Appendix B

Urban Decay Retail Market Impact Analysis

Urban Decay Retail Market Impact Analysis
The District at South Bay
City of Carson

Presented to:

The City of Carson

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EXECUTIVE SUMMARY

The Executive Summary presents key findings from the urban decay retail market impact analysis of the proposed project: The District at South Bay ("The District"), in the City of Carson and compares it with the earlier project approved in 2005. The proposed project, located northwest of the Interstate-405 and Avalon Boulevard interchange, contains a range of regional commercial, outlet commercial, restaurant and neighborhood serving commercial uses. This urban decay analysis is in support of the Supplemental Environmental Impact Report (SEIR) that is being prepared for a revised project description from the project that Stanley R. Hoffman Associates, Inc. analyzed in 2005.

The proposed project is planned for a 168-acre site that will have about 1,601,500 commercial square feet with 1,471,500 of retail and restaurant square feet, 130,000 square feet of commercial recreation/entertainment uses. Additionally, there are two hotels with a total of 350 rooms and 1,250 residential units that would not be evaluated as part of the urban decay retail market study.

While the proposed project is not fully specified in terms of tenants, the analysis assumes a mix of general merchandise department stores and big box retailers, premium outlet mall tenants, other value-oriented retailers, as well as a variety of medium and smaller stores, quality, casual and fast-food restaurants, and neighborhood serving retail.

The key urban decay questions are what amount of regional and local serving retail is supportable under existing and future residential, employment and visitor growth conditions, and whether the new retail development would adversely impact competitive stores and lead to a substantial increase in retail vacancies or loss in profits, thus precipitating a downward spiral of store closures and long-term vacancies in existing shopping centers.

Similar to the 2005 retail market study, the primary trade area for the regional retail components of the project was defined as a 5.0-mile radius from the proposed project site. A 2.5-mile radius was used to identify the local serving trade area for the proposed grocery, specialty food, and drug store tenants likely to be included within the neighborhood serving component of the proposed project. Additionally, a significant visitor component from tourists from outside the primary 5.0-mile trade area was analyzed, particularly from expected patronage from Pacific Rim countries at the planned, premium outlet mall.

In terms of phasing, the proposed project completion date is set for 2023. Therefore, in the retail analysis, two growth periods have been analyzed: 1) 2016 – 2025; and, 2) 2016 – 2040. The growth forecasts are based on the Southern California Association of Governments' (SCAG) 2016 – 2040 Regional Transportation Plan (RTP) Forecasts being used in the SEIR. These forecasts are supplemented with identified proposed and planned projects in the market area based on a survey of jurisdictions within the trade area.

I. Overview of Analysis

The following summarizes the key findings of the urban decay retail market analysis that are further described in the remainder of the Executive Summary and the Technical Appendices.

Total Retail Store Impact Analysis: 5.0-Mile Ring

- The estimated level of variation from the existing 5.0 percent vacancy rate is used as a comparative measure for evaluating potential urban decay impacts; retail conditions are currently assumed to be stable in the 5.0-mile primary trade area at an overall estimated vacancy rate of 5.0 percent; for this study, an estimated vacancy rate of 10 percent or greater - that is likely to persist - is used as an indicator of the potential for urban decay.
- For the Total Retail Store analysis, the projected increase in the level of vacancy to 9.3 percent over the 2016–2025 period may cause some retailers to experience loss in retail sales and increased vacancies, however, since the estimate is below the 10.0 percent threshold, these impacts are not likely to persist and lead to urban decay; this would be dependent upon the rate of growth in the sources of demand, particularly household growth and additional premium outlet mall tourist demand.
- Over the long-term forecast from 2016–2040, the vacancy level is projected to decline to 6.0 percent as growth continues into the future; this level is considered sufficiently near the existing level of 5.0 percent so as not to be likely to cause loss of retail sales and increase in vacancies that lead to urban decay.

Food and Drug Store Retail Impact Analysis: 2.5-Mile Ring

- Currently, the vacancy level for Food and Drug Stores is 4.5 percent, slightly below the 5.0 percent level considered to be stable market conditions; when the projected Food and Drug store demand increase is compared with the estimated retail supply added to the market in this period, including the 90,000 square foot in the proposed project, the projected vacancy is estimated to reach an average rate of 11.2 percent.
- This projected increase in the level of vacancy to 11.2 percent over the 2016–2025 period is above the 10.0 percent threshold level and is considered sufficient to cause some grocery and drug stores to experience loss in sales that potentially leads to closures that could persist and lead to urban decay; again, how long this would persist would be dependent upon the rate of growth in the local household demand.
- Over the long-term forecast from 2016–2040, the vacancy level is projected to decline to a very low level of 0.6 percent as household growth continues into the future; this level over the long-term is considered sufficiently low enough so as not to be likely to cause loss of sales that lead to urban decay for Food and Drug stores.

Comparison between the 2005 Approved and the Proposed Project

- In both studies, a 5.0 percent vacancy was considered a stable level; for the approved project, projected vacancy of 11.0 percent for the initial phasing for Total Retail was considered sufficient to cause some urban decay, compared with 9.3 percent for the proposed project which did not reach the 10 percent threshold level.
- For the approved project, the Food and Drug store demand was considered to be underserved in 2005 and no urban decay was projected; in the proposed project some urban decay is projected in the 2016-2025 phasing period, but not long-term.

II. Comparison of Approved Project with Proposed Project ("The District")

- Table 1 compares the project description of the approved project in 2005 with the current proposed project.
- As shown in Panel A of Table 1, the total residential units were estimated at 1,550 units in the approved project; under the proposed project, the total residential units are estimated at 1,250 units, a reduction of 300 units.
- However, the proposed project does not include 11 acres north of Del Amo Boulevard, where 300 rental residential units are currently being constructed; including these units, the maximum residential unit count is 1,550, equal to the approved project.
- Also, under the proposed project, the housing types are designated all rental units compared to a mix of rental and ownership units in the approved project.
- As shown in Panel B of Table 1, the total square footage of the approved project was estimated at about 2.00 million square feet; under the proposed project, the estimated square footage is 1.83 million square feet, a reduction of 160,292 square feet.
- The retail portion of the approved project was about 1.80 million square feet and has been reduced to about 1.60 million square feet for the proposed project, for a reduction of 193,625 retail square feet.
- The largest reduction in square footage by retail category is for the proposed project is Neighborhood Serving Retail at 110,000 square feet; this is followed by a reduction in Entertainment uses of 84,000 square feet.
- Additionally, the Regional Retail component has been reduced by 65,000 square feet to a total of 585,000 square feet for the proposed project; and, the Value Oriented Retail component in the approved project has been increased by 46,500 square feet to a total of 696,500 square feet in the proposed project and is now being planned as a Premium Outlet Mall.
- As shown in Panel C of Table 1, the total estimated hotel rooms in the approved project of 300 rooms was increased by 50 rooms to a total of 350 rooms within two hotels under the proposed project.

III. Existing Retail Conditions

- The retail supply located within the 5.0-mile primary trade area is generally well maintained and in good condition based on a visual field survey conducted by the consultant. As shown in Table 2, according to CoStar Group Market Analytics ("CoStar"), the vacancy rate for the primary trade area was estimated at 5.0 percent based on a total gross leasable area (GLA) of 19,724,027 and reported vacant space of 979,374. A vacancy rate of 5.0 percent is used in this study as an indicator of stable market conditions.
- The major shopping centers within the 5-mile primary trade area total an estimated 7,057,803 square feet according to ESRI (Environmental Systems Research Institute) spatial data analytics and are shown in Table 3 and on Figure 1; the Del Amo Fashion Center in Torrance is the largest center at about 2.60 million square feet followed by the South Bay Pavilion in Carson at about 1.01 million square feet and the South Bay

Galleria in Redondo Beach at about 971,100 square feet; the South Bay Galleria, while just slightly outside the 5-mile ring, is included in the primary trade area analysis because it is virtually on the border of the 5-mile ring.

- The District at South Bay, at 1,601,500 square feet – including 130,000 square feet of commercial recreation/entertainment uses – would become the second largest shopping center within the primary trade area.
- Reported vacancy in the local trade area includes the vacant 186,722 square foot building (formerly K-Mart) within the northeastern part of Carson; however, it has been reported by City staff that the space is being subdivided among three tenants (retail, food and fitness) that will occupy an estimated 170,808 square feet with an anticipated opening date of Spring 2018.
- Additionally, the vacant, former Sears Store building of an estimated 163,375 square foot in the South Bay Pavilion is currently reported by CoStar to have an estimated 84,170 square feet of vacant space for lease; according to City staff, it is anticipated that the remaining vacant space will be occupied by a Burlington's Coat Factory store and a Ross Dress for Less store.
- The retail supply for grocery, specialty food and drug stores located within the 2.5-mile neighborhood serving trade area is also generally well maintained and in good condition based on a visual field survey conducted by the consultant.
- Additionally, as shown in Table 2 and Figure 2, based on a field survey, the consultant identified an estimated 546,008 square feet of grocery, food and drug store space in the 2.5-mile trade area with an estimated 24,825 of vacant food store space; this resulted in an estimated vacancy rate of 4.5 percent, which is below the vacancy rate of 5.0 percent used in this study as an indicator of stable market conditions.
- Table 4 presents the retail sales per capita comparison for Carson and surrounding cities for 2003 and 2017 in constant 2017 dollars adjusted based on the consumer price index for the Los Angeles region; while Carson did show a decline of 7.5 percent in inflation adjusted dollars over this period, it did remain as the city with the second highest taxable retail sales per capita at $15,587, only second to Torrance at $21,428.
- Recently Carson's sales tax receipts have shown a percentage increase of about 1.8 percent from fiscal year 2015-16 to 2016-17, as reported by Hdl Companies in their January – March 2017 Sales Tax Update for Carson, with increases forecasted to continue into the City's adopted 2016-17 budget.
- Further, as shown in Table 4, Carson's taxable retail sales per capita is about 67 percent above the average for all the surrounding cities and about 41 percent above the Los Angeles County average.

IV. Proposed and Planned Projects in the Market Area

- CoStar reported relatively slow average annual absorption of retail space in the 5.0-mile trade area of about 143,361 square feet per year, from 2006 to 2016; based on a survey by the consultant of projects in Carson and surrounding cities, an estimated 490,549 square feet of proposed or planned retail space has been identified, as shown in Table 5.

- As shown in Table 5, within Carson the Union South Bay (30,000 square feet) and the Kott (140,000 square feet) projects have been identified by City staff with expected completion between the 2018–2019 periods.
- Additionally, California State University, Dominguez Hills ("Cal State"), recently prepared a 2018 Draft Master Plan for about 76.5 acres of currently underutilized land on the eastern portion of the campus; in addition to classrooms, administrative buildings, research and development offices, and student dormitory facilities, Cal State is planning about 96,085 square feet of retail space and 2,149 units of market rate and affordable rental housing.
- Within the 96,085 square feet of planned retail space on the campus, the Cal State master plan proposes a small grocery store; also, according to City staff, one of the mixed use residential-retail projects that is under-construction in Carson could possibly have a small specialty market on the ground floor; based on these projects, a total of 35,000 square feet of planned grocery store space is estimated.
- As shown in Table 6, an estimated 7,587 residential units have been identified as planned within the primary trade area with 6,130 planned within Carson, including the 1,250 units planned within the proposed project; a known completion date for the 2,149 units within the Cal State Master Plan has not been identified.

V. Household and Hotel Growth Forecasts

- A large portion of future retail expenditures will be driven by household growth; as shown in Section A of Table 7, SCAG's forecast shows a growth of 1,918 households within the 2.5-mile ring by 2025 and 5,344 households by 2040; the 2025 forecast was interpolated based on SCAG's 2016 – 2040 forecast.
- As shown in Section A of Table 7, SCAG's forecast shows a growth of 6,031 households within the 5.0-mile ring by 2025 and 16,547 households by 2040.
- Next, as shown in Section B of Table 7, the SCAG forecast was adjusted for planned residential projects presented in Table 6 where they are likely to exceed the baseline SCAG forecasts; this resulted in the addition of 1,682 households for each of the forecast years to yield: 1) within the 2.5-mile ring, 3,600 households by 2025 and 7,026 households by 2040; and 2) within the 5.0-mile ring, 7,713 households by 2025 and 18,229 households by 2040.
- Another source of future retail expenditures will be from hotel visitors captured within The District; as shown on Table 8, estimated annual retail sales per room captured within The District are estimated at $25,486 per room - an estimated daily expenditure rate per room of $70; this estimate is based on an average daily expenditure of $133 per visitor from the 2016 LAEDC study, *Hospitality and Tourism in Los Angeles County,* and a capture rate of 50 percent estimated by the consultant.

VI. Premium Outlet Malls

- As shown in Table 9, the District is planning for 1,601,500 square feet of total commercial space, not including the hotels; of this total, 696,500 square feet (or 43 percent of the total) is planned as a Premium Outlet Mall that will specialize in luxury goods; according to the 2017 retail analytics data for California from Hdl Companies, they estimate an overall average of $650 per square foot for all outlet mall in California.

- However, according to information provided by the City staff and Macerich, the current developer of the outlet mall, their experience with other similar centers shows that sales can be 50 percent or higher than the average for premium outlet malls.
- As shown in Table 10, a sample of premium outlet malls around the United States shows a median mall size of 655,000 square feet and a median sales per square foot of $1,418; in California, the performance of the malls range from a low of $837 per square foot for the Carlsbad Premium Outlets to a high of $1,418 per square foot for the Desert Premium Outlets in Cabazon.
- When the mid-point between $1,418 per square foot for selected premium outlet malls and the overall outlet mall average of $650 per square foot is applied, the estimated $1,034 per square foot factor for the planned premium outlet mall results in an estimated annual sales of about $720.2 million, as shown in Table 9.

VII. Retail Market Impact Analysis

Total Retail Store Impact Analysis: 5.0-Mile Ring

- The estimated level of variation from the existing 5.0 percent vacancy rate is used as a comparative measure for evaluating potential urban decay impacts; retail conditions are currently assumed to be stable in the 5.0-mile primary trade area at an overall estimated vacancy rate of 5.0 percent; for this study, an estimated vacancy rate of 10 percent or greater - that is likely to persist - is used as an indicator of the potential for urban decay.
- The consultants performed a worst-case analysis to determine the maximum impact that the proposed project, in combination with other known and planned retail projects, could have on the retail stock in the primary trade area. Assuming that the estimated average equilibrium annual sales per square foot performance levels for the proposed project continues, the addition of the proposed project would likely produce a drop in profits and an offsetting increase in vacancies somewhere else in the primary trade area if the estimated expenditure demand was not sufficient to support all of the new space.
- As shown in Table 11, the projected level of retail demand was $565.8 million in retail sales over the 2016–2025 period, based on three components: 1) a forecasted growth of 7,713 households; 2) increased outlet mall tourism demand; and 3) increased hotel visitors; this retail demand generated supportable retail supply of 1,047,900 square feet.
- When this demand increase is compared with an estimated total of 2,092,050 square feet of retail supply added to the market in this period, including the 1,601,500 square foot proposed project, the vacant square feet is projected to increase to 2,023,524 square feet from the existing level of 979,374 square feet, or reach an estimated average vacancy rate of 9.3 percent.
- This projected increase in the level of vacancy to 9.3 percent over the 2016 – 2025 period may cause some retailers to experience loss in retail sales and increased vacancies, however, since the estimate is below the 10.0 percent threshold, these impacts are not likely to persist and lead to urban decay; this would be dependent

upon the rate of growth in the sources of demand, particularly household growth and additional tourist demand at the premium outlet mall.

- Over the long-term forecast from 2016 – 2040, the vacancy level is projected to decline to 6.0 percent as growth continues into the future; this level is considered sufficiently near the existing level of 5.0 percent as to not likely to cause loss of retail sales and increase in vacancies that lead to urban decay.
- Also, while the level of retail taxable sales performance used in this study from HdL Companies does reflect the current increase in the level of internet retail sales, one factor of uncertainty is the increase in internet sales in the future that may reduce the sales potential of physical shopping centers.

