

CALIFORNIA STATE UNIVERSITY, DOMINGUEZ HILLS



2015-16  
**SOUTH BAY**  
ECONOMIC FORECAST  
AND INDUSTRY OUTLOOK

*A Region in Transition: Impacts & Opportunities*

October 2015

## Message from the University President

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Greetings.

We are pleased to present you with your personal copy of the *2015-16 South Bay Economic Forecast and Industry Outlook* prepared by the Los Angeles County Economic Development Corporation (LAEDC). This comprehensive report provides data and analysis on key industries that make up our dynamic South Bay region and serves as important contextual information for the continued development and success of our region.

CSU Dominguez Hills partnered with the LAEDC to develop an economic forecast specifically focused on the South Bay in recognition of the importance and economic power of the South Bay and the critical role higher education plays in creating an educated workforce for the region.

As the report makes clear, few regions in the state, or across the nation share the strengths of the South Bay. With a combined total of nearly 1.1 million people living in the incorporated and unincorporated areas of the South Bay, were it a county in its own right, the South Bay would be the tenth largest county in California. Additionally, the report tells a story of transition and of economic diversification, with growth in tech start-ups, creative industries, medical device manufacturers, and pharmaceutical companies joining the long dominant industries of our economy such as aerospace, petroleum and refining, and the automotive industry.

As the President of CSU Dominguez Hills, data provided in the report is invaluable. The universities and community colleges of the South Bay are among the region's most valuable assets, as the report acknowledges, critical to the success of the region and its businesses. CSU Dominguez Hills works closely with business and industry leaders to develop academic programs and degrees that provide our graduates with the knowledge and skills necessary to succeed in their chosen field. Doing so is an ongoing emphasis and CSU Dominguez Hills remains committed to continuing to grow and enhance these partnerships. The economic diversification within our region is a strength but requires additional focus and emphasis across industries and economic sectors to fully bloom.

I am confident you will find the LAEDC's well researched and richly detailed report informative and valuable and I look forward to continuing to support the growth and success of our vibrant South Bay region.

Sincerely,

A handwritten signature in black ink that reads "W. J. Hagan". The signature is written in a cursive, flowing style.

Willie J. Hagan, Ph.D.  
President, California State University Dominguez Hills

## About the University

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### California State University, Dominguez Hills

From admission to graduation, the journey taken by students at California State University, Dominguez Hills is one of the most transformative in all of higher education. A leader in groundbreaking programs that foster a college-focused culture in the urban communities it serves, CSU Dominguez Hills is a laboratory and national model for student access and success, offering a proven path to professional opportunity and social equity for underserved students and all students who aspire to succeed and thrive in a complex and global society.

The university has a reputation for smaller class sizes, faculty who are both passionate scholars and teachers, and a focused dedication to student success. With 46 undergraduate degrees, 22 graduate degrees, and a wide array of certificate, credential and online programs, CSUDH offers an excellent selection of academic programs reflecting today's most in-demand and relevant fields.

As a center for cultural life in the South Bay region, the University Theatre offers plays, concerts, and dance performances and the University Art Gallery is a major exhibition space for the area. Signature buildings on campus include the beautiful Loker Student Union and stunning Library South wing. "Toros" Athletics sponsors 10 intercollegiate championship-winning teams. On campus is the StubHub Center, a multi-purpose sports complex that hosts world-class soccer, tennis, track and field, lacrosse, and cycling. The university is also in close proximity to downtown Los Angeles and Southern California's cultural and recreational attractions.

Established in 1960, CSU Dominguez Hills enrolls close to 15,000 students and graduates 3,000 into the workforce each year. With over 90,000 alumni, 65 percent living within 25 miles of the university, the annual impact CSU Dominguez Hills has on the regional economy is huge – at around \$330 million. Being a valued member of the broader community is one of the university's highest priorities. The university's partnerships with local businesses, residents, civic organizations, and legislators promote the beneficial exchange of knowledge and resources, and enhance our ability to serve the economic, public policy, and social needs of our region.

With an ethnically and culturally diverse campus population that reflects the changing face of America, the vast diversity of thought and experience students find here enriches learning and serves as a valuable foundation as they pursue their professional goals.

## College of Business Administration and Public Policy

The mission of the College of Business and Public Policy (CBAPP) is to educate the leaders who shape the future. Our primary focus and commitment is to excellence in teaching by engaging our students in a personal, supportive learning environment. Each CBAPP concentration was designed to provide students with both theoretical and applied bodies of knowledge regarding business or public management and administration.

The CBAPP faculty fulfills this mission by providing a multi-disciplinary, interactive student-centered education that calls upon the contributions of a full range of academic disciplines while challenging students to apply their academic work to a variety of management settings. All of our courses emphasize interactive and hands-on learning. The undergraduate curriculum prepares students for entry level professional positions and develops lifelong learning skills needed to grow, progress, and succeed in their professional lives. Our graduate programs help students develop the skills, capabilities, and opportunities necessary to assume positions as general managers. General management positions typically lead to career mobility and include significant decision-making responsibility. Our students learn to manage technology, customers, employees, and financial assets.

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*CSUDH's Online MBA and MPA programs are consistently ranked as among the most affordable and robust online programs in the nation.*

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This excellent learning environment demands a high standard of faculty scholarship and research. Each of our faculty has significant industry and practical experience. Through research, applied research, and consulting they stay on the leading edge of scholarship and practice. We are proud of our faculty, their academic preparation, and the quality of their experience. We believe our faculty's blend of education and work experience offers our students a rich learning experience unique in Los Angeles and the South Bay.

*NOTE: All proceeds from the South Bay Economic Forecast will benefit the CSU Dominguez Hills College of Business Administration and Public Policy.*

## College of Extended and International Education

The CSUDH College of Extended and International Education offers academic, professional development and lifelong learning opportunities through degree, certificate, and credential programs and non-credit courses offered online, on site and on campus. For information, call 877-GO-HILLS or visit the Web site at [www.csudh.edu/ee](http://www.csudh.edu/ee).

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Los Angeles County Economic  
Development Corporation

# Los Angeles County Economic Development Corporation

The LAEDC, the region's premier business leadership organization, is a private, non-profit 501(c)3 organization established in 1981.

**As Southern California's premier business leadership organization, the mission of the LAEDC 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 200,000 jobs, providing over \$12 billion in direct economic impact from salaries and over \$1.1 billion in property and sales tax revenues to the County of Los Angeles.

## Regional Leadership

The members of the LAEDC are civic leaders and ranking executives of the region's leading public and private organizations. Through financial support and direct participation in the mission, programs, and public policy initiatives of the LAEDC, the members are committed to playing a decisive role in shaping the region's economic future.

## Business Services

The LAEDC's Business Development and Assistance Program provides essential services to L.A. County businesses at no cost, including coordinating site searches, securing incentives and permits, and identifying traditional and nontraditional financing. The LAEDC also works with workforce training, transportation, and utility providers.

## Economic Information

Through our public information and for-fee research, the LAEDC provides critical economic analysis to business decision makers, education, media, and government. We publish a wide variety of industry focused and regional analysis, and our Economic Forecast report, produced by the **Kyser Center for Economic Research**, has been ranked #1 by the Wall Street Journal.

## Institute for Applied Economics

The LAEDC Institute for Applied Economics offers thoughtful, highly regarded economic and policy expertise to private- and public-sector clients. The group focuses on economic impact studies, regional industry analyses and economic issue studies, particularly in water, transportation, infrastructure, and workforce development policy.

## Leveraging our Leadership

The LAEDC Center for Economic Development partners with the Southern California Leadership Council to help enable public sector officials, policy makers, and other civic leaders to address and solve public policy issues critical to the entire region's economic vitality and quality of life.

## Global Connections

Our World Trade Center Los Angeles-Long Beach works to support the development of international trade and business opportunities for Southern California companies as the leading international trade association, trade service organization and trade resource in Los Angeles County. It also promotes the Los Angeles region as a prime destination for foreign investment. For more information, please visit <http://laedc.org/wtc/>



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### About the Kyser Center for Economic Research

The Kyser Center for Economic Research was named in November 2007 in honor of the LAEDC's first chief economist, Jack Kyser. The Kyser Center's economic research encompasses the Southern California region, which includes the counties of Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura. The center also tracks developments and produces forecasts, studies, and reports on the California, national and international economies.

The economy of the greater Los Angeles region is driven by more than its famed entertainment industry. The region's broad economic base also includes aerospace, automotive, biotechnology, fashion, manufacturing and international trade. The Kyser Center conducts research on the individual industries of the region to gain a better understanding of ongoing changes in the economy.

The Kyser Center is highly regarded for its accurate and unbiased assessment of the economy. Kyser Center economists are also sought-after public speakers and frequent contributors to media coverage of the economy. At the heart of the Kyser Center is its mission to provide information, insights, and perspectives to help business leaders, government officials and the general public understand and take advantage of emerging trends.



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## 2015-2016 Forecast at a Glance

### The U.S. Economy

	2013	2014	2015F	2016F
Real GDP (% Change)	1.5%	2.4%	2.4%	2.8%
Nonfarm Jobs (% Change)	1.7%	1.9%	2.1%	1.8%
Unemployment Rate	7.4%	6.2%	5.4%	5.0%
Consumer Price Index (% Change)	1.5%	1.6%	0.2%	1.6%

### The California Economy

	2013	2014	2015F	2016F
Unemployment Rate	8.9%	7.5%	6.4%	5.8%
Nonfarm Jobs (% Change)	3.2%	3.0%	2.9%	2.4%
Population Growth (% Change)	0.8%	0.9%	0.9%	0.9%

### The South Bay Economy

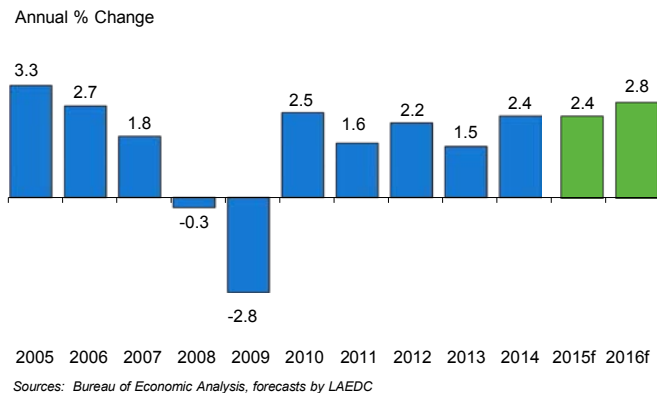
	2013	2014	2015F	2016F
Population Growth (% Change)	0.5%	0.5%	0.4%	0.3%
Nonfarm Jobs (% Change)	2.2%	1.85	1.5%	1.1%
Payroll of Workers (% Change)	1.9%	2.6%	4.5%	4.3%
Housing Permits (Units)	668	726	880	999
Total Taxable Sales (% Change)	3.6%	7.0%	4.5%	6.8%

## The Economic Environment

### The U.S. Economy

The U.S. domestic economy in 2015 stayed on the trajectory of steady, modest growth that has characterized the current expansion. Through the first half of this year, GDP increased at an average annual rate of 2.8%, slightly faster than the 2.4% rate for all of 2014. Several indicators reflected better conditions this year when compared with the last couple of years: the headline unemployment rate is now at full-employment, wage and salary jobs are growing at the fastest rate in twenty years, nearly every major industry has consistently added jobs, and wage growth is solidly ahead of inflation.

### U.S. Economic Growth



In spite of concerns about slower growth in China and increased volatility in both the U.S. and global financial markets, 2015 will be marked by a solid 2.4% growth rate. GDP growth should strengthen next year to 2.8%, as job gains push the unemployment rate to 5.0%. The U.S. will continue to lead the global economy while its major trading partners seek to boost growth in their own economies.

**Consumer** spending generally represents about two-thirds of total spending in the U.S. economy. Consumer spending is propelled by gains in income, increases in wealth, and greater access to credit, along with slower changing forces such as demographics and consumer tastes.

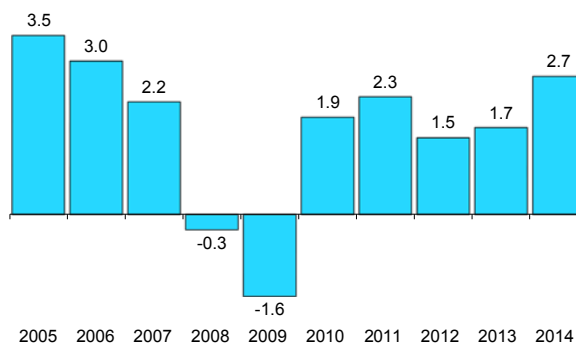
During the first half of 2015, real consumer spending increased by an average of 3.2%, compared with 2.7% for all of last year. Purchases of durable goods, primarily automobiles, led the way with an increase of over six percent during the first half of the year. Consumer nondurable goods and consumer services, which together make up nearly ninety percent of total consumer spending, increased at a rate of 2.9% in the first half of the year.

Households are more confident about their financial outlook and are relying to a greater degree on credit to finance purchases even as personal income moves higher. Even so, total household debt is still 6.5% lower than the peak level that was reached in the third quarter of 2008. Increased household wealth is also supporting higher levels of spending. Household net worth surpassed the prerecession peak three years ago, first climbing in response to higher returns in the financial markets, and more recently in response to increases in property values. Although homeowners' equity was still 9% below peak in the second quarter of this year, that peak is within sight if anticipated gains in home prices over the rest of this year and the next materialize as expected.

For all of this year, consumer spending increased by a respectable 3.1% and is expected to grow by 3.2% next year, slightly outpacing the long run average of 2.7%. Increases in durable goods spending will be led by higher expenditures on vehicles and other discretionary purchases, while purchases of both nondurable goods and services will remain on track with steady gains of roughly 3.0% for all of this year and again in 2016.

## U.S. Personal Consumption

Annual % Change



Source: Bureau of Economic Analysis

**Investment spending** has been a mainstay of the current economic expansion, fueled by economic growth, high liquidity and low borrowing costs. Investment in structures rose by 8.1% last year, but slid by 1.0% in the first half of 2015. On the other hand, investment in intellectual property, which accounts for just over one-fifth of total investment spending, accelerated from a strong 5.2% growth rate last year to an even more robust pace of 6.9% in the first half of 2015. Investment in equipment rose by 5.8% last year but grew by a more modest 3.9% during the first two quarters of 2015. The final component of investment spending is residential construction, up by 8.1% during the first half of this year with housing permits and housing starts finally approaching long anticipated activity levels.

Overall, investment spending is expected to grow by 5.8% this year, with a 4.9% gain anticipated in 2016. Business investment in equipment and intellectual property should show growth in the mid-single digit percentages next year. While investment in structures faces a drag from the power sector and mining and petroleum, it will be offset by strength

in new construction of commercial, health care and manufacturing structures this year and next.

After four consecutive years of decline, **government purchases** will turn around this year and next with marginal (0.7%) back-to-back increases. State and local finances have generally improved in recent years, thus allowing for increased expenditures last year after four years of cutbacks. State and local spending will accelerate somewhat this year with a 1.2% increase to be followed by a 0.9% gain next year.

Sequestration cuts continued to hold federal spending in check, especially defense-related expenditures. This year will mark the fifth straight year of reductions in federal spending, with outlays expected to be up marginally (0.2%) next year. Defense spending will slip by 1.1% this year and increase slightly (0.3%) in 2016, while nondefense expenditures should show a 1.0% gain this year, slowing to just 0.1% in 2016.

The **international trade** picture has improved in recent years. In 2014, the value of U.S. exports was equal to 82% of U.S. imports, up from 64% ten years earlier. As the U.S. economy strengthened this year, imports accelerated, while the stronger dollar and weakness among U.S. trading partners led to slower growth on the export front. This pushed the ratio of exports to imports down to 79% so far this year. Even so, by the close of 2015 exports are projected to eke out a 1.7% increase, while imports are projected to grow by 5.7%.

Improved performance among U.S. trading partners in 2016 should drive exports higher (up 3.7%), while stronger domestic momentum will translate into strong import growth, up by 5.5% over 2015. Despite facing headwinds, exports will set new records in inflation-adjusted terms, even as the improving situation in the U.S. economy drives imports to a new record high as well.

The **labor market** hit key milestones in 2015. First, the headline unemployment rate fell to 5.1% in August, which is equivalent to the economy's long-run natural rate of unemployment as gauged by the Congressional Budget Office. Second, nonfarm jobs are on track to increase at a rate of 2.1% this year, the fastest growth rate in the past 15 years. Moreover, the share of workers with a full-time position should hit the long-run average of 82% after years of slow but steady improvement.

