



San Diego–Chula Vista–Carlsbad, CA  
Metropolitan Statistical Area (MSA)  
*Economic Profile*

December 2024

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*Photo Shot at La Jolla Shores Beach, San Diego*

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## Introduction

San Diego Metropolitan Statistical Area (MSA), which shares the same boundary with San Diego County, is located in the south-most part of the State of California, bordering Tijuana, Mexico. This area has experienced fast economic growth in recent decades, and is currently characterised by its innovation industries especially in technology, close proximity to Mexico which encourages cross-border trading, beautiful landscape that brings millions of visitors annually, and presence of Naval Base San Diego. While the area has unique characteristics that contributed to their growth in recent decades, it is facing severe internal challenges such as lack of affordable housing and external threats such as potential increase in tariff and evolving border policies.

This document is a most up-to-date economic profile that synthesizes San Diego MSA's economic outlook in the last quarter of 2024 and critically examines the strategies and objectives proposed in *San Diego Comprehensive Economic Development Strategy* (2022).<sup>1</sup> The profile first introduces the San Diego MSA's geographic location, demographic characteristics, and key economic trends, including population and industries growth patterns and shift share patterns, followed by a summary of vision and themes the region is aiming and pursuing. We then dive deeper into three areas that are critical to the region's future development – inequity related to commuting and housing affordability, the leading innovation industries, and sustainability. Through the lens of Strengths, Weakness, Opportunities, and Threats (SWOT) model, we critically examine the alignment between existing conditions up to December 2024 and the CEDS strategies proposed in 2022, and bridge any potential gaps where 2022 strategies are insufficient in tackling. Next, given the importance of cross-border trade to the region, including flow of goods and labor force, the deep dive section zooms into looking at existing programs and projects that currently fosters economic interactions across the border while offering a critical view on the potential threats raised by the recently elected administration, especially on tariff and border control. This document concludes with a summary of key takeaways from our critical evaluation on proposed strategies and the region's economic outlook.

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<sup>1</sup> The County of San Diego, *Comprehensive Economic Development Strategy* (September 2022), 19-24, <https://www.sandiegocounty.gov/content/dam/sdc/cao/osia/docs/SanDiegoCountyCEDSSept2022.pdf>.

## San Diego MSA Overview & Context

San Diego–Chula Vista–Carlsbad Metropolitan Statistical Area (MSA) (San Diego MSA in short), located at the south–most area of the State of California, bordering Mexico at Tijuana, another important border town in the Baja California region. (Fig. 1) San Diego MSA shares the boundary with San Diego County, which defines the geographic scope of this economic profile. The MSA consists of three main cities, namely, City of San Diego, City of Carlsbad, and City of Chula Vista, all located by the coastline facing the Pacific Ocean. It is important to flag the presence of Anza–Borrego Desert State Park towards the eastern inland area that is less populated or economically vibrant than the coastal urban area.



**Fig. 1 – San Diego MSA Regional Map**

According to 2023 American Community Survey (ACS)'s 1-year estimate, the total population of the San Diego MSA is at 3.27 million, with 42.46% living in the City of San Diego and 45.68% living in the area outside of the three cities in the MSA.<sup>2</sup> The median household income lands at \$103,674 ( $\pm$  1360), higher than the state average (\$95,521  $\pm$  611) or national average (\$77,719  $\pm$  186).<sup>3</sup> The poverty rate within San Diego MSA is at 10.1% ( $\pm$  0.5%), which is lower when compared to the state average at 12% ( $\pm$  0.2%) or the national average at 12.5% ( $\pm$  0.1%).<sup>4</sup> At the same time, the unemployment rate in San Diego is at 4.7% ( $\pm$  0.3%), similar to the national average at 4.3% ( $\pm$  0.1%) but lower than the state

<sup>2</sup> U.S. Census Bureau; American Community Survey; 2023 American Community Survey 1-Year Estimate; generated by Ann Zhang; using [data.census.gov](https://data.census.gov); <<https://data.census.gov/cedsci/>> (Dec 2024).

<sup>3</sup> 2023 ACS 1-year estimate

<sup>4</sup> 2023 ACS 1-year estimate

average of 5.5% ( $\pm 0.1\%$ ).<sup>5</sup> Overall, the census data shows that San Diego MSA is an area with high median income and relatively low poverty and unemployment rate.<sup>6</sup>

## Regional Context & Characteristics

Beyond the basic statistics, San Diego MSA can be contextualized by four characteristics – 1) a population hub with diverse and educated workforce, 2) an important border town for international trade, 3) a seaside paradise and attractive tourist destination, and 4) a city with a large navy base. Firstly, San Diego–Chula Vista–Carlsbad MSA is the 4th largest MSA in the state of California and 18th nationwide, with a culturally diverse population. 38.6% of the total population speaks language(s) other than English at home and 23.1% of the total population are foreign-born – among them, 40.4% are not U.S. Citizens.<sup>7</sup> In addition, according to ACS 5-year estimates from 2022, more than 40% of the total population holds a Bachelor’s or higher degree, indicating a highly educated population residing in this area.<sup>8</sup> Secondly, as an important piece in overall picture of economic development of the CaliBaja Region<sup>9</sup>, San Diego MSA is at the center of cross-border trade, including exchange and flow of labor force, goods, and services. The annual Gross Regional Product (GRP) of the CaliBaja Region is estimated at \$250 Billion, and in 2019, the cross-border trade flow is at \$70 billion.<sup>10</sup> San Diego MSA is not only an important post for international trade but also a center for tourism. According to the San Diego Tourism Authority’s Annual report for fiscal year 2024, tourism is bringing \$22 billion economic impact into the region and providing more than 200,000 jobs.<sup>11</sup>

However, disparities and inequity persists. More than 15% of the total population are currently earning less than \$35,000 annually, significantly lower than the median household

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<sup>5</sup> 2023 ACS 1-year estimate

<sup>6</sup> 2023 ACS 1-year estimate

<sup>7</sup> 2023 ACS 1-year estimate

<sup>8</sup> 2022 ACS 5-year estimate

<sup>9</sup> CaliBaja region usually refers to the combined region of California in the United States and the neighboring Baja California in Mexico. In a report on the CaliBaja Regional Economy, published by The Ahlers Center for International Business at the University of San Diego, CaliBaja region specifically refer to San Diego and Imperial counties in the U.S. and six municipalities (Ensenada, Mexicali, Rosarito, San Quintin, Tecate, and Tijuana) in Mexico’s Baja California. CaliBaja is larger than our scope of the study, which specifically focuses on San Diego county. It is important, however, to acknowledge the significant role San Diego county is playing in the CaliBaja region.

<sup>10</sup> The County of San Diego, CEDS, 40.

<sup>11</sup> San Diego Tourism Authority, San Diego Tourism Authority Annual Report (FY 2024).



income of \$103,674.<sup>12</sup> In the meantime, as mentioned in the CEDS, raising cost of living, home prices, and low housing unit vacancy rates both put pressure on residents, especially those that are underserved, and create obstacles for regional economic development.<sup>13</sup>

## Economic Trend

The analysis of current employment trends reveals a dual narrative of growth and decline across various sectors. As demonstrated in Fig. 2, sectors such as professional, scientific, and technical services, healthcare, and food services are experiencing robust growth, driven by an increasing demand for specialized expertise, innovation, and enhanced consumer experiences. This shift indicates a move towards a knowledge-driven, service-oriented economy. Conversely, sectors like private households, retail, and telecommunications are facing employment declines, likely due to technological advancements, automation, and changing consumer preferences that favor digital solutions and online platforms. These trends highlight the critical need for strategic workforce planning, emphasizing retraining and skill development to address the evolving demands of the labor market. Organizations and policymakers must focus on fostering adaptability and resilience within the workforce to capitalize on growth opportunities and mitigate the impacts of sectoral declines.

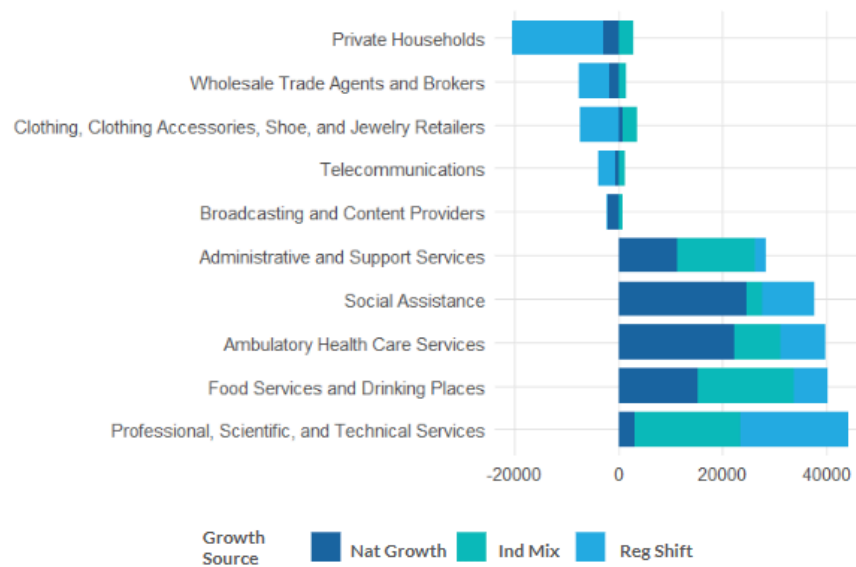


Fig. 2 – Source-Specific Shift Share in Employment by Sector: Top 5 in Growth and Loss

<sup>12</sup> 2023 ACS 1-year estimate

<sup>13</sup> The County of San Diego, CEDS, 13 and 52.

