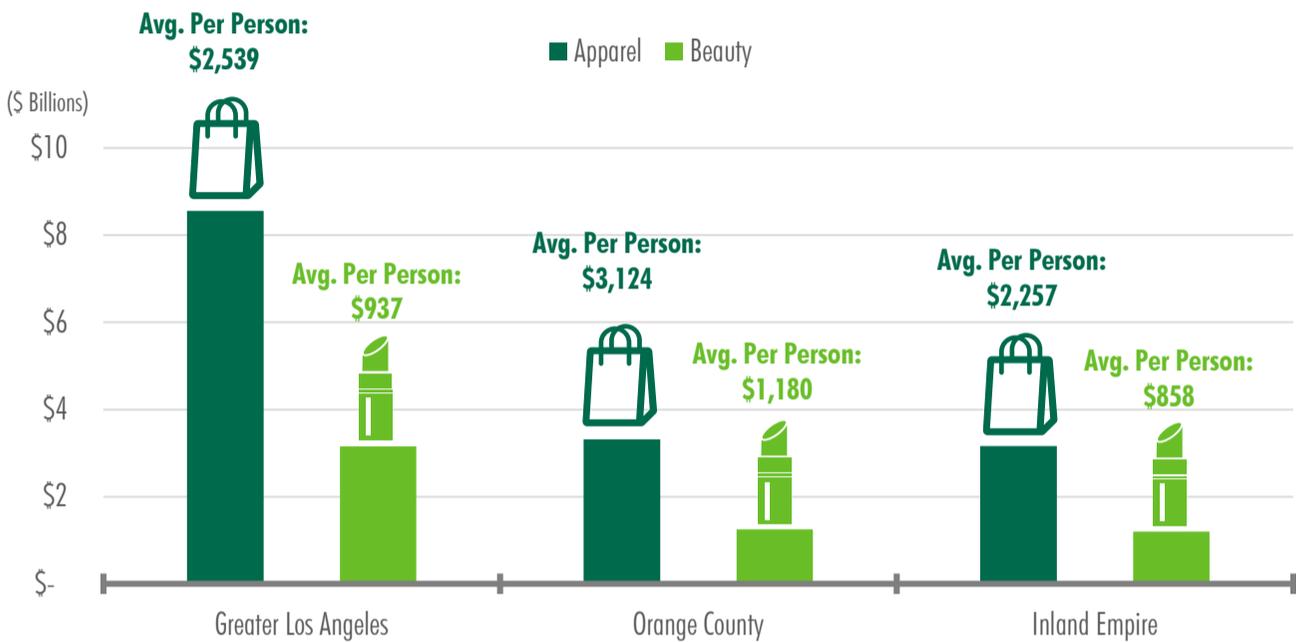


The appeal of apparel in a market that's all about appearance.

SoCal residents spend on average a little over \$15.0 billion annually on apparel and the Greater Los Angeles (GLA) region makes up \$8.6 billion of that on average per year. Another \$5.6 billion annually is spent on beauty products and services thanks to the presence of several high-street retailers in affluent markets. As Figure 1 demonstrates, SoCal residents spend a considerable amount of money annually on personal appearance whether it be clothing or beauty products.

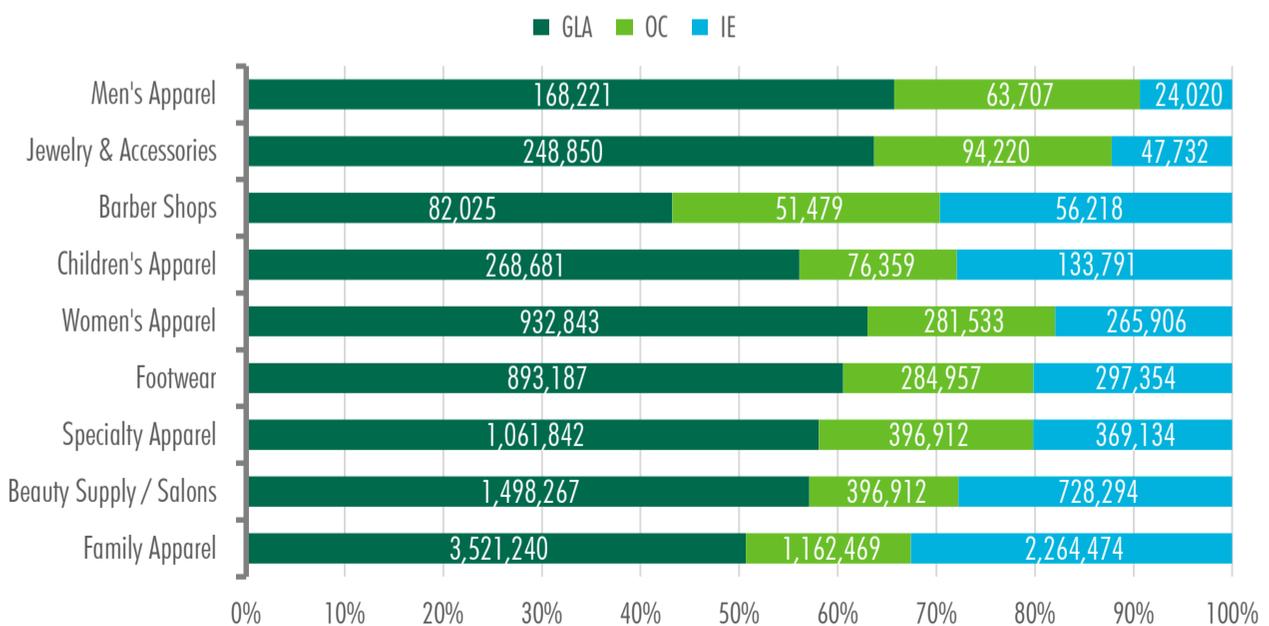
Figure 1: SoCal Annual & Average Consumer Expenditure For Apparel & Beauty Products



Source: ESRI, CBRE Research, October 2018.

Famed fashion designer Gabrielle “Coco” Chanel said “fashion fades; style remains.” As the epicenter of the entertainment world and a playground for the rich and famous, SoCal embodies Chanel’s sentiment. Personal brand is important to SoCal residents and in the interest of cultivating that, they prefer to shop in person instead of online. According to adults surveyed by ESRI, 6.3 million people (45% of SoCal’s adult population) claimed to have shopped for clothing in a department store in the last six months while only 2.3 million (17%) shopped for clothes online. This may seem surprising given how prevalent online shopping is now, but the reality is that many consumers still prefer to see and feel—i.e. experience—a product before purchasing it sight unseen. Figure 2 demonstrates why apparel and beauty tenants of all types take up a significant market share in SoCal.

Figure 2: SoCal Market Share of Fashion & Beauty Type Tenants



Source: CoStar, CBRE Research, October 2018.

Fashion and beauty retailers are not only thriving because of their tangibility, but also evolving in step with consumer demand and offering more than just products. Retailers, such as Nordstrom Local, offer professional on-site tailoring and beauty supply store, Sephora, plans to open smaller format locations that offer classes and consulting for customers.

Only one member of the “Fantastic Five” remains. Who will it be? Stay tuned...