

Lights, Camera, Growth

How Paramount's Bet on
30 Films a Year Could Propel
California's Economy



Table of Contents

Key Points	04
Introduction	05
“Peak Content” and Industry Turmoil	06
The Paramount-Warner Brothers Merger	08
Movie Theater Apocalypse	10
The \$111 Billion Swing for the Fences	12
Conclusion	13



Author Bio

Jeff has studied and published reports on industrial and trade economics for over 20 years, has testified before House and Senate committees, and participated in economic policy debates at Bloomberg Television, Firing Line, and C-Span.

In 2019, he won the Mennis Award from the National Association for Business Economics. He holds degrees in economics from Harvard University and the London School of Economics.

Jeff Ferry

Chief Economist Emeritus at the Coalition for a Prosperous America, and Independent Economic Consultant



Hollywood Movie Output Projected to Rise by 14% Following Paramount-Warner's Merger

Key Points

30 Movies A Year

The proposed Paramount-Warner Brothers Discovery merger is set to create Hollywood's largest movie producer, turning out 30 movies each year.

14% Increase From Major Studios

The big five studios produced only 69 feature films in 2025, with Paramount and Warner producing 20 combined. Thus, a slate of 30 films would be a 50% increase leading to a 14% increase in the total output from the big five studios.

\$1B Investment

Our analysis finds that this 30 film commitment, if fulfilled, could add almost \$1 billion to Hollywood's annual investment in movie production.

6,600 FTEs

Ellison's pledge would generate total spending of \$660 million a year on production, which is equivalent to 6,600 full-time equivalent positions.

40k Indirect Jobs

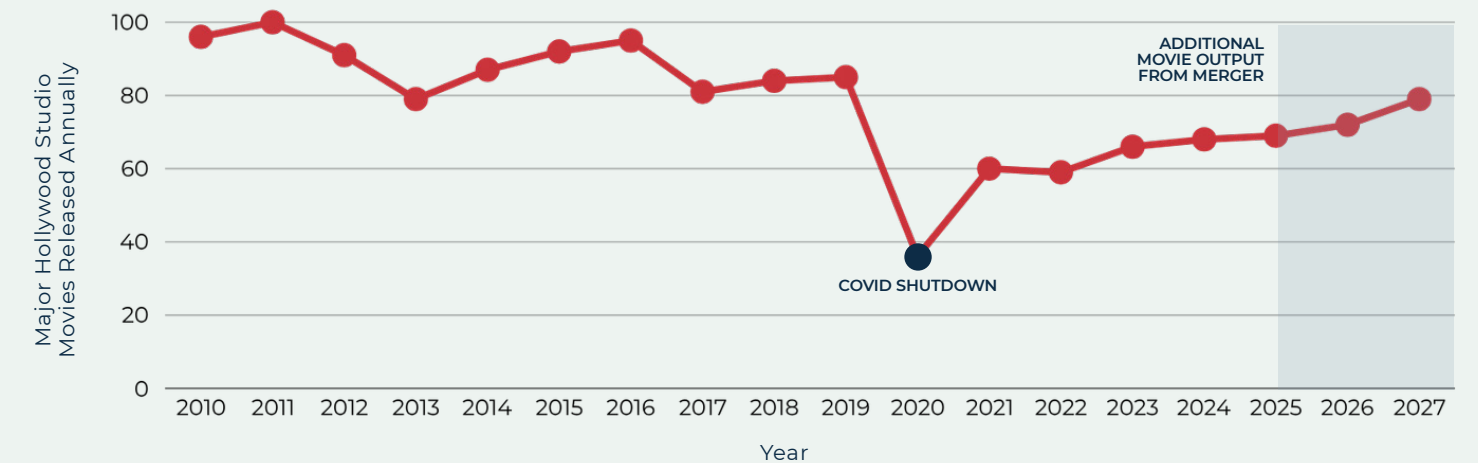
Every movie industry job generates additional employment with dependent businesses at a ratio of roughly five to one, creating roughly 40,000 jobs.

LA JOBS

A Los Angeles County Economic Development Corporation study found that the entertainment industry contributes \$115 billion to the regional economy annually, and accounts for 681,000 jobs in the county. The average income for entertainment workers is \$165,798. Paramount-Warner's expansion of production to 30 films a year would provide a significant boost to LA County.

