

THE
HOLLYWOOD
PARTNERSHIP

MARKET REPORT

First Quarter Performance, 2023

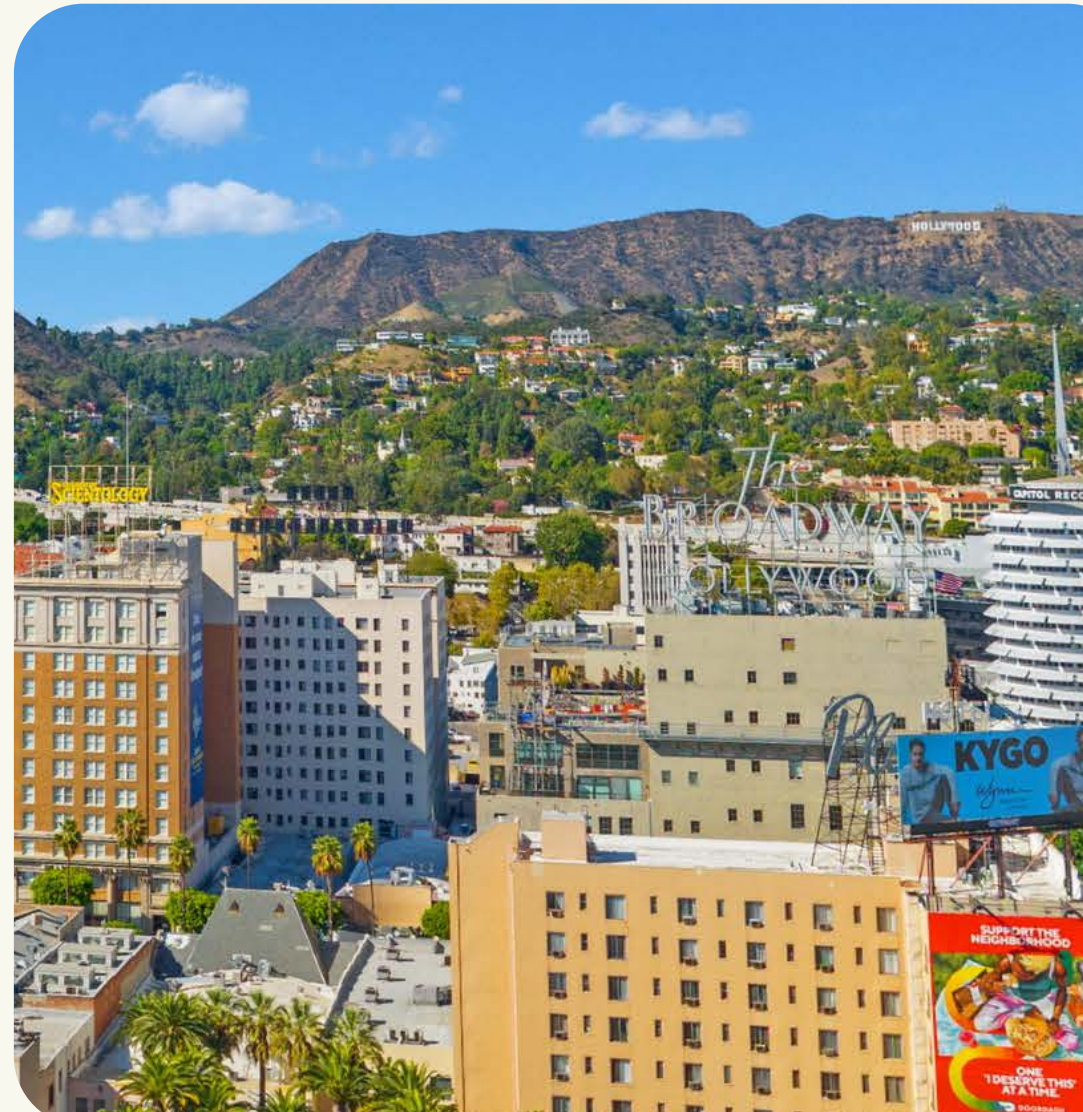
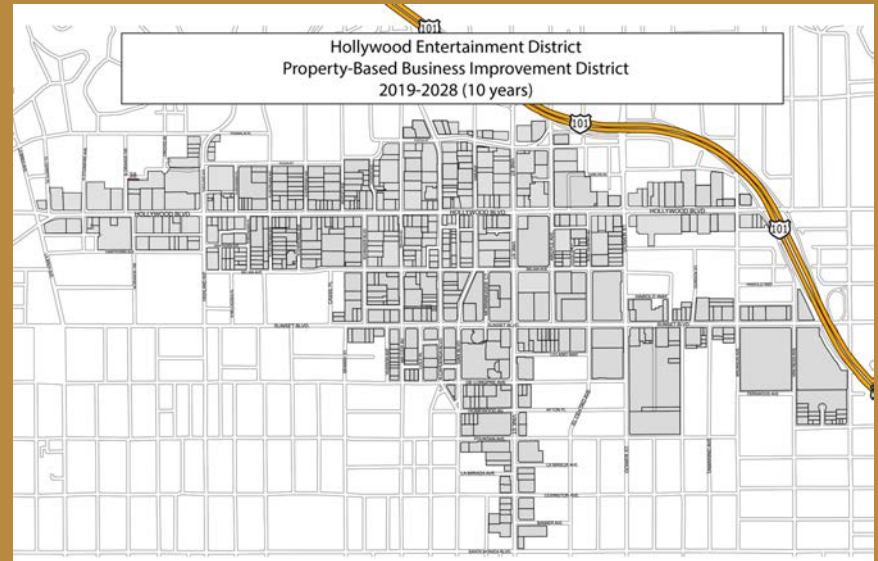


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The Hollywood Partnership (THP) is a non-profit organization that manages the public realm within the Hollywood Entertainment District (HED), which is a Property Based Business Improvement District (PBID). Simply, this means that the organization is funded by property owners within the district to provide enhanced services to promote the cleanliness, safety, beautification, and economic vitality of our neighborhood.

Executive Summary

Hollywood's future was top of mind in the first quarter of 2023 when The Hollywood Partnership (THP) joined forces with Urbanize LA, the preeminent website on urban development in Los Angeles, to shine a spotlight on the ever-evolving landscape of our iconic neighborhood—focusing on our unique variety of development projects in the pipeline.

While other places may struggle post-pandemic with over-reliance on one sector, one of the HED's strengths is its diversified audience, a booming resident population, employees from a broad range of sectors, and millions of visitors from around the globe.

The HED's residential population is exceptionally dense with more 20k people per square mile, a strong base that continues to grow. For example, the Hollywood Community Plan Update anticipates ~60K more residents and ~30K more jobs over the next 20 years.

Though en vogue & in demand, a vibrant residential market also requires inclusion. Due to effective development incentives, most new projects are offering at least 10% affordable housing.

Employees are returning to in-office activity, albeit three days a week rather than five. Q1 2023 office vacancy rates are down 7.2% over last year, and Hollywood employees made nearly 5 million visits to the HED in the previous 12 months.

Visitor numbers are steadily creeping back to pre-pandemic levels, Q1 2023 hotel occupancy rates are up 19% from 2022, and hotel development in the area is primed to welcome travelers with open arms.

Hollywood has a bright future that we can see today, in the numbers. So please enjoy the following Market Report for Q1 2023.

Q1 AT A GLANCE



2.6M SF

Office Projects Planned or Under Construction in the HED

30,125

Residential Population In HED

21,506

Population Density (per square mile)

31,604

Employees in the HED

73%

Hotel Occupancy in Greater Hollywood

19%

Increase Over Q1 2022

480k SF

Retail Space Planned or Under Construction in the HED

6,380

Residential Units Planned or Under Construction in the HED

Upcoming Development



The Hollywood Partnership tracks upcoming development regularly to keep you apprised of the latest projects planned or under construction in the HED and Greater Hollywood. Explore our Development Map, or check out our Development Matrix for a quick glimpse.



