



LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION



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News Release

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LAEDC Business Expansion Report Reveals Signs of Economic Recovery in Southern California Five-County Region

International trade and professional business services set the expansion pace in 2009

Los Angeles— Major business expansions jumped more than 10 percent in the L.A. five-county region, according to a new report released today by the Los Angeles County Economic Development Corporation (LAEDC). A “major business expansion” is defined as a new lease or expansion of at least \$1 million in value or of 20,000 square feet or more.

“This is welcome news,” said LAEDC Chief Economist and co-author Nancy D. Sidhu, Ph.D. “Activity had been declining since 2004 when 348 major expansion projects were recorded. The total square footage recorded in 2009 was 21.5 million, up by 4.6 million square feet from 2008. Activity varied across the region and largely reflected the disparity of the economic situations in the five counties, with some areas posting sizable gains while others continued to languish.”

Orange County enjoyed a considerable boost in leasing activity. Major projects there used more than six million square feet of space in 2009 in contrast to just 2.2 million square feet in the prior year. Similarly, expansion projects in San Bernardino County totaled more than five million square feet compared with 2.2 million in 2008. Riverside County’s major expansions totaled more than 4.3 million square feet, an increase of 180,776 square feet over 2008.

On the downside, Los Angeles County’s major expansions came in at only about 5.7 million square feet during 2009, a drop of 1.9 million square feet from 2008. Ventura County’s total square footage fell by nearly 600,000 square feet to just 145,855 square feet during 2009.

“There is some light at the end of the recovery tunnel with Orange County and San

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Bernardino County both experiencing noteworthy upswings in leasing activity,” said Founding Economist Jack Kyser of the Kyser Center for Economic Research at the LAEDC, who also co-authored the study. “Still, we must not get too far ahead of ourselves. With the uncertain economic outlook, businesses will be more cautious in expanding their facilities in the next few years and project financing will be more difficult to come by.”

By industry sector, “Other” industries posted the largest number of major expansions in 2009 with 42, up from 32 in 2008. “Other” manufacturing had 27 major expansions, down from 39 in 2008. Logistics & Warehousing and Professional Services (which includes accounting, law, architecture, engineering and personnel services) came in next, with 23 major expansions each. Compared with 2008, Logistics & Warehousing was up by five major expansions, while Professional Services was down by four. Notable gains were made in Apparel & Textiles, which recorded 17 major expansions in 2009, and Technology with 15. Both industry sectors recorded just four major expansions in 2008. Los Angeles’ renowned entertainment industry (9), Autos (6) and Biomedical (5) industries all remained flat from 2008 to 2009.

“This is consistent with our ‘Forecast’ released last month calling for international trade, tourism and technology industries to lead the recovery in 2010-2011,” said Kyser. The LAEDC Report showed foreign firms accounted for seven major projects during 2009, down for the second year in a row from the 2008 count of 11 major projects. The foreign direct investment expansions came from Canada (2), Germany (2), Belgium (1), Hong Kong (1) and Iceland (1).

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 businesses and jobs for the regions of Los Angeles County. Since 1996, the LAEDC has helped retain or attract more than 157,000 jobs, providing \$7.5 billion in direct economic impact from salaries and \$128 million in annual tax revenue benefit to local governments and education in Los Angeles County.

[Editors: For images and media interviews please call: Aida Mayo or George McQuade at 818-340-5300 or 818-618-9229 or email Publicity@MayoCommunications.com. For the entire ***LAEDC Major Business Expansion Activity in Southern California report***, visit: www.laedc.org/reports. For more about LAEDC, visit www.laedc.org or call (888) 4-LAEDC-1.

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