



2014-15 LAEDC Economic Forecast and Industry Outlook



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LOS ANGELES COUNTY
ECONOMIC DEVELOPMENT CORPORATION

Outline

- U.S. Economy
- California Economy
- Southern California Economy & Industries
- Forecast & Conclusion

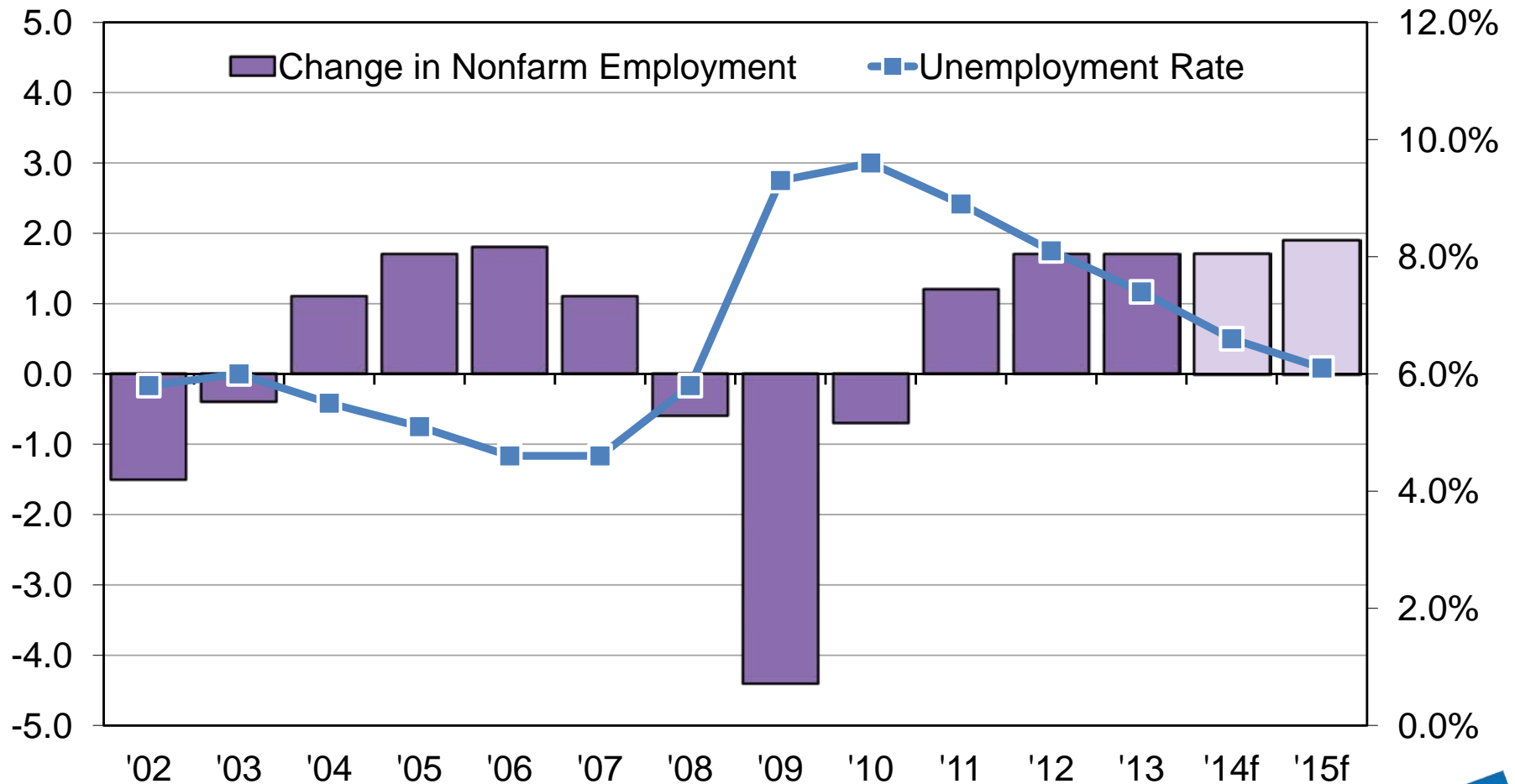


U.S. Economy

U.S. Labor Market

% Change Nonfarm Jobs

Unempl. Rate in %

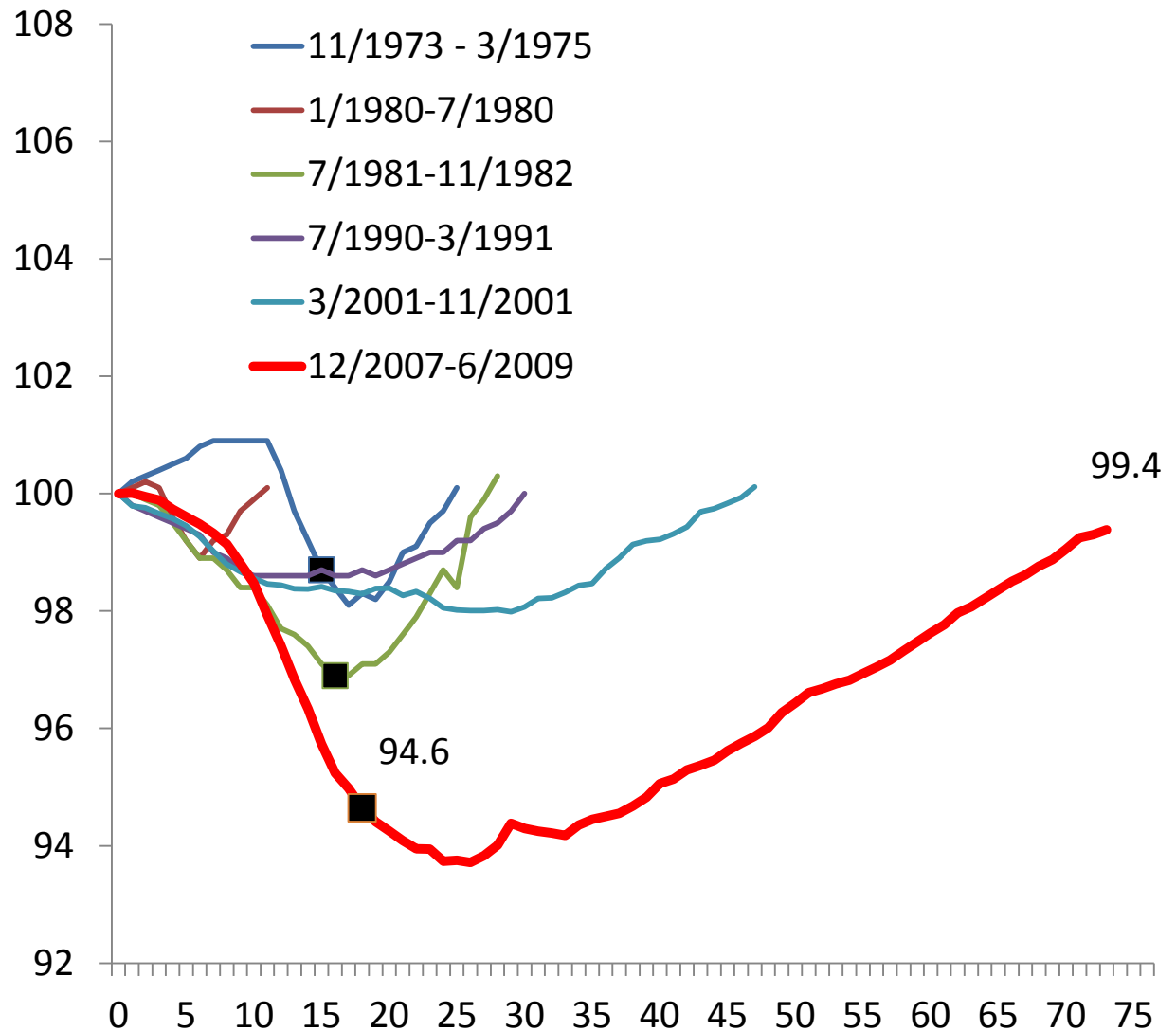


Sources: Bureau of Labor Statistics, forecasts by LAEDC



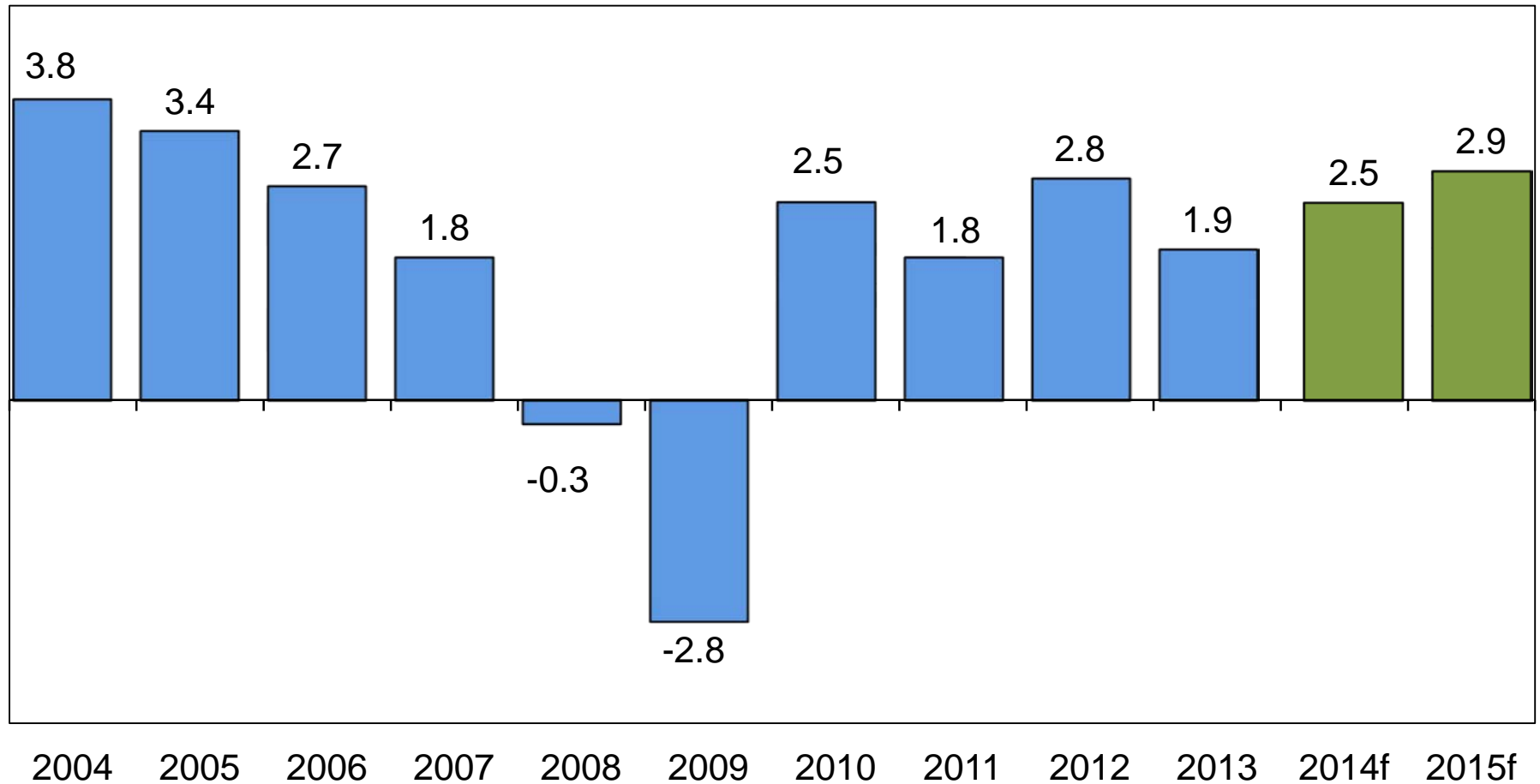
**Employment
Fell Faster and
Longer than
in Prior
Recessions...**

