

## Section II

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### Comparison of Los Angeles County, Orange County and Ventura County





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### Methodology

When reviewing Los Angeles County's economic health and dynamism, the question of how Los Angeles County compares with other counties is inevitable. Competition among the three counties to attract business has increased. Both Orange County and Ventura County have developed diversified export economies and leading information technology industries over the past decade. A comparison offers insight as to how these counties became competitive locations for high-tech industries, such as telecommunications and biotechnology, and shows where Los Angeles County stands in comparison to them. The comparison identifies best practices from Orange County and Ventura County that Los Angeles County can adopt. Moreover, it aims to strengthen Los Angeles County's economic industries that offer a high potential for development.

Methodologically, this analysis contrasts the economic trends in Los Angeles County with the economic trends in Orange County and Ventura County. Much attention was directed at the business patterns, location characteristics and demographic characteristics of each county as the context in which each economy has emerged and will continue to develop. Considerable attention was paid to concentration measurements of specific industries measured by the employment location quotient (LQ). The LQ measures the relative importance of specific employment trends in Los Angeles County, Orange County and Ventura County in relation to a larger benchmark region, i.e. the United States, in order to understand the market environment. The knowledge found through deriving location quotients is indispensable to determining where the greatest opportunity lies for increasing employment growth or understanding why certain industries decline.

Within this section we conduct our analysis using data from two sources, namely, Economy.com and Dun&Bradstreet. It is important to note that the data from these sources is classified according to two different statistical classification standards. Dun&Bradstreet lists the data using the Standard Industrial Classification (SIC), whereas the data provided by Economy.com is broken down according to the North American Industry Classification System (NAICS). A key feature of the NAICS classification is that it includes government employment but excludes agricultural employment. On the other hand, SIC classification takes into account agricultural employment but leaves out government employment. Therefore, when we refer to employment numbers within this section it is important for the reader to keep in mind the differences between the two classification standards.

### Overview of the Three Counties

Los Angeles County, Orange County and Ventura County contrasted sharply on various economic indicators in 2002, mirroring differences in educational attainment of its residents and overall population dynamics. Economic indicators, such as household incomes and poverty levels, reflect the capacity of each county's residents to support neighborhood businesses. High levels of poverty among residents can hamper a county's ability to provide good schools, reduce crime and offer other high-quality services. Table 1-II shows that Ventura County and Orange County fared far better than others, particularly in terms of median household income and unemployment rate. Los Angeles County, by contrast, performed less well when measured by median household income and unemployment rate.



Despite these mostly positive trends for Orange County and Ventura County, the level of Orange County's and Ventura County's business bankruptcies increased over the 1999-2002 period, while Los Angeles County's declined.

In terms of office vacancy rates, Orange County reached 16.6 percent, considerably higher than the 13.1 percent level of Los Angeles County. The comparative data shows that Los Angeles County has been successful in attracting companies to the area. The high level of vacancy rates in Orange County is not so much the result of new construction completions over recent years as the technology downturn in 2001. While high-end markets such as West Los Angeles and Orange County have been hardest hit by the most recent dotcom downturn, strong recovery is already underway since the workforce in these areas is highly educated and the concentration of establishments includes many with positive long-term outlooks (high-tech, finance, computer programming, engineering, etc.).

**Table 1-II**  
**Economic Indicators, 2002**

Indicators	US	CA	LAC	OC	VC
<b>Employment</b>					
Total Nonfarm Employment (Ths., SA*, 12/31/02)	130,096	14,454	4,017	1,420	284
% Change (92-02)	19%	20%	7%	27%	26%
Unemployment Rate	5.8	6.7	6.8	4.1	5.5
% Change (92-02)	-23%	-28%	-31%	-38%	-39%
<b>Income</b>					
Per Capita Personal Income (01)	30,413	32,655	30,611	36,647	32,232
Median Household Income (99)	40,816	43,744	42,189	58,820	59,666
% of Families: Family Income < \$10,000	6%	6%	8%	3%	3%
% of Families: Family Income > \$200,000	3%	4%	4%	6%	5%
<b>Housing</b>					
Median Sales Price Exist. SFR, (\$Ths., SA)	157	278	286	414	327
New Home Prices: Median, (\$Ths., SA)	N/A	275	313	335	392
Homeownership Rates (%)	68	58	50	66	70
SF Housing Permits	1,332,620	123,013	8,280	6,794	2,249
Homeowner Vacancy Rate (%)	1.70	1.20	0.80	0.90	0.00
<b>Bankruptcies</b>					
Personal Bankruptcies	1,539,111	144,766	46,701	9,606	2,666
% Change (92-02)	71%	-3%	-9%	-29%	-33%
% Change (98-02)	10%	-29%	-31%	-39%	-41%
Business Bankruptcies	38,540	5,141	1,266	554	71
% Change (92-02)	-45%	-58%	-60%	-21%	-81%
% Change (99-02)	2%	3%	-13%	10%	61%
<b>Vacancy Rates</b>					
Office Vacancy Rates	14.9	N/A	13.1	16.6	13.2
% Change (92-02)	-21%	N/A	-34%	-18%	-34%

\* Footnote: SA = Seasonally Adjusted

Sources: Economy.com, Milken Institute

The Los Angeles region's population growth is not uniform. Rapid population growth was confined mainly to Orange County – 17 percent – while Los Angeles County grew at a much lower rate – 8 percent – over the past decade. With respect to California's immigrant population, "California is the largest immigrant magnet and the most interesting state in terms of diversity"<sup>1</sup>. Los Angeles County's population was 32 percent Hispanic in 2002, growing 28 percent since 1992, when the Hispanics accounted for 28 percent of Los Angeles County's population. The change in the racial composition of each county's population over the 1992-2002 decade further reveals that African Americans declined by 6 percent in Los Angeles County, indicating a change from 8 percent in 1992 to 7 percent in 2002 of Los Angeles County's population. Like the rest of the nation, but more pronounced in Southern California, the Hispanic population experienced substantial growth, while Whites



declined as a percentage of each area's total population. Among the three counties, Ventura County and Orange County are distinguished by their large percentage of Whites. Additionally, when compared to Orange County and Ventura County, Los Angeles County has fewer residents who obtained high school diplomas and fewer residents over 25 with a bachelor's degree – an important factor for businesses looking to locate or expand in the region.

**Table 2-II**  
**Demographic Indicators, 2002**

<b>Indicators</b>	<b>US</b>	<b>CA</b>	<b>LA</b>	<b>OC</b>	<b>VC</b>
<b>Population (Mil.)</b>	287,974	35,002	9,768	2,926	781
% Change '92-'02	12%	13%	8%	17%	14%
<b>Demographics</b>	<b>% of Population</b>				
Black	11%	5%	7%	1%	2%
Hispanic	12%	26%	32%	25%	26%
Asian	4%	9%	9%	12%	5%
American Indian	1%	1%	1%	1%	1%
White	72%	59%	51%	62%	67%
	<b>% of Population (1992)</b>				
Black	11%	6%	8%	2%	2%
Hispanic	9%	21%	28%	20%	22%
Asian	3%	8%	9%	9%	4%
American Indian	1%	1%	1%	1%	1%
White	76%	63%	54%	69%	71%
<b>Demographics</b>	<b>% Change '92-'02</b>				
Black	16%	2%	-6%	12%	2%
Hispanic	60%	42%	28%	51%	43%
Asian	45%	28%	17%	51%	20%
American Indian	28%	28%	61%	62%	41%
White	9%	9%	6%	10%	12%
<b>Net Migration (Ths.)</b>	1,290	175	19	4	6
% Change '92-'02	67%	299%	-136%	988%	-912%
<b>Educational Attainment</b>	<b>Age 25 and over - % High School Graduate or Higher</b>				
1990	75%	76%	70%	81%	79%
2002	80%	77%	70%	80%	80%
	<b>Age 25 and over - % Bachelor's Degree or Higher</b>				
1990	20%	23%	22%	28%	23%
2002	24%	27%	25%	31%	27%

Sources: Economy.com, Milken Institute

## Profile of Los Angeles County

Los Angeles County includes major, highly populated cities, among them, Los Angeles, Long Beach, Brea, Santa Ana, Huntington Beach, Glendale, Burbank, Torrance and Pasadena. It is home to a wide selection of institutions of higher education, including the University of California at Los Angeles, California State Universities at Los Angeles, Long Beach, Northridge and Dominguez Hills, as well as excellent private colleges, such as California Institute of Technology, Loyola Marymount, Pepperdine University, Occidental College, the Claremont Colleges and the University of Southern California.

