



DOWNTOWN LONG BEACH  
**SNAPSHOT**  
2021 OFFICE MARKET REPORT

**Q2**





Source: Jose Cordon

## 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.

## Looking to invest in DTLB?

Visit [DTLBbusiness.com](https://DTLBbusiness.com)  
for more economic resources or email  
[economicdevelopment@dlba.org](mailto:economicdevelopment@dlba.org)

The DLBA's 2021 Q3 Retail Snapshot  
publishes October 15







Source: Jose Cordon

## SOURCES & METHODOLOGY

### Employer Data

Data regarding the labor market and jobs numbers was collected from the Bureau of Labor Statistics via the City of Long Beach Economic Insights Dashboard. Business market sentiment data was provided from the Long Beach Q2 2021 Small Business Monitor, overseen by the CSULB Department of Marketing. COVID-19 return to work data was collected via a DLBA survey of Downtown office employers during Q1 and Q2 2021.

### DTLB Parking Counts

Street parking occupancy was gathered from a contracted software company that measures transaction level parking data for municipalities and place management organizations. Data used in the report was collected from Jan 1st, 2019 through June 29th, 2021.

### DTLB Pedestrian Counts

Pedestrian foot traffic activity was gathered from a contracted software company operating a network of sensors around the Downtown area. Data used in the report was collected from September 2020 through June 2021.

### Commercial Office Data Analysis

Information regarding the depth and breadth of Downtown's office market is collected from CoStar, a leading provider of commercial real estate information, analytics, and online marketplaces. CoStar data is comprehensive, but may not capture the full real estate market.



- Property Based Improvement District & Downtown core boundary
- Downtown parking business improvement area



Source: Jose Cordon

## OFFICE MARKET UPDATE

The commercial office market in Downtown had mixed performance in Q2 of 2021, indicative of the economic friction tenants and property owners have undergone in recovery from the COVID-19 pandemic. Vacancy rates sat around 19%, up from 16% in Q1 2020, which could be considered pre-pandemic baseline. Despite the overall increase in the office vacancy over the past 18 months, occupancy has remained relatively stable since Q3 2020. Additionally, rents have simultaneously increased 1.65% during the same time period, approaching pre-pandemic rents seen in Q1 2020. When compared to other office markets in Southern California, Downtown Long Beach has lower occupancy rates as well as lower rents, despite also having rents grow over the past year.

In Q2 2021, Downtown experienced its first positive net absorption since the beginning of 2020. Net absorption is the sum of the total spaces leased or constructed minus any spaces vacated or demolished. A net increase in spaces leased in Downtown may point to thawing demand for office use as COVID-19 guidelines ease.

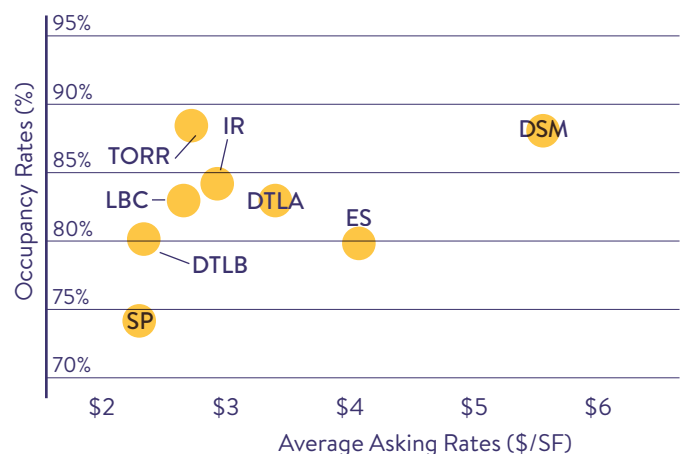
### By The Numbers

Total Inventory (SF)	4,891,383
Total Vacancy (%)	19.6%
Q2 2021 Net Absorption (SF)	35,619
YTD Net Absorption (SF)	-11,833
Direct Average Asking Rent (\$/SF)	\$2.47
12-Month Rent Delta (%)	-1.65%
Total Under Construction (SF)	0
Total Pre-Lease	0

### Benchmark Table

	City	Rent \$/SF	12-month Rent Growth	Occupancy Rate
DSM	Downtown Santa Monica	\$5.45	-9.02%	81.8%
ES	El Segundo	\$4.03	-1.46%	82.9%
DTLA	Downtown Los Angeles	\$3.18	1.27%	83.2%
TORR	Torrance	\$2.88	8.27%	88.1%
IR	Irvine	\$2.74	-7.74%	84.0%
DTLB	Downtown Long Beach	\$2.47	1.65%	80.4%
LBC	Long Beach City	\$2.46	2.07%	83.5%
SP	San Pedro	\$2.43	4.29%	77.2%

