

HERMOSA BEACH ECONOMIC AND MARKET STUDY

Economic Development
Committee

June 7th, 2021



Economic & Planning Systems, Inc.
The Economics of Land Use

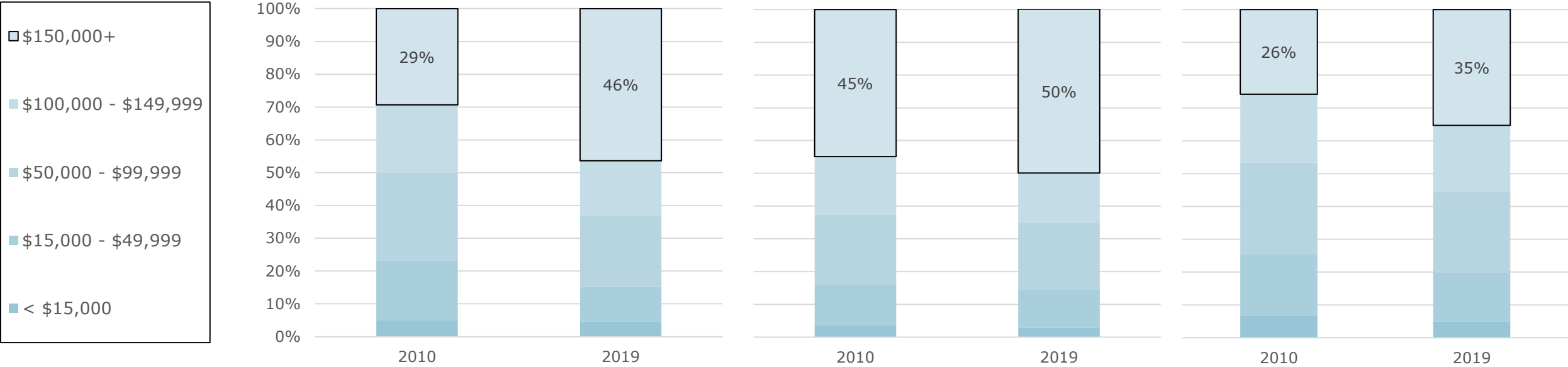
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DATA UPDATE

DEMOGRAPHIC PROFILE

	Hermosa Beach			Manhattan Beach			Redondo Beach		
	2010	2019	Change	2010	2019	Change	2010	2019	Change
Total Population	19,506	19,650	0.7%	35,135	35,573	1.2%	66,748	67,700	1.4%
Total Households	9,389	8,979	-4.4%	13,732	13,520	-1.5%	28,540	27,621	-3.2%
Total Housing Units	10,311	10,049	-2.5%	15,128	15,363	1.6%	30,243	29,979	-0.9%

Household Income Distribution: 2010 vs. 2019



- Hermosa Beach has seen the largest increase in proportion of households with incomes over \$150k among the Beach Cities

HOUSING STOCK

Hermosa Beach Total Units: 10,058 (-258 from 2010)

Beach City Median Home Values (Percent Increase from 2012)

