



GREAT STREETS
GREAT BUSINESS

2016

Market Summary

CD 3
Sherman Way

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 five (5) categories, for a total dollar amount of \$108 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 \$2.3 billion. For food and drink the comparable number is \$6.1 million, however the Full-Service Restaurant experienced leakage of \$28.2 million. In the

Retail & Restaurant Leakage (cont.)

five (5) mile ring retail trade leakage was significant, \$1.8 billion. With food and drink, leakage occurred for Full Service Restaurants (\$32.8 million). Overall, however, \$32.7 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 provided by CoStar.

Table 1

Population and Selected Demographic Characteristics for Sherman Way Corridor
(base address = 18300 Sherman Way)

	2016 (yr. 1)	2019 (yr. 3)	2021 (yr.5)	2025 (yr.10)
Population				
One (1) Mile	94,137	96,332	97,795	100,721
Three (3) Miles	631,342	644,394	653,095	670,497
Five (5) Miles	1,150,560	1,175,761	1,192,562	1,226,164
Households				
One (1) Mile	36,184	36,848	37,290	38,175
Three (3) Miles	249,392	254,093	257,227	263,495
Five (5) Miles	451,819	461,358	467,718	480,437
Average Household Income				
One (1) Mile	\$55,650	\$58,178	\$59,863	\$63,233
Three (3) Miles	\$61,733	\$64,868	\$66,958	\$71,138
Five (5) Miles	\$67,346	\$70,852	\$73,190	\$77,865
Per Capita Income				
One (1) Mile	\$21,476	\$22,383	\$22,988	\$24,198
Three (3) Miles	\$25,088	\$26,263	\$27,046	\$28,612
Five (5) Miles	\$27,326	\$28,663	\$29,554	\$31,336
Median Disposable Income (2016)				
Three (3) Miles	\$33,324			
Five (5) Miles	\$35,424			
Employed Population 16+ By Industry (2016)				
One (1) Mile				
Construction	7.0%			
Finance/Insurance/Real Estate	6.5%			
Manufacturing	6.1%			
Retail Trade	11.4%			
Services	56.8%			
Information	3.8%			
Other	8.4%			
Total	100.0%			
Three (3) Miles				
Construction	6.1%			
Finance/Insurance/Real Estate	4.9%			
Manufacturing	8.5%			
Retail Trade	9.8%			
Services	56.9%			
Information	6.3%			
Other	7.5%			
Total	100.0%			
Five (5) Miles				
Construction	5.2%			
Finance/Insurance/Real Estate	5.2%			
Manufacturing	8.0%			
Retail Trade	9.5%			
Services	57.1%			
Information	6.7%			
Other	8.3%			
Total	100.0%			

Sources: STDB, Appraisal Specialty Report; and, VEDC

Table 2.1 - Three (3) Mile Ring

Retail and Restaurant Leakage for Sherman Way Corridor Using Estimated 2016 Data
(base address = 18300 Sherman Way)

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	\$123,581,865	\$141,676,679	(\$18,094,814)	0.0%	146
Home Furnishing	\$95,757,307	\$60,069,002	\$35,688,305	37.3%	78
Electronic and Appliance Stores	\$357,562,918	\$373,714,053	(\$16,151,135)	0.0%	248
Food and Beverage Stores					
Grocery	\$1,169,836,125	\$1,016,362,574	\$153,473,551	13.1%	326
Specialty Foods	\$126,381,563	\$112,646,920	\$13,734,643	10.9%	161
Beer, Wine & Liquor	\$67,730,295	\$190,142,403	(\$122,412,108)	0.0%	122
Health and Personal Care Products	\$420,818,282	\$642,669,048	(\$221,850,766)	0.0%	413
Clothing & Clothing Accessory Stores					
Clothing	\$362,176,559	\$507,317,124	(\$145,140,565)	0.0%	665
Shoe	\$55,856,616	\$65,214,142	(\$9,357,526)	0.0%	88
Jewelry, Luggage & Leather Goods	\$76,923,747	\$72,599,139	\$4,324,608	5.6%	124
Sporting Goods	\$164,414,460	\$104,555,204	\$59,859,256	36.4%	165
Book, Periodical & Music	\$29,032,393	\$96,491,237	(\$67,458,844)	0.0%	106
General Merchandise Stores	\$1,075,632,646	\$458,545,724	\$617,086,922	57.4%	188
Florists	\$11,010,069	\$15,658,686	(\$4,648,617)	0.0%	91
Used Merchandise	\$24,876,052	\$28,265,559	(\$3,389,507)	0.0%	126
Total Retail Trade	\$6,635,832,941	\$5,669,758,124	\$966,074,817	14.6%	4,115
Food Service and Drinking Places					
Full Service Restaurants	\$430,916,429	\$729,063,992	(\$298,147,563)	0.0%	1671
Limited-Service Restaurants	\$305,830,520	\$337,639,412	(\$31,808,892)	0.0%	519
Specialty Food Services	\$16,139,697	\$17,615,859	(\$1,476,162)	0.0%	50
Drinking Places - Alcoholic Beverages	\$15,071,510	\$85,147,958	(\$70,076,448)	0.0%	112
Total Food and Drink	\$767,958,157	\$1,169,467,222	(\$401,509,065)	0.0%	2,352

