

ECONOMICS

// Analysis Summary



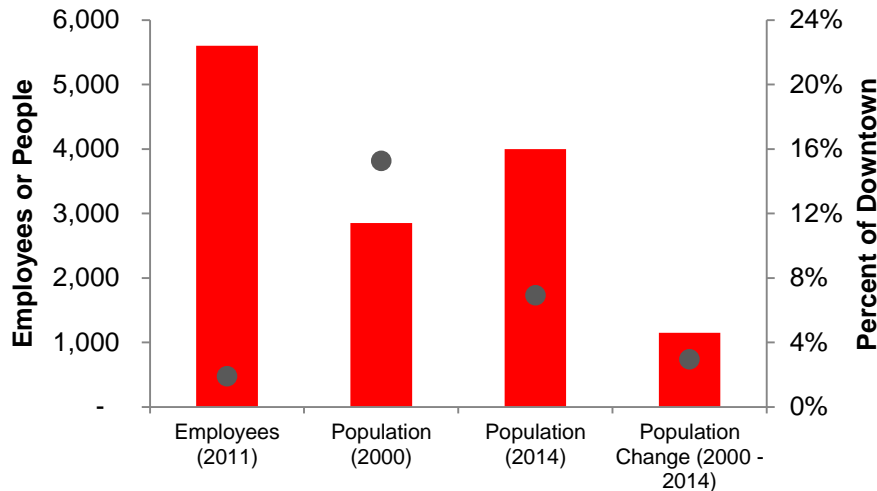
Scale Comparison

Central City East (CCE) vs. Downtown LA

// Key Takeaways

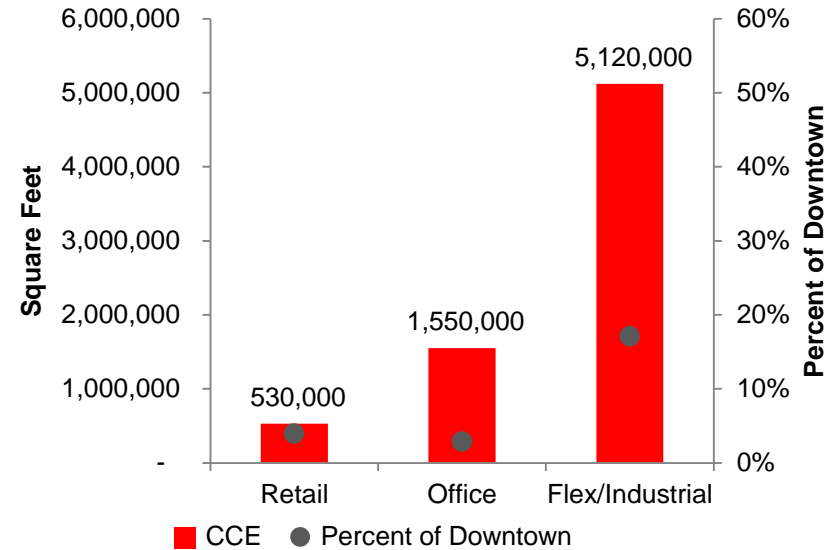
- CCE is approximately 260 acres or 8% of the total acres in Downtown Los Angeles.
- After 2000 Census, area has rapidly declined in relation to “fair share” of population.
- Very low employment density in CCE
 - 1,400 SF per Job in CCE
 - 400 SF per Job in Downtown Los Angeles

// Population and Employment



Source: ESRI ■ CCE ● Percent of Downtown

// Commercial Development



- Industrial/Flex development exceeds 5 million square feet and represents approximately 17% of all industrial space in Downtown Los Angeles.
- Limited retail and office space.

