CITY OF FULLERTON

KOSMONT RETAIL NOW!®
RETAIL MARKET STUDY

MAY 2023

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INTRODUCTION

City of Fullerton ("City") retained Kosmont Companies ("Kosmont") to develop a Retail Market Study ("Study"), using our Kosmont Retail NOW!® platform, designed to help the City understand health of retail districts, identify opportunities within the various districts to support occupancy and/or spur development and thereby increase tax revenues.

Kosmont toured the City's commercial areas and shopping centers to inventory key retail sites and districts. Kosmont has discussions with City Economic Development staff, select real estate brokers / retail center representatives to identify strengths and challenges in attracting and retaining retail tenants.

Goals and objectives for this Study include:

- Assess health of retail centers
- Identify opportunities to fill vacant spaces
- Recommend actions to strengthen long term resilience

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EXECUTIVE SUMMARY

Fullerton is a diverse community of over 142,000 people with major retail and a vibrant downtown, and industrial, medical and educational institutions. The City is demographically diverse with over 20% Asian descent and over 30% Hispanic.

City's population is highly educated with over 45% having college degrees, a median age of 36 and less than 15% over age 65.

The City economy is very healthy with a 2.6% unemployment rate and over 59,000 jobs concentrated in Health Care (17.2%); Education (14.7%); Visitor Serving (12.3%). Manufacturing (12.0%); and Retail (11.1%).

City relies on retail sales taxes for material portion of General Fund operations, generating estimated $30 million per year.

Top Left and Right: Historic buildings in Downtown Fullerton; **Above Left**: Fullerton Former City Hall (current Police Station); **Above Right**: Heritage House at Fullerton Arboretum

EXECUTIVE SUMMARY

The City is comprised of many diverse districts and demand drivers:

- University District
  - ➢ California State University Fullerton
- Downtown
  - ➢ Fullerton College
  - ➢ Amtrak/Metrolink Transportation Center
  - ➢ SOCO
- Medical District – Harbor Blvd. Corridor
  - ➢ St Jude Medical Center
- Southeast Industrial Corridor
  - ➢ Fullerton Municipal Airport
- High Income Single Family Neighborhoods
  - ➢ West Coyote Hills, Sunny Hills, Amerige Heights

Top Left: Exterior of Fullerton Transportation Center; **Top Right**: St. Jude Medical Center;
Above Left: Entrance to Fullerton Municipal Airport; **Above Right**: Cal State University – Fullerton

SHOPPING CENTER OBSERVATIONS

Fullerton has a dozen significant shopping centers in addition to the historic downtown area.

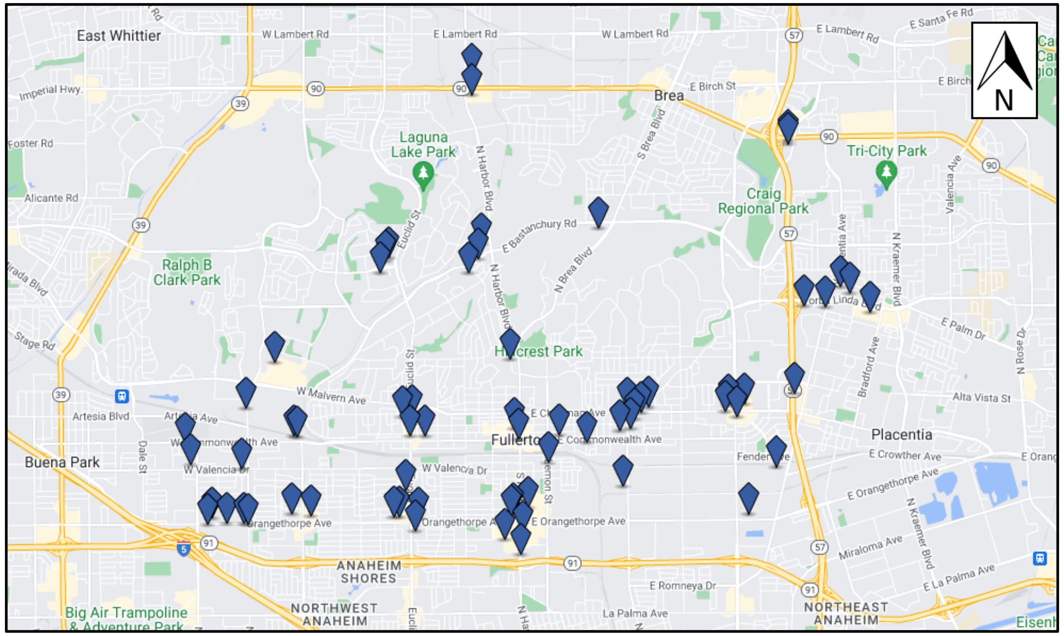
- The largest concentration is centered around Harbor Blvd. and Orangethorpe Ave. with:
  - Fullerton MetroCenter at 431,000 SF drawing 3.8 million people per year
  - OrangeFair Marketplace at 348,000 SF drawing 4.2 million people per year
  - Fullerton Town Center at 364,000 SF drawing 8.4 million people (driven by Costco)
- Amerige Heights is major power center located at Malvern and Gilbert with 418,000 SF, drawing 6.1 million people over 80% living 7 miles or less
- Fullerton Crossings in the newest center on Placentia Ave. with Sam's Club and Home Depot and no inline shops, drawing 3.7 million people per year
- North Fullerton with Best Buy and 24Hr Fitness totals 211,000 SF and draws only 1.3 million people
- University Shopping Center anchored by Target is 159,000 SF, drawing 1.7 million people
- Downtown Fullerton with smaller shops and restaurants draws 6.1 million people from a broad trade area

STRENGTHS

- Fullerton is bounded by four major state highways, providing good regional access (SR 39 Beach Blvd. on west, SR 91 on south, SR 57 on east and SR 90 Imperial Highway on north)
- Home of the largest Cal State University Campus – over 40,000 students
- Home of the oldest community college – 25,000 students
- OC largest Transit Center with regional bus, Amtrak and Metrolink service – serving 3,000 people per day
- Major employment center with 59,000 people employed within City limits
- High income/highly educated households $127,000 average HH income
- Retail sales declined only 15% during 1st year of Covid and rebounded strongly growing by almost 50% in past 5 years - demonstrating Fullerton's strength in the regional marketplace
- While the retail market in Fullerton is large at 6.7 million square feet, vacancy is healthy at only 3.8%; most retail is located on strong arterial thoroughfares

WEAKNESSES

- Shopping centers are relatively old – vast majority built in the 1960-70's
  - ➢ Exceptions are Fullerton Crossings (2015) and Amerige Heights Town Center (2004)
- Imperial Marketplace has vacant grocery/drug stores totaling 70,000 SF
- Downtown area experienced dramatic customer decline in 2020 due to Covid, and visits remain 20% below 2019 levels
- With exception of the Costco and Sam's Club anchored centers, the City's taxable sales range from under $100 per SF to a high of $270 per SF with an average of $170 per SF
- Significant number of large box retailers (42 over 20,000 SF)
- Lack of major shopping centers on north side of City



Above: Locations of shopping centers in the City of Fullerton according to CoStar. Very few shopping centers located north of Bastanchury Rd.

OPPORTUNITIES

- Over 22 square miles of land area provides substantial growth opportunities
- 500 acres of undeveloped land owned by Chevron subsidiary
- Fox Fullerton Theater renovation
- Imperial Marketplace has over 70,000 SF of vacant space under one roof
- City is home to a vibrant music scene with many venues (original home of Fender Guitars)
- SOCO area (south of Commonwealth)
- Muckenthaler Cultural Center art galleries and theatre group
- Day of Music Fullerton - June 21 with over 40 venues host 150 performances
- Fullerton Crossings has surplus land available adjacent to 2 major anchors
- Work from Home trends will increase local commerce
- Need to create business liaison to meet regularly with major shopping center managers/owners to identify opportunities and constraints while there is time to address

kosmont companies since 1986

THREATS

- Transformation of big box retailers in need of distribution facilities (i.e., micro fulfillment)
- Measure W (2012) prohibited development in West Coyote Hills – many years of litigation
- Sunrise Village (planned conversion to residential), Fullerton Crossings and Amerige Heights are on secondary street locations
- AB 2011 allows housing to be built by-right in areas zoned for office, retail, or parking uses. The bill creates a CEQA-exempt, time-limited approval process for multifamily housing on commercially zoned property (projects must pay prevailing wages to construction workers and meet affordable housing targets*)
- Movie theaters long term viability
- High inflation, interest rates and construction costs make development challenging near term
- E-commerce continues to expand, impacting traditional store front retail

Source: California Housing Consortium, https://calhsng.org/wp-content/uploads/2022/04/AB-2011-Affordable-Housing-and-High-Road-Jobs-Act-Factsheet-April-2022.pdf (Accessed March 2023)
Notes: *Per AB 2011, 100% affordable housing is allowed anywhere in such areas, so long as they are not adjacent to industrial-zoned or environmentally damaged land. Mixed-income housing will be allowed along commercial corridors wide enough to accommodate density and new traffic.

RECOMMENDATIONS

Kosmont has preprepared a list of Action items for the City to consider over the next 12 months:

City is undergoing evaluation of Housing Incentive Overlay Zoning (HIOZ). This is a policy tool to address housing shortfall, but it is important to critically examine the impact on jobs and tax revenue associated with key parcels having 100% residential overlay. Kosmont's preliminary analysis indicates several major parcels warrant reexamination or restructuring of overlay zoning.

Action Item 1: Create a Business Expansion, Attraction, and Retention (BEAR) program. New program to provide enhanced customer service to support business development. Business-friendliness is a vital component to support businesses, developers and to foster entrepreneurship, bolstering the local economy and increasing tax revenues.

Action Item 2: Sponsor technical assistance programs to support emerging businesses/entrepreneurs in the City. Food and beverage businesses are the highest grossing sales generators (after gas stations and Costco/Sam's Club)

Action Item 3: Maintain enhanced business and development data analytics to track economic and market trends. Performance metrics will allow the City to identify progress made, determine barriers that still exist, responses proven successful, and projects scheduled for development. The following metrics are recommended to be measured each calendar year and compared to the prior year's results:

1. **Sales Tax Revenues by Geographic District** – measure success in revitalizing downtown and attracting businesses to other centers
2. **Assessed Value of Commercial Property** – show increased private sector investment
3. **Number and Type of Business Licenses** – measure new business formations
4. **Employment by Industry –** show success in commercial employment growth
5. **Survey of Business Owners –** identify issues regarding City permitting process and other programs to inform staff of challenges

RECOMMENDATIONS (CONT'D)

Action Item 4: Consider programs that can help existing businesses thrive (such as façade improvement programs, street / outdoor retail) and help existing properties utilize their space (such as expanding allowable uses in storefront spaces, sales tax in-lieu payment for non-retail uses). Prioritize program implementation under-invested commercial areas in the City.

Action Item 5: Explore creation of a Property Based Improvement District ("PBID") to support enhanced cleaning, security, marketing and physical improvements in downtown.

Action Item 6: Evaluate publicly-owned opportunity sites – such as the surface parking lots and parking garages – to evaluate potential reuse strategies that create gathering places, activities, and other amenities.

Action Item 7: Invest in physical improvements that can create sense of place and further activate the downtown area—through pedestrian-oriented improvements such as plazas and outdoor spaces, water features, running/walking paths, street improvements, sidewalks, transit / micro-transit services, and pedestrian malls.

Action Item 8: Invest in other enhancements such as gateway signage and wayfinding, public art, thematic street and sidewalk enhancements, and public open space.

Action Item 9: Evaluate success of existing centers, parking sufficiency, identify and analyze key privately-owned commercial sites that are well-positioned for reuse or redevelopment.

RECOMMENDATIONS (CONT'D)

Action Item 10: Conduct outreach and collaborate / build relationships with property owners (e.g. Fullerton Crossroads, Amerige Heights) and brokers to explore development opportunities, pursue businesses, and address challenges that can keep key uses at properties (retention) bring new uses to privately-owned sites (attraction).

Action Item 11: Grow social media engagement channels, as well as marketing/trade publications to promote local businesses and events. Promote opportunities and conduct meetings with key owners / brokers / retailers at ICSC

Action Item 12: Examine Cannabis business opportunities and creation of cannabis specific business programs. Business opportunities should include exploration of retail storefront cannabis licenses and other State allowed business types in appropriate commercial locations.

Action Item 13: Evaluate shopping centers that are best long term commercial locations in order to identify those centers well suited for redevelopment to meet needs of potential Housing Element sites

ECONOMIC AND DEMOGRAPHIC PROFILE

CITY OF FULLERTON – RETAIL MARKET STUDY

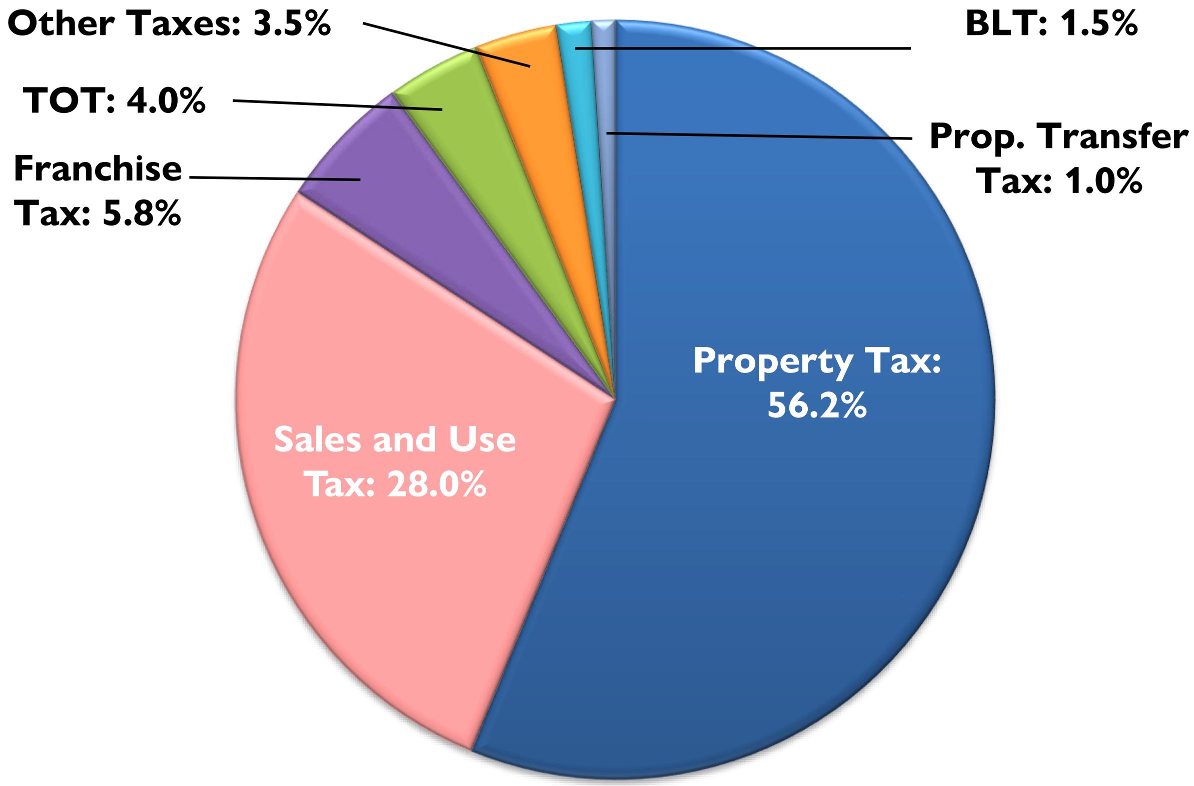
1.1 – CITY REVENUE INFORMATION

CITY OF FULLERTON – RETAIL MARKET STUDY

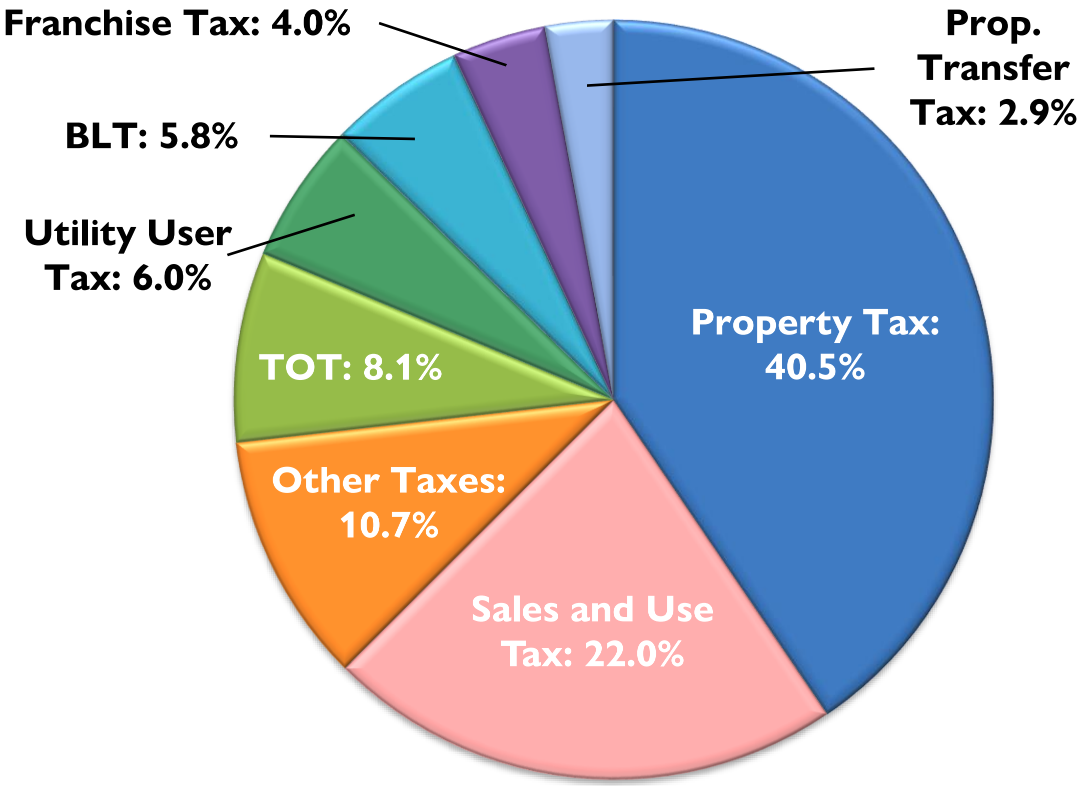
TAX REVENUES (HISTORIC CONTEXT)

CITY OF FULLERTON VS. CALIFORNIA CITIES

City of Fullerton



California Cities' Tax Revenues

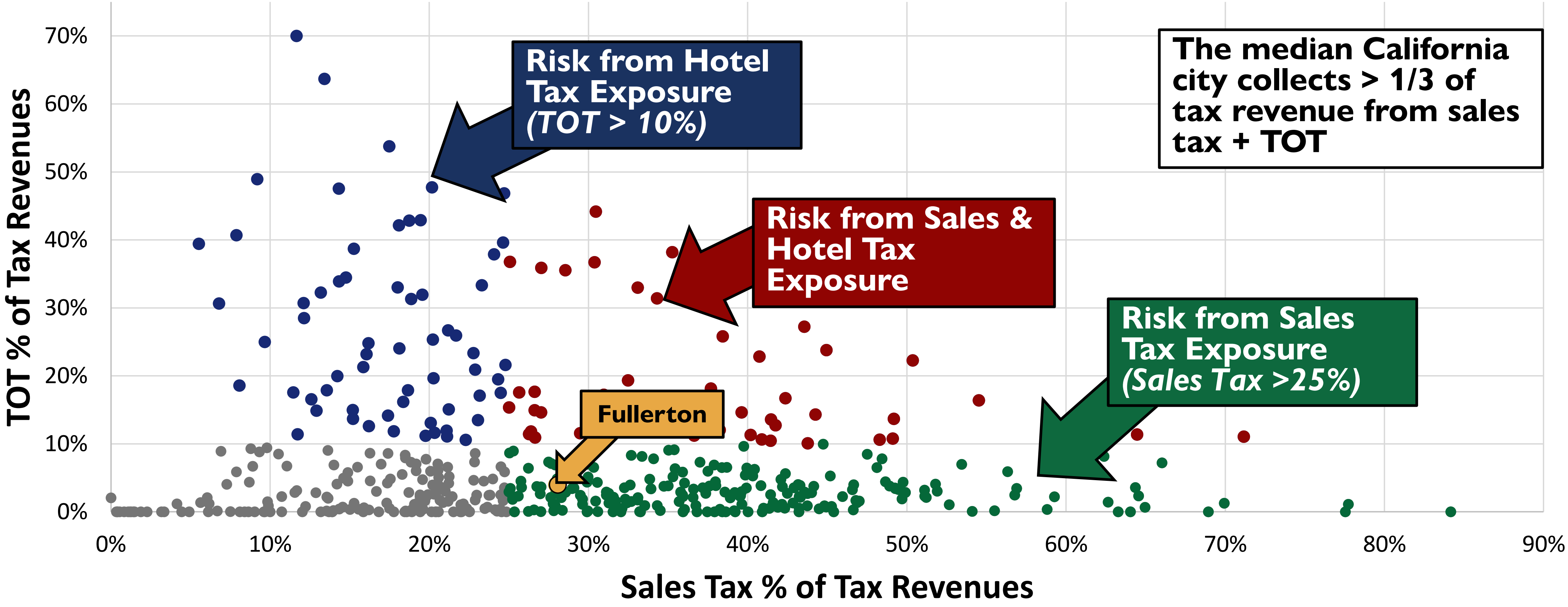


Source: California State Controller's Office, City Revenues FY 2017-2018 (Accessed June 2021)

Notes: Includes both functional and general tax revenues. Property Taxes includes: in-lieu of MVLF, secured, unsecured, and other property tax revenue categories. Other Taxes includes: interest, penalties, delinquent taxes, transportation taxes (transit and non-transit), employer payroll tax, construction development taxes, parking taxes, admission taxes, and all other taxes. Transportation taxes comprise most of the revenue labeled "Other Taxes". In Fullerton, no revenues were collected from Utility User Taxes.