The labor market may be healing from the residual effects of the Great Recession, but at a less-than-satisfactory pace. For example, wages are outpacing inflation, but have not accelerated despite being at full employment. Moreover, the share of long-term unemployed continues to fall but is still high by historic standards (27.7% compared to a long-run average of 25.0%). Finally, while the long-term decline in the labor force participation rate may be attributed to demographic changes, it is disconcerting to find that the rate among young adults remains unusually low while the rate among Boomers is among the highest on record. It remains to be determined whether older (Boomer) workers are crowding out younger (Millennial) workers who would like to get jobs but are prevented from doing so by their older counterparts who continue to work.

A somewhat faster pace of growth in the overall economy next year should support continued job gains, pushing the unemployment rate down to five percent. Meanwhile, wage gains are expected to edge up as the labor market tightens.

**Inflation** has been low in recent years, a trend that is expected to continue at least through next year, in part because of the plunge in oil prices and weakness in the prices of other commodities. With the labor market at full employment, upward pressure on wages will start to build, but firms have invested heavily in labor saving technologies that increase worker productivity, making wage-related price increases less of a foregone conclusion. Moreover, there is still slack elsewhere in the economy. Capacity utilization, which measures the share of the nation's industrial production in use, has held steady at roughly 78% through the first part of this year, considerably below the 83% to 85% range that corresponds to full utilization of the nation's productive capacity. As a result, inflation as measured by the Consumer Price Index (CPI) is expected to increase a scant 0.2% this year, accelerating to a still tepid rate of 1.6% in 2016, while other measures of inflation should also be low.

## U.S. Forecast and Risks

The U.S. economy will advance through the rest of this year and into 2016. The long awaited surge in housing and construction should finally materialize, largely driven by demographics. Numerically, Millennials outnumber Boomers, with the oldest Millennials now in their late twenties and early thirties, the prime period for forming new households and becoming first-time homeowners. These "life cycle" events were delayed by the Great Recession but have the potential to drive economic growth for the next several years, just as occurred when the Baby Boom generation came of age in the 1970s and 1980s.

Risks to the forecast primarily arise from elsewhere in the world. The nation's major trading partners across the Atlantic and the Pacific have struggled for years to overcome domestic and regional (including sovereign debt) problems and get on a sustainable growth track. This will continue to be a challenge in 2016. In addition, political and national security developments in many parts of the world have the potential to be disruptive to regional and global economies alike. More than anything else, these developments increase uncertainty, which has a tempering effect on economic growth and progress.

For most of the last six decades, the U.S. and global economies have faced a constant risk associated with disruptions to the supply of energy. While these risks never abate entirely, they pose less of a threat now due to the global glut of oil and the dramatic increases in domestic energy production here in the United States.

## The California Economy

California has a large and fast-growing economy. The state accounts for over 13% of U.S. GDP, by far the largest of any state. With a 2.8% advance last year, its gross product outpaced the national growth rate of 2.4%. California's gross product is expected to increase by 2.8% in 2015.

California is a national leader in the technology, aerospace and life sciences industries as well as entertainment, tourism and agriculture. California firms routinely attract venture capital funding that equals or exceeds the amount received by firms in the other 49 states combined.<sup>1</sup> Since 2012, the state has added jobs at a faster rate than the nation as a whole and in February 2014, recovered all the wage and salary jobs that were lost during the recession – two months ahead of the nation. California's unemployment rate is still elevated but it has fallen steadily over the past five years and is presently below its average long-run annual rate (since 1990).

California employment continues to expand at a robust pace. During the first seven months of 2015 nearly every industry sector added jobs. California nonfarm employment was up by 471,400 wage and salary jobs compared with the same seven month period in 2014.<sup>2</sup> The eight largest metro areas in California accounted for nearly 76% of the increase. Los Angeles County added 99,400 jobs, the largest number of any metro area. This equated to a growth rate of 2.4%. Silicon Valley (San Jose MSA) generated jobs at the fastest pace (5.6%), followed by Riverside-San Bernardino (4.1%). Elsewhere in Southern California, Orange County nonfarm employment increased by 3.3% during the first seven months of the year with San Diego County following at a rate of 3.0%, while in Ventura County, nonfarm employment grew by 1.3%. The largest gains occurred in professional, scientific and technical services; leisure and hospitality; health care and social assistance; administrative, support and waste services; and construction for a total of 290,500 jobs or 62% of the year-to-date job gain.

**Aerospace and Technology:** California's technology sector consists of a combination of manufacturing and service industries in aerospace, information technology and biomedical technology. Together, these industries make up the core of the state's information, technology and innovation economy. They also receive a majority of the venture capital dollars that flow into California.

Technology employment (not seasonally adjusted) exceeded 1.06 million workers in 2014, edging past the previous peak of just over 1.03 million reached in 2013. During the first seven months of 2015, total technology employment grew by 5.3% to 1.1 million jobs, compared with the same period in 2014. Nearly half the new jobs came from computer systems design (22,600 jobs) with management and consulting contributing 17,500 jobs. Smaller increases occurred elsewhere except for aerospace product and parts manufacturing, which lost 490 jobs during this period. Similar trends

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<sup>1</sup> "Cal Facts" Legislative Analyst's Offices, December 2014

<sup>2</sup> Unless otherwise noted, California state employment figures are seasonally adjusted

are expected to continue for the foreseeable future with the largest gains occurring in technology services, while technology manufacturing employment remains flat or down marginally.

The aerospace and technology industries are strategically important to California because of their high levels of employment and compensation, and for the export and tax revenues they generate.

**Agriculture:** California is the nation's leading producer of fruits, vegetables, nuts and dairy products. Agricultural and related products are also one of California's largest exports to the rest of the world. Agriculture in California accounted for about 1.4% of the state's gross product in 2014 and 2.3% of civilian employment. During the first seven months of this year, industry employment averaged 413,500 workers. This represents a decline of 1.1% compared with the same period last year.

California's farms and ranches are the largest among the states in terms of cash receipts, with 11.5% of receipts nationally. Cash receipts in 2014 stood at \$51.0 billion (in real terms) in 2014, up by 1.8% compared with 2013 and a new record high. Crop receipts fell by 1.1% in 2014 to \$35.6 billion, while livestock receipts increased by 17.6% to \$14.1 billion. California also ranked first among the 50 states in terms of net real farm income at \$14.3 billion or 17.1% of the national total in 2014.

Although California's agricultural sector has continued to grow in spite of the drought, if dry conditions persist beyond 2015, employment, already beginning to erode, will suffer further declines along with a drop in production as more land is left fallow. Researchers at UC Davis estimate the drought will cost the state economy \$2.74 billion in 2015 and result in the loss of 10,000 seasonal farm jobs.<sup>3</sup>

**Health Care:** The health care and social assistance industry in California has been a reliable source of employment growth for a number of years, continuing to add jobs even during times of recession. With just over two million workers, the industry accounts for slightly more than 13% of the state's 16 million wage and salary jobs, making it the largest of the major private industry sectors.

During 2014, health care added over 78,000 jobs, an annual growth rate of 3.9%. Growth continued in 2015 with the industry adding nearly 58,900 jobs during the first seven months of the year, an increase of 2.9% over the same period in 2014. By the close of this year, health care employment is expected to post an annual increase of 3.3%, rising to over 2.1 million jobs across a range of skill and income levels. As with the nation, the challenge for California will be to manage the ongoing costs associated with demographic changes and expanded access to health care.

**Trade/Goods Movement:** The **international trade** sector is a significant part of California's economy and a vital link in the nation's trade network. California is the second largest goods exporting state in the country (just behind Texas, which is heavily dependent on energy-related exports). California's largest exports are computer products,

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<sup>3</sup> Howitt, Richard, et al; "Economic Analysis of the 2015 Drought For California Agriculture" (August 2014) UC Davis



transportation equipment (mainly aerospace-related), machinery, agricultural products and chemicals (pharmaceuticals). Imports outweigh exports by a two-to-one margin.

Statewide two-way trade hit a record-high of \$608 billion in 2014 but is expected to decline to \$592 billion by the end of 2015. Expectations for global trade in 2015 were not high to begin with and growth in the volume of goods trade was expected to be modest at best. More recently, events in China have increased fear and uncertainty about the direction of the global economy. Growth is expected to return in 2016 with the value of two-way trade rising to \$614 billion.

The multi-billion dollar **travel and tourism** industry holds a prominent position in California's economy. In 2013 (latest figures available), California's travel industry generated \$51.6 billion in output, or approximately 2.5% of total state gross product. California also had the largest share of the domestic travel market among all 50 states with 10.4% of the total.<sup>4</sup> Total visitor counts were up by 3.4% on an annual basis in 2014 and are expected to increase by 2.3% in 2015. Expenditures by business and leisure travelers to the state totaled \$116.6 billion in 2014, an increase of 6.3% compared with 2013. On average, hotel occupancy rates closed in on 75% in 2014, while increased demand, lack of new hotel construction and high occupancy rates drove revenue per room growth past 11%.<sup>5</sup>

Leisure and hospitality jobs account for about 11% of all wage and salary jobs in California. In 2014, sector employment grew by 4.8% to nearly 1.8 million jobs, following a 4.9% gain in 2013. Year-to-date through July 2015, leisure and hospitality employment was up by 3.8% to 1.8 million jobs compared with the same period last year. Payrolls continue to grow fastest at restaurants and bars, which account for over 70% of leisure and hospitality employment.

All of California's major tourism markets are expected to see gains this year and next. Improvements in the labor markets, income growth and rising consumer confidence will support higher household spending, which in turn suggests strong near-term growth for the state's travel and tourism industry.

As of August 2015, the statewide median price for existing single-family **homes** in California was \$493,420, up by 2.5% from a year earlier. Condo prices are also on the rise with a 3.1% annual increase in the median price recorded in August. Home prices are increasing at a healthier rate, meaning they have slowed from the breakneck pace that prevailed in 2013 and 2014 to something that more accurately reflects the fundamentals of housing demand: job and wage growth. At the same time, much of the appreciation that is occurring statewide is being fueled by supply constraints in the Bay Area.

California single-family home sales rose by 9.3% year-to-year in August to their highest level since October 2012. Sales growth is generally slower in the Bay Area due to supply constraints, while faster growth is occurring in the Central Valley and Inland Empire. Elsewhere in Southern California, sales are expanding at a moderate pace. While

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<sup>4</sup> "California Travel Impacts by County"; Dean Runyan Associates, VisitCalifornia.com (May 2014)

<sup>5</sup> "California Travel & Tourism Outlook"; Tourism Economics, VisitCalifornia.com (Fall 2014)

momentum is building in California's housing markets, higher mortgage interest rates and reduced affordability are creating an environment of uncertainty that may cause some potential buyers to take a step back from the market.

## Looking Ahead

By several measures, California's economy is thriving. Following a 3.0% increase in 2014, nonfarm jobs are expected to grow by 2.9% in 2015, and then slow slightly to 2.4% in 2016. The unemployment rate stood at 6.3% in July and is expected to decline to 5.8% in 2016. With further improvements anticipated for the labor market, personal income and total taxable sales should increase by 4.9% and 4.5% respectively this year, with similar or better gains in 2016.

In addition to a rosier employment outlook, California has recently made headway against a number of other problems that have plagued the state for years, if not decades. California's finances have stabilized and after years of deficits, the General Fund closed the latest fiscal year with a cash surplus for the second consecutive year. The unfunded liability of state retiree health care costs remains a concern, critical infrastructure projects continue to be deferred and there is a severe shortage of affordable housing, particularly in the metro areas that are experiencing the fastest rates of job growth. In the area of water policy, significant reforms have been enacted to improve the sustainable management of the state's ground water resources. At the same time some seemingly intractable problems persist. Expanding the benefits of the state's economic growth to a larger share of the population is the next big step. Meeting this challenge will require attracting skilled workers to the state, increasing college enrollment and completion rates, upgrading the state's physical infrastructure and careful management of the state's finances and water resources.

## The Los Angeles Economy

Los Angeles County has experienced significant job growth in the last few years. Nearly 100,000 jobs were added last year and the county is on track to add nearly 100,000 this year. This has driven the unemployment rate down to 7.1% in July (seasonally adjusted), a full percentage point below July 2014 and the lowest since mid-2008. The county benefited from broad-based growth which pushed wage and salary jobs past the county's pre-recession peak to a record high.

Job gains have occurred across most major industries, with record highs reached in professional, scientific and technical services, health care, and leisure and hospitality. Through July of this year, the largest job gains occurred in health care and social assistance along with leisure and hospitality, each adding over 20,000 jobs. Government added 12,000 jobs, mostly at the local level. The fastest growing sectors in percentage terms were construction, educational services, and leisure and hospitality. Mining and logging was the only major industry to post a significant percentage decrease in jobs this year, while both the manufacturing and finance and insurance sectors experienced only slight declines.

In addition to employment growth, other indicators also suggest the county economy is continuing to grow.

- The [housing market](#) saw a bounce in 2015 with the median sales price of a home rising 4.7% year-to-year to \$492,000 in July. Likewise, sales of homes increased 9.6% year-to-date through the first seven months of this year, putting the market on track to match or surpass the 2013 sales total, which was the strongest year of the last eight years. New home construction finally accelerated in 2015 and should continue to do so next year as well.
- [Two-way trade](#) through the Los Angeles Customs District achieved a record-high volume of \$416.6 billion in 2014. So far this year, two-way trade was six percent lower than a year ago in year-to-date terms through July, but much of that difference occurred in January and February when the ports were coping with congestion and a labor dispute. The local ports are on track this year to match or exceed last year's third best performance in terms of container activity. However, the strength of the dollar and weakness of the nation's trading partners hold back the export side. Regardless, the long-term prospects for the industry are promising, and continued increases in trade activity will bring additional jobs in logistics, goods movement, wholesaling and distribution.
- The [entertainment industry](#) is the part of the economy that is most closely associated with Los Angeles. The industry's largest component is the motion picture and sound recording industry. According to FilmL.A.,<sup>6</sup> industry activity has been mixed: On-location television production days rose in yearly terms during the first half of this year,

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<sup>6</sup> See FilmL.A. news release regarding trends in production days and new measurement, shoot days.

but feature films and commercial production activity both fell. Through July, motion picture and sound recording employment rose marginally (0.7%) from 118,300 jobs last year to 119,100 jobs. The revamped and expanded California Film Tax Credit might contribute to further increases in industry employment in the future, but it is still too early to judge its success or failure.

- The [professional and business services](#) super-sector is the second largest in Los Angeles County with over 620,000 workers in July, surpassed only by health care and education with nearly 760,000 jobs. The professional, scientific and technical services industry was the largest component of the super-sector with 290,000 jobs in July. The industry includes legal, accounting, architecture, computer systems design, consulting, research and advertising, and added 3,800 jobs through July year-to-date (1.3%). Management of enterprises, which encompasses corporate headquarters, is smaller at 60,800 jobs, but it grew slightly faster (3.2% or 1,900 jobs added) over the same period. Finally, the administrative, support and waste services sector added 5,200 jobs (2.0%) on a base of approximately 270,000. All three components of professional and business services are expected to see continued job gains this year and in 2016, both in absolute and in percentage terms.

## Looking Ahead

Los Angeles County has seen steady improvement over the past three years, a pattern that should continue through 2016. Several segments of the economy have experienced solid job gains. Wage gains are expected over the next year across many occupations, especially those requiring higher education, specialized training, or experience.

# South Bay Economic Indicators

## Demographics

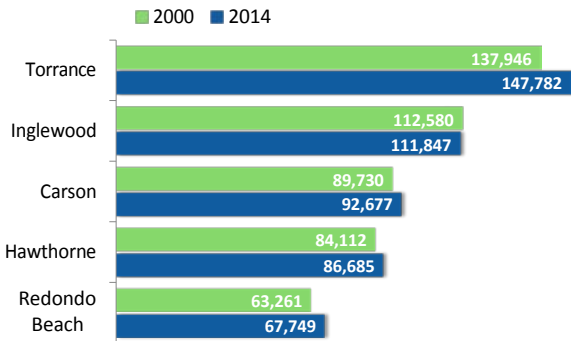
### Population

Nearly 763,000 residents within 16 incorporated cities called the South Bay home in 2014. There were also approximately 160,000 persons living in parts of the City of Los Angeles and 162,000 more residing in unincorporated areas of the South Bay. With a combined population of nearly 1.1 million, if the South Bay was a county in its own right, it would be tenth largest in California (out of 58), just behind Contra Coast County.

The population of the South Bay has experienced moderate population growth over the last 15 years, with a 4.1% growth rate in the incorporated cities, compared with 5.5% in Los Angeles County and 13.2% in California. The most populous cities in the South Bay in 2014 were Torrance (147,782 residents), Inglewood (111,847), Carson (92,677), Hawthorne (86,685) and Redondo Beach (67,749).

