

San Fernando Valley Economic Report









College of Business & Economics



California State University Northridge

San Fernando Valley Economic Research Center

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San Fernando Valley Economic Research Center

The San Fernando Valley Economic Research Center collects, analyzes and reports on economic, social, and demographic data pertaining to the San Fernando Valley and related areas. The Center is housed in the College of Business Administration and Economics at California State University, Northridge. Faculty and students participate in original research, data analysis and presentation.

The mission of the College of Business and Economics is to provide high quality education that prepares students with diverse backgrounds for careers in today's global economy. Our graduates will be proficient in the theory and practice of business, effective communicators, and ethical decision makers. Our faculty members will be excellent teachers who maintain academic and professional currency. The college partners with the San Fernando Valley business community to enhance its teaching and research mission.

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6 The San Fernando Valley A Summary of Changes

7 Description of the San Fernando Valley

Economic Trends and Conditions

- **10** Employment and Payroll
- 17 Unemployment Claims
- 20 Bankruptcies
- 22 Real Estate Industrial Property
- 24 Real Estate Office Buildings
- 26 Construction
- 28 Non-Residential Construction
- 30 Residential Construction
- 32 Home Sales
- **36** Residential Notices of Default and Foreclosures
- 38 Apartment Vacancy and Rental Rates

Industry Focus

- 40 Entertainment
- 44 Retail Trade
- 48 Manufacturing
- 50 Health Care
- 53 Air Transport
- 56 Banking
- 58 Biotechnology
- 60 Tourism
- 61 Amusement Park Attendance
- 62 Utilities

Social Statistics

- 64 Population Growth, Births, Deaths, and Net Migration
- 66 Population by Age Group in 2004
- 68 Births
- 69 Population Density: Persons Per Household
- 70 Schools
- 72 2002 Income Data and Self-Employment Levels
- 76 Poverty and Public Assistance
- **80** Crime
- 84 Air Quality

Transportation

- **86** Commute Times: Public and Private
- 88 Public Transportation
- 90 Freeway Traffic

Government Sector

92 Business Tax Revenues Collected by Los Angeles

94 Acknowledgements

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ABOUT THIS REPORT

This 2005-2006 edition is the eighth annual San Fernando Valley Economic Report, previously known as the Report of Findings on the San Fernando Valley Economy. As with previous editions, our purpose is to present a current economic and demographic picture of the San Fernando Valley. Using data available as late as August 30, 2005, this Report documents economic conditions and trends in the Valley, including employment, payroll, unemployment, bankruptcy, real estate, construction, and details on its key industries. This Report also provides information on quality of life factors in the San Fernando Valley such as population, births, deaths, in-migration, housing, school performance, income, poverty, public assistance, crime, air pollution, and transportation trends and traffic.

The San Fernando Valley is a geographical area that is not defined by jurisdictional boundaries. As such, no data exist for the Valley as an entity. The Center collects Valley-specific data from a wide variety of primary sources and we sincerely appreciate their efforts and cooperation. We also extract data pertinent to the Valley from broader data sets. ZIP codes, census tracts, community and city names, and other means have been used to identify Valley-specific records. Sources, availability, and limitations of the data are outlined in an appendix to this Report. Several sections of the Report note other data limitations that are specific to the data in those sections.

Insights on the economic growth and structure of the Valley's economy and some of its main industries come largely from employment and payroll data provided by the Labor Market Information Division of the California Employment Development Department. The switch in 2001 from the Standard Industrial Classification (SIC) system to the North American Industrial Classification System (NAICS) is still being felt as fine tuning of the new classifications reallocate some employment and payroll among industries. With four years of NAICS-based data we can make industry employment and payroll comparisons with the immediate past but longterm industry trends are difficult except for the broadest industry definitions.

This Report does not carry a large section devoted to Census 2000 data, which has been delivered in past Reports and in our last CSUN San Fernando Valley Economic Forecast (May 19, 2005). Readers interested in Census 2000 data for the Valley should visit our website (www.csun.edu/sfverc/) and click on "new demographic data" for complete tables on Valley demographics, or peruse pages 64-73 of our 2003-2004 Report (posted on this site) where most of the Census 2000 data are presented in charts and tables or buy a copy of our most recent Economic Forecast.

In this report, we glimpse the new information flowing from the Census Bureau's American Community Survey (ACS), which will generate census long-form information for larger areas annually and smaller areas every three to five years when the ACS is fully phased in this year and next. One table in the Commuting Patterns section of this Report uses the 2003 and 2004 preliminary or test ACS surveys' commuting data for Congressional districts 27 and 28, which are contained in the Valley. While these ACS data are from test surveys and therefore

come with wide confidence bands, the regular 2005 ACS data (being collected this year and released in 2006) have a much greater sampling rate and much tighter confidence intervals. We have successfully worked with other interested parties to have the San Fernando Valley defined as a special sub-county census district (CCD) for which demographic, social, economic, and housing characteristics will be available every year through the annual ACS. The only remaining question is when the new Valley CCD will debut—stay tuned for that announcement.

We are proud to acknowledge the individual. corporate, and organizational sponsors, listed on the inside front cover, who have made this Report possible. In addition, the Center gratefully notes the advice and guidance provided by our Advisory Council, listed on page 2. If you have suggestions for the Center's data collection efforts, please contact the Center at (818) 677-7021 or by email at sfverc@csun.edu. Not all of the data collected by the Center are presented here - more detailed analyses are available by special



Dr. Daniel Blake

arrangement. If you or your organization would like information about sponsoring the work of the Center, contact the CSUN College of Business and Economics Development Office at (818) 677-3621 or by email at bus.devel@csun.edu. To order additional copies of this Report, contact the Center at 818-677-7021 or email us at sfverc@csun.edu.

Dr. Daniel Blake, Director Aaron Davis, Research Associate

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ETTER FROM THE PRESIDENT

SFVERC



Jolene Koester, President California State University, Northridge

I am pleased to present the 8th annual San Fernando Valley Economic Research Center's Report of Findings on the Economy of the San Fernando Valley. This report has become an invaluable resource of information for businesses, educational institutions, and community leaders throughout the San Fernando Valley and beyond.

As the only four-year university in the area, California State University, Northridge has formed a strong partnership with the community and its businesses, which has enabled us to become an important source for economic data on the San Fernando Valley and the greater region. In addition, our faculty, staff, students, and alumni are active in the community, and often work with both the private and public sectors to advance the area's economic social and cultural growth.

I am always delighted to hear how business leaders use this report to help them make important business decisions regarding their companies, and how students and researchers cite the information in their studies and field reports. The information contained in this economic report fulfills the University's goal to serve the community and provides the needed intellectual capital to thrive in today's competitive economic environment.

I encourage you to explore this economic report and the many other resources available at the University. Thank you for your support of Cal State Northridge and the San Fernando Valley Economic Research Center.

LETTER FROM THE DEAN

SFVERC

It is my pleasure to present the eighth edition of the San Fernando Valley Economic Report. This report, prepared by Dr. Daniel Blake, director of the San Fernando Valley Economic Research Center, is a prime example of how the College of Business and Economics contributes to the development of the economy in the San Fernando Valley and beyond.

This report has become an essential resource for businesses and community leaders to understand the economic climate of the San Fernando Valley. It provides critical information on economic trends and conditions, regional industries, transportation, government, and demographic trends.

Your continued support of the San Fernando Valley Economic Research Center enables the center to continue its important research. It also gives our students the opportunity to conduct applied business research, and it provides our faculty with the opportunity to interact with executives, entrepreneurs, and community leaders in the San Fernando Valley.

I am very proud of the work the San Fernando Valley Economic Research Center and the intellectual leadership provided by Dan Blake. I would like to thank all of our supporters who have helped to make this report one of the most valuable regional business resources available.



Fred Evans, Dean College of Business and Economics

THE SAN FERNANDO VALLEY

A SUMMARY OF CHANGES

Job growth strengthened in the San Fernando Valley as the private sector added 11,800 workers to its employment rolls in 2004. The Valley's 1.8 percent private-sector job growth compared very favorably to its own 2003 growth of 1.2 percent and to the 2004 job growth in Los Angeles County's (1.0 percent) and California (1.3 percent). Valley private-sector payrolls increased by \$1.9 billion and average earnings increased by almost \$2,000, but inflation ate half the increase in payroll and three-quarters of the increase in average pay.

Valley industries with strong job growth in 2004 include Construction (8.0 percent), Management, Support, & Administration (5.3 percent), Retail Trade (3.7 percent), and Accommodations and Food Services (3.5 percent). Weaker employment performances were turned in by Finance, Insurance, Real Estate & Leasing (-2.9 percent) and Manufacturing (-2.8 percent), although the latter performed better than last year when it lost 4.2 percent of its jobs. The Industry Focus section headlines the star-quality job growth in the Valley's Entertainment industry at 3.3 percent, and even more stellar growth in its payroll with 7.3 percent. The Valley's fledgling Biotech industry lost a few workers (1.0 percent) but added an impressive 9.3 percent to its payroll.

Consistent with the impressive job growth, the Valley's unemployment insurance (UI) claims continued to fall from their recession highs. Seasonally adjusted UI claims now stand just above their lowest levels in the Valley's 1995-2000 recovery period. Bankruptcy filings in the San Fernando Valley Division also continued to edge downward except for an early 2005 spike in Chapter 7 filings induced by congressional legislation that tightened restrictions on the types of debt than could be discharged by selected Chapter 7 filers.

Commercial vacancy rates in the Valley ratcheted downward, dropping more than 2 percentage points to register below 10 percent in second quarter 2005, compared to the nation's average of nearly 15 percent. The Valley's industrial vacancy rate notched down to 2.5 percent from its 3 percent level last year, consistent with the very tight industrial space market in Los Angeles.

Total construction permit activity continued its upward march led by increasing residential permit values with non-residential permit activity following in the first half of 2005. New construction dominated the increase in residential permit activity with residential alterations and additions contributing to the increase. In non-residential activity, both new construction and alterations and additions played strong roles in its recent increase.

Home prices continued their steep ascent with median prices rising to \$600,000 in July 2005, but annual appreciation rates slowed noticeably from last year's mid 20 percent to low 30 percent range. The Valley's inventory is up from its record lows in 2004 but remain below normal. Foreclosures continued to fall as double-digit appreciation in home prices conferred more equity on homeowners, solving most of their liquidity problems. Notices of default remained low in spite of an uptick. Valley apartment vacancy rates edged upward and rental rate increases moderated, rising less than 5 percent annually in striking contrast to home price appreciation rates to the relief of many Valley apartment dwellers.

The Valley lost 2 hospitals and over 200 hospital beds in 2004 but occupied beds fell by half that number, pushing their occupancy rate up. Valley hospitals added 2.3 percent to operating revenues in 2004 but their costs rose by 4.1 percent, pushing them further from their goal of a positive operating profit. Undoubtedly, the four consecutive years of Valley hospitals incurring operating losses is partly responsible for this year's loss of hospitals and hospital capacity. Long-term care facilities, which had operated in the black for the previous four years, slid into the red in 2003 as growth in their operating revenues failed to keep pace with increases in their operating expenses. Unlike hospitals, the Valley long-term care sector added establishments, available beds, and occupied beds, but their occupancy rate fell when they added more beds than occupants.

Valley tourism and travel activity indicators all were positive with strong growth in nearby theme park attendance, higher Valley hotel occupancy rates and rising room rates, and growing airport passenger traffic at the renamed Bob Hope Airport, which also logged record high air cargo volume.

Valley population growth continued to slow. Contributing factors include roughly level births in 2004, slightly higher deaths, and positive but declining net in-migration. The Valley's population-age profile chart shows two bulges—one for the baby boomers and another for 10 to 20 year-olds. Person per household continues to rise across the Valley as the population still grows faster than the available housing stock.

Public and private school enrollments continue to drop (-2.3 percent in 2004-05 and -0.6 percent in 2003-04) and the recent losses are felt in all Valley public school districts to one degree or another. Hispanics remain the dominant group in public schools with 63 percent, and API scores at Valley public schools generally rose.

The Valley's average and total adjusted gross income dipped slightly in 2002 relative to 2001, but not as much they did in California. The percentage of Valley residents declaring self-employment income is high and rising.

Poverty incidence is up slightly in the Valley since 2000, rising from 15.0 percent in 2000 to 15.3 percent in 2004. The Valley's poverty incidence compares favorably with Los Angeles County's 2004 incidence of 17.9 percent. Valley public assistance program enrollments may be edging down again after a couple years of roughly stable enrollments.

Some quality of life measure showed improvements and some did not. Annual air quality statistics continued to improve by most measures but new ozone standards effective in 2005 showed elevated ozone levels in 2002 through 2004, especially in the West Valley. Crime rates generally eased slightly in 2004 for most Valley cities and areas. The Transportation section shows three-quarters of Valley workers commute alone in a car, truck, or van, while the other quarter use more environmentally friendly means, including the 5 percent who work at home. Freeway traffic congestion did not improve last year.

DESCRIPTION OF THE SFV

Just over 1.8 million people live in the San Fernando Valley, an area bounded roughly by the Santa Susana Mountains to the north and west, the Santa Monica Mountains to the south, and the San Gabriel Mountains to the east. It is a geographic area, not a political one, and lacks clearly demarcated political boundaries. It lies in Los Angeles County and includes all or portions of six cities: Burbank, Calabasas, Glendale, Hidden Hills, Los Angeles and San Fernando. In this report the "six-city Valley" refers to this area. Universal City, home to Universal Studios Hollywood, is also in the San Fernando Valley. A portion lies within Los Angeles City, and the remainder lies on unincorporated land in Los Angeles County. Because it has no residents, statistics for Universal City do not appear on many of the maps in this Report.

The largest part of the Valley, both in area and population, belongs to the city of Los Angeles. Throughout this Report, we refer to this area as the "Los Angeles portion of the Valley." Forty-seven percent of the land and 37 percent of the population of the city of Los Angeles are in the San Fernando Valley. The Los Angeles portion of the Valley is nearly 20 miles across at its widest point and 14 miles north to south, and dominates the six-city Valley, accounting for 80 percent of its population and 77 percent of its land area. For planning purposes, Los Angeles is divided into 36 community plan areas. Fourteen are located in the San Fernando Valley.

The population of the San Fernando Valley grew at 6.9 percent from the Census 2000 date of April 1, 2000 to January 1, 2005, which was slightly slower than the City of Los Angeles (7.1 percent) and the County (7.4 percent) according to population estimates from the California Department of Finance released in May 2005. The newer cities of Hidden Hills and Calabasas grew faster than the overall Valley while the established cities of Burbank, Glendale, and San Fernando more slowly at around 6.0 percent. The Los Angeles portion of the Valley grew slightly faster than the overall Valley at 7.0 percent. More detail on population growth is reported in the later section on Population Growth and Migration.

Long considered a bedroom suburb of Los Angeles, the San Fernando Valley has emerged as a fully "balanced community", with a fully integrated economic base that employs a workforce roughly equal to the number of its employed residents. Census 2000 reported an employed labor force of 755,000 living in the San Fernando Valley, with 109,400 of those being self-employed. The California Employment Development Department reports a private sector employment of wage and salary workers located in Valley establishments of 656,700 in 2000, which added to the selfemployed in the Valley roughly equals the overall employed labor force. Of course, this does not mean that all workers who live in the Valley also work in the Valley. A few minutes on the freeways into or out of the Valley during weekday mornings or afternoons will convince anyone otherwise. Clearly, many people working elsewhere choose to live in the Valley, and some working in the Valley choose to live elsewhere, but the Valley does have an economic base roughly commensurate with its working population-it has developed beyond its former image as a bedroom suburb. See the

Population and Area of Valley Cities							
City or Area	Area (Square Miles)	Census 2000 Population	1/1/05 Estimated Population	2004-05 Percent Change	2000-05 Annualized Growth Rate	2005 Population Density*	
Burbank	17.36	100,316	106,739	1.2%	1.4%	6,147	
Calabasas	12.93	20,033	23,123	1.0%	3.3%	1,788	
Glendale	30.64	194,973	207,007	0.8%	1.3%	6,756	
Hidden Hills	1.62	1,875	2,038	1.0%	1.9%	1,258	
Los Angeles Portion of the Valley (area generally north of Mulholland Driv	223.98 e)	1,357,374	1,452,095	1.0%	1.5%	6,483	
San Fernando	2.39	23,564	24,958	0.8%	1.3%	10,447	
Universal City	0.65	0	0				
Six-City Valley Total	289.38	1,698,135	1,815,960	1.0%	1.5%	6,275	
Los Angeles City	469.09	3,694,820	3,957,875	1.1%	1.5%	8,437	
Los Angeles County	4,060.90	9,519,330	10,226,506	1.2%	1.6%	2,518	
California		33,873,294	36,810,358	1.5%	1.9%		

*people per square mile Source: Census 2000, California Department of Finance

THE SAN FERNANDO VALLEY

DESCRIPTION OF THE SFV

Employment section and the Demographics sections for more details on the Valley's economy and workforce.

The population density of the Valley averages 6,275 people per square mile. The population density is much higher than average in the City of San Fernando and much lower than average in Calabasas and Hidden Hills. The Los Angeles portion registers a little higher density than the Valley average with 6,422 people per square mile as does Glendale; Burbank is slightly lower. The density of the three more populated areas of the Valley—Burbank, Glendale, and the LA portion—falls between 6,200 and 6,800 people per square mile, which is much lower than the City of Los Angeles with 8,440 people per square mile. From that standpoint, the Valley retains its suburban character.

At present, 27 "named" communities make up the Los Angeles portion of the Valley. None of these communities are legal entities; all are part of Los Angeles. The power to name a particular area rests with the Los Angeles City Council. In recent years, three new areas have been carved out and named -- West Hills, Valley Village and Valley Glen. Most of what used to be called Sepulveda is now North Hills. The accompanying map shows the Census 2000 census tract approximations of the named communities. These areas are based on a map of the named communities drawn in 1993 by John Maxon (see the Appendix of this Report for more details).

For the purposes of mail delivery, there are currently 119 unique ZIP codes in the six-city Valley (zip code boundaries are not permanent). Of these, approximately 50 have sizeable geographic footprints in the Valley. Others are for firms, colleges, or other sizeable, mail-attracting entities. From the accompanying map, which shows the current ZIP code division of the San Fernando Valley, one can see that ZIP code areas are not directly aligned with the boundaries of the communities for which they are named.

Originally comprising independent communities, portions of the Valley were annexed to the city of Los Angeles between 1915 and 1923 to gain access to city water rights. The small city of San Fernando remained independent and is now totally surrounded by the Los Angeles portion of the Valley. (For more history, The San Fernando Valley: America's Suburb, written by Kevin Roderick, and published by Los Angeles Times Books, 2001; also see The San Fernando Valley, Then and Now, written by CSUN Professor Emeritus Charles A. Bearchell and Larry D. Fried, Windsor Publications, Northridge, CA 1988.)

Two major airports, the Burbank Airport, which accommodates commercial flights, and the Van Nuys Airport, a general aviation airport, serve the Valley. The Van Nuys airport, despite its general aviation orientation, has the capacity to land even the most sophisticated military aircraft.



THE SAN FERNANDO VALLEY

DESCRIPTION OF THE SFV

Two principal rail lines traverse the Valley. One lies along the Valley's eastern border, moving goods northwest from the Los Angeles civic center. The second runs diagonally across the Valley, also entering at its southeast corner, running west, and then north across the Valley, leaving the Valley at its northwest corner, in Chatsworth. The latter line offers Arntrak service and both lines offer Metro-Link commuter rail service. The Red Line, a Metropolitan Transportation Authority (MTA) light rail and subway system, connects the Valley with other Los Angeles area subway, light rail, and Metro-Link systems through its North Hollywood and Universal City stations. October 2005 marks the dedication of the Valley's Orange Line, a 14 mile dedicated busway that connects the Red Line North Hollywood Station with Woodland Hills with stations at approximately one-mile intervals. The MTA also offers a full complement of bus services on Valley arterial routes.

Several major freeways also serve the Valley's transportation needs. Commuters are very familiar with the 5, 101, 405, 134, 210, 118, 170, and Glendale's 2. The Transportation section provides detail on Valley traffic and transportation system use.

Photography by Josephina Di Salvo



ECONOMIC TRENDS AND CONDITIONS

EMPLOYMENT AND PAYROLL

The Valley's job creation machine cranked out 1.8 percent more jobs in 2004, surpassing both Los Angeles County and California in job growth. But the industrial composition of the Valley job growth produced sluggish payroll growth as some low-pay industries grew fast and some high-pay industries contracted.

Growth and More Growth

Valley employment grew at an impressive 1.8 percent rate in 2004, as private sector employers added nearly 12,000 new jobs to their rolls. Job growth in the Valley outpaced growth in both Los Angeles County and California, where private-sector employment grew at 1.0 percent and 1.3 percent, respectively. These data were provided by the California Employment Development Department and pertain to Unemployment Insurance (UI) covered, private sector jobs (both full and part time). Complete public-sector employment data are not available for the Valley because of differing private/public reporting conventions.

The Valley's strong employment growth in 2004 follows on the heels of a very respectable Valley job growth rate of 1.2 percent in 2003, a year in which the California economy lost 0.2 percent of its private-sector jobs and Los Angeles County posted a 1.1 percent loss. Clearly, the Valley experienced a stronger and longer recovery from the 2001 recession than did either Los Angeles County or California.

The Valley's strong recovery from the 2001 recession is evident in the Annual Employment chart. After steady job growth from 1995 through 1999, the Valley's job creation machine crawled through 2000, adding only 1,100 jobs, and stopped dead in 2001 with a job loss of 4,200. The Valley's economy slowly came to life in 2002 adding a mild 1,500 new jobs before its surge of 7,200 new jobs in 2003 and nearly 12,000 jobs in 2004.

The Quarterly Employment chart adds detail to the last few years. After strong growth throughout 1999, the first three quarters of 2000 were very weak but a rally in the fourth quarter produced the tepid annual average job gain in 2000. The first quarter of 2001 witnessed the usual seasonal drop in employment, but with the onset of the national recession in March 2001, second quarter employment dropped and third quarter employment plummeted. The mild recovery in the fourth quarter was not sufficient to make up the previous quarters' job losses, and the Valley finished down an average of 4,174 jobs from its 2000 peak. The Valley's job rolls grew at a snail's pace through the first three quarters of 2002 and then finished with fairly significant growth in the fourth quarter, as it usually does. The first and second quarters of 2003 were strong, and the fourth quarter was strong enough to offset a weak third quarter, producing the 1.1 percent annual



Average Annual Private Sector Employment, 1991-2004











growth in 2003. The new year started with a boom as the Valley added over 6,000 jobs in the first quarter of 2004 to 2003's fourth quarter total, nearly breaking through the 680,000 private-sector job mark. The second and third quarters did not match the pace of the first quarter but the fourth quarter of 2004 saw Valley employment climb to 682,400 jobs, producing an annual average of 679,200 jobs.

The Valley's payroll grew along side its employment rolls, with private-sector payrolls up \$1.85 billion, or 6.2 percent in 2004 to total \$31.8 billion. Unfortunately, inflation consumed over half of that payroll growth, leaving Valley private-sector employees just \$0.9 billion, or 2.8 percent better off in terms of purchasing power than they were in 2003. On the plus side, 2004 marks the second year of approximately \$1 billion growth in payroll purchasing power in the Valley. Compared to 2002, when payroll purchasing power declined, and to 2001 when payroll purchasing power did not grow, two years of around \$1billion in payroll purchasing power growth are very positive.

How did the Valley do relative to Los Angeles County and California in terms of payroll growth? The results are mixed. Recall that the Valley's job growth of 1.8 percent outpaced both the County (1.0 percent) and California (1.3 percent) in 2004. However, Los Angeles County's payroll growth rate matched the Valley's 6.2 percent payroll growth rate despite the County's substantially slower pace of job growth. And California's 6.6 percent private-sector payroll growth rate outpaced the Valley's 6.2 percent rate even though the State's job growth rate was somewhat less than the Valley's. Why is the Valley's pace of payroll growth sluggish relative to the County and the State? The answer lies in the industry details—the differing average annual earnings among industries and the Valley's distribution of job growth relative to that of the County and the State. Those pieces of the sluggish payroll growth puzzle are examined after the industrial structure of the Valley's employment and payroll is presented.

Industry Detail—Employment and Payroll

The Information industry—home to the Valley's very important entertainment industry—houses over 102,200 workers, accounting for 15 percent of the Valley's private-sector workforce, more than any other industry. Retail Trade occupies second place with nearly 83,000 jobs, Health Care & Social Assistance ranks third with more than 79,300 workers, and Manufacturing comes in fourth place with just over 77,000 jobs. Other important Valley industries include Management, Administration, & Support; Finance, Insurance, Real Estate, & Rental/Leasing; Accommodation & Food Services; and Professional, Scientific, & Professional Skill industries, all with over 40,000 employees. The Employment by Industry chart also shows employment in the Construction, Wholesale Trade, and Personal, Repair, & Other Services industries running between 25,000 and 40,000 jobs in 2004.

ECONOMIC TRENDS AND CONDITIONS

EMPLOYMENT AND PAYROLL

The Annual Payroll by Industry chart highlights the importance of the Information industry to the Valley, showing that it accounts for over \$7.2 billion, or 22.6 percent of the Valley's \$31.8 billion payroll, about twice as much as any other industry in the Valley. Manufacturing and Finance, Insurance, Real Estate, and Rental/Leasing are next largest with \$3.8 billion and \$3.7 billion in payrolls respectively. The chart shows that Health Care & Social Assistance, Professional, Scientific, & Professional Skills, Management, Administration, & Support, and Retail Trade make important contributions to the Valley payroll total.

Note that the second largest employment industry, Retail Trade, only ranks seventh among Valley industries in generating payroll. Differences in the industries' average earnings produce these disparities in employment and payroll rankings. The Average Earnings by Industry chart reveals the variations in average earnings among industries. The number one spot goes to Arts, Entertainment, & Recreation which houses some of the Hollywood actors, producers, and directors and accounts for its average earnings pushing \$98,000. The next highest average belongs to the Information industry at nearly \$71,000 and its heavy component of entertainment personnel is again responsible. Finance, Insurance, Real Estate & Rental/Leasing ranks third with over \$64,000 in annual average earnings, followed by Professional, Scientific, and Technical Skills in fourth place with over \$59,000 in average earnings. The Valley's average earnings in the private sector stands at \$46,750 in 2004, and the charts reveals those industries that lie above and below the average. Retail Trade, with average earnings of \$28,600 is more than \$20,000 below average, and Accommodations & Food Services at \$16, 250 is more than \$30,000 below the Valley's average earnings.

The chart of average earnings by industry provides one piece of the sluggish payroll growth puzzle. There are relatively low earning industries and high earning industries. Faster growth by the Valley's low earning industries will put downward pressure on the overall payroll growth as will slower than average growth in the Valley's high paying industries. The Employment Growth in Large Industries chart reveals the growth of the Valley's industries which are large enough to have an impact on the Valley's overall payroll growth. These would be industries with employment over the 10,000 job mark, as smaller industries would not have great impact on the Valley's average even if their average pay were very high or very low.

The Employment Growth chart shows that any industry with more than 1.8 percent growth is growing faster than average. The Valley's four fastest growing industries include Construction, Retail Trade, Health Care & Social Assistance, and Accommodations and Food Services. All of these industries have below average earnings, and two of them are the lowest paid industries. Moreover, even though the Valley's two highest paid industries grew marginally more than average, the next highest paid—Finance, Insurance,







Real Estate, & Rental/Leasing—actually shrunk by 2.9 percent, and manufacturing which also has higher than average pay shrunk by 2.8 percent. These combinations of fast growth in lower earnings industries and declines in important higher pay industries produced the Valley's sluggish payroll growth rate. Payroll growth would have been even slower if the high paying Information and the Arts, Entertainment, & Recreation industries had not grown faster than the Valley average.

Los Angeles County and California did not suffer the same extent of sluggish payroll growth as the Valley, in part, because their low earning industries grew slower than their Valley counterparts. For example, Retail Trade employment grew by 1.5 percent in the County and 1.6 percent in the State relative to 3.6 percent in the Valley. Accommodations & Food Services expanded 2.2 percent in the County and 2.7 percent in the State relative to 3.5 percent in the Valley. Furthermore, while the high paid Finance, Insurance, Real Estate & Rental/Leasing industry lost 2.9 percent of its jobs in the Valley, this industry grew by 0.4 percent in the County and 1.3 percent in the State.

Industrial Detail—Valley Share and Establishment Size

The Valley's faster job growth relative to Los Angeles County has increased the Valley's share of County employment over the last 5 years. In 2000, the Valley's share of County employment stood at 18.7 percent, in 2005 the Valley's share reached 19.5 percent, nearly a one percentage point gain. However, the Valley's share of County employment by industry varies considerably from the 19.5 percent average as the Valley Share chart testifies. Valley industries with more than a 19.5 percent share of County jobs are relatively concentrated in the Valley, while those with less than that share are less concentrated in the Valley. The chart shows the overwhelming concentration of the Information industry in the Valley with 47.3 percent of County employment. Other industries that are somewhat concentrated in the Valley include Construction, with nearly 25 percent of County employment, Finance, Insurance, Real Estate & Rental/Leasing with over 24 percent, Health Care & Social Assistance with over 21 percent, and Retail Trade with a marginal 20.4 percent relative to the County average of 19.5 percent. Valley industries with very low share of County employment include the very small Agriculture and Mining industries, but also the more important Transportation & Warehousing industry, Wholesale Trade, and surprisingly, the Personal, Repair, & Other Services industry. The Valley's Manufacturing industry and Accommodations & Food Services also register a few percentage points below the Valley's average share of 19.5 percent of County employment.

The average size of a Valley business establishment is 14 employees, but this number varies substantially by industry. Business establishment size measures the number of employees in a single location. The Valley's very small Utilities industry and the very large Information industry establishments top the average size scale with averages of about 43 employees per establishment. (The Information industry's average size result must be qualified as the product of a few large employee sites dominating an industry for which the average

establishment size is fare less than 43 for the preponderance of Information establishments.) Manufacturing establishments average 27 workers in the typical workplace, with virtually no difference in the average size of Durable versus Non-Durable establishments. Personal, Repair, and Other Services has the smallest average at 4 employees per establishment, with Arts, Entertainment, and Recreation firms averaging 5 workers per establishment, and Professional, Scientific, and Technical Skill enterprises averaging slightly higher, with 7 employees per establishment. Consult the Average Establishment Size chart for the averages for other industries.

One business, such as a bank or retail enterprise, may have many Valley locations and each one counts as a separate business establishment. The Valley averaged 47,800 such establishments in 2004, and 40 of them had 1,000 or more employees at a single location, 65 establishments registered between 500 and 1,000 employees, 165 establishments claimed between 250 and 500 workers, and 678 establishments employed between 100 and 250 workers. Of the 46,865 establishments with less than 100 workers, 1,215 had 50 to 99 workers, 2,472 had 25 to 49 employees, 5,536 had 10 to 24 workers, 6,504 had 5 to 9 workers, and the remaining 31,141 had less than 5 workers.

