

Final Draft

# WEST SAN GABRIEL VALLEY AREA PLAN

## Market Conditions Background Brief

Prepared for  
Los Angeles County Department of Regional Planning

December 2023





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## I. Introduction

### Purpose of the Brief

This Market Conditions Background Brief is intended to describe the characteristics of the commercial building inventory within the WSGV Area Plan Communities. The Brief includes an analysis of real estate market conditions for the Area Plan’s industrial/flex, office, and retail sectors, and describes key metrics such as vacancy rates, asking rents, construction activity and other indicators using data.

#### NINE UNINCORPORATED COMMUNITIES

1. Altadena
2. East Pasadena-East San Gabriel
3. Kinneloa Mesa
4. La Crescenta-Montrose
5. San Pasqual
6. South Monrovia Islands
7. South San Gabriel
8. Whittier Narrows
9. South El Monte Island

### Organization and Content of the Brief

This Market Conditions Background Brief is organized into the following sections:

- The **Methodology and Assumptions** section describes the key geographic assumptions utilized in the Analysis. It also provides a brief overview of the data sources used, as well as definitions for key commercial sectors.
- The **Existing Market Conditions** section describes the characteristics of the commercial building inventory within the WSGV Area Plan Communities, with an analysis of real estate market conditions as well as the overall health and vitality of the Area Plan’s commercial corridors.
- The **Commercial Revitalization Opportunities and Barriers** section recaps some of the key findings related to commercial revitalization opportunities and constraints in the Area Plan. These will eventually be incorporated into a series of actionable development strategies to incentivize investment and growth in the Area Plan’s commercial centers, to help encourage the financial stability and well-being of local residents and businesses.
- Finally, the **Tools and Strategies** section documents the various incentives that may exist in certain portions of the Area Plan that could be leveraged to encourage investment and growth, such as tax incentives for investments in targeted Census Tracts.
- As a companion document, the **Economic Development Opportunities Brief** summarizes the distribution of local jobs by industry sector, as well as the characteristics of employed Area Plan residents--the majority of whom commute outside of their communities to work.
- In addition, market conditions for the residential and multifamily sectors will be explored in the **Anti-Displacement Brief**.

## Methodology and Assumptions

### Area Plan Geographies

For the purposes of this Brief, the “WSGV Area Plan Communities” geography refers specifically to the 9 unincorporated communities located within the Area Plan. The geography is also referred to as the “Area Plan” in some instances, as well as the “WSGVAP.”

The “West San Gabriel Valley”, meanwhile, refers to the *entire* area encompassed by the Area Plan boundary. This includes all the WSGV Area Plan Communities as described above, as well as the incorporated cities located in the West San Gabriel Valley. This geography casts a wider net and is intended to serve as the “Benchmark Area” for analyzing the more targeted Area Plan communities.

### Key Data Sources and Definitions

Real estate market data for industrial/flex, retail, and office space was compiled in 2023 using CoStar, a third-party commercial research firm with a comprehensive database of real estate information. Data was collected through Q3 2023, the most recent quarterly data that was available at the time of the data pull.

The Brief utilizes CoStar’s definition of an “industrial” building, which is one that has been “adapted for uses such as assembly, processing, and/or manufacturing.” Additional uses can include warehousing and distribution facilities. A “flex” building, meanwhile, is designed for a more diverse array of uses, and may be utilized in combination with office, research and development, and industrial, warehouse, and distribution uses.

A “retail” building, meanwhile, is defined as a property whose primary use is to sell products and services to the general public. Retail buildings can be subclassified as standalone (e.g., convenience stores or department stores), store fronts, strip centers (no anchors), neighborhood, community, regional, and super-regional malls, and power centers.

An “office” building houses employees of firms and entities that could be related to educational and medical services, public administration, accounting, marketing, information processing and dissemination, consulting, human resources management, financial and insurance services, other professional services.

