



THIRD  
STREET  
PROMENADE

**2023**

# Downtown Santa Monica Economic Impact Report

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## EXECUTIVE SUMMARY

2023 was a pivotal year of recovery and growth for Downtown Santa Monica. Key indicators point towards a strong economic rebound.

Third Street Promenade foot traffic increased by nearly 16%, with new businesses opening and more slated to launch in 2024 and 2025. Over \$1 billion is currently invested in hospitality construction and renovations. 2,300 residential units are either under construction, approved, or pending approval.

DTSM, Inc. organized and sponsored numerous events, including the annual Easter and Día de los Muertos Celebrations, Pride on the Promenade, Holiday Tree Lighting, and the much-anticipated return of Ice at Santa Monica. These events enriched the cultural fabric of the area and significantly boosted foot traffic, resulting in a notable increase in visitors to the Promenade, totaling 4.4 million. On average, each visitor spent approximately 1 hour and 17 minutes exploring Downtown.

The hospitality sector demonstrated remarkable resilience. Hotel occupancy rates rebounded to pre-COVID levels, with the average daily room rate reaching between \$333 and \$365. This recovery underscores a robust resurgence in tourism and solidifies Downtown Santa Monica's status as a premier destination.

Despite positive overall trends, the local real estate sector faced challenges. The Downtown office sector saw a slight decrease in occupancy to 66%, with the annual gross rent per square foot adjusting to \$47.5. Ground-level retail spaces on the Promenade experienced a 79% occupancy rate and an annual triple net rent adjustment to \$77 per square foot, marking an 8.4% decrease from the previous year. These adjustments reflect the market's ongoing adaptation to post-pandemic economic conditions.

While some challenges remain, Downtown Santa Monica's economic trends are largely positive. We hope you find this economic profile insightful. We are available to address any questions or feedback you may have.



Sincerely,  
Andrew Thomas  
Executive Director and CEO

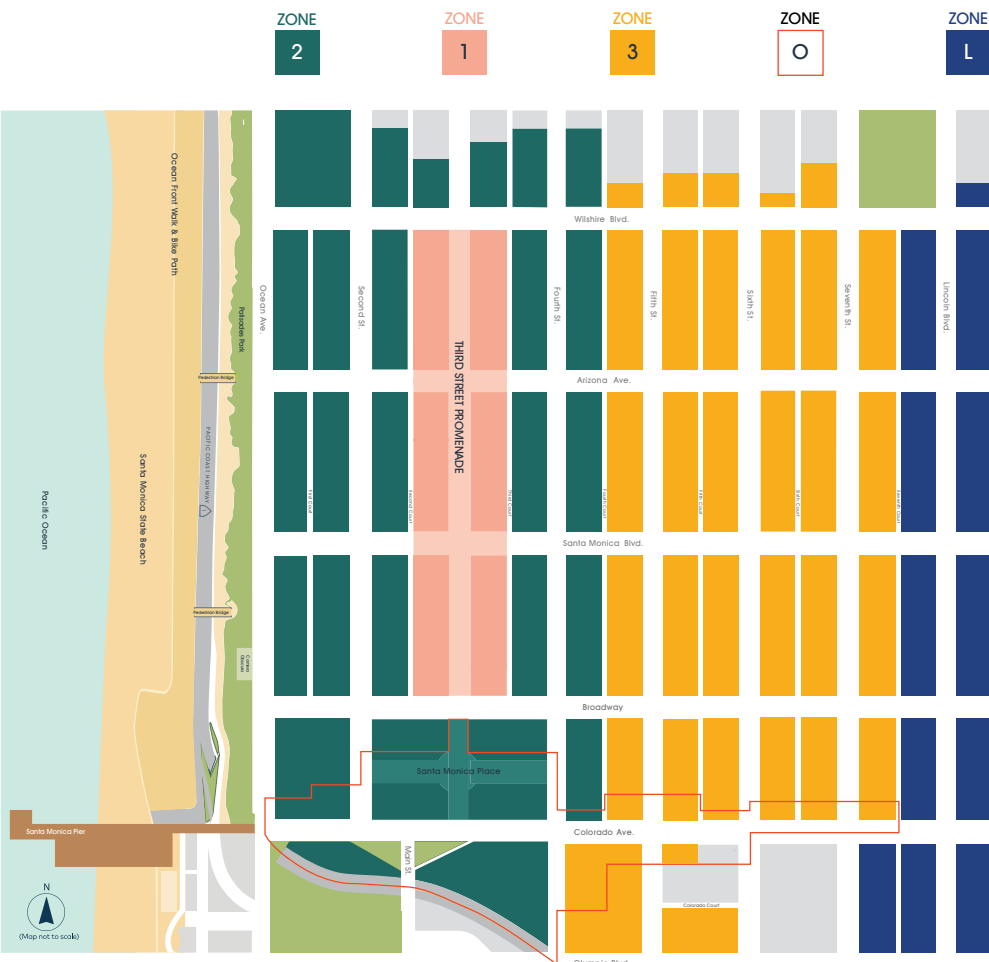


# ABOUT DOWNTOWN SANTA MONICA, INC.

DTSM, Inc. is a 501(c)3 non-profit organization that works with the City of Santa Monica to promote economic stability, growth and community life within Downtown Santa Monica through responsible planning, development, management and coordination of programs, projects and services designed to benefit the community as a whole, which includes downtown businesses, property owners, residents, and visitors.

# CHOOSE SANTA MONICA

Santa Monica is celebrated for its exceptional weather, boasting an impressive average of 281 sunny days annually. This coastal gem is acclaimed not just for its pleasant climate but also for its commitment to a walkable and bike-friendly environment, further enhanced by a robust public transportation network. The city's allure extends beyond its natural and infrastructural advantages, drawing in both residents and visitors from around the globe, as well as a diverse array of businesses. Situated within the dynamic Silicon Beach area, Santa Monica's economic environment is rich and varied, hosting leading employers from the realms of entertainment, healthcare, and technology. Esteemed institutions such as UCLA Medical Center, Snap Inc., Universal Music Group, Providence Saint John's Health Center, and Hulu contribute to the city's status as a center of innovation and growth in multiple industries.



A 13-member volunteer board of directors governs DTSM, Inc.. Downtown property owners elect six board members; the Santa Monica City Council appoints six board members; and one board seat is reserved for the City of Santa Monica's city manager or their designee.

## Population within a 5-mile Radius of Downtown:

**382,689**

Source: CoStar.

## Very Walkable

Walkability Score: **83 out of 100**

## Good Transit

Transit Score: **60 out of 100**

## Very Bikeable

Bike Score: **88 out of 100**

Source: Walk Score. [https://www.walkscore.com/CA/Santa\\_Monica](https://www.walkscore.com/CA/Santa_Monica).

## Temperature

Average high temperature: **76°F**

Average low temperature: **64°F**

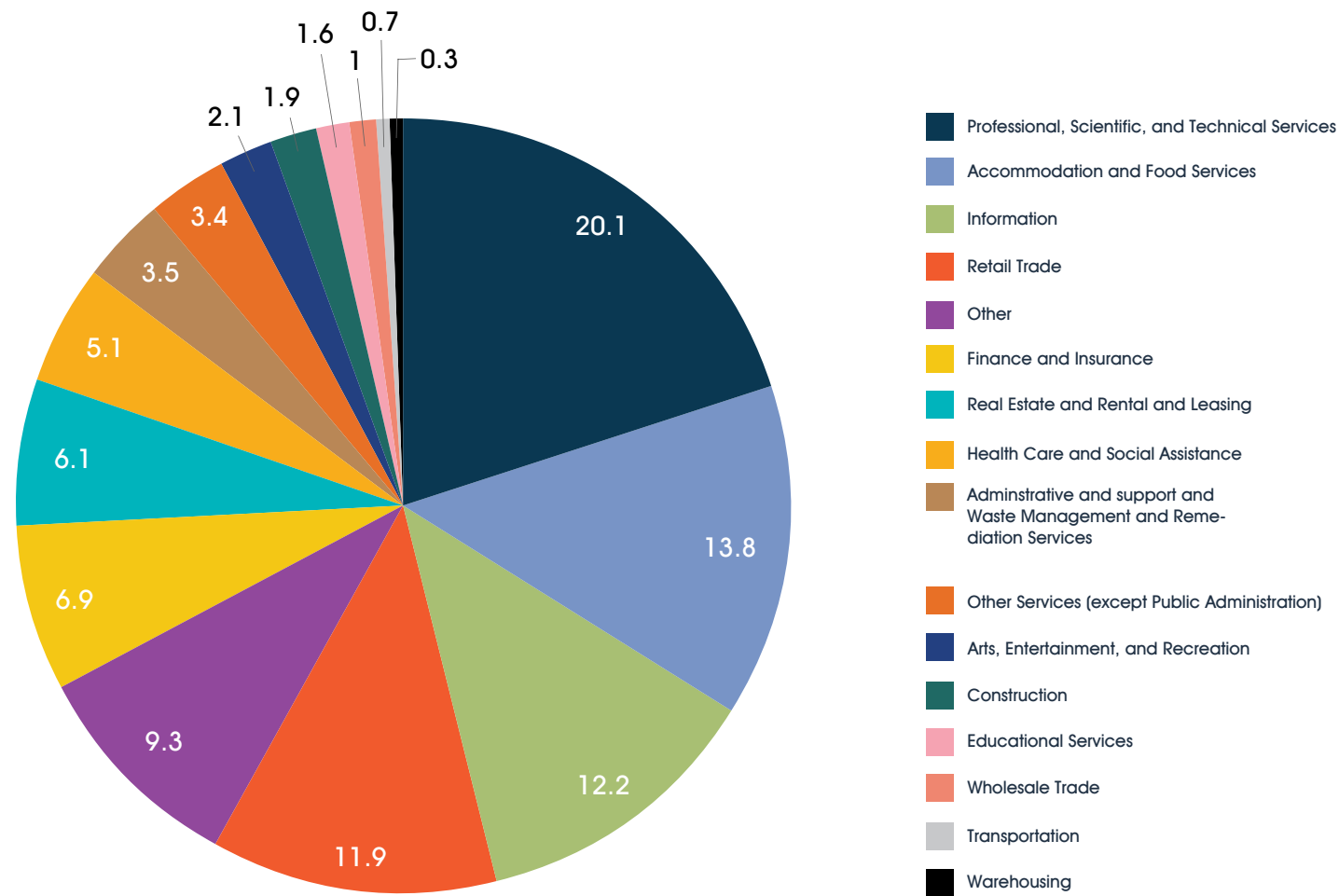
Source: Weather Spark. Climate and Average Weather Year Round in Santa Monica. <https://weatherspark.com/y/1727/Average-Weather-in-Santa-Monica-California-United-States-Year-Round>.

