



CITY OF HAWTHORNE

ECONOMIC DEVELOPMENT ADVISORY SERVICES

JULY 2025

ANALYSIS BACKGROUND

Kosmont Companies (“Kosmont”) is a nationally-recognized real estate and economics advisory firm serving hundreds of public and private sector clients for over 39 years. Kosmont has been retained by the City of Hawthorne (“Hawthorne” or “City”) for economic development advisory services. As part of these services Kosmont prepared a preliminary and high-level market and economic development analysis (“Analysis”) within the City evaluating land uses such as, retail / entertainment, multi-family, and hotels.

The Analysis will be utilized to identify economic development strategies for the City’s consideration including ways to address the redevelopment of the Hawthorne Mall, Hawthorne Blvd. and other economic development opportunities.

Kosmont’s experience covers a range of services as follows:

- Market and Feasibility Analyses
- Fiscal Impact and Economic Benefit Studies
- Economic Development Strategies and Implementation
- Business/Retailer and Developer Recruitment
- Identification of Funding Sources and Financing Strategies
- Public-Private Transaction Structuring and Negotiation

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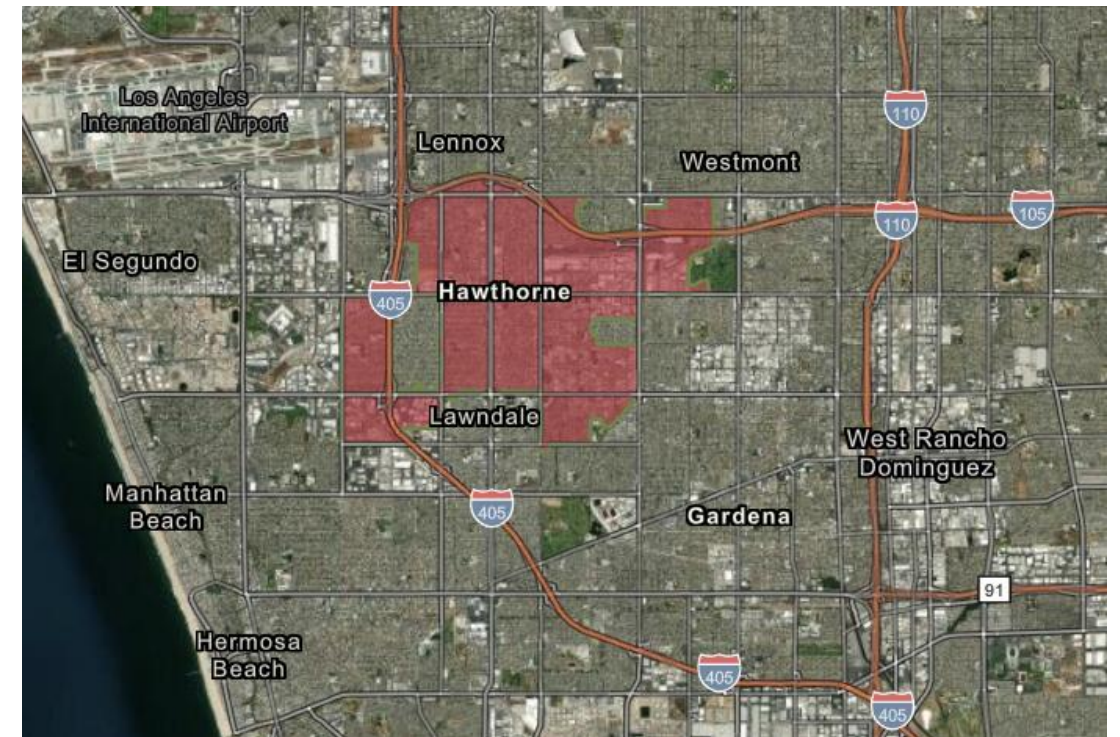
EXECUTIVE SUMMARY

CITY OF HAWTHORNE

POPULATION & INCOME OVERVIEW

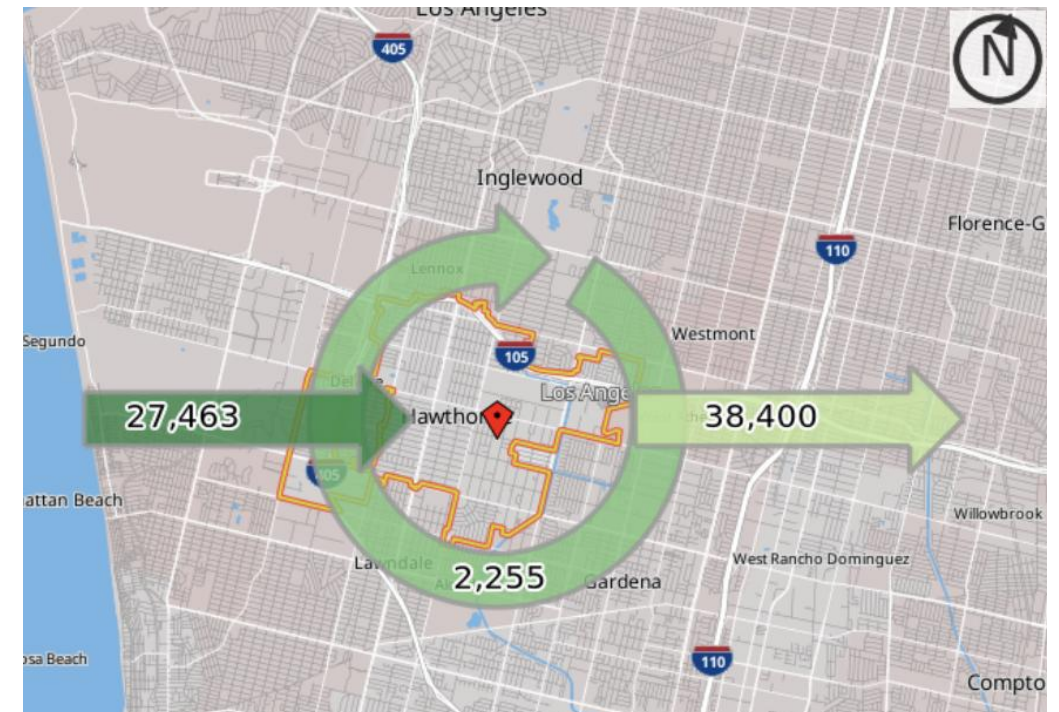
CITY, COUNTY, AND STATE

2024	City of Hawthorne	Los Angeles County
Population	85,661	9,768,886
Households	30,408	3,436,464
Average HH Size	2.80	2.78
Median Age	36.1	38.4
% Bachelor's Degree or Higher	27.9%	37.8%
% Hispanic Origin	55.2%	49.1%
Income		
Median HH Income	\$73,409	\$87,857
Average HH Income	\$99,500	\$127,405



HAWTHORNE DEMOGRAPHIC FUNDAMENTALS

- Hawthorne sees ~27,500 people coming into the City to work; ~38,400 commute outside for a Net **Outflow** of ~10,900 jobs; many workers come from Los Angeles, Torrance, Long Beach, and Inglewood, among others.
- The **City's inflow of workers are primarily employed** within the sectors of Manufacturing, Retail, Transportation & Warehousing, Information, and Professional, Scientific and Technical Services.
- Conversely, **City's outflow of residents are primarily employed** within the sectors of Health Care & Social Assistance, Accommodation & Food Services, Retail, Waste Management and Remediation, and Transportation & Warehousing. Residents are leaving to work in Los Angeles, Torrance, El Segundo, Culver City, and Santa Monica.



CITY'S STRENGTHS, WEAKNESSES, OPPORTUNITIES, AND THREATS

<p>STRENGTHS</p>	<ul style="list-style-type: none"> • Strategic location in South Bay with proximity to major freeways, Los Angeles International Airport (LAX), beaches, and other regional amenities (SoFi Stadium, Intuit Dome, etc.) • Hub for aerospace and tech companies like Amazon (~1,500 employees) and Tesla's design center • Robust retail offerings contributing to strong sales tax base (e.g., Costco, other big box retailers, 18 hotels) • Mid-size hotel market with strong business and transit-driven demand
<p>WEAKNESSES</p>	<ul style="list-style-type: none"> • Critical retail vacancies in certain corridors within the City; notably the Hawthorne Mall and along Hawthorne Blvd. (45.8%) • Aging hotel inventory (38 years old) • Limited housing development recently – 7 units developed since 2021
<p>OPPORTUNITIES</p>	<ul style="list-style-type: none"> • Mixed-use redevelopment opportunities in key corridors / opportunity sites as Catalyst Projects • Shift from manufacturing to technical / engineering services • Hawthorne airport redevelopment or consideration of reactivating portions of property • Maximization of TOT and sales tax revenue for upcoming international events (e.g., FIFA World Cup and Olympics)
<p>THREATS</p>	<ul style="list-style-type: none"> • Financing infeasibility for particular land uses, such as retail, office, and high-density multi-family • Reluctance from existing landowners and tenants regarding redevelopment efforts • Residents' concern for neighborhood gentrification • Potential departure of SpaceX and impact to local businesses

