



Q3 | 2019

DOWNTOWN LONG BEACH SNAPSHOT RETAIL MARKET REPORT



DOWNTOWN
LONG BEACH
ALLIANCE



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 2012. 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 interest of residents, commercial property owners, and businesses, the DLBA creates tangible progress by way of vested interest and solidified partnerships across local, municipal and commercial lines.



 PROPERTY BASED IMPROVEMENT DISTRICT AND DOWNTOWN CORE BOUNDARY

LOOKING TO INVEST IN DTLB?

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

Next DTLB Snapshot:
Residential Market Report

SOURCES & METHODOLOGY

DOWNTOWN RESIDENT & INTERCEPT SURVEY

The 2016 Downtown Long Beach Resident and Intercept Survey was an in-person based questionnaire developed in partnership with California State University, Long Beach's Office of Economic Research and implemented by S. Groner Associates, a nationally recognized firm with an extensive background in public policy and applied psychology. The survey ran from November 7 to December 9, 2016. A sample of 1,129 randomly intercepted residents, workers, and visitors was collected.

DTLB PEDESTRIAN COUNTS

Data for all Downtown locations are recorded from July 1 to September 30, 2019. Recording and counting was conducted by DLBA's automated pedestrian counter system. For further information regarding pedestrian counts, please contact DLBA's Research & Policy Department.

COMMERCIAL RETAIL DATA ANALYSIS

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

CITY OF LONG BEACH: DEPARTMENT OF ECONOMIC DEVELOPMENT

All retail sales-related data is acquired through DLBA's partnership with the City of Long Beach's Office of Economic Development. Downtown retail sales data is provided on a quarterly and annual basis.



RETAIL MARKET UPDATE

The Downtown Long Beach retail market is experiencing more moderate growth than usual, with mixed market statistics. Ground floor retail vacancy is under 10% and Q3 net absorption is relatively strong, thanks in part to new tenants located in The Streets shopping center and East Village. However, low year-to-date net absorption paired with a negative rent delta points to changes in retail behavior. Recent regional and national market trends reflect cautious optimism about long term economic sustainability – such trends especially impact normally volatile markets such as the retail sector. Despite such circumstances, Downtown retail remains healthy. In Q3, forty-eight businesses applied for licenses to operate in Downtown Long Beach. Nearly a quarter of all business licenses were for retail operations, which was 2% greater than Q2's proportion retail license applications. When compared to regional retail markets, Downtown Long Beach remains competitively priced while having similar inventory and occupancy rates.

BY THE NUMBERS (Source: CoStar 2019)

NUMBER OF BUILDINGS	246
TOTAL INVENTORY (SF)	2,847,528
TOTAL OCCUPANCY (%)	93.1%
Q3 NET ABSORPTION (SF)	23,108
YTD NET ABSORPTION (SF)	962
DIRECT AVG ASKING RENT (\$)	US\$2.55
12-MONTH RENT DELTA (%)	-11.4%
TOTAL UNDER CONSTRUCTION (SF)	16,505
PLANNED (SF)	103,463

23%

OF ALL Q3 2019 BUSINESS
LICENSES WERE GROUND
FLOOR RETAIL.

11 OUT OF 48
TOTAL BUSINESS LICENSES.



REGIONAL BENCHMARKS (Source: CoStar 2019)

	RENT (\$/SF)	INVENTORY	OCCUPANCY RATE (%)
EL SEGUNDO	\$3.40	1.2M	98.5%
COSTA MESA	\$3.21	9.2M	98.5%
SAN PEDRO	\$2.80	2.3M	96.9%
BELMONT SHORE LONG BEACH	\$3.32	737K	96.6%
SANTA ANA	\$2.36	12M	95.7%
FULLERTON	\$2.33	6.5M	95.2%
DOWNTOWN LOS ANGELES	\$3.08	15.2M	94.6%
DOWNTOWN SANTA MONICA	\$6.84	2.4M	93.4%
DOWNTOWN LONG BEACH	\$2.55	2.8M	93.1%



AN AVERAGE OF 11,722 DAILY PEDESTRIANS WERE RECORDED WALKING THROUGHOUT DOWNTOWN LONG BEACH IN Q3 OF 2019. PEAK FOOT TRAFFIC OCCURRED ON SATURDAYS BETWEEN 8PM AND 11 PM. DURING THIS TIME, THERE WAS AN AVERAGE 1,400 PEDESTRIANS PER HOUR ENJOYING DOWNTOWN’S THRIVING NIGHTLIFE SCENE.

