Probably no metropolitan community in the country has been so in the limelight in the past 10-15 years as has Los Angeles. The manifold advantages of climate and natural resources have been well advertised to the world by local publicity and civic organizations, while the motion picture industry, concentrated in the Los Angeles area, constitutes a potent advertisement of the community, and draws thousands of persons into the area annually. Metropolitan Los Angeles is a study in conflicts and contradictions on a very lavish scale, all of which tend to multiply the problems of business and financial institutions generally, and mortgage lending institutions in particular. These problems are further magnified and intensified by the rapidity of change which characterizes any rapidly growing community such as Los Angeles has been in recent years. The following pages are therefore devoted to pointing out the more serious problems which must be taken into consideration in the determination of mortgage lending policies or in the management of owned real estate, and to afford a brief sketch of the general background, present conditions and probable future trends in the various phases of Los Angeles economic activity.

1. GENERAL ECONOMIC AND BUSINESS ACTIVITY

THE COMMUNITY Metropolitan Los Angeles, for the purposes of this report, is defined roughly as the southern half of Los Angeles County comprising an area of about 2400 square miles and containing virtually all the county population (see map on opposite page). The metropolitan area fronts on the Pacific Ocean 132 miles north of San Diego, approximately 405 miles south of San Francisco and about the same distance southwest of Sacramento, the state capital. The community itself is a more or less loosely federated group of 44 incorporated cities ranging in population (1938 estimates) from the 1000 persons in tiny West Covina to the 1,480,000 population of Los Angeles city proper. While Los Angeles city with its great, sprawling incorporated areas dominates the economic and social life of the community, each of these smaller cities - and particularly the cities of Pasadena, Long Beach, Glendale, Santa Monica and Pomona - maintains its own individual identity and characteristics, and all maintain their own full complement of government functionaries.

From the standpoint of physical characteristics, this metropolis offers a wide variety of terrain and climatic conditions. The whole of Southern California is situated in semi-desert land with virtually all its annual light and irregularly distributed (geographically) rainfall concentrated in the three winter months. Elevations in the metropolitan area vary from sea level to altitudes in excess of 2000 feet, this great variance being occasioned by the numerous groups of hills and the several ranges of mountains irregularly interspersed throughout the metropolitan area. These ranges serve to divide the area into four sharply defined climatic zones each having distinct physical characteristics. These climatic zones are coastal, interior, mountain, and desert, with the major portion of the metropolitan area being situated in the coastal zone. However, it would be a misnomer to term Los Angeles as a sea-coast community, for although the cities of Long Beach and Santa Monica and several intervening resort communities are located along the shores of the Pacific Ocean, the remainder of the metropolitan area sprawls back to the Santa Monica and San Gabriel mountain ranges for distances upwards of 30 miles.

The presence in the area of these numerous hills and mountain ranges has been a leading factor in determining the trends of residential real estate development as well as prescribing the general growth trends of the city.

ECONOMIC BACKGROUND Until the turn of the past century, the economic livelihood of Los Angeles gravitated around agricultural pursuits. Agriculture still constitutes one of the major sources of income to the community, but its dominance in the Los Angeles economic pattern ceased after 1900 for several reasons, the most important being the following: the advent of