

Q4 | 2019



DOWNTOWN LONG BEACH
SNAPSHOT
RESIDENTIAL MARKET REPORT



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.



- PROPERTY BASED IMPROVEMENT DISTRICT AND DOWNTOWN CORE BOUNDARY
- DOWNTOWN PARKING BASED IMPROVEMENT AREA

LOOKING TO INVEST IN DTLB?

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

The DLBA's 2020 Economic Profile publishes April.

SOURCES & METHODOLOGY

DOWNTOWN RESIDENT & INTERCEPT SURVEY

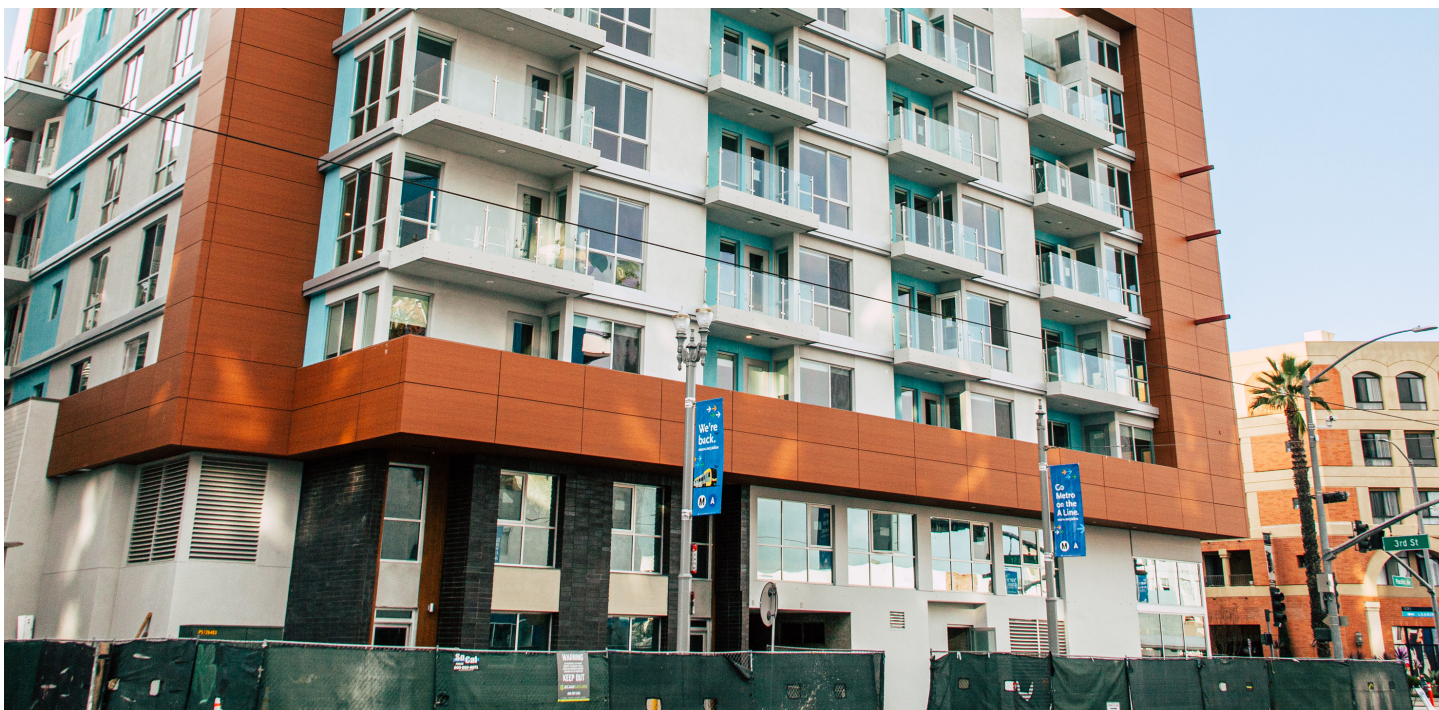
The 2016 Downtown Long Beach Resident and Intercept Survey was an in-person based questionnaire developed in partnership with California State University, Long Beach's Office of Economic Research and implemented by S. Groner Associates, a nationally recognized firm with an extensive background in public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

DTLB PEDESTRIAN COUNTS

Data for all Downtown locations are recorded from October 1 – December 31, 2019. Recording and counting was conducted by DLBA's automated pedestrian counter system. For further information regarding pedestrian counts, please contact DLBA's Research and Policy Department.

