Economic Outlook

National And Regional Outlook Mostly Positive Despite Uncertainties Surrounding Trump Policies

By Samantha Mehlinger

The overall economic outlook for the United States’ economy in 2017 is positive, with economists projecting a higher rate of growth for gross domestic product (GDP) and continued job gains, according to regional and national economists.

Some of President-elect Donald Trump’s proposals could benefit individuals and companies, such as personal income and corporate tax cuts. On the other hand, it is still unclear whether some of the major policies Trump campaigned on – mainly repealing the Affordable Care Act and potential repeal of some environmental regulations – will be implemented. Regional economists project the economy in 2017 is positive, with gains, according to regional and national economists.

Styrofoam Product Ban Is Imminent

By Brandon Richardson

A s politicians continue to push environmental policy at the state level, Long Beach yet again followed suit with the city council’s decision at its December 20 meeting to move forward with a ban on the use of expanded polystyrene, Styrofoam and other polystyrene products.

First District Councilmember Lena Gonzalez presented the original motion along with a brief history of past city efforts. As she pointed out, the idea of a Styrofoam ban is not new to Long Beach. In 2005, former 3rd Dis-

Millennial Pulse

By Assistant Editor Samantha Mehlinger

Who are Millennials? Ask a Baby Boomer or Gen X'er, and chances are they’ll tell you we’re a bunch of entitled adult adolescents who, despite our good bedrooms surrounded by our countless participation trophies until we’re 40. We’re ruining how society communicates. Half of us will probably die chronic laziness, tend to whine about not being handed everything we believe we deserve. Or perhaps they would respond with some combination of the following: We (yes, this writer is a Millennial) are highly likely to sleep in our childhood bedrooms surrounded by our countless participation trophies until we’re 40. We’re ruining how society communicates.
Matt Kinley has opened Kinley Law Practice at the Landmark Square building in Downtown Long Beach. He previously was with TLD Law, a firm he joined in 1989, became a partner in 1997 and served as managing partner from 2006 to 2011. Kinley Law Practice focuses on business law, litigation, healthcare and personal injury. Kristen Pugh has joined MemorialCare Health System as vice president of advocacy and government relations. She has 22 years of experience in developing and implementing government and community strategies on the local state and national levels. Pugh most recently served as executive director for federal research relations at UC Irvine. David Williams has been promoted to director of original equipment sales, marketing and strategic planning for DENSO Products and Services Americas, Inc., in Long Beach. He joined the firm in 2013 as manager of the strategic planning department, and in 2015 was promoted to senior manager of marketing and strategic planning. DENSO’s Long Beach operation is an affiliate of DENSO Corp. The CPA firm Rothouse Carlin & Van Trigt LLP (HCVT), which has eight offices including one in Downtown Long Beach, announced that Greg Altman and Beth Salverston were admitted to the partnership on January 1. Altman has more than 12 years of tax consulting and compliance experience. He serves clients in the private equity, media and entertainment and manufacturing, retail and distribution industry sectors. Salverston, with more than 11 years of public accounting experience, was promoted to audit partner. She is a member of the firm’s employee benefit plan audit and advisory services practice. Studio One Eleven, an architectural, landscape and urban design firm based in Downtown Long Beach, recently announced it has promoted three of its employees: Reed Suzuki to design manager, associate, focusing on residential/mixed-use developments; Brad Leed to senior project manager, associate, who has 17 years of experience in multi-family and mixed-use housing; and Tabin White, project manager, associate, who has 10 years of experience in urban design, mixed-use and community projects. According to a company statement, its “philosophy is to work on projects that have economic, social and environmental benefits to create a more humane and sustainable whole.” Sergio Ramirez was recently appointed deputy director of the City of Long Beach for the City of Long Beach. He reports to John Keisler, who, as of January 1, is the city’s new director of that department. Ramirez most recently served as a senior project manager with the community and economic development department in the City of Anaheim. Tracy Colunga has been named to replace Keisler as director of the city’s Innovation Team (i-team). The i-team was established through a three-year, $3 million grant from the Bloomberg Philanthropies in 2015. According to a city statement, “The Long Beach i-team has attracted approximately $750,000 in outside funding to support economic development initiatives such as the city’s new business portal for entrepreneurs BizPort and the Economic Development Blueprint.” Colunga had been serving as the Long Beach neighborhood relations officer. Anita Dempsey, who has been serving as executive director of the Long Beach Citizen Police Complaint Commission, and prior to that as the city’s human dignity officer, has been named interim deputy city manager. Francesca Ruiz de Luzuriaga is the new chair of the SCAN Group Board of Directors. She is a business development consultant and former chief operating officer for Mattel Interactive. Founded in Long Beach in 1977 as Senior Care Action Network, the SCAN Health Plan is one of the largest not-for-profit Medicare Advantage plans in the nation. Robert Dougis has been named regional director for Long Beach-based Halbert Hargrove, a fiduciary investment management and wealth advisory firm. Dougis, who most recently served as an investment consultant with TD Ameritrade, will serve as an investment advisor to individuals and institutions, working with a client base that includes entrepreneurs, professionals, technology company executives and retirees. Maricela Renteria de Rivera has been elected to serve a second year as chair of the Long Beach Transit Board of Directors. She is the co-founder and director of Long Beach Breastfeeding Coalition. Sunmire Gant was elected to serve as vice chair and Colleen Bentley as secretary-treasurer.
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CALIFORNIA STATE UNIVERSITY LONG BEACH
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These parameters is that those among this age range.

1980 to the mid-1990s or early 2000s.

Varying age parameters for Millennials.

Knows.

Age cohort.

Which is now the country’s largest living generation from a new perspective. We conceived by our Baby Boomer publisher. Going series, Millennial Pulse – an idea Journal will examine in our new on-

Who are we, really?

The risk of sounding existential here...

Times called us “Generation Nice.” But at “laughable fragility.” The New York

Millennial generation is characterized by

A May 2016 article in the Na-

A TIME Magazine article in 2013

For instance, learned how to work a

Baby Boomers who remember the death

Ready sunk its teeth in. It’s a disparity per-

Awakening; they grew up after it had al-

Often stressful, and, on the most unfortu-

Traveling was fun to an era in which it’s

Experienced the sudden shift from a time when

And Al Qaeda, and then ISIS. We experi-

Experienced a pronounced shift in the

My perhaps long-winded point is this:

But consider this. On 9/11, the oldest

According to Pew, in 2014, 27% of Mil-

Level education than previous generations.

Just 28% of Baby Boomers

44.2% of Millennials are minorities. According to Pew Re-

83.1 million Millennials in the United

There are 83.1 million Millennials in the United States.

Millennials are more diverse than previ-

According to Pew Research Center, just 28% of Baby Boomers in the U.S. are minorities.

We also have higher rates of college-

We're also a generation vastly separated

Generally speaking, the idea behind these parameters is that those among this generation came of age during or after the new millennium. Millennials grew up using technology far more advanced and portable than prior generations. And, it should be noted, we all came of age in a post-9/11 society.

But consider this. On 9/11, the oldest Millennial was 21 years old. Based on the broader definition of our generation, the youngest Millennial was not even born yet. Older Millennials vividly remember the events of that pivotal day in history. The youngest of our generation learned about it in history books.

My age group entered the training ground for adulthood that is high school just as a new world began taking shape. Having grown up in the Clinton era, we experienced a pronounced shift in the anxieties plaguing our nation—from worries about the occasional homegrown bomber and school shooters to the inces-

Deluges brought on by the Taliban and Al Qaeda, and then ISIS. We experienced the sudden shift from a time when traveling was fun to an era in which it’s often stressful, and, on the most unfortu-

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Renovations are underway on the iconic, 27-story World Trade Center in Downtown Long Beach.

Stillwater Investment Group and Greenlaw Partners are spending more than $5 million to transform the 1989 aesthetic to "a vibrant environment demanded by today’s workforce," according to a press release. The Orange County-based real estate firms purchased the building in 2015 from SteelWave Inc. for around $105 million – $45 million less than the company paid for it in 2007.

The investment will see both interior and exterior improvements to the property, designed by SAA Interiors and Architecture. "We are honored to redesign and reposition the World Trade Center, Long Beach’s finest Class A office tower," Rick Shlemmer, principal at SAA, said in an e-mail to the Business Journal.

The interior renovations include cladding over granite walls with contemporary wood and white glass, a rebuild of the elevator mechanics and interiors, refinishing all brass metal fixtures and replacing the granite floor with porcelain tile. Exterior renovations will transform the plaza connecting to the Hilton Hotel with landscaping, wood decking, soft seating areas, custom-designed shaded structures and Wi-Fi capabilities. The project will also be rebranded with new signage, wayfinding and a corporate identity.

The project is scheduled for completion by early May, according to Shlemmer.

Commission Approves Zoning Change For 40-Home Development

At its January 5 meeting, the Long Beach Planning Commission voted unanimously to recommend that the city council approve a site plan review, a vesting tentative tract map and a general plan amendment to rezone the property located at 3655 N. Norwalk Blvd., as well as certify the environmental impact report, for 40 new detached single-family homes.

Port Asks For Public Comments On Proposed Rail Yard

The Port of Long Beach scheduled two public hearings to receive feedback on the draft environmental impact report for the redevelopment of the Pier B On-Dock Rail Support Facility. The proposed rail yard would allow for longer trains to be assembled in the Harbor District, making operations more sustainable and moving cargo faster. The first public hearing was held on January 11, with the second scheduled for tomorrow, January 18, at 6 p.m. at the Port of Long Beach offices, located at 4801 Airport Plaza Dr. Comments on the study will be accepted through February 13. For more information, visit polb.com/pierb.

Former Post Office Property In Escrow

The former United States Post Office property located at 2300 Redondo Ave. is now in escrow with an undisclosed buyer, according to Amy Bodek, director of the Long Beach Development Services Department. According to a listing, the 22.3-acre site includes a 526,000-square-foot warehouse distribution facility and an 11,225-square-foot vehicle maintenance facility, along with 671 parking spaces.

Proposal To Redevelop Ocean Center Building

A proposal has been made for the redevelopment of the historic Ocean Center Building into a 139-room upscale boutique hotel, including more than 15,000 square feet of bar, restaurant and retail space. Located at 110 W. Ocean Blvd., the proposal is accompanied with a request for an economic subsidy in the form of a transient occupancy tax sharing agreement between the city and the developer.

Retail News

Aguas Way Opens In North Long Beach

Aguas Way, a new eatery specializing in aguas frescas, a popular Mexican fruit drink, celebrated its grand opening on January 2. Located at 5248 Long Beach Blvd. and open every day from noon to 9 p.m., the family-owned business also offers carne asada fries, California burritos, acai bowls, homemade salsas and champurrado, along with regular specials.

Nordstrom Rack To Leave Lakewood For Long Beach

Seattle-based Nordstrom Inc. recently announced plans to relocate its Nordstrom Rack store from Lakewood Center to the forthcoming Long Beach Exchange on the southwest corner of Lakewood Boulevard and Carson Street at Douglas Park. The 26-acre-plus development by Burnham Ward

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Will Supreme Court Ruling Change Anything?

