

CONFIDENTIAL CLIENT WORK PRODUCT



Agoura Village Specific Plan Community Workshop

November 13, 2019

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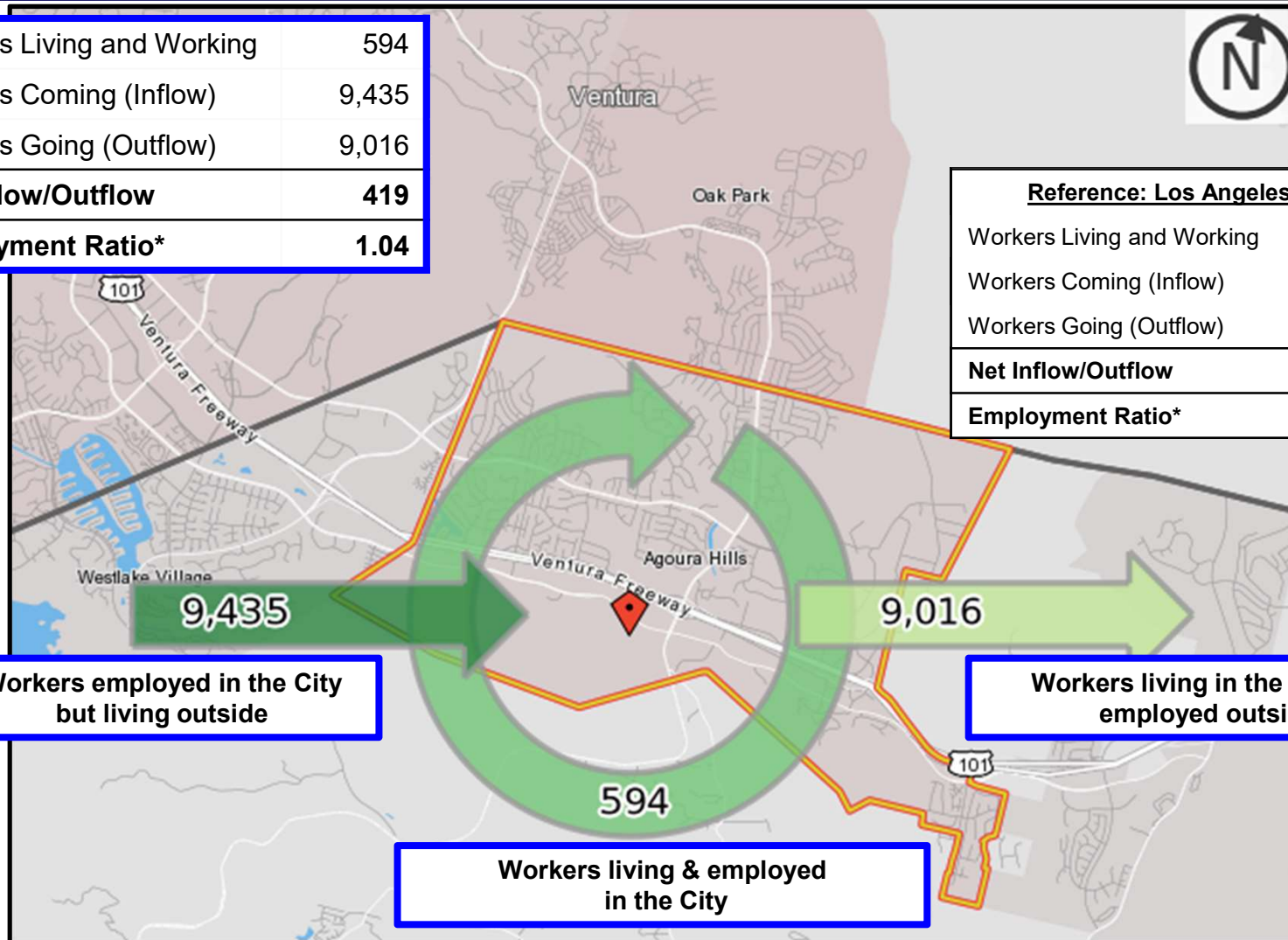
Existing Conditions

