



GREAT STREETS
GREAT BUSINESS

2016

Market Summary

CD 14

Cesar Chavez Ave

Introduction

The **Great Streets Initiative** was launched for the purpose of re-imagining neighborhood centers throughout the City of Los Angeles, one street at a time. The streets initially selected, and those that will be subsequently included, are geographic corridors along the street, and not the entirety of the thoroughfare. Critical to the Initiative is the phrase *re-imagining neighborhood centers*. The program intent is not to merely to work with stakeholders to rent or sell available real estate; rather, to take the existing environment, add some new elements where viable, ultimately creating more engaging and successful places where residents and visitors congregate – *neighborhood centers*. To this end retail outlets, and food/beverage establishments are paramount, with clusters of nodes/hubs created that include 5-7 varied businesses whose attraction appeal is greater than any one business could generate on its' own.

Great Business

The purpose of the subject component of the **Great Streets Great Businesses** element of the **Great Streets Initiative** is an assessment whereby the market potential for retail outlets and food/beverage establishments is measured. This is a statistical analysis, with 2010 census numbers as a data base, 2016 data estimated, and 2019, 2021, and 2026 data projected.

The principal markets for *neighborhood* centers are residents. For purposes of this market analysis these primary markets have been defined as people who reside within one (1), three (3) and five (5) mile rings of approximately the center block of the street corridor being studied.

Market assessments for retail and food/beverage outlets can cover a range of depths, from surface level population and demographic statistics to full blown analyses that not only measure demand and supply, but include an array of factors that could enhance the attraction appeal of an area or property for a specific tenant type. The analysis contained herein has sufficient depth to paint broad swatches, but not enough information to seal the deal with a particular tenant. The later will happen during the new business recruitment phase of the project, and by providing one-on-one consulting assistance to existing businesses that have the potential to be part of a *neighborhood* center node/hub.

This assessment is based primarily on data obtained from the leader in commercial real estate demographics, STDB.com (Site To Do Business). Through this site a member has access to:

- *ersi*
- *ArcGIS*
- *DatabaseUSA*
- Plus two (2) custom applications – *Express Center and Commercial Search*

Express Search

Express Search has been used to create the reports that form the base of this market assessment. The reports include:

- **Appraisal Specialty Report**
 - Demographic and Income Profile
 - Market Profile
 - Tapestry

- **Retail Specialty Report**
 - Demographic and Income Profile
 - Housing Profile
 - Retail Marketplace
 - Tapestry

- **Restaurant Specialty Report** (*statistical data not used in assessment*)
 - Demographic and Income Profile
 - Restaurant Market Potential
 - Retail Marketplace
 - Tapestry

Data Collection

For each report this information was obtained:

- A block along the subject *Great Street* that represented approximately the center was selected. This block was given an address.
- Data was collected for one (1), three (3) and five (5) mile rings from this central block.
- Created from this approach are nine (9) reports, three (3) for each of the aforementioned subjects – Appraisal, Retail and Restaurant. These reports are found in appendices sections 2-10, respectively.

Population & Demographics

Key data was extracted from the reports and is presented in summary form in Tables 1 and 2, located in appendix section 1. Table 1 presents 2010 census data population, estimates for 2016, and projections for 2019, 2021 and 2026. The same type of information is presented for households and income. Median disposable income is shown for 2016, for three (3) mile and five (5) mile rings. Employed population for those 16+ is also shown for 2016, by industry.

Retail & Restaurant Leakage

Table 2.1 presents a retail and restaurant leakage assessment for the one (1) mile, and Table 2.2 for three (3) mile ring areas. Shown is the relationship between estimated 2016 expenditures (demand) by residents of the designated area, and corresponding sales (supply) by businesses located therein. Text references to these statistics are mostly in a historical context (were or was versus are or is) because this report is written near the end of the estimate period (2016). [Note – a deviation of 5% one way or the other is not considered leakage/oversupply. This type of analysis is based on the premise that the nearby residents represent the greatest potential for expenditures at local retail and food/beverage outlets, and their money is the easiest to capture with the right kind of projects – in this case neighborhood nodes/hubs that will be created and/or enhanced along Great Streets. At a glance one can see in Table 2 those categories where there is leakage, and the dollar/percentage amount. Contrarily, the data also shows the dollar amount of expenditures made by residents beyond the designated rings.

For this the retail segment in this corridor, within the one (1) mile ring, there was no leakage, with expenditures from people living beyond the area spending \$1.8 billion. The same held true for food and drinking establishments, with people living beyond the area spending \$377 million of the \$438 million reported sales. There are two (2) retail categories in the three (3) mile ring where demand exceeded supply, home furnishings and general merchandise. For all other retail and food/drink categories supply exceed demand, by \$3.8 billion in the collective retail category, and \$636 million in the food and drink category.

Retail & Restaurant Leakage (cont.)

While this data shows the statistical relationship between demand (estimated expenditures by residents within one (1) mile and three (3) mile rings) and supply (estimated gross revenue by businesses located within the same rings) there is not, nor is there intended to be, a value comparison. This requires knowing the environment (existing and planned) of the primary commercial corridor(s) that transcend each of rings. This is the subject of the recruitment process, which is another component of the **Great Streets Great Businesses** program.