## Employment Projections and Population Change

The Employment Development Department of the State of California has published local long-term (2020-2030) employment projection for individual counties.<sup>14</sup> The projection for San Diego County (Fig. 3) shows an overall faster growth across industries in the county compared to the state average. In particular, Arts, Entertainment, and Recreation (NAICS Code 71) is expected to see the most growth at more than 60%, which may be linked to the county’s effort in supporting the creative economy and tourism.

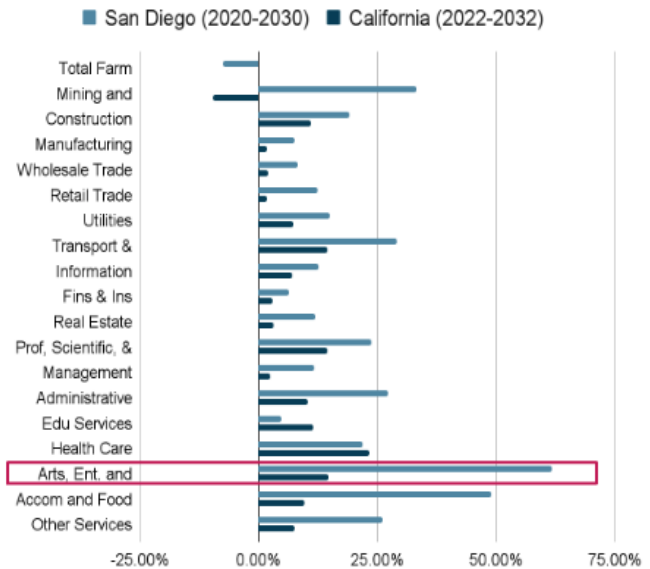


Fig. 3 – San Diego Employment Projection by Industry

Tracing back the past decade, the region has seen interesting migration components. (Fig. 4) Over years, there is a consistent inflow of international migration, which was disrupted in 2020 and 2021 potentially due to COVID but back to pre-COVID level in 2022. At the same time, the domestic population continues to migrate out of the region, especially in 2021.<sup>15</sup> While this could be due to the nationwide trend of moving towards remote work, which may impact people’s decision on migration, growing living costs and affordability crisis may be a critical factor leading to this loss.

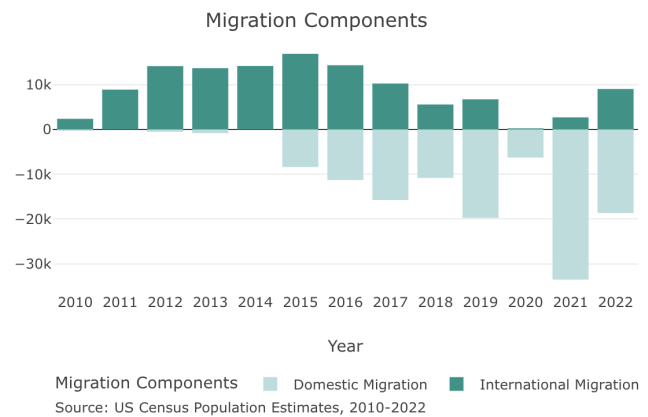


Fig. 4 – Migration Components and Population Change

<sup>14</sup> Employment Development Department (State of California), Employment Projections, Accessed Dec 4, 2024, <https://labormarketinfo.edd.ca.gov/data/employment-projections.html>.

<sup>15</sup> U.S. Census Bureau, 2010- 2022 Population Estimates.

## Economic Development Vision and Themes

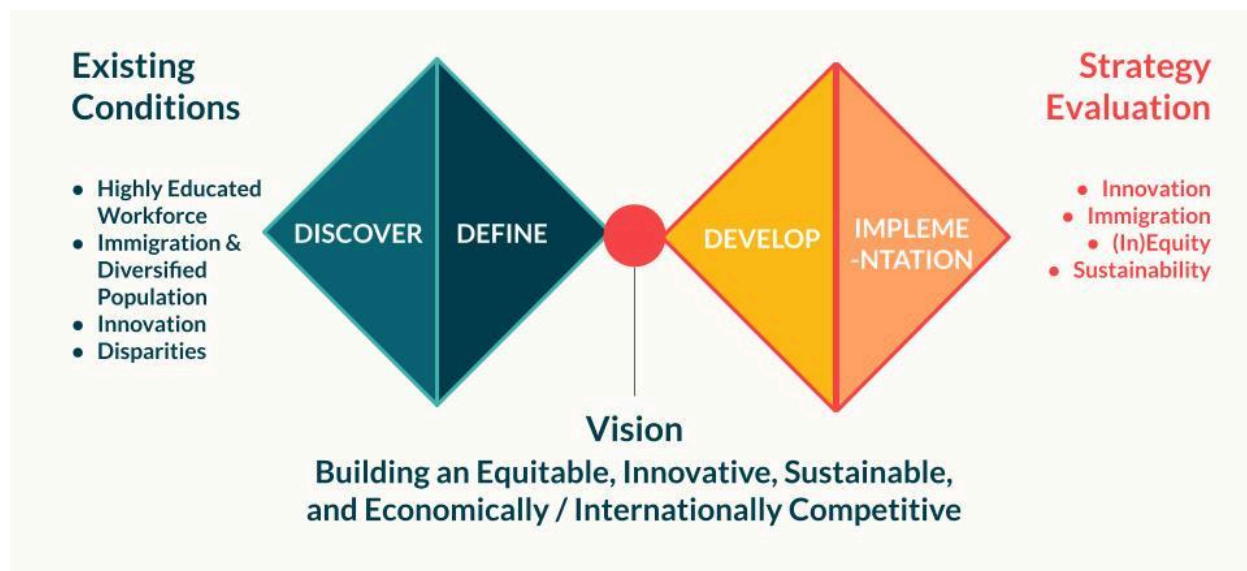


Fig. 5 – Vision and Key themes of Economic Development in San Diego, represented in Double Diamond Model

The double diamond model has been popularized by the British Design Council and largely used for guiding the design and innovation process.<sup>16</sup> In this case, the double diamond is adopted to better visually represent our process of linking existing conditions to vision, then to strategy evaluation. (Fig. 5) By discovering patterns in data from the Census Bureau and the Bureau of Labor Statistics, the previous sections offered insights on the existing characteristics of workforce and industries in the San Diego MSA, including highly educated workforce, immigrants and diversified population, large emphasis on innovation (including creative industries and science and technology), and disparities in income, education attainment, and housing affordability. Given those existing conditions and after reading through San Diego County’s Comprehensive Economic Development Strategy (also referred to as CEDS), we defined the vision to be “building an equitable, innovative, sustainable, and economically as well as internationally competitive region.” Our evaluation that follows this section would be guided by this vision. We will evaluate strategies targeting four key areas, namely innovation, inequity, sustainability, and immigration and cross-border trade<sup>17</sup>, and examine to what extent the strategies proposed in 2022 still stand relevant and adequate for realizing this vision in 2024.

<sup>16</sup> “The Double Diamond.” the Design Council, <https://www.designcouncil.org.uk/our-resources/the-double-diamond/>, accessed Dec 12, 2024.

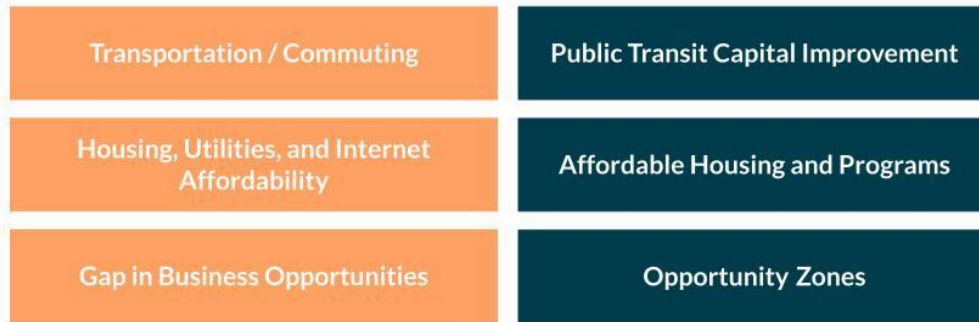
<sup>17</sup> Immigration and cross-border trade will be discussed in more depth in the “Deep Dive” section.



# CEDS Strategy Evaluation

## In-Equity

### (In)Equity Existing Conditions & Projections



**Fig. 6 – 3 Key Components of Inequity in San Diego and Potential Intervention**

As previously presented, inequity is among the most prevalent challenges that San Diego MSA has faced. Inequity towards underserved communities, especially regarding commuting distance and access to public transit, affordability of housing, utilities, and internet, and gaps in business opportunities, would limit the region’s potential for economic growth if not addressed timely. By analyzing such aspects, further strategic implications can be drawn from public transit capital improvement, affordable housing and programs, and opportunity zones.