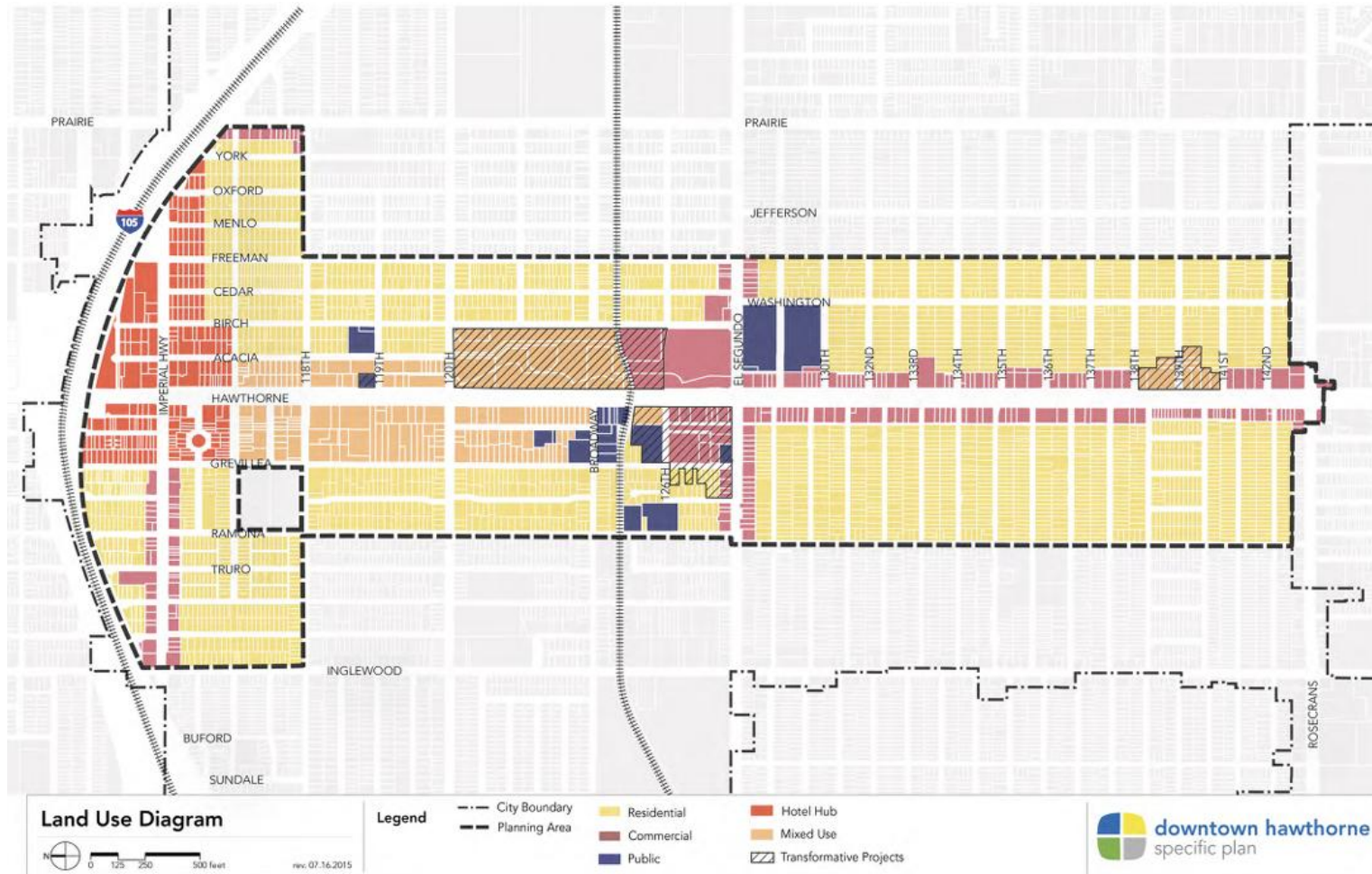
MARKET FUNDAMENTALS

Retail	Hotel	Multifamily
<ul style="list-style-type: none"> • Large retail market, mixture of locally and regionally serving / dining • High Citywide vacancy at 21.3% with closed mall (4.3% vacancy excluding the mall property) • Hawthorne Blvd. corridor has a 45.8% vacancy (8.9% vacancy excluding the mall property) • No new development activity since 2020 • Opportunity: Revitalize and modernize commercial corridor (Hawthorne Blvd.) through blended use projects 	<ul style="list-style-type: none"> • Mid-size hotel market with a variety of hotel chains and independent properties; average age of 38 years old • Healthy performance with a 12-month average occupancy rate of 74.2% • Three new projects expected and in final planning stage • Hotel class variation caters to tourism, cost-conscious, and business-class travelers • Opportunity: Increased TOT with upcoming international events; renovate older hotel rooms to improve tourism and visitor spending 	<ul style="list-style-type: none"> • Strong multifamily market (2.6% vacancy) – primarily smaller buildings (less than 10 units) • Hawthorne’s multi-family housing inventory has remained stable at 16,597 units since 2021. • Sustained development demand despite only 7 units built since 2021. • Opportunity: Adding housing units in key corridors to support RHNA and catalyze patronage of local businesses

DOWNTOWN SPECIFIC PLAN OVERVIEW

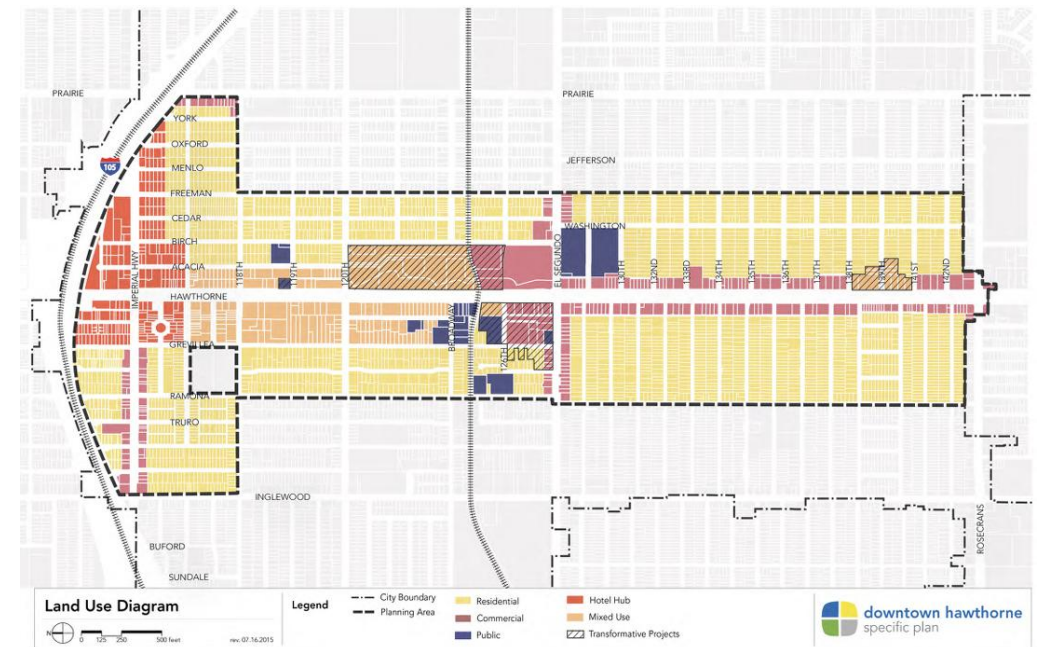
- 1. Vision & Purpose:** Created in 2016, the Specific Plan envisions transforming Downtown Hawthorne—centered along Hawthorne Boulevard—into a vibrant, mixed-use hub. The plan seeks to reestablish the corridor as the city's civic, cultural, and economic heart by **promoting retail, housing, office, hotel, transit, and public space uses**. Developed through extensive community input and supported by a Strategic Growth Council grant, the plan emphasizes equity, sustainability, and long-term resilience.
- 2. Guiding Vision Framework:** The plan is structured around five core “Vision Elements”: Prosperous – foster a strong, diversified economy. Connected – improve walkability, “bikeability,” and transit access. Healthy – add green spaces and promote public health. Attractive – enhance design and streetscape aesthetics. Inclusive – ensure equitable access to housing, services, and amenities. **Each element supports transformative strategies and projects to revitalize the district and improve quality of life.**
- 3. Strategic Projects & Land Use:** Four Transformative Projects are identified to catalyze redevelopment: Hawthorne Mall – major adaptive reuse and infill opportunity. Civic Center – repositioning city facilities and public space. South Bay Ford – reuse of underutilized auto site. St. Joseph’s Plaza – activate civic and religious node for gathering. **The plan also calls for mixed-use corridors, hotel-focused nodes, a business-friendly environment, and flexible zoning to enable a variety of building types.**
- 4. Streetscape & Mobility Improvements:** Mobility strategies emphasize “Complete Streets” that prioritize safety, comfort, and multi-modal access. The City Center Streetscape Plan and Promenade **Concept aim to humanize the corridor and support transit-oriented development.**
- 5. Implementation & Community Input:** The plan outlines a phasing and implementation strategy with **zoning adjustments, economic development tools, infrastructure updates, and public-private partnerships.**

DOWNTOWN SPECIFIC PLAN OVERVIEW



SUGGESTED STRATEGIES

- Modify Downtown Hawthorne Specific Plan by updating current zoning to allow for blended use/mixed-use development on street-facing parcels along Hawthorne Blvd.
 - Promote medium-low density housing along Hawthorne Blvd. through overlay zone per Downtown SP
 - Set up Value Capture tool, Development Opportunity Reserve (DOR[®]), to enable additional density in exchange for community benefits on a project-by-project basis
 - Establish incentives to attract redevelopment by the private development community

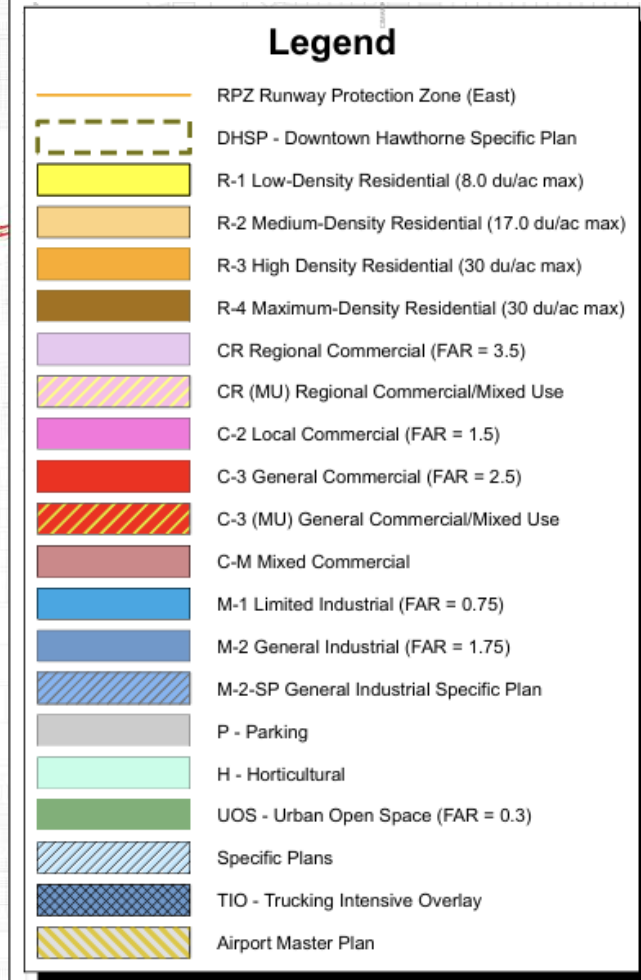
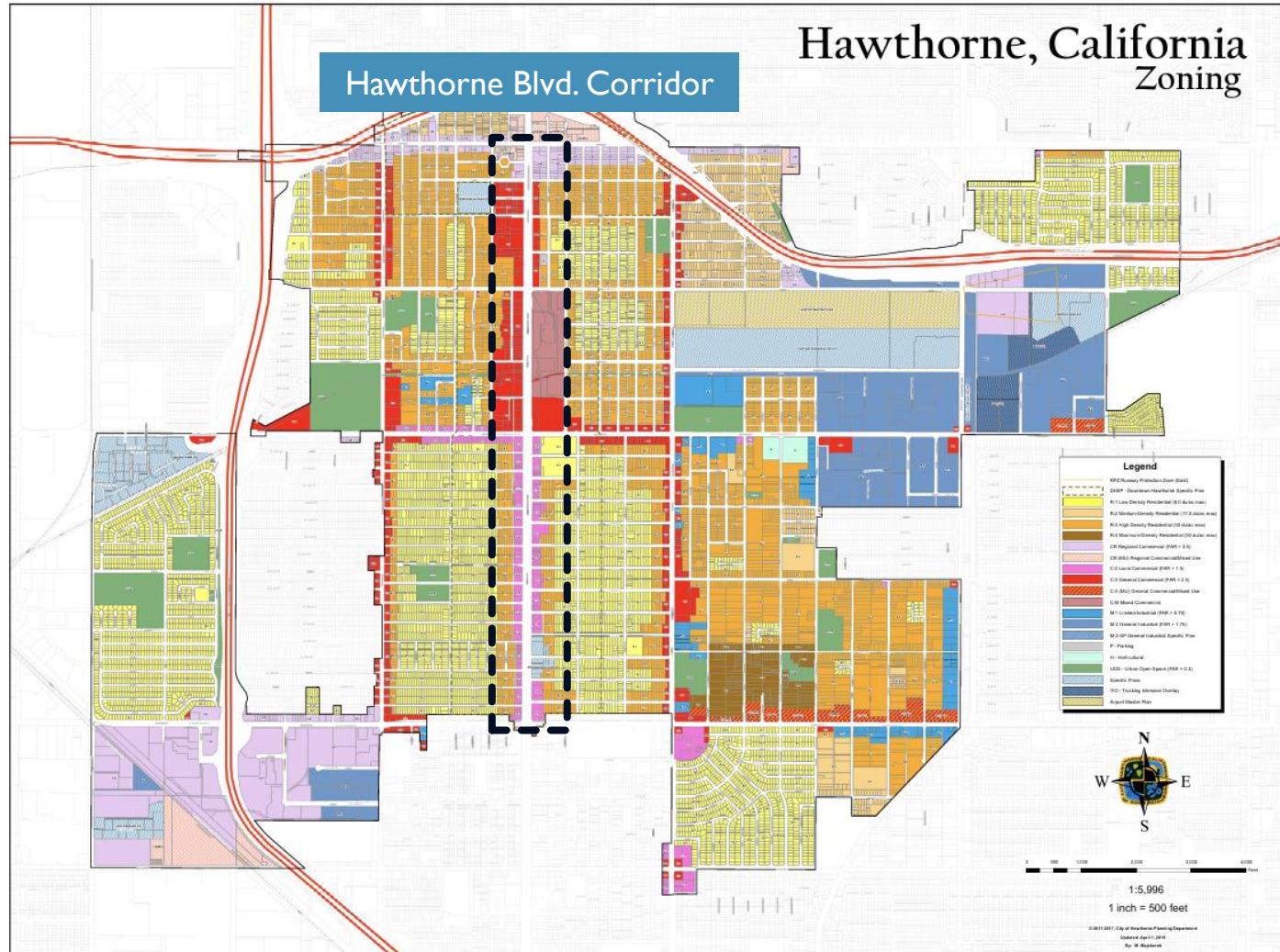


