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March 15, 2017

Ms. Janet Zaldua
Executive Director
Marina del Rey Convention & Visitors Bureau
4551 Glencoe Avenue
Suite 260
Marina del Rey, CA 90292

Dear Ms. Zaldua:

In accordance with the request of the Marina del Rey Convention & Visitors Bureau, we have completed an analysis of the economic impact of tourism on the community of Marina del Rey for calendar year 2016. The fieldwork and data collection for this study were undertaken in February and March 2017, and this report was compiled in March 2017.

The scope of our work included an analysis of the following:

- The flow of dollars through the economy attributable to visitor spending;
- The number of jobs supported by the tourism industry; and,
- Associated tax revenues generated from visitors.

It should be noted that our analysis was limited to overnight visitors that stay in Marina del Rey, including hotel guests as well as visitors to Marina del Rey who stay in private homes or other non-hotel accommodations, but not inclusive of other visitors who stay in lodging facilities outside of the community perimeters, those that pay for vacation rental services such as Airbnb, and/or day visitors. Thus, we believe that the figures presented in this report are conservative estimates of the economic impact of tourism on the community of Marina del Rey.

We thank you for the opportunity to conduct this study.

Sincerely,
CBRE Hotels, Consulting



Bruce Baltin
Managing Director

EXECUTIVE SUMMARY

INTRODUCTION

The Marina del Rey Convention & Visitors Bureau retained CBRE Hotels to conduct an analysis of the economic impact of tourism on the community of Marina del Rey for calendar year 2016. The impact was measured primarily by the flow of dollars through the economy attributable to overnight visitors and by the number of jobs supported by the tourism industry. The study was undertaken in February and March 2017.

It should be noted that we obtained data regarding visitor levels, spending, and the Regional Input-Output Modeling SYSTEM (RIMS) economic multipliers from Visit California, Los Angeles Tourism & Convention Board, and the Los Angeles County Economic Development Corporation (LAEDC). The data obtained and the methodology utilized is discussed in greater detail in the methodology section within this report. We have also footed data to specific sources, when possible.

SUMMARY OF FINDINGS

The economic impact of tourism to Marina del Rey for calendar year 2016 is estimated to have been \$431,299,000. The impact in 2016 is estimated to have increased 13 percent over 2015, when total economic impact was approximately \$382,220,000.

Total Economic Impact of Tourism: Marina del Rey			
	2016	% Change	2015
Hotel Guests			
Occupied Hotel Rooms	338,773	7%	316,881
Double Occupancy Factor	1.81	-7%	1.94
Total Number of Hotel Guests	281,644	-4%	293,127
Number of Hotel Visitor Days	613,000	0%	615,000
Private House Guests (VFRs)			
VFR's as Percentage of Total Visitors	35%		35%
Total Number of VFR Overnight Visitors	151,655	-4%	157,838
VFR Visitors' Average Length of Stay	4.86		4.86
Number of VFR Visitor Days	737,000	-4%	767,000
Total			
Total Overnight Visitor Days	1,350,000	-2%	1,382,000
Total Number of Overnight Visitors	433,000	-4%	451,000
Average Daily Expenditure for Visitors (Rounded)	\$245.82	16%	\$212.80
Total Visitor Spending (based on average daily spending)	\$331,768,370	13%	\$294,015,663
Multiplier	1.3		1.3
TOTAL ECONOMIC IMPACT	\$431,299,000	13%	\$382,220,000
NUMBER OF JOBS SUPPORTED	2,955	11%	2,673
Rent Paid to Los Angeles County			
Hotel Rental Revenues	\$8,819,352	15%	\$7,643,122
Charter Yacht Rental Revenues	344,257	11%	310,491
Restaurant Rental Revenues	4,517,428	5%	4,299,759
TOTAL RENT PAID TO LOS ANGELES COUNTY	\$13,681,037	12%	\$12,253,372
Associated Tax Revenue¹			
Total Bed Tax Revenues	\$10,575,000	11%	\$9,509,000
Sales Tax (Meals + Non-Food retail)	1,360,000	13%	1,205,000
TOTAL MEASURABLE TAX REVENUES FOR MARINA DEL REY	\$11,935,000	11%	\$10,714,000

¹Excludes taxes from utility, general business, property, transportation and any sales tax derived from indirect spending

Note: Numbers have been rounded

- Total direct visitor spending is estimated to have been \$331,768,370 in 2016, a 13 percent increase over the 2015 estimate of \$294,015,663.
- The total economic impact of tourism to Marina del Rey is estimated to have been approximately \$431.3 million in calendar year 2016.
- Tourism to Marina del Rey is estimated to have supported approximately 2,955 jobs in calendar year 2016, representing an 11 percent year-over-year increase.
- Total rent paid to the County of Los Angeles by hotels, restaurants, and charter yacht companies in Marina del Rey totaled approximately \$13.7 million in 2016, up 12.0 percent over 2015.
- Total measurable tax revenues for Marina del Rey increased 11 percent from approximately \$10.7 million in 2015 to approximately \$11.9 million in 2016.
- We believe that these figures are conservative estimates of the total impact of tourism, as we did not include in this analysis all day visitors to Marina del Rey, as well as taxes on restaurant and charter yacht sales other than those from overnight visitors to Marina del Rey, which do constitute a significant source of revenues for the community.

