

# APPENDIX H

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## URBAN DECAY REPORT



**Final Draft**

**ANALYSIS OF POTENTIAL “URBAN DECAY”  
AS A CONSEQUENCE OF THE PROPOSED EXPANSION OF  
THE WESTFIELD FASHION SQUARE SHOPPING CENTER  
SHERMAN OAKS, CALIFORNIA**

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## EXECUTIVE SUMMARY

This Report analyzes the potential for the operation of the proposed expansion of the Westfield Fashion Square regional shopping center, located in the community of Sherman Oaks within the San Fernando Valley, City of Los Angeles, to directly or indirectly cause “urban decay,” as that concept has been addressed in court decisions interpreting the California Environmental Quality Act (CEQA).

Analysis of the potential for new retail development to cause urban decay — which has been described as a chain reaction of store closures and long term vacancies, ultimately destroying existing neighborhoods and leaving decaying shells in their wake — suggests a two-part analysis. First, it must be determined whether the new retail development will attract retail sales away from existing and/or other planned future retail centers to any significant degree. Second, if sales will be attracted away, it must be determined whether the severity of this change in economic circumstances will cause disinvestment such that it is reasonably foreseeable that significant business closures, abandonment or other forms of physical deterioration or “decay” will result.

The proposed project consists of 280,000 square feet of Gross Leasable Area (GLA) to be distributed between retail stores and eating and drinking facilities as summarized in Table 1 below (“Expansion Project”):

Table 1  
PROPOSED EXPANSION PROJECT USE CATEGORIES

<u>Space Category</u>	<u>Square Feet Gross Leasable Area (GLA)</u>
In-Line Retail Space	240,000
Eating and Drinking Facilities	40,000
Grand Total	<u>280,000</u>

Source: Sherman Oaks Fashion Associates, L.P.

Construction is planned for completion in 2010; stabilized conditions are projected to be reached in 2012, the second full year of Expansion Project operations.

The analysis presented here evaluates whether the retail space contained in the Expansion Project will result in a significant adverse economic impact on existing retail developments in the market area. Methodologically, the potential for such an impact can be determined in a given market area through a comparison of the relative growth in demand for retail goods, as measured by the change in supportable retail space for particular retail store categories, with the amount of proposed additions to the supply of retail space. In this particular context, the analysis focuses on whether the proposed amount of floor area in each major retail and dining use category planned for the Expansion Project exceeds the likely increase in demand for those uses within the relevant market area(s) around Fashion Square, as measured by the anticipated growth in population and per capita personal income that would be available for expenditure on specified retail goods and dining opportunities. If the proposed change in the supply of floor area for retail and eating and drinking activities exceeds anticipated growth in demand, the resulting

competitive conditions would challenge existing retailers and restaurateurs to such a degree that net sales could be attracted away from existing stores without their likely replacement by sales from the new sources of demand. Under such circumstances, further in-depth analyses would be required to assess whether it is foreseeable that this draining of sales from existing businesses would logically result in significant disinvestment, business closures, abandonment, other forms of physical deterioration, or other forms of “urban decay.”

If, on the other hand, the amount of retail and eating and drinking facility space planned for the Expansion Project, together with space for such uses in other projects, *is less than* the increase in space that can be supported by projected increases in future demand, there are no significant adverse competitive pressures that could potentially lead to urban decay. This is because growth in customer demand will be large enough to comfortably support both the Expansion Project and other existing and planned projects offering comparable retail and restaurant uses. In this case, there is no need to evaluate the potential for urban decay as a consequence of the development of the Expansion Project.

Making these economic impact measurements requires: (1) establishing an appropriate market area for each retail and dining category in the Expansion Project for which future customer demand will be generated; (2) projecting the scale of customer demand based on population growth, income growth and spending growth for those relevant use categories over a relevant time period (i.e., 2007-2012); and (3) converting projected changes in future customer retail and eating and drinking facility spending into magnitudes of supportable square feet of GLA floor area, so that the projected increase in supportable space can be compared directly with the projected change in supply proposed for each use category in the Expansion Project development program.

Accordingly, separate market impact analyses were conducted for the types of commercial uses that are to be included in the Expansion Project: (1) three types of in-line regional retail space, including Apparel and Accessories, Furniture/Furnishings/Appliances and Specialty or “Other” retail; and (2) Eating and Drinking facility space.

The analysis concludes that, while the Expansion Project may add some new competitive retail and restaurant facilities to the regional market area, there is no reasonable likelihood that the operation of the Expansion Project would result in significant adverse economic competition within the regional market area to the degree that this competition would lead to urban decay. This conclusion is based on the finding that the amount of new retail and eating and drinking facility space that can be supported by future growth in customer demand exceeds the amounts of new retail and eating and drinking facility space that is planned for inclusion in the Expansion Project.

More specifically, the analysis includes the following impact findings and conclusions:

- ***Shopper Goods (Apparel, Furniture/Home Furnishings and Specialty Goods).*** The applicable regional market area (RMA) for analysis of the Expansion Project’s shopper goods is the same as the regional market area for the existing shopping center. It consists of the land area represented by all or a portion of 26 ZIP codes, including all or portions of the

following cities and communities: Sherman Oaks; Toluca Lake; North Hollywood; Valley Village; Encino; Studio City; Van Nuys; Valley Glen; Tarzana; Bel Air Estates; Mount Olympus; Trousdale Estates; Beverly Glen; Brentwood; Hollywood; Hollywood Hills; City of Beverly Hills; and City of Burbank. Based on an analysis of this RMA, the net addition of 240,000 square feet GLA of Shopper Goods space in the Expansion Project is projected to capture the following market shares of the anticipated growth in demand for Apparel and Accessories space; Furniture, Furnishings and Appliances space; and Specialty or “Other” retail space over the period 2007 through 2012:

Table 2  
EXPANSION PROJECT'S SHARE OF SUPPORTABLE SHOPPER GOODS SPACE  
IN THE FASHION SQUARE REGIONAL MARKET AREA

<u>Retail Category</u>	<u>Expansion Area Square Feet GLA</u>	<u>Percent of RMA Supportable Space</u>
Apparel and Accessories	144,000	43%
Furniture, Furnishings and Appliances	24,000	9%
Specialty ("Other")	72,000	8%
Total	240,000	

*Source: HR&A, Inc.; W & W, Inc.*

This leaves substantial market share to be captured by other retailers in the RMA as well as allowing existing stores to expand their sales at rates above anticipated the inflationary growth rate. Thus, it may be concluded that the development of Shopper Goods uses in the Expansion Project will not be a cause of urban decay at any of the existing shopping centers and business districts found in the market area served by Westfield Fashion Square.

- ***Eating and Drinking Facilities.*** The applicable market area for analysis of the Expansion Project’s Eating and Drinking Facilities could also be defined as the RMA for shopper goods, but it is likely that patrons of the dinner restaurants will come from a more local area. Accordingly, the market area for all of the Eating and Drinking Facilities space has been conservatively defined as a more limited three-mile radius around the existing center. Analysis of the potential impact of the proposed Eating and Drinking Facility component of the Expansion Project indicates that there is ample market support generated by local resident population and purchasing power growth within a three-mile market radius to support the proposed net addition of 40,000 square feet GLA of Eating and Drinking Facility space. As summarized below, the market shares required to sustain the Expansion Project allow for significant future demand to be captured by existing and future competition.

Table 3  
 EXPANSION PROJECT'S SHARE OF SUPPORTABLE EATING & DRINKING  
 FACILITIES SPACE IN A 3-MILE MARKET RADIUS AROUND FASHION SQUARE

<u>Restaurant Category</u>	<u>Expansion Area Square Feet GLA</u>	<u>Percent of Local M Supportable Sp</u>
Fast Food Restaurants	10,000	8%
Restaurants with Alcohol	30,000	25%
Total	<u>40,000</u>	

*Source: HR&A, Inc.; W & W, Inc.*

Because the addition of the proposed eating and drinking uses in the Expansion Project will not have a significant negative impact on the existing supply of competitive uses in the local market area, this component of the Expansion Project will not lead to urban decay at any of the existing shopping centers and business districts found in the market area served by Westfield Fashion Square.

Since we find that the scale of incremental growth in supportable shopper goods retail and eating and drinking facility space implied by future customer demand for these types of retail goods and services exceeds the floor area planned for the Expansion Project in each of the use categories that were evaluated, we conclude that no adverse economic impacts will result in the regional market area that will be served by the Expansion Project. As a result, there is no compelling economic reason to further evaluate potential changes in the physical environment (e.g., “urban decay”) that could be associated with the economic interactions between the Expansion Project and its market context.

## I. INTRODUCTION

### A. Purpose of the Analysis

This Report analyzes the potential for the operation of a 280,000 square foot GLA addition (“Expansion Project”) to the Westfield Fashion Square (“Westfield Fashion Square”), an existing regional shopping center located in the community of Sherman Oaks in the San Fernando Valley, City of Los Angeles, to directly or indirectly cause “urban decay,” as that concept has been defined in court decisions interpreting the California Environmental Quality Act (CEQA).<sup>1</sup>

Analysis of the potential for new retail development to cause urban decay — “. . . a chain reaction of store closures and long term vacancies, ultimately destroying existing neighborhoods and leaving decaying shells in their wake”<sup>2</sup> — suggests a two-part analysis. First, it must be determined whether the new retail development will attract retail sales away from existing and/or other planned future retail centers to any significant degree. Second, if so, it must be determined whether the severity of this change in economic circumstances will cause significant disinvestment to such a degree such that it is reasonably foreseeable that business closures, abandonment or other forms of physical deterioration or “urban decay” will result.

This report was prepared for Sherman Oaks Fashion Associates, L.P., the owner of Westfield Fashion Square, by HR&A Advisors, Inc. (HR&A), in association with Whitney & Whitney, Inc. (W&W). The two firms provide independent professional urban and other economic analysis to a wide range of public and private clients. Summaries of the firms’ respective qualifications are included in Appendix A to this Report.

### B. Overview of Westfield Fashion Square and Expansion

The following is a description of the existing Westfield Fashion Square regional shopping center and the proposed Expansion Project.

#### 1. Project Location

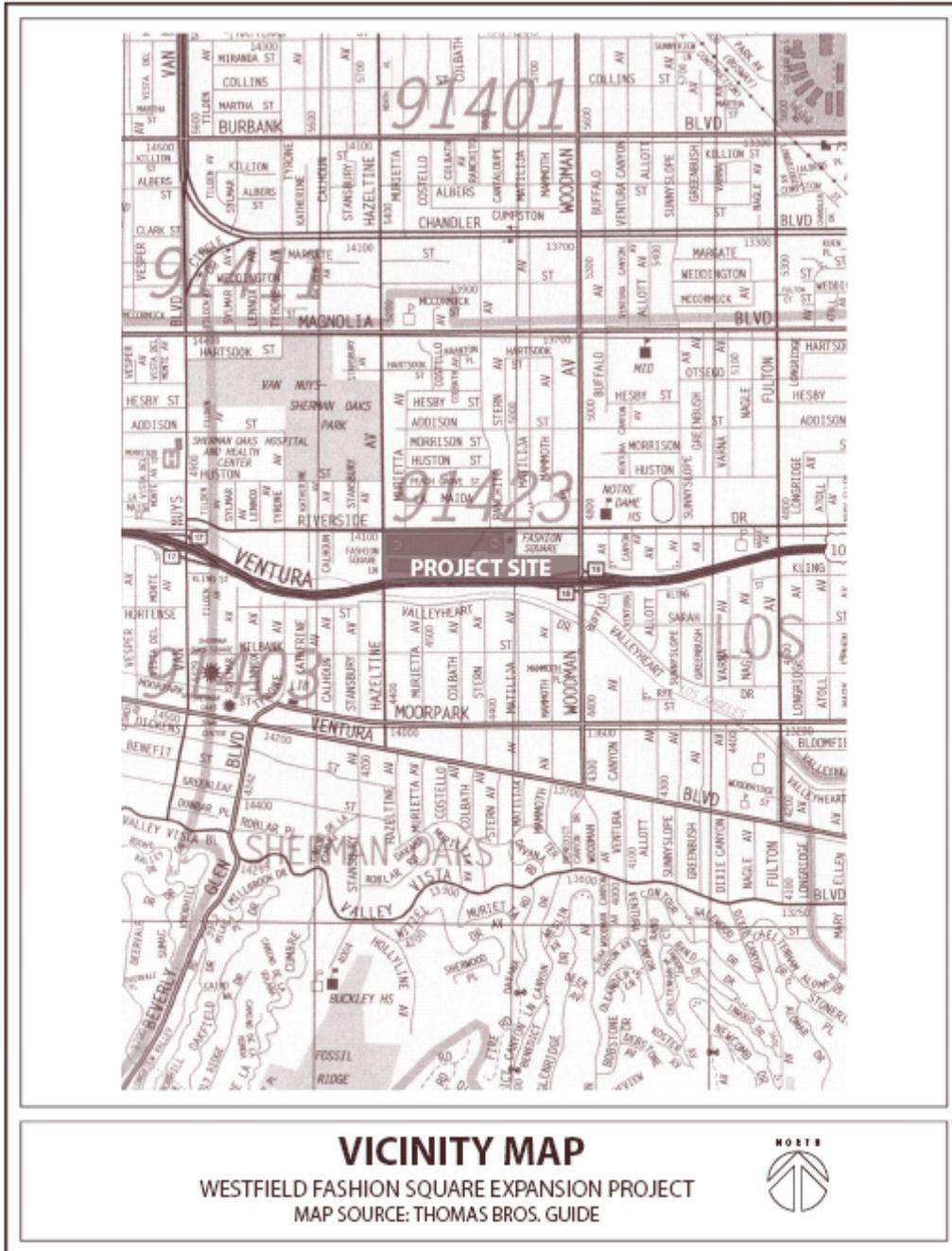
The subject property is located along Riverside Drive between Woodman Avenue and Hazeltine Avenue at the existing Fashion Square shopping center. The entire shopping center is approximately 28.8 acres and is bordered by Riverside Drive to the north, Hazeltine Avenue to the west, the Ventura Freeway (101) to the south, and Woodman Avenue to the east within the Van Nuys–North Sherman Oaks Community Plan Area of the City of Los Angeles (see Figure 1).

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<sup>2</sup> Collectively, Cal. Public Resources Code § 21000, *et seq.* and Calif. Admin. Code §15000 *et seq.*, commonly referred to as the “CEQA Guidelines.”

<sup>2</sup> *Bakersfield Citizens for Local Control v. City of Bakersfield* (2004) 124 Cal.App.4th 1184 at 1204.

**Figure 1  
Regional and Project Vicinity Map**



The project site is roughly rectangular covering almost the entire area bound by the roadways identified above. An approximately 3.0 acre parcel located at the southwest corner of the Riverside Drive/Woodman Avenue intersection that is currently developed with retail uses (Linens N' Things, a Ross store, a toy store, and a Bank of America) is not part of the project.

## 2. Project Background

The subject property is commonly known as the Fashion Square shopping center, which has been a vital commercial and retail portion of the Sherman Oaks community since the early 1960s. The entire shopping center is approximately 28.8 acres and is currently entirely developed with mall buildings or surface and structure parking. The shopping center features Macy's and Bloomingdale's department stores at the east and west ends of the center, respectively, as well as a collection of smaller retail stores and a food court. Under City of Los Angeles Department of City Planning case ZA-95-0899-CUZ, the shopping center was approved for a total of 975,000 gross leasable square feet, of which 867,000 square feet have been constructed to date, leaving an approved remainder of 108,000 gross leasable square feet.