### Transportation and Commuting

By looking at the spatial distribution of job percentages by zip codes in San Diego MSA, we can identify job centers according to the chart of job percentages. The job centers primarily around Carmel Valley, La Jolla, Kearny Mesa, and the downtown of the City of San Diego. In particular, zip 92121 contributes to above 10% of the total jobs in San Diego (Fig. 7 and Fig. 8).<sup>18</sup> For jobs in 92121, 33.5% are Professional, Scientific, and Technical Services, followed by manufacturing jobs, which comprise 16.5% (Fig. 9).<sup>19</sup> Due to its adjacency to University City, more than half of the workers in zip code 92121 have a college education or higher (Fig. 10), contributing greatly to technology and scientific industries.

<sup>18</sup> U.S. Census Bureau, Census On the Map, 2022.

<sup>19</sup> U.S. Census Bureau, Census On the Map, 2022.

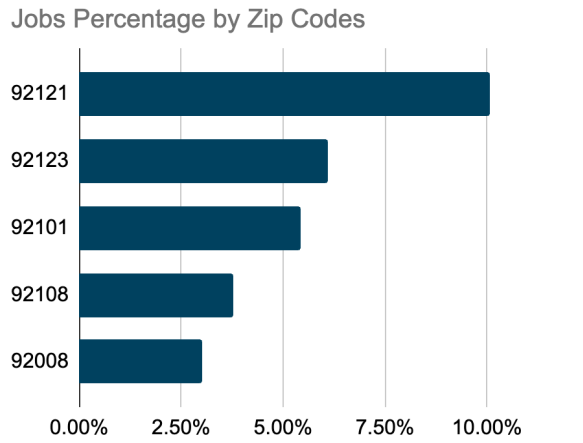
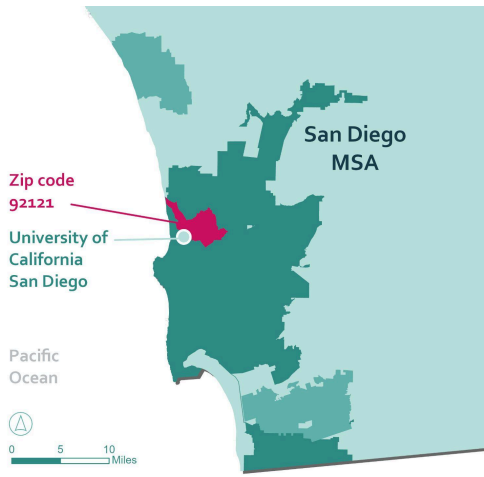


Fig. 7 – The location of zip code 92121 Fig. 8 – Job Share by Zip Codes in San Diego MSA

### Percentage of Top 3 most jobs in 92121

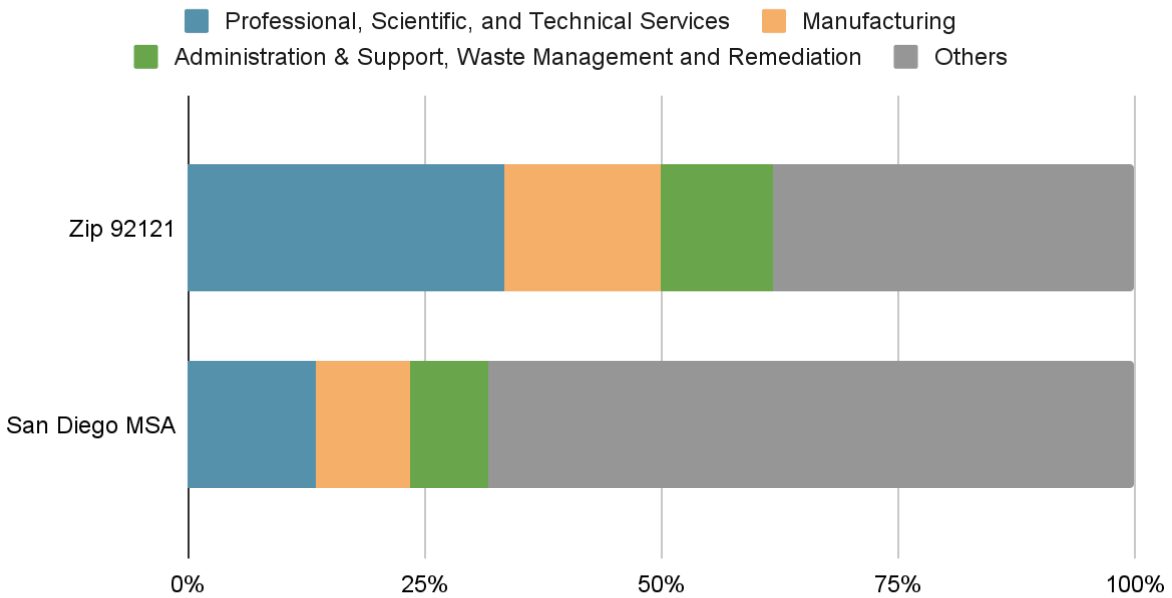
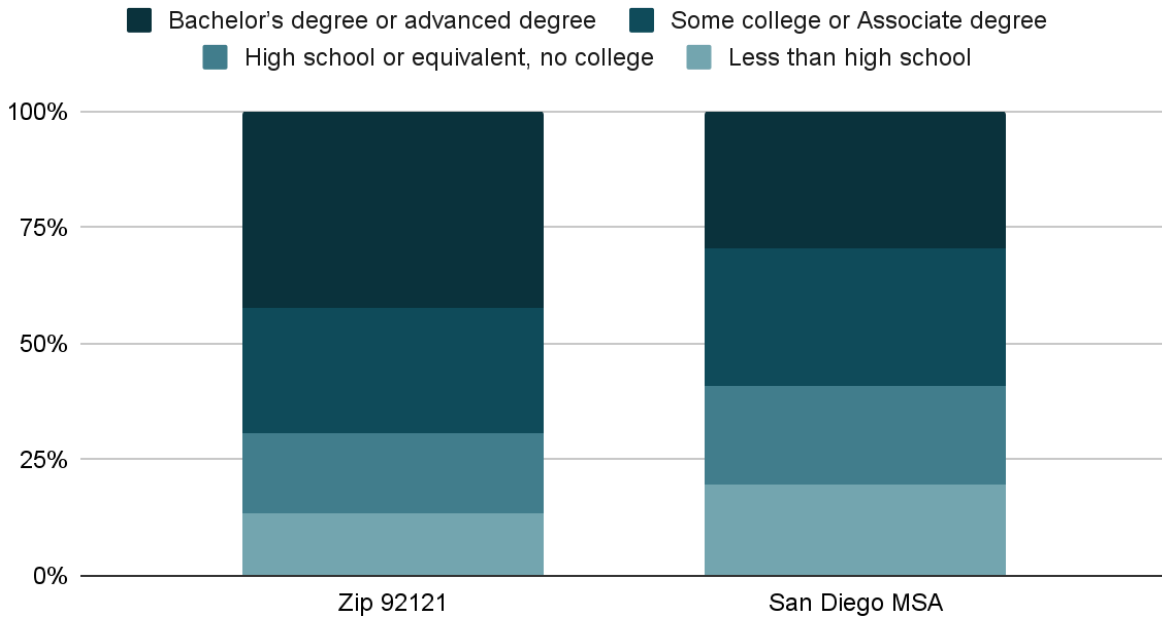


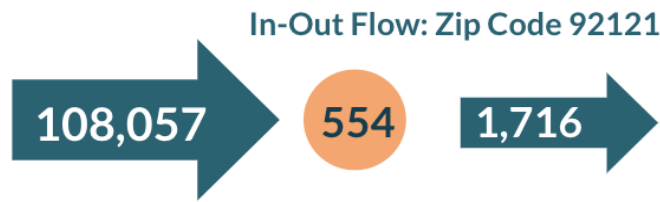
Fig. 9 – Percentage of job categories in Zip 92121 and MSA

## Education Percentage of Workers in 92121 and MSA

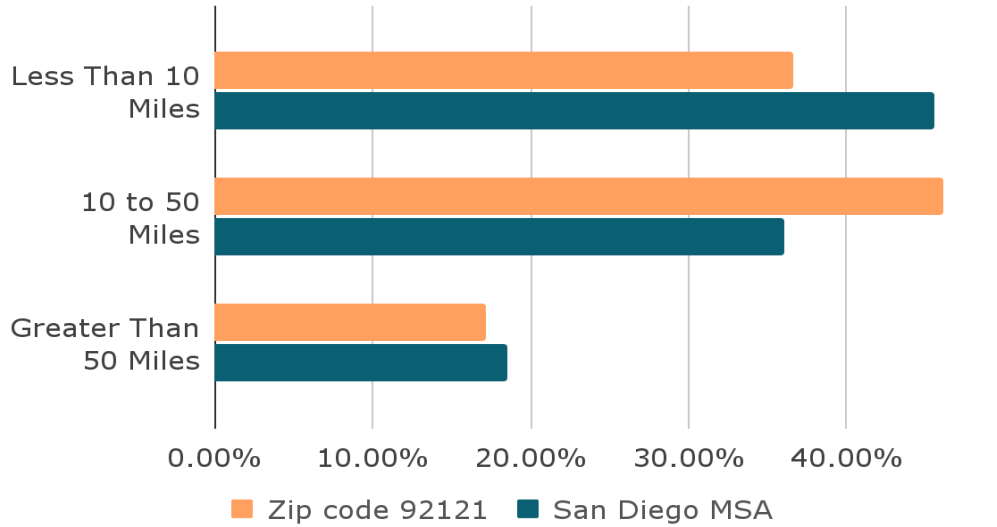


**Fig. 10 – Worker’s Education by Percentage**

As the most significant employment hub in San Diego MSA, it has an inflow of more than 108,000 workers every day in 2022, and only around 2,000 workers live inside the zip code and can commute a short distance (Fig. 11). Still, more than half of people commute from places more than 10 miles away. This trend parallels the metropolitan situation where many people commute a long distance (Fig. 12). Regarding where workers in 92121 live, only 46.5 % live in San Diego City, and 30% live in the rest of the metropolitan area (Fig. 13). The rest, 23.5%, live outside of the metropolitan area and might work from home or need to commute several times. According to the 2023 ACS one-year estimate, approximately 70% of workers commute by car; currently, less than 2% commute via public transit (2023 ACS 1-Year Estimate). This low percentage of public transit is also related to insufficient service and public transportation infrastructure. In the SANDAG Plan Draft2025, people constantly need more frequent services and connections to job centers (9). It would take much time to commute to job centers, especially for people who do not own vehicles and live far away from job centers like 92121.