**...and
Recovered
More Slowly!**

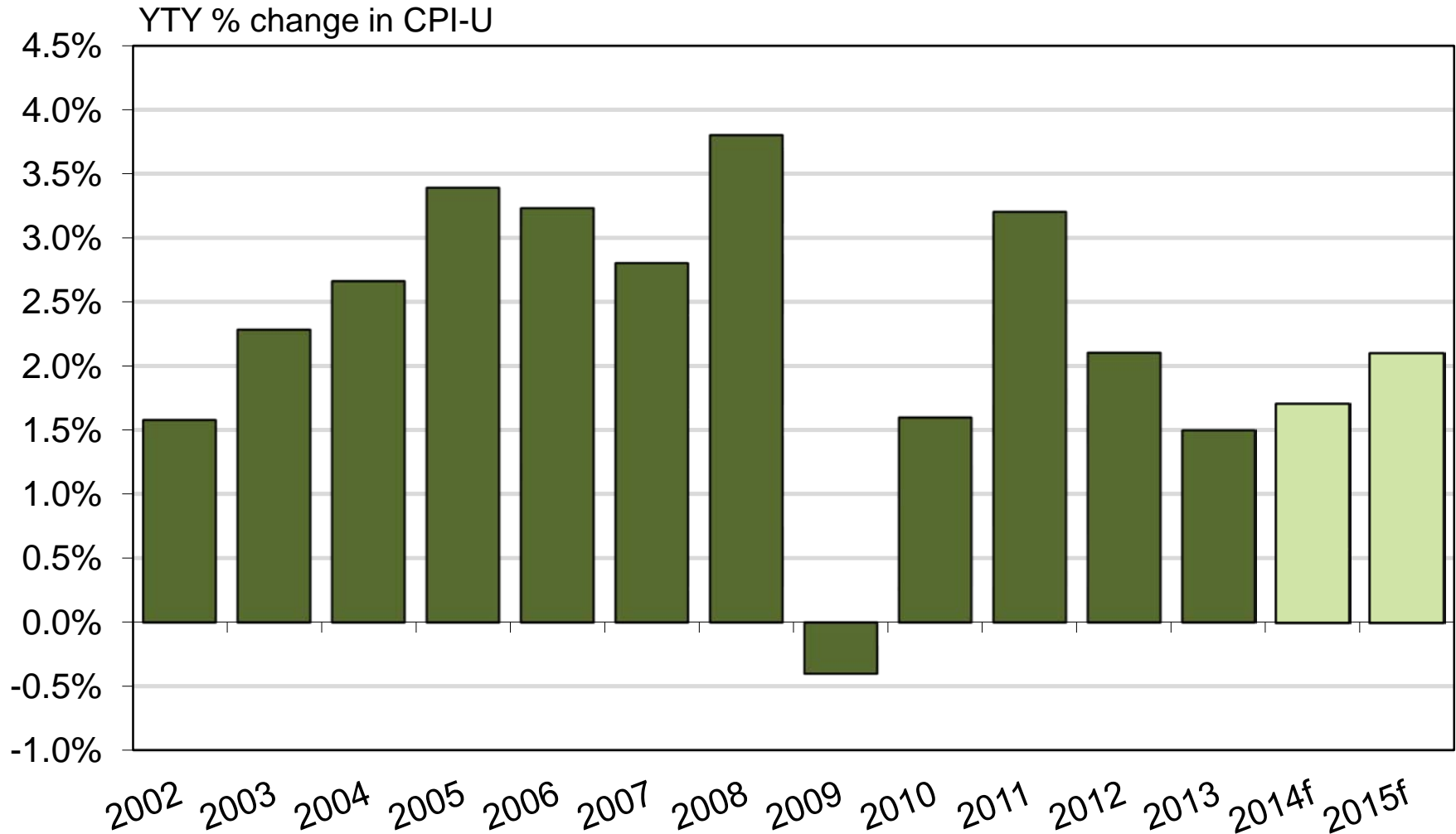


U.S. Economic Growth

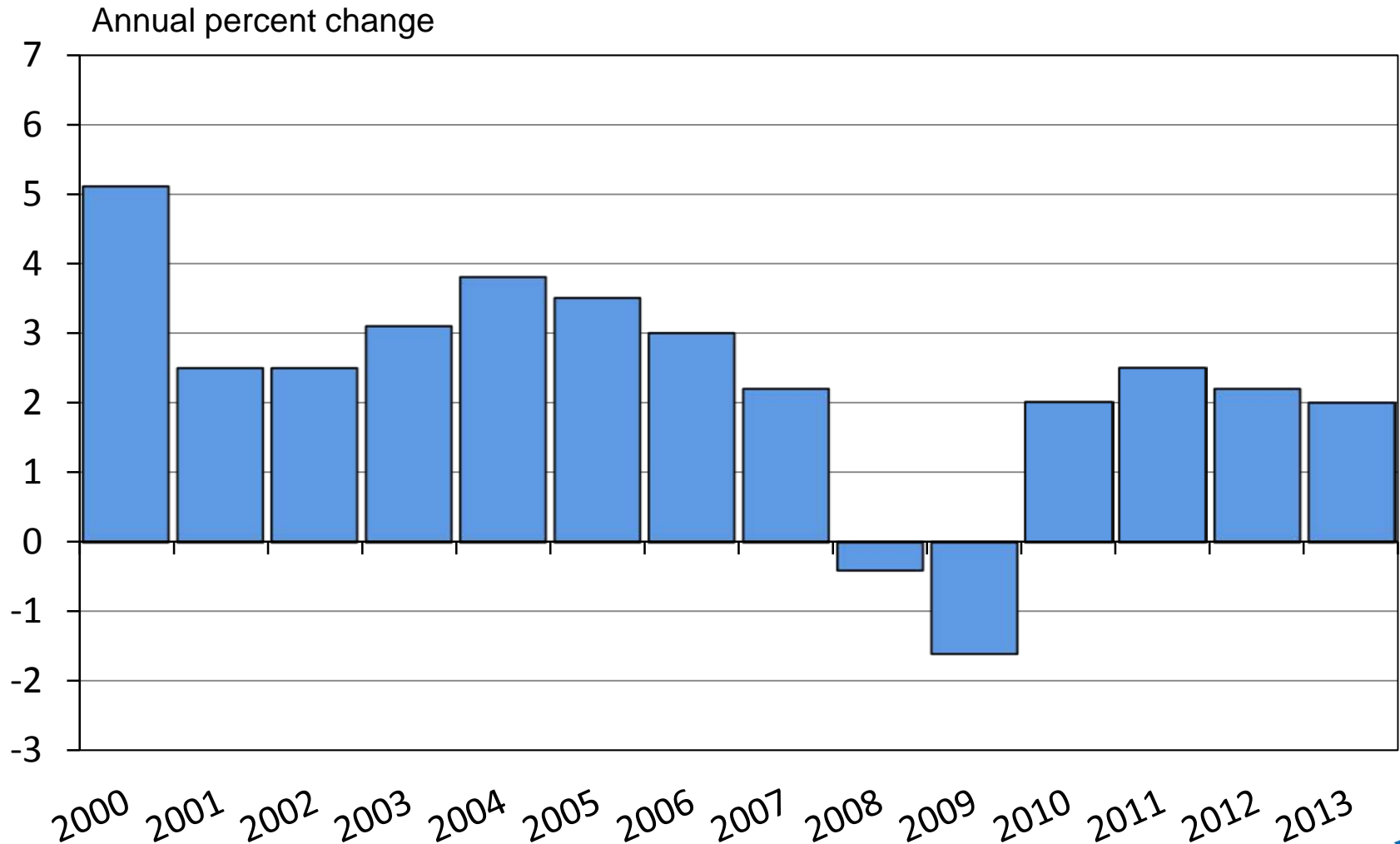
Annual % change



Consumer Inflation

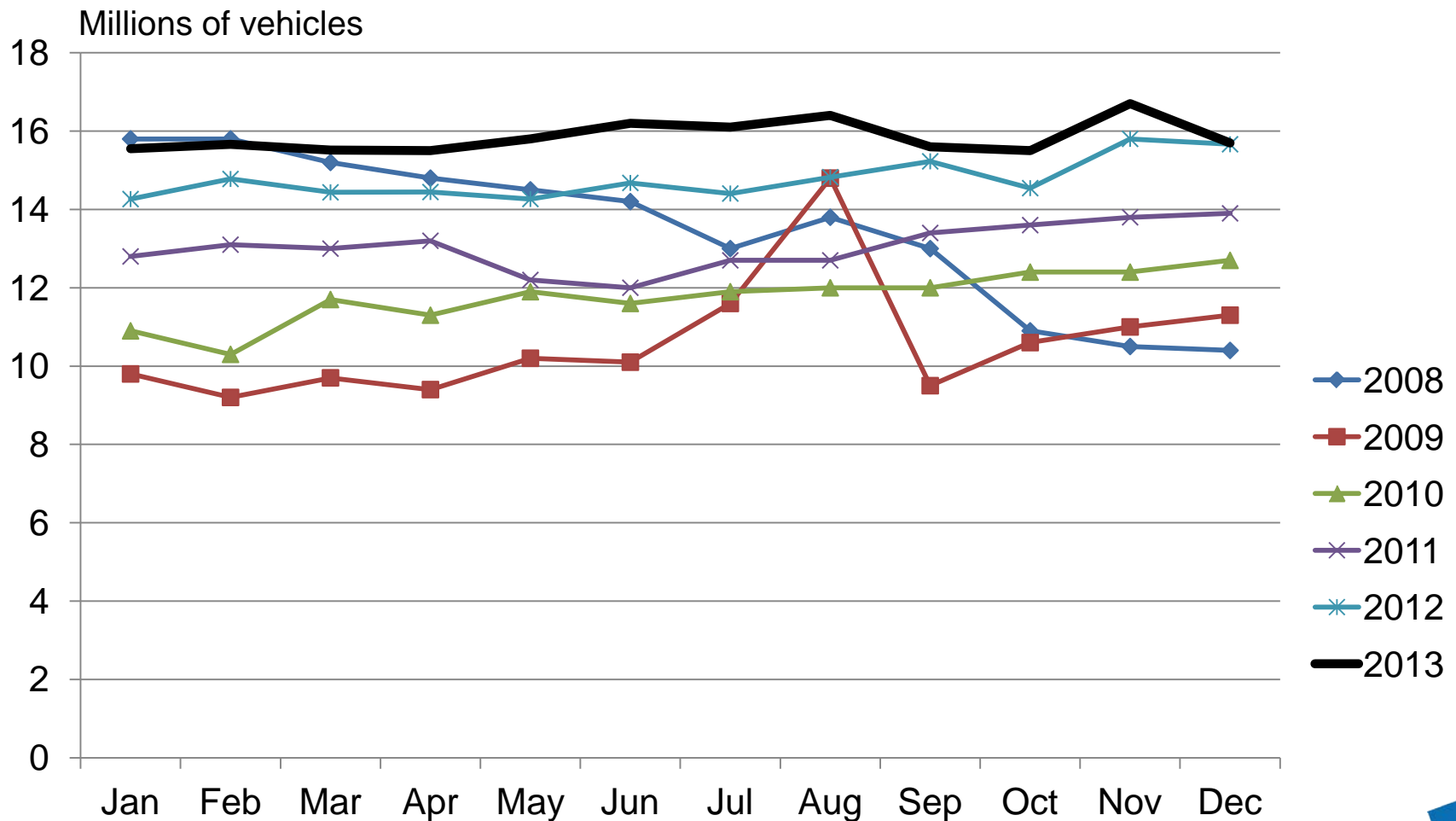


U.S. Personal Consumption



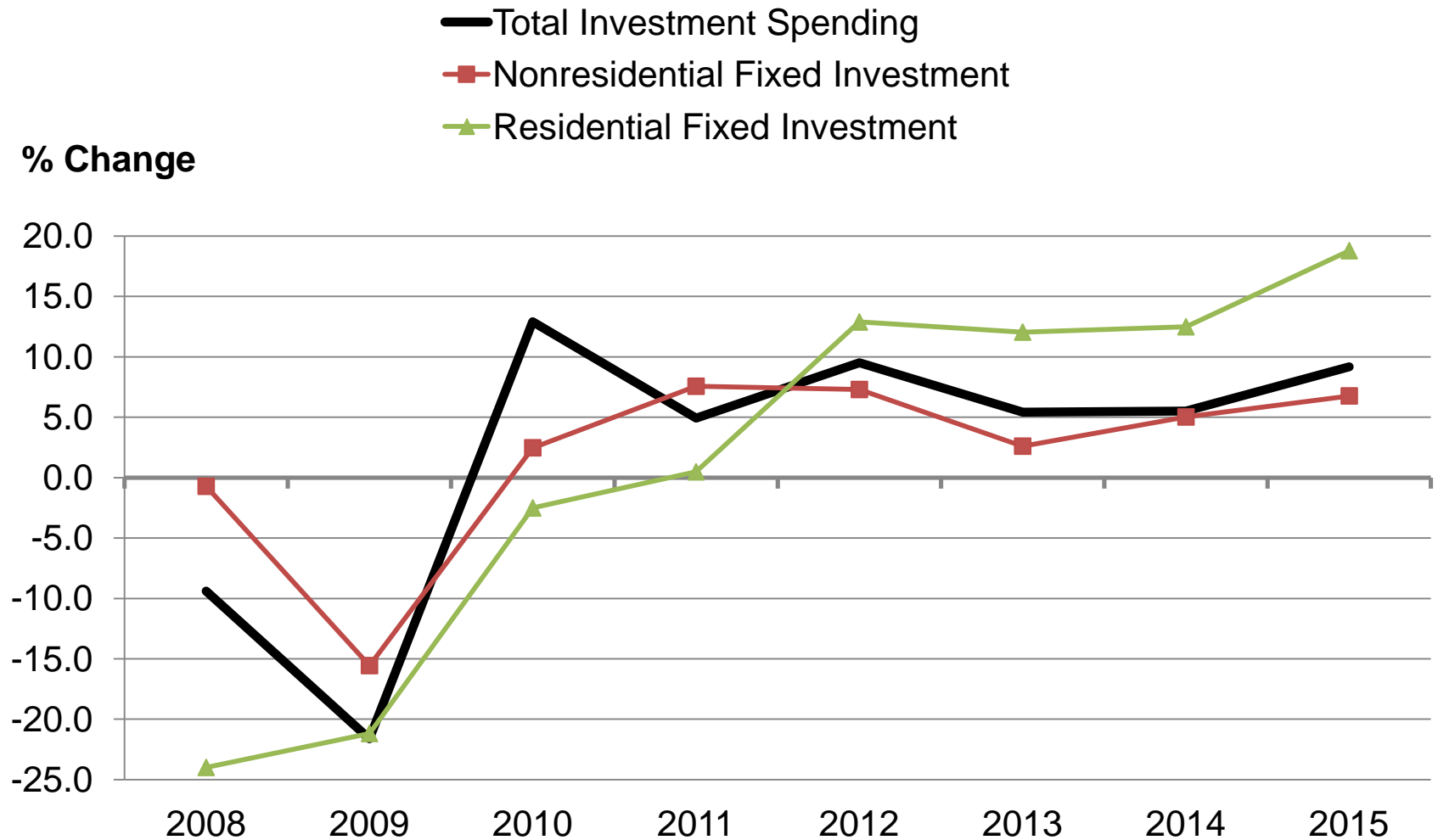
Sources: Bureau of Economic Analysis

U.S. Total New Vehicle Sales

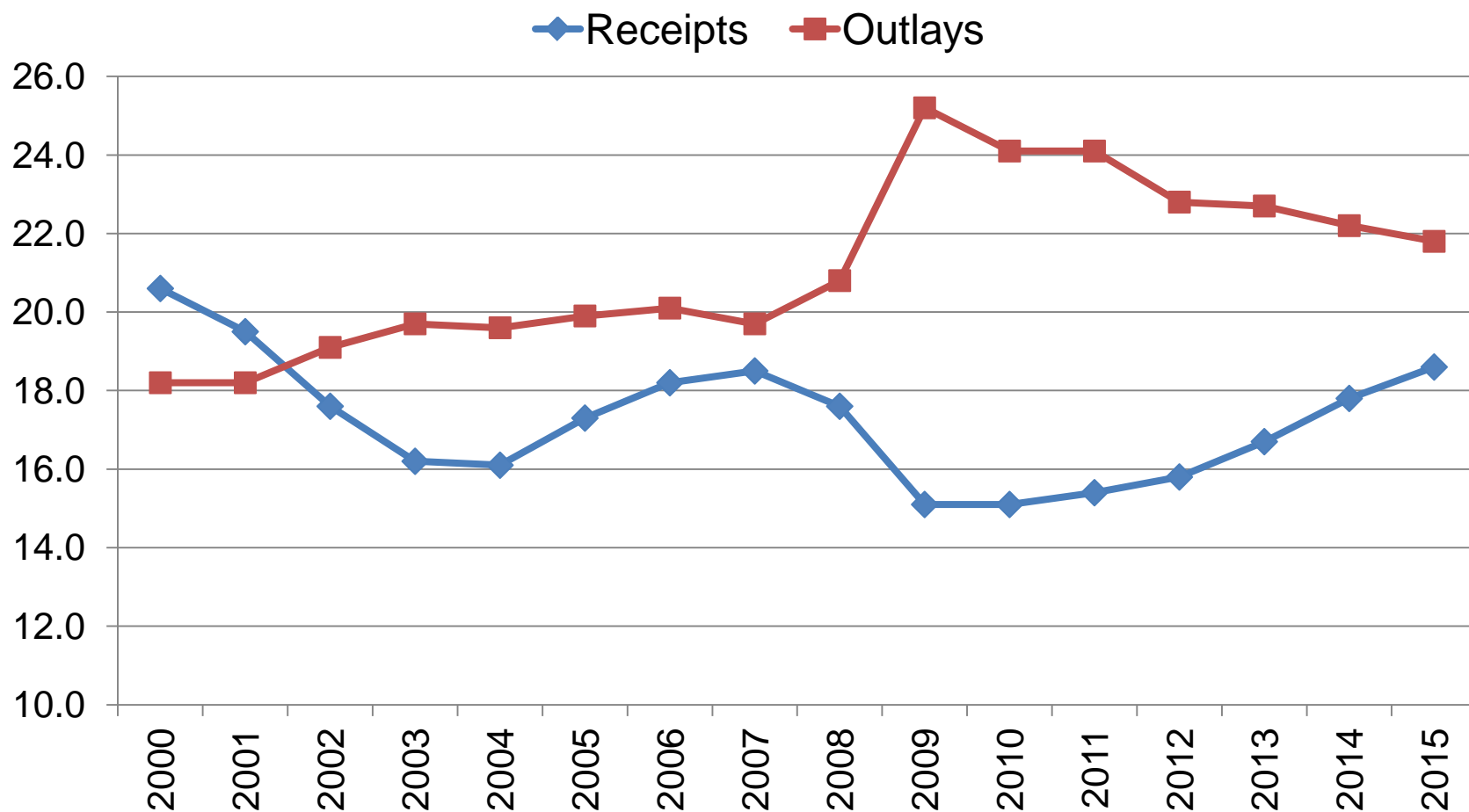


Source: Federal Reserve

U.S. Investment Spending

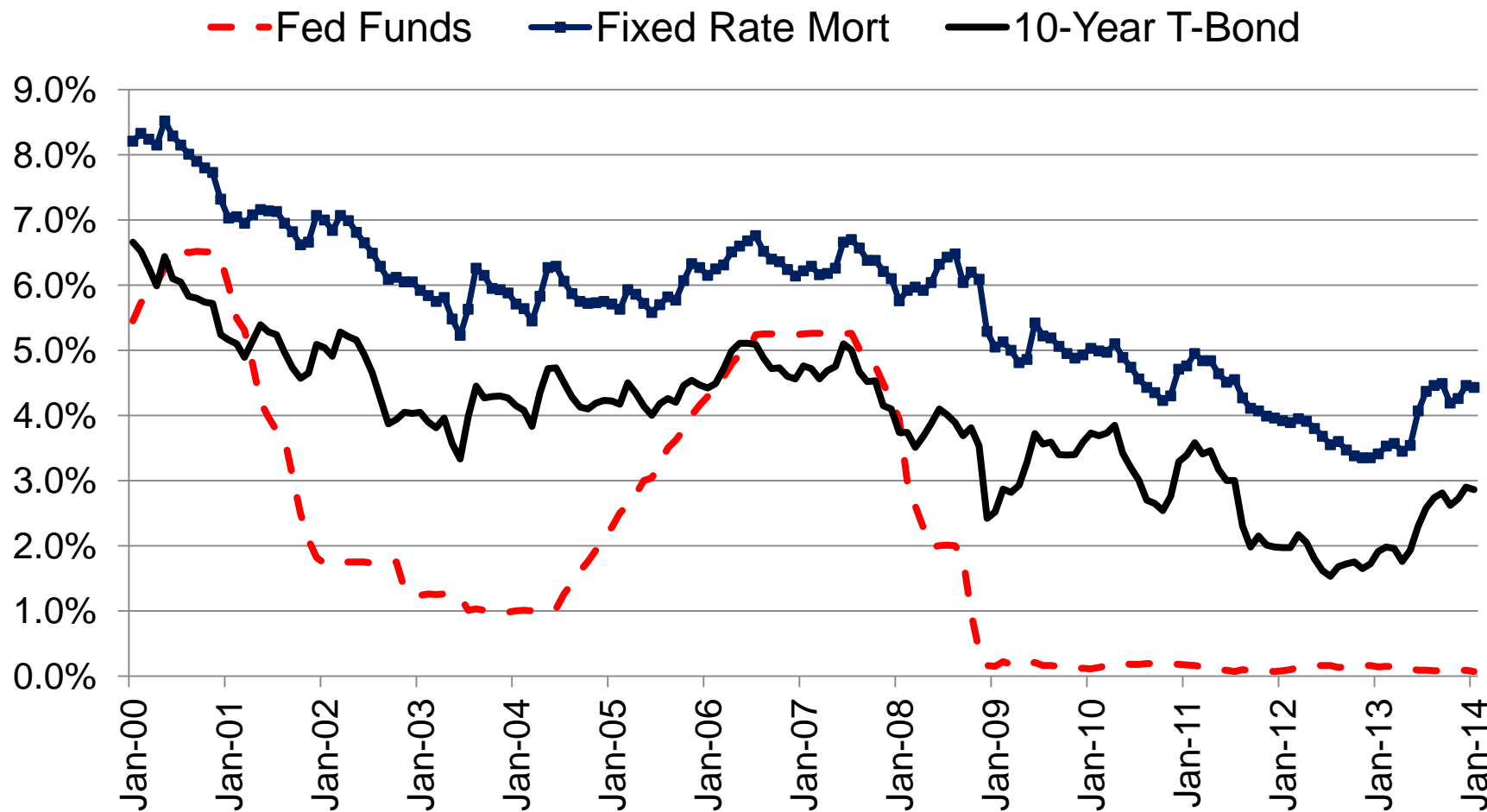


Federal Budget Receipts and Outlays as % of GDP



Source: Office of Management and Budget

Key Interest Rates



Source: Federal Reserve

Global Economy

- Global growth forecasts advanced economies
 - 2014: +3.7%
 - 2015: +3.9%
- Growth returns to Euro-zone
- Slower growth in China and emerging markets
- Feedback effects throughout global economy

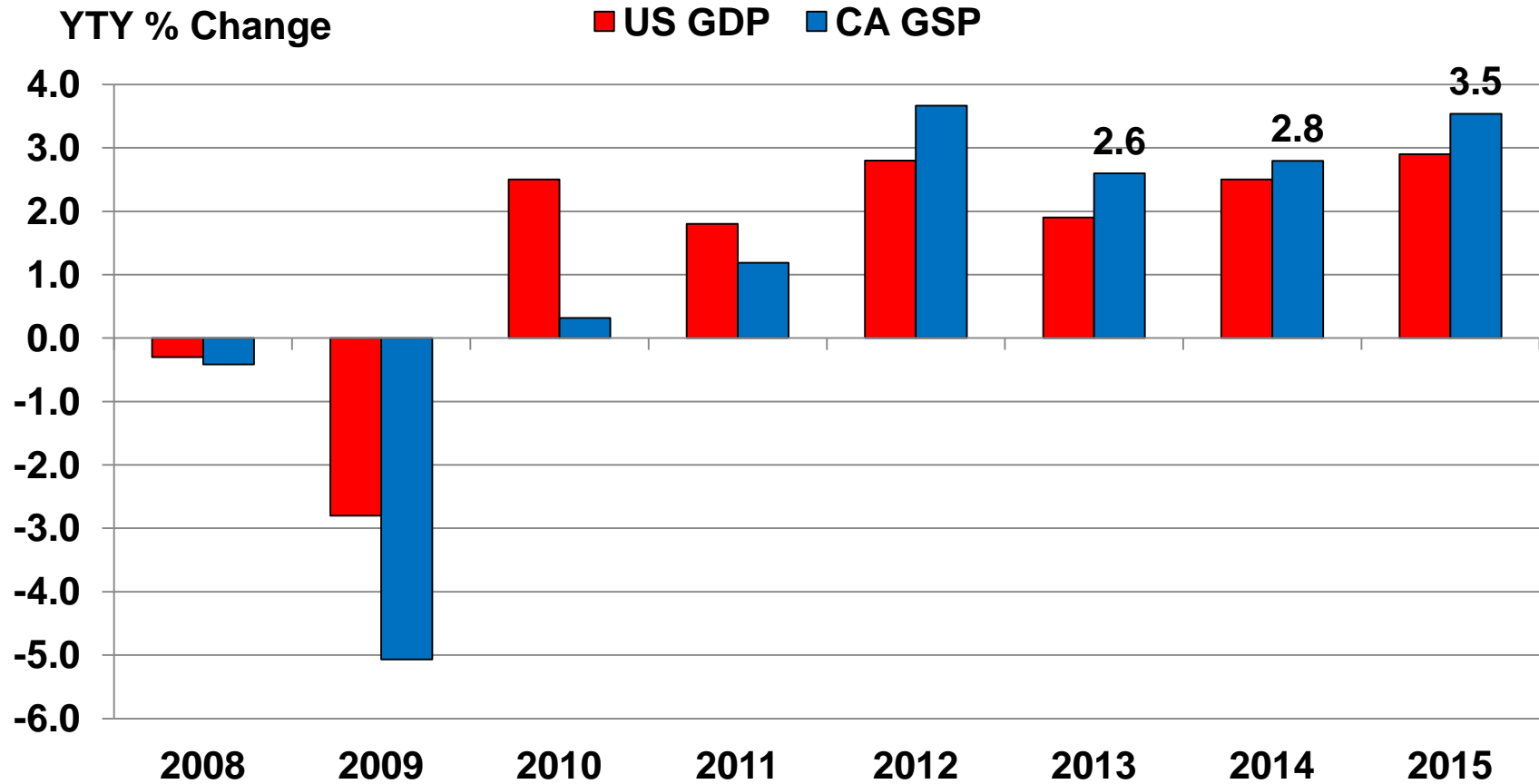
U.S. Economic Forecast

	2011	2012	2013	2014f	2015f
GDP - Annual % Chg.	1.8%	2.8%	1.9%	2.5%	2.9%
Nonfarm Jobs - Annual % Chg.	1.2%	1.7%	1.7%	1.7%	1.9%
Unemployment Rate	8.9%	8.1%	7.4%	6.6%	6.1%
Consumer Prices - Annual % Chg.	3.2%	2.1%	1.5%	1.7%	2.1%

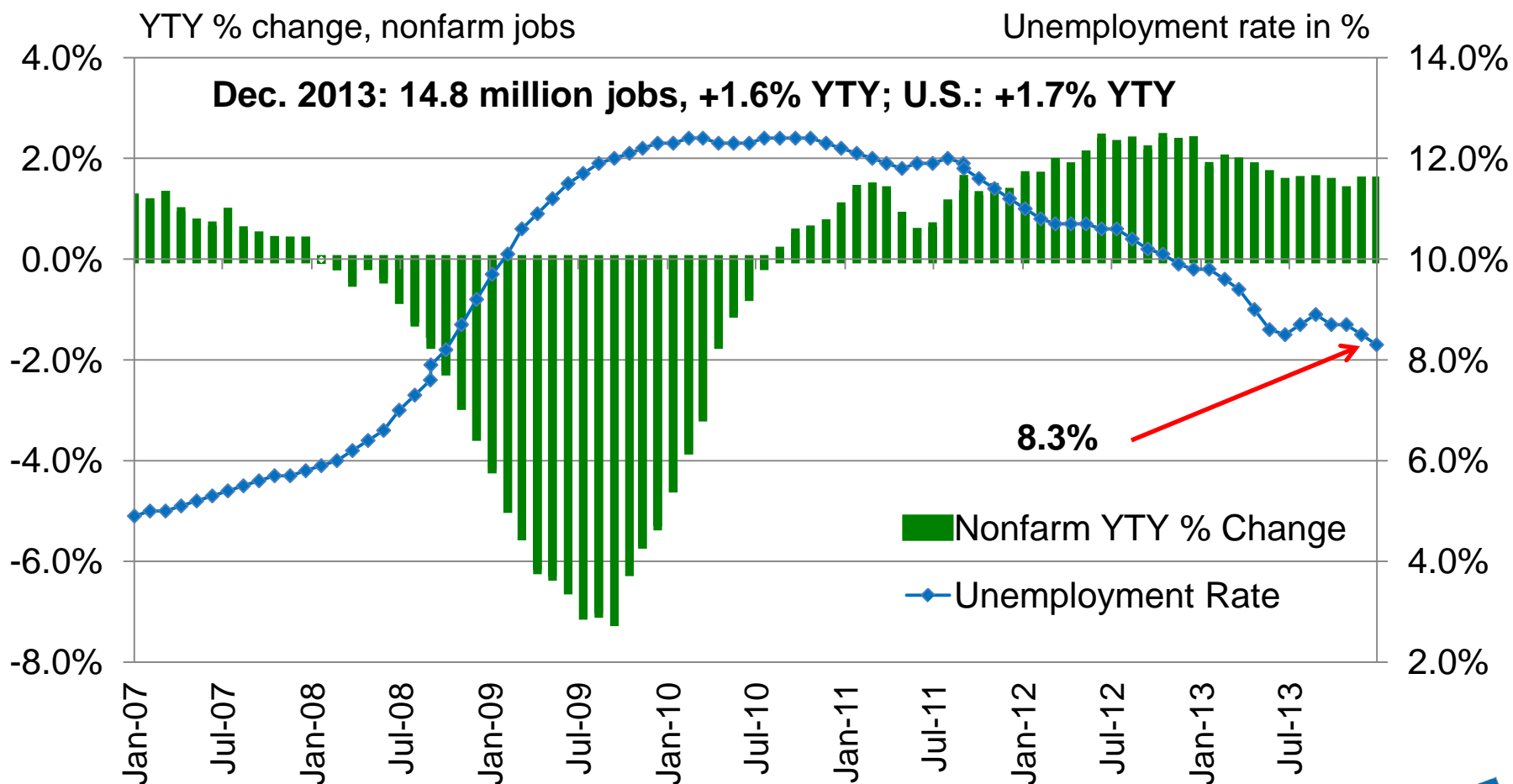
The background of the slide features a photograph of two flags flying against a clear blue sky. On the left is the United States flag, and on the right is the California Republic flag, which depicts a grizzly bear on a rock with the words 'CALIFORNIA REPUBLIC' below it. The title 'California Economy' is superimposed in the center of the image.

California Economy

California Growth Tracks U.S.



