

## **Appendix J**

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### Baldwin Hills Crenshaw Plaza Economic Impact Analysis





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**MARKET RESEARCH, FINANCIAL ANALYSIS  
& NEW BUSINESS DEVELOPMENT**

**TO: Bryce Ross – The Festival Companies  
Linda Bozung – DLA Piper**

**FROM: Bill Speer – Speer Consulting LLC**

**DATE: March 12, 2010**

**RE: Baldwin Hills Crenshaw Plaza Economic Impact Analysis**

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**BACKGROUND**

Speer Consulting, LLC has been engaged by The Festival Companies (“Festival”) to prepare an economic impact/urban decay analysis for the redevelopment of the one million square foot Baldwin Hills Crenshaw Plaza (“BHCP” or the “Project”) located in southwest Los Angeles, California. This memorandum summarizes results of this analysis.

Festival manages BHCP on behalf of Capri Urban Baldwin, LLC and Capri Urban Crenshaw, LLC (“Capri”), owners of BHCP. A proposed expansion/redevelopment of BHCP will encompass up to 3.5 million square feet of developed building area and is expected to be completed in 2015. The Project is planned to contain 1.5 million gross leasable square feet of retail, restaurant and entertainment space, about 150,000 square feet of office space, a 400-room hotel and approximately 960 residential units. This study was prepared to determine potential economic impacts on existing retailers operating within the primary trade area defined for the development. The scope for this assignment entailed:

- 1) A field visit to the property and its environs;
- 2) Definition and evaluation of the primary trade area for proposed retail uses at the Project;
- 3) Profiling the competitive alignment the retail element of the development will face;
- 4) Estimation of current and future expenditure potentials for the development;
- 5) Quantification of new retail space supportable within the primary trade area by the time the Project is completed in 2015; and

- 6) Assessment of whether the introduction of the Project into the defined primary trade area would result in adverse economic impacts on local retailers leading to urban blight.

## **EXECUTIVE SUMMARY**

### **Development Program**

Current plans for the Project contemplate a mix of retail, office, hotel and residential uses in a combination of open-air and enclosed environments. Retail offerings within the Project are expected to complement, rather than directly compete with, surrounding existing retail establishments. The table below presents a summary of the elements of the Project, and the site plan following presents a graphic distribution of uses for the redeveloped Baldwin Hills Crenshaw Plaza.

#### **BALDWIN HILLS CRENSHAW PLAZA DEVELOPMENT PROGRAM**

Use	Current S.F.	Proposed S.F.
<b><u>Anchors (&gt;25,000 S.F.):</u></b>		
Macy's	158,306	158,306
Sears	150,920	150,920
WalMart	153,425	90,000
South Anchor	0	135,000
T.J. Maxx	30,572	30,572
Magic Johnson Cinema	75,000	0
New Cinema	0	90,000
Albertson's Supermarket	44,052	55,000
New Grocery Store	0	30,000
Bowling Alley	0	25,000
Fitness Center	0	50,000
<i>Subtotals, Anchors</i>	<i>612,275</i>	<i>814,798</i>
<b><u>In-Line Tenant Space:</u></b>		
Comparison Goods Retail	138,153	469,428
Food & Beverage	22,642	158,500
Personal Services/Dance Studio	7,544	20,000
<i>Subtotals, In-Line Retail</i>	<i>168,339</i>	<i>647,928</i>
<b><u>Total Mall Space:</u></b>	<b>780,614</b>	<b>1,462,726</b>
<b><u>Peripheral Pads:</u></b>		
Comparison Goods Retail	18,027	0
Food & Beverage	26,678	12,000
Services/Other	11,962	0
Office	4,623	150,000
<i>Subtotals, Peripheral Pads</i>	<i>61,290</i>	<i>162,000</i>
<b>MALL &amp; OUTBUILDINGS TOTAL</b>	<b>841,904</b>	<b>1,624,726</b>
<b><u>Hotel:</u></b>		
Rooms (400)	0	315,000
Meeting Rooms	0	15,000
Food & Beverage	0	16,500
<i>Subtotals, Hotel</i>	<i>0</i>	<i>346,500</i>
<b><u>Residential:</u></b>		
Condominiums (551 Units)	0	742,500
Apartments (410 Units)	0	492,000
<i>Subtotals, Residential</i>	<i>0</i>	<i>1,234,500</i>
<b><u>Non-Leasable Area:</u></b>	<b>155,705</b>	<b>230,000</b>
<b>GRAND TOTAL, OVERALL PROJECT</b>	<b><u>997,609</u></b>	<b><u>3,435,726</u></b>

Source: The Festival Companies



## **Findings and Conclusions**

- The redevelopment of Baldwin Hills Crenshaw Plaza will incorporate a dynamic mix of retail, office, hotel and residential uses on a 43-acre site bounded by Santa Rosalia Drive, Marlton Avenue, West 39<sup>th</sup> Street, Stocker Street and Crenshaw Boulevard, in Los Angeles, California.
- The primary trade area for the retail element of the development has been defined based on the results of surveys conducted at BHCP, and includes 11 zipcodes in south and southwestern Los Angeles. Its average radius is approximately three miles.
- This trade area is home to an estimated 440,800 residents; households number 143,600; average household income is estimated at \$53,100; and aggregate household income is estimated at \$7.6 billion. By 2015, trade area population is projected to approximate 464,000, while households are expected to number 150,000, average household incomes should approximate \$61,600 annually, and total household income is projected at more than \$9 billion. (2015 figures in current dollars.)
- The Project will face an array of competitive retail facilities when it is completed. Within the defined primary trade area, there are approximately 14 neighborhood and community centers, offering 1.4 million square feet of retail space, in operation. BHCP, however, is at present (and will continue to be) the only department store-anchored regional or super-regional mall serving the primary trade area. Other than the Project, +/-900,000 square feet of retail space is planned within the trade area and could be developed over the next five years.
- Trade area residents now devote an estimated \$2.0 billion to shopping center-type retail expenditures. This total is expected to increase to \$2.4 billion in 2015, creating more than \$425 million in new demand (expenditure potential) for retailers within the defined primary trade area.
- This incremental spending potential within the primary trade area should support an estimated 1.4 million square feet of new shopping center space by 2015, exceeding the anticipated level of occupied new leasable area which are planned to be delivered during that time period.
- Accordingly, it is not expected that development of the Project would result in disinvestment, store closures or physical blight which could be associated with urban decay.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT BACKGROUND**

The California Environmental Quality Act (“CEQA”) requires state, local and other agencies to make informed decisions about the environmental implications associated with the approval of proposed projects. If a proposed development project is subject to CEQA, both direct and indirect impacts of the project on the physical environment must be analyzed. CEQA's Section 15064(e) states that “[w]here a physical change is caused by economic or social effects of a project, the physical change may be regarded as a significant effect in the same manner as any other physical change resulting from the project. Alternatively, economic and social effects of a physical change may be used to determine that the physical change is a significant effect on the environment.”

