



2016

PILOT PRODUCTION REPORT








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Each year between January and April, Los Angeles residents observe a marked increase in local on-location filming. New television pilots, produced in anticipation of May screenings for television advertisers, join continuing TV series, feature films and commercial projects in competition for talent, crews, stage space and sought-after locations.

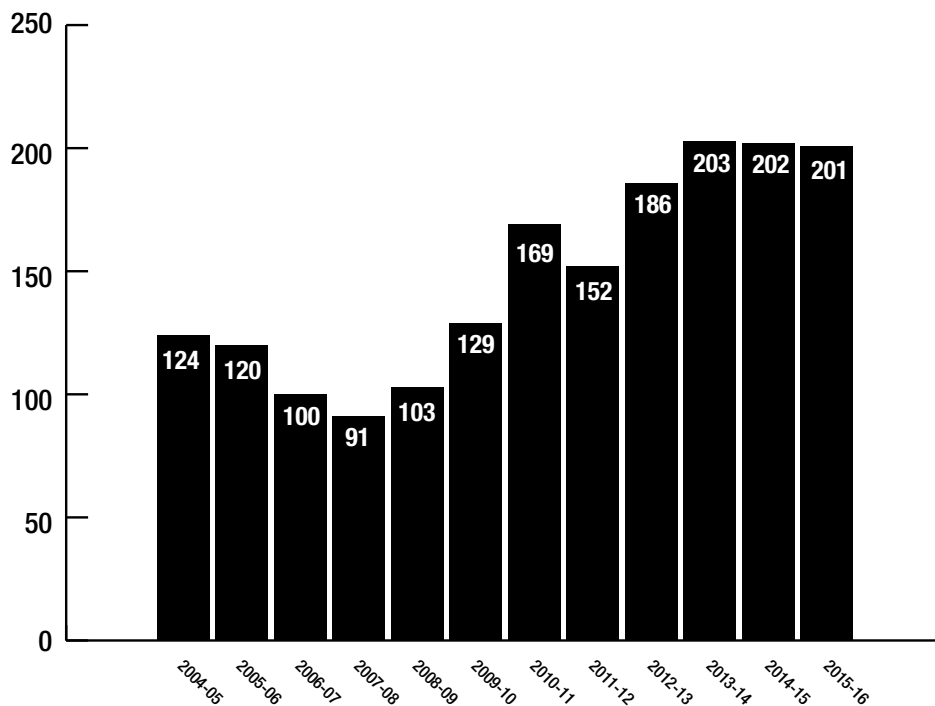
However, Los Angeles isn't the only place in North America hosting pilot production. Other jurisdictions, most notably New York and the Canadian city of Vancouver have established themselves as strong competitors for this lucrative part of Hollywood's business tradition. Below these top competitors is a second-tier of somewhat smaller players in Georgia and Ontario, Canada—home to Toronto.

FilmL.A.'s official count shows that 201 broadcast, cable and digital pilots (123 Dramas, 78 Comedies) were produced during the 2015-16 development cycle, one less than the prior year and the third straight year in which more than 200 pilots were produced.

Out of those 201 pilots, 79 projects (25 Dramas, 54 Comedies) were filmed in the Los Angeles region. This represents a 13 percent drop from last year, when 91 pilot projects filmed here and it is also the lowest number of pilots in the last six years that were produced in the region.

In terms of overall market share, L.A. captured just 39 percent of all pilots in the current cycle, which is the lowest share on record and the first time the region's share fell below 40 percent. Needless to say, it is a very far cry from L.A.'s record 82 percent share in '06/'07.

TOTAL PILOTS PRODUCED BY CYCLE



WHAT'S A PILOT?

For more than a decade, FilmL.A. has conducted ongoing primary and secondary research to keep track of new television pilots. Our counts include all pilot projects of which FilmL.A. is made aware through primary and secondary research, and for which a primary production location was verified.

FilmL.A. uses the word “pilot” throughout this study to refer to all original scripted pilots, shorter-length presentations or “hidden pilots” captured during the development cycle. Pilot counts within a development cycle include both stage-based and location-based projects made in any location, of any running duration, intended for primetime debut on either broadcast or cable networks serving U.S. audiences. Original web series are included for this analysis, but animated pilot productions are not counted.

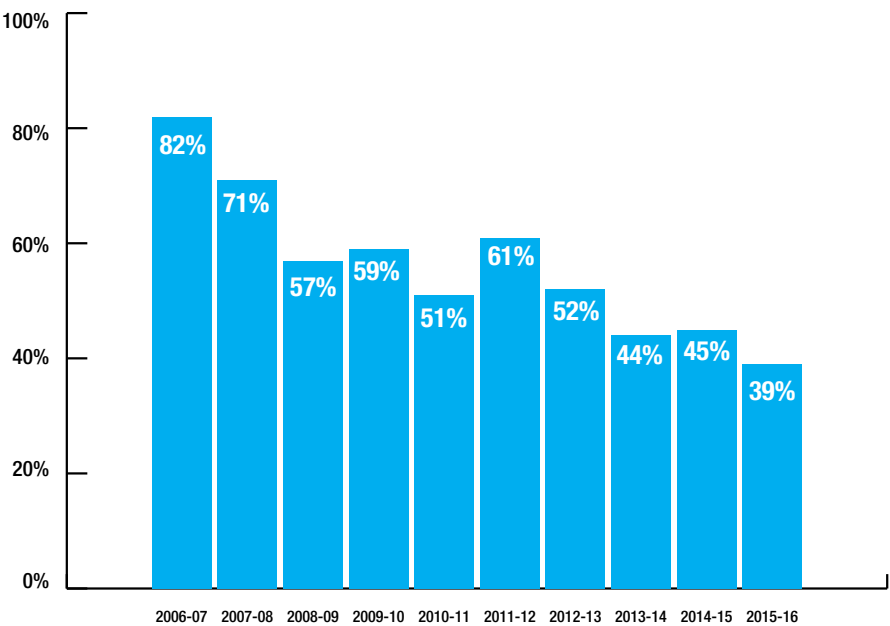
Networks may choose to skip pilot and presentation production and immediately “green light” promising new shows for series production. Rather than discount new production occurring anywhere within the development cycle, FilmL.A. includes the first episode of these “straight-to-series” productions as “hidden pilots” in all of its counts.

