

THE CRE ATIVE ECON OMY

2019 Otis Report on the Creative Economy

OTIS
COLLEGE
OF
ART
AND
DESIGN

Prepared by Beacon Economics

Founded in 2007, Beacon Economics, an LLC and certified Small Business Enterprise (SBE) with the state of California, is an independent research and consulting firm dedicated to delivering accurate, insightful, and objectived economic analysis. Leveraging unique proprietary models, vast databases, and sophisticated data processing, the company specializes in industry analysis, economic policy analysis, economic impact analysis, and real estate market analysis. Beacon Economics equips its clients with both the data and analysis required to understand the significance of on-the-ground realities and make informed business and policy decisions.

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Commissioned by Otis College of Art and Design

Established in 1918, Otis College of Art and Design offers undergraduate and graduate degrees in a wide variety of visual and applied arts, media, and design. Core programs in liberal arts, business practices, and community-driven projects support the College's mission to prepare diverse students to enrich the world through their creativity, skill, and vision. Throughout the 2018-2019 academic year, the College celebrates its centennial year with the 100 Percent campaign, a wide-ranging initiative spotlighting the contributions of Otis alumni and current students with a series of commissioned projects, talks, exhibitions, and events at the campus and throughout Los Angeles. More information is available at otis.edu.

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ENDEAVOR



Media Partners

Californians for the Arts, Arts for L.A., and Arts Orange County.



A Message From The President

Welcome to a very new, *2019 Otis Report on the Creative Economy*. Working for the first time with Beacon Economics, in this eleventh year of the report, we take advantage of much learning that has evolved over the last decade. Sectors have been consolidated, race and gender are examined for the first time, and more attention has been placed on providing a richer context.

Against the backdrop of these innovations stands the underlying truth that this report helps illuminate: Los Angeles and California are home to rich and vibrant creative communities with robust and growing economies that deserve to be taken seriously in their own right. It is critical that leaders from public, private, and non-profit sectors work together to support this type of examination in order for the larger creative economy to continue to flourish and thrive.

For the past 100 years, Otis College of Art and Design has prepared students for jobs in the creative economy and provided critical support to artists and designers through our programming, residencies, and extension program. We are proud to produce this report as a contribution to the larger conversation about our collective creative future.

On behalf of the College, I would like to express a deep thank you to Beacon Economics for authoring the *2019 Otis Report on the Creative Economy*.

Its creation would not have been possible without the generous support of individuals and organizations that have joined together to affirm its value. The California Arts Council has been an invaluable partner on this project, providing lead sponsorship of the report. Additional support was provided by Supervisor Mark Ridley-Thomas, Los Angeles County Board of Supervisors, Second District; Los Angeles County Metropolitan Transportation Authority; City of Los Angeles Department of Cultural Affairs; City National Bank; Endeavor; Arthur J. Gallagher; and Moss Adams. Media partners include Californians for the Arts, Arts for L.A., and Arts Orange County, which have enabled this conversation to evolve and grow, bringing stakeholders together to advance art and culture in their communities.

We look forward to your thoughts on this new report and hope that it provides important insights and inspiration for your continued work.

Bruce W. Ferguson

President

Otis College of Art and Design

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Global Creative Industry



Architecture and Related Services

This sector captures firms that specialize in architectural services, interior design, landscape design, and drafting services.

Comprising five (5) subsectors.



Creative Goods and Products

This sector captures the manufacture, warehouse, import, and export of furniture. It also includes textile mills, china and pottery producers, and industrial designers.

Comprising twelve (12) subsectors.



Entertainment and Digital Media

Entertainment and digital media encompass a wide variety of sectors. As film and digital media continue to co-evolve, embracing new and innovative activities, film and digital media become increasingly co-mingled. Major subsectors include film, publishers, broadcasting, emerging digital media, and sound production and recording.

Comprising thirty (30) subsectors.



Fashion

This sector captures apparel design, manufacturing, and wholesaling.

Comprising eleven (11) subsectors.
Note: Does not include retail sectors.



Fine Arts and Performing Arts

This sector includes theater and dance companies, art galleries, musical groups, performing arts companies, and museums.

Comprising seven (7) subsectors

Terminology

LABEL	DESCRIPTION	EXAMPLE OF USAGE
Creative Economy	The creative economy is the basket economy inclusive of all creative activities, both within creative industries and creative occupations. It encompasses people with creative occupations working in the creative industries, as well as workers with creative occupations working in any other industry, and people in a non-creative job working in a creative industry.	The industry analysis only captures part of the broader creative economy. Not all of the individuals employed in creative industries are engaged in creative occupations yet all are counted as part of the creative industries.
Creative Economy Ecosystem	Elements of the creative economy ecosystem include creative private firms (industry), creative occupations, educational institutions, non-profit organizations, and government bodies.	The creative ecosystem and its accompanying cultural infrastructure are important to understand in isolation but also as part of the region's broader economic strengths.
Creative Industry(ies); Creative Industry Cluster; Creative Economy Industries	The creative industries as defined in this report are comprised of five primary sectors: (1) Architecture and Related Services; (2) Creative Goods and Products; (3) Entertainment and Digital Media; (4) Fashion; (5) Fine Arts and Performing Arts.	In 2017, the creative industries employed over 500,000 workers in Los Angeles County, making Los Angeles County the largest center for the creative industries in the U.S.
Creative Industry Sector; Sector(s)	For purposes of this report a sector refers to one of the following: Architecture and Related Services; Entertainment and Digital Media; Fashion; Fine Arts and Performing Arts; Creative Goods and Products	Since 2010, the Creative Goods and Products sector in Los Angeles County has added around 3,500 new jobs, a growth rate of around 10%.
Sub Sector(s)	The five (5) industry sectors are composed of sixty-five (65) subsectors.	The Architecture sector is divided into five subsectors: (1) Architectural Services; (2) Drafting Services; (3) Landscape Architectural Services; (4) Interior Design Services; and (5) Ornamental and Architectural Metal Work Manufacturing.
Contractor; Self Employed	A nonemployer business is defined as one that has no paid employees, has annual business receipts of \$1,000 or more (\$1 or more in the construction industries), and is subject to federal income taxes. Most nonemployers are self-employed individuals operating very small unincorporated businesses, which may or may not be the owner's principal source of income. Nonemployer statistics originate from Internal Revenue Service tax return information.	Across the five creative sectors profiled in this report, the Architecture sector has the largest share of contractors in L.A. County. In 2016, there was 1 contractor for every 2.5 salaried workers in the sector.



executive summary

The 2019 Otis Report on the Creative Economy

is part of an ongoing research project, first commissioned in 2007, to better understand the size, growth, structure, and character of the creative economy in Los Angeles County and in California.

Creative Industries Economic Impact

Los Angeles

Los Angeles County's creative industries generate 864,958 jobs, \$77.9 billion in labor income, and \$207.8 billion in annual output. Of the 864,958 total jobs, 414,945 are workers directly employed in the creative industries and 450,013 are jobs indirectly generated by the industry. In total, both the direct employment generated by the County's creative industries and the indirect employment they create through multiplier effects constitute 19.7% of Los Angeles County's total employment.

California

In California, the creative industries support 2.6 million jobs, \$227.8 billion in labor income, and \$604.9 billion in annual output. Of those 2.6 million total jobs, 1.0 million represent workers directly employed in the creative industries and the other 1.6 million are jobs indirectly generated by the State's creative industries. In total, both the direct employment generated by the state's creative industries and the indirect employment they create through multiplier effects constitute 15.4% of California's total employment.

Los Angeles County accounts for roughly 40% of all direct creative industry employment in California, and the County is home to roughly one in three of the jobs indirectly generated from the creative industries statewide.

Creative Industry Employment & Wages

California

In 2017, there were roughly one million — 1.03 million — individuals employed across the five creative industries in California. Since 2010, the State has added over 200,000 creative industry jobs, a 26% increase.

The Bay Area accounts for 35% of California's creative industry employment — up from 25% in 2010. This growth has been driven by the addition of 134,000 jobs in the Entertainment and Digital Media sector.

The Inland Empire accounts for 3% of the State's creative industry employment, with the Creative Goods and Products sector accounting for around 40% of the region's total creative industry employment. The Entertainment and Digital Media sector accounts for 31%.

The Capital Region accounts for 2% of the State's total creative industry employment, with the Entertainment and Digital Media sector accounting for over 70% of the region's total creative employment.

In California, average wages vary across creative industries. In 2017, the average non-self-employed worker made \$49,579 in Architecture and Related Services, \$52,765 in Fine and Performing Arts, \$60,388 in Fashion, \$66,070 in Creative Goods and Products, and \$120,265 in Entertainment and Digital Media.

Los Angeles



Los Angeles County's creative industries directly employ 414,945 workers across five core creative sectors.

Additionally, across those five creative sectors there are 103,535 self-employed workers. In total, the direct employment generated by the creative industries account for around 11% of total employment in Los Angeles County. This impressive figure means Los Angeles County is the largest hub by employment for the creative industries in the U.S., with 10% more creative workers employed in the County than the next largest center for the creative industries in the country, New York City.

Creative Industry Sector Highlights



In 2017, the Entertainment and Digital Media sector accounted for the largest share of employment in the County's creative industries, contributing roughly 2 out of every 3 creative industry jobs in Los Angeles County.

In Los Angeles County, the Film subsector contributes the largest number of jobs to the Entertainment and Digital Media sector. In 2017, the Film subsector accounted for 56% of the County's employment in the Entertainment and Digital Media sector.



The Fashion sector accounted for the second largest share of creative industry jobs in L.A. County, contributing nearly 1 in 5 jobs of the creative industries' total employment in the County.

While New York City is also considered a global fashion hub, the Fashion sector in Los Angeles County employs around 24% more workers than its East Coast counterpart.



Over the period 2010-2017, impressive employment growth has occurred in Architecture and Related Services and Fine Arts and Performing Arts, each growing by 32%.

While the Fine Arts and Performing Arts sector in Los Angeles County employs fewer workers than the sector employs in New York City, the County's Fine/Performing Arts sector has outgrown New York City's from 2010 – 2017, with a 32% rate of growth compared to NYC's 28%.

Creative Industry Occupational Highlights



In Los Angeles County, employment by gender has remained unchanged from 2007 to 2017, with women making up about 40% of the creative economy workforce.

- In Los Angeles County, women in the creative industries earn 77 cents for every dollar men earn. By comparison, in New York City, women only earn 72 cents for every dollar their male counterparts earn.
- From 2007 to 2017, the average wages of female professionals in the creative industries rose in Los Angeles County by 40%, almost double the wage growth of male professionals in the County (23%). Furthermore, this wage growth is double that seen by female professionals (20%) in New York City over the same period.



The creative industries are composed of a highly educated workforce. 51% of professionals in the creative industries had at least a bachelor's degree in 2017, up 9% compared to 2007. By comparison, just one-third of the County's workers in non-creative industries have a bachelor's degree or above.

- Professionals in creative industries enjoy higher wages on average than those not working in creative industries in L.A. County and this holds true across all educational attainment levels.
- Furthermore, the wage premium across educational attainment levels for the creative industries is more equitable in Los Angeles County than in New York City. Additionally, the wage premium for the creative industries across all educational attainment levels is also higher in Los Angeles County than it is in New York City, though it is higher in New York City for specific educational attainment levels.



In Los Angeles County, Non-Hispanic whites (44%) make up the largest share of the creative industry workforce, followed by Hispanics (33%).

- While the racial distribution of the creative industries workforce has remained relatively stable in Los Angeles County, it has grown more diverse over the last ten years, with the share of racial minorities increasing and the share of Non-Hispanic whites decreasing.
- Asians have gained a one-percentage-point increase, as their share in the creative industry workforce ticked up from 13.8% to 14.7%.

Non-Profit Organizations

In 2017, there were 3,128 non-profit organizations in the arts, culture, and humanities in Los Angeles County. In 2017, the value of their assets totaled \$7.9 billion, accounting for over 43% of the value of assets of non-profit arts organizations in California while accounting for just over 28% of the State's non-profit arts organizations.

While the racial and ethnic makeup of the arts non-profit workforce in Los Angeles County is more homogeneous than the overall population, female workers at arts and cultural non-profits in Los Angeles County represent 60% of the workforce compared to 51% of the County's population. The LGBTQ community also has higher representation in the arts and cultural non-profit workforce than the workforce overall, with 16% of workers identifying as LGBTQ, well above the rate in the overall workforce.¹

¹ The Demographics of the Arts and Cultural Workforce in Los Angeles County (April 2017). Commissioned by The Los Angeles County Arts Commission.



Digital creation, distribution and participation have revolutionized the creative and many other industries and are driving new economic and trade models forward. Creative workers and creative content are already integral to bringing the digital world to life – and it is critical that we understand both this contribution and how it promotes socio-economic development.”

Marisa Henderson
UNCTAD Creative Economy Programme Chief²

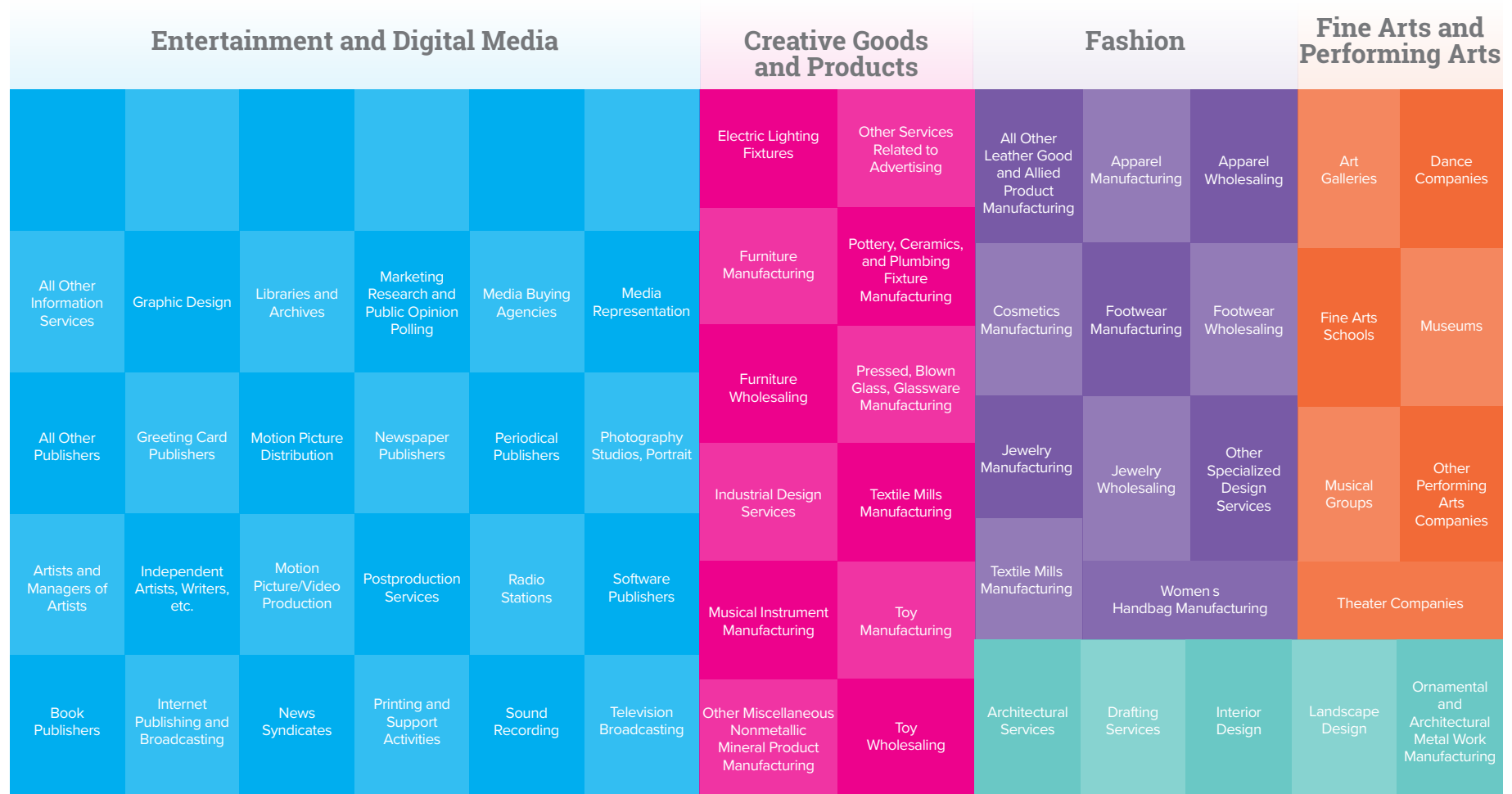
² United Nations (August 17, 2018). Creative economy has new impetus in digital world. United Nations Conference on Trade and Development. Retrieved from URL: <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=1836>



creative economy

Definition and Industry Disruption

Creative Economy Treemap



Architecture and Related Services



Architecture and Related Services

SUBSECTORS

Architectural Services
Landscape Design
Drafting Services
Interior Design
Ornamental and Architectural Metal Work
Manufacturing

EXAMPLE FIRMS

M. Arthur Gensler Jr. & Associates
Perkins & Will
Gehry Partners
Richard Mier & Partners
Interior Architects Inc.
H Interiors
Shamshiri Design Studio
Joan Behnke & Associates
Perkins Eastman



Creative Goods and Products

SUBSECTORS

Textiles Mills Manufacturing
Furniture Manufacturing
Furniture Wholesaling
Electric Lighting Fixtures
Pottery, Ceramics, and Plumbing Fixture
Manufacturing
Pressed, Blown Glass, Glassware
Manufacturing
Other Miscellaneous Nonmetallic Mineral
Product Manufacturing
Musical Instrument Manufacturing
Toy Manufacturing
Toy Wholesaling
Industrial Design Services
Other Services Related to Advertising

EXAMPLE FIRMS

Stuart Kartan Design German Design
Consulting
Atomic Design
Mattel
Consort
Blackman Cruz
Alchemy Works
Luno



Entertainment and Digital Media

SUBSECTORS

Software Publishers
 Internet Publishing and Broadcasting
 Television Broadcasting
 Cable Broadcasting
 Graphic Design
 Advertising Agencies
 Photography Studios, Portrait
 Commercial Photography
 Data Processing, Hosting, And Related Services
 News Syndicates
 Custom Computer Programming Services
 Media Buying Agencies
 Media Representatives
 Marketing Research and Public Opinion Polling
 All Other Information Services
 Motion Picture/Video Production
 Motion Picture Distribution
 Postproduction Services
 Sound Recording
 Radio Stations
 Artists and Managers of Artists
 Independent Artists, Writers, Etc.
 Printing and Support Activities

Book, Periodical, Newspaper Wholesalers
 Newspaper Publishers
 Periodical Publishers
 Book Publishers
 Greeting Card Publishers
 All Other Publishers
 Libraries and Archives

EXAMPLE FIRMS

Amazon Studios
 Netflix
 Warner Brothers
 Sony Pictures Entertainment
 Universal Music Group
 Electronic Arts
 Activision
 Los Angeles Times
 HBO
 Hulu
 TBWA Worldwide
 72andSunny
 Getty Images
 Snapchat
 BuzzFeed
 Eko
 OBB Pictures



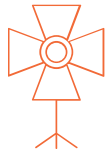
Fashion

SUBSECTORS

Textile Mills Manufacturing
 Apparel Manufacturing
 Apparel Wholesaling
 Footwear Manufacturing
 Footwear Wholesaling
 Women's Handbag Manufacturing
 All Other Leather Good and Allied Product Manufacturing
 Cosmetics Manufacturing
 Jewelry Manufacturing
 Jewelry Wholesaling
 Other Specialized Design Services

EXAMPLE FIRMS

Reformation
 Rodarte
 Guess Inc.
 Los Angeles Apparel
 Swisstex
 Matchmaster Dyeing and Finishing
 Warnaco Swimwear
 Spirit Clothing Co.
 Forever 21
 EverybodyWorld



Fine Arts and Performing Arts

SUBSECTORS

- Theater Companies
- Dance Companies
- Musical Groups
- Other Performing Arts Companies
- Museums
- Art Galleries
- Fine Arts Schools

EXAMPLE FIRMS

- L.A. Opera
- Geffen Playhouse
- Academy of Magical Arts
- Groundlings
- Second City
- Los Angeles Ballet
- American Contemporary Ballet
- Los Angeles Philharmonic
- LA Master Chorale
- The Getty
- LACMA
- The Broad
- Petersen Automotive Museum
- Grammy Museum

The *2019 Otis Report on the Creative Economy* organizes the industry analysis component around five major industries whereas historically the report has called out twelve distinct sectors. The reorganization improves the coherence of the categories based on three important considerations: (1) inter-industry dynamics as a result of digitization; (2) convergent workforce and talent skillsets; and (3) ease of communication around thematic narratives across the report's audiences.

Los Angeles and New York serve as creative industry hubs in the United States and juxtaposing the regions often helps elucidate industry trends over time and how Los Angeles County and California are performing compared with their primary national competitor.



Introduction

This report examines the creative economy in Los Angeles County and the state of California with a primary focus on the creative industries.

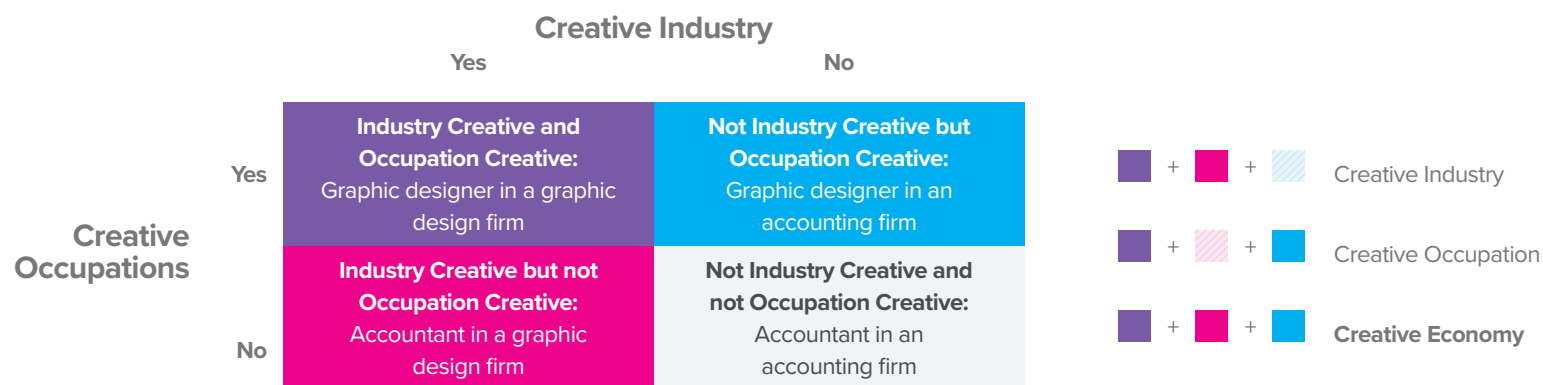
The creative industries are defined as those industries “which have their origin in individual creativity, skill, and talent and which have a potential for wealth and job creation through the generation and exploitation of intellectual property³.” The previous editions of the *2019 Otis Report on the Creative Economy* organized the report’s creative industries analysis around 12 distinct industries, whereas this year’s report organizes the industry analysis component around 5 major industries.⁴

Clear definitions are essential to the formation of good policy. Without them, it becomes much harder for policymakers to maintain a coherent policy framework and nearly impossible to

³ Department for Digital, Culture, Media & Sport. (April 9, 2001). Creative Industries Mapping Documents 2001. Department for Digital, Culture, Media & Sport. London, United Kingdom. Retrieved from URL: <https://www.gov.uk/government/publications/creative-industries-mapping-documents-2001>

Creative Industries, Creative Occupations, and Creative Economy Relationships

Figure 1.1



reliably track progress. Yet, defining and measuring the creative economy is not straightforward. Not only does it require data to be consistently gathered over time, but the definitions under which it is gathered must also be capable of responding to disruption and structural shifts in the composition of industries such as those stemming from digitization.

The recent blurring of traditional industry lines across the creative economy presents a challenge to researchers attempting to define and measure the reach and scope of such a dynamic and large sector of the economy. Official government economic statistics are useful in classifying and measuring data with regard to current and legacy industries, but they are often misleading amid rapid, cross-sectoral industry disruption. The five core creative industries analyzed in this report are Architecture and Related Services; Creative Goods and Products; Entertainment and Digital Media; Fashion; and, Fine Arts and Performing Arts. The report’s creative industries analysis provides an examination of these five industries’ employment and of their employees’ wage characteristics. Individual workers captured by

this analysis are engaged in both creative and non-creative occupations. For example, many firms have management, accounting, and finance departments whose staff are rightfully counted in the creative industries analysis because creative firms create and sustain those jobs and those individuals contribute to the production and commercialization of creative goods and services.

However, the creative industries analysis captures only part of the broader creative economy. Not all of the individuals engaged in creative occupations are employed in creative industries. Creative occupations exist both within firms classified under the creative industries and within firms classified outside of the creative industries. This is an important clarification, as a traditional creative industries analysis using the industry lens would not include those creative workers engaged in creative work in a non-creative industry (for example, a graphic designer at a law firm). Widening the lens beyond industries, this report also examines creative occupations outside of creative industries.

⁴ Additional information on the NAICS industry codes used in this year’s report can be found in the appendix. No NAICS industry codes were dropped in the 2019 reorganization; however, a handful were added in order to better capture the nature of the industry as it changes shape through technological innovation.



Los Angeles Creative Economy

Los Angeles is a global hub for creative talent, and the region's cultural and creative influence commands global reach.

Architecture and Related Services
13,273

Creative Goods and Products
37,665

Entertainment and Digital Media
268,702

Fashion
78,625

Fine Arts and Performing Arts
16,680

Industry Creative
414,945

Occupations Creative
311,145

Occupations Non-Creative
103,800

According to Meryl Hadida, heir to the L'Éclaireur fashion empire, the Los Angeles region is “an international hub for all people and businesses revolving around the arts, design, and fashion.”⁵ With a multiplicity of cultures and creatives, Los Angeles County’s creative economy has long represented a dynamic cross-pollination of the arts shaped increasingly by its rich demographic diversity.

In 2017, total private industry employment in Los Angeles County was 3,826,138 of which 414,945 individuals were employed in creative industries. As discussed, creative occupations are industry agnostic, as many non-creative firms employ graphic designers, animators, photographers, and web developers. By the same token, firms in creative industries employ workers in non-creative occupations such as accountants, sales professionals, and administrative support staff. Of those 414,945 workers employed in the creative

industries, 311,145 were engaged in creative occupations and 103,000 of them were engaged in non-creative occupations. Shifting the lens away from creative industries and to creative occupations, of the aforementioned 3,826,138 salary and wage employees in Los Angeles County, 488,456 were employed in creative occupations across all industries. While many of those 488,456 workers in creative occupations were employed in creative industries, 177,311 of them were employed in non-creative industries.

⁵ Sherman, L. (September 24, 2015). LA Confidence: A Fashion Force Beyond Film. The Business of Fashion. Retrieved from URL: <https://www.businessoffashion.com/articles/bof-500/los-angeles-usa-emerging-fashion-destination>

A Creative Ecosystem

There are important complementarities between the commercial creative economy in Los Angeles County and the broader creative ecosystem in which that industry complex sits. The creative ecosystem includes institutions that focus respectively on community engagement, the talent pipeline, policy advocacy, and capital as they all pertain to the industry and its evolving set of needs. The ecosystem actors analyzed in this report are (1) non-profit arts organizations; (2) educational institutions; (3) government policymakers; and (4) the funding landscape. The creative economy ecosystem and its accompanying human-based infrastructure are integral to the region's economic strength in the creative industries. The collective output of this ecosystem sets the foundation for Los Angeles County's arts and cultural landscape and provides a mix of tangible and intangible benefits to the firms and professionals that locate here.

Digital Disruption

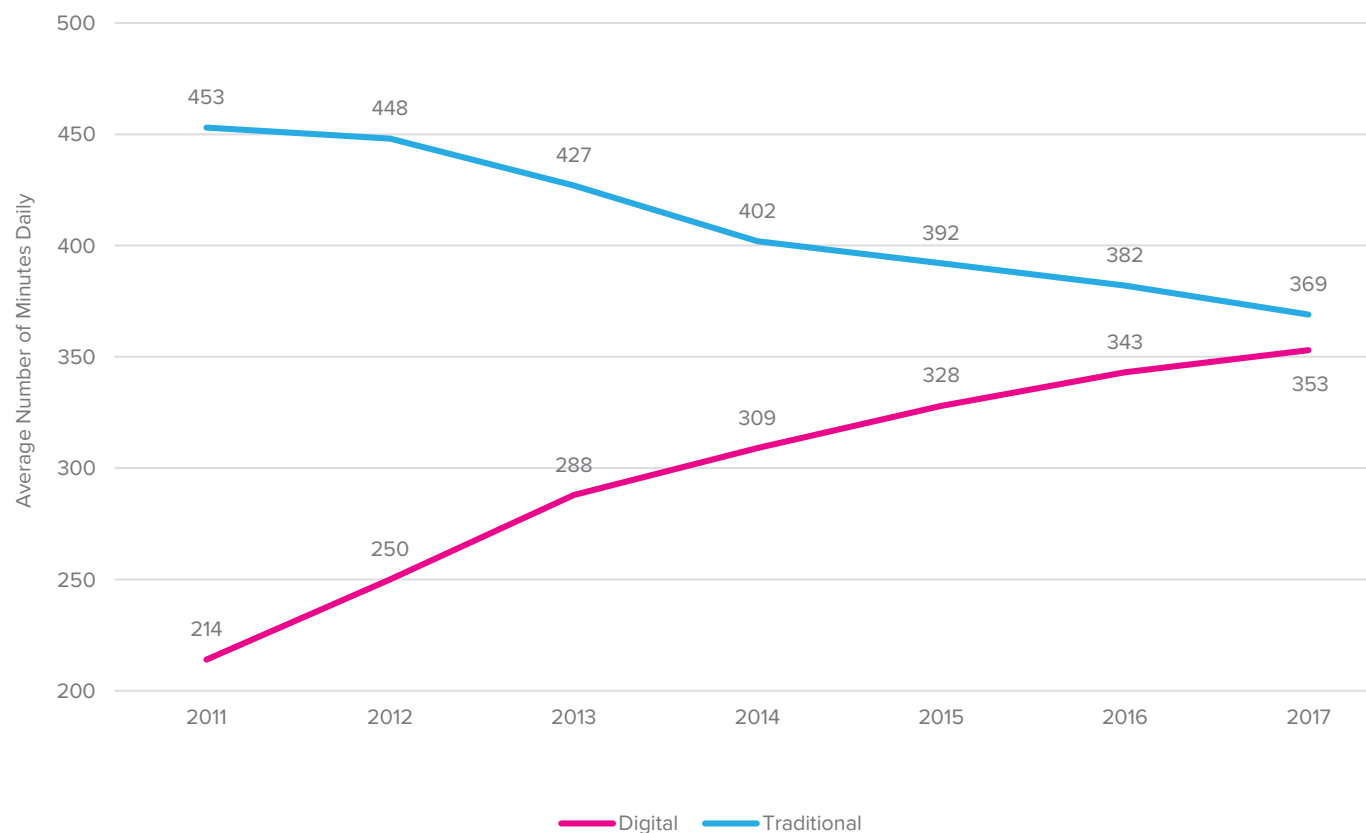
Consumers are increasingly flexible and even agnostic with regard to how they access digital video content. The device providing the screen has become less important than the platform powering the content. While the industry's enterprise firms are reeling and racing to adapt and restructure, the creative professionals who power the industry are enjoying a boom of production activity. L.A. County, the nation's largest hub of workers in the Film subsector, is even struggling to keep pace with the surge in demand for digital video content, as it pours in from an increasingly diverse mix of firms.

Traditional media players are not just creating add-ons for an emerging digital universe, they are fully integrating video content across all dimensions to embrace it. Firms that used to be disparate players in the media and video production value chain — production companies, distribution platforms, advertising agencies, and brand representatives — are now all sitting together at the same table. As one industry stakeholder remarked, "The dividing line between a brand and a story is blurring, and we'll only continue to see brands bleeding into narratives."

Rapid technological advances and digital disruption in the creative economy particularly in Entertainment and Digital Media generally represent exciting opportunity for Los Angeles County. Beyond fueling a dramatic uptick in demand for digital video content and supporting the supply chain of activity to create it, digital technology has had a number of other effects on the arts and cultural landscape of Los Angeles County. Digital technologies have allowed creative firms and institutions to engage new audiences, nationally and internationally, through new digital platforms and new digital distribution mechanisms. They have created a new medium for experiencing arts and culture and they have broadly helped to increase access to creative assets like world-class archives and collections.

Time Spent in Minutes per Day on Digital vs. Traditional Media in the U.S. in 2018

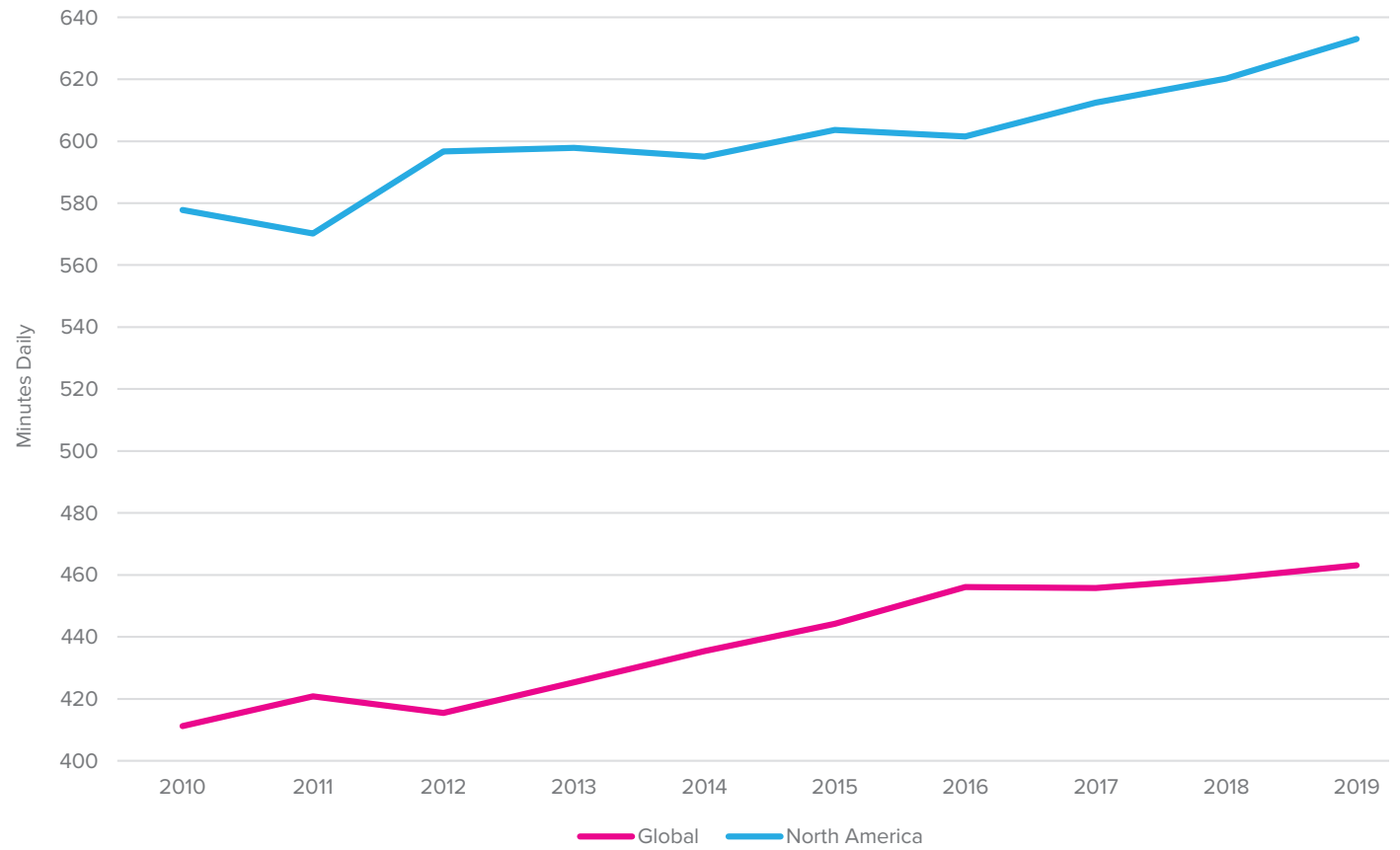
Figure 1.2



Source: eMarketer; MediaPost; Analysis by Beacon Economics

Average Individual Daily Media Consumption in Minutes

Figure 1.3



Source: Zenith: Analysis by Beacon Economics



The pace of technological change and other shifts in global economics and politics mean that information about economic and cultural activity is constantly changing and disrupting old notions of sector divisions. The volume and complexity of networks between commercial and not-for-profit... is a particular challenge to understand.



Peter Bazalgette
Department of Culture, Media, and Sport⁶

But not everything is high tech, nor needs to be. Consumers of the arts still enjoy reading a book, looking at a physical painting, and watching a play without a mobile phone or a VR headset. Great art and cultural experiences are certainly still being created and appreciated by audiences in traditional formats. However, audiences' expectations are changing and so are the practices of artists, creators, and curators the world over, both shifts representative of market opportunity. Leveraging its strengths in the creative economy and the historical vibrancy of its arts and creative communities, Los Angeles County is well-positioned to take advantage of the spectrum of opportunities presented by the technological changes

and the accompanying disruption impacting the creative industries. Most fundamentally, Los Angeles County continues to be the premier global hub for creative talent but, this advantage should not be taken for granted or assumed to be unshakeable. As noted in the recent report, Film and Digital Media: A Los Angeles Perspective, the future success of L.A. County's creative economy will be driven by continually assessing strengths and weaknesses and bringing together stakeholders around a robust policy agenda that is forward-looking and able to respond to on-the-ground realities as they evolve.

⁶ Bazalgette, P. (September 2017). Independent Review of the Creative Industries. Department for Digital, Culture, Media & Sport. London, United Kingdom. Retrieved from URL: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/649980/Independent_Review_of_the_Creative_Industries.pdf

02

the ecosystem

and its Actors

There are important complementarities

**between the commercial creative economy in
Los Angeles County and the broader creative
ecosystem in which that industry complex sits.**

The creative ecosystem includes an assembly of actors that, respectively, focus on community engagement, the talent pipeline, policy advocacy, and capital as they all pertain to the industry and its evolving set of needs. The ecosystem actors analyzed in this report are (1) non-profit arts organizations; (2) educational institutions; (3) government policymakers; and (4) funders.

Non-profit organizations

Non-profit organizations working in the arts, culture, and humanities (“arts non-profits”) are essential to Los Angeles County’s creative ecosystem and support the vitality of L.A. County’s creative industry sectors in a myriad of ways. These entities provide a forum for arts and culture to be celebrated by the County’s local communities and by its visitors. Importantly, they provide L.A. County residents with a tangible, local



These entities provide a forum for arts and culture to be celebrated by the County’s local communities and by its visitors.”

benefit of living in such proximity to the nation’s largest creative economy hub. Non-profit arts organizations are often strategically positioned to uniquely blend education and recreation in connecting local communities to the creative industries and in showcasing and cultivating the foundation for local creative talent.

In 2017, there were 3,128 non-profit organizations in the arts, culture, and humanities in Los Angeles County. These entities include art museums, cultural centers, theaters, arts education, film, and various performing arts centers and organizations. Statewide, there are over 11,000 arts non-profits – more arts non-profits than there are in many of the world’s largest economies. These organizations work to nurture artistic talent, present works, archive and preserve materials and cultural practices, and bring together individuals for collaborative creative engagement. With regard to archives, the world-class art collections supported by these organizations and made available to the public by them play an important role in L.A. County’s creative ecosystem, lending the region its status as a world-renowned hub for art and culture.

Assets and Revenues of Non-Profits in Art, Culture, and Humanities

Table 2.1

LOCATION	ESTABLISHMENTS	VALUE OF ASSETS (BILLIONS \$)	VALUE OF REVENUES (BILLIONS \$)
California	11,036	\$18.23	\$4.88
Los Angeles County	3,128	\$7.94	\$1.78

Source: U.S. Internal Revenue Service: Exempt Organization Business Master File Extract, Analysis by Beacon Economics

The arts non-profit ranks of L.A. County include a diverse range of organizations with varied missions. These organizations have a much larger footprint than traditional fiscal measures are able to capture. Through their provision of goods, services, and experiences to the residents of and visitors to L.A. County, the County’s arts, culture, and humanities organizations generate earned revenue, which along with other forms of financial support spills out into the local economy through staff wages as well as through organizational purchasing of goods from local businesses. In 2017, the value of assets for non-profit organizations in the arts, cultures, and humanities in Los Angeles County totaled \$7.9 billion. This figure accounts for over 43% of all – not just arts-related – non-profit asset value in California, while L.A. County arts non-profit organizations account in number for just over 28% of the statewide arts non-profit organizations. Aside from the value of their assets, the arts, culture, and humanities non-profit organizations of L.A. County also generated substantial revenue: just under \$1.8 billion in Los Angeles County in 2017.

The assets of some of Los Angeles County’s largest non-profit organizations in the arts, culture, and humanities space are uniquely impressive. In 2017, Los Angeles County was home to 17 non-profit organizations in the arts, cultures, and humanities space that had assets valued at over \$100 million. These assets represent a direct investment in the creative ecosystem of Los Angeles County. Los Angeles County’s museums possess some of the most valuable portfolios with the Los Angeles County Museum of Art (LACMA), the Henry E. Huntington Library & Art Gallery, and The Broad each having assets valued in excess of \$500 million. Art museums are not the only arts and cultural entities making substantial investments in Los Angeles County; music facilities, like the Music Center Foundation and the Los Angeles Philharmonic Association, have also played a substantial role in asset creation on behalf of the County’s creative

ecosystem. Non-profit organizations focusing on the history of the region are also important actors, with the Los Angeles County Museum of Natural History Foundation and the Autry Museum of the American West both providing Los Angeles County’s residents and visitors with significant assets valued in excess of \$200 million.

While the racial and ethnic makeup of the non-profit space in Los Angeles County is more homogeneous than the region’s overall population, the representation of women and the LGBTQ community in the County’s non-profits outstrips their respective shares in the broader population and workforce respectively.. In 2015, female workers at arts and cultural non-profits in Los Angeles County represented 60% of the workforce compared to 51% of the County’s total population. The LGBTQ community is also relatively well-represented in the arts and cultural non-profit workforce, with 16% of respondents in a survey of the space identifying as LGBTQ, well above the rate in the overall workforce.⁷

Los Angeles County’s non-profit organizations in the arts, culture, and humanities space are also a significant source of volunteerism. A 2012 survey found that roughly 83% of non-profit arts organizations in Los Angeles County had volunteers working for them during that year. According to the survey, a total of over 35,000 volunteers gave 5.8 million hours of work to L.A. County’s arts non-profits in 2012.⁸ Through this collaboration and engagement, L.A. County residents as volunteers make their own individual investments with their time and personal networks in the County’s creative ecosystem.

Largest Non-Profit Organizations in Arts, Culture, and Humanities

Table 2.2

ORGANIZATION	TOTAL VALUE OF ASSETS
Museum Associates (Los Angeles County Museum of Art)	\$714,151,079
Henry E. Huntington Library & Art Gallery	\$685,682,297
Broad Art Foundation	\$583,243,762
The Broad	\$555,538,725
Academy Museum Foundation	\$477,679,984
Music Center Foundation	\$435,216,711
Skirball Cultural Center	\$401,272,855
Los Angeles Philharmonic Association	\$382,538,951
The Colburn School	\$351,074,138
Los Angeles County Museum of Natural History Foundation	\$281,674,832
Autry Museum of The American West	\$238,995,094
Armand Hammer Museum of Art and Cultural Center Inc.	\$238,284,655
Petersen Automotive Museum Foundation	\$226,455,674
Museum of Contemporary Art	\$159,560,524
SWC Museum Corp.	\$118,110,116
California Science Center Foundation	\$109,386,736
Frederick R. Weisman Art Foundation	\$100,031,101

Source: U.S. Internal Revenue Service: Exempt Organization Business Master File Extract, Analysis by Beacon Economics

⁷ The Demographics of the Arts and Cultural Workforce in Los Angeles County (April 2017). Commissioned by The Los Angeles County Arts Commission.

⁸ Los Angeles County Arts Report: Analysis of Data from the Cultural Data Project, Volunteers in Non-profit Organizations in Los Angeles County (November 2015).

Educational institutions

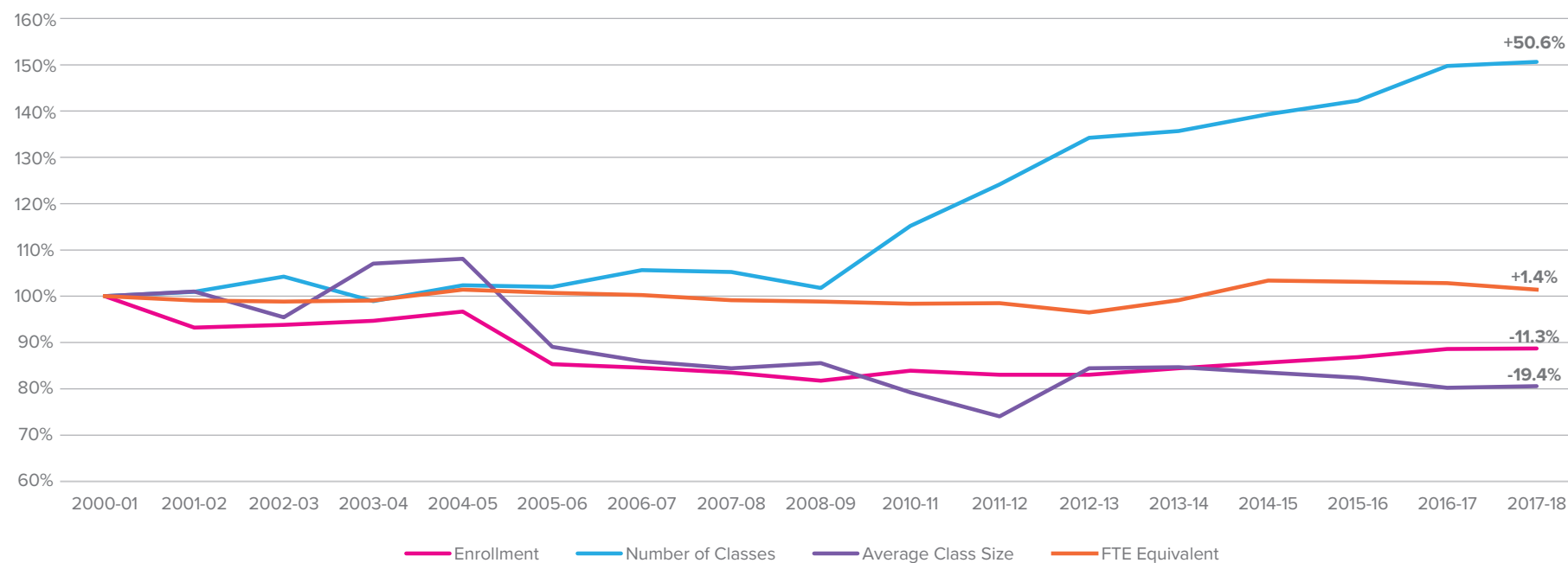
K-12 Education

The dynamics of K-12 arts education in California continues to shift as a result of funding priorities, changes in student population, and the availability of teaching staff. K-12 arts education involves any number of individual classes that may include, but are not limited to, dance, theater/drama, music, and the fine arts. The 2017-18 academic year saw 1.3 million students enroll in arts courses across California. Los Angeles County accounted for 25% of those students, with around 323,700 students registered for arts classes during the 2017-18 academic year.

A total of 59,367 arts courses were offered in the 2017-18 academic year in California, representing a growth rate of 12.2% over the last five years and 43.1% over the last ten years. Growth in student enrollment in arts courses in California has been slower, with enrollment increasing just by 6.9% over the past five years. The most popular course subjects are music and fine arts, with 550,000 and 581,000 students respectively. Music courses have recently seen a surge in student enrollment – growing by 14.4% over the past five years and 16.6% over the last ten. Despite this more recent substantial growth, student enrollment in music courses remains lower than it was in the early 2000s, when music courses across the State saw more than 750,000 students enroll. Not all disciplines within the arts experienced growth in student enrollment over the last 10 years. Drama and theater courses in California saw a decline of 8.3% in student enrollment since 2007-08, while enrollment in fine arts courses has remained relatively unchanged over that same period, standing at 581,000 students as of 2017-18. Following the great recession, the number of arts courses grew faster than student enrollment and has begun to alleviate the problem of overcrowding. The average

Rate of Change, Arts Education Indicators, California, 2000-2018

Figure 2.1



Source: California Department of Education; Analysis by Beacon Economics

enrollment in arts classes has fallen from 30 students per class in 2007-08 to 28 students per class in 2017-18. In California, students are more likely to enroll in an arts class during their high school years, with 44% of high school students enrolling in an arts class over the course of their high school experience. Middle school students participate in arts education at slightly lower rates in California, as only 36% of the State's middle schoolers enrolled in an arts class during the 2017-18 academic year.

While universally regarded as a positive input to the educational experience, particularly for younger students in elementary and middle school, access

to arts education is not equitable and varies widely. Schools with higher percentages of students on Free and Reduced Lunch (FRPL)⁹ are more likely to spend less on arts education and therefore offer fewer arts courses than schools that have greater discretionary spending. Ultimately this translates to lower student enrollment in arts courses. Across the State, schools with a smaller share of FRPL students in their student bodies see 44% of their students enrolled in arts classes; schools with higher shares of FRPL students have only 36% of their students registered in any form of arts classes.¹⁰

⁹ "Interactive Dashboard." CreateCA. <http://www.createca.dreamhosters.com/>.

¹⁰ Ibid

Postsecondary Education

The cultivation of creative talent is driven in part by the strength of postsecondary educational institutions and in this regard, Los Angeles County enjoys an embarrassment of riches. Institutions such as California Institute of the Arts (CalArts), University of California Los Angeles (UCLA), Fashion Institute of Design and Merchandising (FIDM), University of Southern California (USC), Art Center College of Design, and Otis College of Art and Design represent some of the strongest creative programs in the world.

However, enrollment in arts-specific majors in postsecondary education has dropped slightly over the past decade in California. Across the University of California (UC) school system, a total of 21,735 students were enrolled in “Arts and Humanities” in 2017 – falling 8.0% since 2012 and 17.0% since 2007. The arts programs have become more popular among the State’s international students – who in 2007 constituted 3% of UC student enrollment in arts majors, but in 2017 constituted 10%. Hispanics also account for a larger

percentage of postsecondary arts students in California than they did ten years ago, going from 16% of enrollment in art-specific majors in 2007 to 27% in 2017.

Students who graduate from the State’s postsecondary programs in the arts and go on to work in Southern California’s creative ecosystem provide an important source of talent for both the creative industries and the arts non-profit community. In 2017, postsecondary institutions in Los Angeles County awarded degrees or certificates in the Visual and Performing Arts to 10,559 students. A total of 3,908 students graduated with a four-year or post-graduate degree in Communication and Related Programs, and 1,447 graduated with a degree or certificate in Architecture and Related Services.

Strong postsecondary institutions and programs in the arts are not just important because of the talent they cultivate, they are also important because of the talent they attract.



There are incredibly strong art schools in Los Angeles. They continue to be very vibrant places for teaching, criticism, studio practices. There's a high level of support for art education."

Noah Horowitz

Director for the Americas, Art Basel¹¹

¹¹ De Aenlle, C. (March 11, 2016). Los Angeles Art Scene Comes Into Its Own. The New York Times. New York, NY. Retrieved from URL: <https://www.nytimes.com/2016/03/12/arts/international/los-angeles-art-scene-comes-into-its-own.html>



Fashion Education in Los Angeles

¹² Amed, I. (April 23, 2018). Letter from the Editor: BoF West Is Coming to Los Angeles on June 18. The Business of Fashion. Retrieved from URL: <https://www.businessoffashion.com/articles/editors-letter/bof-west-is-coming-to-los-angeles-on-june-18>



Los Angeles is exploding with fresh energy – and becoming a global hub where the entertainment industry is cross-pollinating with fashion, beauty, and technology, creating currents felt around the world¹².”

Imran Amed
Founder and CEO,
Business of Fashion

Los Angeles is home to cutting-edge programs in fashion design. These educational institutions attract top students across the nation as well as talented industry professionals who bring their experience to the classroom. The talent cultivated by Los Angeles County’s fashion schools continues to be a key asset for the region’s fashion industry. Higher education institutions that have undergraduate programs focusing on apparel design and manufacturing include:

Art Center College of Design | California Polytechnic University, Pomona | California State University, Los Angeles | California State University, Northridge | El Camino College | Fairmount College | Fashion Institute of Design and Merchandising | Long Beach City College | Los Angeles Trade Technical College | Mt. San Antonio College | Otis College of Art and Design | Pasadena City College | Santa Monica College

¹² Jeon, H. (November 2018). Top 10 Sustainable Fashion Schools in The World. The University Network. Retrieved from URL: <https://www.tun.com/blog/top-10-sustainable-fashion-schools-in-the-world/>

Leadership in Sustainable Fashion

Four California fashion schools were recently recognized in the Top 10 Sustainable Fashion Schools in The World.¹³

California College of the Arts
(San Francisco)

Otis College of Art and Design
(Los Angeles)

Academy of Art University
(San Francisco)

Fashion Institute of Design and Merchandising
(Los Angeles)

Government policymakers and government funding

A recent, noteworthy development on Los Angeles County's arts policy scene was a vote by the L.A. County Board of Supervisors to create the first Los Angeles County Arts Department.¹⁴ Board Chair Sheila Kuehl said, "It makes sense that we establish a County department to support arts and culture. With this motion, we will provide the capacity for a robust department that can strengthen the arts and expand our commitment to cultural equity and inclusion."¹⁵ The Los Angeles County Arts Commission will be subsumed by the newly established body. With an existing and wide-ranging portfolio of arts programming, the Commission already functions as a "full-service local arts agency."¹⁶

Apart from the County of Los Angeles, the City of Los Angeles has its own set of institutions including the Department of Cultural Affairs (DCA), established to support the arts, and many of the other smaller cities within L.A. County have smaller arts-related efforts afoot. While it is difficult to assess and thus compare the total funding landscape for the arts in L.A. County given the fragmented nature of its governing bodies, it is clear it's much leaner than that of New York City. Los Angeles City's Department of Cultural Affairs budget, though increasing, is negligible compared to that of New York City's analogous body. In fiscal year 2017-18, Los Angeles City's DCA had a budget of \$13.1 million. Meanwhile, NYC's

Department of Cultural Affairs broke a record for the largest-ever New York City budget for culture, announcing its 2019 fiscal year allocation of \$198.4 million.¹⁷ On a per capita basis, that's roughly 18 DCA dollars for every resident of the City of New York to the 3 DCA dollars allocated for every resident of the City of Los Angeles.

At the state level, California legislative appropriations for the arts has grown considerably since 2009, going from just over \$4 million in 2009 to \$18.4 million in fiscal year 2018. Despite this substantial growth, California lags other states when it comes to state legislative funding of arts agencies. One industry stakeholder from the

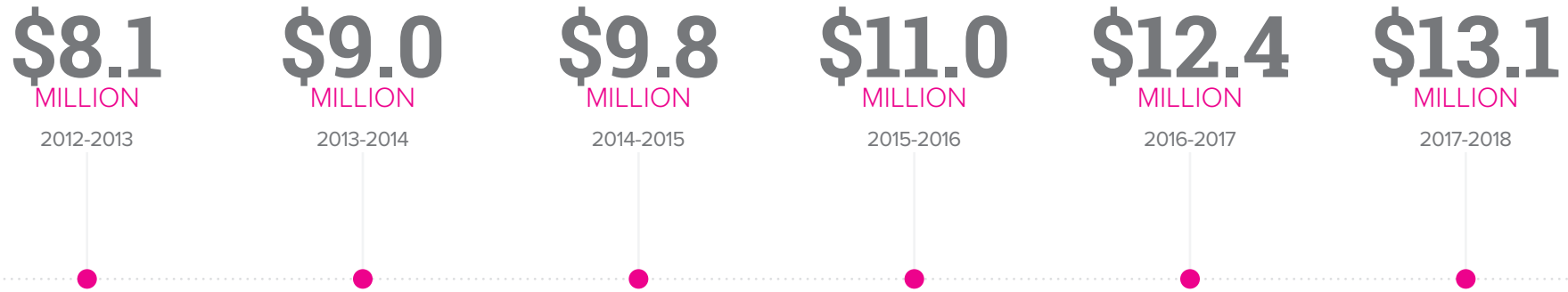
¹⁴ SCVnews.com. Supes Create First LA County Arts Department. May 16, 2018. Retrieved on: May 16, 2018. Retrieved from: <https://scvnews.com/2018/05/16/supes-create-first-la-county-artsdepartment/>

¹⁵ Ibid

¹⁶ Ibid

Los Angeles Department of Cultural Affairs Budget

Figure 2.2



Fine Arts and Performing Arts sector commented, “California underwent a really tough period. Funding was practically zeroed out. It has since built back up, not nearly to a level it should be at, but it’s at least moving in the right direction.” That positive momentum has not been fast enough to put California on par with the other states leading the way in arts funding. As of 2018, California ranks 38th nationwide for per capita funding for state arts, despite having a strong presence in the arts, both academically and professionally. California’s total legislative appropriation per capita is \$0.46 – far lower than Rhode Island’s \$2.16, New York’s \$2.28 or Delaware’s \$3.48 per capita funding.

This funding disparity at both the state and regional levels has real consequences for creative individuals, entrepreneurs, and organizations. In comparing the funding landscapes of New York City and Los Angeles County, one industry stakeholder noted, “If you’re looking from a programmatic perspective, all you really need to do is compare the New York City budget for its Department of Cultural Affairs to the corresponding budget in L.A. City. New York City is the largest arts funder in the U.S.; in the L.A. region, you have to knock a couple of zeros off. That’s certainly an impediment to growth, especially for community-based arts organizations trying to scale. Receiving a six-figure grant from a

government source before you are able to attract the kind of private support you need to sustain operations can be the reason you survive.”

¹⁷ Weber, J. (October 23, 2018). NYC Allocates \$198.4M for Largest Ever Cultural Budget. Hyperallergic Media Inc. Retrieved from URL: <https://hyperallergic.com/467071/nyc-allocates-198-4m-for-largest-ever-cultural-budget/>

Philanthropic funding



Los Angeles is really representative of that creativity moving from the East to West coasts, with a strong allure to all kinds of industries. It has this amazing attraction to not only those in the U.S., but draws people from all over the world.”

Jennifer Cuvillier
Head of Style, Le Bon Marché¹⁸

Though arts and culture non-profits and other creative organizations often depend on some earned revenue, much of their funding often comes from private philanthropy, government grants, foundation giving, and corporate sponsorships. With the ongoing decline in government and corporate support, many arts organizations have started to rely more on individual giving, particularly from their boards. According to Andre Bishop, artistic director of the Lincoln Center Theater, “there’s no question that contributions from individuals and families are more crucial than they were 25 years ago.”

There are significant and large-scale new projects in Los Angeles County indicating private dollars are flowing to the creative ecosystem’s non-profit sector even if they aren’t primarily government dollars. All of the projects profiled feature prominent designers or architects, illustrating the symbiotic and synergistic spillover among creative sectors in Los Angeles County.

¹⁸ Holgate, M. (August 26, 2018). Le Bon Marché in Paris Is About to Give Itself a Los Angeles Makeover. Vogue. Retrieved from URL: <https://www.vogue.com/article/le-bon-marche-los-angeles-rive-gauche>

Lucas Museum of Narrative Art Blurring Boundaries in Los Angeles

Estimated: **\$1.5 Billion**

Architect: **MAD
Architects**



This image is a rendering of the museum which will be located in Exposition Park. Image Courtesy of Lucas Museum of Narrative Art.

Los Angeles will be home to the 300,000-square-foot Lucas Museum of Narrative Art. The museum will be surrounded by 11 acres of new parkland and gardens designed by Los Angeles-based landscape architecture firm Studio-MLA. Construction on the non-profit museum is scheduled for completion in 2022 and will feature collection galleries and exhibition spaces displaying original works of art from world-

renowned artists, demonstrating cutting-edge digital technologies, and showing daily film screenings in two state-of-the-art theaters.

The Lucas Museum will showcase how storytelling takes shape in various art forms over the course of various time periods and in different places. There are plans to assemble collections spanning many different genres including comic

art, painting, illustration, photography, and filmmaking. These works of vastly different types of art will coexist in the galleries for comparison, contemplation, inspiration, and discussion and be paired with digital classrooms as well as a free public research library for educators, scholars, and students.

Los Angeles County Museum of Art (LACMA) A World-Class Institution of the Future

Estimated: **\$600 million**

Architect: **Peter Zumthor**



LACMA's capital campaign for the transformation of its main campus will replace three existing buildings with a single dramatic structure designed by the architect Peter Zumthor. In 2017, David Geffen pledged \$150 million to LACMA in support of the \$600 million project, marking the largest single cash gift from an individual in the museum's history.

The project seeks to “create an accessible museum experience, and a completely new way to understand the arts and culture of the past, the present, and the future.”¹⁹ The new structure is slated to span Wilshire Boulevard and reimagine the relationship between LACMA and the neighboring park, opening up three acres of landscape and outdoor space to house outdoor

artworks and integrate with the museum's west campus and the new Academy Museum of Motion Pictures. The completed design will provide an integrated experience and the investment “will symbolize Los Angeles' emergence as one of the truly great art capitals of the world.”²⁰

¹⁹ Folven, E. (September 25, 2018). LACMA's bridge to the future: Bold project ensures museums place as world-class art institution. Park Labrea News Beverly Press. Retrieved from URL: <https://beverlypress.com/2018/09/lacmas-bridge-to-the-future-bold-project-ensures-museums-place-as-world-class-art-institution/>

²⁰ Ibid.

Academy Museum of Motion Pictures **A Cultural First**

Estimated: **\$388 million**

Architect: **Renzo Piano
and Gensler
and Associates**



This image is a rendering of the museum. Image courtesy of Academy Museum of Motion Pictures.

The Academy Museum of Motion Pictures, the U.S.'s first major museum dedicated to motion pictures, is set to open in late 2019 in Los Angeles County.

The museum's campus will comprise two buildings, the 1939 May Company Building (renamed Saban Building) at the intersection of

Wilshire and Fairfax, and a spherical, glass-domed structure of Pritzker Prize-winner Renzo Piano's design that will house a high-tech theater and event space. The Saban Building is currently being renovated and upgraded to hold the bulk of exhibition spaces and will showcase items from the Academy Museum's permanent collection. The collection includes roughly 200,000 films

and videos, more than 12 million photographs, and archives from the collections of Cary Grant, Alfred Hitchcock, and Katharine Hepburn. The museum will encompass 300,000 square feet and include six floors housing exhibition galleries, an education studio, and two theaters.

OB

industry analysis

the creative industries

In 2017, the creative industries employed over 500,000 workers in Los Angeles County, making the County the largest center for the creative industries in the U.S.

In fact, there are 10% more workers employed in the creative industries in L.A. County than in the next largest hub in the country, New York City. Creative industries directly account for around 11% of Los Angeles County's total employment and are a source of high-paying jobs for the County's economy. In 2017, a creative industries' worker in Los Angeles County was paid almost double the countywide average wage, at \$109,000 per year compared to \$61,800.

The creative industries as defined in this report have five primary sectors:



Architecture and Related Services



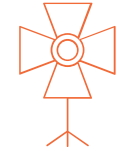
Creative Goods and Products



Entertainment and Digital Media



Fashion

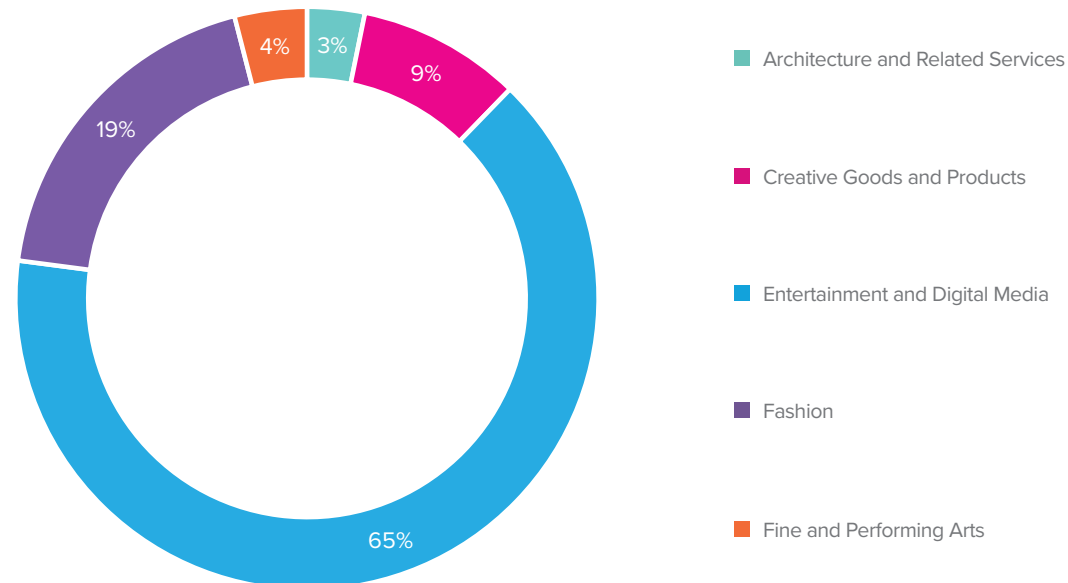


Fine Arts and Performing Arts

In 2017, Entertainment and Digital Media accounted for the largest share of the County's employment in the creative industries, responsible for roughly 2 out of every 3 creative industry jobs. The Fashion industry accounted for the second largest share of jobs in the County's creative industries, contributing nearly 1 in 5 of their total employment in the County.