The fastest growing cities were Redondo Beach and Torrance, which have both seen their population increase by 7.1% since 2000, followed by Rolling Hills Estates (6.7%), Hermosa Beach (6.4%) and El Segundo (5.4%). While all 16 cities lost population during the years clustered around the recession, all but five <sup>7</sup> have recovered and surpassed their prerecession population peak. Inglewood was the only city to experience a decline in population between 2000 and 2014 (-0.7%). (See [Table 2 in the Appendix for additional detail](#))

### South Bay 15-Year Population Change Five Largest Cities



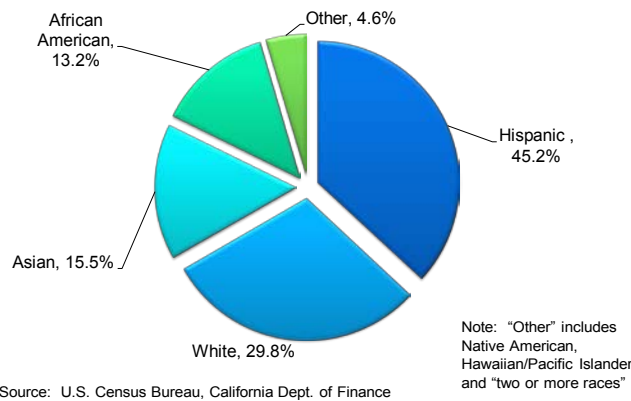
Source: California Department of Finance

<sup>7</sup> The five cities that were still below pre-recession population peaks in 2014 were: Carson, Manhattan Beach, Palos Verdes Estates, Rancho Palos Verdes and Rolling Hills.

**Race/Ethnicity**

Like most of California, the South Bay’s population is diverse in race and ethnicity. Hispanics/Latinos make up the largest ethnic group with a total population of nearly 338,000. Hispanics constitute the majority of the population in three cities: Hawthorne (53.3%); Inglewood (50.6%); and Lawndale (63.4%). Hispanics are also heavily represented in the portions of Los Angeles City that are part of the South Bay region: Harbor City (49.1%); San Pedro (46.4%); and Wilmington (89.4%).

**2014 Population of the South Bay by Race/Ethnicity**



Whites are the next largest ethnic group in the South Bay with a total population of 337,800 and make up the majority in eight of the 16 South Bay incorporated cities. In Hermosa Beach, Manhattan Beach and Palos Verdes Estates, whites make up more than three-quarters of the population.

Asians made up the third largest group in the South Bay with a population of 142,300, followed by African Americans (120,600). The balance of the population includes Native Americans, Hawaiians/Pacific Islanders, and persons who identified as “other” or of two or more races. Although small in absolute numbers, the Hawaiian/Pacific Islander population is a significant cultural presence in the South Bay, particularly in Carson, El Segundo, Gardena and Hawthorne. (See [Table 3](#) in the Appendix for additional detail)

**Educational Attainment**

The South Bay is home to an exceptional number of highly-educated workers. Businesses in the region benefit from this industrious, talented and diverse workforce. Excellent higher education is provided by numerous institutions located throughout the Los Angeles County region, as well as the higher education institutions located within the South Bay including California State University Dominguez Hills, Marymount California University, Los Angeles Harbor College, and El Camino College.

The overall level of educational attainment in the South Bay is significantly higher than that of Los Angeles County as a whole. In the South Bay, 83.0% of the population (25 years and older) has a high school diploma or higher. The equivalent figure for Los Angeles County is 76.6%. As to higher education, 33.9% of the South Bay population has a bachelor's degree or higher, compared with 29.7% for the county. The cities with the largest percentage of adults holding a bachelor's degree or higher are Rancho Palos Verdes (76.4%); Palos Verdes Estates (74.0%); and Rolling Hills (73.2%). Additionally, in nine of the 16 incorporated cities, over 90% of the adult population has a high school diploma or higher.

At the other end of the spectrum there are four cities/areas where educational attainment falls below the average for Los Angeles County. In Hawthorne, Inglewood, Lawndale and Wilmington, less than 75% of the population has a high school diploma. This shortfall is particularly acute in Wilmington where only 56.8% of the population has a high school diploma or higher. The share of the adult population with a BA or higher falls short of the county average in nine South Bay cities or areas. Of particular concern are Inglewood where only 17.4% of the adult population has a BA or higher; Lawndale (15.9%) and Wilmington (6.9%). Improved educational outcomes in these cities or areas would help insure that businesses in the South Bay have access to an adequate supply of local skilled workers and that the residents of these communities are fully prepared to participate in the region's dynamic economy. (See [Table 4](#) in the Appendix for additional detail)

### **Commuting Patterns**

Worker commuting patterns show that the majority of residents of the South Bay (aged 16 and older) worked somewhere in Los Angeles County – 95.3% versus 4.1% who commuted to work outside the county. On average, residents of the South Bay have somewhat shorter commutes to work than people living elsewhere in Los Angeles County. This is not surprising, given the distance between South Bay communities and the county line. The average one-way to commute to work for residents of the South Bay was 26.8 minutes, slightly less than the county wide average of 29.3 minutes. The average commute time nationally was 25.5 minutes. Similarly, 9.3% of residents in the South Bay spent at least one hour commuting to work, while county-wide the number of commuters who spent an hour or more on the road was 11.7%. Nationally, the figure was 8.1%.

A greater understanding of the commuting patterns of workers in the South Bay would provide insight into several important economic development issues for the region. For example, economic developers working to recruit and retain businesses must understand the available labor force of the region. Infrastructure needs are in part determined by worker commuting patterns, and several local governmental services require information about commuting patterns (e.g. law enforcement, health services, and evacuation or emergency planning). Finally, local governments need to understand how the region is interconnected with surrounding areas to develop effective long-term strategic plans (See [Table 5](#) in the Appendix for additional detail)



## Employment

In 2014, wage and salary employment in the South Bay region increased to an estimated 552,886 jobs, up by 1.8% from 2013, surpassing the 2008 pre-recession peak for the second year in a row. Based on LAEDC estimates, nine of the fourteen industries in the South Bay added jobs in 2014, with significant declines occurring in only two sectors: manufacturing and public administration.

Leisure and hospitality was the largest source of employment in 2014, adding more than 3,800 jobs (6.5%) over the year and accounting for nearly 40% of employment gains. The transportation, warehousing and utilities, and health services sectors posted similar gains, increasing by almost 1,700 jobs each (up by 3.4% and 2.8%, respectively). When combined, these two sectors accounted for over one out of every three jobs created in the region. The professional and business services sector was also a major source of employment last year, with employment increasing by 1,200 jobs (1.4%). Other services<sup>8</sup> added 1,100 jobs, while construction, retail trade, and education also experienced net gains.

While wage and salary employment has expanded by 8.4% over the last decade, there has been a notable shift in the composition of industry employment. In 2004, manufacturing and professional and business services were the top two sectors by employment in the South Bay. These two industries accounted for almost one-third of total wage and salary employment in the region. By 2014, the industry landscape had changed considerably. While these two sectors are still the largest in the South Bay, they have switched positions with each other. Manufacturing employment saw the largest drop in employment share, losing 16.6% of its jobs over the decade. By contrast, jobs in professional and business services jumped by 21.0% since 2004, exceeding the county-wide increase of 8.2% and statewide increase of 16.0%.

Health services employment in the South Bay has expanded to become one of the primary sources of employment in the region, contributing nearly half of all employment gains since 2004. There were 41,400 health services jobs (8.1% of total employment) in 2004, but by 2014, that number had risen to almost 62,400 jobs. This represents an increase of 50.8% over the past decade, exceeding the 37.6% county-wide increase and the state-wide increase of 37.8%.

Total employment is expected to rise to 561,400 workers this year, equivalent to a 1.5% gain, and will increase by 1.1% next year with the expectation that broad based improvements will continue in most major industries. (See [Table 7](#) in the Appendix for additional detail)

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<sup>8</sup> Other services includes repair and maintenance; personal and laundry services; and membership organizations

## Income and Wages

Total payroll in the South Bay region in 2014 stood at an estimated \$31.8 billion, up by 2.6% or \$813 million from 2013. Most of this growth came from higher job counts as opposed to rising wages. Total payrolls are projected to increase by 4.5% to \$33.2 billion in 2015.

The average annual wage in 2014 in the South Bay region was \$57,502. Compared with the rest of Los Angeles County, the South Bay ranked third among the 13 sub-regions of the county tracked by the LAEDC. Average wages in the South Bay are higher than Los Angeles County in roughly half of all industries, especially in wholesale trade and manufacturing.

The average wage for the South Bay education and health services industries was \$41,748 in 2014, 2.4% lower than the Los Angeles County average. Los Angeles County wages in the education and health services industries range from roughly \$23,000 in South Los Angeles to \$65,000 in Central/Downtown area. In professional and business services, the average annual wage for South Bay workers was \$71,686, 2.5% lower than the county average. Los Angeles County wages in professional and business services ranged from roughly \$38,000 in East Los Angeles to almost \$100,000 on the Westside.

Manufacturing workers in the South Bay region had an average annual wage of \$84,418 in 2014, significantly higher than the Los Angeles County average of \$60,990. This was due in part to the high concentration of aerospace jobs which pay well above the average wage for manufacturing as a whole. While manufacturing employment has been decreasing, the industry's wages have grown in twelve of the thirteen regions in Los Angeles County in 2014. Los Angeles County wages in manufacturing range from about \$36,000 in South Los Angeles to \$88,000 in Antelope Valley. (See [Table 8](#) in the Appendix for additional detail).

## Business Establishments

There were 45,280 business establishments in the South Bay in 2014, equivalent to 10.2% of the county's 441,952 establishments. There are many entrepreneurial professionals in the South Bay. The 5,204 professional and business services establishments include architects, engineers, and design-related firms. Health services ranked first in terms of establishments by industry, with 18,842 establishments. There are many physicians and dental offices, nursing and residential care facilities, and social assistance/child care facilities located in the South Bay.

Several South Bay industries account for a sizeable percentage of the Los Angeles County total. Due to its proximity to the San Pedro Bay ports, the South Bay was home to 1,650 transportation, warehousing and utilities establishments in 2014, 26.6% of the Los Angeles County total. South Bay manufacturing represented 12.2% of the total establishments in Los Angeles County. The construction industry in the South Bay has 12.2% of the county's total construction industry business establishments and retail trade accounted for 11.5% of the county's total. (See [Table 9](#) in the Appendix for additional detail)

It is also interesting to note the high concentration of **small businesses** in the region. While small businesses do not generate as much revenue as large corporations, they are a critical component of local economies, creating new employment opportunities, serving local needs and sometimes providing a launch ramp for next generation of innovative companies. In Los Angeles County, establishments with less than 10 employees accounted for 76% of all establishments in 2013.<sup>9</sup> Although the relative *share* of small businesses was up only marginally (from 75.3%) since 2009, the *number* of small businesses increased by 4.1% or 7,624 establishments over that five year period. While this data describes Los Angeles County, the South Bay likely follows a similar pattern.

The concentration of small businesses by industry varies considerably, with utilities (as one might expect) garnering the smallest share of the total (45%), while over 80% of the establishments the following industries employed less than 10 people: construction; information; real estate, rental and leasing; professional, scientific and technical services; arts, entertainment and recreation; and other services (e.g. repair and maintenance, dry cleaning personal care and pet services, etc.).

Looking at employment growth, over the five year period between 2009 and 2013, establishments employing less than 10 people accounted for 99% of net job gains in the county. Given the importance of the region's smaller enterprises to employment growth, new business startups are an important indicator of the region's business climate.

According to the U.S. Census' Business Dynamics Statistics, in 2013 start-up firms contributed 2.3 million jobs nationally, while older firms (26 years or older) contributed 1.0 million. However, the peak for start-up job creation was 3.5 million in 2006. While the share of jobs created from older firms has recovered to prerecession levels, the share from start-ups was only 2.0% in 2013, down from a peak of 3.8% in 1987. California was one of a handful of states to buck this trend with 2.3% to 2.9% employment growth coming from start-ups in 2013. Considering the size the of the Los Angeles County economy to seems probable the region is helping to drive this dynamic.

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<sup>9</sup> County Business Patterns, U.S. Census Bureau. 2013 is latest data available. This is a different data set than used in the figures above, which come from the QCEW so figures are not directly comparable.

## Industries of the South Bay

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Aerospace, petroleum refining and the automotive industry have long been the dominant industries of the South Bay economy, but the region is in a state of transition and diversification. The South Bay is now home to a growing number of tech start-ups, creative industries, medical device manufacturers and pharmaceutical companies. Even within the region's long-time aerospace industry, companies like Boeing and SpaceX occupy the frontier of innovation in satellite construction and deployment as well as launching humans and cargo into space.

### Aerospace and Defense

The aerospace and defense industry has been a cornerstone of the Southern California economy for over a century and has played a role in shaping the region's landscape, culture and economy. The aerospace industry in Southern California may employ fewer people than a quarter century ago, but it continues to be on the forefront of industry developments and remains a center of aerospace activity for the nation.

The South Bay boasts a higher concentration of aerospace firms and employment than anywhere in Southern California. Northrop-Grumman, Boeing, Lockheed Martin, and Raytheon all have a significant presence in the South Bay. SpaceX is a much newer arrival on the scene, but it has become a major employer in Hawthorne. The Aerospace Corporation is located in El Segundo along with the industry's anchor in the region, the Los Angeles Air Force Base.

The aerospace industry contributes to the Southern California economy on a number of levels. First, it employs a large number of highly skilled and well-paid workers. Second, its exports make a positive contribution to the nation's trade balance. Finally, new technologies with roots in aerospace have spilled over into other areas of the economy.

In 2014, the aerospace industry<sup>10</sup> in Los Angeles County employed 62,500 workers down 2.0% from 63,800. Industry employment last year was about 70% below the 1990 level, with most of the decline occurring in the early 1990s, although it has stabilized in recent years at approximately 63,000 workers. Capital is increasingly replacing labor, while labor itself has become more productive. The result is that even as employment levels have fallen, the value of aerospace products manufactured in the region has increased.

Half of the aerospace manufacturing jobs in Los Angeles County are located in the South Bay. There were 31,500 jobs in 2014, down 800 (2.5%) from 32,300 jobs in 2013 and 1,900

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<sup>10</sup> In this section, the aerospace industry is defined to include Aerospace Product and Parts Manufacturing (NAICS 3364) and Electronic Instrument Manufacturing (NAICS 33451). Job and establishment counts along with payroll are based on the BLS Quarterly Census of Employment and Wages (QCEW) and the EDD's ES202 data.

fewer than in 2004. There were a total of 131 establishments in the South Bay in 2014, essentially unchanged from a year earlier but down from 148 in 2004. Despite the decline in job counts, aerospace industry payroll has been on the rise in the South Bay, increasing from \$739.5 million in 2004 to \$919.1 million in 2014.

At the close of 2014, the Aerospace Industries Association estimated the backlog of U.S. **civil transport aircraft** was 5,552 airplanes valued at \$429 billion, with foreign orders accounting for the lion's share of the backlog. While commercial jetliners are no longer manufactured in Southern California, continued growth of civil aircraft is a lifeline for the large number of subcontractors in the region who produce parts for Boeing and Airbus. Boeing alone has 3,300 suppliers in California, many of which are located in Southern California.

Federal budget cuts pose an ongoing challenge to Southern California's aerospace and **defense** firms. However, federal spending on defense-related R&D is projected to rise in the coming years as demand for cyber security, intelligence, surveillance and defense electronics is expected to remain strong. Already a leader in the development and manufacture of unmanned aircraft systems (UAS), the region's aerospace industry will greatly benefit from robust and growing demand for UAS for military and civilian uses in the years ahead.

With its deep pool of skilled labor, its extensive infrastructure of test fields, numerous universities and other educational and research centers, and a strong electronics industry, the Southern California region will be home to the aerospace and defense industries for many years to come and the South Bay will continue to be its focal point. The region is home to an array of research, development and testing operations as well as aerospace contractor and sub-contractor facilities. Commercial satellites manufactured in the South Bay orbit the earth, providing GPS, cell phone and radio/television communications. More recently, companies engaged in private commercial space activities (once the sole domain of NASA) have become further entrenched in the region, including SpaceX, Scaled Composites and Virgin Galactic.

## Entertainment, Sports Management and the Arts

Entertainment, sports management and the arts are a significant part of the South Bay economy. Entertainment firms located in the South Bay include large employers like DirectTV and Time Warner Cable along with many smaller digital media firms. The StubHub Center, located on the campus of CSUDH offers world-class competition and training facilities for amateur, Olympic, collegiate and professional athletes. The StubHub center is also home to America's largest velodrome facility. The Forum in Inglewood offers some select sporting events but has primarily become an entertainment venue, while the Toyota Sports Center in El Segundo is the official training center for the Los Angeles Kings and the Lakers. The region's many performance venues include the Redondo Beach Performing Arts Center, the Norris Theater (Palos Verdes) and the Torrance Cultural Arts Center. There are also a number of museums in the area including the Los Angeles Maritime Museum in San Pedro, the Historic Rancho Dominguez Adobe and the Lomita Railroad museum.

