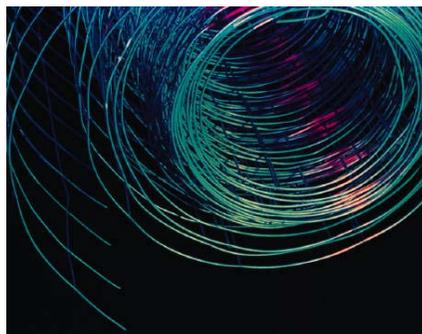


# ECONOMIC UPDATE *for* LOS ANGELES COUNTY



PREPARED FOR  
THE 5<sup>TH</sup> ANNUAL SOUTHERN CALIFORNIA  
ECONOMIC RECOVERY & JOB CREATION  
SUMMIT



INSTITUTE FOR APPLIED ECONOMICS  
Los Angeles County Economic Development Corporation

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The LAEDC Institute for Applied Economics provides objective and unbiased economic and policy research for public and private entities. The Institute focuses on regional industry cluster and sector-based research and analysis, economic and fiscal impact assessments and labor market studies.

Every reasonable effort has been made to ensure that the data contained herein reflect the most accurate and timely information possible and they are believed to be reliable.

The report is provided solely for informational purposes and is not to be construed as providing advice, recommendations, endorsements, representations or warranties of any kind whatsoever.

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## A. Economic Recovery

The county's economy entered a severe recession in December of 2007, with an employment decline of 1.0 percent in 2008 and an additional 5.6 percent decline in 2009 and 1.5 percent decline in 2010. A shaky recovery registered a year-over-year gain of 0.5 percent in 2011, followed by an almost robust gain of 2.5 percent in 2012 and 2013. However, current uncertainty resulting from poor global economic conditions, geopolitical risks and more recently global health concerns will continue to keep employment growth moderate in 2014 and 2015. Over the longer term, employment in Los Angeles County is forecast to grow at its population growth rate of approximately 0.5 percent.

Most industry sectors will follow this general contour of post-recession recovery followed by moderation. However, there are differences among industries. Continued recovery strength in many cases is determined by the magnitude of the industry's decline during the recession. For example, construction employment fell steeply in 2008, 2009 and 2010. Its recovery has been expected for several years but has been held back by continuing constraints in household formation and financial markets. Still, it is expected to recover at a somewhat stronger rate than the overall average.

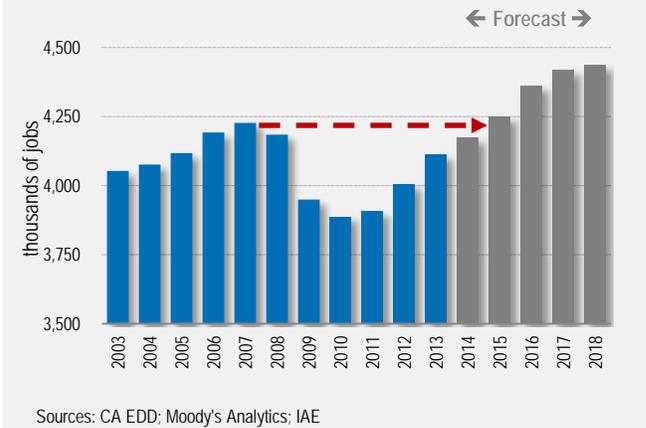
Overall, employment in goods-producing industries is projected to shrink at an average annual rate of 0.1 percent over the next five years. The growth of employment in construction will be more than offset by declines in manufacturing employment. Service-providing industries will together grow at an annual average rate of 1.9 percent from 2013 to 2018, driven in large part by growth in educational and health services, leisure and hospitality and professional and business services.

Between 2013 and 2018, the economy is expected to add 322,600 new jobs in nonfarm industries across the county. Pre-recession peak employment will be recovered in 2015. Note that this recovery will not account for population growth and any change in the labor force. ❖

**Exhibit A-1**  
Change in Nonfarm Employment 2000-2018  
Los Angeles County



**Exhibit A-2**  
Nonfarm Employment 2000-2018  
Los Angeles County



## B. Industries

The expected employment experience for individual industry sectors at the county level is shown in Exhibit B-1.

**Exhibit B-1**

**Industry Employment Growth 2013-2018  
(Los Angeles County)**

	Average Annual % Growth	Δ Employment (000s)
<b>Total Nonfarm Payroll Employment</b>	1.5%	322.6
<b>Good Producing Industries:</b>		
Natural Resources and Mining	-0.4%	-0.1
Construction	2.0%	12.4
Manufacturing – Durable Goods	-0.6%	-6.4
Manufacturing – Nondurable Goods	-1.0%	-7.9
<b>Service Providing Industries</b>	1.9%	295.5
Wholesale Trade	-2.1%	-21.7
Retail Trade	1.8%	37.0
Transportation, Warehousing, Utilities	2.4%	19.4
Information	2.1%	21.6
Financial Activities	0.9%	10.0
Professional and Business Services	1.6%	48.6
Educational and Health Services	3.2%	120.1
Leisure and Hospitality	2.3%	53.3
Other Services	1.0%	7.3
<b>Government</b>	1.0%	29.0

Sources: California Employment Development Department; IAE

Industry sectors that will experience the highest overall growth rate include construction, transportation and warehousing, information, educational and health services and leisure and hospitality. Employment losses will continue in most manufacturing industries. A short discussion of each industry sector follows.