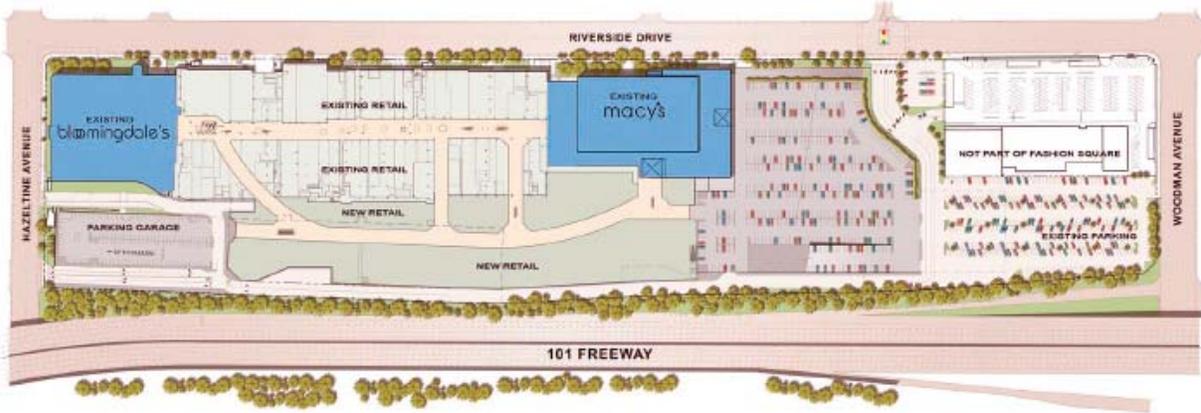
The proposed project includes construction of the remaining 108,000 gross leasable square feet of development previously permitted and the development of an additional 172,000 gross leasable square feet, for a total of approximately 280,000 gross leasable square feet of retail and restaurant uses. Accounting for mechanical/electrical equipment rooms, emergency access, tenant storage space, corridors and other City requirements, 280,000 gross leasable square feet is approximately 426,556 square feet and the building footprint is approximately, 482,740 square feet in size.

Land uses to the north, across Riverside Drive, include multi- and single-family residential properties. To the west, land uses include an office building west of Hazeltine Avenue, retail office, and City of Los Angeles Department of Water and Power uses at the intersection of Riverside Drive and Hazeltine Avenue. To the south, the site is bordered by the Ventura (101) Freeway. To the east, land uses include commercial along Woodman Avenue, south of Riverside Drive as well as the Notre Dame High School on the northeast corner of the intersection of Riverside Drive and Woodman Avenue.

## 3. Project Description

The proposed Expansion Project will be located on the southerly portion of the site, primarily between the existing shopping center and the Ventura (101) Freeway. Due to the revised access scheme along Riverside Drive and construction on an enhanced parking structure for the site, a portion of the parking structure will extend toward Riverside Drive, between the existing Macy's building and the approximately 3.0 acre parcel at the southwesterly corner of the Riverside Drive/Woodman Avenue intersection that is not a part of this project (see Figure 2).

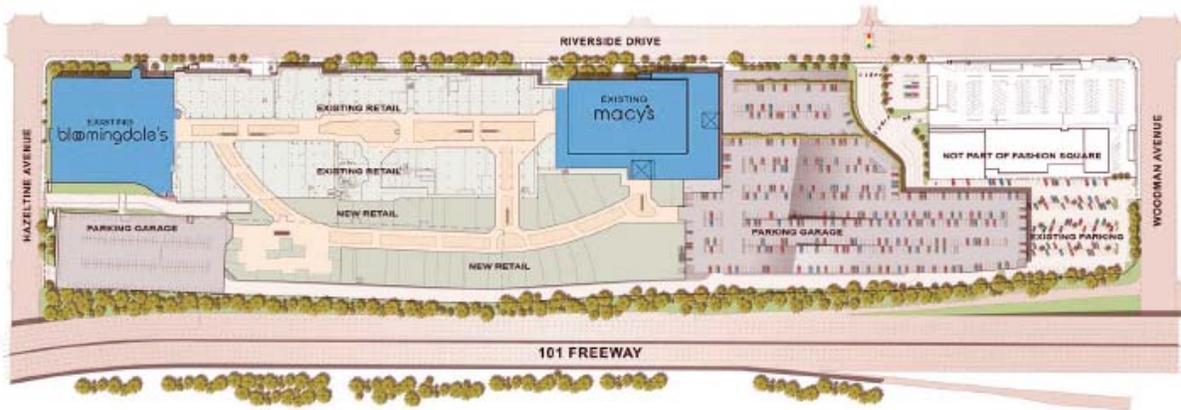
**Figure 2.  
Conceptual Site Plan**



Woodfield Design  
1101 Wilshire Blvd., 11th Floor  
Los Angeles, CA 90027

**FASHION SQUARE LEVEL 1**

Scale  
1" = 30' 0"



Woodfield Design  
1101 Wilshire Blvd., 11th Floor  
Los Angeles, CA 90027

**FASHION SQUARE LEVEL 2**

Scale  
1" = 30' 0"



The Expansion Project is proposed to be completed in one phase with two stages. The first stage would include the construction of a seven-level parking structure (one subterranean level, a grade level and five above-grade levels) south of the existing two-level parking structure serving the Macy's department store. The second stage would include demolition of the southern three-level parking structure serving the existing shopping center, and construction of two shopping mall levels, with one level of subterranean parking and rooftop parking. Construction of the Expansion Project is planned to be completed in 2010, making 2011 the first full year of operations. It is anticipated that stabilized operations in terms of retail and dining sales would be achieved by 2012.

The GLA in the Expansion Project will be distributed between two general tenant types commonly found in regional shopping centers. This distribution is detailed below in Table 4, together with projections of the expected sales volume per square foot of GLA for each type of space and the expected annual sales volume of the total addition expressed in 2007 dollars. The projected sales per square foot standards utilized in the table and at other places in this Report are based upon discussions held with market analysts at Westfield; published industry reports such as The Urban Land Institute's (ULI) *Dollars & Cents of Shopping Centers* biennial reports, discussions with other retail shopping center experts, and HR&A/W&W expert opinion of the market potential of the Westfield Fashion Square site.

**Table 4**  
**PROPOSED TENANT PROFILE, EXPANSION SPACE AT WESTFIELD FASHION SQUARE**

<u>Retail Space Category</u>	<u>Proposed Tenant Type</u>	<u>Square Feet GLA 1/</u>	<u>Projected Sales 2/ per Sq Ft GLA</u>	<u>Projected Annual Sales</u>
Shopper Goods 3/	Apparel/Homeware/ Other Specialty	240,000	\$ 400	\$ 96,000,000
Eating & Drinking	Food Court/Restaurants	<u>40,000</u>	\$ 550	<u>\$ 22,000,000</u>
	Total	180,000		\$ 118,000,000

1/ GLA: Gross Leasable Area.

2/ Measured in Constant 2007 Dollars.

3/ Shopper Goods, also referred to as Comparison Goods, refer to four categories of retail stores commonly found in regional shopping centers: Apparel and Accessories; General Merchandise except Drug Stores; Home Furnishings, Appliances and Related; and Specialty Retail items such as Books, Sporting Goods, Office Supplies and Jewelry.

Source: *Sherman Oaks Fashion Associates, L.P., Inc.; HR&A, Inc.; W&W, Inc.*

A more detailed description of the proposed space in the Expansion Project floor area program is provided below:

- **Shopper Goods.** Almost 86 percent of the proposed GLA in the Expansion Project, or 240,000 square feet, are to be allocated for "Shopper Goods." Also referred to as "Comparison Goods," this type of retail activity is the staple of regional shopping centers, as department stores and in-line retail stores selling Shopper Goods typically constitute at least 80 percent of the total occupied space. By definition, Shopper Goods encompass four types

of retail stores:<sup>3</sup> apparel and accessories stores; general merchandise stores (most commonly, department stores); furniture, home furnishings, appliance and related stores; and specialty retail stores, encompassing a diverse array of retail shops selling such items as gifts, art goods, sporting goods, florists, photographic equipment, musical instruments, stationery, books, jewelry, and office and school supplies. Shopper or Comparison Goods derive their name from shopper behavior commonly related to their purchase. Characteristically, given the level of expenditure and the diversity of product choice involved, a shopper will travel a reasonable distance to compare prices and consider a range of alternative goods as part of the purchase decision.

Because department stores are not being considered for the Expansion Project, this analysis focuses on the three other major categories of Shopper Goods: Apparel and Accessories; Furniture, Home Furnishings and Appliances; and Specialty or “Other” retail stores.

- ***Eating and Drinking Facilities.*** This use category will constitute a net addition of 40,000 square feet GLA, or slightly over 14 percent of the Expansion Project. Eating and drinking facilities will include both dinner restaurants offering full bar or wine and beer as well as fast-food units organized around a central food court. While a substantial amount of eating and drinking facility patronage will come from shoppers who are visiting other stores at Fashion Square, it is likely that there will also be local support for these facilities independent of shopping center customers that will be drawn from a local market that is best represented by a 3.0- mile radius around the existing center.

A preliminary distribution of the Expansion space by major retail space category is provided in Table 5 below:

Table 5  
DISTRIBUTION OF SPACE BY MAJOR CATEGORY  
WESTFIELD FASHION SQUARE EXPANSION PROGRAM

<u>Space Category</u>	<u>Square Feet Gross Leasable Area (GLA)</u>
Retail	
Apparel	144,000
Furniture/Furnishings	24,000
Specialty/Other	72,000
Subtotal, Retail	240,000
Eating & Drinking	
Four Dinner Restaurants	30,000
13 Fast Food Units	10,000
Subtotal, Eating & Drinking	40,000
<b>GRAND TOTAL</b>	<b>280,000</b>

Source: Sherman Oaks Fashion Associates, L.P.

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<sup>3</sup> The definition of “Shopper Goods” generally follows the retail store classification system utilized by the State of California Board of Equalization.

### C. The “Urban Decay” Concept in Environmental Impact Analysis

When a proposed development project is subject to CEQA, both direct and indirect (or “secondary”) impacts of the project on the physical environment must be analyzed.<sup>4</sup> Economic and social impacts of a project, though they may be included in a CEQA document, are not to be treated as “significant” impacts on the physical environment,<sup>5</sup> as defined.<sup>6</sup> To the extent that there is a direct or indirect causal connection between a change in economic or social circumstances and a change in the physical environment, the economic or social change may be used to establish whether the physical change is “significant.”<sup>7</sup>

With this statutory and interpretive guidance in mind, the courts have recognized that there is a potential for a proposed new retail development to trigger economic competition with existing retailers in the project’s host community. If existing retailers are adversely affected by this competition, declines in sales could directly result in and/or lead to disinvestment, business closures, abandonment and other forms of physical deterioration that are indicative of “urban decay.” If the severity of this change in physical circumstances is so substantial that it adversely affects appropriate use of the area or otherwise threatens the public health, safety or general welfare, this situation may cross a threshold that defines a “significant impact” under CEQA, such that mitigation capable of reducing the impact on that physical environment must be considered.

Thus, for urban decay to be an issue within the meaning of CEQA, there must first be an adverse economic circumstance that is likely to be caused by a proposed project. If such an adverse effect is identified, then the severity of this economic impact must be evaluated for its potential to cause a significant change in the physical environment (i.e., “decay”). Accordingly, this Report presents an assessment of whether the proposed Expansion retail uses could reasonably be projected to cause adverse economic circumstances in the surrounding market areas applicable to the Expansion improvements. Only to the degree that such adverse circumstances can be predicted reasonably is there any need to evaluate the potential to cause “decay” or other significant physical changes in the environment.

Section II of this Report presents an analytic framework for assessing whether the Expansion development could cause adverse economic impacts on the surrounding retail market context, then applies this framework to the specific retail components of the Expansion improvements and their respective market areas. Appendix B includes further details on the data sources and projections used in this analysis.

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<sup>4</sup> CEQA Guidelines § 15358.

<sup>5</sup> CEQA Guidelines §§ 15064 and 15382.

<sup>6</sup> “A substantial or potentially substantial adverse change in the environment.” (Public Resources Code § 21068). The focus on physical changes in the environment is further reinforced by §§ 21100 and 21151.

<sup>7</sup> See, in general, CEQA Guidelines §§ 15131(a) and (b), and their associated discussion section.

## II. METHODOLOGICAL APPROACH AND IMPACT MEASUREMENT

The analysis measures the degree to which the Expansion Project could result in a significant adverse economic impact on their respective market areas. Methodologically, any such impact is identified and measured by assessing the degree to which the amount of space planned for each Expansion Project retail and dining use category would *exceed* the anticipated increase in the supportable amount of retail and dining space that can be inferred from growth in future customer demand for comparable retail and dining in a defined market area. If proposed supply exceeds anticipated growth in demand, it could be argued that the Expansion Project could attract sales away from other existing or planned new retail and dining establishments of the same type. Such a finding, in turn, would require further investigation to assess whether it is foreseeable that this potential attraction of sales away from other retail and dining businesses could result in disinvestment, business closures, abandonment, other forms of physical deterioration that are effectively indicators of “urban decay.” If, on the other hand, the amount of retail and dining space planned for Expansion Project *is less than* the amount of retail and dining space that can be supported by projected future demand, it can be concluded that the scale of potential customer demand is sufficiently large that it can support both the Expansion Project and all other existing and planned retail and dining space of the same general categories, and, as a result, there would be no need to evaluate the potential for urban decay.

Making these economic impact measurements typically requires: (1) establishing market area appropriate for each retail and dining category from which future customer demand will be generated; (2) projecting the likely increase in customer demand based on population growth, income growth and spending patterns for particular categories of retail goods and types of dining over a relevant time period (i.e., 2007-2012); and (3) converting the projected changes in future customer demand to amounts of supportable retail and dining GLA floor area, so that the level of change in demand can be compared directly to the projected change in GLA proposed for the Expansion Project.

Accordingly, separate market impact analyses were conducted for each of the three principal types of retail shopper goods space that are to be included in Expansion as well as the eating and drinking facilities space. These analyses are presented below.

### A. Shopper Goods Space Impact Analysis

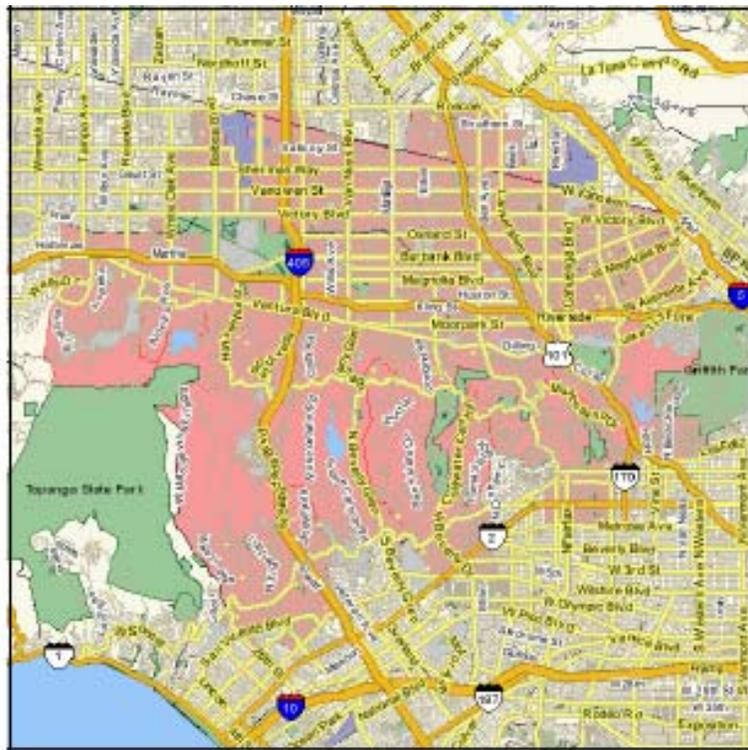
As noted above, the Expansion Project will provide a total of 240,000 square feet of Shopper Goods space that will encompass a variety of apparel, home furnishings and specialty goods retailers. In the existing Westfield Fashion Square, about 783,000 square feet (90% of total current floor area) are devoted to Shopper Goods space, per the ULI definition of shopper goods. The Expansion Project therefore represents a 31 percent expansion in the amount of shopper goods floor area at Westfield Fashion Square.