Los Angeles County has considerable comparable advantages in the global economy such as excellent access to the global marketplace through its international airport and the Port of Los Angeles. However the county's future economic prosperity may be hindered by internal constraints such as high tax structure, housing supply, traffic congestion, higher crime rates and a growing number of low-skilled workers.



## Industry Profile

Table 3 shows the pattern of establishment allocation and employment distribution in Los Angeles County in 1992 as compared to 2002.

**Table 3-II**

Los Angeles County - Economic Overview													
Sector	SIC	1992					2002					1992-2002	
		Business Count	Sales Rev. (\$Mil.)	Emp.	% of Total Estab.	% of Total Emp.	Business Count	Sales Rev. (\$Mil.)	Emp.	% of Total Estab.	% of Total Emp.	% Growth Business	% Growth Emp.
Services	SV	100,191	98,184	1,160,350	42	40	145,166	123,185	1,281,785	46	41	45	10
Retail Trade	RT	48,318	51,281	435,561	20	15	61,777	52,668	497,500	19	16	28	14
Construction	CN	13,518	19,476	112,890	6	4	16,777	22,298	120,686	5	4	24	7
Finance, Insurance & Real Estate	FI	20,081	68,063	206,823	8	7	27,545	76,834	224,474	9	7	37	9
Transp, Commun & Public Ut	TU	8,091	41,883	172,170	3	6	12,335	47,656	205,123	4	7	52	19
Wholesale Trade	WT	22,576	80,221	241,964	10	8	26,696	92,600	261,620	8	8	18	8
Mining	ML	272	2,719	3,508	0	0	248	13,075	5,252	0	0	-9	50
Agriculture, Forestry & Fishing	AF	1,960	1,447	16,819	1	1	3,151	1,300	20,219	1	1	61	20
Manufacturing	MF	22,010	89,053	562,799	9	19	23,361	89,897	497,911	7	16	6	-12
<b>Total</b>		<b>237,017</b>	<b>452,328</b>	<b>2,912,884</b>	<b>100</b>	<b>100</b>	<b>317,056</b>	<b>519,514</b>	<b>3,114,570</b>	<b>100</b>	<b>100</b>	<b>34</b>	<b>7</b>

Sources: D&B, Milken Institute

Over the past decade, Los Angeles County's services sector experienced intensified economic activity in terms of employment and business growth. Over the 1992-2002 period, business count increased 34 percent and employment, 7 percent. Still, this growth did not match the more rapid growth observed in Orange and Ventura counties. Manufacturing grew in business count, but lost 12 percent of its employment base over that same 10-year period. This loss in manufacturing capacity was prompted by an unfriendly legislative and regulatory business environment, high costs of doing business, the decline of aerospace and defense related manufacturing and the outsourcing phenomenon. The consequences of this decline in the manufacturing sector are troubling, given that many of those jobs were high-wage manufacturing jobs that offered valuable employment opportunities to workers who do not have access to other high-paying jobs. Moreover, the decrease in the manufacturing base translates into tremendous loss in export and sales revenues for the county.

## Distribution of Business Establishments

Table 4 shows Los Angeles County's top 10 growing and declining industries in terms of business count. Nine out of the top 10 growing industries focus on local consumption, serving the growing population of Los Angeles County.

Growth in Los Angeles County's motion picture and video production base, with a 66 percent growth in business count and a 23 percent growth in employment, is encouraging. This sector of the entertainment industry is acutely export oriented and generates high sales revenues for the local economy. Furthermore, this industry has the capacity to attract other businesses, in particular those that combine entertainment and technology. Religious organizations ranked fourth among Los Angeles County's growing industries, among them many small-sized establishments. This development reflects the rising need for organizations to meet the population's growing need for social services and assistance. Since religious organizations are tax exempt, they do not contribute to growth in the tax base.

Among the declining industries were women's and misses' outerwear and women's and misses' dresses, both apparel manufacturing industries that suffered declines in business count and employment due to production outsourcing to low-cost, low-wage countries. The largest decline in businesses count occurred in the subdividers and developers industry, followed by commercial printing, and lithographic and industrial machinery not elsewhere classified.



Table 4-II

Los Angeles County - Top 10 Growing & Declining Industries Ranked by Change in Business Count, 1992-2002											
Industry	SIC	1992			2002			Change in Business Count	1992-2002 % Growth		
		Business Count	Sales Rev. (\$Mil.)	Emp.	Business Count	Sales Rev. (\$Mil.)	Emp.		Business Count	Sales Rev.	Emp.
Miscellaneous Bus Services	7389	6,144	4,141	56,107	11,907	5,331	72,253	5,763	94	29	29
Eating Places	5812	9,900	4,595	127,038	13,344	5,004	159,201	3,444	35	9	25
Beauty Shops	7231	4,616	346	16,584	7,473	472	23,961	2,857	62	37	44
Religious Organizations	8661	3,321	1,461	21,534	5,707	1,701	30,655	2,386	72	16	42
Real Estate Agents & Managers	6531	5,154	3,369	34,809	7,472	3,198	45,291	2,318	45	-5	30
Management Consulting Services	8742	2,572	5,439	24,939	4,831	4,119	32,950	2,259	88	-24	32
Miscellaneous Business Consulting	8748	1,256	1,001	8,961	3,426	1,720	18,307	2,170	173	72	104
Miscellaneous Retail Stores	5999	2,883	1,674	16,162	4,877	2,202	23,527	1,994	69	32	46
Legal Services	8111	7,703	5,361	53,001	9,580	5,705	60,152	1,877	24	6	13
Motion Picture & Video Production	7812	2,354	9,565	33,694	3,908	9,865	41,333	1,554	66	3	23
Subdividers & Developers	6552	1,242	3,351	7,081	734	2,437	4,788	-508	-41	-27	-32
Commercial Printing, Lithographic	2752	1,697	2,154	19,029	1,252	1,560	14,009	-445	-26	-28	-26
Industrial Machinery	3599	1,795	1,373	16,133	1,435	1,347	14,288	-360	-20	-2	-11
Nonresidential Building Operators	6512	1,512	1,720	10,137	1,169	2,328	8,692	-343	-23	35	-14
National Commercial Banks	6021	639	1,634	14,677	452	1,559	8,604	-187	-29	-5	-41
Women's & Misses' Outerwear	2339	672	2,436	18,411	532	1,867	11,664	-140	-21	-23	-37
Typesetting	2791	207	52	1,024	72	19	417	-135	-65	-62	-59
Women's, Juniors' & Misses' Dresses	2335	299	924	6,409	184	464	3,220	-115	-38	-50	-50
Shoe Repair & Shoeshine Parlors	7251	425	18	591	337	18	578	-88	-21	0	-2
Advertising Agencies	7311	1,078	2,154	9,226	991	2,200	9,484	-87	-8	2	3

Sources: D&amp;B, Milken Institute

## Employment Opportunities and Industry Concentration

Local government, followed closely by food services and drinking places, posted the highest employment level in 2003 (Table 5). The data reflect that the county's technologically more sophisticated industries, such as computer and electronic product manufacturing, experienced a substantial decline in employment base. That industry's employment LQ – while still larger than the national share – dropped to 1.4 in 2003 from 1.9 in 1982. Professional, scientific and technical services also exhibited weaker job growth in the last 10 years when compared to the 1982-1992 period. The news is better in the motion picture and sound recording industry, where employment grew by 31 percent between 1992 and 2003. The county's high 2003 employment LQ of 10.1 continues a pattern of high employment concentration in this industry.

