

**\$71,260**

Median HH Income

YoY
Chg12-Mo.
Forecast**0.1%**

Population Growth

**4.4%**

Unemployment Rate



Source: BLS (Economic Indicators are representative of specific county or MSA.)

U.S. ECONOMIC INDICATORS Q4 2019

2.4%

GDP Growth

YoY
Chg12-Mo.
Forecast**4.3%**Consumer Spending
Growth**4.1%**

Retail Sales Growth



Source: BEA, Census Bureau

ECONOMY: LA Retail Sales Reach Record-Heights In 2019

The Los Angeles economy continued to expand through the fourth quarter of 2019 with healthy employment growth of 1.8% year-over-year (YoY), adding 69,200 jobs through December 2019. The region boasts a Gross Metro Product (GMP) of \$743 billion, which has grown 1.6% YoY. Tourism, a critical driver of retail activity, remains thriving as an estimated 50 million tourists visited the entertainment capital in 2019. According to Moody's Analytics, Los Angeles retail sales hit record levels of \$193 billion amidst strong holiday season sales, posting peak growth of 4.1% YoY in 2019 while projected to maintain upward growth of 1.8% in 2020.

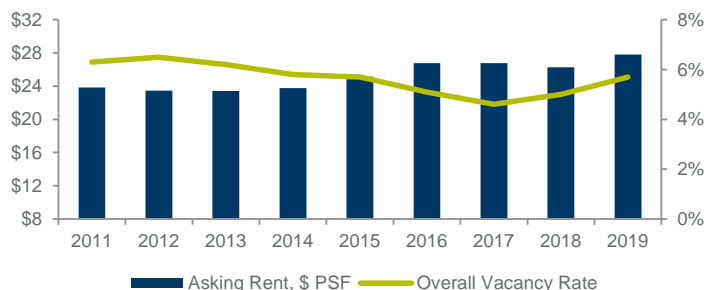
SUPPLY & DEMAND: Retail Leasing Momentum Going Strong

Los Angeles recorded robust retail leasing activity in 2019, totaling nearly 4.9 million square feet (msf) in transactions year-to-date (YTD), an 8.7% increase compared to the 4.5 msf leased in 2018. While apparel remains amongst the most active retail industries in the market, food users, fitness and wellness have trended as dominant retail space takers. A number of notable retailers secured space in the Lower Westside in the final quarter of the year, serving as retail amenities to the recent influx of major tech and media firms to the area. Despite amplified leasing velocity, net absorption recorded slight occupancy losses of 174,304 square feet (sf) YTD by the year-end mark. As a result, overall vacancy fluctuated over the twelve-month period ending in fourth quarter 2019, recording a 70-basis-point bump YoY to an average of 5.7% for all shopping center types. Power & regional centers maintained the lowest vacancy rate amongst retail product types at 4.4%, while relatively high asking rents led lifestyle centers to 9.9% vacancy. Retail construction deliveries totaling 1.2 msf contributed to the upswing in overall vacancy, however traction and lease-up of new retail inventory in the second half of 2019 will bring future occupancy gains in 2020. An additional 1.6 msf in major retail developments remain under construction, primarily concentrated on the Westside and in Downtown Los Angeles (DTLA). Significant projects include The Collection at Century Plaza, the 93,800-sf prime retail component of the property's \$2.5 billion revamp and the 176,000-sf retail plaza at the Frank Gehry-designed, mixed-use complex, The Grand in DTLA.

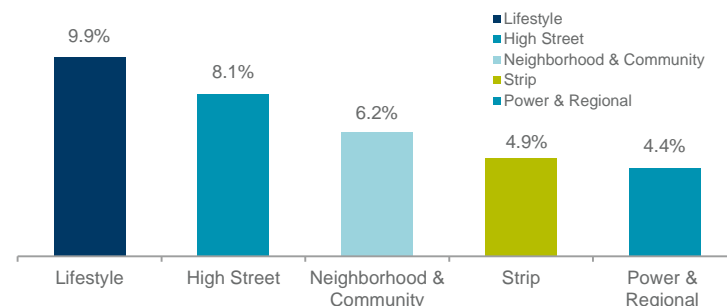
PRICING: Retail Asking Rents On the Rise

