



Industry Overview: Impact of the Palisades Fire

This section provides a summary of the impact of the Palisades fire on businesses in the area. It includes a breakdown of the business effected, and the predominant industries within the fire zone. The Palisades fire burned 23,707 acres, destroying 5,546 residences, 1,117 infrastructure sites, 102 commercial properties, and 57 schools and churches. The destruction of residential properties has worsened housing displacement, while damaged utilities and infrastructure will delay rebuilding efforts. Small businesses in commercial zones face heightened closure risks, with Sunset Boulevard among the hardest-hit business corridors.

The Palisades fire also created significant short-term economic turmoil, particularly for housing, small businesses, and service-oriented industries. However, strong job sectors, high-income industries, and government stability offer opportunities for recovery. Rapid rebuilding, strategic financial relief, and workforce retention efforts will be essential to stabilizing the regional economy and ensuring long-term recovery. Locations affected by the fire were identified based on the geographic boundaries of the Palisades Fire Area.¹ Additional information on businesses in the region was obtained from EconoVue.²

- **Economic and Business Impacts**

- Businesses in the Palisades Fire Area generated \$731.3 million annually, with total revenue increasing to \$1.5 billion when including the buffer zone.
- The area employed 6,895 workers, with most businesses being small-scale operations, averaging four employees.
- Industries that rely on in-person interactions—such as retail, hospitality, and food services—are at the greatest risk of prolonged disruptions.
- Nearly half of all businesses were founded within the last decade, making them more vulnerable to financial instability and extended closures.

- **Key Industries Affected**

- Professional, Scientific, and Technical Services (14,860 jobs) are expected to recover faster due to high remote-work adaptability but may experience short-term disruptions.
- Health Care and Social Assistance (12,767 jobs) will be essential to the region's recovery, as demand for outpatient services (+14.9%) and home health care (+20.2%) was already increasing before the fire.
- Government Employment (11,311 jobs) should remain stable, though declining tax revenues could strain local budgets and impact public services.
- Accommodation and Food Services (11,178 jobs) face severe economic challenges, with recovery depending on tourism resurgence and business rebuilding efforts.

- **Regional Economic Trends**

- The fire may worsen ongoing population declines. Between 2018 and 2023, the area's population declined by 13,255 residents, and based on 2023 data, projections anticipated an additional decline of 12,754 residents even before accounting for the fire.
- Despite prior job growth in the region (+3,219 jobs from 2023-2028, with a projected increase of 5,919), fire-related disruptions may delay these gains.
- The region's high-wage industries (\$94,669 average per job) may offer some economic resilience, though recovery will be uneven across sectors.

¹ The ZIP codes included in this analysis are 90049 (Los Angeles), 90265 (Malibu), 90272 (Pacific Palisades), 90290 (Topanga), 90402 (Santa Monica), 91302 (Calabasas), and 91356 (Tarzana).

² The EconoVue platform uses ZIP Code Tabulation Areas (ZCTAs), geographic approximations of ZIP Codes created by the U.S. Census Bureau for data analysis. Unlike ZIP Codes, which the USPS assigns for mail delivery, ZCTAs may combine multiple ZIP Codes based on population density and census block boundaries.

- **Recovery and Policy Concerns**

- Housing costs will increase, as displaced residents compete for rentals in already high-cost areas.
- Immediate state and federal intervention will be necessary, including expedited insurance claims, small business grants, and temporary housing assistance.
- Professional services, healthcare, and construction will play key roles in economic stabilization, helping mitigate job losses and support rebuilding efforts.
- Targeted financial aid should focus on at-risk sectors, particularly retail, food service, and tourism businesses, to prevent long-term closures.

Damage to Structures

The Palisades Fire burned approximately 24,707 acres, leading to significant structural damage across residential, commercial, and infrastructure properties. Residential buildings accounted for the largest share of the damage, with 5,546 residences destroyed. With 851 additional residences damaged or affected, worsening housing affordability and displacement issues in high-cost areas like Malibu, Pacific Palisades, and Santa Monica. Even minor structural damage can make homes uninhabitable due to smoke, water damage, or utility failures. Damage such as this may have significant impacts on current jobs as well as job growth in the immediate and wider area.

