APPENDIX

CITY OF ARTESIA – EDSP MAY 2023

APPENDIX TABLE OF CONTENTS

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A. EXISTING CONDITIONS / MARKET ASSESSMENT

CITY OF ARTESIA – EDSP

A.1 – CITY REVENUE INFORMATION

CITY OF ARTESIA – EDSP

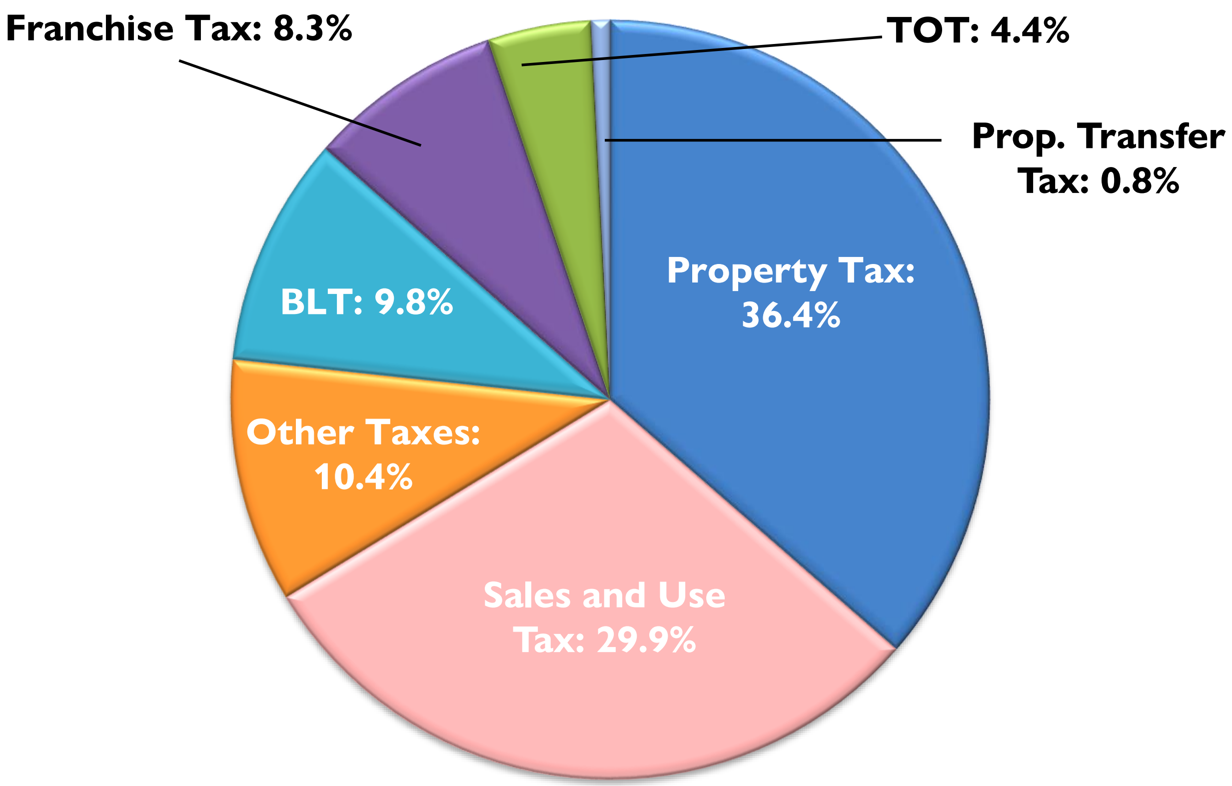
SUMMARY
CITY REVENUE INFORMATION

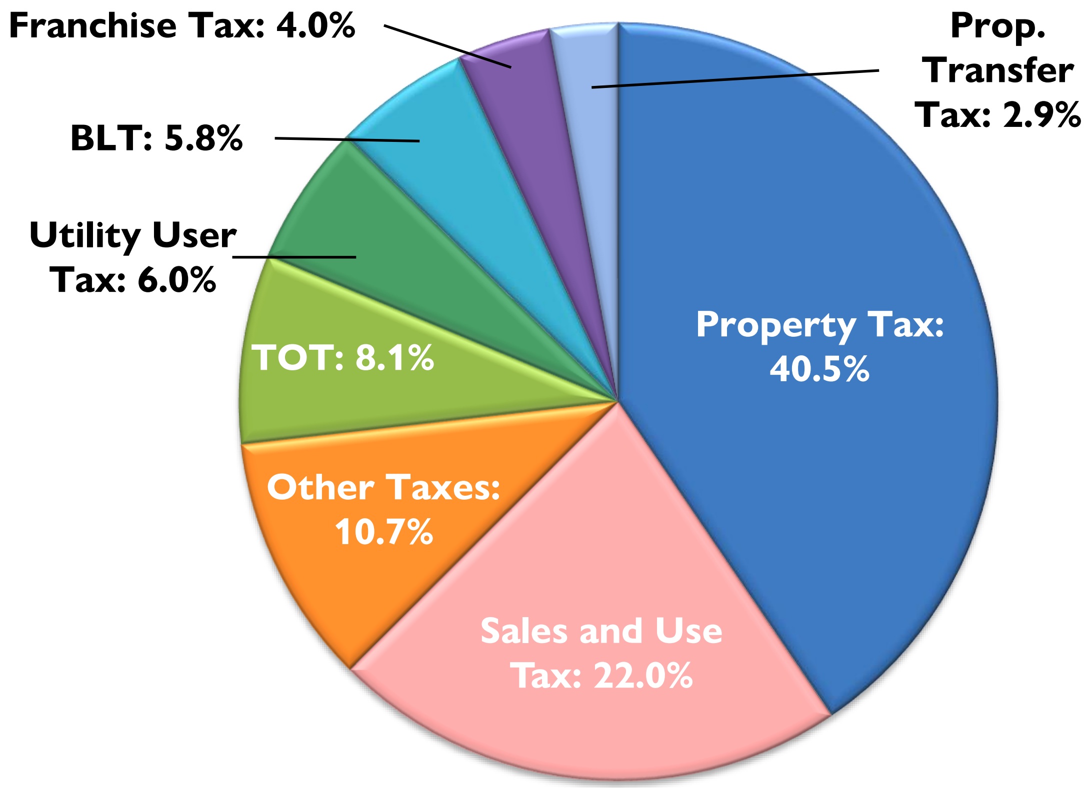
- Historically, Artesia receives ~36% of its revenue from property taxes (Low Tax City) and ~30% of its revenue from sales tax, indicating a relatively balanced source of revenues and does not appear to be at risk of sales or hotel tax exposure, despite being heavily retailed (60 SF of shopping center space per capita)
- Artesia has slightly higher business and license taxes due to Measure V, a tax imposed on professional and services businesses located in commercial zones. This tax is meant to offset the loss in sales tax revenue from a retail store operating in the same location
- Sales tax revenue in the City was $2.9M in 2021, indicating approx. $290M in retail sales. Considering the 1.4M SF retail base, this yields ~$200 per square foot per year
- Observing FY 2021-2022 data, sales tax revenues are primarily driven by restaurants and hotels, general consumer goods, and fuel and service stations
- Double-digit growth in sales tax revenue in Artesia can be observed year-over-year (FY 2020-2021 to FY 2021-2022) across several industry groups (the highest being fuel and service stations). A reduction in sales tax revenues can be seen in the business and industry, food and drugs, and the state pool
- Sales tax revenues in Artesia have grown ~60.7% since 2012, or approx. 5.5% per year. Over the same 10-year period, sales tax revenue from Artesia to the County Pool has increased significantly by ~210.4% or 15.4% per year
- County Pool revenues have grown dramatically due to rise in e-commerce sales, particularly during the COVID-19 pandemic (63.7% increase between 2019-2020)
- Although the COVID-19 pandemic did cause a decline in sales tax revenues due to lockdowns (28.5% decline from 2019-2020), the City recovered quickly and experienced a 57% increase in sales tax revenue from 2020-2021. Artesia's sales tax revenues in 2021 exceeded pre-COVID-19 pandemic revenues by over $300K

Sources: CA DOF (Accessed October 2022); California State Controller's Office, City Revenues FY 2017-2018, City of Artesia, HdL (Accessed November 2022)

TAX REVENUES

CITY OF ARTESIA VS. CALIFORNIA CITIES (HISTORIC CONTEXT)



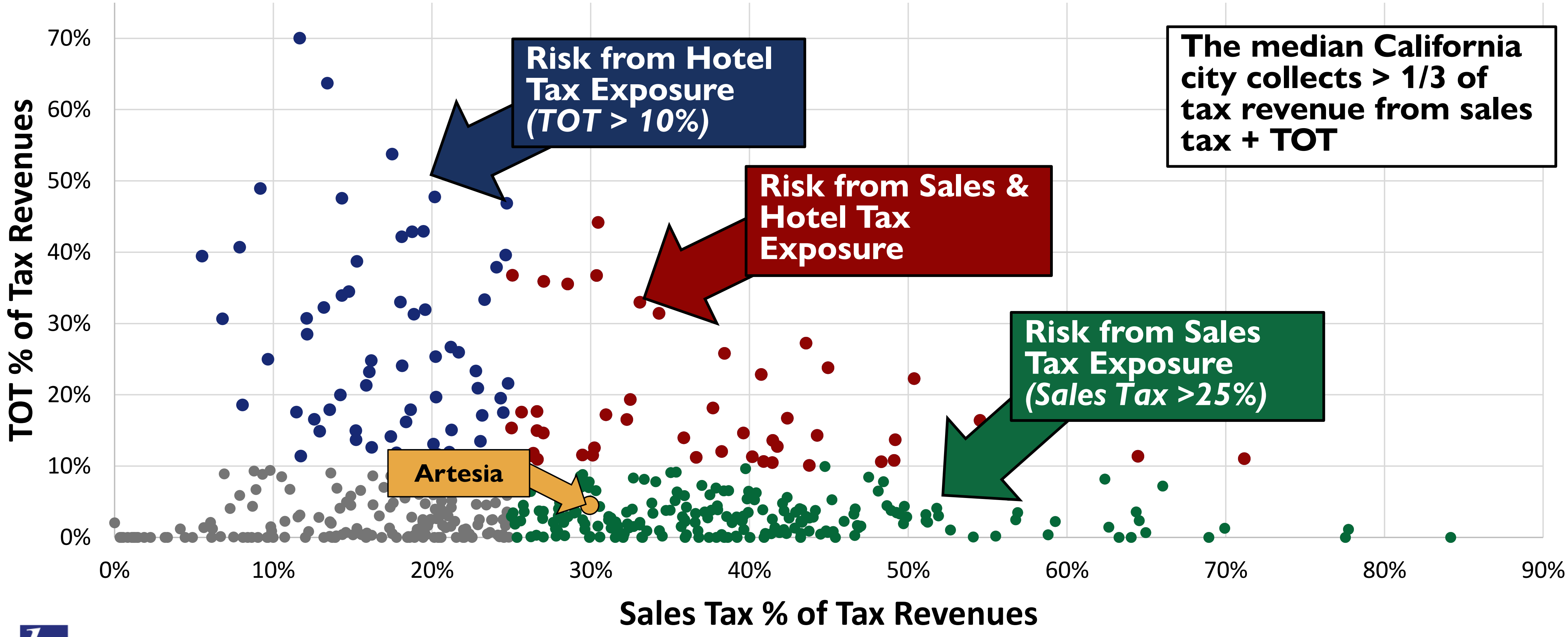


Source: California State Controller's Office, City Revenues FY 2017-2018 (Accessed November 2022)

Notes: Includes both functional and general tax revenues. Property Taxes includes: in-lieu of MVLF, secured, unsecured, and other property tax revenue categories. Other Taxes includes: interest, penalties, delinquent taxes, transportation taxes (transit and non-transit), employer payroll tax, construction development taxes, parking taxes, admission taxes, and all other taxes. Transportation Taxes comprise most of the revenue labeled "Other Taxes". Business License Tax ("BLT") includes Artesia's Measure V, a business license tax imposed on services and professional businesses located in Commercial General (C-G) and Commercial Planned Development (CPD) zones. Measure V is meant to offset the loss of sales tax revenue to the City from a retail business operating in the same location. Measure V tax is imposed on a per square foot per month basis based on the location of the business ($0.137 PSF/month if on the first floor, $0.10 PSF/month if on 2nd floor, $0.07 PSF/month if on 3rd floor or higher). Historically, Artesia has not levied a utility user tax.

TAX REVENUES

SALES TAX & TOT EXPOSURE (HISTORIC CONTEXT)

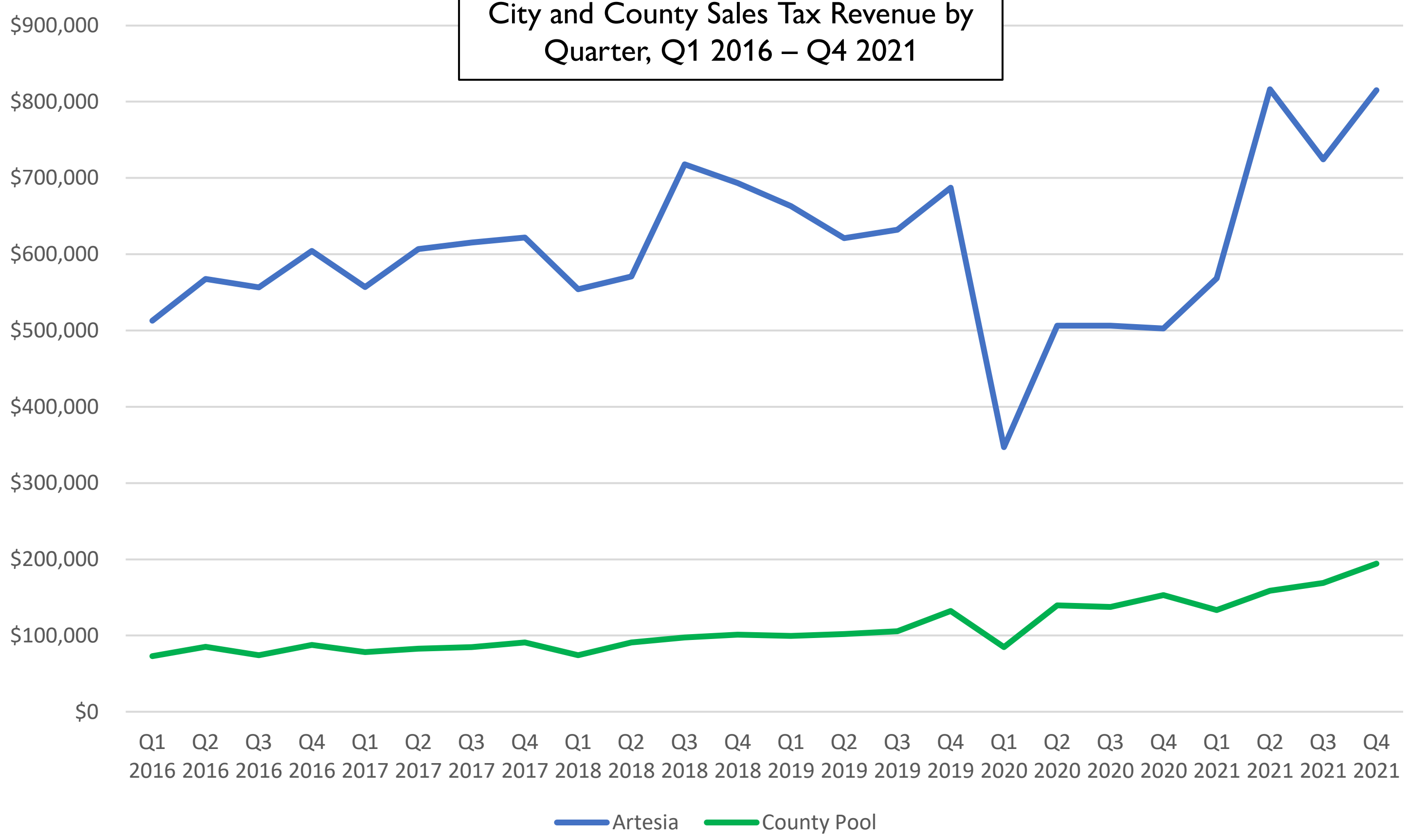


Source: California State Controller's Office, City Revenues FY 2017-2018 (Accessed November 2022)

SALES TAX HISTORY

CITY SALES TAX REVENUE RECOVERED QUICKLY AFTER FROM COVID-19 PANDEMIC QUICKLY

City and County Sales Tax Revenue by Quarter, Q1 2016 – Q4 2021



Year	Bradley-Burns 1%	County Pool	Pool Share
2012*	$1,820,000	$211,000	11.6%
2016	$2,241,000	$320,200	14.3%
2017	$2,400,900	$336,800	14.0%
2018	$2,535,700	$363,800	14.3%
2019	$2,603,400	$439,300	16.9%
2020	$1,862,400	$514,600	27.6%
2021	$2,924,300	$655,000	22.4%
5-Year Growth	30.5%	104.6%	56.8%
10-Year Growth	60.7%	210.4%	93.2%
COVID-19 Effect (2019-2020)	-28.5%	17.1%	63.7%
CAGR	5.5%	15.4%	9.4%

Source: CA DOF (Accessed October 2022)
Note: *2012 was used as a reference year to observe the growth in sales tax revenue experienced by the City and County in the last 10 years.

HISTORIC SALES TAX REVENUES BY QUARTER

STRONG GROWTH IN PROPERTY TAX, LOWER GROWTH IN SALES TAX

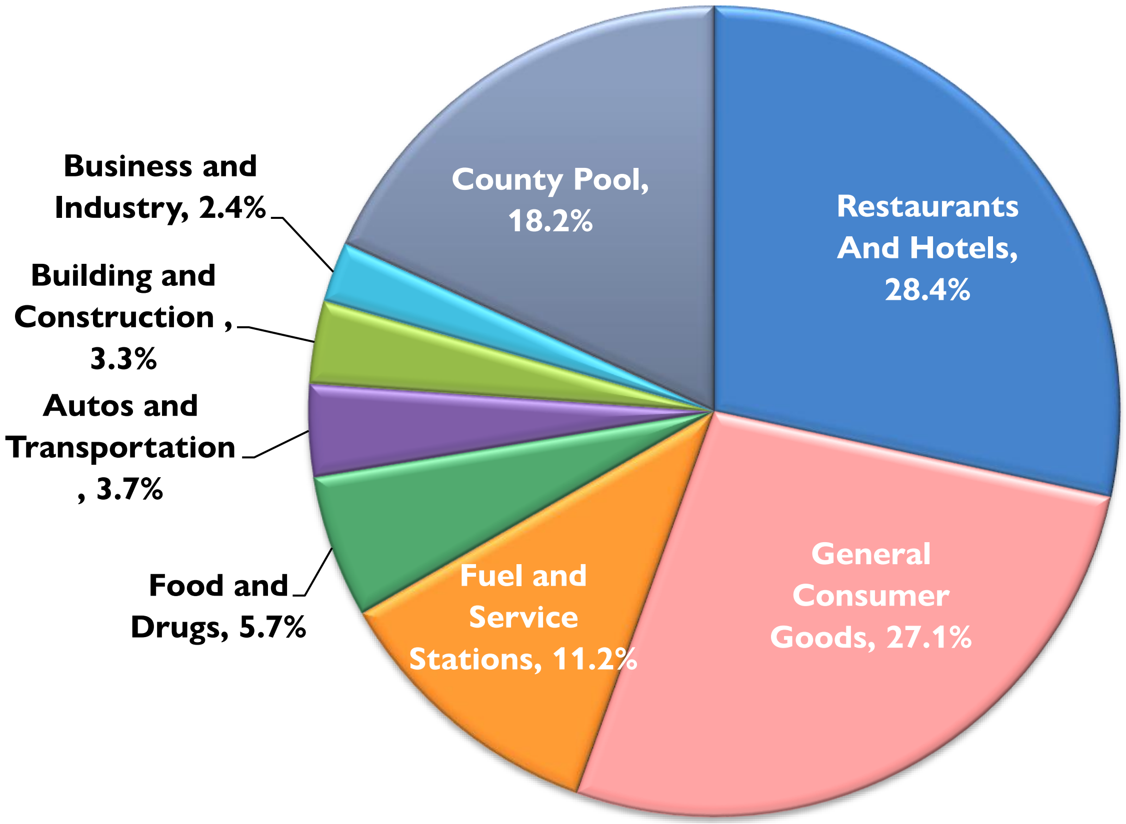
Year	Quarter	Artesia	County Pool	Pool Share	YOY Growth (Artesia)
2016	1	$512,700	$73,000	14.2%	-
	2	$567,500	$85,200	15.0%	-
	3	$556,600	$74,400	13.4%	-
	4	$604,200	$87,600	14.5%	-
2017	1	$557,000	$78,200	14.0%	9%
	2	$606,800	$82,900	13.7%	7%
	3	$615,200	$84,800	13.8%	11%
	4	$621,900	$90,900	14.6%	3%
2018	1	$554,000	$74,300	13.4%	-1%
	2	$570,700	$90,800	15.9%	-6%
	3	$717,700	$97,400	13.6%	17%
	4	$693,300	$101,300	14.6%	11%

Year	Quarter	Artesia	County Pool	Pool Share	YOY Growth (Artesia)
2019	1	$663,000	$99,400	15.0%	20%
	2	$621,200	$102,000	16.4%	9%
	3	$632,000	$105,700	16.7%	-12%
	4	$687,200	$132,200	19.2%	-1%
2020	1	$347,000	$84,700	24.4%	-48%
	2	$506,400	$139,400	27.5%	-18%
	3	$506,400	$137,400	27.1%	-20%
	4	$502,600	$153,100	30.5%	-27%
2021	1	$568,600	$133,300	23.4%	64%
	2	$816,300	$158,700	19.4%	61%
	3	$724,300	$168,800	23.3%	43%
	4	$815,100	$194,200	23.8%	62%

Source: CA DOF (Accessed October 2022)

SALES TAX BY SECTOR (FY 2021-2022)

SALES TAX REVENUES PRIMARILY FROM RESTAURANTS AND HOTELS, GENERAL CONSUMER GOODS, AND FUEL AND SERVICE STATIONS



Category	Sales Tax (FY 2021-2022)	%
Restaurants and Hotels	$1,087,174	28.4%
General Consumer Goods	$1,036,391	27.1%
Fuel and Service Stations	$427,651	11.2%
Food and Drugs	$216,366	5.7%
Autos and Transportation	$140,625	3.7%
Building and Construction	$126,195	3.3%
Business and Industry	$92,912	2.4%
County Pool	$698,073	18.2%
Total	$3,825,387	100.0%

Source: City of Artesia, HdL (Accessed November 2022)
Note: This chart excludes Transfers & Unidentified and State Pool estimates, as each were less than $5,000 in revenue

SALES TAX HISTORY – BY SECTOR

STRONGEST GROWTH IN FUEL AND SERVICE STATIONS, LOW GROWTH IN BUILDING AND CONSTRUCTION

Industry Group	FY 2020-2021	FY 2021-2022	% Chg.
Autos and Transportation	$112,689	$140,625	24.8%
Building and Construction	$119,638	$126,195	5.5%
Business and Industry	$147,630	$92,912	(37.1%)
Food and Drugs	$219,193	$216,366	(1.3%)
Fuel and Service Stations	$242,856	$427,651	76.1%
General Consumer Goods	$773,431	$1,036,391	34.0%
Restaurants and Hotels	$786,675	$1,087,174	38.2%
Transfers and Unidentified	$2,277	$3,356	47.4%
Total Point of Sale	$2,404,389	$3,130,669	30.2%
County Pool	$588,763	$698,073	18.6%
State Pool	$1,002	$987	(1.5%)
Total (Gross Receipts)	$2,994,154	$3,829,730	27.9%

Source: City of Artesia, HdL (Accessed November 2022) Data provided for Calendar Years and adjusted for economic data.
Numbers in parentheses and in red indicate a negative number.