Another wrinkle in classifying pilots has been the significant increase in the number of limited-run or so-called “event” series that are not intended to last more than a single season. If a single season of episodes is aired for a series that, in fact, doesn’t return for subsequent seasons, it would be akin to a true mini-series like *Roots*, *Lonesome Dove* or Stephen King’s *IT*. A true mini-series is a wholly separate category of production that should fall outside the scope of a pilot study. The problem with these limited or event series is that they can and do return for multiple seasons with an indefinite rather than limited run. For example, ABC’s® *Agent Carter* was conceived as a “limited” series that would end after eight episodes. However, given the success of the show, it returned for a second (and final) season of 13 episodes. FilmL.A. included *Agent Carter* in a prior pilot report and will continue to hedge on the bet that new shows labeled “event” or “limited run” series are more likely to become an ongoing series than resembling an actual miniseries.

Viewer demand for original content lured both cable and digital networks into the content creation business. The number of annual pilot projects in production doubled within a decade, driving state and local policy change to capture this increase in business.

And as for the genre we originally set out to track – “television pilots” – what are we to do with that term? As consumers enjoy content across a range of devices and screens, the industry has begun to question its assumptions about how episodic content is best vetted, sold and screened. We might not always call the things we track “pilots,” or for that matter, call this part of the business “television”. But we at FilmL.A. research remain committed to this work, and studying episodic content in all its forms.

L.A.’S SHARE OF TOTAL PILOTS PRODUCED



GROWTH OF DIGITAL PILOTS

In just the last several years, non-traditional programming available from online services like Amazon®, Netflix® and Hulu® has begun altering not just the landscape for pilots, but the very concept of broadcast television in terms of how they acquire content, the manner in which they deliver it and how viewers consume it.

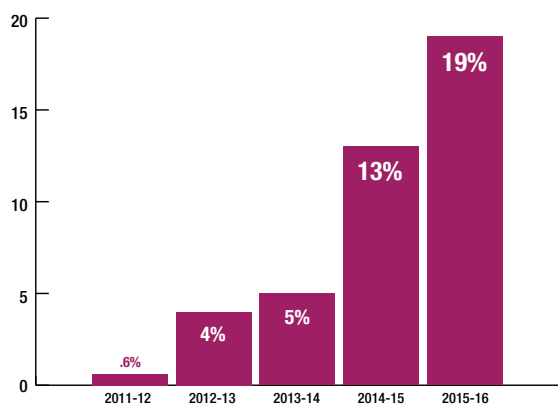
In just five years, the share of pilot activity that digital networks account for went from less than one percent to 19 percent—almost a fifth of all pilot production—in the recent cycle.

During the 2011-12 cycle, just one pilot tracked by FilmL.A. was produced for a digital network. By comparison, there were 38 pilots produced for digital networks in 2015-16.

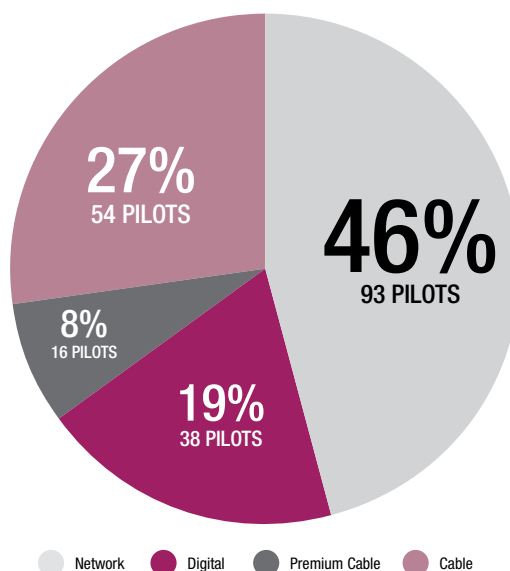
In the last two years, major developments have been impacting the digital network universe with premium cable network channels HBO® and Showtime® now offering stand-alone subscription options for people who consume content online and a growing number of consumers electing to “cut the cord” on cable providers like Comcast® and Time Warner®. With a network like HBO operating a standalone digital service with original programming options and rates comparable to Netflix or Amazon, it now operates as a digital network player and a traditional cable television network. As more and more broadcast and cable networks follow what HBO, Showtime, CBS® and others are doing, the distinction between network, cable and digital will not matter.

Despite this, unlike previous FilmL.A. reports, this year’s Pilot Production Report includes a more precise breakout of how many pilots are being produced for each type of programming outlet, including the number of pilots produced for premium cable channels like HBO and Showtime.

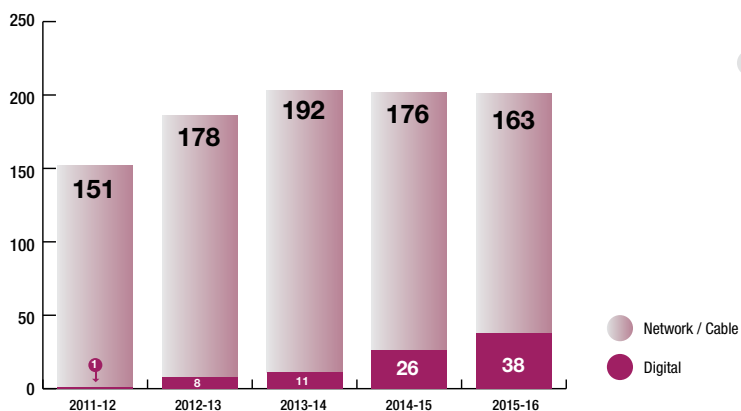
DIGITAL NETWORK SHARE OF PILOT ACTIVITY



2015-16 PILOT COUNT & SHARE (BY TYPE)