Click Here
To Explore Our
Development Map



Click Here
To View Our
Development Matrix

Q1 TOP STORIES

Now Available: HOLLYWOOD PARTNERSHIP VIRTUAL TOUR

Experience the exciting evolution of Hollywood's development. The Hollywood Partnership's new interactive virtual experience provides users with an exclusive opportunity to tour the district and visualize unique projects, major developments, leasing opportunities, anchor tenants, recently completed developments, and the renovation of some of Hollywood's iconic places.

Learn more at HollywoodPartnership.com

[Click Here to View the Virtual Tour](#)



Reading Materials: "HOLLYWOOD'S FUTURE COMES INTO FRAME"

In March, Urbanize LA posted an article by The Hollywood Partnership highlighting development trends, engaging new projects, and a glimpse into the district's future. The piece also features new digital tools available on HollywoodPartnership.com, including our Virtual Tour and Development Map, which offer users a platform to learn more about upcoming development.

Learn more at UrbanizeLA.com

[Click Here to Read Our Article](#)



Q1 TOP STORIES

Now Open: HOLLYWOOD PARTNERSHIP COMMUNITY DISPATCH CENTER

On January 25, 2023, The Hollywood Partnership (THP) officially opened our new Community Dispatch Center (HPCDC), a multi-service hub in the heart of the HED.

Located at 6562 Hollywood Boulevard, the HPCDC is strategically positioned along the iconic Walk of Fame corridor and easily accessible 24 hours a day. The facility's core purpose is to be the headquarters for THP's newly enhanced Ambassador Program, consisting of three distinct teams of ambassadors - cleaning, safety, and hospitality. Team members proactively monitor the district day and night, cleaning out trash cans, removing waste and graffiti, pressure washing sidewalks, providing safety response for non-emergency issues, offering guidance and directions to help visitors easily navigate their way through the district, and so much more. With the opening of the HPCDC, residents, businesses, and visitors can access dispatchers "on demand" to request assistance by calling or texting just one number, 567-HLY-WOOD (567-459-9663).

In addition to its daily services, this unique facility serves as a joint operations hub, in partnership with Urban Alchemy, a non-profit social enterprise that engages with situations where extreme poverty meets homelessness, mental illness, and addiction, and Hollywood 4WRD, a coalition of local service agencies who work to end homelessness in greater Hollywood, to actively connect unhoused and unwell individuals on the street with the services they need most.

Learn more at [HollywoodPartnership.com](https://www.HollywoodPartnership.com)



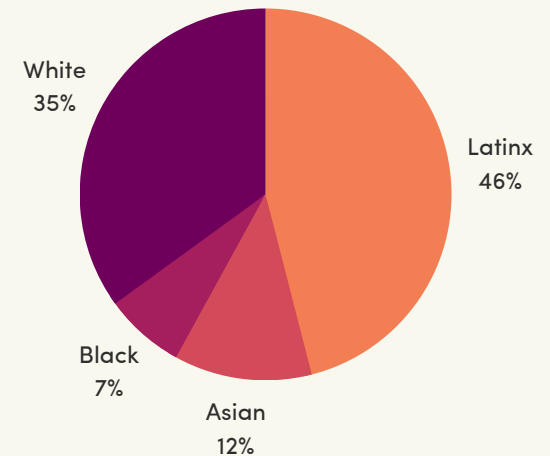
Working in Hollywood

At its heart, Hollywood is a mecca for creativity and storytelling. Buoyed by a robust entertainment production ecosystem and brandishing a priceless name representing a neighborhood and an industry, Hollywood combines the best of laid-back Southern California culture with dedicated work, creative energy, and drive. While the community is home to a substantial share of entertainment production jobs consistent with its global brand, Hollywood features a diverse employment base. Other major employment clusters include information and technology firms, healthcare, personal and professional services, and abundant retail and food & beverage industry jobs. That diversity of employment translates directly to the diversity of the workforce, which is always on display throughout the neighborhood.

45,000
Daytime Population
In HED

31,604
Employees In HED

Employee Race + Ethnicity



Higher

5 Million
Annual Employee
Visits to HED

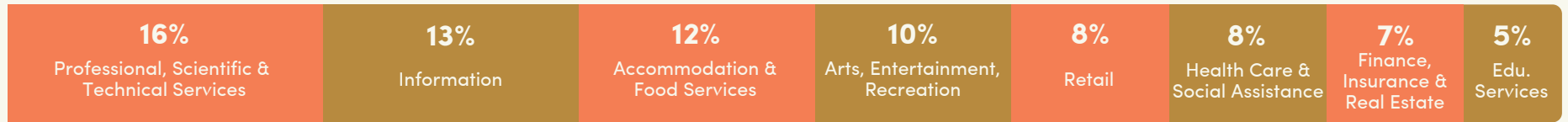
\$70,000
Average Employee
Income In HED



Working Continued



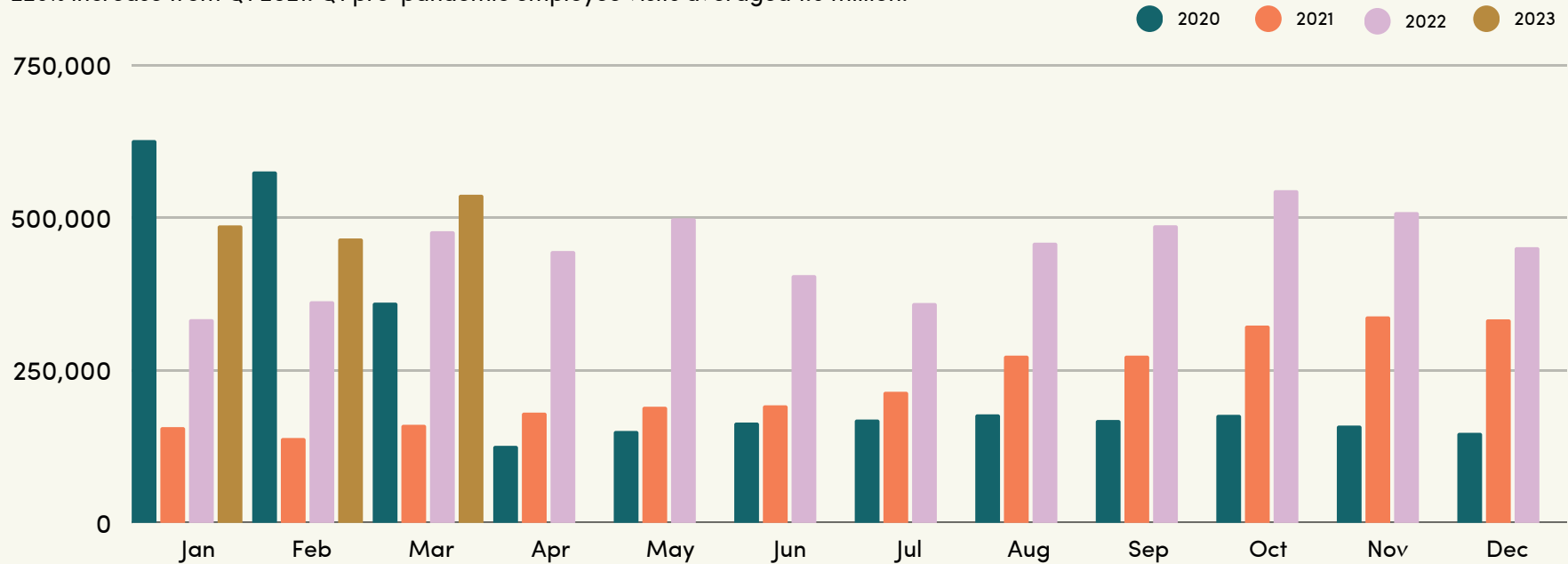
Diverse Employment Base



2020-2023 HED

Monthly Employee Visits

Q1 2023 saw 1.5 million employee visits to the HED, a YoY increase of 27% and a 226% increase from Q1 2021. Q1 pre-pandemic employee visits averaged 1.6 million.