A little-noticed ruling late last year by the California Supreme Court could have far-reaching implications for real estate brokerages – or not.

Putting a practical end to a case that had been winding itself through the California court system for some time, the State Supreme Court affirmed the ruling of the appellate court in the case of Horike v. Coldwell Banker in finding against the national brokerage for its representation of both the buyer and the seller in the sale of a luxury home.

The story, which goes back almost a decade, basically centers around the misstated square footage – by about 4,000 square feet – of a home for sale, a Chinese millionaire’s purchase of a Malibu mansion for $12.25 million, and the age-old question of dual agency and the fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.

In the real world of brokerage, not much is going to change because of this case. Sure, the current system is not ideal because the potential is always there for conflicts as agents and brokers will sometimes be put into the situation of dual agency in a transaction. Until the time that custom dictates that sellers and buyers, or landlords and tenants, are each willing to pay for individual representation – similar to attorneys in court cases then not much will change without legislation requiring it.

The court’s opinion in this case seemed to indicate that the California Legislature should look at ending the practice of dual agency in real estate transactions, which is probably the only way that this long-standing tradition will change.

The California Association of Realtors argued in a brief during the hearing of this case that the state would be limiting consumers’ choices if dual agency were to be abolished. On the commercial side, in either a lease or a sale, tenants and buyers of investment properties are not going to want to pay people to represent them either. And they will probably object to being told that they cannot have the brokers of their choice represent them – even if those brokers are acting on behalf of both sides as dual agents.

So, it clearly falls to the legislative side of the question as to how this case will impact the practice of real estate, if at all. If the legislature was so inclined to change this practice – and we have not seen any evidence that it is – then perhaps an overhaul of the real estate industry would occur where exclusive buyer or tenant brokerages and exclusive seller or landlord brokerages would be the result on a wide scale.

But without any widespread call to change current practices, it would appear this scenario will not happen anytime soon, and all those who practice real estate must be vigilant in making do with the current practices and laws. (Terry Ross, the broker-owner of TR Properties, will answer any questions about today’s real estate market. E-mail questions to Realty Views at terryross1@cs.com or call 949/457-4922.)

Real Estate Views

Professional Services News

New H&R Block At Kilroy Airport Center

Block Advisors, a new division of H&R Block designed to aid small local businesses with tax returns and bookkeeping, recently opened at 3750 Kilroy Airport Way, Suite 120. Staff members have a minimum of 15 years experience and specialize in clients who are incorporated or self-employed, as well as trusts and estates. For more information, visit blockadvisors.com

New Skin Care Treatment In Naples

Nordstrom would occupy approximately 28,000 square feet. The story, which goes back almost a decade, basically centers around the misstated square footage – by about 4,000 square feet – of a home for sale, a Chinese millionaire’s purchase of a Malibu mansion for $12.25 million, and the age-old question of dual agency and the fiduciary duty of utmost care, integrity, honesty and loyalty in the dealings with either the Seller or the Buyer.

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City Officials Want Long Beach To Be A ‘Test Bed’ For New Technologies

By BRANDON RICHARDSON
Senior Writer

Along with his push to keep Long Beach at the forefront of eco-friendly cities (ranked 24th on WalletHub’s 2016 list of greenest U.S. cities), Mayor Robert Garcia has been adamant in ensuring the city is a pioneer for new technologies.

To aid in this goal, Garcia created the Long Beach Technology and Innovation Department (TID), led by Director Bryan Sastokas, as well as the Innovation Team (i-team). Months after the launch of BizPort, an online portal developed by the i-team to assist small businesses, the TID launched its open data platform, DataLB, on January 9.

“It is taking open data into the next level in my mind because it’s not just the simple sharing of data,” Sastokas said. “This new portal will allow you to get away from the people that are data wonks and allow our residents access to data that they can manipulate online so they can see it in a graphical representation.”

The data is represented on the website in tables, charts and most importantly maps. The open data provides information on business licensing and the locations of government buildings, post offices, police...
fire stations, even golf courses. The platform also displays data such as where Measure A dollars are being spent, pavement conditions and Long Beach Gas and Oil numbers and projects.

“Whether a lot of people care about open data or not, I think it’s just one of those things that the city is obligated to do,” Sastokas said. “We need to give out information. Information should be shared, and as it’s available, it will be posted.”

Sastokas explained that the open data platform is still a work in progress and is continuously being brought up to date as possible. Eventually, each city department will gain access to update relevant data more efficiently.

The city partnered with Esri, a Redlands-based geographic information system company, to develop DataLB. Sastokas said the city pays the company about $180,000 annually for its services, including the development of DataLB.

Now that DataLB has launched, Sastokas said residents will begin to see a shift toward more city investment in cybersecurity initiatives, which could see certain employment positions being phased out.

“We’re trying to be one of the first cities to adopt artificial intelligence framework around security. I believe that a lot of these C-suite roles are going to be phased out as technology changes,” Sastokas said. “I don’t think you always need a security officer or a data officer. A position we’re currently recruiting for – and I think it might be one of the first in the nation – is cyber risk officer.”

As technology moves forward in Long Beach, Sastokas said city officials are hoping to keep the community engaged and will push for as much input as it can get. He explained that he likes to hear ideas from the community because innovative technology is only worth the investment if people use it.

“We want Long Beach to sort of be the test bed for these sorts of technologies because we have a very smart community,” Sastokas said. “[With] that ecosystem, if you foster it, I think we have a chance to show up places like Silicon Valley. We’re Long Beach. We’re going to be innovative in our own right. And I think that’s something you’re going to see from us in 2017.”

Big Win For Arts Funding

By BRANDON RICHARDSON
Senior Writer

At its December 20 meeting, the Long Beach City Council voted unanimously to move forward with a Percent for the Arts Program with a goal of reaching $750,000 over the next three years.

“I think a Percent for the Arts Program gives the city and its residents, developers and businesspeople a sense of a vision of what arts and culture is. Arts and culture are an important part of a city fabric, and every district should have arts and culture,” Griselda Suarez, executive director of the Arts Council for Long Beach, said. “Envi-
Percent For The Arts
(Continued From Page 9)

siong Long Beach to be a thriving econ-
omy that includes the creative economy makes us distinct. We’re a very special city.”

According to city documents, the pro-
posed best practices at this stage of the pro-
gram call for a 1% assessment of the cost of all eligible capital construction projects, ex-
cept those qualified for an exclusion for the city that exceed $100,000. However, to
ensure the fee does not overburden large projects, the fee will not exceed $500,000.

The moneys generated by the program are to be allocated with 40% for the creation of
public art in the public domain through the
Arts Council, 20% for small grants awarded by
the Arts Council and 40% for the support of
established arts groups, including the
Long Beach Symphony Orchestra, Musical
Theatre West, Musica Angelica, Interna-
tional City Theatre, Long Beach Opera,
Long Beach Playhouse, Museum of Latin
American Art and Able ARTS Work (for-
merly Arts & Services for Disabled).

“It’s been a few years now that we have not
invested in public art, both in conserva-
tion and in new commissions. And I think
we are looking forward to diversifying what
public art means for a city, and I’m defi-
nitely excited to be part of that,” Suarez said.

A PowerPoint presentation at the meeting
showed that 86% of the 30 largest cities in
the country and 41% of California cities
have similar programs. The presentation
also stated that some states and cities have
imposed fees on entertainment venues and
events to support the arts. The Long Beach
Convention and Entertainment Center al-
ready has a fee for this purpose, which was
raised in November from $1 to $3. This in-
crease will generate $255,000 to be used to
support the arts at the center.

Suarez explained that part of the recom-
mandation is for future discussion about
what it would mean for the city to have a
development fee on private developments,
which would be more in line with the
trends of similar programs across the coun-
try. However, this requires a nexus study,
and she said she can’t imagine those dis-
cussions would begin for at least two years.

“We’re looking for this to start with fis-
cal year 2018,” Suarez said. “So the city
manager’s office and the arts council will
be working together to figure out logistics
and regulations, as recommended by the
city council.” 

Styrofoam Product Ban
(Continued From Page 1)

The Long Beach Economic Development
Commission to come up with financial in-
centives for local businesses; and a request
for the city manager to provide annual up-
dates regarding the ban to the Long Beach
City Council and Environment Committee.

However, Richardson’s substitute motion
added that prior to drafting the ordinance,
the environmental committee must conduct
public outreach with community stakeholder-
s and provide feedback to the city attor-
ey. Also included in the new motion was an
extension to 180 days before the ordi-
nance comes back to the council.

Some restaurant owners have already
taken it upon themselves to move away from
the use of Styrofoam products, including Luis
Navarro, owner of Lola’s Mexican Cuisine,
which has two locations in Long Beach.

Navarro explained that his restaurants have
been Styrofoam-free for about six years.

“We absorbed the cost because there is a
substantial cost difference to leave Styro-
foam. It has just become so cheap,” Navarro
said. “But I think it’s a necessary need to
discontinue it. If it’s something that doesn’t
go away, then we should not be using it.”

In a letter to the mayor and councilmem-
bers, Matt Sutton of the California Restau-
rant Association, expressed his organization’s opposition to the ban. Sutton
explained that in areas such as San Francisco
where similar bans are in effect, the amount
of litter did not decrease but rather changed
forms to other products such as paper.

“For a segment of the economy that is
characterized by razor-thin profit margins
of around 4% on the dollar in a good econ-
omy, cost always has to be a consideration
of a product, in addition to the functional
value,” Sutton said. “Schools, hospitals,
nursing homes, nonprofit food programs,
delis and family-owned restaurants are
among the many institutions that rely upon
poly styrene foam for its excellent insula-
tion at an economical price.

Others have raised questions about the
likely cost to other restaurants, as well.

At Lola’s, a restaurant that has a
policy of using non-Styrofoam products,
Navarro explained that his restaurants have
been Styrofoam-free for about six years.

“I really believe that people are going to
realize that it’s just a necessary change that
needs to happen — an adaptation that is
going to happen,” Navarro said. “I think it’s
a good thing for the city to take the bull by
the horns and say, ‘Hey, this is the direction
that we’re going to go.’”

According to the Surfrider Foundation,
which has a local chapter in Long Beach
that spoke in support of the ban, around 100
cities in California already have some form
of ban on Styrofoam products. The organi-
ization cited U.S. Environmental Protection
Agency statistics that show only about
3.8% of Styrofoam is recycled. Addition-
ally, the group said that in 2009 the Califor-
nia Office of Environmental Health Hazard
Assessment proposed styrene be listed as a
known human carcinogen.

“The Long Beach chapter is super in-
volved,” Navarro said. “They do a lot of
beach cleanups. They are aware, and they
really do make an effort. And they were
really kind of the first ones to ignite us to
think about the change years ago. I think
that having a group around that is doing that
is huge.”

