



**DOWNTOWN
LONG BEACH
ALLIANCE**

DOWNTOWN LONG BEACH
SNAPSHOT
2020 RESIDENTIAL MARKET REPORT

Q4



Source image: Romana Vera

ABOUT DLBA

Downtown Long Beach's (DTLB) first Business Improvement District (BID) was the Downtown Parking Based Improvement Area (PBIA) established in 1973 by business owners, while the second BID, the Property-Based Improvement District (PBID), was established in 1998 by commercial property owners and expanded to residential property owners in 2013. The Downtown Long Beach Alliance (DLBA) manages both BIDs, which has resulted in a more connected, safer, and vibrant DTLB. The DLBA is a non-profit community-based organization whose mission is to cultivate, preserve, and promote a healthy, safe, and prosperous Downtown. By balancing the interests of residents, as well as businesses, the DLBA creates tangible progress by way of vested interest and solidified partnerships across local, municipal, and commercial lines.

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DTLB

Visit DTLBbusiness.com
for more economic resources or email
economicdevelopment@dlba.org

The DLBA's 2021 Economic Profile
publishes April 15th





SOURCES AND METHODOLOGY

Downtown Demographic Data

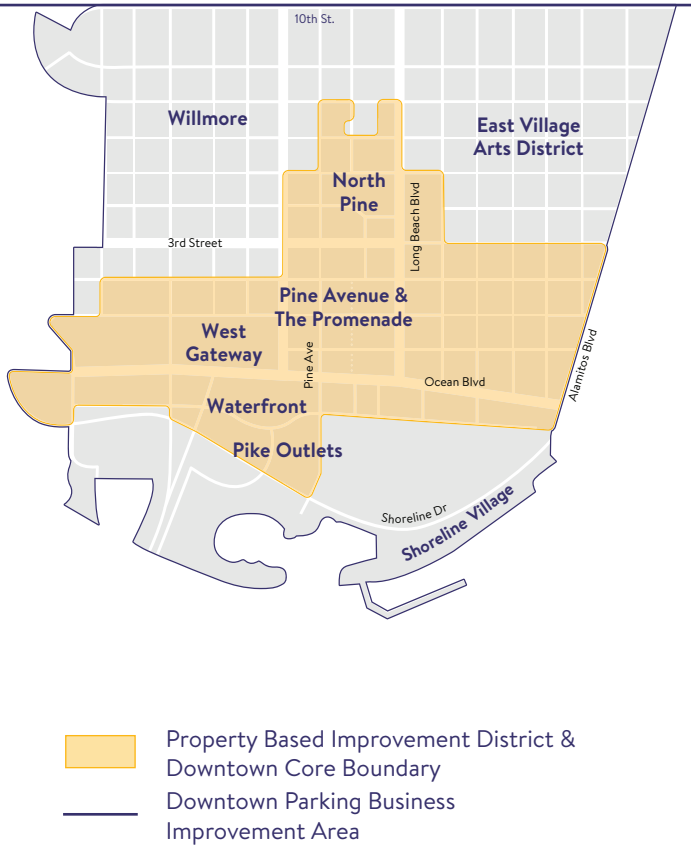
The demographic data used in this report was collected from 2017 American Community Survey, a periodic survey conducted by the US Census Bureau. Further data was collected from the US Census Bureau’s Public Use Microdata Sample of the Long Beach Area.

DTLB Parking Counts

Data measuring street parking occupancy was gathered from Smarking, a contracted software company that measures transaction level parking data for municipalities and place management organizations. Data used in the report was collected from January 1, 2019 through December 15, 2020.

Commercial Residential Data Analysis

Information regarding the depth and breadth of Downtown’s residential market is collected from CoStar, a leading provider of commercial real estate information, analytics, and online marketplaces.





Source image: Romana Vera

RESIDENTIAL MARKET UPDATE

The residential market in Downtown Long Beach has undergone slight fluctuation in 2020, with the COVID-19 health crisis serving as the underlying economic force driving price, occupancy, and developments. Total for-rent multifamily occupancy in Q4 2020 stood at 93%, improving from an annual low of 91.2% occupancy in Q2 2020. Similarly, the Q4 Downtown residential market saw a slight improvement in rents compared to the rest of 2020. Rent per square foot decreased during Q2 and Q3 2020, but increased back to pre-COVID-19 prices by Q4 2020. In 2020 there were three completed multifamily developments; The Crest, The Alamitos, and The Pacific, adding over 400 units to Downtown's inventory.