Los Angeles County's apparel manufacturing industry lost more than 20,000 jobs since 1992 as large production facilities moved off-shore, increasing import competition. On the positive side, the country's apparel industry tries to focus on marketing and design activities thereby changing its face from one of low-wage manufacturing to high-end fashion creation and production. Los Angeles County's apparel manufacturing employment LQ of 7.1 in 2003 – up from 2.8 in 1992 – shows that Los Angeles County's local production in this industry is specialized and is assumed to exceed local demand, allowing the excess to be exported.

Overall, Table 5 reveals that Los Angeles County's labor market is polarized between highly educated, more skilled occupations and low-skill jobs. Contrary to the common belief that Los Angeles County's economy is primarily export oriented, most net job growth took place in the local consumption industries, indicating that the economy is largely supported by industries that cater to the needs of the growing population.



**Table 5-II**  
**Los Angeles County - Top 20 Largest Industries**  
**Ranked by Employment, 2003**

Industry	NAICS	Employment			Location Quotient			% Emp. Growth			Net Job Creation 82-03
		1982	1992	2003	1982	1992	2003	82-92	92-03	82-03	
Local Government	GVL	351,950	402,020	462,960	0.9	1.0	1.1	14	15	32	111,010
Food Services & Drinking Places	722	160,440	211,070	258,220	0.8	0.9	1.0	32	22	61	97,780
Administrative & Support Services	561	136,810	181,770	248,350	1.2	1.2	1.1	33	37	82	111,540
Professional, Scientific & Technical Services	541	144,460	218,690	233,630	1.1	1.4	1.1	51	7	62	89,170
Ambulatory Health Care Services	621	102,340	117,880	146,820	1.3	1.1	1.0	15	25	43	44,480
Motion Picture & Sound Recording Industries	512	58,010	89,210	116,750	8.4	10.0	10.1	54	31	101	58,740
Merchant Wholesalers, Durable Goods	423	112,240	116,490	111,680	1.1	1.2	1.2	4	-4	0	-560
Hospitals	622	90,230	99,920	103,100	0.9	0.8	0.8	11	3	14	12,870
Educational Services	611	69,840	65,670	96,420	1.5	1.1	1.2	-6	47	38	26,580
Specialty Trade Contractors	238	66,220	68,690	88,060	0.8	0.7	0.7	4	28	33	21,840
Food & Beverage Stores	445	74,300	76,030	82,910	0.9	0.8	1.0	2	9	12	8,610
Merchant Wholesalers, Nondurable Goods	424	59,540	70,240	82,020	0.9	1.1	1.3	18	17	38	22,480
State Government	GVS	50,690	68,280	80,710	0.4	0.4	0.5	35	18	59	30,020
Credit Intermediation & Related Activities	522	100,520	95,500	80,630	1.2	1.2	0.9	-5	-16	-20	-19,890
Management of Companies & Enterprises	551	72,880	84,370	78,370	1.1	1.5	1.5	16	-7	8	5,490
Apparel Manufacturing	315	70,670	89,930	68,250	1.7	2.8	7.1	27	-24	-3	-2,420
Nursing & Residential Care Facilities	623	40,820	47,810	64,400	0.8	0.7	0.8	17	35	58	23,580
Computer & Electronic Product Manufacturing	334	148,870	96,480	59,980	1.9	1.6	1.4	-35	-38	-60	-88,890
General Merchandise Stores	452	70,450	62,550	58,910	0.8	0.7	0.7	-11	-6	-16	-11,540
Religious, Grantmaking, Civic, Professional & Similar Orgs	813	47,970	52,820	57,680	0.8	0.7	0.6	10	9	20	9,710

Sources: Economy.com, Milken Institute

Among Los Angeles County's professional, scientific and technical services industry, legal services added the most jobs to the economy over the 1982-2003 period, followed by management, scientific and technical consulting services. However, in the 1992-2003 period, legal services exhibited a 6 percent decline in its employment base. Accounting, tax preparation, bookkeeping and payroll also shed jobs over the same period, mostly due to the recent accounting scandals.

**Table 6-II**

Los Angeles County														
Professional, Scientific, & Technical Services 541	NAICS	Employment			% Emp. Growth			Net Job Creation 82-03	Average Wage/Emp (\$)			% Wage/Emp Growth 82-03		
		1982	1992	2003	82-92	92-03	82-03		1982	1992	2003			
Legal Services	5411	29,000	53,610	50,200	85	-6	73	21,200	31,846	53,262	68,724	67	29	116
Accounting, Tax Preparation, Bookkeeping & Payroll	5412	23,060	41,820	37,580	81	-10	63	14,520	27,092	46,310	67,650	71	46	150
Architectural, Engineering & Related Services	5413	26,170	29,280	29,930	12	2	14	3,760	30,464	52,721	69,354	73	32	128
Specialized Design Services	5414	4,790	6,430	7,840	34	22	64	3,050	12,434	16,488	22,415	33	36	80
Computer Systems Design & Related Services	5415	11,060	17,140	26,540	55	55	140	15,480	20,216	34,215	76,520	69	124	279
Management, Scientific & Technical Consulting Svcs	5416	11,970	17,240	27,900	44	62	133	15,930	21,640	55,945	71,766	159	28	232
Scientific Research & Development Services	5417	12,500	14,090	18,150	13	29	45	5,650	31,918	56,020	55,194	76	-1	73
Advertising & Related Services	5418	14,630	21,370	22,330	46	4	53	7,700	21,589	36,485	51,867	69	42	140
Other Professional, Scientific & Technical Services	5419	11,290	17,700	13,170	57	-26	17	1,880	14,828	21,258	39,642	43	86	167
<b>Total</b>		<b>144,470</b>	<b>218,680</b>	<b>233,640</b>	<b>51</b>	<b>7</b>	<b>62</b>	<b>89,170</b>						

Sources: Economy.com, Milken Institute

Table 7 focuses on Los Angeles County's top five manufacturing industries ranked by employment in 2003. Most remarkable is the trade off in the past 20 years between the county's low-wage and low-skill cut-and-sew apparel manufacturing industry, which rose as a share of total manufacturing employment, and the area's high-wage and high-skill aerospace product and parts manufacturing industry, which fell as a share of total manufacturing employment.

**Table 7-II**

**Los Angeles County - Top 5 Growing Manufacturing Occupations**  
**Ranked by Employment, 2003**

Industry	NAICS	% of Total Mfg. Emp.	
		1982	2003
Cut & Sew Apparel Manufacturing	3152	8.0	12.8
Aerospace Product & Parts Manufacturing	3364	13.7	8.0
Navigational, Measuring, Electromedical & Control Inst Mfg	3345	10.6	7.8
Printing & Related Support Activities	3231	3.8	4.9
Household & Institutional Furniture & Kitchen Cabinet Mfg	3371	2.8	3.7

Sources: Economy.com, Milken Institute





## Profile of Orange County

Orange County – with Santa Ana as the county seat – is located on the Pacific coast between Los Angeles County and San Diego County. Major cities include Anaheim, Irvine, Orange, Mission Viejo, Costa Mesa, Newport Beach and San Juan Capistrano.

