

Appendix A2

Warner Center Specific Plan Revision Market Study

Warner Center Specific Plan Revision Market Study

Transit-Oriented Development Market Potential in Warner Center

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prepared for:

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STRATEGICECONOMICS

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I. INTRODUCTION AND EXECUTIVE SUMMARY

This report describes the research and market analysis performed by Strategic Economics to assess the viability of industrial, residential, and office land uses in the Warner Center Specific Plan area of the City of Los Angeles. The analysis examines the market potential to transition Warner Center toward becoming a vibrant, mixed-use, walkable, and transit-supportive district. To that end, the residential and office analyses include in-depth discussion of building types and location strategies since urban design will determine whether Warner Center successfully functions as such a district.

Throughout the community outreach process for the Warner Center Specific Plan restudy, stakeholders' concerns have been focused on ways to manage and reduce the negative impacts of growth. The accelerated pace of residential development over the last several years has triggered concerns that residential and employment growth will result in significantly worsened traffic congestion and overuse of existing public facilities.

At the same time, the community has expressed a desire for Warner Center to become a vibrant, high-quality, and walkable destination for residents of the Western San Fernando Valley. The Western San Fernando Valley lacks a downtown-type core that serves as an appealing public gathering space; Warner Center, currently a regional focal point for shopping and jobs, holds the strongest potential for becoming such a destination.

Fortunately, conversion of Warner Center to a transit-oriented development district would also mitigate the negative impacts of growth and provide the vibrant, walkable environment sought by many community members. As an existing regional transit hub, which includes three stops on the Orange Line bus rapid transit (BRT), Warner Center is uniquely positioned to become a transit-oriented district. However, this transformation will require significant changes to the existing land use mix, urban design, and

street network. Therefore, this report evaluates the economic and market potential for development types that could support this transition.

The Basics of Transit-Oriented Development

The concept of "Transit-Oriented Development," or TOD, has recently gained popularity among the planning community as a strategy to focus development with the express purpose of reducing congestion by getting people to walk and take transit more. "Transit-Oriented Development" differs from "Transit-Adjacent Development" by creating an integrated urban design and land use pattern that facilitates access to a local transit station or stop. Density near transit does not equate with TOD if residents have difficulty accessing the transit, or if they still have to get in their car to complete most day-to-day trips.

TOD creates a synergy between land use and transit that reduces automobile dependency and delivers:

- Increased regional and local transportation options (transit, biking, walking, etc.)
- Minimized impacts on traffic
- A rich mix of housing, jobs, shopping, and recreation
- Creation of a sense of community and place
- Improved financial return from development and, therefore, increased opportunities to capture public benefit value
- Low cost ridership for transit (i.e. riders can walk between home and the station/stop instead of park-and-ride)

There are four basic components necessary for successful transit-oriented development:

- Quality transit (i.e. frequent service and an enjoyable ridership experience) must connect to regional destinations
- Dense development with limited parking

- Different uses within easy walking distance
- Planning at a district level, rather than for individual projects

Benefits of TOD

Transit-oriented development reduces automobile usage by allowing people to reach their destinations via alternative modes, such as walking, biking, bus, and train. As a result, such a district generates the following benefits:

- Reduced transportation costs
- Accommodates growth while minimizing its negative impacts
- Pedestrian activity increases safety and creates a dynamic environment
- Walkability encourages physical fitness
- Air pollution and oil-dependency are reduced

The Many Forms of TOD

TOD does not just take one form; a successful transit-oriented district can include a variety of different land uses, development intensities, and designs. **Figure 1-1** shows a sample of the many TOD place types that have been successfully proven to reduce congestion, increase transit use, and thus achieve the many benefits described above.

Warner Center as a Potential Transit-Oriented District

Although Warner Center is primarily an auto-oriented center, its fundamental mix of land uses and strong transit connectivity make it well positioned to become a transit-oriented district. An evaluation based on the four criteria described above demonstrates that while Warner Center requires significant change to become transit-oriented, the Specific Plan restudy presents an opportunity to facilitate this transition.

Criterion 1: Quality Transit

Figure 1-2 shows that, among the seven largest job concentrations in the San Fernando Valley, Warner Center is one of only two that are

located on the regional transit network.¹ The terminus station on the Orange Line, at the Warner Center Transit Hub, is a critical component to Warner Center's transit connectivity, as it offers commuters in nearby office towers the ability to walk a minimal distance between the station and their job destination. Studies of transit commuter behavior in California have shown that commuters who take transit are less likely to walk a significant distance on the work end of their trip than on the home end. In other words, to enhance transit ridership, it is critical to locate jobs within close proximity to a given station area. Therefore, when the Orange Line is extended to Chatsworth, replacing the extension to the Warner Center Transit Hub will be a fundamental component of the area's potential transit-orientation.

Criterion 2: Dense Development with Limited Parking

During the housing boom of the last several years, Warner Center experienced a surge of relatively dense apartment development. However, the challenge to encouraging dense development with limited parking in Warner Center is a near-term inability to substantially reduce parking requirements for either residential or office development. Future transit-orientation may enable reductions in the residential parking ratio, but this will require a creative phasing strategy.

Criterion 3: Different Uses within Easy Walking Distance

Connectivity requires robust transit at the regional and local levels, but at the neighborhood level it also requires that people are able to walk for many of their day-to-day trips. A successful transit-oriented development will enable residents to walk to the dry cleaner, grocery store, and/or doctor from their residence and/or place of work. The specific plan can facilitate greater pedestrian orientation by establishing three major changes:

¹ Universal City is the other key job center on the regional transit network.

- Locating a grocery-anchored neighborhood shopping center near new residential development in the northeast area of Warner Center;
- Enabling streetscape improvements that improve the pedestrian environment for local residents and workers; and
- When possible, reducing the size of blocks to shorten pedestrian trips and eliminate the need for pedestrians to walk on major regional arterials.

Criterion 4: Planning at a District-, Rather Than a Project-Scale

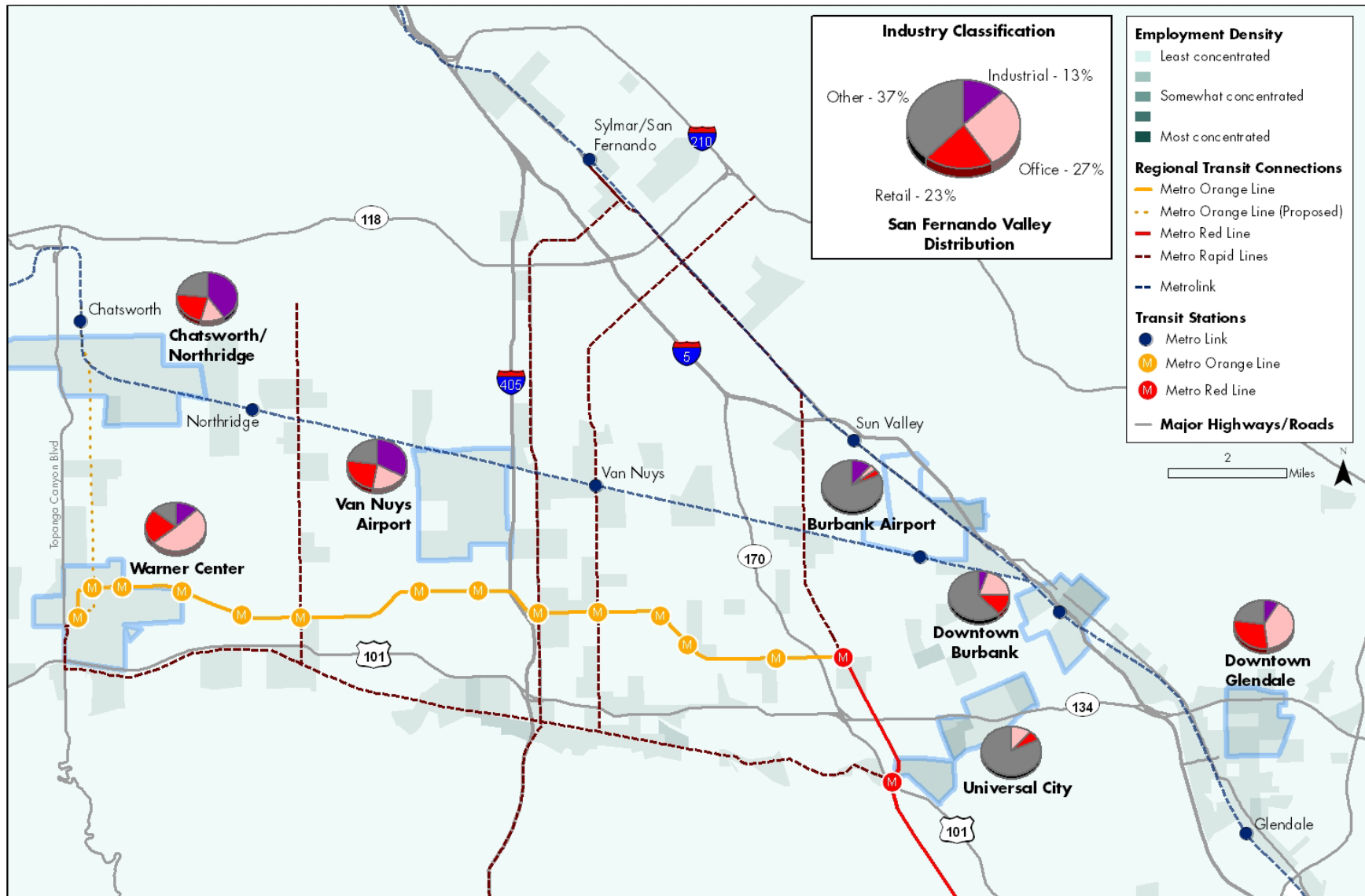
Recent development in the Warner Center has occurred on a piecemeal basis. However, to create a true transit-oriented district, strong connectivity between different land uses and development projects will be critical. Office workers must be able to walk or transit to the Westfield Village for lunch, and residents must be able to easily access daily shopping and service needs. Particularly for an area as large as Warner Center, with a wide diversity of land uses, this district-wide planning is crucial to enhance the market for transit-oriented development. The new Specific Plan offers an opportunity to create a more cohesive vision for the full area, and begin to plan internal circulation.

Figure 1-1: Sample of Possible TOD Place Types

| TOD Type | Land Use Mix | Minimum Housing Density | Regional Connectivity | Frequencies |
|----------------------------------|---|--------------------------------|---|---------------------------------------|
| Urban Downtown | OfficeCenter Urban Entertainment Multifamily Housing Retail | >60 units/acre | High Hub of Radial System | <10 minutes |
| Urban Neighborhood | Residential Retail Class B Commercial | >20 units per acre | Medium Access to Downtown Subregional Circulation | 10 minutes peak 20 minutes offpeak |
| Suburban Center | Primary Office Center Urban Entertainment Multifamily Housing Retail | >50 units/per acre | High Access to Downtown Subregional Hub | 10 minutes peak 10-15 offpeak |
| Suburban Neighborhood | Residential Neighborhood Retail Local Office | >12 units/acre | Medium Access to Suburban Centers and Access to Downtown | 20 minutes peak 30 minutes offpeak |
| Neighborhood Transit Zone | Residential Neighborhood Retail | >7 units/acre | Low Access to a Center | 25-30 minutes Demand Responsive |

Source: Center for Transit-Oriented Development

Figure 1-2: Warner Center's Regional Context: Job Centers and Transit in the San Fernando Valley



Sources: US Census Bureau Longitudinal Employer-Household Dynamics (LEHD) 2004, ESRI, Strategic Economics 2008

II. INDUSTRIAL LAND SUPPLY ANALYSIS

Strategic Economics evaluated the future economic viability of industrial uses in the study area, and made recommendations for their future use. This analysis seeks to determine whether market-based and place-based conditions merit policies to strictly preserve industrial uses in Warner Center.

The analysis is structured based on the City of Los Angeles' 2004 report, *Key Industrial Land Use Findings and Issues*, and informed by other prominent studies completed throughout California in recent years.

This section first discusses the analytical approach and findings regarding Warner Center's current industrial land supply. It then examines the future potential for attracting green and clean technology uses to the area, and concludes with a summary of major findings and recommendations. **Appendix A** shows an evaluation of employment and employment trends in nine distinct subareas in Warner Center.

ANALYTICAL APPROACH

Analysis of industrial land demand and performance involved the following five steps:

1. *Evaluate the current and historic composition of employment in Warner Center, relative to the western San Fernando Valley.* Strategic Economics looked at the distribution of jobs and firms in Warner Center in 2008, and completed an historical trend analysis comparing Warner Center zip code 91367 with the western San Fernando Valley. This analysis was completed to evaluate the growing or declining economic competitiveness of industrial land-based sectors in Warner Center.
2. *Evaluate the regional positioning of Warner Center and availability of nearby industrial land.* This step included interviews with office and industrial brokers to understand the current locational advantages of locating in Warner Center, and gauge the industrial brokers' interpretation of future potential for industrial tenants.
3. *Understand the current composition of land uses, transit proximity, and overlay policies in Warner Center.* The evaluation of existing land uses was completed prior to the Specific Plan restudy, and is shown in **Figure 2-1**.
4. *Break Warner Center into nine distinct subareas, and evaluate the detailed employment composition of each one.* Industries were grouped into their most likely preferred land use category (e.g. retail, industrial, office, institutional) to approximate their spatial needs.
5. *Understand the continuum of asking rents for a variety of employment-serving land uses.*

MAJOR FINDINGS

1. Employment Composition

- Currently, manufacturing is the second largest industry by employment size, construction ranks 13th, and transportation/warehousing ranks 21st of 21 total 2-digit NAICS categories in Warner Center.
- Half of Warner Center's Manufacturing sector jobs are at Pratt & Whitney and Northrop Grumman combined. However, many of these jobs are more office-oriented in nature. Pratt & Whitney reports that only approximately

30 percent of their jobs are industrial-based, while the remaining 700 are office-based jobs such as engineering or business management. Moreover, Pratt & Whitney reports that they plan to relocate the 300 industrial jobs to another facility within the City of Los Angeles, and that 600 of the remaining 700 office-based jobs would be accommodated on-site in an office building. Northrop Grumman has further stated that many of their jobs are also office-based (i.e. engineering), rather than industrial-based.

- The Manufacturing sector lost establishments but gained jobs in Warner Center, with 11 percent growth from 1998 to 2006. Comparatively, the western San Fernando Valley lost 3 percent of its manufacturing jobs. (See **Table 2-1**)
- A closer look at the manufacturing sector shows that Warner Center's job growth occurred in Computer and Electronic Product Manufacturing, which suggests a growing cluster of jobs in the high tech industry. Many of these jobs may be software programming or engineering in nature. This may be attributed, for example, to the consolidation of Intuit's Ventura County offices in the LNR Warner Center office complex.
- The largest manufacturing employers are Pratt & Whitney Rocketdyne, Northrop Grumman, and ATK Advanced Weapons. In the once-competitive aerospace cluster, these firms, in addition to one other small firm, represent the only presence of aerospace remaining in Warner Center.
- From 1998 to 2006, office-based industries became more diverse, while manufacturing industries became less diverse in Warner Center.

2. Regional Positioning

- Brokers report that industrial users prefer to locate in Canoga Park or Chatsworth because rents are 30 to 40 percent less expensive than Warner Center.
- Industrial brokers state that light industrial tenants in Warner Center tend to be small, local serving firms. Brokers further state that much of their interest in industrial space is from atypical users, such as schools, churches, and health clubs. Generally there has been a conversion of flex industrial space to office space, which grosses higher rents.
- While the City's 2004 report found that "the second largest concentration of industrial employment is located in the West San Fernando Valley at 15%," SE has found that this concentration is primarily focused in the Chatsworth and Canoga Park areas to the north of Warner Center. Warner Center is separated from this concentration by a residential neighborhood.

3. Land Uses, Transit Proximity, Overlay Policies

- **Figure 2-2** shows the general land use character of each of Warner Center's nine subareas.
- Strategic Economics has found that subareas 1 and 2 – which, aside from Pratt & Whitney and Northrop Grumman are the primary concentrations of land in industrial use in Warner Center – have experienced significant residential and retail development over the last 10 years. This development has compromised the industrial nature of these subareas by making industrial parcels noncontiguous, and introducing potential land use conflicts (See **Figure 2-1**)
- **Figure 2-1** also shows that Subareas 1, 2, 6, 7, and 8 are within a quarter to half mile radius of the three Orange Line stops in Warner Center, and therefore offer important

future transit-oriented development opportunities. Strategic Economics' analysis has indicated that the concentrated office cluster in Subareas 7 and 8 makes this stop (the Warner Center Transit Hub) an important destination on the Orange Line, and the DeSoto and Canoga stops in Subarea 1 are important origin points. There is potential to create internal transit commuting and reduce auto trips by encouraging a more residential development pattern at DeSoto and Canoga, and a more employment-oriented development pattern at the Warner Center Transit Hub. Outside of Warner Center there are very limited TOD development opportunities at other Orange Line stations in the Western San Fernando Valley.

- These portions of Warner Center do not fall into a Community Redevelopment Agency jurisdiction.

4. Subarea Analysis

- **Appendix A** shows the detailed analysis SE has completed for 9 subareas in Warner Center.
- Districts 5 and 6 represent the greatest concentration of manufacturing jobs in Warner Center. This is solely due to the presence of Northrop Grumman and Pratt & Whitney, respectively.
- District 2 comprises the next highest share of manufacturing jobs, at 16 percent or an estimated 800 jobs. Districts 1 and 4 comprise ten percent or less of Warner Center's manufacturing jobs. As District 4 is primarily in "business park" rather than industrial use, these jobs are likely office based, but appearing in the "manufacturing" sector.
- Therefore Strategic Economics has focused its industrial analysis on Districts 1 and 2, as these are the districts accommodating more than one industrial land tenant. Moreover, industrial brokers have indicated that these

areas maintain the last portions of light industrial land use in Warner Center.

- Strategic Economics has estimated that about 36 percent of the jobs in District 1 *could* occupy industrial land, while about 19 percent of the jobs in District 2 could occupy industrial land. This is defined by looking at four generally industrial-based sectors: manufacturing, warehousing, construction, and wholesale trade.

5. Continuum of Rents

- Subareas 1 and 2 in Warner Center are primarily zoned (WC)C/I, which allows commercial, industrial, or residential development meeting various setback, height, open space and other regulatory conditions.
- In a study of recent rents for various employment-related land uses, Strategic Economics found that industrial uses gross significantly lower rents than office/flex or other office uses in Warner Center (**Figure 2-3**). When the market recovers, per square foot income for new residential construction will likely far exceed even the highest rent office space in Warner Center.
- Therefore, under current zoning, the industrial parcels remaining in the northeast portion of Warner Center would likely be replaced over time with higher grossing uses such as office, retail, or residential.

