

**MARKET ANALYSIS
FOR
NORTH HOLLYWOOD PROJECT AREA**

June 27, 1997

Prepared for:

Community Redevelopment Agency of the City of Los Angeles

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I. INTRODUCTION

Purposes of the Study

The purpose of this report is to establish a set of strategy recommendations to serve as the basis for a comprehensive development framework for the Community Redevelopment Agency's North Hollywood project area. As background to the recommended development strategies, The Natelson Company, Inc. (TNCI) completed a focused market assessment for each land use category under consideration: retail commercial; office commercial; entertainment facilities; and multi-family residential. In evaluating future land use demand, TNCI considered two levels of potential opportunities for the project area:

1. The analysis first evaluated the demand associated with the primarily local market areas which commercial facilities in North Hollywood have traditionally served. This component of the analysis evaluated incremental demand for commercial facilities which will occur as a result of projected population and employment growth in the local market area.
2. The analysis also placed considerable emphasis on quantifying opportunities for creating an expanded North Hollywood market area in order to increase the project area's development potentials beyond those associated with the traditional local market. This expanded market area depicts the major agglomerative benefits stemming from the significant private and public sector investment which is currently occurring in the project area, including the development of the NoHo Arts District; the completion of the Red Line North Hollywood Station by the Los Angeles County Metropolitan Transportation Authority (MTA); and the ongoing activities of the Community Redevelopment Agency (CRA). With appropriate strategic planning, these activities can be significantly leveraged to enhance the identify of the project area, creating a more regional "draw" of consumers and industries.

The report forecasts development opportunities over a 15-year analysis period (through 2011), and recommends specific actions which the CRA should pursue in order to bring these opportunities to fruition. The recommendations focus on identifying key land uses which should be attracted to the project area to serve as "anchors" for the overall development program.

Project Area Boundaries

The CRA's North Hollywood project area encompasses at total of 742.5 acres in the City of Los Angeles. The area is bounded on the north by Hatteras Street, on the east by Cahuenga Boulevard, on the west by Tujunga and Camellia Avenues, and on the south by Camarillo, Sarah and Addison Streets. Figure A shows the project area boundaries. The MTA's Red Line station is currently under construction in the project area on Lankershim Boulevard north of Magnolia Boulevard. The primary focus of this report is a 40-acre study area in close proximity to the station site. This area encompasses potential development sites owned by the CRA and the MTA.

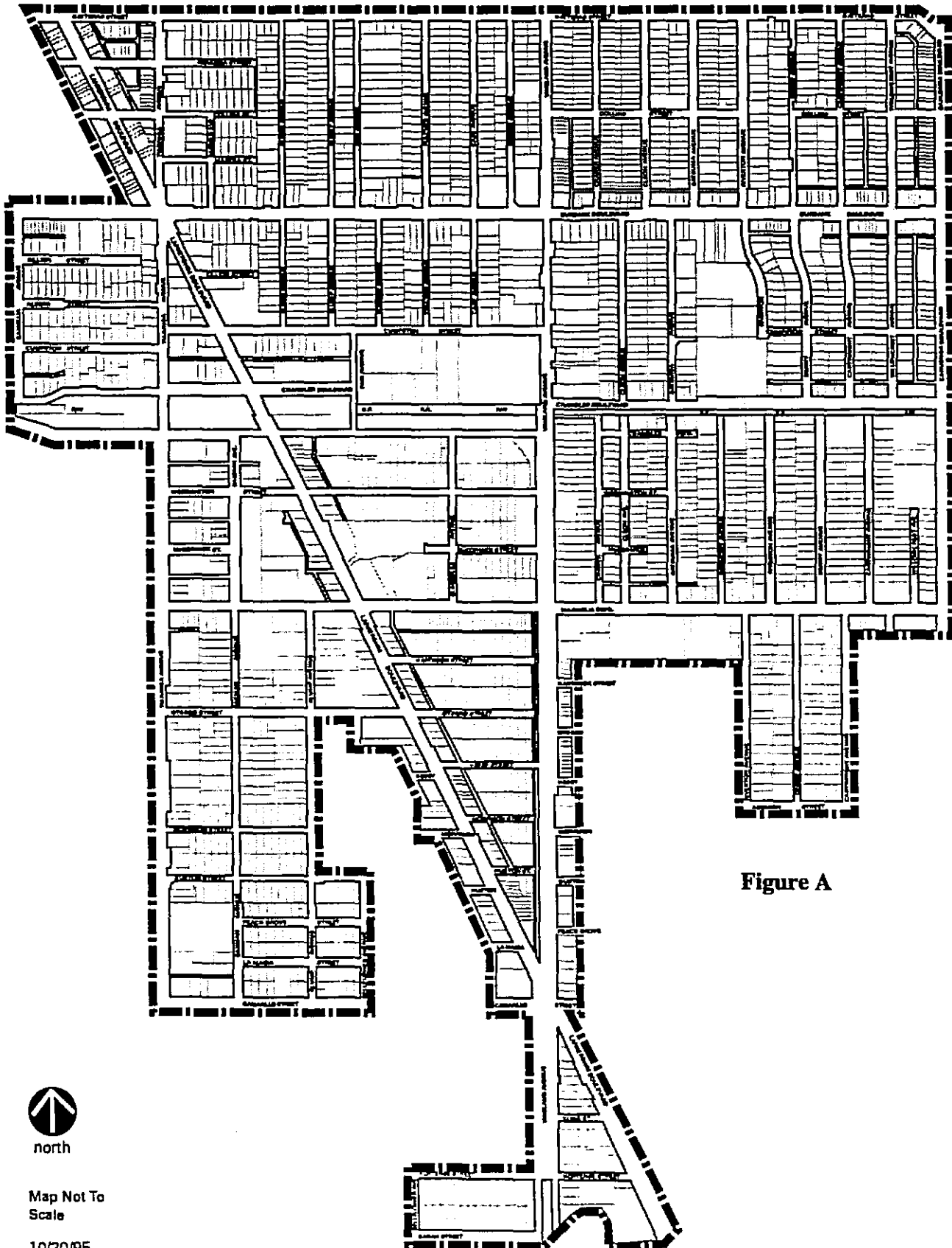


Figure A




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In completing the study, the consultant utilized both primary and secondary data regarding the overall project area. The primary research included a windshield survey of existing land uses in the study area; discussions with local real estate brokers; and interviews with a range of community "stakeholders" including commercial property owners, theater operators, and members of the CRA's Project Area Committee (PAC). The secondary data included current and projected demographic information; forecasts of future Red Line ridership; and published lease rate and absorption statistics for commercial space in the overall market area. The consultant also reviewed in detail a report which summarizes the North Hollywood Opportunities Inventory. The Opportunities Inventory was a community outreach process sponsored by the CRA to engage local stakeholders in an exercise where their ideas would have meaningful input to planning and increasing the vitality of the North Hollywood Project Area. The Opportunities Inventory occurred in 1996 and involved about 70 participants. It resulted in a series of recommended strategies for stimulating economic development in North Hollywood. Some of these ideas are extremely relevant to the current study and are therefore mentioned where appropriate.

II. RECOMMENDED DEVELOPMENT PROGRAM

"Vision" for Project Area and Components of Development Program

Vision Statement

The recommended development program represents a vision for the project area as a recognized destination for entertainment, dining, and specialty shopping. Development in the project area will be planned in a manner which creates a pedestrian-friendly environment attractive to evening patrons. The mix of commercial land uses will complement an expanded Arts District and will offer visitors enough variety to provide a full day's or evening's entertainment.

Consistent with recent trends and the new opportunities presented by the development of the Red Line Station and the strong demand created by growth of the entertainment industry, the project area will also support substantial future development of "Class A" office facilities. The area will also include new multiple-family residential development conveniently located to the Red Line Station, as well as convenience retail and service facilities to serve local residents and Red Line users.

The specific components of the recommended development program are as follows:

Retail

- Total development of up to 345,000 square feet of new space will be viable during the next four years, with this total including the following components:
 - Apparel Stores: 35,000 square feet
 - Furniture/Home Furnishings Stores: 40,000 square feet
 - Specialty Stores:¹ 110,000 square feet
 - Restaurants: 80,000 square feet
 - Convenience Retail (Food/Drug/Liquor): 35,000 square feet
 - Services Space:² 45,000 square feet
- By 2011, total support for new retail space will increase to approximately 540,000 square feet (i.e., 195,000 square feet over and above the amount initially supportable). The break down of the 540,000 square feet by retail category is as follows:

¹ Includes souvenir/gift/novelty stores; jewelry stores; sporting goods stores; camera stores; and other retail facilities not elsewhere classified.

² Includes such uses as dry cleaners, barber shops/beauty salons, childcare facilities, insurance/real estate offices, postal service firms (e.g., Mail Boxes Etc.), health clubs, and photocopy shops.

- Apparel Stores: 60,000 square feet
- Furniture/Home Furnishings Stores: 70,000 square feet
- Specialty Stores: 185,000 square feet
- Restaurants: 120,000 square feet
- Convenience Retail (Food/Drug/Liquor): 35,000 square feet
- Services Space: 70,000 square feet

Whereas the above numbers are based on market demand which will be available to support the development of new retail facilities, there are also specific, near-term opportunities to “fill in” existing gaps in the range of retail businesses currently operating in the project area. This can largely occur through achieving improved performance (i.e., increased occupancy levels and sales volumes) from existing retail space in the project area.

Based on the consultant’s review of resident spending power (as evaluated in Appendix A of this report), there appears to be sufficient current leakage to support additional stores in several key retail categories: apparel; furniture/home furnishings; specialty; and eating/drinking (i.e., restaurants). Approximate square footages of existing commercial space that could be filled by these uses are estimated as follows:

- Apparel: 20,000 square feet
- Furniture/home furnishings: 20,000 to 30,000 square feet
- Specialty: 30,000 to 40,000 square feet
- Restaurants: 20,000 to 30,000 square feet

While the above amounts would theoretically be supportable immediately based on current spending power, it will take a concerted effort for these amounts of space to actually be absorbed. In order for the existing retail corridors to substantially improve their sales performance, it will be necessary to cluster complementary uses in close proximity to the area’s existing theaters so that the area improves its functionality as a pedestrian/entertainment district. In all likelihood, the existing retail space will not achieve peak utilization until the new development recommended above is initiated. The new development will expand the overall market area from which North Hollywood merchants draw support, thereby benefiting existing retail facilities as well the new space.

In terms of market positioning, the recommended new retail development and the intensified use of existing retail space will in all likelihood serve slightly different market niches. In both cases, the focus should be on the visitor-serving market (with the exception of the convenience retail uses noted above)--not on discount retail stores. While the new space should be oriented toward national apparel and specialty chain stores (e.g., Banana Republic, Eddie Bauer, Ann Taylor, J. Crew, Z Gallerie, etc.), the existing space will more likely appeal to independent retailers (with a likely focus on “trendy” apparel appealing to younger consumers). As a general analogy, the new space might be likened to the higher-end retail uses found in Old Town Pasadena and the existing space might be likened to Melrose Avenue.

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Office

- During the 15-year planning horizon, it is projected that the project area will support development of up to 1.8 million square feet of new "Class A" office facilities. This square footage will likely be developed in both high-rise office towers (similar to the existing, very successful Academy building) and mid-rise "garden office" space. The initial 550,000 square feet of office demand is supportable in the near term, based on immediate demand indicated by prospective users. The remaining 1.25 million square feet of projected demand will be developable between 2001 and 2011.

Entertainment Facilities

- The first priority for the NoHo Arts District should be to shore up the existing theaters by increasing marketing exposure, attracting supporting retail land uses, and creating a more pedestrian-friendly environment. In the intermediate to longer term, the attraction of additional theaters will likely be very viable given the expanded visitor draw which will be created by other commercial uses. However, the attraction of new theaters is not likely a high priority activity for the CRA (since the trend is already established anyway)--CRA's attention is better concentrated on attracting the other indicated land uses, which in turn will create an environment where additional theaters would thrive.

Residential

- Over the next 15 years, total demand for new residential development in the vicinity of the project area (defined for these purposes as an approximate one-mile radius around the intersection of Lankershim and Magnolia) is projected at approximately 1,900 dwelling units, with most of this development likely to be in multiple-family complexes. Given the future presence of the Red Line Station, the project area will be especially well-positioned to capture a portion of this demand.

It is recommended that the development within the 40-acre study area include at least one major residential complex of approximately 250 apartment units. Demand will be sufficient for this initial residential complex to be developed within the next four years. An additional multi-family residential building of a comparable size (250 units) would be feasible after the year 2000. Depending on the availability of development sites, a third residential complex of 250 units could be developed between 2006 and 2011.

It is recommended that the residential development be primarily oriented towards market-rate units, though some affordable units (low or moderate income) may be included in these buildings to fulfill set-aside requirements. Based on anticipated income levels of area residents, an average supportable rent rate of approximately \$900 to \$1,000 per month is projected for the market-rate units (approximately \$800 per month for one-bedroom units and \$1,000 to \$1,100 per month for two-bedroom units).

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It is recommended that the residential development take full advantage of the presence of major transit facilities by offering unique units which reflect modern technologies and lifestyles. These may include such amenities as fiber optic capacities and live/work space. Given the significant presence of arts-oriented commerce in the project area, "artist loft" type units are also a viable option.