Food and Drug Store Retail Impact Analysis: 2.5-Mile Ring

- As shown in Table 12, the projected level of grocery and drug store demand was $29.2 million in sales over the 2016–2025 period; this retail demand generated supportable grocery and drug store supply of 74,800 square feet; currently the stable vacancy level is 4.5 percent.
- When this demand increase is compared with an estimated total of 125,000 square feet of neighborhood retail supply added to the market in this period, including the 90,000 square foot in the proposed project, the vacant square feet is projected to increase to 75,025 from the existing level of 24,825 square feet, and reach an estimated average vacancy rate of 11.2 percent.
- This projected increase in the level of vacancy to 11.2 percent over the 2016–2025 period is above the 10.0 percent threshold level and is considered sufficient to cause some grocery and drug stores to experience loss in sales that potentially leads to closures that could persist and lead to urban decay; again, how long this would persist would be dependent upon the rate of growth in the local household demand.
- Over the long-term forecast from 2016 – 2040, the vacancy level is projected to decline to a very low level of 0.6 percent as household growth continues into the future; this level over the long-term is considered sufficiently low enough as to not likely to cause loss of sales that lead to urban decay in the local, 2.5-mile ring market.

Table 1
Comparison of Approved Shopping Center (2005) with Proposed Shopping Center (2017)
The District at South Bay

Approved Project			Proposed Project		Proposed Minus Approved Difference
Use		**Square Footage or Units**	**Use**	**Square Footage or Units**	
Panel A. Residential Uses					
Rental	400		Rental	1,250	850
Ownership	1,150		Ownership	0	-1,150
Total Residential Units		**1,550**	**Total Residential Units**[1]	**1,250**	**-300**
Panel B. Commercial Square Footage					
Regional Retail		650,000	Regional Retail	585,000	-65,000
Shopping Center	500,000				
Specialty Retail	150,000				
Value Oriented Retail		650,000	Premimum Outlet Mall	696,500	46,500
Neighborhood Serving Retail		200,000	Neighborhood Serving Retail	90,000	-110,000
Large Format Food/Grocery Store	70,000				
Neighborhood Retail	130,000				
Restaurants		81,125	Restaurants	100,000	18,875
Entertainment		214,000	Entertainment	130,000	-84,000
Total Retail Square Footage		**1,795,125**	**Total Retail Square Footage**	**1,601,500**	**-193,625**
Hotel		200,000	Hotel	233,333	33,333
Total Commercial Square Footage		**1,995,125**	**Total Commercial Square Footage**	**1,834,833**	**-160,292**
Panel C. Hotel Rooms					
North	200		North	200	0
South	100		South	150	50
Total Hotel Rooms		**300**	**Total Hotel Rooms**	**350**	**50**

1. The proposed project does not include 11 acres north of Del Amo Boulevard, where 300 rental residential units are currently being constructed. Including these units, the maximum residential unit count is 1,550, equal to the approved project.

Sources: Stanley R. Hoffman Associates, Inc.
City of Carson, Planning Department

Table 2
Existing Retail Conditions: 2.5 and 5.0 Mile Rings
The District at South Bay

Panel A. 0.0 - 5.0 Mile Ring	
Existing Total Retail GLA	19,724,027
Estimated Vacant Square Footage	979,374
Estimated Vacancy Rate	5.0%
Panel B. 0.0 - 2.5 Mile Ring	
Existing Grocery, Food, & Drug Store GLA	546,008
Estimated Vacant Square Footage	24,825
Estimated Vacancy Rate	4.5%

Sources: Stanley R. Hoffman Associates, Inc.
Waronzof Associates/CoStar 2017

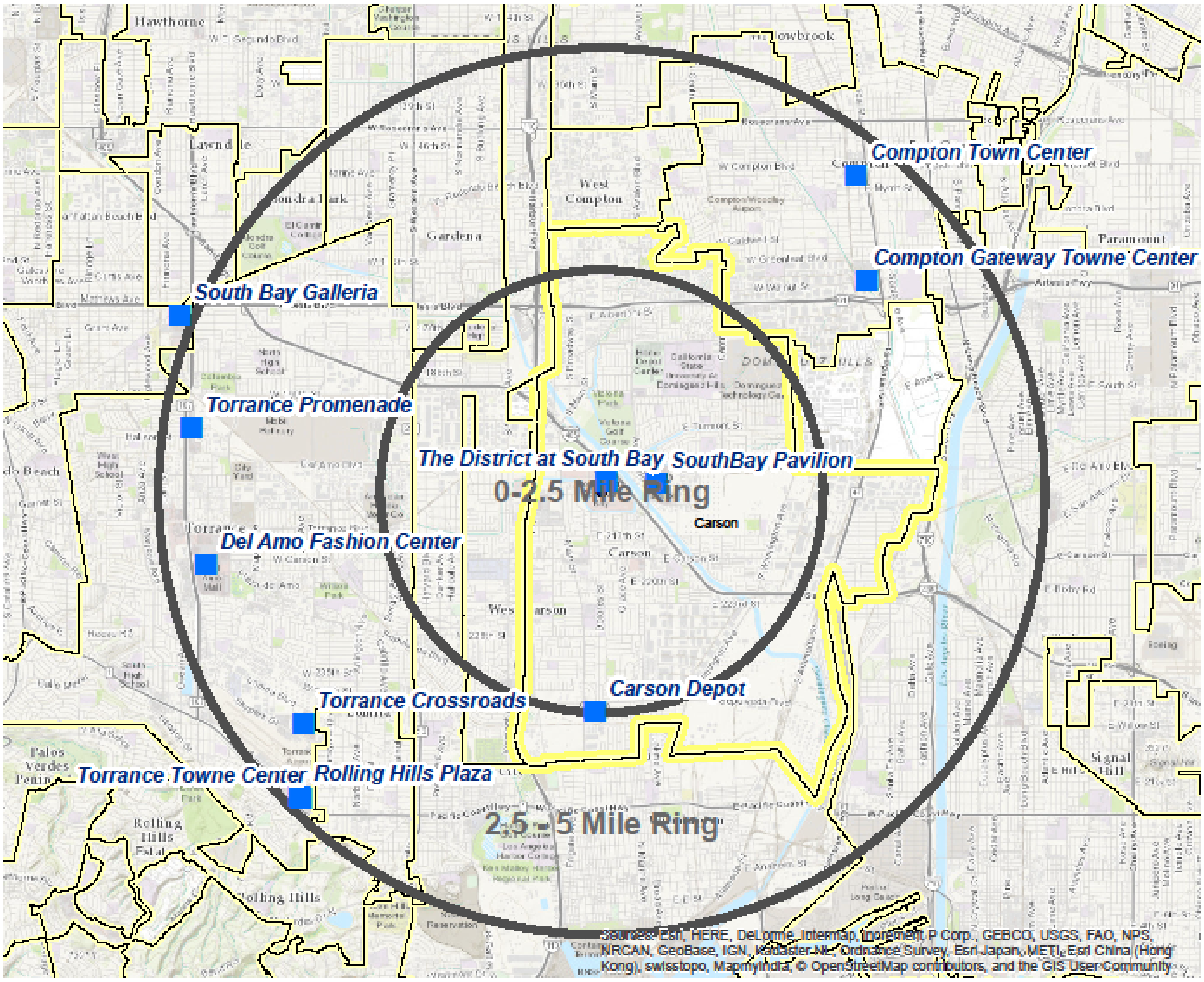
Table 3
Existing Major Shopping Centers: 5.0 Mile Ring
The District at South Bay

Project Name	Project Address	City	Estimated Square Feet
SouthBay Pavilion	20700 Avalon Boulevard	Carson	1,010,000
Carson Depot	1815 Hawthorne Boulevard	Carson	255,847
Compton Gateway Towne Center	110 Towne Center Drive	Compton	502,000
Compton Town Center	156 East Compton Boulevard	Compton	196,442
Torrance Towne Center	2755 Pacific Coast Highway	Torrance	262,600
Del Amo Fashion Center	3525 West Carson Street	Torrance	2,600,000
Torrance Crossroads	24427 Crenshaw Boulevard	Torrance	491,000
Rolling Hills Plaza	2601 Airport Drive	Torrance	500,000
Torrance Promenade	19800 Hawthorne Boulevard	Torrance	268,814
South Bay Galleria[1]	1815 Hawthorne Boulevard	Redondo Beach	971,100
		TOTAL	**7,057,803**

1. The South Bay Galleria is located just outside of the defined 5 Mile market area, but has been included to provide a comprehensive analysis of competitve shopping centers. Additionally, the shopping center is undergoing renovations which include an estimated 224,464 square feet of retail, restaurant, and entertainment uses, 650 residential units, and up to 150 hotel rooms. At buildout, the maximum intensity of the development is an estimated 1,950,565 square feet.

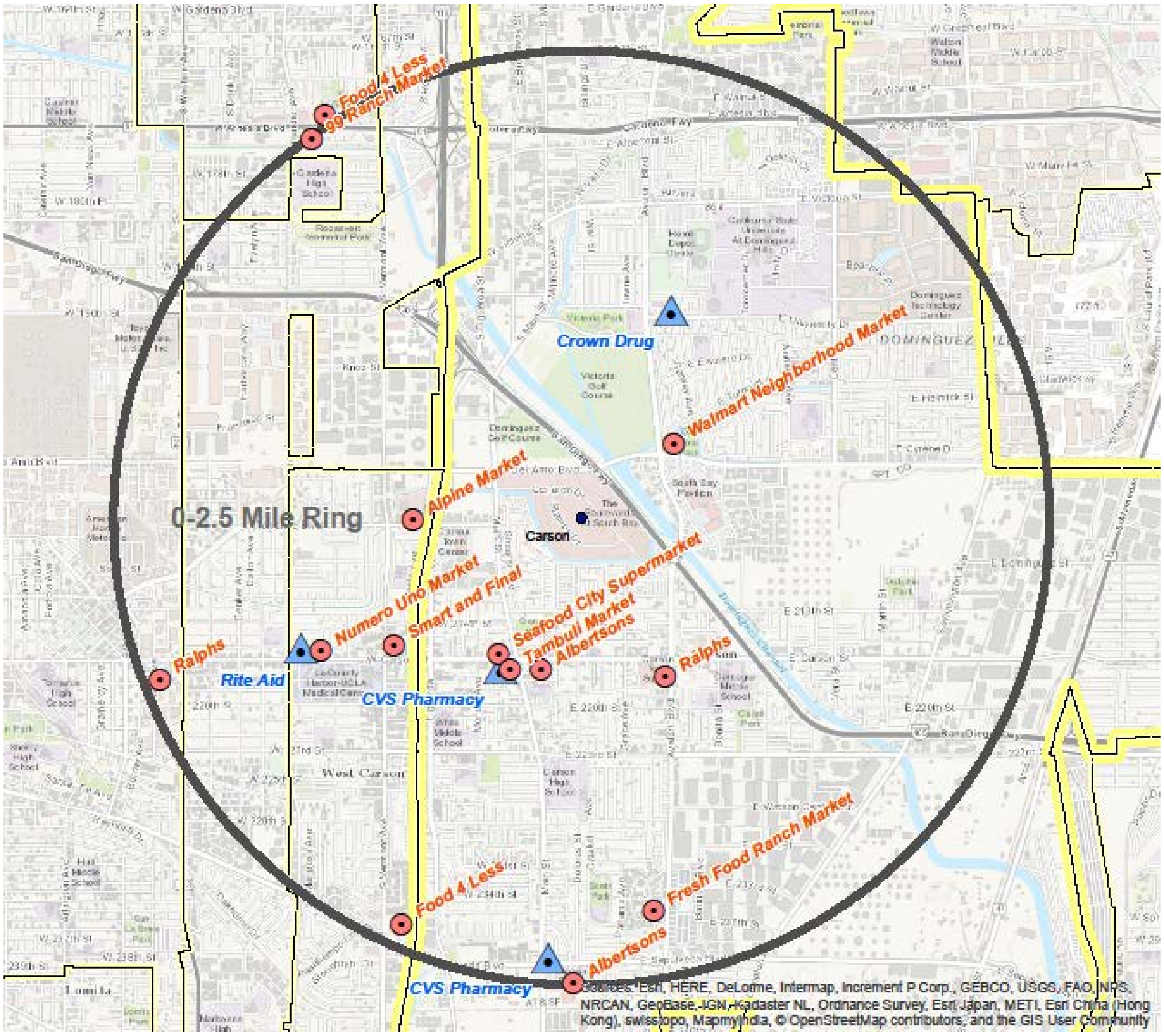
Sources: Stanley R. Hoffman Associates, Inc.
Esri 2017

Figure 1
Existing Major Shopping Centers: 5.0 Mile Ring
The District at South Bay



Source: Stanley R. Hoffman Associates, Inc.

Figure 2
Existing Grocery and Drug Stores: 2.5 Mile Ring
The District at South Bay



Note: The 24,825 square foot Fresh Food Ranch Market, in the southern portion of the 2.5-mile ring is currently vacant.

Source: Stanley R. Hoffman Associates, Inc.

Table 4
Taxable Retail Sales per Capita: 2003 and 2015
The District at South Bay
(In Constant 2017 Dollars)

Geography	2003	Ratio of Carson to Adjacent Cities	2015	Ratio of Carson to Adjacent Cities	% Change in Per Capita Amount 2003-2015
Carson	$16,847	N/A	$15,587	N/A	-7.5%
Compton	$3,068	5.49	$5,235	2.98	70.6%
Gardena	$11,519	1.46	$13,035	1.20	13.2%
Hawthorne	$11,152	1.51	$12,129	1.29	8.8%
Lawndale	$7,157	2.35	$6,798	2.29	-5.0%
Long Beach	$8,253	2.04	$8,444	1.85	2.3%
Los Angeles City	$8,920	1.89	$8,897	1.75	-0.3%
Redondo Beach	$13,451	1.25	$13,253	1.18	-1.5%
Torrance	$26,271	0.64	$21,428	0.73	-18.4%
Surrounding Cities[1]	$9,378	1.80	$9,312	1.67	-0.7%
Los Angeles County	$10,868	1.55	$11,056	1.41	1.7%

1. Surrounding Cities are a combination of: Compton, Gardena, Hawthorne, Lawndale, Long Beach Redondo Beach, and Torrance.