TAX REVENUES (HISTORIC CONTEXT)

SALES TAX & TOT EXPOSURE



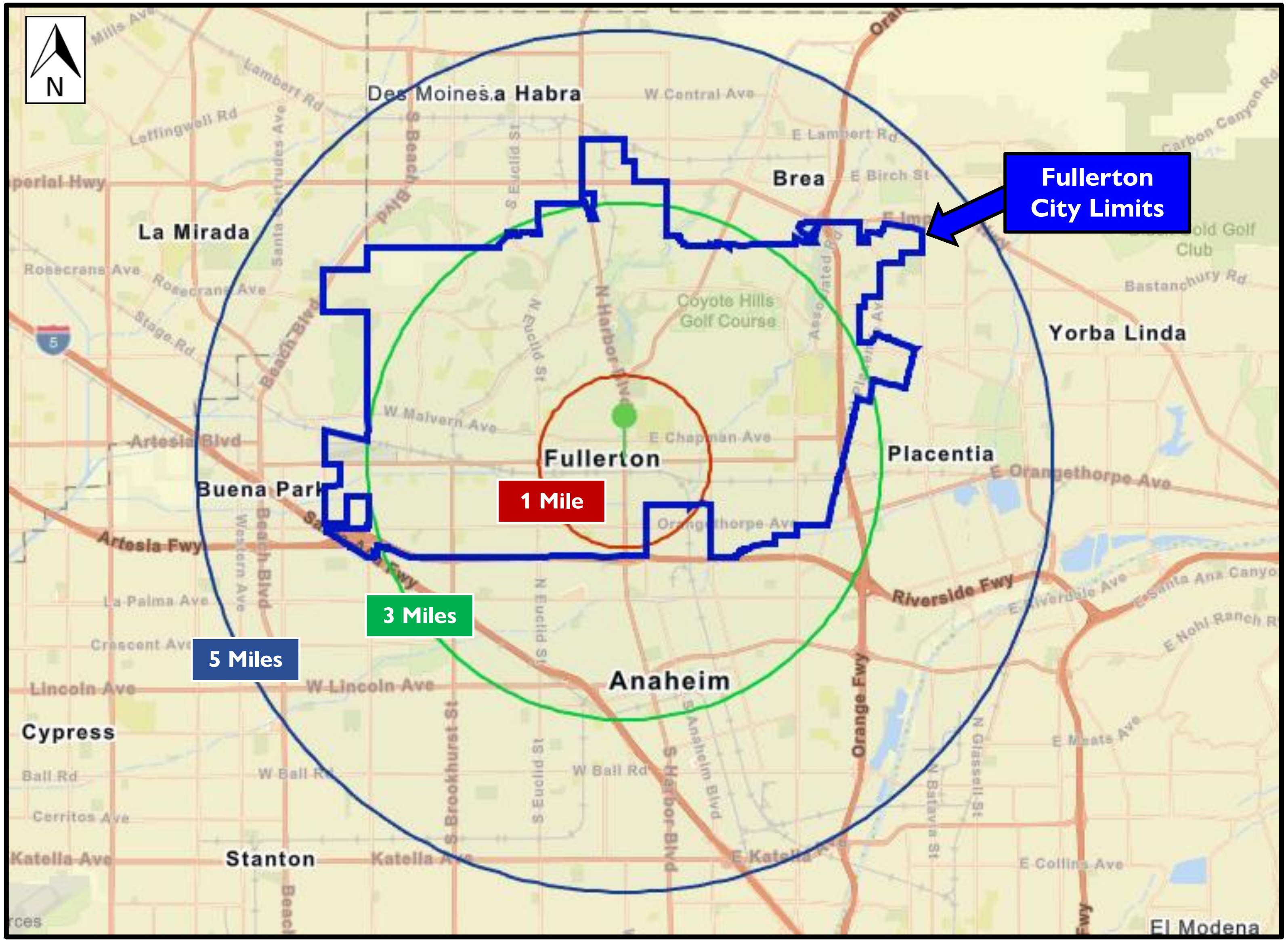
Source: California State Controller's Office, City Revenues FY 2017-2018 (Accessed March 2023)

1.2 – POPULATION & HOUSEHOLD DEMOGRAPHICS

CITY OF FULLERTON – RETAIL MARKET STUDY

CITY LIMITS & RADII

FROM INTERSECTION OF COMMONWEALTH AVE. AND HARBOR BLVD.



Source: ESRI Business Analyst Online (Accessed March 2023)

POPULATION & INCOME
CITY, COUNTY, AND STATE

2022	Fullerton City	Orange County	California State
Population	144,381	3,203,504	39,770,476
Households	48,711	1,082,175	13,570,050
Average HH Size	2.89	2.91	2.86
Median Age	36.0	37.8	36.7
% Bachelor's Degree or Higher	46.6%	45.1%	37.8%
% Asian / Pacific Islander Origin	27.5%	23.2%	16.3%
% Hispanic Origin	38.0%	34.1%	39.4%
Per Capita Income	$43,052	$49,691	$44,265
Median HH Income	$89,661	$105,674	$88,930
Average HH Income	$126,970	$146,902	$129,367

Source: ESRI Business Analyst Online (Accessed March 2023)

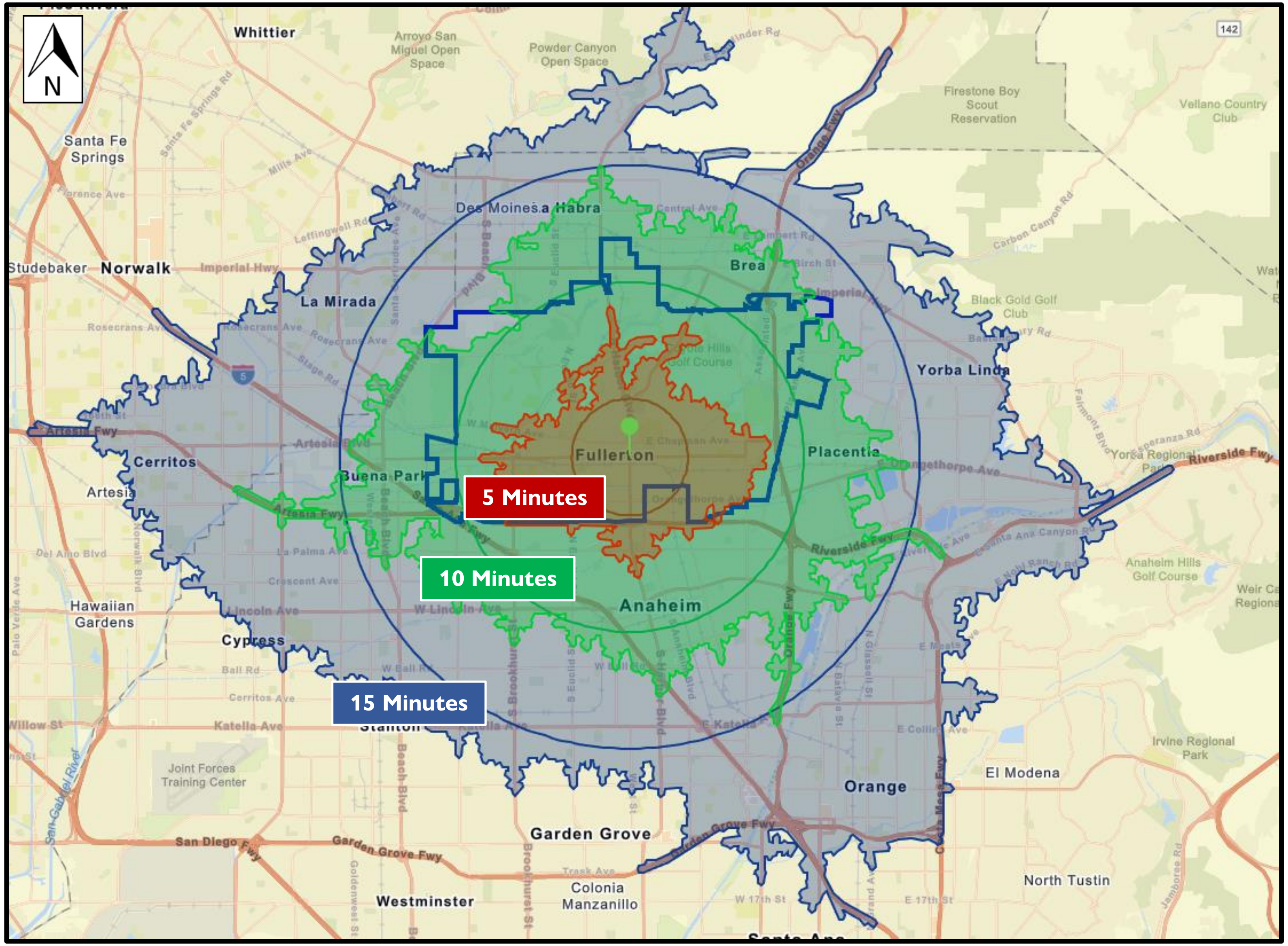
POPULATION & INCOME
RADII

2022	1 Mile	3 Miles	5 Miles
Population	26,312	225,118	601,574
Households	9,459	69,470	189,971
Average HH Size	2.72	3.18	3.12
Median Age	35.0	33.5	35.1
% Bachelor's Degree or Higher	36.3%	35.3%	35.1%
% Asian / Pacific Islander Origin	13.6%	19.8%	22.2%
% Hispanic Origin	49.6%	53.7%	49.7%
Per Capita Income	$37,855	$35,570	$36,793
Median HH Income	$76,087	$82,269	$87,260
Average HH Income	$105,503	$115,025	$116,484

Source: ESRI Business Analyst Online (Accessed March 2023)

DRIVE TIMES

FROM INTERSECTION OF COMMONWEALTH AVE. AND HARBOR BLVD.



Source: ESRI Business Analyst Online (Accessed March 2023)

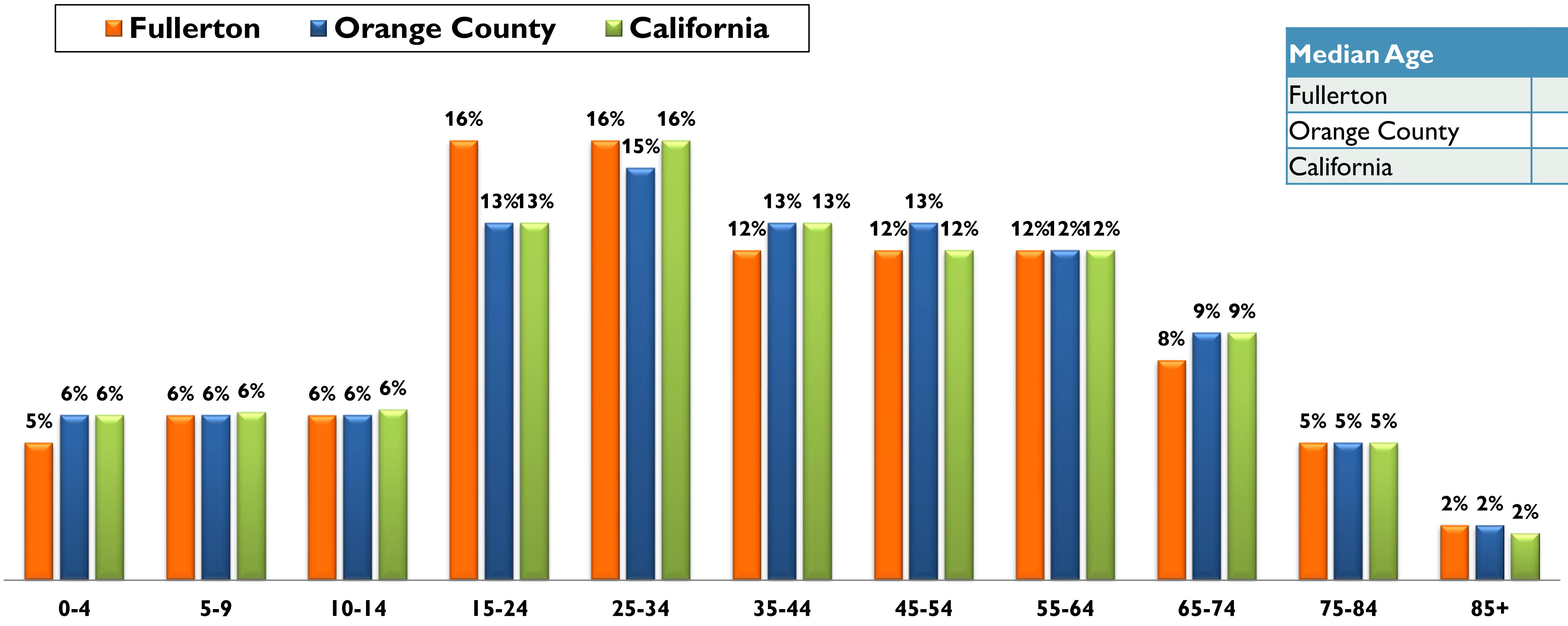
POPULATION & INCOME
DRIVE TIMES

2022	5 Minutes	10 Minutes	15 Minutes
Population	65,490	389,843	986,256
Households	22,411	122,225	309,920
Average HH Size	2.87	3.14	3.12
Median Age	35.6	34.2	35.8
% Bachelor's Degree or Higher	36.8%	35.2%	36.3%
% Asian / Pacific Islander Origin	15.9%	21.1%	24.1%
% Hispanic Origin	49.0%	52.0%	46.3%
Per Capita Income	$38,193	$36,052	$38,090
Median HH Income	$79,612	$84,355	$91,319
Average HH Income	$111,590	$114,615	$120,845

Source: ESRI Business Analyst Online (Accessed March 2023)

POPULATION BY AGE - 2022

FULLERTON'S AGE DISTRIBUTION IS ON PAR WITH COUNTY AND STATE

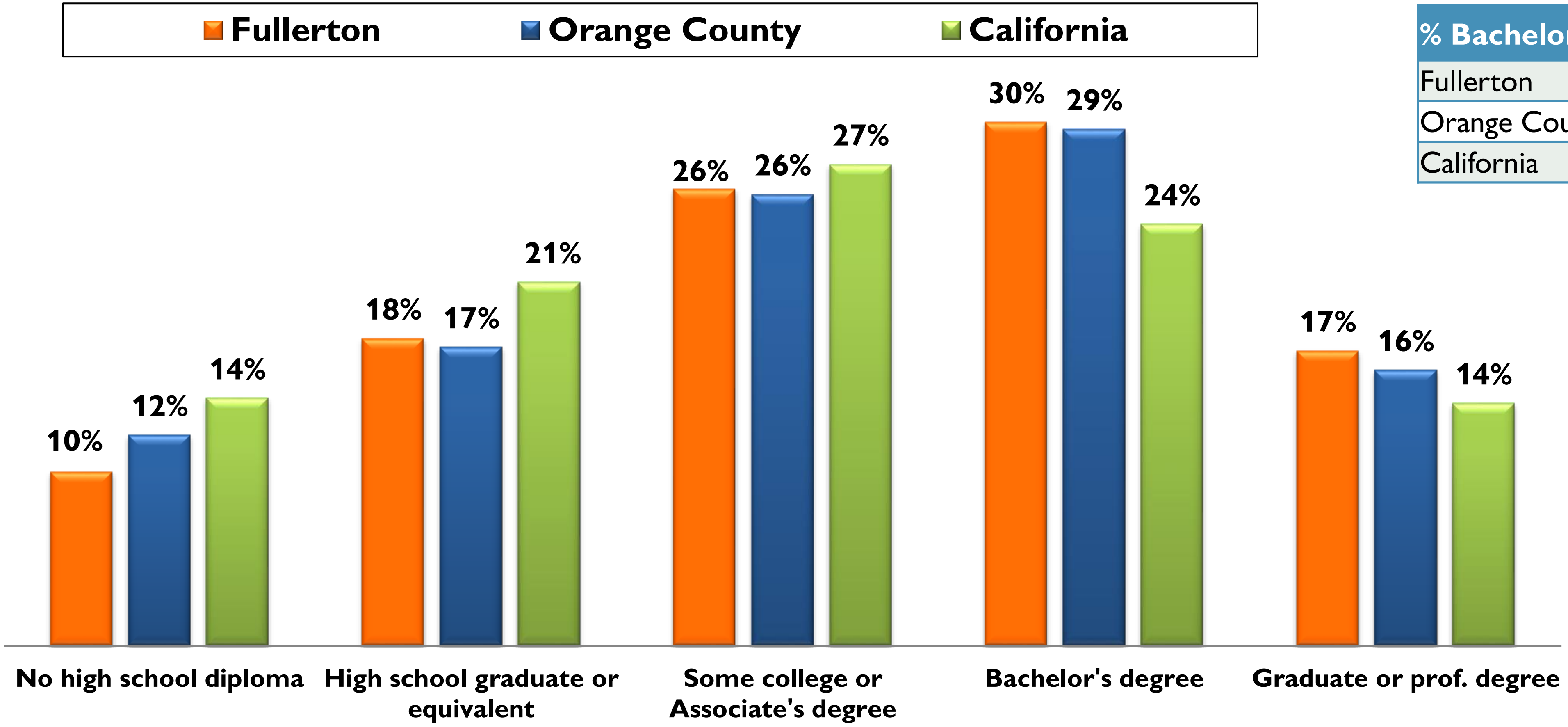


Median Age	
Fullerton	36.0
Orange County	37.8
California	36.7

Source: ESRI Business Analyst Online (Accessed March 2023)

POPULATION BY EDUCATIONAL ATTAINMENT - 2022

FULLERTON AND ORANGE COUNTY HAVE HIGH LEVELS OF EDUCATIONAL ATTAINMENT COMPARED TO STATE



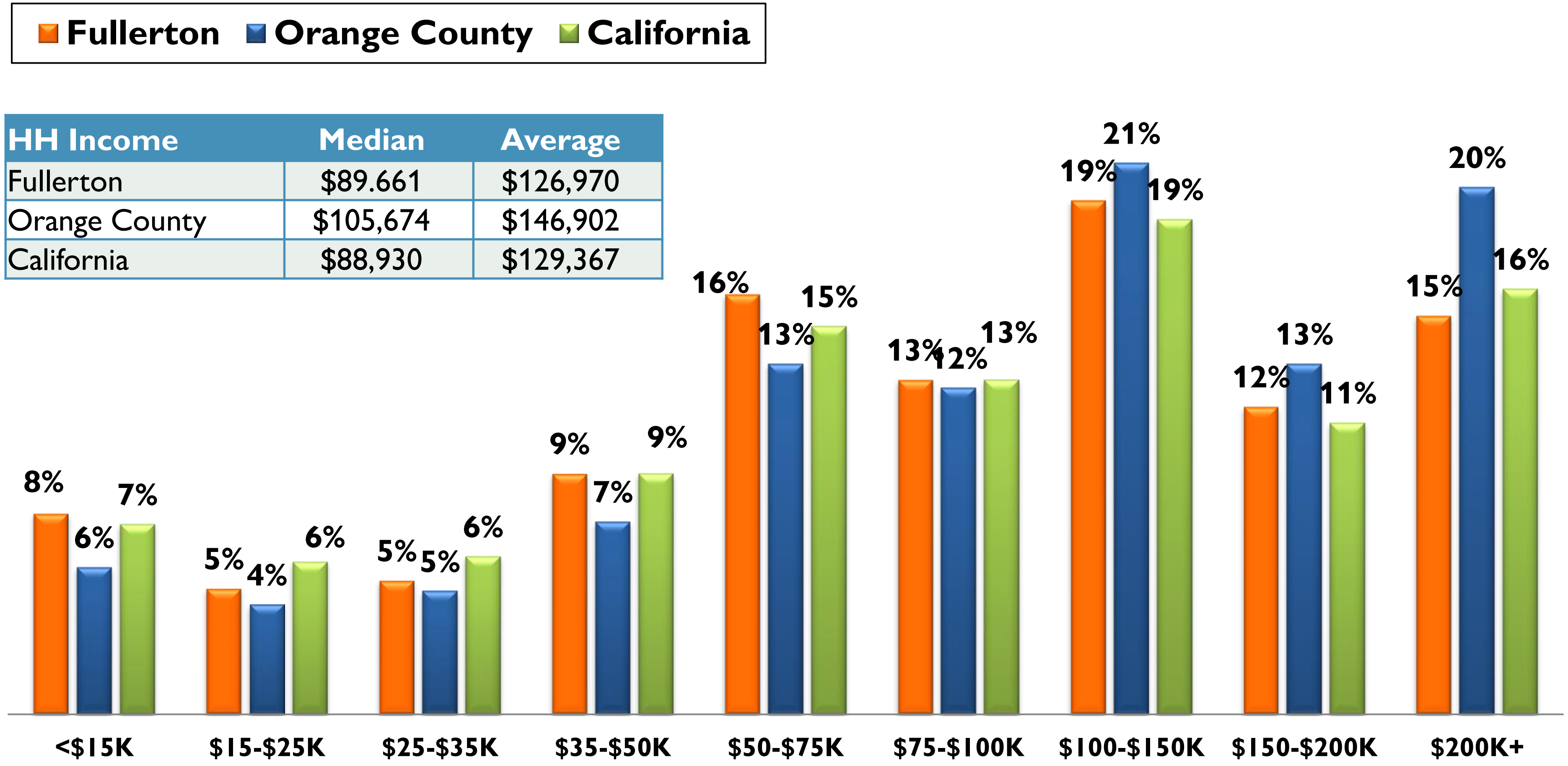
% Bachelor's Degree or Higher	
Fullerton	46.6%
Orange County	45.1%
California	37.8%

Source: ESRI Business Analyst Online (Accessed March 2023); **Notes:** Population observed includes people aged 25 and older.

POPULATION BY INCOME - 2022

46% OF FULLERTON HOUSEHOLDS EARN >$100K ANNUALLY

HH Income	Median	Average
Fullerton	$89.661	$126,970
Orange County	$105,674	$146,902
California	$88,930	$129,367



Source: ESRI Business Analyst Online (Accessed March 2023)

RETAIL GOODS AND SERVICES EXPENDITURES

The ~48,700 households in the City of Fullerton spend approximately $1.53 billion annually across these select retail expenditure categories. Higher incomes among City households allow for higher amounts of spending per household.

The ~190,000 households in the 5-mile radius spend approximately $5.50 billion across the observed retail expenditure categories annually.

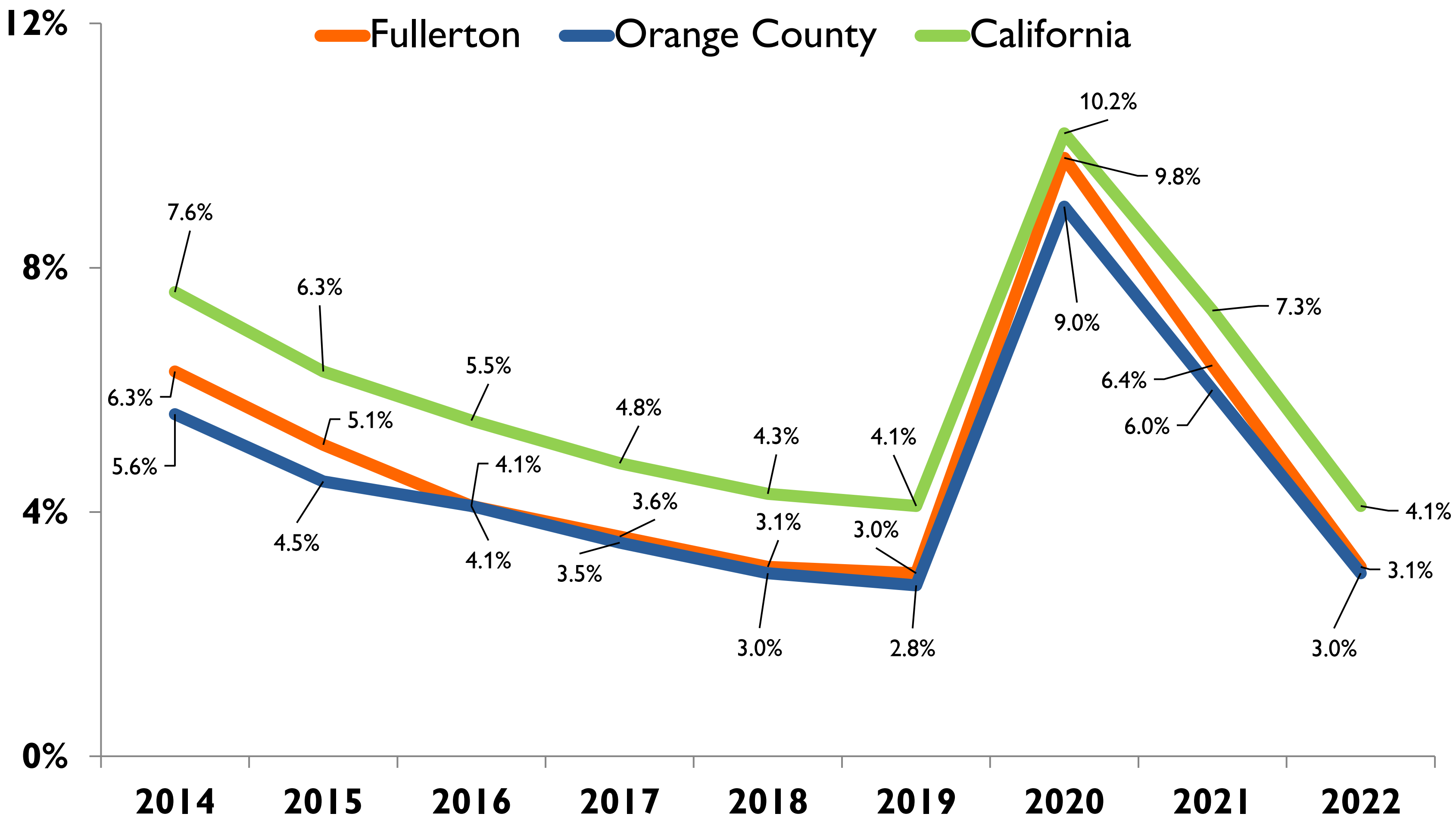
The top three spending categories across households in both geographies are Food at Home (e.g., groceries), Food Away From Home (e.g., restaurants, fast food), and Gasoline / Motor Fuel.

