THE POTENTIAL DEMAND FOR OFFICE SPACE AT THE FRED C. NELLES YOUTH CORRECTIONAL CENTER SITE IN WHITTIER, CALIFORNIA

A Report to

State of California
Department of General Services
Real Estate Services Division
Asset Planning and Enhancement Branch

From

GRUEN GRUEN + ASSOCIATES
Urban Economists, Market Strategists & Land Use/Public Policy Analysts

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CHAPTER I

INTRODUCTION AND CONCLUSIONS

INTRODUCTION AND PURPOSE

This report summarizes the results of the market research and analysis Gruen Gruen + Associates ("GG+A") conducted to estimate the office space demand potential for the now closed Fred C. Nelles Youth Correctional Center site in Whittier, California, given market conditions and the competitive position of the site.

WORK COMPLETED

In order to accomplish the study objectives, GG+A performed the following principal tasks:

1. Conducted site and property inspections and interviews with real estate brokers and developers. We directed these interviews toward gaining information and insights on: (a) the origins and types of office space users, (b) the alternative locations office space users will consider, (c) the relative advantages and disadvantages of the site as an office location, (d) building space rents, and (e) supply conditions;

2. Studied data on office space inventory;

3. Analyzed employment data and prepared a forecast of employment and office building space demand; and

4. Synthesized the results of the research and analysis to reach a judgment on whether demand for office space is likely to be sufficiently strong to support the feasible development of office space.

REPORT ORGANIZATION

The research and analysis on which we base the conclusions presented in the next section of Chapter I is summarized in the following chapters. Chapter II identifies the primary geographic market area within which Whittier office space competes for users and main sources of potential demand. Chapter II summarizes the primary advantages and disadvantages of Whittier as an office location and the competitive position of the site for office space. Chapter II reviews employment trends by economic sector and the office space demand implications associated with such employment trends. Chapter III evaluates the current and likely future Whittier market office space conditions given the demand potential indicated by employment trends in the economic sectors associated with the use of office space.

CONCLUSIONS

- The primary market area within which office space users move from and office buildings owners compete for tenants is the City of Whittier and to a lesser extent adjoining communities along the Interstate 605 corridor.

- A high proportion of the office space users in Whittier are smaller, in the finance, insurance, and real estate and services sectors and tend to serve area residents or other businesses in or near Whittier.

- The hospitals and Whittier College had traditionally generated demand for office space, but due to declining enrollment, Whittier College has reduced its non-campus office space use and the recently sold Whittier Hospital is no longer generating demand for office space. Presbyterian Intercommunity Hospital does not currently have any demand for additional medical office space. The Presbyterian Intercommunity Hospital has sufficient land on its existing campus to construct medical office space should the Board decide its mission includes developing additional office space.

- The site in particular and the City of Whittier generally do not have the requisite set of attributes for major successful suburban office locations. The site and environs lacks the: (a) accessibility and visibility to major highways, (b) proximity to a critical mass of office space users and well-educated, highly skilled employee base, and (c) proximity to support services sought by corporate and larger professional service and finance sector space users.

- The absence of significant agglomerational and comparative advantages and presence of disadvantages and high vacancy rates of existing supply of larger, higher-quality office buildings in Whittier suggest it is not likely that a high proportion of out-of-area firms will be attracted to office development at the site. "Class A" office space development targeted to large users who export theirs services outside the local market would represent a pioneering and risky effort.

- Any office space at the site would be more likely to be market responsive if targeted to service/commercial oriented or smaller businesses.

- We estimate potential office space demand growth for Whittier as a whole between now and 2010 of approximately 125,000 to 141,000 square feet of space.

- The office space inventory within Whittier has not grown significantly since 1993. The highest level of vacant space is found in buildings with the highest net rents around the area west of the Whittwood Town Center. Both of these findings are consistent with the other findings indicating weak demand for higher-quality office space. The Uptown submarket enjoys higher average occupancy but lower net rents than those buildings located west of the Whittwood Town Center. The interviews and review of inventory data indicate that the Uptown submarket has been able to attract relatively price sensitive office space users.