Sources: Stanley R. Hoffman Associates, Inc.
California State Board of Equalization, *Taxable Sales in California Cities by Type of Business,* 2003 & 2015

Table 5
Planned and Proposed Retail Projects: 5 Mile Ring
Carson and Surrounding Cities
The District at South Bay

Project Name	Address	City	Est. Year of Completion	SF
Union South Bay	21601 Avalon Blvd.	Carson	2018	30,000
Kott	21212 Avalon Blvd.	Carson	2019	140,000
Cal State Dominguez Hills, Master Plan	1000 E. Victoria Street	Carson	N/A	96,085
Southbay Galleria (Renovations)	1815 Hawthorne Boulevard	Redondo Beach	2023	224,464
	Total			***490,549***

Sources: Stanley R. Hoffman Associates, Inc.
City of Carson, Planning Department
California State University, Dominguez Hills, 2018 Draft Master Plan
South Bay Galleria Draft Environmental Impact Review

Table 6
Planned and Proposed Residential Projects: 5 Mile Ring
Carson and Surrounding Cities
The District at South Bay

Project Name	Location	City	Est. Year of Completion	Units
Meta	21601 S. Avalon Blvd.	Carson	2018	357
MBK Homes	21801 Vera St.	Carson	2018	18
223rd	21205 S. Main St.	Carson	2019	46
HQT Homes	123 E 223rd St.	Carson	2019	10
Kott	21212 Avalon Blvd.	Carson	2019	1,100
Rand	225 W. Torrance	Carson	2019	900
Del Amo	20330 Main St.	Carson	2019	300
The District at Southbay	N/A	Carson	2023	1,250
Cal State Dominguez Hills, Master Plan	1000 E. Victoria Street	Carson	N/A	2,149
Anaheim and Walnut	1540 - 1500 Anaheim St.	Long Beach	N/A	92
Anchor Place	2001 River Avenue	Long Beach	N/A	120
Riverwalk Res. Dev.	4747 Daisy Ave.	Long Beach	N/A	131
N/A	175th Place and Prairie Ave.	Torrance	N/A	62
N/A	3620 Lomita Blvd.	Torrance	N/A	84
N/A	18538 Amie Avenue	Torrance	N/A	2
N/A	18513 Ashley Avenue	Torrance	N/A	2
N/A	6160 Pacific Coast Highway	Torrance	N/A	5
N/A	2409 Arlington Avenue	Torrance	N/A	20
N/A	1750 Manuel Avenue	Torrance	N/A	6
Del Amo Senior Village	NEC of Carson Street and Del Amo Circle Dr.	Torrance	N/A	283
South Bay Galleria	1815 Hawthorne Boulevard	Redondo Beach	2023	650
			TOTAL	**7,587**

Sources: Stanley R. Hoffman Associates, Inc.
City of Carson, Planning Department
Urbanize.la
City of Torrance, Plannning Department

Table 7
Household Growth Forecasts
The District at South Bay

SCAG and Adjusted Household Growth Forecast	Household Growth	
	2016-25[2]	2016-40
A. SCAG Household Growth Forecast[1]		
0.0-2.5 miles		
SCAG Forecasts	1,918	5,344
0.0-5.0 miles		
SCAG Forecasts	6,031	16,547
B. Adjusted Household Growth Forecast[3]		
0.0-2.5 miles		
SCAG Forecasts	1,918	5,344
Proposed Additional Growth[4]	1,682	1,682
Total Household Growth	3,600	7,026
0.0-5.0 miles		
SCAG Forecasts	6,031	16,547
Proposed Additional Growth[4]	1,682	1,682
Total Household Growth	7,713	18,229

1. Based on SCAG 2040 TAZ Tier 2 level RTP Forecasts provided by Fehr and Peers, Transportation Consultants for the project.
2. The 2025 forecast has been prepared by the consultant as an interpolation between 2016 and 2040.
3. The adjusted forecast has been prepared by the consultant based on the proposed and planned residential projects that exceed the SCAG forecast.
4. The proposed additional growth has been adjusted to result in 3,600 units in the first phase in the 2.5 mile ring; this is based on information from City staff of an average estimated absorption of 450 units per year for eight years from 2018 - 2025.

Source: Stanley R. Hoffman Associates, Inc.

Table 8
Retail Sales per Hotel Room
The District at South Bay

Category	Amount
A. Gross Annual Room Receipts	
Rooms	350
Average Occupancy Rate	70%
Average Room Rate	$130
Net Daily Room Receipts	$31,850
Room Nights	365
Gross Annual Room Receipts	$11,625,250
B. Estimated Annual Hotel Retail Sales	
Average Estimated Retail Expenditures per Visitor	$133
Estimated Visitors per Room	1.5
Estimated Annual Hotel Visitor Retail Sales	$17,840,288
Estimated Capture Rate within Center	50%
Estimated Hotel Visitor Retail Sales	$8,920,144
Estimated Annual Retail Sales per Room	**$25,486**
Estimated Daily Retail Sales per Room	$70
C. Estimated Additional Hotel Room Retail Demand	
Proposed Hotel Rooms at The District	350
Proposed Hotel Rooms at The Galleria	150
Proposed Hotel Rooms at NEC of Carson St. & Del Amo Circle (Torrance)	70
Estimated Additional Hotel Rooms	570
Estimated Hotel Retail Sales Captured at The District	**$14,527,020**

Sources: Stanley R. Hoffman Associates, Inc.
CBRE Hotels, *Trends in the Hotel Industry, Los Angeles County Market* , May 2016
Los Angeles County Economic Development Corporation, *Hospitality and Tourism in Los Angeles County, Its Economic Contribution and Occupational Forecast* , February 2015

Table 9
Land Uses and Estimated Annual Sales
The District at South Bay
(In Constant 2017 Dollars)

Land Use Types	Specific Plan Land Use Category	Units or Square Feet	Hotel Rooms	Retail Sales per Square Foot [1]	Total Retail Sales
Planning Area 1 (15 Acres)					
Residential Units	MU-M	1,250			
Subtotal Units		***1,250***			
Planning Area 2 (46 Acres)					
Commercial SF (Premium Outlet Mall)	CM	696,500		$1,034	$720,181,000
Restaurant SF	CM	15,000		$500	$7,500,000
Subtotal SF		***711,500***			$727,681,000
Planning Area 3 (96 Acres)					
Regional Retail Center SF	CMCM	585,000		$480	$280,800,000
Neighborhood-Serving Commercial SF	CMCM	90,000		$390	$35,100,000
Restaurant SF	CM	85,000		$500	$42,500,000
Commercial Recreation/Entertainment SF	CM	130,000		$319	$41,470,000
				Retail Sales per Room	
Hotel	CM		350	$25,486	$8,920,100
Subtotal (SF and Rooms)		***890,000***	***350***		$408,790,100
TOTAL (Units, Square Feet, Hotel Rooms)	**1,250**	**1,601,500**	**350**		**$1,136,471,100**

1. Sales per square foot are based on data from HdL Companies by type of store, as shown in Table 2. Premium outlet retail sales are estimated at the high end of the weighted average range of sales per square foot, while all other retail sales are estimated using the midpoint of the weighted average range of sales per square foot. Estimated hotel retail sales per square foot are based on documents from LAEDC Institute for Applied Economics and CBRE Hotels, as presented in Table 3.

Sources: Stanley R. Hoffman Associates, Inc.
HdL Companies, *2017 California Retail Analytics, Expanding Retailers and Retail Store Sales Estimates*
CBRE Hotels, *Trends in the Hotel Industry, Los Angeles County Market* , May 2016
Los Angeles County Economic Development Corporation, *Hospitality and Tourism in Los Angeles County* , February 2015

Table 10
Median Sales for Selected Outlet Malls
The District at South Bay
(In Constant 2017 Dollars)

Name of Mall	Location	Estimated Square Feet	Estimated Sales per Square Foot[1]	Estimated Total Sales (000s)[1]	Type of Shopping Center
Woodbury Commons Premium Outlets	New York, NY	850,000	$1,790	$1,521,500	Outlet Mall
Las Vegas North Premium Outlets	Las Vegas, NV	676,000	$1,629	$1,101,204	Outlet Mall
Orlando Vineland Premium Outlets	Orlando, FL	655,000	$1,614	$1,057,170	Outlet Mall
The Citadel	Commerce, CA	700,000	$1,281	$896,700	Outlet Mall
Desert Hills Premium Outlets	Cabazon, CA	650,000	$1,418	$921,700	Outlet Mall
Orlando International Premium Outlets	Orlando, FL	774,000	$1,203	$931,122	Outlet Mall
Carlsbad Premium Outlets	Carlsbad, CA	288,299	$837	$241,306	Outlet Mall
Median Values		***676,000***	***$1,418***	***$931,122***	

1. The estimated sales per square foot and estimated total sales were based on 2014 estimates escalated to 2017 dollars based on the Consumer Price Index (CPI) factor of 1.05.

Sources: Stanley R. Hoffman Associates, Inc.
Simon Group
Fortune.com
The Citadel Leasing Brochure

Table 11
Total Retail Store Impact Analysis: 5.0-Mile Ring
The District at South Bay
(In Constant 2017 Dollars)

	2016 Existing Conditions [1]	GROWTH 2016-25	GROWTH 2016-40
0.0-5.0 miles			
Households	**175,668**	**7,713**	**18,229**
Projected Household Retail Sales Growth [2]		$283,866,711	$670,872,209
Projected Outlet Mall Tourism Demand[3]		$267,456,000	$267,456,000
Projected Hotel Visitor Retail Demand[4]		$14,527,020	$14,527,020
Projected Total Demand		$565,849,731	$952,855,229
Supportable GLA @ $540/s.f.		1,047,900	1,764,500
GLA Growth (New Supply)			
Proposed Project		1,601,500	1,601,500
All Other Projects		490,550	490,550
Total		2,092,050	2,092,050
Excess GLA Supply		1,044,150	327,550
Existing Vacant Sq. Ft.	**979,374**	979,374	979,374
Adjusted Overall Vacancy		**2,023,524**	**1,306,924**
2016 GLA	**19,724,027**	19,724,027	19,724,027
GLA Growth (New Supply)		2,092,050	2,092,050
Projected Total GLA		**21,816,077**	**21,816,077**
Projected Overall Vacancy Rate	**5.0%**	**9.3%**	**6.0%**

1. The existing conditions, including the estimated vacancy rate, comes from CoStar/Waronzof Associates, Inc.
2. Includes all retail store types excluding auto and parts dealers, and gasoline stations.
3. The extra boost in retail sales from the premium outlet mall is estimated at 50 percent above an average discount outlet mall in California.
4. This estimate is for retail sales capture at 50 percent from a total of 500 hotel rooms proposed in the market area (350 from The District and 150 from the Galleria).

Source: Stanley R. Hoffman Associates, Inc,

Table 12
Food and Drug Store Retail Impact Analysis: 2.5-Mile Ring
The District at South Bay
(In Constant 2017 Dollars)

	2016 Existing Conditions [1]	2016-25	2016-40
0.0-2.5 miles			
Households	36,016	3,600	7,026
Projected Food and Beverage Sales Growth		$20,684,386	$40,370,268
Health and Personal Care Stores		$8,483,604	$16,557,676
Total Food and Drug Store Demand		$29,167,990	$56,927,944
Supportable GLA @ $390/s.f. [2]		74,800	146,000
GLA Growth (New Supply)			
Proposed Project		90,000	90,000
All Other Projects		35,000	35,000
Total		125,000	125,000
Excess GLA		50,200	(21,000)
Existing Vacant Sq.Ft.	24,825	24,825	24,825
Adjusted Overall Vacancy		75,025	3,825
2016 GLA	546,008	546,008	546,008
GLA Growth (New Supply)		125,000	125,000
Projected Total GLA		671,008	671,008
Projected Overall Vacancy Rate	**4.5%**	**11.2%**	**0.6%**

1. The existing conditions, including the estimated vacancy rate, comes from a field survey by Stanley R. Hoffman Associates, Inc.
2. This estimate is based on a blended average per sq. ft. of food and drug stores.

Source: Stanley R. Hoffman Associates, Inc,

APPENDIX A
SHOPPING CENTER INVENTORY

Appendix A presents the existing inventory for selected retail centers and stores within the 2.5 and 5.0 Mile market areas. Within the 5.0 Mile market area, the major existing shopping centers, department stores, and big box retailers have been identified. Within 2.5 Mile market area, the major existing grocery and drug stores have been identified.

- As shown in Table A-1and illustrated in Figure A-1, the major existing shopping centers total to an estimated 7.06 million square feet; the largest shopping center in the 5.0 Mile market area is the Del Amo Fashion Center with an estimated 2.6 million square feet, followed by the South Bay Pavilion with an estimated 1.01 million square feet.
- Additionally, the third largest shopping center, the South Bay Galleria, is currently undergoing renovations which will add an estimated 224,464 square feet of retail, 650 residential units, and 150 hotel rooms; at buildout, the maximum retail space of the South Bay Galleria will be an estimated 1.20 million square feet.
- As shown in Table A-2 and illustrated in Figure A-2, there is an estimated 1.92 million square feet of department store space within the 5.0 Mile market area.
- As shown in Table A-3 and illustrated in Figure A-3, there is an estimated 2.50 million square feet of big box stores within the 5.0 Mile market area.
- Finally, as shown in Table A-4, there is an estimated 546,008 square feet of grocery and drug stores within the 2.5 Mile market area.
- The vacancy rate for grocery and drug stores within the 2.5 Mile market area is estimated at 4.5 percent, or 24,825 square feet.

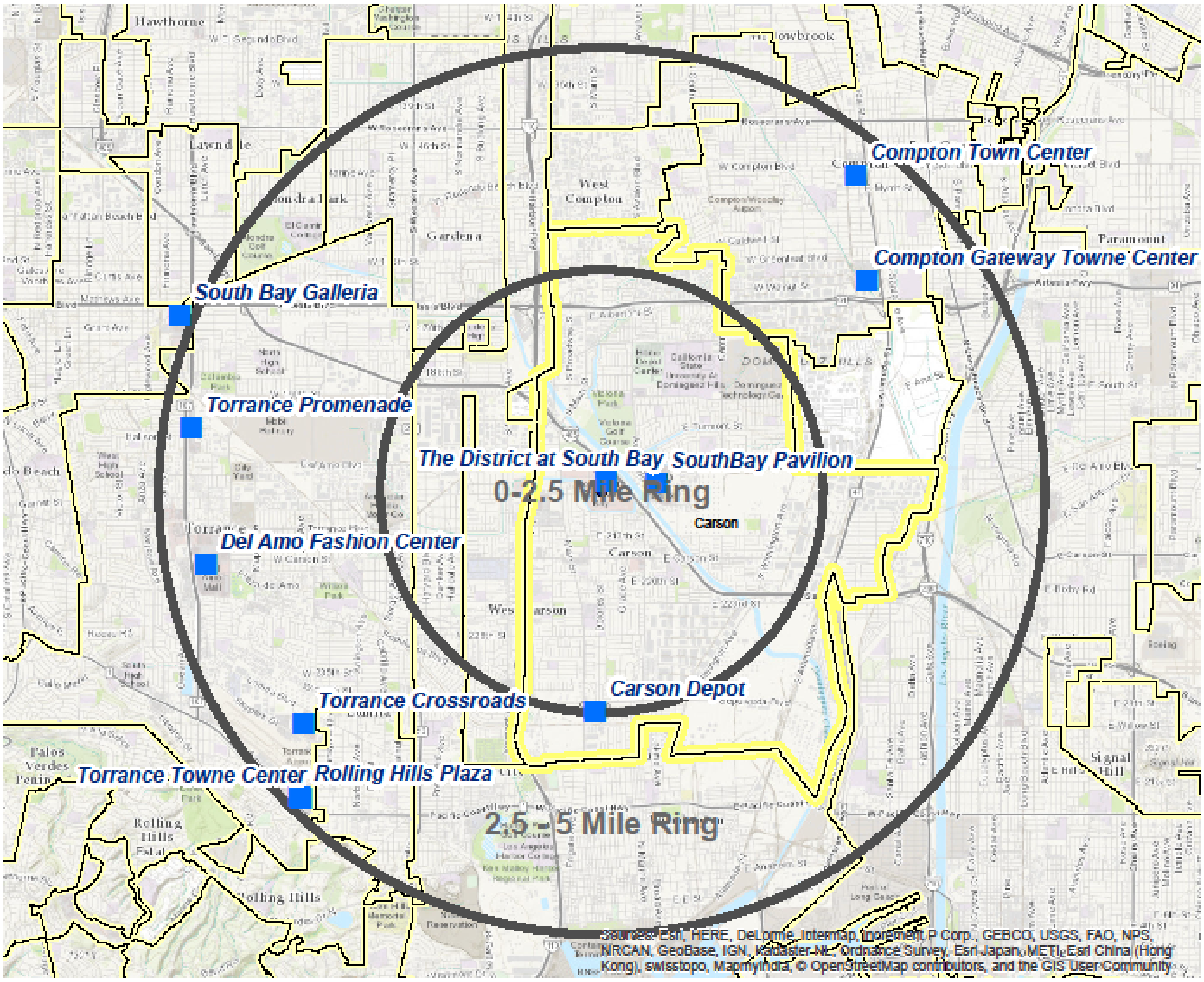
Table A-1
Existing Major Shopping Centers: 5.0 Mile Ring
The District at South Bay

Project Name	Project Address	City	Estimated Square Feet
SouthBay Pavilion	20700 Avalon Boulevard	Carson	1,010,000
Carson Depot	1815 Hawthorne Boulevard	Carson	255,847
Compton Gateway Towne Center	110 Towne Center Drive	Compton	502,000
Compton Town Center	156 East Compton Boulevard	Compton	196,442
Torrance Towne Center	2755 Pacific Coast Highway	Torrance	262,600
Del Amo Fashion Center	3525 West Carson Street	Torrance	2,600,000
Torrance Crossroads	24427 Crenshaw Boulevard	Torrance	491,000
Rolling Hills Plaza	2601 Airport Drive	Torrance	500,000
Torrance Promenade	19800 Hawthorne Boulevard	Torrance	268,814
South Bay Galleria[1]	1815 Hawthorne Boulevard	Redondo Beach	971,100
		TOTAL	**7,057,803**

1. The South Bay Galleria is located just outside of the defined 5 Mile market area, but has been included to provide a comprehensive analysis of competitve shopping centers. Additionally, the shopping center is undergoing renovations which include an estimated 224,464 square feet of retail, restaurant, and entertainment uses, 650 residential units, and up to 150 hotel rooms. At buildout, the retail portion of the development is estimated at 1,195,564 square feet.