### Benchmark Occupancy VS Asking Rent



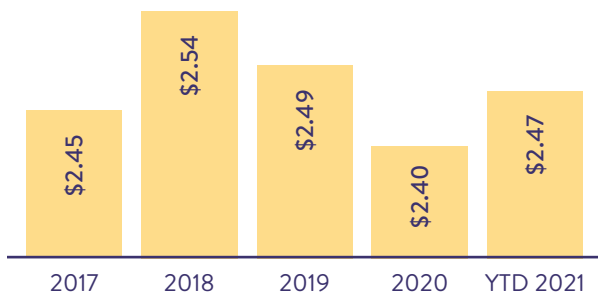


Source: Jose Cordon

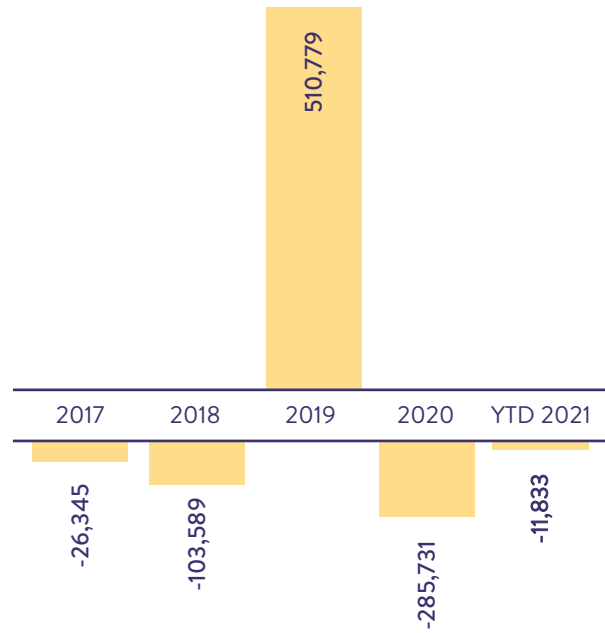
## MARKET TRENDS

The graphs below visualize 5-year trends for total net absorption, average asking rate, total vacancy rate, and leasing activity. Despite any positive or negative changes to metrics in the short run, providing a 5-year depiction of data creates a more well-rounded, reliable illustration of real estate trends in the Downtown Long Beach commercial office market.

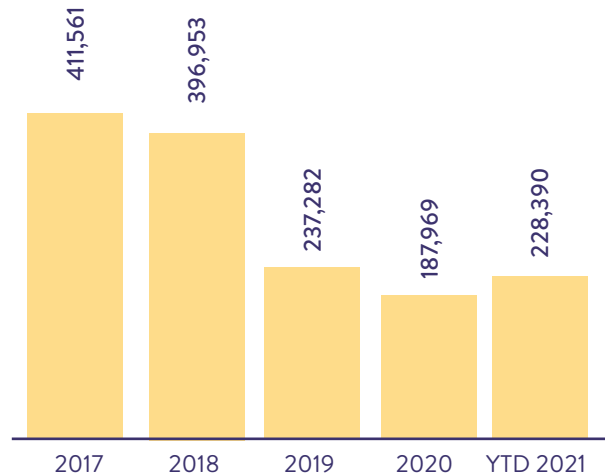
### Average Asking Rate (\$/SF)



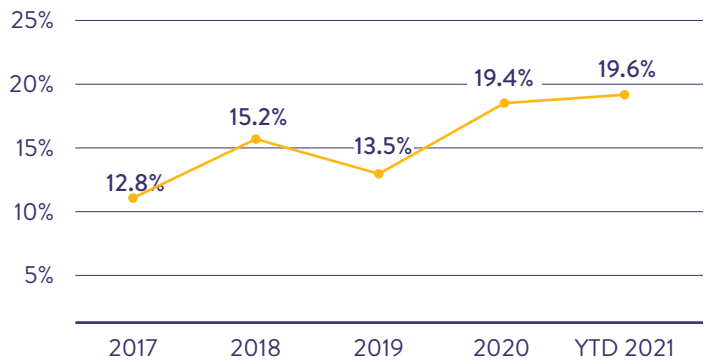
### Total Net Absorption (SF)