AVERAGE DAILY PEDESTRIAN COUNT

(Source: DTLBA Pedestrian counts)



PEDESTRIAN COUNTS ARE REPRESENTATIVE OF AVERAGE DAILY DATA COLLECTED FOR Q3 JULY 1, 2019, THROUGH SEPTEMBER 30, 2019

PEDESTRIAN TRAFFIC COUNT

Since 2016, the DLBA has operated a system of automated pedestrian sensors throughout Downtown. The data gathered from these sensors helps to provide analytical support to existing businesses, as well as prospective tenants conducting a site selection analysis. In Q3 Downtown Long Beach had a recorded total of 926,084 pedestrians. This metric was 6% higher when compared to Q2, due in part to the large influx of summer tourist, festival-goers, and convention attendees.

PEDESTRIAN COUNT Source: DTLBA Pedestrian counts)

Q3 Avg Daily Pedestrians	11,722
Peak Traffic Day	SATURDAY
Peak Traffic Time	8:00 - 11:00 PM
Peak Traffic Number	1,400 Pedestrians/HR
Q3 Total Pedestrians	928,902
Q3 Total Pedestrian % change to Q2	6%
% Change Q3 2018 vs Q3 2019	-5%
Peak Month	July (423,920 peds)

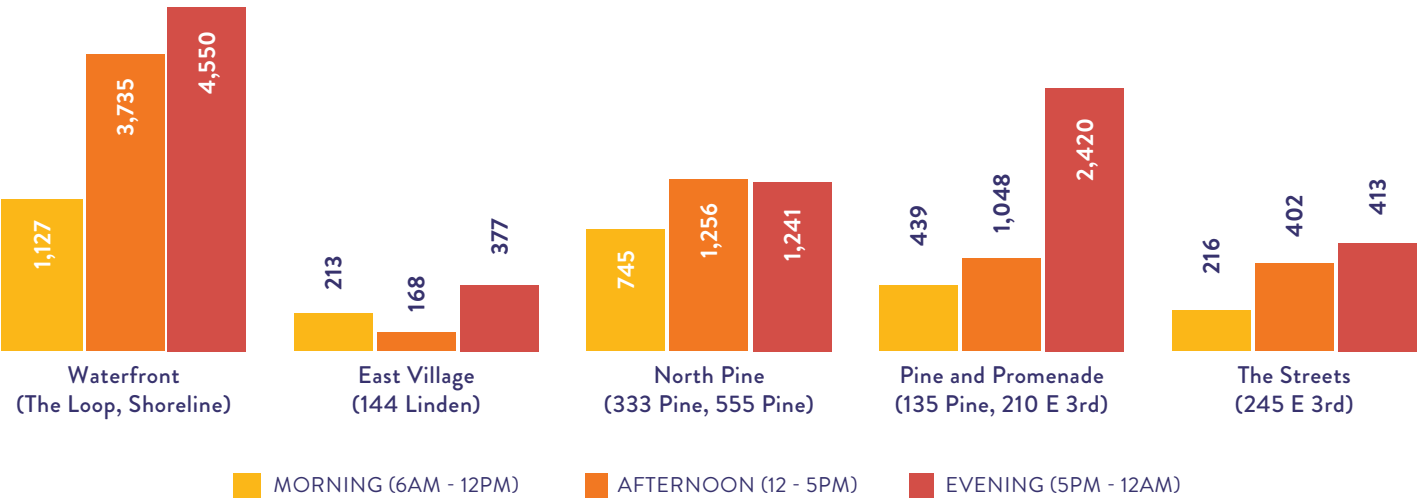