National Impact

The long-suffering movie theater business will get a shot in the arm from David Ellison's commitment to show movies in theaters before taking them to video streaming. The movie theater industry is the lynchpin of a local entertainment economy worth \$5 billion and providing 325,000 jobs nationwide.



Source: Historical data from The Numbers. Projected data are Economist Jeff Ferry's projections.

Figure 1. The Paramount-Warner's merger is set to deliver the first sustained increase in major studio output since the 2008 recession.

The U.S. film entertainment industry has been struggling for a decade to adjust to changes in consumer behavior. Driven by the rise of Internet-enabled streaming entertainment, traditional industry structures have eroded as Hollywood studios grapple with reduced spending. Compared to pre-pandemic levels, movie theater attendance has declined substantially. Less revenue and defensive mergers have reduced the output of the major Hollywood studios. Investors have demanded more profit from the studios, driving cost-cutting and penny-pinching in Hollywood. On top that, an ever-growing share of film production has moved overseas, reducing employment opportunities in the Los Angeles region.

At a time when the industry is struggling, the proposed merger of Paramount Global and Warner Bros. Discovery stands out as the most significant opportunity for renewed growth in years. This deal would create a new Hollywood mega-studio with some \$69 billion in annual revenue. The combined company would bring together two major film studios, Paramount Pictures and Warner Bros., along with dozens of cable channels and five streaming platforms led by HBO Max. It would also control

major sports rights, including NFL and Big Ten football through CBS Sports, as well as leading news outlets like CBS News and CNN. And perhaps most valuable, it would include a vast film library featuring titles such as The Godfather and Titanic, along with major franchises like Transformers, Mission: Impossible, and Harry Potter.

Paramount-Skydance CEO David Ellison said in March that the merger is about "reinventing the business." He gave a commitment that the two historic movie studios would not be merged but remain separate entities, with each producing 15 movies a year. Our analysis finds that this commitment, if fulfilled, could add almost \$1 billion to Hollywood's annual investment in movie production. Paramount-Skydance would account for some 40,000 jobs in production and related industries. By transforming the two studios into the largest player in filmed entertainment, the combined company would spend roughly \$24 billion on content each year, making its content spending larger than The Walt Disney Company or Netflix. The ambitious movie-making goal would also inject new life into America's struggling movie theater business.

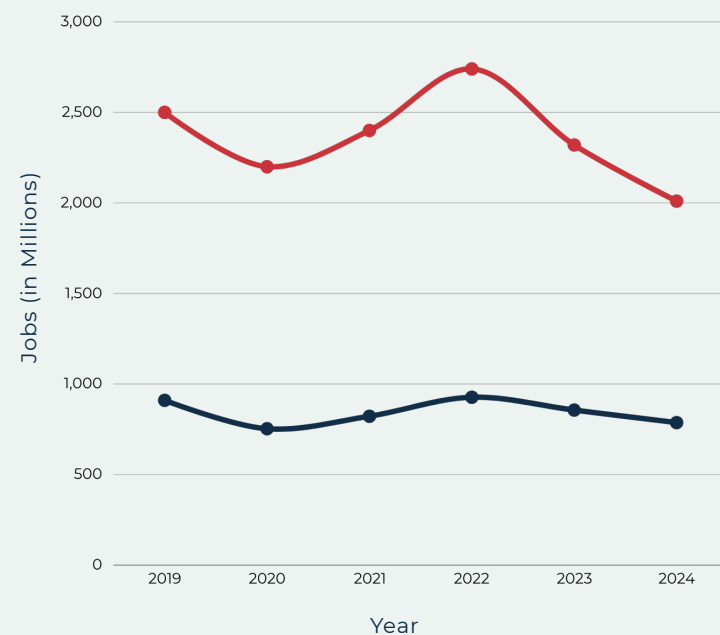
“Peak Content” and Industry Turmoil

Back in 2000, the Internet was largely an informational tool, used primarily for research, shopping, and email. But between 2004 and 2007, Facebook, YouTube, and Netflix launched revolutionary services, transforming the Internet into a mass entertainment powerhouse. With the arrival a few years later of Instagram, TikTok, and 5G wireless telecom speeds, the Internet has become today’s dominant platform for entertainment.