Mayor Garcia Launches Mayor’s Fund For Education

Local education leaders joined Mayor Robert Garcia for the
launch of the Mayor’s Fund for Education on January 5 at Long Beach’s Little
Owl Preschool. The purpose of the fund, a nonprofit entity, is to sup-
port the mayor’s education priorities as a partner of the Long Beach
College Promise. These priorities include early childhood education,
internships and college completion. Initial projects to be supported by
the fund include the creation of a new preschool for the Long Beach
Unified School District (LBUSD), a symposium on early childhood ed-
ucation in 2017, campaigns focused on early literacy, internships and
a possible community plan for childhood education. The fund is over-
seen by a board of directors and Executive Director Karissa Selvester,
pictured at right with Garcia. California State University, Long Beach
President Jane Close Conoley, LBUSD Superintendent Chris Stein-
houser and Long Beach City College Interim President Ann Marie
O’Brolin were in attendance at the announcement, as were other com-
munity education partners. “I want to thank the board for creating and
supporting the Mayor’s Fund for Education to support the Long Beach
College Promise and our local education institutions,” Garcia said at
the event. “In particular, I applaud the fund’s initial focus on expanding access to high quality early childhood education in Long Beach since that is a proven strategy to improve lifelong outcomes for students and families.”

(Photographs by the Business Journal’s Larry Duncan)
Community Foundation

(Continued From Page 1)

that involved in an organization, it’s like raising a child.” Although Netherton is step-
ing down after having reached the board term limit, she said she would remain active
on a few of the foundation’s committees.

The Long Beach Community Foundation is a 501(c)3 nonprofit that serves as a vehi-
cle for individuals, organizations and business to manage their charitable assets and
make a difference through philanthropic giving. It is set up as a collection of funds, and
is managed as an endowed pool of assets. A fee of about 1% is charged to fund holders,
which pays for the foundation’s small staff of two full-time and one-part time employee,
and also funds end-of-year grants distributed to local nonprofit organizations.

In addition to increasing its assets each year, the foundation consistently ends each
year under budget due to efficient management of expenses, DeLong noted.

“She was fortunate to have inherited an organization that would be well managed
by Jane Bixby Smith and Jim Worsham, but she has clearly made it bigger and better,”
DeLong said, referencing past board chairs under Jane’s leadership it has clearly gone
to a new level.”

Epley said that Netherton has been very hands-on as board chair, attending meet-
ings with her and talking to her by phone on a daily basis. “The old cliché is you get
out of something what you put in to it,” Netherton said.

Epley said that Netherton is largely be-
hind LBRCF’s National Philanthropy Day activities, which she expanded upon when
she became board chair. Each year, the orga-
nization chooses a local nonprofit to
fund by the foundation.

“Jane familiarized the Long Beach community
with the foundation so that it is no longer
plain to them why it makes sense to do their
charitable giving through the Community
Foundation.”

DeLong added, “Long Beach has a deep
pool of philanthropic individuals in our
community, and we need to continue to ex-
plain to them why it makes sense to do their
charitable giving through the Community
Foundation.”

Vue Bar & Restaurant Opens Atop Holiday Inn

Hotel guests and local residents are enjoying the panoramic views at the
Holiday Inn Long Beach Airport’s new Vue Bar & Restaurant. The restaurant,
which now features unobstructed 360 degree views of Long Beach and sur-
rounding areas, is part of the hotel’s ongoing $30 million renovation. Billed
as an upscale casual restaurant, Vue offers breakfast, lunch and dinner by
Chef Thomas Vertl, corporate chef for YHB Hospitality, which owns the hotel.
The restaurant seats 146 people and features a full bar with an extensive
wine list, a private dining room and a lounge area. “Along with being the
preferred dining option of our hotel guests, we’re confident that Vue Bar &
Restaurant will be a culinary destination for Long Beach locals as well,”
Vertl stated. “The renovated restaurant and eclectic menu are perfect for
business lunches, happy hour with friends or a casual date night.” (Pho-
tographs by the Business Journal’s Larry Duncan)
business friendly and protect the health of your community," he said.

“Our California Air Resources Board and our state legislature have set very high standards in terms of reducing the carbon emissions in the state. We are very big proponents in California of the clean power plan,” Lowenthal said. The governors of all three West Coast states have signed an agreement to prevent further offshore drilling, he noted. Pruitt and others among Trump’s cabinet picks would like to see such efforts dismantled, he said.

“We’re going to see lines drawn between the way California wants to have things done and the way the new administration wants to have things done,” Lowenthal said. “Whether it’s immigration issues, whether it’s health care issues, environmental issues — you name the critical issues before the nation — California is on a collision course with the president.”

Lowenthal strongly supported Hillary Clinton in the election. “She lost. But I believe in the institution of the presidency. Mr. Trump is my president. He won the election,” the congressman said. “I will respect him and try to work with him. I will also keep my values and be part of the loyal opposition. That’s why we have a two-party system in this country.”

After a brief pause, Lowenthal added, “Do I think that this election was one of the strangest elections I have ever seen? Absolutely.”

And, he noted, “I am personally offended by his attack on individual groups and by his fliprant attitude. I find that very non-presidential.”

There are some ongoing matters with bipartisan bucking that Lowenthal is looking forward to seeing fleshed out, including efforts by senators John McCain and Lindsey Graham to gain a better understanding of Russian cyber hacks related to the election.

Transportation infrastructure improvements may also represent an opportunity for both sides to work together.

Priorities For The Next Term

Of utmost importance to Lowenthal’s district — and to Long Beach in particular — is the matter of aging freight infrastructure. This national issue is at the top of Lowenthal’s list of priorities both as co-chair of the Congressional Ports Caucus and as a member of the House Transportation and Infrastructure Committee.

Lowenthal’s bill, HR 1308, known as the Economy in Motion, would create a long-term source of funding for freight infrastructure improvements by establishing a 1% wheight bill, or user fee, for those moving goods throughout the country. The funding would go toward a Multimodal Freight Funding Formula Program and a National Freight Infrastructure Competitive Grant Program, which would be established by the legislation if passed.

This will be the mechanism they will choose, he thinks it should be on the table.” The congressman is also working to ensure that a percentage of funds collected through a harbor maintenance tax, which taxes users of the nation’s ports, will again be directed toward port infrastructure. During the Great Recession, those funds were redirected for general use, he explained. “My goal is to make sure that money comes back.”

A former educator, Lowenthal has also made education a priority. As a state legislator, he wrote the legislation that allowed for the creation of the Long Beach College Promise. He currently sits on a congressional caucus tasked with ensuring the funding of a federal program, STARBASE, to educate fifth-graders in science, technology, engineering and mathematics (STEM) through programs on military bases. STARBASE takes fifth-graders from underprivileged areas and gives them the opportunity to participate in advanced projects like building robots and rockets, as well as teaching them the scientific method and introducing them to STEM careers. Locally, the program is based at the Joint Forces Training Base in Los Alamitos, which houses the National Guard, Army Reserve and an interagency emergency operations center.

The base itself is a critical asset to Southern California and one Lowenthal has “worked very hard” to ensure gets all the resources it needs. “It is critically important that if there is ever an emergency in Southern California — an earthquake, a riot — that there be some centralized place where we can move military resources and bring in aircraft.”

We need a center if that ever happens again, and that’s the Joint Forces Training Base.”
Local Views: Unions, Sanctuary Cities, Mayor Garcia And More

Lowenthal recently made local headlines when he sent a letter to U.S. Treasury Secretary Jacob Lew requesting that he look into the potential sale of the Westin Long Beach to “companies tied to China or other foreign states” due to its proximity to the Los Angeles/Long Beach seaports office of U.S. Customs and Border Protection.

The letter asked for a review of any potential national security risk in part due to its proximity to the Port of Long Beach. Lowenthal cited the recent cancelation of the sale of the Hotel del Coronado in San Diego to a Chinese firm due to national security risks associated with the hotel’s location near a naval base.

In his interview with the Business Journal, Lowenthal said the same firm was behind the potential acquisition of the Westin Long Beach. “All I have done is asked them to investigate because I am concerned about the sale of national assets to Chinese corporations that have already been denied others because of the national security issue,” he said.

Lowenthal heard about the sale through Unite Here, a pro-labor organization that is currently attempting to unionize the Westin Long Beach. “All I have done is asked them to investigate because I am concerned about the sale of national assets to Chinese corporations that have already been denied others because of the national security issue,” he said.

Lowenthal heard about the sale through Unite Here, a pro-labor organization that is currently attempting to unionize the Westin. When asked if he supports these efforts, Lowenthal said, “I support Unite Here, a pro-labor organization that is currently attempting to unionize the Westin. When asked if he supports these efforts, Lowenthal said, “I support Unite Here, a pro-labor organization that is currently attempting to unionize the Westin. When asked if he supports these efforts, Lowenthal said, “I support Unite Here, a pro-labor organization that is currently attempting to unionize the Westin.

Lowenthal said he has “no idea” if the city council or others in Long Beach are trying to advance that policy locally. “I’m not here to promulgate. You ask me how I stand on it, and I’ve told you,” he said. “That’s up to the councilmembers to decide. And I probably wouldn’t even be getting into it if you didn’t ask the question at this moment. But I think California has to make a stand. What we need is national immigration reform.”

While Lowenthal supports sanctuary cities, he believes a comprehensive immigration policy will be the true solution to the country’s immigration issues. “Cities are organizing to protect their residents – Long Beach really reflects the new generation in leadership,” Lowenthal said. “We have a lot more Millennials in government and leadership, and I think that’s what the nation needs.”

As he starts his second congressional term, Lowenthal said he doesn’t know if he’ll run again a few years down the road. “This is a very interesting and exciting time, and I am honored to represent my district in the 115th Congress,” Lowenthal said. “But I don’t know what’s going to happen... I have not thought about what I am going to do in two years. I have a difficult enough time figuring out what we’re going to be doing in the next two to three months in Congress.”

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changes in trade policy – will have positive or negative impacts on the economy.

Wells Fargo Senior Economist and Managing Director Mark Vitner said he is anticipating GDP to increase by 2.3% this year. Figures for 2016 are not in yet, but he expects last year’s growth rate to come in around 1.6%.

Steven Cochrane, managing director of Moody’s Analytics, said he expects GDP to increase by about 2.8% in 2017. He has readjusted his outlook for GDP growth in 2018 following the outcome of the presidential election, he noted. “We thought that 2018 might look like about 2.7% – that was our forecast in October. And now we are looking something closer to about 3% in 2018,” he said.

In 2016, the U.S. added jobs at a rate of about 180,000 per month, although in the last three months of the year the pace slowed to about 165,000 jobs per month, according to Vitner. “We are looking to add about 160,000 jobs a month in 2017, which is still more than enough to pull the unemployment rate down,” he said.

The national unemployment rate is 4.7%. While full employment has historically been considered to be 4.5% to 5%, Vitner said that might no longer be the case. Many workers today do not consider themselves fully employed because they are working part time, he explained.

In November, the seasonally adjusted unemployment rate in California was 5.3%, according to Robert Kleinhenz, an economist and executive director of research for Los Angeles-based Beacon Economics. Seasonally adjusted figures account for seasonal trends in labor markets, such as holiday hiring. California’s unemployment rate rarely drops below 5%, he noted.

“In Long Beach, which is not a seasonally adjusted number, the unemployment rate for November was also 5.3%, down from 6.4% a year earlier,” Kleinhenz said. “The labor force in the City of Long Beach grew by 2.1% year to year,” he continued, adding that Long Beach ought to experience substantial growth in job counts this year.

