

VERNON WESTSIDE SPECIFIC PLAN
BASELINE STUDIES
OPPORTUNITIES AND CONSTRAINTS



JANUARY 28, 2021

VERNON INDUSTRIAL MARKET

Since its incorporation in 1905, the City of Vernon's land uses have been almost exclusively industrial. In the past five years, Vernon has maintained low industrial vacancy rates with high absorption of new industrial development.

Warehousing and manufacturing are Vernon's most prominent industrial uses. In the past five years, warehouse rents have increased 51 percent to \$11.02 per square foot, whereas manufacturing rents have increased 22 percent to \$8.77 per square foot. This increase in warehouse rent is likely attributable to increasing demand from logistics and ecommerce businesses.

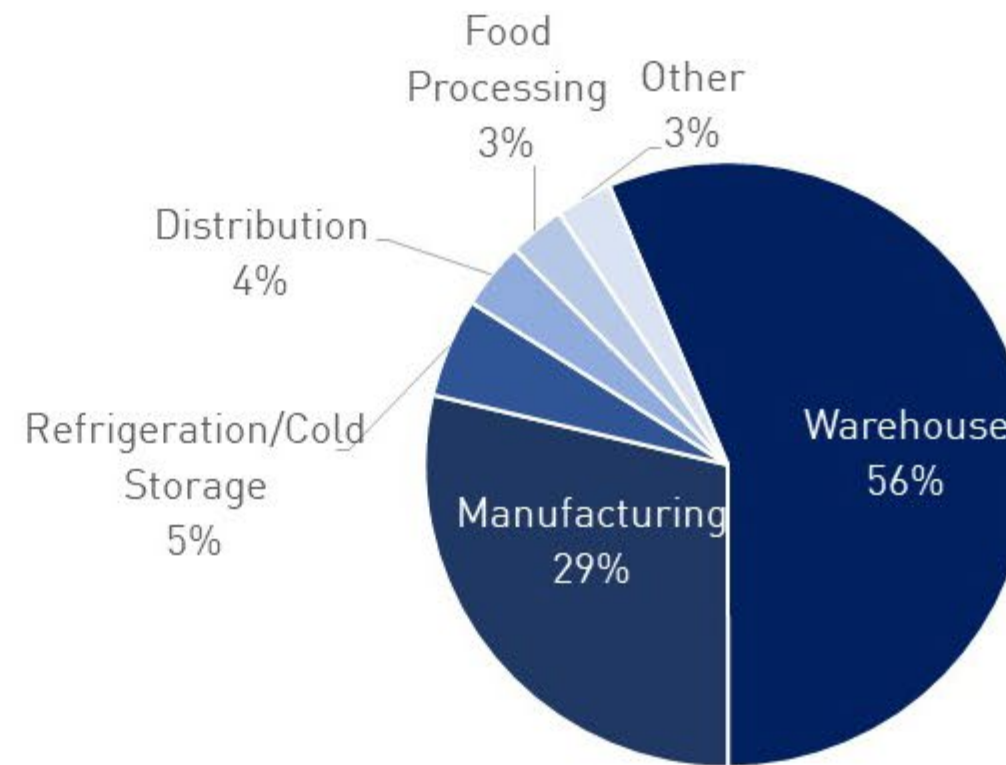
Vernon Historical Industrial Performance (2015-2020)



Source: Costar 5 Year Histories

| Land Use Type | Inventory (Buildings) | Inventory (SF) |
|--------------------------|-----------------------|-------------------------|
| Industrial | 810 | 42,850,299 ¹ |
| Office | 12 | 161,634 |
| Retail | 16 | 102,742 |
| Multi-Family Residential | 1 | 47,610 |

Vernon Mix of Industrial Uses (2020)