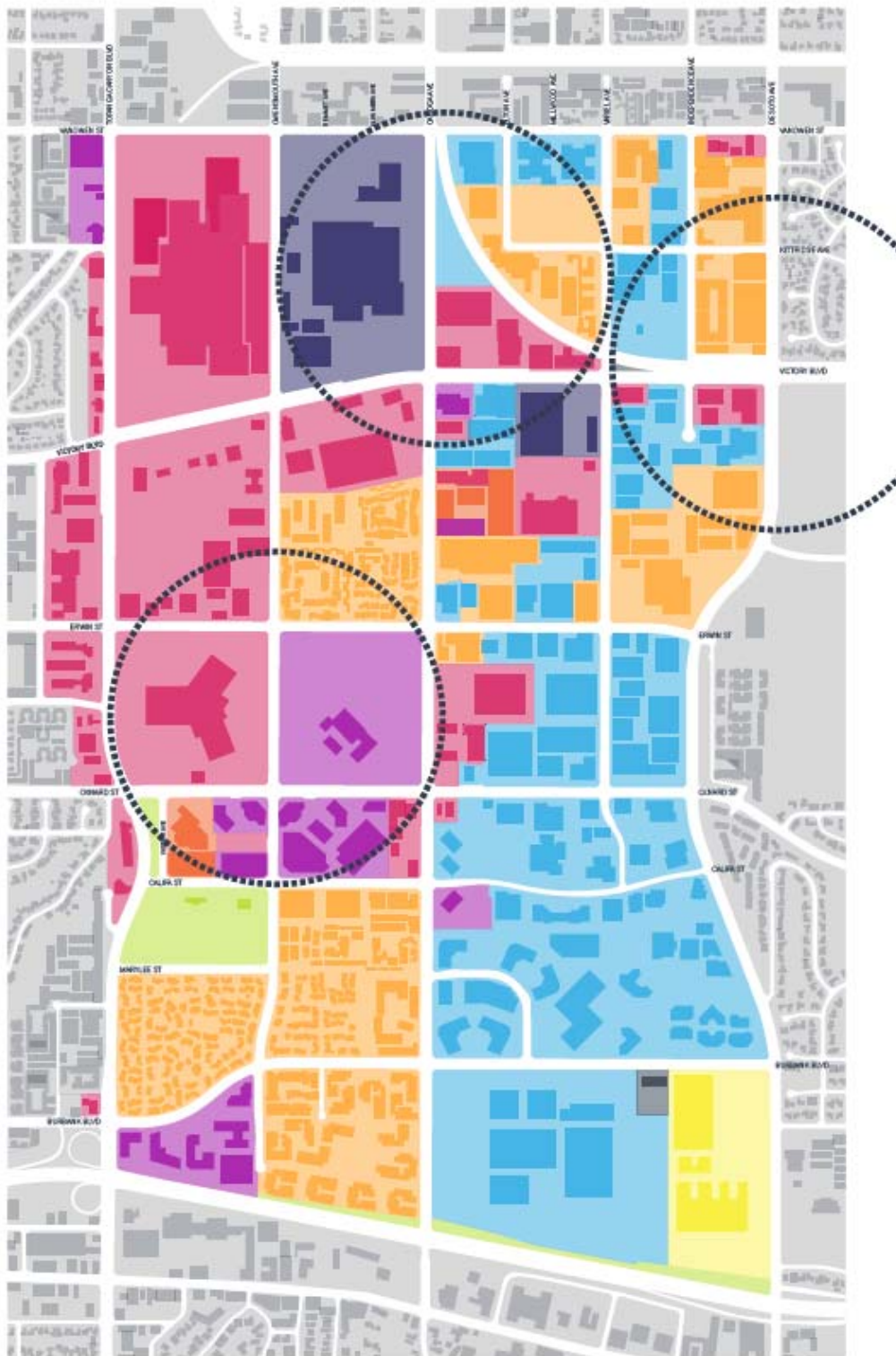
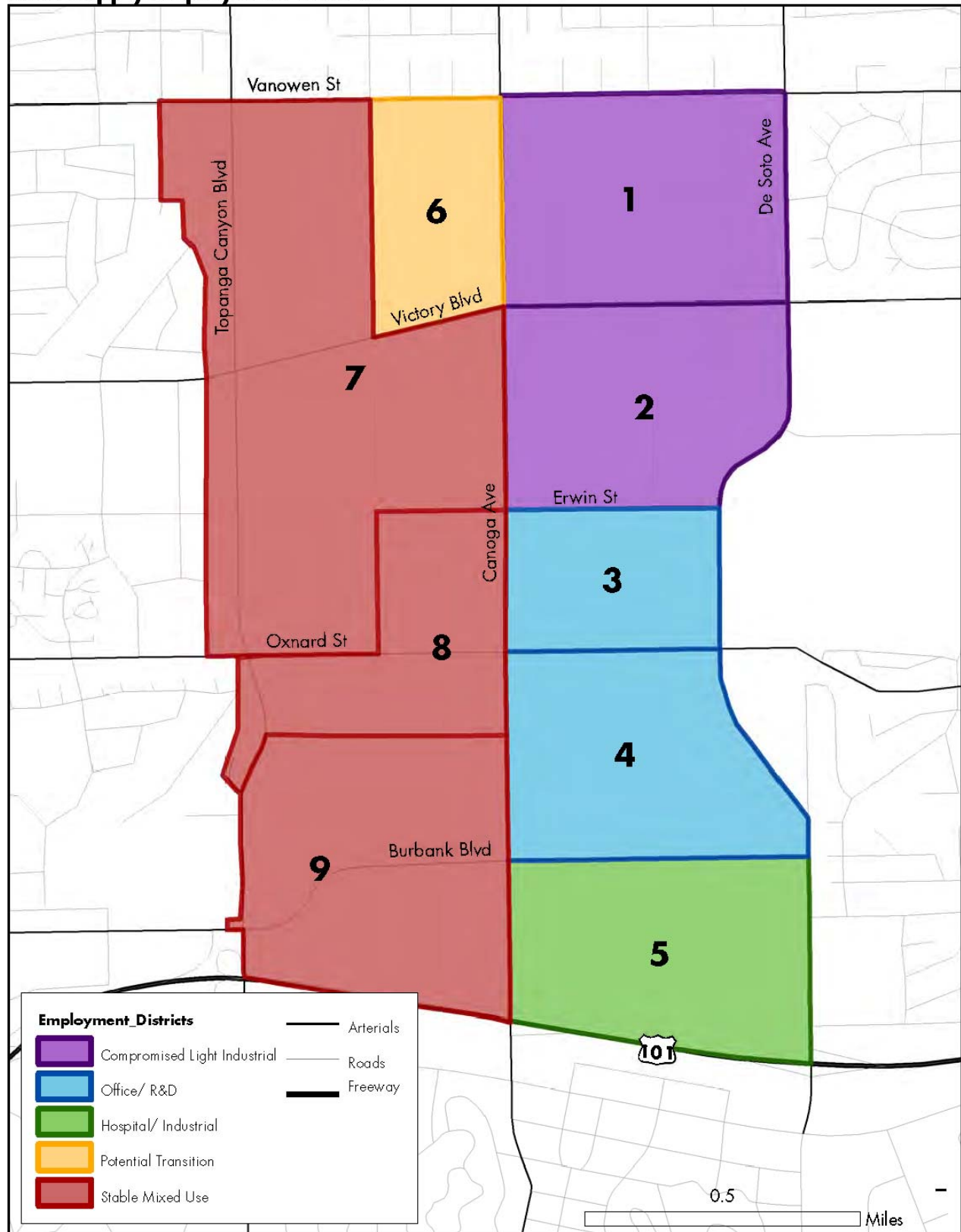


Figure 2-1:
Warner Center_Land Use by Building

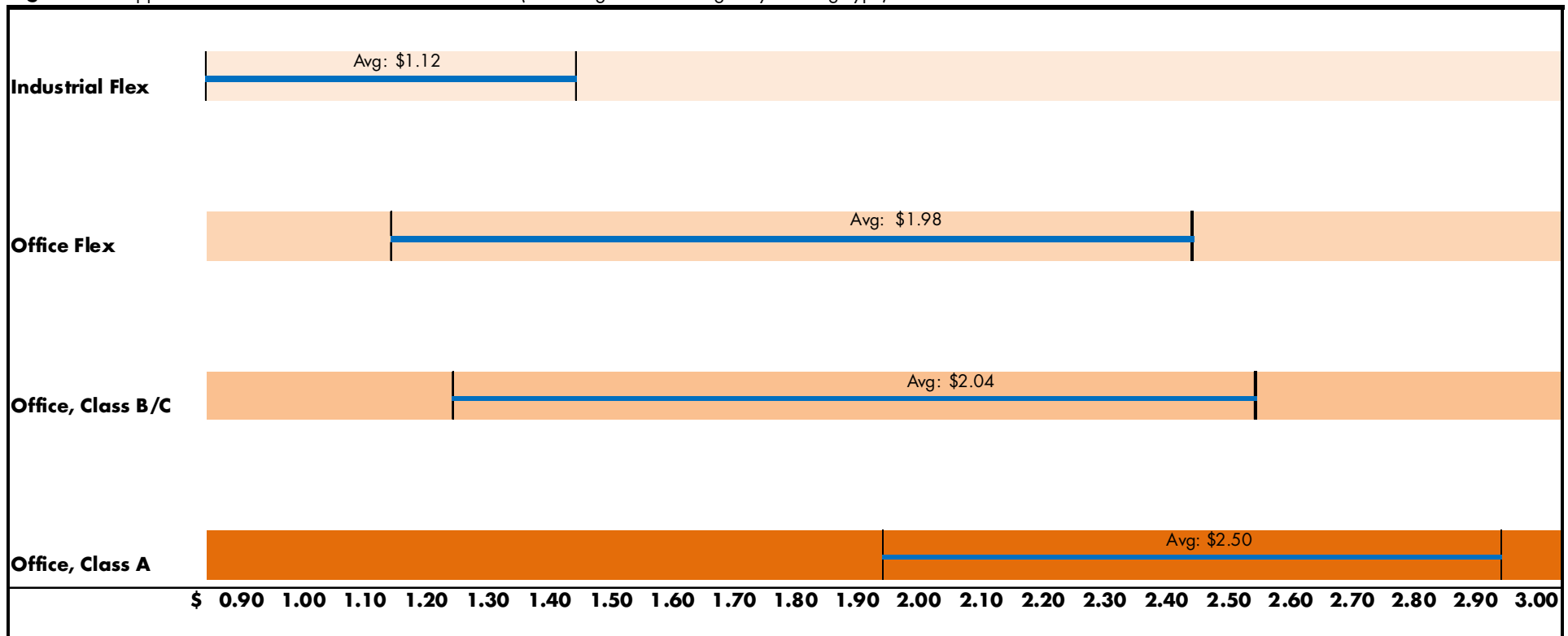
Figure 2-2:

Land Supply Employment Districts



Sources: ESRI; Strategic Economics, 2008.

Figure 2-3: Approximate Office and Industrial Rent Gradient (Rent Ranges and Averages by Building Type)



Source: Strategic Economics, 2008

Table 2-1:**Number of Establishments and Estimated Employees in Warner Center and the Western San Fernando Valley, 1998 and 2006**

| Industry | Warner Center* | | | | | | Western San Fernando Valley | | | | | |
|---|-----------------------|-------------------|-----------------------|-------------------|------------------|-------------|-----------------------------|-------------------|-----------------------|-------------------|------------------|-------------|
| | 1998 | | 2006 | | % Change '98-'06 | | 1998 | | 2006 | | % Change '98-'06 | |
| | Total Establish-ments | Total Jobs (Est.) | Total Establish-ments | Total Jobs (Est.) | Establish-ments | Jobs (Est.) | Total Establish-ments | Total Jobs (Est.) | Total Establish-ments | Total Jobs (Est.) | Establish-ments | Jobs (Est.) |
| Finance & Insurance | 236 | 9,639 | 251 | 9,376 | 6% | -3% | 841 | 15,923 | 687 | 19,490 | -18% | 22% |
| Professional, scientific & technical services | 370 | 2,809 | 482 | 5,154 | 30% | 83% | 1,104 | 9,945 | 1,426 | 13,198 | 29% | 33% |
| Health care and social assistance | 146 | 3,179 | 142 | 3,321 | -3% | 4% | 924 | 14,767 | 1,109 | 17,933 | 20% | 21% |
| Accommodation & food services | 66 | 2,244 | 76 | 3,256 | 15% | 45% | 664 | 11,416 | 763 | 15,802 | 15% | 38% |
| Manufacturing | 36 | 2,898 | 26 | 3,218 | -28% | 11% | 951 | 30,595 | 860 | 29,562 | -10% | -3% |
| Admin, support, waste mgt, remediation | 98 | 3,021 | 90 | 3,018 | -8% | 0% | 578 | 11,187 | 657 | 16,284 | 14% | 46% |
| Retail trade | 128 | 2,617 | 124 | 2,602 | -3% | -1% | 1,430 | 22,957 | 1,597 | 27,140 | 12% | 18% |
| Wholesale trade | 115 | 1,747 | 108 | 1,959 | -6% | 12% | 1,109 | 16,984 | 1,048 | 15,641 | -6% | -8% |
| Information | 96 | 2,314 | 104 | 1,874 | 8% | -19% | 306 | 5,924 | 353 | 5,771 | 15% | -3% |
| Real estate & rental & leasing | 108 | 1,715 | 120 | 1,095 | 11% | -36% | 519 | 4,133 | 613 | 4,155 | 18% | 1% |
| Management of companies & enterprises | 22 | 1,933 | 18 | 1,034 | -18% | -47% | 67 | 4,453 | 78 | 4,330 | 16% | -3% |
| Construction | 88 | 593 | 114 | 886 | 30% | 49% | 982 | 10,056 | 1,080 | 15,811 | 10% | 57% |
| Arts, entertainment & recreation | 74 | 354 | 118 | 628 | 59% | 77% | 208 | 1,885 | 301 | 2,178 | 45% | 16% |
| Other services (except public administration) | 74 | 465 | 78 | 535 | 5% | 15% | 899 | 7,846 | 894 | 7,115 | -1% | -9% |
| Educational services | 18 | 531 | 21 | 530 | 17% | 0% | 117 | 3,225 | 145 | 3,933 | 24% | 22% |
| Transportation & warehousing | 6 | 104 | 7 | 31 | 17% | -70% | 142 | 3,482 | 209 | 4,301 | 47% | 24% |
| Unclassified establishments | 11 | 32 | 12 | 30 | 9% | -6% | 85 | 258 | 36 | 104 | -58% | -60% |
| Mining | 2 | 10 | 1 | 3 | -50% | -74% | 5 | 3 | 3 | 20 | -40% | 550% |
| Utilities | 0 | 0 | 1 | 3 | 100% | 250% | 3 | 12 | 7 | 366 | 133% | 2946% |
| Forestry, fishing, hunting, and agriculture | 2 | 5 | 0 | 0 | -100% | -100% | 6 | 20 | 2 | 5 | -67% | -74% |
| Total | 1,696 | 36,206 | 1,893 | 38,547 | 12% | 6% | 10,940 | 175,066 | 11,868 | 203,134 | 8% | 16% |

Source: U.S. Census County Business Patterns, 1998 and 2006; Strategic Economics, 2008.

* Note: Geography for Warner Center is zip code 91367

Table 2-2:**2008 Estimated Warner Center Employment**

| Industry | Total Firms | Share of Total Firms | Total Employment | Share of Total Employment | Avg Firm Size |
|---|--------------------|-----------------------------|-------------------------|----------------------------------|----------------------|
| Finance & insurance | 291 | 13.2% | 9,998 | 22.8% | 34.4 |
| Manufacturing | 57 | 2.6% | 5,842 | 13.3% | 102.5 |
| Professional, Scientific & Technical Services | 556 | 25.2% | 5,715 | 13.1% | 10.3 |
| Retail trade | 366 | 16.6% | 5,242 | 12.0% | 14.3 |
| Health care and social assistance | 129 | 5.8% | 5,088 | 11.6% | 39.4 |
| Accommodation & food services | 109 | 4.9% | 3,191 | 7.3% | 29.3 |
| Information | 77 | 3.5% | 1,784 | 4.1% | 23.2 |
| Wholesale trade | 77 | 3.5% | 1,612 | 3.7% | 20.9 |
| Admin, support, waste mgt, remediation services | 88 | 4.0% | 1,120 | 2.6% | 12.7 |
| Real estate & rental & leasing | 125 | 5.7% | 932 | 2.1% | 7.5 |
| Unclassified | 99 | 4.5% | 787 | 1.8% | 7.9 |
| Other services (except public administration) | 92 | 4.2% | 697 | 1.6% | 7.6 |
| Construction | 65 | 3.0% | 502 | 1.1% | 7.7 |
| Arts, entertainment & recreation | 26 | 1.2% | 496 | 1.1% | 19.1 |
| Educational services | 32 | 1.4% | 391 | 0.9% | 12.2 |
| Public Sector | 7 | 0.3% | 221 | 0.5% | 31.6 |
| Management of companies & enterprises | 3 | 0.1% | 130 | 0.3% | 43.3 |
| Transportation & warehousing | 8 | 0.4% | 37 | 0.1% | 4.6 |
| Total | 2,207 | 100% | 43,785 | 100% | 19.8 |
| <i>Source: Claritas Strategic Economics, 2008</i> | | | | | |

CLEAN AND GREEN INDUSTRY POTENTIAL

The importance of clean and green businesses to Los Angeles' future was noted in the December 2007 report *Los Angeles' Industrial Land: Sustaining a Dynamic City Economy*. Strategic Economics examined the viability of such businesses in Warner Center and whether they merit preservation of industrial land in the area.

Clean and green businesses form an industry cluster, but not a traditional cluster based on a business supply chain. Instead, the cluster includes all businesses involved in research and development of technologies, manufacture of products, and provision of services related to sustainability and solving environmental challenges. As a result, only a portion of clean and green businesses demand placement on industrial sites, and businesses defined as clean and green span a broad spectrum of industry sectors and employment opportunities.

Three approaches were undertaken to determine whether Warner Center is a likely location for placement and growth of clean and green businesses that require industrial land/space:

1. *Examine the current businesses in Warner Center to determine whether an existing base of clean and green businesses exists.* Strategic Economics examined businesses in Warner Center that fall into the industry sector categories most likely to contain green and clean enterprises.¹ The analysis aimed to uncover whether a significant number of these Warner Center businesses are part of the green and clean cluster.

¹ As published by Collaborative Economics in its March 2008 report *Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network*.

2. *Compare Warner Center's attributes to conditions considered ideal for development of clean and green businesses.* These ideal attributes were stated by venture capitalists active in development of the clean and green industry cluster.²
3. *Examine how well Warner Center meets the spatial and operational needs of businesses in the largest clean and green industry sectors.* This analysis was based on the understanding that a business's needs are defined by its industry sector and not its inclusion in the broad clean and green industry cluster. For example, a solar panel manufacturing facility is part of the manufacturing sector and requires transportation, access, physical plant, and toxic waste disposal capabilities not unlike other manufacturers.

Clean and Green Findings

1. *Existing business mix is not focused on clean and green industries*
 - There are 78 Warner Center businesses that fall within the 33 6-digit NAICS industry codes in which California clean and green businesses are most likely to be found. 33 of these businesses are in sectors requiring industrial sites (e.g. manufacturing, wholesale trade, and construction). No businesses were uncovered in appropriate research and development categories, although many jobs classified as manufacturing may be R&D in nature.
 - Closer examination of the potential clean and green businesses found none that are specifically focused in the appropriate activities to be classified as clean or green.

² Published in the May 2006 report *Creating Cleantech Clusters: May 2006 Update*, by Patrick R. Burtis, published by E2 Environmental Entrepreneurs and Cleantech Venture Network LLC.

Therefore, no strong base of clean and green businesses currently exists.

2. Warner Center's access to the greater Los Angeles market offers some potential for clustered development of clean and green jobs

- Venture capitalists have defined the top 5 conditions for development of a clean and green industry cluster as follows:¹
 - Entrepreneurial culture/talent
 - Public policy
 - Technology/education base
 - Available capital
 - Large local market
- Public policy has tended to favor other sites in the city, especially those that experience the additional incentives and public capacity provided by inclusion in a redevelopment project area. A strong technological and education base derives from the three major research universities (California Institute of Technology, University of Southern California, and University of California – Los Angeles), all of which are distant from Warner Center.
- Some potential does exist given Warner Center's access to capital and access to the Los Angeles market, with its large demand for infrastructure, energy, and utilities needs.