Together the entertainment, arts and sports management sectors in the South Bay employ a relatively small number of people, but the jobs in these industries pay much higher salaries on average compared with other sectors of the South Bay economy. In 2014, there were just over 4,800 persons employed in the entertainment, arts and sports management sectors earning an average annual salary of \$109,496. This was more than triple the regional average annual salary of \$57,502.

Nearly half of the workers in this combined sector were employed in entertainment, which includes software publishers (including video game designers); motion picture production and post production, sound recording and broadcasting. Individuals employed in the entertainment sector earned the highest annual salary in 2014 at \$126,500. Sports management firms employed about 35% of the total workers in this sector who earned an average annual salary of \$92,959. Sports management includes jobs in spectator sports, sports promoters, and agents and managers for sports figures. The remaining workers in this sector are engaged in arts and cultural activities (performers, writers, art dealers, museums, fine art schools etc.), earning an average annual salary of \$98,666.

In addition to providing high-skill, high-wage jobs for South Bay residents, these industries attract talented workers from outside the region. This influx of workers increases economic activity in the area when they shop, eat at local restaurants or take advantage of nearby entertainment venues. This sector also has strong linkages to retail trade and the tourism industry. The region's sporting venues draw people from all over Southern California as do the South Bay's many theaters and performing arts venues. This brings outside money into the region, facilitating economic growth in much the same way as exports to other countries support economic growth.

## Health Care

Health care is a large industry in the U.S. In 2013, national health care expenditures increased by 3.6% to \$9,255 per person (\$2.9 trillion in total) and accounted for 17.4% of GDP. Between 2012 and 2022, health care expenditures are projected to grow at an average rate of 5.8% per year. Efforts to contain costs are colliding with increased demand for health care services and more transparent pricing. Fiscal pressures, sweeping regulatory changes under the Affordable Care Act and more empowered consumers are creating a new health care economy.

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### *Sports, Entertainment & Hospitality Management at CSUDH*

*CSUDH offers a business administration degree program (BS) with a concentration in sports, entertainment and hospitality management. Opportunities in the sports, entertainment and hospitality industries are widespread within the sales, marketing, management, operations, and travel and tourism departments of firms, organizations and city governments involved in these industries. Graduates could work in sports teams, sports facilities, city governments, casinos, cruise ships, theme parks or in the following industries: travel and tourism; leisure; gaming; and entertainment (television, radio, movies and recording)*

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Los Angeles County was home to 625,300 healthcare jobs in 2014. Over the past decade, growth in healthcare employment has been very strong, increasing by nearly 38% since 2004. With medical facilities increasing their presence in the South Bay, employment has increased by almost 51% in the region over the same time period, while health care's share of total employment in the region grew from 8.1% in 2004 to 11.3% in 2014.

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*The graduate program in Orthotics and Prosthetics at CSUDH is the only one of its kind offered at a public university in California.*

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The health services industry is one of the major economic drivers of the South Bay economy. Kaiser Permanente has been particularly aggressive in expanding facilities and services in the region. Employment is expected to increase this year and again in 2016. This trend is being driven by demographics (population growth, an aging population, retiring baby boomers and increased life expectancy), and healthcare reform, which has expanded the number of individuals with access to health insurance coverage. Additionally, more households will be able to purchase additional health services as incomes rise along with the general improvement in the economy.

## Higher Education

In this age of rapidly evolving technology, where ideas play a key role in growing the economy, education and skills acquisition are essential to bringing new ideas to life and transforming them into commercial applications. The South Bay's universities and community colleges are among the region's most valuable assets. The South Bay is home to a number of educational institutions (public and private) that play a central role in creating the next generation of skilled workers, professionals and entrepreneurs. This sector also includes two highly regarded community colleges that provide a stepping stone to four-year universities or vocational training.

Four-year postsecondary institutions include California State University Dominguez Hills and Marymount California University. There are two community colleges in the South Bay (El Camino College and Los Angeles Harbor College) offering academic and vocational training programs. The presence of these educational institutions in the South Bay creates opportunities for business start-ups, many of which stay in the area, and provides a supply of educated workers for the region's businesses.

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*CSUDH has appeared on the President's Higher Education Community Service Honor Roll every year since 2010.*

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In 2014, employment at private institutions<sup>11</sup> increased by 4.5% to nearly 9,700 jobs after rising by 3.8% in 2013. Payrolls are expected to expand again in 2015 and 2016 although at a slower rate. The outlook at the region's public and nonprofit schools is also looking good. California's financial footing is much stronger and more funds for higher education

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<sup>11</sup> Employment at public institutions is not separately calculated in the public administration QCEW employment data.



have been allocated in the current state budget, easing (but not eliminating) the financial strain on CSU Dominguez Hills and the region's community colleges.

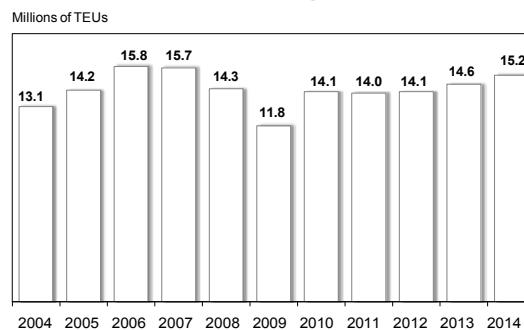
## International Trade/Goods Movement

Similar to Los Angeles County as a whole, the health of the South Bay economy depends in large part on the global economy and international trade flows. International trade-related employment includes occupations in the international trade and goods movement industries.

The South Bay was home to 29,000 workers in the goods movement sector (wholesale trade and transportation and warehousing industries) last year. The region has a higher concentration (14.5%) of people employed in this industry than the overall county ratio of 10.0%, second only to the Gateway Cities region, which benefits from having both the Port of Long Beach and the Alameda Corridor fall within its borders.

With the largest port complex in the nation and the Western Hemisphere, International trade and goods movement are an important part of the South Bay economy. The San Pedro Bay Ports of Los Angeles and Long Beach had their third-best year in 2014 with throughput of 15.2 million containers and are on track this year to match or surpass last year's performance. Two-way trade through the Los Angeles Customs District hit a record-setting value of \$416.6 billion in 2014. Truck traffic on the 710 freeway from the San Pedro Bay ports continues to increase. The rise in transportation activity is a positive sign for the South Bay economy, and is expected to continue over this year and next as both employment and retail sales make further improvements.

### TEU Throughput San Pedro Bay Ports



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

International airport cargo, which generally consists of small, lightweight, high-value products that require quick delivery, passes through both Los Angeles International (LAX) and Long Beach Airport. Freight tonnage passing through LAX increased by 8.0% in August year-to-date, while at Long Beach Airport air cargo fell by 0.1% during the same time period.

Given the strength of the U.S. economy, imports have the potential to achieve new record high levels in 2015. However, the strength of the dollar and the weakness of the nation's trading partners will make it more difficult to hit a new record on the export side.

Regardless, the long-term prospects for the industry are promising, and continued increases in trade activity will bring additional jobs in logistics, goods movement, wholesaling, and distribution.

## Manufacturing

While the number of manufacturing jobs in the South Bay region has remained relatively flat since 2011, manufacturing's share of employment has fallen relative to sectors that have experienced job growth. Manufacturing accounted for 13.8% of total employment in 2014, down from 15.0% in 2011 and 17.9% in 2004. In 2014, manufacturing employed approximately 76,100 workers across the South Bay, a drop from 77,200 in 2013. The corresponding 1.4% decline was somewhat larger than the 0.9% decrease in manufacturing employment countywide, and was likely related to the high concentration of aerospace employment in the region. Recently, regional employment in the industry has stabilized at between 76,000 and 78,000 workers.

There are a number of advantages for manufacturing firms in the South Bay. One is the sheer size and diversity of the local market. Southern California is a great market testing ground for new products. In addition, high quality educational facilities and workforce development programs are a resource for businesses looking for skilled workers. The region also has significant geographic and infrastructure advantages. Finally, the South Bay is centrally located between the San Pedro Ports and LAX Airport, providing convenient transportation for both people and goods.

## Oil Extraction and Refining

Despite declining crude oil production over the past few decades, California is still a leading producer of crude oil and the third largest state in terms of refinery capacity. In the South Bay, the Wilmington oil field is the largest of a number of oil fields, while the region is home to several refineries.

With declining crude oil extraction in California, local refineries have increasingly relied on crude oil from a handful of states (including Alaska) and foreign producers for its gasoline and other refined product needs. There were 33 establishments in the

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### *The Automotive Industry in the South Bay*

*For three decades the automotive industry has been a highly visible and important part of the South Bay Economy.*

*Japanese automakers established a corporate presence in the South Bay beginning with Toyota in 1982 followed a decade later by Honda and then Nissan. The South Bay was a natural location to set up shop in part because the region's large Japanese-American community provided a ready supply of bilingual workers. In addition, proximity to the San Pedro Bay ports allowed for close oversight of import operations and nearby LAX was convenient for executives traveling to and from Japan. Los Angeles' status as the car capital of America was also an important factor*

*The industry's presence in the South Bay has changed in recent years, beginning with Nissan's move to Tennessee in 2006. In 2013, Honda moved some personnel and operations to Ohio, while Toyota announced it will soon be moving to Texas. Over the last 30 years, all three automakers have increased U.S. manufacturing operations and are consolidating manufacturing and corporate functions.*

*Meanwhile, Nissan, Toyota and Honda have maintained design studios in Southern California (Honda's Acura Design Studio and Honda R&D are located in Torrance)*

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industry in 2014, virtually unchanged from 31 a year earlier. (Major South Bay refiners include Chevron, ConocoPhillips, ExxonMobil, Tesoro, and Valero). Together, the 33 establishments employed 4,000 workers last year, down from 4,400 in 2013 but up from 2,500 in 2004. Industry employment in the South Bay accounted for 57% of industry employment countywide. Industry payroll in the South Bay stood at \$125.6 million in 2014, down 17% from \$151.0 million a year earlier, but more than double the 2004 figure of \$56.1 million.

The industry faces opposing forces over the next few years. Crude oil prices are expected to remain below \$100 through the end of the decade. However lower gasoline prices will likely fuel increased demand even as existing and new regulations at the state level give rise to increases in alternative fuel vehicles.

## Professional and Business Services

The professional and business services sector includes a diverse set of industries including professional, scientific and technical services; management of companies and enterprises (corporate headquarters); and administrative, support and waste services. Many occupations in these industries pay well and often require advanced education or training. These occupations include architects, engineers, IT consultants and other business consultants, accountants and lawyers.

This industry employed the largest number of workers in the South Bay last year with 91,400 payroll jobs, an increase of 1.4% compared with 2013 and a new record high. South Bay professional and business services jobs also equated to 15.2% of the county total even though the region has only 10.8% of the county population. The average annual salary in this sector in 2014 was \$71,686, which was 2.6% higher than the county-wide average of \$69,860.

Even with professional business services employment at a new peak level, the number of jobs reported in the QCEW data may actually be under counting employment in this sector. The above figures are for wage and salary jobs only and do not count the self-employed, a fast growing part of the workforce driven in part by an increasing number of professionals electing to establish their own firms. While this trend predates the recession, the downturn intensified the transition of many professionals from salaried workers to entrepreneurs, willingly or not. Supported by strong educational resources and facilitated by technology, these single-person firms are a potent force for new job creation in the professional, high-tech and creative industries.

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*CSUDH has the only Occupational Safety and Health Administration (OSHA) Training Institute Education Center in the Los Angeles area, and it is one of only 26 in the country.*

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With a mix of occupations that include a wide range of skill and income levels, this diverse sector will continue to be one of the largest and fastest growing in the region.

## Real Estate and Construction

### Residential Real Estate

The housing market recovery has been an extremely drawn out affair, but there are reasons to be more optimistic about 2016. Stronger job growth has increased the number of qualified buyers, price appreciation is moderating, home sales and construction are up, mortgage interest rates are expected to remain low, and household formation is approaching normal levels.

As of August, home sales in Southern California increased on a year-over year basis for seven consecutive months following a year and a half of nearly continuous year-over-year declines. With steady employment and wage gains, traditional buyers are returning to the market but inventories remain tight. Concerns about the Fed moving to increase interest rates may have prompted buyers to get off the fence, and now that eight years have passed since the housing bust, former homeowners caught up in the first wave of foreclosures can contemplate returning to homeownership.

In spite of these improvements, obstacles to full recovery remain. Although mortgage credit availability has expanded in recent years, lending standards still remain relatively restrictive. Student debt may also be an impediment to Millennials seeking a mortgage loan. Another roadblock is the sharp appreciation in home prices which have outpaced wage growth and made affordability worse. On the upside, home price appreciation also means more homeowners are regaining equity and can now afford to put their homes on the market thus helping to alleviate inventory constraints.

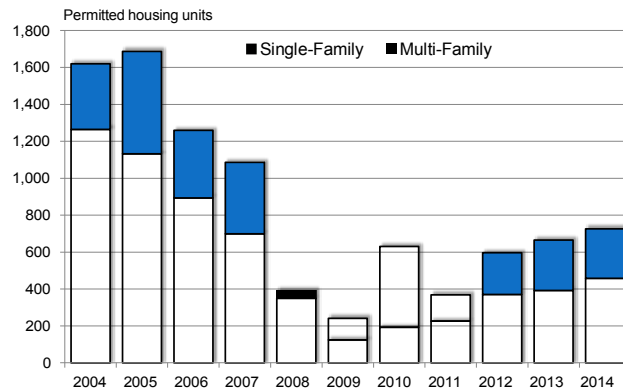
Median home prices have risen significantly throughout the South Bay, boosted by lean inventories and strong demand. Out of the 18 cities and communities in the South Bay for which median home price data are available, seven have surpassed their prerecession (2006/2007) price peak. These include the region's most affluent communities: Rolling Hills, Manhattan Beach, Palos Verdes Estates, Rancho Palos Verdes, Hermosa Beach, El Segundo and Redondo Beach. Torrance and Rolling Hills Estates are approaching their previous peaks, while in some of the region's lower-income neighborhoods, the housing markets remain distressed. In Wilmington, the median price during the first half of 2015 was 25.5% below the previous peak, while the median price in Inglewood is still 31.0% below peak. Although the foundation of economic revitalization in these distressed neighborhoods must be built on the availability of good quality affordable housing, the housing recovery is leaving these communities behind.

A sustained housing market recovery also requires rising rates of household formation and homeownership. Job growth has improved to the point where household formation is recovering, but most of those gains are accruing to the rental market. Meanwhile, the rate of homeownership continues to decline. In California, homeownership peaked in 2006 at 60.2% but dropped to 54.2% in 2014, the lowest rate since 1985. One reason for the decline is the slow pace of wage growth over the last five years – homeownership rates tend to rise with income. Another reason may be that homeownership rates during peak years were unsustainable because of the easy lending practices that prevailed at the time.

Households have found no relief in the rental market. Apartment rents are soaring even faster than home prices in Southern California. In the Los Angeles metro area, the share of income needed to make the monthly mortgage payment on a median priced home is 40.8%. The share of income needed to afford median rent in Los Angeles was 47.9%,<sup>12</sup> the highest of any large metro area in the country. With more income needed for rent, many renter households in the South Bay cannot save for a down payment on a home.

Turning to the new home market, permits for new home construction in the South Bay have improved fairly steadily over the last five years. Between 1995 and 2007 permits for new home construction (both single and multi-family) averaged 1,100 units annually and peaked in 2005 at 1,687 units. Falling precipitously in 2008, new home construction bottomed out in 2009 at just 241 new homes permitted. By 2014, the figure rose to 726, a two-fold gain. The LAEDC forecasts that new home construction will rise to 880 permits in 2015 (up by 21.2% over 2014) and to 999 permits in 2016.

### Residential Building Permits Issued in the South Bay



Source: CIRB, California Homebuilding Foundation

In the South Bay, new home construction has traditionally tilted more heavily to single-family homes – on average 70% single-family to 30% multi-family. Since the recession, however that ratio was narrowed somewhat to something closer to 60:40. The erosion of this long-run trend can be attributed to the diminishing supply of land available for new home construction and changing homebuyer preferences for more centralized living environments near work and entertainment. Demand for higher density housing (medium and high-rise condos and apartments) is strong throughout much of the greater Los Angeles region, but may be more muted in the South Bay arising from the difficulties posed by environmental constraints on coastal development and resistance in many of the South Bay's older and more affluent neighborhoods to creating higher density housing.

<sup>12</sup> Households paying more than 30% of their income for housing are considered cost burdened.