It should be noted that not building classification alone is not always a determining factor when analyzing the types of businesses. In some cases, for example, non-industrial uses such as event spaces and dance studios occupy otherwise functioning “industrial” buildings, likely due to the significantly high cost of retrofitting these buildings for employment-generating uses. And in some cases “retail” buildings house tenants that could also locate in office space (e.g., educational services such as tutoring, and tax preparation businesses).



## II. Existing Market Conditions

### Commercial Space by Community

**Table 1** summarizes the share of industrial, retail, and office building square footage in the WSGV Area Plan Communities, the West San Gabriel Valley, and Los Angeles County.

**TABLE 1  
ALL COMMERCIAL SECTORS INVENTORY BY COMMUNITY, Q3 2023**

WSGV Plan Area Communities	Industrial/Flex		Retail		Office	
	Buildings	Sq. Ft.	Buildings	Sq. Ft.	Buildings	Sq. Ft.
Altadena	9	121,262	135	730,570	55	449,957
East Pasadena - East San Gabriel	13	90,183	154	993,858	38	209,602
La Crescenta	1	12,950	50	345,182	33	236,227
Whittier Narrows	26	709,501	3	9,482	3	89,531
South Monrovia Islands	8	117,084	24	119,804	6	56,703
South San Gabriel	-	-	15	70,069	4	21,167
San Pasqual	1	2,000	2	27,095	1	4,467
Kinneloa Mesa	-	-	-	-	-	-
South El Monte Island	-	-	1	17,520	-	-
<b>Total</b>	<b>58</b>	<b>1,052,980</b>	<b>384</b>	<b>2,313,580</b>	<b>140</b>	<b>1,067,654</b>
<b>West San Gabriel Valley</b>	<b>3,312</b>	<b>56,783,608</b>	<b>5,798</b>	<b>49,430,390</b>	<b>2,444</b>	<b>38,901,734</b>
<b>LA County</b>	<b>32,627</b>	<b>895,310,231</b>	<b>47,625</b>	<b>451,311,309</b>	<b>17,649</b>	<b>439,080,656</b>

SOURCES: CoStar Group, 2023; BAE, 2023

NOTES: - = no inventory as recorded by CoStar for Q3 2023.

As shown in the table, retail space represents the largest share of commercial inventory within the WSGVAP, totaling approximately 2.3 million square feet. Retail space is overwhelmingly concentrated in the communities of East Pasadena and Altadena, and to a lesser extent in La Crescenta-Montrose. Office and industrial/flex space share a similar commercial footprint, with just over 1 million square feet in the Area Plan.

This stands in contrast to the larger West San Gabriel Valley Benchmark Area, where industrial/flex space occupies the largest commercial footprint, followed by retail space and office space.

### Retail Sector Overview

The WSGV Area Plan Communities occupy nearly 2,314,000 square feet of retail space across 384 buildings (**Table 2**).

Asking rents for retail space in the Area Plan are generally lower than both the Benchmark Area as well as Los Angeles County. Rents ranged from \$22.36/sf in East Pasadena to \$34.80/sf in La Crescenta-Montrose in Q3 2023. Asking rents in nearly all communities were lower than the asking rents in the West San Gabriel Valley Benchmark Area as a whole.

**TABLE 2**  
**RETAIL BUILDING STOCK BY COMMUNITY, Q3 2023**

<b>WSGV Plan Area Communities</b>	<b>Retail</b>				
	<b>Buildings</b>	<b>Sq. Ft.</b>	<b>Median Year Built</b>	<b>Vacancy (a)</b>	<b>NNN Rent (a)</b>
East Pasadena - East San Gabriel	154	993,858	1960	1.7%	\$22.36
Altadena	135	730,570	1949	4.9%	\$26.85
La Crescenta	50	345,182	1955	0.4%	\$34.80
South Monrovia Islands	24	119,804	1958	3.6%	\$25.08
South San Gabriel	15	70,069	1953	10.5%	\$30.00
San Pasqual	2	27,095	1971	-	-
South El Monte Island	1	17,520	1991	-	-
Whittier Narrows	3	9,482	1971	-	-
<b>Total (b)</b>	<b>230</b>	<b>2,313,580</b>	<b>1957</b>	<b>n.a.</b>	<b>n.a.</b>
<b>West San Gabriel Valley</b>	<b>5,798</b>	<b>49,430,390</b>		<b>4.1%</b>	<b>\$30.86</b>
<b>LA County</b>	<b>47,625</b>	<b>451,311,309</b>		<b>5.4%</b>	<b>\$35.00</b>

