Since the outbreak of the present European conflict, many persons interested in building and real estate in Southern California have been looking to the experiences of the last war as a guide to what may happen here in the near future. However, forecasts based on the assumption that the pattern of activity during the World War will be repeated fail to consider the differences between the Los Angeles of 1914 and the Los Angeles of today.

In 1914 this area was primarily agricultural, the value of goods manufactured in Los Angeles County being estimated at only $150,000,000. At that time the largest industries were those producing consumer's goods such as women's clothing, furniture, and meat packing, taking, and confectionery products. The absence of war industries is notable. Since that time, however, expansion of industry in Southern California has been widespread, including many war industries. In 1937, the latest year for which adequate figures are available, industrial output in Los Angeles County (excluding motion pictures) was $1,205,000,000, and of this amount 40 per cent was accounted for by petroleum, automobiles, rubber tires, aircraft, electrical machinery, and steel and planing mill products. The stimulus from the rapidly expanding local aircraft industry has been reflected for some time in local building and real estate activity and in many other lines. Increasing employment in aircraft and related plants has particularly stimulated the construction of small homes in this area, as is discussed in subsequent sections of this report.

Local real estate and building conditions in 1940 differ from those of 1914 in another important respect. After the peak which was reached in 1912, building and real estate activity fell precipitously and were declining at the time of the outbreak of the World War. Obviously the war was not the primary cause of the recession. In fact, the amount of the decline in 1913 and 1914 was greater than that for the ensuing four years. This is apparent from the accompanying table. Today, however, the situation has changed. We are currently in the rising phase of the building and real estate cycle which began in 1934.

To date the first World War has proved a very poor guide, and there is little reason to expect that it will be much better in the near future.