Despite retail closures and an uptick in vacancy, shopping center asking rents exhibited an upward trend in the second half of 2019, increasing 5.8% YoY to an average of \$27.80 per square foot (psf) per year triple net. The majority of rent growth has been driven by premium high-street asking rates in the prime Los Angeles retail corridors where rates have held strong. The Beverly Hills Golden Triangle, comprised of Rodeo Drive, Canon Drive and North Beverly Drive, continues to attain the highest retail rents in the market, reaching as high as \$850 psf. West Hollywood's Melrose Avenue and Melrose Place follow behind commanding asking rates ranging from \$180 psf to \$240 psf. As retailers are increasingly seeking to lay bricks in Los Angeles' prominent shopping destinations to promote new experiential, lifestyle and IRL retail concepts, landlords will continue to leverage tenant demand to help push rental rates in the year ahead.

ASKING RENT / OVERALL VACANCY RATE



VACANCY BY PRODUCT TYPE





HIGH STREET MARKET STATISTICS

SUBMARKET	Q4 2019 ASKING RENT (LOW)	Q4 2019 ASKING RENT (HIGH)	Q4 2019 AVERAGE ASKING RENT	% CHANGE YOY	Q4 2019 AVAILABILITY RATE	% PT. CHANGE YOY
Rodeo Drive	\$700	\$850	\$775	0.3%	8.1%	1.0%
Canon Drive	\$90	\$120	\$105	9.4%	5.7%	-4.6%
North Beverly Drive	\$144	\$216	\$180	-14.3%	13.5%	3.4%
BEVERLY HILLS GOLDEN TRIANGLE	\$90	\$850	\$353	-1.7%	9.1%	0.0%
Robertson Boulevard	\$72	\$120	\$96	0.0%	13.0%	0.0%
Melrose Avenue	\$180	\$240	\$210	16.7%	15.3%	7.0%
Melrose Place	\$180	\$240	\$210	0.0%	11.6%	4.7%
Beverly Boulevard	\$96	\$120	\$108	0.0%	4.7%	-4.7%
WEST HOLLYWOOD	\$72	\$240	\$156	5.1%	12.3%	4.8%
Third Street Promenade (Santa Monica)	\$120	\$240	\$180	-18.2%	13.7%	-3.9%
Abbot Kinney Boulevard (Venice)	\$180	\$192	\$186	14.8%	6.8%	4.3%
Downtown Los Angeles	\$36	\$78	\$57	-10.2%	5.9%	0.7%

*Rental rates reflect NNN asking \$PSF/Year

KEY LEASE TRANSACTIONS 2H 2019

PROPERTY	SUBMARKET	TENANT	RSF	TYPE
3321 S La Cienega Boulevard / Cumulus	Culver City	Whole Foods	50,000	New Lease
7726 Melrose Avenue	West Hollywood	Foot Locker	6,100	New Lease
189 The Grove Drive / The Grove	West Hollywood	Lululemon	4,745	New Lease
8500 Beverly Boulevard / Beverly Center	West Hollywood	Kenzo	1,900	New Lease
1420 Abbot Kinney Boulevard	Venice	Ray-Ban	1,350	New Lease

KEY SALES TRANSACTIONS 2H 2019

PROPERTY	SUBMARKET	SELLER / BUYER	SF	PRICE/\$ PSF
2753 E Eastland Center Drive/ Eastland Center	West Covina	Blackstone / DWS Group Americas	812,120	\$185.7M/\$229
8840 Beverly Boulevard / Luminaire	Beverly Hills	Crown Equity & Dune RE Partners LP / Randall Realty	21,264	\$36.2/\$1,702
8436-8452 Melrose Place	West Hollywood	VE Equities / Acadua Realty	12,748	\$47.7M/\$3,745

KEY CONSTRUCTION COMPLETIONS 2H 2019

PROPERTY	SUBMARKET	MAJOR TENANTS	SF	OWNER / DEVELOPER
6400 Pacific Coast Highway / 2 nd & PCH	Long Beach	Nike, Urban Outfitters, Shake Shack	220,000	CenterCal Properties LLC
9300 Culver Boulevard / Culver Steps	Culver City	Amazon Studios (office), Sephora, CorePower Yoga, Philz Coffee	40,000	Hackman Capital Partners

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