

# California's Geography of Wealth



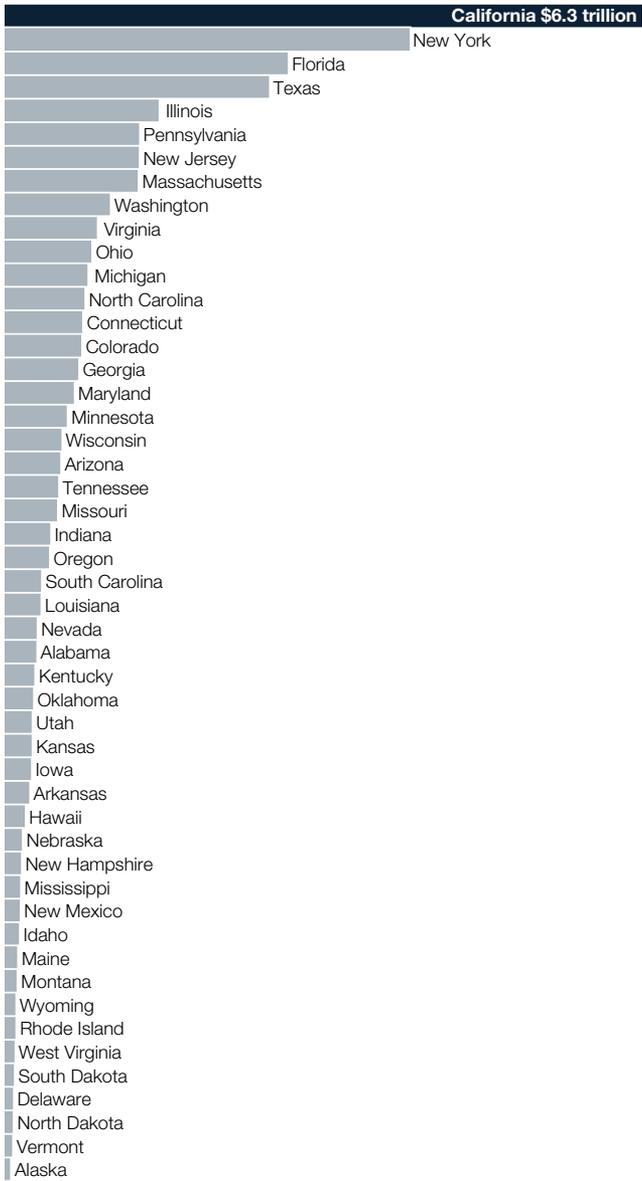
California is the wealthiest state in the nation. Despite this overall prosperity, wealth varies considerably across the state and its residents. The concentration of wealth among a small number of very wealthy individuals and households has been the topic of much research and commentary in recent years. Perhaps less discussed is the similarly uneven geographical distribution of wealth. This publication provides a short introduction to the geography of wealth in California based on data from the period 2014 to 2016.

Income and wealth are similar but distinct concepts. Income is money an individual earns or receives over a set period of time. Wealth is all of the valuable assets—such as stocks, bonds, and real estate—an individual owns. Net worth, relatedly, is an individual's wealth minus debts.

## CALIFORNIA IS THE WEALTHIEST STATE IN THE COUNTRY

Californians' net worth totals over \$6 trillion or about \$160,000 per resident. The state holds 17 percent of national net worth, while making up only 12 percent of the U.S. population.

**Total Net Worth**



## LARGE AMOUNTS OF WEALTH ARE CONCENTRATED IN A FEW COMMUNITIES

California has about 1,650 zip codes. A minority of these 1,650 zip codes (300 wealthy zip codes) make up more than two-thirds of the state's net worth. Even among wealthy zip codes, there is significant concentration of wealth within a small number of extremely wealthy areas. The state's 30 wealthiest zip codes hold 20 percent of the state's net worth, while making up only 2 percent of state population. The net worth of these wealthiest 30 zip codes is equal to the total net worth of the state's 1,200 least wealthy zip codes.

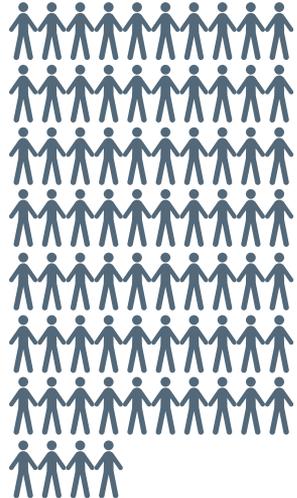
### Share of Statewide Net Worth



### Share of Statewide Population



Two percent of the state's population live in the top 30 zip codes, but they hold 20 percent of the state's wealth.