While this addition represents an important change in the center’s composition of shopper goods merchandise, it does not alter the strong attraction of the exiting center, which is determined by its two Department Stores. Thus, the scale of the Regional Market Area (RMA) that applies to Westfield Fashion Square center today will be the same RMA that applies to the

Expansion Project. This RMA consists of the land area represented by all or a portion of 26 ZIP codes. The RMA, delineated in Figure 3 below, covers all or portions of the following cities and communities: Sherman Oaks; Toluca Lake; North Hollywood; Valley Village; Encino; Studio City; Van Nuys; Valley Glen; Tarzana; Bel Air Estates; Mount Olympus; Trousdale Estates; Beverly Glen; Brentwood; Hollywood; Hollywood Hills; City of Beverly Hills; and City of Burbank. These boundaries take into account customer patronage information provided by the center's on-site manager, the local and regional highway and road systems, locations of competitor centers, among other factors.

**Figure 3: Shopper Goods Regional Market Area**

(need better graphic to be prepared by environmental consultant)



Within this market area there are several shopping districts and community shopping centers which, to one degree or another, compete with Westfield Fashion Square. This competitive market supply principally includes the various retail offerings that are located along Ventura Boulevard from its origin at Lankershim Boulevard near Universal Studios on the east to Reseda Boulevard on the west. To a limited extent, the Beverly Hills Triangle, located within the RMA, is a source of competition for shoppers residing south of Mulholland Drive, along with a number of regional centers that are located on the periphery just outside the RMA, including:

Burbank Town Center (also known as Media Center); Westfield Topanga; Westfield Promenade; Westfield Century City; and Beverly Center.<sup>8</sup>

Estimates for the RMA prepared by Claritas, Inc., a well-accepted third party demographic data source, indicate that as of 2007 the population for the RMA is 728,332 persons. Existing per capita income<sup>9</sup> is estimated at \$56,208, and the aggregate RMA personal income is estimated at \$40.9 billion. The demand for retail goods in the RMA is estimated at nearly \$13.6 billion in 2007, equivalent to 33.3 percent of the market area’s aggregate personal income. As shown in Table 6, of this total retail demand, slightly under one-fifth (19.7%) can be expected to be captured by three categories of Shopper Goods stores: Apparel and Accessories Stores; Furniture, Furnishings and Appliance Stores (Household); and Specialty or “Other” Retail Stores.

Table 6  
DISTRIBUTION OF NON-DEPARTMENT STORE SHOPPER GOODS  
RETAIL SALES IN THE FASHION SQUARE RETAIL MARKET AREA

<u>Retail Category</u>	<u>Percent of Retail Sales</u>
Apparel and Accessories	4.41%
Furniture, Furnishings and Appliances	3.58%
Specialty (“Other”)	11.71%
Total	19.70%

*Source: California State Board of Equalization, 2005 Annual Report; HR&A, Inc.; W & W, Inc.*

Together, these three shopper goods categories are anticipated to comprise nearly 86 percent of the Expansion space. As shown in a summary fashion in Table 7, and with greater detail in Table 8, between 2007 and 2012 the growth in demand in the RMA for these three retail store categories is projected to total over \$688.4 million, based upon anticipated population increases and personal income growth.

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<sup>8</sup> There is one older existing complex—the Laurel Plaza complex which is currently undergoing significant renovation—that is located within the RMA, but it serves a very different socioeconomic stratum and is not considered as a major competitive influence. Similarly, the Panorama Mall and Northridge regional shopping centers, located north and west of Westfield Fashion Square in the San Fernando Valley, though just outside the boundaries of the RMA, are not considered to be competitive, as their market orientations are very different from that of Westfield Fashion Square.

<sup>9</sup> The per capita income measure utilized here is the personal income definition utilized by the Bureau of Economic Analysis as reported for residents of the State of California and each individual county. The percentage of personal income utilized for retail sales is based upon estimates of aggregate personal income for the state *vis a vis* total retail sales. For further detail on these relationships, please see the discussion of income concepts presented in Appendix B.

**Table 7**  
**SUMMARY OF PROJECTED INCREASES IN NON-DEPARTMENT STORE**  
**SHOPPER GOODS RETAIL SALES DEMAND**  
**IN THE FASHION SQUARE REGIONAL MARKET AREA, 2007-2012**

<u>Retail Category</u>	( in millions)
Apparel and Accessories	\$ 154.1
Furniture, Furnishings and Appliances	\$ 125.1
Specialty ("Other")	\$ 409.2
<b>Total</b>	<b>\$ 688.4</b>

Source: HR&A, Inc.; W & W, Inc.

**Table 8**  
**PROJECTED GROWTH IN DEMAND FOR SELECTED SHOPPER GOODS**  
**WESTFIELD FASHION SQUARE REGIONAL MARKET AREA (RMA)**  
**2007-2012**

	Net Change ('000s)						
	<u>2007-2012</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Regional Market Area (PMA) Population	42,102	728,332	736,564	744,889	753,309	761,823	770,434
Per Capita Personal Income	\$ 10,549	\$ 56,208	\$ 58,175	\$ 60,211	\$ 62,319	\$ 64,500	\$ 66,757
Aggregate Regional Market Area Income ('000s)	\$ 10,494,141	\$ 40,938,085	\$ 42,849,828	\$ 44,850,846	\$ 46,945,309	\$ 49,137,580	\$ 51,432,226
Percent of Personal Income Allocable for Retail Sales:		33.3%	33.3%	33.3%	33.3%	33.3%	33.3%
Potential Demand for Retail Sales ('000s)	\$ 3,494,549	\$ 13,632,382	\$ 14,268,993	\$ 14,935,332	\$ 15,632,788	\$ 16,362,814	\$ 17,126,931

**Calculation of Demand for Selected Shopper Goods by Major Category:**

	% of Total Demand	Net Change ('000s)						
		<u>2007-2012</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Apparel</b>	4.41%	\$ 154,110	\$ 601,188	\$ 629,263	\$ 658,648	\$ 689,406	\$ 721,600	\$ 755,298
Incremental Growth in Demand by Year ('000s)				\$ 28,075	\$ 29,386	\$ 30,758	\$ 32,194	\$ 33,698
<b>Cumulative Growth in Demand ('000s)</b>				\$ 28,075	\$ 57,460	\$ 88,218	\$ 120,412	\$ 154,110
<b>Household Furnishings, Appliances, et al</b>	3.58%	\$ 125,105	\$ 488,039	\$ 510,830	\$ 534,685	\$ 559,654	\$ 585,789	\$ 613,144
Incremental Growth in Demand by Year ('000s)				\$ 22,791	\$ 23,855	\$ 24,969	\$ 26,135	\$ 27,355
<b>Cumulative Growth in Demand ('000s)</b>				\$ 22,791	\$ 46,646	\$ 71,615	\$ 97,749	\$ 125,105
<b>Specialty or "Other"</b>	11.71%	\$ 409,212	\$ 1,596,352	\$ 1,670,899	\$ 1,748,927	\$ 1,830,599	\$ 1,916,086	\$ 2,005,564
Incremental Growth in Demand by Year ('000s)				\$ 74,547	\$ 78,028	\$ 81,672	\$ 85,486	\$ 89,478
<b>Cumulative Growth in Demand ('000s)</b>				\$ 74,547	\$ 152,575	\$ 234,247	\$ 319,734	\$ 409,212

Source: California State Board of Equalization; Claritas, Inc.; HRA, Inc.; W & W, Inc.

Tables 9 (summary) and 10 (detailed presentation) translate the projected incremental change in RMA demand for Apparel/Household/Specialty goods into a measure of net supportable retail space, allowing for a threshold sales requirement of \$400 per square foot of GLA in 2007 to reflect the necessary basis for effective market support. This sales support requirement is expected to increase at the rate of three percent annually, reaching \$464 per square foot of GLA in 2012. Over the five-year analysis period, the projected increase in

supportable retail space for the combined Apparel/ Household/Specialty retail categories is nearly 1.5 million square feet.

**Table 9**  
**SUMMARY OF PROJECTED INCREASES IN SUPPORTABLE GLA**  
**FOR SELECTED SHOPPER GOODS IN THE**  
**FASHION SQUARE REGIONAL MARKET AREA, 2007-2012**

<u>Retail Category</u>	<u>SF GLA</u>
Apparel and Accessories	332,341
Furniture, Furnishings and Appliances	269,791
Specialty ("Other")	<u>882,474</u>
Total	<u>1,484,606</u>

*Source: HR&A, Inc.; W & W, Inc.*

**Table 10**  
**PROJECTED INCREASE IN SUPPORTABLE SPACE FOR SELECTED SHOPPER GOODS**  
**WESTFIELD FASHION SQUARE REGIONAL MARKET AREA (RMA)**  
**2007-2012**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Projected Increase in Supportable Retail Space:</b>						
Sales per Square Foot of GLA Requirement, Average:	\$ 400	\$ 412	\$ 424	\$ 437	\$ 450	\$ 464
Base	\$ 400					
Annual Increase in Required Support	3.0%					
		<u><b>In Square Feet GLA</b></u>				
<b>Supportable Apparel Space in GLA, Annual Increase</b>		68,142	69,247	70,369	71,510	72,670
<b>Cumulative Increase (Adjusted for higher sales requirement per square foot)</b>		68,142	135,404	201,830	267,461	332,341
<b>Supportable Furniture/Furnishings Space in GLA, Annual Increase</b>		55,317	56,214	57,125	58,051	58,993
<b>Cumulative Increase (Adjusted for higher sales requirement per square foot)</b>		55,317	109,920	163,844	217,123	269,791
<b>Supportable Specialty Retail Space in GLA, Annual Increase</b>		180,940	183,873	186,854	189,883	192,962
<b>Cumulative Increase (Adjusted for higher sales requirement per square foot)</b>		180,940	359,542	535,924	710,198	882,474

*Source: HRA, Inc.; W & W, Inc.*

The proposed Expansion Project space allocation for each retail category is compared to the projected increase in supportable retail space within the RMA over the period 2007-2012 in Table 11. This analysis indicates that the proposed Expansion allocation for Apparel and Accessories space represents 43 percent of the projected net increase in supportable space in that category for the RMA between 2007 and 2012. Similarly, the proportion of Expansion Project space that will be developed for Household retail goods represents nine percent of the potential market increase in Household Goods supportable space over the same period, and the proposed allocation for Specialty retail goods represents about eight percent of the total market increase in supportable space for that space category.

**Table 11**  
**COMPARISON OF PROJECTED INCREASE IN MARKET DEMAND WITH PROJECTED EXPANSION SUPPLY**  
**SELECTED SHOPPER GOODS SPACE**  
**WESTFIELD FASHION SQUARE REGIONAL MARKET AREA (RMA)**  
**2007-2012**

	<i>In Square Feet GLA</i>					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Total Supportable Apparel Space in RMA</b>		68,142	135,404	201,830	267,461	332,341
<b>Westfield Fashion Square Apparel Space</b>				144,000	144,000	144,000
<i>Westfield Market Share of Increase in Demand</i>				71%	54%	43%
<b>Total Supportable Furniture/Furnishings Space in RMA</b>		55,317	109,920	163,844	217,123	269,791
<b>Westfield Fashion Square Furniture/Furnishings Space</b>				24,000	24,000	24,000
<i>Westfield Market Share of Increase in Demand</i>				15%	11%	9%
<b>Total Supportable Specialty Retail Space in RMA</b>		180,940	359,542	535,924	710,198	882,474
<b>Westfield Fashion Square Specialty Retail Space</b>				72,000	72,000	72,000
<i>Westfield Market Share of Increase in Demand</i>				13%	10%	8%

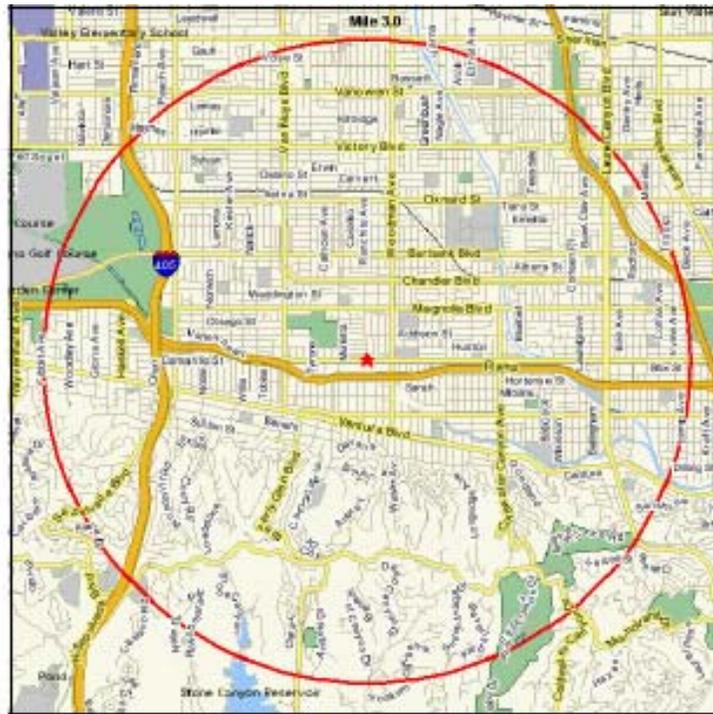
Source: HRA, Inc.; W & W, Inc.

Given the size of the existing RMA and its likely continued growth in population and per capita personal income over the five year period 2007 through 2012, the proposed Expansion Project will not have a significant impact on the existing base of Shopper Goods retail space in the RMA. Moreover, given Westfield management's intent to offer stores that will market to higher income households, the Expansion Project should not have a significant impact on the older centers on the periphery of the RMA in the San Fernando Valley that serve residents with more modest incomes.