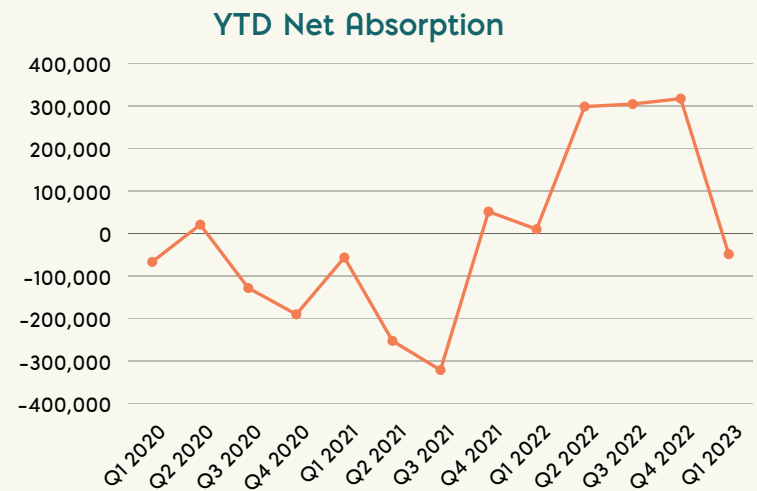
Hollywood Office Market

In Q1 2023, there was 17,681 SF of YTD Leasing Activity. Office vacancy rates have decreased by 7% over the last year. Overall asking rents and Class A asking rents are both up 4% from last quarter. Looking year over year, overall asking rents have remained steady, while Class A office rents have increased 6% from last year.

Class A office and, in particular, creative office, harness the bustling cultural energy of Hollywood with indoor/outdoor space, jaw dropping views, mixed-use buildings, and iconic architecture. For example, Kairos Investment Management Co. has partnered with Harbor Associates to upgrade the 12-story, Class A office and retail property at 6922 Hollywood Blvd. Kairos plans to update vacant office space to reach 85% to 90% occupancy by the end of 2025, said Kairos CIO Jonathan Needell. The group will also make site and façade improvements.

5M SF Hollywood Office Inventory	\$4.76 Hollywood Overall Avg. Monthly Asking Rent PSF	\$3.75 L.A. Overall Avg. Monthly Asking Rent PSF	\$5.01 Hollywood Class A Avg. Monthly Asking Rent PSF	\$4.01 L.A. Class A Avg. Monthly Asking Rent PSF
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Greater Hollywood Office Market: Q1 2023		
Overall Asking Rents (per SF/monthly)	\$4.76	<ul style="list-style-type: none"> +3% from Q4 2022 +1% from Q1 2022 Compared to \$3.75 Citywide
Class A Asking Rents (per SF/monthly)	\$5.01	<ul style="list-style-type: none"> +3% from Q4 2022 +6% from Q1 2022 Compared to \$4.01 Citywide
Overall Vacancy Rate	20.8%	<ul style="list-style-type: none"> -0.3% from Q4 2022 -7.2% from Q1 2022 Compared to 22.4 % Citywide



OFFICE DEVELOPMENT



Coming Soon: SUNSET + WILCOX (S+W)

Address: 6450 Sunset Blvd.
Developer: Shorenstein / MPLA
Architect: Gensler
Total SF: 450,000 SF

This 15-story building is scheduled to be completed in 2026. S+W will help Hollywood evolve to attract more current media & tech businesses. As part of one of LA's only true walkable live-work-play neighborhoods, S+W will enhance the pedestrian experience with new ground-floor restaurants, and provide +60K SF of private open space, including an unrivaled 20K SF 6th floor Campus Commons over Sunset Blvd. Every floor has high ceilings with 360 views. The design build outs incorporate fresh air, open space, and flexible workspace to accommodate sound stages and a large auditorium.



Living in Hollywood

Few places carry the same immediate name recognition or intrigue as Hollywood, attracting a diverse mix of people from all over the globe to live and work in the world's creative capital. With its central location, modern amenities, and walkable scale as the "most walkable neighborhood" in Los Angeles, Hollywood has its own unique character that appeals to modern-day creatives.

The Hollywood population is primarily renters, has a median age of 36.5, is upwardly mobile, with 52% having a bachelor's degree or higher and with an average household income of \$55,000. Hollywood residents are more likely to take transit or walk to work compared to citywide averages. As a result, there is high demand for living in Hollywood, particularly in the HED.

\$55,000

Avg. Household Income
In HED

30,125

Residential Population
In HED

21,506

Population Density
(per square mile)

94%

Renter Occupied
In HED

36.5

Median Residential Age In
HED

52%

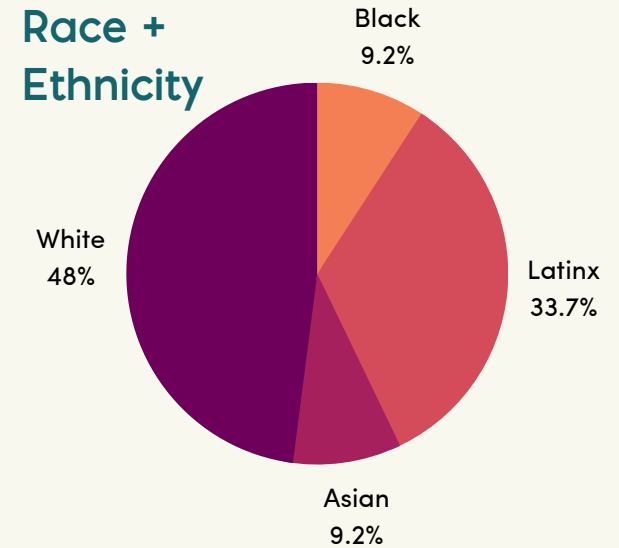
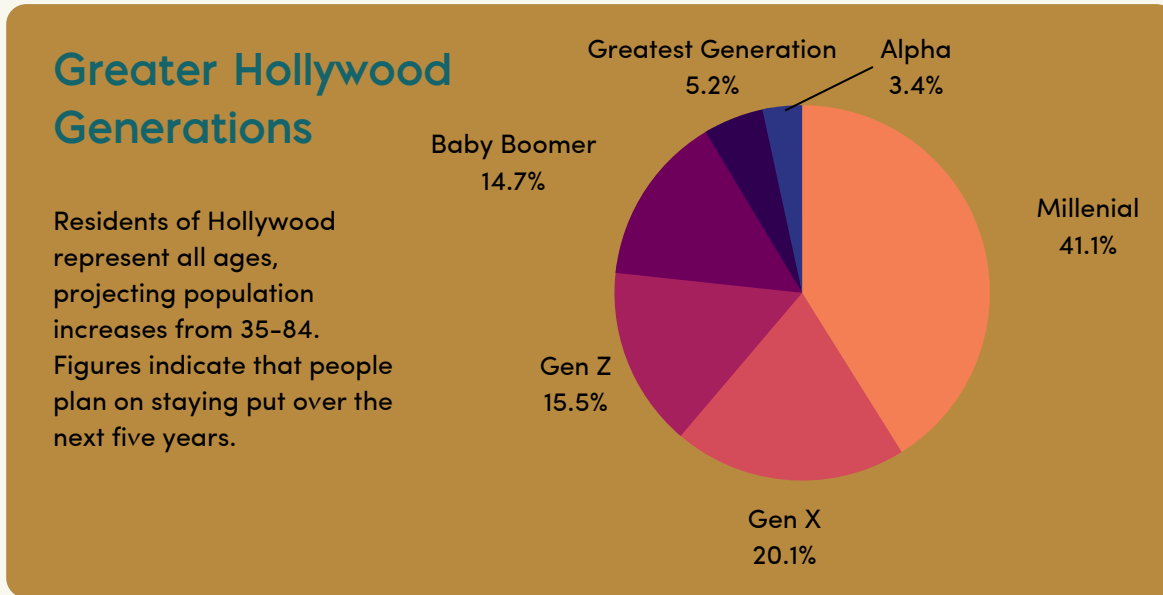
Bachelors Degree
or Higher In HED

