

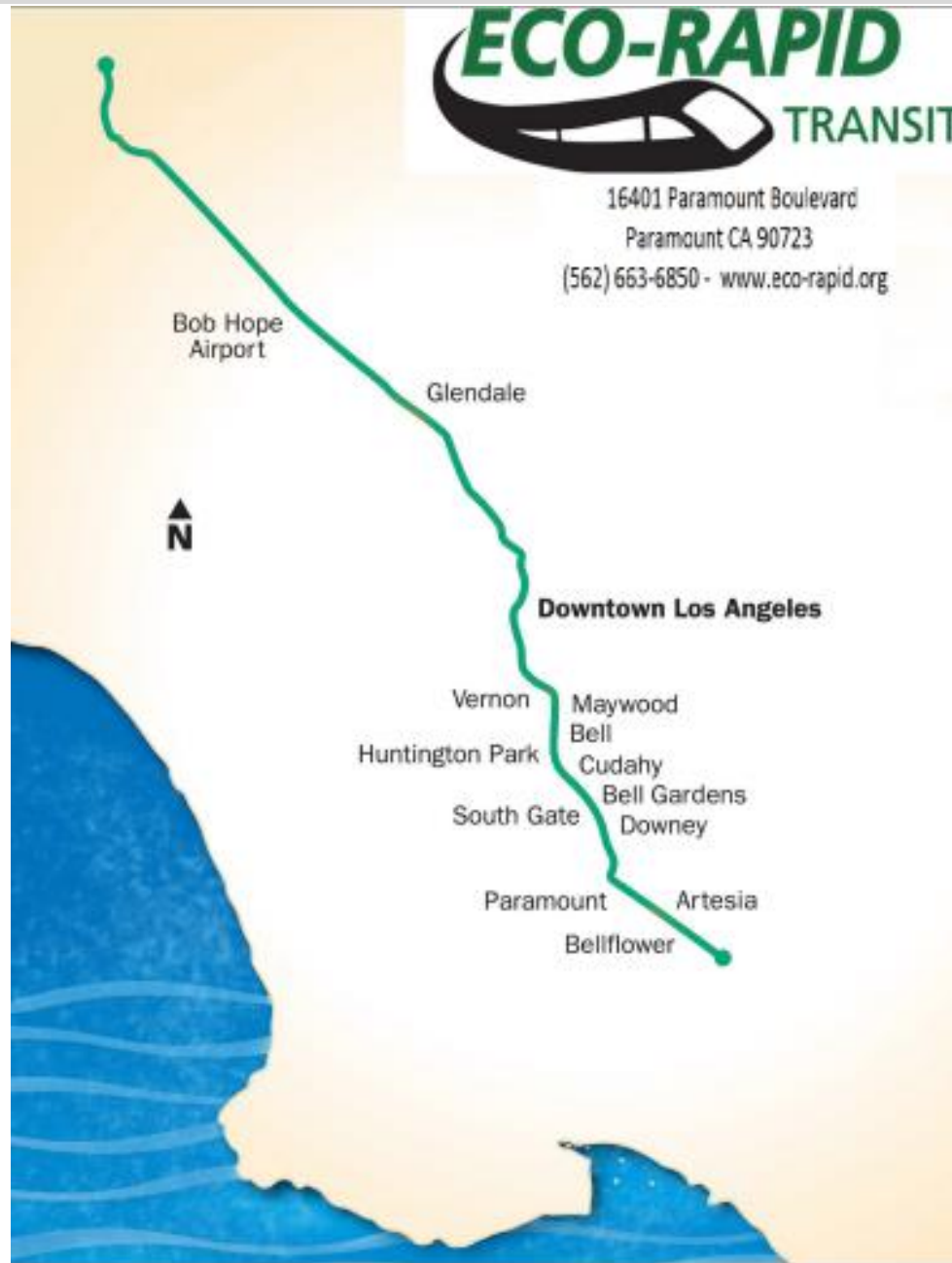


# Preserving Industrial Land Near Transit Lines in Los Angeles County



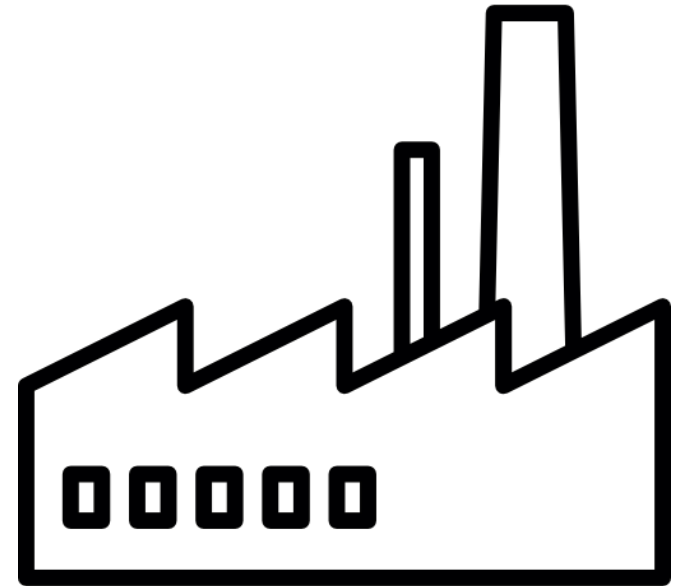
**LOS ANGELES COUNTY**  
ECONOMIC DEVELOPMENT CORPORATION

# Proposed Line



# Industrial Land = Job Producing Land

- Industrial zoned areas of Los Angeles offer:
  - employment opportunities for residents of all skill and education levels,
  - create and support jobs in multiple other business sectors, and
  - generate taxes that sustain the quality of life elsewhere in the City.
- The diverse and dynamic economy of Los Angeles is increasingly home to many types of *'new economy'* jobs that are considered industrial. Technological advances and global economic changes are replacing 'smokestack' industries with more light manufacturing, apparel, biomedical, logistics and creative industries.