ASSUMPTIONS AND CONDITIONS OF THE STUDY

It should be noted that this economic impact study is limited to overnight visitors who stay in hotels and private homes located in Marina del Rey and does not reflect the impact of other visitors to Marina del Rey who stay in lodging facilities outside of the community limits or those that utilize Airbnb or other vacation rental services. Additionally, Marina del Rey's attractions, such as Fisherman's Village, public beaches and parks, and shopping centers, generate a number of day visitors to the area; however, this study does not address the economic impact of these day visitors, another substantial source of revenues for the community.

DEFINITIONS

Overnight Visitors- a combination of overnight visitors who pay to stay at hotels in Marina del Rey and those visitors who stay at private homes in the community of Marina del Rey.

Hotel Guests – those overnight visitors who pay to stay at lodging facilities (hotels/motels) in the community of Marina del Rey. The primary purpose of their visits to Marina del Rey varies and includes business and leisure visitors. This does not include guests that pay for short term vacation rentals, i.e. Airbnb.

Private House Guests (VFR's) – those overnight visitors who do not pay to stay at private homes in the community of Marina del Rey, not including those that utilize Airbnb and other vacation rental services. In many cases, the primary purpose of their visits is to visit friends and/or relatives in Marina del Rey, hence the term VFRs (Visiting Friends and/or Relatives).

Day Visitors – those visitors to Marina del Rey who stay in accommodations outside of Marina del Rey.

Multiplier – a means to determine the indirect economic benefits of visitor expenditures in a community, such as spending by hotels and restaurants and their employees. The multiplier is applied to direct spending by visitors to measure the total flow of visitor dollars through the economy.

Visitor Days- a calculation that takes into account both the number of visitors and their length of stay so that each day of their visit is reflected as a unique entity. In the case of hotel guests, visitor days are calculated by multiplying occupied hotel room nights by the double occupancy factor. In the case of VFR's, visitor days are calculated by multiplying total VFR's by their average length of stay.

Double Occupancy Factor- the double occupancy factor refers to the average number of reported adults per room acquired by surveying Marina del Rey hotels

CONCLUSIONS

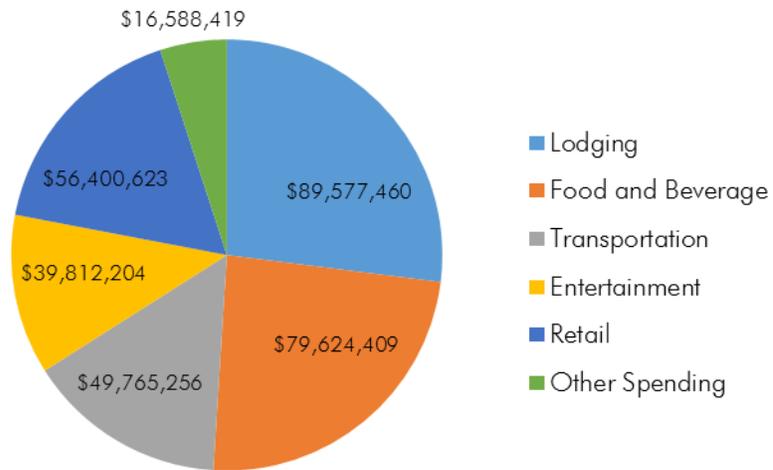
Overnight Visitor

ECONOMIC IMPACT - Overnight Visitors						
	2016			2015		
	Visitor Days		1,350,000	Visitor Days		1,382,000
	Total Spending	Spending/Day	Percentage of Revenue ¹	Total Spending	Spending/Day	Percentage of Revenue ¹
Lodging	\$89,577,460	\$66.37	27%	\$79,384,229	\$57.45	27%
Food and Beverage	79,624,409	59.00	24	70,563,759	51.07	24
Transportation	49,765,256	36.87	15	44,102,350	31.92	15
Entertainment	39,812,204	29.50	12	35,281,880	25.54	12
Retail	56,400,623	41.79	17	49,982,663	36.18	17
Other Spending	16,588,419	12.29	5	14,700,783	10.64	5
Total Spending	\$331,768,370	\$245.82	100%	\$294,015,663	\$212.80	100%
Multiplier	1.3			1.3		
TOTAL IMPACT	\$431,299,000			\$382,220,000		