Sources: Stanley R. Hoffman Associates, Inc.
Esri 2017

Figure A-1
Existing Major Shopping Centers: 5.0 Mile Ring
The District at South Bay



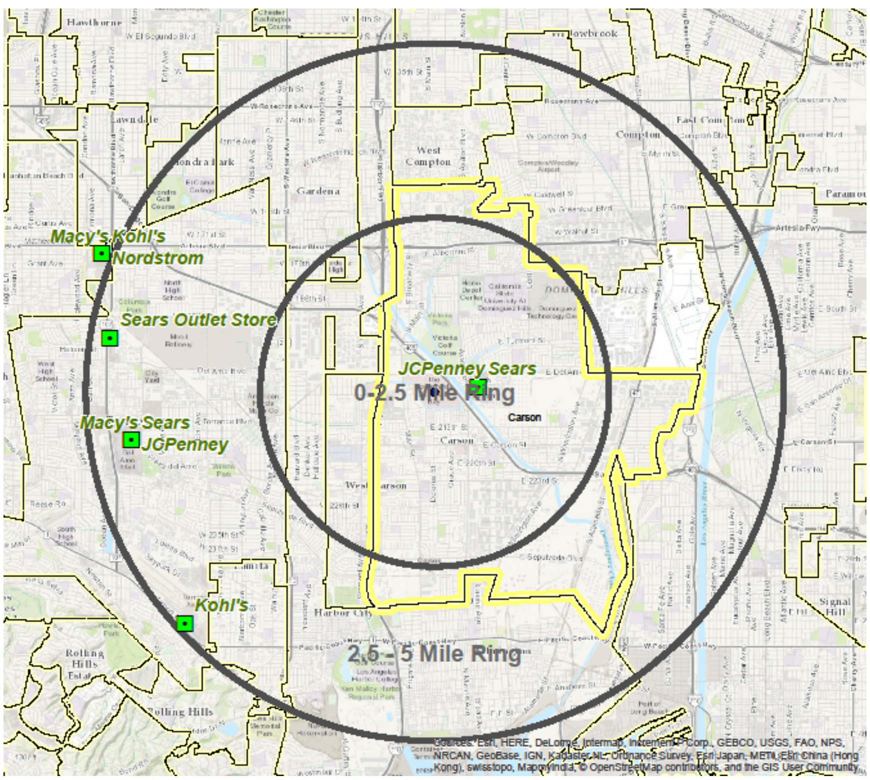
Source: Stanley R. Hoffman Associates, Inc.

Table A-2
Existing Department Stores: 5.0 Mile Ring
The District at South Bay

Store Name	Store Address	City	Estimated Square Feet
Sears	20700 S. Avalon Boulevard	Carson	192,775
JCPenney	20700 S. Avalon Boulevard	Carson	189,800
Sears	3525 W. Carson Street	Torrance	313,495
Macy's	3525 W. Carson Street	Torrance	251,892
JCPenney	3525 W. Carson Street	Torrance	163,346
Burlington Coat Factory	3525 W. Carson Street	Torrance	106,211
Sears Outlet Store	19800 Hawthorne Boulevard	Torrance	43,595
Kohl's	2755 Pacific Coast Highway	Torrance	87,000
Macy's	1815 Hawthorne Boulevard	Redondo Beach	334,896
Nordstrom	1815 Hawthorne Boulevard	Redondo Beach	148,778
Kohl's	1815 Hawthorne Boulevard	Redondo Beach	84,000
		TOTAL	**1,915,788**

Sources: Stanley R. Hoffman Associates, Inc.
Esri 2017

Figure A-2
Existing Department Stores: 5.0 Mile Ring
The District at South Bay



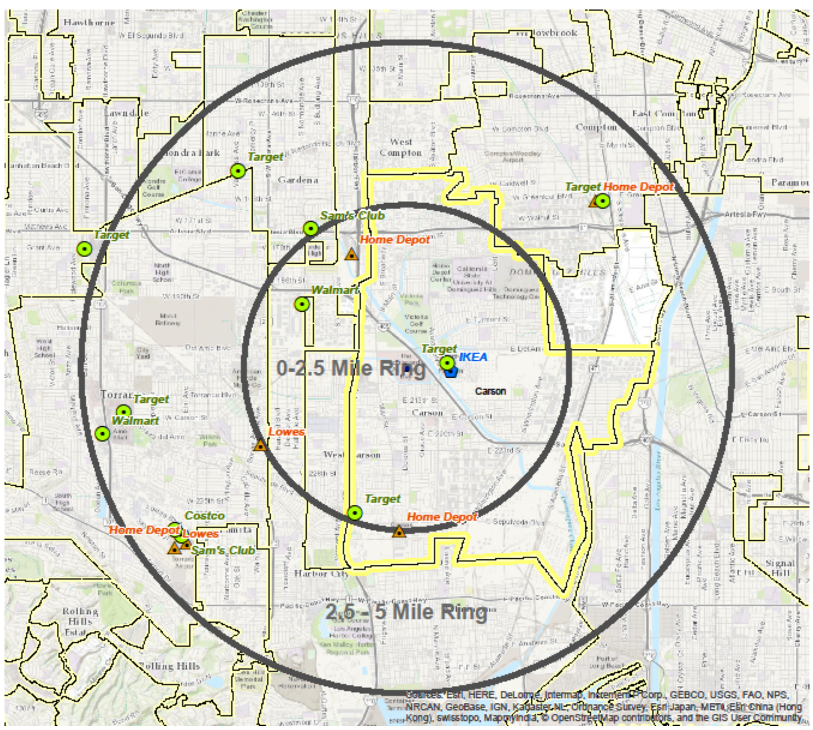
Source: Stanley R. Hoffman Associates, Inc.

Table A-3
Existing Big Box Stores: 5.0 Mile Ring
The District at South Bay

Store Name	Store Address	City	Estimated Square Feet
Target	20700 S. Avalon Boulevard	Carson	146,440
IKEA	20700 S. Avalon Boulevard	Carson	206,500
Target	651 W. Sepulveda Boulevard	Carson	141,000
Home Depot	110 E. Sepulveda Blvd.	Carson	132,000
Lowes	22255 S. Western Avenue	Torrance	157,800
Home Depot	24451 Crenshaw Boulevard	Torrance	112,890
Lowes	2700 Skypark	Torrance	166,300
Walmart	19503 Normandie Avenue	Torrance	148,400
Target	3525 W. Carson Street	Torrance	120,500
Sam's Club	2601 Skypark Drive	Torrance	135,907
Target	2169 W. Redondo Beach Blvd.	Torrance	144,300
Target	1621 Alameda St	Compton	127,700
Walmart	22015 Hawthorne Blvd.	Torrance	75,400
Costco	2640 Lomita Boulevard	Torrance	165,000
Home Depot	740 182nd Street	Gardena	154,250
Sam's Club	1399 Artesia Boulevard	Gardena	104,250
Home Depot	101 Towne Center Drive	Compton	115,660
Target	1601 Kingsdale Avenue	Redondo Beach	144,670
		TOTAL	**2,498,967**

Sources: Stanley R. Hoffman Associates, Inc.
Esri 2017

Figure A-3
Existing Big Box Stores: 5.0 Mile Ring
The District at South Bay



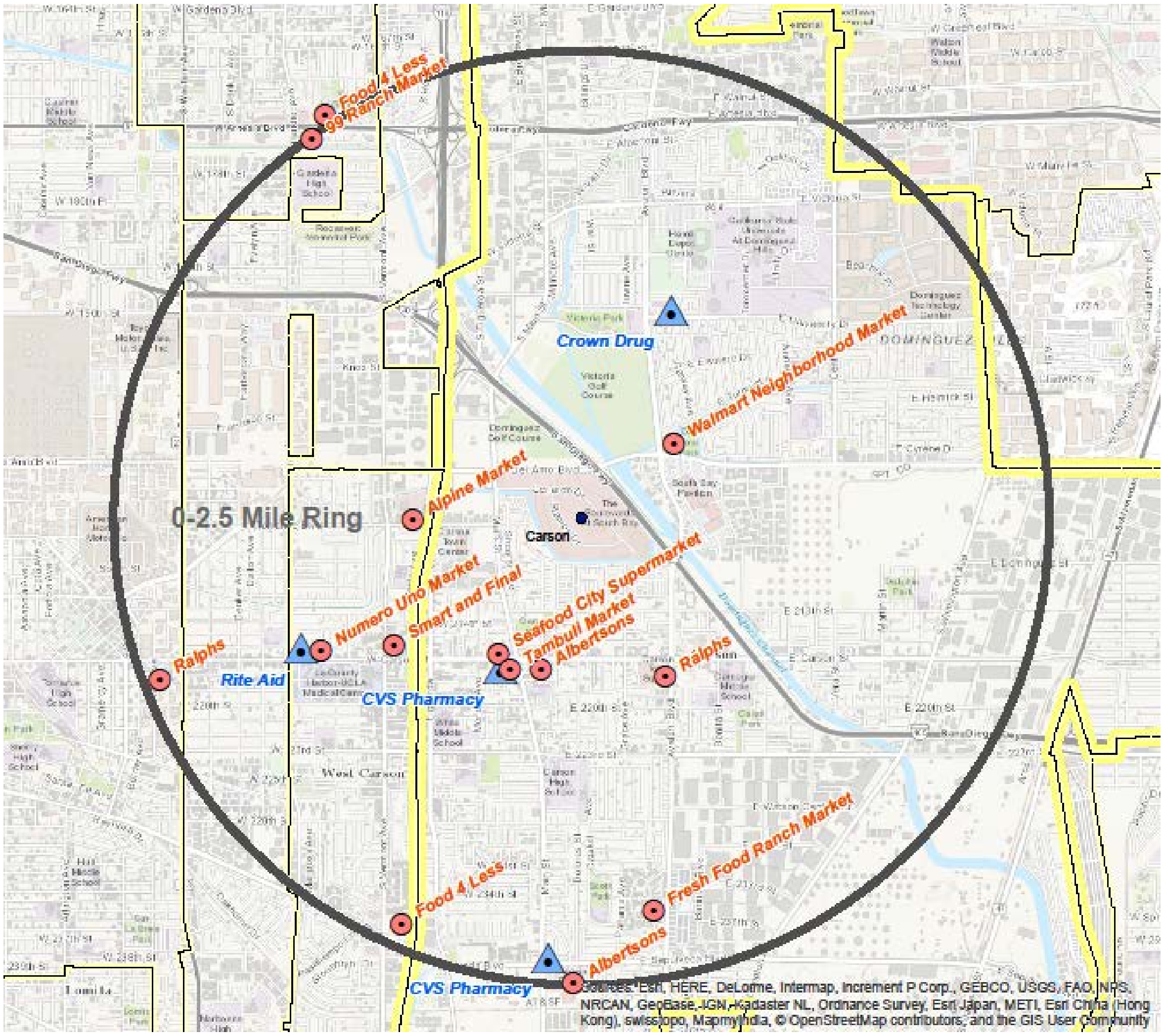
Source: Stanley R. Hoffman Associates, Inc.

TableA-4
Existing Grocery, Food, and Drug Stores: 2.5 Mile Ring
The District at South Bay

Name	Address	City	Square Feet	Status
Panel A. Grocery Stores				
Fresh Food Ranch Market	23501 S. Avalon Blvd.	Carson	24,825	Vacant
Numero Uno Market	1141 W. Carson St.	Torrance	31,680	Occupied
Smart and Final	21600 S. Vermont Ave.	Torrance	16,423	Occupied
Ralphs	650 E. Carson St.	Carson	35,580	Occupied
Alpine Market	833 W. Torrance Blvd.	Torrance	14,200	Occupied
Seafood City Supermarket	131 W. Carson St.	Carson	18,200	Occupied
Tambuli Market	126 W. Carson St.	Carson	7,900	Occupied
Walmart Neighborhood Market	20226 Avalon Boulevard	Carson	31,000	Occupied
Ralphs	1770 W. Carson Street	Torrance	57,000	Occupied
Albertsons	200 E. Sepulveda Boulevard	Carson	57,560	Occupied
Albertsons	110 E. Carson Street	Carson	56,440	Occupied
Food 4 Less	1299 West Artesia Blvd.	Gardena	50,100	Occupied
99 Ranch Market	1340 West Artesia Blvd.	Gardena	21,800	Occupied
Food 4 Less	851 Sepulveda Boulevard	Torrance	57,600	Occupied
		Subtotal Grocery	**480,308**	
Panel B. Drug Stores				
CVS Pharmacy	150 W. Carson St.	Carson	24,400	Occupied
Rite Aid	1237 W. Carson St.	Torrance	17,200	Occupied
CVS Pharmacy	23806 S. Main Street	Carson	11,900	Occupied
Crown Drug	657 E. University Drive	Carson	12,200	Occupied
		Subtotal Drug	**65,700**	
		TOTAL GROCERY & DRUG	**546,008**	
		Percent Grocery Stores	*88%*	
		Percent Drug Stores	*12%*	
Panel C. Estimated Vacancy Rate				
Estimated Vacant Sq. Ft.			24,825	
Estimated Vacancy Rate			*4.5%*	

Sources: Stanley R. Hoffman Associates, Inc.
Los Angeles County Office of the Assessor
Esri 2017
Google Earth

Figure A-4
Existing Grocery and Drug Stores
The District at South Bay



Note: The 24,825 square foot Fresh Food Ranch Market, in the southern portion of the 2.5-mile ring is currently vacant.

Source: Stanley R. Hoffman Associates, Inc.

APPENDIX B
TAXABLE RETAIL SALES

Appendix B summarizes the taxable retail sales trends for Carson as well as selected surrounding jurisdictions. Data for this appendix was gathered from the California Board of Equalization (BOE), *Taxable Sales in California Cities by Business* Report for 2003 and 2015. Total taxable retail sales and per capita taxable retail sales in 2003 and 2015 have been adjusted for inflation in constant 2017 dollars.

- As shown in Table B-1, the estimated taxable retail sales per capita in 2017 dollars decreased from $16,847 in 2003 to $15,587 in 2015; a decrease of 7.5 percent.
- Despite the negative growth, taxable retail sales per capita in Carson has performed well when compared to the surrounding cities; only Torrance has outperformed Carson during the selected time period.
- Table B-2 details the total taxable sales by retail category for Carson and surrounding jurisdictions in 2003 in 2017 constant dollars; total taxable retail sales for Carson were estimated at $1.61 billion, as shown in Panel A of Table B-2.
- Based on total taxable sales and population estimates in Panel A and B of Table B-2, the per capita taxable sales by retail category were calculated in Panel C of Table B-2.
- Finally, Panel D of Table B-2 presents the relative strength of retail taxable sales in Carson in 2003 compared to surrounding jurisdictions.
- Carson outperformed all selected surrounding jurisdictions except for Torrance in 2003; however, when compared to surrounding cities, Carson did experience some leakage in the Clothing and Clothing Accessories Stores (0.44), Food Services and Drinking Places (0.77), and Food and Beverage Stores (0.94) categories.
- Table B-3 details total taxable tales by retail category for Carson and surrounding jurisdictions in 2015 in 2017 constant dollars; total taxable retail sales for Carson were estimated at $1.45 billion as shown in Panel A of Table B-2, a percent decrease of about 9.9 percent from 2003.
- Based on total taxable sales and the population estimates in Panel A and B of Table B-3, the per capita taxable sales by retail category were calculated in Panel C of Table B-3.
- Finally, Panel D of Table B-3 presents the relative strength of retail taxable sales in Carson in 2015 compared to surrounding jurisdictions.
- Carson continued to outperform all selected surrounding jurisdictions except for Torrance in 2015; however, when compared to surrounding cities, Carson again experienced some leakage in the Clothing and Clothing Accessories Stores (0.39), Food and Beverage Stores (0.66) categories, and Food Services and Drinking Places (0.85) categories.