Source: Costar Property Types



Warehouse

1844 E 22nd Street
\$10.44/SF Asking Rent



Manufacturing

5080 Alameda Street
\$8.40/SF Asking Rent

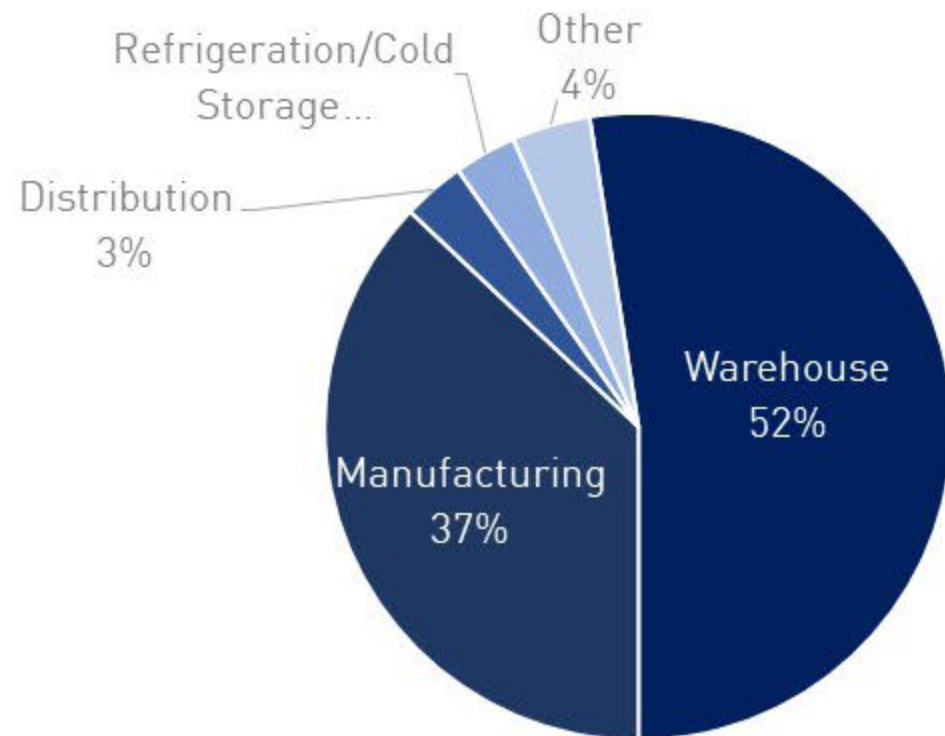
¹ Square Feet

SPA Historical Industrial Performance (2015-2020)



Source: Costar 5 Year Histories

SPA Mix of Industrial Uses (2020)



Source: Costar Property Types

VERNON WESTSIDE SPECIFIC PLAN

The Vernon Westside Specific Plan Area is an industrial market primed for adaptive reuse. The SPA has access to high quality transit, which is an important catalyst for transition to land uses beyond industrial. The Metro Blue line is directly adjacent to the SPA and provides access to the 7th Street Metro Station in 15 minutes. Additionally, the West Santa Ana Branch, which will begin construction in 2022, will improve access to Union Station and increase corridor capacity to Downtown. Like the rest of Vernon, the Specific Plan Area is almost exclusively industrial. Most industrial uses are warehousing and manufacturing, which are often good sites for adaptive reuse.

| Land Use Type | Inventory (Buildings) | Inventory (SF) |
|--------------------------|-----------------------|----------------|
| Industrial | 299 | 14,612,857 |
| Office | 3 | 15,786 |
| Retail | 6 | 36,069 |
| Multi-Family Residential | 0 | - |