- Industrial zones offer the conditions needed for entrepreneurs and small businesses to grow and expand, as well as transition to full production.



# Challenges in Preserving Industrial Land

## Cities favor Retail

- Cities have a strong fiscal incentive to favor retail over industrial because of sales taxes.

## State favors Industrial

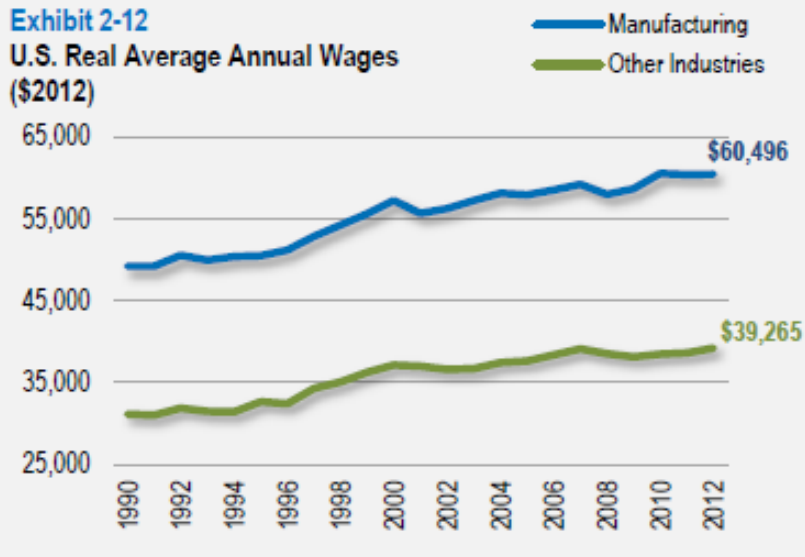
- On the other hand, the state receives roughly comparable revenue streams from retail or manufacturing operations—with the edge going to manufacturing on larger sites—because manufacturing generates more income tax for the state than a retail operation would on the same site.