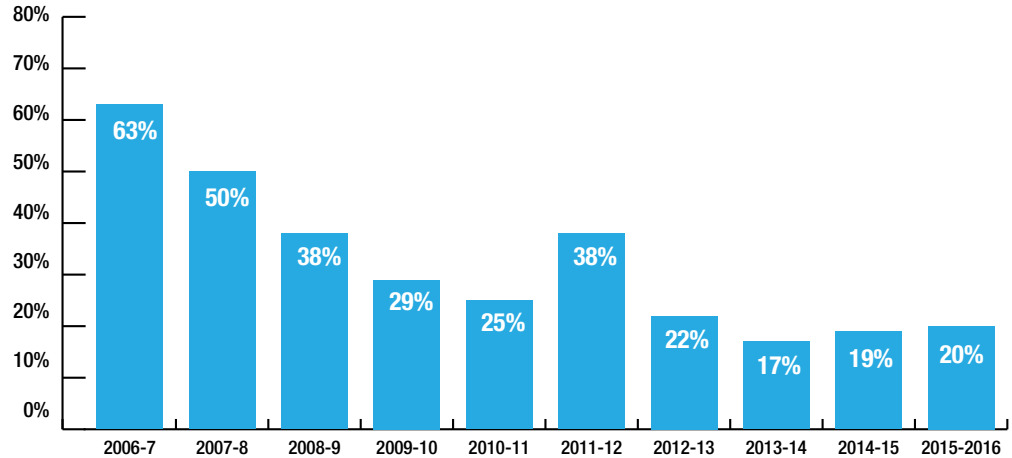
DIGITAL VS. NETWORK & CABLE PILOTS



DRAMA PILOTS

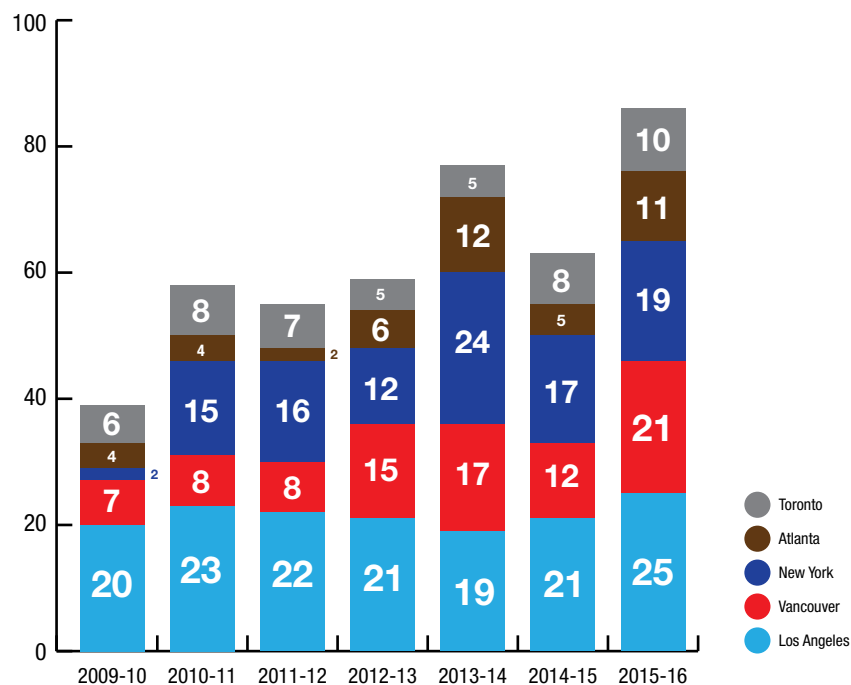
In 2015-16, the Los Angeles region captured just 20 percent of all drama pilots, a slight improvement over the 19 percent share in the prior cycle. Despite this slight improvement, L.A.'s share was still down 68 percent from the peak in '06/'07, when L.A.'s drama share was a commanding 63 percent. Much like feature films, pilot projects are often produced in jurisdictions where tax incentives are available. The Greater Los Angeles Region's considerable loss of pilot production share is directly tied to incentive-fueled competition.

L.A. SHARE OF TOTAL DRAMA PILOTS PRODUCED



In 2015-16, just five international locations (L.A., New York, Vancouver, Toronto, Georgia) accounted for 70 percent of all dramas produced during the cycle. The most notable among these five locations was Vancouver, British Columbia, which saw the number of drama pilots surge to 21, an increase of 75 percent compared to the 12 drama pilots produced there in the prior cycle. In 2015-16, Vancouver surpassed New York in the total number of drama pilots for the third time in the last seven years.

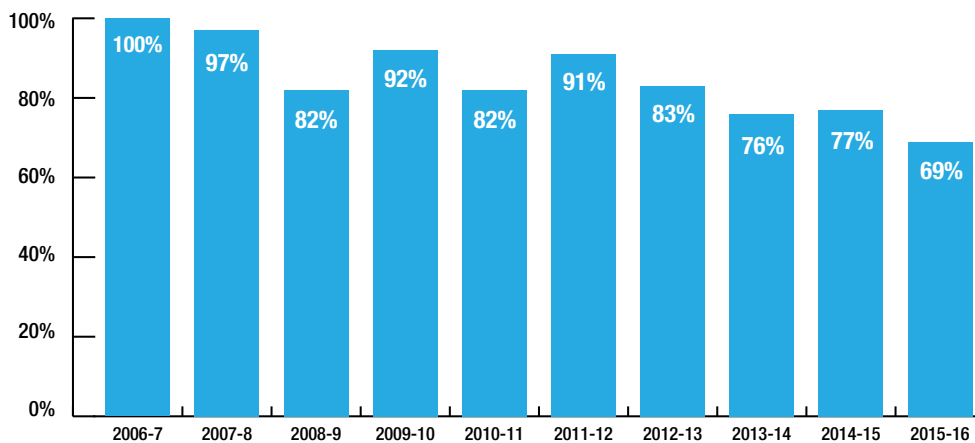
TOP LOCATIONS FOR DRAMA PILOTS



COMEDY PILOTS

L.A.'s share of comedy pilots produced in 2015-16 was 69 percent compared to 77 percent in the previous cycle. This marks the first time since tracking began that L.A.'s share of comedy pilots fell below 70 percent. Needless to say, this is a far cry from 2006-07, when L.A.'s share of comedy pilots was an unchallenged 100 percent. The raw number of comedy pilots produced in L.A. was 54 in 2015-16 compared to 70 in the previous cycle, which represents a 23 percent decline.