// Population and Employment Density Per Acre



Demographic and Income Profile

// Comparative Analysis

Population by Age	CCE	Downtown
< 19	7.3%	7.7%
20 - 24	3.9%	7.7%
25 - 34	12.3%	24.8%
35 - 44	18.0%	17.0%
45 - 54	26.7%	15.8%
55 - 64	19.6%	12.3%
65 - 74	6.9%	7.4%
75 - 84	3.5%	5.1%
85+	1.8%	2.2%

Population by Age	CCE	Downtown
<\$15,000	61.20%	40.20%
\$15,000 - \$24,999	12.50%	13.00%
\$25,000 - \$34,999	6.60%	8.10%
\$35,000 - \$49,999	6.70%	8.70%
\$50,000 - \$74,999	5.20%	9.10%
\$75,000 - \$99,999	2.50%	7.20%
\$100,000 - \$149,999	2.10%	7.40%
\$150,000 - \$199,999	2.30%	3.20%
\$200,000+	0.90%	3.00%

// Average Income

- CCE = \$25,400
- Downtown Los Angeles = \$47,200

// Median Age

- CCE = 48.7
- Downtown Los Angeles = 40.6

Source: ESRI

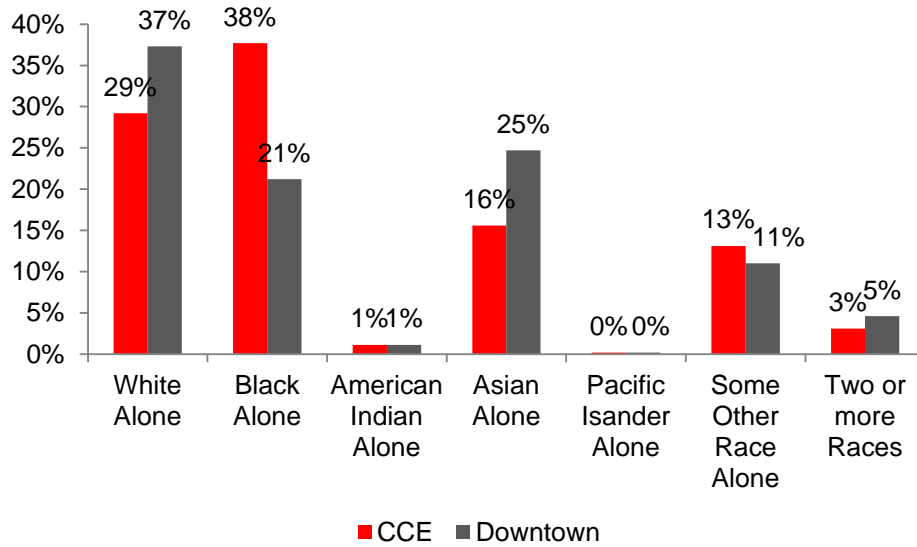
Household Tenure and Race/Ethnicity

// Comparative Analysis

// Key Takeaways

- Very low home ownership in CCE compared to larger downtown area.
- 38 percent identify themselves as black, with next highest white (29%).
- 32% percent identify themselves as Hispanic (any race)

// Race and Ethnicity



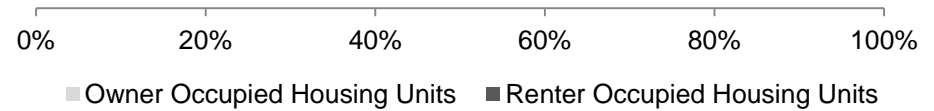
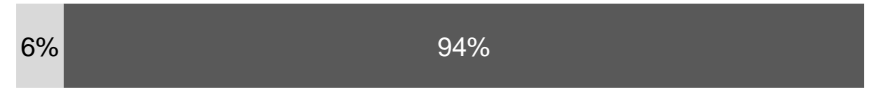
Source: ESRI

