Therefore, summing up all conditions as they now exist, and taking into consideration the effect of the war, the situation in Metropolitan Los Angeles can be best described thus: (1) Business conditions are neither very good nor very bad, (2) These conditions will improve only to the extent that the present war increases the demand for goods and services produced in the Los Angeles area, (3) Should the war end at any time in the near future, as many are predicting, or should the present neutrality law not be revised, there will undoubtedly be a sharp recession in business activity, (4) Real estate conditions will not be greatly improved in any event because of the fact that the heavy wave of residential construction during the past three years has been adequate to supply the needs for housing. Vacancy which is now present in the area results not from poor business conditions but from the surplus of housing units. The weakening of the rental and real estate price structures is likewise not due so much to poor business conditions as to the operation of the laws of supply and demand for available units. The present volume of speculative building might be stimulated by the psychology of the booming war business. In the case of Los Angeles, this would be highly regrettable, (5) The mortgage market will scarcely be affected, regardless of the improved business conditions as there is even now a great surplus of funds seeking investment in residential liens.