The largest job gains locally should continue to be concentrated in the health care, leisure and hospitality, professional and logistics industries, according to Kleinhenz.

Kleinhenz is still projecting job growth in the health care sector because he does not believe a repeal or rollback of the Affordable Care Act (ACA) will go into effect this year.

Vitner has a similar expectation in regards to the ACA. “I am optimistic that the Republicans . . . are going to repeal it in a way that maintains coverage so that nobody is scrambling to find coverage and hospitals are not inundated with the folks who thought they had coverage and no longer do,” he said.

On January 12, the Republican-majority U.S. Senate approved a resolution establishing a budget blueprint to repeal the ACA. The following day, the House of Representatives approved it as well.

“It creates a lot of uncertainty for a sector in the economy that has generated a fair amount of growth over the last two years, and that is health care and financial services,” Cochrane said of Republicans’ moves to repeal the ACA.

Trump has stated that he wants to institute tariffs to address the imbalance of trade, as the U.S. accepts far more imported goods than it exports. He has also argued that trade agreements like the North American Free Trade Agreement (NAFTA) have caused American manufacturing jobs to be outsourced and has indicated he wants to throw out such agreements or renegotiate them.

Some trade policies only require executive authority, so it is possible changes may be made within weeks, Cochrane pointed out. Kleinhenz, however, said he would be surprised to see any changes this year.

Tariffs could result in negative economic impacts at home. “In the near term, one of the first effects from tariffs will be to raise prices for many consumer goods, which means that we could see an acceleration of inflation,” Cochrane said. “And that in turn then means households will have less money in their pockets to spend.”

“I would hope that the sort of aggressive trade policies that President-elect Trump spoke about will not materialize in 2017 or during his administration,” Kleinhenz said. “I understand that he wants to level the playing field, but one of the reasons . . . is that he thinks that a lot of jobs left the United States to go elsewhere – and mainly manufacturing jobs. But the research shows that most of the displaced jobs in manufacturing were lost to technology, not to movement of jobs overseas.”

Still, Kleinhenz said he expects trade through the San Pedro Bay ports to increase this year, in part due to anticipated increased consumer spending. However, the rising value of the dollar against international currencies is likely to hurt U.S. exports to a degree.

Tax cuts are likely to take place quickly this year, Vitner said. Cochrane estimated that there are going to be $10 trillion in tax cuts spread out over the next 10 years. “About two-thirds of those tax cuts will be personal income tax cuts, and then one-third will be corporate tax cuts,” he said. “That is a very positive impact on the economy in 2018 and early 2019 as disposable income rises, and that income
can be spent by consumers or spent in-vested by businesses.”

A reduction in taxes, however, means an increase in the national debt, which could result in a pullback on tax cuts or on the major infrastructure spending expected under the new administration, according to Cochrane.

Regionally, both residential and commercial real estate markets are expected to do well, based on Kleinhenz’s forecasting. Despite rising interest rates, homes should remain in high demand for purchase in Long Beach, and home values are expected to continue appreciating.

The South Bay office market experienced about a 2% reduction in vacancy in 2016, and vacancy should continue to decline this year, according to Kleinhenz. Industrial real estate will remain in short supply and high demand, which will continue driving up rents and sales prices.

The financial industry is also expected to fare well this year. “The financial sector seems to be doing better,” Vitner said. “Loan growth has picked up. Certainly the tax sector is doing well in Southern California.”

Vitner added that he hopes the regulatory relief under the new presidential administration will stymie the trend of small bank consolidation. “Community banks performed a vital role of providing seed capital to new businesses that would be unable to borrow from a larger financial institution. And if we lose the community banks, I think we lose a critical element of our financial system,” he explained.

The oil industry is expected to continue to contend with oil prices around the $50 mark, Kleinhenz said. “That is an industry that has struggled for almost three years when the price of oil plunged,” he said, referring specifically to Long Beach’s oil industry.

The manufacturing industry in Los Angeles County is expected to sustain more job losses due to workers being displaced by technology, according to Kleinhenz. Vitner attributed area manufacturing job losses to state regulations. “Manufacturing in is a tough spot in Southern California because of the rising cost of doing business, increases in the minimum wage and competition from lower cost areas like Arizona or Texas or Nevada,” he said.

This year, the state minimum wage is increasing from $10 to $10.50 per hour. “It may be difficult to measure early on, but I do think there will be some job losses or job hiring that does not take place with the higher minimum wage,” Kleinhenz said.

Although there is a significant degree of uncertainty in respect to the potential impacts of new policies under a Trump presidency, Kleinhenz said he expects the economy to continue improving as it has for the past few years. “I don’t see things changing dramatically anytime soon,” he said. “And no recession.”
Making sure that the message of the Port of Long Beach is heard and understood.

DiBernardo said the Port of Los Angeles is making the same efforts. “We are going to stay close to these folks, understand what they are looking at and tell them how important the San Pedro Bay port complex is to the local economy, the nation’s economy, as well as the workforce here in Southern California,” he said. Phillip Sanfield, director of media relations for the POLA, said the port complex supports 954,000 jobs in the Southern California five-county region.

Both DiBernardo and Kenagy pointed out that the incoming administration has indicated an interest in investing in transportation infrastructure, which could benefit the ports.

Both ports continue to improve their facilities with major capital improvement projects. The Port of Long Beach’s Middle Harbor Redevelopment Project, which is combining two aging terminals into a state-of-the-art facility to handle the world’s largest ships, is continuing on schedule, according to Kenagy. The project’s first phase opened last year.

The Gerald Desmond Bridge Replacement Project is visibly progressing, with bases of the two towers for the new bridge now higher than the existing Gerald Desmond Bridge. “The towers should top out later this year, and [we will] begin construction of the cable-stayed main span structures,” Kenagy said. The project is scheduled for completion in 2019.

“We have a number of other smaller capital projects that will progress this year,” Kenagy said. “We’re back in Washington regularly making sure that the message of the Port of Long Beach is heard and understood.”

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Both DiBernardo and Kenagy pointed out that the incoming administration has indicated an interest in investing in transportation infrastructure, which could benefit the ports.

Both ports continue to improve their facilities with major capital improvement projects. The Port of Long Beach’s Middle Harbor Redevelopment Project, which is combining two aging terminals into a state-of-the-art facility to handle the world’s largest ships, is continuing on schedule, according to Kenagy. The project’s first phase opened last year.

The Gerald Desmond Bridge Replacement Project is visibly progressing, with bases of the two towers for the new bridge now higher than the existing Gerald Desmond Bridge. “The towers should top out later this year, and [we will] begin construction of the cable-stayed main span structures,” Kenagy said. The project is scheduled for completion in 2019.

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ing a wait-and-see approach before developing any new major plans.

Long Beach-based Molina Healthcare has undergone rapid growth since the implementation of the ACA. The firm is a provider of Medicaid, Medicare and other health plans, and it also operates health clinics and provides health information management services to state governments.

“Between our full-time employees, part-time employees and contracted staff here at Molina, we have about 9,000 people working in Long Beach,” Chief Financial Officer John Molina told the Business Journal. “That shows you how much we have grown over the past few years.”

Molina is unsure if that growth will continue. “I can’t say we will continue to grow because we don’t know what the new administration is going to do with the Affordable Care Act,” he said. “But I think one of the hallmarks of our company is we have always remained nimble and flexible.”

This year, Molina Healthcare is putting more of an emphasis on improving profit margins. “For the last five years, we have been growing so fast that a lot of our excess profits have been reinvested in continuing to build the infrastructure,” Molina noted.

In terms of offering new programs and services, Molina Healthcare is “in a wait-and-see mode,” according to Molina. But the firm is moving forward with opening two clinics in the region, including one on Atlantic Avenue in Long Beach’s 6th District, as well as one on the campus of Compton Junior College. Both are opening in the first quarter of the year.

Molina speculated that although it doesn’t seem Republicans yet have a replacement plan for the ACA, they are unlikely to turn the clock back to 2006 when about 20 million fewer Americans were uninsured. “The fact is that over 20 million people have gotten health care coverage through various parts of the Affordable Care Act. If you try to unplug how magically wipe the slate clean, those 20 million people don’t go away,” Molina said.

The outlook for Molina Healthcare depends upon how the replacement of the ACA is structured and how the company adapts, according to Molina. “In fairness to some of the critics of the act, there are an awful lot of regulations and mandates that have made it more costly to provide health insurance,” he said. “So if some of those things can be streamlined and we can provide good coverage . . . for people at a lower cost, I think that’s great.”

Also important to Molina’s future is an upcoming court decision about the legality of the merger of Aetna and Humana. If approved, the companies would have to divest management of 300,000 Medicare Advantage Plan patients, which Molina HealthCare would take on. “We would get into the Medicare Advantage program in a very big way,” Molina said.

John Bishop, CEO of MemorialCare Health System’s three Long Beach hospitals – Memorial Medical Center, Miller Children’s & Women’s Hospital and Community Hospital – said the outlook for the health care industry is uncertain at the moment.

“If it’s repealed, and I do think that is likely, I think it will be replaced with something that is substantially similar,” Bishop said. “I don’t think that they will take away insurance from 20 million people. They will continue to cover preexisting conditions, and they will continue to have incentives to keep people healthy.”

Regardless of what happens with the ACA, Bishop believes the movement toward population health – maintaining the health of a population to reduce health care costs, rather than an illness-centered model of care – will continue. MemorialCare Health System is making investments toward this end within Long Beach, he noted.

“We are investing in ambulatory centers and free-standing imaging to try and increase the value and improve the care that is provided in our community,” Bishop said, referring to outpatient walk-in centers off the hospitals’ campuses. In the next few months, Memorial is opening an office with primary care, obstetrical and gynecological services at Douglas Park, he added.

Miller Children’s & Women’s Hospital is moving forward with plans to create a pediatric outpatient village, according to Bishop. The village would house all pediatric outpatient services in one location near the hospital. Children would be able to see multiple physicians and specialists in one visit. “We are anticipating taking that through our internal approval process in March, and then . . . it would take roughly two years,” he said. Last year, the hospital gained a new pediatric intensive care unit, he added.

Recently, Long Beach Memorial Medical Center has received a number of improvements. “We recently installed a hybrid room which enables us to do complex cardiac procedures,” Bishop said. Other additions include a robot that allows the hospital to perform partial and full knee replacements to Page 20
Rocking the wow factor

Nominated as 1 of the top 3 New Special Event Spaces in the Nation
by industry leader, BizBash Magazine

If there is one constant about the Long Beach Convention & Entertainment Center, it’s that it is always in a state of reinvention. Terrace Plaza. The Pacific Room. Two turnkey spaces with customizable lighting systems, mood-enhancing design elements, stylish furniture and smart sound capabilities — is now at the forefront of the national stage. Meeting planners rejoice, there’s nothing like it (on this planet anyway).
President and CEO Joel Yuhas moved on to California region. Sprengel has taken on an vice president of Dignity Health’s Southern new cath lab, according to Julie Sprengel, netic resonance imaging machine and a ton, we should see ourselves remaining with the new administration in Washing-
good growth in a number of service lines, according to hospital CEO John Grah.