Manufacturing

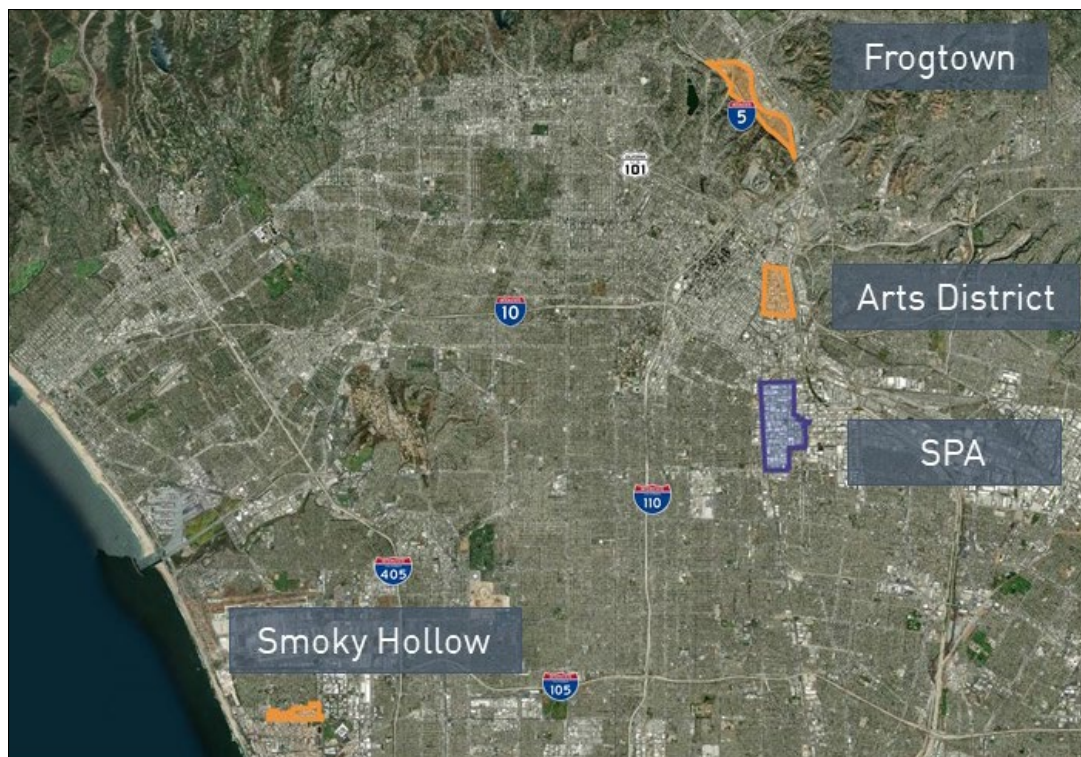
1900-1950 E 25th Street
\$10.56/SF Asking Rent

Warehouse

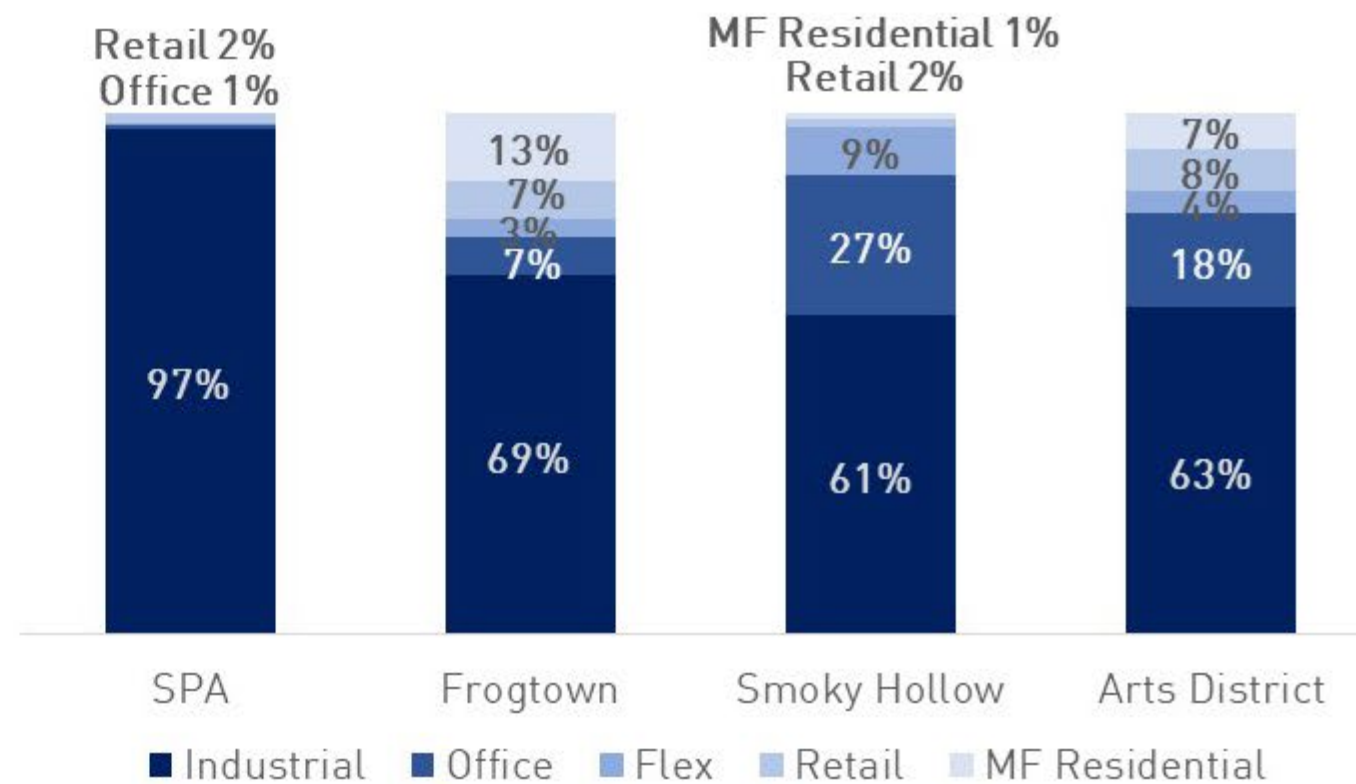
5820 S Alameda Street
\$8.28/SF Asking Rent