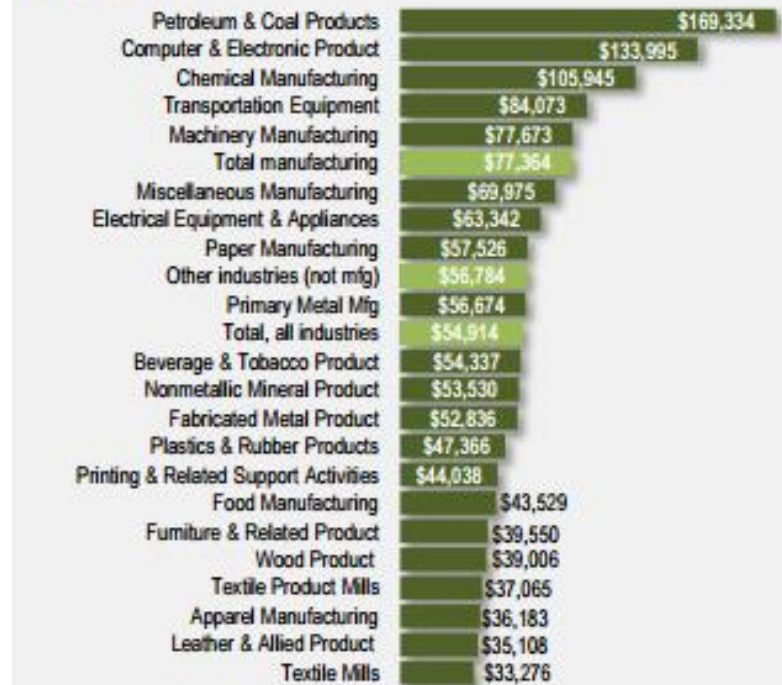
# Industrial Jobs Further Economic Prosperity

Exhibit 2-12












U.S. Real Average Annual Wages (\$2012)