The fortunes of the Valley's largest industry—Information—reversed from a 0.2 percent job loss in 2003 to a 2.3 percent job gain last year, outpacing the Valley's overall private-sector 1.8 percent growth rate. Another even more significant reversal occurred as the Finance, Insurance, Real Estate, and Rental/Leasing industry gave up some of the jobs it gained when it grew at a record 5.5 percent clip in 2003 by shedding 2.9 percent of its jobs in 2004—more than any other industry. Unfortunately, Valley Manufacturing did not have a reversal of fortunes in 2004 as it continued to lose jobs, though at a slower rate than before. Its 2.8 percent job loss rate in 2004 compares favorably to its 4.2 percent loss rate in 2003 and its 9.8 percent loss rate in 2002.

On the positive side, Health Care & Social Assistance continued its growth, adding 4.7 percent more jobs in 2004. As mentioned above, Retail Trade turned in a large, positive growth rate of 3.7 percent, Accommodations & Food Services grew at a 3.5 percent rate, and Management, Administration, & Support developed 2.8 percent more jobs in 2004. And to round out the list of good performers, the Arts, Entertainment, & Recreation industry, which houses the part of the Valley's important Entertainment industry that is not included in Information, created jobs at a 3.1 percent pace. The Valley's Entertainment industry, which is composed of segments of these two industries, is the subject of a separate section in the Industry Focus section later in this Report. The other large Valley industries—Retail Trade, Manufacturing, and Health Care & Social Assistance—also merit detailed analyses in the Industry Focus section.

More information on these and other Valley industries is provided in the accompanying Detailed Industry Table, which also includes employment and job growth in the industry sectors, total payroll, average pay, and the number of establishments. A separate table of Burbank and Glendale employment, payroll,

Private Sector Employment, P	ayroll, and Average	e Annual Pay	By Industry 2004		
Industry	Average Employment	2003 - 2004 Percent Change	Annual Payroll (in millions)	Average Annual Pay	Number of Establishments
AGRICULTURE, FORESTRY, FISHING & HUNTING	1,460	-2.4%	\$35	\$23,928	74
MINING	209	8.9%	\$12	\$56.170	15
ITILITIES	750	11 70/	¢11	\$50.004	17
UTITIE	192	11.1%		ą00,324	17
CONSTRUCTION	34,863	8.0%	\$1,325	\$38,020	3,634
Heavy and Civil Engineering Construction	1,/36	9.6% -16.7%	ֆ349 <u></u> ¢77	\$45,142 \$54 105	1,128 112
Specialty Trade Contractors	25,706	9.3%	\$899	\$34,982	2,394
TOTAL MFG	77,039	-2.8%	3,791	\$49,211	2,897
Non-Durable Manufacturing	27,331	-4.5%	1,140	\$41,695	1,045
Food, Beverage, and Tobacco Manufacturing	7,683	-3.4%	\$411 ¢12	\$53,499	163
Textile Product Mills	44Z 968	-20.0% -4.1%	३। उ \$27	ֆՅՍ,4/2 <u></u> \$୨৪ Չ୨۵	3 I 58
Apparel Manufacturing	5.216	-13.2%	\$147	\$28,189	220
Leather and Allied Product Manufacturing	641	-4.3%	\$15	\$23,609	33
Paper Manufacturing	501	1.9%	\$17	\$33,744	23
Printing and Kelated Support Activities	3,859	-1.0%	\$161	\$41,679	327
renoreum and coar moudets manufacturing Chemical Manufacturing	93 5 712	-2.8% -0.5%	\$0 \$266	\$00,402 \$46.640	/ 106
Plastics and Rubber Products Manufacturing	2,214	0.8%	\$76	\$34,147	80
Durable Manufacturing	49.708	-1.9%	2,652	\$53.343	1,852
Wood Product Manufacturing	1,031	6.8%	\$32	\$31,124	57
Nonmetallic Mineral Product Manufacturing	1,822	-6.6%	\$76	\$41,950	89
Primary Metal Manutacturing	729	-2.6%	\$25	\$33,772	38
rauncaeu metar mouuct manufacturing Machinery Manufacturing	9,685 3,603	0.9% -11 1%	\$386 \$212	\$39,895 \$58,824	563 182
Computer and Electronic Product Manufacturing	3,003 14 253	1.3%	\$951	φ00,024 \$66 741	264
Electrical Equipment, Appliance, and Component Manufacturing	2,283	-4.5%	\$111	\$48,806	75
Transportation Equipment Manufacturing	9,081	1.6%	\$562	\$61,858	148
Furniture and Related Product Manufacturing Miscellaneous Manufacturing	2,249	-2.3%	\$70 \$226	\$31,164 \$45,277	186
เพาะออกสายอายอาจากสายและเขากาย	4,972	-11./%	φ220	\$40,37 <i>1</i>	200
WHOLESALE TRADE	30,488	1.5%	\$1,467	\$48,116	2,810
werchant Wholesalers, Durable Goods	17,090	-2.6%	\$837	\$48,978	1,407
Wholesale Electronic Markets and Agents and Brokers	9,367 4.031	3.8% 16.5%	ծ43∠ \$197	ծ40,106 \$48.987	762 641
		0.70/	¢0.074	\$00 For	E 000
Motor Vehicle and Parts Dealers	82,950 10.470	3.1% 0.6%	\$2,3/1 \$500	\$28,581 \$48,648	5,209 570
Furniture and Home Furnishings Stores	3.541	0.1%	\$99	\$27.978	333
Electronics and Appliance Stores	4,974	3.8%	\$170	\$34,211	366
Building Material and Garden Equipment and Supplies Dealers	6,255	7.4%	\$197	\$31,460	332
Food and Beverage Stores	16,496	7.2%	\$421	\$25,514	750
neann ann reisonaí Garé Stores Gasoline Stations	6,035 1,020	2.7%	¢31 8188	\$31,186 \$17.540	494 286
Clothing and Clothing Accessories Stores	9 784	8.6%	_{ФС4} \$186	\$18,971	200 748
Sporting Goods, Hobby, Book, and Music Stores	5,019	-4.0%	\$151	\$30,174	375
General Merchandise Stores	11,516	2.0%	\$221	\$19,159	144
Miscellaneous Store Retailers	5,150	-1.1%	\$120	\$23,334	650
INDUSIONE RELATIONS	1,781	10.8%	\$/5	\$41,897	154
TRANSPORTATION & WAREHOUSING	12,213	0.8%	\$454	\$37,199	683
Air, Water, Pipeline Iransportation	1,441	7.8%	\$81 ¢c1	\$55,977	33
Transit and Ground Passenner Transnortation	1,900 1 624	19.1% 17.3%	ቅ0 \$ <i>1</i> 5	\$31,212 \$27.610	∠03 Ջ୨
Scenic and Sightseeing Transportation	1,034 22	-19.8%	φ40 \$0	φ27,010 \$15,966	oz 8
Support Activities for Transportation	1,756	-0.5%	\$73	\$41,786	132
Postal Service (Private), Couriers and Messengers	3,800	-7.0%	\$129	\$33,986	115
Warehousing and Storage	1,527	-15.2%	\$60	\$39,574	48

Industry	Average Employment	2003 - 2004 Percent Change	Annual Payroll (in millions)	Average Annual Pay	Numbe Establishme
NFORMATION	102,214	2.3%	\$7,236	\$70,789	2,389
Publishing Industries (except Internet)	3,684	4.2%	\$223	\$60.413	200
Motion Picture and Sound Recording Industries	89,134	2.5%	\$6,313	\$70.830	1.715
Broadcasting (except Internet)	2,640	21.6%	\$292	\$110,728	62
Internet Publishing and Broadcasting	451	16.3%	\$31	\$68,215	36
Telecommunications	4,614	-8.8%	\$264	\$57.247	206
Internet Service Providers, Web Portals, & Data Proc Serv	1.579	-5.4%	\$108	\$68.221	146
Other Information Services	110	44.5%	\$5	\$41,751	24
INANCE & INSURANCE & REAL ESTAT	57,574	-2.9%	\$3,711	\$64,458	5,039
Credit Intermediation and Related Activities	18,180	-5.3%	\$1,275	\$70,109	948
Securities, Commodity Contracts, and Other Financial Investments and Related Activities	s 3,513	-1.8%	\$267	\$76,077	421
Insurance Carriers and Related Activities	19,510	-4.6%	\$1,424	\$72,967	1,097
Funds, Trusts, and Other Financial Vehicles	368	-2.8%	\$17	\$46,849	63
Real Estate	10,607	1.3%	\$494	\$46,547	2,029
Rental and Leasing Services	4,992	1.5%	\$203	\$40,578	452
Lessors of Nonfin. Intangible Assets (exc Copyrighted Mat.)	404	29.3%	\$32	\$79,590	31
ROFESSIONAL, SCIENTIFIC, & TECHNICAL SKILLS	43,091	1.9%	2,550	\$59,179	6,059
Legal Services	7,815	1.0%	\$529	\$67,745	1,391
Accounting, Tax Prep., Bookkeeping, & Payroll	10,508	6.1%	\$585	\$55,675	1,264
Architectural, Eng., & Related Services	4,595	10.6%	\$249	\$54,274	555
Specialized Design Services	1,344	-1.5%	\$72	\$53,791	333
Computer Sys. Design & Related Services	5,280	2.8%	\$413	\$78,175	683
Management, Sci., & Tech. Consulting Services	5,452	-3.0%	\$297	\$54,543	990
Scientific Research & Development Services	1,330	-9.8%	\$97	\$72,664	89
Auvertising & Kelated Services	3,339	-2.7%	\$191	\$57,264	403
Uther Professional, Sci., & Iech. Services	3,428	-1.0%	\$116	\$33,826	350
INGMT, ADMIN & SUPPORT	60,648	5.3%	\$2,440	\$40,231	2,659
Management of Companies and Enterprises	11,590	0.2%	\$1,028	\$88,728	172
Administrative and Support Services	47,945	6.7%	\$1,359	\$28,338	2,432
Waste Management and Remediation Services	1,113	4.1%	\$53	\$47,518	54
RIVATE EDUCATIONAL SERVICES	9,268	-6.9%	\$303	\$32,712	512
Ambulatory Health Care Services	19,010	2.070 0.10/	\$3,∠00 \$1,667	\$41,300 \$46,715	4,990
Annoulatory Health Odie Scivices	00,002 20 420	2.170 0.00/	φ1,00/ ¢1,006	940,710 ¢ED 220	3,902
Nursing and Residential Care Facilities	20,430	0.3%	φ1,UZO ¢272	DU,220	01 070
Social Assistance	8,667	12.4%	\$215	\$23,021	598
RTS ENTERTAINMENT & RECREATION	12 010	3 1%	\$1 261	\$07 622	2 430
Performing Arts. Spectator Sports and Related Industries	6 835	2.4%	\$1.051	\$153,839	2 200
Museums, Historical Sites, and Similar Institutions	151	54.9%	\$5	\$32 773	1,200
Amusement, Gambling, and Recreation Industries	5,934	2.9%	\$205	\$34,518	225
COMMODATION & FOOD SERVICES	48.956	3.5%	\$796	\$16.252	2.75
Accommodation	3.089	-2.6%	\$74	\$23.917	115
Food Services and Drinking Places	45,867	3.9%	\$722	\$15,735	2,643
RSONAL, REPAIR, & OTHER SERVICES	25,045	-0.3%	\$670	\$26,745	5,573
Repair and Maintenance	8,247	0.3%	\$233	\$28,201	1,454
Personal and Laundry Services	8,005	-0.5%	\$189	\$23,664	1,18
Religious, Grantmaking, Civic, Professional, & Similar Org.	5,960	0.8%	\$187	\$31,425	49
Private Households	2,833	-3.4%	\$61	\$21,366	2,440
ICLASSIFIED	192	173.8%	\$9	\$45,025	5
				,	
AN FERNANDO VALLEY TOTAL	679,198	1.8%	31,755	\$46.753	47 81

ECONOMIC TRENDS AND CONDITIONS

EMPLOYMENT AND PAYROLL

and establishment data for basic industry sectors is presented even though activity in those cities is included in the Detailed Industry Table. Burbank's Information industry accounts for over 55 percent of its private sector jobs, with over 75,000 of Burbank's 136,800 jobs. The Information industry also account for 64 percent of Burbank's private sector payroll. The next largest industry in Burbank is Retail Trade with 8,600 jobs, followed by Arts, Entertainment, and Recreation and by Professional, Scientific, and Technical services with 6,900 jobs each. Interestingly, Burbank's employment exceeds its population of 105,400 by 20 percent. Glendale's Health Care and Social Assistance industry is its largest, with over 11,800 employees, accounting for nearly 16 percent of private sector employment. Retail Trade with 10,600 jobs accounts for just over 14 percent of employment, followed by Finance, Insurance, Real Estate, and Leasing/Renting with 13.7 percent of Glendale's private sector employment.

A note of caution is in order for the reader who might compare industry totals in these tables with those in previous Reports. Past Reports have detailed the 2001 changeover in industry classification systems from SIC to NAICS and, as with any major reclassification, it has been followed by some period of refining those initial reclassifications. Some establishment and industry segment classifications were recently refined, which shifted some industry employment and payroll activities to different industry segments. Since this shift is a correction of the initial classification, both current and past activity would be shifted to the appropriate industry segment. This means that some of the industry sector employment growth rates reported in this detailed table will not reflect the growth rate between the industry total reported in this table and the industry total reported in a previous Report. Industry job growth rates reported here correctly reveal the job growth in industry sectors based on the latest and most accurate classification of activities into the NAICS classification system.



2004 Employment & Payroll

	Burbank			Glendale			
INDUSTRY	Annual Employment	Annual Payroll	Number of Estab	Annual Employment	Annual Payroll	Number of Estab	
Construction	1,877	\$69,416,611	237	3,524	\$152,779,199	403	
Manufacturing	6,386	\$282,863,985	251	7,699	\$457,205,345	290	
Wholesale Trade	1,978	\$93,982,905	203	2,659	\$157,254,192	260	
Retail Trade	8,613	\$281,984,331	414	11,092	\$279,970,684	653	
Transportation and Warehousing	1,847	\$73,072,932	60	1,182	\$40,698,614	76	
Information	75,742	\$4,903,779,970	395	2,830	\$251,423,867	153	
Fin, Insur, Real Est, & Rental/Lease	4,348	\$254,318,570	353	9,614	\$639,726,168	615	
Prof, Scientific, & Technical	7,175	\$427,154,187	412	5,756	\$363,534,558	768	
Mngmt, Admin, & Support Services	6,710	\$251,056,877	225	7,457	\$297,477,767	305	
Educational Services	850	\$23,916,657	42	704	\$18,081,380	52	
Health Care & Social Services	7,739	\$335,494,685	359	12,259	\$490,767,058	798	
Arts, Entertainment, and Recreation	4,940	\$504,602,950	226	1,154	\$35,720,853	116	
Accommodation & Food Services	6,010	\$99,215,858	238	4,806	\$90,699,480	313	
Other Services	2,456	\$75,962,295	373	3,160	\$94,575,840	548	
Other Industries & Unclassified	106	\$2,598,694	9	59	\$2,359,592	12	
TOTAL PRIVATE SECTOR	136,776	\$7,679,421,507	3,794	73,953	\$3,372,274,597	5,360	







UNEMPLOYMENT INSURANCE CLAIMS

Valley unemployment continues to fall throughout 2004 and into 2005. Valley job growth in 2004 took a big bite out of Valley unemployment. Seasonally-adjusted unemployment claims currently stand just above the lowest level achieved during the Valley's 1995-2000 economic recovery.

Expansionary economic forces continued to override the normal seasonal pattern for Valley Unemployment Insurance (UI) claims for a second year, keeping Valley claims in the first half of 2005 near their December 2004 level, when they normally would rise significantly during the spring. The normal seasonal pattern of the Valley's UI claims is apparent in the Monthly Unemployment Insurance Claims chart. Claims begin to rise early in the year and continue until they peak in May, June, or July, then fall through the second half of the year, usually bottoming out in December. UI claims pattern displayed a different pattern this year staying near their December levels instead of rising. This 2005 pattern resembles the more forceful 2004 pattern when the expanding economy actually pushed the UI claims down during the first half of the year.

The accompanying Monthly UI Claims chart reveals both the typical seasonal pattern and the 8-year highs associated with the 2001 recession and its aftermath. The extent of the recession-induced climb in UI claims was exacerbated by a March 2002 extension of UI benefits beyond the typical 26 weeks, which is typically done in recessions. To obtain a clear picture of recent trends in Valley unemployment, the influences of both the strong seasonal patterns and the UI benefits extension must be neutralized.

UI claims data are used here as an indicator of the unemployment situation in the San Fernando Valley even though they do not reflect the full extent of unemployment in the Valley. In order to qualify for benefits, UI claimants must have worked in a UI-covered job for a sufficient period of time, must be unemployed through no fault of their own (they must lose not quit their job), and be actively seeking work. The unemployed include UI claimants plus people who quit their job (job leavers), people seeking work who have never held a UI-covered job, or didn't hold one long enough to qualify for UI benefits, and previous UI claimants who have exhausted their UI benefits but still have not found work. Unfortunately, current unemployment rates and levels are not available for subcounty areas like the Valley. The number of UI claimants can be used as an unemployment indicator because the number of claimants and the number of unemployed move in the same direction even though the number of unemployed is a larger number and UI claims data are available by ZIP code areas.

UNEMPLOYMENT INSURANCE CLAIMS

The SFV Monthly UI Claims chart displays the Valley's UI experience since 1994 when UI claims by ZIP code area were made available on a monthly basis. As mentioned, the Monthly UI chart also shows a pronounced seasonal pattern: UI claims bottom out in December and climb to a peak around July, then fall again in the second half of the year. This seasonal pattern is equally clear in the Quarterly UI Claims chart, which shows the average UI claims for the three months in the indicated quarters. The fourth quarter (distinguished by the lighter bar in the chart) always has the lowest claims of the year in the quarterly chart, second quarter is usually the highest of the other quarters, with first and third quarters falling in between.

Seasonally-Adjusted Unemployment Claims

The seasonal pattern for UI claims for 1995 through 2000 for the Valley is summarized in another chart that shows quarterly UI claims as a percent of the annual average for each of those years. The relationships between the specific quarters and the annual average were used to develop a set of quarterly seasonal adjustment factors for UI claims in the Valley, which were then applied to the seasonal claims data to develop a seasonally-adjusted quarterly UI claims series. The seasonally adjusted UI claims chart suppresses the seasonal variations from the UI data and reveals whether the annual rate of UI claims is rising or falling. Basically, the seasonally adjusted quarterly UI claims that is consistent with that quarter's UI claims given normal seasonal variations in claims.

The Valley's unemployment situation clearly worsened throughout 2001 as displayed in the Seasonally Adjusted Quarterly UI Claims chart, which shows the dramatic run up in seasonally adjusted UI claims beginning in the second quarter of 2001 and temporarily peaking in fourth quarter 2001. This dramatic rise coincides with the national recession, which was dated as beginning in March 2001 and ending in November 2001 by the National Bureau of Economic Research.

Another dramatic rise in seasonally adjusted UI claims occurred in second quarter 2002, which coincided with the extension of benefits initially approved in March 2002. To what extent was this rise indicative of a worsening unemployment situation or simply the result of extending eligibility for UI benefits to people who had exhausted their benefits is the question. Before addressing the question, a brief description of the benefits extension is appropriate.

Unemployment Insurance claimants normally draw on UI benefits for a period up to 26 weeks while they look for other jobs. Their UI benefits are terminated when they find another job or they have exhausted their benefits by drawing on them for 26 weeks (there are some additional administrative reasons that benefits can be terminated). Oftentimes



SFV Seasonally-Adjusted Average Quarterly UI Claims





UNEMPLOYMENT INSURANCE CLAIMS



Congress extends UI benefits during a recession with the rationale that it takes longer to find a job. The first benefit extension took effect in March 2002, it allowed an additional 13 weeks to be claimed while searching for a job, and this extension affected claims in the following quarter. The UI benefits extensions were renewed twice but expired in December 2003, the last month in which UI recipients could sign up for extended benefits. This means that some of the UI claims in second quarter 2002 through second quarter 2004 are associated with the extended benefits and add to what would have been reported if just the "regular" UI benefit program were in place.

California's Employment Development Department tracks UI claims by whether the claimant is on the regular 26-week program or on an extended benefit program at both the county and the state levels, but not at the ZIP code level. To estimate the Valley's regular versus extended UI Claims, the percentages of these two types of UI claims for Los Angeles County were applied to the Valley's total UI claims for the second quarter 2002 through second quarter 2004 data. The results are presented in the SFV Regular Versus Extended Benefits UI Claims chart, and the estimated number of Valley claimants who were in the extended benefit program is reflected in the lighter color on the top of the bars in this chart. (This section is very small in 2004 because of the expiration of the extended benefits in December 2003.) The regular seasonally adjusted UI claims indicated by the darker part of the bars may be considered an indicator of the Valley's unemployment situation consistent with the UI program in place before the benefit extension.

The seasonally-adjusted, regular UI claims bars (darker portion) shows two clear results. First, the relatively stable unemployment situation in the Valley from second quarter 2002 through fourth quarter 2003 suggests that the Valley suffered much the same unemployment malaise as the rest of the state and country with the recession and the subsequent "jobless recovery" in 2002-2003. Secondly, the

dramatic drop in regular UI claims throughout 2004 clearly shows Valley unemployment falling rapidly and significantly during that entire year. Furthermore, the fall in seasonally-adjusted UI claims from fourth quarter 2004 to first quarter 2005 reveals a continued drop in Valley unemployment into the first quarter of 2005. The fact that the second quarter 2005 claims remain at the first quarter level suggests that seasonally-adjusted Valley unemployment did not fall further in the second quarter.

In summary, the Valley's strong job growth in 2004, documented in the employment section, has taken a big bite out of Valley's unemployment claims in 2004. Whether Valley unemployment will moderate further remains to be seen, but the current UI numbers put the Valley in good stead by historical standards. The Seasonally-Adjusted Claims chart puts the Valley just between claim levels in 2000—the lowest claim year for the Valley—and the 1999 level, which is the second lowest UI claim year for the Valley as well as a year when the Valley economy was very strong.

UI Claims in the Valley versus the County and California

How is the Valley doing relative to Los Angeles County and California? The answer is somewhat hard to detect because UI claims in both the County and California have seasonal patterns that are different from those in the Valley. The accompanying charts show Valley UI claims as a percent of claims in the County and California, and the differing seasonal patterns clearly produce regular variations in the Valley's shares. Clear patterns in these shares of either the County's or State's UI claims are hard to discern. The Valley's share of county claims was lower in the mid 1990s, then higher in the late 1990s, but dropped after 2000. The Valley's share of California's claims varies regularly but maintains a more stable range than its share of the County's claims. The Valley's percentage of California's UI claims varies more or less between 4 and 5 percent, sometimes exceeding 5 percent and sometimes dropping slightly below 4 percent.

Unemployment insurance claims are tallied by the California Employment Development Department and provide the best measure of unemployment trends among residents of the six-city Valley. These statistics reflect the number of people in the Valley who are covered by Unemployment Insurance (UI) and make UI claims.

BANKRUPTCIES

Newly enacted bankruptcy reforms spike Chapter 7 filings in the Valley and elsewhere... Other bankruptcy filings in the Valley edge downward... Valley shares of District bankruptcies remain fairly constant...

Time trends in bankruptcy data often are used as one indicator of people's and businesses' relative economic health. Monthly bankruptcy data for the San Fernando Valley Division of California's Central Court District of the U. S. Bankruptcy Court appear in the charts below, and include Chapter 7, 11, and 13 filings. The San Fernando Valley Division of the Bankruptcy Court is much larger than the geographical boundaries of the Valley used elsewhere in this Report. Its jurisdiction includes areas to the north and west of the six-city Valley, including Santa Clarita, Thousand Oaks, and Simi Valley. For relative bankruptcy activity, the Valley Division filings are compared to all of the filings in California's Central District, which includes other Division Offices in Los Angeles, Riverside, Santa Ana, and Santa Barbara.

Chapter 7 bankruptcy filings in the Valley and elsewhere spiked early in 2005 at the same time that Chapter 13 and 11 filings continued to edge downward. The reason for these different trends lies in the different natures of the Chapter filings and a Congressional bankruptcy reform package passed early in 2005.

Chapter 7 and 13 bankruptcy filings are commonly used by individuals and small businesses because they are relatively low cost, but they generally require the liquidation of assets to satisfy the creditors. Chapter 7 and Chapter 13 filings differ from one-another in that Chapter 7 allows a discharge of debt by the petitioner, that is, they free the petitioners from the legal responsibility to repay accumulated debt. Chapter 13 only allows the petitioner to extend payments to his/her creditors, rather than obtain debt forgiveness. For that reason, Chapter 7 filings are more common than Chapter 13 filings. A Chapter 11 bankruptcy is more costly than either Chapter 7 or 13 and entails higher legal fees, but it is favored by large corporations, partnerships, and wealthier individuals because it allows the petitioners to reorganize without liquidating all of their assets.

In 2005, Congress finally enacted long-proposed reforms in Chapter 7 bankruptcy law restricting the types of debt that Chapter 7 filers with incomes above a certain level could discharge. These new restrictions pushed people considering a Chapter 7 filing to act earlier to avoid the new restrictions, causing the spike in Chapter 7 activity. A similar spike in Chapter 7 filings occurred in 2001 when this restricting legislation was first introduced in Congress. The reform package subsequently stalled out and was only recently revived and enacted.



Chapter 11 Bankruptcy Filings: 3 Month Moving Average





BANKRUPTCIES





Bankruptcy Filings for Fiscal Years



Bankruptcy filings generally edged downward in the San Fernando Valley for fiscal 2004-05 compared to fiscal 2003-04 for each type of bankruptcy, except for the legislatively-induced sharp spike in Chapter 7. The improving Valley economy and the rising home prices are most likely responsible for the decreases. As documented earlier in this Report, job growth in the Valley in 2004 is up substantially from 2003, and growing job opportunities help some people avoid bankruptcy. Rising home prices also stem bankruptcy filings by providing homeowners increased equity, which provides them with additional net worth and credit sources.

Chapter 11 filings in the Valley are very volatile because they are so few in number as is obvious in the SFV Chapter 11 Filings chart. Even though it is somewhat obscured by the volatility, Chapter 11 bankruptcy filings have dropped over the last few years. Chapter 11 Valley filings averaged 5.0 per month in 2002-03, 3.6 per month in 2003-04, and 3.2 per month in 2004-05, which is a drop in average monthly filings of 35 percent over the 3 year period.

The San Fernando Valley Division's share of total bankruptcy filings in the Central District of California remained roughly constant, indicating that bankruptcy filings also were dropping throughout the Central District. This rough constancy of the Valley's share is hard to detect in the month-to-month share percentages, which are very volatile. That volatility is reduced by charting a 3-month moving average of the Valley shares of District bankruptcy filings. The more numerous Chapter 7 filings show the most share stability hovering around the 14 percent mark in the 3-Month Moving Average Share charts, while the Chapters 13 and 11 filings still display considerable movement.

The Fiscal Year Share chart reveals the time trends in the Valley's share are much more clearly; it shows the Valley Division's shares of the various bankruptcy filings as average for fiscal years. The Valley's share of total filings has displayed remarkable stability around the 14 percent level over the last several years, even though it tilted down slightly in 2004-05, to 13.7 percent. Even in the annual average series, the smaller numbers of Chapter 11 and 13 filings lead to a little greater volatility, with the Chapter 11 share showing the greater variation in the earlier years and the Chapter 13 series displaying it more recently.

The Los Angeles Division Office of the United States Bankruptcy Court, Central District of California, provided data for this report. REAL ESTATE - INDUSTRIAL PROPERTY

Valley industry vacancy rate falls to 2.5%... West Valley lowest with 1.5% vacancy rate...

The Valley is located in the hottest industrial space market in the nation the Los Angeles area produced the lowest vacancy rate in the nation with a 2.1 percent rate in the second quarter 2005, relative to a national rate of 8.6 percent according to Grubb & Ellis. The San Fernando Valley's industrial vacancy rate, at 2.5 percent, measured a tick or two above the Los Angeles market average but is less than one-third of the national rate.

The Valley's industrial space market hit a high of 5.5 percent in the 2001 recession, and quickly recovered during the third quarter of 2002, when it re-established itself in the low 3 percent vacancy range. After resting in that range for 8 quarters, the Valley's industrial vacancy rate ratcheted down to the mid-2 percent range, where it has remained for the last four quarters. The SFV Industrial Vacancy chart shows the Valley market reaching a low of 2.3 percent in the fourth quarter of 2004 and bouncing back to 2.7 percent in the first quarter of 2005, before its second quarter mark of 2.5 percent.

The various regions of the Valley experienced somewhat different vacancy industrial rates in the second quarter of 2005 with the West Valley turning in the lowest rate at 1.5 percent, the East Valley registering close to the Valley average with a 2.7 percent rate, and the Central Valley at 3.4 percent vacancy. The East Valley claims the most industrial space with 43.3 percent of the space available, followed by the West Valley with 33.0 percent of the space, and the Central Valley with 23.7 percent. Note that Grubb & Ellis Valley data does not include Calabasas.

Grubb & Ellis tracks all industrial projects over 10,000 square feet available for lease but their Valley data does not include Calabasas. The Valley projects they track contained a total of 127.3 million square feet of occupied and available of industrial space in the second quarter 2005, an increase of 3.7 percent over the 122.7 million feet one year from the previous year. The largest percentage increase in industrial space occurred in the Central Valley, which recorded an 8.9 percent increase. This large increase in available space could explain the relatively higher vacancy rate in the Central area. The East Valley recorded a 2.7 percent increase in space, while the very low vacancy West Valley area accumulated only 1.5 percent more usable space during the year.

Lease rates for industrial space vary greatly based on the type of industrial activities the space is designed to accommodate. High-Tech and Office Service Center space tend to command the highest industrial rates, Manufacturing space the next highest, and Warehousing/Distribution the lowest rates. In any one quarter the particular mix of the leased space could



East Valley Industrial Vacancy Rate



Central Valley Industrial Vacancy Rate

West Valley Industrial Vacancy Rate





significantly influence the average lease rate, so lease rate comparisons are not provided for industrial space.

REAL ESTATE - INDUSTRIAL PROPERTY

Grubb & Ellis Industrial Regions

- East Valley: Arleta, Burbank, Glendale, Lakeview Terrace, North Hollywood, Pacoima, Studio City, Sun Valley, Sunland, Sylmar, Tujunga.
- Central Valley: Encino, Granada Hills, Mission Hills, North Hills, Northridge, Panorama City, Reseda, San Fernando, Van Nuys.
- West Valley: Canoga Park, Chatsworth, Tarzana, West Hills, Woodland Hills.

Valley office space averages \$2.22 psf in 2nd quarter... Rates highest in Universal City and other East Valley areas...Valley office vacancy rates fall below 10% in 2005...

CB Richard Ellis provides Class A and B office lease rates for Valley communities (including Calabasas) in their quarterly reports, which appear in the accompanying San Fernando Valley Office Lease Rate chart for second quarter 2005. The chart shows that the highest lease rates are in Universal City at \$2.55 per square foot. Burbank and Glendale follow with \$2.41 and \$2.40 respectively. Space in Studio City and Woodland Hills also leased for above the Valley average lease rate of \$2.22 during the second quarter. Other communities leased space for less than the Valley average with the lowest rates for the quarter occurring in Mission Hills, Panorama City, and Chatsworth.