## **B. Eating and Drinking Facilities Impact Analysis**

While the demand for the Expansion Project's Eating and Drinking Facilities would logically be generated from the entire RMA, because shoppers at the center would be the most likely customers to patronize the available restaurants, it can be argued that the major source of market support for the Expansion Project's major dinner restaurants would come from the local residents of Sherman Oaks and other nearby communities that are found near the site. As a consequence, the Eating and Drinking Facilities analysis utilizes a 3.0-mile market radius as the basis for determining the magnitude of market support that exists for proposed Eating and Drinking Facilities at the Westfield Fashion Square site. The 3.0-mile market radius is identified in Figure 4 below:

**Figure 4: 3.0-Mile Market Radius**



Tables 12 (summary) and 13 (detailed presentation) provide a projection of the increase in Eating and Drinking Facilities demand for the period 2007 through 2012 by utilizing an analytic approach similar to the one presented above that assessed the need for additional Shoppers' Goods retail space. The analysis considers two types of restaurant space for the Expansion: Dinner Restaurants, which would constitute about 30,000 square feet of the Expansion Project's GLA; and Fast Food Units organized around a central food court, representing about 10,000 square feet of GLA. In Table 12, the fast food units are considered to be comparable to restaurants that the California State Board of Equalization characterizes as "Restaurants, No Alcohol", while dinner restaurants would be considered as comparable to the State's category of "Restaurants with Alcohol." The anticipated growth in demand within the 3.0-mile market area for eating and drinking facilities over the period 2007-2012 should approach \$155.7 million.

Table 12  
SUMMARY OF PROJECTED INCREASE IN EATING & DRINKING SALES  
DEMAND IN A 3-MILE MARKET AREA AROUND FASHION SQUARE, 2007-2012

<u>Restaurant Category</u>	(in Millions)
	<u>2007-2012</u>
Restaurants, No Alcohol	\$ 79.6
Restaurants with Alcohol	\$ 76.1
Total	\$ 155.7

Source: HR&A, Inc.; W & W, Inc.

**Table 13**  
**PROJECTED GROWTH IN DEMAND FOR EATING AND DRINKING FACILITIES**  
**WESTFIELD FASHION SQUARE 3.0-MILE MARKET AREA**  
**2007-2012**

	<u>Net Change</u> <u>2007-2012</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Eating & Drinking Facility Market Area	15,504	228,558	231,578	234,638	237,738	240,879	244,062
Per Capita Personal Income (per Census Definition)	\$ 9,661	\$ 51,476	\$ 53,278	\$ 55,142	\$ 57,072	\$ 59,070	\$ 61,137
Aggregate Regional Market Area Income ('000s)	\$ 3,156,050	\$ 11,765,252	\$ 12,337,930	\$ 12,938,485	\$ 13,568,271	\$ 14,228,713	\$ 14,921,302
Potential Demand for Retail Sales ('000s)	\$ 1,436,003	\$ 5,353,189	\$ 5,613,758	\$ 5,887,011	\$ 6,173,563	\$ 6,474,064	\$ 6,789,192

**Calculation of Demand for Eating and Drinking Facilities by Major Category:**

	<u>% of Total</u> <u>Demand</u>	<u>Net Change</u> <u>('000s)</u> <u>2007-2012</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Restaurants, No Alcohol</b>	5.54%	\$ 79,555	\$ 296,567	\$ 311,002	\$ 326,140	\$ 342,015	\$ 358,663	\$ 376,121
Incremental Growth in Demand by Year ('000s)				\$ 14,436	\$ 15,138	\$ 15,875	\$ 16,648	\$ 17,458
<b>Cumulative Growth in Demand ('000s)</b>				\$ 14,436	\$ 29,574	\$ 45,449	\$ 62,096	\$ 79,555
<b>Restaurants with Alcohol</b>	5.30%	\$ 76,108	\$ 283,719	\$ 297,529	\$ 312,012	\$ 327,199	\$ 343,125	\$ 359,827
Incremental Growth in Demand by Year ('000s)				\$ 13,810	\$ 14,482	\$ 15,187	\$ 15,927	\$ 16,702
<b>Cumulative Growth in Demand ('000s)</b>				\$ 13,810	\$ 28,293	\$ 43,480	\$ 59,406	\$ 76,108

Source: California State Board of Equalization; Claritas, Inc.; HRA, Inc.; W & W, Inc.

Allowing for both classes of restaurants to achieve sales volumes approaching \$550 per square feet in 2007 as a threshold support requirement, by 2012 the anticipated increase in local area demand should be able to sustain additional restaurant space in an amount approaching 100,000 square feet for fast food units and over 95,000 square feet for restaurants serving alcohol. These projections are shown in Table 14 below:

**Table 14**  
**PROJECTED INCREASE IN SUPPORTABLE SPACE FOR EATING AND DRINKING FACILITIES**  
**WESTFIELD FASHION SQUARE 3.0-MILE MARKET AREA**  
**2007-2012**

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Projected Increase in Supportable Retail Space:</b>						
Sales per Square Foot of GLA Requirement, Average:	\$ 550	\$ 567	\$ 583	\$ 601	\$ 619	\$ 638
Base	\$ 550					
Annual Increase in Required Support	3.0%					
		<b>In Square Feet GLA</b>				
<b>Supportable Fast Food Restaurant Space in GLA, Annual Increase</b>		25,482	25,944	26,414	26,893	27,381
<b>Supportable Fast Food Restaurant Space in GLA, Cumulative Increase</b>		25,482	50,684	75,622	100,313	124,772
<b>Supportable Dinner Restaurant Space in GLA, Annual Increase</b>		24,378	24,820	25,270	25,728	26,195
<b>Supportable Dinner Restaurant Space in GLA, Cumulative Increase</b>		24,378	48,488	72,346	95,967	119,366

Source: HRA, Inc.; W & W, Inc.

Table 15 provides a comparison of the projected increase in supportable eating and drinking facilities space over the period 2007 through 2012 from local market sources with the proposed supply to be developed in the Expansion Project. The analysis indicates that for fast food units the Expansion Project represents about eight percent of the anticipated increase in supportable space; for dinner restaurants (restaurants serving alcohol), the Expansion Project represents about 25% of the total supportable space.

**Table 15**  
**COMPARISON OF PROJECTED MARKET DEMAND WITH PROJECTED EXPANSION SUPPLY**  
**EATING AND DRINKING FACILITIES SPACE**  
**WESTFIELD FASHION SQUARE 3.0-MILE MARKET AREA**  
**2007-2012**

	<i>In Square Feet GLA</i>					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
<b>Total Supportable Fast Food Restaurant Space in Market Area</b>		25,482	50,684	75,622	100,313	124,772
<b>Westfield Fashion Square Fast Food Restaurant Space</b>				10,000	10,000	10,000
<i>Westfield Market Share of Increase in Demand</i>				13%	10%	8%
<b>Total Supportable Dinner Restaurant Space in RMA</b>		24,378	48,488	72,346	95,967	119,366
<b>Westfield Fashion Square Dinner Restaurant Space</b>				30,000	30,000	30,000
<i>Westfield Market Share of Increase in Demand</i>				41%	31%	25%

Source: HRA, Inc.; W & W, Inc.

Given the relatively small proportion of future supportable space that is represented by the Expansion Project's Eating and Drinking Facilities, it can be concluded that the development of this additional space at Westfield Fashion Square is not likely to have a major impact on the existing base of restaurants in the local market area, and most certainly is not likely to contribute to conditions that would lead to urban decay as defined by CEQA.

In addition to the quantitative demand/supply analysis presented above, field surveys were conducted of the 3.0-mile radius Eating and Drinking Facilities Market Area in order to determine whether there were any signs of vacancy or other physical conditions that might be exacerbated or otherwise negatively impacted by the proposed eating and drinking facility development program at Westfield Fashion Square. Based on findings from two visits to the market area, the primary commercial corridor in the region, Ventura Boulevard, exhibits significant economic vitality along its entire length within the six-mile diameter of the Eating and Drinking Facility market area. Only three vacant parcels of land were observed over the six miles, and these parcels were each under two acres in size. A thumbnail sketch of the road segments of Ventura Boulevard that are within the 3.0-Mile Market Area and that were evaluated is provided below, starting from the eastern perimeter of the study zone:

- ***Ventura Boulevard, Woodley Avenue to Interstate-405.*** This is an area of mixed uses that is going through substantial redevelopment with higher density projects, particularly mid-rise office space. Retail recycling includes the development of two-story retail projects such as Encino Place that offer subterranean parking. There are also larger chain stores such as Marshalls, a hospitality use at the Interstate-405 freeway interchange, and a number of

residential and institutional uses. There is also a mix of fast food and chain sit-down restaurants, though no major concentrations per se of such restaurant uses. There are very few retail vacancies and virtually no vacant sites.

- ***Ventura Boulevard, Interstate-405 to Van Nuys Boulevard.*** This segment is dominated by the intersection of Ventura Boulevard with Sepulveda Boulevard, where there are high-rise office buildings and the transformed Sherman Oaks Galleria, which has become a life-style retail center and office space. Similar to the development activity on Ventura Boulevard west of the freeway, this segment is also undergoing intensification with recycling of older, single-story retail buildings to two-story retail complexes and mixed use projects. There was only one vacant lot fronting the Boulevard noted in this segment, a small, fenced parcel on the south side of the street with no obvious signs of development activity or presence of real estate signs. Vacancy rates for retail space are very low in this segment, probably three percent or less.
- ***Ventura Boulevard, Van Nuys Boulevard to Woodman Avenue.*** This segment is characterized by a great variety of smaller community-oriented retail and service businesses that occupy an array of different types of buildings, including newly-built commercial spaces and converted residential bungalows. The one significant redevelopment opportunity on Ventura Boulevard within the 3.0 mile radius is located in this area – a property located on the north side of Ventura Boulevard across from its intersection with Stansbury Avenue that is an assemblage comprised of an old restaurant named Barone’s, a used car lot and possibly other smaller vacant properties that front on Moorpark Street. Barone’s Restaurant has relocated to a new site on Woodman Avenue, thus remaining in the immediate area. According to a realtor at Piken Company who is representing the developer, the site is being redeveloped with a mixed use project that will include 16,500 square feet of commercial space, including 10,200 square feet of eating and drinking facilities, and affordable residential condominiums. The asking rates for commercial space is \$4.95 per square foot, triple-net (NNN).

Discussions with local realtors also revealed the following:

- There is significant demand for retail space on Ventura Boulevard, including demand from local-oriented restaurateurs who would never seek a mall location like a national chain restaurant that would locate in a regional mall.
- Demand for space is particularly high on the street segments situated between Woodman Avenue and Laurel Canyon Boulevard. Typically, empty retail spaces will be re-tenanted in about three weeks, and achievable rents are approaching \$5.00 to \$5.25 per square foot NNN, rents that are purported by realtors to be higher typically than rents obtainable for properties located on Ventura Boulevard in Encino.
- Part of the low availability of space relates to the fact that leases are typically longer-term, running from five to 10 years. Since there is low turnover, there is low availability.

-- A second restaurant site, formerly the “Ventura,” was also located in this segment. The property is on the south side of Ventura Boulevard at the southeast corner of Stern Avenue. While real estate signs indicating the availability of the property were noted in an initial field survey conducted in May 2007, they were no longer present during the June field survey and demolition of the existing structure had begun — an indication that redevelopment was imminent.

- ***Ventura Boulevard, Woodman Avenue to Coldwater Canyon Avenue.*** Along this segment, commercial uses and building composition continues to follow a pattern that is similar to the eastern portion of the Van Nuys-to-Woodman Ventura Boulevard segment until Fulton Avenue, where the south side of Ventura Boulevard changes to residential use until Van Noord Avenue. However, retail and service uses continue on the north side of the street for the entire length of the segment. Some vacancies in smaller, older facilities were noted on the south side of the Boulevard at Dixie Canyon, otherwise existing space is virtually fully occupied or undergoing renovation. Finally, there are several well-known local restaurants located along this segment that have been extremely successful over the years, and serve an older, local market that is likely to be different in demographic character from the likely composition of future patrons of eating and drinking establishments at Westfield Fashion Square.
- ***Ventura Boulevard, Coldwater Canyon Avenue to Laurel Canyon Boulevard.*** This segment resumes the pattern of commercial strip development on both sides of the Boulevard, featuring the well-known Sportsmen’s Lodge Hotel and restaurant facility and a Ralph’s neighborhood center at the Coldwater Canyon intersection. It then continues with an eclectic mix of retail uses that include large delicatessens, automotive-related retail, architects’ offices and high-end boutiques. As noted above, rents in this area are at \$5.00 per square foot NNN, and there is very little space available.

The June 4, 2007 edition of the *Los Angeles Business Journal* carried an article indicating that the Sportmen’s Lodge had been sold to local investor who has plans to renovate the existing hotel and add retail space. Reportedly, the project would retain the Sportmen’s Lodge name, and would be renovated to evoke the “mid-century cool” of the San Fernando Valley of the 1950s. The article further indicated that as much as 300,000 square feet of retail space could be constructed on the site, but for the immediate future the property will continue to operate as a hotel, restaurant and banquet facility.

- ***Ventura Boulevard, Laurel Canyon Boulevard to Tujunga Avenue.*** East of Laurel Canyon the Boulevard changes to a diverse mix of larger and smaller retail, service and office-oriented uses with generally less retail intensity. Major uses include the CBS Studio City Center; a shopping center anchored by Marshalls; a set of automobile-oriented retail stores and services; and an abundance of Chinese and Japanese restaurants. Once again, there are a few vacancies in the older residential buildings that have been converted to commercial use, but no vacant land or even parcels with obviously underperforming commercial uses that would be ripe for redevelopment.

Field investigations were also conducted along Van Nuys Boulevard, Coldwater Canyon Avenue, Woodman Avenue, Laurel Canyon Boulevard, Victory Boulevard, Burbank Boulevard, Magnolia Boulevard, Riverside Drive and Moorpark Street, the other major streets that serve as locations for retail activities within the 3.0 mile Eating and Drinking Facilities Market Area. Typically, these streets provide neighborhood-oriented and community-oriented convenience retail facilities, with the exception of Van Nuys Boulevard and Laurel Canyon Boulevard which are discussed below.

- ***Van Nuys Boulevard.*** The commercial character of this street provides for a number of different functions from its southern terminus near its intersection with Ventura Boulevard until it leaves the market area at Vanowen Street to the north. From Ventura Boulevard to the Ventura Freeway (U.S. Highway 101) the development pattern is very similar to that found along Ventura Boulevard — a rich diversity of shops and services. From the Ventura Freeway to Magnolia Boulevard, the Boulevard is dominated by medical facilities and related services, including the Sherman Oaks Hospital and Health Center. From Magnolia Boulevard to Calvert Street the Boulevard performs as a region-serving automobile row with a series of auto dealers and auto-related service and parts businesses. From Calvert Street to Vanowen Street, the Boulevard becomes a convenience-oriented district with both public services and local retail uses, many with a South American character. While there are restaurants along the Boulevard’s entire length, they are not likely to compete with the facilities planned for Westfield Fashion Square.
  
- ***Laurel Canyon Boulevard.*** Retail developments on Laurel Canyon Boulevard within the 3.0-Mile Market Area are dominated by an older complex centered at the Boulevard’s intersection with Victory Boulevard. Two former regional centers have effectively merged together at this site: Valley Plaza north of the Victory Boulevard intersection; and Laurel Plaza to the south. Plans were announced in 2006 indicating that a joint venture between JH Snyder and Federated Department Stores would result in a mega-mall north of Victory Boulevard featuring Macy’s as an anchor. To date, a new high school is under construction on portions of the project fronting Laurel Canyon Boulevard north of Hamlin Street. While no restaurant program has been announced for the project, it is unlikely that new development at this site would directly compete with new restaurant development at Fashion Square, because they would be serving different market needs and because the developer of the new center would have ample market knowledge of the Westfield Fashion Square program and plan the new facility’s use mix accordingly.