### ► *Natural Resources and Mining*

Employment in natural resources and mining industries is expected to decline, but as this is a small industry sector, it will lose few jobs between 2013 and 2018.

### ► *Construction*

Construction industry employment experienced severe declines through 2011, losing more than 52,000 jobs. The losses finally stopped in 2012, but job growth has

been agonizingly slow as the housing market and financial system recover. The average annual growth rate between 2013 and 2018 is projected to be 2.0 percent, adding 12,420 jobs, more than half of which will be specialty trade contractors.

### ► *Manufacturing*

Manufacturing employment will continue its long-term decline in the county but is expected to reach a mid-term bottom in 2015, thereafter adding only few jobs. *Durable goods manufacturing* employment will continue to languish as the substitution of labor with capital increases at the expense of employment gains. *Nondurable goods manufacturing* will continue to be challenged as low-cost competition from overseas and from other regions in the United States will drive these industries from the area. Together, there will be a loss of 14,260 jobs between 2013 and 2018. The outlook for net new manufacturing employment in the county is poor.

### ► *Wholesale Trade*

Wholesale trade employment, which grew steadily into 2007, suffered a ten percent decline in employment through 2009 and struggled to recover until 2012, when job gains began again. Still, the sector will remain relatively flat and decline after 2013 as any additional expansion in this sector is expected to occur further inland rather than in Los Angeles County. While electronic commerce will add a few jobs between 2013 and 2018, this will not be enough to offset expected declines in nondurable and durable goods wholesaling, producing an overall sector employment loss of 21,700 jobs over the five-year period.

### ► *Retail Trade*

Retail trade activity in Los Angeles has been improving since bottoming out in 2010, and will continue to add jobs through 2016. However, this industry is also undergoing transition as more transactions are conducted online and fewer customers are visiting retail outlets. Still, growth will be relatively robust at 1.8 percent per year, and is forecasted to add 36,900 new jobs between 2013 and 2018.

### ► *Transportation, Warehousing and Utilities*

Transportation, warehousing and utilities will grow at an annual growth rate of 2.4 percent over the five-year period, adding more than 19,400 jobs.

► *Information*

The information sector, which includes motion picture production, broadcasting, publishing and new media industries, will grow at an annual average of 2.1 percent per year, adding 21,600 new jobs in the next five years.

► *Financial Activities*

Many of the services in the financial activities sector are related to the housing and construction markets which suffered significant declines during the recession and have faltered during the recovery. The sector is expected to rebound with the recovery in the housing market and is projected to add 10,000 new jobs between 2013 and 2018, growing at an annual average rate of 0.9 percent.

► *Professional and Business Services*

The professional and business services sector is a large, diverse sector which includes professional, scientific and technical services, and administrative support and waste remediation. Employment in the sector overall is forecast to grow at an average annual rate of 1.6 percent, adding almost 48,600 new jobs between 2013 and 2018, led by growth in administrative and support industries.

► *Education and Health Services*

The education and health services sector was the only sector to continue adding employment during the recession. It is expected to continue to grow at a healthy pace, adding 120,100 new jobs between 2013 and 2018, mostly in health care and social assistance.

► *Leisure and Hospitality*

The leisure and hospitality sector will show better-than-average growth over the forecast period. The sector is projected to add 53,300 new jobs from 2013 to 2018, most of which will be in food services.

► *Government*

Government employment will increase by 29,000 new jobs between 2013 and 2018, mainly in local government which provides mostly public education to local constituents.

## Industry Wages

Wages across industry sectors vary significantly. The average wage for payroll employment in Los Angeles County in 2013 was \$54,958. Exhibit B-2 provides the average for each industry sector.

The highest-paying industry sector is mining, paying an average of \$151,464 in wages, followed by utilities, with average wages of \$105,912 and finance and insurance, paying average wages of \$102,654.

The lowest-paying sector was accommodation and food services, with an average annual wage of \$20,237. It should be noted that this industry is characterized by a higher percentage of part time workers than others, yielding lower annual wages since the number of hours worked is lower. Other industries that have high percentages of part time workers include retail industries and administrative services, which includes temporary employment. ❖

**Exhibit B-2**  
Average Annual Wage by Industry 2013  
(Los Angeles County)

	Average Annual Wage
<b>Total Payroll Employment</b>	<b>\$ 54,958</b>
<b>Good Producing Industries:</b>	<b>\$ 59,641</b>
Agriculture, Forestry, Fishing and Hunting	31,442
Mining	151,464
Construction	56,399
Manufacturing – Durable Goods	70,847
Manufacturing – Nondurable Goods	48,513
<b>Service Providing Industries</b>	<b>\$ 52,766</b>
Wholesale Trade	58,339
Retail Trade	32,006
Transportation and Warehousing	53,854
Utilities	105,912
Information	98,859
Finance and Insurance	102,654
Real Estate and Rental and Leasing	59,013
Professional and Technical Services	87,727
Management of Companies	99,053
Administrative and Waste Services	36,463
Educational Services	50,694
Health Care and Social Assistance	40,623
Arts, Entertainment and Recreation	99,877
Accommodation and Food Services	20,237
Other Services	34,145
<b>Government</b>	<b>\$ 63,320</b>