A.2 – POPULATION & HOUSEHOLD DEMOGRAPHICS

CITY OF ARTESIA – EDSP

SUMMARY
POPULATION & HOUSEHOLD DEMOGRAPHICS

Populations & Households

- Artesia has a population of ~16,200 residents and ~4,600 households. Population of ~624,900 and ~191,500 households within a 5-mile radius of the intersection of Artesia and Pioneer Blvds.
- Average household size in the City (3.42) is higher compared to the County and State (2.86)
- The median age in the City (40.0) is older than the median ages of the County (36.4)
- The City contains a significantly higher percentage of people of Asian and Pacific Islander origin (43.4%) compared to the County and State (15.6% and 16.3%, respectively)
- Artesia is a relatively affordable city to live in, with an average home value of $769,000, 12% lower than the County
- There is almost an even split between homeowners and renters

Education & Incomes

- Educational attainment in City is slightly lower compared to the County and State. Only 32% of the City's population have a Bachelor's degree or higher. (County and State are 38%)
- Incomes are correlated with education levels. The average household income in the City is $103,700, 13% less than the County ($119,800) and 20% lower than the State ($129,400)
- City households spend approximately $112 million annually on key retail goods and services. Major retail expenditure categories among City households include: groceries (24% of spending), restaurants (17%), gasoline / motor fuel (10%), apparel (9%), and vehicle payments (excluding leases) (9%)

Sources: ESRI Business Analyst Online; Zillow.com (Accessed July 2022)

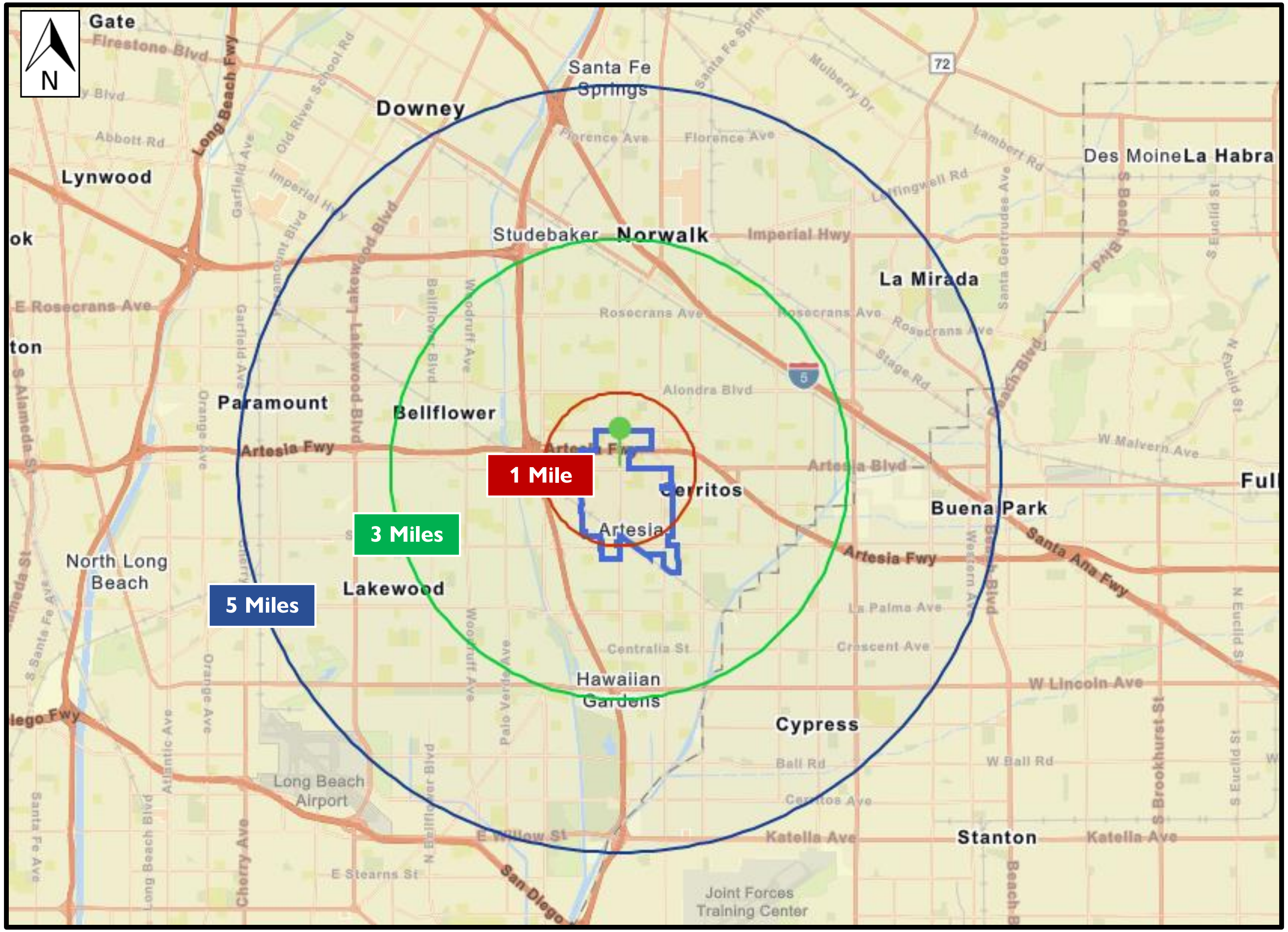
POPULATION & INCOME
CITY, COUNTY, AND STATE

2022	Artesia City	Los Angeles County	California State
Population	16,193	9,992,643	39,770,476
Households	4,553	3,425,790	13,570,050
Average HH Size	3.42	2.86	2.86
Median Age	40.0	36.4	36.7
% Bachelor's Degree or Higher	31.9%	37.0%	37.8%
% Hispanic Origin	35.4%	48.0%	39.4%
% Asian / Pacific Islander Origin	43.4%	15.6%	16.3%
Per Capita Income	$29,241	$41,172	$44,265
Median HH Income	$75,836	$81,426	$88,930
Average HH Income	$103,700	$119,793	$129,367

Source: ESRI Business Analyst Online (Accessed July 2022)

CITY LIMITS & RADII

FROM INTERSECTION OF ARTESIA AND PIONEER BLVDS.



Source: ESRI Business Analyst Online (Accessed July 2022)

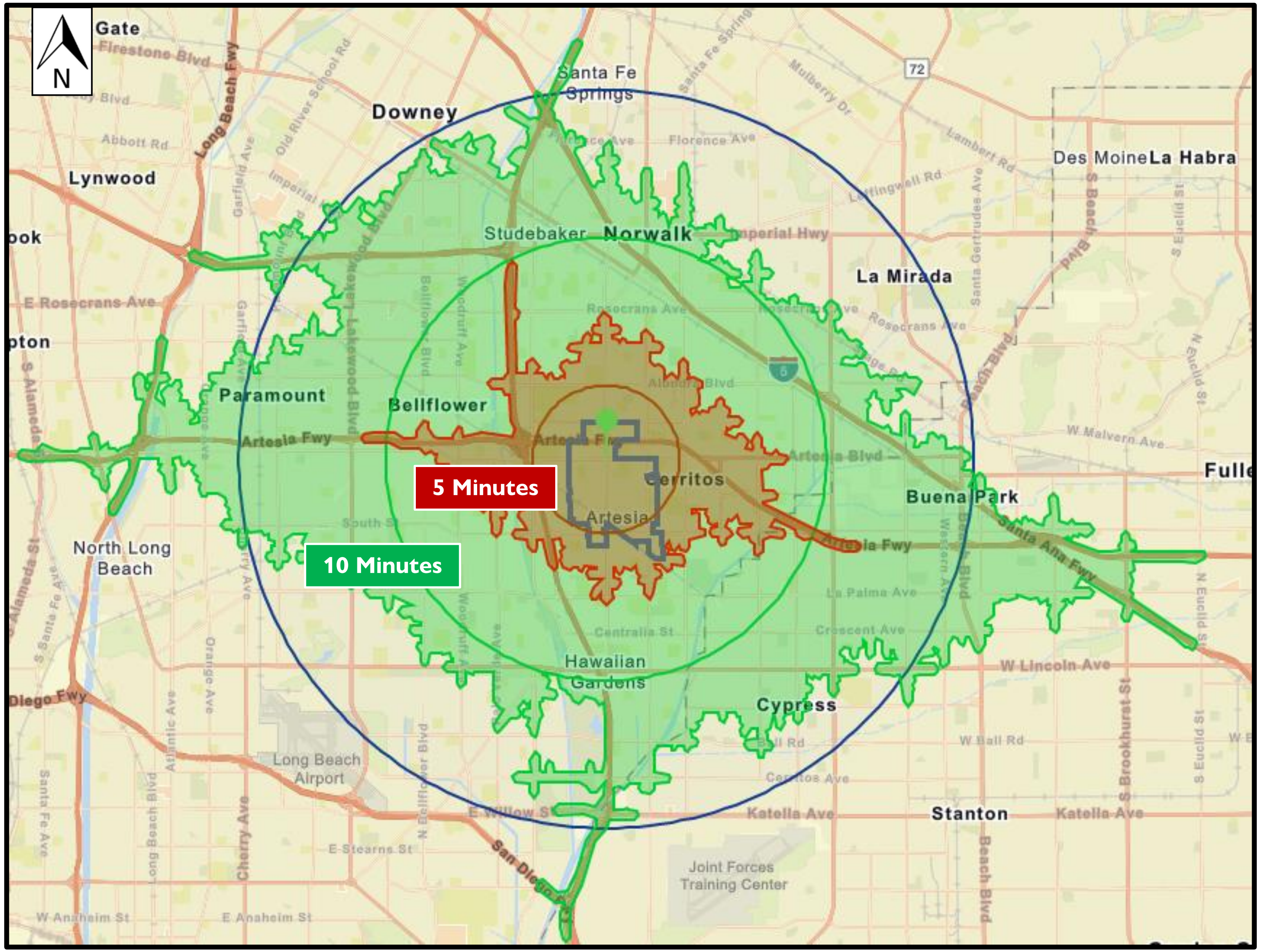
POPULATION & INCOME
RADII

2022	1 Mile	3 Miles	5 Miles
Population	28,933	246,121	624,891
Households	8,224	75,445	191,544
Average HH Size	3.42	3.23	3.22
Median Age	39.8	37.8	36.7
% Bachelor's Degree or Higher	34.9%	34.6%	32.6%
% Hispanic Origin	38.4%	44.9%	49.4%
% Asian / Pacific Islander Origin	41.0%	29.5%	22.4%
Per Capita Income	$32,714	$35,456	$35,696
Median HH Income	$85,240	$89,855	$89,829
Average HH Income	$113,260	$115,716	$116,330

Source: ESRI Business Analyst Online (Accessed July 2022); **Notes:** Radii from intersection of Artesia and Pioneer Blvds.

DRIVE TIMES

FROM INTERSECTION OF ARTESIA AND PIONEER BLVDS.



Source: ESRI Business Analyst Online (Accessed July 2022)

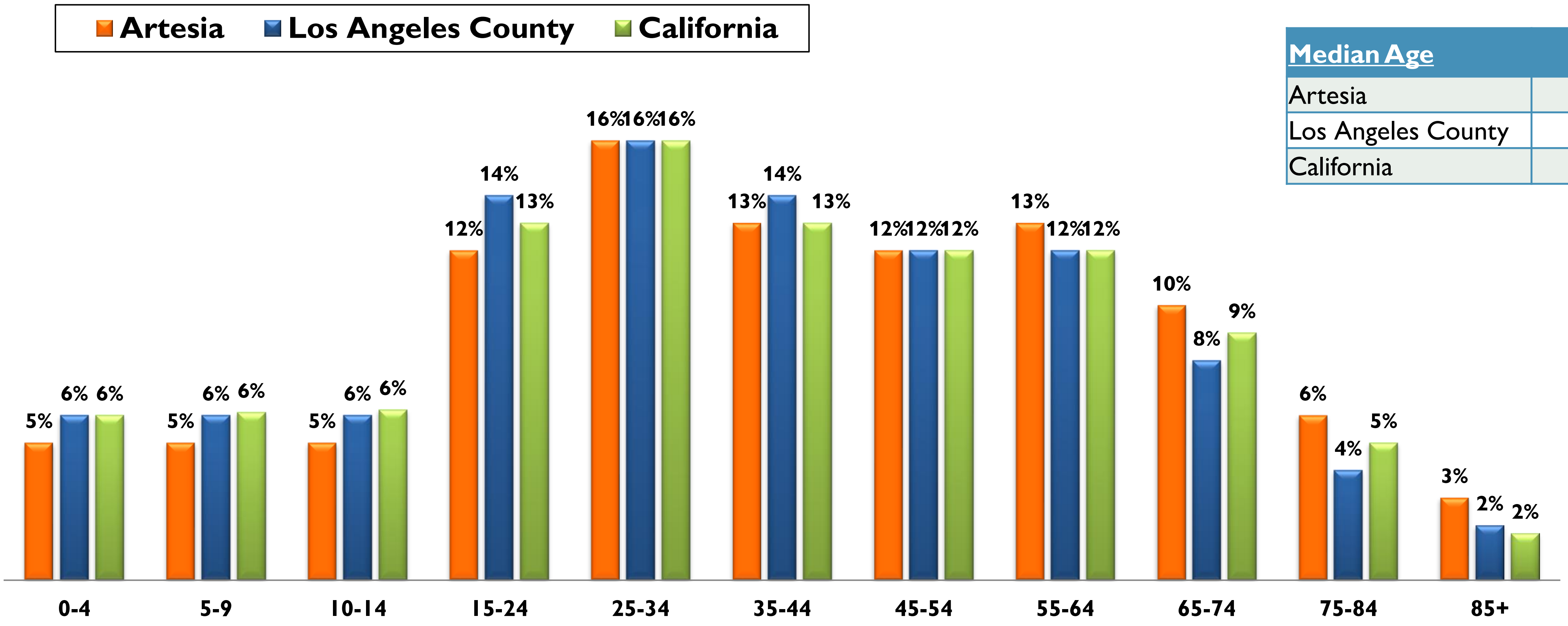
POPULATION & INCOME
DRIVE TIMES

2022	5 Minutes	10 Minutes
Population	74,778	516,710
Households	22,071	156,334
Average HH Size	3.34	3.27
Median Age	39.8	36.0
% Bachelor's Degree or Higher	40.2%	30.7%
% Hispanic Origin	38.0%	51.0%
% Asian / Pacific Islander Origin	41.1%	23.5%
Per Capita Income	$36,573	$33,561
Median HH Income	$94,658	$85,773
Average HH Income	$123,199	$111,006

Source: ESRI Business Analyst Online (Accessed July 2022); **Notes:** Drive times from intersection of Artesia and Pioneer Blvds.

