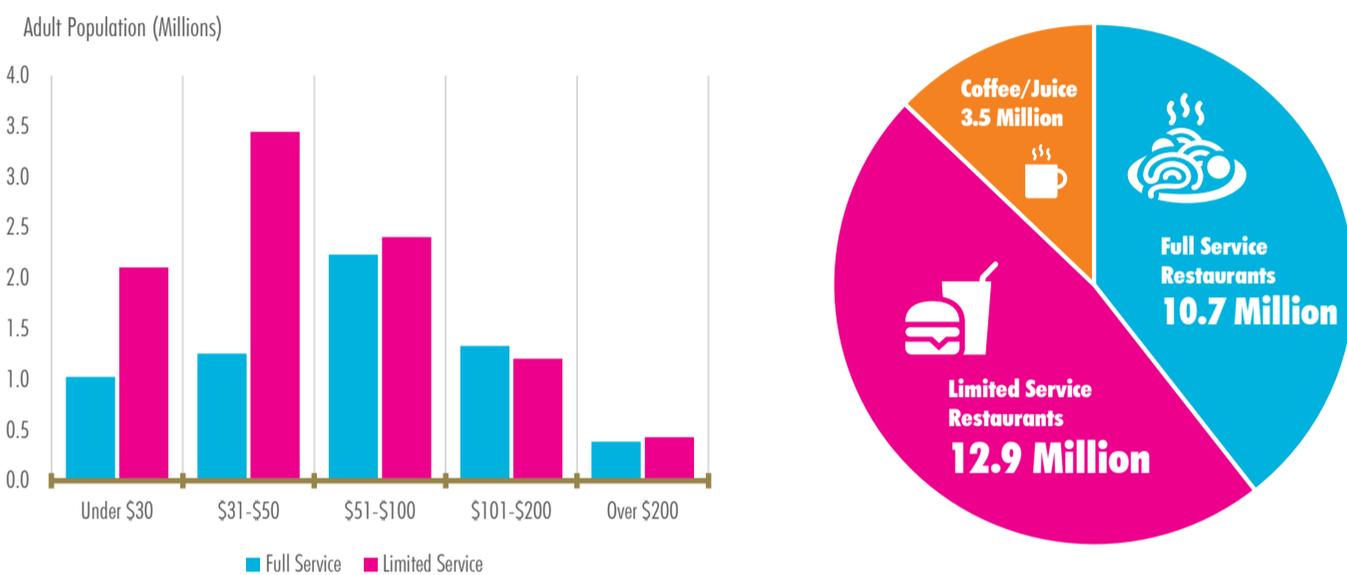


Young connoisseurs hungry for food that leaves a lasting impression

Over 400 food service leases signed last year totaling nearly 900,000 sq. ft. in the SoCal region. The bulk of the activity was driven by full service or sit down restaurants, followed by fast food and fast casual dining. In the last year, SoCal residents spent more than \$25.2 billion on eating establishments, roughly \$4,334 per person on average annually. The 14.6 million adults that make up most of the SoCal population are ditching the banality of cooking in favor of a unique culinary experience. Millennials in particular typically spend 50% of their income and an average of five days a month dining out. Figure 1 visualizes where consumers are spending their meals and on average how much.

Figure 1: Consumer Spending Habits & Food Service Preferences Over the Last 12 Months

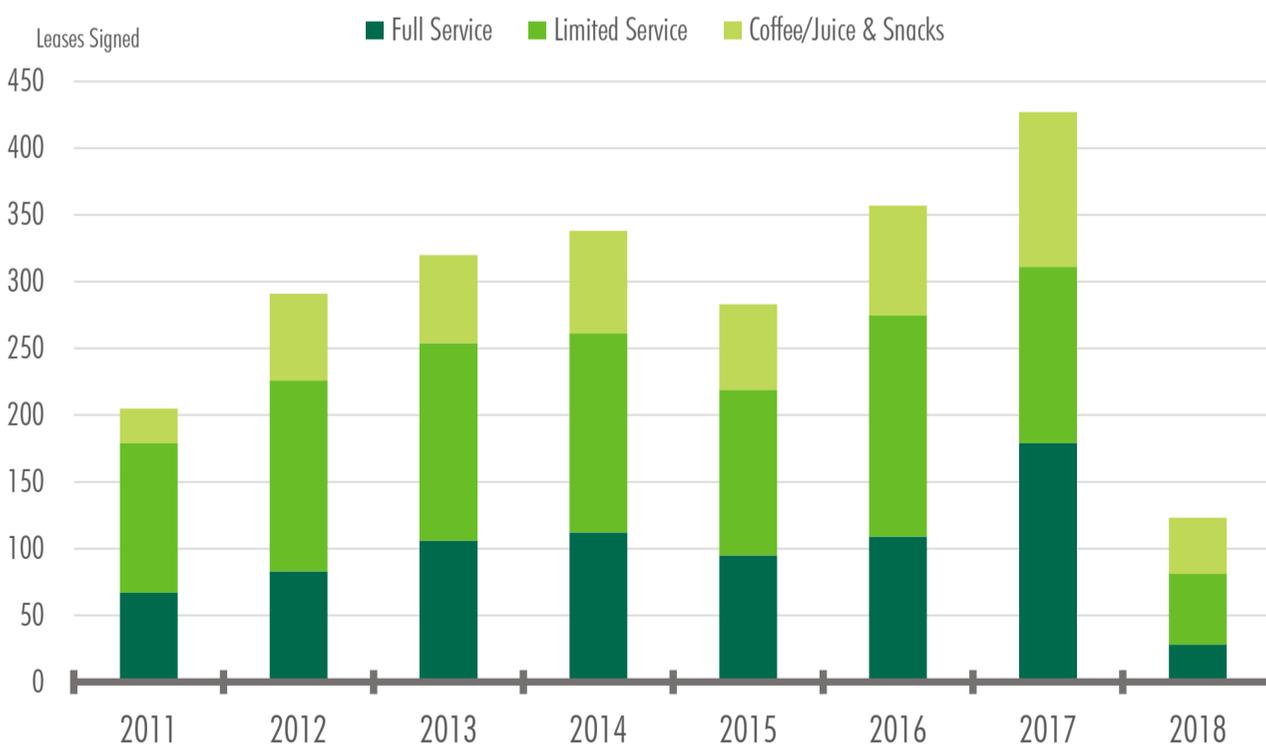


Source: ESRI, CBRE Research, August 2018.

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What's driving this trend? Whether it's hectic schedules, a lack of time or a desire to break the monotony of the nightly ritual of cooking at home, more Southern California residents are leaving the kitchen in favor of having a good time out on the town. This scenario has become commonplace lately and the desire for eating dinner out has had a profound impact on the SoCal commercial real estate market, as Figure 2 demonstrates.

Figure 2: Number of Food Service Leases Signed by Type in SoCal Region



Source: CoStar, CBRE Research, August 2018.

The SoCal region's unique distinction as a premiere retail destination affords it the luxury of food offerings that range from the familiar to the exotic, which continually draws consumers out of their homes and into the restaurants. For instance, TRADE, a food hall based in Irvine, has found recent success with drawing in consumers. With an open air design, a variety of communal seating, and up and coming chefs that can adapt to changing trends, TRADE is an example of experiential retail that has tapped into the needs of young adults and professionals.

Which 'Fantastic Five' will be revealed next? Stay tuned...