## Days of sunshine:

**281 days**

Source: Best Places. [https://www.bestplaces.net/climate/city/ca/santa\\_monica](https://www.bestplaces.net/climate/city/ca/santa_monica).

# WORKFORCE



Employment Share (2021)  
Source: Bureau of Labor Statistics.

## Top 5 Private Employers (2022)



Source: City of Santa Monica

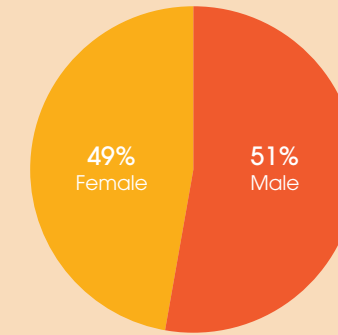
# STATE OF DOWNTOWN: FAST FACTS

## DOWNTOWN RESIDENTS<sup>1</sup>

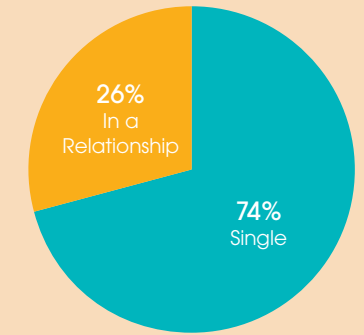
Population **7,480**

Households **4,789**

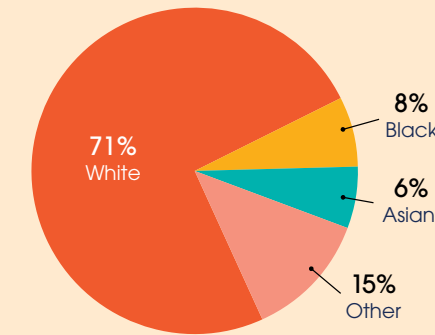
Gender



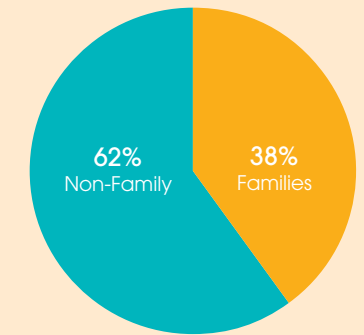
Relationship Status



Race



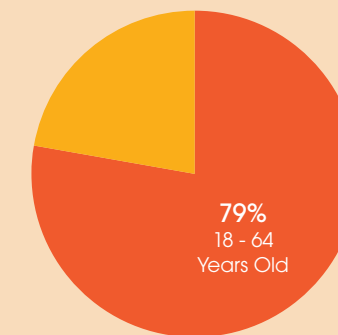
Family Status



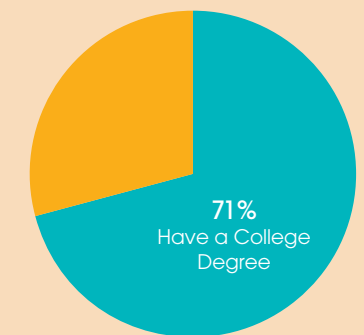
27% of the DTSM population was born outside of the US

Per Capita Income: \$96,185  
Median Household Income: \$89,892

Age



Education



Median Age: 39.8 years old

## DOWNTOWN WORKFORCE<sup>3</sup>

Employers **2,238**

Employees **27,516**

Source: 2022 American Community Survey 5-year Estimates

# City of Santa Monica Domestic Travel & Tourism 2023



Total Number and Growth of Visitors to Santa Monica (2017 – 2023)  
Source: Santa Monica Travel & Tourism

# TOURISM & HOSPITALITY

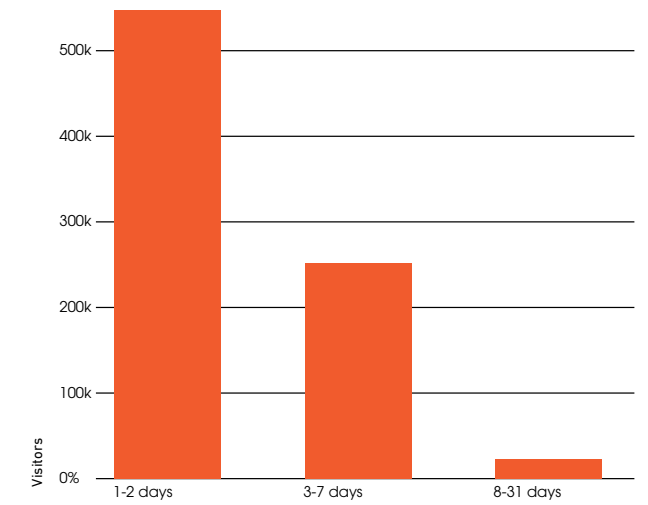
## Total Number and Growth of Visitors to Santa Monica (2017 - 2023)

Number of visitors:  
815,900 (-7.9% YoY)

## Top-5 Visitors Origins and Counts

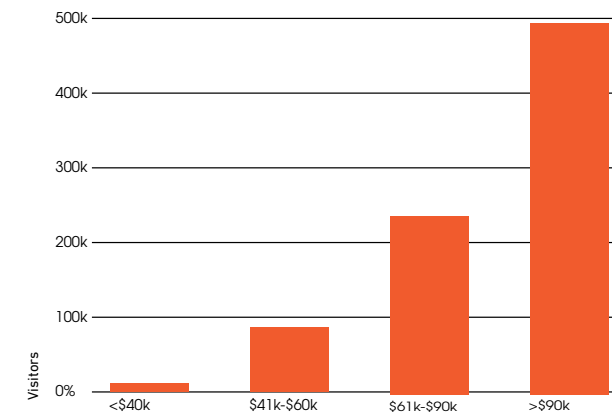
1. San Francisco-Oakland-Berkeley, CA (56,100)
2. San Diego-Chula Vista-Carlsbad, CA (32,100)
3. Phoenix-Mesa-Chandler, AZ (26,800)
4. Riverside-San Bernardino-Ontario, CA (23,600)
5. Chicago-Naperville-Elgin, IL-IN-WI (21,300)

## Visitor Lengths



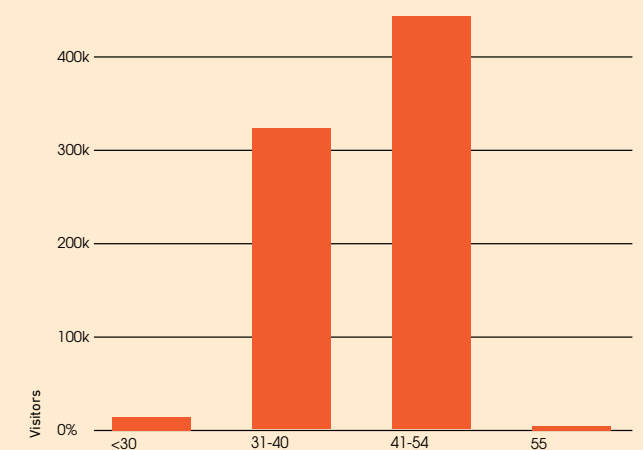
Source: Placer.ai.