POPULATION BY AGE - 2022

57% OF ARTESIA'S POPULATION IS OVER THE AGE OF 35

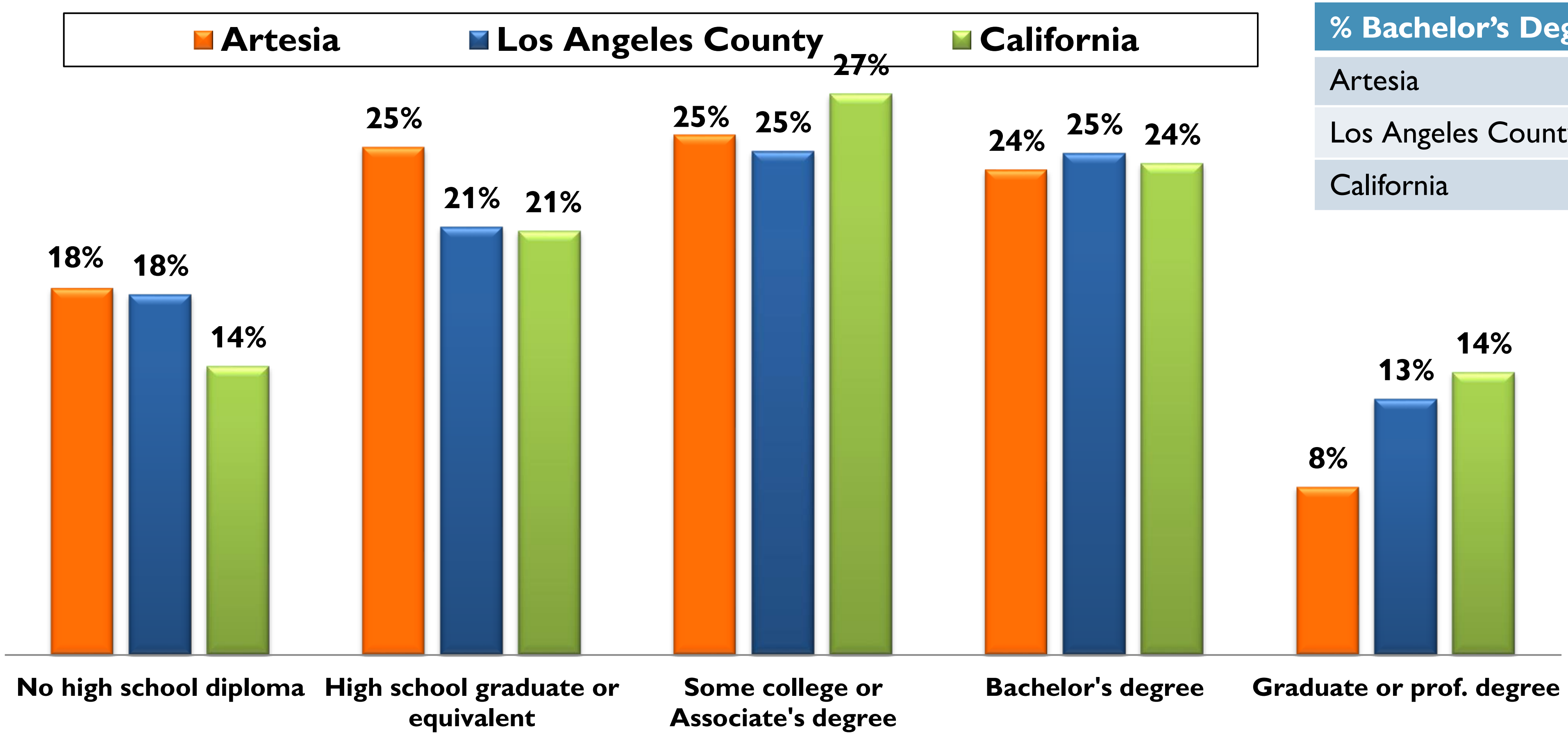


Median Age	
Artesia	40.0
Los Angeles County	36.4
California	36.7

Source: ESRI Business Analyst Online (Accessed July 2022)

POPULATION BY EDUCATIONAL ATTAINMENT - 2022

ARTESIA HAS SLIGHTLY LOWER LEVELS OF EDUCATION

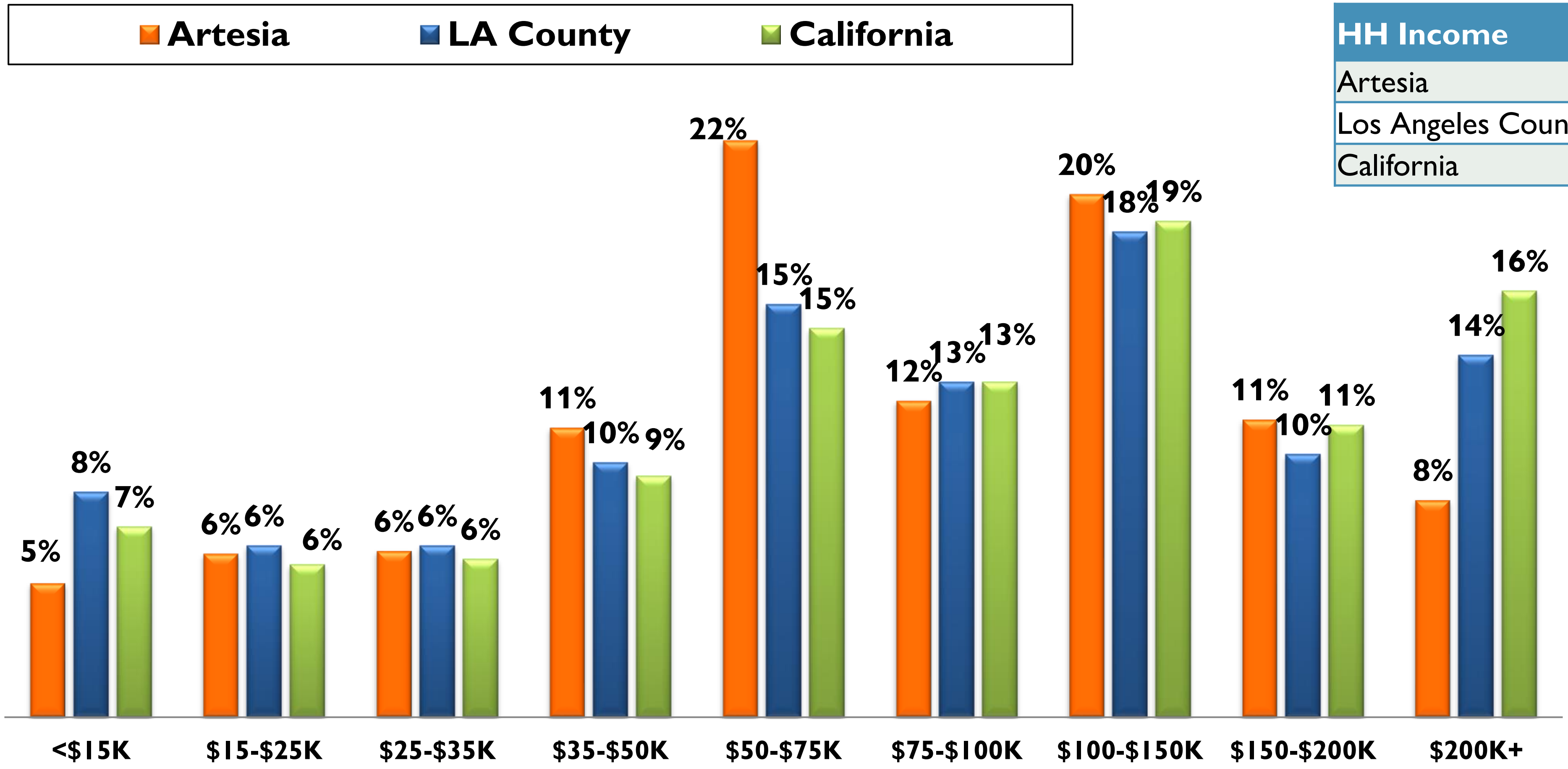


% Bachelor's Degree or Higher	
Artesia	32%
Los Angeles County	38%
California	38%

Source: ESRI Business Analyst Online (Accessed July 2022); **Notes:** Population observed includes people aged 25 and older.

POPULATION BY INCOME - 2022

39% OF ARTESIA HOUSEHOLDS EARN >$100K ANNUALLY

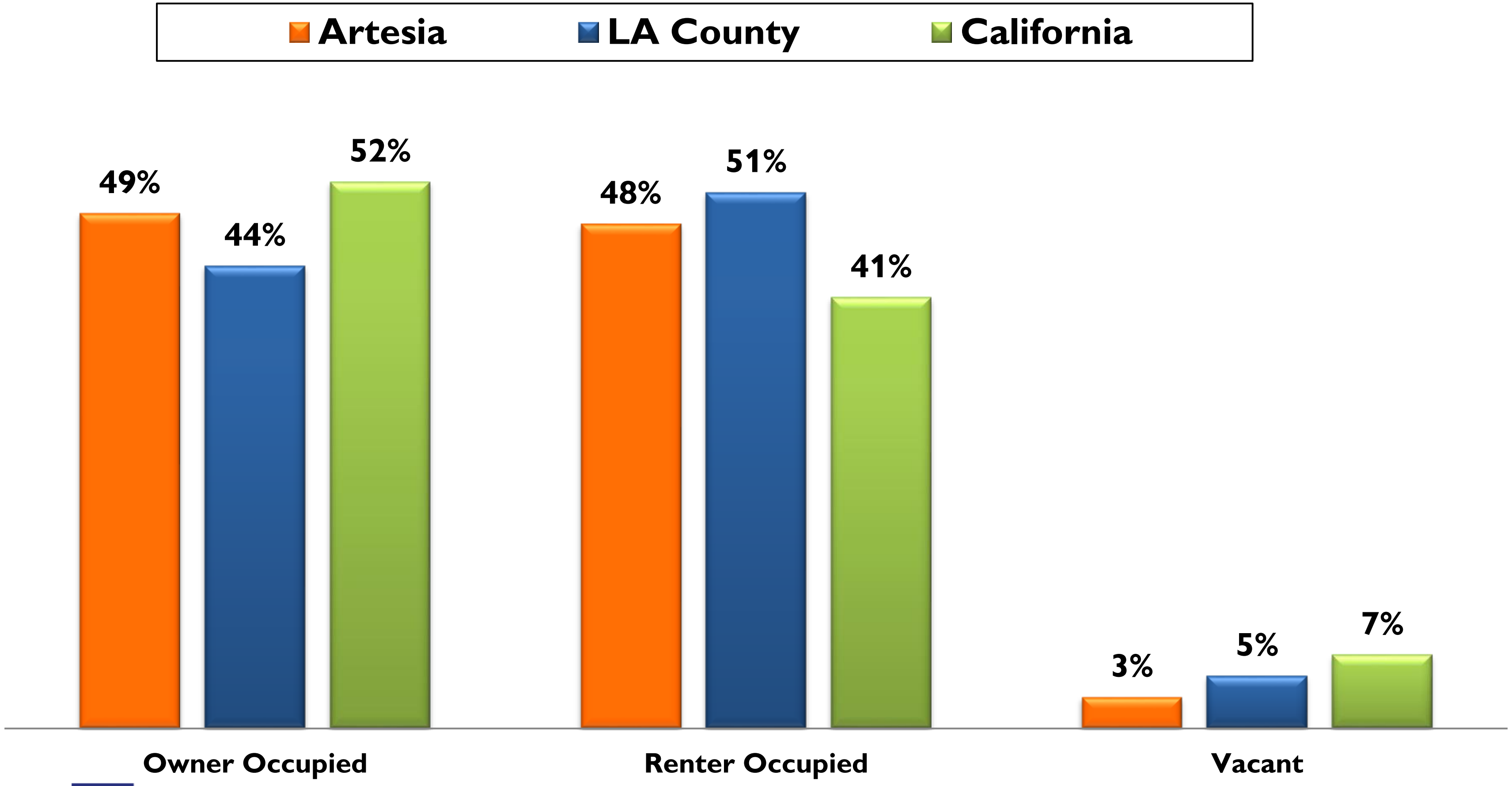


HH Income	Median	Average
Artesia	$75,836	$103,700
Los Angeles County	$81,426	$119,793
California	$88,930	$129,367

Source: ESRI Business Analyst Online (Accessed July 2022)

HOUSING BY TENURE - 2022

ARTESIA HAS SLIGHTLY MORE OWNER-OCCUPIED UNITS

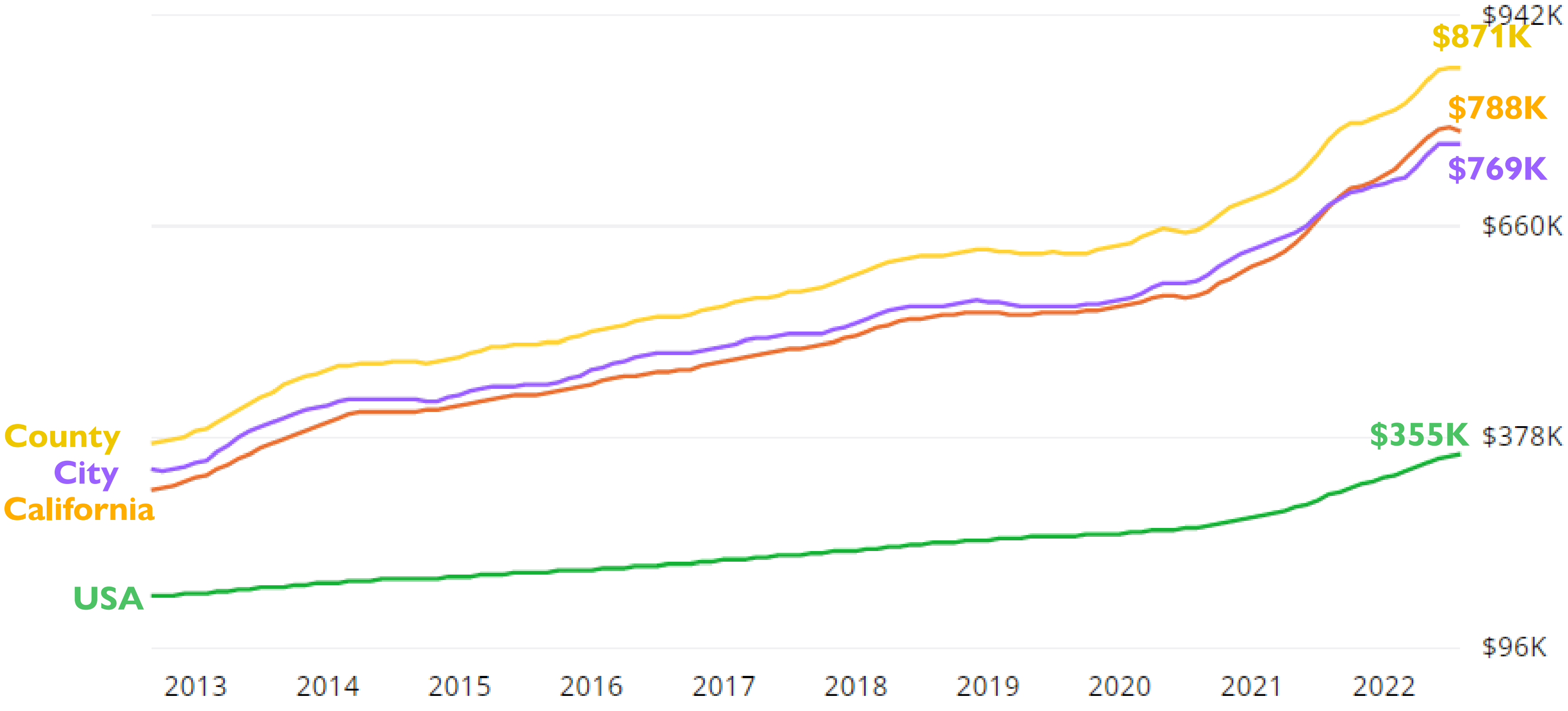


Avg. HH Size	
Artesia	3.42
Los Angeles County	2.86
California	2.86

Source: ESRI Business Analyst Online (Accessed July 2022)

HOME VALUE HISTORY

2013 - 2022



Source: Zillow.com (Accessed July 2022)

RETAIL GOODS AND SERVICES EXPENDITURES

The ~4,600 households within Artesia spend approximately $111.7 million annually on key retail goods and services.

The ~191,500 households within a 5-mile radius spend approximately $5.4 billion across these select retail expenditure categories.

Current Residents	City of Artesia	% Share Per HH	5-Mile Radius	% Share Per HH
Households:	4,553	-	191,544	-
Average HH Income	$103,700	-	$116,330	-
Avg. HH Expenditures for Select Categories				
Food at Home	$5,801	23.6%	$6,651	23.5%
Food Away From Home	$4,278	17.4%	$4,817	17.0%
Alcohol	$748	3.0%	$821	2.9%
Housekeeping Supplies	$748	3.0%	$882	3.1%
Household Furnishings / Equipment	$1,431	5.8%	$1,655	5.8%
Apparel	$2,271	9.3%	$2,600	9.2%
Vehicle Payments (excl. leases)	$2,136	8.7%	$2,662	9.4%
Gasoline / Motor Fuel	$2,511	10.2%	$2,919	10.3%
Health (OTC/Prescription Drugs, Eyewear)	$488	2.0%	$580	2.0%
Fees / Admission	$903	3.7%	$996	3.5%
TV / Video / Audio Equipment	$1,134	4.6%	$1,323	4.7%
Pets	$731	3.0%	$822	2.9%
Toys / Games / Hobby	$109	0.4%	$128	0.5%
Personal Care Products	$523	2.1%	$598	2.1%
Reading	$119	0.5%	$130	0.5%
Education (School Books and Supplies)	$150	0.6%	$167	0.6%
Tobacco Products	$273	1.1%	$349	1.2%
Sports / Recreation / Exercise Equipment	$188	0.8%	$203	0.7%
Total Per Household	$24,542	100.0%	$28,303	100.0%
Total Annual Spending Potential	**$111,736,488**	**-**	**$5,421,174,218**	**-**

Source: ESRI Business Analyst Online (Accessed July 2022);
Note: The Fees/Admission category primarily reflects spending on entertainment, including tickets to the theatre, movies, parks/museums, and sporting events.

A.3 – UNEMPLOYMENT & EMPLOYMENT BY INDUSTRY

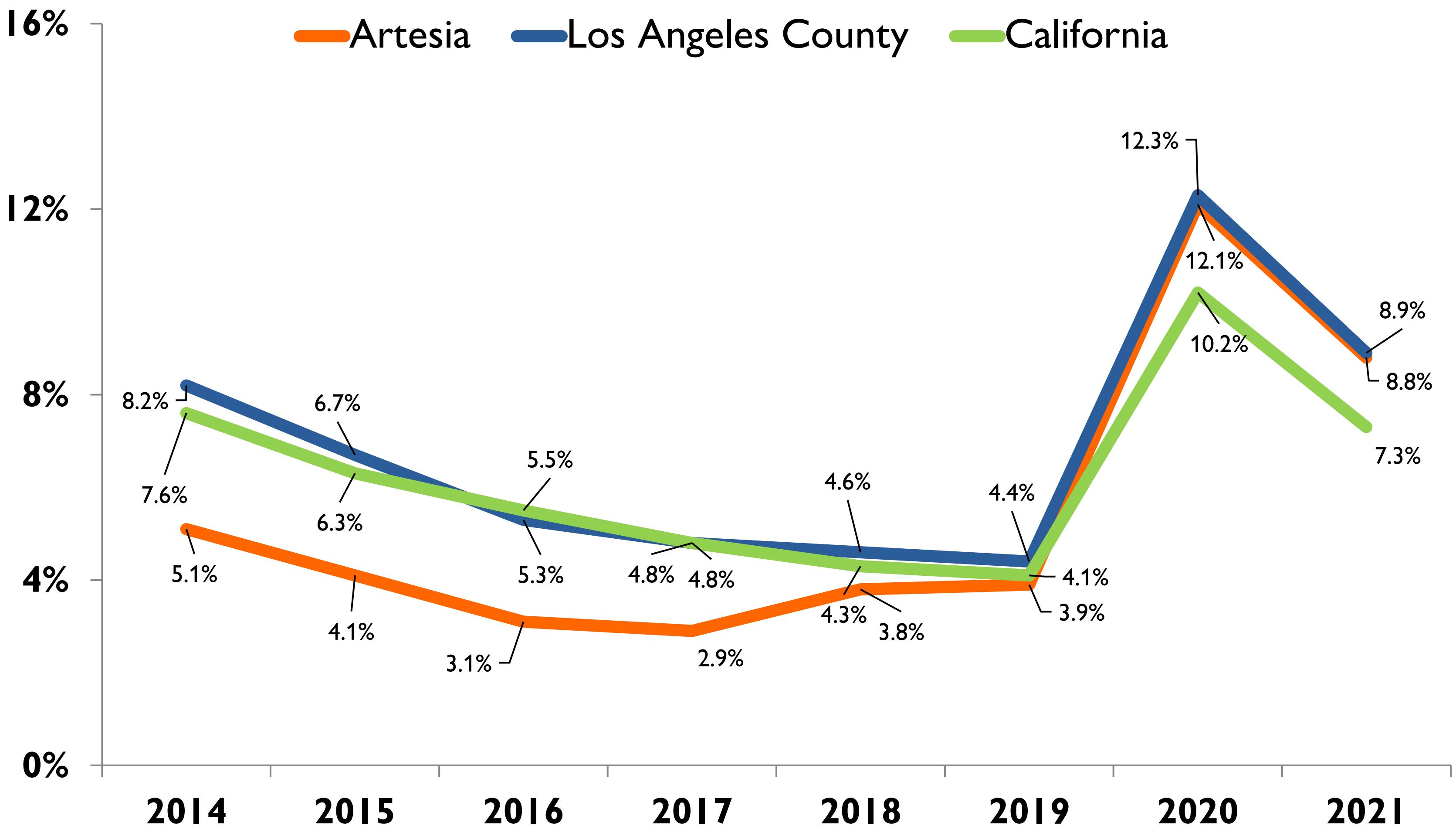
CITY OF ARTESIA – EDSP

SUMMARY
UNEMPLOYMENT & EMPLOYMENT BY INDUSTRY

- Unemployment in the City increased dramatically from 3.9% in 2019 to 12.1% in 2020 due to the COVID-19 pandemic; Unemployment has since decreased and is nearing pre-pandemic levels (~4.9%)
- Most people who work in the City are employed in the following industries: health care and social assistance, accommodation and food services, retail trade, other services, and educational services
- The fastest growing industries in Los Angeles County include health care and social assistance; accommodation and food services; professional and business services; transportation and warehousing; and educational services. Thus, **three** of the fastest growing industry sectors are principal sectors of employment in the City
- Most people who live in the City go to work in other areas such as Los Angeles, Long Beach, Cerritos, Anaheim, and Norwalk, yielding a slight **net outflow** of jobs.
- Employees who come to work in Artesia are arriving from: Cerritos, Long Beach, Norwalk, Los Angeles, and Anaheim
- Artesia's jobs / housing ratio of 1.29 is on par with the County and State, indicating a relative jobs and housing balance

Sources: U.S. Census Bureau Center for Economic Studies, California Employment Development Department, ESRI Business Analyst Online (Accessed August 2022)
Note: Other services may include jobs involving equipment and machinery repairing, grantmaking, advocacy, dry cleaning and laundry services, personal care services, pet care services, parking services, and promoting or administering religious activities.

UNEMPLOYMENT HISTORY
CITY, COUNTY, AND STATE



Unemployment Rate (July 2022)	
Artesia	4.9%
Los Angeles County	5.0%
California	3.9%

Source: California Employment Development Department (Accessed August 2022);
Notes: Numbers are not seasonally adjusted. Annual averages are observed for years 2014 to 2021.