63%

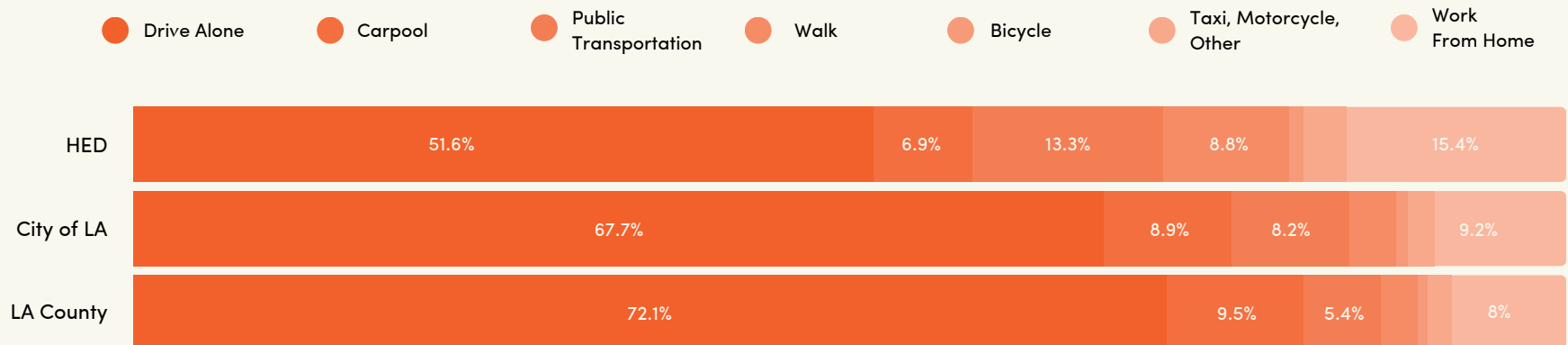
Never Married
In HED



LIVING CONTINUED

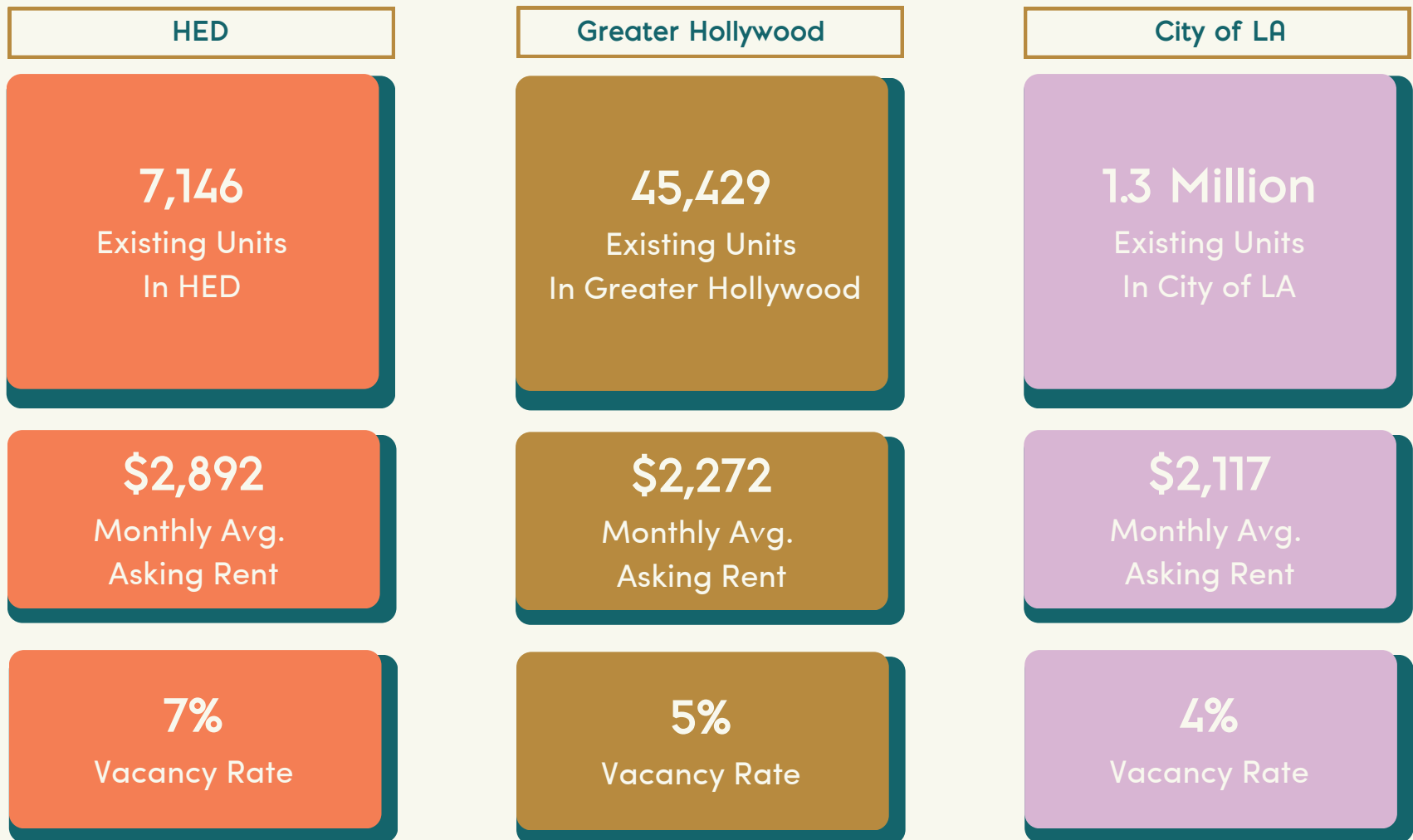


Resident Commute



Multifamily Market Conditions

While both the HED and Greater Hollywood boast higher monthly rents than the citywide average, they also exhibit slightly higher vacancy rates.

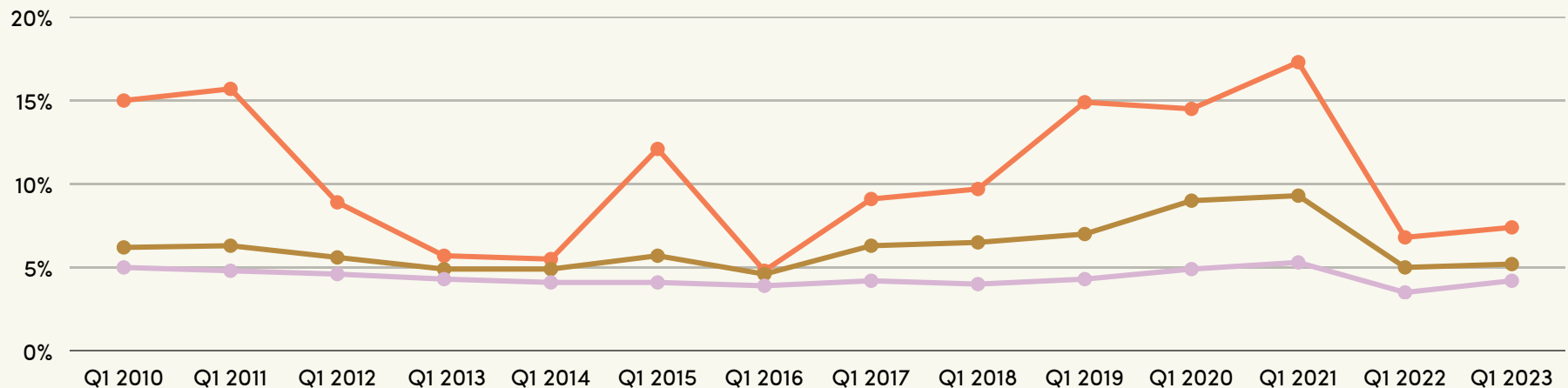


MULTIFAMILY MARKET CONTINUED

	HED	Greater Hollywood	City of LA
Total Residential Inventory (Units)	7,146	45,429	1,307,755
Avg. Residential Vacancy Rate (%)	7.4%	5.2%	4.2%
Avg. Asking Rent Per Square Foot	\$3.73	\$3.15	\$2.74
Avg. Asking Rental Rate Per Unit	\$2,891	\$2,272	\$2,117
Cap Rate (YTD)	3.6%	3.8%	4.0%
Quarterly Absorption	0.7%	0.1%	0.1%

