Regional Intelligence and Policy Analysis

Los Angeles Social District

THE SOCIAL DISTRICT

BEACON ECONOMICS

Table of Contents

2 **Table of Contents**
4 **Executive Summary**
10 **Part I. Visitors and Spending**

- Foot Traffic
- Visitor Demographics
- Sales Tax Receipts
- Foot Traffic and Sales Tax Receipts

26 **Part II. Employment and Establishments**

- Employment
- Establishments

38 **Part III. Resident Demographics**

- Population Overview
- Income and Purchasing Power
- Connecting Housing and Employment

48 **Part IV. Commercial Real Estate Trends**

- Property Inventory
- Vacancy, Occupancy, and Net Absorption
- Base Rents

68 **Part V. Zoning and Land Use**

- Key Zoning and Land Use Characteristics

78 **Part VI. Retail Conditions and Opportunities**

- Retail Vacancy in Context
- Dependence on Consumer Groups
- Broader Retail Headwinds
- Retail Mix and Tenant Composition
- What Types of Storefront Retail Succeed in Los Angeles?
- What Can Improve Retail Performance in the Social District

98 **Conclusion**
100 **About Beacon Economics**

Executive Summary

Los Angeles' Social District, centered on L.A. Live and the surrounding area of Downtown Los Angeles, is a high-profile destination anchored by sports, entertainment, hospitality, and tourism. While the District attracts large crowds during major events, day-to-day activity is more uneven, with foot traffic fluctuating significantly by time of day and day of the week.

Looking ahead, the 2028 Olympic and Paralympic Games, as well as the expansion of the Los Angeles Convention Center, will significantly boost visibility and visitor activity, including increased weekday foot traffic tied to convention events. At the same time, this demand will remain largely episodic and event-driven, and is unlikely, on its own, to fully alter the District's underlying pattern of uneven day-to-day activity.

In recent years, City policies have required new multifamily developments in the District to include ground-floor retail. In practice, however, many of these retail spaces have struggled to attract and retain tenants. Limited and inconsistent pedestrian activity outside of event periods—combined with restrictions on allowable retail uses—has constrained demand and made sustainable business operations difficult.

As a result, retail vacancy and underuse have emerged as growing challenges in the Social District, raising questions about how well existing land-use requirements align with market conditions and consumer behavior.

To better understand these dynamics, Beacon Economics has conducted a comprehensive analysis of retail activity in the Social District. The study examines foot traffic patterns, sales tax receipts, local demographic conditions, employment and establishment trends, commercial real estate data, and retail conditions, including vacancy trends, tenant mix, and gaps in neighborhood-serving retail. The analysis highlights several structural factors shaping retail performance in the District today.

Findings suggest that the District's retail environment was largely designed around a demand profile that has shifted over time. Historically, ground-floor retail in the Social District benefited from a combination of office workers and event visitors. While the District continues to draw large crowds during major events, hybrid and remote work have reduced weekday office activity, and the District's growing residential population has not yet been fully reflected in the mix of neighborhood-serving retail. As a result, improving retail performance will likely depend on better aligning ground-floor retail with the District's shift toward entertainment and residential use.

Key findings from each section of the report are summarized below.

Part I.
Visitors and Spending

- Visitation has recovered since the pandemic but remains structurally lower and highly event-driven. Foot traffic is still about 19% below pre-2020 levels, and activity is concentrated on weekends and during major events, with most visits lasting more than 150 minutes. The visitor base is overwhelmingly regional—primarily from California—and skews toward younger, middle-income households.

- Spending patterns reflect the District's entertainment focus rather than everyday retail demand. Restaurants and hotels account for roughly 63% of taxable sales in the District, far higher than the countywide average, while categories tied to daily consumer spending are relatively small. Although receipts stabilized in 2025 and posted modest year-over-year growth, real sales tax revenues remain below earlier levels and have lagged broader county growth, suggesting a lower post-pandemic baseline for routine spending.

Part II.
Employment and Establishments

- The Social District's economy is heavily concentrated in hospitality and experience-based sectors. Nearly 70% of employment is in accommodation and food services, health care, and arts and entertainment—making the District structurally different from Los Angeles overall and more sensitive to visitor activity and discretionary spending patterns.

- Employment has largely recovered from the pandemic, but the industry mix continues to shift. Total employment is now near or slightly above pre-pandemic levels, with growth concentrated in hospitality, professional services, and administrative support, while sectors such as retail, wholesale trade, manufacturing, and information have experienced significant long-term declines.

Part III.
Resident Demographics

- The Social District has a dense and growing residential base that provides a meaningful source of local demand. Between 9,000 and 12,000 residents live in the District, reflecting recent residential growth following the pandemic. While population density is high, residentiaremains a relatively small share of land use compared to commercial.

- Residents' income levels are mixed, with a meaningful share of both higher-income households and lower-income residents, which can constrain pricing power for certain discretionary retail categories.

- Many residents work in professional industries outside the District, reflecting the District's proximity to major Downtown employment centers. This connection to the broader Downtown job base (combined with greater flexibility from hybrid and remote work) helps sustain housing demand and brings spending power that can support restaurants, services, and neighborhood retail.

Part IV.
Commercial Real Estate Trends

- **The District's built environment has shifted decisively toward residential development**. Multifamily inventory has expanded dramatically and now represents the majority of building square footage in the District, while office, retail, and industrial inventory have remained largely flat or declined slightly. As a result, rising vacancy reflects weakening demand rather than a surge in new commercial supply.

- **Office and retail markets show the clearest signs of stress**. Office vacancy has increased significantly, and rents have fallen by roughly 40% since 2019, reflecting hybrid work trends. Retail inventory has changed little, but rents are about 30% below pre-pandemic levels, indicating that softer weekday activity has reduced demand and pricing power.

Part V.
Zoning and Land Use

- **The Social District operates within a layered zoning framework**. DTLA 2040 expands development capacity through the Transit Core designation, while much of the District remains governed by the LASED Specific Plan, which was designed to support a dense, pedestrian-oriented entertainment district anchored by venues such as Crypto.com Arena, L.A. Live, and the Convention Center.

- **As the District evolves into a mixed-use residential neighborhood, some regulatory provisions may no longer align with market conditions**. Ground-floor retail requirements and design guidelines were intended to activate streets, but in practice certain restrictions on permitted uses and storefront configurations may limit the types of smaller, neighborhood-serving tenants that could help fill vacant space and stabilize daily activity.

Part VI.
Filling the Void: Retail Conditions

- **Retail vacancy reflects structural changes in demand, particularly the decline in weekday office activity**. The Social District's retail vacancy rate is about 9.2%, higher than most regional benchmarks. Hybrid work has reduced the District's reliable weekday consumer base by an estimated 40–60%, and storefront retail attached to office buildings has been particularly affected, with vacancy rising from about 5% before the pandemic to more than 40% today.

- **The District's retail mix is heavily oriented toward entertainment and dining, while everyday services are limited**. Entertainment, fitness, and food and beverage uses are significantly overrepresented, while categories such as personal services, grocery and specialty food, childcare, and neighborhood services remain underrepresented. As the District's residential population continues to grow, expanding these types of daily-needs tenants could help create more consistent foot traffic and stabilize retail performance.

Part I. Visitors and Spending

Retail performance in the Social District is ultimately driven by who is visiting the District, how often they visit, and how much they spend. This section evaluates recent trends in foot traffic, visitor composition, and sales tax receipts to understand consumer activity, including how it has changed since the pandemic and what that means for retail conditions today.

Foot Traffic

Foot traffic data provide a baseline measure of consumer activity in the Social District. The figures below reflect aggregated visitation from 2019 through 2026, offering a multi-year perspective on recovery trends, weekly patterns, and visitor behavior.

- **Overall Volume Trends**: Foot traffic was seriously disrupted by the pandemic. It has since recovered but still averages around 19% lower than its pre-2020 baseline. However, recurring spikes throughout the post-COVID period highlight the District's continued reliance on major events and programming to generate high-volume days.

- **Post-2024 Event Shift (Intuit Dome Impact)**: Beginning in late 2024, average daily visitation declined modestly (from approximately 55,000 in the 2022 to mid-2024 period to about 53,000 more recently) following the relocation of the Los Angeles Clippers to the Intuit Dome. This resulted in the loss of roughly 40 annual home games and over 60 total event nights across the NBA season that had driven concentrated surges in foot traffic in the District.

- **Visitors by Day of Week**: Visitation is clearly concentrated on weekends, with traffic building on Fridays, peaking on Saturdays, and remaining elevated on Sundays, while weekday activity is comparatively steady and lower. This reinforces the District's entertainment-driven demand profile.

- **Visit Duration**: The largest share of visits exceeds 150 minutes, suggesting they are extended event-based stays rather than casual short visits.

- **Visitor Counts by State**: Although the Social District draws visitors from across the country, even the largest out-of-state source (Texas) accounted for only about 1% of total visits from 2019 to 2026. The remaining top states each contribute similarly small shares, indicating that the District's visitation base is overwhelmingly driven by California residents.

Visitor Demographics

The following demographic profiles reflect aggregated visitor data from 2019 to January 2026. These characteristics provide important context for understanding post-pandemic spending patterns.

- **Age**: Social District visitors skew younger than California visitors overall, with the 25–34 age group representing the largest share (~23% vs. ~19% statewide), while the 65+ cohort (tied for California's largest age group overall) accounts for a noticeably smaller share of visits.

- **Income**: Household incomes at the Social District are concentrated in the middle-income range ($50K–$99.9K at ~28%), broadly tracking statewide patterns, but higher-income households ($150K+) are less represented (~20% vs. ~29% statewide).

- **Ethnicity**: Would this be better stated as: 'Hispanic/Latino visitors make up a majority of Social District visitors (~52%), significantly exceeding their share statewide (~40%). White visitors are comparatively underrepresented (~22% vs. ~35%), while Black visitors are slightly overrepresented (~10% vs. ~5%). Asian visitors are slightly underrepresented (~13% vs. ~15%). Other groups comprise small shares in both geogrphies.

- **Education**: Educational attainment at the Social District skews slightly lower overall, with a higher share of visitors reporting elementary-level education (~23% vs. ~16% statewide), while high school diploma and bachelor's degree attainment closely mirror statewide patterns. Associate's degree and advanced degree holders are somewhat less represented (~24% vs. ~28% and ~12% vs. ~14%, respectively), aligning with the comparatively lower share of high-income visitors.

Sales Tax Receipts

Sales tax receipts provide a direct measure of taxable spending in the Social District. While foot traffic captures visitation, tax data reflect actual economic activity.

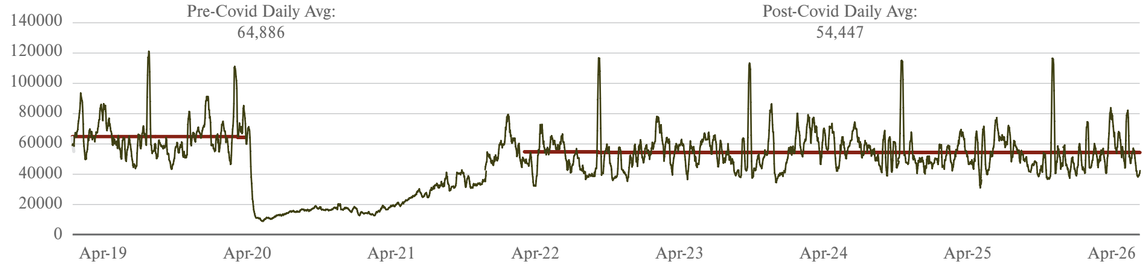
- **The Social District's sales tax structure is visibly different from Los Angeles County**.
  - In 2024, Restaurants and Hotels accounted for roughly 63% of total taxable sales in the District, compared to just 16% countywide. This shows the District's heavy reliance on hospitality and experiential spending.
  - By contrast, General Consumer Goods make up only about 9% of receipts in the District versus 18% across the County, and other diversified sectors such as Fuel and Building and Construction represent minimal shares locally.
  - Overall, the District's tax base is more concentrated and less diversified than the broader regional economy.
- **Overall Performance Since 2016**: Total receipts declined from $5.37 million in 2016 to $4.53 million in 2019 and further to $4.20 million in 2024, while Los Angeles County experienced steady growth over the same period. However, through the third quarter of 2025, total Social District receipts increased 4.0% year-over-year, compared to a 0.6% decline countywide, suggesting modest recent stabilization after several years of softness.
- **Role of Business and Industry reporting shift**: A significant portion of the District's earlier decline is concentrated in the business and industry category, where receipts fell sharply after a single large corporation shifted reporting to the County pool system in 2022. Because that firm previously accounted for the majority of proceeds in that category (upwards of 75%), part of the apparent contraction reflects a change in tax allocation rather than purely reduced local spending.
- **Outside of that category, performance is more mixed**.
  - Restaurants and Hotels, the District's dominant revenue source, grew modestly between 2019 and 2024 and increased 5.3% year-over-year through the third quarter of 2025, outperforming the County in the most recent period.
  - General Consumer Goods declined over the longer term but posted 4.6% year-over-year growth in 2025 to date.
  - Food and Drugs and Fuel showed modest growth from 2019 to 2024, but are currently down year-over-year, while Building and Construction remains volatile and small in scale.
- **Even with recent year-over-year gains, real (inflation-adjusted) receipts remain below 2016 levels, and indexed data show the District has lagged broader County growth**.
  - Indexed trends indicate that the Social District was trailing Downtown Los Angeles even before the pandemic, with Downtown trending upward while the District trended downward.
  - Downtown Los Angeles experienced a sharp pandemic decline but recovered more quickly, surpassing its pre-pandemic index level by 2021–2022 and peaking around 15% higher than 2016 levels before stabilizing near baseline by the third quarter of 2025.
  - The Social District, by contrast, partially rebounded post-pandemic but has plateaued in the 75–82 range since 2022, ending at 82 in 3Q25, still nearly 20 index points below its 2016 starting level.
- **The tax data suggest three key dynamics**:
  - A reporting shift materially reduced business and industry receipts.
  - Restaurants and Hotels remain the dominant and relatively stable revenue source.
  - Retail categories tied to everyday consumer goods and commuter activity, including General Consumer Goods, Food and Drugs, and Fuel, have either declined over the longer term or show recent softness relative to hospitality-driven spending.
  - **This pattern is consistent with findings presented later in this report**: the District remains strong in experience-based spending but continues to face headwinds in weekday, office-supported retail.

Foot Traffic and Sales Tax Receipts

The relationship between visitation and taxable spending is central to understanding retail performance in the Social District. Figure 10 below compares quarterly foot traffic and sales tax receipts over time in the Social District.

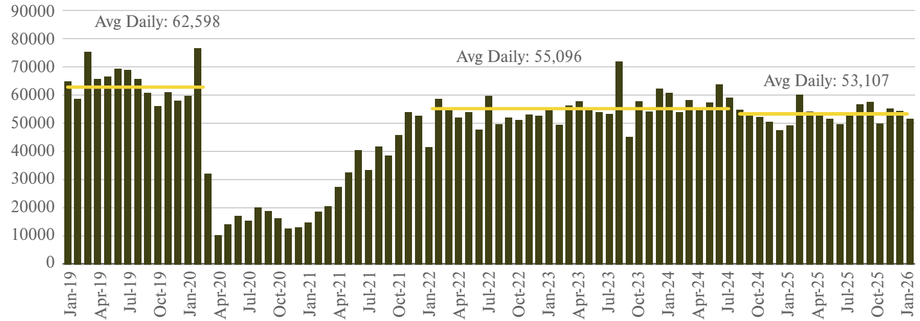
- **The two series move closely together over time**, with both foot traffic and taxable sales experiencing a sharp decline in the second quarter of 2020, followed by a recovery through 2021 and 2022.
- **Since 2022, both measures have fluctuated within a relatively stable range.** Seasonal peaks in foot traffic tend to occur in the fourth quarter of the year, likely reflecting holiday programming and events at L.A. Live, including the winter ice rink.
- **The stabilization in both measures since 2022 is consistent with earlier findings**: activity has recovered from pandemic lows, but in real terms, overall performance remains below the District's pre-2019 trajectory, suggesting a reset to a lower post-pandemic baseline rather than a full return to previous levels

Daily Foot Traffic (7-Day Moving Average), Social District
Figure 1.



Source: Placer.ai. Analysis by Beacon Economics.

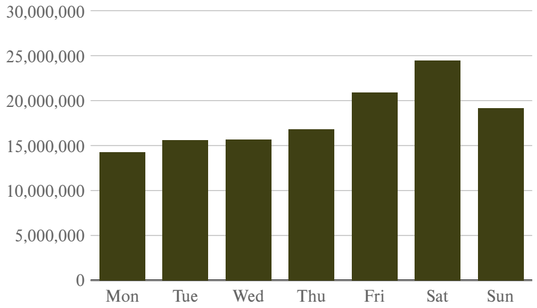
Daily Foot Traffic (SA Monthly Average), Social District
Figure 2.



Source: Placer.ai. Analysis by Beacon Economics.

Visitors by Day of Week (2019-26), Social District

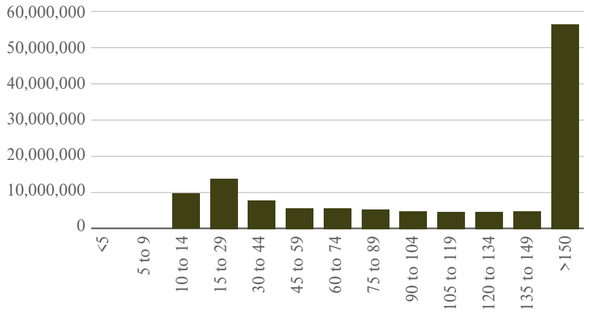
Figure 3.



Source: Placer.ai. Analysis by Beacon Economics.

Visit Duration by Minutes (2019-2026), Social District

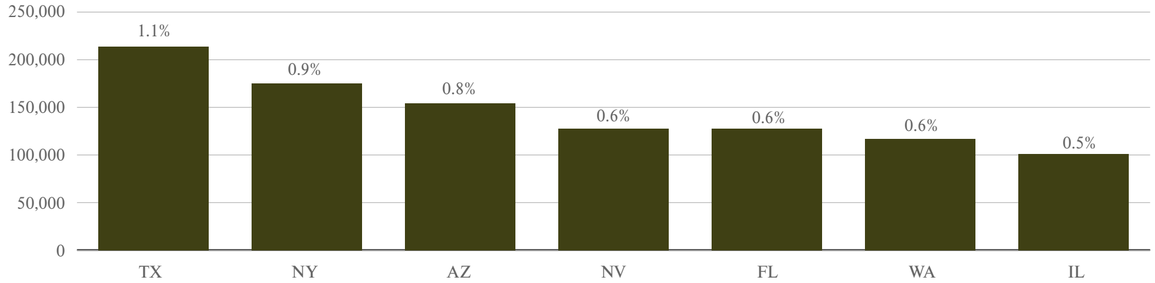
Figure 4.



Source: Placer.ai. Analysis by Beacon Economics.

Top Out-of-State Visitor Counts (2019-2026)

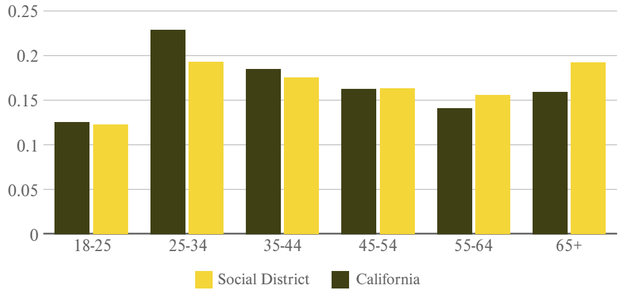
Figure 5.