The general trend of new home building in the South Bay compared with the rest of Los Angeles County has been one of slower growth. As a result, the share of new homebuilding that takes place in the South Bay relative to the county fell from nearly 9% of the county-wide total in 1995 to just 4% in 2014. Over the intervening years, new home construction in less developed parts of the county grew at a faster pace, notably Santa Clarita, Lancaster and Palmdale and more recently, in Los Angeles' denser urban environments where there has been a boom in new multi-family construction.

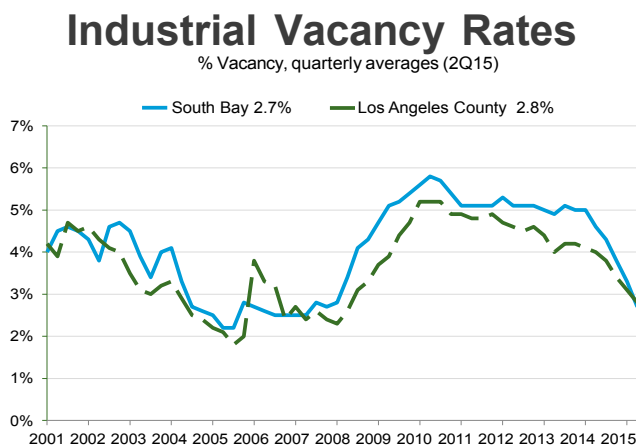
The housing market in the South Bay is slowly getting better. Increases in median prices are moderating and sales activity is occurring across a broader range of home prices – an indication the market has moved back to a more balanced position. Home prices have continued their upward march in 2015 albeit at a pace that more accurately reflects the market fundamentals of wage and job growth.

Further improvement next year will depend largely on progress in the rest of the economy along with housing finance. As price increases continue to moderate, the South Bay's housing market will rely more on job and income growth to support housing demand and prices. (See Tables 6, 12, 13, and 14 in the Appendix for more detail related to the South Bay housing market)

## Nonresidential Real Estate

### Industrial Space

As a major gateway market for consumer goods, Los Angeles County's industrial real estate markets have seen steady improvement in recent years. An adequate supply of industrial land with ready access to the region's transportation infrastructure facilitates trade and enhances the competitiveness of the region. Maintaining an adequate supply of industrial zoned land is an important component of economic growth. Industrial real estate is job-producing land, offering employment opportunities for all skill and education levels; it supports jobs in many business sectors and generates taxes that sustain and improve the quality of life throughout the region.



Source: Cushman & Wakefield

By the close of 2014, the South Bay's industrial real estate market completed its fifth year of growth with further improvement during the first half of 2015. By the second quarter of this year, the industrial vacancy rate in the South Bay was 2.7%, down from 4.6% a year ago and approaching pre-recession rates. The vacancy rate in the South Bay is now below the county-wide average of 2.8%.

As of midyear, the South Bay region experienced occupancy gains of 2.1 million square feet marking seven consecutive quarters of positive absorption. With demand on the rise, total leasing activity reached 7.0 million square feet during the first half of 2015, an increase of 30.2% compared with the same period in 2014. During the second quarter alone, 3.9 million square feet were leased, the strongest quarter for leasing activity in two years. Transactional volume was also up with sales in the second quarter increasing by 16.8% over the year.

With demand for available space continuing to strengthen and little new construction underway (only 281,000 square feet have been completed year-to-date), rents have been trending up. Class A asking rents averaged \$0.63 psf/mo in the second quarter, up by 6.8% from the year ago rate and are approaching pre-recession highs. The lack of class A space together with rising demand has also narrowed the gap between asking rents for class A and class B space, which is now up to \$0.59 psf/mo.

The outlook for the South Bay's industrial real estate market is very encouraging, especially for warehouse and distribution centers. The region benefits from its proximity to the San Pedro Bay ports, transportation links and proximity to mass distribution markets. Vacancy and lease rates are at or near pre-recession levels. On the development side, due to the high cost and lack of land for new development, the barriers to new projects are substantial even as demand soars. Further improvements in vacancy rates and asking rents will depend largely on increases in international trade, industrial production and e-commerce.

### **Office Space**

The modest pace of economic growth over the past five years has led to slow improvements in both operating fundamentals and new construction for the South Bay's office market. The region's market for office space is experiencing a much slower turnaround than the industrial market. While this is true throughout the Los Angeles region, office vacancy rates in the South Bay are the highest of any of the county's sub-markets by a considerable margin (historically, office vacancy rates in the South Bay are higher than other regions in the county). Employment growth in industries that utilize office space is at or has passed prerecession levels but changes in technology and workplace organization have reduced the amount of office space utilized per worker. Additionally, some firms currently prefer the flexibility of creative space over more conventional office space. Thus, stronger employment growth is needed to offset this new reality.

The office vacancy rate in the South Bay in the second quarter of this year was 21.4% and was down by 1.8 percentage points compared with the same period in 2014. The long-term average vacancy rate in the region is 19.7% although in the years just prior to the recession, vacancy rates fell to the mid-14% to 15% range. With little new



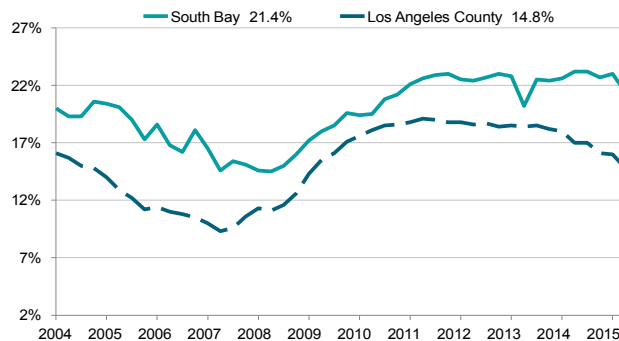
construction in the pipeline (just 209,500 square feet as of the second quarter), and rising demand, vacancy rates should continue to edge down.

Leasing activity improved significantly during the second quarter of 2015 with 603,742 square feet leased, the highest quarterly leasing gain since the fourth quarter of 2011. The dominant El Segundo sub-market with its heavy concentration of tech firms was responsible for 66% of new leasing activity. Overall, during the first half of 2015, net leasing gains (move-ins less move-outs) totaled 238,020 square feet. The largest lease transaction was with DaVita Healthcare Partners who entered a 10 year lease of 185,000 square feet. Sales activity is also improving.

With increased demand and the decline in vacancy rates, rents are trending up slightly. During the second quarter, the average asking rent for class A office space in the South Bay reached \$2.38 psf/mo, an increase of 1.3% compared with the same period last year.

## Office Vacancy Rates

% Vacancy, quarterly averages (2Q15)



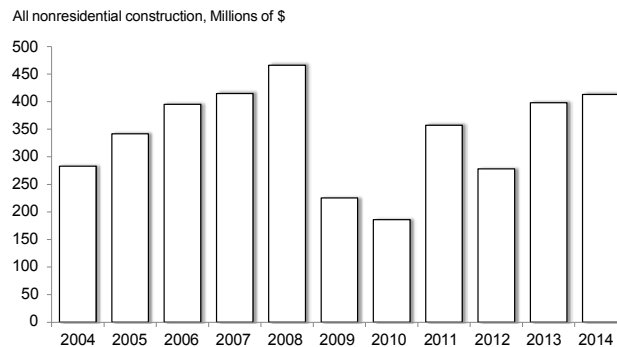
Source: Cushman & Wakefield

## New Construction

Nonresidential construction has generally been trending up since the end of the recession. The value of total nonresidential construction (new and remodeling activity) in the South Bay rose to \$412.9 million in 2014. A peak of \$466.1 million was reached in 2008 and the low point for this cycle was 2010 when construction fell to \$185.9 million, a decline of 60% over that two year period. Since then, nonresidential construction has rebounded by 122%.

Over the long-term (since 1990), the annual value of nonresidential construction in the South Bay has averaged \$300 million. During the first half of 2015, the value of nonresidential permits was \$216.4 million. Most of the new construction permits are for alternations to existing structures (65.5% by valuation). Permits for “other” nonresidential buildings (schools, churches, parking garages, gasoline stations, etc.) comprised 23%, hotels 7%, and retail 4%. The share of permits for new industrial and office properties was quite low, 1% and 0.4% respectively. (See Tables [15](#) and [16](#) in the Appendix for additional information)

### Value of Nonresidential Permits Issued in South Bay Cities



Source: CIRB, California Homebuilding Foundation

## Retail Trade

The retail sector occupies a prominent place in the economy at both the national and local levels. Because such a large portion of U.S. economic activity depends on consumer spending, sales of retail goods and services is an important economic indicator. Retailers also generate an enormous number of jobs that provide employment for individuals across a wide range of skill and income levels. Additionally, retail sales and use taxes are an important source of local government revenues.

As with so many industries, technology is transforming both the face and the underlying structure of the retail industry. In-store innovations include self-checkout, payment via a mobile device in the hands of a sales associate and price checking scanners. Shopping mall developers are creating open air “town squares” that mix traditional retail shopping with experiential opportunities like restaurants, gyms and entertainment venues. Retailers are also expanding social media channels to engage with and grow their customer base. This entails the collection of large amounts of data (raising privacy and security concerns in the process) in order to provide a more personal shopping experience.

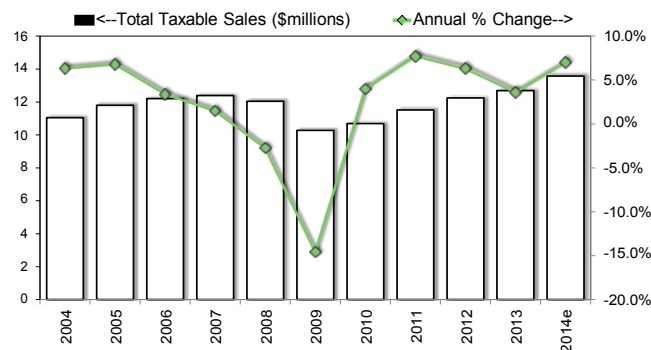
In turn, consumers are increasing their use of shopping apps on mobile devices to search for bargains, research products, locate stores, post reviews and pay for purchases. Consumers today are better informed, more discerning and more interactive.

Although consumers remain cautious in their spending habits, households are feeling more secure about their financial footing. Rising home prices and equity values have contributed to increases in household wealth and the labor markets have shown consistent improvement. Household wealth in the United States is nearly \$19 trillion higher than its prerecession peak and the unemployment rate is at a seven-year low. One of the remaining trouble spots has been the slow rate of wage growth – wages are increasing just ahead of inflation. The good news is wage and salary gains are expected to accelerate in 2016 as the labor markets continue to tighten. Although consumers have been using credit cards sparingly, low interest rates have made it more affordable for American shoppers to finance the purchase of automobiles and other big ticket household goods.

Retail trade is an important economic driver for the South Bay. The region's retail sector was the South Bay's fifth largest industry in 2014, employing over 53,500 workers. The South Bay has about the same concentration of retail workers as all of Los Angeles County – 9.7% versus 9.8%, but the average annual wage for retail trade workers in the South Bay was marginally higher - \$33,578 versus \$33,091 for the county as a whole.

The retail sector in the South Bay has improved steadily since 2009 when taxable sales (of which, retail sales make up about two-thirds) fell to their lowest point in the current economic cycle. In 2013 (latest annual data available), total taxable sales in the South Bay were \$12.7 billion, 2.5% above the previous peak reached in 2007. The LAEDC estimates taxable sales reached \$13.6 billion in 2014, an increase of 7.0% over 2013 and will reach \$14.2 billion this year, a gain of 4.5%.

### South Bay Total Taxable Sales



Source: California State Board of Equalization (2004-13), LAEDC (2014)

By 2013, half of the incorporated cities in the South Bay had surpassed their pre-recession taxable sales peak. These cities, which run the gamut from high- to lower-income communities, were Avalon, Carson, Hawthorne, Inglewood, Lomita, Manhattan Beach, Rancho Palos Verdes and Redondo Beach.

Ranking the cities in the South Bay by total taxable sales, Torrance was first in 2013, owing to its size and the presence of the Del Amo Fashion Center, with total taxable sales of \$3.8 billion, an increase of 2.9% over the year. Next was Carson with total taxable sales of nearly \$2.0 billion (up by 4.4% over the year), Hawthorne (\$1.2 billion, up by 3.5%) and Inglewood (\$1.1 billion, up by 6.9%).

Major retail centers in the South Bay include the Del Amo Fashion Center, the South Bay Galleria and the South Bay Pavilion. The Del Amo Fashion Center is currently in the midst of a \$300 million renovation and expansion that will include 100 new retailers, EV charging stations and additional parking, bringing the total size of the mall up to 2.7 million square feet. Meanwhile, the South Bay Galleria is embarking on a redevelopment plan and is seeking community input. Ideas under consideration include creating a new outdoor space, bringing in new retailers and restaurants, and introducing a residential component or a boutique hotel. All of these upgrades and renovations are aimed at competing with e-commerce by increasing foot traffic. The South Bay also has a number of unique neighborhood shopping experiences, such as Riviera Village, Redondo Beach Pier, Manhattan Beach Boulevard at the pier, and Pier Avenue in Hermosa Beach. (See [Table 17](#) in the Appendix for additional information)

## Tourism and Hospitality

Tourism and hospitality is one of Southern California's largest, most visible and valuable industry sectors. This industry employs thousands of people, generates billions of dollars in economic activity, and through transient occupancy taxes, is a significant revenue source for local governments.

In 2014, Los Angeles County hosted a record 44.2 million visitors (day and overnight), an increase of 4.8% over the previous year. Visitation in 2015 is expected to reach 45.1 million, a 2.1% increase over 2014. That would make 2015 the fifth consecutive year in which Los Angeles County achieved record breaking visitor volume.<sup>13</sup>

International visitation is especially strong in Los Angeles County. In 2014, its 6.5 million international visitors accounted for nearly 15% of the county's total, rising 5.6% over 2013. While Mexico and Canada sent the largest number of international visitors, China (excluding Hong Kong) was the county's top overseas market for the third year in a row and is positioned to overtake Canada to become the largest international market after Mexico. China is also the region's fastest growing market with 20.4% more visitors in 2014 than in 2013. Rounding out the top five international visitor markets for Los Angeles County are Australia and the United Kingdom.

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<sup>13</sup> *Los Angeles County Tourism by Numbers 2014 Quick Facts*, (January 2015) Los Angeles Tourism and Convention Board

Of the 85% of Los Angeles County overnight visitors who are U.S. residents, 20% originate from the Los Angeles five-county region, followed by the San Francisco Bay area (11.8%), San Diego (8.0%), the New York City area (7.4%) and Phoenix (4.7%).

The Los Angeles Tourism and Convention Board reports that overnight business and leisure travelers to Los Angeles County spent over \$18.7 billion in 2014, a new record and up by 6.9% from \$17.5 billion in 2013. Of this spending, U.S. origin visitors spent \$12.23 billion or 65% of the total, while international visitors spent \$6.44 billion, or 35% -- more than double their corresponding 15% share of visitor volume, demonstrating the importance of international visitors to the market.

With miles of coastline, recreational and cultural amenities, and unique neighborhoods, the South Bay attracts a large number of these visitors. The South Bay offers museums, waterfront activities, world-famous surf and volleyball competitions, unique retail shops, and great restaurants. Avalon on Catalina Island is also a popular destination for locals and out-of-towners alike. The South Bay is also home to Los Angeles International Airport. Millions of passengers pass through its gates every year, many of whom are visitors to Los Angeles and the South Bay. The airport is also a major economic engine, employing hundreds of workers and generating millions of dollars in economic activity. In addition to air transportation, the World Cruise Terminal at the Port of Los Angeles is a port of call for nine cruise lines. In 2015, the terminal will receive an estimated 117 ships carrying a total of 560,000 passengers.

The region's lodging market includes high end properties like the Terranea Resort in Rancho Palos Verdes as well as trendy boutique and budget hotels. The metrics used to measure the health of the lodging market in the South Bay indicate it has fully recovered from the recession and is achieving record high occupancy and daily room rates. The average hotel occupancy rate for the South Bay in 2014 was an estimated 86.7%, up from 83.7% in 2013, while the average daily room rate increased from \$117.80 to \$126.45. The most critical measure to hoteliers is revenue per available room (RevPar). In 2014, average RevPar in the South Bay was \$109.59, which was up by 11.2% compared with 2013, also a new record high.<sup>14</sup> (See [Table 18](#) in the Appendix for additional information)

Leisure and hospitality payrolls in the South Bay continue to expand. In 2014, total sector employment increased by over 3,800 to 62,300 jobs. This equated to an annual gain of 6.5% making leisure and hospitality the fastest growing industry in the South Bay.

Driving domestic demand for travel-related goods and services were gains in the U.S. labor markets and stronger personal income growth, both of which point to an increase in consumer spending. While the global economy still looks lackluster, overseas markets are expected to outperform the overall visitor market in 2015 and 2016. Looking ahead to 2016, the South Bay lodging sector will continue to benefit from stronger corporate spending, personal income growth and international visitation.