CB Richard Ellis also reports office lease rates for other sub-markets in the Los Angeles area, which are displayed in the Sub-Market Lease Rate chart. In the second quarter of 2005, the Los Angeles market averaged \$2.18 per square foot for office space, with West Los Angeles claiming the top lease rate of \$2.76 and the Downtown area next with \$2.33. The Valley comes in above average with its \$2.22 rate while several areas come in below the \$2.18 average. The San Gabriel Valley registers close to average with its \$2.07 lease rate and, like the San Fernando Valley, it includes areas of high lease rates (Pasadena at \$2.30) and several areas with lower lease rates (Covina and Monterey Park at \$1.67). The L. A. area chart also shows Ventura County, South Bay, and the Hollywood/Wilshire Corridor with lower office lease rates than the San Fernando Valley.

Cushman & Wakefield reports show that San Fernando Valley Class A office rental rates edged up slightly to \$2.22 per square foot in the first half of 2005 from the \$2.21 average rate for last year (Class A space is in the newer and more prestigious buildings). Still, the Valley's Class A rental rates remain below their 2001 peak rate of \$2.30, which was moderated when the 2001

ECONOMIC TRENDS AND CONDITIONS

REAL ESTATE - OFFICE BUILDINGS

recession softened the market. Vacancy rates in these relatively new, prestigious Class A buildings also fell from an average of 10.2 percent in 2004 to 9.4 percent in the first half of 2005 according to Cushman & Wakefield data (which includes Calabasas). Vacancy rates for Class A buildings rose rapidly in the recession from an average of 7.7 percent in 2000 to 13.4 percent in 2001, and remained in the 12 to 13 percent range for the next two years. Rental rates slumped along with demand and appear to be recovering as demand does.

Net absorption of Valley office space set a fast pace in the first half of 2005, absorbing over 511,000 feet in two quarters, which approaches the relatively impressive annual total absorption for 2004 of 590,000 feet. If the current 2005 absorption pace continues for the last two quarters, 2005 will roughly match the highest absorption rate set in 2000 of 1,065,000 feet. These absorption data were provided by Cushman & Wakefield and the entire market (not just the Class A buildings).

Data from Grubb & Ellis show office vacancy rates for all multi-tenant buildings (not just Class A) in the Valley that contain at least 20,000 square feet with owner occupancy at less than 25 percent (but again excludes Calabasas). These data show the Valley-wide office vacancy rate continuing to drop, falling to 9.8 percent for the second quarter of 2005, over a 2 percentage point drop from last year. This puts the Valley office vacancy rate substantially below the national rate, which moderated to 14.8 percent in the second quarter of 2005.





Office Building Net Absorption





REAL ESTATE - OFFICE BUILDINGS







The effect of the 2001 recession is obvious in the substantial increases in office vacancy rates in that period, but Valley vacancy rates have blazed a steady downward path since 2003. The vacancy rates in the three areas of the Valley are somewhat more volatile than the Valley average. Second quarter 2005 puts the vacancy rate in the East Valley at 12.3 percent, down almost 2 percentage points from a year ago, while the West Valley rate jumped to 12.3 percent, up almost 2 percentage points from a year ago. The last year has been a good one for Central Valley office space, where the vacancy rate dropped 3.7 percentage points to 5.1 percent from its 8.8 percent rate last year. Shares of office space in the three areas are virtually equal; they vary between 32 and 34 percent.

Grubb & Ellis Office Regions

- East Valley: Burbank, Glendale, North Hollywood, Studio City, Universal City
- Central Valley: Encino, Granada Hills, Mission Hills, Northridge, Reseda , San Fernando, Sherman Oaks, Van Nuys
- West Valley: Canoga Park, Chatsworth, Tarzana, Woodland Hills



Overall Valley construction activity up 30%. Residential permits account for 70% of recent activity. Residential permit activity generally drives the pace of construction in the Valley.

The Valley's overall construction permit activity jumped 30 percent in the last four quarters over the previous period. In the four quarters ending in June 2005, construction permit activity totaled \$1,775 million compared to \$1,350 million in the four previous quarters. The two basic types of permitting activity—residential and non-residential—shared equally in the increase, with both residential and non-residential activity rising just above 30 percent over the previous period.

The SFV Quarterly Total Building Permit Values chart shows the total permit values as well as the breakdown for Residential and for Non-Residential building permits. The volatility displayed in the last few quarters of total activity is easily traced to residential activity, which also accounts for most of the Valley's permit values with 70 percent of the total. In spite of the volatility in residential permitting activity, the dramatic upward trend in the annual level of residential permit activity is clear.

Record increases in home prices over the last few years undoubtedly spawned the sharp upturn in residential permitting activity, and led to recent levels that exceed anything seen since 1996, including the artificially induced spike of \$307 million in 2001 caused by the change in development fees in early 2001. However, the recent residential permitting activity did not rise to the real values (inflation adjusted) that the Valley experienced in the housing construction boom of the mid-1980s.

Non-residential permitting activity also may be emerging from the steady pace of the last 10 years during which permit values consistently hovered around \$100 million per quarter. While the \$120 million mark for non-residential activity in the first quarter of 2005 rises above—but not significantly above—the usual \$100 million level, the \$185 million non-residential activity in the second quarter is significantly higher. Whether this last quarter's activity is a momentary blip or marks a new trend remains of activity to be seen.

This higher pace of permit value activity is good news for the Valley, because building permits are generally considered a leading indicator of economic activity. The reasoning is that the value of building permits responds to the anticipated demand for new space, which in turn is responsive to anticipated growth in activity and spending. Of course, people did not need to be overly keen observers to note the strong demand for residential space in the Valley in the last few years.





Annual Total Permit Values \$2,000 Total Permit Value \$1,800 → Total Residential Value -o- Total Non-Residential Value \$1.600 \$1,400 \$1,200 Millions of Dollars \$1.000 \$800 \$600 \$400 \$200 \$0 1982 1984 1986 1988 1990 1992 1994 1996 1998 2000 2004 1980 2002

26

CONSTRUCTION

New residential and new non-residential building permits cover only new construction and specifically exclude the permit values of alterations and additions, which are included in the overall permit total values. The New Permit Values chart shows that the new permits follow roughly the same pattern as the total permits, only at a somewhat lower value. The difference is the quarterly value of alterations and additions permits. Non-residential alterations and additions were volatile but continued to average about \$50 million until last quarter when it rose to just over \$90 million, probably in response to the very low vacancy rate for industrial space mentioned in the last section. Residential alterations and additions permits averaged close to \$40 million until three years ago when they began to rise about the same time as refinancing began to boom.

Recent annual data shows the Valley's dramatic 2004 increase in permit values driven by the 68 percent increase in residential permit values in 2004. The Annual Total Permit Values chart shows that most of the ups and downs in

permit activity have been driven by the Valley's housing market and residential construction. The Valley's boom in construction activity in the last half of the 1980s was driven by residential construction, though non-residential permit activity also rose then as aerospace activity ramped up. Later charts will show that the mid-1990s bump in permit activity was driven by a two-year upsurge in alterations and additions in both residential and non-residential activity associated with the 1994 Northridge earthquake and its aftermath. The most recent upward march in permitting activity also derives from renewed residential permitting activity as the Valley's housing market stirred to life in 1998-1999, making residential construction profitable once again.

Permit data for these sections were provided by the Los Angeles City Department of Building and Safety for the LA portion of the Valley, and by the Construction Industry Research Board for the other five cities in the Valley.



NON-RESIDENTIAL CONSTRUCTION

Non-residential construction off to a strong start in 2005... Office and retail trade construction dominate the upswing...

Last quarter's jump pushed the Valley's non-residential permit values to their highest level since 1990. The second guarter non-residential permit values totaled \$185 million and consist of equal parts of new construction and alterations and additions, which both exceeded \$90 million during the quarter. For the three years prior to last quarter, non-residential permits had varied in the \$80 to \$120 million range, staying well below the peaks achieved in the late 1990s and 2001, which reached up into the \$160 to \$180 million range.

The Quarterly New Non-Residential Permit Values by Type chart breaks down the new building permit component of the first chart into the types of new building permits issued. This chart shows that a three-guarter long surge in new commercial structures has been driving the recent buildup in nonresidential permit. Moreover, this chart also indicates that new commercial structure construction propelled the 1998 and 2001 spikes in nonresidential building activity.

According to the chart, the last two guarters also witnessed a strong rise in permitting activity for Other New Non-Residential. This category contains a wide range of projects including buildings for airports, amusement facilities, churches, public garages, repair, hospitals, hotels, public administration and utilities, schools, and theaters. Because of this category's diverse composition, its permit activity varies substantially, and the chart shows that recent permit activity in this category lies well within its historical range



Quarterly Non-Residential Building Permit Values





NON-RESIDENTIAL CONSTRUCTION





The Annual Non-Residential chart tracks 25 years of non-residential building permit values and shows that the 1984-85 and the 1989-90 permit values in the \$600 to \$700 million per year range exceeded anything recorded since. The 1991 recession chopped permit values by 50 percent until the 1994 Northridge earthquake spawned two years of non-residential alterations and additions permit values above \$300 million. Except for earthquake related reconstruction activity and a \$250 million spate of office remodeling in the Los Angeles portion of the Valley in 1999, the main component of total non-residential permit values has been new building permits. After near dormancy in the wake of the 1991 recession, new non-residential permit activity began to pick up in the late 1990s and again in 2001, only to be cut down by the 2001 recession. The chart shows total non-residential permit values slipping in 2001 and 2002 and recovering slightly in 2003 and 2004. As shown above, 2005 is off to an enthusiastic start; its final mark remains to be determined.

The breakdown of new non-residential permits by type shows the dominance of commercial—office and retail building—in the Valley's non-residential building permit values. The outstanding feature of the dominant Commercial building category is its sensitivity to recessions. The Annual New Non-Residential Permit Values by Type chart shows Commercial building low during the recession of the early 1980s, recovering and then plummeting again in the recession of the early 1990s. Commercial construction then recovered to some degree in the late 1990s, dropped off considerably in the aftermath of the 2001 recession, and is now back in recovery mode again.

Annual industrial permit values have remained below \$100 million per year except for 1984 and 1985 and, in fact, have tracked under \$50 million per year since 1990. The "Other" non-residential building category also tracked under \$100 million yearly, except for 1982. "Other" category permit values virtually collapsed after the 1991 recession, registering below \$10 million annually for much of the decade until 1998 when it rose into the low \$60 million range. Recently, the "Other" non-residential projects have pushed toward \$100 million per year in permit activity.



ECONOMIC TRENDS AND CONDITIONS

RESIDENTIAL CONSTRUCTION

Residential construction activity eases after 2004's peak performance, but remains high. New construction and multiple family units dominate permit activity.

Valley residential permit activity cooled somewhat in the first and second quarters of 2005 after its "twin peaks" performance in 2004. Residential permit activity in the second quarter of 2004 hit a record level of \$320 million, surpassing all quarterly levels since the late 1980s housing boom settled into the dust in 1990. Then the fourth quarter activity topped second quarter by \$55 million with a record setting \$375 million pace. Two large and somewhat unique housing projects in North Hollywood and in Woodland Hills put the peaks in last year's performance, so in the absence of such unique projects, the 2004 activity levels are not expected to set the future course.

Residential permit levels for the first half of 2005, while down somewhat from last year's pace, are high by recent historical standards as shown in the Quarterly Residential Permit chart. With permit values at \$290 million in the first quarter and \$305 million in the second, only the 2001 regulation induced spike in building activity exceeds these quarterly activity levels if 2004 is left out of the picture. The combination of the 2004 and 2005 residential permit activity should provide some much needed relief to the housing market as the increased housing construction expands the Valley's housing supply and helps moderate upward pressure on housing prices.

The chart also shows that the main driver in recent permit activity is new construction, though the chart does plot alterations and additions moving up from the \$50 million level to the \$70 million level in mid-2003 and then pushing the \$100 million level a few times in 2004 and 2005. Not coincidentally, this increased alterations and additions activity coincides with the recent boom in home refinancing activity.

The Annual Residential Building Permit Values chart reveals Valley residential permit activity back to 1980. The breakdown into new residential permits and alterations and additions shows that new residential permits drive the total value of permits throughout the period. Only during the three years following the Northridge earthquake did alterations and additions permit values exceed the new structure permit values.

The Annual New Single and Multiple Family Permit Values chart also tracks new construction activity back to 1980, dividing the total value into that for single residences and multiple family residences. This chart clearly depicts the mid-1980s boom in new residential construction activity and shows the driving force to be multiple family housing permit values, as it is with the



Annual Residential Building Permit Values



Annual New Single and MultiFamily Permit Values



3

RESIDENTIAL CONSTRUCTION



2000-2003 increase in total activity and again with the 2004 surge. In both the mid-80s boom and the 2004 surge, though, single family permit activity did pick up and contribute to the rise in residential permits totals.

The Units Permitted chart shows the dramatic expansion of multiple family units in the 1980s, peaking when nearly 16,000 multiple-family units were permitted in 1986. The number of units dropped off after that, falling to a level par with the single family until 1997 when multiple family units permitted were less than half of the single family ones. Multiple-family units increased in the last few years and were running about two-and-a-half times the number of single-family units permitted, until last year when multiple units were nearly six time the number of single units. As mentioned above, the 2004 experience was unique and the longer term proportion of multiple to single family units is likely to be in its recent range of 70 percent to 30 percent. The absence of significant open space for new single-family developments in the Valley virtually ensures that a the large percentage of future development will be multiple-family units.

Readers who carefully compare the percentage of multiple family permit value to the percentage of multiple family units in any given year will note a disparity. The percentage of multiple family units will exceed the percentage of multiple family permit values. This disparity results from the lower cost per square foot of multiple units and their usually lower square footage compared to single family housing.

Valley median homes continue to appreciate at a high rate but less than the peak rates of 2004... Inventories are up from their 2004 lows but still below normal... Sales of homes in 2005 are below those of 2004... Valley regions show high 5, 10, and 15 year home appreciation percentages, with the lowest price areas appreciating the most...

Valley home prices continued to soar during the last year pushing the median price for single-family, detached homes to \$600,000 in August 2005, an increase of 23.7 percent over August 2004. The Valley's median home price—the price at which 50 percent of the homes sell for more and 50 percent sell for less—has climbed dramatically since early 1998 as shown in the accompanying chart. The chart also shows last median price peak for Valley homes occurred in September 1989 at \$240,000, then housing prices slumped with the recession in the early 1990s. After bottoming out in the 1995-97 period at about \$160,000, the Valley's median home price began its current climb. The Valley's median home price of \$600,000 in August 2005 compared to a median price of \$525,000 for all of Los Angeles County according to data from DataQuick. This shows that the Valley continues to maintain a substantial price differential over the Los Angeles County median price that nearly disappeared in the mid-1990s.

Recently, annual home price appreciation rates in the Valley have decelerated as shown in the Median Home Price Change chart, which displays the percentage rate of home appreciation over the 12 months prior to the indicated month. After home prices bottomed out in 1997, the rate of appreciation began to rise, reaching 20 percent for a few months in 1998 before dropping to a roughly 10 percent average annual appreciation rate for several years. In 2002, Valley home appreciation rates jumped into the 17 to 18 percent range except for a few months' forays into the low to mid 20 percent range. The end of 2003 and the first half of 2004 saw home price appreciation rates sample and then burst through the 20 percent range to peak at 32.8 percent annual appreciation rate in June 2004. The Valley's appreciation rate moderated after that peak, dropping to about half its peak rate, with an annual 17.6 percent for June 2005 closings, but appreciation rates in July and August again rose above the 20 percent mark.

While the current appreciation rate has dropped from its peak levels, it remains quite high by historical or any other standard. This period of unprecedented home price appreciation is widely attributed to historically low mortgage rates and generally lackluster performance of portfolio alternatives, which have fed the demand side of the market, while limited building sites, high development fees, and sluggish permit approval processes have constrained the supply side. Furthermore, the initial home





HOME SALES





price appreciation coupled with low mortgage rates created the wealth and opportunity to improve one's housing conditions by moving up in the market, again stimulating housing demand, augmenting appreciation, and creating more equity wealth. The recent path of home price appreciation indicates that appreciation rates are moderating somewhat, however, the large gap that has opened between Valley home price appreciation rates and local income growth may eventually cause home prices themselves to moderate.

Valley house and condominium sales edged down last year relative to the previous two years, with the number of sales registering just over 25,600 in the 12 months ending in August 2005, relative to sales just under 26,600 homes, and 26,000 in the previous two 12 month periods ending in August 2004 and August 2003 respectively. This drop in home sales is consistent with a moderating appreciation rate.

The rapid home price appreciation and increasing sales that both peaked in 2004 steadily depleted the housing inventory, which reached new lows in the first half of 2004 as shown in the Inventory chart. The inventory of available houses is measured by the ratio of active listings to home sales from data supplied by the Southland Regional Association of Realtors, which covers the Los Angeles portion of the Valley, San Fernando, Calabasas, and Hidden Hills. The inventory of homes has been declined for over a decade, and fell to an apparent bottom of a 1.0 month supply in March 2004 before rising to 3 months supply in August and September 2004. Housing inventories have meandered since then, and the most recent numbers put the supply at 1.8 months (July 2005). This rising supply of housing on the market is another force likely to moderate the rate of home price appreciation over the next several months.



HOME SALES

The ZIP Code map shows the median prices of single-detached homes sold in the various ZIP code areas of the Valley in August 2005, based on DataQuick information. The highest median home price recorded was in the Calabasas / Hidden Hills ZIP code area at \$1.5 million. The next highest were five areas in the Southern Foothills with median prices between \$900,000 and \$1.1 million. The lowest median prices recorded were in the Northeast Valley and were still over \$450,000 in August 2005.

Median home price in any particular ZIP code area can vary substantially from month to month especially in area if there are few sales and substantial variation in the prices of homes based on house features and quality within that area. To reduce that variation, ZIP code areas with similar home prices can be combined and the consequent larger number of sales should substantially reduce the monthly price variations, provided the combined areas have similarly priced housing. The Valley Regions map shows combined ZIP code areas where the regions were selected to capture enough similarly priced housing in a sufficient number of ZIP codes to suppress the median home price variations due to varying features and qualities. The Regions map shows the median home prices within each region for August 2005. The Home Price Appreciation chart shows the percentage appreciation in median home prices for each region for three August-to-August time periods, 1990-2005, 1995-2005, and 2000-2005. The first bar in each region's cluster measures the appreciation from August 1990 to August 2005, which can be considered a "previous peak to current level" appreciation measure since August 1990 was essentially the earlier peak for home prices. These 1990-2005 home price appreciation percentages for the Valley regions fall in the 125 percent to 180 percent range. Interestingly, the Northeast Valley, which has the lowest priced homes, shows the highest percentage appreciation at 181 percent for 1990 to 2005. In contrast, homes in the Southern Foothills, which are the highest priced, appreciated the least with a 126 percent gain.

The second bars represent the 1995-2005 percentage appreciation in median prices for the various regions and are much higher because 1995 home prices were near the bottom of the home price trough after the bubble burst in the early 1990s. People who bought in the mid-90s and stayed in their home have experience home price appreciation of 200 to 300 percent, depending on their region (and their particular home, of course).


HOME SALES



The 2000-2005 appreciation rates are numerically very close to the 1990-2005 appreciation rates since by 2000 nominal home prices had recovered approximately the value they lost when the bubble burst. The Valley's August 2000 median price was \$250,000 compared to its August 1990 median price of \$235,000, both in nominal terms*. Again, the Northeast Valley, with its lowest median home price, scored the highest 2000-2005 percentage appreciation with a 182 percent gain. The Center Valley, with the second lowest median price in the Valley, scored the second highest median price appreciation with a 172 percent gain. The Southern Foothills, with the highest median price in the Valley, again registered the lowest median price appreciation with a 113 percent gain. The Valley's overall median home price has risen 140 percent since August 2000.

*In Real (inflation-adjusted) terms, the Valley's median home price did not match its 1990 level of \$375,000 (restated in 2004 dollars) until March 2003.



RESIDENTIAL NOTICES OF DEFAULT AND FORECLOSURES

Valley Notices of Default remain low in spite of an uptick... Foreclosures edge down further... The Valley's share of the County's foreclosures picks up volatility and a few percentage points but rings no alarm bells...

Residential notices of default (NODs) are the first step in the foreclosure process for residential property, and many real estate observers consider rising NODs as an early warning signal for rising foreclosures and possible signs of trouble in housing markets. Notices of default generally drop when homes are appreciating in price and owners have alternatives to defaulting on their mortgages such as refinancing and transforming some of their increased equity into cash to payoff accumulated debts or selling into a market with prices above the owner's mortgage obligation. When home prices are falling, these options disappear for some buyers and notices of default rise as a result. One issue for the Valley—DataQuick began collecting notice of default data in 1998, which does not provide a long data series that can be examined for clues about normal and abnormal ranges of NODs for the Valley.

The Valley's residential notices of default drifted downward in 2002 and 2003 and then fell substantially in the first three quarters of 2004 to rest between 300 and 400 per quarter in the second and third quarters. However, in the fourth quarter of 2004, NODs moved back up to the 600 to 700 per quarter range and remain at that level today. The current level of NODs is not alarming since NODs ran above this level in 2000 to 2003, which were years in which housing appreciated considerably and refinancing options were generally available for home owners with financial issues. In fact, Valley NODs ran above 1,000 per quarter for all of 2000 and 2001, and NODs totaled between 800 and 1,000 per quarter for most of 2002 and 2003.

Valley foreclosures for the last four quarters register significantly below the level of the previous four quarters. Valley foreclosures now stand at rates comparable to those last seen in 1990 at the end of the period of rapid home price appreciation in the late 1980s, as shown in the SFV Residential Foreclosures chart. After rising almost continuously during the recession of the 1990s, residential foreclosures in the Valley did not start to trend down until late 1996, and were still at elevated levels in 1998 and 1999. The same appreciation or depreciation forces in the housing market that affect notices of default impact residential foreclosures because they are the last step in the foreclosure process. This means that foreclosure rates will tend to lag notice of default rates and housing market conditions.

The Valley's share of Los Angeles County foreclosures edged upward from recent lows in the 13 to 15 percent range to break through the 20 percent level in the first two quarters of 2005. The series began working its way



SFV Residential Notices of Default, 1999-2005





NOTICE OF DEFAULT IN PAYMENT



To:

You are hereby a	notified that your payment of Dollars (\$) due on or
before	, has not been
received by the u	ndersigned. If said payment is not
paid by	, the undersigned shall invoke
the remedies und	ler the agreement between us
dated	, together with
such other remed	lies that the undersigned may

RESIDENTIAL NOTICES OF DEFAULT AND FORECLOSURES



Foreclosure

upward toward the end of 2003 and has displayed greater than usual volatility along the way. Neither the recent movement in the Valley's share nor its volatility are alarming at this point because both are based on very low foreclosure numbers for the Valley and the County (29 and 131 respectively for last quarter), and low absolute numbers tend to produce volatility in percentage shares.

The most recent upswing followed a long decline in the Valley's share from the peak share of nearly 30 percent reached in the aftermath of the 1994 earthquake. The Valley's increasing share of residential foreclosures in the early 1990s suggests that the Valley was harder hit by the early 1990s recession than the remainder of the County. Of course, the 1994 Northridge earthquake helped boost the Valley's relative foreclosure rate in the post earthquake period. As the economic recovery of the late 1990s took hold in the Valley, its share of County foreclosures fell to its current much lower range.

HUD News Newsroom Priorities About HUD Homes Buying Owning Selling Renting Home improvements Homeless HUD homes Fair housing FHA retunds Foreclosure Consumer info Communities About communities Volunteering Economic development Organizing Working with HUD

How to Avoid Foreclosure The guidance below (and in the "How to Avoid Foreclosure" pamphlet) is applicable to homeowners with FHA Insured loans. While a good deal of this information may apply to all

homeowners in danger of losing their homes, not all of the foreclosure avoidance tools mentioned may be available to you if you have a VA or conventional loan. Additionally, HUD/FHA does not have any Loss Mitigation oversight over VA or conventional loans. Please contact your lender or a housing counseling

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Q: What Happens When I Miss My Mortgage that your lender can use to repossess (take over) your home. When this happens, you must move on your montai property is worth less than the total amount you owe on your montai agency. Foreclosure may occur. This is the legal means over) your home. When this happens, you must move out of your ho property is worth less than the total amount you owe on your mot deficiency indoment could be purched. If that happens, you not that your lender can use to repossess (take property is worth less than the total amount you owe on your mortg deficiency judgment could be pursued. If that happens, you not only home, you also would owe HUD an additional amount payments? home, you also would owe HUD an additional amount. Both foreclosures and deficiency judgments could seriously affect qualify for credit in the future. So you should avoid foreclosure if APARTMENT VACANCY AND RENTAL RATES

Valley vacancy rates rise somewhat... Valley rent increases slow down... Valley rental market still tight relative to nearby areas...

The Valley's apartment vacancy rates averaged 3.7 percent in the third quarter of 2005, up from 3.0 in the same quarter last year. The rise in vacancy rates, which have been stuck below 3 percent for four years, should spell some relief for Valley renters even though the vacancy rate is below the 4 to 5 percent range that many consider to be normal. The Valley vacancy rate still remains below the one for Los Angeles City, but the Apartment Vacancies chart show that the gap between the Valley's rate and the City's is closing.

Increases in Valley rents have been mild relative to Valley home price escalation, rising about \$50 per year from \$1,083 in 2000 to about \$1,350 in 2005 according to data supplied by RealFacts, which surveys apartment complexes with over 100 units. The rate of rent increases, which has varied between 3.5 and 5 percent per year for the last four years, must seem relatively mild compared to home price appreciation rates for people just moving into the Valley. Just over 50 percent of Valley households are currently renters, but the differential between home price increases and rent increases may push that percentage up over time.

Rents differ among the communities in the Valley in expected ways. The Average Rents by Communities chart displays the rents in selected Valley communities and cities for the second quarter 2005. Higher rents prevail in communities along Ventura Boulevard and in Burbank and Glendale. Lower rents appear in the mid-Valley running from east to west.





SFV Average Rent and Rate of Change in Large Complexes







APARTMENT VACANCY AND RENTAL RATES





The average rents in the San Fernando Valley are compared to those in nearby Metropolitan Statistical Areas (MSAs) in the Average Rent Comparison chart. Valley rents are comparable to those in the Los Angeles and Ventura MSAs, and are higher than those in San Diego and Riverside/San Bernardino MSAs. The position of the Valley relative to these nearby MSAs, and their positions relative to one-another, have been relatively stable over the past several years. The chart also shows that the rate of increase in San Fernando Valley rents is comparable to those in the Los Angeles-Long Beach-Santa Ana MSA and the Oxnard-Thousand Oaks-Ventura MSA. Because of its lower base, the rate of increases in Riverside-San Bernardino-Ontario exceeds that of the Valley.

The Valley's large complex occupancy rate exceeds all of those in the selected California MSAs and is evidence that the rental market here remains relatively tight. The occupancy rate is the complement of the vacancy rate, so the 96.3 percent occupancy rate in the Valley translates into a 3.7 percent vacancy rate in the large complexes surveyed by RealFacts. The Los Angeles/Orange County MSA had an occupancy rate of 95.4 percent, and Ventura County MSA had one of 95.1 percent. The Sacramento MSA registered the lowest occupancy rate in the second quarter of 2004 with a 93.3 percent occupancy rate.

The Los Angeles City and LA portion of the Valley vacancy data for this section were provided by the Los Angeles City Housing Department. Rents and occupancy rate data for large apartment complexes were provided by RealFacts, which tracks conditions in approximately 120 large complexes in the Valley. Large complexes are those with 100 or more rental units.





This section spotlights several important industries in the San Fernando Valley, some because they are large and unique, others because they are vital to the Valley's economy. The large Entertainment Industry leads the list because it is the largest industry and very unique, followed by Retail Trade, which is the second largest industry in the Valley and would be the largest if it were defined in the traditional way. Manufacturing is third because it just dropped to the third largest in terms of employment in the Valley, and Health Care is fourth in order and in terms of employment. The other industries covered in this section—Air Transport, Banking, Biotechnology, Tourism, and Utilities—make important contributions to the Valley's economy and its future.

Entertainment Industry

Entertainment job rolls expanded by 2.3 percent in 2004... and Entertainment payrolls shot up by 7.3 percent... boosting the average worker's annual earnings to \$77,500. Entertainment supplies 1 out of 7 of the Valley's private-sector jobs, and \$1 out of every \$4 of private-sector payroll in 2004. Most of the State's and the County's Motion Picture and Sound Recording industry activities are located in the Valley.

The Valley's crucial Entertainment industry turned in a strong performance in 2004, growing 3,200 jobs or 3.3 percent to its current 101,500 employment total. This dramatic growth comes on the heels of no job growth in 2003 and industry retrenching for the two years before. The industry produced even stronger payroll growth with a powerful 7.3 percent increase over 2003. This 2004 growth in industry earnings calculates to a 5.0 percent growth in average earnings, which clobbers the 4.0 percent average earnings increase in 2003.

The Entertainment industry examined here is not the same as the Information industry discussed in the Employment and Payroll section earlier, though most of its jobs reside in that industry. The Entertainment industry defined in this section attempts to captures movie, television, sound, and publication production activities along with their contemporary counterparts involving software and the internet, along with the related national/international distribution of entertainment products, and to exclude the ubiquitous video stores, local cable signal distributors, and movie theaters that exist in virtually every community.

The adoption of the new North American Industrial Classification System (NAICS) in 2001 complicated the task of tracking Entertainment's major production and distribution activities, which was more straightforward under the old Standard Industrial Classification system (SIC). While the new NAICS-based and SIC-based definitions of Entertainment are not exactly the same, they are sufficiently compatible to allow tracking that will reveal trends









over time. Details on the implications of the changeover from the SIC Entertainment Industry to the NAICS Information Industry are provided at the end of this section. In the charts, activities in the SIC-defined Entertainment Industry are represented with a lighter shade, and the NAICS-based industry by a darker shade.

In spite of the hearty growth in the Valley's Entertainment industry, the Annual Employment chart shows that total jobs in the industry have not yet reached its previous zenith of 111,400 jobs, a mark set in 2000 as the industry faced dual strike threats and ramped up production schedules to complete projects before the strike deadlines in early 2001. Even though the strikes did not occur, industry production fell in 2001 because of the large volume of projects finished ahead of schedule and the relative dearth of newly started ones. Then the events of 9/11/2001 jolted the industry again with reduced production budgets because of disrupted advertising revenue streams and the general uncertainty of the period.

The Annual Employment chart also shows Entertainment's dramatic growth in the 1990s, particularly from its low point in 1992 up to 1996 and again in 1999. The Quarterly Employment chart details employment trends over this later period and through 2004. It shows that the employment pick up in 1999 resulted from even growth over all four quarters, but then employment dropped off in the first two quarters of 2000 before the looming strike threat spurred production, particularly in the fourth quarter of 2000 and the first quarter of 2001. The Quarterly chart clearly depicts Entertainment's subsequent retrenchment and volatility, with employment largely hovering below 100,000 until first quarter 2004. The new year started with a bang as Entertainment jobs climbed to 106,500 in the first quarter, regrouped in the second, and moved up in the fourth quarter to top 101,500 jobs, which also is Entertainment's average employment for all of 2004. This job total means that Entertainment directly employs 1 out of every 7 private-sector workers in the Valley.