## Visitor Median Household Income



Source: Placer.ai.

## Visitor Median Age



Source: Placer.ai.



# Hospitality continued

The City of Santa Monica welcomed over 4.6million visitors in 2023. The tourism industry employs nearly 7,100 people and is estimated to generate \$938 million in spending annually for the local economy.

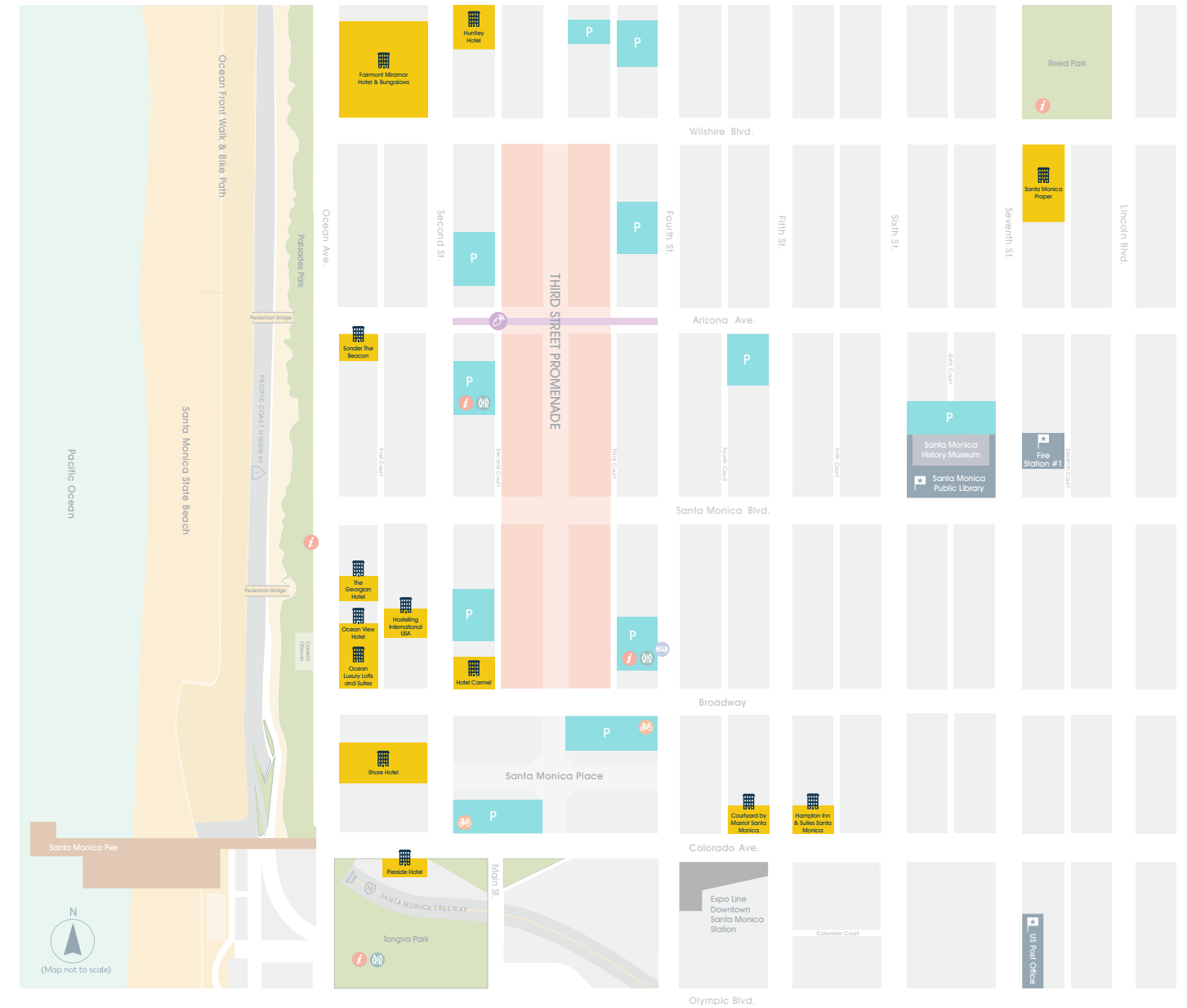
In 2023, the hospitality sector in Downtown Santa Monica demonstrated robust health. The 12-month hotel occupancy rate was 77.3%, with the average daily rate (ADR) per room ranging stood at \$348.

This period marked a significant milestone, as the occupancy rate approached pre-COVID levels, and the ADR exceeded those recorded in the pre-COVID period (2017-2019). This performance highlights the strong resurgence of the hospitality sector in the area.

**12-Month Occupancy Rate:**  
77.3%

**12-Month Average Daily Room Rate:**  
\$348.46

**12-Month Revenue Per Available Room:**  
\$269.31



**Fairmont Miramar Hotel & Bungalows**  
Luxury | 297 Rooms

**The Georgian Hotel**  
Luxury | 84 Rooms

**Sonder The Beacon**  
Luxury | 70 Rooms

**Ocean View Santa Monica**  
Luxury | 70 Rooms

**The Huntley Hotel**  
Luxury | 204 Rooms

**Shore Hotel**  
Luxury | 164 Rooms

**Hotel Carmel**  
Upper Upscale | 90 Rooms

**Courtyard Santa Monica**  
Upscale | 136 Rooms

**The Pierside**  
Luxury | 132 Rooms

**Hampton Inn & Suites Santa Monica**  
Upper Midscale | 143 Rooms

**Ocean Luxury Lofts and Suites**  
Upper Upscale | 11 Rooms

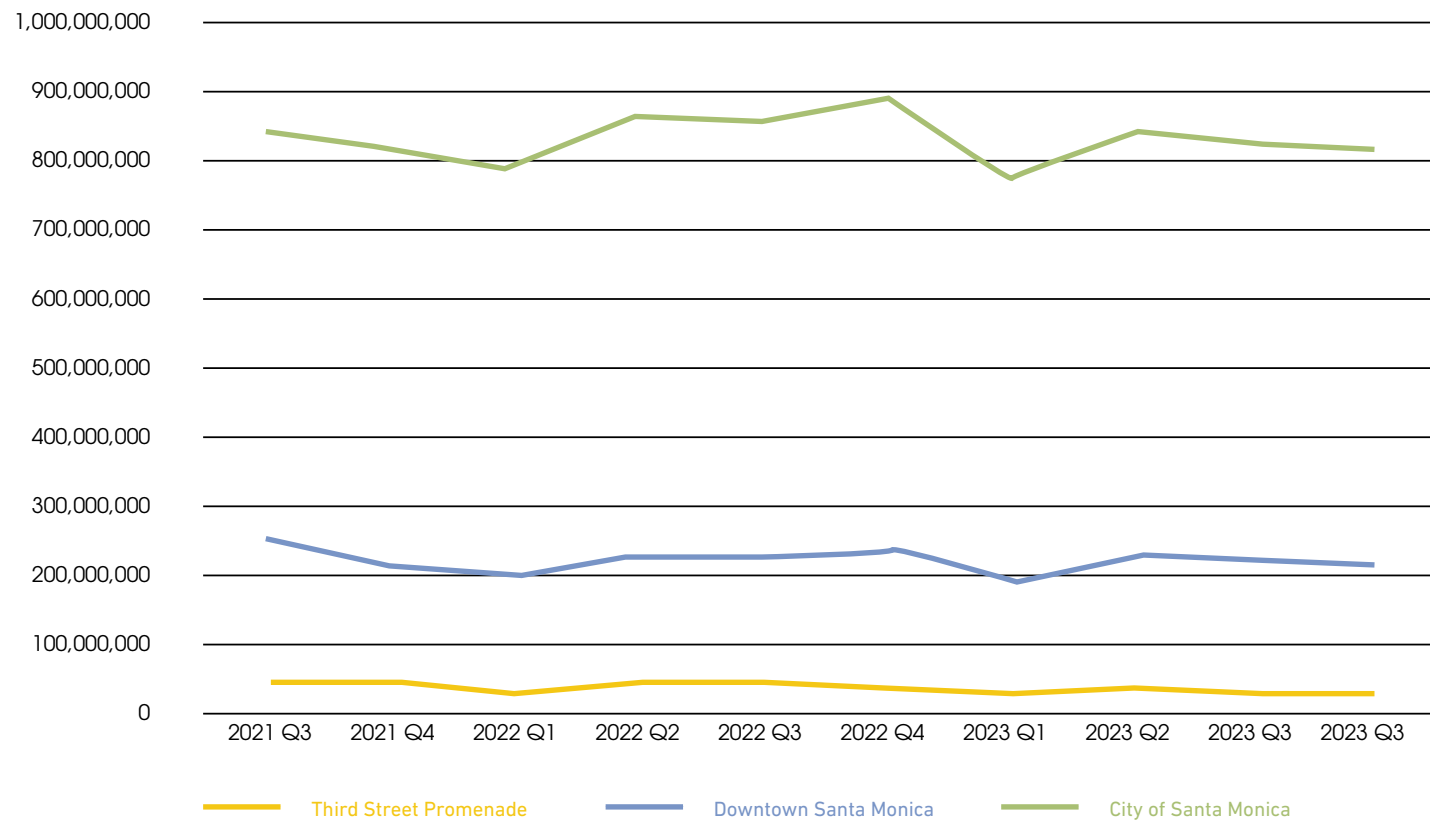
**Proper Hotel**  
Luxury | 267 Rooms

# ECONOMIC PROFILE

## SALES TAX

Sales tax revenues are reported on a quarterly basis. In the fourth quarter of 2023, sales tax revenues in Santa Monica, Downtown Santa Monica, and Third Street Promenade were reported at \$810 million, \$199 million, and \$29 million, respectively, marking declines of 4.8%, 6.7%, and 12.0% compared to the previous quarter. Downtown Santa Monica accounted for 26% of the city's total sales tax revenue.