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<sup>14</sup> 2015 Southern California Lodging Forecast, (October 2014) PKF Consulting USA

## Appendix: Statistical Tables

### Table 1: South Bay Economic Indicators

Year	Population*	Total Employment	Payroll of Workers (\$millions)	Housing Permits (Units)*	Total Taxable Sales (\$millions)*
2004	756,082	509,937	23,577	1,620	11,055.0
2005	755,275	517,708	24,861	1,687	11,804.8
2006	751,194	525,430	26,733	1,259	12,205.3
2007	749,583	530,028	27,805	1,088	12,386.5
2008	749,127	541,277	28,108	390	12,046.7
2009	749,021	508,772	26,472	241	10,289.2
2010	749,751	508,766	27,817	631	10,700.1
2011	751,164	514,194	28,646	369	11,525.4
2012	755,360	531,301	30,397	598	12,250.2
2013	759,005	543,147	30,979	668	12,690.8
2014	762,980	552,886	31,792	726	13,578.5
2015f	765,881	561,432	33,218	880	14,190.1
2016f	768,059	567,846	34,631	999	15,148.0

\*Incorporated Cities Only

Year	Population*	Total Employment	Payroll of Workers (\$millions)	Housing Permits (Units)*	Total Taxable Sales (\$millions)*
2004	0.4%	—	4.1%	53.4%	6.3%
2005	-0.1%	1.5%	5.4%	4.1%	6.8%
2006	-0.5%	1.5%	7.5%	-25.4%	3.4%
2007	-0.2%	0.9%	4.0%	-13.6%	1.5%
2008	-0.1%	2.1%	1.1%	-64.2%	-2.7%
2009	0.0%	-6.0%	-5.8%	-38.2%	-14.6%
2010	0.1%	0.0%	5.1%	161.8%	4.0%
2011	0.2%	1.1%	3.0%	-41.5%	7.7%
2012	0.6%	3.3%	6.1%	62.1%	6.3%
2013	0.5%	2.2%	1.9%	11.7%	3.6%
2014	0.5%	1.8%	2.6%	8.7%	7.0%
2015f	0.4%	1.5%	4.5%	21.2%	4.5%
2016f	0.3%	1.1%	4.3%	13.5%	6.8%

Sources: California Dept. of Finance, Demographic Research Unit  
 California EDD, Labor Market Information Division, ES202 data;  
 Construction Industry Research Board; California Homebuilding Foundation  
 California Board of Equalization; forecasts by LAEDC

**Table 2: Population of the Incorporated Cities of the South Bay**

City	Census 2000	2004	2005	2006	2007	2008	2009	Census 2010	2011	2012	2013	2014
Avalon	3,279	3,540	3,551	3,557	3,594	3,633	3,674	3,728	3,767	3,788	3,804	3,822
Carson	89,730	93,340	94,236	93,549	93,108	92,612	92,198	91,714	91,451	92,026	92,360	92,677
El Segundo	16,033	16,612	16,649	16,600	16,599	16,547	16,581	16,654	16,690	16,757	16,834	16,903
Gardena	57,746	59,468	59,277	59,235	59,095	58,841	58,834	58,829	58,943	59,251	59,673	60,110
Hawthorne	84,112	85,450	85,030	84,380	84,033	84,684	84,465	84,293	84,758	85,231	85,628	86,685
Hermosa Beach	18,566	19,389	19,340	19,217	19,174	19,283	19,312	19,506	19,536	19,617	19,689	19,758
Inglewood	112,580	113,368	112,417	111,777	111,428	110,584	110,164	109,673	109,904	110,861	111,370	111,847
Lawndale	31,711	32,679	32,672	32,569	32,566	32,568	32,684	32,769	32,822	32,961	33,116	33,242
Lomita	20,046	20,611	20,595	20,456	20,354	20,284	20,236	20,256	20,296	20,440	20,553	20,640
Manhattan Beach	33,852	35,748	35,667	35,278	35,051	34,955	35,147	35,135	35,207	35,315	35,486	35,633
Palos Verdes Estates	13,340	13,759	13,745	13,556	13,475	13,425	13,421	13,438	13,464	13,545	13,613	13,670
Rancho Palos Verdes	41,145	42,450	42,457	41,931	41,728	41,633	41,537	41,643	41,719	41,987	42,188	42,377
Redondo Beach	63,261	66,008	65,931	65,782	65,738	65,839	66,162	66,748	66,893	67,153	67,518	67,749
Rolling Hills	1,871	1,910	1,912	1,889	1,876	1,868	1,868	1,860	1,866	1,879	1,888	1,896
Rolling Hills Estates	7,676	8,041	8,058	7,973	7,939	8,045	8,036	8,067	8,084	8,115	8,156	8,189
Torrance	137,946	143,709	143,738	143,445	143,825	144,326	144,702	145,438	145,764	146,434	147,129	147,782
<b>Total</b>	<b>732,894</b>	<b>756,082</b>	<b>755,275</b>	<b>751,194</b>	<b>749,583</b>	<b>749,127</b>	<b>749,021</b>	<b>749,751</b>	<b>751,164</b>	<b>755,360</b>	<b>759,005</b>	<b>762,980</b>

Source: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties and the State — January 1, 2011- 2014. Sacramento, California, May 2014

Portions of City of Los Angeles	Census 2000	Census 2010
Harbor City/Harbor Gateway	24,640	25,457
San Pedro	79,886	80,777
Wilmington	53,308	53,815
<b>Total</b>	<b>157,834</b>	<b>160,049</b>

Unincorporated Areas	Census	Census
Lennox	28,679	28,210
Rancho Dominguez	47,303	49,328
View Park/Windsor Hills	83,709	84,943
<b>Total</b>	<b>159,691</b>	<b>162,481</b>



**Table 3: Ethnicity and Race in the South Bay**

City	Hispanic or Latino	White	Black or African American	American Indian and Alaska Native	Asian	Native Hawaiian and Other Pacific Islander	Other	Two or more races
Carson	39.6%	6.9%	19.9%	0.2%	25.7%	2.1%	0.1%	5.4%
El Segundo	17.9%	67.5%	1.1%	0.3%	7.1%	1.2%	0.0%	4.8%
Gardena	35.6%	9.8%	23.1%	0.1%	27.4%	0.9%	0.4%	2.9%
Hawthorne	53.3%	11.2%	25.3%	0.0%	6.3%	1.0%	0.5%	2.4%
Hermosa Beach	9.2%	78.7%	0.6%	0.6%	6.1%	0.1%	0.5%	4.3%
Inglewood	50.6%	3.4%	42.3%	0.1%	1.0%	0.6%	0.3%	1.8%
Lawndale	63.4%	15.1%	7.6%	0.1%	9.3%	0.4%	0.1%	4.0%
Lomita	38.1%	37.9%	2.4%	0.3%	14.5%	0.9%	0.0%	5.9%
Manhattan Beach	8.8%	77.4%	0.6%	0.2%	9.0%	0.0%	0.2%	3.7%
Palos Verdes Estates	4.2%	70.6%	2.5%	0.1%	18.7%	0.0%	0.1%	3.9%
Rancho Palos Verdes	8.3%	56.5%	2.4%	0.2%	27.5%	0.2%	1.0%	3.9%
Redondo Beach	17.0%	62.2%	3.2%	0.2%	12.6%	0.1%	0.4%	4.2%
Rolling Hills	4.4%	68.0%	2.1%	0.1%	20.1%	0.0%	0.2%	5.0%
Rolling Hills Estates	4.4%	64.7%	3.5%	0.3%	23.3%	0.0%	0.4%	3.4%
Torrance	16.7%	41.1%	2.8%	0.2%	34.6%	0.2%	0.3%	4.1%
<b>Portions City of Los Angeles:</b>								
Harbor City/Harbor Gateway	49.1%	20.0%	10.5%	0.0%	14.9%	0.4%	0.0%	5.1%
San Pedro	46.4%	38.9%	6.0%	0.3%	4.7%	0.5%	0.3%	3.0%
Wilmington	89.4%	4.5%	2.6%	0.3%	2.2%	0.8%	0.0%	0.4%

Source: U.S. Census Bureau, 2009-2013, 5-year Estimates, American Community Survey

**Table 4: Educational Attainment in the South Bay**

Population 25 years and older

City	<9th Grade	Grade 9-12, No Diploma	HS Graduate	Some College, No Degree	AA Degree	BA Degree	Graduate or Professional Degree	% of Population w/BA or Higher	% of Population HS Graduate or Higher
Avalon	na	na	na	na	na	na	na	na	na
Carson	10.8%	9.1%	22.5%	24.1%	9.6%	18.4%	5.6%	24.0%	80.1%
El Segundo	1.4%	2.6%	16.4%	20.6%	10.5%	32.0%	16.5%	48.5%	96.0%
Gardena	10.3%	8.6%	26.1%	22.5%	7.9%	18.2%	6.3%	24.5%	81.0%
Hawthorne	13.8%	11.8%	24.4%	24.0%	8.1%	13.6%	4.4%	18.0%	74.4%
Hermosa Beach	0.2%	0.8%	8.0%	14.4%	5.8%	47.3%	23.6%	70.9%	99.0%
Inglewood	16.6%	11.5%	21.2%	26.2%	7.0%	11.3%	6.1%	17.4%	71.8%
Lawndale	17.4%	11.2%	28.3%	20.8%	6.4%	11.5%	4.4%	15.9%	71.4%
Lomita	6.9%	7.5%	25.0%	22.8%	10.4%	19.1%	8.3%	27.3%	85.6%
Manhattan Beach	0.5%	1.3%	6.0%	12.9%	5.2%	42.2%	31.8%	74.0%	98.2%
Palos Verdes Estates	0.6%	1.6%	5.7%	9.5%	6.3%	39.3%	37.0%	76.4%	97.9%
Rancho Palos Verdes	1.3%	1.0%	10.2%	16.2%	6.4%	35.2%	29.8%	64.9%	97.7%
Redondo Beach	1.6%	2.8%	10.9%	18.6%	8.2%	35.5%	22.5%	58.0%	95.7%
Rolling Hills	2.1%	0.6%	4.0%	13.4%	6.7%	25.7%	47.5%	73.2%	97.2%
Rolling Hills Estates	1.0%	1.4%	7.7%	16.0%	4.9%	38.2%	30.9%	69.1%	97.6%
Torrance	3.0%	4.1%	17.8%	21.2%	9.3%	29.7%	15.0%	44.7%	93.0%
<b>Portions City of Los Angeles:</b>									
Harbor City/Harbor Gateway	10.5%	9.2%	23.6%	22.9%	8.3%	17.5%	8.1%	25.6%	80.3%
San Pedro	9.4%	10.5%	23.5%	22.9%	9.4%	16.9%	7.5%	24.4%	80.1%
Wilmington	26.4%	16.9%	29.7%	15.3%	4.9%	5.9%	1.0%	6.9%	56.8%

**Table 5: Travel Time to Work in the South Bay**

City	Workers 16 years and over	Mean Travel Time to Work					
		Minutes	<10 minutes	10-24 minutes	25-34 minutes	35-59 minutes	60+ minutes
Avalon	2,082	10.7	58.8%	33.0%	3.2%	1.4%	3.6%
Carson	39,858	26.4	8.0%	48.1%	22.2%	13.4%	8.3%
El Segundo	8,880	22.0	20.0%	47.4%	13.8%	12.4%	6.4%
Gardena	26,195	26.2	9.0%	45.4%	22.9%	15.1%	7.6%
Hawthorne	38,525	27.6	8.0%	45.4%	21.6%	14.7%	10.3%
Hermosa Beach	11,590	29.9	5.7%	44.9%	13.5%	23.1%	12.8%
Inglewood	45,509	28.5	6.9%	42.5%	23.4%	17.3%	9.9%
Lawndale	14,703	24.1	8.9%	52.2%	21.4%	11.7%	5.9%
Lomita	10,294	26.0	11.1%	47.1%	17.4%	15.2%	9.4%
Manhattan Beach	17,492	28.2	13.8%	34.7%	17.6%	24.2%	9.7%
Palos Verdes Estates	5,347	35.0	5.7%	34.2%	15.3%	23.2%	21.6%
Rancho Palos Verdes	17,498	32.2	4.5%	36.2%	24.4%	21.9%	12.9%
Redondo Beach	36,170	28.0	9.9%	44.5%	17.4%	16.8%	11.3%
Rolling Hills	721	30.5	3.1%	40.6%	19.5%	25.5%	11.3%
Rolling Hills Estates	3,290	29.1	6.4%	42.1%	18.5%	23.7%	9.4%
Torrance	69,240	25.8	10.1%	46.9%	19.9%	14.8%	8.3%
<b>Portions City of Los Angeles:</b>							
Harbor City/Harbor Gateway	12,353	26.4	8.6%	46.6%	23.2%	13.8%	8.0%
San Pedro	35,347	25.5	11.3%	46.9%	19.1%	14.7%	8.1%
Wilmington	22,395	23.9	10.3%	51.3%	22.1%	8.6%	7.7%

Source: U.S. Census Bureau, 2009-2013 American Community Survey

**Table 6: Housing Stock of the South Bay, 2014**

City	Population			Housing Units							Vacancy Rate	Persons per Household
	Total Population	In Households	Group Quarters	Total	Single Detached	Single Attached	Two to Four	Five or More	Mobile Homes	Total Occupied		
Avalon	3,840	3,833	7	2,291	604	138	859	690	0	1,489	35.0%	2.57
Carson	93,148	91,757	1,391	26,123	18,277	2,398	688	2,304	2,456	25,334	3.0%	3.62
El Segundo	17,000	16,924	76	7,425	3,174	354	782	3,100	15	7,100	4.4%	2.38
Gardena	60,414	59,620	794	21,649	9,754	1,446	2,569	6,635	1,245	20,728	4.3%	2.88
Hawthorne	87,657	87,118	539	30,492	8,915	1,310	4,066	16,054	147	29,082	4.6%	3.00
Hermosa Beach	19,772	19,757	15	10,110	4,362	790	2,325	2,416	217	9,501	6.0%	2.08
Inglewood	112,333	110,831	1,502	38,643	14,754	2,314	5,503	15,863	209	36,594	5.3%	3.03
Lawndale	33,403	33,228	175	10,157	5,315	1,422	899	2,273	248	9,687	4.6%	3.43
Lomita	20,733	20,566	167	8,452	4,170	776	466	2,419	621	8,107	4.1%	2.54
Manhattan Beach	35,763	35,735	28	14,915	10,339	1,171	2,415	976	14	14,026	6.0%	2.55
Palos Verdes Estates	13,730	13,713	17	5,298	4,892	67	30	297	12	5,081	4.1%	2.70
Rancho Palos Verdes	42,564	42,224	340	16,233	12,530	1,024	301	2,353	25	15,614	3.8%	2.70
Redondo Beach	68,095	67,664	431	30,651	12,104	4,254	4,652	9,382	259	29,052	5.2%	2.33
Rolling Hills	1,904	1,904	0	719	718	0	0	1	0	666	7.4%	2.86
Rolling Hills Estates	8,223	8,223	0	3,101	2,324	669	35	37	36	2,966	4.4%	2.77
Torrance	148,427	147,281	1,146	58,477	30,694	3,648	3,666	19,334	1,135	56,104	4.1%	2.63
<b>Total of Incorp. Cities</b>	<b>763,166</b>	<b>756,545</b>	<b>6,621</b>	<b>282,445</b>	<b>142,322</b>	<b>21,643</b>	<b>28,397</b>	<b>83,444</b>	<b>6,639</b>	<b>269,642</b>	<b>4.75%</b>	<b>2.77</b>
<b>County Total</b>	<b>10,136,559</b>	<b>9,954,395</b>	<b>182,164</b>	<b>3,487,434</b>	<b>1,721,724</b>	<b>229,854</b>	<b>285,395</b>	<b>1,192,188</b>	<b>58,273</b>	<b>3,285,160</b>	<b>5.8%</b>	<b>3.03</b>
<b>SB % of County</b>	<b>7.5%</b>	<b>7.6%</b>	<b>3.6%</b>	<b>8.1%</b>	<b>8.3%</b>	<b>9.4%</b>	<b>10.0%</b>	<b>7.0%</b>	<b>11.4%</b>	<b>8.2%</b>	<b>-</b>	<b>-</b>

Source: State of California, Department of Finance, E-5 Population and Housing Estimates for Cities, Counties, and the State, 2011-2015, with 2010 Benchmark. Sacramento, California, May 2015

Portions of City of Los Angeles	Census 2010	In Households	Group Quarters	Vacancy Rate	Persons per Household
Harbor City/Harbor Gateway	25,457	25,353	104	4.6%	2.9
San Pedro	80,777	78,184	2,593	--	2.6
Wilmington	53,815	53,640	175	4.3%	3.8
<b>Total</b>	<b>160,049</b>				

