



GREAT STREETS
GREAT BUSINESS

2016

Market Summary

CD 10
Pico Blvd

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 the 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 the retail segment in this corridor, within the three (3) mile ring, there was leakage in four (4) categories, for a total dollar amount of \$540 million. This was more than offset by the categories which experienced sales revenue from people who reside beyond the three (3) mile ring. The total imported dollar expenditure is estimated at \$440 million. For food and drink the comparable number is \$296 million, however the Limited-Service Restaurant experienced leakage of \$30 million. In the five (5) mile ring, however, retail trade leakage was significant, \$1.7

Retail & Restaurant Leakage (cont.)

billion (11%). With food and drink, leakage occurred for Limited-Service Restaurants (\$47 million). Overall, however, \$565 million was contributed by persons living beyond the five (5) mile ring.

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

Table 3 presents a list of the retail (including restaurant) space available for lease along the corridor in December 2016. This information was obtained from CoStar.

Table 1

Population and Selected Demographic Characteristics for Pico Blvd. Corridor
(base address = 5800 W. Pico Blvd.)

	2016 (yr. 1)	2019 (yr. 3)	2021 (yr.5)	2025 (yr.10)
Population				
One (1) Mile	39,853	40,536	40,991	41,901
Three (3) Miles	361,027	367,770	372,265	381,255
Five (5) Miles	1,055,335	1,076,398	1,090,440	1,118,524
Households				
One (1) Mile	17,588	17,840	18,008	18,344
Three (3) Miles	156,911	159,416	161,086	164,426
Five (5) Miles	434,268	441,912	447,008	457,200
Average Household Income				
One (1) Mile	\$60,968	\$67,188	\$71,334	\$79,627
Three (3) Miles	\$93,246	\$98,739	\$102,401	\$109,725
Five (5) Miles	\$81,545	\$85,992	\$88,957	\$94,887
Per Capita Income				
One (1) Mile	\$41,596	\$44,034	\$45,660	\$48,911
Three (3) Miles	\$41,053	\$43,320	\$44,831	\$47,853
Five (5) Miles	\$34,153	\$35,888	\$37,044	\$39,357
Median Disposable Income (2016)				
Three (3) Miles	\$49,687			
Five (5) Miles	\$41,431			
Employed Population 16+ By Industry (2016)				
One (1) Mile				
Construction	3.6%			
Finance/Insurance/Real Estate	6.5%			
Manufacturing	4.9%			
Retail Trade	7.2%			
Services	61.3%			
Information	9.0%			
Other	7.5%			
Total	100.0%			
Three (3) Miles				
Construction	3.5%			
Finance/Insurance/Real Estate	7.0%			
Manufacturing	4.9%			
Retail Trade	8.4%			
Services	59.8%			
Information	8.5%			
Other	7.9%			
Total	100.0%			
Five (5) Miles				
Construction	4.6%			
Finance/Insurance/Real Estate	6.4%			
Manufacturing	5.9%			
Retail Trade	8.9%			
Services	59.3%			
Information	6.0%			
Other	8.9%			
Total	100.0%			

Sources: STDB, Appraisal Specialty Report; and, VEDC

Table 2.1 - Three (3) Mile Ring

Retail and Restaurant Leakage for Pico Blvd. Corridor Using Estimated 2016 Data
(base address = 5800 W. Pico Blvd.)