Share of Employment in L.A. County by Creative Sector, 2017

Figure 3.1

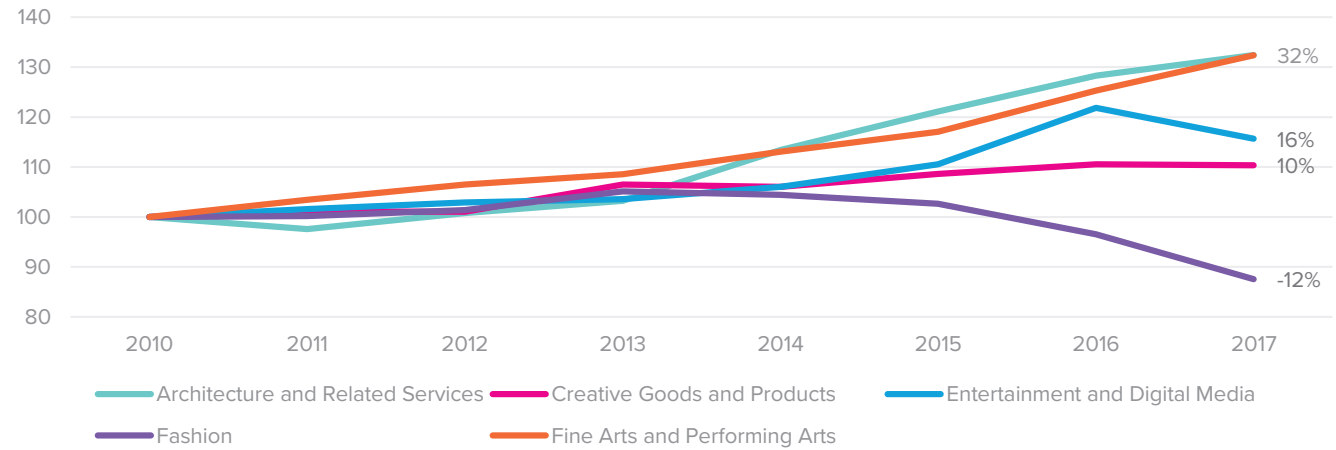


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Over the period 2010-2017, impressive employment growth has occurred in the Architecture and Related Services sector and in the Fine Arts and Performing Arts sector, while Fashion was the only sector to have had job losses.

Employment Change in L.A. County by Creative Sector, 2010-2017

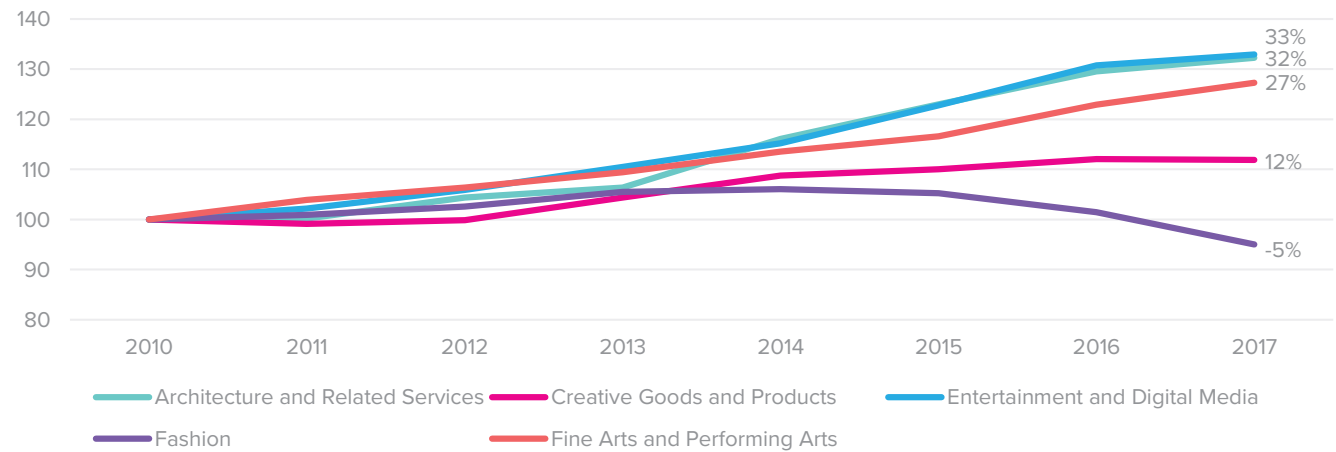
Figure 3.2



Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Change in California by Creative Sector, 2010-2017

Figure 3.3

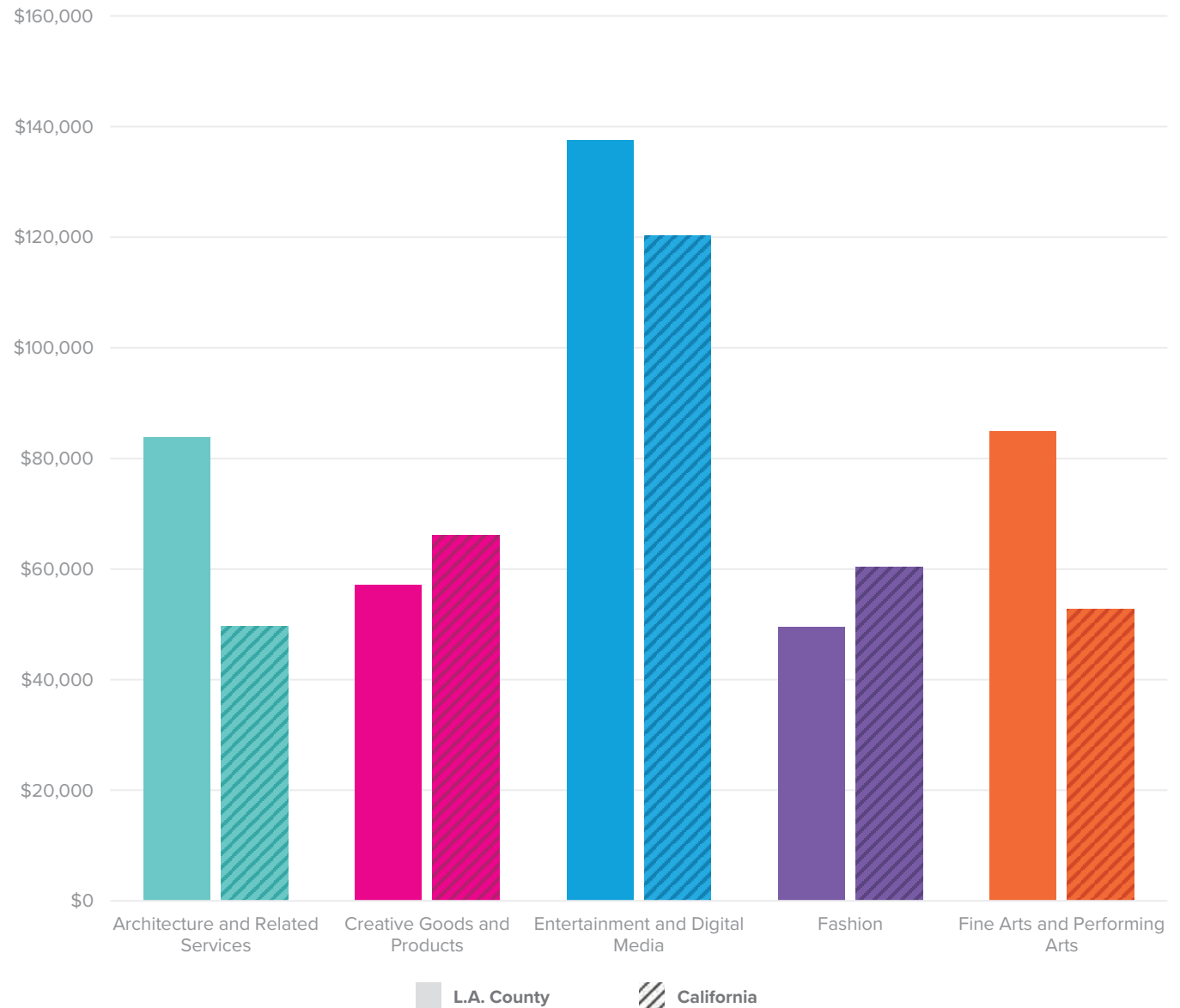


Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

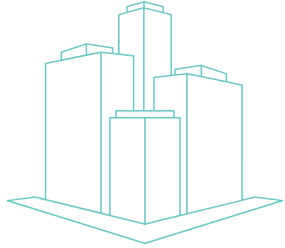
With regard to wages, Entertainment and Digital Media is the highest-paying creative sector. In 2017, the sector paid an annual average wage of nearly \$140,000 in L.A. County. Creative Goods and Products and Fashion are the lowest-paying sectors of L.A. County's creative industries, paying an average annual wage of \$57,000 and \$49,500, respectively.

Annual Average Wages by Creative Sector in L.A. County and California, 2017

Figure 3.4



Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



Creative Sector 1 **Architecture and Related Services**

The Architecture and Related Services (“Architecture”) sector is the smallest of the creative industries in Los Angeles County, employing just over 18,000 workers in 2017, or around 3.2% of total employment for the County’s creative industries. However, along with the Fine Arts and Performing Arts sector, the Architecture sector has been a fast growing all creative sectors since 2010, growing by around 3,000 jobs since then, a nearly one-third increase in jobs over this period. Average wages paid by the Architecture sector are also relatively high. In 2017, Architecture employers paid an annual average wage of nearly \$84,000, over one third higher than the countywide annual average for all industries combined.



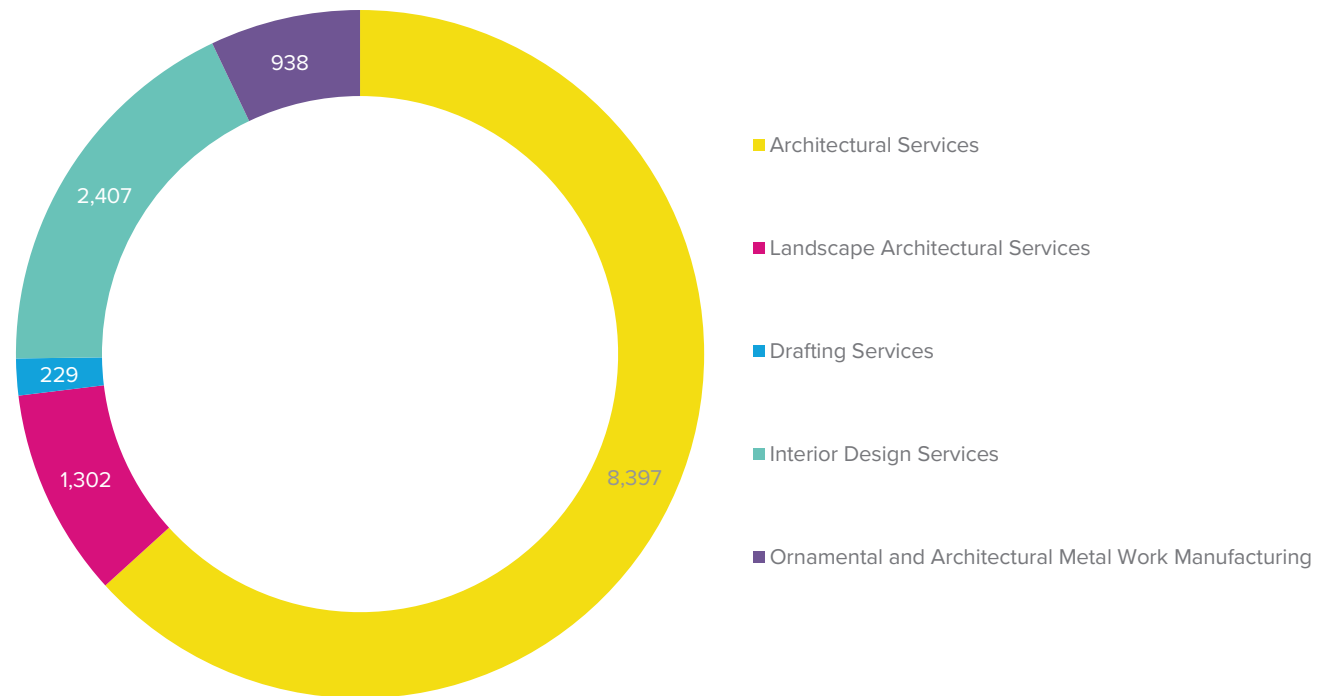


Employment

The Architecture sector is divided into five subsectors: (1) Architectural Services; (2) Drafting Services; (3) Landscape Architectural Services; (4) Interior Design Services; and (5) Ornamental and Architectural Metal Work Manufacturing. The Architectural Services subsector contributes the largest share of the sector's total employment in L.A. County, accounting for over 60%.

Total Architecture Employment by Subsector in L.A. County, 2017

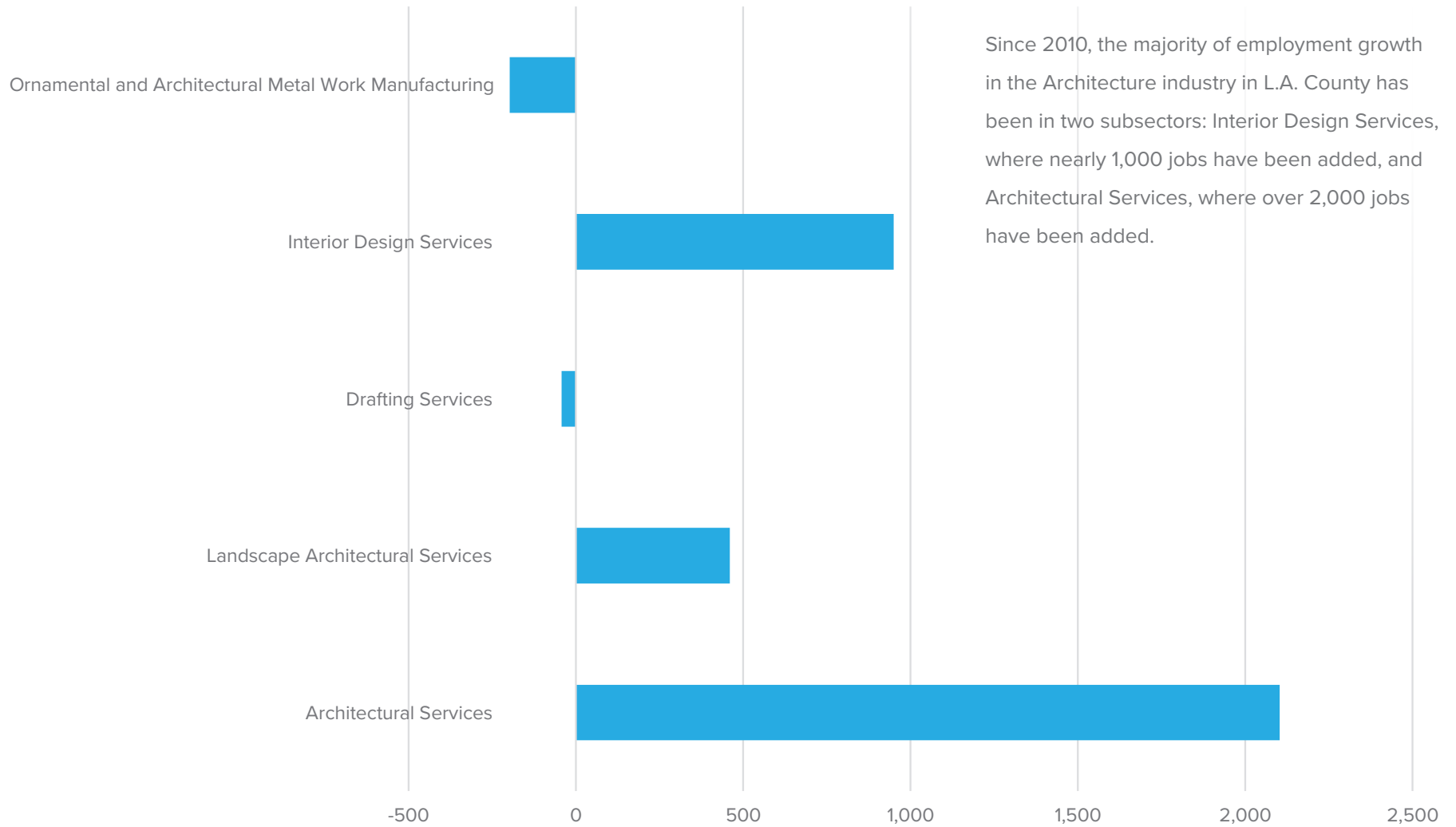
Figure 3.5



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth by Architecture Subsector in L.A. County, 2010-2017

Figure 3.6



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Establishments

In Los Angeles County, there were nearly 2,100 establishments in the Architecture sector in 2016. The majority of these establishments were relatively small; 1,840 of them had fewer than 10 employees. These small establishments accounted for 38% of the County's employment in the Architecture sector. With regard to larger establishments, around 18% of all Architecture sector employment in the County is found in establishments of more than 100 employees.

Number of Architecture and Related Services Establishments by Size Category, Los Angeles County, 2016

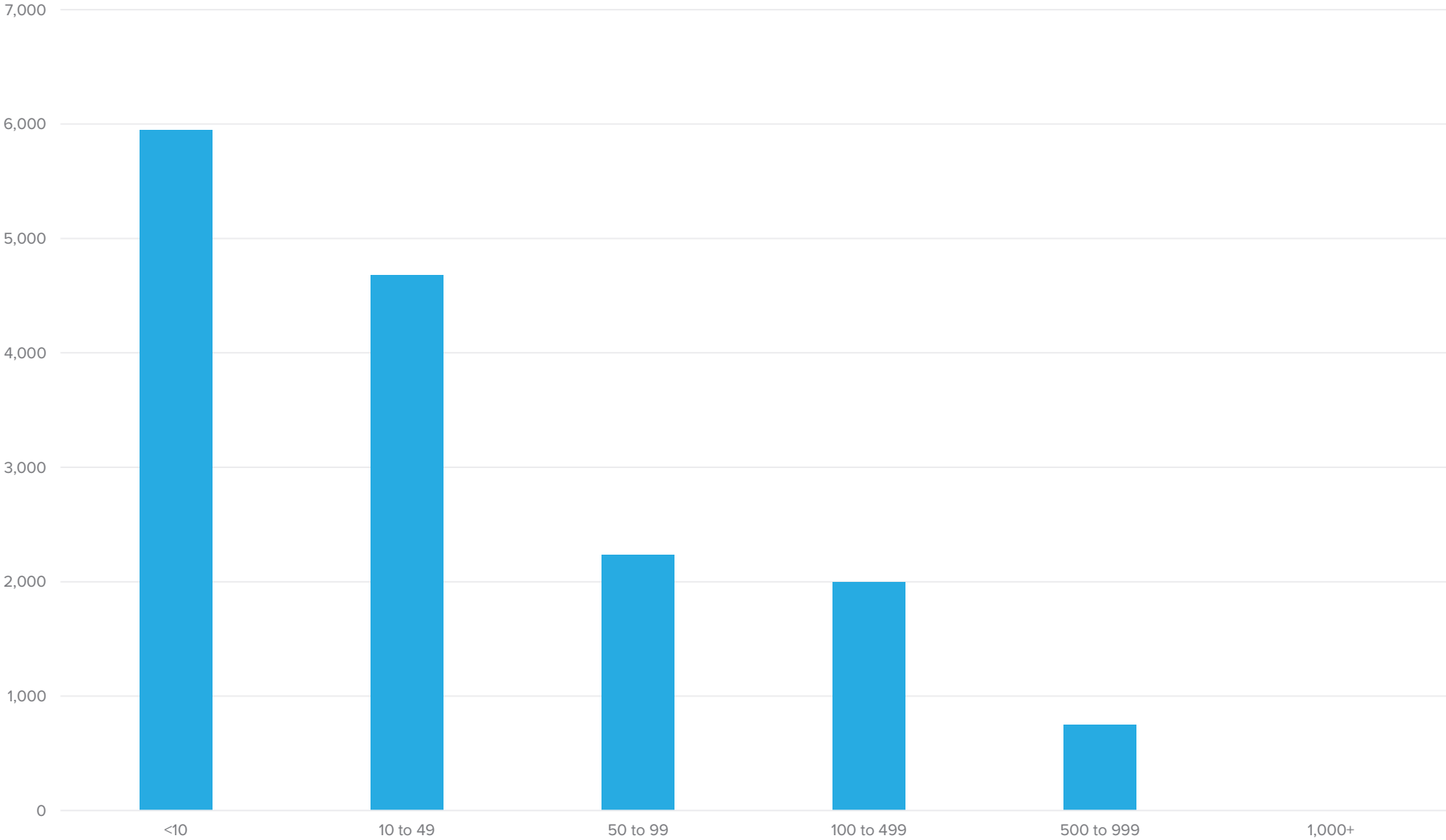
Table 3.1

SIZE CATEGORY	NUMBER OF SECTOR ESTABLISHMENTS
<10 Employees	1,842
10-49 Employees	222
50-99 Employees	30
100-499 Employees	8
500-999 Employees	1
1000+ Employees	0
Total	2,103

Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics

Architecture and Related Services Employment by Establishment Size, Los Angeles County, 2016

Figure 3.7



Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics

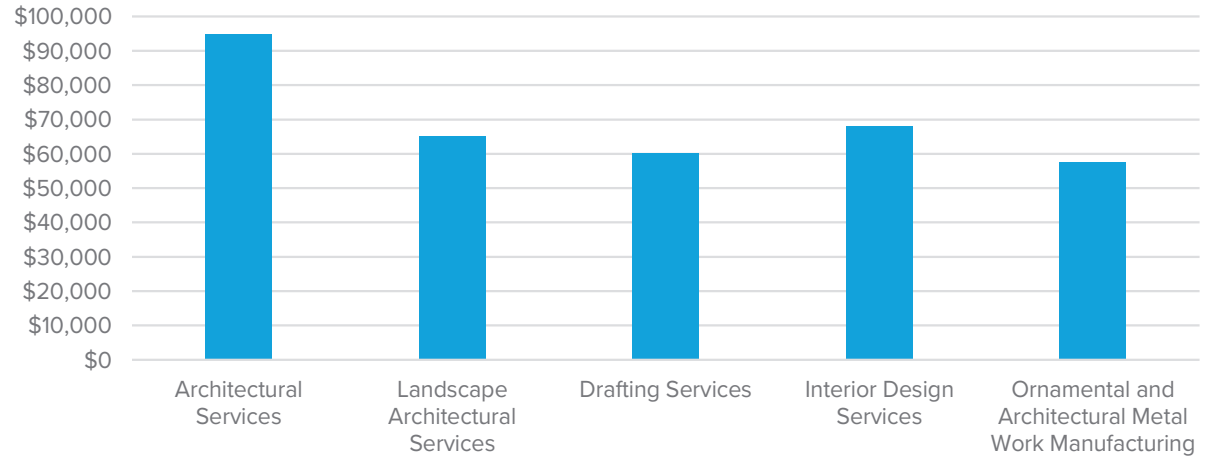
Wages

Average wages were highest in the two subsectors where employment grew the most, Interior Design Services and Architectural Services, with the latter being the has been a fast growing subsector of the Architecture industry by a substantial margin. In 2017, Architectural Services employers paid an annual average wage of almost \$95,000 in L.A. County. This is much higher than the industry's second highest paying subsector, Interior Design Services, which paid an annual average wage of close to \$70,000 in L.A. County in 2017.

Wages have also grown fastestv in Architectural Services, increasing by about 14% since 2010. Wage growth also occurred in Landscape Architectural Services, where wages have increased by more than 12% since 2010. On the other hand, wages in Drafting Services have been relatively flat and in Ornamental and Architectural Metal Work Manufacturing wages have fallen slightly.

Annual Average Wages by Architecture Subsector in L.A. County, 2017

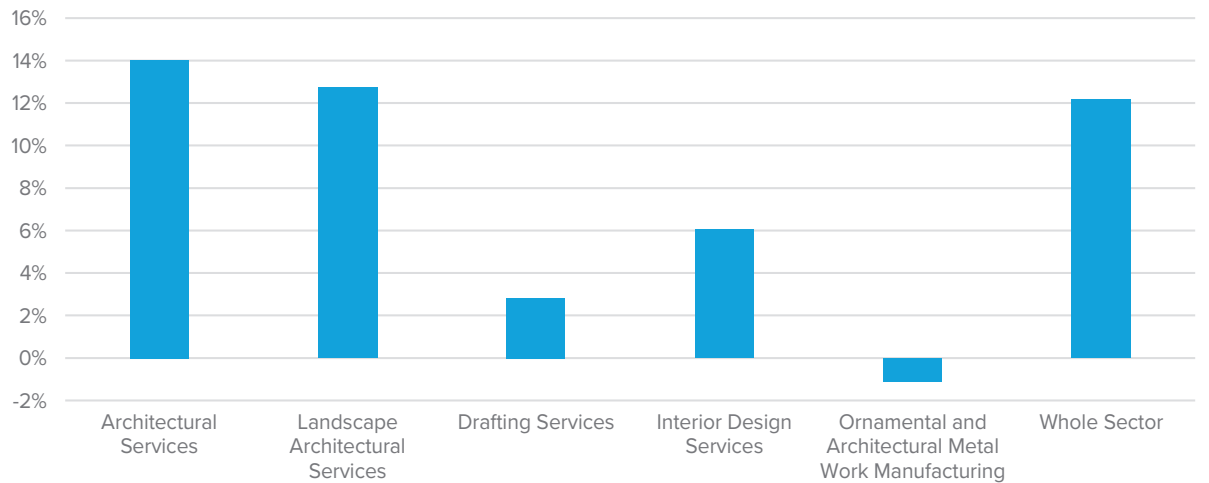
Figure 3.8



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wage Growth by Architecture Subsector in L.A. County, 2010-2017

Figure 3.9



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

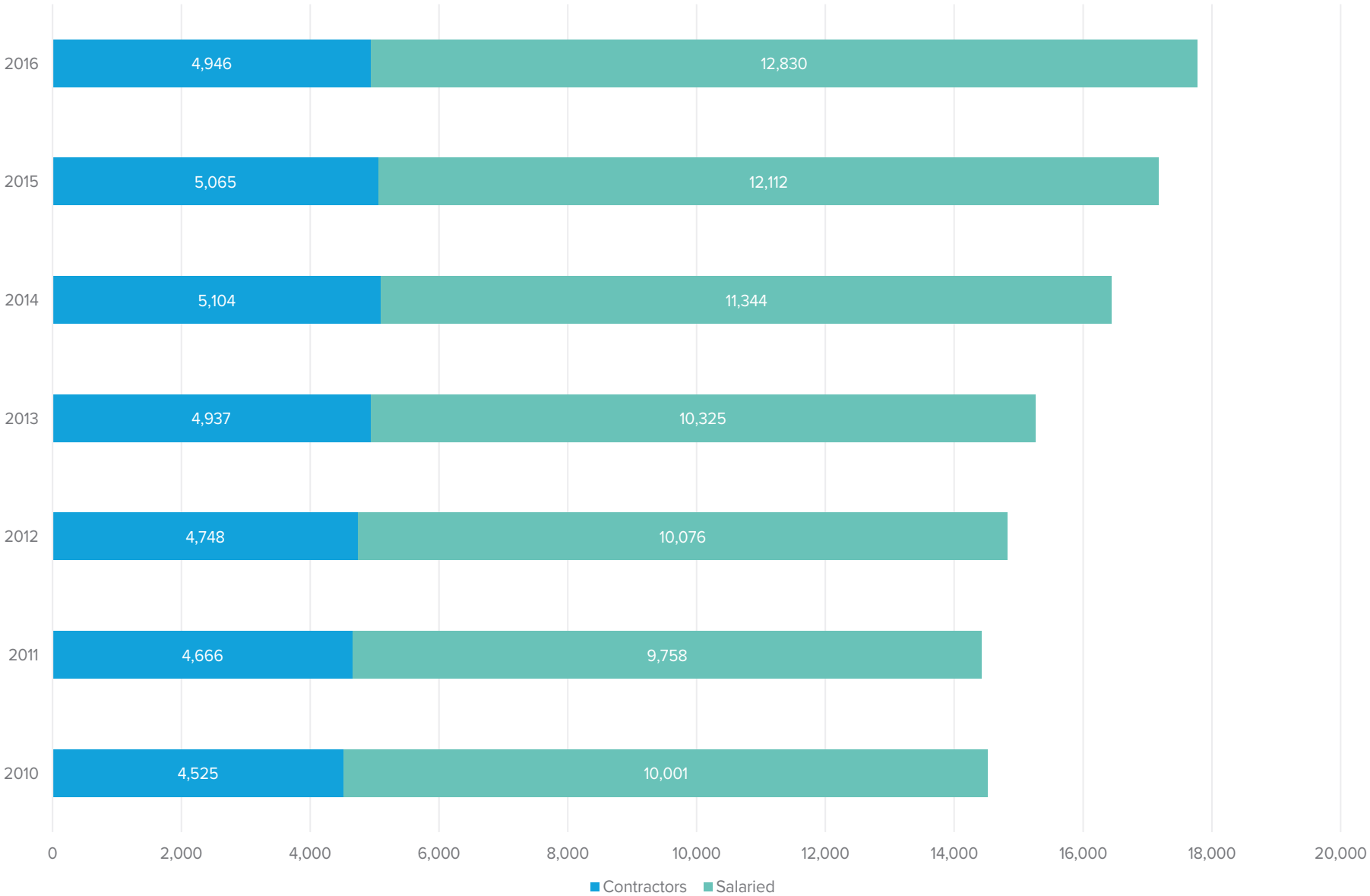
Contractors

Across the five creative sectors profiled in this report, the Architecture sector has the largest share of contractors in L.A. County. In 2016, there was 1 contractor for every 2.5 salaried workers in the sector. That said, the number of salaried workers has grown faster than the number of contractors: Since 2010, the ratio of salaried workers to contractors in L.A. County's Architecture sector has grown from about 2.2 for every 1 contractor to its present value of 2.5.



Contract and Salaried Workers in Architecture in L.A. County, 2010-2017

Figure 3.10

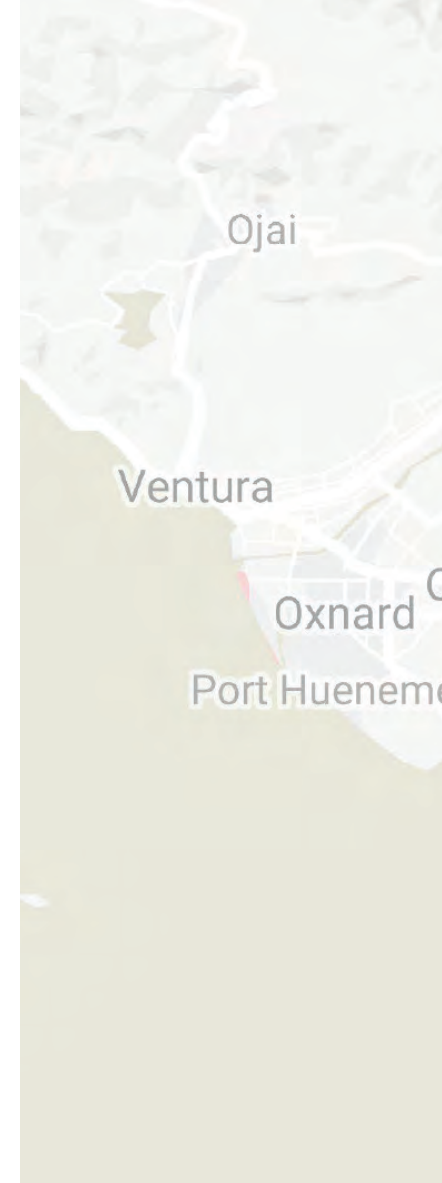


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Industry Cluster and Workforce Mappings

The industry mapping below displays employment density of the Architecture and Related Services sector throughout Los Angeles County. The warmer colors indicate the spatial concentration of the sector's employment centers. The heaviest concentration of employment is found in downtown Los Angeles and Santa Monica, with lighter employment density found between the two areas.

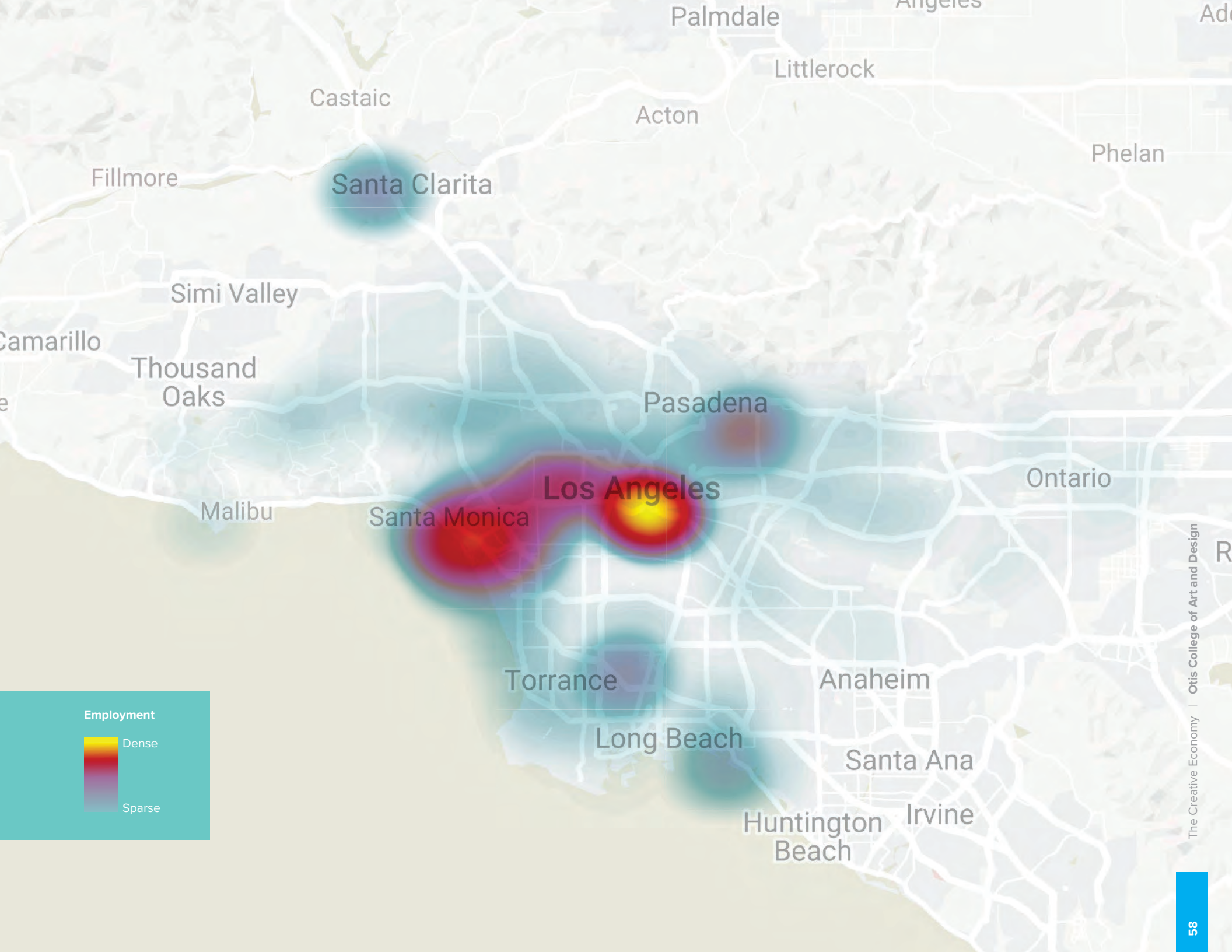
The densest concentration of Architecture sector workers is found in Downtown Los Angeles. The sector's workforce concentrations then arc west toward Santa Monica with the second largest concentration of the sector's workers residing there. A relatively dense band of workers live between downtown Los Angeles and Santa Monica with a small pocket of workers living in the Pasadena-Glendale region.



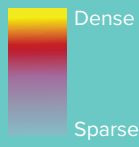
Architecture and Related Services, Employment Density, L.A. County, 2016

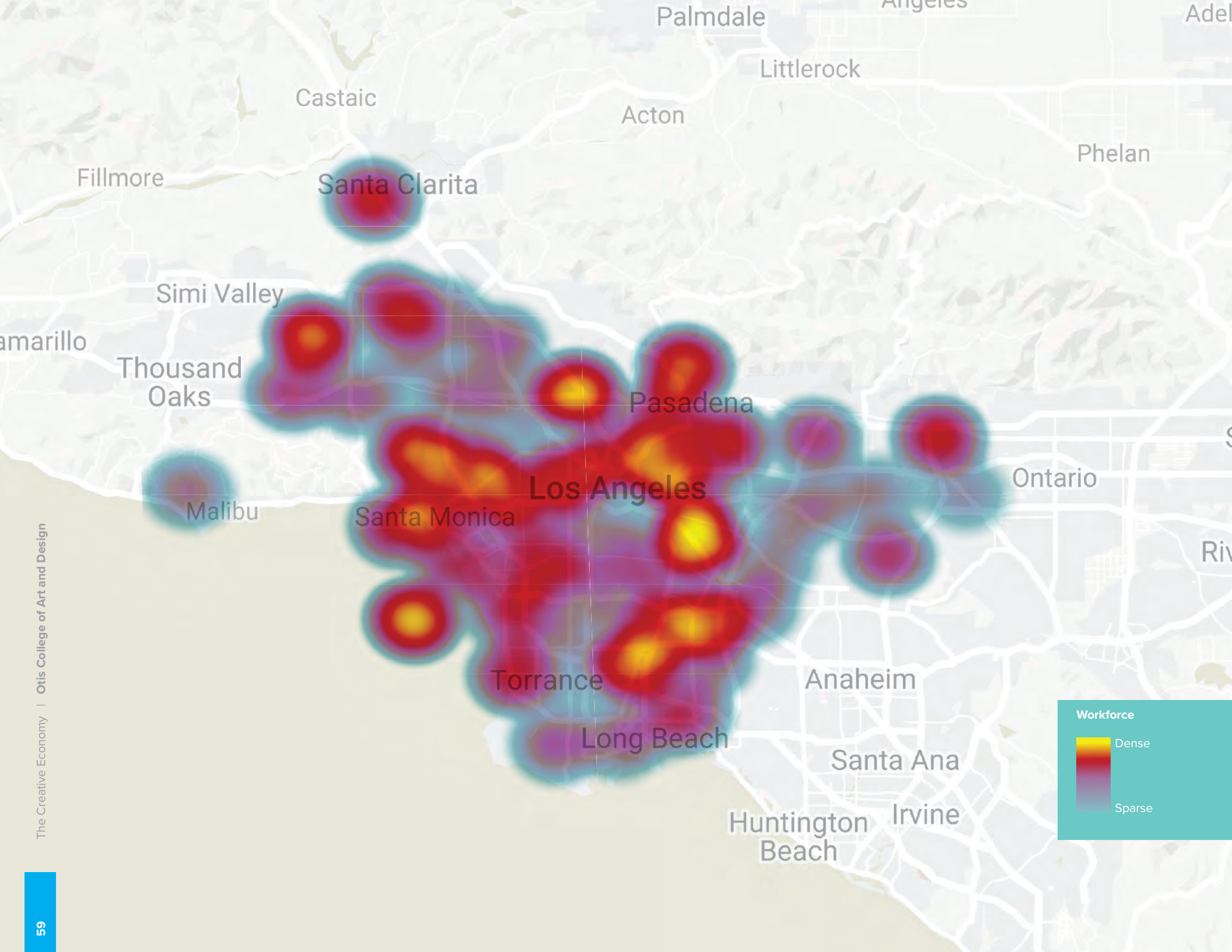
Figure 3.11

Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics



Employment







Architecture and Related Services Workforce Density by Place of Residence, L.A. County, 2016

Figure 3.12

Source: Census Bureau, Public Use Microdata Sample, American Community Survey; Analysis by Beacon Economics



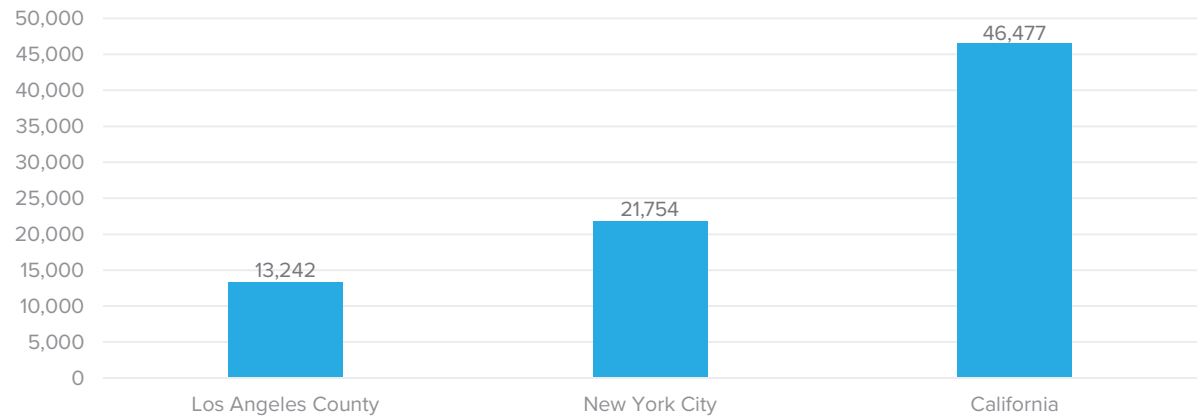
Statewide and Other Regional Comparisons

The chart below compares total architecture employment in Los Angeles County in 2017 to total employment for the same sector in New York City and the entire state of California. In New York City, there were roughly 20,000 more workers in the sector than in Los Angeles County. Los Angeles County accounted for around one third of the State’s employment in the sector.

New York City has added more architecture jobs than Los Angeles County over the period 2010-2017.

Total Employment in Architecture in L.A. County, New York City, and California, 2017

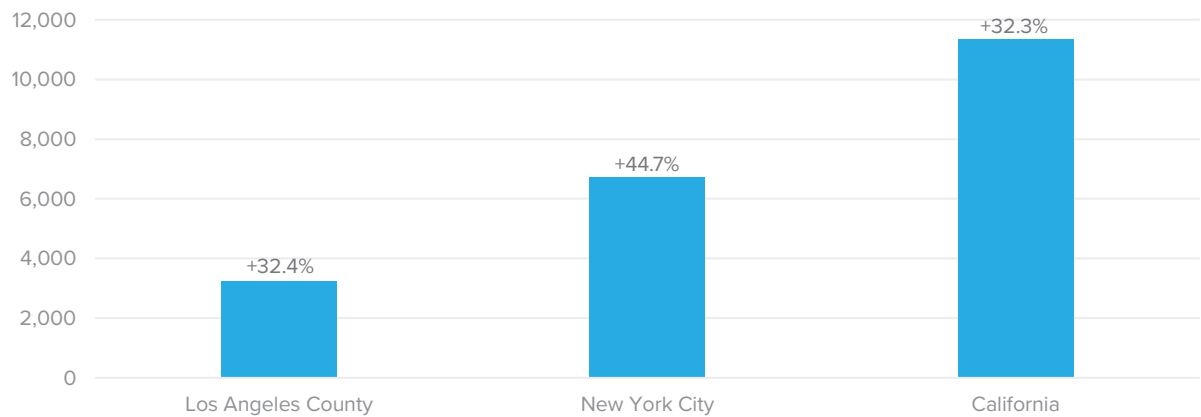
Figure 3.13



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth in Architecture in L.A. County, New York City, and California, 2010-2017

Figure 3.14



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment in Architecture in L.A. County, New York City, and California, 2010-2017

Table 3.2

	2010	2017	CHANGE
Los Angeles County	10,001	13,242	3,241
New York City	15,037	21,754	6,717
California	35,141	46,777	11,336

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



Of the five core creative sectors analyzed in this report,

the Architecture sector tied with the Performing/ Fine Arts sector for the highest growth rate in employment over the period 2010-2017.

Industry stakeholders reflected on the current growth environment for Architecture in Los Angeles County, noting, “A main driver is a strong construction market.” Industry stakeholders also spoke to some of the challenges associated with that growth including increased competition for high level talent: “Over the last three or four years, we’ve been aggressively growing and hiring, and bottlenecks include the market for talent. I’d say the construction side of architecture has been

more constrained with regard to talent, but the design side of architecture is challenging as well. It's just a lot more difficult when there's a lot of activity in the market." Industry stakeholders also commented on the uptick in competition for publicly bid projects and the growing dominance of design-build firms which can sometimes put design-focused firms at a disadvantage. "I think architects that truly care about design have pushed incredibly hard to show owners that there is still much value in allowing the architect to do a lot of the creative thinking upfront," one industry stakeholder said, talking about the value of an independent design process in the Architecture field.



Over the last three or four years, we've been aggressively growing and hiring and bottlenecks include the market for talent."

Industry Stakeholder

Despite these challenges, industry stakeholders reiterated the positive trajectory of the Architecture industry in Los Angeles County. One industry stakeholder noted, "I think creative design still very much sells in L.A. There are still owners willing to spend money on really exciting, innovative ideas. Further, I think Los Angeles has been, in recent years, a proving ground for it."

Trend | Sustainability

Los Angeles County has long been associated with sustainability practices given both the environmental challenges the Southern California region faces, particularly around water, and the leadership platform the State sustains around environmental policy. As an example, the City of Los Angeles successfully implemented its first roundabout this year, the Riverside Roundabout, which acts as a stormwater-retention mechanism and is an homage to sustainable architectural landscapes.²¹ The synergy between design and sustainability in Los Angeles County is reflected in the sector's approach to the built environment, too. One stakeholder noted, "I would say most architects are environmentally conscious. They know our buildings are the number one users of power. Sustainability has become part of the fabric of Architecture in L.A. Every project we do is now LEED silver, or gold, or platinum as a baseline. But we are pushing toward the next level: how do we make our buildings net-zero or self-sustaining. That is a goal for our firm and many firms now."

²¹ Hilburg, J. (August 31, 2018). Los Angeles's first roundabout is a psychedelic sustainable landscape. The Architect's Newspaper. New York, NY. Retrieved from URL: <https://archpaper.com/2018/08/riverside-roundabout-los-angeles/#gallery-0-slide-1>

Creative intersections

Representative of both an occupational skillset and an industry, the Architecture sector dynamically interacts with the other creative sectors of Los Angeles County's creative economy.

The growth in the other creative sectors, particularly the Performing/Fine Arts sector, has been an input to the observed growth in Architecture and further an opportunity to showcase for the public L.A. County's design expertise. From LACMA's major campus transformation, designed by Peter Zumthor, to the new Academy Museum of Motion Pictures with a spherical, glass-domed structure, designed by Pritzker Prize winner Renzo Piano, to the first permanent, purpose-built facility for Youth Orchestra Los Angeles (YOLA), designed by Frank Gehrey, Los Angeles County's reputation for both state-of-the-art fine arts and architectural design is reflected simultaneously in some of L.A. County's most iconic buildings.²² Commenting on the positive relationship in Los Angeles County between the Performing/Fine Arts and

Architecture sectors, one stakeholder said, "The Frank Gehrys of the world have paved the way for the cultural projects you see around town that everyone can get excited about and everyone wants here. Look at what's happening downtown, with all of the museums and performing art centers, I think Angelenos get excited about that, not just Architecture or Arts folks. That dynamic is one of the things people in L.A. I think have come to be proud of."

While growth in the Performing and Fine Arts industry has been an an opportunity for the Architecture sector in Los Angeles County, the growth of other sectors like Entertainment and Digital Media may be presenting a challenge, according to some of the sector's industry stakeholders. Some of the cornerstone skillsets

demanded by the Architecture sector have useful applications in Digital Media-related subsectors including those related to animation and virtual/augmented reality. While that is an exciting convergence for workers and for the L.A. County creative economy at large, some Architecture firms reported that they compete for talent with other creative sectors and have observed their architects make the transition to other creative fields. One industry stakeholder noted, "For a lot of our architects, their skillsets cross over well into some of the digital art and even fine art-related industries. I think in 2012, the last downturn, they figured out their relevance to parallel industries and they continue to exploit it. Today, architects are working for the studios, doing animation, and sometimes we can't find enough architects for Architecture."

²² Stevens, P. (December 27, 2018). Frank Gehry designs LA youth orchestra facility as a 'world-class instrument'. designboom. Retrieved from URL: <https://www.designboom.com/architecture/frank-gehry-la-phil-yola-center-inglewood-los-angeles-12-27-2018/>



Creative Sector 2

Creative Goods and Products



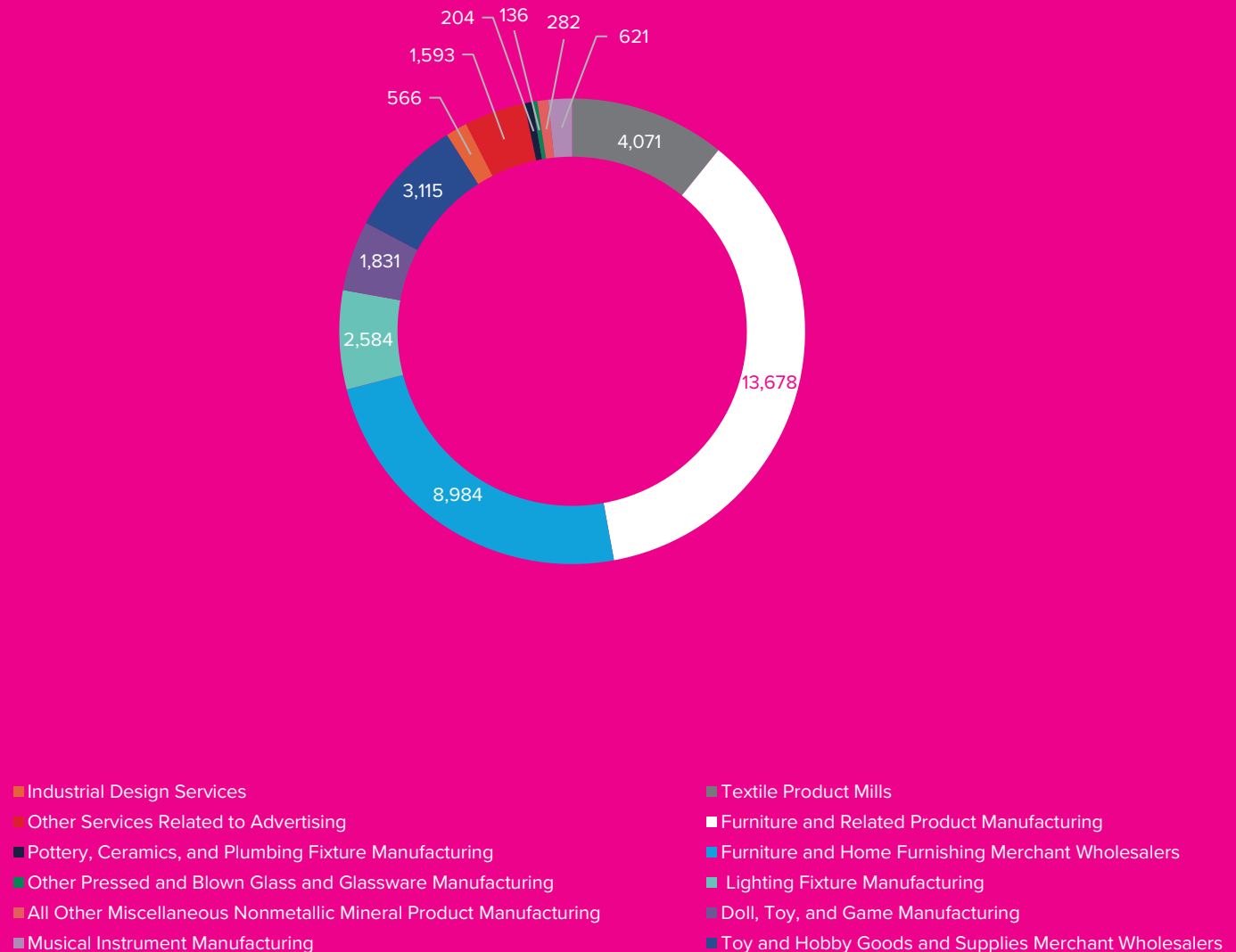
Employment

Since 2010, the Creative Goods and Products (“Creative Goods”) sector in Los Angeles County has added around 3,500 new jobs, a growth rate of around 10%. But, after the Fashion sector, it is the lowest-paying creative industry in Los Angeles County, paying an annual average wage of \$57,000 in 2017.

There are three primary functional segments of the Creative Goods industry: manufacture-related activities, wholesale activities, and design-related activities. The manufacturing segments of the sector account for the majority of employment for the Creative Goods industry. The manufacturing segment represents a diversity of subsectors that produce a wide array of products, ranging from the manufacture of furniture to the manufacture of toys.

Total Employment by Creative Goods Subsector in L.A. County, 2017

Figure 3.15



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Since 2010, the health of the industry’s subsectors in Los Angeles County has presented a mixed picture. The Furniture and Home Furnishing Merchant Wholesalers subsector has contributed the largest number of jobs to the County’s economy, adding over 1,700 jobs since 2010. Employment in the Furniture Manufacturing subsector has also ticked up significantly in L.A. County, adding over 800 jobs during that same period.

There was lower but still notable job growth in two additional subsectors of the Creative Goods industry: The Doll, Toy, and Game Manufacturing subsector and the Lighting and Fixture Manufacturing subsector. At the same time, employment growth has been flat or declining in the industry’s other subsectors. The biggest job losses in the Creative Goods industry were observed in Other Services Related to Advertising.

Employment Growth by Creative Goods Subsector in L.A. County, 2010-2017

Figure 3.16



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Establishments

In Los Angeles County, there were nearly 2,680 establishments in the Creative Goods and Products sector in 2016. The majority of these establishments were relatively small; around 1,860 of them had fewer than 10 employees. However, small establishments accounted for only 15% of total employment. Firms with 100 or more employees represented 35% of total employment for the sector, and medium-sized firms (establishments with 10-99 employees) accounted for 50% of employment in the Creative Goods and Products sector.

Creative Goods and Products Establishments by Size, L.A. County, 2016

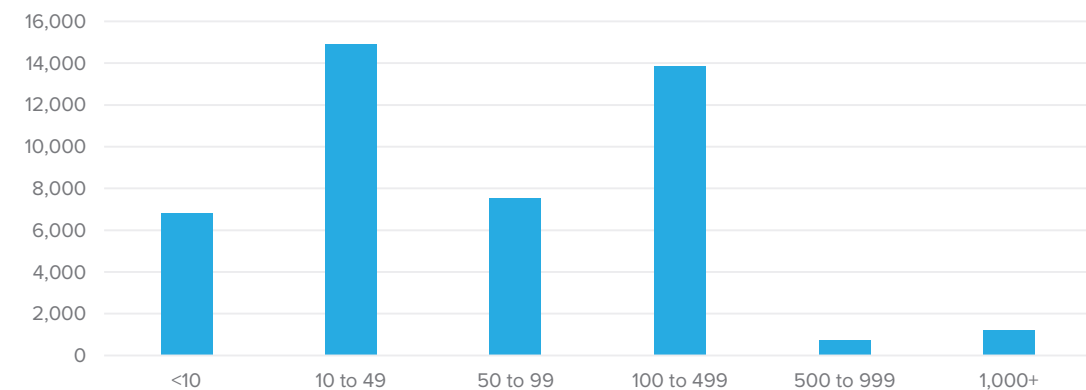
Table 3.3

SIZE CATEGORY	NUMBER OF SECTOR ESTABLISHMENTS
<10 Employees	1,863
10-49 Employees	645
50-99 Employees	101
100-499 Employees	68
500-999 Employees	1
1000+ Employees	1
TOTAL	2,679

Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics

Creative Goods Employment by Establishment Size, L.A. County, 2016

Figure 3.17



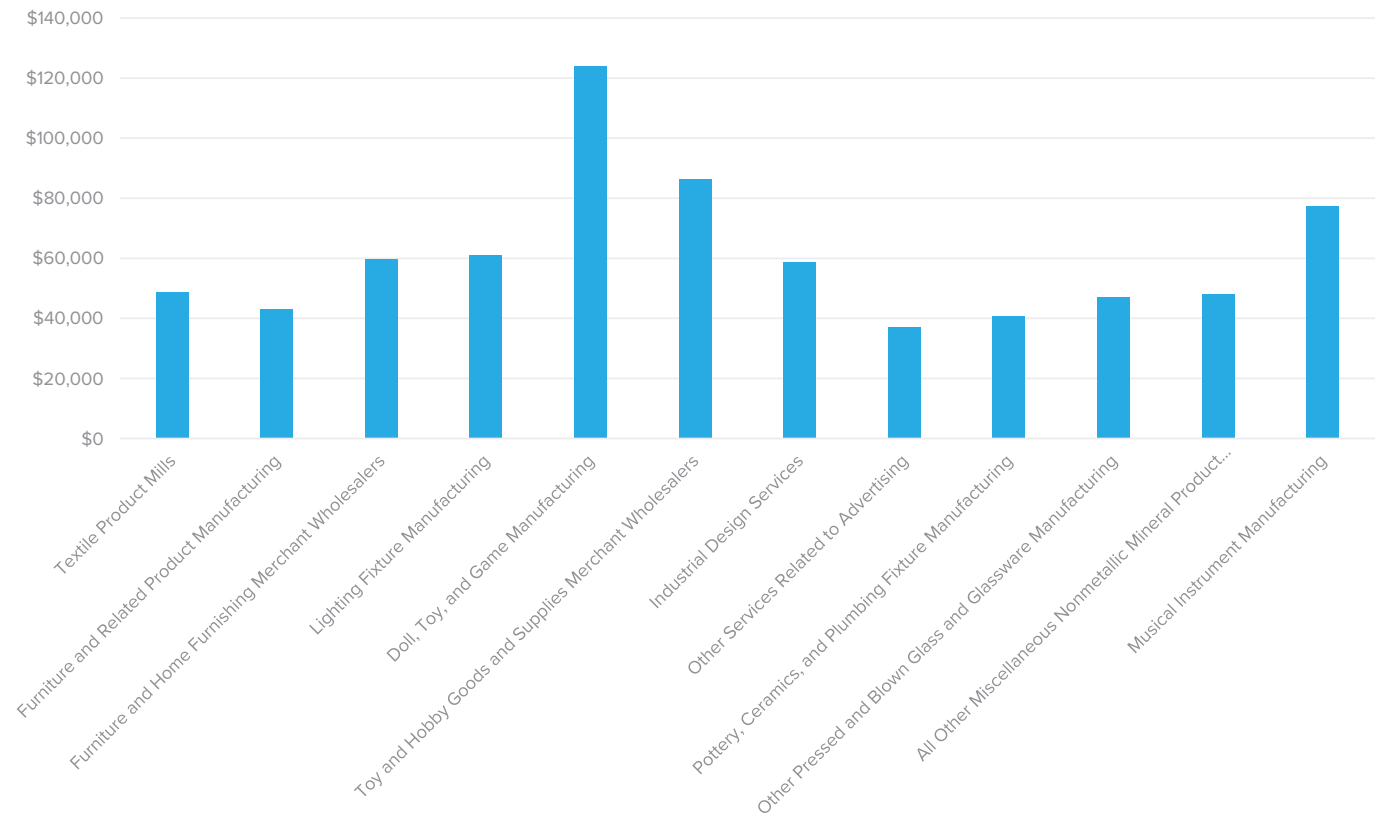
Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics

Wages

Doll, Toy, and Game Manufacturing is the highest-paying subsector of the Creative Goods and Products industry in L.A. County, paying an average annual wage of around \$124,000 per year in 2017. However, this subsector accounts for a very small share of the overall industry making up less than 5% of total jobs in the Creative Goods and Products sector. Other subsectors of the Creative Goods industry, pay far lower wages. For example, in 2017, subsectors including Other Services Related to Advertising, Pottery Manufacturing, and Furniture Manufacturing all paid an annual average wage of less than \$44,000, which is substantially below the countywide average for all industries.

Annual Average Wages by Creative Goods Subsector in L.A. County, 2017

Figure 3.18

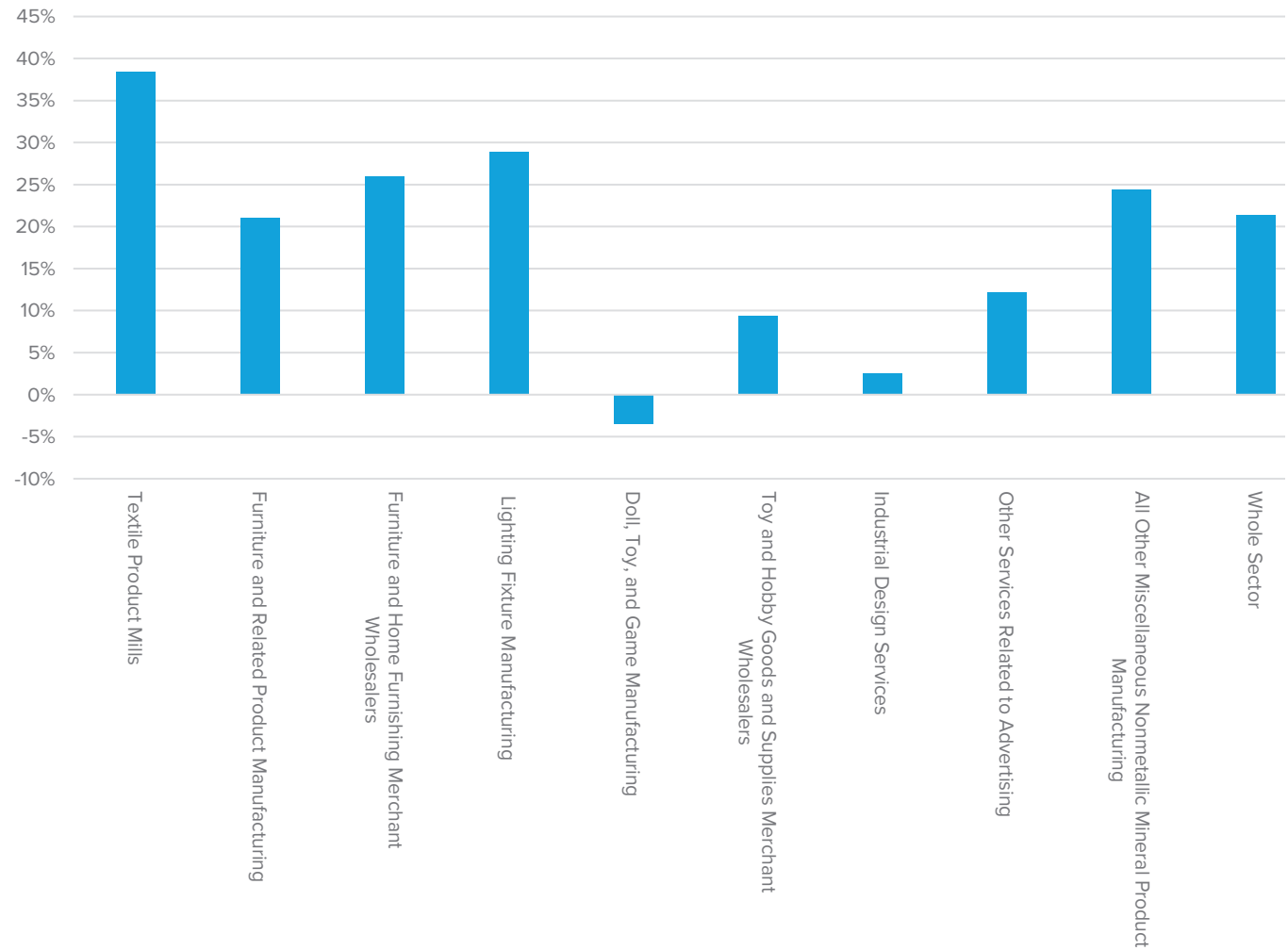


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wage Growth by Creative Goods Subsector in L.A. County, 2010-2017

Figure 3.19

Wage growth across the Creative Goods and Products industry has also varied significantly by subsector. Although the Textile Product Mills subsector constitutes a relatively small share of the Creative Goods sector, annual wages in Textile Product Mills grew by 38% over the period 2010-2017, a much faster growth rate than that of the Creative Goods and Products sector overall (22%). Strong wage growth also occurred in the Lighting Fixture Manufacturing, Furniture Manufacturing, and Furniture Wholesalers subsectors. At the same time, wage growth was low, and even negative, in some subsectors; however, these subsectors are small, so haven't had a major impact on wage growth for the overall Creative Goods and Products sector.



Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

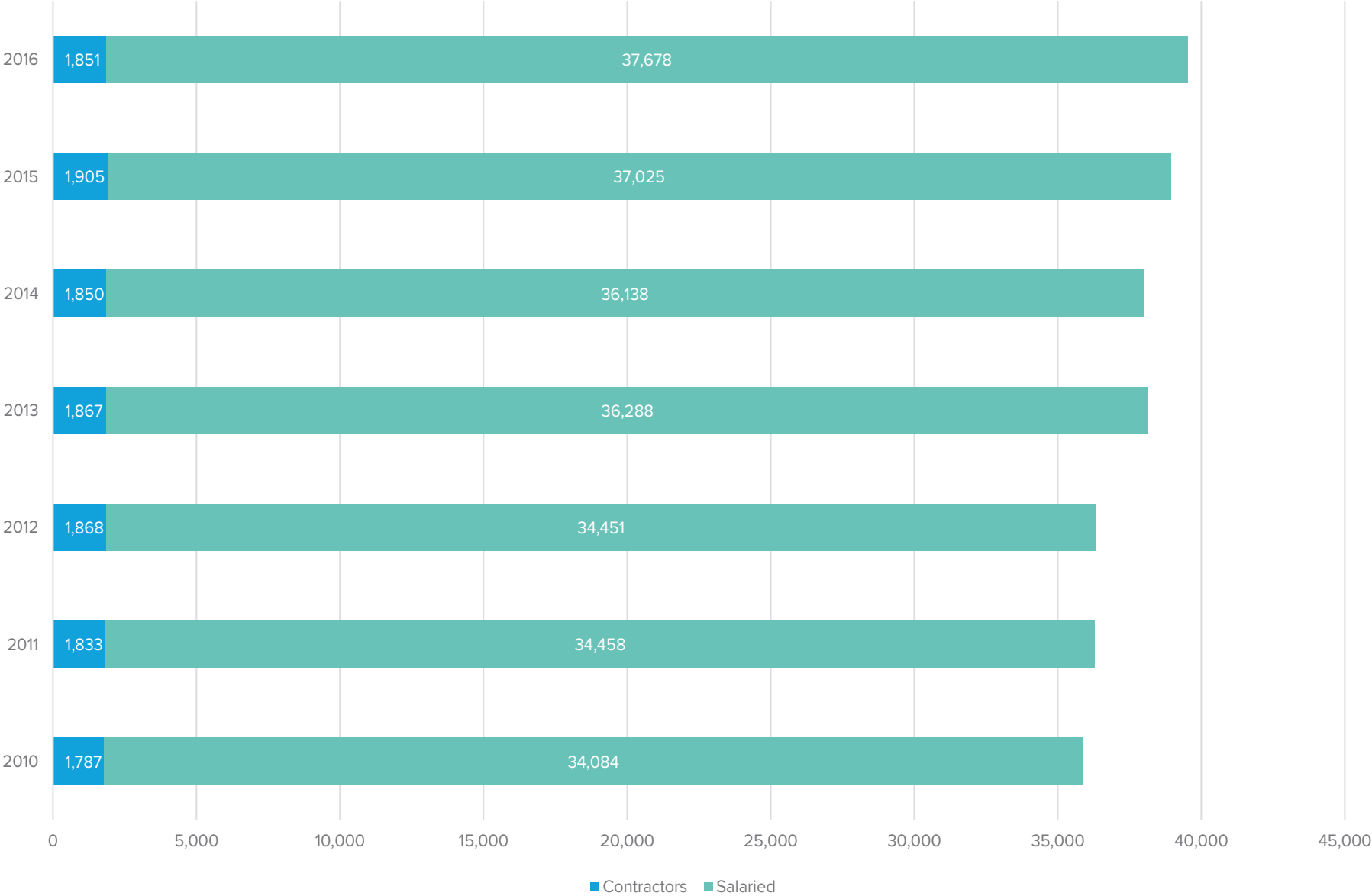
Contractors

Unlike the Architecture sector, the Creative Goods and Products sector has a small number of contract workers. In 2017, there were 20 salaried employees for every one contract worker in the sector.



