



CALIFORNIA'S CREATIVE ECONOMY

Key Highlights from 2023

Otis College Report on the Creative Economy

June 6, 2024

Introduction

We're proud to share the latest Otis College Report on the Creative Economy. Since we began producing the Otis College Report in 2007, it has become an invaluable resource for a variety of stakeholders who are shaping creative sectors in our region, state, and beyond. When it launched, the report highlighted the impact of creative industries in Los Angeles. It later expanded to include statewide data across eight regions of California and analysis of the state's overall creative economy.

This year, we're pleased to begin an exciting new era for the Report with the release of our interactive Creative Economy dashboard. This free online resource highlights data and trends across creative sectors, providing users with immediate access to current information and the ability to tailor data outputs to support their needs. It's a powerful tool that we're thrilled to share with the world.

The dashboard will be complemented by an ongoing series of timely reports addressing specific topics or sectors within the creative economy. The first two reports, released in late 2023 and early 2024, focused on the entertainment sector in response to recent strikes and the changing greater entertainment landscape in Los Angeles. These reports, issued alongside the dashboard, will be followed by additional research later this year. Between the dashboard and these focused studies, the Otis College Report on the Creative Economy continues to evolve and provide essential data and analysis for educators and scholars, policymakers and grantmakers, cultural institutions, and artists.

At Otis College, we're preparing a diverse community of creative students for success in fields ranging from fine arts, animation, graphic design, and illustration to fashion, product, toy, and game and entertainment design. As Los Angeles's first professional art and design college, it is vital that we understand the creative sectors that will employ our graduates so that we may continue empowering them to succeed and shape the world.

I would like to thank Westwood Economics & Planning Associates for their authorship of this Report, partnership in developing the dashboard, and commitment to this important research program.

I would also like to thank our supporters who make the Otis College Report on the Creative Economy possible, including the Getty Foundation, City of Los Angeles Department of Cultural Affairs, Sony Pictures Entertainment, Marsh, Gallagher, and City National Bank, as well as our media partner The Hollywood Reporter. Finally, a special thank you to Snap Foundation, this year's presenting supporter of the Otis College Report on the Creative Economy dashboard.

Thank you,

Charles Hirschhorn
President
Otis College of Art and Design

Key Findings

- In a challenging year for California’s creative economy, the number of workers employed by the industry fell by 70,840 in 2023, an 8% reduction.
- While the Film, TV, and Sound Sectors accounted for 59% of these lost jobs, as production cuts and the Hollywood strikes took their toll on the sector, only one of the nine subsectors that comprise the creative economy saw job increases in 2023.
- The Fine and Performing Arts industry was a bright spot during the year, as museums and art schools expanded employment.
- In addition to Film, TV, and Sound’s much publicized struggles, New Media sectors were affected by a spate of layoffs in large tech companies, which curtailed investment at the end of 2022 and the beginning of 2023.
- The Fashion and Creative Goods sectors were negatively affected by a tough macro environment for manufacturers in California. Architecture suffered as the commercial real estate industry continued its hangover from the pandemic, while the Advertising industry fell victim to a belt-tightening environment in corporate America, particularly at the end 2022 and the beginning of 2023.
- California’s creative economy was not alone. Nationally, employment in the creative economy contracted by 4% during the year. California sustained greater losses than the rest of the nation because it has a much higher presence of Film, TV, and Sound workers.
- Despite the recent turmoil in the industry, from the pandemic to the Hollywood strikes, California’s share of national creative economy employment has remained unchanged over the past five years, with the state accounting for around one in five of the nation’s creative economy jobs.
- The creative economy remains an indispensable employer in the state— accounting for around one in ten jobs—and is a source of well-paying jobs, paying more than double the wages in the rest of the state’s economy.
- Despite challenges, California’s creative economy remains the envy of the world.

A New Approach to the Creative Economy in California

This update on California's creative economy marks a break from Otis College's traditional format, a printed report released annually. The data found in the previous reports, as well as new data points, have been compiled on a live, online, digital dashboard. The dashboard tracks the performance of the creative economy across California in real time, automatically updating as soon as new data become available. The dashboard, along with timely, topical reports replaces the annual report format.

This new approach allows users to take the temperature of the creative economy and its component parts throughout the year. The dashboard format has five primary advantages over an annual report.

- **An online format ensures users have access to the most up-to-date data about the creative economy.**
- **Users can interact with data and create customized views and charts about the creative economy across communities, sectors, and demographics in California.**
- **New features enable users to compare the performance of the creative economy in different parts of the state.**
- **The dashboard contains more data than past reports, providing more history and geographic coverage, as well as new data points.**
- **The dashboard provides a foundation for Otis to produce topical and timely updates about different aspects of the creative economy throughout the year.**

Alongside the dashboard, Otis is also releasing this *Key Highlights from 2023* report, which identifies and memorializes the most important changes in California's creative economy this year. This document is designed to be an accessible but definitive digest rather than an exhaustive account of change in the creative economy. The following report focuses on four key themes from an analysis of the state's creative economy this past year.