In 2016, St. Mary invested in a new mag-
netic resonance imaging machine and a new cath lab, according to Julie Sprengel, vice president of Dignity Health’s Southern California region. Sprengel has taken on an increased role at St. Mary after former President and CEO Joel Yuhas moved on to pursue another career opportunity in Colorado at the end of the year.

“In 2017, one of the big areas that we’re focusing on is expanding and upgrading our emergency department, as well as developing and advancing our care for seniors,” Sprengel said.

The St. Mary Medical Center Foundation is raising $11 million to fund the emergency room (ER) expansion, with Dignity Health matching those funds. Drew Gagner, president of the founda-
tion, said he expects to raise that amount by the end of 2017. “We are expanding from 26 beds to 47 beds,” Gagner said. Also, “We’re adding a senior emergency room within the emergency room.”

St. Mary has experienced an influx of pa-
tients to its emergency room in recent years, as have most hospitals in Southern California, according to Sprengel. She attrib-
uted that influx to a lack of primary care physicians in the area.

Long Beach Memorial had a record year for ER visits in 2016, according to Bishop. Lakewood Regional experienced a de-
crease in ER visits because its ER had been serving as a proxy for that of Martin Luther King, Jr.-Harbor Hospital since it closed in 2007. The new Martin Luther King, Jr. Community Hospital recently opened in its place, thereby reducing patient volume at Lakewood Regional, Grah explained.

Executives from each Long Beach-area hospitals agreed that receiving adequate service reimbursements from insurance companies has been challenging in recent years.

“Reimbursement continues to be a chal-
lenge because there are more Mendi-Cal patients, which tend to not cover our costs,” Bishop said. “Revenue is the chal-
lenge not just in Long Beach but through-
out the industry because what we’re being paid is not increasing as our costs are in-
creasing.” He added, “We have to try to look to reduce costs to the extent that there is no impact on patient care, and we look to grow our profitable product lines and continue to expand strategically.”

As the ACA has had time to mature, expectations at their highest since 2008, according to Alvarado. “Forty-five percent of small business owners say they expect the operating environ-
ment for their business to be better in 2017,” Alvarado wrote. “The increase in small business optimism was largely driven by business owners’ expectations that their finances will improve in 2017. More than half (58%) expect their busi-
ness’s revenue to increase a little or a lot in the next 12 months, up from 48% in July.”

He continued, “Seventy percent believe their cash flow will be somewhat or very good in the next 12 months, up from 65% in July. Thirty-five percent say they plan to increase their capital spending a lot or a little, up from 25% in July. . . . With these factors and many others that we are seeing, I am very optimistic that our cus-
tomers will be thriving in 2017.”

Expect to see Wells Fargo roll out new innovations this year. Alvarado said the bank has multiple “exciting announce-
ments” on the horizon. Long Beach cus-
tomers of Wells Fargo will also benefit from a new location at the Traffic Circle, which is scheduled to open this year. The current branch at the Traffic Circle is located within Ralphs grocery store. “The services outlook for 2017

Local financial services industry pro-
fessionals have a positive outlook for the year ahead as they look toward continued economic growth, financial policy re-
form and a less stringent regulatory en-
vironment under a new presidential administration.

Ben Alvarado, president of Wells Fargo Bank’s Southern California region, cited several positive indicators for the financial industry, as well as for the economy overall. “We are moving into 2017 with much momentum,” he told the Business Journal. “Consumer confidence is at its highest in 13 years, and economists and pundits are predicting less business regulation with the new presidential administration. Many are explaining the stock market surge as a sign of great times ahead in our econ-
omy, which will positively impact the banking industry and business across indus-
tries,” he explained.

The Wells Fargo Gallup Small Business Index, released in early December, found that surveyed small business owners ant-
icipate a positive year in 2017, with expec-
tations at their highest since 2008, according to Alvarado.

 Commodities were on the rise last year, Miller Children’s & Women’s Hospital Long Beach debuted a newly expanded pediatric in-
tensive care unit. Pictured in the state-of-the-art facility is patient Angela with Dr. Saar Donan, medical director of pediatric cardiology and congenital cardiac catheterization. (Photograph by the Business Journal’s Larry Duncan)
Is your business ready for 2017?

Is this the year to make those tenant improvements?

What are my financing options if I purchase a building?

Should I secure more working capital?

Are there more efficient ways to collect and manage my cash?

How can I get more cash on hand each month?

Is this the year to expand?

Got questions? We're here to expertly answer them all.

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Make 2017 the year you discover Business Made Personal at ICB.
larger location will provide our customers a more robust branch with more convenient ways to complete banking transactions,” Alvarado said.

Michael Miller, president and CEO of Long Beach-based International City Bank, does not expect much change for the bank this year. The institution specializes in business banking in Long Beach and has another office in Irvine.

“Our client base is continuing to do well,” Miller said. “They have rebounded after the recession and as a whole continue to perform well, which is good for us as well.”

The Federal Reserve raised its key interest rate by .25% in December and is expected to implement another increase this year. “The most recent interest rate hike was anticipated. And I think we’re anticipating that at some point between now and the end of year, there will be the likelihood of at least one more rate hike,” Miller said.

“That will have somewhat of an effect on things in general, but not an overwhelming effect on how companies are performing and the additional costs associated with that interest rate hike,” he explained.

Rising interest rates may impact home mortgage rates, but Miller does not expect them to increase by much. Strong home values in the Long Beach area also serve to bolster the local housing market, he noted.

ICB may offer expanded technological service offerings in 2017. “We are exploring a couple different things in 2017, one of which may be mobile banking,” Miller said. “We’re also going to be improving and expanding our website, and that is going to start fairly soon.”

Mergers and acquisitions of California banks should continue in 2017, according to Miller. For example, in 2016 Lodi-based Farmers & Merchants Bancorp (not to be confused with Long Beach’s Farmers & Merchants Bank) acquired Delta National Bancorp, a bank headquartered in Manteca, California. In December, Suncrest Bank, based in Visalia, acquired Fresno-based Security First Bank.

“We are going to continue to see fewer banks in the State of California,” Miller said. “But banks are certainly performing well. Banks that have been acquired over the last six to 12 months, it appears that [their] multiple book value has increased,” he said, referring to the ratio of a bank’s stock valuation to its book value.

“Certainly banks are performing better as a result of the economies of scale with banks merging and gaining access to specific markets that they hadn’t penetrated before. [That] certainly improves their performance,” Miller said. “And we are looking at opportunities as we move forward. Nothing definite yet, but we are certainly looking at possibilities.”

Accountants are expecting to have a busy year thanks to possible tax policy changes by the new presidential administration.

“With the Trump administration in, we are expecting to see a lot of favorable tax changes, and so that will mean a lot more planning for our clients. So we see it as a good year,” Blake Christian, partner of accounting firm Holthouse Carlin & Van Trigt, told the Business Journal. “We are very optimistic since 70% of our fees are tied to tax consulting and tax compliance work.”

During his campaign, the president-elect outlined potential cuts to personal and corporate tax rates in part to encourage U.S. companies to move their foreign investments back home, Christian noted. “I think most of what he has laid out has a decent chance of passing,” he said. “The wild card is just the [national budget] deficit. I am hopeful that the Republicans will take deficit reduction seriously and maybe focus on that along with the tax breaks.”

As a result of tax cuts, Christian said there is likely to be increased domestic investment and job growth, rather than foreign investment, by U.S. companies. “The thing that we’re going to have to watch is probably how companies are going to grow in California versus other states with the continuing regulatory environment in California, as well as the high tax rates and minimum wage mandates,” he added.

Financial firms focused on employee benefits and investments consulting may also have a dynamic 2017. Trent Bryson, CEO of Bryson Financial, a mid-market employee benefits company based in Long Beach, said that the result of the presidential election is cause for hope for his industry this year.

“I believe that the first 90 days of the new president should prove to be interesting,” Bryson said. “But from a business standpoint, I think there is going to be some deregulation that is going to free up companies’ cash and allow them to grow. So from a market standpoint we’re looking forward to that.”

While Bryson said there are no new state regulations that he considers burdensome to the financial services industry, he did say that overall the state is “pretty tough to operate in.” He added, “California continues to chase businesses away. So you hope that the overall federal approach outweighs the business-stifling environment of California.”

If the Affordable Care Act is amended or replaced, health care costs could decrease without sacrificing coverage, Bryson said.

“What’s it going to allow us and those in the financial industry to do, is to spend more time focusing on our clients and less time focusing on paperwork,” he explained. ■

Oil

Stabilizing Oil Prices Could Mean More Jobs And Investment

By BRANDON RICHARDSON
Senior Writer

After starting 2016 with oil prices nearing $26 per barrel, a 13-year low, 2017 has much better projections with prices already above $50 per barrel, according to Robert Dowell, director of the city’s Long Beach Gas and Oil Department.

Dowell said the department is drilling about one well per month, but that activity...

(Please Continue To Page 24)
TOGETHER WE POWER CALIFORNIA

California Resources Corporation is honored to partner with the City of Long Beach and the State Lands Commission to supply ample, affordable, reliable energy for California by Californians.
Barnes explained.
will allow CRC to grow production at its
	
tions at California Resources Corporation
Barnes, executive vice president of opera-

sumption needs, according to Robert A.
other oil-producing states, California im-

change, and I don’t think we want it to be-

other things that’ s not going to

largest consumer in the world. It goes: the

California has such a high volume of

“California has such a high volume of

“California has such a high volume of

California has caused experts to acknowl-

that last year’ s failed promise of El Niño

and $2.70 per 1 million British Thermal

reliable energy,” Barnes said. “Promoting

Long Beach Gas and Oil

Natural Gas

Long Beach Water Department

Local Utilities Expect Price Changes And Improvements

Continued improvements and the intro-

though the year has started with rainy

the year has started with rainy

“Long Beach residents have done a great

water department will also continue

As a general manager of the Long Beach Water Department, Dowell.

According to Chris Garner, general manager of the Long Beach Water Department:

Garner said, “I think it’ s a tool, if we go

According to Chris Garner, general manager of the Long Beach Water Department:

*Calendar Year; Source: Long Beach Gas and Oil

*Fiscal Year, October 1-September 30; Source: Long Beach Gas and Oil

*Figure rounded to one digit.

According to Robert Dowell, director of Long Beach Gas and Oil (LBGO), “...renewable energy sources...”

Utilities

Local Utilities Expect Price Changes And Improvements

by Brandon Richardson

Senior Writer

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introduction of more electric cars will increase consumption. How the two will offset each other is yet to be seen.

AES Southland LLC hopes to begin construction on its new Alamitos Energy Center (AEC) in July on the site of its current facility located at 690 N. Studebaker Rd., according to Dalia Gomez, community and public affairs manager for AES.

The new facility is expected to use 50% less natural gas, cutting emissions in half, while still delivering the same electrical service, Gomez explained. Other benefits to the project include eliminating the use of ocean water for cooling purposes; spurring nearly $1.3 billion in private investment in California’s electric infrastructure; generating 4.7 million hours in construction-related work with a payroll of over $401 million, much of which is expected to be spent locally; contributing more than $8 million annually to the local economy and generating tax revenue; and with the demolition of current smokestacks, creating far superior curb appeal.