COMMERCIAL RETAIL DATA ANALYSIS

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



RESIDENTIAL MARKET UPDATE

The residential market in Downtown Long Beach has remained healthy throughout 2019, with occupancy rates at 93%. Annual rent growth in 2019 was just under 1%, which was lower when compared to Downtown's three-year average (3.2% between 2016-2019), but still an indicator of steady development. In 2019 total inventory in Downtown surpassed 10,000 units, increasing over 6% since 2017. Several new multifamily developments came online in 2019, helping to increase 12-month deliveries while slightly lowering overall occupancy rates. Multifamily projects completed in 2019 already have an average occupancy of 70%, including the AMLI Park Broadway (222 Units) and 442 Residences (95 Units). In addition, Downtown-wide concession rates are at their lowest levels since 2015, indicating a steady demand for new housing in the area.

BY THE NUMBERS

NUMBER OF BUILDINGS	491
TOTAL INVENTORY (SF)	10,467
TOTAL OCCUPANCY	93%
AVG. RENTAL RATE/UNIT	\$1,795
AVG. RENTAL RATE/SF	\$2.49
AVG. SF/UNIT	750
CONCESSIONS RATE	0.6%
12 MO. DELIVERIES	583

When compared to other housing submarkets in Southern California, Downtown Long Beach holds a slightly lower occupancy rate while maintaining a price per square foot that is below the regional average of \$2.55. As previously stated, the influx of new development in Downtown is a contributing factor to a lower overall occupancy rate. While annual rent growth in Downtown Long Beach is smaller in comparison to areas such as San Pedro and Downtown Los Angeles, additional metrics such as inventory growth indicate a stable, more affordable market.

REGIONAL BENCHMARKS

	OCC. %	AVG SQFT	\$/SQFT	12 MO. RENT CHANGE
EL SEGUNDO	97%	812	\$2.44	1%
SAN PEDRO	96%	805	\$2.12	3%
COSTA MESA	96%	858	\$2.41	3%
FULLERTON	96%	806	\$2.21	3%
SANTA ANA	96%	823	\$2.13	4%
LONG BEACH	96%	758	\$2.06	2%
BELMONT SHORE (LONG BEACH)	96%	655	\$2.50	2%
SANTA MONICA	96%	769	\$3.97	1%
DOWNTOWN LOS ANGELES	91%	828	\$3.11	4%
DOWNTOWN LONG BEACH	93%	750	\$2.49	1%