Although the residential market has fluctuated less in response to COVID-19 when compared to office and retail spaces, leasing companies and private landlords have had to increase financial incentives to retain relatively low vacancies. The concession rate for multifamily properties more than doubled between Q4 2019 and Q4 2020, increasing to 1.32%. Concessions include free/reduced rents, moving expenses, and other financial allowances conceded to tenants. Class A properties had the highest disaggregated concession rate, largely due to existing higher rental rates and lower

occupancy rates for units.

Regional benchmark cities showed similar market changes to Downtown Long Beach and Southern California as a whole. Occupancy remained in the low to mid 90's, and most markets saw either negative rent growth or a corresponding increase in prices. Santa Monica and Downtown Los Angeles had the lowest occupancies and largest 12-month decreases in rents, which is expected from the two residential markets already experiencing above-market rents and high vacancy rates.

Regional Benchmarks

	Occupancy	Avg. SF	\$/SF	12-Mo. Rent Change
Costa Mesa	95.7%	839	\$2.41	-0.4%
El Segundo	95.5%	807	\$2.48	-0.2%
Fullerton	94.9%	800	\$2.23	1%
Long Beach	94.8%	756	\$2.13	1%
Belmont Shore (Long Beach)	94.5%	655	\$2.54	2%
Downtown Long Beach	93%	750	\$2.54	0.3%
Santa Ana	93.1%	824	\$2.23	0.1%
San Pedro	92.1%	809	\$2.23	-0.2%
Downtown Santa Monica	91.1%	777	\$3.73	-5.3%
Downtown Los Angeles	86.7%	828	\$2.81	-9.2%

By the Numbers

Number of Buildings	501
Total Inventory (Units)	10,056
Total Occupancy (%)	93%
Avg. Mo. Rental Rate/Unit (\$)	\$1,848
Avg. Rental Rate/SF (\$/SF)	\$2.54
Avg. SF/Unit (SF)	750
Concessions Rate	1.3%
12 Mo. Deliveries (Units)	449



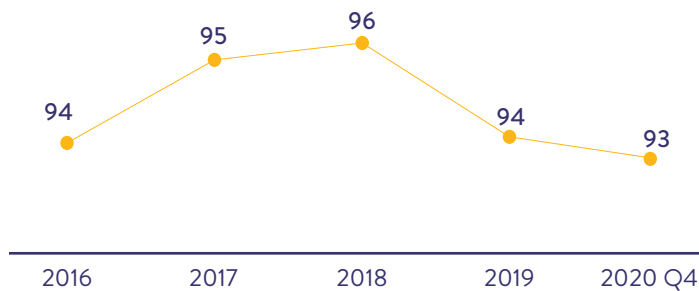
Source image: Romana Vera

MARKET TRENDS

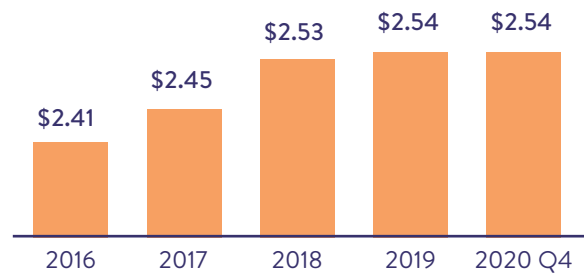
The visualizations below illustrate the 5-year trend for occupancy, rent per square foot, vacancy rate, and units under construction. While quarter to quarter comparison can show a varying positive and negative fluctuations, historical trends offer a more holistic

view and highlight continued growth in Downtown. *Note: changes in the classification of commercial real estate data may cause small variations in historic real estate data.*