COMPARATIVE AREAS IN TRANSITION

Frogtown, Smoky Hollow, and the Arts District are all historically industrial areas that have experienced significant growth in nonindustrial uses in recent years. Drawn to flexible zoning and affordable real estate prices, new office, multifamily, and retail uses have occupied or replaced industrial spaces. With increased competition for industrial space and an influx of new tenants, industrial rents in these areas have increased and now outpace the industrial market in Vernon. Only the Arts District has seen a decline in industrial rent in the past five years, though its average industrial rent is still almost double that of the SPA. These trends have offered significant economic benefit to existing property owners that capitalize on new demand but are also likely to have made the areas prohibitively expensive for some industrial businesses.



Distribution of Properties by Land Use Type



Source: Costar Property Types

Industrial Performance by Area





2926 Denby Ave.
\$30.00/SF Asking Rent
Warehouse Adaptive Reuse



3010 N Coolidge Ave.
\$47.40/SF Asking Rent
2020 Construction



2980 Allesandro St.
\$3.62/SF Asking Rent
2017 Construction



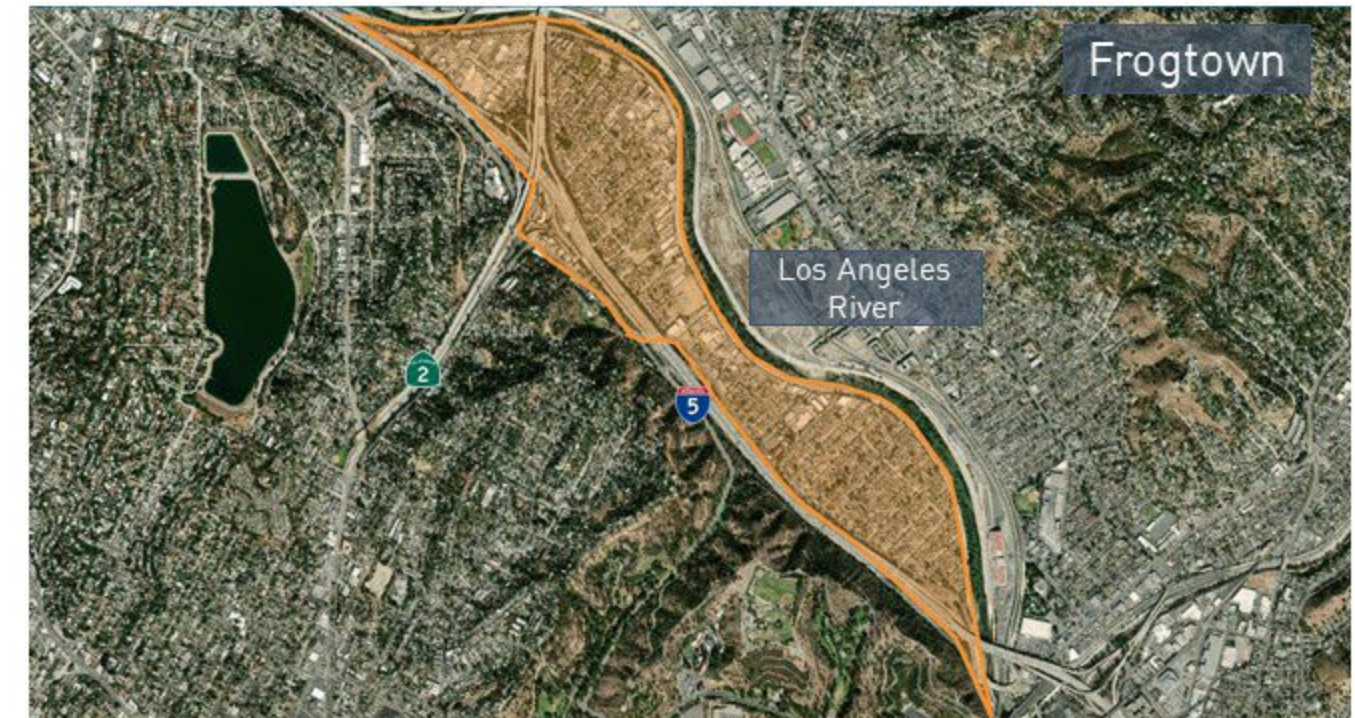
2427 Fletcher Drive
Bar, Record Store, and Music Venue
\$28.32/SF Asking Rent
Warehouse Adaptive Reuse