// Household Tenure

Downtown Los Angeles



CCE



Residential Development

// Comparative Analysis

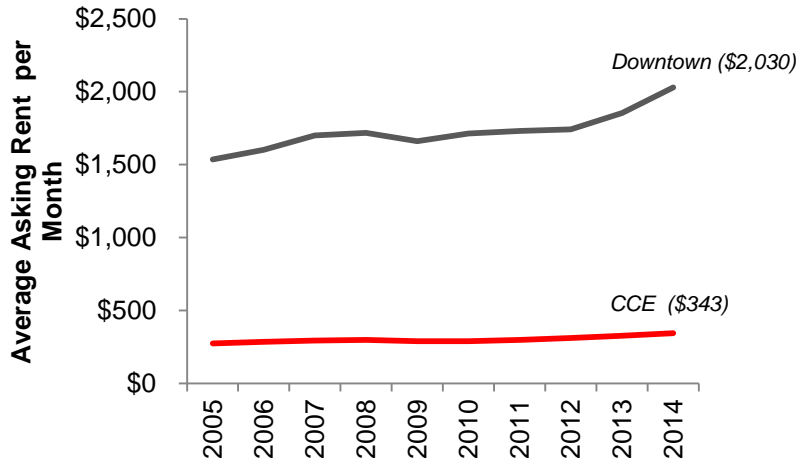
// Key Takeaways

- In 2014 over 5,000 multifamily housing units were under construction.
- There are an estimated 57,800 people living in Downtown Los Angeles with the population expected to grow to over 90,000.
- No planned development in CCE

// Multifamily Development and Pricing



// Average Asking Rent



// Multifamily Units



Source: Downtown Center BID; CoStar; and AECOM

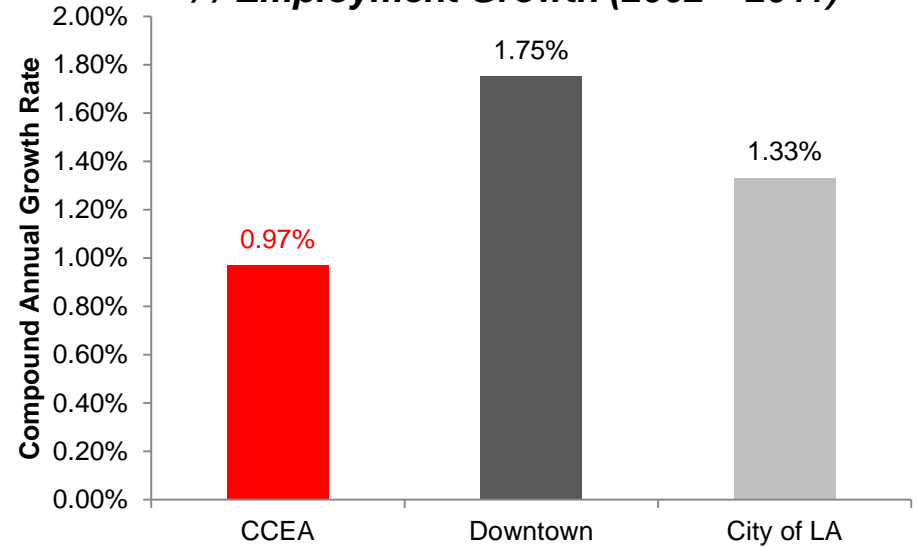
Employment

// Comparative Analysis

// Key Takeaways

- CCE employment growth has not kept up with Downtown or larger Los Angeles.
- Industrial uses have created significantly higher concentrations of select industries, most not amenable to support higher density employment and residential serving uses.

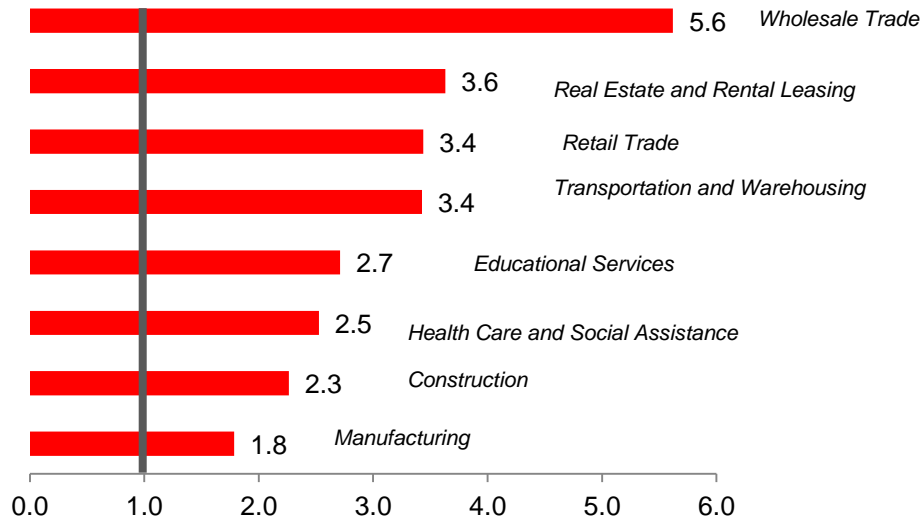
// Employment Growth (2002 – 2011)