All California data points that appear in this report were generated from the Creative Economy dashboard.

Expanded Offerings

The first edition of the Creative Economy dashboard contains the statistics that readers of the Otis College Report on the Creative Economy have become accustomed to, for each sector of the creative economy in California. The first panel of the dashboard, “County View” enables users to track employment, wages, the number of business establishments, and total wages paid by the creative economy, and each sector within it, for California and a range of California counties. Users can track these metrics between any two time periods from 2010 up to the most recent period for which data is available (currently the third quarter of 2023). On this panel, users can also track the impact of each creative economy sector on their local economies.

The other two panels provide users with additional features. The “Compare Cities” panel enables users to compare the performance of the creative economy across multiple metropolitan regions in California. For example, users can compare the performance of the creative economy, or sectors within it, in San Francisco and Los Angeles. This panel also provides national rankings for different aspects of the creative economy. The “Worker Demographics” panel tracks different aspects of the creative economy workforce in California, such as the unemployment rate of workers, as well as their age, race, gender, and educational profile.

The dashboard is intended to grow and evolve over time, to ensure it stays relevant to the changing nature of the creative economy and user needs.

Otis College will hold a webinar this summer, providing an additional review of the dashboard and its key features.

The Creative Economy in California

Defining the Creative Economy

The creative economy comprises a set of industries for which the primary output (or product) has symbolic value. These industries comprise a group of activities through which ideas are transformed into cultural and creative goods and services. Industries that fall into this category include Advertising, Architecture, Fashion, Book Publishing, Newspapers/Magazines, Video Gaming and Movies, Music and Performing Arts, Radio, TV, and the Visual Arts.

To reflect the evolving nature of the creative economy, this report has updated how different aspects of the creative economy are defined. Instead of using six subsectors to track the creative economy, users can now track the creative economy across nine subsectors.

Four of the subsectors that comprise the creative economy remain unchanged from prior reports:

- **Architecture and Related Services**
- **Creative Goods and Products**
- **Fashion**
- **Fine and Performing Arts**

Moving forward, the “Entertainment” and “Media and Digital Media” sectors will each be divided into more specific components, to better account for the degree of change that has occurred within these industries over the past decade.

The Entertainment sector, as it was defined in previous years, has now been replaced by the following sectors:

- **Film, TV, and Sound**, which captures Motion Picture and Sound Recording Industries.
- **Mangers, Independent Artists, and Performing Arts**, which largely captures live performance aspects of the industry, talent management, and the creator economy.

The Media and Digital Media sector, as it was defined in previous years, has now been replaced by the following sectors:

- **New Media**, which primarily contains Internet/Streaming platforms, as well as Software Publishers
- **Traditional Media**, which incorporates traditional Print Publishing, as well as Television and Radio Broadcasting.
- **Advertising**, which primarily covers advertising agencies and marketing companies.

These changes enable users to track the performance of the creative economy in a more detailed, nuanced and insightful way.

The Importance of the Creative Economy

California’s creative economy merits considerable attention, in part because creative industries are engines of modern economic activity and growth, and as such, play an outsized role in how advanced economies function.

California is the national leader in the creative economy, home to some of the nation’s largest and most cutting-edge companies—like Alphabet and Meta —which find home in the New Media segment of the Creative Economy. Many of the state’s leading goods manufacturers, like Apple, Levi’s, Tesla, and Vans, set themselves apart from their competitors through striking design and cultural distinction. The state remains home to the nation’s premier Film, TV, and Sound industry, which produces cultural content that is consumed the world over.

In 2023, California was home to one in every five creative economy jobs in the United States. Despite the turbulence caused by the pandemic and the Hollywood strikes, the state’s share of the national creative economy workforce is unchanged over the past five years. In addition to the 849,00 workers directly employed by the creative economy in the state in 2023, a further 639,000 workers were employed in industries that support the creative economy. This means that the creative economy accounts for about one in every ten jobs in the state.

The creative economy remains a source of well-paying jobs in the state. The average salary paid to creative workers in 2023, \$191,700, was more than twice the economy-wide average. Furthermore, the state’s creative workers are paid a premium compared to their peers in the rest of the nation, earning a salary that is more than 40% higher than the national average. These differences are not simply the result of the higher cost of living in California as compared to most of the rest of the nation. In fact, creative economy activities in the U.S. are overwhelmingly found in high-cost locations, like Chicago, Los Angeles, New York, San Francisco, and Seattle. As is the case with California, workers are paid higher wages in these locations because they have skills that set them apart from workers in most other locations.