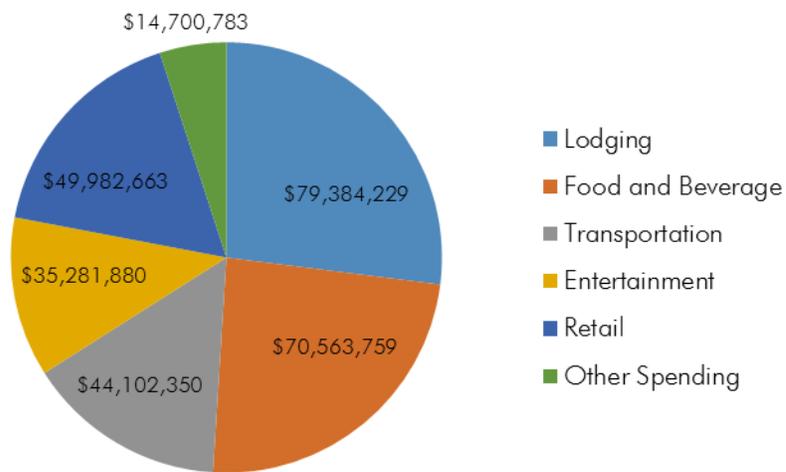
¹Percentages Derived from LATCB Visitor Survey

- In 2016, the direct spending is estimated to have accounted for approximately \$331.8 million, while approximately \$99.5 million was generated through indirect and induced spending (the multiplier effect).
- In 2015, the direct spending is estimated to have accounted for \$294 million, while approximately \$88.2 million was generated through indirect and induced spending (the multiplier effect).
- It should be noted that overnight visitor spending is not limited to the environs of Marina del Rey; however, we believe that whatever leakage occurs from the immediate community is more than offset by the revenues generated from day visitors.

Marina Del Rey Visitor Spending by Category 2016



Marina Del Rey Visitor Spending by Category 2015



Overnight Visitors by Type of Accommodation

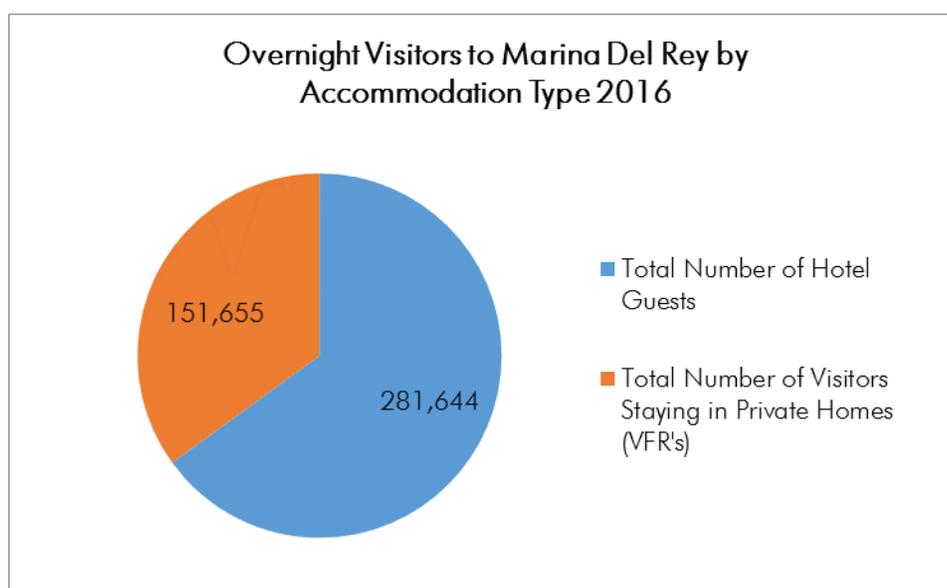
Overnight Visitors by Type of Accommodation			
	2016	% Change	2015
Occupied Hotel Room Nights	338,773	-6%	316,881
Double Occupancy Factor ¹	1.81		1.94
Average Length of Stay for Hotel Guests ²	2.18		2.10
Total Number of Hotel Guests	281,644	4%	293,127
HOTEL VISITOR DAYS (Rounded)	613,000	0%	615,000
Total Number of Visitors Staying in Private Homes (VFR's)	151,655	4%	157,838
Average Length of Stay for VFR's ³	4.86		4.86
VFR VISITOR DAYS (Rounded)	737,000	4%	767,000
TOTAL			
Total Number of Visitors	433,299	4%	450,964
Total Number of Visitor Days	1,350,000	2%	1,382,000

¹ Double Occupancy Factor Acquired by Surveying MDR Hotels

² Average Length of Stay Acquired by Surveying MDR Hotels

³ VFR Average Length of Stay Acquired from LATCB Visitor Spending Analysis LA County 2014