Sources: California Employment Development Department; IAE

## C. Occupations

The growth of industries in the region will precipitate the growth of particular occupations. The overall net growth of an occupation is a consequence of its contribution to industries that are growing and to industries that are declining. This may result in an occupation experiencing no or little growth as workers that had been employed in a failing industry shift to similar roles in industries that are growing, or as workers in certain occupations are replaced with improved technologies or processes.

In addition to the growth and decline of industries, workers within industries leave current positions, either through retirement or through promotion, or for other reasons, leaving positions open and in need of replacement. Replacement trends depend on several factors. The age profile of the existing workforce can portend high replacement rates, such as occurs in many manufacturing industries as highly-skilled craftsmen are reaching retirement age and younger workers have not been trained or received apprenticeships to replace them. Occupations that enable current workers to gain valuable skills through on-the-job training will encourage them to move into higher-skilled occupations and leave jobs opening for those with less experience. Industries that are undergoing technological change may find that new processes require fewer workers, leaving fewer openings available as workers retire or leave for other positions.

The Census Bureau estimates replacement needs by industry and occupation through detailed surveys of employers and workers. These estimates are an important component of occupational job openings and workforce needs since the retirement and promotion of individuals leave openings for newer entrants and those moving up the career ladder to assume.

Projected new openings are calculated by applying the industry occupational composition to the detailed industry employment forecast. In this analysis, the base employment year is 2013, the most recent year for which complete employment data is available. Projected job openings by major occupational group aggregated across industries in Los Angeles County are presented in Exhibit C-1.

The highest number of overall openings will occur in the largest occupational groups, such as office and administrative support occupations, food preparation and serving occupations, and healthcare occupations

(practitioners, technicians and support). Other occupations that will provide large number of openings are personal care occupations, sales occupations and transportation and material moving occupations.

**Exhibit C-1**  
Occupational Growth in Los Angeles County 2013-2018  
( $\Delta$  Employment)

SOC	Occupational Group	New Jobs	Replacement	Total
11-0000	Management occupations	11,550	21,800	33,350
13-0000	Business and financial	9,650	22,150	31,790
15-0000	Computer and mathematical	5,060	10,700	15,770
17-0000	Architecture and engineering	1,110	8,710	9,820
19-0000	Life, physical, social science	1,770	5,740	7,500
21-0000	Community and social services	10,210	8,690	18,910
23-0000	Legal occupations	1,530	3,510	5,040
25-0000	Education, training and library	13,640	12,180	25,820
27-0000	Arts, entertainment, sports	6,630	11,600	18,230
29-0000	Healthcare practitioners	27,420	19,100	46,520
31-0000	Healthcare support	20,650	7,680	28,330
33-0000	Protective services	10,440	17,850	28,290
35-0000	Food preparation and serving	47,650	67,740	115,390
37-0000	Building/grounds maintenance	15,520	11,140	26,670
39-0000	Personal care and service	23,730	22,030	45,760
41-0000	Sales and related	24,760	63,760	88,520
43-0000	Office and administrative	45,740	70,370	116,100
45-0000	Farming, fishing and forestry	80	750	830
47-0000	Construction and extraction	9,630	12,210	21,840
49-0000	Installation, maint / repair	6,020	17,350	23,380
51-0000	Production	-1,010	25,430	24,420
53-0000	Transportation/material moving	15,310	33,130	48,450
<b>Total</b>		<b>322,600</b>	<b>473,640</b>	<b>796,240</b>

Source: Estimates by IAE

Detailed occupations are differentiated according to jobs skills, abilities and work experience required. They are not generally industry specific but are common to several industries. For example, retail salespersons are employed in a wide range of industries.

Exhibit C-2 presents the top 20 detailed occupations by projected job openings (new jobs and replacement jobs) between 2013 and 2018. These twenty occupations will account for more than 36 percent of all job openings in all occupations.