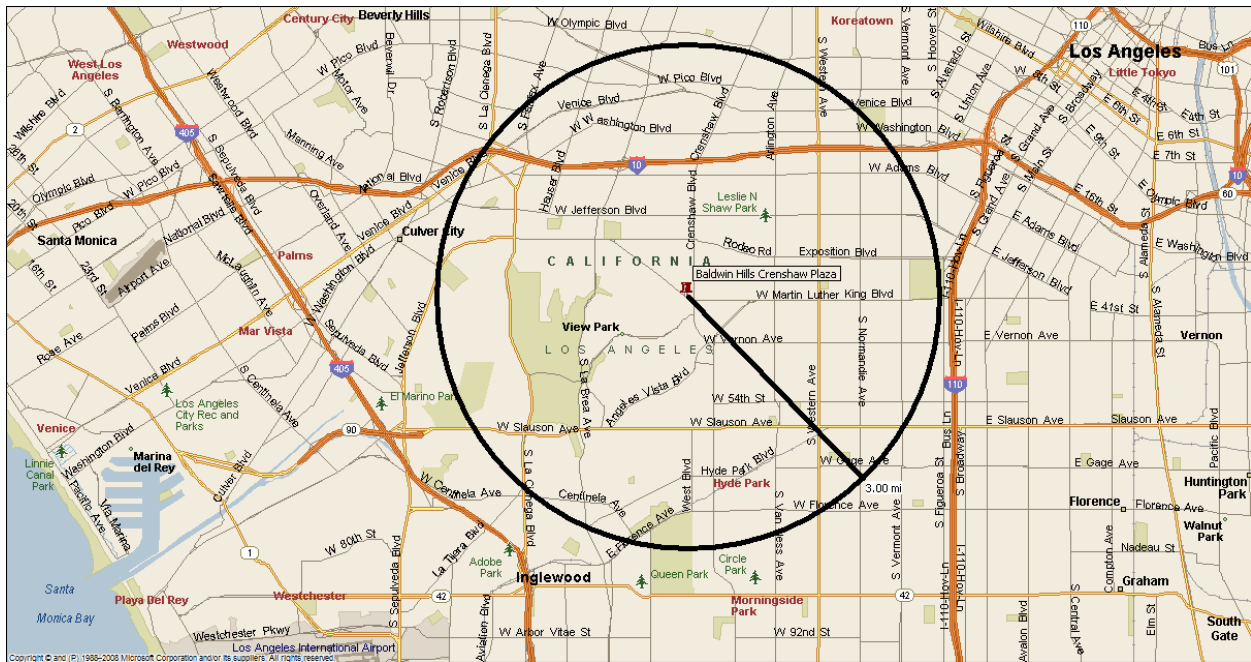
Proposed new retail/commercial developments can compete with existing retailers in the area surrounding a development project. In some cases, adverse economic impacts could result in disinvestment, business closures or other manifestations of physical deterioration which could result in urban decay. CEQA requires mitigation of such impacts if they are deemed to be significant.

This study was prepared to determine if the BHCP Project would cause significant economic impacts on surrounding retailers. This analysis measures such impacts by identifying the anticipated growth in retail expenditures within the Project's defined primary trade area and quantifying the amount of newly-developed retail space it would support. Estimated sales from any incremental new space proposed for the Project which exceeds that which would be supported by expected population and spending increases within the primary trade area must be allocated to subsectors of the primary trade area, and resulting economic impacts must be measured to determine if anticipated economic impacts would be significant.

## **SITE LOCATION & ACCESS**

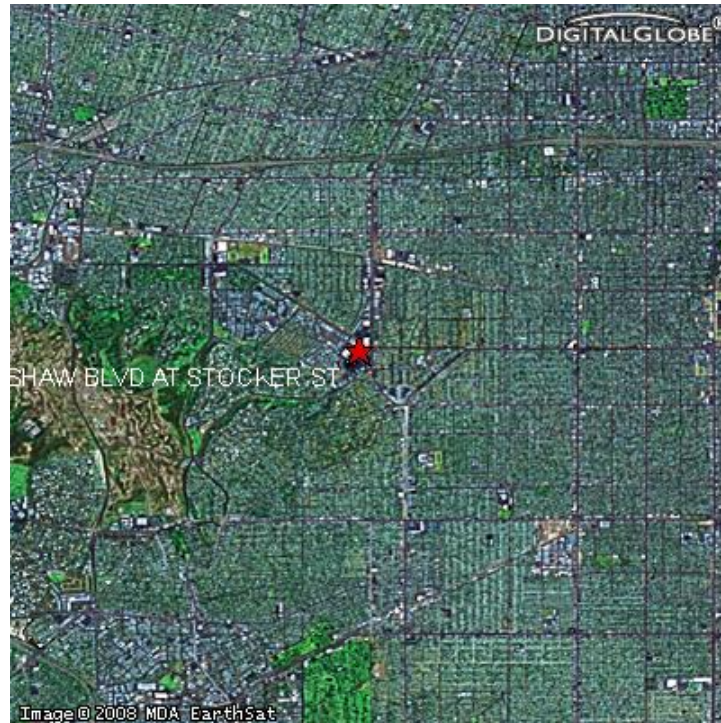
Baldwin Hills Crenshaw Plaza sits on a site of approximately 43 acres, bounded to the south by Santa Rosalia Drive, to the west by Marlton Avenue, to the north by West 39<sup>th</sup> Street and to the east by Stocker Street and Crenshaw Boulevard, a major local thoroughfare. The site is bisected by Martin Luther King Jr. Boulevard. While the property does not enjoy immediate access to, or visibility from, any major area highways, it lies just two miles south of Interstate Highway 10, three miles west of Interstate Highway 110 and about four miles east of Interstate Highway 405. Existing neighboring land uses are commercial and residential, with a significant number of surrounding properties slated for future redevelopment. The property lies five miles southwest of Los Angeles' central business district and five miles northeast of Los Angeles International Airport.

The map and aerial photos following show Baldwin Hills Crenshaw Plaza in its locational context.