Multifamily Residential Vacancy Rates (2010-2023)

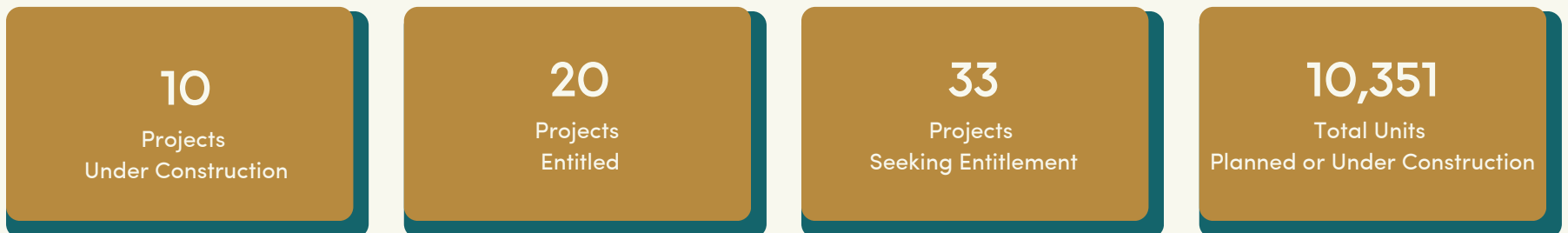
While multifamily residential vacancy rates in the HED are higher than Greater Hollywood and Los Angeles, they often spike in correlation with an increase in deliveries. For example, Q4 2020 to Q2 2021 saw 916 deliveries, bumping the 2019 avg. vacancy rate (13%) and the Covid-19 impacted 2020 avg. vacancy rate (16%) up to 17%. Since Q4 2021, HED vacancy rates have sat between 6-9%.



Hollywood Residential Development

There are 63 residential projects planned or under construction in Greater Hollywood, with 26 of these (or 41%) located in the HED. Of the approximately 10,000 residential units planned or under construction in Greater Hollywood, 62% (6,380) are within the HED boundaries. This reflects the district's density rate and a continued increase in population growth over time. Approximately 11%, (674) of the total residential units planned within the HED will be designated affordable.

Greater Hollywood + HED



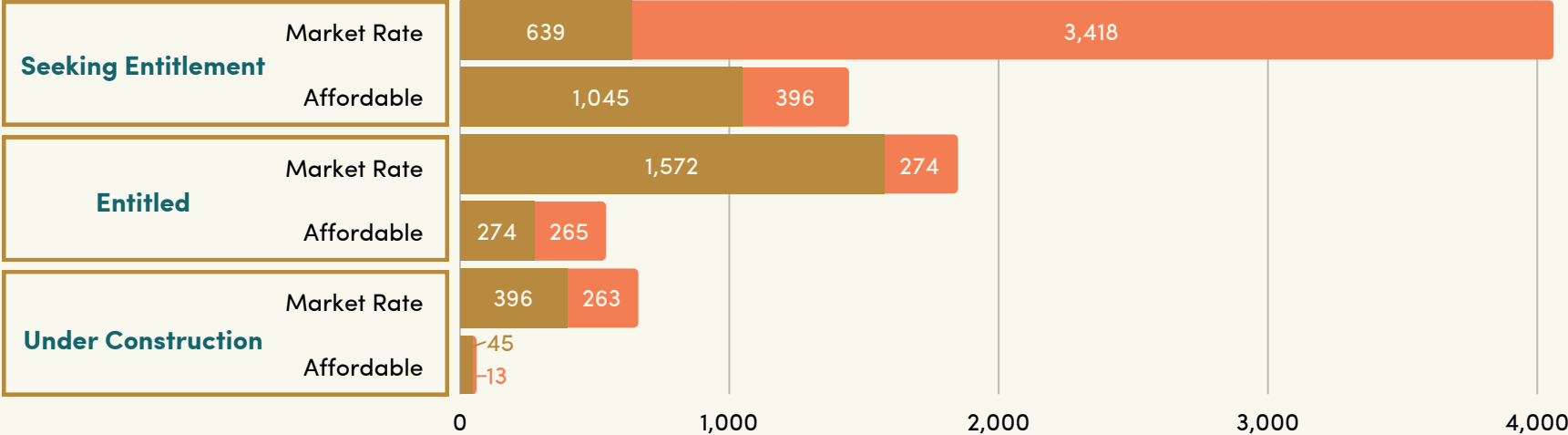
HED



RESIDENTIAL DEVELOPMENT CONTINUED

Market Rate vs. Affordable Units Planned or Under Construction

● HED ● Gr. Hollywood



Unwrapped and Pre-Leasing: Hollywood Arts Collective

Address: 1630 Schrader
Developer: Thomas Safran & Associates and The Actors Fund
Architect: Withee Malcolm Architects
Total SF: +170,000 SF

This \$120-million project replaced a city-owned parking lot with a 7-story building comprising 151 units of affordable housing reserved for artists (those who are regularly engaged in and professionally practicing artistic, creative, or cultural activity). The project includes studios and galleries, along with new office space for The Actors Fund regional headquarters. The Arts Building will house LA Contemporary Exhibitions (LACE) and the Glorya Kaufman Performing Arts Theatre.



Source: The Hollywood Partnership

Visiting Hollywood

For decades, Hollywood has brought joy to so many through the magic of its bedrock roots in entertainment. The neighborhood's unique blend of creativity and commerce continues to offer one-of-a-kind experiences for both visitors and residents. While constantly on the cutting edge, Hollywood retains a timeless glamor that permeates our hotels, restaurants, and attractions. Those who visit Hollywood hail from nearby California cities and faraway countries, as this neighborhood's many hotels and entertainment destinations appeal to all walks of life.

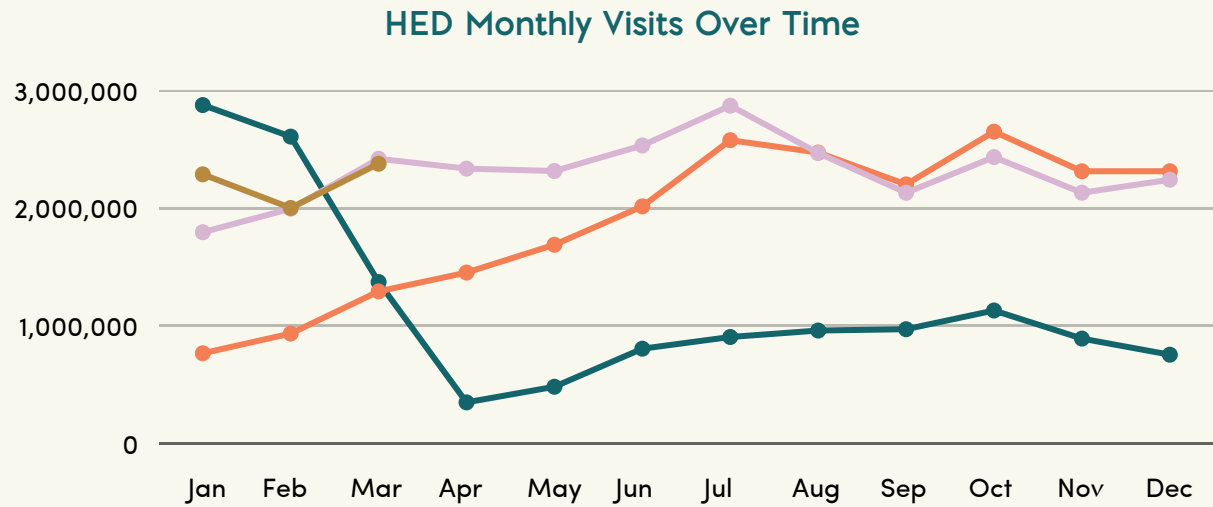


The Hollywood Entertainment District had over 13.6 million domestic visitors over the past 6 months.