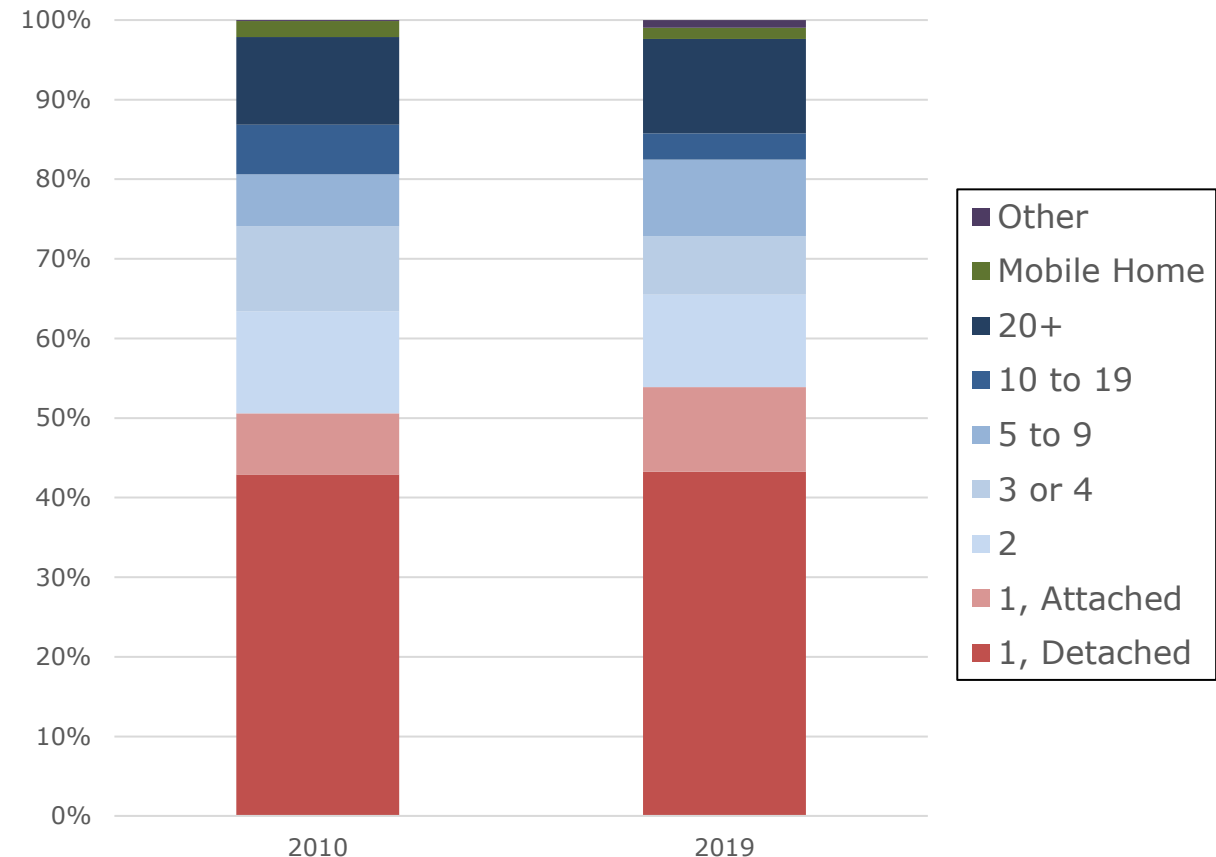
Hermosa Beach: \$1.7 million **(+82%)**

Manhattan Beach \$2.3 million **(+73%)**

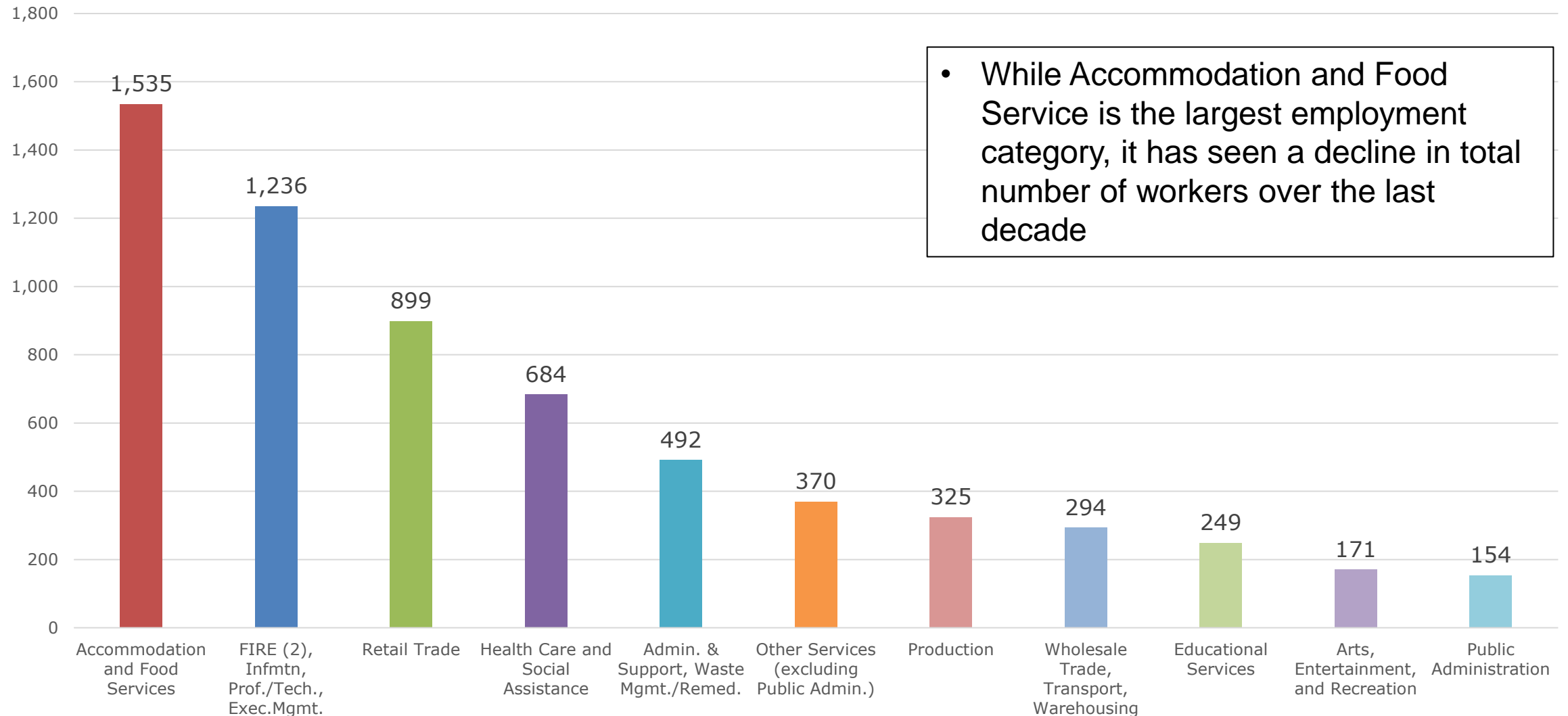
Redondo Beach: \$1.1 million **(+68%)**

- Hermosa Beach has seen the largest increase in home values among the Beach Cities, though its housing inventory has declined since 2010

Hermosa Beach Unit Mix (2010-2019)



