



As Seen in the Los Angeles Economic Development Corporation (LAEDC) Economic Forecast

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Apparel Design & Manufacturing

Apparel design, manufacturing, and wholesaling make a significant contribution to the Southern California economy, particularly in Los Angeles County. There is strong demand for the "Made in Los Angeles" label both in the U.S. and abroad.

Even with a trend decline in apparel manufacturing wage and salary employment, Southern California is one of the few places in the U.S. where apparel manufacturing remains. Nowhere is this more apparent than in Los Angeles' position as the global capital of premium denim. Still, production of most apparel items has largely shifted to lower wage countries in Latin America and Asia with a few exceptions. High-end apparel that requires strict quality control and specialized skills or processing (e.g. premium jeans) tends to be manufactured locally. Design-related activity also helps the apparel industry retain a strong presence in Southern California, as does apparel wholesaling. Moreover, independent contractors add to the ranks of those employed in the industry along with wage and salary workers.

Much of the apparel manufacturing and wholesaling workforce in Southern California is located in Los Angeles County, although a smaller but significant number of workers may be found in Orange County. Apparel manufacturing employed 45,500 wage and salary workers in Los Angeles County in 2012, while apparel wholesaling employed 22,000 workers, for total industry employment of 67,500. Employment in 2012 grew by just 0.9% from a year earlier due to the loss of 1,100 manufacturing jobs. In contrast, apparel wholesaling added 800 jobs for a 3.7% increase.

Apparel manufacturing remains one of the most labor-intensive industries in the world, which gives countries with lower wages/cost of living a competitive edge. Technological innovation, an apparel specific outward-oriented trade policy, or a dramatic change in the relative costs of manufacturing clothing abroad could slow or even arrest this decline. However, over the near-term future, local apparel manufacturing employment will continue the downward trend that began in the late 1990s.

Thanks to the many apparel design and merchandising schools located in the region, the design sector is thriving. These schools attract students from throughout the world. Big name local brands employ numerous design related workers, but the majority of local designers work independently. The Bureau of Labor Statistics estimates 3,560 fashion designers* worked in Southern California in May 2011, with mean annual wages ranging from \$64,500 in Orange and San Diego counties to \$75,900 in Los Angeles County.

*[*Editor's Note: The total industry employment estimate of 71,060 is not counting other industry-specific groups of experts such as Service Providers, Garment Finishing, Dyeing, Textiles, Trim Suppliers, Transportation, etc.. The 2014 Fashion Industry Report is in work and will include the entire cluster].*

In May, the European Union increased the tariff on American-made women's and girls' denim jeans to 38% from the previous rate of 12%. According to U.S. government figures, the value of women's and girls' denim jeans shipped to EU markets last year was \$30.3 million. The California Fashion Association estimates that 75% of high-end denim in the world comes from Southern California. Many of L.A.'s premium denim brands have made the appeal of a "Made in the U.S.A." label a fundamental part of their marketing efforts. The increase in the E.U. tariff could force many brands to reconsider where they manufacture, which would lead to further job losses in the Los Angeles apparel industry.