Source: Placer.ai. Analysis by Beacon Economics.

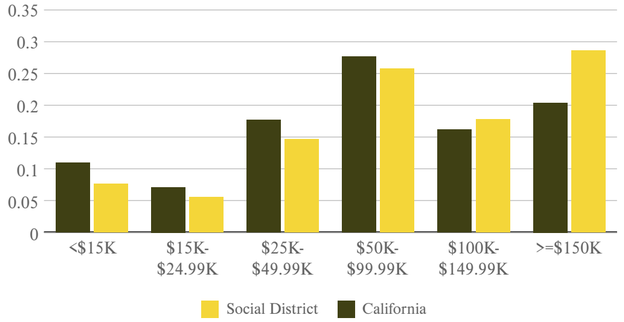
Visitor Shares by Age (2019-26)

Figure 6a.



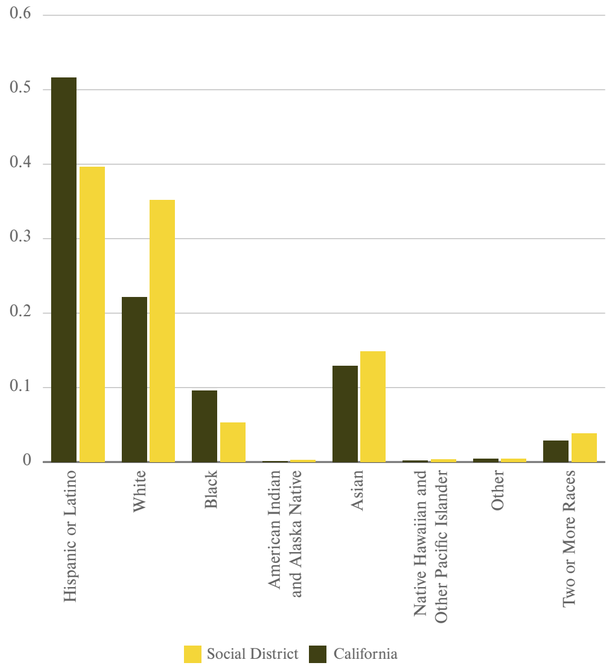
Visitor Shares by Median Household Income (2019-26)

Figure 6b.

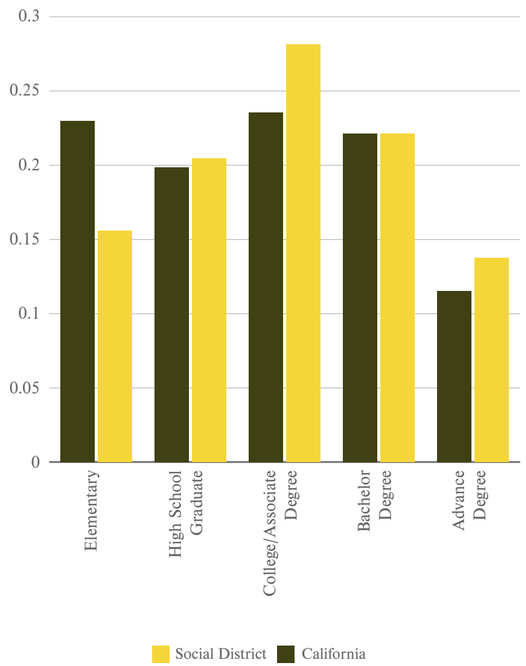


Source: Placer.ai. Analysis by Beacon Economics.

Visitor Shares by Ethnicity (2019-26)
Figure 6c.



Visitor Shares by Education (2019-26)
Figure 6d.



Source: Placer.ai. Analysis by Beacon Economics.

Sales Tax Receipts by Industry, Social District
Table 1.

Industry	2016 Value	2019 Value	2024 Value	CAGR 2016-19	CAGR 2019-24	2024-25 Q3 YoY
Autos and Transportation	$988,026	$400,691	$671,509	-26.0%	10.9%	4.1%
Building and Construction	$20,425	$15,592	$9,522	-8.6%	-9.4%	119.6%
Business and Industry	$1,290,079	$1,039,727	$203,778	-6.9%	-27.8%	0.9%
Food and Drugs	$105,577	$151,775	$162,019	12.9%	1.3%	-9.5%
Fuel and Service Stations	$64,734	$83,744	$86,163	9.0%	0.6%	-2.5%
General Consumer Goods	$359,692	$423,840	$366,573	5.6%	-2.9%	4.6%
Restaurants and Hotels	$2,546,277	$2,392,616	$2,659,253	-2.1%	2.1%	5.3%
Transfers and Unidentified	$ -	$19,839	$36,652	-	13.1%	-8.2%
Total	**$5,374,810**	**$4,527,824**	**$4,195,469**	**-5.6%**	**-1.5%**	**4.0%**

Source: HDL Companies. Analysis by Beacon Economics.

Sales Tax Receipts by Industry, County of Los Angeles

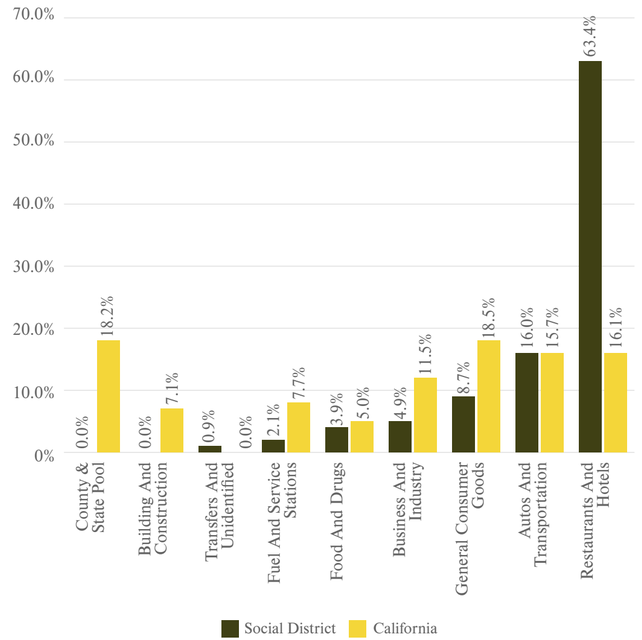
Table 2.

Industry	2016 Value	2019 Value	2024 Value	CAGR 2016-19	CAGR 2019-24	2024-25 Q1 YoY
Autos and Transportation	$252,903,988	$272,415,602	$324,734,734	2.5%	3.6%	-2.4%
Building and Construction	$108,266,425	$120,775,988	$146,928,245	3.7%	4.0%	-2.5%
Business and Industry	$200,664,282	$221,907,072	$238,621,759	3.4%	1.5%	0.6%
County & State Pool	$191,102,849	$251,234,482	$377,834,278	9.5%	8.5%	3.5%
Food and Drugs	$85,846,225	$94,816,750	$103,204,088	3.4%	1.7%	-2.9%
Fuel and Service Stations	$117,692,211	$143,056,258	$159,897,656	6.7%	2.3%	-5.3%
General Consumer Goods	$360,600,587	$365,065,195	$382,288,507	0.4%	0.9%	0.0%
Restaurants and Hotels	$238,920,848	$279,197,636	$333,177,662	5.3%	3.6%	-1.5%
Total	**$1,555,700,000**	**$1,751,300,000**	**$2,070,600,000**	**4.0%**	**3.4%**	**-0.6%**

Source: HDL Companies. Analysis by Beacon Economics.

Share of Sales Tax Receipts by Industry, Social District, and County of LA

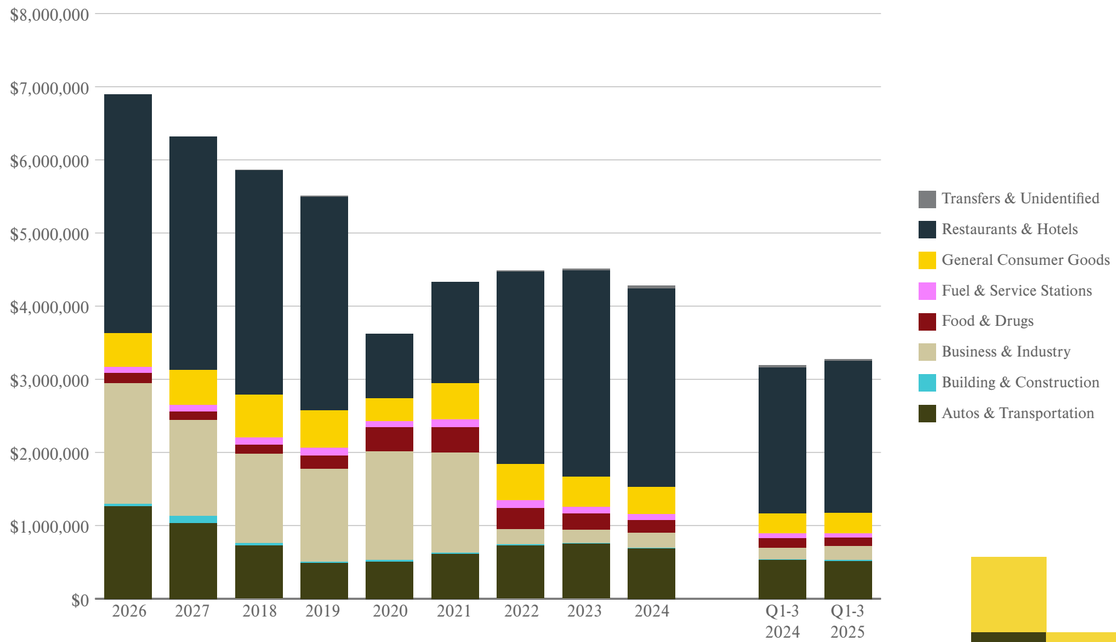
Figure 7.



Source: HDL Companies. Analysis by Beacon Economics.

Real Sales Tax Receipts (2025$), Social District

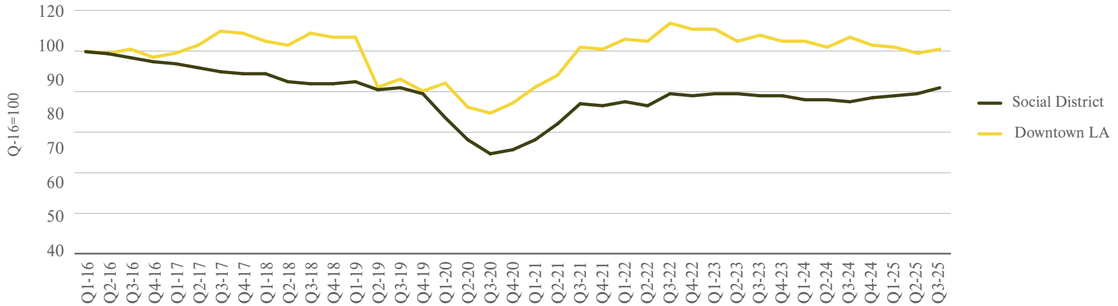
Figure 8.



Source: HDL Companies. Analysis by Beacon Economics.

Indexed Sales Tax Receipts by Quarter (3-Qtr MA), Social District and Los Angeles County

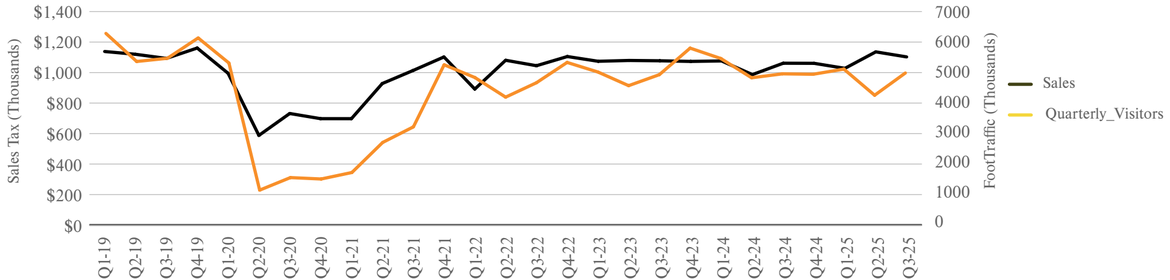
Figure 9.



Source: HDL Companies. Analysis by Beacon Economics.

Foot Traffic and Sales Tax Receipts (Seasonally Adjusted), Social District

Figure 10.



Source: HDL Companies. Analysis by Beacon Economics.

Part II. Employment and Establishments

To better understand what drives economic activity in the Social District and how it compares to the City of Los Angeles, this section examines overall employment trends, shifts in industry mix, and patterns in business formation.

Employment

- Employment Base Is Highly Concentrated in Hospitality and Experience Sectors: The Social District supports approximately 18,122 private jobs, with employment heavily concentrated in Accommodation and Food Services (29.2%), Health Care and Social Assistance (20.4%), and Arts, Entertainment, and Recreation (19.6%). Together, these three sectors account for nearly 70% of total private employment, a much higher concentration than seen citywide. The District's employment base is therefore heavily tied to visitor-serving, experiential, and in-person service activity.

- The District Is Structurally Different from the City: Compared to Los Angeles overall, the Social District is significantly underrepresented in traditional office and goods-producing sectors such as Professional, Scientific, and Technical Services, Manufacturing, Retail Trade, Finance, and Infrastructure and Logistics. Instead, it functions primarily as a hospitality-, health-, and entertainment-driven employment center. This makes the District more sensitive to visitor activity and discretionary spending patterns than the broader City economy.

- Long-Term Growth with Pandemic Disruption and Recovery: Over the long term, private employment in the Social District has trended upward. From 2008 through 2019, total private jobs expanded steadily, reflecting the District's growth as a regional destination for dining, entertainment, and health services. Employment declined sharply during the 2020 pandemic period, consistent with the District's concentration of in-person service industries.

Beginning in the second quarter of 2021, quarterly growth turned strongly positive, with sustained gains through 2022 and 2023 driving a rapid recovery. By 2024, total private employment exceeded pre-pandemic levels, reaching roughly 18,000 jobs. Since 2024, however, employment growth has moderated. Quarterly changes have largely offset one another, resulting in relatively flat net growth. As of the first quarter of 2025, total employment remains roughly in line with levels observed in late 2023, indicating stabilization following the post-pandemic rebound rather than continued expansion.

> **The Social District's employment base is heavily tied to visitor-serving, experiential, and inperson service activity.**

- Five-Year Growth Has Been Uneven but Concentrated in Services: Over the past five years, total private employment in the Social District increased by 8.1%. Growth has been strongest in Administrative and Support Services (+221.3%), Infrastructure and Logistics (+55.9%), Accommodation and Food Services (+26.1%), Professional Services (+22.3%), and Real Estate (+17.5%). Health Care also expanded modestly (+7.3%). Significant five-year declines occurred in Wholesale Trade (-54.9%), Retail Trade (-50.2%), Manufacturing (-30.7%), and Information (-33.5%). Taken together, the data suggest that the Social District is not shrinking but reallocating toward hospitality, service, and support industries.

- Recovery Has Been Uneven Across Downtown Neighborhoods: Employment trends vary significantly across Downtown Los Angeles subareas. Between the first quarter of 2020 and the first quarter of 2025, the Social District posted an 8% employment increase, outperforming several neighboring districts that remain below pre-pandemic levels, including the Fashion District (-15%), Historic Core (-8%), and Downtown Center (-6%). At the same time, areas such as the Arts District (+26%) and Little Tokyo (+24%) experienced particularly strong post-pandemic growth.

Over the longer term, from 2008 to 2025, employment in the Social District increased by 86%, reflecting substantial expansion relative to many other Downtown neighborhoods. This long-term growth in the Social District has been driven primarily by gains in Accommodation, Arts and Entertainment, and Health Care, while declines have been concentrated in Management, Wholesale Trade, and Retail, underscoring the District's continued transition toward a hospitality- and experience-oriented employment base.

Establishments

- Establishment Growth Reflects Cluster Expansion and Cyclical Sensitivity: In percentage terms, the Social District experienced significantly stronger establishment growth than the City of Los Angeles during the early 2010s, with double-digit gains coinciding with the phased maturation of L.A. Live, including the addition of major hotel capacity in 2010. This pattern suggests localized spillover effects as the District's entertainment and hospitality infrastructure expanded. Following this growth phase, establishment gains moderated and more closely tracked broader city trends before the pandemic. In 2021, the District experienced a sharper decline in employment than the City overall. This is consistent with its concentration in hospitality and consumer-facing uses, before rebounding in 2022.
- Employment Concentration Is Driven by Larger Establishments in Key Sectors: While the Social District's establishment mix confirms its orientation toward hospitality and services, the distribution of establishments differs from the distribution of jobs. Arts, Entertainment, and Recreation accounts for 19.6% of employment but only 6.3% of establishments, and Accommodation and Food Services represents 29.2% of jobs compared to 16.2% of establishments. This reflects the presence of a relatively small number of large venues and high-capacity facilities, including L.A. Live and the Crypto.com Arena, which generate substantial employment relative to establishment count. In contrast, sectors such as Professional, Scientific, and Technical Services account for a meaningful share of establishments (11.5%) but a smaller share of employment (4.3%), consistent with a greater prevalence of smaller firms.

Employment by Industry (2025 Q1), Social District and City of Los Angeles
Table 3.

Industry	City of Los Angeles		Social District	
	Share of Emp	Emp (SA)	Share of Emp	Emp (SA)
Agriculture, Forestry, Fishing and Hunting	0.1%	2,034	0.0%	0
All Other Industries	6.0%	87,505	9.3%	1,683
Infrastructure and Logistics	8.6%	126,829	1.4%	259
Manufacturing	4.9%	72,692	1.2%	210
Wholesale Trade	3.8%	55,608	1.9%	347
Retail Trade	8.9%	131,527	0.9%	166
Information	3.6%	52,829	3.2%	581
Finance and Insurance	3.8%	56,154	0.6%	103
Real Estate and Rental and Leasing	2.8%	40,460	1.6%	282
Professional, Scientific, and Technical Services	9.6%	141,541	4.3%	772
Administrative and Support and Waste Management and Remediation Services	6.6%	97,566	4.6%	840
Health Care and Social Assistance	22.7%	333,670	20.4%	3,693
Arts, Entertainment, and Recreation	2.8%	41,654	19.6%	3,559
Accommodation and Food Services	11.3%	165,965	29.2%	5,285
Other Services (except Public Administration)	4.6%	67,030	1.6%	285
Total Private	**100.0%**	**1,470,377**	**100.0%**	**18,122**

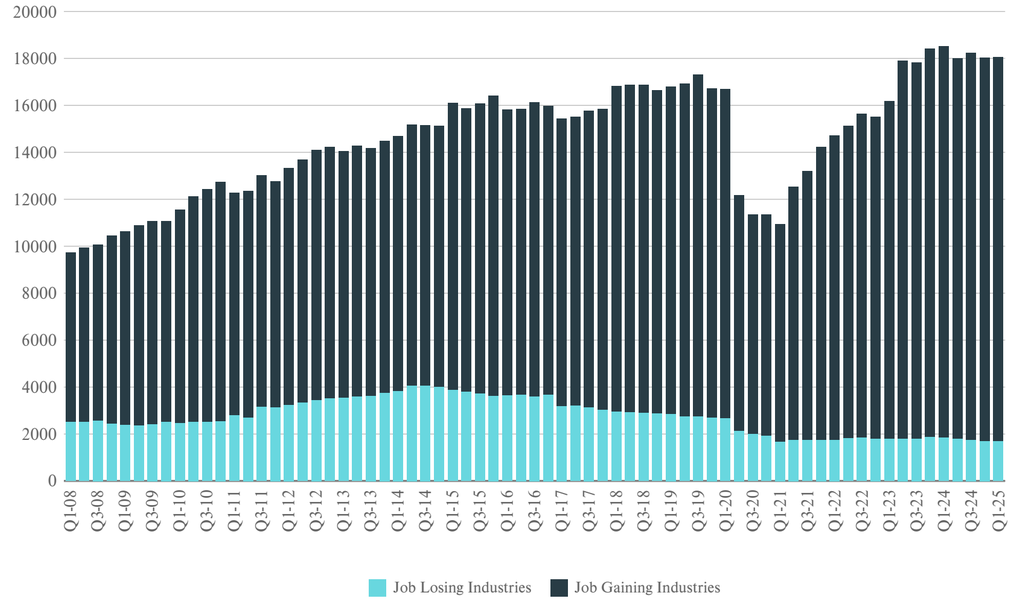
Source: California Employment Development Department. Analysis by Beacon Economics.

