



Mante Dzakuma, Senior Consultant
mdzakuma@builderadvisors.com

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Southern California Private Sector Employment

The passing of California's Fiscal Year 2011 state budget on October 8, 2010 – 100 days late – highlights major implications for the future of the California economy, particularly in regards to employment trends. An estimated California budget deficit of approximately \$19.1 billion has required state spending cuts, with state employee wages and jobs being primary amongst these. Despite state government restrictions on job growth, Southern California has shown an employment increase in certain private sector industries that is forecasted to continue. As California's labor markets continue to evolve in the next few years, private sector employment in prominent industries in Southern California will become even more significant in how they affect economic and residential trends.

- **The Information sector in Los Angeles has exhibited the biggest job gains in the United States this year.** The Information private sector – a high paying industry – has created 8.6% more jobs through the first half of 2010. Three other sectors in Orange County combine to give Southern California a total of 4 of the top 25 employment growth sectors in the U.S. thus far in 2010.

Biggest Job Gains in 2010

Sector	County	% Change
Information	Los Angeles	8.6%
Leisure & Hospitality	Orange	3.6%
Retail Trade	Orange	3.6%
Prof. & Business Services	Orange	2.6%

Source: Moody's Economy.com

- **The Entertainment industry, often misunderstood and over-glamorized, will fuel employment recovery in Southern California.** In addition to the much-hyped Hollywood center of the industry, a significant concentration of entertainment production exists in the areas of West LA, Santa Clarita, Manhattan Beach, and downtown Los Angeles, significant office and residential nodes. Just as the tech-sector may buoy the Northern California market, many still believe that Los Angeles will remain the center for the entertainment industry. Over the last 10 years, the motion picture industry alone has accounted for 4-5% per year of total private sector activity in the Los Angeles-Orange County region (U.S Census; LAEDC). This percentage doesn't include the extra employment and production that goes into other entertainment aspects outside of motion pictures such as broadcast and cable television, radio broadcasting, publishing (print and internet), and advertising. The industry is confirming this belief by exhibiting production recovery since the industry labor problems of 2008 and the national economic challenges of the last 2 years.

Film Production Days (Quarterly)

	2Q2009	2Q2010	% Change
Total Days	9,795	11,335	15.7%
Television	4,120	4,169	1.2%
Commericals	1,203	1,614	34.2%
Feature Films	1,406	1,558	10.8%
Other	3,066	3,994	30.3%

- As owning entertainment content becomes more important than simply distributing it, many companies are focusing on this aspect, creating opportunities for firms and employees alike in the industry.** According to Craig Thomas, Market Researcher at AvalonBay Communities, Los Angeles has led the U.S. in regional job growth in 2010, adding 17,000 new jobs in the production of “content”. This figure may in-fact be underrepresented, given that many employees in the industry are subcontractors, and not counted by government statistics. These jobs have been created by various mergers amongst distributors and content-owners, i.e.: Comcast’s pending purchase of stake in NBC Universal, Univision’s acquisition of production studios, and Disney’s purchase of Marvel Entertainment. Much like in the broader economy, these mergers show that major companies feel confident about the future and direction of the industry. Southern California is the nation’s largest provider of content, and as consolidated entertainment firms learn how to monetize it, the employment in this private sector will continue its recovery, and therefore paint a brighter picture for Southern California residential markets.
- We’ve already seen some affects of the new private sector jobs in the form of increased permit activity in Los Angeles County.** Building permits in L.A. County have already surpassed 2009 levels through the first 8 months of 2010, and are projected to increase by more than 50% for the year.

Housing Unit Building Permits - Los Angeles County

	2009	2010	2010f	% Change
Total Units	5,138	5,194	7,791	51.6%
Single-Family Detached	2,268	1,652	2,478	9.3%
Multi-Family, ALL	2,870	3,542	5,313	85.1%
Multi-Family, 2 Unit Structures	382	180	270	-29.3%
Multi-Family, 3 & 4 Unit Structures	114	47	71	-38.2%
Multi-Family, 5+ Unit Structures	2,374	3,315	4,973	109.5%

About Meyers Builder Advisors

[Meyers Builder Advisors](#) brings together a talented pool of consultants with a strong understanding of the homebuilding industry and the market dynamics that drive it. Combined, the team boasts over 100 years of market experience, with a wide range of services including site specific analysis, strategic workouts, due diligence, and forensic analysis. The group has advised on a wide range of residential product types throughout the United States and has successfully assisted a long list of builders, developers, and financial institutions.

Upcoming Events

oct

Crittenden Real Estate Conference

24-26

Atlanta, GA;

[details](#)

oct 25

Jeff Meyers - Expert Panelist

10:15a

Housing: Where is the Residential Market Heading?

jan

IMN Annual Real Estate Opportunity & Private Investing

12-14

Laguna Beach, CA

[details](#)

For more information, contact –




Meyers Builder Advisors

2712 E. Coast Highway, Suite 101

Corona Del Mar, California 92625

P: 949-640-0050

F: 949-640-0055

www.builderadvisors.com and find us on ,  & 

Jeffrey Meyers, Principal

M: 714-319-3888

Steve Smiley, Principal, Northern California

M: 510-612-5718

Michelle Wolkoys, Principal, Southern California

M: 714-357-6005