Orange County is home to the University of California–Irvine, California State University–Fullerton, Chapman University and several community colleges that provide the area with a highly-educated workforce.

Favorably located relative to foreign markets such as Mexico, Orange County is an attractive place to do business. Orange County executives ranked traffic and housing costs as negative factors in the business climate in 2003, still, the area was ranked fourth best metropolitan area for entrepreneurs in the Western United States.<sup>2</sup> The county's low unemployment rate combined with its growth in the high-tech sector spurs its demand for graduates with technical skills. This has created a broad representation of high-tech industries in Orange County. The area had the second lowest overall FBI Crime Index rate among the counties compared,<sup>3</sup> another indicator of Orange County's positive business climate.

## Industry Profile

Table 8 identifies the economy's performance and economic patterns over the 10 years from 1992 to 2002 to gauge Orange County's momentum and current economic positioning.

**Table 8-II**  
**Orange County - Economic Overview**

Sector	SIC	1992				2002				1992-2002 % Growth			
		Business Count	Sales Rev. (\$Mil.)	Emp.	% of Total Estab.	Business Count	Sales Rev. (\$Mil.)	Emp.	% of Total Estab.	Business	Emp.		
Services	SV	29,192	34,279	357,364	39	35	55,632	35,771	431,666	45	36	91	21
Retail Trade	RT	13,192	18,572	148,459	18	15	21,678	19,370	190,134	18	16	64	28
Construction	CN	5,862	13,279	61,420	8	6	8,645	13,650	73,890	7	6	47	20
Finance, Insurance & Real Estate	FI	7,153	19,437	83,858	10	8	13,003	27,351	114,249	11	9	82	36
Transp, Commun & Public Utilities	TU	1,891	4,432	48,998	3	5	3,506	10,658	56,533	3	5	85	15
Wholesale Trade	WT	7,800	52,576	91,132	11	9	9,508	64,793	109,187	8	9	22	20
Mining	ML	96	45	712	0	0	103	100	859	0	0	7	21
Agriculture, Forestry & Fishing	AF	990	1,045	14,964	1	1	1,732	712	15,552	1	1	75	4
Manufacturing	MF	7,994	32,325	208,032	11	20	9,910	32,808	219,289	8	18	24	5
<b>Total</b>		<b>74,170</b>	<b>175,990</b>	<b>1,014,939</b>	<b>100</b>	<b>100</b>	<b>123,717</b>	<b>205,212</b>	<b>1,211,359</b>	<b>100</b>	<b>100</b>	<b>67</b>	<b>19</b>

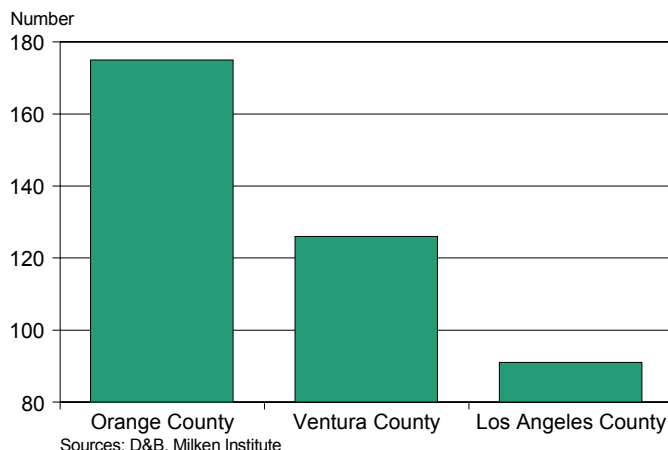
Sources: Economy.com, Milken Institute

Table 8 also documents the substantial increase in Orange County's services sector, which accounted for 39 percent of the area's total establishments in 1992 and 45 percent in 2002. Of note is that the rise in the services sector coincided with a decline in its manufacturing sector. However, manufacturing employment, while down sharply in Los Angeles County, expanded by 5 percent over the 1992-2002 period. Overall strong business growth, 67 percent, reflects the area's attractiveness as a business location.

Entrepreneurship had a significant influence on Orange County's economic dynamism. In 2002 alone, 175 businesses per 100,000 people were established as compared to new business formation of 91 per 100,000 people in Los Angeles County and 126 businesses per 100,000 people in Ventura County that year. Entrepreneurs in Los Angeles County face governmental issues, such as the complexity of the regulatory and business startup process, as well as higher business gross receipt taxes.



**Figure 1-II**  
**Business Startups per 100,000 Population**  
2002



### Distribution of Business Establishments

Looking at Orange County’s business patterns more closely reveals that business services, followed closely by engineering, accounting, research and management services, helped propel Orange County’s economy. The number of establishments in engineering, accounting, research and management services increased from nearly 5,300 in 1992 to almost 9,800 in 2002, demonstrating an increased demand for skilled labor. Business expansion has also been profound in legal services since 1992. The data show that the establishments that became a significant force in Orange County’s economy appear to be correlated with Orange County’s focus on the role of knowledge workers and the link between technology, high wages and the structure of high sales revenues.

Orange County’s strong presence of high-tech industries ensures the area’s economic prosperity as these industries attract talent, finances and other high-tech companies. Orange County developed an infrastructure that includes effective university outreach programs, high-tech incubator projects and a network of lawyers, accountants and bankers with expertise in early stage financing. For instance, Irvine Spectrum, a major technology hub, lured technology companies from across the country to Orange County. Major high-tech employers in Orange County include Boeing, Rockwell International and Toshiba Corporation. A constant flow of corporate relocations and expansions to the Irvine Spectrum and John Wayne Airport areas represents a main factor in the county’s economic expansion. “The concentration of unassuming beige two-story buildings clustered around the freeways is designed to collect the ‘gazelles,’ or fast-growing entrepreneurs, flowing out of the urban core of the L.A. basin.”<sup>4</sup> Since 1998, Orange County has been one of the most diverse high-tech economies in the nation. The diversity of the high-tech economy prevented Orange County from suffering more seriously during the technology slowdown in 2001.<sup>5</sup> In 2003, the county’s top export markets in leading high-tech industries were European and English-speaking countries.<sup>6</sup>