SUGGESTED STRATEGIES

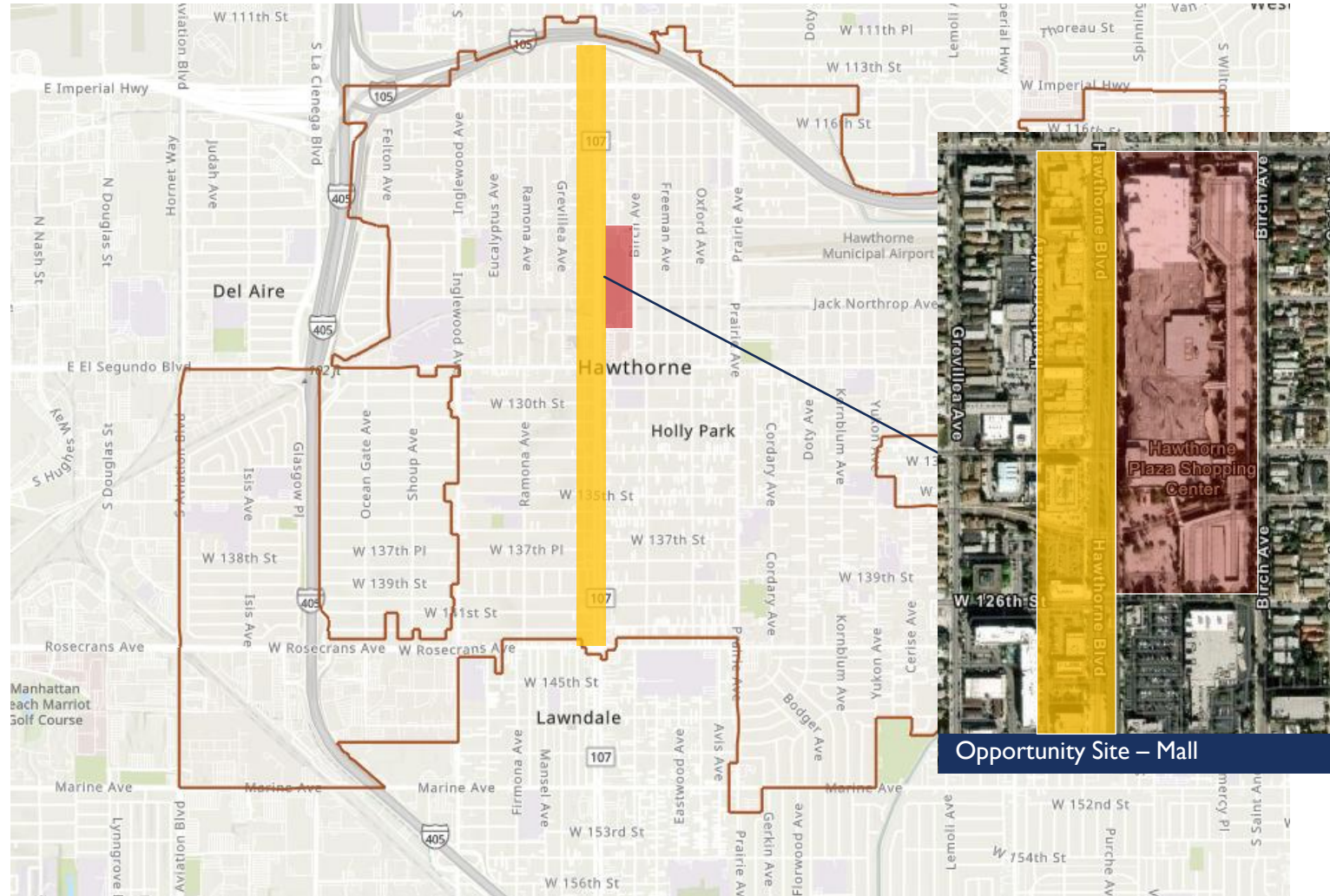
- In accordance with the Downtown Specific Plan, improve condition of existing retail offerings / properties along Hawthorne Blvd. through economic development initiatives, such as:
 - Grants/incentives for façade improvements;
 - Owner outreach efforts to discuss challenges/opportunities
 - Utilize Business Expansion Attraction Retention (“BEAR”) strategy
 - Market critical vacancies along the corridor at ICSC events
 - Create parklets and outdoor seating areas to promote patronage and activity along the corridor




CURRENT CITY ZONING



OVERVIEW OF OPPORTUNITY AREAS



 Focus Area – Overlay Zone for Hawthorne Blvd.

 Opportunity Site – Hawthorne Mall

OPPORTUNITY SITE – HAWTHORNE MALL

OPPORTUNITY:

- **Significant Redevelopment Potential:** The property's size and location make it one of the largest redevelopment opportunities in the area (27 ac), suitable for mixed-use projects including residential, commercial, and entertainment spaces.
- **Mixed-Use Development:** The site offers the chance to create a vibrant mixed-use community, integrating residential units, retail spaces, and entertainment venues to serve the growing population and as a Catalyst Project along Hawthorne Blvd.
- **Economic Revitalization:** Redeveloping the mall can stimulate economic growth, create jobs, and enhance the City's tax base, contributing to overall community development.
- **City Support:** The City of Hawthorne has expressed strong commitment to redeveloping the mall site, offering flexible zoning and dedicated staff to assist potential developers.

CHALLENGES:

- **Previous Redevelopment Challenges:** Multiple redevelopment plans have been proposed over the years but have failed to materialize, partly due to ownership issues and legal complications.
- **Perception Issues:** Past crime and blight in the area have impacted both the Mall and corridor's reputation.



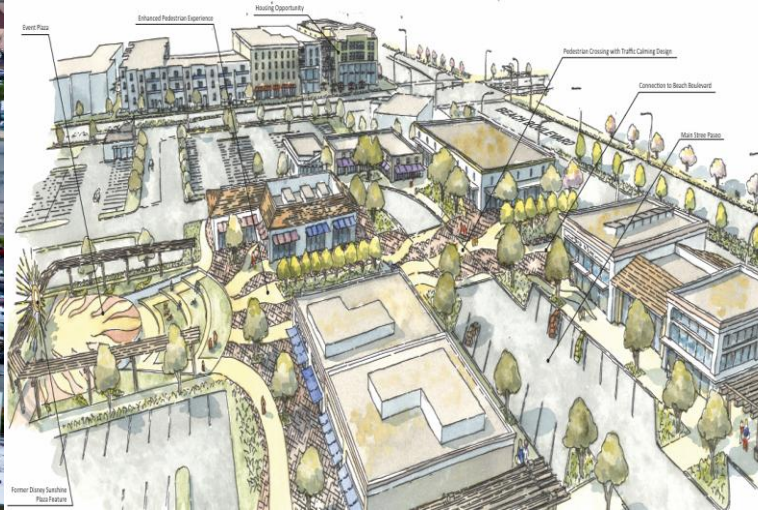
Opportunity Site – Hawthorne Mall

SUMMARY OF CASE STUDIES



Lancaster – Lancaster Blvd.

- Redesigned Lancaster Blvd. into a pedestrian-friendly, mixed-use corridor
- Revitalized the city's downtown core, attracting new businesses and public events
- Reduced lanes and introduced landscaping, outdoor seating, and wide sidewalks
- Lancaster has seen increased property values and business growth



Anaheim – Beach Blvd.

- Beach Boulevard Specific Plan (2018) is focused on redevelopment along the Beach Blvd. corridor.
- Development of up to 5,128 new residential units and 2.2 million square feet of nonresidential space for mixed-use projects.
- City actively worked to eliminate blighted properties, including the demolition of several motels known for criminal activity.



Corona – Downtown

- Downtown Revitalization Plan (2022) outlines a framework for redevelopment over a 1.1-square-mile area.
- City is implementing programs to address safety and streetscape improvements.
- Targeting specific areas like their North and South Malls for redevelopment with “Catalyst Projects” centered on mixed-use zoning.

ECONOMIC DEVELOPMENT TOOLS OVERVIEW

UTILIZE THESE TOOLS TO ATTRACT, FINANCE, AND OPTIMIZE DEVELOPMENT

- Kosmont is highlighting four (4) key economic development strategies: 1) Real Estate Strategies, such as “BEAR”, 2) Value Capture Zoning / Specific Plan 3) Tax Increment Financing (TIF) Districts, and 4) Grant Funding from Federal and State sources available to jurisdictions focused on infrastructure, transit, and climate-focused investment and projects.
- **As a priority for the City’s goals related to the revitalization of Hawthorne Blvd. and the Hawthorne Mall, the immediate next steps for the City should include the following:**
 - Continue making progress with Hawthorne Mall redevelopment and ownership discussions
 - Implement “BEAR” (Business Expansion, Attraction, and Retention) strategies for Hawthorne Blvd. vacancies
 - Consider marketing business opportunities at ICSC Western (September) and ICSC Las Vegas (May 2026)

1) Business Expansion, Attraction, and Retention (BEAR)	Proactively attract new businesses and redevelopment, and retain and expand existing businesses to generate revenues (sales tax, TOT) for the City
2) Zoning and Land Use Strategies: Specific Plans with Development Opportunity Reserve (D.O.R.)[®]	Adhere to Downtown Specific Plan to promote redevelopment through mixed-use projects; Capture the value from zoning changes to link new density to community benefits and public amenities (VCZ [™]).
3) Infrastructure Financing Districts	Use tax increment financing (TIF) districts, such as Enhanced Infrastructure Financing Districts (EIFD) or Climate Resilience Districts (CRD) to capture taxes from assessed value increases to fund infrastructure needs to unlock private investment
4) Grants and Other Public Funding	Pursue grant funds available at the state and regional level for infrastructure, climate resilience, housing, and other development projects, such as Community Development Block Grants (CDBG) and Low-Income Housing Tax Credits (LIHTC) funding for affordable blended use projects.