California Unemployment Rate & Nonfarm Jobs



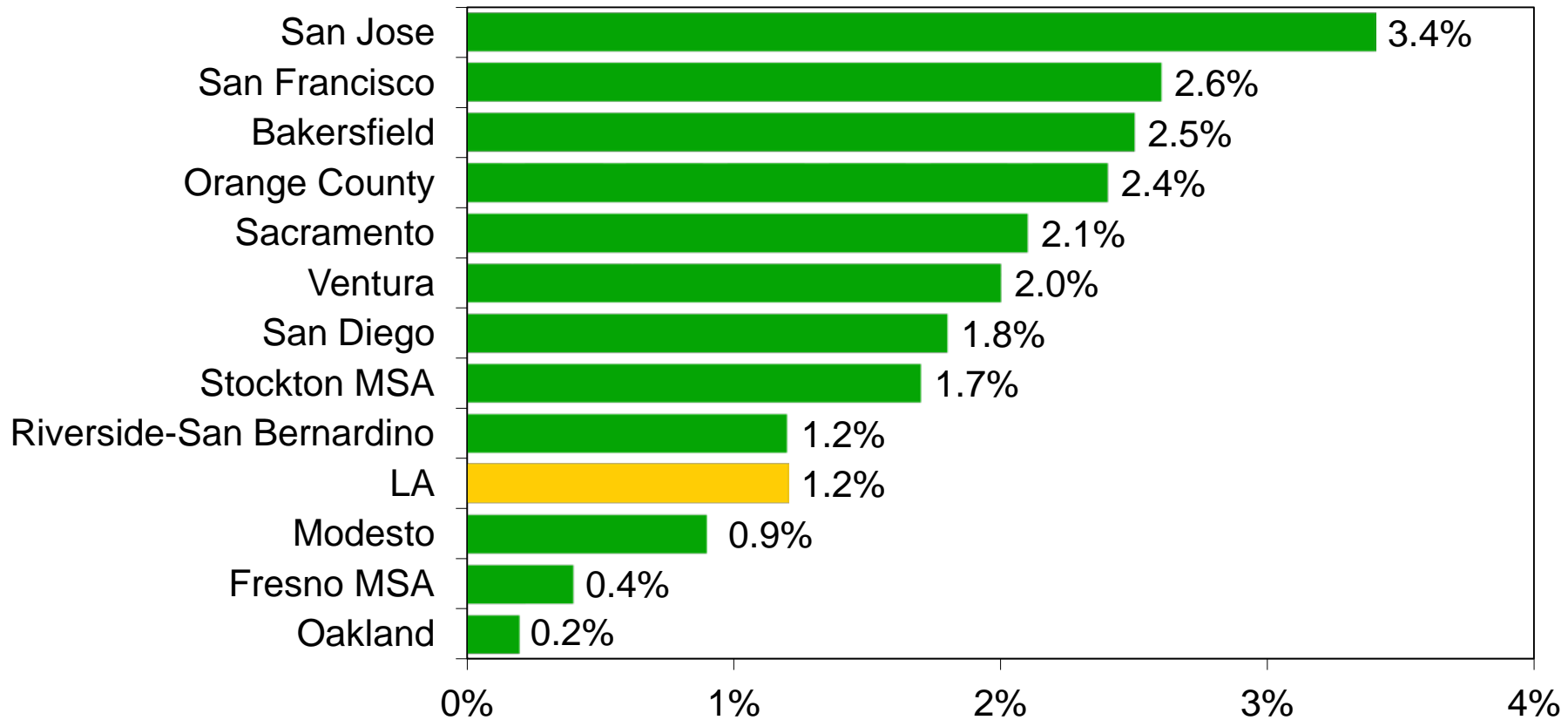
Source: CA EDD, Labor Market Information Division



Job Trends by California Metro Area

Annual percent change in nonfarm jobs

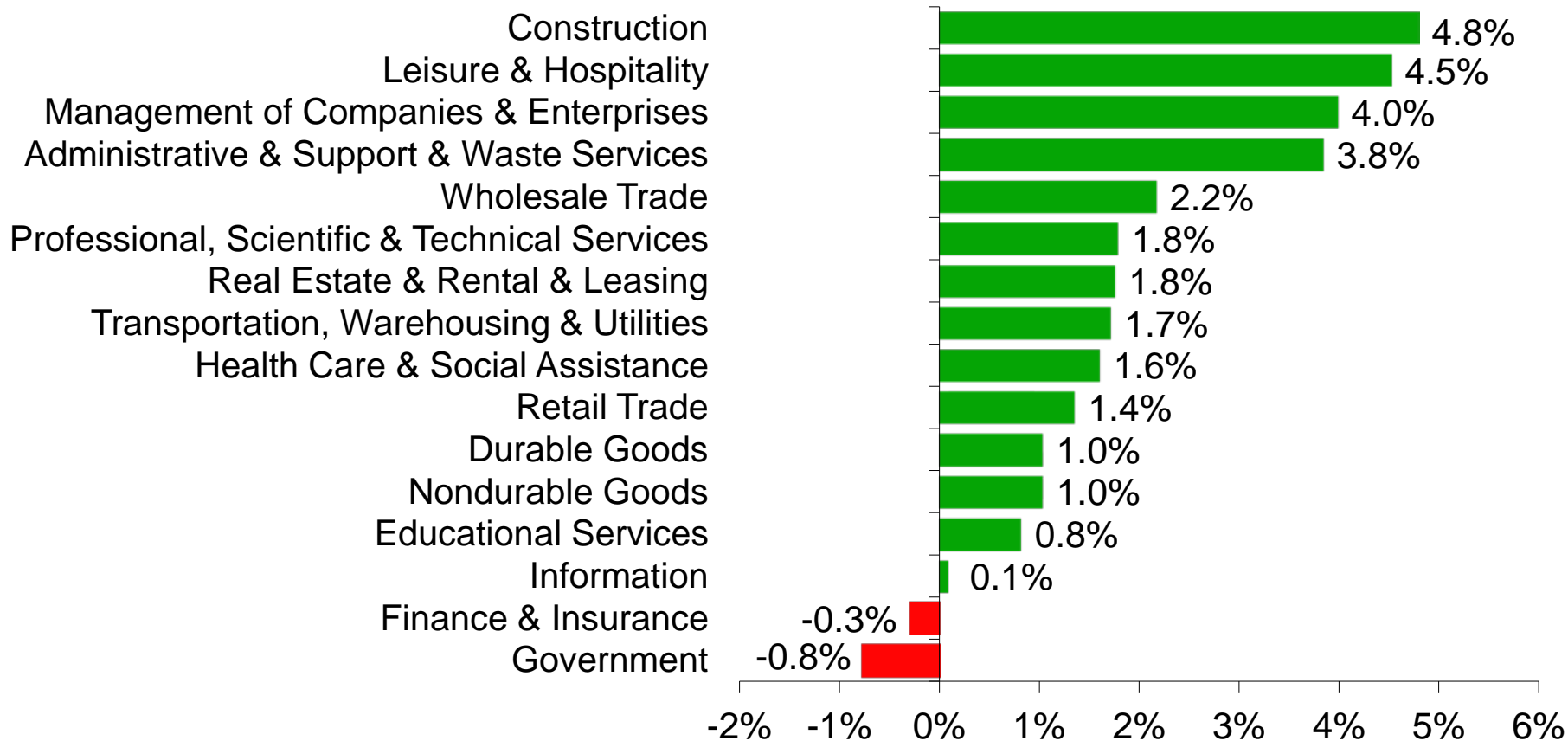
Dec. 2013: +235,700, +1.6% YTY



California Job Changes by Industry

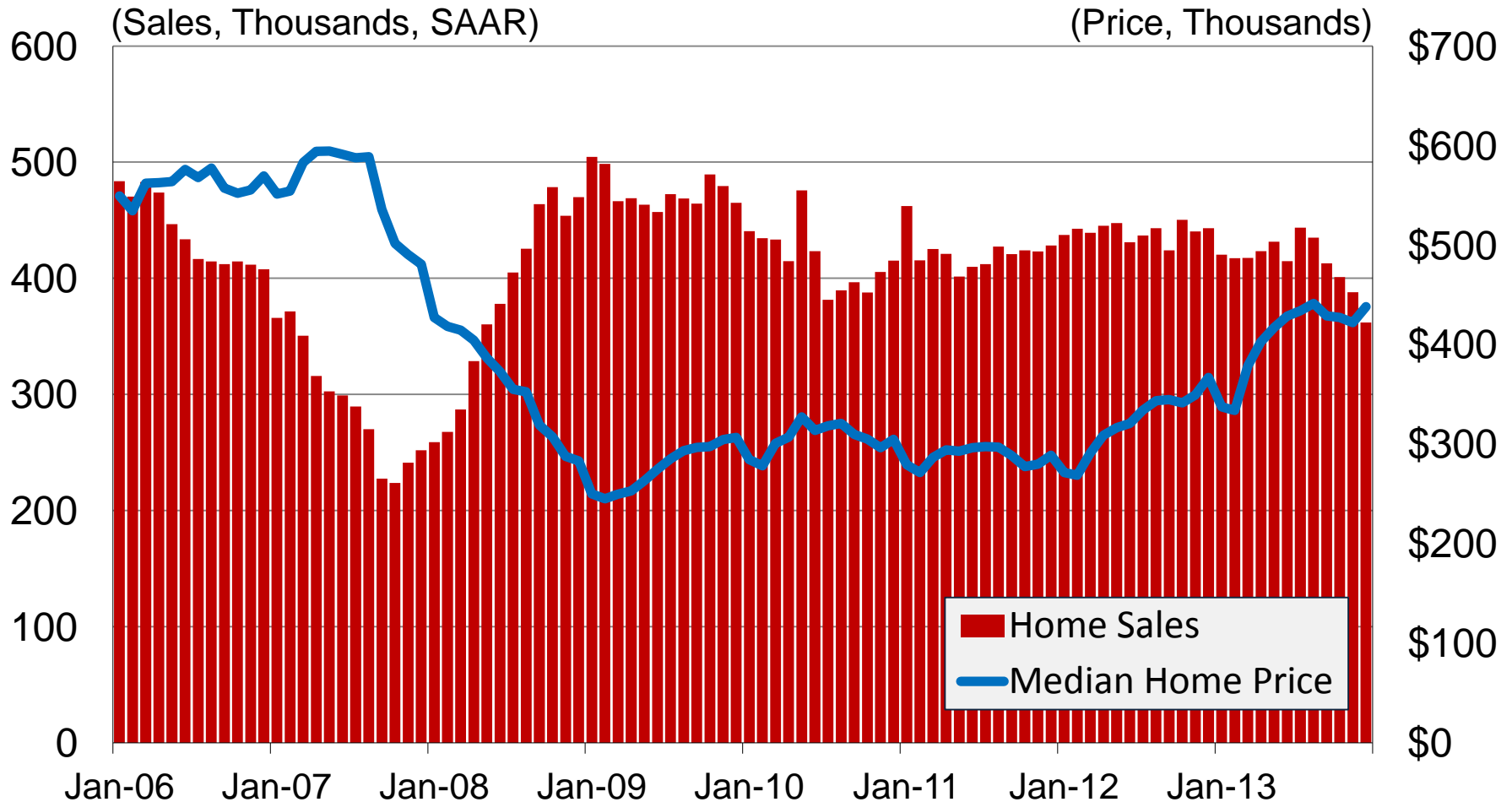
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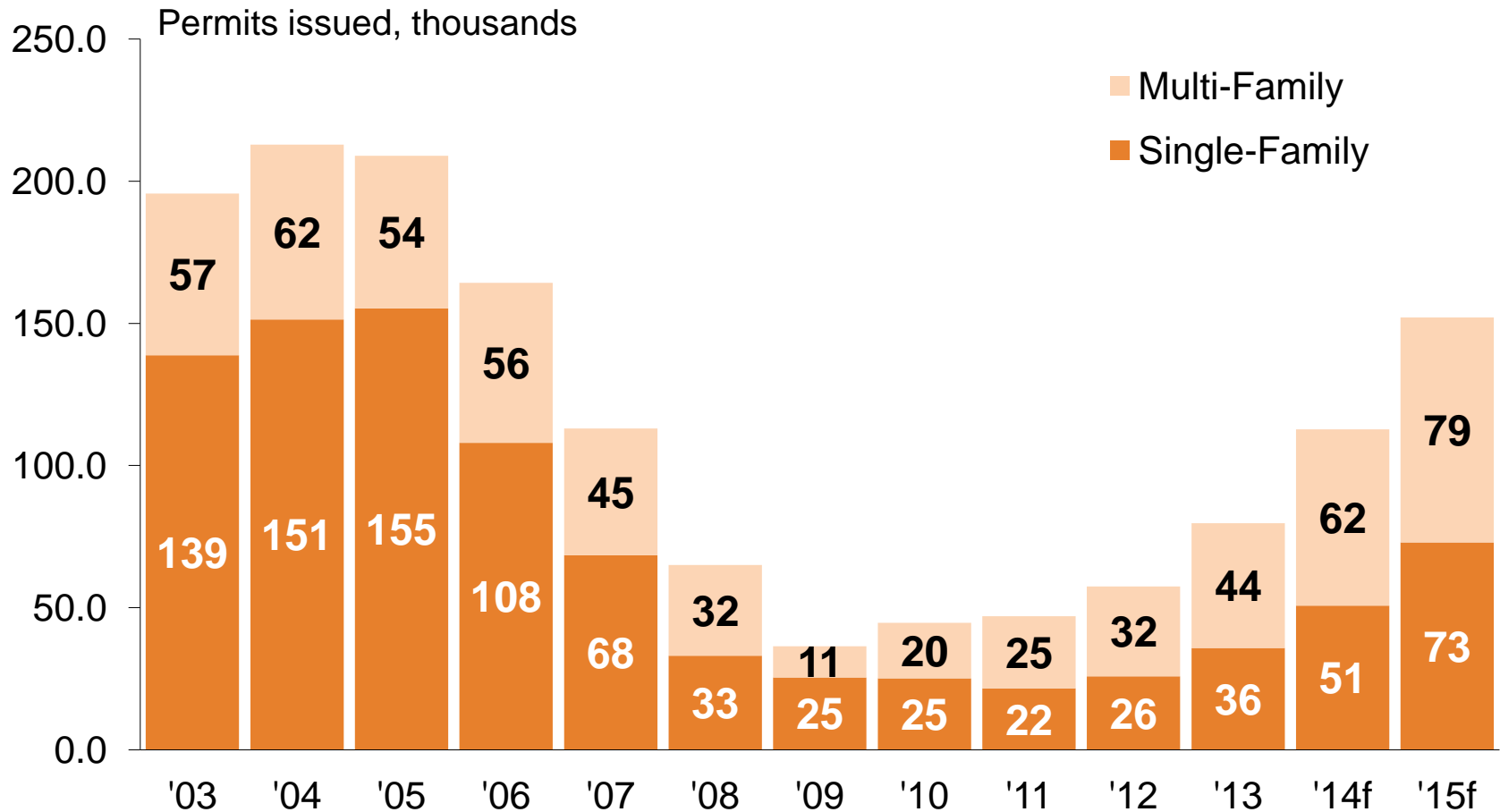


Home Sales & Median Prices California

Existing, single-family homes

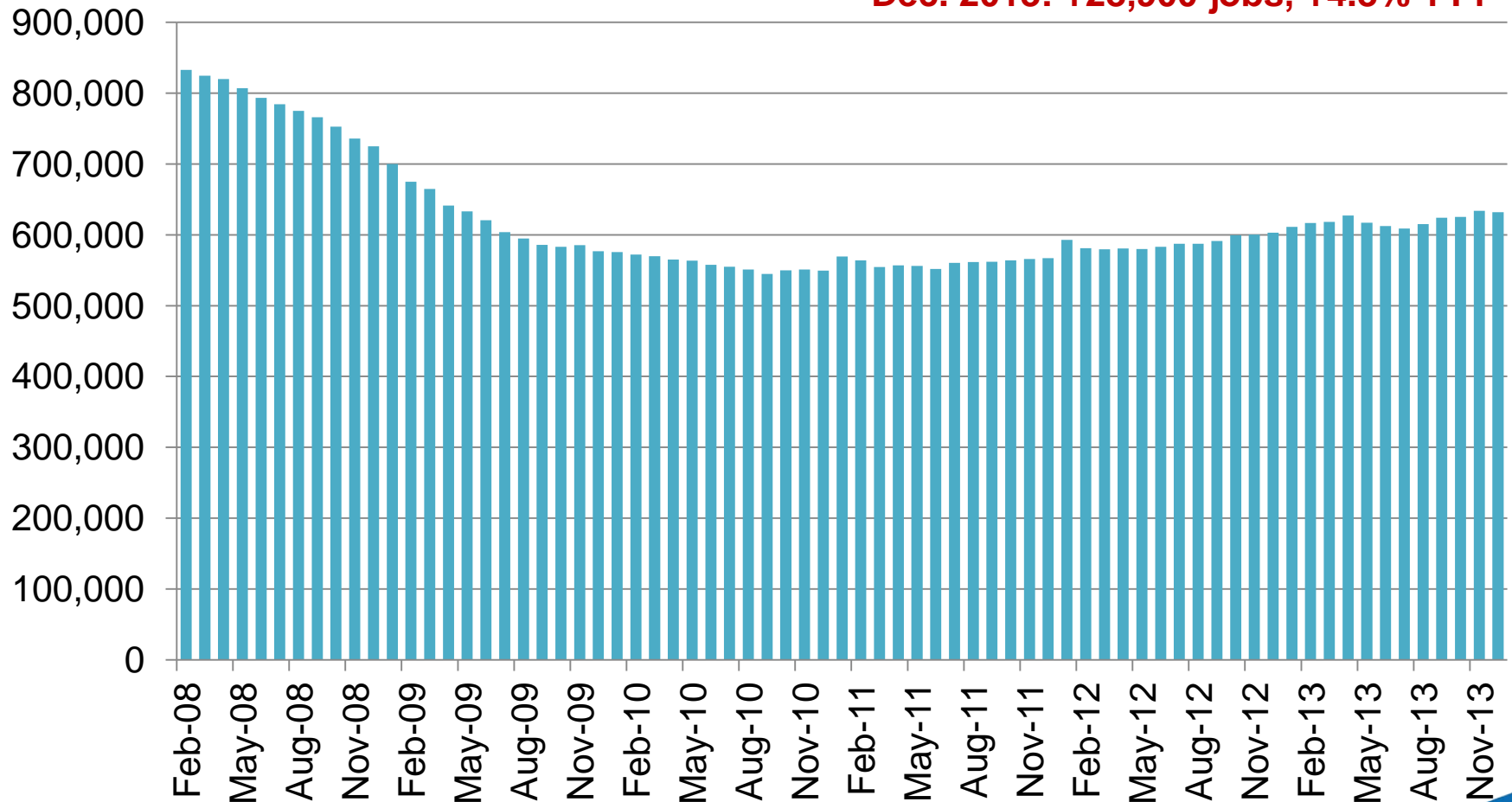


Residential Building Permits Issued in California



California Construction Employment

Dec. 2013: +28,900 jobs, +4.8% YTY



California Economic Forecast

	2011	2012	2013	2014f	2015f
Nonfarm Jobs - Annual % Chg.	1.2%	2.1%	1.7%	1.8%	2.1%
Unemployment Rate	11.8%	10.5%	8.9%	7.9%	7.1%
Personal Income - Annual % Chg.	6.6%	5.0%	2.4%	5.0%	5.2%
Total Taxable Sales - % Chg.	9.1%	7.8%	5.1%	5.1%	5.9%
Housing Permits - thousands of units	47.0	57.5	79.7	112.7	152.1