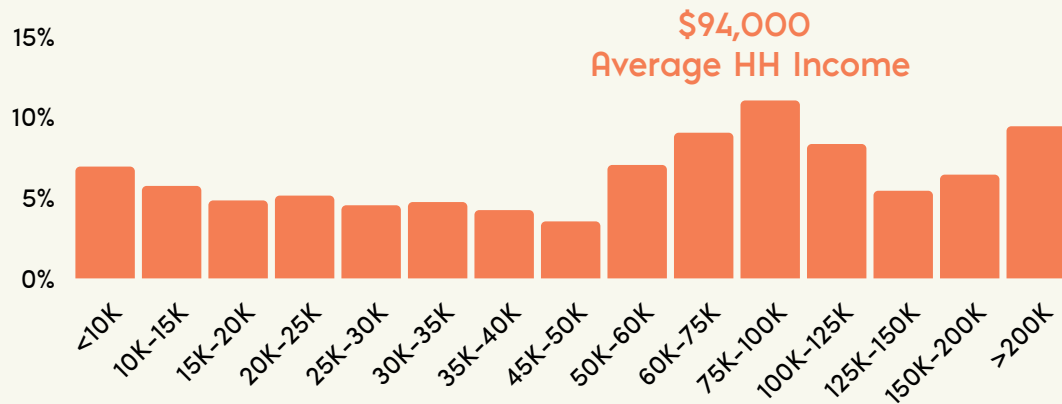


VISITING CONTINUED

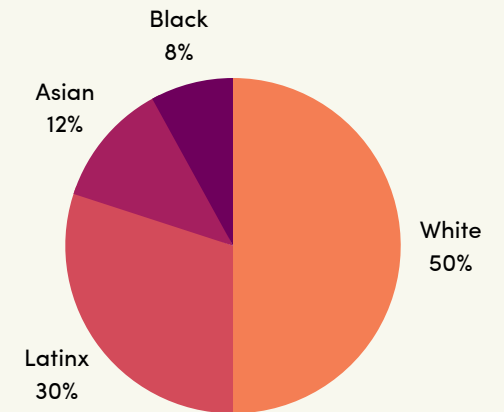
HED Total Annual Visits	
2017	36.2M
2018	37.4M
2019	35.8M
2020	14.1M
2021	22.7M
2022	27.9M
2023	6.7M (YTD)



Visitor Household Income



Visitor Race + Ethnicity

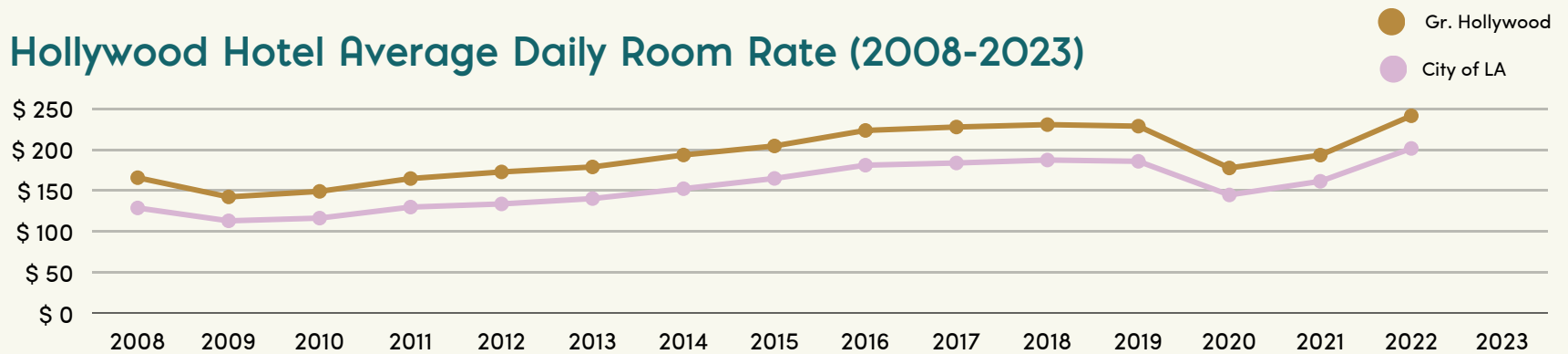


Hotel Market Conditions

Hollywood hotels' average daily room rate has steadily increased over time and is in the midst of a post-pandemic recovery. Hollywood hotels remain in-demand with higher ADRs and occupancy rates than the citywide average.

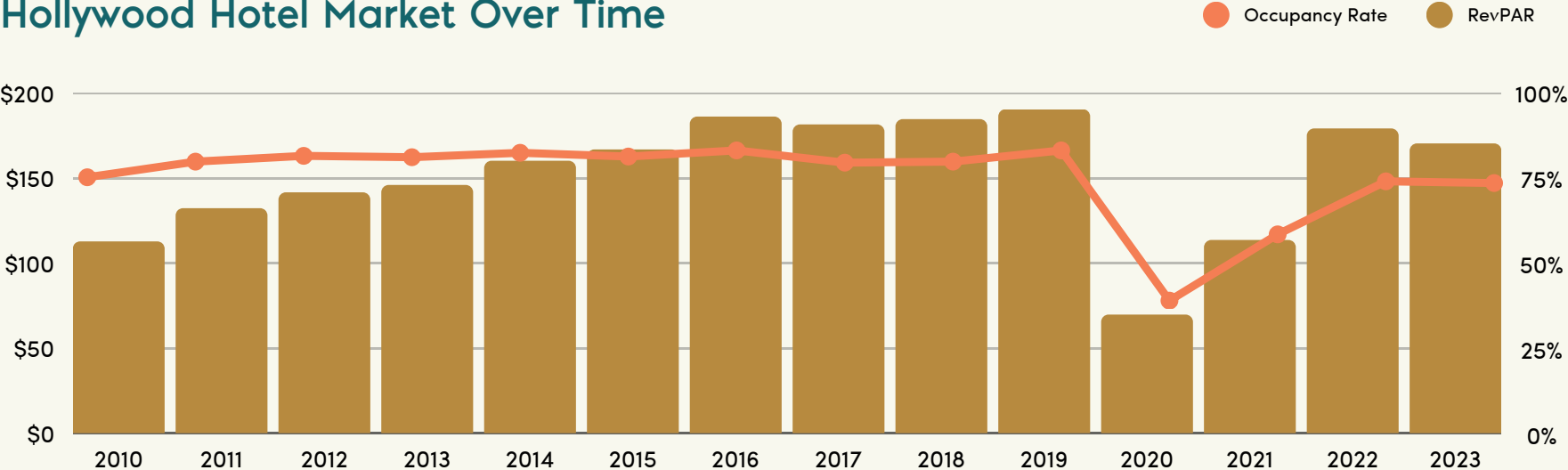


Hollywood Hotel Average Daily Room Rate (2008-2023)