Average Annual Wages in Manufacturing California 2012

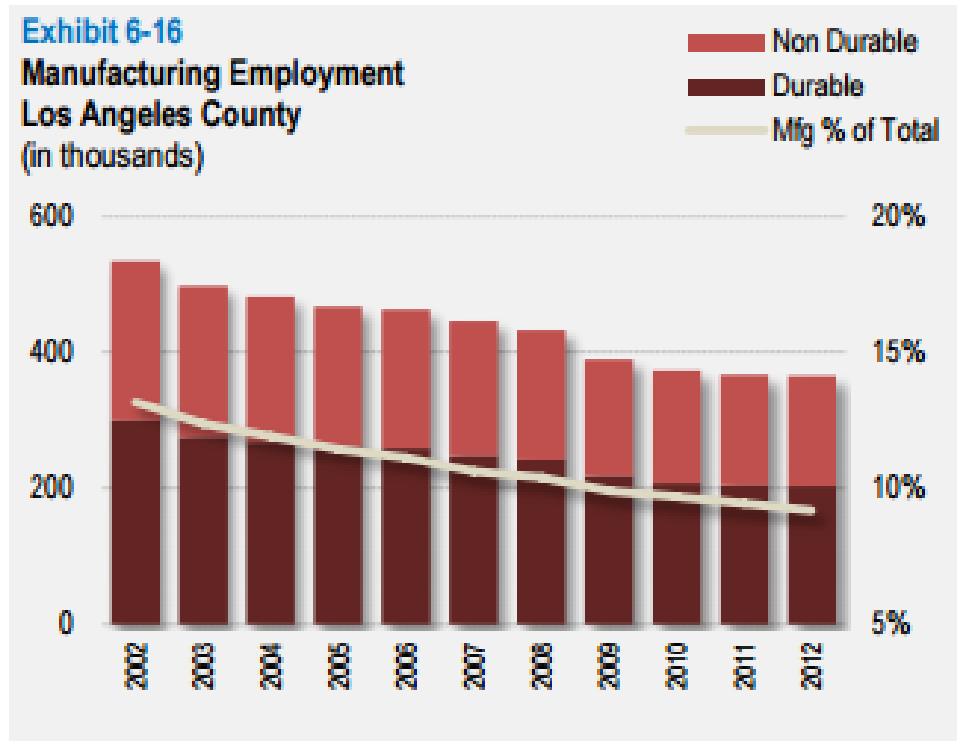


# Industry Clusters

Key Manufacturing Industry Clusters in California		% Change in Employment '02-'12	Avg. Annual Wage 2012 (\$)
	Aerospace Vehicles and Defense	-18.1%	\$103,326
	Biomedical	3.6%	\$108,904
	Communications Equipment and Services	-27.2%	\$100,918
	Fashion	-42.3%	\$35,965
	Food Processing and Manufacturing	4.8%	\$50,473
	Information Technology and Analytical Instruments	-20.7%	\$143,232
	Metalworking Technology	-16.4%	\$50,684
	Oil and Gas Production and Transportation	25.8%	\$152,349
	Plastics	-29.4%	\$49,089
	Production Technology and Heavy Machinery	-16.5%	\$70,048
	Recreational and Small Electric Goods	-41.9%	\$60,197

# Trends in Employment Throughout the County

- Los Angeles County continues to be a manufacturing powerhouse, with more than 365,500 jobs in manufacturing industries in 2012, accounting for 9.2 percent of county employment and 29.3 percent of all manufacturing employment in California.
- Almost 169,000 manufacturing jobs were lost between 2002 and 2012, a decline of 31.6 percent over the decade.
- The County is most competitive in manufacturing industries in the fashion cluster, but also maintains competitive strength in the sophisticated instrumentation and other parts used in the aerospace industry and a wide variety of high technology and durable goods industries.

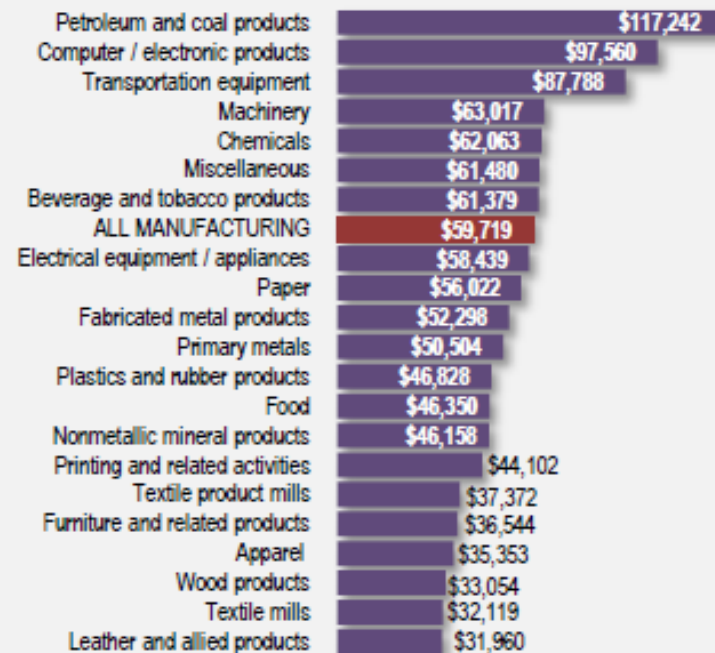


# Industrial Jobs Further Economic Prosperity

**Manufacturing Employment by Subsector  
Los Angeles County 2012**

NAICS	Industry	Employment	Establishments
311	Food manufacturing	39,179	1,024
312	Beverage / tobacco products	5,138	68
313	Textile mills	6,732	256
314	Textile product mills	3,993	208
315	Apparel manufacturing	45,617	2,231
316	Leather and allied products	2,256	76
321	Wood products	3,023	218
322	Paper	7,041	152
323	Printing and support activities	14,786	1,068
324	Petroleum / coal products	4,154	68
325	Chemicals	19,856	518
326	Plastics / rubber products	13,558	381
327	Nonmetallic mineral products	5,357	255
331	Primary metal	7,126	207
332	Fabricated metal products	42,956	1,913
333	Machinery	16,297	734
334	Computer / electronic products	41,528	650
335	Electrical equipment / appliances	9,548	275
336	Transportation equipment	46,212	532
337	Furniture and related products	13,126	640
339	Miscellaneous manufacturing	18,043	1,007
<b>Total Manufacturing</b>		<b>365,525</b>	<b>12,480</b>
<i>Percent of County Total</i>		<i>9.2%</i>	<i>3.0%</i>
<i>Percent of CA Manufacturing</i>		<i>29.3%</i>	<i>31.5%</i>