Employment Changes by Industry (2025 Q1), Social District and City of Los Angeles
Table 4.

Industry	City of Los Angeles			Social District		
	1-Yr Change	5-Yr Change	10-Yr Change	1-Yr Change	5-Yr Change	10-Yr Change
Agriculture, Forestry, Fishing and Hunting	-8.8%	34.1%	1.5%	-	-	-
All Other Industries	-0.2%	9.8%	17.1%	4.8%	-0.5%	31.4%
Infrastructure and Logistics	-2.6%	-6.8%	29.7%	-18.2%	55.9%	126.5%
Manufacturing	-3.6%	-12.0%	-29.6%	-11.0%	-30.7%	-32.8%
Wholesale trade	-6.1%	-14.5%	-24.3%	-15.9%	-54.9%	-60.8%
Retail Trade	-2.2%	-4.6%	-7.8%	4.7%	-50.2%	-70.8%
Information	-10.3%	-18.7%	-12.8%	-10.4%	-33.5%	-54.8%
Finance and Insurance	-4.2%	-10.1%	-8.3%	1.1%	-11.4%	-42.3%
Real Estate and Rental and Leasing	-5.0%	-0.7%	11.4%	-3.4%	17.5%	109.5%
Professional, Scientific, and Technical Services	-2.5%	0.7%	15.8%	9.5%	22.3%	52.6%
Administrative and Support and Waste Management and Remediation Services	-3.7%	-3.4%	9.3%	-6.0%	221.3%	312.0%
Health Care and Social Assistance	3.7%	8.8%	31.9%	3.8%	7.3%	38.5%
Arts, Entertainment, and Recreation	-6.6%	-3.7%	28.7%	2.5%	4.8%	6.5%
Accommodation and Food Services	-4.3%	-5.1%	4.1%	-9.2%	26.1%	32.6%
Other Services (except Public Administration)	-1.0%	-2.6%	6.5%	-2.0%	5.0%	-55.6%
Total Private	**-2.0%**	**-232.5%**	**716.2%**	**-2.3%**	**8.1%**	**11.7%**

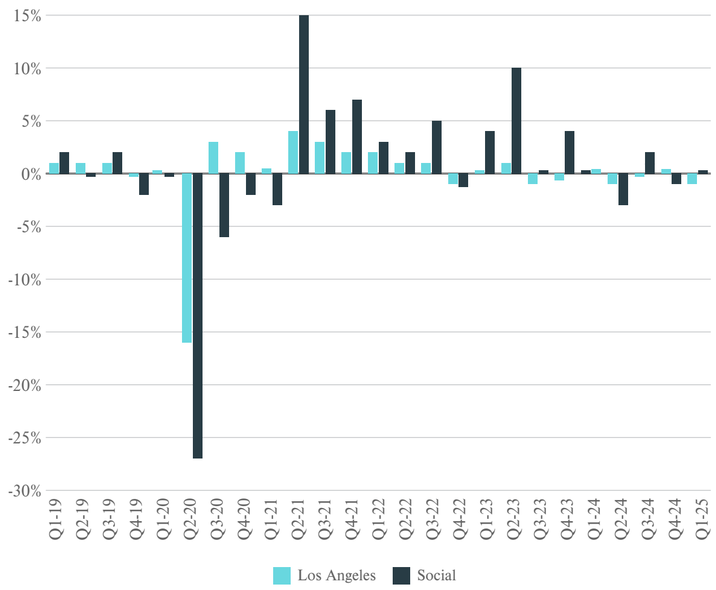
Source: California Employment Development Department. Analysis by Beacon Economics.

Private Employment (Q1 2025), Social District
Figure 11.



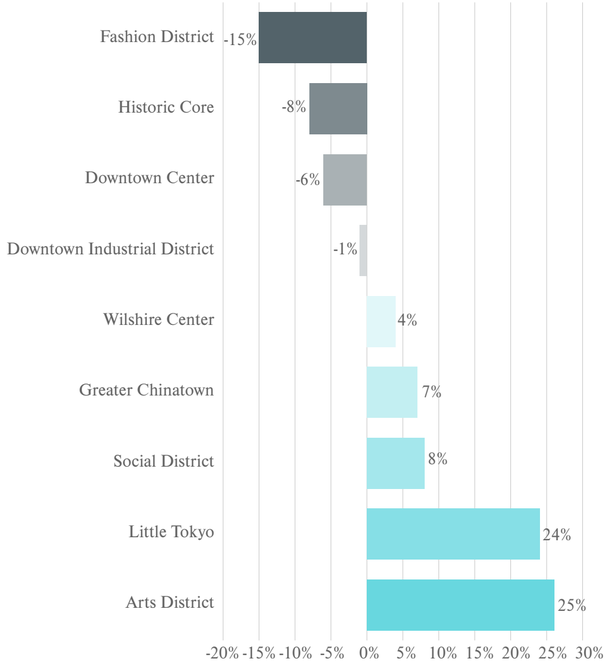
Source: California Employment Development Department. Analysis by Beacon Economics.
Job Losing Industries: Finance and insurance; Information; Manufacturing; Other services (except public administration); Retail trade; Wholesale trade,
Job Gaining Industries: Accommodation and food services; Administrative and support and waste management and remediation services; All other industries; Arts, entertainment, and recreation; Health care and social assistance; Infrastructure and Logistics; Professional, scientific, and technical services; Real estate and rental and leasing.

Employment Changes, by Quarter and Cumulative Since Q1 2019
Figure 12.



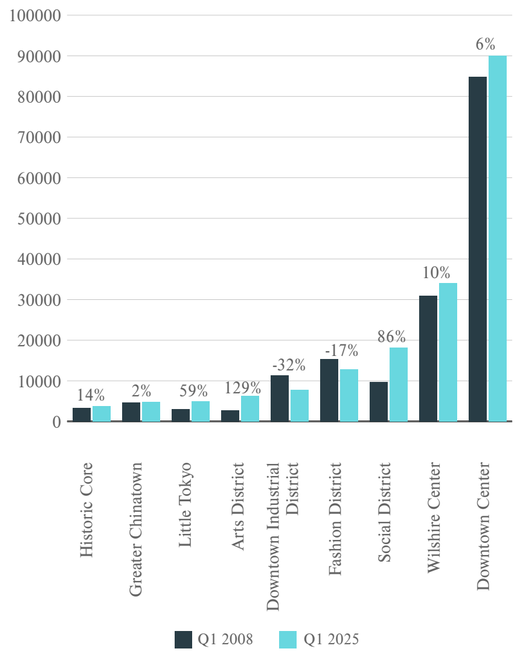
Source: California Employment Development Department. Analysis by Beacon Economics.

Employment Change (Q1 2020 to Q1 2025)
Figure 13.



Source: California Employment Development Department.
Analysis by Beacon Economics.

Employment (Seasonally Adjusted) by Downtown LA Neighborhood
Figure 14.



Source: California Employment Development Department.
Analysis by Beacon Economics.
Note: The % figures represent the percent change between the two time periods.

Top Gaining and Losing Industries by Downtown District, Q1 2008 to Q1 2025
Table 5.

	Gaining Industries			Losing Industries		
District	**Gain 1**	**Gain 2**	**Gain 3**	**Loss 1**	**Loss 2**	**Loss 3**
Arts District	Professional	Accommodation	Information	Wholesale	Manufacturing	Education
Downtown Center	Professional	Accommodation	Administrative	Finance	Information	Management
Downtown Industrial District	Healthcare	Accommodation	Professional	Manufacturing	Wholesale	Transport
Fashion District	Management	Administrative	Accommodation	Manufacturing	Wholesale	Retail
Greater Chinatown	Other services	Healthcare	Manufacturing	Real estate	Retail	Accommodation
Social District	Accommodation	Arts	Healthcare	Management	Wholesale	Retail
Historic Core	Healthcare	Professional	Retail	Manufacturing	Education	Wholesale
Little Tokyo	Accommodation	Other services	Construction	Administrative	Finance	Wholesale
Wilshire Center	Accommodation	Healthcare	Professional	Administrative	Manufacturing	Information

Source: California Employment Development Department. Analysis by Beacon Economics.

Annual Establishment Changes, Social District and City of Los Angeles
Figure 15.

Source: California Employment Development Department.
Analysis by Beacon Economics.

Establishment Counts and Shares (2025 Q1), City of LA and Social District
Table 6.

Industry	City of Los Angeles		Social District	
	Share of Est	Est (SA)	Share of Est	Est (SA)
Agriculture	0.2%	98	0.0%	0
All Other Industries	2.6%	1,212	4.7%	13
Infrastructure and Logistics	7.6%	3,558	3.1%	9
Manufacturing	4.5%	2,082	1.4%	4
Wholesale Trade	6.3%	2,947	9.4%	27
Retail Trade	12.2%	5,686	4.8%	14
Information	2.8%	1,316	3.8%	11
Finance	4.1%	1,893	2.8%	8
Real Estate	4.2%	1,951	7.6%	22
Professional Services	11.3%	5,252	11.5%	33
Admin Support	4.6%	2,162	5.3%	15
Health Care	14.9%	6,939	15.4%	44
Arts, Entertainment, and Recreation	2.7%	1,240	6.3%	18
Accommodation and Food Services	14.8%	6,873	16.2%	46
Other Services (except Public Administration)	7.2%	3,362	7.1%	20
Total Private	100.0%	46,571	100.0%	285

Source: California Employment Development Department.
Analysis by Beacon Economics.

Part III. Resident Demographics

The Social District is dense and growing. With between 9,000 and 12,000 residents and one of the highest population densities in Los Angeles, the District has experienced rapid residential intensification, particularly since 2020. That growth provides a meaningful base of local demand. However, the composition of that population has a bearing on retail performance. [2]

[2] The estimates presented in this section on UrbanFootprint data, which provides a consistent framework for analyzing demographic characteristics across the District.

Population Overview

The Social District has **approximately 9,061 residents**, based on data from UrbanFootprint. The District spans 223.18 acres and has a population density of about 18,312 persons per square mile—more than double the City of Los Angeles' overall density of 8,140.

With the exception of a pandemic-related dip in 2020, the population has grown steadily since 2013. In 2023 alone, the population increased by about 10%, reflecting rapid residential intensification.

> **"The Social District is a rapidly growing, highly dense, renter-dominated neighborhood of primarily working-age, well-educated residents.**

A Note on Population Estimates

Population estimates for smaller areas are usually based on survey data collected over several years. For example, estimates for Downtown Los Angeles are built by combining data from smaller geographies like Census tracts. This approach generally works well, but it can introduce some bias, especially when the underlying data are affected by unusual events. The most obvious example of this is the pandemic, which disrupted both population patterns and how data were collected, including limits on in-person surveys. As a result, multi-year datasets that include this period don't always reflect current conditions.

For the District, population estimates provided by UrbanFootprint rely on the American Community Survey (ACS) five-year sample, which includes pandemic-era data (the most recent release is the 2024 sample). To put this in perspective, the City of Los Angeles (large enough to support annual estimates) lost about 104,000 residents between 2020 and 2024 and is currently estimated at roughly 3.835 million residents, according to the California Department of Finance.

At the Social District level, the 2020 Decennial Census places the population at **10,498**. Given broader trends, some decline after that point is likely, although this figure remains broadly consistent with ACS-based estimates via UrbanFootprint.

To get a more current picture, Census data is combined with commercial real estate data from CoStar Group, which tracks multifamily housing inventory and occupancy. This works well here because the District is almost entirely multifamily housing. Using CoStar data on occupied units, along with a range of average household sizes from nearby tracts, gives a 2024 population estimate of about **9,750** to **11,000**, which is broadly consistent with ACS results. More recent data suggest that the District's population has rebounded, with a 2025 estimate of at least **12,000** residents.

Age and Household Composition

The District skews heavily toward working-age adults, with relatively few children (2.3% of residents) and a modest senior population (10.5%).

Race and Ethnicity

The Social District exhibits considerable demographic diversity. The Asian population represents the largest racial group at 39.6%, followed by White residents at 24.3%, Hispanic or Latino residents at 17.3%, and Black residents at 12.3%. Notably, the Hispanic population share is substantially lower than the City average of 47.2%.

Educational Attainment

Educational attainment is remarkably high among the District's adult population (25 years and older, ~83.2% of residents). Nearly half (47.8%) of residents 25 years and older hold associate or bachelor's degrees, substantially exceeding the City average of 30.8%. Graduate degree holders represent 26.2% of the adult population, nearly double the City average of 13.3%. High school graduates comprise 18.3% of adults over 25, and only 7.7% have less than a high school qualification, compared with 35.1% and 20.7% in the City overall.

Housing Structure and Stability

The District's housing market is dominated by rental properties. Only 15.6% of households are owner-occupied; the remaining 84.4% are renter-occupied. The rental population has expanded dramatically: a 54.5% increase between 2013 and 2020, and another 36.9% increase from 2020 to 2023.

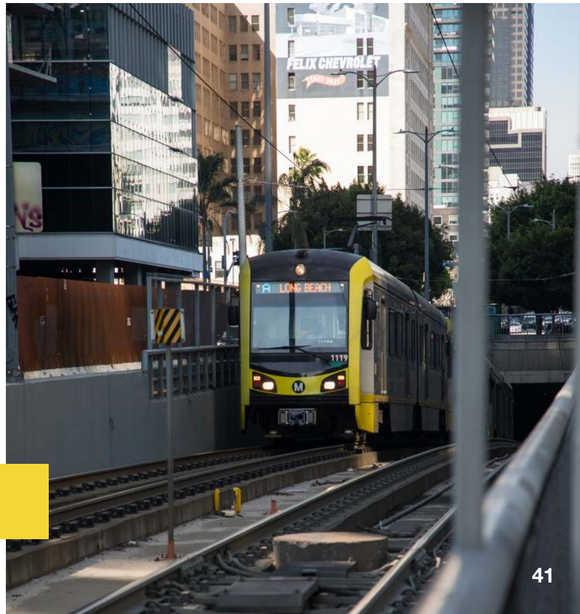
High renter concentration can translate into higher residential turnover, which may reduce long-term neighborhood-based retail loyalty. At the same time, continued population growth and record apartment absorption suggest that residential demand remains solid. The issue is less a lack of residents and more whether the current residential base is sufficient to support the volume and type of ground-floor retail space in the District.

Importantly, land use remains skewed toward commercial activity. While more than 60% of building square footage is multifamily (based on CoStar data), land use tells a different story. Over 80% of land area is allocated to commercial use, compared to only about 11% for residential.[3] That imbalance means that a relatively modest residential base must support an outsized inventory of retail space, much of which was originally designed to serve office workers and event attendees.

[3] Note: UrbanFootprint assigns a single primary use to each parcel. As a result, mixed-use buildings may be classified as either residential or commercial, which can understate the true extent of multifamily housing in the District.

Employment and Transportation

Among the working-age population (16-64 years, 85.4% of residents), approximately 64.5% are employed full-time, 10.9% work part-time, and 24.6% are not working. Of those employed, 36.2% commute by car, truck, or van, while 22.0% work from home, a substantial share reflecting post-pandemic remote work patterns.



Income and Purchasing Power

The Social District's income distribution mirrors Los Angeles in some respects but diverges at both extremes. Nearly 40% of District households earn more than $100,000 annually, a composition broadly consistent with the City of Los Angeles. However, the District lags behind the state at the upper end of the income spectrum—just 14% of households earn $200,000 or more, compared to 19.4% statewide.

At the lower end, the contrast is more pronounced. Nearly 29% of District households earn below $25,000 per year, well above both the California average (12.6%) and the City average (17.4%). Consistent with this pattern, 26.2% of residents live below the federal poverty level,[4] exceeding the City average by nearly 10 percentage points. The share of residents below the poverty line has increased since 2020, while the population between 100 and 200% of poverty has declined.

[4] The federal poverty level (FPL) is defined annually by the U.S. Department of Health and Human Services. For 2023, the threshold was $14,580 for an individual and $30,000 for a family of four. Poverty status in the American Community Survey is determined using the U.S. Census Bureau's poverty thresholds, which vary by family size, number of children, and age of householder. See U.S. Census Bureau, "Poverty Thresholds," 2023.

Part of this income distribution reflects the District's housing composition. The area includes a meaningful number of affordable and rent-restricted housing units, including approximately 550 designated affordable units along with additional units subject to rent stabilization or other affordability requirements. While these housing policies play an important role in expanding access to housing, they also influence the overall income profile of residents living in the District.

This bifurcated income structure can lead to uneven retail demand. Higher-income households may support premium food, beverage, and experiential outlets, while the sizable lower-income population constrains pricing power and limits the viability of certain discretionary retail categories.

Affordable and Rent-Restricted Properties, Social District
Table 7.

Property Address	Property Name	Units	Market Rate	Affordable	Affordable Type
1340 S. Hill St.	Eden	235	223	12	Affordable Units
1411 S. Flower St.	Liv DTLA	227	0	227	Affordable Units
1317 S. Grand Ave.	Vida DTLA	147	0	147	Affordable Units
1031 S. Hope St.	Hope Village	66	0	66	Affordable Units
1624 S. Hope St.	New Carver Apartments	97	0	97	Affordable Units
1050 S. Flower St.	Met Lofts	266			Rent Restricted
1500 S. Grand Ave.	Grand & Venice	62			Rent Restricted
1621 S. Grand Ave.	Young Apartments	36			Rent Restricted
1332 S. Hope St.	Hope Manor	75			Rent Restricted
1441 S. Hope St.	Villa Del Pueblo	81			Rent Restricted
1330 S. Olive St.	La Primavera Apartments	35			Rent Restricted
1328 S. Hope St.	Villa Metropolitano	53			Rent Restricted
1033 S. Hope St.	Telacu Plaza	40			Rent Subsidized

Source: CoStar. Analysis by Beacon Economics.

Connecting Housing and Employment

Employment in the Social District is heavily concentrated in the Hospitality and Entertainment sectors. Accommodation and Food Services accounts for about 31% of jobs in the District, compared with about 9% of resident employment, while Arts, Entertainment, and Recreation represents 17% of local jobs versus roughly 3% of resident employment. Health Care also makes up a relatively large share of employment in the District, reflecting the presence of major institutions such as California Hospital Medical Center.

However, residents who live in the District tend to work in different industries. Professional sectors—including Professional and Technical Services, Information, and Finance and Insurance—make up larger shares of resident employment than of jobs in the District. This pattern is consistent with the District's demographic profile: residents tend to be highly educated relative to the City overall, and nearly 40% of households earn more than $100,000 annually.

While the industries located in the District itself may not match where many residents work, the Social District sits within one of the largest employment centers in Southern California. Downtown Los Angeles still supports more than 300,000 jobs, and major employment hubs (including the Financial District, Little Tokyo, and the Arts District) are located within a short walking or transit commute. UrbanFootprint analysis shows that a large number of jobs are accessible within a 30-minute commute shed, reflecting the District's position in the broader Downtown employment network.