- The forecast office space demand as a share of current total supply would represent 14 to 16 percent of the building space inventory of buildings larger than 14,000 square feet. Given that Whittier has not experienced this much growth in inventory in the past 10 years, and given the competitive disadvantages found to apply, the forecast demand growth may be optimistic. Comparing the forecast demand to the amount of existing vacant space, however, suggests excess demand potential of about 51,000 to 67,000 square feet in 2010 for the City as a whole.

- While the site's competitive position is weak, if the optimistic demand forecast could be realized for the City as a whole, new very attractively priced space may be able to attract some new demand and siphon off demand from existing obsolete facilities. Assuming that the site could serve 20 to 30 percent of the total excess demand would suggest a scale of potential office development of 10,000 to 20,000 square feet of space. This space should be integrated with any retail space for the site.

- If a harmonious workplace setting could be created for a modest amount of office space designed to attract users from older, less competitive buildings within Whittier, obtainable gross monthly rents would likely range from $1.50 to $1.75 per square foot. Given weak demand, the site is not a well-established location for office space, and absence of compelling comparative advantages, office space development can be expected to be risky and less profitable than alternative use options.

CHAPTER II

DEMAND FOR OFFICE SPACE

THE PRIMARY MARKET AREA

The interviews with knowledgeable real estate brokers and office space developers and review of supply and tenanting trends suggest that the primary market area within which the site would compete for office space users is the City of Whittier. That is, when searching for office space, most prospective users will typically consider buildings in Whittier. To a much lesser extent, some users will consider locations and buildings located outside of Whittier. The locations some users will consider outside of Whittier are typically situated along the Interstate 605 corridor, and include the cities of Montebello, Pico Rivera, El Monte, Santa Fe Springs, Industry, and Cerritos.

DESCRIPTION OF WHITTIER OFFICE SPACE INVENTORY

The office space inventory in Whittier consists primarily of older, smaller-scale office buildings built in the 1950's, 1960's, 1970's and 1980's. Map II-1 shows the locations of the primary stock of office buildings in Whittier. The largest concentrations of office space in Whittier are on Whittier Boulevard, approximately 3.5-miles and 4.5 to five-miles east of the site and in the Uptown/civic center area about one mile east and southeast of the site.

Two of the larger and higher-quality "Class A" buildings containing a total of 132,500 square feet of space are located at 15111 and 15141 East Whittier Boulevard, about 3.5 miles east of the site. The four-story Whittier I was built in 1967 and renovated in 1982. The five-story Whittier II was built in 1981. Another 96,400 square feet of office space in three buildings is located in this area at Whittier Boulevard and Colima Road about one-half mile west of the Whittwood Town Center and the Whittier Hospital. The three other buildings are Class C and Class B space built between late 1950's and mid-1960's. Most of this space is either primarily medical-related or oriented to serving smaller service businesses.

The largest concentration of office space is located in the Uptown, civic center area about one mile east of the site of approximately 310,000 square feet Much of the space is located in older, smaller buildings of less than 20,000 square feet in size.

GEOGRAPHIC ORIGINS AND TYPES OF POTENTIAL OFFICE SPACE USERS

The interviews and review of supply suggest that office buildings in Whittier tend to attract users expanding and relocating from within the City itself. Most users are small firms whose managers or owners live in or near Whittier. Many businesses primarily serve residents and other small businesses in Whittier. One of the larger buildings in Uptown, for example, has attracted attorneys and accountants whose partners live in Whittier. Another Uptown building includes a bank, mortgage broker, insurance, escrow and other firms in the finance, insurance and real estate and service sectors geared to serving Whittier residents or other businesses. A new tenant at this building is a home nursing care provider that moved to the building in order to be able to closer to their older clients who live in Whittier. Internal market expansion, as opposed to attraction of many firms from outside the market area, accounts for much of the demand for office space in Whittier.