**Exhibit C-2**

**Occupational Growth in Los Angeles County 2013-2018  
Top 20 Detailed Occupations  
(Δ Employment)**

SOC	Detailed Occupation	New Jobs	Replacement	Total
41-2011	Cashiers	9,440	21,130	30,570
41-2031	Retail salespersons	10,350	18,720	29,070
35-3031	Waiters and waitresses	9,610	18,520	28,130
35-3021	Combined food prep and serving	11,880	12,730	24,610
29-1111	Registered nurses	9,970	5,710	15,680
43-4051	Customer service representatives	4,670	10,320	14,990
53-7062	Laborers and material movers	3,600	10,780	14,380
43-9061	Office clerks, general	6,270	7,790	14,070
37-2011	Janitors / cleaners, except maids	7,170	5,540	12,710
39-9021	Personal care aides	9,970	2,280	12,250
35-3022	Counter attendants, cafeteria / cafe	2,710	8,380	11,100
31-1012	Nursing aides, orderlies, attendants	8,710	2,170	10,880
43-5081	Stock clerks and order fillers	3,900	6,540	10,440
39-9011	Childcare workers	5,050	4,870	9,920
11-1021	General and operations managers	3,440	6,010	9,450
43-1011	First-line supervisors of admins	3,060	5,620	8,680
43-6014	Computer operators, admins	4,380	4,280	8,670
43-4171	Receptionists / information clerks	3,350	4,560	7,910
35-2014	Cooks, restaurant	4,240	3,480	7,720
35-2021	Food preparation workers	3,130	4,430	7,550
<b>Total</b>		<b>124,910</b>	<b>163,870</b>	<b>288,780</b>

Source: Estimates by IAE

The highest number of openings will be found in occupations related to the largest major occupational groups: cashiers and retail salespersons, which are in the sales occupational group; waiters and waitresses, and combined food preparation and serving workers, which are both in the food preparation and serving occupational group; and mail clerks and customer service representatives, which are in office and administrative support occupational group.

Other occupations with many openings expected over the next five years are registered nurses, personal care aides, laborers and freight movers, janitors and cleaners, and counter attendants.

## Education and Skills Requirements

Many of the detailed occupations that will provide the most job openings in the next five years as shown in Exhibit C-2 require lower level educational levels and training. The expected openings for these job market participants are especially important to understand given the capabilities of the local labor supply.

The education and work experience needed for an entry level position in each of the top twenty occupations is shown in Exhibit C-3. Additionally, the level of on-the-job training required to gain proficiency for each occupation is also shown.

Entry level education requirements are as follows: 3=Bachelor’s degree; 4=Associate’s degree; 5=Post-secondary non-degree award; 6=Some college, no degree; 7=High school diploma or equivalent; and 8=Less than high school. Short-term on-the-job training is training of less than one month. Moderate on-the-job training is training from 1 to 12 months.

Most occupations in the exhibit require a high school diploma or less and no work experience. The median wages shown for each occupation reflect the degree of preparation and skills levels needed, as most of them are below the average wage paid to workers in Los Angeles County.

**Exhibit C-3**

**Median Wage and Entry Level Requirements for  
Top 20 Detailed Occupations 2013-2018**

SOC	Detailed Occupation	Median Annual Wage	Entry Level Needs		
			Educ	Work Exp	OJT
41-2011	Cashiers	\$ 19,470	8	None	ST
41-2031	Retail salespersons	21,480	8	None	ST
35-3031	Waiters and waitresses	18,920	8	None	ST
35-3021	Combined food prep and serving	18,860	8	None	ST
29-1111	Registered nurses	92,230	4	None	None
43-4051	Customer service representatives	35,250	7	None	ST
53-7062	Laborers and material movers	22,770	8	None	ST
43-9061	Office clerks, general	29,990	7	None	ST
37-2011	Janitors / cleaners, except maids	23,770	8	None	ST
39-9021	Personal care aides	20,870	8	None	ST
35-3022	Counter attendants, cafeteria / cafe	19,720	8	None	ST
31-1012	Nursing aides, orderlies, attendants	24,580	5	None	None
43-5081	Stock clerks and order fillers	22,820	8	None	ST
39-9011	Childcare workers	23,340	7	None	ST
11-1021	General and operations managers	105,740	4	1-5 yrs	None
43-1011	First-line supervisors of admins	55,380	7	1-5 yrs	None
43-6014	Computer operators, admins	36,570	7	None	ST
43-4171	Receptionists / information clerks	28,240	7	None	ST
35-2014	Cooks, restaurant	22,150	8	<1 yr	MT
35-2021	Food preparation workers	19,040	8	None	ST

ST=short term; MT=moderate-term; I/R=internship/residency

Source: Estimates by IAE

The exhibit contains the occupational needs of approximately 36 percent of the overall regional economy. Exhibit C-4 presents the entry level education and training requirements across all occupational projections for the county.

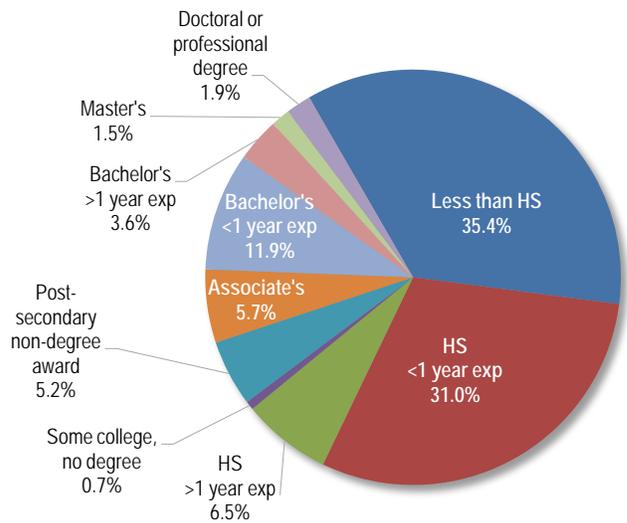
More than one-third of the projected openings for the next five years require workers without a high school diploma and no work experience. Another 31 percent will require workers with a high school diploma (or equivalent) and less than one year work experience. Together, these represent entry level jobs for unskilled workers across industries and occupations.