Current Households	City of Fullerton	% Share Per HH	5-Mile Radius	% Share Per HH
Households:	48,700	-	190,000	-
Average HH Income	$127,000	-	$116,500	-
Avg. HH Expenditures for Select Categories				
Food at Home	$7,322	23.2%	$6,779	23.4%
Food Away From Home	$5,344	17.0%	$4,930	17.0%
Alcohol	$893	2.8%	$818	2.8%
Housekeeping Supplies	$985	3.1%	$906	3.1%
Household Furnishings / Equipment	$1,832	5.8%	$1,674	5.8%
Apparel	$2,912	9.2%	$2,676	9.2%
Vehicle Payments (excl. leases)	$3,076	9.8%	$2,795	9.7%
Gasoline / Motor Fuel	$3,215	10.2%	$2,988	10.3%
Health (OTC/Prescription Drugs, Eyewear)	$663	2.1%	$596	2.1%
Fees / Admission	$1,063	3.4%	$978	3.4%
TV / Video / Audio Equipment	$1,485	4.7%	$1,353	4.7%
Pets	$906	2.9%	$822	2.8%
Toys / Games / Hobby	$147	0.5%	$134	0.5%
Personal Care Products	$669	2.1%	$614	2.1%
Reading	$142	0.5%	$129	0.4%
Education (School Books and Supplies)	$189	0.6%	$172	0.6%
Tobacco Products	$433	1.4%	$382	1.3%
Sports / Recreation / Exercise Equipment	$233	0.7%	$210	0.7%
Total Per Household	**$31,509**	**100.0%**	**$28,956**	**100.0%**
Total Annual Spending Potential	**$1,534,822,000**	**-**	**$5,501,455,000**	**-**

Source: ESRI Business Analyst Online (Accessed March 2023);
Note: The Fees/Admission category primarily reflects spending on entertainment, including tickets to the theatre, movies, parks/museums, and sporting events.

UNEMPLOYMENT HISTORY

CITY, COUNTY, AND STATE



Unemployment Rate (Dec 2022)	
Fullerton	2.6%
Orange County	2.5%
California	3.7%

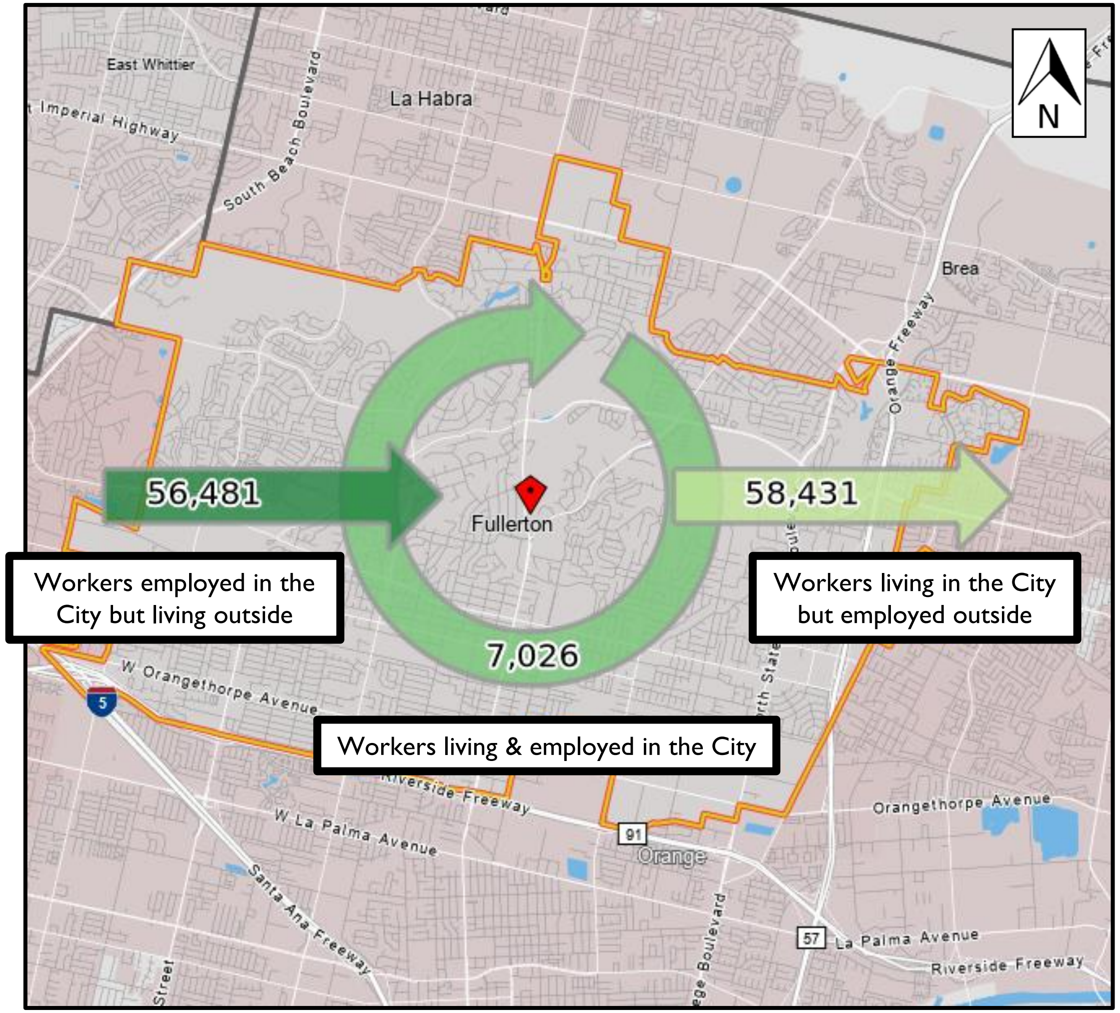
Source: California Employment Development Department (Accessed March 2023);
Notes: Numbers are not seasonally adjusted. Annual averages are observed for years 2014 to 2022.

WORKER INFLOW / OUTFLOW

Reference: City of Fullerton	
Workers Living and Working	7,026
Workers Coming (Inflow)	56,481
Workers Going (Outflow)	58,431
Net Inflow/Outflow	**(1,950)**
Employment Ratio*	**0.97**

***Employment Ratio** = People employed within City (living and working in City + those who come into the City for work) / Employed population of City (living and working in City + workers who live in the City, but work outside of the City)

Source: U.S. Census Bureau Center for Economic Studies (2019); City of Fullerton ACFR FY 2021-2022 (Accessed March 2023)



- Major industry sectors in the City of Fullerton include: health care and social assistance, educational services, accommodation and food services, manufacturing, and retail trade
- Employees who work in the City come from the following areas: Anaheim, Los Angeles, Santa Ana, La Habra, and Placentia
- Most residents who work outside of the City go to the following areas: Anaheim, Los Angeles, Irvine, Santa Ana, and Orange
- Top 5 Employers in Fullerton include:
  - Cal. State Univ., Fullerton (3,000 employees)
  - St. Jude Medical Center (1,797 emp.)
  - Raytheon Systems Co. (1,200 emp.)
  - Fullerton College (1,110 emp.)
  - Fullerton School District (620 emp.)

MARKET DEMAND ANALYSIS

CITY OF FULLERTON – RETAIL MARKET STUDY

2.1 – MARKET TRENDS

CITY OF FULLERTON – RETAIL MARKET STUDY

SUMMARY
MARKET TRENDS

- Key trends in the post-COVID-19 economy:

  - **Retail**
    - Retail store closures, bankruptcies, and e-commerce has driven changes in retail; Retail centers are being reimagined (e.g. blended use development)
    - Retail driven by trip-generators such as entertainment, experience, and essentials (e.g. food)
  - **Office**
    - Office leasing activity dropping as remote work becomes new normal; Social distancing led to offices resizing/reconfiguring
    - Integrating office in blended use environments; Possible shift to suburban offices
  - **Industrial**
    - E-commerce is accelerating growth of industrial;
    - Retail and industrial are merging, with space being used for Buy Online Pick Up in Store (BOPIS), fulfillment, last mile and warehousing (including flex)
  - **Residential**
    - Homes are live, play, ***and work*** environments
    - Strength in suburban markets; Home office is the new home amenity as single and multifamily housing developments are designed to facilitate work
    - New residential sites within shopping centers
  - **Hospitality**
    - Hospitality sector hurt the most by COVID-19 (conventions and business), but leisure travel is rebounding

Key Market and Economic Development Trends for Fullerton

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

Housing Creation 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

Retail is Not *Just* Retail Anymore

Retail Reimagination as Economic Development

- 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 is Reconfiguring Office

Office Conversions as Economic Development

- 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

Industrial / Distribution is Critical for the Economy

Industrial & Fulfillment as Economic Development

- 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

HOUSING AS ECONOMIC DEVELOPMENT

Rooftops Needed

New housing can generate significant new tax revenues and supports local jobs – it is **not** necessarily a net negative fiscal impact, especially at current property values.

Housing is needed in jobs-rich areas;
High costs are a burden, but high assessed value = tax $$$

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

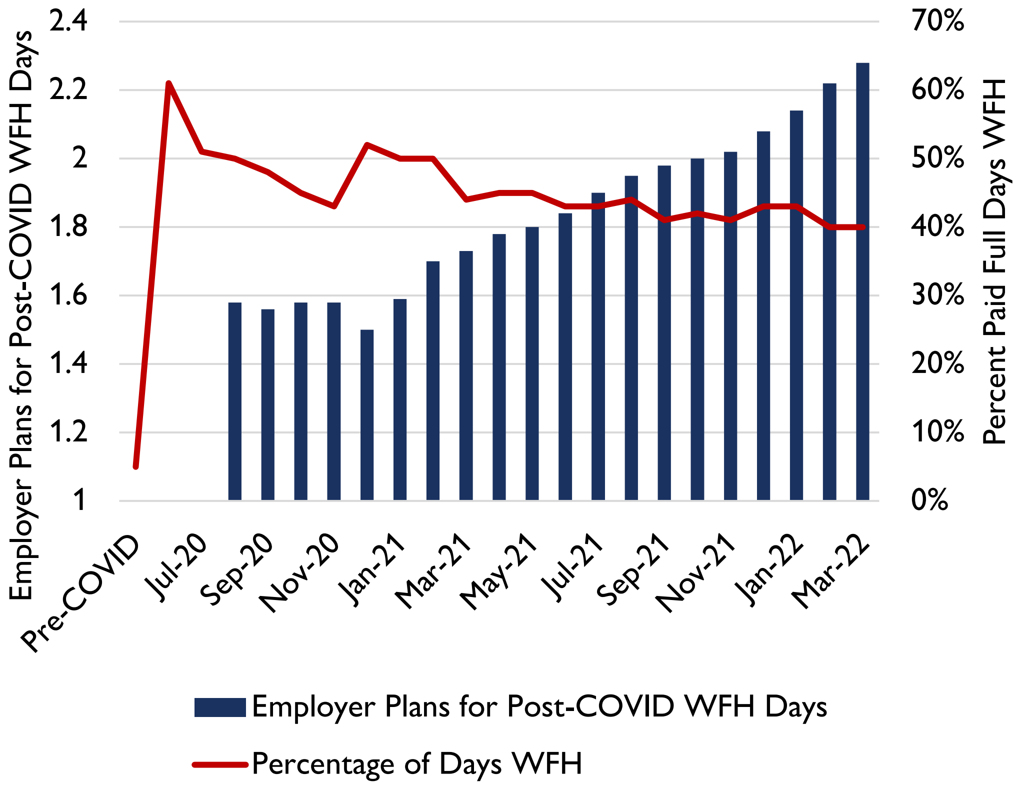
Telecommuting is booming; remote workers can alleviate traffic and increase “spend” to support local businesses.

WORK-FROM-HOME GROWTH

SIGNIFICANT IMPACTS ON OFFICE DISTRICTS & DAYTIME POP.

- 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

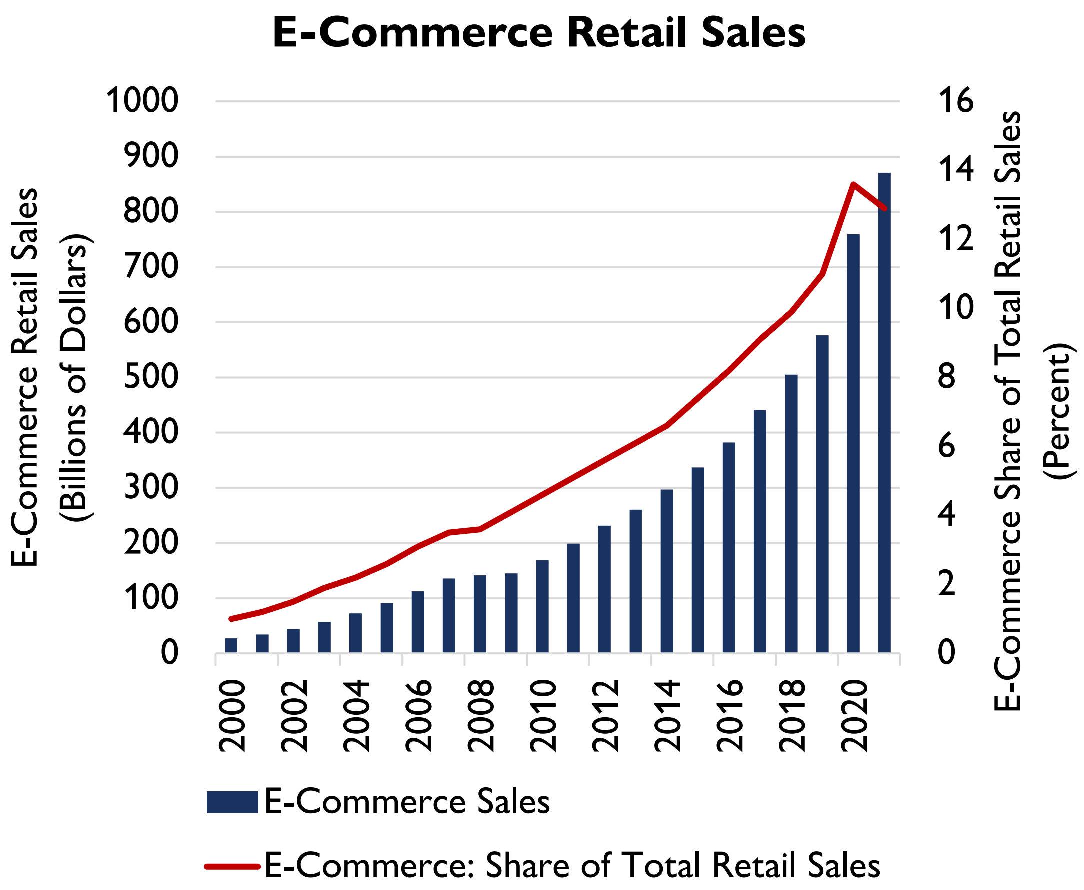


Source: U.S. Census Bureau; St. Louis Federal Reserve; Survey of Working Arrangements (Accessed December 2022)

E-COMMERCE GROWTH

SIGNIFICANT IMPACTS ON BRICK-AND-MORTAR RETAIL

- E-commerce sales in the U.S. have increased steadily, jumping by 30% in Q2 2020 due to increased utilization during the COVID-19 pandemic. Loss of almost $1 trillion in sales puts massive pressure on local brick-and-mortar retailers.
- According to UBS, e-commerce's share of overall U.S. retail sales will continue to increase over the next 5 years, resulting in a loss of sales, primarily in clothing, office supply and sporting goods.
- Consumer online shopping behavior has further solidified during the COVID-19 pandemic, and is not likely to revert to old patterns, thanks to free 1-day delivery services, etc.



Source: U.S. Census Bureau; St. Louis Federal Reserve; UBS (Accessed December 2022)

RETAIL TRENDS IMPACT ON SHOPPING CENTERS

- Shopping Centers across the U.S. are faced with dramatic decline in retail sales as the digital economy converts the lifestyles and social patterns of every generation. Today's consumers use online websites for purchasing many hard and soft good commodities. E-commerce retail sales are expected to continue their growth, particularly in categories of clothing & general merchandise purchases—categories that were traditionally a strength for shopping centers
- Approximately 1,500 regional malls have been built in the U.S. but several hundred have closed in past 5-10 years. By 2025, experts expect a cumulative loss of over 500 malls, with only Class-A malls in high income communities most likely to survive. The decline is largely related to the continued explosion of online retail sales.
- Retail centers with the strongest opportunity for future growth are those focused on <u>essentials</u> and <u>experience</u>

THE EVOLUTION OF RETAIL CENTERS

Essential – Historically, downtown shopping districts were the center of the universe and a community's primary draw, bringing a local character to shopping, dining, and entertainment.

Emergence – The first enclosed shopping mall was designed by Victor Gruen in the 1950s, bringing a revolutionary shopping concept to the suburbs.

Expansion –Mall concepts grew tremendously through the 1960s – 1980s, with new malls constructed as regional centers.

Enlargement – The spread of enclosed malls gave way to power centers and big box retail in the 1990s, fixated on even greater sizes of retail spaces.

Elevation – Lifestyle centers focus on upscale consumers and luxury brands, with boutique collections of stores paired with leisure amenities and landscaped designs in the 2000s.

Evolution – Today, significant store closures, brought upon by the rise of online-shopping and shifting consumer tastes, have led to greater mall vacancies and struggling downtown districts, reinforcing the need to create blended use and "think outside the box."

RETAIL CENTERS NOT COMING BACK AS PURE RETAIL

- 64% of all retail space in the City is shopping center space (includes: community, neighborhood, power, and strip centers)
- The City contains approximately 30 SF of shopping center retail space per capita, on par with Orange County (**30% more per capita shopping center space** compared to California and the U.S.)
- An **estimated 25% of U.S. malls could close over the next 3-5 years**, with the COVID-19 pandemic accelerating e-commerce trends
- Large vacant retail space will need to be reimagined into alternative uses (blended use)

	Fullerton, CA	Orange County, CA	California*	United States*
Shopping Center GLA	4.3 million SF	97.9 million SF	908.1 million SF	7.6 billion SF
Population	144,400	3,203,500	39.5 million	328.2 million
Shopping Center GLA SF Per Cap.	30 SF	31 SF	23 SF	23 SF

Global Context: Shopping Center SF Per Capita

USA	23.5	**CANADA**	16.8	**AUSTRALIA**	11.2
UK	4.6	**JAPAN**	4.4	**FRANCE**	3.8
SPAIN	3.4	**CHINA**	2.8	**ITALY**	2.8

Source: ICSC; Cowen & Company; Cushman & Wakefield; Coresight Research; CoStar (Accessed March 2023);
Note: *CA and US data represents 2019 estimates. This data reflects all shopping center space according to CoStar and does not include stand alone retail space.

RETAIL TRENDS RECAP

- "Brick and Mortar" retail has been undergoing massive changes in the past decade. Major redevelopment plans for southern California shopping centers including Laguna Hills, Westminster Mall, and Baldwin Hills Crenshaw Plaza have been challenging with many sites pursuing "blended use" developments that include a significant multifamily housing component
- The financial failure of the vast majority of department store chains, the non-stop growth of e-commerce, along with the expansion of the super box stores such as Costco, Walmart and Target has devastated regional malls across the U.S. COVID-19 related bankruptcies by dozens of national soft good chains that used to be the mainstay of malls is the last straw. Over 25% of malls built prior to 2000 are expected to be torn down in the next 2-3 years
- Shopping centers that are centered around experiences, entertainment, and essentials are best poised for economic resiliency and future success.
- The future for retail centers in Fullerton lies in fostering experiential, entertainment uses and restaurants. Blended use projects that bring additional uses to retail sites (such as hospitality, last-mile logistics, and multifamily residential) can bring a more sustainable and diversified development to serve the community.

2.2 – RETAIL MARKET

CITY OF FULLERTON – RETAIL MARKET STUDY

RETAIL MARKET OVERVIEW

	Q4 2022		
	City of Fullerton	**North County Submarket**	**Orange County**
Availability			
NNN Rent $PSF/Yr.	$28.08	$23.45	$30.89
Vacancy Rate	3.8%	4.5%	4.2%
Vacant SF	254,904	1,613,502	6,008,475
Net Absorption	42,121	48,044	67,006
Inventory			
Existing SF	6,694,225	36,060,863	144,317,960

Source: CoStar (Accessed March 2023)

Note: Costar defines Triple Net (NNN) as "a lease where the tenant is responsible for all expenses associated with their proportional share of occupancy of the building, except long-lived structural components and management charges." Vacant space refers to all space that is not occupied by a tenant regardless of availability or lease obligation. Available space is the amount of space currently being marketed as available for lease or sale in a given time period. It includes any space that is vacant, occupied, or available at a future date. North County Submarket includes the cities of Brea, Buena Park, Fullerton, La Habra, La Palma, Placentia, and Yorba Linda, as well as northeast Anaheim and Anaheim Hills.

- Available retail space in Fullerton:
  - 107,182 SF (35.1% vac.) at Imperial Marketplace, 4030-4120 Harbor Blvd., fmr. Albertson's [61,800 SF] and fmr. Staples [25,300 SF]
  - 21,843 SF (4.8% vac.) at Amerige Heights Town Center, 1893-1995 W. Malvern Ave., fmr. Aki-Home [20,000 SF]
  - 20,124 SF (3.6% vac.) at Fullerton Metrocenter, 1307-1447 S. Harbor Blvd., fmr. Top One Buffet [11,100 SF]
  - 20,044 SF (16.2% vac.) at Albertson's Shopping Center, 1930-1964 N. Placentia Ave., fmr. Stein Mart [20,044 SF]
  - 15,500 SF available at fmr. Ace Hardware store (standalone retail) at 117 W. Commonwealth Ave.
  - 14,130 SF (1.5% vac.) at Orangefair Marketplace, 246 E. Orangefair, fmr. Eusome Fashion & Beauty [7,900 SF]
  - 13,180 SF (49.4% vac.) at Meadowbrook Plaza, 707-751 N. Placentia Ave. [multiple spaces available]
- In the last 10 years, 319,400 SF of retail space added, 89% of which came in 2015 at Fullerton Crossings with opening of Home Depot and Sam's Club
- 82,800 SF proposed at Fullerton Crossings; 3,500 SF restaurant/brewery proposed at 242 E. Commonwealth Ave.; 1,200 SF Raising Cane's under construction at 201 W. Orangethorpe Ave.