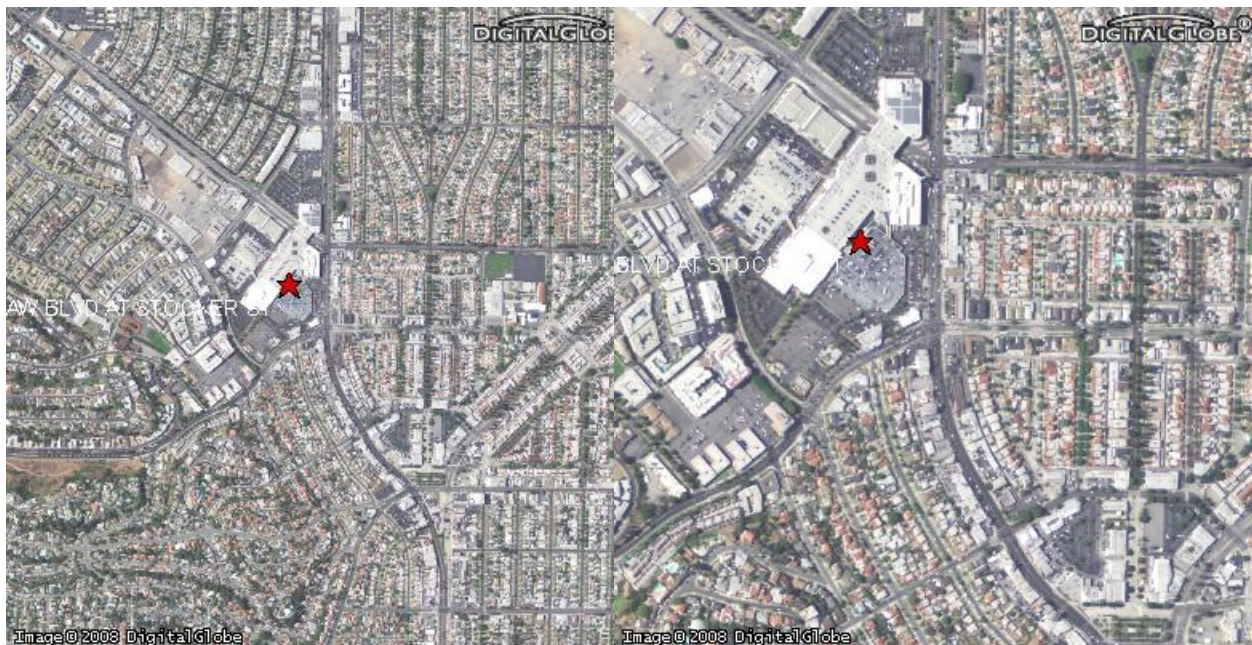




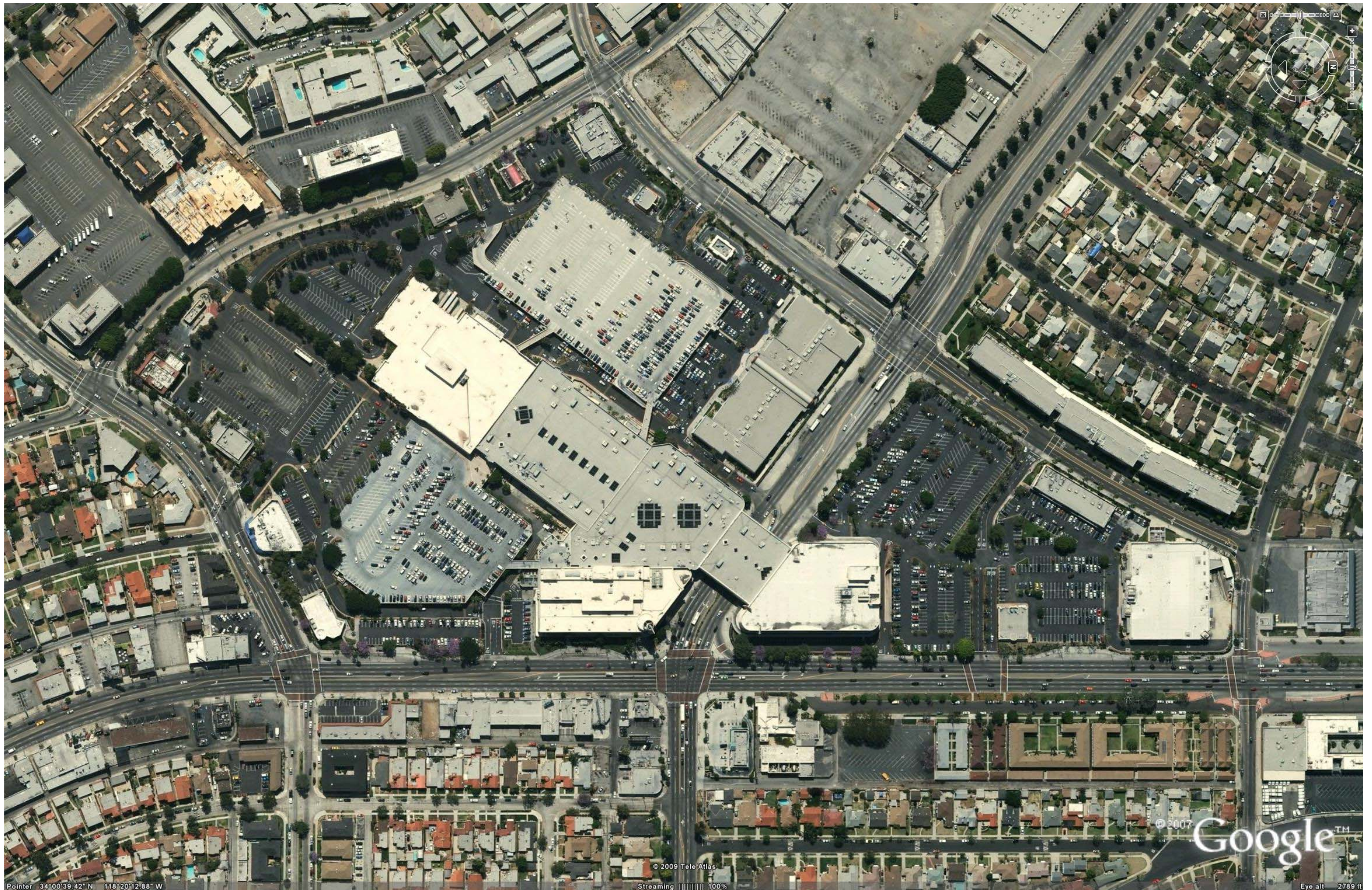
**SITE AERIAL PHOTO – REGIONAL CONTEXT**



**BALDWIN HILLS CRENSHAW PLAZA  
SITE AERIAL PHOTO – CLOSE UPS**







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## AERIAL VIEW

THE FESTIVAL COMPANIES  
CAPRI URBAN CRENSHAW LLC  
CAPRI URBAN BALDWIN LLC

BALDWIN HILLS CRENSHAW PLAZA  
*Los Angeles, California*

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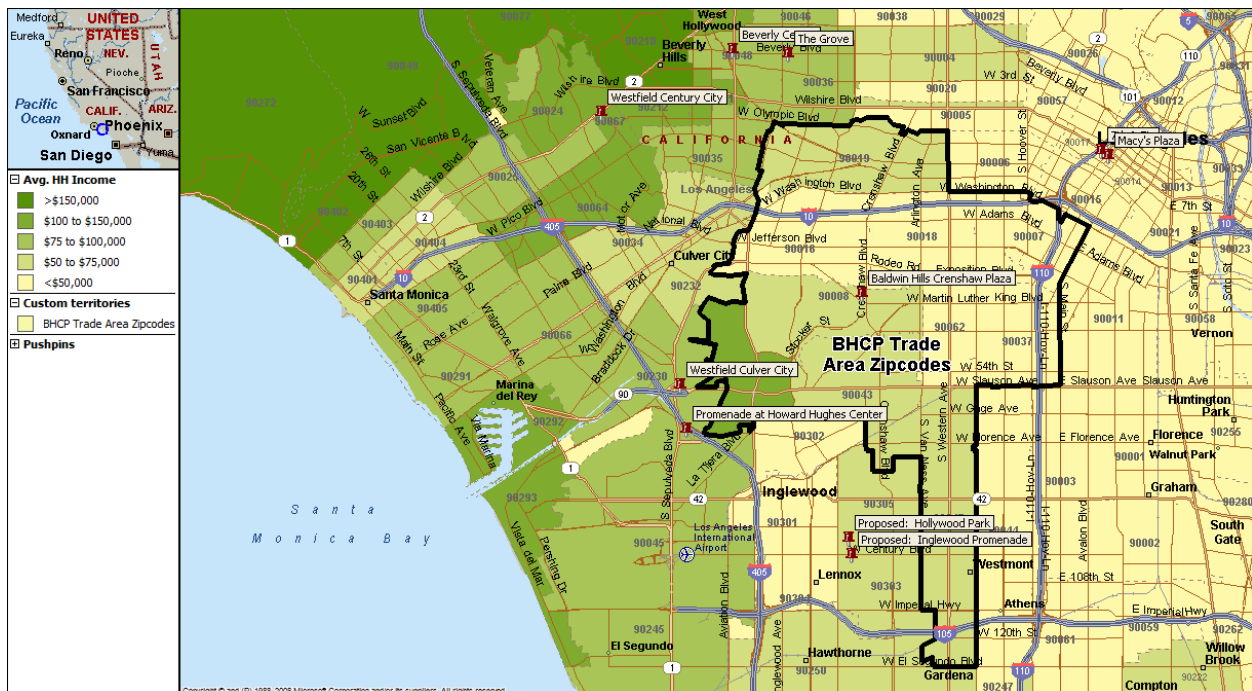
AV-1  
July 27, 2009  
ka# 08039-02



