c. A fair recovery in real estate prices and rents from depression low points
d. Exceptionally light overhang of institutionally owned residential real estate
e. A low rate of property acquisition
f. High activity in new residential construction with a notable improvement in appearance and quality of new construction
g. Low construction costs
h. Ample mortgage funds available

2. Unfavorable factors.

a. Decline in rate of family increase
b. A heavy excess of subdivided lots with but slight control exercised over continuing subdivision activity
c. A poorly conceived zoning plan with tremendous excesses of frontage zoned for business and multiple dwelling uses, and frequent occurrences of "spot zoning"
d. Increasing vacancy in all types of dwelling units
e. Softening of the rental and sales price structure induced by slackening demand
f. Levelling off of downward trend in property acquirements and grave possibility of heavy future acquirements in speculatively built areas where pressure tactics were utilized to dispose of properties for little or no down payment. This possibility is particularly pressing in developments located in less desirable sections or in areas wherein poor drainage or flood hazards exist.
g. Heavy overhang of institutionally owned, non-residential property (including substantial numbers of vacant lots)
h. Continuing heavy speculative building activity in the face of increasing difficulty in the disposal of newly constructed dwellings
i. Intense competition among mortgage institutions to secure construction loans increasing the hazard of overbuilding in the area
j. Increasing evidence of overbuilding in the area

The unfavorable factors as listed above constitute an insurmountable barrier to optimism with regard to the future of the real estate market. It is, of course, impossible to predict definitely that conditions will improve or regress because of the variable factor introduced by the outbreak of war in Europe. Irrespective of the war and its effect on Los Angeles, however, we may conclude that present conditions in the Los Angeles real estate market are definitely unsatisfactory and warrant extreme caution on the part of mortgage institutions in making loan commitments and in their lending policies generally.