Table B-1
Taxable Retail Sales per Capita: 2003 and 2015
The District at South Bay
(In Constant 2017 Dollars)

Geography	2003	Ratio of Carson to Adjacent Cities	2015	Ratio of Carson to Adjacent Cities	% Change in Per Capita Amount 2003-2015
Carson	$16,847	N/A	$15,587	N/A	-7.5%
Compton	$3,068	5.49	$5,235	2.98	70.6%
Gardena	$11,519	1.46	$13,035	1.20	13.2%
Hawthorne	$11,152	1.51	$12,129	1.29	8.8%
Lawndale	$7,157	2.35	$6,798	2.29	-5.0%
Long Beach	$8,253	2.04	$8,444	1.85	2.3%
Los Angeles City	$8,920	1.89	$8,897	1.75	-0.3%
Redondo Beach	$13,451	1.25	$13,253	1.18	-1.5%
Torrance	$26,271	0.64	$21,428	0.73	-18.4%
Surrounding Cities[1]	$9,378	1.80	$9,312	1.67	-0.7%
Los Angeles County	$10,868	1.55	$11,056	1.41	1.7%

1. Surrounding Cities are a combination of: Compton, Gardena, Hawthorne, Lawndale, Long Beach Redondo Beach, and Torrance.

Sources: Stanley R. Hoffman Associates, Inc.
California State Board of Equalization, *Taxable Sales in California Cities by Type of Business,* 2003 & 2015

Table B-2 (Part 1 of 2)
Taxable Retail Transactions for Selected Cities: 2003
The District at South Bay
(In Constant 2017 Dollars)

Panel A. Taxable Retail Sales Breakdown: 2003 (In thousands of 2017 dollars)

Retail Category	Carson	Compton	Gardena	Hawthorne	Lawndale	Long Beach	Los Angeles	Redondo Beach	Torrance	Surrounding Cities	Los Angeles County
Motor Vehicle and Parts Dealers	$485,068	$30,459	$153,806	$221,811	$28,472	$431,817	$5,576,196	$47,031	$942,958	$7,432,550	$24,006,150
Home Furnishings & Appliance Stores	$95,478	$16,732	$12,275	$31,655	$9,928	$129,156	$1,678,410	$39,302	$274,074	$2,191,531	$5,250,046
Bldg. Matrl. & Garden Equip. & Supplies	$157,580	$6,393	$120,375	$164,028	$47,251	$709,908	$2,709,175	$43,763	$219,240	$4,020,133	$8,995,256
Food and Beverage Stores	$51,618	$47,548	$50,156	$35,618	$12,980	$267,803	$2,186,331	$76,811	$115,333	$2,792,579	$5,826,976
Gasoline Stations	$120,229	$67,947	$66,907	$51,250	$47,917	$462,917	$3,833,674	$61,948	$200,263	$4,792,823	$10,225,339
Clothing & Clothing Accessories Stores	$22,256	$19,627	$7,993	$16,631	$5,413	$145,591	$1,995,083	$100,852	$254,411	$2,545,601	$5,987,154
General Merchandise Stores	$188,411	$26,206	$121,928	$212,711	$5,533	$533,146	$4,605,659	$201,244	$752,813	$6,459,239	$16,146,200
Food Services and Drinking Places	$112,199	$44,676	$114,445	$77,744	$30,416	$715,125	$5,864,779	$180,487	$394,817	$7,422,489	$15,325,336
Other Retail Group	$377,529	$39,539	$47,858	$167,980	$48,523	$600,534	$6,243,641	$146,446	$664,500	$7,959,021	$17,389,817
Total Taxable Retail Sales	***$1,610,369***	***$299,125***	***$695,742***	***$979,427***	***$236,433***	***$3,995,997***	***$34,692,948***	***$897,885***	***$3,818,408***	***$45,615,966***	***$109,152,274***
All other Outlets	***$957,086***	***$291,943***	***$268,608***	***$130,396***	***$38,678***	***$1,016,411***	***$11,259,971***	***$132,160***	***$906,170***	***$14,044,339***	***$47,080,054***
Total All Outlets	***$2,567,455***	***$591,068***	***$964,351***	***$1,109,823***	***$275,111***	***$5,012,408***	***$45,952,920***	***$1,030,045***	***$4,724,578***	***$59,660,304***	***$156,232,328***

Panel B. 2003 Population

	Carson	Compton	Gardena	Hawthorne	Lawndale	Long Beach	Los Angeles	Redondo Beach	Torrance	Surrounding Cities	Los Angeles County
2003 Population	95,588	97,488	60,400	87,825	33,038	484,166	3,889,126	66,753	145,346	4,864,140	10,043,406

Table B-2 (Part 2 of 2)
Taxable Retail Transactions for Selected Cities: 2003
The District at South Bay
(In Constant 2017 Dollars)

Panel C. Per Capita Taxable Retail Sales Breakdown

Retail Category	Carson	Compton	Gardena	Hawthorne	Lawndale	Long Beach	Los Angeles	Redondo Beach	Torrance	Surrounding Cities	Los Angeles County
Motor Vehicle and Parts Dealers	$5,075	$312	$2,546	$2,526	$862	$892	$1,434	$705	$6,488	$1,528	$2,390
Home Furnishings and Appliance Stores	$999	$172	$203	$360	$300	$267	$432	$589	$1,886	$451	$523
Bldg. Matrl. and Garden Equip. and Supplies	$1,649	$66	$1,993	$1,868	$1,430	$1,466	$697	$656	$1,508	$826	$896
Food and Beverage Stores	$540	$488	$830	$406	$393	$553	$562	$1,151	$794	$574	$580
Gasoline Stations	$1,258	$697	$1,108	$584	$1,450	$956	$986	$928	$1,378	$985	$1,018
Clothing and Clothing Accessories Stores	$233	$201	$132	$189	$164	$301	$513	$1,511	$1,750	$523	$596
General Merchandise Stores	$1,971	$269	$2,019	$2,422	$167	$1,101	$1,184	$3,015	$5,179	$1,328	$1,608
Food Services and Drinking Places	$1,174	$458	$1,895	$885	$921	$1,477	$1,508	$2,704	$2,716	$1,526	$1,526
Other Retail Group	$3,950	$406	$792	$1,913	$1,469	$1,240	$1,605	$2,194	$4,572	$1,636	$1,731
Total Taxable Retail Sales per Capita	***$16,847***	***$3,068***	***$11,519***	***$11,152***	***$7,157***	***$8,253***	***$8,920***	***$13,451***	***$26,271***	***$9,378***	***$10,868***
All other Outlets	***$10,013***	***$2,995***	***$4,447***	***$1,484.73***	***$1,171***	***$2,099***	***$2,895***	***$1,980***	***$6,235***	***$2,887***	***$4,688***
Total All Outlets	***$26,860***	***$6,063***	***$15,966***	***$12,637***	***$8,327***	***$10,353***	***$11,816***	***$15,431***	***$32,506***	***$12,265***	***$15,556***

Panel D. Relative Strength of Retail Taxable Sales in Carson

Retail Category	Carson Per Capita Retail Taxable Sales Share Of:									
	Compton	Gardena	Hawthorne	Lawndale	Long Beach	Los Angeles	Redondo Beach	Torrance	Surrounding Cities	Los Angeles County
Motor Vehicle and Parts Dealers	16.24	1.99	2.01	5.89	5.69	3.54	7.20	0.78	3.32	2.12
Home Furnishings and Appliance Stores	5.82	4.91	2.77	3.32	3.74	2.31	1.70	0.53	2.22	1.91
Bldg. Matrl. and Garden Equip. and Supplies	25.14	0.83	0.88	1.15	1.12	2.37	2.51	1.09	1.99	1.84
Food and Beverage Stores	1.11	0.65	1.33	1.37	0.98	0.96	0.47	0.68	0.94	0.93
Gasoline Stations	1.80	1.14	2.16	0.87	1.32	1.28	1.36	0.91	1.28	1.24
Clothing and Clothing Accessories Stores	1.16	1.76	1.23	1.42	0.77	0.45	0.15	0.13	0.44	0.39
General Merchandise Stores	7.33	0.98	0.81	11.77	N/A	1.66	0.65	0.38	1.48	1.23
Food Services and Drinking Places	2.56	0.62	1.33	1.27	0.79	0.78	0.43	0.43	0.77	0.77
Other Retail Group	9.74	4.98	2.06	2.69	3.18	2.46	1.80	0.86	2.41	2.28
Total	***5.49***	***1.46***	***1.51***	***2.35***	***2.04***	***1.89***	***1.25***	***0.64***	***1.80***	***1.55***
All other Outlets	***3.34***	***2.25***	***6.74***	***8.55***	***4.77***	***3.46***	***5.06***	***1.61***	***3.47***	***2.14***
Total All Outlets	***4.43***	***1.68***	***2.13***	***3.23***	***2.59***	***2.27***	***1.74***	***0.83***	***2.19***	***1.73***

Source: Stanley R. Hoffman Associates, Inc.
California State Board of Equalization, *Taxable Sales in California (Sales and Use Tax), 2003*
California State Department of Finance, *E-5 City/County Population and Housing Estimates, 2003*

Table B-3 (Part 1 of 2)
Taxable Retail Transactions for Selected Cities: 2015
The District at South Bay
(In Constant 2017 Dollars)

Panel A. Taxable Retail Sales Breakdown: 2015 (In 2017 dollars)

Retail Category	Carson	Compton	Gardena	Hawthorne	Lawndale	Long Beach	Los Angeles	Redondo Beach	Torrance	Surrounding Cities	Los Angeles County
Motor Vehicle and Parts Dealers	$533,501	$32,045	$116,476	$283,687	$29,761	$338,072	$4,783,813	$81,796	$900,183	$6,565,832	$18,712,844
Home Furnishings and Appliance Stores	$122,539	$59,289	$33,914	$94,093	$11,469	$117,358	$1,892,292	$65,418	$236,672	$2,510,505	$8,116,680
Bldg. Matrl. and Garden Equip. and Supplies	$83,486	$45,235	$209,067	$135,752	$38,220	$896,950	$2,420,167	$7,158	$187,934	$3,940,483	$7,671,248
Food and Beverage Stores	$44,115	$52,356	$53,053	$36,886	$14,346	$328,681	$2,816,743	$95,927	$134,554	$3,532,546	$6,932,103
Gasoline Stations	$150,579	$94,996	$96,720	$88,101	$63,837	$550,242	$4,406,562	$62,201	$228,236	$5,590,894	$11,884,718
Clothing and Clothing Accessories Stores	$30,076	$54,786	$8,352	$53,440	$3,295	$199,410	$3,306,288	$164,816	$265,998	$4,056,386	$11,372,180
General Merchandise Stores	$134,201	$47,143	$85,606	$196,216	$3,186	$322,616	$2,824,158	$104,312	$425,099	$4,008,336	$11,308,178
Food Services and Drinking Places	$168,848	$88,481	$150,399	$97,044	$40,835	$908,447	$8,492,059	$220,090	$456,788	$10,454,143	$21,352,889
Other Retail Group	$184,586	$41,364	$33,884	$77,938	$22,126	$330,323	$4,261,769	$100,772	$345,028	$5,213,205	$14,716,887
Total Taxable Retail Sales	***$1,451,930***	***$515,695***	***$787,471***	***$1,063,156***	***$227,074***	***$3,992,100***	***$35,203,851***	***$902,490***	***$3,180,493***	***$45,872,330***	***$112,067,726***
All other Outlets	***$664,991***	***$197,557***	***$187,879***	***$296,299***	***$32,847***	***$1,189,035***	***$10,439,693***	***$112,072***	***$897,158***	***$13,352,540***	***$44,441,554***
Total All Outlets	***$2,116,921***	***$713,252***	***$975,350***	***$1,359,455***	***$259,921***	***$5,181,135***	***$45,643,543***	***$1,014,563***	***$4,077,651***	***$59,224,870***	***$156,509,280***

Panel B. 2015 Population

	Carson	Compton	Gardena	Hawthorne	Lawndale	Long Beach	Los Angeles	Redondo	Torrance	Surrounding Cities	Los Angeles County
2015 Population	93,148	98,506	60,414	87,657	33,403	472,779	3,957,022	68,095	148,427	4,926,303	10,136,559

Table B-3 (Part 2 of 2)
Taxable Retail Transactions for Selected Cities: 2015
The District at South Bay
(In Constant 2017 Dollars)

Panel C. Per Capita Taxable Retail Sales Breakdown

Retail Category	Carson	Compton	Gardena	Hawthorne	Lawndale	Long Beach	Los Angeles	Redondo Beach	Torrance	Surrounding Cities	Los Angeles County
Motor Vehicle and Parts Dealers	$5,727	$325	$1,928	$3,236	$891	$715	$1,209	$1,201	$6,065	$1,333	$1,846
Home Furnishings and Appliance Stores	$1,316	$602	$561	$1,073	$343	$248	$478	$961	$1,595	$510	$801
Bldg. Matrl. and Garden Equip. and Supplies	$896	$459	$3,461	$1,549	$1,144	$1,897	$612	$105	$1,266	$800	$757
Food and Beverage Stores	$474	$532	$878	$421	$429	$695	$712	$1,409	$907	$717	$684
Gasoline Stations	$1,617	$964	$1,601	$1,005	$1,911	$1,164	$1,114	$913	$1,538	$1,135	$1,172
Clothing and Clothing Accessories Stores	$323	$556	$138	$610	$99	$422	$836	$2,420	$1,792	$823	$1,122
General Merchandise Stores	$1,441	$479	$1,417	$2,238	$95	$682	$714	$1,532	$2,864	$814	$1,116
Food Services and Drinking Places	$1,813	$898	$2,489	$1,107	$1,222	$1,922	$2,146	$3,232	$3,078	$2,122	$2,107
Other Retail Group	$1,982	$420	$561	$889	$662	$699	$1,077	$1,480	$2,325	$1,058	$1,452
Total Taxable Retail Sales per Capita	***$15,587***	***$5,235***	***$13,035***	***$12,129***	***$6,798***	***$8,444***	***$8,897***	***$13,253***	***$21,428***	***$9,312***	***$11,056***
All other Outlets	***$7,139***	***$2,006***	***$3,110***	***$3,380***	***$983***	***$2,515***	***$2,638***	***$1,646***	***$6,044***	***$2,710***	***$4,384***
Total All Outlets	***$22,726***	***$7,241***	***$16,144***	***$15,509***	***$7,781***	***$10,959***	***$11,535***	***$15***	***$27***	***$12***	***$15,440***

Panel D. Relative Strength of Retail Taxable Sales in Carson

Retail Category	Carson Per Capita Retail Taxable Sales Share Of:									
	Compton	Gardena	Hawthorne	Lawndale	Long Beach	Los Angeles	Redondo Beach	Torrance	Surrounding Cities	Los Angeles County
Motor Vehicle and Parts Dealers	17.61	2.97	1.77	6.43	8.01	4.74	4.77	0.94	4.30	3.10
Home Furnishings and Appliance Stores	2.19	2.34	1.23	3.83	5.30	2.75	1.37	0.83	2.58	1.64
Bldg. Matrl. and Garden Equip. and Supplies	1.95	0.26	0.58	0.78	0.47	1.47	8.53	0.71	1.12	1.18
Food and Beverage Stores	0.89	0.54	1.13	1.10	0.68	0.67	0.34	0.52	0.66	0.69
Gasoline Stations	1.68	1.01	1.61	0.85	1.39	1.45	1.77	1.05	1.42	1.38
Clothing and Clothing Accessories Stores	0.58	2.34	0.53	3.27	0.77	0.39	0.13	0.18	0.39	0.29
General Merchandise Stores	3.01	1.02	0.64	15.11	N/A	2.02	0.94	0.50	1.77	1.29
Food Services and Drinking Places	2.02	0.73	1.64	1.48	0.94	0.84	0.56	0.59	0.85	0.86
Other Retail Group	4.72	3.53	2.23	2.99	2.84	1.84	1.34	0.85	1.87	1.36
Total	***2.98***	***1.20***	***1.29***	***2.29***	***1.85***	***1.75***	***1.18***	***0.73***	***1.67***	***1.41***
All other Outlets	***3.56***	***2.30***	***2.11***	***7.26***	***2.84***	***2.71***	***4.34***	***1.18***	***2.63***	***1.63***
Total All Outlets	***3.14***	***1.41***	***1.47***	***2.92***	***2.07***	***1.97***	***1525.34***	***827.24***	***1890.38***	***1.47***

Source: Stanley R. Hoffman Associates, Inc.
California State Board of Equalization, *Taxable Sales in California (Sales and Use Tax), 2015*
California State Department of Finance, *E-5 City/County Population and Housing Estimates, 2015*

APPENDIX C
HOUSEHOLD RETAIL DEMAND ESTIMATES: 2017

Household Growth Retail Estimation Methodology

The household retail growth estimation methodology establishes current retail market relationships between households and the actual at-store sales in the market area. Next, the calculated store attraction factors by retail categories were applied to the projected household growth to estimate future at-store sales holding the overall market relationships constant. The relationship between household potential and the actual at-stores sales is influenced by the attractiveness of stores in terms of size and quality, which can also draw spending beyond the household area and store location, which generally decreases as distance increases.

