Agenda Item 11
Dec. 12, 2017

LAW OFFICE OF JOHN P. GIVEN
2461 Santa Monica Blvd., #438
Santa Monica, CA 90404
john@johngivenlaw.com
(310) 471-8485

December 11, 2017

VIA Hand Delivery

The Honorable Los Angeles City Council
Los Angeles City Hall
200 North Spring Street
Los Angeles, CA 90012

RE: CF 17-1031 – VTT-74112-1A, ENV-2013-2994-MND
CF 17-1031-S1 – CPC-2013-2993-GPA-VZC-HD-DB-MCUP-SPR, ENV-2013-2994-MND, ENV-2017-1676-SCEA
Project address: 1525 Industrial Street

Dear President Wesson and Honorable Councilmembers:

The following comments are made on behalf of Arts District Community Council Arts District Community Council Los Angeles ("ADCCLA") and ADCCLA Founding Board Member Yuval Bar-Zemer (collectively "Appellants"). ADCCLA and Bar-Zemer filed appeals regarding the above-captioned project (the "Project") objecting to approval of the Vesting Tentative Tract Map ("VTT") by the Deputy Advisory Agency and the denial of that appeal by the City Planning Commission ("CPC"), as well as an appeal of CPC approvals and recommendations and objections to environmental documents ENV-2013-2994-MND (the "MND") and ENV-2017-1676-SCEA (the "SCEA").

I. PLUM Committee Consideration of Planning's and the Applicant's Late Submitted Materials Violated Appellants' Due Process Rights to a Fair Hearing.

In addition to the many objections already submitted through their appeals and other submissions to the administrative record for the Project, Appellants further object to late submissions to the Council's Planning and Land Use Management Committee ("PLUM"), both by the applicant and the City, without adequate notice to Appellants or other members of the public or an opportunity to review and provide comment on the submissions. Appellants assert that the City's consideration of late-submitted materials without providing members of the public a sufficient opportunity to review or comment violates Appellants' due process rights to receive a fair hearing and invalidates PLUM's findings and recommendations.

PLUM heard the two council files associated with this case on November 21, 2017. PLUM's meeting was scheduled to begin at 2:30p.m. The meeting was called to order at approximately 2:37p.m. As is my usual practice, in the days leading up to the PLUM hearing I closely monitored the electronic council files for the Project.[1] This continued through the morning of November 21, 2017, the day of the PLUM hearing, when I monitored the electronic file until I left my office to travel to downtown Los Angeles to attend and provide testimony at the hearing. At the time I left my office at approximately noon, no new submissions had been posted to the electronic council files since November 8, 2017.

Nonetheless, when the agenda item was called for hearing at approximately 4:40p.m., it was evident that City Planners had recently submitted modified findings for the Project. Appellants later learned Planning staff had submitted an additional document to the record dated November 17, 2017 entitled "PROPOSED MODIFIED FINDINGS FOR CASE NO. CPC-2013-2993-GPA-VZC-HD-DB-MCUP- SPR-1A FOR A SITE LOCATED AT 1525 EAST INDUSTRIAL STREET, 1549 EAST INDUSTRIAL STREET, and 656 – 660 SOUTH ALAMEDA STREET; CF17-1031-S1." The newly submitted proposed findings were a substantially re-worked 68-page amendment to the previous Project findings. Neither Appellants nor other members of the public had an opportunity to review the document in advance of the hearing.

It is unclear why Planning Staff felt the necessity to amend the Project findings, or why it took so long before they were submitted to the record. The City Planning Commission ("CPC") heard the item on August 10, 2017. Neither Appellants' appeals and other submissions nor other public comments received during the administrative process resulted in a recommendation by Planning or a request by the applicant to change any of the Project findings presented to the City Planning Commission on August 10, as reflected in the CPC's determinations published on August 28. Appellants' comments regarding the sufficiency of the Project findings in their appeals and other submissions to the City Council were substantially the same as those presented to Planning prior to the CPC hearing. Both the applicant and Planning had ample time (more than three months) to recommend or request modifications to the Project findings in order to provide notice and an opportunity for Appellants to review and comment on the modified findings if they determined that the items were in any way deficient.

In addition to the late submission by Planning, the applicant's representative submitted three letters not available to the public before the PLUM hearing.[2] Just as Planning's proposed modified findings were not available to Appellants or other members of the public in advance of the hearing, neither were these late submissions from the applicant available.

The first letter requested deletion of condition 7.f of the Vesting Tentative Tract approval and a revision to "Q" condition 12. The second letter acknowledged that the applicant's representative was well aware that the "Planning Department has submitted to the Committee a supplemental

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[1] The electronic council files are available at the website for the Los Angeles City Clerk at: https://cityclerk.lacity.org/lacityclerkconnect/index.cfm?fa=ccfi.viewrecord&cfnumber=17-1031 and https://cityclerk.lacity.org/lacityclerkconnect/index.cfm?fa=ccfi.viewrecord&cfnumber=17-1031-S1.

[2] Two letters were dated November 20, 2017, and a third was dated November 21, 2017, but none were submitted to the City until the PLUM hearing, as indicated by the City Clerk's receipt stamps. The three letters are now available in the electronic council file record at: http://clkrep.lacity.org/onlinedocs/2017/17-1031_misc_aprep_plum_11-21-2017.pdf.

Staff Report with modified findings," even though the public had no notice of the document. The applicant had an opportunity to review the document and expressed that Planning's modified findings "are excellent." Despite Planning's "excellent," albeit unknown to the public, proposed modifications, the applicant's representative had sufficient time to suggest additional modifications in an 18-page attachment. Testimony of Planning staff at the PLUM hearing noted the applicant's proposed modifications had been reviewed by staff prior to the hearing at which they were submitted, evincing coordination between Planning staff and the applicant in advance of the hearing, before the comments had been submitted to the record:

> Late this morning, the applicant also submitted supplemental findings, which they request the City Council to adopt. Staff has reviewed the findings and concurs with the content."[3]

The applicant's final late-submitted item was a letter dated November 21, 2017, the same date as the hearing. The applicant's representative referenced the letter during the PLUM hearing as a point-by-point response to Appellants' appeal.

Upon returning to my office following the PLUM hearing, I again checked the electronic council file to see whether any of these new items referenced by Planning Staff and the applicant were yet available for public review. As of 7:24p.m., they were not.[4] A short time later at 8:02p.m., the City Clerk's office issued an automated email for the two Project council files showing that the above-cited items had finally been added and were now available for review by members of the public.[5]

As explained to the City in a Los Angeles Superior Court opinion in 2012, "a local agency's adjudicatory decisions must be made pursuant to principles of due process." (*La Mirada Avenue Neighborhood Assoc. of Hollywood v. City of Los Angeles*, BS132533, Final Ruling, p. 10 (July 23, 2012), *citing Horn v. County of Ventura* (1979) 24 Cal. 3d 605, 610.)[6] Judge Ann Jones' *La Mirada* opinion further explained that "[t]he deprivation of process in this case – of a basic right to have before [the public] the information upon which the administrative decision rests and an opportunity to be heard as to the competency or adequacy of that information – is patent." (*Id.*, p. 11.)[7] The failure of the City to provide Appellants or the public any notice of important proposed

[3] Hearing audio for the November 21, 2017 PLUM Committee hearing is available online at: http://lacity.granicus.com/MediaPlayer.php?view_id=103&clip_id=17476.

[4] A print out of the LA City Clerk Connect browser window shows the most recent updates to Council Files 17-1031 and 17-1031-S1 as of November 21, 2017 at 7:24p.m. Council File 17-1031 had last been updated on October 31, 2017 and Council File 17-1031-S1 had last been updated on November 8, 2017, long before the late-submitted items referenced in this letter. (*See* Exhibit A.) An email from Deputy City Clerk Zina Cheng, Legislative Assistant for the PLUM Committee shows that it is her practice to update the LA City Clerk website if she receives materials before 11:30a.m. on the day of the PLUM hearing, suggesting that the City Clerk had received neither the City's nor the applicant's late submissions until after 11:30a.m. on November 21, or they would have been posted. (*See* Exhibit B.)

[5] Exhibit C, Email from Los Angeles City Clerk to John Given, Nov. 21, 2017, 8:02p.m.

[6] The ruling is attached as Exhibit D.

[7] The opinion also makes clear that a "neighborhood adversely affected by a proposed development has a deprivation substantial enough to require procedural due process protection." (*Id.*, p. 11, fn. 13, *citing Horn*, 24 Cal. 3d at 615.)

Project document revisions prior to the PLUM Committee hearing, or a sufficient opportunity to review and respond to the documents, violates the City's due process obligations to Appellants and members of the public.

II. Appellant's Appeal Materials for Vesting Tentative Tract Map VTT-74112 Were Not Included in the PLUM Committee Agenda ePacket.

In advance of Los Angeles City Council and the Council's committee hearings, the Los Angeles City Clerk staff prepares an "Agenda ePacket" for the benefit of committee members and members of the public, comprised of materials submitted by City and other agencies and members of the public.[8] I have downloaded and reviewed the entire 739-page Agenda ePacket for the November 21, 2017 PLUM Committee hearing at which the Project and appeals were considered. The ePacket portion relevant to the Project begins on page 110 and ends on page 222. Neither Appellants' original January 17, 2017 appeal of the Deputy Advisory Agency's approval of Vesting Tentative Tract Map VTT-74112 to the City Planning Commission, nor Appellants' September 7, 2017 appeal of the City Planning Commission's action denying Appellants' appeal of the tract map approval and upholding the Deputy Advisory Agency's approval are found within those pages.[9]

The PLUM Committee cannot have evaluated Appellants' tract map appeal arguments and evidence as to whether the City Planning Commission erred or abused its discretion if it did not even receive those materials. Appellants were granted only five minutes in the PLUM Committee hearing to present testimony in support of both their tract map and entitlement appeals, and were thus entirely reliant on the PLUM Committee members' ability to have a complete and fair record of the case before them as they considered the matter. The Planning Department's failure to transmit the minimally necessary information to the PLUM Committee members for their consideration is further strong evidence that Appellants did not receive, and could not have received, a fair hearing before the City's PLUM Committee. As discussed above, it is patent that the decisionmaker have before it the relevant information necessary to make its determination. (*See Horn v. County of Ventura* (1979) 24 Cal. 3d 605.) It is settled law that in the adjudicative context "he who decides, must hear." (*Vollstedt v. City of Stockton* (1990) 220 Cal.App.3d 265, 275.)[10]

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[8] *See generally*, LA City Clerk Connect webpage, tab labeled "Agenda ePackets," available at: https://cityclerk.lacity.org/lacityclerkconnect/.

[9] It is noteworthy that the late-submitted materials discussed above in Part I were also not included in the PLUM Committee's November 21, 2017 Agenda ePacket.

[10] While *Vollstedt* does not require that the ultimate City decisionmakers must "peruse every exhibit" and largely leaves to the decisionmakers' discretion "the extent to which an independent study of the evidence is necessary," omitting Appellants' tract map appeals from the information provided to the PLUM Committee while providing the applicant's appeal of the tract map's environmental document and Appellants' entitlement appeal evinces inadequate review of Appellants' tract map appeal. (*Vollstedt,* 220 Cal.App.3d at 276 ("[C]learly a total absence of independent review is inadequate.").)

As this submission is being prepared, the Agenda ePacket for the City Council's upcoming December 12, 2017 hearing, at which the Project will be considered, contains only the Council Agenda, and no other materials. Appellants thus reserve the right to contest the adequacy of information provided to councilmembers and members of the public as the full City Council considers approval of the Project and denial of Appellants' appeals.

Further, Appellants object that the Project appeals are to be considered by the full City Council on part of the agenda labeled "Items for which Public Hearings Have Been Held." PLUM is not empowered to make a final decision on either the Project approvals or the appeals, and may only provide its recommendation to the City Council. (Los Angeles City Charter § 240 *et seq.*) Especially considering that the PLUM Committee did not have before it the relevant information necessary to make a fully informed recommendation to the Council, the City Council must re-notice and hold a public hearing on the matter based on a more complete record.

III. The Late-Submitted Findings Revisions and Other Materials Do Not Alter Appellants' Analysis of or Objections to the Project.

As described above, consideration by the PLUM Committee of Planning's and the applicant's late-submitted materials deprived Appellants and other members of the public of notice and an opportunity to be heard. Regardless, the late-submitted materials do not resolve Appellants' numerous objections.

Following the PLUM hearing, the City Clerk published a joint PLUM report for both council files associated with the Project, noting that PLUM had adopted the findings of the Los Angeles City Planning Commission.[11] Notwithstanding that report, on December 5, 2017, Planning staff submitted revised conditions of approval for both the VTT and entitlements, as well as revised findings for the planning case (i.e., the non-VTT portion of the Project).[12] These revised Findings are a confusing assemblage of Planning's and the applicant's late submissions to PLUM, and the revisions appear to include some of the new proposed language while leaving out other new proposed language in a way that is confusing and not clear in the record. Further, given that the applicant's revised language was not properly before the PLUM committee members in time for them to consider the proposed revisions in advance of the hearing (for example, the clerk's receipt stamp shows the applicant's revisions were submitted to the PLUM committee *in* their hearing), it is unclear whether the PLUM recommendation to adopt the proposed revisions was actually based on a review of the late-submitted materials.

With respect to the revised Project entitlement findings, they remain inadequate because they are

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[11] PLUM Report for Council Files 17-1031 and 17-1031-S1 (Nov. 21, 2017), p. 1, available at: http://clkrep.lacity.org/onlinedocs/2017/17-1031_rpt_plum_11-21-2017.pdf.

[12] Appellants note that the planning case Revised Conditions of Approval and Revised Findings are mis-numbered. Ordinarily, conditions of approval have page numbers of C-1, C-2, and so forth, and finding pages are number F-1, F-2, etc. In the supplemental document submitted by Planning, the conditions of approval are numbered F-1 through F-12, and then the page numbers begin again at F-1 for the findings. This letter references only the revised findings, not the revised conditions of approval.

inaccurate, incomplete, and based on speculation and not supported by substantial evidence.

The findings continue to state that the Project site is located within the Arts District. (*See, e.g.*, Finding 1, p. F-1, Finding 2, p. F-2, Finding 10.b, p. F-35.) As in Appellants' submissions this is incorrect. But in any event, the findings are inconsistent as to whether the Project is within or only adjacent to the Arts District. (*See* Finding 1, paragraph 2 [stating "[t]he project site is *adjacent to* the Artist-In-Residence District"]; *see also* Finding 2, p. F-6.)

Paragraph 5 of Finding 2 (one of four new paragraphs added to the beginning of the revised finding) notes that "Metro is currently considering extending both the Santa Ana Line and Purple Line through the Arts District, and is considering multiple stations in the project vicinity." (Finding 2, p. F-2.) This statement is clearly speculative and unsupported by record evidence.

Apparently in response to Appellants' criticism that the community plan analysis cherry picks those parts of the community plan for discussion that best fit the City's desired conclusion, the City has removed from Finding 2 the following sentence: "The mixed-use project is consistent with several objectives and policies of the Central City North Community Plan." In its place, the revised finding states: "The project, which would provide a mixed-use residential/commercial development, would conform to the goals, objectives, and land uses identified in the Community Plan." (Finding 2, p. F-9.) But the revised findings still fail to address the Community Plan's clear preference to retain, and expand where possible, industrially designated land, as discussed in Community Plan Objective 3-3. (Central City North Community Plan ("CCN Community Plan"), p. III-9.)

In addition, the analysis continues to focus primarily on housing and commercial development, and alludes to industrial land use only in the residential and commercial use context that justifies removal of the industrial zoning and land use designation, in direct conflict with the express language and clear intent of the community plan.

The inclusion of language describing the average capacity of public cold storage facilities in the record is not substantial evidence that the Project site could not be used for some other industrial use than cold storage. Testimony that nature of the lot as flag-shaped and without a so-called "cross-dock" makes it "unsuitable for other industrial uses" is likewise speculative and not substantial evidence. (Finding 2, p. F-11.) It is clear that the applicant has a preference that its parcel no longer retain its industrial zoning and land use designation, but the applicant's stated preferences are *not* substantial evidence that there are not viable alternative industrial uses possible for a 2.59 acre lot. With a 0.9% vacancy rate, Los Angeles has the lowest industrial vacancy rate of any major City in the country, well below the national average of 5.8%.[13] Recent local news articles show that industrial firms continue to move into available industrially zoned land in the downtown Los Angeles industrially zoned area in and around the Arts District.[14]

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[13] Jones Lang LaSalle IP, Inc., *Industrial Outlook, United States | Q4 2016* (2017), pp. 4, 6, 10, 36 (attached as Exhibit E).
[14] For example, Exhibit F includes three such articles, two of which show that even modestly sized industrial spaces continue to be viable for a variety of industrial uses.

It is telling that in response to the applicant's representative's suggestion that the findings include references to the CCN Community Plan's Policy 3-1.1, which supports community plan Goal 3, Objective 3-1, Planning staff omitted the reference.[15] It is self-evident that removing 2.59 acres of industrially designated and zoned land from the City's small base of industrial land does not support Goal 3 of the community plan, which requires the City to provide "[s]ufficient land for a variety of *industrial* uses with maximum employment opportunities..." (CCN Community Plan, p. III-8.) Likewise, Planning staff chose not to incorporate Community Plan Objective 3-3 into the revised Findings, which states that the City's objective is to "*retain industrial plan designations* to maintain the industrial employment base for community residents and to *increase it whenever possible*." (*Id*., p. III-9 (emphasis added).) Similarly, the revised findings leave out Policy 3-3.1, which notes that "[t]he numerous large rail yards *and other industrially planned parcels located in predominantly industrial areas* should be protected from development by other uses which do not support the industrial base of the City and the community." (*Ibid.* (emphasis added).) The Project site is precisely such a parcel that the Community Plan identifies as needing to be protected. To support Goal 3, Objective 3-3, the Community Plan has a program to retain industrial land use designations that the Findings ignore. (*Ibid.*)

The revised findings include the applicant's proposed language that suggests it is ok for the City to whittle away this particular site's industrial designation, because it only accounts for two tenths of one percent of industrially zoned land found within the community plan area. First, it is unclear whether this is statistically true. As discussed in Appellants' earlier submissions, the City's 2007 Industrial Land Use Policy study, which postdates the Community Plan data by at least seven years, noted that as much as 26% of the City's industrially zoned land has been given over to uses other than industrial. But even the Community Plan, adopted in 2000, identified "[i]ntrusion of commercial and residential uses into previously industrial areas" as an issue in the community plan area, which is why the City, through the CCN Community Plan, the 2007 industrial land use study, and the General Plan Framework Element, determined that preservation (and where possible, expansion) of industrially zoned and designated land was so critical.

As Appellants have repeatedly pointed out, "[i]t is the intent of the General Plan Framework Element to preserve industrial lands for the retention and expansion of existing and attraction of new industrial uses that provide job opportunities for the City's residents." (Los Angeles General Plan Framework Element, Chapter 3.) The City is required to undertake planning studies before the City engages in conversion of industrial land to non-industrial use. City policies included within the General Plan, whether expressed in the Framework Element or the applicable community plan, do not allow for whittling off 2-3 acre industrial parcels to other uses on an ad hoc basis just because they represent only a small portion of industrial lands. (*Ibid.*)

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[15] Community Plan Policy 3-1.1 states: "Designate lands for the continuation of existing undistry and development of new industrial parks, research and development uses, light manufacturing, and similar uses which provide employment opportunities."

The City has utterly failed to consider the cumulative impact of such approvals, even as similar projects that will also convert industrially zoned and designated land are under review by the City. (*See*, *e.g.*, portions of environmental review documents for projects located at 670 Mesquit Street and 668 S. Alameda Street, attached as Exhibits E and F, respectively.)[16, 17]

IV. Conclusion

Appellants urge the City to consider the totality of the record regarding the Project, reject the recommendation from Planning and the PLUM Committee, and uphold Appellants' appeals and deny approval for the Project.

Sincerely,

John P. Given

Cc (by email only): Clients

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[16] Exhibit G is the City's April 25, 2017 Notice of Preparation of Environmental Impact Report and Public Scoping Meeting for the 670 Mesquit project. Pages 3-4 of Exhibit G show the requested entitlements include a change of land use designation from Heavy Industrial to Regional Center Commercial and change of zone from a base zone of M3 to C2. Exhibit H is Chapter 2 of the Draft Environmental Impact Report for the Avalon Bay project located at 668 S. Alameda (across the street from Camden's 1525 Industrial Street Project). Page 2-16 of DEIR Chapter 2 describes the same changes to Regional Center Commercial and C2 zoning from Heavy Industrial and M3 zoning.

[17] These two projects are also clear examples of the City's de facto continuation of the HI Zone ordinance through other means, as described in Appellants submissions and testimony to PLUM, even though the Los Angeles Superior Court ordered the City to set aside its approval of the HI Zone ordinance because in adopting the ordinance the City failed to properly evaluate its environmental impacts.

EXHIBIT A

Council File Management System | Contracts | Agenda ePackets | Referral/Journal(Minutes) | Ordinance Search | Disclaimer / Help

Search Criteria — Reset

Simple Search — Search

Search: 17-1031

☐ Search exact word or phrase

(•) Search All Content ( ) Council Files Only ( ) Motions Only
( ) Resolutions Only ( ) Motions and Resolutions Only

Advanced Search — Search

Search Results: Top 500 Records

Summary Report - by Council File Number (PDF) — Create Report

Sort by - Relevance

Filter Search Results:

Showing 500 Records

Council File	Title	Last Change
17-1031	1525 and 1549 East Industrial Street / 656 - 660 South Alameda Street / Appeal	10/31/2017
17-1031-S1	1525 East Industrial Street / 1549 East Industrial Street / 656 South Alameda Street / 656-660 South Alameda Street / General Plan Amendment / Vesting Zone Change / Height District Change / Appeal	11/08/2017
02-0005-S90	REAP REMOVAL / 1027 - 1031 1/2 EAST 22ND STREET	05/28/2002
08-1031-S1	Park 5th Mixed Residential, Hotel and Commercial Development Project	10/16/2008
93-1031	93-1031	05/18/2002
08-1031	427 WEST FIFTH STREET / 431-445 SOUTH HILL STREET / MIXED DEVELOPMENT	05/29/2008
09-2868	Central Hollywood Neighborhood Council / Highland Medians / Pipeline Franchise Revenue	12/21/2009
06-1031	6415 WEST RODGERTON DRIVE / IRREVOCABLE OFFER TO DEDICATE	08/17/2007
02-1031	2001-2004 MEMORANDUM OF UNDERSTANDING / DEPUTY CITY ATTORNEYS (MOU 29) / MANAGEMENT ATTORNEYS (MOU 32)	03/08/2005

EXHIBIT B

From: **Zina Cheng** zina.cheng@lacity.org
Subject: Re: Submission for 11/21 PLUM hearing, agenda item 8 (CF 17-1031 & 17-1031-S1)
Date: November 21, 2017 at 10:03 AM
To: John Given johnpgiven@gmail.com
Cc: Clerk-PLUM-Committee clerk.plumcommittee@lacity.org

ZC

Yes, please send a digital copy by 11:30 am today if you would like for the letter to be added to the website before the PLUM meeting today.
If I receive after 11:30 am, then the document will be added to the website tomorrow.

Zina Cheng
Deputy City Clerk/Legislative Assistant
Planning and Land Use Management Committee

City of Los Angeles, Office of the City Clerk
Council and Public Services
(213) 978-1074 **new phone number*
zina.cheng@lacity.org

On Mon, Nov 20, 2017 at 5:52 PM, John Given <johnpgiven@gmail.com> wrote:

> Dear Ms. Cheng:
>
> I wanted to draw your attention to a submission filed with the City Clerk's office this afternoon regarding the above-captioned case set for hearing before PLUM tomorrow afternoon. Appellants ADCCLA and Yuval Bar-Zemer provided an original and nine copies of a letter regarding both council files primarily summarizing earlier submissions to the administrative record for the assistance of PLUM committee members.
>
> I am pleased to provide a digital copy by email if you let me know that you would like to receive one.
>
> Sincerely,
>
> John Given
>
> --
> John Given
> Law Office of John P. Given
> 2461 Santa Monica Boulevard, #438
> Santa Monica, CA 90404
> (310)471-8485
>
> --
>

EXHIBIT C

From: **City Clerk** Clerk-ENSLA@lacity.org
Subject: LACityClerk Connect - Council File Update
Date: November 21, 2017 at 8:02 PM
To: john@johngiven.com

CC

You are receiving this email because you have subscribed to the Council File Management System in order to receive updates to specific City Council Files. Please click on the links below to view the documents that match your subscription.

Council File Number: 17-1115
Council File Title: Tour Bus / Unsafe Route or Street / Retrictions
Latest Action Taken:

Date	Activity
11/21/2017	**Document:** A new online document has been added: 'Report from Transportation Committee' with Doc Date: 10/25/2017

To UNSUBSCRIBE from this Council File, or view all your subscriptions, click here to view Council File subscriptions.

Council File Number: 17-1031-S1
Council File Title:1525 East Industrial Street / General Plan Amendment / Vesting Zone Change / Height District Change / Appeal
Latest Action Taken:

Date	Activity
11/21/2017	**Document:** A new online document has been added: 'Communication from Applicant Representative' with Doc Date: 11/20/2017
11/21/2017	**Document:** A new online document has been added: 'Communication from Appellant Representative' with Doc Date: 11/21/2017
11/21/2017	**Document:** A new online document has been added: 'Communication from Department of City Planning' with Doc Date: 11/17/2017
11/21/2017	**Document:** A new online document has been added: 'Communication from Appellant Representative' with Doc Date: 11/20/2017

To UNSUBSCRIBE from this Council File, or view all your subscriptions, click here to view Council File subscriptions.

Council File Number: 17-1031
Council File Title:1525 and 1549 East Industrial Street / 656 - 660 South Alameda Street / Appeal
Latest Action Taken:

Date	Activity
11/21/2017	**Document:** A new online document has been added: 'Communication from Appellant Representative' with Doc Date: 11/20/2017
11/21/2017	**Document:** A new online document has been added: 'Communication from Applicant Representative' with Doc Date: 11/20/2017
11/21/2017	**Document:** A new online document has been added: 'Communication from Appellant Representative' with Doc Date: 11/21/2017

To UNSUBSCRIBE from this Council File, or view all your subscriptions, click here to view Council File subscriptions.

Council File Number: 15-1138-S1
Council File Title: Comprehensive Homeless Strategy
Latest Action Taken:

Date	Activity
11/21/2017	Council action final.
11/21/2017	**Document:** A new online document has been added: 'Council Action' with Doc Date: 11/21/2017

To UNSUBSCRIBE from this Council File, or view all your subscriptions, click here to view Council File subscriptions.

Office of the City Clerk
Council & Public Services Division
City of Los Angeles
Email: Clerk-ENSLA@lacity.org

EXHIBIT D

SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES

DATE: 07/23/12	DEPT. 86
HONORABLE ANN I. JONES JUDGE	N DIGIAMBATTISTA DEPUTY CLERK M. D. CLARK/COURTROOM ASST
HONORABLE JUDGE PRO TEM	ELECTRONIC RECORDING MONITOR
1 NONE Deputy Sheriff	NONE Reporter

8:30 am	BS132533 LA MIRADA AVE NEIGHBORHOOD ASSO OF HOLLYWOOD VS CITY OF LOS ANGELES ET AL CEQA case	Plaintiff Counsel Defendant Counsel NO APPEARANCES

NATURE OF PROCEEDINGS:

HEARING ON PETITION FOR WRIT OF MANDATE
RULING ON SUBMITTED MATTER

The court having taken the above matter under submission on July 20, 2012, now makes its ruling as follows:

The petition for writ of mandate is granted for the reasons set forth in the document entitled COURT'S RULING ON PETITION FOR WRIT OF MANDATE HEARD ON JULY 20, 2012, signed and filed this date.

Counsel for petitioner is to prepare, serve and lodge the proposed judgment and writ within ten days. The court will hold the documents ten days for objections.

A copy of this minute order as well as the Court's Ruling are mailed via U.S. Mail to counsel of record addressed as follows:

ROBERT P. SILVERSTEIN, ESQ., 215 N. MARENGO AVE., 3RD FL., PASADENA, CA 91101-1504

TIMOTHY MCWILLIAMS, ESQ., L.A. CITY ATTY'S OFFICE, 200 N. MAIN ST., CHE - ROOM 701, LOS ANGELES, CA 90012

R. J. COMER, ARMBRUSTER, GOLDSMITH, ET AL, 11611 SAN VICENTE BLVD., SUITE 900, LOS ANGELES, CA 90049

MINUTES ENTERED
07/23/12
COUNTY CLERK

ORIGINAL FILED

JUL 2 3 2012

LOS ANGELES
SUPERIOR COURT

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

LA MIRADA AVE NEIGHBORHOOD ASSN ETC.	)	
Petitioner	)	
vs	)	**CASE NO. BS132533**
CITY OF LOS ANGELES, ET AL	)	
Respondents	)	

COURT'S RULING ON PETITION FOR WRIT OF MANDATE HEARD ON JULY 20, 2012

Petitioner La Mirada Avenue Neighborhood Asssociation of Hollywood ("La Mirada") challenges the decision of the Respondents City of Los Angeles and the Los Angeles City Council ("Los Angeles" or "City") to certify an Environmental Impact Report ("EIR") and to approve the Hollywood/Gower Project ("Project"), a proposed residential condominium tower with retail spaces on the ground floor. Real Party in Interest 6104 Hollywood, LLC ("6104 Hwd") is the Project developer. Petitioner asserts two arguments: (1) that the City denied La Mirada a fair hearing and (2) that the City violated CEQA in connection with the Project approvals.

In opposition, the City and the Real Party in Interest assert that Petitioner received a fair hearing and that its CEQA challenges are without merit. The City asserts that it afforded Petitioner ample and legally sufficient due process in this instance. And, the City argues that the EIR's analysis, most specifically of parking effects of the project, is adequate and supported by substantial evidence.

After considering the parties' briefs, the augmented administrative record and judicially noticed materials,[1] having heard argument and having taken the matter under submission, , the Court rules as follows:

[1] The Petitioner's motion to augment the record to include e-mails by certain staff members (tabs 1-5) and "declaratory evidence of Petitioner's representative and counsel" (tabs 6-7) is granted.

With respect to the staff generated e-mails contained in tabs 1-5, the motion is granted. The e-mail chatter of certain staff members, while not ordinarily relevant, may be added to the record when it evinces impropriety in the process itself. Code of Civ. P. 1094.5; Clark v. City of Hermosa Beach, 48 Cal. App. 4th 1152, 1170 n. 17 (1996). And, this material existed before the agency made its decision and Petitioner was not able with the exercise of reasonable diligence to present these facts to the decision maker before the decision was made. See Western States Petroleum Association v. Superior Court, 9 Cal. 4th 559, 577-578 (1995). Nor are these documents protected under the deliberative process privilege. These documents show the timing by which certain materials were obtained, whether

Statement of Facts

The Project site consists of a 47,000+ square foot site that is currently vacant. (AR 258). Petitioner plans to construct a 20-story mixed use building with 192,000+ square feet of total floor area. (Id.) The building was originally planned to contain 151 residential units and 6,200 square feet of ground-level retail located along Hollywood Boulevard. (Id.) The project included five levels of parking with 331 spaces for residential development and 14 spaces for the

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those materials were placed in the public file, whether those materials were considered by the decision-maker at the hearing and the access afforded by interested parties to the decision-makers. All of these non-deliberative facts are highly probative on the issue of whether the administrative process in this instance was "fair."

With regard to the "declaratory evidence" set forth in tab 6, the motion is denied. The facts set forth in paragraphs 1-9 were known by the declarant before the final administrative action in this case on May 10, 2011 and there is nothing that would have stopped Petitioner in the exercise of reasonable diligence from presenting this information to at the PLUM Committee hearing. Thus, this declaration fails to meet the strict and narrow exceptions to the general rule of inadmissibility of extra-record evidence in administrative mandamus proceedings. Western States Petroleum Association v. Superior Court, 9 Cal. 4th 559, 577-578 (1995). Paragraph 10 is covered in the Declaration of Daniel Wright and is, therefore, cumulative.

With regard to tab 7, that same objection applies to paragraphs 2-6 of the Wright Declaration. However, in Paragraph 7, Attorney Wright notes that the May 10, 2011 letter from Dale Goldsmith, containing the Hirsch/Green Parking Study, was not available to the public until May 11 – one day *after* the PLUM Hearing was held and closed. This fact and this information could not have been presented to the PLUM Committee before the hearing; nor (given the nature of the City Council's determination of this matter without further hearing) could it have been presented in the exercise of reasonable diligence to the City Council. Accordingly, the Court grants the motion to augment the administrative record to include tab 7, paragraphs 1 and 7.

The Petitioner's motion to further augment the administrative record is granted. Although late, it requests that the court consider additional e-mails showing exactly when the Hirsch/Green parking study was provided to the City Planning staff and the timing of staff revisions to the developer's supplemental findings. As discussed above, these materials are relevant, existed at the time of the administrative proceeding and could not have been obtained and put into the record with the exercise of reasonable diligence. As before, these e-mails were never presented to the decision-makers in the matter or considered by them. They are, therefore, not protected by the deliberative process privilege.

Petitioner's requests for judicial notice of exhibits A-C are denied. While records of the Superior Court are ordinarily subject to judicial notice, these decisions involve a wholly different case. The unremarkable proposition that different judges rule in different ways is not sufficiently relevant to allow these documents to be judicially noticed. To be judicially noticed, the evidence must also be relevant. Evid. Code 350.

Respondents' and Real Party's joint request for judicial notice of Exhibit 1 is denied. Although selected portions of the California Natural Resources Agency's December 2009 Statement of Reasons for Regulatory action may constitute official acts of a public entity and otherwise no subject to dispute and capable of immediate and accurate determination, they are properly objected to as partial and irrelevant. The responses to comment, which makes up a substantial part of the Request for Judicial Notice, appears merely to be staff responses at a public hearing that were not adopted by any official act of the Natural Resources Agency's Board. Additionally, this partial document did not inform any aspect of the environmental review conducted by the City in this case.

The Court does, however, grant judicial notice of the City's Administrative Code (Exhibit 2), without deciding the issue of whether it is valid after the enactment of the new City Charter in 1999. The Court shall also take Judicial Notice of Exhibit 3, which is a portion of the LAMC.

retail development, for a total of 345. (AR 258, 315). As of the date of the PLUM Committee hearing, the Project had grown to include 176 condominiums and 7,200 square feet of ground floor retail uses – with the same number of parking spaces. (AR 2106).

On January 28, 2008, the City issued a notice of preparation of an Environmental Impact Report ("EIR") on the Project.[2] (Id.) In October 2009, the Draft EIR was completed. (AR 1724). In the summary of impacts prepared as part of the Draft EIR, the City noted that the proposed project would not meet the Planning Department's Residential Parking policy. (AR 315). Under that Policy, a condominium is required to have two spaces per unit, plus .5 spaces per unit for guest parking. (Id.) Using that model, the project would have 109 spaces less than required.[3] (Id.)

Although the applicant expressed "confidence" that it would have sufficient parking because the project would operate initially as an apartment building rather than a condominium, it was noted in the Draft EIR that the Project location was in a "parking congested area."[4] (Id.) The Draft EIR also noted that "the Project was targeted" to individuals and households attracted by walking and public transit. (Id). No additional mitigation measures were proposed. (Id.)

In a later portion of that same Draft EIR, however, the agency opined that "[g]iven the urban surroundings of the project, and the availability of public transit opportunities adjacent to and in close proximity to the site, the proposed amount of residential parking is anticipated to be adequate to meet the needs of the project. (AR 334). It was also noted that a recently approved project in the vicinity was required only to provide .25 guest spaces per unit, rather than the .5 spaces required by the Parking Authority Guidelines. Under this model, the Project would be only 65 "resident" spaces deficient. (Id.) Nonetheless, the applicant would request a waiver from the Planning Department's Residential Parking policy.[5] (Id.) And, to state the obvious, were the project to provide less parking than needed, it would result in a significant impact on parking. (AR 661). But, it might occasion a reduction in the significant and unavoidable traffic impacts at adjacent intersections during peak traffic time. (AR 754).

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[2] The City's Initial Study identified inadequate parking capacity as a potentially significant impact of the Project which would be evaluated in an EIR. (AR 850-51). Respondent wishes to retract this admission based on a state agency's Statement of Reasons for Regulatory Action promulgated after the Draft EIR was prepared and circulated. The Natural Resources Agency's Statement did not inform the instant CEQA process, nor was it cited by or relied upon by the decision maker in this case. Accordingly, it is outside of the record and shall not be considered as part of this mandamus proceeding. Western States Petroleum, *supra*, 9 Cal. 4th at 577-578.

[3] In its current dimension, the Project's residential parking spaces are thirty percent below what is required by the Planning Department's Residential Parking policy for condominiums. (AR 2290).

[4] While the initial development might be rented as apartments, the developer requested a subdivision map that would allow the units to become condominiums in the future were the market demand for such units develop. (AR 1845). For a proper assessment of the Project's potential effects, therefore, the Project would be evaluated under the parking policy relating to condominiums. (AR 1846). The Real Party's effort to characterize the Project as "code compliant" by applying the apartment standard is wholly incorrect. (AR 4664).

[5] The Draft EIR assumed that the City's parking requirements applied to the proposed Project. (AR 685).

In a report dated September 2008, Hirsch/Green Transportation Consulting, Inc. made many of the claims contained in the Draft EIR. Because the Project was located in an urban neighborhood with proximate public transit, the expert assumed that it would not be necessary for residents to own and park two vehicles per unit. (AR 1488). In addition, the consultants assumed that the project could secure an exemption to allow .25 guest space model, as had been used at another near-by development.[6] (Id.) Without further analysis, the expert declared the parking for the Project to be adequate. (Id.)

A number of comments were submitted by interested persons in response to the Draft EIR. (AR 1828-1835). One commentator challenged the use of the .25 guest space model because the project for which that variance was provided had a surplus of parking for its retail component. (AR 1831). Such an assumption for this Project, however, would be improper as there was no retail parking surplus. (Id.) In reply, the agency made the same argument as was contained in the Draft EIR – this is an urban setting in which public transit would be available and, by implication, two cars per household would not be necessary. (AR 1846). Nothing is mentioned about surplus retail parking at the other location or the sufficiency of guest parking with a .25 per unit ratio. (Id.)

In June 2010, a Final EIR was prepared. (AR 1925). In the Final EIR, the City noted that the Project's parking spaces would fall well below the applicable recommended residential parking ratios. (AR 1811). In response, there were no mitigation measures required and the claimed impact of such parking shortages was deemed "less than significant." (Id). Again, the parking was presumed adequate because of the urban surroundings and the availability of public transit. (AR 1812). Once again, the EIR noted that the developer would apply to obtain a reduction in the required number of guest parking spaces, but noted that the Project would still fail to meet existing parking requirements. (AR 1812).

In August 2010, the City's Advisory Agency, which is responsible for subdivision map applications, and a hearing officer, conducted a joint public hearing on the project. (AR 2105-07). At that hearing, Petitioner and others made objections to the proposed Project. (AR 2029). Nevertheless, the Advisory Agency approved the tentative tract map, including a reduction in the parking required for the Project. (AR 3078-83). Petitioner timely appealed that decision to the Planning Commission.

In December 2010, the Planning Commission heard the appeal of the tentative tract map decision and the zoning entitlements sought by the Real Party. (AR 3195-96). Over expressed reservations regarding the adequacy of the parking in the building, the Commission adopted the EIR, approved the Project and denied Petitioner's appeals. (AR 2217, 2229, 3352, 3378, 3407-08, 3440, 3461, 3487). Petitioner timely appealed. (AR 3517-35, 3669-82).

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[6]The Consulting Report is confusing on this point. At one point, the consultant's note that the City of Los Angeles' policy is to require additional guest parking at .5 spaces per unit and that this rule applied to this project. (AR 1486-87). At another point, they use .25 guest spaces per unit to conclude that "the proposed amount of residential parking is anticipated to be adequate to meet the needs of the project." (AR 1488). There is no discussion as to any similarity or dissimilarity of the other project's parking situation with those present in the proposed Project.

On April 7, 2011 – four months after the Planning Commission adopted the EIR and approved the project and five days before Petitioner appeal was to be heard by the PLUM Committee -- 6104 Hwd's land use consultant submitted a letter that was added to the City Council file for on line viewing. (Joint Answer ¶ 26). That letter urged the members of the Planning and Land Use Management (PLUM) Committee of the City Council to adopt "Supplemental Findings" provided by the Planning Department. (AR 4077-83). At that time, there were no "Supplemental Findings" in the City Council File. (Joint Answer ¶ 27).

On that same day, April 7, the developer's consultant submitted draft review supplemental findings to City Planner Jae Kim "for his independent review and consideration." (Joint Answer ¶ 32.)

On April 12, the PLUM Committee continued the meeting to approve the project and to consider Petitioner's appeal until May 10, 2011. (AR 2269-70).

During the brief continuance, Petitioner repeatedly checked the City Council's public file and inquired of City Council staff regarding the existence of such "supplemental findings." On May 5 or 6, City Planner Jae Kim acknowledged that the developer had provided the Planning Department with "courtesy" supplemental findings, but Kim stated that the City had no intention of submitting any such findings at the May 10 hearing. (Verified Petition at 34).

Nevertheless, Petitioner's representative traveled to City Hall the next day and obtained a copy of these "courtesy supplemental filings" (Id. ¶ 35). One document contained 139 single-spaced pages of "Findings," and another was 110 single-spaced pages of "Findings of Fact (CEQA)." Id. Three days before the hearing, therefore, Petitioner received for the first time over 200 pages of proposed "courtesy supplemental filings" what had been provided by the developer to the City almost a month earlier. And, these "supplemental findings" further referred to a "parking utilization study" that was not included in the materials. (Verified Petition ¶ 39).

Immediately before the PLUM Committee meeting commenced, City Planner Jae Kim handed Petitioner's representative a set of "revised findings" that would be presented to the PLUM Committee. (Joint Answer ¶ 39; AR 2105). The first document, entitled "Supplemental Findings," was 134 single-spaced pages. The other document, entitled "Findings of Fact (CEQA)" was 97 pages in length. (Id.; AR 27-257) The 295 page "parking utilization study" referred to in the findings was not included in these materials. (Augmented Record at Tab 7, ¶ 7; AR 2288).

Despite Petitioner's request for a two-week continuance in order to give Petitioner an opportunity to rebut these newly submitted findings, PLUM concluded the hearing and voted to adopt the EIR, approve the Project without modification and deny Petitioner's appeals.[7] (AR 2284-2288, 2325-2326).

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[7] Although RPI argued that this meeting remained open for submission of additional materials after the vote had been taken, the decision/recommendation by PLUM had occurred. The courts have articulated (and CEQA Guidelines have restated) six separate policy grounds justifying the requirement that agencies seek and respond to comments: (1) "sharing expertise; (2) disclosing agency analysis; (3) checking for accuracy; (4) detecting omissions; (5) discovering public concerns; and (6) soliciting counterproposals. CEQA Guidelines § 15200. The process

One day after the PLUM hearing, the City Clerk made available in the City Council file the May 10, 2011 letter from Real Party's attorney and the March 2011 Hersch/Green parking study and other sources. (AR 4727-4790).

On May 17, 2011, the City Council certified the EIR and adopted the findings of the PLUM Committee and denied the Petitioner's appeal without further hearing. (AR 2331).

Petitioner filed the Instant writ on June 15, 2011.

Statement of Issues

Both Respondent and Petitioner have set forth the Statement of CEQA Issues pursuant to Public Code Section 21167.8(f). The court incorporates those statements as if fully set forth herein.

Standard of Review

In any action or proceeding . . . to attack, review, set aside, void or annul a determination, finding or decision of a public agency on the grounds of non-compliance with CEQA, the inquiry shall extend only to whether there was a prejudicial abuse of discretion. Abuse of discretion is established if the agency has not proceeded in a manner required by law, or if the determination or decision is not supported by substantial evidence." Madrigal v. City of Huntington Beach, 147 Cal. App. 4th 1375, 1381 (2007).

Substantial evidence is defined as "enough relevant evidence and reasonable inferences from this information that a fair argument can be made to support a conclusion, even though other conclusions might also be reached." 14 CCR § 15384(a). Substantial evidence, however, is not "argument, speculation, unsubstantiated opinion or narrative, evidence which is clearly erroneous or inaccurate or evidence of social or economic impacts which do not constitute or are not caused by physical impacts . . . " 14 CCR § 15384(a).

In applying the substantial evidence standard, "the reviewing court must resolve reasonable doubts in favor of the administrative finding and decision." Topanga Ass'n for a Scenic Community v. County of Los Angeles, 11 Cal. 3d 506, 514 (1974). However, a clearly inadequate or unsupported study is entitled to no judicial deference. Berkeley Keep Jets Over the Bay Comm. v. Board of Port Comm'rs., 91 Cal. App. 4th 1344, 1355 (2001).

Persons challenging an EIR bear the burden of proving that it is legally inadequate and that the agency abused its discretion in certifying it. Cherry Valley Pass Acres and Neighbors v. City of Beaumont, 190 Cal. App. 4th 316, 327-28 (2010).

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employed in this case effectively negated the benefits of meaningful public participation. CEQA's policy of inviting effective public participation was wholly derailed by the process adopted by the City in this case.

Analysis

Petitioner asserts a number of different arguments in support of its claim that the Respondent abused its discretion under CEQA and that it violated due process by denying Petitioner a fair hearing. Considering those two arguments separately:

1. The City Failed to Proceed in a Manner Required by CEQA

In lawsuits challenging agency decisions for alleged non-compliance with CEQA, the Court "can and must . . . scrupulously enforce all legislatively mandates CEQA requirements." Citizens of Goleta Valley v. Board of Supervisors, 52 Cal. 3d 553, 564 (1990). One of those legislatively mandated requirements requires that the public be allowed to participate in the CEQA process. Ocean View Estates Homeowners Assn., Inc. v. Montecito Water Dist., 116 Cal. App. 4th 396, 400 (2004)("[e]nvironmental review derives its vitality from public participation.") Comments from the public "are an integral part of the [final] EIR." Sutter Sensible Planning, Inc. v. Board of Supervisors, 122 Cal. App. 3d 813, 820 (1981).

> The purpose of requiring public review is to demonstrate to an apprehensive citizenry that the agency has, in fact, analyzed and considered the ecological implications of its action. Public review permits accountability and informed self-government . . . . Public review ensures that appropriate alternatives and mitigation measures are considered, and permits input from agencies with expertise. . . . Thus, public review provides the dual purpose of bolstering the public's confidence in the agency's decision and proving the agency with information from a variety of experts and sources.

Schoen v. Department of Forestry & Fire Protection, 58 Cal. App. 4th 556, 573-74 (1997).

Consistent with this interest in ensuring meaningful public participation, the law also requires that, if subsequent to the commencement of public review, but prior to final EIR certification, the lead agency adds "significant new information to an EIR, the agency must issue new notice and re-circulate the revised EIR or portions thereof, for additional commentary and consultation." Pub. Res. Code § 21092.1; CEQA Guidelines § 150885.5; Laurel Heights Improvement Assn. v. Regents of the University of California ("Laurel Heights II), 6 Cal. 4th 1112 (1993). The revised environmental document must be subjected to the "same critical evaluation that occurs in the draft stage," so that the public is not denied "an opportunity to test, assess, and evaluate the data and make an informed judgment as to the validity of the conclusions to be drawn therefrom." Sutter Sensible Planning, Inc. v. Board of Supervisors, 122 Cal. App. 3d 813, 822 (1981). Recirculation of an EIR requires notice pursuant to Section 15088.5, subd. (d).[8]

In this case, the PLUM Committee relied extensively upon the Hirsch/Green Transportation Consulting, Inc.'s March 28, 2011 parking "study" as "substantial evidence" to support its

[8]This issue has been exhausted administratively. (AR 4157).

findings that the Project would not result in a substantial adverse impact because the proposed parking spaces were sufficient to meet the needs of the residents.[9] (AR 75-76).

Petitioner asserts that this study constitutes "significant new information" as defined in the Guidelines and under relevant case law. CEQA Guidelines 15088.5; Pub. Res. Code section 21092.1. Specifically, "new information added to an EIR is "significant" if the EIR is changed in a way that deprives the public of a *meaningful opportunity to comment* upon a substantial adverse environmental effect of the project. Id. For example, where a draft EIR is so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment were precluded, significant new information that may constitute substantial evidence requires recirculation in order to ensure meaningful public review. CEQA Guidelines Section 15088.5, subd. a (4); Mountain Lion Coalition v. Fish and Game Commission, 214 Cal. App. 3d 1043 (1989).