Contract and Salaried Workers in Creative Goods Sector in L.A. County, 2010-2017

Figure 3.20

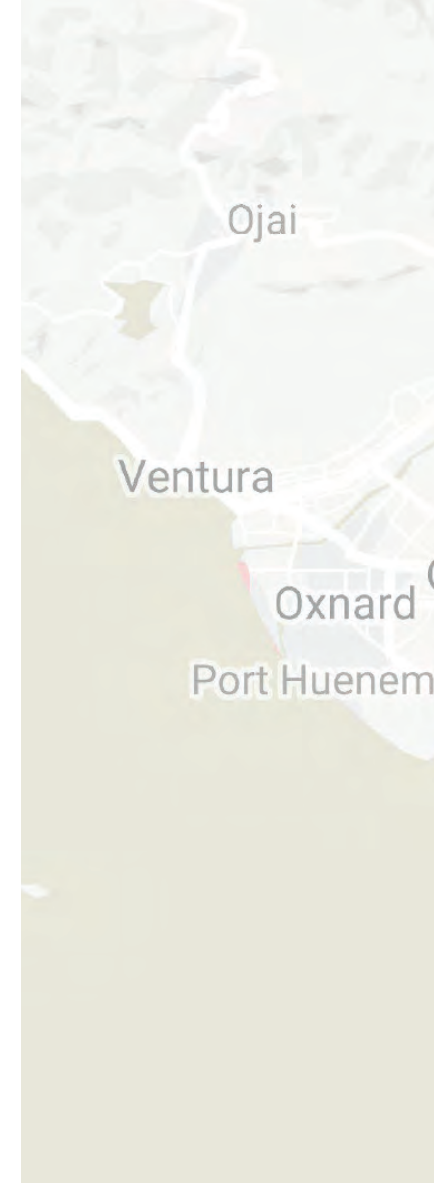


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Industry Cluster and Workforce Mappings

The industry cluster map displays employment density of the Creative Goods and Products sector throughout Los Angeles County. The warmer colors indicate the spatial concentration of the sector's employment. The heaviest concentration of employment is found in downtown Los Angeles, in addition to regions east and south of downtown. There are also a few notable pockets of employment northwest of Burbank as well as in east Los Angeles.

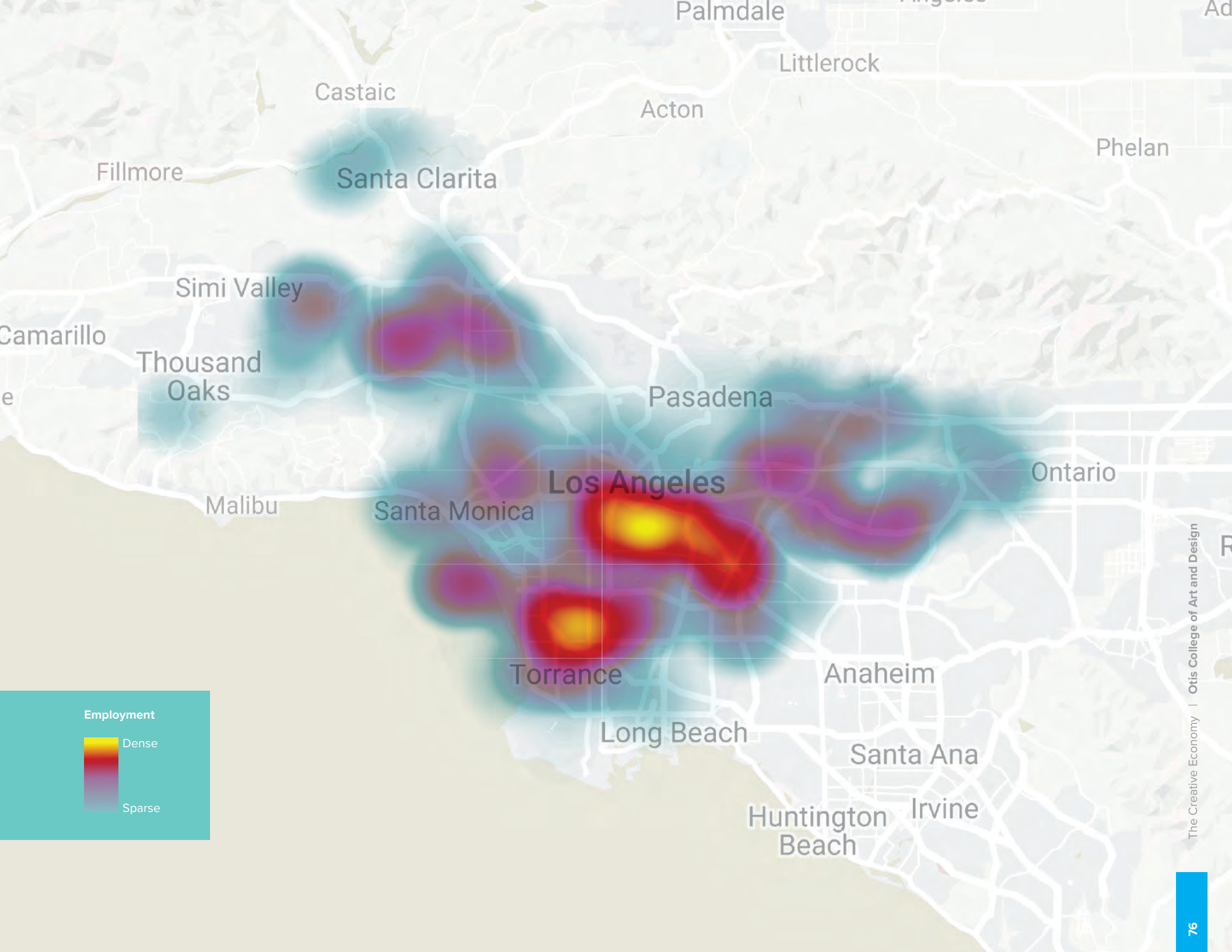
Much of the sector's workforce resides in east and south Los Angeles, with working locations also stretching southeast to the Pico Rivera and Downey regions. There are pockets of workers that live in Santa Monica, while a small number of workers live more eastward in the Whittier and San Dimas regions.



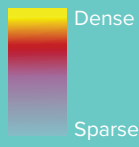
Creative Goods, Employment Density, L.A. County, 2016

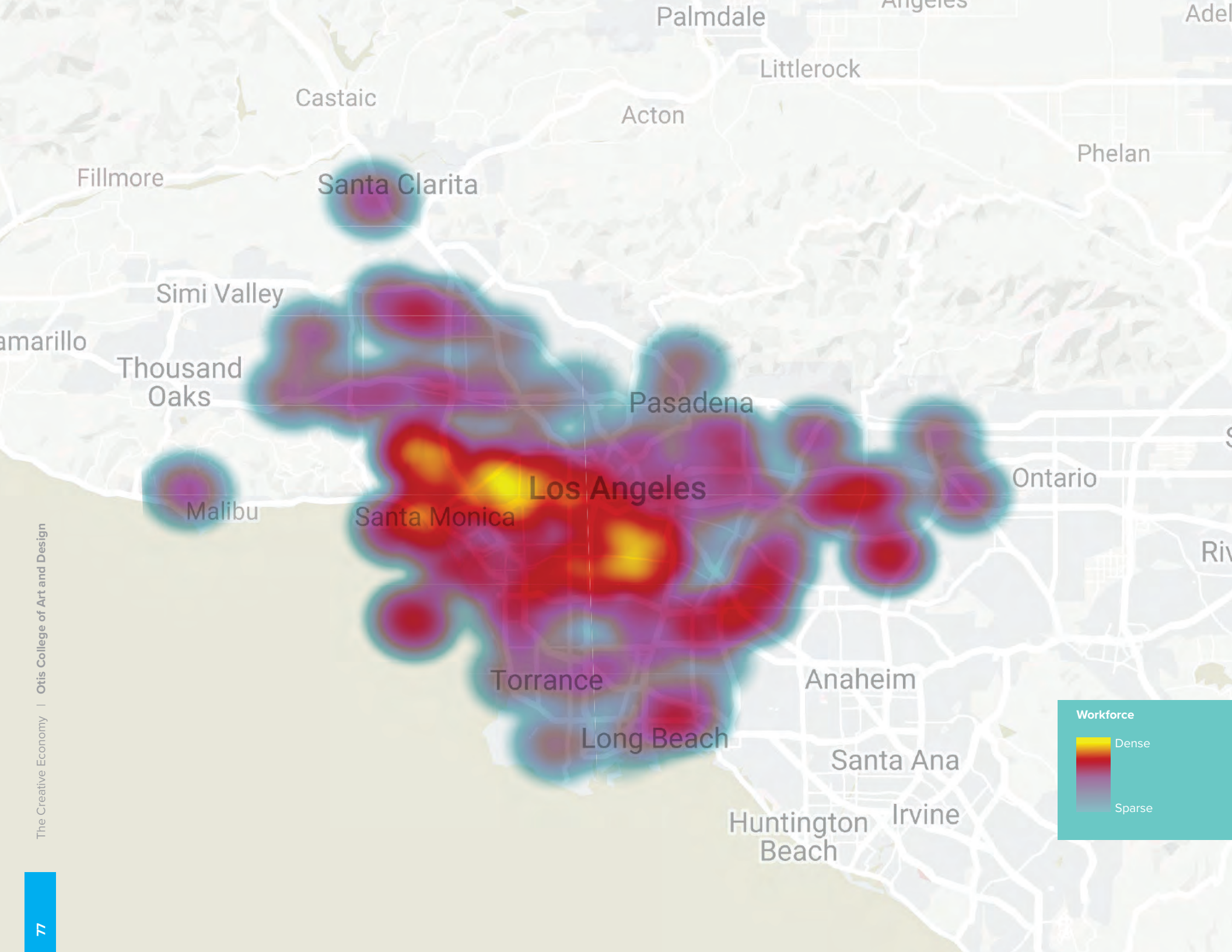
Figure 3.21

Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics



Employment

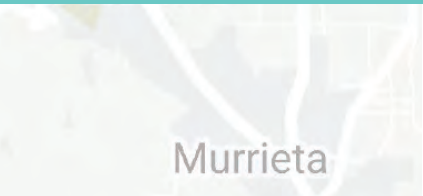






Creative Goods, Workforce Density by Place of Residence, L.A. County, 2016

Figure 3.22
Source: Census Bureau, Public Use Microdata Sample, American Community Survey; Analysis by Beacon Economics



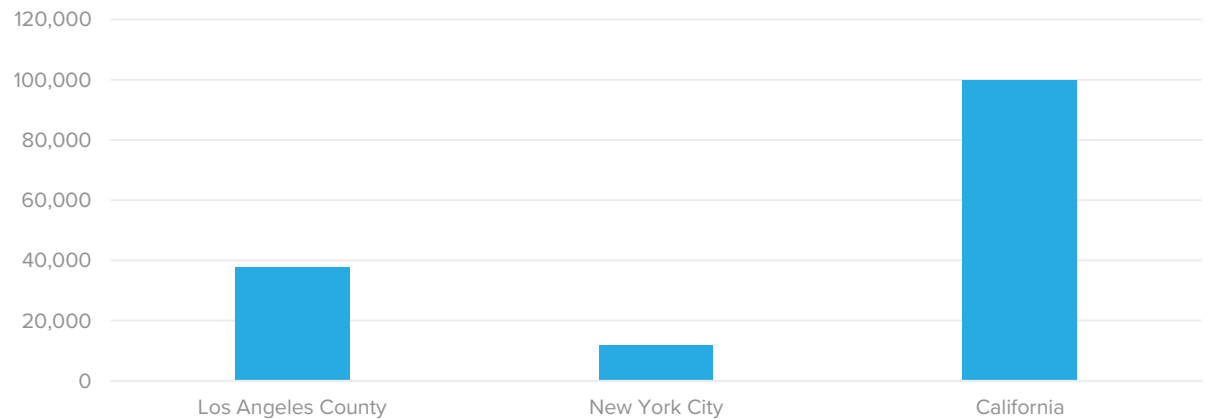
Statewide and Other Regional Comparisons

The chart to the right compares salaried Creative Goods and Products employment in Los Angeles County in 2017 to salaried employment for the same sector in New York City and the entire state of California. In Los Angeles County, there were roughly 26,000 more workers in the sector than in New York City. Los Angeles County accounted for around 38% of the State's employment in the sector.

Los Angeles County has added more Creative Goods and Products jobs than New York City over the period 2010-2017.

Total Employment in Creative Goods in L.A. County, New York City, and California, 2017

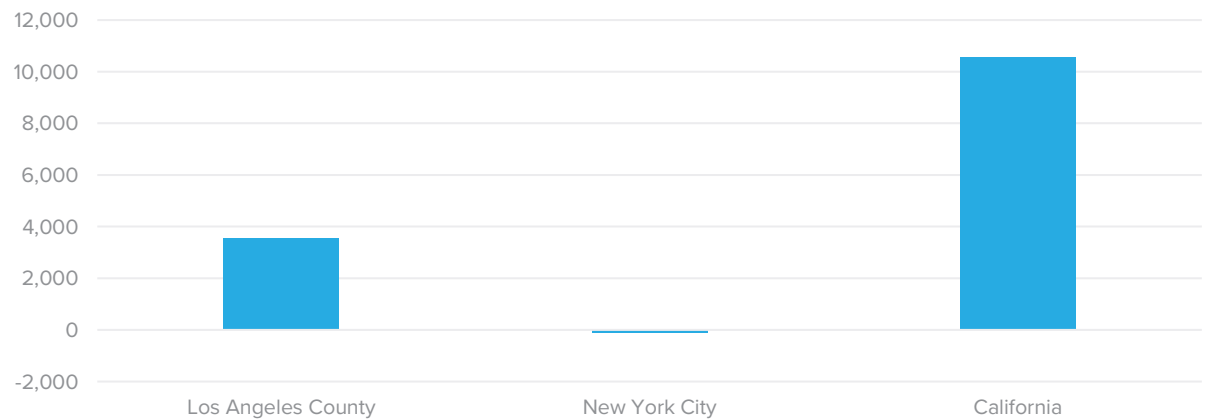
Figure 3.23



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth in Creative Goods in L.A. County, New York City, and California, 2010-2017

Figure 3.24



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment in Creative Goods in L.A. County, New York City, and California, 2010-2017

Table 3.4

	2010	2017	CHANGE
Los Angeles County	34,083	37,610	3,527
New York City	12,099	11,977	-122
California	89,153	99,728	10,575

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



Creative Goods and Products is one of the most diverse sectors

profiled in this report, as designers apply their skills to the production of a myriad of goods from furniture and toys to cars and user experiences.

As a report by the National Endowment for the Arts on the valuing the art of industrial design notes, “Data demonstrate that designers are not only crafting new or improved visual ornamental designs for products – they are simultaneously inventing the new and useful products and processes themselves.”

Los Angeles County has long been a stronghold for the design and manufacture of consumer goods. With Mattel’s headquarters in El Segundo and the County’s expansive market of high-end luxury single-family homes, Los Angeles County has developed niche expertise in both toy design and home furnishings. On the relationship between architectural services and furniture design, an industry stakeholder noted, “As an architecture and design firm, we’re also interior designers, so for a lot of our projects, we’re specifying the furnishings that are going in our projects and a portion of that we can purchase but we also have the capability to make it here in Los Angeles. It’s all kind of really driven from our design capabilities.”

Trend | Sustainability

Co-founder of Marmol Radziner, Ron Radziner defined luxury in a recent interview saying, “It’s about good, natural materials. Good proportions, beautiful lighting. Access to the outdoors.”²³ With a long-held reputation for minimalist, modernist, bio-mimicking design, L.A. has historically already capitalized on the pitch for sustainable design and sustainable materials. However, now, with regulatory frameworks growing more stringent, consumers demanding products friendlier to the environment and to humans, and with the pressure for efficiency from cheaper global labor markets, industry stakeholders in the Creative Goods and Products sector reiterated the importance of sustainable materials and practices to the sector’s competitive edge in Los Angeles County. In the toy market, Europe-based companies like Lego have already made public moves toward sustainability.

²³ Cohen Blatter, L. (January 21, 2019). Los Angeles Has Become ‘World City,’ Says Architect. Mansion Global. New York, NY. Retrieved from URL: <https://www.mansionglobal.com/articles/los-angeles-has-become-world-city-says-architect-119408>

Creative Intersections

As noted, L.A. County's Architecture sector has had a direct relationship with the market for furniture-making,

particularly at the higher end of the market. Less intuitively, the Entertainment and Digital Media sector has also made its footprint on the Creative Goods and Products sector, with Mattel, Inc. and Warner Bros. Pictures Group announcing a partnership in January 2019 to make the first-ever live-action feature film based on the world-renowned Barbie franchise.²⁴

Trend | Vibrant community

Another strength of L.A. County's Creative Goods and Products sector to which industry stakeholders spoke is the industry's vibrant community represented by more of a patchwork of creatives than a corporate matrix of firms. Reflecting on L.A. County's creative design community, an industry stakeholder remarked, "Obviously, the design industry in Los Angeles is strong. You know, a lot of the furniture business has kind of gone overseas for manufacturing, so I would say most of the ecosystem locally is going to be design and artisan, hand-made, customized products."

²⁴ Hedding, T. (January 8, 2019). El Segundo-Based Mattel To Bring Barbie to the Big Screen. eGundo.com. El Segundo, CA. Retrieved from URL: <https://egundo.com/mattel-el-segundo-brings-barbie-big-screen/>



Creative Sector 3 Entertainment and Digital Media

Employment

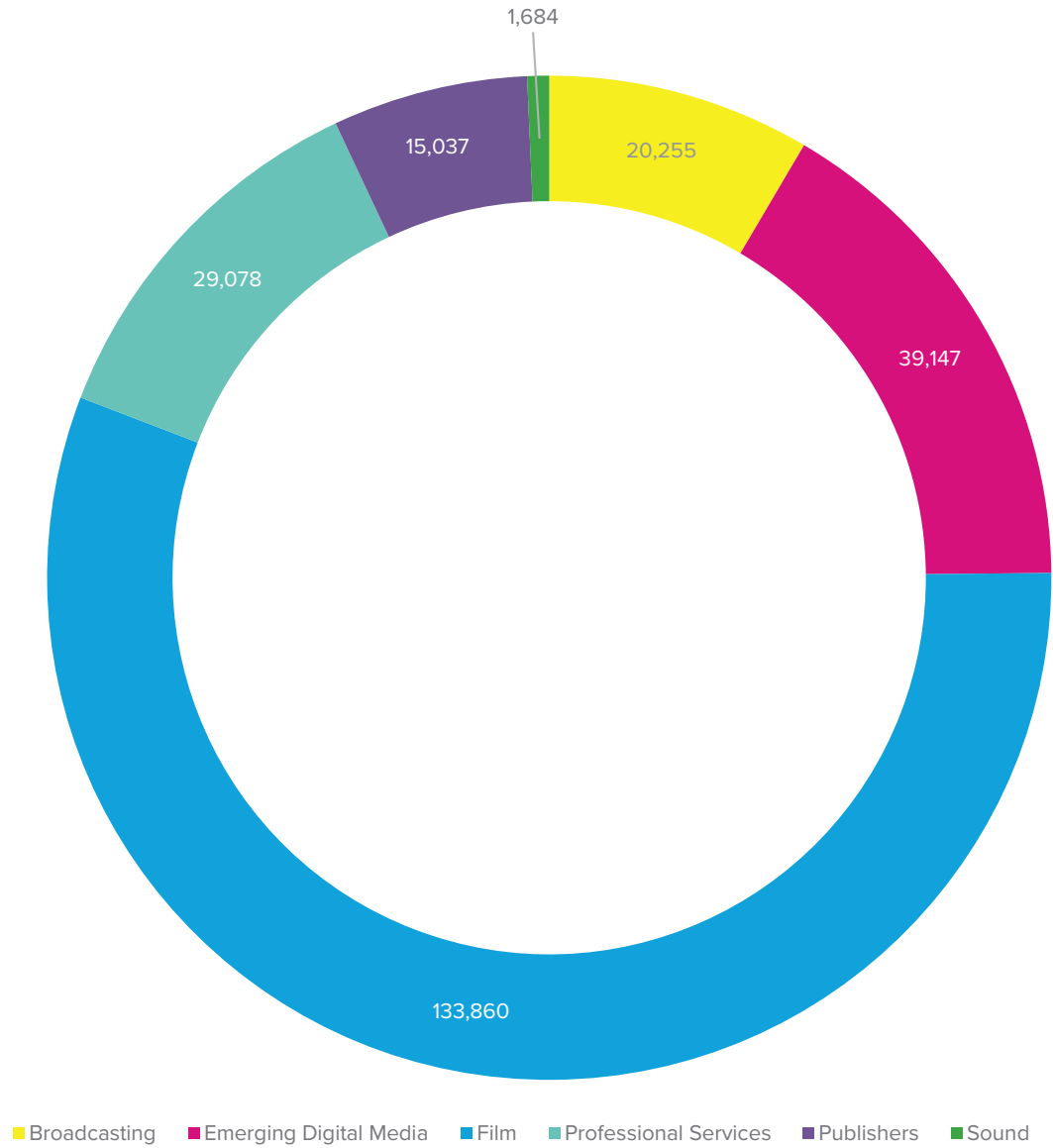
The Entertainment and Digital Media sector accounts for the majority of total employment across the creative industries in Los Angeles County. In 2017, this sector alone accounted for nearly 2 of every 3 creative industry jobs.

Entertainment and Digital Media comprises legacy and emergent entertainment and media sectors, including: (1) Film; (2) Sound Production; (3) Publishers; (4) Broadcasting; (5) Professional Services; and (6) Emerging Digital Media. In Los Angeles County, the Film sector by far contributes the largest number of jobs to the Entertainment and Digital Media industry, accounting for 56% of the industry's employment in 2017.



Total Employment by Entertainment and Digital Media Subsector in L.A. County, 2017

Figure 3.25

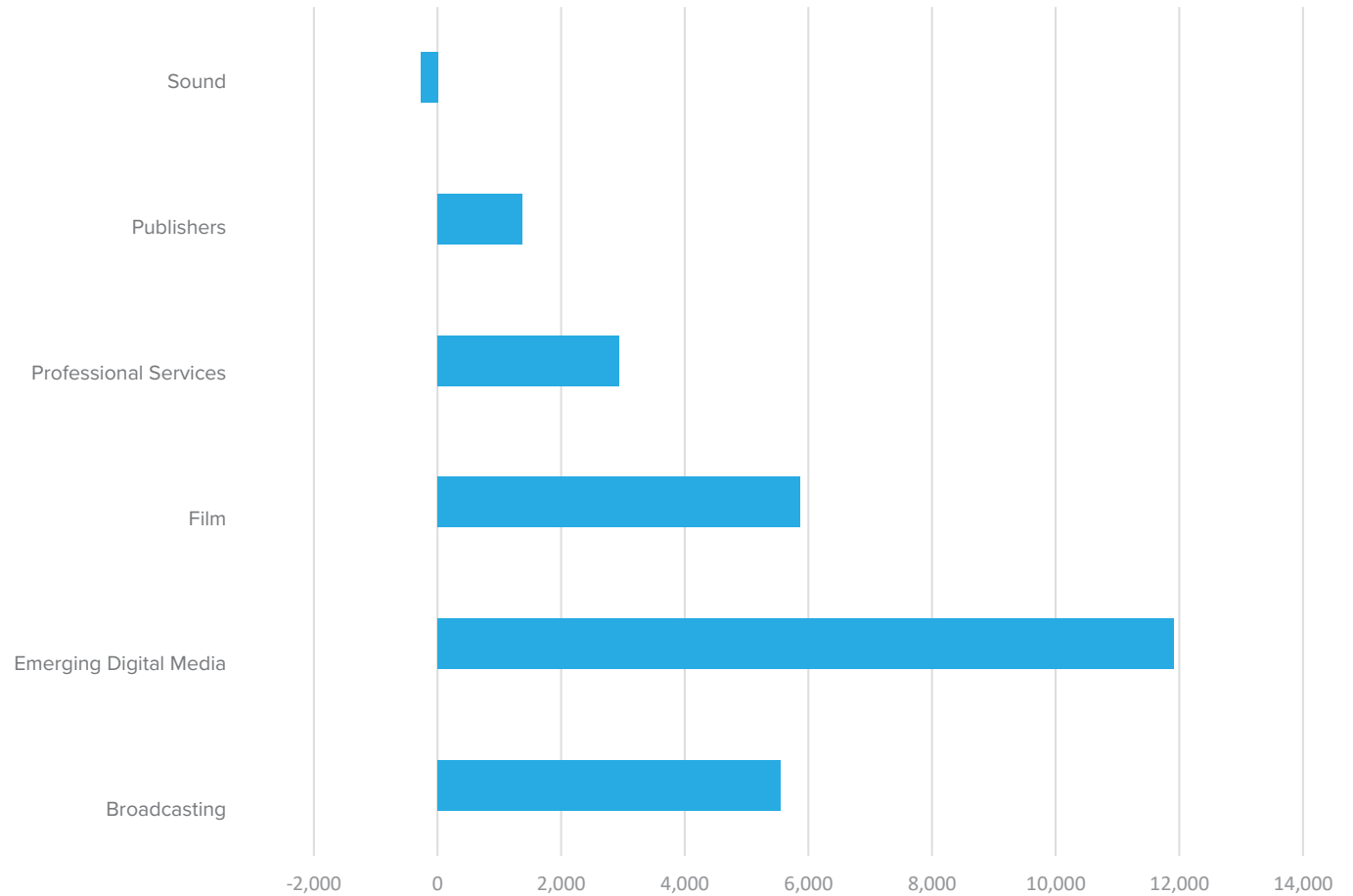


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth by Entertainment and Digital Media Subsector in L.A. County, 2010-2017

Figure 3.26

The number of jobs in Los Angeles County’s Entertainment and Digital Media complex has increased by 27,000 over the period 2010-2017, with the Emergent Digital Media subsector adding the highest number of jobs. Significant employment growth occurred in all of the industry’s subsectors except for two: Sound Production, where employment growth was essentially flat, and Publishers, which added only around 1,300 jobs.



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Establishments

In Los Angeles County, there were nearly 27,280 establishments in the Entertainment and Digital Media sector in 2016. The majority of these establishments were relatively small; 24,510 of them had fewer than 10 employees. Small establishments represented 27% of employment in the Entertainment and Digital Media sector, while larger establishments (over 100 employees) accounted for 44% of the sector's employment.

Entertainment and Digital Media Establishments by Size, L.A. County, 2016

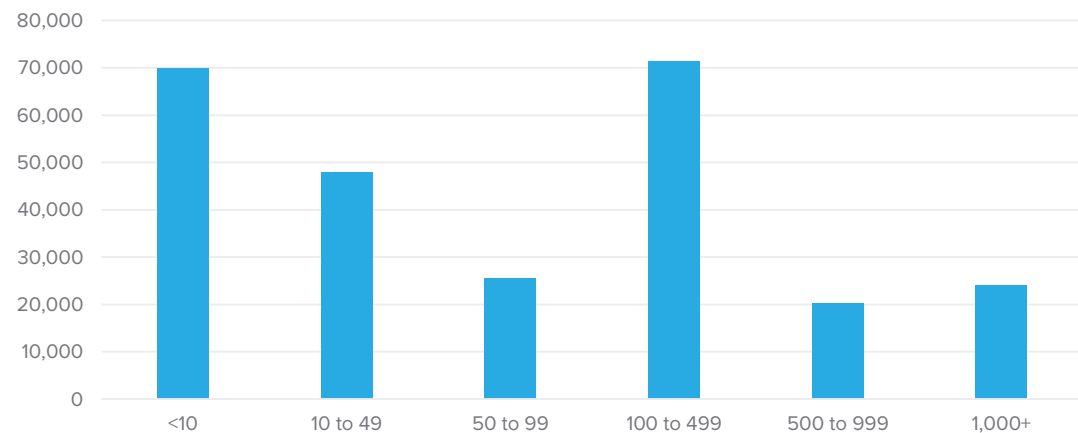
Table 3.5

SIZE CATEGORY	NUMBER OF SECTOR ESTABLISHMENTS
<10 Employees	24,508
10-49 Employees	2,074
50-99 Employees	342
100-499 Employees	313
500-999 Employees	27
1,000+ Employees	20
TOTAL	27,284

Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics

Entertainment and Digital Media Employment by Establishment Size, L.A. County, 2016

Figure 3.27



Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics

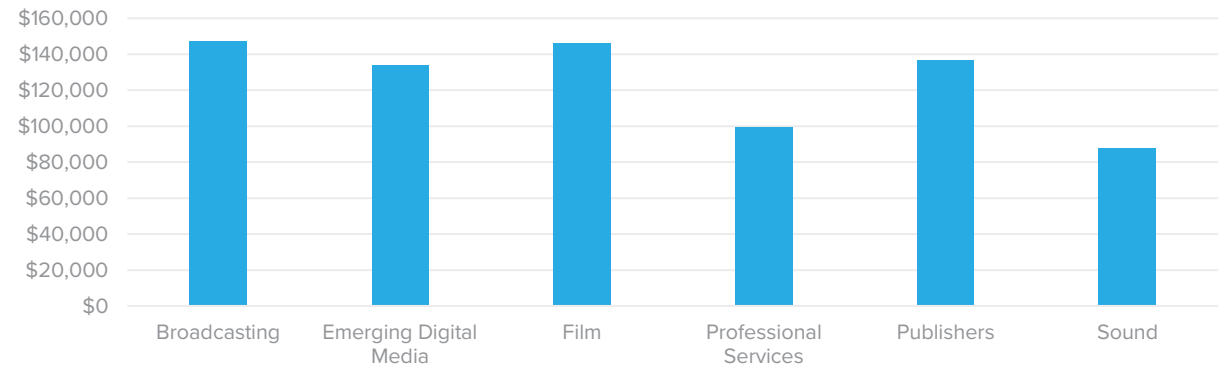
Wages

Generally, the Entertainment and Digital Media subsectors pay very high wages in Los Angeles County. In 2017, the average annual salary was \$100,000 or greater in five of the industry's six subsectors, and in the sixth subsector, Sound Production, the average annual wage was \$87,000 per year. These wages far exceed the average wage paid by employers across L.A. County's whole economy, rendering the Entertainment and Digital Media industry a core asset of the County's economy.

The industry overall has also experienced significant wage growth. Wages across the Entertainment and Digital Media sector grew by nearly 25% over the period 2010-2017, a rate significantly above the rate of wage growth for the County's entire economy. The Emerging Digital Media and Publishing subsectors performed especially well, where wages grew by over 40% over the seven-year period.

Annual Average Wages by Entertainment and Digital Media Subsector in L.A. County, 2017

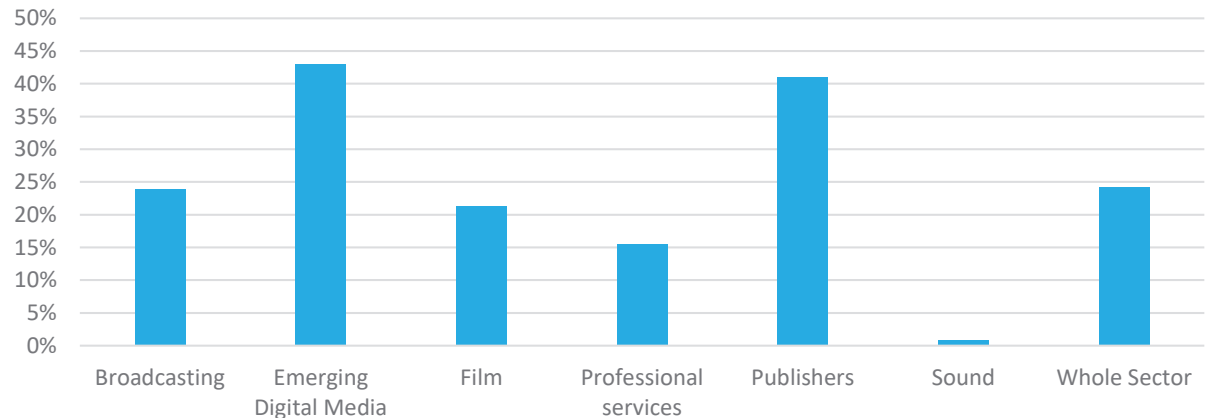
Figure 3.28



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wage Growth by Entertainment and Digital Media Subsector in L.A. County, 2010-2017

Figure 3.29



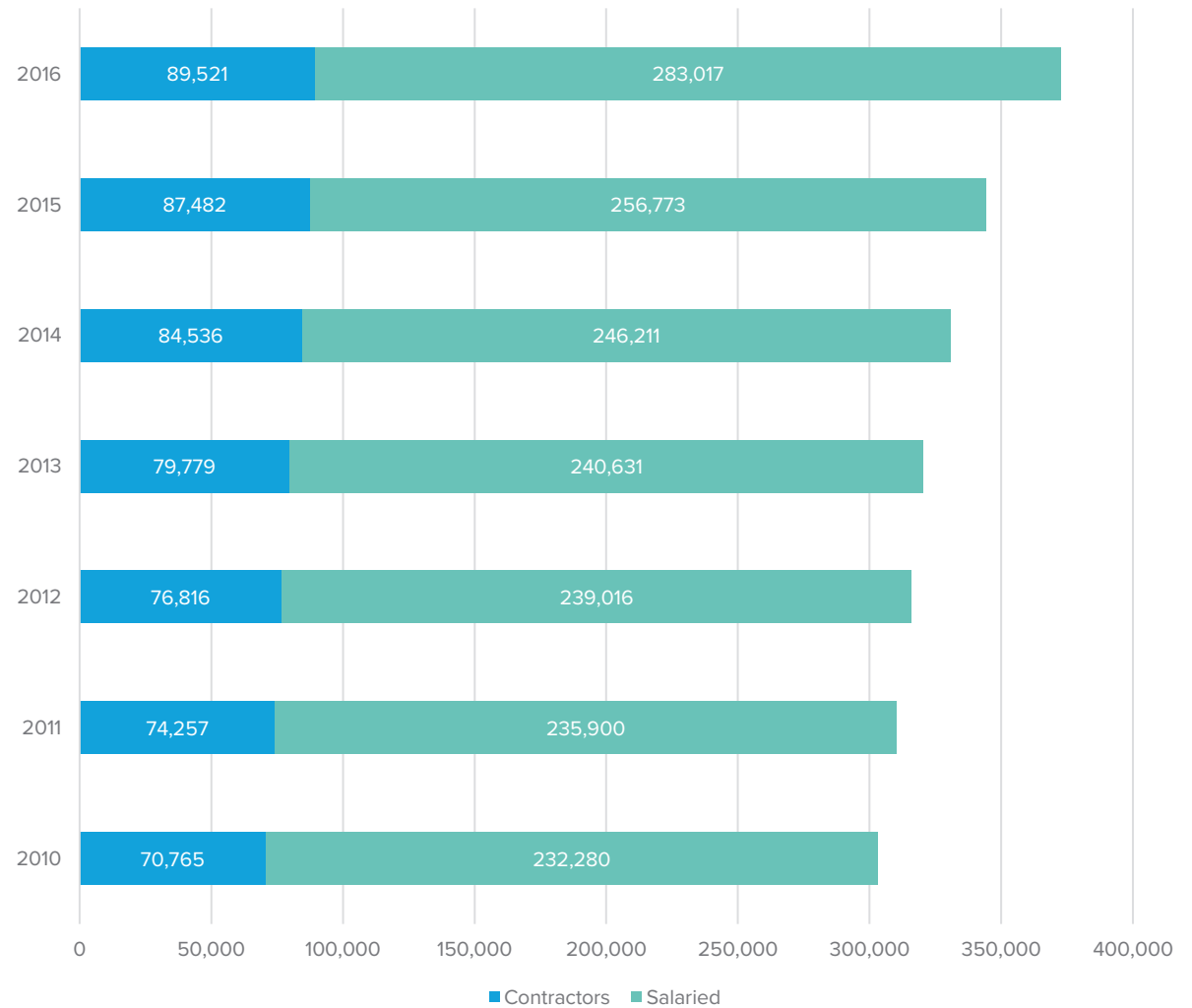
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Contractors

Like the Architecture sector, the Entertainment and Digital Media sector is another industry in L.A. County that employs a large number of contracted workers. In 2016, there were three salaried employees for every one contractor working in the Entertainment and Digital Media industry in Los Angeles County.

Contract and Salaried Workers in the Entertainment and Digital Media Sector in L.A. County, 2010-2017

Figure 3.30

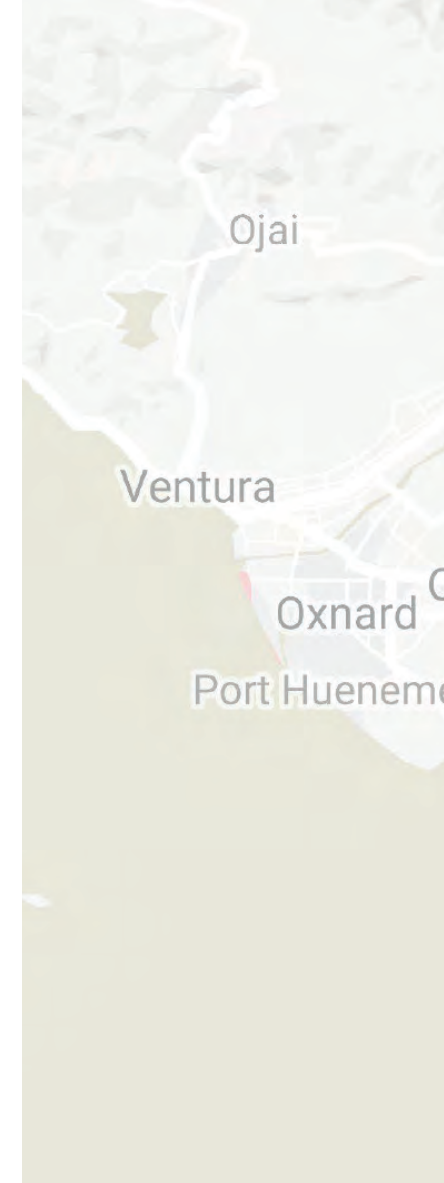


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics

Industry Cluster and Workforce Mappings

The industry cluster map displays the location of Entertainment and Digital Media sector establishments throughout Los Angeles County. Establishment activity in the Entertainment and Digital Media sector is found mainly in the central and western regions of Los Angeles County, in a corridor stretching from Santa Monica, Hollywood and central Los Angeles to just east of the San Fernando Valley.

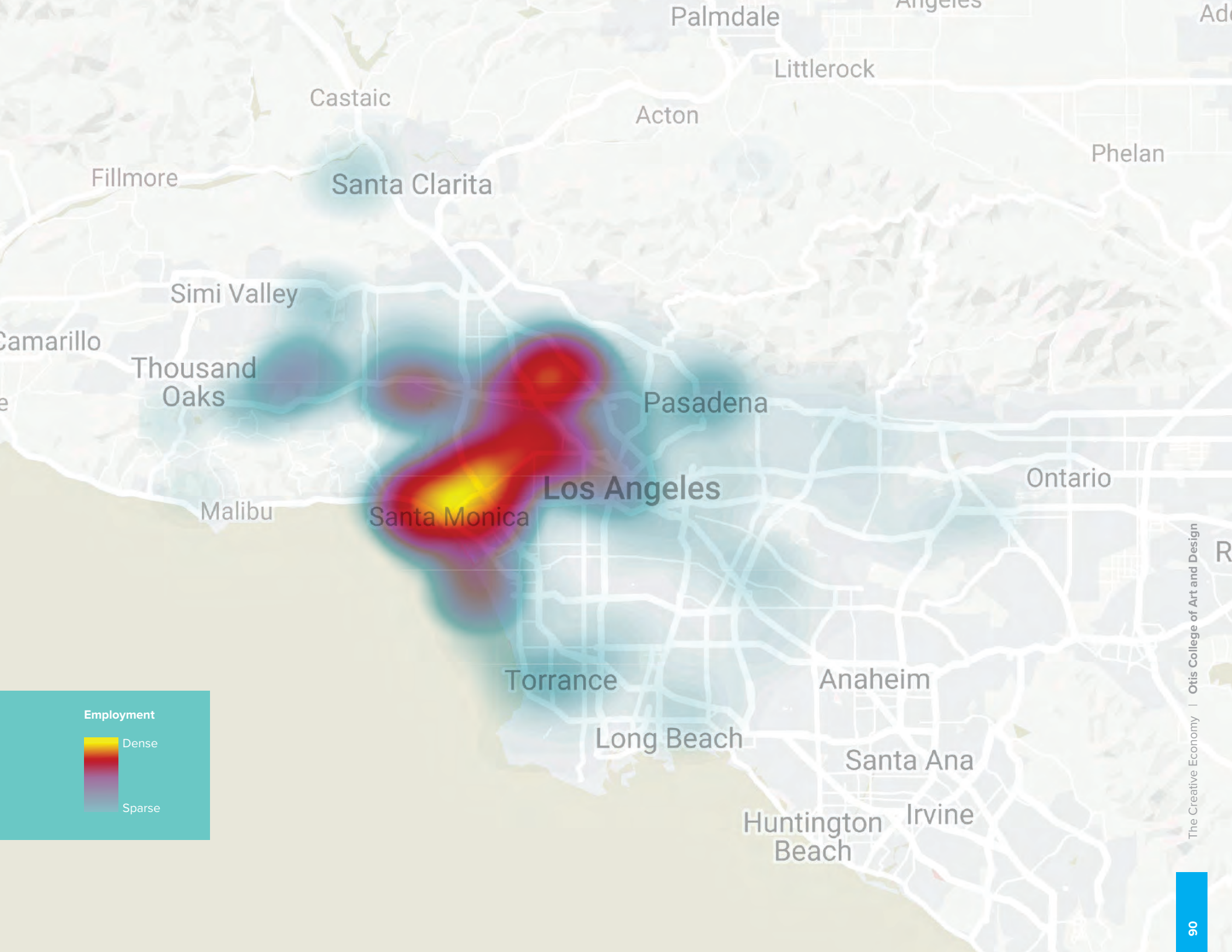
The three regions where most of the sector's workforce lives are Santa Monica, Beverly Hills, and the Downtown Los Angeles area. Entertainment and Digital Media sector workers tend to live in larger numbers on the westside of the City of Los Angeles compared with the rest of Los Angeles County.



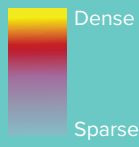
Entertainment and Digital Media, Employment Density, L.A. County, 2016

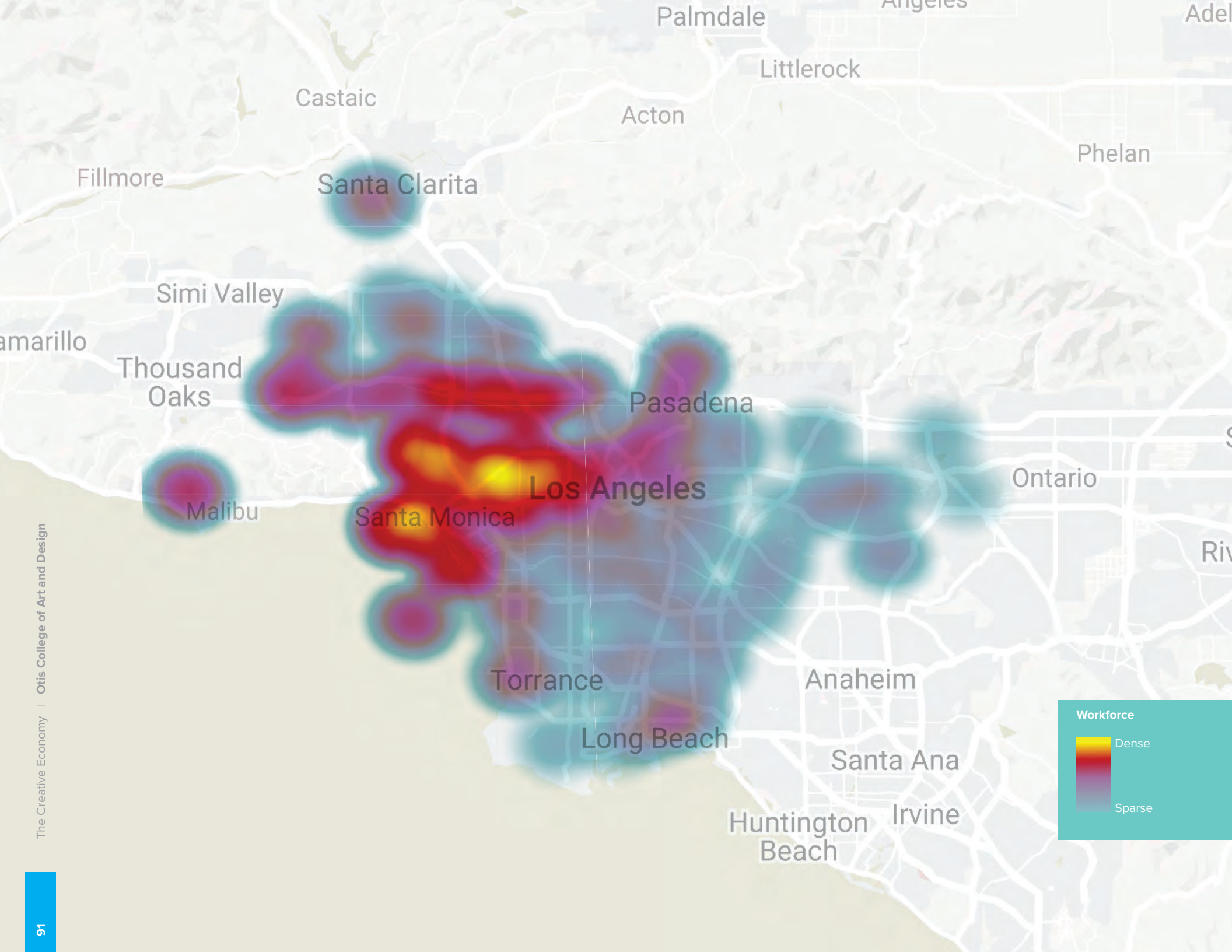
Figure 3.31

Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics



Employment







Entertainment and Digital Media, Workforce Density by Place of Residence, L.A. County, 2016

Figure 3.32

Source: Census Bureau, Public Use Microdata Sample, American Community Survey; Analysis by Beacon Economics



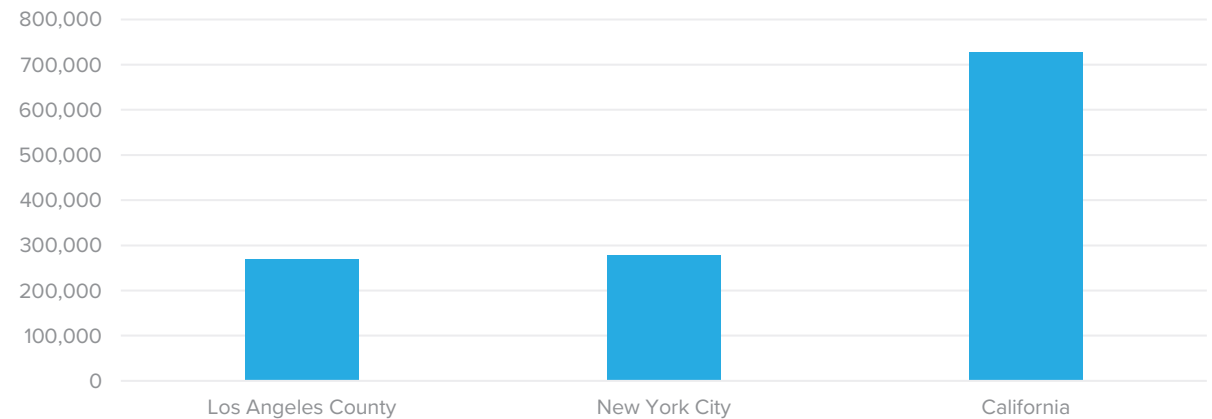
Statewide and Other Regional Comparisons

The chart to the right compares salaried Entertainment and Digital Media employment in Los Angeles County in 2017 to salaried employment for the same sector in New York City and the entire state of California. Employment in the sector is almost identical in Los Angeles County and New York City, although within the sector the two regions are differently specialized. Los Angeles County has a larger contingent of workers in Film, while New York has a larger contingent of workers in Emerging Digital Media. Los Angeles County accounted for around 37% of the State's employment in the sector. Again, Los Angeles County's Entertainment and Digital Media sector is differently specialized from the sector in the rest of the State.

New York City has added more Entertainment and Digital Media jobs than Los Angeles County over the period 2010-2017. This is because of New York City's relative strength in the fast-growing Emerging Digital Media sector.

Total Employment in Entertainment and Digital Media in L.A. County, New York City, and California, 2017

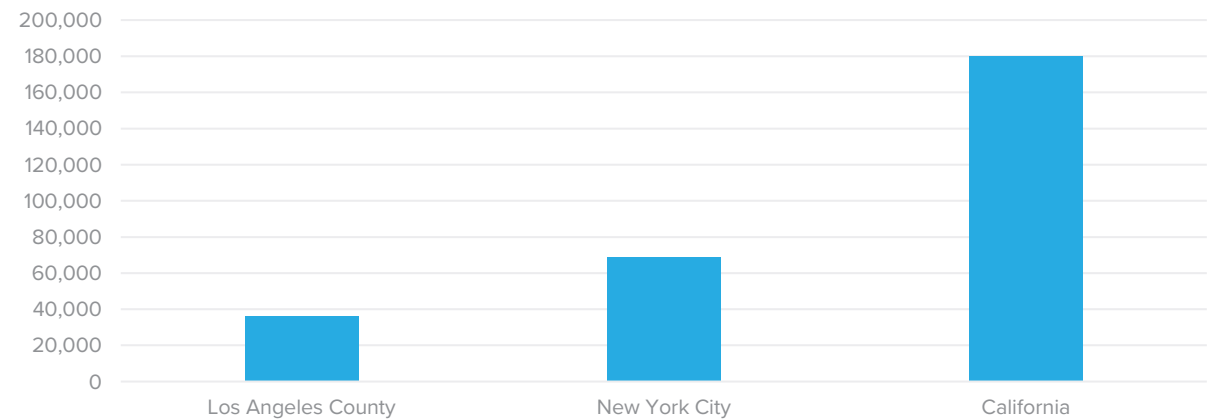
Figure 3.33



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth, Entertainment and Digital Media in L.A. County, New York City, and California, 2010-2017

Figure 3.34



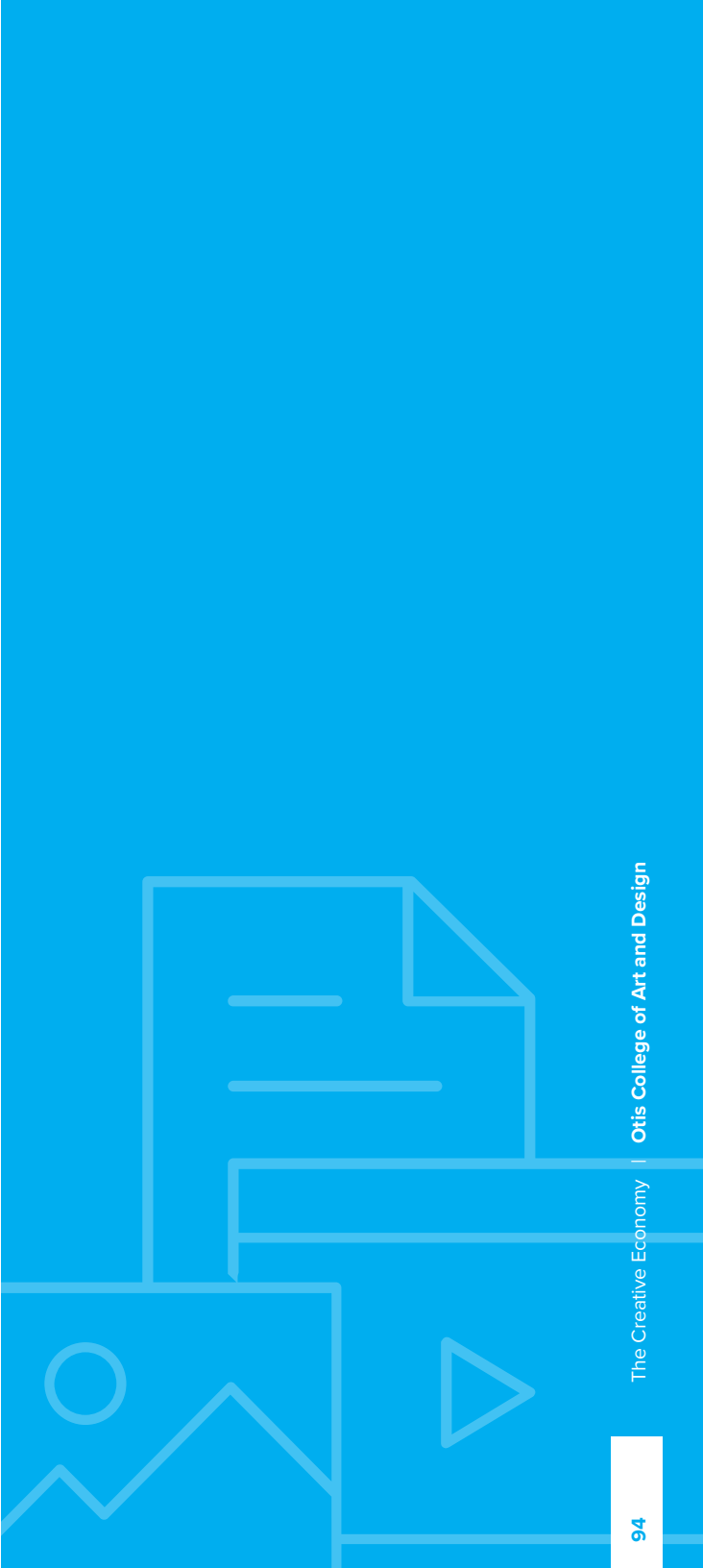
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment in Entertainment and Digital Media in L.A. County, New York City, and California, 2010-2017

Table 3.6

	2010	2017	CHANGE
Los Angeles County	232,279	268,702	36,423
New York City	207,897	276,650	68,753
California	546,544	726,488	179,944

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



As the largest national hub for the film industry,

Los Angeles County dominates the Entertainment and Digital Media space.

With the emergence of digital media over the last decade, the surge in demand for digital video content has meant nothing but good news for the Los Angeles County creative ecosystem, and more specifically for its Entertainment and Digital Media sector. While Los Angeles County is undeniably regarded as the home of the entertainment industry's old guard, it has continued to hold on tightly to its title as the center of digital video production and content creation, even while the structure of the broader industry has undergone a massive transformation.

As one industry stakeholder noted,



The landscape for a content creator in L.A. has never been broader and there has never been a bigger opportunity to get a greenlight on a project. Content is everything and that's the one thing everybody agrees on. We saw a massive debundling of demand for content."

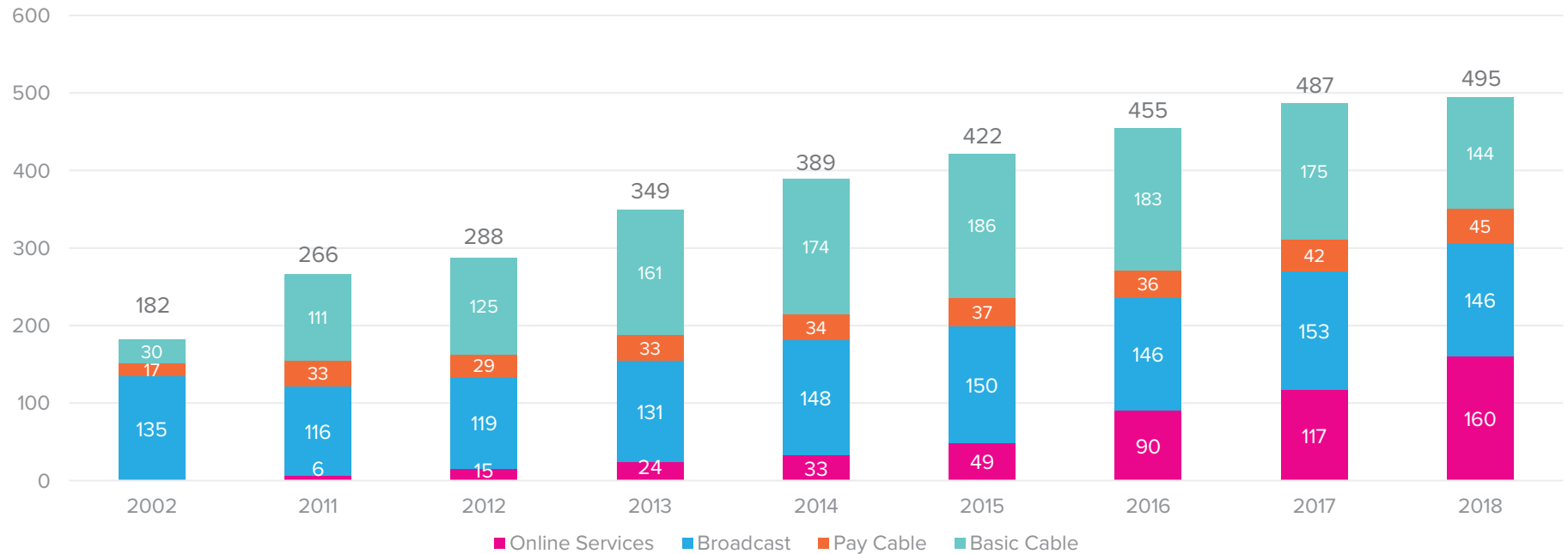
The talent pool that has and continues to power the production of digital video content is firmly in Los Angeles County. Even while the sources of demand are shapeshifting in response to changing consumer trends and the proliferation of digital platforms, L.A. County remains the home of film and digital video content production and thus the new home of other industry segments adjacent to digital video content. As one stakeholder noted, "Even the San Francisco Bay tech companies and other tech giants that were trying to get in the content creation game had to locate their content headquarters in Los Angeles. Amazon Studios and Alphabet's Youtube Space are two of the most celebrated examples."

Trend | Branded content & influencers

Many industry stakeholders highlighted the importance of branded content and, at the same time, the more fluid form branded content is expected to take. As the lines between industry actors like advertising agencies, corporations, directors, and celebrities have blurred, so too have the lines between the kinds of content historically associated with any one of them. Narrative, brand, and creative voice are in many ways converging and digital distribution channels only amplify that convergence, providing a multitude of intimate forums for audiences to interact with the brands they love. As one industry stakeholder articulated, "We're shooting something for Airbnb. The following week, we're doing something more traditional which is a Bud Light commercial for a national broadcast spot. They all sort of meld together and when you create dynamic stuff now, more than ever, it has the ability to go viral and be picked up by and resonate with the masses. It wasn't just on the LOL Network. It was on YouTube. It was on Facebook and you get millions and millions of viewers in 24 to 48 hours and that opens up the doors for everyone."

Estimated Number of Scripted Original Series in Broadcast, Cable, and Online Services

Figure 3.35



Source: FX Networks Research; Analysis by Beacon Economics

Sports Spotlight

The intermingled trifecta of brand, creative voice, and celebrity is nowhere a more winning recipe than in sports.

While sports as an industry is not included in the definition of Entertainment and Digital Media and further is not particularly significant in terms of its total employment in L.A. County, it does dovetail dynamically with the subsectors of Entertainment and Digital Media and is increasingly an input to their growth. As one industry stakeholder noted confidently, “It has become abundantly clear that the live events, by that I mean the game, whether we’re talking basketball, football or whatever, that is the big, big, big dollar draw. It includes more than just what happens on the field, but also what’s needed in this feed and that forum, wherever the game lives.” Digital media is transforming the multitude of ways a live sporting event can be used to fuel the creation of ancillary content and thus a matrix of business opportunities.

Creative Intersections

As the sources of demand for digital video content have gone from a handful of large studios to a cross-sectoral torrent of firms and industries, the presence of L.A. County's other creative sectors has become an opportunity for L.A. County's Entertainment and Digital Media sector.

While music and entertainment have long been intimately intertwined, L.A. County's community of musical artists and their increasing interest in high-quality digital video content have facilitated a deeper, more symbiotic relationship between music and film and its digital media elements.

One industry stakeholder noted, "We were working to produce a documentary film with one particular musical artist, and that opened the pathway for music without us actively seeking out the music space. As a multimedia production company, it was sort of a no-brainer to use some of our recipes from other sectors and translate them for the music industry. There's something really unique about being in a more broadly creative atmosphere like L.A. There's opportunity in it and you have to not have your blinders on and be able to work with folks across all the creative industries. In L.A., that was a natural next step for us."

Creative Sector 4 Fashion



Employment

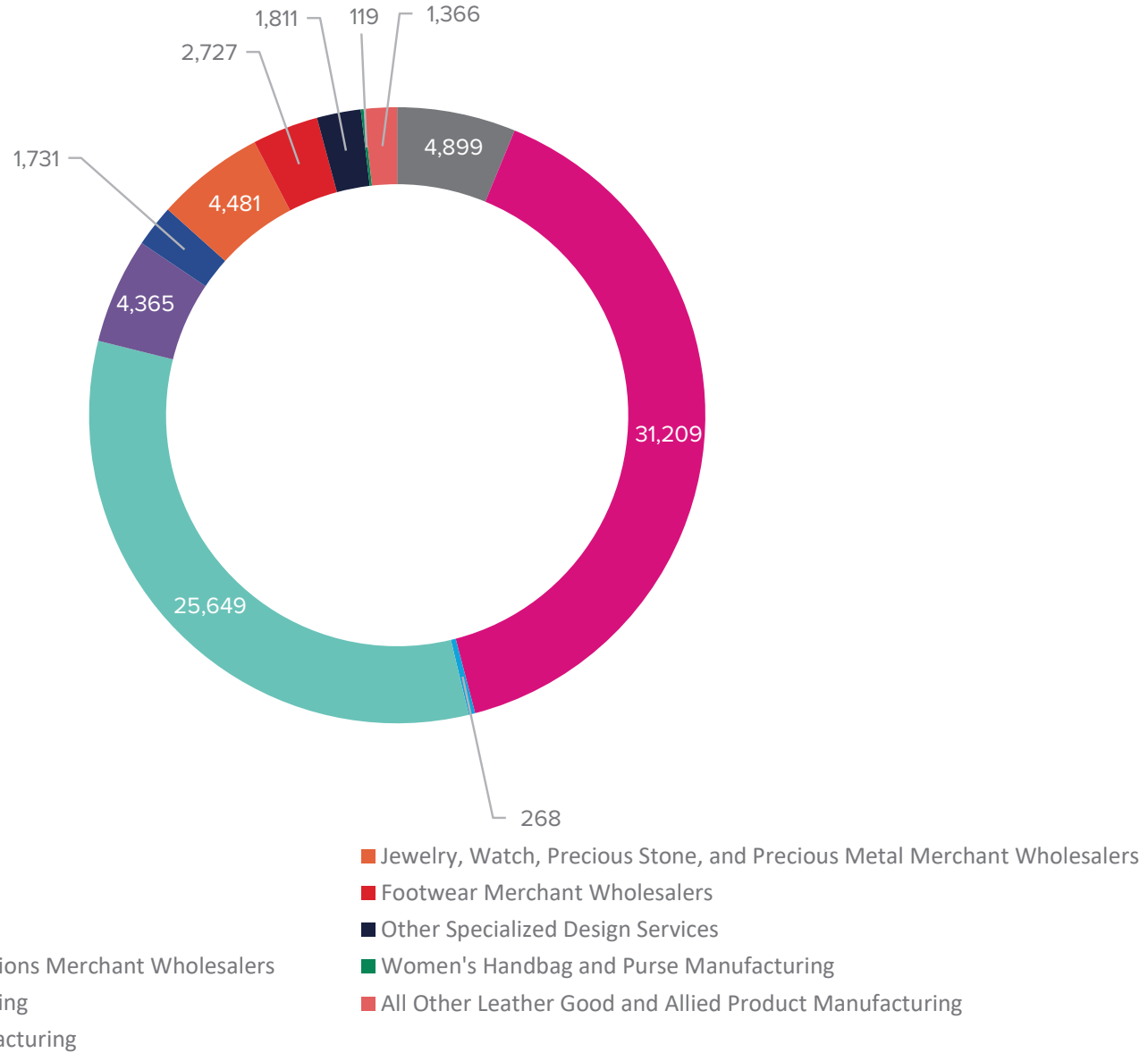
Home to the nation's largest film hub, with its demand for creative and innovative fashion products, in addition to being the nation's largest home of creative workers, Los Angeles County has over time engendered a vibrant, local Fashion industry.

While New York City is also considered a fashion capital, the Fashion industry complex in Los Angeles County employs around 24% more workers than New York City's Fashion sector. In 2017, two of the Fashion industry's subsectors – Apparel Manufacturing and Apparel Wholesalers – accounted for the majority of Fashion employment in Los Angeles County, together employing over 65,000 workers.