**Average Annual Wages in Manufacturing  
Los Angeles County 2012**



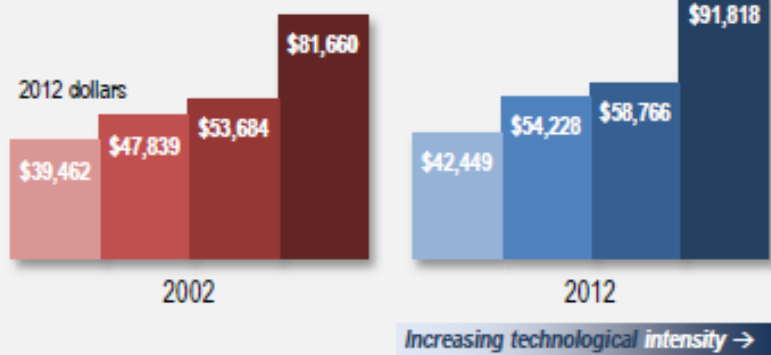
The annual average wage in manufacturing industries in Los Angeles County was \$59,719 in 2012.





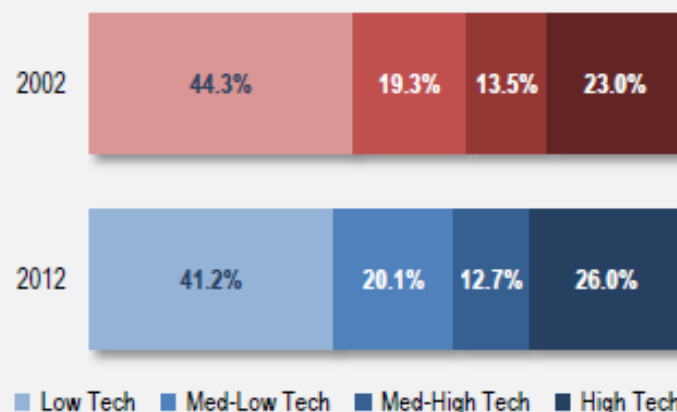
# Technology Intensity & Employment

Annual Wage in Manufacturing by Tech Intensity  
Los Angeles County 2002 and 2012



Workers in high-tech manufacturing in Los Angeles County earned on average **\$43,360** more in 2012 than other manufacturing workers.

Manufacturing Employment by Tech Intensity  
Los Angeles County 2002 and 2012



Technology intensity in manufacturing has been increasing, with almost half of all employment in high-tech and medium-high tech industries, compared to 46 percent in 2002.

