

## 2003 Press Releases

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### LAEDC DOWNTOWN FORECAST PAINTS A ROSY HOUSING PICTURE

*"While there are some signs of improvement, Downtown Los Angeles is still misunderstood, especially by most residents of Southern California," said LAEDC Chief Economist Jack Kyser.*

Los Angeles, CA, June 16, 2003 - The Los Angeles County Economic Development Corporation (LAEDC) says Downtown Los Angeles is still experiencing a housing boom, continued population growth, while major projects are coming on-line, further revitalizing the area's economy. The detailed "2003 Economic Overview & Forecast" (<http://laedc.info/pdf/Downtown-03.pdf>) is circulating today (Monday, June 16, 2003).

"Based on City Planning Areas, 'Central City' recorded a population increase of 12.7 percent or 2,834 people between the 1990 and 2000 Census," said Jack Kyser, chief economist for the LAEDC. "The latter year's total was 25,208. Although the 'Central City's' growth was much faster than the city as a whole (6.0 percent increase), it was from a small base."

The "2003 Economic Overview & Forecast" reveals that employment in Downtown L.A. slipped down to an average of 501,100 in 2002, reflecting the recession. The 2003 forecast calls for a modest rebound to an annual average of 503,800 jobs.

"Research also shows that the largest employment sector Downtown continues to be government (or public administration), with a 2002 average of 271,211 workers," said Kyser. "Despite government budget cutbacks, our forecast calls for a modest increase of 1,000 public sector jobs in 2003. Some of this will be driven by homeland security efforts."

The Comparison of average annual wages and salaries in regions of Los Angeles County indicates that Downtown does quite well. "In 2002 the Westside was the leader with an average salary of \$49,965," said Kyser. "However, Downtown was right on its heels with an average of \$48,648. In third place was the South Bay/LAX area at \$41,698."

Additionally, Kyser noted that one unrecognized aspect to the Downtown market is the diversity of its business base. An analysis of the industry clusters in the Downtown area points to five industries, which include apparel/textiles, flowers, jewelry, produce and toys. There is also that government cluster. Downtown is also strong in "professional & business services," which includes accounting, law and management consulting. "A recent addition is an architecture/engineering cluster, which was enhanced by the recent move of the headquarters of AECOM Technology to Downtown," added Kyser.

Another unusual aspect to the Downtown Los Angeles business base is that it is the center for three of Southern California's "creative" industries: apparel/textiles, furniture and jewelry. "There has been a revival in two of them," explained Kyser. "The apparel industry, which has a high 'sizzle' factor, has re-energized itself and is attracting lots of national and international attention."

The CaliforniaMart has become the California Market Center, with one wing dedicated to furnishings and lifestyle items. This change has rippled out with several other buildings in the "Fashion District" becoming marts. The other surging industry according to the study is furniture/home furnishings. A furniture district has been designated just of the south of Downtown, which includes the Los Angeles Mart.

The study also found that Downtown continues to see substantial residential development, including both new, market-rate units, as well as conversion of older office buildings into "loft" style units. "Currently, there are 16 projects underway in Downtown and three of them are new structures," explained Kyser. "The running count of market-rate units completed or under construction is up to 6,700. There is also a large list of 'planned' residential projects in the area."

As to development trends, the report points to Downtown LA holding its own in attracting new money. After scoring a dozen major business expansions (a lease or construction value of \$1 million or more) in 2000, the area recorded 17 in 2001, and 10 last year. Notable among these expansions were architecture and law firms and money managers.

"Additionally, a host of noncommercial projects is under construction, with the most visible being the Walt Disney Concert Hall," said Kyser. "Scheduled for completion later this year, it will be the new home for the Los Angeles Philharmonic Orchestra. The structure will also include an experimental theater, the 'Redcat,' that will be operated by the California Institute for the Arts. There soon will be six performing arts venues along a short stretch of Grand Avenue."

Kyser describes the Downtown image as "still misunderstood" by most Southland residents. "The 'homeless problem' and the debate on how to handle it have received a lot of attention. In addition, there is the continued hesitancy of Westsiders to venture east of La Brea Avenue. This lack of well-defined image has to hurt economic development efforts."

The report also pinpoints a "fractured leadership" with three city council districts that cover the "greater" Downtown, and lots of groups focused on smaller areas. In addition, there is a lack of new industrial space, as evidenced in the 2.3 vacancy rate.

The long range outlook in the study is optimistic. Major investments are being made in and around Downtown Los Angeles including: the Disney Concert Hall (\$175 million), the Caltrans building (\$171 million), and the gold line (\$414 million.) The report also notes that several major government structures are in the planning process. Meanwhile, the recently opened Cathedral of Our Lady of the Angeles has quietly drawn thousands of people to the area.

LAEDC President and CEO Lee Harrington suggested that this study shows a pressing need for the convention center hotel and the retail/entertainment project adjacent to the hotel and convention center. "As business travel and tourism come back, Los Angeles will be at a major competitive disadvantage until these facilities are built," he said. "We need to do a better job of communicating the assets of Downtown to the rest of the world. The opening of the Disney concert Hall could offer a unique vehicle to start a campaign."

The "2003 Downtown Economic Forecast" report can be found at:  
<http://laedc.info/pdf/Downtown-03.pdf> or [www.MayoCommunications.com](http://www.MayoCommunications.com)

The LAEDC is a private, non-profit organization whose mission is to attract, retain and expand business and jobs in the region. It provides economic and industry forecasts as well as strategic consulting in trade, infrastructure, logistic and land use. The LAEDC Business Assistance Program works one-on-one with businesses throughout the county. Visit [www.laedc.org](http://www.laedc.org) .

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