The STRD reports used in this analysis contain considerably more information than is summarized here. Consequently, they are considered critical components of the market assessments, not merely data sources from which statistics are extracted.

Retail Space Availability

A list of the retail and restaurant space listed as available for rent along the corridor in December 2016 is presented in Table 3. This data was obtained from CoStar.

Table 1

Population and Selected Demographic Characteristics for Cesar Chavez Ave.
(base address = 2500 Cesar Chavez Ave.)

	2016 (yr. 1)	2019 (yr. 3)	2021 (yr.5)	2025 (yr.10)
Population				
One (1) Mile	55,790	58,404	60,147	63,633
Three (3) Miles	467,185	479,238	487,273	503,343
Five (5) Miles	1,216,337	1,242,034	1,259,166	1,293,429
Households				
One (1) Mile	26,285	27,802	28,814	30,837
Three (3) Miles	155,653	160,143	163,137	169,124
Five (5) Miles	385,015	393,039	398,388	409,086
Average Household Income				
One (1) Mile	\$48,339	\$50,333	\$51,662	\$54,320
Three (3) Miles	\$47,408	\$49,445	\$50,803	\$53,519
Five (5) Miles	\$52,955	\$55,289	\$56,845	\$59,957
Per Capita Income				
One (1) Mile	\$25,481	\$26,535	\$27,238	\$28,644
Three (3) Miles	\$16,907	\$17,607	\$18,074	\$19,008
Five (5) Miles	\$17,547	\$18,265	\$18,743	\$19,700
Median Disposable Income (2016)				
Three (3) Miles	\$26,882			
Five (5) Miles	\$30,462			
Employed Population 16+ By Industry (2016)				
One (1) Mile				
Construction	2.0%			
Finance/Insurance/Real Estate	7.6%			
Manufacturing	8.2%			
Retail Trade	8.6%			
Services	56.9%			
Information	7.0%			
Other	9.7%			
Total	100.0%			
Three (3) Miles				
Construction	6.9%			
Finance/Insurance/Real Estate	4.1%			
Manufacturing	14.6%			
Retail Trade	10.4%			
Services	50.3%			
Information	3.5%			
Other	10.2%			
Total	100.0%			
Five (5) Miles				
Construction	7.0%			
Finance/Insurance/Real Estate	4.2%			
Manufacturing	12.0%			
Retail Trade	10.7%			
Services	52.1%			
Information	3.6%			
Other	0.0%			
Total	100.0%			

Sources: STDB, Appraisal Specialty Report; and, VEDC

Table 2.1 - Three (3) Mile Ring

Retail and Restaurant Leakage for Cesar Chavez Ave. Corridor Using Estimated 2016 Data
(base address = 2500 Cesar Chavez Ave.)

Retail Categories (selected)	Demand [A] (potential sales)	Supply [B] (reported sales)	Leakage Amt. [C] ([A] - [B])	Leakage % ([C]/[A])	Number of Businesses
Furniture and Home Furnishings					
Furniture	\$10,103,163	\$13,322,838	(\$3,219,675)	0.0%	12
Home Furnishing	\$7,581,919	\$11,721,894	(\$4,139,975)	0.0%	23
Electronic and Appliance Stores	\$28,234,471	\$94,205,992	(\$65,971,521)	0.0%	85
Food and Beverage Stores					
Grocery	\$10,103,163	\$13,322,838	(\$3,219,675)	0.0%	12
Specialty Foods	\$7,581,919	\$11,721,894	(\$4,139,975)	0.0%	23
Beer, Wine & Liquor	\$28,234,471	\$94,205,992	(\$65,971,521)	0.0%	85
Health and Personal Care Products	\$144,636,871	\$335,495,616	(\$190,858,745)	0.0%	244
Clothing & Clothing Accessory Stores					
Clothing	\$29,020,326	\$252,210,455	(\$223,190,129)	0.0%	453
Shoe	\$4,427,599	\$17,575,475	(\$13,147,876)	0.0%	35
Jewelry, Luggage & Leather Goods	\$6,172,600	\$1,006,867,175	(\$1,000,694,575)	0.0%	893
Sporting Goods	\$12,709,517	\$50,156,090	(\$37,446,573)	0.0%	93
Book, Periodical & Music	\$2,397,673	\$13,907,611	(\$11,509,938)	0.0%	20
General Merchandise Stores	\$87,101,323	\$103,076,581	(\$15,975,258)	0.0%	59
Florists	\$826,322	\$10,337,839	(\$9,511,517)	0.0%	35
Used Merchandise	\$2,008,411	\$8,307,720	(\$6,299,309)	0.0%	10
Total Retail Trade	\$534,146,583	\$2,420,650,529	(\$1,886,503,946)	0.0%	2321
Food Service and Drinking Places					
Full Service Restaurants	\$34,412,877	\$333,587,304	(\$299,174,427)	0.0%	523
Limited-Service Restaurants	\$24,450,684	\$84,100,556	(\$59,649,872)	0.0%	186
Specialty Food Services	\$1,222,272	\$6,418,001	(\$5,195,729)	0.0%	15
Drinking Places - Alcoholic Beverages	\$1,236,688	\$14,535,792	(\$13,299,104)	0.0%	32
Total Food and Drink	\$61,322,521	\$438,641,653	(\$377,319,132)	0.0%	756

Sources: STDB, Retail Specialty Report and Restaurant Specialty Report; and, VEDC

Table 2.2 - Five (5) Mile Ring

Retail and Restaurant Leakage for Cesar Chavez Ave. Corridor Using Estimated 2016 Data
(base address = 2500 Cesar Chavez Ave.)