The rise of Netflix triggered a wave of competition, as media companies, new platforms like Hulu, cable networks, and tech firms such as Apple and Amazon all entered the streaming market. Between 2015 and 2023, these firms invested heavily in content including movies, TV series, sports rights, and other programming that would attract “eyeballs.”

Around 2023, the content frenzy came to an end. Pressed by investors who wanted to see profitability, entertainment makers scaled down production. The period up to 2022 (excluding the pandemic year of 2020) is now referred to as the era of “peak content.” As that period unwound, Hollywood production studios laid off workers and cut back on output, with industry estimates suggesting that total jobs attributable to filmed entertainment (including both movies and TV production) fell by 500,000 (see Fig. 2)

Figure 2: Total jobs attributable to the motion picture industry are down by 500,000 since 2022.



Source: Motion Picture Association, The American Motion Picture and Television Industry: Creating Jobs, Trading Around the World (2019-2024 reports).

The Bureau of Labor statistics reports smaller totals because they focus on full-time or full-time equivalent workers. Yet, as Figure 3 illustrates, the same trend is visible: jobs surged between 2012 and 2019 as producers flooded streaming platforms with new content. But by 2023, the industry sharply reversed with jobs falling by 26% from the 2022 peak. According to this data, production jobs in the filmed entertainment industry are lower today than they have been at any time since 1996.



Source: U.S. Bureau of Labor Statistics via FRED®. Shaded areas indicate U.S. recessions. fred.stlouisfed.org

Current motion picture industry production jobs, at 328,000, are at a 30-year low.

According to the Bureau of Labor Statistics, average hours worked by production workers in film and television have fallen by 32% since 2015 (see Fig. 4). At 25.2 hours per week, they are at the lowest level since the BLS began collecting this data.

The downturn has fueled growing alarm across the industry. Press commentators are bemoaning the decline of work for movie professionals. Fortune Magazine went so far as to say Hollywood is now in a “death spiral.”

WEEKLY HOURS WORKED IN CA ENTERTAINMENT INDUSTRY*

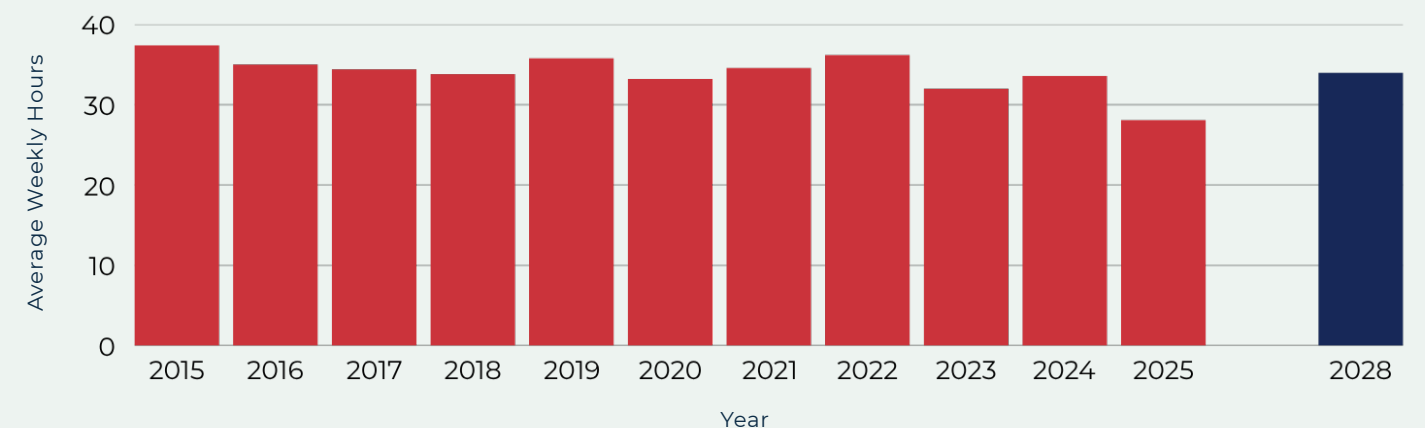


Figure 4 Average hours worked per week by industry workers is down by 37% since 2022.

*Based on hours worked under the Motion Picture Industry Pension & Health Plans. Source: International Alliance of Theatrical Stage Employees

Our forecasts show that the combination of Paramount’s distinct strategy, its growth targets, and the enlarged California film credit program could grow industry employment by some 21%.