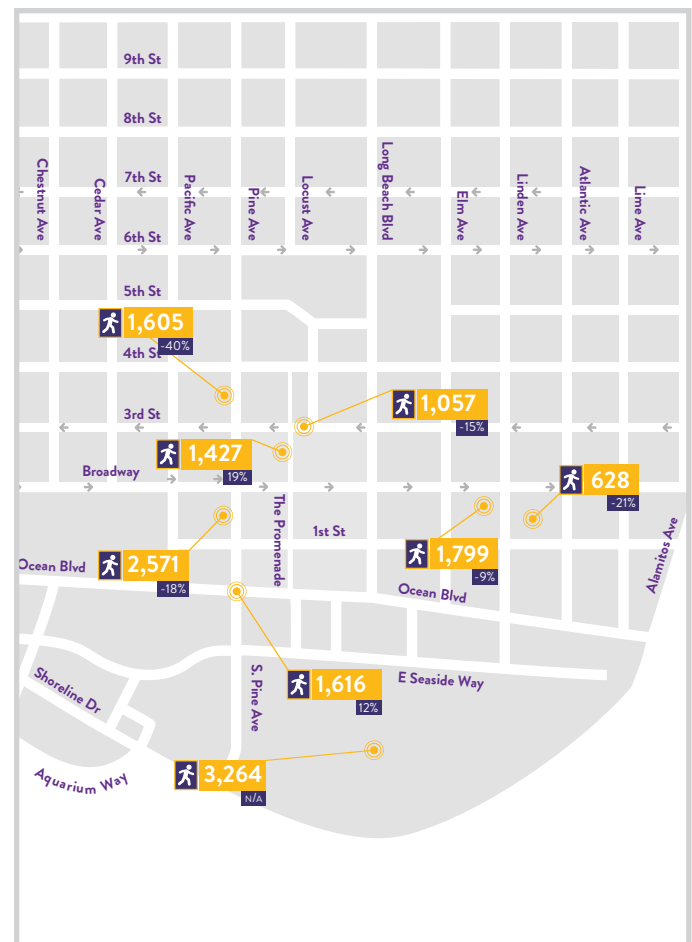
PEDESTRIAN TRAFFIC COUNT

In August of 2016, the DLBA launched its automated pedestrian counter system in Downtown. The system collects real-time traffic data 24/7, helping to inform existing and potential Downtown businesses with strategic site selection. During Q4 2019, Downtown experienced an estimated total of 1,009,463 pedestrians, which was 1.6% lower when compared to Q4 2018 and 20% lower compared to Q4 2017. This large decrease when compared to Q4 2017 is due largely in part to the rearrangement of pedestrian sensors, in addition to possible impacts from ongoing street construction and property developments. Future reconfigurations of the DLBA pedestrian sensor system are expected to capture more realistic measures of foot traffic over time.

AN ESTIMATED AVERAGE OF 11,054 DAILY PEDESTRIANS WALKED THROUGHOUT THE CORE OF DOWNTOWN IN Q4 2019. PEAK TRAFFIC DURING THE WEEK WAS EXPERIENCED ON SATURDAY EVENINGS BETWEEN 7 AND 8 PM. DURING THIS TIME, PEDESTRIAN TRAFFIC FLOW WAS APPROXIMATELY 1,365 PEDESTRIANS PER HOUR. ALTHOUGH DOWNTOWN HAS A GROWING OFFICE AND RESIDENTIAL MARKET, RESTAURANTS AND BARS ARE THE STILL THE MAIN DRIVERS FOR FOOT TRAFFIC IN THE DISTRICT.

AVERAGE DAILY PEDESTRIAN COUNT

Pedestrian counts are representative of total data collected from October 1 to December 31.