PEDESTRIAN TRAFFIC TRENDS

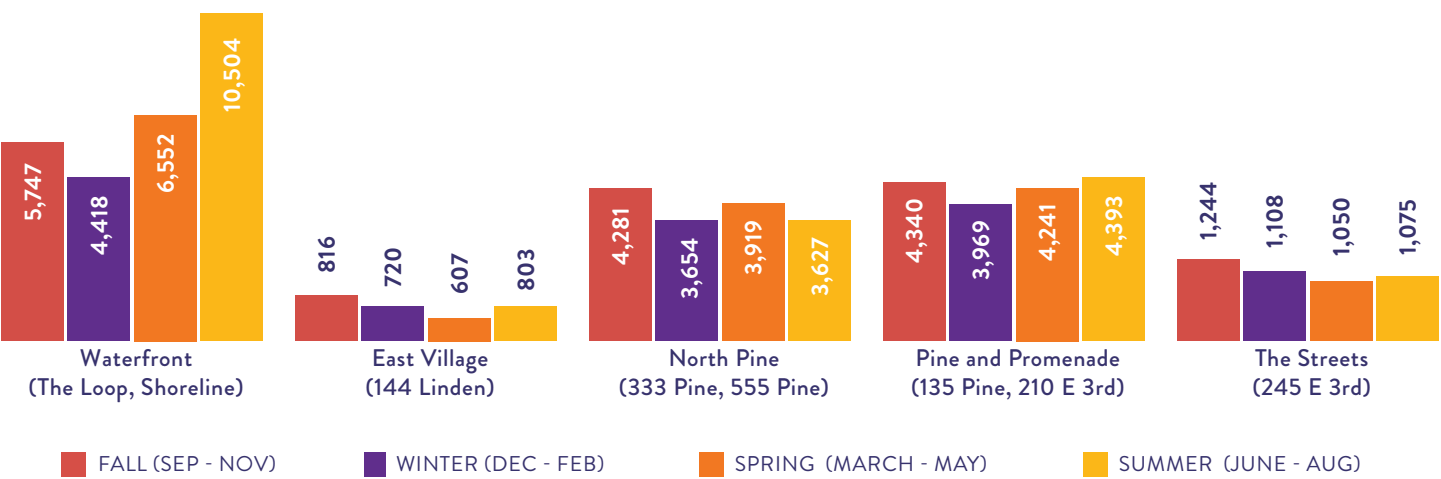
The graphs below visualize Downtown foot traffic trends for the period beginning July 1, 2019 and ending September 30, 2019. For most of Downtown neighborhoods, peak foot traffic occurred during the evening hours (5PM-12AM). High levels of evening foot traffic were especially prevalent at The Waterfront and Pine & Promenade areas. Q3 encompasses the peak of the Summer season, and both The Waterfront and Downtown Core act as hubs for dining , entertainment and Summer events. Peak Summer foot

traffic is also evidenced by a seasonal breakdown of pedestrian trends. Heavily commercial areas like the Waterfront rely on Summer tourism and events, and there is a significant uptick in traffic during the “high season”. Residential and retail-oriented neighborhoods like North Pine experienced less dramatic seasonal changes in foot traffic, instead experiencing consistent flows of commuters and daytime office workers.

AVERAGE PEDESTRIAN TRAFFIC BY TIME OF DAY (JUL 1 TO SEP 30)