However, the Apparel Manufacturing sector is an especially margin-sensitive industry, meaning that slight changes in the cost of certain inputs can affect the viability of business location in certain regions. Consequently, there has been notorious outsourcing of functions like Apparel Manufacturing to lower-cost regions around the world. Over the

Total Employment by Fashion Subsector in L.A. County, 2017

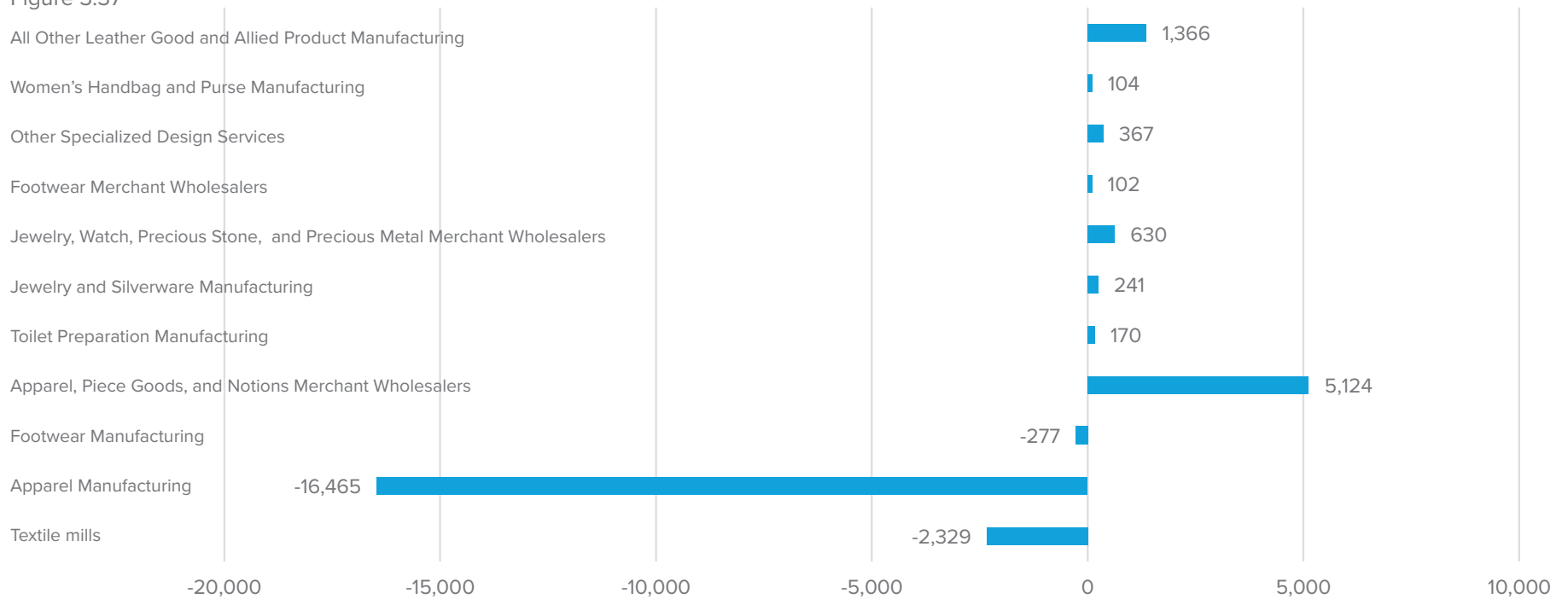
Figure 3.36



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth by Fashion Subsector in L.A. County, 2010-2017

Figure 3.37



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

period 2010-2017, the number of Fashion industry jobs has fallen by around 11,000 in Los Angeles County and many of those employment losses have been concentrated in Apparel Manufacturing, where 16,000 jobs were lost over the period. Such margin sensitivity is expected to continue to place pressure on easily outsourced Fashion jobs currently found in Los Angeles County, where the cost of doing business is relatively high.

With the region hosting the nation's two largest ports, the San Pedro Bay twin ports of Los Angeles and Long Beach, Los Angeles County's role as a facilitator in not just regional but national supply chains is significant. As mentioned, the Fashion industry's Apparel Wholesalers subsector is its second largest, employing over 25,000 workers in Los Angeles County. The sustained uptick in consumer demand and e-commerce may be inputs to the growth seen in Apparel Wholesalers. Through

the first half of this year, total container activity at the Ports was up by 4.1%, with outbound containers up by 4.2% and inbound containers rising by 5.2%. The Apparel Wholesalers subsector by far saw the most employment growth over the period 2010-2017, adding 5,124 jobs and bucking the general trends reflected in the Fashion industry in Los Angeles County.

Establishments

In Los Angeles County, there were nearly 8,140 establishments in the Fashion sector in 2016. The majority of these establishments were relatively small; around 6,310 of them had fewer than 10 employees. These small establishments accounted for 22% of total employment in Fashion in L.A. County, while establishments with more than 100 employees accounted for 32% of the sector's total employment in the County.

Number of Fashion Establishments by Size Category, L.A. County, 2016

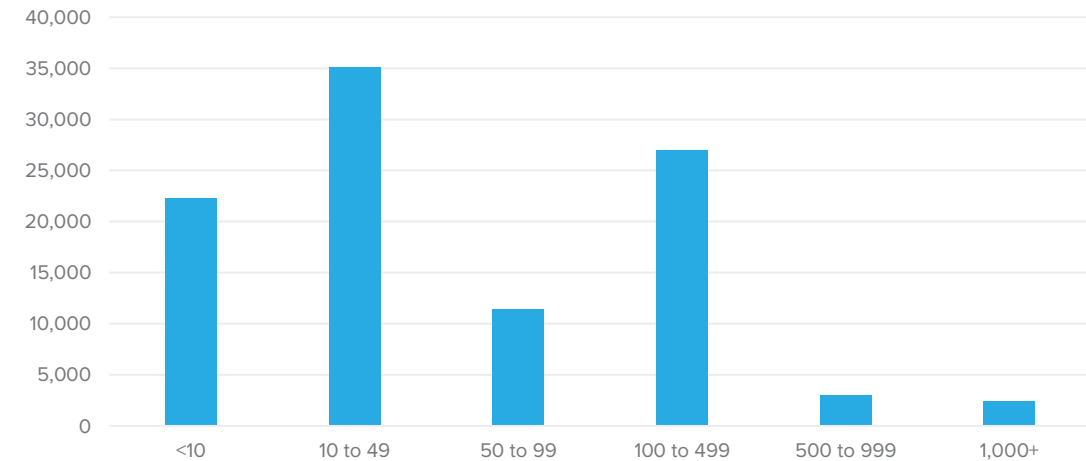
Table 3.7

SIZE CATEGORY	NUMBER OF SECTOR ESTABLISHMENTS
<10 Employees	6,311
10-49 Employees	1,541
50-99 Employees	153
100-499 Employees	128
500-999 Employees	4
1000+ Employees	2
TOTAL	8,139

Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics

Fashion Employment by Establishment Size, L.A. County, 2016

Figure 3.38



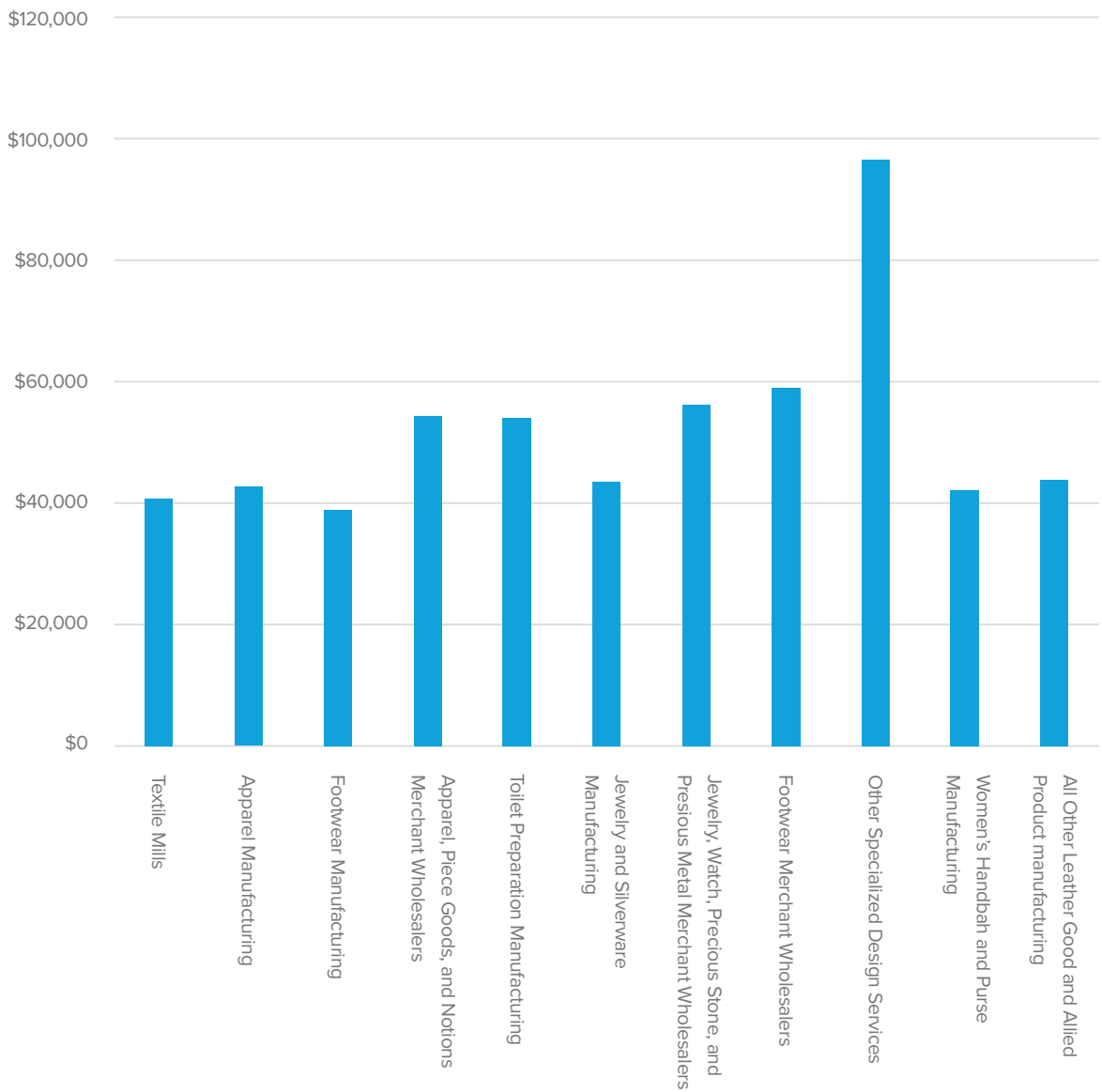
Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics

Wages

Overall, the Fashion industry pays relatively low wages. In 2017, all subsectors of the industry paid wages below the County's average, except for Other Specialized Design Services, a small subsector of the industry that paid wages close to \$100,000 per year. The largest employing subsector, Apparel Manufacturing, pays especially low wages. The annual average salary for an Apparel Manufacturing worker in 2017 stood at under \$43,000.

Annual Average Wages by Fashion Subsector in L.A. County, 2017

Figure 3.39

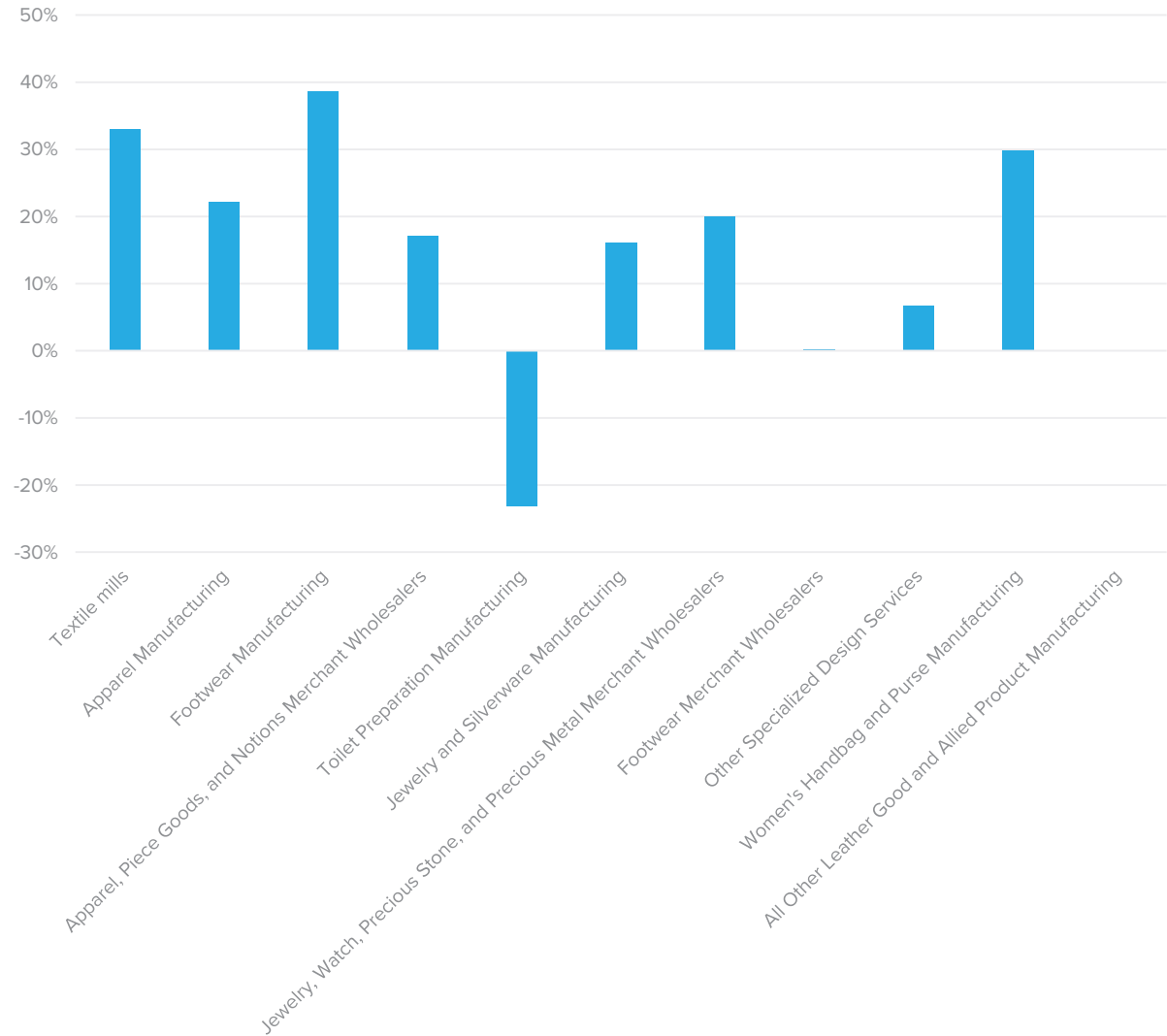


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Despite these challenges, wage gains in the Fashion industry have been relatively robust, growing by around 21% overall, and by as much as 40% in some subsectors of the industry in Los Angeles County over the period 2010-2017. Given the Fashion industry's high share of production workers in Los Angeles County and the long-term trends around production employment in the U.S., there has been a sustained decrease over time in the number of Fashion workers over the period 2010-2017 in Los Angeles County with a corresponding uptick in wages for the industry.

Wage Growth by Fashion Subsector in L.A. County, 2010-2017

Figure 3.40



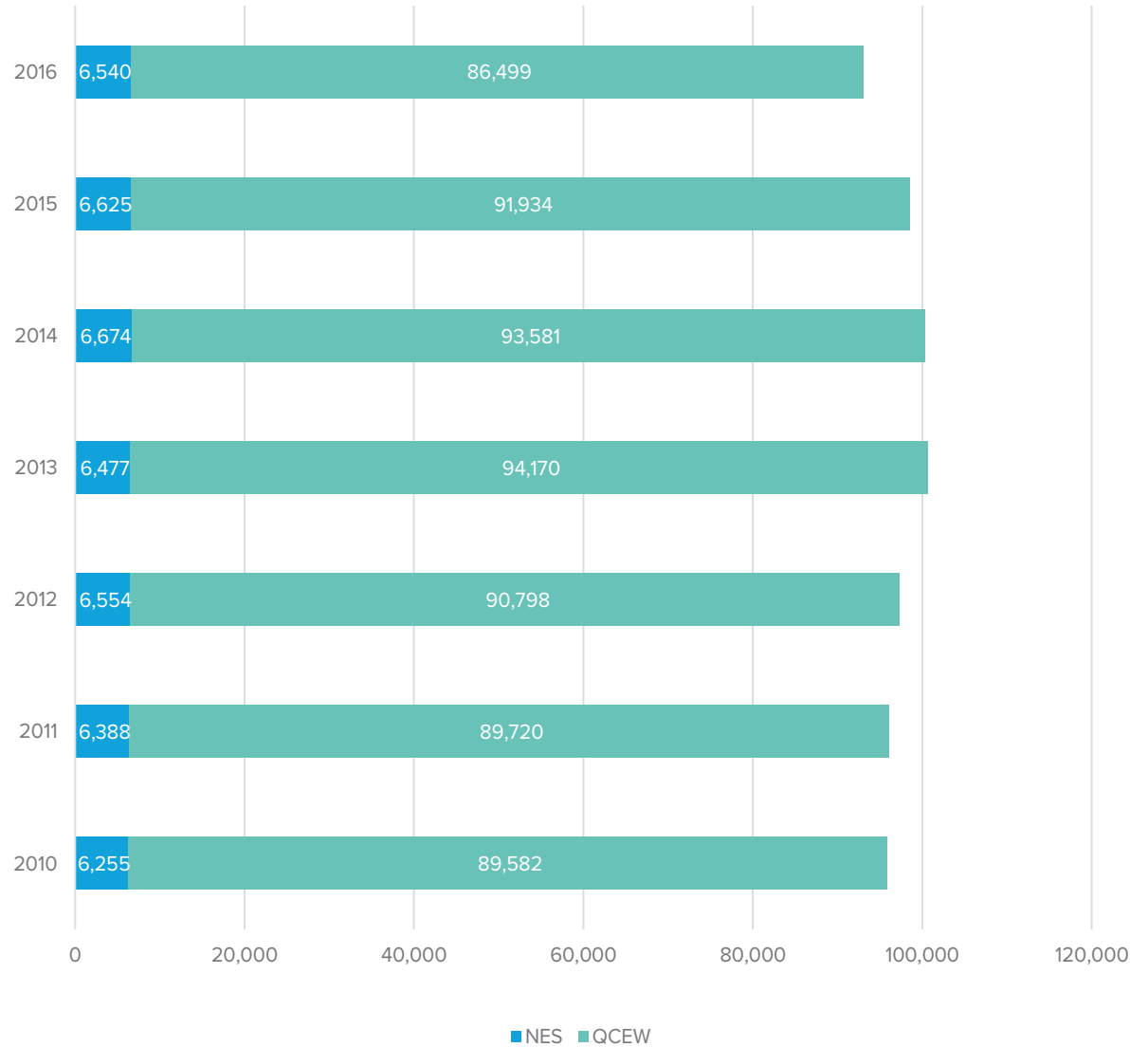
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Contractors

The Fashion industry has a relatively small number of contractors, with around 12 salaried employees per contract worker in Los Angeles County.

Contract and Salaried Workers in Fashion Sector in L.A. County, 2010-2017

Figure 3.41



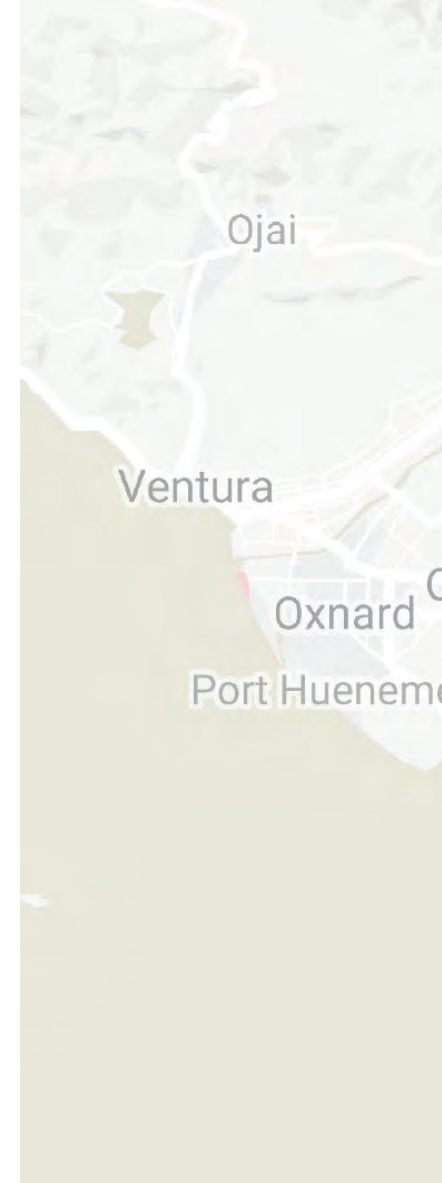
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics



Industry Cluster and Workforce Mappings

The industry cluster map displays employment density for the Fashion sector throughout Los Angeles County. The warmer colors indicate the spatial concentration of the sector's employment centers. The heaviest concentration of employment in the Fashion sector occurs in the downtown Los Angeles area.

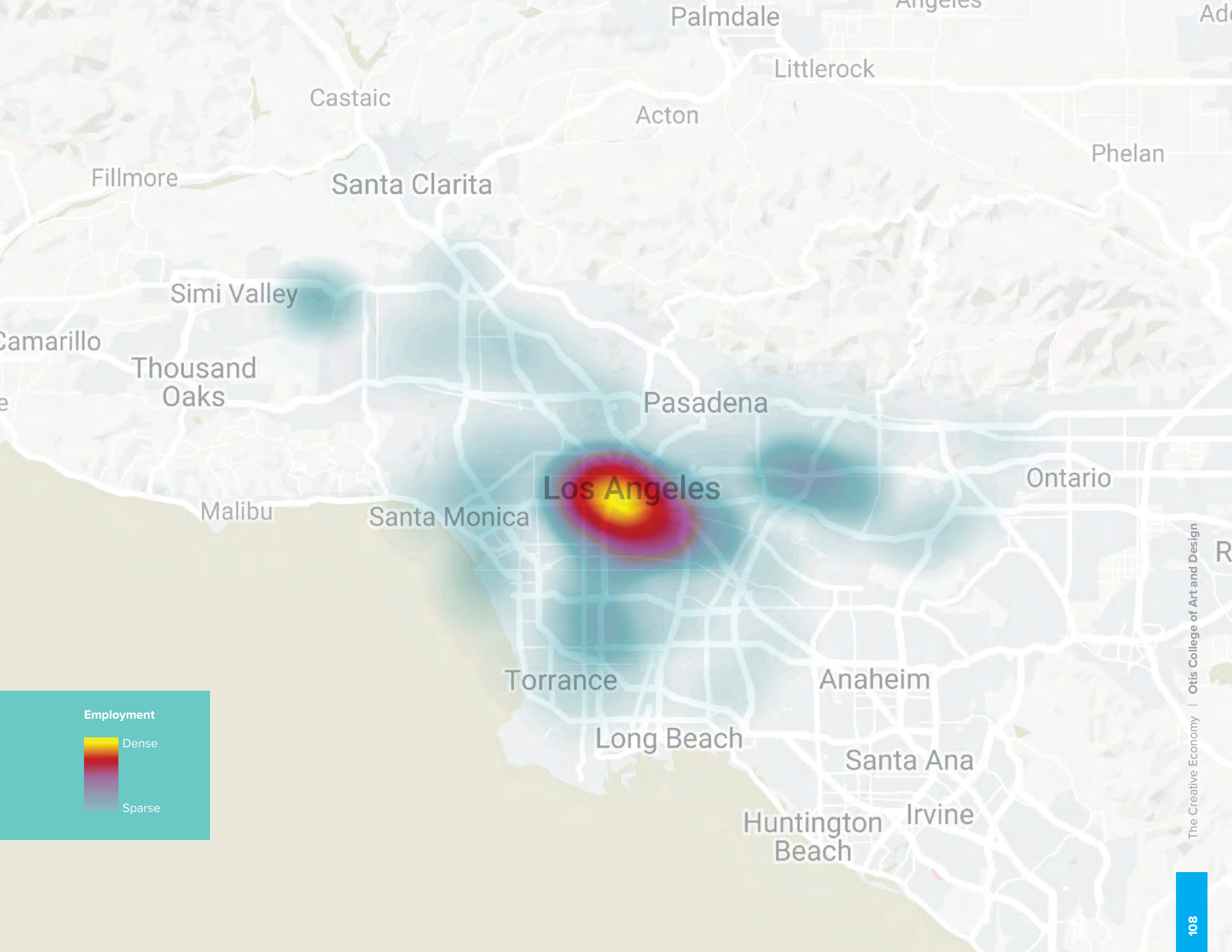
As with employment concentration, much of the Fashion sector workforce lives in the downtown Los Angeles region.



Fashion, Employment Density, L.A. County, 2016

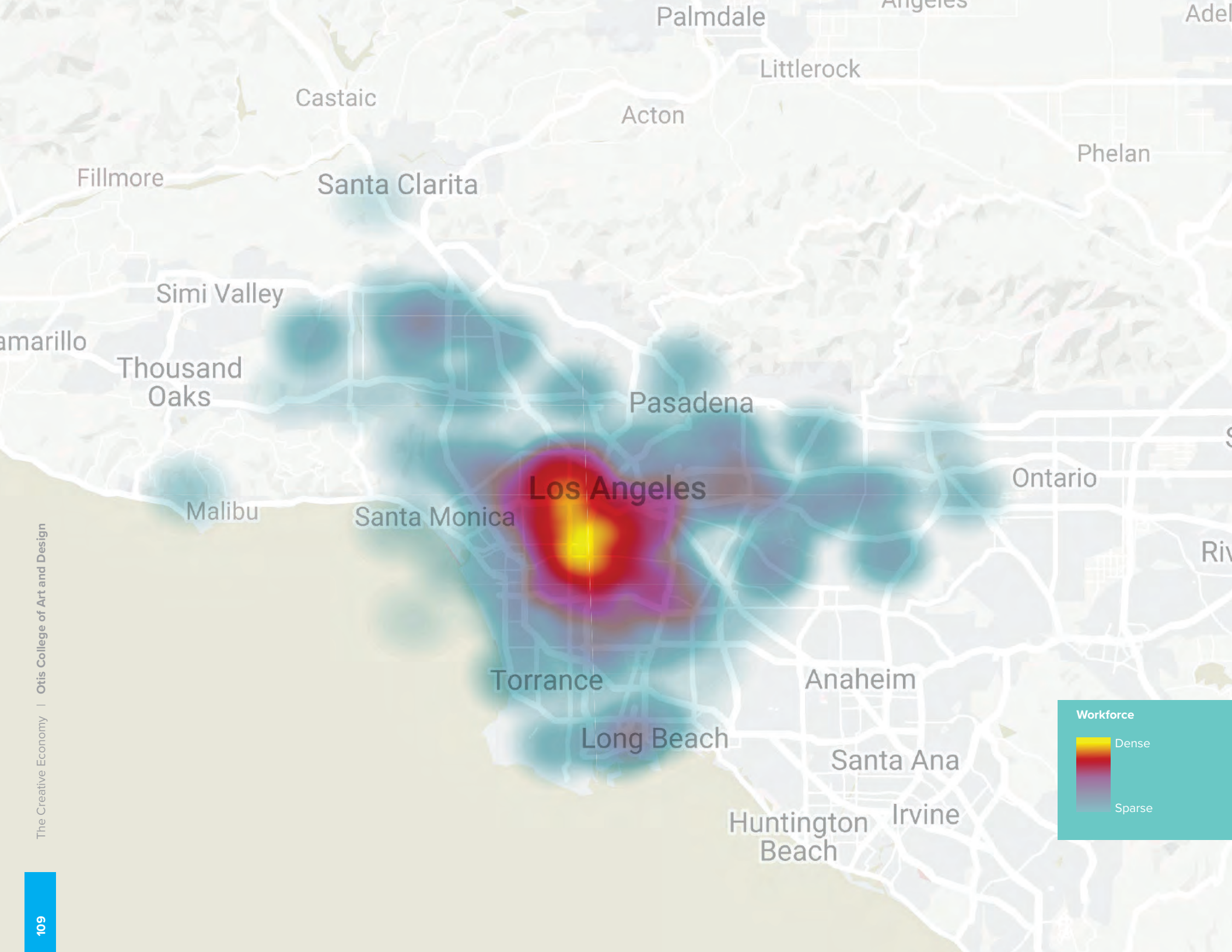
Figure 3.42

Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics



Employment







Fashion, Workforce Density by Place of Residence, L.A. County, 2016

Figure 3.43

Source: Census Bureau, Public Use Microdata Sample, American Community Survey; Analysis by Beacon Economics



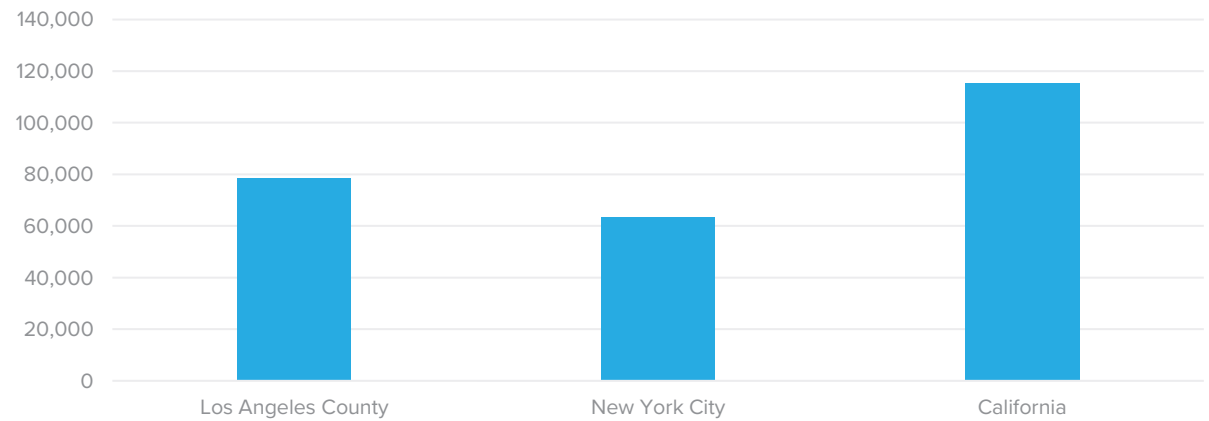
Statewide and Other Regional Comparisons

The chart below compares Fashion employment in Los Angeles County in 2017 to salaried employment for the same sector in New York City and the entire state of California. There are around 15,000 more Fashion jobs in Los Angeles County than in New York City. Los Angeles County accounted for around 68% of the State's employment in the sector.

Los Angeles County lost more fashion jobs than New York City over the period 2010-2017. This was because of the County's specialization in manufacturing activities within the sector.

Total Employment in Fashion in L.A. County, New York City, and California, 2017

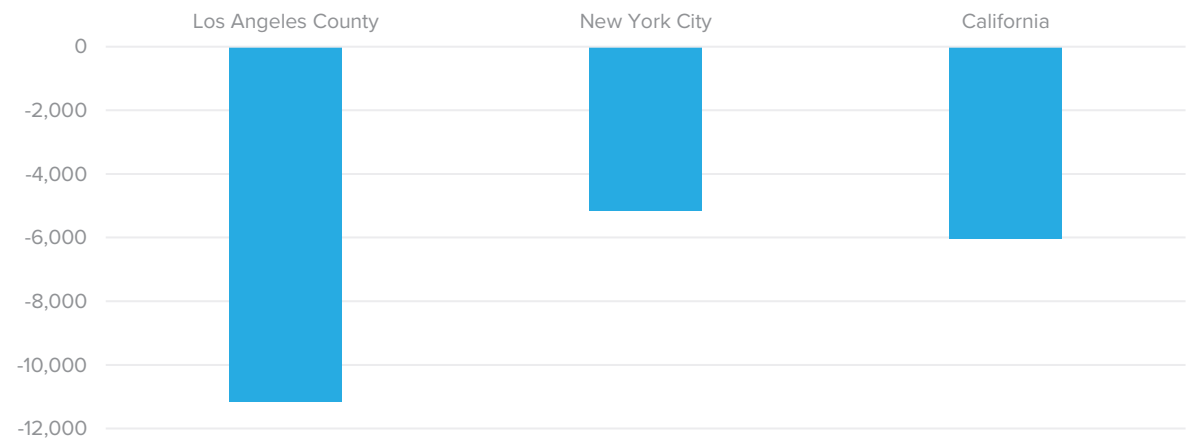
Figure 3.44



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth, Fashion in L.A. County, New York City, and California, 2010-2017

Figure 3.45



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment in Fashion in L.A. County, New York City, and California, 2010-2017

Table 3.8

	2010	2017	CHANGE
Los Angeles County	89,582	78,625	-11,227
New York City	68,480	63,326	-6,044
California	121,295	115,251	-5,154

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



The fashion industry in Los Angeles County

is undergoing and reflecting broader transformations taking place across the U.S. economy with international ramifications.

As the largest domestic manufacturing hub for the Fashion industry, Los Angeles County has the opportunity to proactively engage those shifts and exploit the advantageous elements at play in its local ecosystem. While the broader decline in U.S. manufacturing tracks the decline in Apparel Manufacturing, Los Angeles County's Fashion community and its historical ecosystem retain signature characteristics that have signaled a unique role for L.A. County to play on the global fashion stage.

Trend | Sustainability, inclusivity

The rise of sustainability as a trend in fashion was noted across the board by L.A. County-based industry stakeholders and bodes well for L.A. County's local ecosystem. As one industry stakeholder commented, "I would say L.A. is a pioneer in this arena, sustainability across a number of fronts, but recently there's been a big focus on sustainable materials and their being fashion forward. I just finished working on a swimwear line made from a 100% recycled plastic. I also worked on a couple of projects using recycled sheets to make items like duffel bags. This is something I didn't experience in New York working in fashion production and development there." Business strategies in the industry are also reflecting a move toward sustainability as the utility and need for seasonal collections are questioned. Given the Los Angeles region's climate, the fashion industry in L.A. County has not historically catered directly to seasonal wear.

As an industry stakeholder explained, “Whether it’s in L.A. or New York or globally, there’s this huge shift towards non-seasonal, as brands are becoming less collection-oriented and seasonally oriented. We’ve started seeing all brands do more random pop-up production and smaller runs throughout the year. Industry leaders are trying not to overproduce like the industry has for many years now, historically pushing inventory on stores.” As the industry continues to grow less rigid with regard to seasonal wear, fashion brands and designers are reevaluating their participation in the traditional New York City fashion calendar. Over the last five years, there has been a notable uptick in brands showing in Los Angeles County as the table indicates.

Stakeholders noted that the industry is also growing less rigid and more inclusive as it applies to historical social norms. As one stakeholder remarked, “In L.A., you find these brands saying, ‘No gender. No right size. All people. No silos.’ They’re creating brands for anybody and in multiple sizes that range all body types.”



I would say that in the U.S., even those industry people who have been focused on New York for many years are finally interested in what’s happening in L.A. That didn’t happen overnight but at the same time, we feel it now more than ever.”

Industry Stakeholder

Sample of Fashion Brands Showing in Los Angeles County, 2015-2019

Table 3.9

FASHION BRAND	YEARS SHOWING
Burberry	2015
Louis Vuitton	2015
Tom Ford	2015, 2017
St. Laurent’s Hedi Slimane	2016
Stella McCartney	2016
Moschino’s Jeremy Scott	2016, 2017, 2018
Tommy Hilfiger	2017
Rebecca Minkoff	2017
Rachel Zoe	2017
Dior’s Maria Grazia Chiuri	2017
Raquel Allegra	2017
Vetements and Kenzo	2017
Rachel Comey	2017
Rodarte’s Kate and Laura Mulleavy	2019

Source: Beacon Economics Industry Research

Trend |

L.A. County's advantages around community and space

Despite recent headlines like “Los Angeles Is (Finally) the Fifth Fashion Capital,” Los Angeles County historically was not a bastion for the top global fashion brands. As a result, an independent fashion community cropped up in Los Angeles County and continues to define the culture here even as L.A. cements its position as “no longer an exotic destination, but a bona fide stop on the fashion circuit.”²⁵ An industry stakeholder reflecting on L.A. County's allure to fashion brands and designers said, “Well, I think what L.A. fosters is a really tight-knit community. In L.A., you find that there is room for smaller productions and smaller designers to build a unique name for themselves and that's special. Also, a lot of the smaller brands often become part of the same social circle. They

get together, they discuss new designs, they do pre-sales together, they do shows together. That's something really unique to L.A. I think creatives in fashion come here looking for that. They want to feel that they're part of something new and different happening in the industry here in L.A.”

However, the appeal has extended beyond small up-and-coming fashion businesses. An independent, New York-based designer Rachel Comey said, “The way that they wear clothes and wear fashion (in Los Angeles) is just different... there may be one version of L.A. style on my Instagram, but there are so many different types of people. It makes me excited to think about.” Representative of the turn toward L.A. County,

Comey forewent New York Fashion Week on two occasions to show in Los Angeles. Los Angeles County is not just attracting visitors from the national and global Fashion community, it's increasingly attracting residents. Tom Ford's women design team, creative director Hedi Slimane, shoe designer Tamara Mellon, and jewelry designer Eddie Borgo are among some of the widely known transplanted brands and designers making L.A. County their home.²⁶

Aside from the cultural, reputational, and network-oriented benefits of L.A. County's fashion community, the industry's production elements in L.A. County have developed a competitive edge nationally with regard to small-batch orders.

²⁵ Sherman, L. (June 18, 2018). Los Angeles Is (Finally) the Fifth Fashion Capital. The Business of Fashion. Retrieved from URL: <https://www.businessoffashion.com/articles/news-analysis/los-angeles-is-finally-the-fourth-fashion-capital>

²⁶ Ibid



You walk into spaces in L.A. that can house an incredible environment for very specific fashion needs. It allows for a cleaner vision and progression of operations. There are more spaces where the cutting, for example, can happen in the same space as the sewing. For a lot of brands that I worked with in New York, we had to go to a cutting room, explain to them the style and make sure that all of the information was clear and then hope everything arrived at the factory in the right order. In my experience, it's more common in L.A. to have facilities that can do everything in-house. You find these full-package spaces that can handle everything from the dying, the printing, the cutting, and the sewing, and you don't find yourself paying an arm and a leg more."

Industry Stakeholder

The County's fashion ecosystem has cultivated a competency around smaller production orders offering better customer service, speed, and quality control than the global market alternatives.²⁷ Compared to its national rivals in Fashion including New York City, Los Angeles County also has the advantage of cheaper and more abundant space. Stakeholders remarked on two resultant benefits: (1) tighter and customized design-to-production process; and (2) scalability for denim. One industry stakeholder commenting on L.A. County's real estate advantages noted, "You walk into spaces in L.A. that can house an incredible environment for very specific fashion needs. It allows for a cleaner vision and progression of operations. There are more spaces where the cutting, for example, can

happen in the same space as the sewing. For a lot of brands that I worked with in New York, we had to go to a cutting room, explain to them the style and make sure that all of the information was clear and then hope everything arrived at the factory in the right order. In my experience, it's more common in L.A. to have facilities that can do everything in-house. You find these full-package spaces that can handle everything from the dying, the printing, the cutting, and the sewing, and you don't find yourself paying an arm and a leg more."

Stakeholders also spoke to L.A. County's strength in denim production. Many of the premium denim brands are manufactured in L.A. County including True Religion, AG, Paige, Joe's Jeans, and J

Brand.²⁸ While L.A. County's foothold in denim may have roots in the region's bounty of physical space, the concentration of denim production has afforded local textile labs expertise in the latest finishing and detailing methods.²⁹ One stakeholder noted, "This is the capital of denim in this country. Every brand you can think of, including New York brands, all come out here to make their denim."

L.A. County's expansiveness was also noted as a challenge for newcomers, as identifying both industry decisionmakers and relevant markets can be more difficult.

²⁷ Segran, E. (January 09, 2019). It took almost a decade to design American Giant's first blue jeans. The Fast Company. Retrieved from URL: <https://www.fastcompany.com/90287629/it-took-almost-a-decade-to-design-american-giants-first-blue-jeans>

²⁸ Immediato, L. (November 01, 2012). Made in L.A.: Jeans Rise & Shine. Los Angeles Magazine. Retrieved from URL: <https://www.lamag.com/article/made-in-la-jeans-rise-shine/>

²⁹ Ibid

Creative Intersections

With regard to creative intersections, fashion industry stakeholders spoke to the Fashion sector’s relationship to the Music sector in L.A. County.

One stakeholder commented, “The music industry in L.A. and fashion are very connected. At least in terms of the relevant brands and designers emerging, they are often tied to relevant musicians and the music scene. It’s an interesting dynamic where fashion and the musical artists are trying to reach out to the world together with a certain kind of message. With musical artists making sure they are photographed in certain brands and some even performing on the runway, the uptick in collaboration is visible.”

From Cardi B’s placement next to Anna Wintour at Alexander Wang’s 2018 Autumn/Winter show to A\$AP Rocky’s starring role in the latest Calvin Klein #MyCalvins campaign, music and more specifically hip-hop has been taking the Fashion industry by storm.³⁰ As an example close to home, Kendrick Lamar, an L.A. County and Compton native, has spoken openly about the connection between his style and his L.A. roots. “A lot of [my style] comes from L.A. When we were growing up, we used to go to this place called The Rummage Sale—it was a thrift store. I still think a sense of style is how you feel in the morning... it’s a feeling that’s true to myself.” Asked if he’d ever start his own fashion line, Lamar said: “Eventually, I think so. The music is always first, but overall, creativity is the bigger picture.”³¹

³⁰ Morency, C. (May 21, 2018). Why Rappers Are Fashion’s New Royalty. *The Business of Fashion*. Retrieved from URL: <https://www.businessoffashion.com/articles/intelligence/the-new-kings-and-queens-of-fashion-kanye-west-asap-rocky-cardi-b>

³¹ Stern, C. (December 20, 2016). Kendrick Lamar Talks Thrifting, Prince, and Starting His Own Fashion Line. *InStyle*. Retrieved from URL: <https://www.instyle.com/reviews-coverage/music/kendrick-lamar-starting-his-own-fashion-line>



Creative Sector 5 **Fine Arts and Performing Arts**



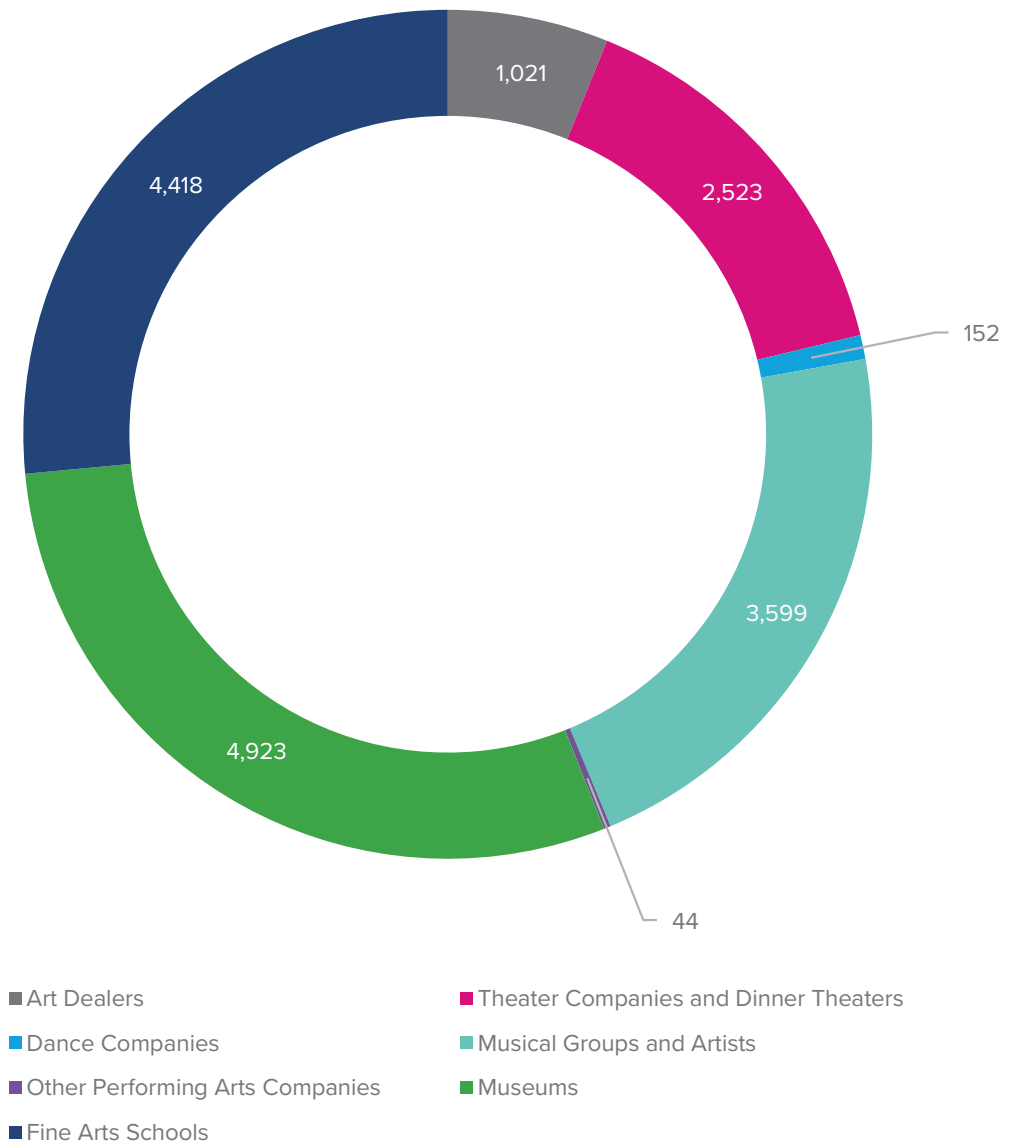
Employment

Along with the Architecture sector, Fine Arts and Performing Arts (“Fine/Performing Arts”) is the fastest-growing sector of the creative industries in Los Angeles County, growing by 32% over the period 2010-2017.

While the Fine/Performing Arts sector in Los Angeles County employs fewer workers than the sector employs in New York City, between 2010 and 2017 the Fine/ Performing Arts industry in Los Angeles County has outgrown its counterpart in the Big Apple. Over that period, the number of Fine/Performing Arts jobs in Los Angeles County has grown by 32% compared to the sector’s 28% employment growth in New York City. Employment in the Fine/ Performing Arts sector is roughly evenly divided across a number of subsectors, to which Other Performing Arts Centers and Fine Arts Schools contribute the highest number of jobs.

Total Employment by Fine Arts and Performing Arts Subsector in L.A. County, 2017

Figure 3.46

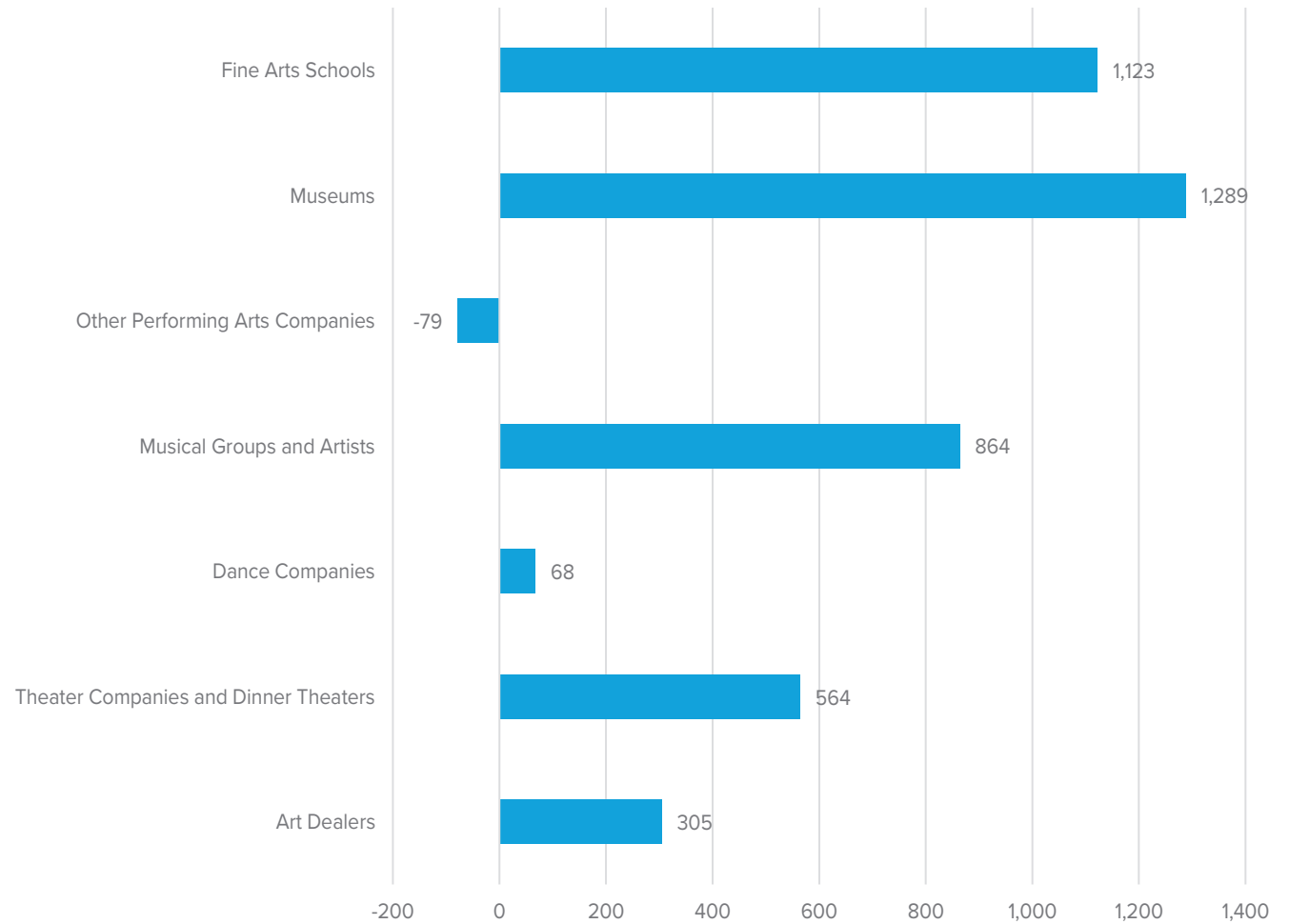


Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth by Fine Arts and Performing Arts Subsector in L.A. County, 2010-2017

Figure 3.47

As noted, the sector has seen impressive employment growth over the period 2010-2017, and much of this growth has been concentrated in two primary subsectors: Fine Arts Schools and Museums. Together, these two subsectors added a little over 2,400 jobs to Los Angeles County's economy. The subsector Musical Groups and Artists and the subsector Theater Companies and Dinner Theaters also saw healthy employment growth, contributing over 1,400 jobs in Los Angeles County over that same period.



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Establishments

In Los Angeles County, there were nearly 1,680 establishments in the Fine/Performing Arts sector in 2016. The majority of these establishments were relatively small; nearly 1,460 of them had fewer than 10 employees. However, small establishments accounted for only 24% of total employment in the Fine/Performing Arts sector. Forty-eight percent of the sector's total employment was represented by establishments with more than 100 employees in the sector.

Fine Arts and Performing Arts Establishments by Size, L.A. County, 2016

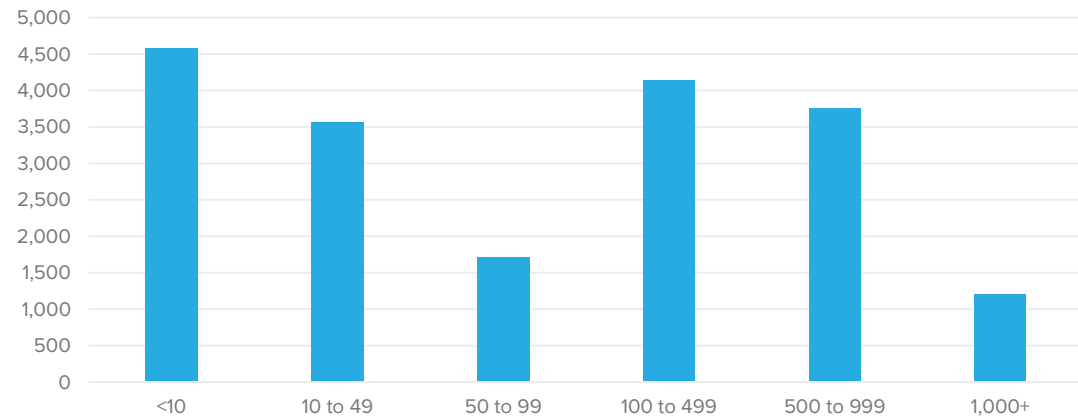
Table 3.10

SIZE CATEGORY	NUMBER OF SECTOR ESTABLISHMENTS
<10 Employees	1,464
10-49 Employees	170
50-99 Employees	23
100-499 Employees	18
500-999 Employees	5
1000+ Employees	1
TOTAL	1,681

Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics

Fine Arts and Performing Arts Employment by Establishment Size, L.A. County, 2016

Figure 3.48



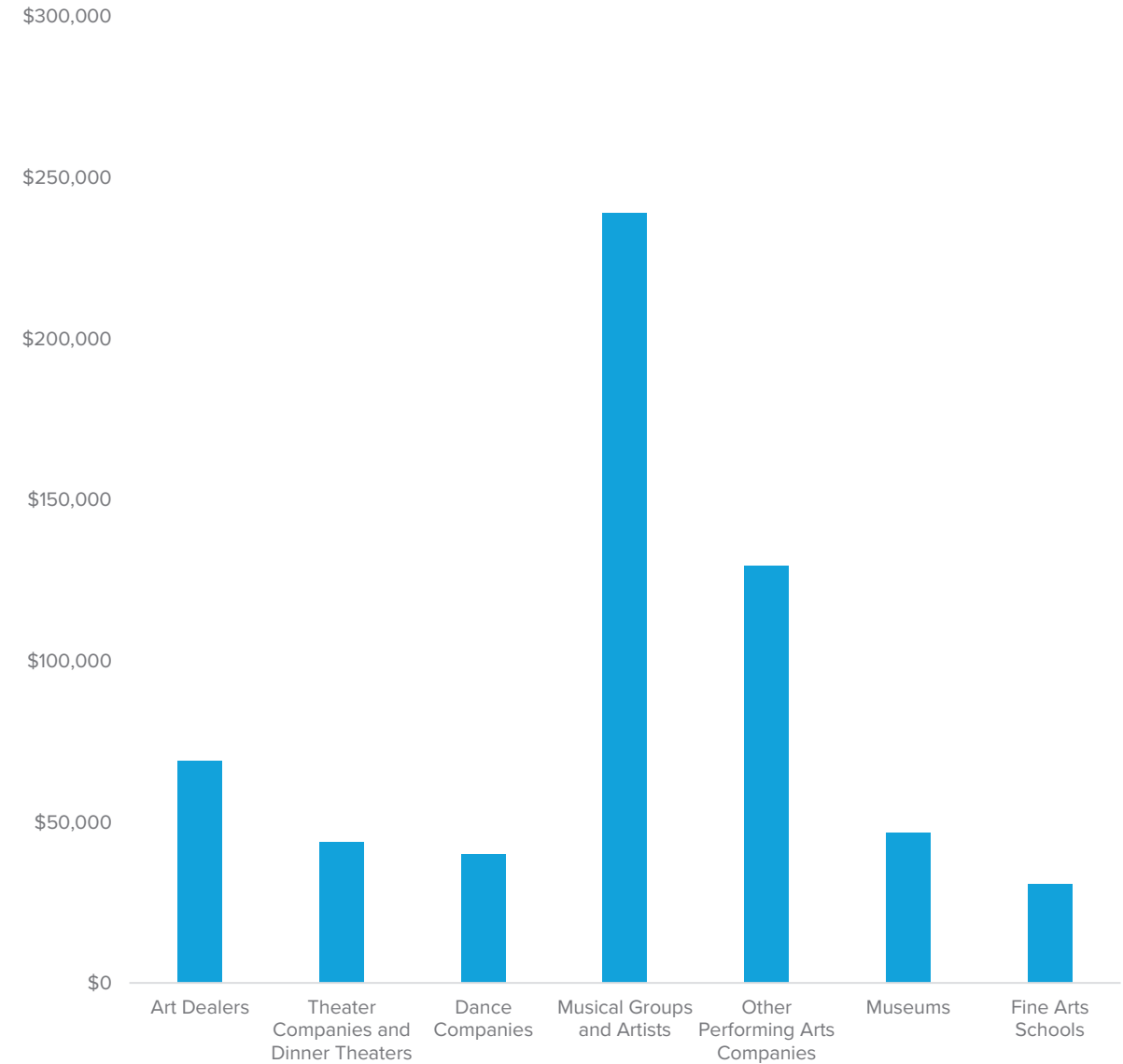
Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics

Wages

While overall, the Fine/Performing Arts sector pays relatively high wages at just over \$80,000 per year on average, some of the industry's subsectors pay relatively low wages. Musical Groups and Artists and Other Performing Arts Companies pay the highest wages, while Dance Companies and Fine Arts Schools pay lower wages.

Average Annual Wages by Fine Arts and Performing Arts Subsector in L.A. County, 2017

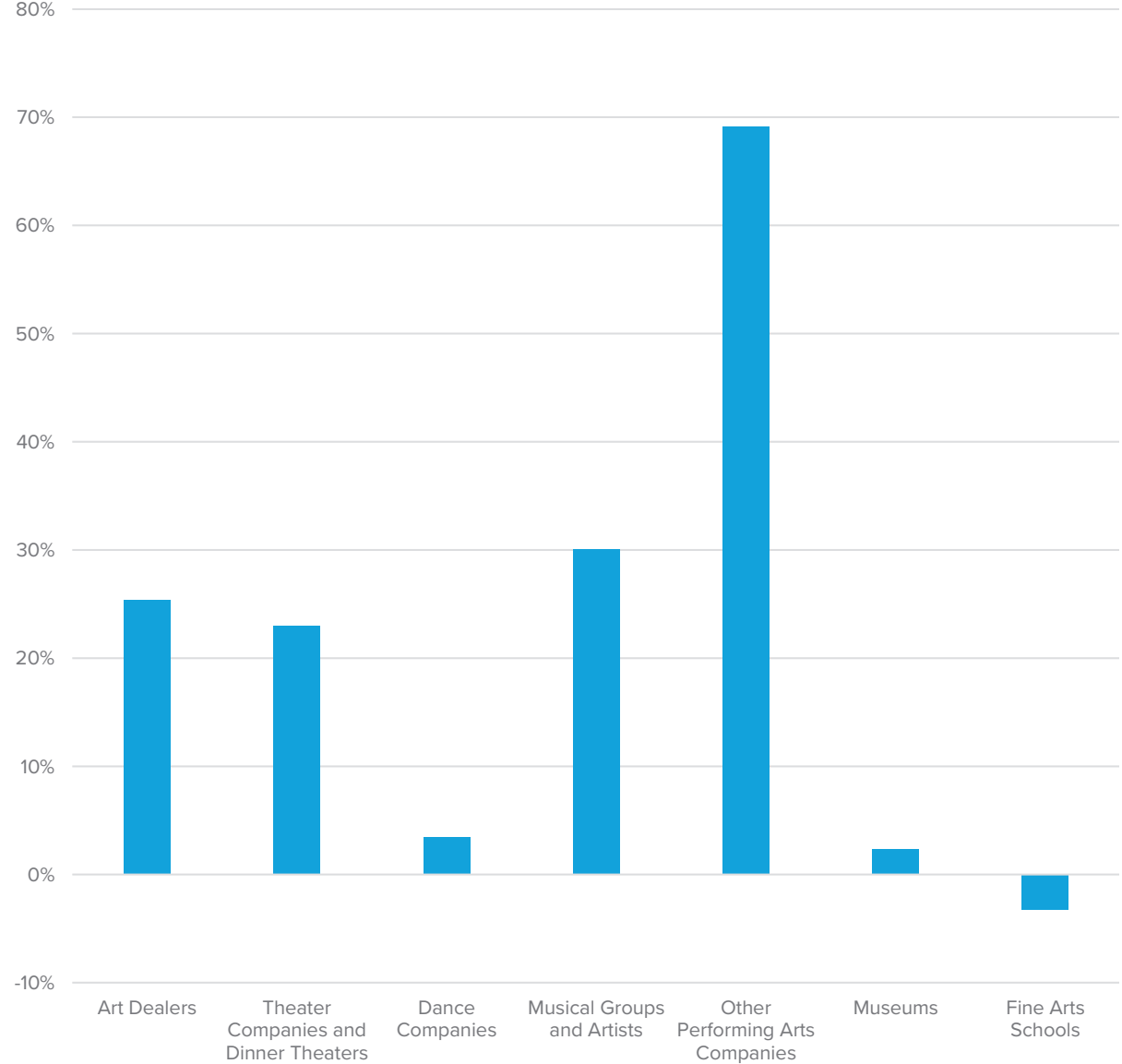
Figure 3.49



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Wage Growth by Fine Arts and Performing Arts Subsector in L.A. County, 2010-2017

Figure 3.50



Despite the sector's impressive employment growth figures discussed earlier, wage growth in the Fine/Performing Arts sector in Los Angeles County overall has been relatively modest. There has been impressive growth in a few of the industry's subsectors, including Other Performing Arts Companies, Musical Groups and Artists, and Art Dealers.

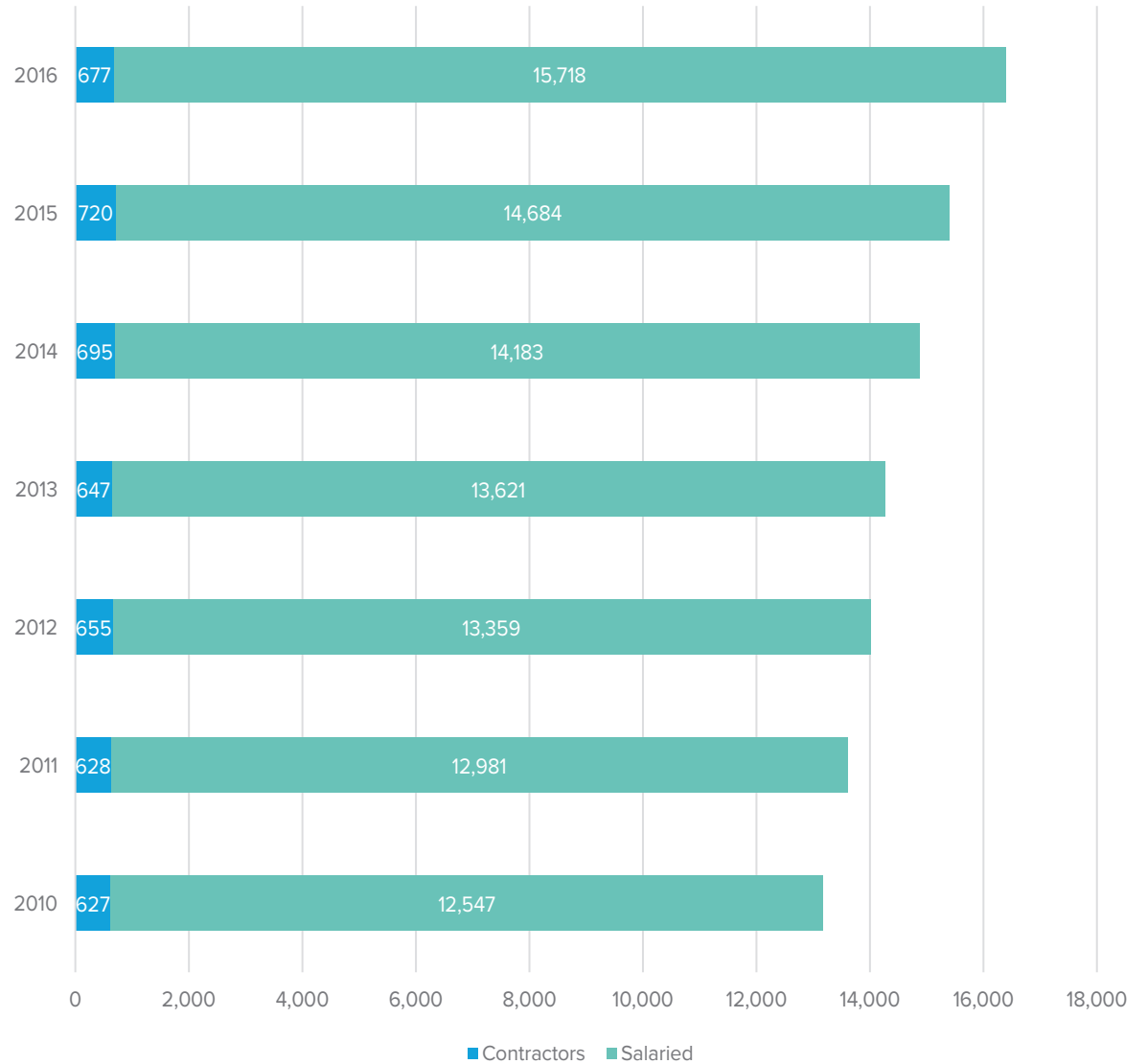
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Contractors

Fine/Performing Arts is another sector in which there is a relatively small number of contractors compared to salaried employees. In 2017, there were 24 salaried workers per contractor worker, meaning that contractors make up less than 5% of total employment in the sector in Los Angeles County.

Contract and Salaried Workers in Fine Arts and Performing Arts in L.A. County, 2010-2017

Figure 3.51



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Census Bureau, Nonemployer Statistics (NES); Analysis by Beacon Economics



Industry Cluster and Workforce Mappings

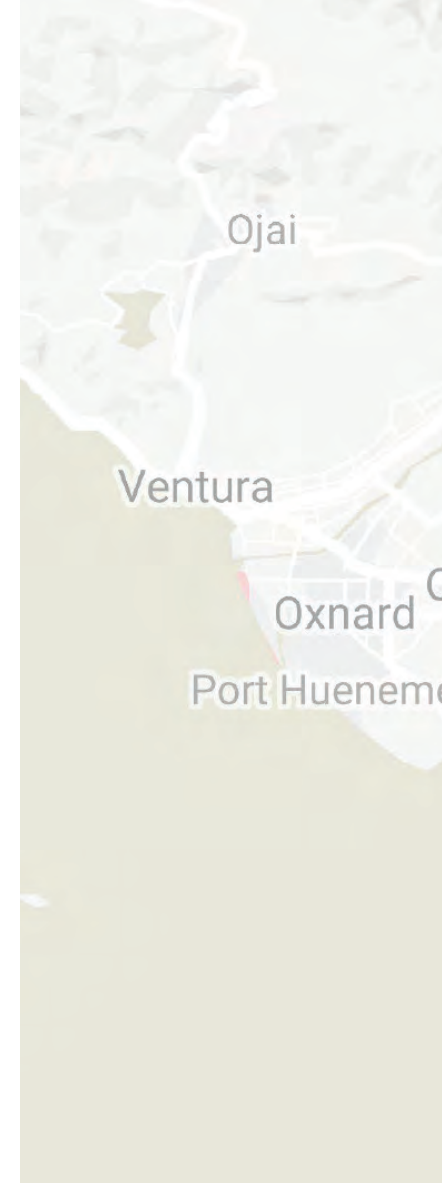
The industry cluster map displays the location of Fine Arts and Performing Arts establishments throughout Los Angeles County. The heaviest concentration of overall establishment activity is found northwest of downtown Los Angeles, just above Santa Monica, near Beverly Hills, and stretches east to the downtown Los Angeles area.