EMPLOYMENT BY INDUSTRY

CITY OF ARTESIA

Resident Employed Population (Age 16+)	
Sector	***Share***
Health Care and Social Assistance	17.5%
Accommodation and Food Services	11.0%
Retail Trade	10.8%
Manufacturing	8.5%
Educational Services	7.2%
Administration & Support, Waste Management and Remediation	6.6%
Wholesale Trade	6.1%
Professional, Scientific, and Technical Services	4.7%
Public Administration	4.2%
Transportation and Warehousing	3.9%
Construction	3.5%
Finance and Insurance	3.2%
Other Services (excluding Public Administration)	3.1%
Arts, Entertainment, and Recreation	2.9%
Information	2.5%
Management of Companies and Enterprises	1.9%
Real Estate and Rental and Leasing	1.4%
Agriculture, Forestry, Fishing and Hunting	0.6%
Utilities	0.6%
Mining, Quarrying, and Oil and Gas Extraction	0.0%

"Industries in which City residents work"

Workers Employed in City (Age 16+)	
Sector	***Share***
Health Care and Social Assistance	25.5%
Accommodation and Food Services	25.4%
Retail Trade	12.2%
Other Services (excluding Public Administration)	7.5%
Educational Services	5.5%
Manufacturing	4.9%
Administration & Support, Waste Management and Remediation	3.4%
Professional, Scientific, and Technical Services	2.9%
Finance and Insurance	2.7%
Construction	2.7%
Transportation and Warehousing	2.1%
Wholesale Trade	1.8%
Real Estate and Rental and Leasing	1.7%
Arts, Entertainment, and Recreation	0.6%
Public Administration	0.6%
Information	0.5%
Agriculture, Forestry, Fishing and Hunting	0.0%
Mining, Quarrying, and Oil and Gas Extraction	0.0%
Utilities	0.0%
Management of Companies and Enterprises	0.0%

"Jobs in the City"

Source: U.S. Census Bureau Center for Economic Studies (2019, Accessed August 2022);
Notes: Categorized by North American Industry Classification System (NAICS) Industry Sectors

WORKER DESTINATIONS & ORIGINS

CITY OF ARTESIA

Outflow: Where Residents Commute To For Work

City	Count	Percentage
Los Angeles city, CA	1,075	13.4%
Artesia city, CA	569	7.1%
Long Beach city, CA	502	6.2%
Cerritos city, CA	443	5.5%
Anaheim city, CA	338	4.2%
Norwalk city, CA	180	2.2%
Santa Fe Springs city, CA	179	2.2%
Irvine city, CA	173	2.2%
Buena Park city, CA	165	2.1%
Torrance city, CA	160	2.0%
Downey city, CA	136	1.7%
Santa Ana city, CA	135	1.7%
Fullerton city, CA	123	1.5%
Orange city, CA	119	1.5%
Bellflower city, CA	115	1.4%
Cypress city, CA	108	1.3%
Huntington Beach city, CA	108	1.3%
Carson city, CA	102	1.3%
Lakewood city, CA	93	1.2%
El Segundo city, CA	88	1.1%
Garden Grove city, CA	88	1.1%
San Diego city, CA	84	1.0%
Commerce city, CA	76	0.9%
Costa Mesa city, CA	76	0.9%
Brea city, CA	73	0.9%
All Other Locations	2,727	33.9%

Inflow: Where Workers Come From

City	Count	Percentage
Artesia city, CA	569	9.7%
Cerritos city, CA	454	7.7%
Long Beach city, CA	376	6.4%
Norwalk city, CA	326	5.6%
Los Angeles city, CA	318	5.4%
Anaheim city, CA	227	3.9%
Lakewood city, CA	186	3.2%
Bellflower city, CA	185	3.2%
Buena Park city, CA	164	2.8%
Fullerton city, CA	126	2.1%
Cypress city, CA	106	1.8%
Downey city, CA	105	1.8%
Garden Grove city, CA	91	1.6%
La Palma city, CA	71	1.2%
Compton city, CA	64	1.1%
Huntington Beach city, CA	57	1.0%
Carson city, CA	56	1.0%
Santa Ana city, CA	56	1.0%
Whittier city, CA	56	1.0%
Yorba Linda city, CA	55	0.9%
Irvine city, CA	54	0.9%
La Mirada city, CA	51	0.9%
Hawaiian Gardens city, CA	47	0.8%
La Habra city, CA	43	0.7%
South Gate city, CA	43	0.7%
All Other Locations	1,976	33.7%

Source: U.S. Census Bureau Center for Economic Studies (2019, Accessed August 2022)

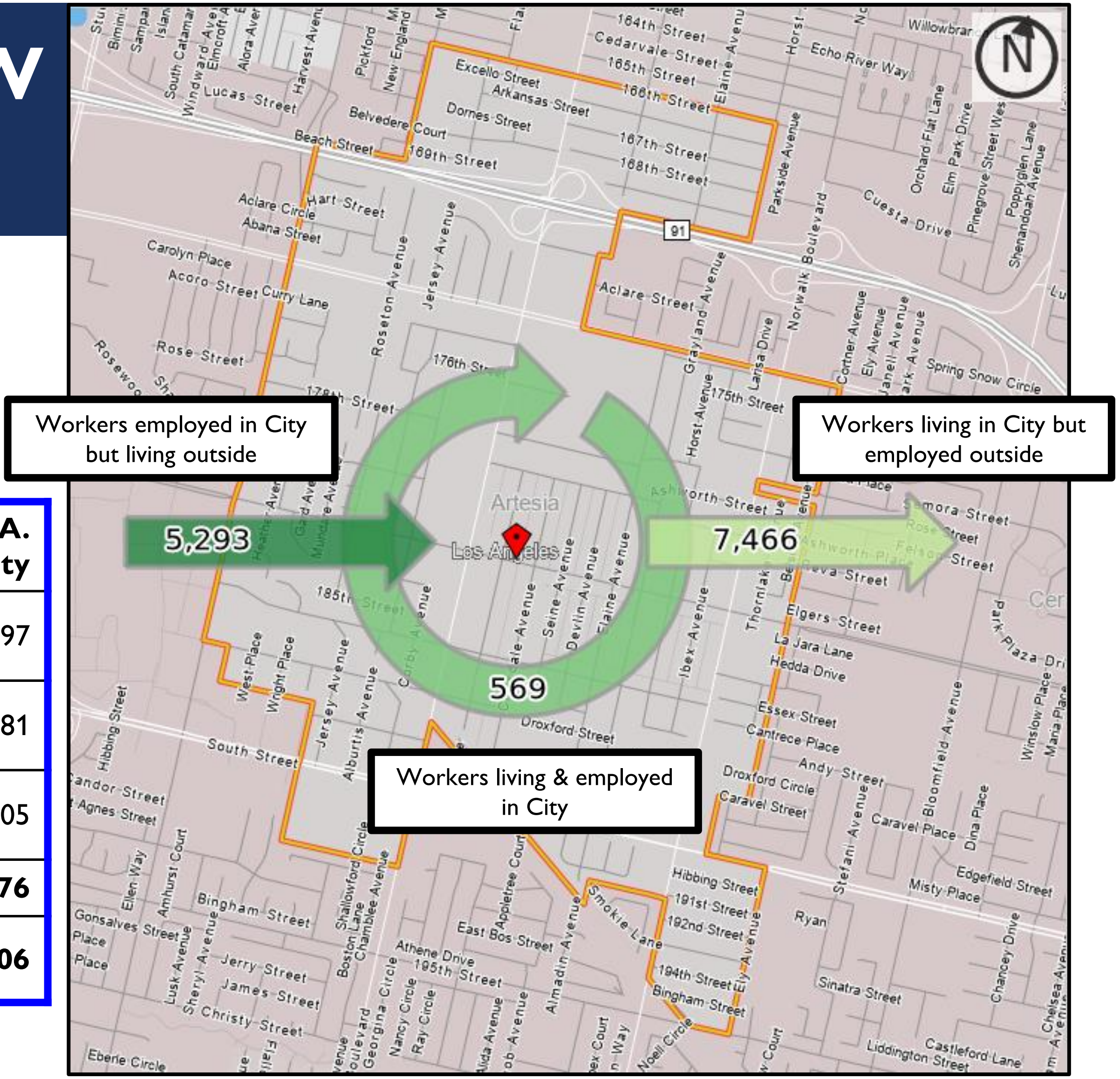
WORKER INFLOW / OUTFLOW

CITY OF ARTESIA

- Employees who work in the City are coming from Cerritos, Long Beach, Norwalk, Los Angeles, and Anaheim

- Per CoStar, top employers in Artesia include:
  - Children's Dental Building (150 employees)
  - Artesia Christian Nursing Home (140)
  - Stater Bros. Market (80)
  - CVS Pharmacy (60)
  - Cal Plate (58)
  - 99 Ranch Market (50)
  - Pense Properties, Inc. (50)
  - McDonald's (47)
  - Seafood House Inc. (40)

Reference	Artesia	L.A. County
Workers Living and Working	569	3,693,597
Workers Coming (Inflow)	5,293	1,111,781
Workers Going (Outflow)	7,466	854,805
Net Inflow/Outflow	**(2,173)**	**256,976**
Employment Ratio*	**0.73**	**1.06**



***Employment Ratio** = People employed within City (living and working in City + those who come into City for work) / Employed population of City (living and working in City + workers who live in the City, but work outside of the City)

Source: U.S. Census Bureau Center for Economic Studies (2019, Accessed August 2022)

JOBS / HOUSING BALANCE

2022	Artesia City	Los Angeles County	California State
Employment	5,883	4,302,001	16,426,737
Households	4,553	3,425,790	13,570,050
Jobs / Housing Ratio	**1.29**	**1.26**	**1.21**

Source: ESRI Business Analyst Online (Accessed August 2022)

EMPLOYMENT PROJECTIONS BY INDUSTRY

LOS ANGELES COUNTY

Industry	*2018*	*2028*	*Annual Growth 2018-2028*	*Total Growth 2018-2028*	*Total Change 2018-2028*
Health Care and Social Assistance	690,100	860,700	17,060	170,600	24.7%
Accommodation and Food Services	442,200	505,300	6,310	63,100	14.3%
Professional and Business Services	630,400	691,900	6,150	61,500	9.8%
Transportation and Warehousing	192,100	216,200	2,410	24,100	12.5%
Educational Services (Private)	131,300	155,200	2,390	23,900	18.2%
Government	590,600	612,100	2,150	21,500	3.6%
Information	216,400	235,500	1,910	19,100	8.8%
Retail Trade	424,800	443,000	1,820	18,200	4.3%
Construction	146,300	162,700	1,640	16,400	11.2%
Arts, Entertainment, and Recreation	94,300	104,900	1,060	10,600	11.2%
Other Services	158,800	166,400	760	7,600	4.8%
Wholesale Trade	223,200	229,500	630	6,300	2.8%
Financial Activities	223,200	224,900	170	1,700	0.8%
Mining and Logging	1,900	1,900	0	0	0.0%
Utilities	11,500	11,000	-50	-500	-4.3%
Manufacturing	341,200	300,900	-4,030	-40,300	-11.8%
Total Nonfarm	4,518,100	4,922,100	40,400	404,000	8.9%
Total Other	582,600	632,700	5,010	50,100	8.6%
Total Farm	4,600	3,800	-80	-800	-17.4%
Total Employment	4,842,300	5,269,800	42,750	427,500	8.8%

kosmont companies since 1986

Source: California Employment Development Department, (2018, Accessed April 2022)
Notes: Other refers to self-employed and private household workers

A.4 – VISITATION TRENDS

CITY OF ARTESIA – EDSP

SUMMARY
VISITATION TRENDS

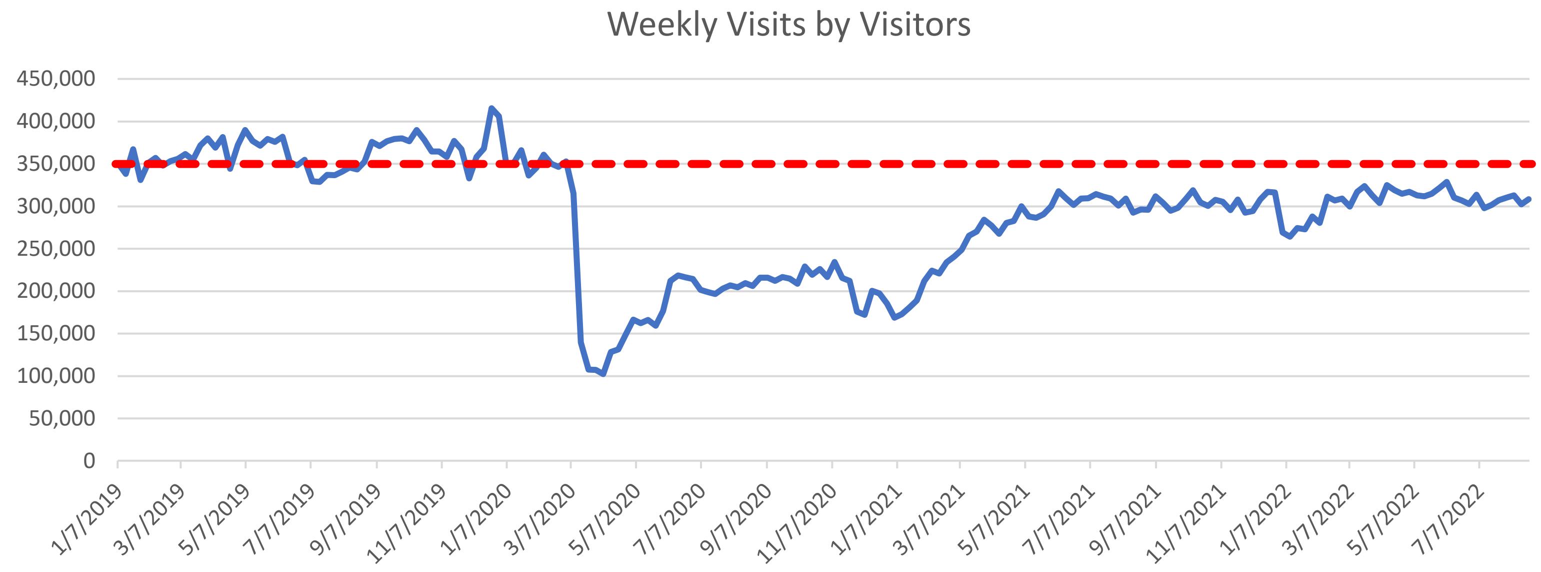
- From 2020 to 2021, average weekly visits by visitors to Artesia increased by 28%, however the average weekly visits by employees continued to decline by 16%, indicating further closures and employees working from home
- Although average weekly visits to the City by both visitors and employees have increased in 2022 (8% and 22%, respectively), they have yet to return to pre-pandemic levels
- Artesia is a local draw for both visitors and employees.
  - Approximately 60% of all visitors to Artesia come less than 7 miles away, primarily from Norwalk, Bellflower, Cerritos, Long Beach, and Paramount
  - However, 20% of visitors come from 10-30 miles away – primarily from Southeastern L.A. County cities, along with some cities in Northern Orange County
  - 80% of employees in Artesia arrive to work from areas less than 7 miles away (primarily from Norwalk, Artesia, Cerritos, Bellflower, and Lakewood)

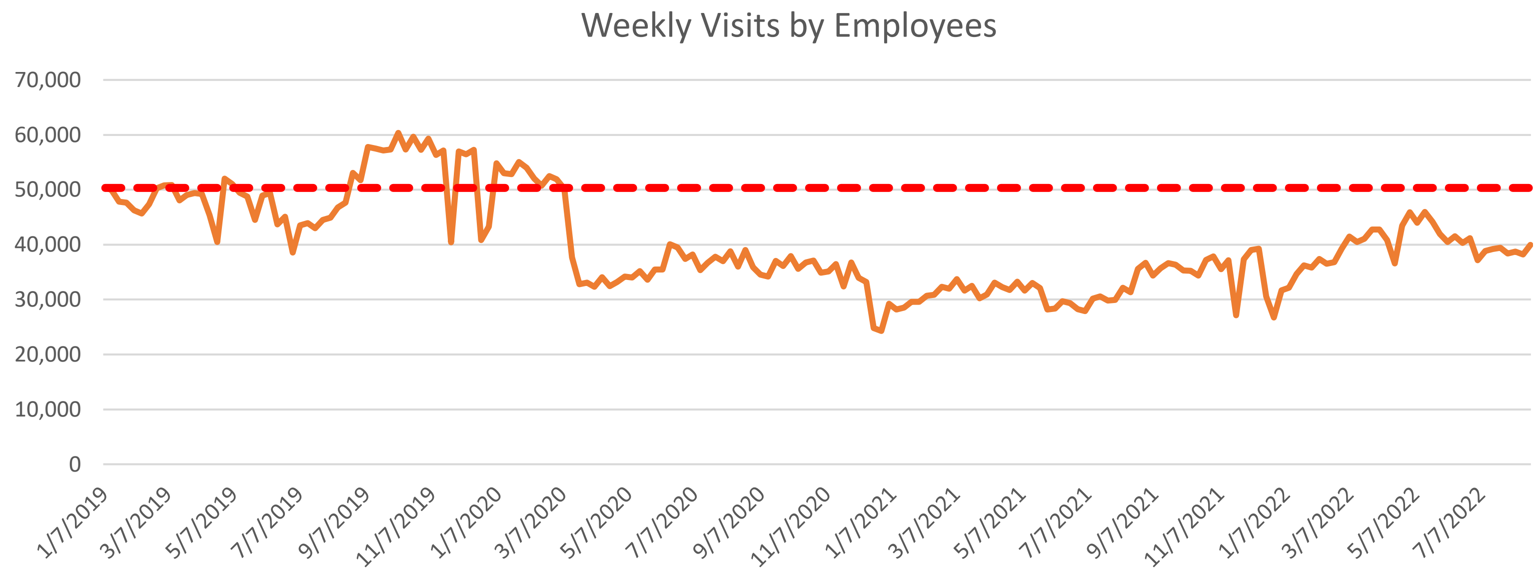
Source: Placer.ai (Accessed September 2022)

ARTESIA

VISITOR AND EMPLOYEE VISITS (FROM 1/1/2019 TO 8/31/22)

This data shows how visitors to City retail shops have rebounded from Covid much better than the workers employed in City commercial district





kosmont companies since 1986

Source: Placer.ai (Accessed September 2022)

CITY OF ARTESIA
VISITOR / EMPLOYEE FOOT-TRAFFIC OVERVIEW

Artesia Visitor / Employee Summary Data (Last 12 Months)

	Visitors	Employees
Annual Visits	15.9M	2.0M
Visit Frequency	6.5	166.6
Median Visit Length	61 min.	150 min.
Avg. HH Income	$90K	$81K

Visitation Data: Distance from Home Area

	0-3 Miles	3-7 Miles	7-10 Miles
Visitors	37%	23%	10%
Employees	60%	20%	10%

	10-30 Miles	30-100 Miles	100+ Miles
Visitors	20%	5%	5%
Employees	8%	2%	0%

Source: Placer.ai (Accessed September 2022)

WHAT IS THE VISITOR AND EMPLOYEE PROFILE TO THE CITY? (LAST 12 MONTHS)