Of the remaining projected openings, 12 percent will be suitable for new graduates with a bachelor's degree, 5.7 percent for workers with associate's degrees and 5.2 percent for certificated post-secondary candidates.

The entry level education and experience requirements for new jobs only shows a somewhat higher percentage requiring a post-secondary certificate, an associate's degree, or a higher level graduate degree (Exhibit C-5). This is an indication of the higher skills levels needed for the projected new jobs due to the change of the mix of industries. It can also indicate that there is higher turnover in jobs at the lower end of the skills ladder.

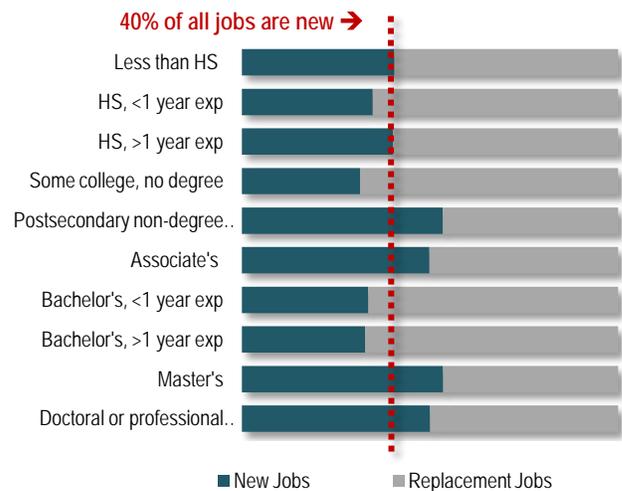
It should be noted that this analysis has assumed that the occupational composition of each industry will not materially change over the next five years, and that the entry level education and experience requirements of occupations remain the same. It is certainly possible that industries will experience some shifts in the occupations of their employees, and that firms may expect new hires to have higher levels of education and experience than those currently specified. ❖

**Exhibit C-4**  
Entry Level Education and Experience Requirements  
Total Jobs 2013-2018



Source: Estimates by IAE

**Exhibit C-5**  
Entry Level Education and Experience Requirements  
by Type of Job



Source: Estimates by IAE

## D. Income and Poverty

Median household income in Los Angeles County is shown in Exhibit D-1. Two series are presented: nominal median household income and household income adjusted for inflation (and shown in 2013 dollars).

Nominal household income has increased steadily since 1990, with an annual average growth of 1.9 percent from 1990 to 2000, and 2.2 percent from 2000 to 2010. The growth rate has stalled since 2010, however and now is registering 1.2 percent per year.

Moreover, adjusting for inflation shows that real median household incomes have been on a downward trajectory since 1990, eroding the purchasing power of residents in Los Angeles County for more than two decades. The annual average growth rate in real median household incomes was -0.45 percent per year from 1990 to 2000, -0.5 per year from 2000 to 2010, and -0.8 percent per year over the past three years.

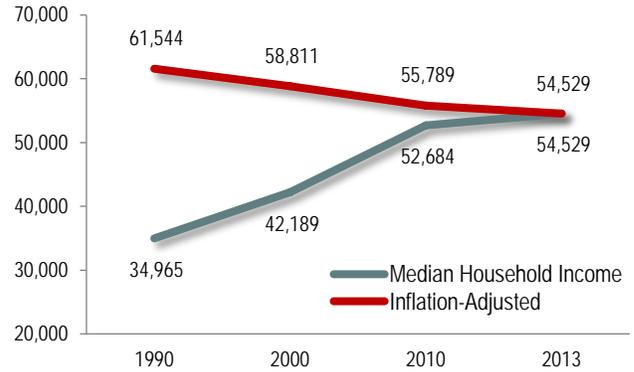
Per capita income in Los Angeles County is shown in Exhibit D-2, again in both nominal terms and adjusted for inflation (shown in 2013 dollars).

Per capita income in Los Angeles County is estimated at \$27,488 in 2013. As with median household income, the nominal per capita income has seen decadal growth on the order of 2.5 percent per year from 1990 to 2000, 2.2 percent per year from 2000 to 2010 and 2.2 percent per year since 2010.

Real per capita income was flat between 1990 and 2000, and declined between 2000 and 2010. The decline has stopped and real per capita income is marginally higher today than in 2010, but is still 5 percent below its 1990 level.