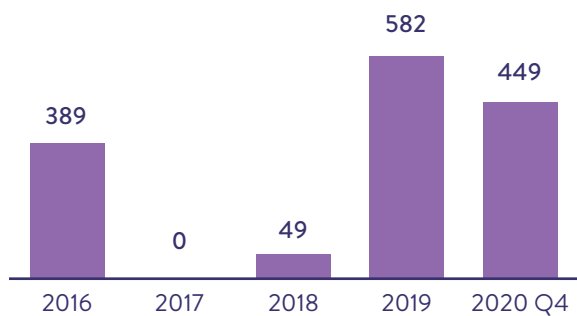
Occupancy



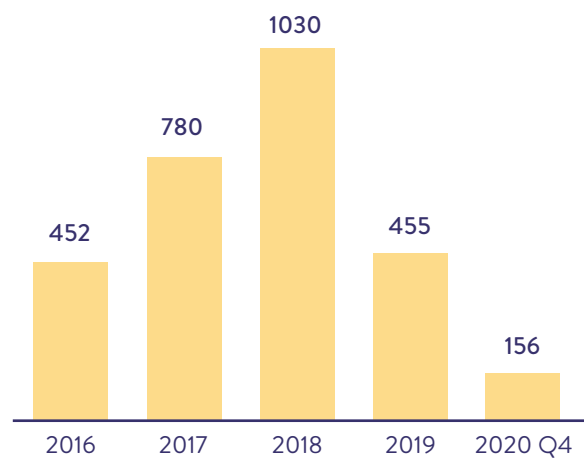
Rent Per SF



Deliveries



Units Under Construction





Source image: Jose Cordon

STREET PARKING OCCUPANCY

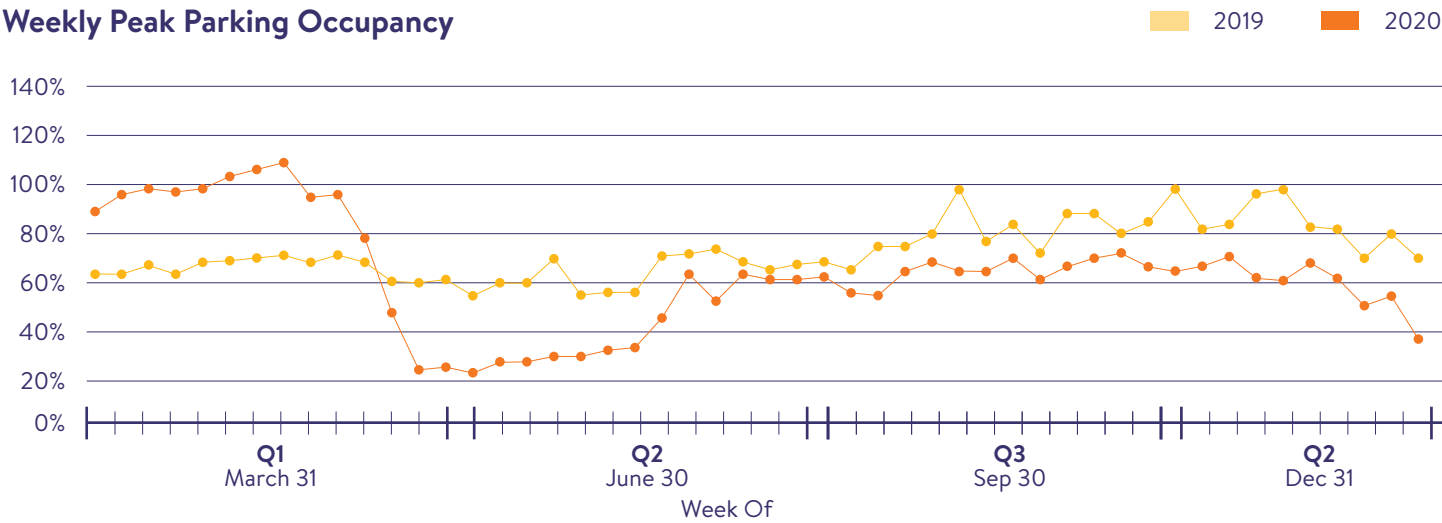
Parking Occupancy in Downtown Long Beach during Q4 2020 was still lower than pre-COVID-19 levels, averaging 23% lower occupancy when compared to Q4 2019. Local health orders restricted and reduced retail occupancy and outdoor dining capacity through the beginning of Q4 2020. In early December, a regional Stay at Home Order for Southern California indefinitely banned outdoor dining through the end of the quarter. Whereas the peak hour for parking occupancy in 2019 occurred in October, the 2020 high occurred in mid-February before the creation of Stay at Home Order. Average parking duration decreased from 50 minutes in 2019 to 40 minutes in 2020, as retailers and food service businesses shifted their operations towards e-commerce and carry-out orders, reducing traffic to storefronts.