2017 Riverside Dr.
Cobalt and Clay Art Studio
\$36.00/SF Asking Rent
1933 Construction, 2015 Renovation

ADAPTIVE REUSE IN FROGTOWN

In Frogtown, adaptive reuse has led to a transition from industrial land uses to office, multi-family residential, and retail. In this transition, individual properties have achieved significantly higher rents and capitalized on flexible zoning. There is currently a strong pipeline of new multi-family developments, most of which are concentrated along the river.



Average Annual Rents per Square Foot (2020)



Costar 5 Year Histories; Office, MF Residential, and Retail Rents based on averages of individual comps.

FLEXIBLE LAND USE IN SMOKY HOLLOW

Smoky Hollow has seen significant growth in retail and office space through adaptive reuse. Though there is minimal multi-family residential, the area's retail businesses have achieved significantly higher rents and used flexible zoning to accommodate nontraditional uses, like breweries, distilleries, and coffee roasters. The transition in Smoky Hollow has centered around El Segundo Boulevard, creating pockets of new land uses.



Average Annual Rents per Square Foot (2020)



Costar 5 Year Histories; Office, MF Residential, and Retail Rents based on averages of individual comps.

Office



101 Pacific Coast Highway
\$51.60/SF Asking Rent
1987 Construction



1661 E Franklin Ave
\$40.20/SF Asking Rent
Warehouse Adaptive Reuse

Multi-Family



910 E Grand Ave
\$3.07/SF Asking Rent
1979 Construction

Retail



118 Sierra St.
Smoky Hollow Coffee Roasters
\$48/SF Asking Rent
Industrial Adaptive Reuse



209 E El Segundo Blvd.
\$42/SF Asking Rent
1951 Construction



500 Molino St.
\$34.80/SF Asking Rent
Industrial Adaptive Reuse



701 E 3rs St.
\$39.00/SF Asking Rent
Industrial Adaptive Reuse



652 Mateo St.
\$2.60/SF Asking Rent
Live/Work Lofts



580 S Alameda St.
Restaurant Retail
\$42.00/SF Asking Rent
Industrial Adaptive Reuse



734 E 3rd St.
\$56.16/SF Asking Rent
1931 Construction

BEYOND INDUSTRIAL IN THE ARTS DISTRICT

The transition from industrial to office, retail, and multi-family residential in the Arts District has created a diverse, high-performing real estate market. Industrial properties have been converted to studio spaces, live/work units, and fine dining restaurants. The Arts District is the only comparable area that has experienced a decrease in average industrial rent in the past 5 years, coinciding with a decrease in industrial inventory. This is likely a result of data sources properly classifying higher performing spaces to new land use categories.