The California Energy Commission completed the AEC hearings last year and will release the Presiding Member’s Proposed Decision this month, with a final decision expected sometime in the first quarter, according to Gomez. She said construction of the new facility is estimated to be completed by 2020, with demolition of the current plant to follow.
Despite some ‘ups and downs,’ aviation and aerospace sectors expect growth

By BRANDON RICHARDSON
Senior Writer

Despite uncertainty with the price of fuel and the potential impact on profitability, the outlook for aviation is favorable with strong demand, according to Jess Romo, director of Long Beach Airport (LGB).

“We are expecting to see an increase in the load factors by all the carriers, and that’s going to translate to more profitability for [them],” Romo said. “As a consequence, if we get more people coming into the airport on those flights, that will translate to an increase on airport revenue.”

Along with increases in load factors, Romo said he expects to see continued utilization of the 50 commercial flight slots allowed by LGB’s strict noise ordinance. Romo explained that flight slot usage, which was previously underutilized, reached upwards of 90% or more last year, adding to passenger counts for the airport.

Southwest Airlines, the newest addition to LGB’s commercial carriers, plans to continue evaluating open flight slots week by week to offer service to additional destinations as allowed, according to Michelle Agnew, communication and media relations specialist for Southwest. The airline recently added Saturday and Sunday service to Denver.

Southwest will retrofit aircraft midyear as it brings on Panasonic as a secondary service provider for improved Wi-Fi services, Agnew said. Additionally, new employee uniforms will go online this summer, and new aircraft interiors will be implemented.

One recent change to LGB was the introduction of the Federal Aviation Administration’s (FAA) Southern California Metroplex initiatives. The project goal is to improve traffic flow and safety and to reduce congestion in major metropolitan areas by redesigning airspace and introducing more efficient technologies.

“They are leveraging technology and moving from a radar-based control of traffic to a global positioning [system] approach that is multifaceted for enhanced safety of the aircraft traveling between airports in the region,” Romo said. “It’s also something aimed at getting better efficiencies from the fuel standpoint in terms of how the aircraft are managed in the airspace.”

Long Beach has already modified flight arrival practices, and departure practices should be updated within two months, according to Romo. The FAA has held a number of workshops and community meetings regarding Metroplex, with one scheduled in Long Beach on Wednesday, February 8, at the Long Beach School for Adults located at 3701 E. Willow St.

Also in 2017, Romo said the airport will continue to focus on improvements, including replanting and repainting certain areas and reopening Parking Structure A after the completion of enhancements to elevators and stairwells. Romo also said a bike-share pilot program could be on the horizon for LGB.

One major question revolving around LGB is the forthcoming council decision on JetBlue Airways’ request for Federal Inspection Services and U.S. Customs facilities to be established at the airport. The decision is scheduled to be made at the city council’s January 24 meeting, two years after JetBlue’s initial request and one year after the council commissioned Jacobs Engineering to conduct a feasibility study.

Recently, Romo responded to a list of 32 questions submitted by 8th District Councilmember Al Austin regarding the impact of international flights at LGB on the noise ordinance, business and the Long Beach economy. Regardless of the decision, Romo said the airport’s only concern is offering Long Beach and surrounding area residents a great flying experience, and it has no intention of compromising the noise ordinance.

“We will continue to do our work in terms of protecting what the noise ordinance is intended to do,” Romo said. “We just want to make sure that we remain on that list of top-10 airports that we’ve been very fortunate to be on.”

The general aviation market continues to improve despite ups and downs in the aircraft deliveries in certain sectors, according to Curt Castagna, president and CEO of Aeroplex/Aerolease Group.

Castagna said new leadership in Romo is exciting, as he is vibrant and brings a lot of experience and knowledge to the position.

With the permanent closure of two runways last year, Castagna said the airport has an opportunity for development. He explained that with proper planning, new development on airport property could bring more diversity, which is an opportunity many airports don’t have.

“We think those development opportu-
nities could bring some synergy and some different revenue streams for leases and things that are complementary to the existing users,” Castagna said. “I’m just excited about the future that Long Beach has and the continued evolution of our aviation services. And we’re happy to be a part of it.”

The biggest challenge of 2017 for Ross Aviation is to assure customers they will be given the same quality of service as they received from Toyota’s AirFlite, according to Greg McQueary, general manager for Ross. AirFlite was a longtime fixed base operator (FBO) at LGB that moved operations to Texas last year, leaving many of its employees to work for Ross, which took over the facility. McQueary worked for AirFlite for 22 years.

“One of the goals is that we’d like to expand. We’d like to work with the airport to secure some additional land to possibly build some hangars,” McQueary said. “We really want to focus our attention on our base customers, as well as some of the other fractional companies that fly into the airport that normally go to our competitor.”

With a new stadium being built in Inglewood for the Rams and Chargers professional football teams, McQueary said Ross is attempting to encourage the National Football League to fly teams into Long Beach. He said bus rides might be a little longer than if they fly into LAX, but Long Beach is cheaper and easier to get in and out of.

Last year, Boeing announced the consolidation of its Defense, Space and Security division, which will bring jobs to Long Beach from its Huntington Beach facility. However, Rudy Duran, director of the Boeing Long Beach site, explained that this is a multiyear effort, meaning no positions have moved to the city and exact numbers have not been determined.

Other plans for Boeing in 2017 include the 737 MAX entering into service and flight tests of the new 787-10. The 737 MAX has already received 3,419 orders, making it the fastest-selling airplane in Boeing history, Duran said. The aircraft is 14% more fuel-efficient than today’s most efficient 737s.

“It’s important to emphasize that the Boeing footprint in California represents a vital part of the company, and the teams here are doing innovative and important work,” Duran said. “Our employees remain active and committed to the Long Beach community, contributing both dollars and time in many ways. We have great partnerships with local schools, including CSULB, and we continue to work with local organizations that support the neighborhoods in Long Beach.”
Residential Real Estate

Long Beach's Outlook Remains Positive, Similar to 2016

By SAMANTHA MEHLINGER
Assistant Editor

Despite a small interest rate increase by the Fed, local residential real estate professionals expect Long Beach's single-family and multi-family properties to remain in high demand this year. Both real estate markets continue to experience low inventory of properties for sale, which is continuing to put pressure on sales prices and rents, and increase property values. As a result, housing affordability remains an issue both for homebuyers and renters.

Single-Family Homes

Long Beach's single-family home market continues to experience low inventory and high demand, a dynamic that is driving increasing sales prices. Local real estate experts expect this trend to continue through 2017. They also remain hopeful that the new administration will consider reforms to improve housing affordability and availability, which are lacking locally and throughout the Southern California region.

"We closed the year with about 2.1 months in single-family inventory, and I don’t see anything on the horizon that is going to cause any significant change in that," Geoff McIntosh, president of the California Association of Realtors (CAR) and owner of Long Beach’s Main Street Realtors, told the Business Journal.

“We did see a modest interest rate increase,” McIntosh said, referring to the Federal Reserve's move to raise interest rates by a quarter of a percent in December. That caused 30-year fixed home mortgage rates to increase by about an eighth of a percent, he noted. “We had some concern that that might have a negative effect on the market, but the increase ended up being so small that it was pretty quickly absorbed by the pool of buyers looking for property.”

It is likely that low inventory is going to be the new normal locally, according to Phil Jones, managing partner of Coldwell Banker Coastal Alliance and an active member of CAR and the National Association of Realtors. “I think it's safe to say that 2.5 to 3 months is going to be the new norm,” he said.

McIntosh pointed out that there is hardly any construction of new homes in the area. There are single-family communities planned near Bixby Knolls and on the eastern edge of the city, but they have not broken ground yet. “The limited new construction that is available tends to be upper end. That’s not where we need the inventory,” McIntosh noted.

Increasing interest rates and home prices restrict the affordability of housing, Jones explained, adding that he expects Long Beach home prices to increase between 5% and 10% this year.

As of November, 31% of California households could afford to purchase a home at the statewide median price of $515,940, according to CAR. Forty percent of Californians could afford a median-priced condo or townhome at $418,230.

Moving forward, Jones said he hopes the new presidential administration will recognize the importance of the housing market to the overall economic recovery. “I don’t believe that the Obama administration really grasped that,” he said.

“One way that we will benefit is the new administration has specifically stated they are going to make changes to the Dodd-Frank bill and even specifically the Consumer Financial Protection Bureau,” Jones said. Changes in these areas could help both large and small banks have more confidence in making loans. Banks have been somewhat paranoid and restrictive in making loans because of a confusing and burdensome regulatory environment, he explained.

McIntosh said reforming government-sponsored Freddie Mac and Fannie Mae is on President-elect Donald Trump’s agenda but will not likely be addressed this year. “They have bigger fish to fry,” he said.

The California Association of Realtors has been working toward easing regulations for condo complexes to get recertified for Federal Housing Administration financing. This would aid in housing affordability, as condos are considered entry-level product for homebuyers. “We hope that under the leadership of Dr. Ben Carson we will be able to make some headway, although it’s kind of hard to tell,” McIntosh said.

Multi-Family Properties

In Long Beach, the recovery from the Great Recession has been marked by years of swiftly rising demand for hard asset investments like apartment buildings. Owners waiting for values to top out have been slow to sell their properties, resulting in a market crunch with high demand and very low inventory, as local brokers tell it. Despite high prices driven by this dynamic, buyers have still been benefiting from low interest rates. This year, however, interest rates are expected to be on the rise, which might loosen up the market a bit.

Local multi-family real estate professionals expect the Fed to issue one or more rate increases during 2017, which will affect the interest rates for property loans. “Especially after the election, pretty much everybody is singing from the same song sheet that we’re going to get a series of rate increases this year,” Eric Christopher, senior investment associate with INCO Commercial, said. “We’re starting to see a little bit more momentum building off of that catalyst.”

According to Christopher, prices for multi-family properties typically decrease when interest rates rise. Before rates increase again, Christopher said it’s likely that more property owners will list their buildings for sale to take advantage of nearly top market prices.

“Sales activity has actually been pretty active at the end of the year and pretty active...
going into this new year,” Steve Bogoyevac, first vice president of investments with the Long Beach office of Marcus & Millichap, said. “We’ve got a market that is still very active. There is still a lot of money chasing after apartment deals,” he observed.

So far, the December interest rate increase has not impacted property values or deterred buyers, according to Bogoyevac. “Everyone thought that these rates going up was going to cause things to slow down or cool off, but it hasn’t,” he said. More property owners may put their properties on the market this year, which would help grow inventory somewhat, he added.

New apartment developments in Long Beach, which are mostly concentrated in downtown, represent a confidence in the multi-family market here, Bogoyevac noted. “Locally, I think the continued development . . . will have a positive effect on the overall apartment market,” he said.

Both Bogoyevac and Christopher believe rents will continue increasing in Long Beach this year. “Most of the guys and gals I talk to, when they think of a rent increase, they’re thinking about 7% to 10% of what they are getting now,” Christopher said. “Employment numbers are good. The incomes are there for more rent.” Rising rents are likely to continue driving the conversation about rent control among local housing advocates, he noted.