Respondent and Real Party assert that the new parking study did not require recirculation because it only clarified, amplified or made insignificant changes to an adequate EIR.[10] See

[9]The Court does not reach, nor does it decide, whether the March 28, 2011 Hirsch/Green study constitutes substantial evidence to support a finding that the number of parking spaces proposed for the Project are sufficient to meet both resident only and residential guest parking. This material was added to the record without a sufficient time for the public to consider and question its contents. Looking at it more carefully, however, may reveal its defects. First, the projects relied upon by the expert are not particularly good proxies to the Hollywood/Gower Project. The 2001 Kaku study focused on both apartments and condominiums in Long Beach, Santa Monica and San Diego. It is unclear whether any of the locations studied were in the severely parking-scarce adjacent neighborhood as is true in this case. (AR 4740- 4766). Nor can it be determined whether these studies considered "luxury projects"—such as this one -- where residents are more likely to retain their cars and drive in higher numbers than the general public. (AR 94, 106). As for the "Shared Parking" book, it provides only "a systematic way to apply" adjustments to parking ratios, but then states that "a poorly designed site for shared parking often cannot be significantly improved, and more spaces may ultimately have to be added." (AR 4777). The City of Los Angeles, obviously with access to such treatises, has decided in the Advisory Agency's Residential Parking Policy No. AA 2000-1, issued May 24, 2000. That Policy requires new residential condominiums to provide 2 parking spaces per dwelling unit plus .5 guest spaces per dwelling unit in light of the unique and particular car-centric nature of Los Angeles. That academics or consultants suggest a change in that policy is not substantial evidence that the Project in this case will provide sufficient parking without occasioning an overflow into the surrounding neighborhood. The third "study" upon which the March 28 "study is based involves high-rise apartments, not condominiums. (AR 4787-88). Finally, the chart showing the developers other projects is immaterial to the question of whether the current parking ratio is sufficient to meet demand. (AR 75, 4790). See Berkeley Keep Jets Over the Bay Comm. V. Board of Port Comm'rs, 91 Cal. App. 4th 1344, 1355 (2001)(a clearly inadequate or unsupported study is entitled to no judicial deference); Laurel Heights Improvement Assn. v. Regents of the University of California, 47 Cal. 3d 376, 404-09 (1988)(findings must be adequate, complete and not based on erroneous calculations or misinterpretations of the studies they rely upon.)

The Court, however, rejects RPI's claim at oral argument that this study was simply composed of already published information and that it added no new information for public review. The record shows that the March 28, 2011 report was neither a summary nor simply a regurgitation of existing reports/studies already in the record. (AR 56, 4681).

[10] Respondent and Real Party also appear to argue that under the most recent CEQA Guidelines, a project's inadequate parking capacity is not considered an adverse environmental impact. Whatever recent changes have taken place in the Guidelines, those do not affect this case. The NOP in this case was published at a time when parking capacity was considered an adverse environmental effect. (AR 850-51). The initial study acknowledged

California Oak Foundation v. Regents of the University of California, 188 Cal. App. 4th 227, 266 (2010). CEQA Guidelines Section 15088.5, subd. b. An agency's decision not to recirculate an EIR must be supported by substantial evidence in the administrative record. CEQA Guidelines Section 15088.5, subd. (e).

The agency's decision not to recirculate the Draft EIR in this instance is not supported by substantial evidence in the administrative record. The March 28, 2011 parking study – no matter how flawed – was a monumental improvement from what was presented in the Draft EIR. The Draft EIR contained only unsubstantiated opinions and conclusory statements that allowing a Project with parking spaces below the City's policy requirements would not cause any significant impacts. (AR 315-16, 685-86, 1486-88). For example, the Draft EIR notes that the "project applicant is confident that the amount of proposed parking would meet the needs of the proposed project." (AR 315). Developer "confidence" does not constitute substantial evidence to support a fact. Nor can it be fairly argued that parking ratios for "apartments" should be used, as the Project is clearly one for condominiums.[11] Finally, while the Draft EIR notes that the Project is "targeted to individuals attracted by the location," and that there are "public transit opportunities available within the project vicinity," fails to bridge the analytic gap. That some residents may like to walk around the area or that there are public transit stops nearby does not explain how the construction of a project with 109 too few parking spaces will not occasion inadequate parking for residents and their guests. Unless and until objective evidence is posited showing that occasional use of public transit or preference for walkable neighborhoods obviates the need of high-wage earners to own and park a car at one's residence, the link between these facts and the conclusion for which they are posited has not been established. In fact, the substantial evidence in the record is to the contrary. (AR 106)(Planning Commissioner Epstein's contrary opinions based on experience).

Moreover, authorizing a departure from existing parking requirements – the recommendation made by PLUM with regard to the Project – will have a substantial adverse environmental effect. While any new information does not trigger re-circulation, section 21092.1 requires an agency to provide the public with "new information" that was a substantial change/improvement on the

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such an effect. The City is bound by the legal framework it has proceeded under. Gentry v. City of Murietta, 36 Cal. App. 4th 1359, 1404-05 (1995).

Moreover, under the new CEQA Guidelines Appendix Checklist, inadequate parking capacity can still be considered an adverse environmental impact if the project would "conflict with an applicable plan or policy . . . establishing measures of effectiveness for the performance of the circulation system." Without any discussion in this record that the circulation system of Hollywood is sufficiently robust to withstand untold numbers of new residents and their guests cruising for non-existent street parking, the Respondents' claim that the Project's variance from City-established parking ratios cannot cause an adverse environmental effect is unsupported by substantial evidence.

[11] Although the Real Party repeatedly refers to the City's parking requirement for apartments, this project was a condominium project. Further, while there is some discussion about the Paseo Plaza project as a "proxy" to demonstrate that the parking spaces in the Project are not insufficient, that building only reduced the ratio of guest parking spaces from .5 per unit to .25 per unit because in that instance, as noted by a speaker at the public hearing, there were surplus retail parking spaces. That project is not sufficiently similar to the Hollywood/Gower project to support a finding that the reduced parking spaces at the Project were "consistent with other high-rise mixed use buildings in the Central Hollywood area."

previously provided information. See also CEQA Guidelines sections 15162 and 15163. Where, as here, the March 2011 Hersch/Green parking study made a significant modification to an otherwise inadequate EIR, recirculation is required. Laurel Heights II, 6 Cal. 4th 1112, 1121-22 (1993).

Without having an opportunity to review the new traffic study evidence – which is the only evidence to support the EIR's finding of no significant environmental impacts – the public was deprived of its right to fulfill its proper role in the CEQA process. See Laurel Heights Improvement Assn. v. Regents of the University of California, 47 Cal. 3d 376, 404-05 (1988).

By failing to recirculate for public comment, Respondent's approval of the EIR failed to comport with the law under CEQA and, therefore, constitutes an abuse of discretion.

For that reason and on that ground, the Writ is granted.

2. "Fair Hearing" Claims

While the Court initially declined to reach the question of whether the process afforded by the Respondent in this case was constitutionally deficient, it shall do so here.

While a court must give substantial deference to the *good faith judgment* of an agency that its procedures afforded fair consideration of a party's claims, that deference is not unlimited. A local agency's adjudicatory decisions must be made pursuant to principles of due process. Horn v. County of Ventura, 24 Cal. 3d 605, 610 (1979).

In this case, the first time that Petitioner even *heard* that a March 29, 2011 report compiling parking utilization at a total of 18 residential developments in the Southern California region and supplemented by recommendations provided by the Urban Land Institute and the Institute of Transportation Engineers would be relied upon as substantial evidence that the parking ratio provided by the applicant would be sufficient to meet demand was provided one business day before the PLUM hearing. (AR 5243, 5293, 5380). This late disclosure was compounded by the fact that the City Planner had repeatedly reassured Petitioner's representative that no additional evidence would be submitted. (AR 22-23, 26-27). The first time that the petitioner was able to *see* the evidence in the new parking study was on May 11, 2011, the day after the PLUM Committee held the hearing on this Project. (AR 4663-4790). This parking study is the only substantial evidence cited in the revised findings adopted by the PLUM Committee that the reduction in parking proposed for this Project would not result in overflow parking impacts in the adjacent neighborhood. (AR 75-77, 199-201).

And, while the City contends that its deprivation of notice and opportunity to Petitioners was "cured" at the City Council, that claim is simply incorrect. The parking study upon which the PLUM Commission relied was made public one day after the matter was referred to the full City Council. (AR 4124, 4734-4790). There was no hearing at the next level; the only "hearing" at which Petitioner could have proffered "rebuttal" was at the PLUM Commission hearing.[12] (AR 2328-2332, 4124).

While there is no express statute that affords Petitioner the right to have notice and an opportunity to be heard, the doctrine of due process applies to land use administrative hearings of the type at issue here. Mohlief v. Robert Janovici, 51 Cal. App. 4th 267, 302 (1996)(standards regarding adequacy of due process apply at administrative hearings). The deprivation of process in this case – of a basic right to have before it the information upon which the administrative decision rests and an opportunity to be heard as to the competency or adequacy of that information – is patent.[13] The City put more than 200 pages of new findings that relied upon a new planning book not generally available to the public on short notice and the undisclosed 56-page Hirsch/Green Parking Report into the record less than one business day before the hearing on this matter. Having deprived the Petitioner and the public a reasonable advance opportunity to review the new findings and the new evidence cited in support of these findings, the City failed to afford Petitioner a fair hearing in this case. See Clark v. City of Hermosa Beach, 48 Cal. App. 4th 1152, 1171-72 (1996)("A hearing requires that the party be apprised of the evidence against him so that he may have an opportunity to refute, test and explain it.")

As the PLUM Commission's approvals of the Project violated the due process requirements of a fair hearing, the Writ is granted on this ground as well.

Conclusion

For the reasons stated above, the Court grants the Writ of Mandate.

Counsel for Petitioner is to submit to this Department a proposed judgment and a proposed writ within 10 days with a proof of service showing that copies were served on Respondent by hand delivery or fax. The Court will hold these documents for ten days before signing and filing the judgment and causing the clerk to issue the writ.

The administrative record is ordered returned to the party who lodged it to be preserved without alteration until a final judgment is rendered and to forward it to the Court of Appeal in the event of appeal.

DATED: JULY 23, 2012

ANN I. JONES

ANN I. JONES, JUDGE OF THE SUPERIOR COURT

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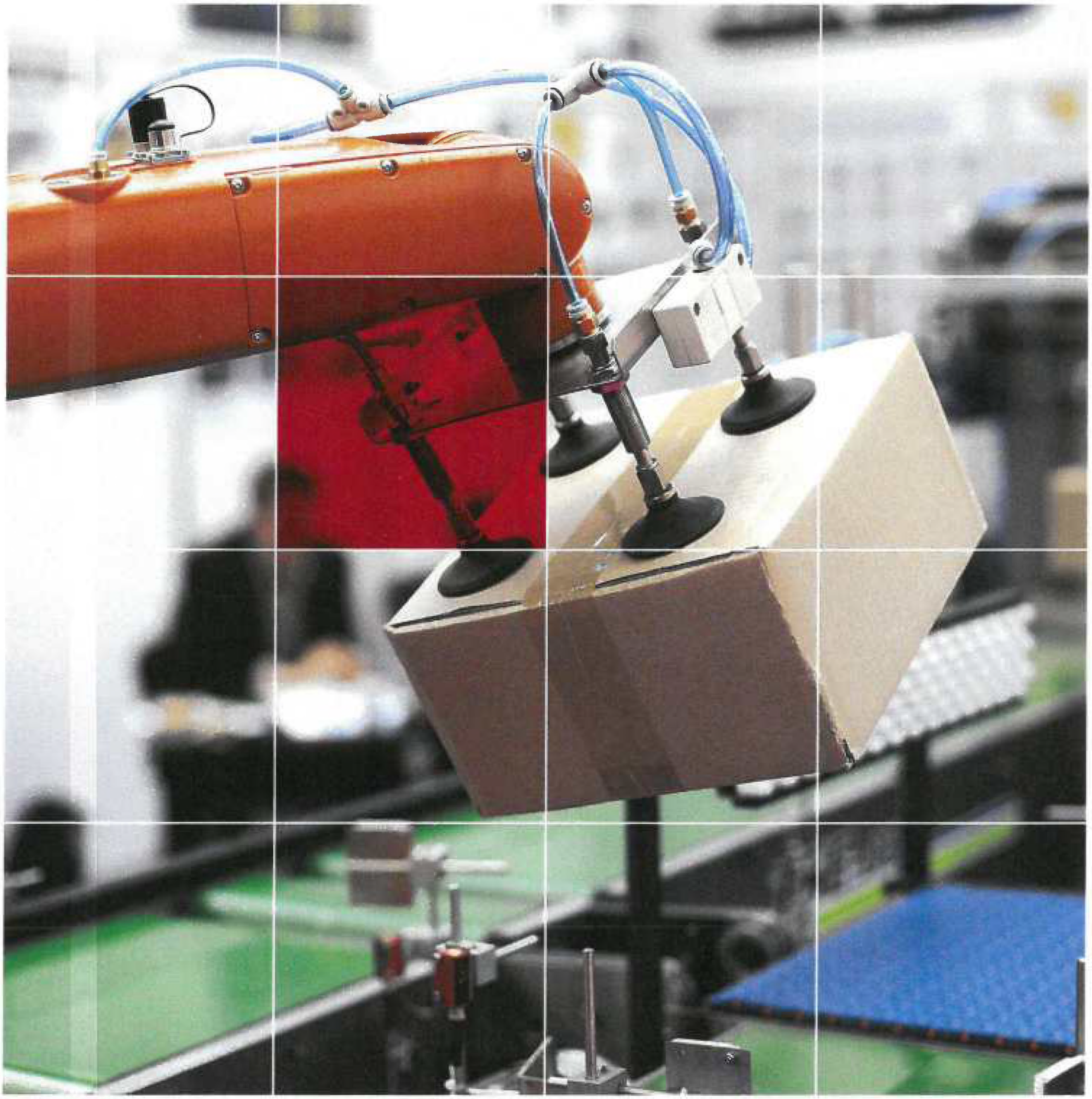
[12] Both RPI and the City sought to assert that the PLUM Committee decision was only a recommendation, not a decision. Constitutionally, the one who "decides, must hear." Vollstedt v. City of Stockton, 220 Cal. App. 3d 265, 274-75 (1990). If the actual decision-maker was the City Council, it decided the issue without hearing any testimony, much less rebuttal experts. Although Petitioner and its counsel submitted speaker cards at the City Council meeting on the project, no testimony was allowed. (AR 5039-41, 2330, 2340-43).

[13] The Petitioner has a property interest sufficient to allow its due process claim to be heard. An neighborhood adversely affected by a proposed development has a deprivation substantial enough to require procedural due process protection. Cf. Horn v. County of Ventura, 24 Cal. 3d 605, 615 (1979).

EXHIBIT E

Industrial Outlook

United States | Q4 2016



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United States industrial market

Total United States							
Type	Total stock (s.f.)	Total vacancy	Total availability	YTD net absorption	YTD const. deliveries	Under construction	Q4 2016 avg. rent
Warehouse & distribution	9,075,805,045	5.9%	8.8%	163,220,190	149,928,638	186,365,549	$5.15
Manufacturing	3,153,250,316	5.2%	7.2%	28,759,149	14,220,860	15,430,546	$4.94
Special purpose	63,751,506	3.6%	5.2%	1,083,255	2,861,549	3,269,685	$10.78
Totals	12,292,765,851	5.8%	8.4%	192,952,594	164,342,980	201,793,382	$5.13

End of 2016 marks all-time highs for multiple U.S. industrial markets

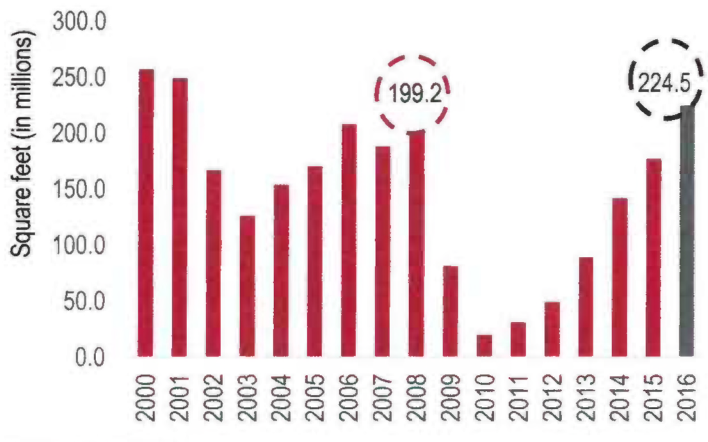
Going into 2016, the bar was set high with record-breaking numbers. However, year-end 2016 results prove that demand for warehouse and distribution space is expected to continue to stay strong. As we enter 2017, market conditions are positioned to continue to be more landlord favorable as sharp vacancy declines in the country's primary markets make for a competitive leasing environment for tenants. As the industrial market moves into a higher gear, opportunity to expand and enter new markets will provide growth opportunities for both tenants and landlords capitalizing on these growing economic conditions.

Construction continues to increase in nearly all markets—new development finally outpaces prior highs

Development activity continues to be on an upward trajectory across the United States as tenant expansions in new markets and tightening fundamentals further justify new construction. Compared to a year ago, overall new deliveries in the fourth quarter increased by 26.6 percent. At a time when vacancy is much lower than the last cycle, total new deliveries exceeded 220 million square feet, eight years since the prior high.

New development finally outpaced prior highs

Eight years since the prior high, new product exceeded the 200-million-square-foot mark—at a time when vacancy is much lower than the last cycle



Source: JLL Research

Year-over-year total space under construction increased by 11.2 percent at just under 200 million square feet—with 70.7 percent of all projects under construction being built speculatively. Additionally, San Francisco's Mid-Peninsula, Long Island and Richmond were the only three markets tracked by JLL without any active construction activity, further affirmation of landlord confidence and the industrial market's expansion in the overall United States. Build-to-suit projects make up 24.3 percent of all projects currently under construction and owner-built makes up 5.0 percent.

New construction and strong leasing led to highest annual net absorption

More than 261.3 million square feet were absorbed in 2016, and new construction and leasing boosted net absorption gains as tenants trended toward occuping newer spaces. The rate of total net absorption was 2.1 percent of total inventory, an increase of 11.0 percent from 2015 levels. Major population hubs dominated absorption gains, led by Dallas and Inland Empire—two markets that also had the highest deliveries of new warehouse and distribution product. However, some of the smaller industrial markets like North Bay, Reno, Columbus, Indianapolis, East Bay and Memphis also recorded the highest levels of absorption as a percent of inventory in 2016, an indication that demand for industrial space is well spread out across all strata of industrial markets. Looking ahead, we anticipate that relatively consistent and strong consumer spending levels will lead to further expansions and warehouse demand in 2017.

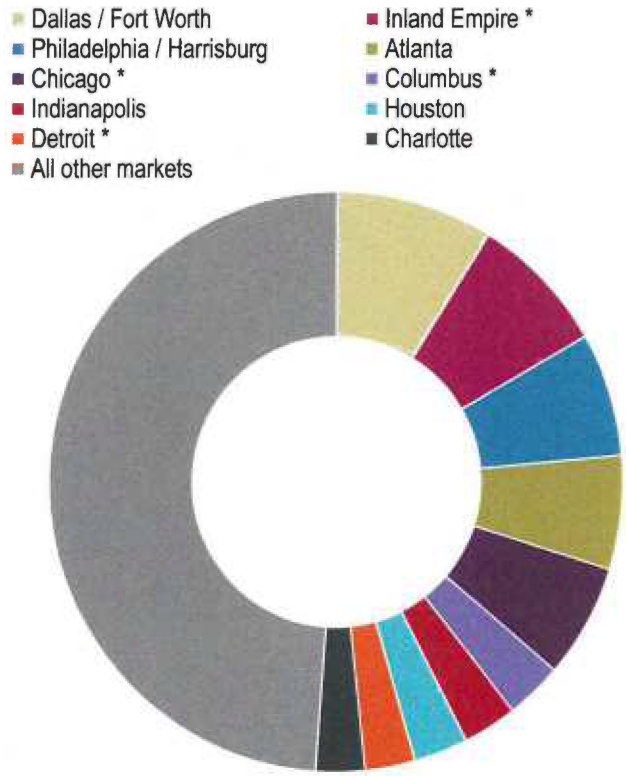
Markets with the highest 2016 absorption as a percent of total inventory

North Bay *	6.8%
Reno / Sparks *	5.6%
Inland Empire *	4.1%
Dallas—Fort Worth	4.0%
Indianapolis	3.8%
Columbus *	3.7%
East Bay	3.4%
Memphis	3.2%
Atlanta	3.1%
Minneapolis / St. Paul	3.0%

Source: JLL Research
*These markets are based on a 10,000-square-foot building size.

2016 = 13.0%
increase in annual absorption

Population hubs (Dallas, Chicago, Atlanta, Philadelphia and Inland Empire) are driving net absorption nationally



Market	YTD net absorption (s.f.)	Share
Dallas—Fort Worth	22,974,917	8.8%
Inland Empire *	20,495,168	7.8%
Philadelphia / Harrisburg	18,022,812	6.9%
Atlanta	16,594,360	6.3%
Chicago *	16,576,966	6.3%
Columbus *	8,415,888	3.2%
Indianapolis	7,958,011	3.0%
Houston	7,934,164	3.0%
Detroit *	7,353,621	2.8%
Charlotte	7,270,304	2.8%
All other markets	127,739,825	48.9%
United States	261,336,036	100.0%

Source: JLL Research
*These markets are based on a 10,000-square-foot building size.

Vacancy rate reaches the lowest point since 2000

Vacancy declined for the 29th consecutive quarter to 5.6 percent and now stands at an all-time cyclical low. As expansionary and "new-to-market" tenant leasing activity took place across all markets in 2016, vacancy declined by 70 basis points from 12 months ago. Despite an increase in rents, tenant demand for quality space remains a priority—as seen in strong preleasing rates of speculative under-construction buildings, currently at 24.4 percent.

Although the outlook for high-demand, population-driven markets like Chicago, Dallas and Los Angeles remains positive for the next 24 months, JLL expects to see vacancy tighten more significantly in secondary markets in the near term as tenants continue to increasingly look to new markets for building or leasing warehouse space that hasn't been captured yet.

Traditional retailers and e-commerce companies leased warehouse space at record pace

For the last quarter of 2016, traditional retail companies and e-commerce firms dominated leasing activity of new product in the development pipeline. Due to the lack of existing, quality "large-block" available space, many new large tenants touring a market are invariably forced to consider new construction—either a speculative building under construction or a build-to-suit opportunity. Retailers, both traditional and e-commerce companies, dominated leasing and together leased nearly 18.0 percent of the total U.S. leasing for 2016.

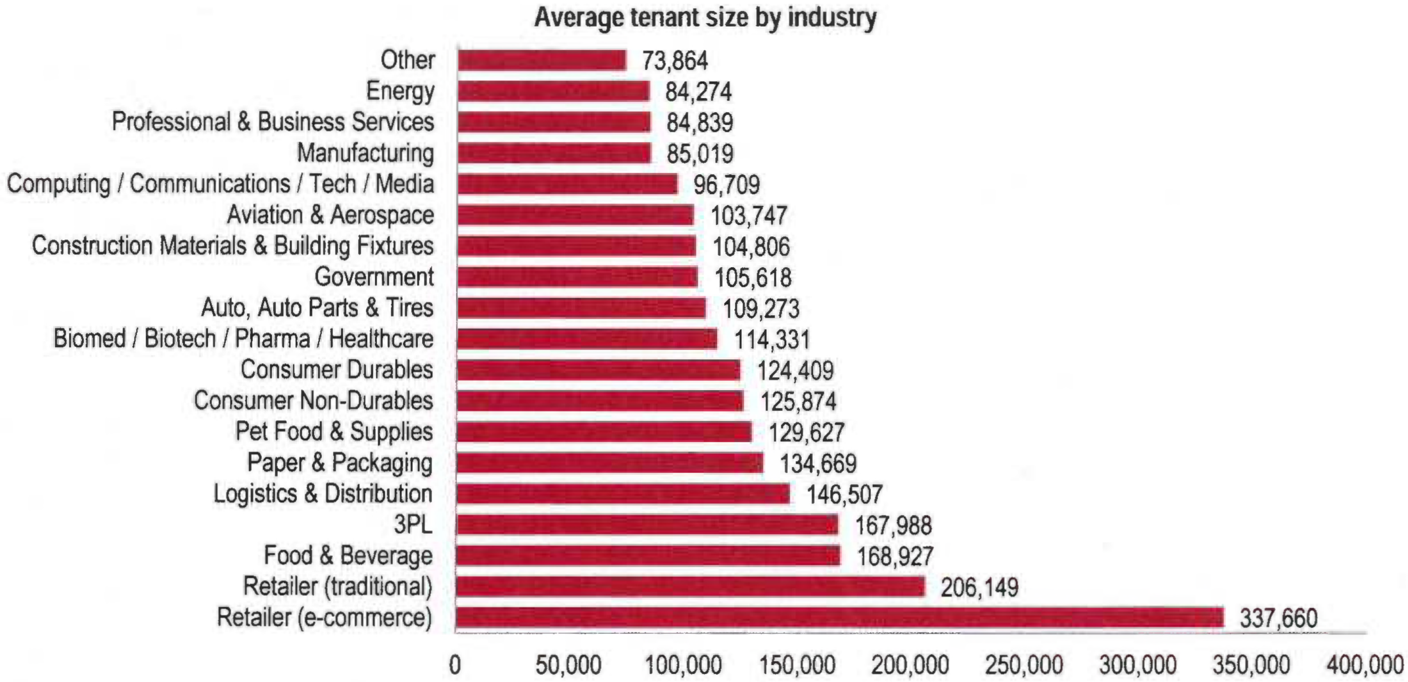
"Mega-box" and "big-box" spaces continue to be in hot demand, with five leases in excess of 1.0 million square feet signed this quarter. Overall, while there were fewer expansions, leasing activity by "new-to-market" tenants increased by 70 basis points compared to last quarter. At the industry level, consumer durables and construction-related companies were responsible for a combined total of nearly 24.9 percent of all leasing activity in the fourth quarter. With a strong end to 2016, the coming year is expected to be another year of big numbers—with 194.0 million square feet still in the construction pipeline, putting upward pressure on asking rental rates and providing tenants with new supply options. However, new supply will raise caution as investors keep a close eye on preleasing rates of speculative construction.

Lowest vacancy (%)	
Los Angeles	0.9%
Orange County	1.0%
East Bay	1.6%
Long Island	2.1%
SF Mid-Peninsula	2.4%
Seattle	2.7%

Highest annual net absorption (s.f.)	
Inland Empire	7,555,894
Dallas—Fort Worth	6,933,864
Philadelphia / Central PA	5,828,603
Chicago	4,858,560
Memphis	3,167,184
Charlotte	3,025,892

Highest under construction (s.f.)	
Chicago	22,284,929
Inland Empire	21,923,127
Dallas–Fort Worth	19,433,813
Atlanta	16,364,225
Philadelphia / Central PA	13,604,415
Indianapolis	5,921,274

Traditional and e-commerce retailers remain dominant players in the big-box leasing market



Source: JLL Research

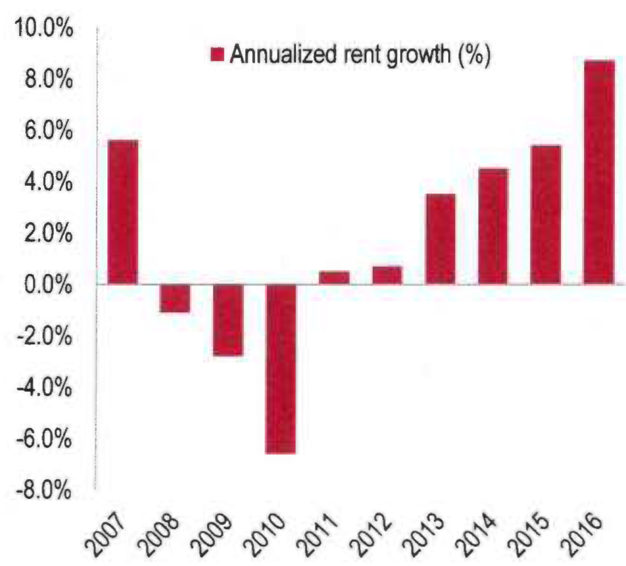
Annualized rent growth increased at fastest pace in 16 years

Overall, U.S. industrial rents soared in 2016, with most cities enjoying double-digit year-over-year rent growth amid tightening vacancies. Annually, rents increased by 8.7 percent, the highest rent growth in 16 year—and finally crossing the $5.00-per-square-foot mark. Nationally, East Bay, SF Mid-Peninsula, Portland, Inland Empire and Los Angeles were some of the strongest markets where rents rose more than 10.0 percent due to low vacancy and stable industrial demand.

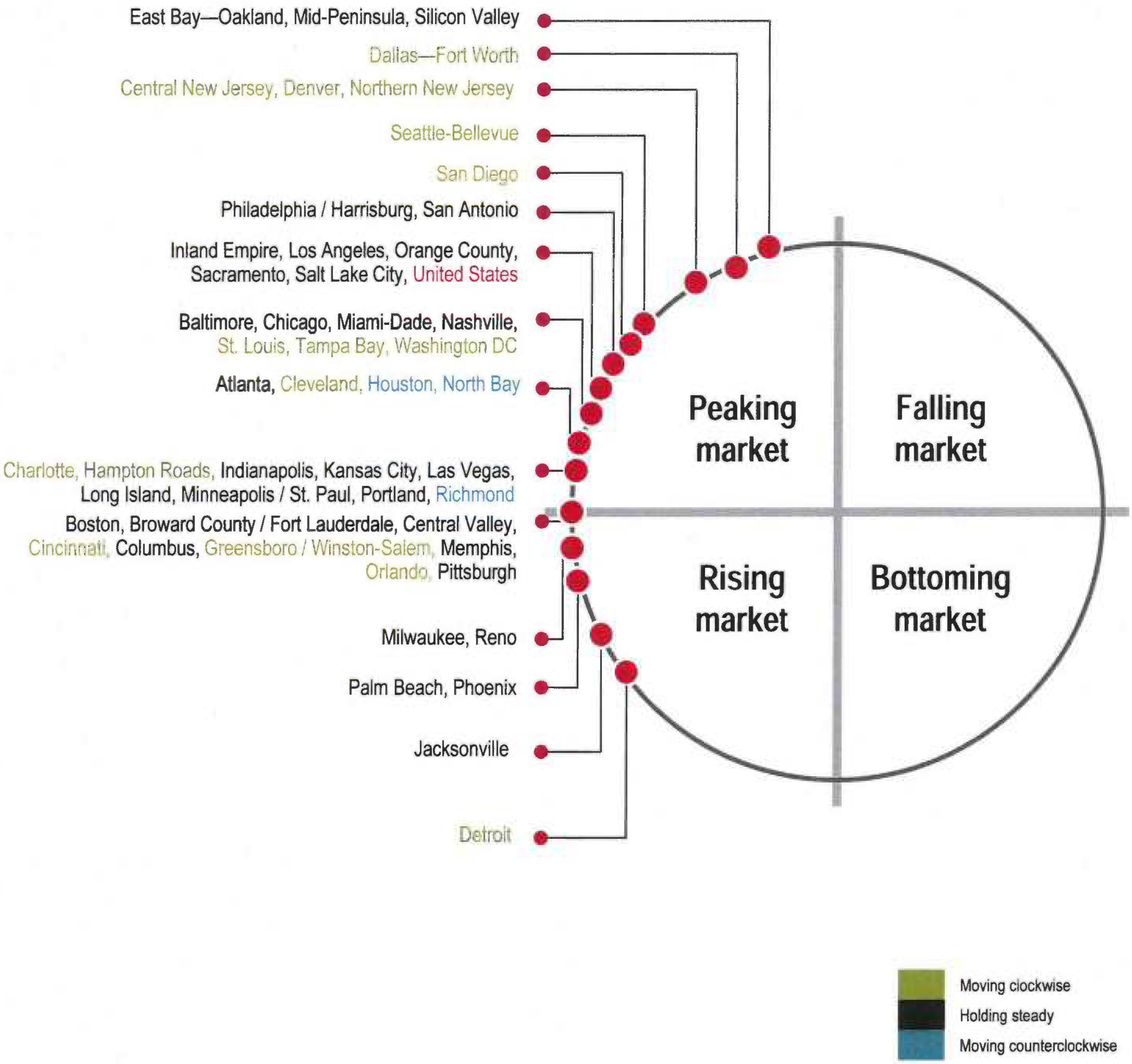
Over the next 12 months, we expect asking rents for industrial space to face continuous upward pressure, due to a lack of available inventory and continued increases in the demand. Furthermore, an increase in new, Class A high-quality projects in the construction pipeline will continue pushing overall industrial rents higher.

U.S. rent growth gained momentum

Q4 2016: Highest rate of growth in annual rents, confidence escalated for landlords



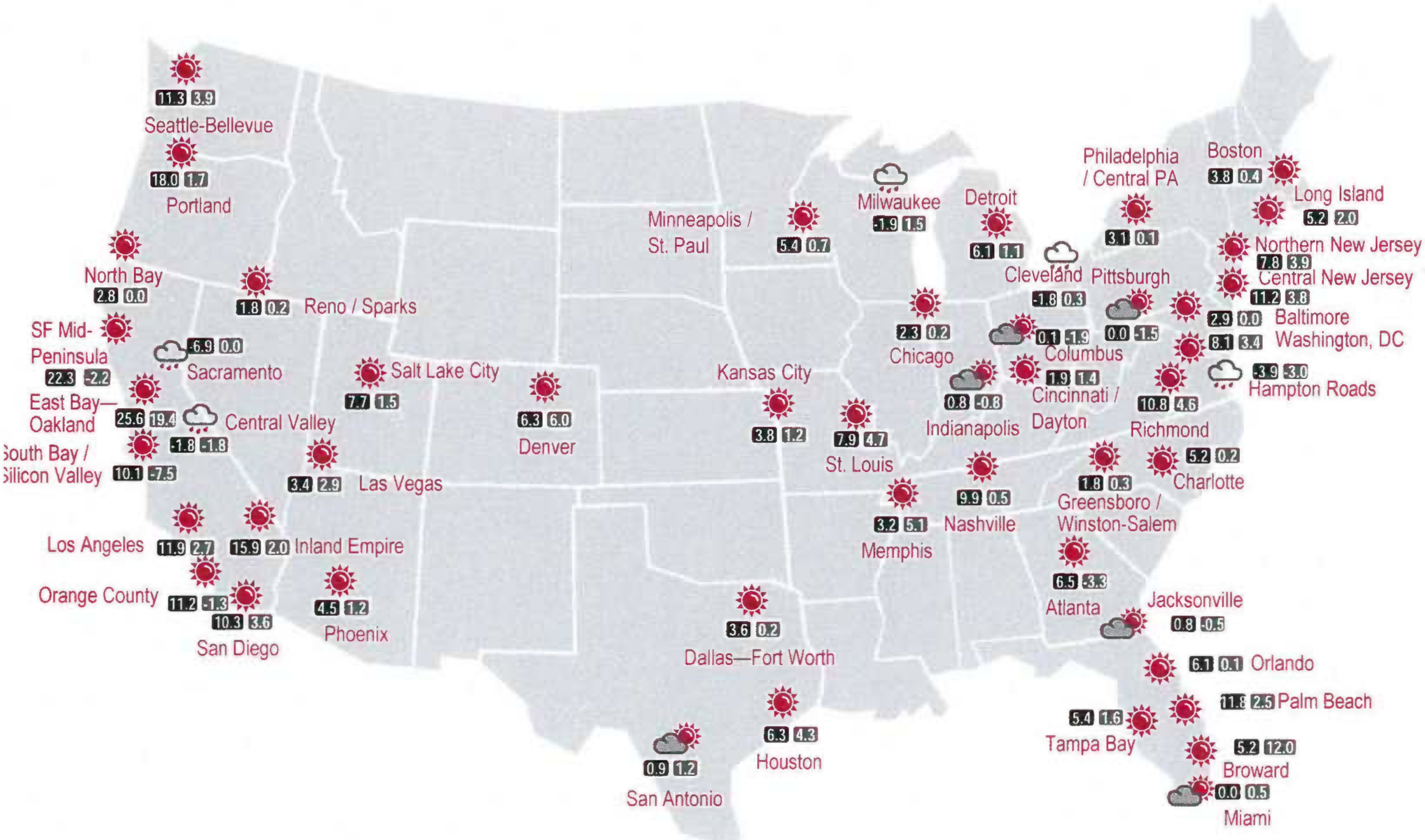
Source: JLL Research



Reading the clock

The JLL industrial property clock illustrates where each market sits within its real estate cycle. Markets generally move clockwise around the dial, with those markets on the left side generally facing more landlord-favorable environments, whereas those on the right experience generally tenant-favorable conditions. At the end of the fourth quarter of 2016, the U.S. aggregate moved clockwise to the 10:15 mark, in the peaking market quadrant. Overall industrial leasing was healthy this quarter, meaning landlords are gaining leverage across the country. Fundamentals tightened in 27 of 51 U.S. markets as they moved clockwise on JLL's industrial property clock. Through the end of 2017, expect markets to continue their progressive clockwise moves, while the overall U.S. position gradually climbs.

United States industrial weather map



Source: JLL Research

Rents growing *(greater than 1.5% growth year-over-year)*

Rents stagnant *(between -0.5% and 1.5% growth year-over-year)*

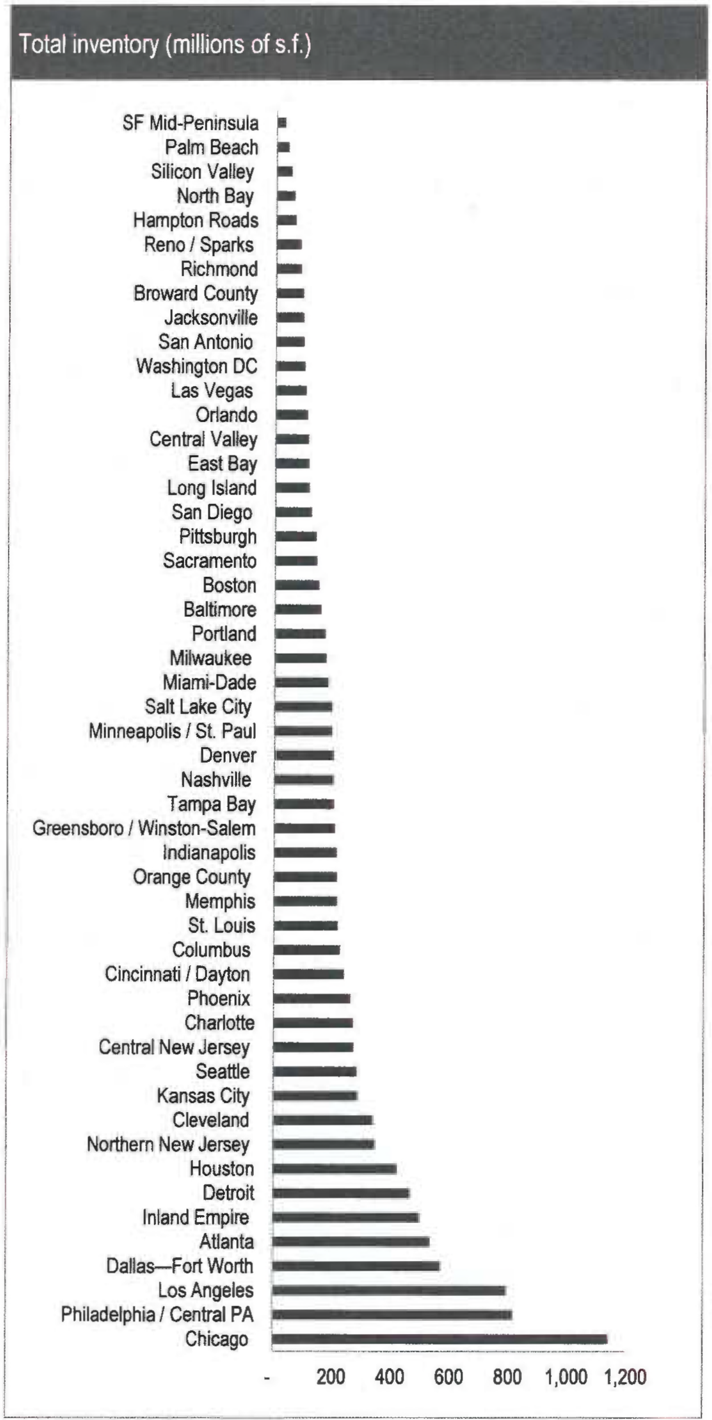
Rents falling *(greater than 0.5% decline year-over-year)*

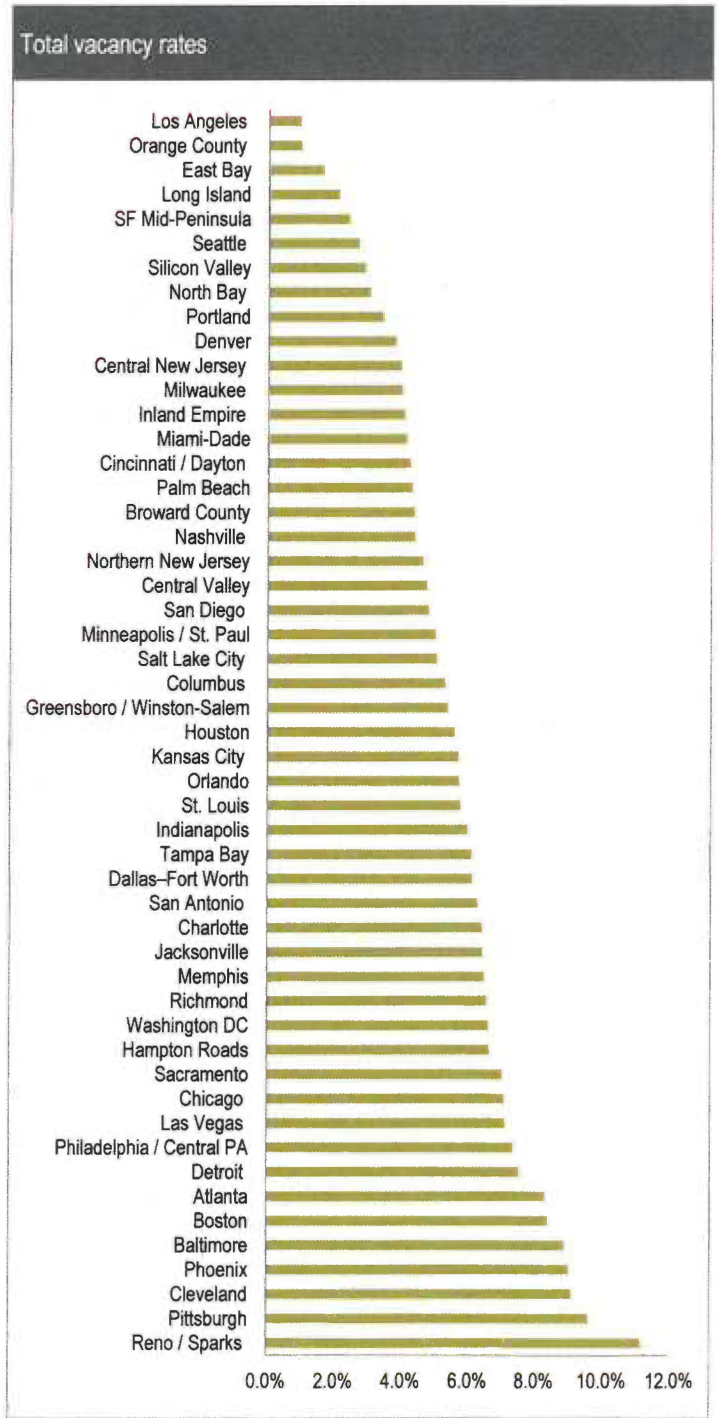
Average rental % change year-over-year*

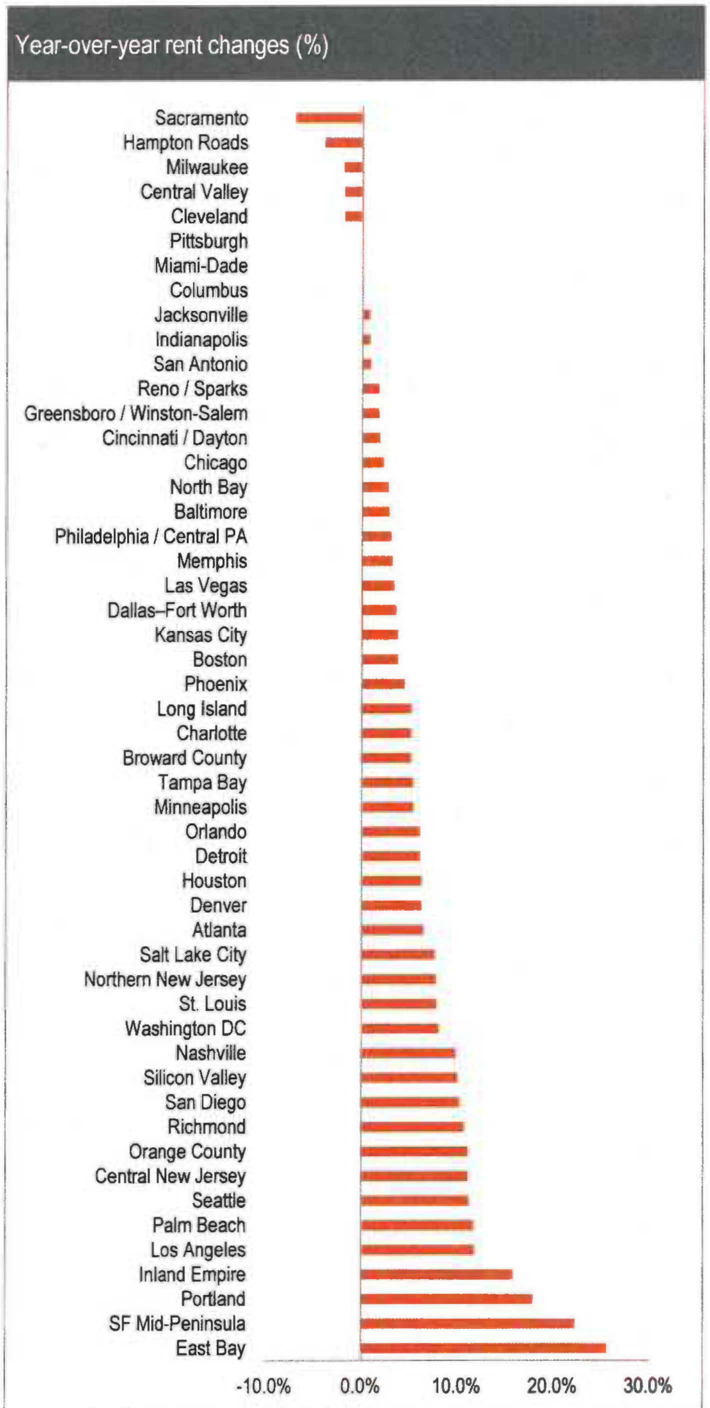
Average rental % change quarter-over-quarter

Please note: Weather imagery indicates only the direction of movement of rental prices in a particular market and is not designed to indicate favorable or unfavorable conditions for a specific leasing perspective.