Three-quarters of the state's population lives outside the wealthiest 300 zip codes. They collectively hold less than one-third of the state's wealth.

## COASTAL COMMUNITIES HAVE THE MOST WEALTH

All of the state's wealthiest communities are found in coastal areas. The San Francisco Bay Area, where the average zip code has a net worth over \$450,000 per resident, is the state's wealthiest region. Sections of Los Angeles, Orange, and San Diego counties also have considerable wealth. On the flipside, the average zip code in the San Joaquin Valley has a net worth of only \$60,000 per resident. The net worth of the San Joaquin Valley's wealthiest zip code (\$320,000 per resident) falls well below the average Bay Area zip code. While the high value of homes in coastal areas is a key driver of high wealth in these areas, home wealth is only part of the story. In most high-wealth coastal communities, the majority of wealth is held as income producing assets, such as stocks, bonds, and rental real estate.

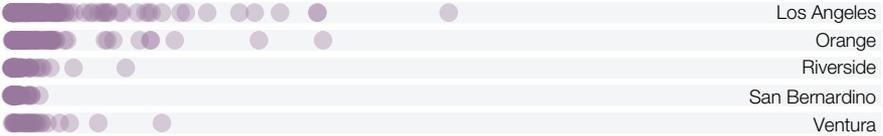
## Wealth Across Regions of the State

Each dot represents a zip code. The placement of the dot shows the net worth per person in that zip code. Counties with more wealth have more dots to the right.

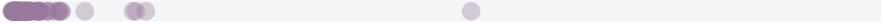
### San Francisco Bay Area



### Southern California



### San Diego



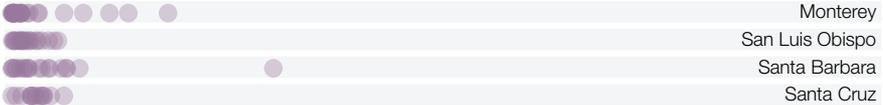
### Greater Sacramento



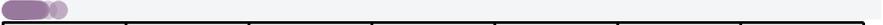
### San Joaquin Valley



### Central Coast



### Rest of the State



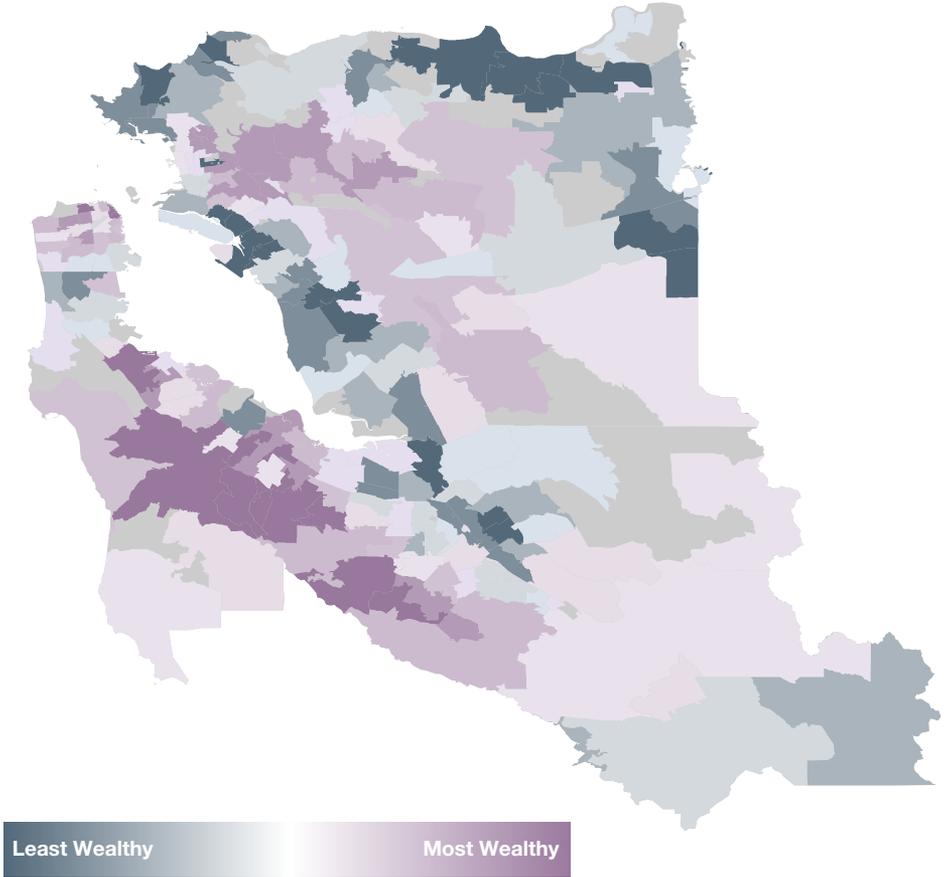
1,000,000      3,000,000      5,000,000      \$7,000,000