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

Table 2.2 - Five (5) Mile Ring

Retail and Restaurant Leakage for Sherman Way Corridor Using Estimated 2016 Data
(base address = 18300 Sherman Way)

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	\$245,404,356	\$316,066,099	(\$70,661,743)	0.0%	332
Home Furnishing	\$190,610,433	\$234,273,691	(\$43,663,258)	0.0%	275
Electronic and Appliance Stores	\$709,599,600	\$852,160,681	(\$142,561,081)	0.0%	566
Food and Beverage Stores					
Grocery	\$2,299,351,936	\$2,170,466,383	\$128,885,553	5.6%	682
Specialty Foods	\$248,221,089	\$444,799,828	(\$196,578,739)	0.0%	444
Beer, Wine & Liquor	\$133,988,859	\$288,661,060	(\$154,672,201)	0.0%	227
Health and Personal Care Products	\$835,577,635	\$1,290,302,501	(\$454,724,866)	0.0%	845
Clothing & Clothing Accessory Stores					
Clothing	\$712,296,504	\$1,991,110,342	(\$1,278,813,838)	0.0%	3029
Shoe	\$108,894,689	\$177,612,611	(\$68,717,922)	0.0%	259
Jewelry, Luggage & Leather Goods	\$153,599,370	\$1,240,296,234	(\$1,086,696,864)	0.0%	1226
Sporting Goods	\$325,899,467	\$316,388,407	\$9,511,060	2.9%	522
Book, Periodical & Music	\$57,424,799	\$187,623,014	(\$130,198,215)	0.0%	197
General Merchandise Stores	\$2,120,423,443	\$1,129,070,862	\$991,352,581	46.8%	415
Florists	\$22,278,604	\$70,569,636	(\$48,291,032)	0.0%	264
Used Merchandise	\$49,251,490	\$87,134,290	(\$37,882,800)	0.0%	305
Total Retail Trade	\$13,136,414,133	\$15,565,813,739	(\$2,429,399,606)	0.0%	12,127
Food Service and Drinking Places					
Full Service Restaurants	\$852,549,071	\$1,692,859,429	(\$840,310,358)	0.0%	3340
Limited-Service Restaurants	\$603,717,298	\$716,501,503	(\$112,784,205)	0.0%	1090
Specialty Food Services	\$31,994,686	\$41,576,601	(\$9,581,915)	0.0%	127
Drinking Places - Alcoholic Beverages	\$29,828,521	\$181,851,183	(\$152,022,662)	0.0%	215
Total Food and Drink	\$1,518,089,576	\$2,632,788,716	(\$1,114,699,140)	0.0%	4,772

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
18325-18327 Sherman Way	4,000	\$1.60	Modified Gross	Commercial Asset Group	Alex Shabani	310-275-8222
	500	\$1.25	Utilities	Jumpin Genius	Poonam Gupta	818-470-8892
	1,095	\$1.25	Utilities	Jumpin Genius	Poonam Gupta	818-470-8892
18333-18345 Sherman Way	929	\$1.25	Modified Gross	Jumpin Genius	Poonam Gupta	818-470-8892
	1,383	\$1.35	Modified Gross	Afton Properties	Kimmy Marks	323-406-9496
	458	\$1.37	Modified Gross	Afton Properties	Kimmy Marks	323-406-9496
	540	\$1.36	Modified Gross	Afton Properties	Kimmy Marks	323-406-9496
	2,452	\$1.67	Modified Gross	Afton Properties	Kimmy Marks	323-406-9496
18411 Sherman Way	1,120	\$1.35	Modified Gross	Afton Properties	Kimmy Marks	323-406-9496
	5,490	\$1.36	Modified Gross	Jumpin Genius	Poonam Gupta	818-470-8892
	1,215	\$1.25	Modified Gross	Jumpin Genius	Poonam Gupta	818-470-8892
18506-18510 Sherman Way	1,500-4,500	\$1.25-\$1.50	Modified Gross	Paley Commercial Real Estate	Richard Paley	818-343-3000
18540 Sherman Way	1,500	\$1.86	Modified Gross	Atlas Solutions Inc.	Alan Sinai	310-453-2500
18601 Sherman Way	1,250	\$1.75	Triple Net	NAI Capital	Patrick Ortiz	310-440-8500
18631 Sherman Way	3,500	\$1.65	Modified Gross	SKL Commercial Real Estate	Stella Lee	818-349-4100
18738 Sherman Way	1,886	\$3.18	Full Service	Alex Lassai	Alex Lassai	818-233-9470
18118-18120 Sherman Way	2,461	Withheld	Withheld	Maxim Commercial Capital, LLC	Dan Daftari	213-480-4840