3. Warner Center offers potential for office-based jobs in the clean and green industry cluster, but not for industrial jobs

- Green and clean businesses are concentrated in four major industry sectors: manufacturing, wholesale trade,

construction, and professional, scientific, and technical services. A 2006 report found that the five largest groupings of green technology businesses in Los Angeles are in solar power, environmental consulting, waste disposal, biomass/waste-to-energy power, and environmental components manufacturing.² More generally, a 2008 report found that clean and green business activities in Southern California are concentrated in energy generation, energy efficiency, transportation, energy storage, and water/wastewater.³

- Firms in manufacturing, wholesale trade, and construction are incompatible with Warner Center for the same reasons outlined in the first portion of this section. They still require large facilities and inexpensive rents and are spatially incompatible with the creation of a transit-oriented district that will best accommodate growth. Many businesses, such as energy generation, recycling, waste disposal, and heavy manufacturing, also engage in activities incompatible with the already largely residential and office nature of Warner Center.
- Warner Center is a promising site for professional, scientific, and technical services related to the clean and green industry cluster; these jobs can be accommodated in office or R&D space. These services include scientific consulting, engineering, research and development, and testing laboratories.

¹ *ibid*

² *Jobs in L.A.'s Green Technology Sector*, by Patrick Burns and Daniel Flaming, January 2006

³ *Clean Technology and the Green Economy: Growing Products, Services, Businesses and Jobs in California's Value Network*, Collaborative Economics, March 2008.

Clean and Green Potential for Industrial Lands

Warner Center's industrial lands are not a major opportunity site for industrial uses related to the clean and green technology sector. The reasons are the same as those that reduce the competitiveness of Warner Center for other industrial uses. Manufacturing, wholesale trade, and construction industries have similar spatial and locational needs whether they fall in the clean and green cluster or not.

However, Warner Center holds potential to capture green and clean professional, scientific, and technical businesses, including engineering, environmental consulting, or research and development. These industries can be accommodated in office and flex buildings with limited physical research space; both uses are more compatible with the Warner Center environment and employment trends. By attracting these types of jobs, Warner Center has potential to become a driver of industrial-based clean and green jobs in nearby Canoga Park and Chatsworth industrial areas, where such uses are better suited and more likely to succeed. As with other "creative class" industries, however, green professional, scientific, and technical jobs will only be drawn to Warner Center if it becomes the vibrant, mixed-use place envisioned in the new specific plan.

INDUSTRIAL LAND SUPPLY: FINDINGS AND RECOMMENDATIONS

Based on the analysis and findings detailed below, Strategic Economics has made the following recommendations regarding the future of industrial land in Warner Center:

- 1. Industrial land does not have strong market potential in Warner Center.** With the closure of Pratt & Whitney, Warner Center will lose an estimated 38 percent of its jobs in the Manufacturing sector. Additionally, brokers report that Warner Center is not competitive with nearby industrial areas in Chatsworth or Canoga Park because rents are 30 to 40 percent higher. Moreover, because industrial parcels in the northeast part of Warner Center have been compromised with scattered residential and retail development, potential industrial tenants would have the additional concern of receiving complaints from residential neighbors.
- 2. Warner Center is isolated from major industrial areas to the north, further limiting its competitiveness.** Canoga Park and Chatsworth offer a much larger scale of industrial and warehousing space in the Western San Fernando Valley. Industrial space in Warner Center is adjacent to residential and retail uses, creating potential land use and environmental justice conflicts.
- 3. Under the City's Industrial Development Policy Initiative study, Strategic Economics believes Warner Center would qualify as a "transition district" because it creates unique TOD opportunities on the Orange Line.** The northeast portion of Warner Center is within walking distance of both the DeSoto and Canoga Park Orange Line stations. These station areas are well qualified for transit-oriented development, and residential development in this area would create a series of "origin" stations, fostering a greater share of transit commutes to the office cluster at the

nearby Warner Center Transit Hub. There are limited, if any similar development opportunities at other Orange Line stations in the Western San Fernando Valley.

- 4. Warner Center holds potential to capture green and clean professional, scientific, and technical businesses, including engineering, environmental consulting, or research and development.** These industries can be accommodated in office and flex buildings with limited physical research space; both uses are more compatible with the Warner Center environment and employment trends. By attracting these types of jobs, Warner Center has potential to become a driver of industrial-based clean and green jobs in nearby Canoga Park and Chatsworth industrial areas where such uses are better suited and more likely to succeed. As with other "creative class" industries, however, green professional, scientific, and technical jobs will only be drawn to Warner Center if it becomes the vibrant, mixed-use place envisioned in the new specific plan.
- 5. The City should consider fostering new Research and Development space instead.** Many of Warner Center's jobs that are classified as "manufacturing" are, in fact, in occupations such as engineering or software development, that prefer standard office space or office-style R&D space. Warner Center has further experienced recent growth in software development and other high-tech industries, and this growth should be fostered by creating a vibrant, mixed-use environment. R&D and more standard office space can also accommodate a few varied sectors in the green and clean industry cluster.

III. RESIDENTIAL MARKET CONDITIONS AND DEVELOPMENT POTENTIAL

This chapter examines existing and future residential market conditions within Warner Center. Over the past eight years, the neighboring community has expressed concern that the rapid pace of housing development in Warner Center has been contributing to worsening traffic congestion in the area. This concern – coupled with the fact that as a regional bus hub Warner Center offers potential to reduce congestion and greenhouse gases – has led the consultant team to explore one key question:

How can the strong residential market potential in Warner Center be leveraged to create a more sustainable, mixed-use, transit-oriented place?

Clearly, the desired future of housing development in Warner Center is not “business as usual.” Therefore, the following residential market analysis examines some key classical housing market indicators, but focuses on understanding the long range market potential for changing the way that development happens in Warner Center. This chapter therefore evaluates the economic feasibility of leveraging good transit access to increase housing densities, reducing parking requirements, and delivering a pedestrian-friendly environment that encourages the reduction of automobile trips and growth in transit ridership.

Since this analysis was initiated in July, 2008, the national residential market has experienced a worsening decline that has nearly halted new construction in Warner Center. However, the intention of the Warner Center Specific Plan is to take a longer range view of market conditions, implementation, and regulatory measures in order to significantly transform the study area over the next 30 years. Therefore, current weak market conditions are not a focus of this analysis. Rather, this chapter strives to understand the longer range competitive advantages that generally attract housing development to Warner Center, and the conditions under which desirable future

building types (with different heights, densities, and parking ratios) could be built.

This chapter includes three major sections: 1) a summary of recent market conditions and implications for future development, 2) a forecast of long range demand among future households wanting to live in Warner Center, and 3) an evaluation of the market potential for new residential development types that would support the transformation of Warner Center into a more pedestrian- and transit-oriented center.

EXISTING MARKET CONDITIONS

Demographic Characteristics

New housing is attracting young professionals generally working in or near Warner Center

Brokers and developers report that new residential development in Warner Center is attracting mid-level professionals in their mid-20s to mid-30s. Households are typically singles or couples without children. The estimated incomes of new residents are approximately \$60,000 to \$70,000. These households typically work in or near Warner Center and are drawn by the proximity to jobs and shopping. Since only rental housing has been brought to market in the last eight years, all of Warner Center’s new households are renters.

Residents of new housing units reflect a different demographic than residents in Warner Center’s long-standing neighborhoods and surrounding communities

Brokers and developers report that households in new units are distinctly different from households living in the Woodland Hills or Canoga Park communities. Moreover, new residents even exhibit considerably different demographic characteristics than residents

living in existing condominiums and apartments in the southern portions of Warner Center. Whereas the younger renters in new housing units typically work in or near Warner Center, long-standing residents of Warner Center tend to be older on average, and work in job centers to the east, but were drawn to Woodland Hills in search of a quieter, more suburban quality of life. Moreover, much of the historic residential development in Warner Center is condominiums or other ownership housing; thus, the tenure mix of these households is also quite different (see **Table 3-1**).

Table 3-1: Resident and Housing Characteristics for Warner Center Residents and Surrounding Neighborhoods

| | Warner Center Pre-Existing Housing and Residents (2000 US Census) | Warner Center New Housing and Residents ONLY (2008 Estimates [b]) | Woodland Hills (2008 Claritas) | Chatsworth, Canoga Park (2008 Claritas) |
|----------------------------|--|--|-----------------------------------|--|
| Population | 7,767 | 3,500 [c] | 87,269 | 84,159 |
| Households | 4,108 | 2,065 | 33,843 | 28,113 |
| % Households with Children | 24% | Minimal | 30% | 36% |
| Avg. Household Size | 1.89 | ~1.8 or less (singles or couples) | 2.56 | 2.95 |
| Med. Household Income | 51,606 [a] | ~\$60k - \$70k | \$69,032 | \$66,429 |
| Median Age | 39.25 [a] | Most within 25-40 range | 39.29 | 37.74 |
| Housing Units | 4,281 | 2,065 | 34,870 | 28,557 |
| Owner-Occupied Units | 17% | 0% [d] | 55% | 61% |
| Renter-Occupied Units | 83% | 100% | 45% | 39% |

Sources: US Census 2000, Claritas 2008, Strategic Economics 2008

a) From Claritas 2008 estimates due to Census geography limitations.

b) Estimates based on inputs from historical census data, broker and leasing office interviews, and development information from the Department of City Planning

c) Estimated based on number of units completed, 5% vacancy, and a household size of 1.8

d) All completed developments are rentals, despite original intentions to sell some as condominiums

Housing Stock Characteristics

Older housing stock typically dates to the 1970s or 1980s and includes a diverse array of lower-density building types

Prior to the housing boom, there were approximately 4,300 housing units in the southern and northeastern portions of Warner Center, with most built in the 1970s and late-1980s. This housing is typically comprised of garden-style multifamily dwellings: large, self-enclosed projects with an internal network of private streets, landscaping, and surface parking lots. A number of different housing types exist among older buildings, including clustered 4-story apartment buildings, podium buildings, and townhome-style condominiums. Densities are typically well below 50 dwelling units per acre, and ample parking is provided in surface, tuck-under, and podium configurations.

Entitled and constructed housing projects will nearly double the number of units in Warner Center

3,711 new housing units were approved for construction in Warner Center between 2001 and 2007, representing an 89 percent increase over the 4,161 units of existing housing. Over 2,000 of these units have been completed. As a result of completed projects, the population is estimated to have increased from 7,761 in 2000 to approximately 11,300 today.

Construction has recently slowed for a number of reasons

Construction has slowed due primarily to the downturn in the market which has affected housing development in the region over the last two years. Other factors which may have slowed the pace of residential development include the uncertainty surrounding the current specific plan, the rapid increase in housing supply due to new construction, and, to a limited extent, the introduction of a 25 percent inclusionary housing requirement.

New residential development has taken the form of moderate-density “Wrap” and podium-style luxury rental building types

Approximately 2,065 dwelling units have been constructed in or immediately adjacent to Warner Center since 2000. These units constitute 56 percent of the 3,711 units that have been approved. All new units are currently rental properties, though some were initially conceived as owner-occupied condominiums.



Figure 3-1: Archstone Warner Center, a recent “Wrap” style development
Source: Pat Smith, 2008

Two residential building types have been recently built in Warner Center:

- A “wrap” building or “texas donut,” in which residences are wrapped around a core parking garage
- A podium building in which 4 to 5 levels of units are constructed on top of a concrete parking podium

New building densities range between approximately 48 and 72 units per acre, with parking ratios at approximately 1.75 to 2.0 spaces per unit

Some projects meet the 2.25 to 2.5 spaces per unit ratio required by condominium subdivision regulations.

Projects largely compete based on amenities

Leasing agents typically highlight the luxury amenities that are offered in new housing units, such as pools, saunas, and lounges, and there is intense competition among Warner Center developers to market their units as the most luxurious.

All of the recent housing development in Warner Center has been rental, even though the regional housing boom was driven by demand for ownership housing

In the last housing boom, Warner Center did not add any new ownership units, in spite of the fact that ownership housing was the main driver of this market boom due to low mortgage interest rates and easy credit. This is notable for a number of reasons:

- *Factors other than the housing bubble drove the housing market in Warner Center.* This is a promising indicator that the market for housing in Warner Center will more quickly recover than it will elsewhere in the region, as demand for new housing in this area was not falsely boosted by speculation and an oversupply of credit.
- *Parking requirements for ownership housing are a barrier to condominium development in Warner Center.* Developers have indicated that they believe the current parking requirement for ownership housing exceeds what the market requires. Moreover, this parking is expensive to build, and difficult to physically accommodate. Developers have suggested that the parking ratios for ownership units can be reduced to match the ratio for rental units, and condominiums will still be marketable to potential buyers.

Rents for new units are approximately 20 percent higher than older units

The price differential ranges between 15 percent and 30 percent depending on unit type (see **Table 3-2**). The higher rents are indicative of both the relatively older age of the existing housing stock in the surrounding area and the high rents sought by new housing developers via positioning their buildings as luxurious alternatives to existing options.

Introduction of a 25 percent inclusionary housing requirement slowed development, but the strong market was able to absorb this requirement

A typical inclusionary requirement requires between 10 and 20 percent of units to be affordable. Notably, many developers were willing to build apartments under Warner Center's higher than average inclusionary housing requirement. Developers have reported that this is possible because market rate rents are only slightly higher than the rents required for a moderate income household. The same inclusionary requirement would not have been economically feasible for condominium developments as the difference in the price of market and affordable units would be more significant.

Table 3-2: Rent Comparison Between Warner Center and Surrounding Geographies

| | Average Monthly Rent | | | Average Rent per Square Foot | | |
|------------------------------------|----------------------|-----------|-----------|------------------------------|-----------|-----------|
| | 1-Bedroom | 2-Bedroom | 3-Bedroom | 1-Bedroom | 2-Bedroom | 3-Bedroom |
| NEW UNITS IN WARNER CENTER [a] [b] | \$1,872 | \$2,414 | \$2,716 | \$2.33 | \$2.07 | \$1.96 |
| Woodland Hills [c] | \$1,478 | \$1,827 | \$2,316 | \$2.08 | \$1.92 | \$1.82 |
| Canoga Park [d] | \$1,434 | \$1,643 | \$2,933 | \$2.13 | \$1.83 | \$2.13 |
| City of Los Angeles | \$1,708 | \$2,178 | \$3,021 | \$2.33 | \$2.17 | \$2.24 |

Sources: RealFacts 2008, Strategic Economics 2008

a) Includes Bella Vista apartments just outside of the specific plan boundaries

b) Average rents for Warner Center were determined based on average highest and lowest rents across most new projects

c) Zip code 91367 includes the portion of Warner Center south of Victory Boulevard, the northern portion of Woodland Hills, and part of West Hills

d) Zip code 91303 includes the portion of Warner Center north of Victory and the southern portion of Canoga Park

Existing Competitive Locational Advantages

New residents are drawn by the existence of unique amenities

Developers and leasing agents frequently stated that Warner Center's many amenities and ready access to work are the two strongest drivers of new resident location decisions. Despite their relatively high incomes, the age and family status of many new residents make them unlikely to desire or be able to afford homeownership. They are, however, able and willing to pay high rents in new, luxury apartment buildings so long as the lifestyle amenities of the building and location meet their preferences.

Within apartment projects, residents prefer amenities such as movie screening rooms, pools, saunas, gyms, and fireside lounges. Developers compete largely on the basis of maximizing the provision of these enhancements. Stated major amenities in the Warner Center community include the vast number of retail and restaurant outlets, the relatively urban look of Warner Center, Warner Ranch Park, and the generally pleasant, green environment of southern Warner Center.

Good freeway access and proximity to jobs attract new residents, but the Orange Line is not believed to drive housing demand in Warner Center

Employment access was frequently cited by developers as a major driver of resident location decisions. However, this access is primarily provided by proximity to jobs within Warner Center and ready access to the 101 Freeway and other arterials. Few believe that the Orange Line has much influence on location decisions, but some developers anticipate a positive impact in the long-run if service becomes more robust.

Proximity to Woodland Hills further increases Warner Center's appeal and access to a professional workforce

Woodland Hills has a strong reputation as an upscale community and contains a well-educated and professional workforce. The proximity to Woodland Hills lends additional cachet to Warner Center by providing easy access to this workforce and associating it with that community.

FUTURE RESIDENTIAL MARKET DEMAND

Housing Demand Overview

Long-term household demand in Warner Center will be driven by a variety of factors

Job growth will trigger demand for new housing from Warner Center employees; Warner Center's proximity to the regional transit network could generate demand for TOD from a variety of household types throughout the region; and general population growth in the San Fernando Valley could further drive demand.

As a result, by 2035 the long range demand for additional housing in Warner Center will range from 7,000 to 21,000 new households.

At the low end, 7,000 additional households could tentatively be interested in living in Warner Center as a result of local job growth. At the high end, demand for transit-oriented development on the Orange Line combined with job growth could attract up to 21,000 new households to development in Warner Center.

A variety of conditions will need to be met in Warner Center to absorb any of this demand

Demand indicates the forecasted number of households that could be interested in living in Warner Center if certain conditions are met. As a job center, Warner Center is currently well positioned to absorb the low range of the household demand, provided the traffic, environmental, and other impacts could be mitigated. To absorb a larger increment of household demand, Warner Center will need to create conditions that offer the many amenities associated with good

transit-oriented development: a pedestrian orientation, a mix of uses, walking or transit access to shopping, jobs, and entertainment, and a vibrant, 24-hour neighborhood.

Housing Demand from Warner Center's Workforce

Warner Center could absorb as many as 46,000 new jobs by 2035

As with the housing demand, certain conditions will need to be met in order to make Warner Center a competitive location for absorbing this job growth. The office chapter of this report discusses this in more detail.

Local job growth in Warner Center will generate demand for new workforce housing

Currently Warner Center maintains a ratio of 3.5 jobs per resident. This concentration of jobs requires at least 2/3 of local workers to seek housing outside of the area, leading to congestion among traffic entering and exiting Warner Center. If more housing could be accommodated within Warner Center, peak hour congestion could be reduced.

If Warner Center captured just 20 percent of its workforce in local housing units, this could generate a demand for 10,500 additional units by 2035

Clearly, not all workers in Warner Center will have a demand for the types of housing that will likely be developed. However, a large increment of demand for new housing could be generated if even just one-fifth of the workforce were interested in living in Warner Center condominiums, apartments, or townhomes.

Demand for Transit-Oriented Development

Demand for transit-oriented development is regional in nature

Research from the Center for Transit-Oriented Development has found that demand for housing near transit is regional in nature. In other words, households that might not otherwise consider living in a

particular neighborhood or community will be drawn to that area if it offers the amenities associated with good transit-oriented development: a mix of housing, shopping, and entertainment; good regional transit access; and a pedestrian-oriented environment.

By 2030, 1.7 million households in the Los Angeles region will have a demand for living near transit

Figure 3-2 shows the distribution of this demand by income group. Roughly three-quarters of these households will earn less than \$50,000 (2000 dollars). Therefore a variety of different housing types – including both market rate and affordable units – will be needed to accommodate these households.

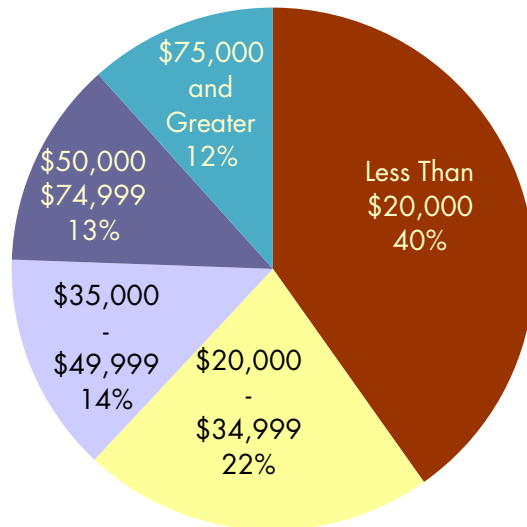
Auto-dependency is reducing Warner Center's competitiveness

Nearly all new residents own private automobiles, which is further evidence that transit service alone is not serving the needs of new residents. High vehicle ownership drives a demand for between 1.75 to 2.0 parking spaces per dwelling unit; developers have stated that 1.7 to 1.8 spaces per unit is currently an ideal ratio to meet demand. Further, interviewees often believed that residents rarely walk to destinations, even to locations within Warner Center. As a result, the lack of a pleasant pedestrian environment and a pedestrian-oriented neighborhood retail anchor were often cited as ongoing concerns.