## PRIMARY TRADE AREA

The primary trade area for Baldwin Hills Crenshaw Plaza has been defined taking into account physical, psychological and geographic barriers to travel, access to current and planned regional transportation arteries, and the presence of major competitive retail facilities. It is also informed by familiarity with the trade area served by Westfield Culver City, BHCP's closest superregional mall competitor.

In this instance, the primary trade area has been defined as that geography from which approximately 72 percent of the center's sales historically have been generated, according to the results of surveys conducted at the center in 2004, typical of regional and super-regional centers across the country. The trade area includes 11 zipcodes in the south and southwestern sector of Los Angeles. Its average radius is about three miles, but it does extend farther south to Interstate Highway 105, in a narrow corridor surrounding Western Avenue (zipcode 90047). The map below depicts the major zipcode components within the defined primary trade area, together with their income profile.



The following table reveals that the Project will serve a diverse trade area, from a socioeconomic perspective. No single zipcode accounts for more than one-sixth of trade area residents. Approximately one-eighth of the primary trade area's higher-income (\$100,000+) households are located in the zipcode surrounding BHCP (90008), but affluent households are distributed throughout the area. From a per capita income perspective, the most-affluent primary trade area zipcode is 90056 (Ladera Heights), southwest of the Project. According to Claritas, Inc., one of the nation's largest vendors of demographic data, the sectors of the defined trade area expected to enjoy the most

rapid growth over the next five years are found in the 90007, 90019 and 90037 zipcodes.

**BALDWIN HILLS CRENSHAW PLAZA**  
**Defined Trade Area**  
**Comparative Zipcode Demographics**

Zip	Community	2009 Population	2014 Population	Change, '09-'14	2009 Households	HH Gain Since '00	2014 Households	Change, '09-'14	Total '09 Income (\$MM)	Per Capita '09 Income	2009 Households w/ Incomes:			
											>\$75K-%	>\$75K-#	>\$100K-%	>\$100K-#
90007	Los Angeles	46,600	48,200	3.4%	13,100	4.0%	13,700	4.6%	\$475.3	\$10,200	9%	1,235	5%	659
90008	Los Angeles	31,100	32,000	2.9%	13,500	1.5%	13,800	2.2%	\$789.9	\$25,400	25%	3,339	16%	2,165
90016	Los Angeles	49,400	51,600	4.5%	16,800	3.1%	17,300	3.0%	\$844.7	\$17,100	20%	3,325	11%	1,804
90018	Los Angeles	50,600	52,800	4.3%	15,900	2.6%	16,500	3.8%	\$698.3	\$13,800	15%	2,312	8%	1,231
90019	Los Angeles	70,700	73,600	4.1%	24,800	4.2%	25,800	4.0%	\$1,463.5	\$20,700	24%	6,024	14%	3,499
90037	Los Angeles	60,100	62,700	4.3%	15,500	2.6%	16,100	3.9%	\$583.0	\$9,700	11%	1,643	5%	842
90043	Los Angeles	44,900	46,200	2.9%	15,600	0.0%	16,000	2.6%	\$983.3	\$21,900	27%	4,285	18%	2,835
90047	Los Angeles	48,300	50,000	3.5%	15,800	1.9%	16,300	3.2%	\$869.4	\$18,000	25%	3,896	12%	1,942
90056	Los Angeles	8,400	8,900	6.0%	3,500	0.0%	3,600	2.9%	\$458.6	\$54,600	61%	2,148	47%	1,650
90062	Los Angeles	30,400	31,600	3.9%	8,800	2.3%	9,100	3.4%	\$437.8	\$14,400	17%	1,502	10%	847
90089	Los Angeles	200	200	0.0%	100	0.0%	100	0.0%	\$1.5	\$7,400	0%	0	0%	0
<b>Totals</b>		<b>440,700</b>	<b>457,800</b>	<b>3.9%</b>	<b>143,400</b>	<b>2.5%</b>	<b>148,300</b>	<b>3.4%</b>	<b>\$7,605.3</b>	<b>\$17,300</b>	<b>21%</b>	<b>29,709</b>	<b>12%</b>	<b>17,473</b>
<b>Compound Annual Change, '09-'14</b>				<b>0.8%</b>				<b>0.7%</b>						

Relative Share of Primary Trade Area														
Zip	Community	2009 Population	2014 Population	Change, '09-'14	2009 Households	HH Gain Since '00	2014 Households	Change, '09-'14	Total '09 Income (\$MM)	Per Capita HH Income	2009 Households w/ Incomes:			
											>\$75K-%	>\$75K-#	>\$100K-%	>\$100K-#
90007	Los Angeles	11%	11%	88%	9%	158%	9%	134%	6%	59%	46%	4%	41%	4%
90008	Los Angeles	7%	7%	75%	9%	60%	9%	65%	10%	147%	119%	11%	132%	12%
90016	Los Angeles	11%	11%	115%	12%	122%	12%	87%	11%	99%	96%	11%	88%	10%
90018	Los Angeles	11%	12%	112%	11%	102%	11%	110%	9%	80%	70%	8%	64%	7%
90019	Los Angeles	16%	16%	106%	17%	167%	17%	118%	19%	120%	117%	20%	116%	20%
90037	Los Angeles	14%	14%	111%	11%	105%	11%	113%	8%	56%	51%	6%	45%	5%
90043	Los Angeles	10%	10%	75%	11%	0%	11%	75%	13%	127%	133%	14%	149%	16%
90047	Los Angeles	11%	11%	91%	11%	77%	11%	93%	11%	104%	119%	13%	101%	11%
90056	Los Angeles	2%	2%	153%	2%	0%	2%	84%	6%	316%	296%	7%	387%	9%
90062	Los Angeles	7%	7%	102%	6%	92%	6%	100%	6%	83%	82%	5%	79%	5%
90089	Los Angeles	0%	0%	0%	0%	0%	0%	0%	0%	43%	0%	0%	0%	0%
<b>Totals</b>		<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Note: Figures shown in the Relative Share of Primary Trade Area section of this table compare statistics for individual zipcodes to the primary trade area averages.

Sources: U.S. Census Bureau; Nielsen Claritas; Spear Consulting LLC.