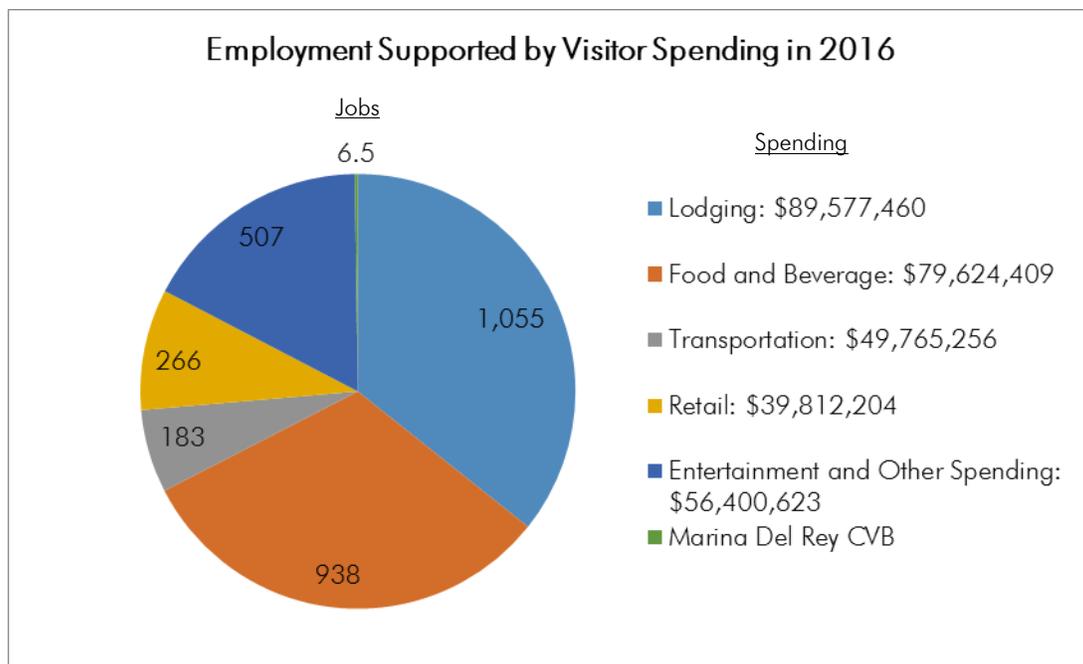
- We estimate that in 2016, there were approximately 433,000 visitors to Marina del Rey for a total of approximately 1.4 million visitor days.
- In 2016, the total number of hotel guests is estimated to have been approximately 281,644 for a total of approximately 613,000 hotel visitor days. Additionally, the total number of VFR's is estimated to have been approximately 151,655 for a total of approximately 737,000 VFR visitor days.



Employment

Overnight Visitor Spending Category 2016	
Category	
Lodging ¹	\$89,577,460
Food and Beverage	79,624,409
Transportation	49,765,256
Entertainment	39,812,204
Retail	56,400,623
Other	16,588,419
Related Jobs²	
11.78 jobs/\$1 million in spending for Hotels	1,055
11.78 jobs/\$1 million in spending for Food and Beverage Establishments	938
3.67 jobs/\$1 million in spending for Transportation	183
4.72 jobs/\$1 million in spending for Retail	266
8.98 jobs/\$1 million in spending for Entertainment and Other Spending	507
Marina del Rey CVB	6.5
TOTAL JOBS	2,955
1 Rooms Revenue Only	
2 Each multiplier measures the total number of jobs created in each category as a result of visitor spending by type of commodity purchased	
<i>Dean Runyan California Travel Impacts by County, 1992-2015p</i>	

In Marina del Rey, visitor spending on lodging, food and beverage, transportation, entertainment and retail created and/or supported roughly 2,955 jobs in 2016.



Taxes

Measurable Tax Revenues			
	2016	% Change	2015
Rooms Revenue	\$89,577,460	13%	\$79,384,229
TOT Tax Rate	12%		12%
TOT Generated	\$10,574,788	11%	\$9,509,238
Sales Revenue (F&B and Retail)	\$136,025,032	13%	\$120,546,422
Tax Rate to County	1%		1%
Sales Tax Generated	\$1,360,250	13%	\$1,205,464
Total Measurable Tax Revenues for Marina del Rey	\$11,935,039	11%	\$10,714,703

- According to the information submitted by the Marina del Rey hotels, transient occupancy tax (TOT) in calendar year 2016 totaled \$10,574,788, reflecting total rooms revenues of approximately \$89.6 million.
- In addition to TOT, the County of Los Angeles receives 1.0 point of the sales tax generated from meals and beverages, as well as non-food retail. We have estimated that tourism-related meals, beverages, and non-food retail sales generated approximately \$1,360,250 in 2016 of sales tax revenue. These numbers do not reflect sales tax collected on restaurant and entertainment revenues generated by local patrons and day visitors.

Ground Rent

Rent Paid to Los Angeles County			
Category	2016	% Change	2015
Hotel Rental Revenues	\$8,819,352	15%	\$7,643,122
Charter Yacht Rental Revenues	344,257	11%	310,491
Restaurant Rental Revenues	4,517,428	5%	4,299,759
Total Rent Paid to Los Angeles County	\$13,681,037	12%	\$12,253,372

- According to information submitted by Marina del Rey hotels, restaurants, bars, and charter yacht rental companies, these visitor-related businesses generated a total of approximately \$13,681,037 in rental revenue for the county in 2016.