50,000 to 75,000 households will be interested in living near the Orange Line; however, there is a limited supply of land for new development at Orange Line stops

Warner Center offers some of the greatest opportunity for transit-oriented development on the Orange Line corridor.

Figure 3-2: Distribution of Transit-Oriented Development Demand by Income*, Los Angeles Region, 2030



Source: Center for Transit-Oriented Development
*2000 Dollars

MARKET FEASIBILITY OF NEW BUILDING TYPES

Recent development in Warner Center offers a set of residential densities and general building types that could be supportive of a transit-oriented district. However, to fully leverage Warner Center's housing market potential in a way that can achieve the vibrant, mixed-use, pedestrian-oriented vision established in the first community workshop, more intensive types of residential development will be needed.

Why do we look at building types?

Strong market demand is only part of the formula to stimulate new development within Warner Center. If developers are not able to get

the revenues they need to cover their costs, then they will not build. And, different kinds of buildings have very different construction costs, because the cost of construction materials is highly variable. For example, for life safety reasons, buildings taller than 75 feet (~6 stories) must be constructed of steel, which is considerably more expensive than wood, and is thus considered a different "building type." So a six-story building may cost much less to build per square foot than a seven-story building and therefore can be supported by lower rents or sales prices.

Understanding the basic requirements that are needed to build different kinds of structures can help us think about what might be possible tomorrow, even if nothing is achievable today. **Figure 3-3** shows the physical, regulatory, and market factors that are necessary to build three different kinds of buildings that might be desirable for Warner Center:

- *The "Wrap:"* Previous sections have noted that this building is one of the main types of construction occurring over the last several years in Warner Center. With a greater pedestrian orientation and stricter urban design requirements, the wrap can be a building type that is supportive of the walkable, mixed-use environment desirable for Warner Center in the future.
- *The "Urban Podium:"* While podium buildings have also recently been built in Warner Center, the "Urban Podium" would have a lower parking ratio than recent local podium building examples which accommodate very high parking ratios through the inclusion of additional parking outside the podium in structures and/or surface lots. The urban podium would be ideal to accommodate greater development intensities. Unlike the "wrap," this building could reasonably fit on the smaller lots in Warner Center, enabling more infill development in some of the more parcelized areas of Warner Center.

- *The high-rise residential tower:* Representing the maximum possible intensity of residential development, the tower has a significantly higher construction cost per square foot, and thus requires fairly high per-unit revenues. Recently built high-rise residential towers in the Los Angeles region tend to be ownership housing rather than rental, with sales prices in the \$700,000 range.

Building Type Findings

When the housing market recovers, the “wrap” and podium-style buildings that have recently been built will likely continue to be feasible

These types of buildings can accommodate the high parking ratios needed in this currently auto-oriented area, and simultaneously offer residential development with desirable densities. However, the plan should put in place strong urban design guidelines to encourage these buildings to offer a more pedestrian-friendly street frontage.

Pedestrian linkages between housing, shopping, and jobs can reduce the demand for on-site parking

Present conditions do not encourage transit ridership, walking, or other alternative transportation options. However, the community vision – which included increased pedestrian linkages between housing, shopping, and jobs – could conceivably reduce the demand for on-site parking in new housing development.

Reductions in parking requirements could make the difference in enabling the “urban podium” to be built on smaller infill sites

Reduced parking needs can enable the construction of the urban podium, since all parking could be provided without additional surface lots or garages. The urban podium could accommodate more units and be built on smaller parcels, which would improve the feasibility of infill development throughout Warner Center. Thus, new investment would no longer be limited to Warner Center’s very large parcels.



While the tower may be unachievable in the foreseeable future, very long range conditions might enable some tower construction

There is a very large gap between current market conditions and what is needed to build a residential tower. However, conditions could change in the long term; increasing land scarcity, possible changes in the cost of materials, and other factors could make this type of building achievable eventually. Warner Center’s ability to attract the high-end condo prices necessary to support tower development will be enhanced by plans to foster mixed-use, walkable districts in Warner Center.

The most intensive development scenario for Warner Center in the near- to mid-term would mostly involve buildings falling under the 75 foot life safety requirement

Absent physical or regulatory barriers, Warner Center could accommodate a significant increment of additional development without breaking the 75 foot height limit.

Figure 3-3: Market Requirements by Building Type, 2008

| Existing Residential Types | Building Types Considered for Future Development | | |
|---|--|---|---|
| <div>Wrap/Suburban Podium</div> <div><div>Texas Donut</div><div>Podium</div></div> | <div>Wrap</div> <div></div> | <div>Urban Podium</div> <div></div> | <div>High-rise Residential Tower</div> <div></div> |
| <div>Description</div> <div>Wraps are the most common development type in Warner Center</div> <div>Some podium buildings that utilize surface parking and podium parking have also been built</div> <div>Most recent developments are apartments</div> | <div>Description</div> <div>Type III or Type V construction</div> <div>Construction costs: \$140-165/Gross SF</div> <div>Parking in a separate structure in the center of the lot</div> <div>Building heights: 6 stories or less</div> | <div>Description</div> <div>Type III or Type V construction over Type I podium</div> <div>Construction costs: \$175-195/Gross SF</div> <div>Parking is in podiums, underground, or a combination; parking lifts can be utilized</div> <div>Building heights: 6 stories or less</div> | <div>Description</div> <div>Type I construction</div> <div>Construction costs: \$250-300/Gross SF</div> <div>Parking is in podiums, underground, or a combination; parking lifts can be utilized</div> <div>Building heights: typically range from 10-20 stories</div> |
| <div>Current Conditions in Warner Center</div> <div><div>Physical</div><div><div>Lot Sizes</div><div>300' x 500' +</div></div><div><div>Apartment Parking</div><div>1.8 spaces/unit</div></div><div><div>Condominium Parking</div><div>2.25 spaces/unit</div></div></div> <div><div>Market</div><div><div>Supportable Rent Range</div><div>\$2.25-2.50</div></div><div><div>Supportable Sales Prices</div><div>NA</div></div></div> | <div>Conditions Needed to Support Development</div> <div><div>Physical</div><div><div>Ideal Lot Size</div><div>350' x 300'</div></div><div><div>Apartment Parking</div><div>1.8 spaces/unit</div><div>1.8</div></div><div><div>Condominium Parking</div><div>spaces/unit</div></div></div> <div><div>Market</div><div><div>Average Supportable Rent</div><div>\$2.25-\$2.30/SF</div></div><div><div>Average Supportable Sales Price</div><div>\$350,000/unit</div></div></div> | <div>Conditions Needed to Support Development</div> <div><div>Physical</div><div><div>Ideal Lot Size</div><div>100' x 150'</div></div><div><div>Apartment Parking</div><div>1 space/unit</div></div><div><div>Condominium Parking</div><div>1 space/unit</div></div></div> <div><div>Market</div><div><div>Average Supportable Rent</div><div>\$2.75/SF</div></div><div><div>Average Supportable Sales Price</div><div>\$500,000/unit</div></div></div> | <div>Conditions Needed to Support Development</div> <div><div>Physical</div><div><div>Ideal Lot Size</div><div>100' x 150'</div></div><div><div>Apartment Parking</div><div>1 space/unit</div></div><div><div>Condominium Parking</div><div>1 space/unit</div></div></div> <div><div>Market</div><div><div>Average Supportable Rent</div><div>\$3.50/SF</div></div><div><div>Average Supportable Sales Price</div><div>\$700,000/unit</div></div></div> |
| <div>Conclusion</div> <div>These two building types work well in Warner Center because they have allowed developers to incorporate density with suburban levels of parking. Furthermore, they are mostly Type V or Type III construction, which are the most cost efficient type and can be developed at the rent levels currently supported in Warner Center.</div> | <div>Conclusion</div> <div>The wrap building has a strong track record in Warner Center and should continue to be financially feasible in the future. While this building type accomplishes many of Warner Center's urban design goals, it requires large lots to be built. As redevelopment in Warner Center continues, the wrap may become less feasible due to its lot size requirements.</div> | <div>Conclusion</div> <div>Warner Center has a demonstrated ability to attract the rents and sales prices needed to support urban podium development but the feasibility of this building type will depend on having market support for a reduction in the amount of parking provided.</div> | <div>Conclusion</div> <div>Demonstrated rents and sales prices are currently not high enough in the Warner Center to support high-rise development. High-rise residential development may become feasible in 10+ years.</div> |

LOCAL-SERVING RETAIL

Regional-serving retail enjoys a strong and healthy presence in the Warner Center

There are over 3.5 million square feet of retail, including 1.4 million in Westfield Topanga mall and 600,000 in Westfield Promenade mall. The balance of the space is contained in numerous shopping centers and big box stores representing nearly every major national retail chain. Warner Center is *the* regional retail hub of the Western San Fernando Valley and draws shoppers from throughout the Los Angeles region.

Despite the presence of regional retail, Warner Center lacks local-serving retail that meets the daily needs of people living in and near its borders

As shown in **Figure 3-4**, the majority of Warner Center is more than half a mile away from the nearest grocery store, and a portion of Warner Center is more than a mile away. It is noteworthy that the pre-2000 Warner Center housing developments along the 101 Freeway are included within the half-mile trade areas of two nearby grocery stores. The gap in trade areas beyond those housing developments is explained by Warner Center's historic lack of a residential population.

Warner Center's growing residential population will soon generate sufficient demand for additional local-serving retail such as dry-cleaners, grocery stores, and pharmacies

The recent boom in housing development in the northeastern corner of Warner Center corresponds closely with the area outside the one-mile trade area of any grocery store. In addition, the number of housing units built since 2000 is rapidly approaching the minimum number of units necessary to support a grocery store. These spatial and market trends indicate that household growth in Warner Center will be able to support local-serving retail shortly after the housing market recovers.

Properly designed and located local-serving retail plays an important role in catalyzing growth and creating a vibrant, mixed-use environment

The location and design of local-serving retail will impact how effectively it serves the growing population, catalyzes future housing growth, and contributes to the creation of a vibrant, mixed-use environment. Local-serving retail must be centrally-located to new housing and close to parcels on which housing development is most likely. The retail must be accessible from the street and integrated into a pleasant, walkable urban environment, thus reducing automobile traffic volumes and encouraging pedestrian activity. The mere presence of local-serving retail will encourage future residential growth, but an urban design and appropriate location will further encourage developers to consider higher-density and pedestrian-oriented housing since easy accessibility to daily needs will be a major competitive advantage.

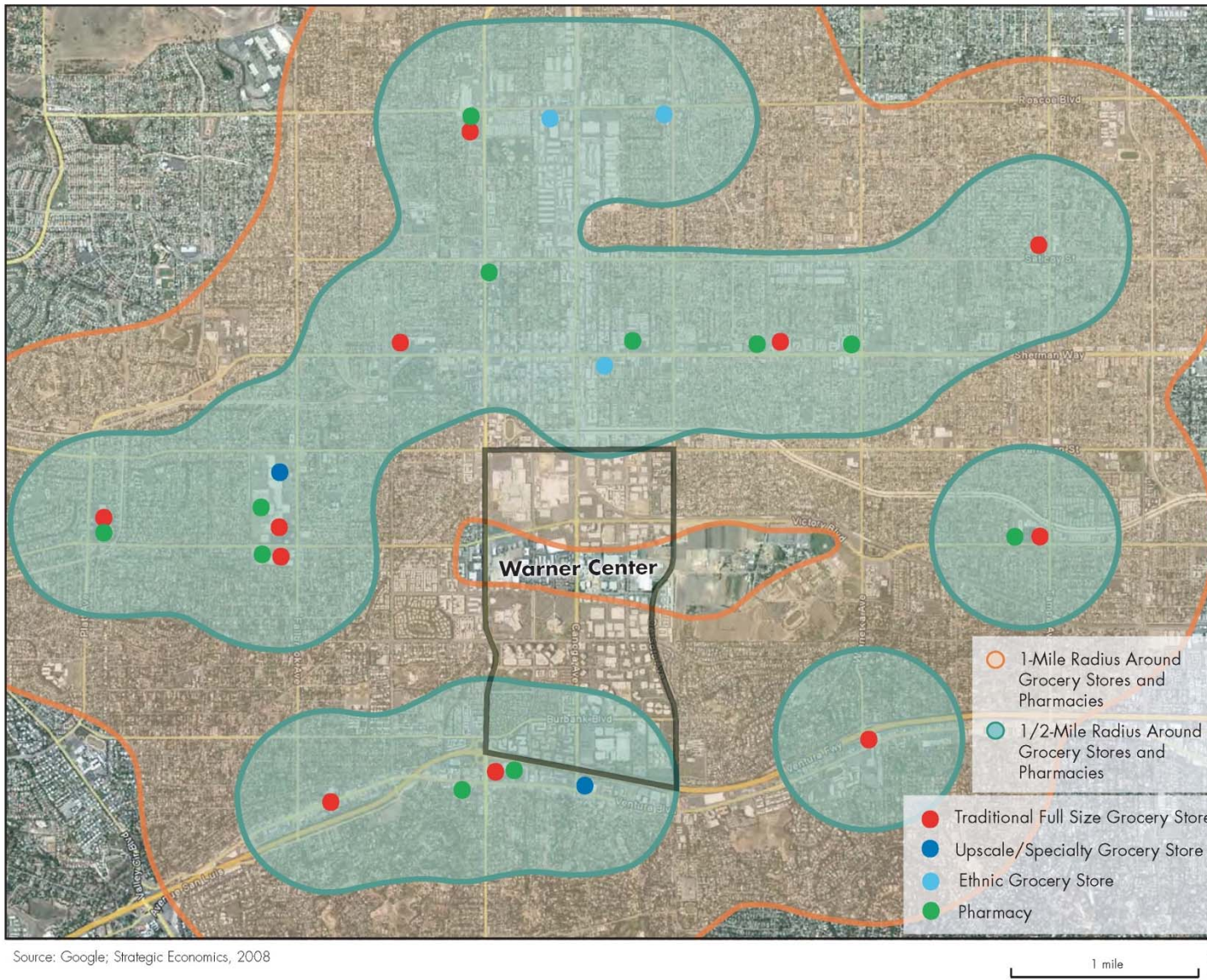
The Los Angeles region contains several examples of urban format full-service grocery stores that serve as potential models for Warner Center. These locations include Ralph's Fresh Fare⁷ in Downtown Los Angeles, Gelson's⁸ in Paseo Colorado in Pasadena, and Gelson's⁹ in the Villa Marina Marketplace in Marina del Rey.

⁷ 645 West 9th Street

⁸ 245 East Green Street

⁹ 13455 Maxella Avenue

Figure 3-4: Grocery Stores and Pharmacies, 1/2-Mile and 1-Mile Trade Areas



Source: Google; Strategic Economics, 2008

RESIDENTIAL AND RETAIL MARKET FINDINGS

Recent housing development has demonstrated a shift in the types of households interested in Warner Center. In the past, households have been drawn to the Warner Center area to take advantage of its proximity to nearby Woodland Hills. These households were willing to move to the area in spite of the fact that their jobs were not nearby and required a long commute by car. Today, households are drawn to new units in Warner Center *because* of the proximity to local jobs and shopping opportunities. These new residents tend to be young, non-family households, which contrasts with the older, long-standing households in the area. The good news is that these same new household types have a growing demand for living in vibrant, walkable, mixed-use neighborhoods. Therefore current local household demand will be an economic driver to help the community realize its vision of Warner Center as a vibrant mixed-use center for the San Fernando Valley.

A closer look at recently constructed housing types shows that existing regulations have influenced the forms of development that are achievable in Warner Center. Most recently, the “wrap” or “Texas donut” has been the preferred residential building type for developers. This is no coincidence: the “wrap” building can most cost-effectively accommodate the suburban parking ratios that are currently required in Warner Center. Later sections of this report will evaluate why and how other building types should be encouraged in the new specific plan, and how regulations can be modified in the new specific plan to achieve these building types.

It is also no coincidence that during perhaps the largest ownership housing boom since the 1950s, Warner Center only accommodated new rental housing. First and foremost, developers cite high ownership parking requirements as a barrier to development of condominiums. And, while affordable housing will continue to be a critical component in the new specific plan, the 25 percent inclusionary requirement has also been a hindrance to new

condominium development. Therefore it will be important for the new specific plan to establish a nuanced set of regulations surrounding parking, affordable housing, and land uses, in order to facilitate new development while ensuring the community leverages key benefits such as parks, good urban design, pedestrian spaces, and housing that is affordable to a broad range of households.

Between its forecasted job growth, and its location on the regional transit system (to be enhanced when the Orange Line is extended to the Chatsworth Metrolink Station), clearly there is strong potential for Warner Center to absorb a considerable amount of housing demand over the next thirty years. It will be to the benefit of the Specific Plan vision for additional, well-managed housing development to occur in Warner Center for a number of reasons, including:

- Additional housing can offer new workers in Warner Center a place to live, and create a healthy jobs-housing balance;
- Housing offers 24-hour support to area retailers and generates demand for local-serving retailers, thus encouraging their long term economic sustainability;
- Encouraging a broader mix of uses in the Specific Plan will create an ongoing stream of new investment. For example, when the office market is down, the housing market may be up, or vice versa. This could create a less volatile stream of public funds to pay for city services, new infrastructure, or other community benefits; and
- Intensive infill development near transit helps the City of Los Angeles achieve the carbon emission reduction goals mandated by the State of California in Assembly Bill 32.

IV. OFFICE MARKET AND DEVELOPMENT POTENTIAL

This chapter examines existing and future office market conditions within Warner Center. Warner Center will likely continue to be a robust employment center with desirable office space. However, the growth potential and built form of future office space will depend on regional demand, growth in professional and technical services jobs, the preferences of new workers, and external influences on business growth such as worker access and policy decisions.

This analysis considers each of these factors in Warner Center by examining recent industry performance, local competitive advantages and disadvantages, and local real estate market conditions. Using this data, Strategic Economics analyzed future employment growth, office space demand, and development potential, including consideration of how Warner Center can grow employment by adapting itself to meet the demands of new employees. The analysis of demand and development potential includes discussion of transit-oriented development capacity and its impact on future office building types.

Employment, especially higher-density office-based employment, is a key element of Warner Center's transit-oriented development potential. Job growth establishes a base of demand for residential and retail uses that are necessary to create a balanced and internally-accessible community. Job growth will also create a need for robust regional and local transportation alternatives so as to avoid significant increases in traffic congestion. In short, Warner Center cannot fulfill the community vision of a sustainable, mixed-use, walkable, and transit-oriented place without the desirability lent by a vibrant and concentrated commercial workforce.

EXISTING MARKET CONDITIONS

History of Office Development in Warner Center

Major employment trends in Warner Center demonstrate the impacts of regional and national employment and growth trends. The original growth of the Warner Center office market during the late-1970s and 1980s was fueled by large corporations requiring more cost-effective space for large back-office and consolidated functions, especially as the commercial real estate market boomed across the region. At the same time, Warner Center's appeal grew due to regional employment growth, local population growth, and local implementation of national trends in planning policies that concentrated regional employment growth in nodes like Warner Center and Century City. The economic downturn of the early-1990s, coupled with a dwindling supply of appropriately-zoned spaces and the implementation of the 1993 specific plan, brought office construction to a halt for several years.

The decline of aerospace and heavy industry during the 1990s led to reduced demand for manufacturing and warehouse space in Warner Center and across the Los Angeles region. This decline in industrial uses was driven by global trends in relocation of manufacturing to lower-cost geographies, and the post-cold war reductions in defense spending that led aerospace companies to scale back local operations. As a result, the recovery of the office market in the late 1990s led to pressure to convert these industrial buildings to flex office and research and development facilities, providing a low-cost and highly-customizable option for commercial tenants.