The interviews suggest reduced demand for medical or other office space originating from the Whittier Hospital. This facility was recently sold by a financially constrained publicly-traded hospital company reportedly not in the position to bear the capital requirements associated with seismic retrofitting the facilities sold to comply with state law. The interviews suggest that after a year, the investors may be permitted to close the Hospital. Some brokers indicated reduced demand from physicians who did not want to commit to leasing medical space given the uncertainty. Others posited that the investors may seek to redevelop the Hospital for residential uses. Whittier College is also reported to have reduced its leasing of space outside its own campus facilities. While the medical office space owned by Presbyterian Intercommunity Hospital is fully leased, it does not currently require any additional space and has sufficient land on its campus to add additional space should the Board decide its mission includes developing additional medical office space.

COMPETITIVE POSITION

The finding that Whittier office buildings primarily cater to local firms relates to Whittier not currently having enough of the attributes associated with most successful suburban office locations. Based on our review of the relevant literature, past research, and interviews, successful suburban office locations have the following attributes:

- Direct accessibility and visibility to major highways and proximity to other major transportation modes, including air service;
- A large commute shed, providing access to a concentration of a highly-skilled and well-educated workforce;
- Proximity to retail, lodging, and additional support services;
- Security and safety;
- Products designed and priced to respond to the needs of office space users; and
- A harmonious and user-friendly environment and positive locational image.

Consistent with indications of weak demand, the City does not contain any significant recently-built multi-tenant office space. The results of our field research, interviews, and review of supply trends indicate that the site does not have ideal access and lacks visibility to

Interstate 605. The Whittier market does not have a wide commute shed and ready accessibility to a concentration of highly-trained office workers. This relates to the relatively poor accessibility and high traffic on Whittier Boulevard and the demographic make-up of the market area which does not include a high proportion of well-educated residents in occupations associated with the consumption of office space. Whittier has limited lodging and other support services. The primary shopping and service agglomerations are located east of the site near existing concentrations of office space.

The site in particular lacks agglomerational advantages - those that relate to proximity to similar or complementary uses. Office space users, for example, tend to prefer to be close to other office space users as well as restaurants, banks, and retail goods and services. Given the competitive locational disadvantages and the weak demand conditions that apply, it is unlikely that agglomerational advantages can be formed at the site.

In summary, the following factors suggest limited demand potential for Class A office space development at the site:

- The absence of agglomerational advantages;
- lack of freeway visibility and direct accessibility;
- relative small proportion of employed area residents in occupations and sectors that utilize high-end office space; and
- high vacancy rates of existing supply of larger, higher-quality office buildings in Whittier.

Accordingly, it is not likely that a high proportion of out-of-area firms will be attracted to office development at the site. "Class A" office space development targeted to large users who export theirs services outside the local market would represent a pioneering and risky effort. Any office space at the site would likely need to be service/commercial oriented and geared to smaller business.

EMPLOYMENT TRENDS AND EFFECTS ON OFFICE SPACE DEMAND

We did not use employment data available from the California Employment Development Department (EDD) because the smallest geographic area for which the EDD reports employment (i.e., number of jobs) is at the county level. The Los Angeles County Economic Development Corporation (LAEDC), however, reports employment for subareas within Los Angeles County. Generally consistent with the broader office space market identified from the interviews and review of supply, Whittier is included in the LAEDC North Gateway region which is bounded by the 60 Freeway and the City of Whittier on the north, the Alameda Corridor rail project on the west, the 91 Freeway and cities of Cerritos and Hawaiian Gardens on the south, and the Los Angeles/Orange County line on the east. The region encompasses 22 cities including Norwalk, Downey, South Gate, Whittier, Compton, Montebello, Pico Rivera, Santa Fe Springs, Cerritos, and La Mirada.

Table II-1 presents for the years 1994 through 2003 estimates of the number of jobs in the North Gateway region by industry category.

