March 4, 2021

**El Mercado**

On March 2, the Long Beach City Council formally discussed the creation of a Latino cultural district that would serve as an economic hub for the city’s largest racial demographic called the “El Mercado de Long Beach”. The district would include restaurants, grocery stores, retail, housing, entertainment, arts, and social services with a Latino flare. The area around Cesar E. Chavez Park, just west of downtown will be studied as a potential site for the district.

Over the coming years, City staff will investigate the feasibility and private funding options for the project, which also contemplates including health care resources and workshops that can address issues that have particularly affected the community over the past year. The Latino community has been hit the hardest by the pandemic than any other ethnic group.

For more information, please click [HERE](#).

**Snapshot of Long Beach’s Industrial, Retail and Office Space Real Estate**

The demand for residential real estate is still going strong. But while e-commerce has kept the industrial sector flourishing, the rest of the commercial real estate market has suffered from the COVID-19 Pandemic. The demand for office space has been reduced, as many companies continue their work-from-home policies.

**Industrial**

For industrial properties, vacancy rates in the South Bay and ports region are still at record lows, despite a slight uptick over the past year, with Lee & Associates reporting a vacancy rate of only 1.7% for the last quarter of 2020. Most companies leasing industrial spaces have remained in operation throughout the pandemic. But there’s a cap on growth in this subsector in the Long Beach area because of the scarcity of land on which new industrial property can be developed despite the high demand.
Retail

For retail property, the shift to online shopping and mandated closures has many businesses struggling. “The transaction flow is pretty darn anemic for now,” said Toliver Morris, CEO of Morris Williams Commercial, which holds over 500,000 listings in the Long Beach area. The re-opening of outdoor eating and the possibility of additional restrictions being lifted in the summer of 2021 provides some hope of growth in this sector. Most of this growth is expected to occur with properties that have existing infrastructure like restaurant layouts in place that were forced to closed because of COVID-19 restrictions. Yet because of the sheer volume of small retail spaces - many of them owned by independent landlords - it’s difficult to find comprehensive data on the status of the retail real estate market in Long Beach, Morris said.

Office

Office lease rates have remained stable at $2.52 and $2.61 per square foot, with landlords offering other perks such as rent-free months or improvement allowances instead of lowering the asking rent. Both the downtown and suburban market have seen negative net absorption last quarter, at -8,924 and -26,866, respectively, according to CBRE. The main factor that may affect this market is if companies will continue remote work policies that were put into place in 2020. The investment companies have placed in technology for home offices for their employees may have them looking to downsize or outright eliminate the budget for renting office spaces. Yet, experts believe that most companies will retain some kind of brick-and-mortar office space because company culture cannot be absorbed with employees 100% working from home.

Industry Links

Long Beach Holds Steady as Young Workforce Favorite

Long Beach’s coronavirus case rate falls to single digits for first time since November

$275M approved for LA affordable housing projects

For more information, please contact Sergio Ramirez, Deputy Director, Economic Development Department, at sergio.ramirez@longbeach.gov.