The Paramount-Warner Brothers Merger

One movie industry publication described the impending Paramount-Warner merger as a “seismic turn of events for Hollywood.” In contrast, the previous takeover of Warner by Netflix was seen as a threat because it would have accelerated the shift toward streaming at the expense of theatrically released big-budget Hollywood movies.

Paramount-Skydance CEO David Ellison has worked as a film producer since 2006. The son of Larry Ellison, founder of Oracle software, some critics dismissed him as a billionaire’s son. However, his 20-year record of producing movies shows his serious commitment to the old-fashioned Hollywood ethos: big budgets, big stars, and crowd-pleasing mass entertainment. His company’s biggest hit, *Top Gun: Maverick*, grossed \$1.4 billion worldwide, a result few producers can match. Ellison has collaborated repeatedly with Tom Cruise.

Ellison grew up in leafy Woodside, California, the home of the Silicon Valley elite. He dropped out of the University of Southern California to produce movies. He was fortunate in that his two early mentors were his father Larry and Steve Jobs, who were close friends until Jobs’ early death in 2011. Larry Ellison showed his entrepreneurial skills extend beyond technology when in 2008, he bought the Indian Wells tennis tournament when it was nearly dead and there was no other American interest in the event. He sunk \$200 million into the stadium and the event and turned it into the most coveted tennis event in the U.S. after the U.S. Open with 500,000 paying visitors each year.

From what we know so far, Paramount-Skydance’s acquisition of Warner Brothers Discovery rests on two strategic ideas: the combination of the two major streaming platforms into one, while maintaining the two major movie studios as separate entities each with their own production slates.

The combination of HBO Max with Paramount+ would create the third largest streaming platform. Industry estimates suggest a combined market share of 15%, compared to Amazon Prime’s 17% and Netflix’s world-leading 19%. In an environment where all competitors are struggling to compete with Netflix, a larger third-place platform would provide more powerful competition to the market leader than several smaller players.

But it’s the movie studio business that is most intriguing. Ellison promised annual slates of 15 movies per year for each Paramount and Warner Brothers, a pledge he outlined in a letter to members of Congress on Feb. 28th, and has since reiterated.

In that letter, he said a combined Paramount-Warner would be a “true champion for the creative community,” adding, “my promise to you is to build a stronger Hollywood, by keeping both of these legacy studios operating separately, thereby preserving and potentially increasing jobs.”

The previous takeover proposal of Warner by Netflix was seen as a threat because it would have accelerated the shift toward streaming at the expense of theatrically released big-budget Hollywood movies.

The combination of HBO Max with Paramount+ would create the third largest streaming platform.

If carried out, that commitment represents a significant investment in moviemaking. In contrast with recent trends, Hollywood productions have shrunk as studios merged and investor pressure led the big studios to make fewer big bets.

Figure 4 shows that last year the big five studios produced only 69 feature films. Paramount increased its production to eight films under Ellison, while Warner Brother’s produced eleven, for a combined total of 20. A post-merger slate of 30 films would be a 50% increase on their recent output and represent a 14% increase in the total output of the big five studios.

The average big studio production has a budget of around \$65 million, with roughly 30%-35% allocated to “below the line” production, the labor intensive work of shooting and post-producing the film. That includes lights, costumes, locations, props, audio, editing and more. By contrast, fees for the director and top talent are classified as “above the line.” Each film requires about \$22 million in spending on production.

Ellison’s pledge to produce 30 movies a year would therefore generate total spending of \$660 million a year on production. Assuming an average movie industry wage approximates to some \$100,000 a year, we can estimate that this movie slate will generate 6,600 production jobs a year. In itself, that is not a large figure for Los Angeles County, with its population of 9.7 million, but every movie industry job generates additional employment and revenue with suppliers and other dependent businesses at a ratio of roughly five to one. That figure would indicate that Paramount’s impact would create some 40,000 jobs.

Looking more broadly at the Los Angeles economy, a Los Angeles County Economic Development Corporation study found that the entertainment

industry contributes \$115 billion to the regional economy annually and accounts for 681,000 jobs in the county. Paramount-Warner’s expansion of production to 30 films a year would provide a boost to the industry worth billions of dollars and would counteract the impact of declining entertainment spending elsewhere.