Entertainment's payroll grew markedly in 2004, as indicated above, adding nearly \$540 million, or 7.3 percent to push industry payroll toward \$7.9 billion. The industry has a record of strong payroll growth as the Payroll chart shows. Even through the industry lost a few jobs in 2003, payrolls grew by \$280 million or 4.0 percent, and while Entertainment lost 4,500 jobs (4.4 percent) in 2002, industry payrolls only declined by \$13 million (0.2 percent). Perhaps the most impressive industry payroll growth occurred in 2001, when the Entertainment payrolls grew by over \$470 million while the industry shed 8,600 jobs. Entertainment's average annual earnings grew to \$77,500 in 2004, up from \$74,500 in 2003, and \$71,700 in 2002.

This 2004 payroll growth puts Entertainment's contribution to the Valley's private-sector payroll at 24.8 percent of the total. In other words, Entertainment directly supplies 1 out of every 4 dollars in the Valley's private-

ENTERTAINMENT

sector payroll, along with directly employing 1 out of every 7 workers in the Valley's private sector. Clearly, the fortunes of the Valley's Entertainment industry are critical to the Valley's economic fortunes. Moreover, the impact of the industry is not limited to a small segment of the Valley. The accompanying map of Entertainment establishments reveals their widespread distribution across the Valley, and even though concentrations exist, Entertainment establishments have a direct impact in every area of the Valley.

The Entertainment Industry Employment and Payroll table shows that the Valley's dominant Motion Picture and Sound Recording Industries added 2,200 or two-thirds of the industry's 3,200 new jobs in 2004. Other major new job contributors include Broadcasting, which coughed up nearly 500 new workers, and Internet Service Providers, Web Search Portals, & Data Processing Services, which created 250 new positions. All other Entertainment components also experienced job growth except for Performing Arts Companies, which lost 90 positions in 2004.

80% 70% 60% → SFV share of CA Motion Picture and Sound Recording Industries → SFV share of LA Motion Picture and Sound Recording Industries 50% ----SFV share of US Motion Picture and Sound Recording Industries 40% -30% 20% 10% 0% 10 20 30 40 10 20 30 40 10 20 30 40 10 20 30 40

2002

2003

2004

SFV Share of LA, CA and US Motion Picture and Sound Recording Employment

2001



Entertainment Industry Employment and Payroll												
	E	mployment			P	ayroll (In Milli	ions)	Average				
Industry Name	2003	2004	% Change		2003	2004	%Change	Annual Pay				
Publishing Industries (except Internet)	3,536	3,684	4.2%		\$257	\$223	-13.5%	\$60,413				
Motion Picture and Sound Recording Industries (excluding Theaters)	85,856	88,066	2.6%	\$	5,865	\$6,302	7.5%	\$71,560				
Broadcasting (except Internet & subcription cable)	1,446	1,921	32.9%		\$167	\$234	40.1%	\$121,995				
Internet Publishing and Broadcasting	388	451	16.3%		\$22	\$31	38.6%	\$68,215				
Internet Service Providers, Web Search Portals, & Data Proc. Serv.	1,097	1,352	23.2%		\$89	\$127	42.5%	\$93,624				
Performing Arts Companies	1,670	1,579	-5.4%		\$105	\$108	2.7%	\$68,221				
Independent Artists, Writiers, and Performers	4,342	4,481	3.2%		\$828	\$847	2.2%	\$188,903				
Entertainment IndustryTotal (Elements of NAICS 51 & 71)	98,335	101,535	3.3%	\$7	,334	\$7,871	7.3%	\$77,515				
Share of Valley Private Sector	14.7%	14.9%		2	1.5%	24.8%						

ENTERTAINMENT

The Valley's Motion Picture and Sound Recording Industry is not only the dominant component of the local Entertainment Industry, it is the dominant component of that industry segment in Los Angeles County and in California. While the changeover from SIC to NAICS does not permit the tracking of this segment of the Entertainment Industry over a long period of time, the SFV Share chart reveals the Valley's share of the Motion Picture and Sound Recording Industry in the County and the State over the last four years. Even after some slippage from its 2003 position, the Valley's Motion Picture and Sound Recording Industry accounted for 63 percent of County activity and 60 percent of State activity in the fourth quarter of 2004. Also worthy of note, Valley Entertainment establishments employed one-third of all Motion Picture and Sound Sound Recording Industry employees in the nation in 2004.

Readers should be aware of two cautionary notes that result from the recent conversion from SIC to NAICS industry classifications. First, as mentioned in the Employment and Payroll section, the classifications of specific establishments into NAICS industry categories is still being refined. These refinements included some in the Entertainment industry this year, and resulted in some additional establishments and their jobs being reclassified into this industry. These refinements mean that the reader comparing this Report's 2003 job totals for the industry or industry segments with 2003 job totals in last

year's Report would find some discrepancies. This Report's 2003 totals have been updated in accordance with the refined establishment classifications. These reclassifications have changed some of the previously reported growth rates for jobs and payrolls.

Secondly, while the Center's NAICS-based Entertainment industry contains well over 90 percent of the same workers as the Center's SIC-based Entertainment industry, there are some differences. For example under NAICS, some of the SIC Entertainment Industry's casting agencies have been reclassified as employment agencies or payroll services and put under Business Services in another industry, and some of the costume and movie production equipment rental firms have been classified under the new NAICS Real Estate and Rental and Leasing Industry. On the other hand, the NAICS-defined Entertainment Industry includes Internet Publishing and Broadcasting, and Internet Service Providers, Web Search Portals, and Data Processing Services, which were not included in the old Entertainment Industry. While the lost and gained components are not exactly the same, their employment numbers are close enough to invite continuous reporting of SIC and NAICS employment totals with the appropriate reader caveats. The specific NAICS categories included in the Entertainment Industry are listed in the table along with their specific NAICS industry classification numbers.



RETAIL TRADE AND SALES

Broadly-defined Retail Trade is the Valley's largest employer... it grew 3.8% in 2004, more than double the Valley average.... Its average pay is \$24,000, the lowest of the Valley's major industries... Real Retail Sales grew in the Valley by \$500 million or 2.8% in 2004... Real Retail sales have been sluggish in Glendale recently but growing elsewhere...

Retail Trade, redefined by NAICS to exclude Eating and Drinking Places, employed 83,000 workers in the Valley in 2004 and solidified its position as the second largest industry after edging past the Valley's Manufacturing industry by a few hundred jobs in 2003. However, Retail Trade was traditionally defined by the SIC classification system to include eating and drinking places and, under that traditional definition, Valley Retail Trade employed 128,800 workers in 2004 and grew by 3.8 percent last year, surpassing its 2003 growth of 3.4 percent. (The new NAICS system left Retail Trade virtually unchanged except for pulling out the eating and drinking places and adding them to Lodging and Accommodations to form the NAICS Accommodation and Food Service industry.) The traditionally broader definition of retail trade will be used for the remainder of this section to be comparable to past Reports and to provide employment data that roughly corresponds to retail sales data, which includes sales by eating and drinking places.

Broadly defined Retail Trade is the Valley's largest industry in terms of employment, followed by the Information industry (102,200) and the Manufacturing industry (77,000). Overall, this industry accounts for 19.0 percent of the Valley's private-sector jobs, it represents 16.4 percent of the Valley's establishments, and disburses 9.7 percent of the Valley's private sector payroll.

With its 3.8 percent growth rate in 2004, Retail Trade grew more than twice as fast as the Valley's average growth of 1.8 percent. The industry's employment shows fairly steady growth since Retail employment hit a low point in 1994 during the early 1990s recession. Even in the recent 2001 recession, Valley Retail Trade employment grew by 0.6 percent instead of declining as it did in the recession of the early 1990s. Also in 2004, Retail Trade in the Valley topped its previously recorded high share of Los Angeles County's Retail Trade employment with a share of 19.2 percent, which is above the previously recorded high of 18.8 percent last year and the 18.4 percent levels in 2002. The trail of the Valley's increasing percentage of Los Angeles County's retail trade employment displayed in the SFV Share chart documents the recent faster growth of the Valley's broadly-defined Retail sector relative to the County's.



SFV Share of L.A. County Retail Trade Employment





RETAIL TRADE AND SALES





Food Services and Drinking Places are the largest component of the broadly-defined Retail sector, with nearly 45,900 workers or 36 percent of the industry's total. Food and Beverage Stores are next with 13 percent of the workers, followed by General Merchandise Stores with 9 percent. Most of the retail segments grew last year, with Nonstore Retailers (a category of fulltime mail order establishments, catering trucks, door-to-door sales people, vending machine businesses, and others) claiming the highest growth rate for a second year with 10.8 percent, but the Nonstore Retailers employment base is still low. Electronics and Appliance Stores grew smartly with a 7.4 percent increase in jobs, which was nearly matched by the Building Material and Garden Equipment and Supplies Dealers who registered a 7.2 percent job growth rate. The only significantly job-losing segment was Sporting Goods, Hobby, Book, and Music Stores, which lost 200 jobs, or 4 percent of their employment. The reader examining these numbers as indicators of long-term trends must be cautioned that the NAICS industry classifications are still being refined, and those refinements could shift employment between industry segments giving the illusion of growth or loss where neither exists.

The Motor Vehicle and Parts Dealers component remains the highest paid segment of the industry, with an average pay of nearly \$48,700. The lowest paid segment is the Food Service and Drinking Places with average pay just over \$15,700, due in part to their significant percentage of part-time workers. Services Stations are next on the low end with just over \$17,500 average pay, probably also due to their large contingent of part-time workers. The overall average pay for the industry, at \$24,000 is the lowest of the major industries in the Valley. Details on the industry and its various components are found in the Retail Trade table.

Quart	Quarterly Private Sector Employment 1995 - 2003													
Retail Trade plus Eating & Drinking Establishments	Average Employment	Employment Change 2003-2004	2004 Annual Payroll (in millions)	2004 Average Annual Pay	Number of Establishments									
Motor Vehicle and Parts Dealers	10,470	0.6%	\$509	\$48,648	579									
Furniture and Home Furnishings Stores	3,541	0.1%	\$99	\$27,978	333									
Electronics and Appliance Stores	4,974	3.8%	\$170	\$34,211	366									
Building Material and Garden Equipment and Supplies Dealers	6,255	7.4%	\$197	\$31,460	332									
Food and Beverage Stores	16,496	7.2%	\$421	\$25,514	750									
Health and Personal Care Stores	6,035	2.7%	\$188	\$31,186	494									
Gasoline Stations	1,930	6.8%	\$34	\$17,549	286									
Clothing and Clothing Accessories Stores	9,784	8.6%	\$186	\$18,971	748									
Sporting Goods, Hobby, Book, and Music Stores	5,019	-4.0%	\$151	\$30,174	375									
General Merchandise Stores	11,516	2.0%	\$221	\$19,159	144									
Miscellaneous Store Retailers	5,150	-1.1%	\$120	\$23,334	650									
Nonstore Retailers	1,781	10.8%	\$75	\$41,897	154									
Food Services and Drinking Places	45,867	3.9%	\$722	\$15,735	2,643									
TOTAL	128,817	3.8%	\$3,092	\$24,007	7.853									

RETAIL TRADE AND SALES

Valley retail sales grew by over \$1 billion in 2004 in current dollar terms, to \$16.4 billion from \$15.4 billion in 2003. Local price changes cut the gain in half, or down to a retail sales increase of \$500 million in real (inflation-adjusted) dollar terms, as shown in the SFV Real Taxable Sales Chart. In fact, retail sales for the six-city Valley have grown each year since 1993 in current dollar terms, but the inflation-adjusted chart shows that the growth in retail spending did not guite keep pace with the inflation rate in 1995 or in 2001, and has really remained fairly level since 2000. These results come from a new retail trade series estimated by the San Fernando Valley Economic Research Center. While retail sales tax data are available for five of the six cities in the Valley from the California State Board of Equalization (BOE), they are not available for the Los Angeles portion of the San Fernando Valley because it is not a separate city. However, retail sales in the Los Angeles portion of the Valley have been the subject of several studies by the BOE, and the Center has produced annual retail sales estimates for the Valley based on the BOE findings, and on analysis of retail Business Tax and employment data. Recent legislation promises a refinement of these estimates in the near future.

Quarterly taxable retail transactions for four of the Valley cities are presented in the Real Retail Taxable Sales by City chart and show quite distinctive seasonal patterns. The calendar year usually starts with relatively low taxable sales in the first quarter, higher but roughly comparable sales in the second and third quarters, and finishes with the highest sales of the year in the fourth quarter, undoubtedly associated with the holiday season. The breakdown of retail sales into categories shows that some types of sales follow the pronounced seasonal patterns. For example, general merchandise stores follow distinct seasonal patterns, while food stores do not. The charts for the various types of retail sales for Burbank, Glendale, and San Fernando illustrate this pattern.





Retail Taxable Transactions - Burbank - Part 2





46

RETAIL TRADE AND SALES







Another pattern in the city data is Glendale's fall off in fourth quarter real retail sales in the last two years. This results largely from the inflation adjustment factor in the real sales data. In current dollar terms, Glendale's taxable retail sales for the fourth quarter were approximately constant over the last few years, but adjusting for inflation reduces the near term sales relative to previous sales, producing the fall off in Glendale's real retail sales. The real retail sales grew in all of the other Valley cities in the last few years. Note also that these data reflect only taxable retail sales and not total taxable sales in a city (total taxable sales include sales of taxable items by non-retail outlets, such as the sales tax on fan belts at an auto repair shop).

The city charts with breakdowns by retail categories display some interesting patterns. For example, Burbank's retail sales for general merchandise stores drop while those of its apparel stores rise in 1992 and then reverse in 1999. Glendale's auto sales clearly track the recession of the early 1990s and recovery afterwards. San Fernando is a smaller retail area, and some discontinuities appear in its charts due to the possible disclosure of individual store information given San Fernando's smaller retail base. The discontinuities do not obscure the trends in retail sales in San Fernando, which experienced a recent increase in other retail sales, a category including sporting goods, farm and garden supplies, airplanes, motorcycles, and secondhand sellers, among others.



Job losses continue, albeit at a slower rate... Real wages rise 1.1 % in 2004 and 10 % over the last 13 years... Manufacturing's real payroll fell 1.8% last year, but fell over 30 % during the 13 year period.

The Valley's Manufacturing industry has undergone dramatic changes in the last 13 years, with three distinctly different eras of change. Several major forces are at play in this period—two recessions separated by a recovery, consolidation and migration of the aerospace industry, maturation in the computer products industry, renewed focus on core competencies with outsourcing as a consequence, and a startling resurgence of productivity growth centered in the Manufacturing industry and impacting every sector of that industry. All of these forces have impacted the Valley's Manufacturing industry and pushed it in several different directions.

The SFV Manufacturing Employment chart shows massive job losses from 1991-1995, dropping 28,000 jobs of its initial 118,000 jobs (24 percent) in just four years. In the next five year period, 1995-2000, the Valley Manufacturing reclaimed 5,000 of those jobs, growing by over 5 percent. But its fortunes reversed in the last four year period, 2000-2004, when Valley Manufacturing shed almost 17,500 jobs or nearly 19 percent of its total in the last four years. The two major components of Manufacturing-Durable and Non-Durable Goods-carved different paths through these tumultuous times, but in the end both lost heavily, as did most of their various segments. The exceptions to the job-loss rule include the tiny Textile Mills and Primary Metal Manufacturing segments which gained about 100 workers between them over the entire period, and the larger Chemical Manufacturing segment, which gained 300 jobs (5.4 percent) during the 13 year period. All of the other manufacturing industries lost employment although the Valley's sizable Food Manufacturing industry only shed 9 jobs or 0.1 percent of its total over the period. In contrast, the Valley's Transportation Equipment industry lost 60 percent of its jobs (13,700) over the period.

Durable Manufacturing bore the brunt of the early 1990s job loss, losing 25,000 jobs (21 percent) during the 1991-95 period. Its Transportation Equipment industry was the big job loser, relocating outside the area or eliminating over 10,000 jobs (50 percent) during the 1991 recession which was centered around aerospace consolidation and relocation. Transportation's feeder industries also lost jobs-Computers and Electronic Products shed 5,700 jobs (28 percent), Fabricated Metal Products dropped 3,600 jobs (26 percent), Electrical Equipment, Appliances, and Components lost 1,150 jobs (28 percent). Other smaller Durable Goods makers lost jobs as well-Wood Products jobs shrunk by 500 (36 percent) and Furniture Makers lost another 500 (18 percent). Non-Durable Manufacturing made it through the 1991 recession relatively unscathed. Non-Durable jobs fell by 2,500 jobs or 8 percent, only one-quarter of the percentage loss suffered by Durable Manufacturing. Various segments of the Non-Durable industry lost and others gained employment. The large Food & Beverage sector did lose over 1,900 jobs in this recession, but gained over 2,100 jobs back during the next 5 years.



Average Real Earnings in SFV Manufacturing \$60,000 Durable Goods \$55,000 Non-Durable Goods Total Manufacturing \$50,000 \$45,000 \$40,000 In Constant 2004 Dollars \$35,000 \$30,000 \$25,000 \$20.000 \$15,000 \$10,000 \$5.000 \$0 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002



MANUFACTURING

The 1995-2000 interval marked a recovery period for Manufacturing in the Valley and elsewhere. Overall, Valley Manufacturing grew by 4,800 jobs or 5.4 percent in this period. Durable and Non-Durable Goods production shared equally in the recovery with Durable Goods employment growing by 5.2 percent and Non-Durable Goods registering a 5.8 percent growth rate. All of the Durable Goods industries gained employment during this recovery period except for Transportation Equipment and Miscellaneous Manufacturing, which lost 9.3 percent and 8.2 percent respectively. In Non-Durables, some segments experienced big gains while others experienced big losses during this period. Food Manufacturing was the big gainer with over 1,800 new jobs (36 percent), Chemical Manufacturing was second with 1,450 new jobs (29 percent), while Printing and Related Activities lost 1,150 jobs or 20 percent of its workforce as new printing technology impacted businesses.

The 2001 recession started right on schedule for the Valley's manufacturers. The industry lost a mild 3,150 jobs (3.3 percent) in 2001, which swelled to 8,300 jobs (9.1 percent) in 2002. Jobs losses stemmed somewhat in 2003 with 3,700 jobs lost (4.5 percent), and workforce shrinkage lessened to 2,200 (2.8 percent) in 2004. All told, nearly 17,500 Manufacturing jobs (19 percent) were lost during this period. This time both Durable and Non-Durable sectors were hit; Durables dropped nearly 12,500 jobs (20 percent) while Non-Durables lost over 5,000 jobs (16 percent) during this four year period. The big hits in Durables are listed in the Manufacturing Table and include Computer and Electronic Products (40 percent), Machinery (26 percent), and Transportation Equipment and Electrical Equipment, Appliances, and Components, both with job losses over 12 percent. In Non-Durables, big percentage losses were clustered in the Apparel, Leather, Textile, and Textile Mills areas.

Average real earnings in Manufacturing follow the cycle of recession and recovery in the industry as shown in the Real Average Earnings chart. During the early 1990s recession, real wages in both Durables and Non-Durables edged downward, while the mid-1990s recovery brought a recovery in real wage growth. Real Manufacturing wages fell again as the 2001 recession took hold, but rose after 2002 when the job losses slowed. The industry's average real wages in 2004 is \$49,200, which compares favorably with its \$44,700 average wage in 1991 (stated in 2004 dollars), and calculates to a 10 percent increase over the 13 year period. Within Manufacturing, the Durable Goods workers command the higher pay as shown in the Real Average Earnings chart and the Manufacturing table. Computer and Electronic Products produce the highest wages are found in Non-Durable Goods industries with the textile and apparel producers paying the lowest wages.

Job losses in the Valley's Manufacturing industry have cut its real payroll dramatically. Even though its real wages have risen by 10 percent, that rise has been overwhelmed by the industry's loss of more than 40,000 jobs. The net result is a drop of 30 percent in the industry's real payroll, from \$5.5 billion in 1991 to \$3.8 billion in 2004. The Real Payroll chart shows that temporally the significant reductions in real payroll in Manufacturing correspond directly with the periods of significant job losses, as one would expect. The dramatic drop in Manufacturing's real payroll has serious implications for consumer spending in the Valley. The loss in real purchasing power derived from the Valley's Manufacturing industry has to be made up by growth in some other sector of the economy.

SFV Manufacturing by NAICS Categories													
Industry	1991 Employment	1995 Employment	1991-1995 % Change	2000 Employment	1995 - 2000 % Change	2004 Employment	2000 - 2004 % Change.	2004 Annual Payroll (millions)	2004 Average Annual Pay	2004 # of Estab.			
TOTAL MFG	117,678	89,652	-23.8%	94,474	5.4%	77,039	-18.5%	\$3,791	\$49,211	2,897			
Non-Durable Manufacturing	33,067	30,583	-7.5%	32,344	5.8%	27,331	-15.5%	\$1,140	\$41,695	1,045			
Food & Beverage (NAICS 311&312)	7,760	5,860	-24.5%	8,001	36.5%	7,683	-4.0%	\$411	\$53,499	163			
Textile Mills	397	546	37.4%	694	27.2%	442	-36.3%	\$13	\$30,472	31			
Textile Product Mills	1,104	1,296	17.4%	1,189	-8.3%	968	-18.6%	\$27	\$28,329	58			
Apparel Mfg	6,581	7,729	17.4%	6,975	-9.8%	5,216	-25.2%	\$147	\$28,189	220			
Leather and Allied Product Mfg	681	793	16.5%	1,167	47.2%	641	-45.1%	\$15	\$23,609	33			
Paper Mfg	796	738	-7.3%	576	-21.9%	501	-13.1%	\$17	\$33,744	23			
Printing and Related Support Activities	6,058	5,622	-7.2%	4,465	-20.6%	3,859	-13.6%	\$161	\$41,679	327			
Petroleum and Coal Products Mfg	670	106	-84.1%	129	21.4%	93	-27.7%	\$6	\$60,402	7			
Chemical Mfg	5,423	5,007	-7.7%	6,452	28.9%	5,713	-11.4%	\$266	\$46,640	106			
Plastics and Rubber Products Mfg	3,597	2,886	-19.8%	2,695	-6.6%	2,214	-17.9%	\$76	\$34,147	80			
Durable Manufacturing	84,611	59,069	-30.2%	62,130	5.2%	49,708	-20.0%	\$2,652	\$53,343	1,852			
Wood Product Mfg	1,151	742	-35.5%	1,022	37.8%	1,031	0.8%	\$32	\$31,124	57			
Nonmetallic Mineral Product Mfg	1,885	1,810	-4.0%	2,181	20.5%	1,822	-16.5%	\$76	\$41,950	89			
Primary Metal Mfg	673	757	12.6%	812	7.3%	729	-10.2%	\$25	\$33,772	38			
Fabricated Metal Product Mfg	15,926	11,851	-25.6%	13,019	9.9%	9,685	-25.6%	\$386	\$39,895	563			
Machinery Mfg	5,963	4,499	-24.6%	6,011	33.6%	3,603	-40.1%	\$212	\$58,824	182			
Computer and Electronic Product Mfg	21,991	15,839	-28.0%	16,314	3.0%	14,253	-12.6%	\$951	\$66,741	264			
Electrical Equip, Appliance, and Component	4,221	3,034	-28.1%	3,256	7.3%	2,283	-29.9%	\$111	\$48,806	75			
Transportation Equipment Mfg	22,773	11,415	-49.9%	10,353	-9.3%	9,081	-12.3%	\$562	\$61,858	148			
Furniture and Related Product Mfg	2,512	2,049	-18.4%	2,670	30.3%	2,249	-15.7%	\$70	\$31,164	186			
Miscellaneous Mfg	7,517	7,073	-5.9%	6,493	-8.2%	4,972	-23.4%	\$226	\$45,377	250			

The Valley lost hospitals and hospital beds in 2004... Occupancy rate for remaining beds rose... Operating Costs exceeded Operating Revenues for the 4th consecutive year possibly jeopardizing future hospital availability... Long-term care facilities also operated in the red in 2003 as operating costs exceeded operating revenues... Roughly two-thirds of long-term care patients are female... Most long-term care patients have relatively short stays...

Hospitals

The Valley lost both hospitals and available hospital beds during 2004. The hospital count went from 21 in 2003 to 18 by the end of 2004 as three hospitals with a total of 432 beds closed their doors. Two of the hospitals— Pine Grove (82 beds) and Granada Hills Community (141 beds)—ceased operations in 2003, while the third hospital—Northridge Hospital / Sherman Way (209 beds)—shuttered its operations in 2004. This reduced the number of Valley hospital beds available from 5,048 down to 4,834 for 2004, which was not a loss of the full number of beds in those facilities because Northridge / Sherman Way operated for most of the year and there were adjustments in other Valley hospitals. The number of occupied beds also fell in the Valley in 2004, but not by the full loss of available beds because the average occupancy rate rose.

The Hospital Bed chart shows that the number of available beds declined in 1996 and remained in the 4,500 to 4,700 range until 2001, when the number of beds approached 4,900. After a dip in available beds in 2002, the Valley's total increased to 5,048 in 2003 before dropping back below 4,900 this year. The number of occupied beds in the Valley also declined



SFV Hospital Operating Revenues and Expenses



	Hospital Data													
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004				
Number of Hospitals	24	22	21	21	20	20	21	21	21	19				
Beds Available	4,976	4,544	4,710	4,654	4,521	4,645	4,890	4,825	5,048	4,834				
Occupied Beds	2,732	2,543	2,697	2,754	2,727	2,829	3,109	3,110	3,206	3,097				
Occupancy Rate	54.9%	56.0%	57.3%	59.2%	60.3%	60.9%	63.6%	64.5%	63.5%	64.1%				
Total Operating Revenue (000)	\$1,509,886	\$1,379,570	\$1,449,427	\$1,571,794	\$1,417,378	\$1,468,573	\$1,684,851	\$1,869,452	\$2,009,891	\$2,056,342				
Total Operating Expenses (000)	\$1,476,690	\$1,395,892	\$1,426,556	\$1,523,121	\$1,383,577	\$1,454,439	\$1,764,673	\$1,983,046	\$2,041,856	\$2,124,969				
Expenses Salary (000)	\$542,780	\$520,328	\$535,663	\$556,711	\$508,155	\$546,651								
Expenses Benefits (000)	\$168,750	\$164,990	\$160,063	\$175,992	\$150,583	\$172,143								

Note: Revenue and expense items do not include those of Kaiser-Panorama City or Kaiser-Woodland Hills.

HEALTH CARE





in 1996, and then began a fairly steady upward trend for the next 5 years until it leveled out in 2001-2002 at about 3,100 beds. After increasing in 2003 by an average of 100 beds, the average number of occupied beds in the Valley has returned to the 3,100 range.

The Valley's hospital occupancy rate of 64.1 percent in 2004 roughly matched its high point for the 10 year period covered by the Hospital Data table. That occupancy rate marched steadily upward from 54.9 percent in 1995 to 64.5 percent in 2002, and then remained close to that 64 percent level in the last two years.

Local hospitals' efforts to maintain positive operating profits clearly drove the upward trend in the hospitals' occupancy rates. The Hospital Revenue and Expenses chart reveals the battle to maintain operating profits. The small net operating profits in 1995 turned into small operating losses in 1996. Positive

profits returned in 1997 and were maintained until 2001, but local hospitals have suffered operating losses for the last 4 years in a row. While the hospitals managed to narrow the collective losses from over \$110 million in 2002 to just over \$30 million in 2003, the shortfall increased to nearly \$70 million in 2004. This continuing shortfall should concern both hospitals and patients because it means that either costs must be cut or revenues enhanced for Valley hospitals to remain viable.

The Hospital Data table contains the current data on Valley hospitals provided by the Office of Statewide Health Planning and Development. The reported revenues and expenses exclude the Kaiser facilities in Panorama City and in Woodland Hills, and salary and benefits data were not available for 2001-04.

Long-Term Care

Valley healthcare facilities also include long-term care facilities, which provide a level of medical care that does not require full hospital facilities. In 2003, the Valley's count of long-term care facilities grew to 78 from 74 the year before. Because of the increase in facilities, the number of available beds grew by 10 percent in 2003, from just under 7,850 in 2002 to over 8,300 in 2003.

The number of patient bed-days is probably the best single measure of the amount of care delivered by the Valley's long-term care facilities and it grew from 2,544,820 in 2002 to 2,640,238 in 2003, an increase of 3.7 percent. The 10 percent growth spurt in available beds outpaced the 3.7 percent growth in patient bed-days (total reported days) in Valley facilities, and pushed their occupancy rate down to 86.8 percent in 2003 from 88.8 percent in 2002.

Long-Term facilities' occupancy rates run much higher than those for area hospitals as shown in the Long-Term Care Facilities table. Average occupancy rates for the Valley's long-term facilities have varied between 85 and 89 percent over the last several years, which compares favorable to hospitals' occupancy rates in the low 60 percentile range.

Females constitute the large majority of people served by the Valley longterm facilities, accounting for roughly two-thirds of the patients. The patient characteristics series in the table show a slight downward drift of the female patients and a commensurate upward drift of male patients, but the percentage changes are small and it is too early to tell if these data portend a continuing trend. The higher percentage of female patients in these facilities probably is related to the longer female life span, which suggests that more of the very long term residents of these facilities will be female. On the other hand, the Patient Length of Stay in Long-Term Care chart indicates that most patients stay a relative short time. One-quarter stay less than two weeks, another 20 percent stay from 2 weeks to a month, and yet another 20 percent stay between 1 and 3 months. This puts roughly two-thirds of the patient stays at 3 months or less.

MediCal paid for about two-thirds of the long-term care days over the period covered in the table, with no strong, discernable trend in its share. Medicare's share of payments shows a slight upward trend over the same period, starting at 6.7 percent in 1997 and ending at 9.2 percent in 2003. At the same time, the Self Pay share has declined from around 16 percent to just below 13 percent, with the sharpest decline coming in 2001. The share paid by Other Payers— namely the HMOs, managed care, and insurers—held fairly steady over the period at or near the 10 percent level with a slight fall off in 2003 to 8.7 percent.

Until 2003 the Valley's long-term care facilities had managed to operate in the black, with their aggregate operating revenues covering their operating costs, even though the profit margin decreased markedly in 2002. In 2003, the Valley's long-term care facilities joined the Valley's hospitals in losing money, when their operating costs exceeded their operating revenues by \$600,000. Whether

those losses continue or not remains to be seen, but the existence of operating losses will put upward pressure on prices and will no doubt spawn new cost containment efforts.

Salaries and benefits amounted to nearly \$254 million for the nearly 9,300 industry workers in 2003, and accounted for roughly 60 percent of long-term care costs. Employment rolls grew by over 10 percent in 2003 in Valley long-term care establishments, exceeding the roughly 6 percent job growth rates in the preceding two years.

Skilled nursing accounts for over 90 percent of the days in the facilities, while other services account for the remainder. No significant time trends in the type of services provided by these facilities were detectable in the data provided by California's Office of Statewide Health Planning and Development. Due to the implementation of new data reporting and processing systems, updates of the long-term healthcare utilization data and home healthcare data were not available when this Report went to press.