Table 9-II

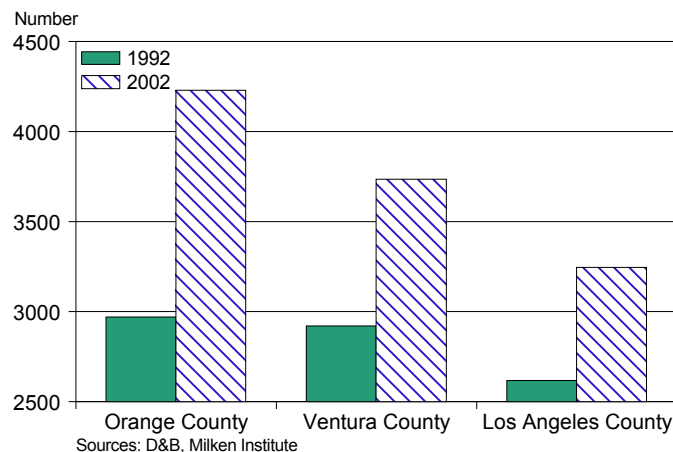
Orange County - Top 10 Growing & Declining Industries Ranked by Change in Business Count, 1992-2002											
Industry	SIC	1992			2002			Change in Business Count	1992-2002 % Growth		
		Business Count	Sales Rev. (\$Mil.)	Emp.	Business Count	Sales Rev. (\$Mil.)	Emp.		Business Count	Sales Rev.	Emp.
Misc Business Services	7389	1,995	1,978	18,365	5,313	1,966	24,107	3,318	166	-1	31
Eating Places	5812	2,698	4,203	46,721	4,667	4,700	64,626	1,969	73	12	38
Real Estate Agents & Mgrs	6531	1,659	1,013	15,824	3,307	1,477	21,982	1,648	99	46	39
Beauty Shops	7231	989	164	5,011	2,557	190	9,450	1,568	159	16	89
Management Consulting Svcs	8742	1,248	931	8,942	2,794	2,197	14,293	1,546	124	136	60
Legal Services	8111	1,887	844	12,241	3,389	1,371	18,353	1,502	80	62	50
Misc Business Consulting	8748	554	431	4,007	1,944	798	9,031	1,390	251	85	125
Offices, clinics of MDs	8011	2,018	4,643	15,776	3,076	1,679	21,101	1,058	52	-64	34
Computer Related Svcs	7379	229	238	1,836	1,144	634	6,675	915	400	166	264
Misc Retail Stores	5999	937	955	5,888	1,848	1,166	8,873	911	97	22	51
Subdividers & Developers	6552	514	702	2,706	384	1,040	2,605	-130	-25	48	-4
Operative Builders	1531	169	3,174	1,427	73	3,012	885	-96	-57	-5	-38
Commercial Printing, Lithographic	2752	667	728	6,668	573	818	5,941	-94	-14	12	-11
Nonresidential Bldg Optrs	6512	550	406	2,927	469	337	2,914	-81	-15	-17	0
Industrial Machinery	3599	730	649	6,972	661	522	6,120	-69	-9	-20	-12
Typesetting	2791	84	18	332	26	9	161	-58	-69	-48	-52
Heavy Construction Equipment Rental	7353	122	318	2,589	87	267	2,330	-35	-29	-16	-10
National Commercial Banks	6021	203	157	5,158	170	92	3,969	-33	-16	-41	-23
Savings Institutions, Fed Chartered	6035	203	1,958	3,776	171	2,376	2,938	-32	-16	21	-22
Shoe Repair & Shoeshine Parlors	7251	109	6	189	84	4	137	-25	-23	-32	-28

Sources: D&amp;B, Milken Institute

Figure 2 profiles the rapid growth of Orange County's business establishments between 1992 and 2002. Orange County's business density per 100,000 almost doubled from 2,970 businesses in 1992 to 4,228 businesses per 100,000 in 2002. This phenomenon translates into economic dynamism on the one hand and high housing costs and increased traffic congestion on the other hand.

Figure 2-II

### Business Density per 100,000 People 1992 & 2002



## Employment Opportunities and Industry Concentration

Orange County's establishments engaged in engineering, accounting, research and management services have been growing over the past decade. Table 10 depicts the county's shift toward more educated workers and more skilled occupations. Ranked by 2003 employment, professional, scientific and technical services was found to be among Orange County's largest industry sectors. With a 2003 industry employment LQ of 1.3, a higher share of the local workforce is employed in this industry than nationwide.



Orange County's highly skilled workforce and strong employment growth in credit intermediation and related activities resulted in a 2003 employment LQ of 1.5. Population growth of 17 percent between 1992 and 2002 boosted demand for local banking services. New banks and bank branches opened to meet the demands of an exploding consumer base. Orange County's intermediation establishments also benefited from an increase in real estate credit companies and mortgage brokers cashing in on the mortgage refinance boom.

The amusement, gambling and recreation industry contributed strongly to Orange County's economy. With an employment LQ of 2.1 in 2003, this industry employed a much higher share of the local workforce as compared to the national average. Amusement parks such as Disneyland and Knott's Berry Farm, as well as attractions like Ripley's "Believe it or Not!" and Movieland Wax Museum, are among the most popular tourist destinations in California. This industry is of great importance to Orange County's economy as its hotels, shops, restaurants and entertainment facilities rely on the tourism market.

Orange County's 2003 employment LQ of 2.8 in computer and electronic product manufacturing indicates that its employment in this particular industry is nearly three times higher than the national average. Still, overall employment in this industry decreased by 30 percent over the 1982-2003 period, primarily due to offshoring.

Orange County's major companies, including foreign auto divisions such as Hyundai, Mazda, Volvo, Jaguar and Land Rover, and companies in leading high-tech sectors, have ready access foreign markets. The Port of Long Beach in Los Angeles County and John Wayne Airport, Orange County's commercial service airport, have a wide-ranging impact on the local economy as manufacturers, stores and farmers, alike, rely on the port and airport.

**Table 10-II**  
**Orange County - Top 20 Largest Industries**  
**Ranked by Employment, 2003**

Industry	NAICS	Employment			Location Quotient			% Emp. Growth			Net Job Creation 82-03
		1982	1992	2003	1982	1992	2003	82-92	92-03	82-03	
Administrative & Support Services	561	38,320	73,550	117,840	1.5	1.6	1.5	92	60	208	79,520
Local Government	GVL	78,660	91,080	115,400	0.9	0.8	0.8	16	27	47	36,740
Food Services & Drinking Places	722	62,540	74,440	102,100	1.4	1.1	1.1	19	37	63	39,560
Professional, Scientific & Technical Services	541	47,050	68,500	97,700	1.5	1.4	1.3	46	43	108	50,650
Specialty Trade Contractors	238	19,150	33,270	57,220	0.9	1.2	1.2	74	72	199	38,070
Merchant Wholesalers, Durable Goods	423	22,580	38,170	51,120	1.0	1.4	1.6	69	34	126	28,540
Ambulatory Health Care Services	621	26,880	40,840	50,050	1.4	1.2	1.0	52	23	86	23,170
Credit Intermediation & Related Activities	522	23,910	28,850	45,090	1.2	1.2	1.5	21	56	89	21,180
Computer & Electronic Product Manufacturing	334	58,900	52,620	41,340	3.2	3.0	2.8	-11	-21	-30	-17,560
Management of Companies & Enterprises	551	11,710	19,330	34,270	0.8	1.1	1.9	65	77	193	22,560
Insurance Carriers & Related Activities	524	17,060	27,200	32,420	1.1	1.3	1.3	59	19	90	15,360
Amusement, Gambling & Recreation Industries	713	10,730	18,510	30,930	1.8	2.1	2.1	73	67	188	20,200
Real Estate	531	10,390	22,690	27,820	1.3	2.0	1.8	118	23	168	17,430
Hospitals	622	18,530	24,660	27,580	0.8	0.6	0.6	33	12	49	9,050
State Government	GVS	13,960	21,030	26,790	0.4	0.5	0.5	51	27	92	12,830
Food & Beverage Stores	445	19,520	23,700	26,000	1.0	0.8	0.8	21	10	33	6,480
General Merchandise Stores	452	18,020	20,050	22,430	0.9	0.8	0.7	11	12	24	4,410
Merchant Wholesalers, Nondurable Goods	424	6,650	14,710	21,730	0.4	0.8	1.0	121	48	227	15,080
Fabricated Metal Product Manufacturing	332	20,680	20,210	21,250	1.3	1.3	1.3	-2	5	3	570
Motor Vehicle & Parts Dealers	441	10,420	14,100	20,020	0.9	1.0	1.0	35	42	92	9,600

Sources: Economy.com, Milken Institute

Tracking employment and wage per employee levels in Orange County's professional, scientific and technical services shows that the architectural, engineering and related services sector was a major employer in 2003, while computer systems design and related services posted strong employment and wages per employee growth over the 1982-2002 period. The 2001 technology downturn hit the area's scientific research and development services sector hard.