However, not all these jobs would remain in Hollywood. In recent years, studios and independent

MAJOR STUDIOS THEATRICAL OUTPUT IN 2025

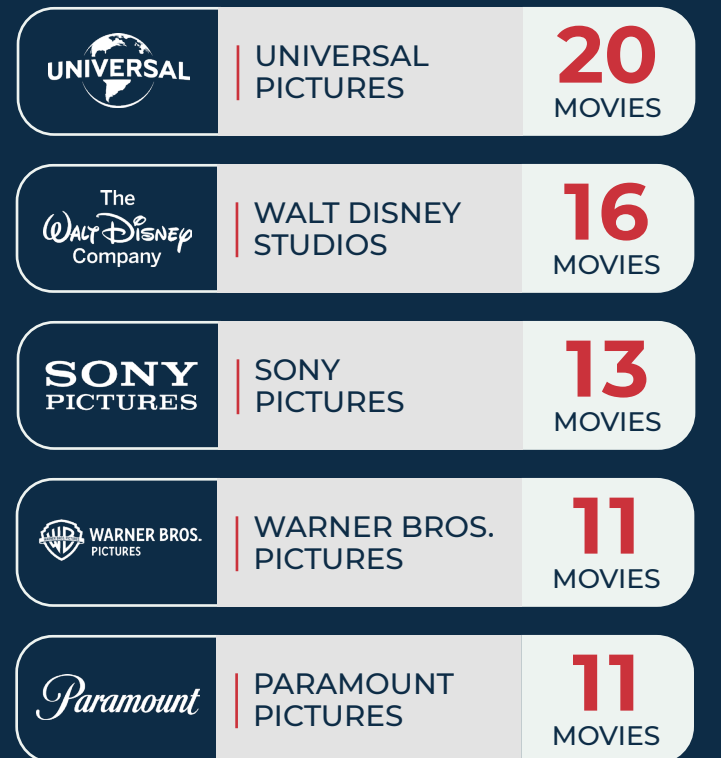


Figure 5. One industry source counted just 69 features from the Big Five last year. The Paramount promise would increase that total by 14%.

producers have increasingly shifted production overseas, lured partly by generous tax incentives from foreign governments. Disney is currently producing the latest Avengers movie in the U.K., partly to reduce production costs. After shooting all eight Harry Potter movies there, Warner Brothers went a step further and purchased the Leavesden studio, signaling their long-term commitment to U.K.-based production. More recently, the latest “Hunger Games” installment was shot in Germany. Canada, Ireland, and Hungary have also attracted big-budget Hollywood productions, largely due to lucrative government tax incentives.

California has sought to counter the shift of film production abroad. The state expanded the California film production tax credit last year to bring production back to the Los Angeles area. Early reports indicate that the policy is beginning to have a positive impact with California Governor Newsom announcing that 38 new film projects have been awarded participation in the tax credit program. The state expects this to deliver \$800 million in additional economic activity. Like the other major studios, Paramount-Warner will likely optimize production globally, but will also take advantage of the California tax credit to produce in its home base while reducing the costs of moviemaking.

A post-merger slate of 30 films would be a 50% increase on their recent output and represent a 14% increase in the total output of the big five studios.

Movie Theater Apocalypse

A key driver of reduced opportunities in the movie industry has been the decline in movie theater revenue due to the persistent fall in movie theater attendance. As Figure 6 shows, ticket sales have fallen by 46% since 2000 as more Americans have opted to stay home and enjoy entertainment on their own TVs, laptops or phones. In response, theaters raised ticket prices (up more than 100% since 2004 to a recent average of \$16.08 per ticket) and expanded their food offerings. Yet despite these efforts, the industry still remains under pressure, with screens and movie theaters closing consistently across the U.S.

In this environment, David Ellison’s commitment to maintain a 45-day theatrical “window” for all of Paramount-Warner releases is a significant development for the struggling theater industry. Other moviemakers have pushed for a shorter window. Universal Studios implemented windows as short as 17 days. Netflix has long favored releasing more content directly to streaming.

The 45-day window promised by Ellison is a lifeline for the struggling theater industry. That’s why Adam Aron, CEO of the nation’s largest theater chain, AMC Entertainment, recently came out publicly to support Paramount’s bid for Warners. In an interview with Variety, Aron explained his support:

“I am the most optimistic and most confident that I have been in six years. That’s because finally we’re going to see some real growth year-over-year.... I greatly appreciate David Ellison’s track record of success and his passion to make movies that will dazzle audiences the world over. In just the short time he has owned Paramount Pictures, he already has begun to assemble a superb team around him and already has been increasing the number of movies being greenlit at Paramount.”