TABLE II-1

Employment by Industry for the North Gateway Region: 1994-2003

Industry	1994 # (000)	1995 # (000)	1996 # (000)	1997 # (000)	1998 # (000)	1999 # (000)	2000 # (000)	2001 # (000)	2002[1] # (000)	2003[2] # (000)	Percent Change 1994-2003 %
Agriculture/ Forestry/ Fishing	1.3	1.6	1.6	1.5	1.4	1.6	1.6	1.5	1.5	1.6	23.1
Mining & Construction	16.2	16.2	16.3	16.9	17.8	17.1	17.8	18.4	17.8	18.2	12.4
Manufacturing	127.1	132.7	133.9	139.0	139.4	141.1	134.5	133.9	129.3	129.6	2.0
Transportation Communication Public Utilities	32.2	33.0	31.4	31.5	33.3	36.6	39.0	40.0	40.0	41.0	27.3
Wholesale Trade	63.2	64.1	65.1	66.0	67.3	71.6	71.5	71.3	71.0	71.5	13.1
Retail Trade	71.2	73.1	74.2	76.2	75.1	75.8	76.8	78.3	79.1	80.3	12.8
Finance/ Insurance/ Real Estate	11.2	11.3	11.5	11.1	11.8	11.7	11.3	13.9	14.1	14.3	27.7
Services	99.1	105.0	112.9	116.3	122.5	118.5	118.8	120.0	118.0	119.0	20.1
Government	80.5	77.8	68.9	45.7	41.5	42.9	44.5	47.7	48.5	49.3	-38.8
Non-classified	1.6	0.9	0.6	0.1	0	0	0.1	0.1	0.2	0.2	-87.5
Total	503.6	515.7	516.4	504.3	510.1	516.9	515.9	525.1	519.5	525.0	4.3

[1] Estimate
[2] Forecast

Sources: *North Gateway, Los Angeles County, California, 2003-2004 Economic Overview & Forecast*, Economic Information and Research Department, Los Angeles County Economic Development Corporation; Gruen Gruen + Associates.

Manufacturing has remained the largest job sector over the 10-year period followed by services' jobs. In 2003, manufacturing is forecast to account for about 25 percent of the region's jobs, or approximately 129,600 jobs. While down from its peak employment in 1999, manufacturing employment has stabilized at a level higher than employment in 1994. Service jobs were forecast to account for approximately another 23 percent of all jobs. Services jobs are down from their peak in 1998, but have been relatively stable since 1999. The largest sources of services employment are the health and social services sector and food service.

Jobs in finance, insurance and real estate, the sector most typically associated with the consumption of office space, increased by 28 percent since 1993. FIRE jobs, however, are the second smallest job sector in the region and account for only about three percent or about 14,000 jobs of the total job base of 525,000. This explains why the North Gateway region is not tracked separately by the real estate brokerage firms.

According to LAEDC, Santa Fe Springs has the largest number of jobs in the region at approximately 59,400. The next largest job base in the region is located in Commerce with approximately 50,200 jobs. Whittier's employment base is estimated at 34,550, or seven percent of the total employment base of the region. Consistent with the finding drawn from the interviews and review of supply, most employers in Whittier employ relatively few workers. Over 53 percent of the establishments employ one to four workers. Another 20 percent employ between five and nine workers, 13 percent employ between 10 and 19-workers. According to U.S. Census 2000 data, approximately 21 percent of Whittier residents work in the educational, health and social service sector. This high share is attributable to the presence of two hospitals and Whittier College. About 22 percent of Whittier residents work in manufacturing, transportation and warehousing and utilities. Another nearly 18 percent of residents work in the retail and wholesale trade sectors.

Estimate of Employment Growth and Potential Office Space Demand

We convert estimates of future employment in sectors associated with the consumption of office space to estimates of office space demand. We did so by optimistically straight-line extrapolating finance, insurance and real estate sector employment growth by the average annual compound growth rate of four percent over the past five years. We assume that 25 percent of employment in the services sector is associated with the consumption of office space and that employment growth increases annually at over twice the rate (i.e., two percent) than has occurred in the past five years. Table II-2 presents the resulting employment forecast for the North Gateway Region.

TABLE II-2

Estimate of Employment and Office Space Demand in North Gateway Region

Economic Sector	Estimated 2003 Employment[1] #	Forecast 2010 Employment #	Forecast Increase in Employment[2] #	Forecast Increase in Office-Using Employment[3] #
Finance, Insurance and Real Estate	14,300	18,818	4,518	4,518
Services	119,000	136,694	17,694	4,424
Total	133,300	155,512	22,212	8,942

[1] From Table II-1 presenting LAEDC employment forecast.
[2] Assumes four percent annual employment growth rate for finance, insurance and real estate sector and two percent annual growth rate for services sector.
[3] Assumes 25 percent of services sector is associated with office space consumption.
Sources: Los Angeles County Economic Development Corporation; Gruen Gruen + Associates.