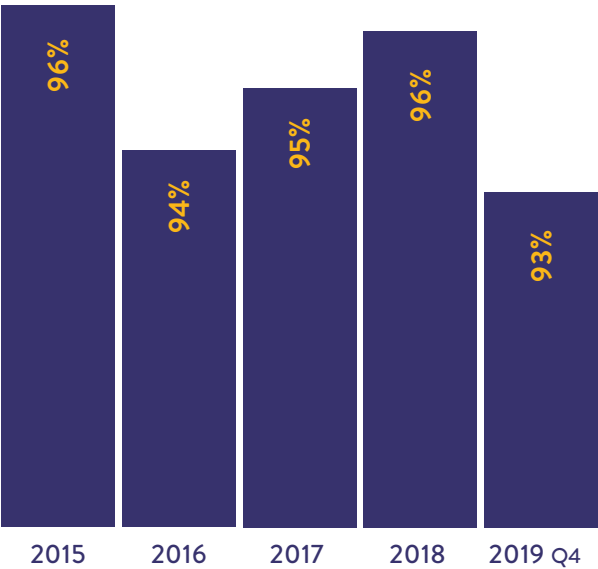
Source: DTLBA Pedestrian counts



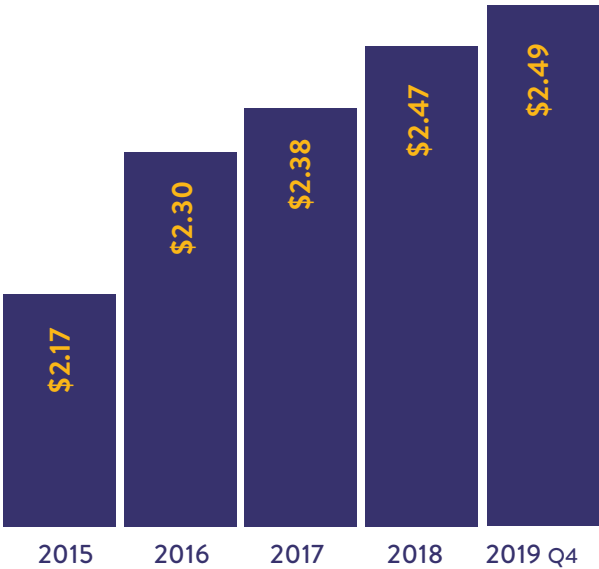
MARKET TRENDS

The visualizations below illustrate the 5-year trend for occupancy, rent per sf, vacancy rate, and units under construction. While quarter to quarter comparison can show a varying positive and negative fluctuations, historical trends provide a holistic approach and highlight continued growth in Downtown.

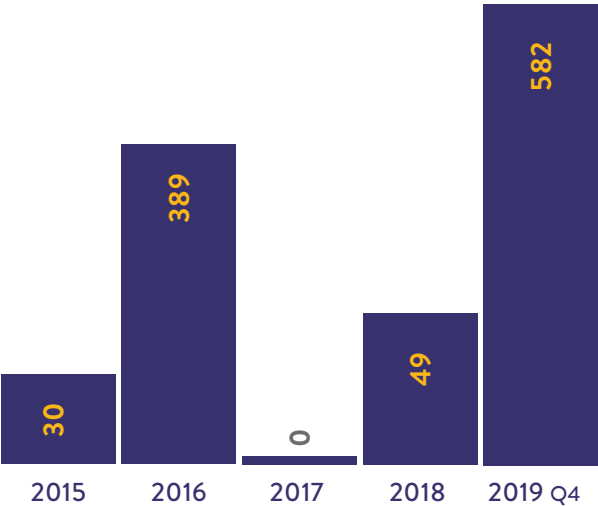
OCCUPANCY



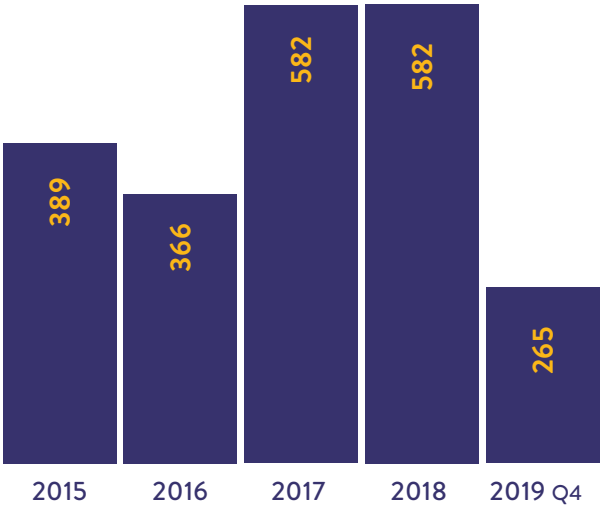
RENT PER SQUARE FOOT



DELIVERIES (UNITS)



UNITS UNDER CONSTRUCTION



Source: CoStar 2019



DOWNTOWN RESIDENT AND INTERCEPT SURVEY

In November of 2016, the DLBA in partnership with SGA launched its second major survey of Downtown Residents. Over 829 surveys were completed with answers covering demographics, attitudes about Downtown, and retail preferences. Below are demographic highlights and attitudes of Downtown residents.

% OF MONTHLY RETAIL SPENDING OCCURRING DOWNTOWN

LOW INCOME HOUSEHOLDS	69%
MIDDLE INCOME HOUSEHOLDS	64%
HIGH INCOME HOUSEHOLDS	56%
DOWNTOWN AVERAGE	63%

TOP FIVE RESPONSES TO WHAT DTLB RESIDENTS LIKE ABOUT DOWNTOWN



SHOPPING CONVENIENCE



DTLB ATMOSPHERE



BEACH AND NATURE



DOWNTOWN ACTIVITIES
AND EVENTS



CULTURAL DIVERSITY



39%

OF DOWNTOWN RESIDENTS HAVE A BACHELOR'S DEGREE OR HIGHER.



75%

OF DOWNTOWN RESIDENTS SAID THEY WERE PROUD OF THEIR NEIGHBORHOOD.