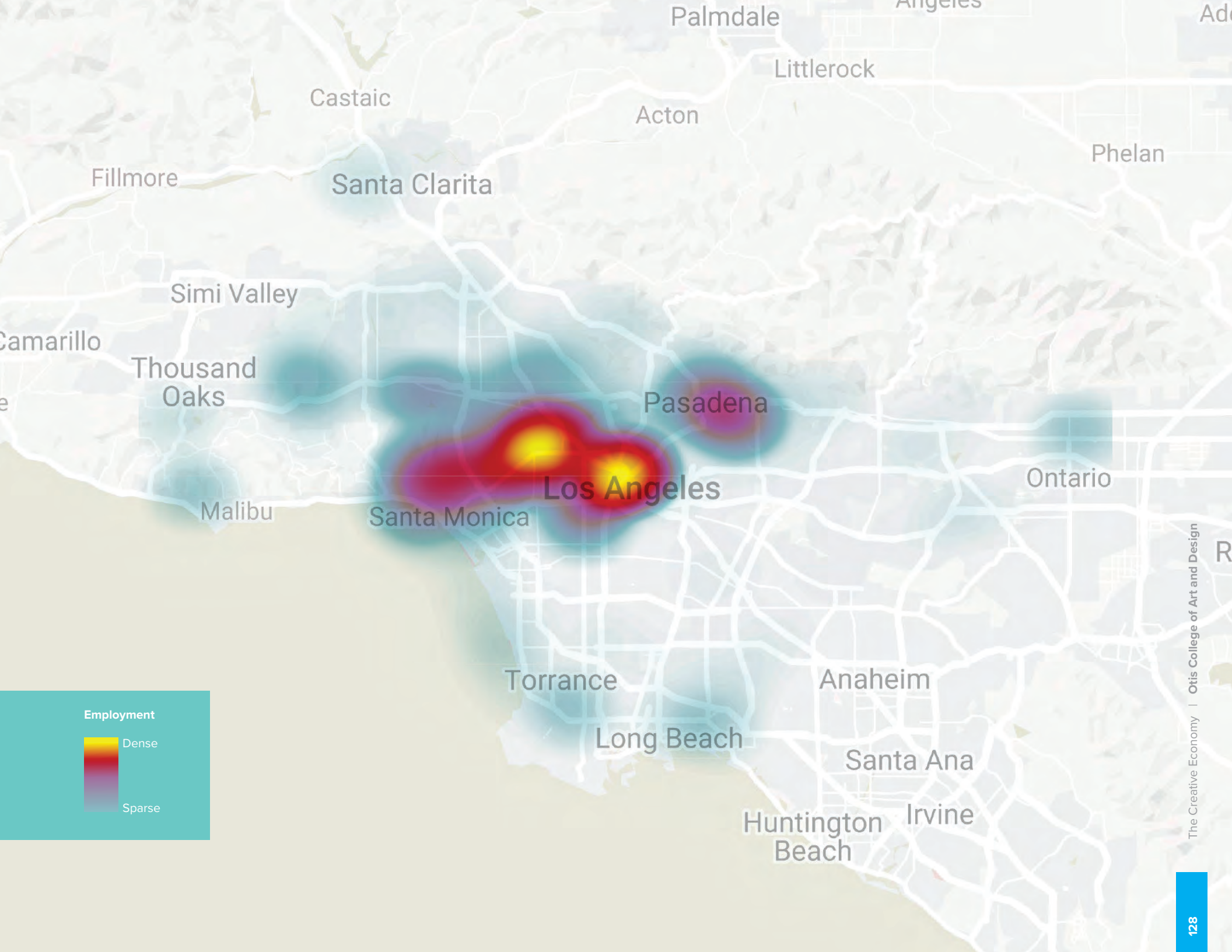
The workers in the Fine Arts and Performing Arts sector reside in areas that mirror establishment activity, specifically just east of Beverly Hills and stretching into downtown Los Angeles. Other small pockets elsewhere where the sector's workers reside include Malibu, Pasadena, and further south in Inglewood and Downey.

Fine Arts and Performing Arts, Employment Density in L.A. County, 2016

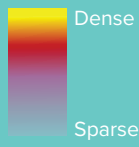
Figure 3.52

Source: Census Bureau, County Business Patterns (CBP); Analysis by Beacon Economics



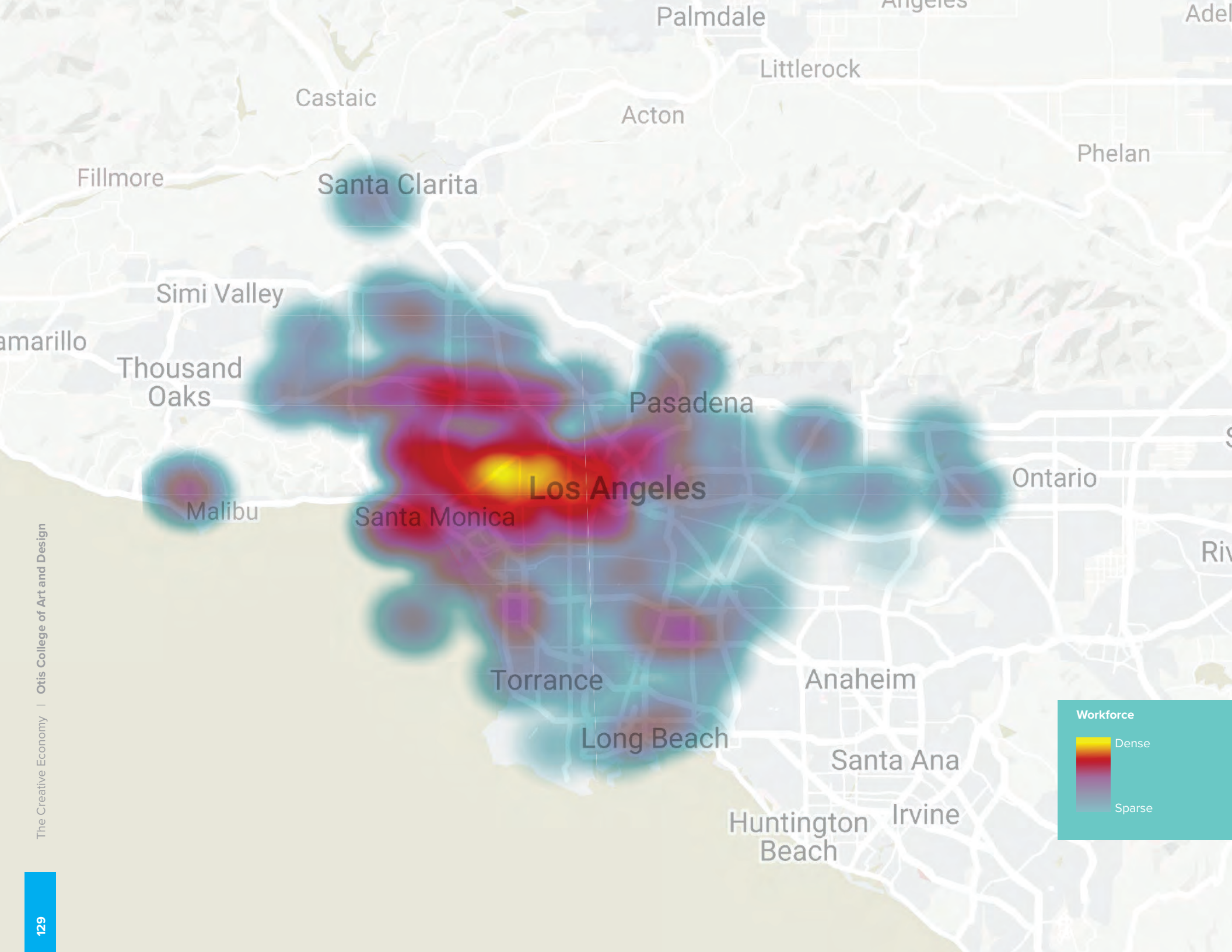


Employment



Dense

Sparse





Fine Arts and Performing Arts, Workforce Density by Place of Residence in L.A. County, 2016

Figure 3.53

Source: Census Bureau, Public Use Microdata Sample, American Community Survey; Analysis by Beacon Economics



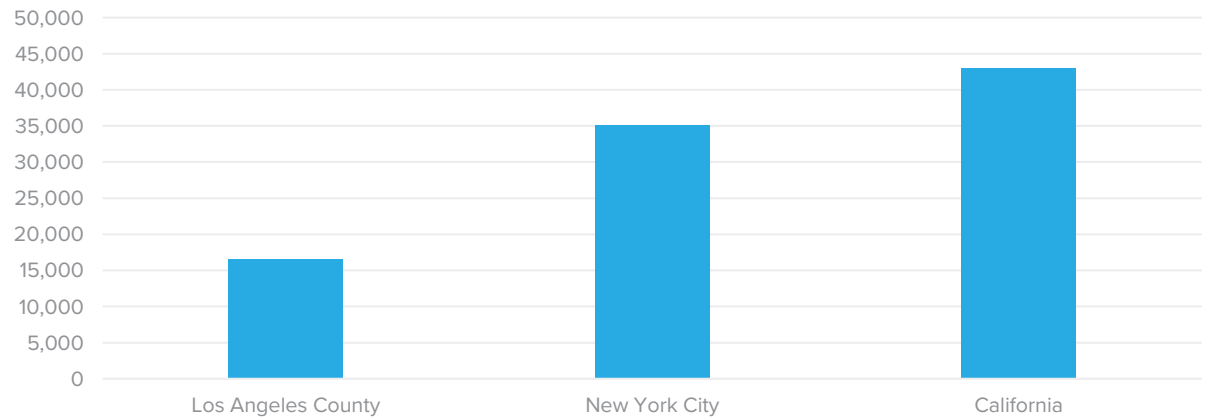
Statewide and Other Regional Comparisons

The chart below compares Fine Arts and Performing Arts employment in Los Angeles County in 2017 to employment for the same sector in New York City and the entire state of California. There are around 19,000 more Fine/Performing Arts jobs in New York City than in Los Angeles County. Los Angeles County accounted for around 39% of the State's employment in the sector.

New York City gained more Fine Arts and Performing Arts jobs than Los Angeles County over the period 2010-2017.

Total Employment in Fine Arts and Performing Arts in L.A. County, New York City, and California, 2017

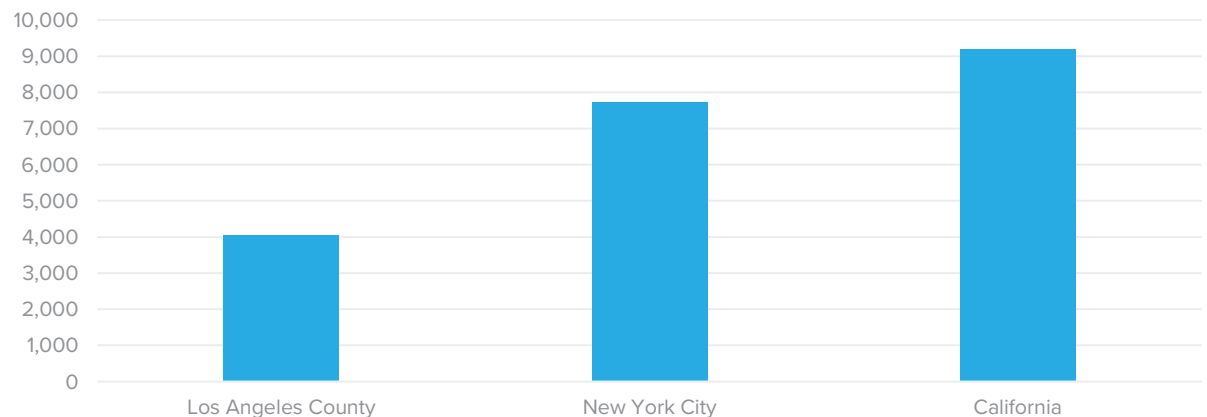
Figure 3.54



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Employment Growth, Fine Arts and Performing Arts in L.A. County, New York City, and California, 2010-2017

Figure 3.55



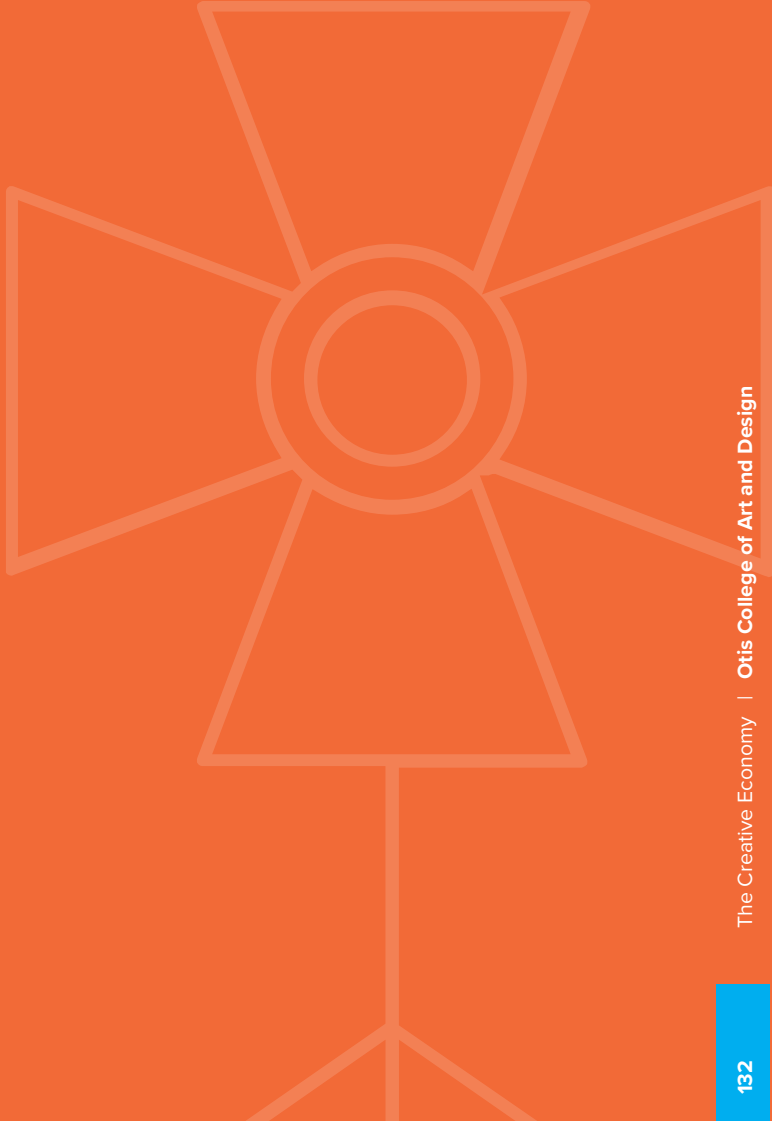
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment in Fine Arts and Performing Arts in L.A. County, New York City, and California, 2010-2017

Table 3.11

	2010	2017	CHANGE
Los Angeles County	12,547	16,608	4,061
New York City	27,413	42,951	15,538
California	33,746	35,154	1,408

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



Of the five core creative sectors profiled in this report,

the Fine/Performing Arts sector tied with the Architecture sector for the highest growth rate for employment over the period 2010-2017.

The number and scale of new capital projects in Los Angeles County related to the Performing/Fine Arts sector are positive indicators of the sector's health and trajectory. After a national search, George Lucas decided to locate the Lucas Museum in Los Angeles County, with construction to be completed in 2022. The Academy Museum of Motion Pictures, the first museum dedicated to motion pictures, is set to open late 2019 at the intersection of Wilshire and Fairfax, and the Los Angeles County Museum of Art has undertaken a significant expansion of its current campus. An industry stakeholder remarked, "Though the Performing Arts and Fine Arts in Los Angeles do not get the kind of funding like, say, for example, their counterparts in New York City, we have seen the continued growth and expansion of smaller to mid-size institutions here in L.A. It's exciting."

2019 will also be Los Angeles County's "most robust arts week ever," with two established L.A. fairs, Art Los Angeles Contemporary and stARTup, and two newcomers, Felix L.A., founded by former Walt Disney TV President Dean Valentine, and Frieze, the London-based fair with a reputation for global influence.³²

³² <https://www.hollywoodreporter.com/news/2019-felix-la-art-fair-announces-exhibitors-site-specific-projects-1176122>

Priority | Inclusivity and diversity

Industry stakeholders spoke to the increased attention being paid to inclusivity, diversity, representation, and community-driven curation among leadership in the institutional arts community of Los Angeles County. As one stakeholder noted, “Los Angeles is an incredibly diverse place. Our museums and arts spaces should reflect that diversity and celebrate it. From a curatorial perspective, sure, but also from a workforce perspective.” Industry stakeholders from the Performing/Fine Arts sector repeatedly acknowledged a need for more diversity particularly at the top of the sector’s leading institutions in L.A. County. Though the call for more attention and funding was echoed across the board, efforts are afoot to diversify the sector’s leadership ranks.

³³ <http://www.getty.edu/foundation/initiatives/current/mui/>

³⁴ <http://www.getty.edu/foundation/initiatives/current/mui/>

The Getty Marrow Undergraduate Internship program in Los Angeles supports substantive, full-time summer work opportunities for college undergraduates from cultural backgrounds that have traditionally been underrepresented in the arts.³³ Further in partnership with the L.A. County Arts Commission – soon to be the L.A. County Arts Department – the Getty Foundation offers a Leadership in Arts Management program, one of the Getty’s ongoing professional development opportunities.³⁴



Los Angeles is an incredibly diverse place. Our museums and arts spaces should reflect that diversity and celebrate it.”

Industry Stakeholder

Commenting on diversity in the professional ranks of the Performing/Fine Arts industry, one stakeholder noted, “Everyone says they want a diverse workforce. For lots of reasons, one being the range of perspectives a diverse workforce brings, sorely needed in the arts world. But institutions need to provide opportunities like paid internships in order to convert on that goal. Otherwise, the world of art will grow less relevant, less innovative.”

Industry stakeholders in the Performing/Fine Arts sector also spoke to the curatorial implications of the mandate to better reflect L.A. County’s diversity in its arts and cultural institutions. One stakeholder remarked, “We need to reach more diverse audiences. We know that. Our leadership right through to the very top knows that. We are investing in it.” While hiring and investing in a more diverse workforce is the systematic and just solution, technology has also played a role connecting arts and arts spaces to L.A. County’s communities.

Trend | Emerging tech

As has been the case in many industries, technological advances in the Performing/Fine Arts sector, which many industry experts once feared would extinguish the industry, have acted as an input to growth and a connective tissue to previously less engaged communities.

One stakeholder recapped the Performing/Fine Arts sector's relationship to technology well, saying,

“

There was an early fear that digitization would destroy the culture of art and the aura of artwork, that no one would bother to go and see art in a museum when they could see it online. That has been far from the truth. Millions of people are now able to access museums' collections on websites and that then generates a level and volume of interest in coming to see those collections in person that would never have been possible via traditional marketing vehicles. Just look at selfies. They were once prohibited everywhere and now they are being seen as welcomed publicity.”

L.A.-based museums have begun introducing technology-facilitated interactivity even before exhibits are public and the labels go on the walls. That interaction can impact how the art gets presented and has paid dividends in visitorship. A recent study undertaken by Gensler examined trends changing the museum experience and

found that museum leaders see “a shift to a greater level of visitor control and new methods of audience engagement...including digital engagement, on and off site.”³⁵ The study also found that Performing/Fine Arts leaders anticipated museums becoming even more community-focused, with 54% of survey respondents

³⁵ <https://www.gensler.com/research-insight/gensler-research-institute/museum-futures>

anticipating that half of all museum programming in the near future will be community-focused programming as opposed to mission-related programming. The report noted, “A move toward greater institutional partnerships for programming and promotion, paired with a shift toward community engagement, is also an opportunity for museums to expand their influence and relevance.”³⁶ That shift toward local communities in Los Angeles County can be seen in the 2017-2018 iteration of Pacific Standard Time, a collaboration among more than 60 arts organizations across Southern California showcasing L.A.’s art scene. This past year’s programming and exhibitions explored Latin American and Latino art in dialogue with Los Angeles.³⁷

Creative Intersections

Pacific Standard Time is a great example of dynamic collaboration among the region’s Performing/Fine Arts institutions.

Industry stakeholders spoke broadly to the characterizing collaborative nature of the Performing/Fine Arts sector in Los Angeles. One stakeholder noted, “Because L.A. was never historically seen as the center of the arts world, institutions that grew up here wanted to see the sector strengthen. Everyone saw benefit in collaboration and that willingness to collaborate still today among big institutions that now do have something of a name and reputation is unique to and a real strength of L.A.” The collaborative nature of the Performing/Fine Arts sector extends beyond the arbitrary lines of the industry. As noted previously, the Performing/Fine Arts sector has a strong, symbiotic relationship with Architecture and design in Los Angeles County. It also has crossover with L.A. County’s Fashion sector. In 2012, Katherine Ross at the Los Angeles County Museum of Art launched the art-meets-fashion Wear program, a project featuring unique pieces created by L.A. designers and inspired by the museum’s exhibitions and permanent collection. Stakeholders in the Performing/Fine Arts in L.A. County also saw themselves as part and parcel of the broader non-profit sector. One stakeholder noted, “Fine Arts membership in the non-profit community and its membership in the creative industries allows it to act as a bridge. We are in the business of making creativity and art relevant to people and L.A. County provides lots of inspiration from all angles.”

³⁶ <https://www.gensler.com/research-insight/gensler-research-institute/museum-futures>

³⁷ <http://www.getty.edu/pacificstandardtime/>

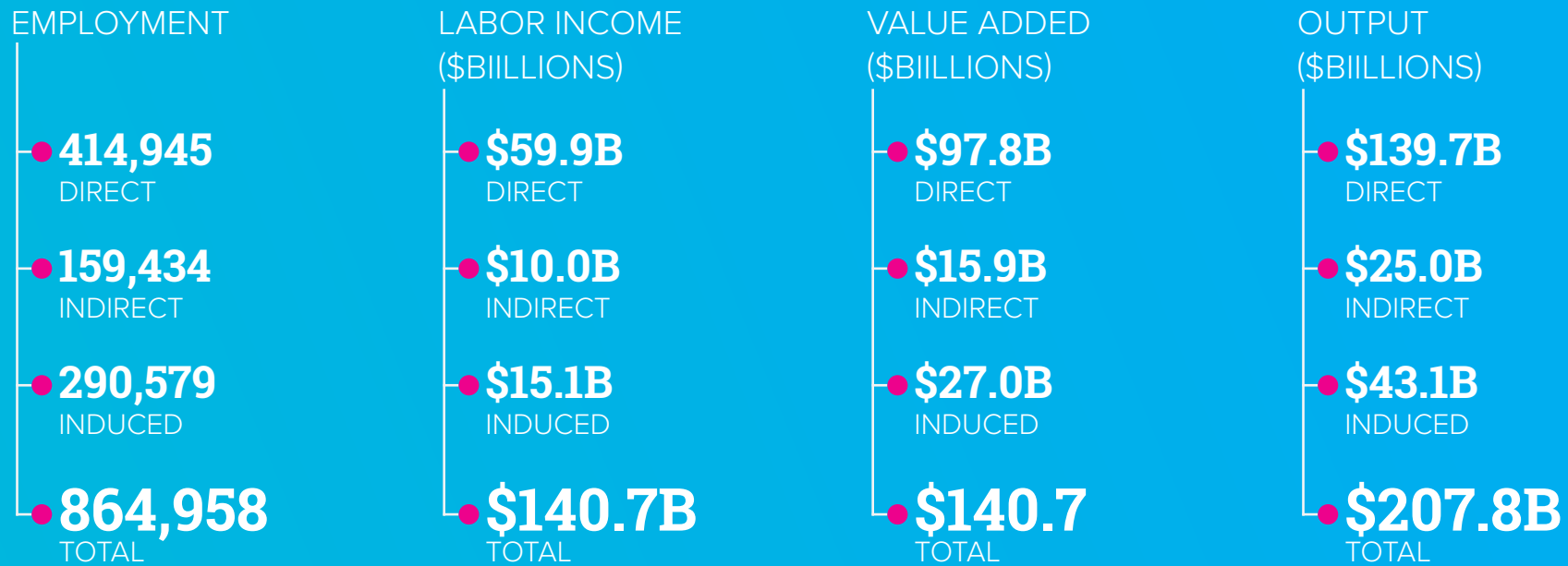
economic impact: Creative Industries

The creative industries play an important role in Los Angeles' economy. Not only does the creative ecosystem support a significant amount of jobs in the industries that make up the creative economy, it also supports hundreds of thousands of jobs in the other parts of Los Angeles' economy.

In 2017, total employment supported by the creative economy was 864,958, of which 414,945 positions were supported directly by the creative industries. The impact of the creative economy on Los Angeles County's restaurants, bars, and food trucks illustrates the downstream effects of the creative economy. Indeed, the creative economy helps support just over 50,000 jobs at local restaurants and other food/drink places in Los Angeles County. Many of these jobs are supported around creative workspaces and in

artistic communities in the region. Moreover, food is another potential creative outlet for Los Angeles County residents. Indeed, Los Angeles was at the forefront of the growth in food truck movement, with many chefs creating high-end cuisine in spaces never thought possible.

Additionally, the direct, indirect, and induced labor income earned by these workers totaled \$77.9 billion in Los Angeles County in 2017. With 864,958 jobs supported, the average income



Economic Impact of Creative Economy in Los Angeles

Figure 3.56

Source: U.S. Bureau of Labor Statistics, IMPLAN, Analysis by Beacon Economics

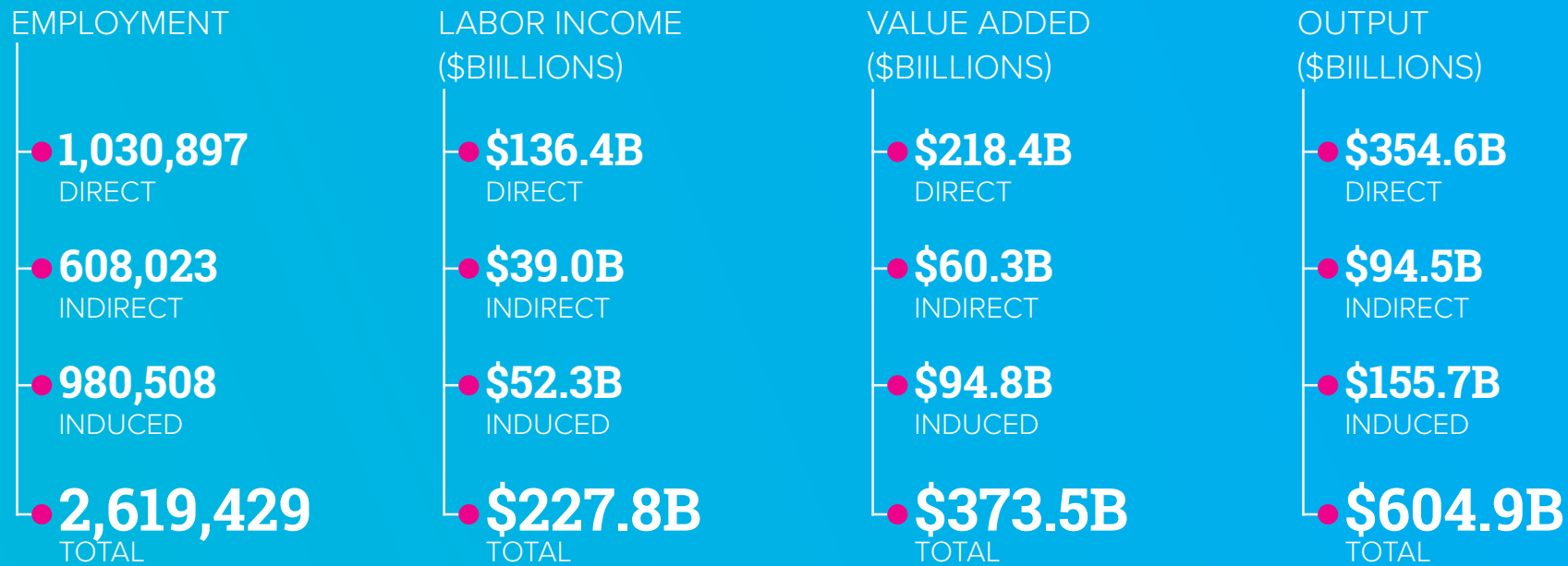
supported by these new positions is just over \$90,000 annually. As result, not only does the industry support a significant number of jobs in the region, the jobs that are supported are on the higher end of the pay scale. These workers then spend these wages at establishments throughout Los Angeles County, supporting a multitude of industries outside of Los Angeles County's creative economy.

With a significant number of jobs and labor income supported by the creative economy a significant amount of economic activity in Los Angeles County is attributed to it. In 2017, the creative economy in Los Angeles County generated \$207.8 billion in economic output, of which \$139.7 billion was generated by the creative industries directly.

The substantial amount of economic activity that is generated by the creative economy in Los Angeles County is also a boon to state and local governments. In 2017, tstate and local tax revenues supported by the creative economy totaled \$10.2 Billion. Of this \$10.2 billion, \$3.1 billion came from sales tax, \$2.5 billion came from income tax, \$2.3 billion came from property tax, and roughly \$2.3 billion came from other taxes and fees.

California

The creative economy also plays a sizable role in California's economy, with Los Angeles County helping drive much of the impact. In 2017, employment supported by the creative economy in California totaled 2.6 million, of which 1.0 million positions were supported directly by the creative industries.



Economic Impact of Creative Economy in California

Figure 3.57

Source: U.S. Bureau of Labor Statistics, IMPLAN, Analysis by Beacon Economics

Moreover, roughly one in three of the total jobs supported in the creative economy were in Los Angeles County, with these accounting for a roughly 40% of all direct jobs in the creative economy in California.

Additionally, the direct, indirect, and induced labor income earned by these workers totaled \$227.8 billion in California in 2017. With 2.6 million jobs supported, the average income is almost \$87,000 annually. However, without the wages earned

by workers in Los Angeles County the average income earned by these workers falls to \$85,400 annually, with the majority of the difference coming from higher wages in the jobs supported by indirect and induced economic activity.

With a significant number of jobs and labor income supported by the creative economy a significant amount of economic activity in California is attributed to it, with Los Angeles County accounting for a sizable share of this

activity. In 2017, the creative economy in California generated \$604.9 billion in economic output, of which \$354.6 billion was generated by the creative industries directly.

The substantial amount of economic activity that is generated by the creative economy in California is also a boon to state and local governments. In 2017, state and local tax revenues supported by the creative economy totaled \$27.6 billion.

04

**creative
people**

Demographic Profile of Los Angeles County's Workforce in the Creative Industries



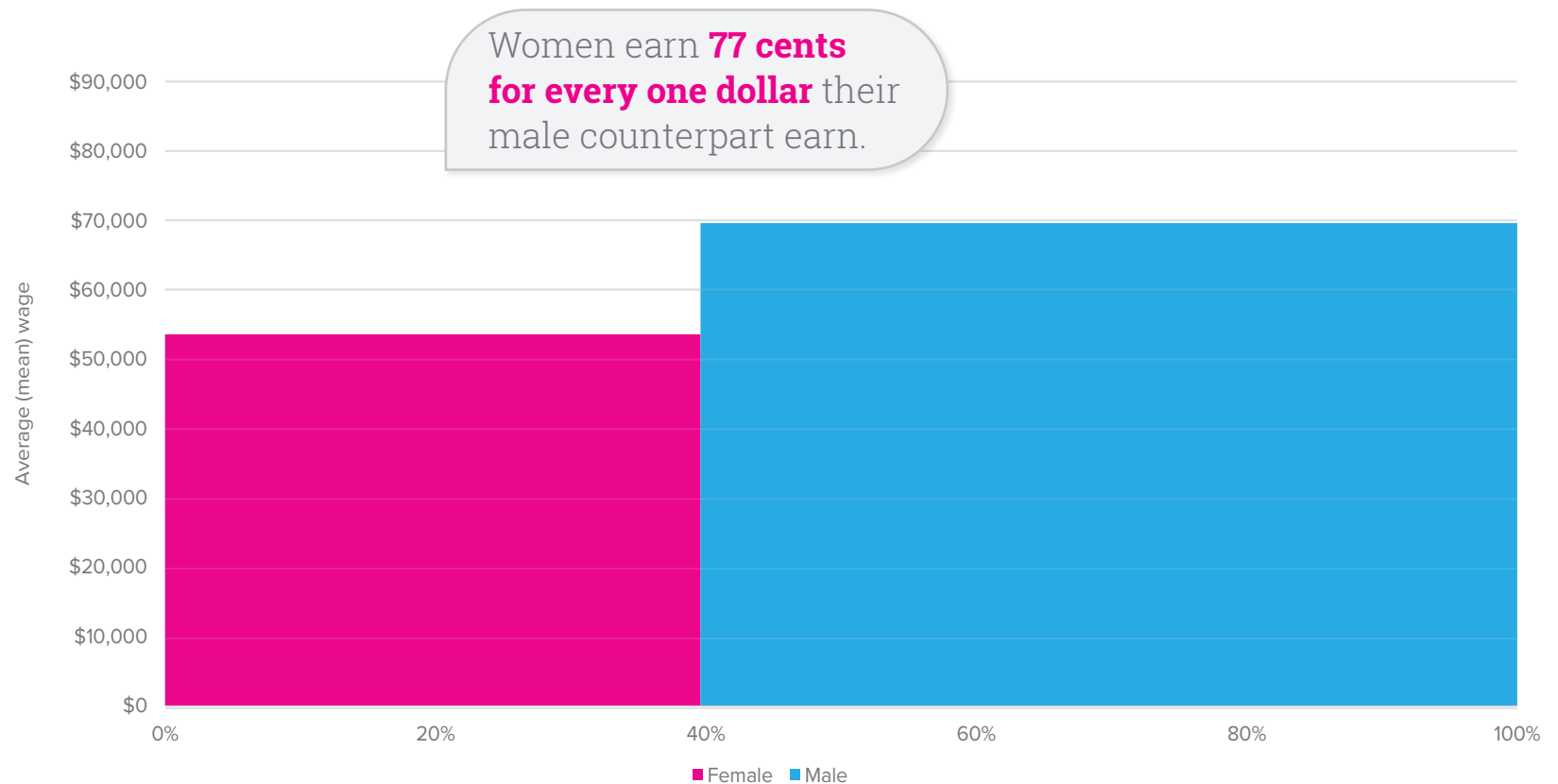
Gender

In Los Angeles County, employment by gender in the creative industries remained fairly stable from 2007 to 2017; women have made up about 40% of the creative industries workforce.

By comparison, in New York City, women have made up about 45% of the region's creative industries workforce. However, employment levels have risen faster for female professionals in L.A. County than for male professionals within the past ten years.

Employment and Average Wage by Gender, Total Creative Industries, Los Angeles County, 2017

Figure 4.1



Source: Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics

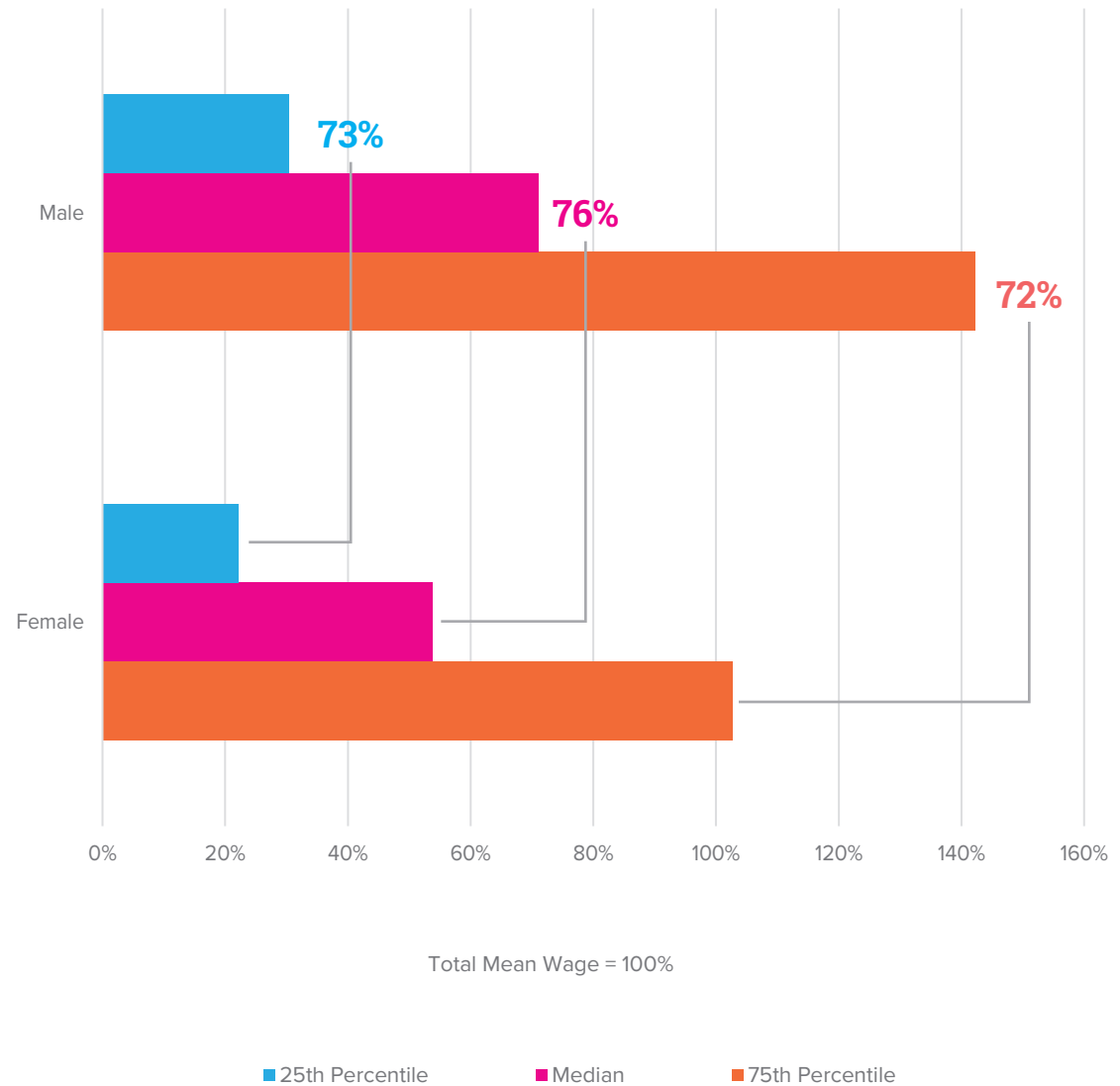
Although Los Angeles County has a smaller share of female workers than New York City, women in Los Angeles County earn more than their New York City counterparts relative to what their male counterparts earn. In Los Angeles County, women in the creative industries earn 77 cents for every dollar male earn. By comparison, in New York City, women only earn 72 cents for every dollar their male counterparts earn in the creative industries.

The smaller wage gap between men and women in Los Angeles County's creative industries can be attributed to the quickly rising wages for female professionals in those industries over the past ten years. From 2007 to 2017, the average wages of female professionals in the creative industries rose by 40% in Los Angeles County, almost double the wage growth of male professionals in the creative industries (23%) in the County. Furthermore, this impressive increase is also double the wage growth of female professionals (20%) in the creative industries in New York City.

The smaller gender wage gap in L.A. County's creative industries compared to those of New York City also applies when analyzing by income quartiles. For example, at the 50th percentile, women earn 76% as much as men in the 50th

Creative Industries Wages (Relative to Total Average Wage) by Gender and Quartiles, Los Angeles County, 2017

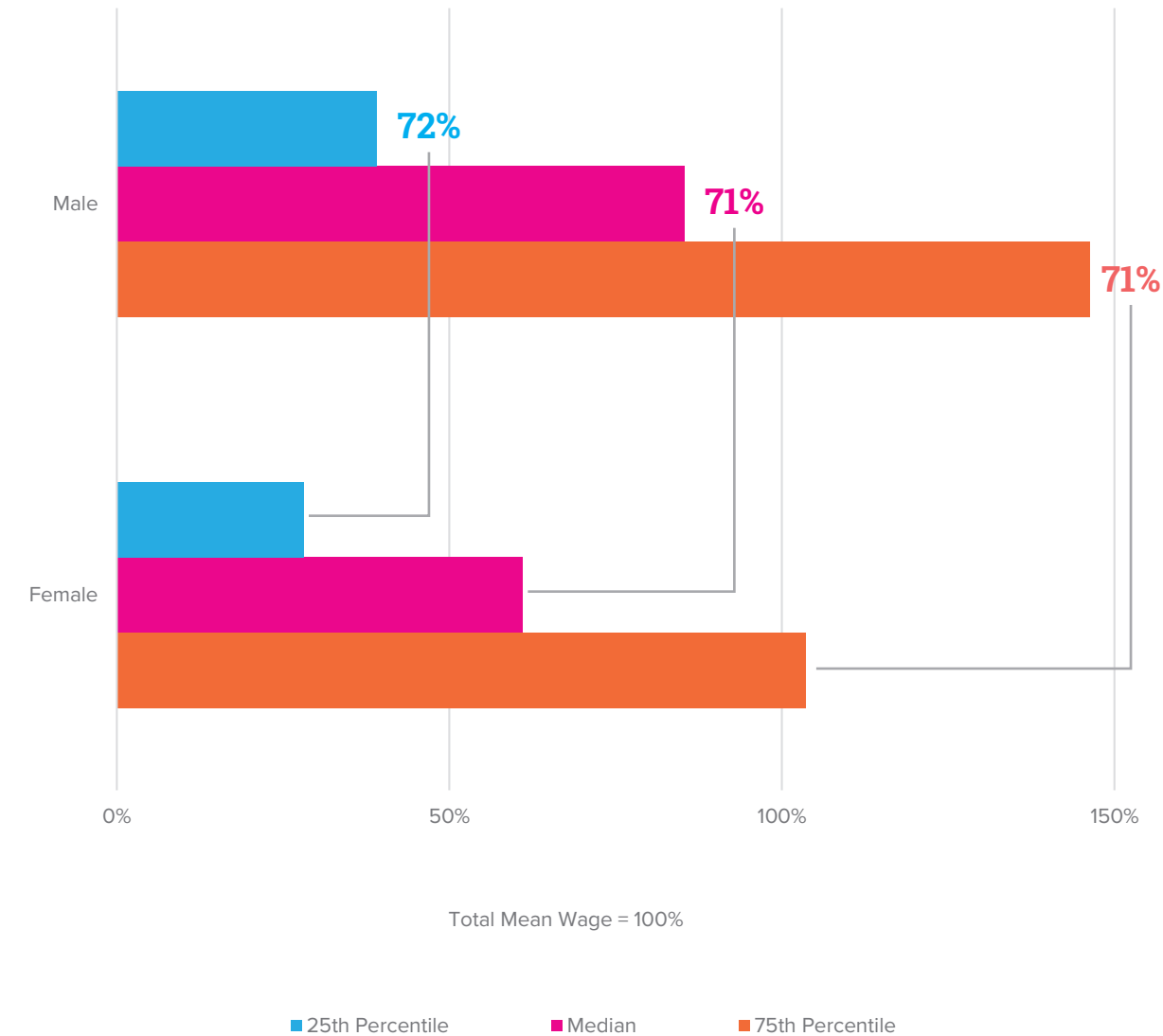
Figure 4.2



Source: Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics. Note: Data label denotes how many cents females earn per one dollar earned by males by quartile group.

Creative Industries Wages (Relative to Total Average Wage) by Gender and Quartiles, New York City, 2017

Figure 4.3



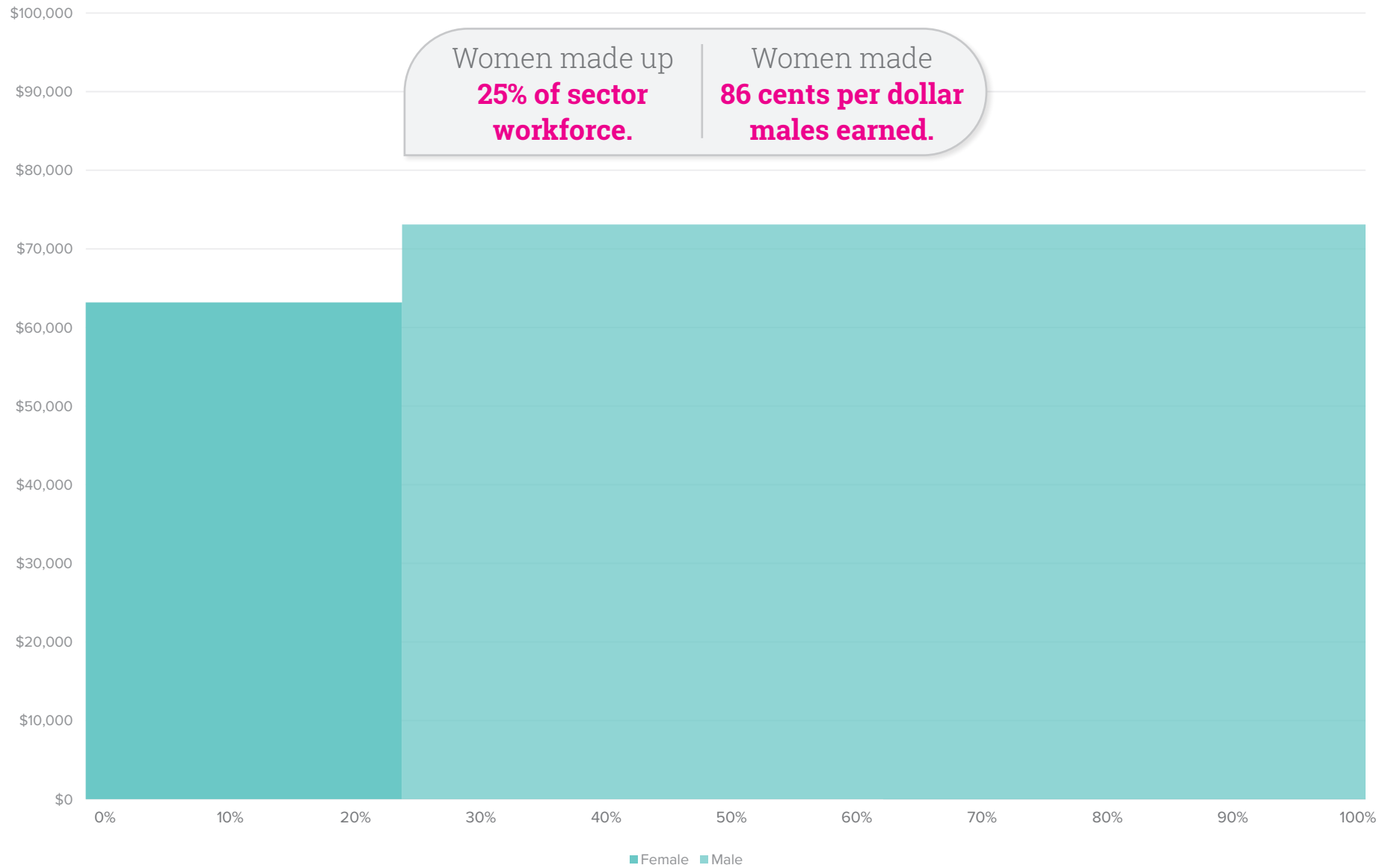
percentile in Los Angeles County, which is higher than the 71% observed for New York City.

Although Los Angeles County has a smaller share of female workers than New York City, women in Los Angeles County earn more than their New York City counterparts relative to what their male counterparts earn. In Los Angeles County, women in the creative industries earn 77 cents for every dollar men earn. By comparison, in New York City, women only earn 72 cents for every one dollar their male counterparts earn in the creative industries.

Source: Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics. Note: Data label denotes how many cents females earn per one dollar earned by males by quartile group.

Employment and Average Wage by Gender, Architecture and Related Services, Los Angeles County, 2017

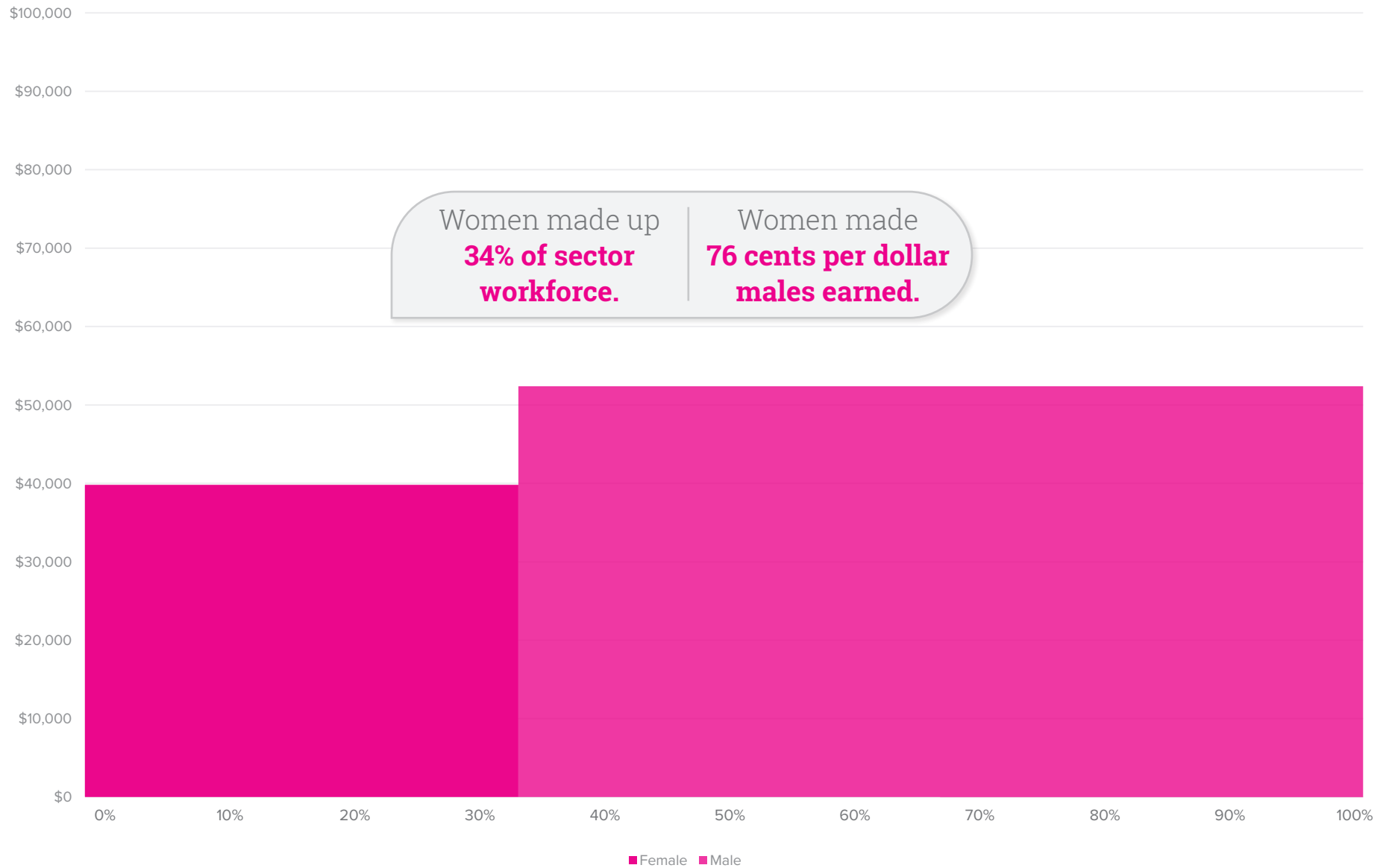
Figure 4.4



Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Employment and Average Wage by Gender, Creative Goods and Products, Los Angeles County, 2017

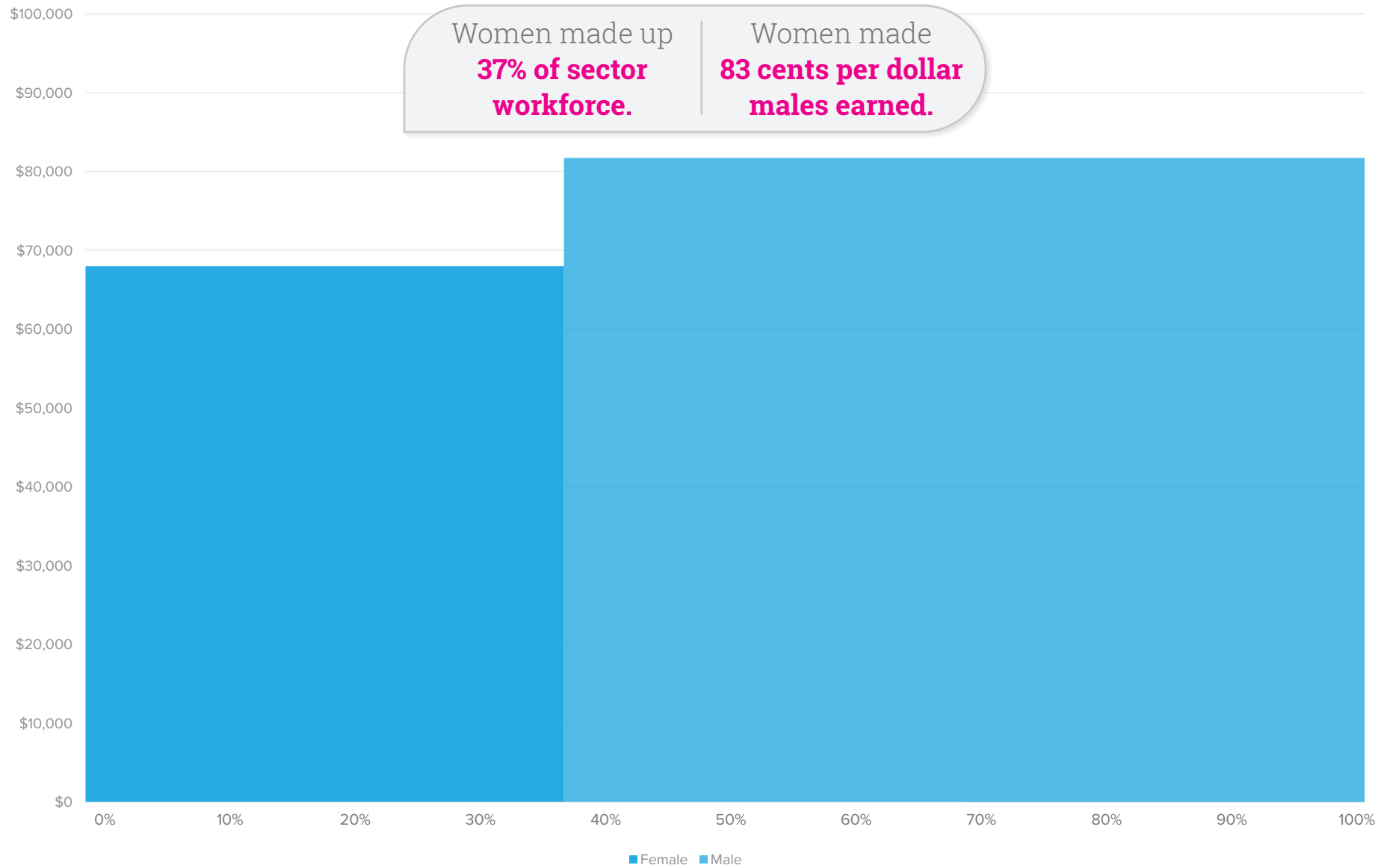
Figure 4.5



Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Employment and Average Wage by Gender, Entertainment & Digital Media, Los Angeles County, 2017

Figure 4.6



Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Employment and Average Wage by Gender, Fashion, Los Angeles County, 2017

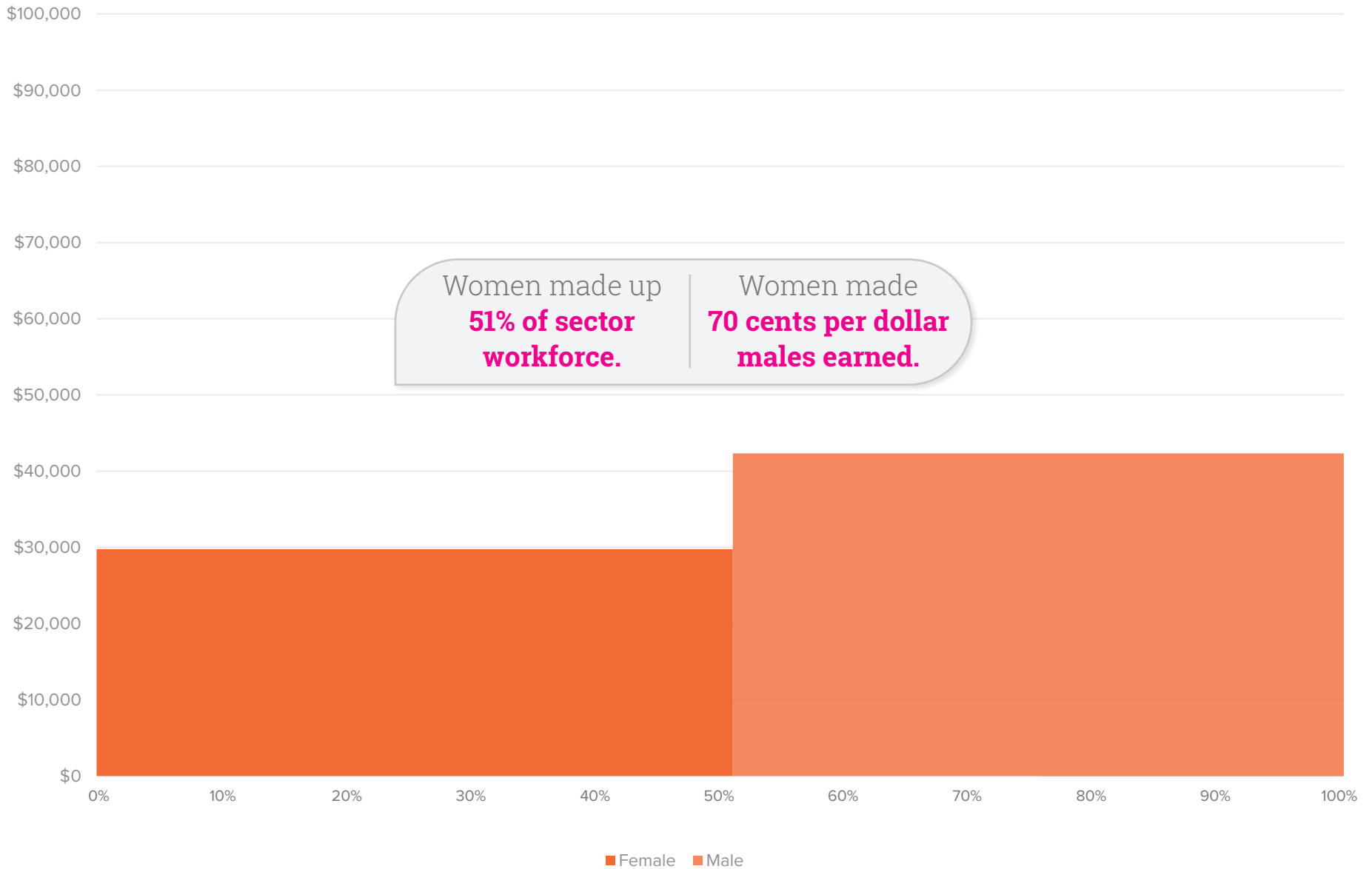
Figure 4.7



Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Employment and Average Wage by Gender, Fine Arts and Performing Arts, Los Angeles County, 2017

Figure 4.8

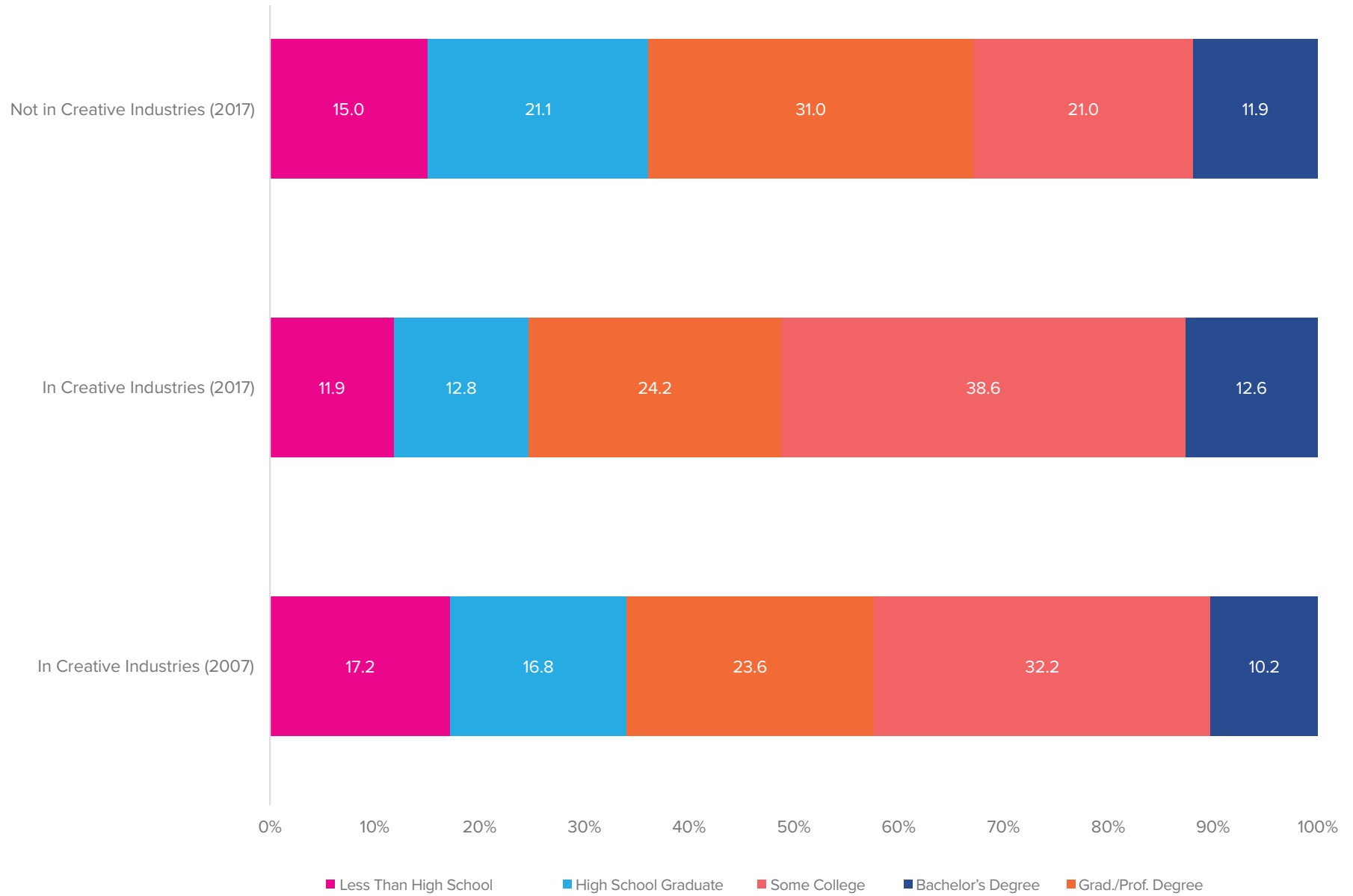


Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Nevertheless, in each of the five Creative Industry groups, women make less than men on average, earning from 70 cents in Fine/Performing Arts for every dollar their male counterparts earn to 86 cents in Architecture and Related Services.

Educational Attainment

The creative industries employ many highly educated workers. 51% of the professionals in L.A. County's creative industries had at least a bachelor's degree in 2017, representing a 9% increase from 2007. By comparison, just one-third of workers in L.A. County's non-creative industries had a bachelor's degree or above in 2017.