Top: Vacant Albertson's at Imperial Marketplace
Middle: Vacant Stein Mart at Albertson's Shopping Center
Above: Former CVS at Sunrise Village

RETAIL MARKET HISTORY
2012 – 2022

CITY OF FULLERTON

Year	Inventory SF	Vacant SF Total	Vacant % Total	Net Absorp. SF Total	NNN Rent Overall
2022	6,694,225	254,904	3.8%	272,021	$28.08
2021	6,694,225	526,925	7.9%	(192,986)	$28.35
2020	6,694,225	333,939	5.0%	(41,771)	$33.73
2019	6,688,018	285,961	4.3%	68,716	$27.75
2018	6,678,553	345,212	5.2%	(7,753)	$20.71
2017	6,674,481	333,387	5.0%	5,621	$19.77
2016	6,663,930	328,457	4.9%	(61,114)	$18.23
2015	6,663,930	267,343	4.0%	352,713	$20.85
2014	6,378,360	334,486	5.2%	(43,743)	$20.80
2013	6,378,360	290,743	4.6%	(89,756)	$20.48
2012	6,374,860	197,487	3.1%	26,256	$21.54

NORTH COUNTY SUBMARKET

Year	Inventory SF	Vacant SF Total	Vacant % Total	Net Absorp. SF Total	NNN Rent Overall
2022	36,060,863	1,613,502	4.5%	389,892	$23.45
2021	35,923,053	1,865,584	5.2%	192,089	$23.89
2020	35,915,158	2,049,778	5.7%	(298,639)	$23.70
2019	35,897,663	1,733,643	4.8%	131,296	$23.45
2018	35,753,264	1,720,540	4.8%	114,351	$20.56
2017	35,688,712	1,770,340	5.0%	545,527	$20.90
2016	34,925,162	1,552,317	4.4%	213,274	$19.56
2015	34,784,899	1,625,328	4.7%	710,111	$20.66
2014	34,473,035	2,023,575	5.9%	246,366	$19.52
2013	34,396,411	2,193,317	6.4%	72,711	$19.54
2012	34,309,874	2,179,491	6.4%	533,990	$19.83

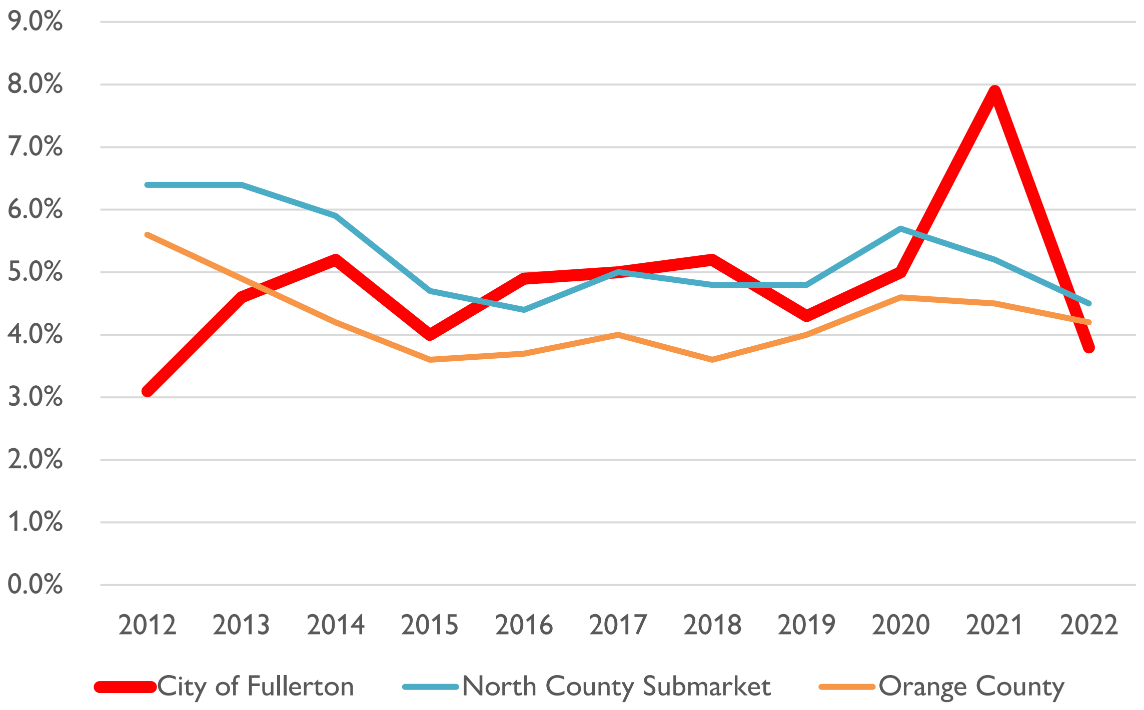
ORANGE COUNTY

Year	Inventory SF	Vacant SF Total	Vacant % Total	Net Absorp. SF Total	NNN Rent Overall
2022	144,317,960	6,008,475	4.2%	730,501	$30.89
2021	144,037,899	6,458,915	4.5%	291,064	$29.69
2020	143,919,281	6,631,361	4.6%	(841,634)	$28.62
2019	143,824,540	5,694,985	4.0%	(222,192)	$28.54
2018	143,522,012	5,159,079	3.6%	970,491	$26.27
2017	143,079,126	5,697,150	4.0%	639,775	$25.56
2016	141,930,859	5,188,658	3.7%	365,189	$24.83
2015	141,484,972	5,107,960	3.6%	1,881,008	$25.64
2014	140,339,378	5,843,374	4.2%	1,535,990	$23.56
2013	139,839,147	6,879,133	4.9%	1,101,520	$22.73
2012	139,634,892	7,776,398	5.6%	823,518	$22.73

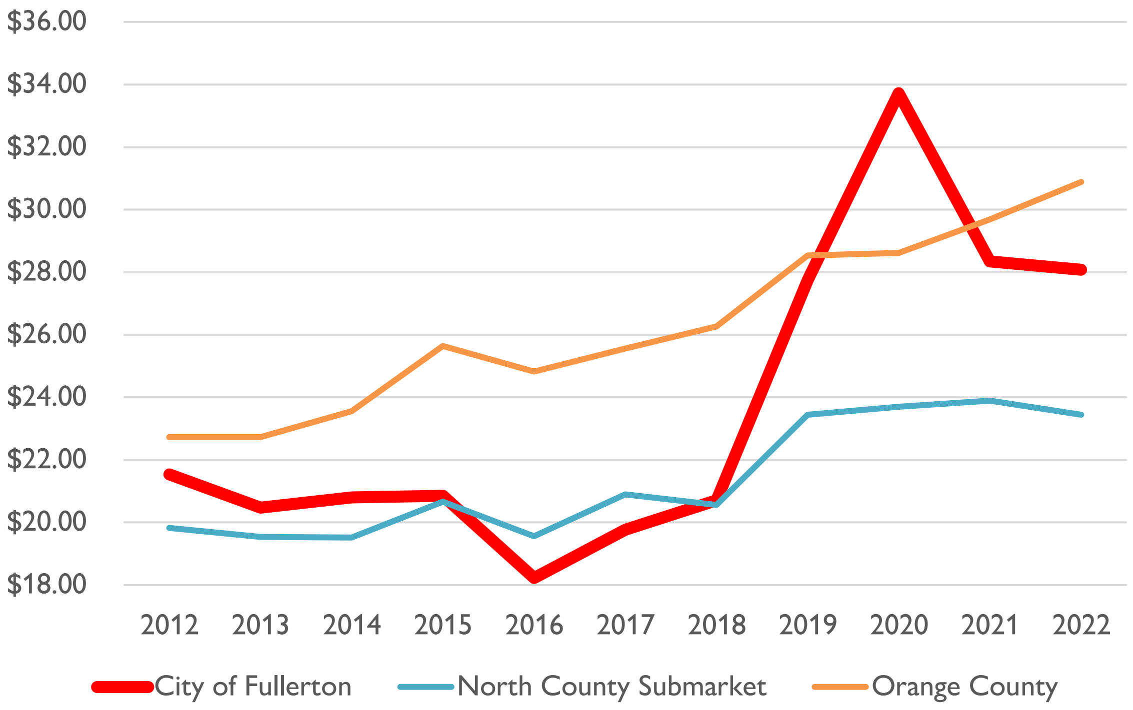
Source: CoStar (Accessed March 2023);
Note: Numbers in parentheses and in red indicate a negative number.

RETAIL MARKET HISTORY
2012 – 2022

Vacancy Rates

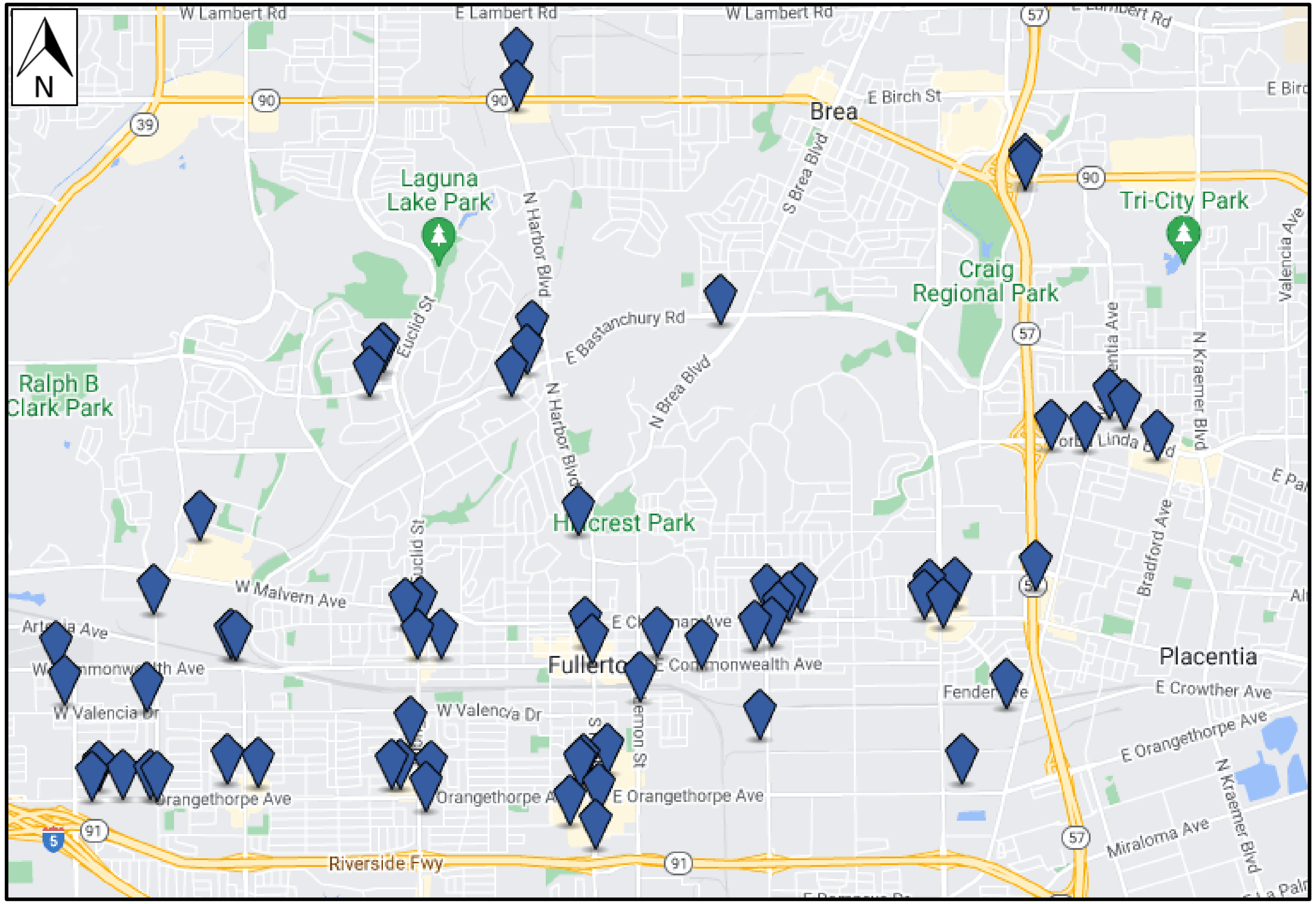


NNN Rent $PSF/Yr.



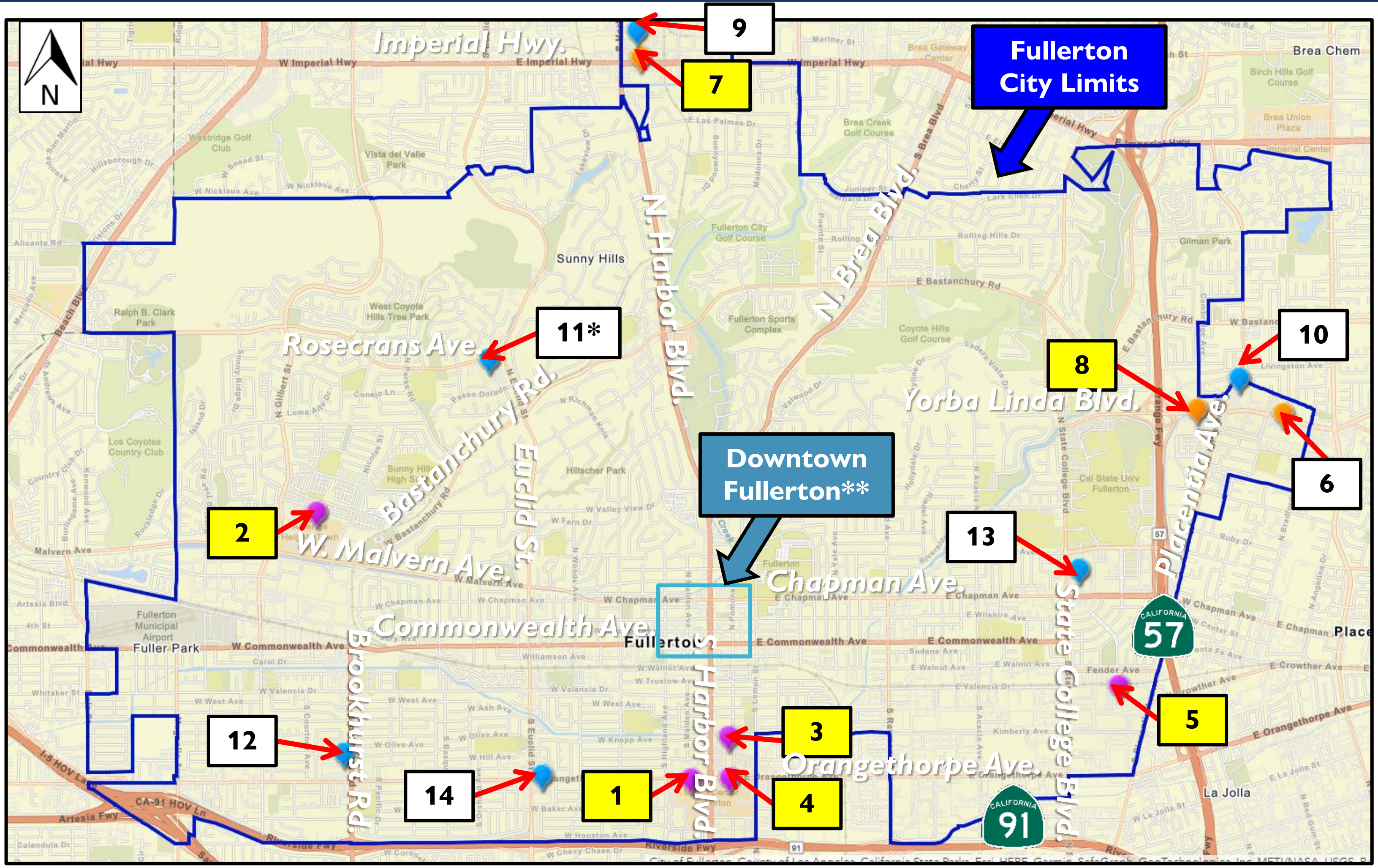
Source: CoStar (Accessed March 2023)

RETAIL CENTERS CONCENTRATION IN FULLERTON



Source: CoStar (Accessed March 2023)

MAJOR CENTERS (>100K SF GLA) IN FULLERTON



Source: CoStar (Accessed March 2023)
Note: Further analyses were conducted on centers with highlighted numbers.
*Sunrise Village is planned to be redeveloped into a blended-use development with commercial space and 49 single-family homes and 64 townhomes (113 units total). Further visitation analyses were conducted on centers with highlighted numbers.
**Downtown Fullerton is defined as the area bounded by the following streets: Chapman Ave. to the north, Highland Ave. to the west, Walnut Ave. to the south, and Lemon St. to the east. A visitation analysis was also provided for Downtown Fullerton.

Legend
Power Center
Community Center
Neighborhood Center

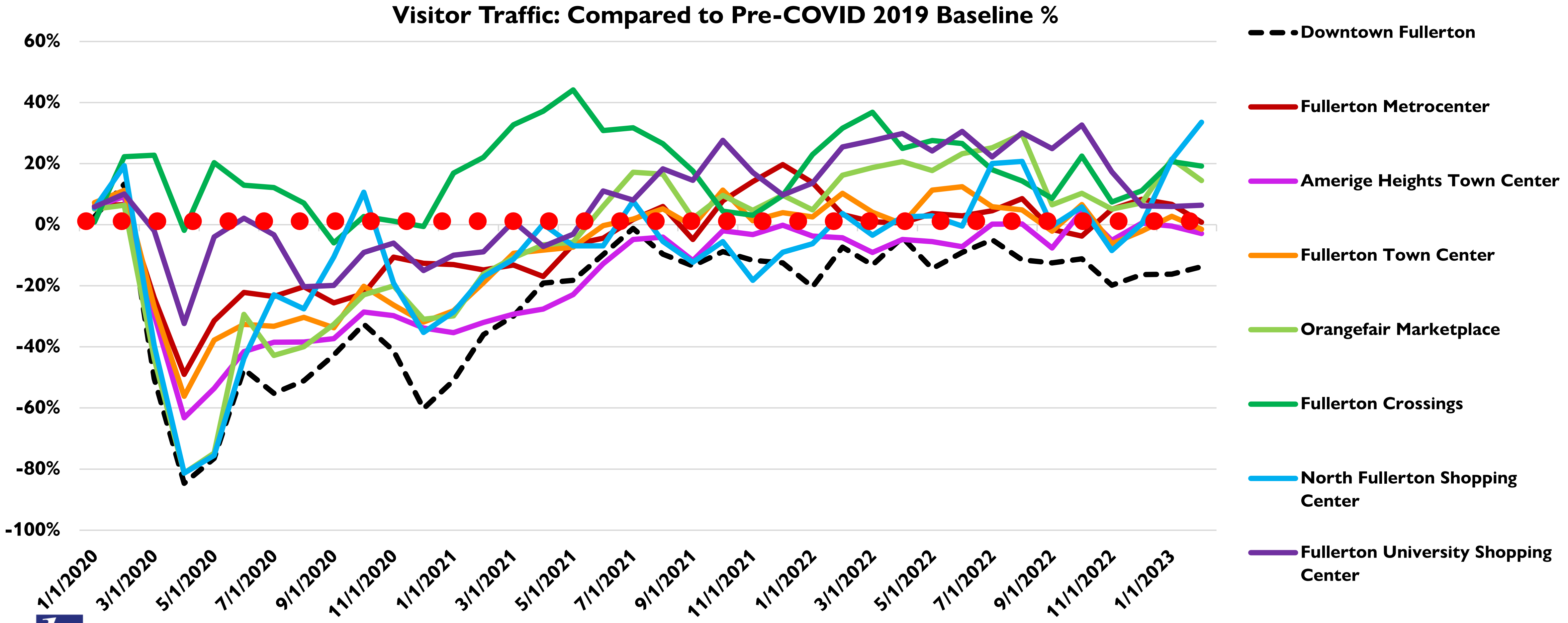
MAJOR RETAIL CENTERS BY GLA

# on Map	Center Name	Type	GLA (SF)	Yr. Built (Renovated)	Vacancy	Anchor Tenants	True Owner	Primary Leasing Company	Leasing Contact
1	Fullerton Metrocenter (1307-1447 S. Harbor Blvd.)	Power Center	431,743	1965 (2004)	3.6%	Sprouts, Target, Urban Air Adv. Park, PetSmart	Kite Realty Group Trust	Newmark	Kevin Hansen, Director (949) 608-2194 Kevin.Hansen@nmrk.com
2	Amerige Heights Town Center (1893-1995 W. Malvern Ave.)	Power Center	418,318	2000	4.8%	Target, Albertsons, Ross, Barnes & Noble, Gold's Gym	Regency Centers Corp.	Regency (property mgmt.); Kidder Mathews (sublet company)	Stephen Hargrave, Sr. Regional Prop. Mgr. (858) 847-4600 Stephenhargrave@regencycenters.com
3	Fullerton Town Center (1020-1160 S. Harbor Blvd.)	Power Center	364,236	1980 (2018)	0.0%	Costco, AMC Dine-In 20, Ross, Five Below, Amazon Fresh	World Premier Investments, Inc. and RY Properties, Inc.	Newmark	Mark Baziak, Sr. Managing Director (949) 608-2049 Mark.baziak@nmrk.com
4	Orangefair Marketplace (246 E. Orangefair)	Power Center	348,198	1958 (2015)	1.5%	Burlington, Best Buy, Chuze Fitness, Marshalls, Skechers Outlet	Columbus Pacific Properties	SRS Real Estate Partners	Terrison Quinn, Managing Principal (949) 698-1107 Terrison.Quinn@srsre.com
5	Fullerton Crossings (629 S. Placentia Ave.)	Power Center	288,777	2015	0.0%	Home Depot, Sam's Club	Merlone Geier Management Inc.	Merlone Geier	Katy Noel, VP (855) 640-6400 x703 knoel@merlonegeier.com
6	Fullerton Crossroads (3021-3316 Yorba Linda Blvd.)	Community Center	221,636	1970 (2010)	0.0%	Kohl's, Ralphs, Jo-Ann, Daiso	Retail Opportunity Investments Corp. (ROIC)	ROIC	Courtney Brodie, Director of Leasing (858) 255-4908 cbrodie@roireit.net
7	North Fullerton Shopping Center (200 W. Imperial Hwy.)	Community Center	211,549	1970 (2013)	0.0%	Floor & Décor, Best Buy, 24 Hr Fitness	Eleni N. Anas (562) 943-8527	Craig Young	Craig Young (714) 308-5995 craig@craigyoung.org