In summary, several older restaurants located on sites along Ventura Boulevard have been closed in recent years and the underlying properties put up for redevelopment. Based on field surveys and interviews with real estate brokers and other professionals knowledgeable about the area, these closures do not appear to be indications of impending urban decay resulting from a condition of oversupply of dining opportunities in the market place, but are more likely a reflection that these facilities were “victims” of the strong real estate market that will support higher and better uses. Many of these older restaurants have experienced increasing difficulty providing adequate parking for their patrons, and landowners have found that the relatively large sites can be recycled to higher and more efficient uses.

### III. CONCLUSIONS

Based on the foregoing analysis, it can be concluded that although the Expansion Project may be a new source of competitive supply in both the RMA for specified retail uses and the 3.0-mile local market area for eating and drinking facilities, there is little possibility that the operation of the Expansion Project uses will result in significant adverse economic competition leading to a threat of “urban decay.”

More specifically, the analysis of potential impacts has revealed the following:

- **Shopper Goods (Apparel, Furniture/Home Furnishings and Specialty Goods).** Based on an analysis of the RMA for Westfield Fashion Square, the 240,000 square feet GLA of Shopper Goods space in the Expansion Project is projected to capture less than significant market shares of the anticipated growth in demand of Apparel and Accessories space; Furniture, Furnishings and Appliances space; and Specialty or “Other” retail space over the period 2007 through 2012, as shown in Table 16.

Table 16  
EXPANSION PROJECT'S SHARE OF SUPPORTABLE SHOPPER GOODS SPACE  
IN THE FASHION SQUARE REGIONAL MARKET AREA

<u>Retail Category</u>	<u>Expansion Area Square Feet GLA</u>	<u>Percent of RMA Supportable Space</u>
Apparel and Accessories	144,000	43%
Furniture, Furnishings and Appliances	24,000	9%
Specialty ("Other")	72,000	8%
Total	<u>240,000</u>	

Source: HR&A, Inc.; W & W, Inc.

This leaves substantial market share to be captured by other retailers in the RMA as well as allowing existing stores to expand their sales at rates above anticipated the inflationary growth rate. Thus, it may be concluded that the development of Shopper Goods uses in the Expansion Project will not be a cause of urban decay at any of the existing shopping centers and business districts found in the market area served by Westfield Fashion Square.

- **Eating and Drinking Facilities.** Analysis of the potential impact of the proposed Eating and Drinking Facility component of the Expansion Project indicates that there is ample market support generated by the local resident population within a 3.0-mile market radius around Fashion Square to support the proposed addition of 40,000 square feet GLA of space planned for the Expansion Project. As summarized in Table 17, the market shares required to sustain the Expansion Project allow for significant future demand to be captured by existing and future competition.

Table 17  
 EXPANSION PROJECT'S SHARE OF SUPPORTABLE EATING & DRINKING  
 FACILITIES SPACE IN A 3-MILE MARKET RADIUS AROUND FASHION SQUARE

<u>Restaurant Category</u>	<u>Expansion Area Square Feet GLA</u>	<u>Percent of Local Market Supportable Space</u>
Fast Food Restaurants	10,000	8%
Restaurants with Alcohol	30,000	25%
Total	<u>40,000</u>	

*Source: HR&A, Inc.; W & W, Inc.*

Because the addition of the proposed eating and drinking uses in the Expansion Project will not have a significant negative impact on the existing supply of competitive uses in the local market area, this component of the Expansion Project will not lead to urban decay at any of the existing shopping centers and business districts found in the competitive market area.

Field surveys of the primary commercial streets adjacent to the Expansion Project confirm that the area is experiencing significant reinvestment as older facilities and larger sites transition into new commercial development, including new retail and eating and drinking facilities.

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Given the finding that the scale of supportable retail and dining space that can be supported by future customer demand exceeds the retail and restaurant floor area planned for each respective category of retail and eating and drinking facility space planned for the Expansion Project, and that the commercial area surrounding the site is experiencing significant reinvestment, it can be concluded that no adverse economic impacts are likely to result in the market areas applicable to the Expansion Project. Therefore, there is no requirement to further evaluate potential changes in the physical environment that are associated with the economic interactions between the Expansion Project and its market context.

In addition, field surveys indicate that although several older restaurants located on sites along Ventura Boulevard have been closed in recent years and the underlying properties put up for redevelopment, these closures do not appear to be indications of impending urban decay resulting from a condition of oversupply of dining opportunities in the market place. Rather, this is a consequence of a strong real estate market that will support higher and better uses.



**APPENDIX A**

**Summary Qualifications of Hamilton, Rabinovitz & Alschuler, Inc. and  
Whitney & Whitney, Inc.**



## **QUALIFICATIONS TO PREPARE CEQA/NEPA DOCUMENTATION ON SOCIOECONOMIC ISSUES**

HR&A Advisors, Inc. (HR&A) is a full service policy, financial and management consulting firm. Founded in 1976, the firm has a distinguished track record of providing realistic answers to complex economic, economic development, public finance, real estate, housing and strategic planning problems. HR&A clients include Fortune 500 corporations, all levels of government, the nation's leading foundations, and not-for-profit agencies. The firm has extensive experience working for the legal community in such roles as court-appointed special master, consent decree monitor, technical advisor and expert witness.

HR&A's practice lines include local and regional economic analysis, economic development program formulation and analysis, fiscal impact analysis, real estate analysis and advisory services, housing policy research and analysis, population forecasting and demographic analysis, and transportation and other capital facilities analysis and financing.

Among the qualities for which HR&A is widely known and respected are the impeccable quality of its analysis, ability to invent new analytic methods and approaches to suit the needs of a particular client, independent professional judgment honed through extensive exposure to the rigors of the public review process and the scrutiny of the judicial system, the ability to translate complex technical analysis for a variety of non-technical audiences, and the extensive involvement of its Partners in every project it accepts.

The firm's domestic and international consulting is provided by a staff of 30 people located in offices in Los Angeles and New York. Staff members include public finance professionals, planners, economists, architects, lawyers, and experienced project managers. Virtually every member of the firm has substantial public or private sector experience in economic, financial and policy analysis, real estate development and planning.

HR&A has frequently been called on by its public and private sector clients to provide analysis of population, housing, employment, economic, public school facilities and induced growth impacts for projects subject to the California Environmental Policy Act and the National Environmental Policy Act. The following are examples of projects that illustrate this experience.

### ***For Public Sector Clients***

- For the City of Lancaster, HR&A is preparing economic, fiscal and “urban decay” analysis for EIRs on the Lane Ranch Towne Center and The Commons at Quartz Hill, two regional shopping centers planned for opposite corners at 60<sup>th</sup> and Avenue L.
- For Los Angeles World Airports, HR&A prepared all of the economic impact analyses needed to evaluate alternative Master Plan concepts for future development of Los Angeles International Airport. The project included extensive econometric modeling of future baseline (pre-project) economic conditions and forecasts of conditions under alternative development scenarios in the City of Los Angeles, the County of Los Angeles, incorporated and unincorporated areas adjacent to the airport, and the surrounding five-county region.
- For the City of Chicago Department of Aviation, HR&A prepared regional and local economic and fiscal impact analyses of the O'Hare Modernization Program (OMP), which was used by the Federal Aviation Administration to prepare an Environmental Impact Statement on the project. The analysis includes econometric modeling of the six-county Chicago regional area to forecast the employment, total economic output, population and households, among other factors, that would be associated with the \$16-billion OMP project, as compared with a No Project scenario.
- For the City of Los Angeles Environmental Affairs Department, HR&A prepared draft Initial Study screening criteria, thresholds of significance and recommendations for analysis approach on the topics of housing, population and employment impacts.
- For Central City West Association and the City of Los Angeles, HR&A prepared a demographic portrait and forecast, and baseline "jobs/housing balance" analysis as part of the Central City West Specific Plan, a transitional neighborhood located directly north of Pico-Union, and across the Harbor Freeway, from the Los Angeles central business district. HR&A's analysis was used as the technical basis for the population, housing and employment sections of the EIR on the Plan. The firm also assisted counsel for interested parties regarding these issues during subsequent litigation over the adequacy of the Final EIR, which was ultimately decided in favor of the City.
- For the Santa Monica-Malibu Unified School District, HR&A managed a detailed review of the options available to the District to consolidate use of its four properties in the Ocean Park neighborhood of Santa Monica, an area which had been experiencing significant enrollment declines. The project included managing the preparation and certification of an EIR on the multi-site strategy adopted by the Board of Education, which included construction of the first new elementary school since the 1950s.
- For the University of California, Los Angeles, the firm prepared an analysis of the degree to which employment and housing associated with UCLA's 1991 Long Range Development Plan was consistent with the emerging regional planning concept of "jobs-housing balance." The firm's analysis was included as a technical appendix to the Final EIR on the Plan, which received approval by the Regents of the University.
- Also for the University of California, Los Angeles, HR&A prepared the population and housing section, and contributed to the induced growth section of the EIR on the 2000-2010 Long-Range Development Plan Update for the campus. The Final EIR was certified by the Regents.
- For the University of California, Santa Barbara, HR&A analyzed the public school impacts of the 1992 Long-Range Development Plan for the Santa Barbara campus, and prepared a Supplemental Environmental Impact Report on this issue, pursuant to a judgment against the University in an action brought by the Goleta Union School District. The Supplemental EIR was certified by the Regents of the University. Upon return to the writ, the court found that the analysis adequately supported the Regent's action. This determination was upheld by the Second District Court of Appeal in *Goleta Union School District v. Regents of the University of California*, 36 Cal. App. 4th 1121 (1995) (opinion on rehearing), holding that the University was not required to pay school mitigation fees.

- For the Southern California Association of Governments (SCAG), HR&A prepared the economic and fiscal impact sections of the EIR on SCAG's 1996 Regional Comprehensive Plan and Guide.

### ***For Private Sector Clients***

- For Westfield Corporation, HR&A prepared "urban decay" and public services impact analyses for a 100,000 square foot addition to the existing Westfield Santa Anita super-regional shopping center in Arcadia.
- For Bisno Development Company, HR&A is preparing technical reports on the population, housing employment and school facilities impacts of a 2,300-unit condominium project proposed for a former US Navy housing site in the San Pedro-Wilmington area of Los Angeles.
- For General Growth Properties, HR&A prepared detailed comments on various socio-economic issues in the Draft and Final EIR for the Americana at Brand, a "lifestyle" mall proposed for a site immediately adjacent to the Glendale Galleria in Glendale.
- For Universal Studios, Inc., HR&A analyzed the employment, housing, population and economic and fiscal impacts in Los Angeles County of a proposed \$3 billion Specific Plan that will nearly double the intensity of development at Universal City, the home of Universal Studios, Inc.'s film studio, studio tour, various entertainment retail uses, commercial office buildings and hotels. HR&A's analyses were included in the project's Draft EIR. HR&A is now preparing similar analyses for the EIR on the new Universal City Vision Plan being proposed by NBC Universal.
- For the Ratkovitch-Villaneuva Partnership, HR&A prepared the employment, housing, population and public schools impact analyses for the EIR on a proposal to construct 10 million square feet of new commercial and residential development around the City of Los Angeles' Union Station. The Draft EIR was certified by the Los Angeles City Council.
- For St. John's Hospital and Health Center, HR&A prepared analyses of the economic and fiscal impact of current health center impact on the economy of the City of Santa Monica, and the impact that will result from each of two phases of a major reconstruction of the health center following the 1994 Northridge earthquake. The analysis was relied on by the City's consultants in preparing the project's EIR, which was certified by the Santa Monica City Council. HR&A also prepared analysis for the Health Center on the degree to which draft police services mitigation measures being considered by the City met the requirements of CEQA.
- For The Walt Disney Company, HR&A prepared a comprehensive analysis of the employment, population, housing, "jobs-housing balance" and vehicle miles traveled impacts of Downtown Disney and Disney's California Adventure, in Anaheim. The firm's analysis is contained in a series of technical appendices to the EIR, which was certified by the Anaheim City Council.
- Also for The Walt Disney Company, HR&A analyzed the "jobs-housing balance" implications of a proposal to consolidate all of Disney's studio and studio-related administrative facilities on a single site in the City of Burbank. HR&A's analysis was included as a technical appendix to the project's EIR, which was certified by the Burbank City Council.
- For Wilshire-Barrington Associates, HR&A analyzed the population, housing, employment and jobs-housing balance impacts of a preliminary concept for converting the Barrington Apartments in West Los Angeles into a mixed-use project consisting of 700 apartments, a 262-room hotel, 210,000 s.f. of office space plus miscellaneous retail.
- For the Santa Monica Beach Hotel Development Partnership, HR&A coordinated an extensive review and prepared the Draft EIR comment letter for the developer of a proposed 160-room luxury hotel and community center proposed for a parcel of State-owned land along Santa Monica Beach.

- For Reliance Development Group, HR&A coordinated an extensive review and prepared the Draft EIR comment letter for the developer of a 1.8 million square foot office park and studio complex proposed for surplus land at Santa Monica Airport.
- For Maguire Thomas Partners, HR&A coordinated an extensive review and prepared the Draft EIR comment letter for the developer of a proposed office building and hotel project to be developed on Ocean Avenue in the City of Santa Monica.

## REPRESENTATIVE LIST OF CLIENTS

### Financial Institutions & Investment Companies

American Council on Life Insurance  
Citibank Private Banking Group  
Citicorp Real Estate, Inc.  
Community Preservation Corporation  
First Union National Bank  
Fleet Financial Group  
Goldman Sachs  
Hartland Asset Management  
Lehman Bros.  
Shorebank Corporation

### Real Estate Development Organizations and Private Companies

ARC Development  
ARCORP Properties  
Bermant Development Company  
Boeing Realty Corporation  
Casden Properties, Inc.  
Castle & Cook Development Company  
Centex Homes  
Continental Development Corporation  
Daniel Island Development Company  
Disney Development Corporation  
Edward J. Minskoff Equities  
Gaylord Entertainment  
General Growth Properties  
Gibson Speno LLC  
Home Depot Company  
JMB Urban Realty Corporation  
K. Hovnanian Companies of California  
Landmark Land Company  
Madison Square Garden  
Maefield Development Corporation  
Maserich Company  
Maguire Thomas Partners  
Millennium Partners  
Newhall Land & Farming Company  
New York Times Company  
Olympia & York (USA)  
The Related Companies  
Reliance Development Group  
Santa Monica Beach Development Corporation  
Starrett Housing Corporation  
Sunset Development Corporation  
Tishman Speyer Properties  
Trammell Crow Company  
Trammell Crow Residential  
TransAction Companies, Ltd.  
Twentieth Century Fox  
Universal Studios, Inc.  
The Walt Disney Company  
Westfield Corporation, Inc.  
William Lyon Homes

World Financial Properties

### Public Development Agencies

Alliance for Downtown New York  
Battery Park City Authority  
Brooklyn Bridge Park Development  
Brooklyn Navy Yard Development Corporation  
Catskill Watershed Corporation  
Catholic Charities of Brooklyn  
Cincinnati Business Committee  
Columbus Downtown Redevelopment Corporation  
Downtown Brooklyn Local Development Corporation  
Economic Development Growth Enterprises, Oneida Co., NY  
Empire State Development Corporation  
Inland Valley Development Agency  
Memphis Riverfront Development Corp.  
National Capital Revitalization Corp.  
New York City Economic Development Corporation  
New York State Urban Development Corporation  
Penmar Development Corporation  
Port Authority of New York and New Jersey  
Queens West Development Corporation