Creative Industries Workforce: Very Educated and Becoming More So in Los Angeles County

Figure 4.9

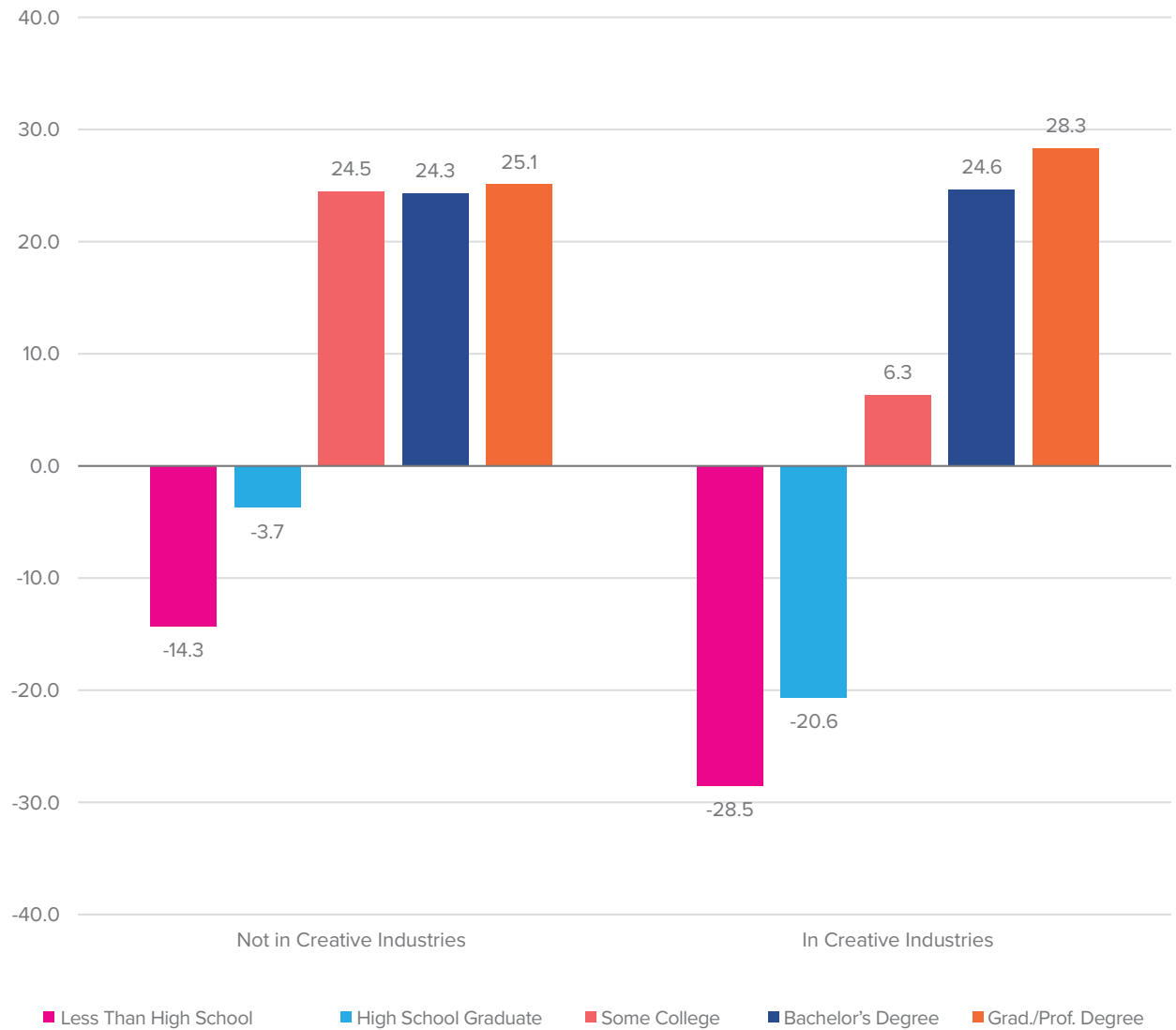
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Because workers in the creative industries are becoming more educated, the percentage of workers with less than a high school diploma and the percentage with just a high school diploma have dramatically declined, by 28.5% and 20.6% respectively, over the last ten years. In contrast, among Los Angeles County’s workers in the non-creative industries, the percentage of workers with less than a high school diploma (-14.3%) and the percentage with just a high school diploma (-3.7%) have declined more modestly.

Professionals in creative industries in L.A. County enjoy higher wages than those in non-creative industries and this holds true across all educational attainment levels. In Los Angeles County, the wage premium is the highest among those with some college (including associate degree, +27.1%), followed closely by those with a high school diploma (+26.9%).

Percentage Change in Employment in Los Angeles County, 2007 to 2017

Figure 4.10

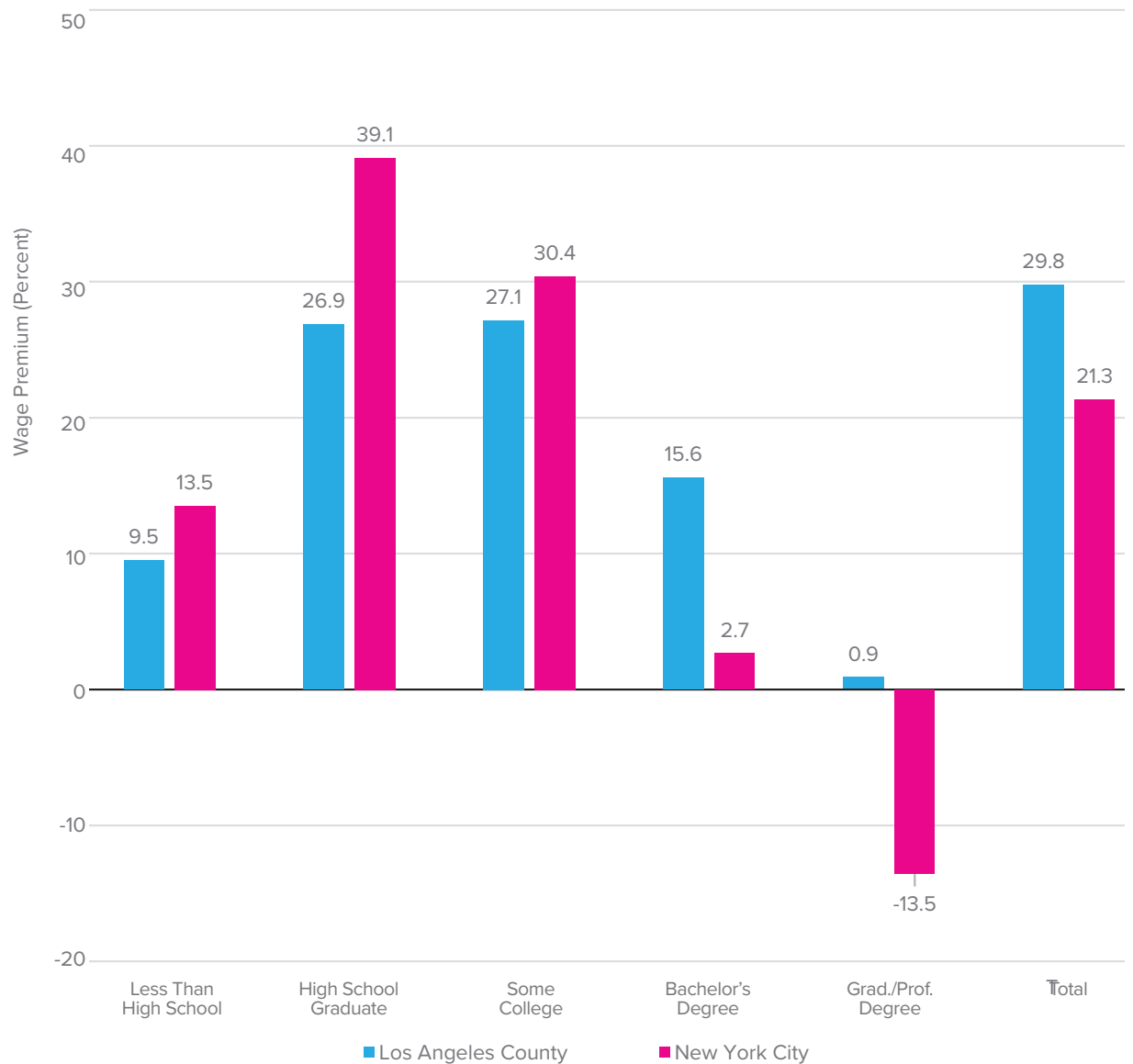


Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Furthermore, the wage premium across all educational attainment levels in total is more equitable in Los Angeles County than it is in New York City. For workers with a bachelor's degree or more, the wage premium in the creative industries is also substantially higher in Los Angeles County than it is in New York City. To note, the wage premium is higher in New York City's creative industries than in Los Angeles County's for workers with some college or fewer credentials, but it is negative in NYC for workers with a graduate or professional degree (-13.5%). For workers with a graduate or professional degree, the wage premium is marginal in Los Angeles County (+.9%).

Wage Premium of Creative Industries Over Non-Creative Industries Los Angeles County vs. New York City, 2017

Figure 4.11



Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

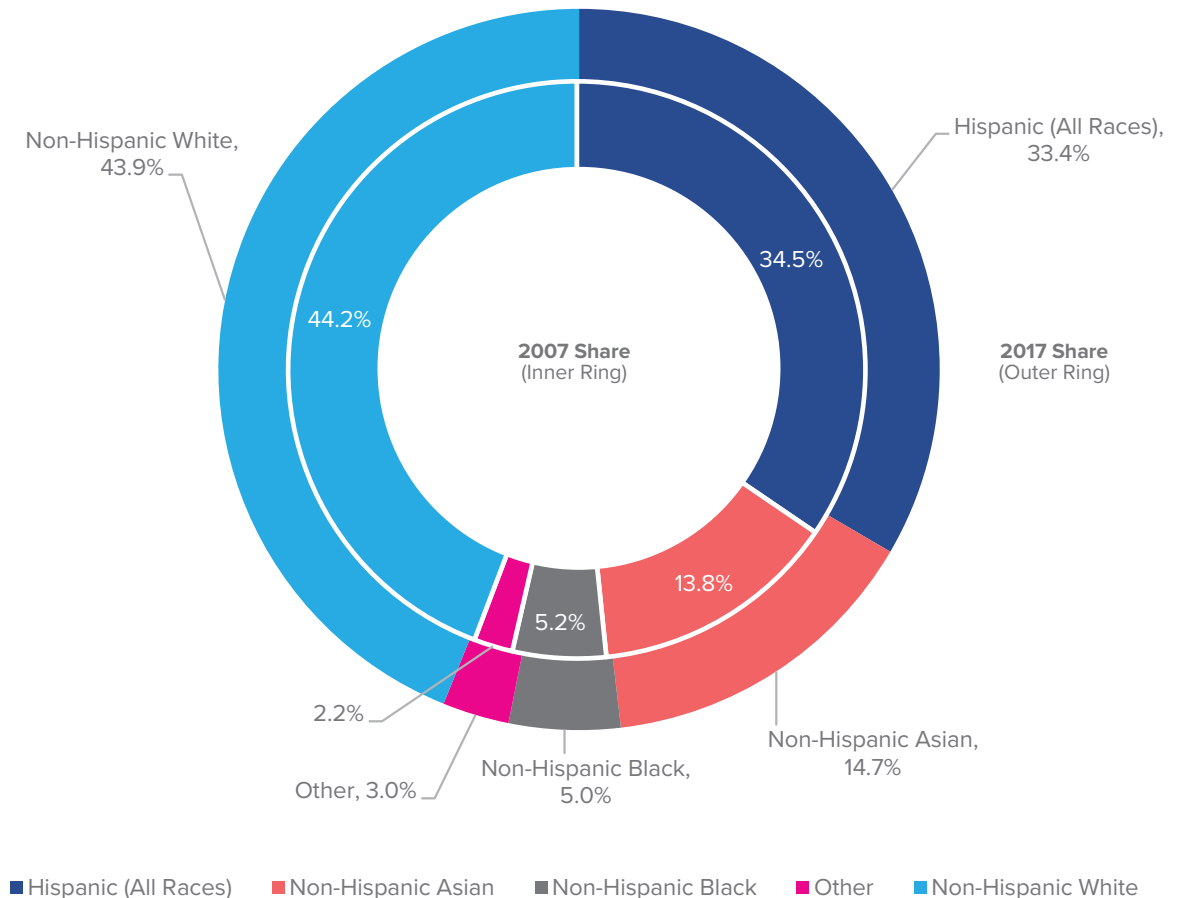
Race

Non-Hispanic Whites (44%) make up the largest share of the creative industries workforce in Los Angeles County, followed by Hispanics (33%). The racial distribution has remained almost the same in Los Angeles County over the past ten years; the only notable change is that Asians have gained a one-percentage-point increase over the period 2007 - 2017 as a share of the creative industries workforce from 13.8% to 14.7%.

The percentage of workers by race who work in the creative industries is generally higher among racial minorities in Los Angeles County than in New York City. For example, among all Non-Hispanic black workers in Los Angeles County, 10.3% work in the creative industries, which is significantly higher than the 7.9% share in New York City. Similarly, among all Hispanic workers in Los Angeles County, 10.3% work in the creative industries compared to just 8.0% in New York City. These figures bode well for the inclusivity of Los Angeles County's creative industries workforce.

Creative Industry Workforce by Race and Ethnicity, Los Angeles County, 2007 vs. 2017

Figure 4.12



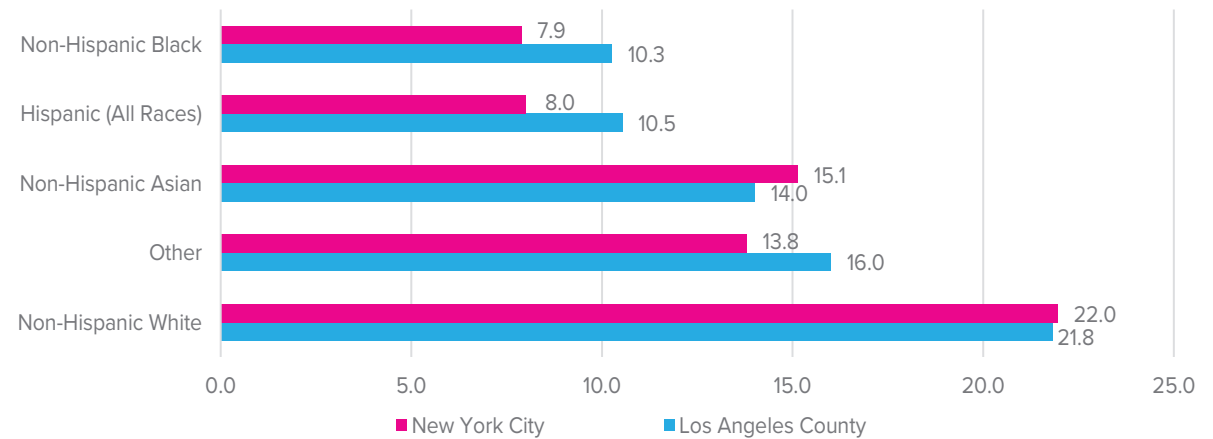
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Although non-Hispanic whites made up almost half of the creative industries workforce in Los Angeles County over the last ten years, other races have actually contributed to the majority of the workforce gains. Notably, while the non-Hispanic Asian creative industries workforce in Los Angeles County is just one-third as big as the non-Hispanic white creative industries workforce, both groups have contributed 1.4% to workforce gains.

Other races saw the largest jump (+42.6%) from 2007 to 2017 in L.A. County, followed by Non-Hispanic Asians with a 10.5% gain. On the other hand, the number of Hispanic professionals working in the creative industries has increased by just 0.7% while the number of non-Hispanic black workers in the creative industries has actually declined 0.7%.

Percentage Working in Creative Economy by Race and Ethnicity, Los Angeles County vs. New York City

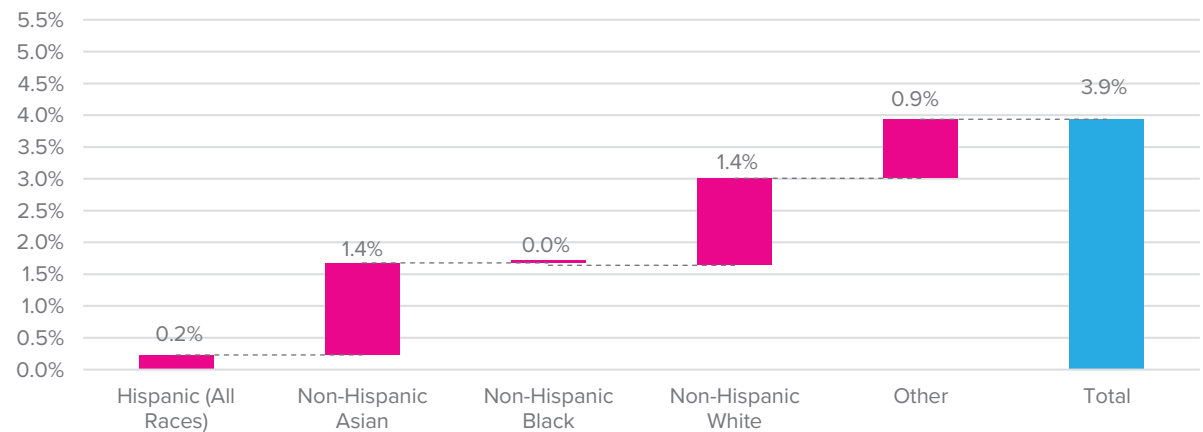
Figure 4.13



Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Workforce Gain by Race and Ethnicity from 2007 to 2017 in Creative Industries, Los Angeles County

Figure 4.14



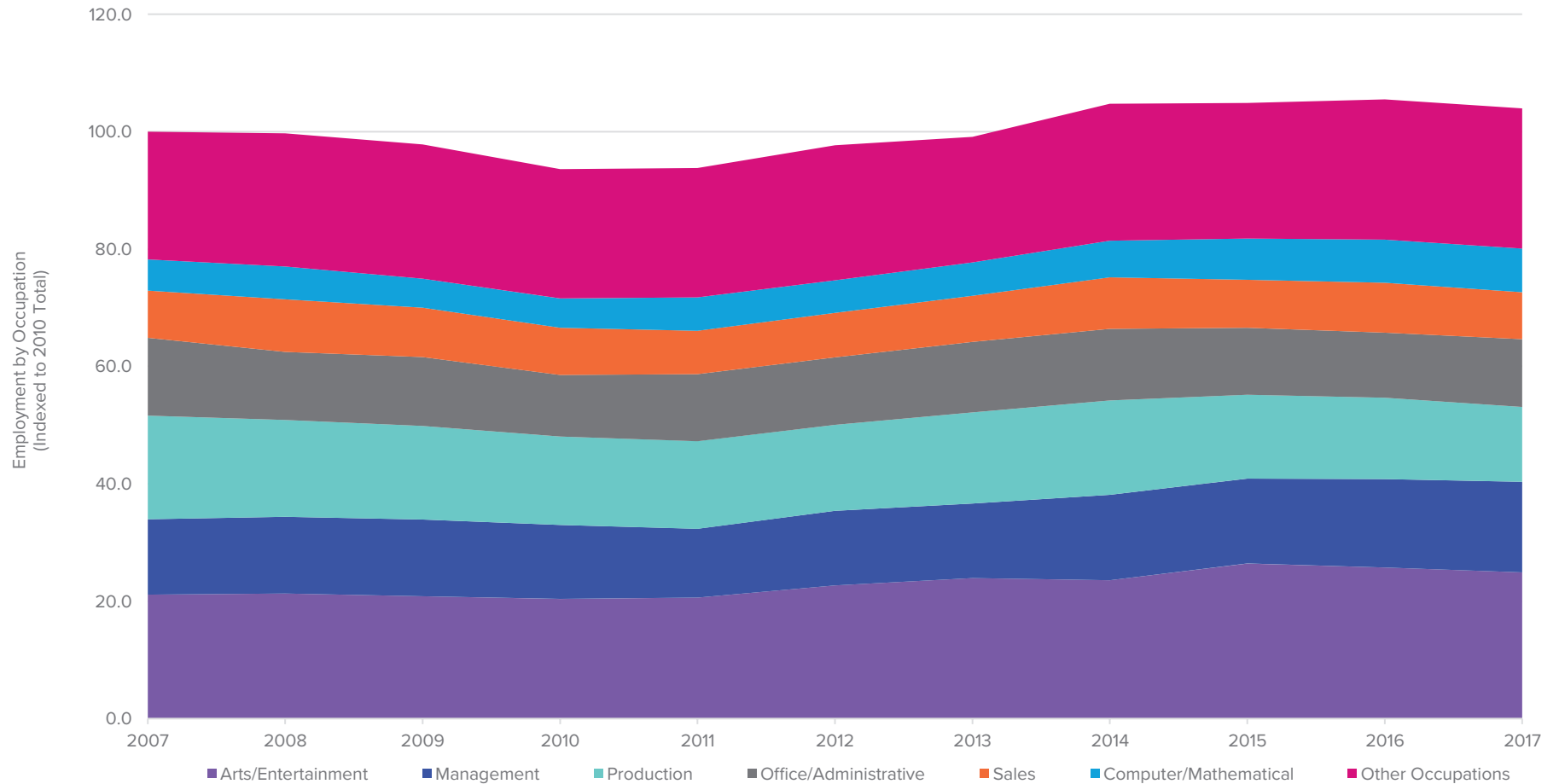
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Creative Occupations Analysis and Workforce Trends



Occupational Groups in Creative Industries

Los Angeles County's creative economy comprises a variety of creative industries, and these industries employ an expansive range of occupations.³⁸

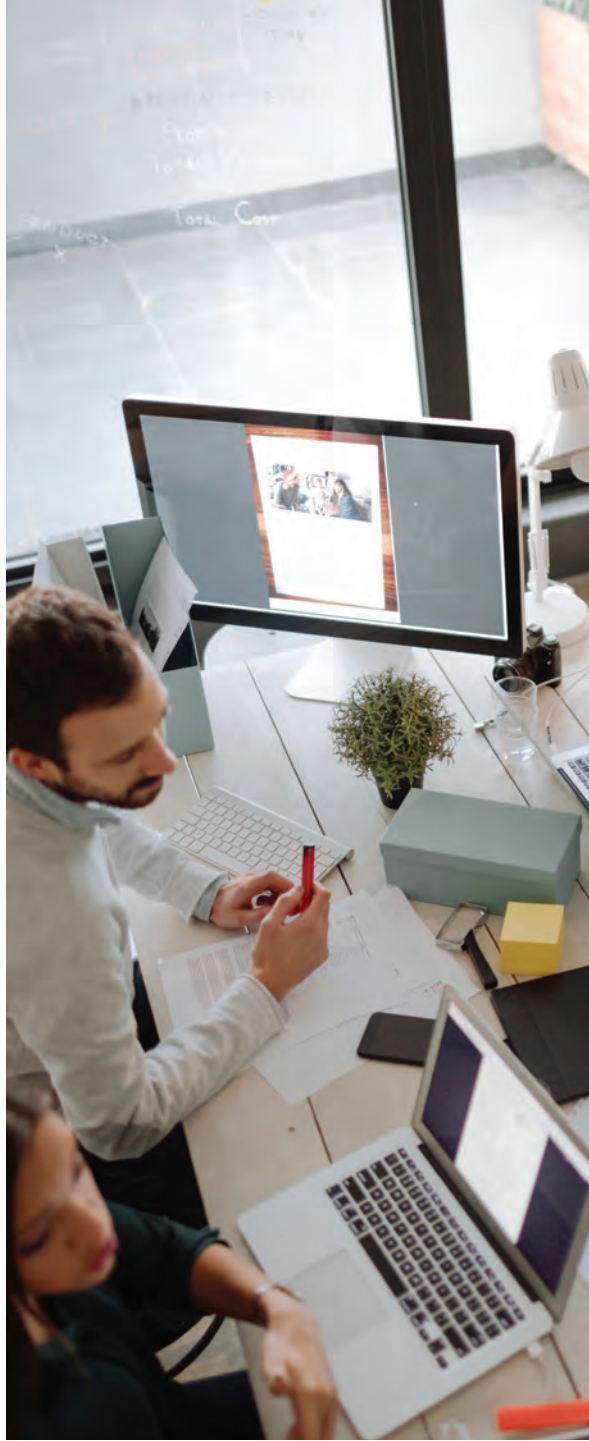


Employment in Creative Economy by Occupation, Los Angeles County, 2007 to 2017

Figure 4.15

Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

³⁸ Standard Occupational Classification (SOC), which is used by federal agencies to classify workers into occupational categories for the purpose of collecting, calculating, or disseminating data. This report uses the 2010 SOC system rather than the new 2018 SOC system, given that the data is up to 2017.



Of the major occupational groupings,³⁹ a quarter of the workforce in L.A. County's creative industries were employed in Arts, Design, Entertainment, Sports, and Media occupations (or Arts/Entertainment for short) in 2017. This was the region's largest occupational group in 2017, followed by Management (14.9%) and Production (12.3%). To note, Production was previously the second largest major occupational grouping, however, Management has overtaken Production since 2015 due to the continuous decline in manufacturing-related jobs in Los Angeles County, mirroring trends nationwide.

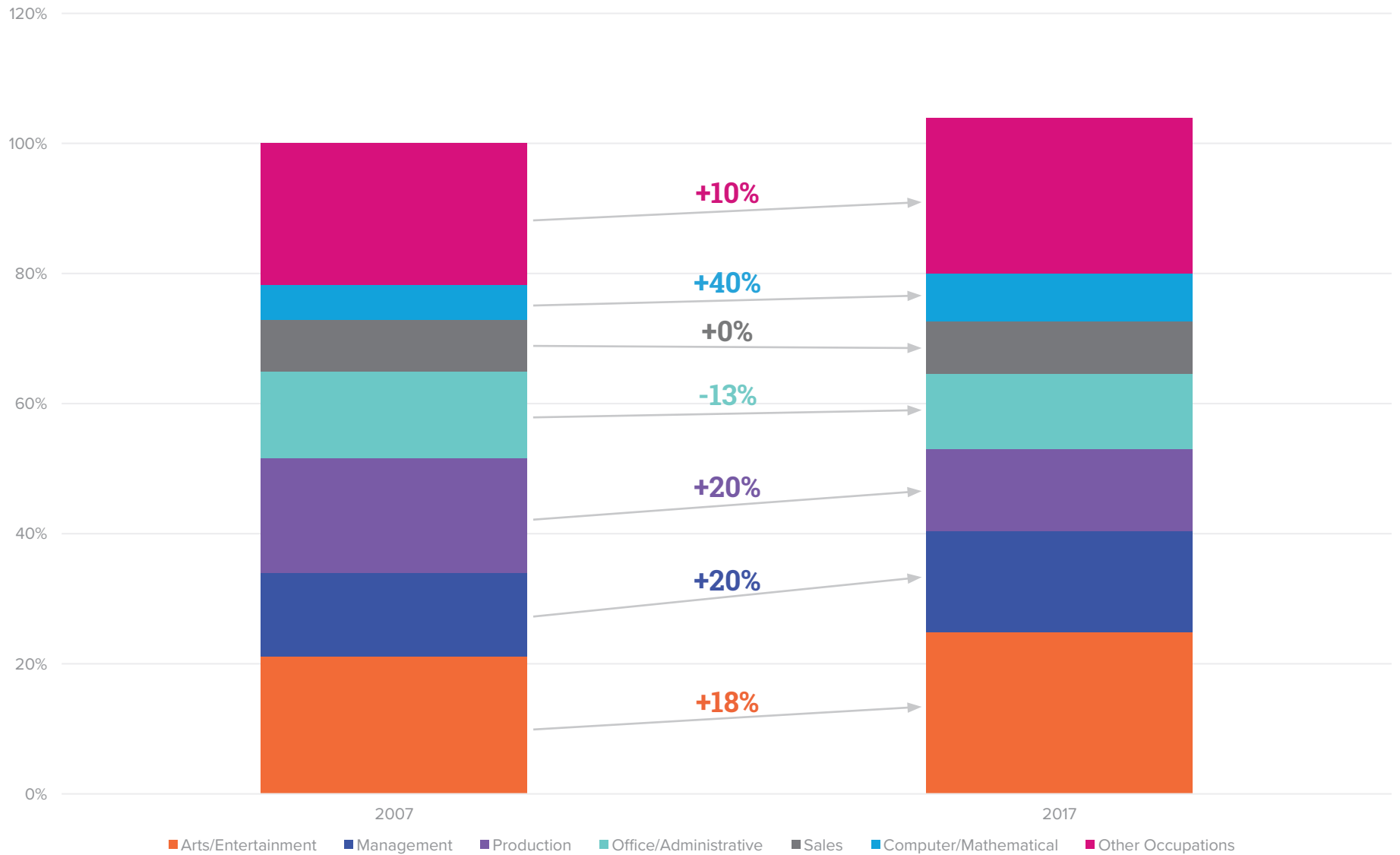
The share of Arts/Entertainment occupations in the creative industries has risen in Los Angeles County overtime from 21.1% in 2007 to 24.0% in 2017. While the 24.0% share in 2017 is slightly below that of New York City (26.5%) in 2017, the share of Arts/Entertainment occupations in New York City has in contrast not risen in the past ten years. Major auxiliary/support occupations in the creative industries – Office and Administrative Support and Sales – have both been on a

declining trend in both regions. Finally, both regions have had a substantial increase in Computer/Mathematical occupations in their creative industries,⁴⁰ underscoring the rapid emergence of digital media and its disruption of the traditional creative economy.

Of the top occupational groups by employment, Computer/Mathematical is the fastest growing, with a 40% increase over the last ten years in Los Angeles County. Much of the increase can be attributed to the boom in employment in firms classified under the Computer Systems Design and Related Services industry. More broadly, the Emerging Digital Media subsector including Computer Systems Design and Related Services as well as other industries accounted for most of the increase in Computer/Mathematical occupational demand. On the other hand, Production has sustained a 28% drop in employment, which is perhaps unsurprising given the long-term trends at play in manufacturing, countywide and nationwide.

³⁹ Detailed occupations (6-digit level) are combined to form 459 broad occupations (5-digit level), 98 minor groups (3-digit level), and 23 major groups (2-digit level). Here, the term "major occupational groups" refers to the 23 major groups. The 2010 SOC classification system can be viewed here: https://www.bls.gov/soc/soc_structure_2010.pdf

⁴⁰ A 40% increase for Los Angeles County and a 58% increase for New York City.



Ten-Year Employment Growth Overview in Los Angeles County in Creative Industries by Major Occupational Groups

Figure 4.16

Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Detailed Occupations by Creative Industry



The ten largest detailed occupations make up just under one-third (32.4%) of total employment in Los Angeles County’s creative industries. Of these ten occupations, three are in the Arts, Design, and Entertainment category and two are Management-related occupations. Additionally, one from each of the five following occupational categories is represented in the top ten list of detailed occupations across creative industries: Education, Sales, Office and Administrative Support, Production, and Computer/Mathematical occupational groups.

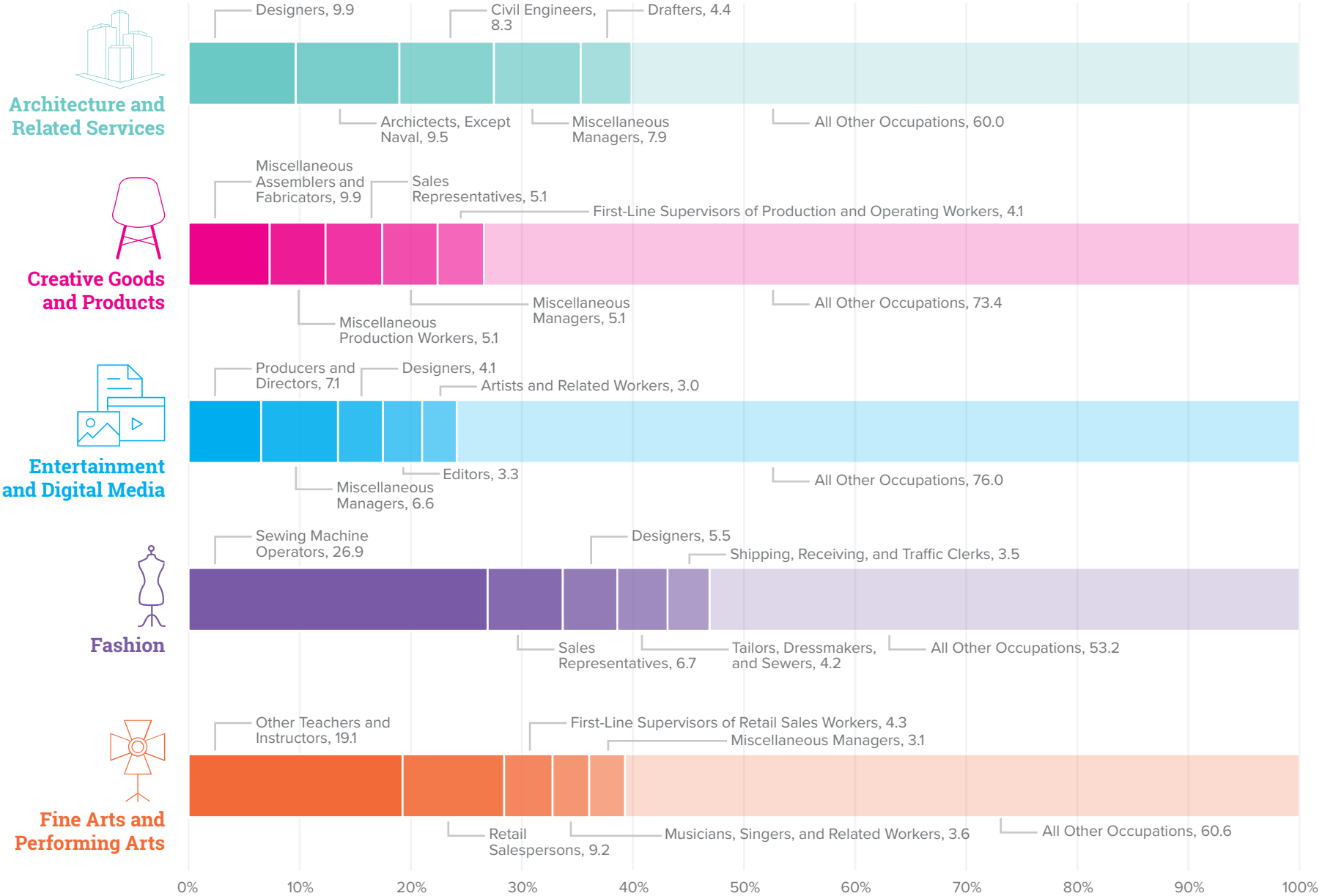
Each of the five creative sectors profiled in this report employ a wide range of detailed occupations in Los Angeles County. Entertainment and Digital Media, which is the largest creative sector by far, employs the greatest number of distinct detailed occupations; the top five detailed occupations in the Entertainment and Digital Media sector make up only 27.7% of the sector’s employment. Architecture and Related Services, which is the smallest of the five creative industries profiled, employs the shortest list of detailed occupations, with three out of every seven workers in the sector employed in one of its five largest occupational groups.

Top Ten Occupations in the Creative Industries, Los Angeles County, 2017

Table 4.1

OCCUPATION	PERCENT OF TOTAL CREATIVE INDUSTRY EMPLOYMENT
Miscellaneous Managers	6.7%
Designers	4.9%
Producers and Directors	4.2%
Sewing Machine Operators	3.2%
Software Developers, Applications and Systems Software	2.7%
Other Teachers and Instructors	2.5%
Artists and Related Workers	2.4%
Chief Executives and Legislators	2.2%
First-Line Supervisors of Non-Retail Sales Workers	1.8%
Secretaries and Administrative Assistants	1.8%

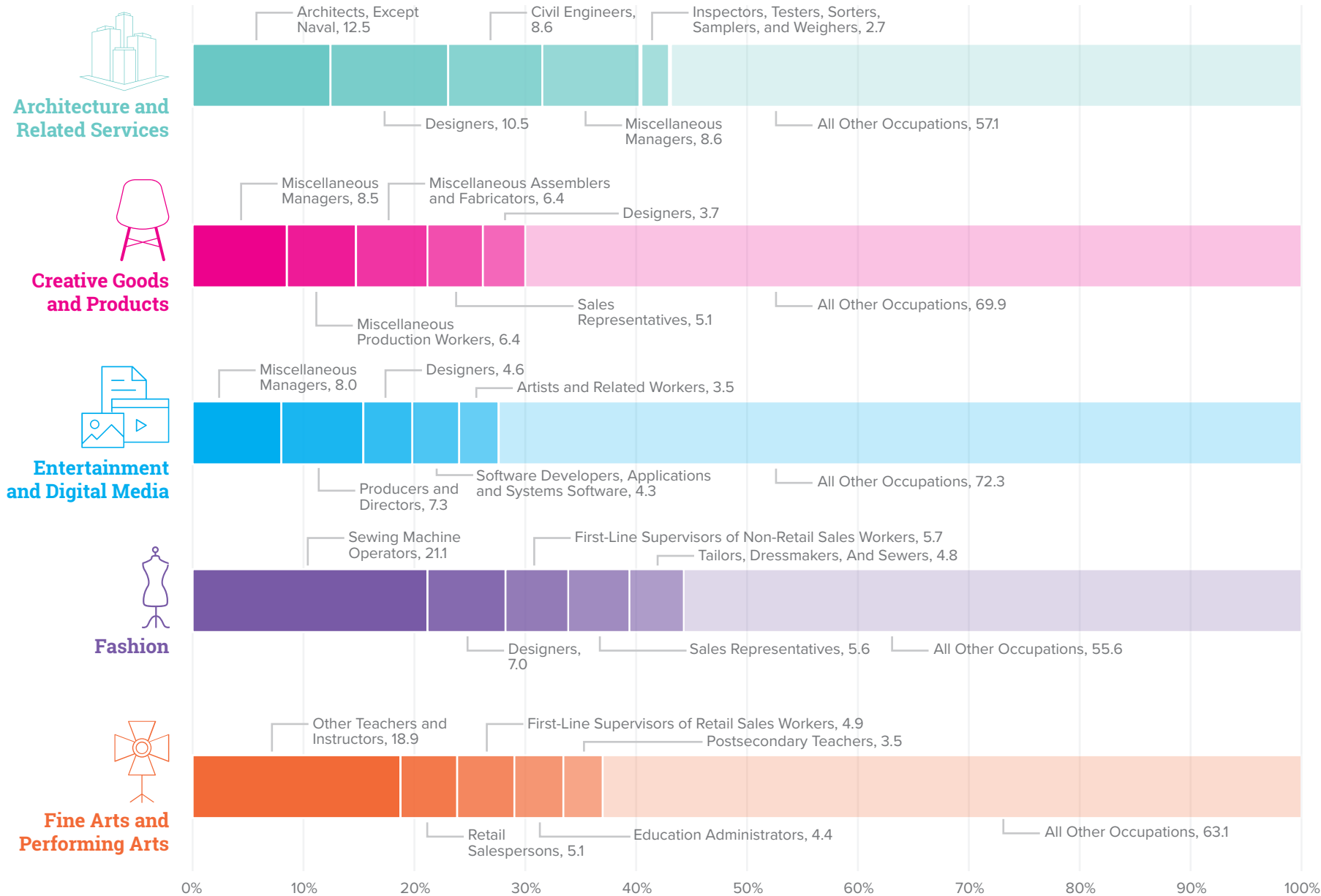
Source: Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics



Top Five Detailed Occupations by Creative Industry, Los Angeles County, 2007

Figure 4.17

Source: Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics



Top Five Detailed Occupations by Creative Industry, Los Angeles County, 2017

Figure 4.18

Source: Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics



Architecture and Related Services

The creative industries employ many highly educated workers. 51% of the professionals in L.A. County's creative industries had at least a bachelor's degree in 2017, representing a 9% increase from 2007. By comparison, just one-third of workers in L.A. County's non-creative industries had a bachelor's degree or above in 2017.



Creative Goods and Products

Miscellaneous Managers (8.5%) is the largest occupation in the Creative Goods and Products sector in Los Angeles County, followed by Miscellaneous Production Workers (6.4%) and Miscellaneous Assemblers and Fabricators (6.4%). Designers (3.7%) is the fifth most common occupation, highlighting the importance of creative work in the industry though it is primarily manufacturing-based.



Entertainment and Digital Media

Miscellaneous Managers (8.0%) is also the largest occupation in the Entertainment and Digital Media sector in Los Angeles County, followed by Producers and Directors (7.3%), Designers (4.6%), Software Developers, Applications and Systems Software (4.3%), and Artists and Related Workers (3.5%). Several of the industry's more high-profile occupations – Musicians, Singers, and Related Workers (2.2%), Editors (2.3%), Writers and Authors (2.6%) and Photographers (2.2%) – constitute less than 10% of Entertainment and Digital Media's total employment in L.A. County. Actors, the sector's twelfth largest detailed occupation, make up another 2.0%.



Fashion

Sewing Machine Operators (21.2%) is by far the largest occupation in the Fashion sector in Los Angeles County, followed by Designers (7.0%) and First-Line Supervisors of Non-Retail Sales Workers (5.7%).



Fine Arts and Performing Arts

Slightly under one-fifth of the total workforce of the Fine Arts and Performing Arts sector ("Fine/Performing Arts") in Los Angeles County is employed as Other Teachers and Instructors, making that occupational group more than three times larger than the next largest occupational group, Retail Salespersons (5.1%). Other Teachers and Instructors may include, for example, art and music teachers who provide lessons either in private homes or at studios.

Creative Occupations in Los Angeles County

Overview

The report has thus far examined Los Angeles County's creative economy through the lens of the creative industries.

Several of the top occupations in each of the five creative sectors are auxiliary or administrative in nature (for example, Miscellaneous Managers), which often entail non-creative work and demand non-creative skillsets. This section provides an overview of employment and the occupational characteristics of the creative workforce through the lens of creative occupations as opposed to creative industries.

For clarity of language, definitions for Creative Industries, Creative Occupations, and the Creative Economy are provided as well as a brief explanation of how those three definitions interrelate.

Creative Industries

Creative Industries are a range of economic activities that use individual creativity, skill, and talent and in which there exists a potential for wealth and job creation through generation and exploitation of knowledge and information. The graphic design industry is an example of a creative industry.

Creative Occupations

Creative Occupations produce and distribute cultural, consumer, and consumer goods and services. In L.A. County, about two-thirds of the professionals of the creative occupations are employed in the creative industries while the remaining one-third are employed in a variety of non-creative industries. A graphic designer would be an example of a creative occupation.

Creative Economy

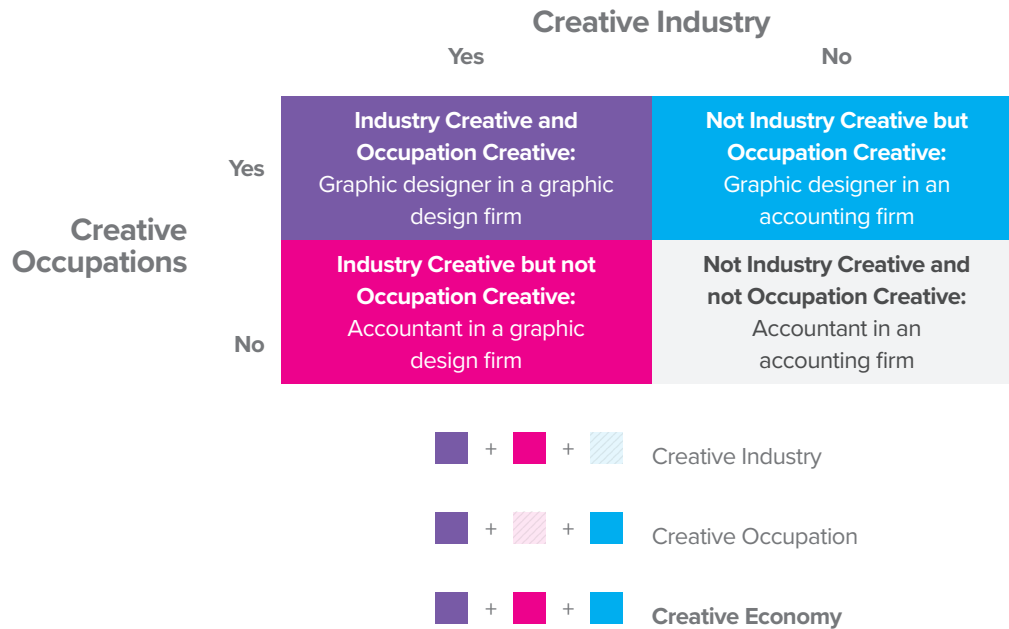
Creative Economy is the basket economy inclusive of all creative activities, both creative industries and creative occupations. It encompasses three groups of workers: (1) workers with creative occupations working in creative industries; (2) workers with creative occupations working in all other industries or in “non-creative” industries; and (3) workers with non-creative occupations working in the creative industries.

To provide an illustration of those definitions, the creative economy includes all of the following example workers:

- A graphic designer working for a graphic design firm – a creative occupation in a creative industry.
- A graphic designer working for an accounting firm – a creative occupation in a non-creative industry;
- An accountant working for a graphic design firm – a non-creative occupation in a creative industry;

Creative Industries, Creative Occupations, and Creative Economy Relationships

Figure 4.19



Previous iterations of this report included analyses of the creative industries and the creative occupations individually. However, there was little discussion of how the two components of the creative economy intersect. The overall creative occupations profile inclusive of all workers with creative occupations is rather similar to that of the creative industries: Entertainment and Digital Media (63% of total creative occupations) is the largest creative occupational group, followed by Fashion (18%). This similarity is reflective of the aforementioned two-thirds of creative workers working in creative industries in L.A. County.

Under the creative occupation lens, employment in 2017 was 488,456 in Los Angeles County, which is slightly more than the 414,592 identified under the creative industry lens. Creative economy employment is higher using the creative occupation lens in all creative sector baskets profiled in this report except Creative Goods and Products. Examining the five core creative sectors from the vantage point of creative occupations or from that of creative industries highlights the challenges of defining the creative economy complex through either lens exclusively.

Creative Economy Category Share by Creative Industry and Creative Occupations

Table 4.2

CREATIVE ECONOMY BASKET	CREATIVE OCCUPATIONS	CREATIVE INDUSTRIES
Architecture and Related Services	5%	3%
Creative Goods and Products	4%	9%
Entertainment and Digital Media	63%	65%
Fashion	18%	19%
Fine Arts and Performing Arts	11%	4%

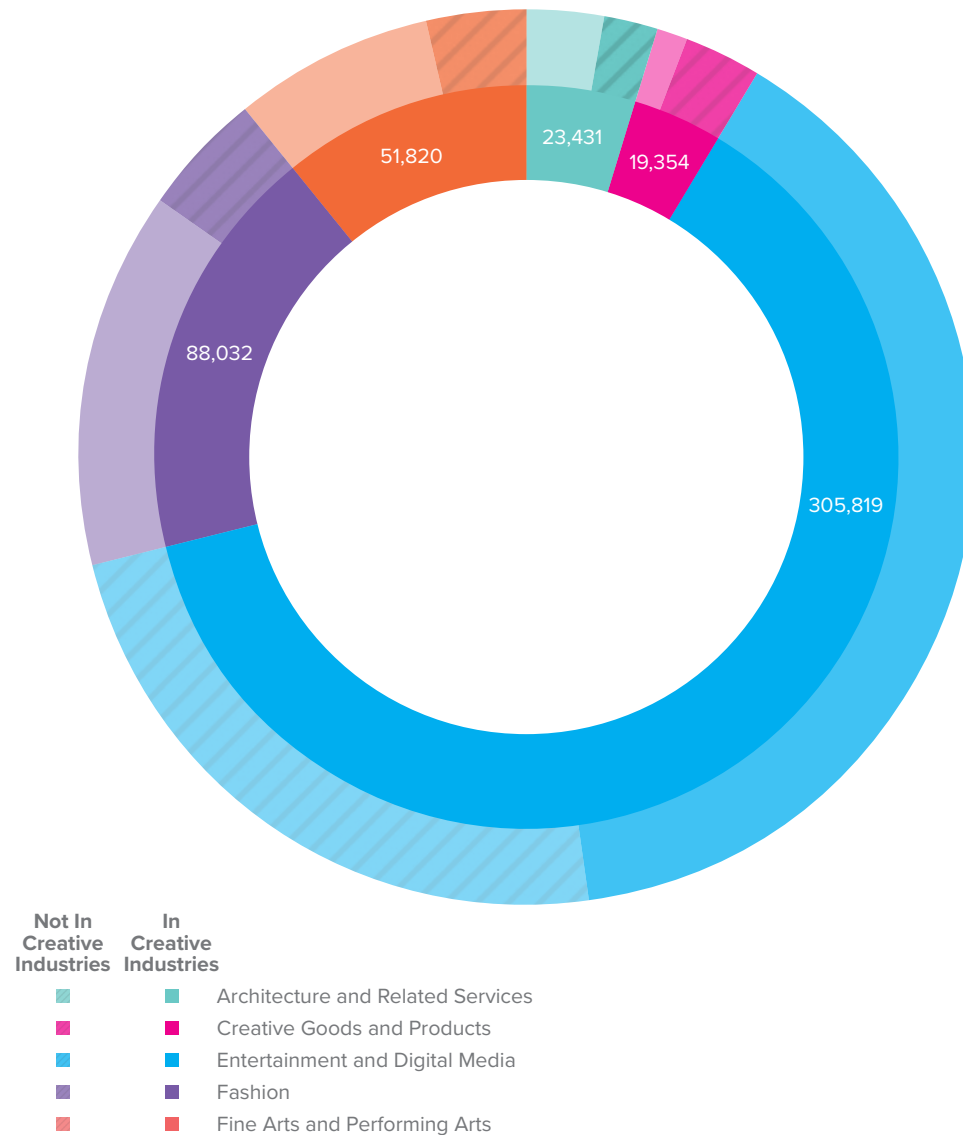
Source: Quarterly Census of Employment and Wages and Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics

For example, Fine/Performing Arts examined using a creative occupations lens (11%) is considerably larger than analyzed with a creative industries lens (4%). In the case of this sector, many Fine/Performing Arts professionals are employed by non-creative firms such as post-secondary educational institutions (which also employ faculty members of non-creative disciplines) and municipal institutions like community learning centers. Because these institutions are not primarily creative, they are not included as part of the creative industries. In this case, including those non-creative firms and by extension industries would result in dramatic over-counting though they do employ Fine/Performing Arts professionals and in relatively large numbers. By the same token, because of the significant representation of Fine/Performing Arts professionals among non-creative firms and industries, it would be misleading to only count those Fine/Performing Arts creative professionals in creative firms and industries.

On the other hand, the Creative Goods and Products sector (4%) analyzed using creative occupations is considerably smaller than it is examined from the creative industry lens (9%). This is because the Creative Goods and Products industry employs a higher share of Production workers and Managers while employing a lower percentage of workers

Creative Occupations In and Out of Creative Industries, Los Angeles County, 2017

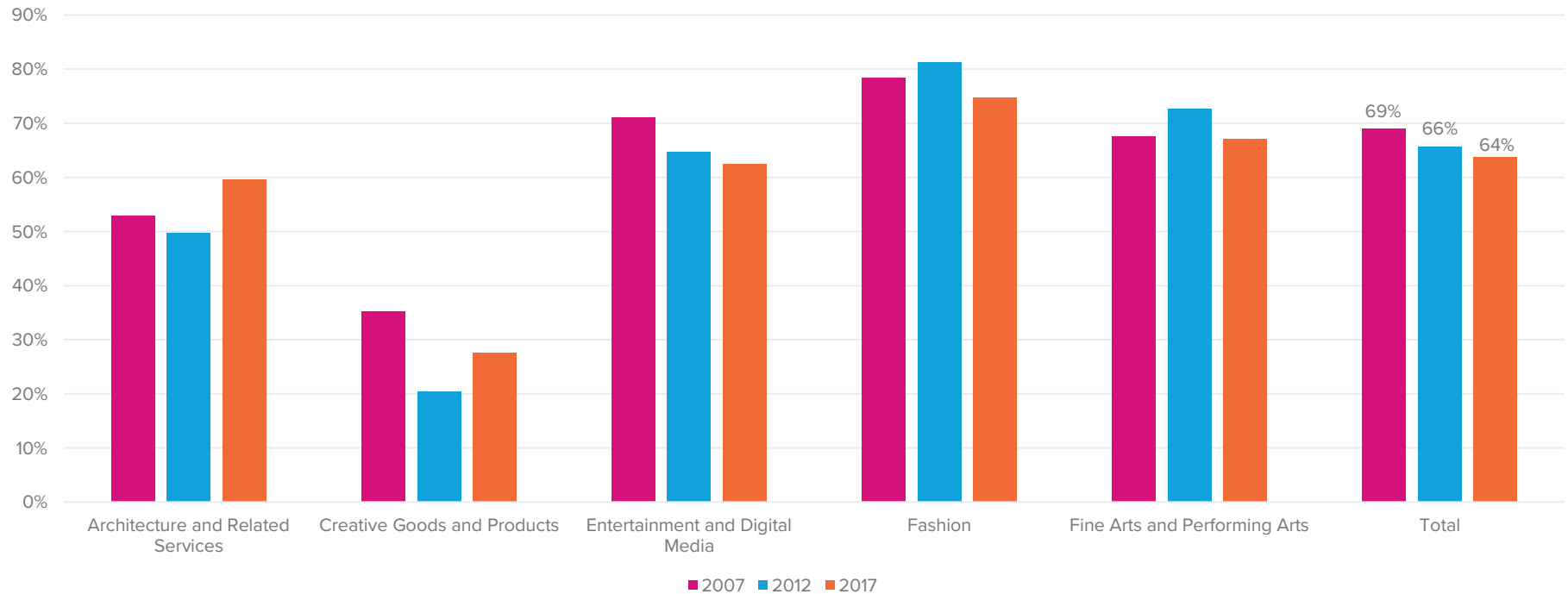
Figure 4.20



Source: Quarterly Census of Employment and Wages and Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics

Percentage of Creative Occupations in Creative Industries: Slight Gradual Decline Over Time in Los Angeles County

Figure 4.21



Source: Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics

involved in creative work, compared with the other creative sectors. As discussed above, of the top five occupations, only one occupation (Designers) is directly involved in the creative work of the Creative Goods and Products sector.

As mentioned earlier, approximately two-thirds of the workforce employed in creative occupations are

also employed in the creative industries. However, that share has declined gradually over the past ten years from 69% to 64%. While this trend may indicate an increasing demand for creative workers in non-creative industries, it could also represent competition among creative professionals to work in the creative industries. The latter scenario may imply that non-creative industries are presenting

more lucrative employment opportunities than the creative industries for creative professionals. Of the five creative sector baskets, Fashion (75%) has the highest percentage of creative occupations in creative industries while Creative Goods and Products (28%) has the lowest percentage.





Demographics of Creative Occupations Workforce

The demographic profile of the creative occupations workforce is again similar to that of the creative industries workforce.

For example, over half of the creative occupations workforce has a bachelor's degree or above and non-Hispanic whites are the largest group of workers by race.



Educational Attainment

The creative occupations workforce is highly educated in Los Angeles County, with three of five workers having a bachelor's or a graduate or professional degree.

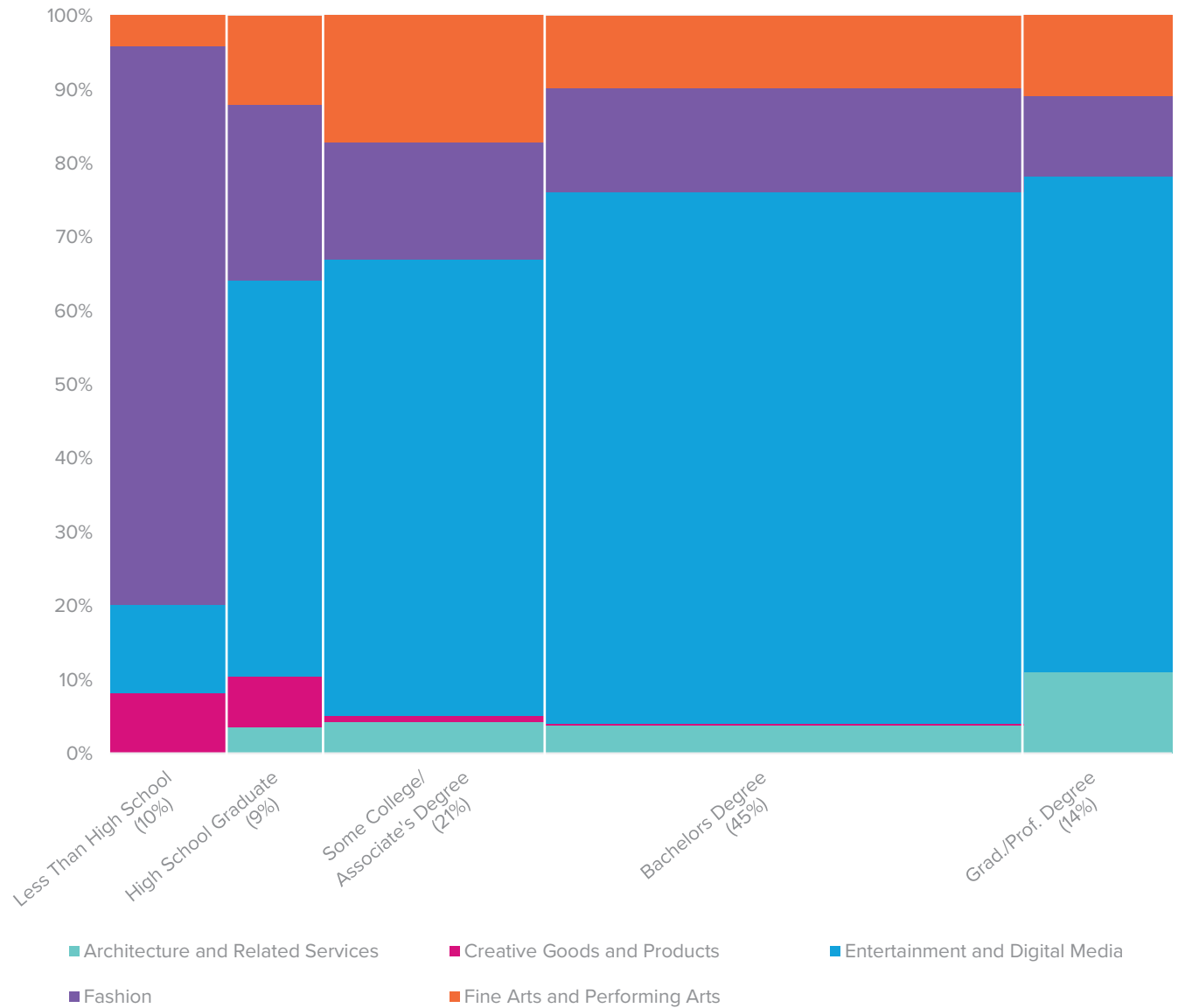
Of those workers with creative occupations also employed in the creative industries, those across all educational attainment levels except for those with less than a high school diploma work in Entertainment and Digital Media occupations; workers with less than a high school diploma are far more likely to be employed in Fashion, Architecture and Related Services

also leans heavily toward workers with a bachelor's degree or above (73% of its workers). Fine/Performing Arts is the most similar to the educational attainment level of the creative occupation workforce; 45% of Fine/Performing Arts workers have a bachelor's degree and 14% have a graduate or professional degree.

Creative Occupation in Creative Industries Profile by Educational Attainment, Los Angeles County, 2017

Figure 4.22

Among creative occupation workers not working in creative industries, Entertainment and Digital Media is also the most common creative occupation basket for all educational attainment levels except for workers with less than a high school diploma, who are far more likely to be employed in Creative Goods and Products occupations. This is likely a reflection of the Creative Goods and Products basket having a much higher share of workers outside of the creative economy complex.

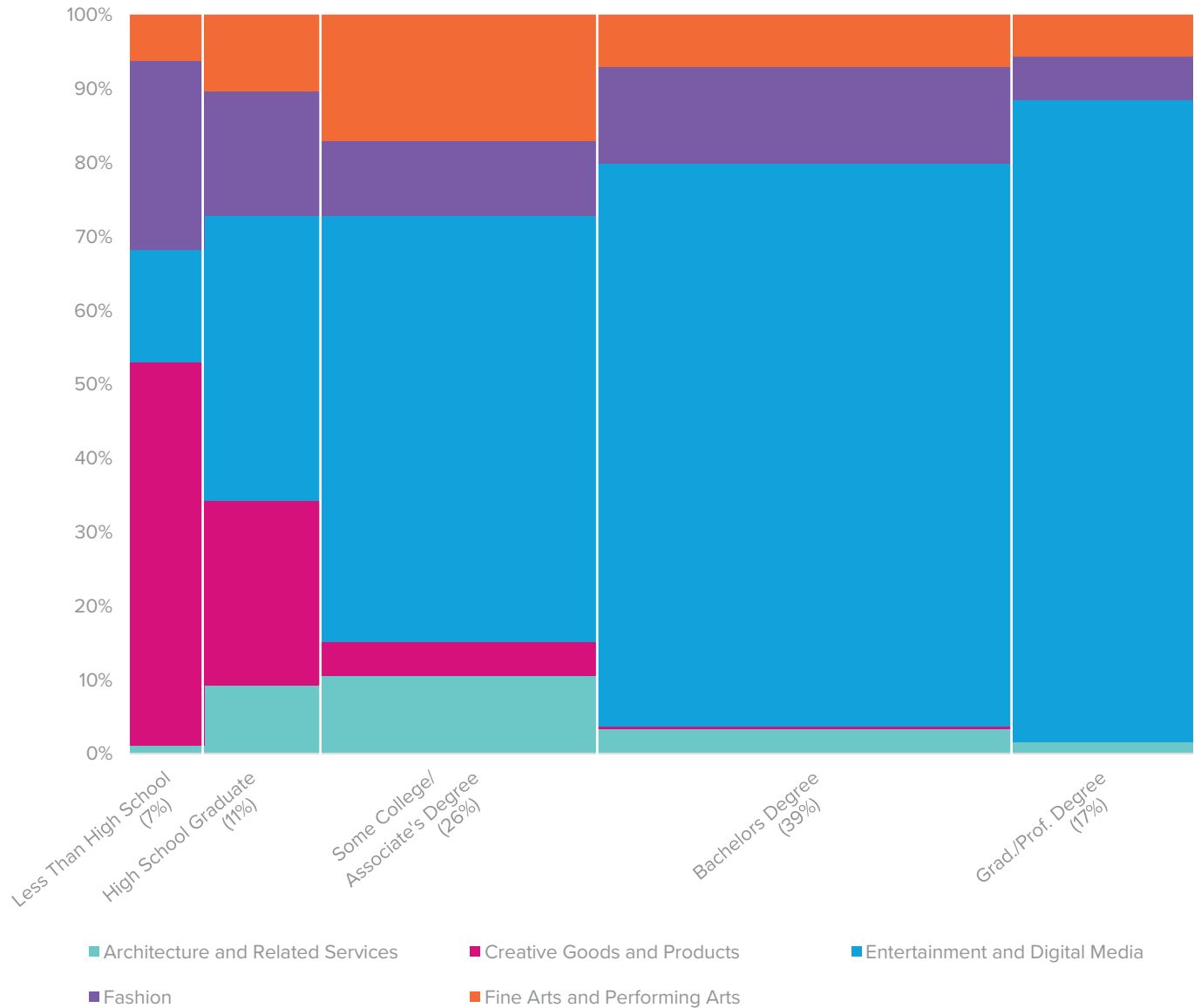


Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Creative Occupation Not in Creative Industries Profile by Educational Attainment, Los Angeles County, 2017

Figure 4.23

Furthermore, the wage premium across all educational attainment levels in total is more equitable in Los Angeles County than it is in New York City. For workers with a bachelor's degree or more, the wage premium in the creative industries is also substantially higher in Los Angeles County than it is in New York City. To note, the wage premium is higher in New York City's creative industries than in Los Angeles County's for workers with some college or fewer credentials, but it is negative in NYC for workers with a graduate or professional degree (-13.5%). For workers with a graduate or professional degree, the wage premium is marginal in Los Angeles County (0.9%).



Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

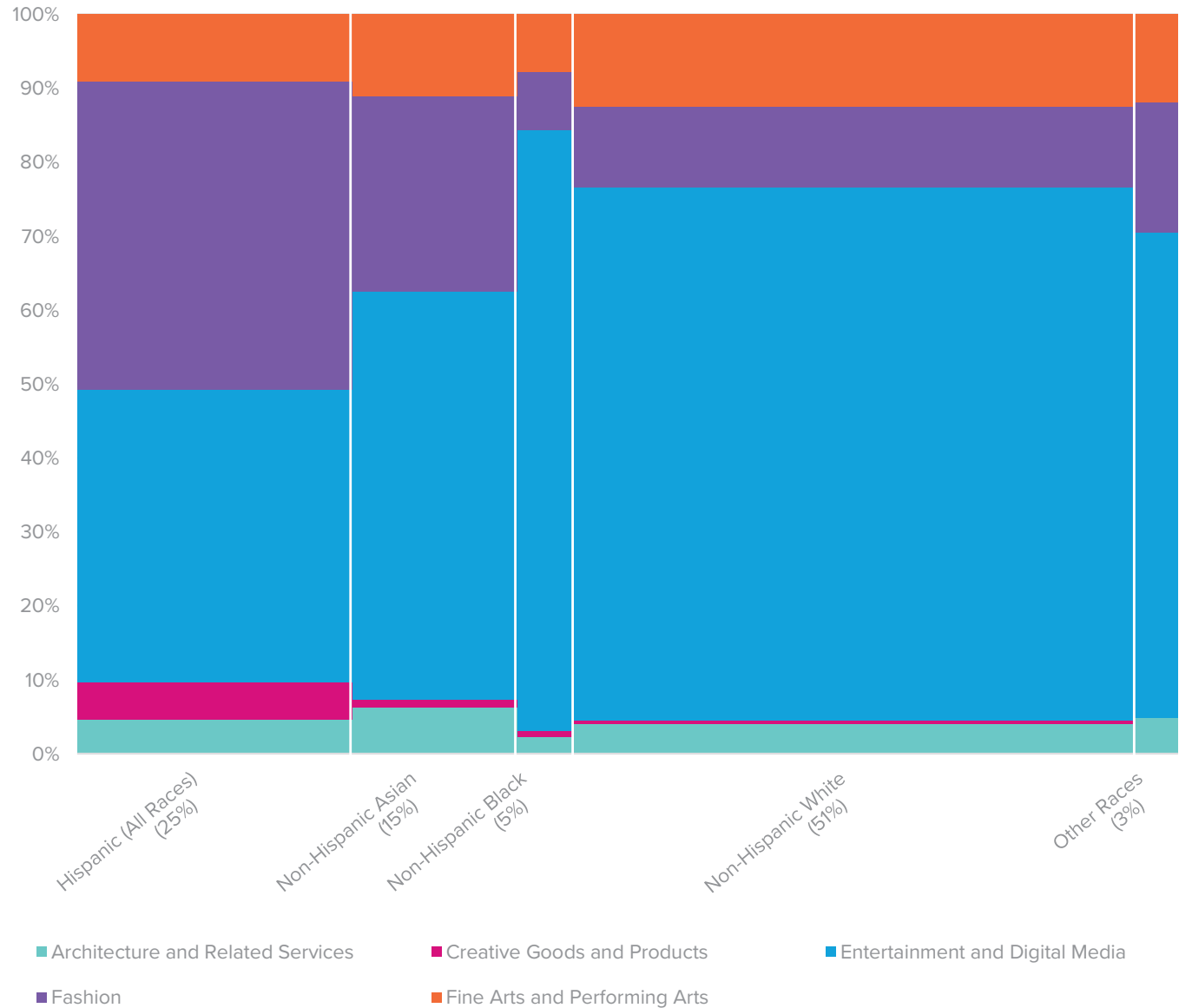
Race and Ethnicities

The distribution of the creative occupations workforce by race reflects some similar trends to that of the creative industries workforce in Los Angeles County, with non-Hispanic whites comprising the largest group. However, there are also significant differences. While Hispanics make up just 13% of the workforce in the creative industries, there are notably more Hispanics (27%) employed in the creative occupations. Blacks as a share of employment by race account for only 5% of the creative occupations employment, whereas they account for 10% of the creative industries employment.