Table 11-II

Orange County														
Professional, Scientific & Technical Services 541	NAICS	Employment			% Emp. Growth			Net Job Creation 82-03	Average Wage/Emp (\$)			% Wage/Emp Growth		
		1982	1992	2003	82-92	92-03	82-03		1982	1992	2003	82-92	92-03	82-03
Legal Services	5411	4,120	11,400	13,980	177	23	239	9,860	27,903	49,953	56,151	79	12	101
Accounting, Tax Preparation, Bookkeeping & Payroll	5412	6,720	9,580	10,620	43	11	58	3,900	16,690	21,508	54,525	29	154	227
Architectural, Engineering & Related Services	5413	11,180	16,210	19,920	45	23	78	8,740	45,819	63,095	67,744	38	7	48
Specialized Design Services	5414	1,450	1,910	2,930	32	53	102	1,480	7,510	18,770	27,157	150	45	262
Computer Systems Design & Related Services	5415	2,550	7,630	15,510	199	103	508	12,960	29,471	45,696	92,861	55	103	215
Management, Scientific & Technical Consulting Services	5416	3,170	5,990	14,590	89	144	360	11,420	21,694	46,865	45,763	116	-2	111
Scientific Research & Development Services	5417	6,800	4,400	3,860	-35	-12	-43	-2,940	17,296	46,227	60,736	167	31	251
Advertising & Related Services	5418	6,020	7,130	10,480	18	47	74	4,460	14,746	26,596	46,841	80	76	218
Other Professional, Scientific & Technical Services	5419	5,030	4,250	5,810	-16	37	16	780	9,412	24,847	33,575	164	35	257
<b>Total</b>		<b>47,040</b>	<b>68,500</b>	<b>97,700</b>	<b>46</b>	<b>43</b>	<b>108</b>	<b>50,660</b>						

Sources: Economy.com, Milken Institute

Looking at Orange County's top five manufacturing occupations reveals that Orange County has a dynamic job market for high-tech workers. Four out of the area's top five manufacturing occupations are high-tech based. "Orange County has been hurt by the decline of aerospace and other defense-related employment, but has an emerging multimedia presence and high-tech services."<sup>7</sup> Manufacturing of navigational, measuring, electromedical and control instruments, and aerospace product and parts manufacturing saw a decrease in their employment share when measured as a share of total manufacturing employment.<sup>8</sup> Manufacturing of semiconductor and other electronic components increased its share of total employment from 5.9 percent in 1982 to 7.3 percent in 2003.

**Table 12-II**  
**Orange County - Top 5 Growing Manufacturing Occupations**  
**Ranked by Employment, 2003**

Industry	NAICS	% of Total Mfg. Emp.	
		1982	2003
Navigational, Measuring, Electromedical & Control	3345	15.1	9.6
Semiconductor & Other Electronic Component Mfg	3344	5.9	7.3
Aerospace Product & Parts Manufacturing	3364	8.4	5.8
Printing & Related Support Activities	3231	3.1	5.5
Medical Equipment & Supplies Manufacturing	3391	4.7	5.0

Sources: Economy.com, Milken Institute



## Profile of Ventura County

Ventura County's main coastal cities are Oxnard, Ventura, Port Hueneme and the Channel Islands, and its inland areas include Ojai, Simi Valley, Camarillo and Santa Paula. Port Hueneme is a major port in the region and holds an important place in the trade area. Ventura County is home to California Lutheran University and Santa Barbara/Ventura Colleges located in Thousand Oaks.

Its strong economic foundation – the “Technology Corridor” along the 101 Freeway includes over 25 miles of aerospace, electronics, biotechnology, research and development, and computer businesses – combined with an excellent business climate offer ideal opportunities for business development. Ventura County's geographic industry structure is remarkable in that in terms of business count and performance, its coastal areas are declining, while economic activity in the inland areas along the 101 Freeway is on the rise.

### Industry Profile

The economic overview presented in Table 13 gauges the momentum of economic performance and patterns in Ventura County over the 10 years spanning 1992 to 2002 and its economic positioning.

**Table 13-II**

Ventura County - Economic Overview													
Sector	SIC	1992					2002					1992-2002 % Growth	
		Business Count	Sales Rev. (\$Mil.)	Emp.	Estab.	Emp.	Business Count	Sales Rev. (\$Mil.)	Emp.	Estab.	Emp.	Business	Emp.
Services	SV	8,071	6,762	77,573	40	35	12,984	5,509	91,524	45	36	61	18
Retail Trade	RT	3,898	4,410	40,146	20	18	5,216	4,133	45,261	18	18	34	13
Construction	CN	1,859	1,463	13,445	9	6	2,552	1,778	15,648	9	6	37	16
Finance, Insurance & Real Estate	FI	1,701	19,006	17,104	9	8	2,663	26,643	22,037	9	9	57	29
Transp, Commun & Public Utilities	TU	586	735	8,502	3	4	922	4,623	9,334	3	4	57	10
Wholesale Trade	WT	1,509	6,111	14,943	8	7	1,747	5,689	15,537	6	6	16	4
Mining	ML	112	61	1,781	1	1	75	19	506	0	0	-33	-72
Agriculture, Forestry & Fishing	AF	602	627	9,278	3	4	990	4,038	11,494	3	5	64	24
Manufacturing	MF	1,645	5,019	40,593	8	18	2,024	10,214	42,912	7	17	23	6
<b>Total</b>		<b>19,983</b>	<b>44,194</b>	<b>223,365</b>	<b>100</b>	<b>100</b>	<b>29,173</b>	<b>62,647</b>	<b>254,253</b>	<b>100</b>	<b>100</b>	<b>46</b>	<b>14</b>

Sources: D&B, Milken Institute

By far the largest employment sector in Ventura County has been and continues to be the services sector – health and business services and tourism, in particular. Retail trade and manufacturing, which are also major employment sectors, accounted for 18 and 17 percent respectively of Ventura County's total employment in 2002. Agriculture, long a mainstay of Ventura County's business base, exports its products to national and international markets.

With the exception of the mining industry, business and employment in Ventura County have grown across all sectors over the 1992-2002 decade. Retail trade grew in the Simi Valley and Newbury Park communities in particular. Strong housing development there drew additional business into those areas. New shopping centers combined with a high median annual household income of \$59,666 fostered Ventura County's retail sales growth. Construction in the area was spurred by the hot housing market and growth in retail trade, with developers expanding retail construction even before finding tenants for the space.



## Distribution of Business Establishments

Table 14 shows the top 10 growing and declining industries in Ventura County in terms of change in business count. At the top of the list are miscellaneous business services, which added over 650 business establishments over the 1992-2002 decade. The eating places industry, which added slightly over 300 establishments, was a distant second, followed by management consulting services with an additional 296 establishments. Commercial printing, lithographic, and subdividers and developers industries had the largest declines in business count, individually shedding over 35 establishments.

An interesting fact to note is that all of the 10 declining industries lost not only in business count, but also in sales revenues and employment, a possible indication that these industries are really declining in the area rather than experiencing consolidations.