SOURCES: CoStar Group, 2023; BAE, 2023

NOTES:

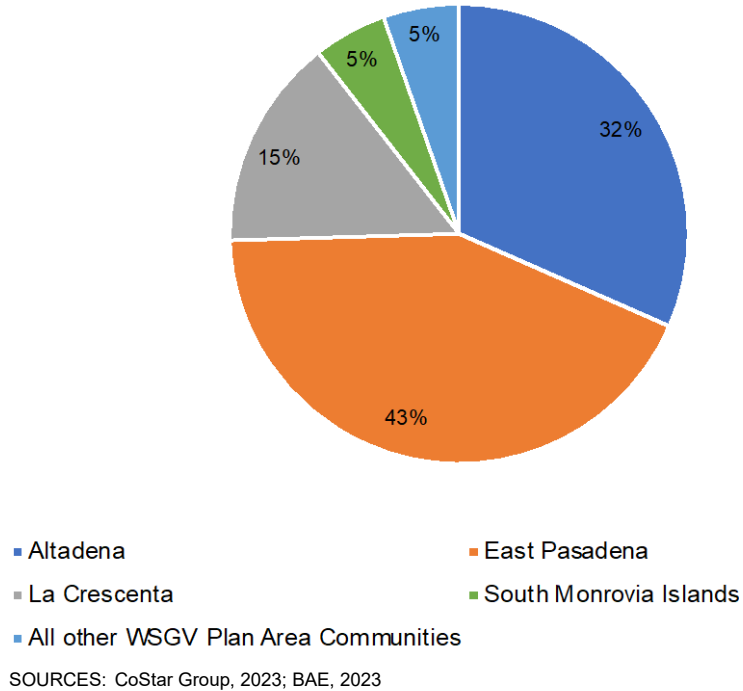
(a) – = no recorded vacancy rate or NNN rent as of Q3 2023.

(b) As of Q3 2023, CoStar recorded no existing retail inventory for the community of Kinneloa Mesa.

Vacancy rates in the individual communities for the most part fell below the 5.4 percent vacancy rate in Los Angeles County and the 4.1 percent vacancy rate in the Benchmark Area. South San Gabriel experienced above average vacancy rates, relative to both the Benchmark area and Los Angeles County.

As shown in **Figure 1**, East Pasadena has the largest inventory of retail space among the WSGV Area Plan Communities, with nearly 994,000 square feet, or 43 percent of the total. Altadena follows with approximately 731,000 square feet, making up a respective 32 percent of the total.

La Crescenta and South Monrovia have approximately 345,000 square feet and 120,000 square feet, respectively. Taken together, these four Area Plan Communities comprise the vast majority, or 95 percent, of all Area Plan retail inventory.



**Figure 1**  
Retail Square Footage by Community, Q3 2023

## Retail Sector Development Activity

Zero retail buildings are currently under construction or proposed in any of the Area Plan Communities.

Two new retail buildings have been constructed in the WSGV Area Plan Communities in the past five years. One of the buildings, located in Altadena, delivered 27,157 square feet of new retail space. The building in Altadena, located at 2246 Lake Ave, was constructed in 2017 under C-3 zoning and is currently occupied by an ALDI grocery store. The other retail spaces in East Pasadena are located at 3770 E Foothill Blvd, 3740 E Foothill Blvd, and 9016-9020 Huntington Dr (all utilizing C-2 zoning). They are currently occupied by The Coffee Bean & Tea Leaf, Amazing Lash Studio, and Bank of America, respectively. The buildings on E Foothill Blvd were both built in 2019, and the building on Huntington Dr was built in 2018.