With the stock market rallying, the economy continuing to see the addition of jobs and the forthcoming inauguration of a new presidential administration, local commercial real estate markets remain strong.

Office
Demand for office space is often a lagger in the economy and follows the employment trend, according to Robert Garey, director at Cushman & Wakefield. He explained that as employment continues to improve around the country and locally in Long Beach, demand for office space will grow in tandem.

“I think the forecast is going to be more of an upward trend, positive leasing activity, which is going to reduce vacancy, which will increase rental rates and increase property values,” Garey said. “I think the trend is going to be good for 2017. I don’t see anything that’s going to hang it up.”

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2016 AGENT OF THE YEAR | SOUTHBAY & LONG BEACH MARKET

SOUTHBAY
LONG BEACH
LOS ANGELES
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MULTIFAMILY SPECIALIST

$444,773,391
TOTAL TRANSACTION VOLUME

TOTAL TRANSACTIONS: 328
LIST SIDE: 84
BUY SIDE: 92
LIST & BUY SIDE: 153

THE LARGEST TEAM OF MULTIFAMILY SPECIALISTS IN THE INDUSTRY
Late last year, Mercedes-Benz USA LLC leased the building located at 4031 Via Oro Ave. within the Freeway Business Center offices and industrial complex. The building, consisting of more than 85,500 square feet, is located adjacent to another building at 4035 Via Oro currently used by Mercedes-Benz for research and development. The company could not be reached for comment regarding the anticipated use for the space and the number of employees who will work at the site. (Photograph by the Business Journal’s Larry Duncan)

(Continued From Page 29)

Recent expansions by Molina Healthcare at 1500 Hughes Way and a lease by Mercedez-Benz of an entire 85,000-square-foot building at 4031 Via Oro are indicators of the strong demand in the Long Beach market, Garey said.

Garey said it will be interesting to see what happens to markets with the new Trump presidency, but added that the stock market rallies is a good indicator of the next 12 to 18 months. He said he thinks rental rates and property values are likely to increase, but will depend on interest rates.

Some of the best-selling commodities on the office market are spaces of 3,000 square feet or less, according to Blair and Roy Gaut, president and associate at Coldwell Banker Commercial BLAIR WESTMAC, respectively.

“Office space under 1,000 square feet tends to lease very quickly. We get multiple calls a day on our vacancies, and they don’t sit on the market very long,” Gaut said. “We’ve seen professionals like attorneys and therapists, and we’ve really seen a lot of medical users pick up recently. Medical vendors are approved to enter the city. He explained that there is downward pressure on rental rates and downward pressure on concessions to make lease deals,” Ryan said. “A lot of these fundamentals are really exacerbated by the lack of supply of land for industrial development.”

Despite businesses closing and the trend toward smaller space, the said sales and leasing of retail would remain steady, as will the prices.

Industrial

The local industrial real estate market will be similar to 2016 in a lot of respects, according to Lance Ryan, senior vice president of marketing and leasing for Watson Land Company. Ryan anticipates a continued lack of supply across all size ranges, along with a very solid demand.

“In general, the outlook is very low vacancy, increased and continuing pressure on rental rates and downward pressure on concessions to make lease deals,” Ryan said. “A lot of these fundamentals are really exacerbated by the lack of supply of land for industrial development.”

Even with several projects poised to add industrial space to the market, including sites at Douglas Park, Ryan said it is not of a scale to really impact the vacancy rates. With the pressures of low vacancy rates, rental rates are expected to increase between 5% and 10%, the same as last year, according to Ryan.

In addition to a vacancy rate around 1% to 2% and increasing rates, Ryan explained that there is downward pressure on concessions by property owners, meaning they will be less likely to contribute improvement dollars. Because of these trends, existing customers are trying harder to reach renewal agreements prior to their expiration date.

“I think the election really changed things,” Brandon Carrillo, principal at Lee & Associates Commercial Real Estate Services, said. “A lot of businesses thought Hillary (Clinton) was going to get elected and we were going to have another four years of the same old thing. Trump getting elected has really brought enthusiasm back to business—local businesses, as well as nationally.”

Carrillo said that a local aerospace manufacturer he has been working with was considering moving to Texas but has decided to explore options to stay in Long Beach. He explained that the company is interested to see how Trump puts pressure on California in regards to regulations.

Factors such as uncertainty at the port with the recent bankruptcy of Hanjin Shipping were a concern to industrial space users, but a quick resolution only produced greater optimism in the strength of the economy.

However, Ryan said that he expects the industrial market to remain tight for the foreseeable future, which raises the risk of losing businesses wanting to expand. He explained that Long Beach currently does not have the product for companies to grow and expand but that the Inland Empire is in the midst of a construction boom, which could cause growing companies to relocate.

“The other thing that’s going to be interesting heading into this new year is Measure MM and the whole medical marijuana cultivation and laboratory stuff,” Carrillo said. “It’s going to be an interesting year here locally as we try to figure out how these medical marijuana guys play in.”

Retail

Technology And New Laws

Posed To Affect Local Retail Stores And Restaurants

By BRANDON RICHARDSON
Senior Writer

The continued utilization of old and new technology, as well as new laws and regulations, will have an impact on local retail stores and restaurants, according to industry experts.

Restaurants are expected to see the continued use and growth of online ordering and third-party delivery services, such as GrubHub and Postmates, in the upcoming year, Sharokina Shams, vice president of marketing and communications for the California Restaurant Association, said.

“Those services are great, though the overall idea of third-party delivery is something that restaurant owners go back and forth on whether it is a good idea or a bad idea,” Shams explained. “There’s some kinks being worked out, but with the increased use of tech, there is certainly no indication that third-party delivery is going to go away. That’s here to stay and we think it’s going to grow.”

One report Shams said she received also indicated a growth in restaurant loyalty programs to encourage customers to return often. Shams explained that full-service restaurant sales decreased in 2016, a

As for restaurant space, Shea explained that he still sees them moving around a lot but that there are always inquiries from new businesses to make their way into the Long Beach market. However, second-generation space appears to be desired by most restaurateurs, as opposed to building a new facility from the ground up.

The announcement that Real Mex Restaurants closed some of its restaurants, including the El Toro at 6605 E. Pacific Coast Hwy., marked the second large restaurant to close at the Marketplace Long Beach during the past year. The other was the Tilted Kilt Pub & Eatery. Shea said that the landlords are currently thinking of dividing the former El Toro location into two restaurants and the former Tilted Kilt location into four fast-casual establishments.

With areas like Bixby Knolls continuing to attract good tenants, Russell explained that some areas are experiencing a price ceiling, where asking lease prices have reached their peak. He said this is evident in areas such as Belmont Shore where there is an unusual number of vacancies, when space in the past has been leased quickly.

Russell said that the passing of Measure MM to allow medical marijuana distribution within Long Beach city limits would also play a role in the 2017 retail market as vendors are approved to enter the city. He explained that most real estate agents do not fully understand the “rules of engagement” when it comes to leasing to medical marijuana distributors but that the city attorney is scheduled to speak to the Long Beach Commercial Real Estate Council in March.

Another key factor in the retail market this year will be big box retailers such as Sears, Kmart and Macy’s going dark, according to Doug Shea, president of INCO Commercial. With large retail chains closing their doors this year, in addition to Sports Authority and Sport Chalet, which closed last year, there is a lot of retail space that will need to be filled.

Shea explained that his company recently started a self-storage division, that will need to be filled.

“I think we increased about 15% to 20% on pricing last year. And I would say that it’s going to probably stabilize this year on the sales side because the interest rates will go up,” Blair said. “But we’re still going to see the pace be strong. I think we’ll do very well, but I don’t think that we’ll see the increases we have over time.”

With a growing population and average household incomes on the rise, the Long Beach retail real estate market is becoming evermore desirable for businesses, according to Brian Russell, vice president of Coldwell Banker Commercial BLAIR WESTMAC.

“In general, for retail space in particular, I’m bullish on Long Beach,” Russell said. “I think it’s going to continue to attract good, strong retailers because we have good, strong, stable demographics.”

Though the overall market is strong, with areas like Bixby Knolls continuing to attract good tenants, Russell explained that some areas are experiencing a price ceiling, where asking lease prices have reached their peak. He said this is evident in areas such as Belmont Shore where there is an unusual number of vacancies, when space in the past has been leased quickly.

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trend that is estimated to continue this year to the tune of about a 2% drop. On the other hand, quick-service restaurants and fast-casual chains continue to outperform full-service locations.

“While there’s a lot of things you can do at home now, including ordering groceries and ordering toys and clothes and holiday gifts, restaurants are still a place that attract people to leave their houses,” Shams said.

“We’re hoping that will mean an uptick in foot traffic this year in restaurants, but that remains to be seen.”

Technology is also playing a major role when it comes to shopping. Big names such as Amazon continue to thrive with sustained growth in online sales, new tech-focused ventures are beginning to impact the retail world.

“Online sales have continually affected the retail market. Already we have seen a shift in tenants from merchandise-related retailers to service-related retailers,” Joe Linkogle, vice president of investment and director of Marcus & Millichap’s National Retail Group, said. “Food-related tenants, as well as other service-related tenants such as beauty parlors and nail salons, will continue to dominate the demand for good retail space.”

The new grocery store Amazon Go is scheduled to open to the public early this year and is already open to Amazon employees in Seattle. The innovative concept revolves around a grocery store with no checkout lines. Instead, customers scan items using a mobile application and are billed electronically. It is yet to be seen how expansive the concept will be moving forward, but it has already made waves as a change in the shopping experience.

Locally, the outlook for retail investment is very good, according to Linkogle. One major change to Long Beach retail in the coming months will be the introduction of medical marijuana facilities.

With the passing of Measure MM, Linkogle said he has received numerous calls from marijuana distributors about retail opportunities as they search for locations that fall within the zoning requirements defined by the measure.

Additionally, this year men are expected to continue to outspend women, and the menswear market is anticipated to expand 8.3% in light of that trend, according to a Forbes article by Bryan Pearson titled “7 Under-The-Radar Retail Trends For 2017.” The introduction of artificial intelligence to create a more targeted and personalized shopping experience, an increase in contactless payment methods through mobile devices and an increased desire to shop small and local are among other expected trends for this year.

Brascia Builders, Inc. is proud to announce the successful completion of the Long Beach Unified School District Teacher Resource Center. The project consisted of a new modular building including a new foundation, site upgrades and all new infrastructure to the building.

Brascia Builders is a Leading General Contracting Firm Specializing in Health-care, Hospitality, Institutional & Commercial Construction. Experienced in all Types of High & Profile Projects, our services include General Contracting, Design/Build & Construction Management.
Coming out of 2016, which was described as the “best year ever” for hospitality and tourism by the Long Beach Area Convention & Visitors Bureau (CVB), Steve Goodling, the president and CEO of the CVB, said he has high hopes for 2017.

“Basically, we’re projecting that occupancy will be up slightly this year from last year,” Baltin said. “The reason it’s only up a very slight amount is because we are at a peak occupancy for this market. So very slightly is because we are at a peak. There’s not much room to go that high. The occupancy will be up slightly this year from last year, according to Bruce Baltin, managing director of CBRE Hotels.