Utilities suffered damage, with 1,117 infrastructure and utility structures sustaining damage, which may exacerbate the disruption of power, water, and emergency services. Commercial structures were significantly impacted, with over 100 properties suffering damage or destruction, especially on the historic Sunset Boulevard.

Smaller businesses face the greatest risk of permanent closure. Larger businesses with other locations throughout the county, state, or even nation, may be more resilient giving them a better position to make it through the rebuilding period. The pace of economic recovery in the wake of the fire is closely tied to how quickly businesses and residents can rebuild. The timeline for this process is heavily influenced by the speed of insurance payouts, the level of government assistance, and the availability of construction labor.

Governor Gavin Newsom addressed the recovery efforts, noting that the cleanup process alone could take anywhere from nine months to a year to complete.³ Other officials suggest that the full two-phase cleanup operation, which includes debris removal and hazardous material mitigation, may take longer before large-scale rebuilding efforts can truly begin.⁴

Exhibit 1. Estimated Damage to All Structures⁵

Palisades Fire Area	Destroyed	Major Damage	Minor Damage	Affected	No Damage
Residential	5,546	60	144	647	3,465
Infrastructure & Utility	1,117	10	21	94	610
Commercial	102	1	6	25	96
Schools & Churches	57	4	1	3	48
Total, All	6,822	75	172	769	4,219

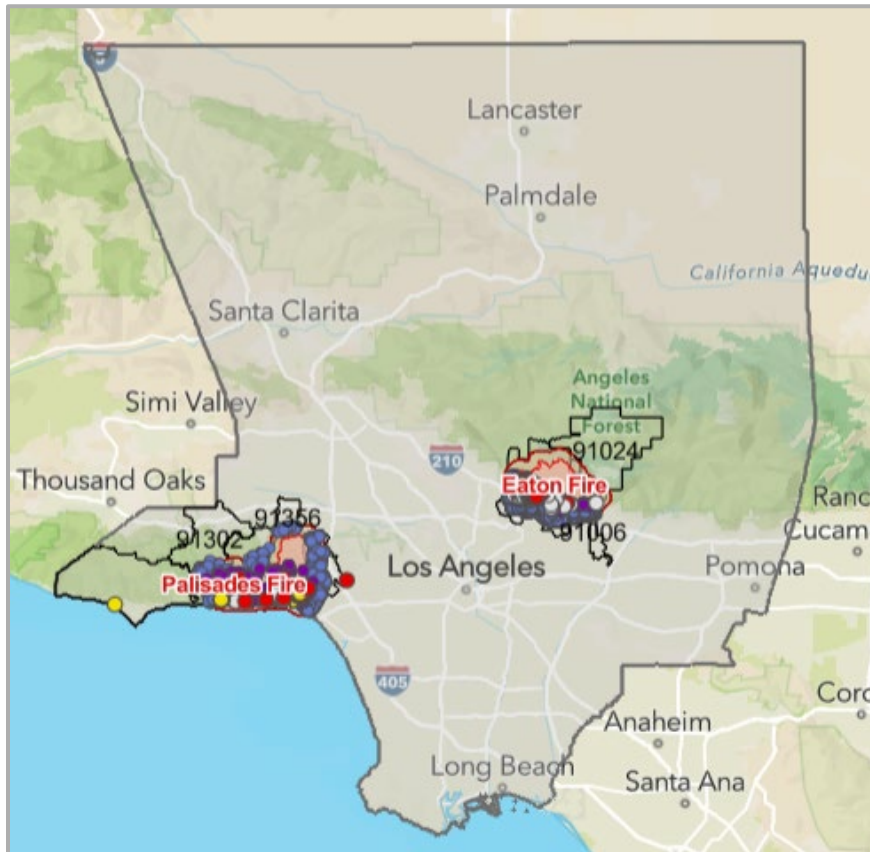
³ NBC News. (2025, February 3). Clearing debris after California wildfires could take 'nine months to a year' [Video]. YouTube. <https://www.youtube.com/watch?v=IBeKMGpca5E>.