### Cultural, Recreational & Special Events Clients

American Museum of Natural History  
Brooklyn Academy of Music Corporation  
Brooklyn Museum of Art  
City of New Haven Arts & Entertainment Facilities Committee  
Lincoln Center for the Performing Arts  
Madison Square Garden  
New Jersey Performing Arts Center  
NYC2008  
Public Space for Public Life  
Randall's Island Sports Foundation  
The Trust for Public Land

### Other Quasi-Public and Non-Profit Organizations and Foundations

Apartment Association of Greater Los Angeles  
The Bowery Mission  
Common Ground Community  
Cornell University  
Corporation for Supportive Housing  
Community Services Society of New York

**Other Quasi-Public and Non-Profit Organizations and Foundations (con't.)**

The Enterprise Foundation  
Ford Foundation  
Gay Men's Health Crisis  
Griffiss Local Development Corporation  
Harry Frank Guggenheim Foundation  
Kaiser Permanente  
Local Initiatives Support Corporation  
Los Angeles Collaborative for Community Development  
Metropolitan Boston Housing Partnership  
Metropolitan Jewish Geriatric Center  
National Equity Fund  
Neighborhood Progress, Inc.  
New York Blood Center  
Newark Alliance  
Saint John's Hospital and Health Center  
Saint Vincent's Hospital  
San Gabriel Valley Council of Governments  
Spanish-American Merchant's Assoc.  
University of California, Los Angeles  
University of California, Santa Barbara  
Upper Manhattan Empowerment Zone Development Corp.  
Williamsburg Affordable Housing  
Westside Urban Forum

**Governmental Agencies**

Boulder Urban Renewal Authority  
City of Berkeley Rent Stabilization Board  
City of Beverly Hills  
City of Chester (PA)  
City of Columbus  
City of Culver City (CA)  
City of Detroit  
City of Houston  
City of Huntington Beach (CA)  
City of Indianapolis  
City of Lancaster  
City of Los Angeles  
City of New York  
City of Olathe (KS)  
City of Phoenix  
City of San Luis Obispo (CA)  
City of Santa Monica  
City of West Hollywood (CA)  
City of Yonkers  
Community Redevelopment Agency of the City of Los Angeles  
Compton Unified School District (CA)  
County of Santa Barbara  
District of Columbia  
New Jersey Department of Commerce and Economic Development

Redevelopment Authority of the City of Philadelphia  
San Diego Association of Governments  
Santa Ana Unified School District (CA)  
Santa Monica-Malibu Unified School District  
Southern California Association of Governments  
Yonkers Office of Downtown & Waterfront Development

**Transportation Agencies**

City of Chicago Department of Airports  
Connecticut Dept. of Transportation  
Delaware Dept. of Transportation  
  
Los Angeles County Metropolitan Transportation Authority  
Los Angeles World Airports  
Massachusetts Bay Transportation Authority  
New Jersey Transportation Corp.  
New York Metropolitan Transportation Authority  
San Diego County Regional Airport Authority  
U.S. Dept. of Transportation

**Housing Agencies**

Chicago Housing Authority  
Community Redevelopment Agency of the City of Los Angeles  
Cuyahoga Metropolitan Housing Authority (IN)  
Detroit Housing Commission  
Housing Authority of Baltimore City  
Housing Authority of the City of Houston  
Housing Authority of the County of Los Angeles  
Housing Authority of the City of Santa Monica  
Housing Bureau, City of Long Beach  
Indianapolis Housing Authority  
Los Angeles Housing Department  
New York City Housing Authority  
New York City Housing Development Corporation  
New York State Housing Finance Agency  
Omaha Housing Authority (NE)  
Philadelphia Housing Authority  
Redevelopment Authority of the City of Philadelphia  
St. Louis Housing Authority (MO)  
United States Department of Housing and Urban Development

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Whitney & Whitney, Inc. (W&W) is a real estate development advisory services firm located in Los Angeles, California. The company was founded by William H. Whitney, Ph.D. in 1984. After six years of serving the southern California and Hawaii markets, W&W reduced the scope of its activities when Mr. Whitney was recruited by Arthur Andersen to assist their Real Estate and Hospitality/Leisure consulting practices in establishing both a national and international presence.

Mr. Whitney served with Arthur Andersen for over nine years, participating on major real estate and hospitality consulting engagements in over 40 different countries throughout the world. Activities during this period also included starting Arthur Andersen's Asia/Pacific Region real estate consulting practice in Manila, and spending three years in Andersen's London offices serving as a resource for the European and Middle East real estate consulting practices.

Following his return to the United States in March 2000 Mr. Whitney has re-activated Whitney & Whitney, Inc. The firm's major focus is on the provision of real estate consulting services to both public and private clients in the following areas:

- Due diligence services for companies involved with the acquisition and operation of real estate assets;
- Participation on multi-disciplinary teams with architects, planners and other design professionals in the planning of resorts, new communities and urban mixed-use projects
- Advisory services related to the maximization of returns from corporate real estate assets;
- Advisory services related to the maximization of public benefits from proper utilization of public lands;
- Market feasibility studies for large scale land development programs, including waterfront projects, shopping centers, resorts, and new communities;
- Master planning for large-scale urban parks and open space programs;
- Financial feasibility studies for proposed real estate investments;
- Negotiation assistance related to the formation and implementation of public/private partnerships;
- Fiscal impact, economic impact, cost-revenue and cost-benefit evaluations of proposed real estate development activities for public agencies and private developers;
- Valuation/expert witness services related to complex real estate transactions and/or arbitration and litigation proceedings; and
- Implementation services related to attaining necessary development entitlements and funding for real estate programs.

W & W's recent projects include the following: since the early 1990s has served as a real estate economic and financial advisor to the State of Hawaii Aloha Tower Development Corporation related to the redevelopment of the downtown Honolulu waterfront; performed a market and financial analysis of a proposed "high technology" park/mixed-use commercial development program in Dubai, United Arab Emirates known as Dubai Internet City; conducted an analysis of the economic feasibility of converting the 4,700-acre El Toro Marine Corps Air Station to an urban park; conducted an analysis of the redevelopment potentials for tourist-serving projects in the Old City of Shanghai; provided a market analysis of the retail redevelopment potential for the International Market Place in Waikiki for the Queen Emma Foundation; performed an evaluation of redevelopment potentials and the resultant fiscal impacts from conversion of certain industrial lands to retail and other uses for the City of San Jose; provided an evaluation of the market feasibility for residential and commercial retail uses on surplus lands owned by Ohlone Community College, Fremont, California; evaluated the market and financial opportunity for development of a major shopping center near Mililani Town on the Island of Oahu, Hawaii for Forest City; and reviewed the market for office and retail commercial uses near the East Eisenhower Transit Station for the City of Alexandria, Virginia; and a market study for a C. J. Segerstrom & Sons development project located near South Coast Plaza in Orange County. Currently, the firm is serving as an advisor to Castle

& Cooke on the preparation of a master plan and development strategy for 28,000+/- acres of land located on the North Shore of the Island of Oahu; providing a review of the master plan for the Sa'adiyat Island resort located in Abu Dhabi, United Arab Emirates; and preparing market/financial analyses and a business plan for a proposed destination spa to be located in the Santa Monica Mountains.

Mr. Whitney's background in the analysis of major shopping center developments and the planning of their adjacent lands supersedes the formation of W & W. He has been conducting investigations of retail development opportunities for nearly 40 years, starting with the re-use of the Chevron properties located in El Segundo and Manhattan Beach that ultimately led to the development of Manhattan Beach Village. One such project, the planning of the Puente Hills Mall and its immediate surrounding lands for the Western Harness Racing Association in 1970, was the inspiration for his doctoral dissertation, "An Investigation of Selected Impacts on Surrounding Lands Which are Generated by Development of Regional Shopping Centers" (UCLA, 1975).

A partial listing of Mr. Whitney's shopping center experience includes the following:

**ERNEST W. HAHN, INC. (NOW TRIZECHAHN): Regional Shopping Center Market Analysis and Economic/Fiscal Impact Studies, California and Washington**

Conducted numerous market feasibility and economic/fiscal impact studies of proposed regional shopping centers for the Ernest W. Hahn Company, forerunner to TrizecHahn, including analyses for the following existing regional shopping centers: Puente Hills Mall, City of Industry; Mariner's Island, San Mateo; North County Fair, Escondido; Kelso Mall, Kelso, Washington; and Sierra Vista, Clovis, California.

**PSB REALTY CORPORATION: Costa Mesa Courtyards, Costa Mesa, California**

Performed market and financial feasibility studies for the Costa Mesa Courtyards, a 173,000 square foot shopping center once honored as the "Best Retail Development" in the Western States at the Pacific Coast Builders Conference. The 11-acre project has been an important stimulus to the revitalization of the City of Costa Mesa's old central business district.

**JAMES YOUNGBLOOD, DEVELOPER: The Lumberyard, Encinitas, California**

Conducted market and financial feasibility studies for the project, a specialty retail center with 80,000 square feet of retail space located in the City of Encinitas. The center has been successfully developed, and has performed at or above initial market expectations.

**THE IRVINE COMPANY: Fashion Island and Spectrum Center Impact Studies, Newport Beach and Irvine, California**

Conducted economic and fiscal impact evaluations of these two major centers as part of their submissions for general plan amendments to the Cities of Newport Beach and Irvine, respectively. The Fashion Island expansion program focused on the interactive benefits that could be generated between the existing and proposed retail uses and the surrounding hotel and office developments; in contrast, the central concern regarding the proposed Spectrum project was its potential sales and property tax generation for the municipality.

**LIVERPOOL DEPARTMENT STORE AND THE FRANSEN COMPANY: Regional Shopping Center Market Evaluations, Various Metropolitan Areas, Mexico**

Conducted detailed investigations of the market opportunities for Liverpool Department Store to serve as an anchor tenant and developer of regional shopping centers throughout Mexico. A number of sites in major metropolitan locations were evaluated, and projections were made of potential store sales and supportable retail space. As of 2001, the study had resulted in one new shopping center currently operating in the Mexico City metro area and a second project under construction.

**MITSUI TRUST & BANKING CO., LTD.: Aloha Tower Marketplace, Honolulu, Oahu, Hawaii**

Provided a market validation study for a festival marketplace that was under construction in downtown Honolulu. The development program, which ultimately became the Aloha Tower marketplace, called for approximately 200,000 square feet of retail and restaurant space at Honolulu Harbors Piers 7, 8 and 9 adjacent to the historic Aloha Tower. The analysis included a thorough examination of each segment of the potential customer base and an assessment of the potential expenditure patterns at the center from

those identified market segments. The results of the market studies were then utilized to generate sales projections for the center.

**THE ROBERTS GROUP: Wood Ranch Development Program, Simi Valley, California**

Performed an analysis of retail commercial potentials for a major community shopping center located in the Wood Ranch planned community. The study involved a detailed assessment of competitive retail projects found within the immediate market area surrounding Wood Ranch and a determination of market support generated by Wood Ranch residents. The center is open and operating successfully.

**A&B HAWAII, INC./VANGUARD PROPERTIES: Triangle Square Factory Stores, Kahului, Maui, Hawaii**

Provided a market analysis of a proposed factory outlet center in Kahului, Maui near the Kahului Airport. The development program called for 110,000 square feet of retail space to be built at one of Maui's most important highway junctions. The analysis included an examination of the potential customer base, consideration of the potential expenditure patterns by the major market segments, and a projection of potential sales at the project. The project has been developed and is operating successfully.

**CITY OF VISALIA: Regional Shopping Center Location Studies; Visalia, California**

Served the City of Visalia as market and planning consultants in the evaluation of potential locations for new regional shopping center facilities in the City of Visalia. The analysis included an assessment of the market, fiscal, transportation and other economic and social impacts related to the alternative sites under consideration for the new center.

**AMFAC/JMB HAWAII, INC.: Kaanapali North Beach Entertainment / Retail Center Feasibility Studies, Kaanapali, West Maui, Hawaii**

Provided a detailed assessment of a proposed themed entertainment/retail attraction at North Beach. A number of different retail and entertainment concepts were evaluated for the property, including specialty retail alternatives similar to Whaler's Village and more elaborate commercial recreation complexes featuring entertainment venues similar to Church Street Station in Orlando, Florida. The major finding of the study was that the most profitable use in terms of land utilization and environmental constraints was a major health spa, as this use generated the highest visitor expenditures per unit of land area and required relatively low market penetration of the existing visitor base.

**CASTLE & COOKE PROPERTIES, INC.: Iwilei District Market Feasibility Study, Honolulu, Hawaii**

Conducted market feasibility studies to provide development guidelines for the redevelopment of the 50-acre Iwilei property. The site is located near downtown Honolulu in an area transitioning from industrial to commercial uses, and was previously occupied by the Dole Cannery. The market analysis concentrated primarily on the market potential for outlet-type retail shopping activities and "bull-pen"-type office space. Major issues raised by the study pertained to the site's relative accessibility for both local residents and visitors.

**CASTLE & COOKE PROPERTIES, INC.: Mililani Town Center Market Assessment, Mililani Town, Oahu, Hawaii**

Conducted a market analysis of the existing Mililani Town Center, a 166,500 square foot community shopping center located in central Oahu. The primary purposes of the investigation were to first, assess the current market performance of the center given its location, configuration and competitors; second, determine a strategy for expansion of the center to 400,000 square feet of space after giving full consideration to future market positioning, product mix and anchor tenants. Attention also focused on expanding the range of activities at the center to include a variety of service functions in addition to the retail tenants.

**CITY OF LAWNSDALE: South Bay Galleria Buyout, Redondo Beach, California**

Provided a financial evaluation of the ownership interest held by the City of Lawndale in the South Bay Galleria, a regional shopping center that was undergoing renovation by Forest City Development Company. The work performed by the consultant formed the basis for the city's successful sale of its interest in the project to the developer.

**CITY OF PASADENA: Lake/Washington Neighborhood Shopping Center, Pasadena, California**

Analyzed the development potential for a major new neighborhood shopping center intended to revitalize an older shopping district in Pasadena. The study involved an extensive review of existing businesses in order to assess both the positive and negative impacts of the new facility. The center has been constructed with a supermarket and drug store as the anchor tenants, and has successfully fostered revitalization of the entire district with new commercial development.

**MAGUIRE THOMAS PARTNERS: Peter's Landing Specialty Center, Huntington Harbour, California**

Provided market and financial consulting services to Peter's Landing, a specialty retail center and marina complex located in the affluent waterfront residential community of Huntington Harbour. Initially, the focus was on evaluating the market potentials for boat slips and retail and office uses. Later, attention was focused on evaluating the financial trade-offs between retention of the marina as a rental program and sale of the berths under a "dockominium" concept.

**THE IRVINE COMPANY: Mervyn's Retail Location Study, Various Locations, Orange County**

Assisted The Irvine Company (TIC) in evaluating potential alternative locations for Mervyn's department stores on various properties owned by TIC. The study considered both the provision of "blanket" coverage by the chain store throughout Orange County with multiple locations as well as an evaluation of specific sites on TIC lands. Presented results of the study to Mervyn's leadership in Minneapolis.

**SAN DIEGO UNIFIED PORT DISTRICT: Embarcadero Master Planning Program Feasibility Studies San Diego, California**

Performed market studies leading to the establishment of Seaport Village, a leading specialty retail center of about 200,000 square feet located on the San Diego waterfront. Other market and related investigations have led to development of hotel, marina, convention center and cruise ship terminal facilities along the Embarcadero.