METHODOLOGY

The methodology used to determine the total economic impact of tourism in Marina del Rey includes an estimation of direct overnight visitor spending. Additionally, our analysis includes an estimation of the number of jobs supported by the tourism industry in Marina del Rey and the associated tax revenues (sales and transient occupancy tax revenues) generated by overnight visitors.

TOTAL ECONOMIC IMPACT

The total economic impact of tourism in Marina del Rey consists of the application of a final-demand multiplier to an analysis of direct visitor spending expenditures. The following text discusses the methodology in greater detail.

Direct Visitor Spending

Our analysis of visitor spending is limited to spending by overnight guests that stay in the community of Marina del Rey. For the purposes of this analysis, the six hotels in Marina del Rey were surveyed with regards to their revenues by department, occupancy rate, average guest length of stay, double occupancy factor, employment, expenditures, and taxes and rent paid to the county of Los Angeles. These hotels include the following:

- Marriott Marina del Rey
- Jamaica Bay Inn
- Foghorn Harbor Inn
- Marina del Rey Hotel
- Ritz Carlton Marina del Rey
- Hilton Garden Inn Marina del Rey

Additionally, the source of visitor expenditure data for this study was provided by the Los Angeles Tourism & Convention Board. We were provided with the amalgamated and weighted spend by category for all domestic and international overnight visitors to Los Angeles County for 2014, the most recent data available. Although these percentages obtained from Los Angeles Tourism & Convention Board reflect spending for all of Los Angeles county in 2014, we are of the opinion that these spending patterns are representative of that of the typical overnight visitor to Marina del Rey in 2016. In addition, the spending patterns presented herein are similar to those of overnight visitors staying in comparable incorporated cities within Los Angeles County. Data from the Los Angeles Tourism & Convention Board was used with respect to the percentage allocation of daily expenditures for the following categories:

- Lodging;
- Food and beverage;
- Transportation;
- Retail (Shopping)
- Entertainment
- Other spending (i.e. spa, grooming, health club)

The following table presents the average spending ratios for overnight visitors, by segment, for Los Angeles County in 2014.

Overnight Visitors to Los Angeles County Per Capita Spending by Category 2014			
Category	% Spent	\$ Spent/Visitor	\$ Spent/Day
Lodging	27%	\$171.15	\$40.75
Food + Beverage	24	152.14	36.22
Transportation	15	95.08	22.64
Entertainment	12	76.07	18.11
Shopping/Retail	17	107.76	25.66
Other	5	31.69	7.55
Total	100%	\$634	\$150.93

Source: Los Angeles Tourism and Convention Board

For all overnight visitors, taking into account those that stay in private homes, lodging generally represents the biggest single expense while traveling in Los Angeles. In 2014, approximately 27

percent of all expenditures were for lodging. Accordingly, our analysis of overnight visitor spending began with an examination of revenues generated from the rental of hotel and motel rooms.

We were provided with the total rooms revenue and total number of occupied rooms generated by hotel guests for calendar year 2016 for the hotels in Marina del Rey. Together, the Marriott Marina del Rey, Jamaica Bay Inn, Foghorn Harbor Inn, Marina del Rey Hotel, Ritz Carlton Marina del Rey, and the Hilton Garden Inn offer roughly 1,108 guestrooms. These six hotels were surveyed to obtain information regarding total number of guests and double occupancy for 2016. Additionally, transient occupancy tax for the Marina del Rey community was examined. The table presented below presents the historical market performance based on the information provided by the hotels in Marina del Rey.

Historical Market Performance of the Competitive Supply									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2015	396,163	N/A	316,881	N/A	80.0%	\$250.52	N/A	\$200.38	N/A
2016	404,796	2.2%	338,773	6.9%	83.7%	264.42	5.5%	221.29	10.4%

Source: CBRE Hotels

The supply of hotel rooms in Marina del Rey has fluctuated in the past two years due to renovations and re-openings. In 2016, annual supply in the competitive market experienced a 2.2 percent increase which can be attributed to the reintroduction of rooms that were taken out of inventory in 2015 for renovation purposes. The number of occupied room nights in 2016 was 338,773, which translates to an occupancy rate of 83.7 percent for the market. This represents a 6.9 percent year-over-year increase in occupied room nights.

Hotels in Marina del Rey also experienced an increase in average daily room rate (ADR). In 2016, ADR grew 5.5 percent over 2015, from \$250.52 to \$264.42. As a result of increases in both occupancy and ADR, the competitive market's RevPAR (revenue per available room) posted an increase of 10.4 percent in 2016.

To determine total visitor days for overnight guests, we focused on the number of hotel and motel guests in Marina del Rey. Specifically, we arrived at a double occupancy factor, based on the surveyed hotels and industry trends, by which we multiplied the number of occupied rooms in Marina del Rey to ascertain the number of hotel visitor days. Based on the information gathered and our knowledge of the local lodging market, we have utilized a double occupancy factor of 1.81 in 2016 to account for the number of people per room. Once we calculated the total hotel visitor days, we employed data from the Los Angeles Tourism and Convention Board in order to come to a value for total VFR visitor days. Based on LATCB data for overnight visitors to Los Angeles County, we have utilized a VFR factor of 35 percent and an average length of stay of 4.86 days, meaning that 35 percent of all visitors to Marina del Rey stay in private homes for a period of, on average, 4.86 days and do not pay for lodging. Utilizing this factor, we have generated a total number of VFR visitor days. Combining these two values for VFR visitor days and hotel visitor days we have arrived at a total number of visitor days for overnight guests in Marina del Rey.