AVERAGE DAILY PEDESTRIAN TRAFFIC BY SEASON





RETAIL MARKET MIX

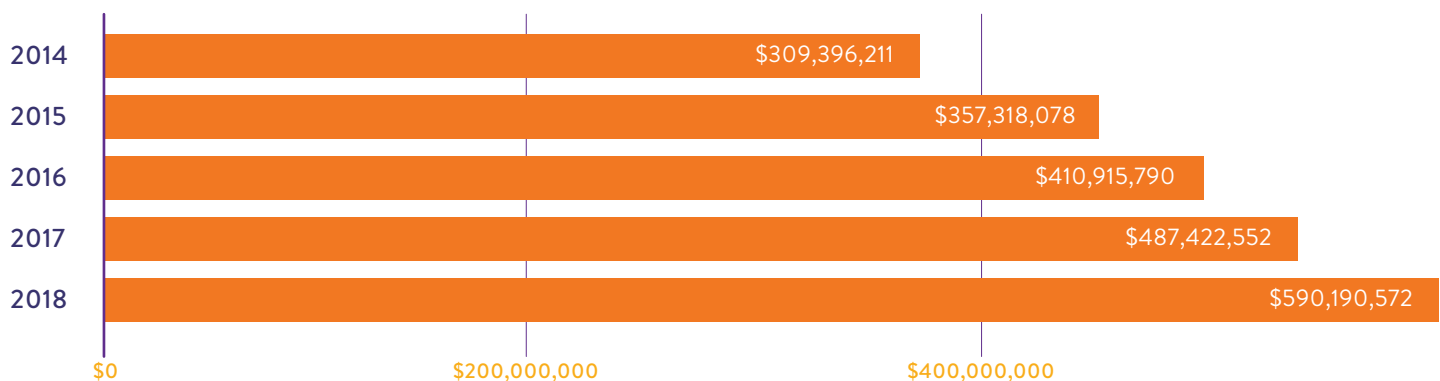
Downtown Long Beach is home to over 400 ground floor retail businesses, with a diverse array of attractions and services available to patrons. Recently, Downtown retail has focused heavily on restaurants and bars, with institutions like Portuguese Bend Distillery and Beachwood Blendery attracting regional attention. In addition to dining, a large portion of Downtown retail is dedicated to independent fashion brands found nowhere else in California. Companies such as Snake Oil Provisions, 3 Women, and Burke Mercantile have found a home in Downtown, and their brands have been able to capitalize on the unique character of the area. Downtown retail has steadily grown over the past 5 years, with continual increases

in sales year after year. Several newly completed residential developments have attracted new residents and workers to Downtown, helping to stimulate the retail sector. 38% of Downtown retail sales came from the Pine & Promenade area, with East Village and The Waterfront accounting for roughly 25% sales each. Although The Streets only accounts for 10% of retail sales, recent deals with ground floor tenants such as Salon Row are anticipated to increase foot traffic and commerce. In addition, each neighborhood's proportion of Downtown retail sales roughly translates to that area's average rent, with the Waterfront and East Village having the highest price per square foot.

GROSS RETAIL RECEIPTS BY INDUSTRY

INDUSTRY	2017	2018	Q1/Q2 2019	% CHANGE (17/18)
APPAREL/FASHION	\$54,280,650	\$55,756,180	\$28,005,478	3%
FURNITURE/HOME GOODS	\$15,468,454	\$11,071,130	\$3,444,982	-28%
RECREATION	\$4,827,804	\$6,957,450	\$1,795,470	44%
PERSONAL SERVICES	\$625,411	\$760,077	\$379,001	22%
SPECIALTY STORES	\$9,314,775	\$10,660,386	\$46,509,449	14%
RESTAURANTS	\$242,355,134	\$248,771,355	\$157,450,579	3%
BUSINESS TO BUSINESS	\$3,532,278	\$7,400,245	\$1,681,220	110%

OVERALL DOWNTOWN RETAIL SALES 2014-2018



Source: City of Long Beach: Department of Economic Development

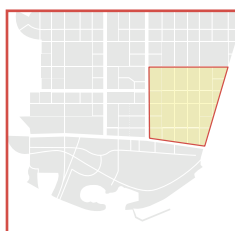


TENANT MIX ANALYSIS

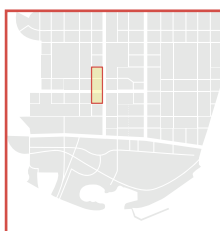
BOUNDARIES FOR TENANT ANALYSIS



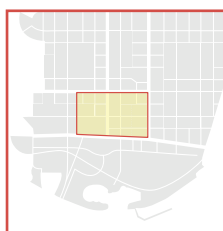
EAST VILLAGE



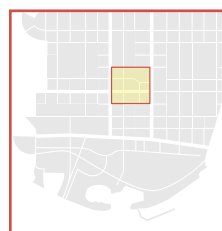
NORTH PINE



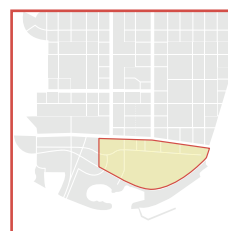
PINE & PROM



THE STREET



WATERFRONT



TOTAL INVENTORY (SF)