Of those with creative occupations also employed in the creative industries, Entertainment and Digital Media occupations are the most common for all races except for

Creative Occupation in Creative Industries Profile by Race, Los Angeles County, 2017

Figure 4.24



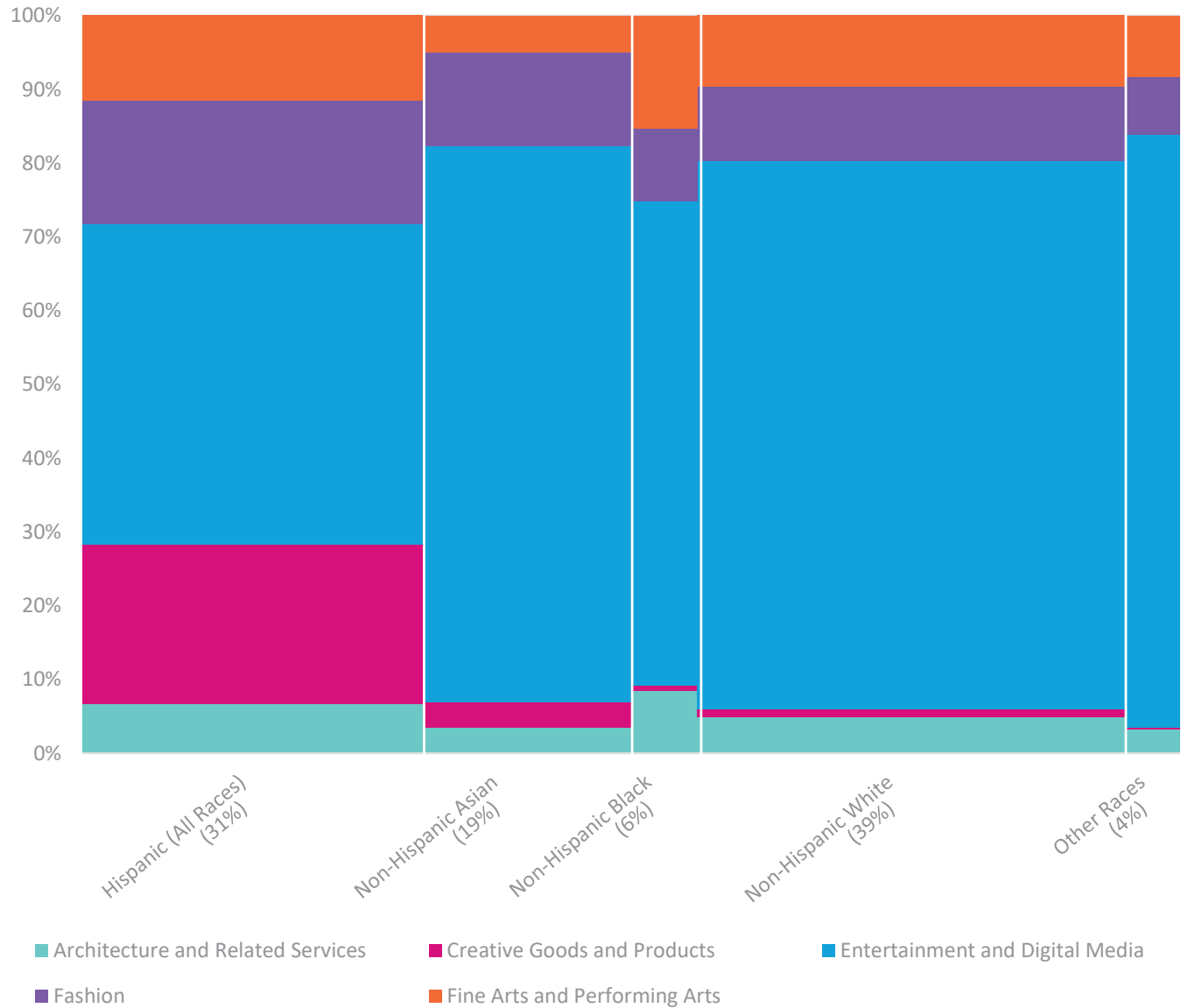
Source: Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics

Creative Occupation Not in Creative Industries Profile by Race, Los Angeles County, 2017

Figure 4.25

Hispanics, who are slightly more likely to be employed in Fashion occupations (42% vs. 40% employed in Entertainment and Digital Media). Fashion occupations are the second most common creative occupation for all races except for non-Hispanic whites (third largest) and Hispanics (first largest). The vast majority of backs are employed in Entertainment and Digital Media (81%) occupations, with very limited representation in the occupations of the other four core creative sectors.

Among creative occupation workers not working in creative industries, Entertainment and Digital Media occupations are also the most common creative occupations for all races. Although Hispanics make up just 31% of all creative workers but not creative industry employment, six out of seven workers (86%) in



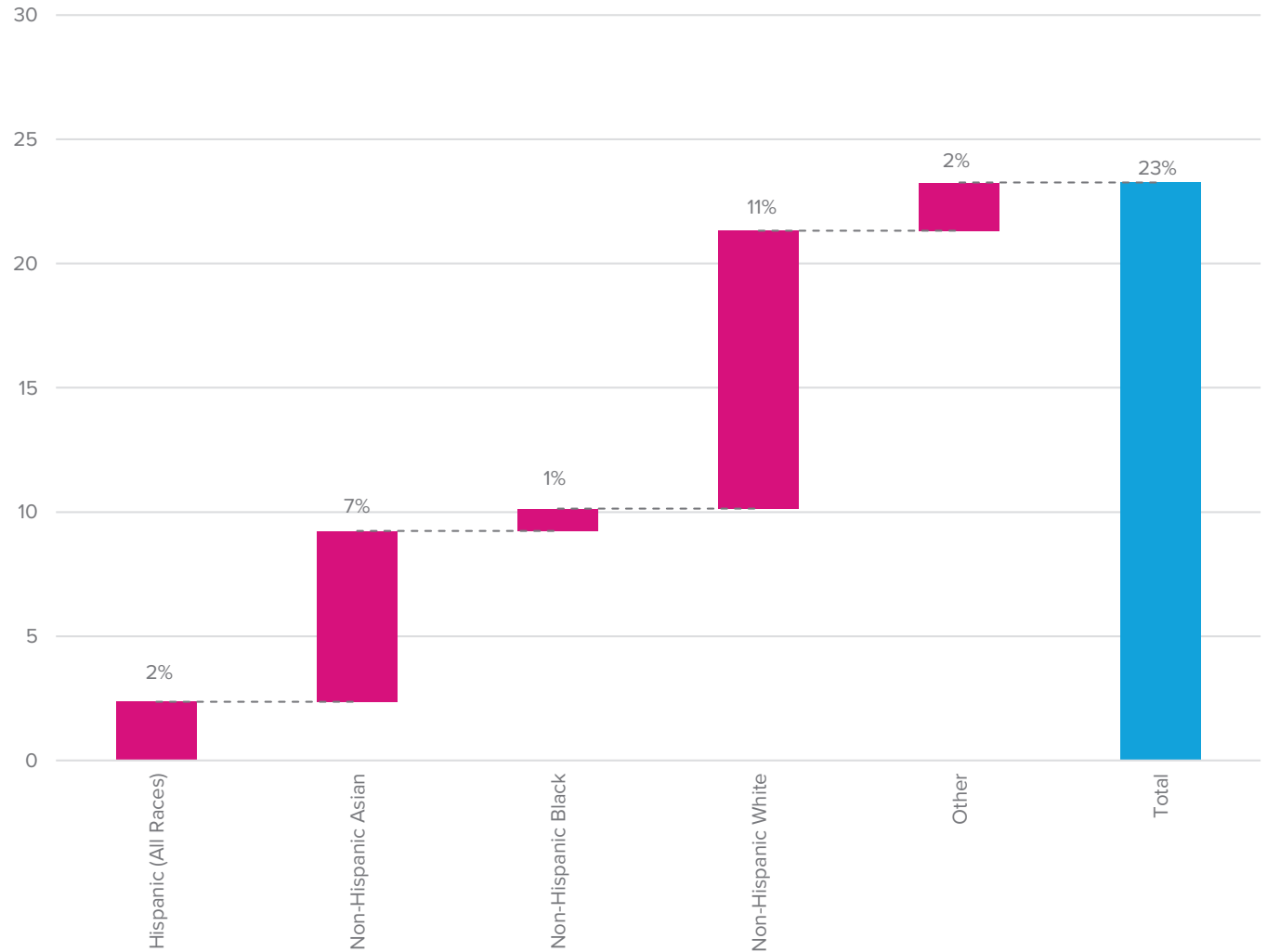
Source: Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics

Workforce Gain by Race from 2007 to 2017 of Creative Occupations in Creative Industries, Los Angeles County

Figure 4.26

the Creative Goods and Products occupations are Hispanics. Coincidentally, since lower paying sectors such as Creative Goods and Products and Fashion predominantly employ Hispanic workers, Hispanics earn far lower average wages than other racial groups in the creative economy of L.A. County.

Similar to workers in the creative industries, the creative occupations workforce is slowly but surely growing more diverse; non-Hispanic whites represent over half of the creative occupations workforce but have contributed to less than half of the workforce growth within the last ten years. Also, whether within the creative industries or the creative occupations workforce, Asians and Other Races are the fastest growing group. Specifically, creative workers employed outside

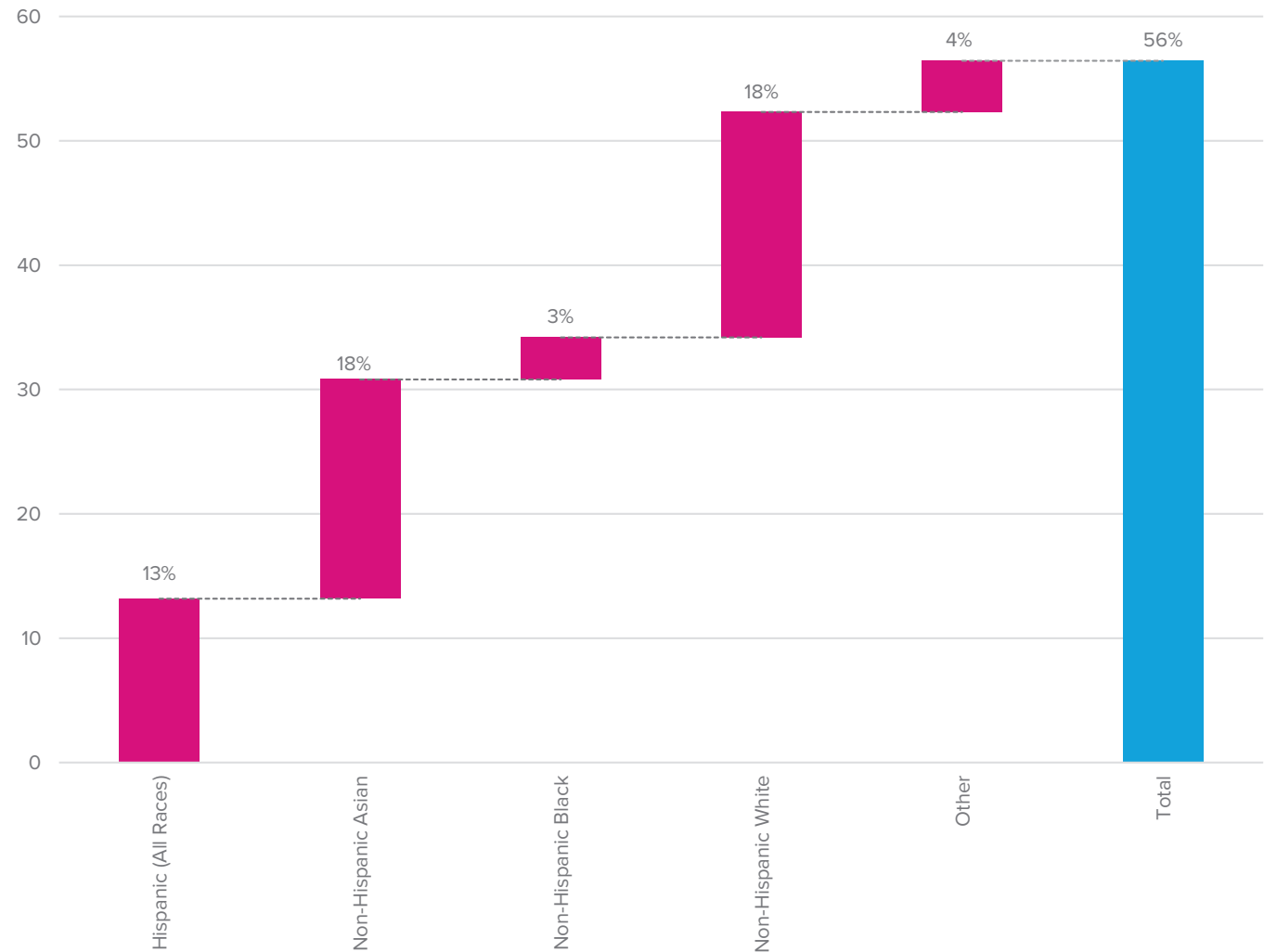


Source: Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics

Workforce Gain by Race from 2007 to 2017 of Creative Occupations Not in Creative Industries, Los Angeles County

Figure 4.27

of the creative industries who are Asian (139%) and Other Race (167%) have more than doubled in number from 2007 to 2017. On the other side of the spectrum, from both a creative industries lens and a creative occupations lens, the Hispanic workforce is the slowest growing group (by percentage) in L.A. County.



Source: Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics

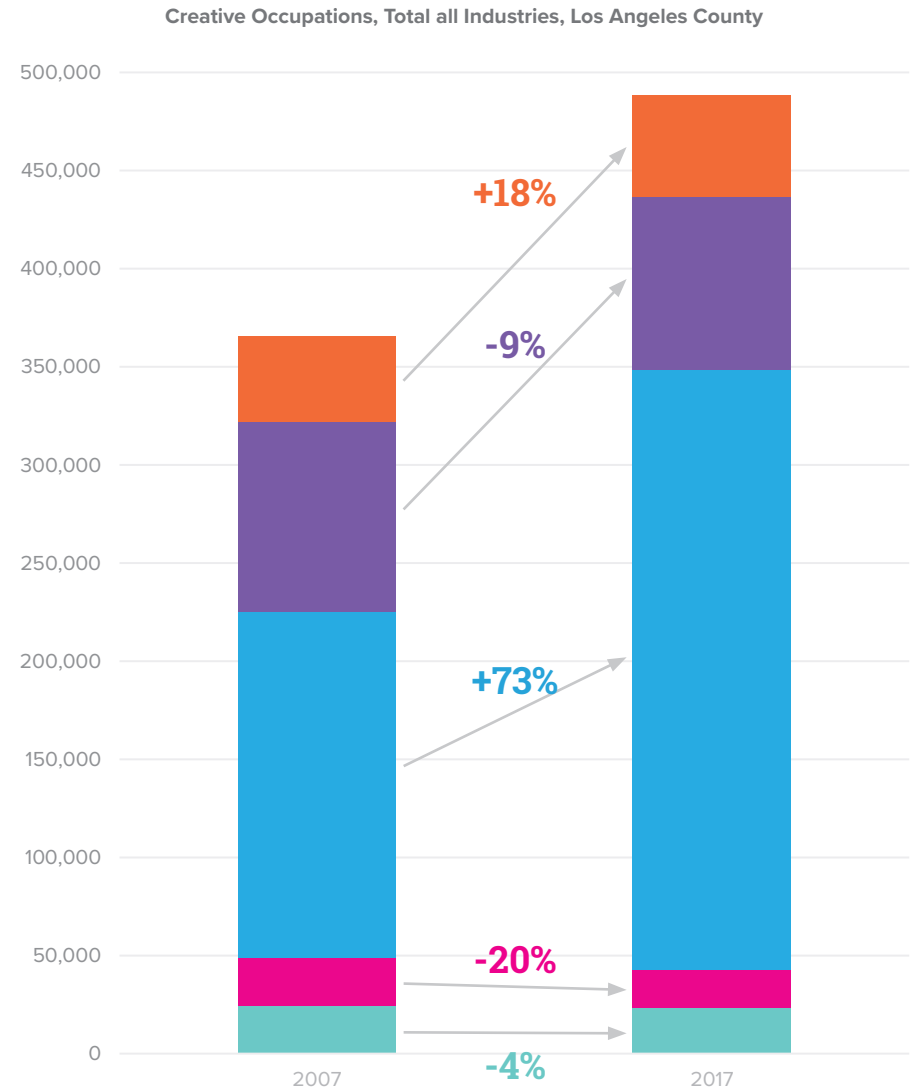
Creative Jobs, Creative Industry vs. Non-Creative Industry

Between 2007 and 2017, employment by creative occupations grew 33.5%, with occupations that are also in creative industries growing by 23.3% and those not in creative industries growing by 56.4%.

Entertainment and Digital Media accounted for almost all of that growth, while Creative Goods and Products and Fashion, sectors heavily reliant on manufacturing, have lagged whether within the creative industries or in the creative occupations.

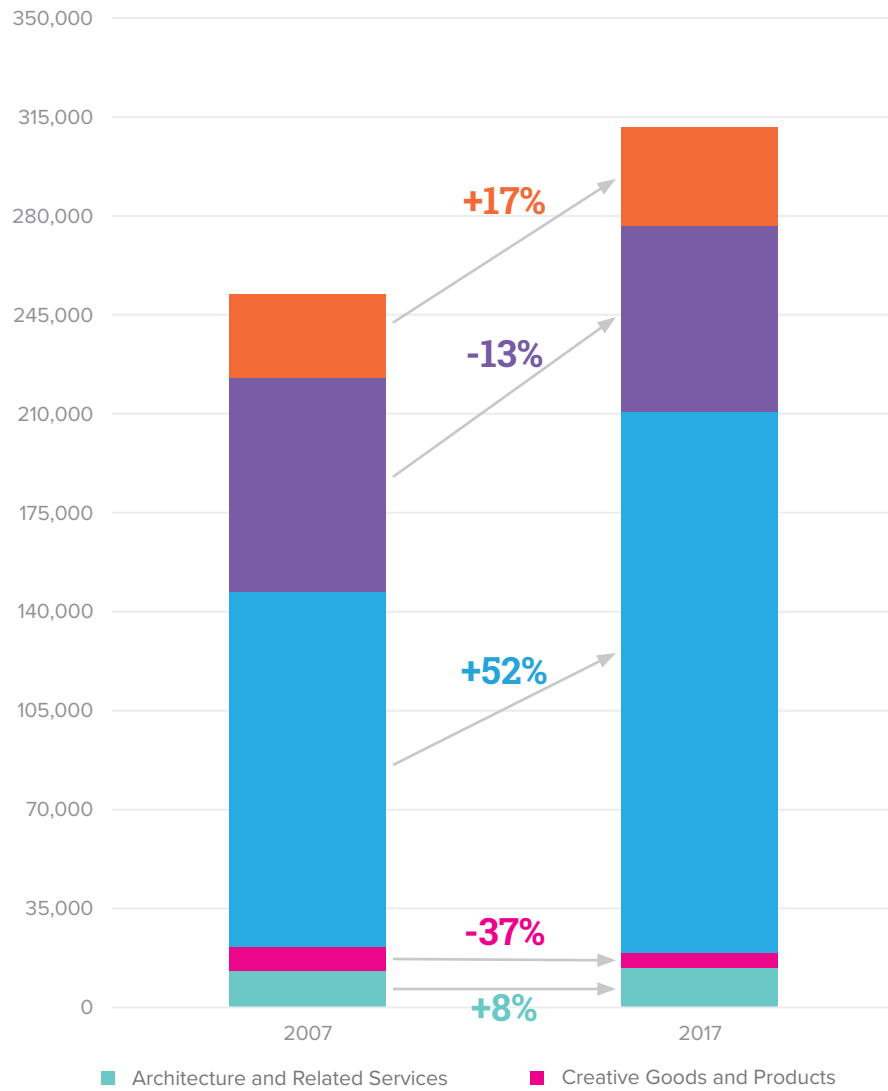
Ten-Year Growth by Creative Occupation, Los Angeles County, 2017

Figure 4.28

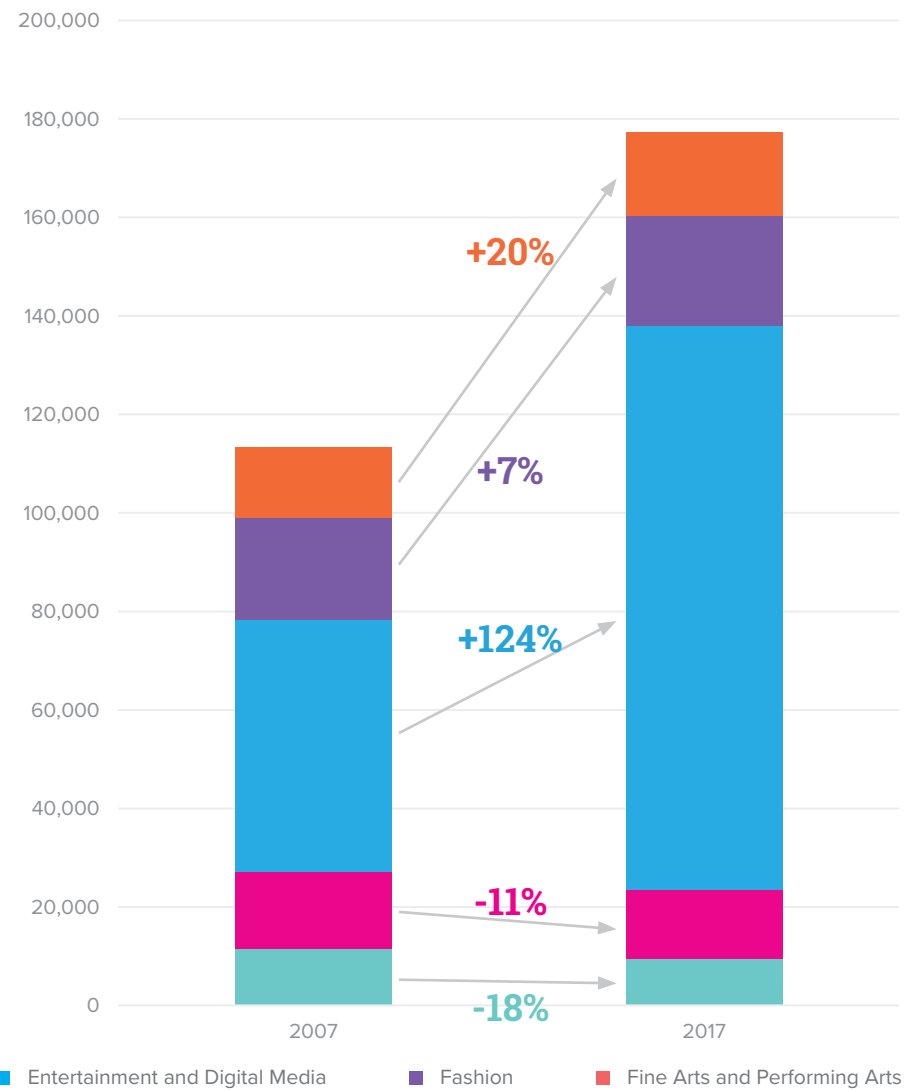


Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Creative Occupations in Creative Industries, Los Angeles County



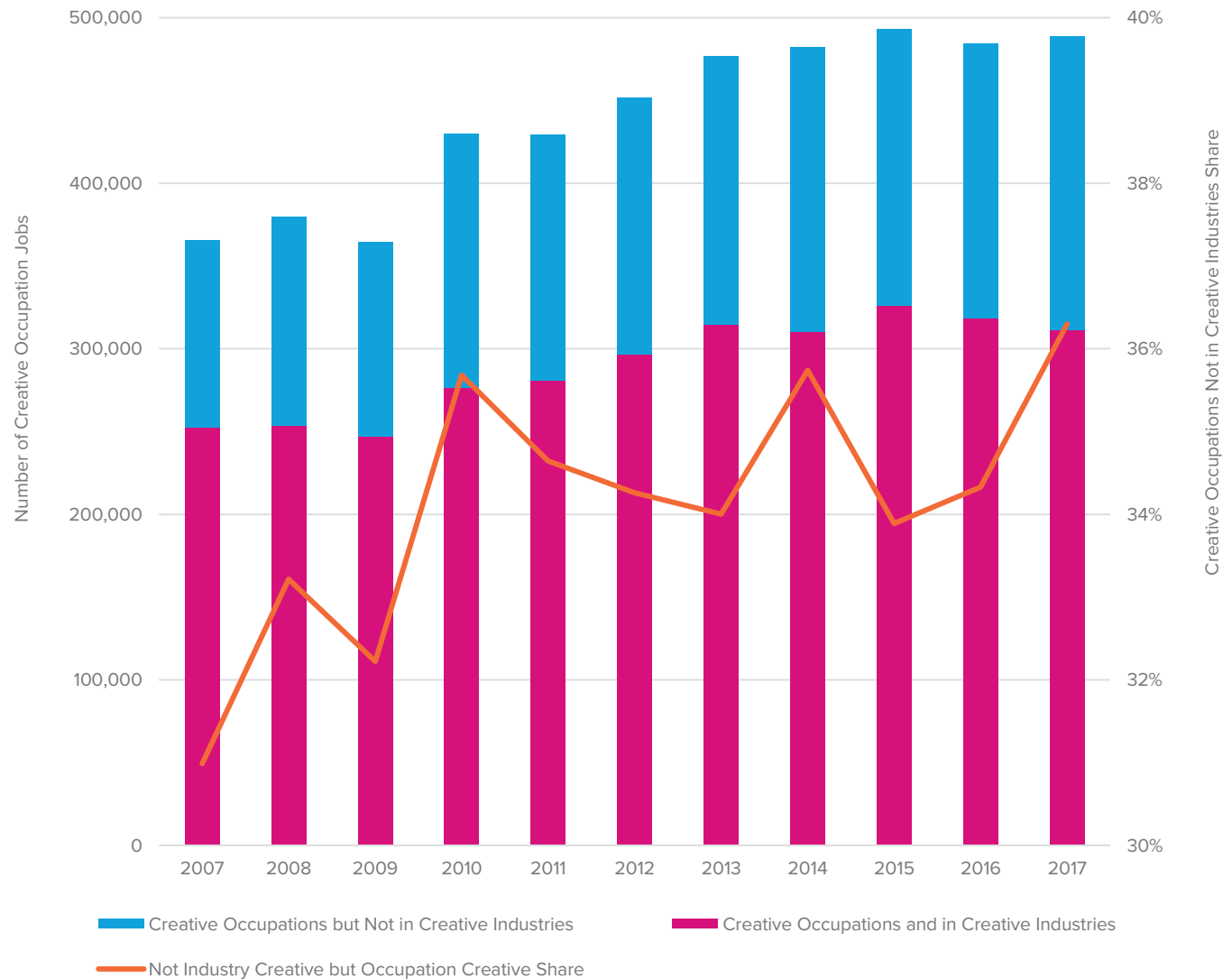
Creative Occupations Not in Creative Industries, Los Angeles County



Creative Occupations and Percentage of Creative Occupations Outside of Creative Industries, Los Angeles County, 2007 to 2017

Figure 4.29

All of the creative occupations have performed better outside of the creative industries except for Architecture and Related Services. Entertainment and Digital Media has seen substantial growth in employment (52% in creative industries and 124% in non-creative industries). Fine/Performing Arts also performed well, growing 17% within creative industries and 20% within non-creative industries. Finally, employment in Architecture and Related Services occupations grew 8% in the creative industries while dropping 18% outside of the creative industries. This drop may be due to the relationship these Architecture-related occupations have with non-creative industries like the real estate industry which peaked in 2007 at the height of the subprime mortgage bubble.



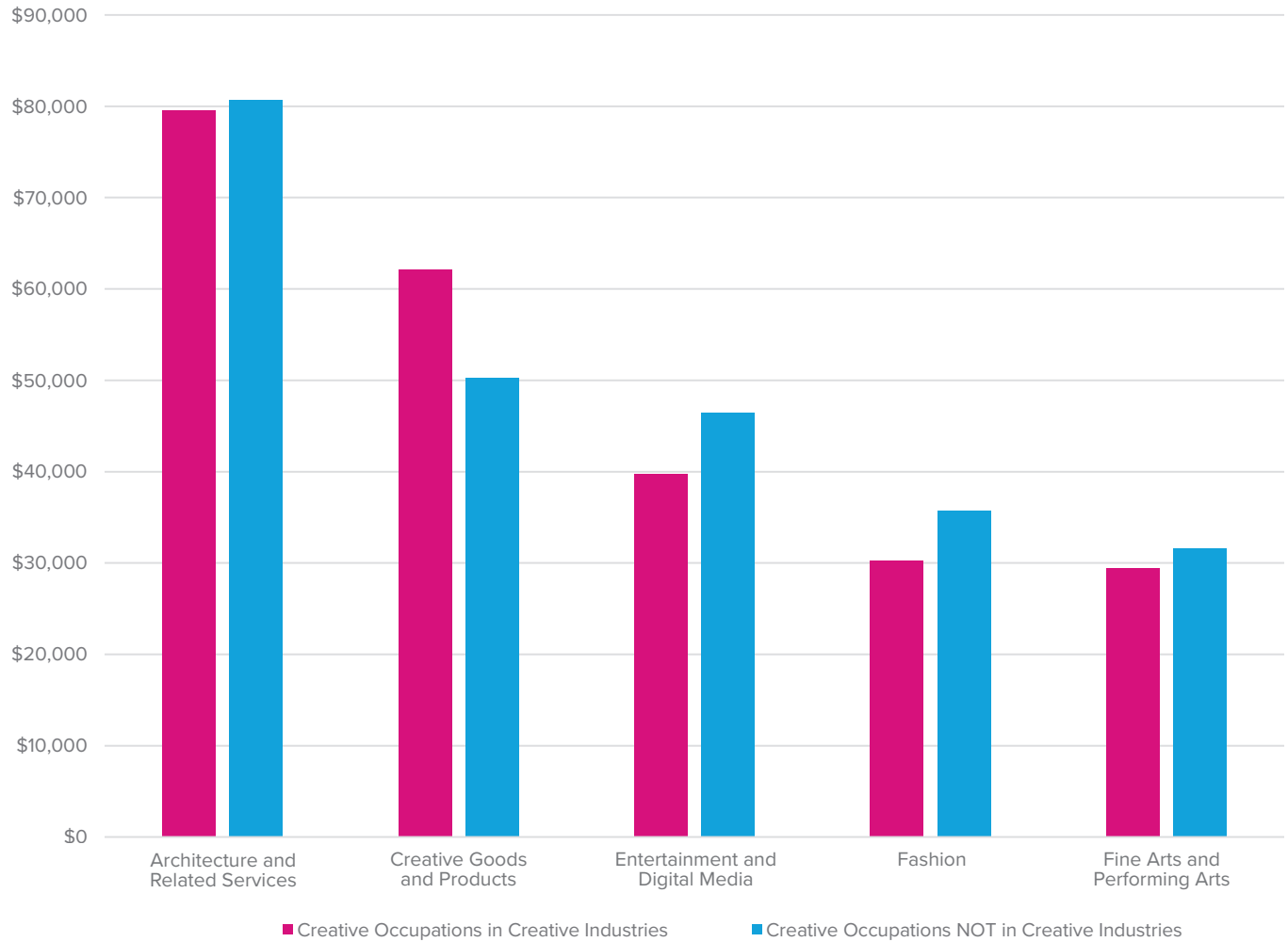
Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Average Wage by Creative Occupation, Los Angeles County, 2017

Figure 4.30

As mentioned, the share of workers with creative occupations employed outside of the creative industries as opposed to in them has been increasing over time. 2017 marked the first time this share exceeded 36%.

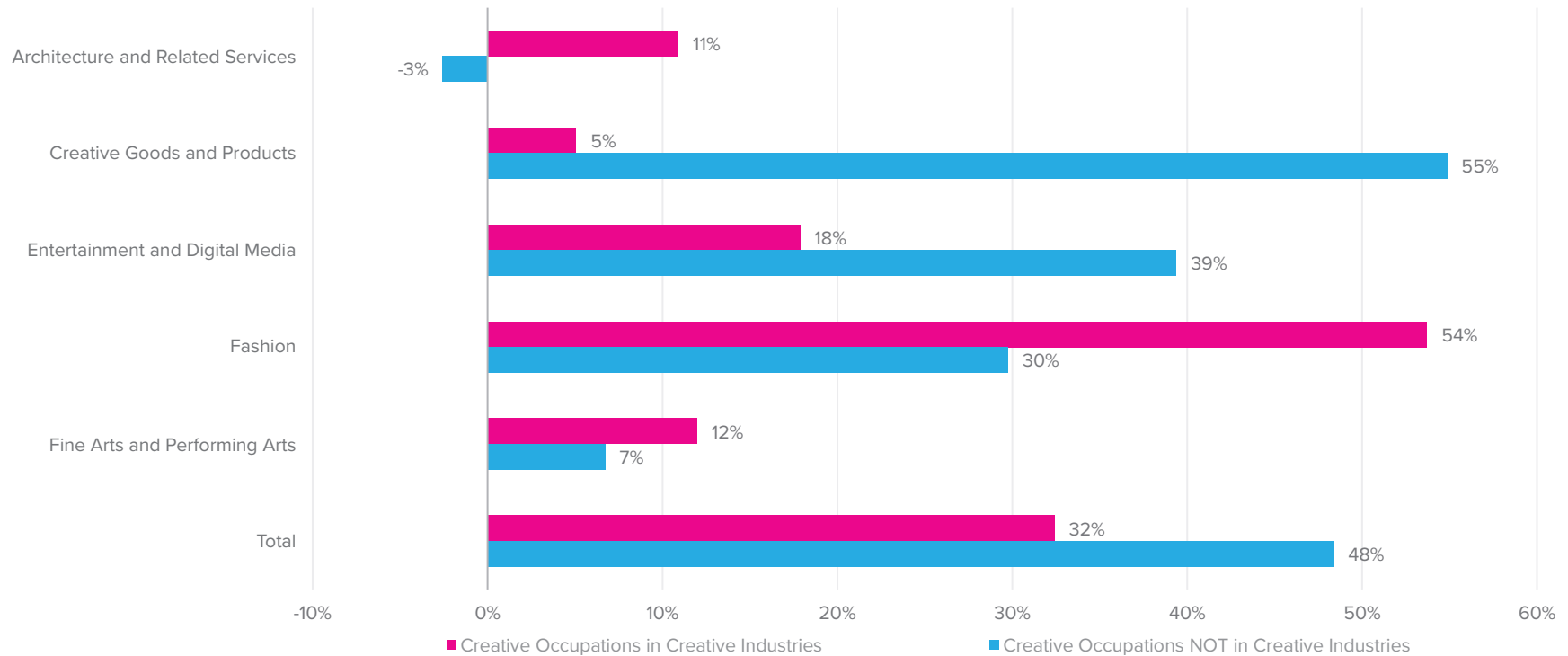
The average (mean) wage of creative occupations outside of the creative industries was 4% higher than that of the creative occupations within the creative industries. This also holds true across all creative occupations except for Architecture and Related Services, where the average wage within creative industries (\$62,162) is 23.7% higher than the average wage outside of the creative industries (\$50,252). It is not surprising then that Architecture and Related Services is also the only creative occupation group for which employment has grown within creative industries but declined outside of creative industries. On the



Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

Percent Change in Mean Wage of Creative Occupations, Los Angeles County, 2007 vs. 2017

Figure 4.31



Source: Census Bureau, American Community Survey 1-Year PUMS; Analysis by Beacon Economics

other hand, the average wages of Creative Goods and Products and Fashion paid 14.3% and 15.4% less respectively in the creative industries than outside of creative industries.

As for wage gains, once again creative occupations outside of the creative industries (+48%) have seen higher wage growth than those in the creative industries (+32%). However, this overall trend is skewed by the vast differences between wage growth in occupations and industries observed

among the Creative Goods and Products occupations; wages have risen by 55% for Creative Goods and Products occupations outside of the creative industries but only 5% within the creative industries. The opposite is true for Architecture and Related Services, Fashion, and Fine/Performing Arts, where wages grew faster within creative industries. For Architecture and Related Services occupations, nominal wages have in fact decreased by 3% for workers employed outside of the creative industries, possibly because of the still ongoing recovery from the real estate bubble.

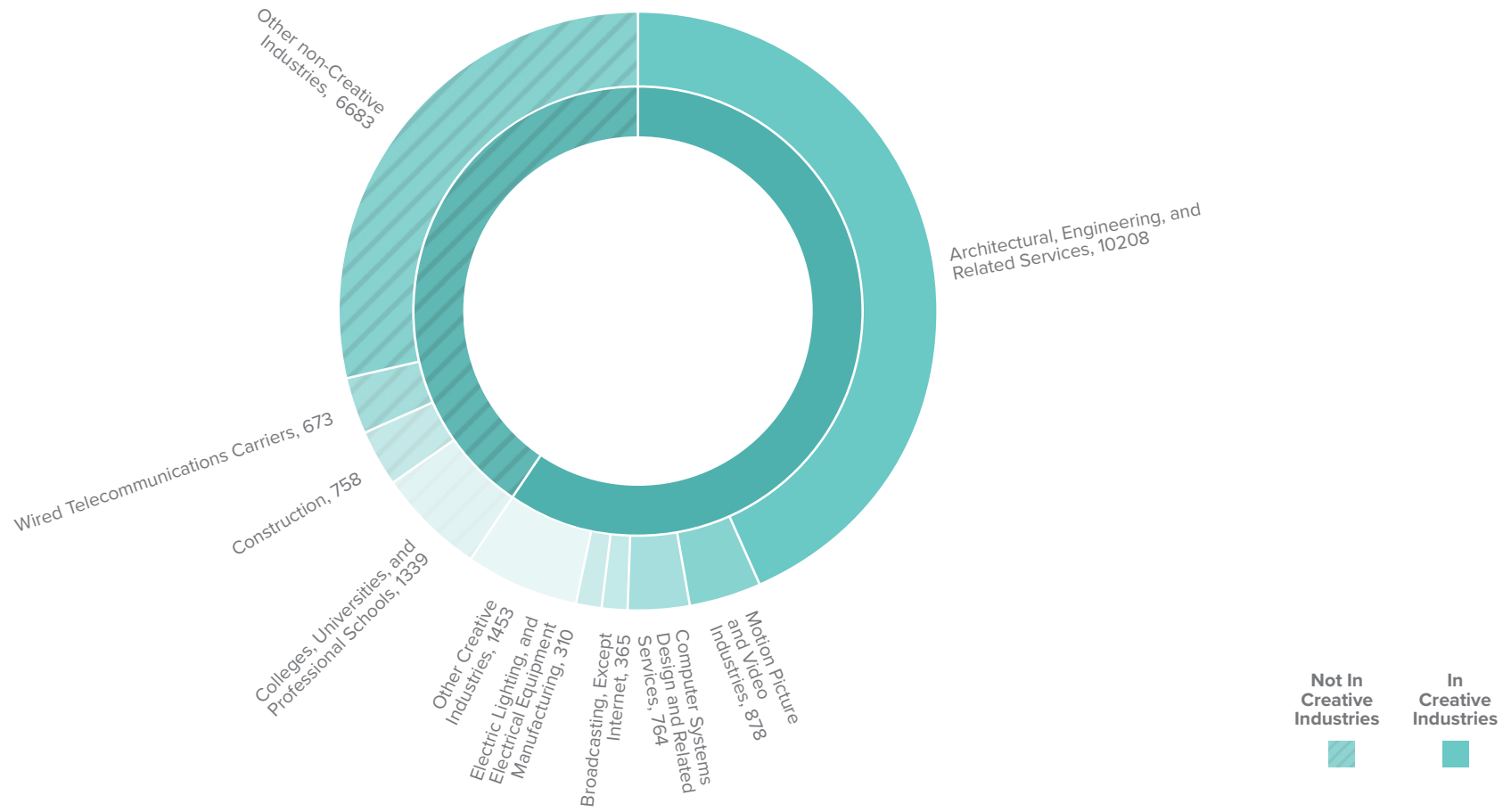


Major Industries by Creative Industry and Creative Occupation

This section seeks to examine which creative and non-creative industries employ each of these creative occupations.



Architecture and Related Services



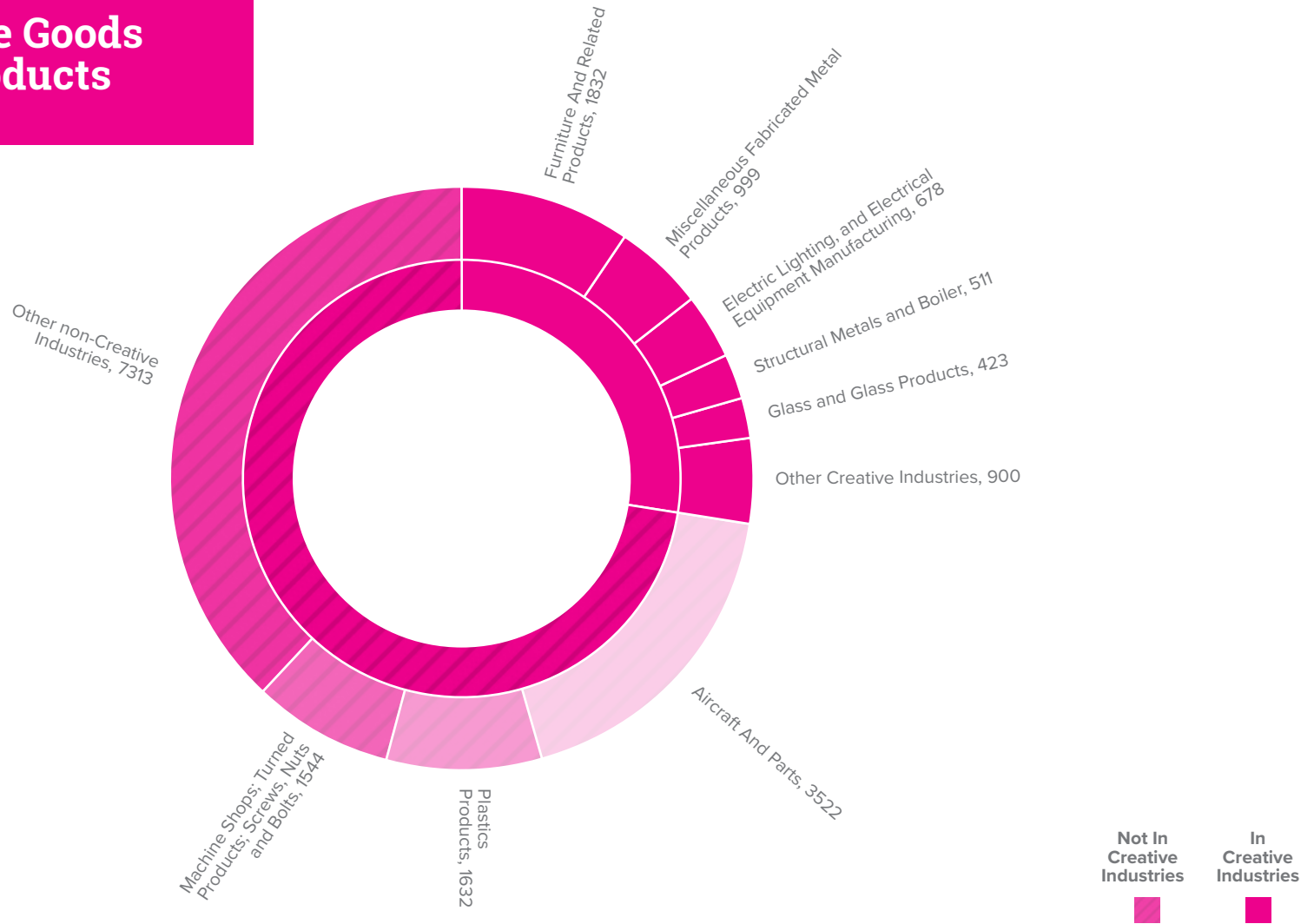
Major Creative Industries and Non-Creative Industries by Creative Occupations - Architecture and Related Services Occupations, Los Angeles County, 2017

Figure 4.32

Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics



Creative Goods and Products



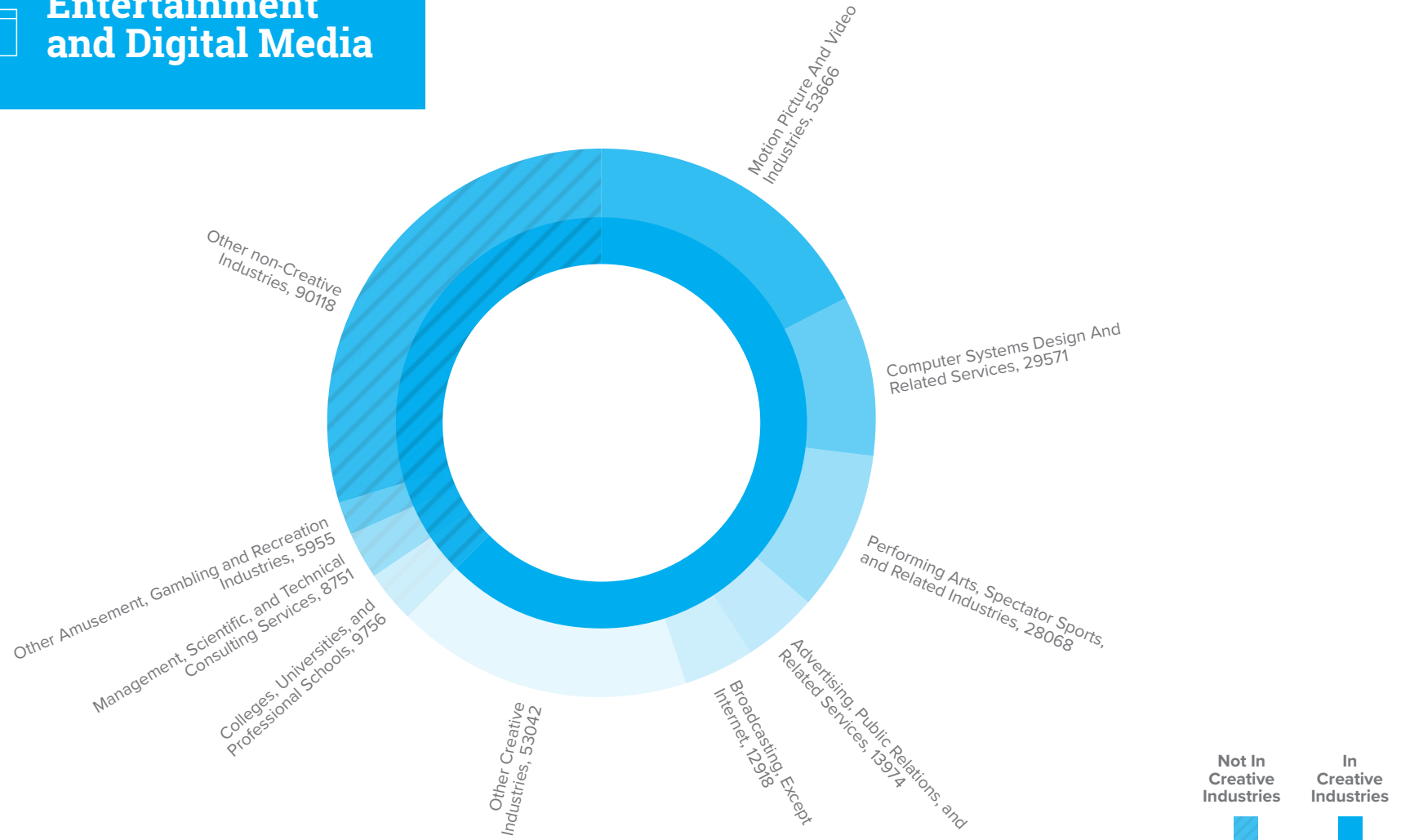
Major Creative Industries and Non-Creative Industries by Creative Occupations - Creative Goods and Products, Los Angeles County, 2017

Figure 4.33

Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics



Entertainment and Digital Media



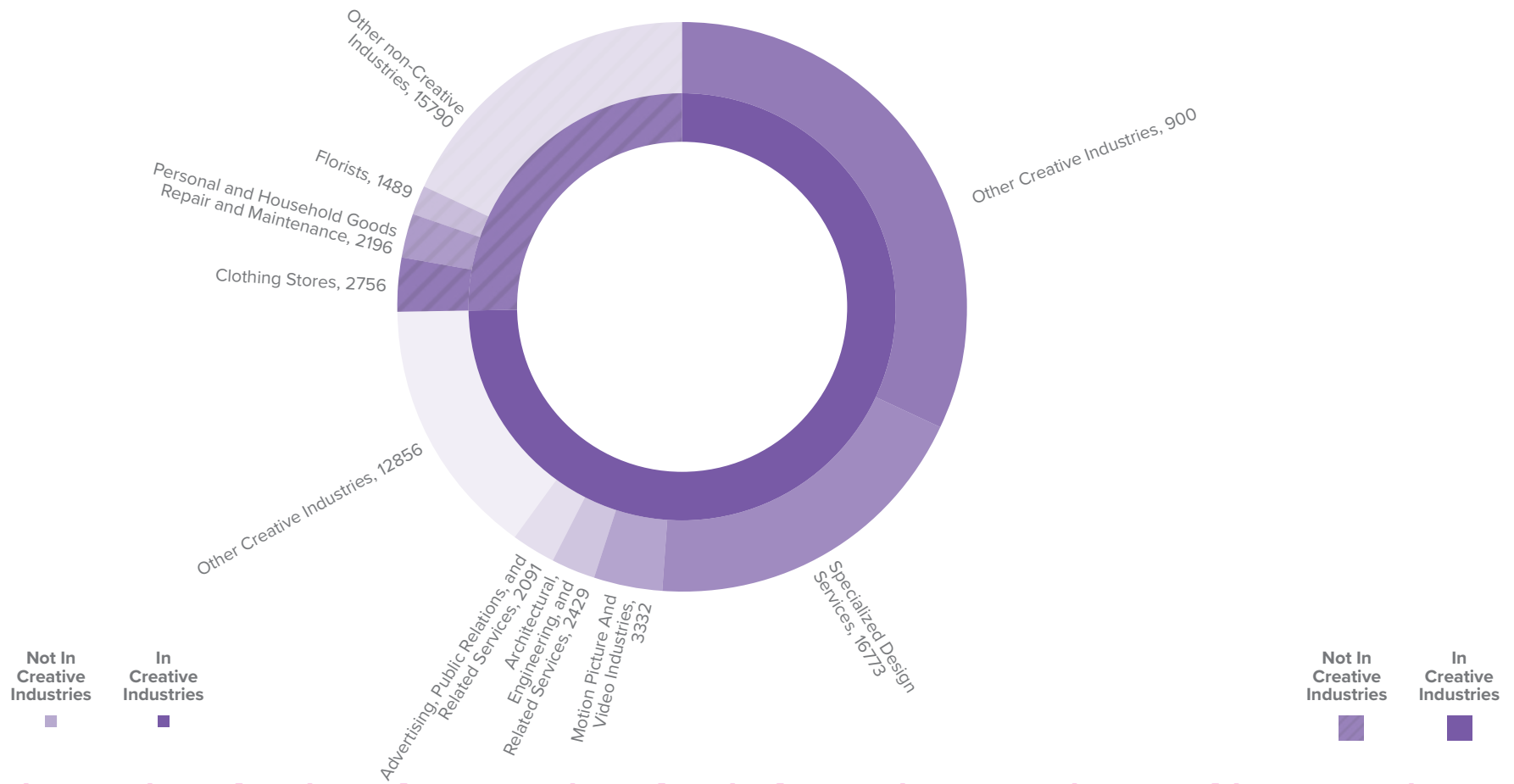
Major Creative Industries and Non-Creative Industries by Creative Occupations - Entertainment and Digital Media Occupations, Los Angeles County, 2017

Figure 4.34

Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics



Fashion



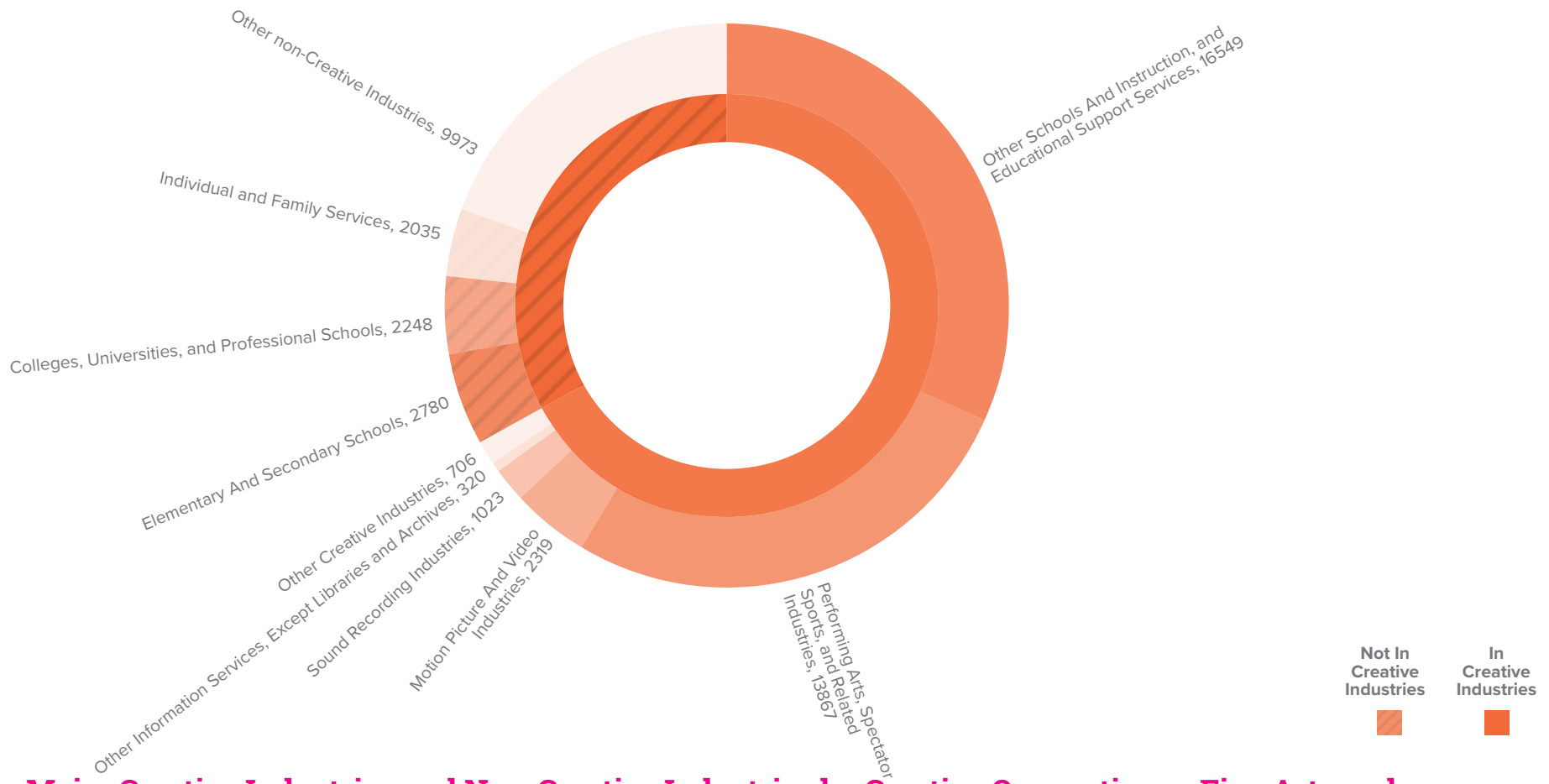
Major Creative Industries and Non-Creative Industries by Creative Occupations - Fashion Occupations, Los Angeles County, 2017

Figure 4.35

Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics



Fine Arts and Performing Arts



Major Creative Industries and Non-Creative Industries by Creative Occupations - Fine Arts and Performing Arts Occupations, Los Angeles County, 2017

Figure 4.36

Source: Public Use Microdata Sample, American Community Survey, U.S. Census Bureau; Analysis by Beacon Economics

OS

insights and themes

Based on the collective strength of its creative industries,

Los Angeles County is driving new
business, spurring innovation,
attracting talent and, in the process,
accelerating urban economic
development and improving the
overall quality of life for residents.

1 | Leaning into sustainability

Sustainability will be at the center of innovation in the fashion industry, with front-runners harnessing the circular economy to unlock technical innovations, efficiencies, and mission orientation. Fashion companies have started to embrace the importance of sustainability, with 42 out of 100 fashion brands in 2017 disclosing supplier information.⁴¹

Across the five creative sectors, sustainability was not only identified as a trend but also acknowledged as a competitive advantage of the L.A. County creative economy complex. From Fashion to Architecture to Creative Goods and Products, consumers and regulatory frameworks nationally and internationally are demanding that firms be creative in their use of sustainable materials and their implementation of sustainable practices. Los Angeles County and the state of California are leaders in sustainability and there is ample opportunity to more directly make sustainability a competitive driver of L.A. County's creative industries, identifying the most innovative applications of sustainability to the creative sectors including those that cross creative sectors.

2 | Leading the charge on diversity, inclusion, and community-driven content

"Museums today face both overt and subtle challenges. Institutional missions must be negotiated with shifting demographics, evolving visitor expectations, funding realignment, and ever-escalating technologies. Ideally, this leads to a richer and more memorable visitor experience, and encourages visitors to become museum advocates. These discussions explored innovations in audience engagement and operational models, and how these changes are re-scripting the role of museums in their communities."⁴²

The quote above reflects a familiar constellation of factors impacting all of the creative sectors to varying degrees. As technology disrupts legacy industries and connects consumers more directly to creative content, services, and products, there is a mandate and a market opportunity for those goods and services to reflect the lived diversity of human experiences and voices. With a workforce and resident population as diverse as Los Angeles County's, the region's creative industries are well-poised to translate the calls for diversity and a community-driven, inclusive creative process into a shared competitive edge.

⁴¹ 47 Sarah Ditty, "Transparency is trending", Fashion Revolution, June 2017, <http://fashionrevolution.org/transparency-is-trending>

⁴² <https://www.gensler.com/research-insight/gensler-research-institute/museum-futures>

3 | Leveraging L.A. County's historical strengths and weaknesses

Leveraging historical strengths:

Los Angeles County historically has been the national and global hub for film, and film has been transformed by the emergence of digital technology and video platforms. Los Angeles remains the largest hub of best-in-class film professionals in the world and it has become the new headquarters for digital content creation. L.A. County's creative economy can better leverage that strength cross-sectorally across its creative industries, particularly in the Architecture and Performing/Fine Arts sectors where industry experts noted the disruptive nature of digital media in those industries. Undoubtedly, Los Angeles County should be the place where museums pilot the most innovative ways of using digital video content in curatorial settings and where architecture firms define the next chapter in animation's application to the architecture field. To tap this opportunity, the thought leaders of L.A. County's creative economy complex must think about the skillsets of its dynamic, creative workforce outside of the silos presented by inevitably narrow industry definitions.

Leveraging historical weaknesses:

Many industry stakeholders across the creative sectors noted the advantage L.A. has now in having not been the historical epicenter of corporate, commercialized creativity. In Fashion, the Performing/Fine Arts, and Creative Goods and Products, Los Angeles County has been a hub for creative collaboration and a patchwork of unique creative visions. Technology has both made it easier to be successful without the support of corporate industry infrastructure and it has increased consumers' market access such that a broadened consuming base are demanding a more diverse set of products and services. These dynamics have made Los Angeles County's characterization as a more fluid collection of creative brands as opposed to a calcified cast of corporate giants a marketable one across a number of creative industries. Tapping this opportunity, too, necessitates that the value of L.A.'s creative economy complex be articulated as not just a collection of firms but as a community of creative individuals.

Policy recommendation: Creativity & The Night Economy

Los Angeles County continues to be the premiere global hub for creative talent, which underpins its strong creative economy, but, this advantage should not be taken for granted or assumed to be unshakeable. The creative industries are thriving in part because of the region's reputation for openness and diversity and its ability to adapt to an evolving set of economic and social inputs for thriving urban life.

Technology is changing the way people live and work in cities, altering work patterns that know no time zones or national boundary. Multiple industry stakeholders noted the reality that an active and vibrant night economy and nightlife is no longer just the status marker of a great, global city, it's practically speaking a reasonable demand of urban workers and residents. The governments of both New York City and the City of London have placed increasing importance on supporting and understanding the policy needs of a vibrant nighttime economy. As New York City establishes an Office of Nightlife and London establishes a Night Time Commission, it behooves stakeholders in the creative economy of Los Angeles and San Francisco to thoughtfully consider the counties' collective approach to nightlife and the regions' nighttime economy. As Los Angeles County takes its formal place on the global creative stage, its policy framework must reflect the standards and needs of the international creative metropolis it is.



L.A. is certainly today the most culturally influential city in the world, like Paris was in the beginning of the 20th century. It is the most fertile environment for ideas and progressive thinking.”

Fred Raillard
Co-founder FF Creative Community

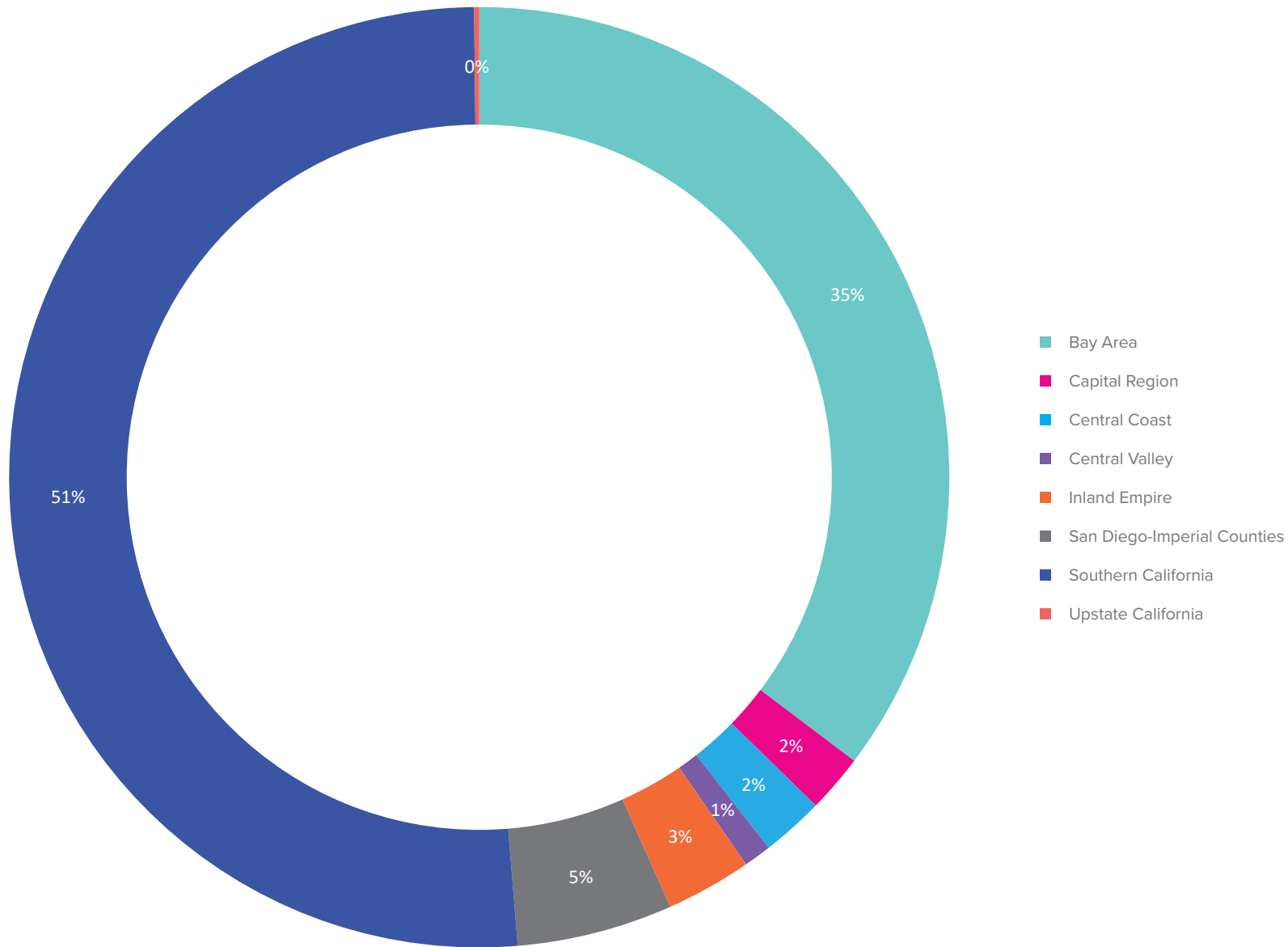


California regional analysis

In 2017, California employed 1.03 million creative industry workers.

Since the depths of the Great Recession in 2010, over 200,000 Creative Industry jobs have been added to the State, an increase of around 26%. By far the largest concentration of jobs is found in the Entertainment and Digital Media sector, which, statewide, accounts for roughly 678,000 jobs, or 71% of the State's total Creative Industry jobs. Since 2010, the number of Entertainment and Digital Media Industry jobs has increased by around 177,000 jobs, representing the equivalent of 88% of all Creative Industry growth over this period.

The following section outlines the recent evolution of the Creative Industry across subregions of California. As the Chart below reveals, the majority of the State's Creative Industry employment is concentrated in just two regions: the Bay Area, which accounts for 35% of the State's Creative Industry jobs; and Southern California, which accounts for 51%.



