

Allen Matkins

In the News

[Press Releases](#)[Media Coverage](#)[Home](#) | [Our Firm](#) | [Practice Groups](#) | [Attorneys](#) | [Join Our Firm](#) | [Offices](#) | [News](#) | [Publications](#)

Press Releases

FOR IMMEDIATE RELEASE

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**Allen Matkins / UCLA Anderson Forecast Announce
First Orange County Office Space Survey Results**

UCLA Anderson Forecast Releases Orange County Economic Outlook Report

LOS ANGELES – October 29, 2007 – UCLA Anderson Forecast released today two reports regarding the economic future for Orange County, at the annual UCLA Anderson Forecast Orange County Conference.

The first report featured the results of the Allen Matkins/UCLA Anderson Forecast California Commercial Real Estate Survey and Index Research Project. The survey, initiated in 2006 and taken in September 2007, polled Orange County commercial real estate developers and investors for their views on the region's commercial real estate market.

The survey results, authored by UCLA Anderson Forecast Economist Jerry Nickelsburg revealed the following:

- The current Orange County office space market remains soft due to the impact of the housing slump on mortgage financing,
- The survey projects the Orange County office market will remain soft through 2010, and
- The survey projects stable occupancy rates and a marked slowdown in new office space after mid-2009.

The overall goal of the survey is to create a commercial real estate survey to better forecast future California commercial real estate market conditions. The survey is designed to provide additional information on future office, retail and industrial space in major California geographical markets. Additional surveys on office space markets and on other commercial real estate markets will be initiated throughout California in the coming months.

In an accompanying report, UCLA Anderson Forecast released the UCLA Forecast for Orange County, which asserts that with no recession forecast for the nation or for California, Orange County, too, will also avert a general economic turndown in 2008. However, the report cautions, local economic growth will drop to its lowest rate since 2002. Particularly impacting this condition are the weak housing market and the unprecedented collapse of the mortgage lending sector.

Among the UCLA Anderson Forecast highlights:

- No net gain in jobs is forecast for 2008. Moreover, if the employment revisions for calendar 2007 show that the Orange County workforce actually contracted this year, 2008 will represent another year of contraction for the labor market. Our base forecast of zero job creation translates into a 5,000 to 7,000 jobs loss if current employment estimates are revised downward,
- Sectors that are forecast to create jobs (or remain relatively stable) include information, leisure & hospitality, education, professional services, and

government,

- The office market weakens in 2008, but no sharp collapse is forecast. New office completions will be delayed in view of the softer labor market. Most available space therefore becomes utilized but vacancy rates rise. Industrial space remains tight and no change in this sector is predicted,
- Existing company expansion in Orange County will ultimately require more office space and projects held up in 2008 and 2009 will be started by 2010 . Consequently, with the slowdown in job growth, the rate of investment in non-residential structures cools gradually over the next two years.

ABOUT ALLEN MATKINS

Allen Matkins Leck Gamble Mallory & Natsis LLP, founded in 1977, is a California law firm with approximately 230 attorneys practicing out of seven offices in Los Angeles, Orange County, Century City, Del Mar Heights, San Diego, San Francisco, and Walnut Creek. The firm's broad based areas of focus include corporate, real estate, construction, real estate finance, business litigation, taxation, land use, environmental, bankruptcy and creditors' rights, and employment and labor law. The firm has also been ranked as the #1 real estate firm in California by Chambers & Partners for the last five years.

About UCLA Anderson Forecast

UCLA Anderson Forecast is one of the most widely watched and often-cited economic outlooks for California and the nation and was unique in predicting both the seriousness of the early-1990s downturn in California and the strength of the state's rebound since 1993. More recently, the Forecast was credited as the first major U.S. economic forecasting group to declare the recession of 2001. Visit UCLA Anderson Forecast on the Web at <http://www.uclaforecast.com>.

About UCLA Anderson School of Management?

UCLA Anderson School of Management, established in 1935, is regarded among the very best business schools in the world. UCLA Anderson faculty are ranked #1 in "intellectual capital" by BusinessWeek and are renowned for their teaching excellence and research in advancing management thinking. Each year, UCLA Anderson provides management education to more than 1,600 students enrolled in MBA, Executive MBA, Fully-Employed MBA and doctoral programs, and to more than 2,000 professional managers through executive education programs. Combining highly selective admissions, varied and innovative learning programs, and a world-wide network of 35,000 alumni, UCLA Anderson develops and prepares global leaders.

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