Over time, the San Fernando Valley has shifted away from its role as a suburban bedroom community as its employment growth outpaces other locations in Los Angeles. This growth includes an increasing

number of professional and technical jobs and major corporate professional sites. Warner Center has benefitted from this trend thanks to its proximity and access to a wide range of workforce skill levels, especially highly-educated and skilled workers. Additionally, the diversity of Warner Center’s office building supply has provided spaces for all types of office users at a range of rents. As a result, Warner Center increasingly attracts high-value professional business operations such as software development, corporate headquarters, skilled consulting, and local-serving professional services.

Profile of Existing Office-Based Employment

Office-based industry sectors comprise 40 percent of all employment in Warner Center

“Office-based” sectors are defined as Finance, Insurance, and Real Estate, Professional, Scientific, and Technical Services, Information, and Management. See **Figure 4-1** for a breakdown of major office industry sectors.

The Finance and Insurance industry sector comprises over half of all office-based employment and is the largest local industry

The Finance and Insurance sector employs more workers in Warner Center than any other industry. The sector primarily consists of large companies such as AIG, Health Net, Zenith Insurance, and Blue Shield of California; as a result, this sector contains 54 percent of Warner Center office-based jobs and 23 percent of all jobs, yet it only contains 13 percent of all businesses. Low office rents and proximity to a diverse labor force drove placement of consolidated office functions, including back-office support, in the area.

The Professional, Scientific, and Technical Services sector is the second-largest and fastest growing office-based industry sector

31 percent of all office-based jobs and 13 percent of all jobs in Warner Center fall into the Professional, Scientific, and Technical Services category. The sector includes 25 percent of all businesses in Warner Center, indicating that businesses tend to be relatively small. The majority of jobs in this sector are contained within three

sub-sectors: 1) Accounting, Tax Preparation, Bookkeeping, and Payroll Services, 2) Management, Scientific, and Technical Consulting Services, and 3) Legal Services.

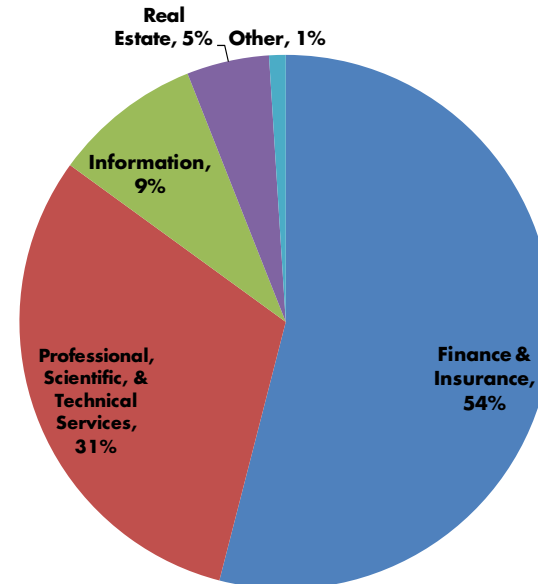
Other office-based sectors comprise 15 percent of office employment

The remaining 15 percent of office-based employment is broken into information, real estate, and other services.

A significant share of “Manufacturing” jobs are actually office-based

Research found that many Warner Center employers categorized in “Manufacturing” or other industrial sectors actually contain a high number of office-based jobs in fields such as engineering, management, and accounting. For example, 70% of jobs at the Pratt & Whitney site are actually office-based.

Figure 4-1: Current Warner Center Office Employment by Sector



Source: Claritas 2008, Strategic Economics 2009

Recent Employment Trends

Office operations are increasingly focused on higher-skilled professional activities

Basic back-office support functions are becoming less likely to locate in Warner Center due to high business costs and the availability of cheaper rents regionally, nationally, and worldwide. Some growth in basic back-office support functions has continued, but lately derived from large companies wishing to consolidate front-office corporate governance and operational processes with basic back-office support operations in a single location.

High-value business activities continue to grow in Warner Center. For example, the Professional, Scientific, and Technical Services industry sector grew 83 percent in Warner Center between 1998 and 2006, compared to 34 percent in the Western San Fernando Valley. US Census County Business Patterns data indicates that the strongest sub-sectors were research and development, consulting services, and advertising. Meanwhile, the large Finance and Insurance sector contracted 3 percent overall during this same time period, despite small growth in the banking and finance subsector.

Office-based jobs are becoming more diverse

Diversity index calculations indicate that Warner Center's office-based jobs became more diverse between 1998 and 2006, with increasing diversity driven by accelerated growth in the Professional, Scientific, and Technical Services sector. Increasing employment diversity lends further evidence that Warner Center is shifting away from its historic back-office functions. Moreover, this demonstrates the need for a variety of building types, sizes, and configurations to accommodate the growing diversity of office functions taking place in Warner Center. Increased office job diversity will help to stabilize Warner Center against downturns in any particular industry, thus ensuring sustainable future growth.

Competitive Advantages and Disadvantages

This section describes Warner Center's competitive advantages and disadvantages as a location for office tenants. This information was derived from interviews with brokers and businesses. Each of the following factors influences business attraction and, therefore, Warner Center's ability to capture additional demand for office space.

In general, Warner Center was found to be a desirable location overall due to relatively low rents, positive reputation, and employee access, but it suffers from proximity to neighboring areas with lower business costs and from the age of its building stock.

Advantages

- Positive image as a premier office location in the San Fernando Valley, with a proactive business community
- Access to a diverse labor pool, including highly-skilled and high-income professionals
- Continued local population growth
- Ability to attract employees wishing to live close to work
- Easy access to employees via local roadways, freeways, and, for some businesses, public transportation
- Availability of parking
- Lower rents than Downtown Los Angeles and West Los Angeles
- Diverse supply of office spaces and prices
- Significant number of amenities, especially retail/restaurant outlets

Disadvantages

- The gross receipts tax was cited by interviewees as the primary constraint on business retention and attraction in Warner Center. Although the tax is levied citywide, Warner Center is located in close proximity to other jurisdictions with lower tax costs and comparable access to a professional

population. In-depth analysis of the negative impacts of this tax is beyond the scope of this report, but anecdotal evidence indicates that it is a significant barrier to business growth and, therefore, office development.

- Proximity near sites outside the City of Los Angeles with lower rents and business costs (including the gross receipts tax)
- Office market loses strength in the northern portion of Warner Center as distance increases from the freeway
- Age of building stock
- Former industrial buildings sometimes lack sufficient parking to meet office demand

Office Space Existing Conditions: Current Rents, Vacancy, and Inventory

Rents have recently been slightly lower – and vacancies higher – than competing locations in the San Fernando Valley

Cushman and Wakefield cites an average Class-A direct rent of \$2.75 in Warner Center during the third quarter of 2008; though strong for the Western San Fernando Valley, this rent trails adjacent areas and falls just below the estimated \$2.76 for the entire San Fernando Valley region. Meanwhile, vacancies stood at 14.7 percent in the third quarter, compared to 13.3 percent across the San Fernando Valley region. Warner Center's vacancy rates have been slightly higher than competing locations for the past several years, but some of this can be explained by the additional 1.3 million square feet of office space created by the LNR Warner Center project since the early 2000s.

Discussions with brokers indicate that the current recession has led to decreasing rents, although the severity of the impact on rents and vacancies is not yet clear. Regardless, for long-term planning purposes it is more instructive to focus on the rent differential between Warner Center building types/locations and the area's competitive position within the San Fernando Valley and Los

Angeles region. The rent competition between uses and building types has long-term implications for which uses will succeed in the competition for Warner Center's space, while Warner Center's competitive position within the region will determine whether businesses will choose to locate in the area at all.

Office buildings fall into four general categories

Most office buildings can be classified as Class A/B Tower, Class A/B Mid- and Low-Rise, Class B/C Garden Office, and Highly Improved Office/Flex (see **Table 4-1** for detailed information about these building types). As expected, the highest rents are found in Class A buildings of all types, but most Class-A space is concentrated in towers and mid-rise buildings. "Highly-Improved Flex Space" refers to former industrial buildings that are now primarily used for office functions. Rents in these buildings vary widely based on condition, use, and location.

Age has begun to take a toll on some buildings, and rents are often determined by the level of reinvestment in a building. Most towers, which were largely built between 1980 and 1993, have remained at Class A levels, but a few mid-rise buildings of the same vintage have dipped to Class B status. The office/flex buildings are usually the oldest of all, with some dating to the 1960s. Their age and sometimes awkward configurations have taken a toll on their potential rents.

The highest rents and strongest market are found at the intersection of Oxnard Street and Owensmouth Avenue and near the 101 Freeway (see Figure 4-2)

Oxnard and Owensmouth is the most prominent office node in Warner Center, where Voit Development built its cluster of high-rise office towers during the 1980s and early-1990s. Although rents in these and other towers appear comparable to other local class-A/B buildings on a triple-net basis¹⁰, the high costs of parking, common

¹⁰ "Triple-net" refers to a type of lease in which the tenant is responsible for paying an appropriate share of the building's maintenance, property taxes, and insurance.

area maintenance, and other expenses dramatically increase actual expenses that tenants pay in these towers. Office properties closest to the 101 Freeway also tend to have higher rents than comparable buildings elsewhere in Warner Center, particularly when the new Class A LNR Warner Center project is included. As a result, office properties in the southern portion of Warner Center have experienced higher levels of reinvestment and now command higher rents than properties further from the freeway and/or Oxnard and Owensmouth.

Its diverse building stock has allowed Warner Center to accommodate a variety of user needs and preferences

Warner Center has benefited from the area's variety of building types and quality levels. **Table 4-1** contains information about the user preferences unique to each building type. Ultimately, the range of quality has enabled both large corporations and small, rent-sensitive businesses to locate in Warner Center.

The range of building types has also enabled Warner Center able to accommodate a variety of business needs; for example, garden offices with surface parking function well for rent-sensitive businesses that require easy client access, while flex spaces offer highly-customizable build-outs permitting industrial, research and development, and office uses in the same building. Such buildings also offer inexpensive rents for small businesses, and branding and control options for larger businesses that can occupy an entire site.

Distinctions between Class-A office buildings also accommodate differing user needs. For example, LNR Warner Center offers large floor plates that are ideal for large corporations that need large amounts of centralized space, especially for "bullpen" cubicle configurations. Meanwhile, towers offer smaller floor plates well-suited to smaller professional firms that need less space.

Profile of Recent Office Development: LNR Warner Center

LNR Warner Center is the largest and newest of the two major office developments built in Warner Center since 1993. Lessons for future office development can be drawn by examining its configuration, tenants, and development phasing.

LNR Warner Center consists of a campus of seven office buildings and one retail building on 30 acres of land, totaling about 1.3 million square feet of space. The office buildings feature large floor plates, ranging from approximately 40,000 to 60,000 square feet. Heights of most of the office buildings are five stories, with an additional three story building and six story building. The additional retail building is a small, approximately 10,000 square foot single-story structure intended to provide services and dining options for workers in the complex. Parking is provided via two large structures and scattered surface spaces. The site previously hosted smaller office buildings. Construction of LNR occurred in four phases, with the existing buildings providing a modest but steady revenue stream during the early construction. Buildings in each phase were completed, leased, and sold before the subsequent phase of construction commenced. The sale of each completed building then provided an injection of capital.

Influences on Building Design and Site Layout

LNR Warner Center brought a unique, large floor plate product to the Warner Center market. Even LNR Warner Center's smallest 40,000 square foot floor plate is approximately twice the size of local towers. LNR's developers settled on this configuration for a variety of reasons:

1. It is generally less expensive to build shorter buildings with large floor plates (versus taller buildings).
2. Height restrictions forced LNR to maximize space via shorter buildings with large floor plates.
3. Large floor plates allow efficiencies for large tenants by centralizing their workforce and decreasing common area expenses. Attracted by this preferable layout, some large

insurance companies relocated to LNR Warner Center from local towers where they had occupied multiple floors.

4. Large floor plates can also be widely customized for smaller tenants, allowing LNR Warner Center to target a variety of tenants and diversify its client base.
5. The large site allowed room for large building footprints while keeping floor-area-ratios and parking costs low enough to comply with existing regulations (parking includes structure and less expensive surface spaces).

Market, cost, and regulatory conditions also shaped the campus-style layout of LNR Warner Center:

1. Longer-term phasing associated with multiple buildings allowed LNR to adjust its timing based on market demand.
2. Project feasibility was improved by the continuous cash flow from the rent income of existing on-site buildings and then the sale of new buildings as phases were completed.
3. Office users demand dining and convenience offerings in close proximity; as a result, LNR Warner Center needed to provide internal dining and service amenities since other options were too distant to be quickly and easily accessed. This access to amenities was a critical competitive advantage in attracting tenants.
4. The campus layout accommodates large amounts of parking fairly inexpensively in both surface and structured configurations.

Tenant Profile

Each phase of LNR Warner Center was primarily pre-leased to large corporations attracted by the high-quality space and the appeal of the large, efficient floor plates. These companies include long-standing local tenants in insurance (Health Net, CNA Insurance) and finance (Wachovia Securities, First Union Securities, RREEF Funds, Praetorian Development). Additionally, firms in the information and fast-growing professional and technical services fields are also leasing space. These include Univision Music Group (media), Intuit (software), Science and Applied Technology (defense research and

development), United Online (internet), and ATK Advanced Weapons (defense research and development). This tenant mix demonstrates the continued presence of finance and insurance businesses in the area, but also the growth and diversity of other professional enterprises.

Lessons Learned

LNR Warner Center offers insight into the current market and future office development potential in Warner Center:

1. Demand exists from both the traditional finance and insurance employers, but also from a diverse array of professional services.
2. Large sites create cost efficiencies that make development more cost efficient.
3. Poor pedestrian access in Warner Center requires developers to provide on-site dining and retail, which can be expensive to provide and continues a pattern of internalizing amenities rather than fostering districts where amenities are publicly accessible.
4. Highest achievable rents at the top of the market peaked at approximately \$3 per square foot per month (full service gross, before parking costs) for brand new Class A office space.
5. Large amounts of parking are currently expected by office users due to poor transit access. This is unlikely to significantly change over time, and will have implications for future development in Warner Center, as discussed in the following sections.

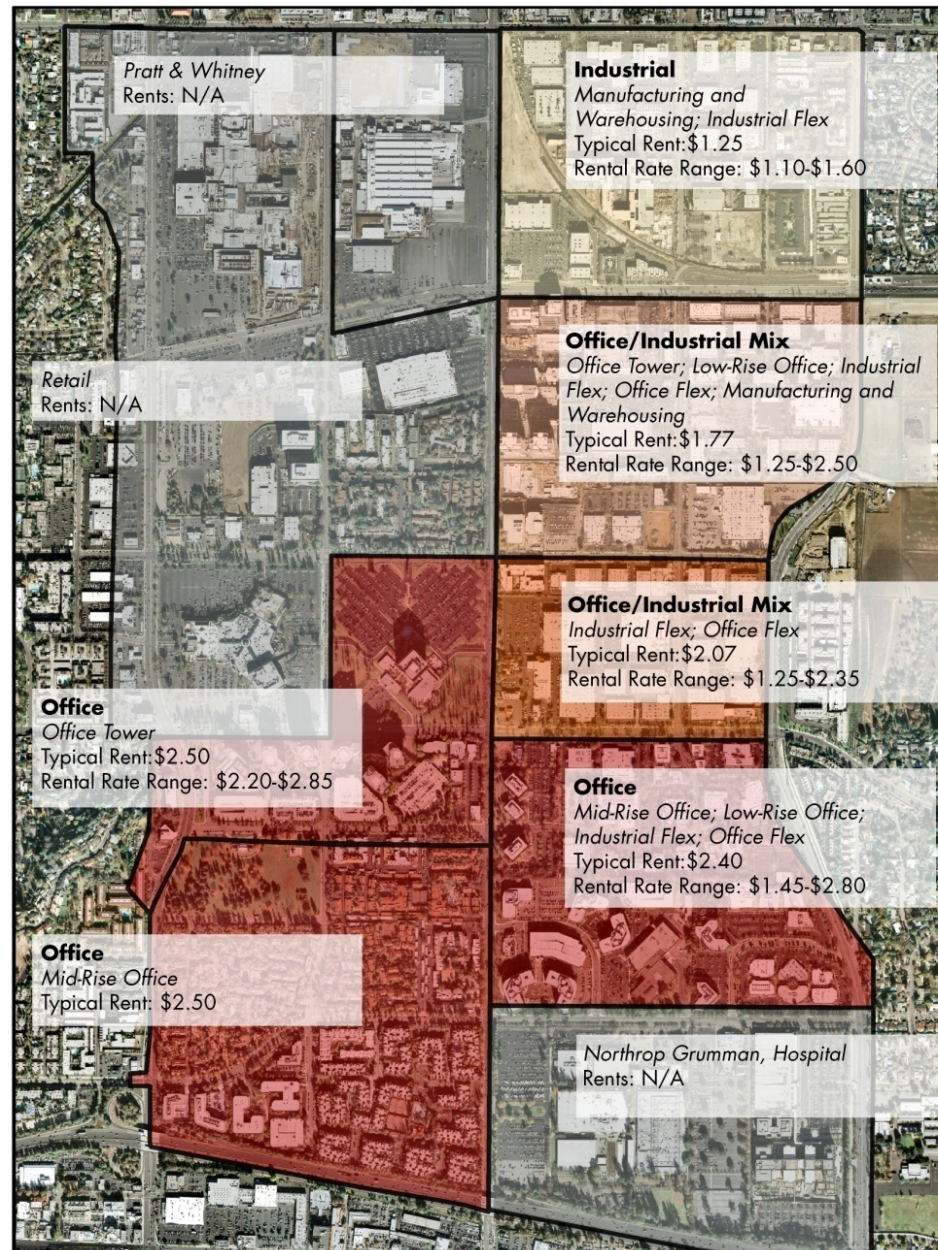
Table 4-1: Existing Warner Center Office Building Types and Tenant Preferences

| Building Type | Example | Locations | Characteristics | Tenant Types | Tenant Preferences |
|-----------------------------|--|--|---|--|---|
| Class A/B Tower |  | <ul style="list-style-type: none"> •Oxnard between Canoga and Topanga Canyon •Canoga between Oxnard and Victory •Owensmouth between Erwin and Victory | <ul style="list-style-type: none"> •Taller office tower •Traditional office space •Generally high-quality •Structured parking at 4 spaces per 1,000 square feet | <ul style="list-style-type: none"> •Major corporations •Image-conscious smaller tenants | <ul style="list-style-type: none"> •Large amounts of consolidated space and/or high-quality office environment |
| Class A/B Mid- and Low-Rise |  | <ul style="list-style-type: none"> •Varies, but concentrated in blocks bounded by: Oxnard-De Soto-Burbank-Canoga -and- Burbank-Canoga-101 Fwy-Topanga Canyon | <ul style="list-style-type: none"> •~6 or fewer floors •Traditional office space •Medium- to high-quality •Structured and/or surface parking at 4:1000 •Similar in most respects to Class A/B Towers except height | <ul style="list-style-type: none"> •Major corporations •Image-conscious smaller tenants or price-sensitive tenants (depends on building quality) | <ul style="list-style-type: none"> •Large amounts of consolidated space and/or high-quality office environment |
| Class B/C Garden Office |  | <ul style="list-style-type: none"> •Varies, but concentrated in blocks bounded by Oxnard-De Soto-Burbank-Canoga | <ul style="list-style-type: none"> •~3 or fewer floors •Traditional office space •Medium- to low-quality •Surface parking at 3:1000 to 4:1000 | <ul style="list-style-type: none"> •Price-sensitive smaller tenants | <ul style="list-style-type: none"> •Convenient access for customers or employees •Basic office space •Lower rents |
| Highly-Improved Office/Flex |  | <ul style="list-style-type: none"> •East of Canoga, North of Burbank | <ul style="list-style-type: none"> •~2 or fewer floors •Often single-story •Quality varies widely •Large floorplates •Flexibly adaptable space •Surface parking •Lower parking ratios (often 3:1000 or less) | <ul style="list-style-type: none"> •Price-sensitive large tenants •Mixed office-production operations | <ul style="list-style-type: none"> •Large spaces •Convenient access •Control over signage and building access •Highly customized buildout needs |

Source: Strategic Economics 2009; images by Patricia Smith, 2008

Figure 4-2:

Primary Land Uses, Building Types and Typical Rental Rates in Warner Center Employment Districts



Sources: LoopNet, 2008; Strategic Economics, 2008.