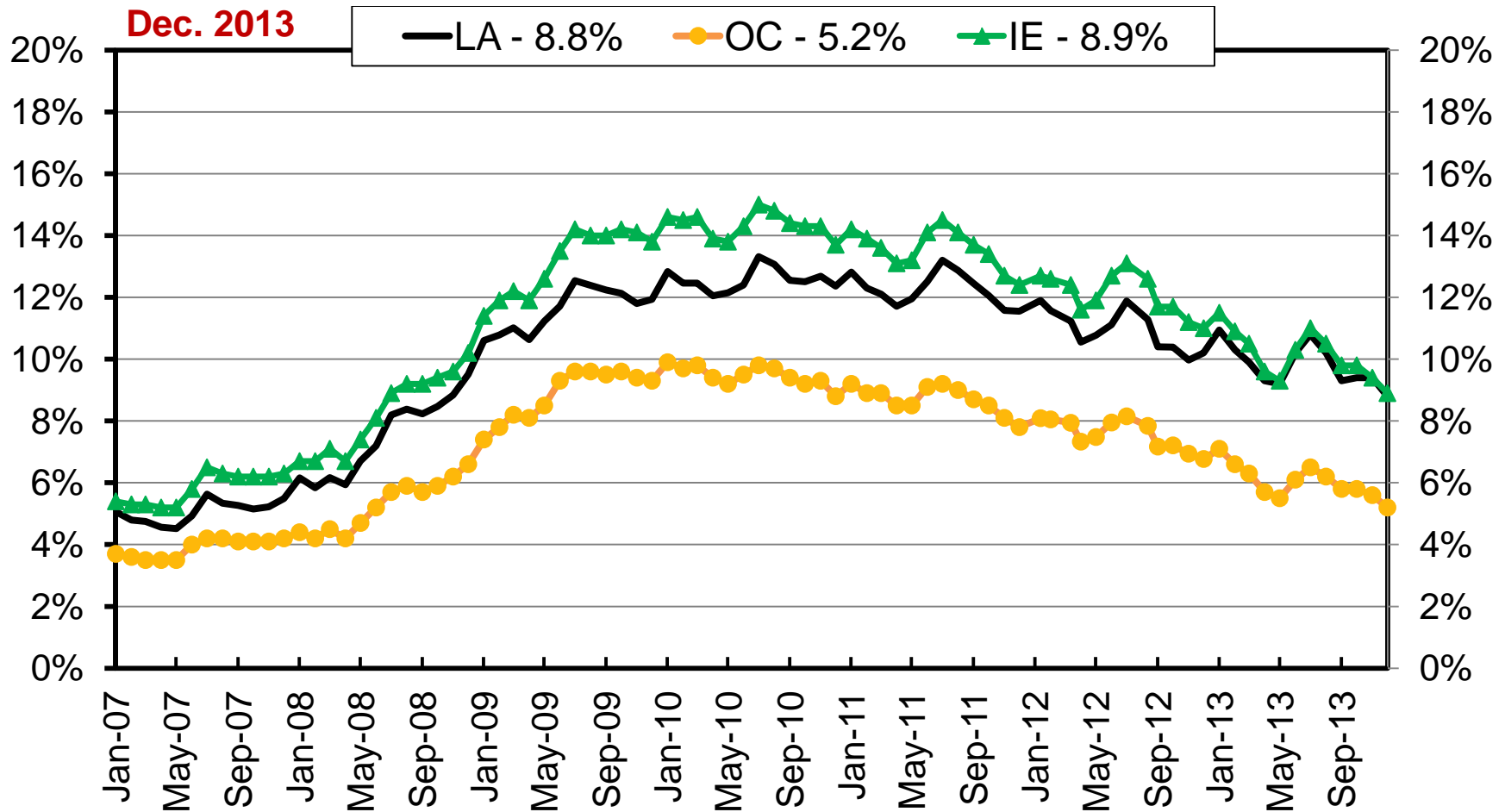


Forecast Source: LAEDC



L. A. County & Southern California

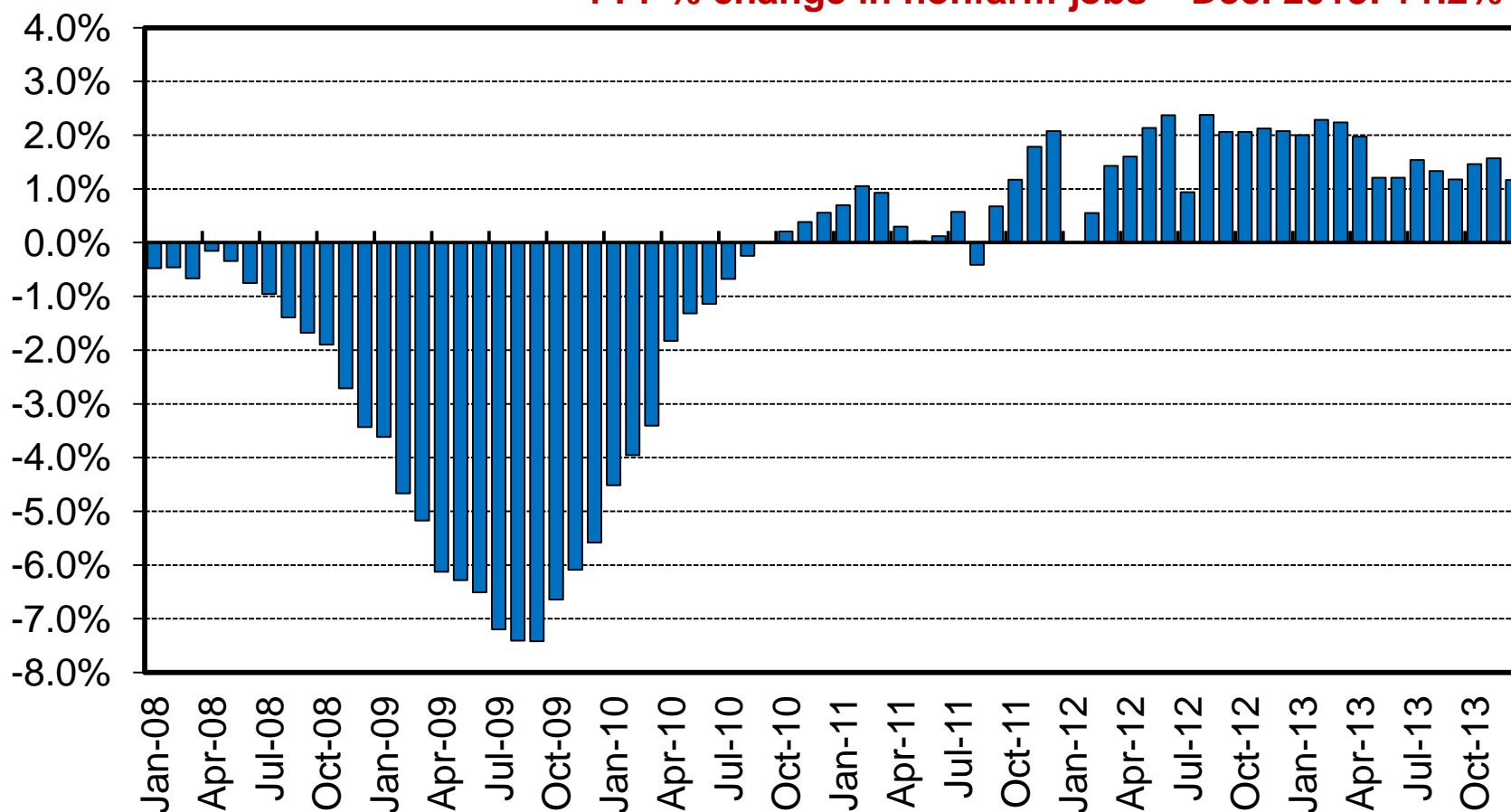
Local Unemployment Rates



Source: CA EDD, Labor Market Information Division

Los Angeles County Nonfarm Jobs

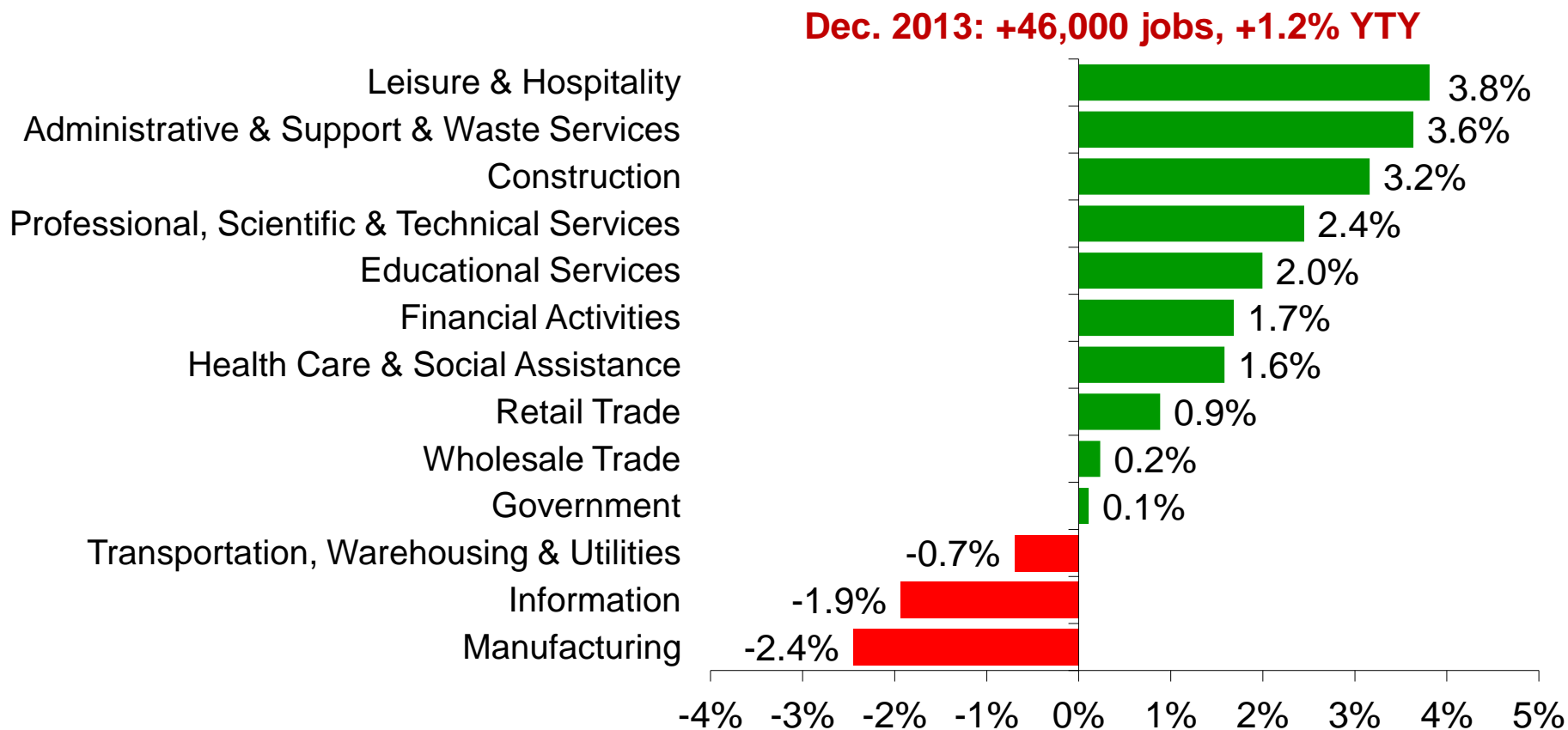
YTY % change in nonfarm jobs – Dec. 2013: +1.2%



Source: CA EDD, Labor Market Information Division

Job Trends by Industry – Los Angeles

YTY % change in nonfarm employment

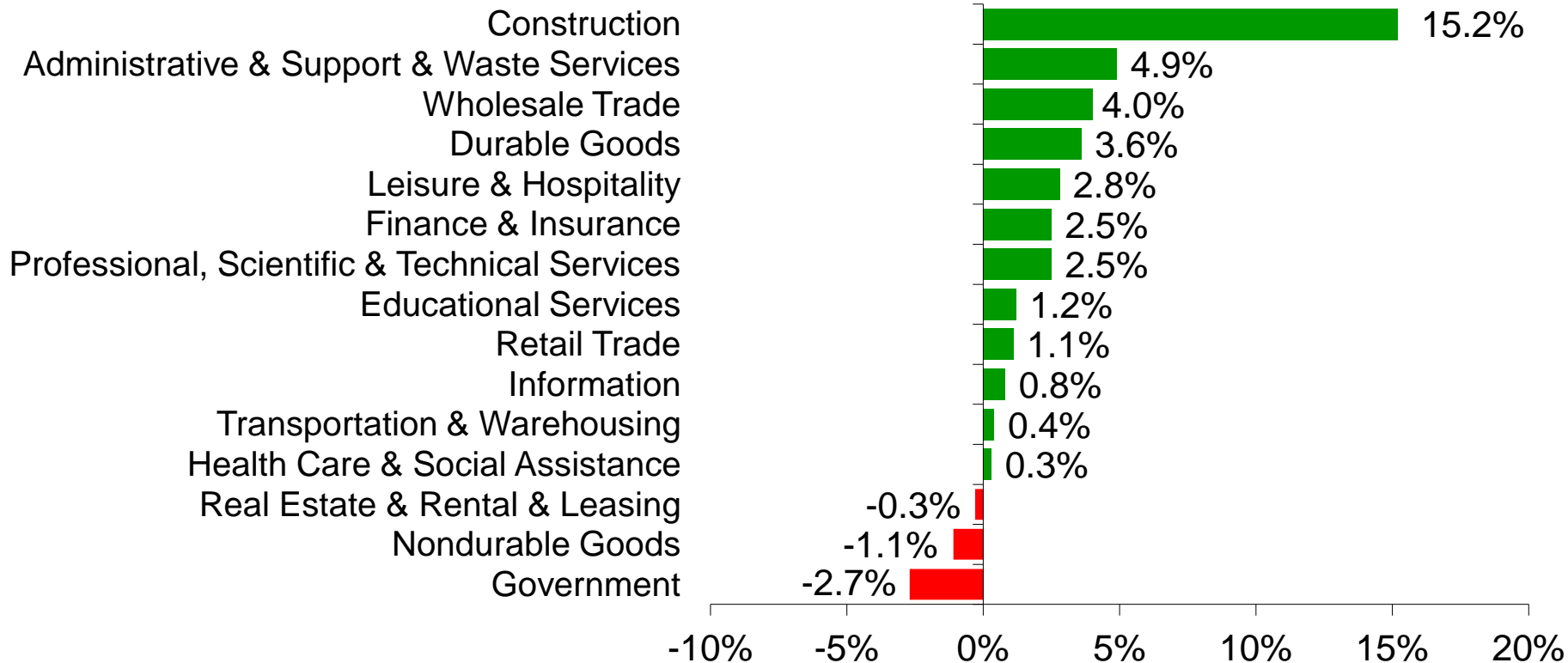


Job Trends by Industry

Orange County

YTY percent change in nonfarm employment by industry

Dec. 2013: +34,500, +2.4% YTY; u-rate: 5.2%

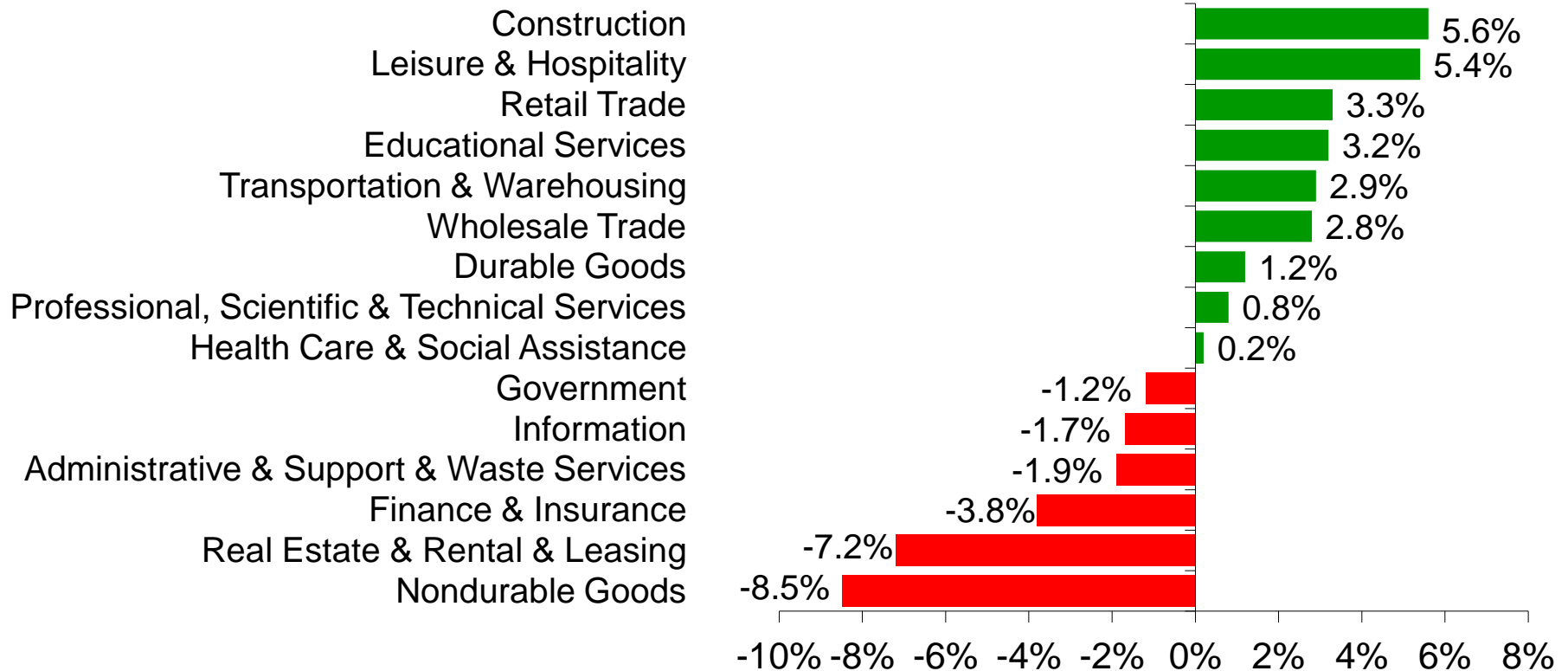


Job Trends by Industry

Riverside – San Bernardino

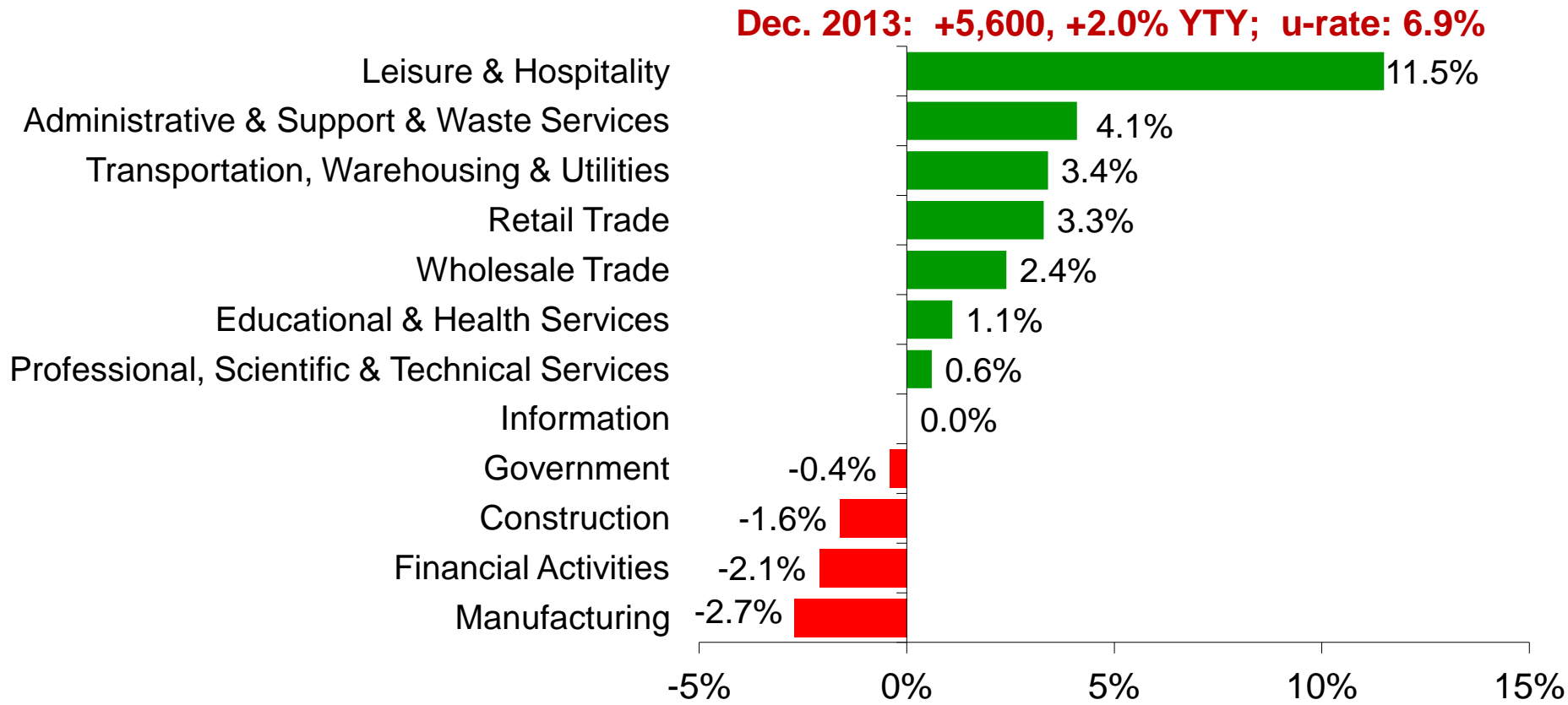
YTY percent change in nonfarm employment by industry

Dec. 2013: +14,000, +1.2% YTY; u-rate: 8.9%



Job Trends by Industry Ventura County

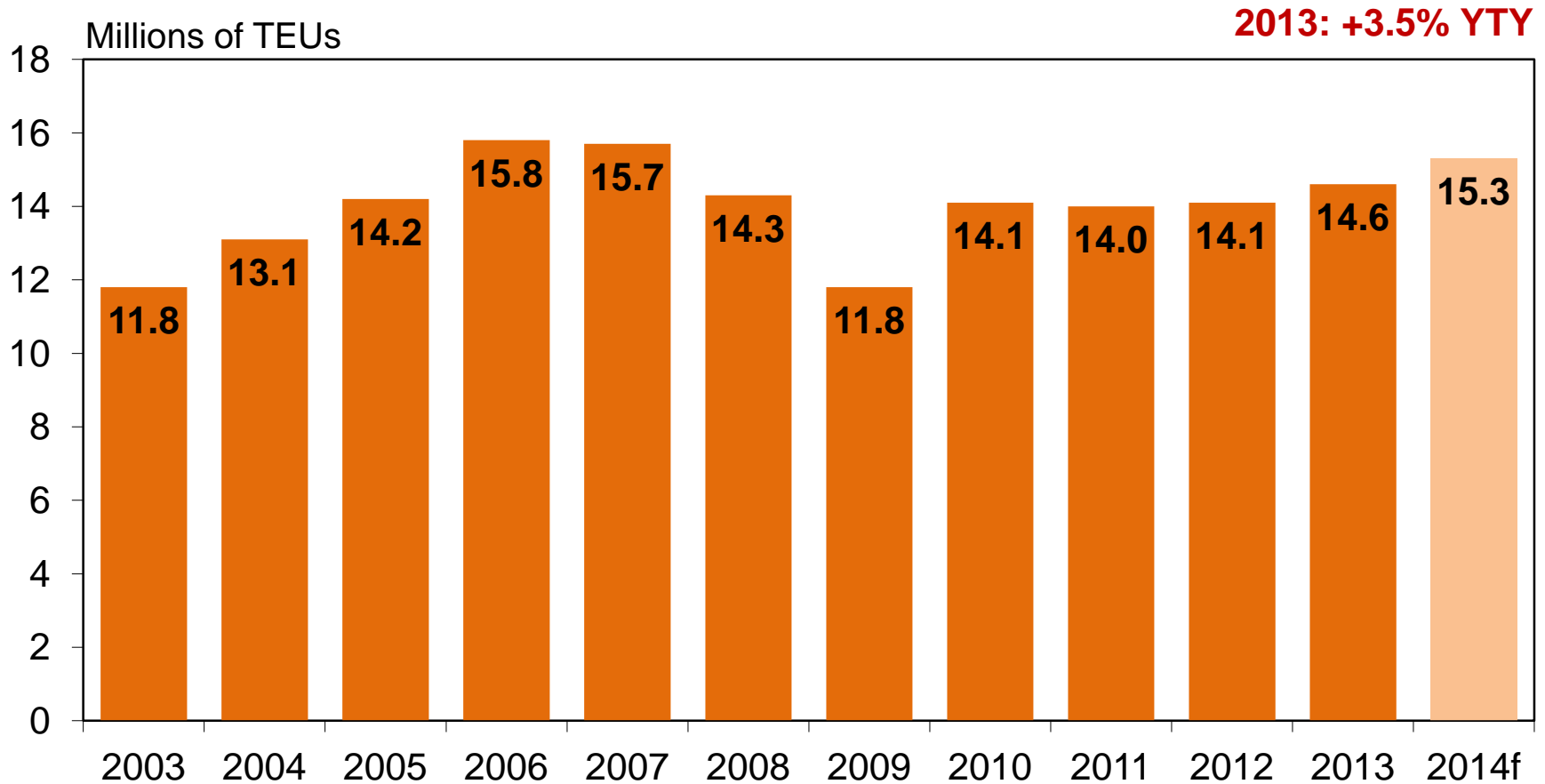
YTY percent change in nonfarm employment by industry