Aron pointed to Top Gun: Maverick, released

Paramount-Warner’s expansion of production to 30 films a year would provide a boost to the industry worth billions of dollars and would counteract the impact of declining entertainment spending elsewhere.

in 2022, as saving the industry from its Covid-era slump. The Variety reporter credited that success to superstar actor Tom Cruise. Aron responded:

“I’m not alone in telling Tom Cruise that post-COVID, he’s the man who saved the entire movie industry with the release of “Top Gun: Maverick” in theaters. But David also gets a lot of credit for that as well. They were Skydance movies.”

The nation’s network of some 16,000 movie theaters is important to movie studios because the studios receive as much as 50% of the revenue raised by ticket sales. Movie theaters are equally important to local cities, towns, and neighborhoods across the nation as the focal point for nights out, involving local spending that goes well beyond the movie theater.

Movie night spending by individuals, couples, or groups is a vital source of revenue to hundreds of thousands of local businesses. The theater experience is often paired with dinner, shopping, or drinks. One study estimated that on average, an additional \$1.50 of movie night spending accompanied every dollar spent on the theater tickets. Surrounding businesses and their employees get the benefit or suffer the loss if a movie theater shuts down. Consulting firm Ernst and Young estimated that total annual retail and dining spending associated with movie theater outings is \$5 billion.

Local spending supports significant employment. In 2019, the National Association of Theater Owners (NATO, renamed Cinema United in 2025) estimated that movie theaters support approximately 150,200 direct jobs, along with 98,900 indirect jobs from

suppliers and 76,300 induced jobs from worker spending. That’s a total of 325,400 jobs.

The decline in movie theater locations also hits local public finances hard. When a movie theater shuts down, cities and counties lose billions in tax revenue that fund local services and economic activity. NATO estimated that in 2019, U.S. movie theater employees paid individual income tax of \$372 million, while the theaters themselves paid sales tax of \$1.223 billion, property tax of \$938 million, and corporate income tax of \$53 million. That’s a total of \$2.586 billion which is at risk if movie-going continues to decline.