- City of Agoura Hills is a predominantly single family community with approx. 21,000 residents
- Trade area has much smaller population than other freeway adjacent locations.
- Aging population – majority Baby Boomers with median age of 45 in City (9 years older than County and State median ages)
- Average household size of 2.77, ~8% smaller than County and ~5% smaller than State average household sizes
- **Wealthy Population:** Average household income for the City is nearly double that of the County and State
- **Well educated population:** Educational attainment in Agoura Hills is much higher than that of the County and State, with a majority of residents having completed a bachelor's degree or higher
- Agoura Hills experiences a high daytime population, as more people enter the City for work compared to those who leave, resulting in a **net inflow of jobs** (see Worker Inflow / Outflow on next slide)

Worker Inflow / Outflow

Workers Living and Working	594
Workers Coming (Inflow)	9,435
Workers Going (Outflow)	9,016
Net Inflow/Outflow	419
Employment Ratio*	1.04

Reference: Los Angeles County	
Workers Living and Working	3,445,811
Workers Coming (Inflow)	997,322
Workers Going (Outflow)	779,053
Net Inflow/Outflow	218,269
Employment Ratio*	1.05



Workers employed in the City but living outside

Workers living in the City but employed outside

Workers living & employed in the City

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

Source: U.S. Census Bureau Center for Economic Studies (2015)

Market Factors

Commercial Market

- Most commercial space in Agoura is concentrated along Kanan Road, with two major grocery anchored centers located about ½ mile north of the Highway 101
- A 49,000 SF fitness center recently opened and a 225-room dual brand Marriott Courtyard and Townplace Suites hotels, just west of the Specific Plan area is under construction
- During the 1980's, the City developed a major suburban office cluster along Agoura Road, between Reyes Adobe Road and Kanan, near City Hall. This area is also home to Sheraton Agoura Hills and Hampton Inn hotels
- With approximately 2.3 million SF of inventory, the office market suffered following the 2008 recession with vacancy rates exceeding 20%. Today's vacancy rates are at 12% with average annual rents of \$26 psf, which are still 10% below 2007 levels and not high enough to justify new construction



Ralphs-Anchored Twin Oaks Shopping Center



Sheraton Agoura Hills



Agoura Hills Town Center

Market Factors

Retail Market

- The retail real estate market in the City is relatively healthy with a 95% occupancy rate for the 1.3 million gross SF of inventory. Annual rent rates are up to \$34 psf NNN, showing a strong recovery from peak recession lows around \$20 psf
- Consumer demographic analysis indicates that the City is capturing its fair share of sales in most retail categories
- There are limited prospects for attracting major new retail in the most desirable locations given recent trends:
- Today's consumers are spending more in large discount warehouses (value shopping) and on e-commerce websites such as Amazon.com (convenience shopping)
- With significant online channels for purchasing an array of soft goods, even the most vibrant communities are faced with reduction in retail brick and mortar formats
- We expect these trends to be the new norm for several years – but retail is one of the most dynamic parts of our economy, so future changes are assured



Economic Development Trends

OUR ECONOMIC WORLD IS CHANGING

OLDER POPULATION & DIGITAL NATIVES



Population over 65 years is projected to grow by **2.1 million** in CA



Millennials and Gen. Z represent **40%** of population

SUSTAINABILITY & HOUSING

SUSTAINABILITY & MOBILITY



Greenhouse gas reduction; zero carbon energy resources by 2045

HOUSING



Increasing production and higher density near transit

SHARED ECONOMY



TaskRabbit



UBER

IMPLEMENTATION - ECONOMIC DEVELOPMENT TOOLS

- **Enhanced Infrastructure Financing Districts (EIFD)**
- **Community Revitalization & Investment Authority (CRIA)**
- **Development Opportunity Reserve (D.O.R.™)**
- **Sales Tax Assessment Revenue (STAR*™)**

Retail Trends

BLENDED USE - NOT MIXED USE



Residential / Hospitality

Experiential Retail

Entertainment / Fitness

Food / Grocery / Restaurants

Co-Working / Creative Office

*Although there is appetite to consume and communicate digitally, people still want to socialize, engage, eat/drink, touch and feel items... **Retail Reimagined***

THE EVOLUTION OF RETAIL

2013 Big Box Shrinkage

2014 Food Place are New Anchor Tenants

2015 Blended Use: Place, not Space

2016 Millennials Want Experience

2017 E-tail is about Omni-channeling

2018 Distribution Revolution Creates Redustrial

2019 Storytelling via Social Media

What we like & what we want is now played out on social media



Agoura Village Specific Plan

Agoura Village Specific Plan

The Specific Plan provides for 293 new multi-family units and 570,000 SF of new commercial development