By 2010, employment is estimated to grow by nearly 8,950 jobs, nearly evenly split between growth in the finance, insurance and real estate sector and services sector.

To convert the employment forecast to building space demand in Whittier, we assume that each job is associated with the use of 200 to 225 square feet of space. We also assume that office space demand will be distributed in proportion to the share Whittier employment makes up of total North Gateway Region employment. As indicated above, Whittier employment comprises seven percent of total employment in the North Gateway Region. Table II-3 shows the resulting estimate of demand for Whittier between now and 2010.

TABLE II-3

Forecast of Office Space Demand in Whittier in 2010

Office Employment Growth Forecast: 2010[1] #	Whittier Share of Office Employment Growth: 2010[2] #	Whittier Office Space Demand Growth: 2010[3] # Square Feet
8,942	626	125,200 - 140,850

[1] From Table II-3.
[2] Assuming employment growth proportionate to share Whittier employment comprises of North Gateway Region total employment.
[3] Demand estimated derived by multiplying employment growth estimated for Whittier by 200 to 225 square feet per job.
Source: Gruen Gruen + Associates

Using the assumptions described above, we estimate an additional 626 office space using jobs in Whittier in 2010. Multiplying this estimated employment growth by 200 to 225 square feet produces an estimate of cumulative total office space demand of approximately 125,000 square feet to 141,000 square feet of space for Whittier as a whole. Given the trend of increasing vacant space and the potential downsizing of the Whittier Hospital, this demand forecast may be optimistic.

CHAPTER III

OFFICE MARKET CONDITIONS

INTRODUCTION

In the following sections, we review the office space inventory for the City of Whittier. The review shows that the office space inventory within Whittier has not grown significantly since 1993. The highest level of vacant space is found in buildings with the highest net rents around the area west of the Whittwood Town Center. Both of these findings are consistent with the other findings indicating weak demand for higher-quality office space. The Uptown submarket enjoys higher average occupancy but lower net rents than those buildings located west of the Whittwood Town Center. The interviews and review of inventory data indicate that the Uptown submarket tends to attract relatively price sensitive, smaller office space users.

INVENTORY

Drawn from data provided by Costar Realty Information, Inc., Table III-1 shows for the City of Whittier the office inventory of buildings larger than 14,000 square feet in size. Map III-1 shows the locations of these buildings.