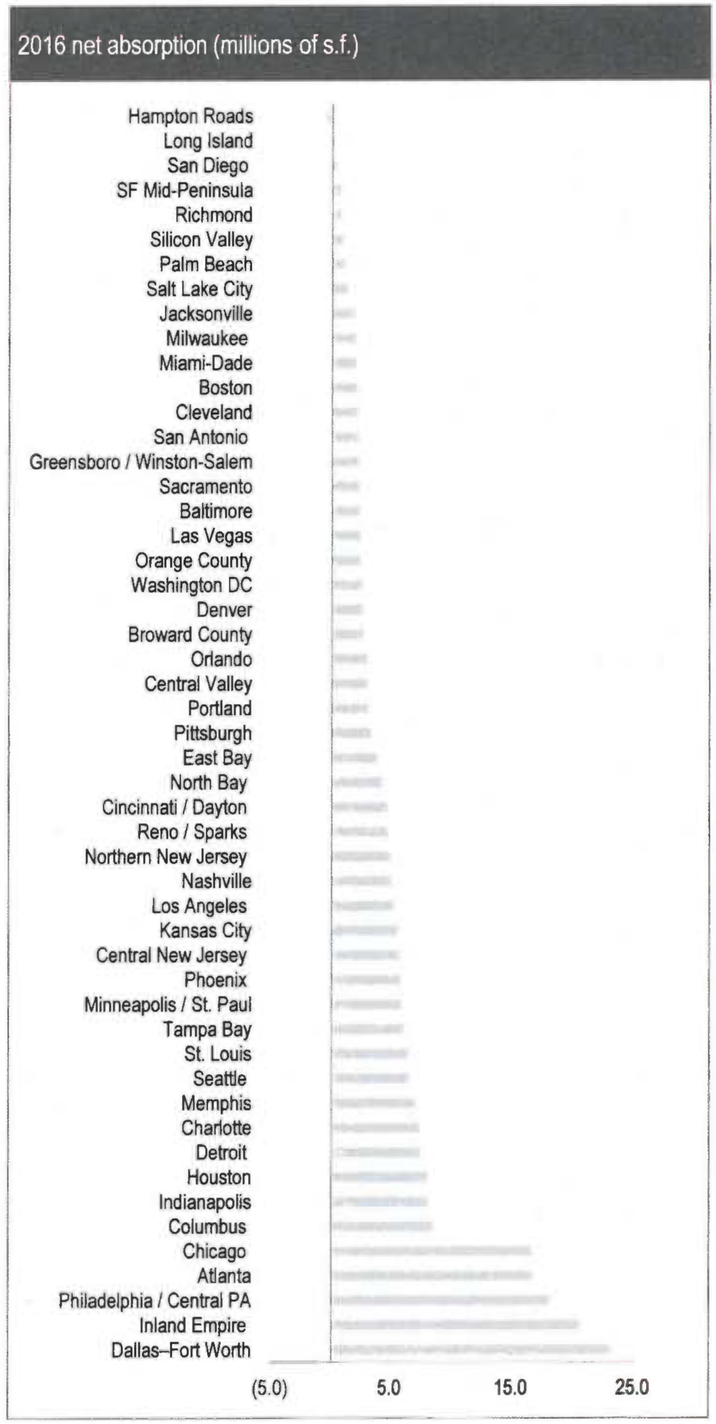
United States industrial rankings







Year-over-year rent changes (%)
Sacramento
Hampton Roads
Milwaukee
Central Valley
Cleveland
Pittsburgh
Miami-Dade
Columbus
Jacksonville
Indianapolis
San Antonio
Reno / Sparks
Greensboro / Winston-Salem
Cincinnati / Dayton
Chicago
North Bay
Baltimore
Philadelphia / Central PA
Memphis
Las Vegas
Dallas–Fort Worth
Kansas City
Boston
Phoenix
Long Island
Charlotte
Broward County
Tampa Bay
Minneapolis
Orlando
Detroit
Houston
Denver
Atlanta
Salt Lake City
Northern New Jersey
St. Louis
Washington DC
Nashville
Silicon Valley
San Diego
Richmond
Orange County
Central New Jersey
Seattle
Palm Beach
Los Angeles
Inland Empire
Portland
SF Mid-Peninsula
East Bay
-10.0%
0.0%
10.0%
20.0%
30.0%



2016 net absorption (millions of s.f.)
Hampton Roads
Long Island
San Diego
SF Mid-Peninsula
Richmond
Silicon Valley
Palm Beach
Salt Lake City
Jacksonville
Milwaukee
Miami-Dade
Boston
Cleveland
San Antonio
Greensboro / Winston-Salem
Sacramento
Baltimore
Las Vegas
Orange County
Washington DC
Denver
Broward County
Orlando
Central Valley
Portland
Pittsburgh
East Bay
North Bay
Cincinnati / Dayton
Reno / Sparks
Northern New Jersey
Nashville
Los Angeles
Kansas City
Central New Jersey
Phoenix
Minneapolis / St. Paul
Tampa Bay
St. Louis
Seattle
Memphis
Charlotte
Detroit
Houston
Indianapolis
Columbus
Chicago
Atlanta
Philadelphia / Central PA
Inland Empire
Dallas–Fort Worth
(5.0)
5.0
15.0
25.0

Local U.S. industrial markets

Atlanta

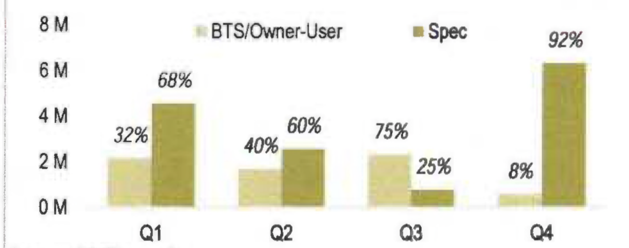
Year wraps up with historic deliveries and absorption

Development not slowing down
Over the past twenty-five years, annual deliveries surpassed the twenty million square foot mark for only the second time; at 20.9 million square feet, 2016's total is only second to 2006's total of 21.9 million square feet. Another 16.6 million square feet is currently under construction, and 13.5 million square feet is already planned to break ground in 2017. The amount of speculative deliveries shot up in the fourth quarter, in terms of both total square footage and the ratio of speculative space compared to build-to-suit/owner-user developments. Fourth quarter speculative delivery numbers differed drastically from the previous quarter: total square footage jumped by nearly six million square feet, representing ninety-two percent of total deliveries, compared to third quarter's twenty-five percent.

Rental rates trending upward
The fourth quarter's average asking rental rates slightly fell, especially compared to the third quarter's jump. However, the year-over-year growth rate reached 6.5 percent. A contributing factor to the negative rental rate growth is the Northeast submarket's rate decline, which dropped over ten percent quarter-over-quarter, however still remained above the four dollar mark at $4.09 per square foot. Other submarkets saw healthy quarter-over-quarter growth, including Airport/South I-85 jumping 4.8 percent and South I-75 with a 7.5 percent jump. With current demand trends, expect the rental rate to slowly but steadily increase over the next year.

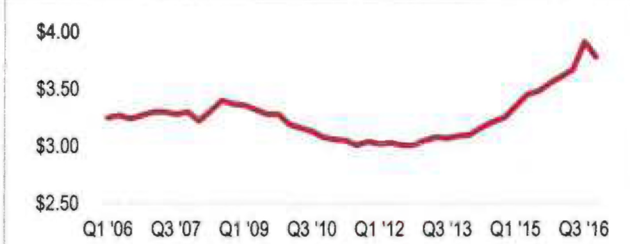
Large block leasing activity
The market saw many large block leases signed in 2016, with some notable transactions over one million square feet. UPS signed the largest deal, for a 1.5 million-square-foot build-to-suit at the old Fulton County Airport site in the I-20 West submarket. The next largest lease was Variety Wholesale's 1.4 million-square-foot deal at the former K-Mart Distribution Center. Williams-Sonoma also signed a new deal, at 1.1 million square feet, at Braselton Commerce Center, which delivered last year in the Northeast. Nearly another twenty tenants signed large block leases, boding well for market demand as well as future absorption.

2016 deliveries: BTS/owner-user vs. speculative space



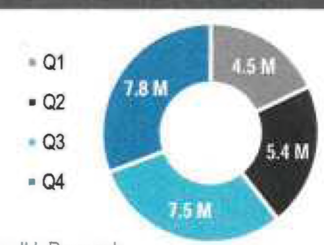
Source: JLL Research

Historic ten year average asking rental rates, market wide



Source: JLL Research

Leasing activity for 2016



Leasing activity consistently rose each quarter in 2016, reaching 25.2 million square feet of total activity.

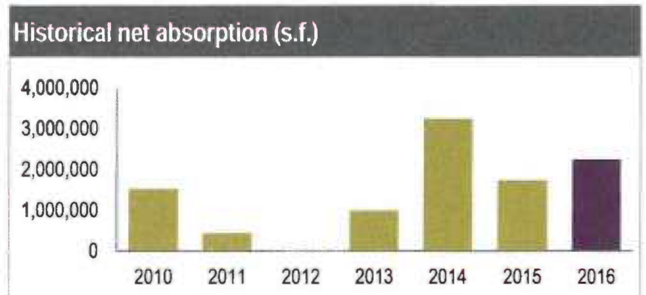
Source: JLL Research

16,594,360 YTD net absorption (s.f.)	**27,210,000** Active tenant requirements (s.f.)	**20,850,224** YTD new deliveries	**$3.76** Average rental rate
25,170,148 YTD leasing activity (s.f.)	**8.3%** Total vacancy	**16,364,225** Under construction (s.f)	**6.5%** Y-o-y rental rate growth

Baltimore

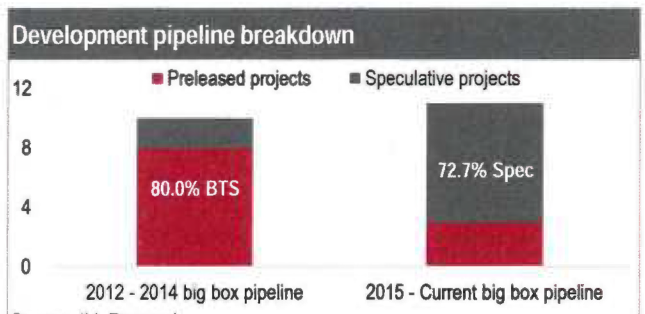
Big-box requirements reach unprecedented levels

Leasing remains healthy across all submarkets
Leasing across the greater Baltimore market remained healthy despite modest net absorption numbers. Notable move-outs that offset absorption included Chesapeake Beverage at 7001 Quad Avenue, RPM at 8411 Kelso Drive, and Pacorini at 1200 S. Newkirk Street, which together totaled nearly one million square feet. Significant leases signed during the quarter included XPO Logistics signing on for 571,000 square feet at 610 Chelsea Road, Up-to-Date Laundry taking down 79,600 square feet at 1921 62nd Street, and Cantwell Cleary leasing 93,390 square feet at 7575 Washington Boulevard.



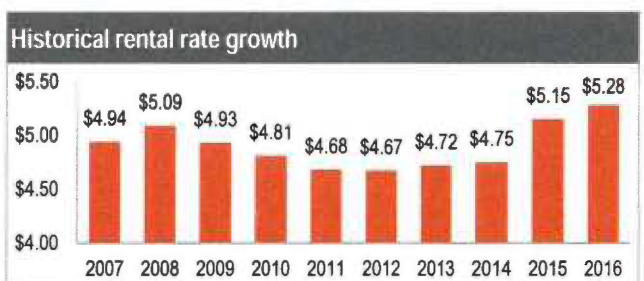
Source: JLL Research

Development pipeline has begun to shift
The Baltimore metro development pipeline has shifted in favor of speculative development as a result of increasingly larger requirements, limited functional availabilities, and expeditious occupancy timelines. This trend is expected to continue into 2017 as ownerships try to capture the unprecedented level of demand and capitalize on the ability to provide a large available work force within close proximity. As the Lehigh Valley approaches a potential labor shortage, the northern Baltimore submarkets are poised to capture this super regional demand. Not only has speculative development increased, but the average building size has also increased by roughly 41.0 percent from 215,000 square feet (2002 – 2008) to 300,000 square feet (2009 – present).



Source: JLL Research

Rental Rates continue to push higher
Rental rates have pushed to a 10 year high in the Baltimore metro market as a result of general supply constraints and limited developable land in submarkets that surround Baltimore City. While there remain quality vacant blocks of space in many of the submarkets, significant tenant demand has forced many users to settle for more dated, and less functional space. Moving forward, tenants with lease expirations in the coming year now face a significantly higher market rate coupled with far less negotiating leverage as they renew or relocate.



Source: JLL Research

155,968,165 Inventory (s.f.)	**524,327** QTD Net absorption (s.f.)	**71% vs. 29%** Spec construction vs. design-builds	**4,070,890** Total under construction (s.f.)
8.9% Direct vacancy	**2,240,730** YTD Net absorption (s.f.)	**676,016** Deliveries (s.f.)	**50.3%** Total preleased

Boston

Leasing leading to higher rents and lower vacancy

Quarter in Review

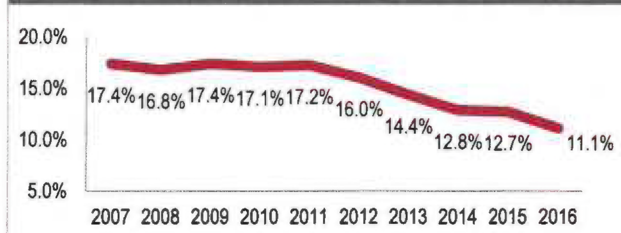
Historically high absorption levels rounded out 2016 as the Greater Boston industrial market boasted strong fundamentals yet again. This included over two million square feet of industrial absorption and over one million square feet of flex absorption. An uptick in tenant activity, particularly in the fourth quarter, saw the market reach a single-digit total vacancy rate. Class A warehouse space has experienced 10.6 percent rent growth year-over-year, rising to $6.91 per square foot triple net, as direct vacancy decreased to a mere 5.5 percent. Rising asking rents and falling vacancy continues to be a trend for manufacturing space as well, which is now at $6.43 per square foot triple net and supplemented by a direct vacancy rate of 5.6 percent.

The South submarket led the way in leasing, which experienced over 600,000 square feet of absorption. This included the largest lease of the quarter as homegrown 47 Brand signed an expansion for 204,000 square feet at 140 Laurel Street in East Bridgewater. Insulmart also relocated and took 107,000 square feet of warehouse space at 260 Kenneth Welch Drive in Lakeville. Activity in the South was complemented by leasing in the North and West. The Paper Store leased 86,000 square feet at 11 Westford Road in Ayer while Nestle Waters signed for 135,000 square feet at 66 Saratoga Boulevard in Worcester. On the manufacturing front, Jennings Real Estate committed to 80,000 square feet in Holliston. Lastly, Smith and Nephew renewed for 97,000 square feet of flex space to round out the year.

Outlook

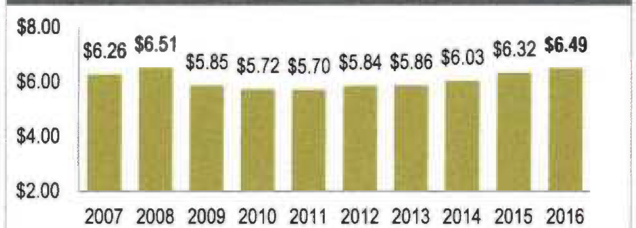
In addition to 200,000 square feet of spec construction delivering at 150 Charles Colton Road in Taunton, 96,000 square feet of speculative space is expected at 600 West Street in Mansfield next quarter. Backed by high demand, these projects reveal confidence in the growing Boston market. Demand is largely being driven by e-commerce and 3PLs as the retail industry grows, and is impacting the industrial market as a whole. With vacancy at a cyclical low, asking rents are rising throughout all submarkets. Accordingly, market conditions will likely continue to favor landlords for the foreseeable future with strong leasing activity expected to continue in 2017.

Industrial overall availability



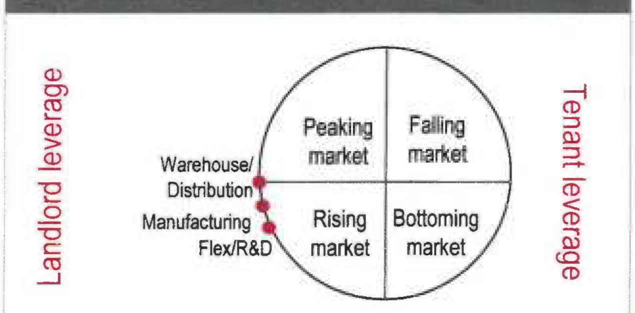
Source: JLL Research

Warehouse & distribution direct average asking rent



Source: JLL Research

Current conditions



Source: JLL Research

183,134,199 Total inventory (s.f.) (including flex)	**$6.49** Warehouse & Distribution average direct asking rent	**$6.91** Class A Warehouse average direct asking rent	**$6.43** Manufacturing average direct asking rent
9.7% Total vacancy (including flex)	**1,865,991** YTD Warehouse/Distribution absorption	**5.5%** Class A Warehouse direct vacancy	**3,283,945** YTD net absorption (including flex)

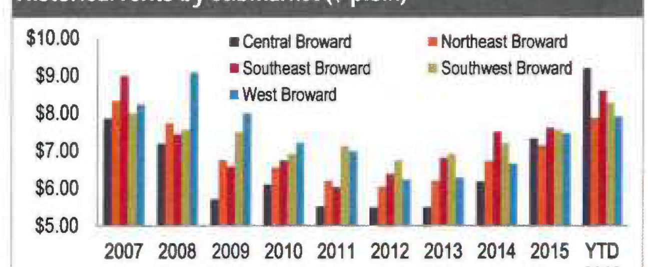
Broward

Record breaking year for Broward County

Central Broward takes the spotlight in rental growth

It was another good quarter for industrial real estate in Broward County as rents continue to surge amidst good economic fundamentals such as the increasing consumer sentiment for South Florida over the years. For businesses, this tends to translate into higher corporate profits and landlords pushing rents higher. In fact, asking rents now stand at $8.23 per-square-foot countywide, increasing 11.2 percent year-over-year in the fourth quarter. Further, as the market continues to be tight and land constrained, the Central Broward submarket keeps being the most expensive to lease and has consistently been above the market's average, but now other heavy-hitting submarkets are in a position to reach and surpass this rate, including Northeast Broward and Southwest Broward.

Historical rents by submarket ($ p.s.f.)

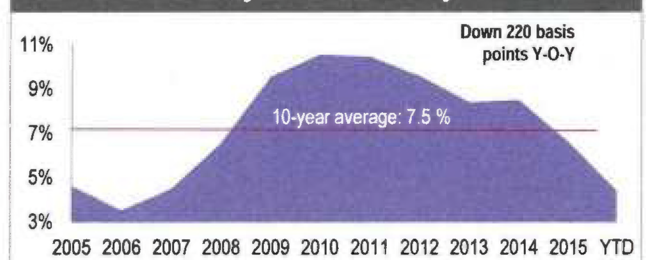


Source: JLL Research

Vacancies hitting a nine year low, drives industrial real estate to limelight

Tenant interest for Broward County's industrial market continues to exhibit major signs of improvement. As a result, only 4.4 percent of the county's industrial market was vacant in the fourth quarter, decreasing 220 basis points year-over-year. Most notably is Northeast Broward, where a good number of modern industrial buildings that allow flexible use, such as Hillsboro Technology Center, have continue to attract the 41,000-square-foot tenants (Broward's bread-and-butter demand). This trend has helped the vacancy drop below 3.0 percent for the submarket – the lowest vacancy on record for Broward.

Historical total vacancy in Broward County

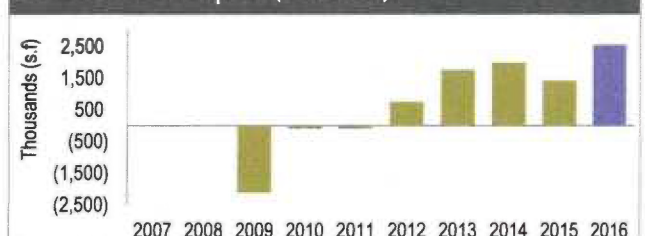


Source: JLL Research

Absorption reaches 10 year high

Leasing activity was very strong, taking over 2.0 million square feet of industrial inventory off the market as landlords continue to enhance loading areas or add trailer parking in order to attract more sophisticated users. As a result, Broward County ended the year with over 2.5 million square feet of positive net absorption, reaching a 10 year high. Two businesses played a major part in that absorption: Holland American Group took 180,000 square feet in Port 95 Commerce Park, and Graybar, a leading distributor of electrical components, signed a deal at Bridge Point Marina Mile for more than 160,000 square feet of space. While demand is eating through what's left of Broward County's industrial supply, another 476,839 square feet are under construction with 29.4 percent pre-leased. Therefore, it is expected to see warehouses absorbed in Broward County at an elevated level in the near future.

Historical net absorption (2007-2016)



Source: JLL Research

91.4 M Total inventory (s.f)	**1.0 M** Quarterly net absorption (s.f.)	**$8.23** Average asking rent ($ p.s.f)	**477,000** Total under construction (s.f.)
4.4% Total vacancy	**4.0 Million** Planned construction (s.f.)	**+11.2%** Asking rent Y/Y growth	**471,600** YTD completions

Central Valley

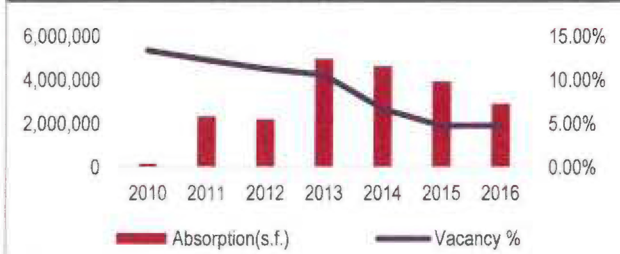
Central Valley remains a strong Bay Area alternative

Market Overview
Central Valley ended the quarter with net negative absorption of 106,324 square feet. The negative absorption was impacted by three larger warehouses coming to the market: 17100 S Harlan Road (417,600 s.f.), 1111 Runway Drive (370,986 s.f.), and 400 D'Arcy Parkway (276,696 s.f.). The region had previously experienced 17 straight quarters of positive absorption, with 1,100,000 square feet of industrial space absorbed annually since 2012, during which time the vacancy rates fell from 14.1 percent to the historic low of 4.8 percent. The new availability will provide some relief to the elevated demand. Space remains limited in all size ranges and occupiers seeking space are often times opting to renew rather than taking on the costs of relocating to newer spaces at today's rates.

Central Valley leads Northern California's construction pipeline
The Central Valley is one of Northern California's most rapidly expanding industrial markets due to its network of transportation options, close proximity to the Bay Area and Port of Oakland, and home prices that are considerably less than markets in the Bay. As a result, big-box suppliers have moved into the area –including Amazon, Dollar Tree, Heinz/Kraft, and UPS- providing developers enough comfort to take positions in the market and build speculative product. Currently 3,760,862 square feet of construction is underway in nine buildings. These buildings comprise 45.2 percent of all active Northern California and Bay Area industrial construction.

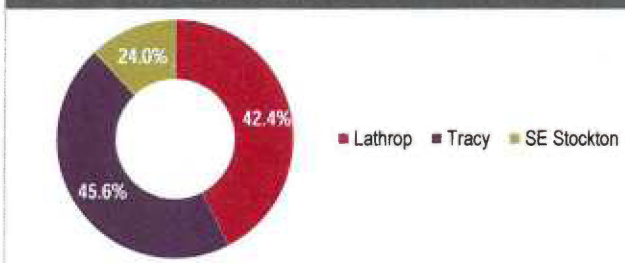
Class A rental rates continue to rise
Asking rental rates for Class A warehouses closed at $0.37 triple net. Central Valley rental rates for this product type have steadily risen during the markets six year cycle, but these increased rates still offer a substantial discount from the Bay Area, with rent discounts on Class A buildings being 45.4 percent less. Year-over-year Class A rates increased 5.7 percent as lack of space has allowed landlords to push rents among this product type. Demand for Class A space remains strong as multi-national tenants continue to be attracted to the variety of transportation methods including: The Stockton Airport, The Port of Stockton, and the UP and BNSF Intermodal Facility, which is currently undergoing an $180 million expansion to add 7,000 feet of load space. Going forward, we anticipate a $0.03 increase based on Class A warehouses coming on market in 2017.

Historical vacancy vs. absorption



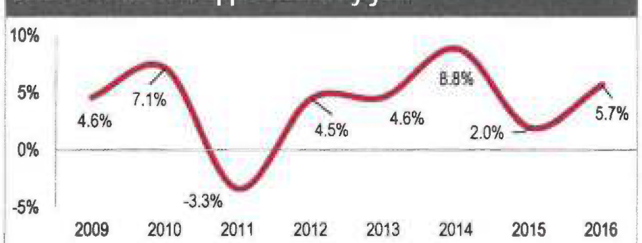
Source: JLL Research

Construction pipeline: By city



Source: JLL Research

Class A rental rate appreciation by year



Source: JLL Research

6.3% Total availability rate	**2,919,923** YTD 2016 net absorption (s.f.)	**$57.21 p.s.f.** Average industrial sale price	**3,760,862** Total under construction (s.f.)
$0.37 Class A Warehouse rent (p.s.f., mo.)	**-106,324** Q4's net absorption (s.f.)	**11** Existing blocks of space 250 ksf+	**1** Quarterly Completions

Charlotte

Year end brings positive outlook for 2017

Asking rates continue to climb

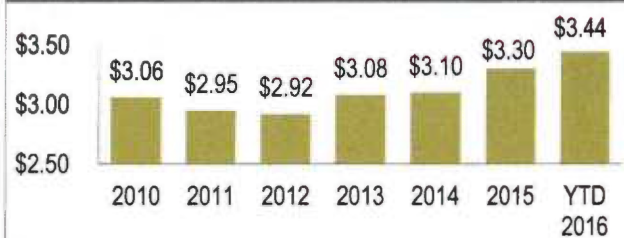
With another quarter of significant demand, vacancy rates continue to decline as total average asking rates continue to reach historic highs. Since 2012 when the average asking rate was $2.92 per square foot, rates have increased by 15.1 percent percent to present day's average asking rate of $3.44 per square foot. In regard to new development coming online, owners recognize the high demand in the market right now and have been advertising rates north of $4.50 per square foot. A surplus of availabilities in the 100,000 – 249,999-square-foot block range provides potential occupiers with a number of suitable options throughout the market. Groups looking for larger blocks will face a tightening landscape and need to have an organized real estate plan to secure the best available space as there are only seven availabilities north of 250,000 square feet.

Developers recognize the business friendly environment that Charlotte provides as 3.5 million square feet is currently in the development phase. Absorption is expected to continue its upward motion in the new year with over half of the new construction accounted for with pre-leased tenants.

Capital Markets finishes strong

A number of Class A assets traded hands to close out 2016, bringing much activity to an already hot capital markets sector. The Wilton Connor Packaging Distribution Center located at 3700 Display Dr. sold for $25.8 million ($55.00 per square foot). The 465,323-square-foot property in the Westinghouse submarket was acquired by Pure Industrial REIT from STAG Industrial in November 2016. Also in the Westinghouse submarket, 2601 Westinghouse Boulevard was acquired for $5.2 million ($48.00 per square foot) by a joint venture of FBM Charlotte and HYK Charlotte from MCB Real Estate. The property is 108,300 square feet and was built in 1982.

Average total asking rate



Source: JLL Research

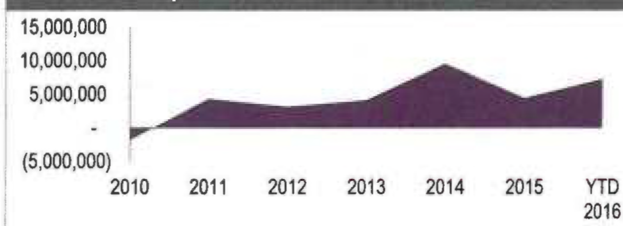
Under construction preleased

2,002,827

Preleased Construction (s.f.)

Source: JLL Research

Total Net Absorption (YTD)



Source: JLL Research

268,537,527 Total inventory (s.f.)	3,025,892 Total Net Absorption (s.f.)	$3.44 Direct average asking rent	3,551,112 Total under construction (s.f.)
6.4% Total vacancy	7,270,304 YTD Total Net Absorption (s.f.)	4.0% 12-month rent growth	56.4% Total preleased

Chicago

Amazon's market saturation captures the headlines again

Leasing recap

Three significant announcements from Amazon in late December totaling just under 2.0 million square feet solidify the company's position as the market's largest occupier of industrial space. However, aside from Amazon there were no other leasing transactions posted north of 500,000 square feet in the fourth quarter. There are no distressing signs of market fundamentals weakening across Chicago. The market had a strong summer for large deals landing and the demand pipeline remains healthy for 2017. Looking back, the metro saw consistent renewal activity although it would have been nice if some of these requirements relocated into new spec product. Furthermore, there was net new growth in occupancy as several existing firms in the market including Michelin, General Mills, Batory Foods, Best Buy, LG, LeSaint Logistics, RJW Transport and Hankook Tire expanded their footprints.

Sales recap

AEW, an active buyer across Chicago, acquired a six building portfolio totaling just over 1.0 million square feet for $22.1 million from TA at a 6.6 percent cap. In south suburban Alsip, Prologis sold the three building, 857,000-square-foot Park 294 business park to Cabot Properties for $73 per square foot. The largest single asset investment sale to occur in the fourth quarter was Griffin Capital's take out of VentureOne's recently completed 987,000-square-foot 3M distribution center in DeKalb. This transaction was just under $70 million which works out to $70 per square foot with a 10 year lease in place equating to a 6.28 percent cap. VentureOne also offloaded another single tenant big bomber, the Hankook Tire distribution center in Monee. ARES Management acquired this 718,000 square foot building for approximately $54 per square foot. The highest price per square foot recorded in fourth quarter investment sales was Bridge Development's three building core sale to Morgan Stanley. This 92.0 percent occupied assets consisted of two buildings in McCook and one in O'Hare totaling 539,000 square feet which traded just under $120 per square foot at a 5.23 percent cap.

Top leases

Tenant name: submarket	Deal type	Size (s.f.)
Amazon: I-88	BTS	954,720
Amazon: Lake County	Spec lease	626,848
Amazon: I-88	Spec lease	402,860
Tucker Rocky Distribution: I-55	Renewal	240,500
Niven Marketing: DuPage	Renewal	218,464

Notable Investment sales

Buyer	Seller	Bldg(s) | s.f.	Price per s.f.
AEW	TA	6: 1,031,055	$68.19
Griffin Capital	VentureOne	1: 987,120	$70.26
Cabot	Prologis	3: 857,643	$73.46
ARES	VentureOne	1: 718,761	~$54
Private investor	GLP	1: 776,515	$33.10
Morgan Stanley	Bridge	3: 539,440	$119.28

4.9 MSF Q4 2016 net absorption (s.f.)	**5.23 %** Representative Class A cap rate	**22.3 MSF** Total under construction (s.f.)	**$4.77** Average asking rent (p.s.f.)
7.08% Total vacancy	**0** Standing Class A distribution spaces over 1.0 m.s.f.	**21.7 MSF** YTD completions (s.f.)	**5.5 %** Metro Chicago November unemployment

Cincinnati

Market fundamentals strengthen to end year

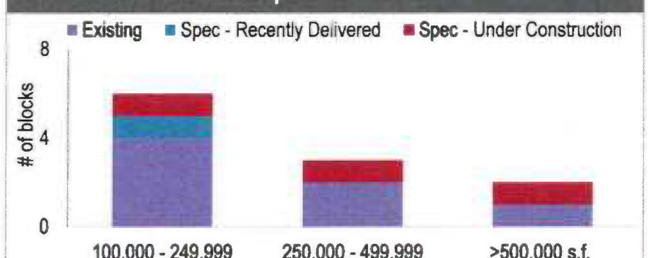
Leasing activity finishes the year strong
Throughout 2016 developers have filled the construction pipeline with projects to meet growing tenant demand for industrial space within the market. The fourth quarter confirmed developers confidence as Class A leasing heated up, absorbing over 650,000 square feet of space. As rental rates have risen, developers have become increasingly confident speculative buildings smaller than 200,000 square feet. A trend was reversed from start of 2016 in which projects greater than 300,000 square feet accounted for the majority of the development pipeline. Multiple deals were signed in recently delivered buildings in the smaller size segment, confirming that higher rental rates can be achieved.

Class A leases signed in 2016

Source: JLL Research

Quality space finally available in the Airport submarket
Over the last two years the airport submarket has become increasingly tight with the vacancy rate falling below 2.0 percent to start 2016. Fortunately for tenants, spaces have become available due to recently vacated spaces as well as new construction in the submarket. The fourth quarter saw Innotrac vacate 646,000 square feet at Litton Lane, as well as 194,000 square feet that Dematic vacated in Airpark West. One building delivered, the151,800-square-foot Airpark West # 16. Construction commenced on Hebron Logistics Center, containing two buildings totaling 718,658 square feet and Dermody continued construction on the 264,000-square-foot LogistiCenter at 275 #2. Recent development activity reaffirms developers confidence in tenant demand for space in the submarket.

Available blocks in the airport submarket



Source: JLL Research

Civic activity opens doors to infill sites in fourth quarter
While Cincinnati's industrial market has seen continued growth since the Great Recession, the market is still plagued by a shortage of available land for industrial development. As our second quarter report touched upon, civic players have become increasingly more involved preparing infill sites for industrial development. The fourth quarter was no different as the City of Evendale announced the purchase of the 24.6-acre "Aero-Hub", an advanced manufacturing campus. In addition, the Port Authority began demolition of the former Gibson Greeting card building to make way for a 56-acre site for new development. The Port Authority also partnered with JTM Food Group on a 78,668-square-foot freezer-cooler warehouse at 200 Industrial Drive in Harrison.

Civic developments underway

Property	Proposed building s.f.	Acres
Former Gibson Greeting Card	600,000	56
Aero Hub	550,000	24.6
Nehemiah Manufacturing	172,000	7
JTM Warehousing	78,668	22

Source: JLL Research

238,587,997 Market size (s.f.)	**4,612,637** YTD total net absorption (s.f.)	**$3.78** Average asking rent (p.s.f.)	**2,346,546** Total under construction (s.f.)
4.2% Total vacancy	**1.9%** Net absorption (as a % of stock)	**1.9%** 12-month rent growth	**4,776,365** YTD construction completions (s.f.)

Cleveland

The market records further gains as the peak nears

Indicators suggest we are nearing the peak of the real estate cycle
We are currently in one of the longest periods of economic expansion in modern history. This period of economic growth has done much to bolster the industrial property sector in Cleveland. However, there is reason for caution as we enter 2017. Multiple indicators are suggesting that we are approaching the peak of the real estate cycle. First, vacancy has dipped below the trough of the prior cycle, and it appears to be leveling off near 9.0 percent. Second, industrial rents are nearing the peak of the prior cycle, and the most recent data suggests that rents may be plateauing around $3.75 per square foot. Finally, employment in multiple industrial sectors declined during 2016.

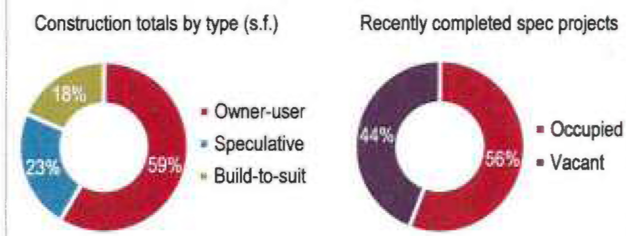
Construction totals are up, with spec projects seeing mixed results
Construction activity is increasing as we approach the peak of the cycle. More than 2.9 million square feet of new supply has been added in the past two years. That number exceeds the construction totals for the prior six years. Speculative construction has returned to the marketplace, signaling the return of developer confidence. Five speculative warehouses were delivered during the last 36 months, totaling 741,000 square feet. The performance of these assets has varied, with some leasing up quickly and others sitting partially vacant. Despite these mixed results, developers remain cautiously optimistic, and additional speculative projects are currently under construction.

Development activity has been concentrated in the Southeast submarket
The Southeast submarket is centrally located within the Cleveland metropolitan area, making it a logical choice for regional distributors. Also, it has hundreds of acres of greenfields and is home to a number of municipalities with pro-business tax policies. The economic development tools most commonly used in these communities are property tax abatement and income tax credits. Preceding much of this construction activity has been the acquisition of land by developers, and during the past six years, more than 1,000 acres has traded hands. The largest developments currently underway in this submarket include the Cornerstone Business Park in Twinsburg and the Seasons Business Park in Stow.

Rent peak and vacancy trough from the prior cycle

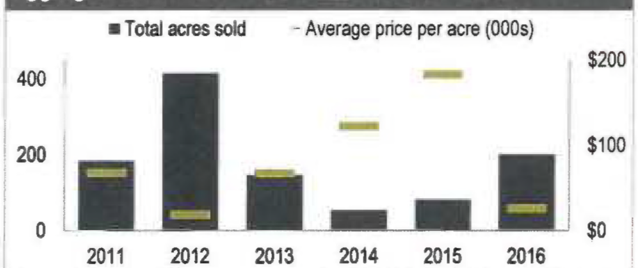
Source: JLL Research

Construction activity over the last 36 months



Source: JLL Research

Aggregate land sales in the Southeast submarket*



Source: JLL Research

*Analysis includes land comps ≥5 acres

336,385,585 Market size (s.f.)	**2,068,399** YTD total net absorption (s.f.)	**$3.75** Average asking rent (p.s.f.)	**1,213,000** Total under construction (s.f.)
9.1% Total vacancy	**0.6%** Net absorption (as a % of stock)	**-0.8%** 12-month rent growth	**1,562,000** YTD completions (s.f.)

Columbus

Warehouse demand soars to close out record year

Demand hits record levels in 2016

In 2016, the Columbus market hit a record low with respect to vacancy, in addition to record high net absorption. Deliveries outpaced the previous year, providing a bump in demand for a record-setting year. New product was responsible for 4.0 million square feet of net absorption in 2016, while leasing activity was also driven by existing inventory and accounted for 52.4 percent of overall net absorption. Availability is as narrow as it's ever been, providing an enticing landscape for new construction throughout the Columbus region. While new construction announcements for 2017 have yet to hit the market, rapid absorption of recently completed speculative development, as well as a lack of availability of modern inventory, indicate more projects are likely to break ground next year.

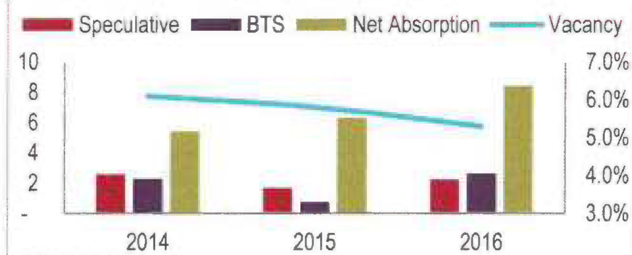
Rickenbacker availability continues to tighten

The Southeast submarket saw 1.4 million square feet of net absorption in the final quarter of 2016, slashing warehouse availability to 11.3 percent and pushing average total asking rents up $0.30 year-over-year, further tilting the balance of the market in favor of landlords. This has emerged as a common trend for the Columbus region, and with minimal space available, the Southeast submarket is in a prime position for speculative construction. Meanwhile, with limited land available for development in the submarket, Northpoint continued its advance in Columbus with an additional land purchase just south of the Rickenbacker Inland Port in Pickaway County, which may signal the emergence of another submarket option for new development.

Tenant demand for modern space driving development

Logistics and e-commerce operations spurred warehouse development throughout the Columbus market with over 4.0 million square feet of deliveries in 2016. Demand for modern, customizable space is impelling investment and shaping the size and type of new construction; of the eight warehouse completions, seven are over 400,000 square feet. With that said, the market is also seeing an unprecedented amount of investment from manufacturers. Only 578,000 square feet of manufacturing space was built from 2013 to 2015, and over 800,000 square feet was built in 2016 alone, with a 1.4 million-square-foot built-to-suit project in Pickaway County currently under construction.

Deliveries vs net absorption (m.s.f.)



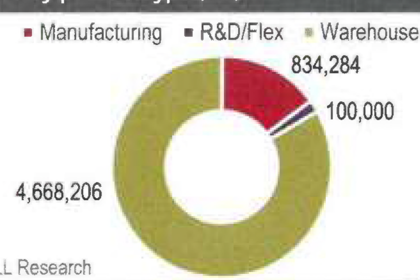
Source: JLL Research

Q4 2016 transactions in Southeast submarket

Tenant	Building	Type	Size (s.f.)
DHL	Creekside IX	New lease	426,408
West-Ward Pharmaceuticals	2130 Rohr Rd	BTS delivered	275,869
3PL for Hankook Tire	Rickenbacker 8	New lease	255,070
Schoola	1655 Watkins Rd	Expansion	115,920

Source: JLL Research

Deliveries by product type (s.f.)



Source: JLL Research

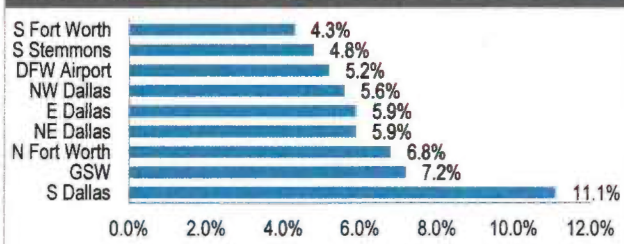
$3.73 Average total asking rent	2,424,975 Total under construction (s.f.)	1,542,869 Quarterly completions (s.f.)	8,415,888 YTD net absorption (s.f.)
5.3% Total vacancy	1,503,196 Planned construction (s.f.)	2,914,802 Quarterly net absorption (s.f.)	246,603,780 Market size (s.f.)

Dallas / Fort Worth

Record demand keeps the market in balance

Net absorption and construction are currently in line
2016 was a record year for net absorption for the DFW market, with just under 23 million square feet of positive net absorption. The vast majority of this absorption took place within the 21.9 million square feet of new construction delivered to the market this year. The DFW industrial has seen a surge of new construction over the past three years, with 56.7 million square feet completed over that time frame. Demand has largely been keeping pace, with the market vacancy moving up only slightly from a record low set in 2013 to a total current vacancy of 6.1 percent.

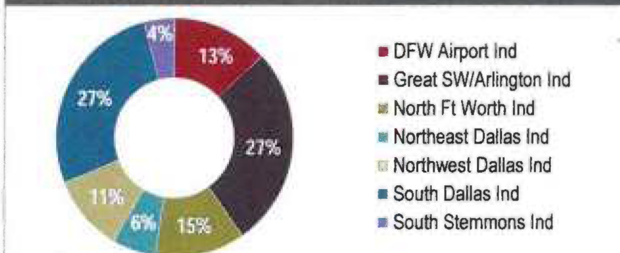
Total vacancy by submarket



Source: JLL Research

Construction pipeline is above the historic norm, spec construction continues to make up vast majority of the pipeline
Of the 19.4 million square feet underway, 13.6 percent is accounted for (between built-to-suits and pre-leasing). The current construction pipeline is heavily concentrated in three submarkets: South Dallas (27.0 percent), GSW/Arlington (27.0 percent) and Northwest Dallas (15.0 percent). The construction volume is large but has been trending downward over the past three quarters and is largely in line with recent absorption figures.

Construction pipeline by submarket



Source: JLL Research

Strong net absorption needed to keep pace with construction pipeline
For the market to remain in balance, 16.8 million square feet of unaccounted for spec construction will need to absorbed next year. Over the past five years, net absorption has averaged about 16 million square feet. Some indicators like the recent decrease in pre-leasing activity and modest decrease in the active tenants in the market point toward a slight slow down in absorption in 2017. This will likely result in an uptick in the total vacancy rate, though not enough to shift the market outside of landlord favorable conditions.

Unaccounted for spec space set for delivery over next year

16.8 m.s.f.

(Unaccounted for spec pipeline underway)

Source: JLL Research

1,355,973 Vacant sublease space (s.f.)	**23,500,000** Active tenant requirements (s.f.)	**90.4% vs. 9.6%** Spec construction vs. BTS	**19,433,813** Total under construction (s.f.)
5.9% Direct vacancy	**41,859,983** Proposed construction (s.f.)	**3.6%** 12-month rent growth	**13.6%** Total preleased

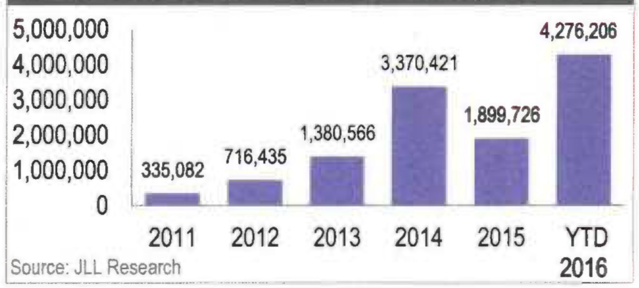
Denver

2016 sets new record for deliveries and rental rates

Development provides opportunity and stability

Over the course of 2016, Denver metro added a never-before-seen 4.6 million square feet across all product types to the market. This surpasses the last record of 3.0 million square feet in 2006 by over 1.6 million square feet. With another 1.8 million square feet currently under construction and 1.3 million square feet planned for next year, 2017 is expected to be another heavy-hitter year for construction. However, as construction remains strong in all CRE sectors, the lack of available labor has pushed back expected delivery dates for projects by several weeks and months. The benefit: the chance of overbuild is low and the metro's continued growth will remain steady.

YTD new supply outpaces historical deliveries



Source: JLL Research

Rental rates continue to climb

As vacancy rates stay below 4.0 percent for the tenth quarter in a row, rental rates have made another significant jump from $7.12 per square foot to $7.40 per square foot after having stayed relatively even the last three quarters, making this quarter the highest ever recorded rental rates in Denver's history. While the amount of new supply has helped alleviate some tightness in the market, the higher quality space is demanding higher rents. And, as such, leverage still remains with the landlord. However, tenants are requiring shorter lease terms and more improvement packages to compensate for the steep pricing. Moving forward, some softening will begin as new supply balances demand.

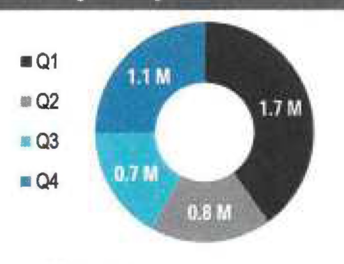
Rents increase 3.9 percent quarter over quarter

Source: JLL Research

Leasing activity remains strong

Despite a steep drop in leasing activity between the first and second quarters, leasing activity trended upwards throughout 2016, totaling over 4.3 million square feet leased since the beginning of the year. The most notable leases signed are Amazon (452,400 square feet), Iron Mountain (228,038 square feet), and Niagara Bottling (210,195 square feet). As Denver remains a hot spot for population growth, industries such as e-commerce and third-party logistics (3PL) companies can be expected to grow their footprint in the metro area in the next year in order to keep pace with online shopping and quick delivery demand.

2016 leasing activity



The top ten leases of the year accounted for two-fifths of all leasing activity, measuring 1.7 million square feet out of the recorded 4.3 million square feet leased.

Source: JLL Research

3.8% Total vacancy	**281,312** Q4 2016 total net absorption (s.f.)	**1,080,233** Q4 leasing activity (s.f.)	**1,792,187** Total under construction (s.f.)
3.9% Quarter-over-quarter change in rents	**2,493,036** YTD total net absorption (s.f.)	**1,431,994** Q4 completions (s.f.)	**19.0%** Total preleased

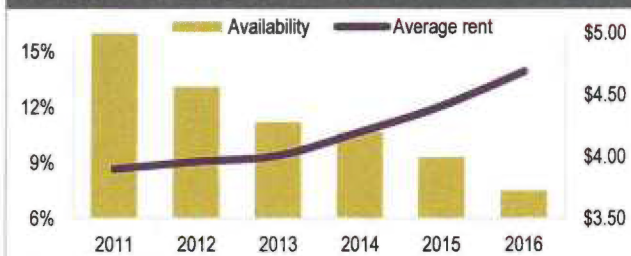
Detroit

Detroit industrial shows no signs of slowdown

Industrial sector continues its roll

The metropolitan Detroit region has continued to experience historically low vacancy rates while industrial rents keep rising. As the industrial market has reflected national economic trends, the sector has grown slowly yet steadily. 520,403 square feet of industrial space was absorbed in the fourth quarter of 2016, for a year end total of over 7.3 million square feet absorbed. Current industrial availability is 7.5 percent, and average triple net rents have climbed all the way to $4.69 per square foot. Although there is very limited space, there are no signs of a slowdown in the market. Demand for high quality industrial space is not waning, and we can expect these conditions to remain moving forward.

Average asking rents vs vacancy

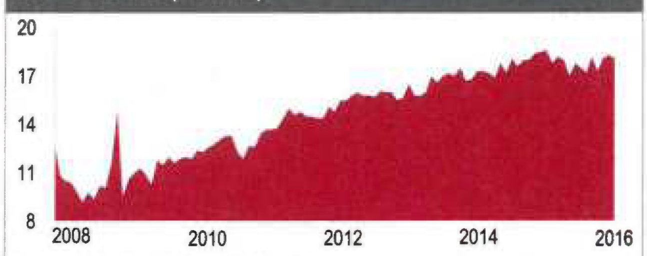


Source: JLL Research

Auto industry readies for continued growth amidst uncertainty

In 2016, auto sales continued their historic run, with a projected 17.4 million units sold, nearing the record high of 17.5 million set in 2015. After undergoing a federal bailout and a government reshaping under the Obama administration, the industry is preparing for another transformation under a Trump administration. The president elect has hinted at tariffs on imported parts and automobiles, as well as ending unnecessary regulations and federal oversight. Some companies have already begun investing in their domestic facilities. With an ever growing transportation and supply chain industry, manufacturers are expecting an uptick in commercial truck production. Even if auto sales cannot maintain their historic numbers, commercial vehicle production is expected to increase moving forward.

U.S. auto sales (millions)

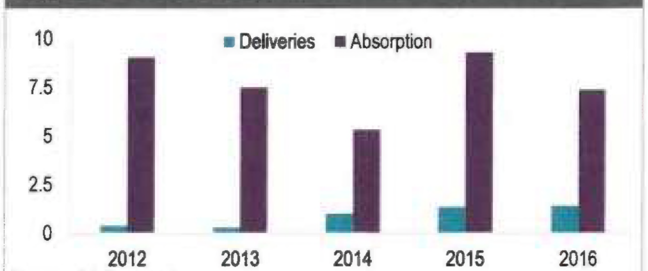


Source: US Bureau of Economic Analysis

Demand outpacing construction

Due to the lack of available spaces, construction most certainly lies on the horizon. The region has not seen a wave of speculative construction in nearly a decade, however, that may soon change. The current vacancies and rents in the market could largely be attributed to the lack of speculative space in the region, pushing both numbers to extreme levels. As user demand continues to increase, especially for large Class A spaces, build-to-suit projects have been completed, but we have yet to see many shovels in the ground for speculative buildings. Moving forward into 2017, we can expect developers to begin to take advantage of the market with speculative projects.

Supply & demand (m.s.f.)



Source: JLL Research

35,076,613 Total availability (s.f.)	**7,353,621** YTD total net absorption (s.f.)	**$4.69** Total average asking rent (p.s.f.)	**1,590,191** Under construction
7.5% Total availability	**1.6%** Net absorption (as a % of stock)	**6.1%** 12-month rent growth	**1,403,143** YTD construction completions (s.f.)

East Bay / Oakland

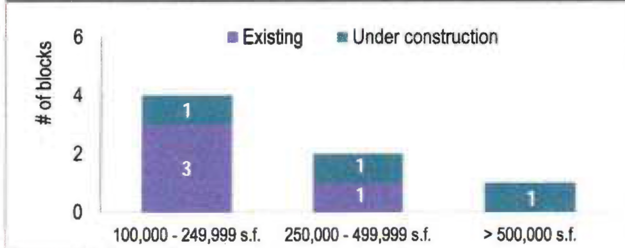
Bay Area core industrial market expands

Construction started at highly anticipated Oakland Global Trade and Logistics Center
In November, Prologis officially started construction on Phase I (256,000-square-foot warehouse) of the much anticipated Oakland Global Trade and Logistics Center at the Port of Oakland. Prologis has laid out three planned phases at the old Oakland Army Base, and expects to add another 231,660-square-foot building by mid-2017. Phase I of Centerpoint's logistics center is expected to break ground next quarter, adding 440,000 square-feet of port-centric industrial product. These developments come at a crucial time, where imported cargo volumes have increased 4.0 percent at the Port of Oakland year-over-year.