This proximity to employment helps explain why the area continues to attract residents even though the local job base is heavily oriented toward Entertainment and Hospitality. While many jobs in the District are visitor-serving, residents are more likely to work in professional and office-oriented industries, including Professional and Technical Services, Information, and Finance and Insurance.

Downtown Los Angeles also provides access to a large number of higher-paying jobs in these types of industries. As shown in Table 8, several professional and knowledge-based sectors located throughout Downtown (including Legal Services, Management Consulting, Engineering, and Accounting) offer relatively high wages and are currently either expanding or recovering. The presence of these employment opportunities within a short commute helps support the District's role as a residential neighborhood.

Expanding the residential population in the District could therefore strengthen the local retail environment. Residents who work in nearby Downtown jobs bring spending power that supports restaurants, services, and neighborhood retail, helping create more consistent daily activity beyond major events.

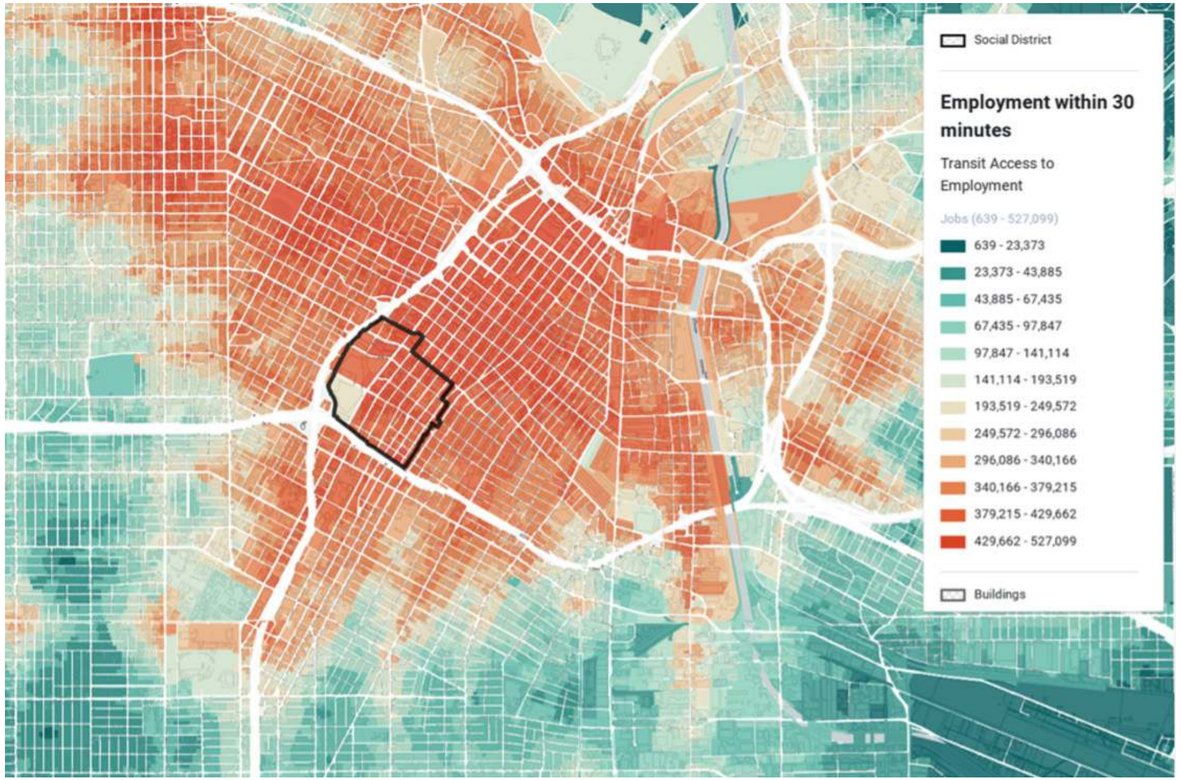
Comparison of Job Shares in the Social District and Resident Job Shares, by Industry
Table 8.

Industry	Share of Jobs in District	Share of Residents Jobs	Difference
Accommodation and Food Services	30.80%	8.80%	22.00%
Arts, Entertainment, and Recreation	17.30%	3.00%	14.30%
Health Care	16.30%	11.40%	4.80%
Education	8.20%	7.30%	0.90%
Administration and Support	5.20%	6.50%	-1.30%
Professional, Scientific, and Technical Services	4.50%	13.50%	-9.00%
Information	3.80%	8.90%	-5.10%
Government	2.80%	2.70%	0.10%
Other Services	1.80%	3.30%	-1.50%
Wholesale Trade	1.70%	6.10%	-4.40%
Retail Trade	1.50%	7.10%	-5.60%
Management	1.40%	2.00%	-0.60%
Real Estate	1.40%	2.40%	-1.00%
Construction	1.20%	2.60%	-1.50%
Utilities	0.70%	0.50%	0.20%
Transportation and Warehousing	0.70%	3.60%	-2.90%
Finance and Insurance	0.40%	5.20%	-4.80%
Manufacturing	0.30%	4.60%	-4.30%
Mining, Quarrying, and Oil and Gas Extraction	0.00%	0.00%	0.00%
Agriculture	0.00%	0.40%	-0.40%

Source: U.S. Census Bureau. Analysis by Beacon Economics.

Employment Within a 30-Minute Walking Commute

Figure 16.



Source: UrbanFootprint. Analysis by Beacon Economics.

Average Wages by Industry, Downtown Los Angeles

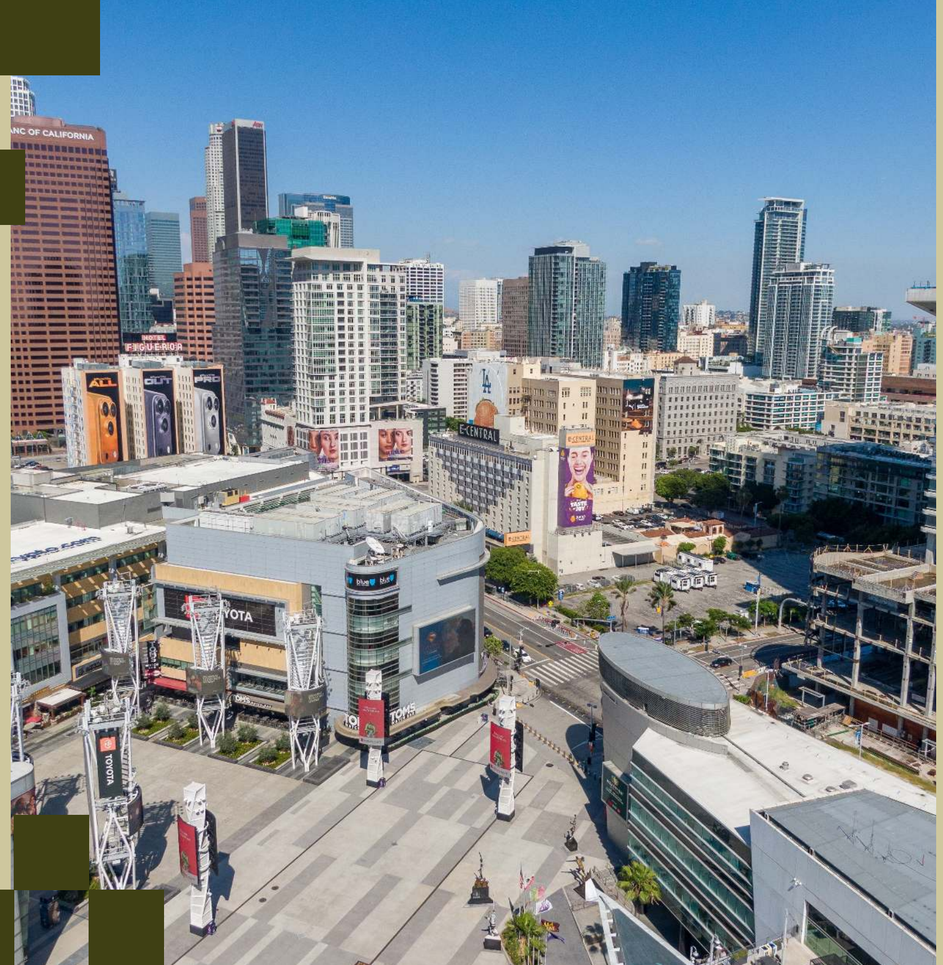
Table 9.

Industry	Category	NAICS	Avg. Wage
Administrative Management	Expanding	541611	$227,723
Offices of Lawyers	Expanding	541110	$192,888
Nonresidential Property Managers	Recovering	531312	$186,519
Independent Artists, Writers, and Performers	Recovering	711510	$176,597
Other Accounting Services	Recovering	541219	$167,851
Engineering Services	Expanding	541330	$145,682
Offices of Physicians	Recovering	621111	$114,229
Public Finance Activities	Recovering	921130	$107,696
All Other Outpatient Care Centers	Expanding	621498	$106,499
Residential Plumbing and HVAC Contractors	Recovering	238221	$97,440

Source: California EDD. Analysis by Beacon Economics.

Part IV. Commercial Real Estate Trends

This section examines property inventory, vacancy rates, rents, and construction activity using CoStar data to describe how the District's built environment has evolved and how those changes may be influencing retail performance.



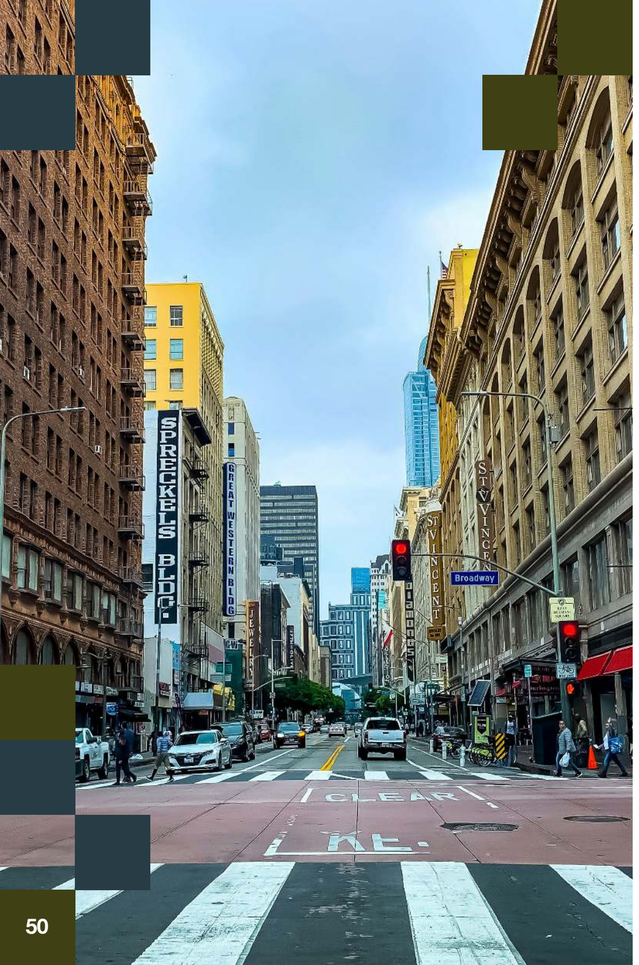
Property Inventory

The composition of real estate in the Social District has shifted significantly over time, with growth concentrated in certain asset classes while others have remained flat or contracted.

- **Multifamily Expansion Dominates Growth**: Multifamily inventory has grown dramatically over the past 25 years, rising from roughly 1,000 units in 2000 to over 9,800 units by 2026, an almost tenfold increase. The most aggressive expansion occurred between 2017 and 2021, when inventory nearly doubled. After a brief plateau, growth resumed in 2024–2025. Multifamily now accounts for 62% of total square footage in the District and has increased 141% in square footage over the past decade.

- **Office Inventory Stable but Not Expanding**: Office properties comprise 19% of total square footage but have remained essentially flat over the past ten years, with a slight decline in both building count and square footage. This reflects limited new office development and reinforces the structural shift away from office-led growth in the District.

- **Industrial Decline Reflects Land Use Transition**: Industrial properties represent 38% of total buildings but only 12% of total square footage. Over the past decade, both building count and square footage have declined modestly, suggesting a gradual displacement of legacy industrial uses in favor of higher-density residential and mixed-use development.



- **Retail Inventory Relatively Static**: Retail comprises 23% of total buildings but just over 6% of square footage. Retail square footage has declined slightly over the past decade, indicating limited expansion and modest contraction. This helps explain why performance challenges are less about oversupply growth and more about demand composition.

- **Flex Minimal and Unchanged**:[5] Flex space represents less than 1% of the District's inventory and has remained essentially unchanged over the past decade. Examples of Flex properties in the District include a 7,600-square-foot property on South Hope Street currently marketed as a freestanding creative warehouse suitable for retail, office, or industrial uses; a 9,400-square-foot property on South Flower Street used as a film, music, and dance studio; and a 9,300-square-foot property listed as adaptable for office, showroom, flex, warehouse, or café use.

- **Overall Structural Shift**: Over the past decade, total square footage in the District has increased 133%, driven almost entirely by multifamily development. The District's physical composition has therefore shifted decisively toward residential use, even as retail and office use have remained flat or declined modestly.

[5] Flex, as defined by CoStar: A type of building(s) designed to be versatile, which may be used in combination with office (corporate headquarters), research and development, quasi-retail sales, and including but not limited to industrial, warehouse, and distribution uses. At least half of the rentable area of the building must be used as office space. Flex buildings typically have ceiling heights under 18', with light industrial zoning. Flex buildings have also been called Incubator, Tech and Showroom buildings in markets throughout the country.

Vacancy, Occupancy, and Net Absorption

- **Long-Term increase in absolute vacancy**: Total vacant square footage has increased significantly over the long term. Vacancy levels were less than 200,000 square feet in the first quarter of 2007 and have risen to nearly 700,000 square feet by 2026 Q1. While vacancy has moved cyclically, the long-run baseline has shifted upward.

- **Vacancy must be interpreted in the context of inventory**: While total square footage in the District has increased significantly over time, that growth has been driven almost entirely by multifamily development rather than office, retail, or industrial expansion. Traditional commercial inventory has remained relatively flat. As a result, the rise in vacant square footage reflects weakening occupancy rather than new commercial supply. Occupied square footage has trended downward in recent years, contributing directly to higher vacancy levels.

- **Vacancy declined during the initial pandemic period**: Total vacant square footage fell in 2020 and remained relatively low through early 2023, likely reflecting the inertia of long-term leases and delayed space reductions.

- **A structural break occurs in 2023**: Beginning at the end of 2023, total vacancy rose sharply and reached the highest levels in the historical series. This increase was driven primarily by office space, with retail also contributing.

- **Elevated vacancy has persisted**: Since then, vacancy has remained elevated rather than reversing, suggesting that the adjustment reflects structural changes (work from home and hybrid trends are, it seems, here to stay).

- **Social District vs. City of Los Angeles**: Vacancy rates in the Social District are broadly comparable to citywide levels across most asset types. Office vacancy stands at approximately 18.2% in the District versus roughly 20% citywide. Retail vacancy is modestly higher in the District (around 9% versus 6.3% citywide), while industrial vacancy is slightly lower (approximately 7% versus 8.5%). Multifamily vacancy is also somewhat higher in the District (8.6% versus 6.5%), likely reflecting the significant new residential supply delivered in recent years. Flex vacancy appears substantially higher in percentage terms, but given the very small inventory base, minor changes in occupied space can produce large swings in the rate.

Base Rents

- **Office Rents Have Compressed Significantly**: Office rents have declined more than any other property type in the Social District since the first quarter of 2019 and are now roughly 40% below their pre-pandemic level. The decline aligns with rising vacancy and reduced demand for office space in a post-pandemic, hybrid environment. Notably, rents did not immediately fall in 2020. The more pronounced adjustment came several years later, as leases expired and firms cut back on space.

- **Retail Rents Have Also Softened**: Retail rents have declined since the first quarter of 2023 and are now approximately 30% below their first-quarter 2019 level. This reduction appears to be driven by demand rather than supply, as there has been limited new retail inventory added. Rising vacancy and weaker weekday foot traffic have likely reduced pricing power.

- **Multifamily and Industrial Rents Remain Stable**: Base rents for multifamily and industrial properties are roughly in line with 2019 levels. Both asset classes have remained relatively flat in recent years, suggesting more balanced supply-and-demand conditions compared to office and retail.

- **Flex Rents Show Volatility, but the Segment Is Small**: Flex rents have increased in recent periods despite elevated vacancy. However, as Flex represents such a small share of total square footage in the District, even a small number of lease transactions can materially affect reported rent and vacancy metrics. As a result, Flex trends should be interpreted cautiously and are unlikely to be a primary driver of district-wide performance.

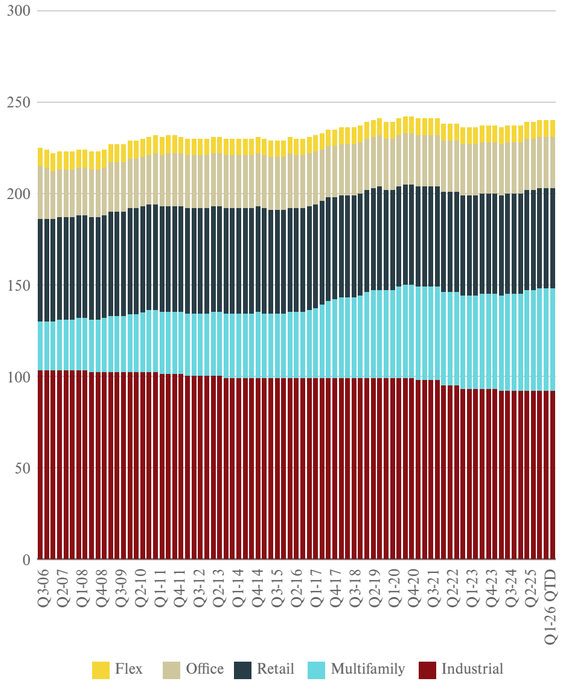
- **Comparison to the City of Los Angeles**: Rent trends in the Social District differ meaningfully from those in the City. Office and industrial rents citywide remain near their 2019 levels, and retail rents are only modestly below baseline. Multifamily rents citywide are slightly above 2019 levels (approximately 6% higher). Industrial rents in the City experienced a sharp spike in 2022–2023 before moderating, but remain close to baseline. In contrast, the Social District has experienced materially deeper office and retail rent compression, indicating more localized demand pressures.

Inventory of Stock of Commercial Properties 2026 Q1 QTD, Social District
Table 10.

Property Type	No. of Buildings	Share of Total Buildings	10-Yr Change Buildings	Square Feet (SF)	Share of Total SF	10-Yr Change SF
Multifamily	56	23%	55.6%	8,207,394	62.16%	140.61%
Office	28	12%	-3.4%	2,534,581	19.20%	-0.52%
Industrial	92	38%	-7.1%	1,593,851	12.07%	-4.73%
Flex	9	4%	0.0%	56,380	0.43%	0.00%
Retail	55	23%	-3.5%	812,076	6.15%	-2.49%
Total	**240**	**100.00%**	**41.53%**	**13,204,282**	**1**	**132.88%**

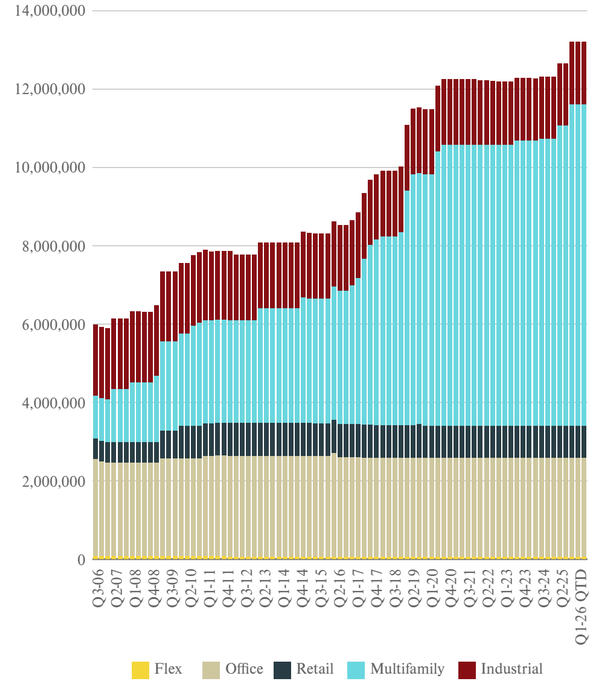
Source: CoStar. Analysis by Beacon Economics.

