A construction boom, an explosion of tech, new infrastructure, and growing employment are transforming Los Angeles. The city’s future is sunny: full of innovation, opportunity, and prosperity.
Los Angeles is the hot destination these days—and not just for tourists seeking the sun. Last year the New York Times observed an exodus of young Gotham creatives heeding L.A.’s “siren call”; Adweek reported a “flood” of advertising talent also heading west. Talent is flowing south, too, from Silicon Valley to Silicon Beach: Venice and Santa Monica already boast long-established tech tenants like Google and Snapchat, and now Playa Vista, farther south, is home to YouTube, another Google outpost, and more than two dozen companies including Yahoo, Facebook, Honest Company, and Microsoft.

Even the St. Louis Rams are coming back to their roots, building a multibillion-dollar stadium in Inglewood—and the 2024 Olympics may land in Los Angeles, too. “L.A. is really on a tear,” says the city’s mayor, Eric Garcetti, who’s in the third year of his term and is running for re-election. “This is one of those great decades like the ’20s, which put L.A. on the map, and the ’80s, when it came out as a great global city. I think the 2010s are generating unprecedented growth of the economy and new infrastructure, just a whole reimagining of the city.”

Sherry Rudnak, who leads the L.A. office of BAE Urban Economics, a real estate economic consulting firm, is impressed. “The city and county are working very diligently, building on an already strong foundation, to make L.A. a highly desirable place to do business and to live,” she says. “They’re investing in the region in ways that are going to yield a high return on investment.”

Los Angeles may be synonymous with traffic, for example, but the city is already ranked the third-best in the U.S. for commuting via public transit. L.A. is also the site of the most rapidly growing metro system in the country, with five new rail lines under construction and two set to...
open this year.

And about that traffic? Commuting times in five other U.S. cities are longer, according to a University of Michigan study. Still, traversing the sprawling metro area can be a challenge—one that technology may help to address. In January the mayor’s office unveiled the GeoHub data-mapping system, designed for firefighters and other city personnel, and the GoLA smartphone app, produced with Xerox, which integrates all available transit methods and calculates their time, cost, carbon footprint, and health benefits.

And the new Coalition for Transportation Technology will concentrate on how to incorporate connected- and self-driving car technology into future transportation solutions. “Los Angeles is becoming a multimodal transportation model for America,” says Garcetti. “It’s great to see these pieces transforming the way we get around.”

The Los Angeles economy is following a parallel track of expansion and evolution. Garcetti pushed for a number of measures designed to make it easier to do business in L.A. last year, from incentives for filming and streamlining permitting processes to a much-heralded reduction in the city’s gross receipts tax. Those efforts are getting results. TV production jumped 10% last year, and movie shoots in the last three months of 2015 were up 12% compared with the prior year. They sure didn’t hurt L.A. construction, which boomed, with 2015 spending hitting the highest level in three decades, projected at $7 billion by the Department of Building and Safety.

Perhaps most important—and most exciting to the mayor—is that employment is on the rise. Since Garcetti took office, the city has gained 130,000 new payroll jobs. Countywide, according to the Los Angeles County Economic Development Corp. (LAEDC), almost 100,000 jobs were added in 2014 and again in 2015, outpacing the nation in job growth and beating predictions, with notable gains in health care, professional business services, construction, and leisure and hospitality.

In January the LAEDC released its 2016–2020 L.A. County Strategic Plan for Economic Development, outlining ways to build on the success of recent years and tackle remaining issues. “The heart of our focus is now not just how to create jobs but help residents get more wide access to these jobs,” says Lawren Markle, LAEDC’s director of public relations and marketing. He points to South L.A. as a promising front in that effort, with the Rams’ NFL stadium complex set to break ground in Inglewood and the extension of the metro's Crenshaw line into the area, both of which should spur development and new jobs. And in October, the L.A. County Board of Supervisors voted to establish an economic develop-
ment trust fund that will be used to provide loans to small and medium-size manufacturers, and technical support to emerging industries, with a large portion devoted to bioscience. It calls for investments incrementally increasing to $15 million by 2021.

The Garcetti administration has promoted efforts to ensure that the benefits of L.A.’s economic growth are shared among all the city’s residents. The mayor backed an increase in the minimum wage that passed last year; it will rise to $15 an hour by 2020. He believes it makes good business sense. “Most economists have said the recovery, while strong, has lagged because there’s not a lot of strength at the bottom of the economic spectrum—people don’t have money to spend,” he says. “While some businesses say that raising wages hurts them, every time it’s been done it attracts the best workers and results in less turnover and fewer sick days—and customers come back because they don’t have to choose between something like paying their phone bill and having a meal out.”

Workforce training and assistance to small businesses are the focus of the city’s Economic and Workforce Development Department (EWDD), with an emphasis on preparing youth, veterans, and hard-to-reach populations with skills essential to emergent industries. In partnership with L.A. Trade Tech College and Community Career Development, Inc., it is deploying a federal transportation grant to train and expand L.A.’s public-transit workforce. EWDD is also aiming to generate employment related to the rehabilitation of the Los Angeles River.