L.A. SHARE OF TOTAL COMEDY PILOTS PRODUCED



L.A.'s status as the premier pilot production center continues to hinge on industry willingness to produce comedy projects in Los Angeles. Until recently, generous film incentives in other locations have not been as successful at siphoning comedy production from L.A.

Multi-camera, stage-bound comedies, which L.A. has been able to retain in great numbers, cost up to \$1.5 million to produce per episode. In 2015-16, there were at least 31 multi-camera pilots produced (20 in L.A.). By comparison, in 2014-15, there were 35 multi-camera pilots produced (31 in L.A.). Creative reasons, as opposed to economic reasons, presently keep these productions in Los Angeles.

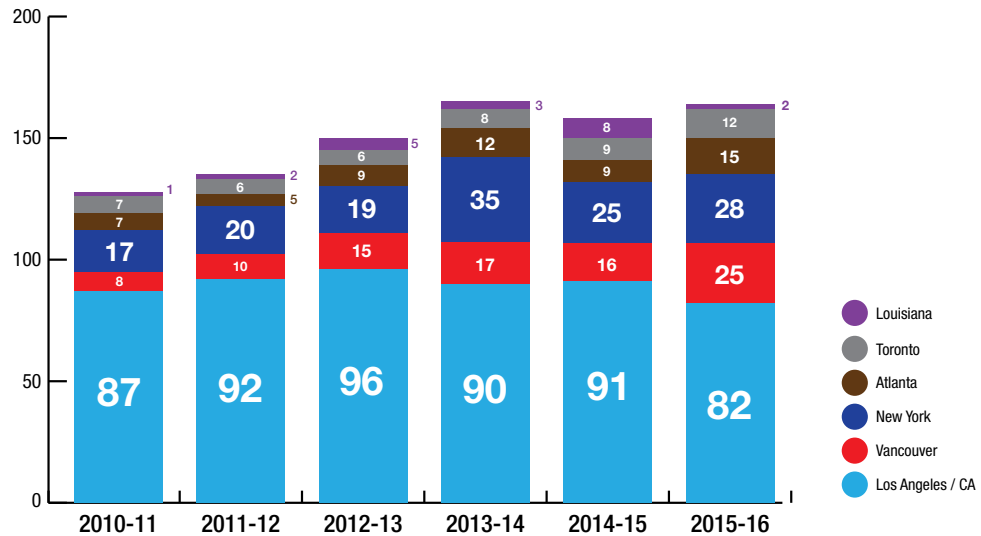
Single-camera comedies that regularly shoot on-location cost more to make at \$2-\$4 million per episode. In 2015-16, there were at least 48 single-camera pilots produced (37 in L.A.). By comparison, in 2014-15, there were 56 single-camera pilots produced (39 in L.A.).



TOP PILOT PRODUCTION LOCATIONS

During the 2015-16 development cycle, 79 television pilots were filmed on Los Angeles streets and stages. However, 122 other pilots — compared to 111 last year — were produced outside the region in competing jurisdictions. Fortunately, three of these pilots shot elsewhere in California, giving the state a total of 82 pilots in 2015-16. The availability of financial production incentives and production infrastructure are key factors influencing where pilot producers choose to film. As in prior years, some form of film production incentive was available in every one of the non-California locations used during the 2015-16 development cycle.

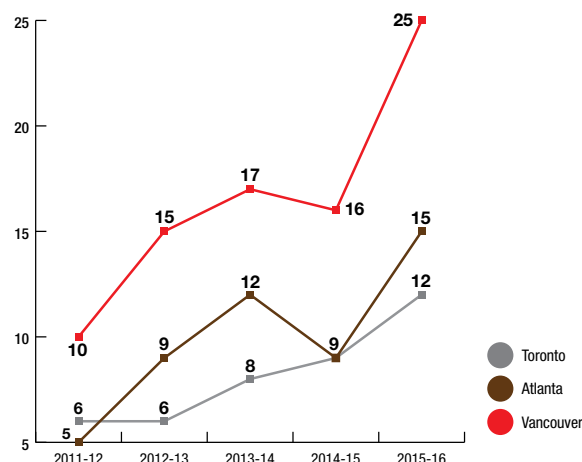
After L.A., the top competitors for pilot production in 2015-16 were New York (28 pilots), Vancouver (25 pilots), Atlanta (15 pilots) and Toronto (12 pilots).



Pilot production was up sharply in Georgia, with a 67 percent increase in pilots over the prior cycle. Likewise, in the Canadian cities of Vancouver and Toronto, pilot production surged 67 percent and 33 percent respectively. In addition to the generous subsidies, growth in Canada was also driven by the exchange rate, which offers American producers an additional 20-25% savings based on the value of the Canadian dollar, which plummeted over the past year.

Also of note was activity in the City of Chicago, formerly a traditional television hub, which hosted five pilots in 2015-16. Other than Chicago, no other location hosted more than five pilots in the 2015-16 cycle. This includes Louisiana, which plummeted from a record eight pilots produced during the prior cycle to just two in 2015-16. The decline in Louisiana likely stems from the uncertainty surrounding the state's embattled film incentive program, which has been significantly scaled back in terms of available annual funding in the past year.

GAINS IN ATLANTA, VANCOUVER, & TORONTO



THE MAINSTREAMING OF “STRAIGHT-TO-SERIES” PRODUCTION

As the initial episode of a proposed series, many pilots are made, but only a few will ever be shown to viewers. Before many pilots can be green-lighted for series, it must first be deemed marketable to television advertisers and foreign distributors.

For decades, broadcast networks have courted advertisers in an expensive and seasonally-driven “upfronts” process. Every year in late May, advertisers preview the shows that will go on to be aired on broadcast networks in the fall or early the following year as mid-season replacements.

Cable and digital networks also screen a variety of scripted content. Unlike network pilots, cable pilots are produced year-round and have increased in number to contribute mightily to development cycle yields. New cable and digital series debut throughout the year.