Limited options force tenants to keep close tabs on market
Historic low vacancy-rates across submarkets are seen this quarter, with no availability for Class A manufacturing buildings. The tight market conditions have forced tenants to act prudently and look for space nine months in advance of their desired move-in dates. Companies are operating at full or near-full capacity, as noted by the 1.6 percent vacancy rate across the East Bay, with less than 1.0 percent vacancy in Hayward, Newark, and Union City. All three buildings under construction in Hayward are fully preleased. Speculative buildings are being preleased, on average, two quarters before planned delivery.

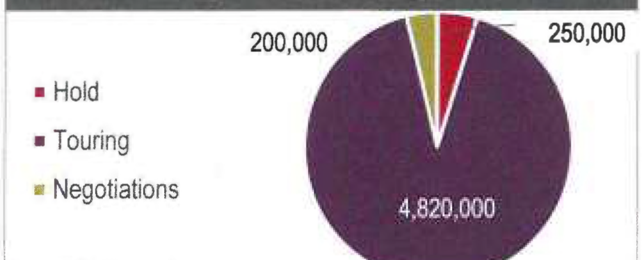
Development & new deliveries
The East Bay had one new delivery this quarter, a 142,388-square-foot warehouse/distribution center in Newark at 39888 Eureka Dr. SAS Automotive, a Tesla vendor, preleased the building, so the submarket's Class A inventory remained fully leased. There is increased interest by investors in the Livermore submarket. Historically, Livermore development fees and cumbersome entitlement processes limited developer's interest. However, higher market rents and recent transactions by Tesla and Draexlmaier at Oaks Logistics Center have attracted the attention of investors. Along with the delivery of 1.3 million square-feet of industrial product at Oaks Logistics Center this year, four other planned projects sit in the Livermore development pipeline, totaling 454,093 square-feet.

Available quality blocks of space: Warehouse & distribution inventory *(includes Class A & B caliber inventory)*



Source: JLL Research

Tenants in the market current demand (s.f.)



Source: JLL Research

Industrial product in the pipeline (s.f.)

17.6MM

Total planned and proposed projects as of Q4 2016 (s.f.)

Source: JLL Research

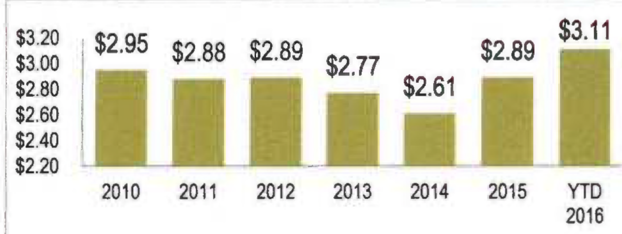
$0.69	3,779,741	172,364	1,685,116
Class A Distribution asking rate	Year-to-date absorption (s.f.)	Average requirement size (s.f.)	Total under construction (s.f.)
1.7%	6,718,422	3	3,831,910
Y-O-Y rent growth	Year-to-date leasing activity (s.f.)	Available blocks of space 250ksf+	Year-to-date completions (s.f.)

Greensboro / Winston-Salem

Asking rates push upwards to close out year

Asking rates stay climbing
With rental rates on an upward swing over the last year, the market is becoming increasingly landlord-favorable in the foreseeable future. With the current asking rate sitting at $3.11 per square foot, up drastically from two years ago when the rate hit a low mark of $2.61 per square foot, owners will have leverage when negotiating rates.

Asking rates show a strong increase



Source: JLL Research

Availabilities show in the form of new development
Developers have taken note to the Greensboro/Winston-Salem market, ground breakings are becoming a theme as of late. With 95,000 square feet delivered to market in the fourth quarter of 2016, and nearly 1.0 million square feet under construction, large users looking to take space in the Greensboro market will have options to choose from.

Supply meeting demand

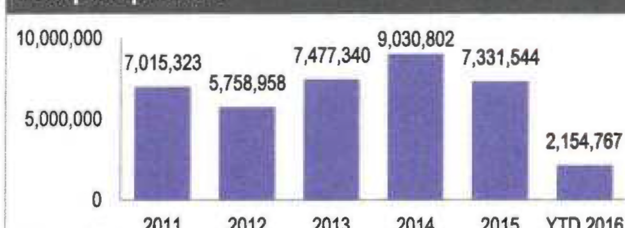
1,090,000 s.f.

Q4 2016 total under construction

Source: JLL Research

Absorption staying on track
After consecutive years of healthy absorption 2016 ended with a slow down for the Greensboro / Winston-Salem market. Year-to-date absorption totaled 2,154,767 square feet, which although is not comparable to previous years, still proves that tenants are active in the market. As build-to-suit projects deliver to market, look for absorption to pick back up to kick off 2017.

Absorption pans out



Source: JLL Research

205,281,919 Total inventory (s.f.)	**2,154,767** YTD net absorption (s.f.)	**$3.11** Direct average asking rent (p.s.f.)	**1,090,000** Total under construction (s.f.)
5.4% Total vacancy	**-414,344** Total net absorption	**7.0%** 12-month rent growth	**50.0%** Total preleased

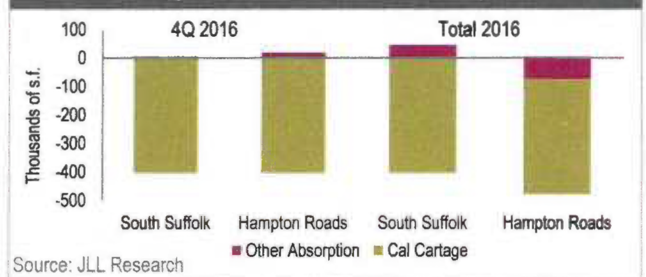
Hampton Roads

Fluctuations skew stats; land sales strengthen

The return of negative absorption?

At -478,653 square feet, total net absorption for the year was negative for the first time since 2013 and the largest negative amount in a decade. After the loss of a commodities account, Cal Cartage gave back over 403,000 square feet of space in the South Suffolk submarket in the fourth quarter, all in three Class B and Class C buildings. Without this event, there would have been a slight amount of positive absorption in South Suffolk for the quarter and the year, while net absorption marketwide would have been positive for the quarter and the annual negative absorption total would have been substantially reduced.

Industrial absorption, South Suffolk and Hampton Roads

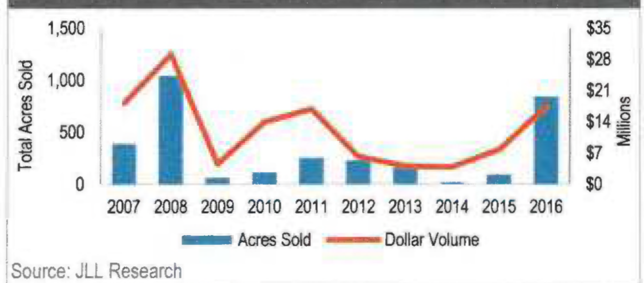


Source: JLL Research

Land sales gain ground

With market fundamentals strong despite quarterly fluctuations, 2016 saw industrial land sales return to levels not seen since before the recession. For transactions of 10 acres or more, both the total acres sold and total dollar volumes were the highest seen since 2008, although the average price per acre was the lowest in a decade and over $7,000 below 2008. This reflects a move into raw land as opposed to infill in or near established parks, as developers become ready to respond to increasing demand for newer warehouse product.

Industrial land sales, transactions of 10 or more acres

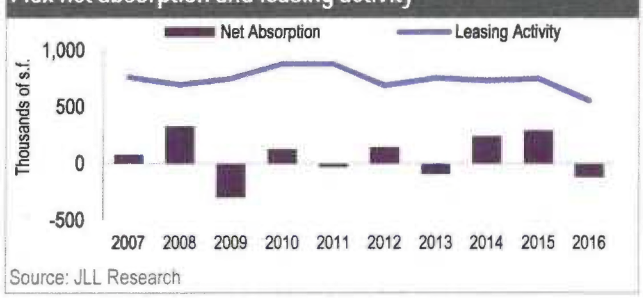


Source: JLL Research

Flex recovery slows

After two years of stronger performance for flex space, 2016 saw declines in both net absorption and leasing activity. Flex absorption was negative for the first time since 2013 and total givebacks were larger than in any year since the peak of the recession in 2009. Leasing activity declined substantially to numbers not seen in a decade. With a large amount of flex space occupied by defense contractors, concerns over the effects of a contentious election may have slowed activity, although both candidates had promised to increase defense spending. A decline in for-profit trade schools may account for some of this as well, as schools often occupied lower-grade office space in flex properties that could also accommodate shop space for student training.

Flex net absorption and leasing activity



Source: JLL Research

66,246,519 Total inventory (s.f.)	**-478,653** YTD net absorption (s.f.)	**$4.32 NNN** Direct average asking rent (p.s.f.)	**931,066** Total under construction (s.f.)
6.8% Direct vacancy	**-0.7%** YTD absorption as share of inventory	**-3.9%** 12-month net growth	**58,000** YTD construction completions (s.f.)

Houston

Industrial remains strong despite slowing activity

Leasing activity trends downward in 2016

While overall leasing activity was consistently strong over the course of Houston's economic downturn, the industrial market experienced a drop off in transactions at the close of 2016. Total volume of deals signed fell to 1.8 million square feet, from 4.2 million square feet in the third quarter, representing a decline of 69.1 percent from the previous eight quarters' average. This is not a concerning statistic but a natural effect of sustained low vacancy and availability across the Houston industrial market. At 5.5 percent total vacancy, the number of large blocks available for lease is limited, making it no surprise that 62.4 percent of leases this quarter were sourced from deals smaller than 50,000 square feet.

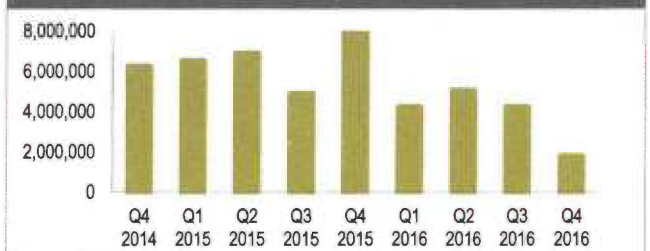
Construction activity continues decline with no new groundbreakings

The industrial development pipeline has remained disciplined through the oil price decline, as evidenced by continued healthy market fundamentals. Even so, the market has softened, and construction activity is no exception. The pipeline dropped by 32.0 percent to 4.7 million square feet, following 2.1 million square feet in deliveries and no new projects breaking ground in the fourth quarter. In an interesting twist, the entirety of deliveries this quarter came from the southern half of the metro, with 82.0 percent from the Southeast submarket alone. Of the remaining space under construction, close to 75.0 percent is controlled by the Southeast and Northwest, two submarkets which have outperformed the pack in 2016.

Southwest submarket emerges as contender

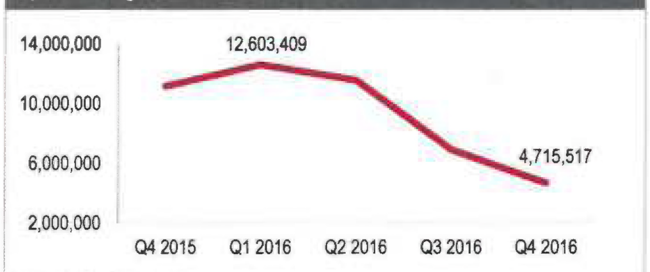
The Southwest submarket has added new supply and maintained consistent rent growth as companies have sought an alternative from the high-demand Northwest and Southeast submarkets. It has experienced an influx of activity from both flex and rear-load users and still offers opportunities in quality, bulk distribution product. The submarket captured the second largest transaction signed this quarter from a company new to the Houston market: CME Wire and Cable inked a deal for 102,780 square feet in Bayou Bend Business Park. This is especially significant as most of the leasing activity this year came from existing tenant movements in the market.

Deal volume falls quarter-over-quarter



Source: JLL Research

Pipeline edges downward in 2016



Source: JLL Research

Asking rents on the rise in the Southwest

8.9%

12-month rent growth

Source: JLL Research

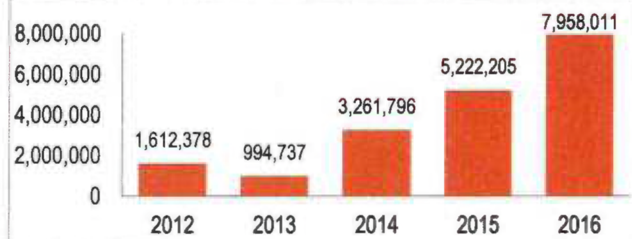
1,771,065 Leasing activity (s.f.)	2,146,187 Quarterly completions (s.f.)	6.3% 12-month rent growth	4,715,517 Total under construction (s.f.)
5.3% Direct vacancy	4,610,614 Available sublease space (s.f.)	20,404,468 Proposed construction (s.f.)	1,795,157 Total net absorption (s.f.)

Indianapolis

Industrial market grows at historic rate in 2016

Net absorption reaches new historical high
The Indianapolis industrial market wrapped up a record-breaking year with 1.2 million square feet of absorption in the fourth quarter. This brings the year-end total to eight million square feet, the highest level of occupancy growth the market has ever achieved in a single year. This growth was far reaching as every industrial property type achieved positive absorption this year. Meanwhile, 10 of the 11 tracked industrial submarkets grew in 2016 with the Northwest being the lone exception. Look for the market to continue growing next year as speculative construction will bring several more quality options to the market at competitive pricing.

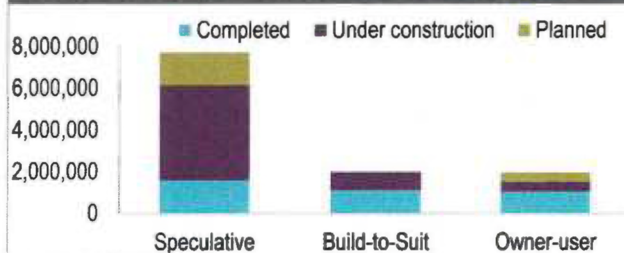
Historical net absorption (s.f.)



Source: JLL Research

Speculative construction dominates construction landscape
Historic levels of net absorption combined with low vacancy (6.0 percent) led to an influx of speculative development this year. While only a modest 1.6 million square feet of speculative space was delivered in 2016, another 4.6 million square feet remains under construction with an additional 1.6 million currently slated to break ground in 2017. Demand for this space is evident as nearly 60.0 percent of the speculative space completed in 2016 has already been leased. Restricted availability also led to a rise in build-to-suit and owner-user construction as 2.1 million square feet was completed this year while 1.8 million square feet remains in the pipeline.

2016 construction snapshot (s.f.)



Source: JLL Research

Sale activity doubles over previous year
Nearly 70 industrial sales closed in 2016. This more than doubles last year when only 30 sales transactions occurred. Investors, in particular, noticed Indianapolis' high level of occupancy growth and low vacancy. Investment activity accounted for 62.0 percent of all sales transactions closed this year. Look for investor interest to remain high in 2017 as Indianapolis continues to be a major player in the emerging e-commerce industry.

Sales activity occurs at elevated rate

$682 million

Total industrial sales volume in 2016

Source: JLL Research

211,457,511 Total inventory (s.f.)	**1,237,523** Q4 2016 net absorption (s.f.)	**$3.49** Direct average asking rent	**5,921,274** Total under construction (s.f.)
6.0% Total vacancy	**7,958,011** YTD net absorption (s.f.)	**0.8%** 12-month rent growth	**3,676,299** YTD completions (s.f.)

Inland Empire

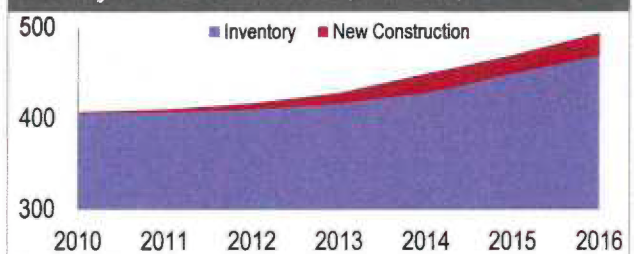
Inland Empire emerges as construction powerhouse

Delivering more new product than any other market in US, IE shines
The IE saw the delivery of more than 24.5 million square feet of new industrial product during 2016. Construction has been robust with more than 20 million square feet being added to the market each of the last three years. IE ranked first among US industrial markets for deliveries in 2016, ahead of Chicago (20.6 million square feet), Atlanta (20.8 million square feet) and Dallas (21.8 million square feet). All this new product has grown the industrial inventory in IE by more than 20.0 percent during the past five years with most of the new construction coming in the past three years. An additional 21.9 million square feet is currently under construction in the market.

Three years of record performance
Demand in the IE market has kept pace with record construction. Net absorption has registered in excess of 20 million square feet each of the last three years, with 2016 demand totaling 20.5 million square feet. This supply/demand equilibrium has fostered a very healthy and balanced market, with solid fundamentals. Vacancy in the market bumped up slightly year-over-year as the market saw 4 million square feet more of deliveries than demand in 2016. Although demand is expected to remain strong, it is likely to be somewhat lower next year. Competition for large box tenants will increase as the market will deliver five new spec projects of 1 million square feet or more.

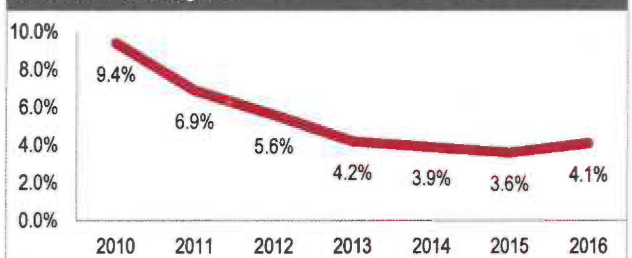
Institutional investors active, local investors not sellers yet
Institutional investment activity remained brisk during the fourth quarter with more than $500 million trading hands, bringing the total volume of sales for the year to more than $1.7 billion. Cap rates remain compressed, with rates for stabilized assets hovering just over 5.0 percent. Look for rates to bump up 25-50 bps as the impact of higher interest rates moves through the market. Local generational owners and high-net worth individuals have largely been sitting out this cycle, but that could change if there are any significant modifications to capital gains taxes in the coming year.

Inventory and new construction (in millions)



Source: JLL Research

Historical vacancy rate



Source: JLL Research

Notable sales Q4

Property	Price	$ per s.f.	Cap rate
San Bernardino Logistics Cntr	$68,538,500	$85	
12320 4th Street (2 bldgs.)	$24,435,000	$86	5.06%
Canyon Commerce Cntr	$19,400,000	$75	User
Shenandoah Industrial Center	$19,082,999	$75	5.0%

Source: JLL Research

20,495,168 YTD net absorption (s.f.)	**4,572,127** BTS completions (s.f.)	**3,881,313** Quarterly completions (s.f.)	**6.7%** Availability Rate
4.1% Total vacancy	**21,923,127** Under construction (s.f.)	**24,597,326** YTD completions (s.f.)	**$0.51** Overall NNN Rent

Jacksonville

Amazon to build three warehouses in Jacksonville

Amazon bets big in Jacksonville

Amazon has been revealed to be what the city government has dubbed "Project Velo," the 1,016,041-square-foot proposed warehouse that applied for incentives in October. This is Amazon's second of three warehouses to be delivered in the market. The first is an 800,000-square-foot warehouse currently under construction on Pecan Park Road, in the Northside submarket. This next project is located on the Westside near 103rd street. These two facilities will accompany a last-mile delivery center of 60,000 square feet located in the Alta lakes Commerce Center, which is located proximate to major population centers. In total, these three facilities will be a boon for Jacksonville's economy by adding 2,700 new jobs, equivalent to over 11.0 percent of jobs gained in the previous 12 months.

DRA Advisors invests in Jacksonville

The portfolio sale of industrial properties from Cabot Properties to DRA Advisors has transferred the Alta Lakes Commerce Center and 12751 Gran Bay Parkway in Jacksonville, and has turned DRA Advisors into a substantial owner in the Jacksonville Industrial Market, with 932,785 square feet. DRA paid an allocated $50 per square foot, which was just under the market rate of $55- $60 per square foot. This is the biggest industrial deal this year, which has seen a 58.7 percent drop in capital transaction flow compared to last year.

Speculative development expected to pick up in 2017

The Jacksonville market has tightened in 2016, with vacancy steadily declining since 2010 to 6.3 percent – its lowest level since 2006. Further, the market is even tighter for larger blocks of 100,000 square feet and higher. This has allowed landlords of larger spaces to push rents and makes speculative development an attractive option for developers. For example, Jackson Shaw is planning two speculative buildings, totaling 150,000 square feet. With absorption consistently outpacing new deliveries and allowing rental rates to rise, more projects are expect to be announced in the coming year on top of the already 7,426,181 square feet of proposed industrial space.

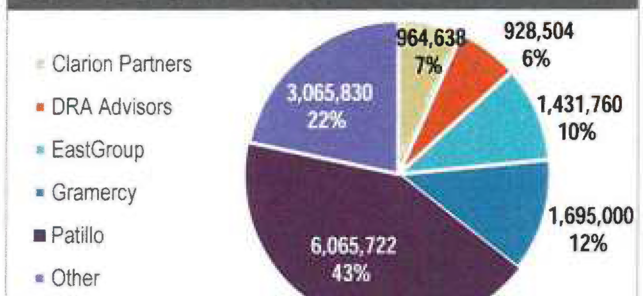
Amazon to boost hiring in Jacksonville

2,700 jobs

For Amazon's fulfillment centers

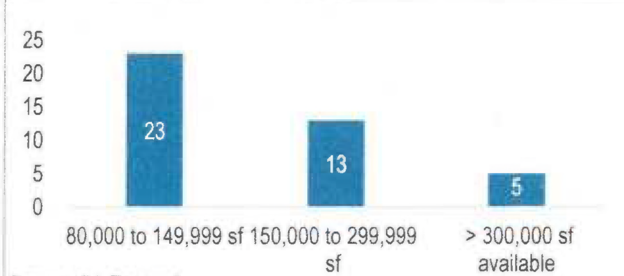
Source: JLL Research

Major industrial investors (s.f.)



Source: JLL Research

Available space scarce for large tenants



Source: JLL Research

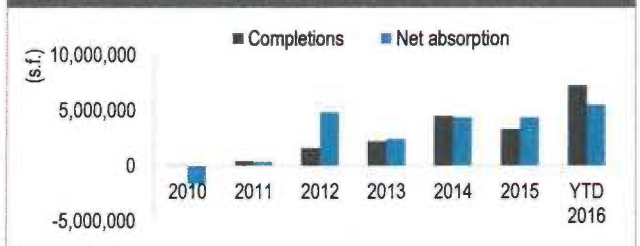
13,773 Available for sublease (s.f.)	**0** Quarterly completions (s.f.)	**1,407,476** Total sold (s.f)	**905,000** Total under construction (s.f.)
6.3% Direct vacancy	**451,494** Quarterly leasing activity (s.f)	**6** Quarterly sales transactions	**223,482** Quarterly net absorption (s.f.)

Kansas City

Record setting development year

Development pipeline continues to hold strong
Kansas City's industrial construction activity ended the year the strong and set a record number of completions for 2016. During the course of 2016, in excess of 8.7 million square feet of product was delivered to the market. Furthermore, the construction pipeline continues to be robust with nearly 6 million square feet of development under construction. Absorption totals for the year also set new highs, with a positive over 5.8 million square feet.

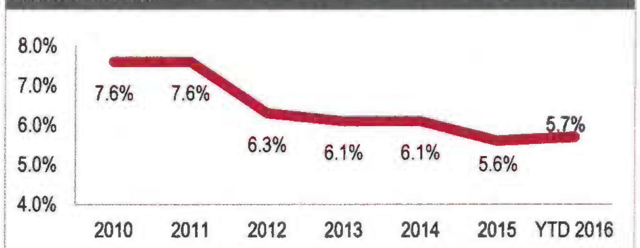
Completions vs. net absorption



Source: JLL Research

Nominal vacancy rate decrease, but overall healthy leasing activity
The Kansas City industrial market sustained a minor decrease in vacancy during the fourth quarter, currently residing at 5.7 percent. In aggregate, the industrial market vacancy rate ticked down from 6.0 percent at the end of the first quarter 2016. The market continues to experience stout speculative construction across every submarket in the Metro area. As a result, the vacancy rate more than likely will see slight increased during 2017.

Total vacancy



Source: JLL Research

Three trends to watch in 2017
Three crucial elements to monitor as we enter 2017 and beyond are more automation, hiring, and warehousing. As e-commerce trends continue to forecast a 10-12 percent annualized growth rate in pursuit of an eventual 25.0 percent market share of total retail sales in the United States, a significant amount of warehousing will be required. As a result, this will drive more hiring of warehouse workers, however less per facility, due to increased automation. Robotics and automation has proven to cause a 20.0 percent increase in productivity.

Notable leases

Tenant name	Deal type	Size (s.f.)
Amazon	New	855,000
Amazon Pantry	New	446,500
XPO Logistics	New	463,435
Progress Rail	New	246,364

283,573,222 Total inventory	**5.7%** Total vacancy	**$4.45** Average total asking rent ($ p.s.f.)	**5,917,448** Total under construction (s.f.)
8.1% Total availability	**10 bps** Vacancy is down from last quarter	**+3.2%** Asking rent Y/Y growth	**8,775,022** 2016 construction completions (s.f.)

Las Vegas

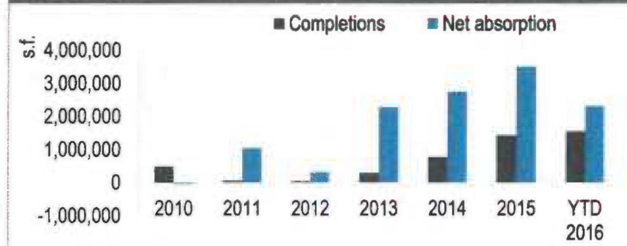
New spec development continues to be market buzz

Strong industrial demand and new development continues in Las Vegas
The Las Vegas market continued to see strong industrial demand across all submarkets and all product types. Net absorption in 2016 was 2.3 million square feet. That was down from 4.9 million square feet in 2015, however, it was due to more construction in 2016. Industrial inventory grew by 3.3 million square feet in 2016, with another 4.5 million square feet under construction. Of the projects currently under construction, approximately 36.0 percent of that square footage is already pre-leased or build-to-suit. In addition to the remaining 2016 pipeline of new construction rolling into the New Year, we have another 7.1 million square feet planned for 2017 – which puts the potential of over 10.0 million square feet coming online in the 2017 calendar year.

Lowest vacancy, increase in asking lease rates
The industrial vacancy in Southern Nevada hit its lowest point since 2006. Vacancy increased this year to 7.1 percent which is up from 6.4 percent last year. Since the high point of 14.4 percent vacancy in 2010, overall Las Vegas has seen a steady decline year-over-year even, especially with new development. The weighted average asking lease rate increased this year to $0.67 per square foot (psf) per month on a triple net (NNN) basis, up $0.02 per square foot from last quarter and up $0.04 psf from a year ago. The market expectation is that rental rates will continue to increase in 2017.

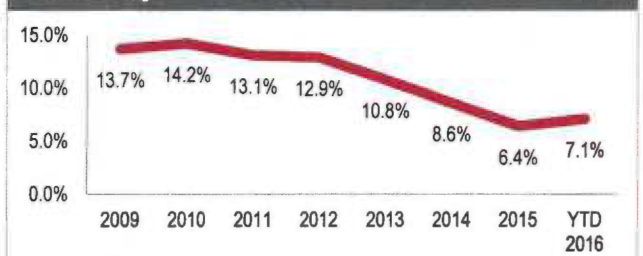
Investment sales performance strong
In 2016, industrial investment sales volume was $308.9 million, comprised of 71 transactions totaling 3.3 million square feet. Average sales price per square foot was $93.35 with an average cap rate of 7.2 percent. At the end of the year the Las Vegas' industrial market had over 1.1 million square feet being marketed for sale as investments with an average asking price of $122.26 per square foot and an average cap rate of 6.2 percent.

Completions vs. net absorption



Source: JLL Research

Total vacancy



Source: JLL Research

Notable leases

Tenant name	Deal type	Size (s.f.)
Amazon	New	800,000
The Honest Companies	New	570,000
AG Lighting	New	240,000

Source: JLL Research

1,547,295 YTD construction completions (s.f.)	**5.3%** Total vacancy	**$8.04** Average total asking rent (p.s.f.)	**3,698,103** Total under construction (s.f.)
101.4 m.s.f. Inventory	**40 bps** Q-O-Q vacancy change (%)	**6.3%** Asking rent YOY growth	**11.1%** Total availability

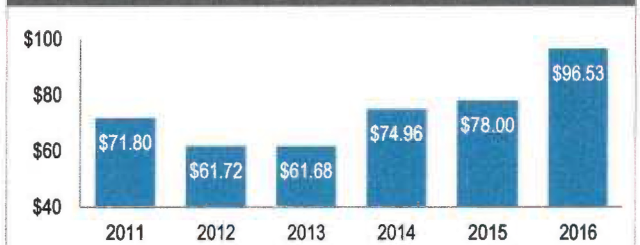
Long Island

Momentum sustains amid looming supply concerns

Sale prices reach new heights—again

The average industrial sale price peaked during the fourth quarter to $104.62 per square foot, elevating the overall price to $96.53 per square foot in 2016. The growing presence of pharmaceutical companies fueled sales activity in the Central Suffolk submarket, where Alife Pharmaceutical Inc purchased a 60,000-square-foot warehouse at 75 Modular Avenue in Commack for $89.79 per square foot. Additionally, Savoy Medical Supply purchased a 47,000-square-foot property at 40 Rabro Drive in Hauppauge for $103.50 per square foot. As the market tightens among high quality product type, sale prices will continue to trend upward as buyers come under pressure to seize rare opportunities.

Nassau and Suffolk average sale price (p.s.f.)

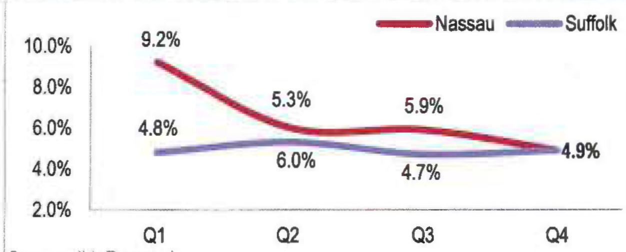


Source: JLL Research

Nassau and Suffolk availability rates converge

The overall Long Island market experienced a modest decline in availability rates since the previous quarter, after dropping significantly in the first half of 2016. The Nassau County rate fell a substantial 100 basis points from three months ago to 4.9 percent during the fourth quarter, as a result of several large spaces taken off the market. Contributing to this was International Warehouse Group's occupancy of 22,500 square feet at 195 Bethpage Sweet Hollow Road in Old Bethpage. Interestingly, Suffolk County also registered an availability rate of 4.9 percent after ticking upward 20 basis points from the previous quarter.

Nassau and Suffolk overall availability trends (2016)

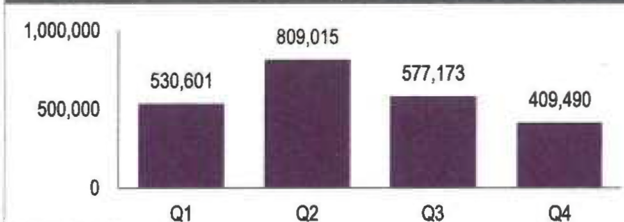


Source: JLL Research

Leasing activity levels off during fourth quarter

Continued supply-demand imbalances throughout Long Island have resulted in an expected slowdown of leasing activity in 2016. After setting record high leasing volumes of approximately 4.6 million square feet in 2015, total leasing figures stood at 2.3 million square feet in 2016—a mere half of the activity recorded the previous year. While the migration of companies from the boroughs bolstered leasing activity during the past two years, the trend will likely have a relatively lower impact on the market in the next twelve months due to limited internal movement. The alarmingly low supply of available spaces in excess of 50,000 square feet will encourage existing tenants in those facilities to renew their leases.

2016 Long Island leasing activity (s.f.)



Source: JLL Research

113,869,775 Total industrial inventory (s.f.)	**-341,820** Q4 2016 net absorption (s.f.)	**$11.22** Overall average asking rent (p.s.f.)	**279,000** Total under construction (s.f.)
5.1% Overall availability	**324,009** YTD net absorption (s.f.)	**2.4%** 12-month rent growth	**68.4%** Total preleased

Los Angeles

LA industrial market keeps record pace in Q4

Demand not slowing down

Positive momentum remained in the fourth quarter of 2016 and is expected to continue into 2017. The Los Angeles industrial market posted positive net absorption for the third consecutive year. With 11.9 percent rent growth year-over-year, demand for warehouse and distribution space is not expected to slow down any time soon. The interest rate bump and coming bumps are not deterring the race for space. Class A rates continue to climb beyond historical records as relocation alternatives shrink. The Los Angeles industrial market remains one of the most desirable, and one of the tightest, markets in the nation with a vacancy rate below 1.0 percent.

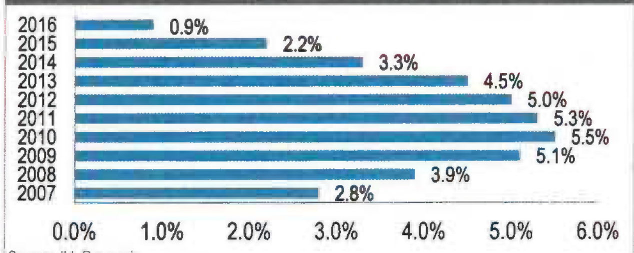
Market conditions remain extremely landlord favorable

Even with the increase in new development, demand continues to outpace supply in the Los Angeles industrial market over the past two years. Tenants are put in the position of competing for space, trying to minimize tenant improvements to secure their desired space. The growing e-commerce and logistics sectors, users willing to pay premium rents for premium locations, has contributed to an already challenging market for other occupiers. Strong rent growth and pricing appreciation has been solid over the last few years. These exceptional market fundamentals is fueling very strong interest from institutional investors.

Outlook

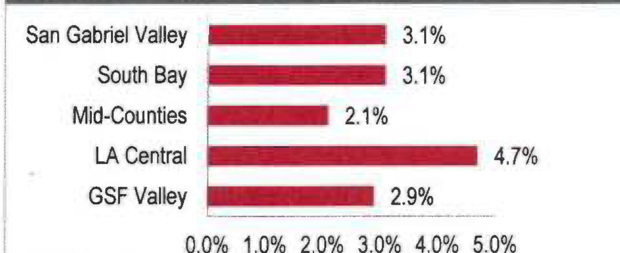
There are no major shifts or trends on the short and mid-term horizon that could have a negative impact on vacancy or demand. How the new economic and trade policies from the new administration will impact the industrial market in coming years remains a question. The minimum wage in California could have a negative impact on manufacturing jobs in the region, however, the regulations will go into effect for all of California, leveling the playing field throughout the state. There seems to be no concern over the President elect's policy changes regarding business regulations or business taxes.

Annual Historical Vacancy Rates



Source: JLL Research

Current Availability Rate - Submarkets



Source: JLL Research

Notable leases

Tenant name	Deal type	Size (s.f.)
UPS	New	521,816
Staples	Renewal	318,031
Mission Foods	Renewal	200,003

Source: JLL Research

791,335,841 Inventory (s.f.)	**1,213,920** Quarterly Net Absorption (s.f.)	**0.9%** Total Vacancy Rate	**3.4%** Total Availability Rate
5,250,423 Total under construction (s.f.)	**90% vs. 10%** Spec construction vs. design-builds	**3,898,645** 2016 completions (s.f.)	**$0.75** Average total asking rent (p.s.f.)

Memphis

Investor attention: high demand yet affordable rents

Back to back: absorption staying high with vacancy trending down
Memphis witnessed another banner year. The market is on a 3-year streak with absorption consistently exceeding 5.5 million square feet. Year-to-date 2016 absorption landed at nearly 7 million square feet. With strong absorption like the city is witnessing, vacancy is sharply declining – 49.9 percent between 2013 and 2016. At the end of 2016, vacancy landed at 6.5 percent compared to 12.9 percent in 2013. The decline in vacancy is staying steady. Between 2015 and 2016, Memphis vacancies have dropped 17.1 percent. With decreasing vacancies, Memphis rental rates have increased to $2.87 triple net per square foot; however, these rates are almost half the national average of $5.13 triple net per square foot. This makes the cost of doing industrial business in Memphis comparably affordable.

Glowing construction: product comes to market mostly occupied
With market fundamentals as they are, developers have responded with a flurry of new buildings. 3.8 million square feet delivered over the course of 2016, and another 3.0 million square feet is currently under construction. In this real estate cycle, developers have responded to a supply-side opportunity with a cautiously optimistic approach. Of the 3.8 million year-to-date deliveries, 70.8 percent of product was preleased – even though, 43.9 percent of those deliveries were speculative developments. Of the 3.0 million square feet under construction (70.8 percent speculative development), only 29.2 percent is preleased. Memphis has new Class A space to offer tenants looking for a new location.

Positive energy in the market: capital investment boosts community
Across the economy, Memphis has experienced a surge in capital investment activity which is providing new life to older buildings and is creating new infrastructure to connect the city. Redevelopment dollars are predominantly for the healthcare and education sectors, which have mostly affected retail, multifamily and office real estate. The industrial landscape is changing its tune as well. Infrastructure dollars increase connectivity for the transport of people and goods. Capital investment in Memphis can only mean a better quality of life, which will make Memphis a better city in which to do business.

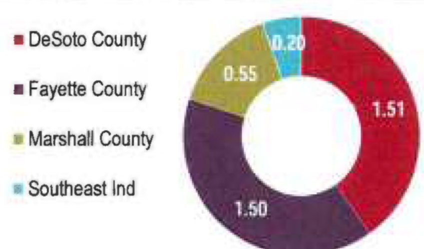
How low can Memphis go?

49.9%

decline in vacancy between 2013 and 2016

Source: JLL Research

Submarket development activity (million s.f. completions)



DeSoto County is the most active submarket in terms of development activity

Source: JLL Research

Capital investment is strong in Memphis

$9 billion +

investment dollars for major projects recently completed or underway

Source: JLL Research | Greater Memphis Chamber

213,657,393 Total inventory (s.f.)	**$2.87** Average total asking rent ($ p.s.f.)	**6.5%** Total vacancy	**3,760,193** YTD deliveries (s.f.)
6,917,811 YTD net absorption (s.f.)	**+3.2%** Asking rent Y/Y growth	**-134 bps** Vacancy is down from one year ago	**70.8%** Total pre-leased

Miami

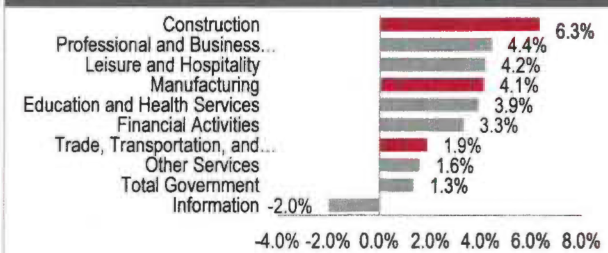
Industrial property: a growth sector for Miami going into 2017

Industrial sector: immune to slowdowns in the economy
Industrial fundamentals pushed forward into the year, despite the U.S economic slowdown in the first half, as e-commerce continues to ignite leasing activity and job creation. In fact, job growth has been one of the major contributors to the robust growth in industrial real estate for South Florida. Over the last four years construction jobs have increased more than 25.0 percent while manufacturing and trade continue to grow at an annualized rate of 0.6 and 1.1 percent respectively.

Another banner year for Miami's industrial market
The industrial warehouse market in Miami-Dade County ended the fourth quarter with great momentum, closing the year with one of the lowest vacancy since the downturn, vacancy is currently at 4.1 percent after seven consecutive years of positive net absorption – posting an average of 2.7 million square feet per year while outpacing deliveries. Led by the trend of new-to-market tenants, Miami-Dade tenants above 30,000 square feet leased 5.7 million square feet of space in 2016, representing 70.6 percent of total leasing activity in South Florida. Much the same way, many companies continue to expand and orient their supply chain apparatuses closer to large population centers, which should continue to benefit Miami's industrial market, particularly in terms of rental rate growth. In fact, in the last five years rents have grown at an annualized rate of 2.5 percent to $6.84 per-square-foot in the fourth quarter. We are leaving 2016 on record highs, while all indicators point toward sustained momentum for the product type.

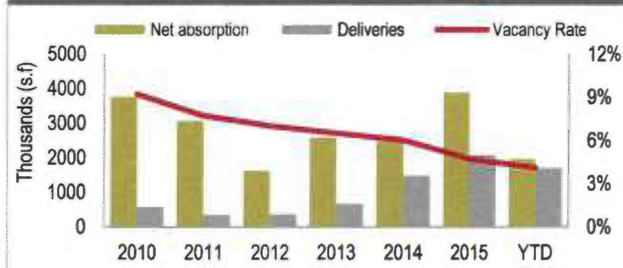
Investor interest continues for Miami's industrial product
After a slow first half of 2016, the industrial investment market saw improvement in the second half of the year thanks to the uptick in portfolio sales. Most notably, the 935,400-square-foot South Florida Logistics Center portfolio, which accounted for 38.7 percent of total sales volume in 2016, traded at a 4.0 percent cap rate. As a result, deal volume was the strongest in the Airport West submarket as it continues to be the epicenter of Miami-Dade County's industrial product, representing 25.0 percent of the market's total stock. Further, while investors remain bullish on industrial product in the region, the rise in interest rates in the upcoming year could put an upward pressure on cap rates and hinder investment activity. Still, many analysts anticipate that small increases may actually benefit the market as it will allow for adjustments accordingly.

12-month % change in employment (November 2016)



Source: JLL Research, BLS

Historic absorption & deliveries, compared to vacancy rates



Source: JLL Research

Miami saw 26% more in sales volume compared to last year

Source: JLL Research, NCREIF; excludes entity level transactions

4.1% Total vacancy	**426,000** Quarterly completions (s.f.)	**1.9 M** YTD total net absorptions (s.f)	**4.1 M** Total under construction (s.f.)
8.1% Total availability	**23.7 M** Planned construction (s.f.)	**$6.84** Average total asking rent ($ p.s.f)	**5.7 M** Leasing activity (s.f)

Milwaukee

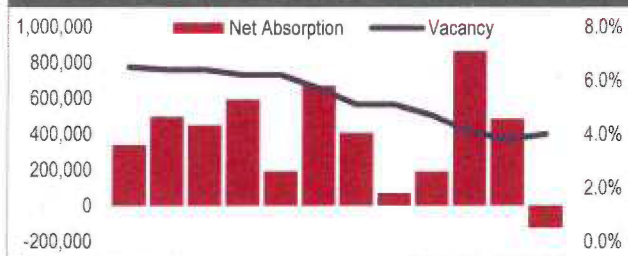
Another year, another nearly 2 million s.f. absorbed

Negative net absorption in the fourth quarter, still 2 million to end the year
Recent history has shown that Milwaukee boasts strong annual net absorption when it comes to industrial, and 2016 was no different. Three years in a row now total annual net absorption fell within 1.8 – 2.0 million square feet, despite negative absorption in the fourth quarter. Chalk it up to year end jitters or a particularly dynamic election, but it would appear some real estate decision makers were holding off for the new year. As we ring in 2017, local sentiment captured by Marquette's ISM report suggests that firms are split on whether 2017 will display the same or more positive market conditions than 2016, but very few (6.9 percent) believe they will worsen.

Spec development a seemingly more comfortable notion
For a while, it felt as though development patterns were not keeping pace with demand as industrial space was consistently absorbed in Milwaukee. This left a relatively lackluster pool (in terms of number and quality) of options for relocating or growing firms. Now, a handful of speculative developments currently under construction or planned may help alleviate some of the tighter vacancy submarkets. However, there have been multiple instances of spec developments filling up well before completion, and it will be up to interested firms to act promptly on a new construction option they have their eyes on.

Leasing and sales activity
While negative net absorption for the quarter ticked up overall vacancy to 4.0% to end the year, some moderate sized transactions did take place. Buske Logistics filled the balance of a 180,000-square-foot industrial building in the Bradley Industrial Park as they took 144,800 square feet. Sellars Absorbant Materials leased 98,927 square feet just north of their current facility on North 60th street. Stamm Technologies will relocate to Canal Street in Milwaukee, where they leased 37,600 square feet. Finally, Phoenix Investors executed three year-end industrial purchases of buildings totaling 806,528 square feet. Two of the buildings were a sale-leaseback by Shur-Line in St. Francis.

Historical net absorption & vacancy

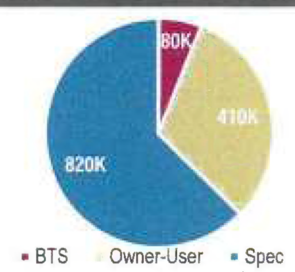


Source: JLL Research

Current/planned development by type

63%

Of currently under construction or planned developments are being built speculatively.



Source: JLL Research

Notable leases and sales

Address	Size (s.f.)	Type
7501 N 81st St, Milwaukee	144,800	New Lease
7300 N. 60th St, Milwaukee	98,927	New Lease
1207 W. Canal St, Milwaukee	37,600	New Lease
St. Francis Portfolio	806,528	$29.3M Sale
2220 S. 162nd St, New Berlin	76,494	$3.00M Sale

4.0% Total vacancy	**939,828** YTD construction completions (s.f.)	**$4.12** Asking rent (p.s.f.)	**54.11** Nov 2016 Milwaukee PMI Marquette ISM Report
7.1% Total availability	**1,907,222** YTD net absorption (s.f.)	**708,215** Under construction	**4.0%** MSA unemployment

Minneapolis / St. Paul

New construction slows, stymies investment sales

New spec development is slowing due to land scarcity, rising construction costs, and needed time to let existing vacancy fall

While build-to-suit (BTS) construction remains steady, speculative development is slowing down. This is partly a factor of increasing costs for new construction, including labor and supply costs and land valuations. As such, asking rates for new construction are also increasing at a nominal rate. Fortunately, tenant demand is not expected to taper and there are a number of large bulk availabilities that remain on the market, particularly in the Northwest submarket. Nonetheless, the dwindling supply of Class A product is slowing down investment sales. In this market, product that is listed for sale almost always trades and Minneapolis-St. Paul's higher yields are now attracting the national players.

Fewer low to medium finish properties are resulting in a high finish market

Brokers and tenants have recently been finding this market's availabilities to be overbuilt on the finish side. The majority of tenants in the market are seeking low to medium finish levels. The most common property type in demand is office warehouse with distribution space. As a result, tenants that require minimal office square footage often end up purchasing or leasing overbuilt properties and then later have to pull out the facility's existing offices. This adds extra expenditures on both the front and back-end due to higher costs per square foot and the added expenses of demolishing prebuilt office.

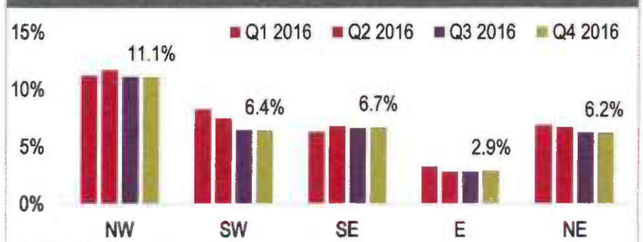
Outdoor storage is at a premium as municipalities try to eliminate it

Currently there are numerous tenants in the market looking for three or more acres of outdoor storage. There are fewer options as cities become increasingly opposed to such usage. It is now common that any time an industrial facility sells, it is expected that existing zoning requirements will tighten to discourage outdoor storage. Consequently, the demand for facilities with outdoor storages is far outpacing supply and the trend is expected to intensify.

Current conditions, submarket

Source: JLL Research

Total vacancy by submarket



Source: JLL Research

Notable 2016 sports and recreation leases

Tenant name	Building	Size (s.f.)
Everlast Climbing Industries & Dero Bike Racks	Northern Stacks III	97,984
MB2 Raceway	Northern Stacks II	55,000
MN Loons Lacrosse	St. Paul Industrial Bldg	11,909
Anoka Twisters	NorthPark Business Center I	20,000

7.5% Total vacancy rate	**4,046,148** YTD 2016 total net absorption (s.f.)	**$4.25-4.75** Avg rental rate for Class A & B Bulk	**1,037,800** Total under construction (s.f.)
9,715,589 Total vacant (s.f.)	**3.1%** Net absorption (as a % of stock)	**$8.75-10.50** Avg rental rate for A & B Bulk Office	**3,653,531** YTD construction completions (s.f.)

Nashville

What a merry year for Nashville!

Year in review: Q1 to Q4 growth profile

Nashville rental rates neared new highs and vacancies hit new lows. Over the course of the year, rental rates grew by 6.4 percent – from $4.07 to $4.33 per square foot – between Q1 and Q4 respectively. Vacancy in that same time period remained stable at 4.4 percent, largely as a result of new construction coming online. By contrast, from fourth quarter 2015 to present, vacancy decreased by 22.8 percent. On the development front, industrial construction activity is strong (4.2 million square feet currently underway) and has a robust pipeline (7.6 million square feet planned or proposed). Nashville also experienced the growing national trend of repositioning industrial buildings and land to office and mixed-use projects, further limiting the availability of industrial sites near the urban core. Overall, the year witnessed strong market fundamentals.