Avg. HH Income

Visitors	$90,000
Employees	$81,000

Ethnicity

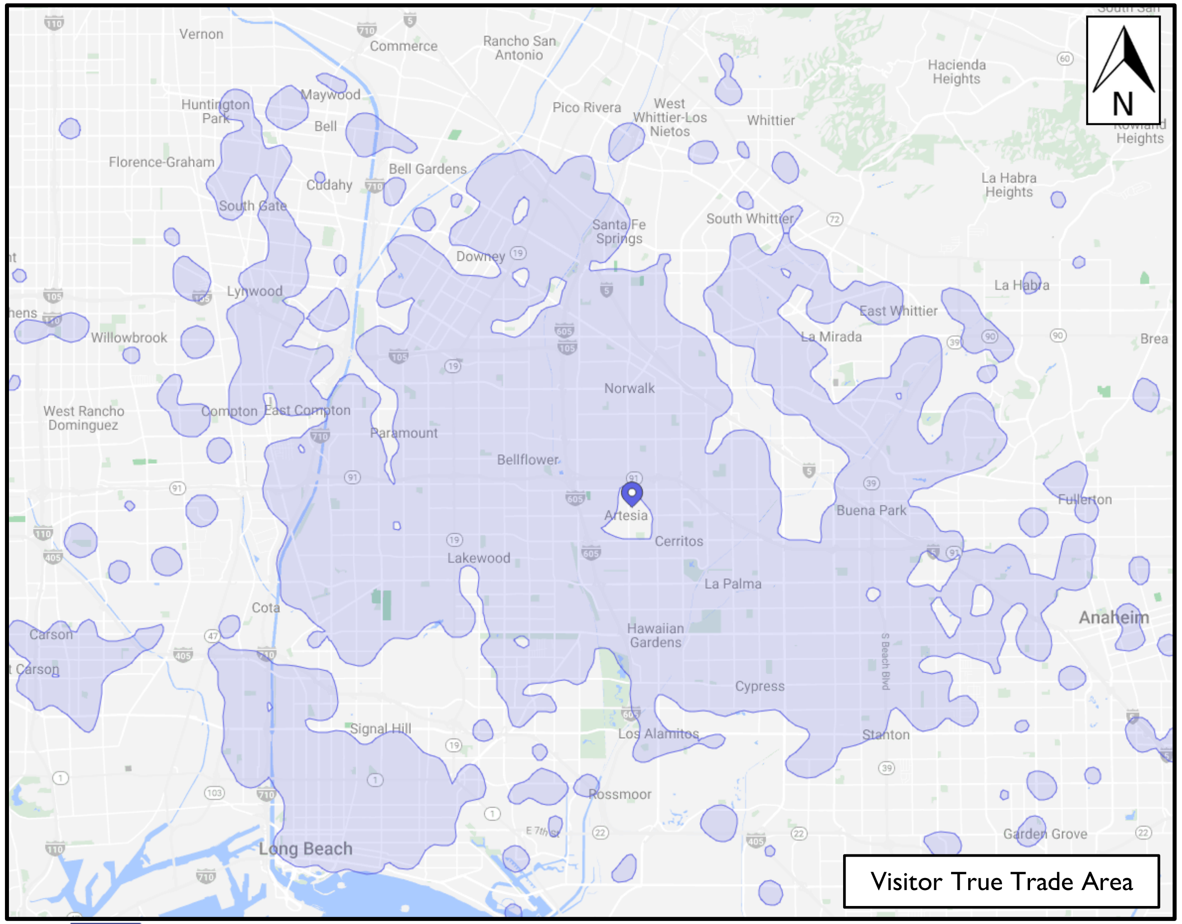
Visitors		Employees	
Hisp.	39.5%	Hisp.	45.8%
White	33.3%	Asian	26.6%
Asian	20.6%	White	22.1%
Afr. Am.	6.6%	Afr. Am.	5.6%

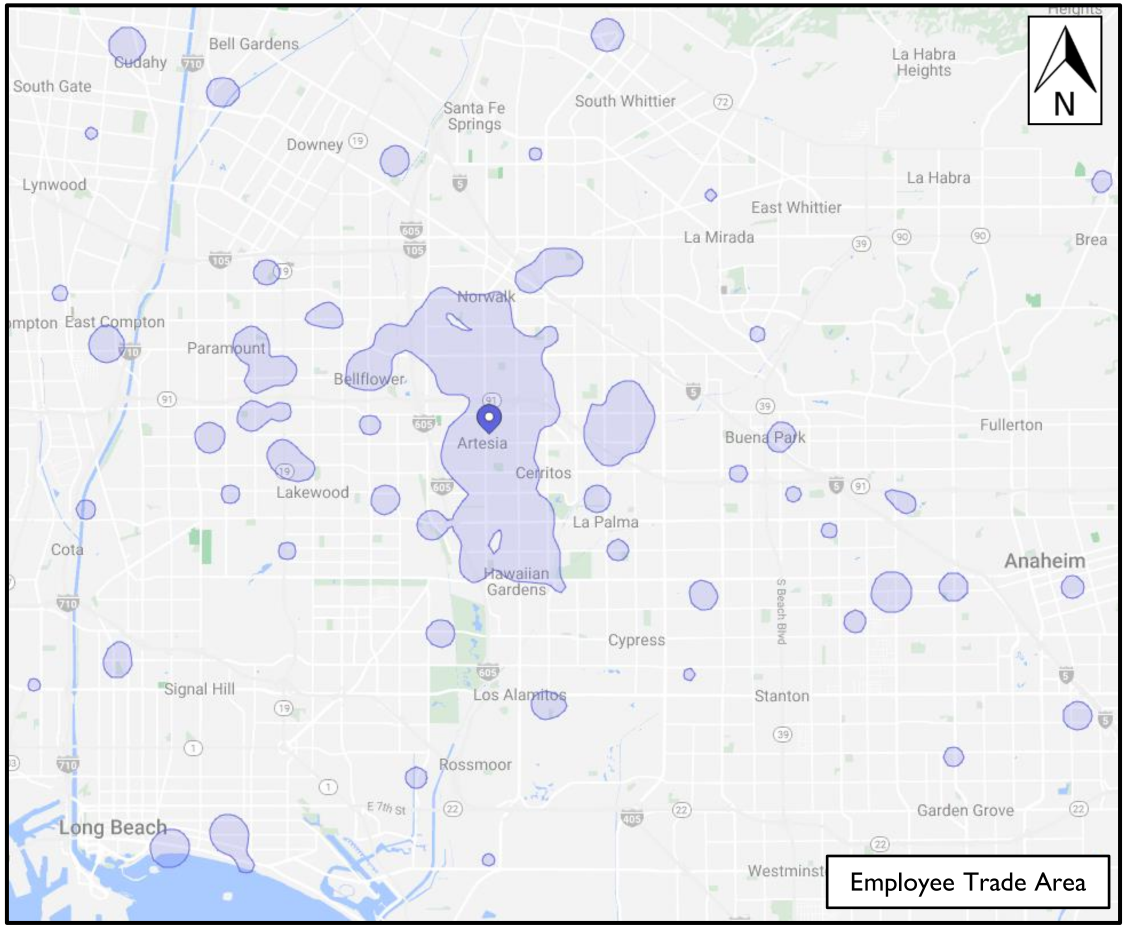
Top Home Location Zip Codes

Visitors		Employees	
90650	Norwalk	90650	Norwalk
90706	Bellflower	90701	Artesia
90703	Cerritos	90703	Cerritos
90805	Long Beach	90706	Bellflower
90723	Paramount	90715	Lakewood

Source: Placer.ai (Accessed September 2022)

TRADE AREA COVERAGE: LAST 12 MONTHS EMPLOYEES AND VISITORS TO CITY





Source: Placer.ai (Accessed September 2022); **Notes**: Considers a minimum of 5 visits by visitors to the City of Artesia over the last year. True trade area reflects where 70% of visitors and employees to the City of Artesia come from.

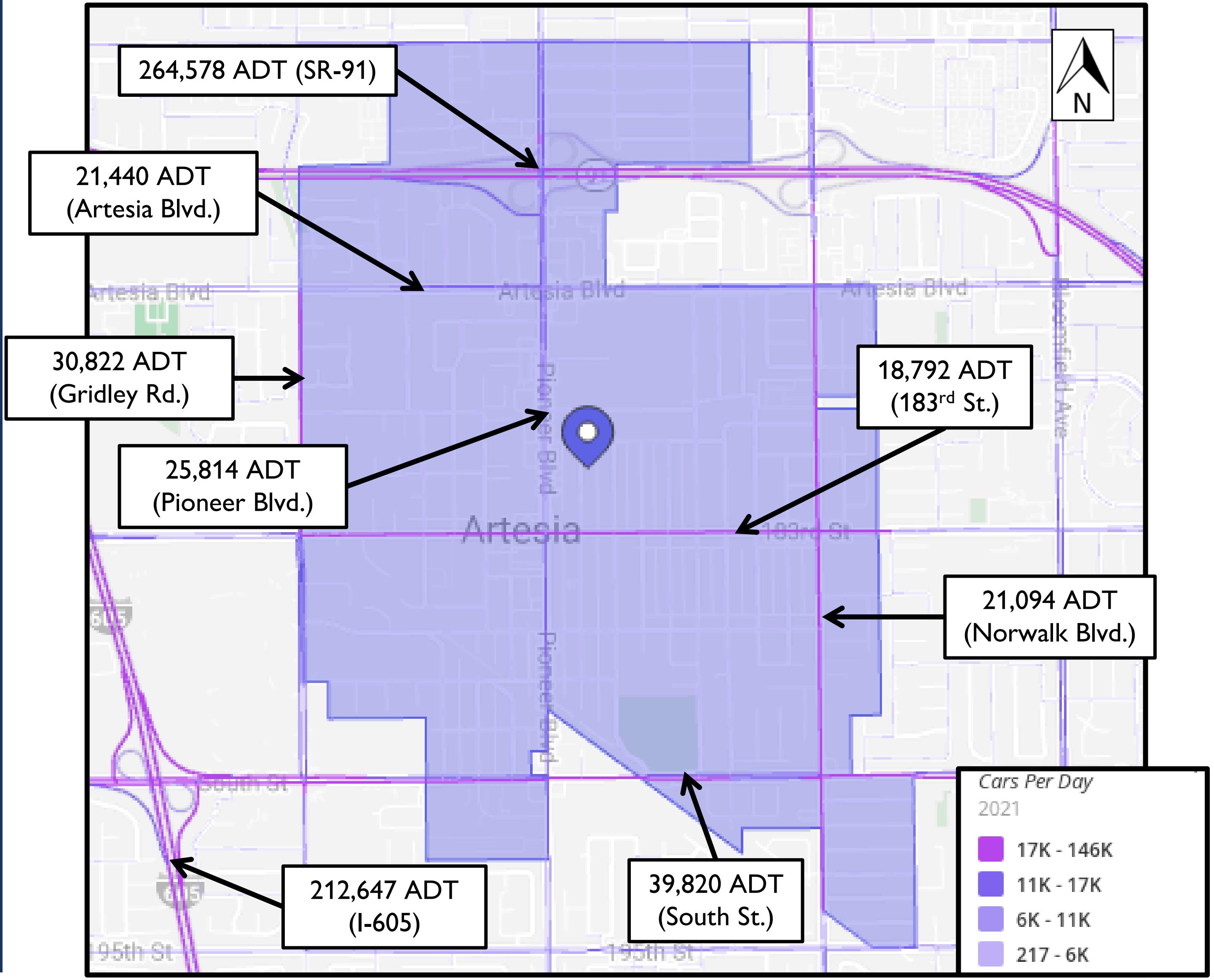
ARTESIA RESIDENTS

TOP VISITED SHOPPING CENTERS – PLACER.AI

Shopping Centers		
Location	**City**	**%**
Los Cerritos Center	Cerritos	73%
Artesia Center	Artesia	65%
Plaza 183	Cerritos	62%
Cerritos Promenade	Cerritos	62%
Lakewood Center	Lakewood	51%
Long Beach Towne Center	Long Beach	50%
College Square	Cerritos	48%
Artesia Oasis Plaza	Artesia	41%
City Plaza	Artesia	32%
Lincoln Station	Cerritos	31%

Source: Placer.ai (Accessed September 2022);
Notes: Minimum 1 visit in the last year by residents. Artesia Oasis Plaza is located along the west side of Pioneer Blvd. between 178th and Ashworth Sts. and is anchored by a 99 Ranch Market. Artesia Center refers to the Stater Bros. Market and CVS anchored center at the NEC of Artesia and Pioneer Blvds.

TRAFFIC COUNTS (CITY OF ARTESIA)



Source: Placer.ai (Accessed September 2022)

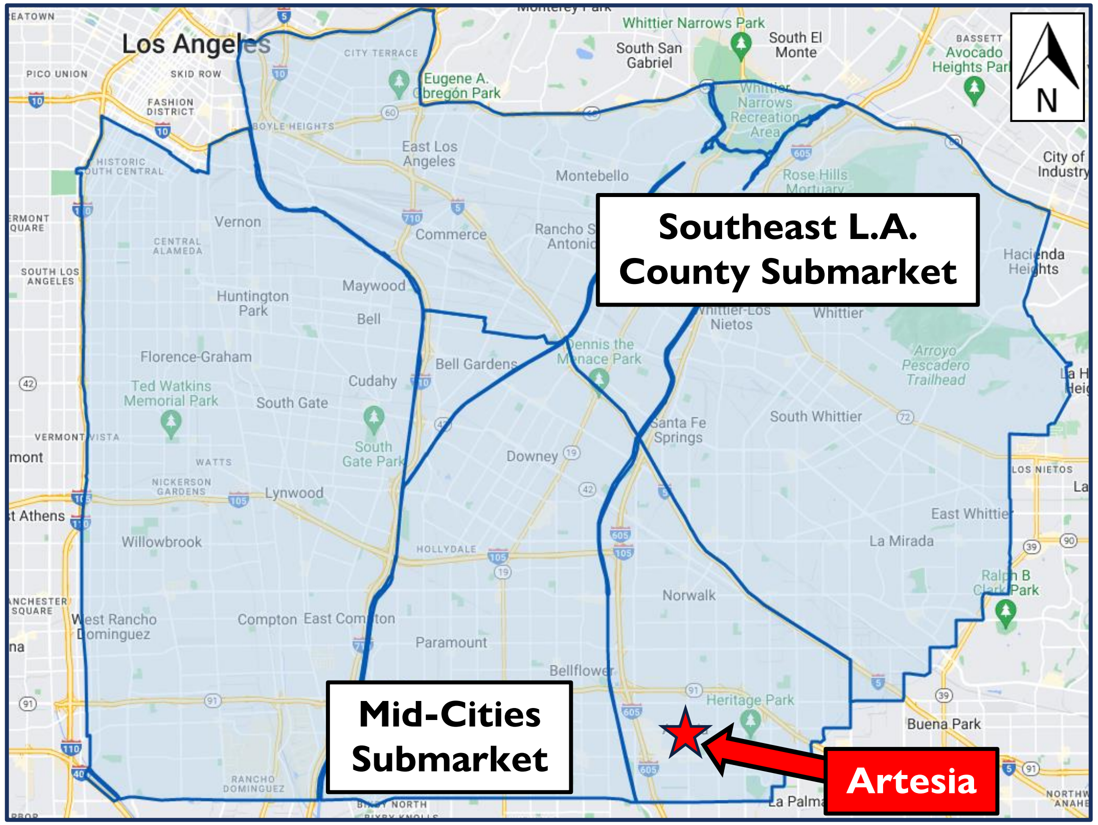
B. MARKET DEMAND ANALYSIS

CITY OF ARTESIA – EDSP

OVERVIEW
MARKET DEMAND ANALYSIS

Overview

- Market Demand Analysis evaluating the retail, office, and multifamily residential real estate markets is provided. Geographies observed in the Market Demand Analysis include:
  - The City of Artesia
  - A five-mile radius from Artesia and Pioneer Blvds. (“five-mile radius”)
  - Southeast Los Angeles County submarkets* (“combined submarkets”)
- The Market Demand Analysis observes the following:
  - Existing supply conditions for retail, office, and residential (multifamily) for the most recent available quarter (Q4 2022)
  - Historical trends in vacancy and rents on an annual basis over the ten-year period (2011 to 2021)
  - Additional findings from a hotel market analysis conducted separately by Kosmont are included herein



Source: CoStar (Accessed August 2022 and January 2023)
Notes: *CoStar places Artesia within the Mid-Cities submarket. The Mid-Cities submarket includes cities along the I-110 corridor. In order to create a more germane submarket within Los Angeles County, we combined both the Mid-Cities submarket and the Southeast Los Angeles County submarket (which contains more comparable cities to Artesia). Furthermore, we chose these submarkets given that most visitors to Artesia come from nearby cities in Southeast Los Angeles County. To create a smaller local market area, we utilized a 5-mile radius from Artesia and Pioneer Blvds. to capture nearby comparable cities, such as Bellflower, Cerritos, La Mirada, and Norwalk.

OVERVIEW
MARKET DEMAND ANALYSIS (CONT'D)

Retail

- Limited demand for retail space given e-commerce trends
- City has higher retail rents and lower retail vacancy compared to the five-mile radius and the combined submarkets
- Only 19,500 SF of retail space added in the City in the last ten years, majority of which is fast-food / fast-casual restaurant space
- There is currently no retail space planned aside from the 10,900 SF of supportive retail proposed on the Artesia Live I site
- Given lack of large parcels and several major regional malls and power / outlet centers in the 5-mile radius, future retail may be limited to essentials, such as food (e.g., fast-casual and convenience dining)
- Approx. 340,000 SF of retail space in City over 40 years old could be replaced/reimagined over the next decade*

Office

- Small office market with no added office inventory over last 10 years
- In Artesia, office vacancy is higher and office rents are on par with the office market in the five-mile radius and the combined submarkets
- Limited demand for office given more people working from home
- No additional office space has been proposed
- Approx. 65,000 SF of office space over 40 years old could be repurposed over the next decade*

Residential (Multifamily)*

- Strong multifamily housing market in the City (1.8% vacancy) and combined submarkets (2.3%). Rents are higher in the City compared to the other geographies.
- Just two buildings (totaling 37 townhome units) built in the last ten years, however, there is significant interest to develop housing on various development opportunity sites
- Low vacancy shows demand for multifamily residential units
- Housing can be emphasized in future projects to meet RHNA requirements

Source: CoStar (Accessed August 2022 and January 2023)
Notes: *We estimate that approximately half of the existing SF of retail and office space over 40 years old could be replaced with either similar uses or a blend of uses (including housing). **Data provided in the residential (multifamily) analysis encompasses condominiums, townhomes, co-ops, and for-rent units.

OVERVIEW
MARKET DEMAND ANALYSIS (CONT'D)

Hotel

- Kosmont examined STR hotel market data for upper midscale and upscale class hotels within the Artesia Area* since 2015
- Seasonality does not appear to have an impact on occupancy, although hotels do perform slightly better in the summer months with occupancy and RevPAR peaking in July
- Fridays and Saturdays have highest occupancies (83.2% and 85.9%, respectively) – indicating strong demand from weekend leisure travelers
- Current hotel demand for room nights is at equilibrium with the existing supply of rooms; Presently, there is limited demand for additional rooms
- Considering additional upper midscale and upscale products currently under construction in the Artesia Area, there appears to be support for 120 upper midscale or upscale rooms in the mid to long term (i.e., within next 10 years)
- A 2-acre site is ideal for a typical 110-120 room Select Service hotel

Sources: ESRI, Smith Travel Research (Accessed April 2023)
Notes: *The Artesia Area is defined as the area within a 5-mile radius from the intersection of Pioneer Blvd. and 183rd St.

B.1 – MARKET TRENDS

CITY OF ARTESIA – EDSP

MARKET TRENDS SUMMARY

- Key trends in the post-COVID-19 economy:

  - **Retail**
    - Retail store closures, bankruptcies, and e-commerce has driven changes in retail; Retail centers are being reimagined (e.g. blended use development)
    - Retail driven by trip-generators such as entertainment, experience, and essentials (e.g. food)
  - **Office**
    - Office leasing activity dropping as remote work becomes new normal; Social distancing led to offices resizing/reconfiguring
    - Integrating office in blended use environments; Possible shift to suburban offices
  - **Industrial**
    - E-commerce is accelerating growth of industrial;
    - Retail and industrial are merging, with space being used for Buy Online Pick Up in Store (BOPIS), fulfillment, last mile and warehousing (including flex)
  - **Residential**
    - Homes are live, play, ***and work*** environments
    - Strength in suburban markets; Home office is the new home amenity as single and multifamily housing developments are designed to facilitate work
    - New residential sites within shopping centers
  - **Hospitality**
    - Hospitality sector hurt the most by COVID-19 (conventions and business), but leisure travel is rebounding

Source: Kosmont Companies

Key Market and Economic Development Trends

Housing is Not a Loss Leader, it's a Growth Driver

Housing Creation as Economic Development

- New housing can generate significant new tax revenues and support local jobs from resident spending
- Housing is not necessarily a net negative fiscal impact, especially at current property values

Retail is Not *Just* Retail Anymore

Retail Reimagination as Economic Development

- U.S. retail over-built and needs "right sizing;" Covid accelerated trends; today its about essentials, experience & e-commerce
- Blended/mixed use projects integrate multiple uses (housing, retail, open space, creative office, hotel)

Telework is Reconfiguring Office

Office Conversions as Economic Development

- Telework and work from home options are reshaping the needs for office space and business districts
- Job redistribution tied to housing
- Vacancies can lead to fiscal impact pressure

Industrial / Distribution is Critical for the Economy

Industrial & Fulfillment as Economic Development

- Modern industrial is not "your father's industrial" – not smokestacks
- Retail can't thrive without distribution
- Booming demand for distribution, e-commerce, and data centers, blending for fulfillment/delivery, job creators

kosmont companies since 1986

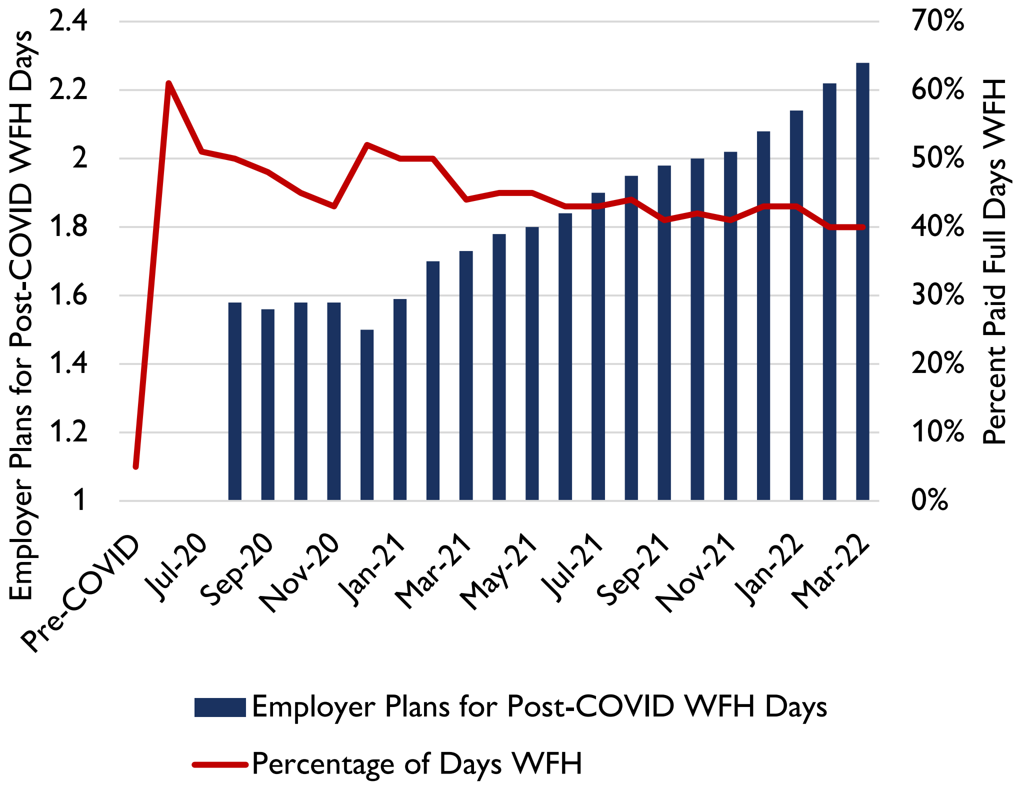
Source: Kosmont Companies

WORK-FROM-HOME GROWTH

SIGNIFICANT IMPACTS ON OFFICE DISTRICTS & DAYTIME POP.

