



South Bay Economic Development Partnership

A faint, light grey silhouette of a globe is positioned to the left of the main title. It shows the continents of North and South America.

Review of South Bay Key Industry Clusters

Clusters are groups of inter-related industries that power wealth creation in a region, chiefly through export of goods and services.

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This paper is a product of the South Bay Economic Development Partnership (SBEDP). The SBEDP is a not-for-profit regional partner with business, education and government created to stimulate growth in the south Bay region of Los Angeles County.

Cluster mapping by:
City of Carson

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Industry Clusters

The use of clusters as a descriptive tool for regional economic relationships provides a richer, more meaningful representation of local industry drivers and regional dynamics than do traditional methods. An industry cluster is different from the classic definition of industry sectors because it represents the entire value chain of a broadly defined industry from suppliers to end products, including supporting services and specialized infrastructure. Cluster industries are geographically concentrated and inter-connected by the flow of goods and services, which is stronger than the flow linking them to the rest of the economy. Clusters include both high and low-value added employment¹.

The South Bay Economic Base

Jack Kyser writes in his *South Bay 2002 Economic Forecast*², the South Bay of Los Angeles County is a highly diverse subregion of sixteen communities, a strong manufacturing base, and forward thinking new economy companies.

The local South Bay population continues to grow in testimony to a highly regarded quality of life. The region now has more than 1.1 million residents, making the population greater than that of Oklahoma City. The South Bay continues to be a net job donor to the greater Los Angeles region, boasting nearly half a million jobs in the region. The regional economic base continues to be strongly supported by aerospace with more than 40% of all Los Angeles County aerospace workers employed in the South Bay. The region was hit hard by aerospace downsizing during the past decade and today there is little airframe fabrication in the Los Angeles area or in all of California. Most aerospace prime contractors are headquartered out of state, which makes it difficult for the State's base of more than 43,000 aerospace suppliers, most of which are located in the 5-County Los Angeles region. However, a very successful transformation among many traditional South Bay aerospace companies took place during the past decade.

¹ San Diego Association of Governments (SANDAG)

² A comprehensive October 2001 report available from the South Bay Economic Development Partnership (310-792-0323), the Partnership's web site www.southbaypartnership.com, or the Los Angeles County Economic Development Corporation (213-622-7100)

In the weeks following September 11th's horrific attack on New York's World Trade Center and the Pentagon, the Los Angeles region was immediately affected by a rapid and devastating downward spiral of the hospitality and travel industry. By the time the last layoff notice is distributed we believe as many as 40,000 travel and hospitality industry workers will lose their jobs. Approximately 40% of those workers are employed in the South Bay.

To make matters worse it appears the recession-not-quite for so many months is now upon us. California will fare better than other states, due mainly to Southern California's economic strength. The South Bay will fare better than other parts of Los Angeles County because of lessons learned ten years ago when the aerospace downturn brought the region nearly to its knees.

As reported last year, the 1990's information based businesses manifested the need for easy, high-speed data transfer. That which would become known as the *information super highway* created unforeseen opportunity, blurring traditional boundaries that previously delineated the aerospace, space, and communications industrial sectors. When the South Bay's stalwart traditional aerospace industry downsized its highly skilled technological workforce these displaced workers spurred growth in other industries. Their job skills once relegated to work for the defense industry quickly came into demand in other fields such as bioscience, business services, computer and electronics firms, entertainment, financial services, healthcare, software and computer services, and the visitor industry.

This expansion of information based businesses and a keen understanding of applications for old technology³ have brought the South Bay back from the deep economic woes of the late 80s and early 90s. Our regional leadership and skilled managers of traditional businesses joined with upstart entrepreneurs to reform the South Bay, creating a solid portfolio of enterprise and opportunity.

The South Bay briefly benefited from dot-com startups, but our portfolio of company diversification protected this region from the difficulties suffered in Silicon Valley. Also, over the past decade the region took great advantage of the Port of Los Angeles (the Port) and Los Angeles International Airport (LAX) to greatly expand the region's role in international trade. Further, the land development community is working with local jurisdictions to match the needs of key assets (the air and seaports, by example) with community concerns. Cities are creatively making it easier for companies to do business without abridging common sense and local ordinances⁴. The ease and financial efficiency of doing business in the South Bay has created a noticeable migration into the region by companies relying on close proximity to LAX and

³ GPS is 1960's technology with 21st century applications.