Summary of Development Program

Table A summarizes the retail, office and residential components of the overall development strategy for the 40-acre study area. A phased summary of the development recommendations is provided as follows:

- New retail development should total 540,000 square feet, broken into the following phases/components:

Phase I (1997-2000)

- 80,000 square feet of convenience retail and services space (essentially a neighborhood shopping center) oriented towards the Red Line patrons and project area residents.
- 185,000 square feet of visitor-oriented shopping facilities including apparel stores, home furnishing stores, and specialty stores.
- 80,000 square feet of restaurant space, with the emphasis on quality sit-down restaurants (not fast food facilities which are already in adequate supply). A portion of these restaurants should be concentrated near the visitor shopping facilities and a portion should be scattered within the NoHo Arts District.

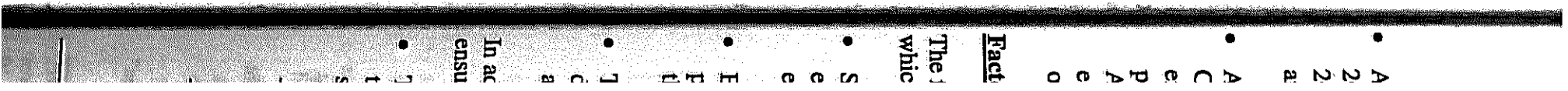
Phase II (after 2000)

- An additional 130,000 square feet of visitor-oriented shopping facilities.
 - An additional 40,000 square feet of restaurants.
 - An additional 25,000 square feet of services space (bringing the total to 70,000 square feet; within this total the project area could accommodate major users of service space such as child care and/or health club facilities).
- Office development should total approximately 1.8 million square feet, developed in six to eight high-rise buildings (or garden office modules) of approximately 225,000 to 300,000 square feet each. The first 550,000 square feet can be developed in the near term (available for occupancy in the next two to three years); two modules of 250,000 square feet each should be developed between 2001 and 2005; and three modules of 250,000 square feet each should be developed between 2006 and 2011.

**Summary Table A
 RECOMMENDED DEVELOPMENT PROGRAM
 RETAIL, OFFICE, RESIDENTIAL COMPONENTS
 NORTH HOLLYWOOD STUDY AREA**

Land Use	Development by Time Frame:			Total
	1997-2000	2001-2005	2006-2011	
Retail (Square Feet)	345,000	0	195,000	540,000
Office (Square Feet)	550,000	500,000	750,000	1,800,000
Residential (Units)	250	250	250	750

Source: The Natelson Company, Inc. (TNCI)



- An initial residential component of 250 apartment units should be developed by the year 2000. A second residential complex of 250 units should be developed between 2001 and 2005. A third apartment complex of a comparable size should be considered between 2006 and 2011, depending on the availability of development sites.
- Although demand for industrial space was not investigated in detail as part of this study, the CRA should continue to encourage the use of industrial facilities for activities related to the entertainment industry. Industrial land uses currently comprise 15% of the overall CRA project area and are likely to continue to be in strong demand in the foreseeable future. Attracting these uses is an appropriate strategy in that it will tend to further establish the entertainment industry cluster in North Hollywood, enhancing long-term demand for related office space.

Factors Which Will Ensure the Success of the Development Program

The feasibility of the envisioned scale of development is premised on several favorable factors which will influence future land use demand in the project area:

- Significant near-term demand for office space (totaling an estimated 600,000 square feet) as evidenced by serious inquiries to the CRA by prospective tenants (mostly in the entertainment industry) and developers;
- Extension of the Red Line to the North Hollywood Station on Lankershim Boulevard, providing greater regional access to the project area and directly linking North Hollywood to the well established entertainment node of Universal City; and
- The enhanced regional identity which North Hollywood is already beginning to enjoy to some degree due to successful development of major office facilities such as The Academy project and the recent emergence of the NoHo Arts District.

In addition to the above factors, the following additional “ingredients” are recommended to ensure the success of the overall development program:

- The CRA should give high priority to attracting a major activity generator or “anchor” tenant(s) to the project area, ensuring North Hollywood’s status as an entertainment and shopping destination. Potential activity generators include the following:
 - A major visitor attraction such as the previously proposed Bob Hope Museum or Animation Museum;
 - Expansion/improvement of the NoHo Arts District;

- Development of a theme area such as the proposed "Fiesta Lankershim"³ and "Industry Square Park"⁴ concepts.

Among the above options, attracting a major visitor attraction such as the indicated museums should be the highest priority of the CRA. Previous inquiries from representatives of such organizations are indicative of the viability of the project area for this type of use. Expansion of the NoHo Arts District should be a secondary strategy (and would actually be more viable if the first priority of attracting a major visitor facility is achieved); relying on the Arts District as the sole source of expanded visitation may be tenuous since the District faces significant competition from other entertainment areas in Los Angeles. The theme concepts such as "Fiesta Lankershim" and "Industry Square Park" would enhance the overall attractiveness and sense of place for North Hollywood, but are not likely in themselves to create a significant regional draw of visitors.

³ Fiesta Lankershim is a concept which emerged from the North Hollywood Opportunities Inventory process. As proposed, it is a 1.75-mile strip of retail frontage along Lankershim Boulevard, between Burbank Boulevard and Vanowen Street. The concept is to improve or create new facades along the Boulevard to create a theme which would salute the community's Hispanic population and the area's heritage. Individual components of the theme area may include stores, theaters and galleries featuring Latino culture; themed restaurants; and Mexican handicrafts. At the present time, the Fiesta Lankershim proposal has not been formally adopted by any public or private agency and remains just a concept.

⁴ Industry Square Park is a concept which has been proposed by a member of the CRA's Project Area Committee for North Hollywood. The proposed location is on Chandler Boulevard between Lankershim and Tujunga, near the planned Red Line station. The site was the original location of a Southern Pacific Railroad station; an original wooden structure still remains and is proposed for renovation. The concept is to develop a miniature theme park which would pay tribute to the historic industries which were prominent in North Hollywood, possibly including a museum which contains preserved artifacts representative of these industries. The park would also provide a "green" link between the Red Line station and the Academy project.

III. EXECUTIVE SUMMARY OF MARKET ANALYSES

Existing Conditions

Existing market conditions in the project area may be summarized as follows:

- The office market in North Hollywood has been strong during the past several years. The project area currently contains two high-rise office buildings: the 200,000 square foot Academy project built in 1991 and the 172,000 square foot Layton-Belling (Hewlett Packard) building developed in the late 1980's. These buildings represent a portion of the overall North Hollywood office market (which extends beyond the boundaries of the CRA project area) totaling about one million square feet with a current vacancy rate of approximately 15%.

Notably, the office portions of the Academy project are entirely leased at this time (only the ground floor retail space, as described below, is currently vacant). Although the Layton-Belling building currently has a fairly high vacancy level (23%), it experienced strong absorption during the past year and reports to have strong prospects for leasing the remaining space. The building's relatively high vacancy level is in large part attributable to short-term displacements caused by the Northridge Earthquake and is therefore not reflective of market conditions. The overall North Hollywood market area absorbed a net total of 170,000 square feet of office space during 1996. This demand represented a significant increase over recent previous years and was driven by the following factors: improvement in the overall southern California economy; growth in the entertainment industry (which is prominently represented in North Hollywood); and limited supplies of competitive office space in the Burbank and Universal City areas, with these markets currently experiencing office vacancy rates of 5% and 1%, respectively.

While the overall office vacancy rate in North Hollywood is higher than in adjacent office markets, it should be emphasized that much of the vacant space is in older buildings which are not competitive with modern space. The area's two modern high-rise buildings--the Academy and Layton-Belling--have been highly successful and provide a better gauge of the area's true market potential. The office portions of the Academy are operating at 100% occupancy and has been in high demand since the project opened in 1991 (despite a very weak regional office market at that that time); the Layton-Belling building has experienced strong absorption over the past one to two years, with the initial vacancy caused by non-market (earthquake) factors.

The current strength of the North Hollywood office market is evidenced by immediate demand for space indicated by actual prospective users as well as interested developers. CRA staff estimates this immediate demand at approximately 600,000 square feet based on serious inquiries received by the Project Area office.

- Perhaps the most significant land use trend in the project area during the past several years has been the establishment of the NoHo Arts District. The Arts District includes approximately 30 independent theaters offering live performances. Nearly all of these theaters have developed within the last six years. Despite this impressive emergence of new facilities, the project area's concentration of live theaters has not yet reached a level of identity which creates a consistent draw of regional residents to the project area. Factors which have impeded the establishment of North Hollywood as a regionally-recognized arts district include the following: limited size of the district and dispersed locations of the theaters; the current lack of a pedestrian environment in the project area; the presence of significant competitive concentrations of theater facilities in other portions of Los Angeles; and the relative absence of visitor/pedestrian oriented retail facilities (e.g., restaurants, specialty stores, etc.) to support an entertainment environment.
- Existing retail development in the project area is predominantly local-serving in scale; the area does not currently have any retail facilities which create a significant regional "draw" to the area. Current retail vacancy levels in the project area are estimated at 7 percent, with this figure having remained essentially constant over the past year. This vacancy factor reflects a reasonably healthy and stable retail market, although some building owners report that they have had to lower rents to keep their space occupied.

Historically, retail development in the project area has been constrained by the following factors: the lack of a regional-serving "anchor" tenant or activity generator to draw consumers from a larger area; an existing stock of retail space which includes many older buildings in need of renovation; and an undersupply of public parking facilities. Despite these historic constraints, the retail market analysis presented in Section IV of this report indicates significant levels of "untapped" demand in the overall market area. This demand will serve as the basis for the recommended retail development program.

- Housing development trends in the project area are reflective of a market which is urbanizing and largely built out, with most new construction being rental apartments in multiple-family complexes. The Academy project includes a significant residential component consisting of 248 units and has been largely successful.
- There is currently strong demand for industrial space in the project area. This activity is consistent with the County-wide trends of strong demand for increasingly scarce industrial space. The industrial demand in North Hollywood is largely being driven by the entertainment industry. Many entertainment and entertainment support firms which have headquarters in the Burbank and Universal City media districts require less expensive space for production, distribution and other ancillary activities such as sound studios. North Hollywood is recognized as a viable option for this type of facility, given its reasonably close proximity to the Burbank and Universal City areas and its supply of relatively affordable commercial and industrial space. Demand for this type of space will likely remain strong in North Hollywood (industrial tenants currently constitute about 15% of total land use in the project area).

Summary of Development Opportunities

TNCT's market demand analyses for the project area are summarized below.

Retail Commercial

- Total development of up to 345,000 square feet of new space will be viable during the next four years, with this total including the following components:
 - Apparel Stores: 35,000 square feet
 - Furniture/Home Furnishings Stores: 40,000 square feet
 - Specialty Stores: 110,000 square feet
 - Restaurants: 80,000 square feet
 - Convenience Retail (Food/Drug/Liquor): 35,000 square feet
 - Services Space: 45,000 square feet

- By 2011, total support for new retail space will increase to approximately 540,000 square feet (i.e., 195,000 square feet over and above the amount initially supportable). The break down of the 540,000 square feet by retail category is as follows:
 - Apparel Stores: 60,000 square feet
 - Furniture/Home Furnishings Stores: 70,000 square feet
 - Specialty Stores: 185,000 square feet
 - Restaurants: 120,000 square feet
 - Convenience Retail (Food/Drug/Liquor): 35,000 square feet
 - Services Space: 70,000 square feet

The retail demand analysis detailed in Section IV of this report projects demand associated with three distinct market segments:

1. Residents within the immediate local neighborhood defined by an approximate one-mile radius around the project area;
2. Residents in an expanded market area, reflecting the greater draw of regional demand which can potentially be attracted to the project area; and
3. Users of the Red Line.

Among these three major demand sources, the local residents are projected to provide 20% of the indicated market support for new facilities; the residents of the expanded market area are projected to provide 45% of the incremental market support; and transit riders are projected to provide 35% of the future market support.

Office Commercial

Total demand for construction of new office space in the project area is projected at 1.8 million square feet during the 15-year planning horizon. This projection is broken-down by time frame as follows:

<u>Time Period</u>	<u>Total Absorption (In Square Feet)</u>
1997 - 2000	550,000
2001 - 2005	500,000
2006 - 2011	750,000

These demand projections are premised on the following findings:

- Demand for office space in North Hollywood emerged during the early 1990's with the development of two high-rise buildings in the project area. Despite a very weak regional office market at that time, these buildings have sustained strong absorption and occupancy levels. Much of this demand is related to the entertainment industry.
- Demand for office space in North Hollywood peaked during 1996, with total absorption of 170,000 square feet.
- There are currently very limited supplies of competitive office space in the neighboring markets of Burbank, Glendale and Universal City. Though new space is planned for these markets, these plans are very long term development programs. Moreover, the current scarcities of office space in these areas have presented an important window of opportunity in which North Hollywood has become recognized as a viable alternative office location. Reflective of this window of opportunity, the CRA Project Area office reports indicated demand of up to 600,000 square feet from prospective users seeking immediate space.
- North Hollywood stands to continue to benefit greatly from its close proximity to major media and entertainment companies. The presence of the MTA Red Line Station will have a positive impact on the area's office market in that the connection between Universal City and North Hollywood will enhance opportunities for companies to move to North Hollywood because of cheaper rents and greater accessibility.