		Long-Term Car	e Financial Data			
	1998	1999	2000	2001	2002	2003
Number of Facilities	67	66	66	73	74	78
Number of Beds	7,270	7,127	7,406	7,763	7,582	8,331
Total Reported Days	2,372,891	2,356,996	2,324,241	2,505,663	2,544,820	2,640,238
Occupancy Rate	85.4%	86.4%	86.0%	88.4%	88.8%	86.8%
Patient Characteristics						
Total Patient Census	6,333	6,326	6,401	6,370	6,836	6,181
Total Males	31.4%	32.8%	33.4%	35.7%	35.5%	34.8%
Total Females	68.6%	67.2%	66.6%	64.3%	64.5%	65.2%
Total Admissions	12,311	12,662	12,969	13,433	14,474	14,745
Days by Payer						
Days Medicare	6.7%	6.4%	7.4%	7.4%	8.6%	9.2%
Days MediCal	67.4%	68.7%	67.3%	68.7%	68.2%	69.4%
Days Self Pay	16.0%	15.3%	15.2%	13.9%	13.2%	12.7%
Days Other Payers	10.0%	9.6%	10.1%	10.0%	10.0%	8.7%
Days by Service						
Days Skilled Nursing	88.5%	88.8%	89.4%	90.0%	90.0%	91.5%
Days Intermediate Care	0.5%	0.4%	0.3%	0.2%	0.2%	0.2%
Days Mentally Disabled	6.3%	6.5%	6.1%	5.5%	5.4%	3.8%
Days Developmentally Disable	2.6%	1.8%	1.7%	1.6%	1.5%	1.4%
Days Subacute Care	1.3%	1.6%	1.4%	1.7%	1.9%	2.0%
Days Subacute - Pediatric	0.4%	0.4%	0.7%	0.7%	0.8%	0.9%
Days Transitional Inpatient Care	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Days Hospice Care	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Days Other Routine Services	0.4%	0.5%	0.3%	0.3%	0.3%	0.3%
Revenue Sources - Routine Services						
Gross Rev Medicare	8%	8%	8%	8%	8%	8%
Gross Revenue MediCal	57%	57%	57%	57%	57%	57%
Gross Revenue Self Pay	14%	14%	14%	14%	14%	14%
Gross Revenue Other Payees	20%	20%	20%	20%	20%	20%
Total Healthcare Revenue	\$294,165,128	\$286,545,068	\$308,584,464	\$366,307,884	\$386,742,202	\$416,460,707
Total Healthcare Expenses	\$294,938,780	\$270,478,925	\$299,690,643	\$346,941,282	\$377,225,862	\$417,084,738
Expenses Salary	\$131,231,909	\$129,756,293	\$145.110.460	\$170.623.103	\$182,524,537	\$198,459,453
Expenses Benefits	\$31,214,646	\$31,813,866	\$34,914,140	\$41,092,478	\$47,102,216	\$55,450,242
Number of Employees	7,055	7,222	7,467	7,932	8,449	9,312

AIR TRANSPORT







Bob Hope adds passenger and cargo traffic, but loses some mail and operations... Van Nuys total aircraft operations also slow somewhat but aircraft inventories hold steady...

Burbank, now Bob Hope Airport

The Valley's commercial airport changed its name last year and Valley residents are slowly becoming accustomed to references to Bob Hope Airport. While still carrying the Burbank name, the Airport suffered the immediate and intermediate-term impact of the 9/11 events. August 2001 passenger volume of 446,000 fell to 251,000 in September, and remained at or below the 350,000 passenger level for the next five months. Cargo shipments also dropped in September 2001 and mail shipments were suspended for the next six months.

Current evidence from both the monthly and the annual revenue-paying passenger numbers for Burbank Airport suggest that the effects of the 9/11 events on air travel are over. The accompanying charts show steady growth in the annual revenue-paying passenger numbers since 2001, and the 2004 number exceeds those of the 1997 to 2000 period. The Monthly Revenue Passenger chart reveals a steady upward march of the January to June passenger numbers for 2003, 2004, and 2005.



AIR TRANSPORT

Cargo shipments have continued their upward trend since 9/11 according to the Monthly Cargo chart, and the effect holds for both inbound and outbound cargo. The Annual Cargo chart confirms what the Monthly Cargo chart suggests, inbound, outbound, and total cargo loads in 2004 exceeding that of any previous years.

Mail shipments in and out of Burbank began in 1990 and have varied over the years in ways that only the Post Office could explain. After 9/11 mail shipments into Burbank were suspended for several months, they resumed in March 2002 and rose to a level just over 150,000 pounds per month. In early 2002, mail shipments increased sharply to over 300,000 pounds per month, then fell back and resumed a variable pattern at a much lower volume than pre-9/11 levels. Both the annual and monthly mail shipments show a continuing decline since 2003.

Bob Hope's annual aircraft operations dropped in 2004 from their 2003 levels but remained above their 2002 levels by just over 3,000 operations per year. General aviation operations, which had popped up considerably in 2003, fell back near their 2002 level. Air carrier operations also increased in 2003, and also fell back in 2004 to just over 56,000 annual operations, which is below their 2002 level. Air Taxi operations, the smallest component of total operations, did rise somewhat in 2004, adding about 3,000 operations annually; this increase matches Bob Hope's overall increase in operations above its 2002 level. It remains to be seen whether Bob Hope's slide in total operations is on hold or will continue its long-term downward trend.









AIR TRANSPORT





Van Nuys

Aircraft operation at Van Nuys Airport slipped in 2004 to 455,000 operations from 461,000 in 2003, and 499,000 in 2002, a drop of 8.8 percent in two years. At 455,000 operations annually, the airport is at its lowest level of operations since 1997. Van Nuys is a well-known and heavily trafficked general aviation airport, which has experienced strong growth in its aircraft operations before this latest moderation. Aircraft operations at Van Nuys increased from below 375,000 annually in 1987 to 528,000 in 1999 before starting a downward drift to its current level. Aircraft operations include takeoffs, landings, and fly-throughs (except for Burbank fly-throughs) and these operations averaged 1,246 per day in 2004.

Van Nuys Airport inventory information reveals a clear decrease since 1985, but a fairly steady inventory for the last several years. Total aircraft inventory at Van Nuys fell over the 10 years prior to 1995 when its inventory leveled out at around 750 aircraft. Beginning in 1999, Van Nuys inventories rebounded somewhat, rising to around 800 planes. Inventories of single-engine, piston planes trended downward from 1985 to 1998, leveled out in the 425 to 440 range for a few years, but are now moving down again. Jets and turboprops based at Van Nuys have trended upward over the entire period and have recently offset the loss in single-engine, piston planes. This evolution in inventory away from single-engine, piston planes toward turboprops and jets probably signals a corresponding evolution of Van Nuys' operations toward turbo-props and jets.

Data on the Bob Hope Airport was provided by the Burbank-Glendale-Pasadena Airport Authority. Van Nuys data was provided by the Los Angeles World Airports of the City of Los Angeles, owner of the airport.





BANKING-SMALL BUSINESS LOANS

Small business loan activity grows in the Valley... Many large lending institutions find the Valley to be fertile ground for small business loans

Business Loans Under \$1 Million

Small loans to Valley businesses rose in both amount and volume in 2004, according to Community Reinvestment Act (CRA) data collected by the Federal Reserve Board. The annual total amount of these small business loans (less than \$1 million) increased by 12.2 percent in 2004, rising to \$1,733 million from \$1,544 million in 2003. The number of these small loans increased as well, rising by 5 percent to a total of nearly 72,000. The great majority of these small business loans—97 percent—were for less than \$100,000, as one would expect given that the overall average amount of all these small loans in the under \$100,000 loan category, between \$100,000 and \$250,000, and \$250,000 to \$1 million categories. Volume and amounts rose in each of the categories. This is consistent with the Valley's expanding economy, which experienced a 1.8 percent growth in jobs in 2004, as detailed in the employment and payroll section.

The number and amount of loans to small Valley businesses rose in 2004. Small businesses—those with less than \$1 million total revenue obtained loans amounting to \$598 million in 2004, an impressive increase

er \$1 Mil	llion	
2003	2004	% Change
66,148	69,593	5.2%
\$667	\$811	21.6%
than \$25	D,000	
1,047	1,020	-2.6%
\$193	\$187	-2.9%
than \$1 N	Aillion	
1,228	1,314	7.0%
\$685	\$735	7.3%
68,423	71,927	5.1%
\$1,544	\$1,733	12.2%
ess than	\$1 Million	
25,876	26,754	3.4%
\$531	\$598	12.6%
	er \$1 Mil 2003 66,148 \$667 than \$25 1,047 \$193 than \$1 M 1,228 \$685 68,423 \$1,544 ess than \$ 25,876 \$531	2003 2004 66,148 69,593 \$667 \$811 than \$250,000 1,020 1,047 1,020 \$193 \$187 than \$1 Million 1,228 1,314 \$685 \$735 68,423 71,927 \$1,544 \$1,733 ess than \$1 Million 25,876 26,754 \$531 \$598



BANKING-SMALL BUSINESS LOANS

Small Loans to Business		
2004 Banks that lend in more than 40 Valley c	ensus tracts	
Bank	Location	# of Census
Based in California		Iracts
WELLS FARGU BANK, NA	SAN DIEGO,	CA 327
WELLS FARGO BANK NORTHWEST	SAN DIEGO,	CA 307
UNION BANK OF CALIFORNIA	SAN FRANCISCO,	CA 243
CITY NATIONAL BANK	LUS ANGELES,	CA 139
BANK OF THE WEST	SAN FRANCISCO,	CA 90
HANMI BANK	LOS ANGELES,	CA 71
PACIFIC WESTERN NATIONAL	SANTA MONICA,	CA 66
CALIFURNIA BANK & TRUST	SAN CLEMENTE,	CA 55
COMMUNITY BANK	PASADENA,	CA 55
WILSHIRE STATE BANK	LOS ANGELES,	CA 51
FIRST REGIONAL BANK	CENTURY CITY,	CA 49
EAST WEST BANK	ALHAMBRA,	CA 42
CITIZENS BUSINESS BANK	ONTARIO,	CA 41
Based Outside California		
CITIBANK USA, NA	LONG ISLAND CITY,	NY 327
CAPITAL ONE, F.S.B.	MCLEAN,	VA 327
BANK OF AMERICA, NA-USA.	CHARLOTTE,	NC 323
ADVANTA BANK	DRAPER,	UT 315
AMERICAN EXPRESS CENTURION BK	SALT LAKE CITY,	UT 313
MBNA AMERICA	WILMINGTON,	DE 310
CHASE MANHATTAN BANK USA,	NEWARK,	DE 302
THE PITNEY BOWES BANK	SALT LAKE CITY,	UT 278
BANK OF AMERICA, N.A.	CHARLOTTE,	NC 258
GE CAPITAL FINANCIAL INC.	SALT LAKE CITY,	UT 251
FLEET NATIONAL BANK	CHARLOTTE,	NC 224
CITIBANK (WEST), FSB	LONG ISLAND CITY,	NY 193
US BANK NORTH DAKOTA	MILWAUKEE,	WI 141
WASHINGTON MUTUAL BANK, FA	ALBION,	NY 139
MELLON 1ST BUSINESS BANK, NA	PITTSBURGH,	PA 114
JPMORGAN CHASE BANK, NA	COLUMBUS,	OH 109
FIRST NATIONAL BANK OF OMAHA	OMAHA,	NE 77
WASHINGTON MUTUAL BANK	ALBION,	NY 77
US BANK, N.A.	MILWAUKEE,	WI 74
COMERICA BANK	DETROIT,	MI 53
WRIGHT EXPRESS FSC	SALT LAKE CITY,	UT 52

of 12.6 percent. The number of small businesses receiving those loans increased 3.4 percent, to a total of 26,750 businesses. Consistent with the expanding economy, the average size of these loans grew from just over \$20,500 in 2003 to nearly \$22,400 in 2004.

The Small Loans to Businesses table lists the financial institutions that have widespread small business lending activity in the Valley, according to the CRA database. The banks or savings associations that made small business loans in over 40 different census tracts in the Valley (out of a total of 353 possible tracts from the 2000 census tracts) are disclosed in the table. The financial institutions are ranked by the number of census tracts in which they made small business loans and by the location of their home office. The reader will note that consolidation in the banking industry has affected the list of banks making the loans.

Wells Fargo, Citibank, and Capital One tied for first place in widespread, small loan activity in the Valley, with loans in 327 of the 353 Valley census tracts. The

table shows many other in-state and out-of-state banks with very active and widespread small business loan activity in the Valley.

The reporting requirements under the Community Reinvestment Act (CRA) make these business loan data (loans under \$1 million) available on a census tract basis. The accompanying map shows the distribution of these loans across the San Fernando Valley. The concentration of these loans clearly coincides with the commercial-industrial areas of Glendale and Burbank; it follows the railroad lines along San Fernando Road and across the mid-Valley to Chatsworth; and it tracks Ventura Boulevard across the south end of the Valley.



Industry employment relatively steady... Payroll growth impressive... Average pay high...

The Valley's Biotechnology industry lost a few workers in both 2003 and 2004 after growing at an impressive 13.3 percent in 2002. The industry added 2,076 jobs in the Valley in 2002 and then retrenched slightly by shedding 270 jobs in the two years since. The Quarterly Employment chart shows the rapid growth of Biotech in the Valley at the end of 2001 and beginning of 2002. In fact, third quarter 2002 is the industry's high employment point with 19,306 workers. Since then, industry employment has been relatively stable, varying between 18,800 and 19,300.

Biotechnology still has a relatively small employment base in the Valley, with 19,000 workers or 2.8 percent of the Valley's private sector employment. The changeover to the North American Industrial Classification System (NAICS) affected the industry's employment base slightly as some employment that had been included in SIC Biotech industries was reallocated to other NAICS industries. The reader is cautioned that refinement of the NAICS classifications continues and occasionally companies are relocated to different NAICS categories, which may affect some sector employment and payroll totals both inside and outside the industry. The list in the Biotechnology table identifies the NAICS industries that we include in the industry, which some have suggested includes medical technology as well.



BioTech Industry Employment and Payroll													
		Employment		2003-04		Annua	Payroll (in	millions)	2003-04	Average	No. of		
Industry Name	2002	2003	2004	% Change		2002	2003	2004	% Change	AnnualPay	Estab		
Pharmaceutical & Medicine Manufacturing	1,987	1,886	1,769	-6.2%		\$88	\$97	\$90	-6.5%	\$51,112	25		
Soap, Cleaning Compound, & Toilet Preparation Mfg	2,177	2,171	2,331	7.4%		\$98	\$110	\$117	6.2%	\$50,247	39		
Electromedical & Electrotherapeutic Apparatus Mfg	2,690	3,108	3,210	3.3%		\$162	\$194	\$308	58.7%	\$95,861	11		
Lab Instrument & Irradiation Aparatus Mfg	146	153	151	-1.3%		\$8	\$8	\$10	18.4%	\$65,102	7		
Medical Equipment & Supplies Manufacturing	2,213	2,011	1,832	-8.9%		\$117	\$107	\$109	1.6%	\$59,490	89		
Medical, Dental, & Hospital Equip. & Supplies Wholesalers	929	951	956	0.4%		\$48	\$45	\$45	0.9%	\$47,602	75		
Ophthalmic Goods Merchant Wholesalers	391	404	419	3.9%		\$16	\$16	\$16	2.6%	\$38,910	18		
Drugs & Druggists' Sundries Merchant Wholesalers	1,544	1,394	1,223	-12.3%		\$86	\$103	\$78	-24.0%	\$63,841	60		
Testing Laboratories	534	538	534	-0.6%		\$23	\$23	\$23	1.8%	\$43,571	50		
R & D in the Physical, Engineering, & Life Sciences	1,413	1,184	1,186	0.2%		\$92	\$82	\$90	9.8%	\$75,903	75		
Medical & Diagnostic Laboratories	4,233	4,667	4,677	0.2%		\$175	\$210	\$202	-4.0%	\$43,119	138		
Blood, Organ Banks, & Other Biotechnolgy	897	612	598	-2.4%		\$40	\$20	\$21	3.7%	\$35,184	7		
Total	19,155	19,077	18,886	-1.0%		\$953	\$1,015	\$1,110	9.3%	\$58,772	590		
Percentage of SFV Private Sector	2.9%	2.9%	2.8%			3.4%	3.4%	3.5%					

BIOTECHNOLOGY





Biotech employment is rather broadly distributed among its sectors with no dominating focus. Medical & Diagnostic Laboratories, which perform services for the health industry, provides nearly 25 percent of industry jobs in 138 establishments, followed closely by Electromedical & Electrotherapeutic Apparatus Manufacturing with 17 percent, and Soap, Cleaning Compound, & Toilet Preparation Manufacturing with 12 percent; the latter of which also scored the greatest job growth among industry sectors with a rate of 7.4 percent in 2004. The largest job losses were turned in by Drugs & Druggists' Sundries Merchant Wholesalers with a 12.3 percent job loss, Medical Equipment, and Supplies Manufacturing with a 8.9 percent loss, and Pharmaceutical & Medicine Manufacturing, which shed 6.2 percent of its jobs.

Biotech's payroll accounted for 3.5 percent of the Valley's private-sector payroll and grew at a strong 9.3 percent rate in 2004. At nearly \$58,800 annually, the industry's average pay compares favorably to the Valley average of \$45,000. Some industry segments pay much more than average, such as Electromedical & Electrotherapeutic Apparatus Manufacturing with average annual earnings of \$95,900, and Research and Development with annual average earnings of \$75,900. The one lower earnings area—Blood & Organ Banks—may register low average earnings because they use a larger percentage of part-time workers.

The SIC to NAICS classification conversion makes long-term tracking the growth of the Valley Biotech industry difficult because some industry groupings in these two systems are not comparable, so the Valley's Biotech growth of employment and payroll is charted for only the last 4 years. For the same reason, Biotech growth rate comparisons between the Valley, Los Angeles County, and California are not feasible at this time. This analysis may be possible again when some historical SIC employment data has been converted to the NAICS codes, when the period of fine-tuning the NAICS classifications ends, and more time has passed.



Valley occupancy rates finally recover after 9/11... Room rates also up to 2000 levels in nominal terms but lag below 2000 levels by \$20 in real (inflationadjusted) terms...

The Valley's tourism and hospitality industry experiences strong seasonal patterns and was impacted by both the events of 9/11 and the recent recession. The accompanying charts show sharp seasonal variations in room rates and occupancy in both the Valley and Los Angeles County, along with the occupancy and price impacts following 9/11 and the recession.

Valley and County occupancy rates, which plunged after 9/11, have worked their way back to their pre-9/11 levels of averages in mid 70 percentile range. The 9/11 events pushed down Valley Hotel occupancy rates to 68.9 percent in the last half of 2001, from its long-term average of 74.2 percent (1996-first half 2001). The Valley's occupancy rate remained stuck at about 70 percent throughout 2002 and 2003 before moving up to 73.8 percent for 2004, and checking in at 77.3 percent for the first half of 2005. In the early part of this climb back to normal, Los Angeles County occupancy rates lagged behind those in the Valley, but recently occupancy rates in the two areas have been virtually identical.







Room rates in the Valley and the County both averaged \$97 in 1997, but by 2000 the County was averaging \$122 compared to the Valley's \$115. Rates in both areas fell dramatically after 9/11. The Valley's average room rate dropped to less than \$100 and the County's went below \$110 and rates in both areas remained relatively depressed through 2002 and 2003. County room rates recovered in 2004 with an average of \$120 but the Valley's rates were stuck just above \$100 throughout 2004, but did move up to a \$113 average for the first half of 2005. Of course, in real (inflation-adjusted) dollars, both the Valley's and the County's current room rates are about \$20 below their room rates in 2000.

PFK Consulting provides information on occupancy and rates for hotels in the Valley and the County.

AMUSEMENT PARK ATTENDANCE

Amusement Park Attendance Hearty 4 percent growth produces record combined attendance at nearby theme parks... The recently established Disney's California Adventure contributes to admissions growth and record level.

Attendance in the nearby amusement parks set a record in 2004 with admissions in the five parks topping 30 million visitors, growing by a healthy 4.0 percent over 2003. Universal Studios is the only amusement park that lies within the San Fernando Valley boundaries, but Magic Mountain, Knott's Berry Farm, Disneyland, and Disney's California Adventure are easily accessed from the Valley.

The Combined Attendance chart shows the combined annual admissions at these five parks topping the 30 million mark, but the chart also show the contribution to the annual admission total by the most recently established park—Disney's California Adventure, established in 2001. Without the contribution made by the California Adventure's admission, the combined park total would fall just below 25 million annual admissions, which is somewhat below the total annual admissions that these four parks attracted in 1989 and 1996 when the combined admissions in the four topped 27 million annual admissions.

The hearty 4.0 percent combined admissions growth in 2004 appears to break the relatively flat combined theme park attendance experienced in the 1998-2000 period, before the California Adventure opened, and the flat 2001-2003 admissions period after it opened. Whether the 2004 growth sets a new trend, a momentary blip, or the base of a new attendance plateau remains to be seen at this point.

For individual parks, Disneyland leads the pack in terms of admissions by a wide margin, with 13.4 million annual admissions in 2004 or over 46 percent of the five-park attendance total. Disney's California Adventure is the newest of the parks, established in 2001, and already leads the remaining four parks in annual admissions, with a total of 5.6 million visitors in 2004. Universal Studios ranks third with 5.0 million visitors in 2004, Knott's Berry Farm is fourth, with 3.6 million admissions, and Six Flags Magic Mountain records 2.4 million in annual attendance.

Four of the five listed amusement parks experienced increased attendance in 2004; only Magic Mountain lost attendance, falling from 3.05 million in 2003 to 2.70 million in 2004, a 11.5 percent loss. Disneyland topped the



$10 \frac{1}{1966} \frac{1}{1987} \frac{1}{1986} \frac{1}{1989} \frac{1}{1990} \frac{1}{1991} \frac{1}{1992} \frac{1}{1933} \frac{1}{1994} \frac{1}{1995} \frac{1}{1997} \frac{1}{1936} \frac{1}{1999} \frac{1}{2000} \frac{2001}{2002} \frac{2003}{2003} \frac{2004}{2003} \frac{1}{2002} \frac{1}{200$



annual growth in attendance list along with the volume of admissions by experiencing a 13.4 percent growth, from 12.72 million admissions in 2003 to 13.40 million last year. Universal Studios ranked second in visitor growth, recording a 9.3 percent increase in admissions, moving from 4.58 million visitors in 2003 to 5.00 million last year. Disney's California Adventure recorded a 5.4 percent growth in annual admissions, advancing from 5.31 million visitors in 2003 to 5.60 million last year. Knott's Berry Farm also grew, recording 3.60 million admission last year relative to 3.48 million admissions in 2003, a 3.5 percent growth.

Attendance estimates were provided by Amusement Business Magazine.

Valley DWP customers curbed their appetites for both water and power in fiscal 2005 relative to their peak usage 2004, probably due to the cooler summer and a near record rainfall... Burbank customers used more water and power in 2004...

The Los Angeles Department of Water and Power (DWP) provides statistics on both water and electricity consumption in the Los Angeles portion of the Valley and in San Fernando. Data for Burbank is from the City's Public Services Division.

Water

Water consumption in the DWP-served Valley increased by over 6 percent in fiscal-year 2004 then dropped back by over 6 percent in 2005, probably driven down by near record rainfall last year. That drop put total water consumption just below 110 million HCF (Hundred Cubic Feet). The Water Consumption chart shows that the decreased consumption came from both residential and non-residential users, with residential users decreasing consumption by 7 percent and non-residential users by 4 percent, suggesting that residential consumption is more sensitive to rainfall amount than is non-residential consumption but that both are sensitive.

Measured since fiscal year 1988, total DWP Valley water use fell in the early 1990s due to drought-induced water restrictions in 1991-92. After that, total Valley water use generally climbed back toward its pre-drought level, dropping briefly during the heavier precipitation periods of El Nino in 1998 and the above-normal rainfall in 2001, but finally exceeding the 1990 peak usage slightly in the 2002 and again in 2004. The DWP Water Consumption chart shows that residential use is responsible for the increased water usage over time since the nonresidential water use currently remains 10 percent below its 1988 high of 28.7 million HCF. Per capita residential water consumption also dropped from 61.3 HCF in 2004 to 56.6 HCF in 2005. With this decrease in consumption, 2005 per capita water usage dropped to the levels seen during the El Nino season and in the early 1990s.

The share of DWP water consumed by Valley residents remained fairly stable at just below 45 percent until 2000 when it crept above with a steady climb to 45.2 percent, 45.8 percent in 2002, 45.9 percent in 2003, and 46.6 percent for last year. This year's 45.8 percent share interrupts that climb, but not dramatically. Non-residential Valley consumption of DWP water generally has stayed in the 30-35 percent range for the period, but registered above 35 percent in three of the last four years, including 2005, when it stood at 35.3 percent.

The Burbank Water Consumption chart shows trends in residential, commercial, and industrial water use since 1975. Total water sales in Burbank reached their highest levels in the early 1980s when strong residential,



DWP Valley Per Capita Residential Water Consumption





UTILITIES







commercial, and industrial demand pushed total use to almost 10 million HCF. Since then, industrial demand has dropped off significantly associated with the early 1990s loss of Lockheed, at one time the City's biggest utility user. Residential use ratcheted up during the last 15 years to push total Burbank water sales back within 3.5 percent of their early 1980s peak. Per capita residential use fell with the early 1990s drought and restrictions, but has rebounded in recent years, surpassing the 1990 per capita rate of 63.3 HCF to reach a peak of 69.8 HCF in 2000. Burbank's per capita water consumption has varied since then, and stood at 66.9 HCF in calendar 2004.

Electricity

Electricity use fell in 2005 from its 2004 peak level in the DWP-served Valley. In fiscal 2004 electricity use rose to 8,235 million kilowatt hours (Kwh), which surpassed its previous 2001 peak consumption established during the California energy crisis. The Valley consumers responded to the post-crisis power conservation focus even though Valley electrical rates were not affected, dropping residential electricity consumption 4.2 percent and non-residential use 3.2 percent in 2002. Electricity use climbed back up slightly for both residential and non-residential users in 2003 before surging residential consumers demand boosted overall DWP Valley use by 5.4 percent to its new peak level in 2004. The Valley's share of LADWP total use has remained remarkably constant between 34 and 35 percent since the beginning of this data series, until 2004 when it popped up to 35.4 percent before receding below 35 percent in 2005.

Burbank power users established a new peak rate of electricity use in fiscal 2004 by using 1,045 million Kwh. Burbank users generally cut their power consumption after the power crisis, reducing their use from 1,024 million Kwh in 2001 to 999 million Kwh in 2003, but fiscal 2004 saw increased power consumption by industrial, commercial, and residential users, boosting usage by 4.5 percent. As this Report was going to press, fiscal 2005 electricity use for Burbank was not available.



SOCIAL STATISTICS

POPULATION GROWTH, BIRTHS, DEATHS, AND NET MIGRATION

Population growth is positive but slowing... Contributing factors include roughly level births, slightly higher deaths, and a positive but declining net in-migration...

The Valley's population continues to grow but its rate is slowing. The Valley's population grew by 1.0 percent in 2004 to reach a level of 1,816,000 by January 1, 2005, as indicated in the Description of the Valley section. While this 1.0 percent growth rate is slower than the 1.5 percent average for the post-2000 period, it translates into 18,500 more people in the Valley at the beginning of 2005 than were here a year earlier.

The California Department of Finance (DOF) annually estimates the population of California cities and counties and also provides population estimates for the LA portion of the Valley under special legislation. The accompanying chart shows the population estimates for the six-city San Fernando Valley. Note these estimates are for January 1st of each year, so the change in population during 2004 is the difference between the population on 1/1/2004 and 1/1/2005, or 18,500 as shown in the following chart.

The Population Change chart shows that the population of the Valley decreased during 1994, following the Northridge earthquake. The Valley's population growth had been declining up to 1994, probably due to the lingering recession and continued loss of jobs in the Valley. People were actually moving out of the Valley in 1992 and 1993 probably in response to better job opportunities elsewhere, as shown in the Net In-Migration chart. During this period, the Valley's population was not growing fast enough to absorb all of the natural increase in population (births minus deaths).

The net out-migration of Valley residents during 1994 suggests that the Northridge earthquake gave people who were inclined to migrate another strong reason to leave, and it temporarily dislocated many more. Population growth resumed in 1995, but not sufficiently to absorb all of the natural increase. Net in-migration turned positive in 1996, and generally increased through 2001 before starting its current downturn in 2002, due initially to the recession and more recently to the rapid escalation of housing prices. Note that net immigration is still positive, but at 4,600 in 2005, it is less than one-third of its level in either 2000 or 2001.



San Fernando Valley Population





San Fernando Valley Births and Deaths

POPULATION GROWTH, BIRTHS, DEATHS, AND NET MIGRATION



The Valley's population growth is fueled by net immigration and its natural population growth (births minus deaths). The Valley's natural population growth has been declining since 1990 as the number of births began a downward trend and the number of deaths remained relatively constant. The Valley's natural growth will be influenced by two forces in the next decade— an increase in the child-bearing percentage of the population and a secular decline in the Hispanic birth rate. The current upshot of these two trends is the approximately constant number of Valley births in the last three years. The other population growth force—net in-migration to the Valley—seems responsive to local job growth and, more recently, housing costs. The Valley experienced net out-migration in the early 1990s when the Valley's total employment decreased, and a net in-migration slowdown after 2002 triggered by the 2001 recession and extended by the Valley's increasing housing costs.



Photography by Richard Min

POPULATION BY AGE GROUP IN 2004

The Valley's population distribution shows "twin peaks" of young and middle-aged residents.

The Valley's distribution of its 2004 population among 5-year age categories shows two peaks, one at the 10 to 14 year old level and three groups in the middle-age range from 30 to 45 years old, as shown in the Age Group chart. The baby boomers, who were born after WWII from 1946 to 1966, would be between 38 and 58 years old in 2004. They are represented in part of the second peak of the Valley's population, which extends beyond the baby boomers down to the 30 to 34 year olds, who actually should be part of the "baby bust" generation (born 1967-76). The Valley's bust part of baby bust generation, who followed the baby boomers, is clearly apparent in the lower populations in the 25-29 age groups.

Comparable population data for the Valley cities and communities are shown in Age Group by Community table. The first column of the table contains the total population of each of the cities and communities. Age profiles for the various communities can be gleaned quickly by comparing the percentage in any age group for specific community to that of the entire Valley. The table will quickly confirm that concentrations of younger people are located in the Northeast Valley communities while relative concentrations of older residents are found in Glendale and southern and western Valley communities. Burbank seems to have a concentration of middle-aged people.



The Valley's population tends to be slightly older than that of either Los Angeles City or County. Table D.2 clearly shows the Valley's higher percentages of the population in the age group categories of 40 years old and above relative to LA City; the Valley's higher percentages of the population starts with the 35-39 year old category relative to LA County. Conversely, the Valley has lower percentages of its population in lower age group categories relative to the City and the County.