31%

DTLB RESIDENTS ARE CATEGORIZED AS HIGH INCOME EARNERS, WITH AN ANNUAL INCOME OF MORE THAN \$75,000.



59%

DTLB RESIDENTS WORK IN LONG BEACH.

27%

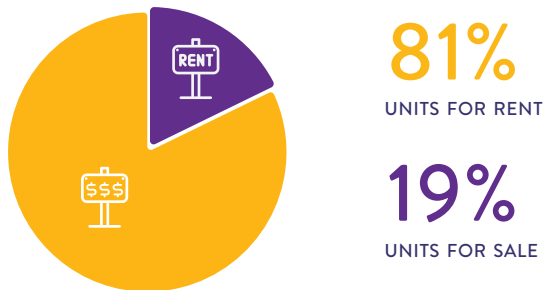
DTLB RESIDENTS WORK IN DOWNTOWN LONG BEACH.



DOWNTOWN HOUSING MIX

MARKET MIX

Most of the Downtown housing market is comprised of multifamily, for-rent units. As more developments are brought online, the proportion of rentable units has steadily increased (5% since 2017). Most for-sale housing units are located along Ocean Boulevard, and nearly all future developments Downtown are planned as high-density, for-rent units.



Source: 2017 American Community Survey

AGE OF HOUSING STOCK

Even as Downtown is experiencing a steady stream of new developments, the majority of housing stock was built at or before 1950. New multifamily properties will help to accommodate a new influx of residents and reduce the stress on ageing buildings and their infrastructure.

AGE	DISTRIBUTION
1 TO 10 YRS	2%
11 TO 20 YRS	1%
21 TO 50 YRS	12%
51 TO 70 YRS	15%
71+	69%

Source: CoStar 2019

UNIT COMPOSITION

75% of Downtown units are either studios or one-bedroom apartments, appealing mostly to younger couples, empty nesters and professionals living independently. Constructing studios and one-bedrooms allows for an efficient use of space and a greater number of total units but can be unattractive for larger households looking for spaces in Downtown.



Source: CoStar 2019

RATE PER SQFT PER UNIT

A disaggregation of rental rates by unit size reveals a relatively small three-year growth in price. Because studios and one-bedrooms compose a majority of housing stock, changes in their prices are most likely to influence overall rental rates.

TYPE	2017	2018	2019
STUDIO	\$2.58	\$2.62	\$2.64
1 BEDROOM	\$2.45	\$2.54	\$2.54
2 BEDROOM	\$2.53	\$2.62	\$2.61
3 BEDROOM	\$2.34	\$2.42	\$2.50
4 BEDROOM	\$0.88	\$0.90	\$0.93

Source: CoStar 2019



LONG BEACH HOUSING POLICY UPDATE

Although Downtown Long Beach has experienced a large influx in development over the past five years, it has not been enough to address the City's needs. The City is still in need of additional housing across all income levels -- data from the Southern California Association of Government's (SCAG) Regional Housing Needs Assessment (RHNA) estimates that Long Beach needs to create approximately 28,000 additional units of housing by 2040 to accommodate additional population growth. In response, Long Beach has taken a variety of steps to close the housing shortage gap.

LAND USE ELEMENT UPDATE

In 2018, Long Beach began to update the Land Use Element (LUE) portion of the City's General Plan. Last updated in 1989, the LUE sets the foundation for acceptable development types in each of Long Beach's neighborhoods and council districts. Updated aspects to the LUE such as reduced parking requirements, increased allowable building height, and density, allow for greater flexibility in housing development throughout Long Beach.

TENANT RELOCATION ASSISTANCE

In June 2019, Long Beach City Council passed a Tenant Relocation Assistance ordinance requiring rental property owners to pay relocation assistance to renters forced to move under specific circumstances, such as rent increases over 10% within 12 months. The City of Long Beach would receive an annual record of building evictions and relocation payments made to monitor compliance, in addition to required written notices given to affected tenants. In December 2019, Long Beach's Tenant Relocation Policy was repealed in favor of CA State Bill 1482, a similar policy that extended further protections towards tenants.