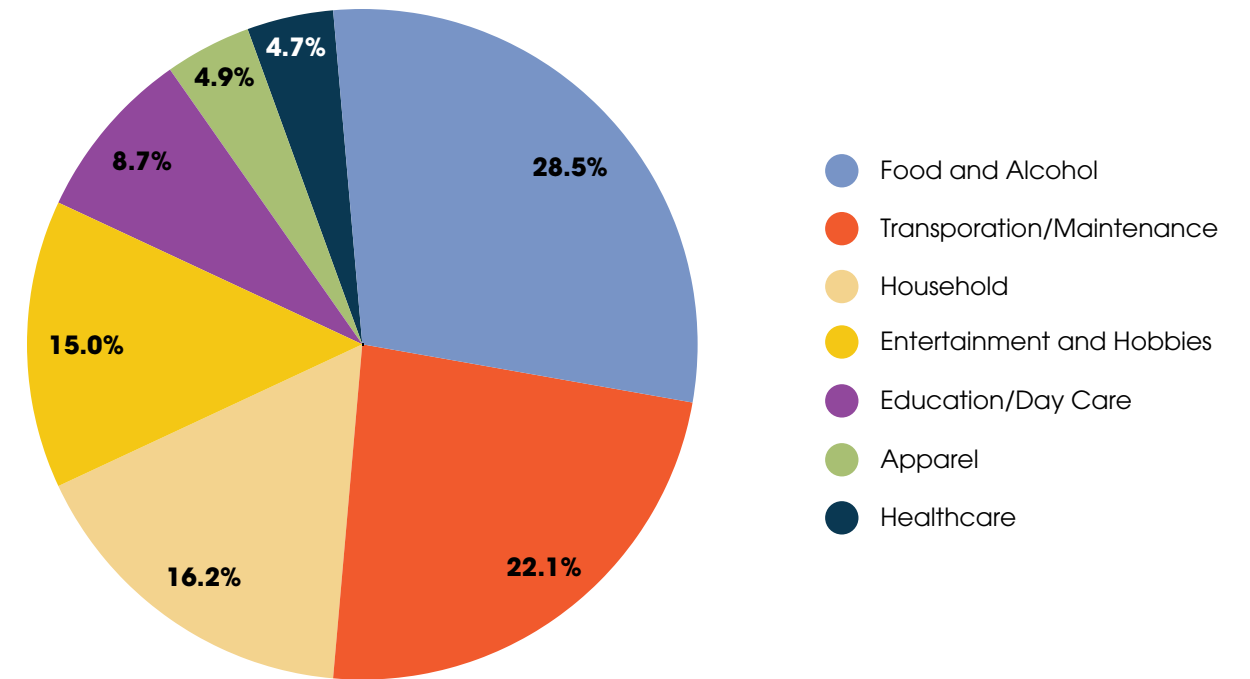
*According to HdL Companies, purchasing activities slowed down in the last quarter of 2023. Luxury car sales decreased, impacted by price cuts and higher interest rates, resulting in an 18% drop in new vehicle dealership sales. Additionally, sales of general consumer goods fell by 11%, as consumers prioritized spending on essential items, leading to decreased expenditures on sporting goods, electronics, and appliances. A temporary pop-up store from the previous year contributed to a decline in family apparel sales, and changes in online sales practices shifted some women's apparel purchases. Moreover, service stations saw a 10% decline due to lower fuel prices. Orders for medical and biotechnological equipment also decreased, negatively impacting the business and industrial sectors. Lastly, casual dining patronage remained steady. The anticipated closure of a beachfront resort for remodeling led to a 9% decrease in the hotel sector. Additionally, increased menu prices in fine dining establishments resulted in reduced customer visits.*



Source: HdL Companies.

# CONSUMER SPENDING

Within a one-mile radius of the Third Street Promenade, the categories of food and alcohol and transportation/maintenance accounted for half of the consumer spending. Household and entertainment and hobbies took up an additional one-third of consumer spending.



Source: CoStar.

## Economic Monitor (2023)

**US Consumer Price Index (CPI) for Los Angeles-Long Beach-Anaheim, CA**

Annual Change: 3.5%

**US Core Consumer Price Index (Core CPI) for Los Angeles-Long Beach-Anaheim, CA**

Annual Change: 3.8%

**US Index of Consumer Sentiment (ICS): 65.3**

Annual Change: 10.7%

**US 30-Year Fixed Rate Mortgage Average: 6.81%**

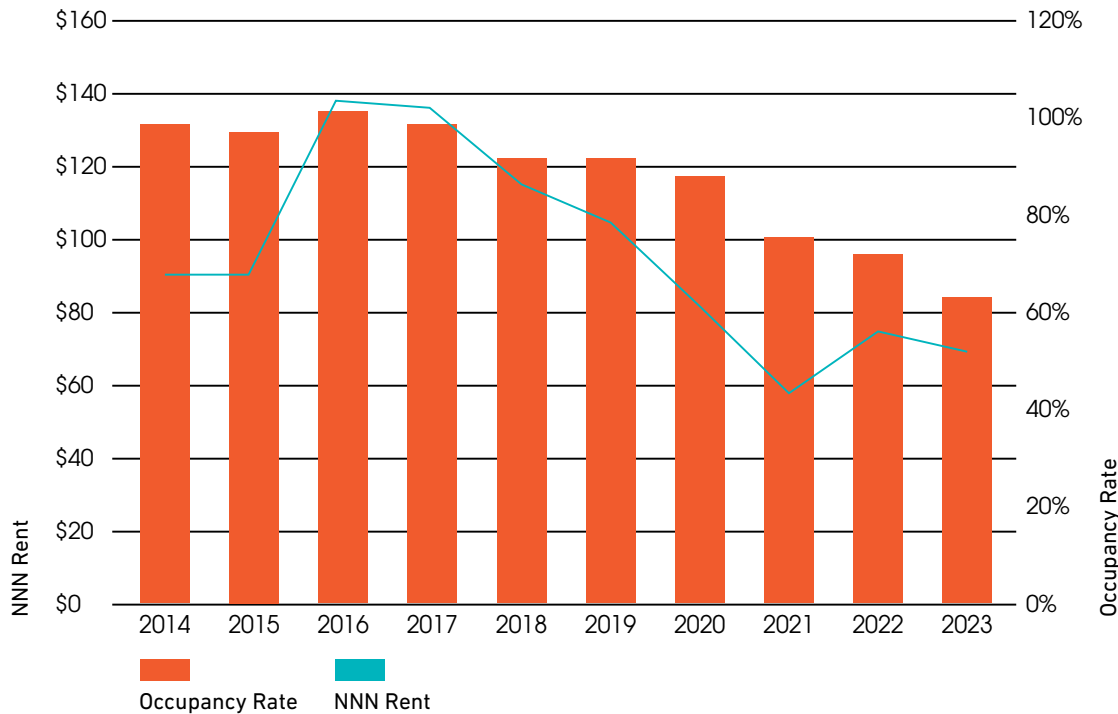
Annual Change: 1.47%

Source: Peter Miller and Aleksandra Kadzielawski. "Mortgage Rates Chart: Historical and Current Rate Trends." The Mortgage Reports. May 22, 2024. <https://themortgagereports.com/61853/30-year-mortgage-rates-chart>.

# REAL ESTATE MARKET (2023)

## Retail

In 2023, retail occupancy rates in Downtown Santa Monica dropped by 2.4% compared to the previous year. This decline reflects the ongoing challenges faced by retailers in California and across the United States. Brick-and-mortar stores are grappling with the dual pressures of growing online competition and the effects of inflation.



