BUILDING ACTIVITY

Total Residential Construction - Residential building activity in Los Angeles County during the first six months of 1940 has been at a rate of approximately 44,000 family units per year, a level which in the history of the area has been surpassed in only 1922, 1923, and 1924. Last year 39,243 family units were constructed.

Single Dwellings - Permits were issued for 16,711 homes during January-June, a gain of 8 per cent over the 15,501 single dwellings authorized in the corresponding period of 1939. This increase has been entirely in the lower brackets, particularly in the less-than-$3,000 classification.

Multiples - Total volume of multiple construction aggregated 5,375 family units during the first half of 1940 as compared with 5,225 in the 1939 period. Excluding public and private large-scale housing (U.S.H.A. and Wyvernwood), the figures are 4,871 and 4,125, an increase of 18 per cent. Construction of unfurnished multiples has been proceeding at by far the highest rate in the recovery period. The effect of this high rate of building during the early months of the year is now being felt in the market. Indication of this is found in the current rent and vacancy data which is discussed later. Significantly, however, a sharp decline in multiple construction is indicated in June permit statistics.

Outlook - Further expansion of employment in the aircraft and allied industries will continue to provide the basis for a large volume of small home building in the months ahead. However, conditions are growing increasingly unfavorable to construction of homes in the upper brackets. Contributing to this are the sharp decline in securities prices in recent months, current business and financial uncertainties, increased income taxes, the prospect of heavier taxes of all kinds, etc.