- 80% of commercial development is planned for south of Agoura Rd.
- Development is limited to 2-story for residential or 3-story with ground floor retail
- Development sites have hilly topography and are subject to significant grading, thus the developer will likely need to ask approval of a relatively high density project to offset these extra costs
- The land use with the strongest market demand and highest value is multi-family apts/condos, which allows the City to meet its affordable housing goals with inclusionary requirements



Agoura Village Park Concept Drawing

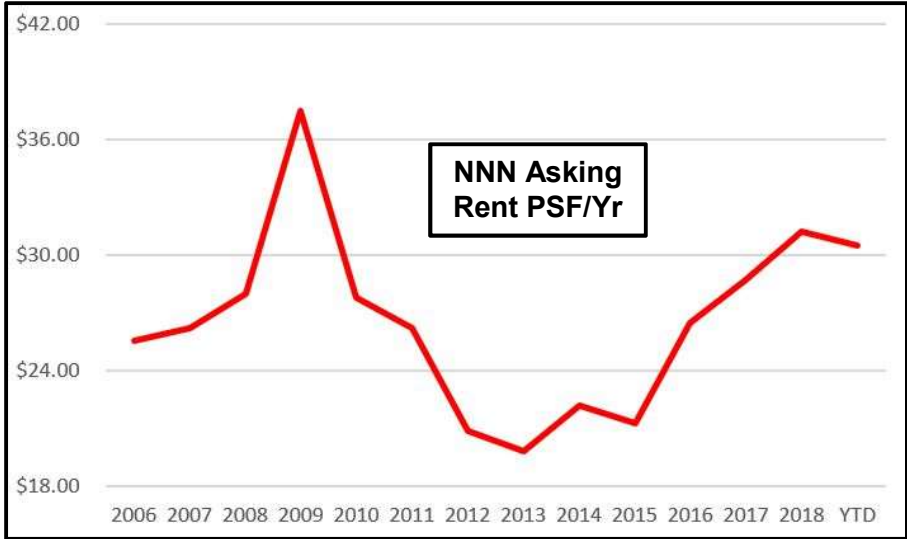


Agoura Village Specific Plan Land Use Zone Map

Retail Market History

City of Agoura Hills

Year	Inventory Bldgs	Inventory SF	Vacant SF Total	Occupancy	Gross Absorption SF Total	NNN Rent
YTD	110	1,446,160	87,395	94.0%	71,074	\$30.49



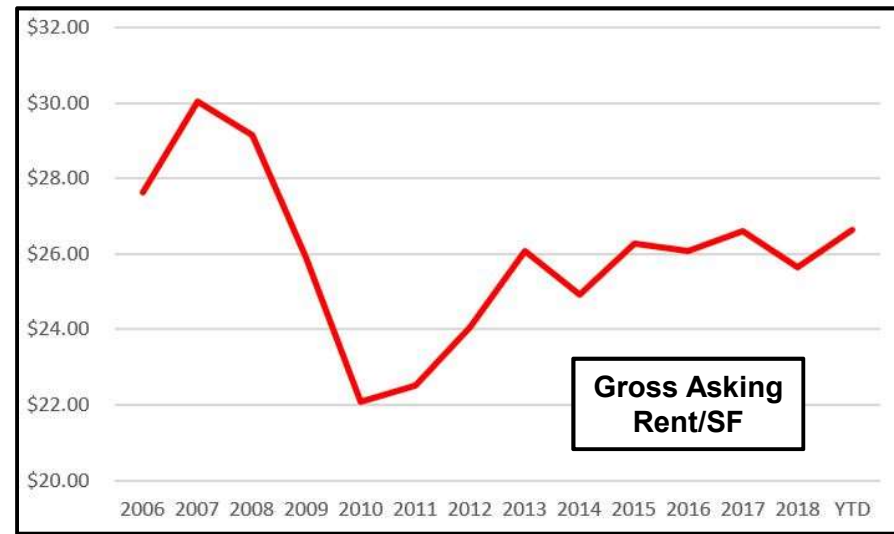
Source: CoStar (2019)