⁴ Chad Terhun, "Environmental workers race to clear toxic debris left by LA fires," Reuters, January 31, 2025, <https://www.reuters.com/world/us/environmental-workers-race-clear-toxic-debris-left-by-la-fires-2025-01-31/>.

⁵ Sean Greene, Sandhya Kambhampati, Colleen Shalby & Noah Haggerty, "Mapping the damage from the Eaton and Palisades fires," LA Times, January 27, 2025, <https://www.latimes.com/california/story/2025-01-16/mapping-los-angeles-damage-from-the-eaton-and-palisades-fires-altadena-pasadena.>; UPDATED 9:03pm 1/27/25.

Exhibit 2. Map of the Palisades Fire Area

Click on the map image below to view the online, interactive version. ⁶



Impact on Palisades Business Community

The Palisades Fire has caused severe destruction throughout the community, consuming not only homes and natural landscapes but also iconic sites that held deep cultural, historical, and communal significance. These landmarks were more than just physical spaces—they were cherished symbols of the community's identity, history, and shared experiences. Some of the notable losses include:⁷

- **Rosenthal Wine:** Tasting Bar and Patio, a beloved ocean-view wine bar in Malibu.
- **Reel Inn Malibu:** A rustic seafood institution since the 1980s, embodying Malibu's coastal charm.
- **Will Rogers State Historic Park:** The ranch house museum of the famed humorist, an irreplaceable link to California's past.
- **Topanga Ranch Motel:** Once owned by William Randolph Hearst, a historic gem offering a glimpse into Old Hollywood.
- **Caffe Luxxe:** Palisades Village's stylish hub for connection, known for artisanal coffee and community gathering.

⁶ Note: This map details the region impacted by the Palisades Fire. It contains the Fire Impact Zone as well as a 1-mile buffer zone of the surrounding area. Businesses are shown within this region. <https://arcg.is/ODWrWi>

⁷ Daniel Miller, "In 'a mass erasure of heritage,' numerous historic landmarks lost in LA," LA Times, January 12, 2025, <https://www.latimes.com/california/story/2025-01-12/landmarks-lost-palisades-and-eaton-fires>; Dean Fiorese, "Palisades Fire destroys beloved restaurants, landmarks and schools along LA County coastline," CBS News, January 9, 2025, <https://www.cbsnews.com/losangeles/news/palisades-fire-strong-wind-la-county-landmarks-burned/>; Gab Chabrán, "Many iconic LA restaurants, coffee shops and bars have been lost to the fires. Here's how to help them," LAist, January 10, 2025, <https://laist.com/news/food/malibu-and-altadena-communities-face-the-loss-of-much-loved-eateries>.

- **Theatre Palisades:** A cornerstone of local arts since the 1960s, fostering creativity among residents.
- **Robert R. Blacker House:** Perched atop Sunset, this architectural treasure offered sweeping views.
- **Andrew McNally House:** A Queen Anne mansion on the National Register of Historic Places.
- **Palisades Business Block:** Built in 1924, this Spanish Colonial Revival shopping plaza was an integral part of the neighborhood's character.

To arrive at these estimates fire maps from www.fire.gov were compared to the most current Google Maps listing businesses in the Palisades Fire Area based on business location and photographic evidence of fire damage. Some of the identified impacted buildings were matched with business records from EconoVue's data set to provide additional contextual information.⁸ Additional information was compiled through local news articles.

Business Activity

The Palisades Fire affected businesses in different ways and this may depend on their size, industry type, and operational model. Businesses in the Palisades Fire Area generated \$731 million in annual sales, this number doubles when including the businesses in the buffer zone (one mile outside the fire zone), which generated \$1.5 billion. The average gross sales per business within the fire zone was \$426,691 and \$370,106 when including the buffer zone. Despite higher average revenues, smaller businesses face greater financial vulnerability due to prolonged closures and property losses.