US BOX OFFICE TICKETS SOLD, 2000-2025

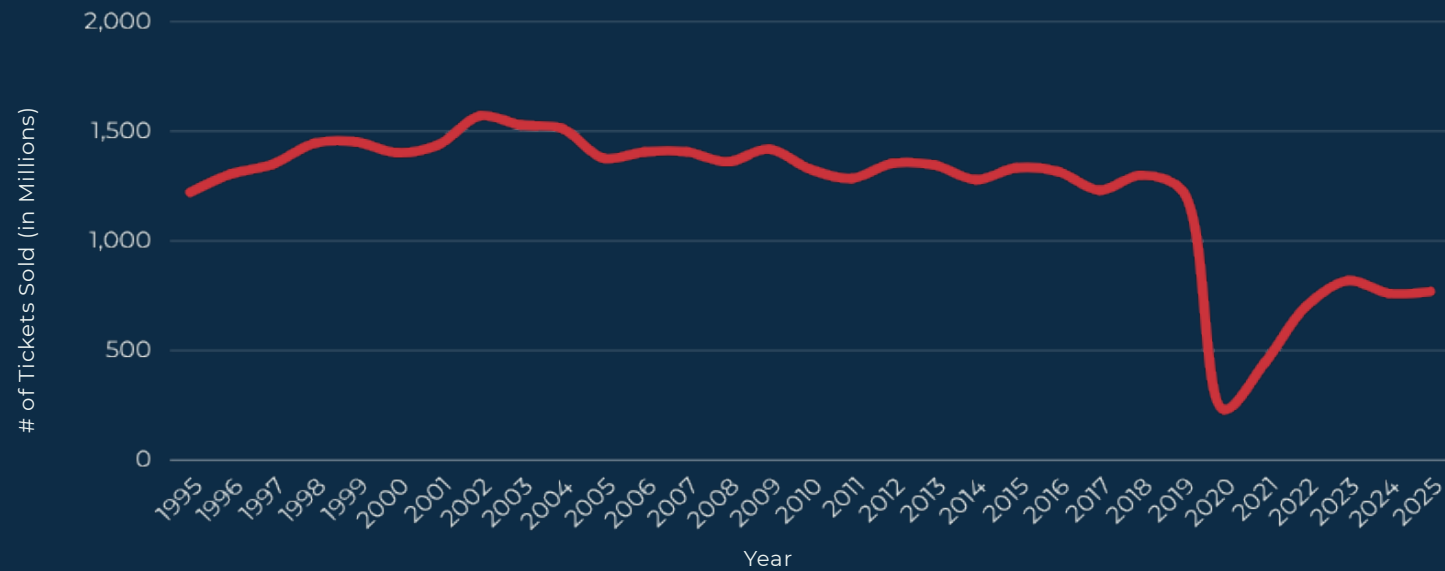


Figure 6
Box office ticket sales are down by 46% since 2000.

Source: Nash Information Services.

The \$111 Billion Swing for the Fences

Of course, there is no guarantee that David Ellison can pull off this ambitious gamble to reinvigorate moviemaking at a new, enlarged Paramount-Warner Brothers. At an estimated \$111 billion price, the mega-deal is one of the largest media mergers ever. It is supported by \$77 billion in debt, a huge burden for any company, especially in an industry as volatile and unpredictable as moviemaking.

However, there are reasons to be optimistic. Over the last 25 years, Time Warner, now Warner Brothers Discovery, has been passed from one ill-suited owner to the next. AOL and AT&T were each wholly inappropriate acquirors of a Hollywood entertainment company, run by methodical, meticulous engineers, while a Hollywood entertainment company relies on flair, flash, vision, and big bets, to attract and manage the big-ego world of stars, directors, and agents.

Although relatively young at 43, David Ellison brings

20 years experience as a film producer. He also has the advantage of the backing of one of the richest men in the world, his father, Larry Ellison. Further, the large shareholding of the Ellisons means that although publicly traded, Paramount-Warner will be able to run itself more like a private company, with greater freedom than public company managers are allowed. At Oracle, Larry Ellison was famous for telling what he called “22 year old financial analysts” to pound sand when they disapproved of a strategic move by Oracle.

David Ellison has promised to find \$6 billion of cost savings in the combined company. Most of this, he has said, will be through reducing duplication in back office functions, including real estate, and other non-labor assets. The most obvious place this will occur is in the streaming area, where he plans to combine several streaming businesses into one. No doubt we will see layoffs in this area. But he has pledged to uphold creative standards, telling analysts at a meeting in March:

“HBO is a crown jewel in this business, having brought to life some of the most powerful stories told over generations. Under our ownership it will continue to have the resources and independence to do what it does best.”

Conclusion

The proposed Paramount-Warner Brothers Discovery merger is a bold, audacious attempt to meet the structural changes and challenges reshaping the filmed entertainment industry. The deal would create a new, enlarged entertainment company that includes movie studios, video streaming services, cable networks. It would address the rise of the Internet and home entertainment with a new larger production house backed by billions of dollars of fresh private capital. Yet it would be based on the traditional Hollywood ethos of creating big, attention-getting movie projects that can attract large audiences both in theaters and

at home. It holds out the promise of creating tens of thousands of jobs, and bringing new revenue into the struggling Los Angeles film and television industry. While David Ellison has faced criticism as too inexperienced to run one of Hollywood’s largest studios, his entrepreneurial drive and broad vision may prove to be his greatest assets.

This report was written by economist Jeff Ferry. Research and editorial support from Max Szerlip are gratefully acknowledged.

David Ellison’s commitment to maintain a 45-day theatrical “window” for all of Paramount-Warner releases is a significant development for the struggling theater industry.

SOURCES

1. David Ellison, Letter to Sen. Adam Schiff and Rep. Laura Friedman dated Feb. 28, 2026.
2. California press release, Governor Newsom announces 38 new film projects – from animated features to big budget productions and independents – coming to the Golden State, April 23, 2026. Available here.
3. Brent Lang, Variety, AMC Theatres Boss Adam Aron on Supporting Paramount’s Deal to Buy Warner Bros., Future Taylor Swift Collaborations and Working With Netflix, April 16, 2026. Available here.
4. Ibid.
5. Alex Weprin, Hollywood Reporter, David Ellison Unveils Sweeping Vision for Warner Bros: This is About Reinventing the Business, March 3, 2026. Available here.