We utilized our calculation of rooms revenue as a basis for determining the average expense per day for lodging, as it is the most recent and accurate tracking available. To determine the daily

lodging spending per hotel guest, we divided the average daily rate by the occupancy factor for each year. By definition, VFR's do not spend on lodging therefore our rooms revenue total serves as an indicator of total overnight visitor spending. Dividing rooms revenue by total visitor days calculated above gives us daily spending on lodging per day for all overnight visitors. The following table summarizes these calculations.

Overnight Visitors and Daily Lodging Expenditure		
	2016	2015
Total Occupied Rooms	338,773	316,881
Occupancy Factor	1.81	1.94
Average Length of Stay (Hotel Guests)	2.18	2.10
Total Hotel Visitors	281,644	293,127
Average Daily Rate	\$264.42	\$250.52
Daily Lodging Spend per Hotel Guest	\$146.23	\$129.17
Total Lodging Spend for All Overnight Visitors	\$89,577,460	\$79,384,229
Total Visitor Days (including Hotel and VFR Guests)	1,349,618	1,381,680
Daily Lodging Spend for all Visitors	\$66.37	\$57.45

Source: CBRE Hotels

For the other expense categories, we then multiplied the average expense per day by the percentages provided by Los Angeles Tourism & Convention Board's survey for each category (food and beverage, entertainment, local transportation, non-food retail, and other spending) to derive the average spend per day for a typical overnight visitor.

Overnight Visitors to Marina del Rey Daily Spending per Visitor by Category		
2016		
Category	% Spent	\$ Spent/Day
Lodging	27%	\$66.37
Food and Beverage	24%	59.00
Transportation	15%	36.87
Entertainment	12%	29.50
Shopping/Retail	17%	41.79
Other	5%	12.29
Total	100%	\$245.82

Source: CBRE Hotels

We have taken into consideration that the percentages derived from the LATCB study are representative of visitors to Los Angeles County as a whole; however, we are of the opinion that these spending patterns are fairly representative of that of the typical overnight visitor to Marina del Rey. After deriving the average spend per day for an overnight visitor to Marina del Rey, we have utilized our estimate for total overnight visitor days to estimate the total spend for all overnight visitors to Marina del Rey.

Total Overnight Visitor Spending Marina Del Rey	
2016	
Daily Spend per Overnight Visitor	\$245.82
Total Overnight Visitor Days	1,350,000
Total Overnight Visitor Spending	\$331,768,370

The Multiplier Effect

The total impact of direct visitor spending to Marina del Rey is amplified by means of an economic multiplier. A multiplier is used to estimate the impact that the visitor dollar makes beyond the initial goods/services purchased. The infusion of new dollars into the local economy also produces additional goods and services. In short, “direct” visitor spending creates indirect and induced economic benefits for the community. For example, visitor spending collected “directly” within a hotel restaurant also “indirectly” supports food and beverage suppliers and delivery services. Moreover, the direct and indirect spending induces further spending in the community by employees of the benefiting businesses.

In discussions with the Economic Development Corporation and reflecting the current economic conditions experienced in 2016, we are of the opinion that an economic multiplier of 1.3 is appropriate for Marina del Rey. Therefore, for every visitor dollar spent directly in the Marina del Rey community, the overall economic impact equates to 1.3 dollars. The value of 2.1 reflects the final demand multiplier for all of Los Angeles-Long Beach Metropolitan Statistical Area (MSA), as determined by the U.S. Department of Commerce, Economic Bureau in its Regional Multipliers Program. We find the reduced multiplier of 1.3 to be reasonable as the community of Marina del Rey only represents a fraction of the Los Angeles-Long Beach MSA. In addition, this multiplier is used in economic impact studies for comparable incorporated cities within Los Angeles County.

Therefore, we applied a multiplier of 1.3 to the total direct visitor spending for hotel guests to determine the overall economic impact of visitors to Marina del Rey.

EMPLOYMENT

In order to determine the correlation between visitors to Marina del Rey and employment, we utilized information from the *California Travel Impacts by County, 1992-2015* study published by Dean Runyan & Associates for Visit California. This data was obtained from the Bureau of Labor Statistics Covered Employment and Wages, the Bureau of Economic Analysis’ Regional Economic Information System, and industry receipts. Figures from this study provided the basis for our estimation of the impact of a \$1.0 million in output delivered to final demand in a certain industry on employment in various tourism-related industries, including lodging, entertainment and other service industries, food and beverage establishments, local and air transportation, and non-food retail trade. Based on the above data, we ascertained the number of jobs supported by visitor spending in the community of Marina del Rey.