**Table 7: Employment by Major Industry Sector in the South Bay**

Industry Sector	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Natural Resources & Mining	335	262	--	--	1,471	1,448	--	--	1,489	1,020	657
Construction	18,311	19,756	21,283	23,630	23,119	17,461	14,654	15,215	16,826	17,496	18,441
Manufacturing	91,205	93,417	92,709	89,214	90,456	83,468	80,291	77,201	77,103	77,232	76,106
Wholesale Trade	31,011	31,909	33,075	33,993	31,580	29,009	29,060	28,555	29,036	29,008	28,981
Retail Trade	53,121	54,121	55,614	55,409	55,271	52,505	50,698	51,859	52,278	52,951	53,541
Transportation & Utilities	53,224	52,361	--	51,755	51,207	47,870	48,086	48,957	50,159	50,383	52,078
Information	11,684	11,799	12,381	11,506	11,808	9,572	11,310	12,177	11,285	11,687	11,483
Financial Activities	23,240	24,286	24,424	23,223	23,480	21,916	21,141	21,484	22,368	23,421	24,388
Professional & Business Services	75,517	77,499	81,808	84,577	82,803	77,390	75,639	79,713	85,942	90,124	91,351
Education	6,089	6,498	6,894	--	7,876	8,464	--	--	8,897	9,237	9,654
Health Services	41,371	40,549	39,726	39,760	41,983	43,484	44,353	46,109	47,047	60,681	62,376
Leisure & Hospitality	53,128	53,917	54,862	56,660	57,091	54,038	54,344	55,115	57,049	58,457	62,282
Other Services*	16,681	16,991	16,471	16,648	25,797	25,800	24,446	23,919	26,672	16,653	17,704
Public Administration	34,935	34,249	33,687	34,934	35,642	35,179	43,946	42,518	43,266	43,464	42,339
Unclassified	86	94	--	--	1,694	1,168	1,031	1,818	1,885	1,333	1,504
<b>South Bay Total</b>	<b>509,937</b>	<b>517,708</b>	<b>525,430</b>	<b>530,028</b>	<b>541,277</b>	<b>508,772</b>	<b>508,766</b>	<b>514,194</b>	<b>531,301</b>	<b>543,147</b>	<b>552,886</b>
<b>Los Angeles County Total</b>	<b>3,473,064</b>	<b>3,511,503</b>	<b>3,590,993</b>	<b>3,619,392</b>	<b>3,578,500</b>	<b>3,348,340</b>	<b>3,293,535</b>	<b>3,340,009</b>	<b>3,445,299</b>	<b>3,547,933</b>	<b>3,626,303</b>
<b>% Share of Los Angeles County</b>	<b>14.7%</b>	<b>14.7%</b>	<b>14.6%</b>	<b>14.6%</b>	<b>15.1%</b>	<b>15.2%</b>	<b>15.4%</b>	<b>15.4%</b>	<b>15.4%</b>	<b>15.3%</b>	<b>15.2%</b>

% Change From Prior Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Natural Resources & Mining	-18.9%	-21.8%	--	--	--	-1.6%	--	--	--	-31.5%	-35.6%
Construction	7.1%	7.9%	7.7%	11.0%	-2.2%	-24.5%	-16.1%	3.8%	10.6%	4.0%	5.4%
Manufacturing	-0.8%	2.4%	-0.8%	-3.8%	1.4%	-7.7%	-3.8%	-3.8%	-0.1%	0.2%	-1.5%
Wholesale Trade	1.3%	2.9%	3.7%	2.8%	-7.1%	-8.1%	0.2%	-1.7%	1.7%	-0.1%	-0.1%
Retail Trade	0.2%	1.9%	2.8%	-0.4%	-0.2%	-5.0%	-3.4%	2.3%	0.8%	1.3%	1.1%
Transportation & Utilities	2.0%	-1.6%	--	--	-1.1%	-6.5%	0.5%	1.8%	2.5%	0.4%	3.4%
Information	-4.3%	1.0%	4.9%	-7.1%	2.6%	-18.9%	18.2%	7.7%	-7.3%	3.6%	-1.7%
Financial Activities	-1.3%	4.5%	0.6%	-4.9%	1.1%	-6.7%	-3.5%	1.6%	4.1%	4.7%	4.1%
Professional & Business Services	-2.6%	2.6%	5.6%	3.4%	-2.1%	-6.5%	-2.3%	5.4%	7.8%	4.9%	1.4%
Education	1.3%	6.7%	6.1%	--	--	7.5%	--	--	--	3.8%	4.5%
Health Services	0.5%	-2.0%	-2.0%	0.1%	5.6%	3.6%	2.0%	4.0%	2.0%	29.0%	2.8%
Leisure & Hospitality	2.7%	1.5%	1.8%	3.3%	0.8%	-5.3%	0.6%	1.4%	3.5%	2.5%	6.5%
Other Services*	0.0%	1.9%	-3.1%	1.1%	55.0%	0.0%	-5.2%	-2.2%	11.5%	-37.6%	6.3%
Public Administration	-1.8%	-2.0%	-1.6%	3.7%	2.0%	-1.3%	24.9%	-3.2%	1.8%	0.5%	-2.6%
<b>South Bay Total</b>	<b>0.0%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>0.9%</b>	<b>2.1%</b>	<b>-6.0%</b>	<b>0.0%</b>	<b>1.1%</b>	<b>3.3%</b>	<b>2.2%</b>	<b>1.8%</b>
<b>Los Angeles County Total</b>	<b>1.0%</b>	<b>1.1%</b>	<b>2.3%</b>	<b>0.8%</b>	<b>-1.1%</b>	<b>-6.4%</b>	<b>-1.6%</b>	<b>1.4%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>2.2%</b>

## Notes:

- Figures for 2008 forward are not directly comparable with earlier years due to industry coding changes
- Beginning with the first quarter of 2013, the Bureau of Labor Statistics reclassified many NAICS code 814 Private Households (that engage in employing in-home health care workers) into NAICS code 624120 Services for the Elderly and Persons with Disabilities. This resulted in an increase in the Health care Sector and a decrease in Other Services.

Sources: California Employment Development Department, Labor Market Information Division, ES202 data

**Table 8: Average Annual Wages by Major Industry Sector, 2014**

Industry Group	South Bay	LA County	% Difference SB to LAC
Leisure & Hospitality	\$24,688	\$34,543	-28.5%
Financial Activities	74,884	93,697	-20.1%
Education	45,872	53,277	-13.9%
Other Services*	30,935	34,881	-11.3%
Unclassified	45,180	49,079	-7.9%
Public Administration	60,910	65,799	-7.4%
Transportation & Utilities	57,593	60,068	-4.1%
Construction	57,173	57,294	-0.2%
Health Services	41,110	41,016	0.2%
Retail Trade	33,578	33,091	1.5%
Information	106,647	104,602	2.0%
Professional & Business Services	71,686	69,860	2.6%
Natural Resources & Mining	98,399	80,969	21.5%
Wholesale Trade	72,886	59,911	21.7%
Manufacturing	84,418	60,990	38.4%
<b>Total</b>	<b>\$57,502</b>	<b>\$56,652</b>	<b>1.5%</b>

Source: California Employment Development Department, Labor Market Information Division, ES202 data

**Table 9: Establishments by Major Industry Sector, 2014**

Industry Group	South Bay	LA County	SB % of LAC
Transportation, Warehousing & Utilities	1,650	6,200	26.6%
Manufacturing	1,531	12,541	12.2%
Construction	1,566	13,237	11.8%
Education	384	3,264	11.8%
Public Administration	676	5,764	11.7%
Retail Trade	3,086	26,928	11.5%
Financial Activities	2,727	24,302	11.2%
Professional & Business Services	5,204	47,330	11.0%
Wholesale Trade	2,140	20,441	10.5%
Other Services*	2,774	27,548	10.1%
Leisure & Hospitality	2,905	30,483	9.5%
Health Services	18,842	200,129	9.4%
Unclassified	1,176	13,785	8.5%
Information	602	9,517	6.3%
Natural Resources & Mining	17	486	3.5%
<b>Total</b>	<b>45,280</b>	<b>441,952</b>	<b>10.2%</b>

Source: California Employment Development Department, Labor Market Information Division, ES202 data

**Table 10: Unemployment Rates of Incorporated Cities of the South Bay, 2014 Annual Averages**

City	2011	2012	2013	2014	Percentage Point Change '13 - '14
Avalon	5.9%	5.2%	4.7%	6.9%	2.2%
Carson	15.5%	13.8%	12.4%	10.6%	-1.8%
El Segundo	7.0%	6.2%	5.5%	4.6%	-0.9%
Gardena	12.2%	10.9%	9.7%	8.2%	-1.5%
Hawthorne	11.0%	9.8%	8.8%	7.4%	-1.4%
Hermosa Beach	5.4%	4.7%	4.2%	3.5%	-0.7%
Inglewood	15.8%	14.1%	12.7%	10.8%	-1.9%
Lawndale	11.7%	10.4%	9.3%	7.9%	-1.4%
Lomita	8.8%	7.8%	7.0%	5.9%	-1.1%
Manhattan Beach	5.2%	4.6%	4.1%	3.4%	-0.7%
Palos Verdes Estates	2.1%	1.8%	1.6%	1.4%	-0.2%
Rancho Palos Verdes	6.1%	5.4%	4.8%	4.0%	-0.8%
Redondo Beach	7.7%	6.8%	6.1%	5.1%	-1.0%
Rolling Hills	7.1%	6.3%	5.7%	4.7%	-1.0%
Rolling Hills Estates	6.0%	5.3%	4.7%	4.0%	-0.7%
Torrance	8.7%	7.7%	6.9%	5.8%	-1.1%

Source: California Employment Development Department, Labor Market Information Division



**Table 11: Business Revenues in the South Bay (2012)**

(\$Thousands)

City	Manufacturing	Wholesale Trade	Retail Trade	Transportation & Warehousing	Real Estate, Rental & Leasing	Professional, Scientific & Technical Services	Administrative, Support & Waste Mgmt Services	Educational Services	Health Care & Social Assistance	Arts, Entertainment & Recreation	Accommodation & Food Services	Total by City/Area
Avalon	N	D	\$39,061	\$8,839	\$8,340	D	\$3,313	D	D	\$5,675	\$67,265	\$132,493
Carson	15,329,410	5,893,388	1,398,459	1,308,190	453,806	159,802	306,658	6,204	167,263	D	144,201	\$25,167,381
El Segundo	26,544,184	2,714,482	1,539,382	1,265,468	432,777	2,661,427	361,929	13,558	85,886	D	197,865	\$35,816,958
Gardena	897,124	642,557	753,985	145,499	27,098	27,221	117,049	D	281,310	89,768	130,307	\$3,111,918
Hawthorne	D	480,303	1,382,191	330,263	73,965	87,522	50,838	11,740	216,116	D	108,828	\$2,741,766
Hermosa Beach	D	122,033	161,197	4,502	34,672	88,946	28,004	4,531	42,586	14,347	114,986	\$615,804
Inglewood	D	977,436	1,219,925	379,187	147,184	40,974	57,098	20,144	543,094	168,835	145,505	\$3,699,382
Lawndale	D	39,167	208,359	7,092	59,829	47,034	31,511	3,233	34,696	4,248	38,019	\$473,188
Lomita	D	11,812	139,996	4,701	13,836	15,092	14,452	4,551	57,043	D	31,126	\$292,609
Manhattan Beach	D	D	772,127	5,286	272,275	312,083	113,732	9,889	196,101	50,869	247,030	\$1,979,392
Palos Verdes Estates	D	60,079	25,890	D	D	42,629	11,928	D	26,602	D	6,134	\$173,262
Rancho Palos Verdes	D	209,135	128,153	7,319	D	104,403	13,354	6,146	87,397	24,774	127,910	\$708,591
Redondo Beach	D	156,168	869,741	42,963	43,856	D	86,664	17,604	211,291	28,556	247,461	\$1,704,304
Rolling Hills	N	N	N	N	N	N	N	N	N	N	N	\$0
Rolling Hills Estates	D	D	148,843	D	D	26,708	10,391	2,536	40,708	24,246	26,219	\$279,651
Torrance	11,915,182	9,142,932	3,783,674	389,870	374,521	1,307,877	48,807	55,783	2,170,054	66,251	498,141	\$29,753,092
<b>Sector Totals:</b>	<b>\$54,685,900</b>	<b>\$20,449,492</b>	<b>\$12,570,983</b>	<b>\$3,899,179</b>	<b>\$1,942,159</b>	<b>\$4,921,718</b>	<b>\$1,255,728</b>	<b>\$155,919</b>	<b>\$4,160,147</b>	<b>\$477,569</b>	<b>\$2,130,997</b>	<b>\$106,649,791</b>

D: Withheld to avoid disclosing data for individual companies

N: Not available or not comparable

Q: Revenue at this level of detail not collected for multi-establishment firms

\*Data at zip code level not available

Source: U.S. Census Bureau, 2012 Economic Census

**Table 12: Number of Residential Building Permits Issued in the South Bay**

Number of building permits issued for new housing units, total single- and multi-family

City	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Avalon	0	0	0	1	1	0	0	1	1	3	0
Carson	231	29	80	51	6	91	101	68	27	44	28
El Segundo	72	18	19	18	21	3	3	11	18	24	3
Gardena	130	60	37	98	8	16	3	23	102	40	29
Hawthorne	29	75	57	161	12	9	136	59	115	293	331
Hermosa Beach	69	82	80	41	51	27	10	27	26	32	61
Inglewood	33	383	48	50	21	10	162	4	112	9	3
Lawndale	61	94	20	52	2	5	6	3	8	4	3
Lomita	7	10	31	6	5	2	19	15	2	7	16
Manhattan Beach	200	173	176	146	82	31	45	54	70	89	96
Palos Verdes Estates	22	14	23	23	17	9	14	17	13	8	8
Rancho Palos Verdes	32	12	13	19	13	5	38	15	6	7	5
Redondo Beach	307	416	291	154	86	9	45	58	67	69	109
Rolling Hills	7	6	4	7	4	0	4	0	1	2	3
Rolling Hills Estates	6	1	0	42	7	0	2	1	2	2	7
Torrance	414	314	380	219	54	24	43	13	28	35	24
<b>Total Incorporated Cities</b>	<b>1,620</b>	<b>1,687</b>	<b>1,259</b>	<b>1,088</b>	<b>390</b>	<b>241</b>	<b>631</b>	<b>369</b>	<b>598</b>	<b>668</b>	<b>726</b>

Source: CIRB, California Homebuilding Foundation

**Table 13: Median Price of Homes Sold by Community**

\$ Thousands

City	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	1H15
Avalon	\$510.0	\$485.0	\$750.0	\$675.0	\$690.0	\$508.0	\$410.0	\$435.0	\$457.5	\$435.0	\$526.0	\$540.0
Carson	365.0	440.0	505.0	506.0	360.0	288.0	300.0	380.0	275.0	326.0	365.0	407.3
El Segundo	645.0	750.0	768.0	787.5	718.5	658.5	688.0	657.5	652.5	739.0	778.0	832.0
Gardena	360.0	449.0	497.0	490.0	380.0	300.0	300.0	284.0	290.5	348.0	379.0	402.2
Hawthorne	379.0	490.0	535.0	549.0	420.0	325.0	369.3	335.0	337.0	445.0	510.0	515.0
Hermosa Beach	930.0	1,000.0	1,100.0	1,199.5	1,149.0	982.0	930.0	995.0	955.0	1,096.5	1,200.0	1,450.0
Inglewood	318.0	395.0	500.0	450.0	325.0	244.0	231.0	230.0	230.0	259.5	310.0	345.0
Lawndale	359.5	457.0	507.0	477.5	375.0	293.0	303.5	307.5	320.0	350.0	406.5	430.0
Lomita	465.0	549.0	554.0	555.0	485.0	435.0	408.0	400.0	395.0	440.0	490.0	490.0
Manhattan Beach	1,340.0	1,521.0	1,550.0	1,682.0	1,570.0	1,358.5	1,412.5	1,341.0	1,380.0	1,600.0	1,900.0	1,910.0
Palos Verdes Estates	1,300.0	1,600.0	1,615.0	1,550.0	1,572.5	1,345.0	1,490.0	1,371.8	1,399.5	1,495.0	1,635.0	1,650.0
Rancho Palos Verdes	875.0	1,005.0	1,057.0	1,028.5	1,000.0	868.5	860.0	840.0	865.0	950.0	1,029.0	1,075.0
Redondo Beach	660.0	759.0	770.0	789.0	716.0	646.0	649.5	635.0	530.0	749.0	780.0	847.5
Rolling Hills	1,987.0	2,945.0	2,367.5	3,100.0	n/a	2,398.8	1,712.5	2,775.0	2,083.8	2,025.0	3,000.0	3,482.0
Rolling Hills Estates	750.0	955.0	910.0	1,050.0	1,100.0	805.0	777.5	700.0	897.0	989.0	1,045.0	1,040.3
San Pedro	442.5	519.5	544.0	515.0	435.0	387.0	390.0	335.0	330.0	410.6	446.0	459.0
Torrance	500.0	590.0	600.0	600.0	519.0	469.5	490.0	448.0	450.5	529.0	544.5	590.0
Wilimington	320.0	380.0	470.0	447.5	325.0	250.0	250.0	235.0	235.0	270.0	327.0	350.0

Note: Many factors influence the prices of homes sold in a given period. For areas with small sample size, fluctuations in prices may reflect more of the difference in quality of the units sold rather than changes in market conditions.