Another factors affecting parking occupancy in Downtown includes the Long Beach Open Streets Initiative, through which approximately five blocks of Pine Avenue were closed to vehicular traffic to allow for pedestrian access and expanded outdoor operations, reducing vehicle traffic in the Downtown Core.

Parking Data (Q1 to Q4 2020)

	2020	2019
Transactions	1,036,749 (-32%)	1,522,521
Peak Occupancy	108% (+8%)	100%
Peak Hour	1PM Sat, Feb 15	1PM Sat, Oct 12

Weekly Peak Parking Occupancy



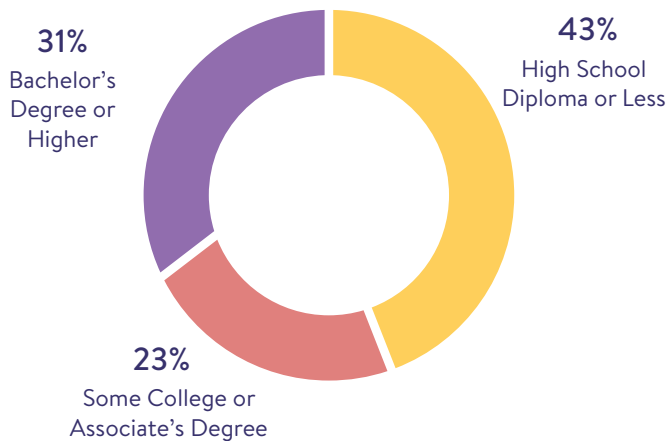


Source image: Jose Cordon

DOWNTOWN DEMOGRAPHICS

Below is a collection of demographic highlights illustrating the makeup of the Downtown residential community. Downtown Long Beach is diverse, comprising a mix of family backgrounds, income levels, and educational attainments.

Educational Attainment (Age 25+)

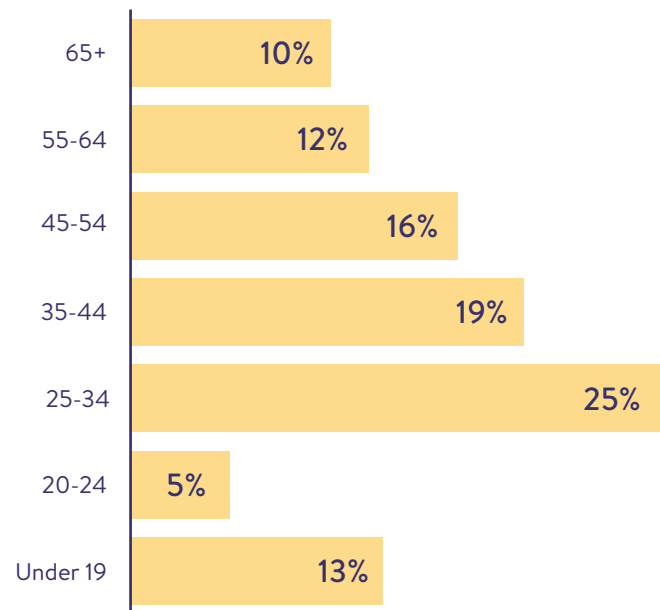


Demographic Highlights

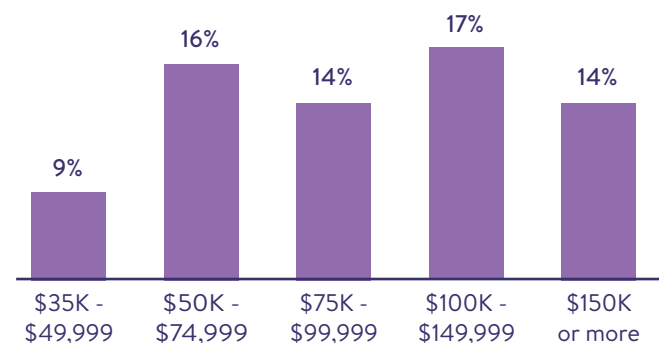
Total Resident Population	33,129
Daytime Employee Population (1-mile radius)*	40,344
Median Age	40
Average Household Income	\$80,225