Major Industries in Southern California

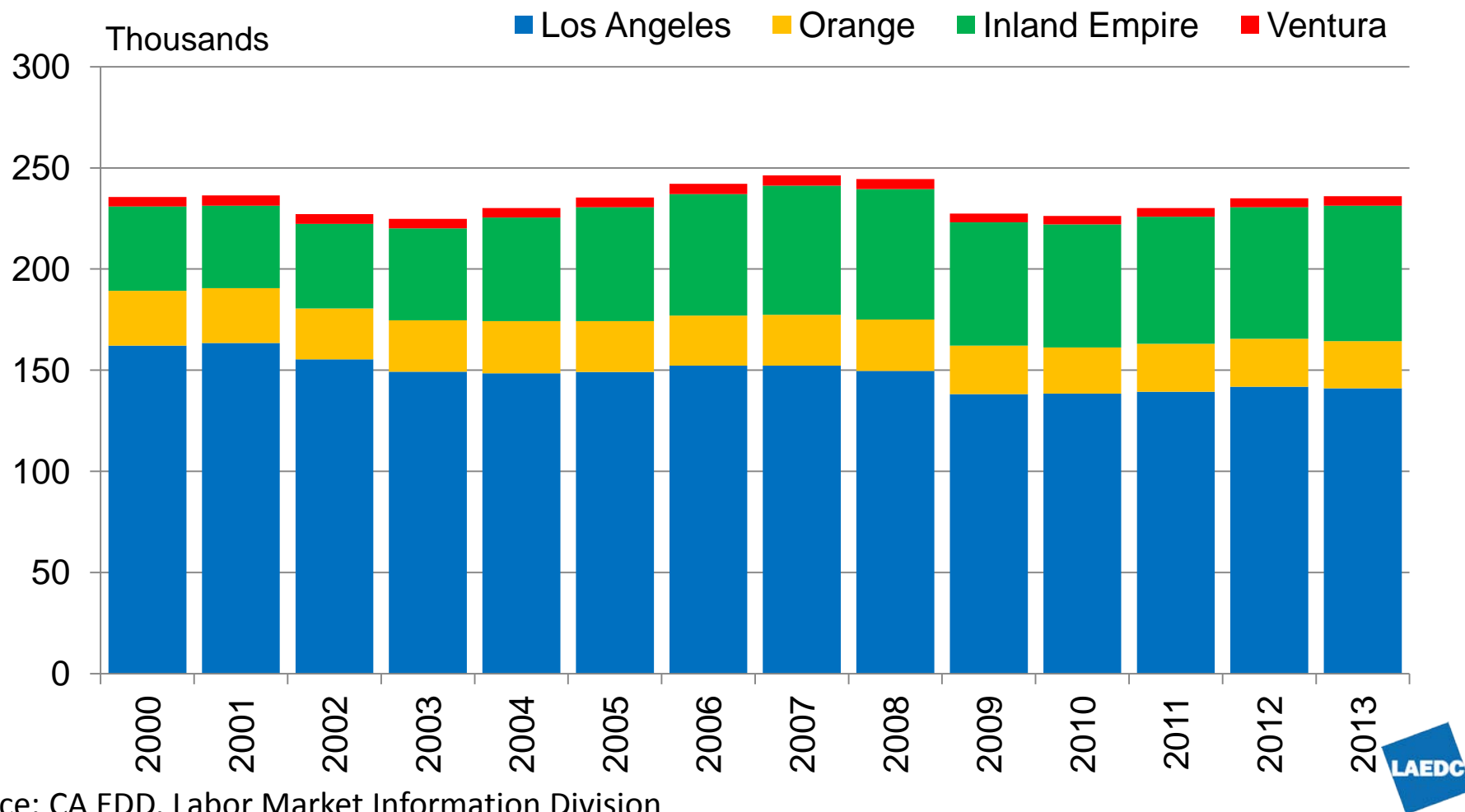
- Trade
- Entertainment
- Business Services
- Private Education Institutions
- Aerospace & Analytical Instruments
- Fashion & Apparel Manufacturing
- Hospitality
- Local Serving: Retail, Medical

TEU Throughput San Pedro Bay Ports



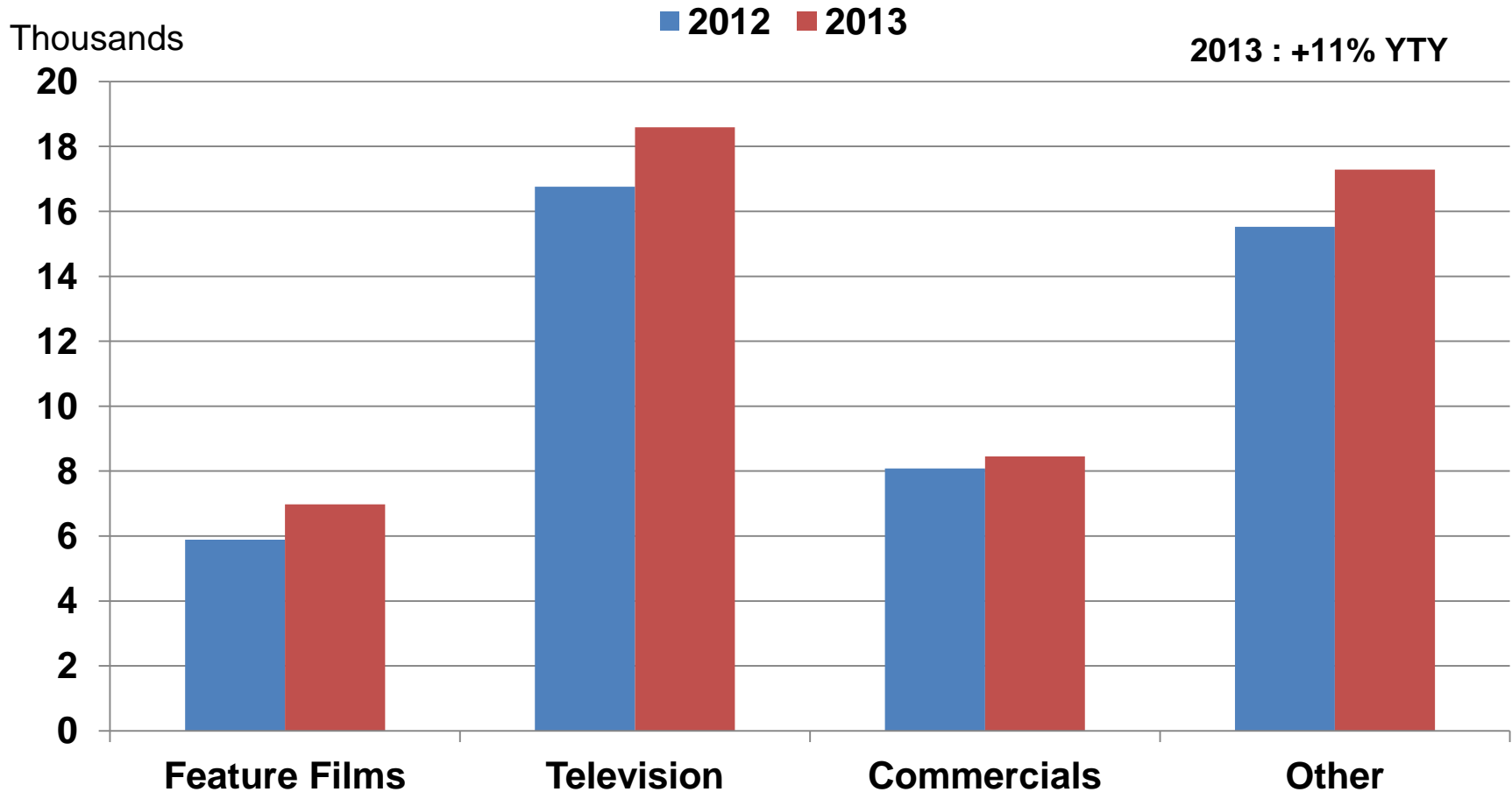
Source: Ports of Los Angeles and Long Beach; forecast by LAEDC

Southern California Transportation and Warehousing Employment

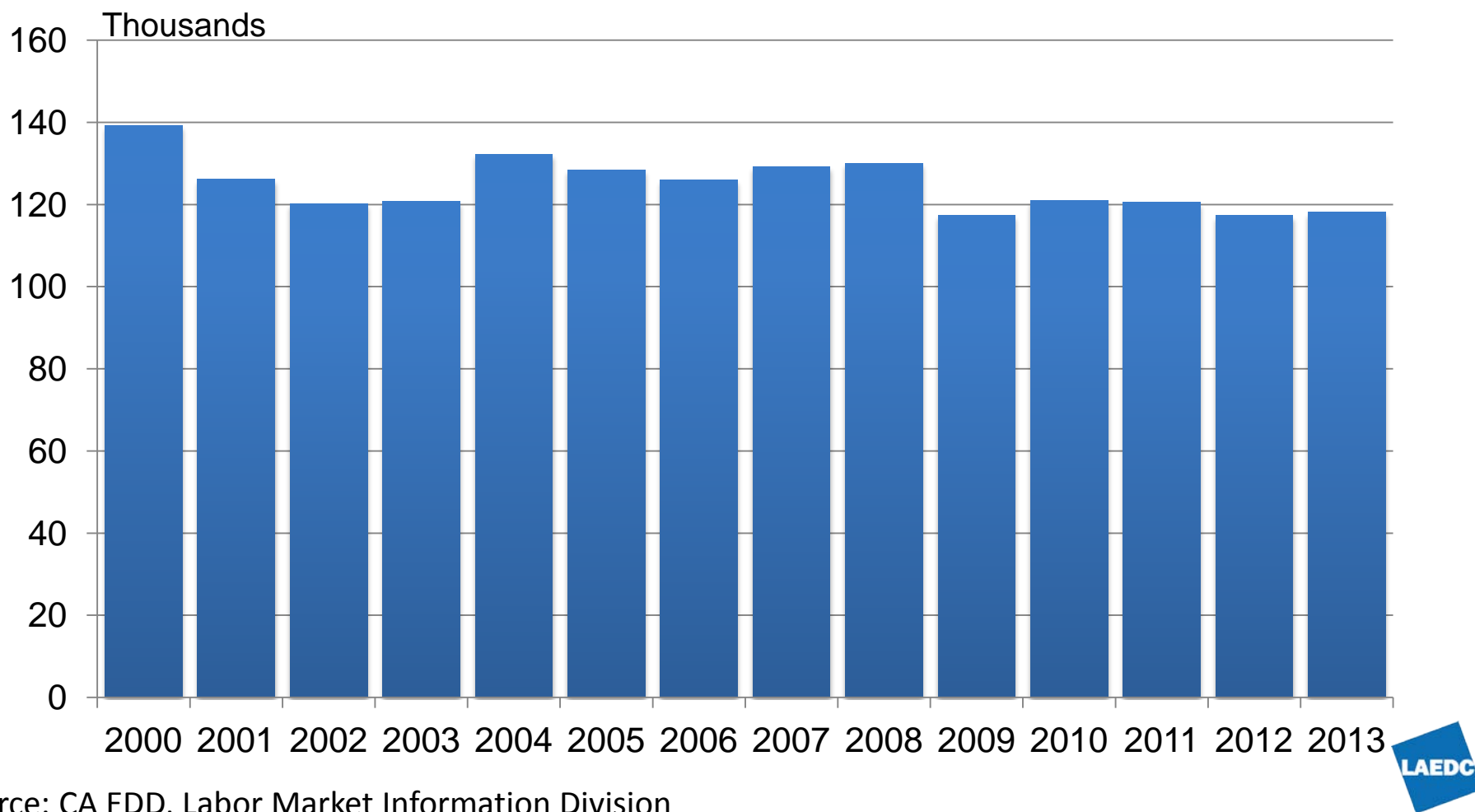


Source: CA EDD, Labor Market Information Division

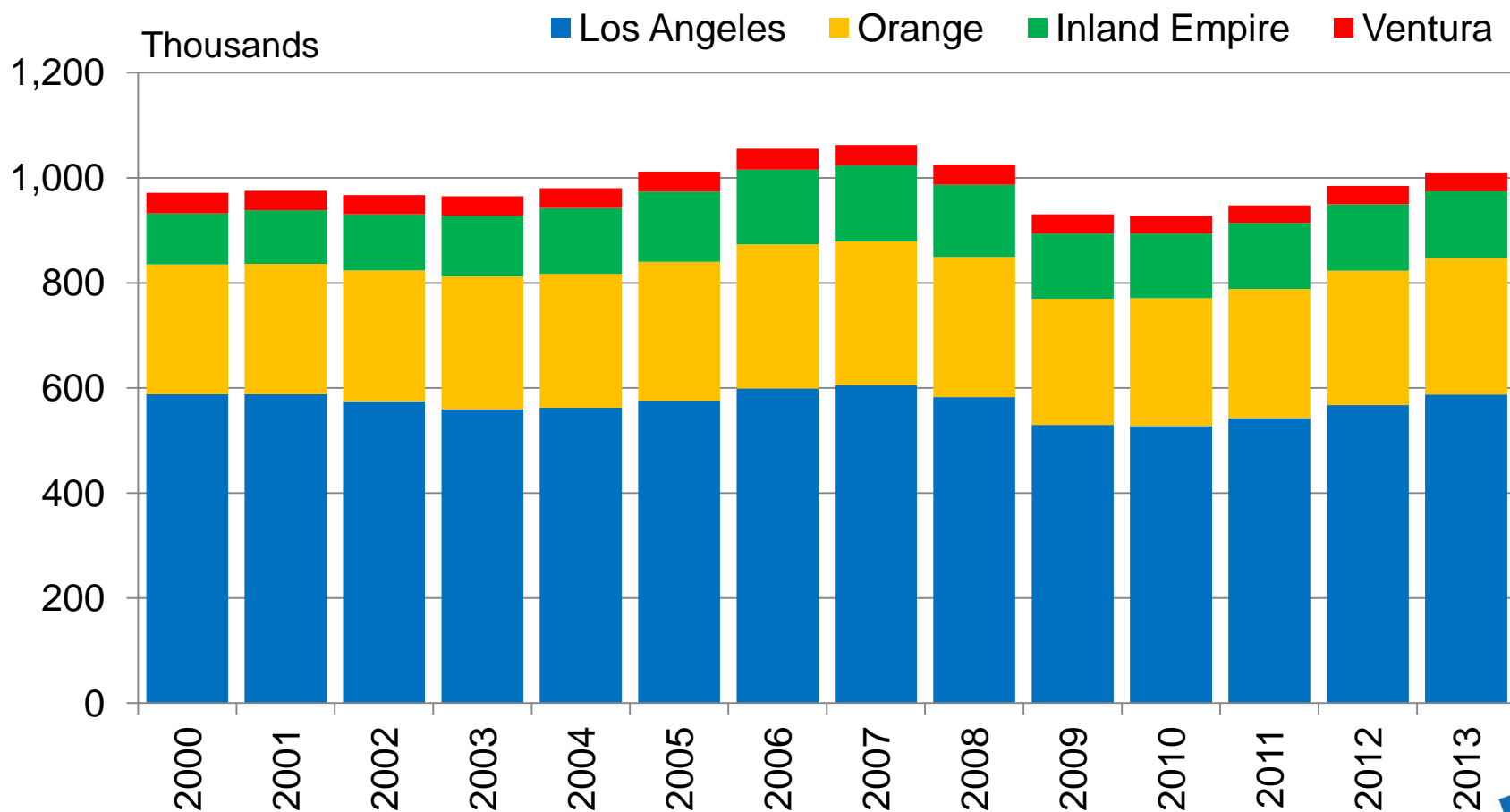
On-Location Production Days by Type



Motion Picture & Sound Recording Employment in Los Angeles County



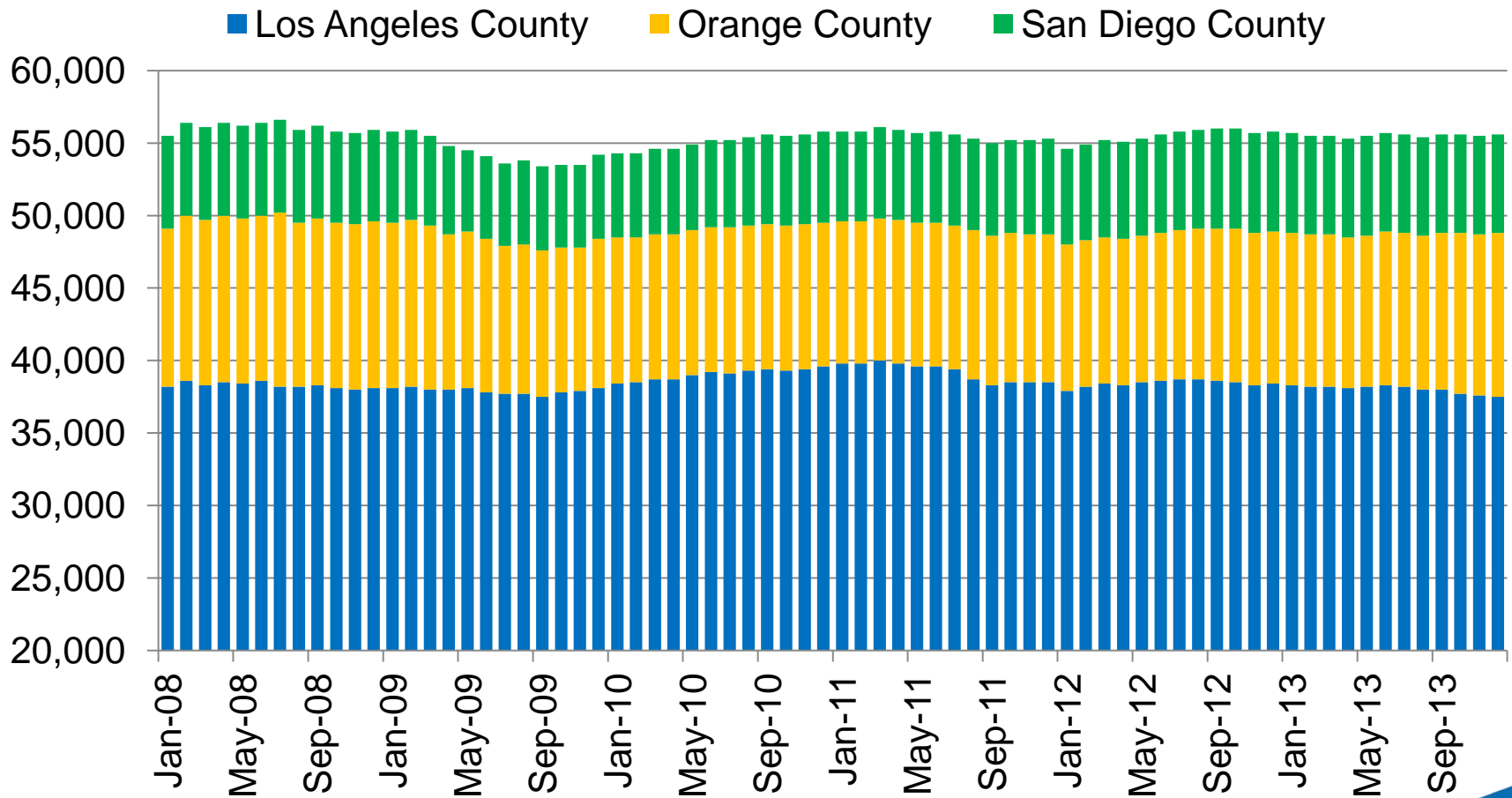
Southern California Professional & Business Services Employment



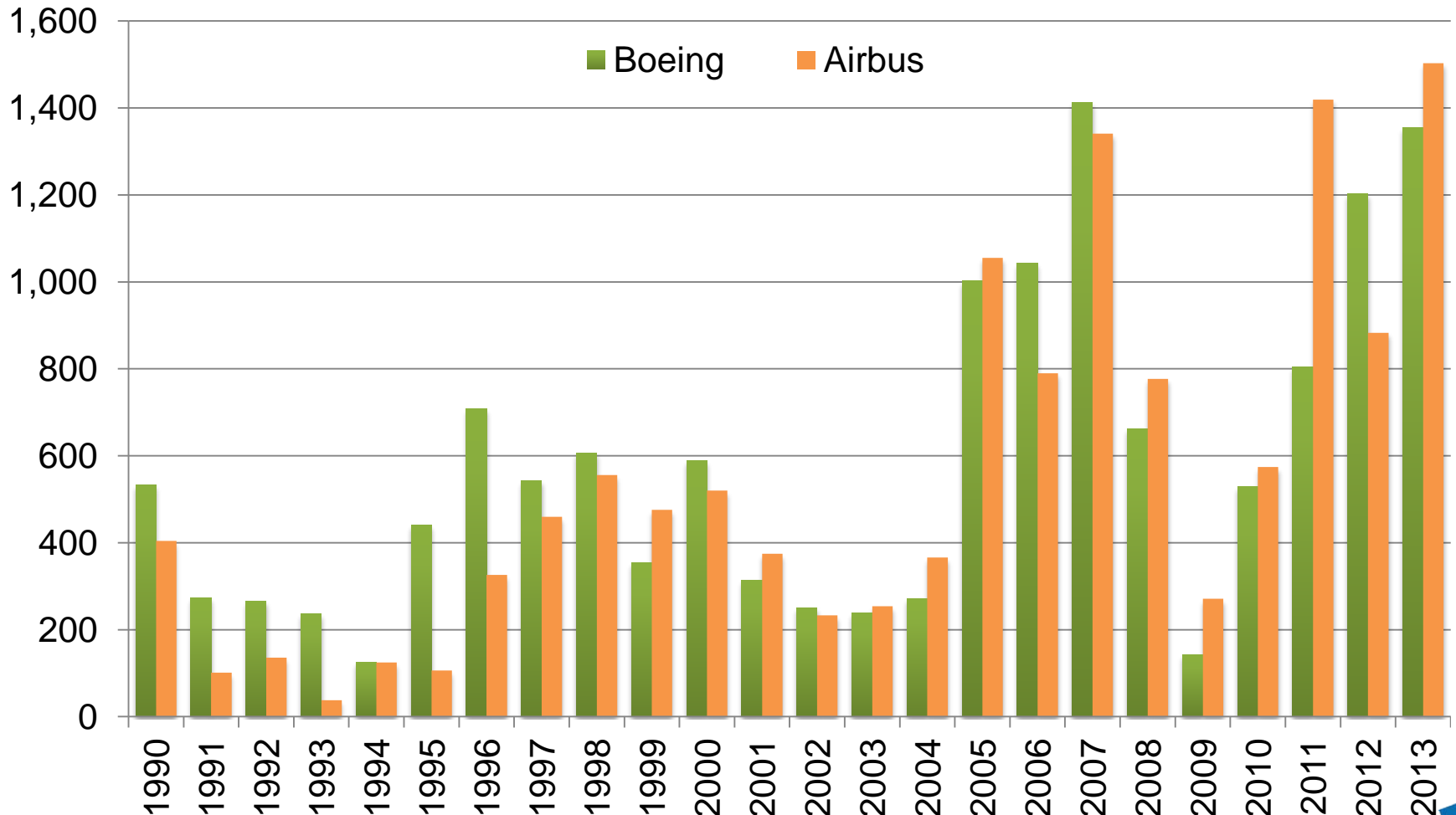
Source: CA EDD, Labor Market Information Division