EMPLOYMENT MIX



DAYTIME POPULATION

Jobs Per HH

Hermosa Beach

0.62

Manhattan Beach

1.25

Redondo Beach

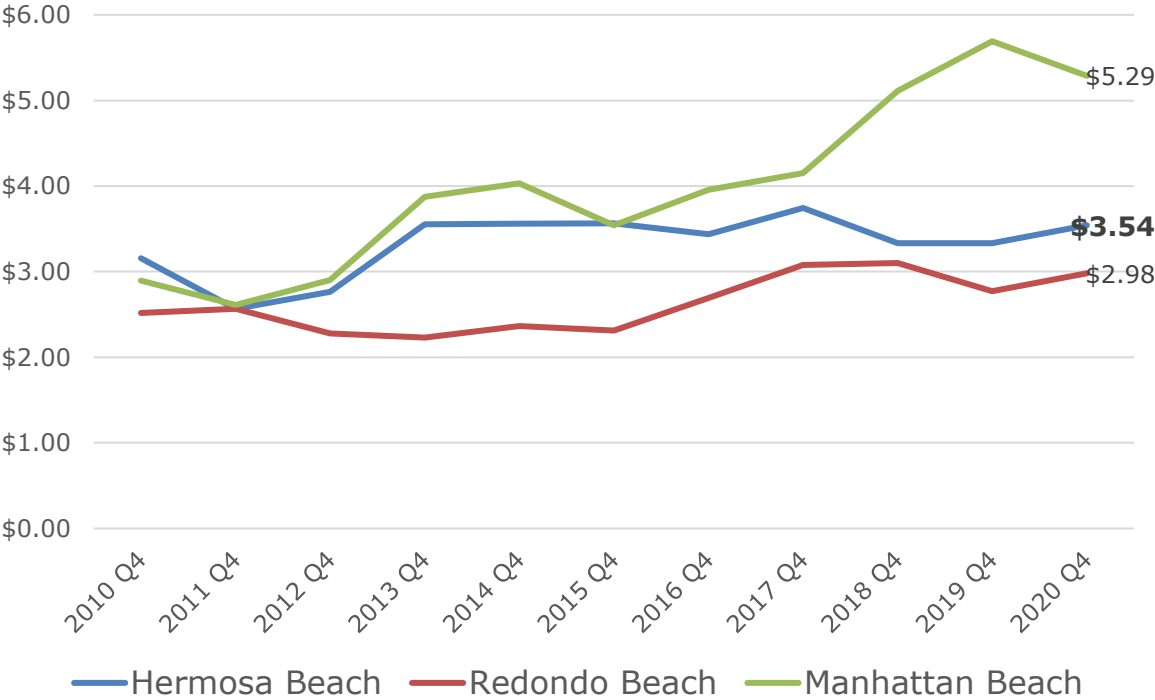
0.82

Daytime Population

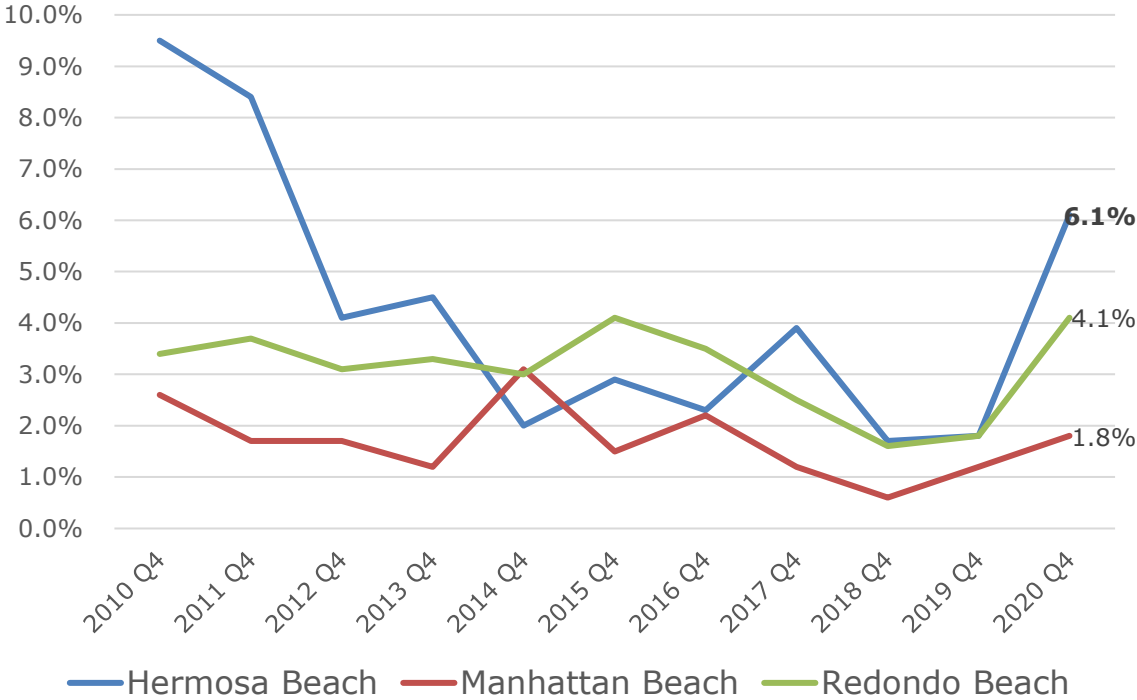
	Hermosa Beach	Manhattan Beach	Redondo Beach
Day Population (2018)			
Residential Population	19,650	35,573	67,700
Live in City, Employed Outside City	(8,042)	(12,101)	(27,841)
Employed in City, Living Outside City	5,567	16,478	21,371
Day Population	17,175	39,950	61,230
Daily Inflow/(Outflow)	(2,475)	4,377	(6,470)
Daily Inflow/(Outflow) as % of Residential Population	-13%	12%	-10%