Retail Property Occupancy Rate and Triple Net Rent (2014–2023)

**2023 Downtown Santa Monica Metrics**  
 Ground-Floor Occupancy Rate: **81%**<sup>1</sup>  
 NNN Rent Per Square Foot Per Year: **\$70.1 (Year-over-year Change: -2.4%)**  
 Total Available Square Footage: **632,461**  
 Under Construction: **26,750 Square Feet**

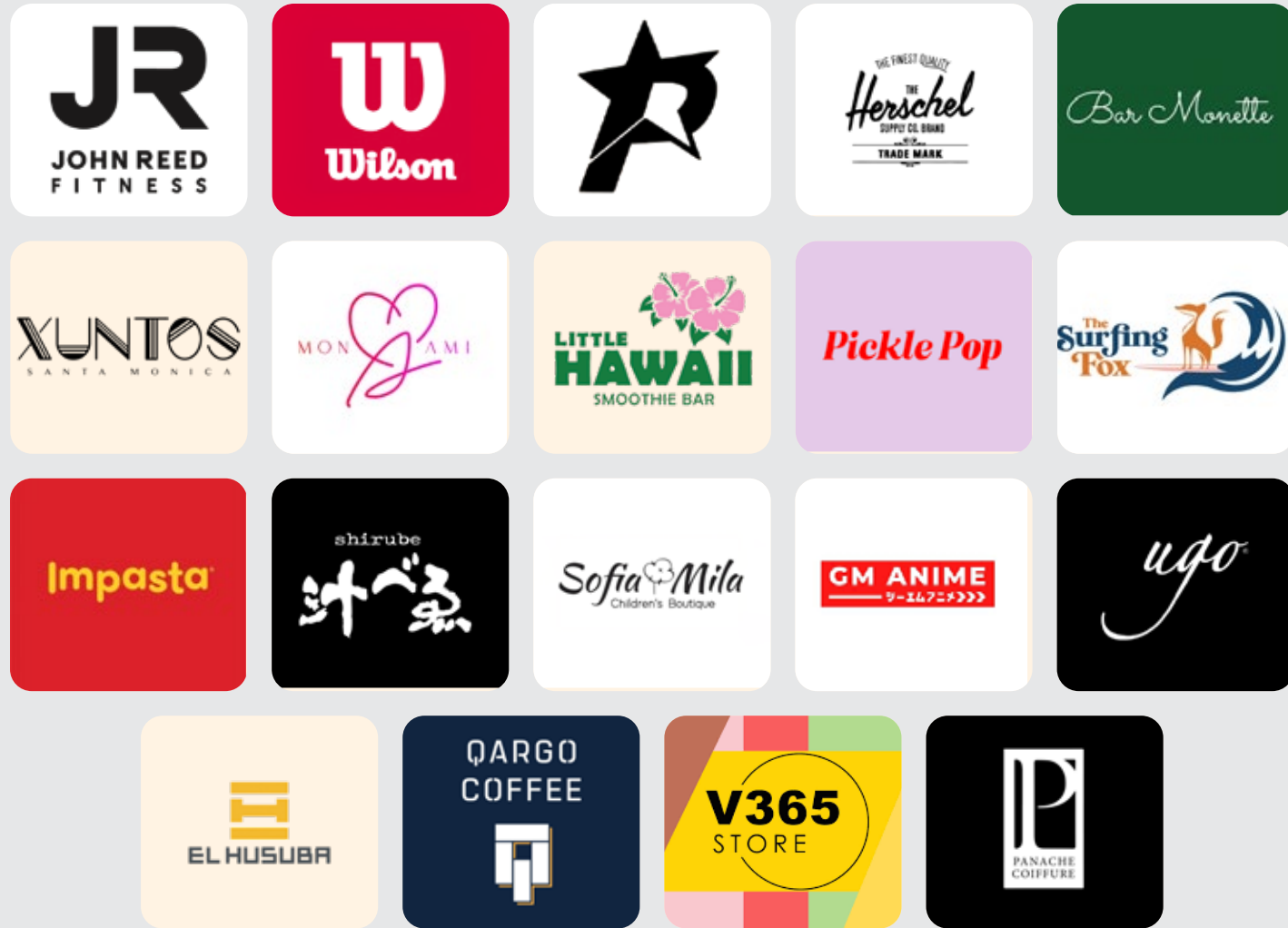
**2023 Third Street Promenade Metrics**  
 Ground-Floor Occupancy Rate: **79%**<sup>2</sup> (U.S. Occupancy Rate: **82%**<sup>3</sup>)  
 NNN Rent Per Square Foot Per Year: **\$77.1 (Year-over-year Change: -8.4%)**

<sup>1, 2, 3</sup> Data comes from Downtown Santa Monica, Inc.