AB 1482 (2019)

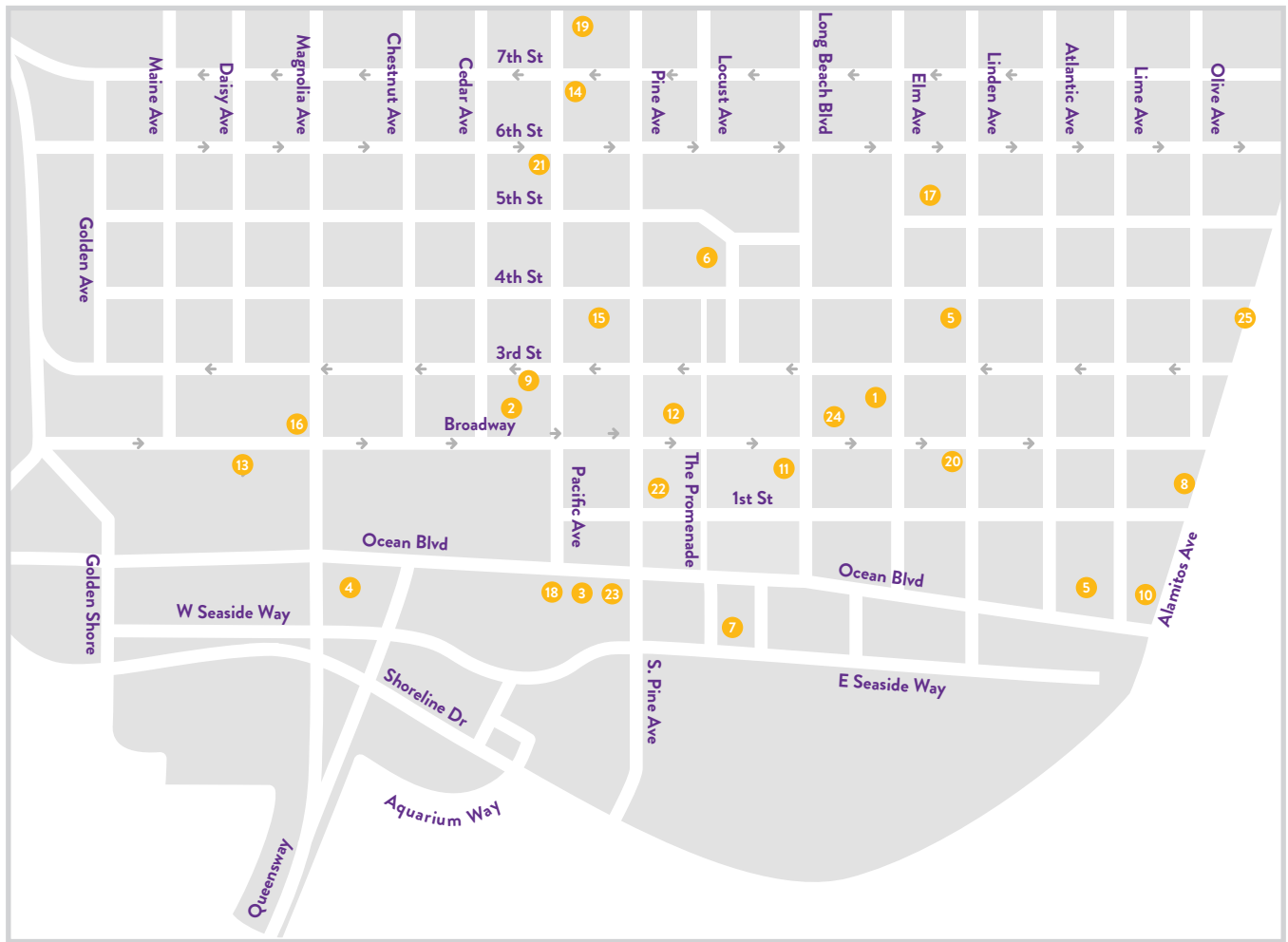
Similar to Long Beach's Tenant Assistance policy, AB 1482 provides financial relocation assistance for "no-fault 'just cause' evictions" across California. In addition, the bill limits annual rent increases to 5%+cost of living or 10%, whichever is lower. The bill went into full effect on January 1, 2020, and maintains limits on rent increases until 2030. This policy is applicable to California tenants living in multifamily housing built before 2005.