Unlike broadcast and cable networks, the top two digital network players (Amazon and Netflix) are not beholden to advertisers or the “upfronts” process.

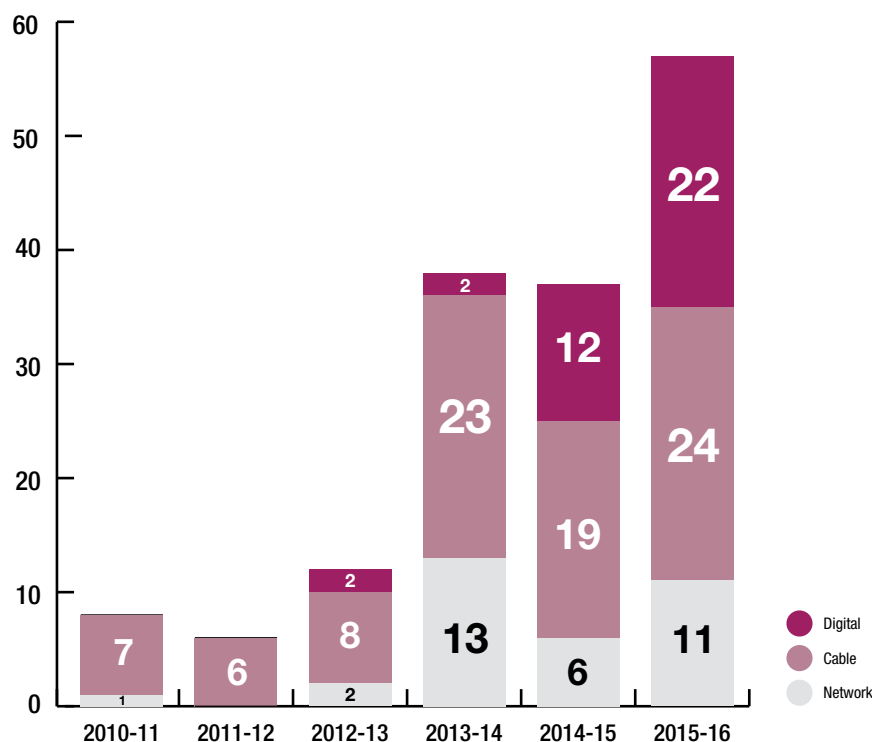
Amazon selects which pilots receive full series orders based in large part on the number of times a show is streamed and the percentage of viewers who finish the pilot. Unlike network television, there are no commercial interruptions on Amazon and advertiser influence is effectively taken out of the equation.

Unlike Amazon, the original programming on Netflix has all been straight-to-series orders. Rather than release episodes on a weekly basis like traditional network or cable broadcasts, Netflix makes all episodes available at one time, which also takes advertisers out of the equation.

If adapting to a new era of broadcasting (where the lines between television and online digital networks are increasingly blurred) means adopting the practice of ordering more shows straight-to-series, a review of FilmL.A.’s historical data suggests the prior two cycles marked a departure from the old system. In 2015-16, not only did the departure continue, it took off again. A total of 57 network, cable and digital shows were ordered straight-to-series in the 2015-16 cycle. By comparison, a total of 37 shows were ordered straight-to-series in the prior cycle.

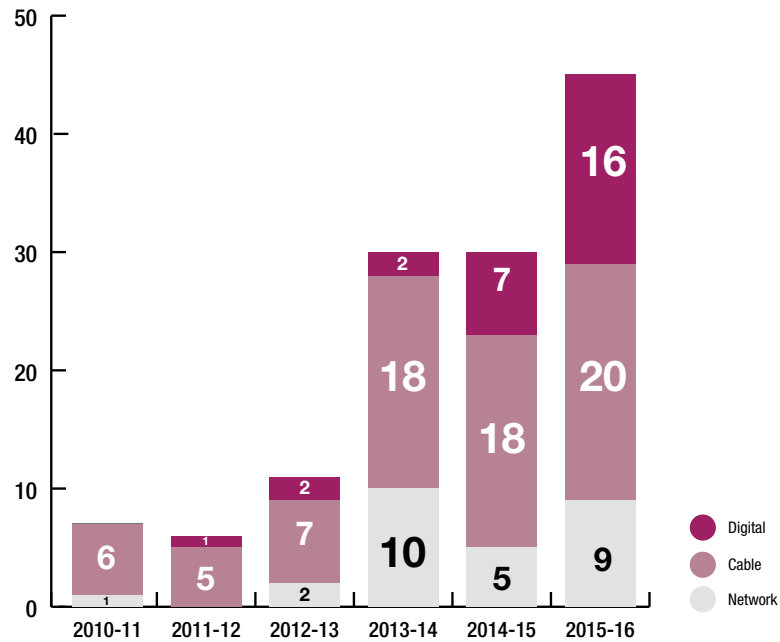
In the last three cycles, there were a combined total of 130 shows ordered straight-to-series. That’s five times the number of shows ordered straight-to-series than the prior three years (2010-2013) combined.

STRAIGHT-TO-SERIES ORDER (DRAMA & COMEDY)



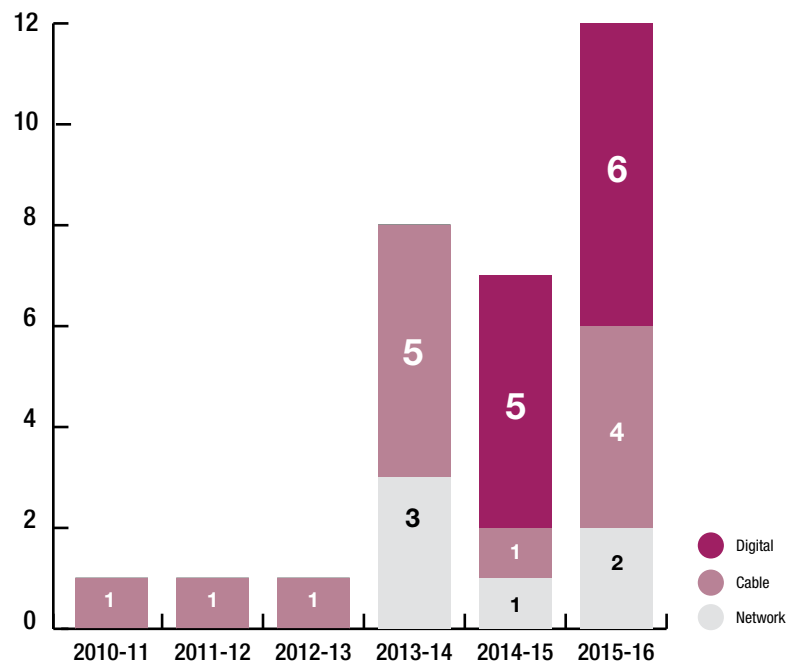
Looking at the trends for both categories individually reveals other patterns. When it comes to drama, cable and digital networks have been more aggressive than the traditional networks in each of the last six cycles. In the last three cycles, the number of dramas ordered straight-to-series for cable and digital outpaced network orders by a margin of more than 3-1. The 16 digital drama orders in 2015-16 is almost double the drama pilots ordered by digital networks in the prior two cycles combined.