As shown in the table following, the defined primary trade area is now home to an estimated 440,000 residents; households number almost 144,000; average household income is estimated at \$53,000; and total household income is estimated to approach \$8 billion. By 2015, trade area population is projected to approach 464,000, while households are projected to number more than 150,000, average household incomes should exceed \$61,000 annually, and total household income is projected at more than \$9 billion. (Projected values are in current, not constant, dollars.)

**POPULATION, HOUSEHOLD & INCOME TRENDS AND PROJECTIONS**  
**BALDWIN HILLS CRENSHAW PLAZA PRIMARY TRADE AREA**

	<u>1990</u>	<u>2000</u>	<u>2009</u>	<u>2012</u>	<u>2015</u>	Annual Change:			
						1990 - 2009	2009 - 2015		
						<u>No.</u>	<u>%</u>	<u>No.</u>	<u>%</u>
Population - Off-Site	420,823	423,132	440,836	451,100	460,900	1,053	0.2	3,344	0.7
Population - On-Site	0	0	0	0	2,900	N/A	N/A	483	N/A
Households - Off-Site	143,760	143,367	143,566	146,400	149,200	(10)	0.0	939	0.6
Households - On-Site	0	0	0	0	961	N/A	N/A	160	N/A
Avg. H.H. Income 1/	N/A	\$44,483	\$53,116	\$57,200	\$61,600	N/A	N/A	\$1,414	2.5
Total H.H. Income (\$000)	N/A	6,377,329	7,625,581	8,374,080	9,249,918	N/A	N/A	270,723	3.3

1/ Census data for average household income in 2000 actually represent incomes for 1999. The 2000 income figures shown have been adjusted to take this into account.

**Source:** U.S. Census; Nielsen Claritas; Speer Consulting, LLC.

The table following presents summarized demographic data for three-, five- and ten-mile radii around the Project, the defined primary trade area, and comparative data for the City of Los Angeles, the Los Angeles metropolitan statistical area (defined by the U.S. Census Bureau as Los Angeles County), California and the United States. As shown, trade area residents' average household incomes are about 27% lower than comparable figures for the City of Los Angeles. (Trade area residents are two years younger, on average, than city-wide residents, and are more likely to be blue collar workers, likely accounting for much of the difference in incomes.) Trade area residents are more likely to rent their dwellings than their regional counterparts, suggesting increased potential for the leasing of apartment units at the Project.

Extensive additional statistical data associated with Baldwin Hills Crenshaw Plaza's primary trade area may be found in the Appendix to this report.

**BALDWIN HILLS CRENSHAW PLAZA  
2009 COMPARATIVE DEMOGRAPHIC PROFILE**

<b>Demographic Characteristic</b>	<b>Baldwin Hills Radii</b>			<b>BHCP PTA</b>	<b>City of Los Angeles</b>	<b>Los Angeles County (MSA)</b>	<b>State of California</b>	<b>USA</b>
	<b>3 Miles</b>	<b>5 Miles</b>	<b>10 Miles</b>					
Population	373,000	1,225,000	3,443,600	440,800	3,945,800	10,154,900	37,559,700	306,624,700
Households	122,200	414,000	1,174,000	143,600	1,343,400	3,292,000	12,554,000	115,306,100
Proj. 5-Year HH Growth	3.3%	4.2%	4.3%	3.3%	4.6%	4.4%	6.3%	5.2%
Average HH Size	3.0	2.9	2.9	3.0	2.9	3.0	2.9	2.6
Median Age	33.2	33.1	33.9	32.7	34.7	34.9	34.9	36.8
Median HH Income	\$36,600	\$38,300	\$43,500	\$35,600	\$46,200	\$54,200	\$61,000	\$51,400
Average HH Income	\$52,300	\$57,500	\$68,600	\$52,300	\$71,400	\$77,500	\$82,800	\$69,400
Per Capita Income	\$17,300	\$19,700	\$23,700	\$17,300	\$24,600	\$25,400	\$28,100	\$26,400
Total Income (\$BB)	\$6.5	\$24.1	\$81.6	\$7.6	\$97.1	\$257.9	\$1,069.2	\$8,094.9
# of Households w/ Incomes:								
>\$50,000	44,400	158,400	513,600	51,800	623,200	1,743,800	7,350,500	58,956,000
>\$75,000	25,200	93,800	323,900	29,700	401,900	1,160,800	5,031,100	36,390,600
>\$100,000	14,800	57,900	213,000	17,500	267,300	771,000	3,357,000	22,254,100
>\$150,000	5,700	25,400	103,700	6,900	127,400	349,900	1,499,500	8,624,900
% of Households w/ Incomes:								
>\$50,000	36%	38%	44%	36%	46%	53%	58%	51%
>\$75,000	21%	23%	28%	21%	30%	35%	40%	32%
>\$100,000	12%	14%	18%	12%	20%	23%	27%	19%
>\$150,000	5%	6%	9%	5%	9%	11%	12%	7%
White-Collar Employed	53%	56%	59%	54%	60%	62%	62%	60%
College Educated	14%	21%	24%	15%	25%	24%	26%	25%
Owner-Occupied Housing	37%	28%	32%	36%	38%	48%	58%	67%
Est. Median Housing Value	\$428,000	\$474,200	\$504,400	\$430,600	\$498,400	\$470,300	\$398,500	\$172,400
Ethnicity:								
White	21%	32%	41%	22%	46%	47%	56%	73%
Black	41%	23%	14%	40%	10%	9%	6%	12%
Asian/Other	38%	45%	45%	39%	45%	44%	38%	15%
Hispanic	51%	52%	53%	49%	50%	48%	37%	16%

Sources: U.S. Census Bureau; Claritas, Inc.; Speer Consulting, LLC.

## **COMPETITIVE ALIGNMENT**

At present, approximately 14 neighborhood and community centers, offering about 1.4 million square feet of leasable area, lie within the boundaries of the Project's defined primary trade area. Few compete directly with the Project for portions of area residents' expenditures, as BHCP is, and will be in the future, the only regional or superregional mall located within the defined primary trade area. No other centers within the primary trade area exceed 205,000 square feet in size, reinforcing the neighborhood and community orientation of these centers. Neighborhood and community centers' offerings focus on providing daily necessities and convenience items, unlike the comparison goods orientation of regional and superregional malls like BHCP. The table following presents a summary of shopping center leasable area by orientation for all the zipcodes within the Project's defined primary trade area.