Entertainment Facilities

The existing entertainment facilities in North Hollywood, mostly small theaters, have been designated as a part of the NoHo Arts District. While long-term development of additional theaters will likely occur as a consequence of a general increase in visitation to the community, the CRA's near-term efforts relative to entertainment uses should be on strengthening the existing concentration. A priority should be a marketing campaign to raise public awareness of

this entertainment area. Secondly, ancillary retail uses that also serve these audiences need to be located near the entertainment facilities to create a destination/pedestrian environment where theater patrons can spend an entire evening. Additional improvements which will enhance the viability of the Arts District include increased public parking facilities (and/or the potential implementation of a trolley service) and better street lighting.

Residential

Over the next 15 years, total demand for new residential development in the vicinity of the project area (defined for these purposes as an approximate one-mile radius around the intersection of Lankershim and Magnolia) is projected at approximately 1,900 dwelling units, with most of this development likely to be in multiple-family complexes. Given the future presence of the Red Line Station, the project area will be especially well-positioned to capture a portion of this demand.

It is recommended that the development within the 40-acre study area include at least one major residential complex of approximately 250 apartment units. Demand will be sufficient for this initial residential complex to be developed within the next four years. An additional multi-family residential building of a comparable size (250 units) would be feasible after the year 2000. Depending on the availability of development sites, a third residential complex of 250 units could be developed between 2006 and 2011.

It is recommended that the residential development be primarily oriented towards market-rate units, though some affordable units (low or moderate income) may be included in these buildings to fulfill set-aside requirements. Based on anticipated income levels of area residents, an average supportable rent rate of approximately \$900 to \$1,000 per month is projected for the market-rate units (approximately \$800 per month for one-bedroom units and \$1,000 to \$1,100 per month for two-bedroom units).

It is recommended that the residential development take full advantage of the presence of major transit facilities by offering unique units which reflect modern technologies and lifestyles. These may include such amenities as fiber optic capacities and live/work space. Given the significant presence of arts-oriented commerce in the project area, "artist loft" type units are also a viable option.

IV. RETAIL DEMAND ANALYSIS

This section evaluates the future potential demand for the development of new retail facilities in the 40-acre study area. Three major market segments are evaluated as part of the retail demand analysis:

1. Residents within the immediate local neighborhood defined by an approximate one-mile radius around the project area;
2. Residents in an expanded market area, reflecting the greater draw of regional demand which can potentially be attracted to the project area; and
3. Users of the Red Line.

The demand analyses associated with these three market segments are provided below.

A. RESIDENT DEMAND

This portion of the analysis examines potential retail demand associated with the population residing in the geographic areas from which retail facilities in the North Hollywood project area draw market support (as defined below). The analysis projects future retail demand for a 15 year period from 1996 to 2011.

Market Area Definitions

For purposes of this analysis, retail businesses within the North Hollywood project area are projected to draw customers from three distinct market areas:

Primary Market Area (PMA)-	A one-mile radius around the intersection of Magnolia Boulevard and Lankershim Boulevard, truncated by the 170 and 134 Freeways; and
Secondary Market Area (SMA)- (excludes PMA)	The area bounded by Coldwater Canyon Avenue on the west; Hollywood Way to the east; Vanowen Street on the north; and Mulholland/Barnam/Olive to the south.
Regional Market Area (RMA)- (excludes PMA and SMA)	The area bounded by Los Angeles city limits on the north and west, Mulholland Drive on the south, 405 Freeway on the east, Roscoe Boulevard and 5 Freeway on the northeast.

Figures 1a and 1b provide a geographical representation of the market area boundaries.

Figure 2A
**Retail Primary and Secondary Market Areas
Polygon**

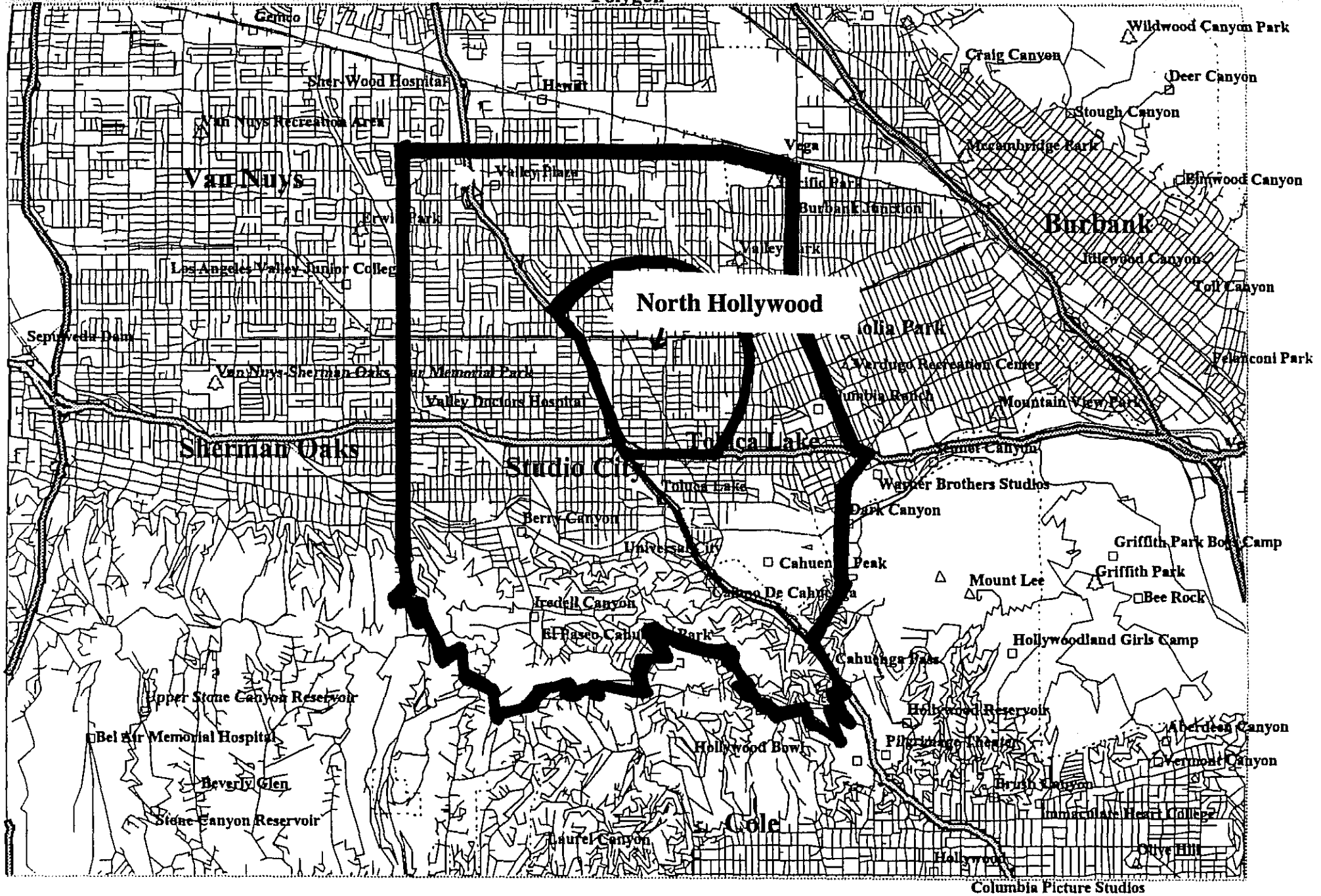
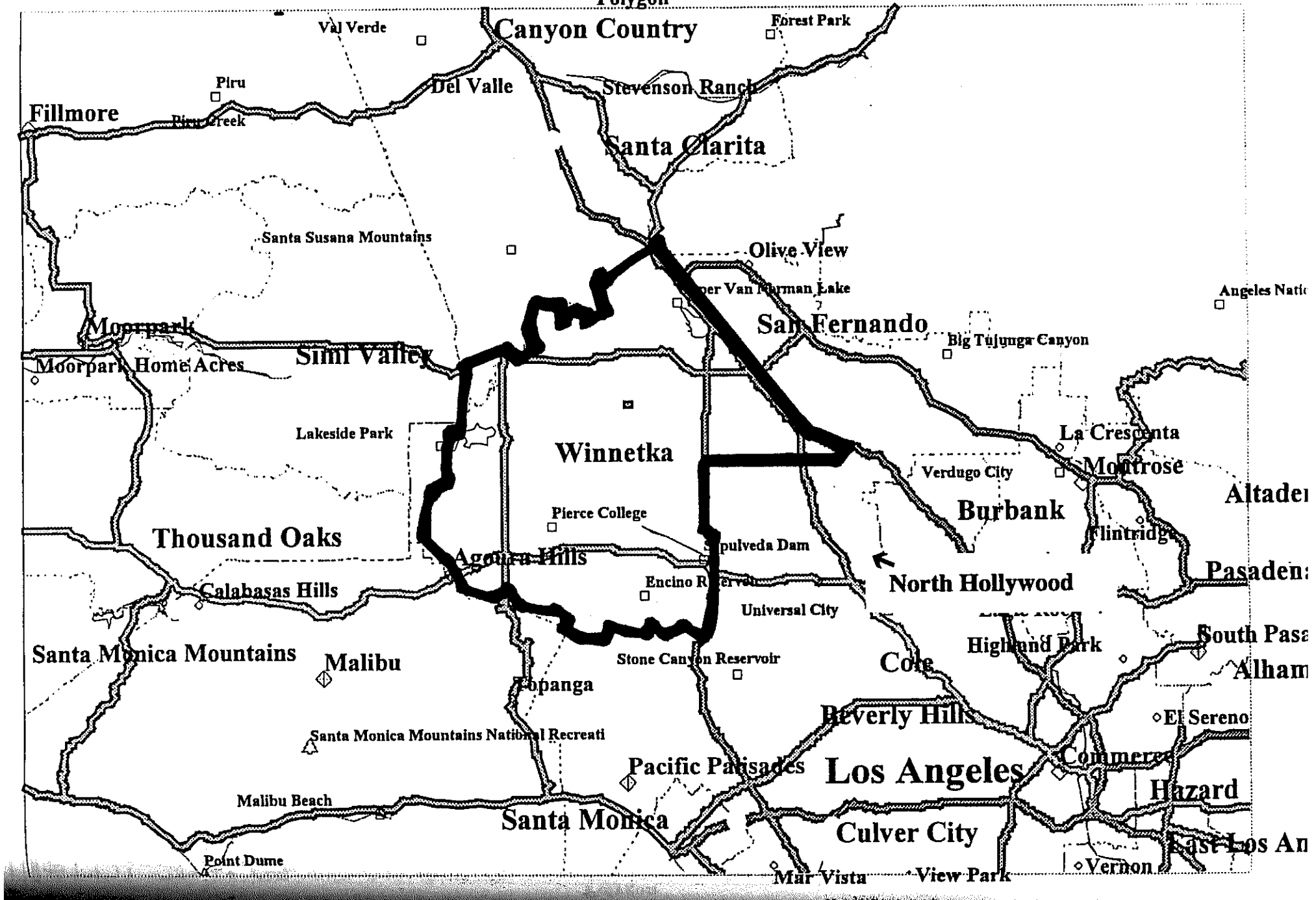


Figure 1b

Retail Regional Market Area

Polygon



Population and Income Levels

Demand for retail goods and services generated by residents of each market area is determined by existing and projected population, income levels, and the portion of income allocated toward retail expenditures.

Population

Population levels in the North Hollywood Retail Trade Area are expected to increase as follows:

Market Area	Estimated 1996 Population	Projected 2001 Population	Projected 2006 Population
PMA	33,757	35,105	36,656
SMA	120,975	126,613	133,454
RMA	935,042	941,791	953,162
Total	1,089,774	1,103,510	1,123,272

Source: Urban Decision Systems (UDS), Southern California Association of Governments (SCAG), The Natelson Company, Inc. (TNCI)

Income

Per capita income levels in 1996 in the North Hollywood Trade Area are estimated as follows:

Market Area	1996 Per Capita Income
PMA	\$18,116
SMA	\$29,889
RMA	\$24,405

Source: UDS, TNCI

Retail Sales Demand

Population and income characteristics are the primary determinants of the potential dollars available for purchases of goods and services in a market area. Depending on the relative

affluence of the community, the actual proportion of the income allocable for retail goods typically falls between 32 and 38 percent. A factor of 35 percent is applied to total resident income for the primary market area. Additionally, a factor of five percent is included to account for tourist and business spending within the market area. A factor of 33 percent has been assumed for the secondary market area because higher income communities tend to reflect the lower end of the factor range. Although their retail expenditures are high in absolute terms, as a percentage of their total income their retail expenditures are low relative to lower income households.

Table 3 shows total income and potential retail expenditures for market area residents for 1996, 2001 and 2006.