Exhibit 3. Gross Sales for Businesses⁹

Gross Sales	Palisades Fire Area	Buffer Zone
Sum	\$731 million	\$2.3 billion
Avg	\$426,691	\$370,107
Min ¹⁰	\$2	\$2
Max	\$205.8 million	\$205.8 million
Median	\$131,879	\$133,700

Industry Employment

The Palisades Fire Area accounted for 6,895 jobs, which increased to 15,959 when including the buffer zone. The area is composed of mostly small-scale operations averaging four employees per business. The large number of businesses with few employees may suggest owner-operated (self-employment) or other micro-business operations (495 sole proprietors and 617 businesses with two employees). This has the potential of making recovery more challenging. In addition, nearly half of these businesses were founded in the last 10 years, marking what could be a harder position to recover from than larger, more established firms.

Exhibit 4. Count of Firms by Size of Employment

Employees Per Firm	Palisades Fire Area	Buffer Zone
0 employees	9	31
1 person	495	1,132

⁸ Request the "Compiled List of Impacted Businesses" file for full business listings from the COE.

⁹ EconoVue, Dun & Bradstreet, www.dnb.com, January, 2025EconoVue dataset. Buffer zone expands one mile beyond Fire Impact Zone; totals represent Zone plus buffer.

¹⁰ The min-max range of gross sales in this area based on the Econovue data is significantly larger than in the Eaton fire analysis. To learn more about the data set and get access to more detailed data, contact the LA COE.

Employees Per Firm	Palisades Fire Area	Buffer Zone
2 employees	617	1,547
3 employees	293	645
4-10 employees	323	739
11-100 employees	57	515
>100 employees	4	6
Total, All Firms	1,798	4,251

Total Jobs	6,895	15,959
Average # of Jobs per Firm	3.8	3.8
Share of Firms with 0-10 Jobs	97%	88%
Share of Firms with more than 10 Jobs	3%	12%

Exhibit 5. Age of Businesses¹¹

Year Founded	Age	Palisades Fire Area	Buffer Zone
1882-1922	102+ years old	0	0
1923-1960	65-102 years old	13	28
1961-1994	31-64 years old	241	481
1995-2004	30-21 years old	233	541
2005-2011	20-14 years old	457	1,141
2012-2017	13-18 years old	536	1,263
2018-2024	>7 years old	241	620
No Date		77	177

Commuting and Remote Work

The operational nature of the businesses may influence the degree of impact they will experience. A clear majority of businesses allow for remote work, potentially making them more resilient to disruption. An additional 687 businesses require either a central location or require contact, making them at higher risk of extended disruption due to post-fire conditions.

Exhibit 6. Industry Disruption Category

	Palisades Fire Area	Buffer Zone
Delivery-based Retail	9	23
Essential Products/Services	227	558
Product/Service Requires Contact	394	864
Remote Work is Possible	875	2,137
Workforce Must be at a Central Location	293	669

¹¹ Source: EconoVue dataset. Buffer zone expands one mile beyond Fire Impact Zone; totals represent Zone plus buffer.

Exhibit 7. NAICS for Buildings in Fire Area and Surrounding Area

NAICS	Industry	Palisades Fire Area	Buffer Zone
54	Professional, Scientific, & Tech. Services	407	926
62	Health Care and Social Assistance	185	434
56	Admin./Support/Waste Mgmt./Remediation	151	400
44-45	Retail Trade	147	333
81	Other Services (except Public Administration)	142	341
51	Information	141	302
53	Real Estate and Rental and Leasing	140	335
23	Construction	113	215
52	Finance and Insurance	81	249
71	Arts, Entertainment, and Recreation	72	175
61	Educational Services	54	100
72	Accommodation and Food Services	51	135
42	Wholesale Trade	48	120
31-33	Manufacturing	31	94
55	Management of Companies and Enterprises	11	34
48-49	Transportation and Warehousing	10	28
11	Agriculture, Forestry, Fishing and Hunting	6	15
92	Public Administration	6	11
21	Mining, Quarrying, and Oil & Gas Extraction	2	2
22	Utilities	0	2

Economic Overview

The Palisades Fire likely heightened current economic trends in the area. The area was already experiencing population decline, with 13,255 individuals having left from 2018-2023, and projected to contract by 12,754 residents from 2023-2028. Despite these population changes, there were 3,219 jobs gained from 2018-2023, with an expected increase of 5,919 more jobs from 2023-2028. In both cases, the fire will likely alter these projections.