Share of Creative Industries Employment by Region, 2017

Figure 6.1

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



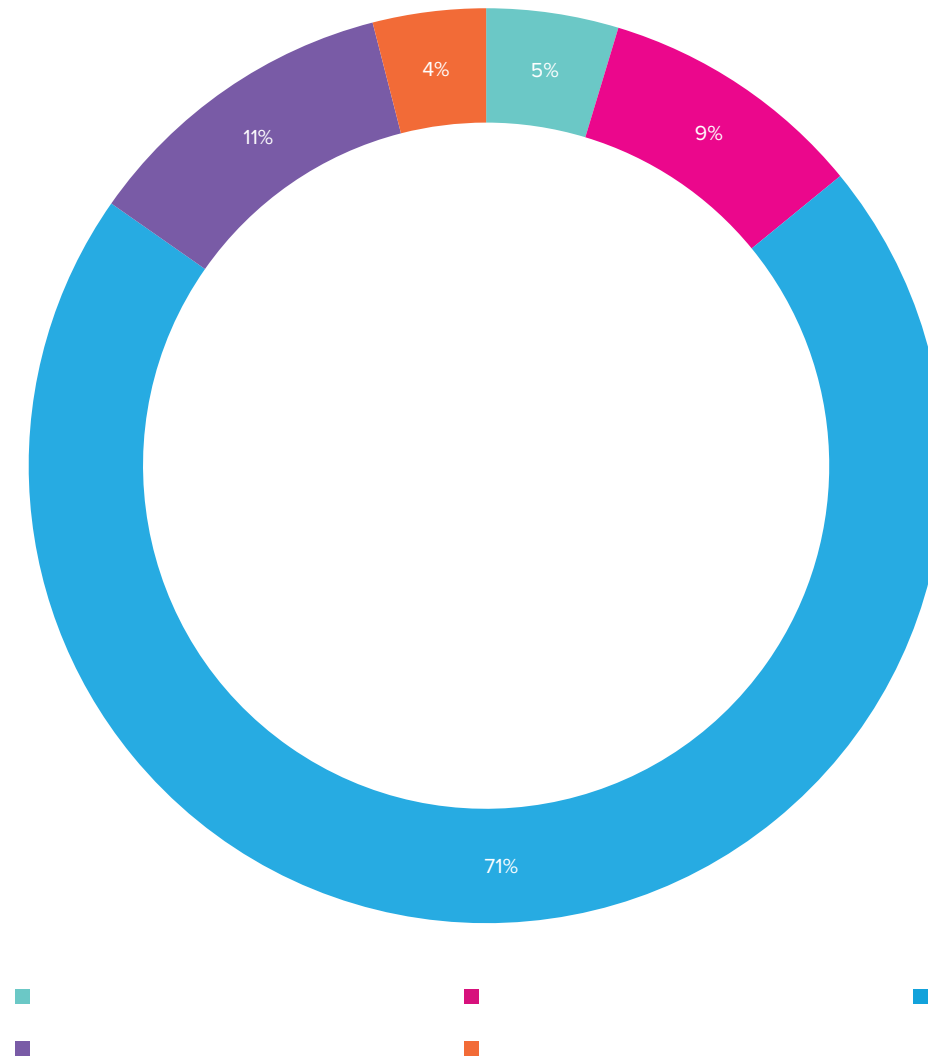
The San Francisco Bay Area

The Bay Area accounted for around 35% of total creative industries employment in California.

Share of Creative Industries Employment by Creative Sector, Bay Area, 2017

Figure 6.2

The region has seen a big increase in its share of the State's Creative Industry jobs since 2010, when it accounted for 25% of the State's total. The region's Creative Industry is dominated by the Entertainment and Digital Media sector, which in 2017 accounted for 85% of the region's Creative Industry employment. As this number would suggest, other Creative Industry sectors make up a tiny fraction of the region's Creative Industry complex. Fashion has the next biggest presence, making up 11% of the region's total.



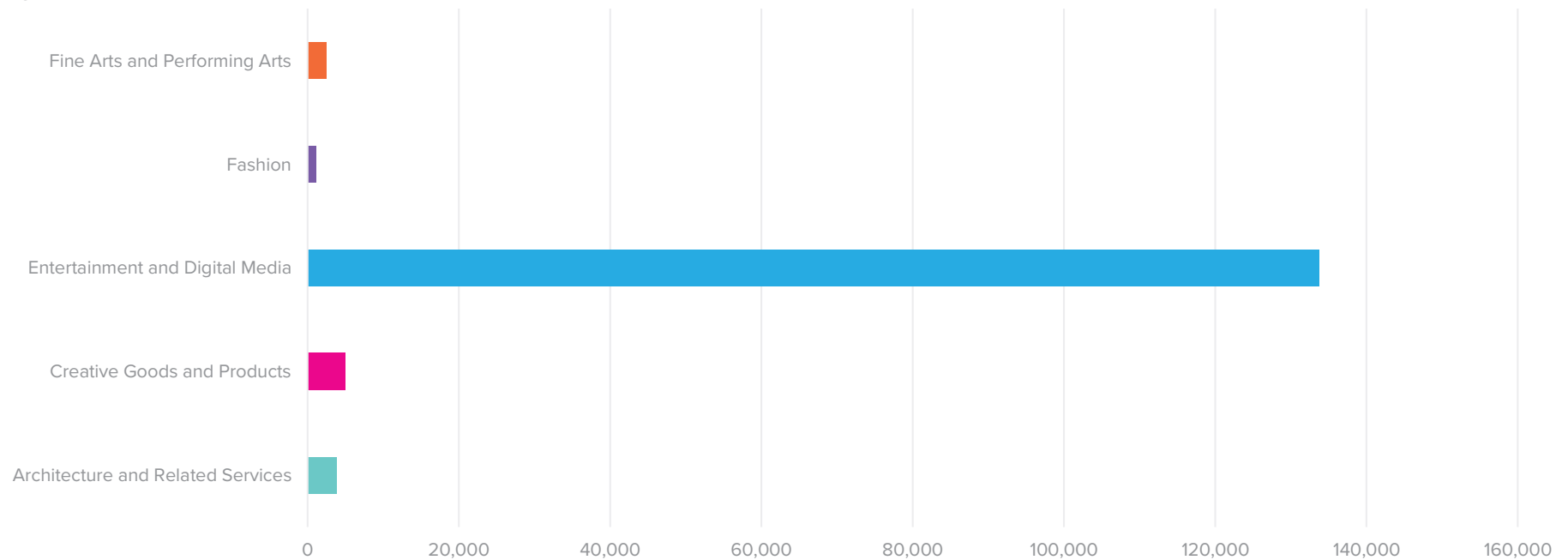
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



Since 2010, the Entertainment and Digital Media sector has experienced remarkable growth in the region. Over this time, the Entertainment and Digital Media sector in the region has added around 134,000 jobs, which is equivalent to 91% of Creative Industry employment growth in the region over this period. This growth has been fueled by Silicon Valley, which is home to the nation's largest concentration of Internet and Digital Media companies.

Change in Employment by Creative Industry Sector, Bay Area, 2010-2017

Figure 6.3



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment by Creative Sector in the Bay Area, 2010-2017

Table 6.1

	2010	2017	CHANGE
Architecture and Related Services	10,696	14,590	3,895
Creative Goods and Products	12,403	17,348	4,945
Entertainment and Digital Media	154,947	288,637	133,690
Fashion	5,990	7,143	1,153
Fine Arts and Performing Arts	8,722	11,189	2,467
Total	192,757	338,906	146,149

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



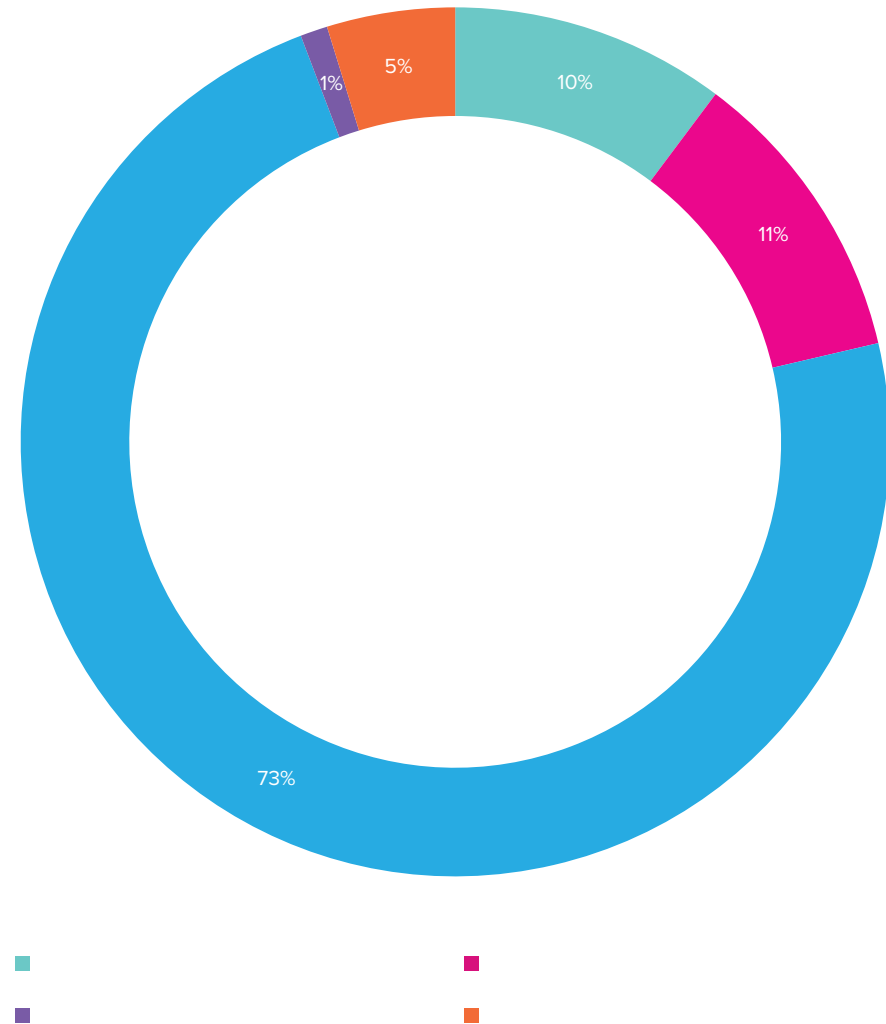
The Capital Region

The Creative Industries have a relatively modest footprint in the Capital Region, accounting for just 2% of the State's total employment in the sector in 2017.

Share of Creative Industries Employment by Creative Sector, Capital Region, 2017

Figure 6.4

In 2017, the Entertainment and Digital Media sector accounted for the majority of the region's Creative Industry employment. The next largest sectors are Creative goods and Architecture, which together account for 11% and 10% of the region's Creative Industry jobs, respectively.



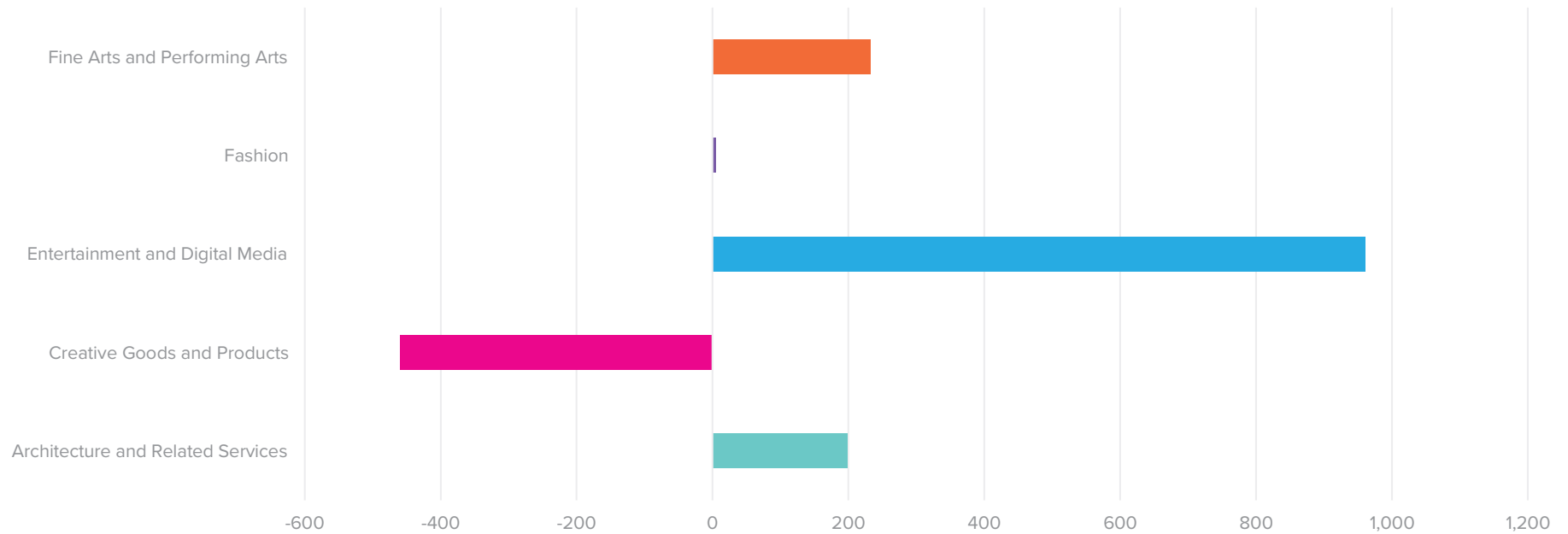
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



Entertainment and Digital Media has also been the fastest growing sector in the Creative Industry complex in the Capital Region. Since 2010, around 1,000 Entertainment and Digital Media jobs have been added in the region, compared to the losses which occurred in the Creative Goods sector.

Change in Employment by Creative Industry Sector, Capital Region, 2010-2017

Figure 6.5



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment by Creative Sector in the Capital Region, 2010-2017

Table 6.2

	2010	2017	CHANGE
Architecture and Related Services	1,762	1,962	199
Creative Goods and Products	2,592	2,132	-460
Entertainment and Digital Media	13,010	13,971	961
Fashion	189	194	6
Fine Arts and Performing Arts	681	914	233
Total	18,235	19,174	939

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



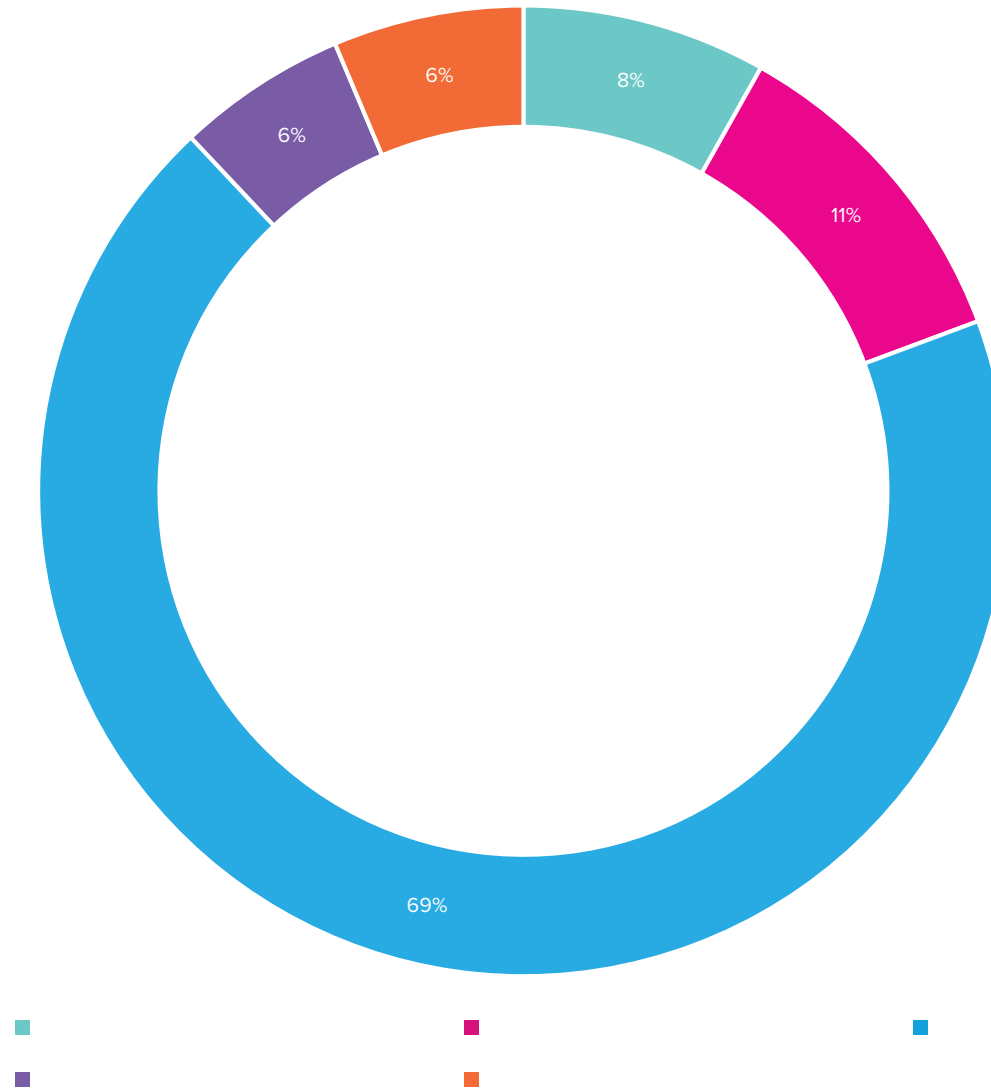
The Central Coast

The Central Coast is home to a Creative Industry that is equivalent in size to the industry in the Capital Region.

Share of Creative Industries Employment by Creative Sector, Central Coast, 2017

Figure 6.6

Like the Capital Region, the Central Coast accounted for around 2% of the State's total Creative employment in 2010. Again similar to the Capital Region, the Central Coast's Creative Industry is dominated by Entertainment and Digital Media, which accounted for 69% of the region's total in 2017. Again, Creative Goods and Architecture were the next largest sub-sectors in the region.



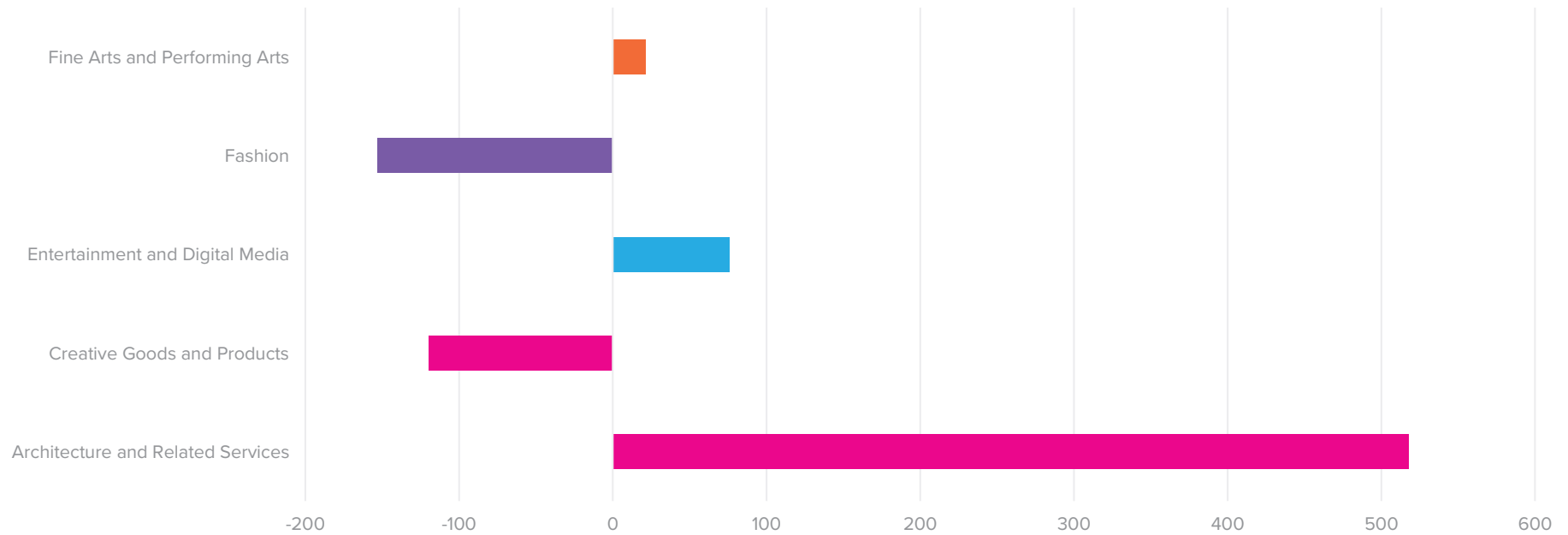
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



Employment growth in the Central Coast Creative Industry has been mixed since 2010. Bucking the state-wide trend, the region has seen little growth in Entertainment and Digital Media employment.

Change in Employment by Creative Industry Sector, Central Coast, 2010-2017

Figure 6.7



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment by Creative Sector in the Central Coast, 2010-2017

Table 6.3

	2010	2017	CHANGE
Architecture and Related Services	1,156	1,674	518
Creative Goods and Products	2,417	2,297	-120
Entertainment and Digital Media	14,041	14,116	76
Fashion	1,319	1,166	-153
Fine Arts and Performing Arts	1,283	1,305	22
Total	20,215	20,558	343

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



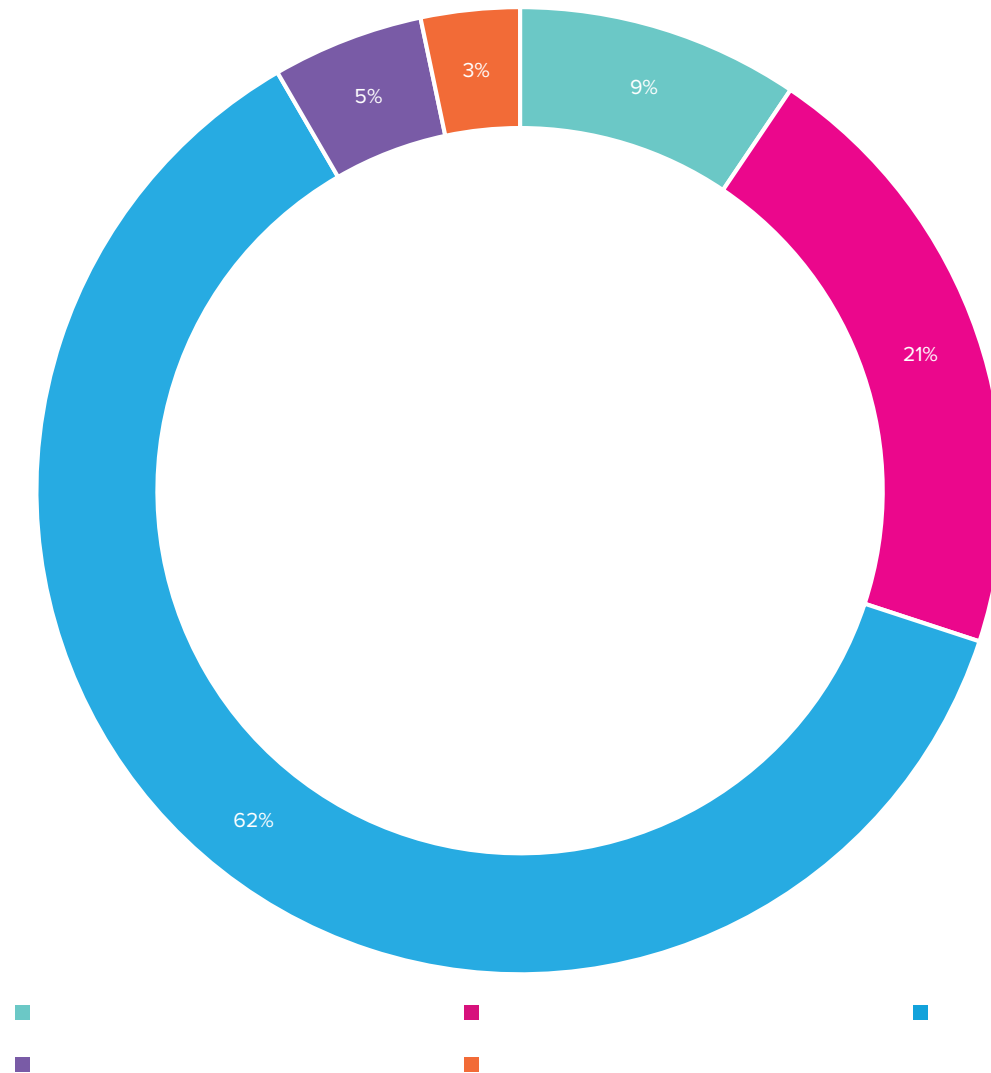
Central Valley

In 2017, the Central Valley accounted for around 1% of the State's Creative Industries employment.

Share of Creative Industries Employment by Creative Sector, Central Valley, 2017

Figure 6.8

Within the Central Valley, Entertainment and Digital Media accounts for 62% of the region's Creative Industries employment, while Creative Goods make up the second largest sector at 21% of the total.



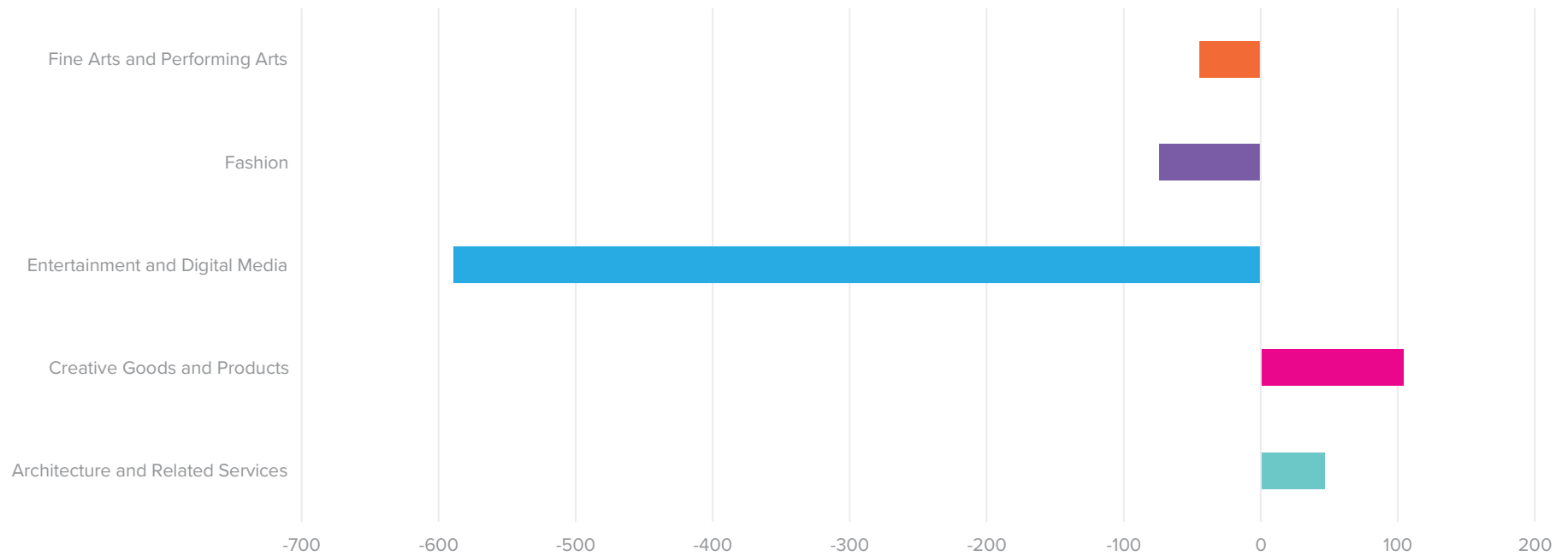
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



As the adjacent chart reveals, the Central Valley's Creative Industries has lost jobs over the period 2010-2017, with these jobs losses mostly concentrated in the Entertainment and Digital Media sector, where over 500 jobs have been lost.

Change in Employment by Creative Industry Sector, Central Valley, 2010-2017

Figure 6.9



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment by Creative Sector in the Central Valley, 2010-2017

Table 6.4

	2010	2017	CHANGE
Architecture and Related Services	818	865	47
Creative Goods and Products	1,780	1,884	104
Entertainment and Digital Media	6,224	5,634	-589
Fashion	537	463	-74
Fine Arts and Performing Arts	347	302	-45
Total	9,706	9,149	-557

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



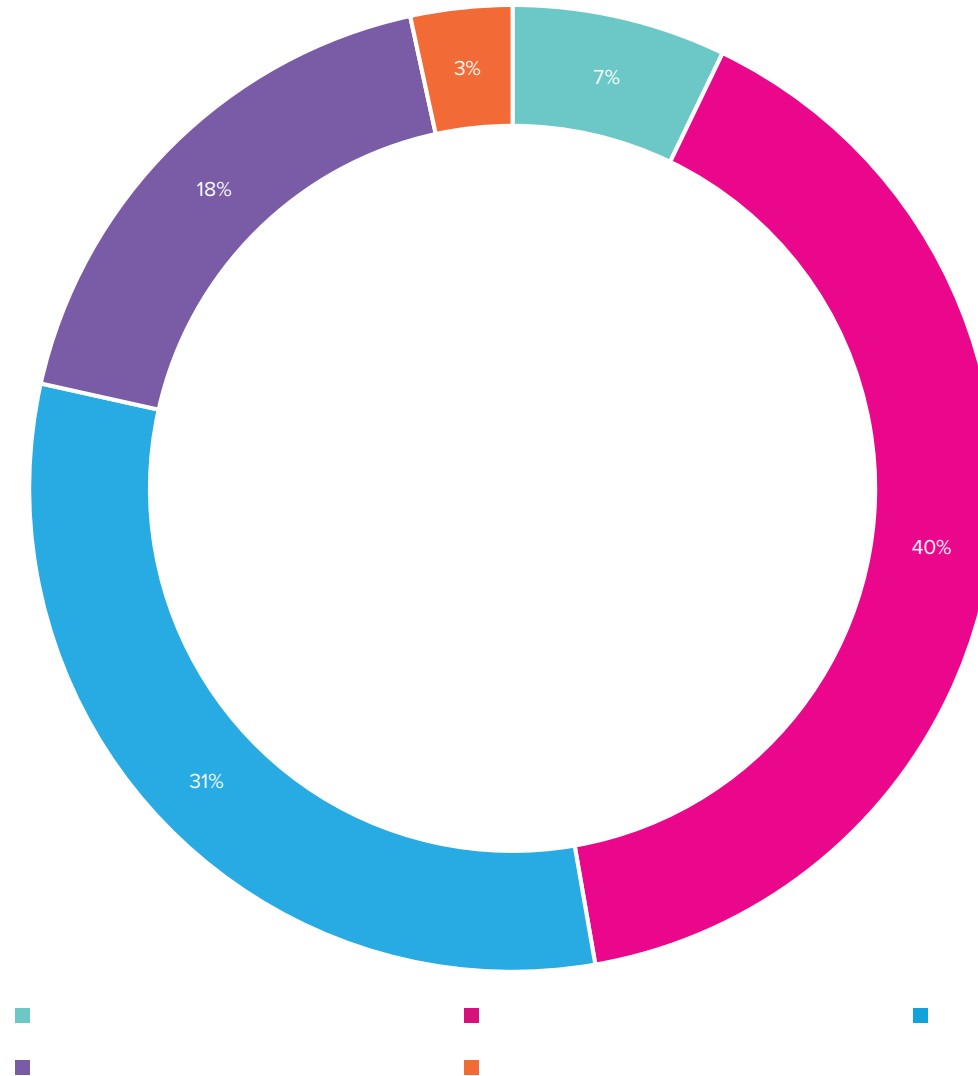
The Inland Empire

In 2017, the Inland Empire accounted for 3% of the State's Creative Industries employment.

Share of Creative Industries Employment by Creative Sector, Inland Empire, 2017

Figure 6.10

In the Inland Empire, Creative Goods account for the largest share of employment, at around 40% of the region's total. Other significant concentrations of employment are found in Entertainment and Digital Media and Fashion, which account for 31% and 18% of the region's Creative Industries employment, respectively. As the chart makes clear, the Inland Empire is specialized in the creative goods manufacturing sub-sectors of the Creative Industry.



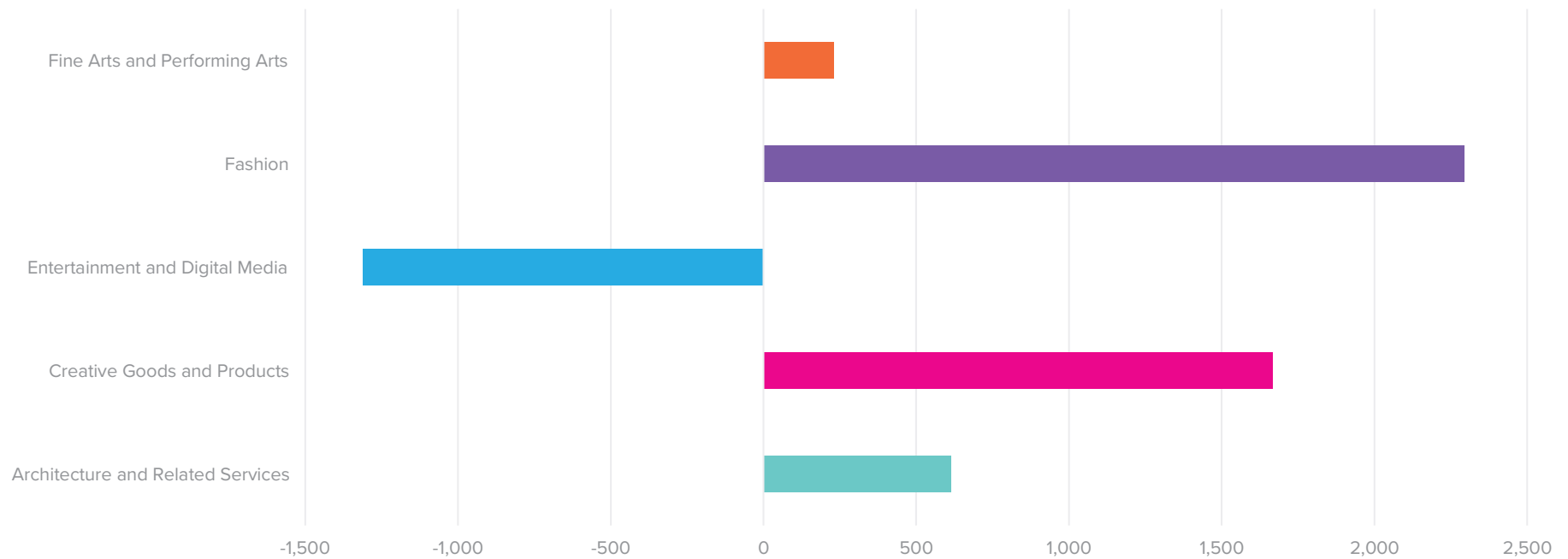
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



Both the Fashion and Creative Goods sector have seen significant employment growth since 2010, with Fashion adding over 2,000 jobs in the region, while Creative Goods has added over 1,500 jobs.

Change in Employment by Creative Industry Sector, Inland Empire, 2010-2017

Figure 6.11



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment by Creative Sector in the Inland Empire, 2010-2017

Table 6.5

	2010	2017	CHANGE
Architecture and Related Services	1,410	2,024	614
Creative Goods and Products	9,677	11,344	1,667
Entertainment and Digital Media	10,142	8,831	-1,311
Fashion	2,831	5,125	2,294
Fine Arts and Performing Arts	730	961	231
Total	24,789	28,285	3,496

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



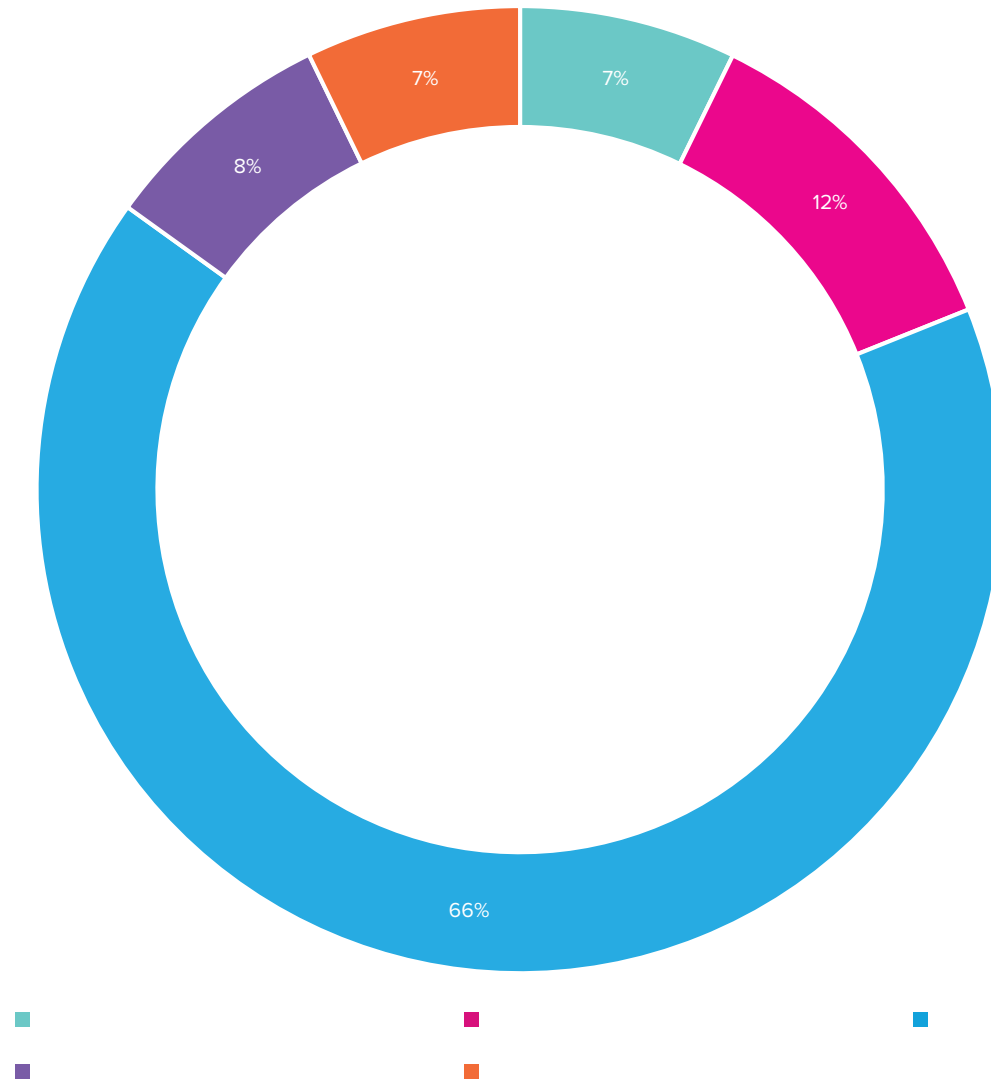
San Diego and Imperial Counties

In 2017, San Diego and Imperial Counties accounted for around 5% of the State's Creative Industries employment.

Share of Creative Industries Employment by Creative Sector, San Diego and Imperial Counties, 2017

Figure 6.12

As in many other regions, Entertainment and Digital Media accounts for the majority of the region's Creative Industries employment. The Creative Goods sector represents the region's second largest source of Creative Sector employment, while the remaining sectors each account for less than 10% of the region's total.



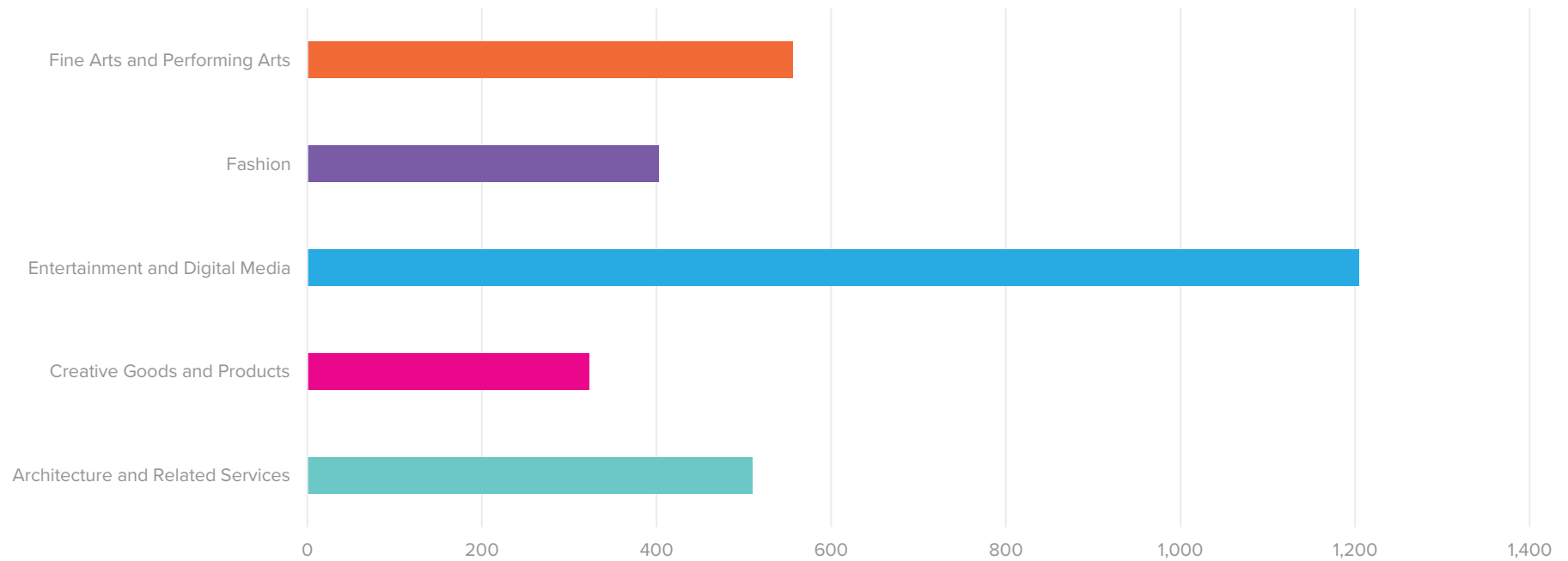
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



San Diego and Imperial Counties are rare because each creative industry sector within the region has grown over the period 2010-2017. Entertainment and Digital Media was the fastest growing sector, adding more than 1,200 jobs over the period.

Change in Employment by Creative Industry Sector, San Diego and Imperial Counties, 2010-2017

Figure 6.13



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment by Creative Sector in San Diego and Imperial Counties, 2010-2017

Table 6.6

	2010	2017	CHANGE
Architecture and Related Services	3,216	3,726	510
Creative Goods and Products	5,671	5,994	323
Entertainment and Digital Media	32,703	33,907	1,205
Fashion	3,644	4,046	403
Fine Arts and Performing Arts	3,140	3,696	557
Total	48,373	51,370	2,997

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



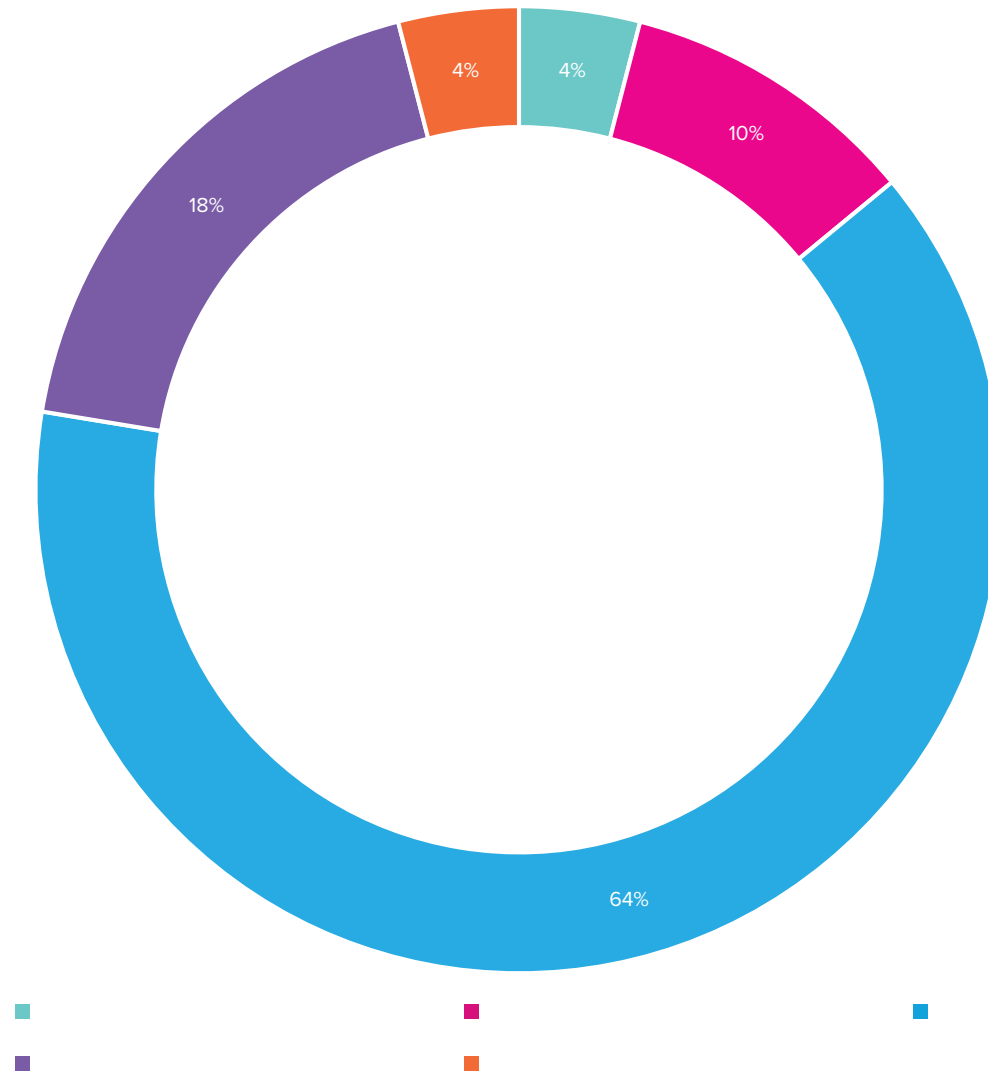
Southern California

Los Angeles and Orange County account for over 50% of the creative industries employment in California.

Share of Creative Industries Employment by Creative Sector, Southern California, 2017

Figure 6.14

The strong presence of the Entertainment and Digital Media sector, which accounts for 64% of the region's Creative Industries employment, can be largely attributed to the presence of the Film subsector in Los Angeles County. The next largest sectors in the region are Fashion and Creative Goods, which make up 18% and 10% of the region's creative industries employment, respectively.



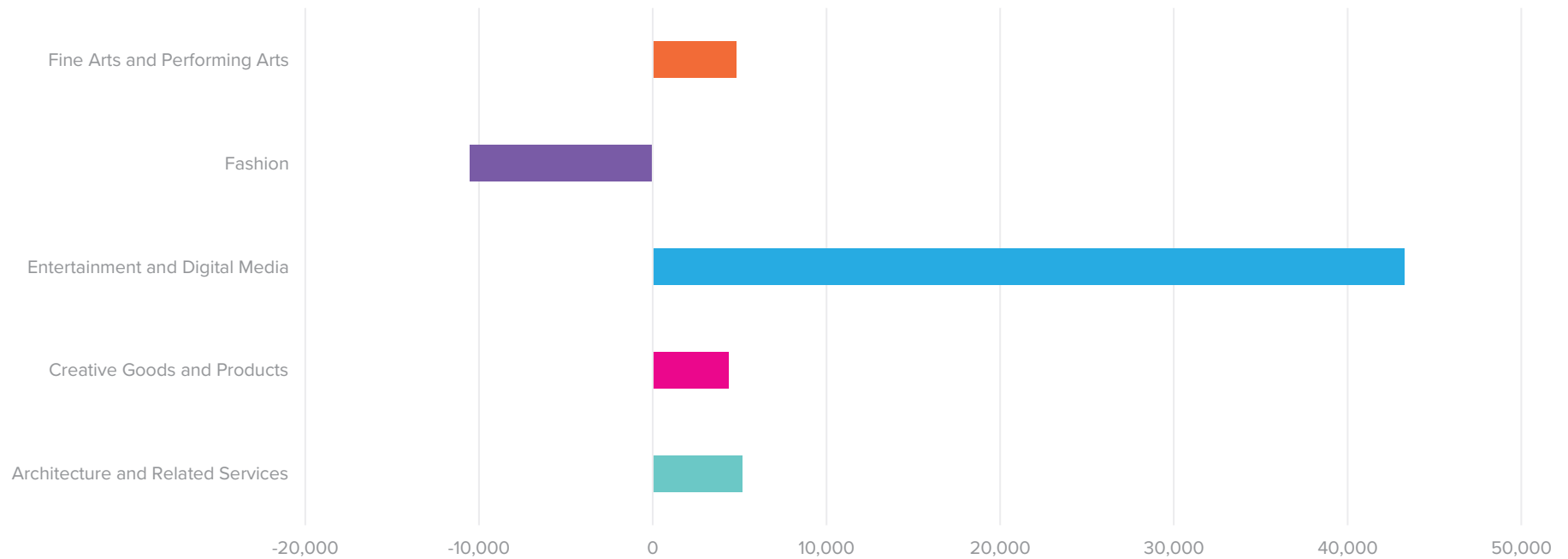
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



Entertainment and Digital Media has been the fastest growing sector in the region, adding close to 45,000 jobs over the period. Job growth has been significant, but much smaller in Architecture, which has added over 5,000 jobs, and Creative Goods and Fine Arts, which have each added around 4,500 jobs. The biggest loss of jobs occurred in Fashion, where over 10,000 jobs have been lost over the period 2010-2017.

Change in Employment by Creative Industry Sector, Southern California, 2010-2017

Figure 6.15



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment by Creative Sector in Southern California, 2010-2017

Table 6.7

	2010	2017	CHANGE
Architecture and Related Services	14,674	19,800	5,126
Creative Goods and Products	44,661	49,029	4,368
Entertainment and Digital Media	268,754	311,992	43,238
Fashion	100,798	90,259	-10,539
Fine Arts and Performing Arts	14,966	19,749	4,783
Total	443,854	490,830	46,976

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



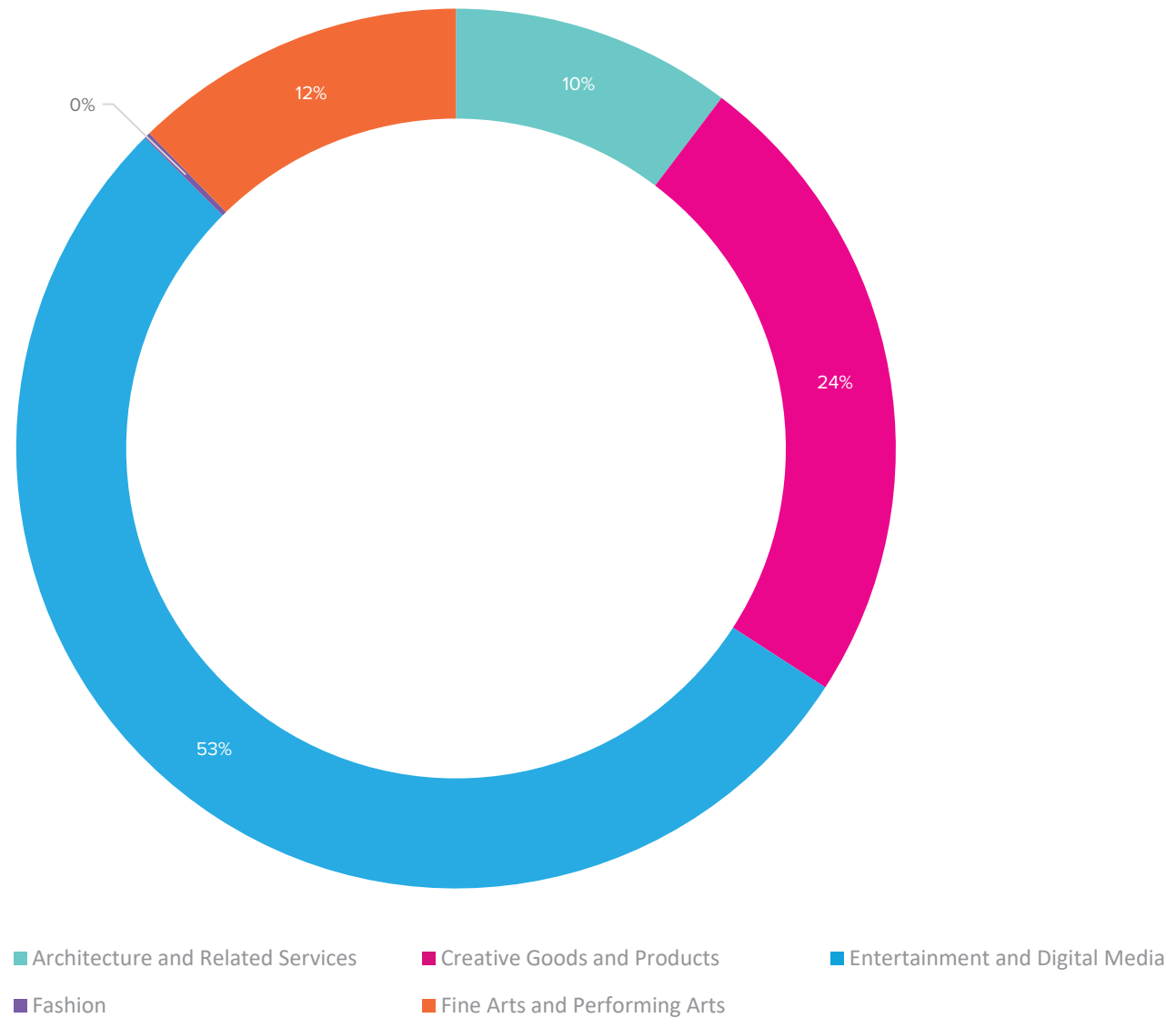
Upstate California

**The Creative Industries have
a very small presence in
Upstate California.**

Share of Creative Industries Employment by Creative Sector, Upstate California, 2017

Figure 6.16

In 2017, the region was home to fewer than 2,000 jobs across the five creative industries, which accounts for less than 1% of the State's total in the sector. The largest part of this small pie is Entertainment and Digital Media, which accounted for the majority of the creative industries employment in the region in 2017.



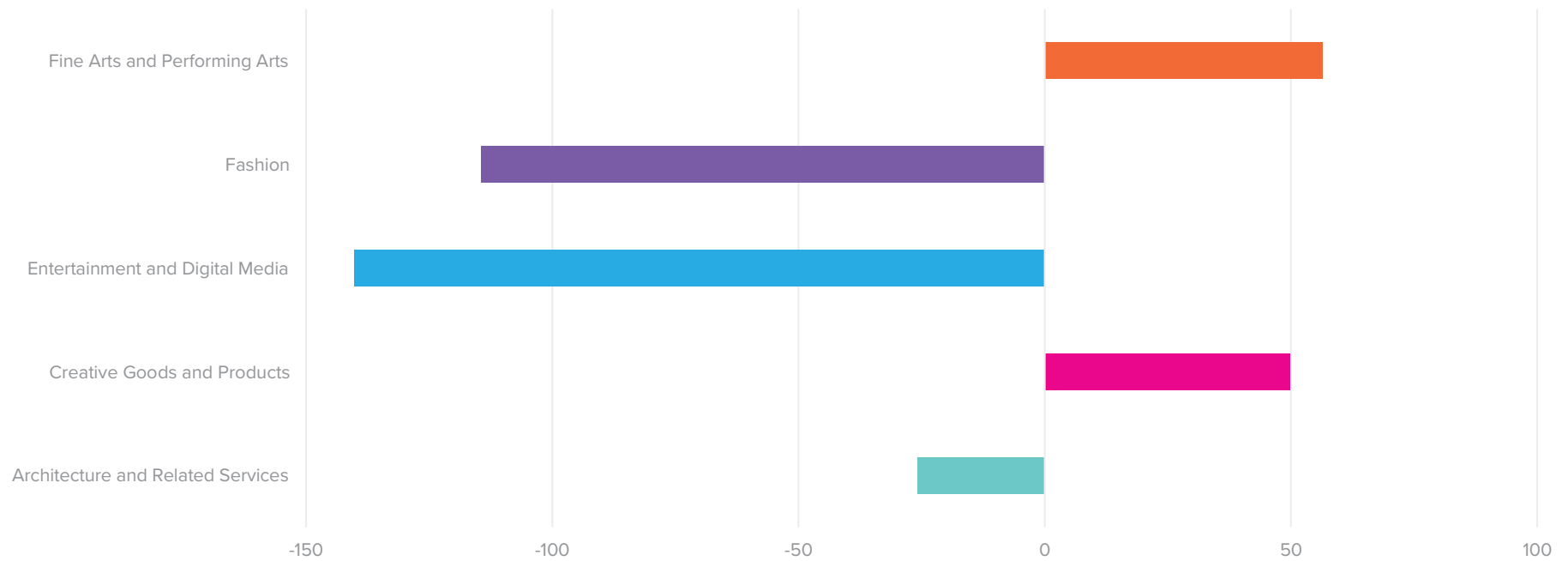
Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics



Overall, the region has faced declining employment across the creative industries over the period 2010-2017, with relatively significant job losses occurring in the Fashion and Entertainment and Digital Media sectors.

Change in Employment by Creative Industry Sector, Upstate California, 2010-2017

Figure 6.17



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

Total Employment by Creative Sector in Upstate California, 2010-2017

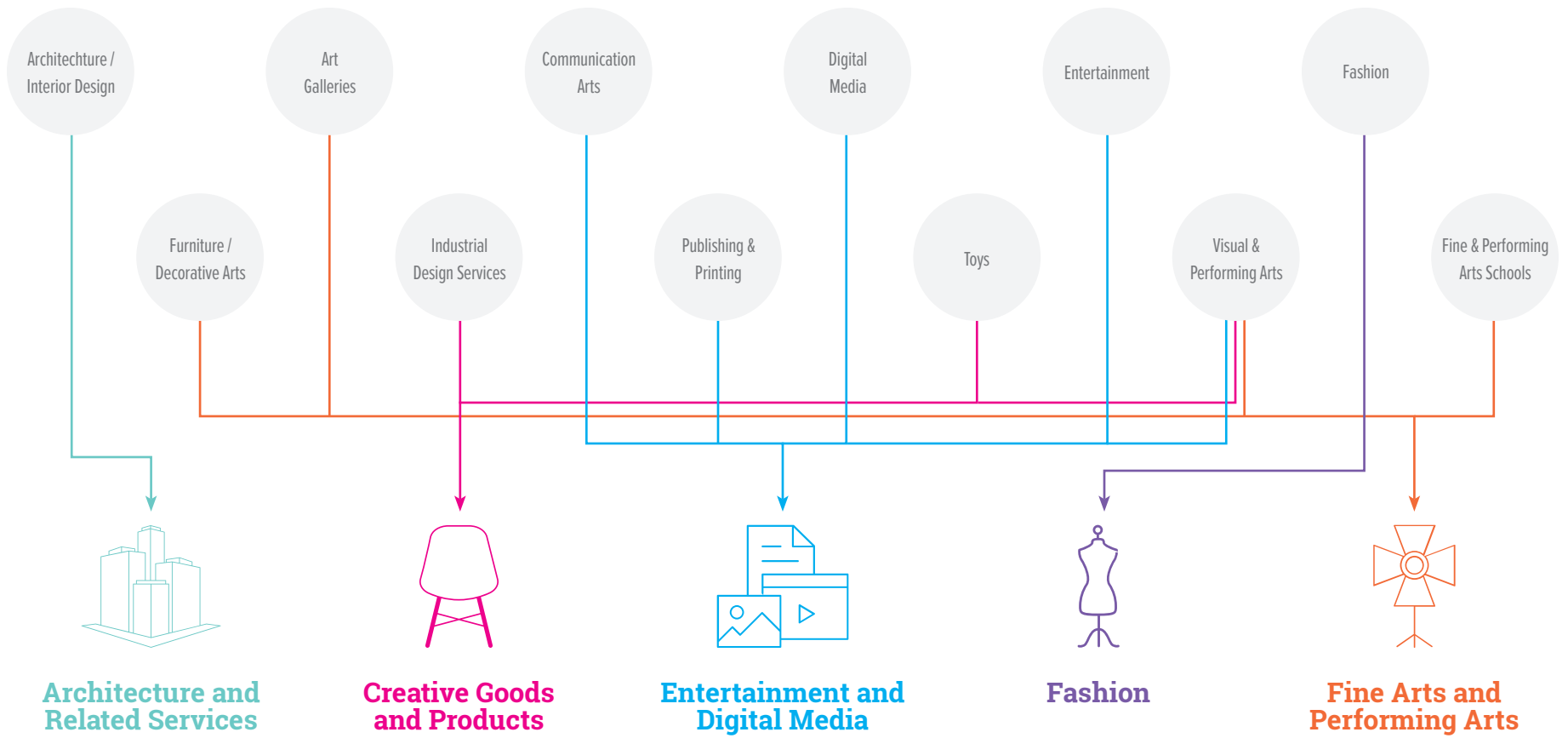
Table 6.8

	2010	2017	CHANGE
Architecture and Related Services	199	174	-26
Creative Goods and Products	351	400	50
Entertainment and Digital Media	1,037	897	-140
Fashion	118	4	-114
Fine Arts and Performing Arts	150	207	57
Total	1,855	1,681	-174

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages (QCEW); Analysis by Beacon Economics

07

Appendix



2018 OTIS SECTOR CATEGORY	CHANGE IN 2019
Architecture	No substantive change; sector's title changed from "Architecture and Interior Design" to "Architecture and Related Services"
Fashion	No substantive change
Entertainment	Reorganized under "Entertainment and Digital Media"
Digital Media	Reorganized under "Entertainment and Digital Media"
Communication Arts	Reorganized under "Entertainment and Digital Media"
Publishing and Printing	Reorganized under "Entertainment and Digital Media"
Performing and Visual Arts	Reorganized under "Fine Arts" moved [71141] Artists and managers of Artists and [71151] Independent artists, writers, etc. to "Entertainment and Digital Media;" moved [339992] Musical instrument making to "Creative Goods and Products"
Art Galleries	Reorganized under "Fine Arts"
Industrial Design Services	Reorganized under "Creative Goods and Products"
Furniture/Decorative Arts	Reorganized under "Creative Goods and Products"
Toys	Reorganized under "Creative Goods and Products"

NOTE: The table above reflects how previous industry codes included in the Creative Economy definition of the 2018 Otis Report on the Creative Economy have been reorganized. No code previously captured has been removed. After careful review, Beacon researchers have added 10 industry codes that were previously not captured by the 2018 Report.

Notes on Methodology

INDUSTRY PROFILES

Beacon Economics used the Quarterly Census of Employment and Wages (QCEW) published by the Bureau of Labor Statistics to conduct the industry profile analysis. The QCEW publishes a quarterly count of employment and wages reported by employers covering more than 95% of U.S. jobs, available at the county, MSA, state and national levels by industry.

OCCUPATIONAL PROFILES AND DEMOGRAPHIC PROFILES

Beacon Economics used the American Community Survey (ACS) Public Use Microdata Samples (PUMS) published by the Census Bureau to conduct the industry profile analysis. The ACS PUMS files are a set of untabulated records about individual people or housing units. The Census Bureau produces the PUMS files so that data users can create custom tables. Employment by industry and occupation can be calculated only by using ACS PUMS. Incidentally, these employment estimates are higher than the estimates from the Bureau of Labor Statistics' Quarterly Census of Employment and Wages (QCEW) because the QCEW excludes several types of workers whereas the ACS PUMS does not. Specifically, the QCEW employment data excludes proprietors, the unincorporated self-employed, unpaid family members, and certain farm and domestic workers. The employment count also excludes workers who earned no wages during the entire applicable pay period because of work stoppages, temporary layoffs, illness, or unpaid vacations. Given the prevalence of self-employment and freelance work within creative industries such as Film and Digital Media, one can expect that the QCEW employment figures are underreported.

WORKFORCE BY PLACE OF RESIDENCE

Heatmaps representing the distribution of the creative industry workforce were created using American Community Survey (ACS) Public Use Microdata Samples (PUMS) published by the Census Bureau as outlined above in the Occupational and Demographic Profiles section.

CONTRACT WORKERS

Beacon Economics used the Nonemployer Statistics (NES) annual series from the U.S. Census Bureau to analyse contract workers by NAICS industry. The NES provides subnational economic data for businesses that have no paid employees and are subject to federal income tax. The data consist of the number of businesses and total receipts by industry. Most nonemployers are self-employed individuals operating unincorporated businesses (known as sole proprietorships), which may or may not be the owner's principal source of income. The NES series is the primary resource available to study the scope and activities of nonemployers at a detailed geographic level.

ECONOMIC IMPACT

To conduct an analysis of the economic impact of the Los Angeles County Creative Industries, Beacon used data from the U.S. Census Quarterly Census of Employment & Wages (QCEW) for 2017 on jobs and earnings in the sectors that Beacon determined constitute the five creative industries defined above. Beacon input those jobs and earnings by sector (the direct impact) into the IMPLAN economic impact model to estimate direct economic output generated by the Creative Industries in Los Angeles, as well as the induced and indirect impacts of the industry countywide. An example of indirect economic activity would be a studio purchasing construction supplies for a soundstage from local suppliers. The additional income that is earned by employees in the industry and down the supply chain also causes additional economic activity in Los Angeles County—known as induced demand, as these employees spend money earned in connection to the creative industries on goods and services in the local economy. The sum of the direct, indirect, and induced impacts represents the total economic impact of the creative industries in Los Angeles County. The same

methodology was applied to data from the U.S. Census Quarterly Census of Employment & Wages (QCEW) for 2017 for statewide estimates.

Multiplier effects are modeled three ways in the *2019 Otis Report on the Creative Economy*: Direct, Indirect, and Induced effects.

- Direct Impact: The initial spending by five creative industries in connection with industry operations;
- Indirect Impact: The spending that is generated at businesses and organizations down the supply chains of the five creative industries;
- Induced Impact: Spending by individuals/households that occurs when employment or income increases as a result of creative industry spending or spending by businesses or other individuals down the creative industry supply chain.

Using the IMPLAN model, Beacon Economics estimates the direct, indirect, and induced economic impacts the creative industries have activities on the following economic indicators:

- Employment: The number of full-time equivalent jobs that are created in connection with creative industry spending and the distribution across a number of broad industry clusters;
- Output: An estimate of the increase in statewide productivity and its distribution across broad industry clusters;
- Labor Income: An estimate of the increased income generated in connection creative industry operations.

INDUSTRY EMPLOYMENT CLUSTERS

To determine where the employment in the creative industries is clustered in Los Angeles County, Beacon Economics used the Zip-code-level County Business Patterns (CBP) data published by the Census Bureau. The CBP is an annual series that provides subnational economic data by industry. This series includes the number of establishments, employment during the week of December 3, quarterly payroll, and annual payroll. Beacon Economics used the CBP data to derive the concentration of establishments by size and estimate the number of employees at the Zip-code level.

NON-PROFIT ECOSYSTEM PROFILE

Beacon Economics analyzed non-profit organization data utilizing the IRS's Exempt Organizations Business Masterfile Extract (EO BMF). Exempt organization information is extracted monthly from the Internal Revenue Service's Business Master File. The Business Master File is a cumulative file, and the data are the most recent information the IRS has for the organizations in the Masterfile Extract. The files are available in comma-separated value (CSV) format and contain the relevant fields: EIN, Zip code, affiliation code, classification code(s), activity code, organization code, asset code, income code, asset amount code, income amount and asset amount.

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