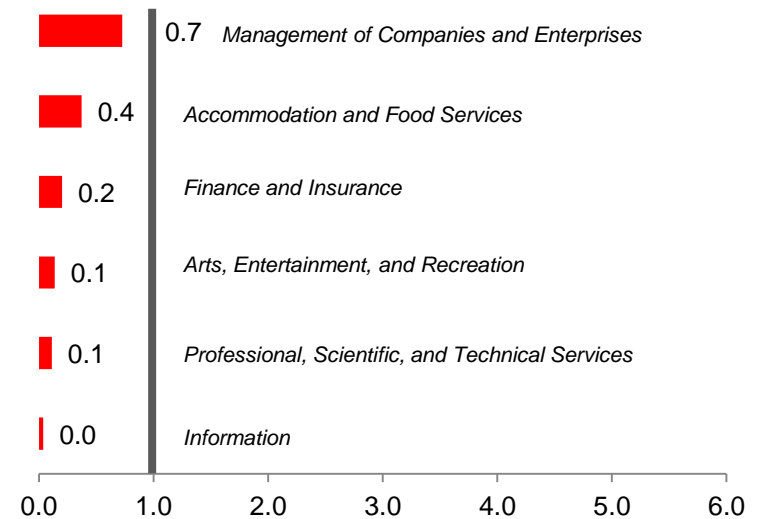
// Location Quotient (CCE vs. Downtown Los Angeles)