*data estimate calculated pre-COVID19

Age Distribution



Household Income Distribution





Source image: Romana Vera

DOWNTOWN HOUSING MIX

Market Mix

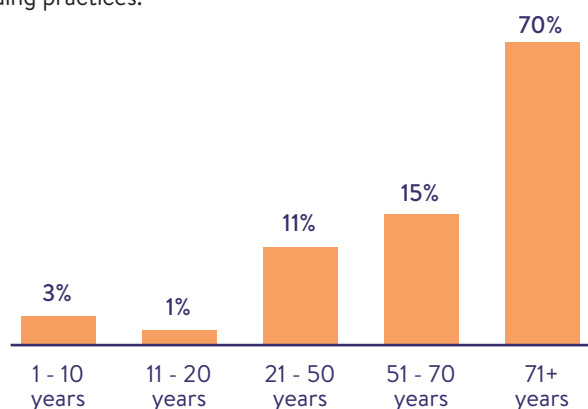
The Downtown housing market is comprised predominately of multifamily for-rent units. Approximately 88% of all housing units in Downtown are for-rent, which is roughly 20% higher when compared to the greater Long Beach area. Nearly all future developments in Downtown are planned as high-density, for-rent units featuring ground floor retail opportunities, with the long-term option to transfer units to an ownership-based model. This includes projects like Westside Gateway and 1 Golden Shore.

Market Mix	Renter Occupied	Owner Occupied
Downtown Long Beach	88%	12%
Long Beach/Signal Hill	66%	23%

Source: US Census Bureau Public Use Microdata Sample 2019

Age of Housing Stock

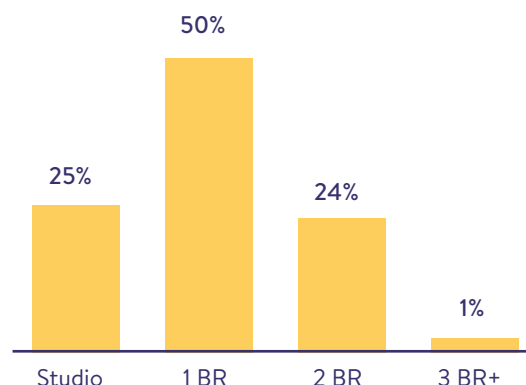
The majority of Downtown housing stock was built at or before 1950, with 14 residential properties renovated in the past 20 years. New developments will provide housing for an influx of residents, reduce the stress on aging buildings, and incorporate more sustainable building practices.



Note: changes in the classification of commercial real estate data may cause small variations in historic real estate data.

Unit Composition

Three out of four Downtown units are either studios or one-bedroom apartments, appealing to young professionals and smaller family units without children. In such a dense urban environment, smaller units offer more efficient use of space and a greater number of total units, but can be unattractive for larger households looking for spaces in Downtown.



Rates Per SF Per Unit

A disaggregation of rental rates by unit size shows that 1-bedroom units have the highest price per square foot, followed by studio and 2-bedroom units respectively. Such smaller unit sizes command the most demand for Downtown housing, and are also the most common unit type appearing in new developments.

Type	2020	2019	2018	3-YR Delta
Studio	\$2.59	\$2.59	\$2.52	3%
1 BR	\$2.62	\$2.65	\$2.61	0.4%
2 BR	\$2.48	\$2.43	\$2.49	-0.4%
3 BR	\$1.82	\$1.81	\$1.70	7%
4 BR	\$0.95	\$0.94	\$0.92	3%



Potter's Lane is a Veterans' micro-unit housing complex in Midway City, CA, designed by CRATE Modular, Inc.

Source image: CRATE Modular, Inc.