### Historical Leasing Activity (SF)



### Total Vacancy Rate







Source: Jose Cordon

## MEASURING ACTIVITY DOWNTOWN

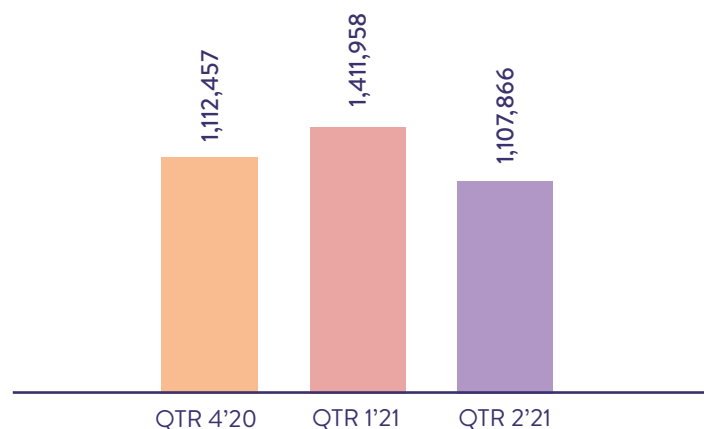
### Pedestrian Counts

DLBA's current network of pedestrian sensors only has data available since September of 2020. Over the past nine months, monthly total pedestrian counts have been steadily increasing. Relaxed pandemic guidelines have allowed for greater business occupancy and expanded uses, and Downtown has had a noticeable uptick in walking traffic.

### Street Parking Occupancy

Despite an increase in pedestrian traffic, street parking activity still lags behind previous years - the average number of parking transactions per day is roughly 60% of Q2 2020. However, the average duration in paid parking spots has more than tripled to 125 mins, indicating that users park Downtown less frequently, but are spending more time in the area when they do visit.