INCLUSIONARY HOUSING

In 2017, Long Beach City Council directed staff to create an inclusionary housing policy, eliciting community feedback as well as conducting an economic feasibility analysis. Inclusionary housing aims to increase the amount of affordable housing available by requiring that a given share of new construction be affordable to low and moderate-income households. In August of 2019, the Planning Commission was presented with an Inclusionary Housing: Financial Evaluation prepared by Keyser Marston Associates (KMA). The evaluation focused on examining any impacts created by an inclusionary housing program, including estimates of any fees permitted in-lieu of producing affordable housing. The City of Long Beach is currently reviewing KMA's Financial Evaluation in addition to community feedback, and is set to receive a draft Inclusionary Housing Ordinance in early 2020.

**FOR MORE INFORMATION ON HOUSING POLICY
IN LONG BEACH, PLEASE VISIT THE LONG BEACH
DEVELOPMENT SERVICES POLICY INITIATIVES
PAGE AT: [HTTP://WWW.LONGBEACH.GOV/LBDS/
HN/POLICYINITIATIVES-GRANT-ADMINISTRATION/](http://www.longbeach.gov/lbds/HN/POLICYINITIATIVES-GRANT-ADMINISTRATION/)**

DEVELOPMENT MAP



1. Huxton Townhomes
227 Elm Ave. **40 UNITS**
COMPLETED | 2018
2. AMLI Park Broadway
245 W. Broadway **222 UNITS**
COMPLETED | 2019
3. Oceanaire
150 W. Ocean Blvd. **216 UNITS**
COMPLETED | 2019
4. 442 Residences
442 W. Ocean Blvd. **95 UNITS**
COMPLETED | 2019
5. The Linden
434 E. 4th St. **49 UNITS**
COMPLETED | 2019
6. 5N° Development
495 The Promenade No. **20 UNITS**
UNDER CONSTRUCTION | 2020
7. The Crest
207 E. Seaside Way **117 UNITS**
UNDER CONSTRUCTION | 2020
8. The Alamos
101 Alamos Ave. **136 UNITS**
UNDER CONSTRUCTION | 2020
9. The Pacific
230 W. 3rd St. **163 UNITS**
UNDER CONSTRUCTION | 2020

10. Shoreline Gateway (Phase 2)
777 E. Ocean **315 UNITS**
GROUND BREAK FALL 2018 | 2020
11. Aster
125 Long Beach Blvd. **218 UNITS**
APPROVED | -
12. Inkwell
127 E. Broadway **189 UNITS**
APPROVED | -
13. West Gateway
600 W. Broadway **694 UNITS**
UNDER STAFF REVIEW | -
14. Pacific-Pine Project
635 Pine / 636 Pacific Ave. **271 UNITS**
UNDER CONSTRUCTION | 2021
15. 3rd & Pacific
328 Pacific Ave. **345 UNITS**
APPROVED | N/A
16. Broadway/Magnolia
500 W. Broadway **141 UNITS**
APPROVED | N/A
17. Mixed Use Project
437 E. 5th St. **18 UNITS**
CONCEPTUAL REVIEW | N/A
18. Ocean View Tower
200 W. Ocean Blvd. **106 UNITS**
UNDER STAFF REVIEW | N/A

19. Pacific Lofts
140 W. 7th St. **36 UNITS**
COMPLETED | 2017
20. Residences at Linden
135 Linden Ave. **82 UNITS**
APPROVED | N/A
21. Fifth & Pacific
507 Pacific Ave. **134 UNITS**
UNDER STAFF REVIEW | N/A
22. Security Pacific
National Bank Building
110 Pine Ave. **118 UNITS**
IN PLAN CHECK | N/A
23. Ocean Center Building
110 W. Ocean Blvd. **74 UNITS**
UNDER CONSTRUCTION | 2021
24. Broadway Block
200 Long Beach Blvd. **375 UNITS**
APPROVED | N/A
25. 320 Alamos
320 Alamos Ave. **77 UNITS**
APPROVED | N/A