The median year built for retail buildings in the WSGV Area Plan Communities ranges from 1949 to 1991, with the overall median year built for all communities being 1957. The median year built for retail space among the Area Plan Communities demonstrates the lack of new retail space in the past five years and throughout the last few decades.

## Office Sector Overview

The WSGV Area Plan Communities occupy approximately 1,068,000 square feet of office space, across 140 buildings (Table 3).

**TABLE 3  
OFFICE BUILDING STOCK BY COMMUNITY, Q3 2023**

WSGV Plan Area Communities	Office				
	Buildings	Sq. Ft.	Median Year Built	Vacancy (a)	Gross Rent (a)
Altadena	55	449,957	1948	3.1%	\$34.44
La Crescenta	33	236,227	1965	5.7%	\$28.19
East Pasadena - East San Gabriel	38	209,602	1959	11.5%	\$36.52
Whittier Narrows	3	89,531	1982	1.1%	\$27.00
South Monrovia Islands	6	56,703	1960	-	-
South San Gabriel	4	21,167	1972	-	-
San Pasqual	1	4,467	1957	-	-
<b>Total (b)</b>	<b>140</b>	<b>1,067,654</b>	<b>1960</b>	<b>n.a.</b>	<b>n.a.</b>
<b>West San Gabriel Valley</b>	<b>2,444</b>	<b>38,901,734</b>		<b>9.9%</b>	<b>\$36.72</b>
<b>LA County</b>	<b>17,649</b>	<b>439,080,656</b>		<b>15.0%</b>	<b>\$41.46</b>

SOURCES: CoStar Group, 2023; BAE, 2023.

NOTES:

(a) – = no recorded vacancy rate or NNN rent as of Q3 2023.

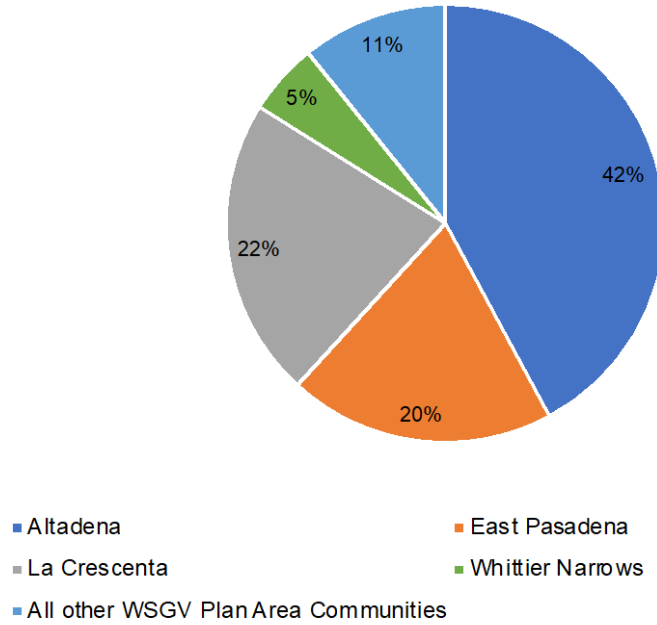
(b) As of Q3 2023, CoStar recorded no existing office inventory for the communities of Kinneloa Mesa and South El Monte Island.

In all WSGV Area Plan Communities, asking rents for office space are lower than those in the Benchmark Area as well as Los Angeles County. Rents ranged from \$27.00/sf in East Whittier Narrows to \$36.52/sf in East Pasadena in Q3 2023. Office rents in the Benchmark Area were \$36.72/sf, compared to \$41.46/sf in Los Angeles County.

Vacancy rates for individual communities, however, were lower than the vacancy rate in Los Angeles County, which was 15.0 percent in Q3 2023. Vacancy rates were for the most part lower than the vacancy rate in the entire West San Gabriel Valley. East Pasadena, however, saw a high vacancy rate relative to the WSGV Benchmark Area.

As shown in **Figure 2**, Altadena has the largest inventory of office space among the WSGV Area Plan Communities, with nearly 450,000 square feet, or 42 percent of the total.