Source: CoreLogic

**Table 14: Annual Percent Change of Median Price of Homes Sold by Community**

Percent change from prior year

City	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	08-'14
Avalon	---	-4.9%	54.6%	-10.0%	2.2%	-26.4%	-19.3%	6.1%	5.2%	-4.9%	20.9%	2.7%
Carson	25.9%	20.5%	14.8%	0.2%	-28.9%	-20.0%	4.2%	26.7%	-27.6%	18.5%	12.0%	11.6%
El Segundo	22.9%	16.3%	2.4%	2.5%	-8.8%	-8.4%	4.5%	-4.4%	-0.8%	13.3%	5.3%	6.9%
Gardena	26.1%	24.7%	10.7%	-1.4%	-22.4%	-21.1%	0.0%	-5.3%	2.3%	19.8%	8.9%	6.1%
Hawthorne	15.7%	29.3%	9.2%	2.6%	-23.5%	-22.6%	13.6%	-9.3%	0.6%	32.0%	14.6%	1.0%
Hermosa Beach	22.2%	7.5%	10.0%	9.0%	-4.2%	-14.5%	-5.3%	7.0%	-4.0%	14.8%	9.4%	20.8%
Inglewood	31.1%	24.2%	26.6%	-10.0%	-27.8%	-24.9%	-5.3%	-0.4%	0.0%	12.8%	19.5%	11.3%
Lawndale	26.1%	27.1%	10.9%	-5.8%	-21.5%	-21.9%	3.6%	1.3%	4.1%	9.4%	16.1%	5.8%
Lomita	9.9%	18.1%	0.9%	0.2%	-12.6%	-10.3%	-6.2%	-2.0%	-1.3%	11.4%	11.4%	0.0%
Manhattan Beach	27.3%	13.5%	1.9%	8.5%	-6.7%	-13.5%	4.0%	-5.1%	2.9%	15.9%	18.8%	0.5%
Palos Verdes Estates	25.6%	23.1%	0.9%	-4.0%	1.5%	-14.5%	10.8%	-7.9%	2.0%	6.8%	9.4%	0.9%
Rancho Palos Verdes	24.6%	14.9%	5.2%	-2.7%	-2.8%	-13.2%	-1.0%	-2.3%	3.0%	9.8%	8.3%	4.5%
Redondo Beach	20.0%	15.0%	1.4%	2.5%	-9.3%	-9.8%	0.5%	-2.2%	-16.5%	41.3%	4.1%	8.7%
Rolling Hills	---	48.2%	-19.6%	30.9%	---	---	-28.6%	62.0%	-24.9%	-2.8%	48.1%	16.1%
Rolling Hills Estates	---	27.3%	-4.7%	15.4%	4.8%	-26.8%	-3.4%	-10.0%	28.1%	10.3%	5.7%	-0.5%
San Pedro	23.9%	17.4%	4.7%	-5.3%	-15.5%	-11.0%	0.8%	-14.1%	-1.5%	24.4%	8.6%	2.9%
Torrance	25.0%	18.0%	1.7%	0.0%	-13.5%	-9.5%	4.4%	-8.6%	0.6%	17.4%	2.9%	8.4%
Wilimington	28.5%	18.8%	23.7%	-4.8%	-27.4%	-23.1%	0.0%	-6.0%	0.0%	14.9%	21.1%	7.0%

Source: CoreLogic

**Table 15: Nonresidential Vacancy Rates**

Year	Qtr	Office Vacancy Rates (%)		Industrial Vacancy Rates (%)	
		South Bay	Los Angeles County	South Bay	Los Angeles County
2004	Q1	20.0	16.1	4.1	3.3
	Q2	19.3	15.7	3.3	2.9
	Q3	19.3	15.0	2.7	2.5
	Q4	20.6	14.8	2.6	2.4
2005	Q1	20.4	14.0	2.5	2.2
	Q2	20.1	12.9	2.2	2.1
	Q3	19.0	12.2	2.2	1.8
	Q4	17.3	11.2	2.8	2.0
2006	Q1	18.6	11.4	2.7	3.8
	Q2	16.8	11.0	2.6	3.3
	Q3	16.2	10.8	2.5	3.2
	Q4	18.1	10.5	2.5	2.4
2007	Q1	16.5	10.0	2.5	2.7
	Q2	14.6	9.3	2.5	2.4
	Q3	15.4	9.6	2.8	2.6
	Q4	15.1	10.6	2.7	2.4
2008	Q1	14.6	11.3	2.8	2.3
	Q2	14.5	11.1	3.4	2.6
	Q3	15.0	11.6	4.1	3.1
	Q4	16.0	12.6	4.3	3.3
2009	Q1	17.2	14.3	4.7	3.7
	Q2	18.0	15.5	5.1	3.9
	Q3	18.5	16.1	5.2	4.4
	Q4	19.6	17.1	5.4	4.7
2010	1Q	19.4	17.6	5.6	5.2
	2Q	19.5	18.1	5.8	5.2
	3Q	20.8	18.5	5.7	5.2
	4Q	21.2	18.6	5.4	4.9
2011	1Q	22.1	18.8	5.1	4.9
	2Q	22.6	19.1	5.1	4.8
	3Q	22.9	19.0	5.1	4.8
	4Q	23.0	18.8	5.1	4.9
2012	1Q	22.5	18.8	5.3	4.7
	2Q	22.4	18.6	5.1	4.6
	3Q	22.7	18.7	5.1	4.5
	4Q	23.0	18.4	5.1	4.6
2013	1Q	22.8	18.5	5.0	4.4
	2Q	20.2	18.4	4.9	4.0
	3Q	22.5	18.5	5.1	4.2
	4Q	22.4	18.2	5.0	4.2
2014	1Q	22.6	18.0	5.0	4.1
	2Q	23.2	17.0	4.6	4.0
	3Q	23.2	17.0	4.3	3.8
	4Q	22.7	16.1	3.8	3.4
2015	1Q	23.0	16.0	3.3	3.3
	2Q	21.4	14.8	2.8	2.7

Source: Cushman and Wakefield

**Table 16: Value of Nonresidential building Permits Issued in the South Bay**

All nonresidential construction, \$millions

City	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Avalon	---	---	---	197.0	134.5	85.0	145.0	659.0	123.7	0.0	700.0
Carson	52,783.4	77,556.3	47,508.9	34,099.4	64,618.6	53,011.8	23,400.4	66,047.6	81,638.3	34,255.5	67,431.5
El Segundo	50,945.1	57,866.3	118,341.8	140,383.0	191,959.1	73,828.5	21,699.5	57,492.6	51,687.2	101,324.8	105,767.5
Gardena	21,218.0	10,106.9	13,900.0	12,640.0	15,597.3	4,293.6	14,351.5	10,627.7	10,718.3	9,582.4	5,507.4
Hawthorne	13,961.4	17,524.6	14,186.7	38,431.3	21,589.1	6,991.6	10,177.5	19,565.7	9,553.0	15,783.8	15,159.1
Hermosa Beach	4,180.5	5,712.3	7,558.4	3,333.5	6,063.3	3,401.6	3,339.5	12,247.0	2,716.0	3,067.0	5,351.1
Inglewood	21,075.1	31,586.1	22,394.1	17,823.5	28,903.2	15,397.5	11,870.7	23,891.3	9,887.5	75,514.2	18,006.2
Lawndale	3,286.5	2,438.3	3,551.1	1,769.8	1,025.7	1,794.5	1,428.6	2,793.0	1,598.4	3,140.9	2,174.6
Lomita	2,040.4	1,918.8	1,971.5	1,708.0	10,635.5	570.1	3,729.3	3,785.0	1,196.5	1,564.2	4,058.3
Manhattan Beach	31,891.6	9,838.3	7,044.7	9,453.0	11,662.3	12,586.5	6,991.2	36,311.2	12,460.6	13,406.8	16,850.5
Palos Verdes Estates	1,355.6	1,045.8	1,364.4	1,156.8	1,487.8	530.6	758.1	11,589.9	2,460.7	3,273.0	795.1
Rancho Palos Verdes	6,718.8	4,156.7	2,955.1	63,415.8	6,395.7	5,413.8	2,060.1	15,000.6	2,204.5	3,879.0	1,597.1
Redondo Beach	31,649.3	26,508.9	31,896.0	26,211.2	19,725.3	12,626.2	36,010.8	27,804.4	31,713.8	45,233.9	24,580.1
Rolling Hills	398.0	415.8	632.9	482.8	341.0	447.0	348.5	3,262.2	1,094.7	192.8	3,029.7
Rolling Hills Estates	899.4	2,973.4	1,134.7	1,240.0	1,461.5	864.5	973.7	5,374.0	3,456.0	4,059.0	2,327.9
Torrance	40,627.0	92,074.8	120,484.1	62,495.3	84,484.5	33,312.6	48,612.3	60,687.5	55,544.0	83,643.9	139,582.2
<b>Total Incorporated Cities</b>	<b>283,030.1</b>	<b>341,723.3</b>	<b>394,924.4</b>	<b>414,840.4</b>	<b>466,084.4</b>	<b>225,155.4</b>	<b>185,896.7</b>	<b>357,138.7</b>	<b>278,052.9</b>	<b>397,921.1</b>	<b>412,918.3</b>

Source: CIRB, California Homebuilding Foundation

**Table 17: Total Taxable Sales in the South Bay**

Annual averages in \$millions

City \ Year	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Avalon	\$61.9	\$61.6	\$63.7	\$63.7	\$61.7	\$55.2	\$55.7	\$61.9	\$68.0	\$69.8
Carson	1,722.4	1,762.2	1,821.0	1,853.0	1,821.0	1,429.0	1,471.2	1,677.6	1,914.7	1,999.5
El Segundo	825.5	999.0	924.5	1,087.8	1,158.9	954.2	1,003.3	1,037.7	909.9	944.5
Gardena	739.2	788.1	823.2	826.0	776.2	657.7	653.7	714.5	787.6	825.6
Hawthorne	905.1	979.0	1,032.8	987.8	976.3	898.0	942.0	1,046.8	1,137.2	1,176.6
Hermosa Beach	243.3	211.8	219.8	217.4	221.7	193.5	193.2	207.9	226.1	231.3
Inglewood	833.5	927.6	1,024.1	992.1	980.6	853.1	899.0	972.8	1,047.2	1,119.2
Lawndale	224.5	245.6	262.6	256.7	243.0	193.9	204.6	220.1	226.2	228.2
Lomita	129.4	142.2	148.3	148.3	142.1	125.7	135.7	144.9	157.9	159.0
Manhattan Beach	683.1	711.1	732.4	739.4	719.8	663.1	738.7	821.5	869.1	881.4
Palos Verdes Estates	21.7	24.0	25.4	23.4	22.3	17.7	17.6	17.1	17.6	21.0
Rancho Palos Verdes	98.3	97.3	103.2	108.4	108.5	121.2	153.9	163.7	175.0	183.7
Redondo Beach	800.7	871.8	906.9	895.6	832.2	732.3	774.5	852.4	897.5	925.2
Rolling Hills	1.0	1.1	1.1	1.3	1.0	0.2	0.2	0.3	0.3	0.3
Rolling Hills Estates	139.0	146.7	143.5	145.7	129.7	111.8	108.3	106.5	106.5	108.1
Torrance	3,626.5	3,835.6	3,972.8	4,040.0	3,851.8	3,282.6	3,348.4	3,479.8	3,709.5	3,817.3
<b>Total Incorporated Cities</b>	<b>\$11,055.0</b>	<b>\$11,804.8</b>	<b>\$12,205.3</b>	<b>\$12,386.5</b>	<b>\$12,046.7</b>	<b>\$10,289.2</b>	<b>\$10,700.1</b>	<b>\$11,525.4</b>	<b>\$12,250.2</b>	<b>\$12,690.8</b>

Source: California State Board of Equalization



**Table 18: South Bay Hotel Occupancy and Room Rates***South Bay*

Year	Annual Room Supply	Annual Occupied Rooms	Occupancy Rate	Average Daily Rate	Annual % Change	RevPAR	Annual % Change
2009	2,055,680	1,445,913	70.3%	117.35	-6.5%	82.54	-15.3%
2010	2,213,725	1,591,876	71.9%	120.10	2.3%	86.36	4.6%
2011	2,190,000	1,637,744	74.8%	125.60	4.6%	93.93	8.8%
2012	2,213,725	1,692,670	76.5%	131.51	4.7%	100.56	7.1%
2013	2,213,725	1,751,963	79.1%	138.68	5.5%	109.75	9.1%
2014e	2,244,666	1,893,223	84.3%	147.28	6.2%	124.22	13.2%
2015f	2,343,216	1,968,952	84.0%	156.86	6.5%	131.80	6.1%

*Los Angeles International Airport*

Year	Annual Room Supply	Annual Occupied Rooms	Occupancy Rate	Average Daily Rate	Annual % Change	RevPAR	Annual % Change
2009	3,903,675	2,889,071	74.0%	92.09	-12.5%	68.15	-19.4%
2010	3,903,675	3,050,279	78.1%	90.09	-2.2%	70.39	3.3%
2011	3,903,675	3,217,190	82.4%	96.32	6.9%	79.38	12.8%
2012	3,903,675	3,271,035	83.8%	101.32	5.2%	84.90	7.0%
2013	3,951,490	3,406,010	86.2%	107.06	5.7%	92.28	8.7%
2014e	3,994,013	3,513,434	88.0%	115.24	7.6%	101.38	9.9%
2015f	4,063,271	3,583,703	88.2%	122.16	6.0%	107.74	6.3%

*Total South Bay Region*

Year	Annual Room Supply	Annual Occupied Rooms	Occupancy Rate	Average Daily Rate	Annual % Change	RevPAR	Annual % Change
2009	5,959,355	4,334,984	72.7%	100.52	6.1%	73.12	-2.8%
2010	6,117,400	4,642,155	75.9%	100.38	-0.1%	76.17	4.2%
2011	6,093,675	4,854,934	79.7%	106.20	5.8%	84.61	11.1%
2012	6,117,400	4,963,705	81.1%	111.62	5.1%	90.57	7.0%
2013	6,165,215	5,157,973	83.7%	117.80	5.5%	98.55	8.8%
2014e	6,238,679	5,406,657	86.7%	126.46	7.4%	109.59	11.2%
2015f	6,406,487	5,552,655	86.7%	134.46	6.3%	116.54	6.3%

Source: PKF Consulting

**Table 19: NAICS Codes Definitions**

NAICS Code	Definition	Examples
21	Natural Resources and Mining	Oil and gas extraction; nonmetallic mineral mining and quarrying; support activities for mining
23	Construction	Residential/nonresidential building construction; land subdivision; foundation, structure, and building exterior contractors
31-33	Manufacturing	Food products manufacturing; fabricated metal products, aerospace parts, apparel, chemicals, petroleum products
42	Wholesale Trade	Motor vehicle and motor vehicle parts and supplies merchant wholesalers; paper and paper product merchant wholesalers
44	Retail Trade	Automobile dealers; health and personal care stores; gasoline stations
48-49	Transportation and Warehousing	Scheduled air transportation; urban transit systems; support activities for air transportation
22	Utilities	Electric power generation, transmission and distribution; water, sewage and other systems
51	Information	Newspaper, periodical, book, and directory publishers; motion picture and video industries; wired telecommunications carriers
52	Financial Activities	Monetary authorities-central bank; securities and commodity contracts intermediation and brokerage; insurance carriers
54-56	Professional and Business Services	Accounting, tax preparation, bookkeeping, and payroll services; management of companies and enterprises; office administrative services
61	Education	Private education (e.g. Caltech, DeVry University); elementary and secondary schools; business schools and computer and management training; educational support services
62	Health Services	Offices of physicians; general medical and surgical hospitals; nursing care facilities; individual and family services
71	Leisure and Hospitality	Performing arts companies; museums, historical sites, and similar institutions; amusement parks and arcades
81	Other Services	Automotive repair and maintenance; death care services; religious organizations; private households
92	Public Administration	Executive, legislative, and other general government support; national security and international affairs; space research and technology; includes public K-12, community colleges, UC/CSU systems

Source: U.S. Census Bureau