⁴ An example is the City of El Segundo's entertainment overlay.

other companies in their sectors, along with companies looking to ease the overhead burden of doing business.

Added benefits to the South Bay are several redevelopment projects underway. The City of Redondo Beach's *Heart of the City* project promises dramatic investment in intelligent use of treasured waterfront and beach assets. The City of Inglewood is poised at the threshold of what could become the nation's largest redevelopment project over a 5-mile stretch of Century Boulevard. The SBEDP is beginning work with the Cities of Hawthorne, Lawndale and Gardena on the *Rosecrans East* project, which is creation of a plan for redevelopment of a 3.5 mile stretch along Rosecrans Avenue between the San Diego Freeway and Vermont Avenue.

Additionally, the Cities of Torrance, Lawndale, and Hawthorne are undertaking major infrastructure and streetscape projects. The Cities of El Segundo and Rolling Hills Estates are making substantial progress with commercial district projects in work the past few years. California State University, Dominguez Hills in the City of Carson is proceeding with plans to develop a national sports training center of campus that includes a soccer stadium to house the Los Angeles Galaxy professional team. The City of Los Angeles' 15th District is again addressing redevelopment of the San Pedro harbor area and expansion of the Port of Los Angeles. And high on everyone's interest list is proposed expansion of the Los Angeles International Airport.

Many of the region's top developers are engaged in projects satisfying the demand for South Bay commercial and industrial space. This region continues to enjoy an extremely low industrial vacancy rate. With nearly 200,000,000 square feet of industrial inventory, the South Bay enjoys a vacancy rate under 5%.⁵ During the first half of 2001 approximately 2.6 million square feet of industrial space as added to the region's inventory. The DAUM South Bay Industrial Market Study observes that ...

*"The diverse local economy will continue to take advantage of positive events, such as possible increases in high-tech defense spending. These factors in conjunction with the strategic location of the South Bay, and its excellent transportation infrastructure, should provide a relatively stable environment in the transitioning market."*⁶

These favorable South Bay economic indicators are, in large measure, the benefit of having a diverse regional economy. When all key clusters are mapped throughout the United States only the Los Angeles region has repre-

⁵ See the *Economic Digest* South Bay Commercial Real Estate Study

⁶ Ibid

sentation of all clusters. The South Bay enjoys representation of nearly all key clusters.

Importance of Industry Clusters

If the region is to continue building on its work over the latter part of the last century we need to better understand our industries and their needs. One proven way to bring needed support to business is by gaining deeper understanding of those industries comprising key industry clusters.

Clusters are groups of inter-related industries that drive wealth creation in a region, primarily through export of goods and services. We first encountered the use of clusters as a descriptive tool for regional economic relationships ten years ago when Rohit Shukla, Los Angeles Regional Technology Alliance president, promoted them. In the early 90's Shukla was one of a few voices explaining the need to fully understand the inner workings of an industry, how it related to other industries, and what issues cut across regional and industrial lines. Today a simple Internet search for "industry clusters" brings thousands of sites worldwide describing regional cluster activity or providing instructions on how to start a cluster program. Even with so much common understanding of the value of industry clusters, few regions have successfully created and sustained an industry cluster program. The South Bay intends to be the next successful cluster driven region in the nation.

Over a few short years accepted procedures have been adopted from among many methodologies employed to "get a handle" on this new economic development concept. The South Bay Economic Development Partnership (SBEDP) is collaborating with the South Bay Cities Council of Governments (SBCCOG) and other interested organizations in the Los Angeles Region to gather cluster based data critical to planning and decision making purposes. For nearly two years the Partnership has been gathering and defining employment clusters to use that information for economic development planning and analysis.

An important cluster analysis first step was the *South Bay Economic Adjustment Strategy*⁷. The purpose of that study was to help regional stakeholders take effective action to recover jobs lost because of defense cutbacks. Although focused on a specific problem of huge aerospace/defense job loss, the *South Bay Economic Adjustment Strategy* provided the region a first look at industry clusters and the relationships between some of the region's industries by way of an economic input-output model.