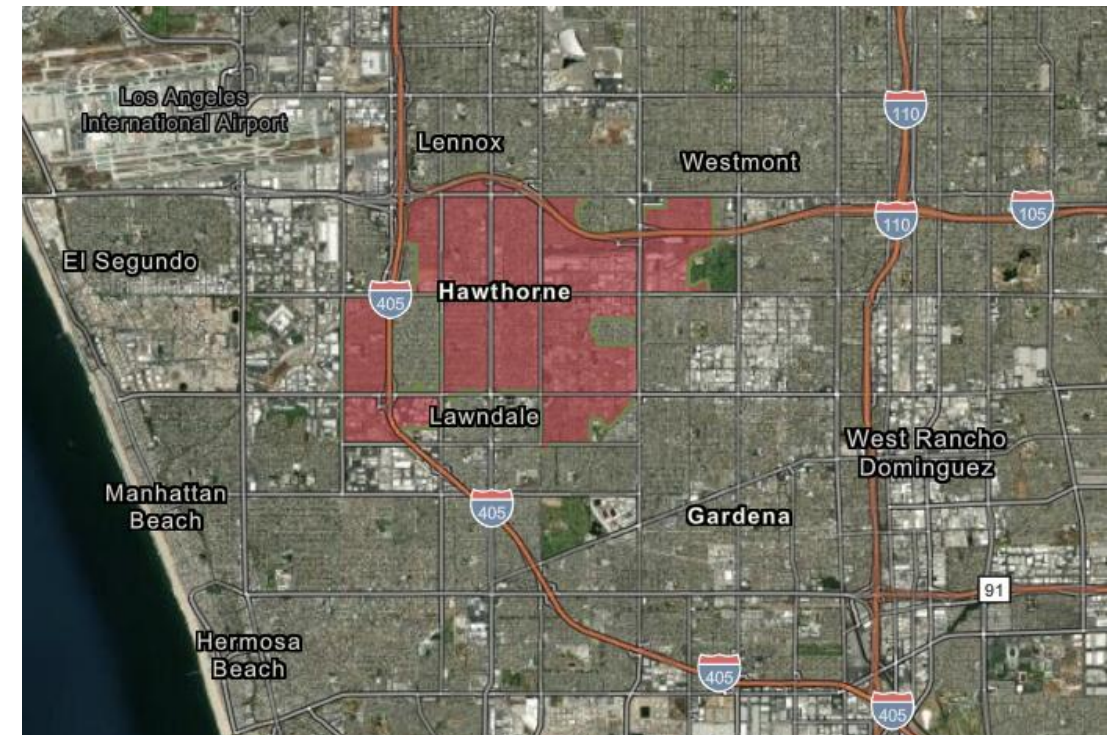
DEMOGRAPHIC ANALYSIS

CITY OF HAWTHORNE

POPULATION & INCOME OVERVIEW

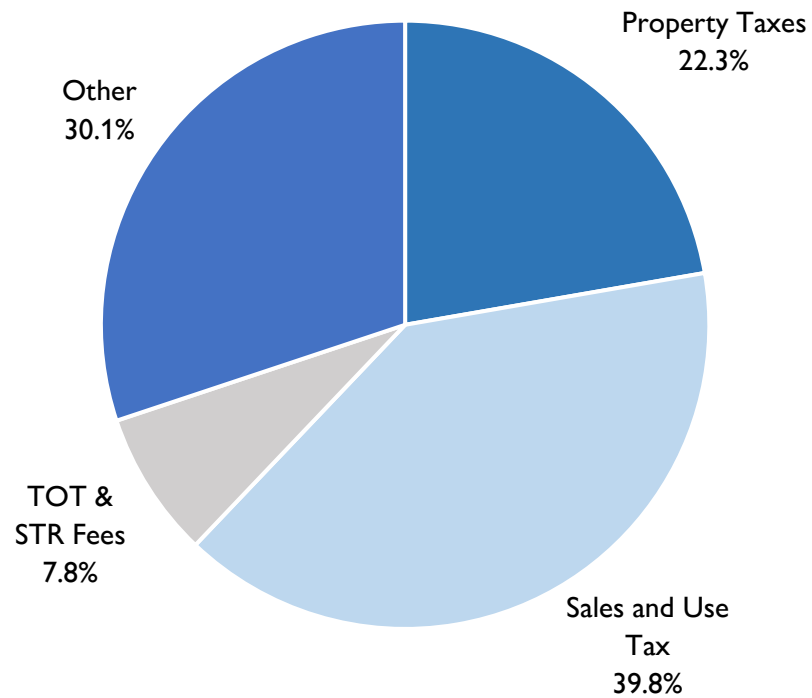
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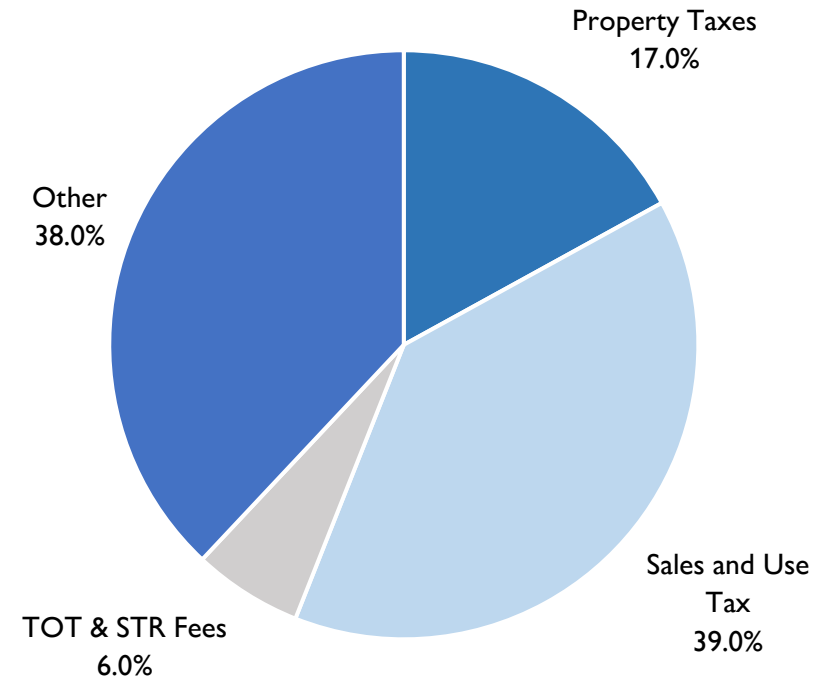


GENERAL FUND REVENUE

CITY & COUNTY



City of Hawthorne



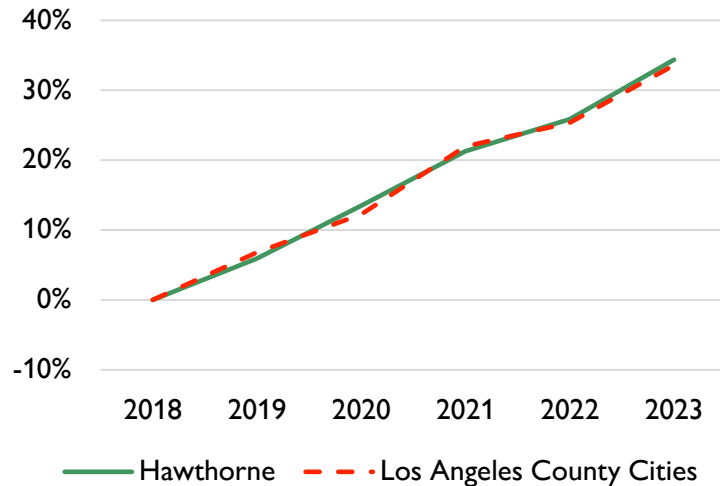
Los Angeles County

HISTORIC TAX REVENUE GROWTH (2018-2023)

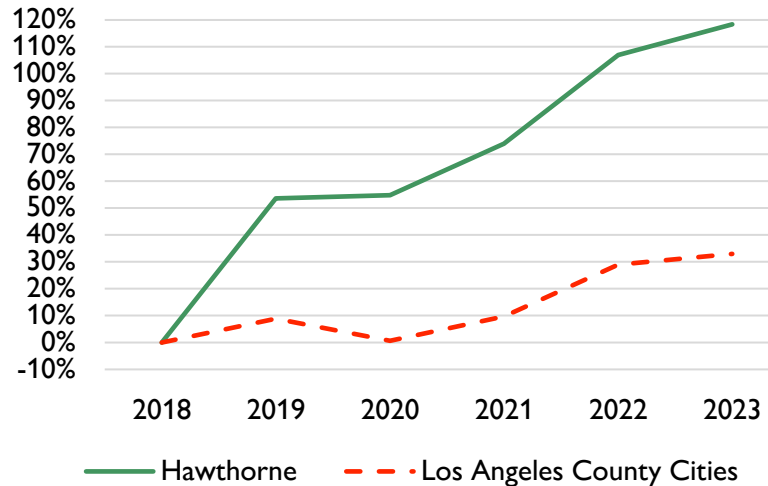
CITY OF HAWTHORNE VS LOS ANGELES COUNTY CITIES

- The charts below show the growth in the three key tax revenues examined (property, sales, and TOT) on an annual basis for the City of Hawthorne and Los Angeles County.
- Sales and use tax exhibited the strongest growth between 2018 and 2023 going from \$18.5 M annually (2018) to \$40.4 M (2023), which is an over 118% increase.
- TOT decreased from 2019-2021 due to the impacts of the COVID pandemic but has rebounded well compared to the County. Property tax has had a steady increase for both City and County.

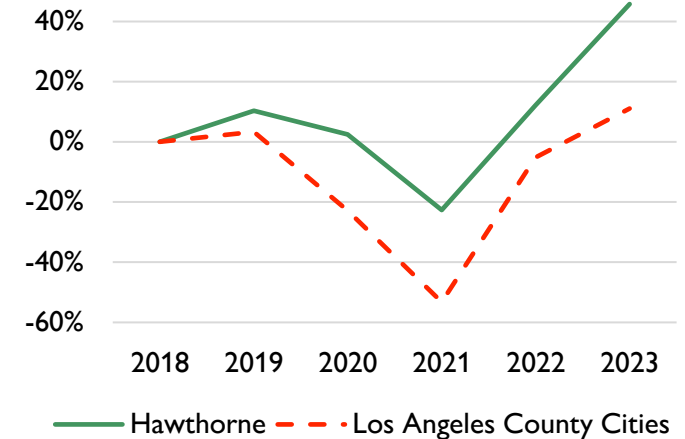
Property Tax Revenue Growth
2018-2023



Sales Tax Revenue Growth
2018-2023



TOT Revenue Growth
2018-2023



RETAIL GOODS AND SERVICES EXPENDITURES

Understanding where residents spend their money and how much they spend, is helpful to determine what household priorities are and which businesses to attract in the City.

The ~30,400 households in the City spend approximately \$654 M annually across these select brick-and-mortar retail expenditure categories. The top three spending categories are Food at Home (e.g., groceries), Food Away From Home (e.g., restaurants, fast food), and Entertainment & Recreation.

Residents are spending approximately \$21,500 per household per year on brick-and-mortar retail, with approximately a third of retail expenditures going toward Food at Home (\$6,800). Food at Home and Food Away From Home generally fall within the top three retail expenditures by household across many cities. Retail spending represents approximately 25% of all household expenditures.