Table 3			
Total Income and Retail Demand of Market Area Residents			
North Hollywood Trade Area			
In thousands of 1996 dollars			
Area	1996	2001	2006
PMA	\$ 611,550	\$ 635,979	\$ 664,067
SMA	\$ 3,615,792	\$ 3,784,312	\$ 3,988,778
RMA	\$ 22,819,749	\$ 22,984,467	\$ 23,261,968
Total Income	\$ 27,047,091	\$ 27,404,757	\$ 27,914,813
PMA	\$ 244,620	\$ 254,391	\$ 265,627
SMA	\$ 1,193,211	\$ 1,248,823	\$ 1,316,297
RMA	\$ 7,530,517	\$ 7,584,874	\$ 7,676,450
Potential Sales	\$ 8,968,349	\$ 9,088,088	\$ 9,258,373
Source: TNCI			

Distribution of Resident Retail Expenditures

Projected retail demand from market area residents is disaggregated into various retail categories based upon historic retail expenditure patterns recorded by the State of California Board of Equalization. The basic distribution of retail sales by retail category is as follows:

Table 4		
Distribution of Sales by Retail Category		
	Retail Category	Distribution
<i>Shopper Goods:</i>	Apparel	5.44%
	General Merchandise	12.22%
	Furniture/Appliances	4.50%
	Specialty	13.18%
	Subtotal	35.34%
<i>Convenience Goods:</i>	Drug	2.84%
	Food (Supermarkets, etc.)	19.70%
	Packaged Liquor	0.99%
	Eating and Drinking	11.34%
	Subtotal	34.87%
<i>Heavy Commercial Goods:</i>	Building Materials, Hardware, Farm	6.89%
	Auto Dealers	15.29%
	Service Stations	7.61%
	Subtotal	29.79%
	TOTAL	100.00%
Source: State Board of Equalization, TNCI		

Capture Rate Analysis

The portion of total demand that retail facilities within the project area can capture is different for each market area and each major retail category.

Primary Market Area Analysis

Capture rates for the PMA are projected to be relatively high because of the tendency of residents to shop within close proximity to homes. Table 5 shows the estimated PMA capture rates for each retail category:

Table 5	
Capture Rates of Primary Market Area	
Retail Category	1996
<i>Shopper Goods:</i>	
Apparel	20.00%
General Merchandise	0.00%
Furniture/Appliances	20.00%
Specialty	20.00%
<i>Convenience Goods:</i>	
Drug	20.00%
Food(Supermarkets, etc.)	20.00%
Packaged Liquor	20.00%
Eating and Drinking	50.00%

For purposes of this study, "Heavy Commercial Goods" have been omitted as they do not directly relate to the type of development being considered in the project area.

Secondary Market Area Capture Rates

The capture rates of SMA retail demand are projected to be much lower because of the distance and availability of competitive retail facilities in closer proximity to SMA residents, namely City Walk and Valley Plaza. Table 6 shows the estimated capture rates for the secondary market area for 1996:

Table 6	
Capture Rates of Secondary Market Area	
Retail Category	1996
<i>Shopper Goods:</i>	
Apparel	2.00%
General Merchandise	0.00%
Furniture/Appliances	2.00%
Specialty	2.00%
<i>Convenience Goods:</i>	
Drug	0.00%
Food(Supermarkets, etc.)	0.00%
Packaged Liquor	0.00%
Eating and Drinking	2.00%

Regional Market Area Capture Rates

The capture rates of RMA retail demand are projected to be low given the large size of this market area. The abundance of competitive retail facilities and the distance involved in driving to North Hollywood would affect the amount of retail demand that stores within the project area would be expected to capture. As shown in Table 7, retail stores within the North Hollywood project area are not currently capturing retail demand from the regional market area. It is assumed that as competitive facilities are developed within the project area and mass transit links are established, the capture rates will increase slightly.

Retail Category	1996	2001	2006	2011
<i>Shopper Goods:</i>				
Apparel	0.00%	1.00%	1.50%	2.00%
General Merchandise	0.00%	0.00%	0.00%	0.00%
Furniture/Appliances	0.00%	1.00%	1.50%	2.00%
Specialty	0.00%	1.00%	1.50%	2.00%
<i>Convenience Goods:</i>				
Drug	0.00%	0.00%	0.00%	0.00%
Food(Supermarkets, etc.)	0.00%	0.00%	0.00%	0.00%
Packaged Liquor	0.00%	0.00%	0.00%	0.00%
Eating and Drinking	0.00%	1.00%	1.50%	2.00%

Potential Capture of Resident Demand

Based on the capture rates shown above, the total potential capture of retail sales demand of the total market area is projected as follows:

Table 8				
Total Potential Capture of Retail Sales for Primary, Secondary and Regional Market Areas				
In thousands of 1996 dollars				
Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	\$ 3,960	\$ 8,932	\$ 12,734	\$ 15,224
General Merchandise	\$ 0	\$ 0	\$ 0	\$ 0
Furniture/Appliances	\$ 3,275	\$ 7,389	\$ 10,534	\$ 12,593
Specialty	\$ 9,593	\$ 21,640	\$ 30,853	\$ 36,885
Subtotal	\$ 16,829	\$ 37,961	\$ 54,121	\$ 64,703
Convenience Goods:				
Drug	\$ 1,389	\$ 1,445	\$ 1,509	\$ 1,576
Food	\$ 9,638	\$ 10,023	\$ 10,466	\$ 10,933
Packaged Liquor	\$ 484	\$ 504	\$ 526	\$ 549
Eating and Drinking	\$ 16,576	\$ 27,274	\$ 35,582	\$ 41,176
Subtotal	\$ 28,088	\$ 39,245	\$ 48,082	\$ 54,235
Total	\$ 44,917	\$ 77,207	\$ 102,203	\$ 118,937

B. DEMAND OF RED LINE USERS

It is anticipated that the Metro Red Line Station in North Hollywood will be completed by the year 2001. The greater regional accessibility that this transit link will provide will affect retail facilities in the project area. The MTA estimates that at full utilization (to be reached by 2020), nearly 5,200 persons will use this station each week day. These riders will create demand for various types of retail goods and services in the immediate vicinity of the station. This segment of the analysis calculates the retail demand associated with these riders; it follows the same methodology as the general retail demand model and is described below.

Projected Retail Demand Characteristics of Metro Red Line Ridership

Demand for retail goods and services by users of the Metro Red Line is generated by annual ridership levels and average expenditures per user. Table 9 shows the ridership level of the Metro Red Line from 2001 to 2011:

Table 9			
Projected Retail Demand Characteristics of Metro Red Line Ridership			
	2001	2006	2011
<i>Total Metro Red Line Ridership</i>			
Average Daily Users	3,120	4,160	5,200
Estimated Annual Ridership (260 weekdays/yr.)	811,200	1,081,600	1,352,000
<i>Average Daily Expenditures per User</i>			
	\$10.00	\$10.00	\$10.00
<i>Total Ridership Retail Demand</i>			
Annual Retail Expenditures of Transit Users	\$8,112,000	\$10,816,000	\$13,520,000

TNCI has assumed that the station will reach peak utilization levels by 2011 and that it will achieve 60% of full capacity by 2001 and 80% of full capacity by 2006. These assumptions are based on discussions with MTA and with the transportation consultant responsible for the ridership forecasts.

The estimated daily expenditures of the transit riders are based on the total amount that a typical office employee spends during an average work day; not all of this money would necessarily be spent near the transit station. Estimated capture rates (the portion of total daytime expenditures that could potentially be captured by retail facilities in close proximity to the station) are discussed below.

Distribution of Retail Expenditures

The level of expenditures is expected to be distributed across different retail categories as shown below. These percentages are not expected to change over time.

Table 10	
Projected Retail Demand Characteristics of Metro Red Line Ridership	
	2001
<i>Shopper Goods:</i>	
Apparel	8.0%
General Merchandise	7.0%
Specialty	8.0%
<i>Convenience Goods:</i>	
Drug	7.0%
Food	10.0%
Eating and Drinking	60.0%

Ridership Demand for Retail Goods and Services

Based upon the ridership demand characteristics of Metro Red Line users, Table 11 projects the amount of ridership demand for these retail goods:

Table 11 Projection of Ridership Demand for Retail Sales			
	2001	2006	2011
<i>Shopper Goods:</i>			
Apparel	\$648,960	\$865,280	\$1,081,600
General Merchandise	\$567,840	\$757,120	\$946,400
Specialty	\$648,960	\$865,280	\$1,081,600
<i>Convenience Goods:</i>			
Drug	\$567,840	\$757,120	\$946,400
Food	\$811,200	\$1,081,600	\$1,352,000
Eating and Drinking	\$4,867,200	\$6,489,600	\$8,112,000

Capture Rates for Metro Red Line Ridership

Table 12 shows the estimated capture rate for users of the Metro Red Line:

Table 12 Capture Rates for Metro Red Line Ridership Demand	
	2001
<i>Shopper Goods:</i>	
Apparel	10.0%
General Merchandise	0.0%
Specialty	10.0%
<i>Convenience Goods:</i>	
Drug	10.0%
Food	30.0%
Eating and Drinking	10.0%

Potential Capture of Metro Red Line Ridership Project Demand

Based on the capture rates outlined above, the amount of demand that retail facilities in the project area could expect to capture is derived. The potential capture of Metro Red Line ridership is projected below:

	2001	2006	2011
<i>Shopper Goods:</i>			
Apparel	\$64,896	\$86,528	\$108,160
General Merchandise	\$0	\$0	\$0
Specialty	\$64,896	\$86,528	\$108,160
<i>Convenience Goods:</i>			
Drug	\$56,784	\$75,712	\$94,640
Food	\$243,360	\$324,480	\$405,600
Eating and Drinking	\$486,720	\$648,960	\$811,200

Total Potential Capture of Retail Sales from Residents and Metro Rail Ridership

Table 14 projects the total potential capture of retail sales of residents (Table 8) and Metro Red Line ridership (Table 13):

Retail Category	1996	2001	2006	2011
<i>Shopper Goods:</i>				
Apparel	\$3,959,680	\$8,996,925	\$12,820,856	\$15,332,295
General Merchandise	\$0	\$0	\$0	\$0
Furniture/Appliances	\$3,275,471	\$7,388,627	\$10,533,911	\$12,593,494
Specialty	\$9,593,491	\$21,705,363	\$30,852,656	\$36,884,945
Subtotal	\$16,828,642	\$38,090,915	\$54,207,423	\$64,810,734
<i>Convenience Goods:</i>				
Drug	\$1,389,442	\$1,501,727	\$1,508,760	\$1,576,170
Food	\$9,638,032	\$10,266,382	\$10,465,691	\$10,933,293
Packaged Liquor	\$484,348	\$503,695	\$525,941	\$549,440
Eating and Drinking	\$16,576,163	\$27,760,456	\$35,582,076	\$41,175,976
Subtotal	\$28,087,985	\$40,032,260	\$48,082,467	\$54,234,879
Total	\$44,916,627	\$78,123,175	\$102,289,890	\$119,045,613

C. SUPPORTABLE SQUARE FEET OF RETAIL DEVELOPMENT

The final step in the retail demand analysis is to translate the dollar volumes of projected retail demand into supportable square footages of retail space.

Sales per Square Foot Standards

Projected sales volume requirements on a per square foot basis are derived from typical sales as provided by the Urban Land Institute. These standards are as follows:

Retail Category		Standards
<i>Shopper Goods:</i>	Apparel	\$250
	General Merchandise	\$150
	Furniture/Appliances	\$175
	Specialty	\$200
<i>Convenience Goods:</i>	Drug	\$250
	Food	\$400
	Packaged Liquor	\$200
	Eating and Drinking	\$350
Source: TNCI, Urban Land Institute		

Supportable Retail Space

The above standards are applied to total demand for retail sales in each retail category in order to convert total supportable square feet of retail space. Table 16 estimates total supportable retail space expressed in square feet over the 15-year study period.

Table 16				
Total Supportable Retail Space Expressed in Square Feet				
Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	15,839	35,988	51,283	61,329
General Merchandise	0	0	0	0
Furniture/Appliances	18,717	42,221	60,194	71,963
Specialty	47,967	108,527	154,263	184,425
Subtotal	82,523	186,527	265,740	317,717
Convenience Goods:				
Drug	5,558	6,007	6,035	6,305
Food	24,095	25,666	26,164	27,333
Packaged Liquor	2,422	2,518	2,630	2,747
Eating and Drinking	47,360	79,316	101,663	117,646
Subtotal	79,435	113,507	136,492	154,031
TOTAL	161,958	300,242	402,232	471,748

Supportable Services Space

For purposes of this study, services space demand is expressed as a percentage of retail space demand. It has been estimated that additional demand for services space amounts to approximately 10 percent of the total retail space demand. In this analysis, this calculates to 24,294 square feet in 1996; 45,036 square feet in 2001; and 70,762 square feet in 2011.

Supportable Retail and Services Space

Table 17 estimates total supportable retail and services space in the project area based on this analysis:

Table 17				
Total Supportable Retail and Services Space Expressed in Square Feet				
Retail Category	1996	2001	2006	2011
Retail	161,958	300,242	402,232	471,748
Services	24,294	45,036	60,335	70,762
Total	186,252	345,278	462,567	542,510

D. EXISTING RETAIL SUMMARY

Based on the survey of existing land uses in the project area, there are several aspects of the retail market in North Hollywood that should be noted.