More than half (56%) of the state’s creative economy is found in New Media (29% of the total); Film, TV, and Sound (14%); and Traditional Media (13%). The contribution of these sectors to the creative economy in California has increased from 50% in 2018.

Sector	Number of Jobs	Wages Paid	Share of Creative Economy Jobs
Total Creative Economy	849,165	191,748	
New Media	244,096	332,561	29%
Film, TV, and Sound	123,614	132,210	15%
Traditional Media	105,200	271,101	12%
Fashion	89,755	73,887	11%
Creative Goods and Products: Design & Manufacture	84,232	73,644	10%
Advertising	62,394	117,780	7%
Architecture and Related Services	50,416	104,679	6%
Fine and Performing Arts	53,975	59,597	6%
Managers, Independent Artists, Performers	35,483	228,517	4%

1. California's Creative Economy Shrank in 2023, Amid Strikes in the Film and TV Industry

California's creative economy shrank by 8% from the third quarter of 2022 to the third quarter of 2023, amounting to 70,840 jobs lost. To place these figures in context, the industry contracted by 4% across the nation over the same period. California sustained greater losses than the rest of the nation because it has a much higher presence of Film and TV workers, a sector which saw especially sharp declines during the year.

For further context, 2023 was not an especially strong year for the state's overall economy, with the rest of the state's labor market relatively muted over the same period. From the third quarter of 2022 to the third quarter of 2023, the state's entire economy shed 48,000 jobs.

In a positive sign, creative economy wages continued the strong momentum they have gained over the past few years. Wages in California's creative economy jumped 9% during the year, far outpacing increases in the cost of living and wage gains for the entire state economy.

2. All But One Sector Within the Creative Economy Lost Employment in 2023

Film, TV, and Sound accounted for the equivalent of 59% of the state's job losses in the creative economy during 2023, as, first, companies cut production budgets, and second, the impact of the strikes set in. Employment in Film, TV, and Sound in the state shrank by a third, or around 42,000 jobs, between the third quarter of 2022 and the third quarter of 2023. The third quarter 2023 was the high-water mark for the writer and screen actor strikes. Yet, losses in the creative economy were not confined to Film and TV. All but one of the creative economy subsectors lost jobs throughout 2023.

In addition to Film, TV, and Sound, the other sectors that comprise the "Greater Entertainment" Industry performed especially poorly during the year. Traditional Media continued its decades-long decline, with employment contracting by a tenth during the year. Things haven't gotten much better for Traditional Media in 2024, with high profile layoffs announced at organizations like the *Los Angeles Times*, BuzzFeed, and *Sports Illustrated*. New Media Industries also experienced significant job losses. At the beginning of 2023, some of the state's largest tech companies announced job cuts that added to the tens of thousands in lost employment, as they cut business investment in response to pressure from Wall Street investors.

Job losses extended to sectors much less related to entertainment, with Advertising, Creative Goods, Fashion, and Architecture all cutting employment in the state during the year. Job losses in Advertising were relatively modest, but reflect corporate cuts in business spending, especially by major tech firms. At the same time, presidential elections usually represent good years for the Advertising Industry. The Architecture Industry continues to be affected by the fallout from the pandemic, as commercial real estate, especially offices, are yet to find firm footing in the changed remote work environment.

Companies engaged in the Fashion and Creative Goods sectors of the creative economy are primarily engaged in the manufacture of products. Apart from the high cost of doing business in the state, which creates competitive disadvantages for local manufacturers, manufacturing industries have faced a number of challenges over the past few years, from supply chain management to labor shortages, while higher interest rates have made business investment more expensive. This confluence of factors continued to weigh on these sectors in 2023.

Fine and Performing Arts was the one creative economy sector in which employment grew during 2023, as the state’s museums added roughly 1,000 employees, and art schools, dance companies, and theater companies also added employment.

Sector	2022 Employment	2023 Employment	Change 2022- 2023
Fine and Performing Arts	49,746	53,975	9%
Advertising	63,024	62,394	-1%
Architecture and Related Services	51,236	50,416	-2%
Fashion	93,592	89,755	-4%
Creative Goods and Products	88,201	84,232	-5%
New Media	259,677	244,096	-6%
Traditional Media	113,362	105,200	-7%
Managers, Independent Artists, Performers	36,207	35,483	-8%
Total Creative Economy	920,005	849,165	-8%
<i>Film, TV, Sound</i>	<i>165,480</i>	<i>123,614</i>	<i>-25%</i>

3. The Areas with the Largest Entertainment Industries Saw the Steepest Losses

Around 75% of all creative economy job losses in California in 2023 occurred in either Los Angeles or San Francisco. The Los Angeles metropolitan area alone accounted for roughly 68% of those losses. This makes clear what impact troubles in Film, TV, and Sound have had on the state’s creative economy, but also the region specialized in this sector of the economy. At the same time, even if Los Angeles or Film, TV, and Sound were removed from the state’s creative economy, it would have still endured significant job losses during the year.