MAJOR RETAIL CENTERS BY GLA

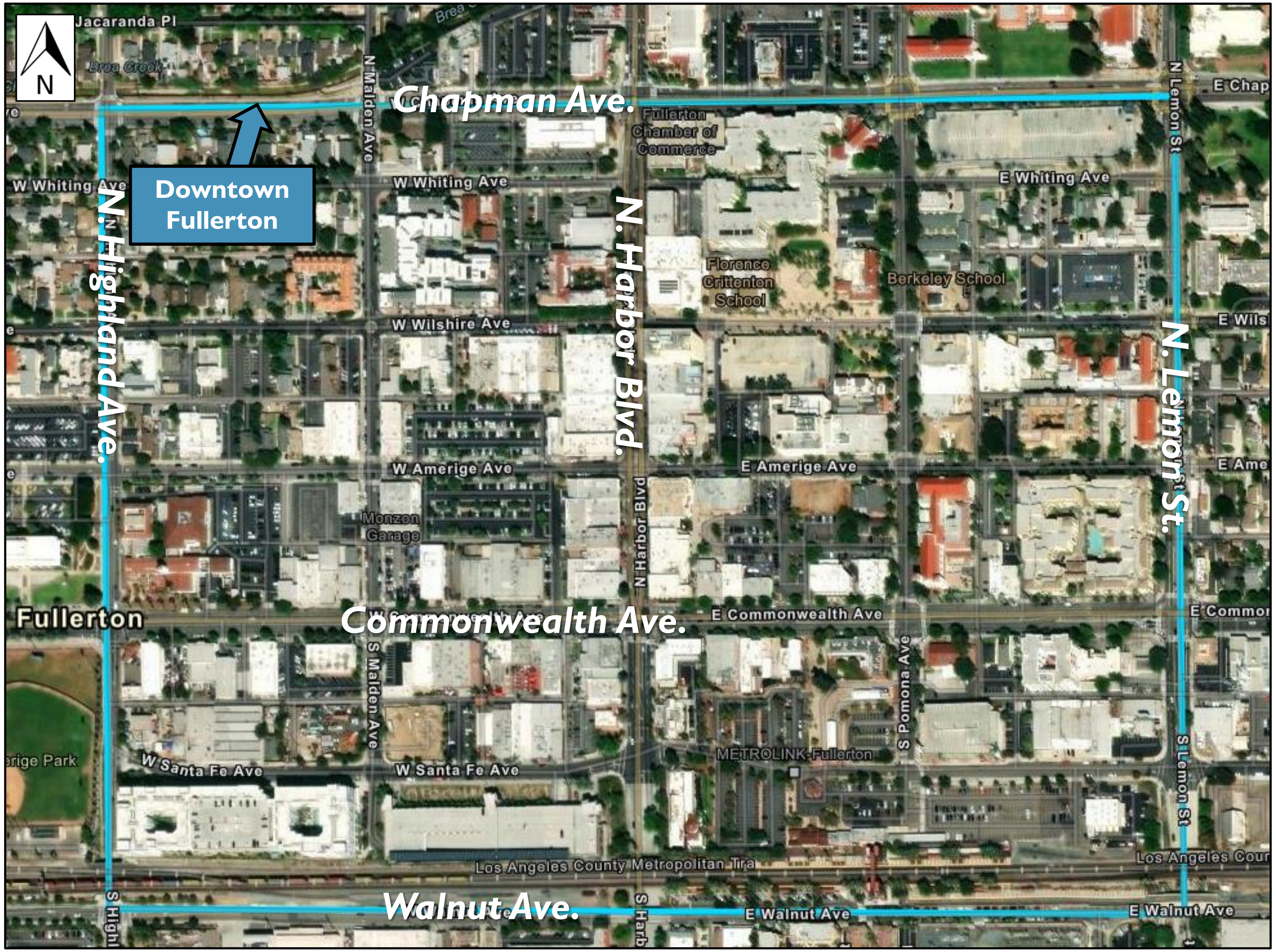
# on Map	Center Name	Type	GLA (SF)	Yr. Built (Renovated)	Vacancy	Anchor Tenants	True Owner	Primary Leasing Company	Leasing Contact
8	Fullerton University Shopping Center (2910-2990 Yorba Linda Blvd.)	Community Center	159,490	1976	0.0%	Target	AWJ Investment Group, Inc.	RE/MAX One	Suehwa Liu, Broker (714) 832-2000 x101 sueliu6868@gmail.com
9	Imperial Marketplace (4030-4120 N. Harbor Blvd.)	Neighborhood Center	128,841	1968 (2019)	35.1%	Valvoline (largest tenant)	Ying Chong To (Future Immobiliere Inc.) (909) 468-0768	G&S Group (KW Commercial)	Patrick Sharples, Director (714) 293-2792 psharples@kwcommercial.com
10	Albertsons Shopping Center (1930-1964 N. Placentia Ave.)	Neighborhood Center	123,615	1969	16.2%	Albertsons	Legacy Trust (310) 652-6600	Springstead & Associates	Carol Springstead (949) 797-9040 x103 cspringstead@springstead-associates.com
11*	Sunrise Village (1751-1891 N. Euclid St.)	Neighborhood Center	123,122	1976 (1991)	0.0%	Imperial Health Spa, CVS	Byoung Chul Kim (ABSR Living Trust) (213) 820-6450	Dream Realty Asset Mgmt.	Anny Shin, President/CEO (213) 493-4627
12	West Fullerton Center (1817-1845 W. Orangethorpe Ave.)	Neighborhood Center	116,531	1956 (1990)	0.0%	99 Cents Only, AutoZone	HR Property Group	SRM Properties	Sam Abassi, Director (323) 731-2531 sabassi@rjsinger.com
13	College Square (2403-2495 E. Chapman Ave.)	Neighborhood Center	110,071	1968	2.9%	Smart & Final, Office Depot, Dollar Tree	Investment Concepts, Inc.	Investment Concepts, Inc.	Kim Watson, Director (714) 283-5800 kimw@icicorporate.com
14	Fullerton Marketplace (914 W. Orangethorpe Ave.)	Neighborhood Center	103,870	1962 (2006)	0.0%	Food 4 Less, O'Reilly Auto Parts	Thang Q & Kathy T Pham (949) 376-2881	Kathy Pham	Kathy Pham (310) 544-0078 pvmommy@hotmail.com

VISITOR TRAFFIC
DOWNTOWN FULLERTON VS. RETAIL CENTERS



Source: Placer.ai (Accessed March 2023)

DOWNTOWN FULLERTON



Source: ESRI Business Analyst Online (Accessed March 2023);
Note: The Fees/Admission category primarily reflects spending on entertainment, including tickets to the theatre, movies, parks/museums, and sporting events.

DOWNTOWN FULLERTON VISITOR ANALYTICS – PLACER.AI

- From March 1, 2022 to Feb. 28, 2023, Downtown Fullerton experienced ~132,900 median weekly visits
- 56% of visitors come from within 7 miles of Downtown Fullerton; There is a sizable minority (23%) that come to Downtown Fullerton from 10-30 miles away
- Downtown Fullerton sees most visitors in the late afternoon / early evening (5-10 pm), peaking at the 7pm hour
- Visits to Downtown Fullerton primarily peak on the weekends, with visitation at or above 1 million from Fridays to Sundays

Current Visitor Data	
Annual Visits	6.8 mil
Median Weekly Visits	132,900
Visit Frequency	4.0 visits / year
Median Visit Length	73 min.
Avg. HH Income	$104K
**Visits between 3/22 – 2/23*	

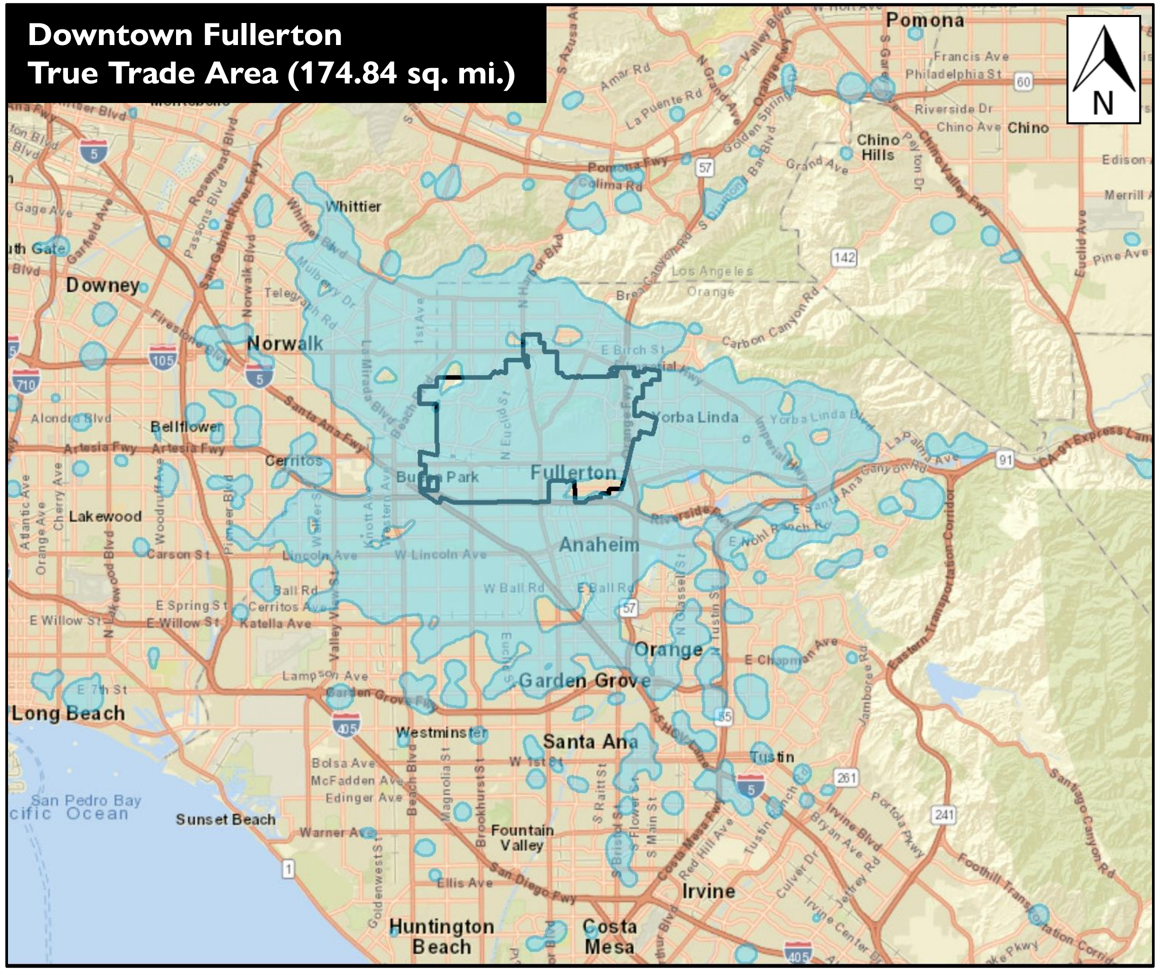
Top: Downtown Fullerton Farmer's Market
Above: Downtown Fullerton at night

Source: Placer.ai (Accessed March 2023)

DOWNTOWN FULLERTON VISITOR ANALYTICS – PLACER.AI

Distance from Home Area		
Distance	**Visits**	**Percentage**
0 - 3 Miles	2,060,000	30%
3 - 7 Miles	1,790,000	26%
7 - 10 Miles	630,000	9%
10 - 30 Miles	1,510,000	23%
30 - 50 Miles	240,000	3%
50 - 100 Miles	160,000	2%
100+ Miles	450,000	7%

Top 5 Home Locations (Zip Codes)			
Zip Code	**City**	**Visits**	**Percentage**
92832	Fullerton	439,600	6.4%
92831	Fullerton	436,300	6.4%
92833	Fullerton	436,000	6.4%
92835	Fullerton	304,000	4.4%
90631	La Habra	300,800	4.4%



Source: Placer.ai (Accessed March 2023)

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FULLERTON METROCENTER VISITOR ANALYTICS – PLACER.AI

- From March 1, 2022 to Feb. 28, 2023, Fullerton Metrocenter experienced ~71,500 median weekly visits
- Fullerton Metrocenter captures from a tight trade area – 75% of visitors come from within 7 miles of the center
- Fullerton Metrocenter has a steady stream of visitors between noon and 8pm (with each hour having over 500,000 visits over the year). Visits peak during the 6pm hour
- Consistent visitation Monday through Thursday. 28% increase in visitation over the weekends, peaking Saturday

Current Visitor Data	
Annual Visits	3.8 mil
Median Weekly Visits	71,500
Visit Frequency	4.0 visits / year
Median Visit Length	34 min.
Avg. HH Income	$87K
Visits between 3/22 – 2/23	

Top: Sprouts anchor at Fullerton Metrocentter
Above: Target anchor at Fullerton Metrocenter

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Source: Placer.ai (Accessed March 2023)

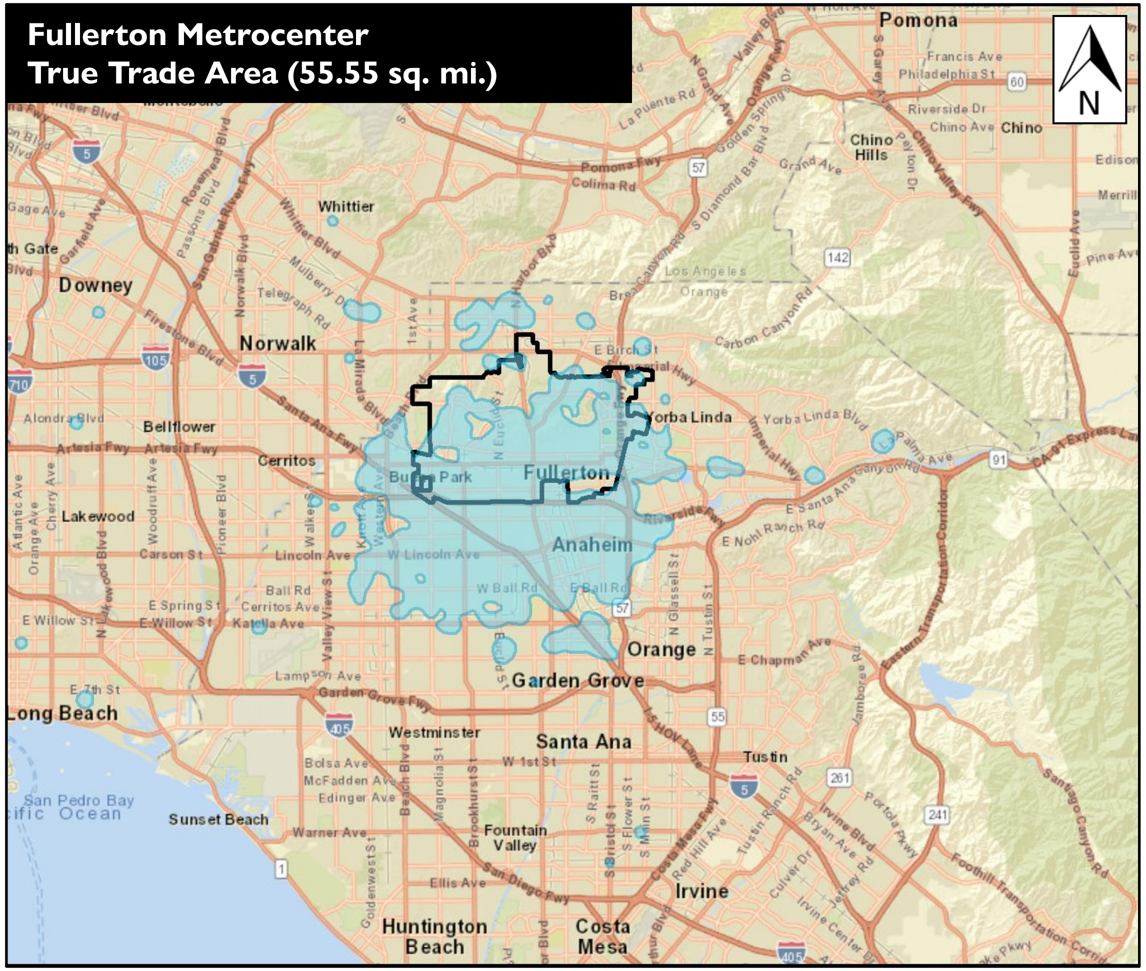
FULLERTON METROCENTER

FULLERTON METROCENTER VISITOR ANALYTICS – PLACER.AI

Distance from Home Area		
Distance	**Visits**	**Percentage**
0 - 3 Miles	1,990,000	53%
3 - 7 Miles	810,000	22%
7 - 10 Miles	190,000	5%
10 - 30 Miles	470,000	12%
30 - 50 Miles	70,000	2%
50 - 100 Miles	50,000	2%
100+ Miles	220,000	4%

Top 5 Home Locations (Zip Codes)			
Zip Code	**City**	**Visits**	**Percentage**
92805	Anaheim	563,600	15.0%
92832	Fullerton	482,900	12.9%
92801	Anaheim	365,800	9.7%
92833	Fullerton	322,000	8.6%
92831	Fullerton	151,800	4.0%

Fullerton Metrocenter
True Trade Area (55.55 sq. mi.)



Source: Placer.ai (Accessed March 2023)

AMERIGE HEIGHTS TOWN CENTER VISITOR ANALYTICS – PLACER.AI

- From March 1, 2022 to Feb. 28, 2023, Amerige Heights Town Center had ~115,300 median weekly visits
- Amerige Heights Town Center captures from a local trade area – 80% of visitors come from within 7 miles of the center
- Amerige Heights Town Center has a steady stream of visitors between noon and 8pm with two peaks during the 1pm lunch hour and the 5pm afternoon rush hour (the latter having more visits)
- Consistent visitation throughout the week with no major increases or decreases. Visitation peaks on Fridays (10% more visits on Friday compared to earlier in the week)

Current Visitor Data	
Annual Visits	6.1 mil
Median Weekly Visits	115,308
Visit Frequency	7.9 visits / year
Median Visit Length	42 min.
Avg. HH Income	$111K
**Visits between 3/22 – 2/23*	

Top Left: Signage indicating vacancy
Top Right: Former Aki-Home space
Above: Target anchor at Amerige Heights

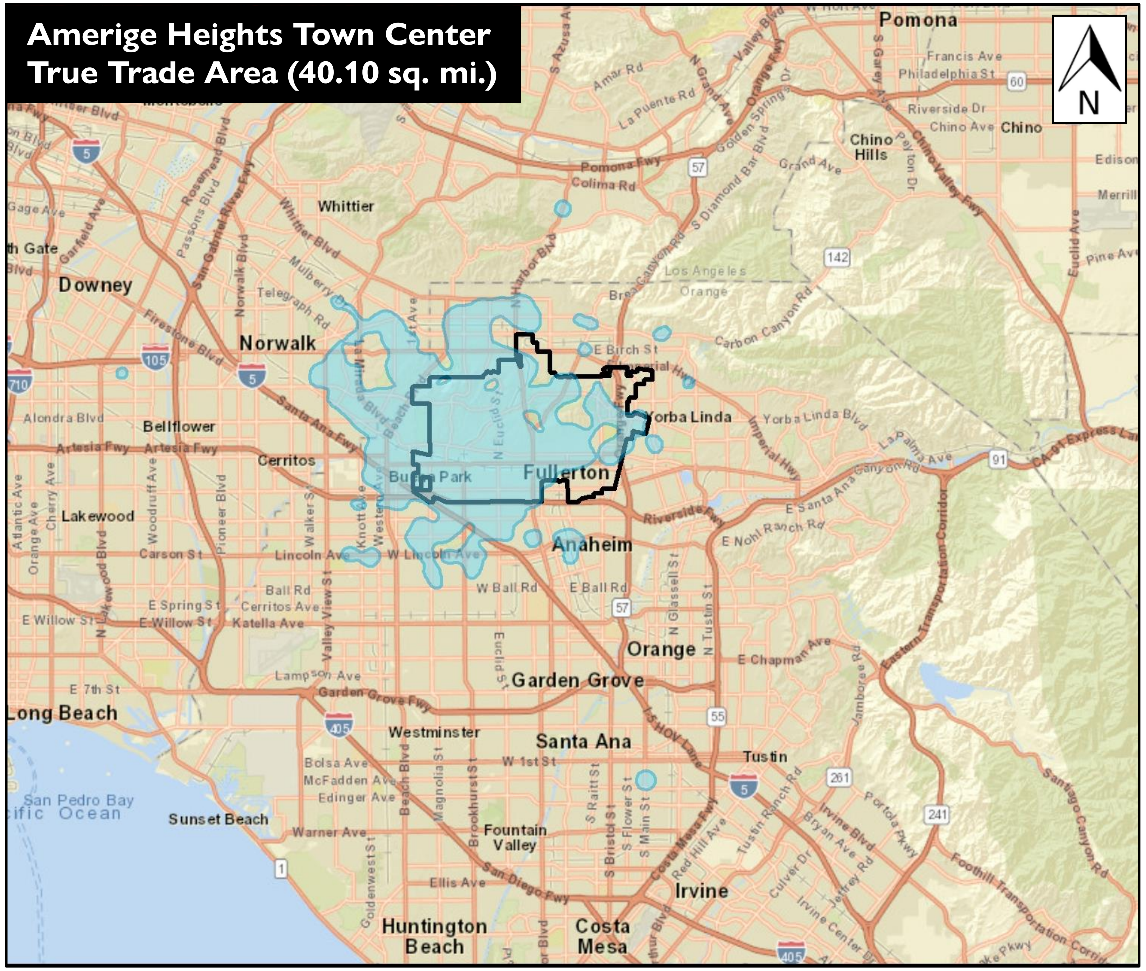
Source: Placer.ai (Accessed March 2023)

AMERIGE HEIGHTS TOWN CENTER

AMERIGE HEIGHTS TOWN CENTER VISITOR ANALYTICS – PLACER.AI

Distance from Home Area		
Distance	**Visits**	**Percentage**
0 - 3 Miles	3,620,000	60%
3 - 7 Miles	1,270,000	20%
7 - 10 Miles	240,000	4%
10 - 30 Miles	580,000	10%
30 - 50 Miles	90,000	2%
50 - 100 Miles	80,000	1%
100+ Miles	220,000	3%

Top 5 Home Locations (Zip Codes)			
Zip Code	**City**	**Visits**	**Percentage**
92833	Fullerton	1,900,000	32.0%
90621	Buena Park	580,300	9.6%
92832	Fullerton	330,400	5.4%
90631	La Habra	312,400	5.1%
90638	La Mirada	291,400	4.8%



Source: Placer.ai (Accessed March 2023)

FULLERTON TOWN CENTER
VISITOR ANALYTICS – PLACER.AI

- From March 1, 2022 to Feb. 28, 2023, Fullerton Town Center experienced ~161,500 median weekly visits
- Fullerton Town Center draws from a local population – 75% of visitors come from within 7 miles
- Fullerton Town Center has a steady stream of visitors between 11am and 8pm (with each hour having over 1 million visits over the year). Visits peak during the 5pm hour
- Consistent visitation Monday through Thursday (~1.1 million visits for each day). Weekend visits (Friday through Sunday) average ~1.33 million visits, peaking Saturday

Current Visitor Data	
Annual Visits	8.4 mil
Median Weekly Visits	161,500
Visit Frequency	5.6 visits / year
Median Visit Length	35 min.
Avg. HH Income	$94K
Visits between 3/22 – 2/23	

Top: Aerial view of Fullerton Town Center
Above: AMC Dine-In Theatre anchor at Fullerton Town Center

Source: Placer.ai (Accessed March 2023)

FULLERTON TOWN CENTER

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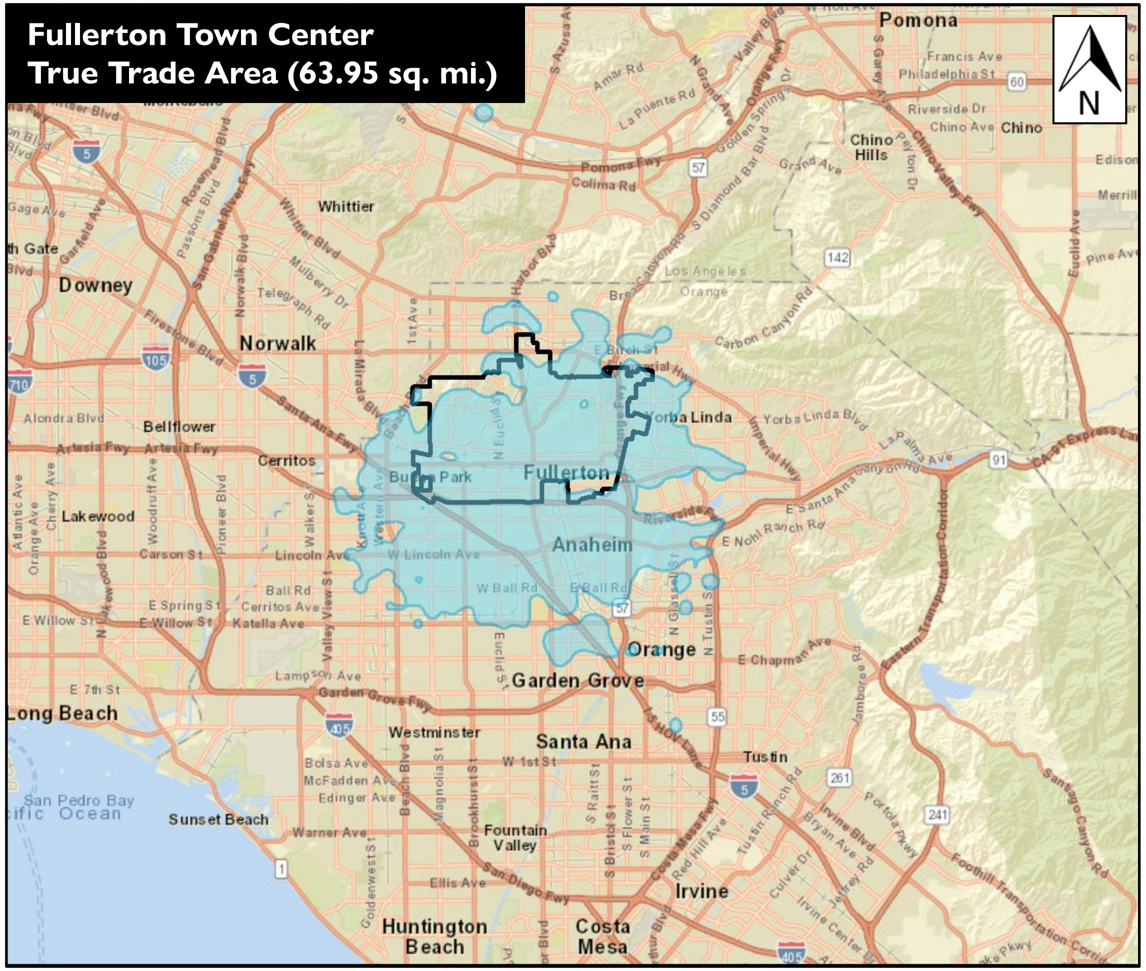
FULLERTON TOWN CENTER VISITOR ANALYTICS – PLACER.AI

