

DOWNTOWN LONG BEACH Snapshot

RETAIL MARKET REPORT - Q3 2016



SUMMARY

This report contains the most recent economic indicators available for Downtown Long Beach (DTLB). According to the most recent indicators, DTLB economic conditions continued to improve, but at a slightly slower rate than previous quarters; retail vacancy rates declined and average lease rates increased as interest for increased.

RETAIL MARKET UPDATE

The market indicators for Downtown Long Beach retail market show minimal change in the third quarter of 2016. The vacancy rate changed slightly from 9.1% in the previous quarter to 7.1% in the current quarter. While the space vacated by Wal Mart is still under lease and is counted as occupied, the nearly 130,000 SF ground floor location at 155 N Promenade provides an opportunity for a new retail operator, as the City Place Shopping Center undergoes renovation. Average rental rates picked up a bit from \$2.05 per SF to \$2.10 per SF and YTD net absorption was a positive 78,230 SF.

In Q3 approximately twenty-five (25) businesses applied for a business license in the Downtown area. Of those ten (10) were for retail establishments including jewelry stores, coffee shops, restaurants, and seasonal goods. This is a slight increase from the previous quarter of the number retail establishments that had applied for a business license (+1). Overall, the DTLB retail market appears healthy and momentum is expected to continue into the 4th quarter.

by the numbers

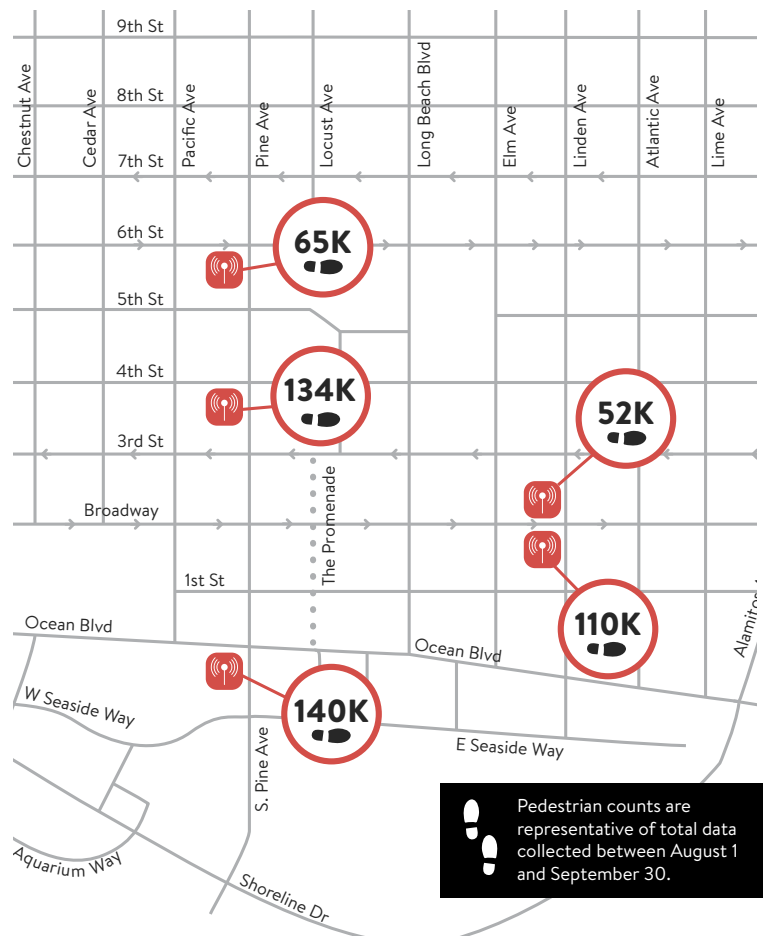
NUMBER OF BUILDINGS	246
TOTAL INVENTORY	2,774,393
TOTAL VACANCY	7.1%
Q2 NET ABSORPTION	48,940
YTD NET ABSORPTION	78,230
DIRECT AVG. ASKING RENT	\$2.10
12-MONTH RENT DELTA	-1.9%
TOTAL UNDER CONSTRUCTION	-

TRAFFIC DRIVES RETAIL

DLBA launched its automated pedestrian counter system in Downtown Long Beach in mid-August. The initial launch witnessed the installation of six (6) sensors at five (5) locations throughout DTLB to provide 24-hour pedestrian counts, 365 days each year. DLBA plans to install a total of fifteen (15) sensors at eight (8) locations throughout the core of DTLB.