### Total Monthly Ped Count, Sep 2020 to June 2021



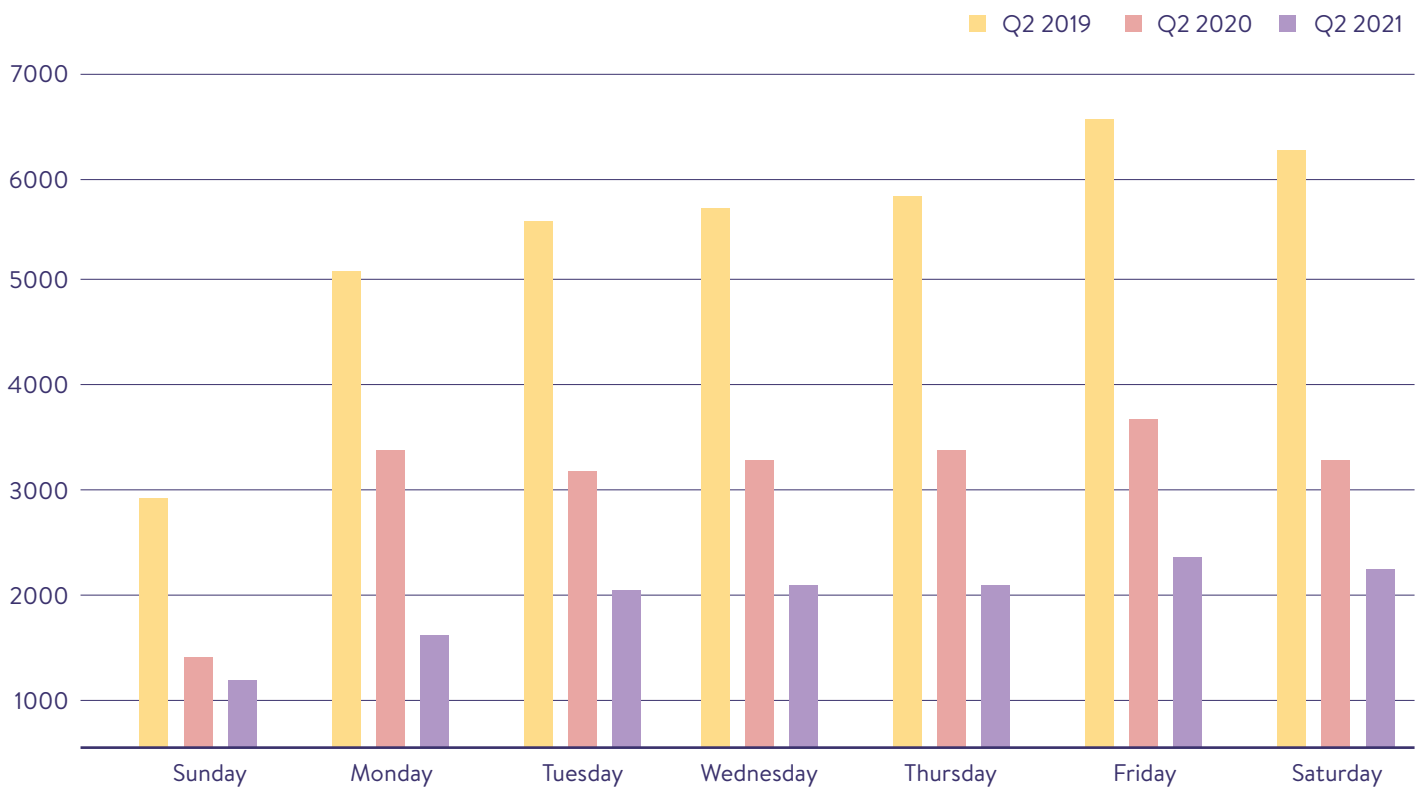
Source: AreaProbe





Source: Jose Cordon

## Avg. Parking Transactions Per Day (ATPD) --Q2 '19, '20, '21





Source: Jose Cordon

## BROOKINGS DOWNTOWN RECOVERY DATA

As the United States begins emerging from the COVID-19 pandemic, place management organizations such as DLBA have begun to investigate what downtowns need to stay relevant. The Brookings Institute, thought leaders in the field of public policy and urban planning, recently released primary research investigating the vital components of American downtowns. The core of the study reveals that office space lies at the core of traditional downtowns, and that areas must leverage new assets in order to adapt to the changing demand of urban economies.

According to the Brookings study, offices make up 71% of total real estate in the 30 largest U.S. metropolitan areas. In Downtown Long Beach, offices account for 70% of all commercial properties. As a result, downtown economies have traditionally relied on a steady population of daytime office workers to purchase goods and services. Even before the pandemic, Southern California downtowns experienced a net loss in its market share of jobs, declining

2% since 2010. According to Brookings, “some downtowns were rethinking their purpose before the pandemic—not only as a business district, but as a place where people can live, work, and play in diverse, creative ways.” With a majority of office employees switching to remote work during the COVID-19 pandemic, many downtown areas found themselves missing an even greater share of users and consumers.

In order to best adapt out of the pandemic, the Brookings study reveals that downtowns should capitalize on natural assets and attractions beyond traditional economic capital, such as historical areas, natural attractions, and community-based events. Adaptive reuse of existing properties has proven to be an excellent way to recover downtown areas. Across the country, aging and underutilized office buildings have been renovated to suit the new demand for housing and retail spaces, in addition to the preservation of historically significant buildings. Downtown Long Beach has at least two current adaptive reuse projects. The former Verizon building at 200 W Ocean is being converted from office space to residential units, while Mental Health America’s former offices at 456 Elm is planned to operate as a ghost kitchen and demo space.





Source: Jose Cordon

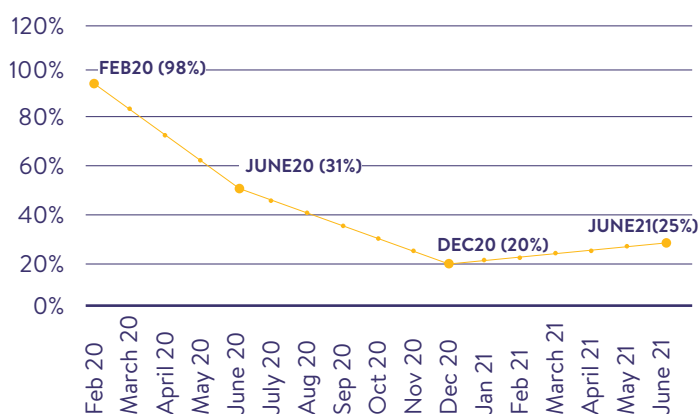
## LONG BEACH ECONOMIC INSIGHTS: STATE OF WORK

The following data provides an overall quantitative picture of the office and labor market in Long Beach. Overall, the numbers reveal that both workers and employers have yet to fully adapt to a post-pandemic economy, including the reallocation of labor and intervention from policymakers.