- Work-from-home is changing where people choose to live, and increases popularity of "15-minute communities" that offer amenities and quality of life
- Census Bureau estimated that ~44% of workers are in jobs where working from home is currently feasible, with only a quarter of those in feasible telework jobs actually utilizing this capability
- Research shows the ability to telework likely varies by educational attainment and income-level; many of the telework occupations are heavily represented by incomes requiring higher levels of education (such as Management / Business / Financial / Professional occupations)
- Other research shows that while work-from-home days have declined from the pandemic high of 60% to ~40% of days, this is still significantly above pre-pandemic estimates of 5%
- Employers are expecting an average of 2.3 work-from-home days per week, suggesting that hybrid home/office model is likely to be well-utilized post-COVID

Work-from-Home: Current Utilization and Employer Plans for post-COVID

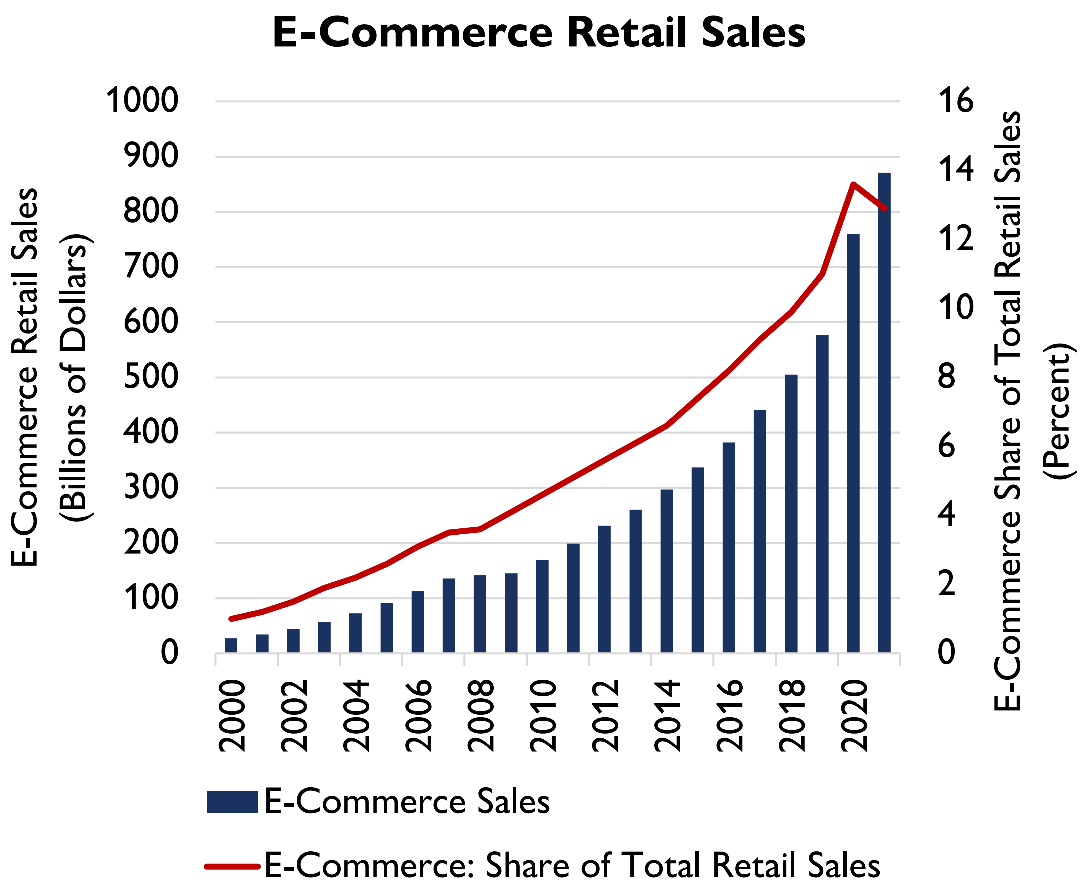


Sources: U.S. Census Bureau, St. Louis Federal Reserve, Survey of Working Arrangements (Accessed August 2022)

E-COMMERCE GROWTH

SIGNIFICANT IMPACTS ON BRICK-AND-MORTAR RETAIL

- E-commerce sales in the U.S. have increased steadily, jumping by 30% in Q2 2020 due to increased utilization during the COVID-19 pandemic. Loss of almost $1 trillion in sales puts massive pressure on local brick-and-mortar retailers.
- According to UBS, e-commerce's share of overall U.S. retail sales will continue to increase over the next 5 years, resulting in a loss of sales, primarily in clothing, office supply and sporting goods.
- Consumer online shopping behavior has further solidified during the COVID-19 pandemic, and is not likely to revert to old patterns, thanks to free 1-day delivery services, etc.



Sources: U.S. Census Bureau, St. Louis Federal Reserve, UBS (Accessed August 2022)

RETAIL TRENDS IMPACT ON SHOPPING CENTERS

- Shopping Centers across the U.S. are faced with dramatic decline in retail sales as the digital economy converts the lifestyles and social patterns of every generation. Today's consumers use online websites for purchasing many hard and soft good commodities. E-commerce retail sales are expected to continue their growth, particularly in categories of clothing & general merchandise purchases—categories that were traditionally a strength for shopping centers
- Approximately 1,500 regional malls have been built in the U.S. but several hundred have closed in past 5-10 years. By 2025, experts expect a cumulative loss of over 500 malls, with only Class-A malls in high income communities most likely to survive. The decline in largely related to the continued explosion of online retail sales. The overall decline in demand for regional malls, paired with the strong nearby competition for local destination regional retail Cerritos Towne Center and Los Cerritos Center), will reduce Artesia opportunities
- Retail centers with the strongest opportunity for future growth are those focused on <u>essentials</u> and <u>experience</u>

Sources: Kosmont Companies, CoStar, Coresight Research, Cowen & Company, Cushman & Wakefield (Accessed August 2022)

THE EVOLUTION OF RETAIL CENTERS

Essential – Historically, downtown shopping districts were the center of the universe and a community's primary draw, bringing a local character to shopping, dining, and entertainment.

Emergence – The first enclosed shopping mall was designed by Victor Gruen in the 1950s, bringing a revolutionary shopping concept to the suburbs.

Expansion –Mall concepts grew tremendously through the 1960s – 1980s, with new malls constructed as regional centers.

Enlargement – The spread of enclosed malls gave way to power centers and big box retail in the 1990s, fixated on even greater sizes of retail spaces.

Elevation – Lifestyle centers focus on upscale consumers and luxury brands, with boutique collections of stores paired with leisure amenities and landscaped designs in the 2000s.

Evolution – Today, significant store closures, brought upon by the rise of online-shopping and shifting consumer tastes, have led to greater mall vacancies and struggling downtown districts, reinforcing the need to create blended use and "think outside the box."

Source: Kosmont Companies

RETAIL CENTERS NOT COMING BACK AS PURE RETAIL

- US over-built on retail; **more than 5 times the per capita shopping center square footage** vs. many other countries.
- Artesia has over 60 SF per capita

2019 Est.	California	United States
Shopping Center GLA	908.1 million SF	7.6 billion SF
Population	39.5 million	328.2 million
Shopping Center GLA SF Per Cap.	23 SF	23 SF

Global Context: Shopping Center SF Per Capita							
USA	23.5		**CANADA**	16.8		**AUSTRALIA**	11.2
UK	4.6		**JAPAN**	4.4		**FRANCE**	3.8
SPAIN	3.4		**CHINA**	2.8		**ITALY**	2.8

Sources: ICSC, Cowen & Company, Cushman & Wakefield, Coresight Research (Accessed August 2022)

RETAIL TRENDS SUMMARY

- "Brick and Mortar" retail has been undergoing massive changes in the past decade. Major redevelopment plans for southern California shopping centers including Laguna Hills, Westminster Mall and Baldwin Hills Crenshaw Plaza have been challenging with many sites pursuing "blended use" developments that include a significant multifamily housing component
- The financial failure of the vast majority of department store chains, the non-stop growth of e-commerce, along with the expansion of the super box stores such as Costco, Walmart and Target has devastated regional malls across the U.S. COVID-19 related bankruptcies by dozens of national soft good chains that used to be the mainstay of malls is the last straw. Over 25% of all malls built prior to 2000 are expected to be torn down in the next 2-3 years
- Shopping centers that are centered around experiences, entertainment, and essentials are best poised for economic resiliency and future success.
- The future for retail centers in Artesia lies in fostering experiential, entertainment uses and restaurants. Blended use projects that bring additional uses to retail sites (such as hospitality, last-mile logistics, and multifamily residential) can bring a more sustainable and diversified development to serve the community

Sources: Kosmont Companies, CoStar, Coresight Research, Cowen & Company, Cushman & Wakefield, ICSC, St. Louis Federal Reserve, UBS, U.S. Census Bureau, St. Louis Federal Reserve, Survey of Working Arrangements (Accessed August 2022)

B.2 – RETAIL MARKET

CITY OF ARTESIA – EDSP

SUMMARY
RETAIL MARKET

- Despite having a significant amount of retail for a city of its size (60 SF of shopping center space per capita, compared to 23 SF in CA and the U.S.), the City of Artesia accounts for 4% of the retail space in the area within a five-mile radius of Artesia and Pioneer Blvds.
- The COVID-19 pandemic did cause retailers to vacate space. The impact of the pandemic, however, was not immediately seen in the City. The City absorbed 21,660 SF of retail space in the same time period. However, in 2021, almost half of the space that was absorbed in the prior year was now vacated (net negative absorption)
- Since the start of the pandemic, retail vacancy in the City fluctuated – first declining by 21% in 2020 to increasing by 18% in 2021. The opposite happened in the five-mile radius – retail vacancy increased slightly in 2020 and has since been steadily declining
- Historically, there have not been many significant changes in retail inventory in the City with 19,500 SF of retail space added from 2011-2021 – capturing just 0.9% of the total retail inventory added to the market within a five-mile radius
- The most significant additions in the City's retail inventory during this ten-year period included the 3,884 SF multi-tenant fast-casual restaurant space (12154 Artesia Blvd., opened 2017), and the 5,000 SF multi-tenant fast-food restaurant space (11632 South St., opened 2021)
- There is limited demand for more retail space in the City given e-commerce trends. Aside from supportive retail at the proposed Artesia Live I project, there is no retail space planned in the City
- Future retail in the City will likely be on a limited scale and should be focused on **essentials**, such as food
- **Fast casual/convenience dining**, particularly drive-thru, is an area of retail that continues to expand
- Consider reimagining underperforming / underutilized retail space in **Artesia Towne Center** into a blend of uses (e.g., residential, office, retail)
- We estimate that half of the existing retail space in the City that is over 40 years old (~340,000 SF) could be replaced or re-envisioned over the next decade

Sources: ESRI Business Analyst Online, CoStar (Accessed August 2022 and January 2023)

RETAIL MARKET OVERVIEW

	Q4 2022		
	City of Artesia	5-Mile Radius	S.E. L.A. County Submarkets
Availability			
NNN Rent $PSF/Yr.	$26.12	$23.36	$23.86
Vacancy Rate	2.9%	5.4%	3.9%
Vacant SF	41,750	1,748,534	2,882,604
Net Absorption	(2,297)	(8,841)	90,676
Inventory			
Existing SF	1,416,110	32,495,262	74,207,444

- Major available retail space in City
  - 8,000 SF restaurant space available at Artesia Oasis Plaza
  - 7,000 SF restaurant space available at Pioneer Artesia Center
- According to CoStar, there is currently no retail space that is planned, proposed, or under construction, except for supportive retail in the Artesia Live I project (primarily housing and hotel with 10,900 SF of retail)
- In the last 10 years ~19,500 SF of retail has been added in the City
- 48% of retail space in the City is over 40 years old. Roughly half of the space (~340,000 SF could be replaced / re-envisioned over the next 10 years

Top: Artesia Oasis Plaza
Above: Pioneer Artesia Center

Source: CoStar (Accessed January 2023); **Note**: CoStar defines Triple Net (NNN) as "a lease where the tenant is responsible for all expenses associated with their proportional share of occupancy of the building, except long-lived structural components and management charges." Vacant space refers to all space that is not occupied by a tenant regardless of availability or lease obligation. Available space is the amount of space currently being marketed as available for lease or sale in a given time period. It includes any space that is vacant, occupied, or available at a future date. Negative net absorption refers to the fact that more tenants vacated retail space as opposed to renewing or expanding.

RETAIL MARKET HISTORY
2011 – 2021

CITY OF ARTESIA

Year	Inventory SF	Vacant SF Total	Vacant % Total	Net Absorp. SF Total	NNN Rent Overall
2021	1,416,110	92,401	6.5%	(10,266)	$23.48
2020	1,411,110	77,135	5.5%	21,660	$24.00
2019	1,411,110	98,795	7.0%	(9,740)	$24.65
2018	1,411,110	89,055	6.3%	4,863	$21.89
2017	1,411,110	93,918	6.7%	8,786	$27.22
2016	1,407,226	98,820	7.0%	8,953	$24.17
2015	1,404,776	105,323	7.5%	14,902	$23.23
2014	1,404,776	120,225	8.6%	36,908	$21.38
2013	1,404,776	157,133	11.2%	(19,651)	$21.24
2012	1,404,776	137,482	9.8%	(121)	$21.29
2011	1,396,612	129,197	9.3%	763	$23.17

5-MILE RADIUS

Year	Inventory SF	Vacant SF Total	Vacant % Total	Net Absorp. SF Total	NNN Rent Overall
2021	32,370,620	1,879,907	5.8%	176,945	$21.84
2020	32,291,683	1,977,915	6.1%	(49,065)	$22.08
2019	32,283,240	1,920,407	5.9%	(208,785)	$21.35
2018	32,191,153	1,619,535	5.0%	(189,979)	$20.69
2017	32,092,919	1,331,322	4.1%	963,357	$23.16
2016	31,437,581	1,639,341	5.2%	389,836	$22.15
2015	30,924,485	1,516,081	4.9%	47,051	$19.35
2014	30,428,432	1,307,261	4.3%	77,750	$20.09
2013	30,361,402	1,317,981	4.3%	214,402	$19.61
2012	30,332,812	1,503,793	5.0%	32,040	$19.16
2011	30,235,441	1,438,462	4.8%	162,546	$19.01

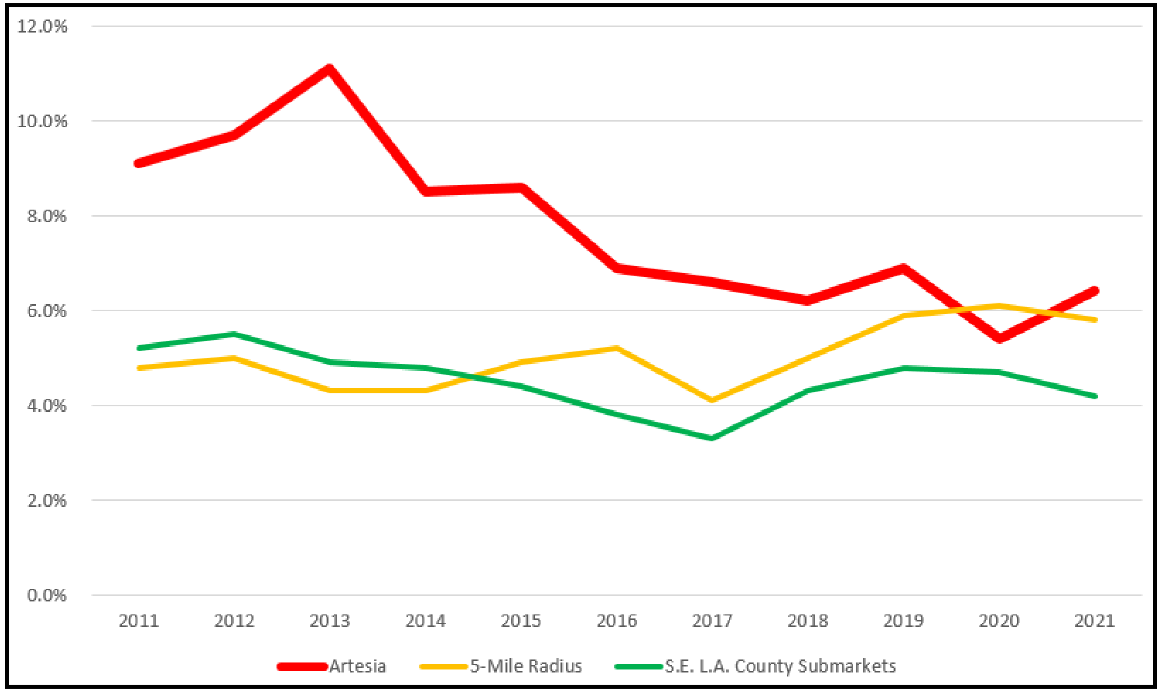
SOUTHEAST L.A. COUNTY SUBMARKETS

Year	Inventory SF	Vacant SF Total	Vacant % Total	Net Absorp. SF Total	NNN Rent Overall
2021	73,822,176	3,108,111	4.2%	486,405	$23.06
2020	73,728,317	3,500,657	4.7%	97,131	$21.88
2019	73,629,930	3,510,832	4.8%	(68,911)	$21.33
2018	73,343,695	3,155,686	4.3%	(625,930)	$20.78
2017	73,223,199	2,409,260	3.3%	633,287	$22.22
2016	72,960,530	2,779,878	3.8%	1,201,419	$20.96
2015	72,176,759	3,197,526	4.4%	570,198	$20.14
2014	71,877,035	3,468,000	4.8%	582,503	$19.95
2013	71,345,837	3,519,305	4.9%	583,620	$19.86
2012	71,192,399	3,949,487	5.5%	(56,986)	$19.67
2011	71,026,781	3,726,883	5.2%	432,790	$19.97

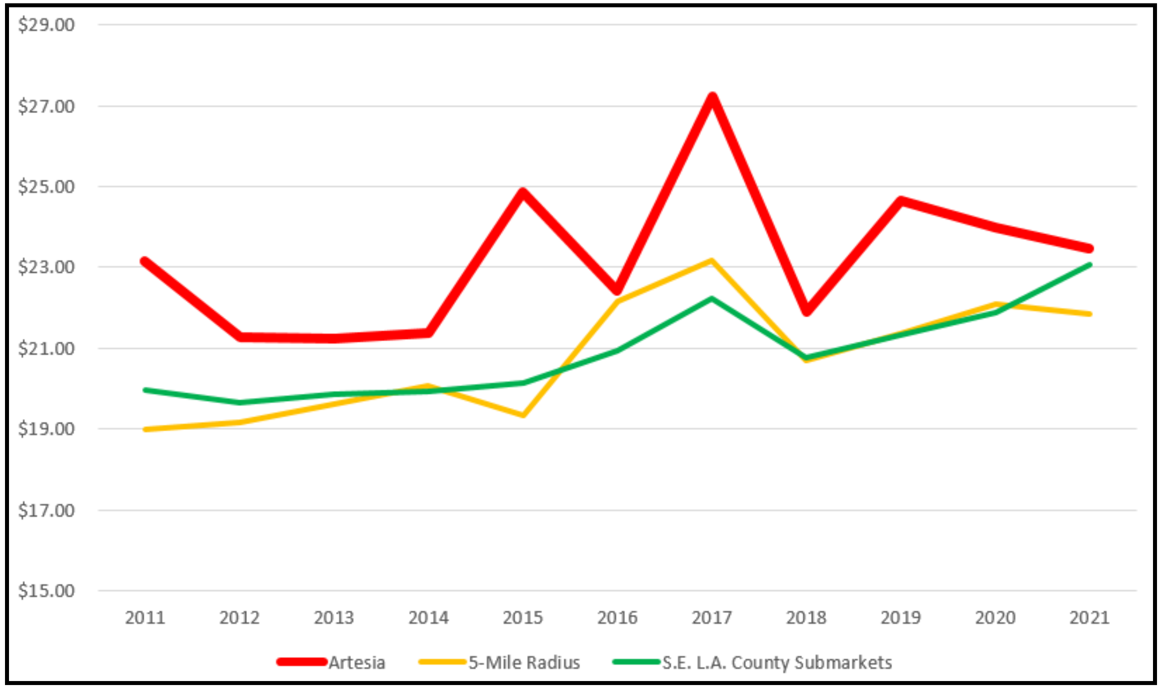
Source: CoStar (Accessed August 2022);
Note: Numbers in parentheses and in red indicate a negative number.