⁷ Published 1998 by the Economic Roundtable under a grant from the United States Department of Defense Office of Economic Adjustment to the Community Development Commission of Los Angeles County. The South Bay Association of Chambers of Commerce managed the study program.

SANDAG⁸ takes that approach much further using the Minnesota IMPLAN Group's input-output model for determination of business relationships in a cluster environment. They emphasize a critical point in that one region's electronic instruments might be part of an aerospace cluster and another region may place that industry in an automotive cluster. This report you are reading doesn't go into that depth of detail. This report reflects a beginning of the South Bay industry cluster program.

An April 1999 *Economic Digest Article* provides an accurate assessment of economic impact and importance of industry clusters. It says, in part, that "central to the concept of an industry cluster is the notion of traded sector or economic base, those industries which sell most or all of their products and services outside of the regional economy. These external sales generate revenue that flows back into the regional economy to purchase labor, specialized services, intermediate goods and raw materials. These payments into the local economy, in turn, tend to get spent locally on housing, clothing, food, entertainment and other local business suppliers and service firms. The overall impact of any cluster on the regional economy is due, in large part, to the dollar volume of its local supply chain, that is, what share of total industry cluster consumption firms in the region are supplying."

The South Bay's economic future depends in large measure on how government and academia work with key industries. South Bay clusters share similar workforce and infrastructure. They also are defined by complementary or an interdependent industry, what one may produce is what another needs. The Partnership is focused on an industry cluster program to promote competitiveness, raise awareness of the importance of relationships among various industries, and to promote more efficient and streamlined economic development programs and policies.

This report is the first step to a regional collaborative industry cluster agenda. In cooperation with the South Bay Cities Council of Governments GIS working group, chaired by Barry Waite, City of Carson, the Partnership initiated a program of mapping South Bay key industry clusters⁹. The product of Barry Waite's group is available on the Internet at www.southbaypartnership.com. This cluster mapping was updated October 2001 and provides a snapshot in time of the region's strengths. This data is key to projects mentioned earlier in the Cities of Redondo Beach, Inglewood, Gardena, Hawthorne, El Segundo, and the 15th District of the City of Los Angeles.

⁸ San Diego Association of Governments www.sandag.org

⁹ The South Bay of Los Angeles County is second in California behind San Diego providing such data via the Internet.

The South Bay Economic Development Partnership borrowed heavily from several sources developing an approach for analysis of local clusters. Among those sources are the California Trade and Commerce Agency office of Economic Research, San Diego Association of Governments¹⁰ (SANDAG), Milkin Institute, RAND Corporation, Los Angeles Regional Technology Alliance, Joint Venture Silicon Valley, and Collaborative Economics¹¹, among others.

Last year's initial report was merely the beginning of a long and involved process. We have a greater understanding today of our region's economic makeup, those clusters that are growing and those that are declining. With this understanding of our regional assets it is possible for the region's leadership to make informed decisions how to best preserve those assets and nurture their growth.

The South Bay Economic Development Partnership is continuing first phase development of physical clusters in which cluster industry companies join to help regional decision-makers aware of how cluster business functions, who the cluster industry leaders are, and examines their needs and concerns. These factors most often require workforce, education, and infrastructure attention. This data provides local educators and jurisdictions that which is needed for informed decision making that meets the needs of local employers, employees and job seekers.

The cluster program proved its importance to South Bay leadership providing an accounting of how many businesses in specific industries were located in any South Bay community. We're now seeking to understand their the specific needs of each industry. Via the cluster program we're gaining a better understanding of employment, and what the employees may be, not from specific company desire, but measured against industry prospects at large. The cluster program is another piece of the region's understanding of its strengths and weaknesses. The South Bay is definitely on a path leading to understanding our economic engine and what we need to do in a collaborative effort of business, government and academia to support economic growth and prosperity across all human boundaries.

¹⁰ SANDAG's cluster analysis is among the best and available for downloading from the Internet at www.sandag.org

¹¹ Collaborative Economics (www.coecon.com) is a firm that forges linkages between local governments, businesses, and nonprofit corporations such as the SBEDP to promote economic vitality and quality of life.