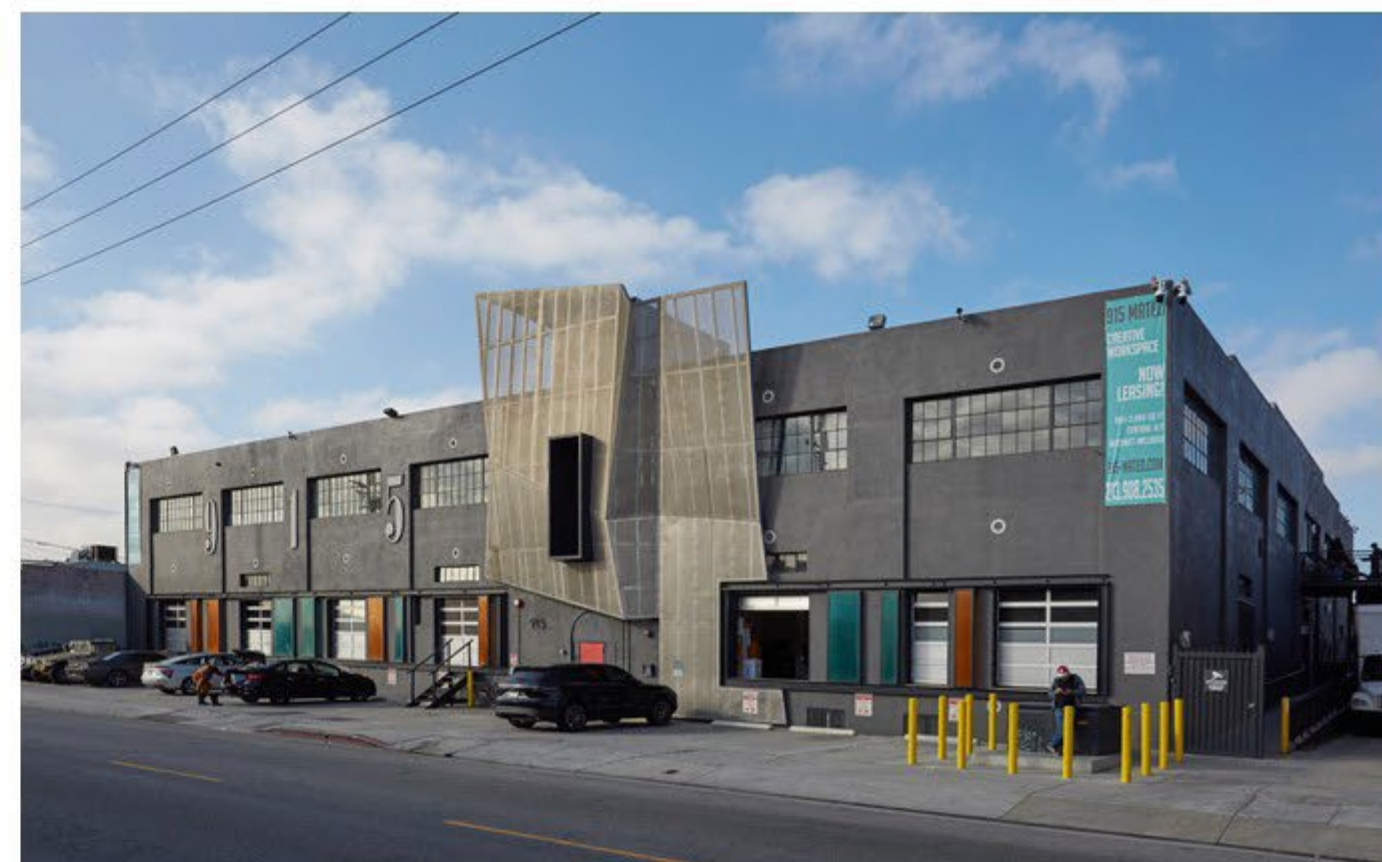


Average Annual Rents per Square Foot
(2020)



KEY TAKEAWAYS:

- The industrial market in Vernon is performing well, with increasing rents and low vacancy. This could be a barrier to entry for businesses or developers interested in adaptively reusing industrial properties.
- Industrial areas in transition like the Arts District, Frogtown, and Smoky Hollow are attractive to businesses or developers looking to take advantage of flexible zoning and permitted use restrictions such as breweries, distilleries, coffee roasters and studios.
- Adaptive reuse of industrial properties can be profitable for a property owner because non-industrial uses often achieve higher rent. However, the cost of converting properties from industrial to other uses may be prohibitive.
- Retail makes up a smaller percentage (less than 10 percent) of the overall land use makeup in the transitioning areas than other land uses like office or residential. This suggests that office and residential uses tend to be more significant drivers of neighborhood transformation than new retail. However, retail is an important amenity for any new office or residential uses while also serving as a draw for visitors to the area.