0.25 Miles

Examples of Common Building Types

Low-Rise Office
(21221 Oxnard)



Source: Pat Smith

Office Tower
(Warner Center Towers,
Oxnard & Owensmouth)



Source: Pat Smith

Mid-Rise Office
(LNR Warner Center, Canoga and Burbank)



Source: Pat Smith

Industrial Flex
(Independence & Kittridge)



Source: Pat Smith

Office Flex
(Variel Ave.)



Source: Pat Smith

Manufacturing and Warehousing
(Pratt & Whitney Rocketdyne)



Source: Strategic Economics

Legend: Employment District Labels and Colors

Primary Use in Employment District
Common Building Types
Typical Rent
Rent Range

Lowest Typical Rent
Highest Typical Rent

FUTURE OFFICE MARKET DEMAND

This section provides long-range demand forecasts for office space in Warner Center and discussion of how best to capture demand. These forecasts were created using a top-down approach based on anticipated job growth in the city of Los Angeles, current and projected shares of new jobs captured by the San Fernando Valley, and current and projected shares of San Fernando Valley jobs captured by Warner Center. Additional quantitative and qualitative research was then conducted to corroborate the results and better understand the dynamics of local growth. Methodology notes can be found in **Appendix B**.

These are long-range demand estimates extending to 2035. As such, they do not dwell on immediate market conditions, but instead focus on long-range development potential based on regional employment growth forecasts and the long-term desirability of Warner Center. Forecasted demand is not the same as forecasted growth; policy decisions will play an important role in determining whether Warner Center can absorb this demand through new construction.

This section concludes with the steps necessary to capture the largest possible amount of office demand by concentrating on meeting the preferences of workers in growth industries. Finally, examination of building types demonstrates the future potential for new office construction and how new building types will diverge from the existing stock.

Office Space Projections

Warner Center is projected to add approximately 46,000 office-based and institutional¹ jobs between 2005 and 2035, resulting in additional demand for approximately 14 million square feet of new space (net of current vacancies)

The majority of job growth and space demand is projected to be in the Professional, Scientific, and Technical Services sector, though jobs in institutional facilities (e.g. health care and education) are also expected to experience strong growth. Meanwhile, the historically dominant Finance, Insurance, and Real Estate (FIRE) sector is projected to maintain a strong presence in Warner Center, but will only post modest future growth.

Quantitative and qualitative evidence supports the notion that projected growth in Professional, Scientific, and Technical Services will largely drive demand

Even though the majority of office space is occupied by FIRE today, this sector will not drive future job growth. US Census County Business Patterns data indicates that the Professional, Scientific, and Technical Services sector grew 8 percent annually between 1998 and 2006 in the 91367 zip code encompassing southern Warner Center. In recent years Valley employment growth in this sector has outpaced Los Angeles County², and County Business Patterns data indicates that Warner Center has increased its share of sector employment within the Western San Fernando Valley. These trends reflect the Valley's long, continued shift toward becoming an employment center rather than bedroom community. In addition, interviews with local employers, brokers, and San Fernando Valley economists further support the prospect of aggressive growth in this sector in both Warner Center and the San Fernando Valley.

¹ "Institutional" space refers to self-contained institutional facilities with a diverse mix of functions, such as hospitals and schools.

² Source: *The CSUN Economic Forecast for the San Fernando Valley*. Written by Dr. Daniel Blake. May 2007.

Additional strong projected growth in Institutional facilities and employment is largely driven by the increased need for hospitals and other medical facilities necessary to meet the demands of the Baby Boomer generation. This entire generational cohort will be between the ages of 64 and 90 in 2030, thus generating demand for health care jobs. A large Kaiser Permanente hospital is already located in Warner Center, as well as medical professional offices. This base of existing employment, coupled with Warner Center's professional and central location in the Western San Fernando Valley, will boost local market potential for the health care sector in Warner Center.

Modest growth in the Finance, Insurance, and Real Estate sector is attributable to slow regional growth and the availability of lower-cost locations

The FIRE industry sector is expected to grow relatively modestly in Warner Center despite its strong existing base. Regional projection and trend data indicates that this sector is likely to grow slowly relative to the Professional, Scientific, and Technical Services sector. Further, the availability of lower-cost locations and workforces has reduced the likelihood that large corporate tenants will place major new operations in Warner Center, thus making growth more likely to depend on smaller, highly-specialized firms.

Capturing Office Demand

The demand forecast indicates that Warner Center can potentially attract a high number of new office and institutional jobs by 2035; however, demand is different from growth. Demand for office space will result in growth elsewhere if Warner Center is unable to accommodate the demand, or if conditions in Warner Center are not optimized to capture demand. Therefore it is not enough to simply build more office space; the preferences and needs of future employees must be holistically accommodated, and the negative impacts of employment growth must be minimized. Fortunately, the vision of a vibrant, mixed-use place established during the first community workshop is well-aligned with the steps necessary to capture future job demand in Warner Center.

Job growth in the Professional, Scientific, and Technical Services and Information sectors will draw employees attracted to working and living in vibrant, high-quality places

These two industry sectors comprise two-thirds of potential job growth in Warner Center. The jobs in these industries include a high number of "creative class" occupations that emphasize innovation and human capital; such innovation is the primary driver of economic growth in metropolitan areas. Academic research into the preferences of the creative class has shown that its members prefer to live and work in diverse places with an interactive and personal atmosphere that offers a higher quality of life, with lifestyle amenities and active recreation opportunities.¹ Such an atmosphere can be created in a high-quality place that offers good urban design, public amenities, 24-hour activity, and easy access to shopping, services, dining, and employment.

Creating a vibrant, mixed-use place requires planning for a complete district that includes appropriate commercial development, housing, and quality transit and pedestrian access

The construction of any individual project will not make Warner Center into a mixed-use place; instead, the sum of all development projects can provide the myriad components of a diverse district. Commercial development must offer a range of employment, shopping, dining, services, and activities accessible throughout the area. Housing will create and support both daytime and nighttime activity in the streets and parks of Warner Center. And quality transit and pedestrian access must link all of the components to each other.

Accessible and well-distributed retail and dining options will enhance the desirability of Warner Center

Warner Center contains a large amount of retail and dining options that can potentially serve workers, but these stores and restaurants

¹ Richard Florida, *Rise of the Creative Class*, 2003

are centralized in malls and shopping centers. This isolation makes it difficult for workers to access these businesses during their workdays given the time it takes to drive, park, and walk across sun-parched parking lots. Additions of pedestrian- and transit-accessible stores, services, and restaurants will improve worker access, reduce the need for office developers to provide these amenities internally, and further improve Warner Center's competitiveness as an ideal office location.

Assuming Warner Center is able to capture its full potential office demand by 2035, new workers will generate additional demand for approximately 225,000 square feet of dining and drinking establishments and approximately 380,000 square feet of convenience shopping.

Housing growth and job growth are mutually supportive

Housing plays a critical role in creating a vibrant, mixed-use place and therefore, by extension, plays a critical role in attracting job growth to Warner Center. Housing development not only creates an attractive environment and provides new workers a place to live, but also ensures that workers can live in close proximity to work and be more likely to walk or ride local transit. This, in turn, can reduce traffic congestion. Other examples of successful mixed-use places in the Los Angeles region demonstrate the linkage of jobs, housing, and attractive environments. As shown in **Table 4-2**, the areas surrounding the most heavily developed cores of Glendale, Pasadena, Santa Monica, and Hollywood have an average jobs-resident ratio of 1.4, compared to Warner Center's current ratio of 3.5.

Table 4-2: Comparison of the Jobs per Resident Ratio of Selected Locations in the Los Angeles Region

| Place | Employment | Residents | Ratio |
|--------------------------------------|------------|-----------|-------|
| Warner Center | 40,000 | 11,300 | 3.54 |
| Greater Downtown Glendale | 50,000 | 61,000 | .82 |
| Greater Downtown Pasadena | 67,000 | 33,000 | 2.03 |
| Greater Downtown Santa Monica | 55,000 | 28,000 | 1.96 |
| Greater Downtown Hollywood | 47,000 | 49,000 | .96 |
| Warner Center Existing + 2035 Demand | 86,000 | 49,000 | 1.76 |

Source: U.S. Census LEHD 2008; Pat Smith 2009; Strategic Economics 2009

As an added benefit, mixed-use places also reduce environmental impacts and traffic congestion

Transforming Warner Center into a vibrant mixed-use place will not only attract new professional jobs, but also mitigate the potential negative impacts of accommodating new residential and job growth. The strong pedestrian and transit connections of such a place result in fewer vehicle miles driven, thus reducing traffic congestion and greenhouse gas emissions. The reduction of greenhouse gas emissions has taken on new importance with the passage of California Assembly Bill 32 (California Global Warming Solutions Act of 2006), which mandates that statewide greenhouse gas emissions be reduced to 1990 levels by 2020.

Summary

Potential job growth in Warner Center includes a high number of “creative class” occupations in which workers demand a high-quality and vibrant environment in which to live and work. Capturing this potential job growth will require both the construction of additional office space and the creation of the workers’ preferred built environment. Such an environment is created in a place offering amenities, a strong “sense of place,” and pedestrian/transit access options. These characteristics can only exist in a well-connected mixed-use place that offers employment, shopping, dining, services, and housing in close enough proximity and high enough densities such that 24-hour activity is maintained and new residents will easily choose to reduce automobile use. In this regard, the steps necessary to grow employment in Warner Center are also aligned with the vision of Warner Center as a vibrant, mixed-use place, as articulated at the first community workshop.

Profile of Office Building Types

As discussed in the Residential section of this report, it is worthwhile to examine building types to understand the market-based and place-based factors that determine whether or not it is feasible to construct a particular type of building. Unlike the myriad new residential buildings constructed in Warner Center, only two major examples of new office construction have been built in the past ten years. One of these was an additional tower constructed at an existing large-site office development (21st Century), and the other was the previously-discussed LNR Warner Center campus-style development.

Neither of these recent examples is compatible with the more compact and small-site development patterns required for a mixed-use district. For example, LNR Warner Center was developed on a large property, includes expanses of parking and other inchoate open space, and provides its own internally-focused amenities since it is isolated from other uses and not well-integrated into a larger urban district. While any given building in the LNR complex is not inconsistent with the community vision on its own, the campus-style

layout does not foster a mixed-use and walkable place. Due to the lack of local examples that support the objectives outlined in the community vision, Strategic Economics examined alternative building types and site layouts found elsewhere in the Los Angeles region.

Figure 4-3 shows the physical, regulatory, and market factors that are necessary for two future building types that are desirable in Warner Center in the future:

- *Mid-Rise Office:* This building type, described earlier, is more likely to be feasible in Warner Center than high-rise office. Though mid-rise buildings were built in a campus-style format at LNR Warner Center, the design can be highly flexible and thus adapted for more pedestrian-friendly single buildings on smaller sites.
- *High-Rise Office Tower:* These towers have significantly higher construction costs per square foot than mid-rise office space. As a result, higher rents are necessary to make projects feasible. Recent examples of tall office towers in the Los Angeles region have required rents of \$5 to \$7.

The two building types are highly compatible with the creation of a vibrant, mixed-use place in which a walkable environment connects amenities, employment, and housing. When arranged along a block or series of blocks these building types can contribute to a continuous street edge of pedestrian-oriented uses, do not have swaths of unusable green space that increase distances to be traversed, and contribute to an enclosed, shaded street environment that encourages pedestrian activity.

Office Building Findings

Development of large parcels in Warner Center will absorb demand once the Warner Center office market begins to recover

As seen in the LNR Warner Center project, large sites create economic and space efficiencies that increase development feasibility. Therefore it is likely that most early office development will continue to be concentrated on sites such as Pratt & Whitney and/or Westfield's "The Village" proposal for the block between Westfield Topanga and Westfield Promenade. While this is an economic reality, it is important that developments on these sites do not follow past precedents but instead accommodate design considerations that will set the stage for the creation of a vibrant, mixed-use community that will competitively position Warner Center.

Mid-rise buildings are the office building type most likely to become feasible first

Mid-rise buildings cost less to build per square foot and require less pent-up demand to support development, thus spurring their construction earliest after economic recovery spurs sufficient demand. A more compact and smaller-site design is preferable for the purpose of creating a vibrant, mixed-use place, but buildings designed in such a manner may take additional time to become feasible. These compact designs lack the economies and possible amenity offerings of large sites and phased development, particularly in being able to provide the high parking ratios required in Warner Center. It may be necessary for multi-building large-site developments to be exhausted before small-site development of single buildings becomes commonplace. Recent rents were nearly high enough to support standalone mid-rise development, but such buildings will remain more challenging to develop than larger sites, especially given the limited amenities that can be included in a single building.

High-rise towers will not become feasible in the foreseeable future

Even the highest recent Warner Center rents are too low to support the construction of high-rise office towers, making it unlikely that towers will be built in the short- or mid-term. Warner Center Class A rents recently topped off at \$3 per square foot per month, whereas new office towers in the Los Angeles region have commanded rents of \$5 to \$7. Worsening economic conditions have decreased rents and increased vacancies. There is a possibility that large-site, multi-use developments will be able to leverage residential and retail development to feasibly support office towers within the next decade or two, but otherwise office towers are unlikely to be built for the foreseeable future. However, changes in land scarcity, costs of materials, and other factors may eventually make towers achievable in the long term.

Figure 4-3: Market Requirements by Building Type

| Existing Office Building Types | | More Intensive Building Types Considered for Future Development | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-----------------------------------|--|--|---|-----------|---------------|--|---------------|--------|--|---------------|--|--|--------------------|-----------------|--|-------------------|-------------------------------|--|---|--|-----------------|--|-------------------|----------------|-----------------------------------|---|---------------|--|---|---------------|--|--|--------------------|------------------|---|-------------------|-------------------------------|---|--|-----------------|--|-------------------|----------------|--------|---|---------------|----------------------------|---|---------------|--|--|--------------------|--------------|---|-------------------|--------------------------------|---|
| <p>"Campus Style" Mid-rise Office High-rise Office (Older) Improved Flex Office (Class C)</p> <div></div> | | <p>Mid-rise Office</p> <div></div> | | <p>High-rise Office Tower</p> <div></div> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>Description</p> <p>LNR and 21st Century new office developments have been built in Warner Center in the last 10 years.</p> <p>LNR project has suites from 4,000 - 60,000 SF</p> <p>Warner Center Towers has suites from 1,000-5,000 SF</p> <p>Current Conditions in Warner Center</p> <table><tr><td><u>Physical</u></td><td></td><td></td></tr><tr><td>Lot Sizes</td><td>300' x 500' +</td><td></td></tr><tr><td>Parking Ratio</td><td>4:1000</td><td></td></tr><tr><td><u>Market</u></td><td></td><td></td></tr><tr><td>Tenant space needs</td><td>small and large</td><td></td></tr><tr><td>Supportable Rents</td><td>\$2.50-2.90/SF (full service)</td><td></td></tr></table> <p>Conclusion</p> <p>Recent office construction in Warner Center has been construction in a "campus style" mid-rise format. This format has allowed developers to build a lot of parking in freestanding structures or surface lots on the campus, which is more inexpensive than incorporating it in a podium like with the other two models for future development. The mid-rise towers have captured demand from some large corporate tenants who are attracted to Warner Center for its central location and are willing to pay competitive rents to establish a corporate identity in Warner Center. Newer office developments also attract tenants looking for large floorplates.</p> | | <u>Physical</u> | | | Lot Sizes | 300' x 500' + | | Parking Ratio | 4:1000 | | <u>Market</u> | | | Tenant space needs | small and large | | Supportable Rents | \$2.50-2.90/SF (full service) | | <p>Description</p> <p>Type I construction</p> <p>Construction Costs: \$240-260/Gross SF</p> <p>Parking is podium, underground, or a combination; could include detached parking structure and/or surface</p> <p>Typical floorplate sizes: 4,000-60,000 SF</p> <p>Buiding heights: typically six stories</p> <p>Conditions Needed to Support Development</p> <table><tr><td><u>Physical</u></td><td></td><td>Present in Warner</td></tr><tr><td>Ideal Lot Size</td><td>Varies Range, sometimes unbundled</td><td>✓</td></tr><tr><td>Parking Ratio</td><td></td><td>✓</td></tr><tr><td><u>Market</u></td><td></td><td></td></tr><tr><td>Tenant space needs</td><td>mix of large and</td><td>✓</td></tr><tr><td>Supportable Rents</td><td>\$2.50-3.00/SF (full service)</td><td>✓</td></tr></table> <p>Conclusions</p> <p>Mid-rise office of 6 stories or less is much more likely to be feasible in Warner Center than high-rise office. This building type can accomodate both large and small scale tenants and requires lower rents to support development. It is likely that this type of office will be feasible again when the credit crisis eases, the economy improves, and vacancy rates in Warner Center decrease. Evidence of some recent local office developments of this type support this conclusion.</p> | | <u>Physical</u> | | Present in Warner | Ideal Lot Size | Varies Range, sometimes unbundled | ✓ | Parking Ratio | | ✓ | <u>Market</u> | | | Tenant space needs | mix of large and | ✓ | Supportable Rents | \$2.50-3.00/SF (full service) | ✓ | <p>Description</p> <p>Type I construction</p> <p>Construction Costs: \$280-313/Gross SF</p> <p>Parking is podium, underground, or a combination; could include detached parking structure and/or surface</p> <p>Typical floorplate sizes: 4,000-60,000 SF</p> <p>Buiding heights: typically ten stories and above</p> <p>Conditions Needed to Support Development</p> <table><tr><td><u>Physical</u></td><td></td><td>Present in Warner</td></tr><tr><td>Ideal Lot Size</td><td>Varies</td><td>✓</td></tr><tr><td>Parking Ratio</td><td>Range, sometimes unbundled</td><td>✓</td></tr><tr><td><u>Market</u></td><td></td><td></td></tr><tr><td>Tenant space needs</td><td>mostly large</td><td>✓</td></tr><tr><td>Supportable Rents</td><td>\$5.00-7.00/ SF (full service)</td><td>-</td></tr></table> <p>Conclusion</p> <p>Currently, Warner Center rents are not at high enough levels to support this construction type. Additionally, a building of this type would typically be 60% pre-leased before a developer would be interested in building it. While Warner Center has several large tenants already, in the current and near-term markets, demand from large corporate tenants is not presently deep enough to absorb an introduction of such a large increment of new office square footage, without a significant change in the amenities used to attract tenants.</p> | <u>Physical</u> | | Present in Warner | Ideal Lot Size | Varies | ✓ | Parking Ratio | Range, sometimes unbundled | ✓ | <u>Market</u> | | | Tenant space needs | mostly large | ✓ | Supportable Rents | \$5.00-7.00/ SF (full service) | - |
| <u>Physical</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Lot Sizes | 300' x 500' + | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parking Ratio | 4:1000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Market</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tenant space needs | small and large | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Supportable Rents | \$2.50-2.90/SF (full service) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Physical</u> | | Present in Warner | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ideal Lot Size | Varies Range, sometimes unbundled | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parking Ratio | | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Market</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tenant space needs | mix of large and | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Supportable Rents | \$2.50-3.00/SF (full service) | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Physical</u> | | Present in Warner | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Ideal Lot Size | Varies | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Parking Ratio | Range, sometimes unbundled | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <u>Market</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Tenant space needs | mostly large | ✓ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Supportable Rents | \$5.00-7.00/ SF (full service) | - | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

Strategic Economics, December 2006

OFFICE MARKET CONCLUSION

Warner Center was first developed as a lower-cost location for large corporate office users in need of large amounts of office space in a location with good employee access. While Warner Center continues to accommodate many of these original tenants – largely in the Finance and Insurance industry – its economy has begun to diversify, drawing smaller businesses from a wider range of industries. Future demand for office space in Warner Center will be driven by growth in the Professional, Scientific, and Technical and Information sectors. The growth of these sectors is already evident in the Internet companies and software developers that have located in Warner Center.