**Table 14-II**  
Ventura County - Top 10 Growing & Declining Industries  
Ranked by Change in Business Count, 1992-2002

Industry	SIC	1992			2002			1992-2002			
		Business Count	Sales Rev. (\$Mil.)	Emp.	Business Count	Sales Rev. (\$Mil.)	Emp.	Change in Business Count	% Growth		
									Business Count	Sales Rev.	Emp.
Miscellaneous Business Services	7389	456	196	2,470	1,113	322	6,012	657	144	64	143
Eating Places	5812	733	336	12,311	1,035	362	14,514	302	41	8	18
Management Consulting Svcs	8742	219	146	970	515	384	2,692	296	135	162	178
Real Estate Agents & Managers	6531	453	217	2,772	715	486	3,731	262	58	124	35
Miscellaneous Business Consulting	8748	145	62	565	390	132	1,287	245	169	115	128
Beauty Shops	7231	355	32	1,436	597	41	2,056	242	68	30	43
Single-Family Housing Construction	1521	263	132	1,235	467	193	1,843	204	78	46	49
Legal Services	8111	449	137	1,857	653	204	4,876	204	45	49	163
Offices, Clinics of MDs	8011	538	348	3,266	728	394	4,719	190	35	13	44
Insurance Agents Svcs	6411	449	443	2,818	633	377	5,192	184	41	-15	84
Commercial Printing, Lithographic	2752	121	98	1,164	83	80	889	-38	-31	-19	-24
Subdividers & Developers	6552	91	185	658	55	105	439	-36	-40	-43	-33
Oil & Gas Field Svcs	1389	60	38	823	36	10	303	-24	-40	-73	-63
Computers, Peripherals & Software	5045	87	132	701	64	122	557	-23	-26	-8	-21
Radio TV Repair	7622	44	12	125	22	11	59	-22	-50	-11	-53
Drapery & Upholstery Stores	5714	34	4	81	17	3	53	-17	-50	-42	-35
Crude Petroleum & Natural Gas	1311	28	16	831	13	0	52	-15	-54	-98	-94
Industrial Machinery Equipment	5084	103	94	505	88	89	438	-15	-15	-5	-13
Miscellaneous Electrical Repair Shops	7629	60	9	196	46	6	98	-14	-23	-33	-50
Heavy Construction Equipment Rental	7353	32	57	261	20	28	163	-12	-38	-52	-38

Sources: D&B, Milken Institute

## Employment Opportunities and Industry Concentration

Local government is a major player in Ventura County's economic picture, providing the largest number of jobs over the last two decades. Since 1982 employment in this sector has grown by over 9,000 jobs. Ranked by employment in 2003, computer and electronic product manufacturing and chemical manufacturing can be found among Ventura County's top 20 largest industries. In 2003, these industries posted employment LQ's of 3.4 and 3.9 respectively, an indication that the industry employment share was more than three times higher than the national average in the same industry (U.S. LQ = 1.0).

The employment LQs of the computer and electronic product manufacturing and chemical manufacturing industries demonstrate that these industries have consistently grown over the last two decades. Most growth has occurred in the county's pharmaceutical and medicine manufacturing industry such as Amgen. The emergence of these high-tech manufacturing industries is a positive development for Ventura County's economy. These industries provide high-wage, high-skill employment opportunities to the local workforce, but also attract and grow the pool of skilled workers in professional and business services.

Given the presence of companies like Amgen, Alcatel and Eltron in Ventura County, the area has developed and expanded its high-tech base and has come to be known as the "Silicon Freeway" or the "Technology Corridor." The availability of building



space and the presence of educated, high-skilled workers fueled the emergence of this high-tech cluster in the county. The area's proximity to large metropolitan areas, high-standard of living and lower housing costs have also lured many qualified workers from Silicon Valley, where the living costs and traffic congestion are much higher than in Ventura County.

**Table 15-II**  
Ventura County - Top 20 Largest Industries  
Ranked by Employment 2003

Industry	NAICS	Employment			Location Quotient			% Emp. Growth			Net Job Creation 82-03
		1982	1992	2003	1982	1992	2003	82-92	92-03	82-03	
Local Government	GVL	25,370	28,890	34,630	1.5	1.2	1.1	14%	20%	36%	9,260
Food Services & Drinking Places	722	9,960	15,350	20,520	1.1	1.1	1.1	54%	34%	106%	10,560
Administrative & Support Services	561	5,720	12,990	18,500	1.1	1.4	1.1	127%	42%	223%	12,780
Professional, Scientific & Technical Services	541	7,660	11,430	13,600	1.3	1.2	0.9	49%	19%	78%	5,940
Specialty Trade Contractors	238	4,000	6,260	11,870	1.0	1.1	1.3	57%	90%	197%	7,870
Ambulatory Health Care Services	621	5,450	8,870	11,490	1.5	1.3	1.1	63%	30%	111%	6,040
Credit Intermediation & Related Activities	522	2,770	4,240	10,720	0.7	0.9	1.8	53%	153%	287%	7,950
Computer & Electronic Product Manufacturing	334	5,690	9,220	10,080	1.6	2.6	3.4	62%	9%	77%	4,390
Federal Government	GVF	9,980	12,210	7,790	1.9	1.9	1.3	22%	-36%	-22%	-2,190
Chemical Manufacturing	325	670	2,540	7,640	0.4	1.2	3.9	279%	201%	1040%	6,970
Insurance Carriers & Related Activities	524	2,950	4,430	7,500	1.0	1.0	1.5	50%	69%	154%	4,550
Food & Beverage Stores	445	3,900	5,550	6,600	1.0	1.0	1.1	42%	19%	69%	2,700
Hospitals	622	3,590	5,850	6,480	0.8	0.8	0.7	63%	11%	81%	2,890
General Merchandise Stores	452	4,880	5,270	6,110	1.3	1.0	1.0	8%	16%	25%	1,230
Merchant Wholesalers, Durable Goods	423	1,990	4,300	5,790	0.4	0.8	0.9	116%	35%	191%	3,800
Motor Vehicle & Parts Dealers	441	3,310	4,010	5,250	1.6	1.3	1.3	21%	31%	59%	1,940
Merchant Wholesalers, Nondurable Goods	424	2,220	3,150	4,560	0.7	0.8	1.0	42%	45%	105%	2,340
Repair & Maintenance	811	2,090	3,890	4,440	1.8	1.9	1.6	86%	14%	112%	2,350
Amusement, Gambling & Recreation Industries	713	1,040	2,500	3,910	0.9	1.4	1.4	140%	56%	276%	2,870
Management of Companies & Enterprises	551	1,580	2,690	3,870	0.5	0.8	1.1	70%	44%	145%	2,290

Sources: Economy.com, Milken Institute

Taking a closer look at Ventura County's chemical manufacturing sector reveals that the boost in employment LQ from 0.4 in 1982 to 3.9 in 2003 can be credited to employment growth in the pharmaceutical and medicine manufacturing industry, which added 5,950 jobs, exhibiting an astonishing 59,500 percent growth. This is a very important industry to the local economy, not only because it provides quality jobs that pay high wages per employee, but also because it is a major source of exports which generate high revenues for the local economy.