All but five of the metropolitan regions which are home to more than 1,500 creative economy jobs sustained job losses in the creative economy in 2023. While job gains occurred in Santa Barbara and San Luis Obispo, these are regions with small creative economies, which have little impact on the rest of the state.

Twelve of the 14 regions with more than 1,500 creative economy jobs sustained losses in the Greater Entertainment Industry (a sector which includes not only Film, TV, and Sound but also New Media and Traditional Media) in 2023. It is inescapable that struggles in the Greater Entertainment Industry had a meaningful impact on the state’s creative economy and the different regions within the state. It is also the case that there were broader struggles in the creative economy that were not directly related to Greater Entertainment, as described above.

Metropolitan Region	2023 Creative Economy Employment	Change in Creative Jobs 2022-2023	Change in Greater Entertainment
San Luis Obispo	2,119	6%	-10%
Santa Barbara	6,881	2%	0%
Oxnard	6,308	0%	2%
Riverside	22,627	0%	-3%
Bakersfield	1,637	0%	-5%
Santa Rosa	3,646	-1%	-8%
San Diego	37,023	-1%	-2%
Stockton	2,142	-2%	-1%
San Francisco	139,306	-3%	-3%
Salinas	1,596	-4%	-7%
San Jose	39,640	-6%	-7%
Los Angeles	413,400	-10%	-16%
Fresno	3,684	-12%	-16%
Sacramento	9,910	-20%	-32%

4. The Creative Industry Unemployment Rate Grew from 4% to 5.1%

In 2024, the media has been replete with stories of workers who have been displaced from the creative economy, from actors to reporters to writers. Indeed, in the long-term there have been structural changes in the creative economy that have caused displacement of certain workers. Nowhere is this more evident than with respect to education. In 2010, college graduates and non-college graduates made up a relatively even share of workers in the state's creative economy, but by the end of 2023, this picture had changed entirely, with college graduates making up 75% of the creative economy's workforce.

As the creative economy shed jobs during 2023, the unemployment rate increased for creative economy workers in the state, jumping from 4% to 5.1%. The unemployment rate for college-educated workers jumped from 3.3% to 4.9%, but this remains below the unemployment rate for non-college-educated workers, which increased from 5.3% to 5.6% during the year.

Workers aged 16–29 years old saw the biggest increase in unemployment of any demographic group, jumping from 3.6% to 6.7% during the year. Their counterparts aged 30–50 saw a much smaller increase, from 4.2% to 5%, and for workers aged over 50, the unemployment rate remained unchanged at 4%. The unemployment grew more for men (from 4.1% to 5.6%) than for women (from 3.9% to 4.1%), while the unemployment rate for workers of color spiked from 2.9% to 4.6%, more than it did for white workers (from 4.7% to 5.4%).

In Summary

Taken together, the data presented in this report reveals that 2023 has been a challenging year for the state's creative economy, even for those sectors that are not directly exposed to the Entertainment industry. There's no hiding from the fact that a number of factors—from the pandemic to the Hollywood strikes—have combined to make the last decade tough on the creative economy. Yet this doesn't detract from the fact that it remains an indispensable employer, is a source of well-paying jobs, and will continue to be a hub for innovation and growth in the state's economy. Despite these challenges, California's creative economy is still the envy of the world.

As core themes continue to emerge in the creative economy, Otis College will continue to track key trends via the Creative Economy dashboard and by releasing further research on the most pressing topics.

Byline

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About Otis College of Art and Design

Established in 1918 as Los Angeles’s first professional school of the arts, Otis College of Art and Design is a non-profit 501(c)3 institution and a national leader in art and design education. The College educates a diverse community of 1,300 creative students to become highly skilled, well-informed, and responsible professionals—empowering them to shape the world. Alumni and faculty are Fulbright, MacArthur, and Guggenheim grant recipients, Oscar winners, legendary costume designers, leaders of contemporary art movements, entrepreneurs, and design stars at influential companies including Apple, Abercrombie & Fitch, Pixar, DreamWorks, Mattel, Nike, and Netflix.

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Thank you to the supporters of the Otis College Report on the Creative Economy launch event, report, and dashboard.