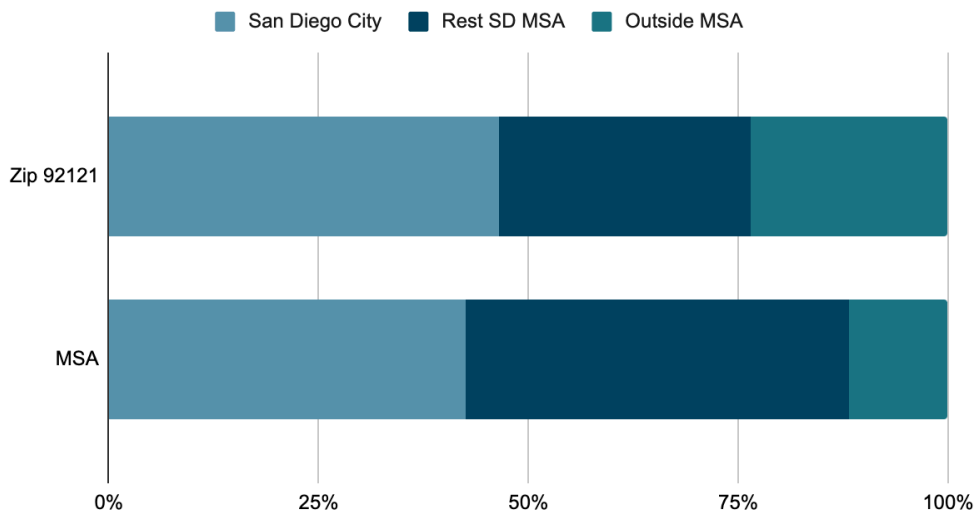


**Fig. 11 – In/Out Flow in 92121**



**Fig. 12 – Commute Distance**

**Where Workers live (Zip 92121 vs MSA)**

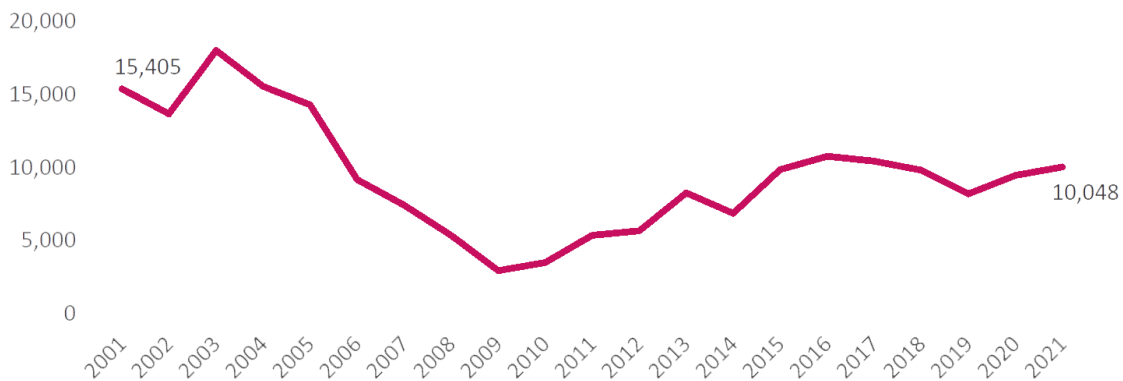


**Fig. 13 – Workers’ Living places by percentage (92121 vs. MSA)**

Housing availability and burden play a significant role for workers. Where the worker’s line determines the commuting distances, this part would examine San Diego’s housing availability and housing burden related to equitable development for affordable housing. The high cost of housing in San Diego would cause a heavy burden on people’s other expenses, such as purchasing cars. Such a situation may displace low-income groups who live far away from job centers and spend much time on long-distance commutes.

### (In)Equity in Housing Availability and High Cost Burden

San Diego County’s housing inequity is evident in rising costs and limited availability. The average home price in San Diego reached **\$935.1K** in 2024, reflecting a **5.4%** increase from the previous year, compared to California’s average of **\$771.1K**, which rose by **3.7%**<sup>20</sup>. For renters, asking rents in San Diego County increased by **1.6%** between Q4 2022 and Q4 2023<sup>21</sup>, further highlighting the region’s cost burden exceeding state averages. At the same time, housing availability remains insufficient, particularly for low-income renter households, with approximately **134,537** families unable to access affordable housing. Although annual residential building permit approvals began to recover post-2009, progress stagnated after 2015, with approvals reaching just **10,048** in 2021—far below the 2002 peak of **15,405**.



**Fig 14 - Annual Residential Building Permit Approvals (U.S. Census Bureau)**

This stagnation largely stems from the conflict between high construction costs and insufficient funding. State and federal support for housing production in San Diego County

<sup>20</sup> Zillow, Zillow Home Value Index (ZHVI), accessed Dec 10, 2024, <https://www.zillow.com/research/data/>.

<sup>21</sup> City of San Diego, 2024 Annual Report on Homes, accessed Dec 10, 2024.

<https://www.sandiego.gov/sites/default/files/2024-07/2024-annual-report-on-homes.pdf>

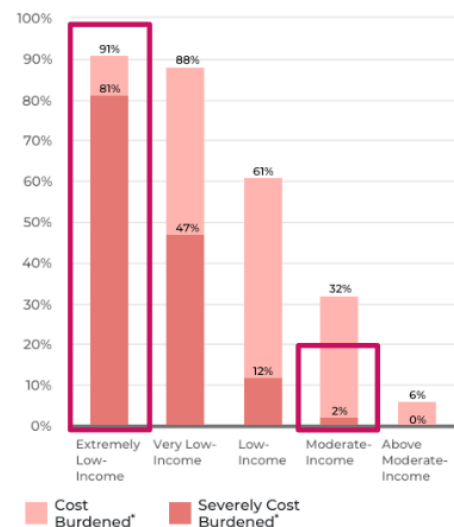
declined by 13% year-over-year<sup>22</sup>, directly impeding project progress. Without resolving these systemic challenges, the inequity in housing costs and availability will continue to worsen, disproportionately affecting low-income families. The excessive cost burdens, combined with homeless risk and inequitable access, are negatively impacting San Diego's economic development by limiting workforce stability and increasing economic disparities.

The high cost of housing can significantly hinder economic development, as companies and workers may hesitate to relocate to areas with such expenses. Additionally, workers in the county have reduced disposable income to contribute to the local economy and face limited savings to fall back on during financial disruptions.

**Fig 15 - 2022 San Diego County Population Ratio of Housing Burden by Income Level (PUMS 2022)**

Housing cost burdens in San Diego County were disproportionately concentrated among lower-income households. In 2022, among highly low-income residents ( $\leq 30\%$  AMI), 91% were cost-burdened, with 81% severely burdened. Very low-income households (31-50% AMI) faced similar challenges, with 88% cost-burdened and nearly half severely impacted. The burden decreased with rising income levels, affecting 61% of low-income (51-80% AMI) and 32% of moderate-income households (81-120% AMI), with only 2% of the latter severely burdened.

Above-moderate-income residents ( $>120\%$  AMI) were minimally affected, with just 6% cost-burdened. This underscores the severe housing affordability crisis for low-income populations. Beyond limiting relocation and disposable income, severe housing cost burdens in San Diego County increase reliance on public assistance, exacerbate workforce shortages, and deepen economic disparities. Addressing affordability is crucial for sustainable and inclusive growth.



<sup>22</sup> 2024 San Diego Housing Report.



- **For Renters**

Roughly half of San Diego County residents are renters, and many (48.8%) of renters spend 35% or more of their income on housing expenses (2023 ACS 1-Year Estimate). It means they need to earn **2.8 times** the minimum wage to afford the average asking rent in San Diego County (2024 San Diego Housing Report).

- **For Owners**

30% of homeowners with a mortgage (15% of homeowners without a mortgage) spend 35% or more of their incomes on housing (2023 ACS 1-Year Estimate).