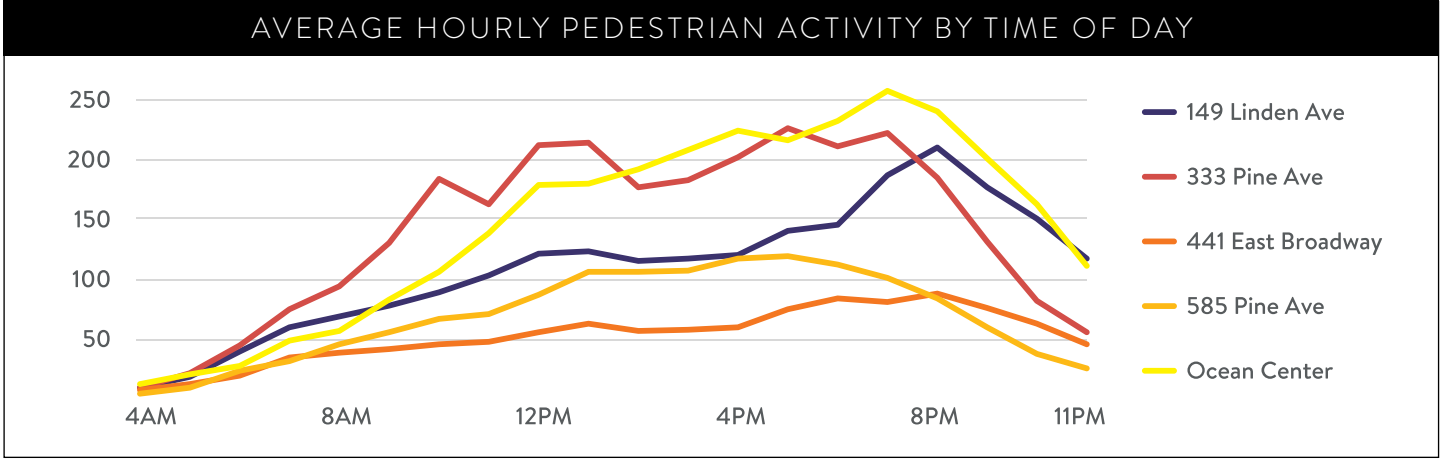
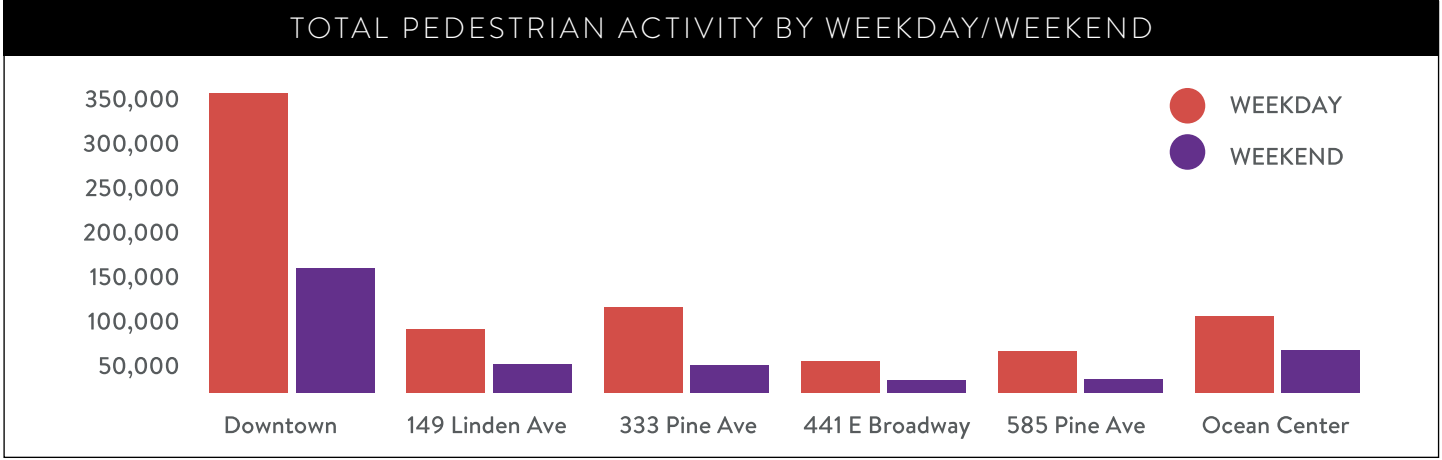
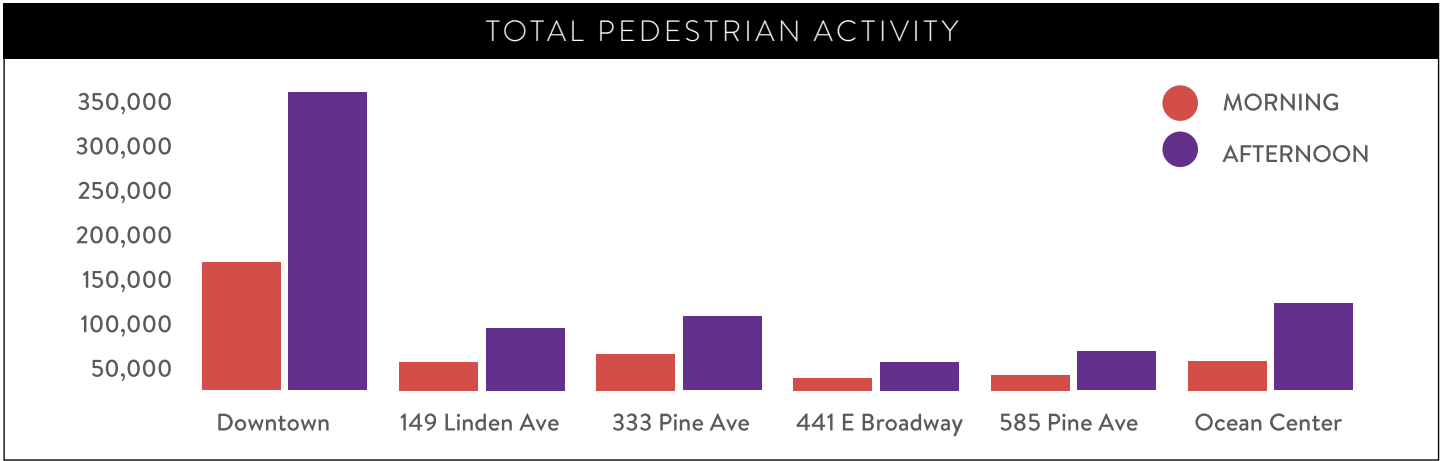
Downtown Long Beach's dense and diverse downtown has a growing young professional and empty-nester residential population and generates significant foot traffic along DTLB corridors. While most of DTLB's pedestrian traffic peaks during the week around lunchtime and afternoon, the area along the Pine Ave corridor remains animated through the weekend and during evening hours.