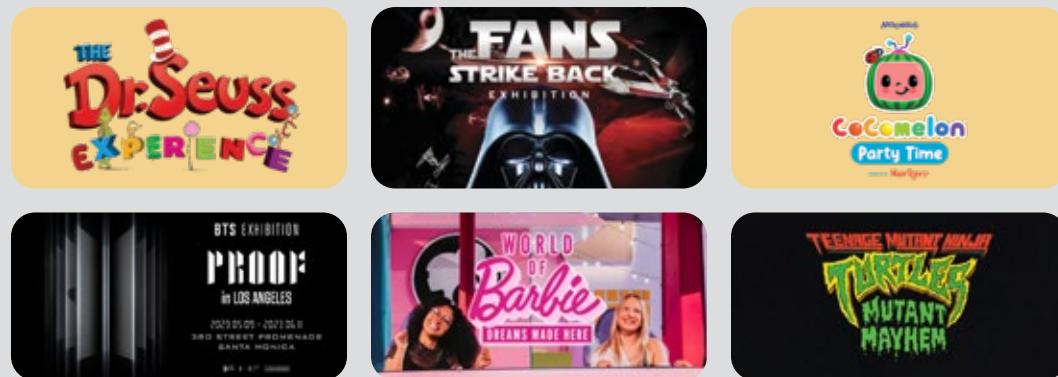




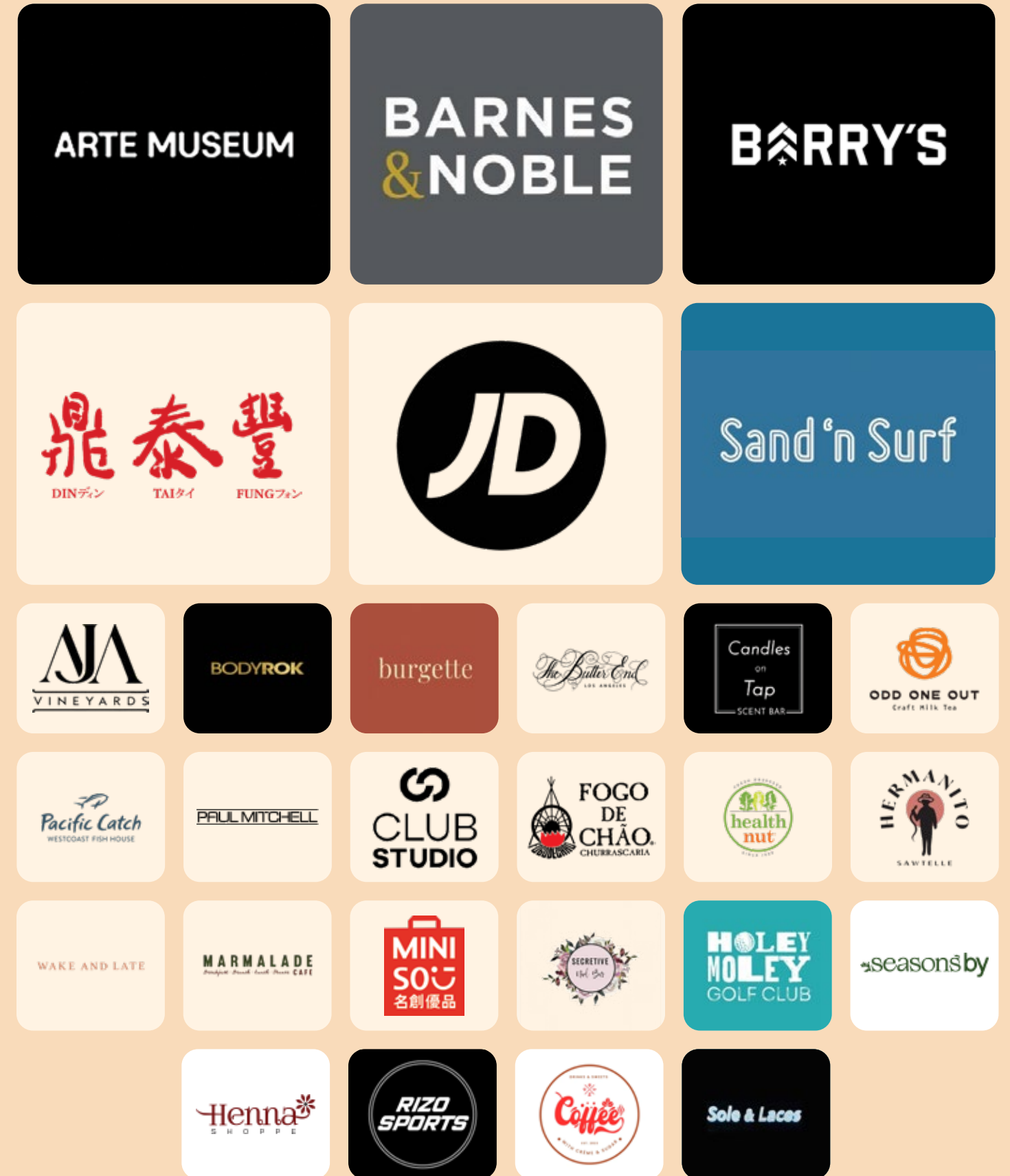
## New Retail



## Experiential Pop-Ups

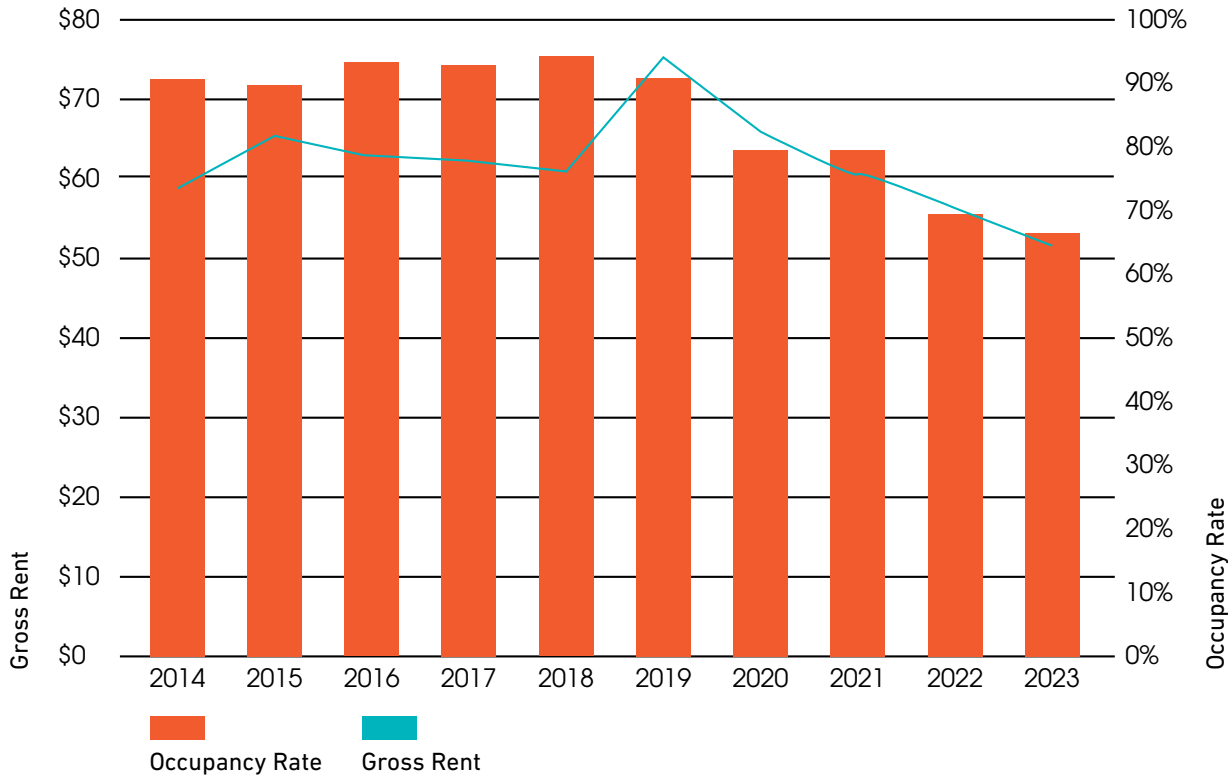


## Coming Soon



# Office

In 2023, the downtown office sector reported an occupancy rate of 69%, indicating a modest change of 2.3% from the previous year. This variation is consistent with the broader industry's adjustment trends in the post-COVID era. The monthly gross rent per square foot has been established at \$52.9, reflecting a market recalibration of about 12%.



Office Property Occupancy Rate and Gross Rent (2014–2023)

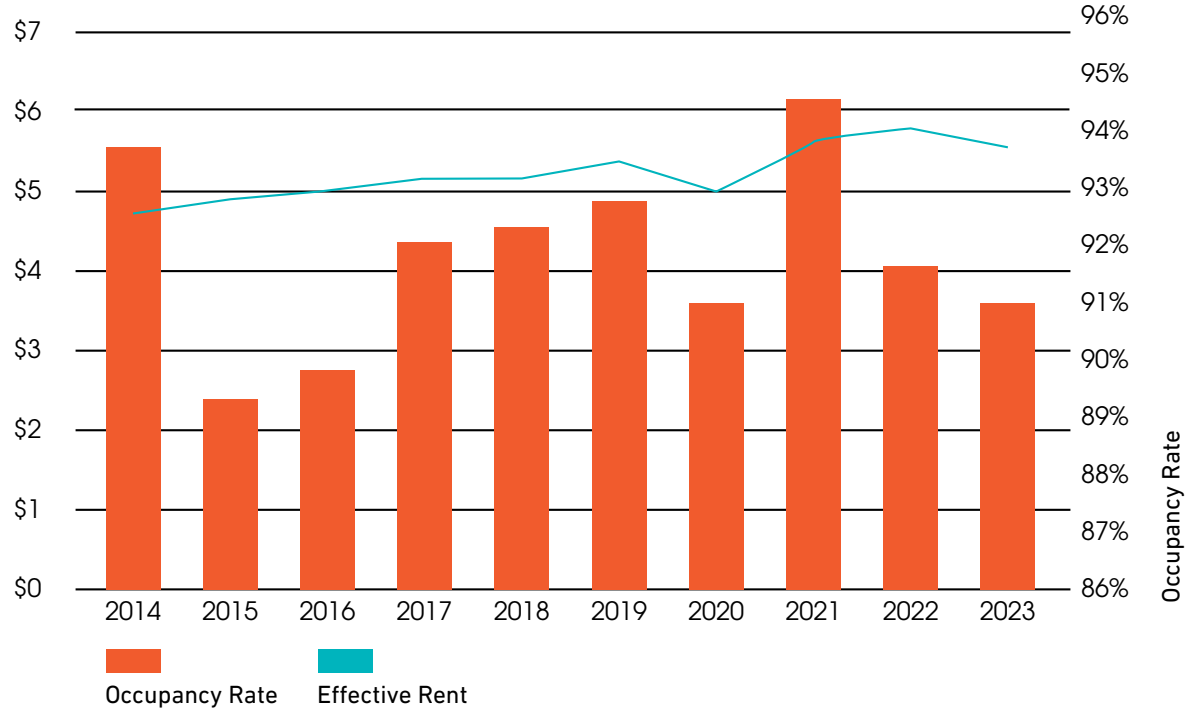
Occupancy Rate: **8.8%** (Year-over-year Change: **-2.3%**)  
 Monthly Gross Rent Per Square Foot Per Year: **\$52.9** (Year-over-year Change: **-12.0%**)  
 Total Available Square Footage: **1,062,937**  
 Under Construction: **117,410 Square Feet**

Source: CoStar.



# Residential

The downtown area had a relatively stable residential market with a high occupancy level of around 90% rate.



Residential Property Occupancy Rate and Effective Rent (2014–2023)

## 2023 Metrics

Occupancy Rate: **91.0%** (Year-over-year Change: **-0.8%**)  
 Monthly Effective Rent Per Square Foot: **\$5.57** (Year-over-year Change: **-4.0%**)  
 Total Units: **3,258**

Source: CoStar.