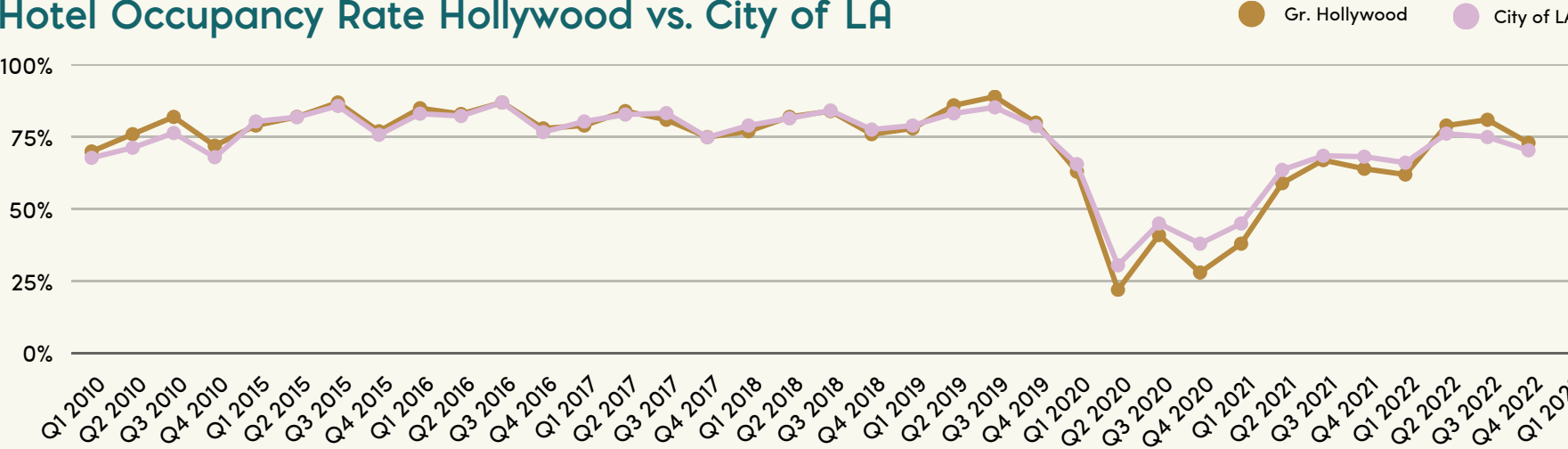


HOTEL MARKET CONTINUED

Hollywood Hotel Market Over Time



Hotel Occupancy Rate Hollywood vs. City of LA



Source: LATCB, STR

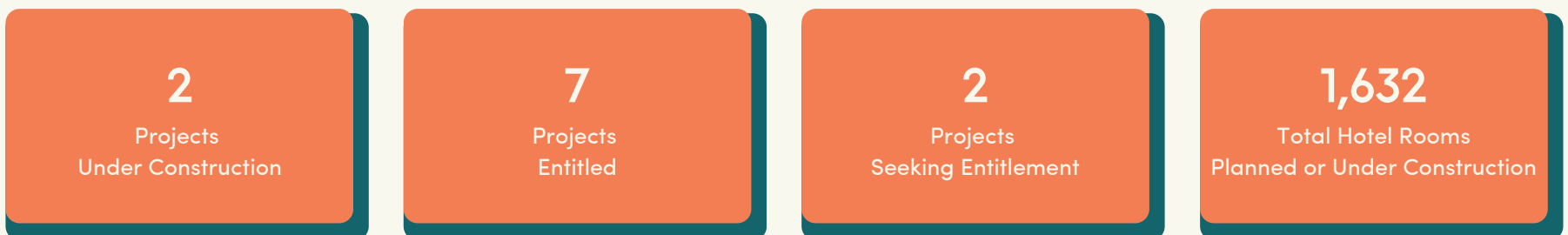
Hollywood Hotel Development

Approximately 2,000 hotel rooms (1,913) via 12 hotels are planned or under construction in Greater Hollywood, with 11 of those in the HED including Citizen M, The Hyatt Hotel Nue, Whisky Hotel Hollywood, and Ivar Gardens.

Greater Hollywood + HED



HED



NOTABLE VISITING NEWS

Leases Renewed

TCL Chinese Theatre - TCL renewed its lease with Hollywood's Chinese Theatre for another 10 years. Under this extended partnership, TCL will apply its technology portfolio and entertainment expertise to allow for more immersive experiences at the iconic theater, which offers the world's largest IMAX laser project with Hollywood's Chinese Theatre for another 10 years. Under this extended partnership, TCL will apply its technology portfolio and entertainment expertise to allow for more immersive experiences at the iconic theater, which offers the world's largest IMAX laser projection space.

Regional Investment

Hollywood Sign 100th Anniversary - 2023 marks the 100th anniversary of Hollywood's most famous landmark, The Hollywood Sign. To celebrate, The Hollywood Sign Trust will host a series of special events and activities throughout the year. Programming will draw people from around the world to our neighborhood, just like the sign has for the last 100 years.

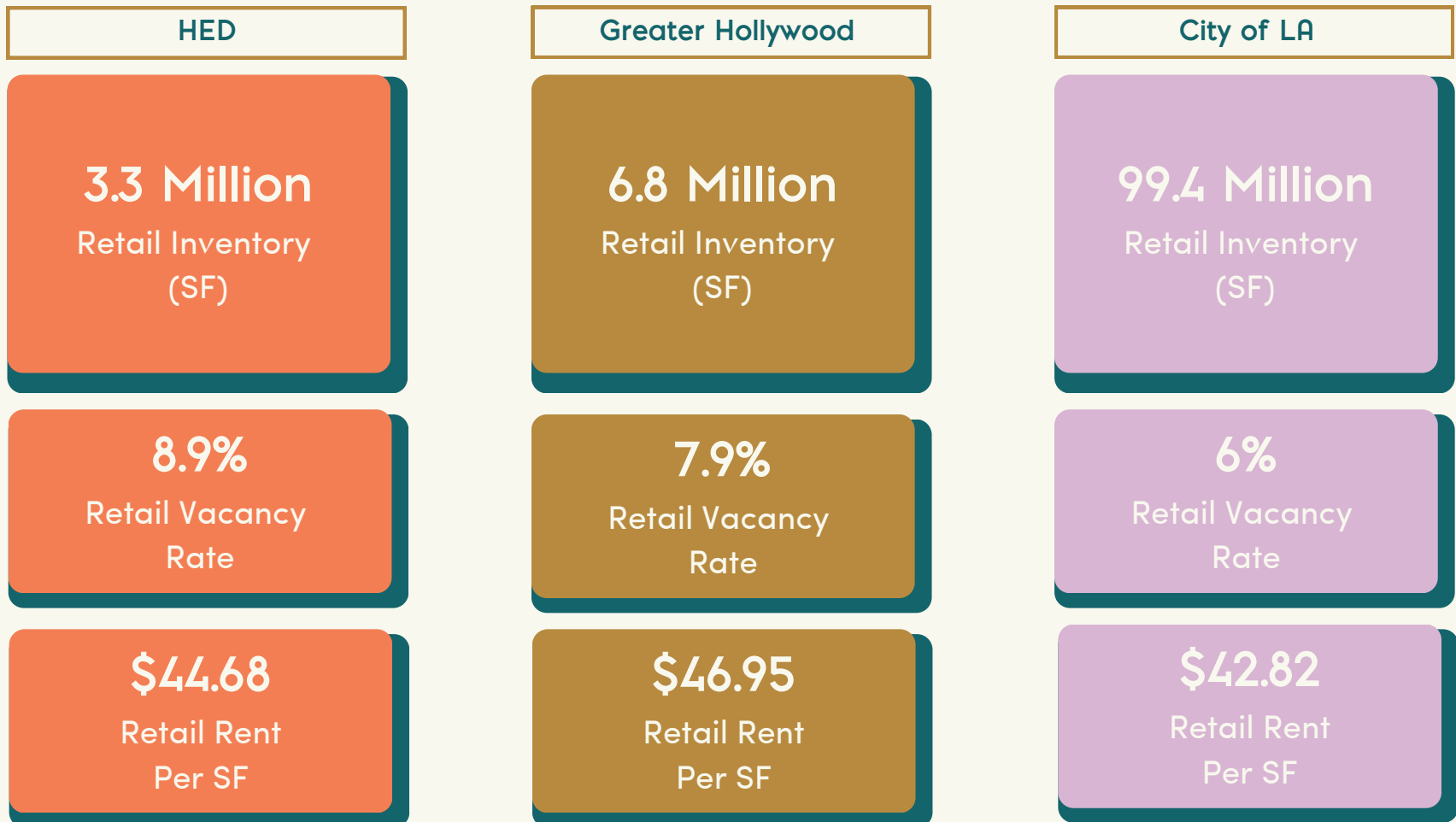
Elevate BUR: Hollywood Burbank Airport - The nearby Hollywood Burbank Airport selected a final design option, called "The Icon," inspired by the glitz and glamor of Hollywood. The project will modernize the aging terminal with construction of a new 355,000 SF replacement terminal with 14 passenger gates.