“We have a workforce coming up behind us who will have to be much more technically skilled, and trained to adapt to shifts in the economy, with the ability to communicate in more than one language, including coding,” says Jan Perry, EWDD’s general manager. “We’re preparing them for what lies ahead in sector-based initiatives like health care, green jobs, transportation and logistics, and other growth industries.”

The booming tech sector has certainly boosted employment—L.A. is the country’s fastest-growing area for startups and a top producer of engineers and Ph.D.s. There are more tech jobs in L.A. County than in any other in the country. But not all those are engineering jobs, nor are they limited to Silicon Beach; large
tech clusters have emerged downtown and in Pasadena as well.

As Perry notes, green tech is an especially promising area for employment growth. As of April 2015, when Garcetti released L.A.’s first-ever Sustainable City Plan, 4,800 green jobs had been created since he took office. “L.A. is indisputably the green jobs capital of the world,” he says.

“There are a lot of newer jobs in green tech and clean tech,” says BAE’s Rudnak. “They demand a wide range of educational levels and skill sets, so bringing in disadvantaged communities to train for those jobs makes for a more robust economy and enhances L.A.’s competitive advantage.”

Los Angeles is not only ranked second on the Environmental Protection Agency’s list of the top 25 U.S. cities with the most energy-efficient buildings in the nation, it’s also an outsized player in the development of clean technology and cutting-edge responses to environmental challenges.

Because the L.A. economy is so significant—the county’s gross domestic product of more than $640 billion makes it the largest economy in the U.S., and the third-largest among the world’s metropolitan centers—“what happens here locally can drive international markets,” says David Abel, who’s been described as “the Kevin Bacon of the green world.” He’s the founder of public policy consulting firm ABL Inc. and the Verdexchange Conference, an annual forum in Los Angeles where market-makers, thought leaders, and executives from all sectors of the economy gather to discuss sustainable economic growth. The 2016 conference, held in January, included topics such as battery power storage, innovations in water technologies and management (spurred by California’s drought), and waste conversion. Also a focus was sustainable transport, including L.A.’s alternatively fueled bus fleet—the largest in North America—and the electric-powered future of global auto design, which is centered in metropolitan L.A. The event drew almost 800 attendees from Asia, Europe, and Canada.

“They all came because our market ripples through theirs,” says Abel. “In business terms, we’re getting huge investments in technology and how to deal with climate changes.” In other words, what happens in L.A. matters everywhere else.

The growing muscularity of Los Angeles can be seen in its changing skyline and infrastructure. In February, demolition began on the historic 6th Street Viaduct, a 1932 landmark spanning the L.A. River downtown that has appeared in dozens of films and TV shows. Though beloved, it was declared too vulnerable to earthquakes and will be replaced by a swooping, futuristic bridge dubbed the Ribbon of Light, a $449 million project due for completion in 2019.

Not far from the new bridge, the
$1.1 billion dollar Wilshire Grand hotel is under construction—a glass-walled structure that will be the city's tallest building when it's completed next year. Its spire is an aptly soaring symbol of a new aesthetic in L.A. after 40-year building codes mandating flat roofs changed last year. The tower is also being constructed to defy severe earthquakes, a important feature in seismically challenged Los Angeles, where last October Mayor Garcetti signed into law the nation’s toughest earthquake safety regulations.

The Wilshire Grand is just one of several billion-dollar projects taking shape across the L.A. area, in large part a reflection of capital flowing into the region from abroad. (It’s no wonder that construction jobs led annual employment gains in L.A. County last year, according to the Bureau of Labor Statistics, at 7.8%.)

The core infrastructure in L.A., a global hub ranked as the top trading center in the U.S., is also benefiting from the boom. Multiyear, multibillion-dollar expansions and improvements are underway at the Port of Los Angeles and the Port of Long Beach, together the western hemisphere’s largest container-port complex (and the world’s fifth largest).

Los Angeles International Airport (LAX), the nation’s second-busiest airport, has also been investing heavily in terminal upgrades. LAX saw record numbers of passengers last year, 74.9 million, up 6% from 2014—a number that’s expected to grow by another 20 million in the next two decades. Now a new $5 billion infrastructure plan, the Landside Access Modernization Program (LAMP), is aiming to make it easier for those passengers to get to the airport by revamping the areas around it. LAMP will install an expansive automated people mover, more accessible parking facilities, and a connection to the metro regional rail system.

LAMP is just the newest phase of a major development program at LAX that has already seen a complete renovation of the Tom Bradley International Terminal, opened in 2013, including new retail, dining, and gate areas.

A key player in the terminal’s renovation was Parsons, a leading global engineering, construction, technical, and management services firm founded 71 years ago in L.A. Parsons provided program and construction management services for several components of the renovation and has long worked with many of L.A.’s agencies and departments, “resulting in many projects that are universally viewed as having been essential to L.A.’s growth,” says Parsons chairman and CEO
Chuck Harrington. “What has made us successful is our broad expertise in developing, building, and improving the world’s infrastructure, from airports, bridges, transit, and tunnels, to water and wastewater treatment plants.”