La Crescenta-Montrose and East Pasadena follow with approximately 236,000 square feet and 210,000 square feet, respectively. Taken together, these three Area Plan Communities comprise the vast majority, or 84 percent, of all Area Plan office inventory.



SOURCES: CoStar Group, 2023; BAE, 2023

**Figure 2**  
Office Square Footage by Community, Q3 2023

## Office Sector Development Activity

Zero office buildings are under construction or proposed in any of the WSGV Area Plan Communities.

In the last five years, one new office building has been constructed throughout all the WSGV Area Plan Communities. The building is located in East Pasadena at 7232 Rosemead Blvd, which features C-1 zoning, was built in 2017, and makes up Huntington Plaza. The Plaza’s current tenants are iHealth Medical, 88 Keys Music Academy, and IvyMax.

The median year built for office buildings in the Area Plan Communities ranges from 1948 to 1982, with the median year built across all communities being 1960. The median year built for office buildings in the WSGV Area Plans further demonstrates the lack of new office space over the past five years and throughout the last few decades.

## Industrial/Flex Sector Overview

The WSGV Area Plan Communities occupy over 1 million square feet of industrial/flex space across 58 buildings, as shown in **Table 4**. This accounts for just under 2 percent of the total industrial/flex space in the Benchmark Area.

**TABLE 4  
INDUSTRIAL/FLEX BUILDING STOCK BY COMMUNITY, Q3 2023**

WSGV Plan Area Communities	Industrial/Flex				All Service
	Buildings	Sq. Ft.	Median Year Built (a)	Vacancy (a)	Type Rent (a) (b)
Whittier Narrows	26	709,501	1973	0.7%	\$20.33
Altadena	9	121,262	1955	-	-
South Monrovia Islands	8	117,084	1974	-	-
East Pasadena - East San Gabriel	13	90,183	1960	20.6%	-
La Crescenta	1	12,950	-	-	-
San Pasqual	1	2,000	1925	-	-
<b>Total (b)</b>	<b>32</b>	<b>1,052,980</b>	<b>1960</b>	<b>n.a.</b>	<b>n.a.</b>
<b>West San Gabriel Valley</b>	<b>3,312</b>	<b>56,783,608</b>		<b>2.7%</b>	<b>\$19.48</b>
<b>LA County</b>	<b>32,627</b>	<b>895,310,231</b>		<b>4.0%</b>	<b>\$20.04</b>

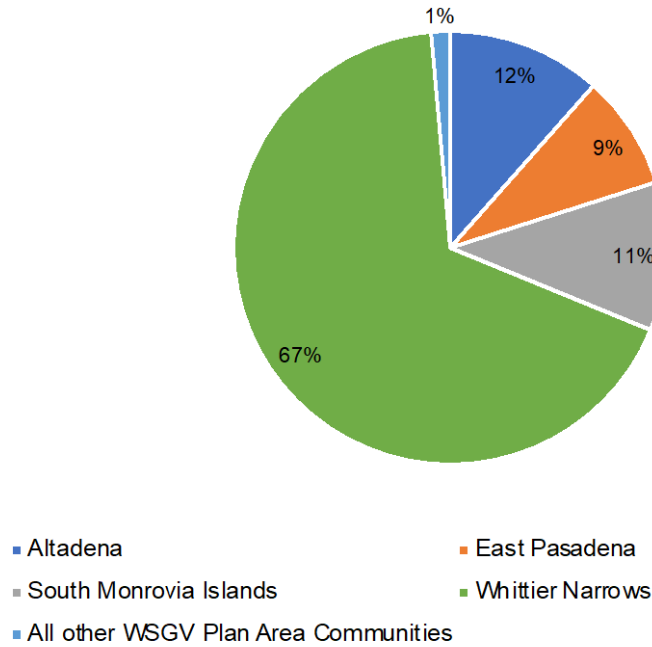
SOURCES: CoStar Group, 2023; BAE, 2023

NOTES:

- (a) – = no recorded vacancy rate, gross rent, or year built as of Q3 2023.
- (b) CoStar's "All Service Type" rent is an average of all asking rent observations, weighted by available square feet, regardless of service type.
- (c) As of Q3 2023, CoStar recorded no existing industrial inventory for the communities of South San Gabriel, Kinneloa Mesa, and South El Monte Island.