Exhibit 8. Fire Area Compared to Other Regions¹²

	Palisades Fire Area	LA Fire Region	LA County	Previous Expected Change in Palisades Area
Population (2023)	134,823	496,902	9,625,393	Population decreased by 14,955 from 2018 to 2023 and is projected to decrease by 12,716 over the next 5 years.
Total Regional Employment	109,077	248,783	5,199,12	Jobs decreased by 845 from 2018 to 2023 but are projected to grow by 3,581 over the next 5 years.
Avg. Earnings Per Job (2023)	\$94,669	\$86,248	\$91,171	Regional average earnings per job are \$428 above the national average earnings of \$83,315 per job.

The Palisades Fire area's economy is shaped by several key industries, each facing unique challenges and opportunities in the aftermath of the disaster. Jobs in the area are led by these four industries:

¹² Data from Lightcast Economic Overview.

Professional, Scientific, and Technical Services (14,860 jobs)

This is the largest sector represented in this region, however, there is the potential for this sector to be able to withstand the disruptions from the fire due to the ability for these businesses to provide their services remotely.

Health Care and Social Assistance (12,767 jobs)

Health Care and Social Assistance are likely to play a key role in recovery. Healthcare is a necessity and is expected to remain in high demand through these turbulent times. Major disruption may be felt where individual practices experienced high fire damage.

Government (11,311 jobs)

Government employment can be a stabilizing force during economic crises, providing consistent jobs and funding for public services, however, there may be budgetary constraints if tax revenues decrease from reduced economic output. Government employment, however, will likely remain largely stable with some additional recovery-related hiring.

Accommodation and Food Services (11,178 jobs)

This industry, including hotels, restaurants, and bars, will potentially be one of the hardest hit by the fire. The destruction of tourism hubs, temporary population loss, and damage to hospitality related infrastructure may pose serious challenges. Reduced consumer demand and access may extend the disruption. Prolonged closures will create additional hurdles for recovery. Some locations in the nearby vicinity may see increased demand from displaced residents and workers.

Other sectors with a strong employment presence include Administrative and Support and Waste Management and Remediation Services, Other Services (except Public Administration), Arts, Entertainment, and Recreation, and Retail Trade. While unemployment may temporarily rise, reconstruction efforts are expected to generate a surge in construction jobs, helping offset some of the economic displacement.

Exhibit 9. Fire Area Industry Comparisons

NAICS	Industry	Palisades Fire Area	% of LA Fire Region	% of LA County	LQ
54	Professional, Scientific, & Tech. Services	14,860	65.6%	4.0%	1.93
62	Health Care and Social Assistance	12,767	32.8%	1.5%	0.89
90	Government	11,311	44.0%	1.9%	0.72
72	Accommodation and Food Services	11,178	48.7%	2.5%	1.23
56	Admin./Support/Waste Mgmt./Remediation	9,299	54.0%	2.9%	1.42
81	Other Services (except Public Administration)	8,904	44.7%	2.7%	1.64
71	Arts, Entertainment, and Recreation	6,444	74.9%	4.6%	3.35
44-45	Retail Trade	6,046	34.9%	1.4%	0.59
23	Construction	4,983	30.3%	2.3%	0.79
53	Real Estate and Rental and Leasing	4,956	66.8%	4.3%	2.59
61	Educational Services	4,597	40.0%	2.8%	1.73
52	Finance and Insurance	4,571	44.4%	3.2%	1.03
51	Information	4,402	82.7%	2.1%	2.19
31-33	Manufacturing	1,476	14.22%	0.45%	0.18
55	Management of Companies and Enterprises	1,201	46.24%	1.97%	0.73
42	Wholesale Trade	1,103	19.79%	0.54%	0.28
48-49	Transportation and Warehousing	745	14.54%	0.32%	0.16
11	Agriculture, Forestry, Fishing and Hunting	198	39.33%	3.53%	0.15
22	Utilities	28	9.78%	0.23%	0.08
21	Mining, Quarrying, and Oil & Gas Extraction	0	0.00%	0.00%	0.00