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	\$118,540,196	\$225,016,680	(\$106,476,484)	0.0%	174
Home Furnishing	\$93,105,675	\$170,558,776	(\$77,453,101)	0.0%	173
Electronic and Appliance Stores	\$342,413,493	\$448,444,055	(\$106,030,562)	0.0%	238
Food and Beverage Stores					
Grocery	\$1,081,225,571	\$796,564,192	\$284,661,379	26.3%	150
Specialty Foods	\$116,532,681	\$98,081,383	\$18,451,298	15.8%	110
Beer, Wine & Liquor	\$64,233,529	\$71,426,699	(\$7,193,170)	0.0%	77
Health and Personal Care Products	\$402,115,670	\$648,049,454	(\$245,933,784)	0.0%	363
Clothing & Clothing Accessory Stores					
Clothing	\$336,958,132	\$871,135,902	(\$534,177,770)	0.0%	932
Shoe	\$50,335,769	\$96,130,346	(\$45,794,577)	0.0%	90
Jewelry, Luggage & Leather Goods	\$75,509,977	\$220,681,743	(\$145,171,766)	0.0%	223
Sporting Goods	\$157,477,744	\$105,136,233	\$52,341,511	33.2%	126
Book, Periodical & Music	\$27,289,831	\$56,057,852	(\$28,768,021)	0.0%	73
General Merchandise Stores	\$1,005,468,413	\$818,956,803	\$186,511,610	18.5%	102
Florists	\$11,378,411	\$26,880,299	(\$15,501,888)	0.0%	104
Used Merchandise	\$23,597,276	\$48,782,138	(\$25,184,862)	0.0%	197
Total Retail Trade	\$6,294,014,784	\$6,734,185,927	(\$440,171,143)	0.0%	4150
Food Service and Drinking Places					
Full Service Restaurants	\$410,000,738	\$688,368,011	(\$278,367,273)	0.0%	1559
Limited-Service Restaurants	\$288,419,971	\$258,836,912	\$29,583,059	10.3%	354
Specialty Food Services	\$15,551,097	\$18,592,808	(\$3,041,711)	0.0%	64
Drinking Places - Alcoholic Beverages	\$14,364,017	\$58,961,515	(\$44,597,498)	0.0%	65
Total Food and Drink	\$728,335,823	\$1,024,759,246	(\$296,423,423)	0.0%	1559

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

Table 2.2 - Five (5) Mile Ring

Retail and Restaurant Leakage for Pico Blvd. Corridor Using Estimated 2016 Data
(base address = 5800 W. Pico Blvd.)

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	\$289,220,781	\$363,534,959	(\$74,314,178)	0.0%	314
Home Furnishing	\$226,935,950	\$278,696,357	(\$51,760,407)	0.0%	268
Electronic and Appliance Stores	\$834,561,960	\$980,730,210	(\$146,168,250)	0.0%	571
Food and Beverage Stores					
Grocery	\$2,636,000,107	\$1,982,569,817	\$653,430,290	24.8%	472
Specialty Foods	\$284,059,870	\$208,801,641	\$75,258,229	26.5%	264
Beer, Wine & Liquor	\$155,849,243	\$275,679,613	(\$119,830,370)	0.0%	192
Health and Personal Care Products	\$983,664,320	\$1,407,715,695	(\$424,051,375)	0.0%	815
Clothing & Clothing Accessory Stores					
Clothing	\$819,325,011	\$1,437,745,500	(\$618,420,489)	0.0%	1598
Shoe	\$122,797,668	\$185,334,945	(\$62,537,277)	0.0%	189
Jewelry, Luggage & Leather Goods	\$183,390,796	\$317,161,476	(\$133,770,680)	0.0%	364
Sporting Goods	\$382,842,163	\$287,832,253	\$95,009,910	24.8%	343
Book, Periodical & Music	\$66,336,330	\$151,193,578	(\$84,857,248)	0.0%	171
General Merchandise Stores	\$2,451,798,728	\$1,670,186,599	\$781,612,129	31.9%	297
Florists	\$27,852,560	\$51,462,271	(\$23,609,711)	0.0%	212
Used Merchandise	\$57,367,082	\$66,344,094	(\$8,977,012)	0.0%	274
Total Retail Trade	\$15,363,321,605	\$13,641,349,614	\$1,721,971,991	11.2%	8546
Food Service and Drinking Places					
Full Service Restaurants	\$992,161,965	\$1,475,846,942	(\$483,684,977)	0.0%	2804
Limited-Service Restaurants	\$699,427,020	\$652,478,530	\$46,948,490	6.7%	937
Specialty Food Services	\$37,692,071	\$45,506,009	(\$7,813,938)	0.0%	126
Drinking Places - Alcoholic Beverages	\$34,328,079	\$155,706,025	(\$121,377,946)	0.0%	179
Total Food and Drink	\$1,763,609,135	\$2,329,537,506	(\$565,928,371)	0.0%	4046

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	Space (SF)	Asking Rent/SF/Month	Lease Type	Leasing Agent	Contact	Telephone
5226 W. Pico Blvd.	1,000	\$5.00	Triple Net	Pacific Investment Group	Eric Shomof	213-300-3801
5760 W. Pico Blvd.	875-1750	\$2.75	Triple Net	JLL	Houman Mahboubi	310-595-3818