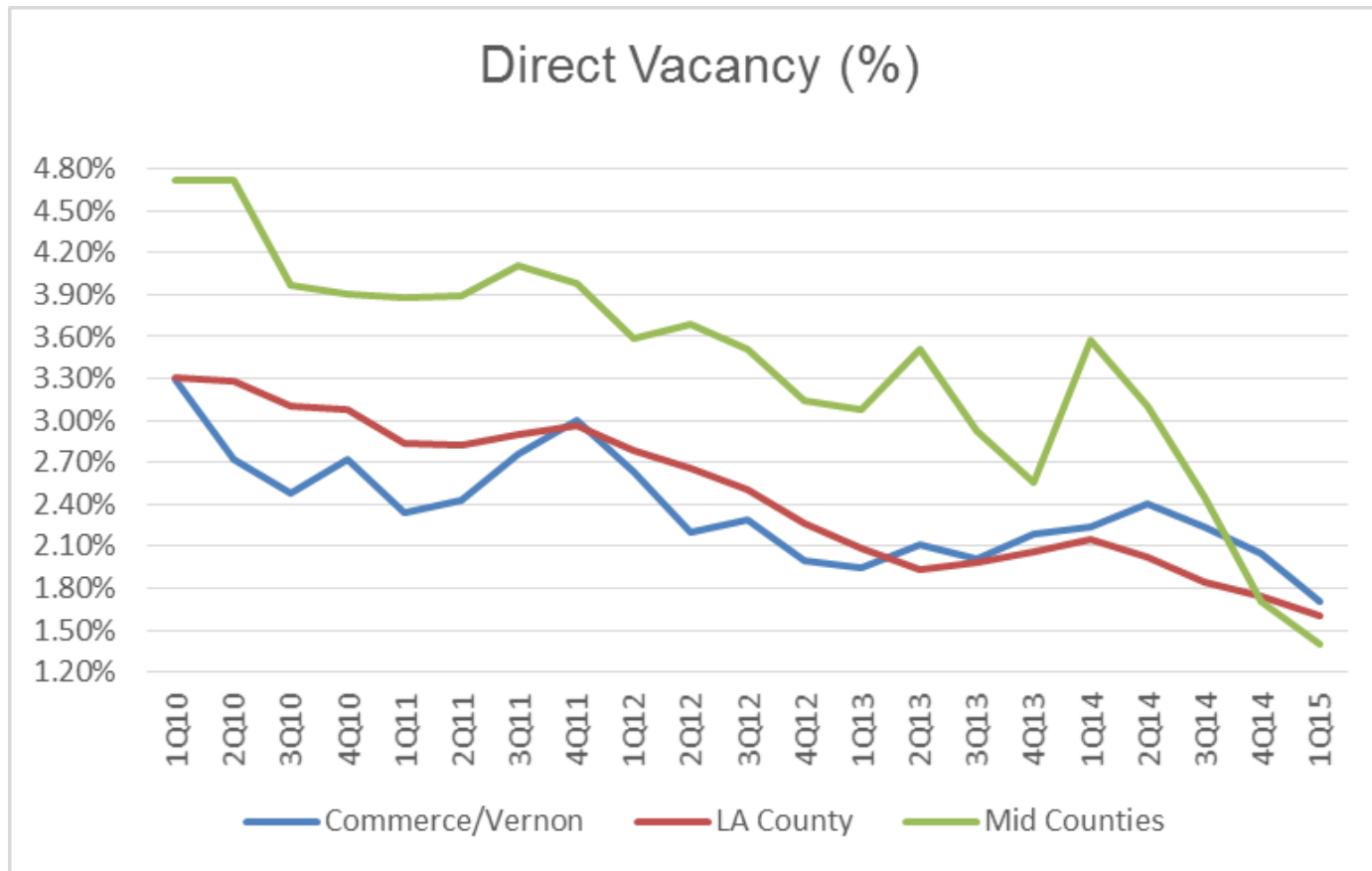
# Limited Industrial Supply Continues to Drive Lease Rates Higher

Submarket	Building (sq. ft.)	Overall Vacancy (%)	Current Net Absorption (sq. ft.)	Under Construction	Avg. Asking Lease Rates (\$PSF/MO/NNN)
Commerce/Vernon	160,382,952	1.7	(126,527)	686,681	0.56
Downtown LA	124,656,018	2.4	170,782	0	0.73
Mid-Counties	108,651,865	1.4	405,137	199,588	0.60
Greater San Fernando Valley	172,288,250	1.4	108,669	252,846	0.72
San Gabriel Valley	147,151,084	1.4	878,139	1,104,949	0.69
South Bay	217,971,799	1.5	507,552	62,630	0.63
<b>LA County</b>	<b>931,131,968</b>	<b>1.6</b>	<b>1,943,752</b>	<b>2,306,694</b>	<b>0.66</b>
Ventura	67,720,403	3.8	146,232	92,740	0.65
<b>Greater LA</b>	<b>993,852,371</b>	<b>1.7</b>	<b>2,089,984</b>	<b>2,399,434</b>	<b>0.66</b>