Inventory of Commercial Stock (Buildings), by Property Type
Figure 17.



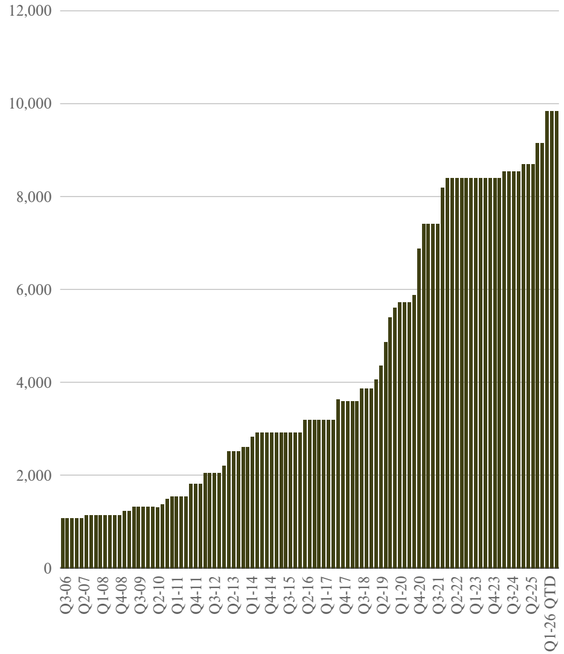
Source: CoStar. Analysis by Beacon Economics.

Inventory of Commercial Stock (Square Feet), by Property Type
Figure 18.



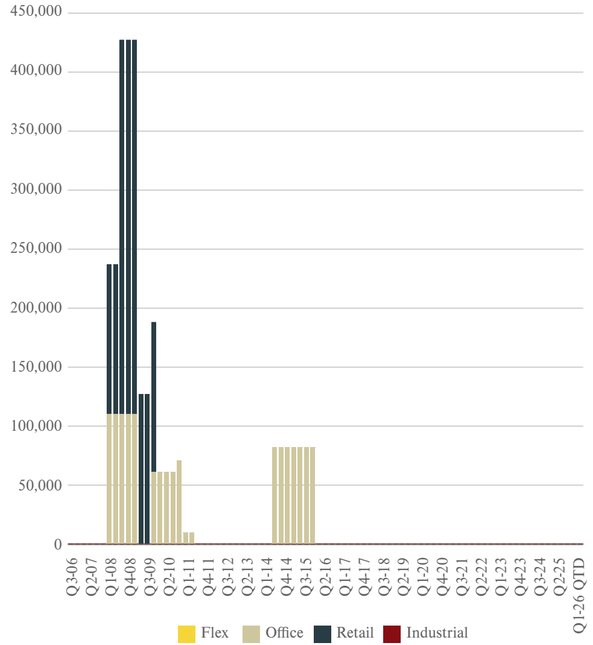
Source: CoStar. Analysis by Beacon Economics.

Inventory of Multifamily Units, Social District
Figure 19.



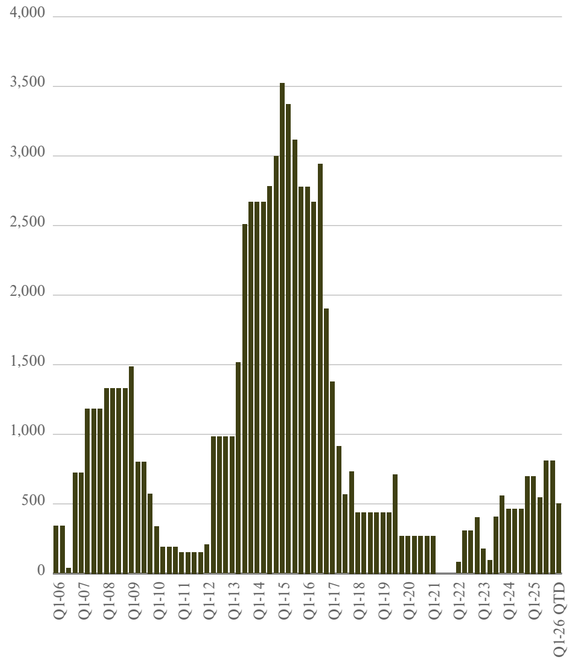
Source: CoStar. Analysis by Beacon Economics.

Commercial Square Feet Under Construction by Property Type (Excl. MF), Social District
Figure 20.



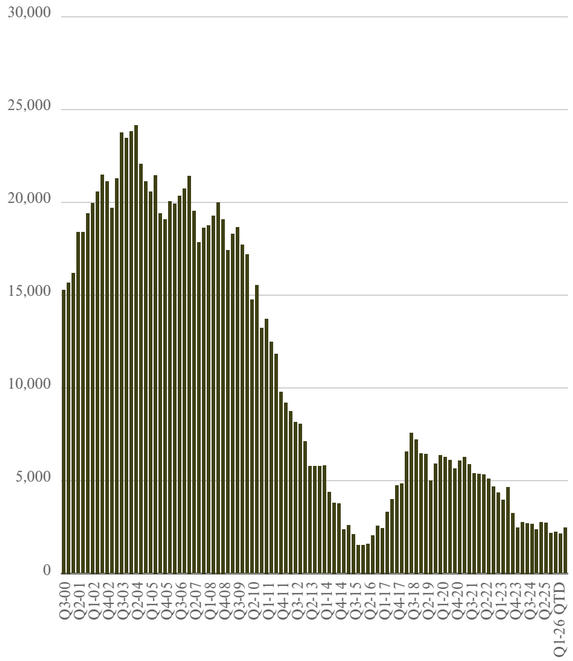
Source: CoStar. Analysis by Beacon Economics.

Multifamily Units Under Construction, Social District
Figure 21.



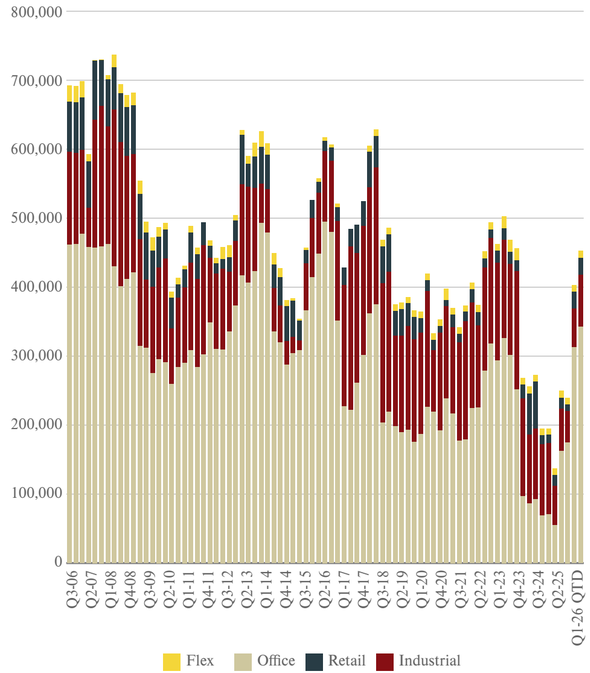
Source: CoStar. Analysis by Beacon Economics.

Multifamily Units Under Construction, City of Los Angeles
Figure 22.



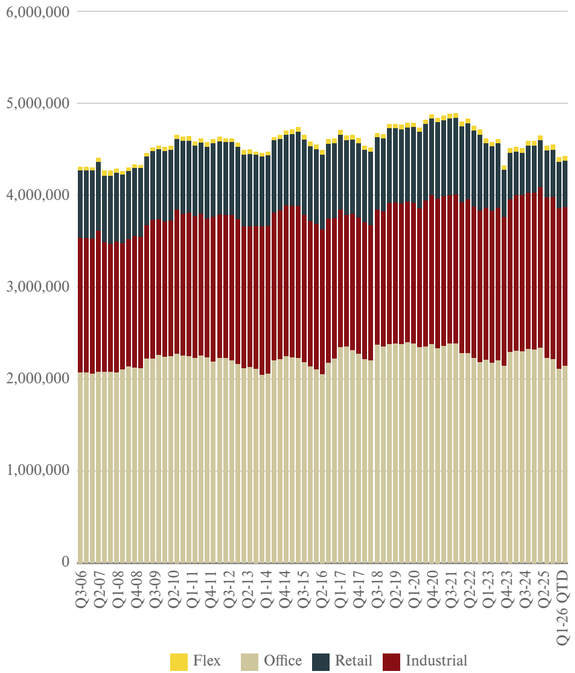
Source: CoStar. Analysis by Beacon Economics.

CRE Total Vacant Square Feet, Social District
Figure 23.



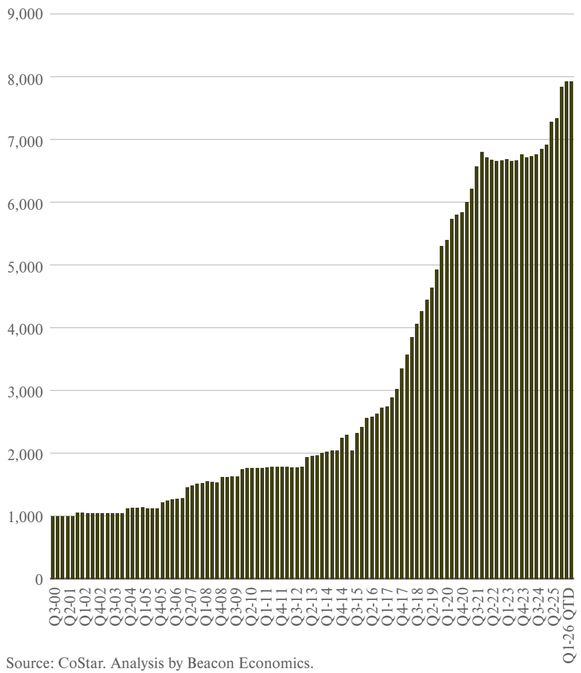
Source: CoStar. Analysis by Beacon Economics.

CRE Total Occupied Square Feet, Social District
Figure 24.



Source: CoStar. Analysis by Beacon Economics.

Multifamily Units Occupied, Social District
Figure 25.



Source: CoStar. Analysis by Beacon Economics.

Commercial Vacancy Rates by Property Type, Social District
Table 11.

	Vacant SF or Units	Q1 2026 (QTD) Rate	Change Since Q1 2020	Change Since Q3 2018	Change Since Q3 2014
Multifamily	750	8.60%	-41.95%	61.64%	101.61%
Office	461134	18.20%	48.95%	-6.48%	53.17%
Industrial	134818	8.50%	15.79%	137.13%	-28.02%
Flex	23187	41.10%	36.67%	3.92%	N/A*
Retail	73227	9.00%	15.79%	137.13%	-28.02%

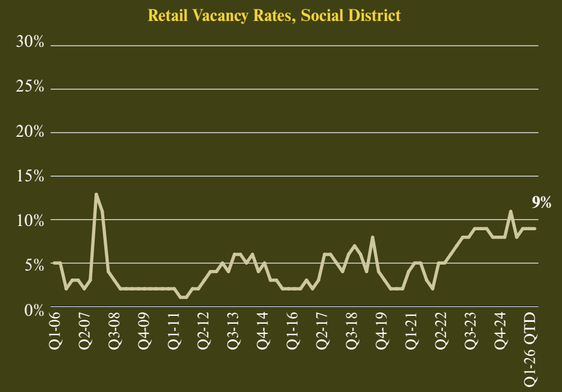
Source: CoStar. Analysis by Beacon Economics.

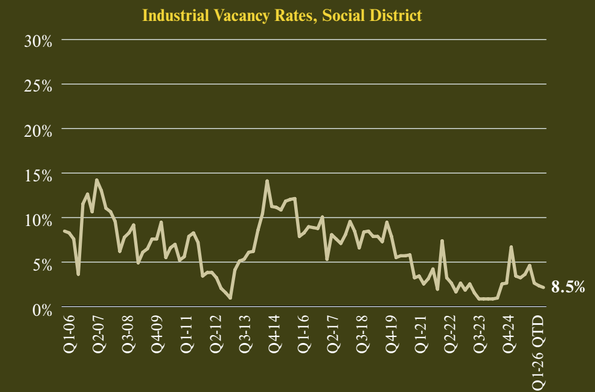
Commercial Vacancy Rates by Property Type, City of Los Angeles
Table 12.

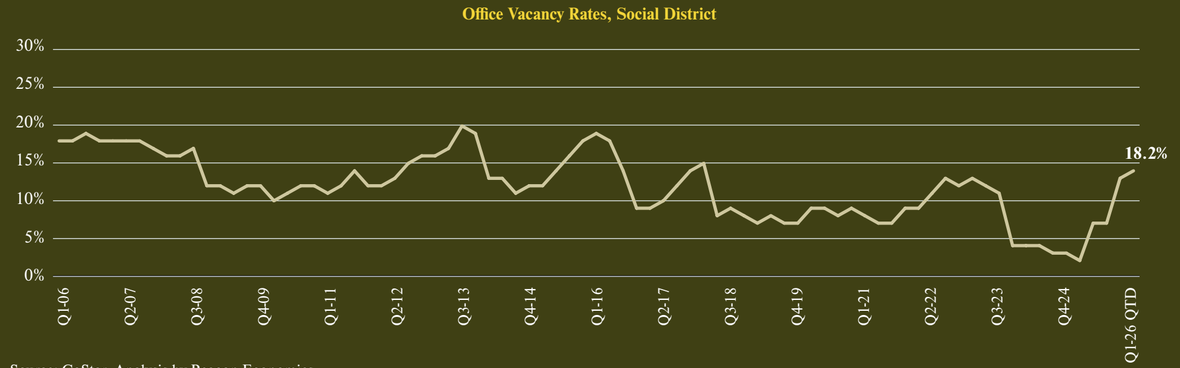
	Vacant SF or Units	Q1 2026 (QTD) Rate	Change Since Q1 2020	Change Since Q3 2018	Change Since Q3 2014
Multifamily	750	8.60%	-41.95%	61.64%	101.61%
Office	461134	18.20%	48.95%	-6.48%	53.17%
Industrial	134818	8.50%	15.79%	137.13%	-28.02%
Flex	23187	41.10%	36.67%	3.92%	N/A*
Retail	73227	9.00%	15.79%	137.13%	-28.02%

Source: CoStar. Analysis by Beacon Economics.

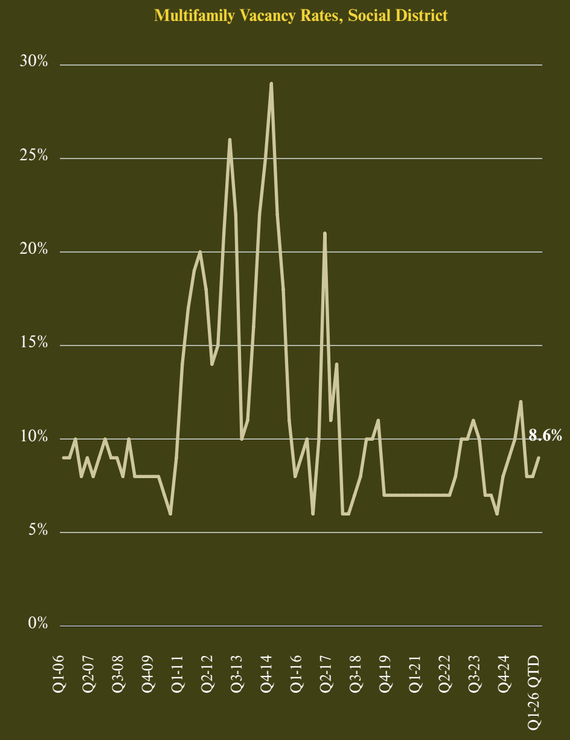
Commercial Vacancy Rates by Property Type, Social District
Figure 26a-e.

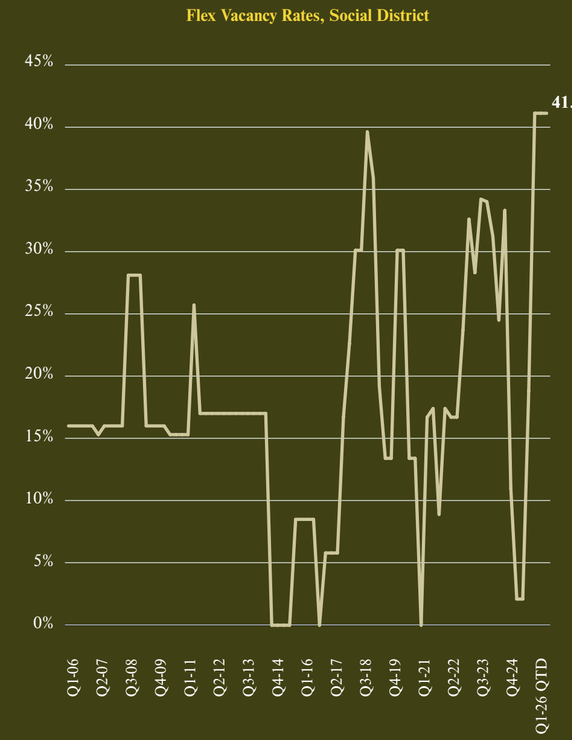






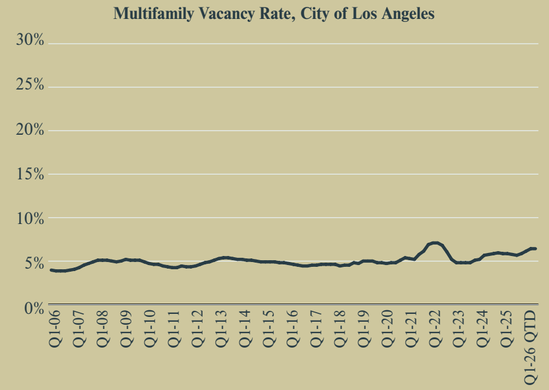
Source: CoStar. Analysis by Beacon Economics.

