



LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION



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# News Release

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## **LAEDC Report Says New Business Expansions for Southern California Down Nearly 14 Percent in 2008**

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**New leases, however, are still being signed in professional business services, logistics and warehousing, and entertainment industries despite labor turmoil**

**Los Angeles**—The Los Angeles County Economic Development Corporation (LAEDC) has just released the annual survey of major business expansions in the Los Angeles five-county area. In 2008, there were 176 major expansions in the region, down by 13.7 percent from the 203 reported for 2007. This is not unexpected news, as activity has been declining since 2004 when there were 348 major expansions in Southern California.

The LAEDC defines a “major business expansion” as a new lease (or expansion of an existing lease) of at least \$1 million in value or of 20,000 square feet or more. A useful rule of thumb is that for every major expansion, there are at least three smaller ones not tracked in the LAEDC’s survey.

**In Los Angeles County, the number of major expansions in 2008 decreased only slightly from 100 projects in 2007 to 98 projects in 2008.** In nearby Orange County, major project counts dropped by 19 to a total of 43 projects in 2008. Despite its economic problems, the Riverside-San Bernardino area’s major project count remained stable over the year with 27 major expansions in 2008. However, Ventura County saw a marked decline from 14 projects in 2007 to eight in 2008.

The total amount of space involved in these major projects declined by 25 percent to 16.9 million square feet. **However, both Los Angeles and Ventura counties saw an increase in total square footage, with L.A. County recording a 13 percent gain, while Ventura County saw a 117 percent**

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## **LAEDC sees decline in major business expansion for 2008 p. 2/2**

**surge.** Orange County saw a 45.1 percent drop in the square footage involved in major expansions during 2008, while the Riverside-San Bernardino area recorded a 44.8 percent decline.

By industry type, professional business services set the pace in 2008, with 27 major projects, followed by logistics and warehousing with 18 projects. Los Angeles County's signature entertainment industry saw nine major expansions in 2008, despite labor turmoil. "Of the 176 major expansions in Southern California during 2008, 85 involved 'industrial' space," said Jack Kyser, Founding Economist of the Kyser Center for Economic Research. "Unfortunately, too many people are all too willing to let industrially-zoned land be converted to other uses when we still need it to locate well-paying jobs for our region."

Foreign firms accounted for eleven major projects in the region during 2008, up from nine in 2007. This foreign investment came from the United Kingdom (3), Canada (2), Sweden (2), and France, Germany, the Netherlands and Taiwan, each with one project.

The LAEDC noted that with the uncertain economic outlook, businesses will be more cautious in expanding their facilities in the next few years. An additional brake on activity is the difficulty in finding project financing.

### **About the LAEDC**

The LAEDC, the region's premier business leadership organization, is a private, non-profit organization established in 1981 under section 501(C) (3). Its mission is to attract, retain, and grow business and jobs for the regions of Los Angeles County. Since 1996, the LAEDC has helped retain or attract more than 151,942 jobs, providing \$7.5 billion in direct economic impact from salaries and \$127 million in annual tax revenue benefit to local governments and education in Los Angeles County. Visit [www.laedc.org](http://www.laedc.org) or call (888) 4-LAEDC-1.

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