- There are no regional shopping centers located within the North Hollywood project area. Retail commercial space primarily consists of store-front layouts along major streets and in mini-malls.
- Of the businesses surveyed, over 40 percent are automobile-related. While there are some auto dealers in the project area, the majority are automobile repair shops.
- Most restaurants surveyed were of the fast-food variety. Theater audiences typically prefer to patronize more upscale dining establishments. It should be noted, however, that the newer restaurants in the area are providing more formal dining options.
- The Ralph's shopping center on the corner of Vineland and Magnolia has been successful. Leasable space has been rented out to major local and national retail chain stores.
- At the corner of Tujunga and Magnolia, construction is under way on a new mini-mall that will house retail and office space. It is projected to open in Spring, 1997.
- As of 1995, the retail building vacancy in North Hollywood was approximately 7 percent⁵. The sample survey, conducted in December of 1996, yielded the same retail vacancy rate.

E. NEAR-TERM RETAIL OPPORTUNITIES

Whereas the above analysis primarily focuses on the market demand which will be available to support the development of new retail facilities, there are also specific, near-term opportunities to "fill in" existing gaps in the range of retail businesses currently operating in the project area. This can largely occur through achieving improved performance (i.e., increased occupancy levels and sales volumes) from existing retail space in the project area. One aspect of the consultant's interviews with local contacts was to inquire about which retail categories are currently under-represented in the area. While there is not general consensus as to the types of retail stores that should go in to the area, most of the interviewees acknowledged that they should take advantage of the presence of entertainment facilities. Sit-down restaurants, coffee houses, bookstores and art galleries were mentioned by many of the local contacts. Some people believed that high-exposure (Tower Records) or high-end (Armani Exchange) retail would be beneficial to the community; others thought it would distract from the community atmosphere that is trying to be developed in the area.

Site-specific and street-specific issues relative to retail uses are noted as follows:

⁵ Based on information obtained from CB Commercial.

- It should be a high priority of the CRA to develop the approximate 10,000 square foot lot on the southeast corner of Lankershim and Magnolia. There have been several proposals for this site that are automotive-related. It is TNCI's opinion that these would not be the highest and best use for the site as they would not enhance the emerging Arts District (see Figure 2). The current scattered pattern of retail stores in the vicinity of Lankershim and Magnolia does not help to promote the area as a pedestrian-friendly environment. Coffee houses, sit-down restaurants, and bookstores are complementary retail stores that would benefit from the close proximity to the local theaters. Businesses that were vacated because of MTA construction should be the first priority for redevelopment once the construction of the station site is finished.
- Magnolia Boulevard runs right through the heart of the NoHo Arts District. One suggestion in the North Hollywood Opportunities Inventory is to encourage new and existing retail to reflect upon the international flavor of the area through facade treatments and renovations. The designation of "Streets of the World" could provide a great cultural identity to complement the arts district.

There has been a concern that too much focus has been placed on developing the NoHo Arts District. While this emerging district is a focal point of the community, it is only one of North Hollywood's potential assets. The following are other areas that should be emphasized:

- Burbank Boulevard is primarily known for the automotive related retail shops. Some of these auto facilities are not kept up, causing the area to appear run-down. While there are fewer vacant lots along this street than on Lankershim, the uncleanliness of the automotive shops has hurt the image of the area. Retail businesses should be given assistance by the CRA to complete facade improvements. With so many competing facilities in the area, improvements at one retail business should encourage other owners to also improve their facilities. In addition, development based on the NoHo Motor District concept from the North Hollywood Opportunities Inventory would identify the area as part of automotive history. In the past, this area has been home to many motor racing champions and development along Burbank Boulevard should take advantage of this fact.
- Vineland Avenue is another site that is considered as a secondary thoroughfare of North Hollywood. Most of the buildings on this street are light-industrial warehouses. However, some of the vacated buildings could be developed as retail commercial sites. With the success of the Ralph's shopping center at the corner of Vineland and Magnolia, it is likely that additional retail development in this area will be attractive to developers.
- Weddington Street is important because of its close proximity to the MTA Station site. Once the construction of the station facility is completed, Weddington will be within walking distance of the station. This area is primarily a mix of residential, industrial and retail commercial; this unique composition should be preserved and enhanced. A suggestion from the Opportunities Inventory was facade treatments that would make all buildings near the street have a uniform appearance. The focus of this proposal would be on making the street look like a community, rather than an industrial park.

North Hollywood

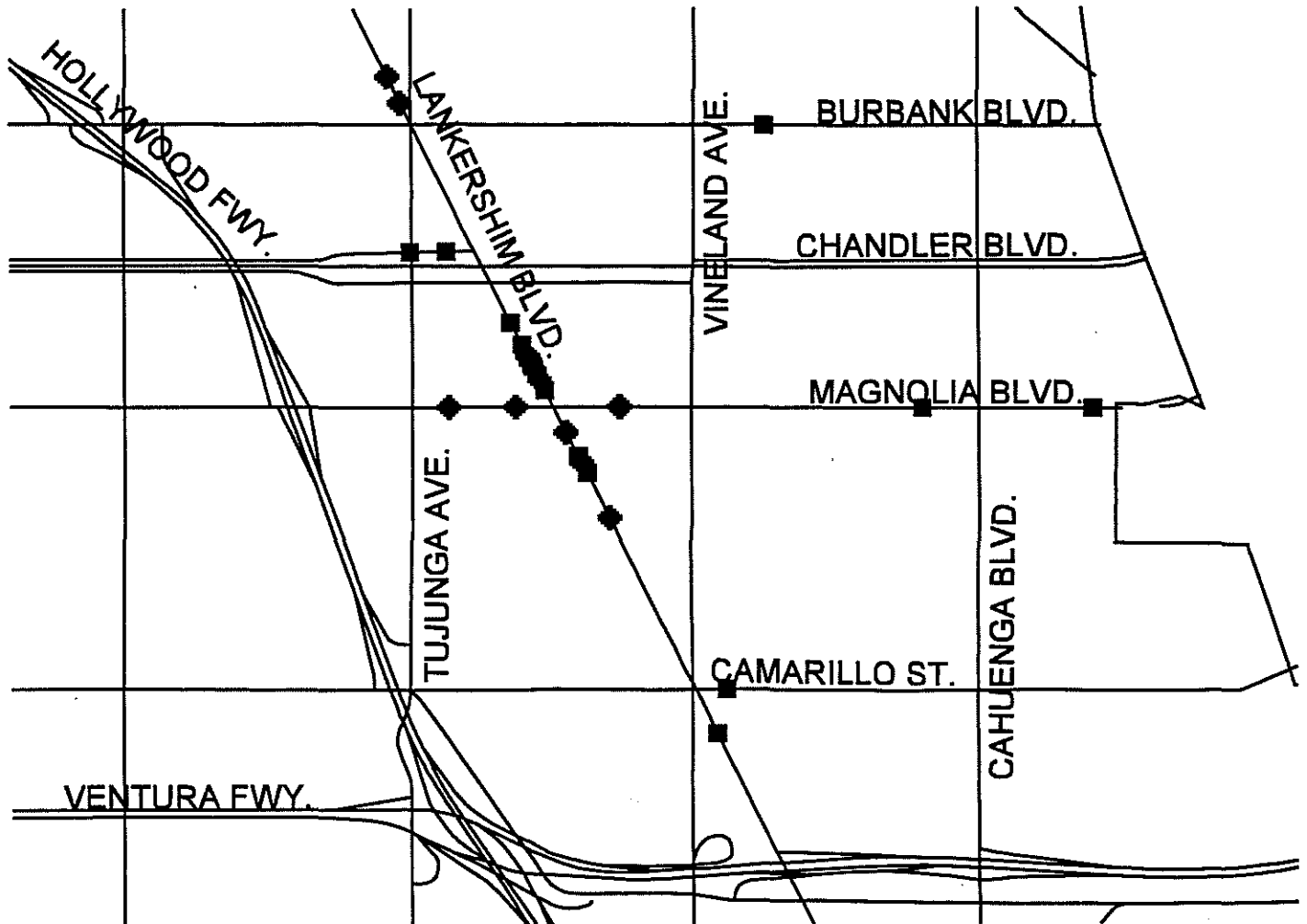


Figure 2

- Entertainment Facilities
- ◆ Ancillary Retail:
Sit-down Restaurants, Bookstores, Coffee houses

Based on the consultant's review of resident spending power (as evaluated above and in Appendix A of this report), there appears to be sufficient current leakage to support additional stores in several key retail categories: apparel; furniture/home furnishings; specialty; and eating/drinking (i.e., restaurants). Approximate⁶ square footages of existing commercial space that could be filled by these uses are estimated as follows:

- Apparel - 20,000 square feet
- Furniture/home furnishings - 20,000 to 30,000 square feet
- Specialty - 30,000 to 40,000 square feet
- Restaurants - 20,000 to 30,000 square feet

While the above amounts would theoretically be supportable immediately based on current spending power, it will take a concerted effort for these amounts of space to actually be absorbed. In order for the existing retail corridors to substantially improve their sales performance, it will be necessary to cluster complementary uses in close proximity to the area's existing theaters so that the area improves its functionality as a pedestrian/entertainment district. In all likelihood, the existing retail space will not achieve peak utilization until the new development recommended above is initiated. The new development will expand the overall market area from which North Hollywood merchants draw support, thereby benefiting existing retail facilities as well the new space.

There also appears to be substantial unmet demand in the General Merchandise (department store) category. However, a department store is not likely to locate in the type of specialty retail development envisioned for the project area (they prefer locations in regional malls or "big box" power centers).

⁶ More precise estimates would require a category-by-category comparison of actual sales to potential demand. Given that sales records for North Hollywood are not readily available (these data are generally tracked at the city-wide level), the consultant has estimated leakage by comparing potential demand to the inventory of existing retail stores.

V. OFFICE DEMAND ANALYSIS

For purposes of this office analysis, North Hollywood has been defined as part of the Glendale market area⁷. Other communities included within this market area are: Arcadia/Monrovia, Burbank, Glendale, Pasadena, Studio City and Universal City. In comparison to the greater Los Angeles area, the office market in the overall Glendale market area is relatively strong. The current inventory of regional office space in this market area stands at approximately 16.3 million square feet with an overall vacancy rate of 9 percent. In 1996, the vacancy level in the Glendale market area decreased one percent, while vacancy rates of the overall Los Angeles region remained constant.

North Hollywood and the surrounding Burbank and Universal City market areas benefit significantly from their proximity to major movie studios and other entertainment companies. Entertainment-related tenants represent a major source of office space demand in these market areas and are relatively less sensitive to recessionary market conditions. Office vacancy rates in Burbank and Universal City are 5 % and 1 %, respectively.

There are significant amounts of new office space planned for the Glendale office market over the next 15 to 20 years. These include the following projects:

- Up to 3.3 million square feet of new space on the Warner Bros. property in Burbank (by 2015);
- Approximately 1.0 million square feet of new space on the Disney property in Burbank (by 2016);
- Approximately 1.5 million square feet of new space at the NBC property in Burbank (by 2017); and
- Approximately 1.2 million square feet of new space to be developed as part of the Universal City Specific Plan (by 2010).

Also in the immediate future, plans have recently been announced for a 500,000 square foot office building in Glendale. The project is expected to begin construction in 1997 and is being touted as the first "speculative" office building to be developed in the Los Angeles area this decade.

⁷ The classification of the Glendale market area has been defined by CB Commercial. For consistency of sources, estimates of office absorption were also obtained from this source.

Demand for Regional Office Space in North Hollywood

The current inventory of regional office space in North Hollywood is approximately 1.0 million square feet. Local brokers report that North Hollywood currently has an office vacancy rate of 14.6%. While this is much higher than other portions of the Glendale market area, North Hollywood's office vacancy rates have significantly decreased over the past few years. In 1995, North Hollywood experienced a negative office absorption rate of 70,000 square feet. However, net office absorption in 1996 drastically increased to 170,000 square feet. As absorption increased in 1996, the vacancy level dropped significantly from 25 percent in 1995. This sharp increase in the absorption rate was due to the fact that the leasing agent for the Layton Belling Building was aggressive in attracting new tenants. It is projected that average annual absorption over the next few years will be slightly higher than the 1996 figure, with this projection premised on significant indications of demand from actual prospective users (based on serious inquiries to the CRA Project Area office, as described below).

For the period 1997 through 2000, we project that absorption will occur at an average annual rate of 180,000 square feet or 720,000 square feet total for the four-year period. Given the current excess supply⁸ of approximately 96,000 square feet, the net demand for new space during this four-year period is projected at 624,000 square feet. This absorption potential is consistent with actual immediate demand indicated by serious inquiries (by both prospective tenants and developers) to the CRA Project Area office. CRA staff estimates that this immediate demand totals approximately 600,000 square feet. This demand can be broadly characterized in terms of two categories:

1. Users (primarily in the entertainment industry) who are currently unable to find space in the Burbank and Universal City areas (due to the current low vacancy rates in these office markets), and who are therefore seeking space in alternative markets such as North Hollywood. This component of current demand represents a near-term window of opportunity for North Hollywood which will be partially lost after the year 2000 when new supplies of office facilities come on-line in the other markets.
2. Entertainment-industry users seeking relatively inexpensive space for production functions and other "back-room" activities. While these price-sensitive users typically cannot afford to be located in relatively expensive entertainment districts such as the Burbank and Universal City office markets, they do need to be within reasonable proximity of these districts. North Hollywood is therefore ideally positioned to serve this market niche given its clear price advantage and the ability to maintain competitive pricing due to the high floor-area-ratios (FARs) allowed in the project area. This market niche represents a permanent source of demand for North Hollywood which will be sustained even after the competitive supply in Burbank, Glendale, and Universal City expands.