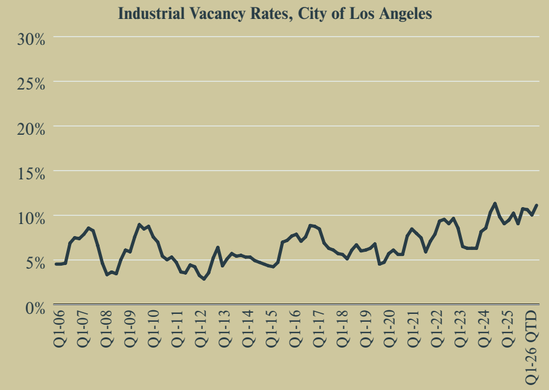


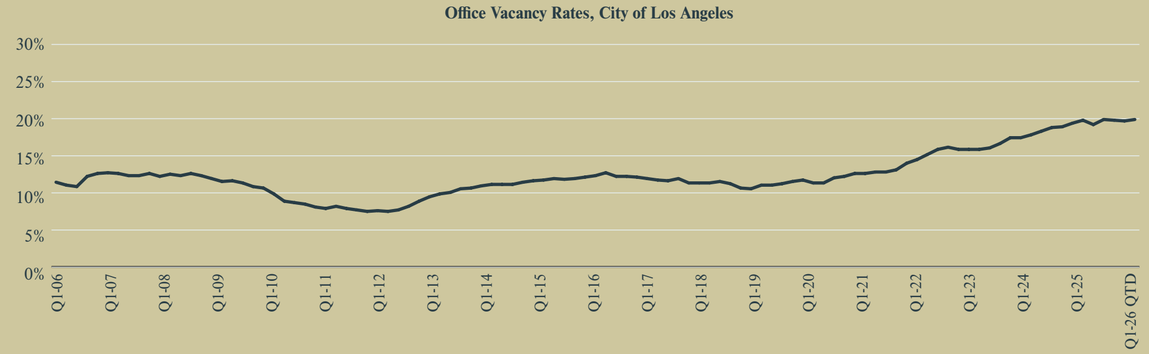


Source: CoStar. Analysis by Beacon Economics.

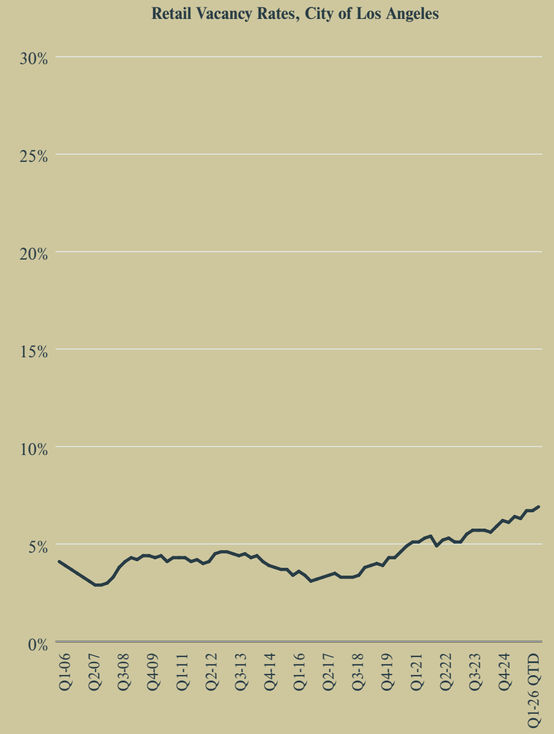
Commercial Vacancy Rates by Property Type, City of Los Angeles
Figure 27a-e.





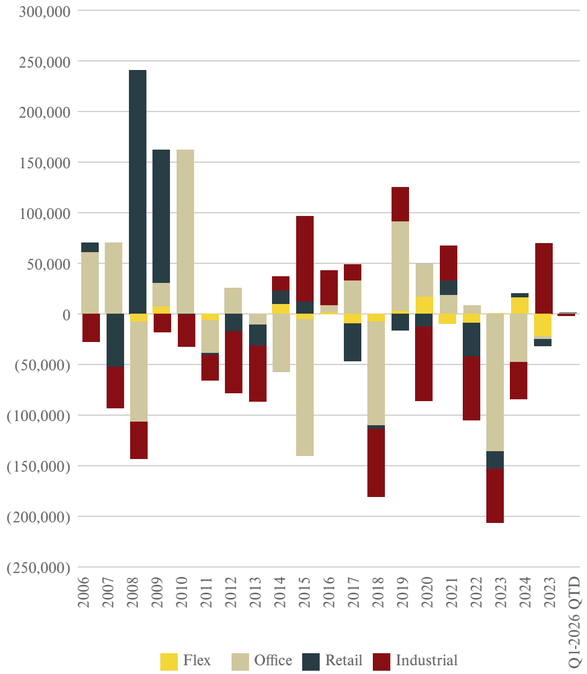


Source: CoStar. Analysis by Beacon Economics.

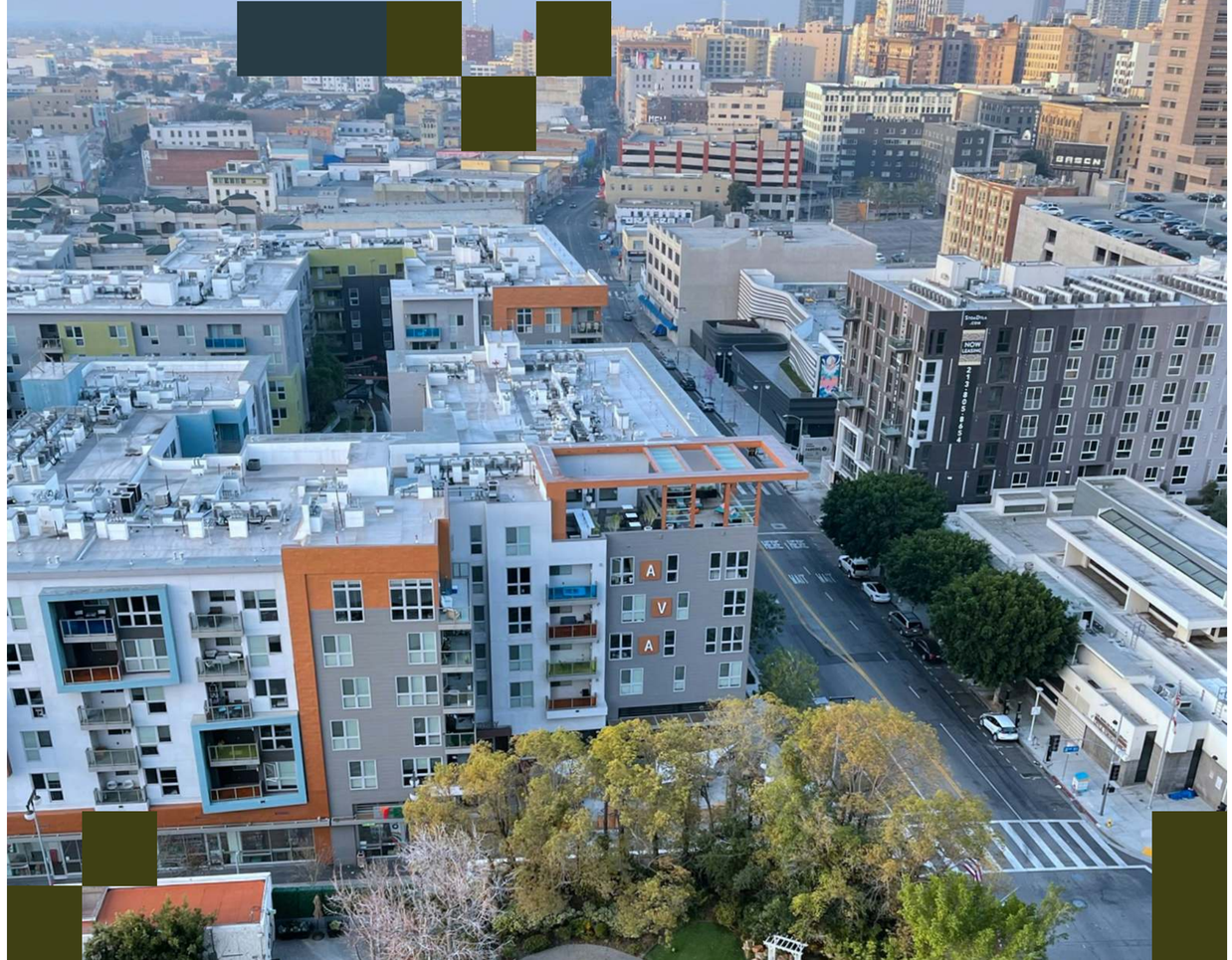


Source: CoStar. Analysis by Beacon Economics.

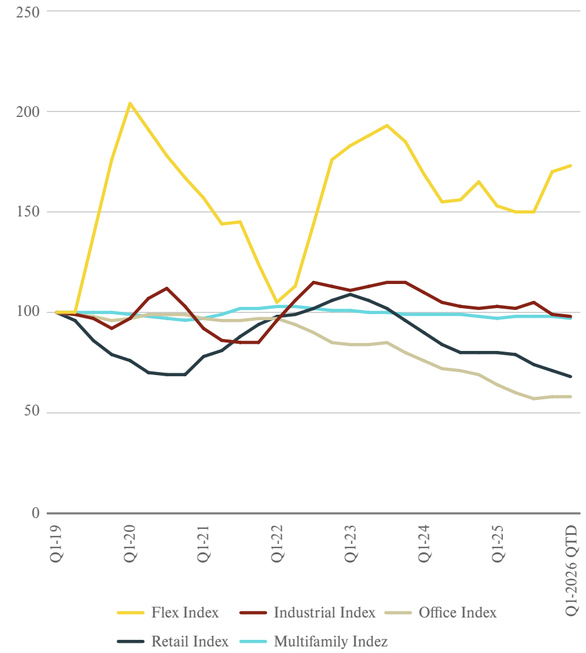
CRE Net Absorption (in Square Feet), Social District
Figure 28.



Source: CoStar. Analysis by Beacon Economics.

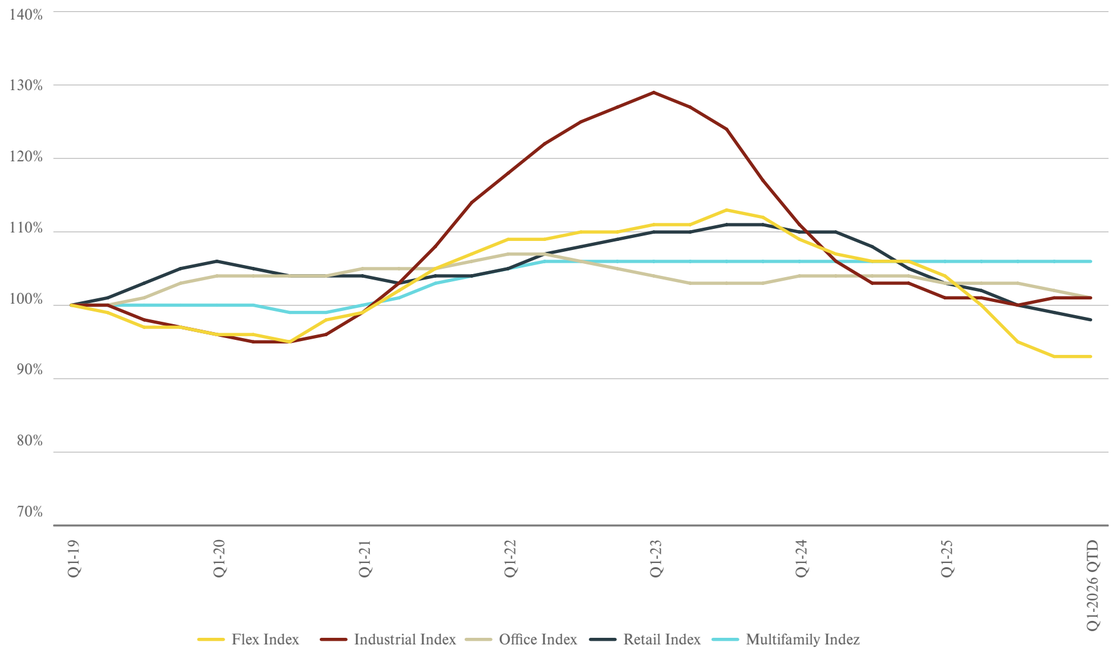


Indexed Base Rent (3-Qtr MA) by Commercial Property Types, Social District
Figure 29.



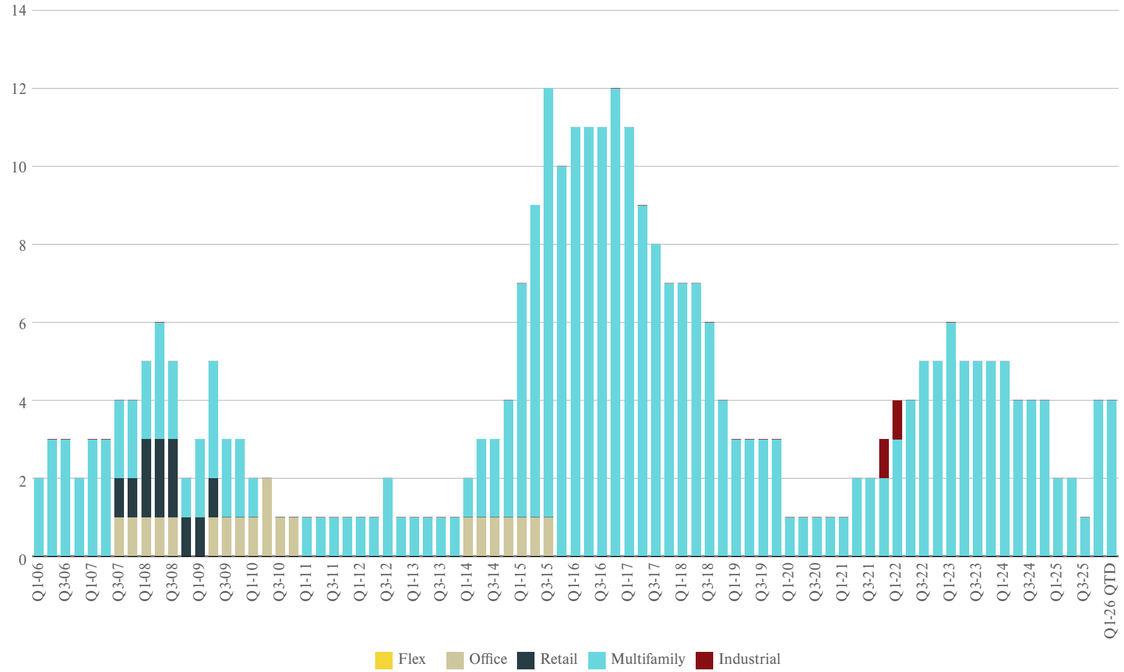
Source: CoStar. Analysis by Beacon Economics.

Indexed Base Rent (3-Qtr MA) by Commercial Property Types, City of LA
Figure 30.



Source: CoStar. Analysis by Beacon Economics.

Commercial Buildings Under Construction by Property Type, Social District
Figure 31.



Source: CoStar. Analysis by Beacon Economics.

Part V. Zoning and Land Use

The Social District is already a dense mixed-use area anchored by the LA Convention Center, LA Live, Crypto.com Arena (formerly Staples Center), and surrounding entertainment uses. Under the 2003 Central City Community Plan, the District was already planned for high-intensity development, with significant capacity for residential and mixed-use growth.

The DTLA 2040 plan builds on this foundation rather than introducing entirely new intensity.[6] It recasts much of the District under the "Transit Core" designation, which allows for higher-density, transit-oriented development and expands opportunities for residential and community-serving uses. In practical terms, this includes updated zoning controls, increased by-right development potential on many sites, and the removal of parking minimums in Downtown areas.

[6] https://planning.lacity.gov/odocument/d2143d14-572d-4dc2-911a-0a4cbdd0fa9f/draft_concepts_from_the_downtown_community_plans_open_studio_and_design_charrette_-_introduction___background_2.pdf

At the same time, the District is not governed by a single, uniform set of rules. Key portions of the area, particularly around the convention center and arena, remain subject to specific plan controls such as the **Los Angeles Sports and Entertainment District (LASED) Specific Plan**. While the Central City Community Plan establishes broader land use goals for Downtown Los Angeles, the LASED Specific Plan imposes more detailed and prescriptive requirements on permitted uses, site design, and building form within the District.[7],[8]

Within the LASED Specific Plan area, development regulations are designed to support an active, pedestrian-oriented environment consistent with the District's role as an entertainment hub. However, these same regulations also introduce constraints that shape which uses can realistically locate in the District. In practice, this creates a gap between the development capacity allowed under broader zoning and what is feasible on the ground.

[7] https://planning.lacity.gov/odocument/2ddbdde0-a8fb-46e3-a151-f52fd09cc084/Central_City_Community_Plan.pdf?
[8] ttps://cityclerk.lacity.org/onlinedocs/2022/22-0538_ord_draft_5-30-24.pdf?

The regulatory framework operates through three primary mechanisms:

- **Use Restrictions (Closed Use System)**: Land uses in the District are limited to those permitted under the LASED Specific Plan, as incorporated into the Los Angeles Municipal Code governing the LASED zone (LAMC §12.16.3).[9] This effectively creates a closed system that narrows the range of potential tenants.

- **Ground-Floor Activation and Design Requirements**: The Specific Plan imposes detailed development and urban design standards intended to ensure active, pedestrian-oriented frontages. These include requirements for publicly accessible, active ground-floor uses (such as retail, food and beverage, and entertainment) along key corridors, as well as features such as transparent storefronts and limitations on inactive frontage. These standards are enforced through discretionary review processes, including Project Permit Compliance.[10]

- **Discretionary Use Approvals and Operational Controls**: Certain uses central to the District's entertainment function (particularly alcohol-serving establishments) are subject to additional discretionary approval, including Zoning Administrator review and coordination requirements. These processes introduce additional uncertainty, timing constraints, and potential limitations on the number and type of such uses that can be established.[11]

While these provisions are intended to encourage pedestrian activity and support a cohesive entertainment environment, they also narrow the range of uses able to locate in the District. In practice, this can make it difficult for certain potentially viable businesses to secure space.

These constraints have practical implications for a range of common commercial uses. For example, service-oriented businesses such as pet boarding or daycare may not be permitted or may struggle to meet ground-floor activation requirements due to limited storefront visibility. Similar challenges apply to medical and professional offices, fitness studios, and other personal service facilities. Although these uses could support more consistent, weekday-oriented activity, they may be constrained by use limitations, frontage requirements, or discretionary approvals. As a result, the District's ability to diversify its mix of uses remains limited.

[9] Los Angeles Municipal Code §12.16.3 (Los Angeles Sports and Entertainment District Specific Plan Zone), which restricts land uses to those permitted by the Specific Plan. Available via American Legal Publishing Code Library: https://codelibrary.amlegal.com/codes/los_angeles/latest/lamc/0-0-0-111166bi
[10] City of Los Angeles, Los Angeles Sports and Entertainment District Specific Plan (Ordinance No. 174,224), Development Standards and Urban Design provisions (see sections addressing pedestrian orientation, ground-floor treatment, and Project Permit Compliance requirements).
[11] City of Los Angeles, Los Angeles Sports and Entertainment District Specific Plan (Ordinance No. 174,224), provisions governing alcohol sales and conditional use approvals (including Zoning Administrator review requirements).

Key Zoning and Land Use Characteristics

- **Zoning Supports a Mixed-Use Entertainment District**. Much of the Social District falls within zoning categories that allow a broad mix of commercial, hospitality, residential, and entertainment uses. The LASED Specific Plan governs the core area surrounding Crypto.com Arena, LA Live, and the Los Angeles Convention Center, establishing development standards intended to support a dense, pedestrian-oriented entertainment district with active ground-floor uses and visitor-serving amenities.

- **Large Institutional and Entertainment Anchors Shape the Physical Environment**. Major facilities such as Crypto.com Arena, the Los Angeles Convention Center, and the LA Live complex occupy significant portions of land in the District and function as regional anchors that attract visitors from across Southern California. These uses play a central role in defining the District's character as an event- and tourism-oriented destination.

- **Commercial Uses Dominate the Built Environment**. Across surrounding Downtown districts, commercial uses account for the majority of land use. For example, commercial uses represent roughly 80% of land use in the Downtown Center and Social District areas, and more than 70% in the Historic Core and Downtown Industrial District.