Distance from Home Area		
Distance	**Visits**	**Percentage**
0 - 3 Miles	3,820,000	46%
3 - 7 Miles	2,460,000	29%
7 - 10 Miles	470,000	5%
10 - 30 Miles	990,000	12%
30 - 50 Miles	170,000	2%
50 - 100 Miles	110,000	2%
100+ Miles	380,000	4%

Top 5 Home Locations (Zip Codes)			
Zip Code	**City**	**Visits**	**Percentage**
92805	Anaheim	1,100,000	12.8%
92801	Anaheim	817,400	9.7%
92833	Fullerton	709,800	8.5%
92832	Fullerton	616,300	7.4%
92831	Fullerton	451,000	5.4%



Source: Placer.ai (Accessed March 2023)

ORANGEFAIR MARKETPLACE VISITOR ANALYTICS – PLACER.AI

- From March 1, 2022 to Feb. 28, 2023, Orangefair Marketplace experienced ~79,800 median weekly visits
- Orangefair Marketplace captures from a close trade area – 69% of visitors come from within 7 miles of the center
- Orangefair Marketplace has a steady stream of visitors between noon and 9pm (with each hour having over 600,000 visits over the year). Visits peak during the 6pm hour
- Visitation peaks on Wednesday and Saturday

Current Visitor Data	
Annual Visits	4.2 mil
Median Weekly Visits	79,800
Visit Frequency	4.0 visits / year
Median Visit Length	53 min.
Avg. HH Income	$85K
**Visits between 3/22 – 2/23*	

Top: Michaels and Best Buy anchors at Orangefair Marketplace
Above: Marshalls and Skechers Outlet anchors at Orangefair Marketplace

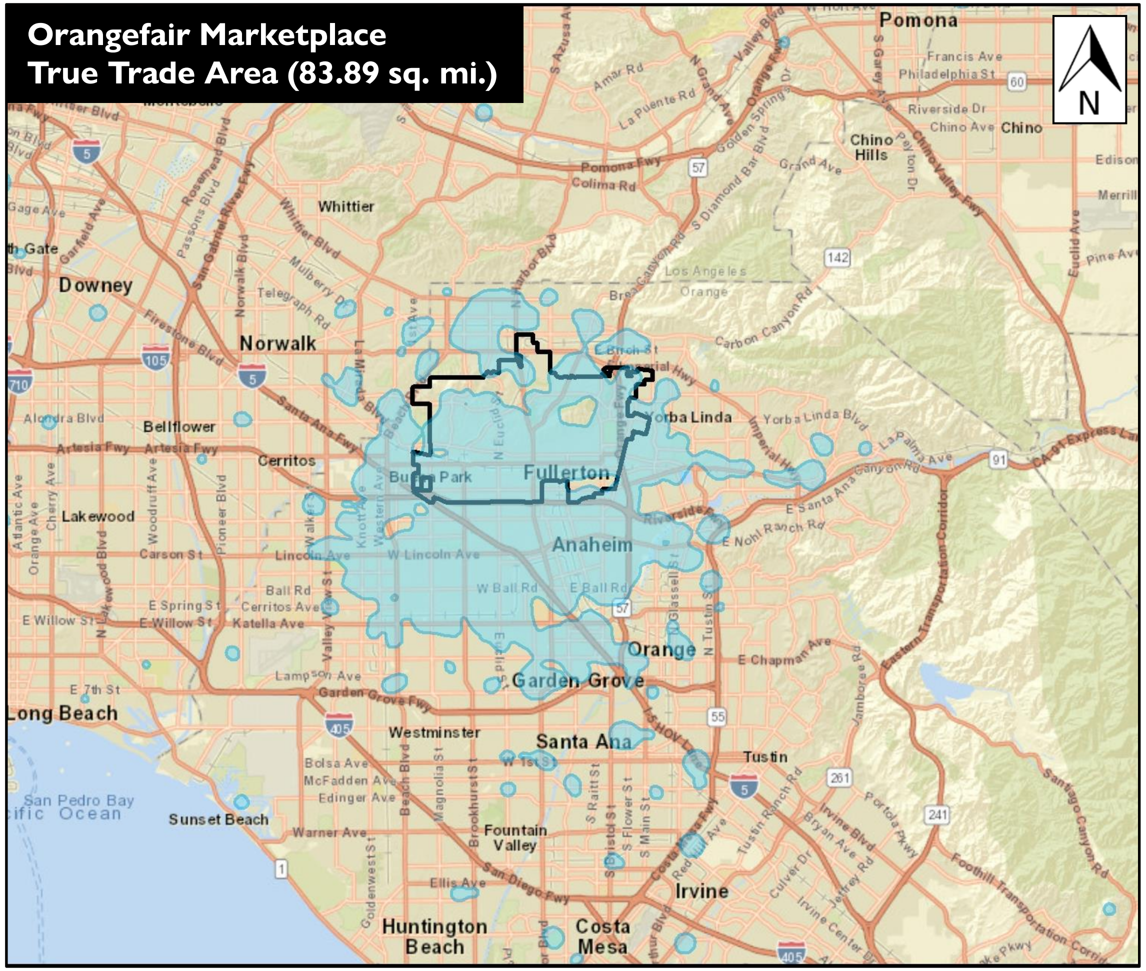
Source: Placer.ai (Accessed March 2023)

ORANGEFAIR MARKETPLACE

ORANGEFAIR MARKETPLACE
VISITOR ANALYTICS – PLACER.AI

Distance from Home Area		
Distance	**Visits**	**Percentage**
0 - 3 Miles	1,850,000	44%
3 - 7 Miles	1,020,000	25%
7 - 10 Miles	270,000	6%
10 - 30 Miles	660,000	16%
30 - 50 Miles	100,000	2%
50 - 100 Miles	60,000	2%
100+ Miles	240,000	5%

Top 5 Home Locations (Zip Codes)			
Zip Code	**City**	**Visits**	**Percentage**
92805	Anaheim	611,900	14.7%
92801	Anaheim	351,700	8.4%
92832	Fullerton	348,000	8.3%
92833	Fullerton	256,800	6.1%
92806	Anaheim	178,500	4.3%



Orangefair Marketplace
True Trade Area (83.89 sq. mi.)

Source: Placer.ai (Accessed March 2023)

FULLERTON CROSSINGS VISITOR ANALYTICS – PLACER.AI

- From March 1, 2022 to Feb. 28, 2023, Fullerton Crossings experienced ~71,300 median weekly visits
- 75% of visitors to Fullerton Crossings come from within 7 miles of the center; Fullerton Crossings does capture more people from outside of Fullerton – particularly from cities south and east of Fullerton such as Anaheim and Placentia
- Visits to Fullerton Crossings peaks earlier compared to other centers. Peak visits occur at noon and slowly drop throughout the afternoon
- Visitation is higher Fridays through Mondays, peaking Saturdays. Lower visitation in the middle of the week (Tuesday through Thursday)

Current Visitor Data	
Annual Visits	3.7 mil
Median Weekly Visits	71,300
Visit Frequency	6.1 visits / year
Median Visit Length	32 min.
Avg. HH Income	$101K
**Visits between 3/22 – 2/23*	

Top: Aerial of Fullerton Crossings showing Home Depot and Sam's Club anchors
Above: Sam's Club anchor at Fullerton Crossings

Source: Placer.ai (Accessed March 2023)

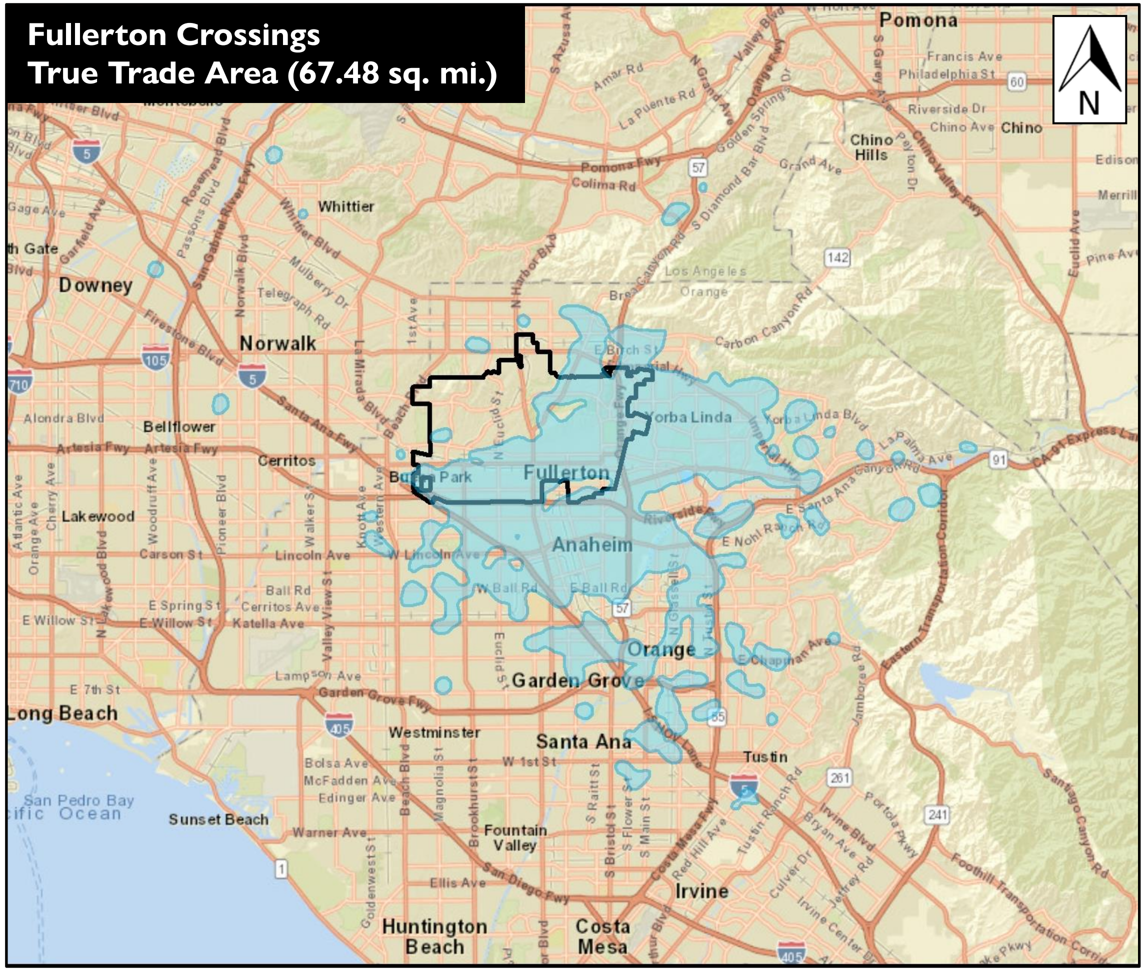
FULLERTON CROSSINGS

kosmont companies since 1986

FULLERTON CROSSINGS
VISITOR ANALYTICS – PLACER.AI

Distance from Home Area		
Distance	**Visits**	**Percentage**
0 - 3 Miles	1,750,000	47%
3 - 7 Miles	1,040,000	28%
7 - 10 Miles	310,000	8%
10 - 30 Miles	440,000	12%
30 - 50 Miles	60,000	1%
50 - 100 Miles	30,000	1%
100+ Miles	100,000	3%

Top 5 Home Locations (Zip Codes)			
Zip Code	**City**	**Visits**	**Percentage**
92870	Placentia	591,600	15.9%
92805	Anaheim	411,400	11.0%
92806	Anaheim	365,300	9.8%
92831	Fullerton	258,900	6.9%
92886	Yorba Linda	155,700	4.2%



Source: Placer.ai (Accessed March 2023)

NORTH FULLERTON SHOPPING CENTER VISITOR ANALYTICS – PLACER.AI

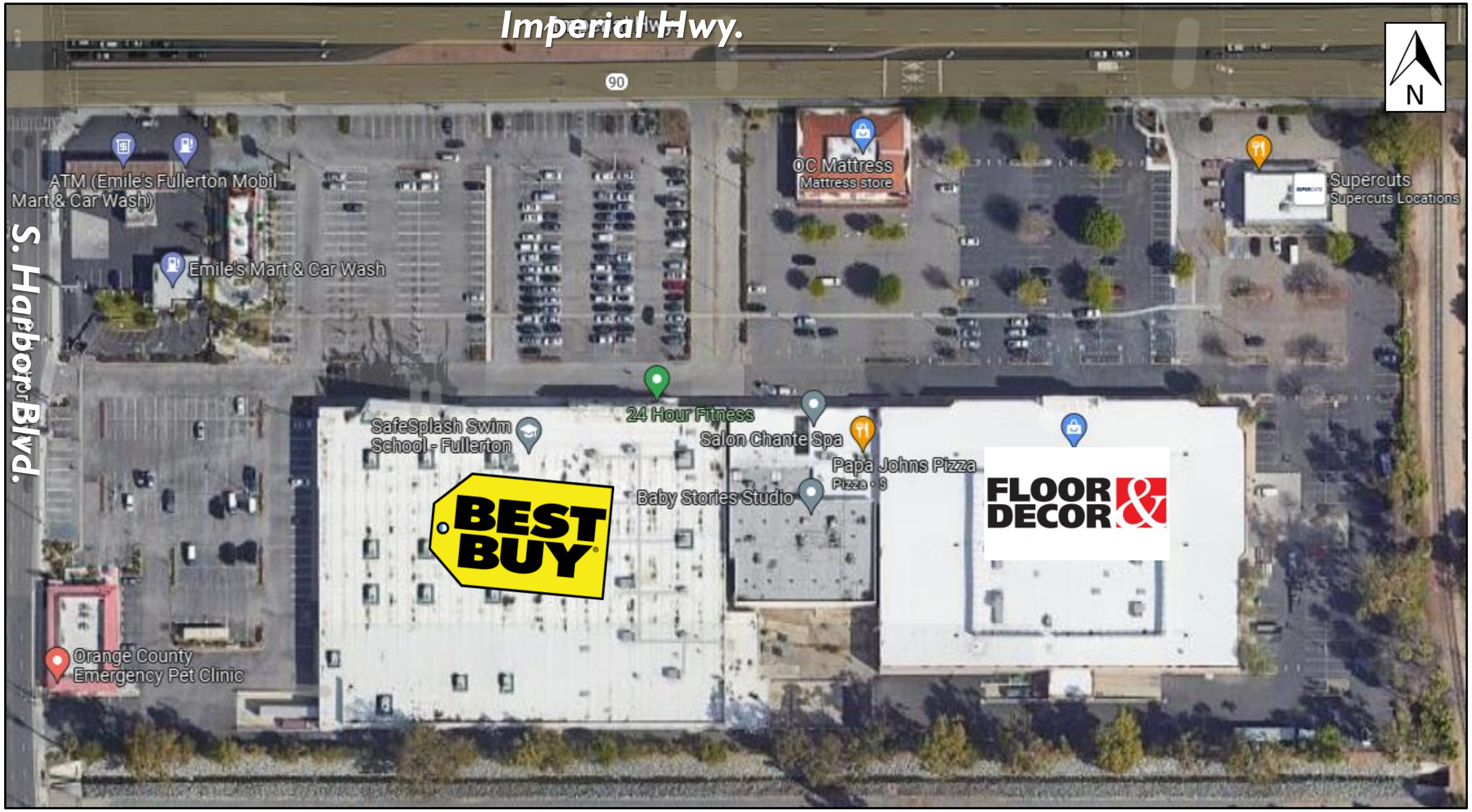
- From March 1, 2022 to Feb. 28, 2023, North Fullerton Shopping Center experienced ~24,500 median weekly visits
- 76% of visitors to this center come from 7 miles or less; Many visitors are coming from neighboring cities such as Brea and La Habra
- Visits to the North Fullerton Shopping Center trend towards the late afternoon/early evening with visits peaking at the 6pm hour; The center does have a steady stream of visitors between noon and 8pm
- Saturdays and Mondays are the days this center receives the most visits; Visits drop slightly weekdays after Monday but pick up on Saturdays

Current Visitor Data	
Annual Visits	1.3 mil
Median Weekly Visits	24,500
Visit Frequency	3.9 visits / year
Median Visit Length	51 min.
Avg. HH Income	$114K
Visits between 3/22 – 2/23	

Top: Floor and Décor anchor
Above: 24 Hr Fitness and Best Buy anchors

Source: Placer.ai (Accessed March 2023)

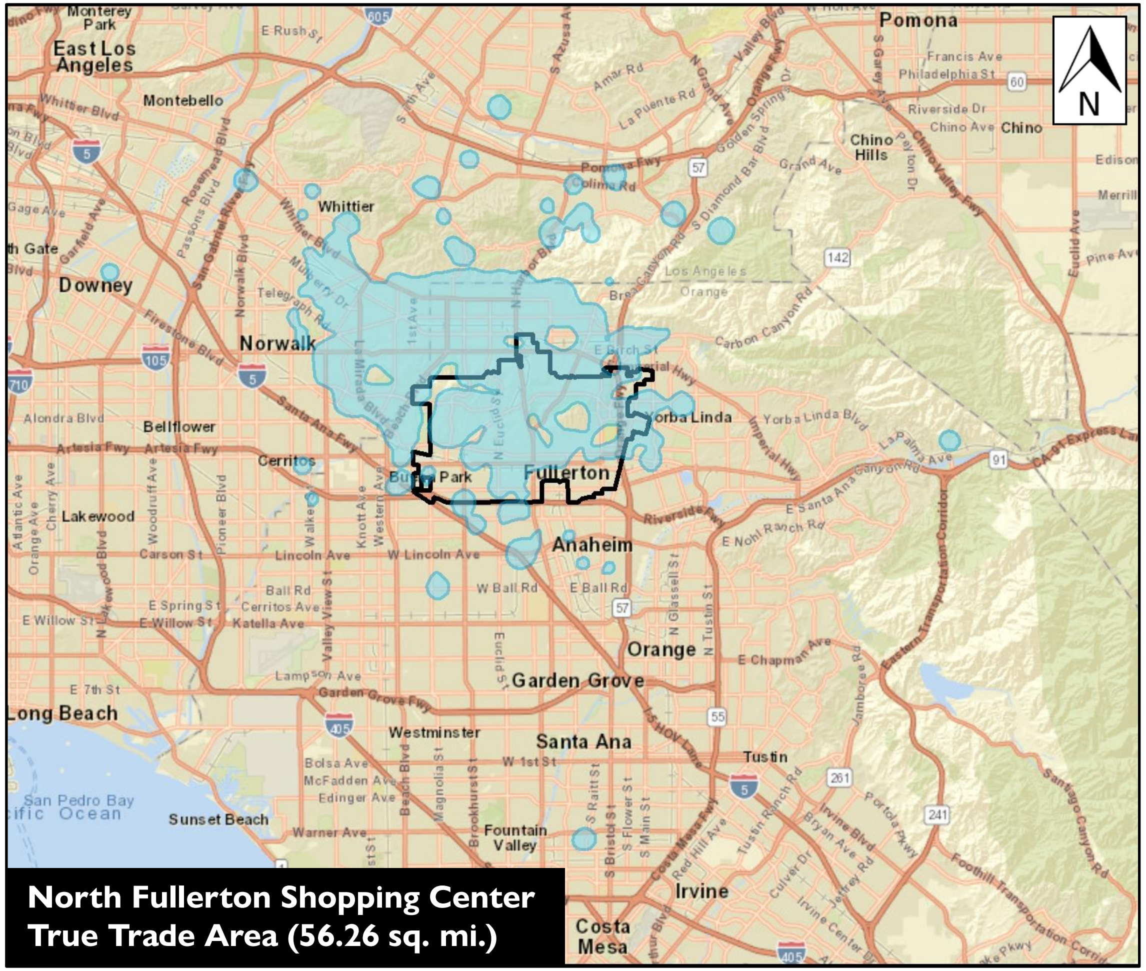
NORTH FULLERTON



NORTH FULLERTON SHOPPING CENTER VISITOR ANALYTICS – PLACER.AI

Distance from Home Area		
Distance	**Visits**	**Percentage**
0 - 3 Miles	555,600	43%
3 - 7 Miles	410,900	33%
7 - 10 Miles	83,500	6%
10 - 30 Miles	150,000	12%
30 - 50 Miles	20,000	1%
50 - 100 Miles	20,000	2%
100+ Miles	60,000	3%

Top 5 Home Locations (Zip Codes)			
Zip Code	**City**	**Visits**	**Percentage**
90631	La Habra	251,400	19.7%
92821	Brea	109,600	8.6%
92835	Fullerton	109,400	8.6%
90638	La Mirada	67,400	5.3%
92833	Fullerton	65,300	5.1%



North Fullerton Shopping Center True Trade Area (56.26 sq. mi.)