Current market area demographic and socio-economic conditions and household consumer spending levels were obtained from the ESRI-Infogroup Retail Market Place 2017 dataset for the 0.0 to 2.5 mile and 0.0 to 5.0 mile rings, as summarized in Panel A and B of Appendix Table C-1.

Consumer spending potential at the household level was further analyzed by detailed retail categories, as shown in Appendix Table C-2. The aggregate household spending potential data by market rings obtained from ESRI was converted into per household levels, which were later applied to household growth within the market area to estimate future household demand potential by retail categories.

Next, as shown in Appendix Table C-3, the actual at-store sales were benchmarked to the household demand potential for an Index of Sales Concentration Relative to Household Potential for each ring. This ratio captures the attractiveness of stores within the broader market area benchmarked to the distance distribution of households and their spending potential within the market area, and thereby represents a proxy for current market relationships.

Following the estimation of the current demand and sales-at-stores factors, the next step in the retail demand methodology was to project spending at stores associated with the background growth in households holding current market relationships stable.

For this, as shown in Appendix Table C-4 (0-2.5 miles) and Appendix Table C-5 (0-5.0 miles), the total household growth over the mid-term (2016-25) and the long-term (2016-40) was estimated as a combination of the growth forecasts made in the Southern California Association of Governments (SCAG) Adopted Regional Transportation Plan (RTP) 2014 forecasts and other known residential projects in the under-construction or proposed stage that exceed the baseline forecast since the development of the RTP forecasts.

The total estimated household growth was converted to overall household spending potential for each market area ring based on the per household factors developed by the detailed retail categories, as shown previously in Appendix Table C-2.

Following this, the estimated household retail demand was converted to an actual sales-at-store projection for the two market area rings based on the Index of Sales Concentration

Relative to Household Potential by retail categories, as shown previously in Appendix Table C-3. This results in a detailed actual at-store sales projection for the market area rings associated with the background demographic growth keeping market household-store relationships constant.

Table C-1
Household Retail Demand: 2017
The District at South Bay

Demand Category	0.0 - 2.5 Mile Ring	2.5 - 5.0 Mile Ring	0.0-5.0 Mile Ring
Panel A. Demand Characteristics			
2017 Population	125,711	444,461	570,172
2017 Households	36,319	137,995	174,314
2017 Median Disposable Income	$56,014	$48,401	N/A
2017 Per Capita Income	$26,210	$23,912	N/A
Panel B. Total Estimated Demand			
Estimated Retail Trade Demand	$1,290,653,021	$4,288,537,770	$5,579,190,791
Estimated Food and Drink Demand	$142,706,297	$476,052,549	$618,758,846
Estimatd Retail Trade and Food and Drink Demand	**$1,433,359,318**	**$4,764,590,319**	**$6,197,949,637**

Sources: Stanley R. Hoffman Associates, Inc.
Esri 2017

Table C-2
Household Retail Demand Potential: 2017
The District at South Bay

STORE TYPE	NAICS	0.2.5 MILES Aggregate Sales Potential [1]	Total HH [2]	Sales Potenetial per HH	0.0 -5.0 MILES Aggregate Sales Potential [1]	Total HH [2]	Sales Potenetial per HH
HOUSEHOLDS			**36,319**			**174,314**	
GAFO							
General Merchandise	452	$217,620,853		$5,992	$947,875,433		$5,437.75
Clothing and Clothing Accessories	448	$96,855,611		$2,667	$420,879,713		$2,414
Furniture and Home Furnishings	442	$48,319,949		$1,330	$206,367,597		$1,184
Electronics and Appliance Stores	443	$49,344,112		$1,359	$211,355,199		$1,212
Sporting Goods, Hobby, Book and I	451	$42,245,802		$1,163	$183,120,165		$1,051
Office Supplies, Stationary and Gift	4532	$11,170,796		$308	$48,296,100		$277
GAFO SUBTOTAL		***$465,557,123***		***$12,819***	***$2,017,894,207***		***$11,576***
Food and Beverage Stores	445	$210,065,463		$5,784	$919,581,367		$5,275
Eating and Drinking Places	722	$142,706,297		$3,929	$618,758,846		$3,550
Furniture and Furnishings	442	$48,319,949		$1,330	$206,367,597		$1,184
Home Improvement and Bldg.Mate	444	$77,622,278		$2,137	$324,715,396		$1,863
Health and Personal Care Stores	446	$89,070,129		$2,452	$384,778,676		$2,207
Miscellaneous Stores	453	$36,567,389		$1,007	$157,112,266		$901
TOTAL		**$1,069,908,628**		**$29,459**	**$4,629,208,355**		**$26,557**

1 . Aggregte potential indicates the consumer spending potential for all households within the market area. Data for the market area obtained from the ESRI-Infogoup Retail Marketplace 2017 database.

2 . Aggregate households for 2017 as reported in the ESRI-Infogoup Retail Marketplace 2017 database.

Source: Stanley R. Hoffman Associates, Inc,
ESRI and Infogroup, Retail MarketPlace 2017

Table C-3
Aggregate Household Spending Potential versus Actual Aggregate Sales at Stores: 2017
Market Area Rings

	0.0-2.5 MILES			0.0-5.0 MILES		
	Aggregate Potential (P) [1]	Aggregate Actual Sales (A) [2]	Ratio A/P [3]	Aggregate Potential (P) [1]	Aggregate Actual Sales (A) [2]	Ratio A/P [3]
GAFO						
General Merchandise	$217,620,853	$336,427,089	1.55	$947,875,433	$1,161,978,915	1.23
Clothing and Clothing Accessories	$96,855,611	$69,887,490	0.72	$420,879,713	$513,134,256	1.22
Furniture and Home Furnishings	$48,319,949	$110,796,156	2.29	$206,367,597	$343,108,217	1.66
Electronics and Appliance Stores	$49,344,112	$219,644,357	4.45	$211,355,199	$545,242,292	2.58
Sporting Goods, Hobby, Book and Music	$42,245,802	$46,843,666	1.11	$183,120,165	$228,519,675	1.25
Office Supplies, Stationary and Gift Stores	$11,170,796	$14,716,716	1.32	$48,296,100	$146,198,651	3.03
GAFO SUBTOTAL	$465,557,123	$798,315,474	1.71	$2,017,894,207	$2,938,182,006	1.46
Food and Beverage Stores	$210,065,463	$208,683,144	0.99	$919,581,367	$1,068,889,816	1.16
Eating and Drinking Places	$142,706,297	$196,829,043	1.38	$618,758,846	$832,121,707	1.34
Furniture and Furnishings	$48,319,949	$110,796,156	2.29	$206,367,597	$343,108,217	1.66
Home Improvement and Bldg.Materials	$77,622,278	$184,295,092	2.37	$324,715,396	$535,380,037	1.65
Health and Personal Care Stores	$89,070,129	$85,590,411	0.96	$384,778,676	$492,957,182	1.28
Miscellaneous Stores	$36,567,389	$44,091,252	1.21	$157,112,266	$204,546,632	1.30
TOTAL	**$1,069,908,628**	**$1,628,600,572**	**1.52**	**$4,629,208,355**	**$6,415,185,597**	**1.39**

1 . Aggregte potential indicates the consumer spending potential for all households within the market area. Data for the market area obtained from the ESRI-Infogoup Retail Marketplace 2017 database.

2 . Aggregate Actual Sales indicates actual sales made by stores within the market area. Data for the market area obtained from the ESRI-Infogoup Retail Marketplace 2017 database.

3. Represents an Index of Sales Concentration Relative to Household Potential, and is representative of current market conditions as a balance between store sales attraction and the distance distribution of households and their spending potential in the broader market area. This measure is used in the projection of future retail sales at stores benchmarked to projected household growth within the market area.

Source: Stanley R. Hoffman Associates, Inc,
ESRI and Infogroup, Retail MarketPlace 2017

Table C-4
Estimated Household Demand and Retail Sales Forecasts: 0.0-2.5 Mile Ring
The District at South Bay

	HOUSEHOLD SPENDING POTENTIAL					INDEX OF SALES CONCENTRATION RELATIVE TO HOUSEHOLD POTENTIAL	ESTIMATED STORE SALES	
	2016	2016-25		2016-40			2016-25	2016-40
	Per Household Demand	Household Growth	Total HH Demand Growth	Household Growth	Total HH Demand Growth			
0.0-2.5 miles								
SCAG Forecasts		1,918		5,344				
Proposed Additional Growth		1,682		1,682				
Total Projected Growth		3,600		7,026				
GAFO								
General Merchandise	$5,992		$21,570,279		$42,099,290	1.55	$33,346,190	$65,082,649
Clothing and Clothing Accessories	$2,667		$9,600,195		$18,736,956	0.72	$6,927,152	$13,519,907
Furniture and Home Furnishings	$1,330		$4,789,407		$9,347,613	2.29	$10,981,962	$21,433,789
Electronics and Appliance Stores	$1,359		$4,890,920		$9,545,740	4.45	$21,770,846	$42,490,742
Sporting Goods, Hobby, Book and Music	$1,163		$4,187,346		$8,172,554	1.11	$4,643,080	$9,062,023
Office Supplies, Stationary and Gift Stores	$308		$1,107,234		$2,161,018	1.32	$1,458,701	$2,846,985
GAFO SUBTOTAL	**$12,819**		**$46,145,381**		**$90,063,172**	**1.71**	**$79,127,931**	**$154,436,095**
Food and Beverage Stores	$5,784		$20,821,400		$40,637,681	0.99	$20,684,386	$40,370,268
Eating and Drinking Places	$3,929		$14,144,852		$27,606,885	1.38	$19,509,424	$38,077,063
Furniture and Furnishings	$1,330		$4,789,407		$9,347,613	2.29	$10,981,962	$21,433,789
Home Improvement and Bldg.Materials	$2,137		$7,693,813		$15,016,221	2.37	$18,267,076	$35,652,339
Health and Personal Care Stores	$2,452		$8,828,509		$17,230,836	0.96	$8,483,604	$16,557,676
Miscellaneous Stores	$1,007		$3,624,509		$7,074,051	1.21	$4,370,264	$8,529,561
TOTAL RETAIL	**$29,459**		**$106,047,870**		**$206,976,459**	**1.52**	**$161,424,647**	**$315,056,792**

Source: Stanley R. Hoffman Associates, Inc,
ESRI and Infogroup, Retail MarketPlace 2017

Table C-5
Estimated Household Demand and Retail Sales Forecasts: 0.0-5.0 Mile Ring
The District at South Bay

	HOUSEHOLD SPENDING POTENTIAL					INDEX OF SALES CONCENTRATION RELATIVE TO HOUSEHOLD POTENTIAL	ESTIMATED STORE SALES	
	2016	2016-25		2016-40			2016-25	2016-40
	Per Household Demand	Household Growth	Total HH Demand Growth	Household Growth	Total HH Demand Growth			
0.0-5.0 miles								
SCAG Forecasts		**6,031**		**16,547**				
Proposed Additional Growth		**1,682**		**1,682**				
Total Projected Growth		**7,713**		**18,229**				
GAFO								
General Merchandise	$5,438		$41,942,712		$99,124,690	1.23	$51,416,616	$121,514,701
Clothing and Clothing Accessories	$2,414		$18,623,583		$44,013,770	1.22	$22,705,771	$53,661,349
Furniture and Home Furnishings	$1,184		$9,131,597		$21,581,026	1.66	$15,182,258	$35,880,765
Electronics and Appliance Stores	$1,212		$9,352,295		$22,102,607	2.58	$24,126,525	$57,019,068
Sporting Goods, Hobby, Book and Music	$1,051		$8,102,917		$19,149,910	1.25	$10,111,809	$23,897,594
Office Supplies, Stationary and Gift Stores	$277		$2,137,063		$5,050,596	3.03	$6,469,171	$15,288,819
GAFO SUBTOTAL	**$11,576**		**$89,290,167**		**$211,022,600**	**1.46**	**$130,012,149**	**$307,262,296**
Food and Beverage Stores	$5,275		$40,690,723		$96,165,820	1.16	$47,297,499	$111,779,848
Eating and Drinking Places	$3,550		$27,379,572		$64,707,109	1.34	$36,820,704	$87,019,669
Furniture and Furnishings	$1,184		$9,131,597		$21,581,026	1.66	$15,182,258	$35,880,765
Home Improvement and Bldg.Materials	$1,863		$14,368,390		$33,957,324	1.65	$23,690,128	$55,987,716
Health and Personal Care Stores	$2,207		$17,026,141		$40,238,480	1.28	$21,812,952	$51,551,318
Miscellaneous Stores	$901		$6,952,089		$16,430,117	1.30	$9,051,021	$21,390,597
TOTAL RETAIL	**$26,557**		**$204,838,680**		**$484,102,477**	**1.39**	**$283,866,711**	**$670,872,209**

Source: Stanley R. Hoffman Associates, Inc,
ESRI and Infogroup, Retail MarketPlace 2017

APPENDIX D
PLANNED AND PROPOSED PROJECTS

Appendix D presents the planned and proposed retail and residential projects within the 5.0 Mile market area. The planned and proposed projects were used to forecast the retail square footage and residential units that would enter the market area in the future. Data for this analysis was primarily gathered from the planning departments of the surrounding cities, with additional information gathered from the California State University, Dominguez Hills, 2018 Draft Master Plan, and Urbanize LA.

- As shown in Table D-1, there is an estimated 490,549 square feet of planned proposed square feet of retail space in the 5.0 Mile market area.
- The majority of the square footage is included within the South Bay Galleria (Renovations) at 224,464 square feet in Redondo Beach, and the Kott project at 140,000 square feet in Carson.
- Additionally, California State University, Dominguez Hills ("Cal State"), recently prepared a 2018 Draft Master Plan for about 76.5 acres of currently underutilized land on the eastern portion of the campus; in addition to classrooms, administrative buildings, research and development offices, and student dormitory facilities, Cal State is planning about 96,085 square feet of retail space and 2,149 units of market rate and affordable rental housing.
- As shown in Table D-2, an estimated 7,587 residential units have been identified as planned within the primary trade area with 6,130 planned within Carson, including the 1,250 units planned within the proposed project; a known completion date for the 2,149 units within the Cal State Master Plan has not been identified.