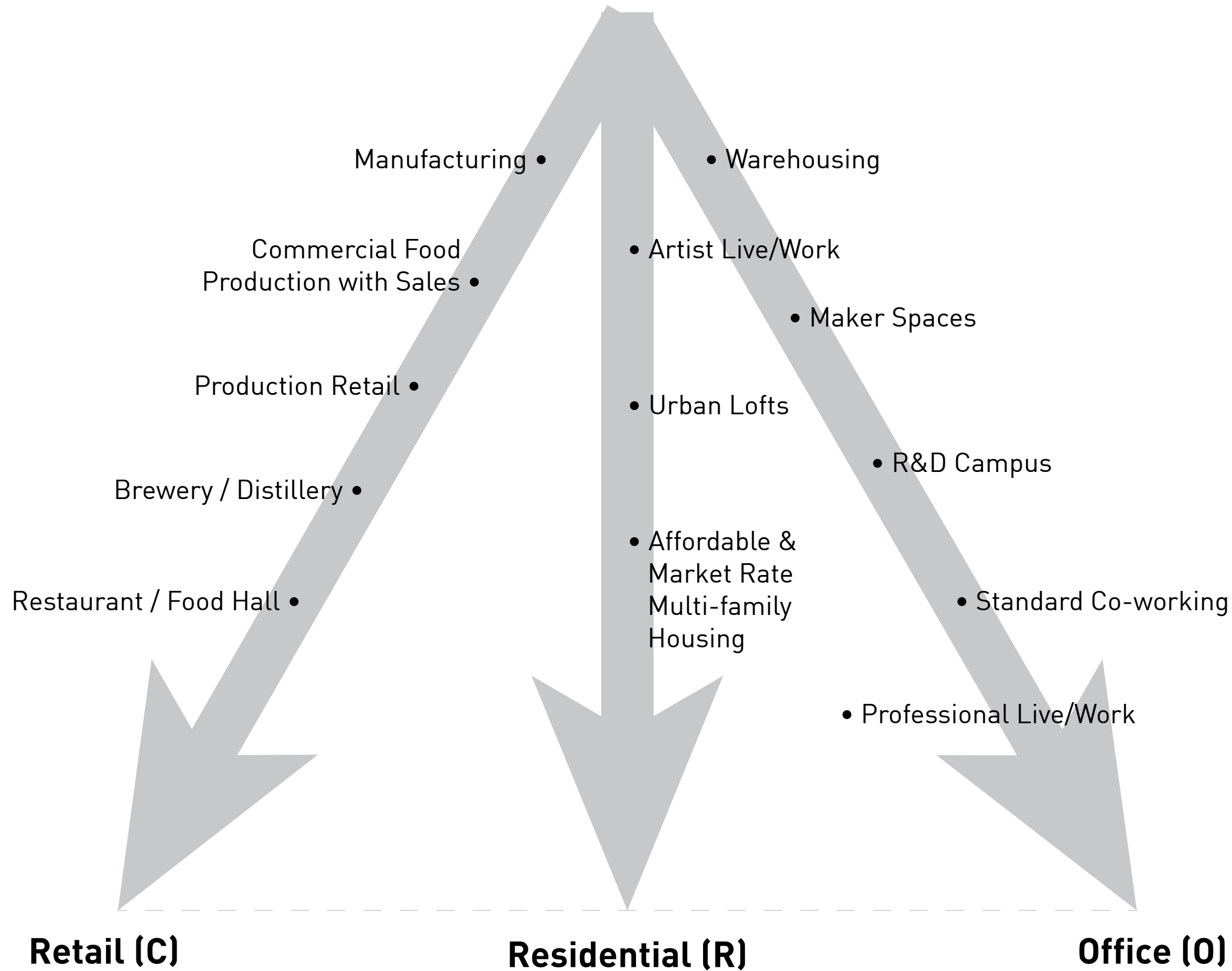


DEVELOPMENT TYPOLOGIES

USE TYPOLOGIES

The experience of other transitioning industrial districts points to a potential menu of land uses that can form a cohesive, vibrant and valuable mix. In most cases, industrial or production activities remain central to the district; however, hybrid industrial land uses - those which combine industrial and other types of uses on the same property - begin to take hold and guide the path to a more diversified ultimate land use mix. The diagram on this page names some of these land uses and shows how they can exist along a continuum between industrial and other types of uses, and the spreads following provide examples and definitions of a sampling of these uses.

Industrial (I)



Retail (C)

Residential (R)

Office (O)

DEVELOPMENT TYPOLOGIES

R Primarily Residential Uses

R1 Multi-family

R2 Short-term



R1(a) Employee Housing

Housing that primarily serves households of employees of a particular business, who pays for its construction.



R1(b) Live/Work Residences

Units that combine a residential space and an artistic, office or commercial space that are occupied by the same household.



R1(c) Affordable Housing

Housing whose rents or sales prices are restricted to an affordable price for households making a certain amount of money. Residents must income qualify to live there.