Whittier Narrows has by far the largest inventory of industrial/flex space among the WSGV Area Plan Communities, with over 700,000 square feet, or 67 percent of the total (**Figure 3**). In most cases, asking rents and vacancy rates by Individual Area Plan Community were not available due to the small sample size.

Altadena, South Monrovia Islands, and East Pasadena, meanwhile have approximately 121,000 square feet, 117,000 square feet, and 90,000 square feet, respectively. Taken together, these four Area Plan Communities comprise the vast majority of all WSGVAP industrial/flex inventory, leaving just 1 percent among the remaining communities.



SOURCES: CoStar Group, 2023; BAE, 2023

**Figure 3**  
Industrial/Flex Square Footage Stock by Community, Q3 2023

## Industrial/Flex Sector Development Activity

Zero industrial/flex buildings are currently under construction or proposed in any of the Area Plan Communities.

Over the past five years, no new industrial/flex building been built in any of the WSGV Area Plan Communities.

The median year built for industrial/flex buildings in the WSGV Area Plan Communities ranges between 1925 and 1974, with the overall median year built for all communities landing in 1960.

### III. Market Constraints and Opportunities

The following section summarizes some of the commercial market opportunities and constraints for the Area Plan noted in this Brief. It should be noted this list is not exhaustive, as the Economic Development and Anti-Displacement Briefs will include additional information related to economic development factors, equity considerations, and other findings.

#### Constraints

##### Lack of Recent and Forthcoming Investment

Most WSGV Area Plan Communities have seen very little new office, industrial, or retail development activity over the past decade. As such, many of the Area Plan’s commercial centers are aging and possibly in need of revitalization.

In addition, there is zero commercial space currently proposed or under construction in any of the WSGV Area Plan Communities. This could make it more difficult for the Area Plan’s older properties to compete with newer developments in jurisdictions that are directly adjacent.

Often, lot depths in the Area Plan’s commercial corridors—generally the only available locations for new commercial development—are not adequate to support on-site parking because cars cannot circulate on-site and dead-end parking aisles are not functional. Small lot sizes combined with lack of adequate depth for design of efficient parking fields are the one reason there are not more parking lots serving street front businesses.

#### Opportunities

Increasing the share of “Mixed Use Development” (MXD) zoning, such as the zoning found along Colorado Boulevard in East Pasadena, could be one opportunity for enhancing the commercial streetscape. It is one of the few locations in the WSGVAP that has been successful in attracting new development, such as the mixed-use project “RinRose” at 3768 E. Colorado Boulevard, which features 4,500 square feet of new ground-floor commercial space.

To this end, one opportunity for the County might be to focus on activating ground floor uses. “Active uses” refers to situations where shoppers or pedestrians interact with built spaces even if they don’t go inside to buy a good or service. Examples of active uses include specialty and experiential retailers with outdoor spaces and/or interactive window displays. Standards that include transparency requirements and that ground floor space be “retail ready” even if it will not be occupied immediately by retail would further support a vibrant environment.



## IV. Existing Applicable Economic Development Tools, Strategies and Incentives

The following section documents the various incentives that may exist in certain portions of the Area Plan that could be leveraged to encourage investment and growth, such as tax incentives for investments in targeted Census Tracts.

It should be noted that in contrast to other areas in Los Angeles County, much of the WSGV Area Plan is **not** eligible for certain types of incentives that could be available in areas where socioeconomic indicators are lower. These are described in further detail and shown in **Map 1** below.