Table D-1
Planned and Proposed Retail Projects: 5.0 Mile Ring
The District at South Bay

Project Name	Address	City	Est. Year of Completion	SF
Union South Bay	21601 Avalon Blvd.	Carson	2018	30,000
Kott	21212 Avalon Blvd.	Carson	2019	140,000
Cal State Dominguez Hills, Master Plan	1000 E. Victoria Street	Carson	N/A	96,085
Southbay Galleria (Renovations)	1815 Hawthorne Boulevard	Redondo Beach	2023	224,464
	Total			***490,549***

Sources: Stanley R. Hoffman Associates, Inc.
City of Carson, Planning Department
California State University, Dominguez Hills, 2018 Draft Master Plan
South Bay Galleria Draft Environmental Impact Review

Table D-2
Planned and Proposed Residential Projects: 5.0 Mile Ring
The District at South Bay

Project Name	Location	City	Est. Year of Completion	Units
Meta	21601 S. Avalon Blvd.	Carson	2018	357
MBK Homes	21801 Vera St.	Carson	2018	18
223rd	21205 S. Main St.	Carson	2019	46
HQT Homes	123 E 223rd St.	Carson	2019	10
Kott	21212 Avalon Blvd.	Carson	2019	1,100
Rand	225 W. Torrance	Carson	2019	900
Del Amo	20330 Main St.	Carson	2019	300
The District at Southbay	N/A	Carson	2023	1,250
Cal State Dominguez Hills, Master Plan	1000 E. Victoria Street	Carson	N/A	2,149
Anaheim and Walnut	1540 - 1500 Anaheim St.	Long Beach	N/A	92
Anchor Place	2001 River Avenue	Long Beach	N/A	120
Riverwalk Res. Dev.	4747 Daisy Ave.	Long Beach	N/A	131
N/A	175th Place and Prairie Ave.	Torrance	N/A	62
N/A	3620 Lomita Blvd.	Torrance	N/A	84
N/A	18538 Amie Avenue	Torrance	N/A	2
N/A	18513 Ashley Avenue	Torrance	N/A	2
N/A	6160 Pacific Coast Highway	Torrance	N/A	5
N/A	2409 Arlington Avenue	Torrance	N/A	20
N/A	1750 Manuel Avenue	Torrance	N/A	6
Del Amo Senior Village	NEC of Carson Street and Del Amo Circle Dr.	Torrance	N/A	283
South Bay Galleria	1815 Hawthorne Boulevard	Redondo Beach	2023	650
			TOTAL	**7,587**

Sources: Stanley R. Hoffman Associates, Inc.
City of Carson, Planning Department
Urbanize.la
City of Torrance, Plannning Department

APPENDIX E
COSTAR RETAIL HISTORICAL TRENDS

Appendix E presents selected retail historical trends for the 5.0 Mile market area. Data for this analysis was gathered from Waronzof Associates/2017 CoStar Group. The 2017 data is considered year to date (YTD) as of August 21, 2017.

- As shown in Table E-1, the existing retail square footage is estimated at 19.72 million square feet in 2017 (YTD), a growth of only 0.1 percent (an estimated 25,137 square feet) from 2016.
- Also, as shown in Table E-2, the estimated vacant retail square footageis 979,374 square feet in 2017 (YTD).
- Historically, absorption has been relatively low in the market area, never exceeding 1.4 percent annually between 2008 and 2017 (YTD).
- According to CoStar, between 2006 and 2016, the 5.0 Mile market area added about 1.43 million square feet of retail space, which averages about 143,361 square feet per year.
- Additionally, as shown in Table E-3, an estimated 1.19 million square feet of major new retail square footage has been identified as entering the market since 2005; this is about 83 percent of the total retail space that CoStar estimated as entering market between 2006 and 2016.
- This square footage includes 500,000 square feet at the Gateway Towne Center in Compton, 483,000 square feet at the Del Amo Fashion Center in Torrance, and 203,449 square feet at the South Bay Pavilion in Carson.

Table E-1
Inventory and Net Absorption: 5.0 Mile Ring
The District at South Bay

Year	Inventory			Net Absorption		
	Square Feet	Growth	Percent Growth	Occupied SF	Net Absorption SF	Percent Growth
2017 (YTD)	19,724,027	25,137	0.1%	18,744,653	(186,954)	-1.0%
2016	19,698,890	189,878	1.0%	18,931,607	141,768	0.8%
2015	19,509,012	27,333	0.1%	18,789,839	103,806	0.6%
2014	19,481,679	111,826	0.6%	18,686,033	265,594	1.4%
2013	19,369,853	63,848	0.3%	18,420,439	84,345	0.5%
2012	19,306,005	48,687	0.3%	18,336,094	35,228	0.2%
2011	19,257,318	93,361	0.5%	18,300,866	72,547	0.4%
2010	19,163,957	93,064	0.5%	18,228,319	30,058	0.2%
2009	19,070,893	44,773	0.2%	18,198,261	(12,796)	-0.1%
2008	19,026,120	176,371	0.9%	18,211,057	(197,077)	-1.1%
2007	18,849,749	584,473	3.2%	18,408,134	664,025	3.7%
2006	18,265,276	N/A	N/A	17,744,109	57,176	N/A

Sources: Stanley R. Hoffman Associates, Inc.
Waronzof Associates/2017 CoStar Group

Table E-2
Vacancy and Deliveries: 5.0 Mile Ring
The District at South Bay

Year	Vacancy			Deliveries	
	Square Feet	Percent	Percentage Points Change	Square Feet	Change
2017 (YTD)	979,374	5.0%	1.1	25,137	(164,741)
2016	767,283	3.9%	0.2	189,878	162,545
2015	719,173	3.7%	(0.4)	27,333	(84,493)
2014	795,646	4.1%	(0.8)	111,826	47,978
2013	949,414	4.9%	(0.1)	63,848	15,161
2012	969,911	5.0%	0.0	48,687	(44,674)
2011	956,452	5.0%	0.1	93,361	297
2010	935,638	4.9%	0.3	93,064	48,291
2009	872,632	4.6%	0.3	44,773	(131,598)
2008	815,063	4.3%	2.0	176,371	(260,322)
2007	441,615	2.3%	(0.6)	436,693	158,830
2006	521,167	2.9%	N/A	277,863	N/A

Sources: Stanley R. Hoffman Associates, Inc.
Waronzof Associates/2017 CoStar Group

Table E-3
Major New Retail Square Footage from 2005 - 2017
The District at South Bay

Shopping Center	New Square Footage
Del Amo Fashion Center	
Second Phase Expansion[1]	400,000
Dick's Sporting Goods[2]	83,000
Subtotal Square Footage	*483,000*
Gateway Towne Center	*500,000*
South Bay Pavilion	
Target	146,440
Cinemark Carson & XD	57,000
Subtotal Square Footage	*203,440*
Total New Square Footage	**1,186,440**

1. The Second Phase Expansion includes a Nordstrom and Target.
2. Dick's Sporting Goods was opened on June 2, 2017.

Source: Stanley R. Hoffman Associates, Inc.

APPENDIX F
HOTEL RETAIL SALES

The proposed project, The District at South Bay ("The District"), includes two hotels with a total of 350 rooms. In addition to the transient occupancy tax generated from the estimated hotel room receipts, future retail expenditures from hotel visitors will be captured within The District.

- As shown in Panel A of Table F-1, gross annual hotel room receipts are estimated at about $11.6 million using an average occupancy rate of 70 percent based on information in the CBRE Hotels May 2016 publication *Trends in the Hotel Industry, Los Angeles County Market.*
- The average daily room rate of about $130 is based on information in the Carson Vision Plan prepared by the Kosmont Companies, March 2016.
- As shown in Panel B of Table F-1, estimated annual retail sales per room captured within the shopping center are estimated at $25,486 per room, or at estimated daily retail sales per room of $70.
- This estimate is based on an average daily expenditure of $133 per visitor from the February, 2016 LAEDC study, *Hospitality and Tourism in Los Angeles County*, an assumption of 1.5 visitors per room, and a capture rate within The District of 50 percent that is estimated by the consultant.
- Finally, the estimated hotel sales captured at The District is a multiplication of the average retail sales per room of $25,486 times the 570 new hotel rooms proposed in the 5.0-mile ring market area.
- This includes the planned 350 rooms at The District, the 150 rooms at The Galleria, and 70 rooms proposed for a project at the NEC of Carson Street and Del Amo Circle in Torrance.

Table F-1
Retail Sales per Hotel Room
The District at South Bay
(In Constant 2017 Dollars)

Category	Amount
A. Gross Annual Room Receipts	
Rooms	350
Average Occupancy Rate	70%
Average Room Rate	$130
Net Daily Room Receipts	$31,850
Room Nights	365
Gross Annual Room Receipts	$11,625,250
B. Estimated Annual Hotel Retail Sales	
Average Estimated Retail Expenditures per Visitor	$133
Estimated Visitors per Room	1.5
Estimated Annual Hotel Visitor Retail Sales	$17,840,288
Estimated Capture Rate within Center	50%
Estimated Hotel Visitor Retail Sales	$8,920,144
Estimated Annual Retail Sales per Room	**$25,486**
Estimated Daily Retail Sales per Room	$70
C. Estimated Additional Hotel Room Retail Demand	
Proposed Hotel Rooms at The District	350
Proposed Hotel Rooms at The Galleria	150
Proposed Hotel Rooms at NEC of Carson St. & Del Amo Circle (Torrance)	70
Estimated Additional Hotel Rooms	570
Estimated Hotel Retail Sales Captured at The District	**$14,527,020**

Sources: Stanley R. Hoffman Associates, Inc.
CBRE Hotels, *Trends in the Hotel Industry, Los Angeles County Market* , May 2016
Los Angeles County Economic Development Corporation, *Hospitality and Tourism in Los Angeles County, Its Economic Contribution and Occupational Forecast* , February 2015

APPENDIX G
TAXABLE RETAIL SALES BY STORE CATEGORIES

The proposed project is planned for a 168 acre site that will have about 1,601,500 commercial square feet with 1,471,500 of retail and restaurant square feet, and 130,000 square feet of commercial recreation/entertainment uses. Additionally, there are two hotels with a total of 350 rooms and 1,250 residential units that would not be evaluated as part of the urban decay retail market study. As shown in Table G-1, total retail sales for The District are estimated at about $1.1 billion after buildout and assuming full occupancy.

- As shown in Appendix F, hotel retail sales are projected at $25,486 per room. Sales per square foot for the remaining retail proposed in The District are based on the 2017 retail analytics data for California from Hdl Companies by type of store, as shown in Table G-2.
- A Premium Outlet Mall of 696,500 square feet specializing in luxury goods is planned in The District. As shown in Table G-2, according to the 2017 HdL retail analytics data, an overall average for their high estimate for all outlet malls in California is $650 per square foot.
- However, according to information provided by the City staff and Macerich, the current developer of the outlet mall, their experience with other Premium Outlet Malls shows that sales can be 50 percent or higher than the average discount value outlet mall; as shown later in Appendix H, Table H-1, a sample of premium outlet malls in California and around the country shows a median sales per square foot of $1,418.
- For the purposes of this study, a mid-point between the median sales of $1,418 per square foot for premium outlet malls and the Hdl Companies overall average of $650 per square foot is applied; the mid-point results in an estimated $1,034 per square foot for the proposed premium outlet mall for The District; this results in an estimated total retail sales of about $720.2 million in 2017 dollars, as shown in Table G-1.
- Retail sales for restaurants ($500 per square foot), regional retail ($480 per square foot), and neighborhood-serving commercial ($390 per square foot) are estimated based on the midpoint of the weighted average range, as shown in Table G-2.
- It should be noted that food and drug stores in the HdL analytics are presented as taxable retail sales per square foot; the estimated $390 per square foot calculated in Table G-2 represents total sales; the HdL food and drug taxable sales have been converted to total sales using the estimate that 34 percent of food sales are taxable and 61 percent of drug sales are taxable, based on earlier information from the California Board of Equalization, as shown in Table G-3.
- Commercial Recreation/Entertainment retail sales per square foot are estimated at $319, as shown in Table G-4. This factor represents a weighted average of $830 per square foot for 50,000 square feet of multiplex theater uses from Hdl Companies data, and the assumption that the remaining 80,000 square feet of commercial recreation and entertainment uses will have primarily ticket sales and minimal retail sales.

Table G-1
Land Uses and Estimated Annual Sales
The District at South Bay
(In Constant 2017 Dollars)

Land Use Types	Specific Plan Land Use Category	Units or Square Feet	Hotel Rooms	Retail Sales per Square Foot [1]	Total Retail Sales
Planning Area 1 (15 Acres)					
Residential Units	MU-M	1,250			
Subtotal Units		***1,250***			
Planning Area 2 (46 Acres)					
Commercial SF (Premium Outlet Mall)	CM	696,500		$1,034	$720,181,000
Restaurant SF	CM	15,000		$500	$7,500,000
Subtotal SF		***711,500***			$727,681,000
Planning Area 3 (96 Acres)					
Regional Retail Center SF	CMCM	585,000		$480	$280,800,000
Neighborhood-Serving Commercial SF	CMCM	90,000		$390	$35,100,000
Restaurant SF	CM	85,000		$500	$42,500,000
Commercial Recreation/Entertainment SF	CM	130,000		$319	$41,470,000
				Retail Sales per Room	
Hotel	CM		350	$25,486	$8,920,100
Subtotal (SF and Rooms)		***890,000***	***350***		$408,790,100
TOTAL (Units, Square Feet, Hotel Rooms)	**1,250**	**1,601,500**	**350**		**$1,136,471,100**

1. Sales per square foot are based on data from HdL Companies by type of store, as shown in Table 2. Premium outlet retail sales are estimated at the high end of the weighted average range of sales per square foot, while all other retail sales are estimated using the midpoint of the weighted average range of sales per square foot. Estimated hotel retail sales per square foot are based on documents from LAEDC Institute for Applied Economics and CBRE Hotels, as presented in Table 3.

Sources: Stanley R. Hoffman Associates, Inc.
HdL Companies, *2017 California Retail Analytics, Expanding Retailers and Retail Store Sales Estimates*
CBRE Hotels, *Trends in the Hotel Industry, Los Angeles County Market* , May 2016
Los Angeles County Economic Development Corporation, *Hospitality and Tourism in Los Angeles County* , February 2015

Table G-2
Taxable Retail Sales per Square Foot by Store Categories
The District at South Bay
(In Constant 2017 Dollars)

	Store Size in Square Feet			Annual Sales per Square Foot			Estimated Annual Sales		
	Range			Range			Range		
Store Type	Low	High	Midpoint	Low	High	Midpoint	Low	High	Midpoint
Outlet Mall									
Women's Apparel Stores	19,100	40,300	29,700	$264	$546	$399	$5,037,000	$21,986,000	$11,843,375
Men's Apparel Stores	7,000	15,500	11,250	$241	$481	$351	$1,685,000	$7,462,500	$3,943,750
Family Apparel Stores	36,500	115,000	75,750	$147	$559	$336	$5,372,500	$64,250,000	$25,441,875
Shoe Stores	12,500	55,500	34,000	$218	$965	$557	$2,725,000	$53,565,000	$18,949,375
Total	75,100	226,300	150,700				$14,819,500	$147,263,500	$60,178,375
Outlet Mall Weighted Average [1]				***$200***	***$650***	***$400***			
Restaurants									
Fast Food	9,200	20,500	14,850	$458	$960	$710	$4,213,600	$19,680,000	$10,543,500
Sit Down (coffee house, casual, buffet)	14,700	29,500	22,100	$215	$483	$349	$3,160,500	$14,258,333	$7,716,583
Quality	7,000	15,000	11,000	$330	$725	$530	$2,310,000	$10,875,000	$5,830,000
Total	30,900	65,000	47,950				$9,684,100	$44,813,333	$24,090,083
Restaurant Weighted Average [1]				***$310***	***$690***	***$500***			
Regional Retail									
Membership Warehouse [2]	140,000	150,000	145,000	$640	$690	$665	$89,600,000	$103,500,000	$96,425,000
Traditional Department	140,000	200,000	170,000	$115	$170	$143	$16,100,000	$34,000,000	$24,225,000
Upscale Department	130,000	275,000	202,500	$160	$335	$248	$20,800,000	$92,125,000	$50,118,750
Home Décor/Accessories	10,000	45,000	27,500	$125	$575	$350	$1,250,000	$25,875,000	$9,625,000
Home Improvement (paint, building, hardware)	17,700	79,300	48,500	$160	$850	$510	$2,832,000	$67,405,000	$24,735,000
Furniture	15,500	99,700	57,600	$190	$650	$420	$2,945,000	$64,805,000	$24,192,000
Small Electronics	1,000	6,000	3,500	$5,320	$32,000	$18,660	$5,320,000	$192,000,000	$65,310,000
Cell Phones	1,000	4,000	2,500	$300	$1,200	$750	$300,000	$4,800,000	$1,875,000
Volume Electronics/Appliances	10,000	180,000	95,000	$95	$1,800	$950	$950,000	$324,000,000	$90,250,000
Miscellaneous Retail	50,300	179,500	114,900	$97	$379	$224	$4,871,500	$68,087,500	$25,731,625
Total	515,500	1,218,500	867,000				$144,968,500	$976,597,500	$412,487,375
Regional Retail Weighted Average				***$280***	***$800***	***$480***			
Neighborhood-Serving Commercial SF									
Food Stores [3]	120,000	190,000	155,000	$290	$520	$400	$34,800,000	$98,800,000	$62,000,000
Drug Stores [4]	13,000	14,500	13,750	$290	$330	$310	$3,770,000	$4,785,000	$4,262,500
Total	133,000	204,500	168,750				$38,570,000	$103,585,000	$66,262,500
Neighborhood-Serving Weighted Average				***$290***	***$510***	***$390***			
Commercial Recreation/Entertainment SF									
Multi-plex Cinemas	40,000	60,000	50,000	***$650***	***$1,000***	***$830***	$26,000,000	$60,000,000	$41,500,000
(Number of Screens)	*10*	*20*	*15*						

1. The weighted average of sales per square foot is rounded to the nearest ten.
2. May include gasoline sales.
3. HdL food store taxable sales are converted to total sales by the factor of 2.94 to reflect the estimate that 34% of total food sales are taxable.
4. HdL drug store taxable sales are converted to total sales by the factor of 1.64 to reflect the estimate that 61% of total drug store sales are taxable.