AN AVERAGE OF **10,916 DAILY** PEDESTRIANS WALKED ALONG PINE AVE AND BROADWAY CORRIDORS IN Q3. PEAK TRAFFIC WAS GENERALLY EXPERIENCED ON SATURDAYS WITH AN AVERAGE OF **13,780 PEDESTRIANS**.





The graphs below illustrate pedestrian traffic trends for the period between August 1 to September 30, 2016. Ocean Center has typically had strong pedestrian traffic during weekdays, because its role as connection between the numbers of workers north of Ocean Blvd and availability of retail and dining options south of Ocean Blvd. Residents and visitors looking to shop are augmenting strong office-worker foot traffic on the streets. As a connecting area for DTLB nightlife along Pine Avenue, Ocean Center's peak hour is 8pm & busiest on Saturday.



Source: Motionloft Pedestrian Counts, DLBA



RETAIL SPACE FEATURE



HIGHLIGHTING RETAIL SPACES

DTLB's retail has seen a resurgence that has brought distinctly unique options to what has historically been a national-brand driven shopping scene. Eschewing a corporate presence on Pine and in the East Village, reserving those national names for the recently renovated Pike Outlets, DLTB's current retail has largely revolved around distinctly boutique-like shops paired with food-centric hubs that offer elevated, well-crafted items.

This year alone has seen North Pine slowly become what has been dubbed Decadent Row. Starting off with the opening of The Pie Bar at 450 Pine, a business that started as a cottage business out of owner Laurie Gray's home and selling out of other existing restaurants and businesses.

EXCITING NEW OPPORTUNITIES COMING TO DTLB

Beer Belly | Crepe Crafters | Gotta Have It
Plant Junkies | Swagg | Timeless Galleries

Since then, two other cottage businesses have followed in step.

Right next door to The Pie Bar will be Romeo Chocolates. Like his pie-lovin' neighbor next door, Romeo Chocolates started inside Romeo Garcia's own kitchen. An avid traveler and student, the Belgium-trained chocolatier brings home distinct flavors (like his Special Dark 70% El Salvador with roasted almonds bonbon) and techniques to combine into his chocolates. The shop is expected to open by December of 2016.

Just across the way on North Pine, Saints & Sinners Bakeshop will offer passersby the carby'n'sweet wonders of its brainchild, owner Traci Delatorre. Set to open up shop at 6th & Pine, the bakeshop will offer everything from sourdough boules to croissants, cookies to pastries.

Further contributing to the craft scene is Great Society Cider & Mead, the region's sole house of brews dedicated solely to ciders and meads.

Cider has, in many ways, grown up—at least for American audiences, which is precisely who husband-and-wife team Otto and Brenda Radkte are trying to cater to. An English staple, especially in the West Country, cider rules the English market across the pond while here, especially in Long Beach, craft beer is much more likely to be found on a menu rather than cider. This is what makes Great Society so unique and distinct as it contributes to DTLB's growing culinary scene.



Meanwhile, opposite the food and drink side of the spectrum, sits DTLB's growing obsession with distinctly unique boutiques. Take 6th & Detroit in the East Village for example. When owner Michelle Qazi opened her store on online home business hub Etsy last year, she dreamt of operating a brick-and-mortar but wasn't sure if people would respond to her unique sense of style for interior design. Since she took the leap, people have responded to her mid-century modern-meets-contemporary-folk style that has defined her as one of the burgeoning businesses in DTLB.

Down by the water, comic-obsessed Long Beacher Feon Cooper has opened DTLB's sole comic shop, Shoreline Comics—and for anyone who loves comics, comic shops are sacred places where their inner-nerd can never fear having to shine bright. In other words, Cooper's small shop is a big part of many people's hearts. Now that comic films have garnered almost cult-like followings—Deadpool is the highest grossing R-rated film of all time while Christopher Nolan's Dark Knight trilogy lifted comics away from kitsch and into high-brow cinematic art—kids are flocking back to that old school thing that is an actual paper'n'ink comic. Pair that with summer on us and a prime waterfront location, Shoreline Comics is the quintessential place to get your comic on. Just ask Mayor Robert Garcia, a regular customer that you'll often find perusing the latest comics.

It is these wonderfully unique offerings that is not just changing DTLB's retail landscape but ultimately fostering a culture that prefers craft, dynamism, and distinctly Long Beach shops.