So Cal Aerospace Products Manufacturing Employment



Boeing & Airbus Orders



Source: Boeing & Airbus Company Websites

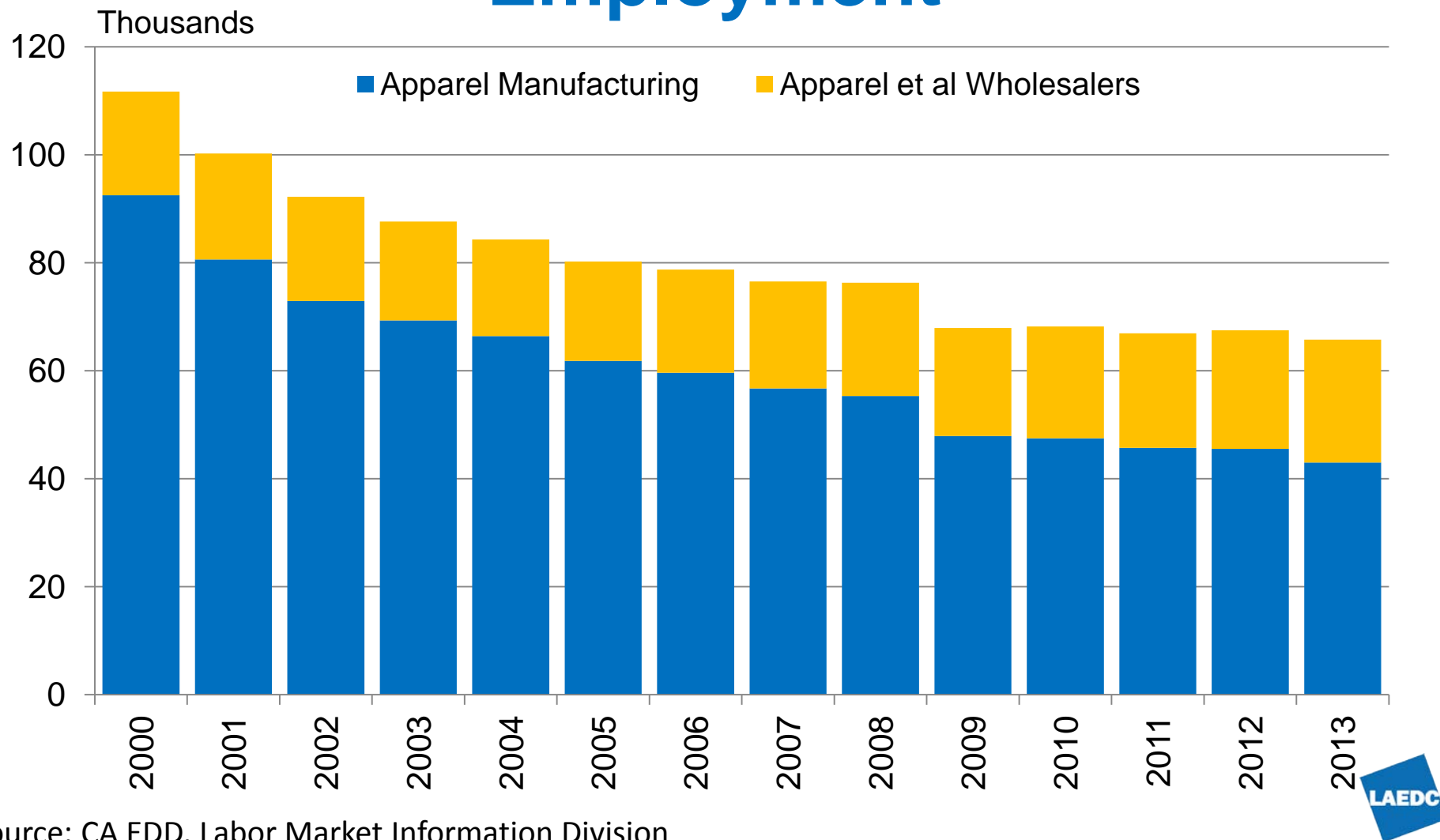
Technology Employment Goods & Services Sectors-LA County

Industry	Dec-12	Dec-13	YTY %
Computer & Electronic Product Manufacturing	41,100	40,000	-2.7%
Aerospace Product & Parts Manufacturing	38,400	37,500	-2.3%
Pharmaceutical & Medicine Manufacturing	7,400	7,800	5.4%
Computer Systems Design & Related Services	28,800	28,600	-0.7%
Management, Scientific & Technical Consulting Serv	48,900	53,100	8.6%
Scientific Research & Development Services	16,300	16,800	3.1%
TOTAL	180,900	183,800	1.6%

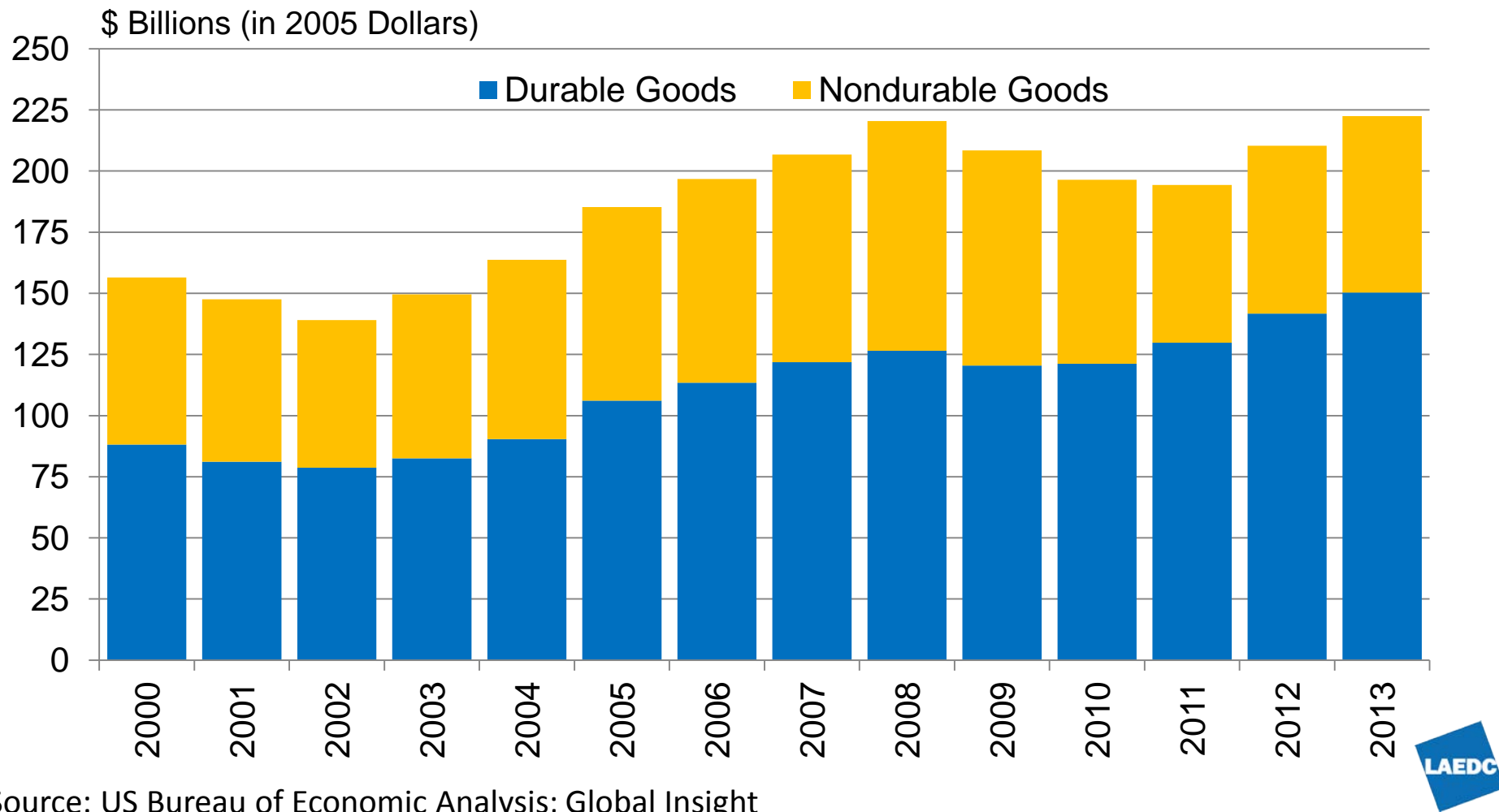


Source: CA EDD, Labor Market Information Division

Los Angeles County Apparel Employment

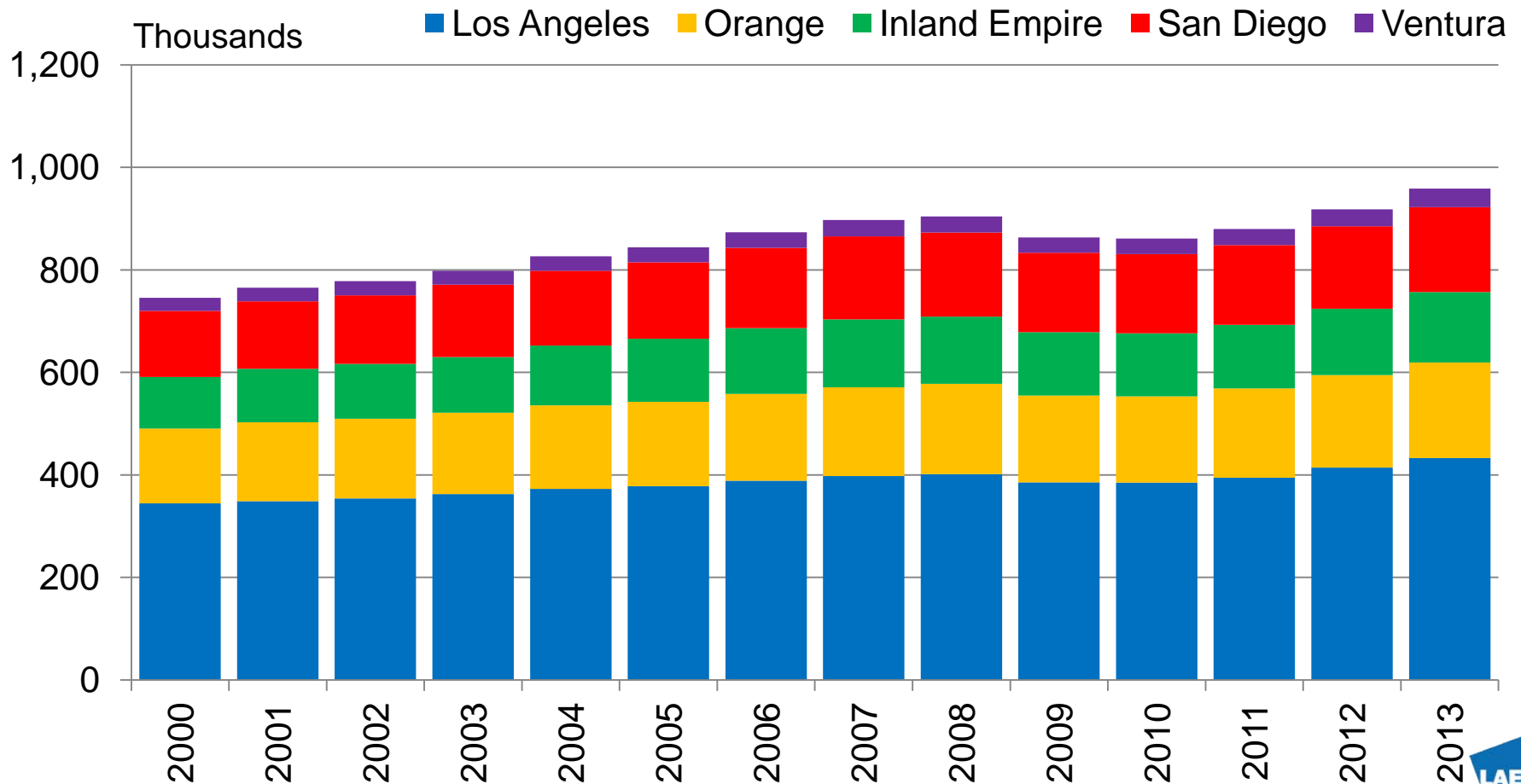


Value of Manufacturing Output – California



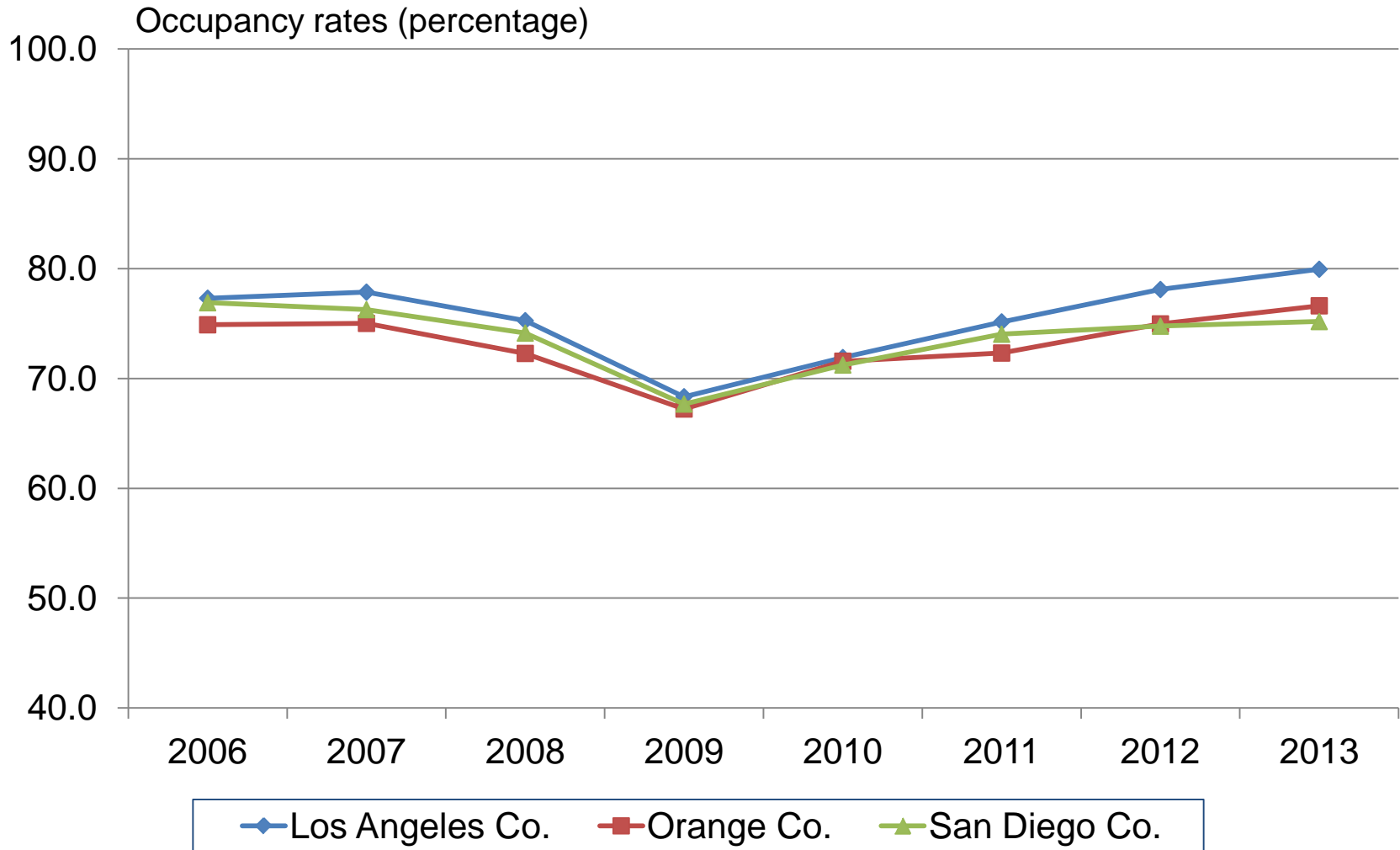
Source: US Bureau of Economic Analysis; Global Insight

Southern California Leisure & Hospitality Employment

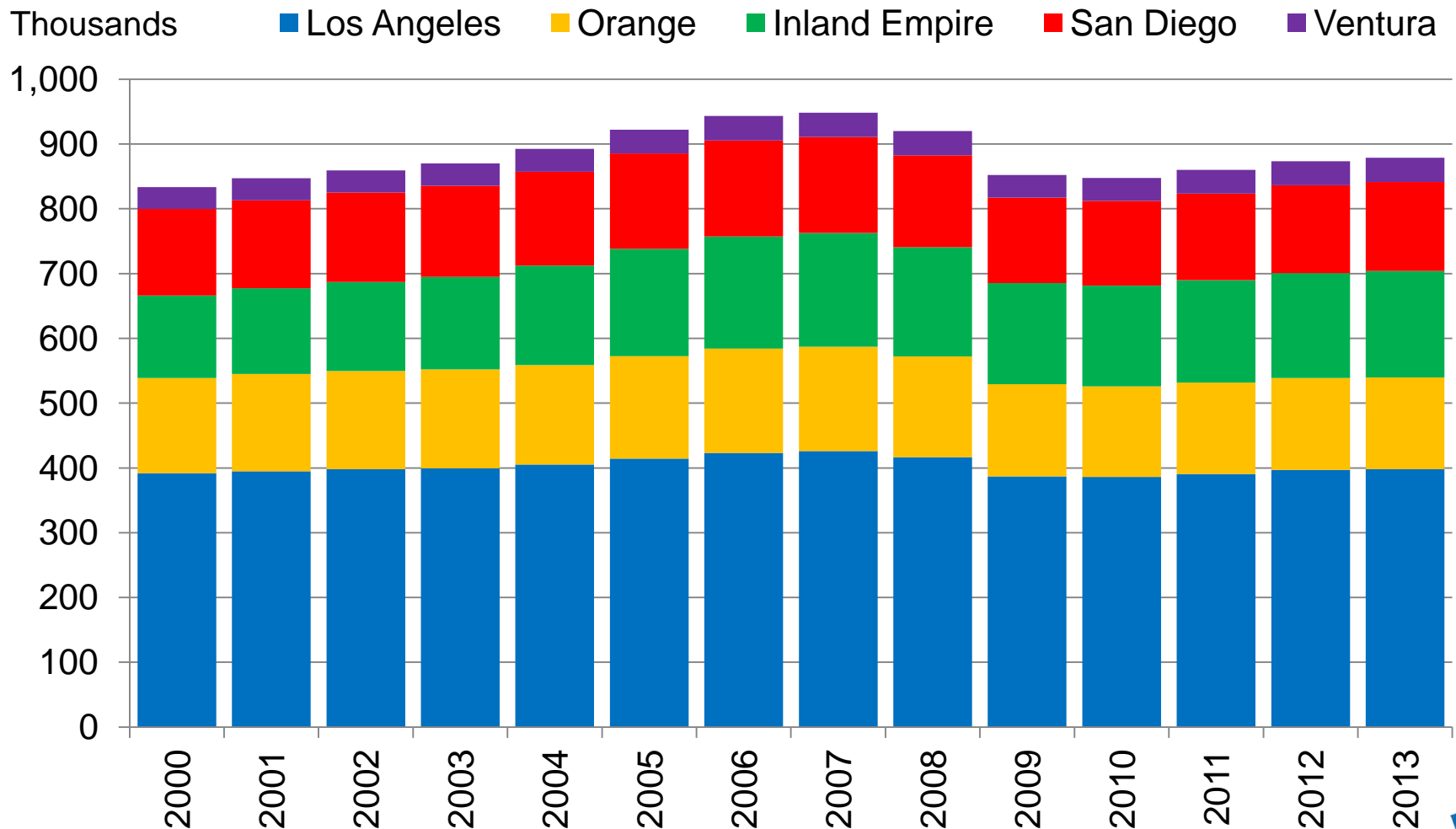


Source: CA EDD, Labor Market Information Division

Hotel Occupancy Rates



Southern California Retail Employment



Source: CA EDD, Labor Market Information Division



Real Estate Markets

Median Prices

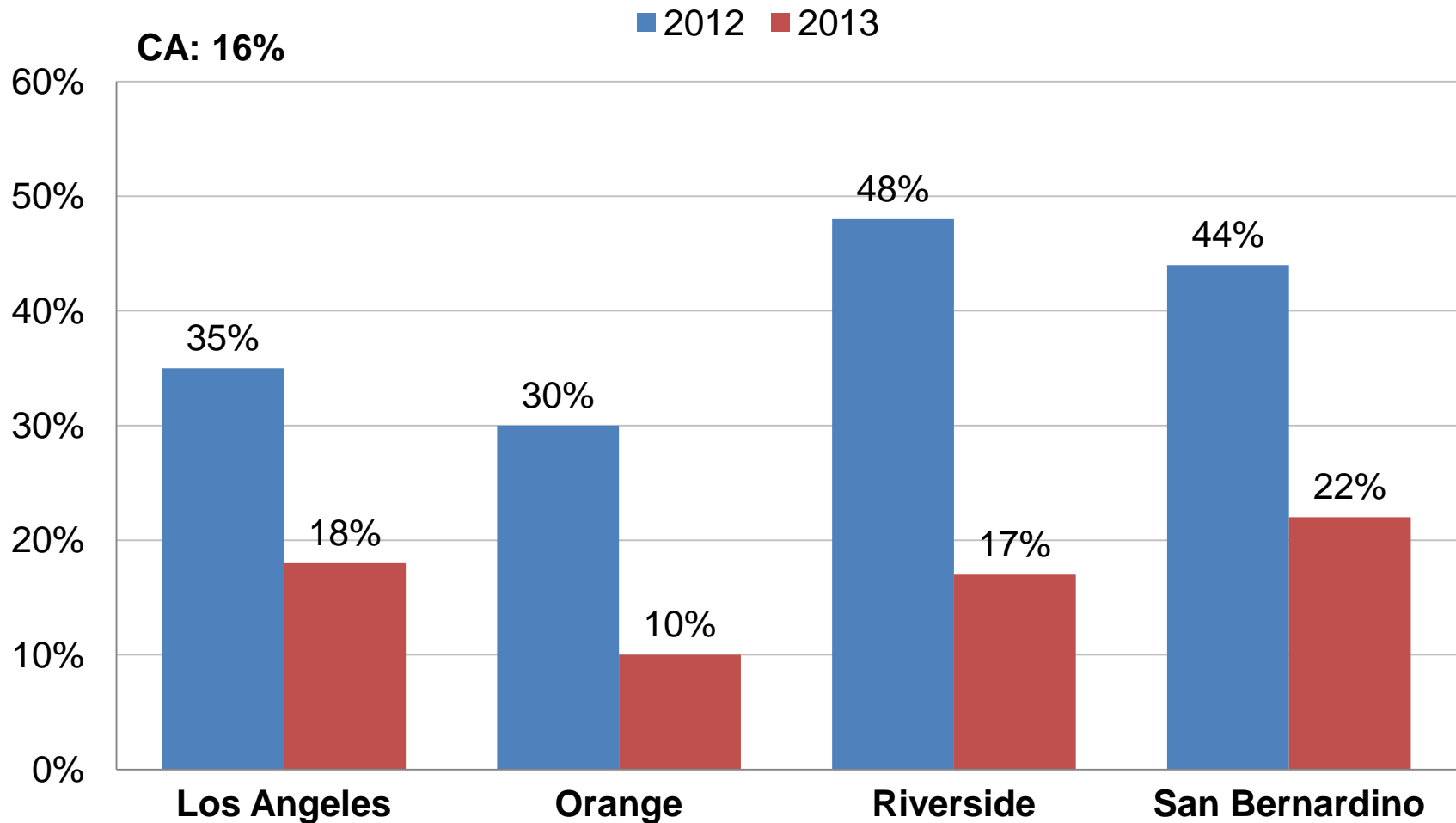
Existing Single-Family Homes

County	12-Dec	13-Dec	YTY % Change
Los Angeles	\$367,400	\$439,590	19.6%
Orange County	\$582,930	\$677,660	16.3%
San Bernardino	\$158,540	\$198,890	25.5%
Riverside County	\$251,520	\$310,020	23.3%
Ventura	\$446,150	\$535,180	20.0%
San Diego	\$418,290	\$479,690	14.7%