### *Homeless Risk*

With high housing costs comes an increased risk of homelessness. In 2022 - more than **8,400 people**, and in 2023 - more than **10K people** are experiencing homelessness. In 2022, **134,537** low-income renter households cannot afford an affordable home. Despite increasing needs, only 9,226 beds were available in interim and permanent housing programs, reflecting a severe shortfall.

Homelessness disrupts local economies by straining public resources for shelters, healthcare, and social services. It reduces workforce stability and productivity, as affected individuals struggle to regain employment. Additionally, homelessness affects community safety, deters investment, and dampens consumer activity, making it a significant barrier to sustainable economic growth.

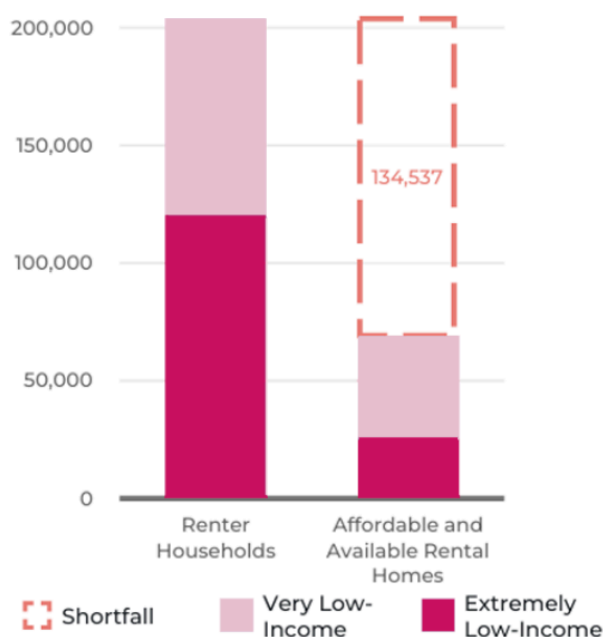


Fig. 16 - Low-income renter households in

## San Diego County Do Not Have Access to an Affordable Home (PUMS 2022)

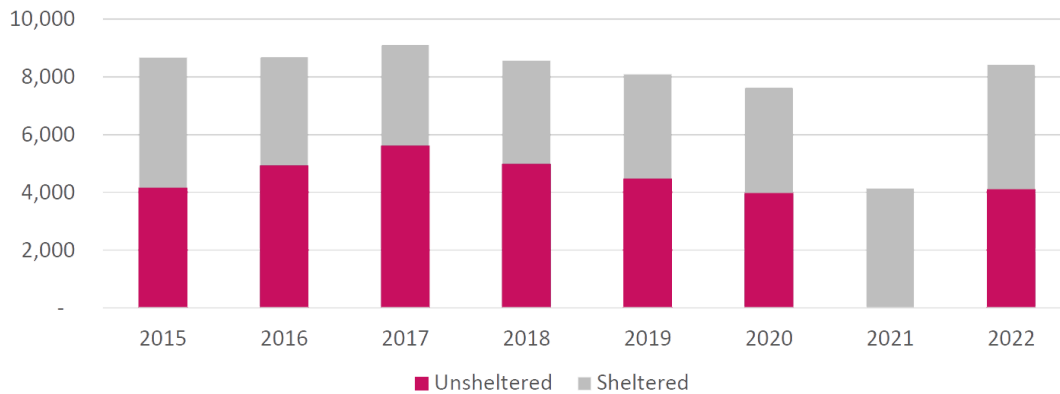


Fig. 17 - Sheltered and Unsheltered Counts of Those Experiencing Homelessness and available Programs (Data from San Diego Regional Task Force on Homelessness)

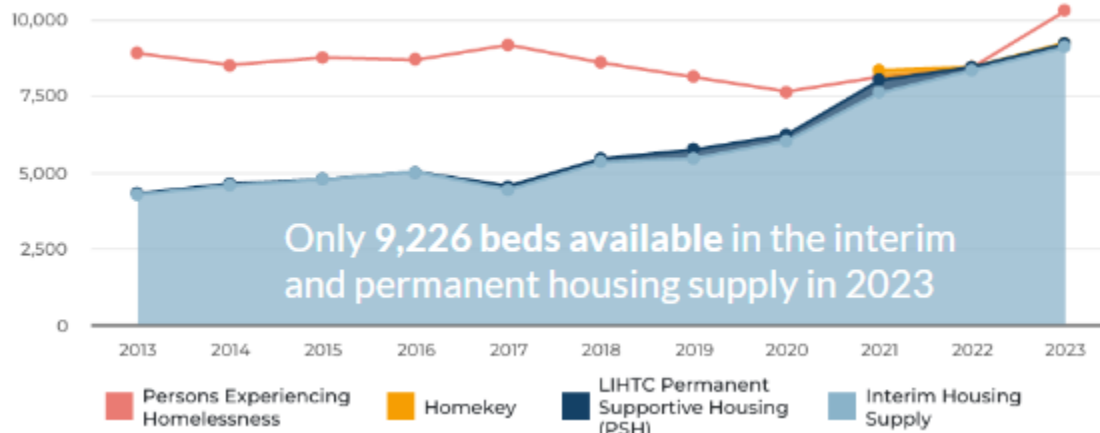
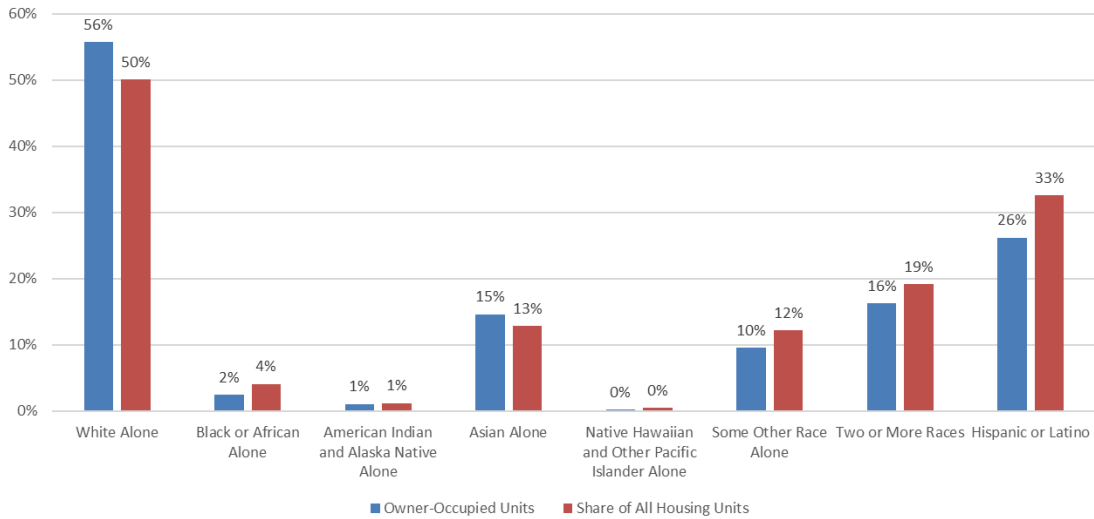


Fig. 18 - Beds Provided by Existing Programs and the Persons Experiencing Homelessness (2024 San Diego Housing Report)

### *Inequitable Access by Demography*

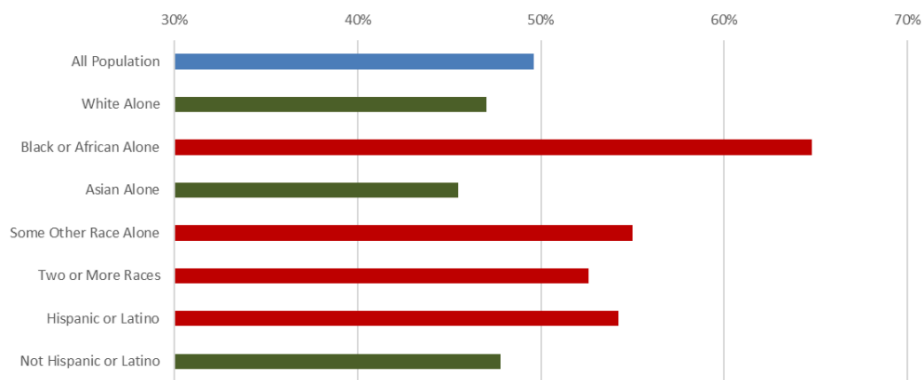
Housing equity is a critical dimension of socioeconomic equity, yet significant disparities exist across racial and ethnic categories in San Diego County. Homeownership, a primary vehicle for wealth creation, varies widely, with Hispanic or Latino households accounting for only 26% of owner-occupied units despite making up 33% of all occupied housing units. Black or African American residents and individuals identifying as "Some Other Race" also face disproportionately low homeownership rates. These disparities highlight systemic barriers to housing access and wealth accumulation.



**Fig 19 - Share of Owner-Occupied Units by Race and Ethnicity (2023 ACS 1-year Estimate)**

Furthermore, the housing cost burden—defined as households spending more than 30% of their income on housing—disproportionately affects minority groups. Black or African American residents, Hispanic or Latino residents, and those identifying with multiple or other racial categories experience higher housing burdens compared to the general population. These inequities exacerbate financial instability and limit opportunities for upward mobility, perpetuating cycles of economic disparity.

Addressing housing inequities is essential not only for promoting social justice but also for fostering broader economic resilience. Equitable access to affordable housing enables wealth building, reduces financial vulnerability, and enhances the overall economic participation of historically marginalized groups.