Source: CBRE, Q1 2015



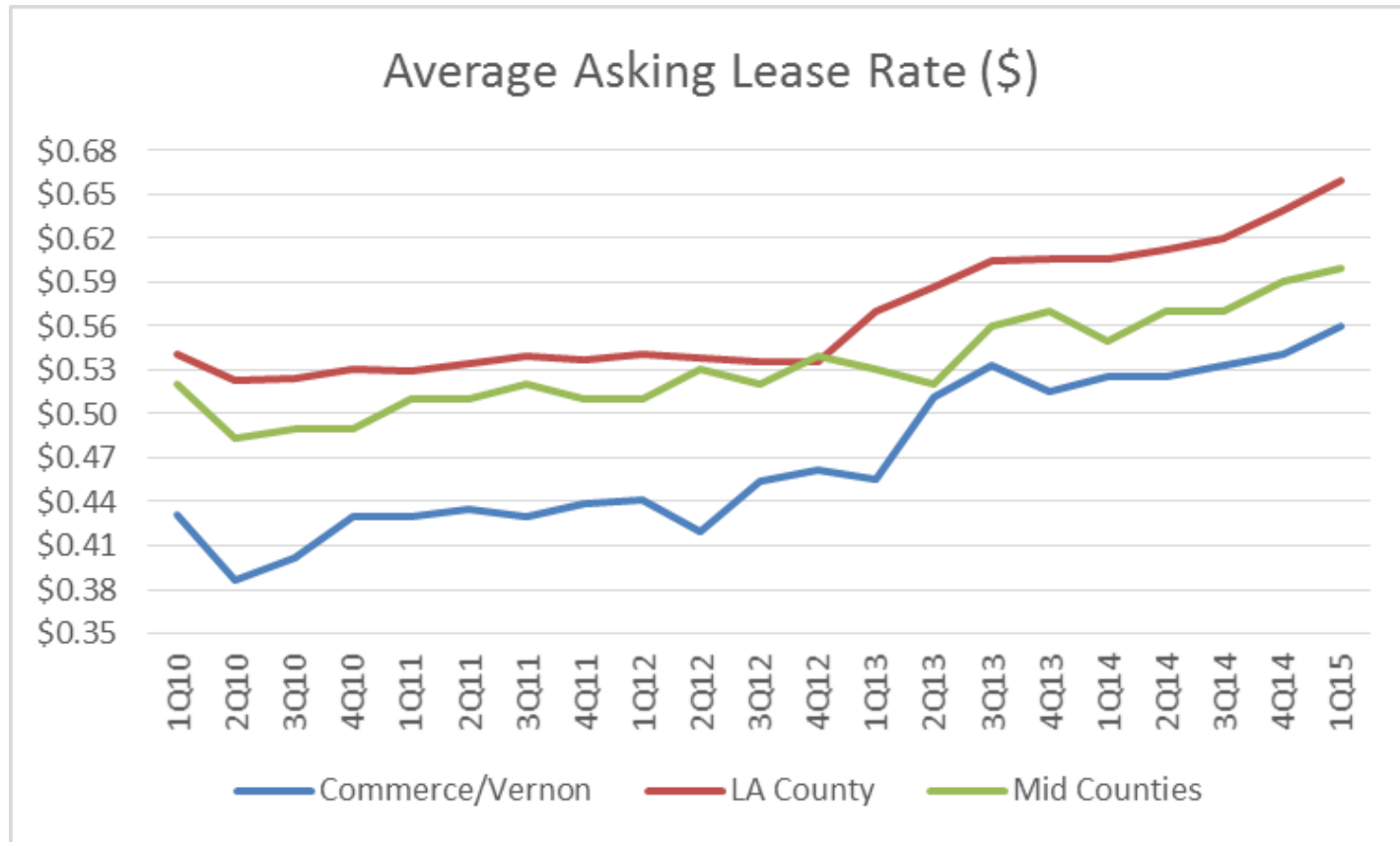
# Industrial Vacancy Rates in LA County & Submarkets