**Table 16-II**

Ventura County														
Chemical Manufacturing 325	NAICS	Employment			% Emp. Growth			Net Job Creation 82-03	Average Wage/Emp (\$)			% Wage/Emp Growth		
		1982	1992	2003	82-92	92-03	82-03		1982	1992	2003	82-92	92-03	82-03
Basic Chemical Manufacturing	3251	20	60	150	200	150	650	130	36,000	39,167	36,467	9	-7	1
Resin, Synthetic Rubber & Artificial Synthetic Fibers & Filaments Mfg	3252	0	0	130	N/A	N/A	N/A	130	N/A	N/A	391,538	N/A	N/A	N/A
Pesticide, Fertilizer & Other Agricultural Chemical Manufacturing	3253	0	0	0	N/A	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	N/A
Pharmaceutical & Medicine Manufacturing	3254	10	820	5,960	8,100	627	59,500	5,950	48,000	64,232	55,955	34	-13	17
Paint, Coating & Adhesive Manufacturing	3255	0	0	40	N/A	N/A	N/A	40	N/A	N/A	124,250	N/A	N/A	N/A
Soap, Cleaning Compound & Toilet Preparation Manufacturing	3256	30	100	180	233	80	500	150	149,333	185,000	412,667	24	123	176
Other Chemical Product & Preparation Manufacturing	3259	600	1,540	1,180	157	-23	97	580	10,567	12,221	8,144	16	-33	-23
<b>Total</b>		<b>660</b>	<b>2,520</b>	<b>7,640</b>	<b>282</b>	<b>203</b>	<b>1,058</b>	<b>6,980</b>						

Sources: Economy.com, Milken Institute

Consistent with the data in Table 16, Table 17 illustrates that the employment share in pharmaceutical and medicine manufacturing has increased from 0 percent in 1982 to more than 16 percent in 2003 as a share of total manufacturing employment in Ventura County. For instance, since its inception in 1980, Amgen has grown at its Thousand Oaks headquarters from a few hundred employees to nearly 2,580 employees in 2002. Amgen chose Ventura County as its headquarters because of its proximity to the major research centers of the University of California, Los Angeles (UCLA) and the California Institute of Technology.<sup>9</sup> Amgen and the county's wide array of high-tech companies form the base for a growing number of high-tech and biotech companies in Ventura County.





Of the area's top five manufacturing industries ranked by employment in 2003, three were high-tech based industries, a sign that the high-tech industry is an integral part of the economy and of the manufacturing base in particular. All five of the county's top manufacturing industries exhibited an increase in employment share.

**Table 17-II**  
**Ventura County - Top 5 Growing Manufacturing Occupations**  
**Ranked by Employment, 2003**

Industry	NAICS	% of Total Mfg. Emp.	
		1982	2003
Pharmaceutical & Medicine Manufacturing	3254	0.0	16.1
Semiconductor & Other Electronic Component Mfg	3344	6.3	13.1
Manufacturing & Reproducing Magnetic & Optical	3346	3.8	4.8
Plastics Product Manufacturing	3261	2.0	3.7
Metalworking Machinery Manufacturing	3335	1.2	3.4

Sources: Economy.com, Milken Institute

## Concluding Points

The study reveals variations in the distribution of business and job growth, and industry concentration, among the three counties. It is important to recognize the extent to which high-tech industries provide economic growth potential within the counties.

The analysis found stark evidence of growing job polarization within Los Angeles County with a great deal of jobs in the upper deciles (high wage occupations in motion pictures) and growth at the bottom of the labor market (low-wage occupations in apparel, warehousing, retail trade and low-end services). Los Angeles city's low-wage, no benefits jobs especially impose a burden on the city, since public funds must pay for workers' health care. One explanation for this job polarization can be found in immigration flows, with a much higher percentage of Hispanics with limited education in Los Angeles County's labor market than in Orange County or Ventura County. The contrast between the three counties suggests that the job polarization is more pronounced in Los Angeles County than in Orange County and Ventura County.

Los Angeles County's entertainment industry combines a strong technology base with a strong cultural base. The fast-growing movie industry with new digital technology has helped establish Los Angeles County as a leading force in the multimedia industry.

Contrary to the common belief that Los Angeles County's economy is primarily export oriented, it is our finding that net job growth took place primarily in industries oriented toward local consumption (led by administrative and support services, local government, food services and drinking places, and ambulatory health care services). This indicates that the economy is largely supported by catering to the needs of its growing population.

Our analysis demonstrated that there has been a trade off over the past 20 years between the county's low-wage and low-skill cut-and-sew apparel manufacturing industry and the area's high-wage and high-skill aerospace products and parts manufacturing industry. Though Los Angeles County's apparel manufacturing industry posted an employment LQ of 7.1 in



2003, it lost more than 20,000 jobs since 1992 as large production facilities moved off-shore and strong import competition ensued. On the positive side, the county's apparel industry is refocusing on marketing and design activities, thereby changing its face from one of low-wage manufacturing to high-end fashion creation and production.

Entrepreneurship rates are not spread evenly among the three counties. Entrepreneurs in Los Angeles County face an array of regulations and problems in the permitting and licensing process that impact their livelihood. As a result, Los Angeles County's ratio of startups of 91 per 100,000 residents was lower than Orange County's and Ventura County's, which posted a ratio of 175 and 126 business startups per 100,000 people, respectively.

Next to the need for more high-skilled and educated labor, cost of doing business factors, such as Los Angeles city's business tax code and anti-business policies, and quality-of-life factors are of primary concern to Los Angeles County's business owners. Among business-owners' major complaints are Los Angeles city's tight parking and garbage-strewn alleys, occupied by many homeless people and drug dealers, discouraging customers.<sup>10</sup>

In contrast to Los Angeles County's, Orange County and Ventura County's higher median household incomes resulted in greater purchases of goods and services that contributed to their economic strength.

Orange County's economy has emerged from the shadows of the Los Angeles and San Diego counties and established itself as a high-tech hot spot. Strong business and job growth provides a strong economic profile in Orange County. The pro-business attitude of the county government has contributed to the economic boom there. The high-tech industry is heavily represented, constituting a major engine for the local economy. High-tech companies, including companies engaged in software development and bio- and medical technology industries, tend to cluster there due to the availability of a professional and highly technical workforce, attractive lifestyle amenities and a business-friendly environment. However, offshoring of high-tech jobs poses a threat to Orange County's high-tech industry. The 2001 technology downturn hit its technology-based establishments hard. Orange County has to strengthen the relationship between its universities and local technology-based companies to maintain its status as a national leader with a diversified technology sector. Gaining wide representation in the local high-tech cluster in Orange County will ensure future economic prosperity as these industries attract talent, finances and companies.

Financial and business services also make strong contributions to Orange County's economic structure. The fundamental factor driving growth in the finance, insurance and real estate sector is growth of the county's population, coupled with increasing bank consolidation and strong construction activity. Orange County's intermediation establishments have also benefited from an increase in employment, as have establishments in real estate credit companies and mortgage brokers cashing in on the mortgage refinance boom.

Orange County benefits from its amusement, gambling and recreation industries. Hotels, stores, restaurants and the county's entertainment facilities, including Disneyland and Knott's Berry Farm, rely on Orange County's tourism industry.

On the negative side, Orange County's inability to meet housing demand could drive up housing prices and apartment rents even further and make it difficult for businesses to attract and retain employees, forcing more workers to deal with longer commutes. The county's rising land and construction costs also translate into higher rents. This may cause a growing migration of users of lower-end space to areas beyond Orange County.



Long commute times caused by congestion of local streets and freeways, combined with the limited capacity at John Wayne Airport, places additional constraints on Orange County's infrastructure and the economic base of the county.

With respect to the high-tech industry, Ventura County performed significantly better than Los Angeles County. Ventura County has the potential of becoming the next Silicon Valley, given the presence of local high-tech and bio-tech firms like Amgen and its ability to serve as a major hub around which other high-tech and chemical manufacturing firms can grow and expand. Availability of building space, potential workers and easy access to transportation has facilitated the expansion of the high-tech industry in Ventura County. Companies have been able to lure workers from Silicon Valley where housing costs and traffic congestion are high compared to Ventura County. Oxnard especially, with its cheaper land and leasing rates, has attracted companies that moved into the county and have spurred industrial growth.

