP of approximately \$3.89 trillion, the Golden State configures between Germany and the United Kingdom. Thanks to Hollywood, Silicon Valley, manufacturing, and agricultural industries, California is one of the major economic engines of the United States.

There are over four million small local businesses here that employ nearly 50 percent of the state's workforce. While many contributing factors fuel the economy, California's biggest industries are a tighter list. Here's a roundup for you.

THESE ARE THE LARGEST INDUSTRIES IN CALIFORNIA

1. AGRICULTURE

According to 2022 statistics, California's farms and ranches received \$55.9 billions for their output. Yes, billion with a "b". As of 2021, California's agricultural exports totaled \$22.5 billions. Excluded from this total is the impact the industry has on other sectors, including shipping and warehousing—altogether, the trio makes up California's biggest industries.

In case you didn't know this about the Golden State's Central Valley, the region yields more crops and farm-based goods than any other U.S. state. This agricultural hub is where the magic happens—asparagus, grapes, lettuce, orange, rice, shelled almonds, tomatoes, and milk being the main produce.

2. FILM AND TELEVISION

If you've ever wondered why the movie industry was established in sunny California, we're here to answer your question. There's more than one reason behind it. Sure—over 300 days of sunshine make for stunning filming locations. However, here are a few more things at play behind one of the largest industries in California.

Movies were becoming more and more popular in the 1900s, and an increase in production was necessary in order to meet the demand. This mostly had to do with the weather, but California also had non-union labor at the time. This made film production significantly cheaper than on the East Coast. Pair this with the fact that practically any SoCal location could stand in for a movie set, and you've got yourself an up-and-coming industry.

3. TRAVEL AND TOURISM

It should not be surprising that travel and tourism are California's most vital engines for economic growth. Defined by big, ambitious ideas, California has been a powerful leader in this industry. The state draws visitors not just from other states, but also from around the world.

Travelers spend hundreds of millions of dollars while vacationing here, bringing in \$114.9 billions into the state's economy according to 2019 statistics. This sort of spending brought \$12.2 billions in local and state tax revenue. As a result, the industry provided jobs to 1.2 million California residents.

There's so many places worth visiting - it's nearly impossible to list them all. According to a TV commercial titled Living the Dream, the most popular hotspots include Hollywood, Beverly Hills, Disneyland, Napa Valley, Pebble Beach, Lake Tahoe, San Francisco, Yosemite, Venice Beach, and more. The next time you're traveling, make sure to add these destinations to your itinerary.

4. TECH

Silicon Valley is home to thousands of tech companies, and hands down one of the best regions to live in if you want to work in tech. It wasn't always that way.

In the 1940s, when computers were still the size of rooms, a man named William Shockley co-invented the transistor at Bell Labs. This later became known as the computer processor. In 1956, Shockley left Bell and founded his own company which made transistors out of silicon and not germanium. That was quite innovative for the time. A curious journalist named Don Hoefler wrote a three-part report about the semiconductor industry in 1971, titled Silicon Valley USA. Obviously, the name caught on.

With growing popularity, tech became more and more synonymous with the Silicon Valley industry. Especially since companies like Atari, Apple, Oracle, eBay, Yahoo, Paypal, and Google were founded in the area. Better yet, most—if not all of these companies—are leaders in their respective industries. Software, social media, robotics, fiber optics, and medical instruments companies create jobs and generate tax revenue.

5. SERVICE

When it comes to the service sector, the Golden State is nothing short of impressive. Consisting of professional, business, education, and health services, as well as financial activities and leisure, this industry makes California a great place to live and work. It hosts the largest banks in the U.S.—expect to find Wells Fargo, Charles Schwab Corporation, Silicon Valley Bank, and CIT Bank here. Colleges, universities, and other educational institutions also fall under this sector.

The University of California contributes a GDP of about \$32.8 billion dollars annually to the economy. Throughout the years, 70 faculty and staff members of the university have been awarded with the highest honor of all - with 71 Nobel Prizes.

FASTEST GROWING INDUSTRIES IN CALIFORNIA

6. HEALTHCARE

Ask any California resident to identify the largest single component in their thriving economy, and chances are they will reply with high-tech, motion pictures, or agriculture. They will rarely mention the healthcare industry. However, over the last half of the century, the Golden State's medical care industry has become by far one of the state's largest growing economic activities. As one of the biggest growing industries in Los Angeles and the state, healthcare surpasses all other employment rates.

7. CONSTRUCTION

Construction is among the fastest-growing industries in the Golden State, employing five percent of the state's private workforce. In the summer of 2019, seasonally adjusted construction employment topped 900,000 for the first time in 12 years. Despite the slower growth rate in construction employment, California contractors still outshine their counterparts. That's all thanks to the never-ending projects.