390,973

192,707

61,025

358,623

72,127

2018 GROSS SALES RCPT

\$124,072,645

\$31,635,188

\$206,916,089

\$56,012,174

\$129,033,256

PERCENT LEASED

97.8%

93.6%

95.20%

93.20%

100%

AVERAGE RENT (\$/SF)

\$2.69

\$2.35

\$2.61

\$2.37

\$2.73

RETAIL TENANT MIX BY NEIGHBORHOOD

	EAST VILLAGE	NORTH PINE	PINE & PROM	THE STREETS	WATERFRONT
RESTAURANTS AND BARS	41%	39%	75%	54%	43%
ATTRACTIONS AND ENTERTAINMENT	5%	0%	0%	2%	3%
CAFES AND MARKETS	13%	18%	7%	4%	4%
FASHION AND ACCESSORIES	15%	6%	5%	20%	16%
HEALTH, BEAUTY, AND FITNESS	4%	9%	0%	7%	0%
HOME GOODS	2%	4%	0%	0%	2%
PROFESSIONAL SERVICES	3%	3%	2%	7%	6%
ART GALLERIES	5%	1%	0%	0%	2%
OTHER*	13%	19%	12%	7%	23%

*OTHER INDUSTRIES INCLUDE SPECIALTY/VARIETY STORES, GENERAL MERCHANDISE, AND NON-STORE RETAILERS.

Source: 2019 Downtown Long Beach Business Survey



66% OF DTLB RESIDENTS SAID THEY WANTED RETAIL OPTIONS THAT ALLOW FOR THE PURCHASE OF GENERAL HOUSE GOODS SUCH AS COSTCO OR TRADER JOES.

55% OF DTLB RESIDENTS HAD A DESIRE FOR RETAIL OPTIONS OFFERING ELECTRONIC GOODS SUCH AS BEST BUY OR TARGET.

DEMOGRAPHICS & RESIDENT SURVEY

Downtown Long Beach’s demographic profile provides valuable information on resident backgrounds, needs and lifestyles. Over the last five years, Downtown has seen an increase in overall population, in addition to increases in average household income and educational attainment. Nearly 1 in 3 Downtown residents have a bachelor’s degree or higher, and 37% of Downtown residents are

aged between 25 and 44. DLBA’s recent resident and pedestrian intercept survey gives detailed insight into the desires and needs of DLBA stakeholders. Downtown residents preferred to spend a large percentage of their disposable income in the Downtown area, but many commented that some consumer needs have yet to be fulfilled locally.

DOWNTOWN/DOWNTOWN CORE DEMOGRAPHICS

		DOWNTOWN CORE	DOWNTOWN
POPULATION		10,164	33,129
AVERAGE HOUSEHOLD INCOME		\$80,225	\$59,299
MEDIAN AGE		40	35
POPULATION BY AGE	Under 19	13%	23%
	20-24	5%	7%
	25-34	25%	22%
	35-44	19%	15%
	45-54	16%	15%
	55-64	12%	10%
	65+	10%	8%
EDUCATIONAL ATTAINMENT (AGE 25+)	High School Diploma or Less	19%	43%
	Some College or Associate’s Degree	27%	26%
	Bachelor’s Degree or Higher	52%	31%

Source: 2017 American Community Survey



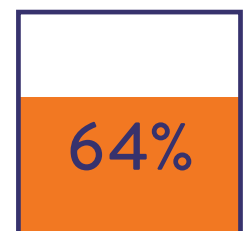
75% OF DOWNTOWN RESIDENT'S MONTHLY SPENDING WAS FOR RESTAURANTS AND RETAIL.