SOCIAL STATISTICS

POPULATION BY AGE GROUP IN 2004

		Pe	ercent	t of th	e Pop	ulatio	n by	Age Gr	oup a	nd by	Valley	Com	nunity,	, 2004					
Community Tota	I Population	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40-44	45-49	50-54	55-59	60-64	65-69	70-74	75-79	80-84	85+
Arleta	29,452	8.2%	8.3%	9.4%	8.9%	8.5%	7.7%	7.2%	6.6%	7.1%	6.4%	5.5%	4.1%	2.7%	2.3%	2.0%	1.9%	1.6%	1.6%
Burbank	105,127	5.1%	5.6%	6.8%	6.9%	5.9%	6.0%	8.1%	8.7%	8.7%	7.7%	6.4%	5.2%	4.1%	3.1%	2.7%	2.8%	2.7%	3.6%
Calabasas/Hidden Hills*	24,920	7.3%	6.7%	8.9%	8.8%	5.8%	2.8%	2.8%	4.5%	7.5%	9.3%	9.4%	8.2%	5.6%	3.9%	3.1%	2.3%	1.6%	1.4%
Canoga Park	44,254	8.3%	8.8%	9.1%	8.0%	7.2%	7.6%	8.7%	8.1%	7.5%	6.3%	4.8%	3.6%	2.6%	2.0%	1.7%	1.8%	1.4%	2.3%
Chatsworth	41,379	5.4%	5.9%	6.6%	6.3%	5.5%	4.7%	5.7%	7.1%	8.4%	8.3%	7.6%	7.0%	5.7%	4.2%	3.5%	3.1%	2.3%	2.6%
Encino	48,605	4.8%	5.0%	5.2%	5.2%	4.5%	4.9%	6.7%	7.3%	7.7%	7.6%	7.2%	6.7%	5.3%	4.4%	4.2%	4.8%	4.0%	4.4%
Glendale	203,905	5.2%	5.5%	6.4%	6.7%	6.2%	5.9%	6.9%	7.4%	8.3%	7.9%	6.9%	5.8%	4.4%	3.7%	3.4%	3.3%	2.7%	3.5%
Granada Hills	68,748	6.4%	6.7%	7.7%	7.3%	6.6%	5.9%	6.6%	7.1%	7.8%	7.7%	6.5%	5.6%	4.2%	3.2%	3.0%	3.1%	2.3%	2.4%
Lake View Terrace	18,481	9.2%	9.1%	10.6%	9.1%	8.1%	7.3%	7.4%	6.8%	6.8%	6.4%	5.1%	4.2%	2.8%	2.2%	1.6%	1.3%	0.8%	1.1%
Mission Hills	18,764	7.6%	7.8%	8.6%	8.0%	7.6%	6.4%	6.9%	6.8%	6.8%	6.7%	5.7%	4.6%	3.6%	2.9%	2.7%	3.0%	2.3%	2.3%
North Hills	62,900	8.9%	9.0%	9.7%	8.2%	7.6%	7.0%	7.7%	7.5%	6.8%	6.3%	5.1%	3.9%	2.7%	2.1%	2.0%	2.1%	1.7%	1.6%
North Hollywood	153,406	7.6%	7.9%	8.9%	8.2%	7.0%	7.6%	9.0%	8.4%	7.7%	6.7%	5.3%	4.1%	2.8%	2.1%	1.8%	1.8%	1.4%	1.7%
Northridge	84,334	5.6%	5.8%	6.6%	7.8%	8.9%	7.9%	6.7%	6.4%	6.8%	6.9%	6.5%	5.8%	4.4%	3.4%	3.0%	3.1%	2.4%	2.2%
Pacoima	69,032	9.3%	9.2%	10.4%	9.5%	9.2%	8.1%	7.4%	6.9%	6.6%	5.6%	4.6%	3.4%	2.5%	2.0%	1.6%	1.6%	1.2%	1.0%
Panorama City	77,908	9.7%	10.0%	10.4%	8.7%	7.9%	8.1%	8.4%	7.6%	6.6%	5.7%	4.6%	3.3%	2.2%	1.6%	1.4%	1.4%	1.2%	1.3%
Reseda	64,020	7.2%	7.6%	8.4%	7.9%	7.1%	6.6%	7.7%	7.7%	7.7%	7.2%	5.9%	4.6%	3.1%	2.4%	2.1%	2.3%	2.0%	2.4%
San Fernando	24,804	9.3%	9.2%	10.3%	9.8%	8.5%	7.6%	8.0%	7.2%	6.5%	5.6%	4.5%	3.5%	2.2%	1.9%	1.7%	1.5%	1.4%	1.4%
Sherman Oaks	56,280	4.2%	4.3%	5.0%	6.0%	4.7%	7.2%	10.9%	9.6%	8.6%	7.7%	6.9%	5.8%	3.9%	2.8%	2.7%	2.9%	3.0%	3.9%
Studio City	41,400	4.0%	4.1%	4.6%	5.1%	4.2%	6.4%	10.3%	10.2%	9.7%	8.2%	7.4%	6.3%	4.1%	2.9%	2.7%	3.1%	2.7%	4.0%
Sun Valley	54,539	8.2%	8.4%	9.3%	8.3%	7.9%	7.6%	7.4%	7.3%	6.9%	6.4%	5.4%	4.5%	3.2%	2.3%	2.0%	1.8%	1.5%	1.7%
Sunland	23,321	5.9%	5.8%	6.8%	6.3%	5.7%	4.8%	5.7%	7.0%	8.9%	9.1%	7.9%	6.4%	4.8%	3.6%	2.8%	2.7%	2.7%	3.1%
Sylmar	64,079	8.5%	8.6%	9.4%	8.8%	8.5%	7.0%	7.2%	6.9%	6.9%	6.3%	5.4%	4.2%	3.1%	2.4%	2.0%	1.8%	1.4%	1.6%
Tarzana	34,714	5.5%	5.9%	6.4%	5.9%	5.4%	5.2%	6.5%	6.8%	7.8%	7.5%	7.1%	6.4%	4.7%	3.9%	3.6%	3.6%	3.0%	4.7%
Toluca Lake	6,298	3.5%	3.4%	4.2%	4.6%	4.3%	6.4%	9.6%	10.5%	9.8%	8.4%	7.4%	6.6%	4.7%	3.2%	3.2%	3.3%	2.7%	3.9%
Tujunga	25,767	6.5%	6.8%	7.2%	7.0%	6.4%	5.6%	6.4%	7.6%	8.7%	8.9%	7.5%	5.8%	4.2%	2.9%	2.4%	2.3%	1.8%	2.2%
Universal City	0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Valley Glen	49,839	7.6%	7.9%	8.4%	7.8%	7.1%	7.2%	8.1%	8.2%	7.8%	6.7%	5.7%	4.3%	2.9%	2.1%	1.9%	2.1%	1.8%	2.3%
Valley Village	20,705	4.5%	4.8%	5.6%	6.6%	5.4%	6.9%	9.8%	8.9%	8.7%	8.1%	7.2%	5.7%	3.6%	2.8%	2.4%	2.6%	2.6%	3.9%
Van Nuys	128,078	8.2%	8.5%	8.9%	7.9%	6.9%	7.7%	8.9%	8.2%	7.7%	6.5%	5.2%	3.9%	2.6%	1.9%	1.7%	1.7%	1.6%	1.9%
West Hills	42,405	6.2%	6.3%	6.8%	6.1%	5.5%	4.2%	4.6%	7.0%	8.9%	8.6%	7.5%	6.5%	5.0%	4.2%	4.1%	3.8%	2.4%	2.4%
Winnetka	50,594	7.7%	7.9%	8.6%	8.0%	7.2%	7.3%	8.3%	8.0%	7.9%	6.9%	5.6%	4.4%	3.0%	2.2%	2.0%	1.9%	1.6%	1.4%
Woodland Hills	70,541	5.2%	5.4%	5.9%	5.8%	5.1%	5.8%	7.5%	8.0%	8.4%	7.8%	7.0%	6.1%	4.6%	3.8%	3.7%	3.6%	3.0%	3.3%
San Fernando Valley	1,808,599	6.8%	7.1%	7.8%	7.5%	6.8%	6.7%	7.7%	7.7%	7.8%	7.1%	6.1%	5.0%	3.6%	2.8%	2.5%	2.5%	2.1%	2.5%
LA City	4,021,611	7.0%	7.3%	8.0%	7.8 %	7.2%	7.4%	8.4%	7.9%	7.4%	6.6%	5.6%	4.6%	3.3%	2.6%	2.3%	2.3%	1.9%	2.3%
LA County	10,074,283	7.2%	7.5%	8.4%	7.9%	7.2%	6.9%	7.7%	7.5%	7.5%	6.8%	5.8%	4.7%	3.4%	2.6%	2.3%	2.3%	1.9%	2.2%
California	35,893,799	7.3%	7.2%	7.8%	7.2%	7.2%	7.1%	7.6%	7.6%	7.9%	7.3%	6.3%	5.2%	3.8%	3.0%	2.5%	2.1%	1.7%	1.4%

Source: Los Angeles County Urban Research Unit and Population Division, U.S. Census Bureau *Calabasas total population is a city estimate, not the aggragate of the census tract totals.

Births in the Valley increase slightly in 2003... Hispanic births account for nearly 60 percent... Young mothers (17 and under) deliver 2.6 percent of babies, unchanged from last year... Late or no prenatal care births down from last year...

San Fernando Valley mothers gave birth to 16.6 percent of babies born in Los Angeles County in 2003, according to data provided by the L. A. County Department of Health Services' Data Collection & Analysis Unit. The County database categorizes births by the mother's residential ZIP code, her race and age, the trimester prenatal care began, and the baby's birth weight. Birth data for the Valley are summarized in the table below.

The number of births to mothers in both the San Fernando Valley and in Los Angeles County increased marginally in 2003 compared to 2002, with the Valley producing a 0.6 percent increase and the County showing a slightly larger 0.7 percent increase in births.

Births to Hispanic mothers continue to dominate Valley births at 57.9 percent of all births, with the number of Hispanic births essentially unchanged from the previous year. Births in the White/Other/Unknown category came in second with 28.5 percent of Valley births; numerically dropping by 103, or 1.4 percent from last year.

Several ethnic groups recorded an increased number of births in the Valley, including Asian Indian (up 4.4 percent), Black (up 1.1 percent), Filipino (up 11.7 percent), Japanese (up 9.3 percent), Korean (up 5.7 percent), Other Asian (up 30.0 percent), and the "two or more race" category (up 51.9 percent); all of these groups show a greater increase in births than the Valley's overall increase of 0.6 percent. The American Indian, Chinese, and Native Hawaiian/Other Pacific Islander groups all experienced reduced Valley births, however, the number of births in most of these groups is sufficiently small that no particular significance can be associated in the year-to-year changes in births by ethnic category.

Mothers aged 17 or under gave birth to 2.6 percent of Valley children born in 2003, a rate that is substantially lower than the County rate of 3.3 percent. Mothers age 40 or over gave birth to 4.3 percent of Valley children born in 2003; this rate is considerably higher than the 3.7 percent rate for the County. The incidence of low birth weight was about the same in the Valley and Los Angeles County, affecting 1.2 percent of births in the Valley and 1.3 percent of births in the County. The Valley and the County shared the same incidence of no prenatal care at 0.4 percent, but the Valley suffered a substantially lower incidence of late prenatal care than did the County, with 0.8 percent versus a 1.4 percent rate for the County.

2003 Births by Mother's Race and Age, Birth Weight, and Trimester Prenatal Care Began

Six City Valley and Los Angeles County

		2002-2003		2003	3		2003	•
	2002 Dirtho	2002 Dirtho	% Change	Mother's	s Age	Birth Weight	Pre	enatal Care
	2002 Dirtiis	2003 BITUIS	/o Glialiye	17 and Under	40 and Over	< 1500 grams	No Care	Late (3rd Trimester)
American Indian	30	21	-30.0%	0.0%	4.8%	0.0%	0.0%	0.0%
Asian Indian	271	283	4.4%	0.0%	1.1%	0.4%	0.4%	1.4%
Black	737	745	1.1%	2.1%	5.8%	2.4%	0.4%	1.6%
Chinese	165	141	-14.5%	0.0%	3.5%	1.4%	0.0%	0.0%
Filipino	849	948	11.7%	0.6%	5.5%	1.3%	0.4%	1.2%
Hispanic	14,644	14,649	0.0%	4.0%	2.6%	1.1%	0.4%	0.9%
Japanese	86	94	9.3%	0.0%	7.4%	1.1%	0.0%	1.1%
Korean	384	406	5.7%	0.0%	5.4%	1.0%	0.0%	1.0%
Native Hawaiian/Other Pacific Islander	42	24	-42.9%	0.0%	0.0%	4.2%	0.0%	0.0%
Other Asian	270	351	30.0%	0.3%	4.6%	1.7%	0.3%	0.6%
Two or More Races	160	243	51.9%	2.9%	6.6%	0.8%	0.0%	1.6%
Vietnamese	199	181	-9.0%	0.0%	3.9%	0.6%	0.0%	1.1%
White/Other/Unknown	7,318	7,215	-1.4%	0.3%	7.4%	1.5%	0.3%	0.5%
SFValley Total	25,125	25,280	0.6%	2.6%	4.3%	1.2%	0.4%	0.8%
LA County Total	151,167	152,192	0.7%	3.3%	3.7%	1.3%	0.4%	1.2%

POPULATION DENSITY: PERSONS PER HOUSEHOLD





Photography by Richard Min

Population density continues to climb at a much faster pace than in the last decade... San Fernando and Hidden Hills show the highest person per household, Burbank claims the lowest.

The number of persons per household in Valley communities has been edging upward since 2000. If the population of an area increases more than proportionally to the units of housing in that area, persons per household rises. This makes persons per household one measure of population density (another measure is people per square mile, which rises if the population in a given area rises). Persons per household can increase for different reasons. Birth rates could rise leading to larger families and more people per household, or in-migrants could have larger families than the average family size for the area. Another source would be children who had left home returning to the household, or non-family households growing in size (taking in more roommates). The rapid escalation of housing prices probably contributes to the recent crowding.

Since the census count in 2000, all Valley communities show an increasing number of people per household in each year except Calabasas in 2004. For comparison purposes, the chart also shows the persons per household in 1990 (except for Calabasas, which was not incorporated in 1990). Comparing the growth in person per household over the ten-year period from 1990 to 2000 with the growth in the last five years suggests that the recent "rate of crowding" has been much faster paced. For example, persons per household for the Valley grew by 3.8 percent between 1990 and 2000, or at an uncompounded rate of 0.4 percent per year. From 2000 to 2005, persons per household in the Valley grew 6.2 percent, or 1.2 percent per year, which is three times as fast as during the 1990-2000 period.

The Valley's highest number of persons per household is in San Fernando, which topped 4.29 persons per household this year. Hidden Hills is next with over 3.47 persons per household, and interestingly, the persons per household there dropped between 1990 and 2000, undoubtedly as children grew up and left the household. The LA portion of the Valley was third, with 3.07 persons per household this year, and had the fastest growth in persons per household with a 6.4 percent growth since 2000, or a 1.3 percent per year. Burbank registered the lowest persons per household with 2.52. Overall, the Valley's persons per household climbed to 3.01 in 2005, which was slightly above that of LA City (2.98), below that of LA County (3.14), and above California's average persons per household of 2.95.

SOCIAL STATISTICS

Public and private school enrollments in the Valley drop 2.3 percent in 2004-05 after dropping 0.6 percent the previous year... Hispanics are the largest ethnic group in Valley public schools with 63 percent... API scores are up for Valley districts below 800, Las Virgenes remains above 800 API...

Enrollment Growth and Level

Enrollment in San Fernando Valley public schools fell by 2.3 percent last year, with all of the Valley's public school districts sharing in the declining enrollment. The dominant Los Angeles Unified School District (LAUSD) enrollment in its Valley schools fell by a slightly higher 2.4 percent and the other three districts fell by less. Burbank's enrollments decreased by 1.7 percent, Glendale's by 2.1 percent, and Las Virgenes by 0.4 percent. These "across the board" reductions in enrollment contrast with the year before when both Burbank and Las Virgenes gained enrollment, even though both LAUSD and Glendale lost enrollment that year as well. The Valley's private schools have lost enrollment in the aggregate for each of the last three years, although individual private schools may have gained or lost enrollment.

Nine years of total enrollments in the three complete districts and for the Valley portion of LAUSD appear in the Public School Enrollment chart. Clearly, LAUSD's Valley schools enroll most of these public school students (79 percent). Readers may note that some of the LAUSD historical enrollment numbers have changed relative to last year, when LAUSD had Valley Districts





				200	2-2005	Public a	and Priv	ate Sch	ool Enro	ollments					
Grade	'02-'03	LAUSD '03-'04	04-'05	Burbank Unified '02-'03 '03-'04 04-'05			Gle '02-'03	ndale Unit '03-'04	fied 04-'05	'02-'03	Las Virgen '03-'04	as Virgenes '03-'04 04-'05		Private School En '02-'03 '03-'04	
Kindergarten	15,937	15,529	15,111	952	939	855	1,632	1,681	1,654	651	676	631	4,811	4,619	4,019
1st	17,575	17,231	16,400	1,013	1,040	995	1,891	1,838	1,796	771	769	762	3,994	3,755	3,686
2nd	18,645	17,718	16,983	1,126	1,034	1025	2,064	1,932	1,896	856	793	793	3,871	3,672	3,518
3rd	18,234	17,828	16,890	1,184	1,129	1044	2,071	2,096	1,967	828	899	803	3,872	3,580	3,479
4th	17,360	17,787	17,246	1,168	1,219	1105	2,111	2,075	2,084	853	863	911	3,715	3,666	3,469
5th	15,963	16,948	17,263	1,175	1,171	1198	2,331	2,198	2,075	954	887	874	3,845	3,531	3,568
6th	18,683	16,332	16,111	1,252	1,274	1241	2,367	2,416	2,247	976	1,022	946	4,113	3,911	3,705
7th	18,687	17,429	15,521	1,371	1,319	1314	2,556	2,410	2,434	1,059	1,013	1056	4,035	4,030	3,981
8th	17,138	17,562	16,617	1,328	1,388	1331	2,468	2,558	2,439	1,048	1,088	1040	4,046	4,240	3,976
9th	22,122	22,435	22,666	1,718	1,752	1798	2,497	2,581	2,594	1,081	1,129	1145	3,775	3,848	4,197
10th	15,616	16,545	16,091	1,644	1,732	1791	2,547	2,486	2,579	1,059	1,033	1112	3,928	3,902	3,878
11th	12,492	12,891	13,174	1,499	1,635	1571	2,579	2,540	2,482	1,004	1,031	1022	3,693	3,691	3,563
12th	9,112	9,627	10,551	1,317	1,426	1452	2,635	2,622	2,569	979	967	1026	3,278	3,483	3,428
Other	9,444	9,500	9,238	0	8	63	0	0	0	0	0	0	55	267	76
Total	227,008	225,362	219,862	16,747	17,066	16,783	29,749	29,433	28,816	12,119	12,170	12,121	51,031	50,195	48,543
% Change	2.0%	-0.7%	-2.4%	3.4%	1.9%	-1.7%	-1.9%	-1.1%	-2.1%	0.5%	0.4%	-0.4%	-0.4%	-1.6%	-3.3%

*Enrollments for LAUSD are for LAUSD schools located in the Valley
SCHOOLS

2004 Ethnicity by District							
District	American Indian or Alaska Native	Asian, Pacific Islando or Filipino	^{er,} Hispanic or Latino	African American	White (not Hispanic) No Response	Multiple or Enrollment	Total
Burbank Unified	0.20%	9.00%	36.27%	2.81%	46.37%	5.34%	16,783
Glendale Unified	0.16%	19.07%	22.46%	1.11%	56.34%	0.86%	28,816
Las Virgenes Unified	0.23%	7.71%	5.68%	1.67%	82.48%	2.24%	12,121
LAUSD District 1	0.44%	11.87%	57.21%	6.69%	23.73%	0.07%	112,663
LAUSD District 2	0.31%	4.23%	79.97%	3.60%	11.89%	0.00%	107,199
LAUSD Valley Total	0.38%	8.14%	68.31%	5.18%	17.96%	0.04%	219,862
SFV Total	0.35%	8.85%	62.69%	4.79%	22.99%	0.34%	277,582
LA County Total	0.28%	10.33%	61.69%	10.37%	16.46%	0.87%	1,734,040
State Total	0.82%	11.28%	46.84%	7.99%	31.34%	1.73%	6,322,142

A, B, and C. Those Districts are now collapsed into new Districts 1 and 2, but old District C included some schools that were not in the Valley and are not included in either Districts 1 or 2, which are wholly contained within the Valley.

Grade Level Enrollment

Enrollments by grade level data show that LAUSD and Burbank schools gain enrollment in the 9th grade, but then LAUSD loses virtually all of that enrollment the next year and continues to lose enrollment throughout the remaining grades, while Burbank holds fairly steady in the 10th grade but loses some in the 11th and 12th grades. Enrollment in Glendale and Las Virgenes grows in the lower grades and then holds fairly steady through the upper grades. Private school enrollment declines after kindergarten, but then maintains relative stability through the remaining grades with a little pop up in the 9th grade and losing some each year after that. Grade level enrollments for the Valley public school districts and private schools as a whole appear in the Enrollment table for the last three school years, 2002-03, 2003-04, and 2004-05. The last two rows in the table show the total enrollment in each district and for the private schools for each school year and the percentage change in enrollment from the previous year. Overall, public school enrollment grew from 2001-02 to 2002-03 but has declined in the last two years, by 0.6 percent in



2003-04 and by 2.3 percent in 2004-05. The Valley's overall private school enrollment has declined in each year since 2000-2001, dropping 4.5 percent since then.

Public School Ethnicity

Details on student ethnicity are available for the public school districts in the Valley, including the two LAUSD districts located in the Valley. Hispanics are the largest ethnic group in this part of LAUSD accounting for 68 percent of the students, with their heaviest concentration in District 2 at 80 percent. Overall, Hispanics account for 63 percent of Valley public schools enrollment, but are just over one-third of enrollments in Burbank, one-fifth in Glendale, and only 5 percent in Las Virgenes. Whites make up 23 percent of overall public school enrollments in the Valley, but account for 46 percent of enrollments in Burbank, 56 percent in Glendale, and 82 percent in Las Virgenes. Asians, Pacific Islanders, and Filipinos constitute 9 percent of public school enrollments Valley-wide, but have relative concentrations in Glendale and LAUSD District 1.

Public School Test Results

California public schools are subject to the Standardized Testing And Reporting (STAR) Program that involves testing students and reporting the results by school. A school's test results are summarized in an Academic Performance Index (API), which is a composite number calculated from students' performance on a number of tests, and intended to measure school performance and progress. The stated goal is for each school to achieve an 800 API score; those schools below 800 should work to improve, and those schools above 800 should not slip below 800.

The Valley's school districts all improved their API scores in 2004-05 except for Las Virgenes, which is above 800 and did not slip below 800. Las Virgenes, Glendale, Burbank, and District 1 all earned API scores above the average API scores for Los Angeles County and California. District 2 earned a better average API score than the average LAUSD. District 2 also had the greatest improvement in API scores among the Valley districts with a 2.9 percent increase in its 2004-05 score over the year before.

The Valley's average and total adjusted gross income dip slightly in 2002 relative to 2001, but not as much it did in California... The Valley's high selfemployment percentage rises.

Average and Total (Adjusted Gross) Income

Recently released IRS data puts the Valley's average adjusted gross income (AGI) per return at \$51,500 in 2002 based on individual income tax return data and the Valley's total adjusted gross income at \$37.56 billion. These numbers are slightly down from the 2001 returns, which showed an average AGI per return of \$51,600 and a Valley total AGI of \$37.61 billion. This slight drop in Valley income in 2002 relative to 2001 is consistent with the total payroll series in the Employment and Payroll section, which shows total payroll dipping in 2002. The Valley also experienced a much smaller percentage drop than did California—the Valley's total AGI fell by .04 percent while California's toal AGI fell by 1.6 percent in 2002.

The Regions table and Community table show the 2002 average and total AGI for the tax filers in each area. These total income numbers may be good indicators of the potential market in each area. The Valley residents claimed a total of \$37.6 billion in adjusted gross income in 2002. Burbank residents reported \$2.4 billion of that total, Glendale residents reported \$4.2 billion, San Fernando residents \$348 million, Calabasas and Hidden Hills residents \$1.7 billion, and the Los Angeles portion residents reported \$28.9 billion of the Valley's \$37.6 billion, or 77 percent.

Many Valley regions' and communities' average AGI actually rose slightly in 2002 relative to 2001. AGIs for both 2001 and 2002 are included in the Regions table and the Community table for comparison purposes. These data update the information in the recent IRS release of 2001 tax returned data (reported in the 2004-2005 San Fernando Valley Economic Report) and Census 2000 reports, which contain 1999 income data (reprinted in 2005 CSUN San Fernando Valley Economic Forecast book and available from the Center on request).

The Internal Revenue Service data released for each ZIP code includes the following information—the number of returns filed, the adjusted gross income, salary and wages, taxable interest, number of dependent exemptions, and selected schedule information—for each of four categories of adjusted gross income: under \$10,000, \$10,000 to \$25,000, \$25,000 to \$50,000, and over \$50,000. The average data reported here is average per return and not necessarily average per household or family. Married people can file jointly or singly, and if they file singly their family income will be split between two returns, causing the average to fall. Also, if teenage children file returns, their income will be counted separately and that will cause the average income to fall. Unmarried people living in the same household also file separately,



SFV Percent of Returns with Self-Employment Income 2002



causing the tax return data to understate household income averages. Consequently, average family income and average household income may be considerably higher than the average income per return, which is reported here.

Use of the IRS data as an indicator of average income required one adjustment. The lowest bracket of adjusted gross income—under \$10,000—often captures filers that had large tax losses or other sizable deductions for the year. The average AGI for this bracket subtracts these large deductions and does not necessarily reflect the average income received by people in this bracket. The effect of the tax losses and deductions on this bracket is aptly illustrated by California averages. The 2002 California average AGI income was \$73 in the under \$10,000 bracket, while the average income for this bracket, worked out in consultation with the Statistical Research Service of the IRS, uses the reported wages and salaries received plus taxable interest of those in the "under \$10,000" bracket. In the interest of producing

more accurate received income data, we adjusted the income reported for the under \$10,000 bracket to reflect the wages plus salaries plus taxable interest from the taxpayers' returns throughout this section. Data for the other income brackets are the actual AGI numbers from individual tax returns.

Income Distribution

San Fernando Valley taxpayers are distributed surprisingly evenly among the top three income brackets, with between 25 and 28 percent in each bracket. The lowest income bracket also contained the lowest percentage of returns, with just 19 percent of returns falling into the under \$10,000 bracket for the Valley. Most of the Valley regions had similar fairly even distributions among the brackets, with some expected exceptions. The Northeast Valley had a concentration of taxpayers (36 percent) in the \$10,000 to \$25,000 bracket with less than the Valley average in the lowest and highest income brackets. Burbank, Glendale, the Northwest Valley, and the Southwest Valley all had 30 percent or more in the highest bracket, with the Southwest Valley (which contains Calabasas and Hidden Hills) topping the list with over 37 percent in the top bracket.

Total Income Self-Employment Activity

Self-employment income is reported on Schedule C forms, which record the gross income and the costs associated with self-employment activities. The IRS ZIP code data reveal the number of income tax filers that included schedule

C forms but not the self-employment income recorded on those forms. These data disclose the percent of tax filers that claimed self-employment activity.

Self-Employment activity is robust and growing in the Valley with 22.5 percent of Valley returns showing self-employment income, up from 21.5 percent in 2001, and comparing favorably to California's 16.6 percent. Within the Valley, most areas were within a few percentage points of the overall Valley average of 21.5 percent. The Southeast Valley topped the list with 26.1 percent of its returns showing self-employment activity, followed by Glendale with 24.6 percent. The Southcentral and Southwest Valley areas recorded 23.9 and 23.6 percent of returns showing self-employment activity respectively, while Burbank and the Northwest Valley scored close to the Valley average. The lowest rates of self-employment activity occurred in the Northeast Valley area with 16.3 percent showing self-employment activity, which is very close to the average for California.

Within the Valley communities, Valley Village topped the self-employment activity list with 39.2 percent of returns showing such activity, and areas around Studio City came in at almost 32 percent. The Community Income Data Table displays these data and the number of returns by community, the percentage distribution of adjusted gross income, the various communities' adjusted gross income totals, and the average AGI per return. The ZIP code areas in the Table define the community boundaries.