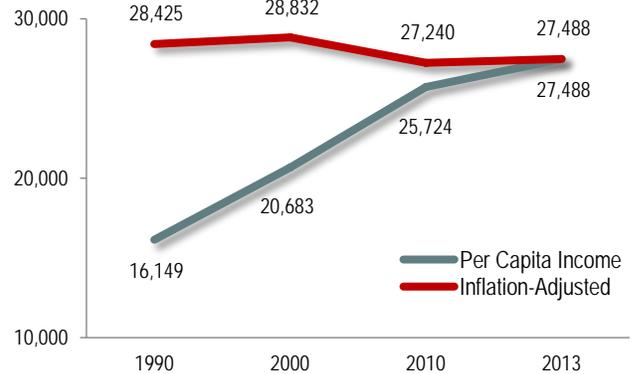
The distribution of household income is shown in Exhibit D-3. Since the median household income in 2013 was \$54,529, fifty percent of all households earned more than this and fifty percent earned less. More than 13 percent of households earned less than \$15,000, 24 percent earned less than \$25,000 and almost 34 percent earned less than \$35,000.

**Exhibit D-1**  
Median Household Income  
Nominal and \$2013



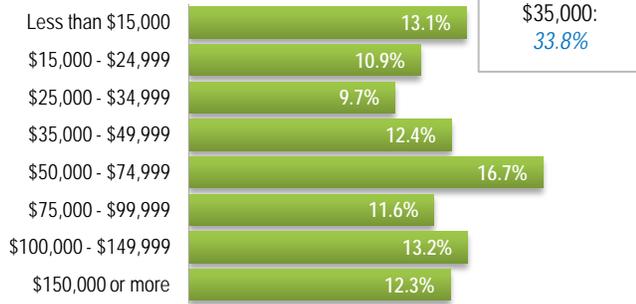
Source: ACS 2013 1-year estimates

**Exhibit D-2**  
Per Capita Income  
Nominal and \$2013



Source: ACS 2013 1-year estimates

**Exhibit D-3**  
Households by Income  
Los Angeles County 2013

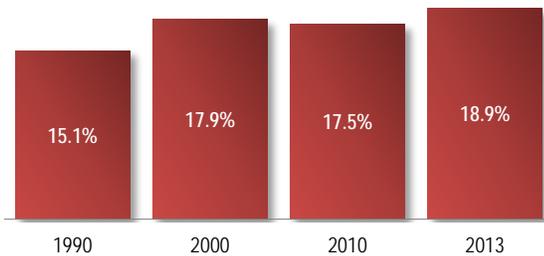


Source: 2013 ACS 1-yr estimates

Poverty status is determined by the U.S. Census Bureau using an individual's or a family's pre-tax income and comparing it against a threshold of minimum cash needs. These thresholds are updated annually to account for changes in the prices of basic goods. For example, in 2011, the poverty threshold for an individual 65 years of age or younger was \$11,170. An individual with a cash income of less than this amount would be considered poor.

Exhibit D-4 shows the percentage of individuals in Los Angeles County living in poverty in 1990, 2000, 2010 and 2013.

**Exhibit D-4**  
Individual Poverty Rates by Decade  
Los Angeles County



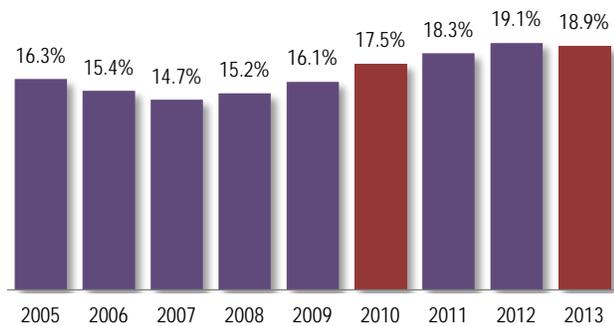
Source: Census Bureau

Using the federal poverty threshold, almost 19 percent of individuals in Los Angeles County were living in poverty in 2013. This rate has been increasing since 1990, but the rate in 2013 is an improvement over 2012, when the poverty rate exceeded 19 percent. The annual rates since 2005 are shown in Exhibit D-5.

Poverty is highly correlated with unemployment, rising as unemployment rates rise and falling (with a lag) when unemployment rates fall. Since unemployment rates in Los Angeles County have been falling since 2010, it appears that poverty rates may have finally turned a corner more than two years later than the unemployment rate.

Although the poverty threshold is updated annually, it does not take into account the wide variation of costs of living across municipalities. Since Los Angeles County is considered to have a relatively high cost of living, the official poverty rate is likely to understate the actual incidence of poverty in the county. ❖

**Exhibit D-5**  
Individual Poverty Rates 2005 to 2013  
Los Angeles County



Source: ACS 2013 1-year estimates

## E. Educational Attainment

The educational attainment levels of the population of Los Angeles County aged 25 years and older are shown in Exhibit E-1.

