



LOS ANGELES COUNTY ECONOMIC DEVELOPMENT CORPORATION



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## News Release

FOR IMMEDIATE RELEASE: Wed., July 21, 2010

# LAEDC Mid-year Forecast Shows Improving Economic Picture and Job Growth in 2011

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*Los Angeles County's entertainment, tourism and international trade sectors will lead a "measured recovery," but housing remains an issue*

**Los Angeles** —In a new report released today, the Los Angeles County Economic Development Corporation (LAEDC) projects the U.S. economy will grow by 3.1 percent in 2010 and by 2.9 percent in 2011 after contracting by 2.4 percent in 2009. The report also shows that employment will grow through year end 2010, and the nation's unemployment rate will decline slowly, reaching the nine percent range by the end of 2011.

According to the "2010-2011 Economic Forecast and Industry Outlook: Mid-Year Update" report produced by the LAEDC's Kyser Center for Economic Research, California's recovery will be led by tourism, international trade, technology, and television and film production.

"We are seeing a measured recovery under way," said the Kyser Center's Chief Economist and report co-author, Dr. Nancy Sidhu. "Automotive and housing-related purchases and business investment in equipment will contribute to the recovery as well, but consumer spending holds one of the keys to the overall economic outlook."

Tourism will see an increase in 2010 and 2011, as more people visit the region and stay in hotels in the area. The outlook for the Los Angeles region's large tourist industry is improving, albeit slowly. Most local theme parks, such as Universal Studios Hollywood, Knott's Berry Farm and Disneyland and Disney's California Adventures, have new attractions opening this year or plans for major park improvements. With the opening of the new hotels at L.A. Live, the City of Los Angeles has booked several major business shows. In Los Angeles County, the hotel occupancy rate is about 69.7 percent compared with 65.5 percent in 2009.

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The region's famed motion picture/television production industry got off to a good start this year as well. Domestic box office receipts were up strongly over the year, the state film production incentive plan was well received, and television networks, both broadcast and cable, produced a number of pilots and series. Jobs in the entertainment industry started to rebound at the end of 2009, and for 2010, an increase of 16,900 jobs is estimated in the motion picture and sound recording sector in Los Angeles County.

L.A. County's large international trade sector is also poised to lead the economic recovery with two-way trade values into the region expected to rise by 12 percent and exports by 16 percent. Other activity such as the Port of Long Beach's expansion project will also boost employment. Its 10-year, \$3 billion program to expand marine terminals and infrastructure will create an additional 14,000 new jobs and nearly 1,000 construction jobs annually.

However, downward drivers for 2010 and into 2011 include non-residential/commercial real estate, housing and local and state spending. In California, home construction activity declined to 36,421 units in 2009, the lowest level since before 1963, due in part to the unemployment rate. In Southern California, industrial and office vacancy rates remain on the whole still very high and will continue to remain elevated for the rest of the year and into 2011, though there will continue to be marked differences between counties such as Riverside/San Bernardino County having a particularly high 11.3 percent industrial vacancy rate versus Los Angeles County's extremely tight industrial vacancy rate of 3.3 percent. And despite the federal stimulus plan, revenue growth constraints mean that state and local spending—even for infrastructure—will be flat in the near future.

#### **About LAEDC ([www.LAEDC.org](http://www.LAEDC.org))**

The Los Angeles County Economic Development Corporation (LAEDC), the region's premier economic development organization, is a private, non-profit organization established in 1981. 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 create more than 162,000 jobs, providing \$8 billion dollars in annual economic impact and more than \$130 million dollars in annual tax revenue to support local government and schools.

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