### ***BALDWIN HILLS CRENSHAW PLAZA***

#### ***Defined Trade Area***

#### ***Comparative Zipcode Shopping Center Space (S.F.)***

<b>Zip</b>	<b>Community</b>	<b>Neighborhood</b>	<b>Community</b>	<b>Regional</b>	<b>SuperRegional</b>	<b>TOTAL</b>
90007	Los Angeles	0	200,000	0	0	200,000
90008	Los Angeles	142,440	140,000	0	841,904	1,124,344
90016	Los Angeles	33,000	126,949	0	0	159,949
90018	Los Angeles	9,765	0	0	0	9,765
90019	Los Angeles	42,741	160,000	0	0	202,741
90037	Los Angeles	10,272	0	0	0	10,272
90043	Los Angeles	0	135,206	0	0	135,206
90047	Los Angeles	0	203,170	0	0	203,170
90056	Los Angeles	65,000	134,416	0	0	199,416
90062	Los Angeles	0	0	0	0	0
90089	Los Angeles	0	0	0	0	0
<b>Totals</b>		<b><u>303,218</u></b>	<b><u>1,099,741</u></b>	<b><u>0</u></b>	<b><u>841,904</u></b>	<b><u>2,244,863</u></b>

#### ***Relative Share of Primary Trade Area***

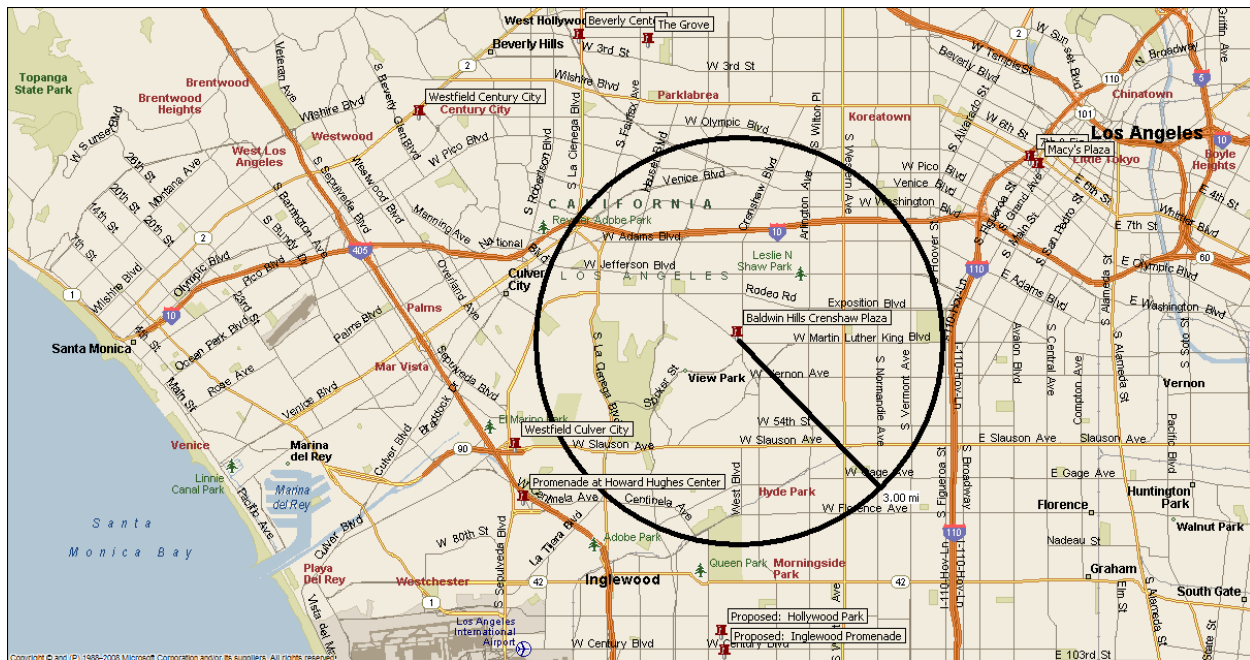
<b>Zip</b>	<b>Community</b>	<b>Neighborhood</b>	<b>Community</b>	<b>Regional</b>	<b>SuperRegional</b>	<b>TOTAL</b>
90007	Los Angeles	0%	18%	N/A	0%	9%
90008	Los Angeles	47%	13%	N/A	100%	50%
90016	Los Angeles	11%	12%	N/A	0%	7%
90018	Los Angeles	3%	0%	N/A	0%	0%
90019	Los Angeles	14%	15%	N/A	0%	9%
90037	Los Angeles	3%	0%	N/A	0%	0%
90043	Los Angeles	0%	12%	N/A	0%	6%
90047	Los Angeles	0%	18%	N/A	0%	9%
90056	Los Angeles	21%	12%	N/A	0%	9%
90062	Los Angeles	0%	0%	N/A	0%	0%
90089	Los Angeles	0%	0%	N/A	0%	0%
<b>Totals</b>		<b><u>100%</u></b>	<b><u>100%</u></b>	<b><u>N/A</u></b>	<b><u>100%</u></b>	<b><u>100%</u></b>

Sources: CoStar/National Research Bureau, "Shopping Center Directory"; Speer Consulting LLC.

There are also five department store-anchored regional or superregional malls and two larger specialty centers located outside of the primary trade area whose presence contribute to the establishment of the Project's primary trade area boundaries since trade area overlap between regional and super-regional malls is uncommon. Additionally, two mixed-use developments with retail elements are proposed in Inglewood, four to five miles south of the Project, also beyond BHCP's primary trade area boundaries.

There are also a dozen other proposed developments ("Related Projects") in the area which would include retail and/or food and beverage establishments. In total, if they are developed as planned, they would offer approximately 900,000 square feet of additional space, though the vast majority of these developments would be focused on neighborhood- and community-oriented uses. (A comprehensive listing of Related Projects is contained in the Appendix to this report.)

Each of the larger existing or proposed competitive properties is described briefly in the summary tables on the following pages, and the locations of major competitors are depicted in the map below. Further detail on the major retail properties identified here is available in the Appendix to this report.