Household Budget Expenditures

City of Hawthorne

Population	85,661
Households	30,408
Avg. Household Income	\$99,500

	Per Household	City-wide	%
Food at Home	\$6,765	\$205,706,720	7.8%
Food Away from Home	\$3,668	\$111,545,344	4.2%
Alcoholic Beverages	\$612	\$18,616,335	0.7%
Housekeeping Supplies	\$795	\$24,166,635	0.9%
Household Furnishings and Equipment	\$2,703	\$82,194,035	3.1%
Apparel and Services	\$2,208	\$67,143,895	2.5%
Entertainment and Recreation	\$3,471	\$105,555,720	4.0%
Personal Care Products & Services	\$938	\$28,507,955	1.1%
Smoking Products	\$361	\$10,982,810	0.4%
Total Brick-and-Mortar Retail Spending	\$21,521	\$654,419,449	24.7%

TAXABLE SALES GROWTH (2018-2023)

CITY OF HAWTHORNE

Business Type	# of Outlets	2019	2020	2021	2022	2023	Growth/Decline: 2018 - 2023
Food Services and Drinking Places	226	\$118,469,568	\$106,538,037	\$129,757,850	\$138,741,226	\$142,779,366	34%
Building Material / Garden Equip. & Supplies Dealers	14	\$143,220,752	\$166,851,350	\$174,578,208	\$172,894,383	\$176,187,049	33%
Home Furnishings and Appliance Stores	45	\$82,742,598	\$65,717,541	\$82,439,450	\$105,429,266	\$92,411,648	29%
Clothing and Clothing Accessories Stores	243	\$62,953,600	\$55,379,349	\$84,008,530	\$79,141,232	\$81,534,304	28%
General Merchandise Stores	56	\$321,714,382	\$282,589,308	\$342,008,266	\$416,217,733	\$406,598,222	23%
Motor Vehicle and Parts Dealers	70	\$302,269,597	\$281,975,481	\$394,226,110	\$443,591,209	\$389,306,285	22%
Gasoline Stations	17	\$98,889,420	\$56,357,971	\$90,494,280	\$131,292,677	\$114,190,860	21%
Food and Beverage Stores	65	\$40,636,778	\$44,650,041	\$45,736,645	\$47,523,911	\$47,921,050	0%
Subtotal	736	\$1,170,896,695	\$1,060,059,078	\$1,343,249,339	\$1,534,831,637	\$1,450,928,784	26%
Other Retail Group	460	\$64,680,990	\$60,528,086	\$68,013,220	\$66,114,879	\$62,420,691	-7%
Total Retail and Food Services	1,196	\$1,235,577,685	\$1,120,587,164	\$1,411,262,559	\$1,600,946,516	\$1,513,349,475	24%
All Other Outlets	796	\$297,643,538	\$282,200,996	\$296,823,755	\$471,844,831	\$427,881,241	60%
Total All Outlets	1,992	\$1,533,221,223	\$1,402,788,160	\$1,708,086,314	\$2,072,791,347	\$1,941,230,716	31%



REAL ESTATE MARKET ANALYSIS

CITY OF HAWTHORNE

Key Market and Economic Development Trends – Land Use Revolution



Housing is Not a Loss Leader, it's a Growth Driver

Retail is Not Just Retail Anymore

Telework is Reconfiguring Office

Industrial / Distribution is Critical for the Economy

Housing Creation as Economic Development

Retail Reimagination as Economic Development

Office Conversions as Economic Development

Industrial & Fulfillment as Economic Development

- New housing can generate significant new tax revenues and support local jobs from resident spending
- Housing is not necessarily a net negative fiscal impact, especially at current property values

- U.S. retail over-built and needs “right sizing;” Covid accelerated trends; today its about essentials, experience & e-commerce
- Blended/mixed use projects integrate multiple uses (housing, retail, open space, creative office, hotel)

- Telework and work from home options are reshaping the needs for office space and business districts
- Job redistribution tied to housing
- Vacancies can lead to fiscal impact pressure

- Modern industrial is not “your father’s industrial” – it is a blend
- Retail can’t thrive without distribution; Booming demand for e-commerce, particularly smaller last-mile delivery facilities
- Flex space (a blend of industrial, office, research and development space) is a growing market. Cities can attract high tech / skill firms with such space

HEED™: HOUSING AS ECONOMIC DEVELOPMENT

ROOFTOPS NEEDED

New housing can:

Generate new demand for commercial and retail uses

Significantly boost new tax revenues

Support local jobs

Keeping “wallets” in local communities

Housing / hybrid living spaces

*E-commerce will capture 25% of sales within 5 years
(~\$9k per CA household)*



RETAIL & INDUSTRIAL TRENDS

RETAIL

- COVID accelerated two important retail trends:
 - *The need for convenient access to essentials (delivery/pick-up)*
 - *Blending retail and entertainment (“Retailtainment”) to offer unique experiences that generates new foot traffic and attracts all ages*
- Retail cannot thrive without distribution due to consumer needs for convenient delivery solutions (same-day/overnight shipping)

INDUSTRIAL

- Booming demand from e-commerce for distribution / fulfillment / delivery; point-of-sale being included in some industrial / flex spaces
- Has become a leading job creator in communities outside of urban centers
- Uncertainty with government priorities / incentives is leading to growing interest in reshoring of manufacturing
- Growth in industrial will also be around A.I. and technology infrastructure (data and automated logistics centers)



SteelCraft Garden Grove

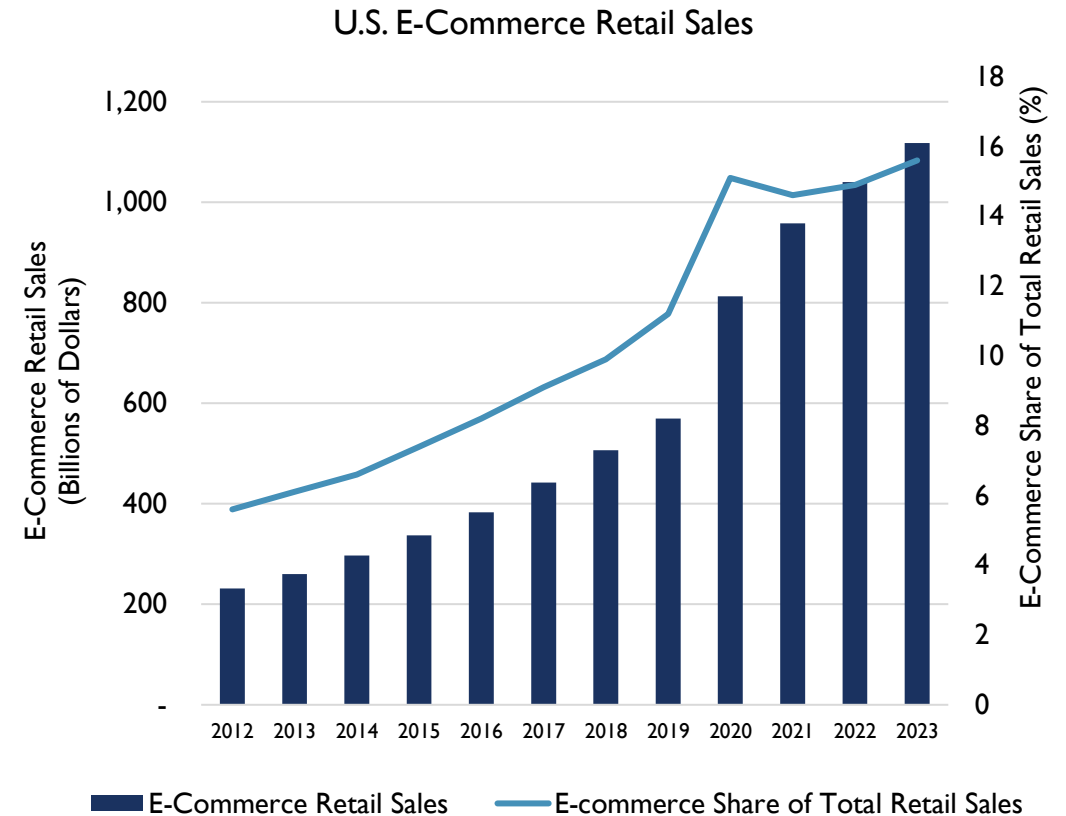


Amazon Logistics Center – Eastvale, CA

E-COMMERCE GROWTH

SIGNIFICANT IMPACTS ON BRICK-AND-MORTAR RETAIL

- Historically, e-commerce sales in the U.S. have increased steadily over time from 2000 to 2019. The COVID-19 pandemic saw increased online retail utilization and e-commerce sales soared by 42% compared to 2019. E-commerce sales continued to grow by double-digits into 2021 but cooled to just 6% growth in 2022. 2023 saw an increase in e-commerce sales by 9%
- The share of e-commerce sales continues to grow as well with e-commerce reaching 17.1% of total retail sales by year-end 2023.
- FTI Consulting’s 2024 Online Retail Report projections indicate U.S. online retail sales would hit \$1.2 trillion in 2024, an increase of 9.8% or \$108 billion compared to 2023. Additionally, the report states that e-commerce sales growth represented 46% of total retail sales growth in 2023.
- Furthermore, a UBS report estimates that 45,000 net retail store closures will occur in the U.S. by 2028 (approximately 5% of the total retail store base)