Given that part of the immediate demand indicated for North Hollywood is temporary in nature (per Item 1 above), we project that office absorption in North Hollywood will decrease to an average rate of 120,000 square feet per year between 2001 and 2005. This conservative

⁸ "Excess" supply is defined here as any available space which exceeds a 5% vacancy level.

projection (relative to the actual level achieved during 1996 and the projections for 1997 through 2000) is premised on the fact that a substantial supply of competitive space in Glendale, Burbank and Universal City will be developed during this period.

Between 2006 and 2011, we project that office absorption in North Hollywood will increase to an average of 140,000 square feet per year. By that time the Metro Rail station should be fully operational, enhancing development opportunities in proximity to the station. Also, a critical mass of entertainment office facilities will be established in the area, further increasing its attractiveness to future development.

Project Area Capture Rate

The office absorption rates mentioned above apply to the overall North Hollywood market area. New development will continue to occur in other office nodes in North Hollywood, especially near Universal City. Based on recent historic trends, we project that the CRA project area can capture approximately 80 percent of new office development in the overall North Hollywood market area.

Demand for New Office Construction in Project Area

As calculated in Table 18, a total of 1.65 million square feet of regional office space is projected to be absorbed in the project area between 1997 and 2011. Assuming that a 10 percent vacancy factor is reflective of a stabilized office market, for every 90,000 square feet of office space absorbed, the market area can support approximately 100,000 square feet in new office construction. Thus the projected absorption of 1.65 million square feet translates into 1.83 million square feet of demand for new office construction.

**Table 18
 POTENTIAL OFFICE SPACE ABSORPTION
 NORTH HOLLYWOOD PROJECT AREA
 1997 - 2011
 Expressed in Square Feet**

<u>Period</u>	----- North Hollywood Overall -----				----- Project Area -----		
	<u>Average Annual Demand</u>	<u>Total Demand</u>	<u>Less: Current Oversupply</u>	<u>Net Potential Absorption</u>	<u>Area Capture Rate</u>	<u>Project Area Absorption</u>	<u>Demand for New Office Construction *</u>
1997 - 2000	180,000	720,000	96,000	624,000	80%	499,200	554,667
2001 - 2005	120,000	600,000	--	600,000	80%	480,000	533,333
2006 - 2011	<u>140,000</u>	<u>840,000</u>	<u>--</u>	<u>840,000</u>	<u>80%</u>	<u>672,000</u>	<u>746,667</u>
Average/Total	144,000	2,160,000	96,000	2,064,000	80%	1,651,200	1,834,667

* Based on 90 percent occupancy level (e.g., absorption of 90,000 square feet would support construction of 100,000 square feet, assuming a 10 percent vacancy factor).

Source: The Natelson Company, Inc.

VI. ENTERTAINMENT MARKET ANALYSIS

With the established presence of the NoHo Arts District, it is necessary to analyze the role that entertainment facilities should have in the future development framework of the project area. To do this, TNCI has outlined market areas from which entertainment facilities in the North Hollywood project area are projected to draw patrons. Interviews with various local contacts have been incorporated into the entertainment market analysis to confirm that recommendations are realistic and implementable. Specific actions that the Community Redevelopment Agency (CRA) could initiate to further enhance the entertainment facilities in the area are recommended below.

Market Area

TNCI has identified market areas from which entertainment facilities in the project area are projected to draw market support. There are defined as follows:

- Primary Market Area** - The area bounded by Roscoe Boulevard on the north, Mulholland/Barnam/170 Freeway to the south, 405 Freeway on the west and 5 Freeway to the east; and
- Secondary Market Area (excludes PMA)** - The area bounded by Los Angeles city limits on the north and west, Mulholland Drive on the south, 405 Freeway on the east, Roscoe Boulevard and 5 Freeway on the northeast.

Figures 3 and 4 show the geographical boundaries of the primary and secondary entertainment market areas, respectively.

Population

The population in the entertainment market areas is projected to increase over the 15 year study period. Table 19 illustrates these increases:

	1996	2001	2006	2011
PMA	464,243	475,670	490,043	503,656
SMA	625,531	627,840	633,229	637,807
Total	1,089,774	1,103,510	1,123,272	1,141,463
Source: UDS, TNCI				

Figure 3
Entertainment Primary Market Area
Polygon

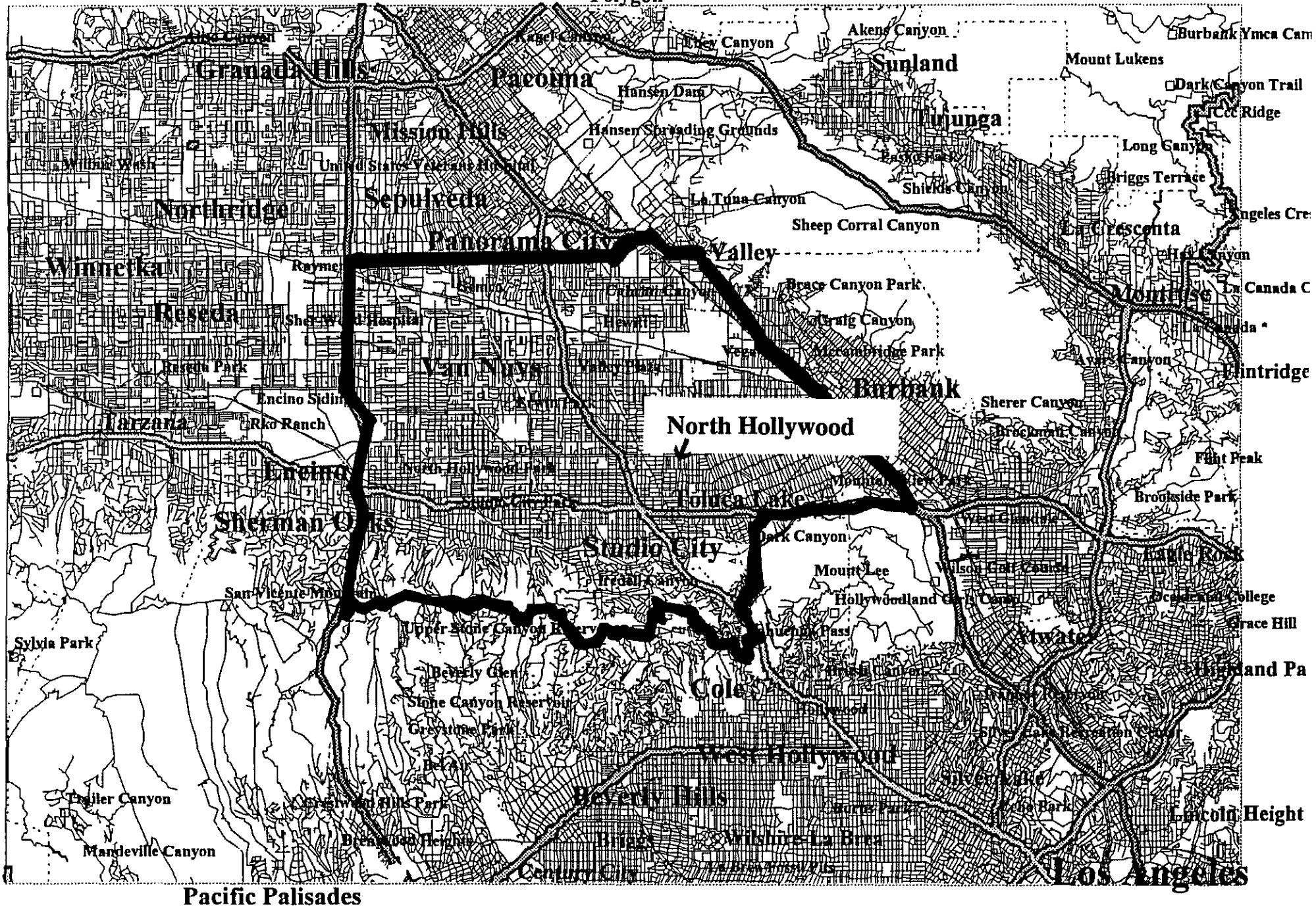
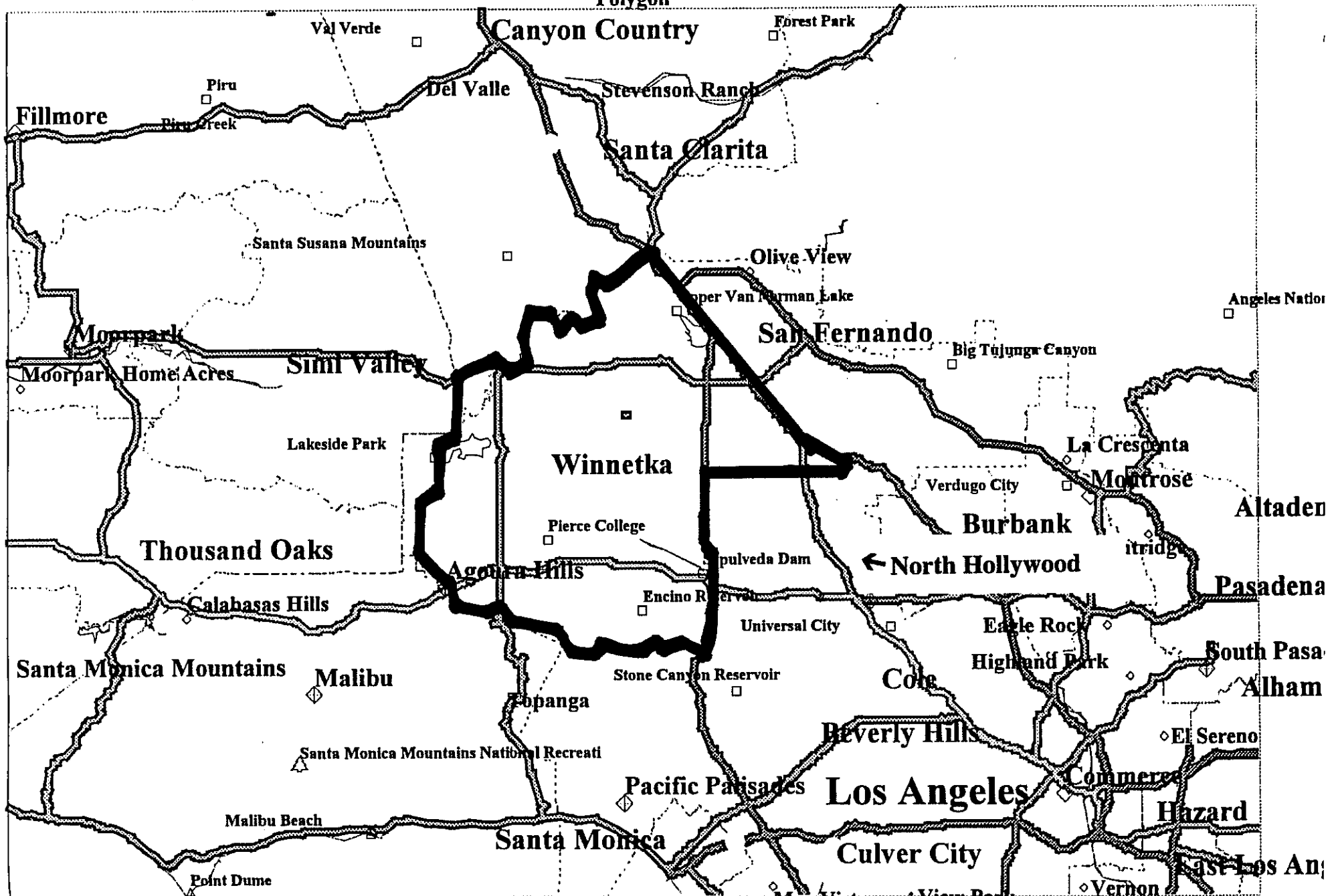


Figure 4
 Entertainment Secondary Market Area
 Polygon



While these increases in population provide evidence of market support for additional entertainment facilities in the project area, it is TNCI's conclusion that the existing base of entertainment businesses should be strengthened before new theater development is pursued as a priority by CRA. We base this conclusion on our discussions with a number of local theater operators who indicated that their facilities are currently operating well below capacity. An optimal environment for these existing entertainment facilities should be established before additional venues are encouraged to locate in North Hollywood. An optimal environment for entertainment facilities in North Hollywood does not exist presently due to the issues that are discussed below.

Challenges Facing the Project Area

There are several challenges facing the North Hollywood project area that have hindered the creation of an optimal environment for entertainment facilities. They are as follows:

- The entertainment facilities within the project area lack a comprehensive marketing plan to collectively promote the area to the public.
- There is an inadequate amount of retail shops to complement the theaters and the art galleries. The entertainment facilities in the project area are spread throughout the district. This dispersion has hindered the creation of a prominent identity and a sense of place for the Arts District.
- Poorly-lit streets create the perception that the Arts District is an unsafe place to visit at night and have negatively affected the amount of pedestrian traffic.
- The undersupply of public parking to serve local merchants has hurt the recruitment of new businesses to the area and adversely affected the existing businesses in the area.