1.0 = Equal Representation of Jobs in Comparison to Larger Downtown Area

EXPORT INDUSTRIES



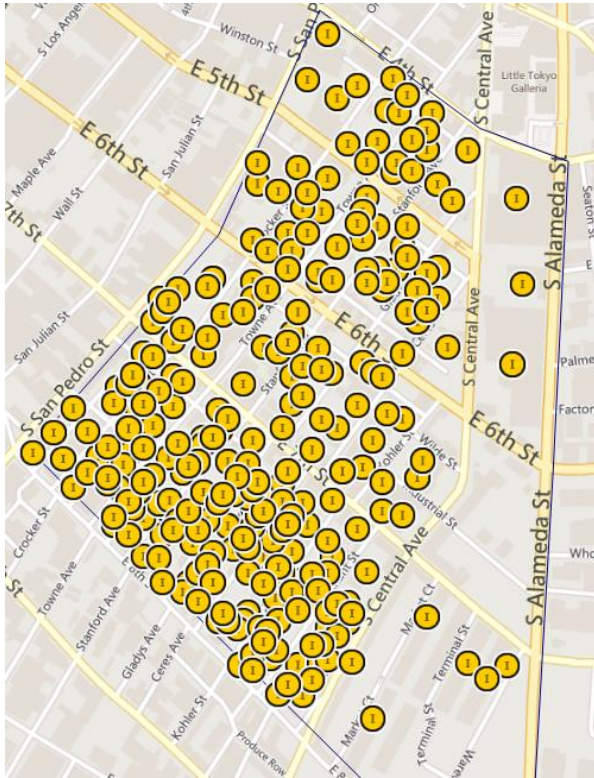
IMPORT INDUSTRIES



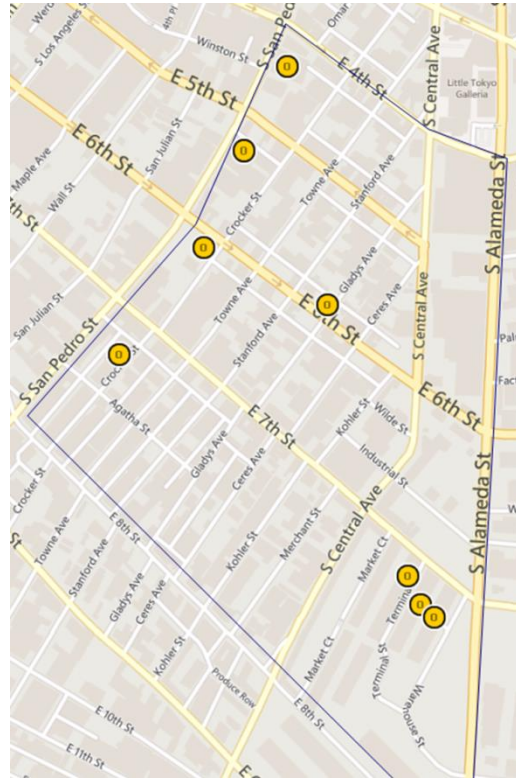
Source: US Census and AECOM

// Maps

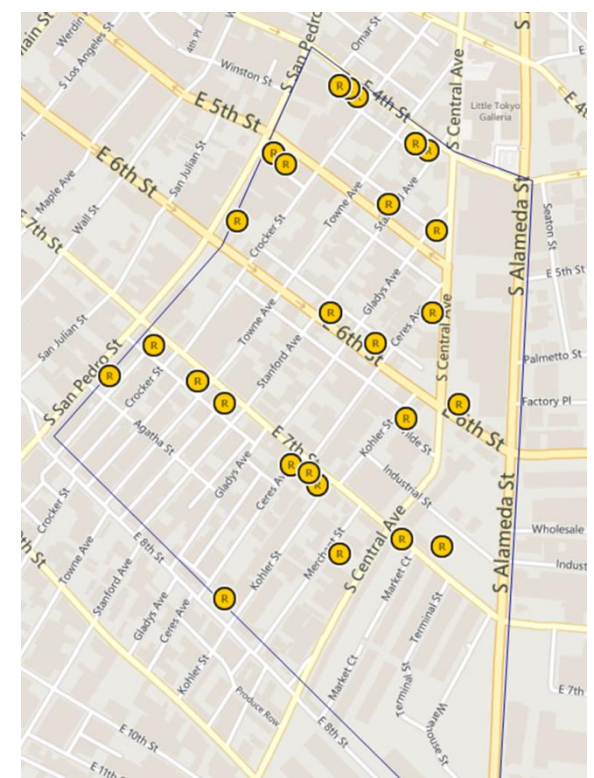
// Industrial



// Office



// Retail



Note: Multiple commercial buildings sometime represented by one dot.

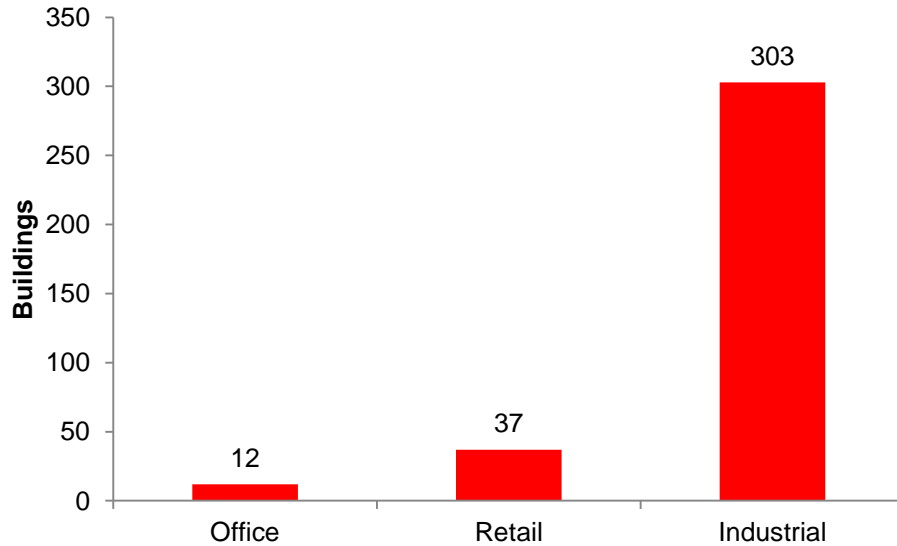
Source: CoStar

// Comparative Analysis (Q1 2015)

Buildings	Vacancy	Quoted Rates
Office		
Downtown Los Angeles	12.7%	\$32.97
CCE	0% (Unknown)	\$26.50
Retail		
Downtown Los Angeles	7.2%	\$31.27
CCE	3.2%	\$18.00
Industrial		
Downtown Los Angeles	3.1%	\$10.28
CCE	4.8%	\$9.60