REPORTED MONTHLY SPENDING BEHAVIOR

	RESIDENT	WORKER	VISITOR	TOTAL
RETAIL	\$100	\$118	\$56	\$274
SERVICE	\$73	\$25	\$1	\$99
RESTAURANT	\$292	\$189	\$13	\$494
ENTERTAINMENT	\$53	\$110	\$82	\$245
TOTAL	\$518	\$442	\$152	

MIDDLE INCOME EARNER

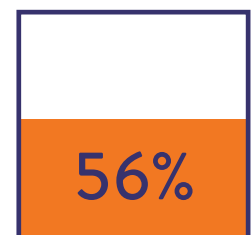
AVERAGE SPENDING IN DTLB	\$323
AVERAGE SPENDING OUTSIDE DTLB	\$183
AVERAGE MONTHLY RETAIL SPENDING	\$505



% OF MONTHLY RETAIL SPENDING INSIDE DTLB

HIGH INCOME EARNER

AVERAGE SPENDING IN DTLB	\$366
AVERAGE SPENDING OUTSIDE DTLB	\$287
AVERAGE MONTHLY RETAIL SPENDING	\$653



% OF MONTHLY RETAIL SPENDING INSIDE DTLB



RETAIL SPOTLIGHT: SUSTAINABLE RETAIL IN EAST VILLAGE

Four adjoining businesses on First Street in Downtown Long Beach's East Village have discovered a like-mindedness that is benefitting the entire planet. The four shops—The Academy Denim and Tailoring, BYO Long Beach, Burke Mercantile and 3 Women—are run by owners who create and sell products with Earth's healthy future in mind.

3 WOMEN



Environmental consciousness is a built-in feature for shops that purvey vintage clothing. Shop owner crystal early looks for classic, durable vintage garments with natural fibers—cotton, silk, linen. there is no polyester in her stock of statement dresses, blouses, and timeless casual wear.

It was early who summoned her eco-conscious business brethren for a group discussion about business practices and getting their earth-friendly word out to the community. "we want to have a conversation to match the energy of new people coming in, people willing to be there for the community, collaborate and help each other," said early.

In addition to vintage clothing, early creates distinctive garments utilizing rice bags and flour sacks. "it's a tradition that's been carried on since the depression when women made clothing out of flour sacks because of the fabric shortage," said early. "it's emblematic of making the best with what you have, but the garments are very chic."

THE ACADEMY DENIM AND TAILORING



"Tailoring and repairing clothing is one of the oldest ways of making something sustainable," said shop owner Sam Samreth, who learned the art of tailoring from his mother. Sam, a true student of his craft, also specializes in the manufacture of plastic-free men's denim trousers. He works directly with cotton growers in the San Joaquin Valley to obtain the finest and softest cotton possible.

"I want to motivate the customer with well-made objects, and I want to compliment that feeling with our denims, our t-shirts, and our shirts," said Samreth.

BYO LONG BEACH



Single-use plastic is one of the world's biggest banes: Americans alone use over 100 billion plastic bags a year and recycle less than 10% of their plastic packaging. Counteracting these grim statistics is BYO Long Beach, which carries a comprehensive line of Earth-friendly household cleaners and personal grooming products which are available on a "BYO" Basis: Bring your own container and BYO will fill it.

"When I first started my business two years ago," said shop owner Julie Darrell, "the idea of zero waste wasn't quite mainstream yet. But the past year has seen a huge influx of customers who are already aware of the concept and much of our customer base tends to be people who have sought us out, looking for refills and alternatives to single-use items."

BURKE MERCANTILE



Shop owner Maggie Stoll has infused her environmentally conscious approach to clothing with eight years of experience working for a major fashion brand. Stoll, who describes herself as the shop's curator, looks for modern yet timeless garb that can be worn in all seasons, surpassing trends.

The shop carries only organic fabrics, said Stoll: "Linen, organic cotton, wool, anything that's a natural, biodegradable fabric. No polyester, nylon, anything that has micro-plastics in it."