The good news is that employees in this sector – often referred to as the “Creative Class” – place a strong value on high quality of life, and are more likely to be transit-supportive. This potential job growth therefore fits well with the community’s goals of making Warner Center a more vibrant, mixed-use center. Moreover, Warner Center’s future competitiveness hinges on meeting the preferences of workers in these high-growth sectors.

A vibrant, walkable, mixed-use environment with strong internal and external transit connections meets the preferences of employees in growth sectors and offers a unique downtown-type setting that is currently lacking in the Western San Fernando Valley. Similar downtown-type districts throughout the region – including Glendale, Santa Monica, and Hollywood – enjoy a healthy balance between jobs and residents. However, Warner Center currently has three times more jobs than residents, indicating that additional residential development will help the district become a more vibrant core for the Western San Fernando Valley.

Transformation of Warner Center into such a complete, multi-use district with a balance of housing and jobs will uniquely position the area to capture employment growth while minimizing negative externalities such as automobile traffic congestion. Creating this

unique identity is particularly important in light of Warner Center’s proximity to competitive job centers outside the City of Los Angeles. It is fundamentally more expensive to do business in Warner Center, given the City’s gross receipts tax. By creating a highly amenitized mixed-use district, doing business in Warner Center will be worth the additional cost. In short, creating a vibrant, mixed-use environment both encourages economic development by making Warner Center more competitive in the long run.

Large development opportunities, such as Pratt & Whitney and Westfield’s The Village, are more likely to be redeveloped in the short term after the market recovery. The large scale of these sites delivers several potential economic advantages to developers, including lower-cost parking in surface lots and above-ground structures, the ability to provide a broad mix of uses internally, and the general flexibility of phasing in buildings and uses over time.

These two sites are the linchpins for catalyzing development of smaller parcels in Warner Center. Their early development presents an opportunity to orient retail, restaurant, and service uses in a more pedestrian-friendly way, and create an example of the Canoga Park station area.

Finally, a strong internal transit circulator is needed to create a spine around which future intensive development can occur. Warner Center is a large-scale district, and walking from one side to the other is unreasonable. Such a circulator will enable residents and employees on one side of Warner Center to take advantage of amenities such as the Westfield shopping centers, and will enable future development to be more dense, rely less on the automobile, and ultimately, create a cohesive, economically competitive core for the San Fernando Valley.

V. APPENDICES

Appendix A: Sub-Area Employment Analyses

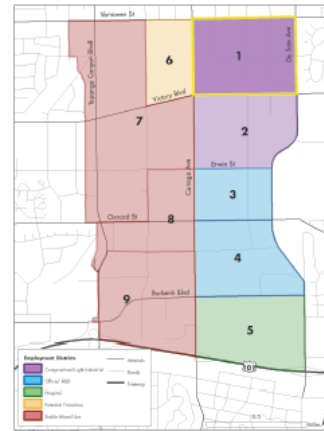
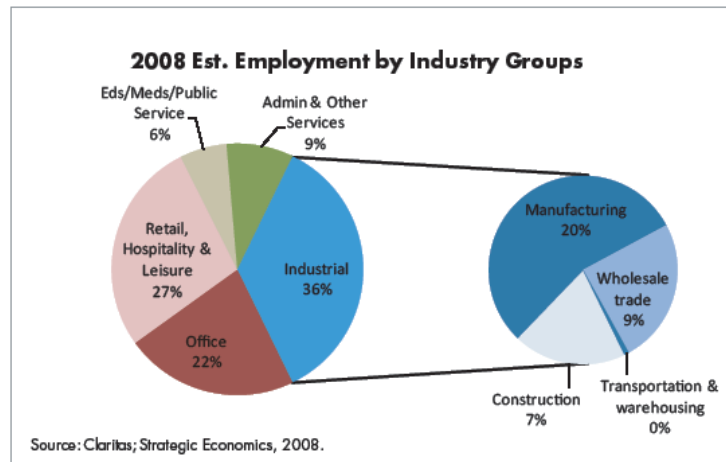
Employment District Share of Total Warner Center Jobs for Top 5 Sectors

| | Finance & Insurance | | Professional, Scientific & Technical Services | | Retail Trade | | Healthcare & Social Assistance | | Manufacturing | |
|-------------------|---------------------|-----------------------------|---|-----------------------------|--------------|-----------------------------|--------------------------------|-----------------------------|---------------|-----------------------------|
| | Jobs | Share of Warner Center Jobs | Jobs | Share of Warner Center Jobs | Jobs | Share of Warner Center Jobs | Jobs | Share of Warner Center Jobs | Jobs | Share of Warner Center Jobs |
| District 1 | 48 | 1% | 264 | 5% | 515 | 10% | 71 | 1% | 416 | 8% |
| District 2 | 885 | 9% | 1,433 | 26% | 462 | 9% | 182 | 4% | 795 | 16% |
| District 3 | 129 | 1% | 948 | 17% | 260 | 5% | 0 | 0% | 351 | 7% |
| District 4 | 3,106 | 33% | 962 | 17% | 358 | 7% | 483 | 10% | 496 | 10% |
| District 5 | 6 | 0% | 10 | 0% | 0 | 0% | 3,887 | 77% | 500 | 10% |
| District 6 | 0 | 0% | 0 | 0% | 140 | 3% | 0 | 0% | 2,200 | 45% |
| District 7 | 2,376 | 25% | 397 | 7% | 3,253 | 64% | 354 | 7% | 74 | 1% |
| District 8 | 2,494 | 26% | 1,261 | 23% | 73 | 1% | 47 | 1% | 81 | 2% |
| District 9 | 439 | 5% | 269 | 5% | 38 | 1% | 13 | 0% | 23 | 0% |

Source: Claritas; Strategic Economics, 2008.

District 1

Compromised Industrial



Employment by Industry

| Industry | Jobs | Share of Jobs |
|---|--------------|---------------|
| Construction | 147 | 7% |
| Manufacturing | 416 | 20% |
| Wholesale trade | 188 | 9% |
| Retail trade | 515 | 24% |
| Transportation & warehousing | 6 | 0% |
| Information | 106 | 5% |
| Finance & insurance | 48 | 2% |
| Real estate & rental & leasing | 57 | 3% |
| Professional, Scientific & Technical Services | 264 | 12% |
| Management of companies & enterprises | 0 | 0% |
| Admin, support, waste mgt, remediation services | 116 | 5% |
| Educational services | 18 | 1% |
| Health care and social assistance | 71 | 3% |
| Arts, entertainment & recreation | 37 | 2% |
| Accommodation & food services | 34 | 2% |
| Other services (except public administration) | 67 | 3% |
| Public Sector | 40 | 2% |
| Total Jobs | 2,130 | 100% |

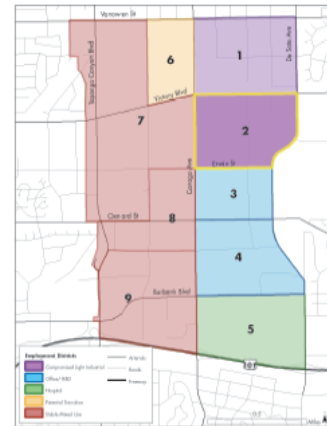
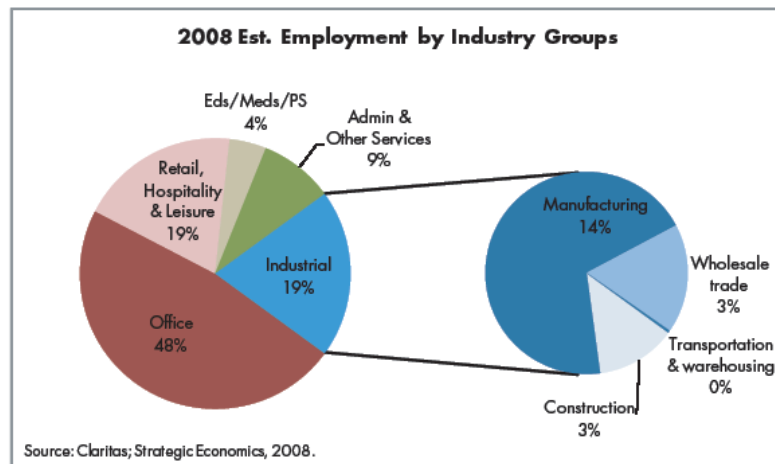
Source: Claritas; Strategic Economics, 2008

Summary

- Contains 8% of Warner Center's Manufacturing Jobs
- Approximately 47% of the acreage is residential
- Brokers indicate that this district is one of the last pockets of light industrial
- Demand for office is low

District 2

Compromised Industrial



Employment by Industry

| Industry | Jobs | Share of Jobs |
|---|--------------|---------------|
| Construction | 147 | 2% |
| Manufacturing | 795 | 13% |
| Wholesale trade | 200 | 3% |
| Retail trade | 462 | 7% |
| Transportation & warehousing | 4 | 0% |
| Information | 296 | 5% |
| Finance & insurance | 885 | 14% |
| Real estate & rental & leasing | 106 | 2% |
| Professional, Scientific & Technical Services | 1,433 | 23% |
| Management of companies & enterprises | 128 | 2% |
| Admin, support, waste mgt, remediation services | 234 | 4% |
| Educational services | 62 | 1% |
| Health care and social assistance | 182 | 3% |
| Arts, entertainment & recreation | 69 | 1% |
| Accommodation & food services | 559 | 9% |
| Other services (except public administration) | 272 | 4% |
| Public Sector | 8 | 0% |
| Total | 6,187 | 100% |

Source: Claritas; Strategic Economics, 2008

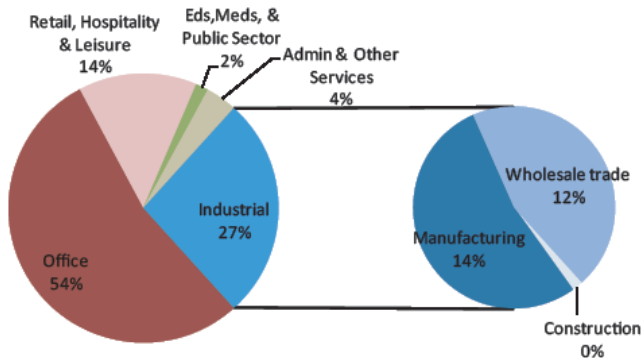
Summary

- Contains 16% of Warner Center's Manufacturing Jobs
- New residential development on several parcels
- Brokers indicate that this district is one of the last pocket of light industrial
- Demand for office is low to moderate

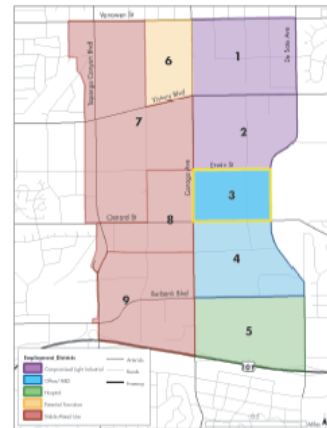
District 3

Office/ R&D

2008 Est. Employment by Industry Groups



Source: Claritas; Strategic Economics, 2008.



Employment by Industry

| Industry | Jobs | Share of Jobs |
|---|--------------|---------------|
| Construction | 12 | 0% |
| Manufacturing | 351 | 14% |
| Wholesale trade | 296 | 12% |
| Retail trade | 260 | 10% |
| Transportation & warehousing | 0 | 0% |
| Information | 237 | 9% |
| Finance & insurance | 129 | 5% |
| Real estate & rental & leasing | 23 | 1% |
| Professional, Scientific & Technical Services | 948 | 38% |
| Management of companies & enterprises | 0 | 0% |
| Admin, support, waste mgt, remediation services | 80 | 3% |
| Educational services | 37 | 1% |
| Health care and social assistance | 0 | 0% |
| Arts, entertainment & recreation | 0 | 0% |
| Accommodation & food services | 94 | 4% |
| Other services (except public administration) | 14 | 1% |
| Public Sector | 0 | 0% |
| Total | 2,505 | 100% |

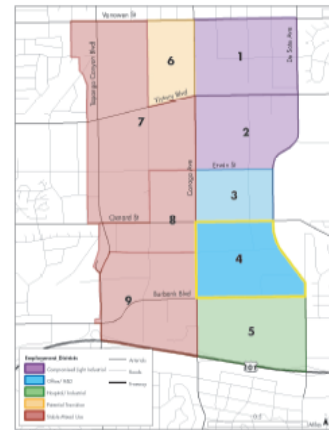
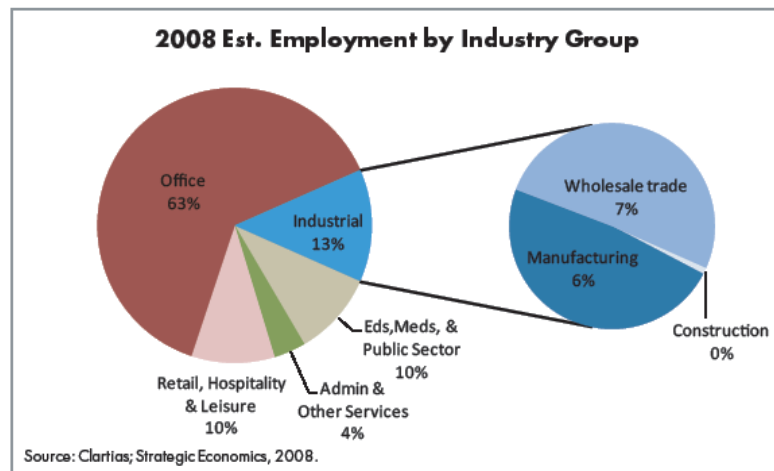
Source: Claritas; Strategic Economics, 2008

Summary

- Contains 7% of Warner Center's Manufacturing Jobs
- Over 50% of jobs are office users. Most of those are in Professional Services.
- Brokers report that flex space has been priced out and highly improved
- Demand for office is high

District 4

Office/ R&D



Employment by Industry

| Industry | Jobs | Share of Jobs |
|---|--------------|---------------|
| Construction | 11 | 0% |
| Manufacturing | 496 | 6% |
| Wholesale trade | 524 | 7% |
| Retail trade | 358 | 5% |
| Transportation & warehousing | 0 | 0% |
| Information | 713 | 9% |
| Finance & insurance | 3,106 | 40% |
| Real estate & rental & leasing | 144 | 2% |
| Professional, Scientific & Technical Services | 962 | 12% |
| Admin, support, waste mgt, remediation services | 241 | 3% |
| Educational services | 141 | 2% |
| Health care and social assistance | 483 | 6% |
| Arts, entertainment & recreation | 332 | 4% |
| Accommodation & food services | 76 | 1% |
| Other services (except public administration) | 51 | 1% |
| Public Sector | 149 | 2% |
| Unclassified | 68 | 1% |
| Total | 7,855 | 100% |

Source: Claritas; Strategic Economics, 2008

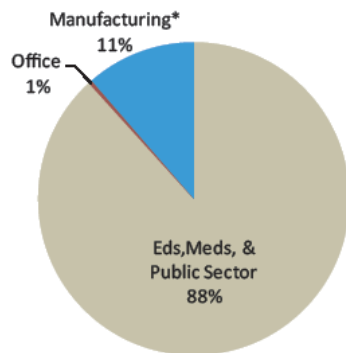
Summary

- Contains 10% of Warner Center's manufacturing Jobs
- LNR development completed in 2008 with over 1.3 million SF Class A office
- Brokers report that flex space has been highly improved and priced above flex users
- Demand for office is high

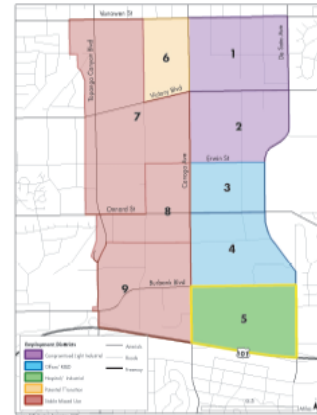
District 5

Hospital/ Industrial

2008 Est. Employment by Industry Groups



Source: Claritas; Strategic Economics, 2008.



Employment by Industry

| Industry | Jobs | Share of Jobs |
|-----------------------------------|--------------|---------------|
| Manufacturing* | 500 | 11% |
| Health care and social assistance | 3,887 | 88% |
| Total | 4,403 | 100% |

Source: Claritas; Strategic Economics, 2008

Summary

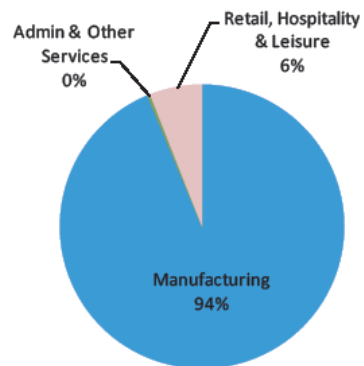
- Contains approx. 10% of Warner Center's manufacturing Jobs
- Vast majority of jobs in this district are at Kaiser Permanente Hospital
- Kaiser has plans for expansion
- Northrop Grumman is also a major user and not planning on moving

* Incomplete due to Northrop Grumman data

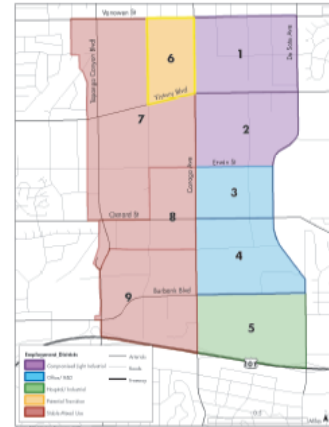
District 6

Potential Transition

2008 Est. Employment by Industry Group



Source: Claritas; Strategic Economics, 2008.



Employment by Industry

| Industry | Jobs | Share of Jobs |
|---------------|--------------|---------------|
| Manufacturing | 2,200 | 94% |
| Retail trade | 140 | 6% |
| Total | 2,347 | 100% |

Source: Claritas; Strategic Economics, 2008

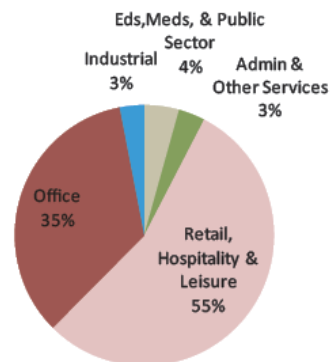
Summary

- Contains 45% of Warner Center's manufacturing jobs in one employer
- Pratt & Whitney Rocketdyne expected to remain in Warner Center until 2010

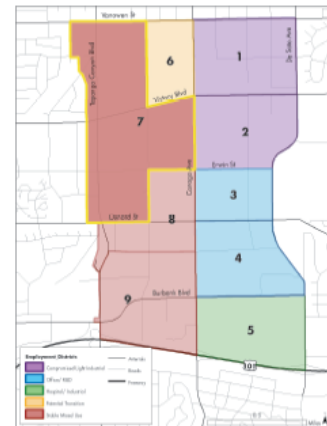
District 7

Stable/ Mixed Use

2008 Est. Employment by Industry Group



Source: Claritas; Strategic Economics, 2008.