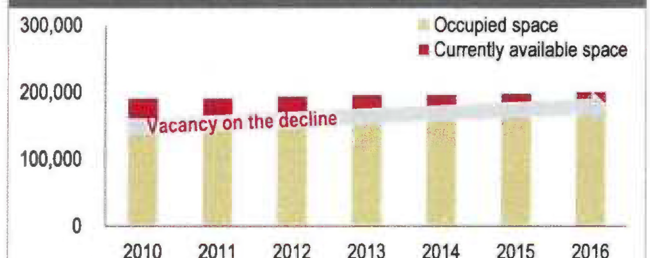
Who is making moves in Nashville?

Last quarter, JLL Research highlighted Fortune 500 and Fortune 1000 companies (Lowe's, Nissan, FedEx, Bridgestone, Tenneco and Ryder) that are expanding in Nashville. With the momentum these industrial giants are having, other companies have noticed and have followed suit by growing roots. This quarter, close to 10 announcements of in-market and out-of-market expansions were made. Notably, UPS plans to expand its ground package hub by over 250,000 square feet. Genesco will grow its distribution center by another 207,0000 square feet. Harry's Fresh Foods opened a plant of 200,000 square feet, and Armada nutrition announced a 300,000-square-foot expansion in Spring Hill. Even international manufacturers are creating footholds. Belgium-based Verstaete INL will open a 56,000-square-foot facility in Clarksville, its first U.S. division hub.

Industrial eight ball: What development activity does 2017 hold?

Development in Nashville is holding strong and is needed to relieve a vacancy rate of 4.4 percent. The question remains: are developers overly aggressive? 4.6 million square feet delivered in 2016 – 78.9 percent of which was leased before delivery. 38.3 percent of all completions were speculative developments. Looking into 2017 and 2018, there is a shift in the composition of build-to-suit, speculative developments and owner-user projects. Speculative developments account for 61.9 percent of the 4.2 million square feet under construction. 52.5 percent of which is preleased. There are currently 8.4 million square feet of requirements in the market, and that bodes well for 2017 and beyond.

Available space against total existing inventory ('000's s.f.)



Source: JLL Research

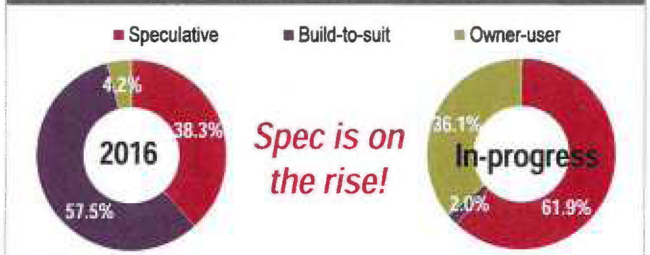
Economic impact of Q4 industrial growth in Nashville

$990 million

investment dollars announced for industrial growth

Source: JLL Research

Construction types for 2016 completions and in-progress



Source: JLL Research

200,365,438 Total inventory (s.f.)	**$4.34** Average total asking rent ($ p.s.f.)	**4.4%** Total vacancy	**4,244,700** Total under construction (s.f.)
4,928,724 YTD net absorption (s.f.)	**+9.9%** Asking rent Y/Y growth	**-130 bps** Vacancy is down from one year ago	**52.2%** Total pre-leased

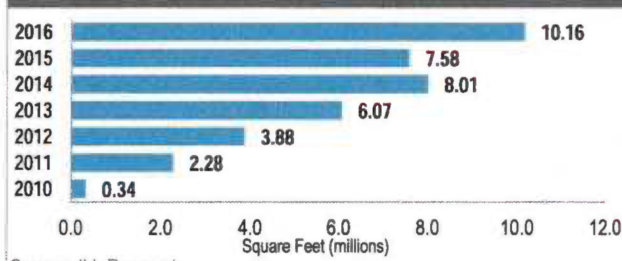
New Jersey

New Jersey's industrial market finishes strong

Absorption breaks above this cycle's high water mark

Continuing their ascent, market fundamentals for Northern and Central New Jersey have reached new record breaking territory. Year end net absorption reached 10.0 million square feet in 2016, its highest level since 2001. With each quarter of 2016 averaging 2.5 million square feet of positive absorption, vacancy rates across primary submarkets have seen swift declines. Over the last twelve months market wide vacancy rates fell 200 basis points. However, during the fourth quarter of 2016 vacancy rates were buoyed by an escalation in speculative deliveries, and only ticked down slightly. With speculative development on the rise, vacancy rates could once again be propped up despite substantial leasing activity.

Net Absorption (2010 – 2016) MSF

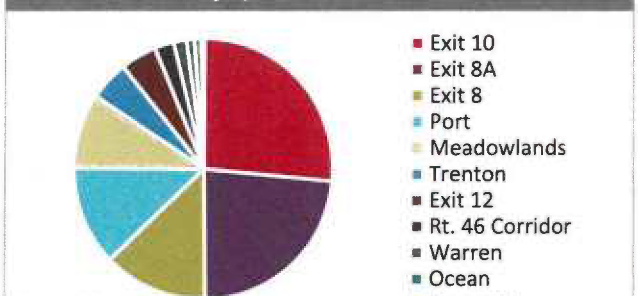


Source: JLL Research

Construction activity focused on Central New Jersey

At the end of the year, 6.9 million square feet of new construction was underway of which 4.2 million square feet was being developed on a speculative basis. Central New Jersey continued to be a the focal point of new development with the Exit 10 and Exit 8A submarkets seeing the majority of industrial construction. The largest of these projects was Clarion's 992,043-square-foot speculative development site on Brickyard Road at Exit 8A. With little developable land remaining in traditional industrial submarkets, developers are beginning to buildout new submarkets along the turnpike corridor. During the fourth quarter, the Exit 8 submarket witnessed more than 900,000 square feet of ground breaking making it one of the most active submarket for new construction. Once delivered these new buildings will increase the markets size by nearly 20.0 percent.

Construction activity spikes

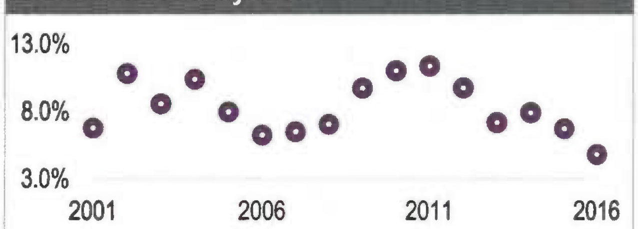


Source: JLL Research

Meadowlands vacancy rate reaches record lows

Lagging slightly behind other primary markets, the available space in the Meadowlands reached all time lows in 2016. Vacancy in the Meadowlands has fallen to 4.8 percent, amidst significant leasing activity throughout the year. Sustained by a number of large blocks of available space, vacancy rates in the Meadowlands remained elevated relative to other primary submarkets. Amazon's recent lease of 616,000 square feet at 698 Route 46 in Teterboro, single handedly reduced vacancy by 81 basis points. Similarly, Snow Joe and Sears also leased two large availabilities in the Meadowlands which helped bring one of New Jersey's most popular submarkets back in-line with other primary submarkets in the state.

Meadowlands Vacancy Rate



Source: JLL Research

614,429,741 Total Market Size (s.f.)	**6,989,451** Under Construction (s.f.)	**10,162,646** YTD Net Absorption (s.f.)	**$7.30** NNJ Average Asking Rental (p.s.f.)
4.5% Total Vacancy	**4,238,977** Speculative Construction (s.f.)	**5,006,200** YTD Deliveries (s.f.)	**$5.73** CNJ Average Asking Rental (p.s.f.)

North Bay

North Bay core market compression continues

Fully preleased construction projects fail to alleviate tight market conditions throughout the North Bay

Nearly 4.6 million square feet of tenant demand targeted the North Bay in the fourth quarter, with 62.0 percent of tenants looking for space above 100,000 square feet. Additionally, six blocks of space above 100,000 square feet remain available. In November, ICC Construction broke ground at the Green Island Industrial Park on a 257,000-square-foot, Class A warehouse. Despite the future inventory uptick, an undisclosed tenant has already pre-leased the entire building, causing availability to remain flat at 1.2 percent. Additionally, the highly anticipated, two building, 861,000-square-foot Gateway80 development, expected to be delivered in early 2017, is 100 percent pre-leased by a major undisclosed food production company (430,500 square feet) and Berlin Packaging (430,500 square feet).

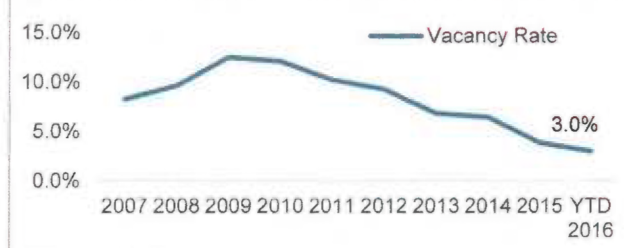
Historic low vacancy-rates, particularly for large scale warehousing

Napa and Solano County witnessed historically low vacancy-rates in the fourth quarter. Companies are operating at full or near-full capacity, as noted by the overall 3.2 percent vacancy rate in Napa and Solano County. Expansion for large scale warehousing are made impossible by the limited inventory. Construction activity in recent quarters signal a demand trend for big-box buildings. Of the 953,758 square feet completions year-to-date, 95.0 percent were buildings greater than 100,000 square feet. The incredibly tight market conditions continue to be driven by organic growth in Napa and Solano as well as an influx of tenant requirements coming north from the East Bay.

Development & new activity

The North Bay had two new deliveries this quarter, Building C (94,000 square feet) and Building B (85,000 square feet) at Cader Corporate Center in Petaluma. Both buildings were pre-leased almost one year prior by Clover Stronetta Farms and Scott Laboratories, respectively. Speculative buildings are being pre-leased, on average, two quarters before planned delivery. Currently, there are 1.5 million square feet of speculative industrial product under construction, where only three buildings remain available. An additional 6.1 million square feet of industrial product sits in the planned development pipeline.

North Bay historical vacancy rates (%)



Source: JLL Research

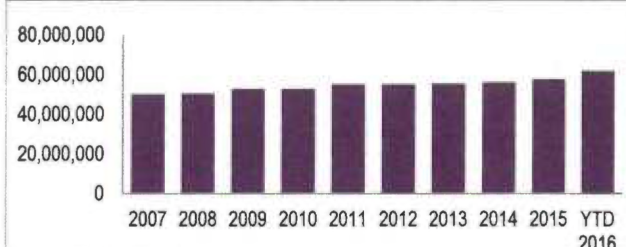
Tenant demand for space in the North Bay (s.f.)

4,580,000 s.f.

Active requirements

Source: JLL Research

North Bay market inventory



Source: JLL Research

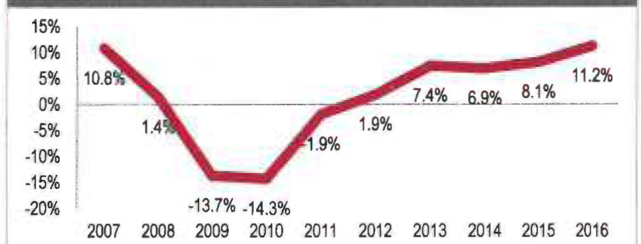
$0.55 North Bay warehouse asking rate	**61,817,515** North Bay inventory (s.f.)	**953,758** Total YTD completions (s.f.)
3.0% Q4 2016 North Bay overall vacancy	**5.6%** Q4 2016 North Bay overall availability	**1,750,794** (s.f.)

Orange County

Blocks of space diminishing throughout the market

2016 finishes with the highest year-end average rental rate on record
The Orange County industrial market has recorded six consecutive years of positive net absorption, capped off with a 2016 total of 2,341,393 square feet. Continued demand and strong competition among occupiers for space has produced ripe conditions for landlords to increase rents. Due to the lack of space options, many occupiers have elected to begin negotiating renewals 18 to 24 months prior to their lease expiration in order to better secure their existing space. The tight market has also caused sales prices to balloon with sellers understanding that owner-occupiers will pay increasingly higher prices to acquire buildings.

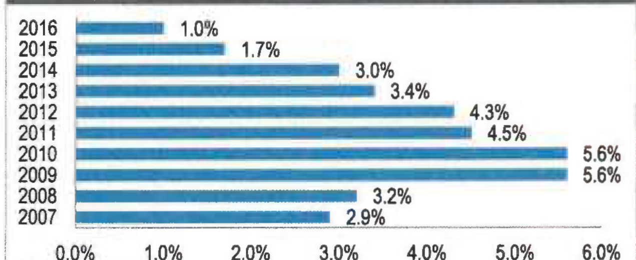
Rental rate appreciation year-over-year



Source: JLL Research

Vacancy sets new record low (again)
Throughout 2016, vacancy has seen a steady quarter-over-quarter decline. Intense competition among industrial occupiers pushed vacancy down an additional 10 basis points in the fourth quarter to 1.0 percent, a new all-time low for Orange County. There was 758,555 square feet of new product delivered to the market in 2016, 22.8 percent of which was preleased upon delivery. With only 222,737 square feet under construction, vacancy is projected to remain low in 2017. With supply having difficulty keeping up with demand, the lack of space alternatives is limiting tenant activity.

Vacancy rates year-over-year



Source: JLL Research

Big time demand for big-box space
While the overall Orange County market is extremely tight, the market for big-box space (greater than 100,000 square feet) is even tighter. Including all building classes, there were 59 large blocks of available space in 2009, the number dropped to 39 in 2012, then down to 16 in 2016 and anticipated to decline to 10 in 2017. The number of availabilities is even lower for tenants searching for Class A space. It is imperative that the planned development projects move forward, thus creating more space options for occupiers.

Notable leases

Tenant name	Deal type	Size (s.f.)
Rosendin Electric, Inc.	New	144,008
Signature Party Rentals	New	109,987
Berger Transfer & Storage	Sublease	102,288

Source: JLL Research

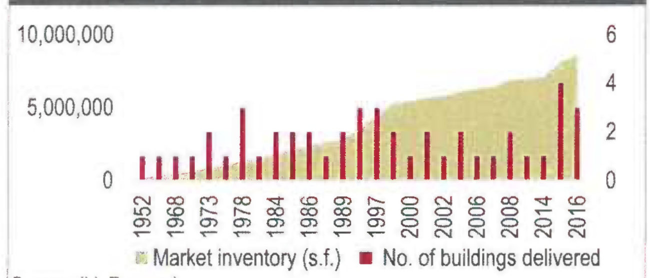
275,396,710 Inventory w/ flex (s.f.)	**3,333,000** Active tenant requirements (s.f.)	**100%** Spec construction	**222,737** Total under construction (s.f.)
1.0% Total vacancy	**936,665** Planned construction (s.f.)	**758,555** YTD new completion (s.f)	**0%** Total preleased

Orlando

Construction shifts Orlando market

Possible market shift to tenant favorable conditions for mid-sized tenants
For medium-sized tenants that require up to 100,000 square feet, the Orlando market may become tenant favorable. Several multi-building developments have broken ground, including Bent Oak Industrial Park and the Crews Commerce Center. The Crews Commerce Center will deliver 700,000 square feet over six buildings, and Bent Oak Industrial Park is building 1.4 million square feet of spec product. On top of these substantial developments, there are numerous other developments set to deliver within a year. The addition of this space will deliver an array of options for mid-sized occupiers and landlords are already competing to fill space, a trend already manifesting itself via aggressive pre-leasing efforts; however, larger tenants are still seeing a tighter market.

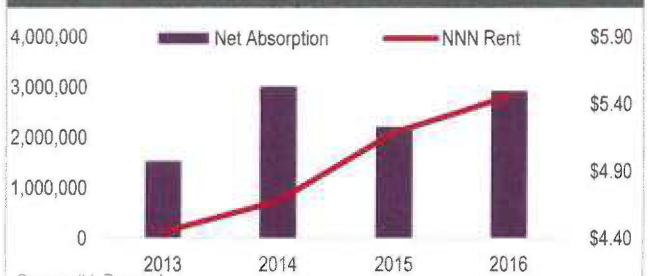
Market growth of multi tenant buildings over 100,000 s.f.



Source: JLL Research

Absorption and rents keep pace with trend
Over the previous three years, total net absorption has been strong, pulling vacancy down from 10.6 percent in fourth quarter 2012 to its current level of 5.7 percent. This tightening of the market has been accompanied by 5.1 percent rent growth in 2014, 10.9 percent rent growth in 2015, and 5.2 percent rent growth in 2016. If absorption stays in-line with the three-year average of 2,500,000 square feet in 2017, then the market will contract further, as only 1.3 million square feet are under construction; of which 70.0 percent is pre-leased. Assuming that, next year will see roughly 910,000 square feet of net absorption upon delivery, but there will be 1.6 million additional square feet of net absorption expecting to fill a remaining 390,000 square feet of newly delivered space, which should result in continued rent growth.

Absorption and rent growth



Source: JLL Research

SE Orange continues to be prime development area
As development picks up in Orlando, the vast majority continues to be located in the prime SE Orange submarket. Of the 952,771 square feet delivered in 2016, 74.1 percent was located in SE Orange. Further, over the previous three years, 81.9 percent of the 4,088,718 square feet that's come on-line in Orlando has been within this submarket. Additionally, there is currently 1,164,813 square feet under construction in SE Orange, which is the only submarket with substantial development underway. We expect this trend to continue, as Becknell Industrial has purchased a substantial tract of land for development near Orlando International Airport and Boggy Creek Road for future construction.

2016 deliveries by submarket

1,164,813 s.f.

Under construction in SE Orange submarket

Source: JLL Research

2.7% YTD net absorption as (%) of stock	**2,927,989** YTD Net Absorption (s.f.)	**1,087,430** Quarterly leasing activity (s.f)	**1,264,813** Total under construction (s.f.)
5.7% Total vacancy	**8,890,897** Proposed construction (s.f.)	**$5.43** Average NNN asking rent	**95,037** Deliveries (s.f.)

Palm Beach

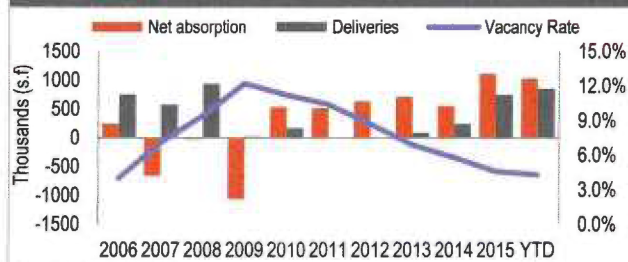
Year-end activity points to strong 2017

Palm Beach market set to break records going into 2017
The industrial market for Palm Beach County has been strong and shows no signs of abating as developers continue to push for new product in the market with less fear of overbuilding. As a result, the market saw a huge improvement in deliveries in the last two years, reaching 1.5 million square feet, which is more than the previous seven years combined. Even though supply is becoming more abundant, vacancy in the warehouse space is experiencing one of the tightest conditions in a decade, currently at 4.3 percent in the fourth quarter, decreasing 30 basis points year-over-year. As older supply is retired, the need for new space will become even more prevalent.

Investors looking for value creation outside of traditional warehouses
Value add investors continue to take advantage of the low interest rate environment as they find opportunities to buy industrial real estate in the more populated and established areas of the county. The market traded 1.9 million square feet in 2016, representing $250 million in sales volume driven mostly by flex properties in the West Palm Beach submarket. However, as demographics continue to shift in South Florida, investors have become more interested in self-storage properties than in previous years. Evidenced by Self-Storage Trust II, a non-public REIT that purchased a 462,000-square-foot portfolio of self-storage properties located in the Boynton and West Palm Beach submarkets.

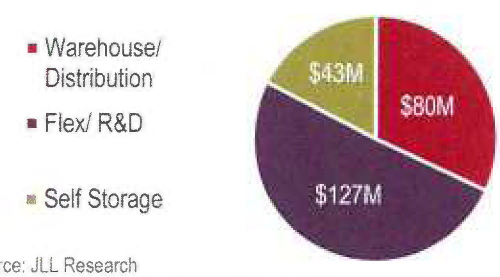
Market fundamentals justify rental rate growth
With market fundamentals on their side, landlords were able to push asking rental rates through 2016. The average rent in the county is now $8.71 per-square-foot in the fourth quarter, increasing 11.4 percent year-over-year. The trend of high quality tenants reaching to secure large blocks of space has been a major driver for rent appreciation. Floor & Décor, UMI, RMB USA have leased a combined 190,000 square feet in the Boynton Beach, North Palm Beach and West Palm Beach submarkets where rents are set to reach double digit growth. In addition, long-term appreciation will likely accelerate following the completion of 660,00 square feet of new construction that is underway in the region.

Total vacancy rates fall for the 10th consecutive year



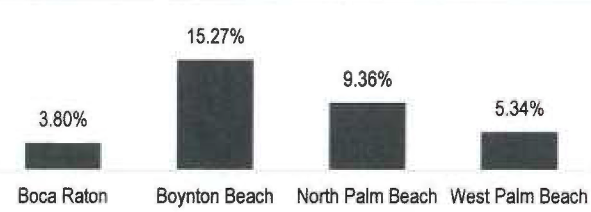
Source: JLL Research

2016 sales volume by asset type



Source: JLL Research

Year-over-year rent growth by submarket



Source: JLL Research

41.2 Million Total inventory (s.f.)	**11.4%** YOY rent growth	**1,028,200** YTD total net absorption (s.f)	**659,000** Total under construction (s.f.)
4.3% Total vacancy	**1.3 M** Planned construction (s.f.)	**$8.71** Average asking rent (s.f)	**851,000** YTD deliveries (s.f)

Philadelphia / Central Pennsylvania

2016 is a year for the record books in Greater Phila.

Pre-leasing volumes continue to rise

The Greater Philadelphia industrial market continues to flourish as active construction remains a prime driver of the market. With roughly 32.4 million square feet of active requirements in the market and 13.9 million square feet of existing available Class A space, construction is the most favorable way for active requirements to lease quality space. With roughly 46.1 percent of the 13.6 million square feet of active construction in the market pre-leased, the market continues its current conditions as landlord-favorable, and as speculative construction projects continue to break ground, conditions will remain the same unless pre-leasing rates begin to decline. The manufacturing industry leads the market in pre-leasing with 2.3 million square feet of leased space under construction.

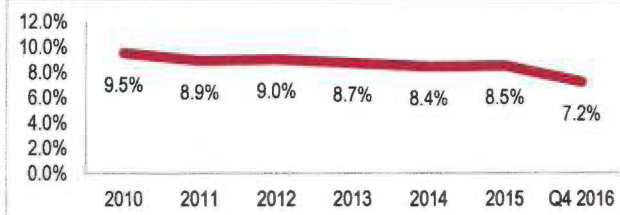
Industrial investors are holding onto high-performing assets

Industrial sales volumes for Class A and B assets have declined in the fourth quarter as high-performing assets are seldomly being traded. 3.1 million square feet of Class A and B industrial assets were traded in the fourth quarter, compared to 4.3 million square feet on average for each of the first three quarters of 2016. As market dynamics continue to strengthen, investors owning vacant buildings intend to lease their building at high market rental rates and investors owning fully-leased properties are waiting for when they anticipate the market to peak in order to trade their asset(s) at the highest value.

New tenants continue to pour into the Greater Philadelphia market

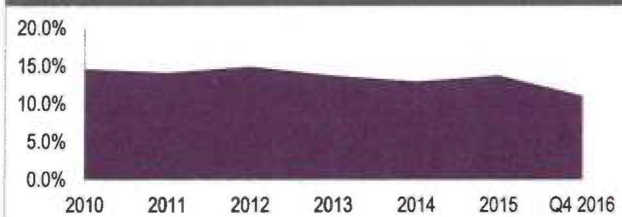
The Greater Philadelphia industrial market's proximity to enormous populated cities such as New York, Philadelphia, and Washington DC have drawn recognition from many out of market companies. New to the market tenants currently account for 82.0 percent of all active requirements in the market, up 18.0 percent than a year ago. A number of companies are expanding their warehouse and distribution operations to the East Coast and specifically the Philadelphia market because of the proximity Philadelphia has in the Northeast Corridor of the country. Prominent companies such as Mattel and Cal Cartage have entered the Philadelphia market this year.

Direct vacancy declines slightly in Q4, market lows return



Source: JLL Research

Available space (% of inventory)



Source: JLL Research

Notable leases

Tenant name	Deal type	Size (s.f.)
Starbucks	New	1,209,000
Ryder Logistics	New	1,200,000
Confidential User	New	1,104,000
Mattel	New	1,000,000

Source: JLL Research

89,723,301 Available (s.f.)	**32,413,300** Active tenant requirements (s.f.)	**64.0% vs. 36.0%** Spec construction vs. design-builds	**13,604,415** Total under construction (s.f.)
7.2% Direct Vacancy	**$57.62** Average sales Price (p.s.f.)	**$4.80** Class A striking rent (p.s.f.)	**46.1%** Total preleased

Phoenix

Vacancy dips to 9.0 percent, reaches nine-year low

Vacancy falls significantly with impressive year-end absorption gains
Overall vacancy in the Phoenix industrial market has finally fallen after hovering around 9.6 percent for four consecutive quarters, marking the lowest vacancy rate since the fourth quarter of 2007. After recording over 2.0 million square feet of positive net absorption in the fourth quarter of 2016, the largest single-quarter gain of the year, vacancy fell 60 basis points to 9.0 percent. Unlike the first nine months of 2016, this 2.0 million square feet of positive absorption was enough to overcome the nearly 600,000 square feet of vacant space added to the market in the fourth quarter as a result of new speculative development.

Market-wide quarterly vacancy

Source: JLL Research

Strong leasing activity signaling continued growth in 2017
With ample land available for development and relatively low construction costs, users in the Phoenix industrial market often decide to build their own facility instead of leasing space in existing properties. Even with 2.2 million square feet of build-to-suit completions in 2016 and another 1.0 million square feet of build-to-suit under construction, leasing activity in existing properties still surpassed 13.6 million square feet. Although the volume of leases signed in existing properties declined from previous years due to increased build-to-suit activity, the average lease size continues to increase year-over-year, a sign of renewed interest in the Phoenix market from large, corporate users.

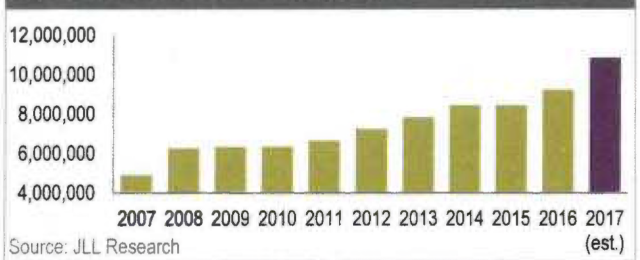
Largest build-to-suit completions

Tenant name	Submarket	Size (s.f.)
Medline Industries	Southwest	650,000
REI	Northwest	400,000
IRIS USA	Northwest	384,377
McLane Foods Company	Southwest	349,224
Michael Lewis Company	Southwest	300,000

Source: JLL Research

Northwest submarket poised for record expansion
The Northwest submarket is the third-smallest industrial submarket in the Phoenix market, and the smallest in the West Valley. Even so, the submarket recorded over 830,000 square feet of positive net absorption in 2016, including two of the five largest owner-built facilities delivered to date. Skilled labor, access to the Loop 303 highway, and available land in the submarket has encouraged development, with new groundbreakings expected to increase the size of the submarket a full 17.5 percent in 2017 alone. In addition to a 1.0 million-square-foot owner-user facility, the largest speculative development since 1994 is expected to add over 600,000 square feet to the limited supply of big-box space.

Northwest submarket inventory (s.f.)



Source: JLL Research

9.0% Total vacancy	**2,095,564** Q4 2016 total absorption (s.f.)	**4,860,718** Total industrial completions (s.f.)	**3,863,280** Industrial under construction (s.f.)
11.0% Total availability	**5,703,806** YTD 2016 total absorption (s.f.)	**61.1%** Pre-leased completions	**99,337** Flex under construction (s.f.)

Pittsburgh

Natural gas is fueling industrial demand in Pittsburgh

Increased demand in Beaver County causing slight rise in price per acre
Beaver County has been the center of attention ever since Shell announced plans to build a multi-billion cracker facility. The perceived increased demand is causing an increase in price. From 2007 until 2013, the average price per acre for land in Beaver County was on a decline. It wasn't until 2013, when the sale of retail land in Beaver Falls marked a new highest price per acre since the recession, at $399,000 per acre. The former PGT Trucking HQ, located on 24.4 acres, sold in 2016 for $12.5 million and helped the average towards a positive trend. The activity and limited supply in Beaver continues to drive the asking prices higher across all property types.

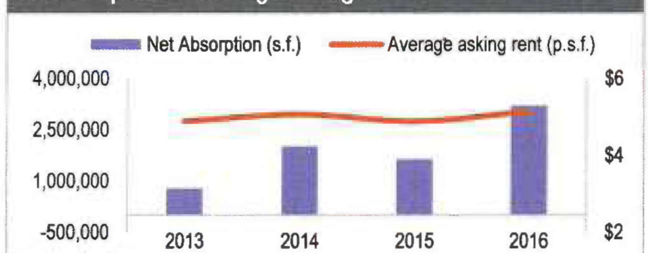
Rising natural gas production and pipeline activity
The production of natural gas in Pennsylvania reached more than 4.8 million cubic feet (m.c.f.) in 2015, 4.2 m.c.f. more than 2014. The increase in production was aided by the addition of 1,000 producing gas wells in the state. In the fourth quarter 2016, Range Resources announced an expected 10.0 percent organic increase in production growth of their own in 2017. Also in the fourth quarter, the EQT Midstream Pipeline began service, carrying as much as 850 m.c.f. of natural gas, while Shell announced the construction of a 92.3-mile Falcon Pipeline that will carry ethane to their cracker facility. The increasing production and pipeline activity will help drive oil and gas tenant demand in the region.

Shell cracker plant watch: construction documents are submitted
In the fourth quarter 2016, Shell submitted details to Potter Township and the county for approval before construction begins. The application included preliminary schematics for multiple structures, including a central control building, a two-story administrative building, three guard houses, a storage building, a maintenance and warehouse building and a firehouse and medical facility. The documents indicated that nearly 7,000 construction workers will be needed, with 20 to 30 trucks entering and exiting the site daily once operational. The cracker plant is expected to create real estate demand from downstream industries due to the proximity to the materials and the improved manufacturing infrastructure. However, rapid job creation will present challenges.

Beaver county land sales per acre (2014 to present)

Source: JLL Research

Net absorption vs average asking rent



Source: JLL Research

Blue collar labor force in metropolitan Pittsburgh

Source: JLL Research

13,332,334 Total availability (s.f.)	**3,209,629** YTD total net absorption (s.f.)	**$4.74** Average asking rent (p.s.f.)	**137,500** Total under construction (s.f.)
9.6% Total availability	**2.3%** YTD net absorption (as a % of stock)	**$6.25** New build asking rents (p.s.f.)	**1,498,000** YTD construction completions (s.f.)

Portland

Developable land in short supply, rents soar

The next development frontier

With large quality land sites few and far between in the Portland metro, we have seen development move towards locations on the outer periphery of the urban growth boundary. Portland's neighbor to the north, Vancouver, is benefitting from the construction boom in Portland, with construction already underway at the 43.5 acre Portside Industrial Park. With access to the I-5, less restrictive development zoning and plenty of developable land, sites as far north as Ridgefield are now in play with interest from multiple developers already. Further south, the Woodburn market is set to be Oregon's next development hotspot.

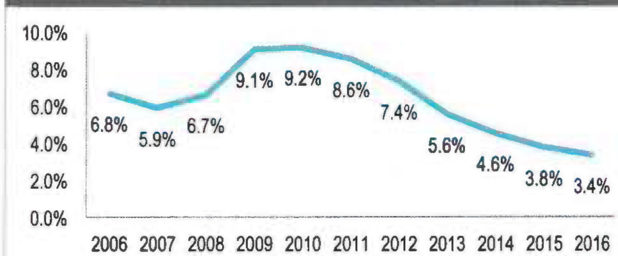
Not your usual industrial space use

Just like we have seen the success of co-working space in the office market, it appears that the industrial market is now following suit with some pioneering firms opening co-working warehouse space in Portland. The fourth quarter's largest lease came from NW Flex Space, who leased over 205,000 square feet in Milwaukie. This venture into co-working warehouse space offers smaller companies access to dock high and grade level doors as well as forklifts, which might be difficult or expensive to find in smaller spaces. While traditional users are being pushed out to areas where more functional product is being developed, adaptive reuse projects in the closer-in areas are thriving and redevelopments such as The Iron Fireman, offer users a new version of maker space that gives them access to closer-in urban markets.

Rents surge thanks to smaller developments

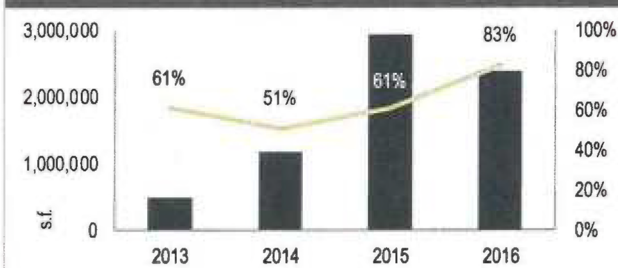
With all the talk of land sites in short supply, one would be forgiven in assuming that construction would be stifled, but this is not the case. 2016 delivered over 2.4 million square feet and a further 2.5 million is under construction and expected to deliver in 2017. What is becoming apparent is that besides the larger developments on the metro fringe, Portland is experiencing a boom in small to medium size developments of infill sites closer to the urban core. These developments are being targeted as regional distribution centers with high volumes and these buildings are pushing rents up faster than any other period in Portland's history, 18.0 percent in 2016. It's not unreasonable to think that by the end of 2017, we will start seeing $0.60 per square foot on the shell in certain submarkets of the Portland industrial market.

Market Vacancy



Source: JLL Research

Deliveries and % leased



Source: JLL Research

Notable leases

Tenant name	Deal type	Size (s.f.)
NW Flex Space	Direct	205,303
Owens Corning	Direct	148,508
USA Warehousing & Logistics	Direct	101,131

Source: JLL Research

7,316,883 Available for lease (s.f.)	**2,900,267** 2016 Total Net Absorption (s.f.)	**69.9% vs. 30.1%** Spec construction vs. design-builds	**2,522,882** Total under construction (s.f.)
3.4% Total vacancy	**2,404,193** Deliveries (s.f.)	**$95.56** Year to Date average sale price/s.f	**30.5%** Total preleased

Reno / Sparks

Reno market remains strong

Rents increasing despite increase in vacancy

Despite increasing vacancy, rents remain firm and in some segments increasing. Jet.com signed a lease for 672,000 square feet in a new building in TRIC. Tesla leased 300,000 square feet in TRIC for staging/storage for the TRIC Gigafactory. Valeo, the French auto parts company was looking for a large block of space but elected to locate their operation in the Gigafactory. Panattoni completed a built-to-suit for Mary's Gone Crackers in the North Valley's market. There are plenty of available sites for development, meaning Reno is not running out of options to deliver new supply. While Tesla and Switch have purchased large sites in the Tahoe Reno Industrial Center, there are virtually limitless options in that area as well as Fernley, farther east. When USA Parkway is completed, this north/south connector from the State 50 Highway to Interstate 80 will provide better access and open new areas to development. There were two notable sales from the GLP portfolio in two tranches. This B product totaling 2.42 million square feet traded for an average of $45.37/sf.

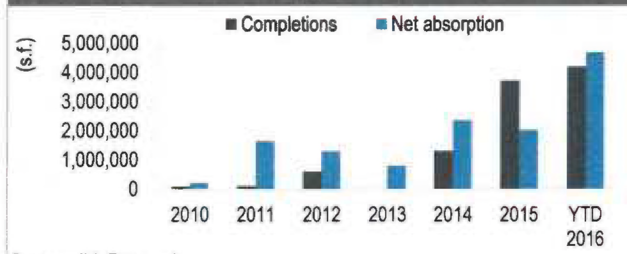
Rents firm and increasing, albeit slowly

The chart to the right shows increasing vacancy, but keep in mind that new product is under construction total occupied space has increased. We expect the vacancy rate to flatten and then move downward in the next few quarters. Currently, only two spaces over 500,000 square feet are available. In some size segments there are few availabilities and we expect a very competitive market for those users. Due to spec construction, there are 12 availabilities in the smaller 75,000 to 150,000-square-foot-segment, and just five in excess of 250,000 square feet. Little product is available for purchase.

More spec projects announced, planned

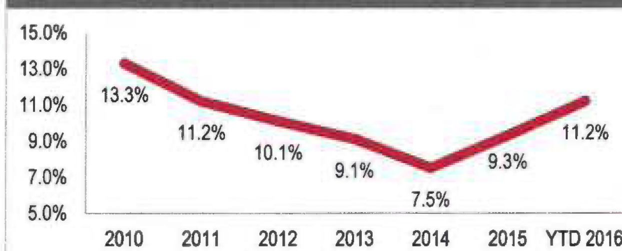
Scannell is expected to complete its 524,000-square-foot project just east of Sparks in the first quarter. Tesla's 6.5 million-square-foot manufacturing facility is closer to completion. Dermody's project in the North Valley's market is complete and Switch's "SUPERNAP" of 987,064 (of the planned 6M square feet) is underway.

Completions vs. net absorption



Source: JLL Research

Total vacancy



Source: JLL Research

Notable leases

Tenant name	Deal type	Size (s.f.)
FedEx	New	343,447
Tesla	New	303,335
OHL	New	263,000

Source: JLL Research

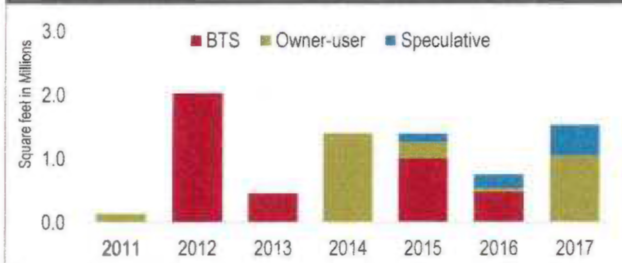
4.2 m.s.f. YTD construction completions (s.f.)	**11.2%** Total vacancy	**$4.34** Average total asking rent (p.s.f.)	**5.2 m.s.f.** Total under construction (s.f.)
82.6 m.s.f. Inventory	**290 bps** Q-O-Q vacancy change	**+1.9%** Asking rent YOY growth	**11.9%** Availability

Richmond

Class A rents surpass new-construction rental rates

Growing share of speculative development in the supply pipeline
Two speculative projects broke ground in the fourth quarter, totaling 474,433 square feet. After the successful preleasing of Becknell's 216,000-square-foot project in the East End, site work for their final, 153,580-square-foot phase of the Airport Distribution Center was underway. In the Hanover/I-95 North submarket, Devon USA submitted a shell building permit late October for a 320,853-square-foot warehouse at 11600 Lakeridge Parkway. While speculative, the project was rumored to have a signed LOI for the entire space prior to construction. Both developments advertised a base-building rental rate of $4.75 per square foot, triple net, below the average Class A rental rate of $4.91 per square foot.

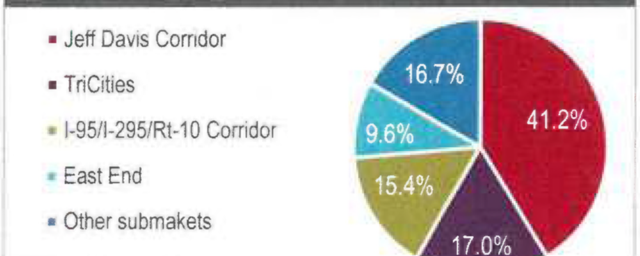
Historical and future deliveries by construction type



Source: JLL Research

Jeff Davis Corridor still houses the greatest share of vacant space
Reminiscent of Richmond's old-line economy centered on tobacco stores and chemical manufacturing, the bulk of this submarket's vacancy stems from outdated, Class C warehouses that do not meet the standards of modern, high-bay space requirements. When removing the vacant warehouse space concentrated in the Jeff Davis Corridor, totaling 1.9 million square feet, overall market vacancy for warehouse and distribution falls from 8.3 percent to 4.9 percent. While outdated, most warehousing product in this submarket is located along the southern I-95 corridor near high-density population centers, positioning many buildings well for redevelopment or the establishment of much needed, pad-ready sites.

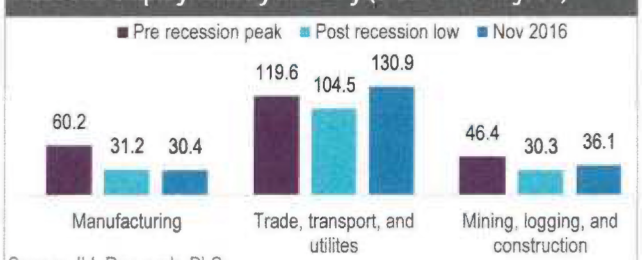
Top submarkets share of total vacant square feet



Source: JLL Research

Richmond's manufacturing payroll still on a downward trajectory
Industrial employment accounts for 29.1 percent of the total non-farm payroll in the Richmond MSA and is a significant performance indicator for the industrial real estate markets. Manufacturing employment steadily declined since the 1990's as manufacturing firms relocated their facilities overseas, but strong initiatives to bring back these jobs, especially in the high-tech manufacturing sector have slowly come to fruition, or have yet to be realized. Despite expansions from Honeywell, Rolls Royce, and Sabra, as well has the massive Tranlin, Inc. paper plant in Chesterfield County that will be 100.0 percent completed by 2020.

Industrial employment by industry (thousands of jobs)



Source: JLL Research, BLS

83,946,607 Total inventory (s.f.)	**688,248** YTD net absorption (s.f.)	**$3.88 NNN** Overall direct average asking rent	**0** Total under construction (s.f.)
6.5% Overall direct vacancy	**9.6%** Overall direct availability	**$4.91 NNN** Class A direct average asking rent	**754,700** YTD deliveries (s.f.)

Sacramento

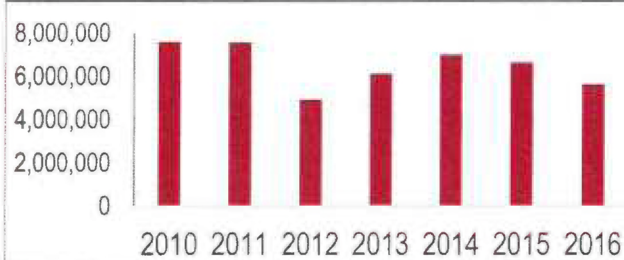
Fourth quarter caps strong year in Sacramento

Sacramento market remains hot
Riding momentum from the third quarter, the fourth quarter of 2016 saw a flurry of leasing activity with 106 deals completed. Four of the leases signed were greater than 50,000 square feet with the largest lease coming from an undisclosed tenant who leased 75,000 square feet in the Lincoln Air Center in the Auburn submarket. After being one of Sacramento's most neglected submarkets for years, leasing activity has ramped up in recent months due to the plethora of Class A big box warehouses the area houses. The next three highest leases came from primary submarkets Northgate and West Sacramento, which, again, exhibited some of the highest absorption gains in the Sacramento region. No factors have arose to have any negative impact on leasing through the end of the year, resulting in strong market fundamentals with the only obstacle being a lack of available space.

Class B spaces catching up with Class A spaces
With desired Class A spaces commanding rents not seen since Pre-Recession levels, tenants have shifted their focus in recent months to more affordable Class B spaces. This demand has allowed landlords to push rents among this product type and, as a result, rents among Class B spaces are now within 5.0 percent of Class A. Class B spaces represented 36.0 percent of all total leases signed in the fourth quarter, a 6.0 percent increase year-over-year. With few Class A options remaining in desired submarkets, tenants should continue to view Class B spaces as viable options or consider expanding their searches to secondary and tertiary submarkets where such space remains more available.

Torrid absorption drives Sacramento vacancy to historic low
Sacramento ended the last quarter of 2016 with 567,924 square feet of positive net absorption gains, closing the year out with a total of 2,206,116 square feet. This marked the ninth straight quarter of positive absorption and the second highest absorption total of the current real estate cycle. As a result, Sacramento's vacancy dropped to 7.0 percent, an all time low. It also marks a decrease of 7.2 percent from the market high of 14.2 percent during 2010 when the region was struggling to gain economic footing following The Recession. Tenant demand has continually increased due to spillover from the Bay Area, resulting in dwindling available spaces.

Historical leasing activity (s.f.)

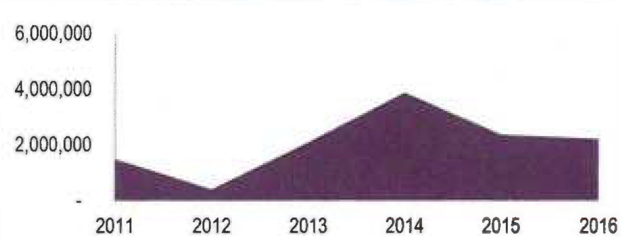


Source: JLL Research

Available blocks of space (Class A & B warehouse)

Source: JLL Research

Total Annual Absorption



Source: JLL Research

7.5% Total availability rate	**2,206,116** YTD 2016 net absorption (s.f.)	**$67.13** Average industrial sale price (s.f.)	**1,100,000** Total under construction (s.f.)
$0.37 Average asking rate per s.f.	**567,924** Q4 2016 net absorption (s.f.)	**10** Existing blocks of space 250 ksf+	**1** Quarterly Completions

Salt Lake City

Demand for premium space spurs expanding industrial market

Thriving as "Crossroads of the West"

Salt Lake shows sustained growth as the distribution hub of the west with over 1.6 million square feet of positive net absorption in 2016 and a low total vacancy rate of 5.9 percent in that market segment. The overall positive absorption figure is tempered by some larger manufacturing spaces hitting the market, yet manufacturing total vacancy still sits at 3.2 percent with the overall market total vacancy of 5.0 percent.

Over the last five years, Salt Lake employment has increased by 18.9 percent overall with industrial supersectors as prime contributors. Construction, mining, and logging grew by 30.8 percent and trade, transportation, and utilities added 17 percent more jobs over that five year period. This growth continues to bring strong tenant demand that, in turn, has spurred robust development.

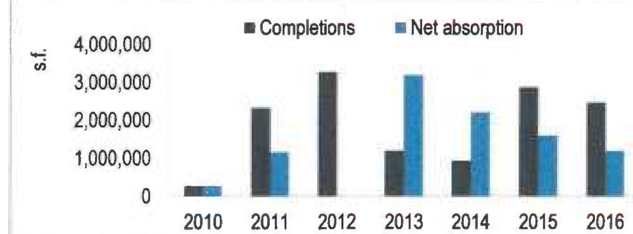
Expanding industries demand state-of-the-art space

Developers continued their push to deliver state-of-the-art new construction with 2.5 million square feet of prime industrial product completed in 2016. The fact this space is already 66.4 percent filled exemplifies the strong tenant demand for this new and improved space. In addition, over 2.5 million square feet remains under construction that will be delivered throughout 2017 showing a prelease rate of 57.8 percent. Construction is expected to continue leading market activity, due, in part, to comparative replacement costs, functional obsolescence and tightening Class A availabilities. However, there is minimal industrial land remaining within the Salt Lake Valley: The Great Salt Lake to the west and the Wasatch Mountains to the east limit the amount of land that can be developed.

Outlook

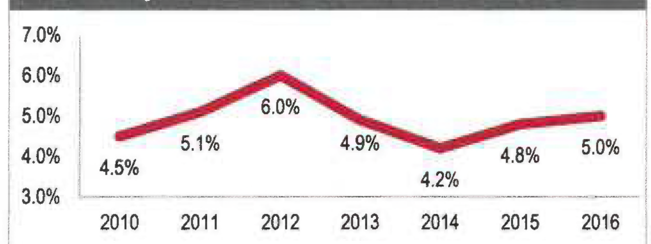
Construction levels in 2017 will surpass 2016 and will bring three years of record totals. We anticipate almost 3.0 million square feet will be delivered in 2017. Expect vacancy rates to slightly increase, while lease rates will flatten until the new speculative projects become stabilized. Leasing volumes will continue to accelerate in 2017 as confidence continues to strengthen and tenants seek to modernize their warehouse facilities

Completions vs. net absorption



Source: JLL Research

Total vacancy



Source: JLL Research

Notable leases

Tenant/Building name	Deal type	Size (s.f.)
Domain Sports Media/Pac Landing III	New	231,486
I-80 Logistics Center #2	New	230,319
Pinnacle Lindon	New	164,106

Source: JLL Research

2,466,516 YTD completions (s.f.)	**5.0%** Total vacancy	**$5.30** Average total asking rent ($ p.s.f.)	**2,586,115** Total under construction (s.f.)
66.4% YTD completions leased	**+20 bps** Vacancy is up from one year ago	**+7.0%** Asking rent Y/Y growth	**57.8%** Total preleased

San Antonio

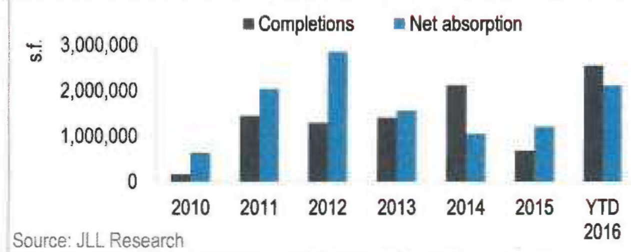
San Antonio's industrial market continues to grow

Vacancy declines by 10 basis points in the fourth quarter
San Antonio's industrial vacancy rate ended the fourth quarter at 6.3 percent, which is slightly lower than third quarter 2016. This reduction, although slight, seems to suggest that the recent new construction deliveries are slowly being absorbed by new tenants to the market as well as existing tenants who seek more functional space. Velocity in leasing activity has slowed somewhat, but the overall market remains healthy as evidenced by low vacancy rates and a slew of new construction activity. Continued strong consumer spending as well as the projected rise in energy prices in 2017 should curtail any fears of a long term market softening.