DOING BUSINESS...

DTLB saw **23 NEW BUSINESS** licenses registered in the Q3. Overall, approximately **1,557 BUSINESSES** in DTLB.

BIZPORT

The City of Long Beach launched its new online business portal, BizPort, on Wednesday, October 5th. Visit the link below for more information.

<http://bizport.longbeach.gov/>

LOOKING TO INVEST IN DTLB? Visit DTLB.org for more economic resources, or email economicdevelopment@dlba.org

Next DTLB Snapshot: **RESIDENTIAL MARKET REPORT** publishes January 15, 2017



DEMOGRAPHICS

DTLB demographics have steadily shifted over the last five years with an increase in the downtown population, educational attainment and average household incomes. Of the roughly 10,000 residents within the Downtown Core, 46% of resident have a bachelor's degree or higher and average household income hovers above \$71,700. If we expand this to the entire Downtown, average household income decreases by 24% to approximately \$57,700 and the number of residents with a bachelor's degree or higher decrease by 14% to 32%. However, this is still an increase of 11% and 5% over the previous year, respectively.

RESIDENTS	DOWNTOWN CORE (PBID)	GREATER DOWNTOWN (DPIA)
POPULATION	10,051	32,965
HOUSEHOLDS	9,828	13,155
AVERAGE HOUSEHOLD INCOME	\$71,764	\$57,709
% OF POPULATION MILLENIAL (AGE 20-34)	32%	31%
% OF POPULATION WITH BA OR HIGHER	46%	32%
AVERAGE HOME SALE PRICE	\$546,104	\$480,645

EMPLOYMENT

TOTAL WAGE & SALARY JOBS	34,039	42,091
SQUARE FEET OF OFFICE	4,311,686 (Core & Greater)	
OFFICE OCCUPANCY	85% (Core & Greater)	

VISITORS

HOTEL ROOMS	3,255
HOTELS	19
OCCUPANCY	75%

Source: US Census American Fact Finder

SALES TAX & RETAIL SALES

Retail sales tax collection in Downtown Long Beach remained relatively flat in Q2 2016 compared with the prior year, showing little change from \$7,677,788 in 2015 to \$7,677,672 in 2016. However, sales tax collection increased by almost 5% from Q1 to Q2 of 2016, growing from \$7,331,750 to \$7,677,672 (+\$345,922). The table below illustrates the sales revenue for industries that contribute significantly to the DTLB retail market. DTLB's highest performing industries, apparel and clothing and grocery and food stores saw modest gains of 2% and 8%, respectively. Additionally, sales tax collection increased from Q1 to Q2 for apparel/clothing, restaurants, grocery/food stores, and home furnishing. The introduction of new retailing options such as Restoration Hardware, H&M, and a number of dining establishments are beginning to drive stronger demand.

DOWNTOWN RETAIL SALES

INDUSTRY	2015 Q2	2016 Q2	Delta	2016 Q1	2016 Q2	Delta
APPAREL & CLOTHING	\$2,517,702	\$2,577,353	2%	\$2,326,549	\$2,577,353	11%
RESTAURANTS	\$3,738,200	\$3,466,812	-7%	\$3,258,233	\$3,466,812	6%
GROCERY & FOOD SERVICE	\$1,469,540	\$1,580,040	8%	\$1,521,880	\$1,580,040	4%
GENERAL MERCHANDISE	\$15,276	\$12,811	-16%	\$13,811	\$12,811	-7%
HOME FURNISHING & APPLIANCES	\$5,813,397	\$4,679,584	-20%	\$4,443,894	\$4,679,584	5%
AUTOMOTIVE SUPPLIES	\$275,149	\$278,000	1%	\$282,207	\$278,000	-1%
OTHER RETAIL	\$1,030,211	\$837,077	-19%	\$1,888,776	\$837,077	-56%
	\$14,859,475	\$13,431,677	-10%	\$13,735,350	\$13,431,677	-2%