“Overall, the year is shaping up to deliver at least another million dollars to the special advertising and promotions fund [moneys procured through the tax on guest rooms, such as hotel rooms], taking it up to over $27 million,” Goodling said.

Already this year, the CVB hosted The Special Event, a convention that drew more than 5,000 professionals from the special event industry. Goodling explained that the event was a great opportunity to showcase the recent and continued enhancements to the convention center, as well as the city as a whole, to an entire industry.

A good barometer for the success and health of the industry is the fact that the schedule for convention center event spaces is practically full. Goodling explained that his office recently received a request for space in March and April, but only two days were available.

The continued enhancements to convention and event spaces by the city and the CVB are a main driver in attracting newer conventions that target younger generations, according to Goodling. Such is the case with a new addition to the convention lineup for 2017, TwitchCon.

Originating in San Francisco in 2015, TwitchCon is centered on a platform that allows gamers to livestream their video game play and chat with viewers in real time. Last year’s event was held in San Diego; however, Long Beach won the contract for this year due to its proximity to three airports, the number of restaurants in the vicinity of the convention center and by featuring the best hotel prices for convention goers, according to a company statement.

Goodling explained that more than 15,000 people are expected to attend the event, which is scheduled for October 20-22.

Events such as TwitchCon will contribute to the city’s overall room occupancy, which is expected to increase from last year, according to Bruce Baltin, managing director of CBRE Hotels.

“Basically, we’re projecting that occupancy will be up slightly this year from last year,” Baltin said. “The reason it’s only up very slightly is because we are at a peak. We’re at almost 78% occupancy, and that’s a very high occupancy for this market. So it’s hard to project it going much higher.”
Imagination realized.

The Pacific Room brings together dazzling light, sound, décor and atmosphere for an infinitely versatile experience. A turnkey setting with pre-wired, pre-rigged lighting and sound, and stylish furnishings — all of which is yours to utilize at no charge — saving over half a million dollars in rental and labor costs. Experience an atmosphere that invites connection and rocks the wow factor — there's nothing like it (on this planet anyway).
Miss Priss Cupcakes & Such

With the encouragement of friends, Karie Foster left a 10-year career in real estate to open Miss Priss Cupcakes & Such at 4131 Norse Way in 2008. She had baked cupcakes and cakes for friends’ events for years, but after a particularly successful birthday party her friends urged her to open a shop. “I was on a shoestring budget,” Foster recalled. “I didn’t have a lot of money and all of the retail spaces were very expensive.” She was just about to give up when she drove past a space for lease at a reasonable rate on Norse Way. She called the number on the sign and immediately rented it. Within three months, she opened up shop. “I love Norse Way. It’s such a neighborhood street,” Foster said, comparing it to Mayberry from the “Andy Griffith Show.”

Over the past nine years, Foster has developed quite the following, with customers driving from as far as Lake Arrowhead and San Diego for her cakes and cupcakes. She regularly caters in Hollywood, as evidenced by a gallery on her website featuring the likes of Jay Leno and Adam Carolla. In addition to cupcakes and cakes, Foster also serves deli sandwiches with Boar’s Head meats. In the future, she hopes to open a drive-through shop.

Stein Fillers

After his wife bought him a beer homebrewing kit for Christmas many years ago, Rick Adams said he was hooked. For more than 16 years, Adams has been a co-owner of Stein Fillers, a beer and wine homebrewing supplier.

Stein Fillers has been in Long Beach for 22 years, originally located on Viking Way near the intersection of Carson Street and Bellflower Boulevard. When the original owner decided to move out of state in 2000, he left the business in the care of five new co-owners. That same year, the shop was relocated to its current address at 4160 Norse Way. “Business at that particular time wasn’t doing real well. So he just gave it to us because he knew we’d take it over and continue running the store,” Adams said.

Along with prepackaged kits to make no less than 13 different beers and ingredients for do-it-yourself beers and wines, Stein Fillers sells all the equipment necessary to brew adult beverages at home. The only thing not sold at the shop, according to Adams, is the juice needed for winemaking. He said this is because wine products only make up about 5% of sales.

When asked what he enjoys most about co-owning the shop, Adams said, “When I’m there, I really enjoy dealing with folks. I’m the type of person that likes chatting, and usually those that come in have a lot of questions, And I really enjoy answering them.”

Dirty Paws

After years as a paralegal, Sharon Liberty decided it was time to spend her life doing something she was truly passionate about—working with animals. With support from her husband, Richard, she began studying animal grooming. After earning a certificate in the field, she and Richard set out to open their own grooming business in the Norse Way retail corridor in Northeast Long Beach.

With experience in the grocery and construction industries, Richard helped build out the shop at 4501 E. Carson St. and set up the retail aspect of the business, which sells pet treats and accessories. Dirty Paws opened in 2013. “Now as far as my part is, I come out and help once in awhile and make sure the retail is moving along and kind of handle things on the back end as she grooms the dogs and handles the front end,” Richard said.

“It’s a friendly community. I am really happy with it,” he said of Norse Way. “Every year we have increased our business by 50%,” Richard said. “Dirty Paws offers full service grooming, as well as self-service stations for those who prefer to bring in their dogs to bathe.”

Dirty Paws has increased its business by 50% each year since opening in 2013. “Now as far as my part is, I come out and help once in awhile and make sure the retail is moving along and kind of handle things on the back end as she grooms the dogs and handles the front end,” Richard said.

Math Hive

Ben Hilberg and his colony of math tutors are new to the education scene, having opened the doors to Math Hive only eight months ago. Located at 4501 E. Carson St., Suite 108, the math tutoring center focuses on homework support, filling in gaps in a student’s knowledge and enrichment, including coding, robotics and more.

“We’re not one-on-one tutoring, we’re a membership. Parents drop off their child, and they receive tutoring from anyone who is available at that moment, any one of the tutors on the floor,” Hilberg explained.

Currently, Math Hive has six tutors—seven counting Hilberg who will tutor during busier hours—for its roughly 30 enrolled students. The center tutors students in grades 2 through 12, with each membership costing $250 per month. Math Hive is open five days per week, and each student may attend up to two hours for every day the center is operating. For ambitious parents and students, this could sometimes mean up to 40 hours per month, making the cost a nominal $6.25 per hour.

“What is most rewarding for me is the fact that we have an extremely high retention rate, which means people are satisfied with the work we are doing. So I figure if we keep doing a good job, parents will talk about it. They’ll leave some type of review somewhere. And next thing you know, other students come,” Hilberg said.
Hojas Tea House

After having found success in Wilmington and San Pedro, in November Alma and Ignacio Ortiz opened the third location of their business, Hojas Tea House, at 4501 E. Carson St. in the Norse Way business corridor.

“About 15 years ago I started drinking green tea as a preventative means for my own health,” Alma said. “The more I learned, the more passionate I became about it.” Ortiz’s father died of cancer when he was just 37, and several other family members have battled the disease. After learning about the various types of tea, Alma envisioned opening a teahouse and place of gathering for the Wilmington community. At the time, she was working for the Los Angeles Unified School District as a special education assistant. “When I approached my husband he immediately said yes. And he said, ‘I will definitely support you in whatever way I can,’” she said. “He has definitely been the backbone of the business.”

Hojas Tea House serves a variety of healthy tea drinks based on Chinese medicine, as well as coffee, salads, pastries and more. “What we created were drinks not just to taste good but to make a difference in your health,” she said.

Support Local Small Businesses

Long Beach Woodwinds

With nearly 50 years in the music industry, including playing saxophone for Les Brown’s Band of Renown and Captain & Tennille, Rusty Higgins opened Long Beach Woodwinds in 2003 to share his knowledge, expertise and enjoyment of woodwind instruments with the community.

Higgins’ shop, located at 4412 E. Village Rd., sells and rents woodwind instruments, as well as accessories and sheet music, mostly to students from local school districts, as well as to music teachers. “All the band directors around know us. And I would say that most of the kids in the Long Beach, Los Alamitos, Cypress, Cerritos area say that they live here because of our prices and we have the best selection,” Higgins said.

Aside from sales and rentals, the shop offers world-class instrument repairs, according to Higgins, including brass instruments, even though they are not sold at the store. Higgins and his wife also teach dozens of private lessons week at the store — from beginners to some of the best players in the area, Higgins said. Outside of running his store, Higgins has been a saxophone teacher at Azusa Pacific University since 2002 and still receives work at recording studios. He has recorded or performed with artists such as Ray Charles, Frank Sinatra, Johnny Cash, Barbra Streisand and Aretha Franklin, to name a few.

Small Business Optimism At Highest Point In Eight Years

Small business owners are the most optimistic they have been since January 2008, according to the latest Wells Fargo/Gallup Small Business Index. The overall Index score increased significantly to 80 in November, up 12 points from July and up 26 points from a year ago. This represents the highest optimism reading since January 2008. A major driver behind the increased optimism is how business owners are feeling about the year ahead. Forty-five percent say they expect the operating environment for their business will be better in 2017. The increase in small business optimism was largely driven by business owners’ expectations that their finances will improve in 2017.

Support Local Small Businesses

The key drivers of this quarter’s Index score included revenue where more than half (58%) expect their business’s revenue to increase a little or a lot in the next 12 months. Seventy percent believe their cash flow will be somewhat or very good in the next 12 months and 35% say they plan to increase their capital spending a little or a lot. Thirty-six percent expect the number of jobs at their company to increase a little or a lot over the next 12 months which is the highest reading in the 13-year history of the survey. Almost half of small business owners said they expect credit will be somewhat or very easy to obtain in the next 12 months, representing the highest reading on this measure since January 2008. At that time, 48% of small business owners said credit would be somewhat or very easy to obtain; 14% of small business owners said they were planning to apply for credit this year.

The survey queried small business priorities for the incoming president and Congress. Eighty-one percent of small business owners said actions relating to the tax code, tax regulations and tax rates for small businesses were most important. Other top issues include actions relating to healthcare and the current healthcare law (76%), overall action on government regulations impacting small business owners (70%) and actions that could impact oil prices or energy costs (59%).

A little more than half (51%) think that actions taken by the new president and Congress next year will make their businesses better off, 17% think their businesses will be worse off and 26% think the actions will have no effect.

Small business owners also were asked what the new administration could do to help small businesses grow in the years ahead. Ninety percent say improving the economy overall, 81% say reducing taxes on small businesses and 78% say simplifying the tax code, tax regulations and tax rates for small businesses were most important. Other top issues include actions relating to healthcare and the current healthcare law (76%), overall action on government regulations impacting small business owners (70%) and actions that could impact oil prices or energy costs (59%).

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Located near vibrant waterfront and future site of mixed-use Long Beach Civic Center
Southeast Corner of Broadway & Golden Avenue, Long Beach, CA 90801

- 5.6 acre redevelopment site in Long Beach's Central Business District
- Within ½ mile of the Pacific Ocean
- Zoning permits various commercial and multi-family uses
- Favorable zoning — maximum building height 500 feet
- Currently used as surface parking for One World Trade Center and Hilton

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