Office Market History

City of Agoura Hills

Year	Inventory Bldgs	Inventory SF	Vacant SF Total	Occupancy	Gross Absorption SF Total	Gross Rent
YTD	81	2,289,089	293,362	87.2%	105,930	\$26.65

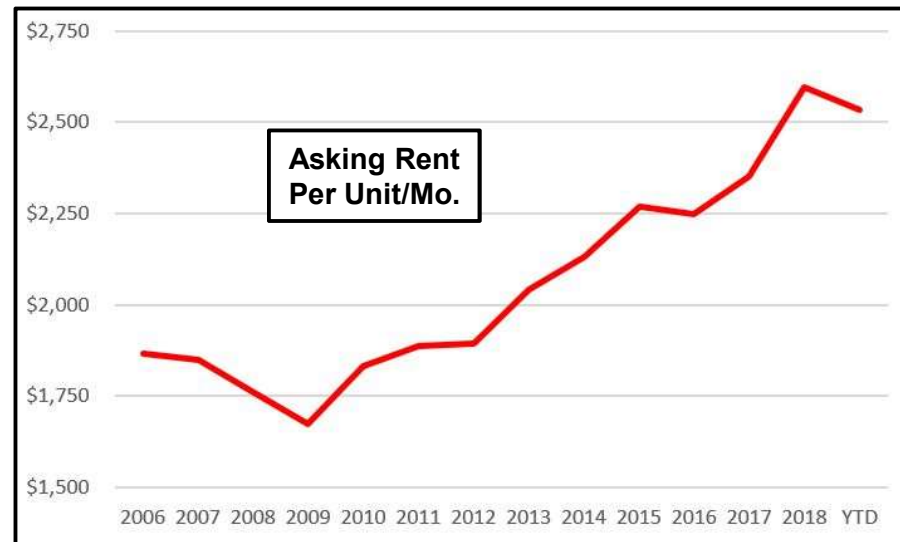


Source: CoStar (2019)

Multifamily (Apartments) Market History

City of Agoura Hills

Year	Inventory Bldgs	Inventory (units)	Vacancy (units)	Occupancy	Net Absorption (Units)	Units Under Construction	Asking Rent Per Unit
YTD	12	912	37	96.0%	(2)	-	\$2,532



Source: CoStar (2019)

Summary: Market

- Occupancy rates for retail in the City of Agoura Hills are **higher** than that of the area within a 5 mile radius of Agoura Rd. & Kanan Rd., while asking retail lease rates in Agoura Hills are **lower** than those in the 5 mile radius. Rents were depressed between 2012 and 2015, but have steadily increased and reached pre-2008 recession levels

Overall retail sales from the City are leaking slightly with key brick and mortar formats less susceptible to e-commerce retail such as grocery and restaurants slightly capturing sales. Within a five mile radius, there is significant capture in overall retail sales (driven by auto sales from Thousand Oaks Auto Mall), but major leakage in the grocery and restaurants categories.

- The office market was hit hard by the 2008 recession with occupancy rates declining by almost 27% from 2007 to 2010, and only recently have they been close to reaching pre-recession levels. Rents have been depressed compared to 2007, but have generally stabilized between \$25 and \$27 psf/yr gross since 2013
- The multifamily market in Agoura Hills is relatively small with just 912 units. Occupancy has steadily increased over the last 10 years, as have rents. Despite +95% occupancy rates and strong rent growth, only 2 new buildings totaling 23 units have been built in past six years. There is clearly demand for more apartment units
- Hotel market is healthy with occupancy rates above 80%. Regional market can support some expansion without cannibalizing current market.

Conclusion

Key Takeaways

- The Agoura Hills retail market is relatively healthy, with 95% average occupancy, but with stable population, there are limited opportunities for substantial new development
- The office market is weak with rents too low to support new development
- The Specific Plan area calls for a **50% increase** in citywide commercial land use, but Agoura Road is challenging location for significant commercial development and with substantial new commercial competing **outside** SP area
- Multifamily residential market is extremely strong, with much higher land values
- New housing permitted within the Specific Plan will support existing and new retail – generating approx. \$2 million per year in retail sales for every 100 units
- Hillside development is so expensive that higher density is typically required

Questions & Discussion

Thank you



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