RETAIL MARKET HISTORY
2011 – 2021

Vacancy Rates



NNN Rent $PSF/Yr.



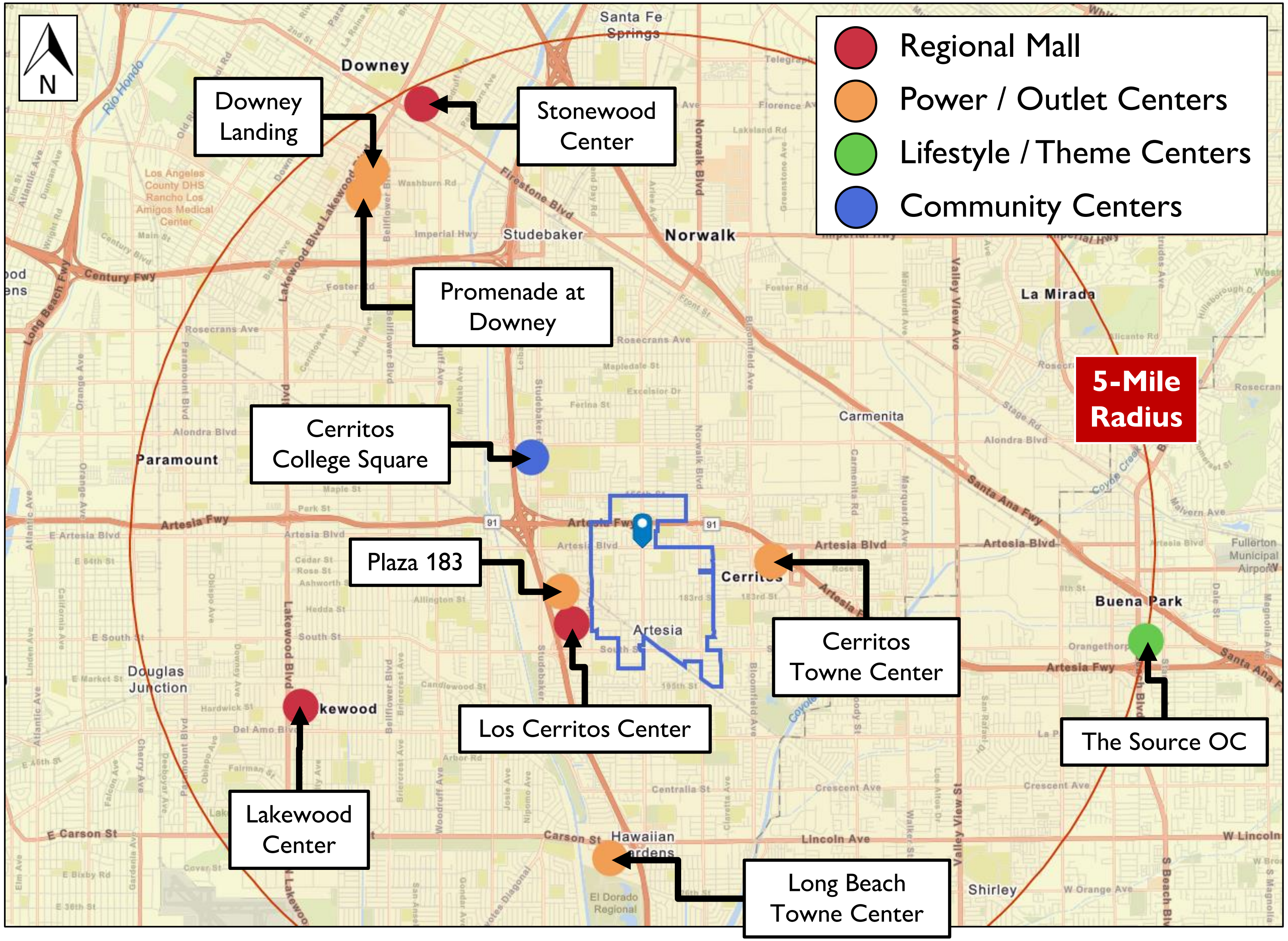
Source: CoStar (Accessed August 2022)

ARTESIA

MAJOR SHOPPING CENTERS WITHIN 5-MILE RADIUS

	Artesia	5-Mile Radius
Shopping Center Inventory (SF)	977,300	22,200,000
2022 Population	16,200	624,900
Shopping Center SF Per Capita	60.3	35.5

Sources:
ESRI Business Analyst Online,
CoStar (Accessed August 2022)



B.3 – OFFICE MARKET

CITY OF ARTESIA – EDSP

SUMMARY
OFFICE MARKET

- The office market in the City is small (322,700 SF) and accounts for 3% of the office space within the five-mile radius
- As of Q4 2022, office vacancy in the City was **higher** and office rents in the City were **on par** compared to the five-mile radius and the combined submarkets, indicating limited demand for office space in the City
- Historically, office vacancy in the City was much higher than the vacancy rates for office space in the five-mile radius and the combined submarkets (fluctuating between 13.0% and 23.3% between 2011 and 2015). From 2018 to 2021, office vacancy in the City has remained below 5%
- The COVID-19 pandemic caused a significant shift in the way people work – offices were shut down and employees began working remotely. Despite these trends, office vacancies declined in the five-mile radius and the combined submarkets
- Across all geographies, office rents have steadily increased from 2011 to 2020. After 2020, however, office rents in the City decreased by 13% to the present amount of $28.70
- There has been zero growth in office inventory city-wide between 2011 and 2021. Comparatively, 795,300 SF of office space has been added in the five-mile radius during the same period
- Demand for office space city-wide is limited as there is no additional office space that is currently planned, proposed, or under construction. It is also important to note that more people are working from home and are utilizing in-home office type amenities
- 40% of the office space in the City is over 40 years old. As older buildings become obsolete, we estimate that approximately half of office space in the City (~65,000 SF) could be replaced or re-envisioned as part of a blended-use project over the next decade

Source: CoStar (Accessed August 2022 and January 2023)

OFFICE MARKET OVERVIEW

	Q4 2022		
	City of Artesia	**5-Mile Radius**	**S.E. L.A. County Submarkets**
Availability			
Gross Rent $PSF/Yr.	$28.70	$28.29	$28.64
Vacancy Rate	6.7%	5.1%	4.9%
Vacant SF	21,639	617,706	1,049,482
Net Absorption	2,800	(46,839)	92,351
Inventory			
Existing SF	322,660	12,019,586	21,501,265

- Major available office space in City
  - 20,801 SF available at 17100 Pioneer Blvd. – the largest office building in the City (82,516 SF)
- According to CoStar, there is no office space currently planned, proposed, or under construction. No new office construction in the last 10 years
- 40% of office space (133,000 SF) in the City is over 40 years old. Roughly half of this space (65,000 SF) could be replaced or re-envisioned over the next 10 years as part of blended-use project

Left: 17100 Pioneer Blvd.

Source: CoStar (Accessed January 2023); **Note**: CoStar defines Full Service / Gross Rent as "a rental rate that includes normal building standard services which are provided and paid by the landlord." Vacant space refers to all space that is not occupied by a tenant regardless of availability or lease obligation. Available space is the amount of space currently being marketed as available for lease or sale in a given time period. It includes any space that is vacant, occupied, or available at a future date.

OFFICE MARKET HISTORY

2011 – 2021

CITY OF ARTESIA					
Year	Inventory SF	Vacant SF Total	Vacant % Total	Net Absorp. SF Total	Gross Rent Overall
2021	322,660	13,452	4.2%	(599)	$28.85
2020	322,660	12,853	4.0%	668	$32.80
2019	322,660	13,521	4.2%	(157)	$29.56
2018	322,660	13,364	4.1%	10,713	$25.34
2017	322,660	24,077	7.5%	(45)	$23.34
2016	322,660	24,032	7.4%	22,265	$23.35
2015	322,660	46,297	14.3%	19,075	$24.27
2014	322,660	65,372	20.3%	9,718	$23.56
2013	322,660	75,090	23.3%	(17,190)	$21.65
2012	322,660	57,900	17.9%	(15,795)	$22.44
2011	322,660	42,105	13.0%	4,886	$22.00

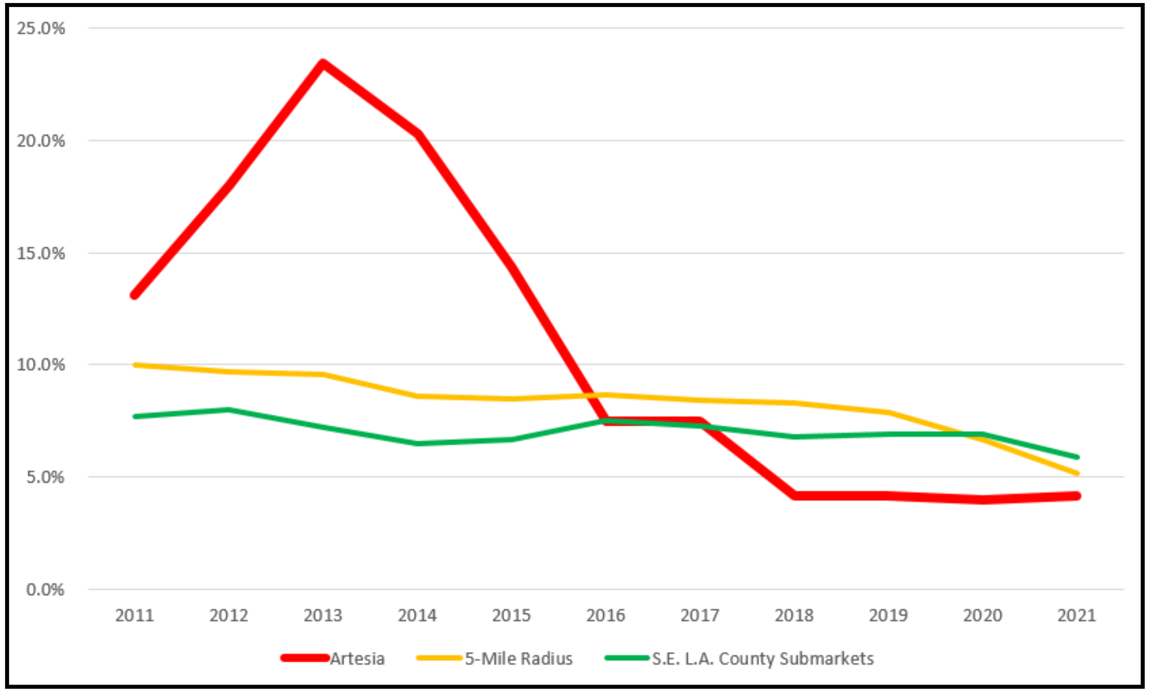
5-MILE RADIUS					
Year	Inventory SF	Vacant SF Total	Vacant % Total	Net Absorp. SF Total	Gross Rent Overall
2021	11,844,987	618,947	5.2%	173,435	$28.82
2020	11,839,987	787,382	6.7%	142,225	$27.57
2019	11,839,987	929,607	7.9%	56,368	$27.82
2018	11,839,987	985,975	8.3%	76,951	$26.06
2017	11,766,069	989,008	8.4%	172,914	$25.62
2016	11,630,234	1,013,547	8.7%	128,992	$25.45
2015	11,461,145	973,450	8.5%	98,235	$24.11
2014	11,373,127	983,067	8.6%	204,802	$23.35
2013	11,264,337	1,078,979	9.6%	150,785	$22.79
2012	11,118,416	1,083,843	9.7%	94,495	$22.05
2011	11,049,642	1,109,564	10.0%	157,722	$21.56

SOUTHEAST L.A. COUNTY SUBMARKETS					
Year	Inventory SF	Vacant SF Total	Vacant % Total	Net Absorp. SF Total	Gross Rent Overall
2021	21,465,495	1,255,783	5.9%	349,142	$28.96
2020	21,341,986	1,481,416	6.9%	30,682	$26.59
2019	21,289,986	1,460,098	6.9%	2,160	$25.48
2018	21,282,953	1,457,250	6.8%	202,511	$24.73
2017	21,171,123	1,547,931	7.3%	85,679	$24.14
2016	21,126,673	1,576,620	7.5%	(135,526)	$23.89
2015	21,099,584	1,414,005	6.7%	(34,001)	$23.11
2014	21,090,384	1,369,604	6.5%	155,585	$22.27
2013	21,080,872	1,515,477	7.2%	267,582	$21.17
2012	20,977,034	1,679,121	8.0%	4,422	$21.38
2011	20,892,606	1,599,215	7.7%	250,517	$22.02

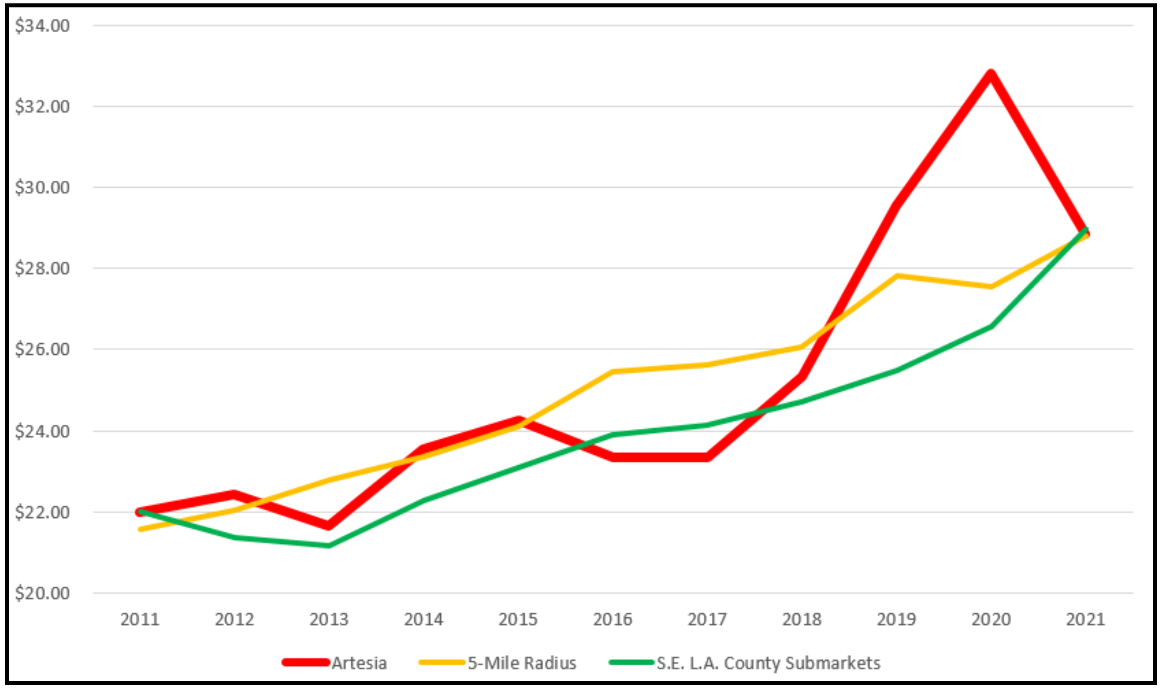
Source: CoStar (Accessed August 2022);
Note: Numbers in parentheses and in red indicate a negative number.

OFFICE MARKET HISTORY
2011 – 2021

Vacancy Rates



Gross Rent $PSF/Yr.



Source: CoStar (Accessed August 2022)

B.4 – MULTIFAMILY RESIDENTIAL MARKET

CITY OF ARTESIA – EDSP

SUMMARY
MULTIFAMILY RESIDENTIAL MARKET

- The multifamily residential market in the City of Artesia is small, but the market is strong with **2.3% vacancy or less** across all observed geographies. Asking rents in Artesia are **11% higher** than those in the five-mile area. 829 multifamily residential units in the City are listed as market-rate units. There are no affordable or senior-specific units available in the City
- 50 buildings contain the 829 market-rate multifamily residential units in the City. Approximately 7% are from 5 Class B buildings and 93% are from 45 Class C multifamily buildings. There are no Class A buildings in the City
- Historically, the multifamily residential market has been strong across all geographies with vacancies remaining below 5% in the City (except for the first year of the pandemic) and below 4% in the five–mile radius and combined submarkets in the last ten years
- Although there was a large increase in multifamily residential vacancy in the City to 7.4% by year-end 2020, the COVID-19 pandemic ultimately accelerated a decline in vacancies as more people began working from home. Since year-end 2020, multifamily residential vacancy decreased in the City by 76% to 1.8% vacancy in Q4 2022
- Asking rents have increased by 60% from 2011 to 2021
- From 2011 to 2021, there has been limited construction of multifamily housing units in the City (two Class B buildings totaling 37 units)
- There are a couple of multifamily buildings that have been proposed. The Artesia Live I complex proposed 54 condominium units and Brandywine Homes proposed a 30-unit condominium complex at 11504 Artesia Blvd. The Brandywine Homes project has recently been approved. Interest has been expressed to develop housing on other sites including the Housing Authority Site and Artesia Place
- In the five-mile area, there have been 1,173 multifamily units added to the market between 2011 and 2021. 50% of those new units were from seven Class A apartment complexes: Aria, 197 units in Cerritos; Miro, 150 units in Santa Fe Springs; and Avalon Cerritos, 132 units in Cerritos
- The City may consider allocating greater density for future projects to meet the demand for housing and achieve Regional Housing Needs Assessment (RHNA) numbers (According to SCAG RHNA Allocation Plan, Artesia was allocated to add 1,069 new housing units by 2029*). RHNA presents a unique challenge to Artesia given there are currently no existing affordable units in the City and the RHNA Allocation Plan calls for Artesia to build 608 affordable units of the 1,069 allocated
- Despite limited construction COVID-19 pandemic accelerated demand for multifamily residential, as more people began working from home.

Sources: SCAG, *6th Cycle RHNA Allocation Plan*, CoStar (Accessed August 2022 and January 2023); **Note**: *Of the 1,069 units Artesia is allocated to add, 312 are very low-income units(<50% AMI), 168 are low-income units (50-80% AMI), 128 are moderate-income units (80-120% AMI), and 461 are above moderate-income units (> 120% AMI).

MULTIFAMILY MARKET OVERVIEW

	Q4 2022		
	City of Artesia	**5-Mile Radius**	**S.E. L.A. County Submarkets**
Availability			
Asking Rent Unit/Mo.	$2,077	$1,876	$1,597
Vacancy Rate	1.8%	2.3%	2.3%
Total # of Vacant Units	15	913	2,583
Net Absorption	(2)	(131)	44
Inventory			
Total # of Units	829	40,339	113,541

- Major multifamily buildings in City
  - Los Arboles (11901 176th St., market-rate garden apartments; built 1973; 158 units; 36 du/ac)
  - Eaves Cerritos (11421 186th St..; market-rate low-rise apartments; built 1973; 151 units; 65 du/ac)
  - 17888 Alburtis Ave. (market-rate, low-rise apartments; built 2005; 62 units; 30 du/ac)
- Multifamily buildings proposed in Artesia:
  - Artesia Live I (17610-17618 Pioneer Blvd.; 54 units proposed as part of blended-use development
  - Brandywine proposed a 30-unit condominium complex at 11504 Artesia Blvd.