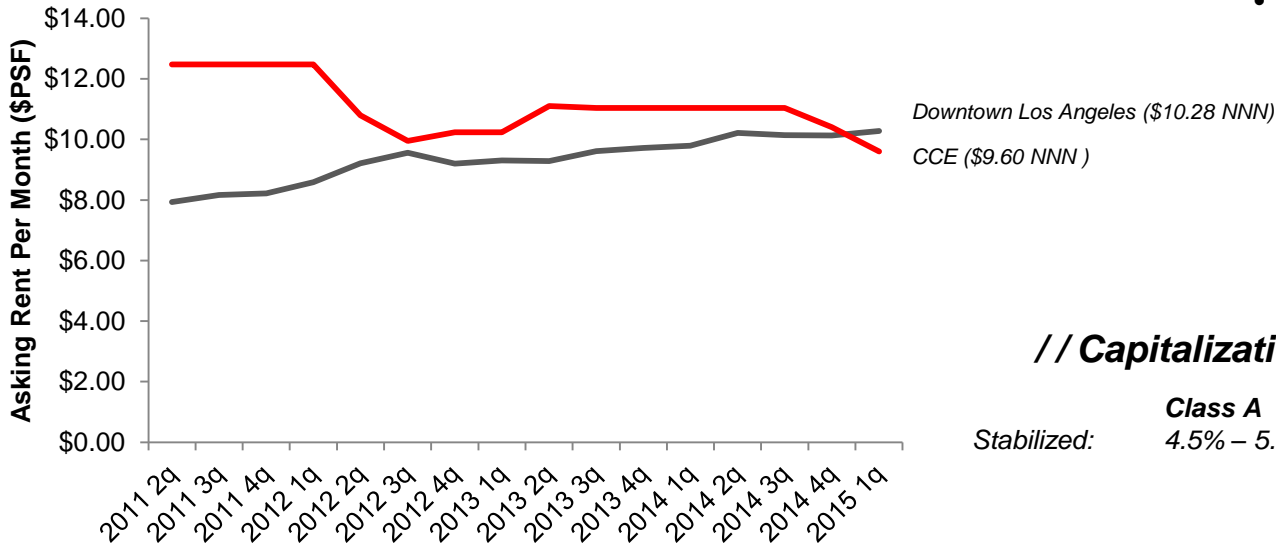
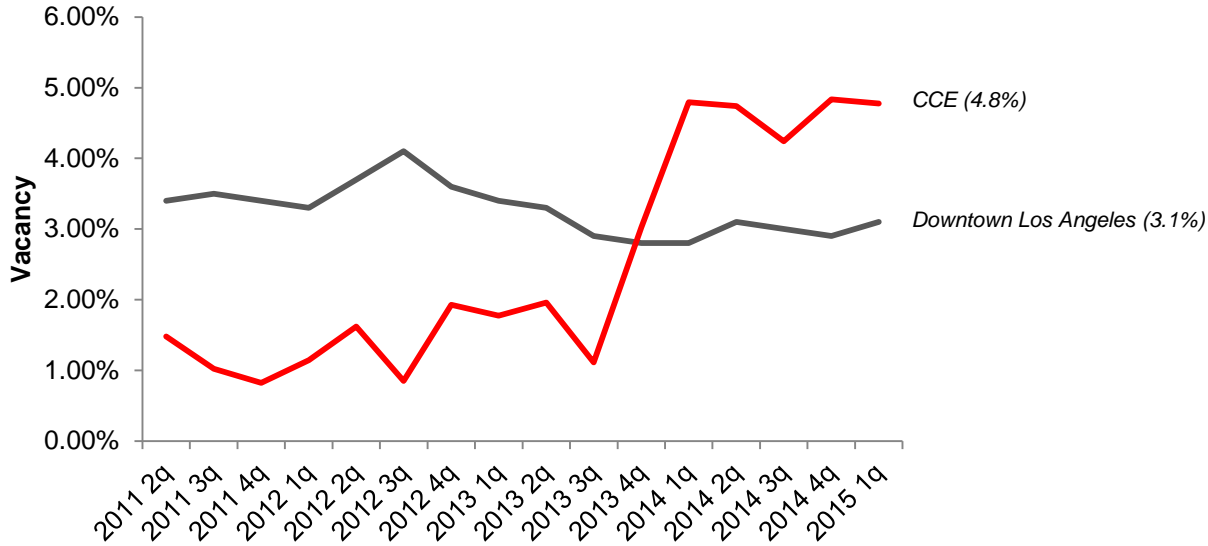
// Key Takeaways