TOTAL JOBS	109,069	248,783	5,199,126
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Top 3 Growing Industries

NAICS 54 – Professional, Scientific, and Technical Services

Legal services (+9.6%) and management consulting (+11%) had great expectations for growth before the fire, while advertising and PR services (+7.7%) could benefit from increased demand for crisis management and reputation recovery. The overall high earnings in this group may help with economic resilience. Some jobs, such as those in architectural, engineering, and related services may be needed during the recovery process.

NAICS 62 – Health Care and Social Assistance

As one of the top employment sectors in the region, health care and social assistance is expected to continue to see growth. Previous estimates indicated there would be significant demand for outpatient care (+14.9%) and home health services (+20.2%). There was an expected decline in general hospitals (-3.5%) and psychiatric care (-5.4%), these jobs will be needed for the recovery process. Mental health needs will increase due to the stress and trauma of displacement, property loss, and community devastation.

NAICS 90 - Government

Local government services (education, public safety) had expected to see increases (+2.7% to +9%), as recovery efforts continue there may be a need for additional personnel in various fields such as emergency response, infrastructure repair, and public health. Some schools were damaged or destroyed in the fire and this may cause some disruption for these workers.

Conclusion

The Palisades Fire has profoundly impacted businesses, industries, and the regional economy, with recovery timelines varying based on industry type, business size, and available resources. While some high-wage sectors may experience a quicker recovery, others—particularly small businesses, hospitality, and consumer-driven industries—face an uncertain future.

One of the most immediate and far-reaching consequences of the fire is the intensifying housing crisis. The displacement of thousands of residents will lead to increased demand for rentals in already expensive surrounding areas, pushing property values and rents even higher. The Palisades, Malibu, and Santa Monica were already among the most cost-prohibitive housing markets in Los Angeles, and the destruction of homes will exacerbate affordability issues for both residents and businesses looking to rebuild.

Retail, hospitality, and service-oriented businesses may be among the hardest hit. Many of these businesses are small-scale enterprises with limited financial reserves, making them vulnerable to prolonged closures and economic downturns. The loss of tourism and temporary population displacement will further challenge the recovery of hotels, restaurants, and entertainment venues. Businesses that rely on foot traffic and in-person service face the highest risk of permanent closure.

In contrast, high-wage industries such as professional services, healthcare, and government will serve as economic stabilizers. The Palisades region has a strong base of professional, scientific, and technical service firms, many of which have remote work capabilities, potentially allowing for faster recovery. Health care services will play a vital role, particularly in outpatient care and home health services, where demand is projected to increase significantly as residents seek medical support during recovery. Government employment is expected to also remain stable, with short-term hiring in disaster recovery and infrastructure rebuilding helping to offset job losses in other industries.

State and federal intervention will be critical in preventing long-term economic downturns. Expedited insurance claims, small business relief programs, and temporary housing assistance will be essential to supporting displaced residents and struggling businesses. Additionally, financial aid targeting retail, food services, and other at-risk sectors will be necessary to prevent mass closures.

Employment trends in the region indicated long-term growth before the fire, but workforce displacement and business closures may delay recovery. While high-income industries provide some resilience, many middle- and

lower-wage workers in hospitality, retail, and service-based industries may struggle to reenter the workforce if rebuilding efforts are slow.

Ultimately, the Palisades Fire has accelerated existing economic challenges, particularly population decline, small business vulnerability, and housing affordability issues. While the region's service-heavy, high-income industry mix provides a foundation for gradual recovery, long-term stability will depend on rapid rebuilding efforts, business support programs, and workforce retention strategies. Proactive policy interventions will be necessary to ensure that both residents and businesses can recover and thrive.