South Bay Industrial Clusters

Industry Clusters in the South Bay region of Los Angeles County include:

- Aerospace
- Bio-Science
- Business Services
- Communications
- Computer Services
- Entertainment
- Environmental Technology
- Financial Services
- Horticulture
- Hospitality
- Medical Services
- Recreational Goods Manufacturing
- Software
- Transportation

NOTE: The SBEDP determines the South Bay as that area from Los Angeles International Airport (LAX) south to the Port of Los Angeles and bordered on the east by a line running SSW from the I110 to I710 free-ways. Jurisdictions included in the South Bay are the cities of: Carson, El Segundo, Gardena, Hawthorne, Hermosa Beach, Inglewood, Lawndale, Lomita, Manhattan beach, Palos Verdes Estates, Rancho Palos Verdes, Redondo Beach, Rolling Hills, Rolling Hills Estates, and Torrance. The region also includes the 15th District of the City of Los Angeles (the LA Strip) and portions of unincorporated Los Angeles County.

Aerospace

The Aerospace cluster includes industries engaged in development, manufacturing or assembling aircraft, spacecraft, and defense related products such as guided missiles and unmanned surveillance aircraft. The cluster's field of focus has broadened to include with defense and military related goods more commercial and high technology products, as a result of cutbacks in defense spending.

This cluster is important to the South Bay, as 40% of LA County aerospace workers are employed in the South Bay. It depends on input from the Communications and Computer and Electronics clusters.

Industries in this cluster include:

<u>SIC</u>	<u>Industry Description</u>
3511	Aircraft
3724	Aircraft engines & engine parts
3728	Aircraft parts and equipment
3731	Ship building and repairing
3732	Boat building and repairing
3761	Guided missiles and space vehicles
3769	Space vehicle equipment

Bio-Science

The South Bay has a growing Bioscience community is anchored by the Harbor-UCLA Research and Education Institute, one of the nation's leading biomedical research facilities.

California is the birthplace of biotechnology, and today is home to 2,500 biotechnology companies.¹² There are approximately 1,400 bioscience companies in Southern California with approximately half in Los Angeles County. Combining engineering concepts with biological processes, biotechnology is used extensively in human medicine, but continues to find new applications in agriculture, manufacturing, and veterinary medicine. Biotechnology is used to improve plant and animal quality, process foods and assist environmental remediation.

The knowledge intensive Bioscience cluster conducts research in areas of aging, cardiovascular medicine, cellular and molecular biology, dermatology, female reproductive medicine, pharmacology, and microbiology, by example. This cluster produces instruments, medical devices, equipment and other equipment for use by the medical field. Examples are x-ray machine, surgical devices and contact lenses. Products have a wide range of uses such as delivering pharmaceuticals, monitoring patients, providing therapy, and serving as artificial organs.

There is at least one Cluster Company in each South Bay community. The Harbor-UCLA REI is working diligently to obtain a 47-acre parcel of the surplus United States Navy Housing Base in San Pedro for development as a second REI campus for expansion of existing research facilities. When this process is completed we believe the number of Bioscience firms in the South Bay will increase dramatically.

The accompanying Bioscience cluster maps display biotechnology and biomedical separately. Future maps will display these two clusters together as Bioscience.

¹² California trade and Commerce Agency Office of economic Research

The Bioscience cluster is comprised by the following industries:

<u>SIC</u>	<u>Industry Description</u>
3821	Laboratory apparatus and furniture
3827	Optical instruments and lenses
3841	Surgical and medical instruments
3842	Surgical appliances and supplies
3843	Dental equipment and supplies
3844	X-ray apparatus and tubes
3845	Electromedical equipment
2851	Ophthalmic goods
2819	Industrial inorganic chemicals, nec ¹³
2833	Medicinals and botanicals
2834	Pharmaceuticals preparations
2835	Diagnostic substances
2836	Biological products other than diagnostic
2869	Industrial organic chemicals
2899	Chemical preparations
8731	Commercial physical research
8733	Testing laboratories
8734	Noncommercial physical research

¹³ not elsewhere classified

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Business Services

The South Bay is fortunate to have a robust Business Services cluster serving companies within this region along with the needs of a wide variety of businesses throughout the Los Angeles 5-County region and beyond.

