

Where Have All The People Gone

by

Manfred Keil and Jiaxin Chen

Following the 2020 U.S. Census, California lost a seat in the House of Representatives for the first time in its 170-year history. This was not because the state's population shrank, but because it grew more slowly than the nation as a whole. California's growth rate during the 2010–2020 decade was the weakest in modern history. New York experienced a similar outcome while Texas and Florida gained seats. Current projections suggest the Golden State may lose additional seats after 2030, again due to slower growth rather than an exodus.

These developments have often been portrayed as evidence that California is hemorrhaging residents and businesses. High-profile corporate relocations by Tesla, Hewlett-Packard, Oracle, Chevron, SpaceX, and even In-N-Out have reinforced this perception. However, the narrative is misleading. The state's population dynamics and business landscape are far more complex than the headlines suggest.

According to the Department of Finance, California's population partially rebounded after pandemic-related losses before slipping again in 2025. Yet population change is not uniform across regions. Los Angeles County, the largest out of roughly 3,500 counties in the U.S., lost 177,000 residents or 1.8 percent of its population between 2020 and 2025. Orange County and Ventura County also experienced declines. Some of this is due to lower birth rates, but domestic and international net-outmigration plays a more significant role.

However, focusing only on county-level losses obscures the broader regional picture. A recent *Bank of America Institute* report, based on the bank's customers changing addresses on their accounts, suggested that most out-of-state migration from the Los Angeles Metropolitan Statistical Area (MSA) went to New York, Las Vegas, Phoenix, and Seattle. The report was widely cited in the press. In-state outbound movements went mostly to the Bay Area and San Diego. However, this analysis excludes international migration—75,500 net immigrants arrived in Los Angeles County in 2024 alone—and overlooks the most important destination of all: the Inland Empire.

Census data shows that Riverside County and San Bernardino County gained more than 123,000 residents between 2020 and 2025, a 2.7 percent increase. This growth accounts for roughly 70 percent of Los Angeles County's domestic outmigration. In other words, many Angelenos did not leave California—they simply moved east in search of more affordable housing. Ignoring the Inland Empire masks this internal redistribution within Southern California. When we look at the Combined Statistical Area (CSA) of Greater Los Angeles - which includes Los Angeles, Orange, Riverside, and San Bernardino counties - the population story is far less dramatic. The region is not emptying out; it is reshuffling.

The same is true for businesses. *UCLA's Anderson Forecast* finds that California still hosts more S&P 500 headquarters than any other state—69 in 2026, up from 67 a decade earlier. While the

Bay Area dominates with 49 headquarters, Southern California still has 20. New York is in second place with 49 companies but eight less than in 2016, and Texas, despite its reputation as a magnet for corporate relocations, remains third (47 companies). As pointed out in a 2023 report by the *Inland Empire Economic Partnership* for the *Los Angeles Area Chamber of Commerce*, this is what economic theory would suggest. California's leadership in venture capital and patent production ensures a steady pipeline of new firms that grow into major corporations, even as some mature companies relocate for a variety of reasons including cost savings. California has 43 percent of U.S. venture capital, with New York attracting 14 percent (a distant second), and only Japan has a higher number of patents.

Taken together, the data shows that "Doomaxxing" Southern California's economy is misplaced. The challenge is not mass outmigration or corporate flight, but the region's internal economic geography. High housing costs along the coast push residents eastward, while the Inland Empire's job base remains dominated by low value-added sectors such as logistics. As a result, many residents must commute long distances - often more than two hours each way - to reach higher-paying jobs in Greater Los Angeles.

This mismatch between where people live and where high-value jobs are located is the true source of Southern California's congestion, declining quality of life, and uneven economic development. Strengthening the Inland Empire's human capital of its residents and attracting more high-value industries - in the Information, Professional and Business Services, and Finance sectors - would reduce commuting burdens, raise regional productivity, and improve living standards.

Rather than fixating on exaggerated narratives of decline, policymakers should focus on building a more balanced regional economy. Southern California's future depends not on stemming an imagined exodus, but on creating the conditions for high-quality jobs across the entire region.