Retail Categories (selected)	Demand [A] (potential sales)	Supply [B] (reported sales)	Leakage Amt. [C] ([A] - [B])	Leakage % ([C]/[A])	Number of Businesses
Furniture and Home Furnishings					
Furniture	\$59,389,312	\$77,721,990	(\$18,332,678)	0.0%	83
Home Furnishing	\$45,688,539	\$44,617,329	\$1,071,210	2.3%	79
Electronic and Appliance Stores	\$173,250,432	\$237,205,245	(\$63,954,813)	0.0%	238
Food and Beverage Stores					
Grocery	\$580,147,601	\$810,624,510	(\$230,476,909)	0.0%	405
Specialty Foods	\$62,770,823	\$481,857,762	(\$419,086,939)	0.0%	353
Beer, Wine & Liquor	\$32,575,540	\$73,103,941	(\$40,528,401)	0.0%	89
Health and Personal Care Products	\$205,571,514	\$435,825,983	(\$230,254,469)	0.0%	326
Clothing & Clothing Accessory Stores					
Clothing	\$177,664,476	\$1,258,957,384	(\$1,081,292,908)	0.0%	2135
Shoe	\$28,165,202	\$77,903,430	(\$49,738,228)	0.0%	148
Jewelry, Luggage & Leather Goods	\$36,402,124	\$1,112,218,216	(\$1,075,816,092)	0.0%	1041
Sporting Goods	\$80,008,329	\$146,723,841	(\$66,715,512)	0.0%	310
Book, Periodical & Music	\$14,314,194	\$35,106,865	(\$20,792,671)	0.0%	66
General Merchandise Stores	\$529,159,091	\$282,192,002	\$246,967,089	46.7%	231
Florists	\$4,992,636	\$42,533,077	(\$37,540,441)	0.0%	137
Used Merchandise	\$12,120,597	\$60,979,995	(\$48,859,398)	0.0%	86
Total Retail Trade	\$3,244,352,661	\$7,021,120,762	(\$3,776,768,101)	0.0%	6758
Food Service and Drinking Places					
Full Service Restaurants	\$206,810,871	\$659,629,013	(\$452,818,142)	0.0%	1423
Limited-Service Restaurants	\$148,365,275	\$287,769,449	(\$139,404,174)	0.0%	482
Specialty Food Services	\$7,589,207	\$24,275,823	(\$16,686,616)	0.0%	40
Drinking Places - Alcoholic Beverages	\$7,589,207	\$24,275,823	(\$16,686,616)	0.0%	40
Total Food and Drink	\$369,827,019	\$1,006,580,795	(\$636,753,776)	0.0%	2012

Sources: STDB, Retail Specialty Report and Restaurant Specialty Report; and, VEDC

Table 3

Retail Space Listed As Available for Rent On December 21, 2016

Address	Sq. Ft. Available	Asking Rent Per Sq. Ft. Per Mo.	Type of Lease	Leasing Agent	Contact	Telephone
2127-2139 E. Cesar Chavez Ave.	650	\$1.75	Modified Gross	illi Commercial Real Estate	Dimas Rangel	818-501-2212
	1,000	\$1.75	Modified Gross	illi Commercial Real Estate	Dimas Rangel	818-501-2212
2330 E. Cesar Chavez Ave.	3,900	\$2.25	Triple Net	Coda Brokerage	Andrew Cohen	323-992-0036
2334 E. Cesar Chavez Ave.	3,900	\$2.50	Triple Net	Farnad & Lida Rabbany	Lida Rabbany	310-550-3393
2427 E. Cesar Chavez Ave.	3,000	\$2.00	Triple Net	The Foster Co.	Rick Hernandez	562-945-2304
2505 E. Cesar Chavez Ave.	2,000	\$1.75	Modified Gross	Shana Insurance Services	Joseph Koreie	818-909-0777
2626 E. Cesar Chavez Ave.	700	\$1.71	TBD	Luxor Properties	Melanie Marvasti	Not Available
	700	\$1.72	TBD	Luxor Properties	Melanie Marvasti	Not Available
	700	\$1.72	TBD	Luxor Properties	Melanie Marvasti	Not Available
2109-2111 Cesar Chavez Ave.	3,700	Withheld	N/A	SVN-Rich Investment Real Estate	Shiva Monify	310-476-7653
	3,000	Withheld	N/A	SVN-Rich Investment Real Estate	Shiva Monify	310-476-7653