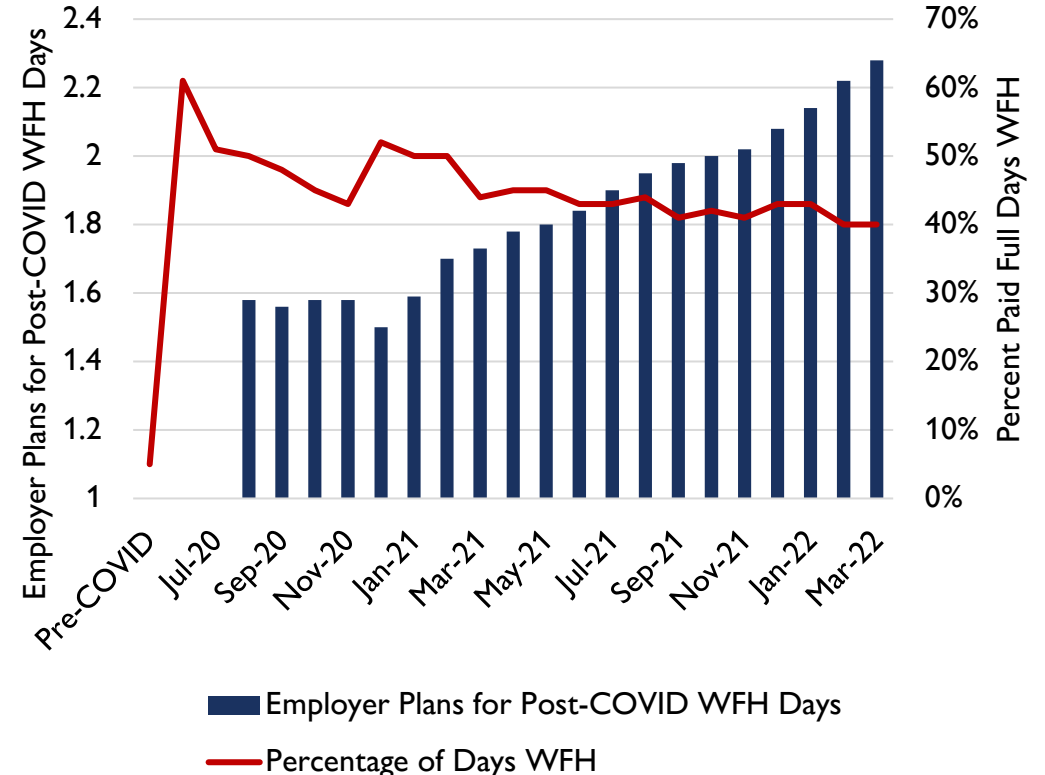


WORK-FROM-HOME GROWTH

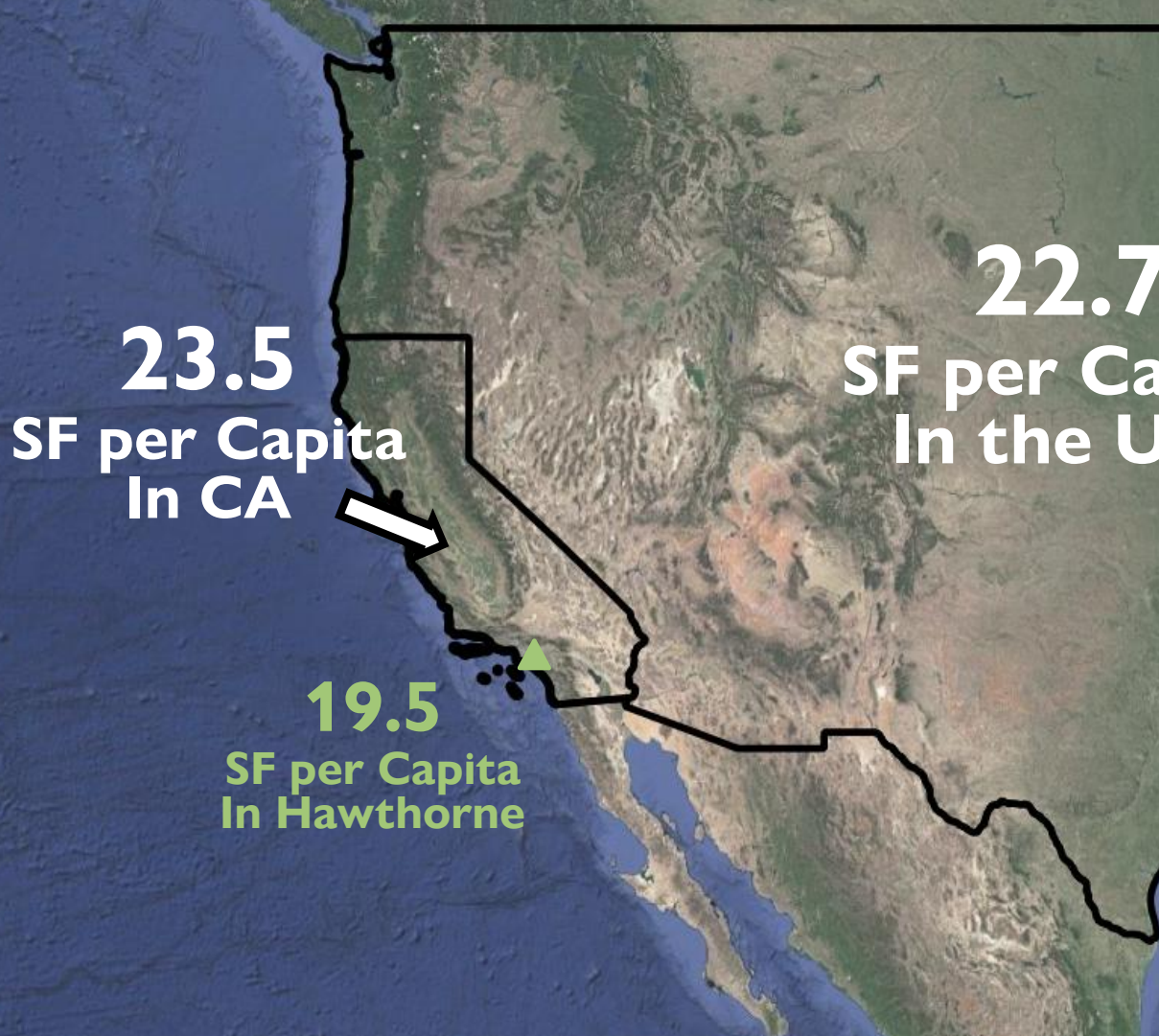
SIGNIFICANT IMPACTS ON OFFICE DISTRICTS & DAYTIME POPULATION

- Work-from-home is changing where people choose to live, and increases popularity of “15-minute communities” that offer amenities and quality of life
- Census Bureau estimated that ~44% of workers are in jobs where working from home is currently feasible, with only a quarter of those in feasible telework jobs actually utilizing this capability
- Research shows the ability to telework likely varies by educational attainment and income-level; many of the telework occupations are heavily represented by incomes requiring higher levels of education (such as Management / Business / Financial / Professional occupations)
- Other research shows that while work-from-home days have declined from the pandemic high of 60% to ~40% of days, this is still significantly above pre-pandemic estimates of 5%
- Employers are expecting an average of 2.3 work-from-home days per week, suggesting that hybrid home/office model is likely to be well-utilized post-COVID

Work-from-Home: Current Utilization and Employer Plans for post-COVID



Rightsizing Retail



SF Per Capita	
USA	23
Canada	17
Australia	11
UK	5
Japan	4
China	3

	Shopping Center (million SF)	Population (million)	SF Per Capita
United States	7,596	342	22.2
California	915	39.5	23.2
Los Angeles County	206	10.0	20.6
Sacramento County	44	1.59	27.7

LAND USE IMPLICATIONS

SUMMARY

- Major economic disruptions are occurring in the retail market due to e-commerce, the office market due to telecommuting, while industrial development is booming due to major increase in on-demand delivery services.
- The major changes occurring in the office, retail and industrial markets are part of a **land use revolution**, with significant impacts on which land uses are supportable and financially feasible.
- These economic changes will have an impact on Hawthorne's ability to achieve new commercial development, as it is structured in the General Plan and Zoning code.



RETAIL MARKET ASSESSMENT



RETAIL MARKET SUMMARY

CITY OF HAWTHORNE

Rising Vacancy Rates: Hawthorne's retail vacancy has steadily increased, reaching 4.3% in 2025 (YTD), up from 1.8% in 2021. When including the closed Hawthorne Mall, the effective vacancy rate jumps to 21.3%, adding an additional 1.1 M SF to the City's retail vacancy inventory. For reference, the Hawthorne Blvd. corridor contains a vacancy of 45.8%.

Negative Absorption Trend: The city has experienced consistent negative net absorption since 2022, with -46,300 SF YTD in 2025, reflecting a trend of more space being vacated than leased. This signals potential challenges in retaining or attracting tenants.

Steady Rent Growth: Despite rising vacancies, market asking rents have continued to climb, increasing from \$23.15/SF in 2014 to \$29.05/SF in 2025 YTD, suggesting landlord confidence or inflationary pressure in pricing.

No New Retail Construction: Hawthorne has reported zero square feet under construction in recent years, highlighting a stagnant development pipeline. This lack of new supply, coupled with rising vacancies, emphasizes the need to reposition existing retail assets, particularly the mall.

RETAIL MARKET TRENDS

CITY OF HAWTHORNE

	Inventory SF	Market Asking Rent/SF	Vacant SF	Vacant Percent %	Net Absorption SF	Deliveries SF
2025						
YTD	3,889,012	\$29.05	168,049	4.30%	(46,300)	-
2024	3,889,012	\$29.24	151,501	3.90%	(45,261)	-
2023	3,889,012	\$29.34	106,240	2.70%	(16,390)	-
2022	3,889,012	\$28.75	89,850	2.30%	(21,182)	-
2021	3,889,012	\$27.86	68,668	1.80%	324	-
2020	3,889,012	\$27.15	68,992	1.80%	11,333	17,450
2019	3,875,162	\$26.89	66,475	1.70%	3,008	3,000
2018	3,872,162	\$26.30	66,483	1.70%	7,410	-
2017	3,872,162	\$25.66	73,893	1.90%	(26,704)	6,442
2016	3,865,720	\$24.83	40,747	1.10%	30,488	15,866
2015	3,855,754	\$24.06	61,269	1.60%	22,879	-
2014	3,855,754	\$23.15	84,148	2.20%	80,120	3,830

RETAIL MARKET TRENDS

CITY OF HAWTHORNE



12623-12631 Hawthorne Blvd.



Hawthorne Gateway Shopping Ctr.



Hawthorne Town Center

21.3%

Current Vacancy
Rate (with Mall)

4.9 M

Total Inventory with
Mall

0

SF Under Construction



MULTI-FAMILY MARKET ASSESSMENT



MULTI-FAMILY MARKET SUMMARY

CITY OF HAWTHORNE

Stable Inventory, Rising Rents: Hawthorne’s multi-family housing inventory has remained stable at 16,597 units since 2022, with asking rents steadily rising from \$1,146/unit in 2014 to \$1,613/unit in 2025 YTD. This 10-year growth reflects sustained demand in the area despite minimal new construction.

Healthy Vacancy and Limited Absorption: The current vacancy rate is 2.6%, indicating a tight rental market. Absorption has fluctuated in recent years, with modest positive activity in 2025 YTD (7 units) after a small decline in 2023 (-25 units), reflecting relative market stability but limited turnover.

Affordable and Market-Rate Units: Of Hawthorne’s 1,062 total multi-family properties, only 739 units are classified as “affordable,” while 15,858 units are market rate. This highlights the City’s limited supply of income-restricted housing options. According to the Regional Housing Needs Assessment (RHNA) for 2021–2029, Hawthorne is assigned a total of 5,806 housing units, with 3,281 units required for lower-income households. With just 739 affordable units in its existing stock, the city faces a significant shortfall and must plan for increased affordable housing production to meet state-mandated goals. This supports the need for policies that encourage mixed-income and affordable development moving forward.

MULTI-FAMILY MARKET TRENDS

CITY OF HAWTHORNE

	Inventory Units	Inventory Avg SF	Asking Rent Per Unit	Vacancy Units	Vacancy Percent	Absorption Units
2025						
YTD	16,597	731	\$1,613	444	2.6%	7
2024	16,597	731	\$1,603	451	2.7%	20
2023	16,597	731	\$1,594	471	2.9%	(25)
2022	16,597	731	\$1,561	446	2.7%	-
2021	16,590	731	\$1,496	439	2.7%	268
2020	16,362	728	\$1,471	480	3.0%	(32)
2019	16,362	728	\$1,445	449	2.8%	56
2018	16,362	728	\$1,397	505	3.1%	(30)
2017	16,362	728	\$1,342	475	2.9%	171
2016	16,235	722	\$1,284	521	3.2%	(3)
2015	16,127	718	\$1,212	410	2.6%	96
2014	16,127	718	\$1,146	506	3.2%	6

MULTI-FAMILY MARKET TRENDS

CITY OF HAWTHORNE



12914 Doty Ave.



Icon at Rosecrans



4317 W 120th St.

2.6%

Current Vacancy
Rate

1,062

Total Number of
Properties

739

Units Classified as
“Affordable”

15,858

Units Classified as
“Market Rate”



HOSPITALITY MARKET ASSESSMENT



HOSPITALITY MARKET SUMMARY

CITY OF HAWTHORNE

Strong Occupancy & Revenue Performance: Hawthorne’s hotel market shows healthy performance, with a 12-month average occupancy rate of 74.2% and a 12-month average daily rate (ADR) of \$147 as of March 2025. This consistent occupancy—hovering around 74–76% over the past year—signals stable demand in the local hospitality sector.

Established Inventory: The City currently contains 18 operating hotels, with 3 additional hotels in final planning stages, indicating a pipeline of new supply. The inventory mix includes a variety of hotel classes, suggesting a diversified offering for different traveler segments.

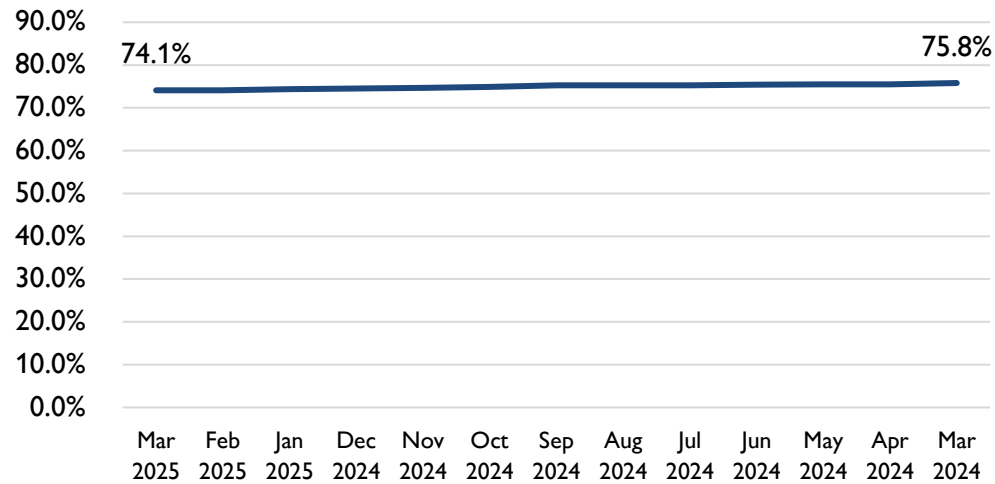
Balanced Hotel Classification: Hawthorne’s hotel market is comprised of 9 midscale & economy hotels, 6 upper midscale hotels, and 3 upscale hotels. This variation enables the city to cater to both cost-conscious and business-class travelers, enhancing its regional competitiveness.