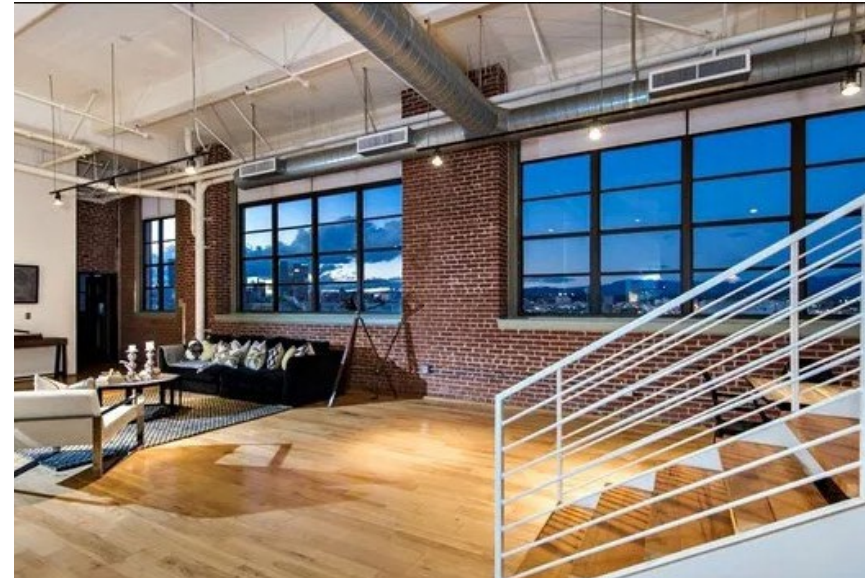
R1(d) Permanent Supportive Housing

Affordable housing with wraparound services that serve residents who have a history of homelessness.



R1(e) Professional Co-living / Hostel

Dormitory-style living with extensive common amenities targeting mostly single professionals.



R1(f) Urban Lofts

Large, high-ceilinged open multifamily living units, generally in older industrial buildings.



R1(g) Executive Apartments (Furnished)

Short-term, furnished apartments that cater to people who come to work in a community for a defined period of time or who move from another city.



R1(h) New Build - Mid to High-rise

Market-rate multifamily rental or ownership housing, 4 to 7 stories (mid-rise), 10+ stories (high-rise).

DEVELOPMENT TYPOLOGIES

R Primarily Residential Uses

R1 Multi-family

R2 Short-term

DEVELOPMENT TYPOLOGIES

0 Primarily Office Uses

01 Single Tenant

02 Shared



01(a) Production Studios



01(b) R&D Campuses

Large facility containing office uses for designers/engineers and prototyping or other experimental manufacturing space.



02(a) Co-working

Shared workspaces with shared amenities, sometimes tailored to a particular industry or activity, and which help build a sense of community.



02(b) Makers Spaces



C2(a) Café + Coffee Roaster



C2(c) Production Furniture



C2(d) Brewery/Distillery



C2(e) Commercial Food Production +Sales

DEVELOPMENT TYPOLOGIES

C Primarily Retail Uses

C1 Retail

C2 Production Retail

C3 Restaurant

C4 Market

C5 Art Galleries

Production Retail: Facility where goods are produced and sold to the public on-site, generally with attention to the customer experience and sometimes with customer access to production facility.

DEVELOPMENT TYPOLOGIES

C Primarily Retail Uses

C1 Retail

C2 Production Retail

C3 Restaurant

C4 Market

C5 Art Galleries



C3(a) Food Hall



C3(b) Restaurant with Courtyard Dining



C4(a) Farmers Market



C4(b) Mixed-use Market

Development, often largely outdoors offering a range of retail outlets, pop-up shops, small offices, & restaurants.



H1(a) Repurposed Historic Building



H1(b) New Build Modern



IN1(a) Commuter Learning Campus

DEVELOPMENT TYPOLOGIES

**H Hospitality
H1 Hotel**

**IN Institutional
IN1 Educational**

DEVELOPMENT TYPOLOGIES

I Primarily Production/Industrial Uses

- I1 Manufacturing
- I2 Warehousing
- I3 Emerging Industrial



I1(a) Manufacturing Facility

xxx



I2(a) Warehouse

xxx



I3(a) Cannabis Growing Facility

xxx



I3(b) Electric Car Recharge Facility

xx

This page intentionally left blank.