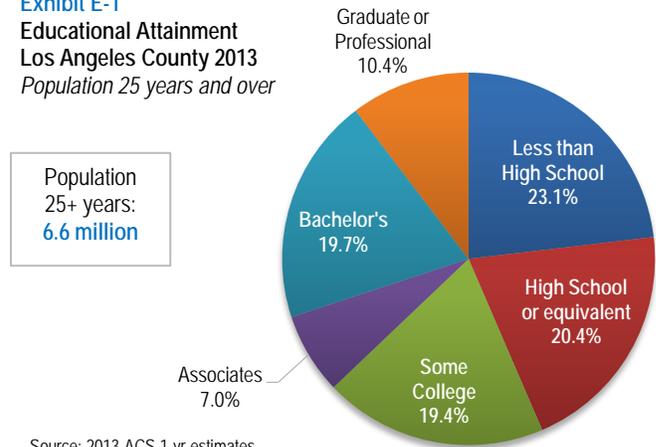
The population of residents aged 25 years and older in Los Angeles County numbered 6.6 million in 2013. More than 23 percent of county residents in this age group have not earned a high school diploma (or equivalent) while 20.4 percent have graduated high school but have no other education. Approximately 30 percent of the residents have a bachelor's degree or higher. Together, this shows a bi-modal distribution of educational attainment, with large proportions at both the low end and the high end of the spectrum.

Wages typically reflect the degree of preparation and skills levels needed for the particular occupation and job held, with lower levels of skills and education typically earning commensurately lower median wages. This is reflected in Exhibit E-2.

Workers aged 25 years and older in Los Angeles County with less than a high school diploma earned annual median wages of \$17,768, compared to \$25,452 earned by workers with a high school diploma, and \$50,492 for workers with a bachelor's degree. Those with the highest levels of educational attainment earned median annual wages of \$71,521.

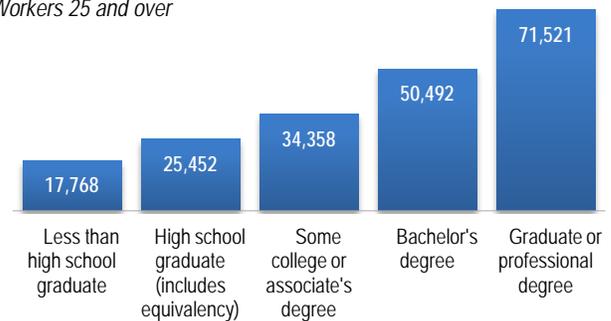
Since earnings from employment represent the most significant portion of all income, those that earn lower wages will experience higher rates of poverty. Also, those with lower levels of education are likely to find employment opportunities to be more limited. The relationship between educational attainment and unemployment and poverty is shown in Exhibit E-3.

**Exhibit E-1**  
Educational Attainment  
Los Angeles County 2013  
Population 25 years and over



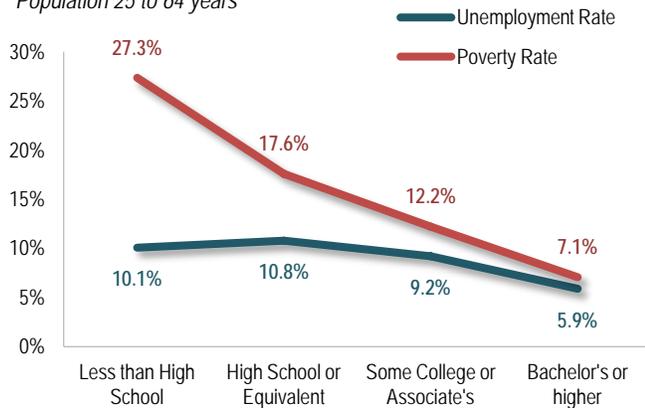
Source: 2013 ACS 1-yr estimates

**Exhibit E-2**  
Median Earnings by Educational Attainment  
Los Angeles County 2013  
Workers 25 and over



Source: 2013 ACS 1-yr estimates

**Exhibit E-3**  
**Unemployment and Poverty by Education**  
**Los Angeles County 2013**  
*Population 25 to 64 years*



Source: 2013 ACS 1-yr estimates

Residents aged 25 years and older in Los Angeles County with less than a high school diploma experienced an unemployment rate of 10.1 percent in 2013, just lower than residents with a high school diploma (or equivalency). The unemployment rate for residents with some college was 9.2 percent and for those with a

bachelor's degree or higher educational attainment was 5.9 percent. Overall, the unemployment rate in Los Angeles County in 2013 averaged 8.6 percent.

Note that although higher levels of education yielded lower rates of unemployment, for those with a high school diploma the unemployment rate is 10.8 percent, comparable to those without a high school diploma at 10.1 percent.

However, the poverty rates among the different groups are strikingly different. The poverty rate among residents without a high school diploma was 27.3 percent, almost 60 percent higher than the poverty rate of those with a high school diploma. This is a clear picture of the lower earning power of those at the lowest rung of educational attainment, and represents the preponderance of "working poor" in Los Angeles County.

For all groups, however, the poverty rate has declined since last year, with the single exception of those at the top end of the educational attainment scale, whose poverty rate was 6.6 percent in 2012 and was 7.1 percent in 2013. ❖

## F. Housing Market

### Housing Permits

Building permit data is one of the leading indicators of the housing market. All new construction is required to file and obtain permits, making them a good way to predict changes in the market.