**Fig 20 - Percent of People in Cost-Burdened Households by Race/Ethnicity in San Diego County (2023 ACS 1-year Estimate)**

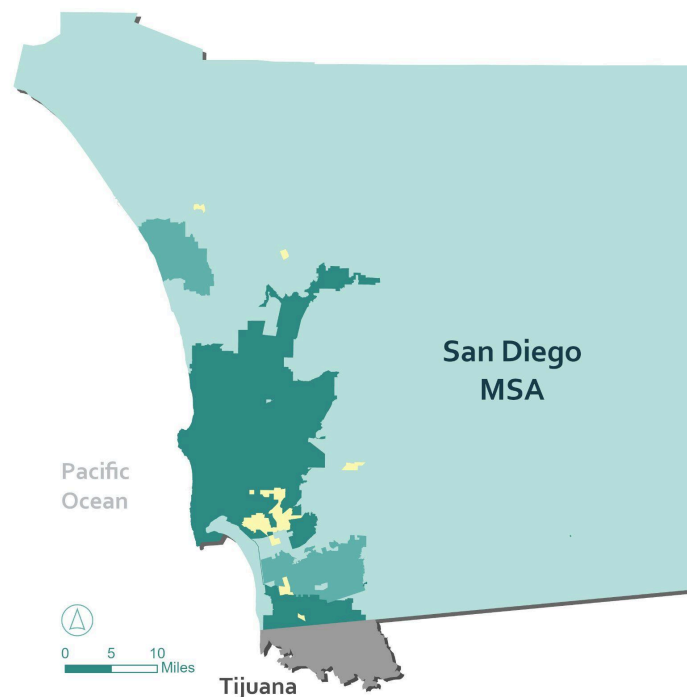
## *Inequitable Access by Geography*

San Diego County's affordable housing distribution highlights significant geographic inequities, with notable construction activity concentrated in Opportunity Zones near the border areas of San Diego City. Despite these developments, there is a lack of comprehensive coverage in low-income inland communities such as Escondido and El Cajon. Urban center areas of San Diego exhibit relatively limited affordable housing availability, which exacerbates reliance on public transportation for access to housing options. This uneven distribution underscores disparities in addressing housing needs across different regions of the county, with some areas being underserved despite evident socioeconomic challenges.

## **Opportunity Zones**

Since commuting and housing are both significant problems towards equity, which might generate gaps in business opportunities in San Diego MSA. Hence, Opportunity Zones would be meaningful to dive deeper to seek for economic development potential. They were developed to incentivize taxpayers to invest in these low-income and distressed areas. According to the CEDS, the opportunity zones experience low median household income and less labor force participation (Fig. 21 ). Such conditions suggest potential in labor force development and investment for economic opportunities.

Additionally, existing projects towards the opportunity zone also showcase the importance of equity and development. Some minority-led real estate developers like Mosaic are dedicated to engaging women and minority owned businesses during construction, leasing and operations.



**Fig. 21 - San Diego Opportunity Zones (In Yellow)**

## Strategy Evaluation

### *Strategy 1 – Support Talent Development for San Diegans of All Backgrounds*

- *Objective 1 - Make high-quality employment opportunities more accessible to individuals regardless of background.*

### *Strategy 2 - Increase Economic Opportunities for Underserved Communities, Populations, and Areas within San Diego County*

- *Objective 2 - Assist in private investor attraction within the San Diego Promise Zone and the Opportunity Zones throughout the county*

In the CEDS, there are two strategies highlighting equity for economic development. Our analyses complicate such strategies and associate existing projects to further development. In response to the strategies, there are three existing projects relevant to address commuting, housing issues. We propose some extension for these projects to achieve further goals.

To begin with, the The San Diego Association of Governments (SANDAG) regional plan has prioritized equitable transportation access. In terms of long commuting time due to higher housing costs, such a plan focuses on expansion of public transit options in underserved areas, subsidized transit passes for low-income residents, and infrastructure improvements for biking and walking in low-income neighborhoods. The proposed additional intervention includes Transit-Oriented Development (TOD) for Equity to highlight affordable housing and community amenities near transit hubs to save workers' commuting time and improve people's accessibility to transit. For example, the TOD can partner with developers to build mixed-use, mixed-income housing near major transit stops. Such an intervention would further benefit equitable development through commuting and transportation.

The next plan is called San Diego Workforce Partnership (SDWP), which provides workforce development programs for residents of all backgrounds, focusing on job training, career counseling, and placement services. One of the programs, TechHire Program, focuses on training individuals from underserved communities for tech-related careers. Since techSince the tech industry is one of the top industries in the MSA, training for underserved communities increases opportunities for underserved communities like those in the opportunity zones. Based on that, our proposed Neighborhood-Based Training Hubs would offer more industry-specific training programs tailored to local economic opportunities,

such as healthcare, construction, entertainment etc. Such intervention would offer underserved communities equal opportunity to different industries and occupations.

Finally, the last relevant plan is San Diego Housing Commission (SDHC)'s Affordable Housing Programs, which develops and preserves affordable housing throughout San Diego County. These programs include Housing Choice Voucher Program and Workforce Housing Initiatives. In terms of supporting working families with affordable housing, we propose Affordable Housing + Workforce Integration that can co-locate affordable housing developments with workforce training centers. Through partnering with SDWP and local employers to design housing developments, underserved communities can better access on-site training programs and job placement services.

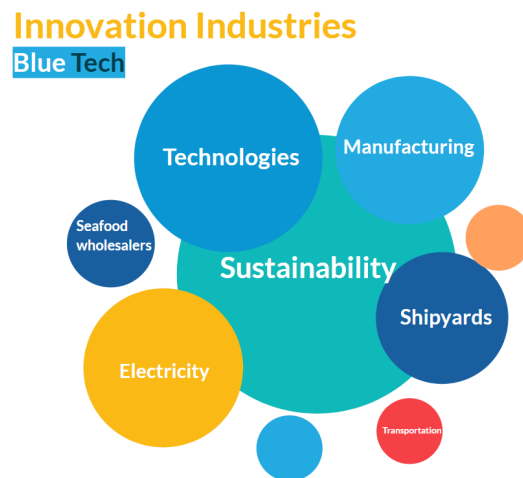


## Innovation Industries

San Diego's innovation industries are driven by a strong foundation in research and development, particularly in higher education, biotech, and technology sectors like blue tech. The region benefits from robust financial support through venture capital and financial services, which fuels the growth of startups and innovation-driven companies. Manufacturing plays a crucial role in supporting the production needs of these industries, while retail trade and export facilitate the distribution of innovative products. Additionally, the presence of the military influences technological advancements, and the creative economy contributes to the region's diverse and dynamic innovation culture, making San Diego a hub for technological and scientific progress.

### Innovation Cluster Highlight 1 - BlueTech

The BlueTech sector is a distinctive cluster within the maritime industry, focused on sustainable innovation. According to a 2020 report, San Diego's Maritime, Water, and BlueTech economy encompasses a diverse range of businesses, including seafood wholesalers, shipyards, electronics, and water treatment technologies. In 2020, there were 4,320 businesses in this sector in San Diego, generating \$16.2 billion in revenue and employing approximately 114,000 people. This accounted for 5% of all business establishments in the county and about 9% of total employment. The economic impact was \$9.5 billion in the city and \$9.9 billion countywide. As global demand for sustainable solutions rises, BlueTech offers significant opportunities for innovation, workforce growth, and economic development in San Diego's maritime and environmental sectors.<sup>23</sup>



<sup>23</sup> TBD Economics, ERISS, The University of San Diego, and TMA BlueTech. "The San Diego Maritime, Water, and Bluetech Economy in 2020." [https://uploads.ssl.webflow.com/5cfe4b2804ff07093bd09cdb/626c32091f009307150d578d\\_FINAL%20%20SD%20Maritime%20Water%20and%20BlueTech%20Economy%202020.pdf](https://uploads.ssl.webflow.com/5cfe4b2804ff07093bd09cdb/626c32091f009307150d578d_FINAL%20%20SD%20Maritime%20Water%20and%20BlueTech%20Economy%202020.pdf)

## Innovation Cluster Highlight 2 - Creative Economy

San Diego's Creative Economy encompasses both nonprofit and for-profit entities involved in producing cultural, artistic, design goods, services, and intellectual property, <sup>24</sup>making it a vital part of the city's economy. With nearly 70,000 jobs across 77 creative roles and eight occupational groups identified by the San Diego EDC, the sector is dominated by Arts, Design, Entertainment and Media, and Computer Professions, which together account for nearly 80% of these jobs. The Computer Professions group, with a median income of about \$107,000 annually, is expected to grow by 10% by 2024, while Managers, earning around \$124,000, are projected to grow by 7%. Approximately 13,000 self-employed creatives work primarily in Visual and Performing Arts. The largest sectors include Publishing and Printing, Visual and Performing Arts, and Architecture and Interior Design. Industries like Fine and Performing Art Schools, Museums, and Events exhibit strong growth potential, reflecting a dynamic and evolving market for cultural and artistic services. Digital media, Entertainment, and Publishing and Print Media contribute about two-thirds of the economic value added by creative industries. Creative firms prioritize practical experience and technical skills over formal degrees, and they are generally satisfied with the local workforce's capabilities and the city's training and networking opportunities. Overall, these businesses have a positive view of San Diego as a favorable place to conduct business, with significant growth opportunities in high-potential occupational groups.