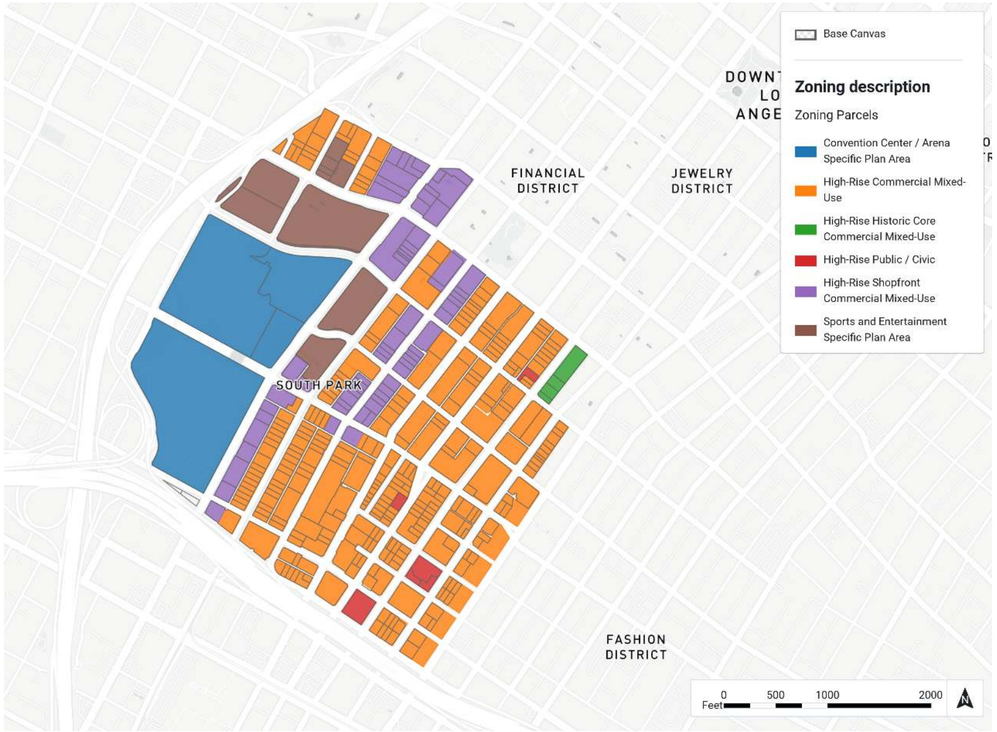
- **Residential Development Has Expanded in the Social District**. Although commercial uses dominate, the Social District has experienced substantial residential growth in recent decades. High-rise multifamily towers and mixed-use developments along corridors such as Grand Avenue, Olive Street, and Figueroa Street have added a growing population base that supports restaurants, entertainment venues, and neighborhood-serving businesses.

- **Zoning Allows Continued Mixed-Use Growth**. Existing zoning regulations generally allow residential, commercial, and hospitality uses in the same districts, providing flexibility for additional mixed-use development over time. This flexibility supports ongoing trends such as office-to-residential conversions and additional residential development in the Social District area.

- **These zoning and land use patterns reinforce the District's dual role as both a regional entertainment destination and a growing mixed-use residential neighborhood.**

Map of the Social District
Figure 32.

Zoning Map, Social District
Figure 33.



Breakdown of Land Use by Category and District
Table 13.

District	Civic/Institutional	Commercial	Industrial	Open/Space	Other	Residential	Transportation/ Utilities
Arts District Los Angeles	7%	47%	18%	0%	6%	3%	19%
Downtown Center	4%	80%	0%	4%	1%	10%	2%
Downtown Industrial District	4%	71%	15%	0%	2%	2%	6%
Fashion District	3%	81%	11%	0%	0%	2%	4%
Greater Chinatown	14%	57%	10%	2%	2%	6%	8%
Social District	5%	80%	4%	0%	0%	11%	1%
Historic Core	8%	74%	0%	1%	0%	14%	2%
Little Tokyo	13%	54%	8%	0%	0%	20%	5%
Wilshire Center	12%	34%	0%	2%	1%	47%	3%

Source: UrbanFootprint. Analysis by Beacon Economics.

Note: UrbanFootprint assigns a single primary use to each parcel. As a result, mixed-use buildings may be classified as either residential or commercial, which can understate the true extent of multifamily housing in the District.

The preceding sections suggest that the Social District's retail environment was built around a demand profile that has shifted over time. The following section examines how those changes have affected storefront performance and the District's tenant mix.

Part VI. Retail Conditions and Opportunities

Retail is a cornerstone of the Social District's economy, serving as the primary driver of the foot traffic and street-level energy that define this vibrant pocket of Downtown Los Angeles. Retail accounts for nearly 16% of all commercial square footage in the District, compared to roughly 12% across Downtown Los Angeles. In other words, the District is more retail-intensive than its surrounding area and therefore more exposed when conditions soften.

The District's retail base depends on three primary consumer groups: **visitors** drawn to events at Crypto.com Arena and L.A. Live, **office workers** who traditionally support weekday daytime spending, and **residents** who live in the area full-time. When all three groups are active, retail performs well. When one or more weaken, sales and occupancy levels feel the impact.

Retail Vacancy in Context

As of the fourth quarter of 2025, the Social District's retail vacancy rate is 9.2%, roughly in line with Downtown Los Angeles (9.5%), but noticeably higher than the City, county, state, and nation. In other words, while retail vacancies are a broader Downtown issue, the District is operating in a tougher environment than most other markets.

Retail Vacancy Comparisons
Table 14.

District	Retail Vacancy Rate, Q4-25
Social District	9.2%
Downtown	9.5%
Los Angeles City	6.7%
Los Angeles County	5.8%
California	5.4%
United States	4.3%

Source: Costar. Analysis by Beacon Economics.

Dependence on Consumer Groups

The District's three primary consumer groups—event-goers, office workers, and residents—play distinct roles in supporting retail spending, and weakness in any one of them can affect overall performance.

Event Attendance

Regarding events, there is no public evidence of softening demand. According to ESPN, Lakers home game attendance at Crypto.com Arena has remained steady in recent seasons, averaging roughly 18,600 to 18,900 attendees per game from 2022 through 2026 to date.

Office Workers

The more significant shift has come from office workers. Downtown Los Angeles office vacancy is at a historic high, reducing the daytime population that traditionally supports restaurants, coffee shops, and convenience stores. The reduced presence of public-sector employees has contributed to this softness.[12] Even in occupied buildings, most workers are now only physically present two to three days per week. Compared to the five-day pre-pandemic norm, that effectively reduces the District's reliable weekday consumer base by 40% to 60%. While Downtown still benefits from major employers, transit access, and strong entertainment amenities, the shift to hybrid work has structurally reduced daily foot traffic.

[12] Sharp, Bianca. "The Push to Bring Government Workers Back to Downtown LA Is Gaining Steam." Bisnow. https://www.bisnow.com/los-angeles/news/office/government-workers-downtown-los-angeles-131027.

Resident Spending

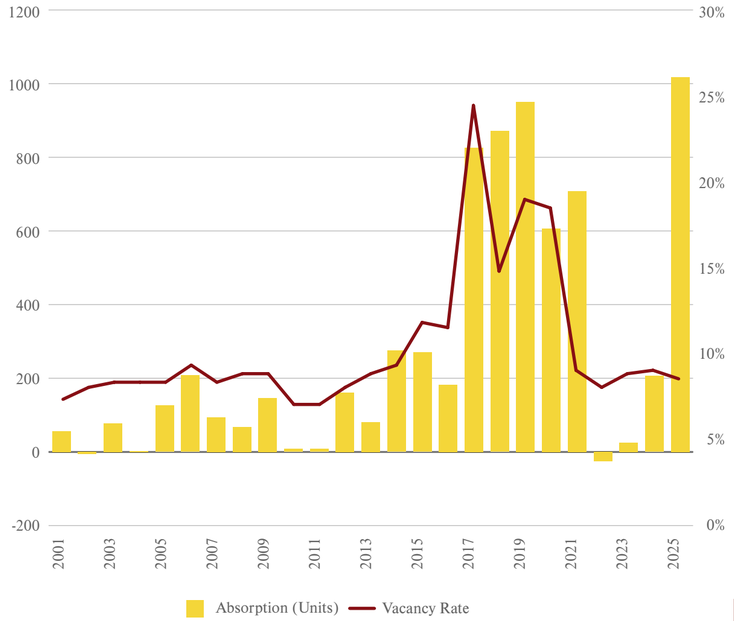
Unlike weekday office traffic, residential demand isn't tied to hybrid work schedules; its impact depends instead on occupancy levels and spending patterns.

Housing demand in the District remains solid despite weakness in the office market. In 2025, the Social District recorded a record year for apartment absorption, and vacancy rates remain near historic norms at roughly 8.5%. Although apartment vacancy in the District is slightly higher than the citywide average, this largely reflects the higher-end nature of Downtown units rather than a broad decline in demand.[13]

Resident spending is concentrated in everyday categories. "Daily needs" retail, including urban-format pharmacies and specialty grocers, represents average annual spending of nearly $32,000 per household. While residential demand alone cannot fully replace pre-pandemic office-driven spending, it provides a consistent base that supports certain segments of the retail mix.

[13] This is reflected in spending patterns for households in the region, consisting of four Census Tracts that encompass the Bid: Census Tract 2077.11, 2079.01, 2079.02, and 2240.10.

Apartment Demand, Social District
Figure 34.



Source: CoStar. Analysis by Beacon Economics.

Resident Household Spending Patterns on Select Segments
Table 15.

Category	Annual Spending Per HH	Segments Included
Daily Needs and Essential Anchors	$31,926.84	Groceries (at home), Health Care, Medical
Food, Beverage and Entertainment	$12,832.57	Dining Out, Entertainment/ Recreation
Household and Lifestyle Services	$12,381.87	Home Improvements, Education, Child Care, Pet Services, and Housekeeping
Soft Goods and Apparel	$3,221.25	Apparel and Footwear

Source: Costar. Analysis by Beacon Economics.

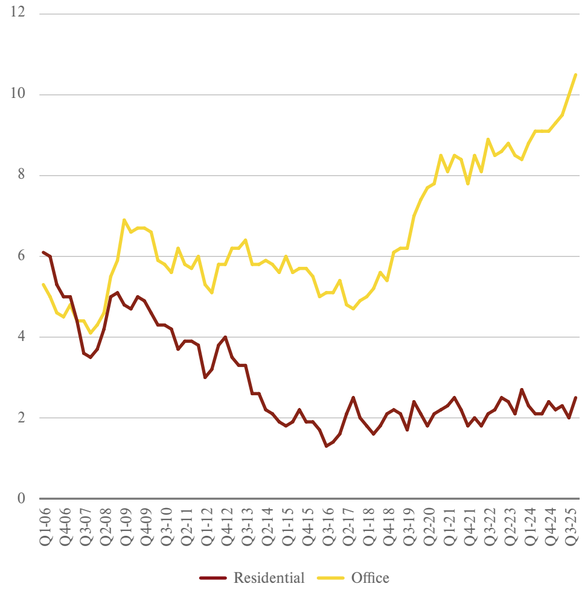
Broader Retail Headwinds

The retail sector has faced challenges in recent years. The pandemic dramatically increased online shopping, reducing the demand for traditional brick-and-mortar retail. At the same time, Downtown locations often command rent premiums that are difficult for smaller, independent operators to absorb.

The Social District's retail composition further increases exposure to these trends. A large share of retail space comprises storefront retail embedded in office properties. In Los Angeles, this subtype has struggled disproportionately. While storefront retail attached to residential developments has remained comparatively stable (consistent with the principle that "retail follows rooftops"), office-facing storefront retail has seen vacancies rise sharply as worker foot traffic has declined.

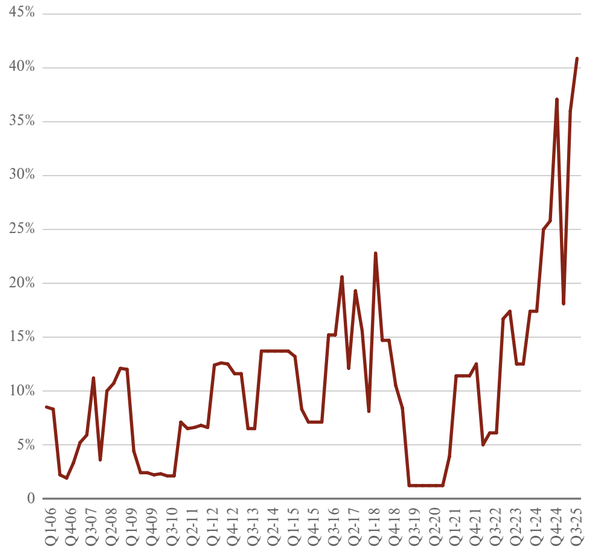
Similarly, storefront retail in office properties has been struggling. Before the pandemic, the vacancy rate for storefront retail in office properties was 5% in the District. However, with the rise of remote work and shift to a hybrid schedule, the vacancy rate has climbed to more than 40%.

Apartment Demand, Social District
Figure 35.



Source: CoStar. Analysis by Beacon Economics.

Storefront Retail Vacancy for Office Properties, Social District
Figure 36.



Source: CoStar. Analysis by Beacon Economics.

Retail Mix and Tenant Composition

The Social District's tenant mix is anchored by large-scale entertainment, hospitality, and institutional uses, driven primarily by L.A. Live, the Los Angeles Convention Center, and Crypto.com Arena. Major commercial towers such as the AT&T Center, along with large multifamily developments with ground-floor retail (including AVEN and Circa LA), further shape the District's built environment. Overall, the area skews strongly toward experience-oriented uses rather than traditional, neighborhood-serving retail.

Entertainment and Dining.

The District has a high concentration of large-footprint, destination dining and entertainment venues, including Regal Cinemas, The Belasco, Yard House, Fleming's Prime Steakhouse, Lucky Strike Lanes, Level 8 at the Moxy, Mastro's, El Cholo, and Bossa Nova. These tenants draw regional visitors and perform strongly during events and weekends.

Institutional and Corporate Anchors.

Health Care, Education, and corporate users are also prominent, including California Hospital Medical Center, Eisner Health, USC School of Social Work, Arizona State University, WeWork, LA28, Swinerton, and AEG Worldwide. These anchors support daytime activity, though hybrid work has reduced consistency.

Fitness.

The District has a solid presence of boutique and national fitness brands such as F45 Training, John Reed Fitness, and Hot Yoga Creative. These uses generate recurring visits but are still tied to residential and worker presence.

Quick Service Restaurants.

There is a dense clustering of fast-casual food and coffee operators serving office workers and event crowds, including Starbucks, Robeks, El Pollo Loco, and Wetzel's Pretzels.

Benchmark comparisons reinforce this structural orientation. The District is significantly over-concentrated in Entertainment and Culture (25.3% of square footage vs. 1.6% benchmark) and Fitness and Recreation (8.7% vs. 1.1%), with Food and Beverage also above benchmark levels. At the same time, the District shows pronounced under-allocation in neighborhood-serving categories, particularly Personal Services (1.2% vs. 15.8%) and Grocery and Specialty Food (0% vs. 8.1%). Professional and office uses are relatively aligned with benchmark shares.

Location quotient (LQ) analysis based on tenant counts confirms these findings. Experiential categories such as Entertainment and Culture (LQ 4.52), Fitness and Recreation (LQ 3.95), and Food and Beverage (LQ 1.90) are significantly overrepresented relative to citywide benchmarks. Conversely, daily-needs categories, including Grocery and Specialty Food (LQ 0.39), Personal Services (LQ 0.61), and Medical/Health Services (LQ 0.13), are underrepresented.

Although the Social District contains a substantial amount of medical space, it is concentrated in large institutional facilities such as California Hospital Medical Center (over 226,000 square feet) and Eisner Health (approximately 20,000 square feet). Smaller, consumer-facing health and wellness storefronts are relatively limited. As a result, Health Care presence in the District is driven primarily by large institutional users rather than the types of ground-floor services that typically integrate into mixed-use residential environments.

More broadly, this imbalance is visible at the corridor level. Along major streets such as Figueroa, Grand, and Olympic, entertainment, dining, and other experience-oriented uses substantially outnumber everyday neighborhood services. In several segments, daily-needs retail—such as grocery, pharmacy, personal services, and neighborhood medical clinics—is limited or absent.

Taken together, the tenant mix, space allocation, and tenant concentration data indicate a district structured primarily around event-driven and destination activity, with limited provision for everyday, neighborhood-serving retail.

Retail Space Allocation and Benchmark Variance

Table 16.

Retail Category	District SF	District Share (SF)	Benchmark SF[14]	Bench Share (SF)	SF Variance	Allocation Status
Personal Services	7,125	1.17%	222,495	15.80%	**-14.63%**	Deficit
Grocery and Specialty Food	0	0.00%	114,317	8.12%	**-8.12%**	Deficit
Medical/Health Services	5,322	0.87%	71,375	5.07%	**-4.20%**	Equilibrated
Specialty Retail	30,950	5.08%	109,150	7.75%	**-2.67%**	Equilibrated
Professional and Office Services	110,243	18.10%	281,648	20.00%	**-1.90%**	Equilibrated
Automotive	1,500	0.25%	25,431	1.81%	**-1.56%**	Equilibrated
Apparel and Accessories	24,553	4.03%	77,936	5.54%	**-1.50%**	Equilibrated
Education/Childcare	1,500	0.25%	23,072	1.64%	**-1.39%**	Equilibrated
Pharmacy and Personal Care	6,054	0.99%	29,366	2.09%	**-1.09%**	Equilibrated
Other/Institutional	16,750	2.75%	42,496	3.02%	**-0.27%**	Equilibrated
Home and Living	8,300	1.36%	16,406	1.17%	**0.20%**	Equilibrated
Financial Services	39,764	6.53%	54,367	3.86%	**2.67%**	Equilibrated
Food and Beverage	150,292	24.67%	302,346	21.47%	**3.20%**	Equilibrated
Fitness and Recreation	52,722	8.66%	15,444	1.10%	**7.56%**	Surplus
Entertainment and Culture	154,021	25.29%	22,119	1.57%	**23.72%**	Surplus

Source: Costar. Analysis by Beacon Economics.

[14] City of Los Angeles Storefront Retail for Residential and Office Properties.

Retail Concentration and Location Quotient (LQ) Analysis

Table 17.

Retail Category	Bench Count	Benchmark SF	District Count	District Share	Location Quotient (LQ)
Medical/Health Services	203	4.10%	1	0.51%	**0.125**
Grocery and Specialty Food	195	3.93%	3	1.53%	**0.389**
Personal Services	502	10.13%	12	6.12%	**0.605**
Financial Services	138	2.78%	4	2.04%	**0.733**
Education/Childcare	83	1.67%	3	1.53%	**0.914**
Specialty Retail	311	6.27%	13	6.63%	**1.057**
Apparel and Accessories	209	4.22%	10	5.10%	**1.21**
Other/Institutional	146	2.95%	7	3.57%	**1.213**
Professional and Office Services	1,020	20.58%	49	25.00%	**1.215**
Pharmacy and Personal Care	60	1.21%	3	1.53%	**1.265**
Automotive	80	1.61%	5	2.55%	**1.581**
Home and Living	46	0.93%	3	1.53%	**1.649**
Food and Beverage	547	11.03%	41	20.92%	**1.896**
Fitness and Recreation	32	0.65%	5	2.55%	**3.952**
Entertainment and Culture	56	1.13%	10	5.10%	**4.516**

Source: Costar. Analysis by Beacon Economics.

Retail Tenant Distribution by Corridor and Classification
Table 18.