RETAIL MARKET

Retail Rents

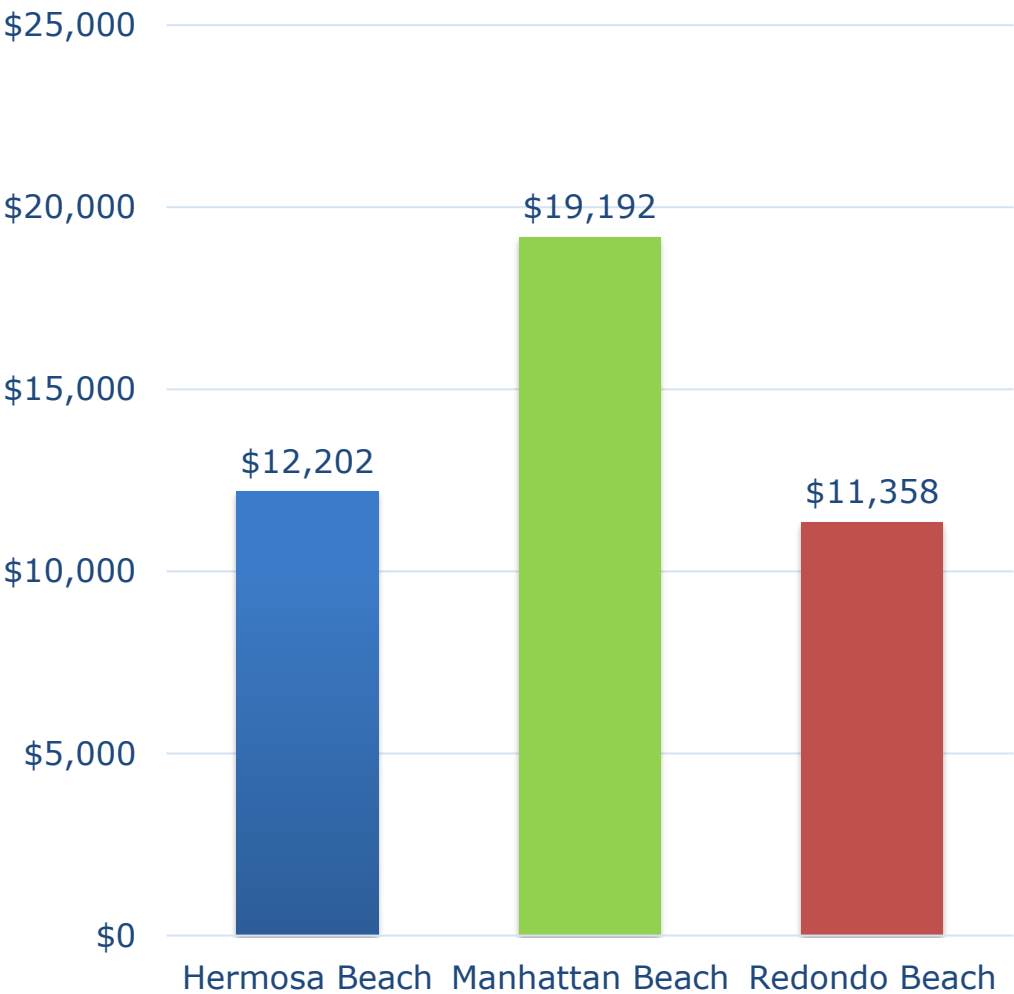


Retail Vacancy Rates

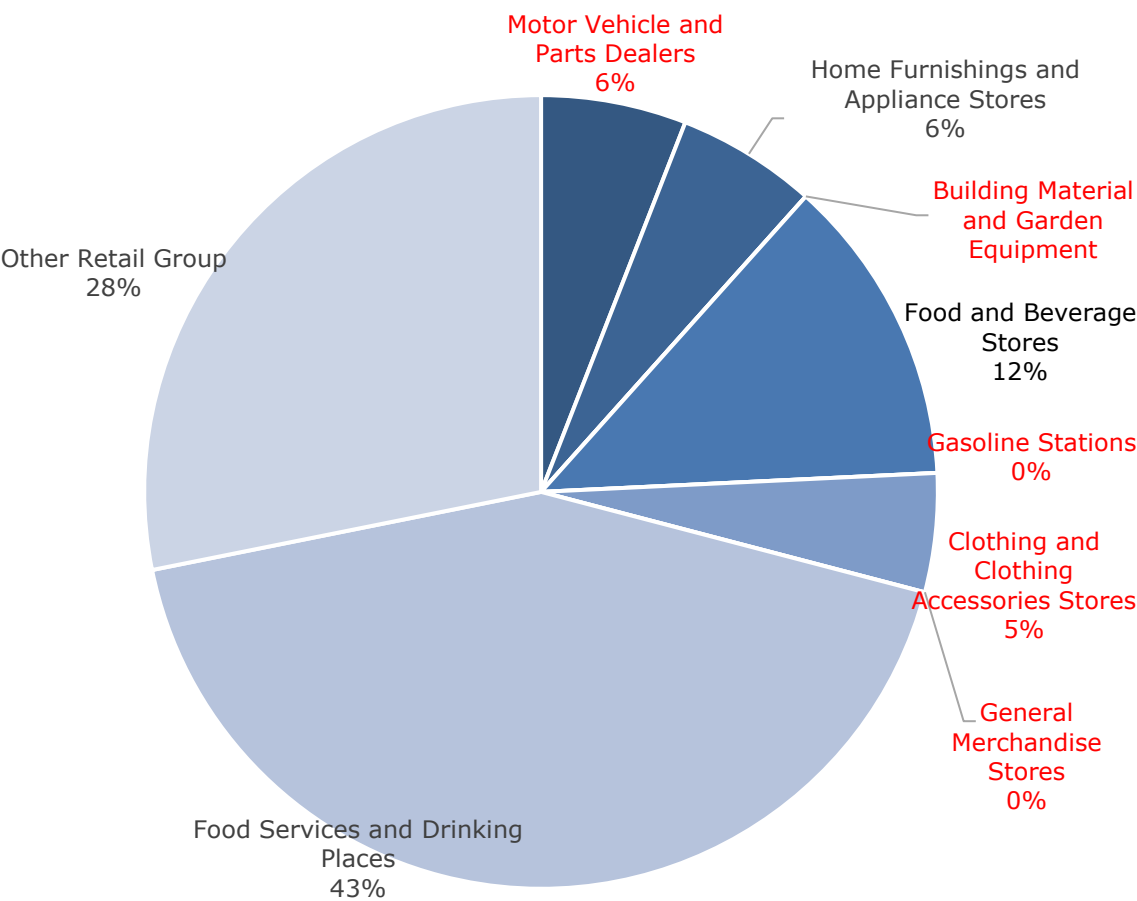


TAXABLE SALES

Taxable Sales Per Capita



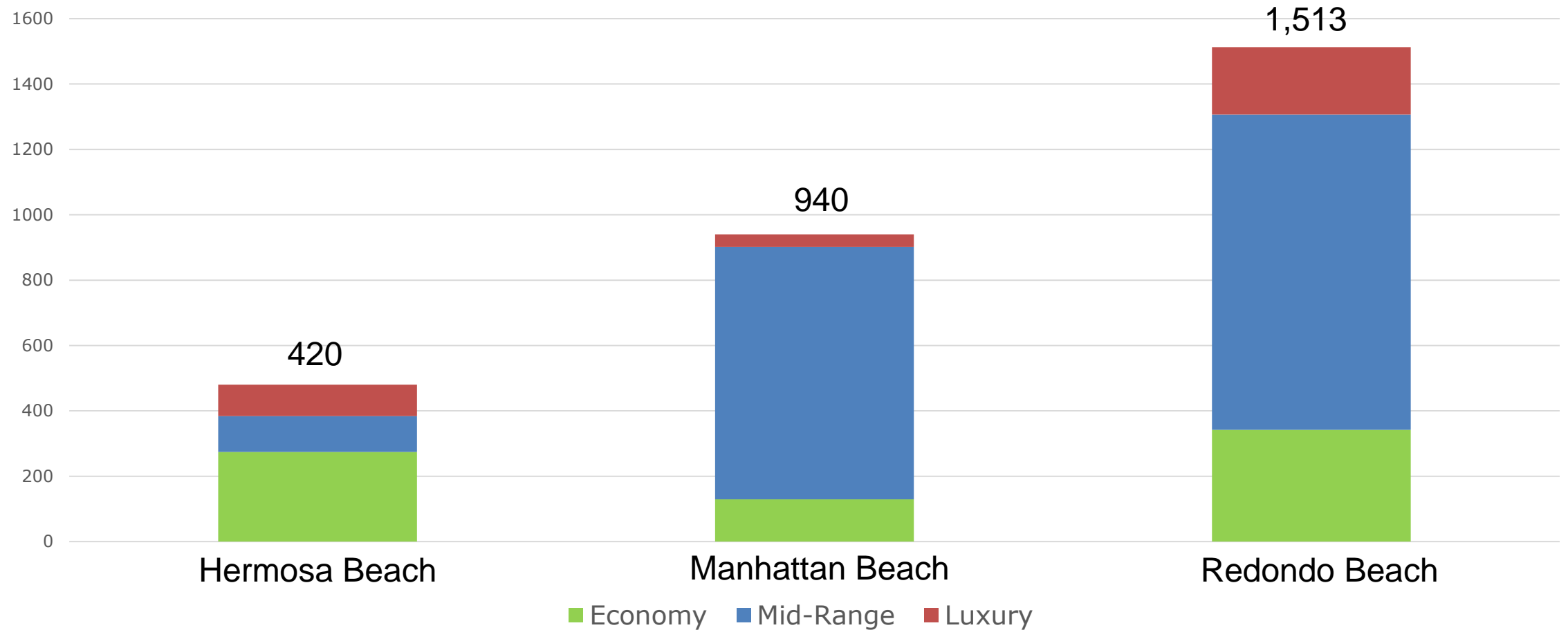
Hermosa Beach Taxable Sales Breakdown



Red = lowest among Beach Cities

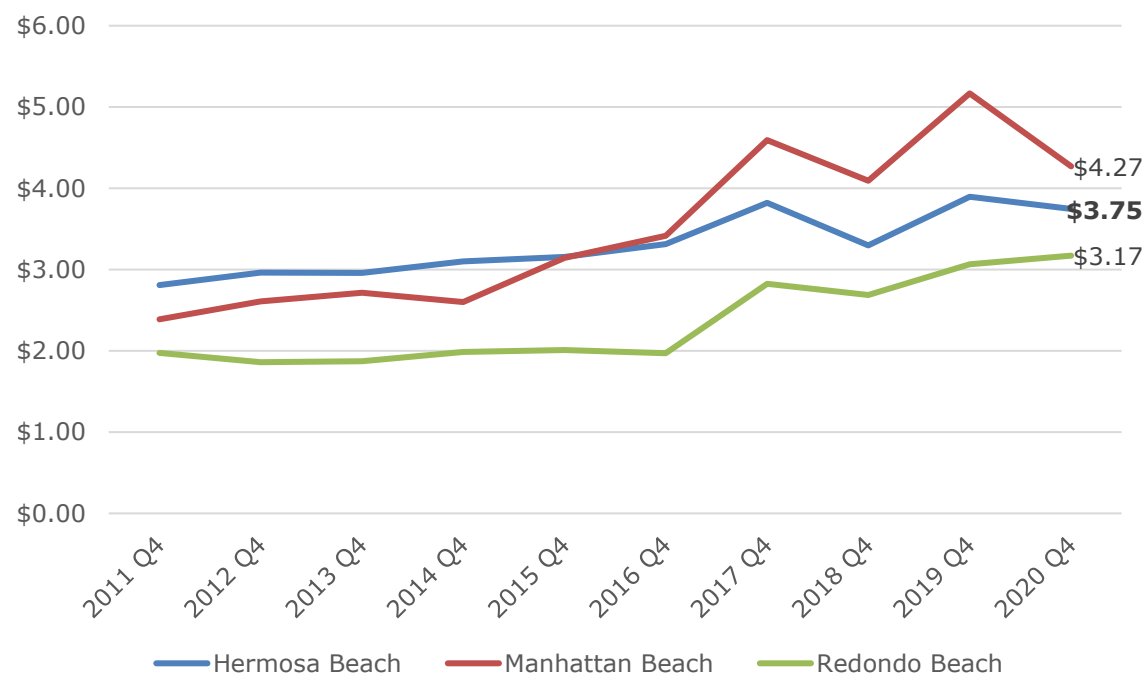
HOTEL MARKET

Room Inventory by Hotel Type

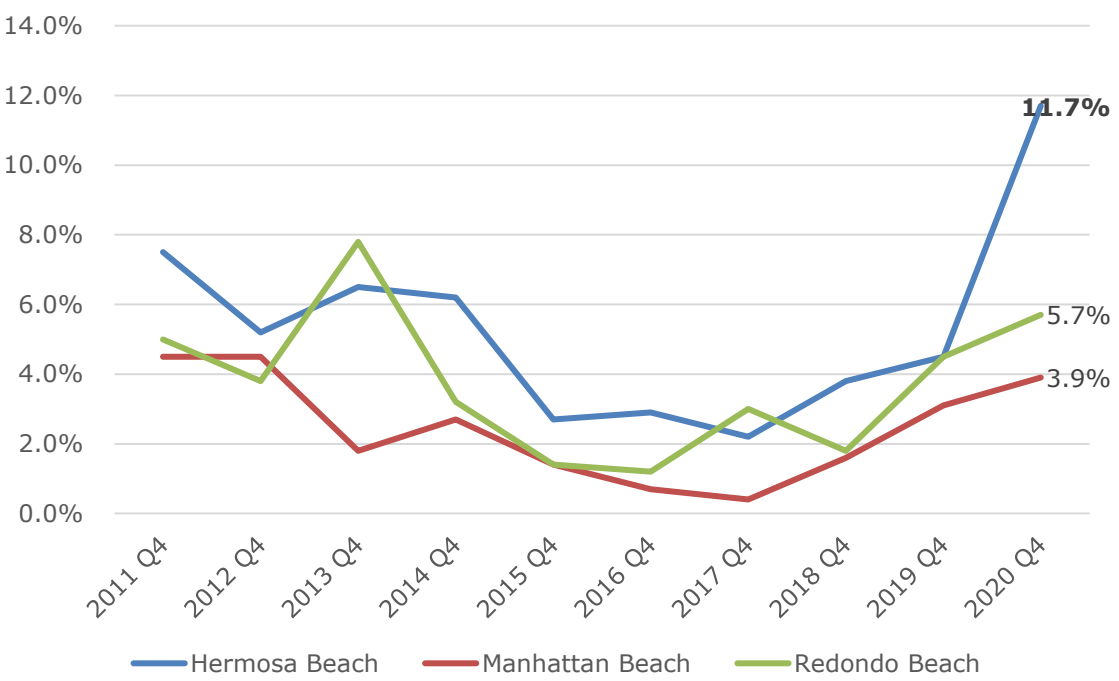


OFFICE MARKET

Office Rents



Office Vacancy Rates



KEY TRENDS: ISSUES AND OPPORTUNITIES

PARKING

- Parking requirements in Hermosa Beach often prove to be a major barrier to economic growth, smart urban design, and re-tenanting of historic buildings,
- Parking requirements likely contributed to making the “Pier/Strand” hotel proposed on the Mermaid site financially infeasible.
- Restaurants in particular are less concerned about parking due to the growth in alternative transportation options, including walking, biking, and ride sharing.
- Off-site employee parking could free up more customer parking and provide parking for beach goers and visitors in the summer months.
- Converting the tennis courts at the Community Center to structured parking instead of building a structure on Lot A, would allow Lot A to be better used for mixed use or civic uses.