Source: Placer.ai (Accessed March 2023)

FULLERTON UNIVERSITY SHOPPING CENTER VISITOR ANALYTICS – PLACER.AI

- From March 1, 2022 to Feb. 28, 2023, Fullerton University Shopping Center experienced ~32,900 median weekly visits
- 70% of visitors to the center come from within 7 miles
- The center receives most of its visitors in the afternoon and evenings from 1pm to 8pm, with 4pm and 6pm hours having the most traffic
- Visits peak on Saturdays, however visits to the center remain consistent throughout the week (i.e., there is no significant drop in visits during the rest of the week)

Current Visitor Data	
Annual Visits	1.7 mil
Median Weekly Visits	32,900
Visit Frequency	4.0 visits / year
Median Visit Length	29 min.
Avg. HH Income	$98K
Visits between 3/22 – 2/23	

Top: Target anchor
Above: Additional retail space at center

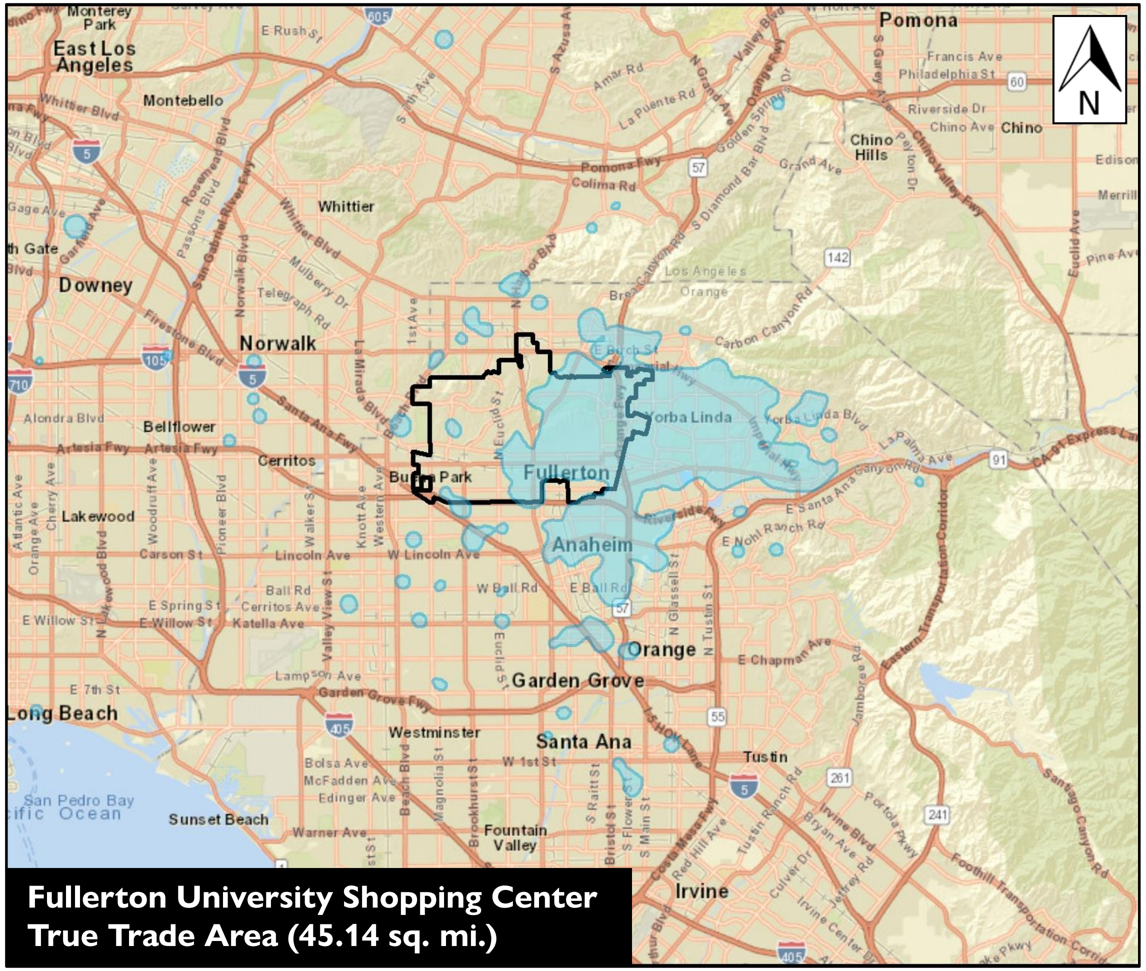
Source: Placer.ai (Accessed March 2023)

FULLERTON UNIVERSITY CENTER

FULLERTON UNIVERSITY SHOPPING CENTER VISITOR ANALYTICS – PLACER.AI

Distance from Home Area		
Distance	**Visits**	**Percentage**
0 - 3 Miles	956,200	55%
3 - 7 Miles	253,800	15%
7 - 10 Miles	90,000	5%
10 - 30 Miles	260,000	15%
30 - 50 Miles	40,000	2%
50 - 100 Miles	40,000	2%
100+ Miles	100,000	6%

Top 5 Home Locations (Zip Codes)			
Zip Code	**City**	**Visits**	**Percentage**
92831	Fullerton	427,400	24.6%
92870	Placentia	374,500	21.6%
92886	Yorba Linda	83,600	4.8%
92806	Anaheim	72,300	4.2%
92835	Fullerton	63,800	3.7%



Fullerton University Shopping Center True Trade Area (45.14 sq. mi.)

Source: Placer.ai (Accessed March 2023)

TRUE TRADE AREA COMPARISON: 3/1/22 TO 2/28/23 ORANGETHORPE AVE. / HARBOR BLVD. NODE VS CENTERS

Visitor Data

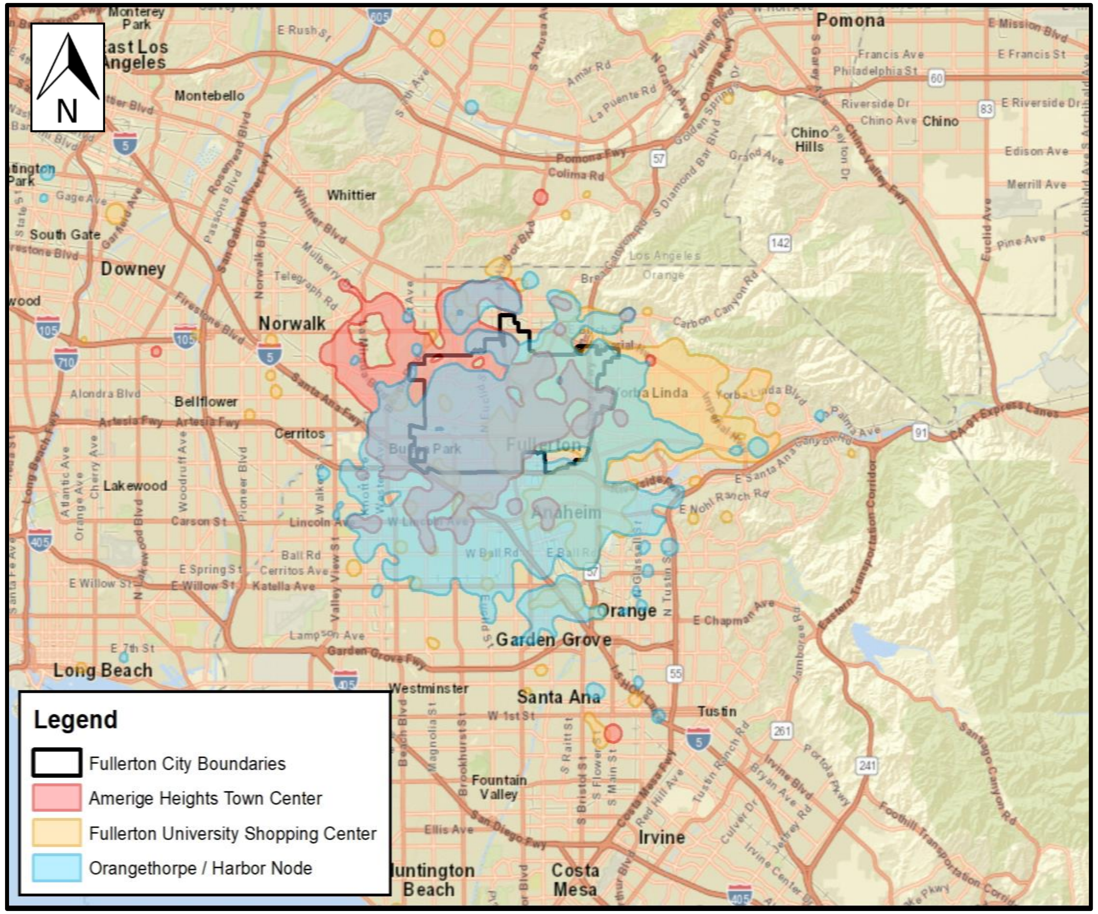
	Orangethorpe Ave. / Harbor Blvd. Node	Amerige Heights Town Center	North Fullerton Shopping Center	Fullerton University Shopping Center
Annual Visits	14.7 million	6.1 million	1.3 million	1.7 million
Median Weekly Visits	280,300	115,308	24,500	32,900
Visit Frequency Per Year	6.5 visits	7.9 visits	3.9 visits	4.0 visits
Median Visit Length (min.)	39	42	51	29
Avg. HH Income	$92K	$111K	$114K	$98K

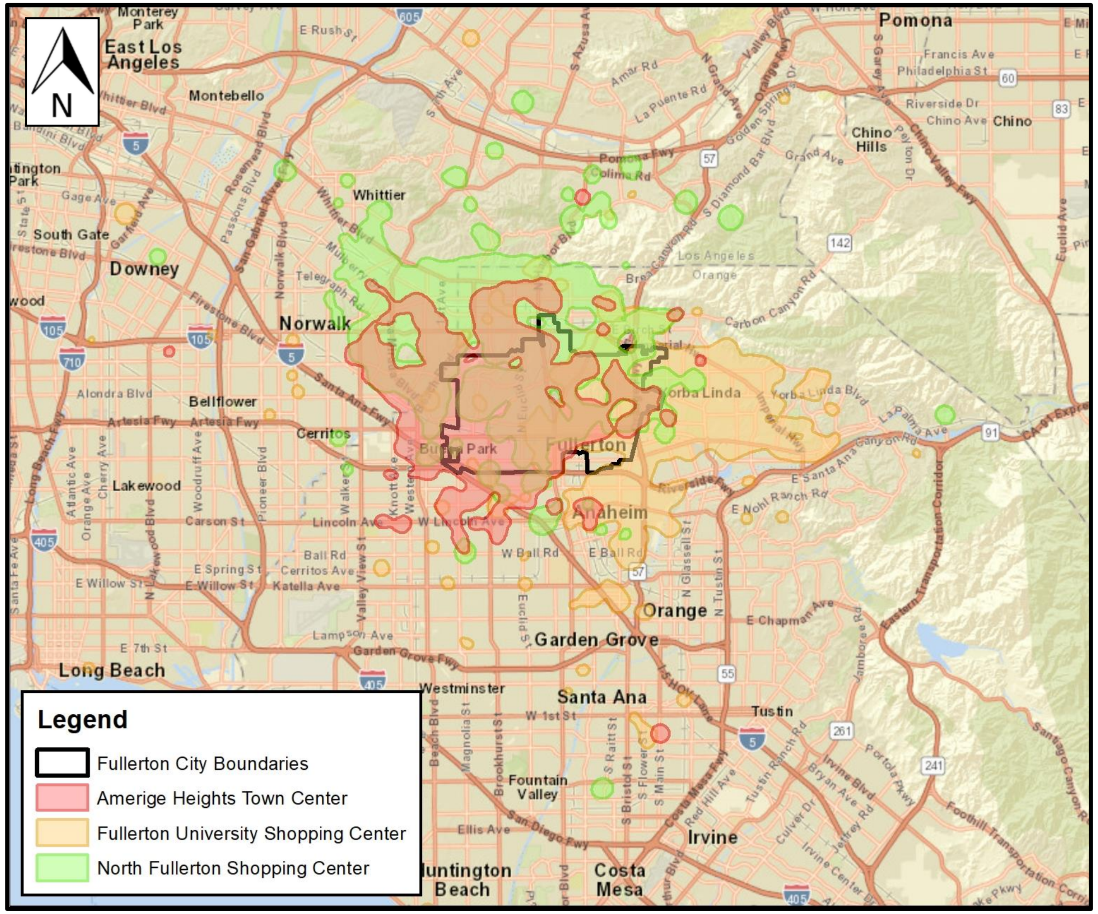
Mall Visitation Data
Distance from Visitor Home Area

	0-3 Miles	3-7 Miles	7-10 Miles	10+ Miles
Orangethorpe Ave. / Harbor Blvd. Node	48%	25%	6%	21%
Amerige Heights Town Center	60%	20%	4%	16%
North Fullerton Shopping Center	43%	33%	6%	18%
Fullerton University Shopping Center	55%	15%	5%	25%

Source: Placer.ai (Accessed March 2023)
Notes: True trade area represents 70% of visitors within the selected timeframe. The Orangethorpe Ave. / Harbor Blvd. Node contains Fullerton Metrocenter, Fullerton Town Center, and Orangefair Marketplace. We compared this major retail node in the southern end of the City to key shopping centers in the north (North Fullerton Shopping Center), west (Amerige Heights Town Center), and east (Fullerton University Shopping Center).

TRUE TRADE AREA COMPARISON: 3/1/22 TO 2/28/23 ORANGETHORPE AVE. / HARBOR BLVD. NODE VS CENTERS (CONT'D)

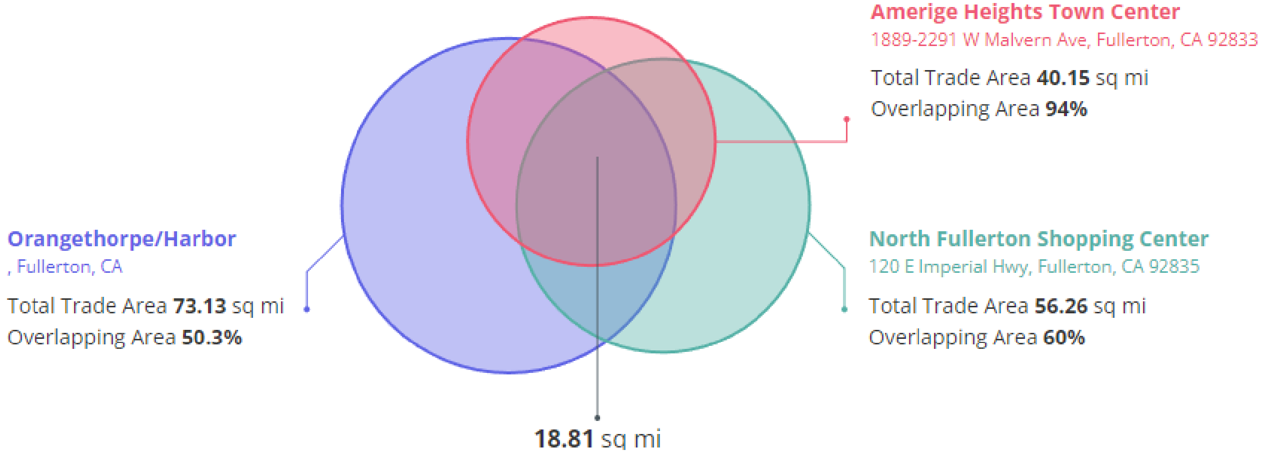


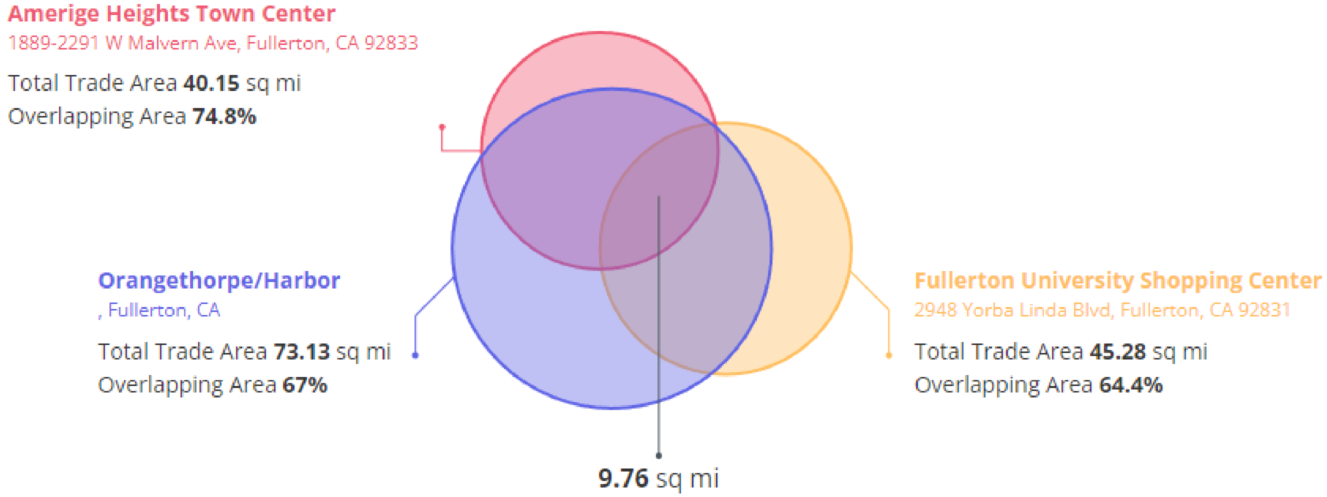


Source: Placer.ai (Accessed March 2023)

Notes: True trade area represents 70% of visitors within the selected timeframe. The Orangethorpe Ave. / Harbor Blvd. Node contains Fullerton Metrocenter, Fullerton Town Center, and Orangefair Marketplace. We compared this major retail node in the southern end of the City to key shopping centers in the north (North Fullerton Shopping Center), west (Amerige Heights Town Center), and east (Fullerton University Shopping Center).

TRUE TRADE AREA COMPARISON: 3/1/22 TO 2/28/23 ORANGETHORPE AVE. / HARBOR BLVD. NODE VS CENTERS (CONT'D)





- The Orangethorpe Ave. / Harbor Blvd. Retail Node draws 70% of its visitors from a significantly larger trade area compared to Amerige Heights, North Fullerton, and Fullerton University town/shopping centers
- The Retail Node captures large segments of visitors to both Amerige Heights Town Center (74%) and Fullerton University Shopping Center (64%). However, North Fullerton Shopping Center draws more visits from areas further north and west such as Whittier, Hacienda Heights, and Rowland Heights. Thus, North Fullerton Shopping Center's true trade area overlaps 46% with the retail node.
- The Retail Node, as well as the centers in this comparison, have a more local appeal as each draw at a minimum 70% of its visitors from within 7 miles

Source: Placer.ai (Accessed March 2023)
Notes: True trade area represents 70% of visitors within the selected timeframe. The Orangethorpe Ave. / Harbor Blvd. Node contains Fullerton Metrocenter, Fullerton Town Center, and Orangefair Marketplace. We compared this major retail node in the southern end of the City to key shopping centers in the north (North Fullerton Shopping Center), west (Amerige Heights Town Center), and east (Fullerton University Shopping Center).

RETAIL LEAKAGE (3/1/22 TO 2/28/23)

Retail categories featuring high retail leakage among Fullerton residents include: grocery stores, health and personal care stores, and building material and supply stores

UNMET RETAIL DEMAND BY RETAIL CATEGORY (FULLERTON RESIDENT PURCHASES)

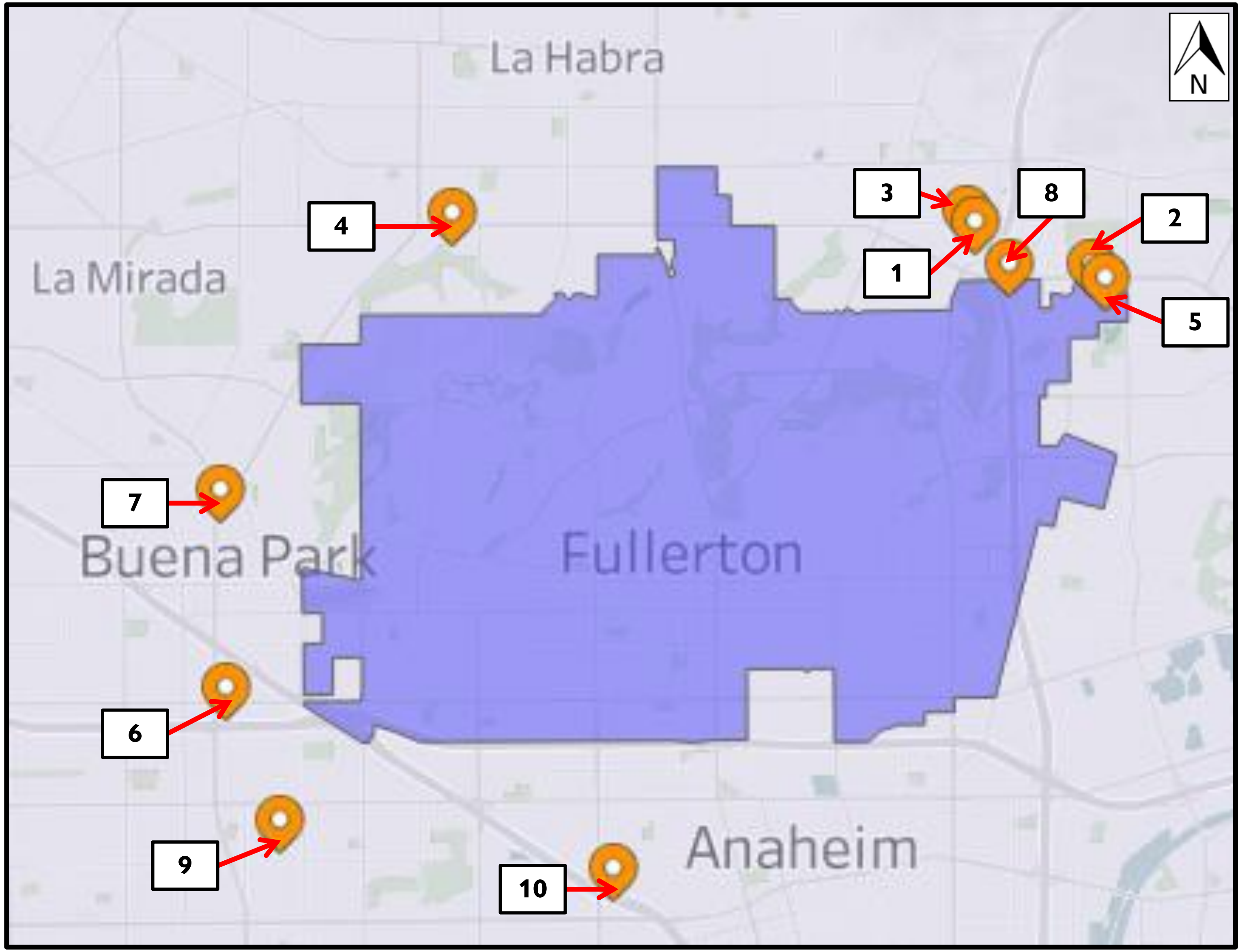
Retail Category	Supply (Sales) $	Demand $	Unmet Demand ($)	Online Sales Leakage Potential
Automobile Dealers	1,450.33 M	607.53 M	842.79 M	Low
Other General Merchandise Stores	514.15 M	322.09 M	192.07 M	Medium
Gasoline Stations	326.02 M	253.28 M	72.74 M	None
Full-Service Restaurants	235.72 M	206.14 M	29.58 M	None
Building Material & Supplies	211.31 M	190.01 M	21.29 M	Low
Department Stores	80.13 M	56.72 M	23.41 M	Varies
Home Furnishings Stores	48.66 M	30.44 M	18.22 M	Medium
Bars / Drinking Places	25.63 M	13.32 M	12.31 M	None
Book & Music Stores	11.25 M	7.84 M	3.41 M	High
Electronics & Appliance Stores	42.78 M	49.86 M	(7.08 M)	High
Shoe Stores	10.92 M	18.26 M	(7.34 M)	High
Auto Parts / Accessories Stores	42.81 M	51.94 M	(9.13 M)	Low
Clothing Stores	113.60 M	124.47 M	(10.87 M)	High
Health & Personal Care Stores	101.73 M	165.24 M	(63.51 M)	Medium
Grocery Stores	163.18 M	322.77 M	(159.59 M)	Low

Source: Placer.ai (Accessed March 2023)
Note: Numbers in parentheses and in red indicate a negative number (leakage).

RETAIL LEAKAGE MAP

The points on the map show the top retail centers and establishments across retail categories where Fullerton residents shop. Numbers are ordered by the number of visits made by Fullerton residents to these locations.

It appears that Fullerton residents tend to go just north of the City's boundaries (primarily Brea) to shop.