# COMPETITIVE ALIGNMENT

## BALDWIN HILLS CRENSHAW PLAZA ENVIRONS

Center Name	Address Municipality	Owner/ Manager	Year Opened/ Expanded/ Renovated	GLA (000SF)	Distance from Subject (Miles)	Anchor		Parking		Comments
						Name	GLA (SF)	Spaces	Index (Spaces/ 000 SF)	
<b>Baldwin Hills Crenshaw Plaza</b>	Crenshaw & MLK Blvds. Los Angeles	Capri Urban Baldwin LLC & Capri Urban Crenshaw LLC/ The Festival Cos.	1947 1992E 2002R	842	-	Macy's Sears WalMart Albertson's Magic Johnson Cinema	158,306 150,920 153,425 44,052 75,000	2,695	3.2	Subject property.
<b>Westfield Culver City</b> <i>(formerly Westfield Fox Hills)</i>	I-405, Sepulveda Blvd. & Slauson Ave. Culver City	Westfield America	1975 1998R 2009E	873	4SW	Best Buy JCPenney Macy's Target	45,000 211,000 192,500 155,000	4,452	5.1	Strongest fashion-oriented regional mall competitor. Enclosed, two levels (partial 3rd level houses the food court and a few shops); +/-140 stores. Shop sales reported at \$327/s.f. in 2008. A Fall 2009 redevelopment converted the former Robinsons*May store to Best Buy on the lower level and Target on the upper two levels, and the center was rebranded from Westfield Fox Hills to Westfield Culver City. The food court also was remodeled. The center has a fresh look with very limited vacancy.
<b>Promenade at Howard Hughes Center</b>	I-405, Sepulveda Blvd. & Howard Hughes Pkwy. Los Angeles	Passco Real Estate Enterprises	2001	248	4SW	Borders Books Bridge Cinmea de Lux Nordstrom Rack	25,004 106,474 41,575	2,300	9.3	The nearest retail entertainment center to BHCP. Two levels, open air; 35 shops. The key draw for this property is the 17-screen all-stadium seating Cinema de Lux, which offers patrons such amenities as an Imax theater, a restaurant, a cocktail lounge and concierge services. Five of the small shops are vacant, indicating leasing difficulties which reportedly have persisted from the time of the property's sale in 2005. Most shoppers pay \$2 for up to 4 hours of parking, with an \$8 daily maximum.
<b>Macy's Plaza</b> <i>(@ MCI Center)</i>	Flower & 7th Streets Los Angeles	700 So. Flower Plaza, LLC	1973	390	5NE	Macy's	262,000	2,000	5.1	A two-level, enclosed mall with 44 shops in downtown Los Angeles. Caters primarily to the Central Business District's daytime population but also benefits from recent nearby apartment, condominium and loft developments.
<b>7th &amp; Fig</b> <i>(@ Ernst &amp; Young Plaza)</i>	7th & Figueroa Streets Los Angeles	Brookfield Properties	1986	332	5NE	None	N/A	2,500	7.5	A three-level, open-air center with 54 shops in downtown Los Angeles, once anchored by two department stores (now closed). Like Macy's Plaza (see above), this center benefits from the 450,000 nearby officeworkers in L.A.'s CBD, including 10,000 in two onsite towers. Reports sales of \$300/s.f. Key dining establishments include Morton's Steakhouse and California Pizza Kitchen. More than two dozen of the center's shops are presently unoccupied in this struggling property.
<b>Beverly Center</b>	Beverly & La Cienega Blvds. Los Angeles	Taubman Centers	1982 2008R	880	5NW	Bloomingdale's Macy's Beverly Cinemas 13	163,000 225,000 N/A	3,000	3.4	Three levels, enclosed, +/-145 stores. Iconic West Side fashion-oriented mall. One of two area Henri Bendel stores opened here in Fall 2009. Attractive common areas and compelling merchandise mix makes this center a key destination for affluent West Side residents. Very little vacancy.
<b>The Grove</b>	Beverly Blvd. & Fairfax Ave. Los Angeles	Caruso Affiliated Holdings	2002	575	5N	Nordstrom American Girl Place Barnes & Noble	122,000 40,000 40,000	3,505	6.1	Single-level, open-air, +/-50 stores. (Some stores have second levels.) One of L.A.'s only lifestyle centers, this very successful property reports annual shopper visitation of 20 million. Center sales reported exceed \$600/s.f. and its Apple Store is rumored to generate more than \$45 million in business. The Grove is home to Southern California's only American Girl Place store, Mattel's destination boutique for all things Barbie. Very few vacancies.
<b>Westfield Century City</b>	Santa Monica Blvd. & Avenue of the Stars Los Angeles	Westfield America	1964 1987ER 2005E 2006R	874	6NW	Bloomingdale's Gelson's Market Macy's AMC-15	222,000 37,140 135,000 N/A	2,491	2.9	Two levels, open-air, +/-148 shops. 2008 tenant sales reported at an impressive \$855/s.f. The center's recent \$127 million renovation included creation of an architecturally-compelling enclosed second-level dining terrace which features gourmet offerings and custom dinnerware. The AMC-15 opened in 2005, replacing an older 14-screen theatre.

Sources: "Directory of Major Malls, 2009"; company websites; Speer Consulting, LLC.

# COMPETITIVE ALIGNMENT

## BALDWIN HILLS CRENSHAW PLAZA ENVIRONS

Center Name	Address Municipality	Owner/ Manager	Year Opened/ Expanded/ Renovated	GLA (000SF)	Distance from Subject (Miles)	Anchor		Parking		Comments
						Name	GLA (SF)	Spaces	Index (Spaces/ 000 SF)	
<b>Proposed: Hollywood Park Tomorrow</b>	Century Blvd. & Prarie Ave. Inglewood	Wilson Meany Sullivan	2015	620	4S	16-screen Cinema	N/A	N/A	N/A	The retail & entertainment element of the redevelopment of the Hollywood Park horseracing track. The EIR for the development was approved in Summer 2009. The 238-acre open-air mixed-use district would also include up to 3,000 residential units, a 300-room hotel, 25,000 s.f. of office space, 10,000 s.f. of community uses, a 25-acre park and a 120,000 s.f. casino. Its groundbreaking ceremony, previously announced for Fall 2009, has not yet taken place.
<b>Proposed: Inglewood Promenade</b>	Century Blvd. & S. Prarie Ave. Inglewood	Imperial Partners, LLC	Unknown	650	5S	16-screen Cinema (3,700 seats)	62,000	N/A	N/A	Another proposed open-air center, located just south of Hollywood Park across Century Blvd., it combines both lifestyle- and power/big box-oriented retail. The 60-acre project would include two 14-story office buildings with 900,000 s.f. of space and a 300-room hotel. The property also would include a secured remote terminal for airport parking, traveler and baggage check-in and transportation to the main terminals at Los Angeles International Airport. Timing for the project is uncertain.

Sources: "Directory of Major Malls, 2009"; company websites; Speer Consulting, LLC.

## PRIMARY TRADE AREA EXPENDITURE POTENTIALS

The proportion of total household income expended in retail stores has been calculated based on data from the U.S. Census of Retail Trade, the U.S. Census of Population, and Claritas, Inc. As indicated in the Appendix to this report, total retail expenditures in the Los Angeles metropolitan statistical area (Los Angeles County) are estimated at about 12.8 percent of household income for GAFO (General merchandise, Apparel, household Furnishings and Other shopping center-type merchandise), or comparison goods, stores. This figure is comparable to the 13.3 percent rate which is the U.S. norm and the state of California figure (12.8%), as well. In addition, approximately 11 percent of total household income is expended in food stores, restaurants and other eating and drinking establishments, also on par with state and national averages (11% and 10%, respectively).

Area residents within the defined primary trade area currently spend an estimated \$2.0 billion in shopping center-oriented stores, including food and other community-oriented stores and eating/drinking establishments. This total is projected to reach a level of about \$2.4 billion by 2015, representing gains of slightly more than 3 percent per annum. Within total expenditures, general merchandise represents about \$355 million in 2009. GAFO stores currently compete for approximately \$974 million, while eating/drinking establishments account for another \$348 million, and food and other community-oriented stores (e.g., beer, wine, liquor stores, pharmacies and drug stores) combine for \$675 million. By 2015, GAFO expenditures are expected to increase by more than \$207 million, to \$1.2 billion, while eating/drinking establishment spending is expected to increase by \$74 million to \$422 million. Food and other community-oriented store spending is projected to grow to \$818 million by 2015, a gain of almost \$144 million. The following table presents estimated and projected residential expenditure potential by category for the BHCP Project's defined primary trade area.