Individual Incom	ne Tax Returns 2002	for Valley Reg	jions (Adjusted	Gross Income i	n Thousands	of Dollars)	
Region and Communities in Region	Adjusted Gross Income Size	Number of Returns	Percentage Distribution	Adjusted Gross Income	2001 Average Adjusted Gross Income	2002 Average Adjusted Gross Income	Percent of Returns with S-E Income
NORTHWEST VALLEY		105,354		5,621,421	\$53,968	\$53,357	21.9%
Chatsworth, Northridge, North Hills, Granada Hills, Mission Hills	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	18,678 25,012 25,046 36,618	17.7% 23.7% 23.8% 34.8%	\$88,588 \$426,277 \$905,171 \$4,201,385		\$4,743 \$17,043 \$36,140 \$114,736	
NORTHEAST VALLEY		140,026		\$4,579,951	\$32,491	\$32,708	16.3%
Sunland, lujunga, Pacoima, San Fernando, Sun Valley, Sylmar, Panorama City	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or mor	24,633 49,958 39,508 25,927	17.6% 35.7% 28.2% 18.5%	\$115,500 \$855,608 \$1,395,838 \$2,213,005		\$4,689 \$17,127 \$35,331 \$85,355	
SOUTHWEST VALLEY		99,083		\$6,779,794	\$68,258	\$68,425	23.6%
Canoga Park, West Hills, Woodland Hills, Winnetka, Calabasas, Hidden Hills	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or mor	17,901 22,153 22,558 36,471	18.1% 22.4% 22.8% 36.8%	\$98,611 \$378,841 \$819,195 \$5,483,147		\$5,509 \$17,101 \$36,315 \$150,343	
SOUTHCENTRAL VALLEY		128,783		\$7,634,204	\$58,704	\$59,280	23.9%
Encino, Heseda, Van Nuys, larzana	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	25,094 37,364 33,198 33,127	19.5% 29.0% 25.8% 25.7%	\$121,179 \$634,899 \$1,183,722 \$5,694,404		\$4,829 \$16,992 \$35,656 \$171,896	
SOUTHEAST VALLEY		119,754		\$6,324,330	\$53,452	\$52,811	26.1%
Sherman Oaks, North Hollywood, Studio City, Universal City, Valley Village	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	22,683 33,133 31,437 32,501	18.9% 27.7% 26.3% 27.1%	\$103,467 \$565,827 \$1,128,227 \$4,526,809		\$4,561 \$17,077 \$35,889 \$139,282	
SAN FERNANDO VALLEY		729,423		\$37,559,313	\$51,601	\$51,492	22.5%
Six-City Valley	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	135,276 200,732 186,317 207,041	18.5% 27.5% 25.5% 28.4%	\$637,792 \$3,424,431 \$6,684,139 \$26,812,951		\$4,715 \$17,060 \$35,875 \$129,506	
CALIFORNIA	Under #10.000	14,412,018	17.40/	\$769,026,718	\$54,136	\$53,360	16.6%
	\$10,000 under \$25,000 \$25,000 under \$25,000 \$50,000 or more	2,510,506 3,657,105 3,617,683 4,626,724	17.4% 25.4% 25.1% 32.1%	\$12,131,723 \$62,519,648 \$130,808,559 \$563,566,788		\$4,832 \$17,095 \$36,158 \$121,807	

Individua	al Income Tax Returns	(Adjusted Gro	oss Income in	Thousands	of Dollars)		
Community and Zip Codes in Community	Adjusted Gross Income Size	Number of Returns	Percentage Distribution	Adjusted Gross Income	2001 Average Adjusted Gross Income	2002 Average Adjusted Gross Income	Percent of Returns with S-E Income
SAN FERNANDO VALLEY	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	729,423 135,276 200,759 186,347 207,041	18.5% 27.5% 25.5% 28.4%	\$37,559,313 \$637,792 \$3,424,431 \$6,684,139 \$26,812,951	\$51,601	\$51,492 \$4,715 \$17,057 \$35,869 \$129,506	22.5%
BURBANK 91501, 91502, 91503, 91504, 91505, 91506, 91507, 91508, 91510, 91521, 91522	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	49,684 8,438 11,566 13,373 16,307	17.0% 23.3% 26.9% 32.8%	\$2,399,140 \$35,070 \$197,927 \$486,438 \$1,679,705	\$48,797	\$48,288 \$4,156 \$17,113 \$36,375 \$103,005	22.8%
CALABASAS / HIDDEN HILLS 91372, 91302	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	11,296 2,522 1,413 1,514 5,847	22.3% 12.5% 13.4% 51.8%	\$1,656,810 \$26,817 \$23,604 \$55,792 \$1,550,597	\$96,246	\$146,672 \$10,633 \$16,705 \$36,851 \$265,195	27.2%
CANOGA PARK 91303, 91304, 91305, 91308, 91309	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	29,444 5,237 8,674 7,924 7,609	17.8% 29.5% 26.9% 25.8%	\$1,239,848 \$23,574 \$148,769 \$283,114 \$784,391	\$42,265	\$42,109 \$4,501 \$17,151 \$35,729 \$103,087	18.9%
CHATSWORTH 91311, 91313	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	16,677 2,800 3,257 4,003 6,617	16.8% 19.5% 24.0% 39.7%	\$1,065,167 \$14,609 \$55,966 \$145,694 \$848,898	\$63,964	\$63,870 \$5,218 \$17,183 \$36,396 \$128,290	22.1%
ENCINO 91316, 91416, 91426, 91436	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	22,218 4,208 3,721 4,461 9,828	18.9% 16.7% 20.1% 44.2%	\$3,253,362 \$27,215 \$62,956 \$164,056 \$2,999,135	\$138,288	\$146,429 \$6,467 \$16,919 \$36,776 \$305,162	28.2%
GLENDALE 91201, 91202, 91203, 91204, 91205, 91206, 91207, 91208, 91209, 91210, 91214, 91221, 91222, 91224, 91225, 91226	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	86,739 17,849 21,573 21,227 26,090	20.6% 24.9% 24.5% 30.1%	\$4,220,473 \$75,377 \$365,052 \$765,548 \$3,014,496	\$49,798	\$48,657 \$4,223 \$16,922 \$36,065 \$115,542	24.6%
GRANADA HILLS 91344, 91394	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	21,894 3,594 4,517 5,261 8,522	16.4% 20.6% 24.0% 38.9%	\$1,182,242 \$17,756 \$76,802 \$191,534 \$896,150	\$53,766	\$53,998 \$4,940 \$17,003 \$36,406 \$105,157	22.9%
MISSION HILLS 91345, 91346, 91395	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	7,884 1,253 2,359 2,262 2,010	15.9% 29.9% 28.7% 25.5%	\$293,361 \$5,827 \$40,932 \$81,171 \$165,431	\$37,340	\$37,210 \$4,650 \$17,351 \$35,885 \$82,304	17.2%
NORTH HILLS 91343, 91393	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	20,694 3,847 6,609 5,112 5,126	18.6% 31.9% 24.7% 24.8%	\$779,776 \$16,364 \$112,148 \$181,883 \$469,381	\$38,068	\$37,681 \$4,254 \$16,969 \$35,580 \$91,569	20.0%
NORTH HOLLYWOOD 91601, 91602, 91603, 91605, 91606, 91607, 91609, 91610, 91615, 91616	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	75,771 15,122 24,859 21,105 14,685	20.0% 32.8% 27.9% 19.4%	\$2,736,863 \$65,471 \$424,106 \$747,556 \$1,499,730	\$36,331	\$36,120 \$4,330 \$17,060 \$35,421 \$102,127	23.7%
NORTHRIDGE 91324, 91325, 91326, 91327, 91328, 91330	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	38,205 7,184 8,270 8,408 14,343	18.8% 21.6% 22.0% 37.5%	\$2,300,875 \$34,032 \$140,429 \$304,889 \$1,821,525	\$61,556	\$60,224 \$4,737 \$16,981 \$36,262 \$126,997	23.3%
PACOIMA 91331, 91333, 91334	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	35,278 6,276 14,713 10,268 4,021	17.8% 41.7% 29.1% 11.4%	\$928,711 \$31,090 \$251,754 \$357,897 \$287,970	\$25,706	\$26,326 \$4,954 \$17,111 \$34,856 \$71,617	13.4%
PANORAMA CITY 91402, 91412	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	22,298 4,332 9,037 6,098 2,831	19.4% 40.5% 27.3% 12.7%	\$611,620 \$19,026 \$153,817 \$212,453 \$226,324	\$26,888	\$27,429 \$4,392 \$17,021 \$34,840 \$79,945	17.2%
RESEDA 91335, 91337	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	28,426 5,385 8,935 8,212 5,894	18.9% 31.4% 28.9% 20.7%	\$942,079 \$21,855 \$152,306 \$292,948 \$474,970	\$32,889	\$33,141 \$4,058 \$17,046 \$35,673 \$80,585	20.5%

In	dividual Income Tax Returns	(Adjusted Gro	ss Income in	Thousands of	of Dollars)		
Community and Zip Codes in Community	Adjusted Gross Income Size	Number of Returns	Percentage Distribution	Adjusted Gross Income	2001 Average Adjusted Gross Income	2002 Average Adjusted Gross Income	Percent of Returns with S-E Income
SAN FERNANDO 91340, 91341	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	12,343 2,167 4,846 3,656 1,674	17.6% 39.3% 29.6% 13.6%	\$348,156 \$10,308 \$83,002 \$127,968 \$126,878	\$37,861	\$28,207 \$4,757 \$17,128 \$35,002 \$75,793	11.9%
SHERMAN OAKS 91403, 91413, 91423	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	28,812 4,911 5,517 6,911 11,473	17.0% 19.1% 24.0% 39.8%	\$2,393,288 \$24,642 \$94,603 \$254,158 \$2,019,885	\$83,601	\$83,066 \$5,018 \$17,148 \$36,776 \$176,056	29.4%
STUDIO CITY 91604, 91614	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	14,825 2,586 2,658 3,341 6,240	17.4% 17.9% 22.5% 42.1%	\$1,176,293 \$12,805 \$45,706 \$123,576 \$994,206	\$79,785	\$79,345 \$4,952 \$17,196 \$36,988 \$159,328	31.9%
SUN VALLEY 91352, 91353	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	17,418 3,261 6,458 4,783 2,916	18.7% 37.1% 27.5% 16.7%	\$590,242 \$14,320 \$110,376 \$168,945 \$296,601	\$33,507	\$33,887 \$4,391 \$17,091 \$35,322 \$101,715	18.0%
SUNLAND 91040	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	8,460 1,383 1,819 2,095 3,163	16.3% 21.5% 24.8% 37.4%	\$423,041 \$6,053 \$31,146 \$76,766 \$309,076	\$49,612	\$50,005 \$4,377 \$17,123 \$36,642 \$97,716	22.7%
SYLMAR 91342, 91392	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	33,013 5,226 10,240 9,555 7,992	15.8% 31.0% 28.9% 24.2%	\$1,213,393 \$26,345 \$177,027 \$341,760 \$668,261	\$37,387	\$36,755 \$5,041 \$17,288 \$35,768 \$83,616	15.7%
TARZANA 91356, 91357	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	13,510 2,653 2,685 3,081 5,091	19.6% 19.9% 22.8% 37.7%	\$1,183,143 \$14,524 \$45,733 \$112,602 \$1,010,284	\$85,830	\$87,575 \$5,475 \$17,033 \$36,547 \$198,445	27.9%
TUJUNGA 91041, 91042, 91043	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	11,216 1,988 2,845 3,053 3,330	17.7% 25.4% 27.2% 29.7%	\$464,788 \$8,358 \$48,486 \$110,049 \$297,895	\$41,483	\$41,440 \$4,204 \$17,043 \$36,046 \$89,458	23.1%
UNIVERSAL CITY 91608, 91618	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	221 31 64 55 71	14.0% 29.0% 24.9% 32.1%	\$12,583 \$448 \$787 \$2,009 \$9,339	\$241,339	\$56,937 \$14,452 \$12,297 \$36,527 \$131,535	26.7%
VALLEY VILLAGE 91617	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	125 33 35 25 32	26.4% 28.0% 20.0% 25.6%	\$5,303 \$101 \$625 \$928 \$3,649	\$41,677	\$42,424 \$3,061 \$17,857 \$37,120 \$114,031	39.2%
VAN NUYS 91401, 91404, 91405, 91406, 91407, 91408, 9	1409, 91411 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	64,629 12,848 22,023 17,444 12,314	19.9% 34.1% 27.0% 19.1%	\$2,255,620 \$57,585 \$373,904 \$614,116 \$1,210,015	\$34,925	\$34,901 \$4,482 \$16,978 \$35,205 \$98,263	23.0%
WEST HILLS 91307	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	10,805 1,901 1,916 2,067 4,921	17.6% 17.7% 19.1% 45.5%	\$739,605 \$7,601 \$32,721 \$76,478 \$622,805	\$68,067	\$68,450 \$3,998 \$17,078 \$37,000 \$126,561	25.4%
WIÑNETKA 91306, 91396	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	18,023 3,114 5,313 4,963 4,633	17.3% 29.5% 27.5% 25.7%	\$670,877 \$13,006 \$91,212 \$178,510 \$388,149	\$37,140	\$37,223 \$4,177 \$17,168 \$35,968 \$83,779	20.1%
WOODLAND HILLS 91364, 91365, 91367	Under \$10,000 \$10,000 under \$25,000 \$25,000 under \$50,000 \$50,000 or more	29,515 5,127 4,837 6,090 13,461	17.4% 16.4% 20.6% 45.6%	\$2,472,654 \$27,613 \$82,535 \$225,301 \$2,137,205	\$82,908	\$83,776 \$5,386 \$17,063 \$36,995 \$158,770	28.5%

SOCIAL STATISTICS

POVERTY AND PUBLIC ASSISTANCE

Poverty incidence rose slightly in the Valley since Census 2000 but remains far below the LA City and County levels. After years of decline, Public Assistance program Valley enrollments are roughly stable, as are the Valley shares of County enrollments.

Poverty

Poverty incidence in the Valley has increased marginally from 15.0 percent in Census 2000 to 15.3 percent in 2004 according to data provided by the Los Angeles County Urban Research Unit. The Valley's percentage compares favorably with that of Los Angeles City at an incidence of 21.6 percent in poverty (26.7 percent if the Valley is excluded), and to Los Angeles County with 17.9 percent of people in households below the poverty line.

The Northeast Valley has the highest incidence of poverty with 18.3 percent below the poverty line, followed by the Southeast and Southcentral Valley areas as shown in the accompanying chart. The Southwest Valley (including Calabasas) and Burbank have the lowest incidence of poverty. Valley Communities with a poverty incidence above 20 percent include Panorama City, North Hills, Pacoima, Valley Glen, North Hollywood, Canoga Park, Van Nuys, and Sun Valley, as reported in the table. Valley communities with the lowest incidence of poverty include Calabasas/Hidden Hills, West Hills, Toluca Lake, Studio City, and Chatsworth.

The Urban Research Unit data defines poverty using national standards, which vary according to income level and family size, the larger the family the higher the poverty income threshold. For example, a one-person household (under 65) with an income below \$9,400 in 2004 would be living in poverty, as would a two-person household with one child and below \$12,400 income, or a three-person household with two children and below \$14,500 in annual income. These national poverty-threshold definitions do not adjust poverty income thresholds for higher or lower cost areas of the country. Los Angeles's relatively high costs of living mean that people slightly above the poverty line in Los Angeles may have less purchasing power than people slightly below the poverty line in less expensive parts of the country.

These data also contains estimates the percent of people living "close" to poverty level incomes by estimating the percentage of people below 133 percent of poverty income and those living below 200 percent of poverty income. This means that for three-person families for whom the poverty income threshold is approximately \$15,000, then the 133 percent measure would include people in three-person households with less than roughly \$20,000 in income, and the 200 percent measure would include three-person households with less than \$30,000 income. Using these measures,



		Total Dalaur	Total Dalaw	Total Dalaw
City. Community.	Total	100%	133%	10tal Below 200%
or Area	Population	Poverty Level	Poverty Level	Poverty Level
Arleta	29 452	12.9%	16.0%	26.1%
Burbank	105 127	10.6%	14.6%	24.0%
Calabasas/Hidden Hills	24 920	3.5%	4.5%	7.3%
Canoga Park	44 254	21.5%	26.1%	41.9%
Chatsworth	41.379	5.8%	8.4%	14.0%
Encino	48.605	9.1%	12.8%	21.5%
Glendale	203,905	14.9%	20.1%	33.3%
Granada Hills	68,748	9.3%	12.1%	19.8%
Lake View Terrace	18,481	18.4%	22.3%	35.7%
Mission Hills	18,764	11.8%	15.1%	25.0%
North Hills	62,900	23.1%	27.1%	42.6%
North Hollywood	153,406	21.7%	26.5%	42.5%
Northridge	84.334	13.9%	18.4%	28.6%
Pacoima	69.032	22.4%	26.9%	43.2%
Panorama City	77.908	23.2%	27.5%	43.8%
Reseda	64,020	15.1%	19.1%	31.4%
San Fernando	24,804	19.4%	23.4%	38.0%
Sherman Oaks	56,280	8.3%	11.9%	19.9%
Studio City	41,400	7.0%	10.6%	17.8%
Sun Valley	54,539	20.9%	25.1%	40.8%
Sunland	23,321	8.8%	12.6%	21.2%
Sylmar	64,079	13.1%	16.0%	25.9%
Tarzana	34,714	11.0%	14.9%	24.9%
Toluca Lake	6,298	6.7%	9.5%	15.8%
Tujunga	25,767	13.5%	17.5%	28.7%
Universal City	0	0.0%	0.0%	0.0%
Valley Glen	49,839	22.0%	26.7%	43.6%
Valley Village	20,705	11.3%	16.5%	27.8%
Van Nuys	128,078	21.3%	25.9%	41.6%
West Hills	42,405	5.0%	7.2%	12.0%
Winnetka	50,594	16.5%	20.1%	32.7%
Woodland Hills	70,541	8.7%	12.4%	20.8%
San Fernando Valley	1,808,599	15.3%	19.4%	31.5%
Northwest Valley	276,125	13.5%	17.1%	27.2%
Northeast Valley	387,383	18.3%	22.2%	35.8%
Southwest Valley	232,714	11.9%	15.3%	25.0%
Southcentral Valley	275,417	16.4%	20.6%	33.6%
Southeast Valley	327,928	16.6%	21.0%	34.2%
Burbank	105,127	10.6%	14.6%	24.0%
Glendale	203,905	14.9%	20.1%	33.3%
Los Angeles City Los Angeles City w/o SFV	4,021,611 2,213,012	21.6% 26.7%	26.8% 32.7%	42.1% 50.6%

17.9%

22.1%

35.3%

Source: Los Angeles County Urban Research Unit, 2004

10,074,283

Los Angeles County

POVERTY AND PUBLIC ASSISTANCE







the table reports the percentages of households living below or "close" to the poverty levels by community and area.

Public Assistance

Recent data suggests that the number of Valley persons served by the three major types of assistance programs has stabilized after decreasing for several of years. Local public assistance is grouped under three programs— CalWORKS, General Relief, and Food Stamps. Welfare reform in the late 1990s discontinued the Aid to Families with Dependent Children (AFDC) program and initiated local variants on "workfare" programs, which focus on moving welfare recipients into the workforce. Our local variant of this largely federally funded program is CalWORKS. General Relief is the Los Angeles County program that provides cash assistance to those not covered by CalWORKS. Food Stamps is the federally funded food assistance program for people falling below the poverty line. Monthly statistics provided by the Los Angeles County Department of Public Social Services report the total population of persons receiving aid from these programs.

Applications for public assistance are generally a useful indicator of economic conditions, with the population who receive aid falling during periods of rapid growth and rising when the economy slows significantly. Indeed, strong economic growth (plus changes in public assistance programs) led to declines in the population receiving aid both nationwide and locally during the late 1990s.

The accompanying charts show the number of Valley persons served under the two cash assistance programs-CalWORKS and General Relief. The CalWORKS/AFDC chart shows the number of persons assisted in the Valley by CalWORKS or its antecedent program AFDC since 1993. The number of Valley residents peaked in 1995 at nearly 120,000 people assisted. The number served then diminished as the economy recovered and the AFDC program was reformed to emphasize participation in the labor force. Recently, the rate of decrease in CalWORKS enrollments has slowed but not stopped. Enrollment lingered around 55,000 for several months then continued a slow, downward trend, edging down from 54,500 to 51,500 over the last year. On the other hand, Valley people served by the County's General Relief program edged up slightly from their 2002 and 2003 levels as shown in the Persons Assisted by General Relief chart. At present, the decrease in CalWorks enrollments more than compensates for the small rise in General Relief enrollment, and the combined Valley enrollment in these two cash assistance programs has moved down from just over 61,000 persons in June 2004 to just under 58,000 in June 2005.

The noticeable gap in the reported data for 2001 was caused by recent changes in State aid programs and a changeover in the County's data tracking system and published statistics. These programmatic and system changes caused some prominent variations in monthly statistics early in

SOCIAL STATISTICS

POVERTY AND PUBLIC ASSISTANCE

2001, led to a gap in the monthly reports from February 2001 to February 2002, and changed the tracking statistics for the Food Stamp program so that current data are not comparable to pre-gap data. Current Food Stamp persons aided data show all Food Stamp aid recipients in contrast to pregap data that reported "Food Stamp Only" recipients who received neither CalWORKS nor General Relief assistance. The difference between gross and net persons served with Food Stamps is large since most CalWORKS recipients qualify for, and receive Food Stamp assistance.

Unfortunately, the change from reporting Food Stamp Only recipients to reporting all Food Stamp recipients obscures total number of people served by the three public assistance because of the huge overlap between those served by the Food Stamp program and the two cash assistance programs. These new data series mean people served under the cash assistance and those served by Food Stamps have to be reported separately, and that no overall number of people served by all or any of the three assistance programs is available.

The Persons Aided by Food Stamps shows the total number of Valley residents served by the Food Stamps program since the new reporting series began early in 2002. The Food Stamps program served about 87,500 Valley residents in early 2002; that number dropped to 82,000 in early 2003 and remained in that range until early 2004, when it rose to about 84,000 people served. While the monthly totals of Food Stamp recipients vary somewhat, it is too early to detect a clear trend in this data series. Labeling the monthly total a fairly stable is probably safe until a longer data series is available.



SFV Persons Aided by CalWORKS or General Relief





POVERTY AND PUBLIC ASSISTANCE



The Valley's share of Food Stamp program participants can be tracked before and after the data gap because comparable data were used for the Valley and the County in both periods. The SFV Share of County Food Stamps Recipients chart shows the Valley share varying in the 12 to 13 percent range in the early 1990s, then moving up to the 14 to 15 percent range in the late 1990s. After tracking at a 14 percent share of County Food Stamp recipients before the data gap, the Valley's share of recipients fell back to the 12 to 13 percent range after the data gap. The chart also shows wide fluctuations in the Valley's share just before the data gap, but these are probably due to the mechanics of the data reporting changeover rather than participation variations.

The Valley's share of persons assisted by CalWORKS and General Relief fluctuated greatly before the data reporting gap but then settled into a range around the 12.5 percent mark. While the Valley's share of enrollees in these two programs approached 13 percent of the County's enrollment in the late 1990s, the longer-term Valley share seems to be very close to 12.5 percent.



SOCIAL STATISTICS

Crime rates fell somewhat in 2004... Calabasas generally has lowest rates, while the Los Angeles portion usually has the highest rates... Gang-related crimes are down in the LA portion while narcotics arrests are up.

Valley Cities

Crime rates generally continued to ease somewhat in 2004 for major Valley cities. Crime rates for Burbank, Calabasas, Glendale, San Fernando, and the Los Angeles portion of the San Fernando Valley fell for most of the 1990s. ticked up in 2000 and 2001, and then moderated slightly in 2002 through 2004. The accompanying graphs show generally very modest movements in the depicted crime rates since 1999, but do reveal a rise in most cities' rates in 2000 and 2001, and then moderating after 2002. This pattern is most apparent in burglary crimes. Larceny-theft shows a similar pattern except that larceny-theft rates in Glendale continue to fall after 1999 and tick up slightly in 2002 and start a modest see-saw pattern in 2001. Auto theft follows this pattern in the 1990s, but the cities' patterns diverge after 1999, with the LA portion and San Fernando rising until 2002 then dropping in 2003 and 2004, Burbank continuing to fall but experiencing a small bounce in auto theft rates in 2002, and Glendale leveling in 1999 then declining in 2004. Aggravated assault and murder rates appear to be more volatile than burglary and larceny-theft but that is due to their very low incidence and the much finer scale used in those charts.

Larceny-theft currently is the most prevalent crime in these cities with current incidence in the range of 8 to 20 per 1,000 residents. Burglaries have the next highest incidence with 4 to 10 burglaries per 1,000 residents, followed by auto thefts at 3 to 8 per 1,000 residents (except for Calabasas at a 0.83 auto theft rate). Aggravated assault and murders occur less frequently with aggravated assault in the range of .5 to 6 per 1,000 and the murder rate is less than 0.1 per 1,000 residents in all cities.

The Los Angeles portion of the Valley currently has the highest crime rates in three of the five categories, with Burbank edging out the Los Angeles portion in the larceny-theft category and San Fernando just barely above the LA portion in auto thefts. The incidence of auto thefts is twice as high in the LA portion as it is in Glendale and Burbank. The current incidence of the other crimes—burglaries, aggravated assaults, and murder—are roughly twice as high in the LA portion as in Burbank and Glendale. The 2004 Crime Rates Table compares the crime rates in Burbank, Calabasas, Glendale, and San Fernando with those in the LA portion of the Valley and its various LAPD Valley divisions—North Hollywood, Foothill, Van Nuys, Devonshire, and West Valley.



Burglaries per 1,000 Residents



Auto Thefts per 1,000 Residents



80

SOCIAL STATISTICS

CRIME



2004 Crime Rates per 1,000 Residents for Valley Cities and Divisions											
	San Fernando Valley Cities					Los Angeles Portion of the San Fernando Valley					
	Burbank	Glendale	San Fernando	Calabasas	All Valley Divisions	Van Nuys Division	West Valley Division	N. Hollywood Division	Foothill Division	Devonshire Division	
Murder Rate	0.04	0.02	0.04	0.00	0.05	0.06	0.03	0.06	0.09	0.04	
Aggravated Assault	1.54	0.59	2.50	0.57	4.73	4.21	4.13	5.06	5.78	4.40	
Burglary	4.84	3.59	3.96	4.15	5.91	5.86	6.51	6.02	4.57	6.25	
Robbery	0.78	0.65	2.54	0.57	1.96	2.31	1.70	1.90	1.93	1.95	
Larceny-Theft	17.74	11.78	12.84	8.87	16.45	17.22	16.65	20.50	11.53	16.32	
Auto Theft	4.41	3.22	6.87	0.83	6.59	7.18	5.16	8.29	6.61	5.98	

LAPD Divisions

Los Angeles established a new LAPD Valley division in second quarter 2005. The new Mission Hills division area is shown on the LAPD map in gray; it is composed of parts of the old Devonshire and Foothill divisions (their old boundary is shown in white on the map). Since the new division was just established, the crime data reported here is for the LAPD divisions through first quarter 2005 and reports data for the previously operating divisions under their old boundaries.

The time trends in the numbers of crimes are similar among the five LAPD divisions. This pattern involves a declining number of crimes over the 1990s until 1999, then the crime rates, which stabilized at that low level for all crimes in all divisions, except for larceny-theft and auto theft which seemed to elevate somewhat in most divisions beginning in 2001 before dropping back recently. All of the divisions display this pattern as well as the same numerical pattern in the type of crime. Larceny-theft is the most frequent crime and robbery the least frequent in all of the LAPD Valley divisions. Burglary and auto theft occupy the middle ground in numerical terms in all of the divisions.



Gang Related Crimes and Narcotic Crimes

Gang-related crimes fell to their lowest level in 2004, with just 1,083 crimes reported in all Valley LAPD divisions, compared to two previous lows of 1,223 in both 1997 and 2000. Overall gang-related crime in LAPD divisions plateaued at about 1,300 crimes in 2001 through 2003 before dropping in 2004.

Narcotics arrests in the LAPD Valley divisions rose dramatically in 2003 and 2004, posting a 33 percent increase in 2003 and another 19 percent increase in 2004. The Narcotics Arrests chart show that narcotics arrests climbed somewhat in 2002 after establishing recent lows in 2001. While the



West Valley Division - LAPD



North Hollywood Division - LAPD



SOCIAL STATISTICS





Valley divisions' 2004 narcotics arrests did not reach their 1997-98 peak numbers of over 6,300 arrests, they moved from their 3,200 level in 2001 to nearly 5,500 in 2004. Narcotics arrests increased from 25 to 39 percent in four of the five Valley divisions. Devonshire Division bucked the tide with a 3 percent decline in Narcotics arrests in 2004.

These crime statistics were obtained from the Los Angeles Police Department (LAPD) for the five divisions in the Los Angeles portion of the Valley, and from the Criminal Justice Statistics Center, California Department of Justice. Crime totals were transformed into crime rates using California Department of Finance and San Fernando Valley Economic Research Center revised population estimates for Burbank, Glendale, and the Los Angeles portion of the San Fernando Valley. LAPD Valley division population estimates were developed from Los Angeles County Urban Research Department population estimates for 2004.





Narcotic Arrests LAPD - Valley Bureau



83

SOCIAL STATISTICS

Air Quality—A new standard for ozone is adopted in 2005... The recent blip in ozone pollution in West Valley disappears under the old standard, but not under the new standard... Days exceeding state standards for particulate pollution drop by 50 percent... A minor upturn in sulfur dioxide in East Valley is detected, but remains far below federal standards.

The accompanying charts document the dramatic improvements in San Fernando Valley air quality made over the last 30 years. Seven major pollutants—ozone, carbon monoxide, nitrogen dioxide, lead, sulfur dioxide, and suspended particulates—are monitored at two Valley locations, one in the East Valley and one in the West. The dramatic improvement is evidenced by the fact that, in 2004, only ozone concentrations exceeded federal air pollution standards and that occurred only for two days in both the East Valley and the West Valley. Compare that to 1976 when the East Valley monitoring station recorded 138 days of excessive ozone and the West Valley station recorded 122 days. And in 2004, the concentrations of the remaining major pollutants in Valley air all met federal air quality standards all of the time.

However, a new, more stringent federal standard for ozone became effective in April 2005 for Southern California. It sets the standard for ozone pollution at a level in excess of .08 ppm average for an 8 hour period, which compares to the old federal standard for ozone pollution—a level in excess of .12 parts per million (ppm) in one hour. Even though this standard was not in place in 2004, measurements based on the new standard began in 1997 when the new standard was proposed, and days in violation of new standard for the East and West Valley are shown in the Ozone chart, along with measurements according to the old federal standard, which was still in effect through 2004.

Under the old standard, the East and West Valley each incurred 2 days of ozone pollution in 2004, which was a substantial improvement over West Valley's 14 days of ozone pollution and East Valley's 4 days in 2003 (which air pollution experts attributed to unusual weather conditions in late 2002 and early 2003 that were conducive to ozone buildup). As expected, the new standard shows more days of ozone pollution, particularly in the West Valley in 2002, 2003, and 2004. While the new standard will provide new challenges to the Valley, the ozone chart makes clear the dramatic improvement in Valley air quality over the last 30 years.

The path of suspended particulate pollution, which is tracked only at the East Valley station, also illustrates the longer-term dramatic improvement in the Valley's air quality, as shown in the accompanying chart. Note that the



Suspended Particulates PM10 90 80 Percent of Sample Days Exceeding State Standard 70 60 50 East SFV 40 30 20 10 1989 1997 2000 2001 2002 1987 1986 1985 1988 1990 1993 1992 1991 1995 1994 1996 1998 1999 2003



AIR QUALITY







chart shows the percent of sample days that exceed the California standard for suspended particulates, which is much more stringent than the federal standard. California enacted a more stringent standard for suspended particulates because many experts consider the federal standard for particulate pollution—150 micrograms per cubic meter of air for a 24-hour average—to be somewhat lax. However, the California standard of 50 micrograms per cubic meter is considered somewhat stringent.

The Valley's suspended particulates have not exceeded the federal standard since 1994, but do exceed strict state pollution standards some percentage of the time each year. In 2000 and 2001, the Valley exceeded the state standard for particulate pollution 23 percent of the sample days each year. The percentage of days in violation dropped by more than half in 2003 to 12 percent, rose slightly to 14 percent in 2003, but then dropped to 7 percent of the time in 2004. This puts the percentage of days in violation of the strict state particulate pollution standards in 2004 at less than one-third of the violation days in 2000. Even more dramatic, though, is the longer-term reduction in the percentage of days that exceeded the state standard for particulates, from 77 percent in 1985 to 7 percent in 2004.

Levels of two other pollutants—nitrogen dioxide and carbon monoxide currently meet federal standards. Carbon monoxide pollution levels in the Valley exceeded federal standards only once since 1997, and that occurred on one day in the West Valley in 2000. Nitrogen dioxide pollution has remained below federal standards for over a decade and continues on a downward path except for a slight tilt up in the West Valley in 2003.

The reduction in some pollutants has been so successful that monitoring has been suspended in the Valley. Polluting levels of lead and sulfates were last recorded in the early 1980s. Levels of these two pollutants droped rapidly during the middle and late 1980s until monitoring of lead and sulfates was suspended in 1995 after several years of near zero (lead) or zero levels. Sulfur dioxide monitoring was suspended in the West Valley in 1990, but has continued in the East Valley. Levels of sulfur dioxide registered a tiny .01 parts per hundred million (pphm) from 1999 to 2001, but recently tracked slightly upward, rising to an annual average of 0.05 in 2002, to .14 pphm in 2003, and .26 pphm in 2004. However, the most recent level is still less than 10 percent of the federal standard of 3 pphm for sulfur dioxide.

The South Coast Air Quality Management District provided air quality data.

Preliminary ACS suggests around 75 percent of Valley workers drive to work alone, around 10 percent carpool, roughly 5 percent use public transportation, roughly 5 percent walk or use other means, and roughly 5 percent work at home.