Stable Rate Growth: ADR has remained steady around \$147, showing a healthy pricing environment and relatively strong per-room revenue potential. Combined with high occupancy, this reflects a strong performing market that may attract further investment or repositioning opportunities in the near term.

HOSPITALITY MARKET TRENDS

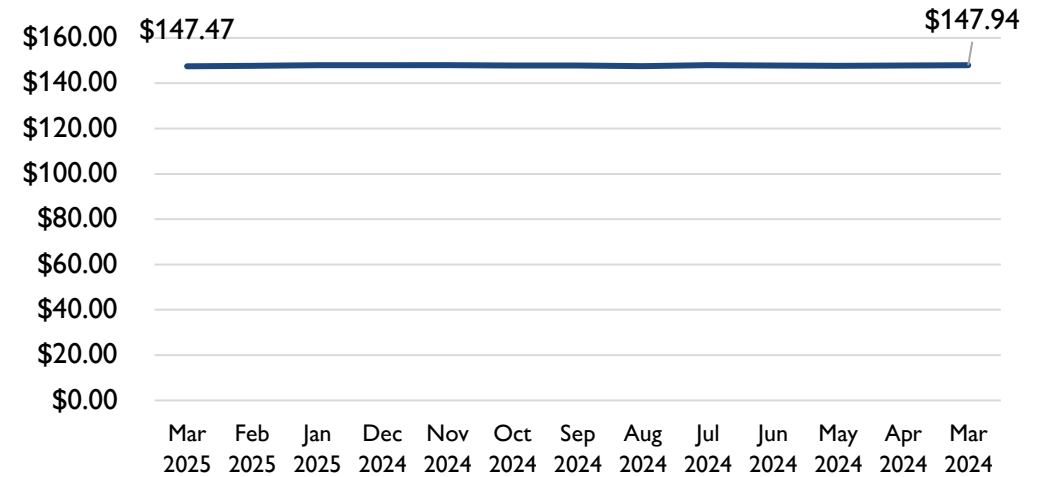
CITY OF HAWTHORNE

12-Mo Occupancy



— 12-Mo Occupancy

12-Mo ADR



— 12-Mo ADR

18

Existing Hotels
in the Market

3

Hotels in
Final Planning Stage

74.2%

12-mo Occupancy
rate

\$147

12-mo Average
Daily Rate (ADR)

HOSPITALITY MARKET TRENDS

CITY OF HAWTHORNE



SpringHill Suites – 14620 Aviation Blvd.



Courtyard Los Angeles – 4427 W. El Segundo Blvd.



Town Place Suites – 14400 Aviation Blvd.

9

Midscale &
Economy Hotels

6

Upper Midscale
Hotels

3

Upscale Hotels



CASE STUDIES

CITY OF HAWTHORNE

CASE STUDY: LANCASTER BLVD. (LANCASTER, CA)

- **Downtown Revitalization:** Lancaster Boulevard was redesigned into a pedestrian-friendly, mixed-use corridor that significantly revitalized the city's downtown core, attracting new businesses and public events.
- **Innovative Street Design:** The project used a "road diet" to reduce lanes and introduced landscaping, outdoor seating, and wide sidewalks—creating a more walkable and vibrant public realm.
- **Economic & Social Impact:** Since the redesign, downtown Lancaster has seen increased property values, business growth, and over \$130 million in private investment, proving the success of human-centered urban design.



Lancaster Blvd. Before



Lancaster Blvd. After

CASE STUDY: BEACH BLVD. (ANAHEIM, CA)

- Beach Boulevard Specific Plan (BBSP) Adopted in 2018, the BBSP provides a strategic framework for redevelopment, encompassing 283 acres along the Beach Blvd. corridor.
- The plan allows for the development of up to 5,128 new residential units and 2.2 million square feet of nonresidential space, promoting mixed-use development and enhancing the area's economic potential.
- Significant investments are being made to modernize infrastructure
- Major part of the revitalization is the 39 Commons project, a mixed-use development at the intersection of Beach Boulevard and Lincoln Avenue.
 - The project includes a 300,000-square-foot retail alongside residential components (65 townhomes).
- The city has actively worked to eliminate blighted properties, including the demolition of several motels known for criminal activity. These efforts are part of a broader strategy to improve public safety and attract private investment.



Beach Blvd. (Current)



Beach Blvd. (Rendering)

CASE STUDY: CORONA DOWNTOWN (CORONA, CA)

- Downtown Revitalization Plan (2022) outlines a framework for redevelopment over a 1.1-square-mile area. The plan focuses on enhancing safety, promoting mixed-use development, and improving public infrastructure.
- In addition to implementing programs to address safety concerns and making streetscape improvements, the city is also targeting specific areas like their North and South Malls for redevelopment with “Catalyst Projects”:
 - Sixth Street Transformation: Reducing traffic lanes, widening sidewalks, and adding landscaping to create a more walkable corridor.
 - City Park Revitalization: Reimagining the 111-year-old park with new amenities, including an aquatic center, fitness facilities, and event spaces.
 - Corona Mall Redevelopment: Reconfiguring the North and South Malls into mixed-use developments featuring retail, dining, and residential components.
 - Historic Civic Center Plaza Renovation: Upgrading the civic center to serve as a hub for visual, performing, and culinary arts.



Downtown Corona (Current)



Downtown Corona (Rendering)



ECONOMIC DEVELOPMENT TOOLS

CITY OF HAWTHORNE

EMBRACING A DIGITAL AND GREEN ECONOMY

PATHWAYS TO ECONOMIC DEVELOPMENT

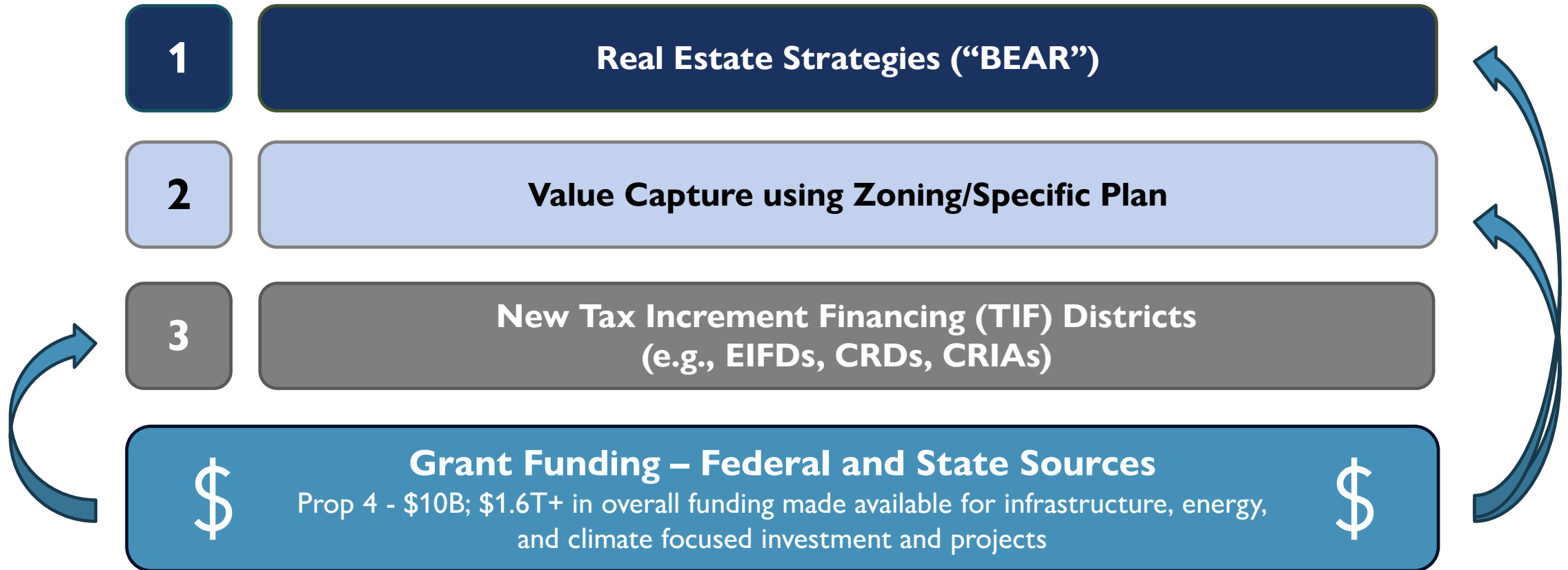
The **New Economic Development** should:

- Capitalize on **consumer preferences and ‘spend’ / work patterns** (digital shopping, delivery, remote work).
- Induce private investment in **projects that meet consumer demand and elevate community quality of life** (e.g., generate trips that induce sales)
- Embrace **Sustainability and Technology** as priorities and preferences for a growing younger consumer base.
- Maximize **housing as an engine** for vibrant, community-centered economies as constituents prefer to live and invest locally.
- Prioritize/target **funding sources for housing/infrastructure and climate**



ECONOMIC DEVELOPMENT STRATEGIES

ROADMAP



REAL ESTATE STRATEGIES FOR PRIVATELY-OWNED PROPERTY

“BEAR” = BUSINESS EXPANSION, ATTRACTION, AND RETENTION

The **BEAR strategy** focuses on cities pro-actively reaching out to select private property owners to facilitate real estate developments to advance the City’s economic development goals.

- **Property Owner Outreach** – collaborate with property owners to understand their plans for properties, challenges that they face with development, and opportunities that may align with economic development goals. Regularly contact the top Sales Tax generators / employers / suppliers.
- **Rehabilitation / Renovation** – encourage rehabilitation and/or renovation of facilities, signage or store-front facades; can include public programs such as façade improvement loans / grants, or assisting with identifying other sources of funding.
- **Marketing** – Highlight the City as a business-friendly destination with community assets, talented workforce, and success stories.
- **Outreach** – Conduct targeted outreach to developers, businesses, and brokers with opportunity site marketing collateral, correspondence, meetings / site tours, and participation at industry events (e.g., ICSC).
- **Public-Private Partnerships (P3)** – Enter into formal partnerships with property-owners that commit City resources to fund improvements (e.g., infrastructure) that will advance both the property owner’s goals for development and the City’s goals for economic development.

ECONOMIC DEVELOPMENT (BEAR CONT'D)

BUSINESS INCENTIVE PROGRAMS

There are a wide range of business and economic development incentive programs utilized by communities across the State. The City can create such a program, but first it is important to set specific goals (e.g. assist small business, expand job creation, attract major tax generator, attract specific type of development) and create a system to measure the success of each initiative.

Cost of implementing can vary: job credits, façade improvement and infrastructure represent out of pocket costs, while tax sharing agreements and fee waivers are offset by new development tax revenues.

Examples of incentives include:

- Façade improvement program
- Infrastructure investment
- Tax sharing agreements / tax abatements
- Efficient permitting
- Job tax credits / Workforce training
- Fee waivers / deferrals in targeted areas

ECONOMIC DEVELOPMENT STRATEGIES

SUCCESSFUL “BEAR” PROGRAMS

City of Indian Wells

Project: Retail Recruitment Services

Objective: Attract grocer to fill major vacancy

Outcome: Filled a large vacant building with a Sprouts Farmers Market using visitor data analytics, relationships and ICSC Conference

City of Norwalk

Project: Retail Recruitment Services

Objective: Solicit interest from hotels and restaurants for new developments within the City of Norwalk

Outcome: Successful introductions and continued outreach at ICSC Conference to achieve interest from hotels (e.g., Marriott and Hilton expressed interest) and restaurants

City of Carson

Project: Business Incentive Program

Objective: Identify ways to support local businesses with improving storefronts/facades to attract new visitors along major commercial corridors

Outcome: Through the program, tenants and/or property owners may qualify for a reimbursement grant of \$2,500 to \$25,000 for storefront aesthetic improvements



SPROUTS[®]
FARMERS MARKET



Hilton[®]
FOR THE STAY[™]



VALUE CAPTURE ZONING (VCZ)TM FOR COMMUNITY BENEFITS

Zoning and Entitlements can create value that can be captured

Don't just give that value away by assigning density to specific properties – **capture that value as currency** to support your community via amenities & benefits.