## WEALTH VARIES CONSIDERABLY EVEN WITHIN HIGH-WEALTH REGIONS

While the Bay Area is, overall, the wealthiest region of California, there is considerable variation of wealth across communities within the Bay Area. On one end of the spectrum, 11 zip codes in the Bay Area have net worth in excess of \$1.5 million per resident. On the other end, the net worth in about 15 percent of Bay Area zip codes falls below \$50,000 per resident.

### Wealth Across Bay Area Communities

(Alameda, Contra Costa, San Francisco, San Mateo, and Santa Clara Counties.)

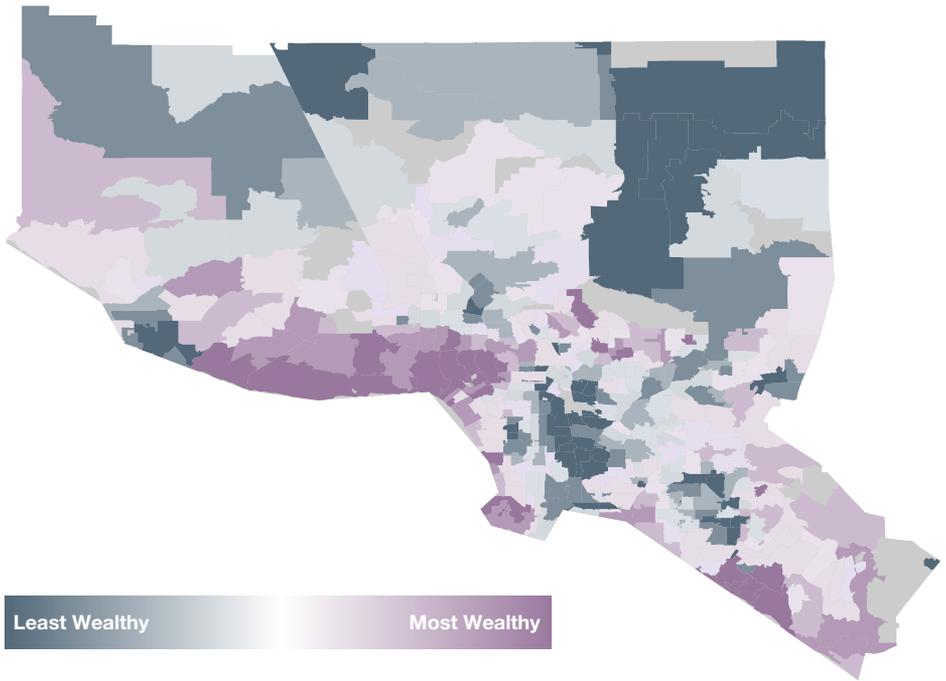


## COMMUNITIES TEND TO NEIGHBOR OTHER COMMUNITIES WITH SIMILAR LEVELS OF WEALTH

Within California's regions, high-wealth areas tend to be grouped together and set apart from low-wealth areas, which also tend to be grouped together. This can be seen in the maps of zip codes in the Bay Area (previous page) and Southern California. The darker purple zip codes (high-wealth areas) generally are clustered, as are the darker blue zip codes (low-wealth areas).

## Wealth Across Southern California Communities

(Los Angeles, Orange and Ventura Counties.)





## SOURCES AND METHODOLOGY

Our calculation of net worth relies on data and assumptions from several different sources. First, we infer wealth in the form of income producing assets (such as stocks, bonds, rental properties, bank deposits, and business interests) based on income from these sources reported to the IRS. To do so, we follow a methodology developed and improved by prior researchers. Second, we add wealth held in primary residences, based on home values reported on the American Community Survey. Finally, we subtract household debt, based on data reported by the Federal Reserve. This household debt data is available at the county level. We distribute household debt within each county to its constituent zip codes based on each zip code's housing costs, incomes, demographics, and levels vehicle ownership.

## **LAO PUBLICATIONS**

This report was prepared by Brian Uhler and reviewed by Carolyn Chu. The Legislative Analyst's Office (LAO) is a nonpartisan office that provides fiscal and policy information and advice to the Legislature.

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