Unsold Inventory (Months) Existing Single-Family Homes

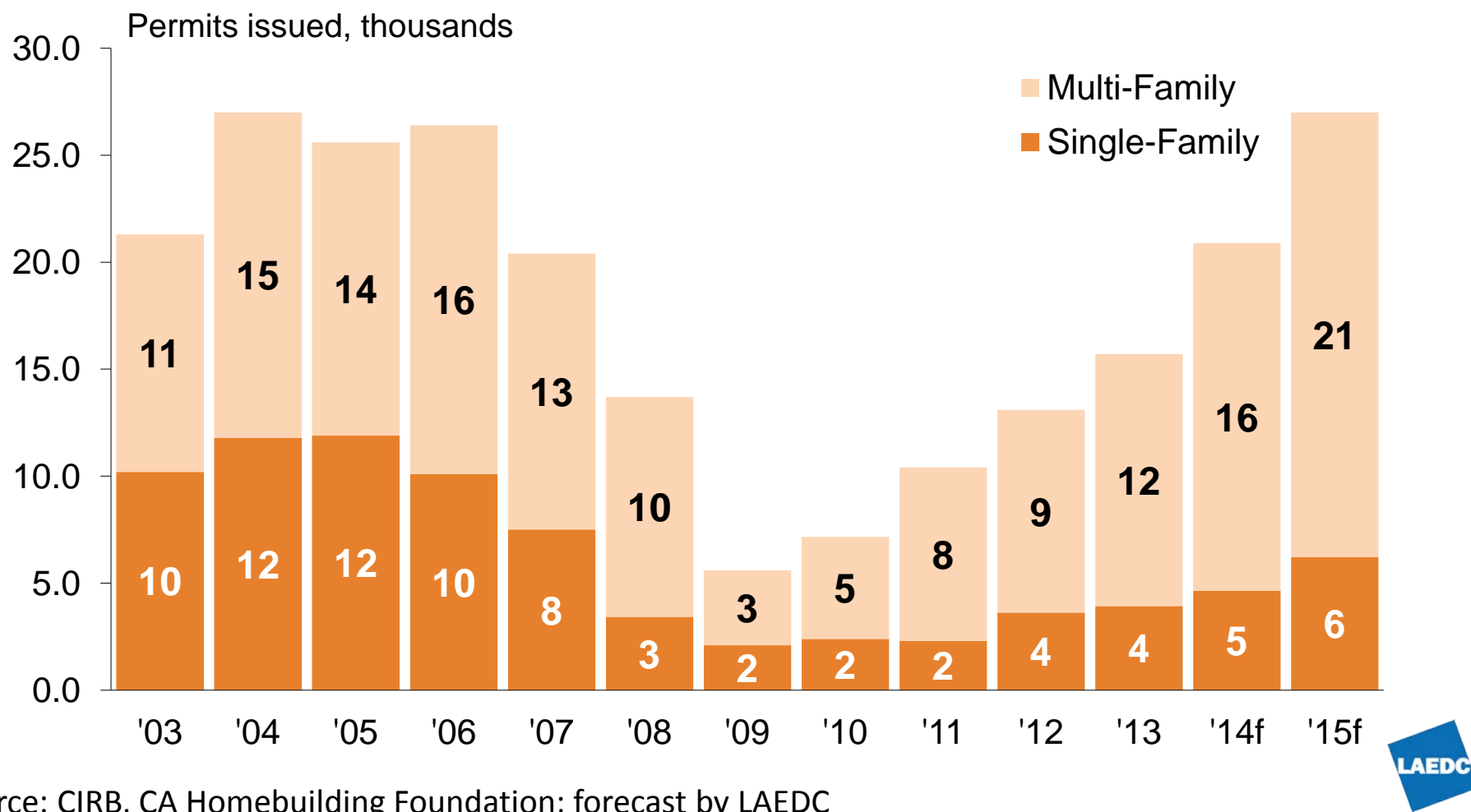
County	12-Dec	13-Dec
Los Angeles	2.4	3.0
Orange County	2.7	2.9
San Bernardino	3.3	3.6
Riverside County	3.1	4.0
Ventura	3.1	2.8
San Diego	3.0	3.6

Distressed Sales by County

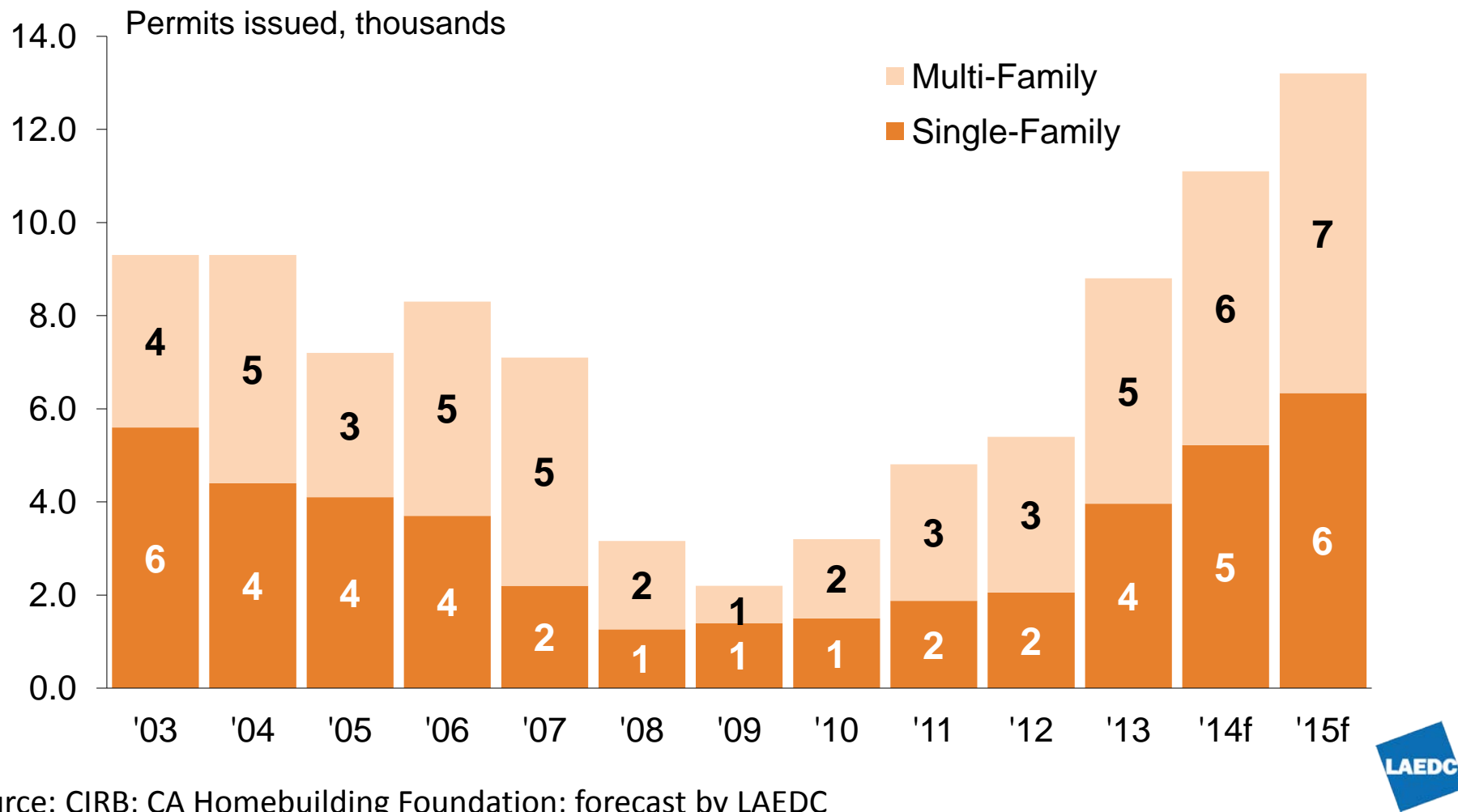


Source: California Association of REALTORS (Dec. 2012 vs. Dec. 2013)

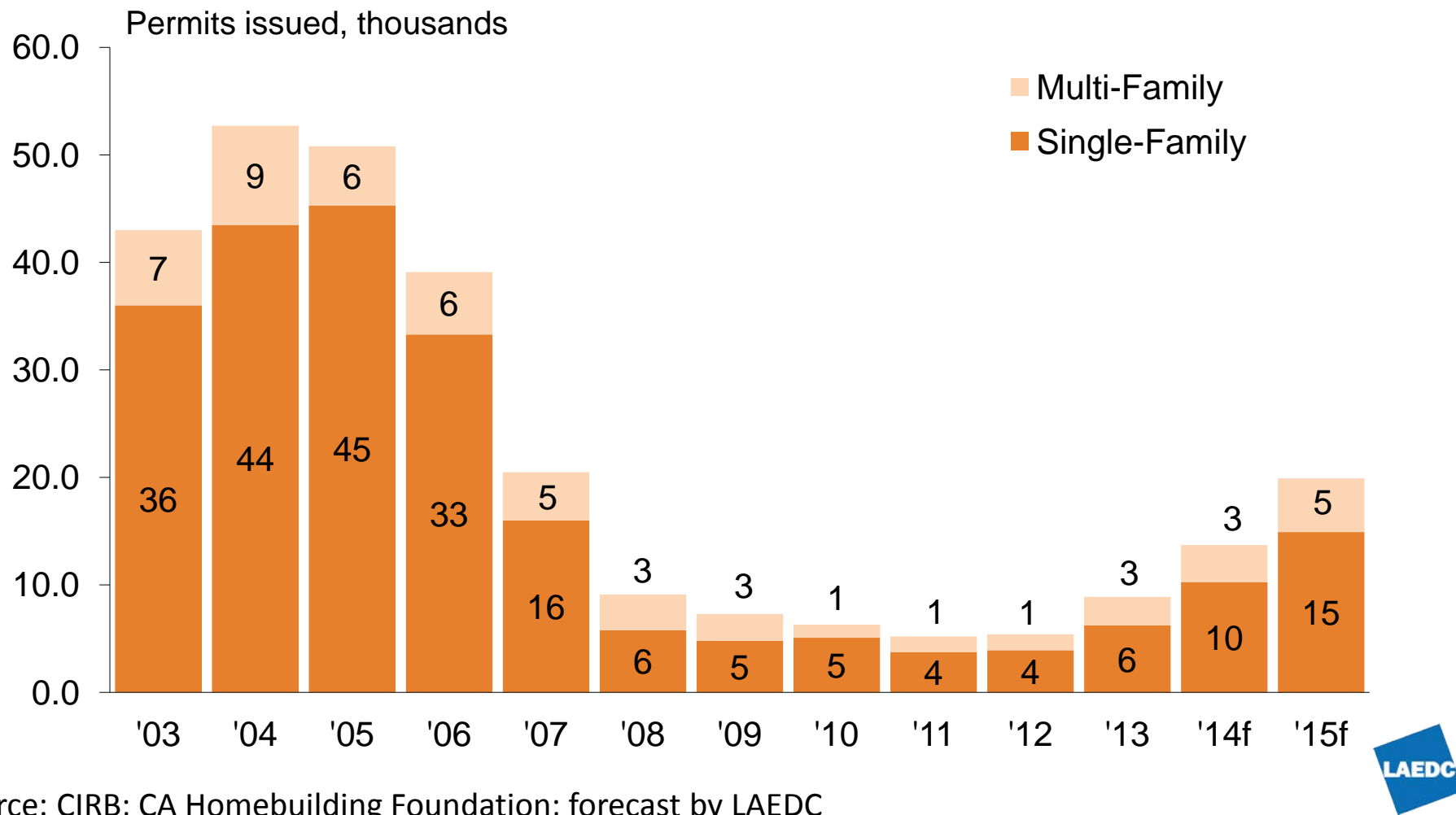
Residential Building Permits Issued in Los Angeles County



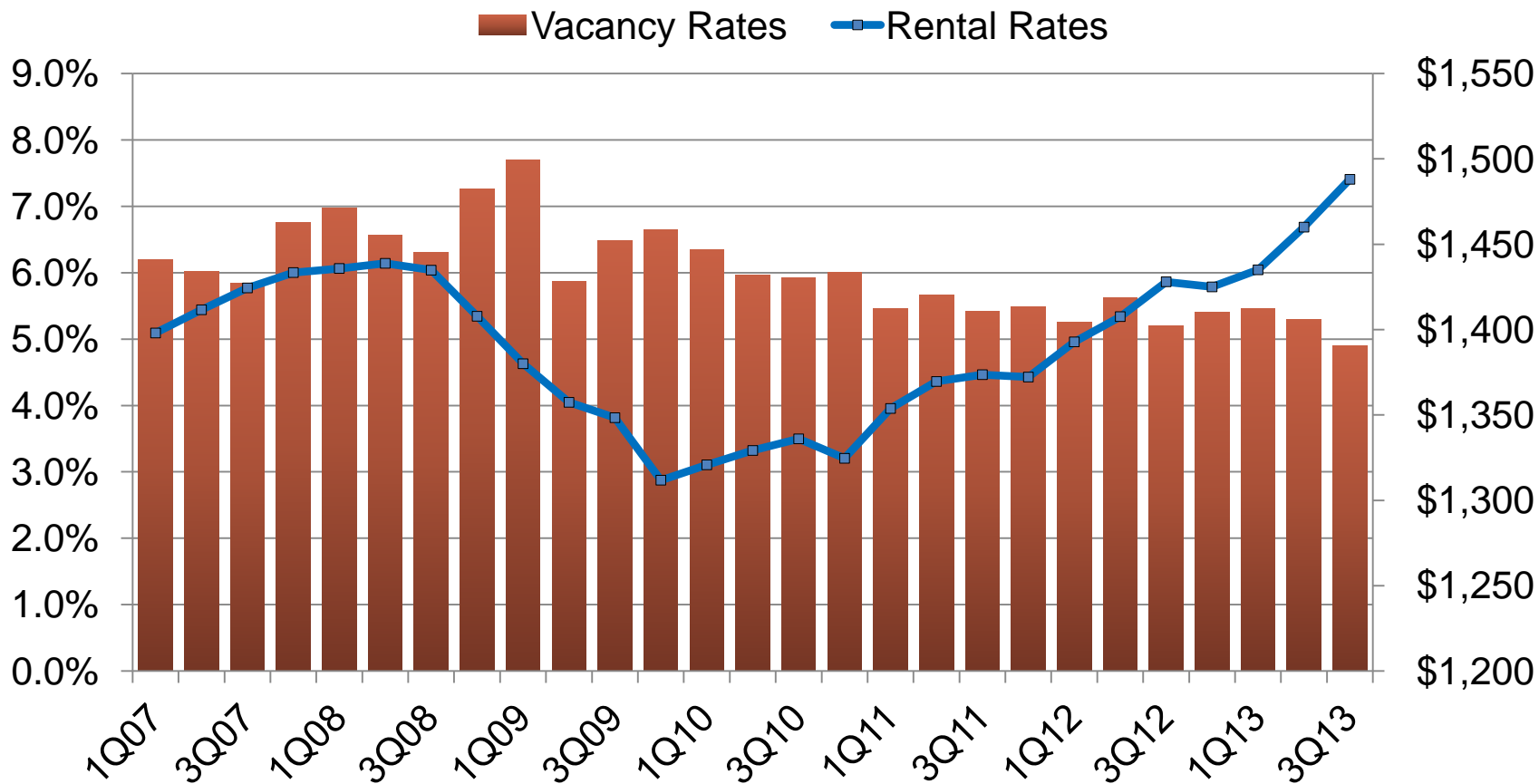
Residential Building Permits Issued in Orange County



Residential Building Permits Issued in Inland Empire



L.A. Five-County Region Apartment Vacancy Rates & Average Rental Rates

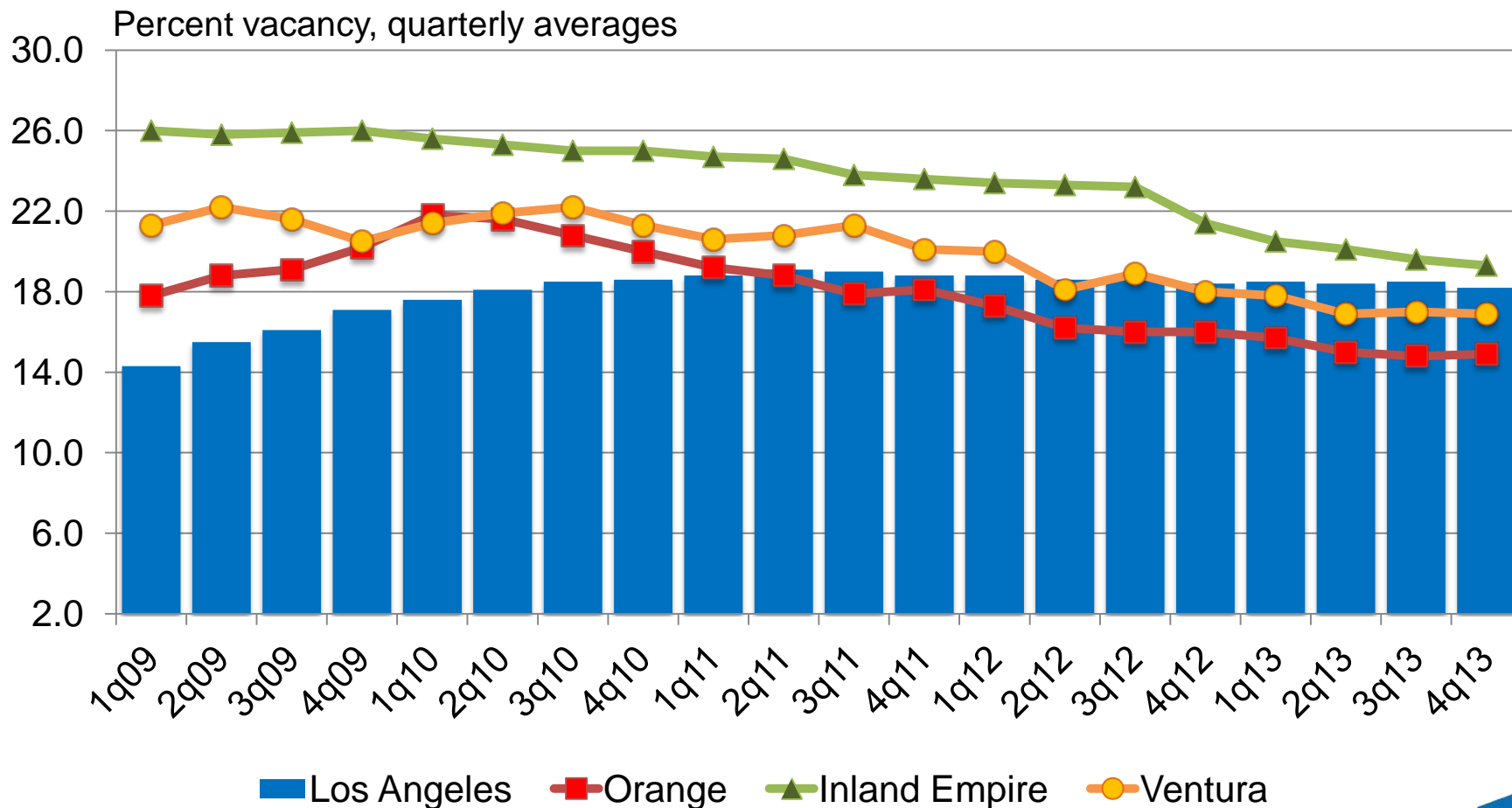


Note: For Apartments with > 100 units

Source: Real Facts; CA Real Estate Research Council



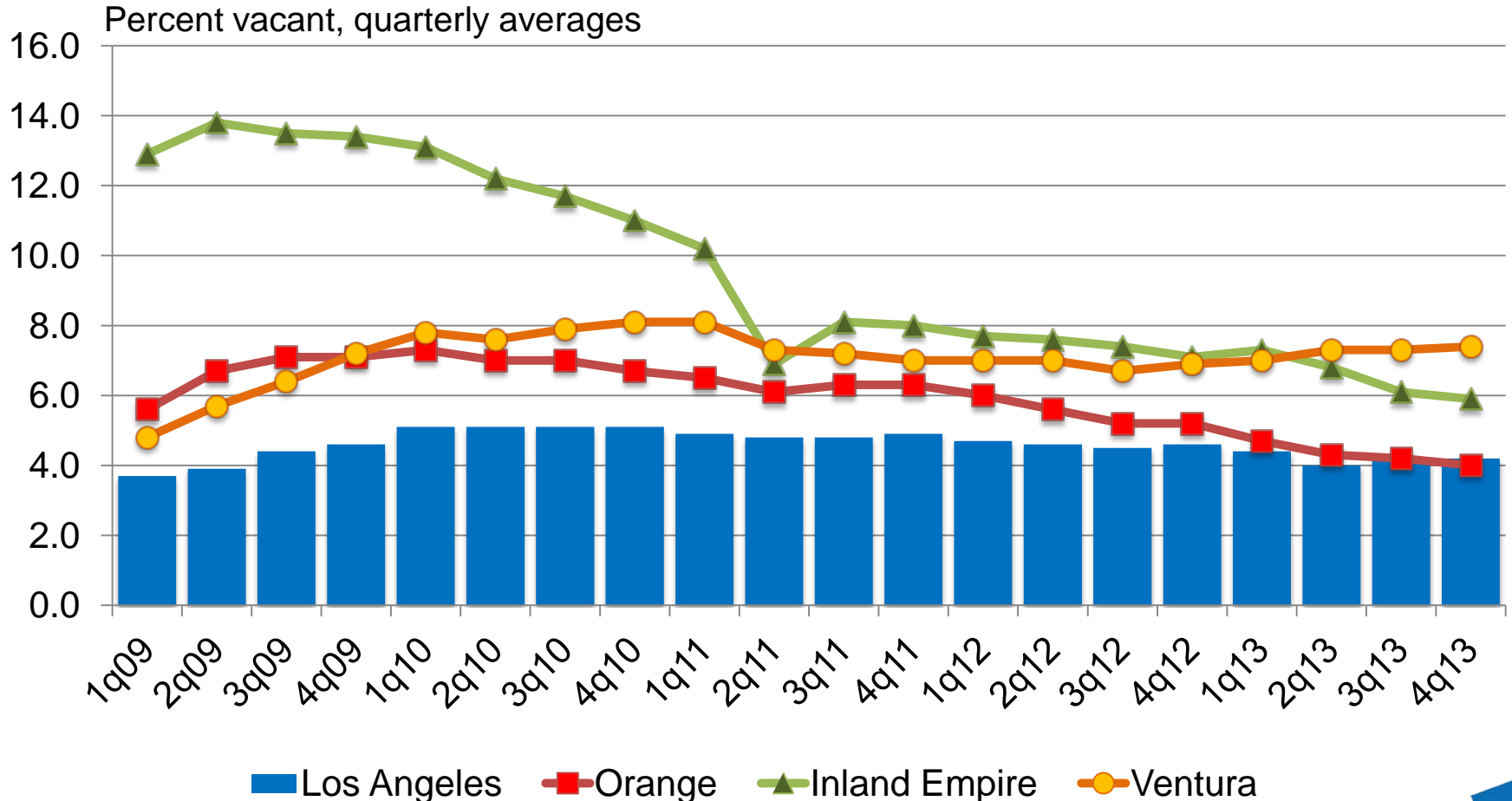
Office Vacancy Rates – Southern California