### Strategy Evaluation

#### *Strategy 4 – Support the Growth & Resilience of San Diego County's Innovation Economy*

- *Objective 1 - Explore opportunities to break down industry silos and foster cross-pollination of inter-industry innovations, particularly in non-traditional industry partnerships, such as life sciences and hospitality or recreation and ICT (Information & Communications Technologies).*
- *Objective 2 - Utilize San Diego's innovation economy to attract other innovation and economic activity.*
- *Objective 3 - Revisit and strengthen industry-specific strategies that support key industries in the county.*

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<sup>24</sup> The City of San Diego, San Diego Regional EDC. San Diego's Creative Economy. [https://www.sandiego.gov/sites/default/files/creative\\_economy\\_study.pdf](https://www.sandiego.gov/sites/default/files/creative_economy_study.pdf)

By emphasizing cross-sector collaboration and stakeholder engagement, the plan lays a strong foundation for driving growth in emerging industries. Blue Tech is a good example of this objective to support startups and small businesses in the sustainable maritime technology sector by connecting multiple industries together. A potential flaw in these initiatives is the lack of clearly defined metrics for success and inclusivity, which could limit their ability to measure impact and ensure equitable participation across all sectors and communities.

San Diego has a unique opportunity to expand its economic growth by bringing more industries into its innovation ecosystem. Objective 2 highlights how we can achieve this by utilizing cutting-edge facilities, like the Research and Development District downtown, to attract more innovative employers and satellite offices. Additionally, fostering a stronger venture capital presence in the region will empower startups and drive cross-industry collaborations. For example, industries such as cleantech, cybersecurity, and life sciences can benefit from targeted strategies that strengthen their growth. Cleantech could focus on developing sustainable energy solutions, while life sciences might explore partnerships with telecommunications to advance healthcare technologies. To support this, ensuring a robust educational pipeline is critical, as it will provide businesses with the skilled workforce they need to thrive. However, we must also consider potential challenges, such as the need for detailed implementation plans and defined metrics to measure success. Without these, industries like leisure and hospitality may struggle to fully integrate into the innovation economy.

# Sustainability



<sup>1</sup> San Diego Tourism Authority Annual Report (Fiscal Year 2024)  
<sup>2</sup> San Diego Regional EDC, Tourism, <https://www.sandiegobusiness.org/about-the-region/tourism/>.  
<sup>3</sup> San Diego Tourism Authority 2022 Overnight Visitor Profile Summary

Fig. 22 – 3 Key Components Under Sustainability Goals

One of the key priorities that apply to all industry and overall economic development in San Diego is sustainability, though several industries are disproportionately impacted by sustainability and climate change. The key area of focus in the current pursuit of a sustainable future for San Diego consists of three components – tourism industry that is prominent in the region for generating economic benefits yet heavily reliant on natural resources, energy use related to the energy-intensive tech industry, and hazards and risks related to climate change that potentially lead to huge economic loss and indirect negative impact to workforce and damage to infrastructure.

As previously mentioned, tourism is currently bringing approximately \$22 billion economic impact and provides more than 200,000 jobs in the region.<sup>25</sup> What attracts the tourists from all over the world to this region is its impeccable natural landscape and beaches. According to San Diego Tourism Authority’s *2022 Overnight Visitor Profile Summary*, top tourist destinations are area beaches, San Diego Zoo, Balboa Park, and many other points of interest with natural scenery.<sup>26</sup> In addition to the general economic benefit, tourism also brings capital to the municipal and county governments through the Transient Occupancy Tax (TOT). Given the significance of the tourism industry in San Diego’s

<sup>25</sup> San Diego Tourism Authority, Annual Report.

<sup>26</sup> San Diego Tourism Authority, 2022 Overnight Visitor Profile Summary, <https://www.sandiego.org/about/industry-research.aspx#:~:text=Visitor%20Profile&text=Of%20the%2028.8%20million%20total,private%20home%2C%20or%20other%20accommodations.>

economic development, and given the importance of the natural environment in shaping the tourism industry, promoting sustainability especially in the tourism industry becomes one of the leading priorities.

At the same time, the county government has set aggressive sustainability goals relating to energy transition and emission. San Diego county aims to generate 90% renewable electricity for unincorporated areas (outside of the 3 municipalities) by 2030, and the City of San Diego has the net zero emissions goal by 2035.<sup>27</sup> To reach the goals, the city and county government has been pushing hard in several channels, including encouraging development in the CleanTech industry and building code revisions.

The last important piece is planning for natural hazards and risk mitigation. The San Diego region is prone to natural hazards including earthquakes, flooding, drought, and wildfires, some of which are directly linked to climate change. There has been ongoing regional effort in planning for a sustainable future, which can be exemplified by documents such as the *Multi-Jurisdictional Hazard Mitigation Plan*, published in 2023.<sup>28</sup>

## Strategy Evaluation<sup>29</sup>

### *Strategy 5 – Support the growth of high-quality, sustainable jobs that allow residents to work, live and thrive in the region*

- *Objective 1: As a region, prioritize the quality of job growth and not just the quantity of jobs in considering potential economic development strategies and investments.*
- *Objective 2: Invest in programs and prioritize strategies that support employment opportunities and career pathways with sustainable wages that provide employees the ability to live in the County without additional support or another job.*

### *Strategy 6 – Facilitate Investment in Regional Infrastructure that Supports Economic Growth, Environmental Sustainability, and Regional Resilience*

- *Objective 1: Invest in human and organizational infrastructure, which underpins the county's economic activity and support services.*
- *Objective 2: Regional collaboration, including the public and private sectors, to implement*

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<sup>27</sup> The County of San Diego, CEDS, 11.

<sup>28</sup> The County of San Diego, Multi-Jurisdictional Hazard Mitigation Plan, 2023, [https://www.sandiegocounty.gov/content/dam/sdc/oes/emergency\\_management/HazMit/2023/2023%20City%20of%20San%20Diego%20Haz%20Mit%20Annex\\_Final%20.pdf](https://www.sandiegocounty.gov/content/dam/sdc/oes/emergency_management/HazMit/2023/2023%20City%20of%20San%20Diego%20Haz%20Mit%20Annex_Final%20.pdf)

<sup>29</sup> The County of San Diego, CEDS, 21-22.

*zero-carbon activities developed through the Regional Decarbonization Framework.*

- *Objective 3: Improve regional transit as outlined in SANDAG's 2021 Regional Plan.*
- *Objective 4: Expand and enhance border connection points to facilitate the fast and secure transfer of people and goods.*
- *Objective 5: Continue to diversify and expand the county's water supply.*
- *Objective 6: Encourage and facilitate the adoption of clean technologies, including Electric Vehicles and charging infrastructure, renewable electric power generation, energy storage, and smarter and more resilient grid infrastructure.*
- *Objective 7: Plan for the impacts of climate change and invest in infrastructure that will transition the county to a low- or no-carbon economy.*
- *Objective 8: Reinforce cybersecurity infrastructure to enhance the region's economic resiliency.*
- *Objective 9: Support investments in the regional food system to expand the circular economy and align with the County's Regional Decarbonization Framework.*

Among the 9 strategies proposed in CEDS, strategy 5 and 6 are explicitly linked to the overall goal of building a sustainable future. There are two parts linked to this goal – environmental sustainability and resilience (targeted more by Strategy 5), and economic sustainability and resilience (targeted more by Strategy 6). On the environmental end, the CEDS outlined multiple large infrastructure programs related to transit and water systems. On the economic side, proposals include ones more on physical structure such as enhancing border connection points, or ones more on policy-level, such as more adoption of clean technologies or investment in programs that offer sustainable job growth. The proposed strategies are very comprehensive and require a regional effort to push forward.

Given the breadth and depth of the proposed strategies and objectives for meeting the sustainable goals, the County of San Diego seems to be determined and is on the right track. However, with limited capacity as a county government and the large scope of proposed strategies, the county government needs to prioritize and have a clearer and practical implementation plan, sequencing actions in the most logical and financially feasible way. As exemplified by the earlier discussion on tourism, economic resilience can be largely impacted by environmental resilience.