**CITY OF IRVINE: Retail Commercial Needs Assessment Study, Irvine, California**

Prepared a retail commercial needs assessment for the City of Irvine that considered the long term demand for and supply of retail commercial space in the community. One of the sites investigated ultimately became the Spectrum specialty/entertainment center. The results of the study were somewhat controversial, as the analysis was critical of a number of the existing and proposed retail locations in the residential villages of Irvine with respect to their long term economic viability.

**DAVID HOCKER & ASSOCIATES: Shelter Cove Shopping Centers, Palmetto Dunes, Hilton Head, South Carolina**

Performed market investigations of the potential for (1) a 200,000 square foot specialty retail shopping center anchored by "downsized" department stores, and a (2) 120,000 square foot convenience retail center. While the convenience center was accepted and completed as originally conceived, there was significant resistance from department stores to the concept of the specialty center in a resort setting because of the low visitation at Hilton Head during the prime Christmas season.

**ARROWHEAD REGIONAL DEVELOPMENT COMMISSION: Downtown Duluth Regional Center Evaluation, Duluth, Minnesota**

Performed a comprehensive economic and fiscal analysis of alternative locations for a regional shopping center in the Duluth region. While the study clearly showed the advantages to the community of utilizing the downtown as a location for the facility, these potential benefits did not convince potential chain retailers that there was sufficient market support for the facility or that the center city location could be successfully "retrofitted" with large quantities of retail space.

**NANSAY CORPORATION: Market Assessment of Retail Potentials, Westwood Mixed Use Project Westwood, California**

Analyzed the market potential for development of a major new retail center in Westwood. The study documented the need for quality retail stores and restaurants in the Westwood area, though the stigma associated with Westwood following several crimes of violence plus the recession of the early 1990s effectively doomed the project. Notwithstanding, in recent years Westwood has been rejuvenated on a piecemeal basis with many of the retail activities proposed in the study.

**PRUDENTIAL REALTY/MELVIN SIMON COMPANY: Marina Place Economic/Fiscal Impact Study, Culver City, California**

Provided market assessments and economic and fiscal impact analyses of the proposed Marina Place regional shopping center as part of the consultant team that was successful in obtaining approvals for the proposed development on a 30+/- acre site near Marina del Rey. Unfortunately, regional economic conditions coupled with the decline in performance of traditional department stores led to the project's demise; the site was developed instead with a Costco department store.

**HAWAII OMORI CORPORATION: Lahaina Cannery Shopping Center Evaluation, Lahaina, Maui**

Performed a series of market evaluations for three properties owned by Hawaii Omori Corporation that were located in the Town of Lahaina, Maui. One of the properties serves as the site for the Lahaina Cannery Shopping Center, an existing 180,000 square foot facility. The study examined the possibility of developing a multi-centered retail complex with both specialty and convenience retail nodes designed to serve the full range of resident and tourist retail needs.

**MAUNA LANI RESORT, INC.: Specialty Retail Center Market Studies, Mauna Lani, South Kohala, Big Island of Hawaii**

Analyzed the market potentials for the development of a specialty retail center at Mauna Lani Resort. The analysis focused on upper-income visitors and their propensities to support specialty retail shops in hotels and at "boutique" centers similar to The Shops at Kapalua. The study identified candidate tenants for the development, provided recommendations regarding store mix, and offered suggestions with respect to the optimum location for the facility within the resort.

**ALOHA TOWER DEVELOPMENT CORPORATION: Aloha Tower Development Program, Phases I and II, Honolulu, Hawaii**

Prepared developer selection criteria and evaluated business terms of proposals for redevelopment of the Aloha Tower complex, a \$1 billion redevelopment program for the downtown Honolulu waterfront featuring a "festival market" specialty retail center, the precursor to current "entertainment/retail" projects. The first phase of the project, Aloha Tower Marketplace, was completed in 1994. Following the selection of the preferred developer, Enterprise Development Company, provided leasing advisory services and negotiated the business terms of the lease agreement between parties.

**STATE OF HAWAII EMPLOYEES RETIREMENT SYSTEM (ERS): Kaahumanu Regional Center Expansion, Kahului, Maui, Hawaii**

Provided a market and financial evaluation of the proposed expansion of Kaahumanu Center from 316,600 square feet of gross leasable area (GLA) to 542,600 square feet. The only regional center located on Maui, the property was owned by Maui Land & Pineapple Company, developers of Kapalua Resort. The analysis measured investment returns to the State of Hawaii ERS under a range of future outcomes. Of particular significance were the assessments of potential competitive impacts on the center from Mainland retailers entering the Maui market. The expansion program was successfully completed.

**STATE OF HAWAII EMPLOYEES RETIREMENT SYSTEM (ERS): Waikele Shopping Center, Central Oahu, Hawaii**

Completed a due diligence review of a proposed power center and an outlet mall which were developed on 40+ / - acres of freeway frontage in the Waikele master-planned community. The services provided to the ERS included a review of major sources of demand for retail goods and services, a survey of existing and proposed competitive facilities on Oahu, and a detailed examination of the developer's proposed tenant mix and pro forma financial projections. Also compared actual leases with the pro-forma rent schedules to ensure that the project would achieve its target levels of return.

**QUEEN LILIUOKALANI TRUST/FIRST HAWAIIAN BANK: Mauka Lands Evaluation, Kailua-Kona, Big Island of Hawaii**

Served the Queen Liliuokalani Trust as market and financial advisors for 1,200 acres of land located in Kailua-Kona on the Big Island of Hawaii. Following its re-classification to urban use by the State Land Use Commission, provided assistance to the Trust by performing market studies for the site and reviewing proposals for the first phase of development from shopping center developer candidates. The

project has gone forward successfully, and several increments of retail commercial development have been completed.

**T & S DEVELOPMENT, INC.: Regional Shopping Center Assessment, Riverside, California**

Provided a critique of the market study that supported the expansion of the existing Tyler Mall regional shopping center. Also presented a comparative analysis of the economic benefits resulting from the proposed expansion of Tyler Mall with an alternative program to develop a new regional center at Canyon Springs Road.

**DONAHUE/SHRIBER AND THE IRVINE COMPANY: Comparative Analysis of Alternative Sites, City of Irvine, California**

Assisted the shopping center developer and the Irvine Company in evaluating alternative locations for the development of Target department stores. Primary focus was on two sites in the City of Irvine – Interstate-5/Myford and Culver/Barranca. The principal basis for comparison was the demographic characteristics of the primary market areas served by the two locations.

**HOMART DEVELOPMENT CORP. (SEARS): Proposed Regional Shopping Center, Eugene, Oregon**

Evaluated the market potential for a regional shopping center to be located in the Eugene, Oregon metropolitan area. The results of the study suggested that the market was likely too small to absorb the retail space proposed in the Homart project.

**THE IRVINE COMPANY: Proposed Regional Shopping Center, Orange County, California**

Provided a market analysis of the future potentials for a regional shopping center located on Santiago Canyon Road easterly of the City of Orange. The primary purpose of the study was to guide the master planning for the area and make necessary allocations for lands sufficient to accommodate future commercial space requirements.

**AHMANSON COMMERCIAL DEVELOPMENT CORPORATION: Palm Desert Community Shopping Center, Palm Desert, California**

Performed market and financial feasibility studies for this recently completed community shopping center located on Highway 111 adjacent to the Palm Desert Town Center regional mall. One purpose of the study was to consider a tenant mix that would be able to effectively compete with the regional mall.

**LOS ANGELES COUNTY CHIEF ADMINISTRATIVE OFFICE: Civic Center Mall Retail Analysis Civic Center Mall, Los Angeles**

Evaluated the market potential for specialty retail and service commercial uses at a potential retail location on the Civic Center Mall near the Music Center. The purpose of the study was to provide for the needs of governmental workers and visitors to County Hall of Administration. Consulting services also included lease negotiations with candidate tenants for the project.

## **APPENDIX B**

### **Explanation of Population, Income and Retail Sales Allocation Factors Used in the Analysis**



This Appendix provides additional explanatory detail for the population, income and retail sales projections that are presented in the preceding urban decay analysis, and how potential conflicts among some of the data sources were reconciled.

Population

The baseline population forecasts underlying this analysis were prepared by Claritas, Inc., a nationally-recognized provider of demographic information for market analyses and other purposes. As presented in Table B-1, Claritas provided population and baseline income data for the Westfield Fashion Square Regional Market Area (RMA); a 3.0-Mile Market Radius around Westfield Fashion Square that serves as the Eating and Drinking Facility market area; and Los Angeles County. Data were prepared for several time periods: the baseline year 2000, per information collected from the U.S. Census; a current estimate for the year 2007; and a five-year projection for the year 2012. These estimates and projections were then evaluated for internal consistency and for comparability with other data sources, including the California State Department of Finance and the Los Angeles County Economic Development Commission.

Table B-1  
**BASELINE DEMOGRAPHIC ESTIMATES AND PROJECTIONS.  
 LOS ANGELES COUNTY AND WESTFIELD FASHION SQUARE MARKET AREAS**

<u>Data Category</u>	<u>Regional Market Area</u>	<u>Eating &amp; Drinking Facility Market Area 3.0-Mile Radius</u>	<u>Los Angeles County</u>
Population			
2000	680,152	120,800	9,519,338
2007	728,332	131,195	10,164,031
2012	770,434	140,232	10,734,503
Number of Households			
2000	283,462	44,140	3,133,774
2007	300,049	47,183	3,314,263
2012	315,697	49,907	3,486,188
Average Per Capita Income			
2000 <sup>1</sup>	\$32,882	\$29,268	\$20,683
2007	\$35,328	\$32,354	\$23,618
Average Household Income			
2000 <sup>1</sup>	\$75,225	\$69,278	\$61,811
2007	\$85,221	\$78,285	\$71,592

<sup>1</sup> Data are actually for calendar year 1999.  
 Source: Claritas, Inc.

## Income

Table B-1 also provides Claritas' current household and per capita income estimates for the RMA, the 3.0-Mile Market Radius and Los Angeles County. While these statistics may be indicative to the degree that they reflect that there are basic differences between the Regional Market Area (RMA), the Eating & Drinking Facility 3.0-Mile Market Radius and Los Angeles County with respect to income levels, the current estimates made by Claritas appear to be conservative. For example, Claritas' household and per capita income growth estimates for Los Angeles County between 1999 and 2007 is measured at about 1.7 percent, while other forecasts for the area suggest that incomes were growing at a rate above 3.6 percent. Given what the analysts believe are unrealistically low estimates by Claritas, further analysis was conducted to arrive at more realistic projections of current and future income levels for the RMA and the 3.0-Mile Market Radius. These projections are noted in Table B-2.

There are two basic measures of per capita personal income that are commonly used in retail market analysis: Per Capita Personal Income as measured by the U.S. Bureau of Economic Analysis (BEA); and Per Capita Personal Income as reported in the United States Census. The BEA definition is a broad definition of per capita personal income that includes both money receipts and changes in assets; it usually is a substantially higher figure for a given population than the per capita amount reported by the U.S. Census, which reports a more limited concept of "money" income that is estimated by census respondents. As noted in Table B-2, the U.S. Census figure for Los Angeles County per capita income was equivalent to only 73.1 percent of the BEA County per capita income measure estimate in 1999, and comparative data for other time periods suggest that the ratio between these two per capita income measures has stayed fairly consistent over time.

In the preparation of per capita personal income estimates and projections for the RMA and the 3.0-Mile Market Radius, the baseline estimates made by Claritas were adjusted upward to reflect both: (1) the recent 2005 and 2006 BEA estimates of per capita income for State of California residents; (2) the recent 2005 and 2006 BEA estimates of per capita income for County of Los Angeles residents; and (3) the relatively higher per capita incomes historically found in the RMA and the 3.0-Mile Market Radius *vis a vis* Los Angeles County as measured by Claritas. The results of these adjustments are presented in Table B-2 in the form of per capita income estimates in 2007 for the RMA and for the 3.0-Mile Market Radius residents.

Per capita personal incomes for the RMA are projected to 2012 using an annual compound growth rate of 3.5 percent that is applied to the baseline 2007 estimates. This magnitude of growth is consistent with the State's annual per capita income growth that has been experienced over the 7-year period 1999-2006, a period that reflects both recession and expansion phases in the general economy. The projection also reflects the fact that the RMA and 3.0-Mile Market Radius both include some of the wealthiest residential communities found within the United States.

**Table B-2  
COMPARISON OF PER CAPITA INCOMES FOR STATE OF CALIFORNIA, LOS ANGELES COUNTY AND WESTFIELD FASHION SQUARE MARKET AREAS**

	1998	1999	2000	2001	2002	2003	2004	2005	Preliminary 2006	Projected 2007	Projected 2012
State of California											
Per Capita Personal Income, BEA Definition	\$29,489	\$30,152	\$32,588	\$32,964	\$32,751	\$33,202	\$35,172	\$36,936	\$ 38,956	\$ 40,319	\$ 47,887
County of Los Angeles											
Per Capita Personal Income, BEA Definition	\$27,479	\$28,294	\$29,314	\$30,478	\$30,535	\$31,193	\$32,619	\$34,335	\$ 36,307	\$ 37,577	\$ 44,631
County as Percent of State	93.2%	93.8%	90.0%	92.5%	93.2%	93.9%	92.7%	93.0%	93.2%	93.2%	93.2%
Money Income as Percent of Personal Income		73.10%						73.10%	73.10%	73.10%	73.10%
County of Los Angeles Per Capita Personal Income, Census Definition (Claritas):		\$ 20,683						\$ 22,727		\$ 23,618	\$ 25,813
Adjusted County of Los Angeles Per Capita Personal Income, Census Definition		\$ 20,683						\$ 25,099	\$ 26,450	\$ 27,469	\$ 32,625
<b>Westfield Fashion Square Market Areas</b>											
<b>Per Capita Personal Income:</b>											
<b>Regional Market Area</b>											
Per Capita Personal Income, Census Definition (Claritas)		\$ 32,882								\$ 35,328	\$ 37,974
Adjusted Per Capita Personal Income, Census Definition		\$ 32,882								\$ 41,088	\$ 47,995
<b>Per Capita Personal Income: BEA Definition</b>		\$ 44,982						\$ 52,175	\$ 54,472	\$ 56,208	\$ 66,757
<b>Eating &amp; Drinking Facilities Market Area</b>											
Per Capita Personal Income, Census Definition (Claritas)		\$ 29,268								\$ 32,354	\$ 34,783
Adjusted Per Capita Personal Income, Census Definition		\$ 29,268								\$ 37,629	\$ 43,961
<b>Per Capita Personal Income: BEA Definition</b>		\$ 40,038						\$ 47,422	\$ 49,942	\$ 51,476	\$ 61,137

Source: US Bureau of Economic Analysis; U S Census of Retail Trade; State of California: Department of Finance, Employment Development Department, State Board of Equalization; Bureau of Labor Statistics; Los Angeles County Economic Development Commission; Claritas, Inc.; W & W, Inc.; HRA, Inc.