This cluster is formed by Bay businesses providing a variety of professional services to other businesses. These services include management, legal and personnel supply services, including general payroll, human resource management, and fiscal management and purchasing. Other business services are reception, administrative and clerical support, and facilities management.

Of particular importance for economic growth is the extent to which firms in this cluster provide technical assistance to their clients, advising on a variety of subjects of client importance but not part of the primary reason for provider-client relationship. One example is those firms tracking workers compensation insurance issues that may again become the impediment to business it was ten years ago. Another example is the architectural firm wise to specific jurisdictional codes that are then addressed in the conceptual part of the project thereby avoiding painful and costly project adjustments later in the process.

It's easy to assess the value of this cluster as many firms often provide services beyond the basic service for which they are known. Their depth of knowledge allows them to fill the important role of advising and tutoring their clients about those aspects of business easily overlooked, but important to business success, if not survival.

Industries in this cluster include:

<u>SIC</u>	<u>Industry Description</u>
2741	Miscellaneous publishing
2752	Commercial printing and lithography
7311	Advertising agencies
7319	Advertising, nec ¹⁴
7334	Photocopying and duplication services
7361	Employment agencies
7363	Help supply services
7375	Information retrieval services

¹⁴ not elsewhere classified

Business Services (continued)

<u>SIC</u>	<u>Industry Description</u>
7376	Computer facilities management
7377	Computer rental and leasing
7389	Business services
8111	Legal services
8712	Architectural services
8720	Accounting, auditing and bookkeeping
8741	Management services
8742	Management consulting services
8748	Business consulting, nec ¹⁵

¹⁵ not elsewhere classified

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Communications Cluster

The South Bay's communications cluster is in large part a derivation of the aerospace industry along with the exploitation and commercialization of many technologic innovations developed in the greater Los Angeles Region.

Contrary to claims by others, the Internet was developed in the Los Angeles Region. When you include early communications satellites developed by aerospace giants like TRW, Hughes, Rockwell and Lockheed along with technological innovations such as Global Positioning System (GPS) the communications industry we know today was born in the South Bay of Los Angeles County.

A shared characteristic of the Communications cluster and other knowledge-based cluster groups is a heavy dependence on local research and higher education institutions. This cluster is experiencing rapid growth and is extremely profitable. It includes industries primarily engaged in researching and manufacturing communications related products.

The Communications cluster has a secondary supply relationship with the Defense and Transportation Manufacturing cluster.

Key industries in the cluster include:

<u>SIC</u>	<u>Industry Description</u>
3661	Telephone & telegraph apparatus
3663	Radio & TV communications
3669	Communications equipment
4812	Radio telephone communications
4813	Telephone communications
4899	Communications services
8711	Engineering services
8731	Commercial physical research

Computer Services

As in other regions the Computer Services cluster businesses plays a vital role in the regional economy because it produces essential input components for numerous high-tech industries. This cluster includes industries that manufacture and assemble electronic components and products.

This is a technology intensive cluster that relies on computer-related products and their input components. Cluster products include speaker systems, printed circuit boards, and computer terminals. This cluster plays a vital role in the regional economy because it produces essential input components for numerous high-tech clusters such as Bioscience, Communications, and Defense and Transportation Manufacturing.

Industries in this cluster include:

<u>SIC</u>	<u>Industry Description</u>
3571	Electronic computers
3572	Computer storage devices
3577	Computer peripheral equipment
3629	Electrical industrial apparatus
3651	Household audio & video equipment
3671	Electron tubes
3672	Printed circuit boards
3674	Semiconductors & related devices
3675	Electronic capacitors
3676	Electronic resistors
3677	Electronic coils & transformers
3678	Electronic connectors
3679	Electronic components
3695	Magnetic & optical recording media
3699	Electrical equipment & supplies
3825	Instruments to measure electricity

Entertainment

This cluster includes industries engaged in arranging and providing amusement, recreation and entertainment services. Examples of businesses found in this cluster include motion picture and television production companies, motion picture and television studios and postproduction facilities, museums, golf courses.

The Manhattan Beach studios have attracted many cluster companies to the South Bay. This cluster is supported by the region's position as a playground, its proximity to 23 miles of coastline, and a resident base that patronizes the cluster's cultural attractions.