Source: Cushman and Wakefield



Industrial Vacancy Rates – Southern California

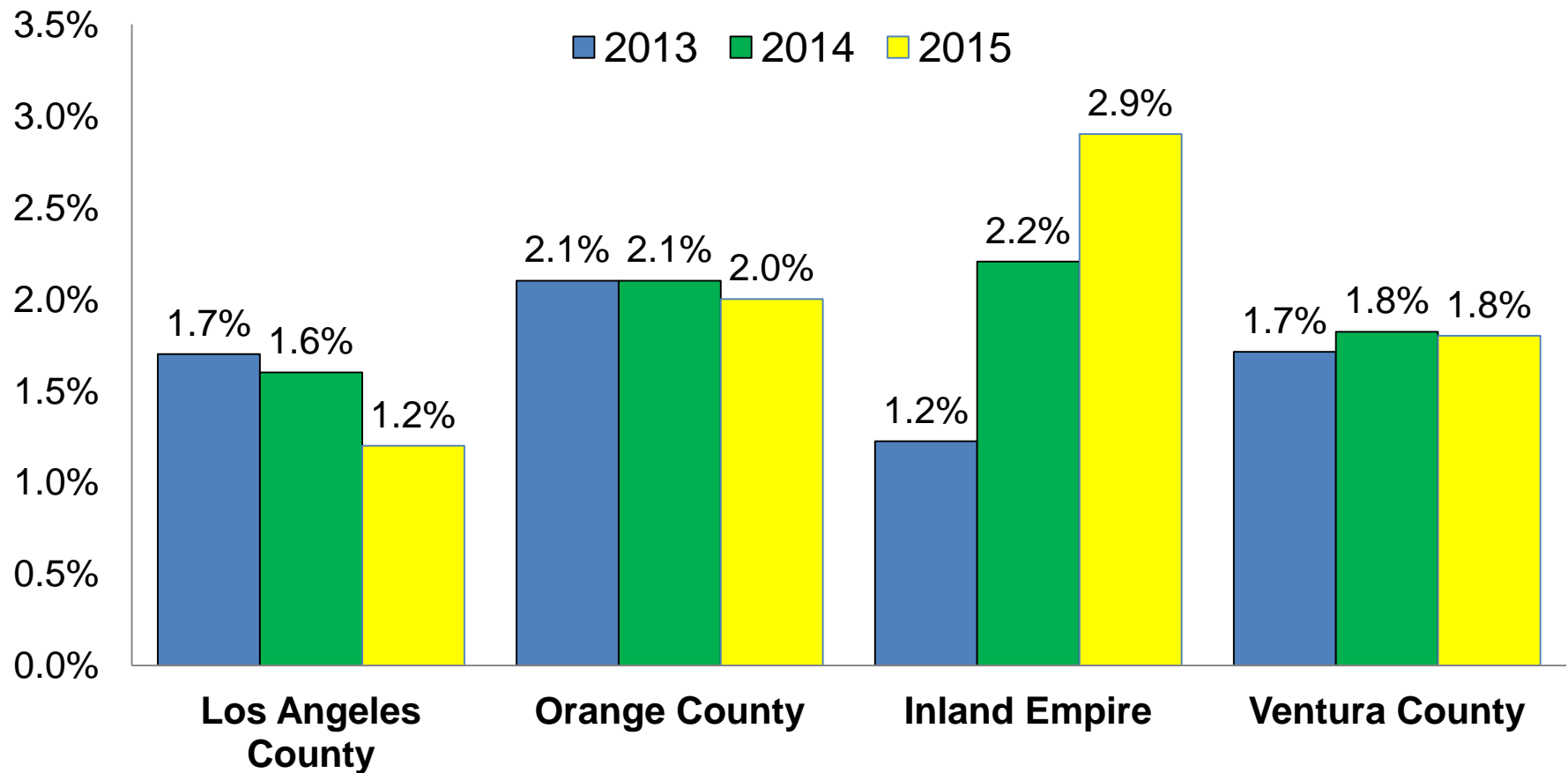




Forecast

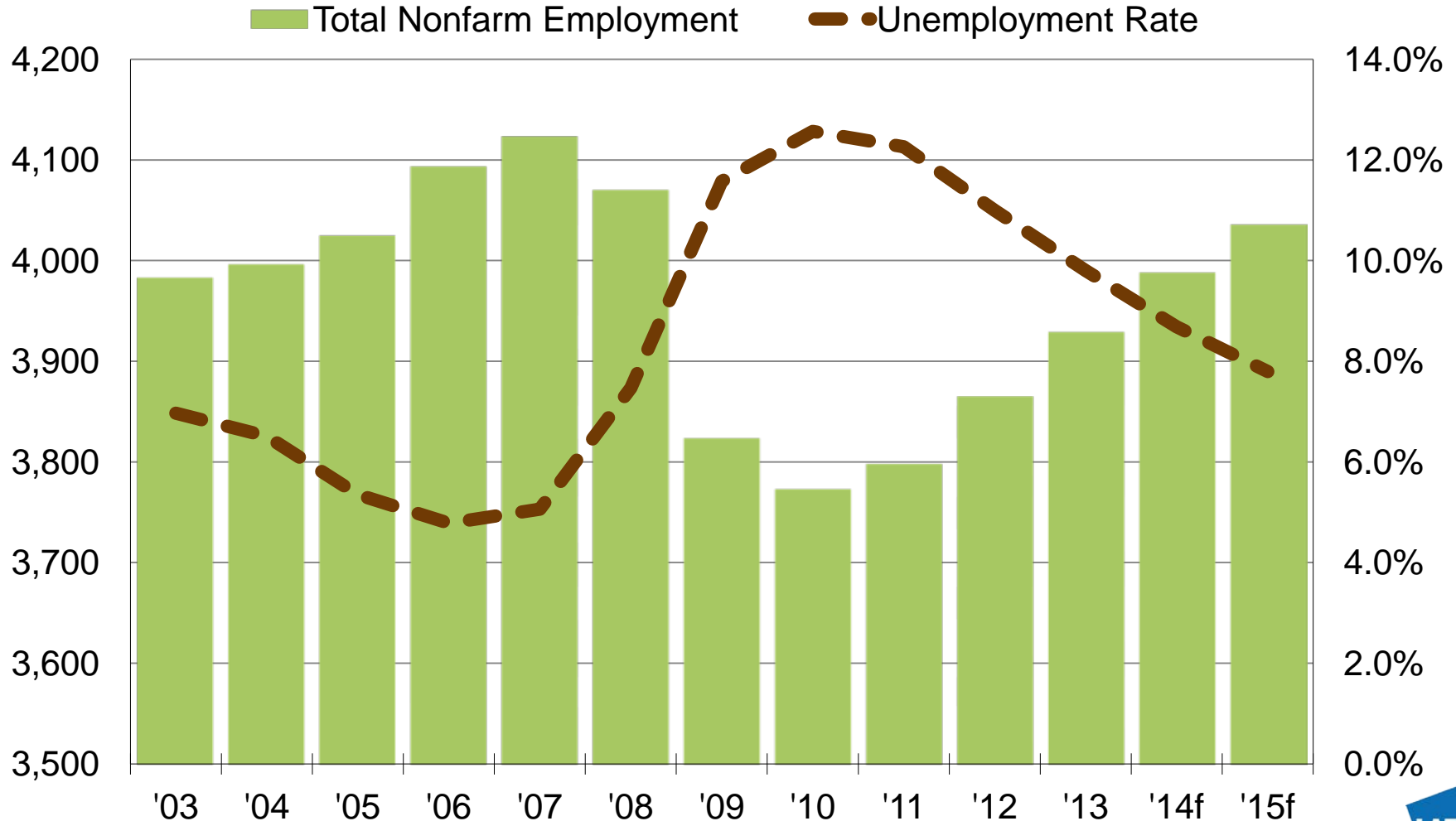
Southern California Outlook 2014-15

Annual percent change in nonfarm jobs



Los Angeles County Employment

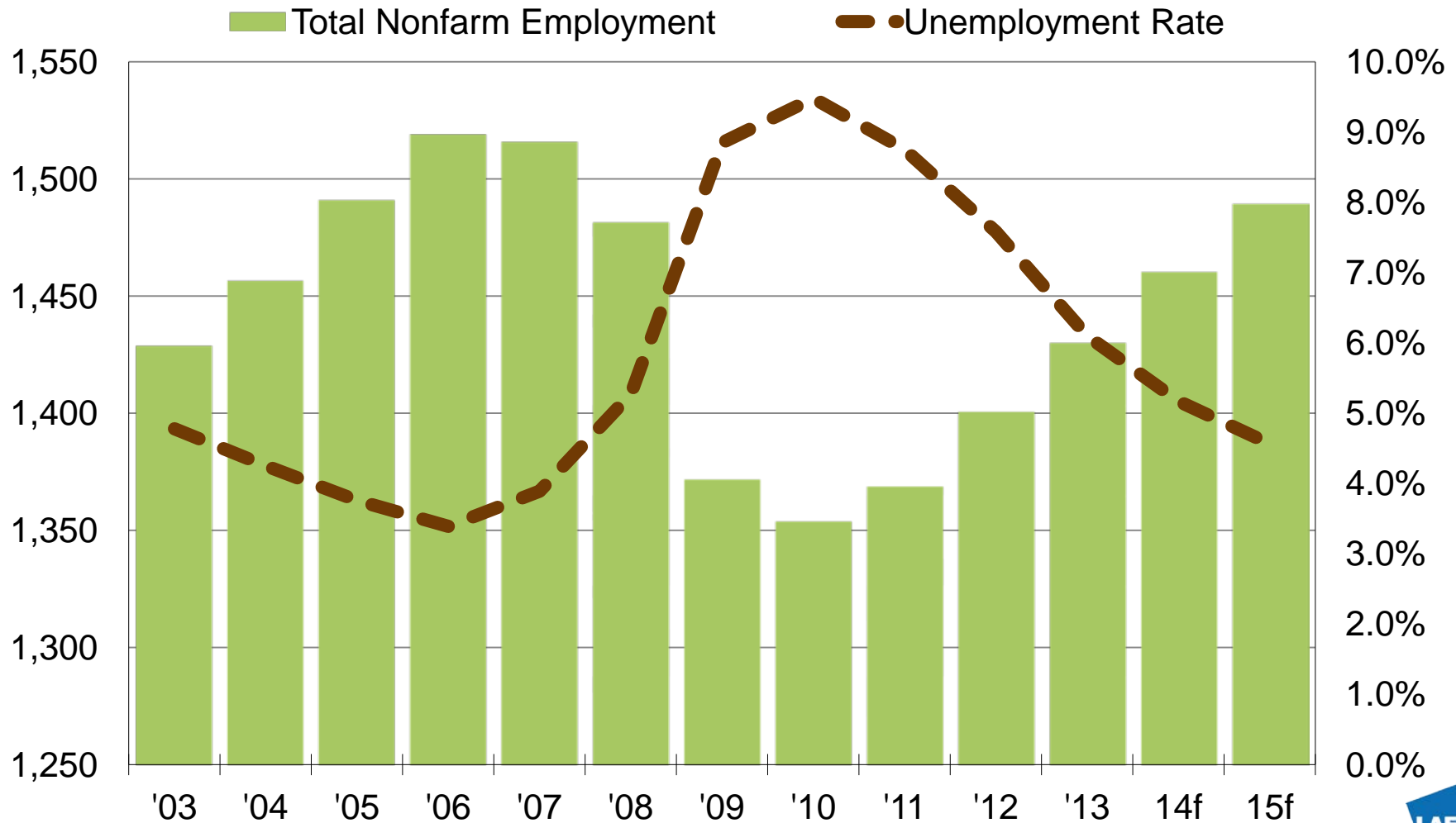
Annual average in thousands, 2012 benchmark



Source: CA EDD, Labor Market Information Division; forecast by LAEDC

Orange County Employment

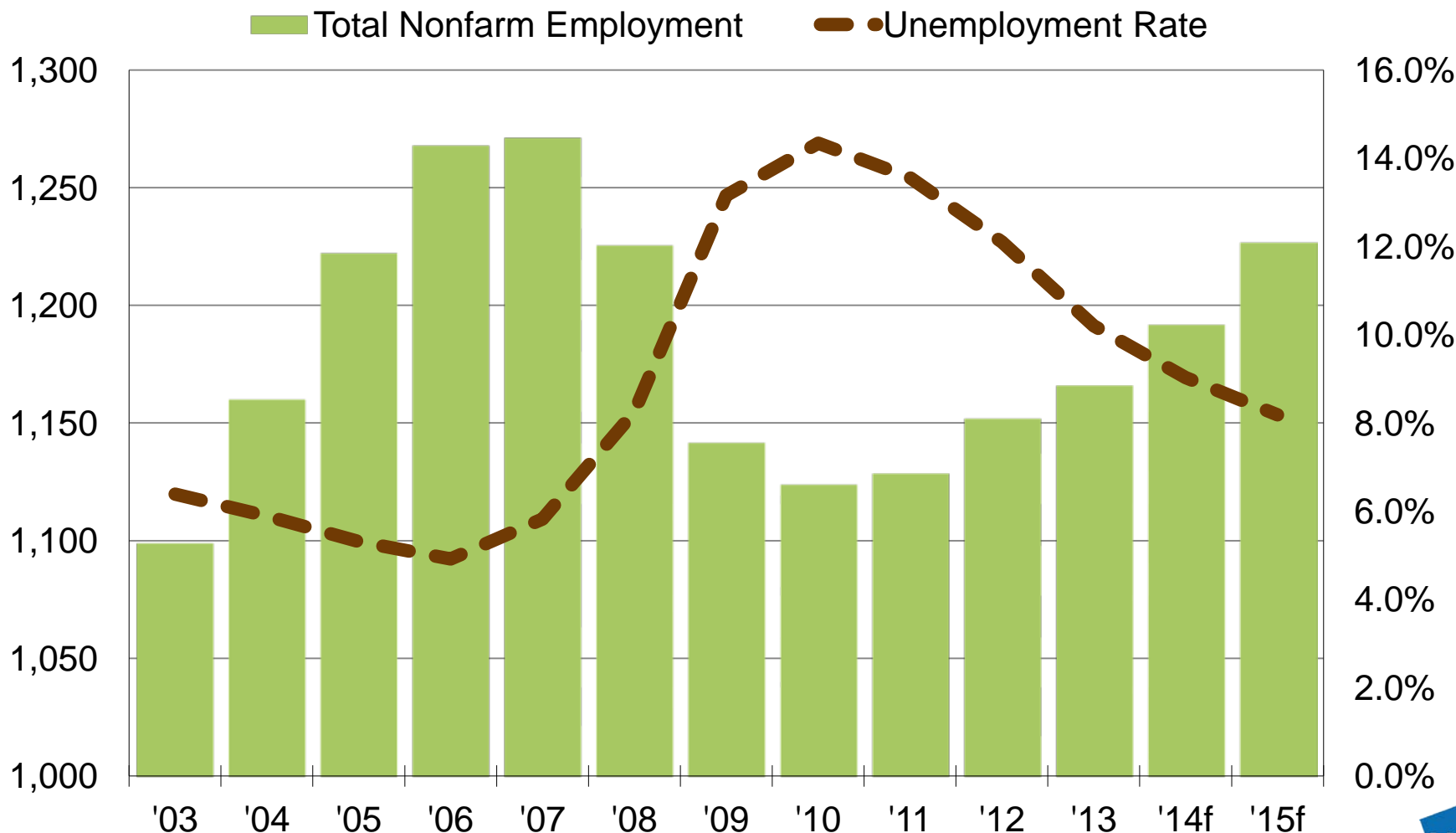
Annual average in thousands, 2012 benchmark



Source: CA EDD, Labor Market Information Division; forecast by LAEDC

Inland Empire Employment

Annual average in thousands, 2012 benchmark

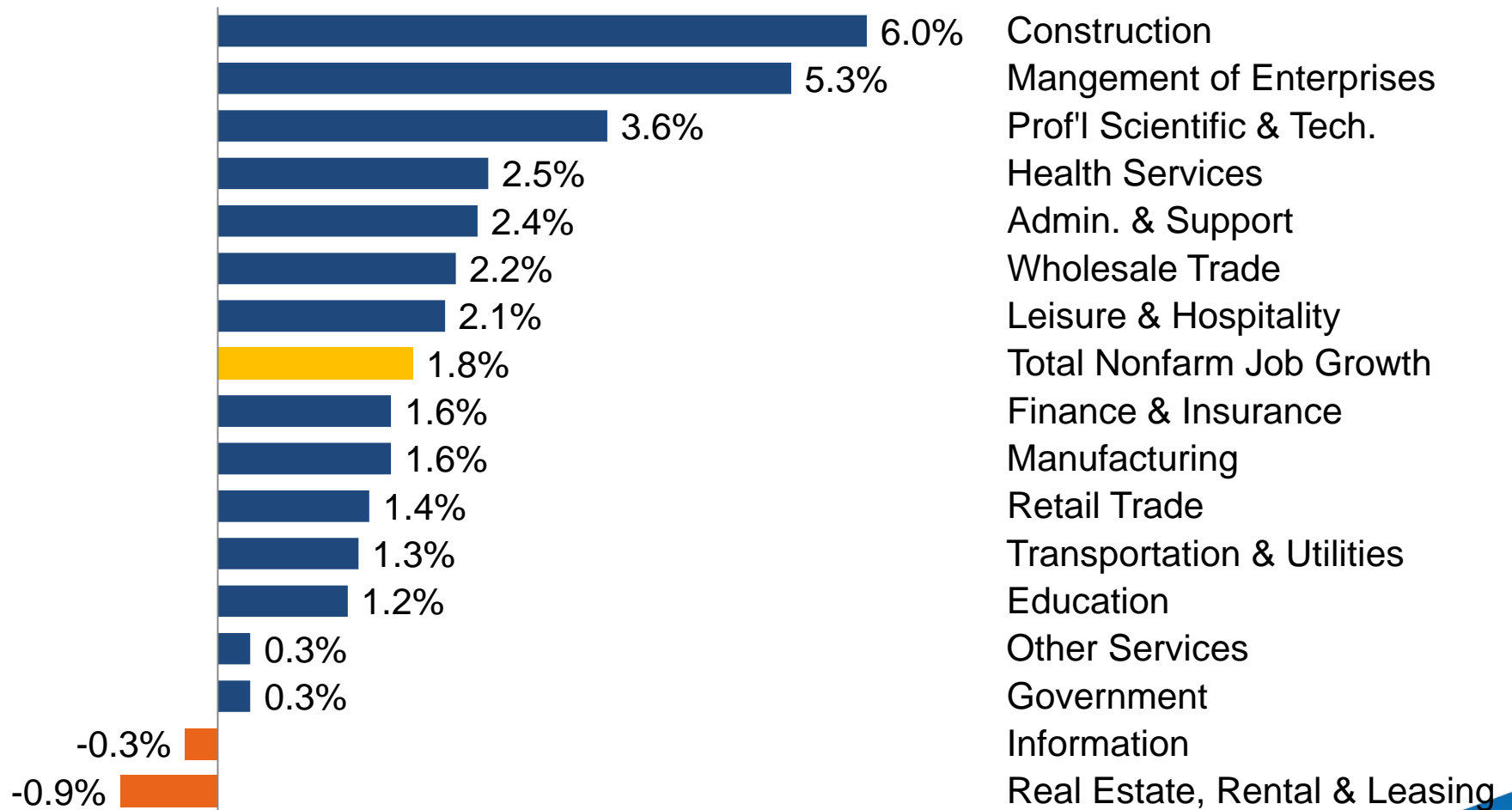


Source: CA EDD, Labor Market Information Division; forecast by LAEDC



L.A. 5-County Employment Growth, 2014

Total nonfarm job growth forecast for **2014**, percent change: **+1.8%**



2014 Top Five Southern California Industries by % Gains in Employment

Rank	Los Angeles	Orange	Inland Empire	Ventura
1	Leisure & Hosp	Construction	Construction	Leisure & Hosp
2	Admin & Supp	Admin & Supp	Leisure & Hosp	Admin & Supp
3	Construction	Wholesale Trade	Retail Trade	Trans/Ware/Util
4	Prof, Sci, Tech	Mfg. - Durable	Education	Retail Trade
5	Education	Leisure & Hosp	Trans/Warehouse	Wholesale Trade

Forecast Summary

- Local Job Growth: 1.2-2.9%, U-Rates Decline
- Job Totals Short of Pre-Recession Peak
- Led by:
 - Health Care
 - Leisure and Hospitality
 - Professional Scientific and Technical Svcs
 - Construction

Forecast Summary

- US & California: near-trend growth rates
- Consumer Spending & Trade Improving
- Housing Market Gains
- Expanding Business Sector
- Risks:
 - Slower than expected global growth
 - Fed winding down policies

Thank You!