Most Valley workers spent an average of 30 minutes commuting to work in 2004 according to data from the 2003 and the 2004 American Community Surveys (ACS). The ACS is being phased in as a replacement source for the long-form data from the decennial census. Long-form census data includes demographic, social, housing, and economic characteristics (including commuting patterns) of the residents in an area. The first full blown American Community Survey is being conducting in 2005 and scheduled for release in 2006. Pilot ACS surveys were run in 2003 and 2004 and their results come with wider confidence intervals than the 2005 ACS is expected to have.

The ACS differs from the decennial census by sampling the population every year instead of every 10 years, and reports the results every year for larger areas including congressional districts. The 27th and 28th congressional districts are virtually wholly contained in the San Fernando Valley and include 77 percent of the Valley's population. (These two districts exclude all or most of Hidden Hills, Calabasas, West Hills, Woodland Hills, Chatsworth, and Glendale, and the eastern half of Burbank.) The commuting patterns reported here pertain directly to the 77 percent of the Valley's population who reside in those two districts, but may be representative of the patterns of many of the other 23 percent.

The commuting patterns reported here come from the 2003 and 2004 pilot ACS surveys with their relatively wide confidence intervals. High and low estimates for the listed commuting types are taken from both the 2003 and 2004 surveys even though only the 2004 estimated number of workers involved is shown in the ACS table. Given the large confidence intervals, the reader may want to consider the low and high percentage estimates as bracketing the extent of the behavior rather than viewing either estimate as the definitive extent of the behavior. For the reader's convenience, the lower low estimate and the higher high estimate have been bolded and may be considered as the relevant 90 percent confidence interval bound.

The ACS data reveal that the vast majority—around 75 percent—of Valley workers age 16 or over commuted alone in a car, truck, or van in 2003-2004. The other roughly 25 percent of Valley workers used more traffic friendly means of getting to work. Around 5 percent of the Valley workers did not commute but worked out of their homes. Roughly 10 percent of commuters carpooled to work in a car, truck, or van and around 5 percent used a public conveyance. The remaining roughly 5 percent either walked or used other means to get to work.

American Community Survey, 2003 - 2004									
	2004 Number of	Low Estimate 90% Confidence		High Estimate 90% Confidence		2003 Moon	2004 Magar		
COMMUTING TO WORK	Workers	2003	2004	2003	2004	Estimate	Estimate		
Workers 16 years and over	603,122								
Car, truck, or van drove alone	456,650	74.1%	74.8%	74.6%	76.5%	74.4%	75.7%		
Car, truck, or van carpooled	61,790	8.9%	8.6%	12.9%	11.7%	11.1%	10.2%		
Public transportation (including taxicab)	26,694	3.8%	3.4%	6.6%	5.3%	5.3%	4.4%		
Walked	14,091	1.8%	1.3%	5.2%	3.2%	3.6%	2.3%		
Other means	8,677	0.4%	0.4%	1.2%	2.3%	0.8%	1.4%		
Worked at home	35,220	3.4%	4.4%	5.9%	7.1%	4.7%	5.8%		
Mean travel time to work (minutes)	29.6								

COMMUTING PATTERNS





The Orange Line opens... new Metro Rapid Bus lines on Sepulveda and Reseda Boulevards to begin service in the next 18 months.

Two Metrolink lines, the Metro Red Line, and numerous bus lines serve the Valley. The Metrolink lines cross the Valley; one originates in Oxnard and proceeds through Chatsworth across the Valley to Glendale and downtown. The other originates in the North County, travels through Sylmar and Glendale to the downtown transit hub at Union Station. The Red Line provides subway service from its stations in North Hollywood and Universal City through Hollywood to the Union Station transit hub.

Bus lines crisscross the Valley, offering a variety of service levels both within the Valley and to nearby areas. Bus service varies in time intervals and stops. Intervals as short as 5 to 10 minutes exist during peak-hour weekdays on Ventura Boulevard, Van Nuys, San Fernando Road, Reseda, Vineland, Lankershim, Roscoe, and, Nordhoff, among others. More common is the 11 to 20 minute service intervals along other arterial routes including Victory, Vanowen, Sherman Way, Winnetka, DeSoto, Sepulveda, Laurel Canyon, and others. Less traveled routes such as Balboa, Woodley, Coldwater Canyon, Tampa, Devonshire, and Burbank are served every 21 to 30 minutes, while others—including Saticoy, Lassen, and White Oak—receive bus service every 31 to 60 minutes.

The accompanying map shows the routes of all of the MTA bus lines in the San Fernando Valley and the volume of traffic for selected intersections. The

sizes of the dots on the map indicate the average weekday boardings plus alightings (on and off) volume at those key intersections in June 2005. The larger dots show heavier ridership and the number in the dot directs the reader to the corresponding line in the accompanying table, which indicates the intersection location and its average daily ridership details. Only the intersections with dots were selected for study and the recorded boardings and alightings reflect those of all bus lines serving that intersection. The table also shows the June 2005 average weekday ridership for the Red Line at its two Valley stations—North Hollywood and Universal City—which are marked with an M on the map. The May 2005 estimated weekday average ridership for Valley MetroLink stations—designated as ML on the map—also appear in the table.

The Orange Line debuts on October 29, 2005 as a dedicated East-West busway providing fast service with limited stops from Warner Center to the North Hollywood Red Line station. In addition, two new Metro Rapid Bus lines are scheduled to begin service on Sepulveda and Reseda Boulevards in the next 18 months. Metro Rapid Bus service already exists on Ventura and Van Nuys Boulevards. Another improvement possibly on the table is the establishment of an off-street busway providing service from the Chatsworth Metrolink station to Warner Center by way of the former Southern Pacific right-of-way that parallels Canoga Avenue.



PUBLIC TRANSPORTATION



The 101 just north of the 405 remains the busiest Valley freeway segment... Freeway routes that can accommodate more traffic volume are getting it, ones that cannot are getting more congested...

The 101 Freeway just north of the 405 interchange tops the charts as the busiest freeway segment in the Valley, both in terms of both peak load, at 21,700 vehicles per hour, and annual average daily traffic (AADT), at 328,000 vehicles per day. Both the maximum annual average traffic and the maximum peak hour traffic on the 101 occur to the North (actually west) of the 101/405 exchange.

The Freeway Traffic Table and the map show relative concentrations of traffic on Valley freeways. CalTrans records total traffic (all lanes) on freeway segments between intersections. The Freeway Traffic Table shows peak load and AADT volume for freeway segments adjacent to selected Valley freeway intersections (keyed to the map by ID number on the far left of the table). The specific freeway segment is designated by column heading--South or West (S/W) or North or East (N/E)—depending on which direction the segment is from the intersection. For example, the 101 is designated a North/South freeway, so the high 21,700 peak load and 328,000 annual average daily traffic that appear under the N/E column were recorded to the North of the 101/405 exchange.

Commuters on the 101 a few miles either South (east) or North (west) from the 405 will encounter peak loads of nearly 20,000 vehicles per hour and annual average daily traffic pushing or even exceeding 290,000 vehicles. Peak loads and average volume remained roughly constant on this very congested segment in 2004.

The 5 Freeway north of the 170 junction was another very busy section of freeway in the Valley, with a peak load of 21,600 and AADT at 307,000 vehicles per day. The 5 Freeway south of the 118 junction had a similar peak load and average volume, suggesting that this segment of the 5 Freeway is another very busy corridor.

Annual average daily traffic has grown on virtually every segment of the Valley's freeways both last year and as a 5-year average. The Traffic Table shows average volume increasing by 4 to 5 percent a year for the last 5 years on the 210 and the 118 has endured over a 3 percent average growth per year for the same period. The 2 Freeway in Glendale has seen about 2.5 percent growth in volume per year for 5 years, and the 5 freeway chalked up an average of between 2 and 4 percent annual average volume growth on its Valley segments during the same period. One suspects that the only reason that the Valley's 134 and 405 segments have not seen their volume growth more than 1 to 2 percent a year for the last 5 years is that they were already very congested. The conclusion that "current congestion precludes much volume growth" would certainly hold for the 101, which has experienced the lowest 5-year average volume growth of any of the Valley's freeways.



FREEWAY TRAFFIC

			Freev	vay Traff	ic					
			2004 S/W	2004 N/E	2003-2004	5 Year Ave.			2003-2004	5 Year Ave.
			Peak Hr.	Peak Hr.	% Change	Change in	2004 S/W	2004 N/E	% Change	Change in
I.D. #	Rte.	Description	Traffic	Traffic	Max. Peak Hr.	Max. Peak Hr.	AADT	AADT	Max. AADT	Max. AADT
I.D. # 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Rte. 2 2 5 5 5 5 5 5 5 5 5 5 5 5 5	Description LA CANADA, JCT., FOOTHILL FWY. 210 EAGLE ROCK, JCT., VENTURA FWY. 134 GLENDALE, MOUNTAIN ST. SYLMAR, JCT., SAN DIEGO FWY.405 JCT., SIMI/SAN FERNANDO VALLEY FWY.118 SUN VALLEY, JCT., HLIYWD FWY.170, BRANFORD ST. SUN VALLEY, LANKERSHIM BLVD. SUN VALLEY, LANKERSHIM BLVD. SUN VALLEY, HOLLYWOOD WY. GLENDALE, WESTERN AVE. LOS ANGELES, JCT., VENTURA FWY.134 WOODLAND HILLS, JCT., TOPANGA CANYON BLVD.27 TARZANA, TAMPA AVENUE SHERMAN OAKS, JCT., SAN DIEGO FWY.405 STUDIO CITY, COLDWATER CANYON AVE. NO. HOLLYWOOD, JCT., VENTURA/ HLLYWD FWYS.134/170 NO. HOLLYWOOD, BARHAM BLVD JCT. RTE. 405, SEPULVEDA BLVD. LOS ANGELES, JCT., GOLDEN STATE FWY.5 NO. HOLLYWOOD, LANKERSHIM BLVD. LOS ANGELES, JCT., GOLDEN STATE FWY.5	Traffic 11,000 13,800 11,600 9,500 20,900 13,300 13,200 14,600 18,300 19,500 20,500 19,500 17,300 19,200 16,600 19,200 12,600 17,900 21,000 19,100 14,600 16,200 16,200	Traffic 1,450 11,600 11,000 19,100 10,600 21,600 13,100 15,400 17,600 18,300 15,800 19,300 18,600 18,400 13,100 19,800 19,100 13,500 15,000 18,000 17,800	Max. Peak Hr. 0.92% 1.47% 0.87% -0.52% 1.46% 0.65% 0.65% 0.55% 1.04% 0.00% 0.00% -0.72% -1.06% 0.00% 0.00% -1.06% 0.00% -1.41% 0.00% -1.41% 0.00% -7.22% -5.82%	Max. Peak Hr. 0.78% 2.68% 1.83% 0.37% 2.82% 1.37% 1.83% 2.44% 1.15% 2.51% -0.59% -1.70% -0.63% 0.45% 0.19% 0.99% 1.20% 1.20% 2.27%	AADT 108,000 145,000 119,000 282,000 192,000 282,000 192,000 251,000 282,000 234,000 234,000 247,00	AADT 13,700 119,000 108,000 273,000 157,000 307,000 201,000 240,000 251,000 212,000 277,000 328,000 292,000 292,000 292,000 292,000 128,000 292,000 128,000 212,000 128,000 212,000 128,000 212,000 212,000 212,000 212,000 212,000 212,000 212,000 213,000 214,000 212,000 213,000 212,000 212,000 213,000 212,000	Max. AADT 1.89% 1.40% 1.71% 3.41% 1.81% 1.99% 0.00% 0.50% 0.80% 1.44% 0.43% 0.69% -0.61% 0.00% 0.00% 0.00% 0.00% 0.00% 1.71% 2.42% 1.99% 1.77% -1.26%	Max. AADT 2.40% 2.37% 2.76% 2.43% 3.34% 2.64% 3.21% 2.24% 1.76% 4.18% -0.06% -1.03% 0.01% 1.05% 0.73% 0.36% 3.15% 3.11% 3.14% 3.11% 1.66% 2.51% 0.36%
23	134	GLENDALE, BRAND BLVD.	17,900	18,400	-3.66%	-1.24%	238,000	245,000	0.82%	1.72%
25 26 27 28	134 170 170 170	GLENDALE, JCT., RTE. 2 SOUTH SUN VALLEY, SHELDON/ ANLETA ST. NO. HOLLYWOOD, OXNARD ST/LAUREL CANYON BLVD. HOLLYWOOD, JCT., HOLLYWOOD FWY, 101/134	18,500 10,700 15,000 8,500	16,500 9,900 14,800 13,400	-2.63% -2.73% -3.23% -3.60%	-1.53% -0.35% 0.43% 1.30%	244,000 129,000 187,000 94,000	207,000 119,000 182,000 169,000	2.09% 0.00% -0.53% -1.74%	1.35% 0.33% 1.13% 1.27%
29 30 31	210 210 210	YARNELL ST. JCT., SIMI VALLEY FWY.118 SUNLAND BLVD.	7,300 11,800 12,200	7,000 12,100 11,400	-2.67% 1.68% 3.39%	3.75% 3.14% 3.46%	77,000 124,000 119,000	75,000 120,000 112,000	0.00% 3.33% 4.39%	5.17% 4.66% 4.41%
32 33 34 35 36	210 405 405 405 405	GLENDALE, PENNSYLVANIA AVE. LOS ANGELES, JCT., SIMI VALLEY FWY.118 LOS ANGELES, NORDHOFF ST. LOS ANGELES, JCT., VENTURA FWY.101 LOS ANGELES, MULHOL LAND DR.	14,100 15,700 15,700 17,600 17,600	14,900 10,900 15,700 14,700 17,600	2.05% 0.00% -2.48% -2.22% -2.76%	2.78% -0.35% -0.72% -0.87% -0.87%	144,000 218,000 224,000 282,000 285,000	153,000 148,000 218,000 226,000 282,000	3.38% 1.87% 0.00% 0.00% -0.70%	4.15% 1.65% 1.32% 1.34% 1.56%



GOVERNMENT

Valley Business Tax revenues climbed by nearly 5 percent and the Valley contributed nearly 30 percent of the City Business Tax revenue total in 2004... The top 10 Valley taxpaying industries maintained their top 10 slots... Tax receipts from Valley Real Property Sales rose over 150 percent as the hot housing market and home price appreciation fed brokers' gross receipts.

Business tax revenues collected in the Los Angeles portion of the Valley grew at a more or less normal rate of nearly 5 percent in 2004 after a surge in tax receipts in 2002 followed by an ebb in 2003. Valley portion tax revenues had grown by 23 percent in 2002 then shrunk by 14 percent in 2003 as the result of a tax penalty amnesty period in 2002 combined with a City compliance drive. The tax amnesty offered businesses that had not complied with the business tax in past years an opportunity to pay those taxes without penalty. A number of businesses took advantage of the amnesty period, registered with the city, and paid taxes for previous years and for the current year. The 5 percent growth in Valley portion tax revenues reinforces the notion that the drop off in 2003 business tax receipts represented the resumption of a more normal level of tax receipts after the payment of back taxes swelled tax revenues in 2002.

The Business Tax is levied on businesses' gross receipts at rates varying from 0.15 to 0.6 percent, depending on the type of business. Critics of the Business Tax charge that it is onerous and overly complex, leading to confusion and compliance problems. Recent reforms reduced the number of businesses to which the Tax applies by increasing the threshold level at which a business has to file, and promises a revenue neutral reduction in tax rates of 15 percent over the next five years. But critics maintain that the Tax remains unnecessarily complex with its 60 different business tax categories and other disincentive effects combine to cause compliance problems and repel businesses from locations in Los Angeles. The compliance problem and category confusion can sometimes lead to negotiated tax payment deals. These issues cloud the usefulness of using these tax receipts as reliable indicators of the distribution of business activity or directional changes in that activity.

The Los Angeles Office of Finance, Tax & Permit Division maintains records of business tax revenues generated within the City of Los Angeles. Businesses' ZIP codes are used to assign tax payments to the Valley portion of the City. The businesses tallied here conduct business both within and outside the Los Angeles portion of the Valley. Businesses with multiple locations within Los Angeles must pay taxes by each location but differences in the tax paid per location may not always be a reliable indicator of the division of gross revenues among those locations. Ideally, these variations in these taxes on businesses' gross receipts would accurately reflect just the variations in those businesses' total revenues over time, but the researcher must remember that the main focus of tax revenue agents is to collect the tax revenue and not to generate data for the researcher.

Plunging ahead nonetheless, health maintenance businesses in the Valley pay the highest share of the total tax for an activity collected in Los Angeles City at 99.9 percent. Compliance issues aside, this would indicate that virtually all of L.A.'s health maintenance businesses are located in the Valley. Other significant shares include Real Property Sales (real estate brokers) at 69 percent, Contractors with LA business addresses at 56 percent, Collection Agencies with 70 percent, Hollywood/North Hollywood Citywide Multimedia with 72 percent, and swap meet space sellers with 83 percent of the total Los Angeles City activity category. Overall, the Valley taxpayers contributed nearly 30 percent of the City's Business Tax revenue in 2004, up from 28 percent in 2003.

It is noteworthy that the Valley's top 10 tax receipts generators maintained their top 10 status. The only change in the top 10 activities relative ranking is that the increase in gross receipts taxes paid by Health Maintenance increased its rank from fourth to third position and moved Wholesale Sales down one notch. Interestingly, this reversed a 2003 change in which Health Maintenance had dropped to number 4 while wholesale sales climbed one notch to number 3, and the year before these two industries had swapped positions in the other direction.

The Real Property Sales category did not make the top 10 category but rose several notches as the hot housing market and rising home prices boosted Valley brokers' gross receipts and increased their business tax payments by over 150 percent. Telephone Service tax payments also rose impressively as did Valley Sporting Event sales.

The accompanying table lists the various types of activities by amount of tax paid by Valley locations and their percentage share of the receipts for that activity in all of Los Angeles City.

The Center appreciates the assistance of Councilmember Greig Smith and his office staff in securing this information from the City Office of Finance.

BUSINESS TAX REVENUES

R

2004 Tax Revenues Collected by Los Angeles								
Business Classification (provided by Los Angeles)	2004 SFV Payments	Percent Change 2003-2004	2004 LA Payments	Valley Share				
Professionals/Occupations	\$43,967,153.14	5.5%	\$178,520,781.99	24.6%				
Retail Sales	\$25,667,139.51	1.5%	\$59,807,208.98	42.9%				
Health Maintenance	\$8,950,763.47	32.4%	\$8,959,881.61	99.9%				
Wholesale Sales	\$7.785.190.57	1.1%	\$30.006.334.09	25.9%				
Contractor-LA Business Address	\$3.076.633.54	-0.3%	\$12.620.426.71	24.4%				
Miscellaneous Service	\$2,867,255,21	-15.8%	\$12,829,486,50	22.3%				
Hotel, Apartment, etc.	\$2,254,119,22	7.1%	\$8,199,644,90	27.5%				
Commercial Rental	\$2,229,629,43	-1.6%	\$8,755,378,85	25.5%				
Personal Property Rental	\$1,528,275,58	2.2%	\$5,519,901,71	27.7%				
Motion Picture Production	\$675 273 05	-7.7%	\$3 757 362 70	18.0%				
Sale-Beal Property	\$656,550,46	153.6%	\$953,069,84	68.9%				
Contractor-B Gross	\$605,546,29	-6.6%	\$1 090 424 34	55.5%				
Badio/TV Broadcaster	\$541 292 44	-6.6%	\$2 928 117 89	18.5%				
Commission Broker	\$355,926,67	-0.8%	\$1 203 216 72	29.6%				
Auto Park	\$328 335 44	0.0%	\$3,099,316,66	10.6%				
Storage Freight Forward	\$217 582 73	8.0%	\$2,039,010.00	12.7%				
City Wide Multimedia	\$278 002.75	35.3%	¢2,492,973.04 ¢1 277 078 00	12.7 /0 21.8%				
Laundry/Cloaper/Shoe Repair	\$270,032.00 \$250,277 A7	0.1%	\$774.461.52	22.5%				
Collection Agency	φ2J3,277.47 ¢175.881.40	0.3%	\$774,401.00	55.5 % 70.4%				
Londing Monoy etc.	Φ170,001.40 Φ151 267 20	1.6%	\$249,700.00 \$440,979,04	70.4%				
Lenung Money, etc.	\$101,307.20 \$100,307.20	1.0 /0	\$449,070.04 \$2,409.071.12	00.0 /0 C 00/				
Theater	\$100,070.07 \$00,006,70	107.0%	\$2,400,971.13 \$406.022.70	0.2%				
Trapaparting Daragan	\$92,200.70 \$70,000.00	4.1%	\$400,922.70 \$405,926,55	22.7%				
Italispoliting Persons	\$70,209.90 \$67.040.11	2.7%	\$403,020.33 \$154,470,01	10.1%				
Vanding Machines	\$07,049.11 \$42,072,10	10.7 %	\$154,470.21 \$220,050,01	43.4%				
	\$43,973.19	-4.0%	\$228,009.81	19.2%				
AMUSEMENT Machines	\$42,250.42	5.6%	\$95,554.97	44.2%				
Hollywood/North Hollywood City Wide-Multimedia	\$39,591.45	-59.1%	\$54,906.32	12.1%				
	\$32,517.71	-06.2%	\$257,016.37	12.7%				
	\$30,897.21	-6.2%	\$143,656.80	21.5%				
Irucking/Hauling	\$24,263.93	51.2%	\$88,701.97	27.4%				
Billiards, etc.	\$19,117.44	4.5%	\$62,610.42	30.5%				
Retail-Multimedia	\$17,033.74	-3.5%	\$75,276.78	22.6%				
Sporting Events	\$11,583.48	2303.4%	\$1,106,998.48	1.0%				
Professionals/Occupation-Multimedia	\$10,220.44	-72.5%	\$134,058.37	7.6%				
Alleys, Tables, etc.	\$9,189.71	-16.9%	\$18,777.70	48.9%				
Auctioneer	\$8,009.78	12.9%	\$18,796.69	42.6%				
Wholesale-Multimedia	\$7,147.27	5.5%	\$42,871.86	16.7%				
Swap Meet Operator	\$6,837.77	7.5%	\$8,261.25	82.8%				
Music Machines (Juke Box)	\$5,551.98	-90.4%	\$14,238.74	39.0%				
Service Machine	\$5,470.05	-54.4%	\$45,493.01	12.0%				
Per Property Rental-Multimedia	\$2,573.01	-61.6%	\$30,911.51	8.3%				
Miscellaneous Trucking	\$1,104.51	-100.0%	\$29,066.24	3.8%				
Carnival	\$886.87	N/A	\$55,205.55	1.6%				
Adult Bookstore	\$753.09	N/A	\$874.62	86.1%				
Retail-Blind Exempt	\$525.35	59.9%	\$4,368.28	12.0%				
Retail/Adult Books	\$110.86	N/A	\$2,051.64	5.4%				
Wholesale-Blind Exempt	\$78.89	N/A	\$78.89	100.0%				
Contractor-Outside LA**	\$0.00	-100.0%	\$309.92	0.0%				
Swap Meet Operator Space	\$0.00	-100.0%	\$0.00	N/A				
Motion Picture-Multimedia*	\$0.00	-100.0%	\$93,224.66	0.0%				
Christmas Lt. Deposit	\$0.00	-100.0%	\$1,200.00	0.0%				
Christmas Trees*	\$0.00	-100.0%	\$115,903.00	0.0%				
Antique/Collection/Exchange-Space	\$0.00	-100.0%	\$0.00	N/A				
- .	\$103,378,819.05	4.7%	\$349,680,817.20	29.6%				

* - Individual Business Tax Information is confidential.



The Center wishes to thank the following individuals for assistance in providing data included in this *Report:*

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Description of the San Fernando Valley

Our map including census tract approximations of the named communities in the Los Angeles portion of the Valley is based on the San Fernando Valley Communities Map. This map was created by the Los Angeles City Engineer's Office, working with John Maxon, an Arleta community activist, in March 1993. Mr. Maxon has since died but, prior to his death, he worked to define community boundaries in the Valley, seeking the advice of the United Chambers of Commerce of the San Fernando Valley and other groups and individuals. The map was never officially sanctioned by the Los Angeles City Council. This information was provided by Ellen Fitzmaurice, President of the Valley Information Technology firm Mindworx.

Employment and Payroll Data

The California Employment Development Department (EDD) provides data on employment, payroll and establishments. The ES202 payroll tax reports (also known as the QCEW CIPSEA files) are collected quarterly from all firms covered by Unemployment Insurance (UI) and include all UI-covered workers, but do not include the self-employed. The U.S. Bureau of Labor Statistics (BLS) mandates the collection of this data for all states. There is a six-month lag before the data are sent to the BLS. At this point the files are considered preliminary (as are the 4th quarter 2004 data included in this *Report*). Three months later, generally with only minor changes, final data files are submitted to the BLS.

The ES202 data used in this *Report* differs from the monthly wage and salary employment data available on the EDD web page. The wage and salary data are estimates based on a monthly survey of firms (the Current Employment Statistics or CES Survey) and are made public within one month. Estimates based on the survey data are not available at the sub-county level (for areas like the San Fernando Valley). For additional details on these employment data, see our website at www.csun.edu/sfverc/.

Bankruptcy

Bankruptcy data are available from the San Fernando Valley Division of the United States Bankruptcy Court, Central District of California. The bankruptcy courts began segregating Valley data in January 1994, and a Valley office was opened in the summer of 1996. However, the Valley office covers the San Fernando Valley plus Santa Clarita, Simi Valley, and Thousand Oaks, which means that the bankruptcy data overstates the extent of bankruptcies just within the San Fernando Valley.

Construction Permits

The Construction Industry Research Board (CIRB), headquartered in Burbank, provides the building permit information for Burbank, Glendale, San Fernando, Calabasas, and Hidden Hills for both commercial and residential construction. The building permit data for the Los Angeles portion of the San Fernando Valley is compiled by the Center from Los Angeles Department of Building and Safety data on construction permits by address, so reports can be compiled that are location specific. These data have been aggregated to examine time trends in various types of construction permits in the Los Angeles portion of the San Fernando Valley and in the other cities. Moreover, values by types of permits have been aggregated into common categories to provide a picture of the aggregate level of construction activity by these categories across the entire Valley.

The dollar values reported here do not necessarily reflect actual construction costs, but are estimates used to determine permit fees. Not all pulled permits lead to actual construction. In addition, not all construction is permitted. Permit activity leads actual construction, as permits are pulled in anticipation of construction activity.

Apartment Vacancy and Rental Rates

RealFacts provides rental rate and occupancy data for large apartment complexes in the San Fernando Valley. Large apartment complexes typically contain 100 or more apartment units.

The Los Angeles Housing Department calculates apartment vacancy rates for their service areas (LA portion of the Valley and San Fernando) from Department of Water and Power (DWP) electricity shut-offs and account transfer information. Vacancies are identified when a tenant cancels his utility service or when a landlord puts the unit on her own account (to maintain service between tenants). The biggest weakness in the data is that some buildings are entirely excluded, those with master meters where individual accounts are not established. Master meters exist only in older buildings – probably less than 5

percent of Valley units. The vacancy rate estimates presume that vacancy rates are about the same for the master metered units as for all others.

House Sales and Prices

DataQuick, a commercial data supplier, provides sales and median price data by regions for the San Fernando Valley and for the remainder of Los Angeles County as far back as 1988. The Southland Regional Association of Realtors also provide sales and mean price data for home sales in the San Fernando Valley, excluding Burbank and Glendale.

Residential Notices of Default and Foreclosures

DataQuick provides data on residential foreclosures for the six-city Valley. The data are available at the ZIP code level. Notices of default precede foreclosures and constitute a more timely measure of housing market conditions. Only the data presented here are available on notices of default; a longer time series is not currently available.

Small Loans to Business

The data on small loans to businesses presented are taken from the Federal Financial Institutions Examination Council's CRA (Community Reinvestment Act) Aggregate & Disclosure CD-ROM. Under the Community Reinvestment Act, independent commercial banks and savings associations are required to report small loans made to businesses. Small loans are defined as loans under \$1 million, regardless of the size of the borrowing firm. The CRA reporting requirement includes institutions with assets of \$250 or more and institutions of any size if they are owned by a holding company with assets of \$1 billion or more. The Federal Financial Institutions Examination Council estimated in 1999 that two-thirds of small loans extended by commercial banks and savings associations to business clients were covered by this reporting requirement. Also, because a significant portion of lending occurs outside the auspices of commercial banks and savings associations, this measure of lending is necessarily an understatement.

Health Care

Health care data for area hospitals and long-term care facilities were obtained from a web site maintained by the California Office of Statewide Health Planning and Development (OSHPD) under Healthcare Information Resources. These data are extracted from annual reports that licensed establishments file with OSHPD.

Population, Births, Deaths, Housing, and Income

The Demographic Research Unit of the California Department of Finance provides annual estimates of the San Fernando Valley population and housing stock as of January 1st for each year, which is developed from Census data and subsequent surveys. The Los Angeles County Department of Health Services provides annual births and death data from vital record information. The Los Angeles County Urban Research Unit provided population, ethnicity, and poverty estimates for 2004. The IRS Statistical Information Service provided adjusted gross income data from tax returns sent from Valley ZIP codes.

Schools

Aggregate enrollment in Valley public schools is available from the Los Angeles Unified School District (LAUSD), which serves the Los Angeles portion of the Valley and San Fernando. The LAUSD posts enrollments by school and race on its web site: www.lausd.k12.ca.us.

The California Department of Education collects data on public and private schools. Data on Burbank, Glendale, and Las Virgenes School Districts, and some data on L.A. Unified School District were obtained from the Department of Education.

School performance results for Valley districts were obtained from the California Department of Education web site http://www.cde.ca.gov/, which also includes descriptions of the Standardized Testing and Reporting (STAR) program and the particular tests used.

Crime Statistics

The Los Angeles Police Department (LAPD) provides crime statistics quarterly by division, and by census tract-sized areas called "reporting districts." Current data is available on the web at www.lapdonline.org. The LAPD also publishes an annual *Statistical Report.* Crime statistics for the remaining Valley cities can be found on the California Department of Justice, Criminal Justice Statistics Center web page at http://caag.state.ca.us/cjsc/datatabs.htm

Public Assistance

The Los Angeles County Department of Public Social Services (DPSS) reports monthly on the number of individuals receiving public assistance. The East Valley, West Valley, and Glendale offices in DPSS Division II serve Valley residents. A recent conversion to a new computer-based record system temporarily slowed and then interrupted data availability. While the flow of data has been restored, this reporting and processing conversion reduced the types of data available for the Valley. Readers comparing the public assistance statistics included in this *Report* with those in previous issues will notice the reduction.

Business Tax Revenues Collected by Los Angeles

At the request of Los Angeles Councilmember Greig Smith's Office, the Los Angeles Office of Finance, Tax and Permit Division pulled data for San Fernando Valley Gross Receipts taxpayers. These totals were compared by category to those for Los Angeles as a whole to determine the contribution of San Fernando Valley firms to City coffers and to help profile Valley business activity. Categories for which there are fewer than four accounts are excluded (to maintain confidentiality). The excluded categories for the Valley are Rides, Whsle-Blind Exempt, and Swap Meet Operator. All Los Angeles categories for which there is no Valley counterpart are omitted from the table. The difference between the sum of the categories listed in the table and the total is the tax revenue attributed to those categories omitted from the table.





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