Overall, these problems contribute to a lack of a sense of community. They also have affected attendance at theater performance and art gallery events. The area has not been developed as a pedestrian friendly environment, especially at night. It should be a priority of the CRA to take action in finding solutions to these problems. The North Hollywood Opportunities Inventory Task Force was assembled to address these problems. A number of very constructive suggestions were made at these meetings, and some are highlighted below.

Solutions

Notwithstanding the above challenges, the Arts District offers tremendous opportunities for the project area. The rapid emergence of the district (largely within the past several years--during a severe southern California recession) and the notable enthusiasm of local theater operators are strong indicators of the district's underlying potential. In order to unleash these potentials, the basic challenges noted above need to be addressed. The following ideas were suggested at the North Hollywood Opportunities Inventory and present possible solutions to the challenges which currently constrain the viability of the Arts District.

- To create an identity and a sense of place for North Hollywood, it has been suggested that each corridor create a theme based on the local area's history, culture, existing geographic borders and opportunities for the future. In addition to the NoHo Arts District, examples of these themed concepts are: Old Lankershim on Cahuenga Boulevard, Streets of the World on Magnolia Boulevard, Making a Neighborhood on Weddington Avenue, and the NoHo Motor District on Burbank Boulevard. Each of these neighborhood themes represents existing businesses in the area. It is the vision of this proposal to give each of the corridors a sense of identity while making them a part of the community as a whole.
- Adequate lighting was considered critical in ensuring a sense of security for pedestrian traffic in the area. Suggestions made were about antique light amenities. These suggestions even extended to innovative lighting displays placed on the storefront facades to brighten walkways for pedestrians at night.
- Parking is an immediate concern for the project area. It is proposed that the MTA Red Line station site will include a public parking structure. However, this would not be operation for several years. The project area is in need of an immediate parking solution. One suggestion that came out of the North Hollywood Opportunities Inventory was to use the Southern California Edison right of way along Vineland Avenue as a parking facility for businesses on Lankershim Boulevard. Also, there are several under-utilized parking lots south of Magnolia Boulevard and west of Lankershim Boulevard that could be utilized as public parking. However, these lots are located in the interior of the project area and trolley access would have to be initiated in order for these suggestions to be practical.
- The entertainment facilities in the project area suffer because they are not close proximity to each other. The CRA should encourage retail facilities to relocate in areas that would serve the pre-performance and post-performance theater audiences. A key site for this type of arrangement is on Lankershim Boulevard from Chandler to Otsego (see Figure 2). The American Renegade Theater, Raven Playhouse, NoHo Actors Studio, Sanford Meisner Center for the Performing Arts and the Lankershim Arts Center are entertainment facilities in this specific area. These facilities are complemented by the Eclectic Cafe, Eagles Coffee Pub, Rob Roy Deli, and Sam's Book City. The retail businesses must be convinced that opening their stores for longer hours would benefit them. In addition, this area is in need of additional retail complementary facilities, such as coffee houses, sit-down restaurants and bookstores. This key site could serve as a "pilot program" for the rest of North Hollywood. It is anticipated that changes in this area would cause a "ripple effect" that would extend into the surrounding areas.
- Theater companies in the area have had a difficult time in attracting a consistent audience to their performances. It would be beneficial for these theater companies to perform a market study to identify the types of productions that would attract people to their performances. A suggestion for these theaters would be the introduction of dinner shows, if appropriate facilities could be found. Certain theaters could associate with different restaurants in the area to provide a total entertainment experience. Marketing efforts should initially focus on

public awareness (throughout Los Angeles) of the area. The exposure that the area could receive on entertainment newscasts and reviews in the Calendar section of the Los Angeles Times would definitely help these facilities and bring attention to the project area.

VII. HOUSING DEMAND ANALYSIS

Demand for New Housing Units

Based on demographic data obtained for the project area, the following table projects the total demand for new residential units as follows:

	Housing Units
1996 - 2001	552
2001 - 2006	636
2006 - 2010	671
Total	1,859

The above demand levels are based on projected increases in population and households as forecasted by Urban Decisions Systems, Inc. (UDS). The UDS population and household projections essentially represent a "constrained" growth scenario in that they are based on recent historic trends which reflect the largely "built out" nature of the community. Should more developable land be made available (through CRA activities, etc.), it is possible that the level of population growth could actually be greater. However, this analysis assumes the relatively conservative numbers projected by UDS. Even under this conservative scenario, there will be sufficient demand to support substantial residential development in the 40-acre study area.

Given the urbanization trend that is in evidence in the project area, it is anticipated that most of the demand for new housing would be satisfied by multiple-family units. At present, approximately 80 percent of all housing units in the project area are renter-occupied and this percentage is projected to remain relatively constant, suggesting that the largest component of future demand will be for rental apartment units.

Supportable Rent Levels

Supportable monthly rent levels have been estimated based on demographic data for median and average household income. Based on the assumption that 30 percent of personal income is allotted towards housing payments, the monthly rent levels are as follows:

Table 21	
Median and Average Monthly Rent Levels	
North Hollywood Project Area	
	Rent Level (per month)
Median Household	\$934
Average Household	\$1026

These levels are consistent with the current rents being achieved by the newer, market-rate apartment complexes in North Hollywood.

Potential Residential Development in CRA Project Area

Given the future presence of the Red Line Station, the CRA project area will be especially well-positioned to capture a portion of the projected demand for new residential units.

It is recommended that the development within the 40-acre study area include at least one major residential complex of approximately 250 apartment units. Demand will be sufficient for this initial residential complex to be developed within the next four years. An additional multi-family residential building of a comparable size (250 units) would be feasible after the year 2000. Depending on the availability of development sites, a third residential complex of 250 units could be developed between 2006 and 2011.

It is recommended that the residential development be primarily oriented towards market-rate units, though some affordable units (low or moderate income) may be included in these buildings to fulfill set-aside requirements. Based on anticipated income levels of area residents, an average supportable rent rate of approximately \$900 to \$1,000 per month is projected for the market-rate units (approximately \$800 per month for one-bedroom units and \$1,000 to \$1,100 per month for two-bedroom units).

It is recommended that the residential development take full advantage of the presence of major transit facilities by offering unique units which reflect modern technologies and lifestyles. These may include such amenities as fiber optic capacities and live/work space. Given the significant presence of arts-oriented commerce in the project area, "artist loft" type units are also a viable option.

APPENDIX A

**RETAIL DEMAND ANALYSIS
NORTH HOLLYWOOD RETAIL TRADE AREA**

Table A-1
Projections of Population for the Total Market Area
North Hollywood Trade Area
Retail Demand Analysis

Area	1996	2001	2006	2011
Primary Market Area (PMA)	33,757	35,105	36,656	38,294
Secondary Market Area (SMA)	120,975	126,613	133,454	140,520
Regional Market Area (RMA)	935,042	941,791	958,162	962,650
Total Market Area	1,089,774	1,103,510	1,123,272	1,141,463

Source: Urban Decision Systems, Inc. (UDS); Southern California Association of Governments (SCAG);
The Natelson Company, Inc. (TNCI)

Table A-2
Per Capita Income Projection for Primary and Secondary Market Areas
North Hollywood Trade Area
Retail Demand Analysis
In Constant 1996 dollars

Primary Market Area (PMA):	\$18,116
Secondary Market Area (SMA):	\$29,889
Regional Market Area (RMA):	\$24,405
Annual Increase Factor	0.0%

Area	1996	2001	2006	2011
Primary Market Area (PMA)	\$18,116	\$18,116	\$18,116	\$18,116
Secondary Market Area (SMA)	\$29,889	\$29,889	\$29,889	\$29,889
Regional Market Area (RMA)	\$24,405	\$24,405	\$24,405	\$24,405

Source: UDS; TNCI

Table A-3
Total Income and Potential Retail Sales Projections for
Primary and Secondary Market Areas
North Hollywood Trade Area
Retail Demand Analysis
In Thousands of 1996 dollars

Percent of Income Spent for Retail Goods, PMA	35.0%
Allowance for Tourist and Business Spending	5.0%
Total, PMA	40.0%

Percent of Income Spent for Retail Goods, SMA	33.0%
Percent of Income Spent for Retail Goods, RMA	33.0%

Area	1996	2001	2006	2011
Total Income:				
Primary Market Area	\$611,550	\$635,979	\$664,067	\$693,737
Secondary Market Area	\$3,615,792	\$3,784,312	\$3,988,778	\$4,199,954
Regional Market Area	\$22,819,749	\$22,984,467	\$23,261,968	\$23,493,519
Total	\$27,047,091	\$27,404,757	\$27,914,813	\$28,387,210
Potential Retail Sales:				
Primary Market Area				
Residents	\$214,043	\$222,592	\$232,423	\$242,808
Businesses/Tourists	\$30,578	\$31,799	\$33,203	\$34,687
Subtotal	\$244,620	\$254,391	\$265,627	\$277,495
Secondary Market Area				
Subtotal	\$1,193,211	\$1,248,823	\$1,316,297	\$1,385,985
Regional Market Area				
Subtotal	\$7,530,517	\$7,584,874	\$7,676,450	\$7,752,861
Total Potential Retail Sales	\$8,968,349	\$9,088,088	\$9,258,373	\$9,416,341

Table A-4
Distribution of Retail Sales by Retail Category
North Hollywood Trade Area
Retail Demand Analysis

Retail Category	%Distribution 1996	%Distribution 2001	%Distribution 2006	%Distribution 2011
Shopper Goods:				
Apparel	5.44%	5.44%	5.44%	5.44%
General Merchandise	12.22%	12.22%	12.22%	12.22%
Furniture/Appliances	4.50%	4.50%	4.50%	4.50%
Specialty	13.18%	13.18%	13.18%	13.18%
Subtotal	35.34%	35.34%	35.34%	35.34%
Convenience Goods:				
Drug	2.84%	2.84%	2.84%	2.84%
Food (Supermarkets, etc.)	19.70%	19.70%	19.70%	19.70%
Packaged Liquor	0.99%	0.99%	0.99%	0.99%
Eating and Drinking	11.34%	11.34%	11.34%	11.34%
Subtotal	34.87%	34.87%	34.87%	34.87%
Heavy Commercial Goods:				
Building/ Hardware/ Farm	6.89%	6.89%	6.89%	6.89%
Auto Dealers and Parts	15.29%	15.29%	15.29%	15.29%
Service Stations	7.61%	7.61%	7.61%	7.61%
Subtotal	29.79%	29.79%	29.79%	29.79%
Total	100.00%	100.00%	100.00%	100.00%

Source: TNCI, based on historic trends reported by the State Board of Equalization

Table A-5
Projected Demand for Retail Sales for Primary Market Area by Major Retail Category
North Hollywood Trade Area
Retail Demand Analysis
In Thousands of 1996 dollars

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	\$13,307	\$13,839	\$14,450	\$15,096
General Merchandise	\$29,893	\$31,087	\$32,460	\$33,910
Furniture/Appliances	\$11,008	\$11,448	\$11,953	\$12,487
Specialty	\$32,241	\$33,529	\$35,010	\$36,574
Subtotal	\$86,449	\$89,902	\$93,872	\$98,067
Convenience Goods:				
Drug	\$6,947	\$7,225	\$7,544	\$7,881
Food (Supermarkets, etc.)	\$48,190	\$50,115	\$52,328	\$54,666
Packaged Liquor	\$2,422	\$2,518	\$2,630	\$2,747
Eating and Drinking	\$27,740	\$28,848	\$30,122	\$31,468
Subtotal	\$85,299	\$88,706	\$92,624	\$96,762
Heavy Commercial Goods:				
Building/ Hardware/ Farm	\$16,854	\$17,528	\$18,302	\$19,119
Auto Dealers and Parts	\$37,402	\$38,896	\$40,614	\$42,429
Service Stations	\$18,616	\$19,359	\$20,214	\$21,117
Subtotal	\$72,872	\$75,783	\$79,130	\$82,666
Total	\$244,620	\$254,391	\$265,627	\$277,495

Table A-6
Projected Demand for Retail Sales for Secondary Market Area by Major Retail Category
North Hollywood Trade Area
Retail Demand Analysis
In Thousands of 1996 dollars

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	\$64,911	\$67,936	\$71,607	\$75,398
General Merchandise	\$145,810	\$152,606	\$160,851	\$169,367
Furniture/Appliances	\$53,695	\$56,197	\$59,233	\$62,369
Specialty	\$157,265	\$164,595	\$173,488	\$182,673
Subtotal	\$421,681	\$441,334	\$465,179	\$489,807
Convenience Goods:				
Drug	\$33,887	\$35,467	\$37,383	\$39,362
Food (Supermarkets, etc.)	\$235,063	\$246,018	\$259,310	\$273,039
Packaged Liquor	\$11,813	\$12,363	\$13,031	\$13,721
Eating and Drinking	\$135,310	\$141,617	\$149,268	\$157,171
Subtotal	\$416,073	\$435,465	\$458,993	\$483,293
Heavy Commercial Goods:				
Building/ Hardware/ Farm	\$82,212	\$86,044	\$90,693	\$95,494
Auto Dealers and Parts	\$182,442	\$190,945	\$201,262	\$211,917
Service Stations	\$90,803	\$95,035	\$100,170	\$105,473
Subtotal	\$355,458	\$372,024	\$392,125	\$412,885
Total	\$1,193,211	\$1,248,823	\$1,316,297	\$1,385,985