One such construction project is the award ceremony for the 2028 Olympics, which will be hosted in the City of Angels. This is already starting to spring forth numerous building ideas, including new sports venues and hotels.

Region	December 2022	November 2023	December 2023	Percentage Point Change	
				1 month	12 months
San José–Sunnyvale MSA	2.4%	3.9%	4.0%	+ 0.1	+ 1.6
San Francisco MD	2.2%	3.4%	3.4%	0.0	+ 1.2
California	3.9%	4.9%	5.1%	+ 0.2	+ 1.2
United States	3.3%	3.5%	3.5%	0.0	+ 0.2

Sector — December 2023	San Jose MSA	San Francisco MD	Combined Region	Percentage Change (Combined Region)	
				1 month	12 months
Total Nonfarm	1,198,900	1,220,900	2,419,800	+ 0.4%	+ 1.1%
Construction	53,800	39,800	93,600	- 0.5%	- 3.7%
Manufacturing	179,800	38,900	218,700	+ 0.5%	- 1.8%
Retail Trade	76,700	68,700	145,400	+ 1.6%	+ 0.3%
Information	104,500	122,800	227,300	- 0.5%	- 3.6%
Professional & Business Services	256,500	312,800	569,300	- 0.1%	- 0.8%
Educational Services	97,900	85,100	183,000	+ 1.0%	+ 5.5%
Health Care & Social Assistance	152,000	135,500	287,500	+ 1.0%	+ 6.1%
Leisure & Hospitality	109,700	129,800	239,500	+ 0.7%	+ 7.1%
Government	100,300	138,900	239,200	+ 0.5%	+ 4.2%

Note: San José MSA (San José-Sunnyvale-Santa Clara Metropolitan Statistical Area) = Santa Clara and San Benito Counties
 San Francisco MD (San Francisco-Redwood City-South San Francisco Metropolitan Division) = San Mateo and San Francisco Counties

Source: California Employment Development Department, LMID

Jurisdiction	Labor Force			Unemployment			Unemployment Rate		
	December 2022	December 2023	Change	December 2022	December 2023	Change	December 2022	December 2023	Change
• San Mateo County	458,200	452,900	- 1.2%	9,600	14,700	+ 53.1%	2.1%	3.2%	+ 1.1
• Santa Clara County	1,059,200	1,046,800	- 1.2%	24,500	40,600	+ 65.7%	2.3%	3.9%	+ 1.6
Cupertino	29,600	29,300	- 1.0%	600	1,100	+ 83.3%	2.1%	3.8%	+ 1.7
Los Altos	15,000	14,800	- 1.3%	300	600	+ 100.0%	2.1%	3.7%	+ 1.6
Milpitas	41,600	41,300	- 0.7%	1,000	1,800	+ 80.0%	2.4%	4.4%	+ 2.0
Mountain View	52,00	51,200	- 1.5%	900	1,500	+ 66.7%	1.8%	2.9%	+ 1.1
Palo Alto	36,900	36,300	- 1.6%	700	1,200	+ 71.4%	2.0%	3.2%	+ 1.2
Santa Clara	74,200	73,300	- 1.2%	1,500	2,900	+ 73.3%	2.1%	3.5%	+ 1.4
Sunnyvale	89,200	87,900	- 1.5%	1,800	2,900	+ 61.1%	2.0%	3.3%	+ 1.3
NOVAworks Region	796,700	787,000	- 1.2%	16,400	26,400	+ 61.0%	2.1%	3.4%	+ 1.3

Note: NOVAworks Region consists of seven cities in Northern Santa Clara County and the entirety of San Mateo County

Source: California Employment Development Department, LMID

Company	Location	# Affected
Agilent Technologies	Santa Clara	53
Command Security Services	Mountain View	33
Cruise LLC	Multiple cities	391
Gilead Sciences	Foster City	41
Halcon Corporation	Sunnyvale	65
Informatica LLC	Redwood City	90
Intel Corporation	Santa Clara	74
Juniper Networks	Sunnyvale	108
LinkedIn Corporation	Multiple cities	391
Qualcomm Inc.	Santa Clara	190
Renesas Electronics Corporation	Milpitas	50
Surefox North America	Multiple cities	386
Total		1,872

WARN SUMMARY

Events YTD[†]: 313
 Individuals Affected YTD[‡]: 16,677
 Individuals Previous YTD[‡]: 4,567

* **WARN: Worker Adjustment and Retraining Notification** (notice of mass layoff or closure)

† **YTD: Year to Date** (Calendar year: January 1–Present)

‡ **Previous YTD:** (Same date range as YTD, one year prior)

Note: Layoff data are preliminary and should be considered an estimate of monthly regional activity

Source: California EDD, CalJOBS: WARN Data