Create the Zoning

In higher-demand Areas

Bank the Zoning

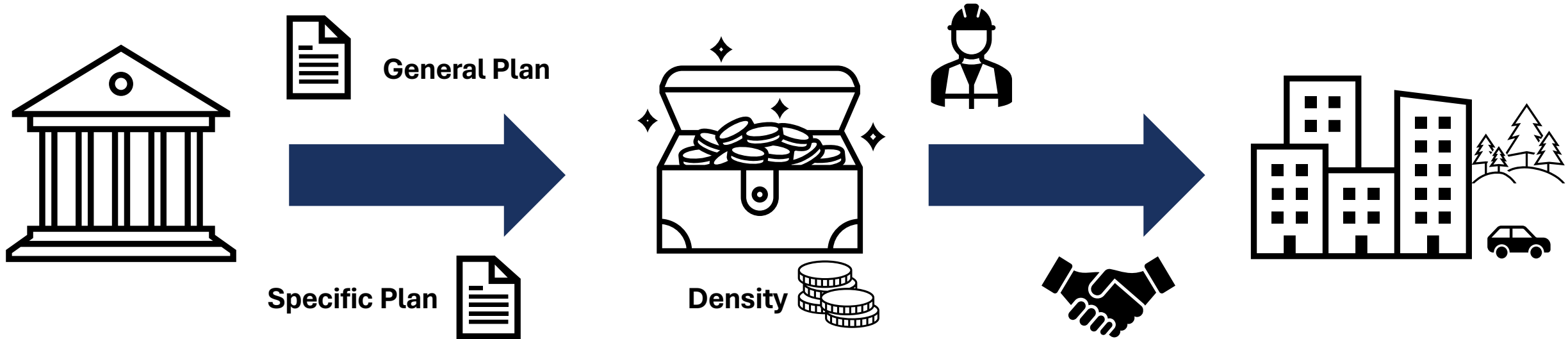
*In a DOR[®] BANK
“reserve bucket”*

Trade the Zoning

*To projects for community
benefits / amenities /
infrastructure / fees*

MECHANICS OF IMPLEMENTING VCZ™

CAPTURING VALUE THROUGH ZONING



Step 1:

City creates density for target areas via planning process

Step 2:

Density in D.O.R.

Step 3:

Project requests density from DOR® BANK ("zoning bank account")

Step 4:

City withdraws & assigns density if project delivers amenities or infrastructure and/or fees through a Development Agreement

HOW ARE CITIES USING VALUE CAPTURE ZONING™?

VALUE CAPTURE ZONING™ STRATEGY: BUELLTON

DEVELOPMENT OPPORTUNITY RESERVE (DOR)®

The City of Buellton included a DOR® tool in its Avenue of the Flags Specific Plan to encourage development in the downtown area and create a vibrant main street.

DOR® tool trades zoning incentives (*density, building heights, parking, setbacks, fees, etc.*) to projects that deliver community amenities, infrastructure, or other benefits.



VALUE CAPTURE ZONING™ STRATEGY: HERMOSA BEACH

LAND VALUE RECAPTURE PROGRAM

City council recently approved a land value recapture program to recover & reinvest land value increases via new approved residential zoning for redevelopment in the City's commercial districts.

Market-rate housing developments will be required to pay **\$76 - 104 per square foot to a Hermosa Beach fund** that aims to support development of affordable housing.

The following communities have implemented or are considering Value Capture Zoning™ / DOR®:

- El Monte
- Temecula
- Palmdale
- Buellton
- Placentia
- Burbank
- Seaside
- Jurupa Valley
- Scotts Valley
- Hermosa Beach

TAX INCREMENT FINANCING (TIF) TOOLKIT

**Enhanced
Infrastructure
Financing District
(EIFD)**

*Most flexible, most
widely used*

**Climate Resilience
District
(CRD)**

*NEW - focus on climate
related mitigations &
infrastructure*

**Community
Revitalization
& Inv.
Authority
(CRIA)**

*More emphasis on
affordable housing (25% set-
aside)*

TIF Districts can elevate eligibility for State funding

WHAT IS A TAX INCREMENT FINANCING (TIF) DISTRICT?

TIF Fundamentals

TIF is a method of capturing increased property tax revenue from new development or property value increases within a designated area to fund public improvements or those that implement public policy, such as housing.

How it Works

As private property investment occurs, the resulting increase in property tax revenue is deposited into a separate TIF fund and used to pay for public improvements within a district.

CITY
OF
HAWTHORNE
90250

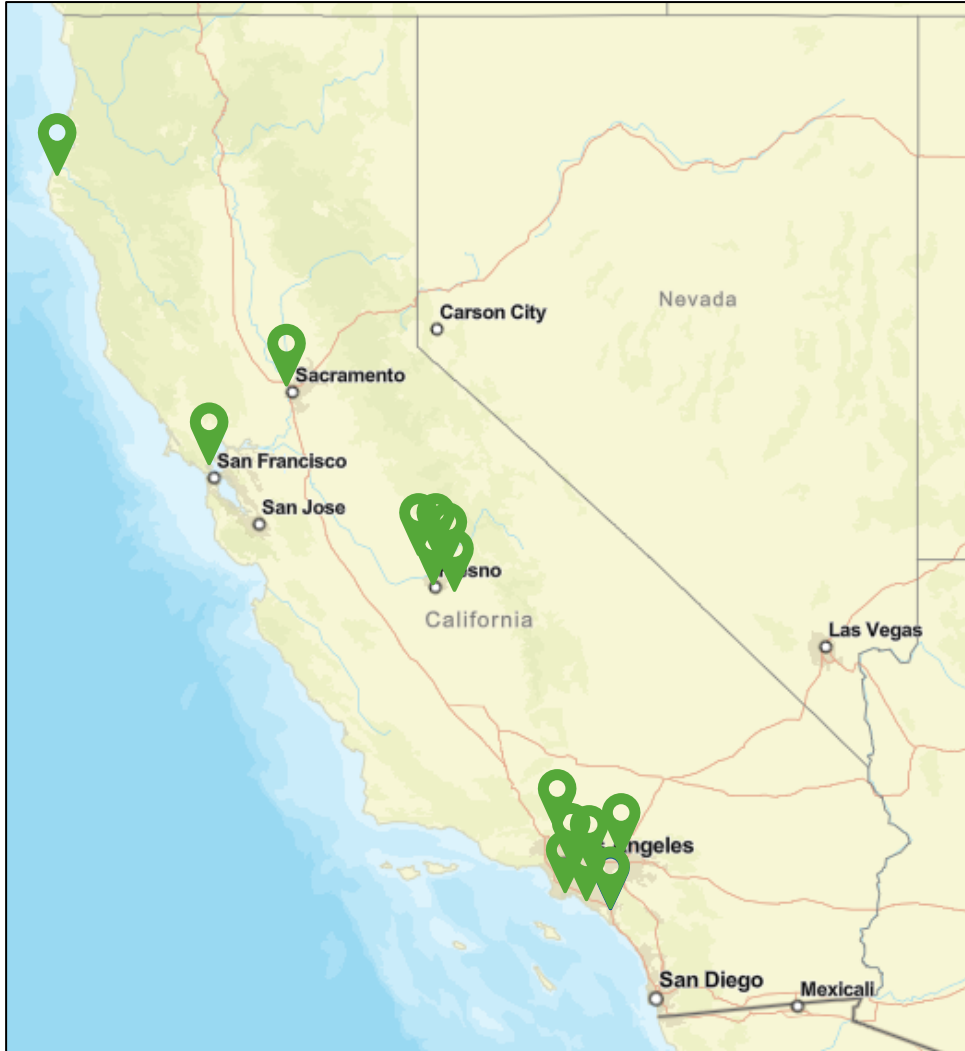


WHY PUBLIC AGENCIES AUTHORIZE TIF DISTRICTS

1. Return on Investment (“ROI”): Private sector investment induced by district commitment on a “but for” basis accelerates growth of **net fiscal revenues, job creation, housing production, essential infrastructure improvements**
2. Ability to attract additional funds / other public money (“OPM”) – tax increment from other entities (county, special districts), federal / state grants / loans (e.g., for TOD, water, housing, parks, remediation)

TIF PROGRESS STATEWIDE

PARTIAL LIST OF FULLY FORMED TIF DISTRICTS



Jurisdiction	Purpose
Carson + L.A. County	Remediation, affordable housing, recreation
Covina	Downtown housing and blended use supportive infrastructure
Fresno	Downtown, housing and transit-supportive infrastructure
Humboldt County	Coastal mixed-use and energy supportive infrastructure
La Verne + L.A. County	Housing and transit-supportive infrastructure
Lakewood + L.A. County	Mall reimagination, smart streets, affordable housing
Los Angeles County West Carson	Housing / bio-science / tech infrastructure
Madera County (3 Districts)	Water, sewer, roads and other housing infrastructure
Napa	Downtown, housing, tourism supportive infrastructure
Palmdale + L.A. County	Housing, blended use, transit infrastructure
Placentia + Orange County	Housing and TOD infrastructure
Rancho Cucamonga	Blended use and connectivity infrastructure
Sacramento County (Unincorporated)	Industrial / commercial supportive infrastructure
Sanger	Commercial, hospitality, supportive infrastructure
Yucaipa	Housing and commercial infrastructure

GRANTS AND OTHER PUBLIC FUNDING

- There is a wide variety of grant programs and funding sources available through the state and federal government.
- New grant programs are added every year, many with a focus on housing, street signage improvements, revitalization, and climate resiliency.
- Cities should periodically review available grant sources and pursue grants that align with the City's economic development goals (a grant-writing firm can provide assistance if the City's internal resources are limited).

Recent Economic Development & Climate Grant / Funding Programs

- Regional Early Action Planning (REAP)
- Local Early Action Planning (LEAP)
- Infill Infrastructure Grants (IIG)
- Affordable Housing and Sustainable Communities (AHSC)
- Community Economic Resilience Fund (CERF)
- Multifamily Housing Program (MHP)
- ICARP Regional Resilience Grant Program (RRGP)
- Infrastructure State Revolving Fund (ISRF)
- Homeless Housing, Assistance, and Prevention (HHAP)
- Infrastructure State Revolving Fund (ISRF)
- Coastal Conservancy Grants
- Adaptation Planning Grant Program (APGP)
- Strategic Growth Council grants
- Infrastructure Investment and Jobs Act (IIJA)

FUNDING OPPORTUNITIES ON STATE AND FEDERAL LEVEL

Federal Programs		State Programs		
Inflation Reduction Act (IRA)	Bipartisan Infrastructure Law (Infrastructure Investment and Jobs Act)	Affordable Housing and Sustainability Communities Program (AHSC)	Infill Infrastructure Grants (IIG) + Catalyst Program (IIGC)	Multifamily Housing Program (MHP)
Funds available through tax credits and rebates for individuals and tax-exempt financing for projects aimed at inducing private sector investment.	Funds for roads, bridges, railroads, broadband, water, public transportation, airports, cyber security, climate resiliency, brownfield cleanup, electric vehicles, and more	CA Program: EIFD Preference \$1 - \$30 million awards for affordable housing, housing infrastructure, transportation, related amenities, program costs	CA Program: EIFD Preference \$1 - \$7.5 million grants for infill projects / areas, gap funding for infrastructure for residential / mixed-use with some affordability requirements	Funding for rental housing; includes land lease payments, construction / rehab, offsite infrastructure improvements

\$400 Billion in IRA Funds, \$550 Billion in Federal Infrastructure Funds, Millions More in State Programs



CITY OF HAWTHORNE

ECONOMIC DEVELOPMENT ADVISORY SERVICES

JULY 2025