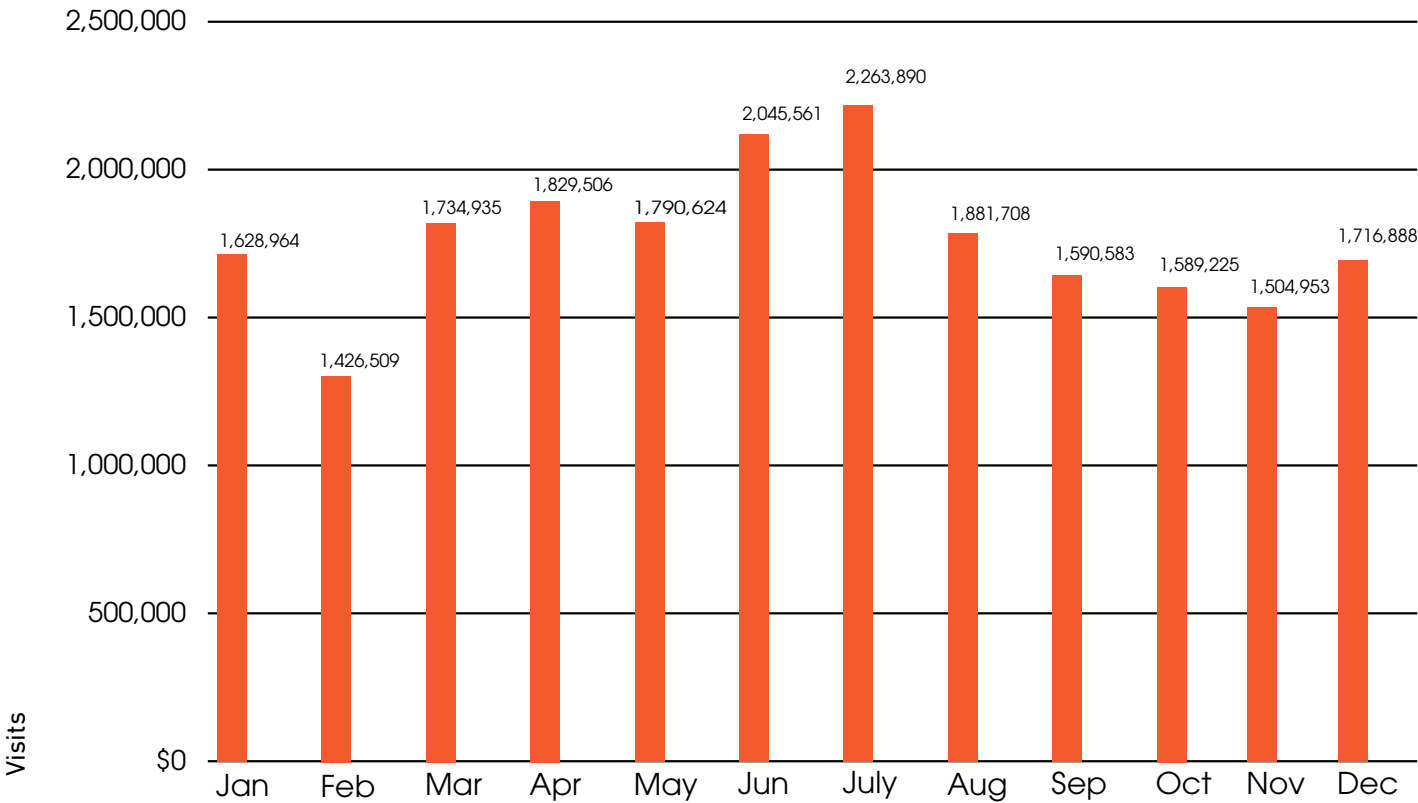
# PEDESTRIAN IMPRESSIONS

## Downtown Santa Monica (2023)

In 2023, Downtown Santa Monica experienced a total of 21 million visits, marking a 6.8% decrease compared to the same period the previous year. The average duration of these visits was 148 minutes.

Total Visits: 21,003,346 (Year-over-year Change: -6.8%)  
Average Visits Per Day: 57,543  
Average Length of Stay: 148 Minutes

### Monthly Visit Counts - Downtown Santa Monica (2023)



Source: Placer.ai.



## Third Street Promenade (2023)

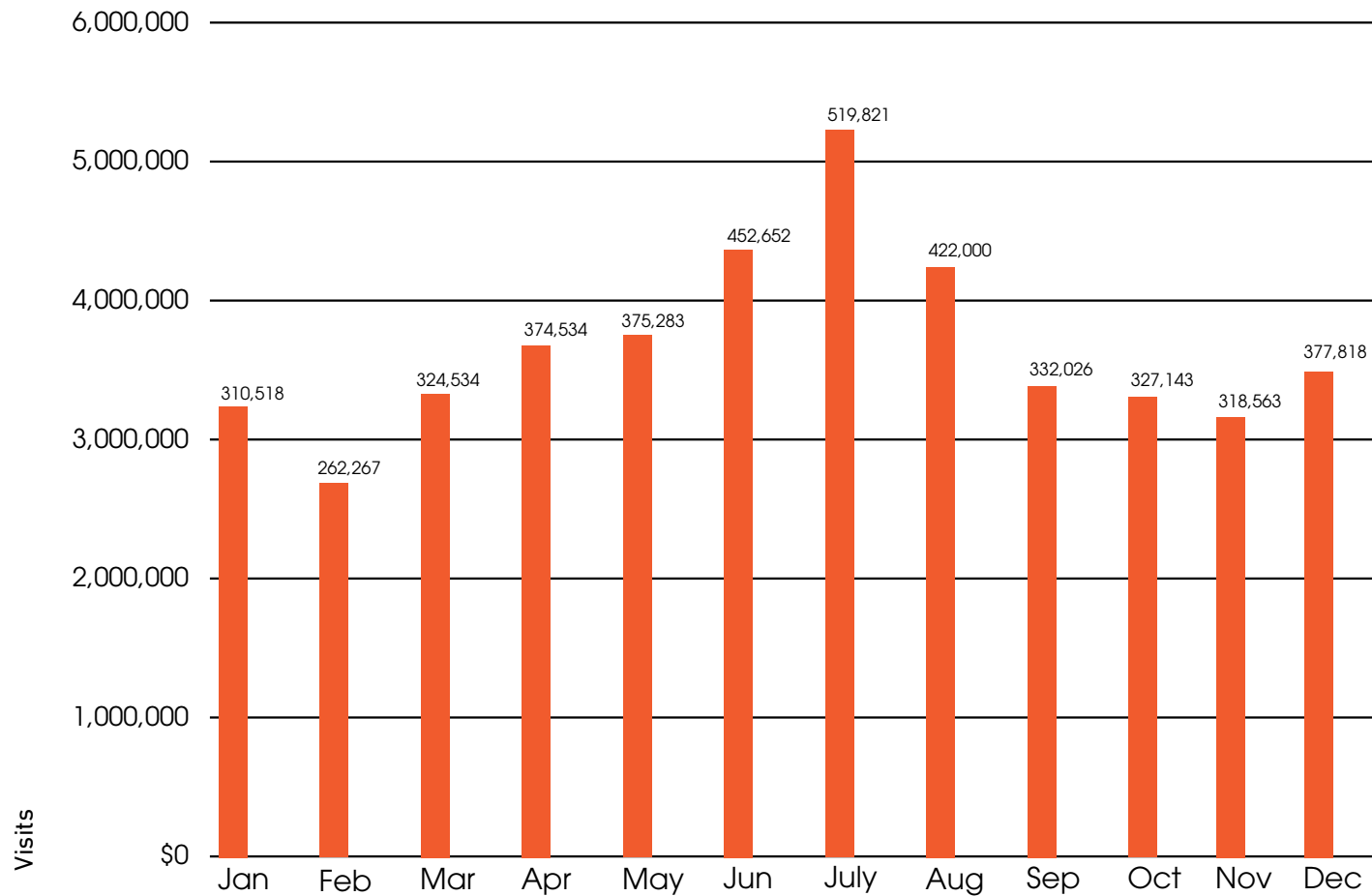
In 2023, the Third Street Promenade saw a significant increase in visitors, drawing 4.4 million people—a nearly 16% rise from the previous year. On a daily basis, the Promenade became a bustling hub, with around 12,000 visits exploring its offerings. Remarkably, each visitor engaged with Promenade for an average duration of an hour, underscoring the captivating and engaging experience it provides.

**Total Visits: 4,397,418 (Year-over-year Change: 15.7%)**

**Average Visits Per Day: 12,047**

**Average Length of Stay: 61 Minutes**

### Monthly Visit Counts - Third Street Promenade (2023)



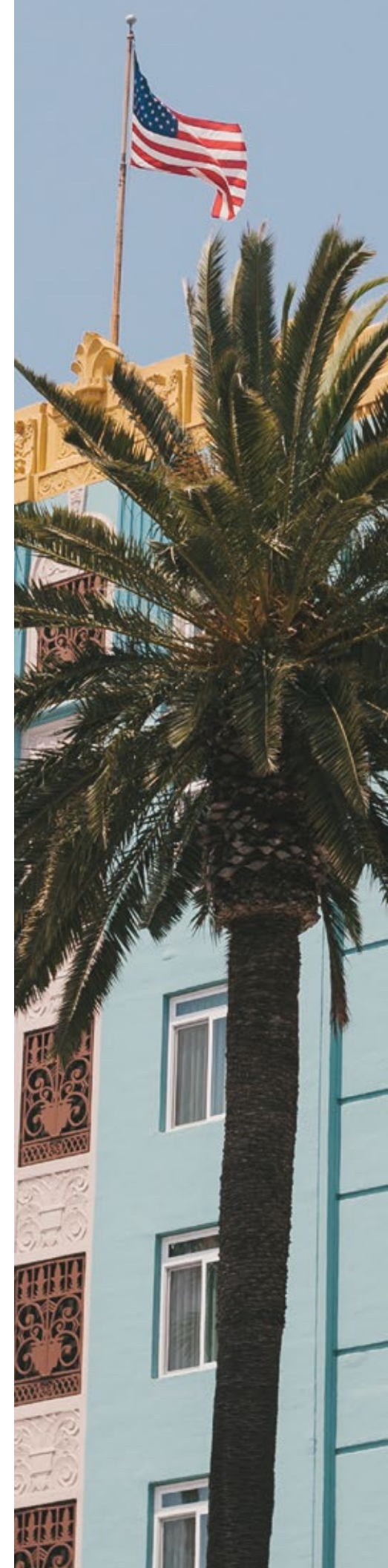
Source: Placer.ai.