This cluster will change rapidly, especially the technology dependent companies. To grow it needs a highly educated and trained workforce, quick access to capital, proximity to and networking with other cluster companies, and high speed data transfer infrastructure.

Industries in this cluster include:

<u>SIC</u>	<u>Industry Description</u>
4830	Radio and TV broadcasting stations
7812	Motion picture and video tape production
7819	Services allied to motion picture production
7922	Theatrical producers and services
7941	Sports clubs, managers and promoters
7992	Public golf courses
7996	Amusement parks
7999	Amusement and recreation
8400	Museums, art galleries, botanical, zoological gardens

Environmental

This is an emerging cluster of industries that manufacture products with environmental applications, including: environmental engineering services; laboratory analysis; marine sciences; air and water filtration; environmental construction; and toxic, hazardous and radiological waste disposal and monitoring.

California is a leader in environmental technologies, especially for applications that improve air quality, water quality and pesticide management, and that provide energy from sources other than fossil fuel.¹⁶

Industries in this cluster include:

<u>SIC</u>	<u>Industry Description</u>
1382	Aerial geophysical exploration, Geological exploration, Seismograph surveys
3564	Blowers and fans
3569	General industrial machinery, nec ¹⁷
3589	Service industry machinery, nec
3821	Laboratory equipment and furniture
3822	Controls and regulators
3823	Process control instruments
3824	Fluid meters and counting devices
3825	Electrical current testers and measuring equipment
3826	Analytical instruments
3827	Optical instruments
3829	Measuring and controlling devices, nec
7382	Alarm monitoring and maintenance

¹⁶ California Trade and Commerce Agency

Financial Services

The Financial Services cluster includes industries engaged primarily in deposit banking, extending credit in the form of loans, and the exchange of securities and commodities. A unique characteristic of this cluster is that almost all of the other clusters have a significant relationship with the Financial Services cluster and the Banking industry.

There are no major banks headquartered in the Los Angeles region. This places many of our economic assets in a less than desirable position, as to a degree venture capital and other forms of business finance are often located in major banking centers. The greater LA region has attracted investment capital because of the emergence of desirable firms in which to invest and the work of many area organizations such as the Los Angeles Regional Technology Alliance and the Los Angeles County Economic Development Corporation.

It is quite remarkable that the 5-County LA region ranks close to the top ten economies in the world¹⁸ and yet has a hard time gaining the respect of the banking industry. What this means to the South Bay is greater opportunity to savvy, smaller community banks, which can compete favorably establishing relationships with young companies in desirable growth industries.

Another item of note is the emergence of many family owned businesses not on our radar screen. These are quite often companies, if successful, that will offer high employment at good wages. However, members of an ethnic community that relies on family resources, both human and financial, for growth often own them. Only when the companies have outgrown these family resources do we learn of their position in the economic structure of the South Bay.

Industries in this cluster include:

<u>SIC</u>	<u>Industry Description</u>
6035	Saving institutions, Federally chartered
6036	Saving institutions, not Federally chartered
6037	Credit unions, Federal chartered
6038	State credit unions

¹⁷ Not elsewhere classified

¹⁸ If this geographic region were a separate country it would rank #11 in the world. LA County is # 17 in the world.

Financial Services (continued)

Industries in this cluster include:

<u>SIC</u>	<u>Industry Description</u>
6091	Non-deposit trust facilities
6099	Functions related to deposit banking
6140	Personal Credit institutions
6162	Mortgage bankers & loan correspondents
6163	Loan brokers
6282	Investment advice

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Horticulture

The Horticulture cluster includes industries engaged in the production and maintenance of ornamental plants, nursery crops and food crops grown under cover. This cluster accounts for a majority of the value of the region's agricultural products.

Industries in this cluster include:

<u>SIC</u>	<u>Industry Description</u>
0181	Ornamental nursery products
0182	Food crops grown under cover
0191	General farms, primarily crop
0711	Soil preparation services
0781	Landscape counseling and planning
0783	Ornamental shrub and tree services

Hospitality

The Hospitality cluster includes industries such as scheduled transportation, hotels and motels, restaurants and other businesses that provide services to the entertainment and visitor industry. The primary focus of the cluster is the hotels and other lodging places sector.