Table A-7
Projected Demand for Retail Sales for Regional Market Area by Major Retail Category
North Hollywood Trade Area
Retail Demand Analysis
In Thousands of 1996 dollars

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	\$409,660	\$412,617	\$417,599	\$421,756
General Merchandise	\$920,229	\$926,872	\$938,062	\$947,400
Furniture/Appliances	\$338,873	\$341,319	\$345,440	\$348,879
Specialty	\$992,522	\$999,686	\$1,011,756	\$1,021,827
Subtotal	\$2,661,285	\$2,680,495	\$2,712,857	\$2,739,861
Convenience Goods:				
Drug	\$213,867	\$215,410	\$218,011	\$220,181
Food (Supermarkets, etc.)	\$1,483,512	\$1,494,220	\$1,512,261	\$1,527,314
Packaged Liquor	\$74,552	\$75,090	\$75,997	\$76,753
Eating and Drinking	\$853,961	\$860,125	\$870,509	\$879,174
Subtotal	\$2,625,891	\$2,644,846	\$2,676,778	\$2,703,423
Heavy Commercial Goods:				
Building/ Hardware/ Farm	\$518,853	\$522,598	\$528,907	\$534,172
Auto Dealers and Parts	\$1,151,416	\$1,159,727	\$1,173,729	\$1,185,412
Service Stations	\$573,072	\$577,209	\$584,178	\$589,993
Subtotal	\$2,243,341	\$2,259,534	\$2,286,814	\$2,309,577
Total	\$7,530,517	\$7,584,874	\$7,676,450	\$7,752,861

Table A-8
Potential Capture of Projected Primary Market Area Demand for Retail Sales Expressed in Percentages
North Hollywood Trade Area
Retail Demand Analysis

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	20.00%	20.00%	20.00%	20.00%
General Merchandise	0.00%	0.00%	0.00%	0.00%
Furniture/Appliances	20.00%	20.00%	20.00%	20.00%
Specialty	20.00%	20.00%	20.00%	20.00%
Convenience Goods:				
Drug	20.00%	20.00%	20.00%	20.00%
Food (Supermarkets, etc.)	20.00%	20.00%	20.00%	20.00%
Packaged Liquor	20.00%	20.00%	20.00%	20.00%
Eating and Drinking	50.00%	50.00%	50.00%	50.00%

Table A-9
Potential Capture of Projected Secondary Market Area Demand for Retail Sales Expressed in Percentages
North Hollywood Trade Area
Retail Demand Analysis

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	2.00%	3.00%	5.00%	5.00%
General Merchandise	0.00%	0.00%	0.00%	0.00%
Furniture/Appliances	2.00%	3.00%	5.00%	5.00%
Specialty	2.00%	3.00%	5.00%	5.00%
Convenience Goods:				
Drug	0.00%	0.00%	0.00%	0.00%
Food (Supermarkets, etc.)	0.00%	0.00%	0.00%	0.00%
Packaged Liquor	0.00%	0.00%	0.00%	0.00%
Eating and Drinking	2.00%	3.00%	5.00%	5.00%

Table A-10
Potential Capture of Projected Regional Market Area Demand for Retail Sales Expressed in Percentages
North Hollywood Trade Area
Retail Demand Analysis

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	0.00%	1.00%	1.50%	2.00%
General Merchandise	0.00%	0.00%	0.00%	0.00%
Furniture/Appliances	0.00%	1.00%	1.50%	2.00%
Specialty	0.00%	1.00%	1.50%	2.00%
Convenience Goods:				
Drug	0.00%	0.00%	0.00%	0.00%
Food (Supermarkets, etc.)	0.00%	0.00%	0.00%	0.00%
Packaged Liquor	0.00%	0.00%	0.00%	0.00%
Eating and Drinking	0.00%	1.00%	1.50%	2.00%

Table A-11
Potential Capture of Projected Primary Market Area Demand for Retail Sales
North Hollywood Trade Area
Retail Demand Analysis
In Thousands of 1996 dollars

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	\$2,661	\$2,768	\$2,890	\$3,019
General Merchandise	\$0	\$0	\$0	\$0
Furniture/Appliances	\$2,202	\$2,290	\$2,391	\$2,497
Specialty	\$6,448	\$6,706	\$7,002	\$7,315
Subtotal	\$11,311	\$11,763	\$12,283	\$12,831
Convenience Goods:				
Drug	\$1,389	\$1,445	\$1,509	\$1,576
Food (Supermarkets, etc.)	\$9,638	\$10,023	\$10,466	\$10,933
Packaged Liquor	\$484	\$504	\$526	\$549
Eating and Drinking	\$13,870	\$14,424	\$15,061	\$15,734
Subtotal	\$25,382	\$26,396	\$27,561	\$28,793
Total	\$36,693	\$38,159	\$39,844	\$41,624

Table A-12
Potential Capture of Projected Secondary Market Area Demand for Retail Sales
North Hollywood Trade Area
Retail Demand Analysis
In Thousands of 1996 dollars

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	\$1,298	\$2,038	\$3,580	\$3,770
General Merchandise	\$0	\$0	\$0	\$0
Furniture/Appliances	\$1,074	\$1,686	\$2,962	\$3,118
Specialty	\$3,145	\$4,938	\$8,674	\$9,134
Subtotal	\$5,517	\$8,662	\$15,216	\$16,022
Convenience Goods:				
Drug	\$0	\$0	\$0	\$0
Food (Supermarkets, etc.)	\$0	\$0	\$0	\$0
Packaged Liquor	\$0	\$0	\$0	\$0
Eating and Drinking	\$2,706	\$4,248	\$7,463	\$7,859
Subtotal	\$2,706	\$4,248	\$7,463	\$7,859
Total	\$8,224	\$12,910	\$22,680	\$23,881

Table A-13
Potential Capture of Projected Regional Market Area Demand for Retail Sales
North Hollywood Trade Area
Retail Demand Analysis
In Thousands of 1996 dollars

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	\$0	\$4,126	\$6,264	\$8,435
General Merchandise	\$0	\$0	\$0	\$0
Furniture/Appliances	\$0	\$3,413	\$5,182	\$6,978
Specialty	\$0	\$9,997	\$15,176	\$20,437
Subtotal	\$0	\$17,536	\$26,622	\$35,849
Convenience Goods:				
Drug	\$0	\$0	\$0	\$0
Food (Supermarkets, etc.)	\$0	\$0	\$0	\$0
Packaged Liquor	\$0	\$0	\$0	\$0
Eating and Drinking	\$0	\$8,601	\$13,058	\$17,583
Subtotal	\$0	\$8,601	\$13,058	\$17,583
Total	\$0	\$26,137	\$39,680	\$53,433

Table A-14
Total Potential Capture of Retail Sales for Primary, Secondary and Regional Market Areas
North Hollywood Trade Area
Retail Demand Analysis
In Thousands of 1996 dollars

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	\$3,960	\$8,932	\$12,734	\$15,224
General Merchandise	\$0	\$0	\$0	\$0
Furniture/Appliances	\$3,275	\$7,389	\$10,534	\$12,593
Specialty	\$9,593	\$21,640	\$30,853	\$36,885
Subtotal	\$16,829	\$37,961	\$54,121	\$64,703
Convenience Goods:				
Drug	\$1,389	\$1,445	\$1,509	\$1,576
Food (Supermarkets, etc.)	\$9,638	\$10,023	\$10,466	\$10,933
Packaged Liquor	\$484	\$504	\$526	\$549
Eating and Drinking	\$16,576	\$27,274	\$35,582	\$41,176
Subtotal	\$28,088	\$39,245	\$48,082	\$54,235
Total	\$44,917	\$77,207	\$102,203	\$118,937

**Table A-15
 Projected Retail Demand Characteristics of MTA Rail Ridership
 North Hollywood Retail Demand Analysis**

Total Metro Rail Ridership

	1996	2001	2006	2011
Average Daily Users (Week Day)	-	3,120	4,160	5,200
Estimated Annual Ridership (260 weekdays/year)	-	811,200	1,081,600	1,352,000

Average Daily Expenditures (1996 \$)

Daily Expenditures per User	-	\$10.00	\$10.00	\$10.00
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Total Ridership Retail Demand (1996 \$)

Annual Retail Expenditures of Transit Users	-	\$8,112,000	\$10,816,000	\$13,520,000
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Table A-16
Projected Retail Demand Characteristics for Metro Red Line Ridership
North Hollywood Retail Demand Analysis

<u>Retail Category</u>	<u>1996</u>	<u>2001</u>	<u>2006</u>	<u>2011</u>
Shopper Goods:				
Apparel	-	8.0%	8.0%	8.0%
General Merchandise	-	7.0%	7.0%	7.0%
Specialty	-	8.0%	8.0%	8.0%
Convenience Goods:				
Drug	-	7.0%	7.0%	7.0%
Food	-	10.0%	10.0%	10.0%
Eating and Drinking	-	60.0%	60.0%	60.0%

Table A-17
Projection of Ridership Demand for Retail Sales by Retail Category
North Hollywood Retail Demand Analysis

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	-	\$648,960	\$865,280	\$1,081,600
General Merchandise	-	\$567,840	\$757,120	\$946,400
Specialty	-	\$648,960	\$865,280	\$1,081,600
Convenience Goods:				
Drug	-	\$567,840	\$757,120	\$946,400
Food	-	\$811,200	\$1,081,600	\$1,352,000
Eating and Drinking	-	\$4,867,200	\$6,489,600	\$8,112,000

Table A-18
Potential Capture Rates of Metro Rail Ridership Demand for Retail Sales
North Hollywood Retail Demand Analysis

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	-	10.0%	10.0%	10.0%
General Merchandise	-	0.0%	0.0%	0.0%
Specialty	-	10.0%	10.0%	10.0%
Convenience Goods:				
Drug	-	10.0%	10.0%	10.0%
Food	-	30.0%	30.0%	30.0%
Eating and Drinking	-	10.0%	10.0%	10.0%

Table A-19
Potential Capture of Metro Rail Ridership Projected Demand for Retail Sales
North Hollywood Retail Demand Analysis

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	-	\$64,896	\$86,528	\$108,160
General Merchandise	-	\$0	\$0	\$0
Specialty	-	\$64,896	\$86,528	\$108,160
Convenience Goods:				
Drug	-	\$56,784	\$75,712	\$94,640
Food	-	\$243,360	\$324,480	\$405,600
Eating and Drinking	-	\$486,720	\$648,960	\$811,200

Table A-20
Total Potential Capture of Projected Retail Demand from Residents and Metro Rail Ridership
North Hollywood Retail Demand Analysis

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	\$3,959,680	\$8,996,925	\$12,820,856	\$15,332,295
General Merchandise	\$0	\$0	\$0	\$0
Furniture/Appliances	\$3,275,471	\$7,388,627	\$10,533,911	\$12,593,494
Specialty	\$9,593,491	\$21,705,363	\$30,852,656	\$36,884,945
Subtotal	\$16,828,642	\$38,090,915	\$54,207,423	\$64,810,734
Convenience Goods:				
Drug	\$1,389,442	\$1,501,727	\$1,508,760	\$1,576,170
Food (Supermarkets, etc.)	\$9,638,032	\$10,266,382	\$10,465,691	\$10,933,293
Packaged Liquor	\$484,348	\$503,695	\$525,941	\$549,440
Eating and Drinking	\$16,576,163	\$27,760,456	\$35,582,076	\$41,175,976
Subtotal	\$28,087,985	\$40,032,260	\$48,082,467	\$54,234,879
Total	\$44,916,627	\$78,123,175	\$102,289,890	\$119,045,613

Table A-21
Sales Per Square Foot Standards for Retail Space
North Hollywood Trade Area
Retail Demand Analysis

Retail Category	Sales per Square Foot Standards
<i>Shopper Goods:</i>	
Apparel	\$250
General Merchandise	\$150
Furniture/Appliances	\$175
Specialty	\$200
<i>Convenience Goods:</i>	
Drug	\$250
Food (Supermarkets, etc.)	\$400
Packaged Liquor	\$200
Eating and Drinking	\$350

Source: TNCI, Urban Land Institute

Table A-22
Net Supportable Retail and Services Space Expressed In Square Feet
North Hollywood Trade Area
Retail Demand Analysis

Services Space Factor (as percentage of retail space) :

15%

Retail Category	1996	2001	2006	2011
Shopper Goods:				
Apparel	15,839	35,988	51,283	61,329
General Merchandise	0	0	0	0
Furniture/Appliances	18,717	42,221	60,194	71,963
Specialty	47,967	108,527	154,263	184,425
Subtotal	82,523	186,735	265,740	317,717
Convenience Goods:				
Drug	5,558	6,007	6,035	6,305
Food (Supermarkets, etc.)	24,095	25,666	26,164	27,333
Packaged Liquor	2,422	2,518	2,630	2,747
Eating and Drinking	47,360	79,316	101,663	117,646
Subtotal	79,435	113,507	136,492	154,031
Services Space	24,294	45,036	60,335	70,762
Total	186,252	345,278	462,567	542,510

Source: TNCI