Employment by Industry

| Industry | Jobs | Share of Jobs |
|---|--------------|---------------|
| Construction | 44 | 0% |
| Manufacturing | 74 | 1% |
| Wholesale trade | 151 | 2% |
| Retail trade | 3,253 | 36% |
| Transportation & warehousing | 2 | 0% |
| Information | 210 | 2% |
| Finance & insurance | 2,376 | 26% |
| Real estate & rental & leasing | 94 | 1% |
| Professional, Scientific & Technical Services | 397 | 4% |
| Management of companies & enterprises | 0 | 0% |
| Admin, support, waste mgt, remediation services | 62 | 1% |
| Educational services | 27 | 0% |
| Health care and social assistance | 354 | 4% |
| Arts, entertainment & recreation | 0 | 0% |
| Accommodation & food services | 1,637 | 18% |
| Other services (except public administration) | 229 | 3% |
| Public Sector | 4 | 0% |
| Unclassified | 110 | 1% |
| Total | 9,024 | 100% |

Source: Claritas; Strategic Economics, 2008

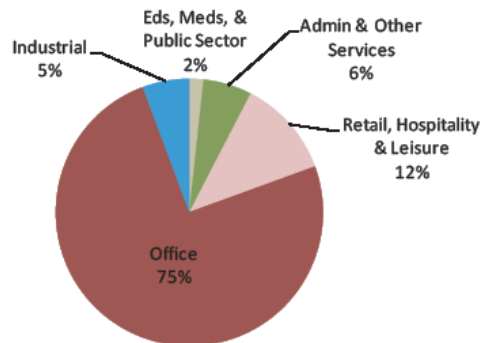
Summary

- Contains 1% of Warner Center's manufacturing jobs
- Most employment is in Retail Trade, Finance & Insurance, and Accommodation & Food Services
- In 2006-2007, Westfield invested \$330 million in the Topanga Mall to make it more upscale
- Westfield plans to build lifestyle center connecting Topanga Mall with Westfield Promenade

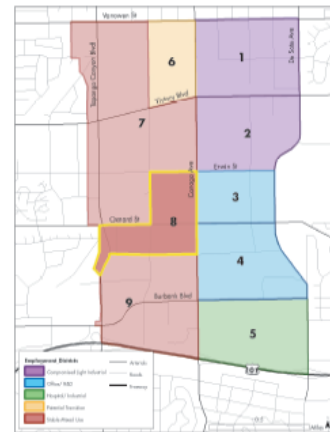
District 8

Stable/ Mixed Use

2008 Est. Employment by Industry Group



Source: Claritas; Strategic Economics, 2008.



Employment by Industry

| Industry | Jobs | Share of Jobs |
|---|--------------|---------------|
| Construction | 81 | 1% |
| Manufacturing * | 81 | 1% |
| Wholesale trade | 158 | 3% |
| Retail trade | 73 | 1% |
| Transportation & warehousing | 2 | 0% |
| Information | 175 | 3% |
| Finance & insurance | 2,494 | 43% |
| Real estate & rental & leasing | 317 | 5% |
| Professional, Scientific & Technical Services | 1,261 | 22% |
| Management of companies & enterprises | 2 | 0% |
| Admin, support, waste mgt, remediation services | 317 | 5% |
| Educational services | 50 | 1% |
| Health care and social assistance | 47 | 1% |
| Arts, entertainment & recreation | 34 | 1% |
| Accommodation & food services | 565 | 10% |
| Other services (except public administration) | 16 | 0% |
| Public Sector | 0 | 0% |
| Unclassified | 101 | 2% |
| Total | 5,774 | 100% |

Source: Claritas; Strategic Economics, 2008

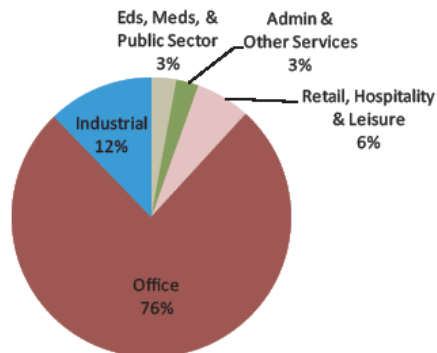
Summary

- Contains 2% of Warner Center's manufacturing Jobs
- Brokers indicate that demand for office is high
- Finance & Insurance cluster around Blue Cross and AIG

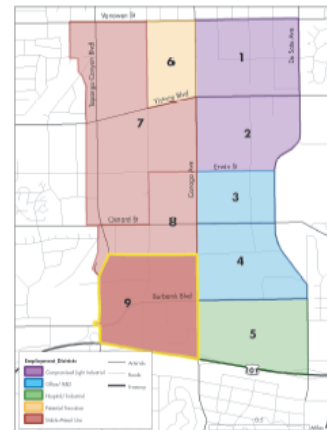
District 9

Stable/ Mixed Use

2008 Est. Employment by Industry Group



Source: Claritas; Strategic Economics, 2008.



Employment by Industry

| Industry | Jobs | Share of Jobs |
|---|--------------|---------------|
| Construction | 44 | 4% |
| Manufacturing | 23 | 2% |
| Wholesale trade | 49 | 4% |
| Retail trade | 38 | 3% |
| Transportation & warehousing | 23 | 2% |
| Information | 30 | 3% |
| Finance & insurance | 439 | 37% |
| Real estate & rental & leasing | 124 | 10% |
| Professional, Scientific & Technical Services | 269 | 23% |
| Management of companies & enterprises | 0 | 0% |
| Admin, support, waste mgt, remediation services | 13 | 1% |
| Educational services | 20 | 2% |
| Health care and social assistance | 13 | 1% |
| Arts, entertainment & recreation | 2 | 0% |
| Accommodation & food services | 32 | 3% |
| Other services (except public administration) | 16 | 1% |
| Public Sector | 0 | 0% |
| Unclassified | 59 | 5% |
| Total | 1,194 | 100% |

Source: Claritas; Strategic Economics, 2008

Summary

- Contains 0.5% of Warner Center's manufacturing Jobs
- Brokers indicate that demand for office is moderate
- Approx. 80% of acreage is residential

Appendix B: Office and Residential Market Demand Methodology Notes

Office Employment Growth and Space Demand Projection Methodology

Strategic Economics used a top-down method to estimate job growth that could be captured in Warner Center; this job growth was then translated into potential demand for office and institutional space. The following steps were used to create the job-growth and space demand estimates in this document:

- The current San Fernando Valley shares of employment were determined for each office/institutional industry sector by dividing California Employment Development Department (via California State University – Northridge) San Fernando Valley jobs-by-sector numbers by California Employment Development Department jobs-by-sector numbers for Los Angeles County.
- San Fernando Valley job projections by sector were then created in a two step process: 1) Los Angeles County projections were created by applying countywide growth rate projections by sector from data service Woods & Poole to 2005 sector data for the county from the Southern California Association of Governments; 2) the San Fernando Valley employment shares by sector from step one were then applied to these projections.
- The present-day Warner Center employment capture rate was then determined by dividing the number of jobs by sector (from data service Claritas) by the 2008 number of San Fernando Valley jobs found in the first step above.
- This capture rate was then adjusted downward or upward based on sector trends for the Western San Fernando Valley, as derived from US Census County Business Patterns data for the 1998 to 2006 period. This adjustment was performed by carrying forward the 1998 to 2006 average annual

increase/decrease in sector employment, resulting in 2035 projections for Warner Center by industry sector.

- These job projections were then translated into square feet by using a range of industry-specific square-feet-per-employee multipliers.

Residential Market Demand Projection Methodology: Jobs-Housing Linkage Method

Strategic Economics examined the potential housing unit demand being driven by the jobs-housing imbalance that currently exists in Warner Center. The following steps were used to create the jobs-housing linkage-based background information contained in this document:

- The employment projections indicate that Warner Center will add approximately 46,000 jobs by 2035, resulting in total employment of approximately 86,000. Using the San Fernando Valley's current jobs-household ratio to achieve a local jobs/housing balance generates demand for a total of nearly 80,000 households.
- About half of this demand is additional demand generated by projected job growth in Warner Center, while the other half is driven by current employment.
- Based on this data, the fewer than 7,900 dwelling units built or entitled in Warner Center represent less than 20% of *present* demand. Over 4,400 additional housing units would need to be built by 2035 just to maintain the current jobs to housing ratio.
- Given the higher-density nature of Warner Center housing, the area is best positioned to attract households that have a preference for TOD and/or are relatively small. The CTOD demand profile, as applied to the age ranges of Warner

Center workers in 2000, conservatively¹ indicates that approximately 19% of Warner Center householders are likely to prefer TOD housing.

- Alternately, the Census Transportation Planning Package (CTPP) shows that 40% of Warner Center workers resided in one- or two-person households in 2000.
- Adjusting for workers choosing to reside outside Warner Center, tempered by larger households that choose to locate inside the neighborhood, a 35 percent upper capture was determined to be reasonable.

Residential Market Demand Methodology: Transit-Oriented Development Demand Method

The CTOD methodology is a top-down means of estimating household demand. The following steps were used to create the TOD preference-based projections in this document:

- The current household formation rate in Los Angeles County by household type and age of householder was determined based on the 2006 US Census American Community Survey.
- These household formation rates were applied to age-based projections for Los Angeles County produced by the California Department of Finance, thus producing projections of numbers of households by household type and age of householder.
- Capture rates of households likely to live near transit were applied within each category of household projections. These capture rates come from the CTOD's national transit area database created as part of the research supporting the CTOD's publication "Hidden in Plain Sight: Capturing the

Demand for Housing Near Transit" (2005). The 2030 and 2040 capture rates used are based on the assumption that the Los Angeles regional fixed-guideway transportation system will expand into the "Extensive" (or "Mature") category instead of its current "Large Emerging" category. The Extensive capture rates are based on average rates across San Francisco, Chicago, New York, Boston, and Philadelphia. Total TOD household demand in Los Angeles County was produced based on these rates.

- Total demand was apportioned across existing, under construction, and proposed transit stations in Los Angeles County. System expansion by 2030/2040 was assumed to include all stations currently under construction and the Orange Line extension to Chatsworth/Canoga Park, the Gold Line Foothill Extension, Gold Line Eastside Transit Corridor Phase 2, Westside Extension Transit Corridor ("Subway to the Sea"), and phase 2 of the Exposition Line. Corridors were weighted depending on their mode (this primarily affected the Orange Line since it is the sole non-rail line).

¹ Household formation rates are not available for Warner Center workers; therefore countywide household formation rates were applied to Warner Center workers. The rates are likely low given that they describe the entire population rather than just workers.

Appendix C: Characteristics of Warner Center Workers

Characteristics of Warner Center Workers

U.S. Census Bureau CTPP, 2000

| Worker Age (All Workers) | Warner Center Workers* | % |
|---------------------------------|-------------------------------|----------|
| Under 16 years of age | 0 | 0% |
| 16 and 17 years of age | 360 | 1% |
| 18 to 24 years of age | 4,965 | 11% |
| 25 to 44 years of age | 24,515 | 55% |
| 45 to 64 years of age | 13,620 | 30% |
| 65 to 74 years of age | 935 | 2% |
| 75 years and over of age | 280 | 1% |
| All workers | 44,670 | 100% |

| Industry Sector (All Workers) | Warner Center Workers* | % |
|---|-------------------------------|----------|
| Agriculture, forestry, fishing and hunting, and mining | 55 | 0% |
| Construction | 1,005 | 2% |
| Manufacturing | 8,250 | 18% |
| Wholesale trade | 1,075 | 2% |
| Retail trade | 4,865 | 11% |
| Transportation and warehousing, and utilities | 360 | 1% |
| Information | 3,285 | 7% |
| Finance, insurance, real estate and rental and leasing | 11,740 | 26% |
| Professional, scientific, management, administrative, and waste management services | 5,100 | 11% |
| Educational, health and social services | 4,930 | 11% |
| Arts, entertainment, recreation, accommodation and food services | 2,325 | 5% |
| Other services (except public administration) | 920 | 2% |
| Public administration | 720 | 2% |
| Armed forces | 30 | 0% |
| All workers | 44,670 | 100% |

| Occupation by Industry (All Workers) | Warner Center Workers* | % |
|--|-------------------------------|----------|
| Management occupations | 5,215 | 12% |
| Farmers or farm managers | 15 | 0% |
| Business and financial operations specialists | 4,935 | 11% |
| Computer and mathematical occupations | 2,590 | 6% |
| Architecture and engineering occupations | 2,160 | 5% |
| Life, physical, and social science occupations | 250 | 1% |
| Community and social service occupations | 179 | 0% |
| Legal occupations | 975 | 2% |
| Education, training, and library occupations | 695 | 2% |
| Arts, design, entertainment, sports, and media occupations | 1,510 | 3% |
| Healthcare practitioners and technicians occupations | 1,915 | 4% |
| Healthcare support occupations | 375 | 1% |
| Protective service occupations | 425 | 1% |
| Food preparation and serving related occupations | 1,230 | 3% |
| Building and grounds cleaning and maintenance occupations | 905 | 2% |
| Personal care and service occupations | 365 | 1% |
| Sales and related occupations | 6,710 | 15% |
| Office and administrative support occupations | 9,265 | 21% |
| Farming, fishing, and forestry occupations | 20 | 0% |
| Construction and excavation occupations | 870 | 2% |
| Installation, maintenance, and repair occupations | 995 | 2% |
| Production occupations | 2,275 | 5% |
| Transportation and material moving occupations | 790 | 2% |
| Occupation in Armed Forces | 0 | 0% |
| All workers | 44,670 | 100% |

| Household Size (Workers Residing in Households) | | Warner Center Workers* | % |
|--|--|------------------------|------|
| 1-Person Household | | 5,780 | 13% |
| 2-Person Household | | 12,195 | 27% |
| 3-Person Household | | 8,770 | 20% |
| 4-Or-More-Person Household | | 17,850 | 40% |
| All workers | | 44,600 | 100% |

| Worker Earnings in 1999 (All Workers) | | Warner Center Workers* | % |
|--|--|------------------------|------|
| Less than \$5,000 | | 1,910 | 4% |
| \$5,000 to \$9,999 | | 2,505 | 6% |
| \$10,000 to \$14,999 | | 3,220 | 7% |
| \$15,000 to \$19,999 | | 2,750 | 6% |
| \$20,000 to \$24,999 | | 3,360 | 8% |
| \$25,000 to \$29,999 | | 3,320 | 7% |
| \$30,000 to \$34,999 | | 3,435 | 8% |
| \$35,000 to \$49,999 | | 7,835 | 18% |
| \$50,000 to \$74,999 | | 8,155 | 18% |
| \$75,000 or more | | 7,050 | 16% |
| No earnings in 1999 | | 1,130 | 3% |
| All workers | | 44,670 | 100% |

| Household Income in 1999 (Workers Residing in Households) | | Warner Center Workers* | % |
|--|--|------------------------|------|
| Less Than \$10,000 | | 885 | 2% |
| \$10,000-\$14,999 | | 595 | 1% |
| \$15,000-\$29,999 | | 3,770 | 8% |
| \$30,000-\$39,999 | | 3,860 | 9% |
| \$40,000-\$49,999 | | 3,730 | 8% |
| \$50,000-\$59,999 | | 3,745 | 8% |
| \$60,000-\$74,999 | | 5,495 | 12% |
| \$75,000-\$99,999 | | 8,050 | 18% |
| \$100,000-\$124,999 | | 5,805 | 13% |
| \$125,000 Or More | | 8,665 | 19% |
| All workers | | 44,600 | 100% |

Median Earnings in 1999 (Workers With Earnings)

| Block group | Median Earnings In 1999 |
|--------------|-------------------------|
| 060371349023 | 32,725 |
| 060371351123 | 36,325 |
| 060371371029 | 40,335 |

Source: U.S. Census Bureau CTPP 2000, Tabulation 2, Tables 013, 014, 015, 030, 031, 047; Strategic Economics 2008

Categories may not add up to the "total" or "all worker" values due to data rounding implemented by the Census Bureau.

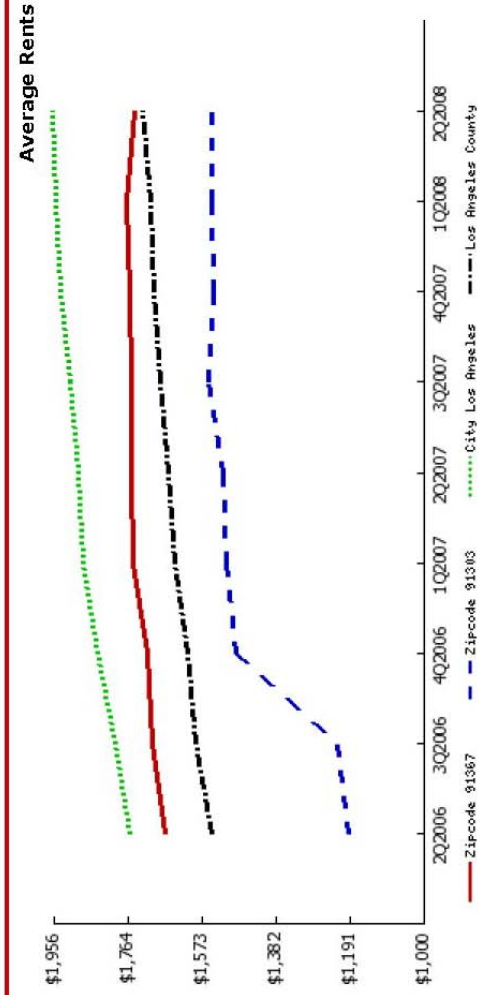
* Warner Center data aggregated from the three following block groups, which include some land just outside the Specific Plan area:

060371349023
060371351123
060371371029

Appendix D: RealFacts Market Comparison Report

REALFACTS Market Comparison 2Q2008

| | Zipcode 91367 | Zipcode 91303 | City Los Angeles | Los Angeles County |
|-----------------|---------------|---------------|------------------|--------------------|
| Average Rent | | | | |
| ALL | \$1,745 | \$1,547 | \$1,956 | \$1,725 |
| studio | \$1,230 | \$887 | \$1,255 | \$1,260 |
| 1bd 1bth | \$1,478 | \$1,434 | \$1,708 | \$1,558 |
| 2bd 1bth | \$1,710 | \$1,350 | \$1,909 | \$1,453 |
| 2bd 2bth | \$1,943 | \$1,935 | \$2,446 | \$2,019 |
| 3bd 2bth | \$2,316 | \$2,933 | \$3,021 | \$2,114 |
| Average sf | | | | |
| ALL | 881 | 840 | 860 | 861 |
| studio | 438 | 445 | 471 | 476 |
| 1bd 1bth | 711 | 672 | 732 | 726 |
| 2bd 1bth | 849 | 755 | 907 | 899 |
| 2bd 2bth | 1,061 | 1,038 | 1,097 | 1,050 |
| 3bd 2bth | 1,273 | 1,375 | 1,351 | 1,225 |
| Average \$/sf | | | | |
| ALL | \$1.98 | \$1.84 | \$2.27 | \$2.00 |
| studio | \$2.81 | \$1.99 | \$2.66 | \$2.65 |
| 1bd 1bth | \$2.08 | \$2.13 | \$2.33 | \$2.15 |
| 2bd 1bth | \$2.01 | \$1.79 | \$2.10 | \$1.62 |
| 2bd 2bth | \$1.83 | \$1.86 | \$2.23 | \$1.92 |
| 3bd 2bth | \$1.82 | \$2.13 | \$2.24 | \$1.73 |
| Avg. Occ. | 94.6% | 87.6% | 93.2% | 93.8% |
| Avg. Year Built | 1979 | 1984 | 1979 | 1979 |



8/29/2008

Data source: RealFacts (415)884,2480. Data is deemed reliable but accuracy cannot be guaranteed.