DRAMA STRAIGHT-TO-SERIES ORDERS



When it comes to comedy, broadcast network and cable networks placed a higher priority on ordering shows straight-to-series during the past cycle. In the last three cycles, digital network orders for comedies straight-to-series have held steady, with six ordered in 2015-16.

COMEDY STRAIGHT-TO-SERIES ORDERS



PILOTS' ECONOMIC IMPORTANCE

Pilot production is worthy of study because the activity creates significant economic benefits for the hosting region. The average one-hour drama pilot can directly employ 150-750+ people for the duration of the project.

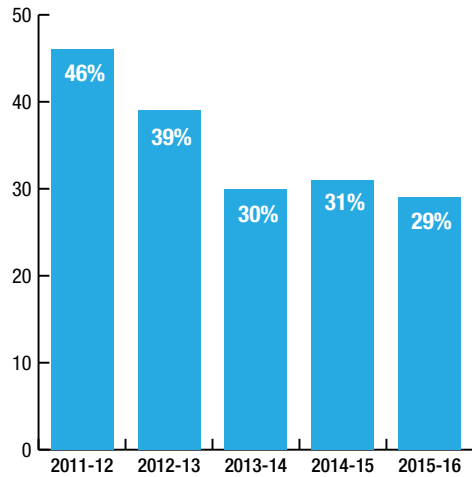
Typical pilot production costs, having risen over the years, now average about \$2 million (for comedy pilots) and \$6 million to \$9 million (for drama pilots). Presentations, which are sometimes made in lieu of pilots, cost up to 40 percent less to produce than full-length pilots.

A sampling of pilot budgets from other states in recent years show costs for drama pilots range from \$6.2 million to almost \$11 million. For half-hour comedies, costs ranged from \$2 million to \$5.5 million.

SHOW	STUDIO	LOCATION	BUDGET	HIRES	INCENTIVE AMOUNT	LENGTH
<i>Divorce</i>	HBO	New York	\$5,612,840	405	\$1,308,544	1 hour
<i>TinMan</i>	NBC	New York	\$9,177,595	744	\$2,221,186	1 hour
<i>Gotham</i>	WB	New York	\$10,993,893	1,097	\$2,934,036	1 hour
<i>LaGravenes</i>	Disney	New York	\$6,712,652	886	\$1,650,785	1 hour
<i>Leftovers</i>	WB	New York	\$8,433,643	1,393	\$2,004,971	1 hour
<i>Affair</i>	Showtime	New York	\$7,184,763	481	\$1,797,616	1 hour
<i>Money</i>	HBO	New York	\$9,415,625	1,279	\$2,285,095	1 hour
<i>Babylon Fields</i>	Fox	New York	\$9,255,867	1,251	\$2,381,275	1 hour
<i>Blanco</i>	Fox	New York	\$6,916,992	950	\$1,809,357	1 hour
<i>How to Get Away With Murder</i>	ABC	Pennsylvania	\$6,363,903	N/A	\$1,590,976	1 hour
<i>Outlaw</i>	NBC	Pennsylvania	\$6,484,287	175	\$1,621,072	1 hour
<i>Field of Play</i>	NBC	North Carolina	\$6,170,273	365	\$1,542,568	1 hour
<i>Sleepy Hollow</i>	Fox	North Carolina	\$7,441,493	323	\$1,860,373	1 hour
<i>Occult</i>	ABC	North Carolina	\$8,221,049	886	\$2,055,262	1 hour
<i>The Magicians</i>	SyFy	Louisiana	\$6,979,249	721	\$2,100,000	1 hour
<i>Bloodline</i>	Sony	Florida	\$9,364,616	N/A	\$760,489	1 hour
<i>Sea of Fire</i>	Sony	Vancouver, B.C.	\$6,285,726	N/A	\$808,843	1 hour
<i>Gaffigan</i>	SONY	New York	\$4,438,483	747	\$1,080,686	½ hour
<i>Sex & Drugs & Rock & Roll</i>	FOX	New York	\$2,556,437	619	\$638,610	½ hour
<i>Irreversible</i>	SONY	New York	\$3,359,321	680	\$736,893	½ hour
<i>Younger</i>	Viacom	New York	\$2,111,227	363	\$449,447	½ hour
<i>Manhattan Love Story</i>	ABC	New York	\$3,556,826	561	\$860,419	½ hour
<i>Happyish</i>	Showtime	New York	\$5,512,454	799	\$1,297,059	½ hour
<i>People in New Jersey</i>	HBO	New York	\$4,302,722	565	\$1,001,914	½ hour
<i>Bad Advice From My Brother</i>	Viacom	New York	\$956,411	231	\$207,463	½ hour
<i>Downward Dog</i>	ABC	Pennsylvania	\$4,400,000	311	\$1,096,072	1/2 hour

Based on these figures, FilmL.A. estimates that approximately \$296 million was spent on television pilot production in Los Angeles during the 2015-16 development cycle. While this is a slight decline from the \$298 million spent during the prior cycle, the decline of pilot spending in L.A. (less than 1%) is better than expected compared to the 13 percent drop in total pilots produced in the city. The saving grace for L.A. during the 2015-16 pilot cycle were the 25 drama pilots produced here, which is the highest number of drama pilots to shoot in L.A. in the past seven years.