MAP III-1 Office Inventory in Whittier

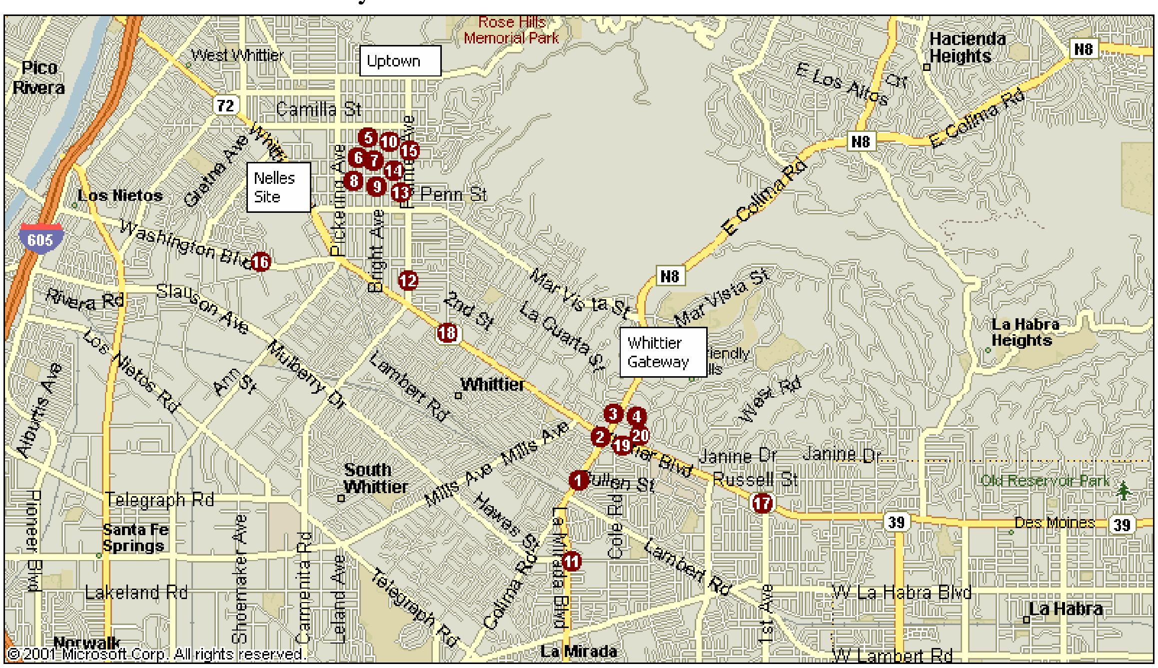

TABLE III-1

Office Inventory in Whittier

Map ID/Address	When Built/Renovated	Total Square Feet #	Occupancy Rate %	Annual Rent $ per Square Foot
1 10155 Colima	1977	16,075	100	
2 9200 Colima	1958/2000	27,094	100	
3 9209 Colima	1964	45,000	80	16.80
4 9210 Colima	1958/2000	24,290	41	13.20 – 14.40
5 6709 Greenleaf	1929/1994	25,000	90	15.00
6 6740 Greenleaf	1993	14,100	100	
7 7200 Greenleaf	1981	36,877	80	18.60 – 19.20
8 7205 Greenleaf	NA	16,000	88	16.20
9 7255 Greenleaf	1978	37,848	94	13.80
10 13202 Hadley	1953	19,507	92	18.60
11 15022 Mulberry	Older Class C	24,000	97	12.00
12 8135 Painter	Doctors Medical Center	41,259	100	
13 13215 Penn	1963	79,987	99	15.00 – 16.20
14 13002 Philadelphia	1923/1981	49,378	92	17.40
15 7007 Washington	1986	31,000	94	16.20
16 12291 Washington	1983	51,165	100	
17 16143 Whittier		38,000	100	
18 13601 Whittier	1962	28,050	86	18.00
19 15111Whittier	1967/1982	49,500	64	22.20 – 25.80
20 15141 Whittier	1981	83,000	91	22.20 – 25.80
		737,130	90	17.88

Sources: CoStar Group; Gruen Gruen + Associates.

Whittier contains a total supply of office space of approximately 737,100 square feet. The overall average occupancy of all Whittier office buildings is 90 percent. Annual gross rents range from a high of about $26 per square foot to a low of $14 per square foot. Average gross rents are under $18.00 per square foot.

Whittier office space vacancy has remained relatively low because: (a) it is a relatively distinct submarket with (b) limited office space construction; and (c) a high proportion of the user base is comprised of smaller businesses that relate to (i) the medical facilities in Whittier; (ii) serve the proximate customer base; and/or (iii) are owned or operated by local entrepreneurs who desire to locate their places of business near where they live in the area.

Table III-2 shows the inventory of office space by primary location within Whittier.