Stoll presents her modern-yet-classic garments in racks arranged in "color stories." "Part of having a sustainable wardrobe is buying pieces that are going to last you a long time," said Stoll. "I think that muted, earth-tone colors that aren't super trendy are timeless and will go with a lot of things."

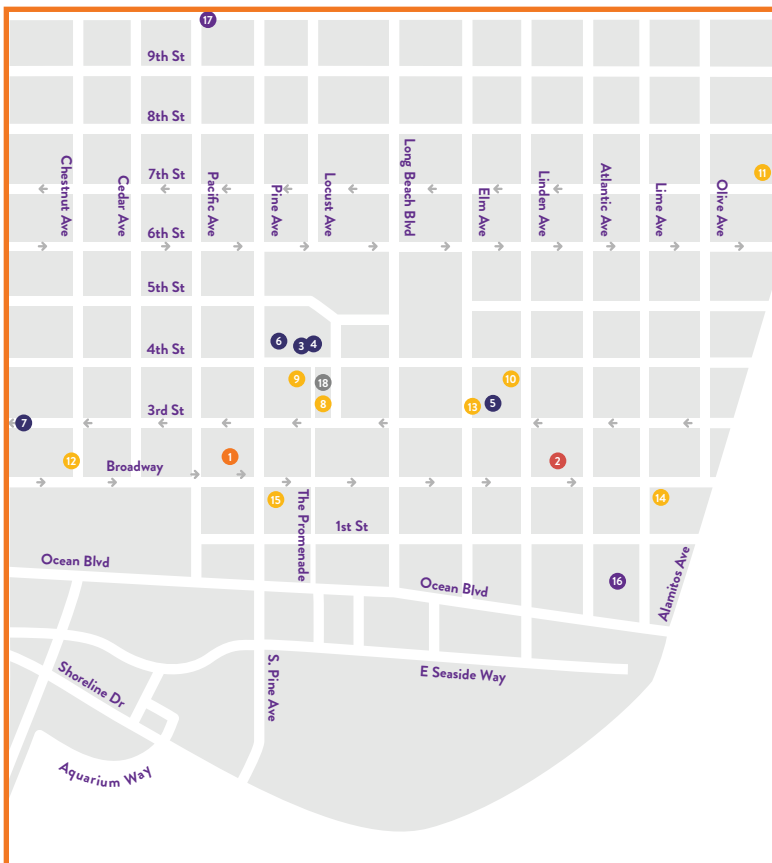


WELCOME TO THE NEIGHBORHOOD

FUTURE OF DOWNTOWN RETAIL

2019 has been another successful year of ground floor retail, with dozens of new businesses proud to call Downtown Long Beach home. In the coming months, more than 20 new retail and dining options will be operating in Downtown. New businesses range from specialty food & beverages to tailored personal services found only in Long Beach. With 2020 around the corner, the DLBA is excited to see the unique contributions each retail option will bring Downtown in the coming year!

NUMBERED RETAIL BUSINESSES OPENING SOON IN LONG BEACH



BAR

1. Water's Edge Winery
217 Pine Ave

HOSPITALITY & ENTERTAINMENT

2. Metropolitan Hotel
505 E Broadway

PERSONAL SERVICE

3. Salon Row
195 E 4th St
4. Brushed By Be
195 E 4th St
5. Queen Nails
404 E 3rd St
6. Antioch Church
350 Pine Ave
7. The Hope Nail & Spa
421 W Broadway

RESTAURANT & CAFÉ

8. Lupe's Del Mar
301 The Promenade N
9. Birdies & Brews
90 E 4th St
10. Ground Hideout Coffee
358 E 4th St
11. Crunchy N Filled
865 E 7th
12. Panini Kabob Grill
421 W Broadway
13. Arize Bistro
306 Elm Ave
14. Ficklewood Ciderworks
700 E Broadway
15. JP23 BBQ & Smokehouse
110 E Broadway

RETAIL

16. Hi Lo Liquor
707 E Ocean
17. Record Box
930 Pacific Ave

SWEETS/DESSERTS

18. Chirinos
345 The Promenade N