Source: Placer.ai (Accessed January 2023)

TOP AREAS OF RETAIL LEAKAGE (3/1/22 TO 2/28/23)

Top 10 Areas Where Fullerton Resident Sales Are Leaking (by Number of Visits)

Rank	Location	GLA (SF)	City	Anchor Tenants / Major Retail	# of Visits	Average Distance From Home (mi)
1	Brea Mall	1,319,339	Brea	Macy's, JCPenney, Nordstrom, H&M, Forever 21	1,271,533	3.13
2	Brea Union Plaza	1,208,212	Brea	Walmart, Home Depot, Ross, Burlington, Nordstrom, Staples	734,380	2.62
3	Brea Marketplace	352,678	Brea	Target, 24 Hr Fitness, Sprouts	594,685	2.47
4	La Habra Marketplace	376,849	La Habra	Hobby Lobby, LA Fitness, Sprouts, Smart & Final, Regal Cinemas 16, Ross	467,196	2.76
5	Imperial East Shopping Center	211,626	Brea	Albertson's, Trader Joe's, TJ Maxx, Petco, Bob's Furniture	453,851	2.53
6	The Source	598,673	Buena Park	CGV Cinemas 8, many after-school services and e-sports	443,648	3.32
7	Los Coyotes Shopping Center	137,279	Buena Park	Super 1 Mart (Korean grocer)	424,823	2.74
8	Brea Plaza Shopping Center	93,239	Brea	DSW, DXL, Mother's Market and Kitchen (health food grocer), Total Wine	382,428	2.51
9	Buena Park Downtown*	874,361	Buena Park	Walmart, Bed Bath & Beyond, Ross, TJ Maxx, DSW, Krikorian Metroplex 18	376,324	2.99
10	Anaheim Plaza	496,166	Anaheim	Walmart, El Super, Smart & Final, Ross, TJ Maxx, Ulta, Petco	357,533	2.56

Source: Placer.ai (Accessed March 2023)
Note: Numbers in parentheses and in red indicate a negative number (leakage).
*Shopping center formerly known as Buena Park Place

THEATER COMPARISON (10-MILE RADIUS)

Property: AMC Theatres / S Lemon St, F...

Ranked Within: Category: Theaters & Music Venues

Region: 10mi

Metric: Visits

List View

# of Properties: 15

Rank	Name	Visits
1	**Harkins Theatres** / Cerritos, CA	1.49M
2	**AMC Theatres** / S Azusa Ave, City Of Industry, CA	1.13M
3	**Century Huntington Beach and XD** / Edinger Ave, Huntington Beach, CA	768.1K
4	**AMC Theatres** / Civic Center Dr, Norwalk, CA	738K
5	**Regal Cinemas** / Carson Blvd, Long Beach, CA	726K
6	**AMC Theatres** / S Lemon St, Fullerton, CA	651.8K
7	**Regal Cinemas** / W Birch St, Brea, CA	623.2K
8	**Regal Cinemas** / Chapman Ave, Garden Grove, CA	478.5K
9	**Regal Cinemas** / Towne Center Dr, Cerritos, CA	305.8K
10	**Regal Cinemas** / Valencia Ave, Yorba Linda, CA	292.9K

Source: Placer.ai (Accessed March 2023)

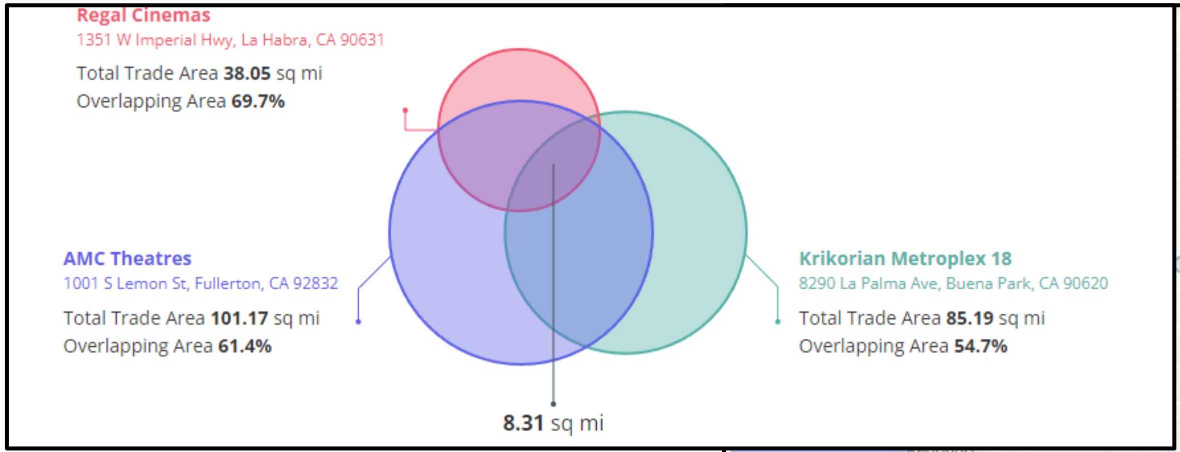
Notes: True trade area represents 70% of visitors within the selected timeframe.

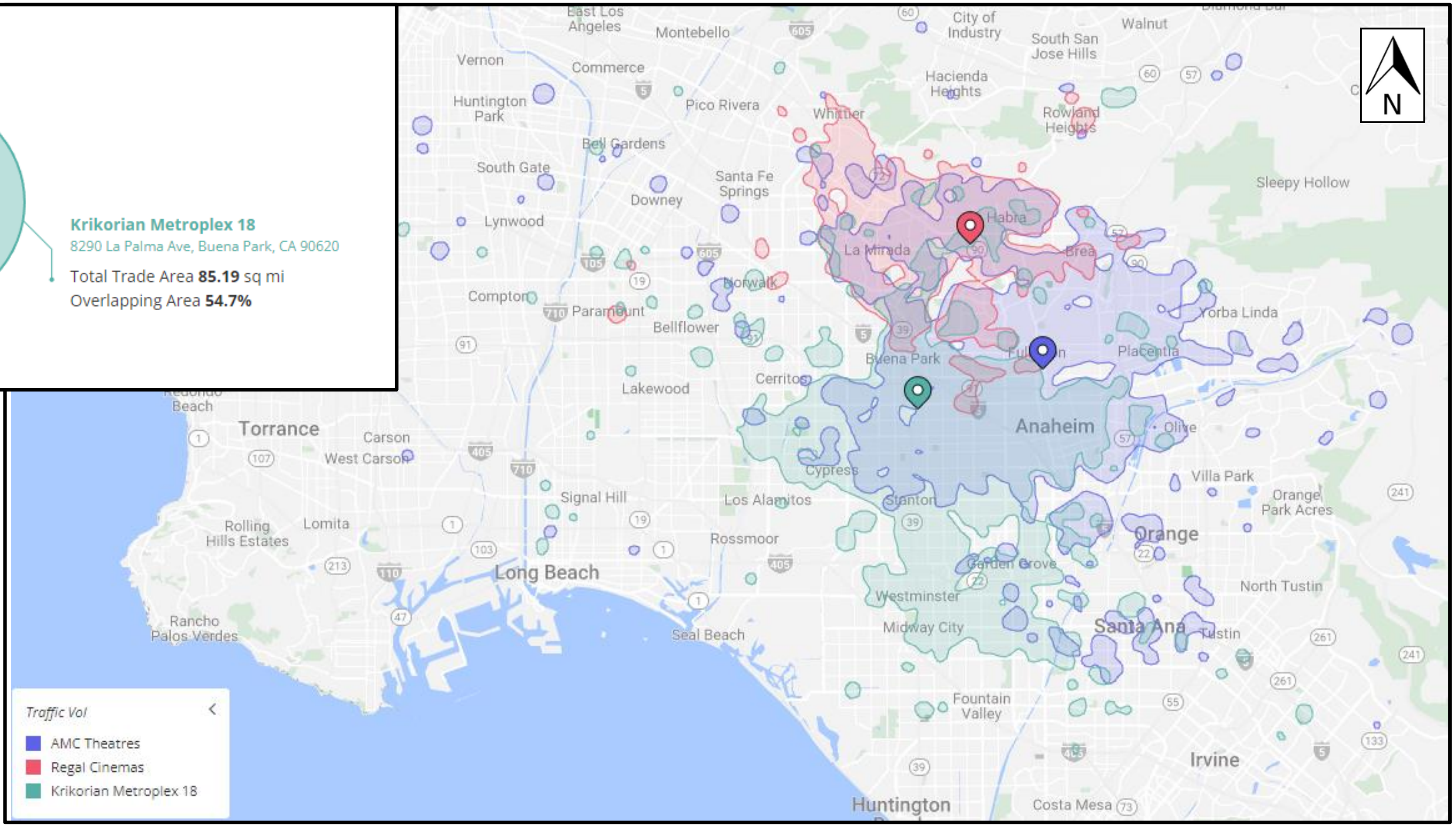
THEATER COMPARISON (COMPETING CENTERS)

Metric Name	AMC Theatres 1001 S Lemon St, Fullerton, CA 92832	Regal Cinemas 1351 W Imperial Hwy, La Habra, CA 90631	Krikorian Metroplex 18 8290 La Palma Ave, Buena Park, CA 90620
Visits	651.8K	289.9K	878.8K
Visits / sq ft	8.87	4.58	N/A
Size - sq ft	73.5K	63.3K	N/A
Visitors	307.7K	142.6K	374.1K
Visit Frequency	2.12	2.03	2.35
Avg. Dwell Time	145 min	144 min	117 min
Panel Visits	17.8K	7.5K	23.9K
Visits YoY	+33.5%	+32.4%	+32.7%
Visits Yo2Y	+582.7%	+509%	+1.1K%
Visits Yo3Y	-32.2%	-39.6%	-4.8%

Source: Placer.ai (Accessed March 2023)
Notes: True trade area represents 70% of visitors within the selected timeframe.

THEATER TRUE TRADE AREA COMPARISON: 3/1/22 TO 2/28/23





Source: Placer.ai (Accessed March 2023)
Notes: True trade area represents 70% of visitors within the selected timeframe.

CITY OF FULLERTON
KOSMONT RETAIL NOW!®
RETAIL MARKET STUDY

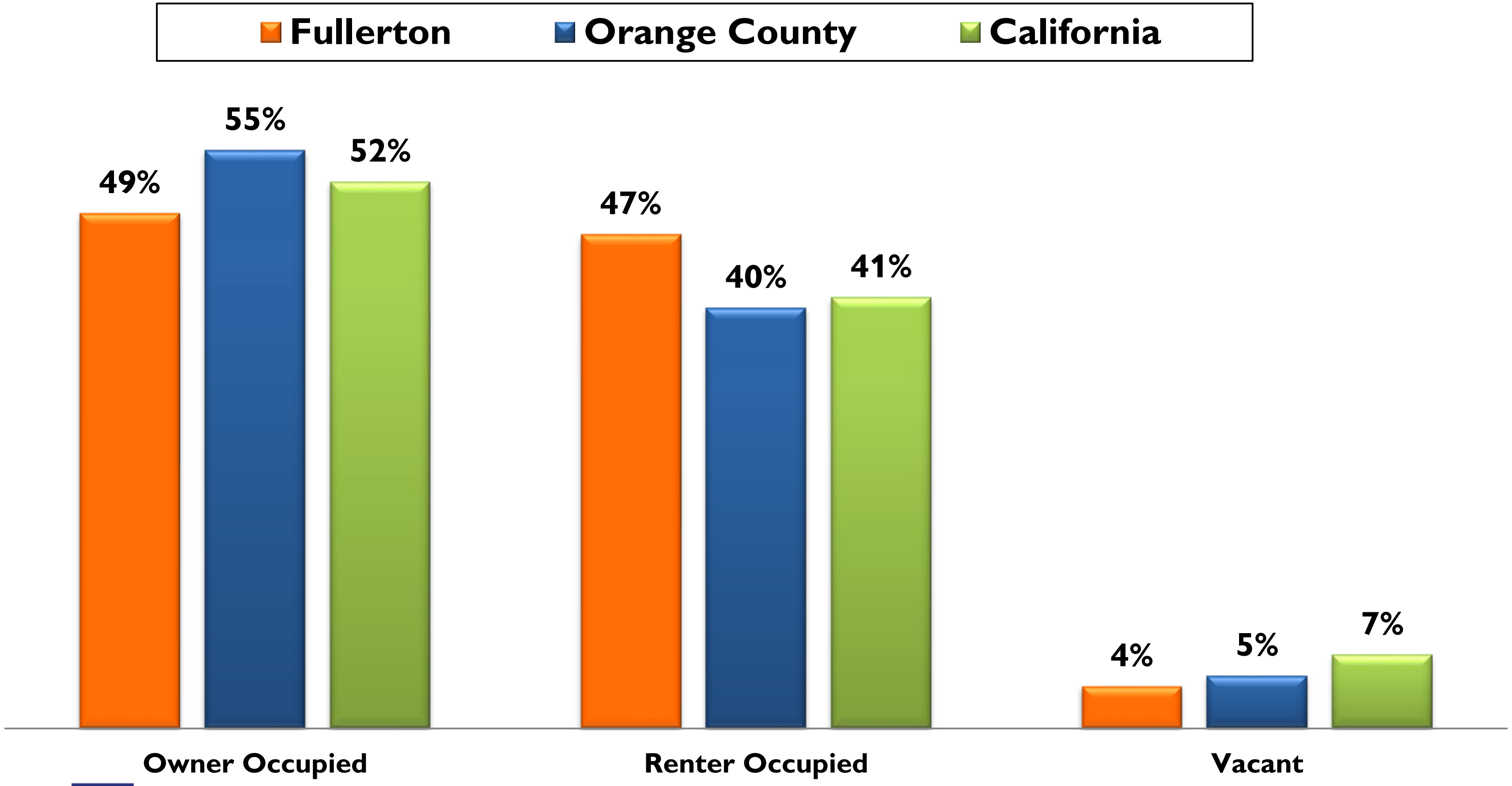
2301 Rosecrans Ave., Suite 4140
El Segundo, CA 90245
TEL: 424-297-1070 | URL: www.kosmont.com

APPENDIX

CITY OF FULLERTON – RETAIL MARKET STUDY

HOUSING BY TENURE - 2022

FULLERTON HAS SIMILAR AMOUNT OF OWNERS VS RENTERS

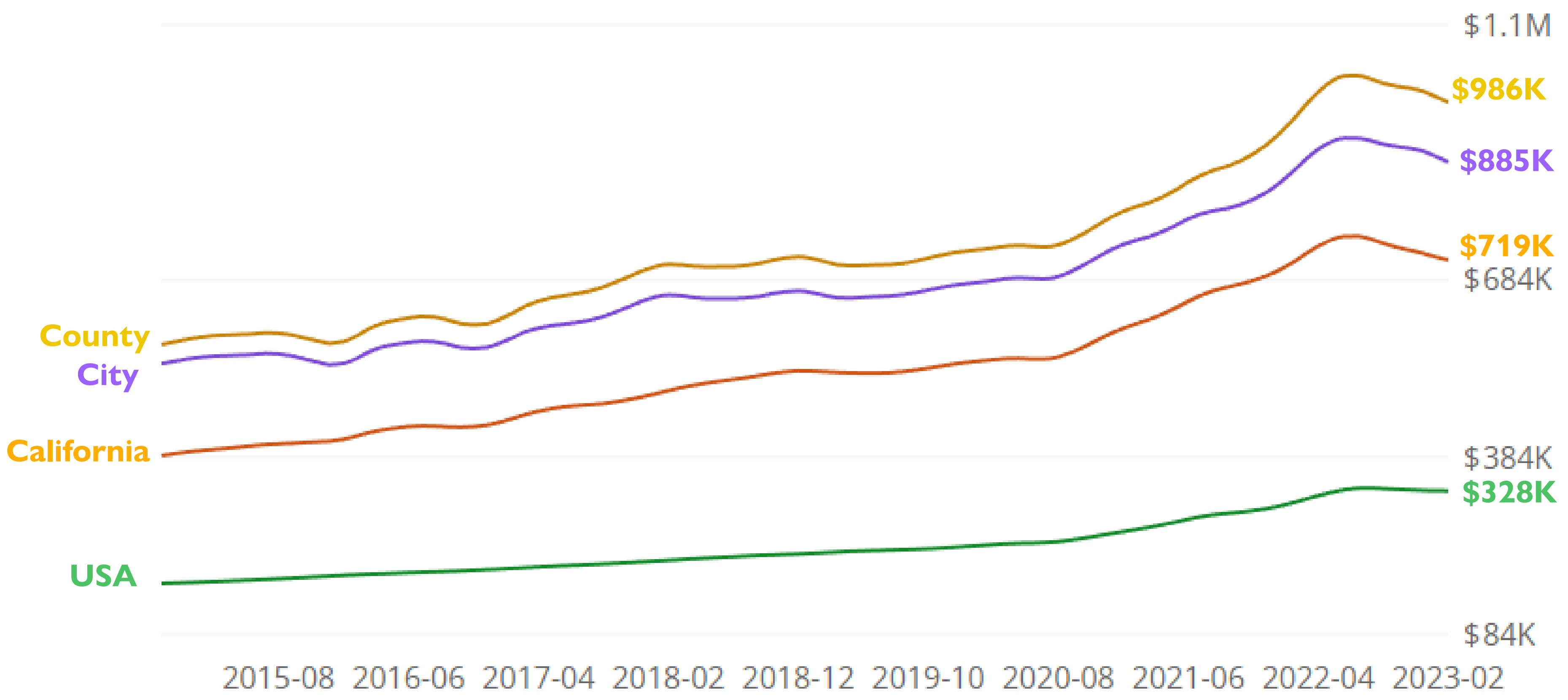


Avg. HH Size	
Fullerton	2.89
Orange County	2.91
California	2.86

Source: ESRI Business Analyst Online (Accessed March 2023)

HOME VALUE HISTORY

2015 - 2023



Source: Zillow.com (Accessed March 2023)

JOBS / HOUSING BALANCE

2022	Fullerton City	Orange County	California State
Employment	59,221	1,631,636	16,426,737
Households	48,711	1,082,175	13,570,050
Jobs / Housing Ratio	**1.22**	**1.51**	**1.21**

Source: ESRI Business Analyst Online (Accessed June 2021; Updated February 2023)

EMPLOYMENT PROJECTIONS BY INDUSTRY

ORANGE COUNTY

Industry	*2018*	*2028*	*Annual Growth 2018-2028*	*Total Growth 2018-2028*	*Total Change 2018-2028*
Health Care and Social Assistance	195,400	229,700	3,430	34,300	17.6%
Professional and Business Services	317,000	346,500	2,950	29,500	9.3%
Accommodation and Food Services	171,700	185,700	1,400	14,000	8.2%
Financial Activities	118,700	126,100	740	7,400	6.2%
Construction	106,300	113,000	670	6,700	6.3%
Arts, Entertainment, and Recreation	51,000	56,500	550	5,500	10.8%
Government	161,200	166,600	540	5,400	3.3%
Educational Services (Private)	29,300	33,900	460	4,600	15.7%
Transportation and Warehousing	26,200	30,200	400	4,000	15.3%
Retail Trade	152,600	156,000	340	3,400	2.2%
Information	26,700	29,700	300	3,000	11.2%
Other Services	51,400	53,700	230	2,300	4.5%
Wholesale Trade	79,800	81,400	160	1,600	2.0%
Utilities	3,000	3,200	20	200	6.7%
Mining and Logging	500	400	(10)	(100)	(20.0%)
Manufacturing	160,700	156,900	(380)	(3,800)	(2.4%)
Total Nonfarm	1,651,500	1,769,500	11,800	118,000	7.1%
Total Other	110,800	118,900	810	8,100	7.3%
Total Farm	2,000	1,900	(10)	(100)	(5.0%)
Total Employment	**1,762,300**	**1,888,400**	**12,610**	**126,100**	**7.2%**

Source: California Employment Development Department, (2018, Accessed March 2023)
Notes: Total other refers to self-employed and private household workers. Numbers in parentheses and in red indicate negative numbers.

EMPLOYMENT BY INDUSTRY

CITY OF FULLERTON

Resident Employed Population (Age 16+)	
Sector	***Share***
Health Care and Social Assistance	13.5%
Accommodation and Food Services	10.0%
Educational Services	9.8%
Retail Trade	9.1%
Manufacturing	8.7%
Administration & Support, Waste Management and Remediation	7.5%
Professional, Scientific, and Technical Services	6.3%
Wholesale Trade	6.3%
Construction	5.5%
Finance and Insurance	3.7%
Transportation and Warehousing	3.3%
Arts, Entertainment, and Recreation	3.2%
Public Administration	3.2%
Other Services (excluding Public Administration)	2.8%
Information	2.2%
Management of Companies and Enterprises	1.9%
Real Estate and Rental and Leasing	1.9%
Utilities	0.5%
Agriculture, Forestry, Fishing and Hunting	0.5%
Mining, Quarrying, and Oil and Gas Extraction	0.1%

"Industries in which City residents work"

Workers Employed in City (Age 16+)	
Sector	***Share***
Health Care and Social Assistance	17.2%
Educational Services	14.7%
Accommodation and Food Services	12.3%
Manufacturing	12.0%
Retail Trade	11.1%
Construction	5.1%
Administration & Support, Waste Management and Remediation	4.9%
Professional, Scientific, and Technical Services	4.3%
Wholesale Trade	3.7%
Management of Companies and Enterprises	2.9%
Other Services (excluding Public Administration)	2.9%
Transportation and Warehousing	2.7%
Finance and Insurance	1.5%
Arts, Entertainment, and Recreation	1.2%
Real Estate and Rental and Leasing	1.2%
Public Administration	1.0%
Information	0.8%
Utilities	0.4%
Mining, Quarrying, and Oil and Gas Extraction	0.0%
Agriculture, Forestry, Fishing and Hunting	0.0%

"Jobs in the City"

Source: U.S. Census Bureau Center for Economic Studies (2019, Accessed March 2023);
Notes: Categorized by North American Industry Classification System (NAICS) Industry Sectors

WORKER DESTINATIONS & ORIGINS

CITY OF FULLERTON

Outflow: Where Residents Commute To For Work

City	Count	Percentage
Fullerton city, CA	7,026	10.7%
Anaheim city, CA	6,999	10.7%
Los Angeles city, CA	5,297	8.1%
Irvine city, CA	2,928	4.5%
Santa Ana city, CA	2,858	4.4%
Orange city, CA	2,755	4.2%
Brea city, CA	2,482	3.8%
Buena Park city, CA	1,648	2.5%
Garden Grove city, CA	1,212	1.9%
Santa Fe Springs city, CA	1,063	1.6%
Costa Mesa city, CA	1,012	1.5%
Long Beach city, CA	1,006	1.5%
Placentia city, CA	929	1.4%
Tustin city, CA	859	1.3%
Cerritos city, CA	853	1.3%
San Diego city, CA	838	1.3%
La Habra city, CA	788	1.2%
Industry city, CA	723	1.1%
Huntington Beach city, CA	717	1.1%
Newport Beach city, CA	707	1.1%
La Mirada city, CA	609	0.9%
Cypress city, CA	592	0.9%
Yorba Linda city, CA	560	0.9%
Whittier city, CA	505	0.8%
Norwalk city, CA	493	0.8%
All Other Locations	19,998	30.6%

Inflow: Where Workers Come From

City	Count	Percentage
Fullerton city, CA	7,026	11.1%
Anaheim city, CA	5,639	8.9%
Los Angeles city, CA	2,823	4.4%
Santa Ana city, CA	1,976	3.1%
La Habra city, CA	1,710	2.7%
Placentia city, CA	1,542	2.4%
Garden Grove city, CA	1,498	2.4%
Buena Park city, CA	1,467	2.3%
Orange city, CA	1,400	2.2%
Long Beach city, CA	1,342	2.1%
Yorba Linda city, CA	1,276	2.0%
Brea city, CA	1,261	2.0%
Huntington Beach city, CA	850	1.3%
La Mirada city, CA	829	1.3%
Irvine city, CA	776	1.2%
Whittier city, CA	775	1.2%
Corona city, CA	749	1.2%
Norwalk city, CA	726	1.1%
Riverside city, CA	622	1.0%
Westminster city, CA	600	0.9%
South Whittier CDP, CA	565	0.9%
San Diego city, CA	545	0.9%
Tustin city, CA	537	0.8%
Pomona city, CA	524	0.8%
Chino Hills city, CA	507	0.8%
All Other Locations	25,942	40.8%

Source: U.S. Census Bureau Center for Economic Studies (2019, Accessed March 2023)