Average rental rates up 1.4 percent quarter-over-quarter
Even though vacancy rates have increased, rental rates continue to grow for the overall industrial sector. This signals that tenants are willing to pay a premium for new construction space that is more functional and that there is optimism among developers regarding the overall health of the market headed into 2017. For most of 2016, San Antonio was at or near the top of the state and nation for monthly employment growth, signaling that San Antonio remains in a healthy overall position. Unemployment remained low throughout 2016 as well showing that we have a very stable local economy.

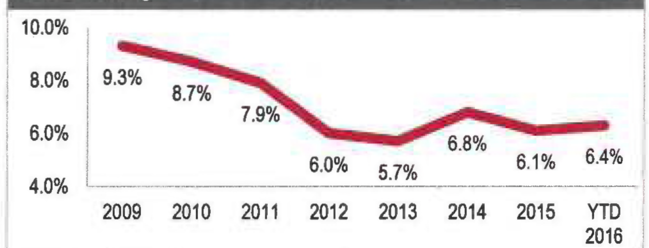
Deliveries and construction
2016 saw a flurry of new construction activity with approximately 2.5 million square feet of new deliveries. As of year end 2016, 362,475 square feet of space was still under construction, led by Eastgroup's 156,000-square-foot-Eisenhauer Point II development. As long as interest rates remain low, steady development will continue into 2017 as demand warrants the need for it.

Completions vs. net absorption



Source: JLL Research

Total vacancy



Source: JLL Research

Notable leases

Tenant name	Deal type	Size (s.f.)
Niagra Bottling	New	557,000
O'Reilly Auto Parts	New	388,000
Berlin Packaging	Renew/Expand	96,000

Source: JLL Research

2.5 m.s.f. YTD const. completions (s.f.)	**6.3%** Total vacancy	**$5.26** Average total asking rent (p.s.f.)	**362,475** Total under construction (s.f.)
94.2 m.s.f. Inventory	**-10 bps** Q-O-Q vacancy change	**+1.4%** Asking rent Q-O-Q growth	**2.1 m.s.f.** YTD Absorption (s.f.)

San Diego

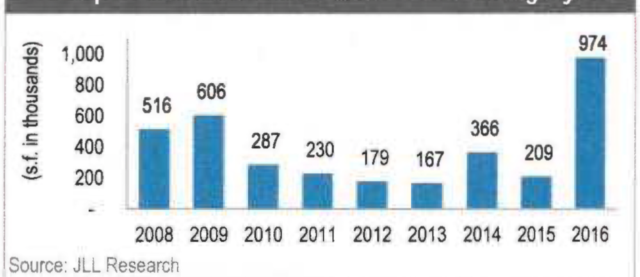
New construction and rental rates soar in 2016

Construction completions year-to-date surpass previous eight years
Throughout 2016, nine industrial buildings, totaling 973,511 square feet, completed construction. 2016's new construction total was far and away the highest level of construction since 2007. Construction levels during this period of economic expansion was much lower than the previous one. While 2016's total of just under 1.0 million square feet was the highest level of construction in eight years, the average annual new construction total between 2003-2007 was 2.1 million square feet. The current discipline in development has contributed to lower vacancy rates.

Second consecutive year of double digit percentage point increases in rent
Average asking rental rates increased by more than ten percentage points for the second consecutive year, in 2016. The year-end average asking rental rate of $10.32 per square foot, per year, triple net, is 10.3 percent higher than 2015's year end rate of $9.36. The current 10.3 percent year-over-year increase was on top of a 2015 rate which was already an all-time high for the San Diego market. In five of the county's submarkets, average asking rental rates have surpassed $12.00 per square foot.

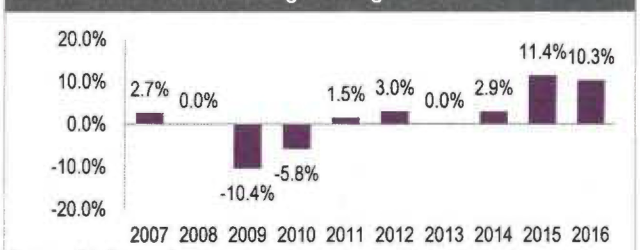
Vacancy backs off of record low point but remains tight
After reaching a record low by year-end 2015, direct vacancy (a then 4.0 percent) moved upwards in 2016. Now at 4.6 percent, the direct vacancy rate is still 130 basis points lower than the pre-recession low reached in 2006. The 5.3 percent vacancy rate in 2001 was the lowest level recorded in San Diego until 2015. Net absorption was modest for the San Diego industrial market in 2016. The 386,616 square feet of positive net absorption was the smallest amount of positive net absorption since 2009. The moderate net absorption coupled with the highest level of new construction since 2007 helped nudge the vacancy level upward. At 4.6 percent, the direct vacancy rate remains lower than the lowest level reached in the last period of economic expansion.

2016 surpassed annual construction totals of last eight years



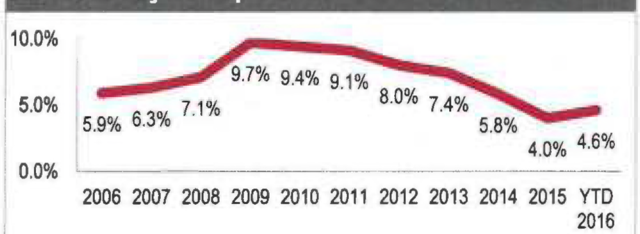
Source: JLL Research

Y-o-Y increase in the average asking rental rate



Source: JLL Research

Direct vacancy ticks up in 2016



Source: JLL Research

232,751 Vacant sublease (s.f.)	**$10.32** Direct average asking rent	**386,616** YTD net absorption (s.f.)	**449,761** Total under construction (s.f.)
4.6% Direct vacancy	**10.3%** Y/Y rent growth	**7.4%** Total availability	**34.9%** Total preleased

San Francisco Mid-Peninsula

Tight conditions likely to push values up in 2017

Plateau market conditions exacerbate barrier to entry for tenants in the Mid-Peninsula

Chronic and acute demand-supply disparities keep causing headaches for industrial tenants in the Mid-Peninsula. Market rents have increased 57.1 percent since 2013 when vacancy rate compression started to accelerate. In-place tenants facing renewals must either digest the new rent environment or migrate to more affordable markets across the Bay. Additionally, tenants requiring space in the market are seeking availabilities months in advance, further contributing to pressure on in-place tenants to accept hefty renewal rents. With no industrial projects in the development pipeline either planned or proposed, the Mid-Peninsula is poised to remain severely undersupplied for years.

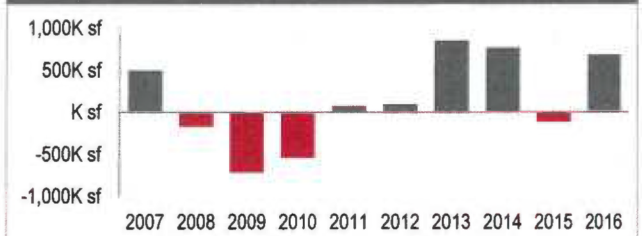
Capital markets cools down at the end of 2016 after acquisitions binge, trend likely to continue into 2017

Institutional and retail investors alike showed strong appetites for industrial assets in the Mid-Peninsula. Industrial product's perceived minimal downsize risk amid an ever-shrinking industrial inventory and the possibility to eek out a quick turnover profit, have caught the attention of investors. Valuations have jumped by more than 57.0 percent from a year ago and currently sit at an average of $231 per square foot with some assets going for as high as $437 per square foot. Some of the largest buyers include large institutional investors that are considered long-term owners which could dry up the possibilities of further acquisitions in the following years.

Industrial assets located near transit hubs are among the most valuable, and likely targeted for redevelopment

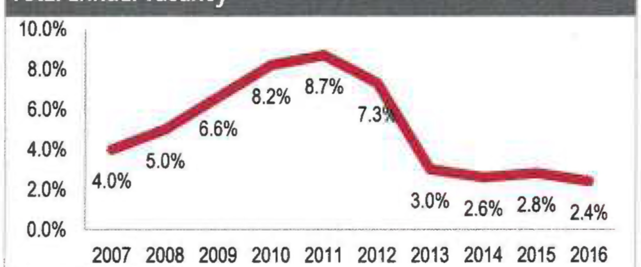
The latest construction boom in the Mid-Peninsula centers around transit-oriented-developments (TODs) which primarily targets industrial assets for redevelopment. This follows a larger trend across the San Francisco Bay, in which buildings within walking distance to a train station are priced at sizeable premiums over overall market rental rates. Additionally, vacancy rates near transit are also significantly lower than overall market vacancy rates. These two positive trends add incentives for redeveloping industrial assets perfectly located at walking distance from a train station in hot submarkets in the Mid-Peninsula.

Total annual absorption



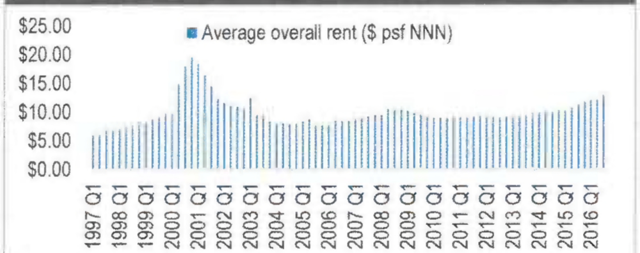
Source: JLL Research

Total annual vacancy



Source: JLL Research

Soft rent growth amid extremely undersupplied market



Source: JLL Research

$14.70 Warehouse asking rate	**681,436** Year-to-date net absorption (s.f.)	**$231** Average sale price (p.s.f.)	**$291M** Total amount of acquisitions in 2016
$14.05 Manufacturing asking rent	**47,098** Quarter-to-date net absorptioin (s.f.)	**22,211** Average deal size (s.f.)	**1,624,348** Total space acquired (s.f.) in 2016

Seattle-Bellevue

New development can't keep up with demand

Vacancy remains low at 2.7 percent

The strong economy, ongoing evolution of e-commerce, and 3PL industry have driven industrial demand. The Seattle-Bellevue industrial market remains incredibly space-constrained with vacancy currently at 2.7 percent, down 90 basis points from the previous year. Strong tenant demand persists in the region, with 17.5 million square feet of active requirements market-wide, driven largely by 3PL, logistics and consumer goods users. This supply and demand imbalance, as anticipated, has forced tenants to either locate to tertiary markets, or compromise quality for location, and is also fueling the real estate demand in secondary markets such as Dupont and Lacey, where quality warehousing and distribution space is available at a discount compared to the core clusters in the region.

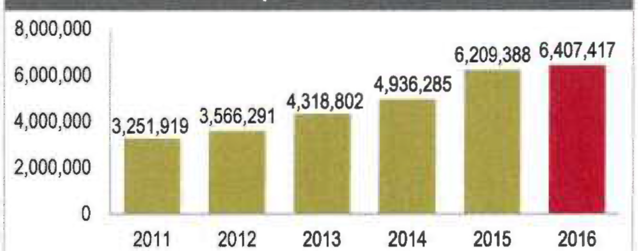
Total vacancy by submarket cluster

Source: JLL Research

Net absorption increases for the 6th consecutive year

2016 was a record-setting year for construction deliveries as well as net absorption, with over 4.4 million square feet added to the market and 6.4 million square feet of space taken down. With limited supply of available quality space in the region, newly-delivered product is being leased and absorbed at a strong pace. Notable transactions include Regal Logistic's 225,972-square-foot lease at LogisticCenter at 167, Green Room's 192,805-square-foot renewal at HRP 6 Building, and Columbia Distributing's 145,000 square foot lease at Underwood Gartland 62 Building. Given continued demand for space, coupled with the scarcity of quality available options, it is likely that absorption will remain positive and vacancy rates remain tight in the coming quarters.

Historical total net absorption (s.f.)



Source: JLL Research

Development activity increases to attempt to meet demand

Even with limited land available in the region, developers are continuing to capitalize on the Seattle market. 4.4 million square feet of speculative and build-to-suit projects were delivered in 2016, with an additional 2.8 million square feet currently under construction, 82.0 percent of which is located in the Southend market. The largest development is Prologis's 770,195-square-foot project in the Port of Tacoma/Fife submarket. Given the escalating land prices, rising construction costs, and shortage of big-box space, the majority of developments have been projects over 100,000 square feet. Construction activity is expected to ramp up as there are additional 7 million square feet of planned and proposed projects that sit in the pipeline slated for 2017-2018.

New construction pipeline

2,851,281 s.f.

Currently under construction

Source: JLL Research

281,739,836 Total market size (s.f.)	**2,851,281** Total under construction (s.f.)	**1,827,790** Q4 leasing activity (s.f.)	**1,874,758** Quarterly net absorption (s.f.)
2.7% Total vacancy	**17,506,000** Active tenant requirements (s.f.)	**4,425,520** YTD completions (s.f.)	**6,407,417** YTD net absorption (s.f.)

Silicon Valley

Large block deliveries to alleviate shortage in 2017

Unabated appetite for large-block, Class A industrial space will likely remain unchanged in 2017

High quality, large-block industrial space has been in high demand for the most part of the current six-year-old growth cycle in Silicon Valley. The new deliveries expected for 2017 are likely to lease before completion, a consistent trend during the past 24 months. Demand from large tech companies for industrial space have supported positive rent growth for the past 12 consecutive quarters, with a more defined acceleration in the past four quarters. Year-to-date deliveries have amounted to more than 940,000 square feet, 100 percent of which will start 2017 fully occupied.

Are we nearing the peak of the cycle? Not at all.

Some developers are uncertain as to whether the market is overdue for a correction amid the longest streak of consecutive quarters of positive rent growth in recent decades. However, market metrics and current manufacturing trends indicate there is runway for further development. Manufacturing companies are rapidly adopting technology and automation in order to gain a competitive edge in the form of reduced labor needs or productivity gains or to just keep up with the rest. High-value goods requiring advanced skills and abundant capital are often the typical kind of manufacturing found in Silicon Valley. Richly-funded manufacturing startups as well as established manufacturing companies trying to either scale up production or diversify revenue sources are currently seeking more than 970,000 square feet of space.

Industrial acquisitions swell totaling to more than 4.7 million square feet in the second half of 2016.

Blackstone's portfolio purchase of 102 industrial properties in the West Coast from LBA Realty resulted in more than 1.1 million square feet of Silicon Valley industrial space changing hands, adding to the already swollen acquisition metrics for 2016. Investors seeking healthy returns are increasingly betting on industrial assets due to low expectations of downsize risk and the potential for significant appreciation in values. The current pace of acquisitions could hit roadblocks in 2017 as expectations for rapid interest rates increases materialize.

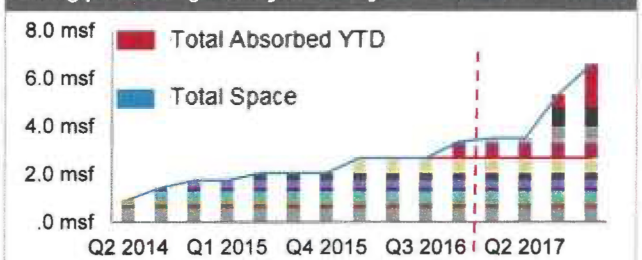
New deliveries likely to be leased before completion

+1.1 m.s.f.

of industrial space to be delivered in 2017

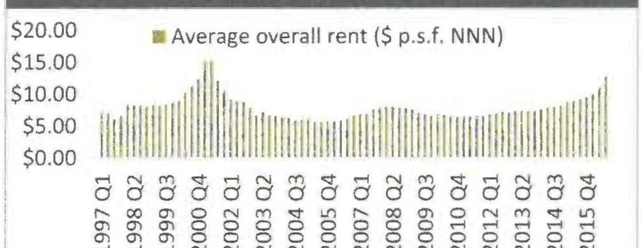
Source: JLL Research

Strong pre-leasing activity will likely continue in 2017



Source: JLL Research

Historical Industrial Annual Rental Rates



Source: JLL Research

$11.00 p.s.f. Warehouse asking annual rent	**890,833** Year-to-date net absorption (s.f.)	**1.4%** Warehouse total vacancy	**344,563 s.f.** Warehouse under construction
$14.79 p.s.f. Manufacturing asking annual rent	**86,042** Quarter-to-date net absorption (s.f.)	**5.3%** Manufacturing total vacancy	**776,740 s.f.** Manufacturing under construction

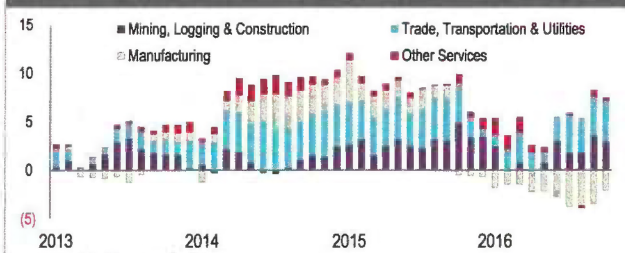
St. Louis

Construction activity leads substantial growth

Job growth keeps pushing ahead

Industrial employment remains on a positive trend with annual gains reaching 43 consecutive months. One laggard has been the manufacturing sector which took a hit when U.S. Steel laid off 1,500 employees at its Granite City facility at the start of 2016. However, the company recently announced plans to bring back 220 workers. At its peak, the plant employed 2,000 people. Mining, logging, and construction which typically sees a slowdown as winter approaches has bucked the trend this year. With building permits up 10.5 percent year-over-year and the price of coal increasing from a low earlier in the year, the sector is at its highest level in eight years.

Industrial employment trends (12-month change)

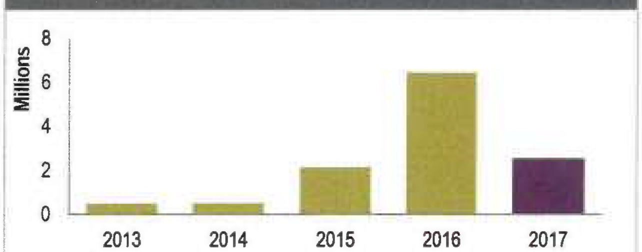


Source: JLL Research, BLS

Construction deliveries reach new record

New construction topped six million square feet in 2016, the highest number on record. Buildings were spread across several submarkets. In Missouri most were along the I-70 corridor and at Gateway Commerce Center and Lakeview Commerce Center in Illinois. Speculative development continues to move full steam ahead. With 2.5 million square feet already set to deliver next year, 90.1 percent is speculative warehouse space. This is far different from 2016 when speculative and build-to-suit projects each totaled three million square feet.

Annual construction deliveries

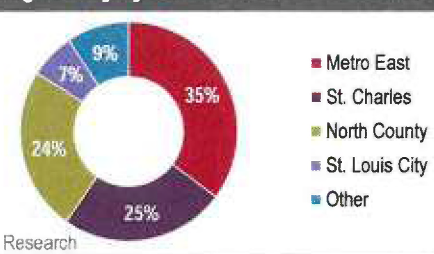


Source: JLL Research

Leasing activity following development

The region had over nine million square feet of leases signed this year. That activity drove a significant amount of absorption as tenants are following the new developments. Nearly 85.0 percent of activity occurred in three submarkets; North County, Metro East, and St. Charles. Those same three submarkets were home to almost all of the new construction in 2016. The year closed with six leases over 500,000 square feet, four of those were new transactions. Those four transactions accounted for 3.2 million square feet of absorption, half of total in the market for the year.

2016 leasing activity by submarket (leases >30,000 s.f.)



Source: JLL Research

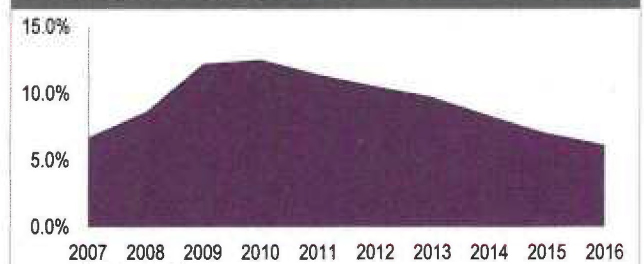
2,193,570 Quarterly absorption (s.f.)	**2,222,438** Warehouse absorption (s.f.)	**2,788,582** Quarterly deliveries (s.f.)	**2,538,780** Total under construction (s.f.)
5.8% Total vacancy	**2,286,780** Speculative construction (s.f.)	**8.2%** Growth in warehouse rents Y-o-Y	**9.9%** Total preleased

Tampa Bay

Year end vacancy closes at all-time low

Historically low vacancy rates, particularly in Pinellas County
The North Pinellas and Westshore/Airport submarkets are witnessing all-time low vacancy rates. Some groups in these submarkets are operating at maximum capacity in their current spaces are considering expanding locally. The lack of large quality blocks available in Pinellas and Westshore is making it difficult for tenants currently seeking space. Some of the vacant spaces are either low in quality or have outdated floor plans which is compounding the problem for tenants seeking space. There has been robust construction activity in some submarkets, but Pinellas County and the Westshore/Airport submarket lack the vacant parcels for developers to build new warehouses to fill demand.

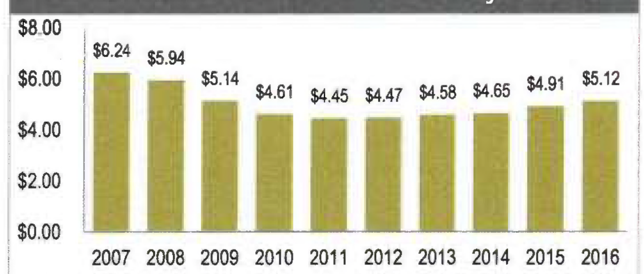
Tampa Bay total vacancy



Source: JLL Research

Rental rates trending up
The Tampa Bay industrial market has experienced a slight increase quarter over quarter in rental rates and 5.1 percent growth year over year. Tenants are seeing the largest increase in rental rates in the South Pinellas and East Side submarkets. Specifically, landlords in South Pinellas have increased rental rates 14.5 percent year over year, bringing rates to the highest level the submarket has ever seen. Additionally, rents in the East Side submarket have increased 8.2 percent year over year, the highest the submarket has seen since 2008. Current levels of demand across the market are expected to continue into 2017, in part due to the attention the Polk County and East Side submarkets are receiving from a national level as a hotspot for e-commerce warehouses.

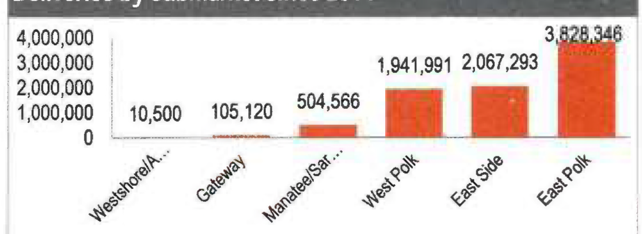
Warehouse/Distribution rental rates historically



Source: JLL Research

Robust construction pipeline
Developers continued the recent trend of focusing on building new product in excess of 100,000 square feet with only three notable projects delivered in 2016 smaller than 100,000 square feet. The market saw 17 buildings totaling 4.4 million square feet delivered in 2016 with 2.1 million currently under construction and set to deliver the in first half of 2017. Almost all of the new construction has been concentrated in the East Side, West Polk and East Polk submarkets which is likely to continue in 2017 as multiple large national groups are currently touring the market for space. More developers are considering breaking ground on speculative developments due to current demand.

Deliveries by submarket since 2014



Source: JLL Research

201,122,005 Total Inventory (s.f.)	**5,981,210** YTD total net absorption (2.f.)	**$5.21** Average asking rent (p.s.f)	**2,088,386** Total under construction (s.f.)
6.1% Total vacancy	**3.0%** YTD net absorption (as a % of stock)	**5.4%** 12-month asking rent growth	**76.2%** Total preleased

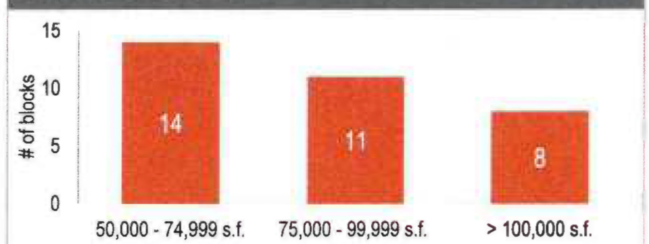
Washington, DC

Prince George's County drives absorption

Vacancy continues to fall metro wide

Vacancy across the Washington, DC metro area continued to fall as a result of strong leasing velocity in Prince George's County, Dulles North, and Southeast Fairfax. Notable leases that drove occupancy growth included Amazon taking down 132,109 square feet at 5617 Industrial Drive, BAE Systems moving into 85,063 square feet at13850 McLearen Road, and Washington Food Supply taking occupancy of 136,360 at 6300 Columbia Park Road. With severely limited functional blocks of space metro wide, tenants with larger footprints will look to new development as well as adaptive re-use closer to urban cores.

Class A vacant blocks



Source: JLL Research

Limited industrial development opportunities remain in PG County

Severely limited industrial development opportunities remain in the increasingly desirable Prince George's county. This problem has become more evident over the last year as developers struggle with municipal restrictions on zoning use. Increased activity from retail and residential developers coupled with the potential addition of the purple metro line spanning from New Carrolton up to silver spring is expected to slow development in 2017. With only seven blocks of Class A space over 50,000 square feet, and an increasingly active tenant pipeline, new development opportunities looking to capture this demand will likely come from an assemblage of smaller parcels.

Land use in PG County

Only 5.07% of all acreage in PG County is zoned industrial

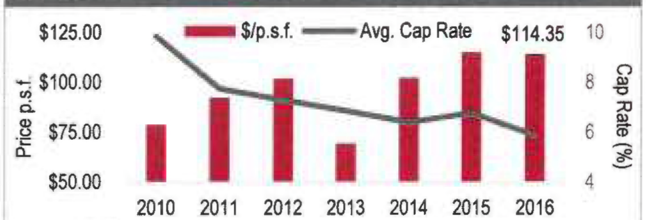
5.1%

Source: JLL Research

Cap rates push lower across the metro area

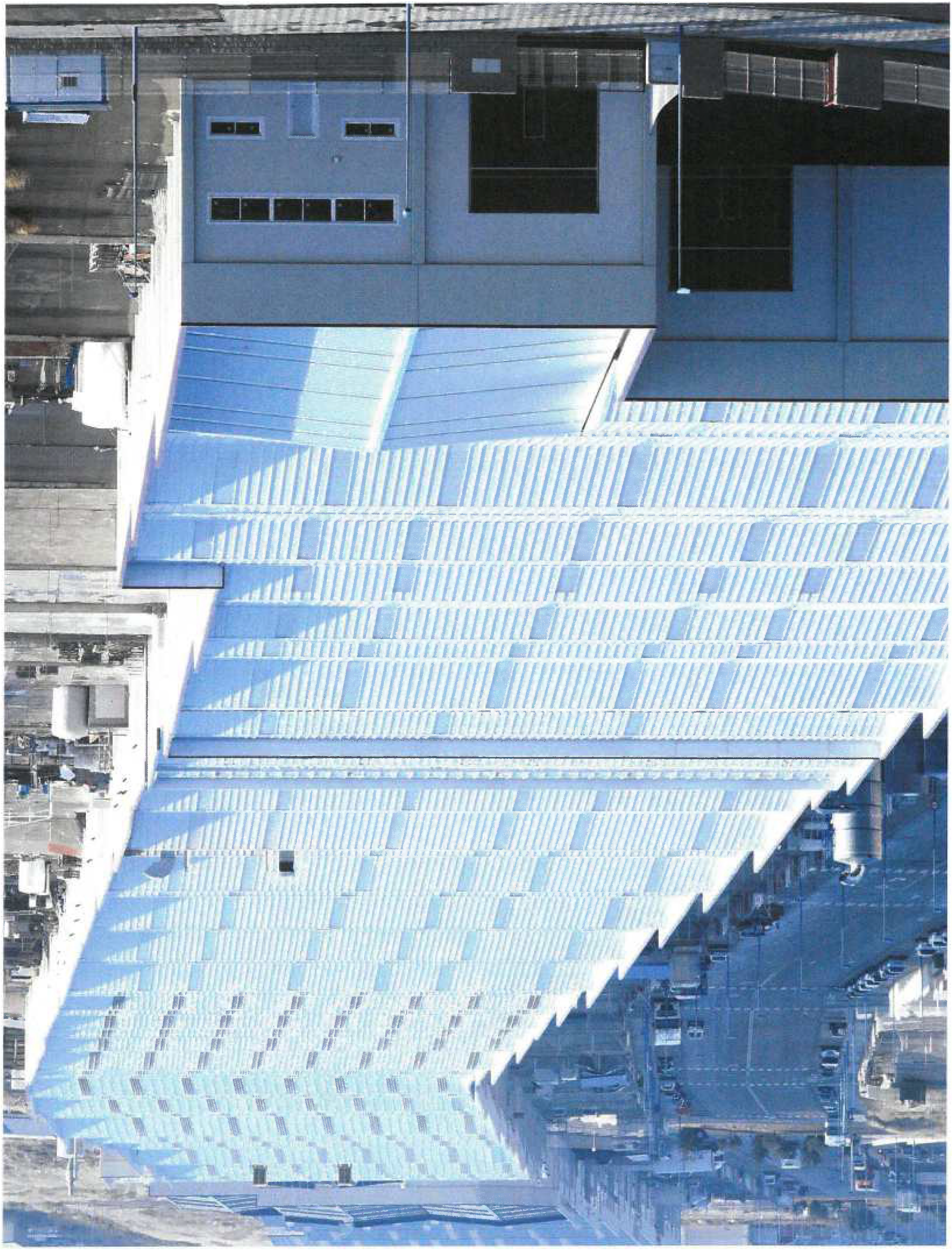
Significant interest from institutional ownerships has translated into cap rate compression across the metro area as investors look to capitalize on shrinking inventory within the beltway. In addition, an influx of new development in the more prominent Dulles Corridor and Prince George's County submarkets has given these investors the opportunity to acquire quality product. Sale prices have grown on average an astonishing 44.9 percent since 2010. This trend is expected to continue across the region as competing land uses, including data centers and residential, affect the potential for new supply and market fundamentals continue to strengthen.

Sales trends



Source: JLL Research

97,850,890 Inventory (s.f.)	**2,467,850** YTD Net Absorption (s.f.)	**$8.48** Warehouse/Distr. Avg. asking rate	**1,598,994** Total under construction (s.f.)
6.6% Direct vacancy	**170,374** Quarterly Absorption (s.f.)	**9.4%** YoY change in asking rate (%)	**2,243,525** YTD Completions (s.f.)



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JLL's research team delivers intelligence, analysis and insight through market-leading reports and services that illuminate today's commercial real estate dynamics and identify tomorrow's challenges and opportunities. Our more than 400 global research professionals track and analyze economic and property trends and forecast future conditions in over 60 countries, producing unrivalled local and global perspectives. Our research and expertise, fueled by real-time information and innovative thinking around the world, creates a competitive advantage for our clients and drives successful strategies and optimal real estate decisions.

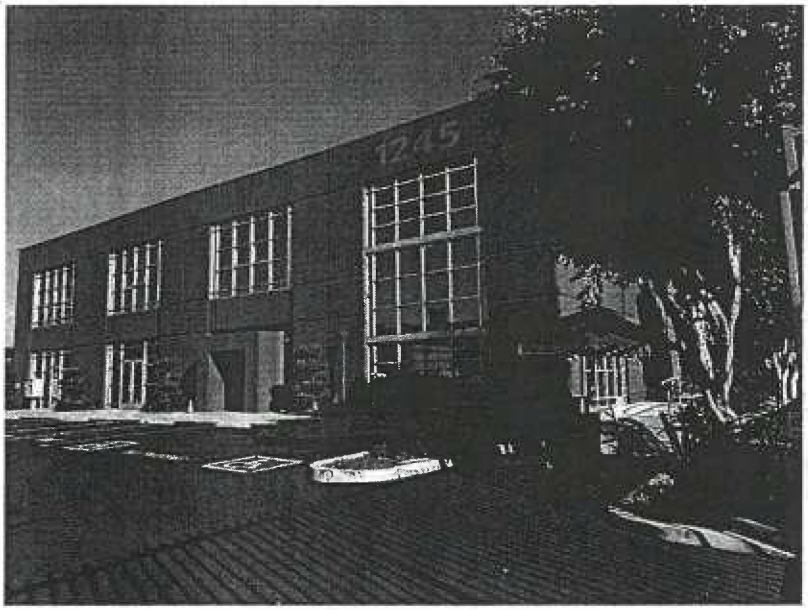
EXHIBIT F

http://www.ladowntownnews.com/development/denim-company-commits-to-the-arts-district/article_a0842336-c31b-11e7-b6a5-7b50d4dc070b.html

FEATURED

Denim Company Commits To the Arts District

Nov 7, 2017



DTLA - The denim company Lucky Brand has long had a big stake in the Arts District, with an approximately 50,000-square-foot headquarters at 540 S. Santa Fe Ave., and a two-level, 25,000-square-foot manufacturing facility two blocks away at 1245 Factory Place.

[Get DTLA stories in our daily email newsletter.]

Lucky moved into the latter property in 2014, and will be there for at least five more years, as last week the company announced that it has extended its lease. The five-year renewal is valued at $4 million.

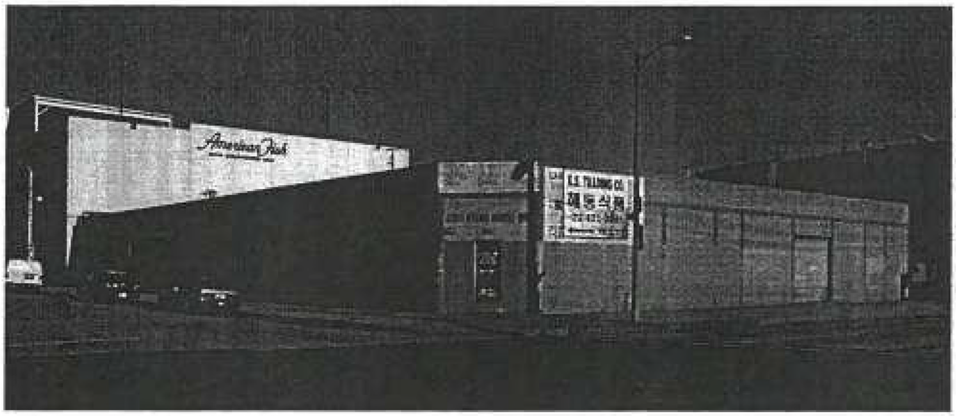
"The location is in close proximity to Lucky Brand's headquarters and, reflecting the company's long-standing commitment to the area and excellent landlord relationship, we were able to negotiate very favorable lease renewal terms," said Bart Pucci, senior managing director in the Los Angeles office of Savills Studley, which represented Lucky in the transaction.

http://www.ladowntownnews.com/news/garment-company-buys-space-in-arts-district/article_5134115e-d137-11e7-8f5a-df8e46612360.html

FEATURED

Garment Company Buys Space in Arts District

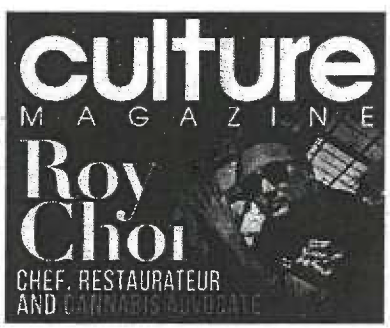
Nov 24, 2017 Updated Nov 24, 2017



The fashion company Olivaceous bought the one-story building at 1107 E. Seventh St. this month. The company will use part of the space and lease out the rest.

photo courtesy Silver Commercial Inc.

The women's fashion manufacturer Olivaceous is moving into the Arts District. The company acquired a 13,823-square-foot building at 1107 E. Seventh St. this month. The cost was $4.8 million and includes the 20,758-square-foot plot of land the structure sits on.



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The edifice was built in 1976 by Bradley Bahut as the home for his printing and collating company. Olivaceous, a wholesale-only company, was previously based on Towne Avenue in Downtown. Olivaceous will take up part of the building and lease out the rest of the space.

Kathleen Silver and Kay Sasatomi of Silver Commercial, Inc. represented the seller, while Brent Koo and Lee Yoo of Sperry Commercial represented Olivaceous in the deal.

http://www.ladowntownnews.com/restaurants/nancy-silverton-s-bringing-ice-cream-to-the-arts-district/article_45478992-4ba0-11e7-befb-ffc06cecd81d.html

FEATURED

Nancy Silverton's Bringing Ice Cream to the Arts District

By Eddie Kim Jun 7, 2017

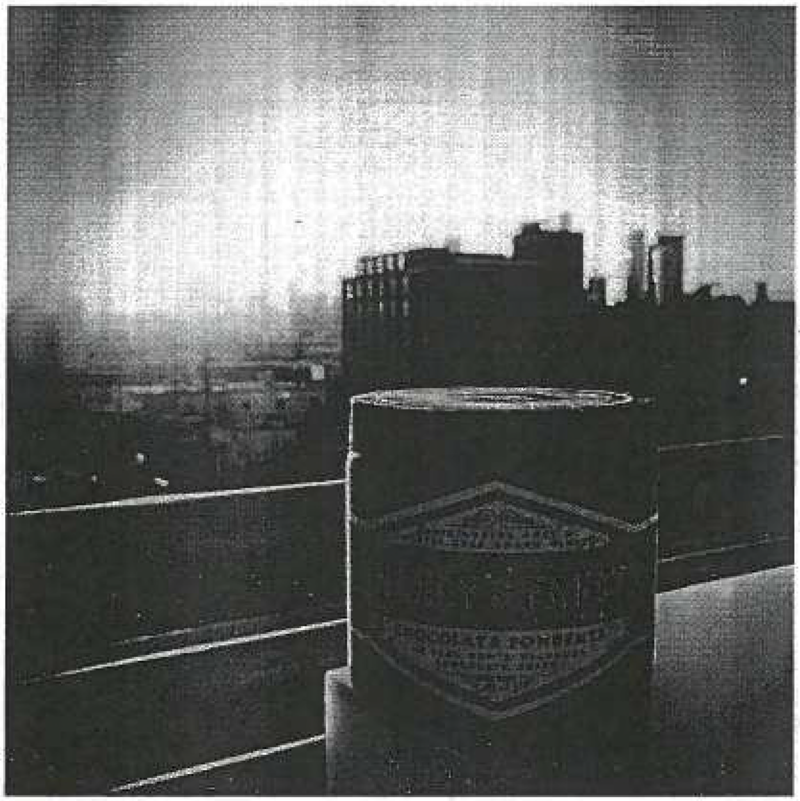

photo courtesy of Nancy Silverton

Well, that was quick. Just two months after the hip high-end chocolate maker Mast Brothers closed its beautiful Arts District factory and retail showroom, a new suitor has signed on to take the space.

It's an even bigger name: Chef **Nancy Silverton** (of Campanile, La Brea Bakery, and Mozza fame) and her ice cream brand **Nancy's Fancy**.

The ice cream can be found at local Whole Foods and other markets, and Silverton is moving the commercial operation from the San Fernando Valley to Downtown Los Angeles.

The minimalist warehouse, trimmed in white and filled with raw concrete, is nearly twice as big as Silverton's former facility, which means she may be able to ramp up production of gelato and sorbetto.

There's also rumor of an ice cream shop opening in the front, but there's no timeline — yet.

Coming to 816 S. Santa Fe Ave.

The 6,000-square-foot Mast Brothers chocolate factory will now be the home of Nancy Silverton's ice cream brand Nancy's Fancy.

photo by Gary Leonard

EXHIBIT G

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-
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LISA M. WEBBER, AICP
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DEPUTY DIRECTOR
(213) 978-1273

http://planning.lacity.org

April 25, 2017

NOTICE OF PREPARATION OF ENVIRONMENTAL IMPACT REPORT AND PUBLIC SCOPING MEETING

CASE NO.: ENV-2017-249-EIR
PROJECT NAME: 670 Mesquit
PROJECT APPLICANT: RCS VE LLC
PROJECT LOCATION/ADDRESS: 606-694 S. Mesquit Street, 1494-1498 E. 6th Street, and 2119-2135 E. 7th Street, Los Angeles, CA 90021
COMMUNITY PLANNING AREA: Central City North Community Plan Area
COUNCIL DISTRICT: 14 – Jose Huizar
DUE DATE FOR PUBLIC COMMENTS: 4:00 p.m., May 24, 2017
SCOPING MEETING: May 8, 2017. See more information below.

Pursuant to the California Environmental Quality Act (CEQA) Guidelines Section 15082, once the Lead Agency decides an Environmental Impact Report (EIR) is required for a project, a Notice of Preparation (NOP) describing the project and its potential environmental effects shall be prepared. You are being notified of the City of Los Angeles' intent, as Lead Agency, to prepare an EIR for this Project, which may be located in an area of interest to you and/or the organization or agency you represent. This EIR will be prepared by outside consultants and submitted to the Department of City Planning, Environmental Analysis Section, for independent review and certification.

The Department of City Planning requests your comments as to the scope and content of the EIR. Comments must be submitted in writing pursuant to directions below. If you represent an agency, the City is seeking comments as to the scope and content of the environmental information in the document which is germane to your agency's statutory responsibilities in connection with the proposed Project. Agencies will need to use the EIR when considering permits or other approvals for the Project.

A Scoping Meeting will be held to receive input from the public as to what environmental topics the EIR should study. No decisions about the Project are made at the Scoping Meeting. The project description, location, and the potential environmental effects identified thus far are set forth in this document. Also included below are the date, time, and location of the Scoping Meeting.

The Scoping Meeting is in an open house format. THIS IS NOT THE REQUIRED PUBLIC HEARING FOR MUNICIPAL CODE ENTITLEMENT REQUESTS which will be scheduled after the completion of the EIR. The environmental file is available for review at the Department of City Planning, 200 North Spring Street, Room 750, Los Angeles, CA 90012. A copy of the Initial Study prepared for the Project is not attached but may be viewed online at http://planning.lacity.org by clicking on the "Environmental Review" tab, then "Notice of Preparation & Public Scoping Meetings."

PROJECT LOCATION: The approximately 237,714-square-foot (sf) (5.45-acre) Project Site is within the Arts District in the Central City North Community Plan Area of the City of Los Angeles. The Project Site consists of eight parcels located along the east and west sides of Mesquit Street between the former 6th Street Bridge right-of-way (ROW) (future Ribbon of Light Bridge) and the 7th Street Bridge, as well as a portion of Mesquit Street that is proposed for vacation. The Project Site is adjacent to properties on both sides of Mesquit Street owned by the Los Angeles Department of Water and Power that house the River Switching Station electricity substation and transmission line ROW (the LADWP Property) south of 6th Street. Land uses to the east of the Project Site include railway lines and rail yards owned by Burlington Northern/Santa Fe Railway, the Los Angeles County Metropolitan Transportation Authority (Metro), and Amtrak (Railway Property), with the Los Angeles River and additional rail lines to the east. The Project Site is currently developed with one- and two-story high-bay buildings housing public and leased cold storage (i.e., Rancho Cold Storage, Hidden Villa Ranch, Integrated Food Service, and Harvey's Produce) totaling approximately 205,393 sf, together with loading bays and surface parking. The existing zoning designation of the Project Site is M3-1-RIO.

PROJECT DESCRIPTION: RCS VE LLC (the Applicant) proposes to demolish existing cold storage warehouse facilities and construct a mixed-use development totaling approximately 1,792,103 sf of floor area. The Project would include creative office space (approx. 944,055 sf); 308 multi-family residential units, 16 percent of which would be affordable; a hotel (236 rooms); retail (including grocery and farmer's markets); restaurants; studio, event, gallery and potential museum space; and a gym. The Project would include at- and above-grade landscaped open space including amenities totaling 83,789 sf. Four (4) levels of below-grade parking spanning the Project Site and at- and above-grade structured parking within Buildings 3, 4, and 5 would also be provided. The Project would provide approximately 2,000 parking spaces and 930 bicycle parking spaces. A rooftop heliport is also proposed for emergency and occasional use incidental to residential and office uses, providing an amenity for the Project's residents, hotel guests, office workers, and visitors. The resulting floor:area ratio (FAR) would be approximately 7.5:1.

The proposed uses would be accommodated in five new buildings ranging in height from 90 feet to 360 feet. Buildings 1 through 4, which would contain residential, hotel, office, and commercial uses, would be oriented in a linear fashion along the east side of Mesquit Street, extending from the LADWP Property on the north to the 7th Street Bridge on the south. The Project would provide three east-west pedestrian passageways and view corridors between Buildings 1 through 4. Building 5, which would contain office uses, would be constructed on the west side of Mesquit Street just north of the 7th Street Bridge. A proposed landscaped area at the northern end of the Project Site (Northern Area) is intended as publicly accessible open space and would connect the Project Site with the Ribbon of Light Bridge and the 12-acre Sixth Street Park, Arts, River, and Connectivity Improvements (PARC) to be located under and adjacent to the Ribbon of Light Bridge. The Project would include two landscaped balconies (River Balconies) along the Project's eastern edge; the balcony at the northeastern end of the Project Site would provide stairway access to the Northern Area, Ribbon of Light Bridge, and the Sixth Street PARC.

The Project would include an Equivalency Program to allow the core composition of proposed on-site development to be modified to respond to future needs in a manner that does not increase the Project's impacts on the environment.

As a public benefit contribution, the Applicant proposes significant public benefit commitments related to new transportation and pedestrian improvements and the livability of the neighborhood. The Project would include, pending approval by the railroad/transit operating entities, construction of a pedestrian deck (Deck) over a portion of the Railway Property to the east of the Project Site. The Deck would span the length of the Project Site and directly connect the 7th Street Bridge and northern edge of the Project Site, providing a pedestrian connection to the Ribbon of Light Bridge and the Sixth Street PARC. Construction of the Deck would require approval by the railroad/transit operating entities to permit air rights development above the Railway Property directly adjacent to the Project Site.

REQUESTED PERMITS/APPROVALS: Discretionary entitlements, reviews, and approvals required for implementation of the Project would include, but would not necessarily be limited to, the following:

1. General Plan Amendment to the Central City North Community Plan to change the Community Plan land use designation from Heavy Industrial to Regional Center Commercial, and to change the Circulation Element of the General Plan (the Mobility Plan 2035) and the Community Plan Land Use Map to redesignate Mesquit Street from a Collector Street to a Local Limited Street.
2. Vesting Zone Change and Height District Change from M3-1-RIO to C2-3-RIO.
3. Specific Plan, which could be inclusive of the following:
   - Major Development Project Conditional Use Permit,
   - Vesting Conditional Use for Floor Area Ratio (FAR) Averaging and Residential Density Transfer in Unified Developments,
   - Master Conditional Use for on-site and off-site sale of Alcoholic Beverages,
   - Master Conditional Use for Dance Hall(s),
   - Vesting Conditional Use Permit for Heliport,
   - Special Permission for a Reduction of Off-Street Parking Spaces by the Director,
   - Variance to permit a reduction in the amount of on-site parking spaces otherwise required,
   - Variance to permit off-site parking to be provided at a property more than 750 feet from the Project Site,
   - Variance to permit the siting of bicycle parking spaces at an alternative location,
   - Zoning Administrator's Adjustment to permit a zero-foot setback in lieu of any otherwise required setbacks,
   - Variation from the street dedication requirements under the Mobility Plan 2035, and

- Applicable provisions from the Greater Downtown Housing Incentive Area such as allowing the area of any land required to be dedicated for street or alley purposes to be included as lot area for purposes of calculating the Project's FAR.

4. Three affordable housing incentives through the City's Density Bonus Law: Averaging FAR, Density, Parking, Open Space, and Vehicular Access; FAR increase; and an incentive to allow the area of any land required to be dedicated for street or alley purposes to be included as lot area for purposes of calculating the Project's FAR.
5. Vesting Tentative Tract Map for the merger and re-subdivision, as well as to absorb a portion of Mesquit Street to be vacated, to create ground lots and airspace lots, together with approval of a haul route.
6. Development Agreement (20-year).
7. Other discretionary and ministerial permits and approvals that will or may be required.

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED: Aesthetics, Air Quality, Cultural Resources, Geology and Soils, Greenhouse Gas Emissions, Hazards and Hazardous Materials, Hydrology and Water Quality, Land Use and Planning, Noise, Population and Housing, Public Services (Fire, Police, Schools, Parks, and Libraries), Recreation, Transportation and Traffic, Tribal Cultural Resources, and Utilities and Service Systems (Water, Wastewater, Energy Use, and Solid Waste).

PUBLIC SCOPING MEETING: A public scoping meeting in **an open house format** will be held to receive public comment regarding the scope and content of the environmental analysis to be included in the Draft EIR. City staff, environmental consultants, and project representatives will be available, but no formal presentation is scheduled. You may stop by at any time between 5:00 p.m. and 7:00 p.m. to view materials, ask questions, and provide comments. The Department of City Planning encourages all interested individuals and organizations to attend this meeting. The location, date, and time of the public scoping meeting for this Project are as follows:

Date:	**May 8, 2017**
Time:	**5:00 P.M. to 7:00 P.M.** Arrive any time between 5:00 p.m.–7:00 p.m. to speak one-on-one with City staff and Project consultants.
Location:	**Art Share L.A.** 801 E. 4th Place Los Angeles, CA 90013 (Free parking is available starting at 5 p.m. at the County of Los Angeles Department of Public Social Services employee parking lot, across S. Hewitt Street from Art Share L.A.)