LAX: Landside Access Modernization Program - The modernization of LAX hit another milestone of the airport's \$5.5 billion program with the topping out of a structure connecting the international terminal to the people mover. The people mover is expected to start serving Los Angeles International Airport passengers in 2024.

Super Nintendo World Open At Universal Studios Hollywood - In February 2023, the nearby Universal Studios Hollywood opened an immersive Nintendo experience with rides, augmented reality, and everyone's favorite iconic characters.

Retail in Hollywood

The retail market is an important part of the vibrancy of Hollywood. The neighborhood has an inventory of 6.8 million SF of retail space with half of that (3.3 million SF) located in HED. Within the HED, there is approximately 400K SF of available retail space and average asking rent of \$4.68 per SF annually. While both Hollywood and the HED have higher retail vacancy rates when compared to LA's rate of 6%, their average rents PSF are higher than the citywide average of \$42.82. Furthermore, as mixed-use development projects continue to spring up in Hollywood, they bring with them a significant future retail presence, with 824K SF planned or under construction in Hollywood, with over 480K SF of that planned in the HED.



RETAIL CONTINUED

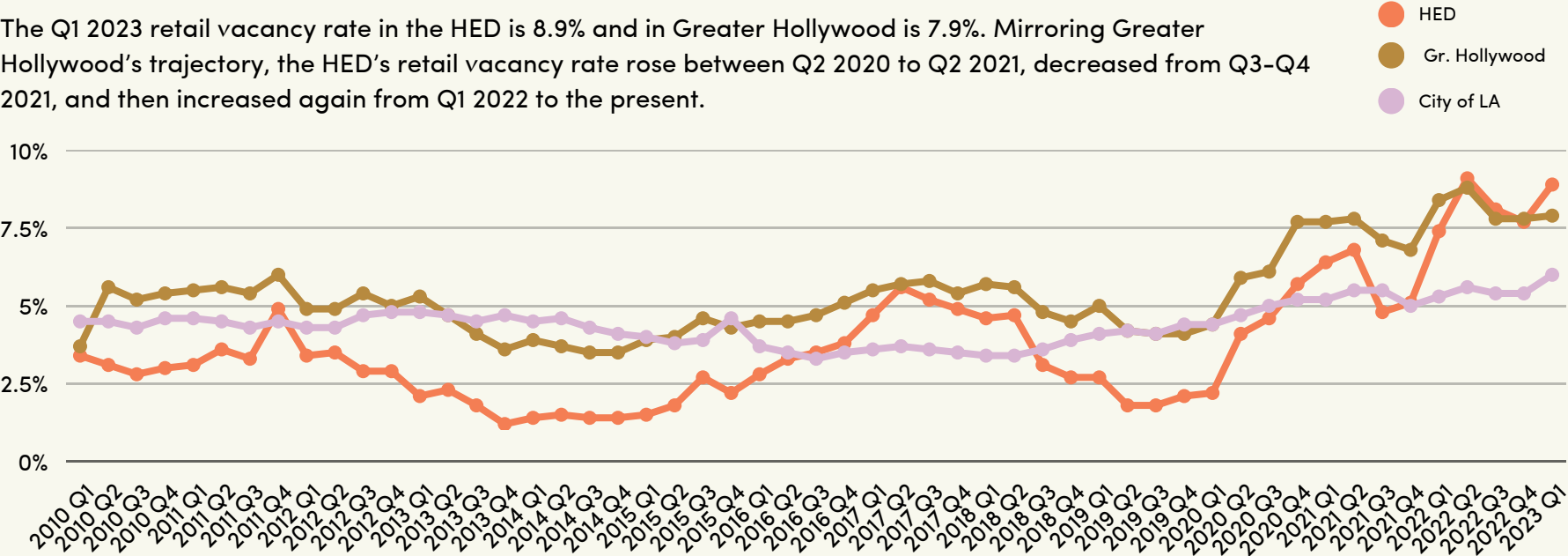
HED Ground Floor Retail Occupancy

	HED	Hollywood Blvd.
Total # of Retail Businesses	650	265
Total # of Open Retail Businesses	476	185
Total # of Closed or Vacant Retail Businesses	174	80
Retail Occupancy Rate	73%	70%

New HED Businesses
Birdcage - Bar/Restaurant, 6263 Hollywood Blvd.
The Ring Master - Sports Bar, 6627 Hollywood Blvd.
Iki Ramen Hollywood - Sushi Restaurant, 6565 Sunset Blvd.
Taco Bell Cantina - Fast Casual Dining, 6741 Hollywood Blvd.

Retail Vacancy Rates Over Time (2010-2023)

The Q1 2023 retail vacancy rate in the HED is 8.9% and in Greater Hollywood is 7.9%. Mirroring Greater Hollywood’s trajectory, the HED’s retail vacancy rate rose between Q2 2020 to Q2 2021, decreased from Q3-Q4 2021, and then increased again from Q1 2022 to the present.

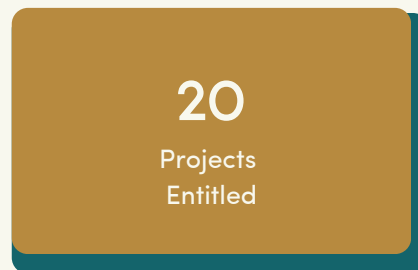
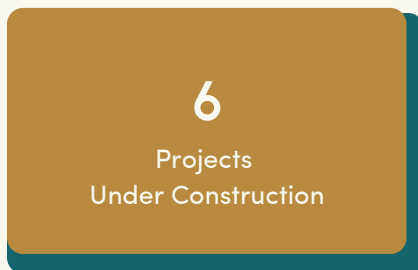


Source: CoStar Group, The Hollywood Partnership

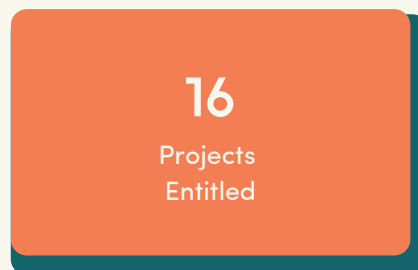
Hollywood Retail Development

Mixed-use development is a golden standard in Hollywood. Right now, 51 projects planned or under construction include a retail component (55% of all projects in Greater HWD). Just under 1 Million SF of Retail (824,263 SF) is either planned or under construction.

Greater Hollywood + HED



HED



Q1 2023 Property Sales

HED	<p>1611 El Centro (Davey Wayne's) Sale Price: \$5.1 Million Buyer: Houston Brothers</p>	<p>Dave Gajda's sale of the commercial retail building at 1611 El Centro to the Houston Brothers set a new record sale of highest value PSF sold in Hollywood (\$1,403 PSF).</p>
HED	<p>1750 Vine St. (Capitol Records) Sale Price: 50% Stake (Price not disclosed) Buyer: Universal Music Group</p>	<p>Universal Music Group (UMG) bought a 50% stake in the iconic Capitol Records Building. UMG also entered into a 20-year lease for the property, where the company's Capitol Studios and label Capitol Records are housed.</p>
HED	<p>1680 Vine St. (Taft Building) Sale Price: \$28 Million Buyer: Elat Properties</p>	<p>Elat Properties is bullish on the future of offices despite national market trends. The firm plans to hold onto the Taft Building as a long-term investment, keeping it in its current use. Elat Properties Vice President stated, "We see a future in office. There's a lot of fear. But when there's fear, there's opportunity."</p>
HED	<p>1610 Argyle Ave (Hollywood Le Bon Hotel) Sale Price: \$5.5 Million Buyer: Sarina A & Rikesh Patel</p>	<p>The hospitality property was sold in January 2023 for \$5.5 Million.</p>
HED	<p>1777-1779 Vine St. Sale Price: \$23 Million Buyer: JL Realty Partners, LLC</p>	<p>AMDA College of Performing Arts sold the 39K SF office property in March 2023 for \$23 Million, which includes a lease back to AMDA for 18 years.</p>

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