Top: Los Arboles Apartments
Middle: Eaves Cerritos
Above: Artesia Live rendering

Source: CoStar (Accessed January 2023); **Note**: Data represents the average asking rents across all unit types (studio, 1BR, 2BR, etc.). Inventory does not include dormitories or mobile homes. Negative net absorption refers to the fact that more residents vacated as opposed to moving into residential units. Numbers in parentheses and in red indicate a negative number.

MULTIFAMILY MARKET HISTORY
2011 – 2021

CITY OF ARTESIA

Year	Inventory Units	Vacant Units	% Vacant	Net Absorp. Units	Asking Rent	Asking Rent (PSF)
2021	829	11	1.3%	51	$2,008	$2.61
2020	829	61	7.4%	(41)	$1,836	$2.39
2019	829	20	2.4%	(3)	$1,762	$2.29
2018	829	17	2.1%	6	$1,700	$2.21
2017	829	23	2.8%	(1)	$1,619	$2.11
2016	829	21	2.5%	2	$1,587	$2.06
2015	829	24	2.9%	4	$1,491	$1.94
2014	804	28	3.5%	16	$1,388	$1.92
2013	792	32	4.0%	5	$1,318	$1.82
2012	792	38	4.8%	(12)	$1,302	$1.80
2011	792	25	3.2%	3	$1,253	$1.73

5-MILE RADIUS

Year	Inventory Units	Vacant Units	% Vacant	Net Absorp. Units	Asking Rent	Asking Rent (PSF)
2021	40,267	786	2.0%	527	$1,788	$2.19
2020	39,961	1,006	2.5%	9	$1,674	$2.06
2019	39,955	1,010	2.5%	109	$1,629	$2.00
2018	39,882	1,045	2.6%	228	$1,573	$1.93
2017	39,790	1,188	3.0%	148	$1,508	$1.85
2016	39,644	1,191	3.0%	134	$1,449	$1.78
2015	39,447	1,128	2.9%	306	$1,376	$1.69
2014	39,272	1,283	3.3%	169	$1,311	$1.62
2013	39,177	1,357	3.5%	118	$1,274	$1.57
2012	39,125	1,453	3.7%	56	$1,245	$1.54
2011	39,125	1,510	3.9%	59	$1,222	$1.51

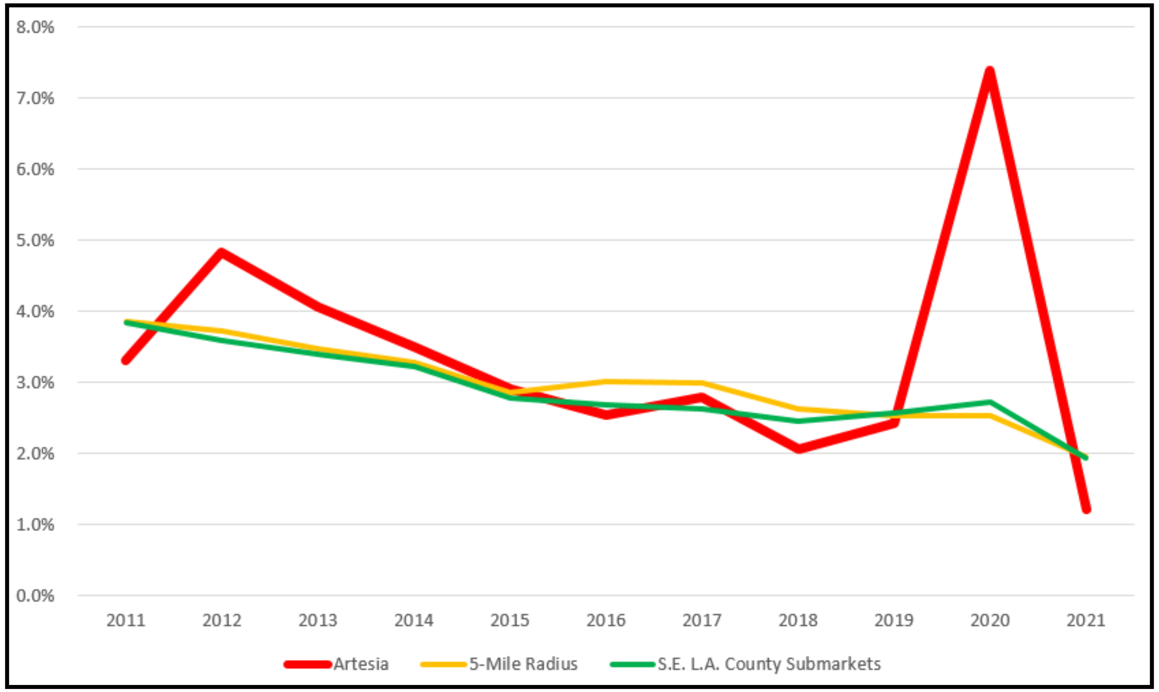
SOUTHEAST L.A. COUNTY SUBMARKETS

Year	Inventory Units	Vacant Units	% Vacant	Net Absorp. Units	Asking Rent	Asking Rent (PSF)
2021	111,941	2,163	1.9%	1,892	$1,523	$1.94
2020	110,901	3,014	2.7%	146	$1,455	$1.85
2019	110,581	2,841	2.6%	154	$1,424	$1.81
2018	110,220	2,699	2.4%	386	$1,376	$1.76
2017	109,970	2,883	2.6%	390	$1,323	$1.69
2016	109,629	2,932	2.7%	378	$1,270	$1.62
2015	109,347	3,031	2.8%	1,157	$1,209	$1.55
2014	108,556	3,498	3.2%	624	$1,159	$1.49
2013	107,976	3,655	3.4%	546	$1,128	$1.45
2012	107,609	3,864	3.6%	514	$1,102	$1.41
2011	107,341	4,110	3.8%	459	$1,083	$1.39

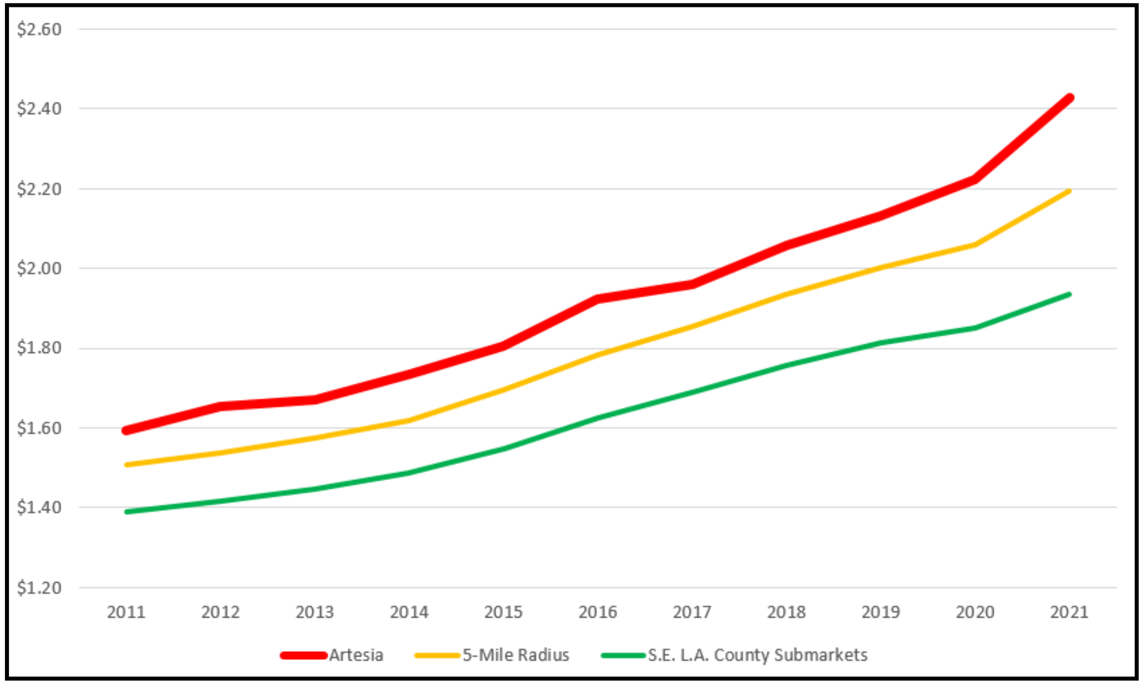
Source: CoStar (Accessed August 2022);
Note: Numbers in parentheses and in red indicate a negative number.

MULTIFAMILY MARKET HISTORY
2011 – 2021

Vacancy Rates



Asking Rent $PSF/Mo.



Source: CoStar (Accessed August 2022)

FINDINGS

MARKET DEMAND ANALYSIS

- Demand for multifamily residential is strongest with over 1,000 new units designated by RHNA, while demand for retail and office is low
  - Increased e-commerce presence (need for smaller last-mile, flex industrial, and sorting facilities), limits retail demand
  - Limited demand for office space given more people are working from home. Furthermore, no new office space has been added in the City in the last ten years
- There is currently no retail or office space planned, proposed, or under construction in the City, except for supportive retail proposed on the Artesia Live I and Artesia Place sites
- City could consider reimagining underperforming retail space in shopping centers, such as Artesia Towne Center into a high density residential / retail project).
- With a large amount of commercial space built before 1980. It is possible that substantial portion of the existing commercial space could be reimagined as blended use residential/retail in the next 10 years

City of Artesia		
Commercial Land Use	% of Space 40+ Years Old	Est. SF reimagined in the next 10 years
Retail	48%	340,000
Office	40%	65,000

RHNA Allocation (City of Artesia)	Number of Units
Very-Low Income (<50% AMI)	312
Low-Income (50-80% AMI)	168
Moderate Income (80-120% AMI)	128
Above-moderate Income (>120% AMI)	461
TOTAL UNITS	**1,069**

Source: SCAG 6th Cycle Final Regional Housing Needs Assessment (RHNA) Allocation Plan (Accessed January 2023)

B.5 – HOTEL MARKET

CITY OF ARTESIA – EDSP

SUMMARY
HOTEL MARKET (BASED ON SEPARATE STUDY)

Findings

- Kosmont examined STR hotel market data for upper midscale and upscale class hotels within the Artesia Area since 2015
- Seasonality does not have a significant impact on occupancy, however hotels in the Artesia Area do slightly better in the summer months (July features highest occupancy and RevPAR)
- Higher occupancies on Fridays (83.2%) and Saturdays (85.9%) indicating strong weekend demand from leisure travelers
- Observing where hotels are located, there appears to be a hole / opportunity
- Kosmont projected the future supportable number of hotel rooms for an upper midscale or upscale class of hotel in the Artesia Area (April 2022 – March 2023)
- Current hotel demand for room nights is generally at equilibrium with the existing supply of rooms; Presently, there is limited demand for additional rooms from an upper midscale or upscale class hotel
- Based on the data provided, there is projected support for 230 rooms in the short-term (5 years) and 489 rooms in the long-term (10 years), however, considering the three upper midscale and upscale class hotels under construction, there appears to be support for 120 upper midscale or upscale rooms (roughly one hotel) within the next 10 years in the Artesia area
- 91 Freeway is a strong corridor for a hotel, especially along Pioneer Blvd.
- Kosmont conducted due diligence by soliciting feedback from a local hotel developer who has worked with major hotel chains. Although the 1.1-acre Housing Authority site is small for a hotel, a 110 to 120-room hotel would be possible on the site if the hotel is 5-6 stories with underground parking (Housing Authority site falls in mixed-use overlay zone, 7-story or 75 ft. maximum height)
- Given the smaller parcel size on either site, the likelihood for conference space is low
- Hotel development in Artesia does not yield high enough room rates to justify 5-7 story construction with parking structures. On a ~1-acre site Kosmont's analysis indicates a 50-60 room hotel maybe feasible. While a ~2-acre site is ideal for typical 110-120 room Select Service hotel.

Next Steps

- Potentially pursue hotel chains and developers
- Further site due diligence and working with hotel chains and developers will reveal a specific program

Sources: ESRI, Smith Travel Research (Accessed April 2023)

COMPETITIVE HOTEL MARKET ANALYSIS
MARKET PERFORMANCE SUMMARY*

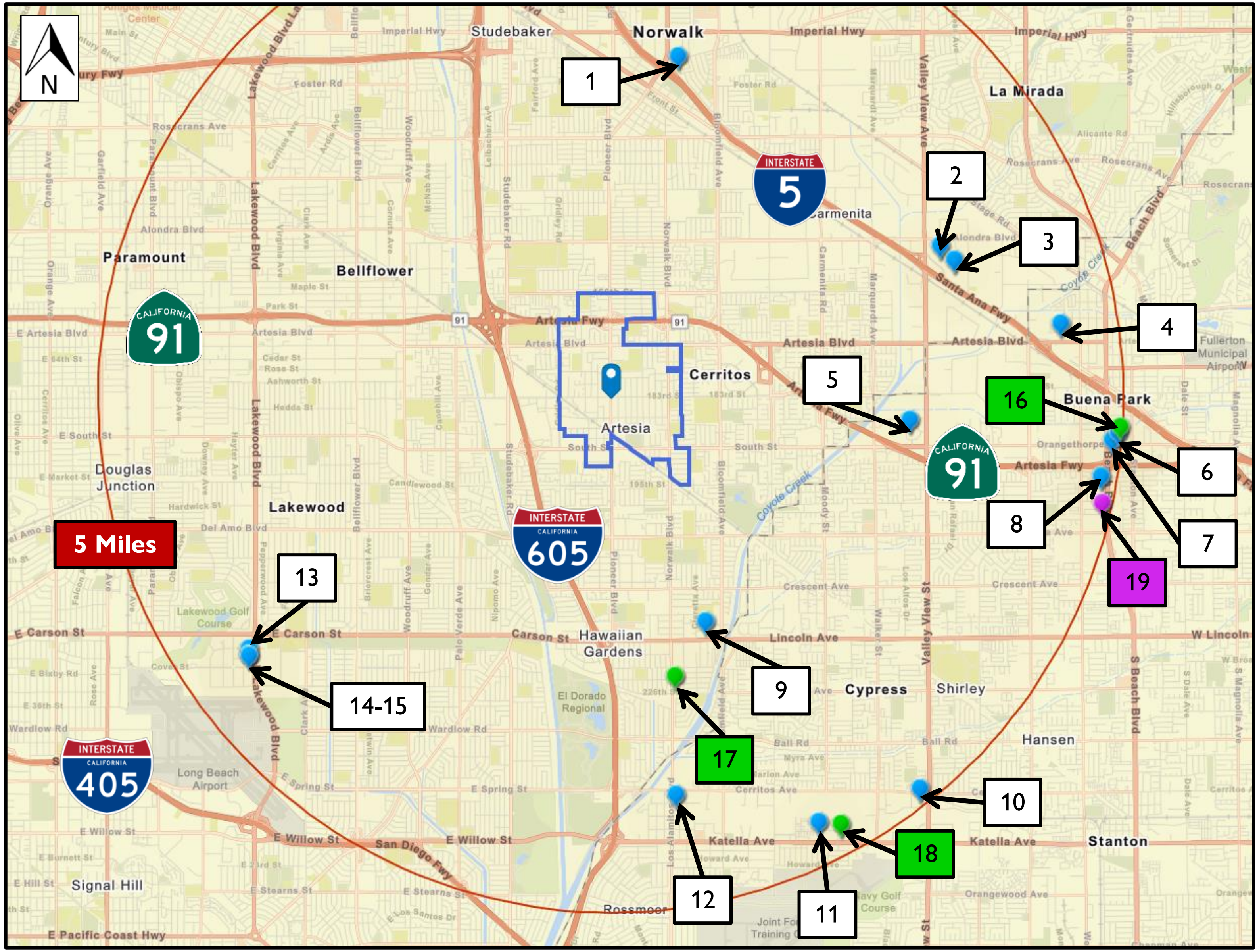
Year	Avg. Occupancy	Average Daily Rate (ADR)	Annual Supply of Room Nights	Annual Demand for Room Nights	Change in Occupied Room Nights	Revenue per Available Room (RevPAR)	Change in RevPAR
Apr. 2015 – Mar. 2016	83.2%	$121.88	660,650	549,713	-	$101.73	-
Apr. 2016 – Mar. 2017	81.6%	$127.35	660,650	539,033	(1.9%)	$104.18	2.4%
Apr. 2017 – Mar. 2018	79.1%	$130.32	697,041	549,591	2.0%	$103.24	(0.9%)
Apr. 2018 – Mar. 2019	79.4%	$135.27	748,615	594,253	8.1%	$107.58	4.2%
Apr. 2019 – Mar. 2020	78.0%	$136.97	786,057	612,525	3.1%	$106.84	(0.7%)
Apr. 2020 – Mar. 2021	53.6%	$112.34	792,582	425,733	(30.5%)	$59.96	(43.9%)
Apr. 2021 – Mar. 2022	74.9%	$136.25	825,630	618,241	45.2%	$102.25	70.5%
Apr. 2022 – Mar. 2023	77.9%	$160.62	825,630	642,532	3.9%	$125.29	22.5%
Total Growth (%)	**(6.4%)**	**31.8%**	**25.0%**	**16.9%**	**-**	**23.2%**	**-**

Source: Smith Travel Research (Accessed April 2023);
Note: Numbers in parentheses and in red indicate a negative percentage change. *Annual averages were calculated during the periods shown. The data used in this analysis is reflective of the hotels that report monthly to STR.

ARTESIA AREA COMPETITIVE HOTEL MARKET LOCATIONS

There are 2,262 rooms in 15 existing Upper Midscale and Upscale class hotels for our competitive set within a 5-mile radius on the intersection of Pioneer Blvd. and 183rd St.

Legend	
Color	***Status***
(blue)	Existing Hotel
(green)	Hotel Under Construction
(purple)	Hotel Proposed



Sources: ESRI, Smith Travel Research (Accessed April 2023);
Note: Search parameters include hotels within 5 miles of the intersection of Pioneer Blvd. and 183rd St. Hotels are of Upper Midscale or Upscale class. Hotels provide data on a monthly and weekly basis to STR.

ARTESIA AREA HOTEL MARKET COMPETITIVE SET

# on Map	Hotel Name	City	# of Rooms	Parcel Size (AC)	Class Scale	Open Date
1	DoubleTree by Hilton Los Angeles-Norwalk	Norwalk	172	5.28	Upscale	02/1990
2	Holiday Inn La Mirada	La Mirada	292	5.40	Upper Midscale	03/1984
3	Residence Inn La Mirada Buena Park	La Mirada	147	4.64	Upscale	06/1992
4	Hampton Inn & Suites Buena Park	Buena Park	102	2.02	Upper Midscale	04/2019
5	La Quinta Inn & Suites Buena Park	La Palma	160	2.40	Upper Midscale	11/1987
6	Fairfield Inn & Suites Anaheim North Buena Park	Buena Park	137	1.88	Upper Midscale	11/1986
7	DoubleTree by Hilton Buena Park	Buena Park	249	7.08	Upscale	12/1973
8	Courtyard Anaheim Buena Park	Buena Park	145	3.81	Upscale	12/1986
9	La Quinta Inn & Suites NE Long Beach/Cypress	Hawaiian Gardens	53	0.91	Upper Midscale	10/2009
10	Hyatt House Cypress Anaheim	Cypress	142	2.75	Upscale	2/1991
11	Residence Inn Cypress Los Alamitos	Los Alamitos	155	3.84	Upscale	11/2002
12	Fairfield Inn & Suites Anaheim Los Alamitos	Los Alamitos	108	2.26	Upper Midscale	02/2021
13	Courtyard Long Beach Airport	Long Beach	159	2.86	Upscale	03/2013
14	Hampton Inn Long Beach Airport	Long Beach	143	2.34	Upper Midscale	11/2017
15	Homewood Suites by Hilton Long Beach Airport	Long Beach	98	1.60	Upscale	11/2017

Sources: ESRI, Smith Travel Research (Accessed April 2023);
Note: Search parameters include hotels within 5 miles of the intersection of Pioneer Blvd. and 183rd St. Hotels are of Upper Midscale or Upscale class. Hotels provide data on a monthly and weekly basis to STR.

COMPETITIVE ARTESIA AREA HOTELS PROPOSED AND UNDER CONSTRUCTION

# on Map	Hotel Name	City	# of Rooms	Parcel Size	Class Scale	Status	Expected Open Date
16	Hilton Buena Park	Buena Park	178	0.53	Upper Upscale	Under Construction	08/2023
17	Holiday Inn Express & Suites Hawaiian Gardens	Hawaiian Gardens	71	1.26	Upper Midscale	Under Construction	05/2023
18	Homewood Suites by Hilton Cypress	Cypress	120	3.25	Upscale	Under Construction	07/2024
19	Wyndham Buena Park	Buena Park	149	1.39	Upscale	Proposed	10/2025

Sources: ESRI, Smith Travel Research (Accessed April 2023);
Note: Search parameters include hotels within 5 miles of the intersection of Pioneer Blvd. and 183rd St.
Hotels are of Upper Midscale or Upscale class. Hotels provide data on a monthly and weekly basis to STR.