LOS ANGELES SHARE OF PILOT PRODUCTION SPENDING

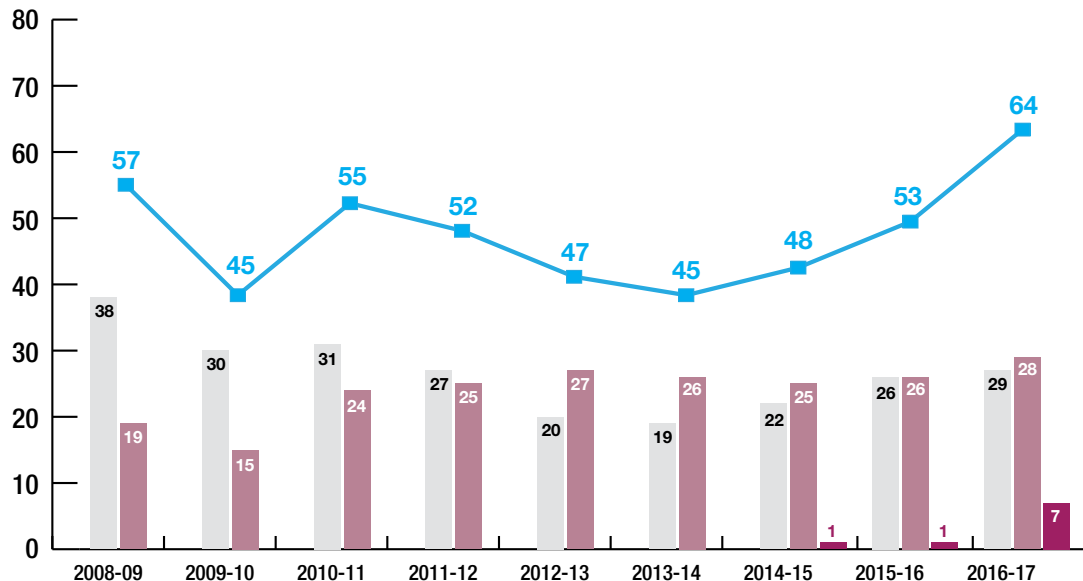


Unfortunately, the \$296 million spent in L.A. by pilots in 2015-16 represents just 29 percent of the total amount spent by pilot producers in all locations. This marks the first time L.A.'s share of total pilot production spending has fallen below 30 percent.

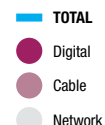
THE CURRENT DRAMA LANDSCAPE IN CALIFORNIA

Shifting to what each pilot ultimately aspires to be—a new series—a brief overview of the current drama series production landscape is informative. The good news for California is that the number of one-hour scripted drama series shooting in the state stands at 64, the best showing in ten years. Most of the California dramas are shows on cable; seven of the 29 cable series are shows produced for premium cable channels (HBO & Showtime). Digital dramas now account for 11 percent of all California-based drama series (Amazon 4, Netflix 2, Hulu 1).

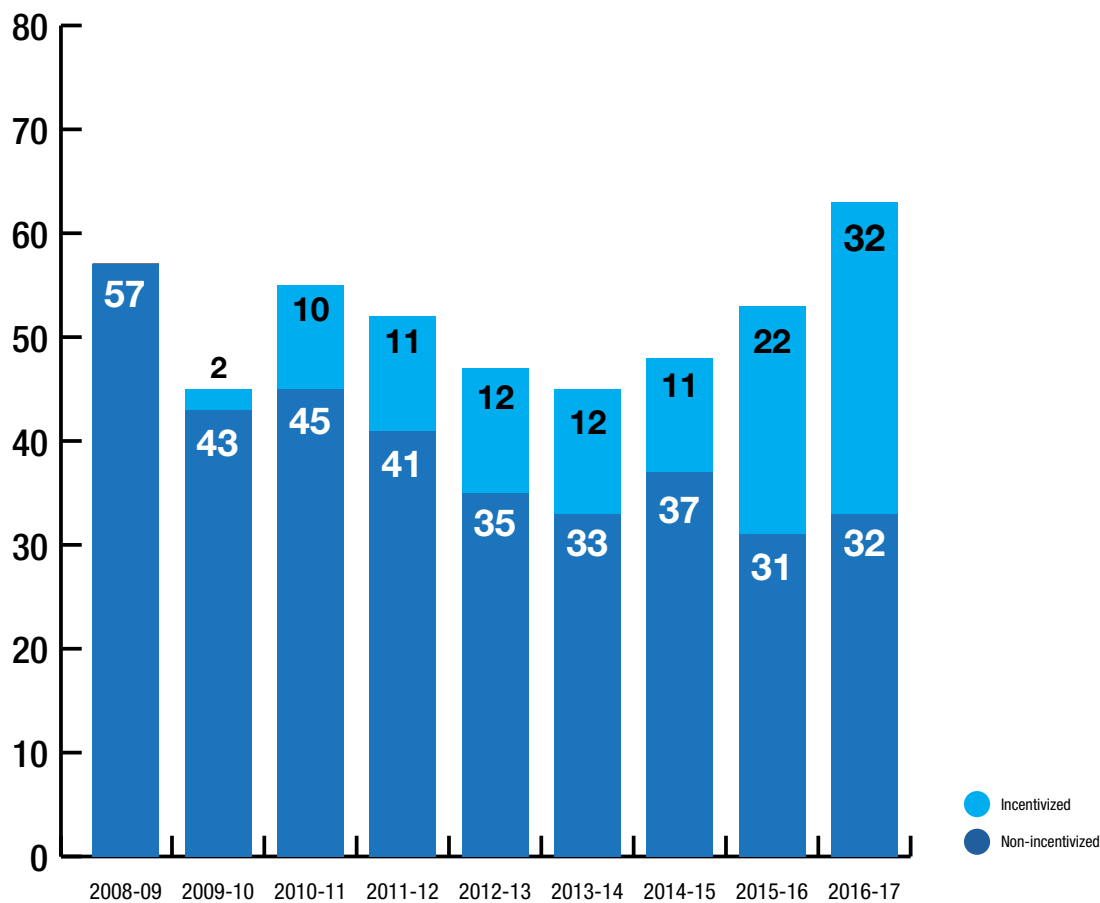
CALIFORNIA DRAMAS: NETWORK, CABLE & DIGITAL



California can credit the reversal of fortune in large part to the California Film & Television Tax Credit Program, including the expansion of the program that took effect in mid-2015. Under the new version of the program, dubbed 2.0, eligibility has been expanded to drama series regardless of where it is broadcast and now includes network, premium cable and digital channels. Under the old program, only basic cable series and network shows that were relocating to California were eligible for the incentive. Under the new program, California will be hosting 32 incentivized dramas, including nine network series, 15 basic cable series, three digital series and three premium cable series.