- **Office**
 - No deliveries for last 10 years
 - Limited supply results in wild changes in market data
 - Rents below market values
- **Retail**
 - Limited new deliveries over the last decade (30,000 SF)
 - Limited supply results in wild changes in market data
 - Rents below market values



Source: CoStar and AECOM

// Industrial



// Key Takeaways

- Loss of approximately 300,000 square feet of industrial space in CCE since 2001.
- Consistent with trends in larger downtown submarket where industrial land has been demolished and replaced with other uses.
- In recent years vacancy has increased and rents have declined relative to the larger submarket area.

// Capitalization Rate (Los Angeles CBD)

	Class A	Class B	Class C
Stabilized:	4.5% – 5.0%	4.75% – 6.0%	6.0% – 6.5%

Source: CoStar; CBRE; and AECOM

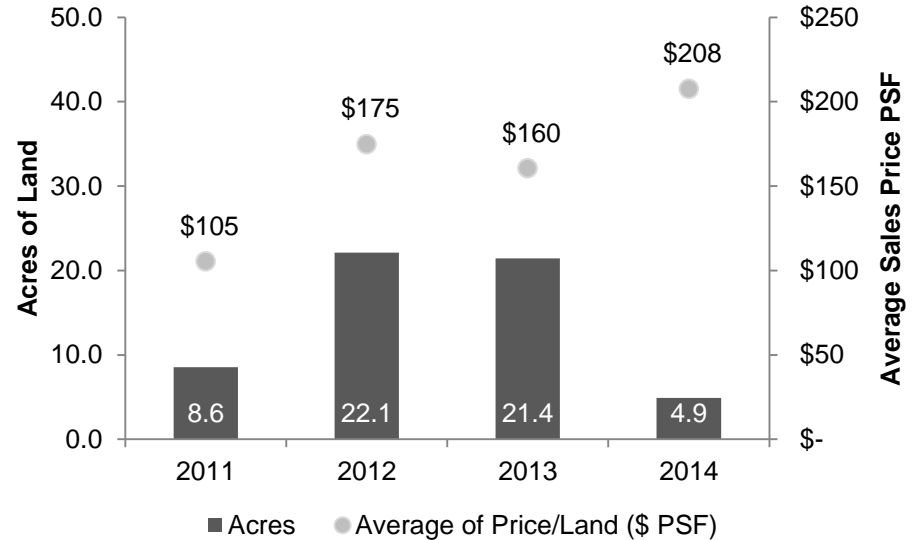
Market Transactions

// Comparative Analysis

// Key Takeaways

- Available land is for development limited.
- Reported prices for residential land transactions doubled from 2011 to 2014.
 - Limited comps
- CCE Transactions
 - Data suggest significant sales activity compared to 5-year averages
- As previously noted, residential market demand creating pressure to transition from existing employment uses to residential.

// Land Sale Transactions – Residential



// CCE Transactions (2010 – 2015)

	<i>Industrial</i>	<i>Office</i>	<i>Retail</i>
<u>5-Year Average</u>			
Sales \$PSF:	\$125	NA	\$125
Volume (MM):	\$41.0	NA	\$4.4
<u>Past Year</u>			
Sales \$PSF:	\$127	\$152	\$268
Volume (MM):	\$168	\$56.0	\$1.9

Note: CoStar did not have any comp information on transactions (beyond summarized data provided above).