### Kastle Systems Office Occupancy

Kastle Systems is a prominent office property security company operating around the globe. By using aggregated keycard swipe-in/swipe-out data on office properties, Kastle is able to provide an estimate of overall office occupancy for the Los Angeles Metro area. Despite any changes in demand, rent, or public safety guidelines, office occupancy in the LA Metro has remained consistent since Q2 2020.

### Weekly Office Occupancy - Los Angeles Metro Market, Feb '20 to Jun '21

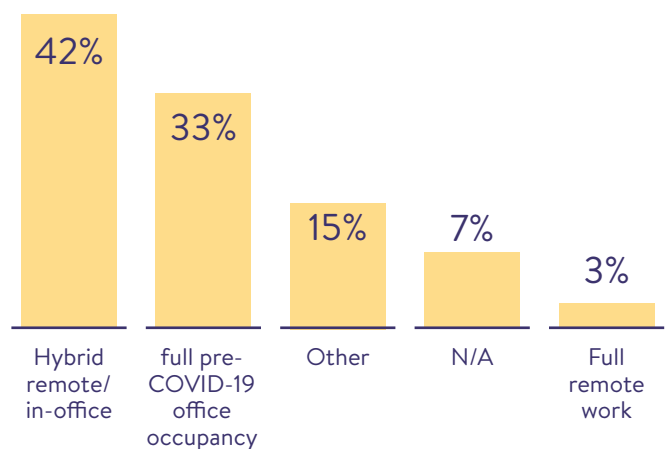


source: Kastle Systems

### DTLB Office Employer Return to Work Survey Data

In a survey conducted by DLBA in early 2021, 42% of Downtown office employers said they planned on returning to work via a hybrid model of in-person and remote work, with 1 in 3 employers indicating a return to full in-person work when they can. Such a largescale change to office work behavior may permanently affect the weekday worker population in the area.

### Post-COVID19 Planned Office Work-Style

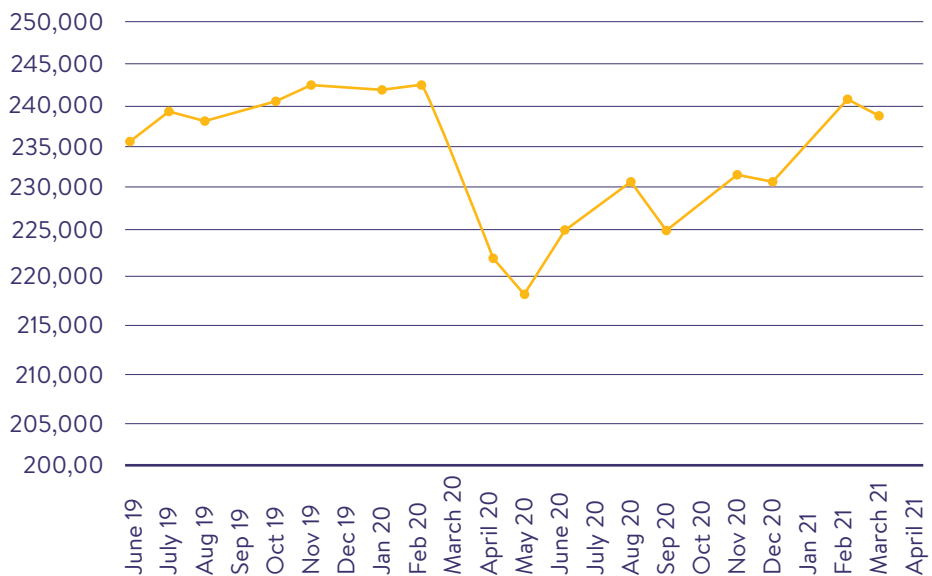


Source: DLBA Office Employer Survey 2021

## Long Beach Labor Force Participation

Labor force participation is defined by the number of people 16 or older actively employed or looking for work. In Long Beach, the labor force has increased to roughly 240,000 since dropping in Q2 2020, almost reaching the pre-pandemic high of 243,000 in February 2020.

### Long Beach Labor Force, June '19 to April '21



Source: BLS

## CSULB Q2 2021 Small Business Survey Monitor

In its quarterly monitor of area businesses, CSULB's Marketing Department revealed that the most requested local resource was small business training and flexible grants, as well as the perpetuity of streamlined business regulations adapted during COVID-19.

### Local Gov. Resources Needed (% Very Important)



Source: Jose Cordon