Exhibit F-1 displays the total number of all new housing (residential) permits issued in Los Angeles County from 2003 through 2013.

The lowest point for the number of residential permits issued was reached in 2009. Since then, market activity has increased, growing at an average annual rate of 31.4 percent, but still remains well below pre-recession peak levels in 2004 and 2006.

A total number of 16,850 residential permits were issued in 2013, an increase of 57 percent over the previous year.

### Housing Sales Prices

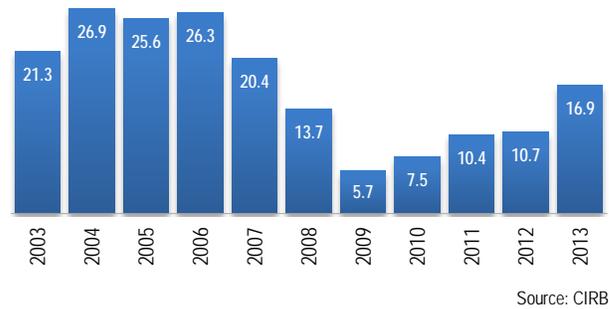
Pricing of homes is a major determinant in the demand for housing. The foreclosure crisis put downward pressure on prices as the market was flooded with distressed properties, as shown in Exhibit F-2.

While home prices are on the rise, price levels are still considered low. Exhibit F-3 shows the median prices of new and existing home sales in Los Angeles County from 2006 through 2013. Currently, the 2013 median sales price of new homes exceeds that of existing homes by 8.6 percent.

The peak median sales price of existing homes was \$537,011 in 2007 and the post-peak trough was \$312,541 in 2011, a decline of 41.8 percent. The current median sales price of existing homes has appreciated from the 2011 trough by 31.3 percent, but remains 23.6 percent below its 2007 peak.

The peak median sales price for new homes was \$503,757 in 2007 and the post-peak trough was \$376,873 in 2012, a decline of 25.2 percent. Although recovering, the median sales price of new homes in Los Angeles County in 2013 is 11.6 percent off the 2007 peak.

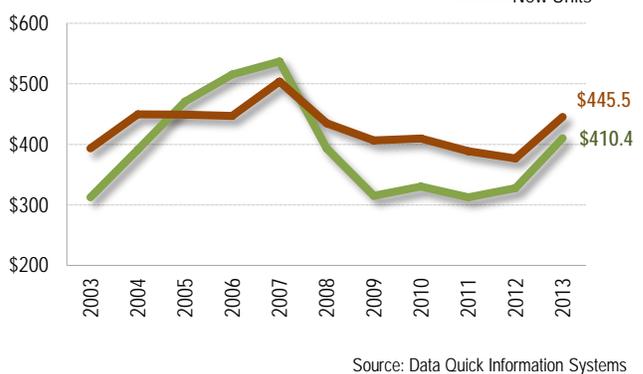
**Exhibit F-1**  
Total Housing Permits  
Los Angeles County  
*In thousands*



**Exhibit F-2**  
Foreclosures - Los Angeles County  
(Thousands)



**Exhibit F-3**  
Annual Median Home Prices  
Los Angeles County  
*In thousands*

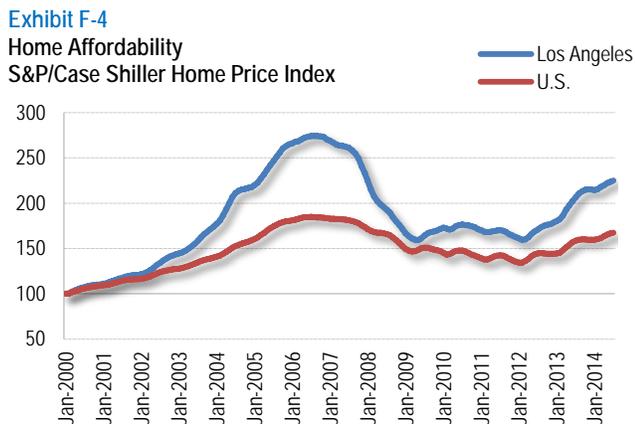


## Housing Affordability

Affordability indices measure how well a family can meet the expense of purchasing a home in the area.

The S&P/Case-Shiller Home Price Index tracks changes in the value of existing single-family housing by measuring the average change in value for a constant quality level. The index utilizes a repeat sales methodology, widely considered an accurate way to measure price changes.

Exhibit F-4 displays the monthly Case-Shiller Home Price Index in the Los Angeles Metropolitan Statistical Area (MSA) from January 2000 through July 2014, the most recent month for which data is available.



Source: S&P Dow Jones Indices LLC

The Case-Shiller Home Price Index in the Los Angeles MSA reached 224.82 in July 2014, an increase of 0.6 percent over the previous month and a 9.0 percent increase from July 2013.

Subsequent to the steep decline in the index during the Great Recession, affordability levels were relatively flat until 2012, but have been rising again, indicating that prices are increasing and housing is becoming less affordable once more. ❖



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