TAXES

Tax collections represent a large source of revenue generated from overnight visitors to Marina del Rey, with the transient occupancy tax (TOT) being the largest single source of tax revenue generated from tourism. We were provided with TOT data for calendar year 2016 from the hotels within the community of Marina del Rey.

In addition, government revenues drawn from tourism include:

- Sales Tax
- Property Tax
- Business Tax
- Utility Tax

We were unable to quantify the percentage of property, business and utility tax revenues associated with visitor spending, as well as sales tax associated with any and all indirect visitor expenditures. Additionally, our analysis does not take into account sales tax derived from restaurant revenues related to the purchase of food and beverage by day visitors and local patrons. For these reasons, our estimate underestimates the impact of tourism relative to tax revenues. Thus, our analysis of the total tax revenues for the community of Marina del Rey is limited to measurable tax revenues, which include direct sales tax and transient occupancy tax (TOT). It should be noted that the transient occupancy tax rate for Marina del Rey is 12.0 percent, while one percent represents the portion of sales receipts allocated to the county.

GROUND RENT

As part of Los Angeles County, hotels, restaurants, and charter yacht companies in Marina del Rey are subject to a ground lease, most of which are based on terms wherein the lessor and lessees share the resultant cash flows generated by the sale of hotel rooms, food and beverage, yacht rentals, bike rentals, telephone charges, parking fees, and miscellaneous sales. Based on the information submitted by the Marina del Rey hotels, restaurants, and yacht charter companies they paid a total of \$13,681,037 to Los Angeles County in rent in 2016, reflecting a 12.0 percent increase over 2015. We are of the opinion that these businesses rely principally on tourist business and therefore any rent paid to the county can be considered attributable to the impact of tourism in Marina del Rey. As discussed previously, the increases in rent paid to the county are tied to the improving average daily rates of hotels in Marina del Rey as well as the opening of the Marina del Rey Hotel and completion of the renovation of the Marriott Marina del Rey.

SUMMARY AND FORECAST

The economic impact of tourism to the community of Marina del Rey in 2016 was significant, representing approximately \$431.3 million.

Marina del Rey is an affluent, predominately commercial community which enjoys the unique recreational and scenic amenities of a small craft harbor. The harbor, related facilities, hotels, restaurants, and specialty retail shops help make Marina del Rey a popular local attraction in Los Angeles County. Marina del Rey has experienced continued growth in the last several years, and the community is enjoying a surge in popularity and development. Plans to redevelop Fisherman's Village as well as a makeover of the marina and waterfront are in the works. Additionally, Marina del Rey is well located relative to a diverse and growing collection of prominent entertainment, technology, media-related, medical, and professional service firms headquartered in the surrounding communities of Culver City, Playa Vista, Santa Monica, and Venice. In the past few years, the area, in particular neighboring Venice and Playa Vista, have become the epicenter of technology company activity in Southern California with the emergence of Silicon Beach. The community's diverse business environment has been able to maintain revenues, with improved regional tourism and retail sales to support further growth. With a significant number of residential units currently under development, the housing market outlook for Marina del Rey remains positive.

Overall these residential and redevelopment projects have the potential to substantially boost both commercial and leisure demand for hotels in the area. Marina del Rey will be able to further establish itself as a desired destination for tourists and business travelers. In addition, future real estate development and the lodging market supply and demand dynamics of the local market have recently substantiated the need for additional accommodations. Given its coastal location

proximate to Silicon Beach and the nearby commercial offices, Marina del Rey is anticipated to remain a popular destination for commercial and leisure travelers to the Los Angeles County area. Given that the market is operating at above its long term level of stabilization, we anticipate that occupancy in the Marina del Rey hotel market will remain at the same level or slightly reduce as ADR continues to grow.

Addendum
Terms and Conditions

TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for consulting services (the "Agreement") between CBRE, Inc. (the "Consultant") and the client signing this Agreement, and for whom the consulting services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the consulting office is located for the Consultant executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the consulting fee and preparation of a consulting report (the "Consulting Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Consulting Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site), with a minimum charge of \$500. Additional copies of the Consulting Reports are available at a cost of \$250 per original color copy and \$100 per photocopy (black and white), plus shipping fees of \$30 per report.
3. If Consultant is subpoenaed or ordered to give testimony, produce documents or information, or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Consulting Report, the Consultant's expertise, or the Property, Client shall pay Consultant's additional costs and expenses, including but not limited to Consultant's attorneys' fees, and additional time incurred by Consultant based on Consultant's then-prevailing hourly rates and related fees. Such charges include and pertain to, but are not limited to, time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and production, and preparation time (excluding preparation of the Consulting Report), meeting participation, and Consultant's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional consulting services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Consultant shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents, or without cause upon 30 days written notice.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Consultant executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Consultant assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Consultant to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Consulting fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Consultant relating to this Agreement, or Consultant's or Client's performance hereunder, Consultant and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Consultant executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Consultant is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between Client and Consultant. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Consulting Report discussed herein.
8. All statements of fact in the report which are used as the basis of the Consultant's analyses, opinions, and conclusions will be true and correct to Consultant's actual knowledge and belief. Consultant does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Consultant by Client or others. The conclusions and any permitted reliance on and use of the Consulting Report shall be subject to the assumptions, limitations, and qualifying statements contained in the report.