- Locating parking at the Civic Center, uphill from the downtown commercial district would facilitate foot traffic passing by downtown businesses.
- Alternative parking and TDM (Transportation Demand Management) strategies could alleviate the financial burden of on-site parking.

BUSINESS AND LAND USE MIX

- Public safety concerns associated with the late-night bar scene have subsided significantly in the past decade, though the problem remains to some degree, particularly late at night.
- Some restaurants/bars depend on the post dining hours drinking to make sufficient revenue to cover their costs.
- A culinary-driven scene appears to be desired by many as a means of replicating the success of Downtown Manhattan Beach, and attracting a crowd that is less likely to cause police and EMT calls.
- Outdoor dining which has increased as restaurants struggle to survive during the pandemic should be retained and encouraged.
- Hermosa Beach in a unique position to capitalize on office trends given its demographic characteristics and quality of life.
- The trend of increased work from home could be augmented by coworking office space that offers an alternative to the home office some of the time.

BUSINESS AND LAND USE MIX

- The PCH corridor offers a general business location in an accessible South Bay coastal community, and has attracted larger users recently.
- A number of apparently closed restaurants and entertainment venues are remodeling and planning to reopen with new offerings post COVID-19.
- The Comedy and Magic Club is an iconic destination in Hermosa Beach and a valuable asset for the downtown.
- The Lighthouse at Pier Plaza has recently changed ownership with plans to continue as a live jazz club. Saint Rocke on PCH has also recently changed ownership with plans to return with live music.
- Development of mixed-use residential on infill sites downtown would add “rooftops” to support downtown restaurant and retail businesses, and activate the streets in the downtown core,

WORK FROM HOME

- Beach cities in the LA metro area are very desirable locations due to the clean air, access to the beach as an amenity, and the charm of historic downtowns
- More people are working from home as a result of the Covid-19 pandemic. This trend is likely to continue after the pandemic is over.
- Work from home increases the market support for local businesses and restaurants and should be encouraged by the City.
- Allowing and encouraging small scale coworking spaces, perhaps in mixed-use buildings could support work from home.
- Small scale vertical mixed-use buildings could be accommodated on small, infill sites downtown. Parking requirements could be reduced since many users would walk or bike to those locations from their homes.
- Converting second floor office along Upper Pier into live-work lofts. They anticipate that this will both ease some pressure on the residential market and add to the vitality of the Upper Pier commercial district

CITY POLICY AND CIVIC ORGANIZATIONS

- In the past, Hermosa Beach's was not seen as a business-friendly city.
- Conditional use permits (CUPs). were often seen as over-prescriptive, and complicated the transfer of ownership for certain businesses. The application process to amend CUPs can be extremely cumbersome.
- Business owners were heartened to hear that the city has appointed a Business Liaison and created an Economic Development Committee and a stakeholder's group to address the business climate in the city.
- Recent changes in leadership, as well as a surge in new members may reinvigorate the Chamber of Commerce and make it more effective.
- Recent policy changes have assisted the Cypress district in the southern part of the City, and the City is looking at the PCH corridor and Aviation Boulevard, as places to nurture further economic development.