Industries in this cluster include:

<u>SIC</u>	<u>Industry Description</u>
4489	Water passenger transportation, nec ¹⁹
4499	Water transportation services, nec
4512	Air transportation, scheduled
4581	Airports, flying fields, and airport terminal services
4724	Travel agencies
4725	Tour operators
5800	Eating & drinking places
7011	Hotels and motels
7021	Rooming and boarding houses
7032	Sporting and recreational camps
7033	Trailer parks and campsites
7041	Organization hotels and lodging house
7514	Passenger car rental

¹⁹ not elsewhere classified

Medical Services

The Medical Services cluster includes industries primarily offering health services to the general public through hospitals, medical facilities and offices. This cluster is increasingly important to the South Bay as healthcare is the third largest employer in the region. Another element to consider is the growth of the Big 3 of South Bay Medical Services, namely Harbor-UCLA Medical Center, Torrance Memorial Medical Center, and Little Company of Mary Health Services²⁰.

Medical Services in the South Bay are an extremely important portion of the region's economy and deserve attention for reasons other than employment. This widely diverse region brings into focus varying levels of expectation for one's medical care. Not long ago executives of foreign owned companies working in the South Bay would return to their homeland for treatment rather than use facilities in the region. Forward thinking administrators turned that situation around to the degree local hospitals became the care facility of choice among the target group²¹.

Another situation is the growth of older residents requiring hospice and board and care facility residence. These two industry segments are expected to grow dramatically requiring zoning assistance from local jurisdictions among other need satisfaction. Job skill training in this cluster is as strong a consideration as other technician level employment industries.

Industries in this cluster include:

<u>SIC</u>	<u>Industry Description</u>
7352	Medical equipment rental
8011	Offices and clinics of doctors of medicine
8021	Offices and clinics of dentists
8049	Offices of health practitioners, nec ²²

²⁰ San Pedro Peninsula Hospital isn't listed separately because it is part of LCMHS. The Community Hospital of Gardena was not listed, as its impact on the region is not as great as those facilities mentioned.

²¹ Case study available from LCMHS.

²² Not elsewhere classified

Medical Services (continued)

<u>SIC</u>	<u>Industry Description</u>
8062	General medical and surgical hospitals
8063	Psychiatric hospitals
8069	Specialty hospitals, except psychiatric
8071	Medical laboratories
8072	Dental laboratories
8092	Kidney dialysis centers
8093	Specialty outpatient, facilities, nec
8099	Health and allied services, nec

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Recreational Goods Manufacturing

The Recreational Goods Manufacturing cluster includes companies that manufacture recreational goods, sporting and athletic goods, and toys. Due to high performance benefits, new composite materials are becoming more common in goods produced for the golf, tennis, biking, surfing, and scuba diving industries.

Industries in this cluster include:

<u>SIC</u>	<u>Industry description</u>
3942	Dolls and stuffed toys
3944	Games, toys and children's vehicles, except dolls and bicycles
3949	Sporting and athletic goods

Software

The local Software industry developed as a service to the Defense industry. When defense spending decreased, the Software industry adjusted its focus toward the commercial market and has now linked itself to most of the other high technology cluster industries. The Software cluster includes industries that provide services such as computer programming, prepackaged software, and software development.

Industries in this cluster include:

<u>SIC</u>	<u>Industry Description</u>
7371	Computer programming services
7372	Prepackaged software
7373	Computer integrated systems design
7374	Computer processing and data preparation services
7379	Computer related services, nec ²³
8711	Engineering services
8731	Commercial physical and biological research

²³ not elsewhere classified

Transportation

The Transportation cluster includes industries supporting movement of people and goods and goods storage. Included in this cluster is the U.S. Postal Service along with Federal Express and United Parcel Service.

Industries in this cluster include:

<u>SIC</u>	<u>Industry Description</u>
4011	Railroads
4111	Urban transportation systems
4212	Local transfer and storage
4313	U.S. Postal Service
4489	Water passenger transportation, nec ²⁴
4499	Water transportation services, nec
4512	Air transportation, scheduled
4581	Airports, flying fields, and airport terminal services
4724	Travel agencies
4725	Tour operators
7514	Passenger car rental

²⁴ not elsewhere classified