## Parking

There is ample parking Downtown, even during peak times.



Parking Structure	Space	Peak Occupancy
1	327	103%
2	645	46%
4	626	62%
5	663	56%
6	741	53%
7	839	74%
8	1,012	64%
9	300	32%
10	81	107%



# DOWNTOWN INVESTMENT

Over \$1 billion is being invested in hospitality construction and renovation. Notable businesses are also choosing to locate in Santa Monica, such as venture capitalist firm Andreessen Horowitz (a16z), which is opening an office at 1305 2nd St, and a record office sale was recorded for First Citizen Bank (1540 2nd St.), which sold for \$86.7M.

## Residential Development in Downtown Santa Monica

Units Under Construction: **420**

Units Approved Downtown: **1316**

Units Pending Downtown: **564**



● Approved      ● Pending      ● Under Construction





## Notable Projects

### The Georgian Hotel

New operator: BLVD Hospitality  
\$26M renovation

### Sonder The Beacon (formerly Shangri-La)

New operator: Sonder Holdings Inc.  
\$30M renovation in 2008

### The Pierside (formerly Wyndham Hotel)

New operator: Sage Hospitality Group  
\$38M renovation

### Sandbourne (formerly Le Merigot)

### Regent SM Beach (former Loew's Hotel)

\$150M + renovation

### Miramar Hotel Project

\$500M value of redevelopment project

### Ocean Avenue Hotel

Mixed-use hotel by Worthe Real Estate Group, designed by Frank Gehry

12-room hotel and spa

100 residential units, 25% affordable

34,000 square foot cultural uses campus and publicly-accessible observation deck

Source: City of Santa Monica



Miramar Santa Monica  
312 Rooms, 60 Condominiums  
Photo Credit: Pelli Clarke & Associates



501 Broadway  
89 Units  
Photo Credit: Folonis Architects



601 Wilshire Blvd  
40 Units  
Photo Credit: KFA Architecture



1430-1444 Lincoln Blvd  
97 Units  
Photo Credit: Studio T Square



710 Broadway  
280 Units  
Photo Credit: Related Companies





Arizona

**A LOCAL DESTINATION**



## Celebration & Solidarity Black History Month Festival

March 11

Black Lives Association of Santa Monica hosted Third Street Promenade's first-ever Black History Month Festival featuring live music, vendors, and community resources. The festival features performances by comedy rock band Big Daddy, Gospel artist Betty Griffin, R&B artists Darrell Wilson and Frederick Buzz Busby, and DJ Shun Griffin among others, plus local performance groups of African drummers, cultural musicians and an African American dance troupe.

Attendees had the opportunity to visit various educational exhibits highlighting the contributions of African Americans in science and technology and attend a celebrity panel discussion featuring Mayor Pro Tem Lana Negrete, former Los Angeles Laker Norm Nixon, and others that explored the impact of African Americans in the entertainment industry.

## Disco Fridays

March 17, April 14, and May 12

Visitors to Third Street Promenade were invited to grab a pair of glowing headphones and party it up on the street! The silent disco DJs curated three different channels and encouraged guests to sing aloud.



## Easter Celebration

April 2

Third Street Promenade hosted its first-ever Easter celebration featuring free photos with the Easter Bunny, kids' entertainment, face painting, and games for the whole family.

## SaMo PRIDE

June 3

DTSM, Inc. hosted the first-ever downtown-wide PRIDE festival in partnership with Santa Monica Place, Downtown Santa Monica, Inc., Santa Monica Pier, City of Santa Monica, and Santa Monica Travel and Tourism.



## Chess Sundays + Tournament

June 11

DTSM, Inc. partnered with Santa Monica Bay Chess Club to host our first-ever community chess tournament and launch Chess Sundays on Third Street Promenade, a weekly activation featuring free chess sets for casual play.

## Movie Fridays

Sept. 8, Oct. 13, Nov. 10 and Dec. 8

The free monthly outdoor movie screening offered immersive experiences complete with pre-movie programming, photo opportunities, free snacks and giveaways.



**Day of the Dead**

October 28

DTSM, Inc. commemorated the cultural tradition of Día de los Muertos with festive live entertainment from local performance groups including Neiya Arts, Ballet Flor de Mayo, Grupo La Rosa, Folklor América, Poco Pocho and local Latinx student groups, colorful community altars, and a Latinx pop-up market offering a diverse selection of crafts, arts and treats curated by Molcajete Domingero.

**Official City of Santa Monica Tree Lighting**

November 16

DTSM, Inc. transformed the Downtown with festive lights and decorations adorning Third Street Promenade, 2nd and 4th Streets for the holiday season. Santa made a special appearance for the annual Tree Lighting Ceremony, where he illuminated the official City of Santa Monica holiday tree along with live entertainment from Westside Ballet, Samohi Choir, and Lincoln Middle School's Madrigals.



## Holiday Conscious Market + Pet Photos with Santa

December 2

Adding to the festive atmosphere, Downtown Santa Monica hosted the Holiday Conscious Market on Third Street Promenade. This artisanal pop-up market featured over 40 local vendors with a focus on elevated and sustainable brands, offering an excellent opportunity for guests to shop for unique holiday gifts while supporting local businesses.

## Ice at Santa Monica presented by Netflix

November 1, 2023 – January 15, 2024

Santa Monica's beloved holiday ice rink returned after a pandemic-induced hiatus and welcomed 123,993 visitors to the Downtown. Local restaurants, Ugo's Cafe and Stefano's Pizzeria offered delicious bites and hot chocolate. Special events included a free community grand opening celebration, holiday community celebrations, themed Wednesdays on Ice, and free skate nights presented by Netflix, which sponsored the ice rink season.

Photo Credit: Photo Bryan

## CHANGES IN ZONING AND PERMITTING RULES

With support from DTSM, Inc., the City of Santa Monica has aggressively amended and updated zoning ordinances and permitting requirements to facilitate development and leasing. Below are recent changes.

**No Conditional Use Permit is required** for bars, nightclubs & lounges on Third Street Promenade and existing restaurants looking to change use in the Downtown.

**Relaxed restrictions** on dancing, arcade games, and amplified music requirements.

**Restaurants up to 5,000 sq. ft. are allowed by right**, including the ability to provide off-site alcohol per ABC allowances.

**Expanded eligibility of alcohol exemption permits** for Third Street Promenade and Santa Monica Place.

**No limitations** on the types of fast-casual restaurants allowed on Third Street Promenade.

**Expanded opportunities for outdoor dining** on sidewalks, parklets, rooftops, and private property.

**Commercial signage approvals at staff-level** for more signage options, including upper-level and portable signs with lettering up to 18”.

**No parking minimums** for new businesses located within the Downtown area.

**Upper-floor business entrances** are allowed directly onto the sidewalk.

**Reduced active commercial use depth** requirements from 50’ to the first 25’ of the property.

**More Uses:** Food halls are conditionally allowed. Health clubs, physical training, and yoga studios up to 5,000 sq. ft. are allowed by-right in more areas.

**No new zoning approvals** for businesses replacing non-conforming retail, food, and beverage establishments of the same type.

**Temporary Use Permits** supporting economic recovery are extended up to 6 months.



## BUSINESS RESOURCES

DTSM, Inc. offers a wide range of resources to businesses operating or planning to open in Downtown Santa Monica, including:

- A ‘Welcome’ Package of information related to running your business in Downtown Santa Monica
- Market data and research focused on Downtown and, more specifically, the Third Street Promenade area
- Property owner/commercial brokerage/business owner contacts
- Assistance navigating the building, zoning, and business regulatory hurdles
- Information about events, business development resources, and other programs

For detailed information, please visit their Business Resources page at [downtownsm.com](http://downtownsm.com).



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**Visit**  
**[downtownsm.com](http://downtownsm.com)**  
**for more information.**

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