Source: CBRE



# Industrial Average Asking Lease Rates in LA County & Submarkets



Source: CBRE



# Current and Future Industrial Construction Around Proposed Line

City	Size Sq. Ft.	Under Construction or Planned	Spec or BTS or UNK	Est. Completion Year	Developer
Santa Fe Springs	1,200,000	Planned	Spec	2016	Goodman Birtcher
La Mirada	199,588	Under Construction	BTS	2016	Overton Moore Properties
Los Angeles	168,000	Planned	BTS	2016	Dynamic Builders
Commerce	163,000	Planned	SPEC	2015	Comstock Realty Partners
Vernon	142,436	Under Construction	BTS	2015	Dedeaux Properties
Commerce	141,130	Under Construction	SPEC	2015	REDA
Vernon	121,098	Under Construction	SPEC	2015	Pacific Industrial
South Gate	118,000	Planned	BTS	2016	Panattoni
Huntington Park	111,000	Under Construction	BTS	2016	Camfield Partners
Commerce	106,226	Under Construction	SPEC	2015	Private Investors
Santa Fe Springs	99,883	Planned	Spec		
Vernon	94,000	Planned	SPEC	2016	Camfield Partners
Commerce	91,010	Under Construction	SPEC	2015	
Santa Fe Springs	63,500	Planned	BTS		
Bell	62,014	Under Construction	SPEC	2015	Private Investors
Vernon	41,000	Planned	BTS	2015	Prologis
Vernon	38,376	Planned	SPEC	2016	Pacific Industrial
Vernon	32,865	Under Construction	UNK	2015	CEG Construction
Santa Fe Springs	30,444	Planned	BTS		
Vernon	29,096	Planned	SPEC	2016	Pacific Industrial
Commerce	27,000	Planned	BTS	2016	
Los Angeles	15,000	Planned	UNK	2016	

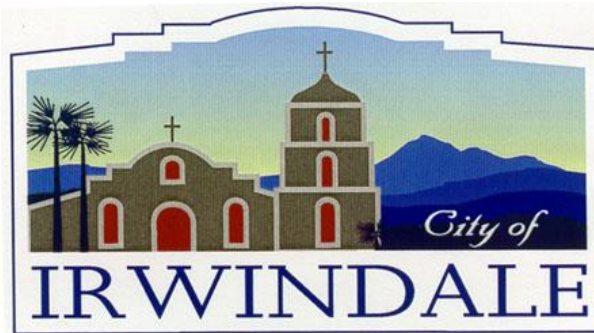
# Case Study 1 – Redefining Industrial Use



- Los Angeles Cleantech Incubator
- LACI is a non-profit organization funded by the former CRA/LA and the LADWP for the City of Los Angeles. In partnership with the city's educational and research organizations – UCLA, USC, Caltech and Jet Propulsion Laboratory – LACI helps accelerate the commercialization of their clean technologies.
- The LA Kretz Innovation Campus, located in the new Cleantech corridor and soon to be LACI's headquarters, is designed to be a cutting edge environment for companies in the clean technology space, complete with resources to accelerate growth including offices, wet labs, a prototype manufacturing workshop, and classroom space.
- The Cleantech Manufacturing Center will provide a home for full scale manufacturing of environmental technologies in Downtown Los Angeles.



# Case Study 2 – Industrial Land Adjacent to Transit Stations



- The City of Irwindale has been in the process of repositioning itself as an industrial and commercial hub, rather than a mining community.
- Available land in Irwindale made way for the development of industrial and commercial office buildings supporting a broad range of small to large sized businesses, including manufacturing/warehouse/distribution uses, food preparation and packaging uses, and corporate headquarter offices.
- The Gold Line Extension, which will extend mass transit through this part of the I-210 corridor, will further enhance accessibility to Irwindale and increase local development potential and efforts to attract new businesses to the area.

# Best Practices for Industrial Land Use

## 1. Preserve Industrial Land:

- Establish zoned industrial districts which prevent the conversion of industrial land in designated areas to other uses—couple with a financial tool, such as Infrastructure Financing Districts
- Adopt policies recognizing the importance of industrial land
- Prioritize industrial land in city General Plans

## 2. Expand Industrial Land:

- Employ flexible zoning codes based on externalities, which would allow for industrial uses in commercial
- Incentivize conversion to industrial from nonconforming uses
- Utilize publicly-owned properties for industrial use

## 3. Attract Industrial Land Use:

- Promote assembly of parcels/lot consolidation
- Incentivize demolition of obsolete buildings
- Incentivize revitalization of industrial properties—especially cleanup
- Adopt façade improvement programs





# THANK YOU

For additional information, contact:

**Carolyn Hull**

**Phone: 213-236-4828**

**E-mail: [Carolyn.hull@laedc.org](mailto:Carolyn.hull@laedc.org)**