TABLE III-2

Whittier Office Supply by Location

Map ID/ Address	Year Built	Total Square Feet #	Occupancy Rate %	Annual Rent $ per Square Foot	Location
2 9200 Colima	1958	27,094	100	NA	Gateway
3 9209 Colima	1964	45,000	80	16.80	Gateway
4 9210 Colima	1958	24,290	41	13.20-14.40	Gateway
19 15111Whittier	1967	49,500	64	22.20-25.80	Gateway
20 15141 Whittier	1981	83,000	91	22.20-25.80	Gateway
Gateway Subtotal		228,884	81	21.64	Gateway
5 6709 Greenleaf	1929	25,000	90	15.00	Uptown
6 6740 Greenleaf	1993	14,100	100		Uptown
7 7200 Greenleaf	1981	36,877	80	18.60-19.20	Uptown
8 7201 Greenleaf		16,000	88	16.20	Uptown
9 7255 Greenleaf	1978	37,848	94	13.80	Uptown
10 13202 Hadley	1953	19,507	92	18.60	Uptown
13 13215 Penn	1963	79,987	99	15.00-16.20	Uptown
14 13002 Philadelphia	1923	49,378	92	17.40	Uptown
15 7007 Washington	1986	31,000	94	16.20	Uptown
Uptown Subtotal		309,697	93	16.26	Uptown
1 10155 Colima	1977	16,075	100		Other
11 15022 Mulberry		24,000	97	12.00	Other
12 8135 Painter		41,259	100		Other
16 12291 Washington	1983	51,165	100		Other
17 16143 Whittier		38,000	100		Other
18 13601 Whittier	1962	28,050	86	18.00	Other
Other Subtotal		198,549	98	15.05	

Sources: CoStar Group; Gruen Gruen + Associates.

Office space in the Gateway area comprises about 229,000 square feet of space or 31 percent of the total Whittier inventory of buildings 14,000 square feet or larger. The office space in the Gateway area around Whittier Boulevard and Colima Road has a higher vacancy rate of about 19 percent and higher average rents than for space in the Uptown submarket. Average asking gross rent in the Gateway area is over $21 per square foot. The average rent is skewed higher by the asking gross rents of the two larger, premier buildings in Whittier with asking gross rents ranging from $22 to $25 per square foot or approximately $15 to $20 per square foot net. One of these buildings, however, is only 64 percent leased, while the other building is currently 91 percent leased.

Average gross rents are lower in the Uptown area than in the Gateway area in which about 310,000 square feet or 42 percent of the Whittier inventory is located. Gross annual rents average about $16.26 per square foot. The interviews suggest that the small businesses in the Uptown submarket complain of the $100 to $200 earthquake fee to businesses within a 10-block area, in addition to the business license fee. One recent transaction for a second floor space in a well maintained building in Uptown was for only $0.75 per square foot per month. The interviews and review of rental and inventory data suggest the price sensitivity of many users in this submarket.

Relationship Between Forecast Demand and Supply of Space

Table III-3 presents the relationship between the demand forecast and the supply of office space of buildings in Whittier.

TABLE III-3

Relationship Between Forecast Demand and Supply of Office Space in Whittier[1]

Vacant Office Space	74,000
Total Office Space	737,000
Total Office Demand	125,000 – 141,000
Excess Demand Relative to Vacant Space, Assuming No Increase in Vacancy	51,000 – 67,000
Demand as Share of Existing Total Supply	17% to 19%
[1] Figures are rounded	
Source: Gruen Gruen + Associates	

The demand as a share of current total supply would represent 17 to 19 percent of the building space inventory of buildings larger than 14,000 square feet. Given that Whittier has not experienced this much growth in inventory in the past 10 years, and given the competitive disadvantages found to apply, the forecast demand growth may be optimistic. Comparing the forecast demand to the amount of existing vacant space suggests excess demand of about 51,000 to 67,000 square feet in 2010 for the City as a whole.

While the site's competitive position is weak, if the optimistic demand forecast could be realized for the City as a whole, new very attractively priced space may be able to attract some new demand and siphon off demand from existing obsolete facilities. Assuming that the site could serve 20 to 30 percent of the total excess demand would suggest a scale of potential office development of 10,000 to 20,000 square feet of space. This space should be integrated with any retail space for the site.

Estimate of Obtainable Office Space Rents

Establishing the site as a productive location for even small, commercial/service-oriented office uses will be difficult given the significant disadvantage outlined above. The analysis of rent and vacancy data and interviews suggest that if a harmonious workplace setting could be created for a modest amount of office space designed to attract users from older, less competitive buildings within Whittier, obtainable gross monthly rents would likely range from $1.50 to $1.75 per square foot. Again, however, given weak demand, the site is not a well established location for office space, and absence of compelling comparative advantages, office space development can be expected to be risky and less profitable than alternative use options.