HOUSING POLICY UPDATE: MICRO UNIT PILOT PROGRAM

Downtown Long Beach and the City as a whole is in need of additional housing units for households of all income levels, with the economic effects of COVID-19 further exasperating financial disparities. The City of Long Beach has enacted a wide array of policy approaches to respond to the housing shortage, including inclusionary zoning codes, greater local revenue-generating opportunities, and more effective development incentives. In November 2020, Long Beach City Council approved an ordinance to encourage production of micro-unit housing in Downtown and Midtown Long Beach, further expanding the creation of housing.

Micro-units are generally understood to be roughly 220 square feet in size, including amenities such as a full kitchen, bath, and multi-use area. Micro-units can be constructed as part of new developments

or segmented from existed adaptive re-use projects, with larger zoning flexibility when it comes to minimum required parking and/or open space. The potential design and style of micro-units varies widely, from traditional construction methods like concrete to adapted shipping containers and similar post-industrial materials.

While the micro-unit program is just one of 29 housing policy recommendations adopted citywide, the program shows promising results in the dense urban environment of Downtown Long Beach. Many larger parcels have already been entitled or undergone large-scale development, leaving many small, irregular plots of land underdeveloped. The versatility in size and design of micro-units allows for meaningful housing development on these smaller sites, overcoming many of the design challenges that previously prevented traditional construction. Beyond design versatility, affordability is by far the most promising aspect of a micro-unit pilot program. Smaller units combined with sustainable construction practices create more affordable housing stock for more residents, especially for those who live independently or on a fixed income.

For more information on housing policy in Long Beach, please view our Downtown Plan at www.downtownlongbeach.org/invest/development and Long Beach Development Services at www.longbeach.gov/lbds.



Downtown Long Beach Residential Development Map

- | | | | |
|---|---|---|---|
| <p>1 The Alamos
101 Alamos Ave
136 Units
<i>Completed</i></p> | <p>7 The Inkwell
127-135 E Broadway
189 Units
<i>Under Construction</i></p> | <p>13 810 Pine Ave
78 Units
<i>Under Construction</i></p> | <p>19 Westside Gateway
600 W Broadway
756 Units
<i>Entitlements Approved
Anticipated Completion 2024</i></p> |
| <p>2 The Pacific
230 W 3rd St
163 Units
<i>Completed</i></p> | <p>8 Volta on Pine
640 Pine Ave
271 Units
<i>Under Construction
Anticipated Completion 2021</i></p> | <p>14 525 E Broadway
48 Units
<i>Proposed
Anticipated Completion 2023</i></p> | <p>20 320 Alamos
105 Units
<i>Entitlements Approved</i></p> |
| <p>3 Ocean View Tower
200 W Ocean Blvd
90 Units
<i>Under Construction</i></p> | <p>9 825 E 7th St
27 Units
<i>Proposed
Anticipated Completion 2022</i></p> | <p>15 Aster
125 Long Beach Blvd
218 Units
<i>Entitlements Approved 2023
Anticipated Completion 2023</i></p> | <p>21 Shoreline Gateway Project
777 E Ocean Blvd
315 Units
<i>Under Construction
Anticipated Completion 2021</i></p> |
| <p>4 The Crest
207 Seaside Way
112 Units
<i>Completed</i></p> | <p>10 Magnolia & Broadway
500 W Broadway
142 Units
<i>Proposed
Anticipated Completion 2022</i></p> | <p>16 Civic Center Residential Project
321 W Ocean Blvd
580 Units
<i>Proposed
Anticipated Completion 2023</i></p> | <p>22 5th & Pacific
507 Pacific Ave
158 Units
<i>Entitlements Approved</i></p> |
| <p>5 437 E 5th St
18 Units
<i>Entitlements Approved</i></p> | <p>11 The Residences at Linden
135 Linden Ave
82 Units
<i>Entitlements Approved</i></p> | <p>17 3rd & Pacific
328 Pacific Ave
366 Units
<i>Entitlements Approved
Anticipated Completion 2023</i></p> | <p>23 Ocean Center
110 W Ocean
<i>Under Construction</i></p> |
| <p>6 5N at The Streets
495 The Promenade 5N
20 Units
<i>Under Construction</i></p> | <p>12 The Broadway Block
240 Long Beach Blvd
400 Units
<i>Under Construction</i></p> | <p>18 Security Pacific National Bank Building
110 Pine Ave
118 Units
<i>Proposed
Anticipated Completion 2023</i></p> | |