### CDBG Grants

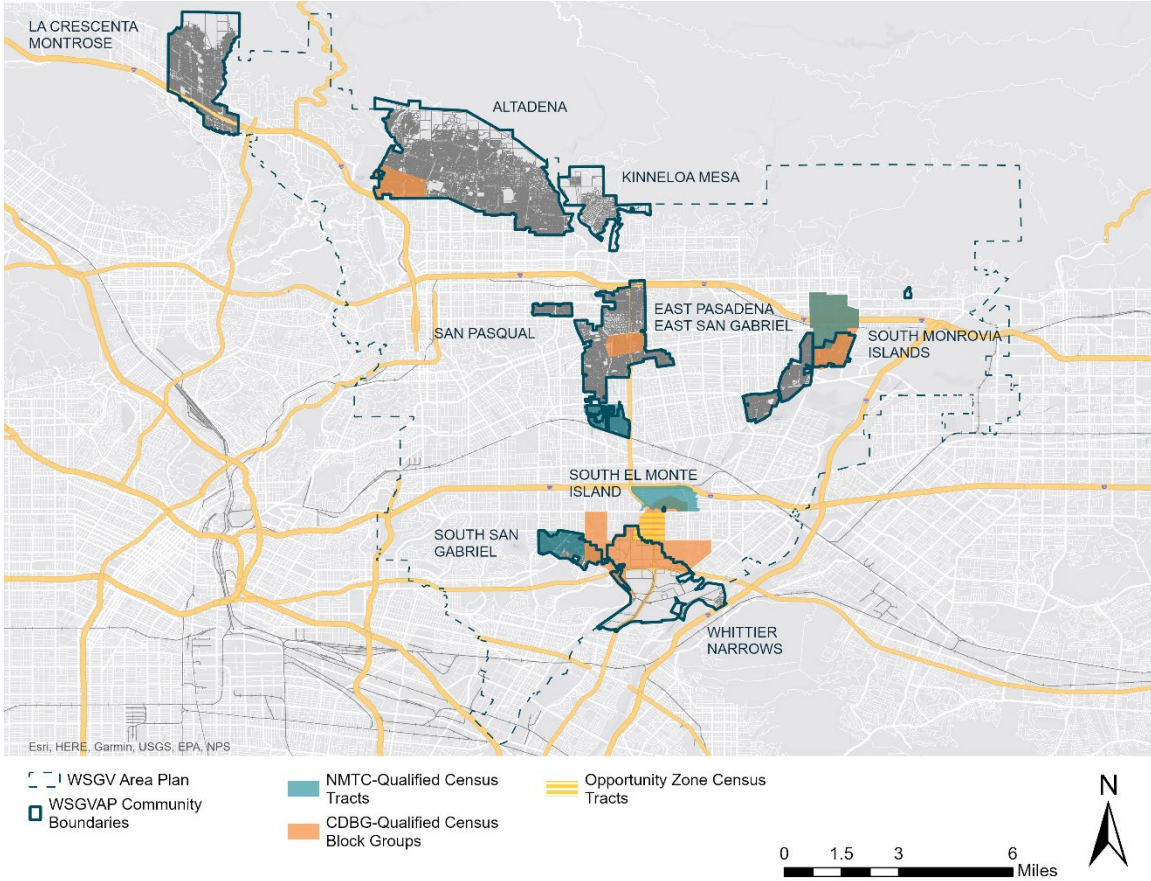
CDBG Qualified Census Block Groups are those where at least 51 percent of households are low- and moderate-income. Qualified census Block Groups dictate where eligible grantees can spend their CDBG funds and how the funds may be spent. Based on an overview of HUD data, there are scattered CDBG-Qualified block groups located in Altadena, South Monrovia Islands, East Pasadena, South El Monte Island, Whittier Narrows, and South San Gabriel.