Source: Downtown Center BID; CoStar; and AECOM

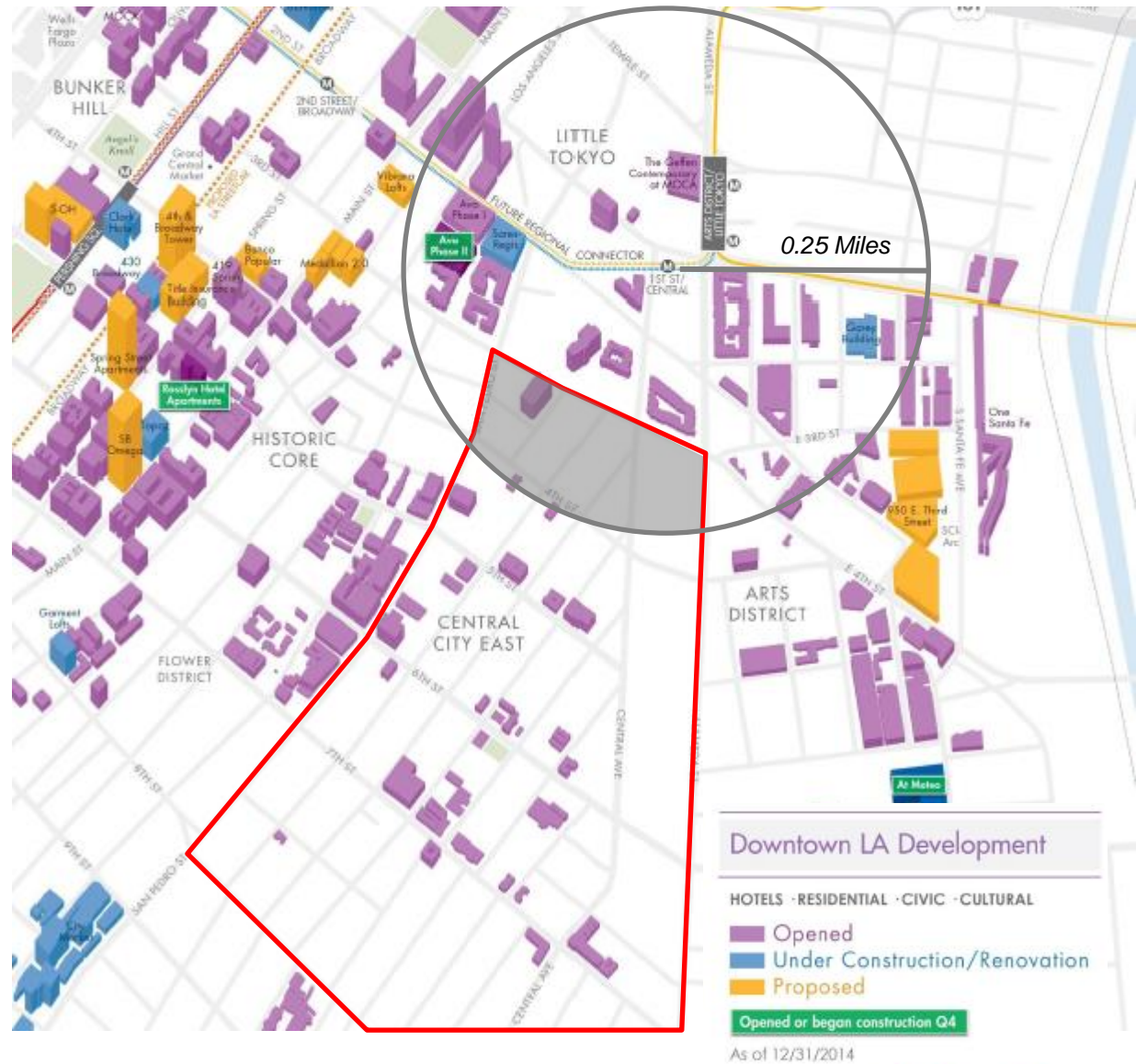
Real Estate Market Conditions

// Development Pressure

// Key Takeaways

- New and proposed development is moving closer to the district.
Expansion of:
 - Little Tokyo South (AVA)
 - Flower District Northeast (City Market)
 - Arts District West (At Mateo)
- Potential additional TOD demand associated with relocation of Gold Line Station
 - The Little Tokyo/Arts District Station, currently an at-grade Gold Line station located at the intersection of 1st and Alameda streets, will be moved underground and across the street to the southeast corner of 1st St and Central Avenue.

// Hotels, Residential, Civic, and Cultural



Source: Downtown Center BID; Metro