Corridor	Daily Needs	Experience	Other	Services	Total
S. Grand Ave.	3	10	4	23	40
S. Figueroa St.	2	16	3	12	33
S. Hope St.	1	9	4	13	27
S. Flower St.	0	6	1	11	18
S. Hill St.	0	9	3	6	18
W. Olympic Blvd.	1	10	2	5	18
S. Broadway	0	5	4	4	13
W. Pico Blvd.	1	5	0	4	10
S. Olive St.	0	5	4	0	9
W. 12th St.	0	2	0	2	4

Source: CoStar. Analysis by Beacon Economics.

Primary District Character by Retail Corridor
Table 19.

Street / Corridor	Retail Tenants	Share of District Retail	Primary District Character
S. Grand Ave	40	20.4%	Heavily concentrated with Medical, Services, and high-density residential.
S. Figueroa St.	33	16.8%	The "Experience" corridor; dominated by destination Food and Beverage and Entertainment.
S. Hope St.	27	13.8%	A professional/residential corridor ideal for Daily Needs targeting.
S. Flower St.	18	9.2%	Professional services hub with growing residential overlap.
S. Hill St.	18	9.2%	Mixed utility; strong target for localized Personal Services.
W. Olympic Blvd.	18	9.2%	Major east-west thoroughfare with a mix of retail and automotive.
S. Broadway	13	6.6%	Historic commercial corridor.
W. Pico Blvd	10	5.1%	Southern boundary, heavily automotive and wholesale adjacent.
S. Olive St.	9	4.6%	Emerging residential/retail frontage.
W. 12th St.	4	2.0%	Cross-street connector.

Source: CoStar. Analysis by Beacon Economics.

What Types of Storefront Retail Succeed in Los Angeles?

Here, “success” is defined by tenure—essentially, which retail categories remain viable once they open. For retail attraction purposes, the key question is which types of tenants are most likely to stay over time.

To reduce noise, retailers are grouped into 15 categories. Tenure is reported in two ways:

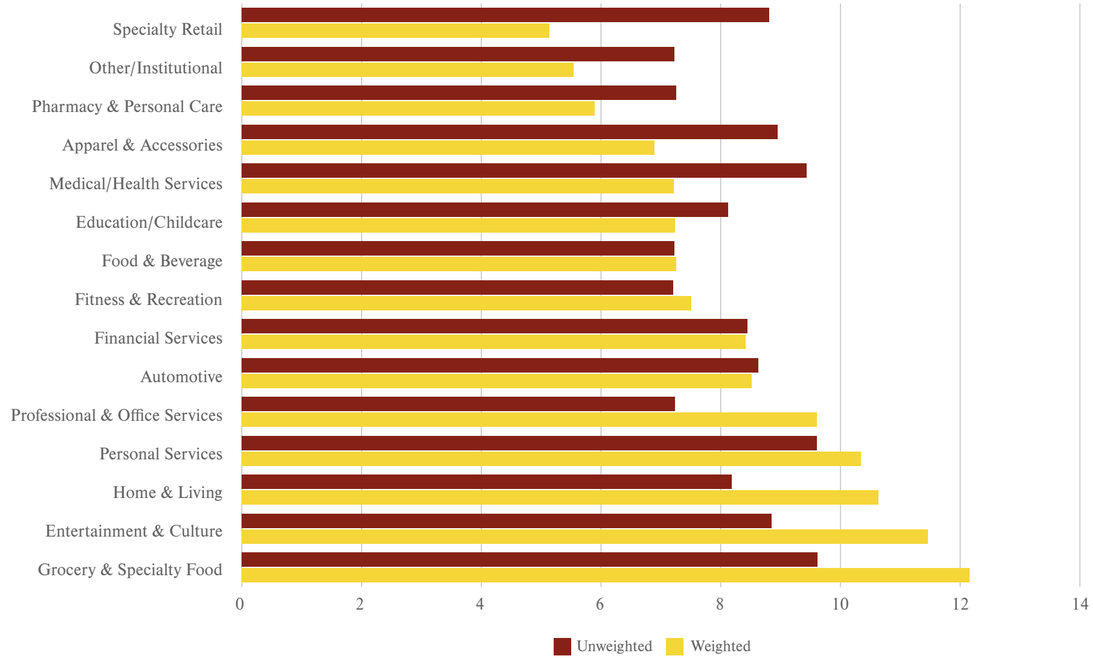
- **Unweighted tenure** – the average length of occupancy per establishment, and
- **Weighted tenure** – adjusted for occupied square footage, giving more weight to larger-format tenants.

Across Los Angeles, the most durable storefront tenants tend to be experiential, localized, and dependent on physical space. Businesses such as salons, medical offices, and dry cleaners require specialized build-outs—plumbing, heavy power, ventilation, or equipment—that are costly to replicate. Because these uses cannot easily shift online or relocate without significant expense, they tend to remain in place longer than more moveable categories like apparel or electronics retail.

Across Los Angeles, the highest weighted tenure is seen in **Grocery and Specialty Food**, followed by **Entertainment and Culture, Home and Living**, and **Professional and Office Services**. In these categories, weighted tenure is greater than unweighted tenure, meaning that larger-format tenants tend to remain in place longer than smaller operators. This pattern suggests that these uses often function as long-term anchors within commercial corridors.

By contrast, **Specialty Retail** shows a large gap between weighted and unweighted tenure in the opposite direction. This means that large-format specialty retailers (including apparel and electronics) tend to experience more turnover than smaller shops in the same category.

Employment Change (Q1 2020 to Q1 2025)
Figure 37.



Source: CoStar. Analysis by Beacon Economics.

What Can Improve Retail Performance in the Social District

The District's retail mix remains heavily oriented toward weekend activity and large events. To support more consistent retail performance, the District will likely need to strengthen its "weekday economy" by expanding the types of everyday services and neighborhood retail that generate steady foot traffic throughout the week.

Several structural changes could help support this shift. Increasing residential population, rethinking office amenities in an era of hybrid work, and diversifying the retail base toward daily-needs services could all contribute to a more balanced and resilient retail environment. The following strategies outline ways the District could build on its existing strengths while improving the consistency of demand across different days and times of day.

Amenitizing Offices

With hybrid work likely here to stay,[15] many developers are trying to "amenitize" their way out of the office slowdown.[16] If employees do not need to be in the office five days a week, the office has to offer something they cannot get at home.

Some research suggests that reducing the cost and hassle of commuting, including parking, can help encourage in-person attendance. In dense areas like Downtown Los Angeles, however, free parking is expensive to provide and often not feasible at scale. Other amenities may ultimately be more impactful. For example, on-site childcare is still extremely rare. According to CoStar, Los Angeles County has roughly 19,000 office properties, yet only 55 offer daycare. That suggests there is room for office buildings to rethink what they provide to working parents.

Converting Office to Residential

There is a long-standing principle that "retail follows rooftops." Stores and restaurants perform best when there is a built-in residential customer base nearby. That idea is becoming especially relevant in Downtown Los Angeles as excess office space continues to weigh on the market.

Adaptive reuse has become the main strategy for reducing Downtown's excess office space. Jamison Services is leading what is expected to be the largest office-to-residential conversion in the City's history, with plans to transform the one million-square-foot ARCO Tower into 691 housing units. The firm has already delivered nearly 2,500 apartment units through adaptive reuse projects across Los Angeles, including Wilshire Catalina Plaza in Koreatown.[17]

[15] Nicholas Bloom, Survey of Working Arrangements and Attitudes, Stanford University.
[16] https://landparkco.com/blog/reimagining-workspaces-how-amenity-rich-buildings-are-shaping-return-office
[17] Yeh, Catherine, and Bill Kitchens. "Adaptive Reuse in Los Angeles Contributes to Rightsizing Office Inventory." CoStar, August 12, 2025.

Recent policy changes could accelerate this shift. The City's Adaptive Reuse Ordinance, which took effect in February 2026, makes it easier to convert older commercial buildings into housing by streamlining approvals and reducing review timelines.[18] Developers still face challenges, including Measure ULA, but the broader policy direction supports adding housing in areas with high office vacancy.

Completing Residential Projects

The District could also see a more immediate shift in its retail outlook tied to the long-stalled Oceanwide Plaza development, often referred to as the "graffiti towers." A settlement was approved by the U.S. Bankruptcy Court in late January 2026, clearing a major hurdle for the project. Bloomberg reports that a potential investor is already negotiating to purchase the site, and resolving the bankruptcy was a prerequisite to closing that deal.[19] If construction resumes, the completed project will bring 504 luxury condominiums and a 184-room Park Hyatt hotel to the District. The addition of high-income residents and hotel guests would significantly increase demand for food, beverage, and personal services. The upcoming 2028 Olympics may further incentivize progress on the site.

[18] Vincent, Roger. "Thousands of Apartments Set to Sprout in Old Office Buildings." Los Angeles Times. https://www.latimes.com/business/story/2026-02-11/thousands-of-apartments-set-to-sprout-in-old-office-buildings.
[19] Fields-White, Monée. "Oceanwide Plaza Sees Exit." Los Angeles Business Journal. https://labusinessjournal.com/featured/oceanwide-plaza-sees-exit/

The 2028 Olympic and Paralympic Games

The 2028 Olympic and Paralympic Games represent another major opportunity for the District. Several key venues—including Crypto.com Arena and the Los Angeles Convention Center—will host Olympic events, placing the Social District at the center of international visitor activity during the Games.

In the short term, the Olympics will drive a surge in tourism, hospitality demand, and global visibility for Downtown Los Angeles. At the same time, economic research has shown that hosting the Olympics does not always produce long-term financial returns for host cities.[20] With the notable exception of the 1984 Los Angeles Games, many Olympic host cities have struggled to recover the full cost of new infrastructure and facilities. Los Angeles' approach for 2028, which relies heavily on existing venues, may help mitigate some of these risks while still capturing the short-term visitor and investment benefits associated with the event.

[20] https://en.irefeurope.org/publications/online-articles/article/the-olympic-games-a-golden-opportunity-or-an-economic-burden-for-host-countries/

Convention Center Expansion and Modernization

The Los Angeles Convention Center is undergoing major modernization and expansion in advance of the 2028 games.[21] The project is intended to upgrade the aging facility and expand its capacity (potentially adding significant new exhibit space), positioning Los Angeles to compete for larger national and international conventions.

In the near term, the Olympics will elevate the Convention Center's global visibility and create opportunities for increased advertising, sponsorship, and branding associated with major events. Over the longer term, the expanded facility is expected to support a higher volume of convention activity, which would translate into greater weekday demand for restaurants, coffee shops, quick-service food, and other visitor-oriented retail. Convention attendees also tend to generate daytime spending that complements the District's existing event-driven economy.

If the expansion is completed as planned, it could strengthen the District's role as a hospitality and entertainment hub while also supporting more consistent midweek foot traffic for surrounding retail businesses.

[21] https://www.laconventioncenter.com/expansion

Filling the Retail Void

The opportunity for the District is not necessarily to add more experiential tenants, but to diversify the base. This includes recruiting tenants that are resilient to hybrid work patterns. Given the District's growing residential population (and the potential for additional office-to-residential conversions), the Social District will increasingly need to support the day-to-day needs of residents. The District also sits within a sizable walkable residential catchment area, measured by a 15-minute walking distance, suggesting that everyday retail and services could draw consistent demand from nearby households in addition to event and visitor traffic. Full-service grocers, childcare providers, and other neighborhood-serving retail could help replace some of the workforce-driven spending that has declined since the pandemic.

At the same time, some of the District's existing land use and design guidelines may unintentionally limit the types of neighborhood-serving retail that could help stabilize the weekday economy. Ground-floor retail requirements within the LASED Specific Plan area were designed to promote an active entertainment-oriented environment, but in practice, certain restrictions on the configuration and types of permitted uses can make it difficult for smaller service-oriented businesses to locate in the District. As the area continues to evolve into a more mixed-use residential neighborhood, revisiting these requirements could allow a broader range of retail and service tenants capable of generating consistent daily activity rather than primarily event-driven demand.

Missing from the Social District today is a dense clustering of smaller "micro-retail" tenants that generate frequent, repeat visits from local residents. These types of businesses often form the backbone of successful mixed-use neighborhoods. They include:

- **Personal Services**. Everyday services such as dry cleaners, cobblers, tailors, nail salons, and barbershops are among the most common and longest-lasting retail tenants, often remaining in place for 11–14 years or more. The Social District currently has relatively few of these ground-floor services (for example, Crown Cleaners and Nailed It), suggesting room for expansion.

- **Health Care Services**. Smaller-format Health Care providers, such as urgent care clinics, primary care offices, and walk-in medical services, can generate consistent, repeat visits from local residents and workers. These uses could help support more stable, weekday foot traffic.

- **Grocery, Convenience, and Specialty Retail**. While the District includes Pharmacy and Marketplace and Hill Street Market, it lacks the broader network of small markets, specialty food shops, hardware stores, and convenience retailers typically found in established residential neighborhoods (LQ in Grocery and Specialty Food: 0.39). Despite the District's strong concentration of restaurants and bars, residents have limited access to everyday food shopping. Potential tenants that align with the District's demographic profile include:

  - **Trader Joe's**, which continues to expand across Southern California and has several new locations planned in the coming years (4-5 new locations planned for 2026 in SoCal).

  - **Bristol Farms or Newfound Market**, which offer upscale grocery formats that complement the District's existing hospitality and experiential retail mix.

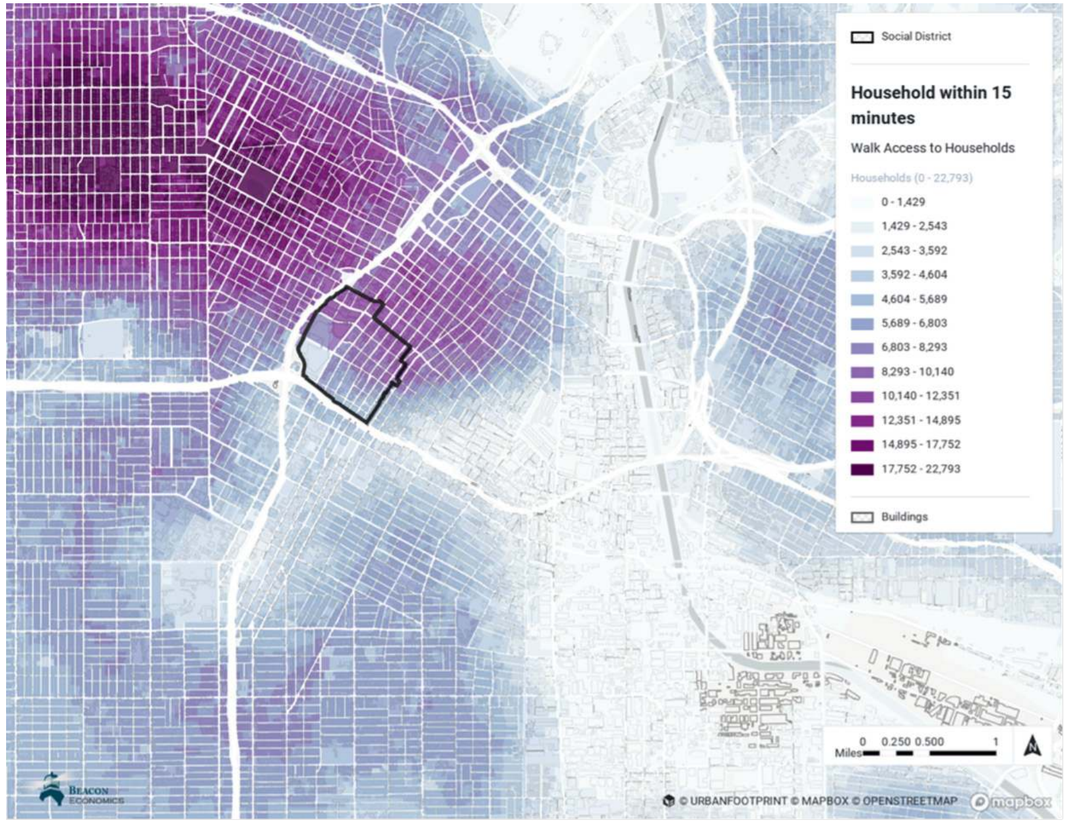
  - **Small-format specialty markets**, similar to the vendor-based model at Grand Central Market, which could provide fresh produce, specialty proteins, and prepared foods in a flexible footprint.

- **Pet-Oriented Services**. As the number of high-rise residents grows, businesses such as dog grooming salons, veterinary clinics, and pet supply boutiques could generate steady local demand.

- **Family Services**. Boutique childcare providers and early childhood education centers could help support working families living in nearby residential towers.

Expanding these types of neighborhood-serving uses could help create more consistent daily activity in the District and complement the strong event-driven economy that already exists.

Households within a 15-Minute Walk to Social District
Figure 38.



High-Priority Retail Voids and Strategic Actions
Table 20.

Store Type	L.A. Success Indicator	Social District Status	Action Item for District
Personal Care	High Retention	Critical Void	Target modern salons, premium barbers, and nail spas.
Pet Services	High Retention	Void	Prioritize grooming, daycare, and boutique vets for ground-floor residential.
Specialty Grocers	High Retention	High Void	Recruit corner-store formats, wine/cheese shops, and local organic markets.
Childcare and Education	Moderate Retention	High Void	Actively recruit preschools and daycares to retain young families.
Everyday Services	Very High Retention	Moderate Void	Integrate drop-off/pick-up dry cleaning and tailoring into mixed-use.
Apparel and Clothing	Low Retention	Equilibrated	Deprioritize. Highly susceptible to e-commerce and high turnover.

Source: CoStar. Analysis by Beacon Economics.

CONCLUSION

The Social District remains one of Downtown Los Angeles' strongest destinations, anchored by major venues and a hospitality-driven economy that continues to generate high-volume spikes in visitation and spending. But the data also point to a clear structural challenge: retail demand has reset to a lower post-pandemic baseline, with weekday foot traffic and everyday retail categories underperforming relative to the District's event-driven strengths. At the same time, the District's built environment is shifting rapidly toward residential, while office-based activity has softened and storefront vacancy—especially in office-linked retail—has risen sharply.

Improving retail performance will therefore depend less on adding more experiential tenants and more on strengthening the District's "weekday economy." That means aligning the ground-floor retail environment with the needs of a growing residential base, attracting durable neighborhood-serving uses, and ensuring that zoning and design guidelines do not unintentionally restrict the types of tenants that can generate consistent daily activity. With major developments and upcoming global events on the horizon, the Social District has an opportunity to convert destination momentum into a more balanced and resilient retail ecosystem, one that performs not just on game nights but throughout the week.

About Beacon Economics

Founded in 2006, Beacon Economics—an LLC and certified Small Business Enterprise with the state of California—is an independent research and consulting firm dedicated to delivering accurate, insightful, and objectively based economic analysis. Employing unique proprietary models, vast databases, and sophisticated data processing, the company's specialized practice areas include sustainable growth and development, real estate market analysis, economic forecasting, industry analysis, economic policy analysis, and economic impact studies. Beacon Economics equips its clients with the data and analysis they need to understand the significance of on-the-ground realities and to make informed business and policy decisions.

Learn more at beaconecon.com

Project Team

Christopher Thornberg, PhD
Founding Partner (Project Advisor)

Justin Niakamal
Research Manager

Niree Kodaverdian, PhD
Research Manager

For further information about this report or to learn more about Beacon Economics, please contact:

Sherif Hanna
Managing Partner
Sherif@beaconecon.com

Victoria Bond
Director of Marketing and Communications
Victoria@beaconecon.com

Beacon Economics LLC shall remain the exclusive owner of any proprietary Information and all patents, copyrights, trade secrets, trademarks, domain names, and other intellectual property contained herein.

Regional Intelligence and Policy Analysis

Los Angeles Social District

THE SOCIAL DISTRICT