The enclosed materials reflect the scope of the project (subject to change). The Department of City Planning welcomes and will consider all written comments regarding potential environmental impacts of the project and issues to be addressed in the EIR. **Written comments must be submitted to this office by 4:00 P.M., May 24, 2017.** Written comments will also be accepted at the public scoping meeting described above.

Please direct your responses to:

Mail: Jonathan Chang
Major Projects and Environmental Analysis Section
City of Los Angeles Department of City Planning
200 N. Spring Street, Suite 750
Los Angeles, CA 90012

Fax: (213) 978-1343

Email: Jonathan.Chang@lacity.org

ACCOMMODATIONS: As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability. The scoping meeting facility and its parking are wheelchair accessible.

Sign language interpreters, assistive listening devices, or other auxiliary aids and/or services may be provided upon request. Other services, such as translation between English and other languages, may also be provided upon request.

To ensure availability or services, please make your request no later than three working days (72 hours) prior to the scoping meeting by calling Darlene Navarrete at (213) 978-1332.

Como entidad cubierta bajo el Título II del Acto de los Americanos con Deseabilidades, la Ciudad de Los Angeles no discrimina. La facilidad donde la junta se llevará a cabo y su estacionamiento son accesibles para sillas de ruedas. Traductores de Lengua de Muestra, dispositivos de oído, u otras ayudas auxiliares se pueden hacer disponibles si usted las pide en avance. Otros servicios, como traducción de inglés a otros idiomas, también pueden hacerse disponibles si usted los pide en avance.

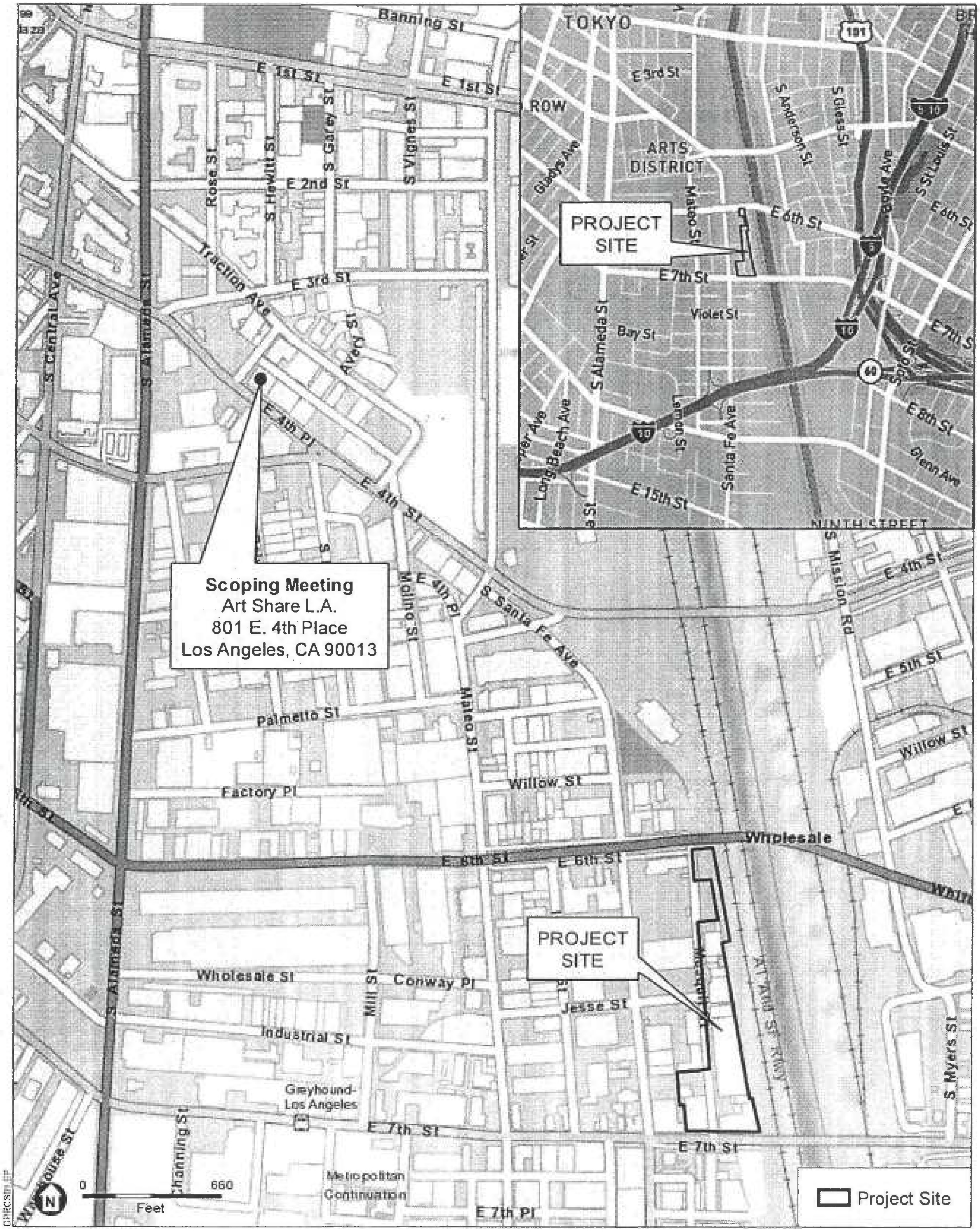
Para asegurar la disponibilidad de éstos servicios, por favor haga su petición al mínimo de tres días (72 horas) antes de la reunión, llamando a Darlene Navarrete a (213) 978-1332.

Vincent P. Bertoni, AICP
Director of City Planning

Jonathan Chang
Project Planner

Enclosures:

1 Regional and Site Location Map and Scoping Meeting Location
2 Aerial Photograph of Project Site
3 Conceptual Site Plan
4 500-Foot Radius Map

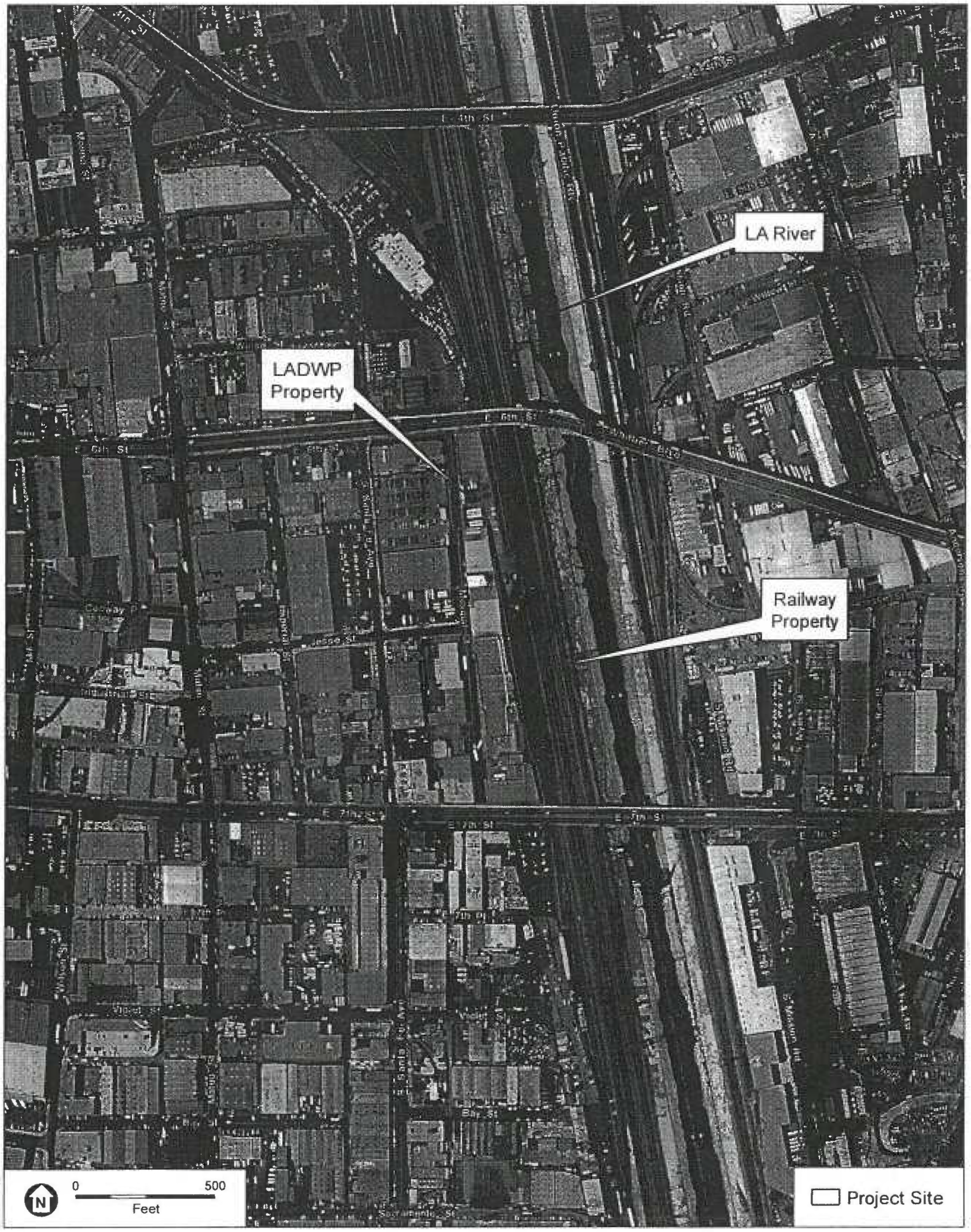


SOURCE: Open Street Map, 2016

670 Mesquit

Figure 1
Regional and Site Location Map
Scoping Meeting Location

ESA

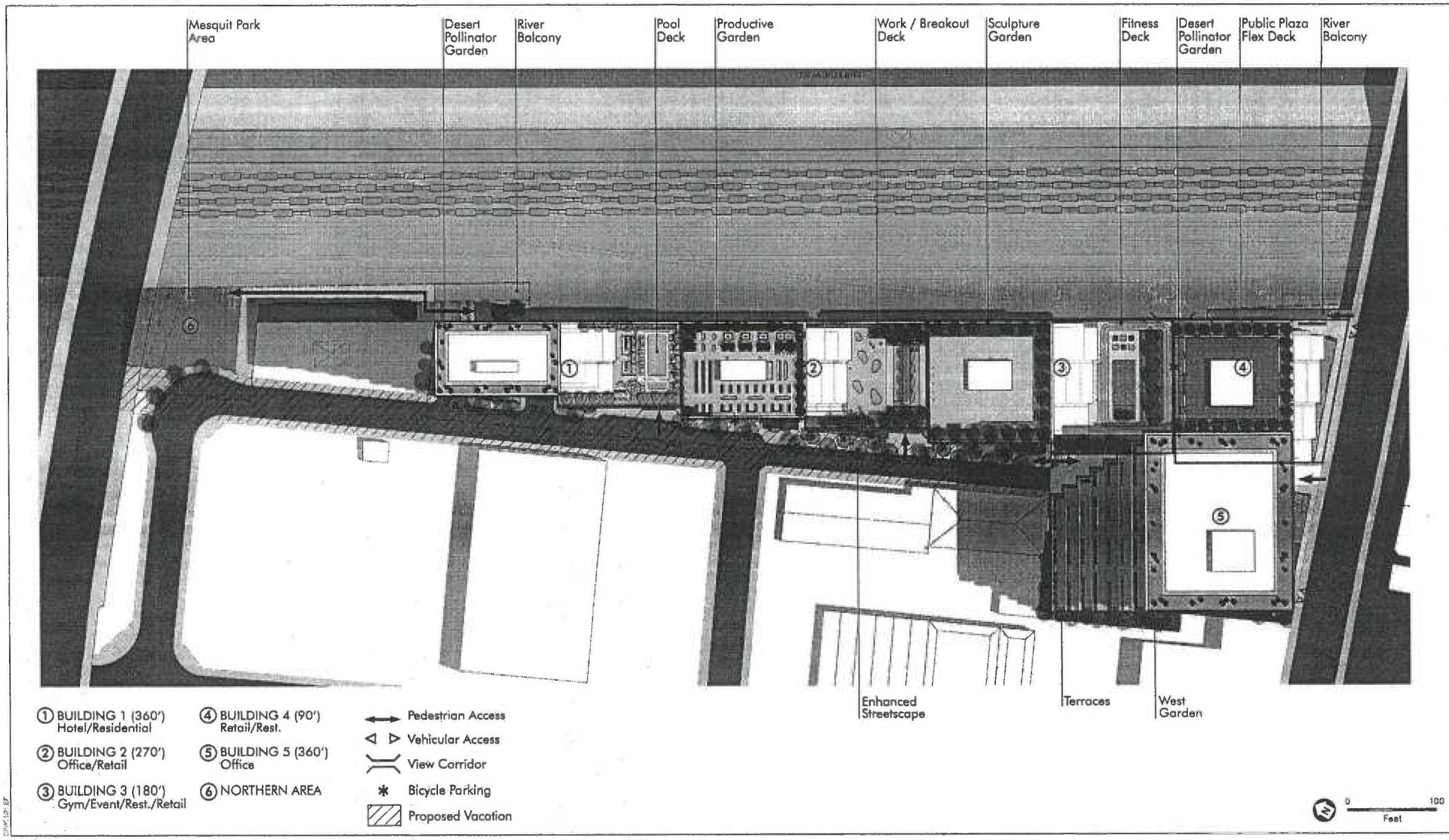


SOURCE: Google Map, 2015 (Aerial)

670 Mesquit

Figure 2
Aerial Photograph of Project Site

ESA



SOURCE: Bjarke Ingels Group with Gruen Associates, 2017

670 Mesquit

Figure 3
Conceptual Site Plan

ESA

SOURCE: GC Mapping Service Inc., 2017

670 Mesquit

Figure 4
Radius Map

ESA

EXHIBIT H

Chapter 2
Project Description

ESA PCR

CHAPTER 2
Project Description

2.1 Introduction

AVA Arts District, L.P (the Applicant) proposes to develop a mixed-use live/work and commercial project (Project) at 668 S. Alameda Street, 1516-1570 Industrial Street, and 675 Mill Street on an approximately 3.75 acre site southeast of the intersection of S. Alameda Street and Industrial Street (Project Site).[1] The Project would consist of approximately 577,301 square feet (sf) of floor area,[2] with a floor-to-area ratio (FAR) of approximately 3.55:1.[3] The Project would include approximately 61,200 sf of ground floor commercial use and approximately 516,101 sf of live/work floor area. Commercial uses would include commercial/retail and arts and production space, a grocery store, and restaurant uses fronting Industrial Street. The grocery store would also front S. Alameda Street. The live/work use would include 475 units, a fitness facility, clubhouse, residential lobby and gallery space. The live/work use would also include an affordable housing component. The Project would include one building atop a two-story podium, for a total of seven stories above grade and a maximum building height of 85 feet. A total of 842 parking spaces would be provided within a four level parking structure with three levels below grade and one level at grade. Parking would include 728 spaces for live/work uses and 114 spaces for commercial uses. The Project would also provide 581 bicycle parking spaces, with 523 spaces for the live/work uses and 58 spaces for commercial uses.

The Project would include open space, some of which would be publicly-accessible, and recreational amenities for the residents. Some of the publicly-accessible open space amenities would include a plaza fronting Industrial Street and two intersecting paseos on the ground level providing a public connection between Industrial Street and Mill Street. The Project would also provide public art/façade treatments, such as murals on several walls within the Project Site. Private open space and recreational amenities for Project residents would include 4 distinct outdoor lounge areas on the second level, a fitness facility and clubhouse on the second level, as

---

1 The Project Site is comprised of the following parcels: Assessor Parcel Number (APN) 5164-022-005, 5164-022-010, 5164-023-004, 5164-023-015, 5164-023-016, 5164-023-019 through 5164-023-023 or approximately 163,380 sf prior to dedication.

2 Floor area is calculated in accordance with LAMC Section 12.03, Los Angeles Department of Building and Safety (LADBS) Document No. P/BC 2002-021 – Calculating FAR and LADBS Case No. ZA 2007-3430 – Calculating Balconies as FAR, and generally excludes utility rooms, subterranean long term bicycle parking, service areas, and storage areas.

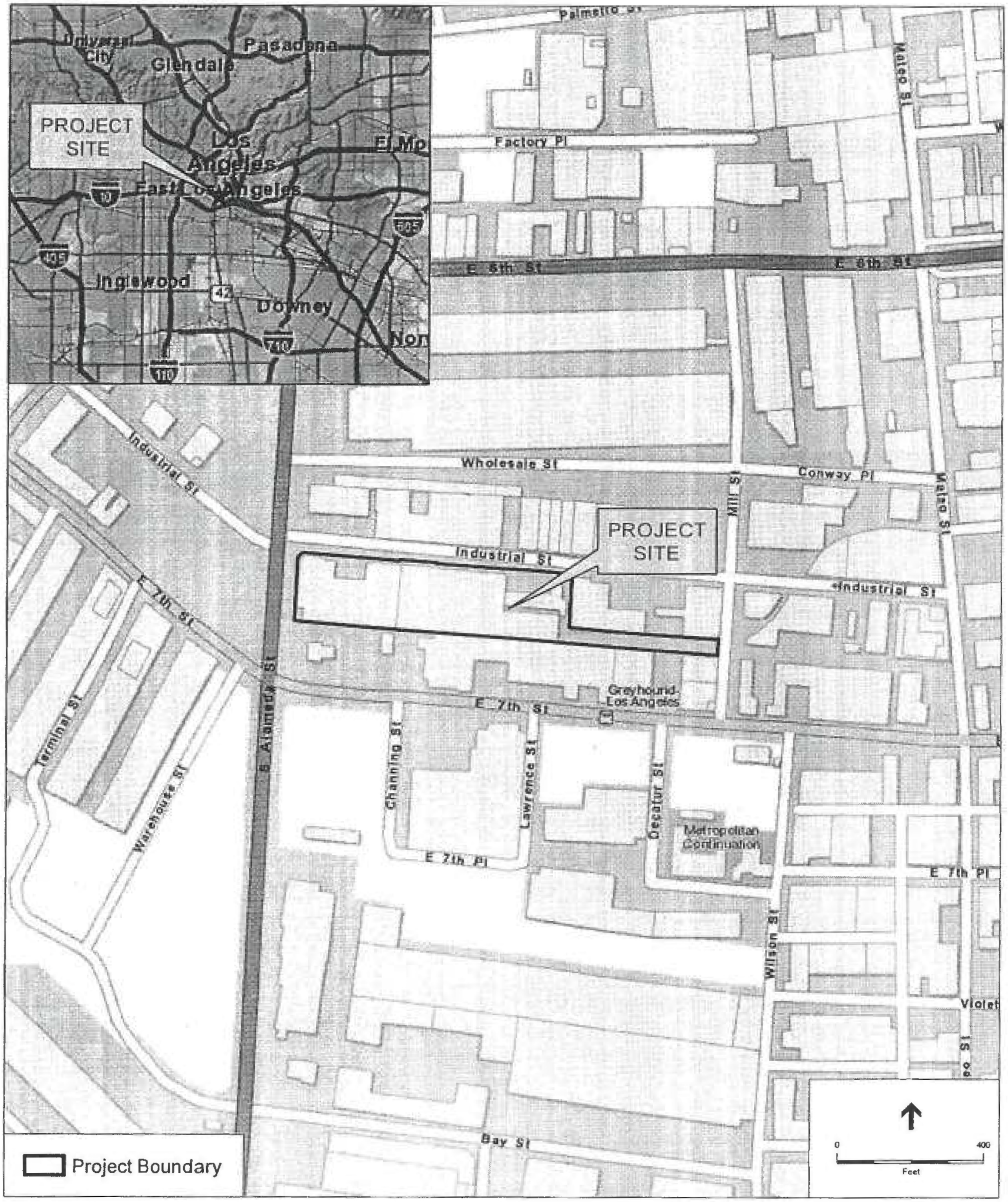
3 Calculations based on Los Angeles Department of Building and Safety (LADBS) Bulletin: Document No. P/BC 2002-021, LADBS Case No. ZA 2007-3430, and LAMC Section 12.03 and include 565,695 sf of floor area and a net lot area (with dedications) of 162,457 sf or 3.73 acres.

well as terraces, and private balconies. The Project would also include two sidewalk "bump-out" extensions into Industrial Street that would be located within the public right-of-way.

2.2 Project Location and Surrounding Uses

The Project Site is generally located at 668 S. Alameda Street as shown on **Figure 2-1**, *Regional and Site Location Map*. The Project Site is bounded by S. Alameda Street to the west; Industrial Street to the north; industrial/warehouse uses and Mill Street to the east; and commercial and institutional uses to the south. As depicted on **Figure 2-2,** *Aerial Photograph of Project Site and Vicinity*, uses to the west of the Project Site, across S. Alameda Street include the Los Angeles County Metropolitan Transportation Authority – Division 1 Natural Gas Fueling Station and bus yard. Uses to the north across Industrial Street include Union Central Cold Storage warehouse that is proposed for demolition for the development of the Industrial Street Lofts (a proposed mixed-use project with 344 units and ground floor commercial), and industrial/warehouse and commercial uses. Further north along S. Alameda Street are wholesale food and produce warehouses, recently converted live/work spaces, and small-scale restaurant/café spaces toward 6th Street. Directly east of the Project Site and west of Mill Street, are wholesale food warehouses. Northeast and east of Mill Street are one- to two-story industrial uses, and adaptive reuse structures now occupied by retail shops, restaurants, bars, and creative offices and studios. To the south of the Project Site are low-rise commercial uses, including a McDonald's restaurant with a drive-through service, the Para Los Niños Charter School, the Institute of Contemporary Art Los Angeles Museum, LA Central Market and a vacant eight-story structure. South of 7th Street is a Greyhound bus terminal, a produce market, Metropolitan High School, and the ROW DTLA, a 30-acre site of historic structures recently converted to include creative office and studio space, retail shops, and restaurants. In general, the land uses within the vicinity of the Property are characterized by a mix of low- to medium-intensity industrial, commercial, and mixed-use buildings, which vary widely in building style and period of construction.

The Project Site is located within the Arts District, an area generally bounded by 1st Street to the north, the Los Angeles River and train tracks to the east, 7th Street to the south, and S. Alameda Street to the west. Over the past two decades, the area in the vicinity of the Project Site has been transforming from a predominately industrial area to one that is primarily made up of old warehouses converted to artists' lofts and studios. Recently this area has been experiencing an increase in unique and creative commercial uses such as creative spaces, retail shops, galleries, studios, museums, restaurants, and bars that have blended well with the existing industrial and manufacturing uses and growing residential population.



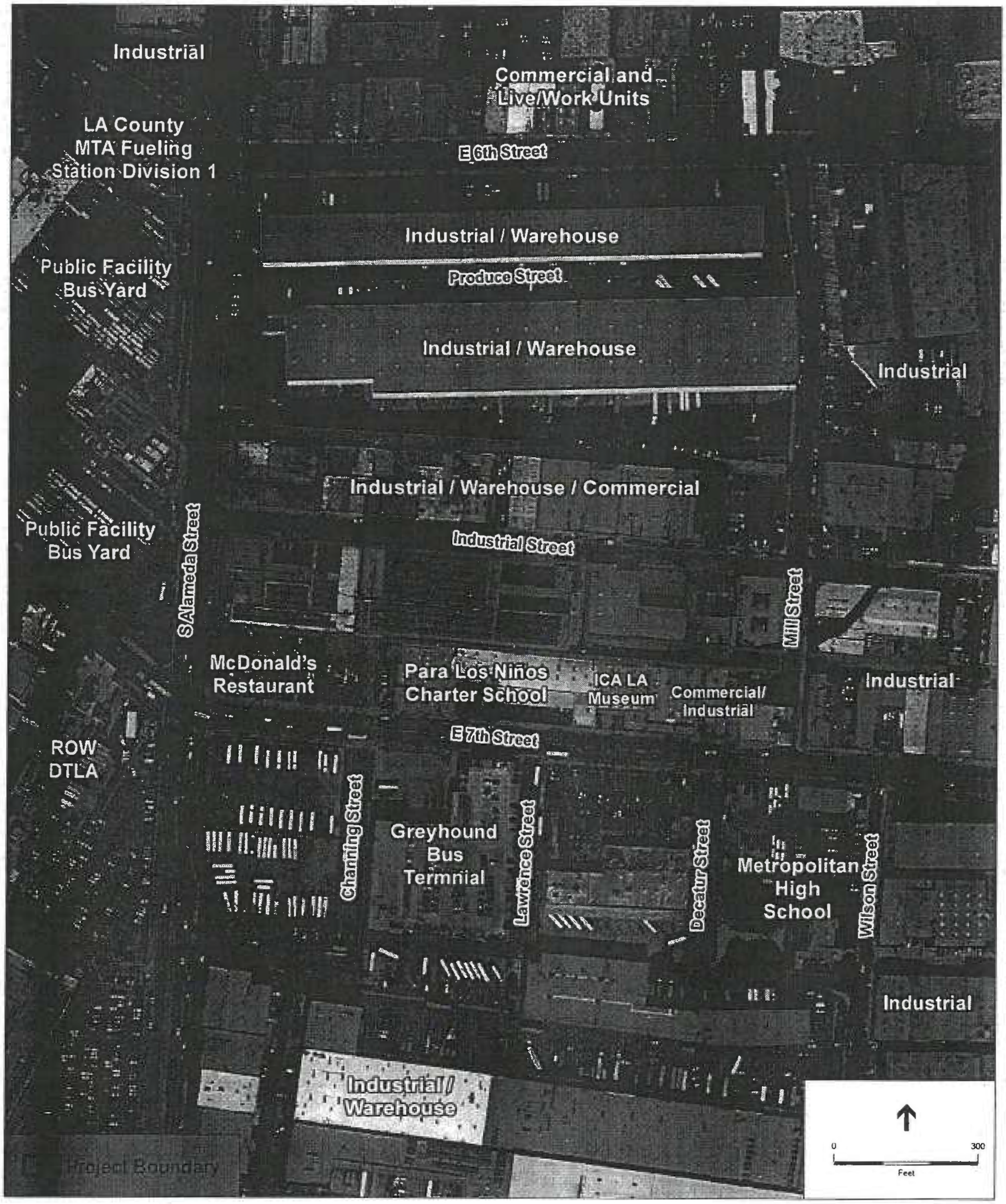
SOURCE: ESRI Street Map, 2009.

668 S. Alameda Street

Figure 2-1

Regional and Site Location Map

ESA PCR



SOURCE: Google Maps, 2016 (Aerial).

668 S. Alameda Street

Figure 2-2

Aerial Photograph of Project Site and Vicinity

ESA PCR

The Project Site is well served by a network of regional transportation facilities, as it is located within a City-designated transit priority area.[4] Regional vehicle access to the Project Site is provided by the Santa Monica Freeway (I-10) located approximately 0.7 miles to the south, the Hollywood Freeway (US 101) and Golden State Freeway (I-5) located approximately 1 mile to the east, and the Harbor Freeway (I-110) located approximately 2 miles to the west. Local access to the Project Site is provided by S. Alameda Street, 7th Street, and Industrial Street. The Project Site is also well served by public transit. Bus service and light rail service is provided by the Los Angeles County Metropolitan Transportation Authority (Metro). Numerous regional and local bus lines are located near the Project area. The closest bus stop to the Project Site is at S. Alameda Street and 7th Street, which is served by Metro Line 60 and Metro Rapid Line 760. Both lines provide service between Downtown Los Angeles and Long Beach and provide connections to the 7th Street Metro Center in Downtown Los Angeles and the Metro Blue, Expo, Purple, and Red Lines and various bus lines. The closest Metro station is the Metro Gold Line Little Tokyo/Arts District Station, approximately 1 mile north on S. Alameda Street. The Metro Gold Line provides regular service between East Los Angeles and Pasadena, with direct linkages to other lines of the Metro Rail system. Metro is also constructing the Regional Connector Project, which will extend the Metro Gold Line from the Little Tokyo/Arts District Station to the 7th Street Metro Center Station in Downtown Los Angeles, allowing passengers to transfer to Blue, Expo, Red and Purple Lines, bypassing Union Station. The 1.9-mile alignment will serve Little Tokyo, the Arts District, Civic Center, The Historic Core, Broadway, Grand Avenue, Bunker Hill, Flower Street, and the Financial District.

2.3 Site Background and Existing Site Conditions

As shown on Figure 2-2, the Project Site is located southeast of the intersection of S. Alameda Street and Industrial Street. The Project Site is currently developed with the Showa Marine & Cold Storage facility, which comprises four buildings with a total area of approximately 131,350 sf. The buildings range from two- to three-stories in height and were constructed between 1984 and 2001. On-site operations include shipping/receiving, storage of frozen food products, as well as associate office and administrative activities. The Project Site also includes a parking lot and an abandoned railroad right-of-way that connects S. Alameda Street and Mill Street in an east-west direction. The Project Site is relatively flat within an elevation ranging between 246 feet to 250 feet.

4 Senate Bill (SB) 743, enacted in 2013, changed the way in which environmental impacts related to transportation and aesthetics are addressed under CEQA. Specifically, Section 21099(d)(1) of the Public Resources Code (PRC) states that a project's parking and aesthetic impacts shall not be considered a significant unavoidable impact on the environment if: 1) The project is a residential, mixed-use residential or employment center project; and, 2) The project is located on an infill site within a transit priority area. City of Los Angeles Zoning Information File ZI No. 2452 also provides that projects meeting these criteria are exempted from evaluating parking and visual resources, including aesthetic character, shade and shadow, light and glare, scenic vistas or any other aesthetic impact in a CEQA document as defined in the City's current, 2006 CEQA Thresholds Guide. However, ZI No. 2452 does indicate the need for projects in transit priority areas to be evaluated for consistency with relevant City land use plans and aesthetic related regulations. Because of the mixed-use residential character of the Project and its location within an urban transit priority area (intersection of two or more major bus routes), the Project qualifies for exemption under SB 743. As such, evaluation of the Project's physical impacts associated with parking and aesthetics are not strictly required but are addressed in this Draft EIR for disclosure purposes only.

2.4 Existing Planning and Zoning

The Project Site is located within the Central City North Community Plan Area, the River Improvement Overlay District, and the East Los Angeles State Enterprise Zone. The General Plan land use designation for the Project Site is Heavy Manufacturing/Industrial. The Project Site is zoned M3-1-RIO. The "M3" (Heavy Industrial) Zone permits a wide range of industrial and manufacturing uses prevalent in the area such as warehouse, cold storage, and food processing. The M3 Zone also permits commercial and office uses. The "1" indicates Height District 1, which establishes an FAR of 1.5:1. The "RIO" indicates that the Project Site is located within the River Improvement Overlay District, established by Ordinance Nos. 183144 and 183145 to support implementation of the Los Angeles River Revitalization Plan and establishes landscaping, design criteria, and administrative review procedures for projects within the RIO. The East Los Angeles State Enterprise Zone was established to stimulate local investment.

Ordinance No. 184099 (the Hybrid Industrial Ordinance) established the Hybrid Industrial "HI" Live/Work zoning classification.[5] Although this classification does not apply to the Project Site, the Project has nevertheless been required to incorporate the design standards set forth in the Hybrid Industrial Ordinance in order for the design of the Project to appropriately address the context of the Arts District's neighborhood form and character. The Hybrid Industrial Ordinance presents development standards for live/work uses that address building height; minimum area for gallery space and nonresidential uses; setbacks; façades; open space; parking; and signs.

2.5 Statement of Project Objectives

Section 15124(b) of the CEQA Guidelines states that a project description shall contain "a statement of the objectives sought by the proposed project." In addition, Section 15124(b) of the State CEQA Guidelines further states that "the statement of objectives should include the underlying purpose of the project." The underlying purpose and primary objective of the Project is to provide a unique and creative mixed-use Project that fits in well with existing industrial and manufacturing uses, and the growing residential population in the Arts District. As further required by the State CEQA Guidelines, the specific objectives sought by the Applicant for the Project are provided below.

- Develop an economically viable infill mixed-use development that combines live/work housing, commercial/retail, arts and production space, a grocery store, and restaurant uses, within a transit priority area proximate to public transportation consistent with regional mobility goals to reduce vehicle trips and infrastructure costs.
- Provide housing, including affordable housing, to serve a range of potential renters and help meet the market demand for new housing in the City of Los Angeles.

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5 The specific design standards were included in Ordinance No. 184099 which created the Hybrid Industrial "HI" Live/Work zoning classification. A recent Los Angeles Superior Court decision (Yuval Bar-Zemer et al v City of Los Angeles) determined the environmental clearance for this Ordinance failed to comply with the California Environmental Quality Act and has ordered the City to set aside its approval of the Ordinance. The project has nevertheless been required to incorporate the design standards set forth in the Hybrid Industrial Ordinance in order for the design of the project to appropriately address the context of the Arts District's neighborhood form and character.

- Create an urban project that is compatible with and complimentary to currently ongoing growth in the resident population of the Arts District.
- Provide for the development of an underutilized site with new housing and commercial uses to meet anticipated market demands.
- Contribute to the unique character of the Arts District through a Project that attracts a wide spectrum of creative users and artists; provides arts/production/gallery space; and, contributes to a lively pedestrian environment through public art and façade treatments (such as murals), ground-level retail space, and publicly accessible streetscapes and paseos with landscaping, seating, kiosks and art of different mediums.
- Create a development that complements and improves the visual character of the area by connecting with the surrounding urban environment through landscaped open space, street trees, and a high level of architectural design that incorporates public art and utilitarian building materials that blend with the warehouse and industrial buildings in the immediate neighborhood.
- Provide a grocery store and neighborhood serving retail uses that meet the needs of the Art District's existing and future residents.
- Create construction and permanent jobs through construction and operation of a new mixed-use development.
- Provide joint live/work spaces and creative commercial uses that expand the local economy, support the business environment, and aid in the retention and attraction of new businesses to the community.
- Create a development with a high quality design that supports environmental sustainability through infill development within a transit priority area that incorporates such features as a cool roof; electric vehicle chargers and "EV ready" vehicle spaces; energy efficient appliances; water efficient plumbing fixtures; and water-efficient landscaping.
- Provide improvements that support and encourage the use of nearby public transit lines and the use of bicycles, walking, and other modes of alternative transportation in an infill urban location with extensive infrastructure.

2.6 Description of the Project

The Project would demolish the Showa Marine & Cold Storage facility and surface parking and develop a mixed-use Project consisting of 475 live/work units; 61,200 sf of ground level commercial use; open space and recreational amenities; and vehicle and bicycle parking. The Project would result in a total of 577,301 sf of developed floor area resulting in an FAR of approximately 3.55:1. The Project would include one building atop a two-story podium, for a total of seven stories above grade and a maximum building height of 85 feet, ground level parking for visitors, with additional parking for visitors and residents provided within three levels of subterranean parking. The Project's commercial uses would be located on the ground floor and front Industrial Street; The Mews, to be comprised of the two intersecting paseos would connect Industrial Street to Mill Street and provide public open space (discussed further below); and the grocery store would also front S. Alameda Street. The live/work component would be located above the commercial uses on Levels 2 through 7. The Project would also include the development of an abandoned railroad right-of-way to provide pedestrian and vehicle circulation.

The proposed development program is discussed in detail below and summarized in **Table 2-1**, *Proposed Development Program*.

TABLE 2-1
PROPOSED DEVELOPMENT PROGRAM

Use	Size/Area	
Site Area[a]	162,457	Sf
	3.73	Ac
Total Floors	7 aboveground levels	
	3 subterranean parking levels	
Building Height	85	Feet
Live/Work Units		
Studio	50	Du
One Bedroom	172	Du
Two Bedroom	214	Du
Three Bedroom	39	Du
Total Dwelling Units	475	Du
Clubroom	2,223	Sf
Fitness Facility	2,389	Sf
Lobby	1,645	Sf
Gallery	608	Sf
Total Live/Work Floor Area	516,101[b]	Sf
Commercial		
Commercial/Retail	9,943	Sf
Arts and Production	15,815	Sf
Grocery Store	15,102	Sf
Restaurant	16,140	Sf
Trash Rooms	4,200	Sf
Total Commercial Floor Area	61,200	Sf[b]
Total Floor Area	577,301	Sf
Floor Area Ratio (FAR)	3.55:1	
Vehicle Parking		
Live/Work	728	spaces
Commercial	114	spaces
Total Vehicle Parking	842	spaces
LAMC Required[c]	842	spaces
Bicycle Parking		
Live/Work	523	spaces
Commercial	58	spaces
Total Bicycle Parking	581	spaces
LAMC Required	581	spaces
Open Space and Recreational Amenities		
Publicly-Accessible Open Space	14,537	sf
Common Open Space for Project Residents	23,974	sf
Recreation Room/Fitness Center (Level 2)	4,612	sf
Private Open Space for Project Residents (Private Terraces and Patios)	1,500	sf
Total Open Space and Recreational Amenities	44,623	sf
LAMC Required[d]	44,620	sf

Notes:

a Net area after dedication.

b Floor area is calculated in accordance with LAMC Section 12.03, Los Angeles Department of Building and Safety (LADBS) Document No. P/BC 2002-021 – Calculating FAR and LADBS Case No. ZA 2007-3430 – Calculating Balconies as FAR, and generally excludes utility rooms, subterranean long term bicycle parking, service areas, and storage areas. Live work floor area does include: gallery space (608 sf); lobby (1,645 sf); clubroom (2,223 sf); and fitness facility (2,389 sf).

c Because the Project would include an affordable housing component the Project is eligible for density bonus incentive and a reduction in parking requirements. Under LAMC Section 12.22.A.25(d)(1), Parking Option 1, each live/work unit shall provide 1 parking space for units with 0-1 bedrooms and 2 parking spaces for units with 2-3 bedrooms.

d As a density bonus incentive, the Project is eligible for a 20 percent reduction in the required amount of open space, under LAMC Section 12.22.A.25(d)(6), Open Space.

Source: ESA PCR and BNIM, 2017.

A conceptual site plan showing the building and open space areas is presented on **Figure 2-3**, *Conceptual Site Plan*. A floor plan depicting the various commercial uses, open space areas, parking, and circulation on Level 1 is shown on **Figure 2-4**, *Floor Plan – Level 1*. The live/work units, open space, and recreation areas are shown on **Figure 2-5**, *Floor Plan –Level 2*. Elevations of the building as viewed from the north, south, east, and west are illustrated on **Figure 2-6**, *Building Elevations*. East-West and North-South cross-section of the building are shown on **Figure 2-7**, *Building Sections: East-West*, and **Figure 2-8**, *Building Sections: North-South*.

2.6.1 Commercial Uses

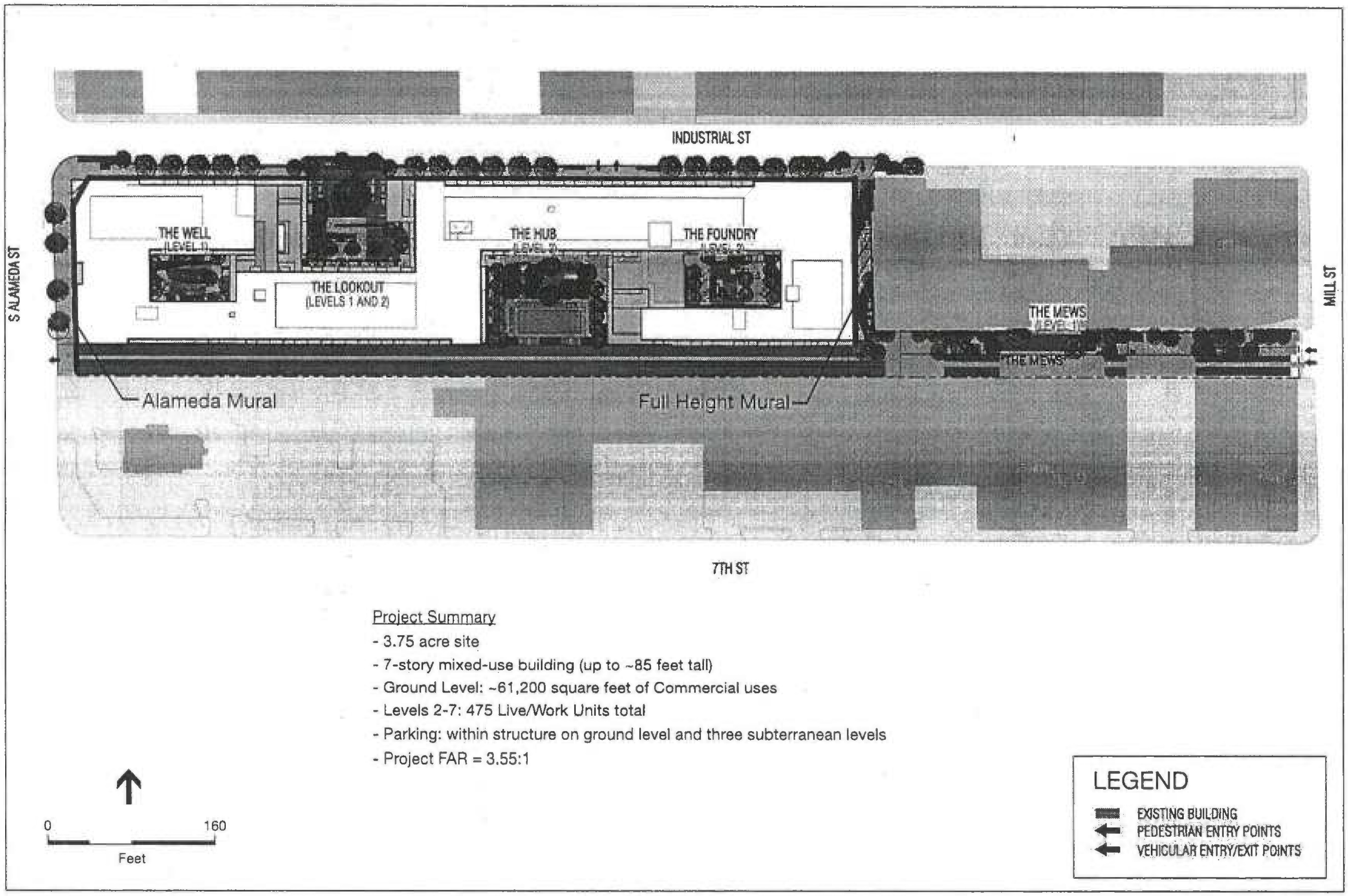
The Project's commercial uses would be located on the ground floor and front Industrial Street; The Mews, to be comprised of the two intersecting paseos would connect Industrial Street to Mill Street and provide public open space; and the grocery store would also front S. Alameda Street. These commercial uses would enhance and support existing commercial and residential uses in the surrounding area. The Project would provide 61,200 sf of commercial uses, which include 9,943 sf of commercial/retail space, 15,815 sf of arts and production space, a 15,102 sf full-service grocery store, 16,140 sf for restaurant, café, or bar uses, and 4,200 sf of trash rooms. As shown on Figure A-4, the restaurants and uses along Industrial Street would have individual entrances from the street and would be complemented by a plaza and sidewalk "bump-out" extensions with landscaping, tables, and patio seating. The proposed hours of operation for the grocery store are 6:00 A.M. to 2:00 A.M and the hours for the restaurants would be 8:00 A.M. to 2:00 A.M., Monday through Sunday.

2.6.2 Live/Work Uses

The Project would include approximately 516,101 sf of live/work floor area with 475 units located above the commercial uses on Levels 2 through 7. As indicated on Table 2-1, the Project would provide 50 studio units, 172 one bedroom units, 214 two bedroom units, and 39 three bedroom units. The units would range in size from approximately 400 sf to approximately 1,400 sf, averaging approximately 895 sf. The Project would also provide approximately 608 sf of live/work gallery space on the ground floor, a 2,223 sf clubroom, and a 2,389 sf fitness facility.

Pursuant to LAMC Section 12.22.A.25(c) the Project includes an affordable housing component, and as such, the Project qualifies for a by-right residential density bonus over the otherwise allowable maximum density. As stated in LAMC Section 12.22.A.18(a), for properties located within a C2 Zone and within a Regional Center Commercial land use designation, as is being requested for the Project, see Section 2.6.3 below, the permitted residential density is the same as within an R5 Zone, one dwelling unit per 200 sf of lot area, or 812 units.[6] Since only 475 units are proposed, a density bonus would not be required. However, as an on-menu incentive under LAMC Section 12.22.A.25(f)(6) for providing affordable housing, the Project is requesting a 20 percent reduction in the required amount of open space.

[6] Based on one dwelling unit per 200 sf and the net lot area of 162,457 sf. The overall density for the Project Site, based on the 475 units proposed is one dwelling unit per 342 sf.