Parsons’ core values, says chief of staff Virginia Grebbien, are safety, quality, integrity, diversity, innovation, and sustainability. Good corporate citizenship is also prized: “Being a part of the community and trying to improve the quality of life in a large geographic area like Los Angeles will always provide opportunities for our business.”

Back at the Los Angeles airport, modernization and makeovers aren’t restricted to the Tom Bradley International Terminal. United Airlines, whose LAX hub is a centerpiece of its West Coast operations, is investing more than half a billion dollars to refresh its customer-facing spaces at the airport, from a state-of-the-art ticketing lobby to a sleeker and more spacious United Club lounge. The renovations will be complete by the end of next year. “It’s about giving our customers more of what they want—greater choice, control, consistency, and comfort,” says United spokesman Jonathan Guerin. The airport is a major connector to United’s domestic and Pacific network, with more than 150 daily flights from LAX to more than 50 destinations across the globe. United, which employs almost 5,000 people in the region, has been part of L.A. for more than half a century, says Guerin: “We’re committed to making a positive difference in the communities where our employees and customers live and work. It’s an important part of who we are.”

The transportation and logistics sector in Los Angeles, always a powerhouse, will continue to be a jobs engine, projected by the California Employment Development Department to generate more than 56,000 openings over the next seven years. Another long-standing centerpiece of L.A.’s economy is manufacturing; with more jobs in that
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An employee of Reliance Steel Company loads a truck with cold-rolled precision custom blanks in the company’s Vernon location that has existed since the 1950s.

industry than any other U.S. city, Los Angeles is the country’s manufacturing capital.

A prime example is Reliance Steel & Aluminum Co. which started as a local outfit in 1939. It has since grown into the largest metals service center company in North America and a global business with more than 300 locations. “But the foundation for Reliance has always been Southern California,” says Gregg Mollins, who became the company’s president and chief executive officer last year. “One reason we’ve been so successful overall is the business model we developed here.” While Reliance competitors have no more than two Los Angeles locations, Reliance has 15 companies in the greater L.A. area, providing the service and just-in-time turnaround that are the company’s hallmark.

Mollins is a big fan of Los Angeles as a place to do business: “You’ve got the finest weather in the country, a lot of nice people, and the diversity—whether it be in terms of industry or ethnicity. It’s got the whole nine yards.”

Like manufacturing, the aerospace industry in Los Angeles has been a mainstay, weathering some storms but evolving with the times. South of LAX, El Segundo, long the site of aviation-related businesses, is becoming yet another outpost of Silicon Beach. Last year Paris-based Starburst Accelerator settled there and has begun assisting aerospace startups. Further inland, in Hawthorne, Elon Musk has headquartered SpaceX, his next-gen rocket-science venture. And last year Richard Branson’s Virgin Galactic space company opened a design-and-manufacture facility in Long Beach.
Startups and billionaire-funded space companies aren’t the only ones taking L.A. aerospace to the next level. “We are a technology company,” says Tom Vice, president of Northrop Grumman Aerospace Systems. “We’re investing in the future to ensure we compete with our aerospace peers as well as established and startup tech companies.” Recently the Air Force chose the company to build the nation’s next long-range strike bomber, a classified program demanding cutting-edge technology from design through delivery and decades of service. It’s just one reason the company is standing up a basic research and applied science facility at its Redondo Beach headquarters. As a leader in autonomy, Northrop Grumman relies on world-class coders to write sophisticated software, and at its manufacturing center in Palmdale, its Integrated Assembly Line is partially manned by autonomous machines. The company is also using data to seamlessly connect all processes from design through manufacturing and sustainment to drive efficiency and affordability. Says Vice: “Digital thread will define the factory of the future.”

Collaboration between tech-forward companies like Northrop Grumman and L.A.’s academic institutions isn’t uncommon. “When I worked at Northrop Grumman, UCLA was our No. 1 supply school,” says Dwight Streit, director of the UCLA Institute for Technology Advancement. In fact, thousands of UCLA Henry Samueli School of Engineering and Applied Science alumni work at aerospace companies. The university is also a leader in bioscience and health, and its researchers have made many breakthroughs with commercial potential, including the nicotine patch and a leading breast cancer drug.

Although California public universities such as UCLA are known for doing research, “people don’t know there’s a lot of applied, hands-on research.
at the state universities—including here,” says Dianne Harrison, president of California State University, Northridge. CSUN received a 2015 Eddy award from the LAEDC for playing a leading role in the county’s economic development and creating well-paying jobs for its residents; with a campus devoted to sustainability, it also has the distinction of being the first university to house a satellite of LACI, L.A.’s clean-tech incubator.

California’s colleges and universities have traditionally been praised not just for their quality but also their affordability. However, with tuitions on the rise, these institutions now share a renewed effort to make economic mobility a priority. This is already at the top of the agenda at the Los Angeles Community College District (LACCD). “We’re the workhorse for the education District (LACCD). “We’re the workhorse for the education District (LACCD).”

“I always say a great city adjusts to its great challenges—and reaches for the biggest challenges.” Mayor Garcetti agrees: “I always say a great city adjusts to its great challenges—and reaches for the great opportunities to do things that will define its soul.”

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