## Impact Analysis of Potential New Border Control and Tariff

	Current Condition	Projection / Threats
Physical Points of Entry and Movement of People & Goods	<ul style="list-style-type: none"> <li>Planned New Otay Mesa East (or ii) Point of Entry</li> <li>SENTRI, Cross Border Xpress (CBX)</li> <li>SD Trolley, Greyhound, etc.</li> </ul>	<p>Potential tighter border control with the new Admin impose challenges on flow of workforce, leading to increasing costs of services and goods.</p>
Policies, Tariffs, and Macro-economic Impact	<ul style="list-style-type: none"> <li>US-Mexico-Canada Agreement (USMCA): De Minimis Shipment (SME)</li> <li>Foreign-Trade Zone (FTZ) Program</li> <li>Maquiladoras (Twin Plants)</li> </ul>	<p>A 25% tariff on imports from Mexico and Canada proposed by new Admin pose threats to cross-border trading and regional economic vibrancy.</p>

Fig 23 - Current Points of Entry (POE) Near San Diego MSA

### Existing Conditions

As previously mentioned, San Diego MSA is an economic engine in the CaliBaja region, crossing the border of the U.S. and Mexico. Policies on border control and tariff are critical to flow of labor force and trade of goods and services, and would largely impact San Diego MSA, as well as neighboring urban areas' economic outlook. To take a deeper dive on existing conditions, we are examining the cross-border trade at San Diego through those happening on the ground (physical infrastructure) versus on paper (policies). (Fig. 23)

Currently, there are three land points of entry (POE) in San Diego County – San Ysidro, Otay Mesa (with a second phase expansion under construction), and Tecate, while the San Diego airport serves as a POE via air. (Fig. 24) The land entry points have existing setup for different modes of traveling, including pedestrians, vehicles, SD Trolley, and Greyhound buses, and there has been ongoing effort to fasten and ease the process of entry. For instance, the planned new Otay Mesa ii (East) Point of Entry aims to offer faster clearance with an average of 20-minute border crossing time.<sup>30</sup> At Tijuana International Airport, on the other hand, Secure Electronic Network for Travelers Rapid Inspection (SENTRI) is offered through Cross Border Xpress (CBX) program, through which the

<sup>30</sup> Otay Mesa Chamber of Commerce, "Otay Mesa II Port of Entry / State Route-11," accessed Dec 14, 2024, <https://www.otaymesa.org/projects/otay-mesa-ii-port-entrystate-route-11>.

travelers can get pre-cleared at Tijuana airport and connect to terminal in San Diego via their desired mode of traveling and avoid long waits at the border to enter the U.S.<sup>31</sup>

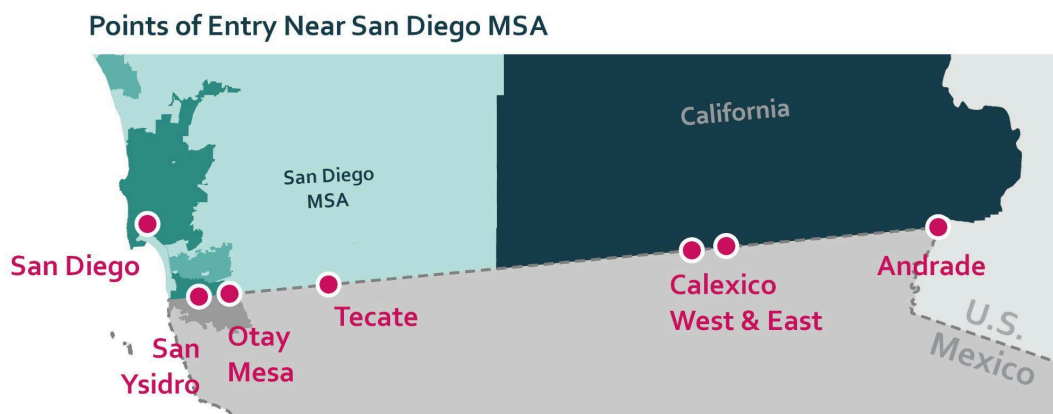


Fig 24 - Current Points of Entry (POE) Near San Diego MSA

On the other hand, the most important piece of policy work would be the US-Mexico-Canada Agreement (USMCA), which entered into force in 2020, as a substitution to the North America Free Trade Agreement (NAFTA). In comparison to NAFTA, USMCA includes articles that encourage cross-border trading, such as agreement by Canada and Mexico to raise their de minimis value levels<sup>32</sup> and allowing certain shipments to enter with minimal formal entry procedures.<sup>33</sup> At the same time, USMCA includes additional articles on intellectual property and digital trade, which may impact the tech industry in San Diego in a positive way.<sup>34</sup> In addition to USMCA, there are foreign-trade zones (FTZ) located in San Diego, which are “secure areas under U.S. Customs and Border Protection (CBP) supervision” where goods are not “subject to U.S. duty or excise tax.”<sup>35</sup> Outside the official policies, Maquiladoras, also known as twin plants, is

<sup>31</sup> Cross Border Express (CBX), “About CBX,” Accessed Dec 14, 2024, <https://www.crossborderexpress.com/en/about/>.

<sup>32</sup> De minimis value is the maximum amount of value of shipment to be exempted from paying duties as they are “too little to be significant.” It is a common express shipment exemption that encourages small-amount trade between countries. For more information, refer to the International Trade Administration’s definition: <https://www.trade.gov/de-minimis-value>.

<sup>33</sup> International Trade Administration, “USMCA vs NAFTA: Customs and Trade Facilitation,” accessed Dec 14, 2024, <https://www.trade.gov/usmca-vs-nafta>

<sup>34</sup> United States Trade Representative, “United States-Mexico-Canada Agreement,” accessed Dec 14, <https://ustr.gov/trade-agreements/free-trade-agreements/united-states-mexico-canada-agreement/>

<sup>35</sup> U.S. Customs and Border Protection, “About Foreign-Trade Zones and Contact Info,” accessed Dec 14, <https://www.cbp.gov/border-security/ports-entry/cargo-security/cargo-control/foreign-trade-zones/about>.

a conventional practice among some cross-border enterprises, where the companies administered in the U.S. are locating their manufacturing plants in the neighboring Mexico region to lower labor costs. The San Diego region, located at the border, becomes important hubs for maquiladoras to operate.

### **Projection and Potential Threats: Tariff and Border Control**

With the new administration under President-elect Trump coming in house in 2025, the future of existing policies and programs may face transformational changes, some changes such as tiger border control and higher tariff can bring negative impact to San Diego region's economic outlook, at least in the next four years.

In a recent commentary by Brookings Institution on Trump's proposed tariff policy, it is suggested that the new administration's proposal on 25% increase of tariff on Mexican and Canadian goods would have multi-layer negative impacts.<sup>36</sup> Firstly, the tariff raise ignores existing achievements and breaks promises under USMCA, leading to worsening diplomatic relations with the neighbors. Secondly, Mexican President Claudia Sheinbaum has threatened to retaliate if the tariff raise is realized, further exacerbating the bilateral relationship. Thirdly, if we turn the focus from regional or international to domestic, "imports from Mexico and Canada are the United States' first and third largest sources of imports respectively, worth over \$900 billion in 2023, and over 17 million jobs rely on trade across North America, including over 4.5 million U.S. jobs."<sup>37</sup> Overall, the tariff increase, while may be justified by some, may pose huge threats on economic and workforce development nationwide – particularly on border regions such as San Diego MSA. Taking maquiladoras as an example, since the goods are moving cross-border during different stages of the supply chain, tariff increase would largely increase the cost.

The Brookings piece concluded with "it is clear that if implemented, these tariffs will harm U.S. industry and hinder the ability of the Trump administration to address the larger geopolitical challenge presented by China."<sup>38</sup> While the final call remains uncertain, San Diego MSA, given its strategic position as a hub for cross-border trade, needs to think ahead and plan for the worst impacts from the tariff increase.

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<sup>36</sup> Joshua P. Meltzer, "Assessing Trump's proposed 25% tariff on imports from Mexico and Canada," Brookings, December 3, 2024, <https://www.brookings.edu/articles/assessing-trumps-proposed-25-tariff-on-imports-from-mexico-and-canada/>.

<sup>37</sup> Joshua Meltzer, "25% tariff".

<sup>38</sup> Joshua Meltzer, "25% tariff".

## Summary and Key Takeaways

<p style="text-align: center;"><b>Innovation Industries in San Diego</b></p>	<ul style="list-style-type: none"> <li>● Emphasizing cross-sector collaboration and stakeholder engagement between innovation industries</li> <li>● Design metrics to further track data to enhance innovation industries' development</li> </ul>
<p style="text-align: center;"><b>Immigration &amp; Cross-border Trader</b></p>	<ul style="list-style-type: none"> <li>● Further improve and increase efficiency at Point of Entry through better transportation connection</li> <li>● Ensure current competitive position as a cross-border trading hub and connecting point</li> </ul>
<p style="text-align: center;"><b>(In)Equity</b></p>	<ul style="list-style-type: none"> <li>● Highlight transportation equity to prioritize equal access to job opportunities</li> <li>● Encourage equitable workforce development through co-location of affordable housing and revitalization of underserved neighborhoods</li> </ul>
<p style="text-align: center;"><b>Sustainability</b></p>	<ul style="list-style-type: none"> <li>● Enhance environmental resilience and sustainability through actions like adoption of clean energy, which will also help avoiding economic loss from hazards</li> <li>● Create and secure more permanent jobs in key sustainability related sectors</li> </ul>

**Fig 25 - Table of Key Takeaways by Themes / Sectors**

Through our existing conditions overview of San Diego MSA, San Diego features highly educated work, a diversified immigrant population, and innovation potential. In our analysis, we center the four key aspects to reflect on the facts and trends to develop CEDS's strategies to reach our vision of building an equitable, innovative, sustainable, and economically competitive San Diego.

Our key takeaways above suggest a comprehensive proposal for updating economic strategies for future development. At the same time, regional efforts and practical implementations significantly benefit the community and metropolitan area. Also, staging priorities into different phases facilitates the implication in the long term. More importantly, such strategies need revisions based on new political administrations that might have bargaining power over tariffs and border control. The local authority and economic department should notice new policies and consider potential threats through detailed plans and revisions.

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