Sources: Stanley R. Hoffman Associates, Inc.
HdL Companies, *2017 California Retail Analytics, Expanding Retailers and Retail Store Sales Estimates*

Table G-3
Taxable Retail Sales per Square Foot for Food and Drug Stores
The District at South Bay
(In Constant 2017 Dollars)

Food Stores	Taxable Sales	Non-Taxable Sales	Total Sales	% Taxable
Food Stores (selling all type of liquors)	$2,365,322,000			
Other Food Stores	$847,186,000			
Packaged Liquor Stores	$493,141,000			
	$3,705,649,000	$7,300,000,000	$11,005,649,000	34.0%

Drug Stores	Taxable Sales	Non-Taxable Sales	Total Sales	% Taxable
Drug Stores	$852,137,000	$550,000,000	$1,402,137,000	61.0%

Sources: Stanley R. Hoffman Associates, Inc.
California Board of Equalization, Taxable Sales in California, 3rd Quarter, 1985

Table G-4
Taxable Retail Sales per Square Foot for Commercial Recreation/Entertainment
The District at South Bay
(In Constant 2017 Dollars)

Use	Estimated Square Feet or Rooms	2017 Retail Sales per Square Foot	Estimated Annual Retail Sales
Entertainment			
Multiplex Theater	50,000	$830	$41,500,000
Other Recreational/Entertainment [1]	80,000	$0	$0
Total Entertainment	130,000	$319	$41,500,000

1. The fiscal analysis assumes recreation/entertainment uses will have ticket sales and no retail sales.

Sources: Stanley R. Hoffman Associates, Inc.
HdL Companies, *2017 California Retail Analytics, Expanding Retailers and Retail Store Sales Estimates*

APPENDIX H
OUTLET MALLS

Appendix H summarizes the performance measures for selected premium outlet malls in the United States, including California. Data for this analysis was gathered from Simon Property Group, a commercial real estate company, and Fortune.com, a multinational business magazine. Estimated sales per square foot and estimated total sales are based on 2014 estimates and escalated to 2017 dollars based on the Consumer Price Index (CPI) factor of 1.05.

- As shown in Table H-1, the median estimated sales per square foot for the selected premium outlet malls is $1,418, with an estimated median of 676,000 square feet.
- Based on median sales per square foot, the top performing outlet mall reported is the Woodbury Commons Premium Outlets in New York at $1,790.
- The Citadel in Commerce, California, attracts many overseas tourists, particularly from China, and has estimated sales per square foot of $1,281; Chinese tourists are also expected to be an important component of retail demand at the proposed project.
- As show in Figure H-1, China was the origin of the third largest group of visitors to Los Angeles County in 2013; additionally, as shown in Figure H-2, Chinese tourists spent about $212 per day during their visits, the second highest reported for any tourist group behind Japan.

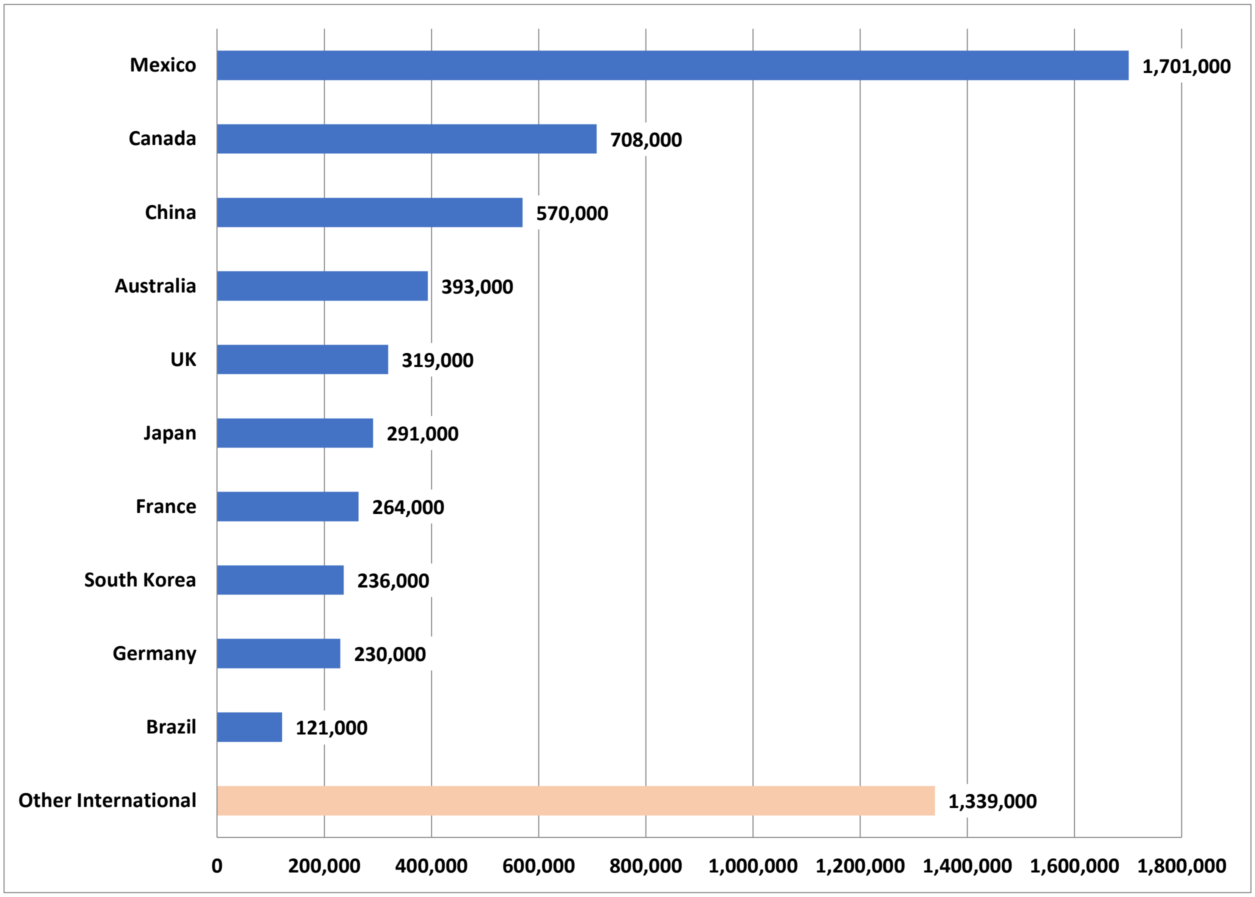
Table H-1
Performance Measures for Selected Premium Outlet Malls
The District at South Bay
(In Constant 2017 Dollars)

Name of Mall	Location	Estimated Square Feet	Estimated Sales per Square Foot[1]	Estimated Total Sales (000s)[1]	Type of Shopping Center
Woodbury Commons Premium Outlets	New York, NY	850,000	$1,790	$1,521,500	Outlet Mall
Las Vegas North Premium Outlets	Las Vegas, NV	676,000	$1,629	$1,101,204	Outlet Mall
Orlando Vineland Premium Outlets	Orlando, FL	655,000	$1,614	$1,057,170	Outlet Mall
The Citadel	Commerce, CA	700,000	$1,281	$896,700	Outlet Mall
Desert Hills Premium Outlets	Cabazon, CA	650,000	$1,418	$921,700	Outlet Mall
Orlando International Premium Outlets	Orlando, FL	774,000	$1,203	$931,122	Outlet Mall
Carlsbad Premium Outlets	Carlsbad, CA	288,299	$837	$241,306	Outlet Mall
Median Values		***676,000***	***$1,418***	***$931,122***	

1. The estimated sales per square foot and estimated total sales were based on 2014 estimates escalated to 2017 dollars based on the Consumer Price Index (CPI) factor of 1.05.

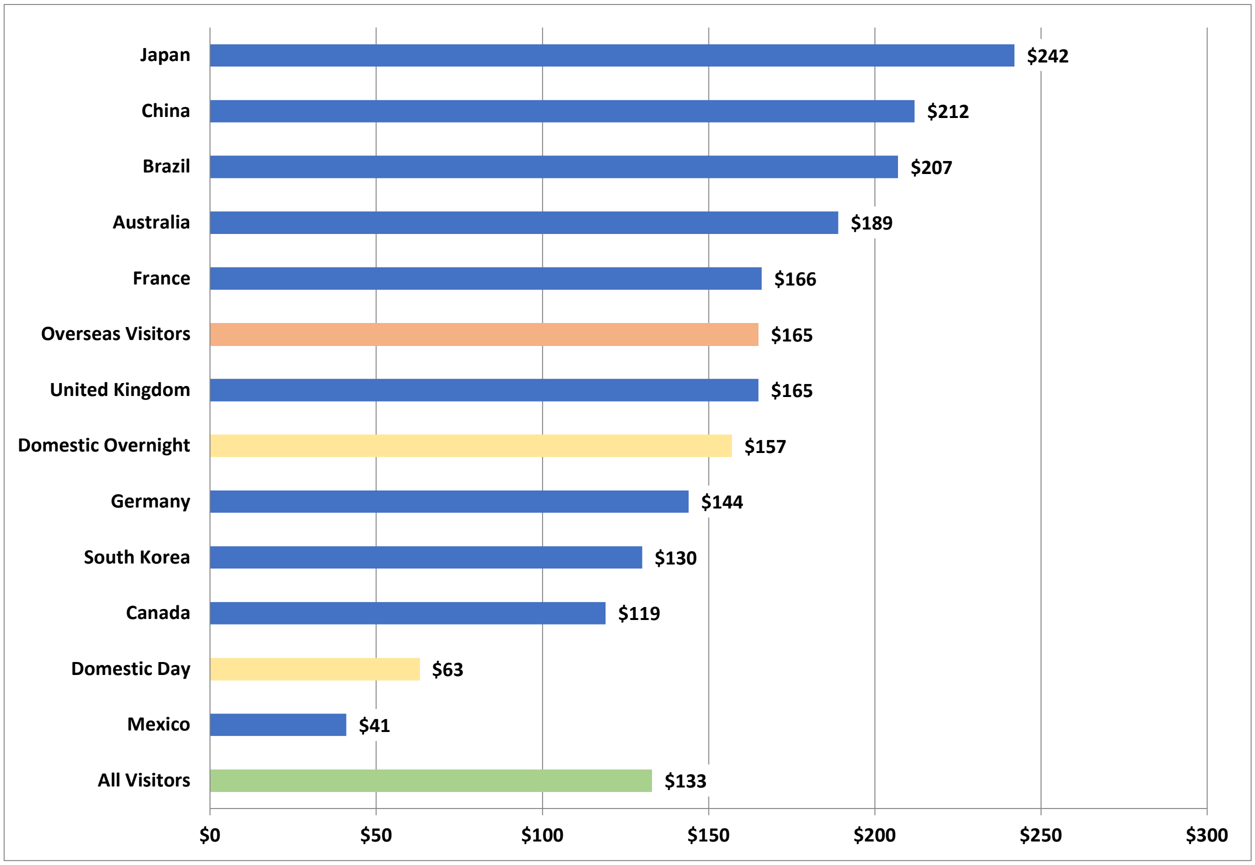
Sources: Stanley R. Hoffman Associates, Inc.
Simon Group
Fortune.com
The Citadel Leasing Brochure

Figure H-1
International Visitors to Los Angeles County by Origin: 2013
The District at South Bay



Sources: Stanley R. Hoffman Associates, Inc.
Los Angeles Tourism and Convention Board
Los Angeles County Economic Development Corporation, *Hospitality and Tourism in Los Angeles County,* February 2015

Figure H-2
Average Visitor Spending per Day by Visitor Origin: 2013
The District at South Bay



Sources: Stanley R. Hoffman Associates, Inc.
Los Angeles Tourism and Convention Board
Los Angeles County Economic Development Corporation, *Hospitality and Tourism in Los Angeles County,* February 2015

APPENDIX I
INTERNET SALES TRENDS

Appendix I briefly summarizes the impacts of e-commerce sales on retail sales in the United States over the past few years. Data for this analysis was gathered from the *Quarterly Retail E-Commerce Sales, 2nd Quarter 2017* Report from the United States Census Bureau and an ECON Solution Report in 2016 by HdL Companies, entitled *Economic Update and Thoughts on a Changing Retail Market.*

- As shown in Table I-1, the adjusted preliminary estimated total e-commerce sales in the United States were $111.54 billion dollars in the 2nd Quarter of 2017, which was 8.9 percent of total retail sales in the 2nd quarter of 2017.
- Additionally, as shown in Table I-1, total e-commerce retail sales in 2nd quarter of 2017 have risen 16.2 percent from the 2nd quarter in the previous year; comparatively, total retail sales have only risen 4.1 percent since the 2nd quarter of last year.
- Also, according to ECON Solutions by HdL Companies, in California online shopping has steadily begun to comprise a larger portion of retail sales rising from a 5.1 percent share of total retail sales in 2005, to 7.4 percent in 2010, and 12.8 percent in 2015.

Table I-1
Estimated Quarterly U.S. Retail Sales: Total and E-commerce[1]
The District at South Bay

Quarter	Retail Sales (millions of dollars)		E-commerce as a Percent of Total	Percent Change From Prior Quarter		Percent Change From Same Quarter A Year Ago	
	Total	E-commerce		Total	E-commerce	Total	E-commerce
Adjusted[2]							
2nd quarter 2017(p)	1,256,232	111,542	8.9	0.5	4.8	4.1	16.2
1st quarter 2017(r)	1,250,055	106,383	8.5	1.0	4.7	5.1	15.4
4th quarter 2016	1,237,663	101,606	8.2	1.7	1.7	3.8	14.2
3rd quarter 2016	1,216,808	99,870	8.2	0.9	4.0	2.1	15.4
2nd quarter 2016(r)	1,206,395	96,014	8.0	1.4	4.2	2.3	15.2
Not Adjusted							
2nd quarter 2017(p)	1,274,565	105,096	8.2	9.5	6.9	4.4	16.3
1st quarter 2017(r)	1,164,228	98,292	8.4	-10.4	-19.8	3.7	15.1
4th quarter 2016	1,299,699	122,515	9.4	6.5	32.2	3.6	14.0
3rd quarter 2016	1,220,051	92,644	7.6	-0.1	2.5	2.2	15.5
2nd quarter 2016	1,220,714	90,397	7.4	8.8	5.8	2.2	15.6

(p) Preliminary estimate. (r) Revised estimate.

[1] E-commerce sales are sales of goods and services where the buyer places an order, or the price and terms of the sale are negotiated over an Internet, mobile device (M-commerce), extranet, Electronic Data Interchange (EDI) network, electronic mail, or other comparable online system. Payment may or may not be made online.

[2] Estimates are adjusted for seasonal variation, but not for price changes. Total sales estimates are also adjusted for trading-day differences and moving holidays.