### Opportunity Zones

In a similar vein, the federal Opportunity Zones program offers investors favorable tax treatment on their capital gains if they reinvest those gains into enterprises, including real property development, within qualified economically distressed Census Tracts. Based on an overview of federal data, **part of an Opportunity Zone falls within Whittier Narrows (see Map 2).**

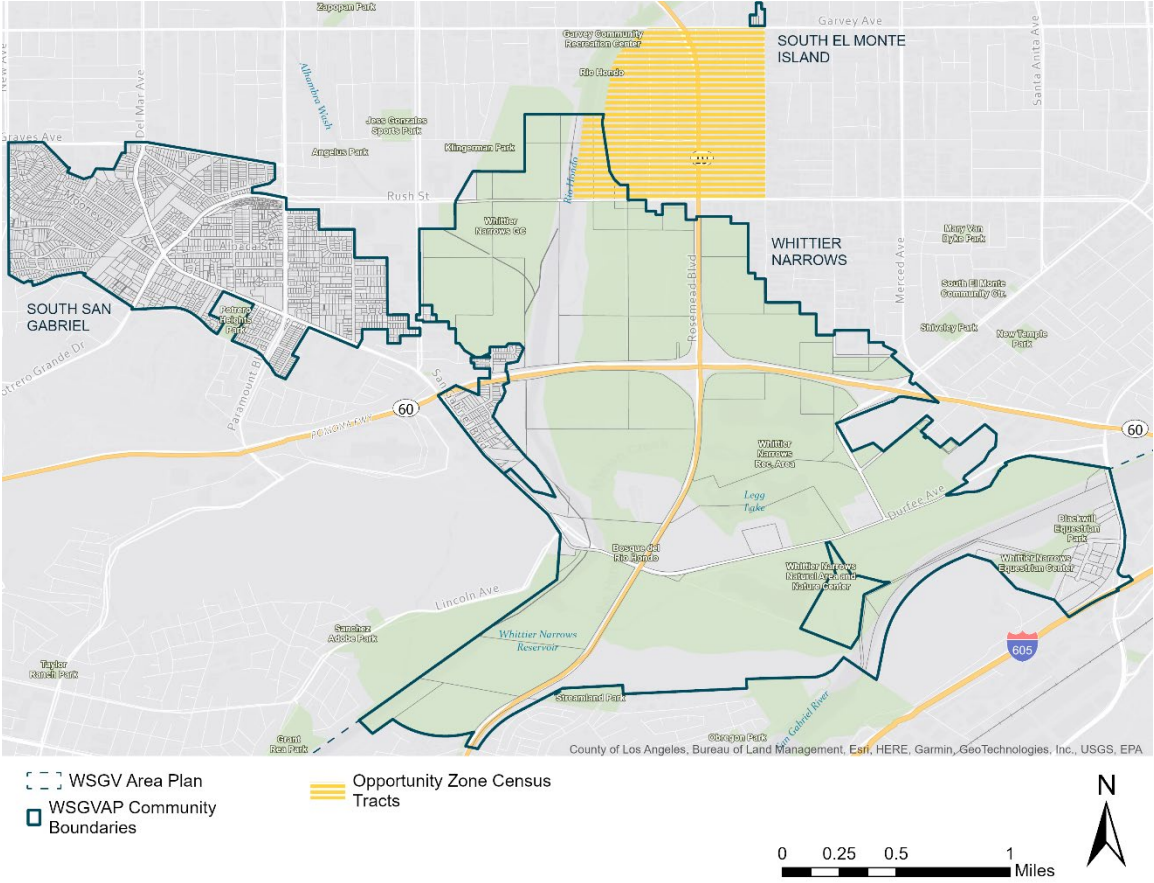
### New Markets Tax Credits Qualified Census Tracts

The New Markets Tax Credit (NMTC), authorized by the U.S. Congress in 2000, encourages private investors to make equity investments in Community Development Entities (CDEs), which are financial intermediaries that provide low-cost capital to businesses in qualifying economically distressed Census Tracts. Based on a Mapping Tool associated the US Department of the Treasury CDFI fund, there are NMTC Qualified Census Tracts located in parts of South San Gabriel.



SOURCES: Office of Policy Development and Research (HUD); Community Development Financial Institutions Fund (U.S. Department of the Treasury); BAE, 2023

**Map 1**  
**CDBG-Qualified Census Block Groups, NMTC-Qualified Census Tracts, and Opportunity Zones, 2023**



SOURCES: Office of Policy Development and Research (HUD); BAE, 2023

**Map 2**  
Opportunity Zone Census Tracts, Whittier Narrows, 2023

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