CALIFORNIA BASED DRAMAS



The impact of these incentivized dramas (and *Veep*, a comedy on premium cable) is massive. According to spending and employment data provided by the California Film Commission, these series will have a direct production spend of \$1.59 billion while shooting their current/upcoming season. Assuming an average season budget of \$50 million for the remaining 32 dramas shooting in the state that are not incentivized, the total annual direct production spend for all 64 dramas in California is a whopping \$3.2 billion. This amount does not include the economic impact of almost 70 scripted half-hour comedies, like *Transparent*, *Modern Family* or *The Big Bang Theory*, that also call California home.

PROJECT TITLE	TOTAL CA SPEND	CAST	CREW	EXTRAS	PROJECT TYPE
<i>13 Reasons Why 1</i>	\$49,400,000	80	175	7,150	Digital
<i>American Crime 3</i>	\$35,623,000	75	175	960	Network
<i>American Horror Story 6</i>	\$63,756,000	294	125	3,680	Basic Cable
<i>Animal Kingdom 1</i>	\$33,000,000	171	150	1,980	Basic Cable
<i>Animal Kingdom Pilot</i>	\$6,058,000	24	150	560	Basic Cable
<i>Citizen 1</i>	\$45,360,000	97	150	4,536	Digital
<i>Citizen Pilot</i>	\$9,656,000	30	150	1,898	Digital
<i>Code Black 2</i>	\$53,300,000	248	195	10,894	Network
<i>Crazy Ex Girlfriend 2</i>	\$39,073,000	8	260	20	Network
<i>Famous in Love 1</i>	\$24,469,000	90	150	2,718	Basic Cable
<i>Famous In Love Pilot</i>	\$3,769,000	28	135	357	Basic Cable
<i>Good Girls Revolt 1</i>	\$38,573,000	306	217	3,555	Digital
<i>Heartbeat 1</i>	\$44,752,000	15	250	4,200	Network

PROJECT TITLE	TOTAL CA SPEND	CAST	CREW	EXTRAS	PROJECT TYPE
<i>I'm Dying Up Here 1</i>	\$47,368,000	172	120	3,582	Premium Cable
<i>Mistresses 4</i>	\$23,333,000	112	125	2,531	Network
<i>Pitch 1</i>	\$36,390,000	219	125	4,752	Network
<i>Pitch Pilot</i>	\$8,296,000	59	123	1,394	Network
<i>Pure Genius 1</i>	\$48,941,000	33	190	4,272	Network
<i>Pure Genius Pilot</i>	\$6,816,000	33	190	604	Network
<i>Rebel 1</i>	\$5,429,000	35	150	1,500	Basic Cable
<i>Rebel Pilot</i>	\$4,371,000	27	100	500	Basic Cable
<i>Rosewood 2</i>	\$75,705,000	337	125	5,852	Network
<i>Scream Queens 2</i>	\$61,891,000	246	125	6,783	Network
<i>Secrets and Lies 2</i>	\$35,981,000	128	185	1,840	Network
<i>Shooter 1</i>	\$32,872,000	62	175	2,223	Basic Cable
<i>Snowfall 1</i>	\$38,140,000	263	122	2,290	Basic Cable
<i>Snowfall Pilot</i>	\$9,577,000	88	122	811	Basic Cable
<i>Sweet/Vicious 1</i>	\$19,501,000	10	90	370	Basic Cable
<i>This is Us 1</i>	\$42,977,000	248	125	2,784	Network
<i>This Is Us Pilot</i>	\$7,010,000	33	125	611	Network
<i>Twin Peaks</i>	\$41,162,000	153	140	1,122	Premium Cable
<i>Veep 6</i>	\$56,369,000	466	195	4,260	Premium Cable
<i>Westworld 1</i>	\$107,241,000	282	200	2,135	Premium Cable
<i>Hit the Floor</i>	\$36,000,000	28	115	6,100	Basic Cable
<i>Major Crimes</i>	\$68,000,000	21	171	2,860	Basic Cable
<i>Murder in the First</i>	\$44,000,000	72	240	3,930	Basic Cable
<i>Pretty Little Liars</i>	\$54,000,000	215	150	5,340	Basic Cable
<i>Rizzoli & Isles</i>	\$67,000,000	270	150	4,194	Basic Cable
<i>Switched at Birth</i>	\$56,000,000	156	192	8,325	Basic Cable
<i>Teen Wolf</i>	\$60,000,000	20	130	5,160	Basic Cable
<i>Stitchers</i>	\$51,000,000	190	185	7,251	Basic Cable
TOTAL	\$1,592,159,000	5,444	6,467	135,884	

CONCLUSION

As our decade of independent research reveals, the pilot production landscape in Greater Los Angeles has greatly changed over an unexpectedly short time. The ever-present availability of film incentives, first outside and then later in California, has made fierce jurisdictions ongoing competition for new television projects and jobs.

Also thanks to these incentives, television production budgets were observed to increase and help fuel a rise in on-screen production value, particularly for new drama pilots and drama series. While the decrease in both pilot count and pilot share are disconcerting, it must be considered in context. On location production activity in the Los Angeles region has had five consecutive quarters of growth. Over the past ten quarters, all but three have seen healthy gains, especially in key categories like scripted TV Drama and TV Comedy.



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