**EXPENDITURE POTENTIAL BY CATEGORY:  
BALDWIN HILLS CRENSHAW PLAZA PRIMARY TRADE AREA  
2009, 2012 & 2015**

	<u>2009</u>	<u>2012</u>	<u>2015</u>
Estimated/Projected Households	143,566	146,400	150,161
Estimated Average Household Income	\$53,116	\$57,200	\$61,600
Est'd/Proj. Total HH Income (000's)	\$7,625,581	\$8,374,080	\$9,249,918
<b>Resident Expenditures (000)</b>			
<b>Retail Category</b>	<b>2009</b>	<b>2012</b>	<b>2015</b>
Department Stores-Conventional	\$113,267	\$124,385	\$137,394
Department Stores-Discount	\$103,769	\$113,954	\$125,873
Other General Merchandise Stores	<u>\$138,012</u>	<u>\$151,559</u>	<u>\$167,410</u>
General Merchandise Total	\$355,048	\$389,898	\$430,677
Apparel	\$196,025	\$215,266	\$237,780
Household Furnishings	\$218,041	\$239,443	\$264,487
Other Shopping Center-type Stores	<u>\$205,203</u>	<u>\$225,345</u>	<u>\$248,914</u>
<b>Subtotal, GAFO</b>	<b>\$974,317</b>	<b>\$1,069,952</b>	<b>\$1,181,857</b>
Eating/Drinking Establishments	\$347,912	\$382,062	\$422,021
Food Stores	\$493,694	\$542,153	\$598,856
Other Community-Oriented Stores	<u>\$181,029</u>	<u>\$198,798</u>	<u>\$219,590</u>
<b>Total Shopping</b>			
<b>Center-Type Retail Expenditures</b>	<b><u>\$1,996,951</u></b>	<b><u>\$2,192,965</u></b>	<b><u>\$2,422,325</u></b>

Sources: U.S. Census Bureau, "2002 Censuses of Retail Trade and Accommodations/Food Services";  
Claritas, Inc.; Speer Consulting, LLC.

## **PROJECT-RELATED ECONOMIC IMPACTS/POTENTIAL FOR URBAN DECAY**

The previous section set forth estimated current and projected expenditure potentials within the Project's defined primary trade area. To determine whether development of the Project would have adverse economic impacts on existing area retailers, the amount of retail space planned for the development is compared to anticipated changes in primary trade area spending and the amount of new comparable leasable area that spending would be expected to support. If the Project's addition of such space exceeds expected growth in primary trade area demand for it, the Project could siphon sales from existing or planned new establishments within the defined primary trade area. If the Project's supply of space were to exceed the demand for such space, additional assessment of whether its addition would result in "urban decay" (which is characterized by disinvestment, business closures or other types of physical deterioration in the area) would be required. In contrast, if there is sufficient anticipated primary trade area demand to support the type of new space contained in the Project and any other proposed new developments, it may be concluded that no significant economic impacts would be expected, and no further evaluation of potential urban decay associated with the Project is necessary.

At present, BHCP captures an estimated 13% of its defined primary trade area's GAFO/comparison goods spending potential. Because the other existing retail properties within the primary trade area, as noted above, are neighborhood and community centers emphasizing goods that meet the daily needs of local residents, very likely substantially more than half of the area residents' demand for GAFO goods is leaking from the trade area to centers beyond its borders. This conservative analysis, however, focuses only on the anticipated levels of new retail space which could be supported by anticipated increases in trade area spending potentials in the future.

As shown in the table following, anticipated growth in demand within the Project's defined primary trade area is expected to support approximately 1,435,000 square feet of new shopping center-oriented space by 2015, the third year of operations for the Project's retail/commercial element. Current development plans call for Project-related space allocated to retail and food/beverage uses (i.e., excluding office, hotel and residential uses) to increase from 837,000 square feet at present to 1,480,000 square feet at buildout. As such, the Project would absorb slightly less than 45% of the space which could be supported by increasing retail demand within the defined primary trade area by its third year of operations.

With regard to proposed hotel uses at the Project, at present there are only two lodging facilities (Best Western and America's Best Value Inn motels), with a combined total of 99 rooms, within three miles of BHCP. As such, this area is substantially underserved by commercial lodging facilities, and the introduction of the Project's 400-room hotel is unlikely to have any significant economic impact on existing properties. (There is only one other new lodging facility proposed for the primary market area, a small 37-room property.)

# SUPPORTABLE NEW RETAIL SPACE

## BALDWIN HILLS CRENSHAW PLAZA PRIMARY TRADE AREA

### 2015

	<u>2009</u>	<u>2015</u>
<b>Total Shopping Center-Type</b>		
<b>Retail Expenditures (000's):</b>	<b>\$1,996,951</b>	<b>\$2,422,325</b>
<b>Change in Shopping Center-Type</b>		
<b>Retail Expenditures from 2009 (000's):</b>	<b>N/A</b>	<b>\$425,374</b>
<b>Required Trade Area-Generated Sales</b>		
<b>to Support New Shopping Center</b>		
<b>Development (\$/S.F.) 1/</b>	<b>\$271</b>	<b>\$296</b>
<b>Primary Trade Area Growth-Supported</b>		
<b>New Shopping Center Space (S.F.)</b>	<b>N/A</b>	<b>1,435,082</b>

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*1/ Based on International Council of Shopping Centers' reported Los Angeles Metro Area Regional Mall shop space average of \$470/s.f. (2008) and anchor sales of \$300/s.f.. Anchor space assumed to occupy 55% of total center leasable area, on average, for new development, consistent with the BHCP Project development program. Required sales productivity increased at an assumed inflation rate of 1.5%/year. Sales generated from primary trade area residents estimated at 72% of total.*

*Sources: International Council of Shopping Centers Mall Index; Speer Consulting LLC.*

Assuming that the Project and all Related Projects with retail/food and beverage establishments within the primary trade area's boundaries are developed over the 2010–2015 time period, newly-delivered retail/food and beverage space would total 1.56 million square feet of space. (In this conservative analysis, all of the identified Related Projects are assumed to open by 2015, an unlikely occurrence given current economic conditions.) Assuming that each development achieves a robust occupancy level of 90% (typical for retail development pro formas), new occupied space in the primary trade area would amount to 1,405,000 square feet. As such, the Project's proposed incremental leasable retail space, combined with all new retail/food and beverage establishment space in Related Projects, fall within the amount of floor area which primary trade area demand could support. Consequently, it is not anticipated that the Project's development would attract significant levels of business away from existing establishments or planned area retail developments. Accordingly, it is not expected that development of the Project would result in disinvestment, store closures or physical blight which could be associated with urban decay.

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***MARKET RESEARCH, FINANCIAL ANALYSIS  
& NEW BUSINESS DEVELOPMENT***

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Mr. Speer, Principal of Speer Consulting, LLC, has more than a quarter-century of industry experience in the areas of retail market and consumer research, financial analysis and asset management. An independent advisor to retail and mixed-use developers, private and institutional investors, and public agencies since 2000, Mr. Speer is a respected counselor to senior management throughout the shopping center industry.

As Vice President and Department Head of TrizecHahn's Market Research and Financial Analysis Department (1987-2000), he was responsible for all market and financial analysis for new development projects and acquisition candidates. He evaluated feasibility of TrizecHahn's entertainment, retail and mixed-use development opportunities in Latin America, Asia and Europe as well as throughout North America and was responsible for annual valuations of its \$2.6 billion retail portfolio.

A longstanding member of the International Council of Shopping Centers' North American Research Advisory Task Force and a past member of its Steering Committee, Mr. Speer served as its Vice Chairman for two years and Chairman in 1993. He co-chaired ICSC's 1998 Research Conference, was the chair of the 1999 Research Conference, and was a member of the Task Force's 2006 and 2007 Research Conference Planning Subcommittees. He is a 2009 recipient of ICSC's Trustees Distinguished Service Award.

Mr. Speer holds bachelors degrees in both Political Science and Business from the University of California, Riverside and a Masters of Business Administration degree from the Stanford Graduate School of Business. He is a member of Phi Beta Kappa Honor Society and is a licensed California real estate broker.