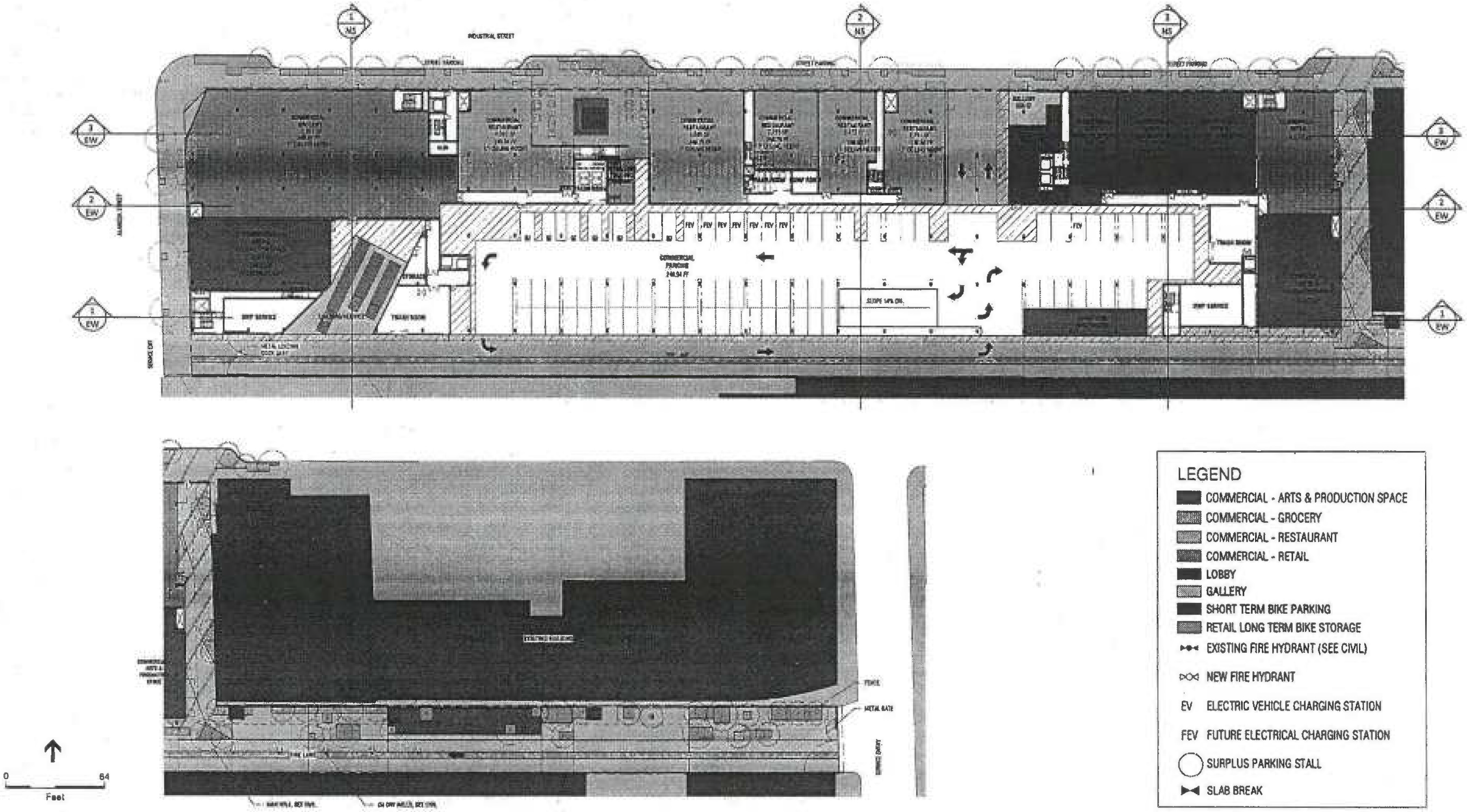
SOURCE: BNIM, 2017

668 S. Alameda Street

Figure 2-3

Conceptual Site Plan

ESA PCR

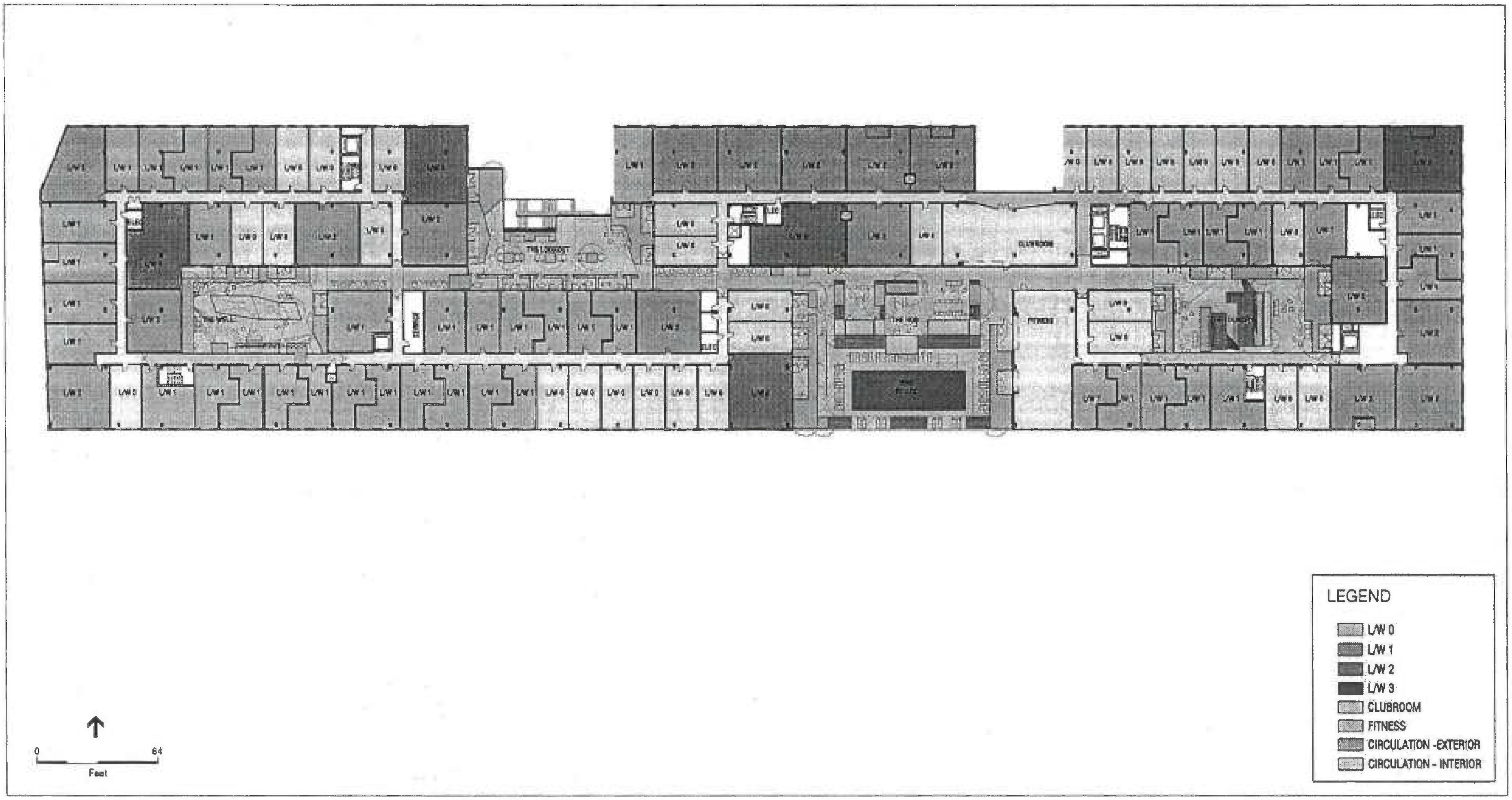


SOURCE: BNIM, 2017

668 S. Alameda Street

Figure 2-4
Floor Plan - Level 1

ESA PCR

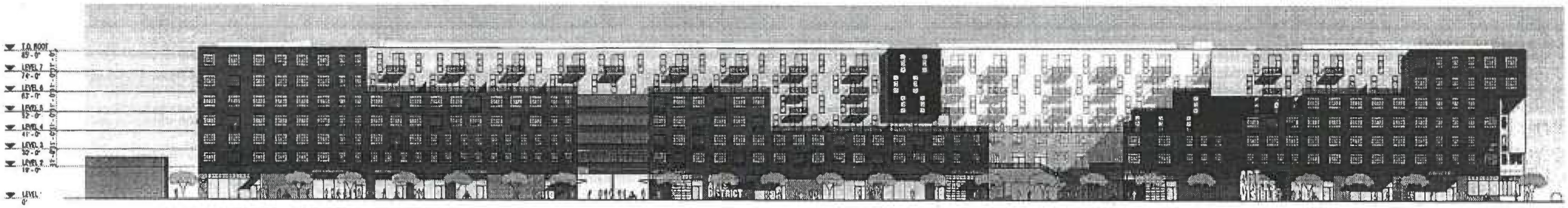


SOURCE: BNIM, 2017

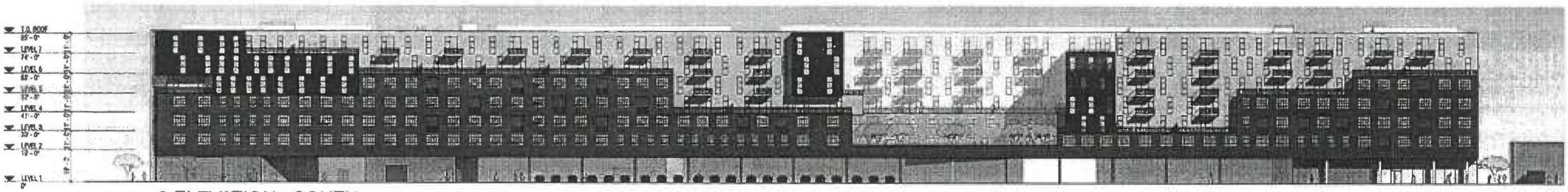
ESA PCR

668 S. Alameda Street

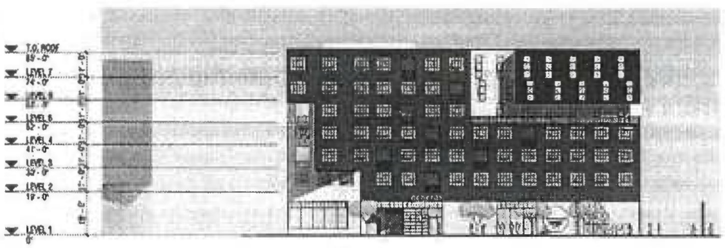
Figure 2-5
Floor Plan - Level 2



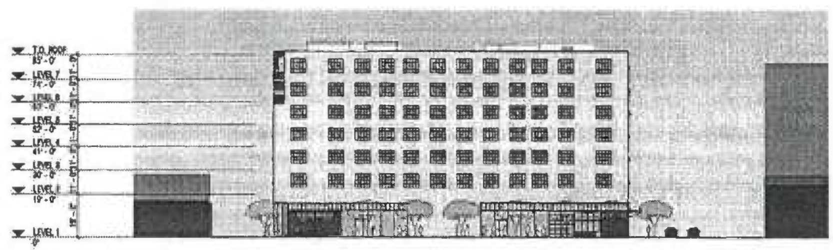
1 ELEVATION - NORTH



2 ELEVATION - SOUTH



3 ELEVATION - WEST



4 ELEVATION - EAST

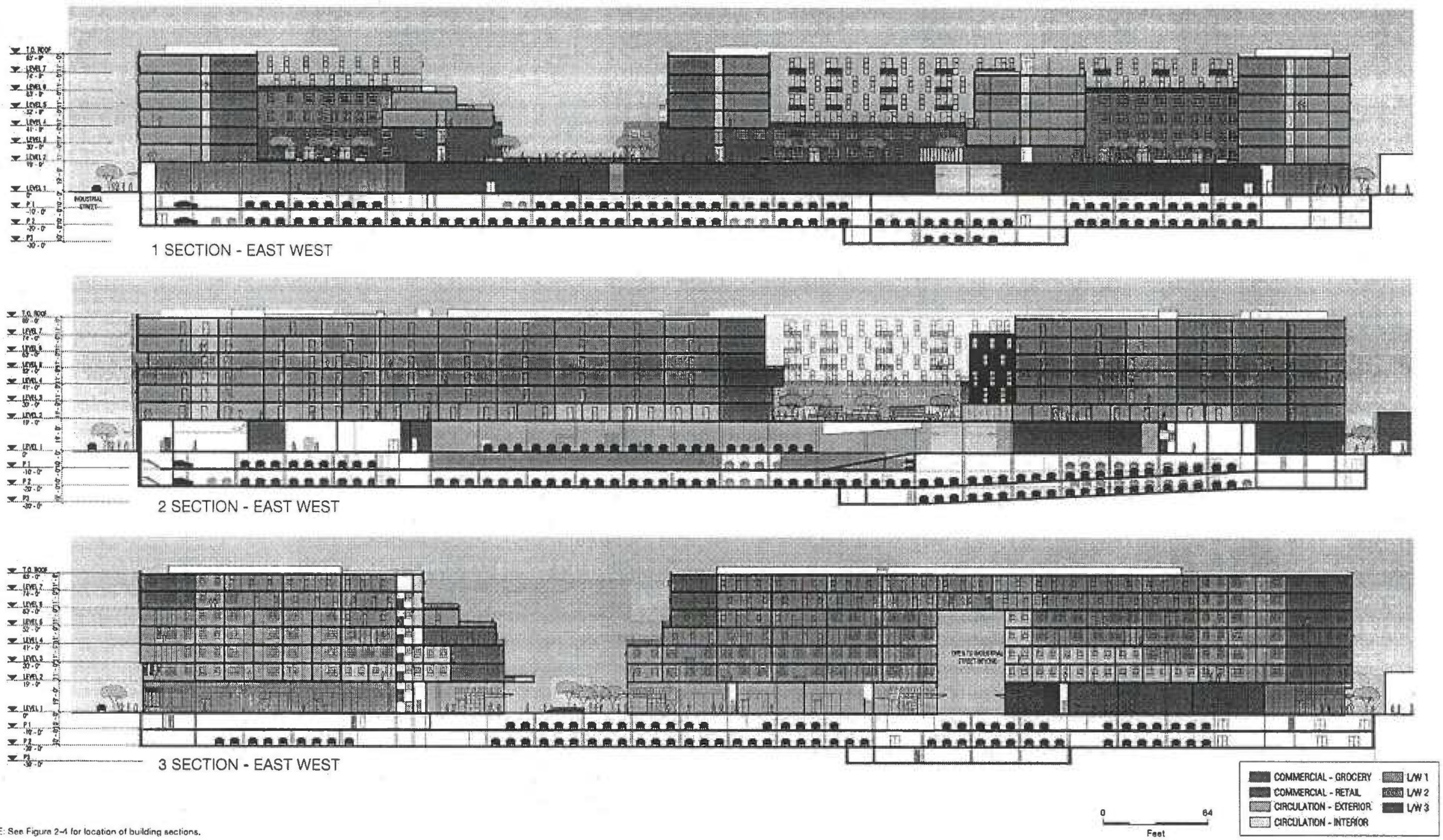
SOURCE: BNIM, 2017

668 S. Alameda Street

Figure 2-6

Building Elevations

ESA PCR



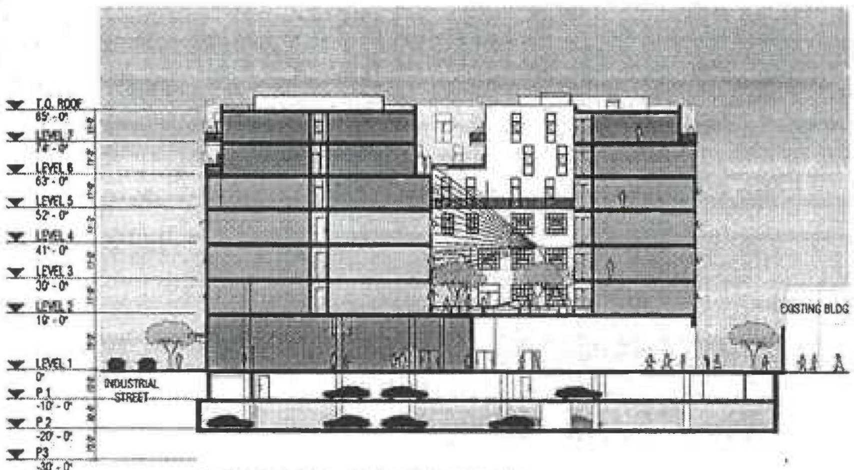
NOTE: See Figure 2-4 for location of building sections.

SOURCE: BNIM, 2017

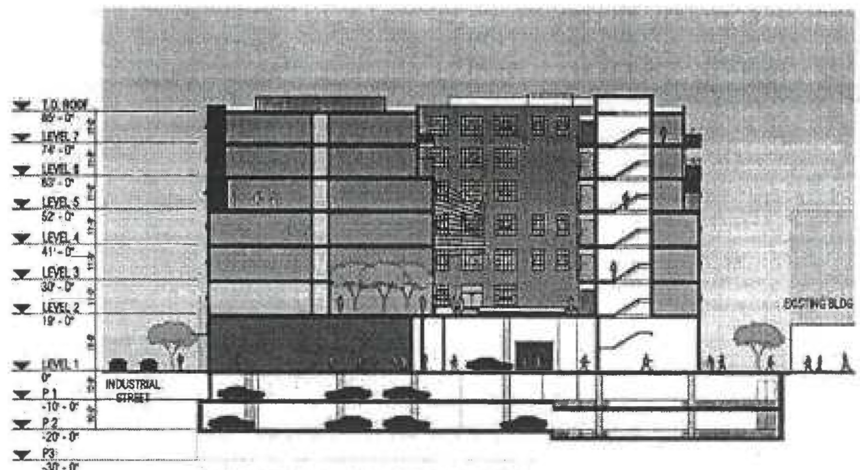
668 S. Alameda Street

Figure 2-7
Building Sections – East West

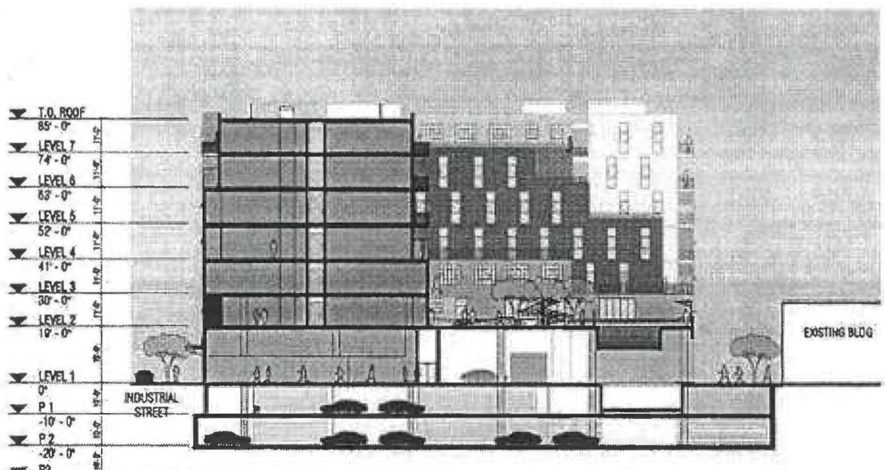
ESA PCR



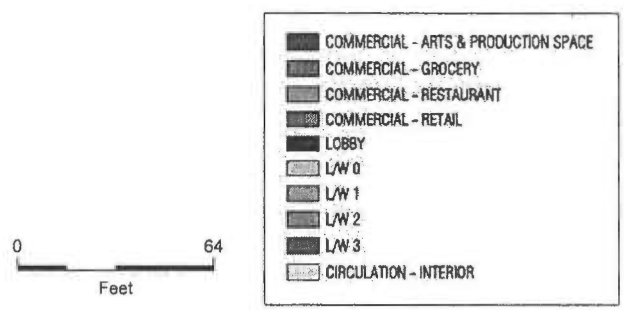
1 SECTION - NORTH SOUTH



2 SECTION - NORTH SOUTH



3 SECTION - NORTH SOUTH



NOTE: See Figure 2-4 for location of building sections.

SOURCE: BNIM, 2017

668 S. Alameda Street

Figure 2-8
Building Sections – North South

ESA PCR

2.6.3 Proposed Land Use and Zoning

Development of the Project would require a General Plan Amendment, Vesting Zone Change, and Height District Change and other entitlements and approvals listed in Section 2.9, Anticipated Project Approvals. The General Plan Amendment would change the current land use designation from Heavy Manufacturing/Industrial to Regional Center Commercial, which would permit the mix of commercial and live/work uses and would be consistent with other Regional Center Commercial designations along the Alameda corridor. The Vesting Zone Change would change the current zoning designation from M3 to C2, which would allow for the proposed range of commercial/arts and production uses. Pursuant to LAMC 12.22.A.18(a), developments that combine residential and commercial uses that are located in a C zone in a Regional Center land use designation are permitted at an R5 residential density of 200 du per acre.

The Height District Change from Height District No. 1 to Height District No. 2 would permit an increased FAR, from 1.5:1 to 6:1, although the proposed FAR is only approximately 3.55:1. In addition, the Project would incorporate many of the development standards identified in the Hybrid Industrial Ordinance (Ordinance No. 184099) to ensure compatibility with the surrounding industrial, arts production, residential, and commercial uses. Such standards include: building height, the provision of pedestrian paseos and a plaza, public art façades, residential gallery space; limitation to building mass; building to property line; buffering from heavy industrial uses; façade transparency; roof treatment; parking location; and signage.

2.6.4 Design and Architecture

The Project design introduces courtyards, paseos, varied rooflines, compatible building materials, and a retail storefront that encourages pedestrian activity. The building features an architectural style that is designed to be complimentary to the surrounding industrial, commercial, and residential uses. The Project would serve as a creative base camp that would attract a wide spectrum of creative users and artists and provide arts and production space and resident gallery space. The building design draws on the utilitarian nature of building materials to blend with the existing warehouse and industrial buildings found throughout this particular neighborhood of the Arts District. The Project's conceptual approach is characterized as "Buildings on a Building," respecting the long-standing tradition of commandeering industrial building rooftops for new development, and the adaptability of expansive warehouse and factories found throughout the neighborhood. Board formed concrete and fiber cement paneling reinforce the Podium portion of the Project and provide a solid platform for lighter white and black metal panel clad upper buildings that are terraced with setbacks from adjacent streets. The Project presents an assemblage versus a single, monolithic building while simultaneously anchoring itself in the Arts District through a sensitive approach to fenestration and massing. A conceptual rendering of the Project from Industrial Street is depicted on **Figure 2-9**, *Conceptual Rendering of Project from Industrial Street.*

SOURCE: BNIM, 2016

668 S. Alameda Street

Figure 2-9
Conceptual Rendering of Project from Industrial Street

ESA PCR

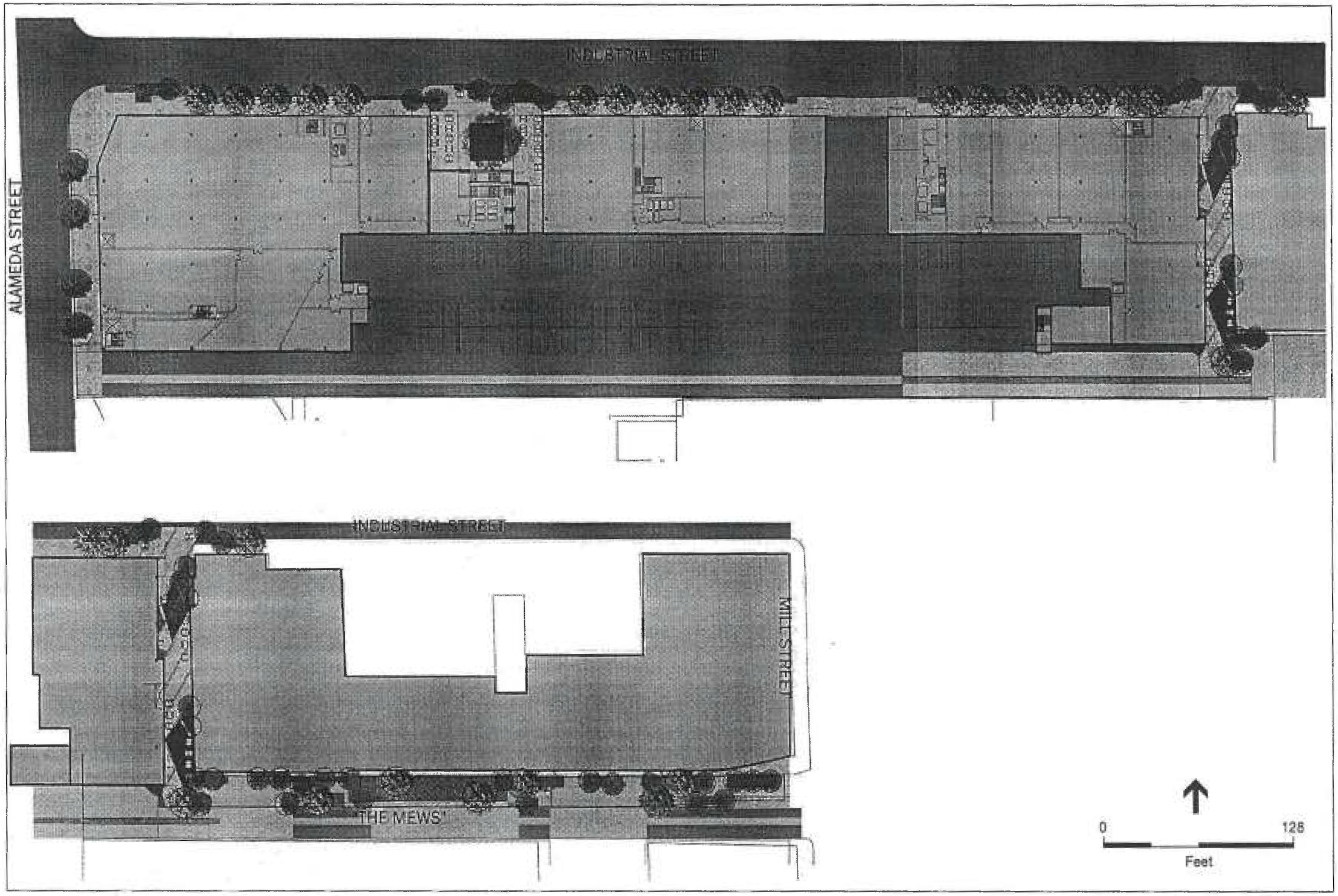
In addition, the Project's architecture of the ground floor commercial component is well articulated with much of the commercial space located along the property line on S. Alameda and Industrial Streets. The Project provides breaks between the ground floor commercial spaces with a pedestrian plaza and sidewalk "bump-out" extensions that would be pedestrian oriented and visually interesting while improving safety. The paseos provide a connection between Industrial Street and Mill Street and would be designed and landscaped for pedestrian use. As shown on Figure 2-3, the pedestrian paseo from Industrial Street would be located toward the eastern end of its street frontage (perpendicular to Industrial Street) and would connect with the second pedestrian paseo that would run east to Mill Street.

2.6.5 Open Space, Landscaping, and Public Art

The Project would provide open space (some of which would be accessible to the public), as well as common and private open spaces, such as terraces and patios associated with the live/work uses. As shown in Table 2-1, the Project would provide 44,623 sf of open space, of which 14,537 sf would be open space accessible to the public; 23,974 sf would be common open space for Project residents, including a 4,612 sf recreation room and fitness center. The Project's open space would exceed the required 44,620 sf of open space following the Density Bonus Compliance Review on-menu density bonus incentive pursuant to LAMC requirements (refer to Section 4.8, *Land Use and Planning*, and Section 4.11.5, *Parks and Recreation*, for further discussion of LAMC open space requirements). The publicly-accessible and common open space areas would provide a wide range of indoor and outdoor amenities that would be located in several distinct nodes along with paseos and a plaza on the ground floor. In addition to publicly-accessible and common open space there would be 1,500 sf of private open space in the form of a private terraces and patios.

As shown on **Figure 2-10,** *Conceptual Landscape Plan – Level 1* and **Figure 2-11,** *Conceptual Landscape Plan – Level 2*, the several distinct outdoor nodes are as follows:

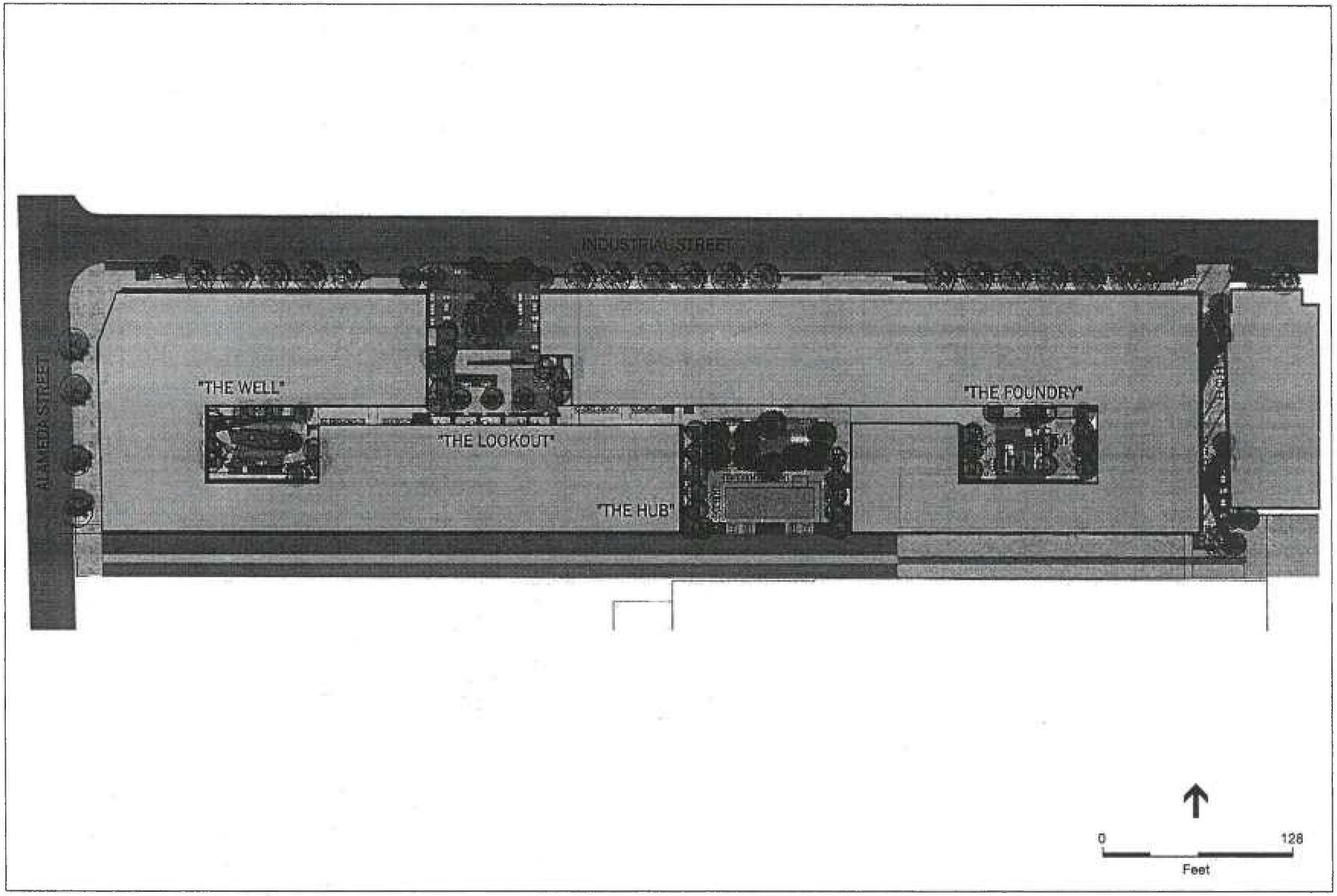
- The Lookout, on Level 1 is approximately 2,630 sf and provides publicly-accessible open space. This plaza on Industrial Street is opposite a sidewalk "bump-out" extension that would have landscaping, seats, tables, and an artistic focal point and provide a staircase with secured access to the 3,540 sf live/work terraces on Level 2 that overlook it.
- The Hub, on Level 2 is approximately 9,569 sf and provides common open space for Project residents. The Hub would include the pool deck, several shade trees, and lounge areas.
- The Well is approximately 3,280 sf and provides a smaller enclave of shaded, landscaped seating, and grassy areas toward the west end of Level 2 for Project residents.
- The Foundry is approximately 3,928 sf and provides additional shaded, landscaped seating, and grassy areas toward the east end of Level 2 for Project residents.
- The Mews is approximately 11,907 sf and consists of two intersecting paseos on the ground level that provide a key connection that is accessible to the public between Industrial Street and Mill Street. The Mews would also include shaded, landscaped walkways that would incorporate art of different mediums, seating areas, and kiosks. Located adjacent to The Mews entrance on Industrial Street would be a sidewalk "bump-out" extension that would have landscaping and seating to enhance this pedestrian friendly paseo.



SOURCE: BNIM, 2017

668 S. Alameda Street
Figure 2-10
Conceptual Landscape Plan - Level 1

ESA PCR



SOURCE: BNIM, 2017

668 S. Alameda Street

Figure 2-11

Conceptual Landscape Plan - Level 2

ESA PCR

- The remaining 3,657 sf consists of common amenity decks overlooking The Hub and The Foundry for common open space for the Project residents.

The Project would provide 14,537 sf of publicly-accessible and common open space, with 5,580 sf of planted landscaping. As shown in Figures 2-10 and 2-11, landscaping would be provided along Industrial Street, S. Alameda Street, the public walkways, and within the publicly-accessible and common open space areas previously described (i.e., The Lookout, The Mews, The Well, The Hub, and The Foundry). As shown in the Tree Assessment, included as Appendix A of the Initial Study, [7] the one existing tree on the Project Site would be removed as part of the Project. However, the Project would substantially increase the number of trees providing 119 trees (one 24" box tree for every four dwelling units) per LAMC Section 12.21.G. In addition, the Project would result in the removal of two existing street trees within the S. Alameda Street right-of-way that would be replaced at a 2:1 ratio within the S. Alameda Street and Industrial Street right-of-ways in accordance with the City's Street Tree Ordinance and Department of Public Works, Bureau of Street Services, Urban Forestry Division requirements (i.e., four trees). Therefore, the Project would provide a total of 123 trees, resulting in a net increase of 120 trees compared to existing conditions. As shown on Figure 2-10, four street trees are proposed within the S. Alameda Street right-of-way and 17 street trees are proposed within the Industrial Street right-of-way for a total of 21 street trees, which would exceed the Bureau of Street Services tree removal and replacement requirements. The remaining 102 trees would be planted within the Project Site.

In addition to publicly-accessible and common open space landscaping, the Project would provide public art/façade treatments, such as murals on several walls within the Project Site. The potential mural locations are shown on Figure 2-3. A monumental piece would be on the building at the corner of S. Alameda and Industrial Streets facing northwest and would extend horizontally along the first two levels of the building facing S. Alameda Street. The piece will be approximately 65 feet in height at the tallest point and approximately 18-inches in height at the shortest point. Public art façade treatment could also be provided on the east wall of the building along the paseo facing Mill Street, which would be approximately 70 feet in height. The piece would extend from the second floor to the roof and would be approximately 85 feet at the highest point. All murals would conform to the requirements of the Mural Ordinance (Ordinance No. 182706) which regulates the size, height, spacing, materials, and location of original art murals. As mentioned above, public art space could be provided within The Mews and The Lookout. As a component of the Project, 15,815 sf of the commercial space would be of arts- and production-related uses, and 608 sf of live/work gallery space would be provided.

2.6.6 Access and Circulation, Parking, and Bicycle Amenities

As shown on Figure 2-4, vehicular and small delivery truck access to the Project parking structure for commercial and live/work uses would be available from Industrial Street, with larger delivery truck, service, and emergency vehicle access available to enter from Mill Street and exit onto S. Alameda Street via an access drive that traverses the southern Project Site boundary. Parking for visitors would be provided at the ground level of the structure, with additional parking for visitors

[7] The Initial Study prepared for the Project is included in Appendix A of this Draft EIR.

and residents provided within three subterranean levels, with the P3 level anticipated to consist of up to approximately one-third the floor plate of the P1 and P2 levels. The Project would provide approximately 842 vehicle parking spaces which would meet LAMC requirements with the inclusion of an eligible affordable housing component. Reduced parking would be provided pursuant to LAMC Section 12.22.A.25(d)(1), Parking Option 1, which states that each residential unit shall provide 1 parking space for units with 0-1 bedrooms and 2 parking spaces for units with 2-3 bedrooms. Of the 842 vehicle parking spaces, 114 spaces would be designated for commercial uses and 728 parking spaces would be provided for live/work uses. The commercial parking would generally be located on the ground level and the P1 level of the parking structure with the live/work contained within P1, P2, and P3 subterranean levels of the parking structure. The ground level of the parking structure would not be visible from Industrial Street other than the drive entry as it would be located behind the commercial store fronts. Emergency vehicles would enter the parking structure from the service/emergency access drive.

The Project's commercial uses would be located on the ground floor and front Industrial Street; The Mews, to be comprised of the two intersecting paseos would connect Industrial Street to Mill Street and provide public open space; and the grocery store would also front S. Alameda Street. Direct pedestrian access to the commercial uses would be provided from sidewalks along Industrial Street, S. Alameda Street, and The Mews. Pedestrian access to the live/work component would primarily be from two primary pedestrian entrances on Industrial Street and via elevator from the subterranean parking levels. The Mews provides pedestrian access to the Project Site that includes a paseo that connects Industrial Street in a north/south direction with a second paseo that extends east to Mill Street.

The Project would provide 581 bicycle parking spaces, including 58 spaces for commercial uses and 523 spaces for the live/work uses. Of these 581 bicycle parking spaces, 77 spaces would be short-term and 504 spaces would be long-term and would meet LAMC Section 12.21.A.16 requirements. As shown on Figure 2-4, the 29 short-term bicycle parking spaces for the commercial uses and 48 short-term spaces for the live/work uses would be located in two convenient locations behind the ground floor commercial uses. The 29 long-term bicycle parking spaces for the commercial uses and 475 long-term bicycle parking spaces for live/work uses would be located by the pedestrian plaza and also along the edges of the first subterranean level of the parking structure. Personal lockers would be required for long-term bicycle parking associated with commercial uses. In addition, a workspace of approximately 100 sf would be provided for bicycle maintenance. This unmanned area would include a work table, bike pump, bike stand, and tools for bike repair.

2.6.7 Lighting and Signage

Project Site signage would include building identification, wayfinding, and security markings. Commercial and residential signage would be similar to other signage in the Project vicinity and no off-site signage is proposed. All proposed signage would conform to the size, type, and placement requirements of LAMC Article 4.4. Original art mural signage would conform to the Mural Ordinance which prohibits commercial advertising. Pedestrian and publicly accessible areas would be well-lighted for security. Project lighting would also include ground level commercial lighting, common and private open area lighting, interior and outdoor lighting from commercial and residential areas, accent lighting, and mural lighting. Lighting fixtures on the Project Site would be shielded and directed toward the areas to be lit and away from any adjacent sensitive areas, such as residential uses. Furthermore, the Project would be required to comply with LAMC Section 93.0117(b) which limits exterior lighting to no more than two foot candles of lighting intensity on any property containing residential units. In accordance with the Mural Ordinance, lighting of murals would be limited to no greater than three foot candles above ambient lighting as measured at the property line of the nearest residentially-zoned properties.

2.6.8 Site Security

The Project would incorporate a security program to ensure the safety of Project residents and visitors. The buildings would include controlled access to the live/work units and common open space areas. Access to commercial and restaurant uses, publicly-accessible open space areas, and paseos would be unrestricted during business hours, with public access discontinued after businesses have closed. Facility operations would include staff training and building access/design to assist in crime prevention efforts and to reduce the demand for police protection services. Site security would include provision of 24-hour video surveillance and security personnel. Duties of the security personnel would include, but would not be limited to, assisting residents and visitors with site access; monitoring entrances and exits of buildings; managing and monitoring fire/life/safety systems; and patrolling the property. The Project design would also include lighting of entryways, publicly-accessible areas, and common building and open space areas associated with the live/work units for security purposes.

2.6.9 Sustainability Features

The Project would comply with the City of Los Angeles Green Building Code, which builds upon and sets higher standards than those incorporated in the 2010 California Green Building Standards Code (CALGreen). Some of the Project's key design features that contribute to energy efficiency include: a cool roof; electric vehicle spaces; energy efficient appliances and programmable thermostats; motion sensors in common areas; reduced indoor water use by at least 20 percent; water efficient plumbing fixtures and fittings; and water-efficient landscaping.

The Project's proximity to public transportation would reduce vehicle miles traveled for residents and visitors. The Project will also promote bicycle transportation by providing 581 bicycle parking spaces, personal lockers for long-term bicycle parking, and a bicycle maintenance workspace. The Project's infill location will promote the concentration of development in an urban location with extensive infrastructure.

2.7 Project Design Features

The Applicant proposes to implement a number of Project Design Features to reduce potential environmental impacts of the Project. The Project Design Features would be included in the Mitigation Monitoring and Reporting Program required in association with certification of the EIR. Several key Project Design Features are discussed below. These and other Project Design Features are summarized in **Table 2-2**, *Summary of Project Design Features*, and are discussed in detail in the technical sections indicated in the table. The Project Design Features were taken into account in the analysis of potential Project impacts.

TABLE 2-2
SUMMARY OF PROJECT DESIGN FEATURES

Draft EIR Section & Environmental Topic	Project Design Feature (PDF) #	Project Design Feature
4.1 Aesthetics	PDF AES-1	**Construction Fencing:** The Applicant shall provide and maintain a construction fence for safety and to screen views to the Project Site during construction to the extent feasible. The fence shall be located along the north, south, east and west perimeters of the Project Site with a minimum height of 8 feet. The Applicant shall ensure through appropriate postings and regular visual inspections that no unauthorized materials are posted on temporary construction barriers or temporary pedestrian walkways, and that such temporary barriers and walkways are maintained in a reasonable manner throughout the construction period.
	PDF AES-2	**Screening of Utilities and Loading Areas:** The Project would visually screen utilities, such as rooftop and ground-level mechanical equipment and utilities (HVAC systems, antennas, satellite dishes, etc.) from public view. All loading areas will be conducted interior to the buildings or screened from public view.
	PDF AES-3	**Glare**: Glass and other building materials used in exterior façades shall be low reflective and/or treated with a non-reflective coating in order to minimize glare. Prior to issuance of a building permit, the Department of Building and Safety shall review the exterior building materials to confirm that they do not exceed the reflectivity of standard building materials, and would not cause significant glare impacts on motorists or nearby residential uses.
	PDF AES-4	**Lighting.** Construction and operational lighting will be shielded and directed downward (or on the specific on-site feature to be lit) in such a manner as to preclude light pollution or light trespass onto adjacent use that would cause more than two foot-candles of lighting intensity or generate direct glare onto exterior glazed windows or glass doors, elevated habitable porches, decks, or balconies of adjacent residential units.
	PDF AES-5	**Façade and Signage Materials.** Prior to the issuance of building permits, the proposed types of Project façade and signage materials (e.g., glass, metal panels, etc.) will be submitted to the Department of Building and Safety for review and approval to ensure that highly reflective materials are not utilized.
4.2 Air Quality	PDF AQ-1	**Off-Road Construction Features:** In order to reduce diesel particulate matter and NO_X emissions during construction activities all off-road diesel equipment greater than 50 horsepower (hp) used for the Project shall meet USEPA Tier 4 off-road emission standards. If Tier 4 equipment is not available, off-road diesel-powered equipment greater than 50 hp shall meet USEPA Tier 3 emissions standards, where available. All equipment shall be outfitted with BACT devices including a CARB-certified Level 3 Diesel Particulate Filter or equivalent.
	PDF AQ-2	**On-Road Construction Features:** All on-road excavation haul trucks exporting soil to the appropriate receiver facility shall be model year 2010 or newer or retrofitted to comply with USEPA Year 2010 on-road emissions standards. Documentation of all on-road trucks exporting soil shall be maintained and made available to SCAQMD for inspection upon request.
4.5 Greenhouse Gas Emissions	PDF GHG-1	**Green Building Features**: The Project would be designed and operated to meet or exceed the applicable requirements of the

Draft EIR Section & Environmental Topic	Project Design Feature (PDF) #	Project Design Feature
		California Green Building Standards Code and the City's Green Building Code. Green building measures would include, but are not limited to the following: • The Project would implement a construction waste management plan to divert all mixed construction and demolition debris to City certified construction and demolition waste processors, consistent with the Los Angeles City Council approved Council File 09-3029. • The Project would be designed to optimize energy performance and reduce building energy cost by installing energy efficient appliances that meet the USEPA ENERGY STAR rating standards or equivalent. • The Project would include double-paned windows to keep heat out during summer months and keep heat inside during winter months. • The Project would include lighting controls with occupancy sensors in indoor common areas to conserve energy and to take advantage of available natural light. • The Project would not include built-in fireplaces in residential units. • The Project would minimize outdoor potable water use through drought-tolerant/California native plant species selection, artificial turf, irrigation system efficiency, alternative water supplies (e.g., rainwater harvesting for use in landscaping), and/or smart irrigation systems (e.g., weather-based controls). • The Project would reduce indoor potable water use by installing low-flow water fixtures that meet the USEPA WaterSense standards or equivalent. • The Project would provide on-site recycling areas, consistent with City of Los Angeles strategies and ordinances, with the goal of achieving 70 percent waste diversion by 2020, and 90 percent by 2025. • The Project would provide alternative transportation features, which would include bicycle storage, a changing room, and preferred parking for low-emitting and fuel efficient vehicles. • The Project would include at least 20% of the total code required parking spaces provided for all types of parking facilities, shall be capable of supporting future electric vehicle supply equipment (EVSE). Of the 20% EV Ready s paces, 5% of the total code required parking spaces would be further provided with EV chargers to immediately accommodate electric vehicles within the parking areas.
4.8 Noise	PDF NOISE-1	**Equipment Noise Control**: The Project contractor(s) shall equip construction equipment, fixed or mobile, with properly operating and maintained noise mufflers, consistent with manufacturers' standards.
	PDF NOISE-2	**Prohibition of Idling**: The Project shall not allow any delivery truck idling in the loading area. Signs shall be posted prohibiting idling.
	PDF NOISE-3	**Prohibition of Amplified Music**: The Project shall not allow amplified music in the outdoor common areas of The Hub during school hours and in the Lookout areas between 10 P.M. and 7:00 A.M.
4.11.2 Police Protection	PDF POI-1	**Security Features During Construction:** Private security personnel would monitor vehicle and pedestrian access to the construction areas and patrol the Project Site, construction fencing with gated and locked entry would be installed around the perimeter of the construction site, and security lighting would be provided in and around the construction site.

Draft EIR Section & Environmental Topic	Project Design Feature (PDF) #	Project Design Feature
	PDF POI-2	**Security Features During Operation:** The following security features would be implemented during Project operation: • Buildings would include controlled access to the live/work units and common open space areas. • Access to commercial and restaurant uses, publicly-accessible open space areas, and paseos would be unrestricted during business hours, but public access would be discontinued after businesses have closed. • Facility operations would include staff training and building access/design to assist in crime prevention efforts and to reduce the demand for police protection services. • Project Site security would include provision of 24-hour video surveillance and full-time security personnel. • Duties of the security personnel would include, but would not be limited to, assisting residents and visitors with site access; monitoring entrances and exits of buildings; managing and monitoring fire/life/safety systems; and patrolling the property. • Security lighting would be provided in Project entryways, publicly-accessible areas, common building and open space areas, and parking areas.
4.12 Transportation and Traffic	PDF TRAF-1	**Construction Management Plan**: Prior to the issuance of a building permit for the Project, a detailed Construction Management Plan including street closure information, a detour plan, haul routes, and a staging plan, would be prepared and submitted to the City for review and approval. The Construction Management Plan would formalize how construction would be carried out and identify specific actions that would be required to reduce effects on the surrounding community. The Construction Management Plan shall be based on the nature and timing of the specific construction activities and other projects in the vicinity of the Project Site. Construction management meetings with City Staff and other surrounding construction related project representatives (i.e., construction contractors) whose projects will potentially be under construction at around the same time as the Project shall be conducted bimonthly, or as otherwise determined appropriate by City Staff. This coordination shall ensure construction activities of the concurrent related projects and associated hauling activities are managed in collaboration with one another and the Project. The Construction Management Plan shall include, but not be limited to, the following elements as appropriate: • Advance notification of adjacent property owners and occupants, as well as nearby schools, of upcoming construction activities, including durations and daily hours of construction. • Prohibition of construction worker parking on adjacent residential streets. • Temporary pedestrian and vehicular traffic controls during all construction activities adjacent to Industrial Street and Alameda Street to ensure traffic safety on public right of ways. These controls shall include, but are not limited to: flag people trained in pedestrian and student safety; use of directional signage; maintaining continuous and unobstructed pedestrian paths, and/or providing overhead covering. • Temporary traffic control during all construction activities adjacent to public rights-of-way to improve traffic flow on public roadways (e.g., flag men). • Scheduling of construction activities to reduce the effect on traffic flow on surrounding arterial streets. • Construction-related vehicles shall not park on surrounding public streets. • Safety precautions for pedestrians and bicyclists through such measures as alternate routing and protection barriers as

Draft EIR Section & Environmental Topic	Project Design Feature (PDF) #	Project Design Feature
		appropriate, including along all identified Los Angeles Unified School District (LAUSD) pedestrian routes to nearby schools. • Scheduling of construction-related deliveries, haul trips, etc., so as to occur outside the commuter peak hours to the extent feasible, and so as to not impede school drop-off and pick-up activities and students using LAUSD's identified pedestrian routes to nearby schools. • Coordination with public transit agencies to provide advanced notifications of stop relocations and durations. • Provide advanced notification of temporary parking removals and duration of removals. • Provide detour plans to address temporary road closures during construction.
	PDF TRAF-1	**Downtown/Arts District TMO:** The Applicant will contribute to the Arts District TMO/Arts District portion of a Downtown TMO following approval of the Project by becoming a member, participating in, and contributing to TMO operations and marketing efforts. The purpose of the TMO is to encourage the use of alternative modes of transportation, including walking and bicycling, carpooling and vanpooling, use of public transit, short-term automobile rentals, etc.; and to help alleviate current and future traffic congestion throughout the area. The TMO services would be available to anyone within the general Arts District community, not just residents and tenants of the proposed Project.
4.13.2 Water Supply	PDF WS-1	**Water Conservation Features:** The Project shall provide the following specific water efficiency features: • High Efficiency Toilets with a flush volume of 1.0 gallons of water per flush; • ENERGY STAR Certified Residential Clothes Washers – integrated water factor of 3.2, frontloading, with a capacity of 4.3 cubic feet; • ENERGY STAR Certified Commercial Clothes Washers – water factor of 4.0 or less; • Showerheads with a flow rate of 1.5 gpm or less; • Domestic Water Heating System located close proximity to point(s) of use; • Individual metering and billing for water use for every residential dwelling unit and commercial unit; • Water-Saving Pool Filter; • Leak Detection System for swimming pools and Jacuzzi; • Drip/Subsurface Irrigation (Micro-Irrigation); • Proper Hydro-zoning (group plants with similar water requirements together); • Zoned Irrigation; and • Landscaping contouring to minimize precipitation runoff.
6.0 Other CEQA Considerations	PDF OTHER-1	Prior to the issuance of a demolition permit, a qualified biologist shall confirm no bats are nesting or are otherwise located on site. If bats are found, the Project Applicant shall retain a professional bat removal company or qualified biologist with experience in bat exclusion to humanely remove the bats from the building outside of the roosting season of March through August.

Source: ESA PCR, 2017.

2.8 Anticipated Construction Schedule

Project construction would take place in a single phase anticipated to begin in 2018 and occurring for approximately 36 months with Project buildout projected for 2022. To provide for the new development, approximately 185,000 cubic yards of soil would be excavated, all of which is expected to be exported off site.

2.9 Anticipated Project Approvals

Discretionary entitlements, reviews, and approvals required for implementation of the Project would include, but not necessarily be limited to, the following:

- General Plan Amendment pursuant to City Charter Section 555 and LAMC Section 11.5.6, from Heavy Manufacturing/Industrial to Regional Center Commercial;
- Vesting Zone Change pursuant to LAMC Section 12.32.Q from M3 to C2;
- Height District Change pursuant to LAMC Section 12.32.F from Height District No. 1 to Height District No. 2;
- Master Conditional Use Permit pursuant to LAMC Section 12.24.W.1 to permit the sale and dispensing of a full line of alcoholic beverages for off-site consumption for one establishment, and on-site consumption for up to five establishments, for a total of up to 29,640 sf;
- Site Plan Review approval for a development that creates an increase of 50 or more dwelling units pursuant to LAMC Section 16.05;
- Density Bonus Compliance Review pursuant to LAMC Section 12.22.A.25(g)(2) for the project to include an affordable housing component and utilize an on-menu density bonus incentive to reduce the open space requirement by up to 20 percent and an off-menu density bonus incentive to provide relief from LAMC 12.21.A.5.c and permit 24 percent (114 spaces) of the number of primary parking spaces for each live/work unit (475 spaces) to be designed as compact spaces in lieu of requiring a standard primary parking space for each unit (475 standard stalls);
- Modification of street improvement to allow for the two sidewalk bump-outs pursuant to LAMC 12.37.I;
- Vesting Tentative Map No. 74537 pursuant to LAMC Section 17.15 to merge the existing lots and re-subdivide into one master lot and three airspace lots for live/work and commercial condominium purposes;
- Deviation from Advisory Agency Policy No. 2000-1 which requires condominium parking at 2 spaces/unit and 0.5 guest spaces/unit to permit 728 parking spaces for the 475 live/work units at a ratio of 1.53 parking spaces per unit;
- Certification of an Environmental Impact Report;
- Approval of a Tree Removal Permit by the Board of Public Works;
- Demolition permits;
- Haul Route approval;
- Grading, excavation, foundation, and associated building permits;
- Original Art Mural approval for the murals proposed on several walls within the project site; and
- Other entitlements and approvals as deemed necessary by the City to implement the project.