9. Consultant shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.
10. Client shall provide Consultant with such materials with respect to the assignment as are requested by Consultant and in the possession or under the control of Client. Client shall provide Consultant with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.
11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Consultant. With respect to data provided by Client, Consultant shall not violate the confidential nature of the Consultant-Client relationship by improperly disclosing any proprietary information furnished to Consultant. Notwithstanding the foregoing, Consultant is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Consultant to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.
12. Unless specifically noted, in preparing the Consulting Report the Consultant will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material") on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Consulting fee.
13. In the event Client intends to use the Consulting Report in connection with a tax matter, Client acknowledges that Consultant provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Consulting Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Consulting Report. Client agrees that Consultant shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Consultant relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.
14. Consultant shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Consulting Report to any third party.

LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY OR ANY OF ITS AFFILIATE, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, OR CONTRACTORS BE LIABLE TO THE OTHER, WHETHER BASED IN CONTRACT, WARRANTY, INDEMNITY, NEGLIGENCE, STRICT LIABILITY OR OTHER TORT OR OTHERWISE, FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES AND AGGREGATE DAMAGES IN CONNECTION WITH THIS AGREEMENT FOR EITHER PARTY (EXCLUDING THE OBLIGATION TO PAY THE FEES REQUIRED HEREUNDER) SHALL NOT EXCEED THE GREATER OF THE TOTAL FEES PAYABLE TO CONSULTANT UNDER THIS AGREEMENT OR TEN THOUSAND DOLLARS (\$10,000). THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S FRAUD OR WILLFUL MISCONDUCT.

15. Client shall not disseminate, distribute, make available or otherwise provide any Consulting Report prepared hereunder to any third party (including without limitation, incorporating or referencing the Consulting Report, in whole or in part, in any offering or other material intended for review by other parties) except to (i) any third party expressly acknowledged in a signed writing by Consultant as an "Intended User" of the Consulting Report provided that either Consultant has received an acceptable release from such third party with respect to such Consulting Report or Client provides acceptable indemnity protections to Consultant against any claims resulting from the distribution of the Consulting Report to such third party, (ii) any third party service provider (including rating agencies and Client's auditors) using the Consulting Report in the course of providing services for the sole benefit of Client, or (iii) as required by statute, government regulation, legal process, or judicial decree. In the event Consultant consents, in writing, to Client incorporating or referencing the Consulting Report in any offering or other materials intended for review by other parties, Client shall not distribute, file, or otherwise make such materials available to any such parties unless and until Client has provided Consultant with complete copies of such materials and Consultant has approved all such materials in writing. Client shall not modify any such materials once approved by Consultant. In the absence of satisfying the conditions of this paragraph with respect to a party who is not designated as an Intended User, in no event shall the receipt of a Consulting Report by such party extend any right to the party to use and rely on such report, and Consultant shall have no liability for such unauthorized use and reliance on any Consulting Report. In the event Client breaches the provisions of this paragraph, Client shall indemnify, defend and hold Consultant, and its affiliates and their officers, directors, employees, contractors, agents and other representatives (Consultant and each of the foregoing an "Indemnified Party" and collectively the "Indemnified Parties"), fully harmless from and against all losses, liabilities, damages and expenses (collectively, "Damages") claimed against, sustained or incurred by any Indemnified Party

arising out of or in connection with such breach, regardless of any negligence on the part of any Indemnified Party in preparing the Consulting Report.

16. In the event Client incorporates or references the Consulting Report, in whole or in part, in any offering or other material intended for review by other parties, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the consulting or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iii) an actual or alleged violation of applicable law by Client (including, without limitation, securities laws) or the negligent or intentional acts or omissions of Client (including the failure to perform any duty imposed by law); and will reimburse each Indemnified Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising therefrom, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Consultant (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.
17. Time Period for Legal Action. Unless the time period is shorter under applicable law, except in connection with paragraphs 16 and 17 above, Consultant and Client agree that any legal action or lawsuit by one party against the other party or its affiliates, officers, directors, employees, contractors, agents, or other representatives, whether based in contract, warranty, indemnity, negligence, strict liability or other tort or otherwise, relating to (a) this Agreement or the Consulting Report, (b) any services or studies under this Agreement or (c) any acts or conduct relating to such services or studies, shall be filed within two (2) years from the date of delivery to Client of the Consulting Report to which the claims or causes of action in the legal action or lawsuit relate. The time period stated in this section shall not be extended by any incapacity of a party or any delay in the discovery or accrual of the underlying claims, causes of action or damages.