## Retail Sales Demand

Future retail demand has been calculated by determining the percent of personal income that has historically been expended for retail sales in the State of California and applying it to existing and future population and income levels in the market areas for the Westfield Fashion Square site. This percentage has been calculated by comparing total retail sales as measured by the U.S. Census of Retail Trade in census years 1997 and 2002 with the BEA measure of California Personal Income for those two corresponding periods. This comparison is noted below in Table B-3:

**Table B-3  
RETAIL SALES AS PERCENT OF INCOME, US BEA AND US CENSUS**

Year	Total Personal Income (‘000s)	Total Retail Sales <sup>1/</sup> (‘000s)	Retail Sales as % of Personal Income (BEA)	Retail Sales as % of Personal Income (Census)
1997	\$ 860,544,880	\$ 285,356,629	33.2%	45.4%
2002	\$ 1,147,868,177	\$ 383,296,602	33.4%	45.7%
		Average	33.3%	45.5%

<sup>1/</sup> Excludes e-sales and vending machines; adds Eating and Drinking facility sales.

Source: U S Bureau of Economic Analysis (BEA); U S Census; W & W, Inc.; HRA, Inc.

Allocations of retail sales to individual retail categories and store types have been developed following the retail store classification system utilized by the State of California State Board of Equalization. As shown in Table B-4, annual retail sales measured by the State and by the U.S. Census correspond reasonably well after adjustments are made in the State's taxable sales statistics that convert them to total retail sales. The adjustments that convert the State's taxable retail sales to total retail sales are based on a review of years 1997 and 2002, years where comparative data are available from both the U.S. Census and the Board of Equalization.

After the adjustments to retail sales by store category are made at the state level for 2002 and 2005 (see Tables B-5 and B-6), they are then refined to reflect local tastes and preferences by utilizing the retail sales distributions to various store categories per the percentage distributions that are found in Los Angeles County. The final retail sales distributions to individual retail store categories utilized in this analysis for the RMA and 3.0-Mile Market areas are derived from data presented in Tables B-7 and B-8. The data in these tables show the distribution of taxable and total retail sales in Los Angeles County for 2002 and 2005. In this regard, it should be noted that 2005 is the most recent calendar year for which annual data are available as of the date of preparation of this report.

Table B-4  
 COMPARATIVE ANALYSIS, STATE BOARD OF EQUALIZATION AND U S CENSUS OF RETAIL TRADE  
 RETAIL SALES BY MAJOR RETAIL CATEGORY, STATE OF CALIFORNIA  
 2002  
 (in Thousands of Current Dollars)

<u>Retail Store Category</u>	2002 <u>State</u>	Adjust. <u>Factor</u>	State <u>Adjusted</u>	2002 <u>Census</u>
Apparel Stores	14,029,200		14,029,200	
Clothing, Accessories, Jewelry, luggage				22,661,146
General Merchandise Stores				
Department Stores & Other General Merchandise	42,741,257		42,741,257	46,696,215
Drug Stores	5,745,634	3.07	17,635,808	17,635,808
Total, General Merchandise	48,486,891		60,377,065	64,332,023
Food Store Group				
Food Stores	18,951,412	3.06	57,964,493	57,964,493
Liquor Stores	2,137,065		2,137,065	2,278,760
Total, Food & Beverage	21,088,477		60,101,558	60,243,253
Eating & Drinking Group				
Restaurants, no Alcohol	17,202,160		17,202,160	
Resaurants with Alcohol	20,877,670		20,877,670	
Total, Eating & Drinking	38,079,830		38,079,830	
Household Furnishings Group	13,983,287		13,983,287	
Furniture & Home Furnishings				11,605,138
Electronics & Appliances				13,186,464
Building Materials and Farm Supplies				
Building Materials and Supplies	25,816,009		25,816,009	24,515,132
Lawn/Garden Supplies, including Farm Eqpt	4,671,072		4,671,072	2,265,209
Total, Building Materials and Garden Supplies	30,487,081		30,487,081	26,780,341
Automotive Group				
Auto Dealers/Parts	63,821,146		90,664,859	90,664,859
Service Stations	23,928,351		23,928,351	23,421,136
Total, Automotive Group	87,749,497		114,593,210	114,085,995
All Other: State Board of Equalization				
Specialty Group(Calif definition)	43,539,120		43,539,120	
Used Merchandise	520,999		520,999	
Mobile Home, RV, Motorcycle, Boat, Plane Dealers	3,647,924		3,647,924	5,692,445
All Other: US Census				
Health & Personal Care(less Drug Stores/Pharmacies)				3,108,465
Sporting Goods, Hobby, Books, Music, et al				9,789,031
Misc. Retail: Florists, Office Supplies, Used Merch., Pets, Art, et al				10,786,260
Total, Other	47,708,043		47,708,043	29,376,201
Grand Total, Store Groups Noted Above	301,612,306		379,359,274	342,270,561
Less: Eating & Drinking			(38,079,830)	
Total Retail Store Sales, Selected Categories			341,279,444	342,270,561
<u>State as Percent of Census</u>			99.71%	

Source: State of California, State Board of Equalization; U S Census of Retail Trade; W & W, Inc.

Table B-5  
DISTRIBUTION OF RETAIL SALES BY MAJOR RETAIL CATEGORY  
STATE OF CALIFORNIA  
2002  
(in Thousands of Current Dollars)

<u>Retail Store Category</u>	<u>State Baseline</u>	Percent of <u>Total</u>	<u>Adjust Factor</u>	<u>State Adjusted</u>	Percent of <u>Total</u>
Apparel Stores	14,029,200	4.65%		14,029,200	3.70%
General Merchandise Stores					
Department Stores & Other General Merchandise	42,741,257	14.17%		42,741,257	11.28%
Drug Stores	<u>5,745,634</u>	<u>1.90%</u>	3.07	<u>17,639,096</u>	<u>4.65%</u>
Total, General Merchandise Group	48,486,891	16.08%		60,380,353	15.93%
Food Store Group					
Food Stores	18,951,412	6.28%	3.06	57,991,321	15.30%
Liquor Stores	<u>2,137,065</u>	<u>0.71%</u>		<u>2,137,065</u>	<u>0.56%</u>
Total, Food & Beverage Group	21,088,477	6.99%		60,128,386	15.87%
Eating & Drinking Facilities					
Restaurants, no Alcohol	17,202,160	5.70%		17,202,160	4.54%
Restaurants with Alcohol	<u>20,877,670</u>	<u>6.92%</u>		<u>20,877,670</u>	<u>5.51%</u>
Total, Eating & Drinking Group	38,079,830	12.63%		38,079,830	10.05%
Household Furnishings Group	13,983,287	4.64%		13,983,287	3.69%
Building Materials and Farm Supplies					
Building Materials and Supplies	25,816,009	8.56%		25,816,009	6.81%
Lawn/Garden Supplies, incl Farm Eqpt	<u>4,671,072</u>	<u>1.55%</u>		<u>4,671,072</u>	<u>1.23%</u>
Total, Building Materials and Garden Supplies	30,487,081	10.11%		30,487,081	8.04%
Automotive Group					
Auto Dealers/Parts	63,821,146	21.16%	1.41	90,243,100	23.81%
Service Stations	<u>23,928,351</u>	<u>7.93%</u>		<u>23,928,351</u>	<u>6.31%</u>
Total, Automotive Group	87,749,497	29.09%		114,171,451	30.13%
Specialty Group, incl Used Merchandise	44,060,119	14.61%		44,060,119	11.63%
Mobile Home, RV, Motorcycle, Boat, Plane Dealers	<u>3,647,924</u>	<u>1.21%</u>		<u>3,647,924</u>	<u>0.96%</u>
Total, Retail Store Sales	301,612,306	100.00%		378,967,632	100.00%

Source: State of California, State Board of Equalization; U S Census of Retail Trade; W & W, Inc.

Table B-6  
**DISTRIBUTION OF RETAIL SALES BY MAJOR RETAIL CATEGORY**  
**STATE OF CALIFORNIA**  
**2005**  
(in Thousands of Current Dollars)

<u>Retail Store Category</u>	<u>State Baseline</u>	Percent of <u>Total</u>	<u>Adjust Factor</u>	<u>State Adjusted</u>	Percent of <u>Total</u>
Apparel Stores	18,712,125	4.98%		18,712,125	4.04%
General Merchandise Stores					
Department Stores & Other General Merchandise	50,588,297	13.46%		50,588,297	10.93%
Drug Stores	<u>6,198,856</u>	<u>1.65%</u>	3.07	<u>19,030,488</u>	<u>4.11%</u>
Total, General Merchandise Group	56,787,153	15.11%		69,618,785	15.05%
Food Store Group					
Food Stores	21,128,469	5.62%	3.06	64,653,115	13.97%
Liquor Stores	<u>2,511,183</u>	<u>0.67%</u>		<u>2,511,183</u>	<u>0.54%</u>
Total, Food & Beverage Group	23,639,652	6.29%		67,164,298	14.52%
Eating & Drinking Facilities					
Restaurants, no Alcohol	21,341,643	5.68%		21,341,643	4.61%
Restaurants with Alcohol	<u>25,071,204</u>	<u>6.67%</u>		<u>25,071,204</u>	<u>5.42%</u>
Total, Eating & Drinking Group	46,412,847	12.35%		46,412,847	10.03%
Household Furnishings Group	17,388,704	4.63%		17,388,704	3.76%
Building Materials and Farm Supplies					
Building Materials and Supplies	36,152,218	9.62%		36,152,218	7.81%
Lawn/Garden Supplies, incl Farm Eqpt	<u>6,541,010</u>	<u>1.74%</u>		<u>6,541,010</u>	<u>1.41%</u>
Total, Building Materials and Garden Supplies	42,693,228	11.36%		42,693,228	9.23%
Automotive Group					
Auto Dealers/Parts	73,601,374	19.58%	1.41	104,072,343	22.50%
Service Stations	<u>38,566,548</u>	<u>10.26%</u>		<u>38,566,548</u>	<u>8.34%</u>
Total, Automotive Group	112,167,922	29.85%		142,638,891	30.83%
Specialty Group, incl Used Merchandise	52,928,654	14.08%		52,928,654	11.44%
Mobile Home, RV, Motorcycle, Boat, Plane Dealers	<u>5,077,840</u>	<u>1.35%</u>		<u>5,077,840</u>	<u>1.10%</u>
Total, Retail Store Sales	375,808,125	100.00%		462,635,372	100.00%

Source: State of California, State Board of Equalization; U S Census of Retail Trade; W & W, Inc.

Table B-7  
DISTRIBUTION OF RETAIL SALES BY MAJOR RETAIL CATEGORY  
LOS ANGELES COUNTY  
2002  
(in Thousands of Current Dollars)

<u>Retail Store Category</u>	County <u>Baseline</u>	Percent of <u>Total</u>	Adjust <u>Factor</u>	County <u>Adjusted</u>	Percent of <u>Total</u>
Apparel Stores	4,036,630	5.41%		4,036,630	4.09%
General Merchandise Stores					
Department Stores & Other General Merchandise	9,704,153	13.02%		9,704,153	9.83%
Drug Stores	<u>1,492,554</u>	<u>2.00%</u>	3.26	<u>4,861,770</u>	<u>4.92%</u>
Total, General Merchandise Group	11,196,707	15.02%		14,565,923	14.75%
Food Store Group					
Food Stores	4,235,299	5.68%	3.50	14,821,554	15.01%
Liquor Stores	<u>544,140</u>	<u>0.73%</u>		<u>544,140</u>	<u>0.55%</u>
Total, Food & Beverage Group	4,779,439	6.41%		15,365,694	15.56%
Eating & Drinking Facilities					
Restaurants, no Alcohol	5,364,930	7.20%		5,364,930	5.43%
Restaurants with Alcohol	<u>5,176,950</u>	<u>6.94%</u>		<u>5,176,950</u>	<u>5.24%</u>
Total, Eating & Drinking Group	10,541,880	14.14%		10,541,880	10.68%
Household Furnishings Group	3,378,316	4.53%		3,378,316	3.42%
Building Materials and Farm Supplies					
Building Materials and Supplies	5,528,888	7.42%		5,528,888	5.60%
Lawn/Garden Supplies, incl Farm Eqpt	<u>512,038</u>	<u>0.69%</u>		<u>512,038</u>	<u>0.52%</u>
Total, Building Materials and Garden Supplies	6,040,926	8.10%		6,040,926	6.12%
Automotive Group					
Auto Dealers/Parts	15,869,231	21.29%	1.64	26,095,296	26.43%
Service Stations	<u>6,404,120</u>	<u>8.59%</u>		<u>6,404,120</u>	<u>6.49%</u>
Total, Automotive Group	22,273,351	29.88%		32,499,416	32.92%
Specialty Group, incl Used Merchandise	11,739,640	15.75%		11,739,640	11.89%
Mobile Home, RV, Motorcycle, Boat, Plane Dealers	<u>561,088</u>	<u>0.75%</u>		<u>561,088</u>	<u>0.57%</u>
Total, Retail Store Sales	74,547,977	100.00%		98,729,513	100.00%

Source: State of California, State Board of Equalization; U S Census of Retail Trade; W & W, Inc.

Table B-8  
DISTRIBUTION OF RETAIL SALES BY MAJOR RETAIL CATEGORY  
LOS ANGELES COUNTY  
2005  
(in Thousands of Current Dollars)

<u>Retail Store Category</u>	County <u>Baseline</u>	Percent of <u>Total</u>	Adjust <u>Factor</u>	County <u>Adjusted</u>	Percent of <u>Total</u>
Apparel Stores	5,248,349	5.69%		5,248,349	4.41%
General Merchandise Stores					
Department Stores & Other General Merchandise	11,504,506	12.47%		11,504,506	9.66%
Drug Stores	<u>1,672,209</u>	<u>1.81%</u>	3.26	<u>5,451,401</u>	<u>4.58%</u>
Total, General Merchandise Group	13,176,715	14.28%		16,955,907	14.24%
Food Store Group					
Food Stores	4,532,723	4.91%	3.50	15,864,531	13.32%
Liquor Stores	<u>602,264</u>	<u>0.65%</u>		<u>602,264</u>	<u>0.51%</u>
Total, Food & Beverage Group	5,134,987	5.57%		16,466,795	13.83%
Eating & Drinking Facilities					
Restaurants, no Alcohol	6,590,968	7.14%		6,590,968	5.54%
Restaurants with Alcohol	<u>6,313,342</u>	<u>6.84%</u>		<u>6,313,342</u>	<u>5.30%</u>
Total, Eating & Drinking Group	12,904,310	13.99%		12,904,310	10.84%
Household Furnishings Group	4,263,142	4.62%		4,263,142	3.58%
Building Materials and Farm Supplies					
Building Materials and Supplies	7,701,383	8.35%		7,701,383	6.47%
Lawn/Garden Supplies, incl Farm Eqpt	<u>676,879</u>	<u>0.73%</u>		<u>676,879</u>	<u>0.57%</u>
Total, Building Materials and Garden Supplies	8,378,262	9.08%		8,378,262	7.04%
Automotive Group					
Auto Dealers/Parts	18,263,829	19.79%	1.64	29,952,680	25.16%
Service Stations	<u>10,261,639</u>	<u>11.12%</u>		<u>10,261,639</u>	<u>8.62%</u>
Total, Automotive Group	28,525,468	30.91%		40,214,319	33.77%
Specialty Group, incl Used Merchandise	13,944,113	15.11%		13,944,113	11.71%
Mobile Home, RV, Motorcycle, Boat, Plane Dealers	<u>695,809</u>	<u>0.75%</u>		<u>695,809</u>	<u>0.58%</u>
Total, Retail Store Sales	92,271,155	100.00%		119,071,005	100.00%

Source: State of California, State Board of Equalization; U S Census of Retail Trade; W & W, Inc.

